

Impact Of Cause-Related Marketing On Company's Corporate Image and Consumer Purchase Intention: A Case Study of FMCG Sector of District Peshawar

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Abstract: Cause-Related Marketing (CRM) is a new marketing strategy that is not limited to current and traditional methods and from more complex facts or such as a sense of self-sacrifice and generosity. This study's objective is to investigate the relationship between CRM, consumer purchase intention (CPI), and corporate image (CI) among consumers of the fast-moving consumer goods (FMCG) industry in District Peshawar, Pakistan. Two hundred questionnaires were given to students attending various universities in the Peshawar district in order to test the conceptual model. Correlation and regression analysis were used to test the key hypothesis derived from the literature. The result of the data analysis confirmed all assumptions and showed that CRM has a direct and positive effect on CI and CPI. The data was gathered from universities situated in Peshawar only. Hence, future research could extend these findings to other cities in Pakistan to test their generalizability. Further research can be carried out through data collection from those people who actually participated in CRM campaigns to identify the original behavior of customers instead of their purchase intentions. This research and the claims made are limited to the FMCG industry. Moreover, it contributes to close the gap of empirical research in this field, particularly due to the diverse attitude of customers in less developed countries like Pakistan.

Keywords: Cause-related marketing (CRM), Consumer Purchase Intension (CPI) and Corporate Image (CI), Regression Analysis, Peshawar

INTRODUCTION

In the present competitive business world, simply providing good quality products or services may not be enough to win the hearts of the consumer. In the present scenario, many companies believe that strategic alliances with non-profit organizations and supporting social causes can shape consumers' perceptions of 'do well by doing well' and eventually result in revenues. Cause-related marketing (CRM) is a part of corporate social responsibility and a marketing strategy by which companies can achieve their humanitarian and marketing objectives.

In recent times, managers are facing pressure in gaining consumer trust and finding difficulty in linking charitable activities to corporate strategies to improve bottom-line performance and their competitive advantage (Dey & Sircar, 2012). CRM campaign appeals to sophisticated consumers who are actively involved in giving opinions on social and political issues (Liu et al., 2010). This highly educated and white collar job holder segment of the market will support the corporates involved with social causes and they are ready to pay more for products endorsing cause. CRM campaigns can increase company performance in the form of sales, corporate image, brand awareness, and brand image as well as can change consumer response (Rathod et al., 2014; Shabbir et al., 2010).

Prior literature suggests that CRM has a positive effect on the corporate image (Gupta & Pirsch, 2006). Studies have also evidenced the role of CRM on a few brand equity elements such as brand awareness (Rathod et al., 2014), brand preference (Nicholls et al., 1999), corporate image (Rathod et al., 2014), and financial value to the brand (Cornwell et al., 2001). Therefore, organizations use CRM to support a wide variety of causes and obtain a source of differentiation for both the firm and its brands as well as to expand their CSR programs (Corbishley et al., 2011). Therefore, CRM has become an established and integral part of the marketing mix. The companies participating in CRM campaign supports a cause directly or indirectly by associating with non-profit organizations and devoting a part of sales. This campaign is communicated to customers through advertisement (Duarte, & Silva, 2020).

In Pakistan, consumers' attitudes toward CRM are quite different, according to *Ishaq and Maria, (2020)*, when questioned about cause marketing initiatives, they expressed strong support for them, but when asked to name products or brands, they were stumped. To make these offerings successful, marketers must bridge the gap between their spoken behavior and their incapability to remember company names. Fast Moving Consumer Goods (FMCG) firms in Pakistan, such as Proctor & Gamble, Coca-Cola, Pepsi, Unilever, and Nestle, have utilized CRM as a strategic marketing instrument to increase sales and discriminate against themselves in the marketplace. Grounded on the above-mentioned different consumer views about CRM, it is expected that these businesses would fail to meet their objectives. This disparity in consumer attitudes strongly suggests that additional specialized study is needed in this area to well identify the influence of CRM on resident consumer buying intents. Therefore, this study aims to investigate the effect of CRM on Corporate Image (CI) and Consumer Purchase Intention (CPI) in the FMCG sector in Khyber-Pakhtunkhwa, Pakistan.

Research Objective:

- To examine the influence of CRM on the CI of FMCG products.
- To analyze the effect of CRM on the CPI of FMCG products.

Research Hypothesis:

H₁: CRM activities have a significant impact on the CI of the companies producing FMCG products.

H₂: CRM activities have a significant impact on CPI for FMCG products.

RESEARCH METHODOLOGY

Sample Size and Data Collection

This is a descriptive research study based on the survey method which measures the relationship between CRM with CI and CPI among university students in the district Peshawar, Khyber-Pakhtunkhwa, Pakistan. The targeted population for the research was fourteen (14) universities (private and public) in the district of Peshawar. Two universities namely City University of science and technology and Abasyn University Peshawar were selected on the basis of convenience. A sample of two hundred (200) students was selected from the selected universities proportionally by employing the Yamani formula. An adapted questionnaire was used for the collection of data. In addition to this, the CRM questions were adapted from *Jain et al. (2009)* .and *Grau & Folse, (2007)*, and the CPI questions were adapted from *Lii and Lee (2012)*.

Econometric Models

The following models were employed to investigate the influence of CRM on CI and CPI

$$CI = \beta_0 + \beta_1 CRM + \epsilon \dots\dots\dots 1$$

$$CPI = \beta_0 + \beta_1 CRM + \epsilon \dots\dots\dots 2$$

Where

- CRM = Cause Relating marketing
- CI = Corporate Image
- CPI = Consumer Purchase Intension

RESULT AND DISCUSSION

The Cronbach alpha coefficient (α) was calculated to assess the strength of the scale and reliability, shown in *table-I*. The Cronbach alpha confidence shows that all the items are above 0.7, which shows that all the variable rates are reliable according to Cronbach alpha. The coefficient of the variable CRM was 0.86, CPI was 0.88, and CI was 0.76 having all the variables have 5 items, as the coefficients of all the variables were more than 0.7 (*Nunnally, 1978*). Therefore, all the variables achieved satisfactory reliability.

Table-I: Cronbach’s alpha

Construct	Items	Cronbach’s alpha
Cause-Related Marketing	5	0.86
Purchase Intention	5	0.88
Corporate image	5	0.76

Source; authors’ calculation

Descriptive Statistics

The descriptive statistics of SPSS output are given in the *table-II*. For the total sample size of two hundred (200) respondents, the minimum value from the CRM is 1.80 and the maximum value is 4.00, whereas the average is 3.80 with the average variation from the Centre being 0.420. In the case of CI, the minimum value is 2.20 and the maximum value is 5.00, with the average being 3.1450. Similarly, the minimum value from the CPI is 2.20 and the maximum value is 5.00, with an average of 3.1680.

Table- II: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
CRM	200	1.80	4.00	3.0810	0.42014
Corporate Image	200	2.20	5.00	3.1450	0.45498
Purchase Intention	200	2.20	5.00	3.1680	0.46091

Source; author’s calculation based on survey

Correlation Matrix

Correlation analysis is used in order to illustrate the direction and level of association between the variables: Cause Related Marketing, Corporate Image, and Consumer Purchase Intention (*Table III*). According to the correlation matrix, the value of *r* between CRM and CI (*r* = 0.541**) shows a positive significant relationship between the two variables i.e. CRM and CI as the *p*<0.05. Similarly, the relationship between CRM and CPI is also positive and significant as the value of *r* =0.612*** and significant as *p*<0.01.

Table-III Correlation Matrix

	CRM	Corporate Image	Purchase Intention
CRM	1.000		
Corporate Image	0.541**	1.000	
Consumer Purchase Intention	0.612**	0.361	1.000

Source; author’s calculation based on survey

Regression Results

The regression result of both the models shows that the models are fit for the study since the F-statistics (F-value = 102.34** for Model-I and 102.34** for model-II) is significant at 5% and 1 % level of significance respectively. The high Adjusted-R² (0.72 and 0.67) values suggest that 72 and 67 percent variations in the CI and CPI were explained by the CRM in model-1 & 2 respectively. The coefficient for CRM in both the models was positive and significant below 1 percent and 10 percent levels, suggesting that CRM affected CI and CPI positively. One unit increase in CRM increased CPI by about 0.42 units and CI increased by about 0.52 units respectively (*Table-IV*). The linear relationship between both models was formulated as

$$CI = 2.158 + 0.42CRM \dots\dots\dots 1$$

$$CPI = 3.142 + 0.52CRM \dots\dots\dots 2$$

The results in *Table IV* provide strong evidence that CRM campaigns positively influence CI and CPI in Pakistan which is the primary contribution of this research paper. The study findings confirm the findings of *Sebastian & Minimol (2022)* and *Shabir et al. (2010)* showed a favorable correlation between CRM and CPI & CI. The results revealed, that CRM is key element that significantly influence CPI and CI.

Table-IV: Regression results

Models	C	Coeff.	S.E	t-value	F-statistics	Adj. R-Sq.
1	2.158	0.420	.196	4.747***	102.34**	0.721
2	3.142	0.518	2.345	12.420*	312.56***	0.673

Source; author’s calculation based on survey

CONCLUSION

This study looked into the relationship between CRM campaigns, CPI and CI. By identifying the most fundamental cause types that are the primary cause and cause category humanitarian cause for CRM campaigns, the study gave clear guidance for selecting the components of cause-related marketing message design. The research findings are supported by several literary theories as well as information gathered from a questionnaire that was given to respondents in the top universities in the Peshawar district. Furthermore, it also provides theoretical insights into the body of existing literature on CRM as to how the CRM technique affects CPI and CI toward the advertisement, which is less explored in the extant literature. Similarly, CRM campaigns help to develop positive change in the attitude of consumers which eventually helps consumers to purchase the product.

MANAGERIAL IMPLICATIONS

The findings of this study have major implications for professions as well as academics. CRM is one of the most well-liked promotional tactics in social media marketing. The current study found that those who were exposed to a CRM campaign that targeted a core reason, such as conserving the Amazon Rainforests, had a more favorable attitude toward corporate image than people who were exposed to a CRM campaign targeting a secondary cause. Therefore, in order to capitalize on consumers' favorable perceptions of the corporate image, marketers should place greater emphasis on the primary cause while developing their CRM campaign. According to the study, when exposed to the humanitarian cause category rather than the social cause category, people would have a greater favorable attitude toward the corporate image. This supports the notion that while developing their CRM strategy, marketers should pay greater attention to the humanitarian purpose. It is suggested for the practitioners that while developing Cause Related Marketing campaigns they should focus on building a positive feeling toward their brand and choose a cause that is more appealing to the consumers. So it is concluded in the end that if marketers work on the above-mentioned findings and suggestions, then firms are more likely to achieve success with the help of increasing purchases by working on Cause Related Marketing campaigns.

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