

The Growth of Cause-Related Marketing: Review Based on Indian Settings

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Nonprofit marketing, in whatever form it takes, always got an inconsistent amount of attention and interest. So, it was not surprising when American Express in 1984, announced to support the Statue of liberty restoration project by donating a penny every time a card member does the transaction to the project this form of marketing later termed as Cause-related Marketing (CrM) caught the attention of all.

Since then, CrM has been getting both academic as well professional attentions. Also as there is increased consumer awareness and possible sensitivity towards the social issues the CrM become an important marketing tool for both nonprofit and profit organizations to improve corporate image, while maximizing sales and profit. The current paper examines the growth of CrM through reviewing the past work done and gives significant insight about CrM practices, its advantages for profit companies, Non-Profit Organizations (NPO), cause and consumers.

Keywords: Cause-related Marketing, Corporate social responsibility, Non-profit organizations, Literature review.

INTRODUCTION

The scope of marketing is getting wider day by day it now not merely just promoting product it is much more than that. Kotler and Zaltman (1971) explicitly emphasis on the marketing of ideas since then concept of marketing in nonprofit area is no longer consider as illegal and over the intervening years, there has been a slow but steady growth in awareness of this in both academic and practitioner circles. Marketing campaigns and promotions associated with a social cause have become popular these days.

Corporate social initiatives are major activities undertaken by a corporation to support social causes and to accomplish their promises

towards Corporate Social Responsibility (CSR). Marketing has a clear role to play in facilitating these type of exchange which motivated by the fundamental understanding of what potential partners to such an exchange might be looking for in return for their support (Sargeant, 2002). CSR is not new for us as Indian we are used to it and it is our heritage. Proofs of it can be found in our ancient literature. According to a study done by Lowe Lintas with MSN India and Cross Tab focuses (2011), 57% of the Indian respondents trust brand and companies that are associated with CSR more than brands and companies that don't and they are more interested in causes that results in permanent and social change like education (63%) and environment (60%).

The concept of CrM becomes familiar when American Express in 1981 links the sales and usage of its master card with renovation of statue of Liberty. It promises to give one cent of its sales to project for every use of its master card. This leads to increase in their card usage by over 28%. In India also CrM programs like

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project Shiksha by P & G are promoting itself as a national consumer movement that allows consumers to participate and support education of marginalized children in India (Proctor and Gamble, 2016), while at the same time increasing the sale of its domestic products.

But in today's competitive environment, consumers and stakeholders are looking towards the behavior of companies with skepticism, they are questioning are they engage in these types of activities just to earn goodwill or they are really concerned about particular issues (Brønn & Vrioni 2001). This paper seeks to review both academic and industry literatures in order to study the background of CrM and to explore about the benefit the consumers, companies and the causes with which they partnered get. Further it will provide recommendations for future growth of CrM in India.

LITERATURE REVIEW

Cause-related Marketing (CrM) : Concept and Definition

CrM can be described as "a method of formulating and implementing promoting activities that are characterized by a suggestion from the firm to contribute a specific quantity to a chosen cause once consumers have interaction in revenue-providing exchanges that satisfy structure and individual objectives." (Varadarajan & Menon, 1988)

Kotler and Lee (2005) have outlined CrM campaigns as the marketing campaigns "in which a firm make a commitment to donate a proportion of revenues to a selected cause depending upon the revenue occurring throughout the declared period of support." CrM creates a win-win scenario where not only cause and business wins but this also extends to consumers and other stakeholders (Adkins, 1999).

The purest type of CrM is the unequivocal connection between the purchase of products or benefits and diverting the income to a cause

or particular charity. These plans generally include a NPO/ charity putting its "image" on the bundling of an item consequently for a publicized share of the income made for the profit partner through purchase.

CrM programs of companies can of two types (Gupta & Pirsch, 2006); companies may directly link purchase of company products and its commitment to a social cause. For example, Nihar Naturals through its "Chhotte Kadam Pragati ki Aur" promise to contribute 2% of all proceeds to the cause of children's education in partnership with CRY India every time a consumer chooses to buy a bottle of Nihar Naturals (Niharnaturals, 2016). Or, companies can opt for a less visible and indirect path to express their commitment towards society (Mohr, Webb & Harris, 2001). This can done through supporting cause through donating money, materials to causes, sponsoring social campaigns through company advertisements (Ebenkamp, 1999) or through employee volunteering (Meyer, 1999). Tata group has initiated an employee volunteering program named Tata Engage which give employees an opportunity to volunteer for the cause close to their heart (Tata Sons Ltd, 2016). Similarly Tata Africa partners with University of Free State, South Africa to offer business management students academic assistant totaling \$19237.

Benefits of the CrM Programs

The key participants that benefits from CrM programs are the sponsoring company, the Non-Profit Organizations (NPO), supporting cause and the consumers.

Benefits for NPOs/Causes

With increase in demand for social services and to provide better social welfare activities NPO need more and more financial resources. As government support is steadily decreasing CrM campaigns by companies becoming an important source for NPOs (Docherty & Hibbert, 2003; Du, Hou & Huang, 2008). NPOs are benefitted

from the well established communication and distribution networks of their alliance partner. Also public awareness (Varadarajan & Menon, 1988), public interest and cause involvement are increased (Rozencher, 2013). Consumers show positive feelings towards NPOs that partner with a company that they trust and perceive CrM as an effective financial source for NPOs (Ross, Stutts, & Patterson, 1991; Ross, Patterson, & Stutts, 1992).

Benefits for Companies

Companies are benefited to the larger extent and various industry studies proved this. These can be increasing sales, improved company image, country wide recognition (Andreasan, 1986), tool to reduce negative publicity, customer pacification, measure for smooth market penetration and large numbers of companies are using CrM programs to enhance reorders (Varadarajan & Menon 1988). Over 91% millennials (Generation Y) prefer to change to brands related to a cause (91% vs. 85% U.S. average) and 91% of consumers globally say they search out for cause associated merchandise whenever available (Cone Communications, 2015).

The major benefit that company engage in CrM programs gets it enhances brand purchase intention link (Barone, Miyazaki, & Taylor, 2000; File & Prince, 1998; Meyer, 1999; Mohr, Webb, & Harris, 2001). This can result in increased revenue for the company and generally higher customer loyalty in the long term.

Benefits for Consumers

CrM gives consumers a convenient way to contribute to social causes without incurring extra financial resources or transaction efforts by just simply making a purchase (Steckstor, 2012). Additionally, CrM can provide consumers an additional way to differentiate between competing products (Barone, Miyazaki, & Taylor, 2000) or help them to justify their purchases and to reduce any cognitive dissonance associated

with the purchase as they experienced an intrinsic benefit in form of feeling good about having supported a worthy cause (Strahilevitz & Myers, 1998). The consumers who have good knowledge about CrM respond positively to CrM campaigns which are associated with causes to which they are personally concern with as it gives them personal satisfaction and help them to fulfill their responsibility towards society (Du et al., 2008; Webb & Mohr, 1998).

Risks of CrM Programs

The various stakeholders of CrM programs can face certain risks while being the part of it.

Risks for Companies

While fulfilling their social responsibility investment in CrM programs may have a financial burden on company (Shell, 1989) as many of the times these types of programs are funded from the marketing budget (Ross, Stutts, & Patterson, 1991). Other risk is that a poor fit between the company and the NPO or cause may not create any synergy and give little or no benefit to company. And there is risk of consumer skepticism (Meyer, 1999; Patel, Gadhavi & Shukla, 2016; Vlachos et al., 2016) and finally there is risk that consumers may think company is exploiting cause for their own interest (Meyer, 1999).

Risks for NPOs/ Cause

The biggest risks for the cause is that commercialization and activities of companies may taint the image of NPO and the cause (Garrison, 1990) this may result in loss of credibility. Companies may pressure nonprofits to modify their activities companies have more power, which can be exploited and may harm the cause. May harm the independence of NPOs, have to depend upon corporate funds, wastage of resources if alliance fails to meet the objective and risk of losing individual donors (Andreasan, 1986; Polonsky & Wood, 2001).

Risks for Consumers

Polonsky and Wood, 2001 in their research identified various consumer risks these are, companies may overstate the cause supporting claims and misinformed the consumers, newly adopted or supplementary causes may not consistent with the initial support of consumers to the cause. Many of the time CrM programs involve consumer post-purchase participation like returning the label or giving a call or visiting the website which may not be fully understood by consumer or it is difficult for him to do thus this results in non trigger of donation. Finally, it is difficult for consumers to keep track of CrM activities of companies as many times donation amount, process of supporting the cause and the results are not disclosed by the companies.

CONCLUSION

The present literature review presents the key research findings in journals within the domain of CrM. The material included in review focused on following areas of CrM

1. Concept of CrM and the evolving attitudes towards the practice.
2. Benefits and risks for consumers, companies and the causes with which they have partnered.

It has been found that CrM programs has been a part of the strategic marketing plans and effectively use by companies to create competitive differentiation especially in developed and mature markets. In developing countries like India also more and more companies are associating their promotion activities with social causes. This type of corporate philanthropy is based on the belief that consumer will purchase from companies who are associated with a good cause when price and quality are equivalent. Companies are utilizing these programs as means of supporting their corporate citizenship behavior and philanthropic intentions while at same time benefiting them commercially.

NPOs and causes are getting benefited in form of cause branding and increased contribution. And consumers are using it as means of value addition to the products, justification for frivolous purchase and fulfilling their social responsibility.

The researches in CrM has so far focused on consumer purchase intention as an important outcome of a CrM program but other way of measuring performance of CrM program like company image and consumer and employee satisfaction and loyalty can also focused upon in future studies. Various benefits and risks associated with participating in CrM programs for companies and NPOs are identified by various researchers. However, the reasons for benefits and risk for consumers after participating in CrM programs are not adequately explained.

As social cause awareness of consumers is increasing they are hoping for more simple and transparent programs and with increase use of social media it will be easier to scrutinize the CrM programs in near future. Researchers additionally found out that CrM is under research in Indian context. This seems to be more of a concern in today's era as companies are competing to create a unique place for themselves (Hawkins, 2015; La Ferle, Kuber, & Edwards, 2013).

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