

# A study on the Impact of Cause Related Marketing on the Consumer's Buying Behavior

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**Objective of the Study** - The research tries to find out

- What is cause related marketing?
- Does cause related marketing give added advantage to the product/brand
- Cases of different companies which have taken up cause related marketing
- Impact of cause related marketing on consumer's buying behavior.

## **Research Methodology**

- Collection of data
- Primary data in the form of questionnaire and interview
- Secondary data through books, periodicals, Internet

## **Hypothesis**

A cause related marketing gives a positive image to the company and has a positive impact on the consumer's buying behavior

## **What is cause related marketing?**

Cause Related Marketing (CRM) refers to a type of marketing involving the cooperative efforts of a "for profit" business and a non-profit organization for mutual benefit. It is sometimes referred to as marketing efforts of social and charitable causes. But it differs from corporate philanthropy, which involves specific donations, which are tax-deductible while cause marketing is generally not based on donations.

It is a hybrid of product advertising and corporate public relations. It is a market-driven system. The six main types of CRM arrangements are:

- 1) **ADVERTISING** where a business aligns itself to a particular cause and uses advertisements to communicate the cause's message. **PUBLIC RELATIONS** where a business calls press and public attention to a strategic partnership between itself and a non-profit group.
- 2) **SPONSORSHIP** where a business helps fund a particular program or event.
- 3) **LICENSING** where a business pays to use a charity logo on its products and services.
- 4) **DIRECT MARKETING** where a business and non-profit raise funds and promote brand awareness.
- 5) **FACILITATED GIVING** where a business facilitates customer donations to the charity or to themselves.
- 6) **PURCHASE- TRIGGERED DONATIONS** where a company pledges to contribute a percentage or a set amount of the product price to a charitable cause or organizations.

Cause-related marketing is a partnership between a for-profit and a non-profit where each has something to offer the other and both realize a benefit in the form of added revenue, increased revenue, increased media exposure, public relations or all three for both partners.

Sir Dominic Cadbury, Chairman of Cadbury Schweppes and founder of the Cause Related Marketing Campaign at Business in the Community says: Cause-related marketing should become a natural part of successful business practice because it is an effective way of enhancing corporate image, differentiating product and increasing both customer loyalty and sales.

**The term cause related marketing was first coined by *American Express* in 1983 for the Statue of Liberty Restoration project.**

iGive.com has offered customers the opportunity to shop from over 400 affiliated merchants and to direct up to 39 percent of every purchase to more than 18,000 nonprofits, often local chapters

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of large national non-profit organization. iGive.com has helped distribute nearly two million dollars to a total of 30,000 charitable causes.

### **Examples of Win-Win Situation By Cause Related Marketing**

#### *Coca-Cola:*

In 1997 Coke sales increased to 490% when Coca Cola donated 15% to Mothers Against Drunk Driving for every case of Coca-Cola bought during a 6-week promotion in more than 400 Wal-Mart stores.

#### *American Express:*

In 1983 American Express pledged to donate a penny to the restoration of the Statue of Liberty or every transaction made by the cardholders, use of American Express cards increased by 28% and new users increased by 17%.

#### *McDonald's:*

In 1994 McDonald's sold a CD showing raising funds for Ronald McDonald House Charities. The promotion in addition to raising fund for the cause has increased the sales by 5%.

#### *Bayer Aspirin:*

It partnered with American Stroke Association (ASA) to create the American Stroke Challenge an effort to raise money for the ASA and educate the public about the strokes. During May 2000, Bayer sales increased 9%.

#### *Visa:*

Visa sales increased 17% in 1997 as compared to 1996 when it engaged itself into a campaign with the childhood literacy organization Reading Is Fundamental and the size of the contribution was based on the number of visa transactions during November and December.

### **Benefits**

#### 1 ATTRACTING AND RETAINING CUSTOMERS:

Helps to attract and develop long-term relationships with the customers.

#### 2 MARKET DIFFERENTIATION:

This helps to develop a distinctive approach to brand advertising.

#### 3 REACHING NICHE MARKETS:

Partnering with NGO's help the company to reach the specific geographical segments.

#### 4 MOTIVATED AND LOYAL EMPLOYEES:

The companies can attract and retain good employees only when many have been awarded for their support to cause related programs.

#### 5 REINFORCED MISSION STATEMENT:

Cause related marketing mission statement sends a message of corporate social responsibility to the various stakeholders of the company.

6 COMMUNITY SUPPORT: A cause related marketing gets a full favor of the community at large when it is working for its benefit.

### **Cause Related Marketing Approach**

#### *1<sup>ST</sup> PHASE: ASSESSMENT AND PLANNING*

An assessment defining the firm's capacity, market targets and support for cause related marketing.

#### *2<sup>ND</sup> PHASE: CAUSE RELATED MARKETING DESIGN*

It helps to meet marketing and branding objectives defined in 1<sup>st</sup> phase and ensures the support needed.

#### *3<sup>RD</sup> PHASE: CAUSE RELATED MARKETING IMPLEMENTATION*

Successfully implemented program with focus on continued support, advertisement, communication and proof of success through measurement.

When planned, implemented and communicated properly the cause related marketing is supported by the consumers. For corporations an effective cause related by consumers.

An effective cause related marketing campaign leverages the social purpose of a nonprofit organization to advance sales or branding objectives and thus drive revenues.

**Cause related marketing is like a planned giving requiring enormous initial efforts but not producing immediate results.**

**Cause related marketing is a good relationships management. People give money to people. People do more for those they like and trust and those who care.**

### **Principles of Cause Related Marketing**

**Integrity:** Adhering to the highest ethical standards in all CRM activities and relationships.

**Transparency:** Ensuring that the communications between the partners and with the consumers are honest and ethical.

**Sincerity:** Strength and depth of relationship with a nonprofit organization or cause.

**Mutual Respect:** Appreciating the intrinsic value of the non profit organization brings to the cause related marketing partnership

**Mutual Benefit:** Ensuring that all parties objectives are met.

### **Key Issues to be considered for Successful Implementation of Cause Related Marketing:**

**Identifying the right issue or cause:** It is necessary to find before establishing any cause related marketing relationship that an issue is aligning with the company's product or services, its market or its geographical community.

**Selecting a right partner:** It is necessary that a profit and a non-profit completely understand each other's goals and objectives.

**Establishing the relationship:** There should be clear understanding of the nature of the relationship of the two companies. Generally a formal document which spells out how the fund is raised by the company and any limitations such as a maximum amount to be contributed.

**Benefits and challenges:** It is necessary to identify the potential problems and make efforts to avoid it from private-nonprofit partnerships.

**Checking the legalities:** such as whether the formal agreement to use the non-profit organization's name has been entered into. Does the promotion are in line with all the national laws and regulations. Is the company protected from the liability resulting from the wrongdoing of the non-profit organization?

**Communicating partnership message:** The most important part of the CRM is the effective marketing campaigns keeping in mind the target audiences.

**Reviewing the results:** Standards should be set both qualitatively and quantitatively track the results.

### **Awards**

#### **Business in the Community's Awards for Excellence**

Launched by HRH The Prince of Wales in 1997 was developed to recognize the best practices in the management and the impact of corporate social responsibility programs.

#### **Business in the Community Cause-related Marketing Awards for Excellence**

Aim to demonstrate the power of brands in partnership with charities and causes to make positive impact on key social issues.

### **Impact of Cause Related Marketing on Consumer's Buying Behavior and the Association with the Company**

#### **Analysis**

Nearly fifty individuals of 20 and above age groups were surveyed and asked about the association of cause related marketing and their buying behavior. 80% of the individuals have

shown a positive correlation between the cause related marketing and buying behavior provided there is no vast difference in the quality of the product .20% were indifferent towards cause related marketing and said they will not compromise to even a small limit on quality for making charity and it is not the determining factor in their decision making process.

Similarly 75% of the individuals are likely to be associated with the company whose mission statement speaks about cause related marketing provided there is not very vast difference in the perks and other facilities among the available opportunities.

People who were showing positive buying behavior towards the products associated with the cause related marketing are of the opinion that as they do not get the opportunity to spent the resources in the form of money, effort or time for the social welfare. So this can become one of the easiest ways to perform our duties towards society.

### **Conclusion**

It can be concluded that the cause related marketing has a positive impact on the consumers buying behavior and the people are likely to associate with the company's whose mission statement talks about the cause related marketing.

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