

Benefits Attained by the Private Organizations through Cause-Related Marketing as a Promotional Tool

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Abstract

The companies are now not only concerned about their profit making activities but also they try to focus on society to change or influence the behavior of mass people. Promoting on social cause activities shows responsible behavior which ultimately increases the financial performance of the company. As a result, social cause promotions are addressing burning issues at present that are given more priority than traditional promotions. Through Cause-related Marketing (CRM) campaigns both the non-profit and private organizations enjoy a win-win situation. This paper investigate, i) the sector-wise investment on social causes, and ii) the effect of CRM on the benefits earned by the private organizations. For the non-profit organizations it has been considered as a source of corporate fund and on the other hand, private organizations get various benefits which not only increase commercial and social acceptance benefit, but also help to achieve company image, customer attachment, brand association and development.

Keyword: *Cause-related marketing, Non-profit organization, Private organization*

Introduction

To fight with increased competition and consumer recognition and loyalty, companies are continuously striving to differentiate themselves from others. As a result, many companies are turning to the use of cause-related marketing (CRM) as promotional tool. Though in an article of Pharr and Lough (2012) social marketing programs were identified significantly more important than cause-related marketing in the sector of cause-related sports marketing, cause-related marketing (CRM) is performing as subsumed under corporate social responsibility (CSR). CRM has changed itself over the years and includes a wide range of activities from simple agreements to donate a percentage of the purchase price for a particular item to a charity for a specific project, to longer, more complex arrangements. CRM actually began quite recently, in 1983, became successful to generate special attention of the marketers. Traditional promotional tools seem to be losing their grip on consumers. Consequently, to create sufficient awareness, to possess the desired image and be capable of creating the desired effects with the target marketer, marketers are now searching new promotional tool to become successful. Despite lot of controversy against cause-related marketing (CRM), in today's world, it has turned into a big business for nonprofits and their business partners. Cause related marketing, dedicated to the community or to promoting social issues, creates corporate tie-ins with nonprofit organizations and charities. Recent research reveals just how popular cause marketing is with consumers, and what the future holds for this booming industry. According to marketing research firm Mintel, cause-related marketing (CRM) "is when companies partner with charitable organizations to help non-profits better achieve their

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goals. Cause-related marketing is attached to a media campaign, with money generated for the cause through the sale of products." According to the Cause Marketing Forum, an organization that brings business and causes together and develops best practices, recently found in a survey that two-thirds of "America's leading nonprofits engaged in cause marketing expect to form more business alliances in 2012." Webb and Mohr (1998) view cause-related marketing as a communication tool that can be used for different goals of a profit organization. Profit organizations invest in a cause-related marketing for different purposes as to create position and strength in the market, marketing expertise, relationship with employees, consumers and stakeholders, and financial help, while nonprofit organizations contribute to the program by its name, reputation and connection to donors, volunteers and distinguished members of the community for the purpose to initiate desired change in the society, thus linking the cause related marketing program to an organization. Though largely ignored as stakeholders so far, consumers are now under focus, as they become a more critical and powerful pressure group under the influence of consumer movements or NGO. Hawkes and Stead (1996) proposed that CRM is: 'any marketing activity undertaken by a company designed to simultaneously benefit the company and the charity or similar cause'. In this aspect, CRM can become a tactical and strategic instrument, to develop a positive brand image in the consumer's mind, which ultimately enhances sales of specific product in return. This paper contributes to explore the effectiveness of using CRM activities in gaining benefits which eventually may increase organizations' sales and profitability. Through this study, researchers tried to find out the beneficial reasons why corporations are now striving to engage with social causes and sector-wise investment on social issues.

Literature Review

In 1999, Adkins defined cause-related marketing as "activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit" (p. 11). From the previous articles, the promotion of CRM activities has gained important attention to private organizations and nonprofit organizations. Hajjat (2003) describes cause-related marketing as marketing activities and funding programs that enable an identification of a profit organization's identity with a nonprofit organization, good cause or important social issue. Ross et al. (1991) found nearly 50% of consumers reported they had made a purchase because of their desire to support a cause, most were willing to try a new brand because of a cause-related promotion, and the majority demonstrated the ability to recall a cause-related advertisement.

Earlier empirical evidence suggests that the greater a firm's contribution to social welfare, the better its reputation. Fombun and Shanley (1990) argue that favorable reputation may enable firms to change premium prices, enhance their access to capital markets, attract better applicants and attract investors. Pringle and Thompson's (1999) conceptualization of CRM was "as a strategic positioning and marketing tool which links a company or brand to a relevant social cause or issue, for mutual benefit". The true benefit of both marketing approaches stems from the link between the company or the brand to a relevant social cause or issue (Pharr and Lough, 2012). The possible benefits of CRM for business include positive public relations, improved customer

relations, additional marketing opportunities and making more money. A research on customers identified that 78% consumers believe partnership between a nonprofit and a company that they trust makes a cause stand out (Cone Nonprofit Marketing Trend Tracker, 2010). Another study on banking sector of Bangladesh found that corporate social cause related expenses apart from promotional expenditure are one of the key considerations and parameters that incur positive influence on profitability (Islam & Arif, 2016). Social marketing can generate the long term value needed for a company to survive and achieve competitive advantage (Collins, 1993). Business managers note the benefits of building brands, improving corporate reputations, and generating more revenues, while heads of not-for-profit organizations (NPOs) appreciate the increased funding for, as well as heightened public receptivity to, their causes (Papasolomou and Kitchen, 2011). On the other hand, Che'ron et al. (2012) show that CRM has a positive effect on consumer attitudes and can be more efficient cost-wise. Therefore, organizations are increasingly partnering with charitable causes and non-profitable organizations in order to improve their corporate image, differentiate their brands from competitors and eventually increase sales (Alalwan et al., 2016).

When a corporation and a nonprofit organization enter into a cause-related marketing alliance, the corporation agrees to undertake a series of actions that will benefit both the nonprofit and the company (Kotler, 1996). For raising awareness of the mutual benefits corporations and nonprofit organizations both show their interest in cause-related marketing. CRM has been defined 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” (Varadarajan & Menon, 1988). Daw (2006) similarly points out those cause-related marketing initiatives provide benefits for both profit and nonprofit organizations. Different researchers already proved that the contractual and strategic alliances of profit and non-profit organizations are successful in the market. Gourville and Rangan (2004) have suggested that corporate-nonprofit alliances can be distinguished in terms of whether they produce first-order and second-order benefit, where first-order benefits for the corporate partner would be sales and other forms of direct revenue. On the other hand, second-order benefits are not immediate but are anticipated in the future. This paper is an attempt by the authors to identify the sector-wise investment of corporations on social causes and the purposes of considering CRM campaigns as promotional tool to achieve the overall benefits by the organizations.

Objectives of the Study

Through the study, researchers tried to explore whether CRM activities as promotional tool provide organizations with the opportunity to make a different image in the society. The board objective is to find out the benefits organizations get through practicing CRM paralleled with traditional promotional initiatives. The specific objectives are:

- To discover the sector-wise investment of the organizations on social causes or issues,
- To explore the type of causes companies are focusing for CRM campaigns,
- To identify the benefits companies enjoy by concentrating on CRM campaigns

Methodology

The research design adopted for this study is descriptive in nature with survey method. Efforts were made to assess the adoption of CRM as promotional tool by the executives of private organizations. Self-administered structured questionnaire has been prepared to collect quantitative data from the selected respondents. The questionnaire was based on secondary research, as well as in-depth interview and extensive brainstorming. Through the questionnaire researchers tried to explore the sector-wise investment, selection of causes for joint alliance with non-profit organizations and benefits gained by the private firms through this alliances. Among the 24 variables, only 21 items were selected to measure the overall impact of CRM on firm's benefits. The survey questions measured each attribute on a five-point likert scale with "strongly agree" reflecting the highest favorable response and "strongly disagree" indicating the least favorable response to each statement.

The population defined for this study is the total number of CRM practitioners in Dhaka city. Among them 70 sales and marketing heads & executives of private organizations have been selected through convenience sampling procedure. Survey questionnaires were sent to the selected sample size through e-mail and 60 questionnaires were backed with final fill-up. The collected data has been analyzed by SPSS software. For the purpose of facilitating the interpretation and to accomplish the objectives, factor analysis is used. In factor analysis, factor matrices are rotated by using Varimax Rotation technique.

Analysis & Findings

Sector-wise investment on social causes:

A comprehensive interview schedule was given to 60 samples of private organizations in order to know the sector-wise investment on social causes. The sample respondents were asked to rank the sector-wise investment and it was found that 23.7% companies work on environment protection, 19% on women empowerment and health protection and awareness creation, 12.6% work on ICT development, 9.9% on educational development, 6.8% on religion purpose and 9% on other issues in society.

Selection of types of causes:

Private sector marketing executives are looking for causes to become more closely involved in joint ventures that have a direct benefit for the corporations. From a detailed analysis on executives of different private organizations, it has explored that 56.7% respondents concentrate on local causes, 34% respondents focus on national causes and 9.3% on international causes at the time of developing alliance with non-profit organizations.

Factor analysis of benefits gained by private organizations through CRM

The following section presents the outcomes of Factor Analysis of the beneficial attributes of cause-related marketing. In factor analysis (table-2) of the 16 variables, 5 factors were identified by eigenvalues (Eigenvalues larger than 1.0). Kaiser-Meyer-Olkin Measure of Sampling Adequacy shows that the sample was 86% adequate (table-1). Barlett's test of Sphericity was

highly significant indicating an appropriate data set and high correlation between the variables (table-1).

| KMO and Bartlett's Test | | |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .857 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 657.764 |
| | df | 60 |
| | Sig. | .000 |

Table-1

Table-2 reveals the five factors which are extracted from 16 variables. The first factor can be called "Customer Attachment Benefit" as it has high loadings with four variables labeled as CRM campaign messages are more trustworthy, through this campaign close interaction with publics can be possible, higher participation from customers can be possible, positive image can be developed in the mind of customers. The factor alone can explain 21% of the total variability. The second factor can be called "Social Acceptance Benefit" as the high loading relates to three variables namely CRM shows company's social concern, enjoys competitive advantage, the alliance reflects mutual benefit for private and non-profit organizations. This factor explains 19% of the total variability. The third factor "Company Image Benefit" explains 17% of the total variability and contains three major variables (table-2). The fourth and fifth factor were named as "Commercial Objective Fulfillment (12.87)", "Brand association and Development (9.95)". Among these five factors the significant factor is Customer Attachment Benefit due to its highest loading.

| Factors | Factor Interpretation (%variance explained) | Factor Loading | Variables included in the factor |
|---|---|------------------------------|---|
| F1 | Customer Attachment Benefit (20.78) | .824 .768 .707 .698 | Messages are more trustworthy in CRM campaigns Opportunities to interact closely with company's publics Ensures higher participation intentions from customers CRM can create positive image of brand/company in the mind of customers |
| F2 | Social Acceptance Benefit (18.867) | .855 .722 .709 | Help in expressing company's own social concerns Helps to achieve competitive advantages CRM alliances should be relationship of mutual benefit |
| F3 | Company Image Benefit (16.856) | .774 .732 .689 | CRM provides emotional attachment on audience mind Offer higher consumer satisfaction Enhance corporate image |
| F4 | Commercial Objective Fulfillment (12.876) | .916 .697 .658 | CRM increases sales Receive stronger positive word-of-mouth effect CRM generates higher purchasing intentions |
| F5 | Brand Association and Development (9.945) | .781 .711 .688 | Companies who perform CRM have a better brand value CRM have a positive impact on brand awareness It offers logic to switch brands which help the causes |
| Extraction Method: Principal Component Analysis | | | |

Table-2

Regression analysis to measure overall effect of CRM on organizations:

The following section presents the outcomes of Regression analysis between the factors of benefit and the overall effect of CRM on organizations. Effect on organization was regressed for scores

| Model Summary | | | | |
|---|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .896 ^a | .636 | .568 | .384 |
| a. Predictors: (Constant), REGR factor score 5 for analysis 1, REGR factor score 4 for analysis 1, REGR factor score 3 for analysis 1, REGR factor score 2 for analysis 1, REGR factor score 1 for analysis 1 | | | | |

Table-3

of 16 explanatory variables. The results are shown below (Table-3 and Table-4). In regression model, F statistic shows the significance of model fit. From analysis, it is shown that

| ANOVA ^a | | | | | | |
|---|------------|----------------|----|-------------|--------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 14.99 | 5 | .988 | 14.625 | .008 ^b |
| | Residual | 18.93 | 55 | .704 | | |
| | Total | 33.92 | 60 | | | |
| a. Dependent Variable: Overall Effect of CRM on organizations | | | | | | |
| b. Predictors: (Constant), REGR factor score 5 for analysis 1, REGR factor score 4 for analysis 1, REGR factor score 3 for analysis 1, REGR factor score 2 for analysis 1, REGR factor score 1 for analysis 1 | | | | | | |

Table-4

the regression equation with the dependent variable (effect of CRM) showed an adjusted R² of 64% attributes which were the most important in explaining the organizations' overall achieved benefits (Table-3). Table-4 shows that F-value (14.625) was significant at 99% level.

| Coefficients ^a | | | | | | |
|---|------------------------------------|-----------------------------|------------|---------------------------|--------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.780 | .078 | | 28.156 | .000 |
| | REGR factor score 1 for analysis 1 | -.005 | .065 | -.011 | -.98 | .765 |
| | REGR factor score 2 for analysis 1 | 3.82 | .065 | -.357 | 1.890 | .004 |
| | REGR factor score 3 for analysis 1 | .002 | .065 | .005 | -.045 | .865 |
| | REGR factor score 4 for analysis 1 | -.221 | .065 | .284 | 1.90 | .001 |
| | REGR factor score 5 for analysis 1 | -.056 | .065 | -.021 | -.90 | .798 |
| a. Dependent Variable: Overall Effect of CRM on organizations | | | | | | |

Table: 5

Therefore, the null hypothesis is rejected. It can be said that there is a significant impact on CRM practices (as promotional tool) on organizations earned benefits. A larger and more representative sample would probably reveal meaningful information. Table (5) shows that “Social Acceptance Benefit (factor-2)” and “Commercial Objective Fulfillment (factor-4)” were the most important factors because they were significant at 99% confidence level. And, other three factors were not significant with the overall effect of CRM practice on organizations.

Discussion

In a developed country cause-related marketing has earned special attention, but developing countries have recently moved toward CRM for financial support from traditional sources such as private donations and government subsidies. At present many corporations of our country are also moving toward CRM as a new promotional tool to achieve maximum impact on customers, as they become very clinical about the actions of private organizations.

From the analysis, it has been found that CRM not only contributes to commercial benefit of organizations, it also helps to develop social acceptance benefit for the marketers. Private organizations can use CRM to enrich company reputation and images and to develop a close association with the brands. Simultaneously, marketers can practice CRM as a promotional tool to enjoy sustainable competitive advantage. But at the time of alliances, organizations should be careful of selection of social causes which will be beneficiary for the corporation, be matched with the corporation's core product and service offerings. In another study (Al-Dmour, et al. 2016), the primary finding was that the fit between the brand and the charity can have a tremendous impact on the success of CRM campaigns. In terms of dollar value trade-offs, the high-fit CRM campaign had roughly 5 to 10 times the impact of the low-fit campaign found from two different studies (Pracejus & Olsen, 2004). When considering the potential pool of associations that may be transferred through a CRM program, firms need to evaluate the existing attached to a particular cause, relevance and meaningfulness of cause and enhance the rewards given to those who participate in the cause (Hoeffler & Keller, 2002).

Recommendation

For these reasons, an organization must ensure the cause selected resonates with their target market and is consistent with the image or belief system of the partnering organization, and is congruent with the values of the sponsoring organization and the values of the cause (Lachowetz & Gladden, 2003). As cause marketing grows more prominent, bad cause marketing is being called to account. Major criticism behind the promotional efforts of cause marketing program consider consumer's questioning the link between the product and the cause. In this regard, marketers should focus on cause marketing that strikes a harmony with consumers and employees, improving the image of the company and energizing these components to act. To realize actual benefit, firms must brand their cause marketing efforts in the right manner. In particular, consumers must be able to make some kind of connection from the cause to the brand. Results of the study showed that this association brings some benefits for the companies as this

creates more awareness about the company and obviously results in more sales for the company. The change in image can also sometimes be used to encounter negative publicity. In comparison to normal advertising this type of publicity may create more loyal customers. This association also results in higher employee morale as the employees also start identifying themselves with the cause and take pride in the company's policies.

Partnerships with nonprofit organizations are not without criticism and risks for the private organizations. According to Sumi, (2010) when customers have started believing CRM meets social needs, companies should develop their belief for the companies own sake. Otherwise, alliances with non-profit organizations do not really have any significant payoff. A recent article documents a number of cases and noted that consumers may express a favorable attitude toward socially responsible firms but simply not act on these attitudes (Devinney, 2006). When consumers focus upon specific cause marketing programs, rather than cause marketing in general, the attributions they make of the company's motives for conducting the program may influence how they respond.

Conclusion

Cause-related marketing differs from corporate giving (philanthropy), as the latter involves a specific donation which is tax-deductible, while cause marketing is a marketing relationship not necessarily based on a donation. There has been significant growth and interest in cause-related marketing over the past few years. An important element of cause-related marketing is the level of customer awareness and involvement. There are a number of potential pitfalls for both sides of the relationship. However, this study mainly focused on the possible winning situation for the private sector marketers. Partnerships can enhance commercial benefit which directly contributes to the trade-off benefit for the corporations. Simultaneously, marketers can enhance corporate image, brand reputation, social acceptance benefit and profitable relationship with customers. A powerful alliance between not-for-profit organizations and companies can successfully work together with unique marketing tools that can influence change and create better solution. Friedman(1970) has noted that there are many circumstances in which manager of a firm may involve in actions that serve the long-term benefits of the owners of the firm and that also has a positive social effect indirectly.

Both profit and non-profit organizations are becoming interested in CRM as its potentially useful form of marketing activity. The range of partnerships and campaigns that have been labeled as CRM are diverse, however. In order to advance understanding in this area of marketing, there is a need to distinguish and research different types of CRM and its impact on choosing social causes in order to offer more meaningful models for management.

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