

Cause Related Marketing

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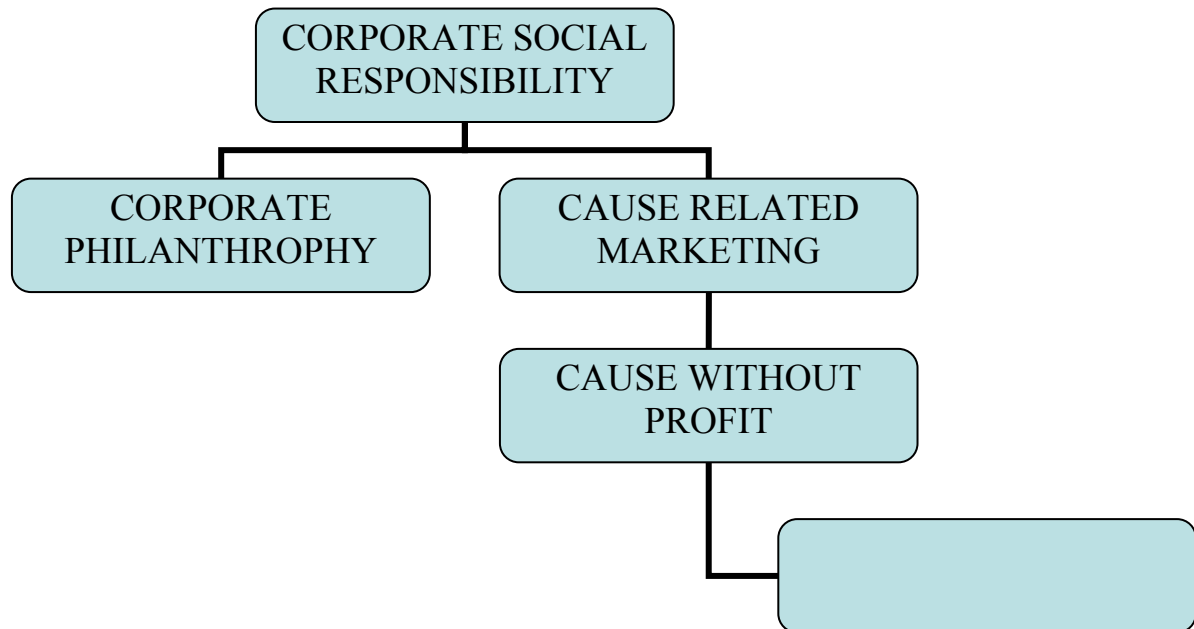
Social Responsibility of Corporates

Corporate social responsibility is a term describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit.

A company's stakeholders are all those who are influenced by and can influence a company's decisions and actions, both locally or globally. Business stakeholders include (but are not limited to) employees, customers, suppliers, community organizations, subsidiaries and affiliates, joint venture partners, local neighborhoods, investors, shareholders (or a sole owner), and the environment.

A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis

Now let us classify corporate social responsibility under different heads as under:



CRM - Its Different from Social Responsibility

A company with progressive corporate social responsibility programs demonstrates a much deeper commitment to stakeholders than a company using a time-limited campaign to link a cause to products or services. The difference is long-term commitment and long-term shared success.

CRM - Its Different from Philanthropy

Charitable giving is a one-way business and can support the communities it touches. It provides needed funding for nonprofit groups addressing social needs. A socially responsible company may include philanthropy as a part of its overall efforts to be stakeholder-focused. However, corporate social responsibility implies a much broader obligation than philanthropy alone.

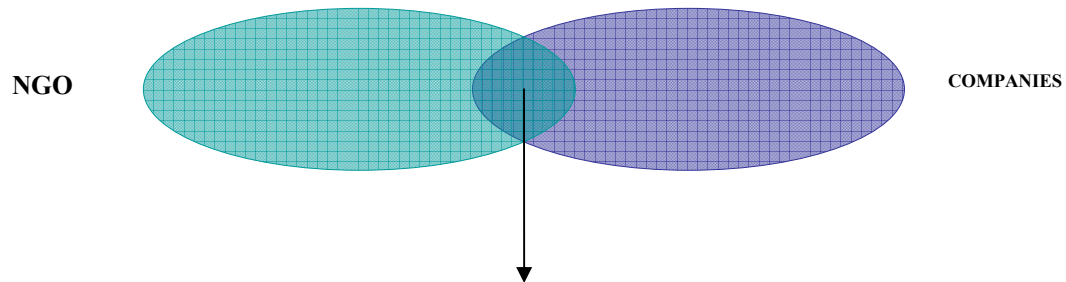
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Socially responsible companies will consider the community impact of all aspects of their operations, rather than reserving community issues until after profits are made. Shifting one-time philanthropic donations into a focused program of community partnering can be a good first step for companies that want to develop a comprehensive approach to social responsibility.

The process of CRM is different from corporate philanthropy:

Philanthropy Model



Contemporary CRM Paradigm (Mutual Benefit)

As we can see above the new paradigm envisages a partnership between companies, individuals and NGOs for mutual benefit.

Prominence of CRM or Why Companies Resort to CRM

Cause-related marketing can become a cornerstone of any marketing plan. Cause-related marketing activities highlight company's reputation within target market. Cause-related marketing can positively differentiate a company from its competitors and provide an edge that delivers other tangible benefits, including:

- Attracting and Retaining Customer.
- Increased Sales
- Outreach to Niche Markets
- Market Differentiation
- Positive Media Coverage
- Motivated and Loyal Employees
- Reinforced Company Mission
- Enhanced Company Image

By choosing a cause you are passionate about, cause-related marketing is emotionally fulfilling. It's a way to merge your profit center with your "passion center" and build a business that mirrors your personal values, beliefs and integrity.

Benefits Reaped by NGO'S

- Assurance of funds for cash starved associations.
- It helps build corporate interface of NGOs.
- Increases the endorsement value of NGOs and creates a competitive platform amongst the NGOs.

CSR and its Integration into Companies Work Culture

- The first step is a written policy statement on CSR, which should be tracked through the year and the progress noted in the company's annual report.
- The CSR activities may also be included in both internal and external newsletters, press releases notes, etc, to make the employees and public aware of the initiatives.
- The company must also entrust specific CSR tasks to certain members in the organization. The learning experiences should also be documented while going through the CSR activities to make others learn from it.
- The top management provides the required thrust and focus to a company's but special staffing has become a norm.

What Opponents and Proponents have to Say

Some critics, such as the economist Milton Friedman, would argue that a Corporation's Principle purpose is to maximize profits for its shareholders, but only within the context of the law and morality. Some would argue that the only reason to take on social projects is for utilitarian reasons, such as currying favor with the public or with government, or to improve market standing. Others, such as the philosopher Michael E. Berumen, suggest that a business is property belonging to the owners, not stakeholders, and that a business is not equivalent to a mini-state for the purpose of creating social justice or carrying out social planning, and that the owners have the right to dispose of their property as they see fit within the limits of morality, including for profit, social good, or both.

Proponents of CSR would suggest a number of reasons why self interested corporations, seeking to solely to maximize profits are unable to advance the interests of society as a whole:

- Corporations care little for the welfare of the workers, and given the opportunity will move production to sweatshops in less well regulated countries.
- Unchecked, companies will squander scarce resources.
- Companies do not pay the full costs of their impact. For example the costs of cleaning pollution often fall on society in general. As a result profits of corporations are enhanced at the expense of social or ecological welfare.
- Regulation is the best way to ensure that companies remain socially responsible.
- On the other hand, supporters of a more market based approach would argue that, by and large, free markets and capitalism have been at the centre of social development over the past couple of centuries. Few would argue that, improvements in health, longevity or infant mortality have gone hand in hand with economic development. In particular:

In order to attract quality workers, it is necessary to offer better pay and conditions. Furthermore, investment in less developed countries contributes to the welfare of those societies, notwithstanding that these countries have fewer protections in place for workers. Failure to invest in these countries decreases the opportunity to increase social welfare.

Free markets contribute to the effective management of scarce resources. The prices of many commodities have fallen in recent years. This contradicts the notion of scarcity, and may be attributed to improvements in technology leading to the more efficient use of resources.

There are indeed occasions when externalities, such as the costs of pollution are not built into normal market prices in a free market. In these circumstances, regulatory intervention is important to redress the balance, to ensure that costs and benefits are correctly aligned.

Whilst regulation is necessary in certain circumstances, over regulation creates barriers to entry into a market. These barriers increase the opportunities for excess profits, to the delight of the market participants, but do little to serve the interests of society as a whole.

CSR and Bottomline

Since we see corporations and MNCS resorting to CSR it must be contributing to the economic objective of the firm either directly and indirectly. As a famous saying says that “A businessman never sells his goods at gratis.” Same way the paradigm which we envisaged above advocates the belief that companies are concentrating more on the profit with a cause approach of CRM. We can list the tangible and intangible benefits of CSR and CRM as under :

- Increased employee loyalty
- Increased customer loyalty
- Less volatile stock value
- Enhanced brand value
- Less litigation and environmental costs and
- Positive public relations
- Refined approach towards addressing social and political issues

As we can see above myriad benefits are reaped by being socially responsible in this corporate arena and they also contribute to the bottom line of the companies serving their economic objective of profit making.

e-CRM and Indian Examples of CRM campaigns

With today’s global firms defying the Internet as the world’s greatest invention since the microchip, the companies look closely at the advent of e-CRM (e-Cause Related Marketing) – as the future of corporate philanthropy. It is fervently hoped that in the coming years, e-CRM will play a small part in achieving both of its inherent objectives promoting the corporate image as well as contributing towards Indian society.

CITIBANK in Project Shiksha

- Citibank provides option to its account holders to contribute Rs. 100 every month for education of underprivileged children.
- Citibank’s most consistent programme with CRY has been the Citibank CRY Affinity Credit Card . Every time a person subscribes to the card or spends on it, Citibank, automatically donates a percentage of the transaction to CRY. This partnership has been supporting project **Kislay** which works with children in a slum in Delhi. The credit card provides customers the opportunity and satisfaction of being able to make a difference to the lives of underprivileged children by simply using their cards.

CADBURY’S into CRM

Launched in Australia in 1997 to great acclaim, Cadbury's Yowie is the first chocolate brand to combine an entertaining educational programme about the environment with a new concept in children's confectionery and new folklore for the children of Australia. In their first year, 31 million Yowie were sold in Australia. The Yowie is a product which serves to educate children about the environment and its value which combines fun and enjoyment with a strong educational message about the environment and the natural heritage of Australia.

HLL's SHAKTI

SHAKTI means 'Strength'. Project SHAKTI is HLL's initiative to upliftment of standard of living in rural India by creating income-generating capabilities for underprivileged rural women by providing a small-scale enterprise opportunity, and to improving rural lives through health and hygiene awareness. Project SHAKTI is taken up in rural areas only whereby women are the distributors for HLL products and are called "Shakti Ammas". This identity is ushering prosperity in their lives and most importantly **self respect**.

ITC's E-Choupal

The Choupal is a Hindi word for village square where elders meet to discuss matters of importance. The letter "e" has brought in a computer with an Internet connection for farmers to gather around and interact not just among themselves but with people anywhere in the country and even beyond. ITC installs a computer with solar-charged batteries for power and a VSAT Internet connection in selected villages. The computer's functioning is free from the usual troubles of power and telecom facilities in rural area. A local farmer called sanchalak (conductor) operates the computer on behalf of ITC, but exclusively for farmers.

ITC's Agri-Business is India's second largest exporter of agricultural products. Through the e-Choupal initiative, ITC aims to confer the power of expert knowledge on even the smallest individual farmer. Thus enhancing his competitiveness in the global market. ITC's e-choupal is the single-largest information technology-based intervention by a corporate entity in rural India. Transforming the Indian farmer into a progressive knowledge-seeking netizen. Enriching the farmer with knowledge; elevating him to a new order of empowerment. E-Choupal delivers real-time information and customized knowledge to improve the farmer's decision-making ability, thereby better aligning farm output to market demands; securing better quality, productivity and improved price discovery. The model helps aggregate demand in the nature of a virtual producers' co-operative, in the process facilitating access to higher quality farm inputs at lower costs for the farmer. The e-Choupal initiative also creates a direct marketing channel, eliminating wasteful intermediation and multiple handling, thus reducing transaction costs and making logistics efficient. The e-Choupal project is already benefiting nearly 4 million farmers.

The e-choupal offers farmers and the village community five distinct services:

- **Information:** Daily weather forecast, price of various crops, e-mails to farmers and ITC officials, news-all this in the local language and free of cost.
- **Knowledge:** Farming methods specific to each crop and region, soil testing, expert advice-mostly sourced from agriculture universities-all for free.
- **Purchase:** Farmers can buy seeds, fertilizers, pesticides and a host of other products and services ranging from cycles and tractors to insurance policies. Over 35 companies have become partners in the e-choupal to sell their products through the network.
- **Sales:** Farmers can sell their crops to the ITC centers or the local market, after checking the prices on the Net.
- **Development work:** NGOs working for cattle breed improvement and water harvesting, and women self-help groups are also reaching villages through e-choupal. In some states farmers can even access their land records online, sitting in their village. Access to health and education services through e-choupal begins next month.

ITC eChoupal creatively leverages information technology to set up a meta-market in favor of India's small and poor farmers, who would otherwise continue to operate and transact in 'un-evolved' markets. Free access to Internet is also opening windows of rural India to the world at large. ITC eChoupal is now being regarded as a reliable delivery mechanism for resource development initiatives.

Proctor & Gamble

The entry of P&G into the field of corporate social responsibility with project **PEACE** – an environmental education programme followed by **FUTURE FOCUS** – first ever career guidance service. P&G experimented Cause Related Marketing with different projects like

Project DRISHTI where Whisper helped to restore eyesight to 250 blind girls through corneal transplant operations in which P&G contributed Re 1 for every pack of whisper sold

Project OPEN MINDS to support and educate children across the Australia, ASEAN and the India (AAI) region. For every large size pack of Vicks VapoRub, Whisper, Ariel Power Compact, Head & Shoulders and Pantene purchased by consumers during November 1999 to January 2000, P&G on behalf of consumers contributed the cost of one day's education of a working child to the 'OPEN MINDS' fund. In India P&G raised Rs. 1.25 crore for 'OPEN MINDS' which was donated to UNICEF in February 2000

Project POSHAN to combat malnutrition in India. P&G raised Rs. 50 lakhs by contributing Re. 1/- from sales of large size packs of Ariel, Whisper, Head & Shoulders and Pantene sold in the months of May, June and July 2000 and

Project SHIKSHA – a unique CRM initiative in association with Sony Entertainment Television. By purchasing packs of Vicks, Whisper, Ariel, Tide, Head & Shoulders and Pantene between 21st April – 12th June 2003, this unique education promotion allowed a mother to win Rs. 2 lakhs towards Graduate Education Fee of one child (24 such Prizes), or Rs. 5,000 towards Next Year's Tuition fee for one child (96 such Prizes), and a number of Consolation Prizes, all courtesy P&G.

TATA Salt's Desh Ko Arpan Programme

This programme was launched by the pioneers and undisputed leaders in the packaged and iodized salt category - Tata Salt in association with CRY in 2002 and raised around Rs. 33 lakhs in a period of one month. Through the Desh Ko Arpan programme, Tata Chemicals Limited contributes 10 paise for every kilo of Tata Salt, sold during specific periods, to the education of underprivileged children and enable underprivileged children have an opportunity to develop their sports ability and pursue higher education.

Breast Cancer Awareness Campaign

Breast Cancer Awareness Campaign is the most popular cause related and corporate social responsibility programme. Several big and small companies joined hands to make it a success. This campaign was associated with PINK color. The following are a few companies involved in this campaign:

Companies Involved

- **Avon**

Avon Cosmetics' commitment to women runs deeper than the boundaries of business. Women are the heart of Avon's success and Avon continues to support and understand their needs through Avon's Breast Cancer Crusade. The goal of the Avon Foundation Breast Cancer Crusade is to improve access to quality breast health care for underserved, uninsured and low income populations, and to support biomedical research focused on prevention and improved methods of diagnosis and treatment to Cure and prevent breast cancer.

Avon related many of its products with this campaign and named them as **Avon Breast Cancer Crusade fundraising products**. These products includes ribbon pins, pens, notebooks, key rings, lip colors, etc. On the purchase of these products some amount was donated towards this campaign.

- **Kodak**

Kodak has supported Breakthrough since 2000, and 2005 will see the total amount of funds raised by Kodak top the £500,000 mark. Kodak's impressive involvement includes a highly successful sponsorship of Fashion Targets Breast Cancer 2005 Contest. Teaming up with Woman's Weekly, they launched a national search for a more mature face to represent and inspire an age group who need to be increasingly breast aware. The contest highlighted Kodak's work in the area of health imaging and the importance of breast screening.

- **Marks & Spencer**

Marks & Spencer developed a range of lingerie that is suitable for women that have had breast cancer. The post-surgery lingerie range has been created to meet the practical needs of women affected by surgery while being pretty, feminine and sexy in design. M&S will be donating 10% of the sale of all the items in this range.

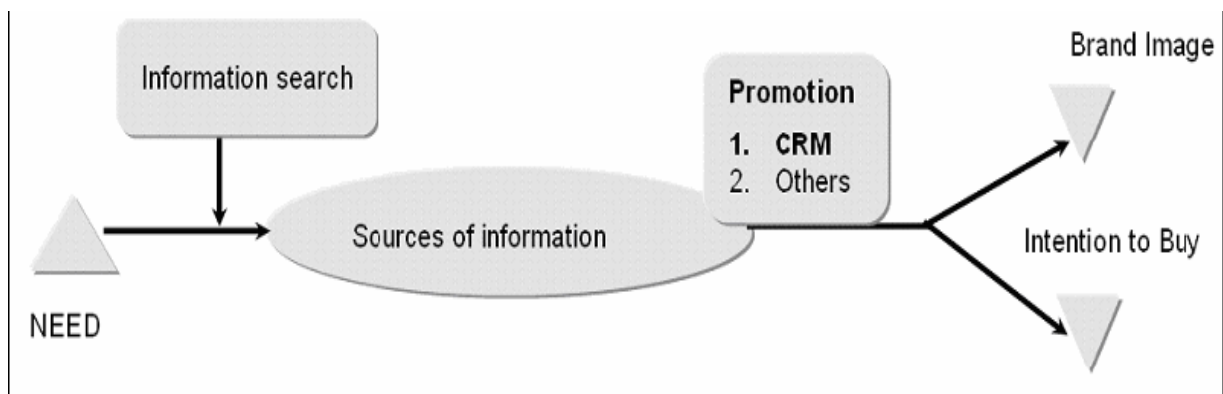
- **Warner Music**

Warner Music raised a fantastic £50,000 for Breast Cancer Awareness Campaign by donating £1 on every 'Breakthrough Breast Cancer presents All Woman - The Platinum Collection' album sold. Warner Music also launched a special edition album entitled 'Ladies' Night' with a £1 donation going to Breast Cancer Awareness Campaign for each album sold.

Cause Related Marketing – The World And India

In a corporate world characterized by the maxim 'Money is not everything – it's the only thing', many companies are attempting to showcase themselves and their products as harbingers of good to the society of which they are a part of. Defined as the public association of a for-profit company with a nonprofit organization, CRM is intended to promote the company's product or service and to raise money for the nonprofit organizations.

Where does cause related marketing fit in

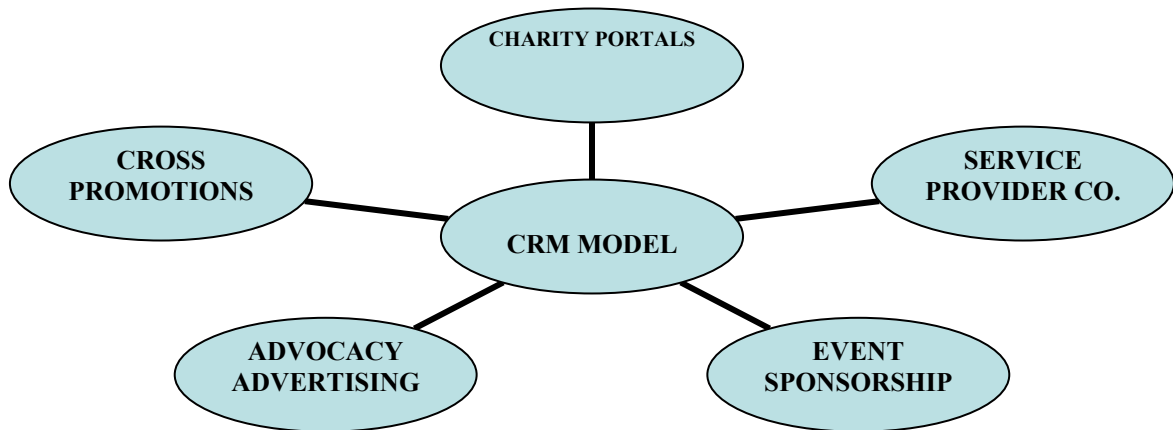


There are three conditions that need to be fulfilled for an effective cause-related campaign.

- First, **there must be a mass feeling for that particular social communication.**
- Second, there must be **a real or psychological monopolization of the media**, which implies the absence of any counter propaganda for the given social cause.
- Third, **supplementation that is the effort to follow up the promo with other contacts as and when desired.**

This line of thought, when juxtaposed with the fact that e-CRM is simply a manifestation of traditional CRM on a different medium, seems to indicate that e-CRM is a powerful tool for marketers.

Existing E-CRM Models



The above mix is what is existing a present and the mix is very well ensuring that the blend of profit making, branding and social responsibility is being achieved by the companies. The under mentioned models are practiced by Indian Inc. at present.

Charity Portals are portal sites that list non profit organizations (NPOs) and encourage donations to those organizations listed. These sites may list an NPO on their site for no charge, or they may charge a small fee. Usually, they obtain revenue through the sale of advertising space.

Payment Service Providers are companies that setup a method for NPOs to conduct secure credit card transactions. Once a user decides to make a donation, he or she is taken to the payment service provider's site where the transaction takes place. Usually the provider establishes a fee structure with participating NPOs based on contributions received.

Cross Promotions that promise a donation to a charitable cause based on the purchase of the company's product. Herein a certain percentage of the cost of purchase is diverted towards the cause. The idea being to take an issue that carries weight with the masses or the targeted customers, which entices them to choose the brand associated, over the competitors and in the process promoting the cause with monetary aid.

Advocacy Advertising of social issues and corporate volunteerism in community activities that are sponsored by corporate. This kind of promotion helps increase awareness of the social cause. "Advocacy campaigns such as Shell Oil's ads on driver safety or Budweiser's effort to promote 'responsible drinking and driving' differ from public service campaigns in that they not only promote a common good, but also focus on protecting the company's market," runs an international marketing journal.

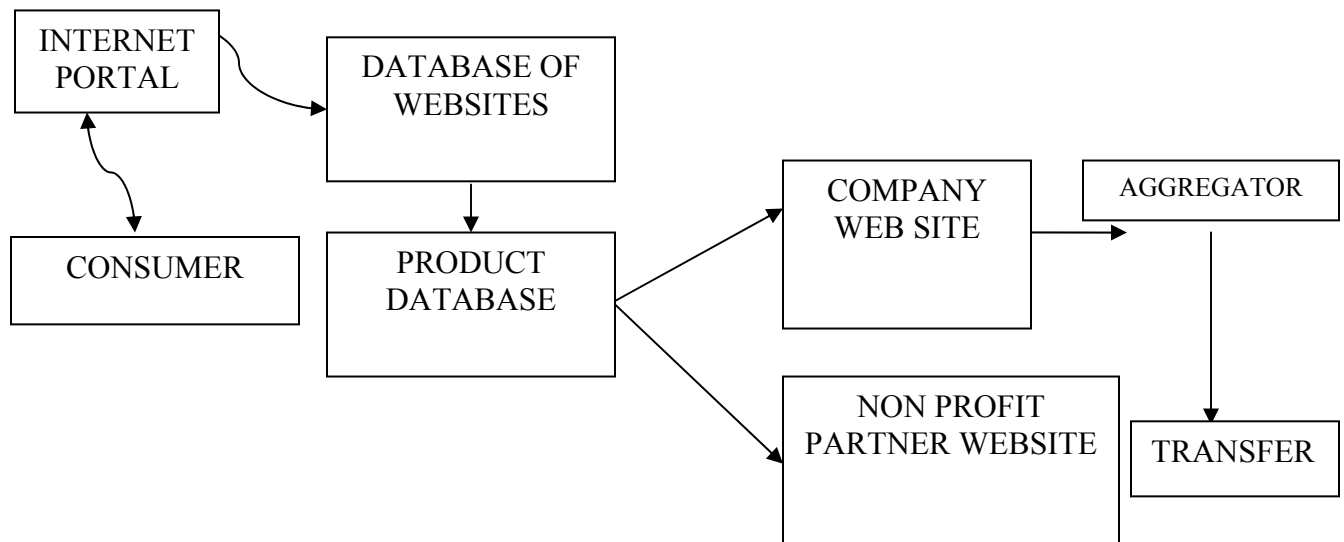
Sponsoring an Event Or Show where the proceeds of which go towards a cause. The promotion helps raise funds for and increase awareness of the cause, enhancing the brand image of the corporate sponsoring the event.

e-CRM – The Model For The Future

In order to promote a cause on a website, various models can be used. It is imperative, however, that the cause espoused is linked with one's brand in a logical yet compelling manner.

- Since the existence of companies in this scenario of cut throat competition backed with limitations to innovation is limited CRM is now leveraged as a tool for brand positioning by the companies.

- Above model also proves the very existence and promising benefits of the CRM. But the concept is not free from reservations as the consumers are now more demanding on both the image of the product, company and cause partner.
- CRM is basically a tool which can be leveraged for NGO marketing thus enriching their image in the corporate arena.
- Also it is essential that the contemporary models address the alignment of corporate image and the product concerned with the customers expectations.
- What we feel is that CRM model will get more thrust when we see the e-CRM being applied in India by companies and the days are no far when the donations will take place with a click.
The Indian e-CRM model will be as under :



The above model is the future model of e-CRM which will revolutionize the entire concept of CRM. The concept if properly nurtured and applied by the companies can be a strong tool for survival in the competitive landscape of today's corporate world.

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References

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