

The Role of Cause-related Marketing on Brand image Perception in the Garment Industry

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Abstract

The Cause-related marketing is a new marketing strategy that is not limited to current and traditional methods and use from more complex fact or such as a sense of altruism and generosity. The aim of this study is to examine the relationship between Cause-related marketing (CRM) and brand image perception among customers of well-known brands in garment industry. Conceptual model has been tested through distributing 260 questioners among consumers in fivefold of Mashhad. Data analysis has been done in two levels: descriptive analysis and inferential analysis. The result of data analysis confirmed all assumptions and show that Cause-related marketing (CRM) has a direct and positive effect on brand image. Firm motivations in Cause-related marketing, which is under the suspicious of consumers, is effective on the consumer's mental image of the brand. In addition, consumers make judgment about the product quality based on mental utility of the quality. Therefore, a charitable name of a brand that cooperate in CRM represents something extra to the consumer that increases the utility and higher perceived quality for consumers.

Keywords: Cause-related marketing (CRM), Brand image perception, Perceived quality

Introduction

Today, organizations are trying to increase their sale and reinforce the attitudes towards their brand in order to create appropriate image of their organization. Doing this is very difficult in today's world, so that consumer trust to the businesses is reducing. Furthermore, the issue is that it is difficult for companies to make a difference in brands. Intense competition leads companies to the constant search for ways of keeping brands (Roy & Graeff, 2003). However, consumer skepticism towards traditional marketing methods has led companies to search new marketing approach in order to receive favorable consideration (Thomas, 2007). As suspicion and doubt of consumers increase, the company will recognize

that consumer expectations of Corporate Social Responsibility (CSR) are greater (Brønn & Vrioni, 2001).

As the companies apply strategic approaches in their humanitarian activities, they examine the methods in which such activities can be accompanied with the company's goals and brand (Varadarajan & Menon, 1988; Fellman, 1999). Cause related marketing is created as a framework for helping companies' alignment and humanitarian purposes that point at the CSR activities, which consumers participate in some parts of price in order to help charitable organization. One of the key characteristics of Cause-related marketing is that conditional charitable share of consumer participation in production process generates revenue for the company. Thus, these marketing practices have been under several suspicious due to this attribute (Thomas, 2007).

Today, companies apply different social and communications programs in order to create competitive advantage and make difference. In many cases, Cause-related marketing is the first type of relationship marketing that is considered by companies. Various and conflict studies have been done about this issue that whether social behavior is important for our customers and influence on their attitude toward brand or not. However, little research has been carried out on consumer perceptions of the company's intentions to conduct such programs.

According to the importance of charitable activities in Iran, we are trying to examine the effects of this modern marketing method on customer perception about firms' motivation in participation with charity. In addition, it examines that if we can use this method to show responsibility towards society that would eventually lead to a suitable and lasting image of the corporate brand.

Cause-related marketing (CRM)

Cause-related marketing (CRM) began in 1983 by American Express Company. This company, which wants to increase its card holders and card usage, pledge to pay one cent for each use of card and one dollar for issuing a new card in the fourth quarter of 1983 in order to help restoration the Statue of Liberty. Consequently, American Express achieved 28% increase in card usage in comparison with previous year (Higgins, 2002; Kalligeros, 2005). Varadarajan and Menon (1988) defined Cause-related marketing as "The process of formulating and implementing marketing activities with the company's offer to help and donate a certain amount to a specific charitable issue based on customer participation in exchanges, so individual and organizational objectives are met" (Varadarajan & Menon, 1988). It is clear that Cause-related marketing is a marketing that is not only based on current and traditional ways of reaching competitive advantages. It uses more factors that are complex like a sense of altruism and generosity. Prediction the success of programs that use Cause-related marketing techniques to promote their products is more difficult than similar traditional methods, due to the use of non-economic factors (Meyer, 1999). According to the definition of Cause-related marketing it can be expressed that this method originated from two main sources: "Corporate Social Responsibility and Marketing Communications, which are explained in following.

Literature review

There is an agreement about the issue that Cause-related marketing has been made appropriate effects for companies and is supported by customers. Most parts of the researches show that CRM has a potential ability to effect on purchase behavior. This ability

comes from the 1- the value that this program can add to the brand. 2- The ability to strengthen relationships with internal and external stakeholders. 3- The ability to create a believable message and reduce the negative effects of doubt for clients (Brønn & Vrioni, 2001). File and Prince in their study (1998) provided a list of benefits that companies could reach through participating in Cause- related marketing. It contains: "promote the progress of marketing and advertising, displaying in media with low cost , capture customer groups that support the general welfare, expanding customers, improving the company's image in the public, creating a distinct image of the company, improving marketing relationships with retailers, increased willingness to buy among potential customers (to make more profits). Despite this diversity, these goals can be classified into three areas: income, improving corporate image and increase brand value (File & Prince, 1998). Berger, Cunningham and Kozinets (1999) in their study about advertising influence with Cause- related marketing content on the attitude about the brand and purchase intention concluded that if the considered social problem in advertising will be important for customers, their attitudes toward the brand will be better. Mohr, webb and Harris (2001) have shown that the issue of corporate social responsibility has a significant impact on customers' behavioral intentions and products' evaluation.

When attention is on public aspects of the company's charitable activities, the result of attitude towards the firm motivations is desirable. Ellen, Mohr and Webb (2000) conducted a survey and suggested that consumers often look at the Cause- related marketing program as a self-serving motive of the company. Consumer perception of CSR is also directly affected by participation intention and related behaviors to the brand. Thus, Studies suggest that consumers may be suspicious about firm motivations for participation in charitable programs. Social responsibility can be as an attitude toward company-undertaken activities. If the customers regard firm motivations as humanitarian activities, they consider that company is committed to social responsibility and if they know the covert motives of company, they assessment of the company is undesired (Ellen et al., 2000). According to the study of (Garretson, Niedrich & Landreth, 2010) the amount of company's help to the charity institute influences on customer's point of view to the motives and social commitment of the company and leads to making favorable or unfavorable image to the brand. It is not necessary for companies to act purely in a charitable subject. When beneficial motives be viewable, consumer doubt can be lower and long term commitment of the company make more success in CRM program (Garretson et al., 2010)

According to Thomas (2007), brand and perceived quality are linked together. The perception only shows the overall quality of the product or service and does not show the minor features for customers. Perceived quality may vary in different industries. High quality directly affects the purchase and loyalty and can be a base for expanding brand and trademark. Utility theory asserts that consumers judge about the product's quality based on mental desire of the product. A brand with charitable subject offers something extra to the customer in comparison with a brand without charitable cooperation. Therefore, a brand with charitable subject increases utility so that higher quality is perceived. Schowartz (1977) mentioned that this increased utilities could be considered as altruistic motives or in the Eden point of view as part of the self-fulfilling expectations (Thomas, 2007).

Conceptual model

The model of this study is a combined model that has been drawn from (Shabbir, Kaufmann, Ahmad, & Qureshi, 2010) about CRM effects on company's brand and brand awareness. Following model is designed for this research according to previous studies:



Figure 1. Conceptual model

Research hypotheses

The assumptions of this study based on Conceptual model areas follows.

- 1- Cause- related marketing has a positive and significant relationship with corporate social responsibility
- 2- Cause- related marketing has a positive and significant relationship with perceived quality.
- 3- Cause- related marketing has a positive and significant relationship with brand image perception.
- 4- Corporate social responsibility has a positive and significant relationship with brand image perception.
- 5- perceived quality has a positive and significant relationship with brand image perception

Research methodology

This research is a practical and descriptive-survey study. Population includes all consumers of Well-known brands in garment industry (Beneton, Zara, Hakopian) in Mashhad, which is obtained through Cochran formula, contains 260 people .We have used questionnaire for collecting data. Questionnaire has been designed in two parts: the first part contains demographic questions such as gender, age, education, and income levels. Second part consists of 30 question in five-point Likert scale. The standard questions were used to measure the variables. Therefore, the questions have been translated and their validity is confirmed with the help of university professors. Reliability of the questions was calculated by Cronbach's Alpha. Alpha value was more than (0.85) that is more than acceptable value (0.7).In order to confirm or refute the hypotheses, path analysis and LISREL software is used .The results are summarized in Table1.

Table1: The results of path analysis for variables

| Hypotheses | Standardized coefficients(R) | t-value | Results |
|---|------------------------------|---------|-----------|
| Cause- related marketing- social responsibility | 0.21 | 3.11 | Confirmed |
| Cause- related marketing-brand image perception | 0.19 | 4.21 | Confirmed |

| | | | |
|--|------|------|-----------|
| Cause- related marketing- perceived quality | 0.42 | 5.39 | Confirmed |
| social responsibility- brand image perception | 0.26 | 4.52 | Confirmed |
| perceived quality- brand image perception | 0.35 | 5.69 | Confirmed |
| 30 $\chi^2 = 12$ df = 8 RMSEA = 0/086 GFI = 0/83 AGFI = | | | |

As it is displayed, the number of significance for all variables is more than 2. Therefore, all hypotheses are confirmed.

Conclusion

Since all hypotheses are confirmed, it is concluded that creating a positive image for the brand, enhance reputation and reliability, and protection of brand will increase the company's customers and therefore the profit. From this perspective, the benefits of reputation are long-term investment in the company's performance. Fame and brand awareness are identical in some aspects. Both of them can lead to brand differentiation and thus create a competitive advantage (Shabbir et al., 2010; Varadarajan & Menon, 1988; Meyer, 1999).

According to confirmation of the first hypothesis, Cause- related marketing directly influence on brand image perception. As it is mentioned in previous researches, when price and quality are equal, the consumers select social responsibility as an effecting factor on their selection (Fombrun & Shanley, 1990; Enderle & Tavis, 1998)

Cause- related marketing influence on corporate social responsibility through customers' perception of firm motivations. It means that if the firm motivations for implementing this program are a real attention to a social or charitable issue, the consumer considers it as a response to corporate social responsibility. These results confirmed by Garretson et al (2010). They found that the companies who promote their social responsibility are known more reliable in the customer's point of view (Garretson et al., 2010; Ellen et al., 2000).

In the society view, corporate social responsibility is a social contract between company and the society. Moreover, Mohr et al. (2001) displayed that corporate social responsibility has a significant effect on behavioral intentions and customer evaluation of products and companies (Mohr et al., 2001). With confirmation of second hypothesis, cause-related marketing influence on brand image perception. In relation with third hypothesis, we can say, Utility theory asserts that consumers judge about products quality based on perceived mental utility of the product. A brand that is accompanied by a charitable subject can increase perception of product quality and offer something beyond the product to the customers. Perceived quality is a general and intangible feeling about the brand and essentially is not based on customer knowledge of the minor characteristics and can be affected by various advertising factors (Dean, 2003; Thomas, 2007).

Finally, According to the results obtained, and the third and fourth assumptions, it can be concluded that, although the cause related marketing ,affect the brand image perception directly ,and also, according to test results, the cause related marketing effect on brand image perception through perceived quality, but perception of this affection through understanding perceived quality and social responsibility has more effect on brand image perception and the greatest effect on brand image, obtained on this way .Given that the population of this research were customers of well-known brands for garments industry in the city of Mashhad

,for further research in this area, it is proposed, to examining this model in other industries. To obtain more reliable results So that all industries will benefit from it.

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