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Cause Related Marketing and Its Impact on Sales: Mediating by Brand Loyalty and Customer Purchase Intention

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Abstract:

The objective of this study is to test both CRM and sales are related direct one and examines the impact of CRM campaigns on brand loyalty, consumer purchase intention and ultimately on sales. The questionnaire was distributed among students and employees of different universities and organizations. A total of 629 properly filled questionnaires were processed for analysis. A five point Likert scale was used to assess the respondents' level of agreement or disagreement. This study concludes that the cause related marketing campaigns have positive influence on the sale activities of companies. This link is also mediated by brand loyalty and consumer purchase intention that eventually have positive effect on sales.

Keywords: Cause related marketing, brand loyalty, consumer purchase intention, companies sales, fast foods,

1. Introduction

Cause Related Marketing (CRM) defined by Varadarajan and Menon (1988) provide the grounds for later research it can be defined as integrated step-by-step process of developing, maintaining, along with integrating marketing activities. These activities are associated with special cause that is being supported by the firm with an announced amount of revenue generated by customers and company focuses the mutually beneficial long-tem relationship with their customers. Brink et al. (2006) termed "CRM as a specific marketing activity through which the firm promises its consumers to donate company resources to a worthy cause for selling the each unit of product or service."

Fulfilling needs, wants and demands by offering qualitative goods and services are not only the competitive edge of a company in today's rivaling environment, but also the need of time to alliance with a good cause which mutually benefits customers and company (Adkins, 2004). Ground-breaking strategies like CRM are being adopted for innovativeness as well as to retain customers (Matson, 1994). CRM has become a modern marketing strategy through out the western world (Taylor, 2007). CRM helps companies to increase short term revenues by supporting sales promotions, repetitive purchasing and/or increasing bulk purchase. CRM has become a tactical/strategic instrument (Till and Nowak, 2000), to develop a positive brand image, product or overall company in customers mind (Chattananon et al., 2008), it ultimately enhances sale for a specific product of a company associated with cause (Varadarajan and Menon, 1988) and produce revenues additionally (Adkins, 2004).

Company coalition with a cause creates goodwill and gains an affiliation in the mind of customers (Farache and Perks, 2008).

CRM has successfully evolved in countries like Australia, Canada, USA, New Zealand and United Kingdom, which are developed countries, along with dissimilar aspects. This research gives evidences that CRM has emerged very successfully in developed countries and proved as a strategic tool for the companies. CRM helped in increasing revenues, sales and maintaining brand positioning. Pakistan became center of attention by researchers because of its emerging market specially advancements in Telecom infrastructure and its proximity. The demand of the time is to understand the impact of CRM campaigns on buying behaviors of consumers. Here the matter of research was to find those variables which play an arbitrary and temperate role in purchasing patterns of consumers. These variables can influence buying behaviors in different ways and also explain these behaviors through different angles. So new research stream should focus those factors which can enhance the consumers' participation in CRM campaigns. These insights develop a comprehensive and pragmatic understanding to create a link between the CRM campaigns and purchasing intensions, and can recommend new ideas and innovations through which customers can differentiate the knowledge and understanding level of CRM strategies in developed and less developed countries like Pakistan. In summary, in an effort to gain new insight into the effect of consumer attitudes ceremony in Pakistan these concepts were essential to explore, because consumers may not be influenced by these campaigns if they are unable to recall brands promoted at point of purchase. Although the study was similar to previous studies on the impact of CRM on consumer attitudes, it has extended the work on CRM the existing investigate mediating role of brand loyalty and consumer purchasing intention which was ignored in previous studies. This led to proposed was conceptualization of integrated initial relationship developed.

The objective of this study is to test both CRM and sales are related direct one, or these are mediated by consumer purchase intention and brand loyalty of product? This study examines the impact of CRM campaigns on brand loyalty, consumer purchase intention and ultimately on sales. This research study highlights the hybrid relationship of company and CRM, and how in several ways it effect positively.

2. Research Theory

Along with many other strategic concerns, businesses are also thinking about societal and environmental concerns for their well being (Fellman, 1999). Easy access to information makes it very simple for the interested customers to have an idea about business activities and their role towards social concerns by simply accessing internet and other available news and information resources. In fact, consumers adding to the revenues of the companies who are active, it's better to say proactive towards environmental as well as social matters in their marketing along with other business practices are increasing with the time (Carlson et al., 1993). As is the example of the Domini Social Index in which 400 different public listed companies were selected for practicing and introducing environmental and social friendly products in 1998 and while showing the 'exit' way to the S&P 500 (McBride, 1999). As compared to 1990, 150% increase has been witnessed in 1994 due to over $ 1 billion investment by the companies on projects encompassing CRM (Strahilevitz and Myers, 1998). Another survey of 1998 that was constituted of the interviews of CEO and marketing directors of United Kingdom showed that 70 percent of them expressed their willingness for continued enhancement in CRM projects (Ellen et al., 2000).

Barone et al. (2000) found that in the case of homogeneous goods, the respective lengths of choice consumer marketing assets and the value of the display object have been shown to rely on trade-offs affecting. CRM emerged to be majority efficient as shortly as the consumer was needed to produce zero trade-offs in exchange for choosing the brand activity and the CRM activities. However, many citizens were motionless in the acceptation of lower performance or higher price rates for the environmental and social concerns, regardless of the consumers loyalty to the underlying motivations related to the company's CRM efforts. Furthermore, Barone et al. (2000) discovered that buyer alternative only migrates in the direction of the merchandise of the business that enlists in CRM in case of secondary comparable merchandise and cost trade-offs. Favorable consequences of CSR in general were discovered for consumers' evaluations of new goods through increased effects of the business that commenced these goods (Brown and Dacin, 1997). Mohr et al. (2001) analyzed the consequences of CSR on consumers' buy conclusions, but could not find any important relationship. As it is clear from the preceding overview, the influence of CRM and CSR on marketing performance variables is blended and counts on the particularities of the crusade as well as on the marketing context.

` It has been highly backed that CRM could play a vital role in putting awareness of brand and its healthful positioning in customers' perception (Varadarajan and Menon, 1988).

But what could be the results if consumers were already using a brand and company put the same brand in its CRM strategy, it has proved more fruitful and has more long term benefits, but most of the times companies do prefer to implement CRM strategies along with a little flop brands to put them in somehow better position and to survive them for more sales. Most of the companies have impaired CRM with their brands resulting in goodwill of the company, enhancing consumer confidence in the utilization of their products with having a proud feeling to be part of the cause. Researchers have found that proper identification of picking the most optimal cause plays key role in developing and building company's goodwill (Adkins, 2004).

Most of the times customers started using products of companies that were engaged in social responsibility and some causes if they found a balance in price and quality of the product according to their requirements (Lorge, 1998). Reputation of the company normally relied on the management's reliability, product quality and price as compared to other rival products, brand image, brand positioning and services. But creating favorable reputation through these components might not put a positive impact on sales and buying decisions of the consumer (Mason, 1993). Companies that were benchmarking CRM and using it as standard impaired with their brands; they were seen more than successful in positioning their good image in the minds of the customer resulting in huge difference in sales (Fombrun and Shanley, 1990). Identification of the optimal cause that was best suited for a target group of consumers produced optimum results Cone/Roper CRM report (Spethman, 1999). So companies should be keen and must indulge in extensive research in order to identify the best suited cause to pick and implement at strategy.

There are mainly two dimensions of brand loyalty, loyalty with respect to behaviors and loyalty with respect to attitudes of consumers. Behavioral brand loyalty results in patronage with the brand and produces multiple purchases of the same brand over time, and hence contributes in increasing graph of sales (Bloemer and Kasper, 1995; Traylor, 1981). It's obvious that brand loyalty will result in repeated purchases, but it's also true that this may not be the results in some cases, and the force behind those repeated buying decision is still an alien (Jacoby and Chestnut, 1978; Jacoby and Kyner, 1973; Quester and Lim, 2003). Behavior that can be observed is easier and cheaper to measure (Dekimpe et al., 1997). Attitudes towards the brand loyalty may create different pictures as compared with behavior as attitudes rely on effective and cognitive attributes with multidimensional concerns (Oliver, 1997). Cognitive attribute refers to consumer's knowledge about the brand and effective

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attributes translates the emotions of the consumer related to brand. Dick and Basu (1994) have identified differences in loyalty, latest loyalty, spurious loyalty and no loyalty to understand more about the consumer attitudes and emotions associated with the brand in different circumstances. Creating trust could be called preparation for having CRM programs and it plays a vital role in creating a supportive consumer bunch for a particular cause (Nowak, 1999; Osterhus, 1997). If the companies reputation is already dump and it is being positioned negatively in the minds of the customer than CRM programs may go in vein (Thorson et al., 1995). So it can safely defend the argument that trust plays a key pre-role in CRM programs.

While CRM activities influence brand loyalty and consumer purchase intention. In most of the previous literature which provided the direct link between CRM and sales and ignoring the role of mediating factors like consumer purchase intention and brand loyalty on sales of the company. The current study verifies the prior established relationships in order to minimize the gap effect.

Figure-2.1: Conceptual Model
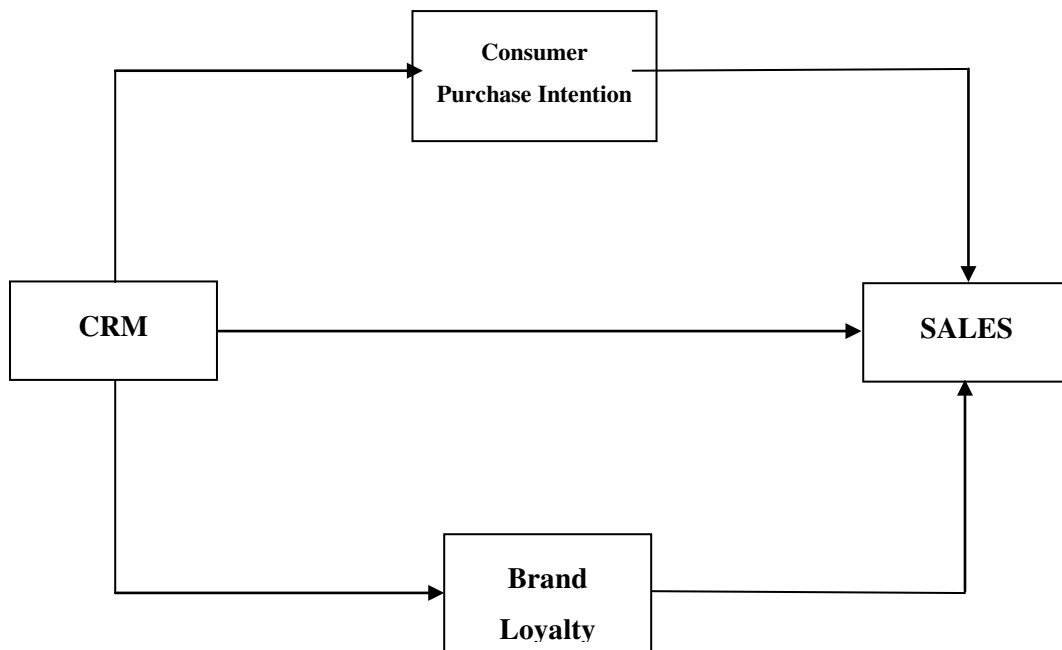
Following hypotheses have been developed based on the literature review:

H1: CRM campaigns have a positive impact on consumer purchase intention.

H2: CRM campaigns have a positive impact on brand loyalty.

H3: Consumer purchase intention has positive impact on sales.

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H4:   Brand loyalty has positive impact on sales.

H5:   CRM has positive impact on sales.

3. Methodology

A total of 850 questionnaires were distributed among students of different universities and employees of organizations and 643 filled questionnaires were collected but 629 properly filled were processed in this study. Thus, a response rate of 74% was achieved in this study. A five point Likert scale was used to assess the respondents' level of agreement or disagreement with each statement by circling a number from 1 – 5, where 1 was least level of agreement and 5 was the highest level of agreement. SPSS and AMOS were used to analyze the data and to test the model. Furthermore, in order to measure the brand loyalty six items were adapted from the study of Batra and Ahtola (1988). Similarly, for measuring the consumer purchase intention, three items were taken from the study of Baker and Churchill (1977). Also for measuring the impact of CRM six items scale was used the study of Burton and Lichtenstein (1988) and finally for sales four items were adopted from the study of Stipp and Schiavone (1996). Before completing the questionnaire respondents were explained of the importance and purpose of the study. Only one questionnaire was given to each respondent. After that data was collected from entire universities and organizations, it was entered in SPSS sheet for further analysis. AMOS was used to test the model to find the effect of cause related marketing campaigns on sales with mediating variables like brand loyalty and consumer purchase intentions as well as the direct relation was checked with sales. Confidence level for present study was 95 % with 5 % level of significance.

4. Analysis

This study reviews the affect CRM on sales specifically in FMCG sector of Pakistan market, also some factors like brand loyalty and consumer purchase intention participate in it and enhances results. Relations between different variables were analyzed by structural equation technique.

Figure- 2: Path Analysis
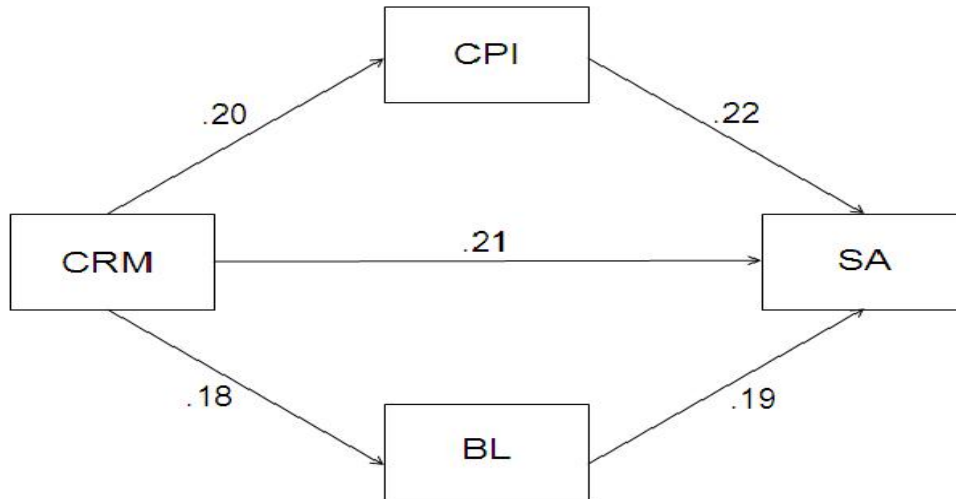
(CRM=Cause Related Marketing, CPI=Consumer Purchase Intention, BL=Brand Loyalty, SA=Sales)

The above conceptual model shows the relationship and measure the effect of CRM on brand loyalty and consumer purchase intention, considering as mediating variables, and both effect on sales of organization and as well as the direct effect of CRM on sale is checked with special reference to Pakistan's FMCG sector and it also point out the significance role of each variable on sales of organization.

Table 1- Index of fit of the Model

Model Summary		
Chi Square	Degree of freedom	P -value
13.695	6	0.000

The index of fit for the present study model is shown in table 1, taking degree of freedom (6) into account, most of the index values approach the general standard of index fit. It is evident from the analysis that over all research model is significant (Chi= 13.695) (P<0.05). Conceptually model is good fit to the values (data). The model chi-Square (Chi) does not fulfill the minimum requirement of model fitness as the significant value is less than level of significance (P<0.05) indicating discrepancies factors in the model, whereas, the corresponding chi-Square value is also greater than 2 as suggested by Tabachnick and Fidell (2007) as low as 2.0. Chi- square lack of it might be one of the possible reasons indicated (Bentler and Bonett, 1987 and Joreskog and Sorbom, 1993) that Chi-Square is sensitive to sample size and nearly always reject model when sample size is large.

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Table 2- Hypotheses testing based on Regression weights, Estimates, Critical ratio and P-value

Variables	Estimates	S.E.	Critical Ratio	P-value	Results
CPI ←CRM	0.199	0.028	7.483	0.000	Accepted
SA←CPI	0.221	0.028	8.165	0.000	Accepted
BL←CRM	0.183	0.030	6.175	0.000	Accepted
SA← BL	0.187	0.029	7.124	0.000	Accepted
SA← CRM	0.210	0.026	7.841	0.000	Accepted

(CRM=Cause Related Marketing, CPI=Consumer Purchase Intention, BL=Brand Loyalty, SA=Sales)

The result of above table test the relationship constructs including CRM, brand loyalty, consumer purchase intentions and sales of company are shown in table and in figure. The results in table report the regression path, regression estimates, standard error, critical ratio, significance values and label of hypothesized relationship between cause related marketing as independent variable, brand loyalty and consumer purchase intention as mediating variable and finally sales as dependent variable. The results reveal positive and significant relationship between independent (cause related marketing), mediating (consumer purchase intentions and brand loyalty) and dependent variable (sale) in FMCG sector with special reference of Pakistan's market.

The analysis shows that CRM campaigns intensify consumer purchase intention (CPI) by 20% approximately (β=0.199, P<0.05). The critical ratio (CR=7.483) indicates that CRM is perceived as an important independent variable in ensuring high consumer purchase intentions (CPI). The table further depicts the regression co-efficient (Beta) value is 0.221 between consumer purchase intentions (CPI) and sales (SA) and p-value (p<0.05) suggests that these are significantly related to each other. The critical ratio (CR=8.165) indicates that consumer purchase intentions (CPI) is perceived as an important mediating variable in ensuring rise in sales (SA). The analysis further demonstrates that CRM campaigns intensify brand loyalty (BL) by 18% approximately (β=0.183, P<0.05). The critical ratio (CR=6.175) indicates that CRM is perceived as an important independent variable in ensuring high brand loyalty (BL). The table further depicts the regression co-efficient (Beta) value is 0.187 between brand loyalty (BL)and sales (SA) and the relationship is pointed from the analysis

that if there is one degree change in assurance there would be almost 19% change in customer satisfaction and p-value ($p<0.05$) suggests that these are significantly related to each other. The critical ratio (CR=7.124) indicates that brand loyalty (BL) is perceived as an important mediating variable in ensuring rise in sales and finally it is proved that CRM campaigns intensify sales (SA) by 21%, beta=0.21o and $p<0.05$. The critical ratio (CR=7.841) indicates that CRM is one of the important independent which also positively effect sales (SA) which is a dependent variable. So, all variables cause related marketing (independent), consumer purchase intention (mediating), brand loyalty (mediating) have important role in assessing their effect on sales of FMCG sector with special reference of Pakistan.

It is clear from the above results that regression coefficient of cause related marketing with consumer purchase intention, brand loyalty have positive value as "p" values are less than 0.05 confirm the significance of this independent variable to consumer purchase intention, brand loyalty (mediating variables) moving further both mediating variables (consumer purchase intention and brand loyalty) have positive value as "p" is again less that 0.05 confirm the significance of mediating variables on dependent variable (sales), and also the regression coefficient of cause related marketing with sales has positive value as "p" values are less than 0.05 confirm the significant of this independent variable to dependent variable i.e. sales. The results of the study show that the hypotheses (H1, H2, H3, H4 and H5) are valid and confirm that CRM campaigns have positive effect on sales of company and effects are enhanced by the mediation of brand loyalty and consumer purchase intention in FMCG sector of Pakistan.

5. Conclusion and Recommendations

Concluding the results of this research, which are in line with the literature, it's evident that cause related marketing is one of phenomenal tool of marketing practice, which has significance effect on sales of the companies. The potential consumers got positive effect on their purchase intention. Consequently rise in brand loyalty make consumer to purchase bulk quantities, re-purchase and they also help in creating positive words of mouth about brand and company that eventually increases sales of corporate sector.

As for as cause related marketing is concerned it is multi-dimensional and more effective tool among other marketing tools like free sampling, coupons etc. even it's cheap and helps organization to achieve its goals and objectives more widely in the long term. Apart

from increase in sales it helps companies to increase customer loyalty. It also makes it easier to enter in new segment along with its help to the companies to introduce new brand or product as they have positive image in the market and acceptability of the consumers. This study concludes that in special setting of Pakistan FMCG sector, the cause related marketing campaigns have positive influence on the sale activities of companies. This link is mediated by the factors, like brand loyalty and consumer purchase intention, that eventually have positive effect on sales.

On the basis of results, there are few recommendations for fast moving consumer goods sector of Pakistan and 3rd world countries as well, as they follow same trend and patterns of living and preferences. Cause related marketing campaigns are one of the emerging multi-beneficial tools for this sector. The companies in Pakistan must take special consideration about it and must conduct proper research before aligning cause with brand so that they can get desired benefits. It is witnessed through this study; it helps in increasing customer base strategies. It also helps in capturing more market share along with it increased brand loyalty index, which pursue customers to make repetitive and bulk purchases.

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