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# Doing well by doing good: applications of cause-related marketing to smaller businesses

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One of the more delicate lines that firms have to tread is between maximizing profits for their shareholders and their obligations with regard to corporate social responsibility (CSR). Many firms struggle with this balance, and there are a number of strategies open to them to try and satisfy the various expectations placed on them. Some may pay lip services to CSR, doing the minimum required to stave off any shareholder revolt, while others make it a major plank of their marketing strategy and where their CSR credentials on their sleeve as part of their branding and corporate identity.

But with these extremes and many shades of grey in between, how should a firm decide which path to take? The decision-making process is itself open to scrutiny to many stakeholders, and internal pressures can mount between desires to do the right thing and measures to maintain profitability. Indeed, it is likely that many firms suffer from a kind of doublespeak where the stated intentions mollify those seeking CSR actions, while behind the scenes alternative routes are taken to maintain commercial priorities, and there are a number of environmental scandals that appear to bear this out.

## **Making sense**

It would seem that the more sensible option is to veer towards making CSR choices part of the overall plan, and making the most out of these in terms of branding and promotion. Indeed, many companies make it their unique selling point, such as long-standing retailer The Body Shop. Such a move is termed cause-related marketing (CRM), and is the focus of the paper “Cause-related marketing and start-ups: moderating role of cause involvement” by Vivek Aggarwal and Vinod Kumar Singh (2019). Their research looks at startups and small businesses in India, and how they might learn from those larger organizations that have adapted CRM into their marketing strategy.

Ultimately, the aim of the research is to understand how purchase intention changes as a result of CRM campaigns, and by extension what sort of CRM strategy can achieve the most success. These strategies will often include what is known as “cause involvement”, which the authors define as how personally important consumers feel a given cause is to them – the thinking being that the more important a cause, the warmer they will be to any CRM activity seemingly helping that cause. Such campaigns have been rolled out by major firms both globally and nationally for many years now, including such tactics as offering to donate a percentage of any price paid to a certain cause, offering support for that cause, or sponsoring such a cause during an event. However, while such tactics are well known for major firms, less is understood about their use by startups or smaller businesses in India.

## **Test case**

In order to find out more, the authors decided to test the following assumptions:

- (1) CRM campaigns will positively influence purchase intentions.
- (2) CRM campaigns will positively influence cause involvement of consumers.



- (3) Cause involvement will positively influence purchase intentions.
- (4) When cause involvement is high, CRM campaign influence on purchase intentions is higher.

Over a thousand completed questionnaires were analysed which were based on a CRM campaign by Procter & Gamble and nearly 50 of its products. It has a long-running campaign based on the education of children where a certain amount of money is pledged to be donated to an education project when one of its products is purchased.

Overall, the authors found that there was a significant correlation between the CRM campaign chosen and purchase intention, so the initial test of whether such campaigns have any effect or not seems to have at least some proof. Looking into the results of the experiment in more detail, the authors saw that it was middle-income earners in India who reacted to CRM positively in terms of purchase intentions. In particular, there was a good deal of success where transparency played an active part, therefore showing exactly how much money would be donated following a purchase is one of the recommended actions from the research.

### Practical implications

Further recommendations relate to how donations are funded. While transparency is a good first step, the researchers found that consumers responded particularly well to requests for an additional small donation as part of the purchase that would be handed straight to the good cause, especially if it is something related to education. For startups, this is especially informative as it implies that a consumer may remain committed to the brand or product if they are willing to pay extra at the point of sale, and it also means that it is easier (and cheaper) to make the necessary charitable payments.

In addition, the study points to the development of consumer behaviour, especially in India, where there is growing cynicism and suspicion of CRM activity. Presumably, this is why additional payments are preferred to vague pledges by companies, as the consumer is more certain that their purchase will directly benefit the cause being promoted. A further implication of the research for startup businesses is that part of the innovation process should include CRM and CSR activity at its core – it is much easier to “play the cause card” if the essence of the business and attendant brands have such causes at their heart. Early startup activity such as word-of-mouth marketing and stakeholder engagement will benefit from using CRM in this way, rather than as a revenue generating tactic as many consumers observe big business doing. This is not to say revenues won’t benefit from CRM, but startups will be doing well by doing good, and not the other way around.

### Reference

Aggarwal, V. and Singh, V.K. (2019), “Cause-related marketing and start-ups: moderating role of cause involvement”, *Journal of Global Responsibility*, Vol. 10 No. 1, pp. 16-30, available at: <https://doi.org/10.1108/JGR-08-2018-0034>