

Cause-related marketing strategy in a supply chain: A theoretical analysis and a case study

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ABSTRACT

With the development of commodity market, corporate social responsibility (CSR) has become a topic of widespread concern for both enterprises and society. Cause-related marketing (CRM), as an effective marketing tool for enterprises to fulfill their social responsibility, is rapidly being applied to all stages of the supply chain. However, there is no conclusive evidence on the implementation strategy of CRM for supply chain members. In this paper, we study the decision and pricing strategies of CRM for the manufacturer and the retailer by constructing models for two scenarios: the manufacturer implements CRM, and the retailer implements CRM. We conclude that the donation percentage and the pro-sociality of consumers have a significant impact on the strategic and pricing decisions for supply chain members. The wholesale and selling prices will be higher when the manufacturer implements CRM. Our result also shows that the manufacturer and retailer are profitable in CRM only when the donation amount exceeds a certain percentage. In addition, to maximize profits, the manufacturer is more likely to allow a retailer to implement CRM, and the retailer is only optimally positioned to implement CRM when the pro-sociality of consumers is high or when the donation percentage is high.

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