

# An Empirical Study of Attitude Toward Cause Related Marketing Programs Among Young Indian Consumers

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## Abstract

Cause related marketing (CRM) has become an accepted marketing promotional tool and ,therefore, organizations from different parts of the world have started using it. The attitude of consumers toward CRM plays a significant role in the success and effectiveness of cause related marketing programs (CRMPs). Not enough research has been done in India to understand the attitude of consumers toward CRMPs and the implications they have for marketers, though some studies have been done in Western countries. This study is a pioneering empirical research to understand the attitude toward CRMPs among young Indian consumers and the implications for marketers. The study found that the overall attitude of young Indian consumers toward CRMPs was very positive and ,therefore, young Indian consumers can certainly be a good market segment to be targeted by the marketers. Another important finding showed that the attitude of young Indian consumers toward the products associated with CRM was very positive and ,therefore, products used by young consumers can be selected by marketers for CRMPs. However, the findings provided two important cautions for marketers. The marketers should not charge higher prices for the products associated with CRM as it was found that a majority of the young consumers were not willing to pay a higher price for products associated with CRM. It was also found that the young consumers were skeptical toward the advertisements related to CRMPs and ,therefore, marketers should understand that only genuine intent and commitment for a cause can make CRMPs successful and effective.

**Keywords :** cause related marketing (CRM), consumer attitude, cause related marketing programs (CRMPs), consumer skepticism

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Cause related marketing has become an important trend in marketing and has become an established part of the marketing mix in most of the business organizations. In order to understand the concept, it is important to go through some of the important definitions and explanations given by scholars.

Caesar (1986) highlighted the emergence of a new face of corporate philanthropy in the 1980s known as 'cause related marketing'. The author wrote that "There is one new approach, cause-related marketing, which has become the center of a storm of public attention and controversy because of its ethical implications and its potential impact on philanthropic giving as well as on non-profit organizations themselves" (p. 15). The article explained the emerging new concept and illustrated the important issues and concerns related to cause related marketing. As the concept was new for most of the people, it generated a lot of attention as well as controversy among the public. The author defined cause related marketing as "a unique joining of business and charity, with potential for great benefit for each other" (p. 16). The marketing people at American Express had coined the phrase 'cause related marketing,' though they were not the first to introduce the concept.

According to Varadarajan and Menon (1988), "The emergence of cause-related marketing can be viewed as a manifestation of the alignment of corporate philanthropy and enlightened business interest. It is basically a marketing program that strives to achieve two objectives - improve corporate performance and help worthy causes - by linking fund raising for the benefit of a cause to the purchase of the firm's products and / or services" (p.59). A distinguishing feature of CRM programs is the fact that contributions to charity came from the marketing budget and not from the regular philanthropic foundation budget.

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According to Pringle and Thompson (1999), “Cause related marketing can be defined as a strategic positioning and marketing tool which links a company or brand to a relevant social cause or issue for mutual benefit” (p.3).

## **Cause Related Marketing : The Growing Trend**

The use of CRM as a strategic marketing tool by companies has been increasing in the recent decades. This fact has been highlighted by several studies (Youn & Kim, 2008). According to Demetriou, Papasolomou, and Vrontis (2010), “Over the last decade, the number of enterprises embracing and implementing CRM has been increasing, and CRM is gaining in popularity as a marketers and fund raiser's promotion tool” (p. 268). According to Gadhavi, Shukla, and Patel (2014), “CRM, being a most common form of promotion, impacts consumer's choices and is continuously receiving considerable attention. For any enterprise, CRM builds on marketing and charity to achieve an improvement either in sales volume or image or attitude or purchase intention” (p. 35).

## **Consumers' Attitude Toward Cause Related Marketing**

There are very few empirical studies that have been conducted in the Indian context that have examined the attitude of consumers related to cause related marketing (CRM). However, some studies have been done in other countries. It is interesting to go through some of the important findings of the past studies related to consumers' attitude toward cause related marketing programs. The cause related marketing claim has a powerful influence on brand attitudes and intentions (Berger, Cunningham, & Kozinets, 1999). Studies related to consumers' attitude toward cause related marketing programs represent a topic of considerable interest to both business and non-profit organizations (Lavaack & Kropp, 2003 ; Web & Mohr, 1998).

Yanli, Trent, Sullivan, and Matiru (2003) explored the responses of generation Y to CRM. The authors defined Generation Y as individuals born between 1977- 1994. The following were the observations of the study :

- In general, there was a positive attitude of Generation Y toward CRM. The study supported the findings of the previous studies. Keating (2000) (as cited in Yanli et al., 2003) observed that Generation Y was aware of current social issues and was supportive of cause initiatives.
- The effect of a CRM offer supporting a disaster cause was significant. The result of this finding differed from previous studies (Ross et al., 1990-91; Smith & Alcorn, 1991 as cited in Yanli et al., 2003), and it was found that the Gen Y individuals did not differentiate between local and national causes. Thus, the geographical scope may not make a difference to Gen Y.
- The study confirmed the findings of previous studies (Ross et al., 1990-91, 1992 as cited in Yanli et al., 2003) that as compared to their male counterparts, female respondents had a greater positive attitude toward CRM.
- The study confirmed previous research (Arlow, 1991 as cited in Yanli et al., 2003) that non-business students are more cynical about CRM.
- The study indicated a positive relationship between evaluation and purchase intent.
- The study found that Generation Y does respond to CRM differently and ,therefore, marketers should consider this fact.
- As noted earlier (Nicholls, 2002 as cited in Yanli et al., 2003), consumers often speak positively on ethical issues, but do not necessarily follow through with purchases that are in line with their talk. This information should be taken into account while dealing with Generation Y in the process of CRM.

Irwin, Lachowetz, Cornwell, and Clark (2003) examined the attitudes, beliefs, and purchase intentions of consumers exposed to a firm's sponsorship of a sporting event associated with a non-profit organization, specifically the Fedex St. Jude Classic Professional Golf Tournament. The research suggested that the consumers'

attitudes, beliefs, and purchase intentions toward the sponsoring company were positively affected by the firm's involvement with cause related marketing.

Lavack and Kropp (2003) examined consumer attitudes toward CRM in four countries: Canada, Australia, Norway, and Korea. They investigated the role of consumer values in shaping these attitudes toward CRM. The following were the observations of the study conducted by them :

- Attitudes toward CRM differed significantly across countries.
- While comparing the four countries with respect to their attitudes toward the CRM scale, a significant difference was found between Canada and Korea as well as between Australia and Korea supporting their hypotheses : (a) attitude toward CRM was most favorable in Canada, (b) attitude toward CRM was least favorable in Korea. There were no significant differences among Canada, Australia, and Norway.
- Differences in attitude toward CRM were also directly correlated with personal values, specifically with internal and external values.
- Country, external values, and internal values showed significant (or near significant) main effects in predicting attitude toward CRM.
- Attitudes toward CRM appeared to be less positive in countries where it was less established and were more positive in countries where CRM was well established.
- At the time the study was conducted, CRM was in the introductory stage in Korea, was in the growth stage in Australia, and was in the maturity stage in Canada.
- Korea, the country where CRM promotions were least likely to exist, was also the country that had the least positive attitude toward CRM. Canada, on the other hand, where CRM promotions have been in existence for nearly two decades, had the most positive attitude toward CRM.
- CRM programs may not be transferable between countries.

The study made significant contributions in the field of cross cultural comparisons related to consumers' attitude toward CRM. This has implications for marketers as the knowledge about differences in consumers' attitude toward CRM (with respect to different countries) can be very useful for the cause marketers in planning and implementing CRM promotions.

Another study by Hou, Du, and Li (2008) explored the factors influencing consumers' attitude toward CRM and consumers' purchase intentions. The study found the following factors which influenced consumers' attitude toward the product and firm and their intentions to purchase the product and participate in the CRM program:

- degree of cause's participation for consumers,
- fit between the brand and the cause,
- cause importance,
- congruence between the firm's product and the cause,
- cause's proximity.

The study provided a new insight into the CRM practices by studying the relationship between cause's attributes and the purchase intention of the consumers. The study has important implications for managers. Corporate managers must ensure that all the above-mentioned factors are taken care of in order to enhance the consumers' attitude and intention in the context of CRM (cause related marketing). However, there is need for further research in order to understand the differences in consumers' attitude toward CRM among several other cultures and countries. To fulfill the need, the present empirical study was undertaken in the Indian context.

## Objectives of the Study

The purpose of the present study is to find out the attitude of young Indian consumers toward the concept and practice of cause related marketing programs. The specific objectives of the study are:

- (1) To find out the consumers' attitude toward buying products associated with CRM.
- (2) To find out the consumers' attitude toward paying more for a product associated with CRM.
- (3) To find out the consumers' attitude toward a company associated with CRM.
- (4) To find out the consumers' attitude toward company promotions related to CRM.

## Methodology

This is a pioneering empirical research conducted to understand the attitude of consumers toward CRMPs (cause related marketing programs) in the Indian context. A combination of primary as well as secondary research was used to achieve the research purpose. Descriptive research methods were used to describe the important findings and implications related to consumers' attitude toward CRMPs in India.

➡ **Sampling Plan :** The sampling plan was prepared keeping in mind the research purpose and the research objectives. Purpose of the research was to find out consumers' attitude toward CRMPs among young Indian consumers. The age limit of the young Indian consumers for the purpose of this study was kept between 18 - 30 years. Based on the sampling requirements, samples were collected for a pilot study as well as for the main study. For the pilot study, 100-200 samples of students were selected from various institutes of India through the process of random sampling. In a similar manner, for the main study, 500-600 samples of students were selected from various institutes of India. The study was conducted during March 2010 - December 2013.

➡ **Research Instrument :** A questionnaire was used to survey the participants and collect the data. The questionnaire was prepared after a thorough review of literature and taking valuable inputs from there. To measure the variable : consumers' attitude toward CRMPs, the following four item scale developed by Lavack and Kropp (2003) was used :

- (1) "I like buying products which donate a part of their profits to a charitable cause."
- (2) "I am willing to pay more for a product if the manufacturer is donating part of the profits to charity."
- (3) "If a company is donating part of its profits to a charity, then I am more likely to buy its products."
- (4) "Companies that advertise that they are donating part of their profits to charity are good corporate citizens."

➡ **Scale Used in the Questionnaire to Measure the Variables :** Likert's scale is supposed to be the most commonly used scale for the measurement of attitudes. As this research is related to the study of attitudes, a 6- point likert scale (1 = "definitely disagree" to 6 = "definitely agree" ) was used for the measurement of the variables under study.

➡ **Data Collection and Analysis :** Data were collected from participants by using the questionnaire. Questionnaires were personally distributed to and were collected from the participants in order to minimize non sampling (administrative errors). The sample size was kept large purposefully in order to minimize sampling errors. After data collection was over, all the data were carefully entered into SPSS and MS-Excel sheets. To analyze the data, a variety of descriptive statics were used. By using SPSS and MS Excel, the data were analyzed and the interpretations of the same were provided. Also, the implications of the findings of the research for theory and practice of CRM were discussed.

## Analysis and Results

➡ **Pilot Study :** Before starting the main study, it was planned to do a pilot study in order to find out whether the research methodologies, instruments, processes, and plans were on the right track or not. A sample of 200 participants studying at various colleges in India were randomly selected and surveyed. Questionnaires were personally distributed to and collected from each participant in order to reduce non sampling (administrative errors).

➡ **Reliability and Validity :** Reliability and validity of the research instrument are very important for the credibility of the research. Therefore, a reliability test was performed. The following are the results of the reliability test related to the variable - consumers' attitude toward CRMPs : The reliability coefficient ( $\alpha$ ) was found to be 0.77 (Number of cases = 200; Number of items = 4). Factor analysis was conducted on the four items from the consumers' attitude toward CRMPs scale. A one factor solution resulted for the entire sample. On the basis of the results of the reliability test and factor analysis, the scale used to measure the variable appeared to be a valid and reliable measure for the purpose of the present study.

➡ **Pilot Study - Conclusion :** The outcomes of the pilot study were quite encouraging. Research methodologies, instruments, measurement scale, and processes used were on the right track. After getting positive results from the pilot study, it was decided to proceed with the main study.

➡ **Data Collection and Analysis - Main Study :** The same questionnaire which was used for the pilot study was also used for the main study. Participants were selected using the random sampling method. The participants were students from various colleges in India belonging to the age group of 18-30 years. Questionnaires were personally distributed to and collected from the participants in order to minimize non sampling (administrative errors). The sample size was kept large ( $N = 570$ ) purposefully in order to minimize sampling errors. After data collection was over, all the data were carefully entered into SPSS and MS-Excel sheets . For data analysis, a variety of descriptive statistics like frequency tables, charts, mean, median, and mode were analyzed thoroughly for the variable consumers' attitude toward CRMPs. The following discussion presents the data in a systematic manner which is the basis for the findings, implications, and conclusions related to this study.

## Results

(1) With respect to the first research objective, it was found that the majority of participants had a positive attitude toward the products associated with cause related marketing programs.

From the Table 1, it is obvious that a majority of participants agreed with the statement -“I like buying products which donate a part of their profits to a charitable cause”.

**Table 1. Attitude of Consumers Toward Buying Products which Donate Part of their Profits to a Charitable Cause (Attitude to CRMP 1)**

	Frequency	Percent	Valid Percent	Cumulative Percent
1.00	19	3.3	3.3	3.3
2.00	27	4.7	4.7	8.1
3.00	77	13.5	13.5	21.6
4.00	106	18.6	18.6	40.2
5.00	142	24.9	24.9	65.1
6.00	199	34.9	34.9	100.0
Total	570	100.0	100.0	



**Table 2. Attitude of Consumers Toward Paying more for a Product if the Manufacturer is Donating Part of the Profits to Charity (Attitude Toward CRMP 2)**

	Frequency	Percent	Valid Percent	Cumulative Percent
1.00	68	11.9	11.9	11.9
2.00	65	11.4	11.4	23.3
3.00	104	18.2	18.2	41.6
4.00	133	23.3	23.3	64.9
5.00	133	23.3	23.3	88.2
6.00	67	11.8	11.8	100.0
Total	570	100.0	100.0	

**Table 3: Attitude of Consumers Toward Buying Products of a Company Donating Part of its Profits to a Charity (Attitude to CRMP 3)**

	Frequency	Percent	Valid Percent	Cumulative Percent
1.00	29	5.1	5.1	5.1
2.00	48	8.4	8.4	13.5
3.00	83	14.6	14.6	28.1
4.00	131	23.0	23.0	51.1
5.00	155	27.2	27.2	78.2
6.00	124	21.8	21.8	100.0
Total	570	100.0	100.0	

Majority of the respondents (78.4% of the respondents; 447 out of 570 consumers) agreed with the above statement. The scores on the 6 - point Likert scale were high (4 to 6) ; 21.9% of the respondents (123 out of 570 consumers) did not agree with the above statement. The scores on the 6 point Likert scale were low (1 to 3) ; 34.9% of the respondents (199 out of 570) strongly agreed with the above statement. The average score on the 6 - point Likert scale was maximum (6) ; 3.3% of the respondents (19 out of 570) strongly disagreed with the above statement. The average score on the 6 - point Likert scale was minimum (1).

**(2)** With respect to research objective two, it was found that when it came to paying more for a product associated with cause related marketing programs, a less number of participants were willing to do so. It is obvious from the Table 2 that there were less number of participants who agreed with the statement –“I am willing to pay more for a product if the manufacturer is donating part of the profits to charity”.

Majority of the respondents (58.4% of the respondents ; 333 out of 570) agreed with the above statement. The scores on the 6 - point Likert scale were high (4 to 6) ; 41.6% of the respondents (237 out of 570) did not agree with the above statement. The scores on the 6 - point Likert scale were low (1 to 3) ; 11.8 % of the respondents (67 out of 570) strongly agreed with the above statement. The average score on the 6 - point Likert scale was maximum (6); 11.9% of the respondents (68 out of 570) strongly disagreed with the above statement. The average score on the 6 - point Likert scale was minimum (1). These findings show that a significant number of participants (41.6%) did not agree to pay more for a product associated with a cause related marketing program.

**(3)** With respect to the research objective three, it was found that a majority of participants agreed with the statement- “If a company is donating part of its profits to a charity, then I am more likely to buy its products”.

Majority of the respondents (71.9% of the respondents ; 410 out of 570) agreed with the above statement (Table 3). The scores on the 6 - point Likert scale were high (4 to 6) ; 28.1% of the respondents (160 out of 570) did not agree with the above statement. The scores on the 6 - point Likert scale were low (1 to 3) ; 21.8% of the

**Table 4. Attitude Toward Companies that Advertised that they are Donating Part of their Profits to Charity (Attitude to CRMP 4)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	61	10.7	10.7	10.7
	2.00	65	11.4	11.4	22.1
	3.00	113	19.8	19.8	41.9
	4.00	122	21.4	21.4	63.3
	5.00	119	20.9	20.9	84.2
	6.00	90	15.8	15.8	100.0
	Total	570	100.0	100.0	

respondents (124 out of 570) strongly agreed with the statement. The average score on the 6 - point Likert scale was maximum (6) ; 5.1 % of the respondents (29 out of 570) strongly disagreed with the statement. The average score on the 6 - point Likert scale was minimum (1). These findings show that a majority of participants (71.9%) had positive intentions to buy from those companies that were associated with cause related marketing programs.

**(4)** With respect to research objective four, it was found that many of the participants did not agree with the statement - “Companies that advertise that they are donating part of their profits to charity are good corporate citizens.”

Majority of the respondents (58.1% of the respondents ; 331 out of 570) agreed with the above statement (Table 4). The scores on the 6 - point Likert scale were high (4 to 6) ; 41.9% of the respondents (239 out of 570) did not agree with the above statement. The scores on the 6 - point Likert scale were low (1 to 3) ; 15.8 % of the respondents (90 out of 570) strongly agreed with the above statement. The average score on the 6 - point Likert scale was maximum (6) ; 10.7% of the respondents (61 out of 570) strongly disagreed with the above statement. The average score on the 6 - point Likert scale was minimum (1). These findings show that there were substantial participants who did not believe that the companies having advertisements associated with cause related marketing programs were good corporate citizens. The results show that 41.9% of the participants were skeptical about the actual altruistic intention of the companies behind cause related marketing programs.

**(5)** The Table 5 and Figure 1 show that overall, a majority of the participants (81.6 %; 465 out of 570) had a positive attitude toward CRMPs.

## Managerial Implications

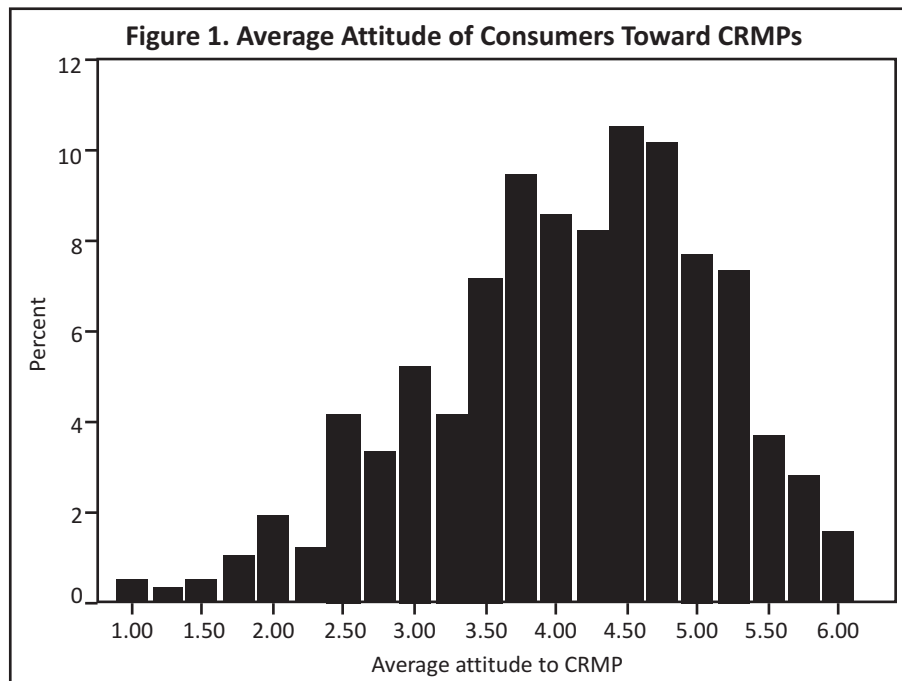
**(1)** As the majority of the participants had a positive attitude toward the products associated with cause related marketing programs, marketers should use CRMPs in order to increase sales, revenue, and market share as more number of consumers would prefer to buy products associated with CRM.

**(2)** However, marketers should not charge more for the products associated with CRM. The findings indicate that many consumers will not be willing to pay more just because the product is having an association with CRM.

**(3)** The marketers should promote the association between a company and a cause as majority of the participants had positive intentions to buy from those companies that were associated with cause related marketing programs. This association will ensure that the sales, revenue, and market share improve for the company associated with CRM. Also, the CRM associations will help the company in cases of brand extension and diversification.

**Table 5. Overall Score for Consumers' Attitude Toward CRMPs**

		Frequency	Percent	Valid %	Cumulative %
Valid	1.00	3	.5	.5	.5
	1.25	2	.4	.4	.9
	1.50	3	.5	.5	1.4
	1.75	6	1.1	1.1	2.5
	2.00	11	1.9	1.9	4.4
	2.25	7	1.2	1.2	5.6
	2.50	24	4.2	4.2	9.8
	2.75	19	3.3	3.3	13.2
	3.00	30	5.3	5.3	18.4
	3.25	24	4.2	4.2	22.6
	3.50	41	7.2	7.2	29.8
	3.75	54	9.5	9.5	39.3
	4.00	49	8.6	8.6	47.9
	4.25	47	8.2	8.2	56.1
	4.50	60	10.5	10.5	66.7
	4.75	58	10.2	10.2	76.8
	5.00	44	7.7	7.7	84.6
	5.25	42	7.4	7.4	91.9
	5.50	21	3.7	3.7	95.6
	5.75	16	2.8	2.8	98.4
	6.00	9	1.6	1.6	100.0
	<b>Total</b>	<b>570</b>	<b>100.0</b>	<b>100.0</b>	





(4) This finding highlights an important issue as well as a challenge for cause-marketers. The actual intention behind CRMPs is more important for participants rather than just talking about CRMPs. The challenge for marketers is not just to make attractive CRM- advertisements, but to build trust among consumers about their actual altruistic intention behind CRMPs as many participants were skeptical about the actual altruistic intention of companies behind cause related marketing programs.

(5) The marketers should understand that CRMPs in India can be extremely effective as a strategic marketing tool as majority of the young Indian respondents had a positive attitude toward CRMPs. They can target the young Indian consumer segment for CRM associations.

## Conclusion

The study found that the attitude of young Indian consumers is very positive toward cause related marketing programs, and therefore, the possibility of success of CRMPs in India is very high. Young Indian consumers are more likely to buy products associated with CRM, and also, they are more likely to buy from the companies associated with CRM. However, it was found that a majority of the consumers were not willing to pay more for the fact that the company or product is associated with CRM. Therefore, marketers should use CRMPs as a strategic marketing tool for differentiation and positioning and not for price enhancement. Another important finding of the study is that consumers are skeptical about advertisements related to CRMPs. They cannot be influenced by the creative advertisements related to CRM. What matters to consumers is the true altruistic intentions and commitment behind CRMPs. Therefore, marketers should develop trust among the consumers by having genuine concern and commitment to a cause.

## Limitations of the Study and Scope for Further Research

This study was limited to young consumers of India belonging to the age group of 18-30 years. This research is also limited to the study of attitudes of consumers toward CRMPs and did not empirically examine the actual behavior of the consumers.

Future research can be conducted to find out the attitude of Indian consumers belonging to other age groups. It has often been found that attitudes do not always translate into behavior. Therefore, future research can also be done to study the actual behavior of the consumers toward CRMPs. Future studies can also differentiate between how different cultures and values affect consumer attitude and behavior toward CRMPs.

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