

The objectives of cause related marketing marketing essay



**ASSIGN
BUSTER**

Objectives are mutually agreed-upon performance outcomes, which helps you to understand what you have to do to ensure (Williams A Salmon, 1999, p 277). Several writers have described the use of objectives as instruments of course of design (Taba 1962). Objectives are generally taken to be description of what a student should be able to do description of what a student should able to do by the end of learning occasion. Objectives are presentation targets wished to achieve in the long and short term and could emphasize towards such issues as superior image, profit, sales and satisfaction (Berman and Evans, 1997).

Corporate and marketing objective

According to Sue Adkins, the number of chief executives who thought that Cause Related Marketing would grow in importance in achieving business objectives is increasing, from 60% in 1996 to 75% in 1998, when looking at comparative samples. Over 50% of chief executives, in both 1998 and 1996, when using comparative samples, regarded CRM as very or fairly important to the company's objectives; 51% of chief executives in 1998 felt that CRM was important to marketing objectives of a company outlined in figure 1 (Butterworth-Heinemann, 1999 – 307 pages)

Source: the corporate survey III, business in the Community/Research International (UK) Ltd

Enhance corporate/ brand reputation – due to association with a respected cause/ organization a company may get a better corporate image, improved nationality visibility and communications towards social responsibility with the public. (Varadarajan and Menon's, 1998)

Demonstrate corporate/ brand values – Introducing a brand to consumers, and reminding them of that brand is the main task of brand advertising (Rob Denton, 2010).

Motivate employees – CRM makes employees feel good about who, the cause, they work for. (John Grant – 2007)

Achieve publicity – the business can generate higher sales and strengthen its corporate reputation and the charity, cause can gain publicity. (David Crowther, Nicholas Capaldi – 2008)

Build on community programmes –

Brand awareness – improvements in the number of reorders, sell-thoughts and similar measures are important objectives for a large quantity of companies involved in CRM. (Varadarajan and Menon's, 1998)

Customer pacification – plausible excuse from suppliers CRM can act as one part of a more extensive programme to calm down the customer. (Robert Shaw, David Reed, Business Intelligence – 1999)

Increase sales – the fundamental reasons for participating in cause marketing activities. (Varadarajan and Menon's, 1998)

Build business relationships – companies that have engaged in CRM report that it attracts and builds long term relationships with customer. (Marcus Grant, Joyce O'Connor – 2005)

Differentiate company's product – cause based marketing practices and strategies (help) take advantage of opportunities concerning positioning and differentiation. CRM is a way of combining the advantages of doing charity, and there by building stronger brand or corporate reputation. (Christina Keinert – 2008)

Deflect negative publicity – the use of CRM as a response to negative publicity can be an effective weapon. (Varadarajan and Menon's, 1988)

Other than these there are other objectives that a firm may struggle for with CRM (Varadarajan and Menon, 1998). Those objectives may extend beyond and treated outwardly. All objectives stated by Varandarajan and Menon (1988) are shown below in table 2. 1

Brand loyalty

In the past, brand loyalty has been conceptualised both in a behavioural and in an attitudinal way. The past captures more of the support behaviour and focuses on repeated buying of a certain brand by a customer over time (Bloemer and Kasper, 1995). The benefit of the behavioural approach is that it channels observable behaviours, as a replacement for of (self-reported) intentions and declarations (Odin et al., 2001). However, despite the agreement that brand loyalty leads to repeated purchasing, it may not be its sole forerunner. Moreover, the underlying motivations for reiterate purchasing remain unknown (Jacoby and Chestnut, 1978). Indeed, a support may emerge from alternative consumer motivations and dispositions. On the other hand, an attitude of a consumer towards a brand is multidimensional which relies upon an affective, cognitive and co native component (Oliver,

1997). The affective component is concerned with (positive/negative) emotions that consumers have toward the brand. The cognitive component refers to particular knowledge about that brand. The conative component embeds consumers' behavioural disposition or an intention to buy the brand. In their seminal article, Dick and Basu(1994) distinguish between loyalty, latent loyalty, spurious loyalty and no loyalty. They define customer loyalty as: The bond between the relative attitude toward an entity (brand) and patronage behaviour. Moreover, they claim Loyalty, the most preferred of the four conditions, signifies a favourable correspondence between relative attitude and repeat patronage (Dick and Basu, 1994). In relation to the above discussion it can be said that conceptual models which theorise components of brand loyalty gained precedence in the existing literature (e.g. Fournier and Yao, 1997). In cone Inc's (2004) customer survey, 86 percent said that they would switch brands if price and quality were equal instead buy a cause -supporting product, according to Van Den Brink, Odekerkrn-Schroder and Pauwels (2006) CRM is only effective when it involves product with low brand loyalty. Thus, with CRM on a product with lofty brand loyalty would not persuade the consumer buying behaviour.

Framework of Cause Marketing

The framework of cause marketing is separated into non-profit firm and for profit firm (Gourville & Rangan, 2004). As initially envisioned and put into practice, a cause marketing relationship involves a profit firm aligning itself organisation that is dedicated to a specific social cause as shown in figure 2. This framework does not directly speak about objectives as the managerial

extent of CRM theory does. The framework shows the possible remuneration associated to the different stakeholders in a CRM relationships

Figure 2, Frame work of Cause Marketing

source: Gourville & Rangan (2004), p. 43

In the above figure all arrows in the shows the relationship that contributes to first order benefits and the dotted arrows shows the relationships that contribute to second order benefits (Gourville and Rangan, 2004). Gourville and Rangan (2004) states that the original framework not including the dotted arrows previously because of inadequate spotlight of CRM benefits to make bigger sales and alike, and neglected benefits that were not as easy to achieve. First order benefits are less focused on the straight financial aspects and the benefits are a outcome of the fit between the company and its stakeholders (ibid).

Table 2 below shows the overall benefits of the cause marketing relationship without going in depth into the specific benefits perceived by each party in the framework. The arrows 2b and 4 in figure 2 shows direct relationship between the company's stakeholders and the company. Table 1 describe more thoroughly company perspective.

table 2: Overall Benefits of Cause Marketing

After observing from a company viewpoint on the prolonged benefits of cause marketing framework, there are three foremost groups of stakeholders attracted by the CRM activities (Gourville and Rangan, 2004). The possible remuneration for the company associated to these stakeholders because of <https://assignbuster.com/the-objectives-of-cause-related-marketing-marketing-essay/>

the power of successful cause marketing activities on them are, which are represented by arrow 2b and 4, according to Gourville and Rangan (2004) the following:

The current and potential consumers – Increased possibility of a sale and reduced differentiating costs for an offering in the minds of the consumers.

The employees and the investor – lower costs in investor and personnel management due to the higher possibility of long term commitment between the parties because of a better match between potential employees, investor and the company as well as retention of current employees and investor.

The general public – improving the relations with government regulators, local interest groups and the general public.

This section will start with presenting the second research question and continue to discuss theories that are connected to it.

Strategy

The oxford university press broad defines strategy as a specific procedure of doing any work. The more elaborate definition of strategy provided by Johnson, Scholes and Whittington (2005) say that: ‘ strategy is the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competence with the aim of fulfilling stakeholders’ expectations’. Moreover, taking recourse to the words of Johnson et al, strategy can be concisely justified as an organization’s long term direction.

Cause Related Marketing can usually be described as either strategic or tactical but often it is characterised as a mix of these two and the same has been described in figure. 2

In the above diagram, four factors are mentioned; congruence – how well the company cause and customer fit, duration – the time frame of the programme, invested resources – financial commitments, management involvement – top management commitment will decide whether a company is using a strategic or tactical strategy.

2. Proximity – acts as a component in a company's overall strategy for building up a relationship between several company causes. Varadarajan and Menon (1988) stated that with time the CRM relationships become more integrated creating two main alternatives for deciding on the level of proximity between company and cause a) either arms-length relationship or b) close interaction relationship.

3. Quantifier in CRM – is the format that a company uses to describe the level of donation to a cause (Pracejus, Olas & Brown, 2004). Each of the three main types of quantifier namely i) abstract ii) estimable & iii) computable consists of a large number of subtypes.

1) Abstract Quantifier – is the most common type of quantifier. It is characterized by the lack of precise information to the customer about the percentage of the amount that is to be donated. Almost 70% of all CRM quantifiers used on the Internet are abstract.

2) Estimable Quantifier – is the one which gives some information to the customer about the percentage of the donation to the cause.

3) Computable Quantifier – allows the customer to calculate the actual amount of donation. (Pracejus et al).

Past study has, (Pracejus et al), showed that vague quantifier such as abstract and estimable are overestimated by customers in terms of money donated to cause by the company. Pracejus ended the article by suggesting that the use of calculable quantifier in CRM campaigns in order avoid confusion among customers.

4. Company-cause-Customer Fit

Cause related marketing (CRM) is the process of formulating and implementing marketing activities, characterized by an offer from the firm to contribute a specified amount to a designated cause where customers engage in revenue-providing exchanges that satisfy organizational and individual marketing (Varadarajan and Menon, 1988). Gupta and Pirsch (2006) stated that in order to take full advantage of the CRM benefits and satisfying their objectives three important variable need to be evaluated.

These three variables are:

The degree of company-causes fit in the minds of customer

The level of customer identification with the company

The level of customer identification with the selected causes

Company causes acts as a variable where the fit between the company's target market, image and positioning is required and thus effects target market and the image of the company (Gupta and Pirsch, 2006). The compatibility between the company and the cause has been emphasised and when looking from a sponsorship perspective according to Gupta and Pirsch (2006) there is a positive correlation between fit and consumer attitude.

Customer-Company and Customer-Cause

The second and third variable pact the way customers identify with the company and the cause; the congruence between customers and either the company or cause improve the success of CRM activities (Gupta & Pirsch, 2006). The research of Pirsch is based on customer-company and customer-cause fit, theoretical framework that consists of two separate branches of research.

One is called person-organization fit and focuses on standards that are congruent between the organization and the individual (Gupta and Pirsch, 2006). They emphasised on the fact that the extended use of CSR by an organization have increased the perceived fit between companies and the customers.

The second branch uses the social identify theory which tries to understand individuals' connected to their organizational identification.

Research conducted by Gupta and Pirsch (2006) to examine the effect of the degree of fit between the customer and company cause on the purchase intent of the customer have not been conclusive due to two different

outcomes in different surveys. However, the authors of the studies propose that the second study which showed a positive correlation between high fit between companies-customer and increased purchase intention is more close truth.

5. Developing of CRM campaign – is of immense importance in case of an organisation, opting for cause related marketing. According to Pringle and Thompson (1999), a CRM campaign consists of three development stages; commitment, due diligence and contract negotiation. When these stages have been completed a territory is established and the development of the CRM campaign begins.

Commitment

In the first stage, the company has to show its customers, that they want to make a commitment to a CRM campaign. The company has to be aware of both the advantages and disadvantages of CRM and the longevity of the plan. A charity organization going through the similar process has to be cautious while opting for a corporate deal since they are required to maintain a brand image.

Due Diligence is the process where company has to the decision of choosing the organisation or the cause to cooperate with. In this step it is essential to find a company and a charity with the same values and common interest (Kalligeros, 2005). He also stated that the partners must have a common brand image, mission and values so they can focus on the same target market. Nowak and Till (2000) has mentioned a basic point that it is more effective if the charity does not have a history with other brands. Moreover, <https://assignbuster.com/the-objectives-of-cause-related-marketing-marketing-essay/>

it is necessary that the both parties do not hide relevant information from one another and that this relationship is base on honesty and trust (ibid).

Contract Negotiation

According to Pringle and Thompson's (1999), Contract Negotiation is the last step where both parties have to sign an agreement which will mention both financial commitment and duration of the relationship. Both parties should be aware of each others financial cooperation. Kalligeros (2005) has mentioned that contract negotiation and finding a suitable partner being a complex process should contain a notice period of at least 6 months. This will provide them an opportunity to finish the project in a decent way and start looking for a new partner.

6. Territory

After going through the three stages as mentioned above, the next step in the process is to establish a territory which is based on three components namely product truth, consumer insight and brand character and a combination of these three depicts the picture of a company's territory (ibid)

It is essential to eastablish the territory in order to find the brand's position in the market. A well defined territory will result in a more successful CRM campaign that lasts for a longer period of a time (ibid). Many companies have often gone through the stages in developing their territory while small to medium sized organisations lack that knowledge (Pringle & Thompson, 1999)

Product Truth – is putting a lot of time and effort to find the uniqueness of a product or service (Pringle & Thompson, 1999). A lot of analysis of the informations available about a specific brand and its products are required to carry out to find the customer's behaviour and traits of personality. In addition, several other factors are also studied to be aware of the strategies adapted by the competitors such as language, casting, setting, and symbolism in their advertising and if they are anything that they have failed to notice that can be useful in our campaign. For instance, talking to personnels at different levels in an organisation gives different experiences and points of views that can contribute to reveal the product truth.

Consumer Insight – is to gain an understanding of the consumers' feelings and intentions about a product. This is usually very hard to implement by using research methods such as interviews and questionnaire because the answer will be mainstream. In order to get honest informations from the customers, new and creative methods have to be designed. Once the information has been intercepted, the connection between the product truth and consumers insight should be made (Pringle and Thompson, 1999)

Brand Character- is required to be set for a new product in order to match the product truth and the consumer insight. This is easily done to new products rather than existing, since people already made up their mind about the existing product. While working with products that are already prevalent in the market, it is important to strengthen the characteristics that match the product's truth and consumer's insight. This can be done by studying the brand's history and heritage as well as national and regional characteristics from gender perspective. (Pringle and Thompson, 1999)
<https://assignbuster.com/the-objectives-of-cause-related-marketing-marketing-essay/>

Types of CRM programs

According to Polonsky and Speed (2001) there are five different types of CRM programs namely broad-based, limited, market determined, replacement and multi-phase programme.

The programme to be used is determined by the following four questions :

What type of consumer is targeted?

Are there any actions required from the customers besides purchasing the product or service?

What financial commitments is the company willing to offer? &

What if there are any leveraging activities required?

Broad-based is the simplest programme. Both active and new customers are focused and firms donate a certain amount of each sold product. The action required from the consumer are buying of the product and there is no limit to show big amount that is donated. When using broad-based CRM programme leveraging activities are needed. These include advertising, packaging information and sales information.

Limited CRM programme is a limited version of the broad based which also targets at all kinds of consumers. The major differences between broad based and the limited CRM programme is that firms donate a certain amount of each sold products but only to a maximum sum. In some cases they also offer to contribute a minimum sum to raise the credibility. This programme

also requires a single action from the consumer and that is buying the product.

Market-focused programme targets new type of consumers. There might be a supplementary requirement from the consumer besides buying the product, i. e. submit coupons. The financial commitment can be either unlimited or capped and an amount is donated for all sales of a specific product. Since this programme aims a specific market the promotion needs to be tailored to that market and also in some cases enlightening sales promotion is needed.

Substitute programme replaces the usual sponsoring with sales based giving. Every kind of consumers are targeted. The necessity from the consumer is parallel to the market-focused programme where also a second stroke may be required. The financial commitment is also capped, in limited CRM programme, which means there will be a limit of how much money that will be donated. Advertising and information both on the package requires leverage activities, i. e. ' by purchasing this product you have donated a certain amount to a specific cause.' Further sales promotions are also commonly used in the programme.

Multi-phrase programme aims all kind of customers, both new and existing. Here the customers have to buy a product and an further action is required. It could be submitting coupons or mail in a barcode but the big benefit in this programme is that not all consumer will make this additional effort and still the company's profit is in consumer's faith will be the same as if there was no extra requirement. The financial assurance can be either unlimited or

crapped and an amount is donated for sales of a specific product. Advertising and information of packages are necessary and should inform the customer of the extra activity that is needed. This can also be complemented with different type of sales promotions.

Time Frame Program

There are three different types of time frame programs – long-term, medium-term and short-term. Short term focus is the most dominating choice even though companies desires to focus on medium-term or long-term (Varadarajan and Menon, 1988). However, case histories of successful programmes have proven that short-term focus have an impact in a firm's marketing program. According to Pringle and Thompson (1991) short-term has more advantages and disadvantages when it comes to creating trust and belief among the consumers. Felleman (1999) agrees with this and also mentioned the strategic turn that CRM has taken in the late 90s. Before the companies used CRM on a short-term basis but today they focus on long-term relationship.

Longer term programs are more effective when it comes to create good public relations. In medium-term programs the company can make a contribution from the beginning to an end product and thereby create awareness about their company. For example planning and financing a new hospital through a CRM program or Procter and Gamble financing the Special Olympics for several years (Varadarajan and Menon, 1988). Long-term relationship have also shown that consumer recognise the brand and the charity cause if the relationship is strong and take place over a long period of time (Pringlr and Thompson, 1999). Duration of the relationship plays an

<https://assignbuster.com/the-objectives-of-cause-related-marketing-marketing-essay/>

important role. A time period should be set stating the duration of the cooperation in order to avoid confusions with the consumers

Conceptual framework

Earlier we have talked about the literature relate to the subject of CRM. Now in this section we will narrow down the literature reviewed into a conceptualized framework and will be presented both graphically and narrative. Conceptual framework is a group of concepts that are broadly defined and systematically organized to provide a focus, a rationale, and a tool for the integration and interpretation of information. Usually expressed abstractly through word models, a conceptual framework is the conceptual basis for many theories, such as communication theory and general systems theory (Elsevier, 8th edition, 2009). The conceptual framework is used to supply better direction in the literature reviewed for the area studied (Miles & Huberman, 1994)

Conceptualization of objectives in HRM

The corporate and marketing objectives provided by Varadarajan and Menon (1998) will serve as a base and will be complemented by the extended benefits of cause marketing framework with a number of objectives that looks on CRM from a slightly different view. Varadarajan amd Menon’s theory is based on the more traditional view of CRM where companies mainly focus on the customer when dealing with CRM. Reasons for using their theory are the their specific article is frequently referred to by other author and the extensive array of objectives gathered from previous studies that facilitates our study

Increase sales

Enhancing corporate stature

Facilitating market entry

Increase the level of trade merchandising

Gaining national visibility

Enhancing corporate image

Thwarting negative publicity

Pacifying customer group

Generating incremental sales

Promoting repeat purchase

Promoting multiple unit purchasing

Promoting more varied usage

Increasing brand recognition

Enhancing brand image

Broadening customer base

Reaching new market segment and geographical segment

Increasing level of merchandising activity at the retail level of the brand

The expanded benefits of cause marketing framework described by Gourville and Rangan (2004) will complemented the corporate and marketing objectives theory provided by Varadarajan and Menon (1988). The grounds for also depending on the expanded benefits of cause marketing framework is that it supplies a more holistic view in benefits associated to CRM, where stakeholders previously ignored, are taken into consideration. The fact that their study was performed quite recently is also a reason for relying on this theory. Gourville and Rangan's framework will be relied upon when determining which stakeholder's study will encompass as well as the benefits connected to those stakeholders. Specifically these areas will be looked into

The current and potential customers

Enlarged sales

Cheap costs

The employee and investor

Decreased expenditure due to better match

The general public

Improved relation

Conceptualization-CRM strategy

Strategy was briefly described by Johnson et al as long as the long term direction of the company and strategy encompass a large number of different areas within the term strategy to look into. The theories that will be

relied upon in order to describe CRM strategies in this study are to some extent broad in their view and will in sequences include sub-areas within each section in order to grasp the overall strategy that companies involved with CRM uses.

When companies use CRM there is a need for choosing the specific cause to cooperate with and also the factors that influences that choice. The three variables that are important for companies to think about when when using CRM in order to achieve their objectives (gupta and pirsch, 2006). The theory is relied upon because the intended area is covered in a comprised way and that is was published quite recently.

Degree of company – cause fit in the minds of the customer

Cause's constituency

Company's target market, image and positioning

Level of consumer identification with the company

Person-organization fit

Organizational identification

Level of customer identification with the selected cause

Person-organization fit

Organizational identification

The different types of CRM programs can be used based on the different objectives that the companies have. We also believed that this theory could contribute in a good way to answer the research question. The choice of which type to use depends on the company's answer few questions, they are as follows

What type of consumers to be target?

Are there any actions required from the customer besides purchasing the product or service?

What financial commitment is the company willing to offer and if there are any leveraging activities required?

These questions are base of five types of CRM programs according to Polonsky and Speed (2001) which are:

Broad- based program

Existing and new customer

Only purchasing action from consumer

No limits on donation

Need for leveraging activities

Limited programme

Existing and new consumers

Only purchasing

Minimum/Maximum donation level

Need for leveraging activities

Market focused programme

New consumers

Additional activities except from purchasing might be needed

Donation level might vary

Market adapted promotion

Replacement program

Replaces ordinary sponsorship

Existing and new customer

Additional activities except from purchasing might be needed

Limited donation level

Need for leveraging activities

Multi-phase program

Existing and new customers

Additional activities except from purchasing are required

Donation level might vary

Need for leveraging activities

Connected to Polonsky and speed's (2001) theory about CRM programs

Varadarajan and Menon (1988) focus on the time aspect of those programs.

Varadarajan and Menon (1998) state that there are three types of time frame in CRM program i. e short, medium and long-term which provides additional information in order to assist Polonsky and Speed's (2001) theory. The theory was often cited by others researchers which could help to verify its usefulness concerning this subject.

Long-term programme

Ongoing duration

Medium term programme

To the delivery of a financial goal/maximum

Short-term program

One-shot (often single day)

The research question stated and the theories used are not isolated from one another but are connected to each other. Depending on how research question one is answered the answer on research question two is likely to be affected. In other words the strategy is expected to be affected by what set of objectives that are stated.

Methodology

Purpose of research

Earl Babbie (1989), identifies exploration, description and explanation as the three purposes of social science research. Descriptive research classifies phenomena and generally precedes explanatory research. The periodic table's description of the elements allows people to think about the elements in helpful ways. It allows for explanation and prediction when fundamentals are mutual. Although the procedure is not linear in practice, exploratory research precedes Descriptive research and Descriptive research generally goes before explanatory research. Further, the conceptualizing of Descriptive research (categorization or taxonomy) precedes the hypotheses of explanatory research (Shields et al 2006) . For a discussion of how the fundamental conceptualization of exploratory research, Descriptive research and explanatory research fit together see Conceptual Framework.

Robert Stebbins (2001), Exploratory research work has a long been characterized as a brief, fleeting, preliminary stage in the research process that give way- the sooner the better- to the real things. Exploratory is a better thought of as a perspective, a way of approaching and carrying out a social study (including, importantly, reporting on what has been learned. There are three primary ways to conduct exploratory research, through examine the literature review, talking to experts and carry out focus group interview (Saunders et al, 2000)

The emphasis so far does not mean that descriptive research is unimportant. Descriptive research deals with questions of what things are like, not why

they are the way. It includes the wide range of areas such as market research, case study and personal interv