Building brand equity through cause-related marketing, a case-study

ABSTRACT:
Cause-related marketing has been explored throughout the scope of CSR (Corporate Social Responsibility) and commercial returns on short-term campaigns. The literature review explored the alliance-based view of cause-related marketing and the necessary steps to form a succesful alliance. A semi-structured interview was used. Finally, the findings and discussion highlighted the need to integrate cause-related marketing into an overall shared value strategy rather than use it as an isolated strategy. There is a difficulty to convince consumers of cause-marketing benefits in France and it insisted on altruism as a key success factors to be promoted by brands running cause-marketing campaigns.

Keywords: Brand Equity; Cause Related Marketing; Corporate Social Responsibility

RESUMEN:
El Marketing de la Causa Relacionada se ha explorado en todo el ámbito de la RSE (Responsabilidad Social Empresarial) y vuelve en campañas comerciales de corta duración. La revisión de la literatura explora la visión basada en alianza de comercialización con causa y los pasos necesarios para formar una alianza exitosa. Una entrevista semiestructurada ha sido hecha. Los resultados y la discusión muestran la necesidad de integrar el marketing con causa en una estrategia global. Hay una dificultad para convencer los consumidores de los beneficios de marketing con causa en Francia y se insistió en el altruismo como factor clave.

Palabras Clave: Brand Equity; Marketing de la Causa Relacionada; Responsabilidad Social Corporativa

1. Introduction
Cause-related marketing has become an increasingly used marketing artefact for the past twenty years, since American Express conducted the first mass market campaign of this kind in 1983 with a transaction-based project aimed at supporting the restoration of the Statue of Liberty (Causemarketing Forum, 2013). Over the four months period of the campaign, new users grew by 17% and the number of transactions jumped by 28%. Since then, the cause marketing forum (2007) estimated that cause-related marketing grew from 0 to be worth about $US1340 million in 2006. The Cadbury cause-related marketing programme ran in Australia proved to be capable of raising customer interest about the country’s wildlife by capitalizing on the strong Australian culture on environmental issues (The Times 100, 1997).

The common-sense explanation given by the case-study authors is that « Today, for example, consumers do not buy petrol simply to get them from A to B. They want to buy petrol which will get them from A to B but with limited damage to the environment » (The Times 100, 1997). Cause-related marketing appeared then to be a new way to capture customer value and came out to have different definitions. One of the most quoted definition is that from
Varadarajan and Menon (1988, p.60) which states CRM as: « the process of formulating and implementing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives. » This definition can however be disputed as some campaigns are considered to be linked to cause-related marketing while there is no monetary incentives given to the cause.

Indeed, Liu and Ko (2011) assert that « Garriga and Mele (2004) classify the main CSR theories and related approaches into different groups (political, integrative, ethical and instrumental) with cause-related marketing belonging to part of the instrumental theories group. » This definition differs a lot from the one of Varadarajan and Menon as it places cause-related marketing into a general CSR practices framework and therefore opens the concept to embrace diverse forms other than purely transaction-based such as sponsorship, joint-promotion or even in-kind donation. The fact that cause-related marketing is subject to contested definitions shows that CSR practices are still emerging and justifies as a consequence that academic research should be conducted to enlighten the area and pave the way to clearer cause-related marketing tools and frameworks.

Although cause-related marketing can be considered as part of the particular field of CSR, it can also be connected to the broader view of creating shared value, introduced by Michael Porter (2011). It promotes the idea that companies develop « economic value in a way that also creates value for society by addressing its needs and challenges. » The objective is to go beyond the trade-offs such as environmental taxes or fair-trade that redistribute value instead of creating value. Cause-related marketing must include shared value creation as a requirement for success and therefore move beyond simplistic campaigns that will only boost sales for a short period of time. In other words, brand equity should be more taken into account when it comes to cause-related marketing since a strong brand is built based upon long-term efforts.

2. Research problem
Cause-related marketing has been studied mostly through the prism of cause-brand fit (Chang, Liu, 2011), the study of partnerships between a company and a NGO (Liu, Ko, 2011) and the choice of the cause itself (Robinson, Irmak, Jayachandran, 2012). Most of the work that has been achieved assesses the success of cause-related marketing campaigns in terms of sales and eventually customer opinions about the campaign but it rarely comes out to solid brand equity statements, since out of the 23 journal articles that were reviewed, only one had a prime focus on brand equity (Lebar, Buehler, Keller, Sawica, Aksehirli and Richey, 2005). The major gap on the existing literature is that it never brings brand equity as a key indicator, but as a supposed competitive advantage from successful campaigns.

As a matter of fact, measuring brand equity is a very challenging task, as there is no fixed key performance indicators. Brand equity « explains why different outcomes result from the marketing of a different product or service than if it were not branded » (Keller, 2012). In the case of cause-related marketing, brand equity has therefore a particular importance as two brands are engaged together to leverage each other’s value. The two main models used to measure brand-equity are those of Young and Rubicam (2013) that emerged in the 1980’s, achieving to assess the brand strength and stature.

More recently, a model was designed by Interbrand (2013), which takes into account a Role of Brand Index and a proprietary Brand Strength score to appraise the value of a brand. Cause related-marketing takes part in building brand strength and stature since it helps a brand differentiating towards its competitors. But it would be impossible to isolate quantitatively the part of the brand value attributable to cause-related marketing. Keller (2012) defines customer-based brand equity (CBBE) as being « the differential effect that brand knowledge has on consumer response to the marketing of that brand. »

The main focus of this article is to identify how cause-related marketing can contribute to build brand equity by showing which practices could have a positive and durable impact on brand value. In order to gain a deeper understanding on brand equity challenges in cause-related marketing, three main activities will be carried out: (1) A review of relevant literature to understand the main success factors of cause marketing campaigns, (2) an analysis of the potential of cause marketing to increase brand image and awareness and (3) The influence of cause marketing on the purchasing intentions.

3. Research objectives
The aim of this research is to gain a detailed view of the opportunity for cause marketing campaigns to get integrated in almost every field of brand equity with a particular focus on: strengths and favorability of brand associations, brand recognition, feelings and experiences incurred by the brand association attributes. The following objectives have been defined in order to achieve the overall research aim:

1. Evaluate the literature from different theoretical perspectives on the subject of cause-related marketing, using the merits of these sources to help answering the research questions;
2. Identify the elements of cause-related marketing campaigns that enhance brand equity;
3. Analyse the purchasing intentions factors for cause marketing products by conducting a research at a French retailer;

4. Literature Review
The objective of this section is to review the existing literature on cause-related marketing and look at it through different scopes. Most part of the research that has already been conducted to studies of cause-related marketing, were based on three main aspects: (1) the alliance-based view of cause-related marketing that observes success factors through the glance of alliances, (2) the relevance and legitimacy of a brand to support a cause, also called cause-brand fit and (3), research that focus on secondary factors such as age or gender.

It is important to consider that a moderating effect to cause-brand fit and the strength of alliances is definitely the cultural effect. Cause-related marketing is for instance a highly developed concept in the USA, since it has firstly emerged there. Nevertheless, French consumers, for example, show quite some skepticism when it comes to cause marketing products.

5. The alliance-based view

The research conducted on cause-related marketing drives the study of « how the formation of alliances is determining in order to achieve the campaign objectives ». Svensson and Wood (2010) tried to set-up and describe a model of cause-related marketing for both profit-driven and non-profit organizations: « The model of CRM consists of two parallel internal and external organizational processes – one representing the process of a NP organization and the other a PD organization. They are interlinked as the outcome of a CRM-partnership is dependent upon their mutual efforts. The model consists of the following parts. The model should be seen as continuous and iterative without an actual end until the NP and/or PD organizations decide to terminate their engagement in a CRM-partnership. »

![Diagram](Image)

**Notes:** PD – profit-driven organization; NP – non-profit organization

Partner selection is therefore the logical continuum as it requires to identify a partner based on value congruence: « Cone (1996) believes that not only must there be relevance to the PD organization, but also that the target audience must also identify with the "cause". It is not just as simple as picking from a smorgasbord of "causes" and aligning oneself with one. ».

This model proposed by Svensson and Wood was helpful to have an overview of the generic process to run a successful cause marketing campaign. Nevertheless, it doesn't necessarily apply to every situation. Harben and Forsythe (2011) states that « cause–brand alliances between less familiar brands and familiar causes are likely to be very effective in enhancing consumers' brand attitudes, purchase intentions and brand equity ». It might indeed be a great leverage for small brands that partner with causes that ring a bell to everyone.

It pretty well applies to the young French sneakers brand, Faguo, which will be studied in depth at the research questions. The brand developed its image and awareness from scratching through a partnership with a French NGO supporting reforestation projects. Within a highly competitive landscape, the company managed to sell over 160 000 pairs of sneakers within only two years (Frenchweb, 2012).

Although they don't have the budget yet to conduct solid market surveys, it is very likely that their success is due to their unique business model that relies on a cause that everyone has heard of. Forsythe and Harben (2011) argue indeed that « consumers » associations with the cause will influence their attitudes toward the brand. For a little known brand, there is therefore an opportunity to benefit from an excellent brand image as it will not be outweighed by any negative past reputation.

On the other hand, a young brand like Faguo has more pressure to do well than any other brand, and will have to stand for its ecological positioning.
6. The cause-brand fit

This is a central aspect of cause-related marketing, since it challenges the idea that cause-marketing is efficient when there is an obvious fit between the for-profit organization and the cause. Although it seems like a point on which researchers agree upon, some campaigns can actually perform very well without an obvious fit between the brand and the cause. Cause-brand fit is a critical issue to address.

Chang and Liu (2012) have studied the influences of product-cause fit, they classify the fit into two categories: consistent fit and complementary fit. The example given is a mobile phone for which the consistent fit is a digital gap reduction for children in remote areas while the complementary fit is medical research on radiation effects. It is highly valuable to see as well that the authors confirm to a degree the findings of previously quoted Baghi and Gabrielli about cause-related marketing and commodities: « Highlighting the perceived hedonic value of a product over its utilitarian value can be an important re-positioning strategy for a company using CRM, especially when a product contains a balance of both hedonic and utilitarian values. The results further promote the idea that a complementary-fit cause can be a substitute for a consistent-fit cause when consumers recognize the product as highly hedonic. ».

BMW proved to make possible an excellent cause-related marketing campaign with a low product-cause fit. In 2005, the car manufacturer decided to make a joint-promotion in Cyprus named « Value for life » partnering with a religious NGO fighting against drug addictions, a growing issue in Cyprus. Papasolomou and Kitchen (2011) studied this cause-marketing case study and fairly pointed out that although the cause-brand fit was not obvious, « Several research studies carried out by government and private organizations revealed that drug abuse was (and is) one of the most serious social problems in the country. » There was therefore a strong awareness of this issue in Cyprus which could possibly constitute a strong moderating effect to cause-brand fit.

The campaign lasted six weeks during which BMW raised its 3 series product awareness and managed as well to increase consumers attention to the cause: « Although at the beginning of the launch the key aim was to promote the new product, this gave way in turn to a determination to maximize benefits for the charity. Thus, it became the quest for all partners and participants including BMW employees and helped the initiative and focused employee fundraising and volunteering ». BMW engaged its employees to sell raffling tickets at football matches and thus raised over 125,000 Euros for the religious organization.

The authors argue that BMW took advantage of this cause related marketing programme by first of all enhancing the corporate and brand reputation belonging to the feedback they received from customers, agents and employees. They generated awareness and knowledge for the BMW 3 series with more customer uptake since the number of test drives had never been higher. It improved as well the firm’s standing compared to competitors belonging to a BMW marketing executive: « if the public can associate the firm with such causes in a positive way as is the case here then we can be ranked first in terms of corporate reputation ». The most peculiar aspect in this case is that BMW renewed the experience by linking every introduction of a new car model to the « value for life » campaign. It does thus make more sense in terms of brand building since brand associations are reinforced over time.

These results show the potential for cause-marketing campaigns to be managed with a degree of flexibility, in this case particularly meaningful for brands willing to engage more with their customers and establish a dynamic relationship. However, considering the increasing power of social networks for example, giving the chance to consumers to let them choose the cause to reward can create more interaction between them, develop discussions and consequently word-of-mouth about the cause-marketing campaign. Psychological factors could as well lower the impact of cause-brand fit as suggested by Moosmayer (2013).

An additional attribution theory suggested also by Moosmayer assume that companies running cause-marketing campaigns increase the brand awareness of the social nuisance companies are trying to reduce. As a consequence, the higher the cause-brand fit is perceived, the more likely consumers will attribute the responsibility of those nuisances to companies. That’s however a theory that needs to be further investigated as it might be applicable to the European sample interviewed considering some cultural skepticism towards cause-related marketing in Europe (Cone, 2011).

7. Secondary cause-related marketing success factors

In this section, secondary success factors in cause-related marketing campaigns are examined with a particular focus on gender and culture as major factors to take into account. The impact of cause-marketing awareness in consumer behaviour and how brands should adjust their strategy belonging to the market will also be observed.

The recent survey released by the communication agency Cone (2011) has been often quoted in cause-marketing literature as a reference regarding CSR expectations of consumers, but it should be nuanced that this report actually focuses on different markets and provides insightful cultural information.

As an example, 43% of American respondents cite economic development as the issue to be tackled by businesses while the global average is 34%. The American market seems also more sensitive to local issues (47% vs 36% globally) and have therefore specific needs in terms of cause-marketed products.
It seems therefore that there is a substantial cultural gap within the different markets in terms of cause-marketing expectations. In the case of France, consumer behaviour towards CSR practices could likely be explained by the fact that « France is a paternalistic society where the government is expected to step up to the plate and pave the way to sustainability ». As a consequence, when it comes to cause-marketing stakes, it is comprehensible that French people are skeptical about companies acting like the government is supposed to do. The challenges in this case lie in running cause-marketing actions that go beyond the standards set-up by public policies which potentially implies to engage higher costs.

When it comes to the profile of the targets customers in cause-related marketing, the age might as well be a determinant factor as cause-marketing first appeared only in 1983 and kept growing since then. The generation Y might therefore be more sensitive to this issue than older generations, as suggested by Cui, Trent, Sullivan and Matiru (2003). An experimental design using hypothetical cause-marketing print advertising was conducted by the researchers including a hypothesis of particular interest for this section : « There is no relationship between the socio-demographic characteristics such as age, gender and college major and the evaluation of the cause-marketing offer ».

The sample of undergraduate college students came out to react quite differently to the cause-marketing offer. Female students developed much more positive attitudes than male students and students majoring in social sciences were found to be more positive as well toward the offer than students majoring in natural sciences. The authors suggest that students in social sciences were more sensitive to cause-marketing than other students because they are more familiar to social issues and are less suspicious about business activities. In terms of managerial implications, it shows that cause-marketing is somehow quite adapted to a feminine target and offers more potential in brand building than male targets.

« It may be that those consumers who view CRM as a positive business practice are likely to have favourable attitudes towards a brand or company that employs this strategy, but that contribution to a social cause through product purchase may not be a powerful determinant in the apparel-purchase decision-making process among Gen Y consumers ». It is thus important to point out that brand image is actually a dissociated variable from purchase intention in the sense that a brand can develop a positive brand image throughout cause-related marketing but needs in the main time to keep focusing on the primary determinants of purchase intentions that can differ from a product to another. In the case of apparel brands, price could be a primary determinant regarding the competitive pressure which therefore prevents companies from charging a premium price for the cause they choose to support.

Finally, examining the perception of cause-related marketing benefits through the prism of companies can help the understanding their expectations and if these expectations are achieved. It is particularly relevant in terms of brand equity challenges, since expanding segmentation and increasing repeat purchases contribute to build a stronger brand.

8. The Research

The research aim is deeply focused on purchase intentions as an outcome of brand image. As a consequence, since it has been discussed on Docherty and Hilbert’s paper (2003), the objective is to identify the potential of cause-related marketing actions to generate brand equity as an important reason for purchase intentions.

The study was designed to be qualitative, in order to draw results as much reliable as possible. The qualitative research aims to explore a experienced manager perceptions of cause-related marketing actions on brand building, by using a research design pretty close from the study of Docherty and Hilbert (2003), about expected and achieved cause-related marketing benefits.

The research method consisted in conducting semi-structured interview that was very well adapted to the flexibility required to interview over a phone call, most of the time in a relaxed atmosphere. Several topic areas were prepared before the interview and were not always consistent, depending on the respondents as it was necessary to adapt the topics to the expertise of the manager being interviewed. The seeked benefits of these semi-structured interview was to get insights from a cause-related marketing professional in order to analyze his view about brand equity implications and provide a basic framework for the field-study and the structured observation.

9. Method

As for any kind of semi-structured interview, the interview conducted has started first of all by introducing questions in order to understand the level of involvement of the respondent into cause-related marketing and his level of expertise in this field. Follow-up questions helped to go more in depth in the cause-related marketing experience. It was carried on by probing questions in order to have concrete examples to transcribe. Finally, structuring questions went deeper into brand equity implications and raised the core interrogations of cause-related marketing potential to achieve sustainable brand performance. For this study, a French brand was choosed: Faguo.

9.1. Faguo’s Background

Frederic Mugnier and Nicolas Rohr founded Faguo in 2009. The objective was to create a sneaker brand that combined fashion with environmental awareness in the value proposition. In 2013, they have sold over 240,000 pairs of sneakers (Faguo, 2013) and have expanded their distribution network to five European countries. The
business model relies entirely on cause-related marketing, since the company is committed to plant a tree for every pair of shoes purchased. The company claims that this business model permits to transform undervalued wasteland into forestland and contribute to CO2 capture and the valorisation of forestry and wood sector in France, through sustainably managed forests. It supports as well the production of wood as raw material (Faguo, 2013).

The primary objective of this interview was to focus on brand image and brand awareness to match this research objective. The fact that Faguo integrated cause-related marketing to every product sold fitted perfectly the topic of this dissertation as cause-related marketing, in this case, is the unique competitive advantage of Faguo to build brand equity.

The interview with Faguo’s marketing executive was conducted over a phone call that lasted 35 minutes. The questions asked are described below and were focused mostly on the specificity of cause-related marketing fully applied to the business model of the company. The access to Faguo happened after contacting the company by e-mail.

The interviewed has been made with the press officer of the company, to whom the questions were previously sent by e-mail. She had prepared the answers with the marketing director of Faguo. There were four question topics:
1) Legitimacy of Faguo to be eco-friendly positioned;
2) Part of the purchasing process attributable to the cause;
3) Key success factors in running a cause-related marketing business model;
4) Strategic objectives of Faguo throughout their tree plantations programme.

9.2. Data analysis

The data analysis consisted mostly on interpretations based on the theory of the interviews content. The guideline set-up for analysing the interviews was to draw conclusions in terms of brand image and brand awareness and interprete outcomes for brand equity building. Before drawing any conclusions, it was considered that each interview could potentially probe any of the other two, so it was important to seek to find consistence in the interview findings before analysing the interview content individually. Based on it, it is possible to ask that question: How can cause-related marketing durably increase brand image and brand awareness?

Faguo combined its cause-related marketing business model to CSR practices that the company promotes on its website: Faguo reduced its carbon footprint by removing plastic shoe boxes in favor of recycled cardboard boxes and 50% of the sneakers manufacturing was developed near the harbor freight thereby, reducing CO2 emissions from road transport in China. Faguo sees those CSR engagements as credibility measures that prevent people from thinking that the plantation of trees is just a commercial operation. Faguo wants to ensure that their commitment to environmental issues is perceived as truly honest and therefore strengthen its brand image.

The press officer confirmed the initial thoughts regarding points-of-difference, since the company’s success relies entirely on its ability to go beyond the creation of fashionable sneakers by adding to the brand a unique environmental aspect. This branding leverage helped a lot differentiating from competitors since, belonging to the press officer, « No one else before us had ever associated fashion to environmental issues ».

Customer relationship management is one of the key success factors incurred by the resonance of a brand (Keller, 2013). Cause-related marketing should contribute to enhance customer relationship belonging to Faguo that encourages its customers to follow up the tree plantations thanks to a QR code crafted in each shoe box. The press officer insisted also on the fact that cause-related marketing could contribute to improve the dynamism of the brand by getting Faguo’s customers deeply committed to the environemental cause throughout an information leaflet crafted in the shoe box as well as a plantation counter on the website for instance.

How can cause-related marketing durably increase brand image and brand awareness? Cause-related marketing has also been depicted as a strong leverage to create points-of-difference in brand image in the interview that was conducted.

The interview with Faguo confirmed this theory, since their unique business model makes the company the only one in the fashion industry to place cause-marketing since the very existence of the company. It is compatible with existing research made by Cone (2011) which asserted that « When price and quality are about the same, 94% of consumers are likely to switch brands to one associated with a good cause ».

The good cause that gives more resonance to the brand image is likely to be a cause about which people care a lot, beyond the principle of cause-brand fit. The responsiveness of Faguo’s customers regarding the tree plantations follow-up and the constant sales growth is meaningful of Faguo’s ability to reach its target mostly composed of young adults (mostly of them with ages between 12 to 25). This brand image differentiation is coherent with the survey of Hyllegard, Yan, Ogle and Attman (2011) which highlighted that « Gen Y consumers are more likely to form positive attitudes towards an apparel brand when the amount of the charitable support is clearly communicated ».

10. Conclusion
This article has been conducted in order to find out how cause-related marketing could be used as a leverage for brand equity. The literature review was analyzed, aiming to critically assess the key success factors of cause-related marketing campaigns. Then, a qualitative research has been conducted by the interview of a cause-marketing expert, in order to get insights from a managerial point-of-view.

The interview with Faguo was very important to identify how a company could successfully make cause-related marketing on its main competitive advantage. Faguo relies on a strong customer-relationship by encouraging its customers to follow as much as possible the environmental actions they have contributed to support. Additionally, the creation of points-of-difference is fostered by cause-related marketing when durable and consistent actions are carried out.

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