

Cause related marketing

[Business](#), [Marketing](#)



Cause Related Marketing How cause related marketing impacts the company's profitability? [Pick the Cause-Related marketing is a relatively new concept in the marketing world, but since its launch it has achieved a lot of success and is being utilized by many organizations. Cause-Related marketing is a two way process in which a business is approached by those who are working for a cause and so in collaboration, the company markets its goods or services using that cause and end of the day a decided portion of the profits goes to the cause. This is a two way process because it helps both the companies and the causes. At one hand, with the sales of the companies a lot of charity is generated for the cause, which might not be that much if asked just in the name of charity. On the other hand, It helps the company a great deal in making more profits because the companies gain the sympathies of the consumers that they attach with cause and so they buy the companies products more to help the cause.

Cause-Related marketing helps the companies significantly in making more profits. When a cause is attached with the products of a company, the company gets the “ halo” effect by being related to a noble cause and so the people attach same feelings for their products that they attach for the cause. A research has concluded that 89% of the consumers would prefer to buy a cause-related product by switching a brand if the prices are same. This benefits the company significantly, because even if the prices are low to be kept equal with the competing brands, the tag of a cause would make up for the profits. More sales would be generated because people like buying for a cause and so the increased sales would automatically result in giving the company more profits.

This cause-related marketing works in a win-win manner. It basically believes in “doing well while doing good”. Although some might think of it as only a business and marketing tactic in which the companies play with the consumer’s emotions to generate profits, it actually works in both directions. Apart from cause-related marketing, otherwise the companies also try to touch the soft sides of their consumers through advertisements etc so this is not a new concept. Getting related with a cause does help that cause to earn charity and it helps the companies in generating more sales and thus profits too.

Cause-related marketing helps the company’s profitability by polishing its reputation amongst the customers. It gives the company better visibility because people start spreading the word about such companies to raise awareness for the cause. It also helps the companies through campaigns to attract more and positive media attention. Also buying for a cause grabs the customers’ loyalties forever and so they start buying every good from the same company and become regular customers. So it helps the companies to earn some loyal regular customers that of course add to the profits of the company. Also the people start suggesting each other such type of brands and thus the consumer circle increases, helping the company in generating more profits and a good name in the market.

For example, RED is a cause that aims at raising funds for AIDS’ patients. (RED) announced that its partner Apple has helped it in raising more than \$65 million to finance different programs which include the prevention, treatment, and counseling of HIV patients, HIV testing and HIV care services. The announced \$65 million means that Apple has raised almost \$15 million

since February 2012 in collaboration with RED initiative. So it has helped Apple too, in generating considerable profits.

In a nutshell cause-related marketing is a useful way of generating more profits for a company and it also helps the cause to get more donations. It helps the companies in gaining more profits because of the “ halo” effect that is because of the charity cause and so it increases the companies’ sales and improves its reputation and attracts more consumers.