

Cause-related marketing: A preliminary study on CRM initiatives in India

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ABSTRACT

No business organization can work in isolation. Every organization takes inputs from society and therefore needs to give something in return to the society. It has been observed that the organizations are finding ways of “doing good” for society. Cause Related Marketing (CRM) is one of them. This article looks at the subject of cause-related marketing, which is used by companies in their marketing communication activities to display their commitment towards corporate social responsibility. It is believed in today’s competitive scenario that cause-related marketing is a communications tool for building brand equity and increasing customer loyalty. In India, recently several companies have actively initiated the process of associating their brands with a cause. This research helps in identifying the different dimensions of cause related marketing in today’s scenario. The objective of the study is to understand the concept of cause-related marketing, its key benefits, the relevance of CRM in the Indian FMCG market by studying different CRM initiatives taken by several brands in India in recent times. In addition, guidelines for making a CRM strategy successful are discussed in this study.

KEYWORDS: Cause related marketing (CRM), Corporate social responsibility (CSR), Marketing strategy, etc

INTRODUCTION

The global competition in today’s market place has risen so high that it has become extremely difficult for the marketer to differentiate themselves from their competitors through traditional tools of marketing like pricing & quality.

To gain the competitive advantage in today’s scenario, brands today need to associate themselves with some symbolic values, such as altruism and civic mindedness. The firms are realizing the significance of doing well by doing good to society.

Several studies have shown it that, incorporating a social cause into your brand can give additional attention to the brand and thereby helps in separating yourself from your competitors.

In this context, many corporations have discovered the importance of strategic social alliances, and developed corporate social responsibility (CSR) programs (Maignan & Ralston, 2002).

Cause-related marketing (CRM) has received the interest of many leading corporations around the world as a common and popular form of corporate social responsibility (CSR).

CAUSE-RELATED MARKETING DEFINED

CRM is a marketing strategy, through which the philanthropic objective and marketing objective of the business organization can be achieved.

Varadarajan and Menon (1988, p.60) defined cause-related marketing as the process of “formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specific amount to a designated cause when customers engage in revenue providing exchanges that satisfy organizational and individual objectives”. Skory and Repka (2004, p.2) posit that “Cause Related Marketing is simply marketing with a worthy cause”. Brink et al (2006, p.5) stated, “CRM is a specific marketing activity in which the firm promises its consumers to donate company’s resources to a worthy cause for each sold product or service.” Amalgamating these three definitions, CRM may be described as the process of formulating and implementing marketing activities that are characterized by a promise of the firm to donate company resources to a worthy cause for each sold product or service satisfying organizational and individual objectives.

The companies participating in CRM campaign raise fund by devoting a part of sales and sponsored to a cause directly or through associating with Nonprofit Organization, this campaign is communicated to customers through advertisement.

CRM in today’s competitive scenario has become one of the fastest growing form of marketing communication as it proves to be a win-win-win situation for businesses, non-profit organizations, and even for consumers (Endacott, 2004).

With the help of CRM, businesses can increase their sales and at the same time can enhance their businesses reputation. Similarly, the Non-profit organizations also benefits as they gain funding and publicity. Consumers also gets a chance of contributing to a cause to fulfill their role of a responsible citizen (Polonsky & Wood, 2001). Today, customers not only want a product or a service; but they expect a value that goes beyond quality, in the area of social responsibility. Customers are moving towards those companies that are responsible towards society.

LITERATURE REVIEW

Corbishley and Mason (2011) conducted a quantitative study using structured questionnaire in shopping malls with sample size of 400 administered via interviews. It shows that around 94% respondents agreed that it is important for businesses to spend money on charities. The number of respondents that had recalled purchasing a CRM product amounted to 69%.

Babu and Mohiuddin (2008) conducted a study in which demographic variables were used. The demographic variables were found to have great influence on the purchase decision making process of customer. The findings proved that a customer is influenced by the company’s cause related marketing programs while adopting a new brand or executing its purchase intension. It also showed that the customers prefer to support generally health and life saving issues.

CONE Survey Report (2007) studied how the perceptions can influence purchase intentions, willingness to hire and investment decisions related to companies’ consumer expectations in U.S. companies. In the study, consumers were studied first and then research was extended to employees, investors and other key stakeholder groups. The study showed that the Americans

mostly appreciate environmental protection and sustainable development. The results suggested that 78% of Americans believe companies have a responsibility to support social issues, 92% have a more positive image of companies and products that support causes and 84% would be likely to switch brands to one associated with a good cause, if price and quality were similar.

Skory and Repka (2004) stated that CRM is used by marketers to change consumer perceptions, attitudes and buying behavior. The concept focused on three ideas such as society, environment and financial success. It was found that around 78% of people favors companies that contributes or sponsors a cause that they think is worthy. Cause Related Marketing is a stimulating idea where both business and charity can benefit. It also attracts new sources of funds, resources and support.

Boulstridge and Carrington (2000) in their research work proposes that awareness of company activity in the area of social responsibility was very low, in spite of media coverage of corporate activities and in spite of the rise of business activity in this area. They conclude that the average customers are not being affected.

Adkins (2000) proposed that CRM is not philanthropy, which expects nothing in return. According to her, it offers good business for both non-profit and for-profit organizations. CRM alliances are a relationship of mutual benefit for the corporation, cause and for the charity. She explains that for the corporation, the benefits include an increase in brand awareness and increased corporate profits. For the cause, the benefit is in the form of increased contributions and awareness. CRM presents also provides numerous benefits in the form of new customers, increased sales, positive brand identity, increased brand loyalty and sales, enhanced corporate image, competitive advantage, enhanced reputation, motivated employees.

Carringer (1994) discovered in his research that CRM has become a good choice for corporations as it provides a message that they are unique, well targeted and effective and gives them a competitive advantage.

Varadarajan and Menon (1988) have seen Cause Related Marketing in the early stages and initially defined CRM also. In their research, they have identified six main objectives i.e. Increase sales, Enhancing corporate Stature, Thwarting negative publicity, Customer Pacification, Facilitating Market Entry, Increase the level of trade merchandising activity for brand promoted.

OBJECTIVE OF THE STUDY

The objective of the study is to understand the concept of cause-related marketing, its key benefits, relevance of CRM in the Indian FMCG market by studying different CRM initiatives taken by several brands in India. . In addition, guidelines for making a CRM strategy successful are discussed in this study.

DATA AND METHODOLOGY

In this paper, qualitative research methodology is used to understand the concept of cause related marketing and its growing importance. The study is based on secondary data collected from various published sources, books and websites.

KEY BENEFITS OF CRM

Marketers around the world are accepting this practice because of the several benefits of a cause related marketing campaign there are (Kotler and Lee, 2005 and Cone Roper Study, 2007):

- **Attracting new customers** - the most innovative case is the one of American Express Company one of the first company to implement CRM. They started a fundraising campaign to restore the Statue of Liberty in 1983. And in over four-months, \$1.75 million was raised for restoration, new users grew by 17% and transaction activity jumped 28%.
- **Increasing sales of products or services** – CRM initiatives helps in boosting the sales by creating a positive name in the market
- **Creating a positive image of a brand** – by associating itself with a cause, the company will reach a larger visibility which will help in gaining brand equity.
- **Raise funds for a social cause** – The main motive behind CRM initiatives is to raise funds for the related cause.
- **Increased consumer participation** – this marketing strategy directly or indirectly invites the buyers to participate in the cause. Once they buy the product of the company which is engaged in the cause related program like child education, P&G –Shiksha, etc; Consumer will more
- **Market Differentiation** - CRM helps in creating an alternative approach towards brand advertising. In a competitive world, differentiating products using the traditional attributes has become difficult. When price and quality are equal, the corporations are using cause as a differentiator.
- **Reinforced Company Mission** - CRM efforts can help to communicate about company's commitment to corporate social responsibility to employees, customers, suppliers and other stakeholders.

CRM PROGRAMS IN INDIA

Today, in the Indian consumer market, we can see several brands engaging themselves in cause marketing. Besides concentrating on social responsibilities, the marketers are implementing cause related marketing practices with broader commercial motives.

There are several recent examples of Indian brands especially in FMCG sector, which are running successful CRM initiatives. Their contribution to the cause can be of monetary value like through donations or they can also generate awareness to necessary causes of national importance.

Several brands donate a part of their sales to campaign; they are popularly known as “Transactional Programmes”.

For instance, Procter and Gamble initiated its campaign “Shiksha” in 2005 in India, in association with Sony Entertainment Television and Child Rights and You (CRY), which aims to support the education of children in India; with the catchy tagline

“Padhega India, tabhee toh badhega India”. It has made a cumulative donation of Rs. 22 crores, since its inception. This is the result of the support from consumers who participated in this campaign by buying P&G brands for one quarter of the year, thus enabling P&G to contribute a

part of their sales towards the cause.

In addition, “Project Drishti” by Proctor & Gamble was an initiative aimed to restore sight for blind girls across India. It was the first ever sight restoration corporate project in association with the National Association for the Blind (NAB). As a part of this, for every pack of the product ‘Whisper’ sold, Re 1 was donated towards the project. For every four Classmate Notebooks purchased, ITC contributes Re. 1 to its social development initiative that supports primary education for underprivileged students.

As part of the “Chhotte Kadam Pragati Ki Aur” initiative started in 2012, a bottle of Nihar Shanti Amla is sold, 2% of all proceeds is contributed to the cause of children’s education in partnership with NGO Child Rights and You (CRY) India.

A right celebrity endorser can boost the media coverage of a cause-related campaign.

Ranveer Singh, India’s youth icon lent his magic to a noble campaign by Ching’s Secret.

The premium Hakka Chinese did their cause marketing through– “India Ke Hunger Ki Bajao!” in partnership with Akshaya Patra, a not-for-profit organization that runs the world’s largest mid-day meal programme in 2015. Ranveer, the brand ambassador of Hakka Chinese spread the central message of the campaign – “it takes only Rs 750 to feed a child for a whole year”. A campaign website served as an information and donation hub.

Paper Boat, a traditional drink brand, got everyone to make paper boats and share pictures of their boat on social networks. For every paper boat image that is shared on any social network, the brand would donate Rs. 20 towards children’s education.

This campaign was named “#FloatABOat”, the brand teamed up with Parivaar Ashram, a humanitarian service organization. A microsite captured all the floating paper boats on social networks, while the brand shared adorable films on the cause and how to make a paper boat told through a school girl.

Today, with popularity of social media, translating consumers’ likes and shares with brand contribution is a great way to bank on the power of social media. On similar lines, skin care brand, Nivea India touched hearts with its recent social initiative

#MomsTouch that brought forth stories of extraordinary mothers who want the best future for their child, despite having faced adversities all throughout their own lives. Nivea partnered with Aseema Charitable Trust, an organization dedicated to provide quality education to children from marginalized communities. Viewers could join in the noble cause either by sharing the video on their social networks or by direct donations to the charitable trust. Each time one shared the film, Nivea contributed 100 grams of rice.

Mahindra & Mahindra initiated a massive digitally driven funding campaign to help improve the lives of our farmers, in partnership with digital agency Flying Cursor

Interactive. Named “#SeedTheRise”, the initiative got donations pouring in through digital media. This money will be used for farmer welfare through 5 carefully selected projects in collaboration with 4 NGOs. Projects have been designed to help improve the lives of farmers and their families in varied ways such as through providing alternative forms of livelihood, educating farmers’ daughters and helping them with agricultural advancements.

A fundraising appeal film-featuring actor Nawazuddin Siddiqui, himself a farmer's son formed the core of the campaign, leading to a donation website. The initiative also tied up with food bloggers and chefs across India who needed to create a dish in homage to the farmers and live-tweet their preparation. The social and digital mix also involved tie-ups with city-specific curation Twitter handles, live chats with the NGOs and more.

Aircel and NDTV's age old successful "Save our Tiger" campaign collected funds for tiger conservation.

Unilever's Domex Toilet Academy (DTA) campaign which started in 2013, seeks to build toilets in areas facing the problem of open defecation. For every consumer who clicks on the DTA website, Unilever contributes 5 Rupees towards the construction of toilets.

Many companies adopt CRM initiatives by promoting and generating awareness for a cause and does not supports it financially, these are called as "Propoganda Programmes".

For instance, like Tata Tea worked with Janaagraha, CHRI, Haiyaa and Breakthrough for the campaign name "Jaago re!!" (Wake up!) The campaign supports voting, anti-corruption drive and other social causes.

In the year 2007, "Jaago Re" launched its very first campaign with an aim to "awaken" the entire nation to participate in the functioning of the country's politics by voting. By launching a website, "Jaago Re" promoted voter registrations which encouraged the youth of the nation to vote.

In 2010, "Khilana Bandh, Pilana Shuru" initiative was primarily aimed at stopping corruption, which can be done if the citizens of the country did not engage in bribery. It encouraged the citizens of the country to discourage bribery. They encouraged consumers to share Anti-Corruption messages, through a website.

Then, "Jaago re!" came up with "Soch Badlo campaign", which was aimed at bringing the positive stories within the country. "Jaago Re" encouraged citizens to talk about the positive stories surrounding India and share a message of positivity with the rest of India.

A much-hit campaign was "Choti Shuruat". The objective of this campaign was to encourage individuals to make small gestures of change towards eliminating preconceived notions that cause Gender Stereotyping.

Jaago Re partnered with leading Indian actor, Shah Rukh Khan and director, R. Balki, to create a public service announcement broadcast on television. In this infomercial, Shah Rukh pledged that he would places names of actresses in his movies, before his own - a trend that was yet unseen in conventional Bollywood cinema till date.

In addition, "Jaago Re" launch a pledge drive in partnership with Breakthrough - an NGO credited for creating the "Bell Bajao" Campaign , which aims at stopping domestic violence.

The recent Jaago Re campaign "Power of 49" has centred on women's empowerment.

The campaign aims to encourage women - who are 49% of the electorate - to vote as a block in the 2014 Indian General Election. Idea mobile in its ad campaign appealed the nation to save tree in every possible way. It positions mobile as a great idea to eliminate huge wastage of paper and has even demonstrated different ways of doing it through its latest television commercial.

With these kinds of ads we are understanding as well as dealing with day to day problems of life and trying to tell how technology can help solve it (Ptacek & Salazar, 1997).

Hindustan Unilever's award-winning campaign for Lifebuoy started in 2013 is the most unforgettable one, when it comes to recalling social cause marketing campaigns that went viral. The soap brand that has been an active proponent of hand washing with soap, kick started a movement "Help a child reach 5" to instill hygienic hand washing behaviour in schools and villages.

The idea stemming from a sad statistic that each year infectious diseases like diarrhea and pneumonia claim the lives of 2 million children under the age of 5. The solution is simple – promote the importance of hygienic hand washing through various programs, one of which involved social media.

Vistara, the joint venture airline from Tata Group and Singapore Airlines, partnered with the Salaam Baalak trust – a non-profit and non-governmental organization that provides support to street children of Delhi and Mumbai, to fly 12 kids on its first flight ever in January, 2015. The kids aged between 7 and 12 years were boarded first following other passengers and their absolute joy of flying for the first time was captured in a two-minute film titled, "When little feet found their wings with Vistara #FlyTheNewFeeling."

Kent water purifier's Saaf Pani Swastha Bharat (Clean Water, Healthy India) initiative and Killer "water saver" jeans TV commercial which highlights the green side are some similar examples for propaganda marketing.

GUIDELINES FOR A SUCCESSFUL CRM STRATEGY

In this ever-growing competitive scenario, it is important for those business firms using CRM strategy to take certain measures in order to ensure the successful implementation of CRM.

Some measures, which demands utmost attention, are for example, the selection of the non-profit organization, selection of the cause, choosing correct media vehicle for promotion and many more in addition.

Mentioned below are basic guidelines for successfully marketing a cause related program;

- **Select a right partner** - It is necessary that the goals and objectives of a profit and a non-profit organizations are completely in sync with each other. Their relationship can be of a long term only when they share similar ideologies.
- **Ensure Company-Cause fit:** Company-Cause fit refers to the similarities or resemblances between the ideologies of the company and of the cause which company has decided to support. It is necessary that the theme of the cause should match with the image of the company; otherwise, it will be difficult for the consumers to relate the two.
- **Ensure NGO-Cause Fit:** It is important for the company to ensure that the goal of its CRM initiative matches with the goals of the NGO to which the company donates a predetermined ratio of sales.
- **Ensure Consumer – Cause fit:** According to Lichtenstien *et al.* (2004), consumers can derive higher satisfaction from a product related to a CRM program only when they can relate with the cause. If a cause is close to the consumer's heart, it will see higher sales.

- **Social Acceptance of the cause:** Social causes vary in their trends from time to time. Marketer should always realize the trend of a given time before associating itself with a cause. Cause should be widely accepted by its target audience, only then the CRM program can be a success.
- **Establishing a formal relationship** – Formal document elaborating the rules, regulations, agreement and settlement of various issues arising between company and the NGO should be addressed in order to minimize the future dispute.
- **Checking the legalities** - Legalities plays important role in the success or in the failure of a CRM program. Legal formalities between the company and the NGO have to be carefully done. Agreement should be made on the use of NGO's name in promoting the cause.
- **Communicating the message right** – The most important factor contributing to the success of CRM is the effective marketing campaign. The marketing communication needs to be designed keeping the target audience in mind. It is necessary that the promotion develop a sense of trust on customers' part towards the cause and the company.
 - **Appropriate Celebrity choice** - Moreover, the use of an appropriate celebrity for overall communication strategy in CRM campaigns could produce better results for the company reflected in positive attitudes/feelings of the consumers towards the company.
 - **Evaluation** – Results of the success factor of the campaign should be realized. It is important to evaluate the performance and results of the CRM campaign in order to improve and make amendments.

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Web Links

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