

Cause related marketing campaigns and Charity Influence on consumer purchase intentions

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Abstract: *Many companies are linking themselves to worthwhile causes to exercise their social responsibility and build more positive images,. These days every product seems to be tied with some cause. Companies now sponsor dozens of cause-related campaigns each year. Many are backed by large budgets and a full complement of marketing activities. The findings indicate that consumer purchase intentions are influenced by the charity with cause-related marketing campaigns. Furthermore it was observed that the brand awareness and charity partially mediate the impact of CRM campaigns on consumer purchase intentions. An initial conceptualization was developed from mainstream literature to be validated through empirical research. The conceptualization was then tested with primary quantitative survey data collected from students studying in different colleges of Kashmir Division of state J&K. Correlation and regression analysis were used to test the key hypothesis derived from literature positioning brand awareness and charity mediating the relationship between CRM and consumer purchase intentions.*

Key Words: *Cause-related Marketing, Charity, Purchase Intentions, Corporate Image, Brand awareness, Kashmir.*

I. Introduction:

Philanthropy, charity, benevolence and generosity, these are all very good words that should be associated with any type of business. Whether you are a sole proprietor, a large corporation, or a small family business, having your name associated with giving and charity could boost your sales and build brand loyalty. Cause-Related Marketing (CRM) is one of the best ways to connect your business with a good cause. CRM refers to a commercial activity in which companies and nonprofit organizations form alliances to market an image, product or service for mutual benefit. Some companies also extend their relationship with an organization or a cause beyond marketing, integrating it with other company activities, such as community involvement, employee volunteerism or corporate philanthropy.

Simply providing quality products or services does not suffice in today's competitive business environment to win the brand can be defined as a strategic alliance between the company and a cause for the achievement of mutual benefits (Adkins, 2004). According to Varadarajan and Menon (1988) successful loyalty of the customers (Dowling and Uncles, 1997). That is why the companies are called upon to design innovative strategies to not only attract the new customers but also to retain the existing customers (Matson, 1994). In this context, Cause Related Marketing (CRM) represents one of the modern marketing strategies (1230 Afr. J. Bus. Manage. (Taylor, 2007) which are being used by most companies in the western world. Cause related marketing campaigns can increase the sales of the company by increasing trial purchase, repeat purchase and / or promoting multiple unit purchase. Today, most of the companies are using Cause Related Marketing as a strategic tool (Till and Nowak, 2000) to build a positive corporate image in the minds of consumers (Chattananon et al., 2008) which results in enhancing the sales of a company's products (Varadarajan and Menon, 1988) and profits as well (Adkins, 2004). Also consumers have better perceptual associations with those organizations that work with charities and good causes (Farache and Perks, 2008). During 1983 a cause related marketing program, which was launched by the American Express company resulted in a \$1.7 million contribution by American Express to the restoration of the Statue of Liberty. The company promised to contribute one cent for every card transaction and \$1 on the issuance of every new card. Simultaneously, this program also increased the use of credit cards by 28% garnering considerable media coverage and free publicity (Adkins, 2000; Kotler and Keller, 2006). The 2008 Cone Cause evolution study constituted of 1071 adults indicated that about 85% of U.S. consumers are more likely to buy from corporations associated with a cause or issue. 79% would be likely to switch from one brand to another brand, about the same in price and quality, if the other brand is associated with a good cause. 38% have bought a product associated with the cause in the last 12 months (Cone communications, 2008).

Cause-related marketing as Powerful marketing edge

Cause-related marketing can become a cornerstone of your marketing plan. Your cause-related marketing activities should highlight your company's reputation within your target market. Cause-related

marketing can positively differentiate your company from your competitors and provide an edge that delivers other tangible benefits, including:

- Increased sales
- Increased visibility
- Increased customer loyalty
- Enhanced company image
- Positive media coverage

By choosing a cause you are passionate about, cause-related marketing is emotionally fulfilling. It's a way to merge your profit center with your "passion center" and build a business that mirrors your personal values, beliefs and integrity. If your cause also resonates with your target market, your activities will generate tremendous goodwill and media attention can be its side effect.

In a corporate world characterized by the maxim 'Money is not everything – it's the only thing', many companies are attempting to showcase themselves and their products as harbingers of good to the society of which they are a part of. Defined as the public association of a for-profit company with a nonprofit organization, CRM is intended to promote the company's product or service and to raise money for the nonprofit organizations. Where does cause related marketing fit in There are three conditions that need to be fulfilled for an effective cause-related campaign. • First, there must be a mass feeling for that particular social communication.

• Second, there must be a real or psychological monopolization of the media, which implies the absence of any counter propaganda for the given social cause.

• Third, supplementation that is the effort to follow up the promo with other contacts as and when desired.

This line of thought, when juxtaposed with the fact that e-CRM is simply a manifestation of traditional CRM on a different medium, seems to indicate that e-CRM is a powerful tool for marketers.

Brand awareness and purchase intentions

In order to answer the primary questions being empirically set forth in this paper, brand awareness is seen as an important concept for two reasons: first, brand awareness is one of the factors which affect the attitude of the consumers towards the purchase of products; second, the relationship between CRM and brand awareness had been established in previous research. Nedungad (1990) argued that consumers' inclination to purchase a brand in the market place depends upon the prior knowledge about the brand. Keller (2003) defines brand awareness as the ability of customers to recall a brand among the clutter of rival brands. In the same vein, Radder and Huang (2008) hold that, especially in highly competitive markets, awareness can strongly influence a customer while buying a product. Consequently, to better exploit the contributions of brand awareness companies are using different strategies to create brand awareness among the consumers (Schmitt and Geus, 2006). Using cause related marketing to create brand awareness (Varadarajan and Menon, 1988) leads to enhanced purchase intentions (Hoyer and Brown, 1990). Accordingly, Kotler and Keller (2006) regard Cause Related Marketing as just one opportunity for the companies to enhance the brand awareness. Implying the importance of experience on memory building (Kaufmann, 2004), Skory et al (2004) argued that most of the companies use CRM to increase brand awareness among the consumers through their participation. So companies use the cause-related marketing campaigns consistently over time to change the overall attitude of consumers towards the company and its brands (Till and Nowak, 2000).

Corporate image and purchase intentions

Corporate image can be defined as the perception/feelings of customers regarding the company's products and activities (Webb and Mohr, 1998). It requires a lot of time and enormous resources to build a positive corporate image but, on the other hand, it can help the companies not only in introducing new brands but also to pick up the sales of existing brands (Markwick and Fill, 1997). In order to build a positive corporate image in the minds of customers, companies are using cause related marketing as a strategy (Varadarajan and Menon, 1988; Chattananon et al. 2008) to gain a competitive edge in market place (Anselmsson and Johansson, 2007). As a result of their studies, Webb and Mohr (1998) as well as Anselmsson and Johansson (2007) argued that customers' purchase intentions are influenced by the corporate image of a company involved in cause related marketing. This paper investigates the nature of the relationship between cause-related marketing, brand awareness, corporate image and consumer purchase intentions. As mentioned earlier, previous research has shown that cause-related marketing campaigns can help the companies in increasing brand awareness and building positive corporate image in the minds of customers (Varadarajan and Menon, 1988; Adkins, 2004). These two benefits can be achieved due to increased affective customer affiliations with the company achieved by CRM.

But on the other hand consumer purchase intentions are pre-established, that is consumers are purchasing the existing products of the company before the company is executing the cause related marketing

campaigns. This paper hypothesizes that consumer purchase intentions may not be increased through CRM campaigns unless consumers are not able to recognize the products (advertised in cause-related marketing campaigns). Implicitly, the purchase stimulating effect of CRM requires pre-existing (1232 Afr. J. Bus.) Manage brand awareness and positive corporate image.

➤ **Objectives of the Study**

- ❖ To analyze the impact of cause-related marketing on brand awareness.
- ❖ To analyze the level of awareness among consumers.
- ❖ To analyze the influence of charity on purchase intentions of consumers.

➤ **Hypothesis and initial conceptualization**

Following hypothesis can be drawn based on the literature review:

- 1) Cause-related marketing campaigns have a positive impact on the brand awareness.
- 2) There is higher level of awareness among Consumers.
- 3) The influence of Charity on consumer purchase intentions towards a product linked with a cause is positive.

II. Methodology

Sample and data collection method

The main objective of the present study was to investigate the relationship between cause-related marketing campaigns; awareness among consumers (involved in Cause-Related Marketing) and ultimately, consumer purchase intentions. To prove these relationships data was collected from 405 students studying in different colleges of Kashmir by using the convenience sampling technique. These colleges include GDC Boys Baramulla, GDC Sopore, GDC Kupwara, A.S College Srinagar, GDC Bemina, GDC Khanabal Anantnag and GDC Kulgam. These Colleges were selected due to high level of diversity of the respondents hailing from different areas of Kashmir.

A five point likert-scale was used to assess the respondents' level of agreement or disagreement with each statement by circling a number from 1 - 5. Before filling in the questionnaire the respondents were informed about the significance and purpose of the study. Cause marketing was found relatively a new concept for most of the respondents of the study. To overcome this impediment and to enhance the validity of the results of current study the respondents were also informed regarding the meaning of cause related marketing using examples to familiarize them with this concept.

DATA ANALYSIS AND INTERPRETATION

Table 1. Demographics of samples.

Age Mean = 20.71	Std. Dev. = 2.01
Gender	Male (%) 72 Female (%) 28
Education	Bachelors (%) 100

Reliability analysis

A summary of the level of reliability achieved with the scales used to measure the dependent and independent variables in the study is shown in Table 2. The reliabilities were acceptable as all scales achieve the Cronbach's alpha coefficient greater than 0.7.

Test of hypothesis

Based up on the literature review and hypothesis design, regression analysis followed by correlation analysis was found an appropriate test for the analysis of data. Table 2 contains scale statistics such as means, standard deviations, and correlations for all variables. The results based on regression analysis are depicted in Table 3. Based upon correlation analysis (Table 2) the relationships hypothesized in H1 through H3 were all confirmed to be positive and significant as predicted (also see Table 3 for specific path coefficients). The results provide an evidence that cause related marketing campaigns have a positive impact on brand awareness (0.469*, $p < 0.01$, H1 supported) and there is high level of brand awareness among the customers (2.765 $p < 0.01$, H2 supported). The second step required a test of relationship between the independent variable (CRM campaigns) and the dependent variable (Charity influence on Consumer purchase intentions). In this step, the relationship was again found positive and significant ($p < 0.05$) which again complies with the standard. Finally, in the third step the dependent variable needed to be regressed on both, the

independent variable and the mediator. To legitimize mediation, the third step must find the mediator to be significantly related to the dependent variable and the effect of the independent variable on the dependent variable to be less than it was in the second step. Furthermore, if the relationship between the independent variable and the dependent variable becomes insignificant in step three, full mediation is supported. In our case, the first criterion was met as both, brand awareness and awareness among consumers were still significantly related to charity influencing customer purchase intentions, and in both cases, the effect of the independent variable (CRM campaigns) on the dependent variable (customer purchase intentions). These results provide evidence of a partial mediation between the variables in question rendering partial acceptance for H3.

III. Discussion And Implications

Being a developing state with a population of more than 1 crore people, it was very important to investigate to what extent the customers' purchase intentions are influenced by the cause related marketing campaigns?

The main objective of the present study was to investigate the relationship between cause-related marketing campaigns, brand awareness, impact of CRM on Brand awareness (involved in Cause-Related Marketing) and ultimately Charity influencing consumer purchase intentions. Conclusively, through the testing of the proposed conceptualization, the study intended to confirm some previously established relationships in the setting of Kashmir, and answer the following questions:

- (1) Does charity influence have a positive effect on consumer purchase intentions in Kashmir?
- (2) What is the nature of the relationship of the mentioned factors, i.e. is it direct, or mediated by brand awareness?

The results in Table 2 and 3 provide strong evidence that cause-related marketing campaigns positively influence the consumer purchase intentions in Kashmir which is the primary contribution of this research paper. These findings confirm the findings of Varadarajan and Menon (1988), Adkins (2004) and Chattananon et al. (2008). Contributing to the body of knowledge, the results also indicate that the effect of Cause Related Marketing campaigns on consumer purchase intentions is partially mediated by brand awareness and corporate image of the company, a fact which was ignored in previous studies. The results of the structural model and mediation test provide new insight for the development of different strategies to make the Cause Related Marketing campaigns successful in less developed States such as Kashmir. The findings suggest that the companies must concentrate on increasing the brand awareness among the customers so that they can recall the brand set the point of purchase. For this purpose, the effective use of media (electronic and print) for CRM campaigns can play a significant role but there must be a match between the objectives of the company and the promotional campaign design (Taylor, 2007). Additionally, brand-cause fit can also play a vital role to increase the brand awareness among the customers (Till and Nowak, 2000; Gupta and Pirsch, 2006). Selecting an appropriate cause for a brand can increase the interest of customers. This interest of customers can then lead to the purchase of the advertised brand. Also brand-cause-culture fit reduces the consumer skepticism and increase their intention to participate in Cause Related Marketing campaigns (Web and Mohr, 1998). In this study a real scenario was used to explain the concept of cause-related marketing to the respondents but the question that is generated is whether the brand-cause-culture fit resulted in the mediation effect or is this effect independent of the brand-cause-culture fit.

Table 2. Means, standard deviations, reliability and correlations among the variables.

Factor	Mean	Std. Dev.	1	2	3	4
CRM campaigns	4.43	0.367	0.856**	0.392*	0.334*	0.425*
Awareness among consumers	4.31	0.534	---	0.805**	0.515*	0.304*
Charity influencing Purchase Intentions	4.38	0.498	-----	-----	-----	0.863*

Notes: * p < 0.05, n = 405. ** Cronbach's alpha values

Table 3. Structural model results.

Hypothesis	Path coefficients	t- value	R ²	F- value
CRM impact on brand awareness	0.469*	5.947	0.098	19.342*
Awareness among consumers	0.392*	2.765	0.070	0.846*
CRM – Charity influencing Consumer purchase intentions	0.625*	9.627	0.231	63.915*

Notes: * $p < 0.05$, $n = 405$.

Similarly, the research suggests that firms need to undertake meaningful efforts to improve corporate image as it mediates the impact of CRM campaigns on consumer purchase intentions. Although CRM campaigns help the companies to improve their corporate image (Farache and Perks, 2008), there are also some other measures which must be taken into consideration, for example, the selection of the non-profit organization really matters a lot. The company must select an appropriate organization from the target audience point of view (Boush et al., 1994) and, in this context, that is its age, education, occupation etc. must be considered. An appropriate selection of the cause can also support the company in terms of positive word of mouth from the consumer. Moreover, the use of an appropriate celebrity for overall communication strategy (Liu et al., 2007; Silvera and Austad, 2004) in CRM campaigns could produce better results for the company reflected in positive attitudes/feelings of the consumers towards the company. In addition, highlighting the contribution to society through electronic and print media (Farache and Perks, 2008) can help the companies not only in enhancing brand awareness but also in reducing consumer skepticism?

IV. Conclusion

In the present study a complete analysis of Cause-Related Marketing/Corporate Social Responsibility was done and its impact on purchase intentions of people. This study shows that CRM has maximum effect on people's purchase intentions. It analyses that companies can charge their products higher by linking them with a social cause which has a mass feeling. Our survey shows that CRM (cause-related marketing) is a best tool which has multi-dimensional scope and has capacity to generate multi-benefits. It analyzes that companies with nice image and which deliver quality products have large ability to link their products with any social cause having mass feeling than new comers in the market.

Lastly but not least the social cause linked with any product or service should be highlighted through advertisements and brand ambassadors so that it can touch the hearts of charity giving people.

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