

Cause related marketing

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



A very popular CARS strategy is Cause-Related Marketing (CRM) according to which the profit-making impasses form strategic partnerships with non-profit organizations for mutual benefits. CRM can provide great opportunities to organizations in terms of corporate reputation, brand awareness, customer loyalty, and press coverage. This paper analyzes the findings of a research which was implemented in three faces.

The first phase of the research took place between October-November 2004 and it was a survey among 740 Cypriot citizens in terms of brand recognition and brand positioning of organizations that have heavily invested on CRM activities. The second hash of the research took place on February 2005 and was based on the outcome of the first survey. It was composed of in-depth interviews of the marketing managers of the two most reputable companies in Cyprus in terms of CRM given the outcome of the first survey.

The third phase of the research was composed of a survey among 40 employees of the two corporations. Cause Related Marketing: A successful strategy in enhancing corporate reputation. Key words: Corporate Reputation, Brand Positioning, Societal Marketing, Corporate Social Responsibility, Cause Related Marketing. Introduction: In today's markets, organizations have tended to focus on both tangible and intangible factors in order to effectively compete and differentiate their services or products in the dynamic environment in which they operate.

In order to achieve reputation, corporations try to be active participants in the societies in which they operate and they also try to initiate activities that can contribute to the society well- being. CRM includes all the different ways

in which businesses are benefiting charities and good causes through CRM partnerships that consist of donations, and additional support leveraged through customers, suppliers, or employees. This societal marketing approach can become an effective tool in the hands of the corporations in gaining brand reputation while contributing to the society's well-being.

This paper analyzes the findings of a three-phase research which includes a survey among 740 Cypriot Citizens, interviews with the Marketing Managers of two Financial Institutions which Cypriot named as Socially Responsible and a survey on 40 employees of the above mentioned organizations. The outcome of the research values the value of Cause Related Marketing on the reputation of the corporations which adopt it as well as on the moral and the motivation of their employees.

Literature Review: Marketers, given the dynamic environment they are facing today, try to identify different approaches of CARS activities that can help them enhance the reputation of their corporation in order to gain a competitive advantage in their marketplace. They also know that citizens have greater expectations from the corporations than simple CARS programs. The largest ever survey of its kind, involving interviews with more than 5, 000 people across 23 countries, in five continents took place by a Canadian based company in 1999.

According to the survey 2/3 of the citizens who participated in the research wanted companies to go beyond making profits, paying taxes, employing people and obeying laws. They wanted companies to contribute to broader social goals as well and pointed out that contributing to charity projects

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doesn't really satisfy people expectation to CARS. (Nelson, 2000) The expectations of all stakeholders of business roles and responsibilities have changed into the need for a more active involvement in Society's problems.

Cause Related Marketing provides the means to use the power of the brand to demonstrate a firm's intention for an active participation in the resolution of the social problems providing resources and funding whilst addressing business marketing objectives. The term 'cause-related marketing' was introduced by American Express in 1983 when it promised to make a donation to renovate the statue of Liberty each time someone used its charge card (Lane et al 2004: 781). The end result was a contribution of \$ 1.7 million made by the corporation, but the cause-related campaign produced a 28 percent increase in card usage.

Since then, too many corporations all around the world have tried to adopt different innovative programs with the expectation to harvest the same positive results as American Express has done. Minute and Outright (1996) warned the corporations which wanted to adopt CRM programs that irrespective of the objectives of the campaigns, economic or non-economic, there is a need to ensure that: a) there is a long-term focus, b) the cause should fit the company, and c) the employees should believe the issues'.

A marketer who wants to adopt a CRM program must be aware of the fact that well-implemented and remoter CRM programs have the potential to bring enormous benefits in the partnership. On the other hand marketers need to understand that an ineffective CRM campaign can backfire and damage the reputation of the partner organization and harm the work of the

charity or cause involved. Peering and Thompson (1999) viewed CRM as an activity by which a company with image, product or service to market builds a relationship with a " cause" or a number of " causes" for mutual benefit.

More and more corporations are defining their CARS agenda with the aim of identifying initiatives that fit since finding the right charitable partner and forming a long-term relationship can deliver more benefits than make one-off donations. Baker (2001) said that a very common practice for the firm which establishes an ally with a non-profit organization is to make a donation to the non-profit on the level of sales in a specified period of time. (2001 : 555-557) Commercial donors will only commit themselves to support non-profit organizations only if they believe that this ally will evoke the public interest. The firms want their donations and their Cause-Related activities to be tangibly correlated" (Mullen, 1997: 42). This means that all those hearties which are not so popular to the public will not manage to attract the interest of commercial organizations. The more popular the charity is, the easier for them to choose the commercial organization they want to be associated with. Baker (2001) supports that giving donations is still the most common form of commercial organizations' involvement with non-profit organizations, but this is different to cause-related campaigns.

He also said that " is not uncommon for a company to invite non- profit organizations with which they want to be associated. For this reason " non-profits think carefully before they agree on an association with each commercial organization" (Baker 2001: 556). Andresen A. R (2000) supported that: " If companies use their advertising and promotional budget

for campaigns with social and commercial impact they will obtain greater effectiveness and efficiency than they would otherwise achieve".

Two years later, Sumacs (2002) underlined the value of CRM stating that the corporate partner benefits from its association with a charitable cause and the non-profit organization benefits by receiving funds or other compensation from the corporation. [Http://www. Charlottesville. Com/c.v./archive/capo/ cover/Acapulco. HTML](http://www.Charlottesville.Com/c.v./archive/capo/cover/Acapulco.HTML)) Kettle (2003: 27) believes that companies see cause related marketing as " an opportunity to enhance their corporate reputation, raise brand awareness, increase customer loyalty, build sales and increase press coverage".

Business in the Community defines Cause Related Marketing as " a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit" ([http:// www. Bit. Org](http://www.Bit.Org).

[UK/resources/research/research_publications/21](http://www.Bit.Org/UK/resources/research/research_publications/21) Lately CRM is gaining wide acceptance among businesses, consumers, charities and causes. It has enormous potential to make a significant difference for the company that adopts it.

A Company that wants to be involved into this philosophy of making business needs to identify a cause with high impact in the society in which it operates and must try to form an ally with it. In Cyprus as well as in every other country many companies have been involved in CARS activities but not too many in Cause Related Marketing Activities. In order to sense the Cyprus

situation in terms of CRM activities and the expectations of Cypriot on those matters a research took place between October-November 2004.

The research continued in February 2005 with interviews and analysis of the Cause Related Marketing activities of the most reputable companies in Cyprus (according to the outcome of the October-November 2004 research) and was concluded on November 2005 with an exploratory research among a small number of employees of the most reputable companies in order to examine the feelings and the level of satisfaction of those employees related to the Cause Related Marketing activities of their employers.

Primary Research: Research Aim: This research aims to examine the value of a Cause Related Marketing Strategy on the reputation of the company which adopts it and on the moral and motivation of its employees. Research Objectives: The research was divided in three phases with their own objectives. Phase A: Survey on 740 Cypriot Citizens. Phase B: Interviews with the Marketing Managers of the most reputable companies in terms of CARS in Cyprus. Phase C: Survey on 40 employees of the most reputable companies in terms of CARS in Cyprus.

Research Objectives-phase A: The Survey among 740 Cypriot Citizens: 1 . To identify the degree of agreement of consumers to the need of corporations to be involved in activities of Corporate Social Responsibility (CARS). 2. To study consumer behavior in terms of brand preference for a product that is marketed by a company which has proved its CARS as opposed to a company which has not applied this positioning approach. 3. To study the brand awareness of consumers for companies involved in activities of CRM

as opposed to other companies which were simply involved in activities related to CARS. . To study the area of activities of the companies with the highest brand awareness given the outcome of the survey. 5. To identify the areas of social activities in which the people in Cyprus would like the profit making corporations to be involved and associated with for the benefit of the Cypriot' well-being. Research objectives- Phase B: Interviews with the Marketing Managers of the companies with the highest brand awareness (given the outcome of the above survey): There was a pre-determined list of objectives for those interviews which lasted between 45-60 minutes each.

The objectives of this phase of research are the following: 1: To understand how important from the Marketing point of view is for a Company to be Socially Responsible. 2: To understand the process in selecting a social partner 3: To learn the History of those CRM activities and how difficult it was for the company to achieve the Brand positioning related to Social Responsibility it possess nowadays in the Cyprus market. 4: To learn more from the management point of view about the feelings the employees have and the way they react on the fact that their company is involved in those successful CRM activities?

Do they cooperate, support and participate willingly on those activities? 5: To learn their future plans in relation o these CRM activities. Research Objectives-Part C: An exploratory research among the employees of the companies with the highest brand awareness: This part of quantitative research had as a goal to identify the effects of the CARS and CRM activities of those companies on their employees. The research objectives of the third

phase are: 1: To identify the frequency of participation of employees to CRM activities in order to get an insight about the involvement and enthusiasm or not of employees on the cause. : To examine how employees feel about the need for corporations to be involved in CRM activities. 3: To identify the degree of satisfaction of employees for the CARS and CRM activities their corporations are involved into. 4: To examine whether employees feel that these CRM activities bring management closer to employees. 5: To examine whether the employees feel proud for the involvement of their companies in CARS and CRM activities. 6: To examine whether the employees expect their companies to promote their CARS and CRM activities to the public. : To examine whether the employees believe that a company which is involved in CARS activities is a good employer. Methodology: A combination of qualitative and quantitative research approaches has been applied including a survey among Cypriot Citizens (Phase A), in-depth interviews with the marketing managers of the two most reputable companies in Cyprus, (Phase B), and a survey among 40 employees of the most reputable companies (Phase C) Phase A- Survey No. : A survey research was the method used in order to gather descriptive information concerning Cypriot knowledge on companies' involvement in CRM activities, and preferences in terms of causes Cypriot would like the corporations to be associated with. A short questionnaire was prepared with a combination of closed-end and open end questions. The closed end questions provide the responders with all possible answers which allow him/her to choose among them (Kettle et al. 2005). On the other hand the open-end questions allow responders to use their own words and they are common in qualitative research.

The sampling method was a stratified Random Sampling approach according to which the population was divided in three mutually exclusive age groups (36-50, 51 and above). From each group random samples were drawn in the ratio 5: 3: 2. The decision for this sampling method was based on the main objective of the survey which was to identify a cause that Cypriot and especially young to middle age people would like to see corporations to be associated with. The contact methods used were the personal contacts and the telephone.

The analysis of the data collected, was implemented with the use of SPAS and Excel packages. Phase B- In-depth interviews: This qualitative research approach had as a goal to help the researcher getting an insight of the benefits Cause Related Marketing has on the companies that have adopted it. The researcher used semi-structured interviews where the interviewees were guided to provide their opinions, feelings and precautions on matters that are of her research interest. The difficulty of this method was the analysis and evaluation of data collected.

This problem was minimized with a carefully designed coding system that was prepared before the interviews took place so that I could easier collect, decode, analyze and evaluate the data. The sampling method used for these personal interviews was the Judgment Sampling which allowed the researcher to use her judgment to select the population members who are good prospects for accurate information (Kettle et al, 2002: 282). The population members were the Marketing Managers of the Popular Bank and the Bank of Cyprus.

These two companies were the first and the second name mentioned by Cypriot as the most well-known companies with Corporate Social Responsibility in Cyprus. The contact method was personal. Phase C-Survey No. 2: A survey research was the method used in order to gather descriptive information concerning employees' feelings on CRM activities and their involvement in CRM activities. A short questionnaire was prepared with closed- end questions. The closed end questions provide the responders with all possible answers which allow him/her to choose among them (Kettle et al. 002). The sampling method was a Convenience non-probability sampling since the researcher, for this exploratory research, wanted to select the easiest population members from each company. The contact method was personal. The analysis of the data collected, was implemented with the use of SPAS and Excel packages. Data Findings: Phase A: The survey research on the 740 Cypriot Citizens has revealed five main points that organizations cannot ignore. 1 . Consumers expect corporations to be socially responsible. Unrelated to the age, the gender or the status the majority of the spenders of the questionnaire stated that they expect the companies to prove their Social Responsibility. 2. Consumers' behavior in terms of Brand preference is directly related to companies' involvement in Societal Marketing Activities. 3. Consumers recognize as " Socially Responsible Companies" mostly those companies that have formed an ally and fight for a cause which has high impact in our society. According to the research findings the majority of Cypriot named two Financial Institutions as Socially Responsible.

These Financial Institutions were the Popular Bank of Cyprus ND the Bank of Cyprus. In an effort to better understand the reason for the strong positioning of these Banks, an analysis of their CARS activities is provided below Popular Bank: has adopted " Radiocarbon" which is by far the biggest charity event in Cyprus and has also been reported in The Guinness book of records as the most successful charity activity in terms of money collected per capita. This event which started 14 years ago takes place every first Monday and Tuesday of November.

More than 1, 000, 000 Cyprus Pounds are collected every year for the benefit of children in need. The enthusiasm of the employees and the management of the bank who volunteer every year to organize this event has positioned the Popular Bank as the organization which knows how to show love and concern to children in need. As one of the volunteers-employees has said " Radiocarbon reflects the best side of our nature and is a measure of love for our neighbors and indeed for ourselves"([www. Subpopulations. Com/home. HTML](http://www.Subpopulations.Com/home.HTML)) Bank of Cyprus.

In 1992 the Bank of Cyprus signed a contract with the republic of Cyprus for the establishment of the Oncology Center. Since September 1998 the Oncology Center provides a unimpressive cancer service to the people of Cyprus and the broader region . The high quality building and equipment, the ten famous consultants who used to work in big Oncology centers in England, Germany and the U. S. A before they came to the center as well as the continuing medical education for the staff, positioned this Center as the best Medical Center in Cyprus.

Since all the construction and most of the running expenses of this center are covered by the Bank of Cyprus, Cypriots feel gratitude for this Bank. Every year since 1999, the Bank of Cyprus sponsors the "Chiropractor's March" that the Cyprus Anti-Cancer Society (CASE) organizes in order to raise funds for the CASE as well as to increase public awareness about the disease. The success of this annual event reminds everyone in Cyprus the continuous interest of the Bank of Cyprus for our Society well-being. (www. Bankruptcy. Com. AU/ festival. HTML) 4.

At the same time the majority of the responders above the age of 35 expect the corporations to form "social Partnerships with Anti-cancer societies, organizations that strive for the protections of child's rights as well as Anti-drug societies. A very high percentage of interviewees have indicated their interest on anti-drug campaigns as the cause they expect corporations to form partnerships with. Drugs have a great negative impact on the Cyprus Society and a corporation that can prove its sincere concern and contribution in eliminating this problem will be "embraced" by our Society. Art a: The interview with the Marketing Managers of the most reputable companies in terms of Corporate Social Responsibility indicated the following important points: 1. It is very important to be Socially Responsible and to be able to prove it to the public. The Cause Related Marketing strategies applied by all three companies helped them in communicating easier all those messages of social concern to the public. Both managers said that they find it very important for a successful Societal Marketing Orientation to find a social partner and form a successful long-term partnership with it.

In this way the public easier gets the messages sent from the company. 2. There are important issues in selecting a social partner and the corporation must apply a careful selection process. There is a screening process in order to reject the offers from social organizations with low impact in the Society. It needs a lot of mutual effort and dedication to form a successful partnership. Results have to be long-term rather than short-term.

This means that the companies need to foretell all possible problems that may arise in the future with their social partners or even their own employees before they form the partnership. The expectations from each of the two partners have to be clearly defined in advance so as to avoid conflicts later on. At the same time the Profit organizations have to make sure and if possible to set the notations to the social partners to avoid co-operations with competitive firms which may affect the interest of the corporate partner. . All three companies have tried different Social activities in the past; they spent a lot of money on corporate philanthropy and realized that the results were not as positive as expected. They decided to form social partnerships and they tried different causes before forming up today's partnerships. 4. All managers share the view that the employees are very happy and proud for these Societal Marketing Activities and though on a voluntary basis the majority of them offer their services on their free time with enthusiasm.

All managers believe that these activities bring management closer to the employees. 5. Both corporations will continue their CRM strategies with more enthusiasm and more dedication since they feel that the social organization

they formed a partnership with has become part of their company. Part C:

The survey research on the employees of the companies indicated the following interesting data: 1: Almost all responders of the questionnaires have participated at least once in the CRM activities of their organization. The majority of them (more than 90%) have participated more than once.

A big percentage of employees in the two organizations participated even more than five times. Obviously the above mentioned who have participated more than five times in CRM activities employees have been enthusiastic on the causes their companies have formed partnerships with. 2: The majority of employees (more than 90%) agree on the need for corporations to prove their Social Responsibility. This is a very big percentage and employers need to take it into consideration. Nobody disagrees on the concept and only a small percentage of employees are indifferent. 3: The majority of the employees (90-95%) are satisfied with the CRM activities their corporations are involved into. Nobody is dissatisfied and only a small percentage of employees indicated indifference. 4: The majority of employees (75-85%) feel that these CRM activities bring management closer to employees. This is important information from the management point of view since this kind of activities make employees feel that they build up better relationships with their managers. 5: Almost all the employees do not only feel satisfied with their employers' involvement in CRM activities but proud as well. 6: The majority of the employees of the two corporations under study expect their employers to promote their CRM activities to the public. 7: The majority of employees (65-75%) feel that there is a positive correlation between an employer who is involved in CRM activities and a " Good" employer.

Conclusion: Every organization tries to build a strong reputation since a strong name generates faith and trust between an organization and customers and the society, motivates employees, provides a competitive advantage, and affects peoples' attitudes which in turn affect behavior towards an organization.

It is important to acknowledge that no company can afford to ignore corporate reputation and tries to identify innovative practices that can create positive impressions at an unconscious or conscious level. Corporate Social Responsibility can be one of those practices that can send positive messages to the public creating positive impressions about the corporations. Cause Related Marketing is also a very dynamic approach in sending positive messages to the public if the corporation allies with a Social Organization with great impact in the Society.

In Cyprus two Financial Institutions have formed long-lasting relationships with very important social organizations creating a strong reputation among Cypriot given the findings of a survey with 740 interviewees. The strong Brand Positioning of Popular Bank and Bank of Cyprus drives us to the conclusion that companies which form strong "partnerships" with charitable organizations with great impact in our Society have high return on their "investment" in terms of Brand recognition and positioning. The Marketing Managers of the two banks have strong feelings about the positive effects of those Cause Related Marketing Practices.