Cause Related Marketing: A turning point in Corporate - Nonprofit Relationship

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Abstract
Cause Related Marketing (CRM) is a boon for both businesses and non-profit organisations. CRM is an interesting concept where a corporation finds a cause and applies their marketing push for advertising that cause and their product simultaneously. On the other hand, perception of business organisations enhances in the mind of consumers and non-profit organisations get their required funds. Since the inception of cause-related marketing has now developed as an emerging concept in the eyes of business corporations, some non-profit organisations are also trying to take the charge of supporting a cause by them only. In this paper an effort has been made for the implementation of cause-related marketing as a valuable concept for the business organisations, non-profit organisations and the cause embracing the social welfare. Increased sales and corporation’s brand image along with the enhancement in popularity of non-profit organisations are the core factors available for approaching the cause-related marketing program. The paper suggest that other factors which influence cause-related marketing are customer support creation, competitive advantage, improving organisations financial performance, visibility, consumer loyalty, enhancing organisations identity, talented employees database along with developing customer purchase intention as well as establishing business credibility.

Keywords: Cause Related Marketing (CRM), Corporate Social Responsibility (CSR), Cause, Corporations/ Business Organisations (BO), Charity/ Non - Profit Organisations (NPO).

Introduction:
Communities have been supported by the organisations from a very long time but the emergence of first successful cause-related marketing program showed an incredible shift in the relationship of business and non-profit organisations. Several business organisations acknowledged that support to the community paved the way for fulfillment of business objectives and societal needs.
In the 1980’s, the emerging concept of cause-related marketing (CRM) was viewed as an undeveloped idea where many business and non-profit organisations does not consider it as a serious fund development or non-profit program. After the reimbursement from a few well organised CRM programs, some business and non-profit organisations started thinking it as a fledging idea for enhancing their brand image and perception in the minds of consumer. Thus, the number of CRM programs continued to multiply and now it has established as a new way for business and charity organisations to achieve their end results as well as the lay the impact on society at large.
Environmental and social issues have gained public attention, whereby business organisations have begun to associate their products with a wide range of popular causes (Yechiam, Barron, Erev, & Erez, 2002). Association with good causes has become striking for many business organisations, particularly those who are directly connected to consumers (Till & Nowak, 2000).
According to Fine (1990), CRM implementation focuses on marketing as well as financial goals which provides social, emotional and functional value to consumers (Green and Peloza, 2011). However, Drumwright and Murphy (2001) states that there should be at least one non-economic objective associated with societal needs. This is the reason for business organisations to tie up with those non-profit organisations which have capability of implementing the supported cause (Lin et al., 2009).
Cause Related Marketing (CRM) has emerged as the correct way for representing a corporation’s social commitment. CRM has been recognized as a marketing strategy used by business organisations to form a partnership with non-profit organisations for shared benefit or a good cause (Pringle & Thompson, 1999). However, CRM has begun in the early 1980’s but the alliances between business and non-profit organisations have risen significantly in last decade (Adkins, 2000). The uninterrupted growth in this particular area is the outcome of positive results of organisations in their CRM partnerships (Barone, Miyazaki, & Taylor, 2000).

Reputation, corporate image, employee relation, sales and profit are the key areas benefited from CRM and its allied strategies (Adkins, 2000; Drumwright, 1996; File & Prince, 1998; Kotler, 2003; Pringle & Thompson, 1999). Except business corporations, non-profit organisations and social causes also get benefited through financial gains and support (Docherty & Hibbert, 2003; Polonsky & Wood, 2001). In addition to the cause, business organisations as well attain free publicity and public awareness with the help of successful CRM Campaign (Andreasen, 1996; Wood, 1998). Business corporations can be benefited through consumer surveys which provide corporate managers to recognize and place their product or service in the desired area which ultimately boost their sales, brand image, customer loyalty and corporate standing in the market (Endacott, 2004).

Corporate social responsibility (CSR) and cause-related marketing (CRM) usually comprehend each other but in practice they serve as different public relations tools (Sana-ur-Rehman Sheikh and Rian Beise-Zee, 2011). Business organisation perceives CSR as a permanent ethical position on their part towards society. In the words of Drumwright (1996), one of the most prominent CSR activities is cause-related marketing.

**Cause Related Marketing (CRM): An Overview**

Varadarajan and Menon were among the earliest writers on cause-related marketing who defines it as: “The process of formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue producing exchanges that satisfy organisational and individual objectives” *(Varadarajan & Menon, 1988, p. 60)*

The implementation of American Express campaign in the United States has transformed CRM as an entrenched marketing tool (Webb & Mohr, 1998). The concept of CRM was firstly introduced by American Express in 1982 in the USA (Till & Nowak, 2000). Whenever anyone used the card, the donation of 5 cents got transferred to several arts organisations that have taken part in the San Francisco Festival. Its successful completion made the business corporation to apply the same efforts on a national platform. In the similar manner, an initial CRM programme was developed by American Express for the renovation of the Statue of Liberty in 1983 which was perhaps declared as the first CRM programme to gain worldwide popularity. According to Barone *et al.* (2000), the positive experience and outcomes of various business organisations gave a new shift to the era of cause-related marketing (CRM) programmes.

Companies sales, market share, brand image and employee motivation is increased through cause-related marketing program (Drumwright, 1994). In contrast, they argue that CRM is not a philanthropy which does not expects nothing in return. According to the views of Adkins (2000), it is a good business for both non-profit and business organisations which associates with a good cause for the benefit of both (Pringle and Thompson, 1999). However, according to Dean (2003), business organisations are highly commitment to the cause, for instance they usually sign a five year support agreement. Neutralizing the debate, Broderick *et al.* (2003), states that valuable CRM influence the consumer perception regarding an organisation and its products, which marks a dramatic shift from a short term attempt to a long term strategic action.

Non-profit organisations too had a significant brand value which when combines with a business organisation’s brand, marketing, and people, would attract the public, shareholder and society. Cause-related marketing has established a new platform in the corporate-nonprofit relationships.
Different forms of Cause-related Marketing (CRM) Campaigns

CRM campaign usually carries a different structure rather than conventional sales promotions where donation or funding amount increases with the increase in sales. Different forms include licensing agreements, sponsorships, joint issue promotions as well as in-kind contributions (Liu and Ko, 2011). Joint issue promotions engage business and non-profit organisations together for the support of a cause where the corporates are directly involved with the charity organisations to utilize their product and services instead of providing funding or donation. In-kind contribution enhances the business organisation to donate its existing resources (products and services) in exchange for the utilisation of the NPO brand.

Kotler and Lee (2005), states that CRM can boost the corporate performance by helping firms to attract new customers, develop niche markets, increase product sales, improve stakeholder relations and build a positive brand identity (Liu and Ko, 2011).

Cause Related marketing (CRM) and benefits for Corporations, Non-profits and Consumers

CRM is a winning situation for the business, charity, cause as well as a win for the consumer (Adkins, 2000). According to Drumwright (1996) and Polonsky & Wood (2001), benefits for the business organisations occurs inside the organisations itself pertaining to better employee morale and loyalty (Wragg, 1994). As per the words of Cone et al. (2003), better staff motivation makes employees more passionate about their jobs and contributes a great internal marketing tool.

Lin et al. (2009), states that CRM encourage an image transfer from the NPO and its social and ecological aims to the corporations besides its increase in sales and non-financial gains. Du et al. (2008), states that turnover related donation and public exposure increases public awareness of the cause and the organisation. However, Moosmayer and Fuljahn (2010) states that CRM objectives are evaluated while considering consumer’s valuation of the product, company and the CRM campaign.

Broderick et al. (2003), File & Prince (1998) and Kotler (2003) states that corporation’s image is improved through CRM while Andreasen (1996) believes that corporation’s image is enhanced through non-profit organisation’s image. In addition to it, Cone et al. (2003) states that damaged reputation of an organisation cannot be improved through CRM. It is simply a new way to fortify good brands and adding some value to them to gratify consumer’s concern for social commitment (Pringle & Thompson, 1999).

Furthermore, Docherty & Hibbert (2003) contributes that CRM is an established way for raising funds for a good cause which generates free publicity and public awareness for both the cause and non-profit organisation and enhances the number of volunteers in a short time period. However, irrespective of financial gains, few other important resources will also be developed for an organisation including professional skills, technical knowledge and distribution network (Cone et al., 2003; Wood, 1998). It can be concluded by saying that causes along with business and non-profit organisations are benefited much by cause-related marketing (CRM). However, Bono (1999) as cited in Pringle & Thompson (1999) and Polonsky & Wood (2001), states that CRM is a beneficial concept for consumers who also gain by purchasing a product or service which provides benefits to a cause or charity. Thus, the consumers are contributing in building and uplifting their society where they are working or living, which ultimately provides them with a feeling of satisfaction for doing something good.

Business Organisations (BO) Perspectives

CRM is a form of funding which relates to the acquisition of an organisation’s brands to the amount of donations for a specific cause. Various previous studies around the world signify that CRM can positively impact business organisation’s performance through:

- Customer support creation
- Establishing competitive advantage
- Improving company’s financial performance
- Enhancing organisation’s identity
- Developing corporate legitimacy
- Talented employees database
- Improving corporate image
- Developing customer purchase intention
- Establishing business credibility

Non-Profit Organisation (NPO) Perspectives

The prime motive of non-profit organisations to engage in CRM is predicted to be short-term funding (Wymer et al., 2006). However, Gourville and Rangan (2004) firstly analysed this speculation conceptually while it was empirically analysed by Runte et al. (2009) who described that NPOs engage in corporate partnerships to overcome their basic issue of sustainability, i.e., short-term funding which they receive by entering into turnover related donation inherent in the CRM approach. Secondly, NPOs engage in CRM partnerships to enlighten their mission through cause-recognition and non-economic benefits, which include cause-awareness, public exposure, heightened community profile and wider understanding of their mission.

Consumer perception to the cause is identified as the essential element accrued by the NPOs. Nowak and Washburn (2000) states that NPOs with little prior public awareness gain a substantial increase in trust, awareness and support when they indulge in CRM by partnering with corporations having strong reputations. However, NPOs with a huge awareness may not obtain any such benefits from CRM partnership. Runte et al. (2009), outlines a list of expected gains which includes the following items in decreasing order of importance:

- Public awareness of the NPO
- Long-term relationship with corporations
- Event support
- Networking and contacts
- Short-term funding
- Public donations
- Long-term funding
- Attracting volunteers
- Developing new managerial skills

Conclusion

When cause-related marketing was launched in the 1980’s, it was considered as a fledgling idea. However, now-a-days cause-related marketing is a global phenomenon that has developed into a new way for businesses and non-profit organisations to support causes and work simultaneously to achieve mutual benefits. The importance of cause-related marketing (CRM) has risen significantly over recent years. It has now become essential for many consumers to evaluate brands on the basis of how an organisation behaves with regard to social welfare.

Today, cause-related marketing has gone a long way and is usually subsumed under corporate social responsibility. It includes various things comprising of cause-supporting sale and promotional activities to a wider concept of long-term marketing relationships between organisations which enhances their corporate identity, culture, product sales, promotions and program-driven collaborations between companies and non-profit causes.

However, business organisations are highly motivated about CRM partnerships as they have analyzed the value of cause marketing relationships and their advantages beyond traditional philanthropic contributions. Furthermore, non-profit organisations also have responded actively by seeking cause partnerships and recognizing the value of these corporate marketing relationships. If anticipated in the right manner, CRM can assist in achieving mission, create publicity, generate funds, convey important messages, change behaviors, social welfare and promote awareness of the chosen cause as well as
enhances the reputation and credibility of business and non-profit organisations in the minds of consumers and society at large.

In addition to it, consumers have shown a great interest to those business corporations which are involved in CRM campaigns. This eventually signifies that companies need to embrace CRM program as not just a marketing tool but they also need to persuade consumers of their serious interest in this domain. Consequently, organisations should select only those causes which are similar to their own corporate philosophy and vision.

References
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