

# Efficacy of Cause Related Marketing: Awareness Study

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## ABSTRACT

Cause-Related Marketing (CRM) is a marketing strategy in which a profit organization in collaboration with a non-profit organization offers a monetary contribution for a designated cause such as “Shiksha Abhiyaan (P&G), Nihar Shanti Amla (Marico), etc. This engage for-profit business, non-profit organization and customers in exchange of revenue for mutual benefit. It is a common marketing strategy in developed countries and becoming more popular in developing countries. The purpose of this study is to understand how the perception, attitude and behavior of customer is shaped by cause related marketing campaigns. The primary focus of the study is to identify the most influential attribute of cause related marketing which affects the customer awareness and perception. Data was collected through self constructed questionnaire from 150 respondents. The analysis of the data using a descriptive and multiple regression analysis approaches showed that out of the five independent variables (Corporate Image, Brand Image, Customer's Immersion, Company's Motive & Socially Motivated brand), customer immersion has the highest influence on dependent variable (customer awareness and perception). From the view point of manager, CRM is an important tool for improving the sales and brand affection. The marketing communication rate has an impact on CRM strategy as it enhances brand image and also develop relationship along with a feeling of belongingness.

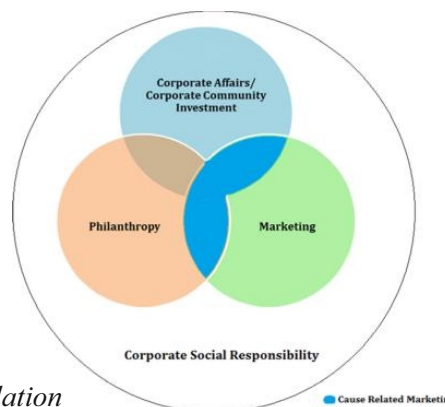
**Key Words:** Corporate social responsibility, cause related marketing, consumer awareness and perceptions, customer immersion, etc.

## INTRODUCTION

"Business in partnership with charities and causes can play a vital role in the regeneration of communities."- The Prince of Wales.

Adkins (2005) states that CRM is connected with marketing, philanthropy, corporate affairs/corporate community investment which is a part of the CSR; which yet again is the part of the overall business strategy as depicted in the Figure 1.3.

**Fig 1.3: CRM under CSR**



Source: Author's Compilation

Henceforth, CRM can be strongly considered within the umbrella of CSR and it was established that consumers firmly consider Corporate Social Responsibility as a necessary foundation for CRM (Stolfer, 2009). CRM as an aspect of CSR provides the linkage with valuable social causes and offers an emotional connection with the customer which affects the customer interpretation of products and services (Brown and Dacin, 1997).

The pledge of companies towards society is accomplished by the means of their effort to support social cause. This support to a cause as a promotional tool was initially known as "cause-related marketing". In India, over the past decade, companies have accomplished the corporate objectives by CRM as a resourceful and lucrative tool.

Marconi (2002) claimed that cause related marketing is the act which supports a company and a non-profit organization to promote a product or service, a message or an image for shared profit. It is claimed by Stole (2006) that cause-related marketing provides a win-win agreement for the company and the NPO both.

#### CRM and Consumer Perception

The acquaintance of consumers with CRM is associated to three components such as Perception, Attitude and Behavior. Among these, perception is assumed as the milestone in building consumers' familiarity. Every person has his perception of products which will be different from others' way of selecting and interpreting the product. As given by Kotler (2005), there are four steps of perception process like getting the information, selecting, organizing and interpreting it.

Consumer perception of CRM initiatives and connected NPO plays an important role for both- profit organizations and NPO. The contribution of the campaign to the charity as perceived by the consumer has a high influence on the success of campaign and also the perception of consumer towards both the organizations. The favorable perception and trust of consumer for the cause-related efforts of the company are the fundamentals of its accomplishment.

## REVIEW OF LITERATURE

**Table No.1: Reviews collected from various sources**

S.N	Author Name	Year	Title	Classical Observation
1	Holme and Watts	2000	Corporate Social Responsibility: Making Good Business Sense.	The study reveals that through Corporate social responsibility company promises for ethical behavior and by increasing the standard of life of the employees, their families, and society as well contribute towards economic growth.
2	Barone, M.J., Miyazaki, A.D. and Taylor, K.A.	2000	The influence of cause-related marketing on consumer choice: does one good turn deserve another?	Cause-related marketing has been defined in the study as a strategy of company to enhance the accomplishment of marketing objectives by supporting a social cause. It brings out the win -win situation for everyone.

S. N	Author Name	Year	Title	Classical Observation
3	Westberg, K.J.	2004	The Impact of Cause-Related Marketing on Consumer Attitude to the Brand and Purchase Intention: A comparison with Sponsorship and Sales Promotion	The study observed that a improved perception or positive attitude is framed for brands doing cause-related marketing , at the same time this can also be formed through sales promotion having the same effects. It is summed up that there is no noteworthy effect of CRM on purchase intention and even the perception of purchase behavior is not effective.
4	Carrie S. Trimble, Nora J. Rifon	2006	Consumer perceptions of compatibility in cause-related marketing messages	The study is conducted to find out the congruity concept within the context of cause-related marketing. It shows the task that sponsor or cause congruity perform in the formation of a good consumer perception for the firm doing CRM and subsequently, focus on the role that personal characteristics play in constructing perception of the cause and its congruity with the donor firm.
5	Prisch, Gupta and Grau	2006	A Framework for Understanding Corporate Social Responsibility Programs as a Continuum: A Exploratory Study	The study suggested that cause-related marketing as a part of CSR is a tool of promotion to achieve product sales. This strategy when executed reveals that sales of the product of a company is directly related to its social cause support.
6	Francisca Farache, Keith John Perks, Lillian Soares and Jose Milton	2008	Cause Related Marketing: Consumers perception and benefits for profit and non-profits organisations	The survey was conducted to analyze the perception of consumers towards cause-related marketing. It was concluded that the firms doing charities and work for a noble cause are perceived better by the consumers rather than those not involved into such activities. It was also explored that business and charity partnership have a high effect on the society. It was even identified that personal affinity to a specific cause have a remarkable

S. N	Author Name	Year	Title	Classical Observation
8	Shahbaz Shabbir, Hans Ruediger Kaufmann, Israr Ahmad and Imran M. Qureshi	2010	Cause related marketing campaigns and consumer purchase intentions: The mediating role of brand awareness and corporate image	Examination of relationship between Corporate image, Brand awareness and Cause Related Marketing campaigns seeing them as probable antecedents of buying intentions of consumers was done through a survey on 203 Pakistani university students. The results revealed that the cause related marketing campaigns influenced buying intention of consumers. Moreover, it was found that the purchase intention of consumers as influenced by CRM campaigns is moderately mediated by Corporate image, Brand awareness.
9	Ferlea C, Kuberb G., Edwardsa S. M.	2011	Factors impacting responses to cause related marketing in India and the United States: Novelty, altruistic motives, and company origin. .	The study conducted on CRM attitude of consumers in two nations and looked into consumer involvement from different perspectives. It found that Indian consumers have higher level of originality and philanthropic motives than other consumers. The Indian consumers are more positive towards Indian organization campaigns than multinational organizations.
10	Karen M. Corbishley* and Roger B. Mason	2011	Cause-related marketing and consumer behaviour in the greater e-Thekweni area	The quantitative study performed in shopping malls to find out the impact of socio-demographic variables on the estimation of CRM approach depicts a relationship between them.
11	Adiwijaya, K. & Fauzan, R.	2012	Cause - Related Marketing: The Influence of Cause Brand Fit, Firm Motives and Attribute Altruistic to Consumer Inferences and Loyalty and Moderation Effect of	The study projected a model which affirms that cause-related marketing has an impact on consumer loyalty depicting a favorable relation between consumer trust and CSR perception. Consequently, this research is pertinent to CSR and consumer trust relationship.

S.N	Author Name	Year	Title	Classical Observation
13	Caruana, R., & Chatzidakis, A.	2014	Consumer social responsibility (CSR): Towards a multi-level, multi-agent conceptualization of the “Other CSR”	The study focuses on the ways to attain association between CSR approach and positive attitude. It also provides complete framework to business people for acknowledging suitable responses to customer demands on the basis of three motivations such as relational, instrumental and moral.
14	J.J. Rivera, E. Bigne, R. Curras-Perez	2016	Effects of Corporate Social Responsibility perception on consumer satisfaction with the brand	The research assess the conditions under which corporate social responsibility influences customer satisfaction. The findings reveal the positive relationship between the two and also a direct association between consumer and brand attitude.
15	Rizwan S, Ahmad S K, Waseem H	2017	Effects Of Cause-Related Marketing (Crm) On Buying Decision: Does It Matter In Fmcg Sector	The study concluded that organizational sales, goodwill and long-term profit can be increased through CRM strategy. It is a win-win situation for all. It is also explored that product price and market communication plays an important role in influencing purchase behavior of consumer.

On the basis of above review of literature, the study is limited to the five variables which are mentioned below and further analysis.

### OBJECTIVE

1. To identify the influencing parameters preferred by customers in cause-related marketing advertisements.
2. To analyze the association between customer awareness and selected variables.

### METHODOLOGY

Following the literature findings, the empirical investigation was exploratory and quantitative in nature. A probability sampling approach was followed and the convenience sampling technique was applied. Respondents belonging to Indore were given a structured questionnaire based on five point Likert scale consist of 13 items for collecting the data. A total of 150 questionnaires were completed and could be used in the analysis.

To understand the perception of customers towards the cause related marketing campaigns, socio-economic characteristics of the customers were studied and mentioned in the table below.

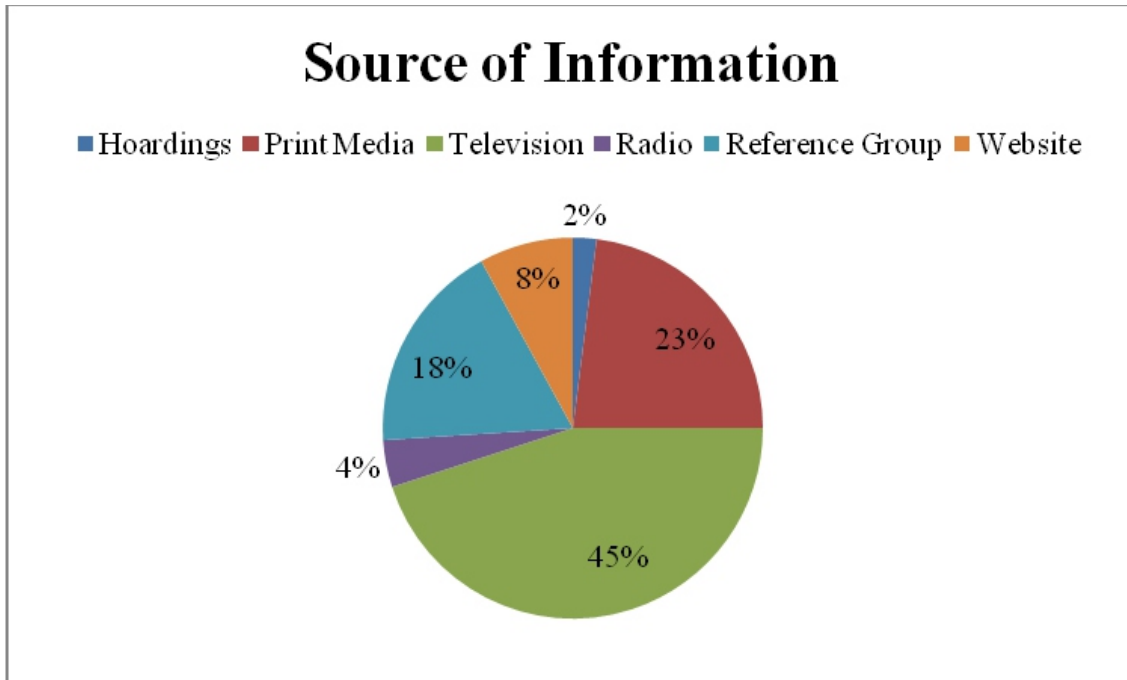
**Table 2: Demographic Profile**

Category		Number	Percentage
<b>Gender</b>			
	Male	72	48%
	Female	78	52%
	<b>TOTAL</b>	<b>150</b>	<b>100%</b>
<b>Age</b>			
	Less than 25yrs	36	24%
	26-35yrs	69	46%
	36-45yrs	33	22%
	46-55yrs	9	6%
	Above 55yrs	3	2%
	<b>TOTAL</b>	<b>150</b>	<b>100%</b>
<b>Qualification</b>			
	HSC	12	8%
	UG	42	28%
	PG	81	54%
	Others	15	10%
	<b>TOTAL</b>	<b>150</b>	<b>100%</b>
<b>Occupation</b>			
	Professional	69	46%
	Self Employed	18	12%
	Home Maker	15	10%
	Student	39	26%
	Others	9	6%
	<b>TOTAL</b>	<b>150</b>	<b>100%</b>

*Source: Author's Compilation*

The survey's demographic questions found a relatively even split by gender (with slightly more women, at 52%). The age distribution was fairly representative. The majority of respondents are Professionals aging between 36-45 who are the main consumers of this segment. Respondents were also asked to indicate which source of channel is most widely used to glide the information about any product and services doing CRM. The results are indicated in Chart 1:

**Chart 1: Source of information regarding any product or service doing CRM**

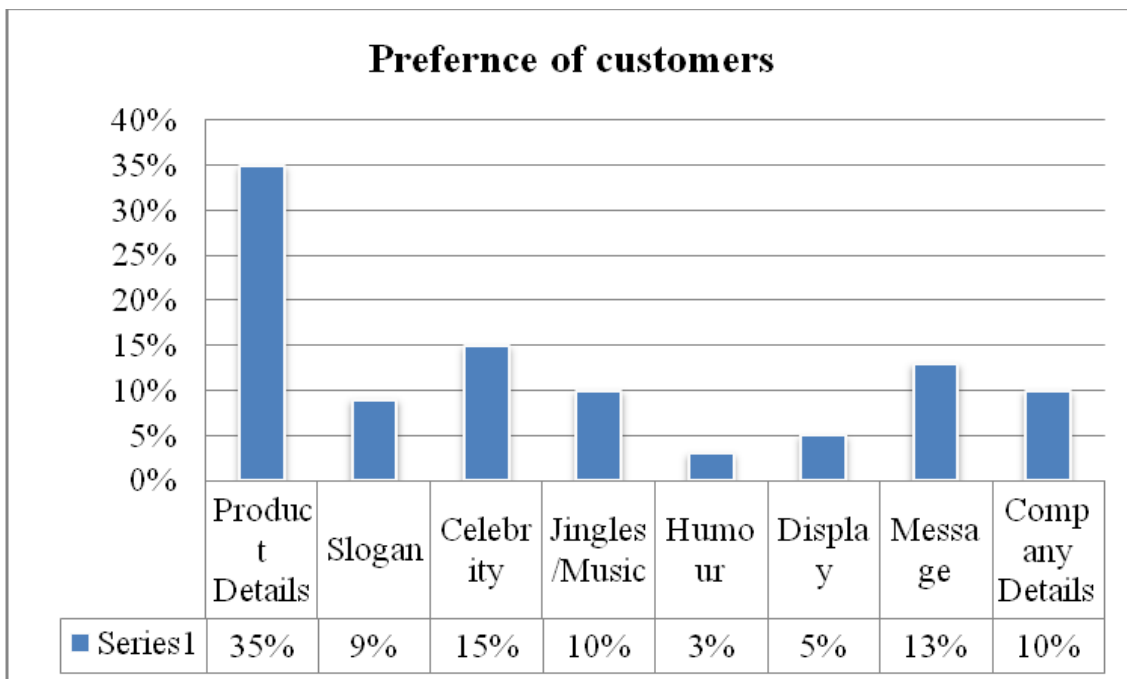


Source: Author's Compilation

An examination of data reveals that for majority of the respondents, the source of information regarding products/services doing cause related marketing is basically via television (45%), print media (23%) followed by reference group (18%), websites (8%) radio (4%) and hoardings (32%),.

And Chart 2 depicts about the first objective of the study which is to identify the parameters that are preferred by customers in cause-related marketing advertisements

**Chart 2: Parameters that catches attention in an advertisement**



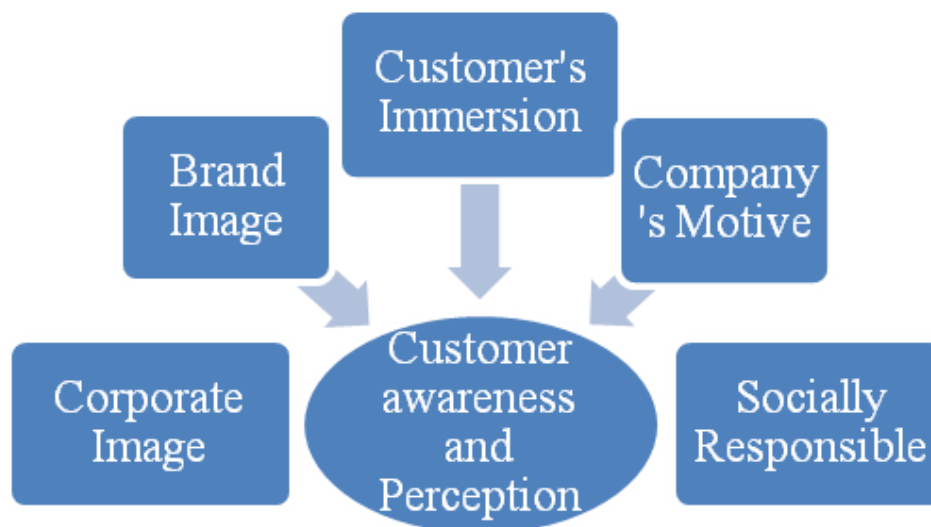
Source: Author's Compilation



From the above analysis, it can be concluded that product details with 45% is the most important parameter which catches attention of a customer in an advertisement. Whereas, the percentage of other parameters are as follows- company details (10%), celebrity (15%), humour (3%), jingles/music and message with the similar (10%), display (5%) and slogan (9%).

For meeting the second objective, the data obtained from the questionnaires was coded, captured and edited. The results were analyzed with the use of the SPSS version 18. A descriptive and multiple regression analysis approaches were used to analyze the results.

A regression model is used in order to understand the relationship between cause related marketing and consumer awareness & Perception. It examines the effects of several attributes of Cause related marketing such as Corporate Image, Brand Image, Customer's Immersion, Company's Motive & Socially Motivated brand on awareness for cause and perception model. Reliability test is conducted to analyze the internal consistency among the factors. The alpha coefficient for the six items is 0.782, suggesting that the items have relatively high internal consistency.



For examine consumer perception towards Cause Related Marketing five hypotheses are constructed based on selected variables drawn from literature review in line with the concept.

Hypotheses are:

H<sub>01</sub>: The customer awareness has no association with corporate image of involved brand.

H<sub>02</sub>: The customer awareness has no association with Brand image.

H<sub>03</sub>: The customer awareness has no association with customer immersion

H<sub>04</sub>: The customer awareness has no association with company's Motive

H<sub>05</sub>: The customer awareness has no association with CRM campaign of socially-motivated brand.

Model to test the stated hypotheses-

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \mu$$

where:

Y<sub>1</sub>: Consumer awareness and Perception

X<sub>1</sub>: Corporate Image

X<sub>2</sub>: Brand image

X<sub>3</sub>: Customer's immersion

X<sub>4</sub>: Company's Motive

X<sub>5</sub>: Socially Motivated Brand



**Analysis and Results**

**Table3: Descriptive Statistics**

	Mean	Std. Deviation	N
Corporate Image	4.1021	.82636	150
Brand Image	4.1981	.83753	150
Customer’s Immersion	4.2649	.71835	150
Company’s Motive	4.1192	.87884	150
Socially Motivated	4.0927	.92629	150

Knowledge of consumer can be an important competitive advantage while formulating marketing strategies. It can greatly reduce the odds of bad decisions and market failures. This point was well reflected by the data, as most preferred factor impacting the awareness towards cause related marketing is Customer's immersion (Mean Value-4.26), followed with brand image (Mean Value-4.19) while socially motivated organization is least preferred (Mean value- 4.09) among all the remaining factors.

The above result are well supported by the correlation matrix mentioned below which proves that the correlation between customers perception and customers immersion shows the highest value of relationship among all the selected variables, brand image score the second highest value of correlation and Socially motivate organization is with low degree of correlation.

**Table 4: Pearson Correlation**

	Perception and Awareness	Corporate Image	Brand Image	Customer’s Immersion	Company’s Motive	Socially Motivated
Perception and Awareness	1.000	.470	.514	.676	.259	.236
Corporate Image	.470	1.000	.773	.644	.583	.608
Brand Image	.514	.773	1.000	.615	.691	.546
Customer’s Immersion	.676	.644	.615	1.000	.451	.609
Company’s Motive	.259	.583	.691	.451	1.000	.478
Socially Motivated	.236	.608	.546	.609	.478	1.000

**Table 5: Model Summary**

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.746 <sup>a</sup>	.557	.542	.63502	2.200

The model summary table of regression results has shown that model fitness is moderate as the value of R square is .557. R square depicts how much change in the dependent variables is caused by the combination of entire independent variables. Whereas the R value signifies the strength that relationship of independent and dependent variable possess. For this case the value of R is .746 showing that there is good relationship between the independent variables and consumer perception. Even the value of DW test shows that there is no autocorrelation between the predictor variables.

**Table 6: ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	73.515	5	14.703	36.461	.000
	Residual	58.472	145	.403		
	Total	131.987	150			

**Table 7: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.662	.336		1.971	.051
	Corporate Image	.063	.109	.055	.578	.564
	Brand Image	.364	.113	.325	3.221	.002
	Customer's Immersion	.937	.103	.717	9.070	.000
	Company's Motive	-.172	.083	-.162	-2.078	.039
	Socially Motivated	-.339	.076	-.335	-4.430	.000
a. Dependent Variable: Customers Perception						

As can be seen from the results of this analysis, a significant regression model has been found to explain the relationship between various parameters and perception of customers. The overall model fit for this regression equation was assessed by F statistics. The regression model was statistically significant at  $p < 0.001$ .

In order to test the hypotheses in this analysis, four out of the five variables of cause related marketing were found to be significant. Significant variables in the equation are cause and brand image, customer's immersion, Company's Motive, and socially motivated, which shows that four Hypothesis(H02, H03, H04, and H05 ) are accepted stating that there is no association with these four predictor variables on dependent variable. Although among these four, two variables predict the model in negative direction and remaining two namely Customer involvement & brand image gives the positive association.

More the respondent finds similarity between cause and image of the brand, the more positively he intends to purchase the brand serving that cause. Companies should involve customers too in order to increase the viability and efficiency of these charities. Respondents were concern about certain social and charitable issues, makes people help that cause.

### CONCLUSION:

From the view point of respondents, CRM is an important tool for improving the sales and brand affection. Associating a noble cause to a product that has lost its status, degree or reputation, provides revitalizing energy to it. If the company is associating for donation is well reputed and quite popular among common people then the cause campaign will have additional influence. Moreover, the personal connection of people with a cause boosts their brand affection along with the product promotion because there exists a

psychological link with the particular noble cause. CRM is a pioneering instrument for growing competition among organizations. Social justice is improved by such economic actions. Free media coverage from print and electronic advertisement is also offered through the CRM. The marketing communication rate has an impact on CRM strategy as it enhances brand image and also develop relationship along with a feeling of belongingness.

The study is limited to the investigation of relationship of customer awareness towards cause related marketing on the basis of selected variables. The major finding of this study is that cause-related marketing has positive effect on consumers' response in terms of attitude to the firm and the brand, Customer's involvement & Socially Motivated. Based on our findings, we conclude that cause-related marketing can enable firms obtain benefits related to reputation and image, which are considered valuable assets. This would lead to increased publicity and awareness for the firm's activities as well as increased purchase intentions of consumers towards the firm's product(s). Thus, the interaction between firms and charities through cause-related marketing alliances can create competitive advantage and benefits to all aligned partners, including society.

### SUGGESTIONS

Based on the findings and conclusions, the following suggestions are advanced:

- i. The main aim of cause related marketing campaign is to enhance the sale of the brand involved in charity. Viewing this, cause related marketing should be designed in such a manner that customers are persuaded to purchase the brand and benefit the cause.
- ii. The publicity of cause campaign should be done effectively, so that the customers are well aware of its existence.
- iii. Cause related marketing programs should be developed in such a way that it is a fun for customers and easy to participate. The active contribution of customers in cause related marketing makes it outstanding from other marketing communication strategies.
- iv. The cause-centric approach of firms towards cause should be avoided as a true win-win situation benefits both in a partnership.
- v. A new set of tools (Facebook, Hashtags, etc) should be adopted by firms to build awareness and raise money from this modern strategy of marketing. This implication is necessary as it is changing every aspect of society today and a better understanding of future responses of customers can be gained by it.

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