


Chapter 14

Cause-Related Marketing and Consumer Buying Behavior: Opportunities and Challenges

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ABSTRACT

The concept of cause-related marketing (CRM) has been in vogue since the past few decades and involves marketing activities carried out with the purpose 'to be successful in addressing worthwhile social causes', through collaboration with charitable organizations that help to increase profitability along with bettering the society, in mutually beneficial ways. This implies a social dimension in this cause-related buying. While this is a good social initiative with many factors that influence consumer choice and purchase of cause-related products, there are also many challenges such as consumer skepticism, etc., which mar CRM's success and effectiveness. Through review of extant literature, this study purposes to examine factors and variables influencing CRM and the challenges impeding its effectiveness and suggests ways to overcome these. Furthermore, to gauge an understanding on its practical application, two case studies on CRM campaigns conducted in two different (developing and developed) markets are also discussed.

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INTRODUCTION

The past few decades have witnessed growing consumer awareness with an orientation towards symbiotic relationships between the business and society, where the focus is on the drivers of marketing based on the principles of ethics, transparency, integrity and partnerships that are mutually respected and beneficial. For this purpose, organizations are using the concept of cause related marketing (CRM) as a strategic marketing tool to demonstrate their belief in a social cause. From the organization's perspective, CRM aligned to corporate philanthropy would help in contributing towards worthy social causes, and alongside it is also a marketing activity and tool that helps to build corporate reputation, promote customer loyalty and increase the revenues. While from the consumers' perspective an interest in CRM can be attributed to a growing social consciousness, awareness, involvement, and willingness to be engaged and participate in socially responsible consumption.

The definition of Cause-related marketing provided by Varadarajan and Menon (1988), popular even today, states "Cause-related marketing is the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives" (p.60). As can be inferred from this definition CRM refers to a combination of socially responsible behavior of the corporate/organization and the buying behavior of the consumers or shoppers. Hence, as a market driven activity CRM involves partnerships between businesses, non-profit organizations (NPO's) or social causes and the marketing relationships, so as to meet certain objectives, and receive the returns on investments in the form of-cash, time, other resources, or a combination of all. Simply put, cause-related marketing involves partnerships between businesses and charities or causes to market an image, product or service that is mutually beneficial.

If CRM is to be a win-win situation for all involved, the benefits must ensue to all partners. Generally, CRM activity is carried out with the intention 'to be successful' through partnerships with charitable organizations for certain worthwhile social causes. However, given that the success of any marketing activity or campaign linked to a social cause would greatly depend upon consumer participation, it mandates that the focus of such activities be oriented towards the buying behavior of the consumers. This implies there is a need to highlight the long-term benefits of CRM through suitable market positioning, and communications directed at the targeted audience at large. Notably, the intention behind a CRM campaign could be varied, to encourage consumers to purchase a product/brand so that donations are made towards the partnering (social) cause (Lafferty & Edmondson, 2009), as a strategic management tool for CRM effectiveness (Tsai, 2009), to improve the

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