


Chapter 8

Ethical Consumerism and Effectiveness From a Cause–Related Marketing (CRM) Perspective

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ABSTRACT

There is a growing public awareness of ethical issues along with rising disposable income and increase in education and knowledge. This is triggering the ethical conscience of consumers and leading them to ethical consumerism. Ethical consumerism has grown out of the consumer interest and concern on issues and the practical application of marketing ethics to their purchase behaviors. Consumers are gradually accepting this phenomenon of ethical consumption as part of the lifestyle. In order to bring a change in the attitude of consumers towards ethical consumerism, corporates have started taking an initiative by incorporating a new method of marketing activity and tool called cause-related marketing (CRM). Ethical consumerism based on CRM campaign needs to be effective to build a corporate image. This study is an attempt to understand ethical consumerism and its effectiveness from the perspective of CRM and how it benefits the businesses.

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INTRODUCTION

Since the past few decades, there is a growing public awareness of ethical issues along with rising disposable income and, increase in education and knowledge. This also is triggering the ethical conscience of consumers who are showing an interest in consuming sustainable and environmentally friendly products and this leads to ethical consumerism. Ethical consumerism has always challenged marketers. Combination of ethics and purchase behavior is becoming an important concept in consumerism. Organizations' are attempting to understand the concept of ethical consumerism where consumers accept ethics as part of consumerism. This is evident when corporates across the world carefully started examining the ethical expectations of the consumers. Corporates have started dedicating themselves to ethical business and corporate philanthropy. Corporate like P&G believes in ethical business and understanding this P&G organizes a program called "Change that Matter" and the program covers four parts in doing business ethically; including environmental sustainability, social responsibility, employees, and stakeholder (Nawat, Sammi & Zhulei, 2012).

While, consumerism, popular during the 20th century is defined as "an organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers" (Kotler, Armstrong, Agnihotri & Haque, 2010), ethical consumerism has grown out of the consumer interest and concern on issues, and the practical application of marketing ethics into their purchase behaviors. Ethical consumerism involves the purchase of products and services that are produced, processed or made available through ethical means, and cause minimal harm or exploitation to humans, animals and/or the natural environment. According to Grisewood (2009), "ethical consumerism is about buying products and services that are made and distributed under ethical conditions by the company that behave in an ethical and socially responsible manner". Going by this definition, it can be assumed that ethical consumers will be engaged in a buying behavior that avoids the purchase of products that are harmful to animals, humans or the environment. The driving forces behind ethical consumerism include consumer pull due to the feeling of guilt and social pressure, retailer push on supply chains to build competitive advantage, supportive government policies and consumers' attitude towards ethics (Garcia Martinez and Poole, 2009).

Kovač Žnideršić, Salai, Grubor & Marić (2013) contend that although there are causal factors (such as globalization of markets and weakening of national markets, issue pressure groups, effective market campaigns, among others) influencing ethical consumption, trends in overall ethical consumption is very low. Similarly, Carrigan & Attalla (2010) also assert the existence of a gap between the ethical purchase intentions and actual buying behavior of ethical consumers. They observed that most consumers pay little attention to ethical considerations when engaging in the purchase-decision behavior. Thus, such a gap would make this study more meaningful and thereby understand the effectiveness of ethical consumerism.

The concept of ethical consumerism should not fail or be slow in reaching consumers. Corporates have moved forward in business by dedicating themselves to ethical marketing activities and enhance consumer connect. They incorporated ethical marketing activities and considered ethical marketing as a philosophy and not just a marketing strategy. Ethical marketing is a process by which businesses market their products and services by not just focusing on how their products and services benefit customers, but also on how they benefit socially responsible or environmental causes (Dan Shewan, 2017). The corporate philanthropy of the company TOMS founded by Blake Mycoskie in 2006 inspires many customers to get connected with ethical consumerism. The company decided to establish the concept of giving to people. From 2006 onwards, the TOMS' footwear business has donated more than 60 million pairs of shoes to children in need all over the world. Not just that TOMS' eyewear division has given more than 400,000

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