The Influence of Cause Related Marketing Towards Purchase Intention in Local Fashion Brands Indonesia

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Abstract

Cause Related Marketing (CRM) becomes an increasingly popular nowadays as a used tool by companies operating in the market. CRM campaign represents form of a partnership in a creative manner which companies, nonprofit organization, and customers makes charities for collective benefits and believed as the most effective marketing strategy for company rather than other strategies, as customers have shifting paradigms in perception and recognition towards products that they are increasingly looking for products or brand that also have positive shared value in the surroundings or called the societal marketing concept. CRM used by brand marketers who believes that this approach significantly helps to improve the purchase intention. Knowing that, researcher want to get more inclusive and realistic understanding about it. The purpose of this research study is to analyze the influence of CRM towards purchase intention in local fashion brands Indonesia. Using simple regression analysis, the researcher will gather data from about 150-400 samples using purposive sampling method by spreading questionnaire via online.

Keywords: Cause Related Marketing; Purchase Intention, Local Fashion Brands

1. Introduction

When we buy a product, there will always be driven that lead us to purchase it, it could be because of physiological needs, needs of safety and security, social needs, needs of recognition, or self-fulfillment (Solomon, 2006, as cited in Veronika, 2013). Interestingly, there is a shift in perception and recognition towards products in people nowadays that they are increasingly looking for products or brand that also have positive shared value in the surroundings or called the societal marketing concept (Motilewa, Worlu, & Agboola, 2016; Kim J., Kim H., & Han, 2005), shows by research study that 90% of global customers are likely to switch brands to one associated with a good cause, given comparable price and quality, also 91% expect companies to do more than just...
make a profit, but also to deal responsibly with social and environmental issues (Cone Communications/Ebiquity, 2015).

In a highly competitive market nowadays where products are also difficult to distinguish from one brand to other competitors in terms of classical attributes such as quality and price, due to the increase of competition in today’s markets (Bigné-Alcañiz, Currás-Pérez, & Sánchez-García, 2009, as cited in Alcheva, Cai, & Zhao, 2009) and customers general desires for a product with causes, many corporate companies have identified the critical importance of strategies related to social factions and began integrate Corporate Social Responsibility (CSR) programs (Maignan & Ralston, 2002). One part of companies’ CSR is called Cause-Related Marketing (CRM) (Kotler & Keller, 2006, as cited in Anghel, Grigore, & Roșca, 2009; Heidarian & Bijandi, 2015).

CRM defined as a commercial activity in a creative manner which companies and charities or good causes form a partnership for the branding of an image, product or service for collective benefit (Adkins, 2003). It is an effective way of enhancing corporate image, differentiating products, and increasing both sales and loyalty (Adkins et al., 2003). CRM also believed as one of the most rapidly growing forms of marketing communication for it is a win-win situation for both businesses, nonprofit organizations or cause, and consumers (Farache, Perks, Wanderley, & Filho, 2008). CRM becoming increasingly popular with brand marketers, who believe that this approach helps to improve the attitude of both brands and the purchase intention (Westberg, 2004). It is believed that CRM campaigns can increase the company’s sales by increasing the purchase of trials, repurchases and/or promoting the purchase of multiple units (Shabbir, Kaufmann, Ahmad, & Qureshi, 2010), because consumers are more likely to buy products from companies that engage in CRM (Beek, 2010).

On the other hand, CRM classified as one of the modern marketing strategies that is used by most companies especially in the global western world (Shabbir et al., 2010). From the global fashion companies that trend CRM as their marketing strategies and proved to give many benefits to both companies in many aspects also other related organization, there is also a huge opportunity for local brands to apply the same strategy of CRM campaign. Nowadays, a local fashion brand in Indonesia is on the rise. There are about 1.2 millions of fashion local brand in Indonesia (Number of Creative Economy Companies Bekraf, 2016). Local brands believed that they can stand strong and compete with global brands because they considered having more beneficial circumstances in comparison with the global brand. One of the factors is that the local brand is developed for and tailored to the unique needs and desires of local markets. They have their own strengths, such as perceptions of uniqueness, originality, and
pride of representing the local market. Local brands have traditionally benefited from a high level of awareness and close relationships with consumers in their countries (Ozsomer, 2012). Aside from that, Indonesia’ local fashion brands are perceived to be more affordable in pricing, proven by 77.4% respondents agree to this statement and choose local brand instead of a global brand (Jakpat, 2015). Indonesia also has countless multiculturalism, resources, followed by many problems and phenomenon of social, cultural, or environmental issues, making it also a big favorable circumstance that a local brand can raise their CRM campaigns through their products. There is always be an interplay between global and local brands, and CRM strategy could be one of the big hit opportunities. This research conducted to gradually analyze the influence of CRM towards purchase intention especially in local fashion brands Indonesia.

2. Literature Review

2.1. Cause Related Marketing

CRM defined as a process of formulating and carrying out marketing activities characterized by the company’s offer to contribute a specified amount to linked with a specified cause when customers engage in revenue-providing exchanges that meet organizational and individual objectives as a win-win situations (Varadarajan et al., 1988, p.60; Westberg et al., 2004). The revenue-providing exchanges could be in the form of goods or services. However, many emphasizes CRM only as a purchase based donation that using the sales promotion type where some percentage of the purchase will be donated to other designated nonprofit organization, where in fact CRM are more than that, it is not strained to purely sales promotion only. CRM is a form of a win-win scenario where each partner has something to gain from the relationship, not only the business part, but has to be profitable for all society part (Adkins et al., 2003; Farache et al., 2008; Broderick et al., 2003). Combining various definition from many perspectives, CRM basically a marketing program that strives to achieve two objectives which are to improve corporate performance and help worthy causes by linking fund raising for the benefit of a cause to the purchase of the firm products/services (Varadarajan et al., 1988, p.60).
2.2. Purchase Intention

Purchase intention is a customer tendency behavior to purchase product or services after make evaluation on them and will create behaviour among customers when they purchase the product (Kiong, Yin-Fah, Gharleghi, & Samadi, 2015; Alford & Biswas, 2000; Schiffman & Kanuk, 2010; as cited in Tariq, Abbas, Abrar, Iqbal, 2017). The higher purchase intention means customer has higher likelihood to purchase the products. Whenever customers intent to buy a product, they make a relevant research and gather information based on experiences and environment regarding the products, they also do comparing, evaluating, and make judgment of the product (Wang, Cheng, & Chu, as cited in Tariq et al., 2017).

2.3. CRM in Micro and Small Medium Enterprises (SME)

Micro and SME have some distinctive potential characteristics that differentiate them from larger corporations and in turn affect the nature and extent of the CRM activities (Ozsomer et al., 2012; Hollidays, 1995; Carson & Cromie, 1990; as cited in Papasolomou, 2008). In micro and SME, the ownership and management are concentrated in the same hand and as a result, they make personal choices about the appropriate ways to allocate funds, they also have strong links with their local communities and related to ethical reasons, the desire to give something back to the community and hence, the reputation of the company influence the choices made with regards to CRM. (Ozsomer et al., 2012; Hollidays, 1995; Carson & Cromie, 1990; as cited in Papasolomou et al., 2008).

2.4. Relationship of CRM and Purchase Intention

CRM is viewed as a boulevard to increase sales, especially when contribution to a cause are linked to customer purchase (Polonsky et al., 2000). There are several goals for a company that use CRM as their strategy, the objectives may vary but tend to have similar final objective which is brand purchase intention (Alcheva et al., 2009; Polonsky et al., Westberg et al., 2004). More than half of the companies participating in CRM were seeking to improve their brand purchase intention. (File & Prince, 1998 as cited in Alcheva et al., 2009). As an extra element besides price, quality, and image to be more noticeable for consumers, CRM also considered an extra appliance for company to convince customers to buy their products. This is important because customers will more likely to buy a product related with cause when price and product performance are
similar in comparison with non cause related products. (Adkins, 2004; Beek et al., 2010; Garg, 2007; Varadarajan et al., 1988). Purchase intention also admitted as the critical objectives of CRM based on the contribution of two factors. First, purchase intention is the best predictor of a customer's purchase behavior, proved that customers tend to buy product and often make a repeat purchase when they have strong purchase intention (Alcheva et al., 2009; Westberg et al., 2004). Second, nowadays, customers are more brand conscious, meaning that with much similar products in the market, customers cannot compare the entire products attentively, so they tend to choose a well-known brand (Morton, 2002; Bryck, 2003; as cited in Alcheva et al., 2009).

3. Methodology

3.1. Research Design

In this study, researcher use quantitative approach to emphasize objective measurements and numerical data that will be conducted using questionnaire. Our goal in conducting quantitative research study is to determine the influence of independent variable, CRM, towards dependent or outcome variable, purchase intention. In this study, the researcher used survey to gather information by questioning the respondents through questionnaire. The data information are regarding their behavior towards local brand and social media, the response towards local brand that applied CRM campaign and the purchase intention. The questionnaire is spread via online form. The questioning type is structured which is prepared and asked in a prearranged order.

3.2. Research Hypothesis

Based on the literature review, the hypothesis regarding the influence of cause related marketing towards purchase intention in local fashion brands Indonesia were as follow:

\[ H1: \text{There is an influence between cause related marketing towards purchase intention} \]

3.3. Conceptual Framework

To illustrate the process and simplified research of cause related marketing towards purchase intention in local fashion brands Indonesia, the hypothesis will be interpreted in Figure 1.
3.4. Data Collection

An online questionnaire is used in this research as the techniques of data collection. To gather the data, researcher used purposive/judgmental sampling as part of non-probability sampling method where the sample is selected based on the characteristics of a population and the objective of the study which are people that have interest in local fashion brands and use social media Instagram. To determine the sample, because of the limitation of the population, the researcher use the intersection of both characteristics, as for the minimum sample researcher referred to Malhotra, 2010 with minimum sample 200-400 respondents.

3.5. Data Analysis

In order to answer the hypothesis, the research used simple linear regression method as it is to study the relationship between two quantitative variables which are cause related marketing regarded as the independent variable to predict purchase intention as the dependent variable. The first is converting the data to interval using method successive interval (MSI). The test of validity, reliability, and classical assumptions test are performed to test whether data can be used or not to be analyzed by simple linear regression. There are 3 types of tests to be done on the classical assumption test, including:

1. Normality test

Normality test is to know whether the sample data distribution come from population that is normally distributed or not

2. Linearity test

Linearity is a test to find out whether the model that had been built is linear or not.

3. Heteroscedasticity

Heteroscedasticity test is conducted to identify variance differences from residual in an observation with other observations. In contrast, heteroscedasticity takes place and reduce the quality of the model resulted. A good regression model is the one that has similar residual from all observations (homoscedasticity).
After pass all the classical assumption test, data were performed by simple linear regression to see whether independent variable predict the dependent variable.

4. Findings and Argument

4.1. Descriptive Statistics

Respondents have been collected from online questionnaire distributed on social media. The number of respondents in this research each given the percentage of 62.6% for female and 37.4% for male. Domicile of the respondent is different from one to another city. The most respondent coming from Surabaya with 122 respondents or 57% and followed by Bandung with 68 respondents or 31.7% also Jakarta with 3.9%, Yogyakarta with 2.3% and other cities with 5.1%. Most respondents is having age 17-21 years old with 87.3%. Followed by 22-26 years old with 9% and <17 years old with 3.7%. For respondents job, most of the respondents job is college student with 87.8% followed with student 5.6%, private employees 3.2%, civil servants 1.8%, entrepreneur 0.7% and others 0.9%.

4.2. Reliability and Validity Test

All of the item used in the questionnaire consist of CR with 10 items and PI with 3 items of question. The Cronbach's alpha for CR is 0.929 and PI 0.879, both > 0.7 so all the items are reliable, and the R value bigger than R statistic so all the items also valid.

4.3. Classical Assumptions Test

From the 400 respondents, researcher could not meet the normality of the data although there is no outlier within the data -3 or 3, so researcher narrowed down the sigma to -1 and 1 and delete all of the outliers and get 214 data.

a) Normality test
### One-Sample Kolmogorov-Smirnov Test

| N     | 214 |
|-------|-----|
| Normal| .044 |
| Parameters| 1.05547131 |
| Most Extreme| .029 |
| Differences| .044 |
| Test Statistic| .044 |

The normality test of the data show Asymp.Sig. (2-tailed) value is 0.200 which categorized as normal because higher than 0.05.

#### b) Linearity Test

| Model       | Sum of Squares | df | Sig. |
|-------------|----------------|----|------|
| PI * CR     | 355.526        | 191 | .006 |
| Linearity   | 134.272        | 1  | .000 |
| Deviation from Linearity | 221.254 | 190 | .098 |
| Within Groups | 16.032  | 22  |      |
| Total       | 371.558        | 213 |      |

Based on the Sig. value, the deviation from linearity sig. is 0.098 which is bigger than 0.05, it is concluded that there is a significant linearity between two variables. Also from the F value with 1.598 which is smaller than F statistic 1.838 (from F statistics deviation from linearity within groups 190; 22 with 0.05 significance), can concluded that is the linear relation between two variables.

#### c) Heteroscedasticity

To test the heteroscedasticity, the researcher use Glejser test. The abs_RES charged as dependent variable. From the output above, the Sig. value for CR variable is 0.622 which is bigger than 0.05, it concluded that there is no heteroscedasticity.
4.4. Simple Linear Regression Test

| Variables Entered/Removed* |
|---------------------------|
| Model | Variables Entered | Variables Removed | Method |
| 1 | CRb | Enter |

Figure 6: Variables Entered/Removed

Figure 6 shows that CR as variable entered and PI as the dependent variables.

| Model Summary |
|----------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .601a | .361 | .358 | 1.05796 |

Figure 7: Model Summary Table

Based on the output data, the value of R Square is 0.361 or 36.1% of the variation of the purchase intention can be explained by cause related marketing (CRM) with cause attributes in it such as cause importance, cause proximity, congruence between the firm's products and the cause, fit between the brand and the cause, and the degree of cause's participation for customers. Another 63.9% can be explained in other factors that exclude the factors in this research.

| ANOVA* |
|--------|
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 134.272 | 1 | 134.272 | 119.963 | .000b |
| | Residual | 237.286 | 212 | 1.119 | | |
| | Total | 371.558 | 213 | | | |

Figure 8: ANOVA Table

The value of significants is 0.000 < 0.05 that representing all of the population, it means that the regression model can be used to predict the value of purchase intention.

| Coefficients* |
|----------------|
| Model | Unstandardized Coefficients |
| | B | Std. Error | t | Sig. |
| 1 | (Constant) | 3.507 | .723 | 4.851 | .000 |
| | CR | .214 | .020 | 10.953 | .000 |

Figure 9: Coefficients Table

The table above explain if the value of constant (a) is 3.507 and the value of CR (b) = 0.214. The function Y = a + bx will get result Y = 3.507 + 0.214x. Hence, if the value
of cause related marketing increase up by 1 point, then it can affect as much as 0.214 point on purchase intention.

4.5. Hypothesis Analysis

| Hypothesis                                                                 | Sig.Value | t-value | Decision |
|---------------------------------------------------------------------------|-----------|---------|----------|
| \( H_1 \): There is an influence between cause related marketing towards purchase intention | 0.000     | 10.953  | Accepted |

\( H_0 \): There is no influence between cause related marketing towards purchase intention

\( H_1 / H_a \): There is an influence between cause related marketing towards purchase intention

Based on significant value and t-value, cause related marketing influenced purchase intention in local fashion brand with 0.000 < 0.05 so it can concluded that \( H_0 \) rejected and \( H_1 / H_a \) accepted, also with t-value 10.953 and t statistic \( a / 2 = 0.05 / 2 = 0.025 \) and degree of freedom = \( n - 2 = 214 - 2 = 212 \). Value 0.025; 212 in t table has value of 1.97. With t-value 10.953 bigger than 1.97 so \( H_0 \) rejected and \( H_1 / H_a \) accepted. The result of hypotheses testing indicated that \( H_0 \) were rejected because the t-value is less than t-table value and significant level above 0.05. Hence, cause related marketing do give influence towards purchase intention.

CRM becoming increasingly popular with brand marketers, who believe that this approach helps to improve the attitude of both brands and the purchase intention (Westberg, 2004). It is believed that CRM campaigns can increase the company’s sales by increasing the purchase of trials, repurchases and/or promoting the purchase of multiple units (Shabbir, Kaufmann, Ahmad, & Qureshi, 2010), because consumers are more likely to buy products from companies that engage in CRM (Beek, 2010). Based on the result of this study, CRM has influence towards purchase intention as much as 36.1%, thus, \( H_1 \) accepted. The cause attributes within CRM that influencing consumer’s purchase intention that being used in this construct questionnaire study are cause importance, cause proximity, congruence between firm’s product and the cause, fit between the brand and the cause, and degree of cause’s participation for consumer (Hou & Li, 2008).

From the global fashion companies that trend CRM as their marketing strategies and proved to give many benefits to both companies in many aspects also other
related organization, there is also a huge opportunity for local brands to apply the same strategy of CRM campaign. Indonesia’s population is huge, young, growing and rapidly urbanizing, making it one of the fastest growing consumer markets in the world, with totaling about 70 million, who are optimistic about their future and becoming increasingly sophisticated in their spending habits and product choices (Razdan, Das & Sohoni, 2013), making Indonesia a huge market for trading, and that is why a local brand is trending because they have a huge market in it. Indonesia also has countless multiculturalism, resources, followed by many problems and phenomenon of social, cultural, or environmental issues, making it also a big favorable circumstance that a local brand can raise their CRM campaigns through their products.

5. Conclusions

Many not know that there is a shift in perception and recognition towards products in people nowadays that they are increasingly looking for products or brand that also have positive shared value in the surroundings or called the societal marketing concept using cause related marketing (CRM) campaign. There is always be an interplay between global and local brands, and CRM strategy could be one of the big hit opportunities to increase the purchase intention and sales of the products as it is one of the variable that proved has an influence towards purchase intention. As local brands rapidly growing, having CRM campaign as their marketing strategy could also improve their purchase intention that later will lead to the sales. In the context of CRM, there are also five indicators that the company need to pay attention to regarding making CRM campaign which are cause importance, cause proximity, congruence between firm’s product and the cause, fit between the brand and the cause, and degree of cause’s participation for consumer.

5.1. Suggestion

This research has limitation on population aspect, the population is people that have interest in local fashion brands and use social media Instagram. Because of the limitation of the population, the researcher use the intersection of both characteristics, using purposive/judgmental sampling. The researcher also use one variable of CRM towards purchase intention, did not research for further detail for cause attributes of CRM. For further research, a researcher could examine the influence of each factors or indicators in CRM towards purchase intention for more detailed results.
For company or local brands, they could start to consider using CRM campaign as one of their marketing strategy as it is also influence customer's purchase intention towards the product. They also need to pay more attention to cause attributes of CRM which are cause importance, cause proximity, congruence between firm's product and the cause, fit between the brand and the cause, and degree of cause's participation for consumer.

Date: 22 July 2019

Letter of Acceptance

Dear Authors: Arum Maharani Femiaingtyas

We are pleased to inform you that your abstract (ABS-140, Oral Presentation), entitled:

"The Influence of Cause Related Marketing Towards Purchase Intention of Local Fashion Brands Indonesia"

has been reviewed and accepted to be presented at ICE-BEES 2019 conference to be held on 30-31 July 2019 in Semarang, Indonesia.

Please submit your full paper and make the payment for registration fee before the deadlines, visit our website for more information.

Thank You.

Best regards,

Indah Fajarini SW, SE., Akt, M.Si, PhD
ICE-BEES 2019 Chairperson
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