

Cause Related Marketing and Store loyalty of Youngsters.

Dr.Srinivasan. R MBA, PhD (management), Prof Mahalakshmi Sankar M.Sc, PGDBA,
MBA, NET

¹(Department of Management studies, JBIMS/ Mumbai University , India)

²(BMS Department, VESASC/ Mumbai University, India)

Abstract : *The paper explores the influence of Cause related Marketing efforts of Women Apparel Retailers on store loyalty of youngsters in India under urban settings. This study is based on experimental design. Story boards about a non-existing retailer brand and Cause related Marketing campaign were used as stimulus material and a questionnaire was administered on female students in Mumbai, a metropolitan city in India. Structural equation modeling was done using SMARTPLS v 2.0 to test the research question. Results revealed that young female customers were attitudinally oriented towards buying from an apparel retailer who supported a cause than from a retailer who did not. The actual behavior of customers may differ from their communicated intentions. So it needs to be actually tested if cause related marketing efforts of a retailer will increase customer loyalty. Cause related marketing can be used as a powerful marketing tool to differentiate an apparel retailer in the crowded market.*

Keywords : *Attitude, Cause related marketing, Consumer Behaviour, Store Loyalty*

I. Introduction

According to Indian retail report 2015 compiled by Indian Retail forum, total retail market in Indian is worth rupees 324500 Cr (US \$ 54.08 bn) growing at 20.21 % and is expected to be worth rupees 564792 Cr by 2017 (US \$94.13 bn). With such huge potential, competition among the market players will be intense in all sectors of retail. The frequent change in lifestyles with changing fashion preference of consumers will demand new retail offerings from the organized retailers particularly apparel retailers. It is also important to note that there is limited information and literature available in the public domain regarding Indian shopping behavior, especially in the context of the changing retail environment[1][2]. Previous researchers have opined that the retailers delivering genuine benefits based on intimate knowledge of their customers could only reap the ultimate benefit i.e. greater customer loyalty.

1.1 Cause Related Marketing

Corporate giving can take any of the form like philanthropy, sponsorship, Cause related Marketing and firms have long attempted to leverage this through broader promotional activities[3][4]. A good strategy for corporations which are finding it hard to beat the competition in a saturated market is Cause Related Marketing. This strategic program not only provides valuable leadership but also enhances credibility, reach and relationships. Cause related marketing was first defined as: The process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to designated cause when customers engage in revenue providing exchanges that satisfy organizational and individual objectives [5]. Crafting the social initiatives around the retail environment can even promote the sales of the product. Previous attempts by retailers like Archies(associated with HelpAge & CRY),Woodland , Next Retail India Ltd & Croma are pioneering ventures in the Indian context.

A cone communication Cause related Marketing study conducted in 1997 found that 76% of consumers would be more likely to switch retailers, assuming quality and price were equal, based on whether one supported a cause [6]. While there is intuitive and some theoretical support for the idea that Cause related Marketing will make sponsorships more effective and directly generate sales there needs to be empirical examination of this link[7]. Whether or not consumers are willing to reward good corporate behavior through their consumption decisions can be answered by their attitude towards cause related marketing efforts[8][9]. In the context of cause-related marketing, studies have shown that young consumers are more receptive to cause related marketing activities, compared to their older counterparts[10]. Though there is a lot of research available on the effect of cause related marketing in other countries there is dearth of information about this innovative strategy in the Indian context. Moreover Indian apparel retailers require some strong differentiation in the market. While this is the need of the hour, it is not possible to generalize the study across segments for a highly personalized product like Apparel. Shopping for non-food products such as clothes, accessories are a scope for self-expression par excellence [11]. Highly public self-conscious consumers would be more receptive when publicly-consumed products are linked to social causes. These consumers are conscious about making a positive

impression to others and consuming products aligned to social causes would be a means of enhancing their self-esteem or ego. Thus cause related marketing would be a good option for the company marketing a publicly visible product[12]

Consumer behavior varies from segment to segment [13]. According to Jim Pooler[14] ‘ in the highly constrained life of youngsters, clothing is one area where individual expression is maximized.’ He further states that shopping for apparel is a crucial part of transition from childhood to adulthood. There is a latent need for assertion of personal independence amongst youngsters and shopping for apparel is a means to fulfill the same. The research tries to explore the possibility of tying up this nascent assertion for independence and individuality with a deeper commitment towards a society. Hence the fundamental research question is

Will cause related marketing efforts of an Apparel retailer lead to customer loyalty among young girls in the city of Mumbai?

II. Literature Review

2.1 Youngsters and their means of self expression

Generation Y consumers, aged 18-35 in 2012, are especially socially concerned and aware of many global issues [15][16]. Generation Y is a large and powerful consumer segment with a long future of potential consumer decisions[17][16]. These consumers are a powerful market segment with disposable income, are characterized by information empowerment, causing both increased awareness of environmental, social, and economic ills and skepticism of marketers’ claims to be concerned about such issues [17]. But there are areas where they are ignorant about because of not analyzing the situation from different perspective. Hence the outcome of their concern for society does not translate into action. There is a need to build skills in critical questioning that could become powerful tools for Generation Y consumers to convert momentum created by the combination of social concern and skepticism into specific attitudes[18]. Adolescents use apparel brands to maintain, reinforce, or control their self-concept[19]. Researchers have found that adolescents tend to become more materialistic as they age [20]. Hence companies seeking to leave meaningful impact on the society through their CSR activities need to catch the young generation and mould their attitude towards society before materialism catches on them.

2.2 Cause Related Marketing and Young Female Customers

Consumer perception of firm’s behavior, consumer goodwill toward the Cause Related Marketing campaign, and consumer attitude to product vary significantly by gender. In a research carried out in Germany it was found that, women have a more positive attitude to product involved in Cause related Marketing campaigns[21]. Previous research proposed that Cause Related Marketing campaigns to be particularly suitable for promoting products to women[21] and specifically apparels [22]. In previous research[23], female respondents reported more positive attitudes towards a Cause Related Marketing offer than males and this was found to be true for the college age cohort of Generation Y[10]. A firm trying to broaden its appeal to the female segment might choose to link their Cause Related Marketing program with a female associated cause[24]. Cause Related Marketing programs also impact on the cause and could be examined from a causes perspective as well[24]. There is a limited research examining Cause Related Marketing and there needs to be additional research to examine a diverse range of issues[24].

2.3 Attitude formation

In consumer behavior, attitude research has answered many marketing questions which are of strategic importance[25]. According to value expressive function of attitude, attitudes are an expression or reflection of the consumer’s general values, lifestyles and outlook. Attitudes are partly related to certain groups, social events or causes. Hence it is possible to alter attitudes towards companies and their products, services and brands by pointing out their relationships to particular causes[25].

2.4 Customer loyalty

Oliver defines brand loyalty as “ A deeply held commitment to re-buy or re- patronize a preferred product/service consistently in the future thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior[26]

Webb proposed that understanding how the different elements in the structure of the Cause Related Marketing offer affects consumer processing and response is important for practitioners and policymakers[27]. Causal attribution is described in the literature as a subjective process in which the personal characteristics of the observer may influence how they perceive and interpret cues and outcomes[28]. Therefore, the characteristics of consumers may also play a role in how they perceive and evaluate a Cause Related Marketing offer. The result of the research will be beneficial for the retailers since growing competition between stores to undo each

other in terms of brand width & depth, ambience, heavy discounts has left little scope for further differentiation. This research will also find out what are the causes that youngsters are ready to support through a forced ranking method. This can be used by the retailers for selecting a cause that they can associate themselves with.

III. Research methodology

3.1 Need and Significance of the study-

In a consumer survey conducted by Smith and Alcorn(1991),45.6 percent of the consumers reported they were likely to switch brands to support a company that donated to a charitable cause;30 percent indicated they sometimes were inclined to buy simply because the manufacturer supports causes. Commercial surveys also support this idea(Business in the community,1996:Cone,Inc.,1999).It is important to note that what consumers say when asked for a reaction to a hypothetical situation may not be an accurate reflection of their ultimate market behavior. However we can presume that the success of Cause Related Marketing campaigns reflects, at least in part, the favorability of consumer responses to a company's support of a cause culminating in the choices of that company's products or services[29].This study uses an experimental design to answer the research question. Story boards about a non-existing retailer brand and Cause Related Marketing campaign were used as stimulus materials. A specific situation can cause consumers to behave in ways seemingly inconsistent with their attitudes[25].In order to reduce the situational influences on consumer attitudes those factors which were considered by previous researches as determinants of store loyalty like brands available, ambience, store image, friendly & knowledgeable store staff were kept constant while the only differentiating feature was one store being associated with a cause(depicted as MYRETAILER in the construct) while the other(depicted as THERETAILER in the construct) was not. Relying on the story board and taking into consideration the controlled factors, respondents filled in a questionnaire.

3.2 Measures-

A consumer's loyalty towards a brand is a multidimensional construct that relies upon the cognitive, affective and Conative component[26][30].The cognitive component refers to loyalty that is developed because of particular knowledge about that brand . The affective component is concerned with (positive/negative) emotions that consumers have toward the brand indicating the level of commitment and liking towards the brand. The Conative component embeds consumer's behavioral disposition or an intention to buy the brand. Since the Story board was created for fictitious situation it was not possible to measure the respondent's actual behavior. There the cognitive and affective components are considered as the attitudinal dimension of brand loyalty while the Conative component is considered as an indicator for the behavioral dimension of brand loyalty. This will allow us to measure both attitudinal and behavioral brand loyalty which is generally accepted method[31].The brand loyalty scale of Quester and Lim (2013)was adopted with customization for this study[30].The questionnaire is given in Annexure 1.

3.3 Sample size-

This study seeks to provide information for retailers on whether cause related marketing promotions can impact the purchase behavior and store loyalty of youngsters. More specifically it will look at college students as a representative group of youngsters and examine their attitude towards cause related marketing and its impact on store loyalty.93 women respondents who were pursuing their graduation or post graduation from the city of Mumbai answered the questionnaire voluntarily and out of which 82 questionnaire were found to be valid for data analysis. Sample size of the study was determined based on the requisite number required by the statistical tools like factor analysis, multiple regression. The determination of sample size on the basis of requisite number required for running statistical techniques, is an acceptable and widely preferred approach in social science research[32][33].

Descriptive analysis

Nearly 54% of the respondents spend a lot of time shopping for Apparel as compared to accessories (25%), books(10%) and electronic goods(8%). The apparel shopping is a high involvement product is indicated by the time they spend on shopping for them. The forced ranking method for the social causes they are willing to contribute brought out the following results depicted in Table I.

s.no	Name of the Social Cause	Rank obtained in terms of Support for the Cause
1.	Girl Child Education	1.87
2.	Orphanage	3.14
3.	Old Age Homes	3.25
4.	Environment protection	3.55
5.	Awareness campaigns	4.48
6.	Wildlife protection	4.74

Barone et al's (2007) research work pointed out that when key target market groups possess relatively positive attitudes toward the cause, then the fit between the company and the cause becomes less strategic[29] . An important guidelines in developing cause related marketing efforts is to select causes that resonate with customers[34] . Girl child education was ranked first while environmental protection, old age Homes and orphanage were a distant second with mild variation in positions. Awareness campaigns and wildlife protection were the last in their list. The possible reason could be the inability of the respondents to associate themselves because of lack of previous exposure or awareness in case of wildlife protection or awareness campaigns. Girl child education is a cause that is widely spoken about and the respondents themselves being young women might have been able to relate to it more.

Results - The SEM carried out using SMARTPLS 2.0 clearly indicated that there is strong correlation between Cause related marketing and Store loyalty as measured by the Cognitive, Affective and Conative components of loyalty(Q 7.1 to 7.11 as given in the questionnaire presented in Annexure 1)

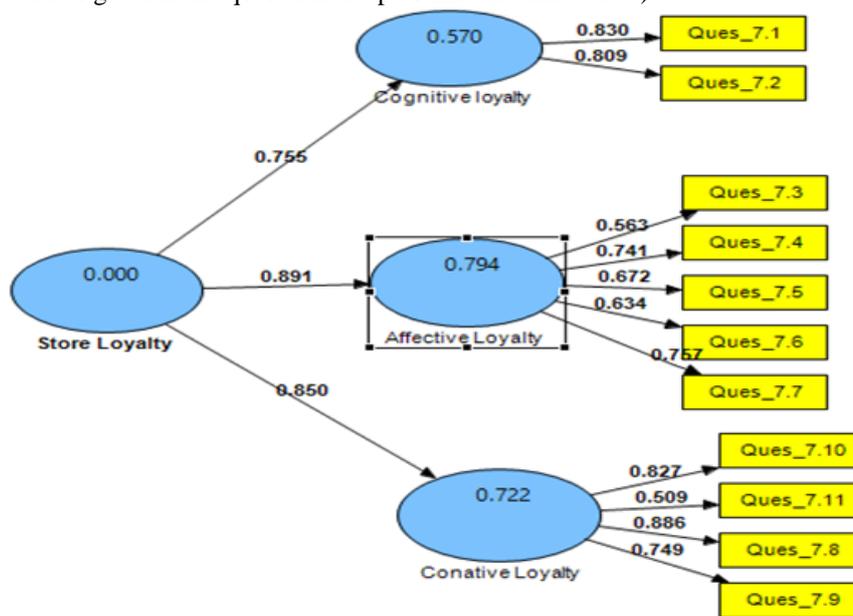


Fig 1- Factor Loading of the constructs

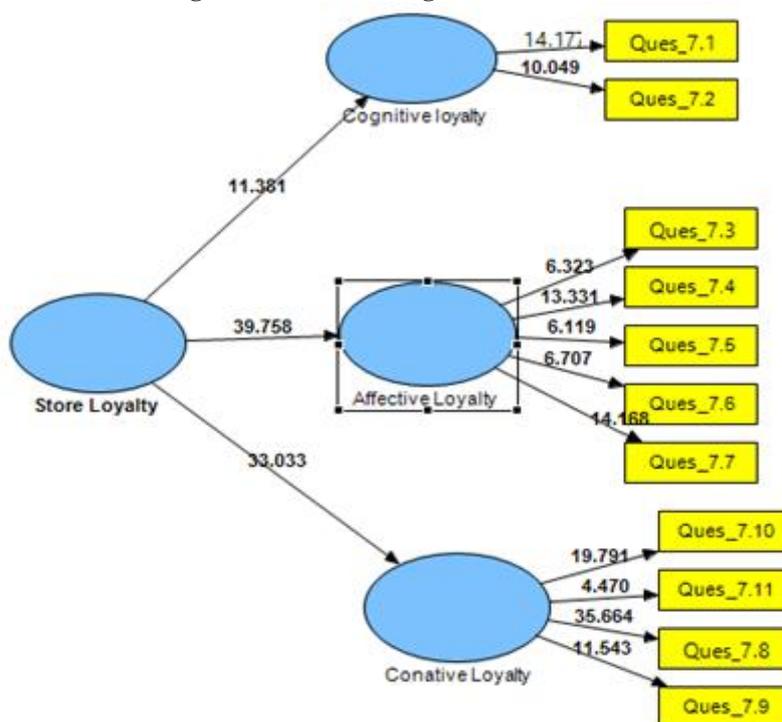


Fig II-Significance of factor loading

Figure I & II answer our basic research about the effect of cause related marketing undertaken by an apparel retailer in increasing store loyalty. There is strong positive relation between cause related marketing undertaken by retailers of women apparel brands and store loyalty of youngsters.

IV. Conclusion

The result clearly proves that a section of the Gen Y cohort that is the college going students and females are ready to support Cause related marketing and this can lead to store loyalty for apparel retailers. It indicates a powerful differentiation strategy for the ideas starved apparel retailers who find the competition very intense. There are three specific limitations to this study. First, although the theory of reasoned action has been widely applied in previous research to understand the relationships between attitudes and behavioral intentions better, there may be situations in which intentions do not accurately predict actual behaviors [35][36]. Researchers have noted that participants may 'overreport' actions or intentions that are perceived to be socially desirable or ethical e.g. their participation in a social cause [37][38]). In turn, this bias may have weakened the predictive utility of the theory of reasoned action. According to Randall (1989), the theory will have the strongest predictive utility when social desirability response bias is minimized [38]. Given the focus of this work upon CRM, it is possible that the use of the words MY RETAILER and THE RETAILER could have produced a biased response. Third, the present sample included only college students, a particularly well-educated subset of Gen Y or Youngsters, and not the full range of this consumer cohort. Thus the possibility exists that the participants' interest in and responses to social causes may be informed by exposure to a specific local culture, thereby limiting the general usability of the findings.

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Annexure I

Questionnaire-

The questionnaire after seeking the basic demographic details asked the respondents to rank the following causes according to their order of preference while extending support- Girl Child Education, Environment protection, Awareness campaigns, Old age Homes, Wildlife protection and Orphanage. Then respondents were shown a slide show depicting the fictitious retailers –MYRETAILER(supports a cause) and THERETAILER(Does not support a cause) and were asked to answer the following questions with the use of five point likert scale (1= Strongly Disagree ;5= Strongly Agree).The factors which were considered by previous researches as determinants of store loyalty like brands available, ambience, store image, friendly & knowledgeable store staff were shown to be the same for both the retailers. The questionnaire had the following questions-

1.Name-

2.Age-

3.Profession-

4.Of the following things which is the item you spend a lot of time on-kindly mark **only one** of them

- Shopping for apparel
- Shopping for electronic goods
- Shopping for books
- Shopping for accessories

5.While choosing a RETAILER for apparel what are the things you consider-

- Look for particular brands
- The apparel should look nice on me
- The price should fit my pocket.
- The store ambience
- The store brand image
- The location of the store

6.What are the **causes** you are ready to support .Please **rank them from 1 to 6**

- | | |
|------------------------|---|
| Girl child education | <input style="width: 100%; height: 20px;" type="text"/> |
| Environment protection | <input style="width: 100%; height: 20px;" type="text"/> |
| Awareness campaigns | <input style="width: 100%; height: 20px;" type="text"/> |
| Old age Homes | <input style="width: 100%; height: 20px;" type="text"/> |
| Wildlife protection | <input style="width: 100%; height: 20px;" type="text"/> |
| Orphanage | <input style="width: 100%; height: 20px;" type="text"/> |
| Any other | <input style="width: 100%; height: 20px;" type="text"/> |

Questions on Cognitive component of Store loyalty

Q7.1 I would always think of MYRETAILER over THERETAILER while buying apparels.

Q7.2 I would pay a lot of attention to MYRETAILER over other retailer.

Questions on **Affective** component of Store loyalty

Q7.3 I would be upset if I had to buy from other retailers if the city I am in does not have a MYRETAILER.

Q 7.4 I would be excited about buying from MYRETAILER over others.

Q 7.5 I would feel good about MYRETAILER over other retailers.

Q 7.6 I would feel very attached to MYRETAILER over other stores.

Q 7.7 I would be interested in MYRETAILER over others.

Questions on **Conative** component of Store loyalty

Q7.8 It would be very important for me to buy from MYRETAILER over other retailers.

Q 7.9 Although THERETAILER has announced a sale, I would buy from MYRETAILER.

Q 7.10 I would always find myself consistently buying from MYRETAILER over other retailers.

Q7.11 .If MYRETAILER were not available at the city, I would rather not buy at all if I have to choose another retailer.