

## Cause Related Marketing Strategy (Business Strategy Based on Sustainable Indonesian Community Local Wisdom)

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### Abstract

*The Covid-19 pandemic has had an impact on various aspects of human life, including the economic aspect. One of the causes of the economic decline in Indonesia is the low purchasing power of the people, so that the economic cycle in society cannot run smoothly. The strategy that is commonly carried out by the Indonesian people is based on local wisdom trying to share some of the profits for people in need, this in economic language is often called a cause related marketing strategy (CRM). Cause Related Marketing is a business strategy based on local wisdom by being directly involved in social activities in the community, so as to improve the company's positive image in a sustainable manner.*

### Keywords

strategy; responsibility; social care



### I. Introduction

The outbreak of this virus has an impact of a nation and Globally (Ningrum et al, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

The Covid-19 pandemic has had an impact on various aspects of human life, including the economic aspect. The epidemic that has continued to grow over the past two years has implications for the decline in the value of economic growth, bringing the economy to a country that is almost at the level of recession. One of the causes of the economic decline in Indonesia is the low purchasing power of the people, so that the economic cycle in society cannot run smoothly (Majid & Hariyana, 2021).

The government has tried to increase the purchasing power of the people with a stimulus program in various aids that are carried out in stages to almost all levels of society. However, the reality is that economic growth has not yet returned to normal. The low purchasing power of the people in the consumption industry makes entrepreneurs determine a strategy to increase their business and further increase people's buying interest. A common strategy carried out by the Indonesian people is to do business with a commitment to share some of the profits for people in need, this is often referred to in economic language as a cause related marketing strategy (CRM). CRM is a business activity that is not only oriented to the economic sector, (Kotler & Keller, 2016a).

CRM is a business strategy that is able to maintain the company's condition during a crisis with a form of social responsibility so that it can increase public empathy to form a positive attitude towards the company. (Eastman et al., 2019). CRM can improve a positive image for the company so that it can increase public interest in making purchasing decisions on the products offered (Lin & Lin, 2019). The public will evaluate the various programs that exist in the company, resulting in a positive response with changes in attitudes and interest in the product (Diehl et al., 2016).

CRM is a business activity that can increase profits, but also a solidarity that can help the community and become a business strategy that can increase the attractiveness of the community to the products offered.(Feminingtyas et al., 2020). CRM is a means for companies to communicate to the public which is very effective in crisis conditions so that it can encourage people's purchasing power. Community participation with a caring attitude in CRM can build a positive attitude in increasing the purchase of a product(Patel et al., 2017).

CRM is a business strategy that can make companies have sustainability in business (sustainability). CRM is able to shape people's attitudes through awareness of a brand that is built based on a sense of social concern carried out by companies related to social problems that are happening (social concern).

## II. Review of Literature

*Cause related marketing*(CRM) is an effort to unite marketing activities with charitable activities aimed at obtaining goodwill(Clou & Baack, 2018). CRM relates the contribution made by the company with the causes that should be shown to customers to be directly or indirectly involved with companies related to transaction activities that can earn income.(Kotler & Keller, 2016).

CRM is defined as a commercial activity in a creative way where companies and charities or good causes form partnerships for branding images, products or services for collective benefit. This is an effective strategy to enhance company image, differentiate products, and increase sales and loyalty(Baker, 2020). CRM is believed to be one of the fastest growing forms of marketing communication because it is a win-win situation for businesses, non-profit organizations or purposes, and consumers(Santoro et al., 2020).

CRM is becoming increasingly popular among marketers, who believe that this approach helps improve brand attitudes and purchase intentions. CRM is believed to be able to increase company sales by increasing trial purchases, repurchases and/or promoting multiple purchases(Shabbir et al., 2010), because consumers are more likely to buy products from companies involved in CRM. CRM is also classified as one of the modern marketing strategies used by most companies, especially in the global western world. Global companies that use CRM as a marketing strategy have proven to provide many benefits for related companies and organizations in many aspects, including a great opportunity for companies based on local wisdom to implement CRM strategies.

Companies based on local wisdom believe that they can stand strong and compete with global companies because they are considered to have more favorable conditions than global companies. One of the factors is that companies based on local wisdom are developed according to the unique needs and desires of the local market. Companies based on local wisdom have their own strengths, such as perceptions of uniqueness, originality, and pride in representing the local market. Local wisdom has traditionally benefited from a high level of awareness and close relationships with consumers in the country(Özsomer, 2012). Local Indonesian fashion companies are considered more affordable in terms of price, as evidenced by 77.4% of respondents agreeing with this statement and choosing local brands over global brands.(Bain, 2015). Indonesia also has multiculturalism, an invaluable resource, followed by many social, cultural, or environmental problems and phenomena, making it also a favorable situation for companies based on local wisdom to improve their CRM strategy through products. There is always an interaction between global and local companies, and a CRM strategy can be one of the greatest opportunities for success.

### III. Results and Discussion

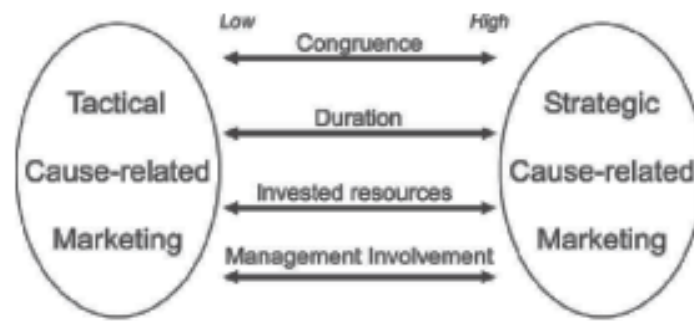
Sustainability is an issue that is quite important for companies with the Covid-19 pandemic, because with the crisis the company is trying to survive and be competitive. The condition of the Covid-19 pandemic, which causes people to experience a decrease in purchasing power and a decrease in economic turnover, requires the company's sensitivity to carry out business activities that involve community culture and local wisdom that applies in the community. Modern society is not only thinking about good company performance, but also about sustainable ethical and social behavior (Lerro et al., 2019). Cause Related Marketing is a business strategy based on local wisdom by being directly involved in social activities in the community, so as to improve the company's positive image in a sustainable manner.

CRM as a company's business strategy has a business focus on three aspects, namely the evolution of a marketing concept from a social perspective such as holistic marketing which is the main key in CRM with the birth of various companies oriented to social aspects and marketing that is responsible for the community. The focus of CRM is also on social awareness as a culture for the company to be able to maintain a competitive advantage, and CRM focuses on a sustainable strategy by evolving the activities of local communities into a company mission that focuses on stakeholders and approaches virtually all sectors (Galan-Ladero et al., 2013).

CRM is a company activity that is commercial in nature by collaborating with charities to grow the image, products and services in order to establish good relationships that provide mutual benefits. Success in implementing a CRM strategy is to implement business values and ethics. Through the CRM strategy, the company cooperates with the community to use or buy the products offered, so that some of the profits earned by the company can be donated to help solve community problems in times of crisis.

Trust is the core of the successful implementation of CRM strategy, with increasing public trust it is able to minimize negative perceptions from the public. CRM is a very effective strategy to build trust between the public as customers and the company, so that trust is closely related to public perception and corporate image (Lim et al., 2017). Trust is very important for companies to have in times of conditions in society with uncertainty, vulnerability, lack of control, and independent thinking caused by a crisis. Trust makes the community have a guarantee from the company, so the company does not have to behave opportunistically. Trust is needed so that the company has an identity with good preferences for the community. Trust in the CRM strategy gives a positive impression for the community related to social issues.

Companies can implement CRM strategies in business if they have a high relationship suitability on an issue with production results, brand image, positioning and market share. The CRM strategy is implemented in the long term starting from involvement at the overall management level and followed by the value of the investment invested in large programs (Kartikawangi, 2018).



Source: Van Den Brink et al., (2016)

**Figure 1.** Cause Related Marketing (CRM) Schematic

The suitability of the relationship felt by an issue with a high product line makes CRM activities run faster, so management must have involvement in the implementation of a CRM strategy that is supported by the value of the investment. Brand involvement is an important part of the communication process, because the presence of a brand increases added value for consumers and increases the relationship between the brand and the community. In every activity, the company's brand carries out the promises made by the company and opens people's attitudes to be more stable in maintaining long-term relationships, not only in purchasing decisions. More specifically, brand involvement occurs in more specific interactions between brands and society (Hollebeek, 2019).

The popularity of implementing CRM strategies is very relevant in unstable economic conditions, because companies can build emotional relationships with people through CRM programs, companies can also build a favorable image, improve business reputation, grow customer base, reach new market segments, enjoy increased sales and gain competitive advantage (Christofi et al., 2015). This is evident when the CRM strategy is implemented, the scope and value of activities for the business also increases. CRM strategies also provide opportunities for people to do good, and CRM incentives make people feel good about contributing and about themselves (Koschate-Fischer et al., 2016). Society in general really longs for a harmonious relationship by helping each other in efforts towards a better world. The success of the CRM strategy promoted through social media platforms, has made the company increasingly accepted by the public, due to the highly public nature of social media and the viral effect it creates (Wallace et al., 2017). Therefore, people can enjoy contributing to a good cause of enhancing the natural relationship of charitable buying, and this feeling represents an additional incentive to choose a company. In this case, the CRM strategy not only brings benefits to the company, but the charitable activities associated with it, but also provides value to society.

In the current development of technology and information, people are more aware of corporate social responsibility and want to make a contribution. Thus, companies that practice CRM should focus on the choice of causes to support, because this may be the main determinant of society. Community participation in a goal can significantly influence attitudes that give it a tendency, and it can lead to buying the company's products. Based on that, the public will give appreciation and assessment for companies that are not only profit-oriented, because implementing CRM shows the company's concern for social activities which can improve the company's image by increasing the company's image in the community (Hashem, 2020).

CRM strategy through fundraising activities can increase positive perceptions of social care for companies in the surrounding environment so that they can build positive perceptions from the eyes of the community. The positive image built by the company with

the CRM strategy increases public awareness of the company's brand so that it can be recognized by the public (Suriyanto et al., 2020). This determines the impact on the company's credibility for sustainable business. CRM is a very effective instrument in changing people's thinking patterns and attitudes towards a company's product (Pandey et al., 2020).

CRM business strategy is a strategy based on local wisdom by making a sense of empathy and social concern as a strategy in introducing products to the public. For the people of Indonesia, local wisdom is a value that cannot be separated from the pluralistic culture of society to be able to give and share. The form of social concern from the CRM business strategy makes the company have a positive image in the eyes of the public, so that with the success of the community getting to know the company's products, this will have an impact on sustainable business success.

#### IV. Conclusion

*Cause Related Marketing* is a business strategy based on local wisdom by being directly involved in social activities in the community, so as to be able to improve the company's positive image in a sustainable manner. CRM as a company's business strategy has a business focus on three aspects, namely the evolution of a marketing concept from a social perspective such as holistic marketing which is the main key in CRM with the birth of various companies oriented to social aspects and marketing that is responsible for the community. The focus of CRM is also on social awareness as a culture in the company to be able to continue to have a competitive advantage, and CRM focuses on a sustainable strategy by evolving local community activities into a stakeholder-focused corporate mission and approaching virtually all sectors. Trust is the core of the successful implementation of CRM strategy, with increasing public trust it is able to minimize negative perceptions from the public. Trust in the CRM strategy gives a positive impression for the community related to social issues.

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