

Research Findings and Future Research Directions from a Theory of Cause

Related Marketing

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Abstract:

In order to strengthen marketing ties with customers for both the sponsoring business and the participating cause, cause-related marketing is becoming an increasingly common strategy. The benefits and downsides of this form of collaboration are discussed for the firm and the cause, as well as for the consumers who are requested to engage in these programmes by purchasing the sponsored good or service. It is suggested that more research be conducted with the goal to:

1. Broaden the findings in this field.
2. Increase the sales outcomes from cause-related marketing initiatives for businesses and causes.

KEYWORDS: Cause-related marketing, Taxonomy

Introduction:

In 1999, Sears joined with Gilda's Club, a non-profit network of local gathering locations for people dealing with cancer (Discount Store News, 1999). Sears assisted Gilda's Club families in finding resources to deal with the terrible affects of cancer by contributing a part of the sales from selected merchandise and forming strategic collaborations with Die Hard Racing Team and Levi's. In addition to the financial assistance produced for this cause, Sears increased the sales income of those goods associated with the cause, bringing national attention to this otherwise obscure charity. During the 1999 holiday season, Sears supported the "Give Gilda's Club a Charge" holiday campaign, contributing sales earnings from every transaction made with a Sears Card (Ebenkamp 1999). This collaboration between Gilda's Club and these national businesses is a good example of cause-related marketing: a programme that establishes a relationship between a sponsoring company and a non-profit Organisation to earn funds through product sales. Consider the following causes-related marketing examples:-

- Visa formed a philanthropic alliance with Reading is Fundamental (RIF), a non-profit organisation (NPO) dedicated to boosting children's reading. Visa donated a % of an item's purchase price to RIF every time the card was used with a partner merchant. In the first year

of the campaign, this cause association raised more than \$1 million for RIF, boosted national awareness of the need of young reading, improved Visa's brand image and increased Visa's transaction volume by 18.9% (www.causepartners.com/cause.html).

J.C. Penney sold "A Very Rudolph Christmas" CDs in 1999, contributing two dollars from each cash purchase to its Can Do After School programme, which supports high-quality, low-cost after-school programmes for children nationally and reached its one-million-dollar target.

As seen by the preceding industry examples, cause-related marketing has become a prominent strategic marketing technique for businesses. This rise of corporate excitement may be traced back to the American press's backing for the restoration of the Statue of Liberty in 1983. Cause-related marketing is an important component of a company's strategic marketing plan if they wish to serve the requirements and desires of their customers. While marketing is commonly seen as the act of selling, influencing, and convincing the end user to buy a product, it must also fulfil and meet the human needs of its clients.

(Kolter and Levy 1969), as well as all of its other internal and external audiences (Kolter 1972). Marketers can employ cause-related marketing to support the altruistic demands of its internal and external consumers by "tying its economic activity to a higher social purpose" (Kolter and Levy 1969, p.15) in order to reach these publics and differentiate one business from others. Many significant businesses now have cause-related marketing programmes that assist a variety of causes. Companies employ cause-related marketing as a strategic and tactical tool to assist them achieve a variety of corporate goals, such as boosting sales and market share and enhancing company and product performance (Ross, Stutts, and Patterson 1990-1991).

Cause-related marketing develops as a unique practise in the literature, with a seminal paper by Varadarajan and Menon (1988). With almost 20 years since the start of official cause-related marketing campaigns in practice, this study tries to examine the literature and proposes a taxonomy, that frames research efforts and aids in the identification of future research areas. Previous research on cause-related marketing has taken three broad paths, which will be addressed here. One path has contributed to the conceptual development of the construct, while the second aims to understand the nature of customer responses to cause-related marketing campaigns, and the third emphasizes the benefits and dangers for alliance partners.

DEVELOPMENT OF CONCEPTS

Varadarajan and Menon (1988, p.60) provide the most thorough understanding of cause-related marketing in their fundamental study on the subject. Cause-related marketing is defined by these writers as: In their primary research on the issue, Varadarajan and Menon (1988, p.60) present the most comprehensive knowledge of cause-related marketing. Cause-related marketing is defined by these writers as:

Cause-related marketing is also known as joint venture marketing (File and Prince 1998), which connects organisational identity to nonprofits with a social cause (Varadarajan and Menon 1988), and as a "...complex utilitarian economic exchange between the customer, the firm and the cause" (Ross, Patterson, and Stutts 1992). Others define cause-related marketing as a marketing alliance that uses transaction-based promotions, joint issue promotions and licensing to achieve its aims (Andreasen 1986).

While the majority of studies characterize cause-related marketing as a company commitment to a social cause in lieu of consumer purchases (Varadarajan and Menon 1988), some contend that it is merely another kind of corporate philanthropy with the underlying goal of increased sales (DiNitto 1989). Cause-related marketing is best stated in marketing terms as a strategy meant to enhance the attainment of marketing objectives (such as brand sales) through business support of social issues (Barone, Miyazaki, and Taylor 2000).

Companies might opt to operationalize their cause-related marketing programmes in one of two ways. First, businesses might opt to build a direct link between the sale of their products and their support of a social cause. Target, for example, may opt to contribute 1% of each customer transaction to specified neighborhood community groups. Companies may also pick a less apparent and indirect approach when making an overall attempt to operate in socially responsible ways (Mohr, Webb and Harris 2001). Donations of money, materials, and supplies to causes, sponsorship of public service messages in the media (see Ebenkamp 1999) or staff volunteerism (Meyer 1999) are examples of this approach.

Wal-Mart recently chose this technique over a purchase-sponsored programme by contributing \$100 million in 1997 to benefit children and families (Meyer 1999). However, the company's purpose in participating in a cause-related marketing campaign is not merely to offer financial support to a worthwhile cause, but also to build or reinforce an altruistic public image in the eyes of its most important audience: the consumer.

CUSTOMER REACTIONS TO CAUSE-BASED MARKETING PROGRAMMES

Existing research attempts have described how a cause-related marketing campaign effects client sentiments and purchase intent. In a nationwide survey completed by Cone Communications and Roper Starch Worldwide, consumers reported that when given a buy choice between two products of equivalent price and quality, 78% would more likely buy a product and 54% would pay more for a product associated with a cause they care about. Sixty-six percent of those polled stated they would switch companies to promote a cause and 84% said cause-related marketing helps to establish a favourable business image (Carringer 1994).

Since the September 11, 2001 terrorist attacks, consumer willingness to participate in cause-related marketing campaigns has increased dramatically (http://www.coneinc.com/Pages/pr_13.html). According to the 2002 Cone Corporate Citizenship Study, 89% of Americans feel that it is more essential than ever for corporations to be socially responsible (http://www.coneinc.com/Pages/pr_13.html). Furthermore, the recent surge in corporate scandals involving financial fraud (e.g., Arthur Andersen and WorldCom) has strengthened the public's propensity to penalise firms that consumers perceive to be acting against the best interests of their customers. Specifically, polled consumers offered the following reactions to circumstances of corporate responsibility:

- 91% would contemplate moving to another firm's products or services.
- 85% would complain to relatives and friends about the company.
- 83% would refuse to invest in the company's shares.
- 80% would refuse to work for that company.

Finally, when asked whether a company's commitment to social concerns was crucial when picking which firms to see conducting business in their town, answers jumped from 58% in March 2001 to 84% in July 2002. Consumers clearly appreciate a company's willingness to support important causes more than ever before, rewarding those who do and penalising those that do not. Cause-related marketing has been proven to be more effective as a strategic marketing tactic among customers purchasing luxury things than practical ones (Ross, Patterson, and Stutts 1992; Strahilevitz and Myers 1998). In this situation, cause-related marketing may alleviate the sense of guilt connected with the acquisition and consumption of high-end goods (Strahilevitz and Myers 1998). Other data suggests that customers prefer local

causes to national issues, and that women are more likely than males to be interested in cause-related marketing (Ross, Patterson, and Stutts 1992). When the price and quality qualities of two competing brands are identical, buyers are more likely to favour the producer that supports a social purpose (Carringer 1994; Staff 1997).

Although research suggests that customers usually favour cause-related marketing programmes, there are notable differences in customer perceptions of cause-related marketing. Customers' impressions of a company's motive behind a cause-related marketing activity are frequently used to explain this difference (Drumwright 1996; Barone, Miyazaki and Taylor 2000). Customers considering cause-related marketing initiatives should consider whether they perceive cause-related marketing programmes to be useful or exploitative (Andreasen 1986; Varadarajan and Menon 1988; Ross, Stutts and Patterson 1990-1991). Is the cause-related marketing initiative's specific purpose to boost sales revenue and market share? Is the company's motivation real support for the social matter at hand? Both of these problems may have a significant influence on the success of a cause-related marketing project by putting not only the programme itself, but also the credibility of the sponsoring company, in doubt. Before launching the cause-related marketing project, both the sponsoring business and the affiliated cause must have answers to these questions.

Other differences in customer responses to cause-related marketing initiatives may result from the extent to which customers must make tradeoffs between competing products based on price and/or performance differences when faced with a cause-related marketing product choice (Barone, Miyazaki and Taylor 2000, p. 258). The degree to which competing products differ can influence a consumer's willingness to accept a cause-related marketing activity. When there are no inter-brand variances, every cause-related marketing effort effect customer choice positively. However, when inter-brand disparities exist and necessitate consumer compromises, the customer's proclivity to pick a certain brand is determined by the amount of the cause-related marketing advantage supplied by that business (Barone, Miyazaki and Taylor 2000).

Finally, it is critical to recognize that the predominant study focus in the domain of cause-related marketing has been on consumer responses to these programmes when determining programme efficacy. This study initiative was partially driven by the underlying premise that cause-related marketing is solely directed at one of the organization's stakeholders--

consumers. This notion has contributed to the somewhat incorrect view of cause-related marketing programmes as predominantly transaction-based. Other scholars, however, propose that corporations should instead assess the efficacy of cause-related marketing programmes by tracking changes in corporate image as well as customer and staff satisfaction and loyalty (Andreasen 1986). This argument between these two points of view is continuing and it provides an excellent opportunity for future study in this area. What incentive, specifically, drives cause-related marketing initiatives? Is it only to enhance sales or is building a more favourable brand image through "politically correct" sponsorship of a needy people or organisation equal (or perhaps surpass) possible profits? Investigating these topics would give useful insight for marketing practitioners developing these programmes, as well as crucial guidance for understanding the benefits and hazards that organisations should expect from participating in these sorts of marketing programmes.

COMPENSATION FOR PARTICIPATING IN CAUSE-RELATED MARKETING INITIATIVES

The sponsoring firm, the cause getting support and the customers who must decide whether or not to purchase a cause-related marketing connected product are the three essential stakeholders in a cause-related marketing programme. The table below summarizes the awards earned by each participant.

Company Rewards

The sponsoring firm can realize the rewards of participating in a cause-related marketing initiative at both the product level and at the organizational level.

Product related rewards to the company include increasing the product's ability to break through the advertising clutter in the marketplace (Shell 1989; Oldenberg 1992), generating low cost exposure for the product (Pasley 1990; Zbar 1993), and increasing the product's ability to win customer support (Henricks 1991; Brown and Dacin 1997). Additionally, the positive perception associated with a particular sponsored product can spill over to other, related products offered in the same line or under the same brand name, resulting in a halo effect for the company's products. This halo effect can produce an increase in the customer's willingness to purchase company's other products (Barone, Miyazaki and Taylor 2000), to pay premium prices (Meyer 1999) and to switch brands (Larson 1994; Meyer 1999).

Organisational benefits of participating in cause-related marketing initiatives include increased favourable customer attitudes towards the sponsoring firm (Ross, Stutts, and Patterson 1990-1991; Ross, Patterson, and Stutts 1992; Brown and Dacin 1997), increased favourable purchase intentions towards company brands (Andreasan 1986; Ross, Patterson and Stutts 1992; Webb and Mohr 1998; Meyer 1999; Barone, Miyazaki and Taylor 2000).

Cause Rewards

Causes reap benefits such as new sources of desperately needed cash and increased public knowledge (Caesar 1986; Varadarajan and Menon 1988) (refer to Table 2). These advantages are provided at little or no expense to the cause (Gayle 1999). Revenue from such sources is vital to the cause since it may be utilized for running expenses and recurring capital expenditures that individual contributors cannot cover. are unlikely to receive funding (Lowell, Silverman, and Taliento 2001). Furthermore, further study reveals that cause-related marketing is perceived as a successful strategy to financially aid social non-profit organisations (Ross, Stutts and Patterson 1990-1991; Ross, Patterson and Stutts 1992).

TABLE NO. 1

Providing Company Benefits

Product Rewards

- Improved capacity to break through advertisement clutter (Shell 1989; Oldenberg 1992)
- Increasing product awareness at a minimal cost (Pasley 1990; Zbar 1993).
- Improving total consumer satisfaction (Henricks 1991; Brown and Dacin 1997)
- Increasing client purchases of additional items from the firm (Barone, Miyazaki, and Taylor 2000)
- Increasing the willingness of customers to pay higher costs (Meyer 1999)
- Increasing the readiness of customers to transfer brands (Larson 1994; Meyer 1999).

Organizational Rewards

- Creation of favourable purchasing intent or product choice among customers of the organisation (Shell 1989)
- Creating favourable consumer sentiments towards the sponsoring business (Ross, Stutts, and Patterson 1990-1991; Ross, Stutts, and Patterson 1992; Brown and Dacin 1997)

- Increasing favourable brand purchasing intentions (Andreasan 1986; Ross, Patterson, and Stutts 1992; Webb and Mohr 1998; Meyer 1999; Barone, Miyazaki, and Taylor 2000)
- Increasing the organization's visibility (Andreasan, 1986).
- Creating a distinct image through affiliation with social concerns (Andreasan 1986; Shell 1989; Barich and Kotler 1991; Meyer 1999; Bronn and Vrioni 2001).
- Boosting a company's image (Schiller 1988; Fombrun and Shanley 1990; Larson 1994; Meyer 1999; Bronn and Vrioni 2001)
- Sharing basic business principles with society (Shell 1989)

TABLE NO. 2

Cause Rewards Funding

- Obtain new sources of desperately needed cash as well as increased public awareness (Caesar 1986; Varadarajan and Menon 1988).
- There are few or no out-of-pocket expenses for the cause (Gayle 1999).
- Earned revenue can be utilised for running expenses and recurring capital expenditures that are less likely to be funded by individual contributors (Lowell, Silverman, and Taliento 2001).
- A positive opinion that cause-related marketing is a successful strategy to provide financial assistance to social non-profit organisations (Ross, Stutts, and Patterson 1990-1991; Ross, Patterson, and Stutts 1992).

CUSTOMER REWARDS

Although the firm and the cause reap the majority of the benefits of a cause-related marketing programme, customers benefit from a sense of added perceived value to their purchase (Webb and Mohr 1998). Customers also gain the capacity to distinguish between competing producers (Barone, Miyazaki, and Taylor 2000) and can satisfy their altruistic desires of the self by benefiting society (Polonsky and Wood 2001) (see Table 3). Customers, according to Strahilevitz and Myers (1998), most frequently attempt to realize this extra value through the purchase of "frivolous" items, where they may rationalize their purchases and decrease any cognitive dissonance connected with the trade.

FUTURE RESEARCH GOALS

The above literature review summarises the significant study findings published in peer-reviewed publications in the field of cause-related marketing. The information included in the review was divided into the following categories:

1. Definition of cause-related marketing conceptually.
2. Customer reactions to cause-related marketing campaigns.
3. The outcomes of cause-related marketing--the incentives and hazards for participants.

A number of general remarks about the literature examined in this work are important for defining the frontiers of knowledge in the field of cause-related marketing, as well as any gaps in the literature that should be addressed in future research. The treatment and implementation of cause-related marketing programmes is the first essential future concern in the area of cause-related marketing. While the tactical concerns described above have been categorised to improve section reading, many decisions pertaining to what are here seen as independent issues are in reality interconnected. In other words, cause-related marketing programme conceptualizations are linked to the type and intensity of consumer reaction, which determines the program's success or failure. As a result, for cause-related marketing partners, the operationalization, customer action, and outcome of cause-related marketing programmes should be handled as a whole, rather than as three distinct challenges. When creating research programmes and debating theory in this subject, researchers should take this approach as well. Recognizing the interconnectedness of the aspects of a cause-related marketing programme is crucial for efficiently applying academic research to the commercial sector.

Second, while several authors have defined cause-related marketing in their works, the bulk of authors have settled with Varadarajan and Menon's (1988) definition. While this term has served as a good foundation for study, a revised definition may be required at this time. A updated definition, in particular, should broaden the scope of the measure of cause-related marketing success to incorporate responses from all stakeholder groups, including consumers, workers, suppliers and investors.

SUMMARY

In brief, cause-related marketing activities are becoming a more common way of strategic marketing and competitive differentiation, especially in mature or saturated sectors. Companies regularly use this marketing strategy to demonstrate their corporate citizenship and humanitarian objectives while also contributing to their bottom lines. Causes take advantage of greater consumer attention by collaborating with branded items in the hopes of increasing contributions and brand exposure. Furthermore, customers may benefit from value added to their products, alleviate any guilt about lavish spending and support their ethical intents towards society. As scholars have come to comprehend the constructions and essential factors in this domain, this study topic has formed a firm foundation in the literature. However, as this report outlines, much work remains to be done, giving an exciting and growing opportunity for scholars worldwide.

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