


# Cause-related Marketing: A Trade-off between Marketers and Consumers

**Barkha Agrawal**

Assistant Professor, IBMR, IPS Academy, Indore, Madhya Pradesh, India

**Neha Sahu**

Associate Professor, IBMR, IPS Academy, Indore, Madhya Pradesh, India

 <https://orcid.org/0000-0003-1410-7530>

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## Abstract

The current market scenario is capricious, which makes it difficult to predict the buying intention of the customers. Even marketing practitioners are also facing difficulty in differentiating their products and services from others in an increasingly challenging business environment. This dynamism of market place generates the need for new practices. To compete with this unpredictable environment, cause-related marketing has emerged as a booming planned promotional means to satisfy the societal and ethical urge of the community. Cause-related marketing is a promotional movement of an organization wherein the charitable and communal cause is certified for brand marketing, in association with its products and services as a package. This paper is an attempt to design effective cause-related marketing strategies to compete in an uncertain environment. The analysis using statistical procedures of SPSS version 20 is done based on data of 178 consumers. Prospecting factors are identified with the help of factor analysis, which is further signified with the help of a t-test. Among those significant factors, the most prominent factor impacting buying intention is identified through hierarchical regression. The findings of this study will provide a strong base to the marketers in making decisions while designing their cause-related marketing stratagems to make cause-related marketing campaigns more operative and successful. The study concludes that management should concentrate on social cause while being concerned with the company's bottom line. The author also put forward the research directions intended to facilitate scholars to further progress the assimilation of premeditated promotion and cause-related marketing.

**Keywords:** Cause-Related Marketing, Buying Intention, Cause Importance, Proximity, Brand Cause Association and Corporate Motive

## Introduction

In the current ever-changing business market, companies are striving hard to survive in the global competitive environment. To create a sustainable competitive advantage through greater brand awareness and constructive corporate reputation in this hyper-dynamic environment, cause-related marketing has emerged as an operative marketing tool. During the last few years, cause-related marketing has experienced unparalleled growth in the marketing model as a viable business set-up and a source of lasting competitive advantage (Porter and Kramer, 2002; Larson et al., 2008). As stated by Marconi (2002), cause-related marketing is "the action through which a company and a non-profit organization, or a similar entity market an image, a product, a service or a message for mutual benefit."

The initiation of cause-related marketing took place over three decades. Cause-related marketing has grown and progressed into a recognized practice. It has emerged as a new path for businesses and non-profits to attain remarkable outcomes and societal influence. From its initial commencement, cause-related marketing is evident and has grown in range, numbers, and depth.

From the day the first cause-related marketing campaign was launched, the face of support to the corporate community has changed. Corporations are working ahead of traditional philanthropic charity. Being public about a particular cause upheld by the company provides the exclusive personality of the company, reveals their purpose, and assists them in a tie with suppliers, investors, employees, customers, and the community.

At times the benefits of cause-related promoting are commercial, planning to upgrade deals and showcase share, whereas at other minute centers is more on situating and notoriety building of a brand, item, or company. In both conditions, the objective is very clear. Companies are looking forward to deliberately line up their back to a cause with crucial corporate destinations.

To ascertain long-term differentiation of company from competitors along with attaching value to the corporate image, cause-related marketing is assumed as an instrument. Smith (1994) states that corporate citizens develop a broader vision and choose ways to align their self-interest with the welfare of society. Strategies are looked upon to integrate the profit-making objective of the company with the good of humanity at large so that the entire company can be guided on a socially responsible path.

## Literature Review

This section enhances the understanding of how marketers connect the buying requirements of customers through cause-related marketing. The assessment of researches available on the prospects of cause-related marketing linked to the study is mentioned. One of the researchers exposed the inclination of Utopian consumers to assist the societal and environmental programs of companies. He concluded that consumer's willingness to support CSR & CRM activities of food companies is affected a lot by trust and loyalty. The study also focuses on the preference of consumers for CSR & CRM. Specifically, it gives insight into the most selected initiatives by consumers. (Lerro). Another study gives the impression that a positive reaction of customer self-construal is connected through sympathy on buyers' reactions to corporate CRM. (Hsin-Ti Yang).

On the same track, another author also exposed that the consumer's attitude is affected by the CSR and CRM concepts. It also proposed that CRM can be extra cost competent, but the positive effect of CRM is limited to the high affinity of customers with the cause. (Beise-Zee). Demetriou recognized, the shopper depth of understanding for the company's inclusion in CRM, also examined the significance and worth of CRM in progressing the firm's corporate picture. The investigation pointed out that the organizations are accepted to be enthusiastically involved in CSR exercises through cause-related promotion by most of the buyers. (Demetriou). Another author considering the concept of congruity or "fit" in the cause-related marketing (CRM), the researcher evaluated the charity campaigns based on the pairing between for-profit and non-profit organizations, which equally affects their buying intention. The study also focused on the role played by this concept in shaping perception of consumers for the "relatedness" of products and causes. (Barkha Agrawal). Another study concentrating on global and local companies/brands focused on the success of cause related to global and local water protection. The research targets global consumer citizenship, which operates as a mediator of consumers' attitudes and their readiness to pay for cause-related marketing. According to this research, across countries, the attitude towards cause-related marketing is positive. Global citizens, mainly related to global companies, are more positive and more likely to pay for global cause before local cause. (Strizhakova)

## Objectives

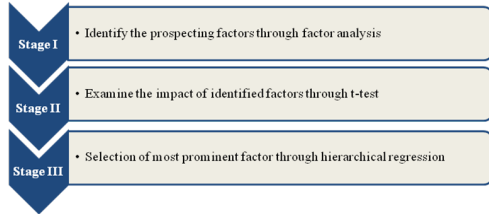
- To identify the prospecting factors that influence the buying intention of consumers.
- To examine the significance of the above-identified factors.
- To identify the most prominent factor impacting the buying intention of consumers.

## Methodology and Data Analysis

For meeting the objectives of the current research, primary data is collected through a questionnaire. A 7 point Likert scale was developed, comprising of 34 items that were generated from the literature. Non-Probabilistic convenience sampling technique

was used to establish the elements of the sample. A response rate of 81.8 percent was achieved with 180 valid responses out of 220 respondents. To determine different dimensions of cause-related marketing, inferential statistics have been conducted to analyze the data. The collected data is analyzed in three stages. Appropriate statistical tools are used to attain the objectives of the study in various below-mentioned stages:

**Figure 1: Stages of Data Analysis**

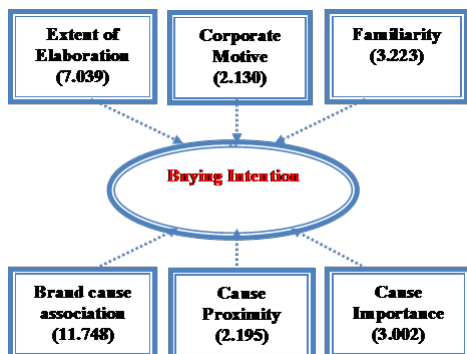


**Results and Discussion**

**Stage I: Identify the Prospecting Factors through Factor Analysis**

Among the 34 items, there are 6 factors extracted, namely Brand cause association, Extent of Elaboration, Familiarity, Cause Importance, Cause Proximity, and Corporate Motive, which influences the buying intention of consumers for cause-related products. The value of KMO statistics is .946. Thus we can deduce that the sampling is adequate, and the results are valid. The factor loading extracted from factor analysis is mentioned in figure 2. The highest factor load is of brand cause association (11.748), which is followed by the extent of elaboration (7.039), familiarity (3.223), cause importance (3.002), cause proximity (2.195), and corporate motive (2.130), respectively. The above-mentioned factors are considered for further analysis.

**Figure 2: Factors Influencing Buying Intention**



**Stage II: Examine the Impact of Identified Factors through t-Test**

To measure the impact of individual factors on the buying intention of customers, certain hypotheses are framed:

- H<sub>01</sub>**: There is no significant impact of Brand cause association on buying intention.
- H<sub>02</sub>**: There is no significant impact of Extent of Elaboration on buying intention.
- H<sub>03</sub>**: There is no significant impact of Familiarity on buying intention.
- H<sub>04</sub>**: There is no significant impact of Cause Importance on buying intention.
- H<sub>05</sub>**: There is no significant impact of Cause Proximity on buying intention.
- H<sub>06</sub>**: There is no significant impact of Corporate motive on buying intention.

**Table 1: Result of t-test**

Factors	t value	Df	Mean Difference	p value	Remark
BCA	9.027	178	2.220	.000	Sig.
EOE	6.698	178	1.529	.000	Sig.
F	6.083	178	1.689	.000	Sig.
CI	5.540	178	1.356	.000	Sig.
CP	-1.490	178	-.257	.138	Insig.
CM	5.672	178	1.511	.000	Sig.

Source: Primary Data

The above table shows that all the hypotheses are significantly accepted as per the independent sample t-test at 5% significance level as the calculated value (.000) except cause proximity with significance value (0.138), which implies that the distance between the consumer and the location of donation action, does not accordingly affect the buying intention.

**Stage III: Selection of most Prominent Factor through Hierarchical Regression**

A six-stage hierarchical multiple regression was conducted with buying intention as the dependent variable. The chronological order of variables as per factor loading was adopted for stepwise hierarchical regression. Brand Cause association was entered at stage one of the regression, extent of elaboration was entered at stage two, familiarity at stage three, cause importance at stage four, cause proximity at stage five, & corporate motive at stage six. The stepwise hierarchical regression is represented in table 2.

**Table 2: Summary of Stepwise Hierarchical Regression**

	Variable	$\beta$	t	S.E	R	R <sup>2</sup>	$\Delta R^2$
<b>Step 1</b>					.708	.502	.502
	Brand Cause Association	.722	13.393	.054			
<b>Step 2</b>					.763	.582	.080
	Brand Cause Association	.391	5.180	.076			
	Extent of Elaboration	.413	5.802	.071			
<b>Step 3</b>					.763	.582	.001
	Brand Cause Association	.369	4.387	.084			
	Extent of Elaboration	.402	5.449	.074			
	Familiarity	.043	.623	.070			
<b>Step 4</b>					.764	.583	.001
	Brand Cause Association	.407	3.710	.110			
	Extent of Elaboration	.403	5.455	.074			
	Familiarity	.042	.599	.070			
	Cause Importance	-.045	-.551	.081			
<b>Step 5</b>					.784	.615	.032
	Brand Cause Association	.385	3.636	.106			
	Extent of Elaboration	.414	5.800	.071			
	Familiarity	.053	.791	.067			
	Cause Importance	-.008	-.107	.079			
	Cause Proximity	-.146	-3.815	.038			
<b>Step 6</b>					.788	.622	.006
	Brand Cause Association	.361	3.393	.106			
	Extent of Elaboration	.396	5.532	.072			
	Familiarity	.004	.053	.073			
	Cause Importance	-.003	-.032	.078			
	Cause Proximity	-.148	-3.879	.038			
	Cause Motive	.108	1.706	.063			

Source: Primary Data

The stepwise progressive relapse uncovered that at arranging BCA contributed altogether to the relapse show ( $F = 179.386$ ,  $p < .05$ ) and accounted for 50.2% of the variety in buying purposeful. Presenting the degree of elaboration variable clarified an extra 8.0% of variety in buying purposeful, and this alter in  $R^2$  was critical ( $F = 33.659$ ,  $p < .05$ ). Including recognition of the relapse, the show clarified an extra 0.1% of the variety in buying deliberate, and this alter in  $R^2$  was noteworthy ( $F = .389$ ,  $p < .05$ ). The expansion of cause significance variable to the relapse show clarified an extra 0.1% of the variety in buying deliberate, and this alter in  $R^2$  was critical ( $F = .304$ ,  $p < .05$ ). Including cause

nearness to the relapse, show clarified an extra 3.2% of the variety in buying purposeful, and this alter in  $R^2$  was noteworthy ( $F = 14.557$ ,  $p < .05$ ). At long last, the expansion of cause thought process variable to the relapse demonstrate clarified an extra 0.6% of the variety in buying purposeful, and this alter in  $R^2$  was critical ( $F = 2.909$ ,  $p < .05$ ). When all the six autonomous factors are included within step six of the relapse show, not one or the other cause significance, recognition, nor because the rationale is critical predictors of buying purposeful. The foremost imperative indicator of buying deliberate is brand cause affiliation, which extraordinarily clarified 50.2% of the variety in buying deliberately.

Together the six free factors accounted for 62.2% of the fluctuation in buying purposeful.

### Recommendations and Concluding remarks

A cause-related marketing program is a win-win approach that supports the business's profit goal and social cause to compete with an uncertain environment. A strong marketing strategy will create a constructive influence on consumers to accept and adopt the cause-related marketing initiatives of the companies. This work endeavors to get a glance at factors that promotes the buying intention of consumers for the products of companies involved in cause-related marketing. Brand-cause association is the prominent factor influencing the buying intention of consumers. The marketers should ensure that the cause selected by the company should fit in with the image of the brand. Low association of brands with the cause will make it difficult for the consumers to relate the two and may not help to generate a large number of sales.

Hence, it may be concluded that in today's competitive world, businesses must adopt such effective promotional strategies to attain corporate goals efficiently by serving society as well.

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### Author Details

**Ms. Barkha Agrawal**, Assistant Professor, IBMR, IPS Academy, Indore, Madhya Pradesh, India  
*Email ID: barkhagrwal13@gmail.com*

**Dr. Neha Sahu**, Associate Professor, IBMR, IPS Academy, Indore, Madhya Pradesh, India  
*Email ID: 08neha@gmail.com*