

Evaluation of cause marketing marketing essay



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“ Cause marketing, in which firms donate part of the proceeds from sales of certain products to a specified cause, is now a strategy adopted by hundreds of firms to increase sales for a wide variety of products, from coffee to cars.” (Krishna & Rajan, 2009)

In the past decades, there has been a great trend of close relationship between corporations and the society. More and more companies all around the world have realized the importance of carrying out social responsibility and then conducted cause marketing as a new marketing strategy. Cause marketing, the so-called commercial co-ventures or cause-related marketing, refers to the marketing relationship of a profit business and a non-profit organization for mutual benefit in the way of marketing the service as well as product linked to the social cause or other charitable causes (Flaherty & Diamond, 1999). This paper will briefly introduce the evolving process of cause marketing by introducing typical cause marketing campaigns and the types of cause marketing. Followed, the effects of cause marketing on all the participators including the benefits and hidden costs from business and moral aspects will be critically evaluated.

Evolving process of cause marketing

Typical cause marketing campaigns

In 1983, one of the earliest campaigns of cause marketing was led by American Express, who tried to promote business by dedicating the revenue of issuing the credit card to the Statue of Liberty Restoration project. In four-month period, the transaction activity of American Express rocketed 28% and 2 million dollars was raised for Statue of Liberty. Since then, the term of cause marketing has come out (Advertising Age, 2003).

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Starbucks do well in the cause marketing, too. It often creates various worthy charity activities among consumers likely purchase-triggered donation to increase consumer loyalty and then achieve brand expansion and loyalty marketing. In addition, Starbucks set up the good enterprise image in China by cause marketing of help Taiwan indigenous children education and the tribe kids care plans (Krishna & Rajan, 2009).

Types of cause marketing

Cause marketing is usually a kind of partnership with at least one of the social entrepreneurs addressing problems such as Environmental Concerns and Protection, Health, Disaster Relief and Prevention as well as Safety (Sen, Bhattacharya & Korschun, 2006). There are several tactical alternatives to achieve cause marketing. The typical mode of cause marketing to contribute a certain proportion of the product profit to a specified charity differs from corporate giving or donation (). Sponsorship is also an opportunity to provide the companies name to a specific program or event, which is helpful to enhance the company image. Co-Branding between the profit organization and nonprofits of a popular social cause is a great way to express a good corporate citizen image among the customers. Licensing a nonprofit brand or logo is indeed a wise way to attract customers for appropriate products. When the company is going to launch a new product, it can be affiliated to a nonprofit social cause to differentiate this product from others. Not only cash donations but also products or service can be the beneficence. Furthermore, all the employees can be encouraged to take part in the charities (Mohr & Webb, 2005).

Positive cause marketing Attributes

Thanks to the alliances through cause marketing, not only the charity but also the profit partners are able to cooperate well for a common objective. When it is well integrated into the organization, the cause marketing will bring about various potential profits for the organizations and the nonprofits (DeVoe & Pfeffer, 2007).

Benefits for companies

If an organization appears social responsibility by demonstrating its values in the way of cause marketing, it can gain much. The benefits are from the aspects of healthy image and reputation, enhanced loyalty and relationships, increased trust to the aspects of the better financial resources and customer base (Cone, Feldman & DaSilva, 2003).

Participation Thanks to cause marketing, the supplier and consumer relationships are developed. As consumers prefer to favor the companies developing and promoting charitable relationships rather than come into contact with the profitable companies, cause marketing participation seems to be a great increase (Bloom, Hoeffler & Keller, 2006). Besides, by the leverage effect of support and fundraising among supplier, customers as well as staff, more and more money can be raised for the good causes and charities. Various supports for charities including the straight donations as well as purchase-triggered donation are sent. With the spillover effect of companies cause marketing strategy, more and more customers are taking part in the Charity (Krishna & Rajan, 2009).

Sales Impact Cause marketing plays a positive effect on corporation sales. According to the study of Cone Millennial in 2006, a large majority-83% of Millennials (5-28 years old) trust more in the companies which are environmentally and socially responsible (Millennial, 2006). Furthermore, 89% express the willingness to switch from one brand to another brand associated with a good cause no matter they have equal quality and price (Lichtenstein, Drumwright & Braig, 2004). In addition to the positive effect on the brand equity and brand affinity, consumers show more loyalty to the specific brand. There are powerful evident examples of cause-marketing program that partnership between Persil and Comic Relief programme. By making use of the purchase-triggered donation form, the business case achieved an impressive success. Due to the cause marketing strategy, the sales of Persil attached to the Unilever grew much by 13% in comparison with that in the previous 12 weeks. Furthermore, the market share was enhanced and increased by 3% in comparison with the weeks before (Mohr & Webb, 2005).

Community Networking It is a common rule that word-of mouth advertisement plays an important role in the business. Thanks to the cause marketing, the company is expected to achieve wider community inextricably. On the charity's board, the organization is able to communicate with the potential customer or partner well and easily (Hoeffler & Keller, 2002). As a result, if the company makes good use of community networking generated by cause marketing, the company is able to expand its consumer sources, build a marketing network and performance well. Besides, as for the marketers, brand loyalty and increased purchases are leveraged among the

emotional consumers, which is also helpful to differentiate the products or services for the similar market and help the advertisement among the community networking.

Employees Recruitment and retention Cause Marketing plays positive effects on the human resources for the special organization in addition to the impact on consumers. The individual employees are also filtered down to be in favor of working for companies with cause support. According to the MORI research, 87% of the employees show aspiration or strong aspiration of working for a good company that supports society or community (Eikenberry, 2009). By encouraging the employee to be involved in the programmes about charity and community, more employees agree to be more loyal to an employer. Employees are motivated to generate pride and build morale, which is helpful on loyalty, recruitment and retention for the human resources department.

Benefits for non-profits

As for the nonprofits, the obvious benefits of significant revenue as well as additional benefits of charity's mission and visibility are generated. During the cause marketing, not only the organizations are benefited, but also nonprofits can be benefited. In the survey of MORI, 76% of the respondents think that the image of nonprofits is more positive. And because of the programme of the companies, more consumers are infected to donate money willingly (Eikenberry, 2009). During 2009, IEG Sponsorship Report predicts that the cause marketing funding in the USA will be up to \$1. 57 billion with a growth of 3. 1 percent (IEG Sponsorship Report, 2009).

Hidden costs

The hidden costs of marketing are not only the business case, but also the moral case (Smith & Higgins, 2000). This part will attempt to pool the skeptical views about the cause marketing.

Altruism or greed At the same time of increasing sales, the cause marketing is also likely to raise the prices. Not only the cause-related product but also the other products the company sells are associated to rise with the cause marketing, which is considered as the spillover effects. For example, Red T-shirt offered by Gap was raised up to \$28.00, while most Gap T-shirts were priced at \$16.50 during the cause marketing of Gap in April 2008 (Krishna & Rajan, 2009), which supplies direct evidence of the cause marketing increasing the prices. The benefit that the company to increase the price is to compensate the profit donated to the nonprofits. No matter the sales will be lower as the result of higher price, the company is also making higher profits as long as the consumer is satisfied with the company's goods. Obviously, no company will take the cause marketing strategy among its entire product line or portfolio. On this point, there are scholars calling into questioning about the altruism or greed in cause marketing. Maybe at some times, the corporation just makes use of cause-marketing to achieve profit gains (Smith & Higgins, 2000).

Lone Rangers However, the benefits of cause marketing seem to be just a Short-Term Fix, there is hidden risk of consumption philanthropy in the long run. One effect is that the cause marketing is likely to distract customer attention and resources away from the neediest causes. More and more people are confident in the market power to solve all the social problems.

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However, not all the consumers are capable or fond of righting the wrongs, which makes less reliable to rely on consumers. Moreover, a research discovers that once money involves, the charitable impulse is mostly fallen behind. In addition, in the study of Professors Karen Flaherty, an adverse discovery was found that the cause marketing hindered more donations (Flaherty & Diamond, 1999). If the customer has purchased the goods of cause marketing, he will feel that his philanthropic share is done and then refuse to contribute more in other charities ways (Lichtenstein, Drumwright & Braig, 2004). On this point, charities are adversely affected to call for more people to devote into well-doings.

Easy Virtue Indeed, cause marketing supplies a convenient and simple way to charity. A simple purchasing behavior is able to protect the earth. However, it is too easy. In the consumption philanthropy, people may forget the real virtues of compassion, benevolence as well as generosity, which may be the deeper sense of moral responsibility (Polonsky & Wood, 2001). Furthermore, cause marketing catches too much eyes on the problem redressing rather than the ways of the problem producing. For example, there is a paradox in Pink Ribbons, Inc., who is making great efforts to promote breast cancer research and awareness externally, while using some chemicals causing the disease internally (DeVoe & Pfeffer, 2007). When the consumers are supposed to consumer the products to contribute share for fighting with cancer, a frivolous item is creating new hazards and toxins of causing cancer. As a result, it is not true benevolence to help right the world's wrongs.

Case study of Trees for troops

Trees for Troops is a typical causing marketing case of the partnership firstly developed between the FedEx Freight and Drake & Company and the Christmas SPIRIT Foundation. In this social cause marketing campaign, FedEx Freight as well as some other Local retailers joined up together to deliver healthy, farm-grown and fresh Christmas trees to the military families of the USA (Anthony' s Christmas trees & wreaths, 2009).

Benefits for FedEx Freight and Drake & Company

In no more than 3 years, more than 34, 000 families of the more than 40 USA as well as other 16 countries military bases have participated in this program. The majority donations of trees came from more than 700 retailers or farms. Besides, the consumers are encouraged to take part in the donation through the consumption behaviour and directly involved in act of charity (Drake, 2009). The consumers are happy of the opportunity to buy a tree and then deliver it to the military family through the CSF. More than 1. 9 million of the USA households expressed their willingness to buy a farm-grown Christmas tree and take part in the Trees for Troops program, due to which, the tree sales of that industry is greatly increasing. The farmer in the farms are proud to work there and try to increase the efficiency and quality of service or product (Drake, 2009).

Benefits for CSF

Thanks to the Trees for Troops program, the CSF(the Christmas SPIRIT Foundation) attracts more attention of customers and companies, who begin to dedicate more Christmas trees or decorations likely books for the children of low-income families. Besides, the Foundation mission of advancing

Christmas spirit among families and society is better achieved through the public concern and help (Drake, 2009).

Conclusion

The cause marketing provides a bridge to cooperate between companies and nonprofits. In a simple rule, the more consuming will have more ability to solve today's environmental and social problems. During the win-win partnership, companies are able to build a health image of social responsibility, enhance the market share, increase the sales, create and cultivate both the customer and employee loyalty, while the nonprofits are able to enhance the image and gain enough donations to deal with the problems as well. However, all the business profits seem to short term fix, there are also hidden costs brought by the cause marketing. As the result of spillover effects, the price of cause-related products and the other products of the same company are rising obviously, and that seems as greed in fact. Moreover, other ways of charities may be hindered by the cause marketing in the reasons that people may think that he has done the donations in the consumption of cause- related goods. Whatever it takes, the cause marketing supplies a good way for the companies to redound upon society. There is still a long way to perfect the regulations and make the cause marketing a real win-win strategy.

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