



## Cause Marketing – An Evaluative Study

### KEYWORDS

Cause Marketing, Brand loyalty, Nonprofit Organisation, Campaign.

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### ABSTRACT

*It is hard for many to believe but when compared to economics, production and operations, accounting and other business areas, marketing is relatively young discipline having emerged in the early 1900's. At the organizational level, marketing is a vital business function that is necessary in nearly all industries whether the organization operates as for - profit or as a not – for - profit. For a for–profit organization, marketing is responsible for most tasks that brings revenue to an organization. For the non-profit organization, marketing is responsible for attracting customers needed to support the non-profit organization's mission, such as raising donations or supporting a cause.*

*For both types of organizations it is unlikely that they can survive without a strong marketing effort. Many trends are emerging in the field of marketing. One such present trend is cause marketing or cause related marketing which means the company market in a way that they contribute to a cause out of the price paid by the customers to their products or services.*

### HISTORY, CONCEPT, MEANING & DEFINITION

The first known case of cause marketing in America was in March 1974 when Carr & Associates International was formed by John T Carr as way of giving back by engaging charitable causes & business to support each other.

Another cause marketing campaign was initiated in Russia in 1979 by Rosica, Mulhern & Associates for famous Amos cookie. In this campaign Wally Amos became the National Spokesperson for the literacy volunteers of America.

In 1982, Nancy Brinker founder of Susan G Komen for the cure was an early pioneer of cause marketing allowing millions to participate in the fight against breast cancer through business that share Komen's commitment to end the disease.

In 1983, American Express developed a campaign which donated funds to a number of different non-profit organization. Essentially every time someone used an American Express card in the area, a 2 – cent donation was triggered and each time new members applied for a card a larger contribution was made.

Cause marketing refers to a type of marketing involving the cooperative efforts of a for – profit business & a non – profit organization for mutual benefit. A study by cone Research found that, given comparable quality and price, 91percent of global customers are likely to switch brands to one associated with a god cause. Most of the successful companies act as role models to other business and the wider community. To achieve this role model status they must be committed to corporate responsibility which involves three aspects.

- Running a successful business. A business must first make a profit if it is going to be able to make a wider contribution to the society.
- Being committed to ethical behavior across its operations.
- Being committed to improving society. A visible as-

pect of any corporate responsibility program is causes marketing.

Cause marketing may be defined as a potentially profit making initiative by a for profit company or brand to raise awareness, money or consumer engagement in a social or environmental issues.

### Review of Literature

A study was conducted by Ahmed Imran Hunjra and Rauf I Agarn on "Cause related marketing and its impact on sales; mediating by brand loyalty and customer purchase intention". This study concluded that cause-related marketing campaigns have positive influence on the sale activities of companies & also revealed that brand loyalty and consumer purchase intention is directly linked towards cause marketing that eventually has positive effect on sales.

Mr. Bhavet Garg in his paper entitled "Cause related marketing and its impact on corporate brand image and sales" and revealed that cause related marketing results in increased sales visibility, consumers loyalty and enhanced company imaged along with positive media coverage. The author also misted that if the company engaged in cause marketing could generate more awareness regarding its contribution to social cause through TV & internet advertising which is directly related to increase in sales & brand loyalty.

### Statement of the problem

Social cause related marketing has emerged as a top management priority in the last decade due to the growing realization that it is one of the most valuable intangible tools that firms have to gain better corporate image from internal as well as external customers.

### Objectives of the study

#### The objectives of the study are

- To study the awareness of cause marketing and the products associated among customers.
- To study the influence of cause marketing on pur-

chase decisions and brand loyalty of consumers.

- To study the cause marketing performance of select companies.
- To determine the influence of cause related marketing on retailers.

**Hypotheses of the study**

**Hypotheses -1**

This hypotheses focuses on impact of income level on the satisfaction level of purchasing Cause marketing products. Hence the statement of hypotheses is s

**Null Hypotheses (H<sub>0</sub>):**

There is no significant relationship between income and satisfaction level of purchasing CRM products.

**Alternative Hypotheses (H<sub>1</sub>):** There is significant relationship between income and satisfaction level of purchasing CRM products.

**Hypotheses – 2**

This hypotheses deals with the impact of age on the satisfaction level of purchasing the cause related marketing products. The statement of hypotheses is

**Null Hypotheses (H<sub>0</sub>):**

There is no significant relationship between age and satisfaction level of purchasing CRM products.

**Alternative Hypotheses (H<sub>1</sub>)**

There is significant relationship between age and satisfaction level of purchasing CRM products.

**Research Methodology**

The analysis of buying behavior of customers, the CRM performance of Companies and impact of cause marketing on retailers dealing in brands of CRM Companies is required. Hence the study is exploratory in nature with survey method being used as a tool for data collection.

**Sources of Data**

**Primary Data:** The researcher has collected primary data for their study from the selected customers, retailers and few companies engaged in cause related marketing by issuing questionnaire.

**Secondary Data:** The researcher has collected secondary data from official websites of cause marketing companies and articles in magazines & websites.

**Population of the study**

The population of this study comprise of all the customers buying CRM products in Tumakuru, all the retailers dealing with the brands of CRM companies in Tumakuru and all the companies which have adopted cause marketing campaigns.

**Sample Size**

Out of the entire population of customers buying CRM products in Tumakuru, Karnataka State a sample of 176 respondents are drawn for data collection. Out of population of retailers in Tumakuru, a sample of 26 respondents is drawn for data collection. Out of CRM Companies, a sample of 11 companies has been selected for data collection.

**Sampling Technique**

Since the respondents of the study are from different groups like customers, retailers and companies, data is collected using stratified sampling technique.

**Hypotheses testing – Chi Square Test**

**Hypotheses -1**

The researcher in the study has identified that 58 percent of the respondents agreed that they would buy the products even if it is out of their budget. So this hypotheses has been tested to identify whether there is any difference of satisfactory level among the different income group of respondents for purchase of cause marketing products.

**Null Hypotheses (H<sub>0</sub>):** There is no significant relationship between income and satisfaction level of purchasing CRM products.

**Alternative Hypotheses (H<sub>1</sub>):** There is significant relationship between income and satisfaction level of purchasing CRM products.

**Level of significance at 5%**

**a) Observed Values**

Income level	Below 10,000	10,000 – 25,000	25000 – 50,000	50,000 & Above	Total
Satisfaction Level					
Highly satisfied	11	10	6	2	29
Somewhat Satisfied	28	17	23	6	74
Satisfied	14	20	10	4	48
Somewhat dissatisfied	1	8	4	1	14
Highly dissatisfied	5	4	2	0	11
Total	59	59	45	13	176

**Source:- Primary data**

**b) Expected values and calculation of values of  $\chi^2$  calculated value is 12.356**

**Degree of freedom (r-1) (c-1)=(5-1) (4-1)      4 x 3 = 12**

**Degree of freedom**

The calculated value of  $\chi^2$  is 12.3567 is less than table value at 5% level significance with degree of freedom 12 is 21.026 . So H<sub>0</sub> is accepted that is there is no significant relationship between income and satisfaction level of purchase of cause related marketing products.This shows that people are more concerned towards the needs of less fortunate people than them. They are ready to purchase the products of cause marketing and there is no difference in the satisfaction level of the people belonging to less income groups and high income groups.

**Hypotheses – 2**

The researcher in the study has identified that around 78 percent of the respondents agreed that they are happy to buy the products related to cause. So the hypotheses has been tested to see if there is any difference in satisfaction level of buying the cause related marketing products among different age group people.

**Null Hypotheses (H<sub>0</sub>):**

There is no significant relationship between age and satisfaction level of purchasing CRM products.

**Alternative Hypotheses (H<sub>1</sub>)**

There is significant relationship between age and satisfaction level of purchasing CRM products.

**Level of significance at 5%**

**a) Observed Values**

Age group Satisfaction Level	15-25	25-35	35-45	45 & above	Total
Highly satisfied	6	6	6	10	28
Somewhat Satisfied	20	18	9	28	75
Neither satisfied nor dissatisfied	8	12	15	18	53
Somewhat dissatis- fied	2	2	4	4	12
Highly dissatisfied	2	0	3	3	8
Total	38	38	37	63	176

#### b) Expected values and calculation of values of $\chi^2$ calculated value is 10.2655

**Degree of freedom**  $(r-1)(c-1) = (5-1)(4-1) = 4 \times 3 = 12$  Degree of freedom

The calculated value of  $\chi^2$  is 10.2655 is less than table value at 5% level significance with degree of freedom 12 is 21.026. So  $H_0$  is accepted that there is no significant relationship between age and satisfaction level of purchase of cause related marketing products. The alternative hypotheses which is rejected under hypotheses testing gives that people would like to buy the cause marketing products and there is no difference of satisfaction level. All the age group people are commonly satisfied for purchasing these products.

### SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS

#### Summary of Findings

Cause related marketing aligns a brand with a non profit organisation to which a contribution will be made by the firm, contingent upon customers undertaking a specific purchase behaviour. The purpose of the study was to study the purchase intention of the buyers towards these Cause marketing products and the opinions of retailers and companies performance of cause marketing as well.

#### The findings of the study are

The study examined through hypothesis testing that whether there was any significant relationship between the educational qualification and awareness about cause related marketing. But the hypotheses testing proved there is no such relationship. It also provided that the professionally qualified people are least aware of the cause marketing than others.

The study offered some support for the proposition that cause marketing can enhance brand attitude and that the change in brand attitude experienced by the consumers will be more positive as a result of exposure to cause marketing strategies than some common sales promotions.

It is inferred in the study that the customers who are ready to switch from brand not contributing to Cause to a brand contributing to cause strongly agree that they not switch from the brand if the brand is contributing to cause.

It is also found through the study that the customers are of opinion that these cause marketing campaigns will have positive impact on corporate image of the company. It is also more likely that customers choose the products contributing to a cause out of two brands if the price and quantity remains identical.

The majority of the customers also agree that celebrity endorsement to cause marketing will help to promote the cause marketing more efficiently.

It is inferred in the study that majority of the customers strongly are of the opinion that they would stop buying the product if they come to know that money contributed by them is wasted. They further revealed that they would stop buying the product if the company stops cause marketing campaigns.

### CONCLUSION

Concluding the results of the study which are in line with the literature, it is evident that cause related marketing is one of the phenomenal tools of marketing practice which has significant effect on the purchasing decisions of the customers. It has a significant effect on the reputation of the retailers dealing with the cause marketing brands. Consequently with an effect on purchasing decision of the customers leading to raise in brand loyalty make customers to purchase bulk quantities, re-purchase and they also help in creating positive word of mouth about the brand and company that eventually increases sales of a corporate sector.

As far as cause marketing is concerned it is multi dimensional and more effective tool among other marketing tools like free sampling, coupons etc. Even it is more cheaper and help the organisation to achieve its goals and objectives more widely in the long term. Apart from sales it helps to companies to increase customer loyalty. It will further makes easier to enter into new segments along with the help to the companies to introduce new brand or product as they have positive image in the market and acceptability of the consumers.

The technological development has allowed transmitting the information flows instantly and at a low cost. The internet has a high importance in transmitting information to a global audience and can help increasing customers' confidence in socially responsible business. Thus the companies can take best advantage of the information technology and promote cause marketing efficiently and transparently to gain the reputation through retailers supportive hand and brand loyalty of the customers.

### SUGGESTIONS

Cause related marketing is important for acquiring long term success, being each organisation's essential competitive advantage and a path to society's sustainable development. Few suggestions have been made on the basis of the evaluative study on cause marketing.

Cause marketing must be done more transparently not only by the companies which have taken up but also by the non-profit organisations have to be transparent to gain the confidence of the customers.

It is also suggested that most of the unsolved problems in the country remain untouched by the companies by way of cause marketing. So the companies should look through this.

It is very necessary on part of the customers to be more aware of the cause or campaign they are contributing a part of their money.

Since many people are still unaware of cause marketing word of mouth advertising to reach each customer has to be undertaken.

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