

Marketing Strategies for Socially Responsible Products and Brand Name of the Company: An Impact Assessment Study Across Industry Verticles

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Abstract:

The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act 2013, which relate to corporate social responsibility as part of the new Companies Act. The norms apply to companies with at least Rs 5 crore net profit or Rs 1,000 crore turn over or Rs 500 crore net worth. The companies are required to spend two per cent of their three-year average annual net profit on CSR activities in each financial year. Through its various policy support measures, State is aggressively promoting production, sales and marketing of socially responsible products primarily for arresting the fast degrading ecosystem. Companies invariably use various sorts of tools, techniques and pedagogies for marketing of their eco friendly socially responsible products. The present investigation has made a modest attempt to study that whether the use of creative approaches, sales promotion offers, sales tools/techniques, customers' database and the website of the company (independent variable) made by the companies for marketing their socially eco friendly responsible products impact their brand names and the market scenario (dependent variable). This cross-industry vertical study has found that there is no statistically significant relationship between these independent variables and the dependent variable.

Keywords: Socially Responsible Products, Marketing Strategies, Creative Approaches, Sales Promotion Offers, Sales Tools/Techniques, Customers' Database, Company's Website, Brand Name, Market Scenario.

I. INTRODUCTION

Socially responsible marketing has gradually gathered momentum across the globe to counter the irreversible adverse effects on the environment and the society. Rapid degradation in eco-system has drawn world's attention, and global efforts have been to minimize the ill effects as the present trend of consumerism unfortunately not only creates an artificial psychological value attached to higher-priced brands but also raises environmental concerns about their pricing, promotion and the packaging. As such, socially responsible marketing rejects all deceptive marketing practices in pricing, promotion and packaging, even if they may seem technically legal.

Armstrong, Gary, & Philip Kotler, (2008) have reported that socially responsible marketing is in the best interest of the society. Sadly some companies adopt practices which are deceptive but still promote eco friendly processes or products. This gives a message to customers that company is not seriously committed to its social responsibility. This can ultimately hurt the brand and the company's success in due course of time. Companies are also well aware that consumers can well read in between the lines and see the gimmicks and the slogans that are not genuine and thus it amounts to unfair trade practices.

An organization concerned about the people, society and environment is socially responsible. Therefore, socially responsible marketing has a positive and perhaps a long lasting impact on the company's stakeholders, including employees, community, consumers, and shareholders. Main responsibility of the companies is to package and communicate organization's decisions that positively impact various communities. Consumers have the right and ultimate power to decide which companies to succeed or fail in the market. Therefore, marketers have a prime task to regularly ensure that their marketing promotional practices, tools, techniques and tactics are seen by consumers as philanthropic and that too without being counterfeit.

Business social responsibility in marketing is often discussed and viewed in the backdrop of the morals and ethics. Some researcher advocating socially responsible behavior says that qualifying marketing actions should not simply meet the minimum ethical business guidelines, but should voluntarily exceed them beyond society's expectations (Grewal, Dhruv & Michael Levy, 2008).

Besides economic implications, marketing strategies impact the prevalent social value system. Advocates of socially responsible marketing practices argue that current marketing system creates false wants, injects constant desire for material possession, and this finally leads to excessive spending and that too for no good reason. Thus, socially responsible marketing draws attention to 'social costs' (Armstrong, Gary, & Philip Kotler, 2008), which are embedded in marketing, selling and consumption of private commodities. However, it calls for a marketing system that significantly contributes to social and environmental sustainability, while at the same time doing business profitably.

CSR, a business model helps companies to self-regulate activities that impact stakeholders, including general public (Ferrell, O. C., & Michael D. Hartline, 2011). CSR is often described as a pyramid, with economic as base followed by legal, ethical and philanthropic actions to the top. In the last two layers of pyramid i.e. ethical and philanthropic, socially responsible marketing opportunities appear in greatest magnitude. However, meeting the first two layers of pyramid i.e. economic and legal, are necessary for business to thrive in order to engage in the later two layers (Ferrell, O. C., & Michael D. Hartline, 2011).

In addition to ethical and philanthropic concerns, there are a host of other factors, which impact marketing strategies of socially responsible products of the companies. In fact, researchers have reported that sales promotion offers, sales tools/techniques, customers’ database and the website of the company (independent variable) used by companies for marketing their eco friendly socially responsible products impact their brand names and the market scenario (dependent variable). While many studies have reported a positive correlation between these set of independent and dependent variables (Minette E. Drumwright, 1996, Kotler P & Lee N, 2005, Udayasankar K, 2008, Spitzer, Randy 2010, Mahendra Joshi & Marie McKendall, 2016 and others); Zaidi ZZ and Ravindra Kumar (2016) in their studies did not see any statistically significant relationships between these independent variables and the dependent variable.

II. OBJECTIVES

The objectives of the research was to study the relationships of ‘creative approaches, sales promotion offers, sales tools/techniques, customers’ database and its website’ used by the company for marketing of its socially responsible products (independent variables) with the ‘brand name of the company and its market scenario’ (dependent variable).

Hypotheses:

In order to study the relationship between the independent and dependent variables, below mentioned two Null Hypotheses were formulated based on the following descriptive statistics:

Table No.: 1.1 Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Y	307	1	5	4.03	1.251	-1.115	.139	-.036	.277
X1	307	1	5	4.30	.971	-1.666	.139	2.592	.277
X2	307	1	5	4.02	1.089	-1.087	.139	.425	.277
Valid N (List-wise)	307								

H10 – ‘Creative Approaches and Sales Promotion Offers’ used by the company for marketing of its socially responsible products has no statistically significant relationship with the ‘Brand Name of the Company and the Market Scenario of the Company’; and

H20 - ‘Sales Tools/Techniques, Customers’ Database and Company’s Website’ used by the company for marketing of its socially responsible products has no statistically significant relationship with the ‘Brand Name of the Company and the Market Scenario of the Company’.

In this study an attempt has been made to empirically test these above mentioned research hypotheses.

Sample Composition and Size:

Based on the consultations held with experts, it was felt that in view of the diverse nature of the universe, it is not possible to draw the exact size of the representative sample. Hence extensive literature survey conducted helped the researcher in drawing a reasonably representative sample. Finally 24 companies representing five different industry verticals/sectors (seven represented engineering/automobile/technology sector, four were taken from construction/cement industry vertical, four companies were from banking/financial services vertical, six companies represented power/textile/pharma industry vertical, and remaining five companies were from software/computer/electronics industry vertical) constituted the sample units of the study. Since the sample companies represented five industry verticals and operate on Pan India basis and abroad, therefore the scope of the research paper literally covers the entire country. Thus the findings of the study are expected to have far reaching implications.

III. RESEARCH INSTRUMENT

A standard Research Questionnaire comprising 40 items spread over 10 different Heads was used to capture primary data from marketing teams of the 24 identified companies. Questionnaire captured information about the brand of the company, market scenario, marketing messages & punch lines, marketing channels, marketing strategies and tactics, creative approaches and routes, sales promotional offers, sales tools and techniques, creating data, and the organization’s website.

Research questionnaire was pilot tested and certain minor suggestions were made to ensure that it captures the desired data from the sample units for further processing, drawing conclusions and making recommendations and suggestions.

Field Operations:

Finalized research questionnaire was electronically mailed to the respondents i.e. the Marketing Heads of the identified sample companies with the request to express their free and frank opinion to the questions contained in the research questionnaire. Respondents were briefed about the purpose of the study and their queries were suitably answered. A total of 530 emails followed by reminders, wherever felt necessary were sent. Finally 347 responses were received back. After scrutiny, 308 responses were found complete in all respects and were taken into account for further processing. Cross validation of the collected data was also carried out through random checking and the same was found to be correct and reliable, and Excel Sheets and Frequency Tables were worked out for further statistical treatment.

Statistical Treatment of Research Data:

Primary data captured through research questionnaire from 308 respondents working in different companies under the identified industry verticals were entered in excel sheets.

Following tabular statements (Table Nos. 1.2 to 1.5) speak about the testing of the above mentioned two null hypotheses, which were formulated for the purpose of this study, by using Pearson Correlation statistical method. In this study an attempt has been made to empirically test the above mentioned research hypotheses.

H01: ‘CREATIVE APPROACHES AND SALES PROMOTION OFFERS’ USED BY THE COMPANY FOR MARKETING ITS SOCIALLY RESPONSIBLE PRODUCTS HAS NO STATISTICALLY SIGNIFICANT RELATIONSHIP WITH THE ‘BRAND NAME OF THE COMPANY AND THE MARKET SCENARIO OF THE COMPANY’

Table No. 1.2: Frequency Distribution of Responses of Respondent Companies under the Head ‘Creative Approaches and Sales Promotional Offers’ employed by the Companies for marketing of its socially responsible products in respect of the ‘Brand Name of the Company and the Market Scenario of the Company’

Sl. No	Type of Companies under the Broad Categories of Industries	Attribute of the Company (Dependent Variable)	Creative Approaches and Sales Promotional Offers (Independent Variable)					Total
			SA	A	I	D	SD	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Engineering, Automobile, Technology etc.	Brand Name of the Company and Market Scenario	20 (20.40)	57 (58.16)	05 (05.10)	13 (13.26)	03 (03.06)	98 (31.81)
2	Construction and Cement		11 (57.89)	06 (31.57)	00 (00.00)	02 (10.52)	00 (00.00)	19 (06.17)
3	Banking and Financial Services etc.		19 (44.18)	18 (41.86)	03 (06.97)	02 (04.65)	01 (02.32)	43 (13.96)
4	Power, Textile, Pharma etc.		23 (26.43)	31 (35.63)	06 (06.89)	23 (26.43)	04 (04.59)	87 (28.25)
5	Software, Computer, Electronics etc.		38 (62.29)	19 (31.14)	02 (03.27)	00 (00.00)	02 (03.27)	61 (19.81)
Total			111 (36.04)	131 (42.53)	16 (05.19)	40 (12.99)	10 (03.25)	308 (100.00)

Figures in parenthesis indicate row percentages.

Figures in parenthesis under column 8 indicate column percentages.

The above Table represent the frequency distribution of the respondents on two axis i.e. Y Axis (Dependent Variable - Brand Name of the Company and the Market Scenario of the Company) and the X1 Axis (Independent Variable - ‘Creative Approaches and Sales Promotional Offers’ employed by the Company for marketing of its socially responsible products). Further an attempt was made to find out that whether the ‘Brand Name of the Company and the Market Scenario of the Company’ is dependent upon the ‘Creative Approaches and Sales Promotional Offers’ used by the Company for marketing of its socially responsible products and if so, is the said relationship between the two sets of variables is statistically significant?

Table No. 1.3: Pearson Correlation between the ‘Creative Approaches and Sales Promotional Offers’ used by the Company for marketing of its socially responsible products and the ‘Brand Name of the Company and the Market Scenario of the Company’

		Y	X1
Y	Pearson Correlation	1	.093
	Sig. (2-tailed)		.103
	N	307	307
X1	Pearson Correlation	-.093	1
	Sig. (2-tailed)	.103	
	N	307	307

Results obtained (Table No. 1.3) indicates that Null Hypothesis (H10) stands accepted as ‘Creative Approaches and Sales Promotional Offers’ used by the Company for marketing of its socially responsible products has no statistically significant relationship with the ‘Brand Name of the Company and the Market Scenario of the Company’.

H02: ‘SALES TOOLS/TECHNIQUES, CUSTOMERS’ DATABASE AND COMPANY’S WEBSITE’ USED BY THE COMPANY FOR MARKETING ITS SOCIALLY RESPONSIBLE PRODUCTS HAS NO STATISTICALLY SIGNIFICANT RELATIONSHIP WITH THE ‘BRAND NAME OF THE COMPANY AND THE MARKET SCENARIO OF THE COMPANY’

Table No. 1.4: Frequency Distribution of Responses of Respondent Companies under the Head ‘Sales Tools/Techniques, Customers’ Database created by the Companies and its Website’ for marketing of its socially responsible products in respect of the ‘Brand Name of the Company and the Market Scenario of the Company’

Sl. No	Type of Companies under the Broad Categories of Industries	Attribute of the Company (Dependent Variable)	Sales Tools/Techniques, Customers’ Database created by the Company and its Website (Independent Variable)					Total
			SA	A	I	D	SD	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Engineering, Automobile, Technology etc.	Brand Name of the Company and Market Scenario	21 (21.42)	43 (43.87)	21 (21.42)	08 (08.16)	05 (05.10)	98 (31.81)
2	Construction and Cement		09 (47.36)	08 (42.10)	01 (05.26)	01 (05.26)	00 (00.00)	19 (06.17)
3	Banking and Financial Services etc.		11 (25.58)	17 (39.53)	07 (16.27)	05 (11.62)	03 (06.97)	43 (13.96)
4	Power, Textile, Pharma etc.		13 (14.94)	27 (31.03)	17 (19.54)	23 (26.43)	07 (08.04)	87 (28.25)
5	Software, Computer, Electronics etc.		18 (29.50)	22 (36.06)	15 (24.59)	04 (06.55)	02 (03.27)	61 (19.81)
Total			72 (23.38)	117 (37.99)	61 (19.81)	41 (13.31)	17 (05.52)	308 (100.00)

Figures in parenthesis indicate row percentages.

Figures in parenthesis under column 9 indicate column percentages.

The above Table represents frequency distribution of the respondents on two axis i.e. Y Axis (Dependent Variable - Brand Name of the Company and the Market Scenario of the Company) and X2 Axis (Independent Variable - ‘Sales Tools/Techniques, Customers’ Database created by the Companies and its Website’ employed by the Company for marketing of its socially responsible products). Further an attempt was made to find out that whether the ‘Brand Name of the Company and the Market Scenario of the Company’ is impacted by the ‘Sales Tools/Techniques, Customers’ Database and its Website’ used by the Company for marketing its socially responsible products and if so, is the said relationship between the two variables is statistically significant?.

Table No. 1.5: Pearson Correlation between the ‘Sales Tools/Techniques, Customers’ Database created by the Companies and its Website’ used by the Company for marketing of its socially responsible products and the ‘Brand Name of the Company and the Market Scenario of the Company’

		Y	X2
Y	Pearson Correlation	1	-.011
	Sig. (2-tailed)		.853
	N	307	307
X2	Pearson Correlation	-.011	1
	Sig. (2-tailed)	.853	
	N	307	307

Accordingly, Pearson Correlation statistical method was used to test Null Hypothesis. The results obtained (Table No.1.5) indicates that Null Hypothesis (H20) stands accepted as ‘Sales Tools/Techniques, Customers’ Database created by the Companies and its Website’ used by the Company for marketing of its socially responsible products has no statistically significant relationship with the ‘Brand Name of the Company and the Market Scenario of the Company’.

IV. CONCLUSIONS

Based on the findings of the study, it may be inferred that creative approaches, sales promotion offers, sales tools/techniques, customers’ database and its website’ used by the companies for marketing their socially responsible products (independent variables) have no statistically significant relationship with the brand name of the company and the market scenario of the company (dependent variable). The study has concluded with the observation that it is in fact the long lasting quality of the products, prices charged, and the services rendered to customers by the company to satisfy them on a long term basis help the company to establish its brand name in the market and successfully deal with and counter its prevailing market scenario. Based on the inferences drawn and conclusions arrived at, the study made a number of useful recommendations and suggestions to be taken into account by the stakeholders.

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