Examining The Role Of Social Cause Related Marketing In The Formation Of Consumer Attitude

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ABSTRACT

The concept and practice of corporate philanthropic activities has gained significant importance in the past several decades and it is being increasingly adopted by corporations for sustainable existence. In order to fulfill the business objectives, more and more business units are joining hands, in the form of commercial and social affiliations with nonprofit organizations and cause related marketing (CRM) is one example of such a partnership. As the businesses are increasingly assuming their social responsibilities, the CSR initiatives influence the decisions and actions of the consumers about purchasing, patronizing and recommending the company’s products. Linking the brands and the corporations to societal issues has become agreeable and interesting to many businesses, since these associations are likely to influence consumer perceptions and evaluation of products and services positively. As a holistic marketing tool and an effective marketing strategy, cause related marketing presents a bunch of benefits for all the stakeholders. This paper makes an attempt to explore the underlying dimensions of attitudinal factors of consumers exposed to cause marketing initiatives. The determinants of attitude formation were investigated. The study was conducted specifically on youth of Punjab. The major findings of the study indicated that CRM has an overall positive influence on consumer attitude towards the coalition of company and social cause but the scope of consumer skepticism cannot be ruled out as people believe that such mutual associations help the company’s financial objectives more than they help the society’s social objectives. The paper provides valuable insights into the beliefs, perceptions and attitude of consumers towards company – cause partnerships. It is beneficial to the marketing practitioners and strategists for formulating cause brand association strategies.

Keywords: Cause Related Marketing, Corporate Social Responsibility, Youth, Consumer Attitude, Skepticism.

Introduction

Since the markets are globalised and the business world functions in a globalised village with competition becoming intense, the companies find it difficult to space out their product offerings and prestigious brands by conventional and predictable attributes like price and quality. In line of this, business organizations have started realizing that they need to become meaningful entities by serving the society with some worthwhile contributions apart from the basic products. Cause related marketing, as a component of CSR, serves the dual purpose of linking marketing objectives with social contributions to charities (Cunningham, 1997; Ross, Stutts and Patterson, 1992).

Marketing, these days, is getting wider and is not purely moving around the marketplace only. In order to contribute positively and constructively towards social improvement and development activities, along with
the fulfillment of corporate goals and objectives, the companies are developing different ways which serve them well by increasing the visibility of their outcomes in the form of enhanced public image, greater product sales and improved profitability.

According to the expert view of Philip Kotler (2003), the pattern of marketing philosophies have transformed through six concepts in the recent years; initiating from the production concept focusing on mass production and economies of scale, the product concept with an emphasis on better quality products available at the right price, the selling concept concentrating on aggressive selling techniques to sell more, the marketing concept with due concerns about the actual needs of the target market, the customer concept which works on satisfying and retaining customers by building long term relations, and the societal marketing concept, wherein the social welfare and ethical considerations are well assumed by making them an integral part of the marketing practices. In his viewpoint, “the societal marketing concept holds that the organization’s task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and the society’s well-being.” It is one of those marketing strategies that enable the firms to involve the customers directly into the exchange process.

Linking the brands and the corporations to the societal issues has proved to be lucrative to many businesses, since these associations are likely to influence consumer perceptions and evaluation of products and services positively. Because of the increased public awareness and interest over environmental and community issues, more and more companies and brands have become involved in such issues and affiliated their product offerings with an array of deserving and important causes, most of them being social and ecological issues carrying importance for the society (Yechiam, Barron, Erev, & Erez, 2002).

From the business standpoint CRM is an amalgamation of philanthropy and marketing. Ross et al. (1992) highlighted that there exist a multi-faceted utilitarian and economic exchange between the three parties’ i.e. the consumer, the company and the sponsored cause. Apart from that, a representative societal exchange can also take place which append to the perceived value of the exchange. The firm makes an offer to make a contribution to a specified cause on the condition that the consumers undertake the exchange process, which in turn increases the perceived value of the exchange at no added perceived cost to the consumer.

CRM as a marketing strategy helps in gaining added marketing opportunities for the business as well as a supplementary fund raising tool for charities and causes. It holds the potential to make a positive difference to the community, the cause, the consumers and the business. The business makes an attempt to do well by doing something good for its stakeholders and generally works as a blend of various promotional and philanthropic activities (Westberg and Pope, 2005).

There can be different forms of alliances between the “for profit” and “non-profit” organizations, such as

1. **Transaction-based promotions** – comprises of programs in which contribution to a specific cause is contingent on consumer purchases of a specific product (purchase of P&G products and Re 1 being contributed from every sale towards children’s’ programs)

2. **Joint-issue promotions** - comprises of programs in which awareness is raised about social as well as environmental issues and evils (washing hands before meals, using your civil rights etc)
3. Licensing – comprises of a special arrangement in which a nonprofit organization allows another profit motivated company to market its products with the company name under a license (Nerker, 2013).

Literature Review

Varadarajan and Menon (1988), among the earliest writers on CRM defined it 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-producing exchanges that satisfy organizational and individual objectives”. Drumwright (1996) emphasized that marketing campaigns and promotions associated with a social dimension have become more prevalent. In the opinion of Adkins (2000), CRM is not a pure philanthropic activity which predominantly works only for social welfare and demands nothing in return. All concerned parties, whether they are corporations, causes or customers enter into CRM to attain their own personal or institutional objectives. In doing so, two prime objectives are strived to be accomplished – improving corporate performance and helping suitable causes (Varadarajan and Menon, 1988). Webster (1975) believes that the attainment of this strategic intent and the presence of a socially conscious consumer may go hand in hand.

Carroll (1979) describes “cause-related marketing as a commercial activity in which businesses join with charities or causes to market an image, product, or service for mutual benefit”.

• CRM is expressed as a purchase triggered donation, wherein the corporate donation is dependent on the purchases made by consumers;

• The function of CRM falls in the ambit of the marketing function;

• The company is more or less dependent on the consumer as he is a direct partner in the process; he makes the contribution possible by entering into a cause based transactional exchange, thereby satisfying his altruistic tendencies and helping the company to make more sales. (Anghel et al. 2007)

Kotler and Lee (2005) define Corporate Social Responsibility (CSR) as “A commitment to improve community wellbeing through discretionary business practices and contributions of corporate resources”. A popular way to increase the measurability and visibility of such activities is to build partnerships with non-profit organizations to market the products. Vanhamme et al. (2012) and Kotler and Lee (2005) believe that CSR is a generalized term for organizations “doing good” and covers their deliberate participation in sensitive areas like environmental concerns, economic upliftment, education standards, health and safety issues etc.

Kim, Kim and Han (2005) focused their research on the negative aspects of CRM for the companies and found that when a harmful product was promoted along with a cause which is directly related to its risk, the CRM campaign may backfire. Bloom et al. (2006) proposed that consumers demonstrated a high degree of affinity with a brand associated with a team, event or social cause and this led to a positive impact on consumer judgment. Shabbir et al. (2010) examined the relationship between CRM campaigns, brand awareness and corporate image as important determinants of purchase intentions in Pakistan. The results depicted that CRM campaigns have a positive impact on brand awareness as well as corporate image and this in turn influenced the purchase intentions in a positive direction. Anghel, Grigore and Rosea (2011) studied the impact of CRM activities on consumer attitudes by researching the students of Bucharest Academy of Economic Studies. The results showed that people had positive attitude towards products which are linked
with social issues and such associations also improved the image of the company but majority of the respondents held that the prime aim of the company was to maximize their sales and profits rather than helping the charities and fulfilling their social obligations. Anridho and Liao (2013) tested the effects of cause and brand alliance with brand attitude and trustworthiness towards particular brands. The brand credibility and brand attitude worked as mediating variables and influenced the performance of CRM. Chaudhary and Ghai (2014) conducted a study on youngsters and found that there existed a a high degree of awareness and acceptance for CRM and also showed a keen interest in supporting such activities. They found that when a brand is linked to a social cause, it becomes a major differentiation tool and brand image was positively affected by such cause support campaigns. They were ready to pay a premium price if the cause was personally favorable to them. They would also consider switching brands in order to support worthy causes. Rivera et al. (2016) examined the conditions under which CSR affects customer satisfaction. They found that there was a strong positive relation between the two and direct link between consumer and brand attitude. Rizwan et al. (2017) concluded that the price and communication media plays an important role in determining the purchase behavior and the profits, sales and corporate image can be enhanced using CRM as a marketing strategy.

Objectives

- To study consumer evaluation of Social Cause Related Marketing.
- To find out and analyze the determining factors of attitude formation towards cause and brand associations.

Research Methodology

Although Cause Related Marketing originated in the western countries, but it has been gaining widespread acceptance and momentum in India and other countries recently. Extensive research work has already been done to explore the impact of cause related marketing on consumer attitudes, perception and choice of cause in countries such as United Kingdom, United States of America, Canada, Australia, and New Zealand, thereby enlightening the subject from different viewpoints. India being a promising and developing economy holds a lot of potential for such new innovative strategic tools like Cause Related Marketing. In the Indian markets, this concept is relatively new and challenging for communicating with the customers but in the countries like USA it existed since 1983 (Barnes and Fitzgibbons, 1991). Academic research on CRM is at an early stage. Over the last few years, cause-related marketing (CRM) has become an accepted marketing strategy for companies. Indian organizations have started adopting CRM by connecting its marketing and sales objectives to a social cause. Academic research proposes that effects of CRM campaigns are generally positive and winning for companies as well as for the causes so promoted.

Despite the widespread popularity of business and societal tie-ups, not much research has been undertaken on the underlying factors that influence and shape consumers’ attitude towards CRM.

THE STUDY AND SAMPLE

The study is exploratory in nature and survey method is used as a tool for data collection. A well developed and pre tested questionnaire based on Likert type scale was used for collection of data. The questionnaire was self designed, after considering the relevant studies on cause related marketing. The responses were solicited
on a scale of 1 to 5 where 1 indicated minimum agreement with the statement and 5 indicated maximum agreement.

The population for the present study included students residing in urban and rural areas in the state of Punjab, India. Youth is an emerging potential and a profitable market segment and setting trends with high social needs. They are young and wise enough to understand and inculcate social values and ethical standards for their purchases (Cui et al., 2003). They have a healthy and distinctive sense of civic responsibility and are sensitive to the needs of the society. Many countries are witnessing youth volunteerism as youth are coming forward to bring a social change in their surroundings by becoming social agents. They represent the symbol of change by their engagement in community and civic activities. Therefore, for the present study, youth between the age group of 15 to 29 (according to the National Youth Policy, 2014) years has been taken as the population. By this age, they are mature enough to understand the importance of social contributions. Moreover, most of the products which associate with CRM comprise of convenience products which are frequently purchased by the youngsters. Additionally, many of the previously held studies showed that consumers who supported CRM were mostly young and educated (Barnes, 1992; Webb & Mohr, 1998).

The research was conducted on 300 students studying in various courses in different universities of Punjab, India. The universities were located at geographically different locations representing the three major districts of Punjab, namely Amritsar, Jalandhar and Ludhiana. For the research purpose, individually respondents were contacted to elicit the required information as they constituted the sampling elements. Non probability sampling technique of judgmental cum convenience sampling was employed to consider the respondents for inclusion in the sample.

**Results & Findings**

To measure the sampling adequacy, KMO test was applied. The value of KMO came out to be .766 (higher than 0.5), which indicates that data is suitable for conducting factor analysis. There has to be adequate level of correlation among the variables which is tested by Bartlett’s test of sphericity. The observed level of significance was found to be .000. It showed that the matrix was not an identity matrix and therefore the multivariate technique of factor analysis could be appropriately applied. Thus, both the tests clearly showed that the data was appropriate for factor analysis. The data’s reliability was checked by applying Cronbach’s alpha test (value should be greater than 0.6). The data was reliable as the value of Cronbach alpha was .727. All the communalities were greater than 0.5 and only those factors with Eigen value greater than 1 were retained. The total variance explained by the factors was 56.035%.

<table>
<thead>
<tr>
<th>Table I : KMO and Bartlett's Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling</td>
</tr>
<tr>
<td>Adequacy.</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>df</td>
</tr>
<tr>
<td>Sig.</td>
</tr>
</tbody>
</table>
The raw score of 21 items were subjected to factor analysis in order to identify the attitudinal factors generated due to the social brand associations of companies with social causes. After factor analysis 5 components were identified. The details about the generated factors including, the Factor name, Eigen value, Underlying Variables, percentage of Variance and their respective Factor Loadings are given in the table.

### Table III: Factor Analysis Results

<table>
<thead>
<tr>
<th>Factor Name</th>
<th>Eigen Value</th>
<th>Variables Associated with each factor</th>
<th>%age of Variance</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skeptical Attitude Towards Corporate Claims</td>
<td>4.202</td>
<td>I don’t believe that the companies are being charitable it is just another way of getting customers (A20)</td>
<td>14.845</td>
<td>.770</td>
</tr>
<tr>
<td></td>
<td>A7</td>
<td>Companies use CRM only as a promotational tool (A7)</td>
<td></td>
<td>.673</td>
</tr>
<tr>
<td></td>
<td>A12</td>
<td>Most statements made by companies regarding CRM are intended to mislead the customers (A12)</td>
<td></td>
<td>.669</td>
</tr>
<tr>
<td></td>
<td>A21</td>
<td>I doubt whether the companies actually donate as much as they promise (A21)</td>
<td></td>
<td>.636</td>
</tr>
<tr>
<td></td>
<td>A11</td>
<td>I doubt the motives of companies that help good causes (A11)</td>
<td></td>
<td>.625</td>
</tr>
</tbody>
</table>

KMO MSA - .766, Bartlett's Test of Sphericity - 2441.279, Cronbach Alpha - .727
## Examining The Role Of Social Cause Related Marketing In.....

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<tr>
<th>Factor Name</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Delivering Social Responsibility</td>
<td>1.965</td>
<td>A19</td>
<td>The company involved in CRM is socially responsible (A19)</td>
<td>12.051</td>
<td>.843</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A13</td>
<td>The companies have a legitimate interest in cause promotion (A13)</td>
<td></td>
<td>.738</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A8</td>
<td>The company is trying to give something back to the community (A8)</td>
<td></td>
<td>.689</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A2</td>
<td>Cause marketing really helps the society (A2)</td>
<td></td>
<td>.574</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A6</td>
<td>The company is concerned with the public’s well-being (A6)</td>
<td></td>
<td>.427</td>
</tr>
<tr>
<td>Brand Preference</td>
<td>1.524</td>
<td>A17</td>
<td>I would pay a lot of attention on CRM brands over other brands (A17)</td>
<td>10.514</td>
<td>.905</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A9</td>
<td>I am always attracted towards CRM brands (A9)</td>
<td></td>
<td>.861</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A1</td>
<td>I prefer to buy the brand which gives back to society (A1)</td>
<td></td>
<td>.755</td>
</tr>
<tr>
<td>Altruistic Behavior</td>
<td>1.295</td>
<td>A10</td>
<td>I would tell my friends and family about company’s social efforts (A10)</td>
<td>9.474</td>
<td>.848</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A15</td>
<td>I feel the responsibility to help worthy causes in order to help others (A15)</td>
<td></td>
<td>.806</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A4</td>
<td>CRM provides me an opportunity to help the needy (A4)</td>
<td></td>
<td>.587</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A18</td>
<td>I will voluntarily support the company’s social efforts (A18)</td>
<td></td>
<td>.565</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>1.101</td>
<td>A3</td>
<td>Brands that support social causes are best to buy (A3)</td>
<td>9.151</td>
<td>.725</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A5</td>
<td>I will patronize that brand which has any involvement with social issues (A5)</td>
<td></td>
<td>.627</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A14</td>
<td>I will not change the brand if the company is involved in CRM (A14)</td>
<td></td>
<td>.600</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A16</td>
<td>I am very loyal to the CRM brand (A16)</td>
<td></td>
<td>.547</td>
</tr>
</tbody>
</table>

The first factor was named as “Skeptical Attitude towards Corporate Claims”, which explained the highest level of variance, 14.845% and contained 5 statements. The highest loading was given to the statement A 20, “I don’t believe that the companies are being charitable – it is just another way of getting customers” (.770) followed by A7, “Companies use CRM only as a promotional tool”. A12, “Most statements made by companies regarding CRM are intended to mislead the customers” (.669), A21, “I doubt whether the companies actually donate as much as they promise” (.636) and A11, “I doubt the motives of companies that help good causes” with (.625) were the dimensions of the generated factor with their factor loadings.
Consumers are generally skeptical about the claims made by companies, even those that can be easily verified. The given statement by O'Sullivan, (1997), demonstrates a self contradictory statement which a firm generally encounters when considering cause-related marketing.

“If they don’t say enough about their charity links consumers believe that companies are hiding something and if they say too much they believe that charities are being exploited by the big corporations. It makes the promotion of such schemes one of the most delicate jobs in marketing. Go too far one way and consumers believe you are using the charity, go the other way and they will not even know of your involvement.” Consumers perceived that such claims by companies were only marketing tactics to create more customers and earn more profits by offering products linked to support of social causes.

The next factor extracted was named as “Delivering Social Responsibility” explaining 12.051 %age of variance and comprised of 5 statements with A19 “The Company involved in CRM is socially responsible” having highest loading (.843). A13 “The companies have a legitimate interest in cause promotion” (.738) and A8, A2, A6 with variables “The company is trying to give something back to the community” (.689), “Cause marketing really helps the society” (.574) and “The company is concerned with the public’s well-being” (.427) respectively.

On one hand, consumers showed skepticism towards corporate firms claiming the support of causes for the betterment of society as they believed that such initiatives were more or less in the favor of achieving their commercial objectives and not satisfying social goals. While, on the other hand, consumers understood that firms were delivering their corporate social responsibility in a positive manner by showcasing their genuine interest in cause promotion and working towards community development and public well-being.

“Brand Preference” was the third factor with 10.514 %age of variance. It included 3 variables including statements related to the choice of respondents for cause promoted products and the responses were in favor of choosing and preferring the brands which were associated with cause marketing. It could be concluded, if offered with similar product characteristics, consumers would show their preference for cause based products. The statements were A17 “I would pay a lot of attention on CRM brands over other brands” (.905), A9 “I am always attracted towards CRM brands” (.861) and A1 “I prefer to buy the brand which gives back to society” (.755).

The next important factor was appropriately named as “Altruistic Behavior”, with 9.474 %age of variance explained, which depicted that CRM led to a positive effect on social values of consumers and motivated them to become a part of the exchange process and contribute towards social issues by purchasing the cause based products. This factor clearly demonstrated that consumers were willing to support such CRM activities and were also voluntarily willing to tell others about such initiatives in order to help the society at large. Here, 4 statements loaded on this factor. The highest loading stated on A10 “I would tell my friends and family about company’s social efforts” (.848) which was followed by A15 “I feel the responsibility to help worthy causes in order to help others” (.806). A4 “CRM provides me an opportunity to help the needy” (.587) and A18 “I would voluntarily support the company’s social efforts” (.565), were next in order.

The fifth and last factor generated was “Brand Loyalty” explaining 9.151 %age of variance and composed of 4 statements. A3 “Brands that support social causes are best to buy” (.725) showed the highest loading on this factor. After that followed, A5 “I will patronize that brand which has any involvement with social issues” (.627). The next item was A14, “I will not change the brand if the company is involved in CRM” (.600) and...
A16 “I am very loyal to the CRM brand” (.547). This factor indicated that consumers tend to become brand loyal to such brands which assume social responsibility and contribute in the fulfillment of social objectives through their efforts. They were ready to continue buying CRM brands and looked such brands as credible and worth purchasing.

Conclusion, Limitations and Future Scope

This study made an attempt to understand and investigate the factors influencing consumer attitude towards CRM. Literature review was undertaken extensively and the results were an extension of previous studies but in a different country and on respondents with different socio demographic profiles. The results indicated that there are a set of factors depicting the attitude. Most of them are positive and generate from the socio-demographic characteristics and background of respondents, while the chances of doubts and skepticism are also high in such company-cause associations as people are cynical about the outcomes and the actual share of contribution made by companies towards the support and development of social issues. Based on the dimensions investigated, five composite factors were generated, namely, Skeptical attitude towards corporate claims, delivering social responsibility, brand preference, altruistic behavior and brand loyalty.

Cause-related marketing, as a component and medium of delivering corporate social responsibility, is likely to lead towards an impulsive consumers’ buying behavior since consumers are likely to get attracted towards the societal cause and buy products because of the association of the products with the cause. This in return offers a great competitive advantage and long term competency for the companies as they tend to differentiate themselves on the basis of social and civic values apart from product and service differentiation, which have become highly relevant and of utmost importance for the public in order to understand the societal contributing motives of companies.

The study has several limitations, which presents and broadens the scope for future research. The overall attitude and its factors were considered and the relationships of socio demographic features, motivations, and personal values with attitude were not examined. In other cultures and customer profiles, the consumer responses could generate different results. New studies could focus on causal research with the inclusion of specific CRM campaigns and their impact on purchase behavior of consumers. Further, consumer buying behavior and the impact of attitude on buying behavior could be potential areas of concern.

References

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