

Cause Related Marketing A Conceptual Paradigm

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Abstract

By the 1980s many of the companies across the world had realized a new Concept- Cause Related Marketing (CRM) as a marketing strategy. Cause Related Marketing is defined as “(A) strategic positioning and marketing tool that links a company or a brand to a relevant social cause or issue, for mutual benefit”. American Express first coined the phrase “Cause Related Marketing” in the 1980s while raising money for the restoration of the Statue of Liberty in New York City. The CRM trend rapidly caught on with corporates in India during the 1990s. CRM became the vehicle by which companies indirectly propagandized their brands and it has provided companies with a new tool to compete in the market. The Principle goal of a Cause Related Marketing program has been to impact a company’s bottom line through increased Sales. Some of its potential benefits include: Attracting and Retaining Customers, Market Differentiation, out reach to Niche Markets.

This Article Explores the evolutionary Paradigm of Cause Related Marketing, Some of the Noteworthy Benefits of Cause Marketing in the Case of Aravind Eye Care, A Comparison between the Corporate Hospital Vs Aravind Eye Care, Promotion of Cause Marketing and TATA SALT CRM Initiatives Case to explain the Concept.

Key words: Cause Related Marketing, American Express, Tata Salt, Arvinda Eye Care, CRY

Introduction

Cause Related Marketing first became popular in the United States in the early 1980s as a marketing strategy, but more recently it has been adopted by a broad range of companies throughout the world. One reason is that companies are taking a more strategic approach to their community-involvement efforts, seeking ways of benefiting community organizations while also furthering companies’ business goals. Another reason for CRM’s growth is that public-opinion research has become that effective cause programs can enhance a company’s reputation and brand image and increase the credibility of its marketing effort while giving customers a convenient way to contribute to nonprofit organizations through their purchasing decisions.

Cause Related Marketing has become a cornerstone of marketing plan. The increasing involvement of corporates in philanthropic or socially related causes has led to the growth of Cause Related Marketing (CRM) across the world. Although a phenomenon that had its roots in the western countries, CRM has gained rapid acceptance in India in recent Years. A case in example for this is **Aravind Eye Care, TATA Salt**.

Cause Marketing (CM) or Cause Related Marketing is an umbrella term that covers a rich range of marketing activity. Two of the best definitions of Cause Related Marketing are:

- “(A) Strategic positioning and marketing tool that links a company or a brand to a relevant social cause or issue, for mutual benefit.” From “Brand Spirit, How Cause Related Marketing Builds Brands” by Hamish Pringle and Marjorie Thompson, Wiley, 1999.
- “A commercial activity by which business and charities or causes form a partnership with each other to market an image, product or service for mutual benefit”. Business in the community, the leading British corporate social responsibility organization.

Jerry Welsh, an Sr. Vice President of **American Express**, first coined the phrase “Cause Related Marketing” in the **1980s** while raising money for the restoration of the Statue of Liberty in New York City. American Express pledged to donate one cent towards the restoration of the Statue for each use of its card and a dollar for each issue of new card. This is a case of Cause Marketing, which yielded amazing results – American Express donated \$1.7 mn towards the restoration; also, there was a 28% increase in card usage by American Express cardholders along with a 45% growth of new cardholders.

The Principle goal of a Cause Related Marketing program has been to impact a company's bottom line through increased Sales. Yet research has shown that, for companies committed to corporate social responsibility, CRM programs can offer other, often unanticipated, benefits to a company as well. Long –term impacts such as increased profitability or cost savings are often attributed to the observed changes resulting from effective CRM partnerships. The value realized by Cause Marketing programs will differ among companies and Industries, Some of the potential benefits include:

- **Attracting and Retaining Customers:** Companies that have engaged in Cause –Related Marketing report that those efforts help attract and build long- term relationships with customer. For Example, affinity credit cards, in which a nonprofit organization benefits each time a consumer, uses the card to make a purchase, help credit card companies develop long-term relationships with consumers.
- **Market Differentiation:** For many companies, Cause- Related Marketing has helped them to create an alternative and distinctive approach to brand advertising. CRM can help companies distinguish themselves from their peers by offering the consumer the opportunity to contribute to something more than the company's bottom line. National and International brands can better identify with their local markets by linking themselves with community organizations, or with regional or nongovernmental organizations.
- **Out reach to Niche Markets:** Partnering with nonprofit organizations can help a company to connect with specific demographic or geographic markets. For Example, Ford Motor Company successfully positioned itself among a formerly disengaged target market – Women. In addition to its Substantial financial and in – kind donations to Race events, The Ford Division of the Ford Motor Company has issued thousands of public service announcements in an effort to both communicate a critical health message to women and to enfold them into its brand identity.

While American Express contributes only a portion of its profits towards the cause, Aravind Eye Care contributes almost 100% of its profits to the Cause – to treat poor people. The Cause is not a means to an end but an end in itself. This is the USP of Aravind Eye Care.

Some of the Noteworthy Benefits of Cause Marketing in the Case of Aravind Eye Care are listed below:

- **Brand Differentiation:** Aravind Hospital is unique for its innovative system of operation, and is a perfect example of a role model for the world to emulate.
- **Enhanced Employee Recruitment and Retention:** A Surgeon of Aravind performs on average 2,000 surgeries a year, significantly exceeding the national average of about 400. This conveys the motivational level of employees. It is matter of pride for the employees to be working at Aravind.
- **Building New and Deeper Community Networks:** Local entrepreneurs sponsor Aravind eye camps; local volunteers and community members support other activities.
- **Fostering Talent and Teaching New skills to Employees:** Government pays Rs.500 for each surgery in the eye camp and offers continuous support whenever necessary.
- **Enhanced Credibility and Education Information:** School Programs, diabetes programs, rehabilitation programs, etc., are developed to educate rural people.
- **Access to knowledge and Experience to Aid in Research and Development:** Aravind offers consultancy services to visitors who wish to learn and understand the Aravind system for application in their hospitals. Its auxiliary units – Aravind Medical Research Foundation and Aurolab – support research programs.

The corporate Hospital Vs Aravind Eye Care: A Comparison

Aravind Eye care is not just an ordinary hospital but is a cause – driven, Cause – oriented marketing Company. When the operating phenomena of Aravind Eye Care and any of its competitors (Corporate Hospitals in the eye division) are juxtaposed, Corporate Hospitals treat only those customers who are able to pay. They look at the customer’s wallet before starting the treatment, because their orientation is not the cause. On the contrary, Aravind treats 65% of its patients free of cost, i.e., the poor and rural people who have neither money nor access for treatment. Its services are par excellence and only 35% of the patients are charged, i.e., those who are able to pay.

TATA SALT CRM Initiatives

TATA – A Profile

Established in 1939, Tata Chemicals Limited is one of India’s leading manufacturers of inorganic chemicals and fertilizers. Part of the US\$ 11- billion Tata Group, the company owns and operated the largest and most integrated inorganic chemicals complex in the country at Mithapur, Gujarat. Its fertilizer complex in Babrala, Uttar Pradesh is known for world – class energy- efficiency standards, and has won several awards in the fields of environmental conservation, community development and safety. Tata Chemicals is today acknowledged as the leader in the chemicals and fertilizer industries. The company has a turnover of over Rs 1,700 crore and employs about 3,000 people.

CRY - A Profile

CRY is a registered Indian trust working towards building a people’s movement to restore to India’s underprivileged children their most basic rights. CRY harnesses the money, time and skills of thousands of individuals and organizations to partner 163 child- development initiatives across India. CRY is governed by values of respect for human dignity, transparency, accountability, secularism, non-violence and the spirit of innovation

Tata Salt, the pioneers and undisputed leaders in the packaged and iodized Salt Category, reiterated its commitment to the cause of educating underprivileged children and announced its Desh Ko Arpan Programme. 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. Child Relief and You (CRY) has been chosen as partners. The money raised was Rs 33 lakhs in a period of one month. The money raised will support six child – development initiatives across the country, namely:

- Lok Shakti Vikas Sansthan, Barmer, Rajasthan
- Jabala, Kolkata, West Bengal
- The Good Shepherd Society, Chennai, Tamil Nadu
- Gramya, Nalgonda, Andhra Pradesh
- The community Services Guild, Namakkal, Tamilnadu
- Rachana Society for Social Reconstruction, Pune Maharashtra.

Promotion of Cause Marketing: Push to Pull

Push: American Express has supported the promotion of a project with a &4 mn advertising campaign to reach its existing customers and to encourage new customers. The results are so impressive that in just three months, the “Restoration fund” raised over \$1.7 mn. American Express has promoted its cause by spending huge amount of money to inform customers. The strategy has been to “Push” the message to the market. Whatever money was spent on informing customers was not converted into social assets, but it indirectly facilitated the growth in sales and subsequently the amount used for the cause. This push strategy may not bring in the desired results. There is the threat of ad skepticism all the way. Also, this strategy is very costly and there is also the clutter in the market. Ad credibility is crucial for the success of any marketing strategy.

Pull: Aravind Eye care is the best example for “Pull” Promotional strategy. For the success of cause marketing, credibility of cause is crucial. If a company offers only some amount of money for the cause, the credibility is very less. If the employees, including the top management, are involved in cause marketing, customers treat the company as a more reliable entity in the society. And, if a company as a whole (like Aravind Eye Care hospital) is involved in cause marketing, the credibility is very high. Aravind hospital is organically connected with the cause – the cause of serving the poor is integrated with the marketing strategy of the organization. The promotion of the customer satisfaction and delight is accomplished without any effort from the hospital – customers spread the message through word of mouth.

Conclusion

Though Cause Marketing has started as a commercial activity, it has evolved as a concept and has gone beyond commercial activity to community activity. Arvind Eye Care and Tata have demonstrated their concern for causes. They have gone beyond the level of reactive competitive Strategies, and have shown the world the soft side of marketing strategies – a shift from hard factors to soft factors is evident in their marketing strategies. Company should contribute truly for the sake of cause without expecting in return

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