

## **The Impact of Cause Related Marketing on the Purchase of Convenience Goods in Peshawar**

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### **Abstract**

*Cause related marketing is a fast growing phenomenon. A large number of firms have implemented it and have found it extremely successful. In Pakistan too, a number of firms have started using this approach. This study has focused on exploring whether the purchase of convenience goods in Peshawar is influenced by cause related marketing and that whether consumers prefer contributing to social causes over sales promotion tools such as discounts, extra quantity and sweepstakes etc. or not. Data for the study was collected from a sample of 300 respondents through a questionnaire. The results of the study show that majority of the respondents prefer contribution to social causes over any type of scheme or discount. However, the dependency of preferring causes on personal characteristics like age and gender etc. was not found.*

Partnering charitable causes with brands has become a common practice for many marketing programs referred to strategically as cause-related marketing (Lafferty & Goldsmith, 2005). The phrase "cause related marketing" was first used by American Express in 1983 to describe its campaign to raise money for the restoration of the Statue of Liberty. American Express made a one-cent donation to the Statue of Liberty every time someone used its charge card; the number of new cardholders soon grew by 45%, and card usage increased by 28% (Wall, 1984). Varadarajan and Menon (1988) have defined cause related marketing

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(CRM) as “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-producing exchanges that satisfy organizational and individual objectives” (p.60). Corporations have been drawn to CRM due to the competition of the expanding global marketplace and the need to develop brand loyalty. CRM may provide better results than discounting prices or increasing promotional spend by up to 20 per cent (Mason, 2002). The benefits received by businesses, good causes, and the customers involved with a CRM strategy have been defined as a “win, win, win” scenario (Adkins, 1999). Perceived social responsibility of a firm is deciding purchase factor for consumers when price and quality among competing products are equal (Holmes, 2001). It is also found that, although commitment increases willingness to buy a product related to the cause, the effect works only when the cost associated with supporting the cause is minimal (Vaidyanathan & Aggarwal, 2005).

According to Business in the Community (1998), about 81 per cent of consumers are more likely to buy a product or service that is associated with a cause they care about. Americans are significantly more receptive to CRM than ever before. 76% believe it's acceptable for companies to engage in CRM - a 10% increase since 1993. Cynicism towards CRM is quite low. Only 21% of those surveyed questioned the motives of companies that help good causes. A large number of firms have implemented CRM and have found it extremely successful and the trend is increasing at a phenomenal rate. In 1997, Coca-Cola donated 15 cents to mothers against drunk driving for every case of Coca-Cola

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bought during a 6-week promotion in more than 400 Wal-Mart stores. Coke sales in these stores increased 490% during the promotion. (Friel, 2004). In 1999, \$630 million was spent on marketing deals that benefited charities (Meyer, 1999).

Cause related marketing has been found to result in the following benefits for the firms: “(1) Creation of goodwill with the community (2) differentiation of the corporate image and its brands from the competitors (3) greater customer acceptance of price increases (4) increase in employee and channel member morale (5) recruitment of new employees (6) use as a shield against public criticism in times of crisis (7) winning over skeptical public officials and (8) increased revenues and profits” (Dean, 2003, p.92).

A number of studies recommend that there should be a good fit between the cause which the company is associating with and the company/brand/product (Welsh, 1999). Allying a cause with a familiar brand improves attitude toward the cause when the cause is unfamiliar but has less impact on a familiar cause. The effect of the alliance on brand attitudes is positive regardless of the degree of cause familiarity (Lafferty & Goldsmith, 2005).

CRM is not without critics. It may be criticized as having selfish motives of improving image and sales by relating to a cause but a firm can overcome this criticism by making a long-term commitment to the cause (Arnott, 1994). A long-term commitment may allow better positioning and imaging of the brand and the company (Meyer, 1999). In 1998, Ariel launched its "Help the Needy" campaign in Pakistan that Procter & Gamble runs in several Muslim countries during the month of Ramadan. Since its inception, the objective of this campaign has been to

assist the less fortunate children in the society by providing for their most exigent needs.

In Pakistan a number of firms have started using this approach. Keeping in view the emerging importance of CRM, an exploratory study has been conducted to find its impact on the purchase of convenience goods in Peshawar. The specific categories of product selected were soaps, detergents, cigarettes, candies, chewing gums, toothpaste, shampoos, ghee, oil, milk and tea. This study has focused on exploring whether the purchase of convenience goods in Peshawar is influenced by cause related marketing or not.

### **Research Objectives**

The research objectives addressed in the study were:

1. To identify factors considered most important by consumers while purchasing the daily routine items.
2. To investigate whether consumers prefer products due to their relation to causes.
3. To determine whether consumers prefer contributing to a cause over sales promotion or not.
4. To explore the types of causes which motivate a person to buy a particular brand of the daily routine items.
5. To examine if there is any relationship between age, gender, qualification and income level and the preference for a product due to its relation to cause.

### **Method**

#### *Sample*

A sample of 300 respondents was selected for the study. Males accounted for 72% and female 28% of the sample. All professions were

represented with students (31%) having the major representation. About 60% of the respondents belonged to the 20-30 years age group. On the criteria of qualification, 35% respondents had masters qualification, 34% bachelors, 17% intermediate and the rest had matric or below.

#### *Instrument*

Questionnaire was used to collect the data. It was well structured and was preceded for pre-testing before the actual survey.

#### *Procedure*

The respondents were selected from different areas of Peshawar through the Mall-Intercept form of convenience sampling. All major areas of Peshawar were given proper representation. The data was analyzed through SPSS using Frequency distribution, Chi-square goodness-of-fit and Chi-square test of independence.

#### *Results*

The results of the study are:

Table 1 Factors Influencing Purchase of Convenience Goods

Factors	Frequency	Valid Percent
Price	32	10.7
Quality	99	33.0
Packaging	1	.3
Prestige	1	.3
Advertisement	10	3.3
Company/Brand Name	7	2.3
Price and Quality	47	15.7
Others	103	34.3
Total	300	100.0
Chi-Square ( ) = 334.507 df = 7 = .000		

The table shows that the most important factor in the purchase of convenience goods is quality. Majority of the respondents (33%) consider quality to be the important factor. It is followed by price and advertisements. The 'Others' include those who consider more than one factors .The values are significant.

Table 2 Preference for a product due to its association with a cause

Response	Frequency	Percent
Yes	257	85.7
No	43	14.3
Total	300	100.0
Chi-Square ( ) = 40.333 df = 1 p= .001		

The respondents were asked whether they will prefer a product if it was associated with a cause or not. As shown in table 2, majority of them (85.7%) have given their answers in affirmative. It shows that people favorably consider those firms which partner with different causes. A small number of the respondents did not favor such arrangements.

Table 3 Consumers' preference for a product associated with a cause vs sales promotion

Options	Frequency	Percent
Sales Promotion (Discounts, Sweepstakes etc.)	94	31.3
Relation of products with causes	205	68.3
Both	1	.3
Total	300	100.0
Chi-Square ( ) = 373.860 df = 2 p= .001		

Table 3 shows the preferences of respondents for a product due to its association with a cause over sales promotion. They were asked whether

they would prefer a product which is related to a cause or the one which offers different incentives like discounts, extra quantity etc. Majority of them (68.3%) said they would prefer products related to causes over sales promotion.

Table 4 Consumers' Preferences for Alternative Causes

Alternatives	Frequency	Percent
Education for poor children	157	52.35
Help handicapped in treatment	95	31.66
Education & help to handicapped	48	16
Total	300	100.0

Chi-Square ( ) = 42.203 df = 2 p = .001

Table 4 shows the response of the respondents towards various alternative causes with which the products can be related. Since in Pakistan, the firms which use cause related marketing are limited and they work in very few areas, the respondents had limited options. They considered education to be the area where efforts need to be put. Majority of them would prefer products related to the education of poor children.

Table 5 Purchase of Ariel due to Partnering with Cause

Response	Frequency	Percent
Yes	233	77.7
No	67	22.3
Total	300	100.0

Chi-Square ( ) = 93.274 df = 1 p = .001

Table 5 shows the preference for Ariel due to its partnering with a cause. Majority of the respondents said they had purchased Ariel in the month of Ramadan due to its relation with the cause.

The dependency of respondent's preference of causes over sales promotion on different factors like age, profession, gender, qualification and income level was tested through Pearson Chi-square test of dependency. The results show there was no dependency of preferences on these factors. Respondents belonging to all categories had similar preferences.

### **Discussion**

The result of this study shows that the most important factor considered by customers in purchase of convenience goods is quality. Majority of the respondents prefer products associated with contribution to social causes (helping poor people) over any type of scheme or discount. These findings support the previous works of (Meyer, 1999; Dean, 2003-04; Vaidyanathan & Aggarwal, 2005). It has been found that association with causes can easily motivate people as compared to incentives and in contribution to social causes they prefer to contribute towards education of poor children followed by helping the handicapped people in their treatment. A very small proportion of respondents prefer incentives in the form of discounts, followed by extra quantity. The results of cross tabulation shows that people belonging to different profession, age, qualification, gender and income levels are similarly motivated towards incentives (discounts, prizes, gifts etc) and contribution to social causes (education to poor people, helping the handicapped in their treatment).

It has become clear that in Peshawar, people prefer helping the poor people over any type of discount while purchasing convenience goods. To capture the Peshawar market, firms should use cause related marketing. Instead of giving price discount to the customers, they should relate their sales with causes like education for poor children or helping



the handicapped people in their treatment. By doing so, more customers can be attracted towards their products.

Some people may not believe in these types of campaigns and they may think that the companies are running these campaigns just for the sake of their own sales, profit and publicity. These doubts can be removed by showing the actual performance through media to the audience (Friel, 2004). The companies should take their customers into confidence and make them sure that they are actually helping the needy and deserving people by showing their (company's) performance in the form of interviews and discussions with the deserving people on the television and the personal experiences of these people must be shown. Well-known local celebrities/ personalities may be hired advising the people and encouraging them to buy those products and help the poor & deserving people. An inspiring example is of Ariel in Pakistan. In the holy month of Ramadan Ariel come up with a campaign of helping the poor children in their education and handicapped people in their treatment. For this purpose the customers were requested to return the empty package of Ariel to the company's outlets. With each return of empty pack Rs.10 were contributed to the poor people for their help. In their advertisements they showed two famous celebrities endorsing Ariel and encouraging people to buy Ariel and help the poor people. The celebrities were Abdul Sattar Eidhi (a famous social worker) and Anwar Maqsood (a well known television artist).

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