

CAUSE RELATED MARKETING: PERCEPTION AND PURCHASE BEHAVIOR

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Abstract

Today moving with the modern concept of business, big corporate players are taking strategic moves to sustain their positions in the competitive world, one of the ways through which they are trying to present themselves as a socially responsible company is by cause related marketing (CRM). Different strategies of marketing in terms of advertising, sales promotion, sponsorship, publicity etc. are adopted which is actually seeking the attention of the public. The world of marketing and advertising is transforming every day. The brand managers, across globe are jumping into the whole new way of reaching out to customers by sticking to causal marketing, an innovation in promotion. Therefore, the focus of this study is to analyze the scenario of causal marketing in India. Another part of the study moves around finding answers to various queries like whether such ad campaigns are able to seek the attention of the consumers? Do people change their buying habits by getting influenced by such ads? What actually influences buying behavior? Should and how companies allocate funds between conventional promotional tools and cause-related marketing programs?

Introduction

Today the entrepreneur wants excellence in performance but keeping in mind the well-being of the society. The rising relevance of Corporate Social Responsibility (CSR) and the reforms in organizational goals have greatly molded the working style of business organizations. Customer's expectations from the companies have also changed. They want the companies from which they are purchasing products/services, to be more *socially-responsible* rather than just being *customer-responsible*.

As the seller and the buyer have become sensitive towards multiple CSR issues, therefore corporates are making serious efforts in this direction and Cause Related Marketing through social advertising is also one such strategic move. Social advertising or Cause-Related Marketing should not be considered just another approach of marketing, but it is considered as one important dimension to reposition the corporate image and attain social-economic objectives. In this era of cut throat competition, marketing has its immense importance and promotion through advertising is the soul of any kind of business organization. Cause Related Marketing through social advertising is supposed to be an innovation in the field of advertising. The social advertisements are basically promoted to generate the awareness amongst the mass population. It gives information about the rights and duties of people, help them to compare between right and wrong, and derives the attention of people towards the various issues of the society. Cause related marketing is becoming the part of the new marketing approaches which do not just refocus, adjust or enhance existing marketing thinking and practice, but also seeks to change the different perspectives of the society.

Cause Related Marketing

It is a marketing partnership between non-profit and for-profit organizations where each party received benefits towards their individual marketing objectives, while striving to create a greater good through their combined resources. Business in the community defines Cause Related Marketing as “a commercial activity by which business and charities or causes form a partnership with each other to market an image, product or service for mutual benefit.” It leads to:

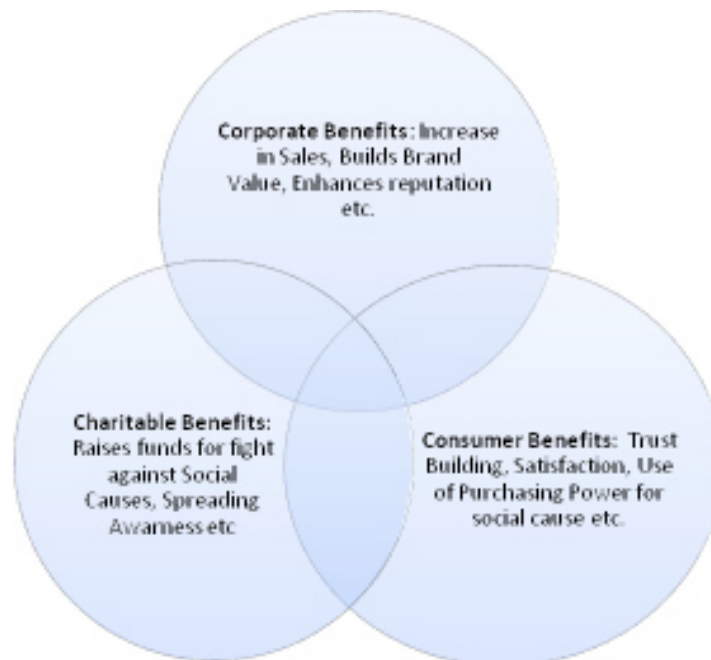


Figure 1 : Benefits through CRM

CRM is although a phenomenon that had its roots in the western countries, but it has gained rapid acceptance in India in recent years. Increasingly, Indian companies are finding that promoting a strong social message – such as sanitation, nutrition, education or women empowerment- helps them in earning sales volumes and profitability. Although it is an emerging trend in India, there seems to be an overlap and confusion over various alternative terms used for Cause-brand association like Cause Branding, Cause Related Marketing etc. and whether Cause Related Marketing is part of Corporate Social Responsibility or an extension of the same etc.

According to Professor Alan Andreasen, there can be three forms of alliance between the for-profit and non-profit organizations. They are as follows:

1. **Transaction-Based Promotions:** Programs that elicit participation with an offer to make a contribution to a designated cause based on consumer activity such as buying a specific product, redeeming a coupon, registering at a website or shopping at a particular retail chain.
2. **Joint-Issue Promotions:** Joint campaigns that raise awareness of a cause’s message (e.g. fight skin cancer) or participation in its programs (e.g. join us in a coastal cleanup) while building a positive association with the corporate sponsor or its brands.

3. **Licensing:** Independent sector defines cause-marketing licensing as “An agreement in which the nonprofit allows its information or knowledge to be used for a fee or an agreement in which a nonprofit’s name is attached to a product. Typically, a nonprofit license a company to develop, produces, market and/or distribute a mission-related product that is promoted either with the organization’s brand name or co-branded with both the company’s and nonprofit’s names.” This form of alliance is not yet practiced in India (Kiran Nerkar, 2013).

The above three forms cover a part but not the whole gamut of CRM. CRM simply means marketing related to a cause. The confinement of the definition of CRM to one, two or three types will be erroneous as marketing is in its developing stage and with the development of marketing; we are going to see other forms of CRM too. As we say that, Marketing-mix consists of 4P’s i.e. product, price, place and promotion, CRM is a part of the last “P” i.e. promotion. It can be demonstrated through advertising, sales promotion, sponsorship, direct marketing, publicity, and many more aspects of marketing. The list of promotion-mix is growing day by day and so is the scope of CRM (Kiran Nerkar, 2013).

Reasons for Implementing this Strategic Move: Cause Related Marketing

In the race of survival and competition, it is getting difficult for the corporate to attract and sustain customers. Therefore many brand managers are looking for innovative ways to influence consumers and to put an impact on their buying behavior. One such emerging approach is linking a brand with social causes which targets consumers’ rational minds and hearts and thus ultimately influence them to buy a brand. Conclusively, Cause Related Marketing is adopted as a strategic move in order to attain the following benefits:

- Greater public awareness
- Non-profit Organization seeks funds for noble causes
- Attracting and retaining customers
- Increased sales volume
- Brand building and recognition
- Promoting differentiation
- Building niche in the market
- Enhanced public relation
- Enhances employee loyalty and commitment
- Enhances employee morale, productivity, skills etc.

Objectives of the Study

- To analyze the scenario of cause-based marketing campaigns i.e. causal marketing in India.
- To study the impact of causal marketing on consumer’s perception in relation to buying behavior in comparison to few other factors?

Some Facts About Causal Marketing

- Cause-Related Marketing was a concept first initiated by American Express in 1983. The company indeed holds the copy right on the term.
- According to Cone Communications/ Echo Global Study (2013); 96% of global citizens will have a more positive image of the company that supports a social or an environmental issue and 91% of

global consumers are likely to switch brands to one that supports a good cause, given similar price and quality. As per a survey conducted by Lowe Lintas with MSN India and Cross Tab points (2011), 57% of the Indian respondents trust brands that do CSR more than brands that do not and 69 % of the respondents would prefer buying a brand that does CSR compared to a brand that does not, if rest all things being equal.

- Globally, cause-related marketing spend crossed \$1.78 billion in 2013 and is projected to hit \$1.84 billion this year. The story in India is still very small but it is also picking up steam.

Methodology

This study is descriptive in nature and based on convenience sampling method. Through the secondary data and web survey, the scenario of causal marketing in India is studied. Questionnaire approach is used to study the variables like the elements involved in marketing and their effect on perception and purchase behavior pattern of selective users. Data was randomly collected from a small group of 100 users of Jaipur city. The above parameters were evaluated on the Likert scale of 1 to 5 measuring the level of concern raised by the customers while buying any product. Showing 5: not at all concerned, 4: slightly concerned, 3: somewhat concerned, 2 moderately concerned and 1: extremely concerned. One basic limitation of this study is that the area of the study is too vast but this study moves around the perception of a small user group. This research lacks any statistical tool and the study is restricted to a limited sample size that cannot be considered as an absolute reflection of the whole population.

Main Text and Findings

Causal Marketing as an Opportunity : Promotion with a Purpose

In India, initially social advertisements were promoted by central as well as state government but in the present scenario, multiple corporate players are also adopting this as their promotional strategy in order to build their brands. Thousands of programs have been launched under the umbrella “do well by doing good” by businesses and nonprofit organizations over the last 30 years like ‘don’t drink and drive, don’t talk while driving, Say no to child marriage etc. There are multiple issues and agendas around which the various ad campaigns move like spreading awareness on various issues :

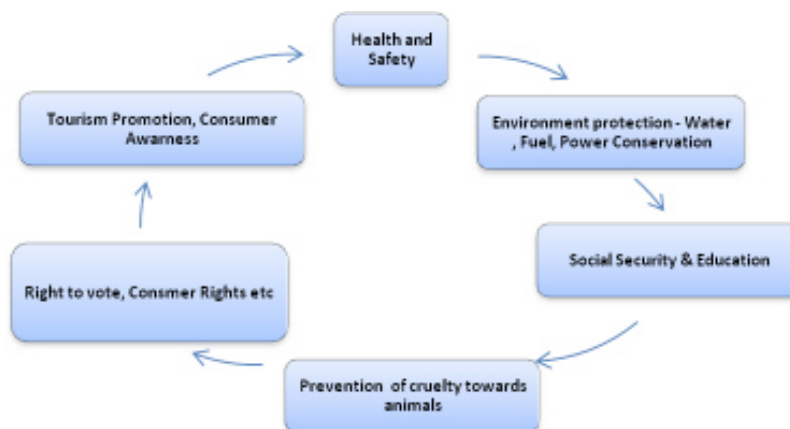


Figure 2 : Promotion with a Purpose

Scenario in India

The success rate of multiple social ad campaigns of the government is very well known to all like Pulse Polio ‘Do boond zindagi ki...’, Each One Teach One, Incredible India “Atithi Devo Bhav”, awareness against consumption of tobacco causes cancer etc. But the scenario is changing now even the private players are contributing more in this direction and even gaining out of it. Today in this competitive scenario, causal marketing is slowly picking up pace, there are hundreds of examples from companies which are adopting this as a way of promotion. Few popular examples and most successful campaigns are highlighted below:

- HUL’s Hindustan Unilever, India’s largest consumer product company & its brand Lifebuoy by its campaign ‘Swasthya Chetna’ played a major role in conveying a simple but powerful message of spreading the word of washing hands with soap on five different occasions everyday specially before eating and after using the toilet. This resulted in diarrhea levels dropping from 36% to 5% in small villages like Thesgora of Madhya Pradesh since hand washing program was launched in 2012. The company initiated that hygiene and clean habits is a major word to be spread all over.
- The volume leaders of tea became the value leaders by “Jaago re” campaign on social activism says – Vikram Grover – head marketing South Asia, Tata Global beverages. For the past seven years, the brand has stayed true to its ‘Jaago Re’ tag line, women’s safety and the need to vote being the most recent and effective, the result was very well revealed as by one billion votes and the excessive registration of voters through Jaago re website. Although the brand Tata tea was launched in 1983, but this causal marketing effort was initiated in 2007 and it triggered explosive growth in sales volume. Since then the campaigns of Tata Tea is moving on social directions like “Khilana Bandh, Pilana Shuru” (2010-2011), “Soch Badlo” (2011-12), “Choti Shuruaat” (2012-2013) etc.
- Another very popular effort in this direction is of Procter and Gamble. Targeting education as a social objective, they launched project ‘Shiksha’ in 2005 with a tag line ‘Padhega India toh Badhega India’. The project promoted that every time a person buys selective products of P&G, one rupee is donated to project Shiksha, and it also committed minimum Rs. 1 crore to CRY. Till now Shiksha has impacted 385,000 children and has supported over 2000 schools from Ladakh to Tamil Nadu to West Bengal to Gujarat. The campaign was a great success as the secondary sources revealed that the sales increased by 5 times and also received huge support from celebrities and leaders. The company had dual aim- one was to work for a noble cause by educating under privileged children and another to trigger the sales volume.
- One of the most popular efforts in India was through “Satyamev Jayate”, it was an Indian television talk show that was aired on various channels within Star Network along with Doordrshan’s DD National. This show was presented and sponsored by Airtel and co-sponsored by Aquaguard and other associate sponsors included Coca cola, Johnson & Johnson, Skoda Auto, Axis Bank, Bengel Paints and Dixey Scott. The show highlighted sensitive issues of India like corruption, rape, dowry, female harassments, child sexual abuse etc.
- Another one is the effort undertaken by ITC’s classmate notebooks; each notebook carries a social message. On purchasing 4 notebooks of classmate, the company gives Re 1 for the social development of the country.
- Coca Cola India’s ‘5 by 20 initiatives’ which aims to economically empower 5 million women entrepreneurs by 2020.
- Google India has found that combining women empowerment & its core business of internet is a winning proposition. Last November, the company launched the helping women get online project in Bhilwara,

Rajasthan. The initiative works with Sewa Kendras to teach young girls and women of age 13 to 18.

- Concern India Foundation is collaborating with multiple corporate to serve various noble causes like education, health, community development and is engaged in multiple campaigns like “each one feed one”, “The Impact of One”, “Let’s make her smile”
- These days the examples are endless, few popular Causal ad campaigns running on mass media these days are Idea Internet “ No Ullu banaing...” spreading a message that nobody can get fooled if they have an idea internet connection, Ambhuja Cement “ Yeh Diwar Tootti Kyu Nahi hai...” spreading a message of strong bondage between family relationship, Kinley’s ‘boond boond mein sachai’ spreading a message of always speaking the truth, Aviva Life Insurance promotion strategy, Maracco Shanti Amla Hair oil’s promotion, Horlicks- “Aahar Abhiyan”, Aircel’s “Save our Tigers” and recent government’s initiative “char baton se naata jodo kaho kuposhan bharaat chhodo” that aims to highlight the importance of adequate nutrition for the first two years of life in order to remove the problem of malnutrition and many more.

Impact on Consumer Behavior

In the second part of the study, the answers to multiple queries are found out like awareness level of general consumers about causal marketing. Whether such ad campaigns are able to seek the attention of the consumers? Do people change their buying habits by getting influenced by such ads? What actually influences buying behavior? Should and how companies allocate funds between conventional promotional tools and cause-related marketing programs?

While asking the above query a presumption had been taken that the respondents were familiar with the concept of Cause-Related Marketing. As the respondent population were in the proportion of 7% professionals, 68% post-graduates, and 25% graduates. This information is gathered from the queries related to qualification level. Thus as the majority i.e. 68% were postgraduates so they were believed to have some idea of causal marketing therefore only a slight overview about the area of research is given before asking the above mentioned query.

67% of population is the unaware class of consumers who does not have any idea about, why such ad campaigns are run by the companies whereas 33% have an idea about CSR and the concern of cooperates over the social issues. Although a large group of respondents reveals that such ad campaigns seek their attention and they are awakened through social advertising. Many major issues came into limelight only through social advertising like saving petrol, electricity, risk involved in consumption of tobacco, vaccinations, voting rights, consumer power etc.

But when it comes to buying decisions or buying behavior just 38 % of the population believes that buying decisions are influenced by cause-related advertising and 62 % does not believe. There are many other factors which influence the buying over advertising like features, utility, quality, price, brand image and loyalty, differentiation and variety, advertising and sales promotion etc.

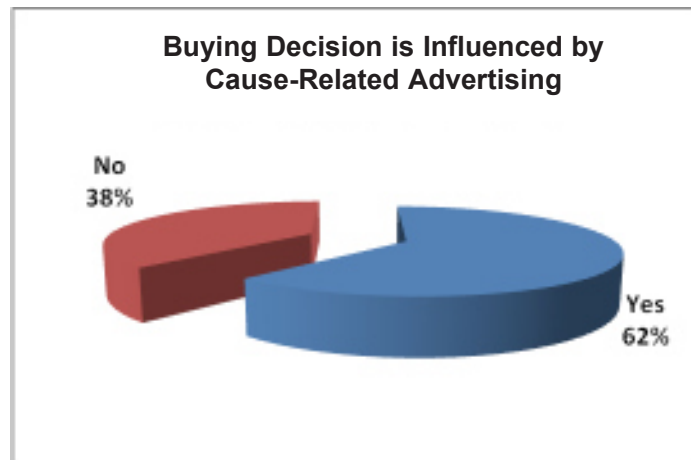


Figure 3 : Conumer Behaviour

A comparison was made between five factors Product Variety, Celebrity Endorsement, CSR efforts and Nobel Cause involvement i.e. Cause-Related Marketing efforts of the company, General Advertising & Sales Promotion and Brand Loyalty. The respondents were asked to rank the above factors on the basis of their concern or preference while taking a purchase decision.

As reflected in the graph below, it was found that maximum concern is given to Product Variety, Advertising and Sales Promotion schemes etc. the reason being that a good percentage of Indian customers are price sensitive or conscious in nature. Whereas the least concern is given to the elements like Celebrity Endorsement and Brand Loyalty, and Causal Marketing or the involvement of the organizations in CSR is taking a middle rather neutral position.

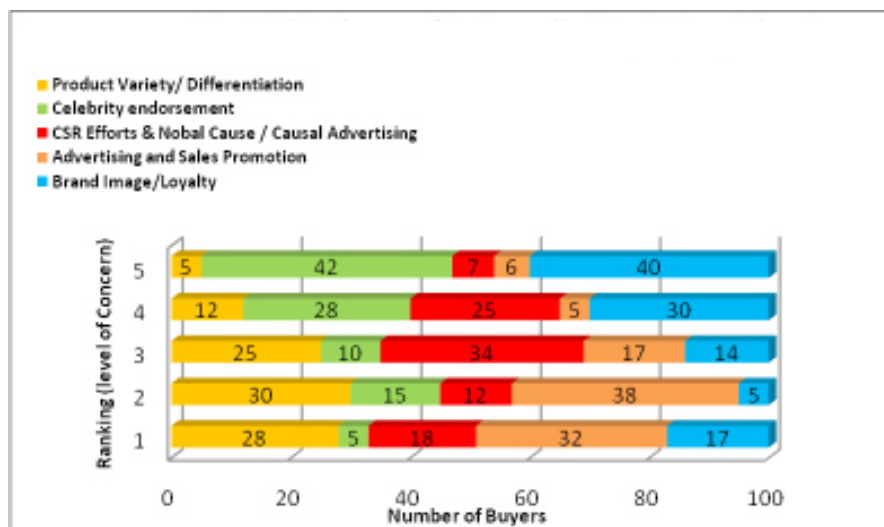


Figure 4 : Level of Preference/Factors affecting Buying Behavior

Since out of 100 respondents if we analyse the response towards Causal Marketing, it is found that 18 responses are inclined towards rank 1: extremely concerned, 12 responses towards rank 2: moderately concerned and 34 towards rank 3: somewhat concerned. This very clearly shows that a good number of population side have started focusing in this direction, therefore this strategic move of Causal Marketing i.e. the reform of promotion, advertising and brand building effort is and will help corporate gains in the near future.

Conclusion

Cause-Related Marketing is gaining momentum with a great pace and many corporate players are intensely adopting this effort as a major strategic move for promotion. The private Indian business players are greatly contributing to the government also in spreading awakening on various social issues related to health and safety, child education, blood donation, voting rights, tobacco consumption etc. This effort is definitely contributing to the society and the profitability of business houses also. Understanding the consumer perception of Jaipur city, it was found that just 38% customers get influenced by Causal Advertising but in comparison to product diversification, celebrity endorsement, brand image, loyalty, advertising and sales promotion, causal marketing is having a neutral concern in the mind set of customer while taking a purchase decision. The study also highlighted that Indian customers are sensitive and show enthusiasm towards charity and social work. The research through secondary sources very clearly shows that corporates are greatly adopting this move as an effort towards CSR along with social promotion. This study has a vast scope and could be considered for an in depth study as the transparency involved in such efforts is the biggest question mark in the mind set of customers.

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