

Causes Related Marketing – An Essential Tool for Branding

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Abstract

With customers becoming more socially conscious, every company strives to have new and innovative marketing tools to make their various stakeholders believe in the company and reinforce their brand identity. Cause-Related Marketing is therefore growing to be the fastest form of marketing with its evidently beneficial marketing practices. All companies whether large or small look at achieving some larger social objectives, sometimes even without a financial implication. Therefore, the concepts of CSR (corporate social responsibility) and cause related have been gaining importance and also have the advantage of long lasting benefits. It is undertaken by companies who have taken responsibility towards the society as well as the environment in which they function and not just for mileage. Therefore, companies need to pick the right CSR activities that match their own vision and goals and will bring out the best result for both its employees and external stakeholders. Most companies in their annual reports always have a mission of achieving some social cause and not only profit maximization. This is due to the fact that customers and stakeholders lay emphasis on socially responsible corporate behaviour. Companies need to communicate their marketing strategies effectively and position themselves to build a strong brand in the market. Companies need to come up with newer ideas, products, services and strategies along with being socially responsible in order to succeed. This paper has looked at developing a cause related marketing initiative along with its branding. It will also throw light on the issues and challenges faced in this area as well.

Key Words: cause related marketing, CSR, CRM, branding, marketing, cause

Introduction

In today’s fast changing world, concepts like Corporate Social Responsibility (CSR) and cause related marketing have become buzz words. Most companies have understood their responsibility and commitment to the society at large but even then it’s still at a nascent stage. To be able to grow, companies need to be aware of their obligations to not only customers but to all its stakeholders which include even the local communities. They need to understand their obligations go beyond their shareholders.

The concepts of CSR and Cause Related Marketing (CRM) have long lasting benefits and therefore have been gaining importance. It is undertaken by companies who have taken responsibility towards the society as well as the environment in which they function and not just for mileage. Therefore, companies need to pick the right CSR activities that match their own vision and goals and will bring out the best result for both its employees and external stakeholders. Building brand equity is a major tool used by companies to have an edge over the competition where in customer and the society as a whole have ever changing expectations. Companies need to come up with newer ideas, products, services and strategies along with

being socially responsible in order to succeed.

Every company has to align its CRM activities to match its vision, mission and values. This paper will look at developing a cause related marketing initiative along with its branding. It will also throw light on the issues and challenges faced.

Corporate Social Responsibility (CSR) and Cause Related Marketing (CRM)

Corporate Social Responsibility (CSR) and Cause Related Marketing (CRM) are concepts that seem similar but there exists a fine line that differentiates both these concepts.

Corporate social responsibility (CSR) since the late 1800's has been followed in the form of corporate philanthropy, or donating to charities especially in the US (Sethi, 1977). It was made by companies who could afford it and looked at directly benefiting shareholders. But the CSR concept that is being followed was developed in the 1960's with the idea that corporates have responsibility beyond their legal obligations. As defined by Enderle and Tavis (1998) it is 'the policy and practice of a corporation's social involvement over and beyond its legal obligations for the benefit of the society at large'. Angelidis and Ibrahim (1993) defined it as 'corporate social actions whose purpose is to satisfy social needs'. It therefore can be understood as the responsibility of a firm to promote social and other positive changes in society by incurring short term costs but no substantial monetary benefits to the firm.

Cause Related Marketing (CRM) is a concept of having a 'for profit' organisation and a 'non profit' organisation cooperating for a mutual benefit. It looks at aligning its marketing and sales goals towards a social cause. This helps in building trust and loyalty amongst its customers as well as improving the brand equity of the company. As defined by Mullen (1997) it is "the process of formulating and implementing marketing activities that are characterised

by contributing a specific amount to a designated non profit effort that in turn engages customers to engage in revenue providing exchanges". Also, Ptacek and Salazar (1997) defined it as "working together in financial concert with a charity to tie a company and its products to a cause".

There is a major difference between CSR and CRM. CSR is understood as a way by which a company generously gives back to society from where it has originated but without any financial benefit in the future. CRM is concept where the company invests time and money towards a particular cause, very often by partnering with an NGO. The benefits that company looks at obtaining are very clear like increasing awareness of its corporate, brand and product, increasing sales turnover and profits, improving brand recall, promoting diversification, differentiation and new product development. Thus CSR and CRM should not be confused and treated as individual concepts.

Cause Related Marketing: The History

The concept of cause-related marketing as a marketing strategy first originated in the early 1980's in the United States and has gained popularity in the recent past in a wide range of worldwide companies. Companies are looking at furthering their business goals along but are also looking at a more planned approach for community involvement and assistance. It has also been seen that cause-related marketing augments the company's reputation and brand image along with assisting its customers in their contribution to non-profit organizations by way of their purchasing decisions.

Cause related marketing as a concept had formerly been implemented to improve a company's profitability by way of increased sales. But research over the years has indicated that companies committed to CSR activities have had unanticipated benefits to the company like cost reduction etc. Below are some of the possible benefits:

1. Customers focus & retention: Long-term efforts help attract and build long-term relationships with customers (Cone/Roper Executive Study, 2000). There are expectations for companies to go beyond their call of duty (Millennium Poll on CSR, 1999). Propensity of consumers to switch is far higher when they find that a company supports a social cause (Cone/Roper Cause-Related Marketing Trends Report, 1999).
2. Edge over competition: Cause related marketing allows companies to be different and unique in terms of its brand advertising.
3. Penetration: Tying up with non profit organizations can increase the outreach of companies to more niche markets along with other demographic or geographic markets.
4. Employee retention: Companies can attract and retain quality employees (Cone/Roper Executive Study, 2000).
5. Committed to a cause: It will be able to motivate and help stakeholders understand the company's commitment to cause related marketing

The cause related marketing approach also includes sincerity, mutual respect, partnership, mutual benefit integrity and transparency (The Key Principles of Cause-Related Marketing, Business in the Community, 1998)

Cause Related Marketing in India

Tata Group: The Company's charitable activities can go as far back as the late 1800's. The company has student schemes and provide higher education to deserving candidates. In the 1970's, J R D Tata laid emphasis on the Corporate Social Responsibility and the management shall be aware of its social and moral

responsibilities to all its stakeholders for all its major companies.

Tata Steel in mid 2002 developed its first corporate sustainability report which would serve as a standard for other Tata companies. Alongside, to promote corporate sustainability and strategy, it started a group resource under the TCCI (Tata Council for Community Initiatives). This also helped all other Tata companies on corporate social responsibility. The group looked at developing a Tata model using technical inputs from the UNDP.

As per Tata Steel Managing Director B Muturaman (2008), Tata Group as a whole spends some Rs 800-1,000 crores on that per annum on social services—which is very large sum for any company. Initiatives include provision of healthcare services, drinking water, rain water harvesting, tribal development, relief and rehabilitation endeavours, income and employment generation, women's health and education, awareness programmes on the ill-effects of drugs, alcohol and HIV/AIDS, and patronage to sports and cultural activities.

Tata Tea: Tata Tea owned by Tata Global Beverages Limited launched the Tata Tea Jaago Re (Awaken) Campaign which is a perfect example of cause related marketing. This campaign along with many other campaigns is completely against corruption. This has led to a increase in brand equity of the Tata Group as a whole due to its fight against corruption with a voice that needs to be raised.

The group in 2007, launched the Jaago Re campaign with an aim to "awaken" the nation and hold the government accountable to its wrong doings, also to participate in the nation's politics by voting. It also made available facts about each candidate and also had a website to facilitate with voter's registration. As part of this campaign, many more initiatives were undertaken as shown below:

1. In 2010-11, the group launched the Khilana Bandh campaign to encourage citizens not to bribe which will in turn reduce corruption.
2. In 2011-12, Soch Badlo was launched which to highlight the positive and promising stories of the nation through television advertisements. It also looks at citizens sharing their own positive stories of the country.
3. In 2012-13, Simplify as a concept was introduced that helped newspaper readers a deeper understanding of relevant matters through experts in the field simplifying the current issues. It also had a partnership with CHRI to educate people on their legal rights and duties and rights and obligations towards the Indian police.
4. In 2012-13, after the Delhi rape incident launched Choti Shuruaat, a women centric platform for women's rights and safety. It partnered with Breakthrough NGO that aimed at eliminating the gender stereotyping that exists by initiating people to make small gestures to bring about the change. It also partnered with Shah Rukh Khan and R Balki to create public messages that were aired on television. Also, Shah Rukh Khan pledged that his name would appear after the female lead actresses in his movies and did so in Chennai Express.
5. In 2013 onwards, the movement is looking at women empowerment and claims that women who make up 49% of the electorate should vote as a block in 2014 elections and bring about changes towards women's safety and welfare measures through the elected candidates.

Infosys: At Infosys, the distribution of wealth is as important as its legal and

ethical creation. A strong sense of social responsibility is therefore an integral part of their value system. The company was formed by N R Narayana Murthy in 1981 and established the Infosys Foundation in 1996 as a not-for-profit trust to support their social initiatives. From the beginning, Infosys has been conducting its business in keeping with being socially responsible and sustainable. The company believes in sharing its wealth with its employees and the community at large as was seen during the 1990's with a large rise in its stock price due to the boom in its sector. The company follows the ideals of its founder Narayana Murthy who wants to give back to society more than what it has given him. Infosys has won many awards such as Best Employers to Work for in India, Golden Peacock Award for Excellence in Corporate Governance in the Global Category by the World Council for Corporate Governance, London and Corporate Citizenship Award by The Economic Times. (Verrghese, A.) Infosys spends 2% of its PAT on social activities.

Cause Related Marketing and its Linkage to Corporate Social Responsibility

According to Harvard's JFK School of Government "Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm."

CRM refers to a tie up between companies and nonprofit organizations to promote and market a product or service for that benefits both parties equally. Adkins (2004) defines Cause Related Marketing as "a commercial activity by which a businesses with a product, service or image to market builds a relationship with a cause or a number of causes for mutual benefit". Some

companies also look at a forming a relation with an organization or a cause beyond marketing, integrating it with other company activities, such as community involvement, employee volunteerism or corporate philanthropy

Figure 1: Linkage of Cause Related Marketing and Corporate Social Responsibility



Source: Cause-Related Marketing, Part Of Corporate Social Responsibility And Its Influence Upon Consumers' Attitude, Anghel, Grigore and Roşca

A Cause Related Marketing as part of CSR is a program in which a company commits to donate an amount that depends on the sales they achieved in a certain period of time for a cause (Kotler and Lee, 2005). A CRM involves an offer that is valid for a period of time, refers to a specific product of the company and performs for the benefit of NGO's or another partner who has legitimacy in the selected cause and the ability to manage money (as per figure 1) (Cause-Related Marketing, Part Of Corporate Social Responsibility And Its Influence Upon Consumers' Attitude, Anghel, Grigore and Roşca).

Developing a Cause Related Marketing Initiative

Cause Related Marketing basically involves creating a public image for the company which merges marketing, branding, corporate social responsibility, philanthropy and revenue generation. Thus, a lot of thought goes into designing a cause related marketing initiative and a company

basically needs to take decisions as to which and how many causes should it choose and how to brand the program

Selecting the Cause

A company must wisely choose the cause it would like to promote. This should more or less be in sync with the corporate image of the company. Standing for too many causes could many a times lead to a negative impact. And hence it is important that the company is able to decide and select the most suitable and compatible cause. As discussed above, we see that the Tata Tea 'Jaago Re' Campaign started with an aim to "awaken" the nation and hold the government accountable to its wrong doings, also to participate in the nation's politics by voting. Similarly, other well known examples in the Indian context are Idea Cellular promoting causes such as 'Save Paper, Save Trees', Aircel with its 'Save Our Tigers' Campaign, Hindustan Lever Limited contributed fifty paise on the sale of each Lifebuoy soap to support the diarrhoea project, ITC contributed 1 rupee for every unit of its Classmate notebook to support the case of primary education in rural parts of India and P&G, CRY and Sony TV collectively launched the Shiksha project which provided customers of certain brands to contribute to education of poor children.

Branding the Cause Related Marketing Program

With regards to branding a cause related marketing program, companies have various options open to them. Once the company has decided on which cause it would like to promote, it can then take the responsibility of developing an apt cause related marketing program which is in sync with its corporate image. This particular cause could be linked to the company's corporate identity or also to an individual product brand. An example of this would be the Tata Tea 'Jaago Re' Campaign. Alternatively, a company can also partner with an existing cause by sponsoring and linking its brand to it. This

can be done either via being an exclusive branding partner for the cause or can be jointly branded with another brand also promoting the cause.

Issues and Challenges in Cause Related Marketing

Companies thinking of opting for cause related marketing so as to strengthen their brand, should think of answers to the following questions before venturing out for this option:

1. What is the objective of the cause related marketing program?
2. Is the selected cause in sync with the company values? How will the company justify using shareholders'?
3. At what stage of the brand life cycle would it make sense to embrace social causes?
4. Are cause related marketing initiatives sustainable in the long run?

One possible justification for the above questions is that no company functions by itself; rather each company is part of a larger ecosystem called the society. Companies in a way are dependent on the society for their business and hence there is a need to be socially responsible. This in turn helps the company to also sustain and reinforce its growth by achieving better brand recall in the minds of their consumers.

A study carried out by Cone Inc. in collaboration with AMP insights (Cone Millennial Cause Study, 2006) revealed that 83% of civic minded consumers will trust a company more if it is socially/environmentally responsible, 66% will recommend products/services if the company is socially responsible, 69% consider a company's social and environmental commitment when deciding where to shop, 89% are likely or very likely to switch from one brand to another if the second brand is associated with a good cause and 74% of civic minded consumers are more likely to pay attention to a

company's messages if the company has a deep commitment to a cause. Thus we see the changing mindset of consumers in the way they support companies by buying their products especially if the causes or social concerns appeal to them. However, for a company, the efforts that go into designing a cause related marketing program can be costly and sometimes could also backfire if customers find no logical sense between the cause and the brand supporting the cause.

Conclusion

Thus we see that cause related marketing has been gaining recognition and companies are now opting for it as an essential tool for branding. This is mainly due to the fact that if there is a right click between the cause and the brand; customers are willing to go all out in terms of supporting the brand. These appeals to a consumer's heart as well as mind and in the long run this can help in building a branding image and increasing profitability. Today, consumers prefer brands that support and are associated with good causes and charity and thus this leads to a better image for the company. Hence companies should focus on coming out with innovative ideas to connect to a good cause through their products and services. This can be an important tool of differentiation rather than being one of the brands from a herd of similar competitors. Thus, corporate philanthropy and social responsibility have become important differentiating factors among companies while they design their products and campaigns.

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