

Facilitated Giving Form of Cause Related Marketing – Providing Stimulus, Eliciting Responses

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ABSTRACT

Cause Related Marketing (CRM) has gained momentum in a competitive business world as it has benefits to offer to the business unit and the Non-Profit Organization (NPO). CRM involves three entities: the business unit, the NPO and the customer. CRM is about the alliance of two organizations (business unit and NPO) that function in distinct context, who are of different type and background, are independent entities not connected by any type of ownership. Business units are attempting to offer innovative solutions to social issues. As business units exist and operate in society, they use resources that belong to society and hence they have responsibility towards the society. Business units look for ways and means to fulfill social obligations in a manner that would enhance their image. Acquiring the title of a good 'corporate citizen' is the desire of almost every business unit. This paper focuses on a new form of Facilitated Giving of CRM which is a relatively simpler form of CRM gaining momentum in India. This form of CRM tends to be more successful at the Point-of-Purchase. This form of CRM focuses on stimulus-response used in the marketing context. Stimulus-Response in the marketing context considers cues which act as stimuli; they give directions to ones motives. The responses are viewed as reactions of the customers to the cue. When a customer encounters a donation box at the Point-of-Purchase linked to some social cause, it tends to provide him/her some stimulus. The customer is likely to respond to the stimulus by dropping in the donation box some amount of money as his/her support to that cause. Customers tend to donate freely without any restriction, unlike in the case of Purchase Triggered Donations (PTD) where the amount which is contributed by the customer to the cause is linked to his/her purchase.

Keywords - Cause Related Marketing, Purchase Triggered Donations, Facilitated Giving, Non-Profit Organization

I. INTRODUCTION

Marketers are on the look out for novel ways of attracting the attention of customers. They attempt to differentiate themselves either in terms of the products they manufacture or by projecting themselves as good corporate citizens by displaying some amount of socially responsible behaviour. One way of displaying good corporate citizenship is by adopting Cause Related Marketing (CRM). CRM tends to tap on the donation behaviour of the customer.

Growth in Cause Related Marketing (CRM) reflects the probable benefits that emerge out of this relation to the business unit and the non-profit organization (Wymer&Samu 2009).

CRM is about the alliance of two organizations that function in distinct context, who are of different type and background, are independent entities not connected by any type of ownership (Baghi&Gabrielli 2013).

CRM is not simply a dyadic exchange, it is a triadic one involving the role of one more entity, the consumer (Pracejus, Oslen& Brown, 2003).

Business units attempt to pursue their marketing objectives by supporting causes they view as worthy. Consumers' are also likely to have perceptions of causes that are linked to brands. Consumers at times consider fit between the company and the sponsored cause in CRM alliance (Wymer&Samu 2009). Fit is viewed as the perceived link

between the company's image, positioning, and target market and the cause's image and constituency (Varadarajan&Menon, 1988). For example, Avon cosmetics raising funds for breast cancer awareness linked to customer purchase of their products.

CRM is gaining popularity as the business world is getting more competitive. A large number of organizations are using CRM as a strategy to meet their objectives of raising brand awareness, increasing sales, enhancing the brand image etc.

This conceptual study presents the various forms of CRM that exists while considering innovative dimensions that have emerged under Facilitated Giving Form of CRM.

II. DEFINITIONS AND FORMS OF CRM

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-producing exchanges that satisfy organizational and individual objectives" (Varadarajan & Menon, 1988, p.60). This definition is sales specific (Docherty & Hibbert, 2003).

"A commercial activity by which a business with a product, service or image to market builds a relationship with a cause or a number of causes for mutual benefit" (Adkins, 2011).

It was American Express that paved the way for CRM in 1983, when it launched CRM in aid of the renovation of the Statue of Liberty. Through this initiative American Express promised to donate a penny to the renovation for each use of its credit card and a dollar for new card issued in the US.

American Express witnessed a 28% increase in its card usage in 1983 in comparison with the same period in 1982 and 10% jump in new card member application. This resulted in a \$1.7 million contribution by American Express to the Statue of Liberty (Varadarajan & Menon, 1988).

CRM campaigns appear to be successful, as evident from the fact that a number of enterprises have adopted CRM over the last decade. The popularity of CRM is rising, as an effective promotional tool for marketers and fundraisers (Demetriou, Papolomou, & Vrontis, 2010).

III. BENEFITS OF CRM

The organization/ firm gains with regard to favourable customer attitudes towards the sponsoring firm (Brown & Dacin, 1997); favourable purchase intentions towards company brands (Webb & Mohr, 1998); emergence of a differential image due to association of a product with social causes (Meyer, 1999; Barone, Miyazaki & Taylor 2000); enhancement of corporate image (Meyer, 1999; Bronn & Vrioni, 2001); reduction in employee turnover (Meyer, 1999); the company secures a competitive edge (Bronn & Vrioni, 2001); increased sales, customer loyalty and enhancement of corporate reputation (Docherty & Hibbert, 2003).

The customer gains in terms of feel factor as the purchase made serves an additional value (Webb & Mohr, 1998); customers are in a better position to differentiate between competing brands (Barone et al., 2000).

IV. LIMITATIONS OF CRM

A tie up of a charity with a company, may have an adverse effect, on the attitude of charity donors towards the charity, when charity donors dislike the company. This will result in reduced non-CRM related charity donations (Basil & Herr, 2003). The benevolence is seen as non-genuine. Negative publicity and charges of cause exploitation exists (Docherty & Hibbert 2003). Scepticism exists about a company's motivation for participating in CRM, more so when the company gives publicity to its participation (Webb & Mohr, 1998).

According to Andreasen (as cited in Wu & Hung, 2007, p.773) CRM can be divided into three types. "Transaction based- promotion, wherein consumers are solicited to purchase the product or service of the enterprise through promotion activities staged jointly by the enterprise and the non-profit organization; and, on the premises of the achievement of sales target, a certain

portion of the sales proceeds is appropriated to the non-profit organization.

Joint issue promotion, wherein the enterprise and one or plurality of non-profit organizations take advantage of a social issue in the operation of strategic marketing. That is, both the business enterprise and the non-profit organization work together to control and prevent a certain social issue by means of distributing product, propaganda materials or placing advertisements, while there is not necessarily any financial transaction between the enterprise and the non-profit organization.

Licensing – i.e., the non-profit organization licenses its trade name or mark to the enterprise in exchange for a return of a fixed fee or a certain percentage of the profit while the enterprise has its sales targeted at the supporters of that non-profit organization".

Among the forms of CRM mentioned above Purchase Triggered Donations (PTD) appears to be more popular in India as many business units like P&G, ITC, Tata have adopted this form of CRM. In Purchase Triggered Donation (PTD) form of CRM the business organization takes the initiative of contributing a specified amount to a designated cause, when the customer engages in the purchase activity. Effective CRM programs are known to have a positive impact on company's reputation, brand image and through this marketing initiative customers are exposed to simple and convenient ways of contributing to social causes linked to their purchase decisions (Saxena, 2011).

Thus in the case of PTD, the product gains in terms of greater customer support (Brown & Dacin, 1997); customers' likelihood of purchasing company's other products (Barone, Miyazaki, & Taylor, 2000); customers' willingness to pay premium prices for the products and customers' willingness to switch brands in favour of such products (Meyer, 1999).

The examples of Purchase Triggered form of CRM include

P&G – wherein part of the sale proceeds generated from the sale of select FMCGs like large packs of Head & Shoulders Rejoice, Pantene, Tide, Ariel, Vicks Vapo Rub were donated to 'Shiksha' an initiative undertaken by the company supporting the cause of education of underprivileged children in association with Child Rights & You (CRY).

ITC- For every four classmate notebooks purchased by the customer ITC contributed Re. 1 to its rural development initiative that supports among other projects, primary education in villages. At times there appears to be a company/brand- cause fit in the case of Purchase Triggered Donations. For example, ITC stationery supporting the cause of rural education linked to their purchases. Thus there appears to be a company – cause fit (match). Purchase of stationery products (Classmate notebook) linked to the support of the cause of rural education. Another example of PTD was Tata Salt where

10 paise on every kilo of salt sold during a specific time frame was contributed to educate underprivileged children. This initiative was in association with CRY. In the case of Tata Salt there was absence of company/brand-cause fit. CRM strategy, has been used as a tactical marketing tool by the above mentioned FMCG companies to differentiate themselves in a competitive market place (Agarwal, Kumar, Gupta, & Tyagi, 2010).

Pracejus, Oslen & Brown (2003) found that consumers tend to get confused with advertising copies that are often used in the context of Cause Related Marketing in the case of PTD. The cause of confusion is related to the advertising copy formats that use terms like portion of the proceeds will be donated, x% of the profits will be donated or x% of the price will be donated.

When small donations are linked to the purchase of products, marketers provide an opportunity to the consumers to experience a feel good factor related to their contribution, without feeling bad that they (consumers) are not contributing/ giving more. This is likely to happen as the amount to be donated is determined by the seller of the product rather than the buyer. Thus the consumer is not likely to feel accountable for the amount contributed, only for the fact that the consumer was engaged in purchasing a charity-linked product (Strahilevitz 1999).

Tata tea “Jago Re Campaign” fight against corruption is an example of joint issue.

In the case of “licensing, a non-profit licenses a company to develop, produce and market/distribute a mission related product that is promoted either with the organization’s brand name or co-branded with both the company’s and nonprofit’s name for a fixed number of products produced or for a fixed time period, for example, WWF logos on stationery” (Agarwal, Kumar, Gupta, & Tyagi, 2010).

CRM alliances should be formed carefully. These alliances not only have an impact on immediate purchase decisions, but tend to affect attitudes towards the partners. Most studies in CRM focus on PTD.

Adkins (2011), in his book mentions that the above mentioned types are only part of the CRM arena. There exists other forms including advertising, PR or sponsorship led programmes. The author acknowledges that marketing is developing at a fast speed and similarly the potential forms of CRM. CRM is all about “marketing related to a cause and within that, the limits of CRM are created or defined only by the limitations of one’s imagination”.

CRM can also assume the form of Facilitated Giving whereby “the business partner provides a vehicle to facilitate customer donations to charity” (Adkins, 2011). Enhancing consumers’ awareness of crucial social issues is a relevant objective for practitioners of CRM and corporations should promote the same through their marketing initiatives (Arnold, Landry, & Wood, 2010).

Facilitated Giving Form of CRM is pursued by British Airways through its “Change for Good” example. British Airways makes inflight appeals via envelopes and on-board announcements to its customers requesting them to donate their unwanted foreign currency. This currency is then donated by British Airways to UNICEF. Similarly Sheraton Hotels requests its guests to add \$1 (or local currency equivalent) to their bill as donation to UNICEF. Guests have the freedom to increase, decrease or opt out of the donation request (Adkins, 2011).

In recent times Facilitated Giving Form of CRM is evident at many commercial units like restaurants/fast food joints, chemists, apparel stores, plant nurseries in India. There appears to be a lot of scope to study Facilitated Giving Form of CRM as it is a more simple and convenient form of CRM compared to PTD.

These business units maintain a donation box of some NPO associated with a social cause at the billing desk. The social cause could be supporting differently abled persons/children, blind persons, orphan children etc. Thus, through such initiatives the customers can connect with a cause easily.

The donation box is prominently displayed. The customers can voluntarily perform simple acts of charity by simply dropping their change exchanged as a result of the purchase made by him or her, or merely donating some amount of money after he/she has made purchases or simply donating irrespective of the fact that he/she has made some purchase at the store he/she had visited.

This form of CRM provides opportunity to customers to perform acts of charity without any restriction or ceilings with regard to the amount to be donated. Unlike in the case of PTD where a fixed amount is contributed by the company towards a social cause when a product is purchased by the customer (Tata Salt where 10 paise on every kilo of salt sold during a specific time frame was contributed to educate underprivileged children). Customers need not purchase the product of the business unit. The customers who walk in the store and happen to see a donation are likely to donate some amount of money voluntarily.

Initiatives like these ensure win-win situation to all the three parties involved the commercial unit, the NPO and the customer. Such CRM initiatives appear to be more simple.

For example, when a nursery (plant) displays a donation box of the National Association of the Blind. There may not be an effective match between a business unit and the cause. However, it provides an opportunity to the customers to donate or drop some change in support of a charitable cause. It only provides the business unit an opportunity to act as a good social citizen while at the same time providing an opportunity to the customer to connect to a worthy cause. The NPO gains with regard to the availability of a new source, for funds required and greater public awareness (Varadarajan & Menon, 1998).

Stimulus-Response in the marketing context focuses on cues which act as stimuli, they give directions to ones motives. The responses are viewed as reactions of the customers to the cue. In Facilitated Giving Form of CRM, when a customer sees/ encounters a donation box at the Point-of-Purchase linked to some social cause it tends to provide him/her some stimulus. The customer is likely to respond to the stimulus by dropping in some amount of money as his/her support to a social cause. Customers tend to donate freely without any restriction.

Charities Aid Foundation (CAF) is a leading international charity registered in the United Kingdom, having nine offices spanning six continents. The mission of this organization is to motivate society to give ever more effectively and help transform lives and communities around the world. This is done by working globally to enhance the flow of funds to the charity and non-profit sectors by providing philanthropy advice and services.

The aim of World Giving Index is to provide insight into the scope and nature of giving around the world. Three aspects of giving behaviour are considered i.e. donation of money to charity, volunteering of time to an organisation and having helped a stranger, or someone not known who needed help. Field work is conducted by the market research firm Gallup as part of its World Poll initiative that operates in more than 160 countries. The fifth edition of the World Giving Index provides data across the globe over a five year period (2009-2013). The World Giving Index 2014 includes data from 135 countries across the globe that was collected throughout the calendar year 2013.

As per Charities Aid Foundation (2014) World Giving Index, India ranked 52nd with regard to giving money to charity in 2013.

Considering the fact that India ranked 52nd with regard to giving money to charity, there is possibility to investigate a novel and simple dimension of Facilitated Giving Form of CRM involving a business unit, NPO and customers.

Thus we considered a new dimension to Facilitated Giving Form of CRM wherein the business unit could showcase/exhibit the products (usually skill based) of the NPO and the customers could purchase the same. Thus, the business unit provides roof to the NPO to sell their products. The business unit could earn a good public image. No claim would be made by the business unit per item/piece of the NPO, sold under its roof. The NPO would get an opportunity to showcase its products and at the same time secure the much needed funds. While the customer would get an opportunity to experience a feel good factor.

Business units and NPOs could work on such tie ups which are simple and do not involve complex relationship but work on understanding, in a manner that benefits all. Marketing basically is about the co-operative efforts on the part of a business unit and non-profit organization

undertaken for mutual gains. The scope, design and the nature of alliance between these two entities may vary from campaign to campaign, but among the most popular type of relationships, a company is likely to donate a portion of every purchase made by the customer during a specified period to the non-profit partner.

Thus, the term CRM is broadly used to refer to any type of marketing efforts directed towards social, charitable causes, including in-house marketing initiatives undertaken by the non-profit organizations (Agarwal, et al., 2010). Simple and new forms of CRM can be effectively used by marketers in a competitive business environment to capture the customers' attention.

V. CONCLUSION

Facilitated Giving Form of CRM is proving to be an effective medium of boosting donation behaviour among customers. It provides a feel good factor to the consumer as he/she makes some contribution (irrespective of the amount contributed) to a worthy cause and it confers on the business unit the status of a good citizen. When a donation box is prominently displayed some customers are likely to take the initiative of making a donation. The donation box along with the cause mentioned on it provides the necessary stimulus to the customer and his/her favourable/positive reaction i.e. the donation behaviour on their part serves as a response. Thus Facilitated Giving Form of CRM is picking up as it a less complex form of CRM

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