A Study on Cause Related Marketing and its Impact on Selected FMCG Brands in Hyderabad Metropolitan City

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ABSTRACT

In today's business world, companies are facing stiff competition and they are finding new ways to differentiate themselves and prove their superiority in the market. Consumers' expectations towards the companies have also changed. They require the companies to be more "socially responsible" rather than just being "customer responsible". To transparent themselves as a "socially responsible firm", they are, now turned to use the Cause-related marketing techniques. Cause-Related Marketing (CRM) includes all the different ways in which businesses are benefiting charities and good causes through partnerships that consist of donations, and additional support leveraged through customers, suppliers, or employees. This marketing approach can become an effective in gaining brand reputation as well as contributing to the society's well-being. It is a means of addressing current social problems and issues through the provision of funding and resources and achievement of marketing objectives. This paper elaborates on the impact of cause-related marketing, the reasons for gaining its popularity and also explores some noteworthy benefits through select campaigns.

Keywords: Brand Reputation, Campaigns, Cause-Related Marketing, Charities, Socially Responsible.

1. Introduction

Cause related marketing is a marketing strategy where in a product / service/ brand / company is marketed in association with a designated „cause‟. This identified cause is generally a problem that is prevailing in customers‟ setting. It can be social like women empowerment, child welfare, health and hygiene, environmental like global warming, wildlife conservation or even abstract motivations like friendship, family bonding, patriotism etc. Cause marketing campaigns are used by companies strategically to create brand differentiation by enhancing brand equity and credibility. Now, more than ever, the companies are realizing the power of aligning themselves with the causes. Earlier it was used mostly to augment sales and profits, but now it is used as a compelling brand positioning tool as it works on invigorating brand equity and enhancing corporate image with significant economic and community impacts. It is not so that earlier the companies were not socially responsible but the thing is that they were giving much preference to the needs and wants of the customers as compared to the societal well-being. We can find many examples in the past where the companies use to give big donations for supporting some social cause in order to fulfill their social responsibility. With the development of the marketing world, competition has increased and customers‟ expectation from the companies has also changed. Big corporate houses are finding new ways to stood up to this expectation level. One of the ways through which they are trying to present themselves as a Socially-Responsible company is CAUSE RELATED MARKETING (CRM).

Cause-related marketing initiatives bring the same benefits as most of CSR initiatives both for non-profits and corporations. However, CRM has a crucial advantage over other corporate social activities. Cause-related marketing not only provides resources and money to charities, but also supports the corporations marketing objectives. CRM helps to position a brand, and the transaction-based cause-related marketing brings direct

bottom-line benefits for corporations, including increased sales, as compared to the bottom-line benefits of other CSR initiatives which are the result of an enhanced reputation of a company or brand. Thus, a majority of researchers, professionals, and practitioners evaluate the CRM concept very positively. As all CSR initiatives, cause-related marketing creates or improves the corporation's or brand's image as a caring community member, especially when it supports popular causes. It increases the awareness of a brand and exposure to it. The brand or company gains widespread and positive visibility in media and in public sphere. CRM gives more public relations opportunities; therefore corporations can save money on advertising and promotion. The initiatives help counter negative publicity, and pacify customer groups which are so important when customers feel offended by company's practices or statements, and call for a boycott of its products or services. CRM strengthens relationships with all the stakeholders, not only consumers, but also employees, distributors, suppliers, politicians, shareholders, and opinion leaders, as, through cause-related marketing initiatives, the company invests in the community in which it operates. Like all corporate social initiatives, it motivates employees and attracts potential ones. Businesses can also get access to charities" staff, donors and audiences, which can result in attracting new consumers and networking with potential partners. What is so unusual about cause-related marketing initiatives is that they address both marketing and social goals. Marketing, public relations and advertising practitioners are able to "both boost the bottom line and make a positive impact on society". Cause related-marketing increases sales by tying them with donations, enhances repeated purchases. CRM increases consumer's loyalty, which is so important in developed markets with a great range of products and services. It builds a strong and long-lasting relationship between a company or brand and the consumers by providing both emotional and rational ties with the customers. Not only do cause-related campaigns enhance consumer loyalty, but they also attract new customers. Consumers, who would like to donate to their favorite charities or causes, share their views on social issues and become potential customers.

1.1 Statement of the problem

The business world is getting more competitive day by day. Companies are facing stiff competition from their competitors. So they are finding new ways to counter competitors and prove their superiority in the market. The customers' expectations from the companies have also changed. They want the companies from which they are purchasing products/services, to be more socially-responsible rather than just being customer-responsible. Consumers may have various reasons to buy cause linked products such as price, quality, good cause, philanthropic benefit, etc., the consumers are also take decision by comparing the various products that are linked to cause. Since such consideration are often not founded on facts. This study makes a relevant in the present consumer's environment regarding cause marketing such as:

a. What are the consumers attribute while buying the Cause linked products?
b. What are the influencing factors in purchase of cause related products?
c. How are the consumers involve in cause linked products?
d. To study the satisfaction level of the consumers in purchase of the cause linked products?

1.2   Objectives of the study

1. To study about the consumer's attributes while buying cause related marketing linked products.
2. To study the factors that influences the consumers in the purchase of cause linked products.
3. To find out consumers involvement in cause linked products.
4. To study the consumers satisfaction towards the consumption of cause linked products.
5. To offer suggestions on the basis of the results of the study.

1.3 Research methodology

The research consists of the application of both primary and secondary data. Primary data was collected with consumers by interview schedules. The secondary data was collected through websites and from various journals and magazines. A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items from the sample. Since the population is infinite, sample size for the study was taken as 250 respondents. Data were analyzed and interpreted according to the objectives. The analysis and interpretation was done through Simple Percentage Analysis, Weighted Average Analysis, Henry Garrett ranking method, Chi-square Analysis, Correlation.

1.4 Limitations of the study

1. The result may not good for a long time.
2. Time is a major constraint for a detailed study.
3. The results of the analysis made in the study depend fully on the information given by the respondents.
4. The study has been confined to Hyderabad Metro Politan City only.
5. And the literature in this particular topic is limited.
6. Personal limitation- as all analysis & interpretation based on my knowledge & content.

1.5 Review of Literature

1.   Keim (1978), for instance, points out that corporate philanthropy encompasses a range of activities, some that may positively affect the profit of contributors and others based on purely altruistic considerations. The alignment of corporate and social needs marked the first 50 years of corporate philanthropy.

2.   Zenisek (1979) proposes a definition of social responsibility based on the notion of a fit between two components, business ethic and societal expectations of the private economic sector.

3.   Rosenthal's (1985) study on the motives underlying corporate involvement in national charity telethons provides additional insights into the overlap between the philanthropic and marketing objectives of firms. He reports that corporations use telethons both as a channel for charitable contributions and as a marketing tool. The Emergence of Cause-Related Marketing CRM can be viewed as a manifestation of the alignment of corporate philanthropy and enlightened business interest.

4.   Fombrun and Shanley(1990).Companies that were benchmarking CRM and using it as standard impaired with their brands; they were seen more than successful in positioning their good image in the minds of the customer resulting in huge difference in sales awareness had been established in previous research.

5.   Carringer (1994) believes that CRM has become a good choice for corporations as it provides a message that is unique, well targeted and effective. It is a most efficient way for companies to differentiate themselves in a highly competitive environment. With the passage of time various factors have forced the

Private sectors to rethink their relationship to their communities. The two edged benefit says that Cause related marketing is a mutually benefited commercial pact between a profit making company and a non-profit organization with a view to assist the non-profit organization in raising fund or to benefit the society by supporting a cause.

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organization with a view to assist the non-profit organization in raising fund or to benefit the society by supporting a cause.

8.   Rahbar and Wahid (2011) define the green marketing tools as including eco-label, eco-brand and environmental advertisement. The two first elements have importance in the consumers" behaviour towards green products. However due to the fact that as we are non-Swedish natives and as we want a sample composed of Swedish and non-Swedish (such as international students) most of them are likely to not recognize a green brand or eco-label as well as the product could be different from that used in their home country. Reason for what we did not take into account specific eco-brands in our survey.

9.   Sheikh and Zee (2011) have revealed in their study that the concepts like CSR and CRM do have an effect on customers' attitudes. They have also mentioned that CRM might be more cost-efficient, its positive effect is limited to customers with high cause affinity. In contrast, CRM has a negative effect on customers with low cause affinity, or who oppose the cause. CRM not only affects the external customer but also the internal customer i.e. the employees. Internal customers strongly favour the firms" involvement in cause-related activities and the firm is positively perceived as an employer, by both the business and non-business communities.

2. Data Analysis and Interpretation

2.1 Simple Percentage Analysis

The percentage method id used for comparing certain features. The collected data represented in the form of tables and graphs in order to give effective visualization of comparison made.

TABLE NO.1

Opinion about Cause Linked Products by the Respondents

S. NO	Particulars	No. of Respondents	Percentage (%)
1	It is a social responsibility for Business	30	15
2	Consumer can contribute to the social Cause	46	23
3	Both	124	62
	TOTAL	200	100

Source: Primary Data

Interpretation

The above table indicates that 15% of the respondents says buying a Cause Linked products is a social responsibility for the business, 23% of the respondents says Consumer can contribute for the social cause while buying these products and 62% of the respondents says buying a Cause linked products is a social responsibility for the business and consumer also can contribute for the social cause.

2.2 Weighted Average Analysis

Weighted average is a statistical method used for the study. Weighted average may be defined as the average whose component items are being divided by the total sum of the weighted instead of the sum of items.

TABLE NO. 2

Table Showing Opinion about Various Factors of the Level of Satisfaction towards Cause Related Marketing

Factors	WX	W	%	Rank
Availability	764	15	51	II
Quality	786	15	52	I
Price	666	15	44	IX
Quantity	716	15	48	V
Service	708	15	47	VI
Convenience	696	15	46	VII
Reliability	682	15	45	VIII
Package	744	15	50	III
Cause	728	15	49	IV

Source: Primary Data

Interpretation

From the above table, it can be inferred that Quality has been ranked first with 52%, Availability has been ranked second with 51%, Package has been ranked third with 50%, Cause has been ranked fourth with 49%, Quantity has been ranked as fifth with 48%, Service has been ranked as sixth with 47%, Convenience has been ranked as seventh with 46%, Reliability has been ranked as eighth with 45%, Price has been ranked as last with 44.

2.3 CHI-SQUARE Analysis

Chi-square is a non-parametric test. It can be used to determine if categorical data show dependency or the classifications are independent. It can also to make comparisons between theoretical populations and actual data when categories are used.

TABLE NO. 3

Relationship between Monthly Income and Level of Agreement with Frequently Donate Money to the Charitable Causes

) **Null Hypothesis (Ho)**

There is no significant relationship between monthly income and level of agreement with frequently donates money to the charitable causes.
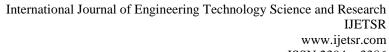
) **Alternative Hypothesis (Ha)**

There is a significant relationship between monthly income and level of agreement with frequently donates money to the charitable causes.

Monthly Income	Level of Agreement			Total
	High	Medium	Low	
Below 10,000	24	20	8	52
10,001 - 20,000	8	8	6	22
20,001 - 30,000	26	18	8	52
Above 30000	36	24	14	74
Total	94	70	36	200

Observed Frequency	Expected Frequency	(O_i-E_i)	$(O_i-E_i)^2$	$(O_i-E_i)^2/E_i$
24	24.44	-0.44	0.19	0.01
20	18.2	1.8	3.24	0.18
8	9.36	-1.36	1.85	0.20
8	10.34	-2.34	5.48	0.53
8	7.7	0.3	0.09	0.01
6	3.96	2.04	4.16	1.05
26	24.44	1.56	2.43	0.10
18	18.2	-0.2	0.04	0.00
8	9.36	-1.36	1.85	0.20
36	34.78	1.22	1.49	0.04
24	25.9	-1.9	3.61	0.14
14	13.32	0.68	0.46	0.03
				2.49

Total

Calculated Value   = 2.49

Degree of freedom   = (4-1) X (3-1)

Table Value @ 5% level of significance   = 12.592

By comparing the table value and calculated value X^2 , it found that the table value is higher than the calculated value. So, the hypothesis is accepted.

3. FINDINGS

3.1 Simple Percentage Analysis

⟩ 50% of the respondents are Female.

⟩ The Majority 51% of the respondents are from 21 – 30 years.

⟩ The Majority 58% of the respondents are Unmarried.

⟩ The Majority 54% of the respondents are educated up to the college level.

⟩ 35% of the respondents are Professionals.

⟩ 37% of the respondents are earning above 30000.

⟩ The Majority 54% of the respondent's family size is 4 – 5 members.

⟩ The Majority 64% of the respondents comments they are aware of Cause Linked Marketing.

⟩ The Majority 62% of the respondents says buying a Cause linked products is a social responsibility for the business and consumer also can contribute for the social cause.

⟩ The Majority 55% of the respondents are aware of the cause linked marketing through Advertisement.

⟩ The Majority 76% of the respondents are occasionally come across the advertisement related to CRM.

⟩ The Majority 54% of the respondents feels that there is no irrelativeness in cause and business entity.

⟩ The majority 63% of the respondent's comments social responsibility is the positive reason for thinking irrelativeness in cause and business entity.

⟩ The majority 56% of the respondents replied, the CRM products making the people to positively feel towards the brand is the negative reason for commenting there is no irrelativeness in business.

⟩ The Majority 59% of the respondents have never changed the cause linked products.

⟩ The majority 70% of the respondents have changed the cause linked products to try other brands.

⟩ The majority 71% of the respondents says the consuming brand has good Cause & quality as the reason for not changing the CRM products.

⟩ 40% of the respondents replied lack of information about the cause is the reason for misleading towards the brand.

⟩ The majority 54% of the respondents replied, they have complaints against cause linked products.

⟩ The majority 62% of the respondents replied high price as the complaint against cause linked products.

⟩ The majority 76% of the respondents are switching over to another brand when there is a complaint about the cause linked products.

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3.1 Weighted Average Method

⟩ Hence the respondents (50%) rated I feel the company is making this donation to increase sales as First.

⟩ Hence majority of the respondents (52%) marked Quality as First.

3.3 Henry Garett Ranking Method

⟩ The above table concluded that Quality is the important factor in the Cause linked products.

3.4 Chi-Square Analysis

⟩ So there is no relationship between monthly income and level of agreement with frequently donates money to the charitable causes.

⟩ So there is no significant relationship between monthly income and level of agreement with price of the cause linked products.

⟩ So there is no relationship between age group and level of agreement with buying more cause products because of the donation.

⟩ So there is no relationship between age group and level of agreement with quantity of the cause linked products.

4. Suggestions

⟩ Ensure that the cause fits in with the image of the brand. Brands which have low association with the cause may not be able to help generate much of sales.

⟩ Show the customers that the brand has actually benefitted the cause so that they are assured that their association with company has led to some improvement in a cause which is close to their heart.

⟩ Choose a cause which people relate with. A cause which is appropriate in one country may not attract much positive response from another country.

⟩ The brand must actually believe in the cause. In order to have a mutual benefit, there must be a long standing association between the two. For a long-term relationship, it is imperative that the two believe in each other's ideologies.

⟩ Making too much noise about the association of the brand with a cause may not attract too many customers; in fact it may turn them off. The impact should be created by the association of the brand and the cause.

5. Future Research

This study has attempted to provide an understanding of consumer perceptions regarding CRM and its main programmes in India. Further research should therefore consider the following points. This research interviewed only consumers in the Hyderabad Metropolitan area (Telangana State, India). Future research could expand the data collection to other towns/cities in India in order to carry out a comparative study. This research investigated the perceptions of FMCG products consumers regarding CRM. Further research could be carried out with consumers who consuming other CRM products and services. Future research could be done with a primary focus on the Consumer Association to investigate how it evaluates CRM programmes and how the Consumer Association influences the average consumer. Further research can be carried out to explore the perspective of non-profits regarding the impact CRM has on the organization.

6. Conclusion

Concluding the results of this research, which are in line with the literature, it's evident that cause related marketing is one of phenomenal tool of marketing practice, which has significance effect on sales of the companies. The potential consumers got positive effect on their purchase intention. Consequently rise in brand

loyalty make consumer to purchase bulk quantities, re-purchase and they also help in creating positive words of mouth about brand and company that eventually increases sales of corporate sector. As for as cause related marketing is concerned it is multi-dimensional and more effective tool among other marketing tools like free sampling, coupons etc. even it"s cheap and helps organization to achieve its goals and objectives more widely in the long term. Apart from increase in sales it helps companies to increase customer loyalty. It also makes it easier to enter in new segment along with its help to the companies to introduce new brand or product as they have positive image in the market and acceptability of the consumers. This study concludes that in special setting of Hyderabad FMCG sector, the cause related marketing campaigns have positive influence on the sale activities of companies. This link is mediated by the factors, like brand loyalty and consumer purchase intention, that eventually have positive effect on sales.

On the basis of results, there are few recommendations for fast moving consumer goods sector of Hyderabad as well, as they follow same trend and patterns of living and preferences. Cause related marketing campaigns are one of the emerging multi beneficial tools for this sector. The companies in Hyderabad must take special consideration about it and must conduct proper research before aligning cause with brand so that they can get desired benefits. It is witnessed through this study; it helps in increasing customer base strategies. It also helps in capturing more market share along with it increased brand loyalty index, which pursue customers to make repetitive and bulk purchases.

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