# The effect of strategic and tactical cause-related marketing on consumers' brand loyalty

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## Abstract

**Purpose** – The first objective was to find out to what extent consumers reveal an effect of strategic and tactical cause-related marketing on brand loyalty. Second, the article seeks to assess the moderating role of consumer involvement with a product on the relationship between cause-related marketing and brand loyalty.

Design/methodology/approach - An experimental design with 240 participants was used.

**Findings** – The results show that consumers perceive a significantly enhanced level of brand loyalty as a result of strategic cause-related marketing as long as the firm has a long-term commitment to this campaign and the campaign is related to a low involvement product. Consumers do not exhibit a significant impact of tactical cause-related marketing campaigns – whether related to high or low involvement products – on brand loyalty.

**Research limitations/implications** – First, all respondents were students from a western European university. Second, the experiment relied on imaginary storyboards. Third, the program dimensions were not manipulated separately.

**Practical implications** – If companies intend to increase brand loyalty through CRM they should set up long-lasting CRM campaigns linked to the product that shows the lowest level of consumer involvement.

**Originality/value** – The added value of this paper is the link between cause-related marketing programs and brand loyalty. Moreover, a distinction is explicitly made between tactical and strategic CRM programs.

Keywords Cause marketing, Brand loyalty, Experimentation

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

## Introduction

Since the last decade, companies are under mounting pressure to take responsibility for the effects of their corporate conduct on society, especially when these effects go beyond the firms' direct commercial interests (Macleod, 2001; Mohr et al., 2001). As a result, an increasing number of companies, small and big alike, has developed corporate social responsibility (CSR) programs (Maignan and Ralston, 2002). As a type of CSR, cause-related marketing (CRM) has received particular corporate interest. This is due to the fact that especially CRM might have positive effects on consumer behaviour (Sen and Bhattacharya, 2001). During the early 1990s, CRM was the fastest growing type of marketing (Smith, 1994). In 1994, companies spent more than \$1 billion on CRM campaigns, a 150 per cent increase compared to 1990 (Strahilevitz and Myers, 1998). A 1998 survey showed that 70 per cent of interviewed CEOs and marketing directors in the UK expected continued growth in their CRM practices (Ellen et al., 2000). Recently, consumers of TESCO

The current issue and full text archive of this journal is available at www.emeraldinsight.com/0736-3761.htm



Journal of Consumer Marketing 23/1 (2006) 15–25 © Emerald Group Publishing Limited [ISSN 0736-3761] [DOI 10.1108/07363760610641127] were offered the "Computers-for-Schools-program", a CRM program launched by TESCO to increase computer literacy of school leavers subsidised through an annual voucher redemption promotion. AVON rose over £10 million through a CRM campaign, which was donated to the Breakthrough Breast Cancer program. PERCOL introduced the CoffeeKids Charity Program in favour of children in the coffee growing communities, which is subsidised by means of a percentage of PERCOL's coffee sales (Business in the Community, 2004)[1].

Besides corporate interest, CRM has increasingly become the subject of scientific interest. Cause-related marketing was first defined as:

The process of formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organisational and individual objectives (Varadarajan and Menon, 1988, p. 60).

Since then, a substantial body of research has emerged investigating the effects of CRM on a variety of factors including consumer choice (Barone *et al.*, 2000), consumer purchase decisions (Webb and Mohr, 1998), and consumer attitudes towards CRM itself (Barnes, 1992) as well as towards companies that engage in such marketing programs (Webb and Mohr, 1998). Another stream of research has focused on moderating variables that affect to what extent CRM campaigns influence the factors mentioned before. Such moderating effects have, for example, been identified for the congruency between the cause and the company (Pracejus and Olsen, 2004), the type of product that is involved in the CRM campaign (Strahilevitz and Myers, 1998), the donation

situation (Ellen *et al.*, 2000) and the familiarity of the consumer with the cause (Lafferty and Goldsmith, 2005).

We contribute to this stream of research in that we investigate to what extent consumers reveal an impact of CRM campaigns on brand loyalty. A focus on brand loyalty is legitimate considering the significant impact of brand loyalty on a company's financial performance (Chaudhuri and Holbrook, 2001). For example, brand loyalty allows companies to charge premium prices and to increase market share (Chaudhuri and Holbrook, 2001). Loyal customers are inclined to spend more on a product or service, their expenditures grow over time and they are a source of positive word-of-mouth advertising (Aaker, 1996; Kapferer, 1997). As brand loyalty is one of the most prominent marketing performance variables (Dick and Basu, 1994), we consider it as a key evaluative instrument for the marketing contribution of CRM.

Abundant practical examples illustrate that companies can develop and implement more strategic CRM campaigns and/ or more tactical CRM initiatives. While literature has accidentally referred to the existence of these designs (e.g. Varadarajan and Menon, 1988), academic coverage remains marginal. The present study builds upon past research to provide a more thorough understanding of tactical and strategic CRM and to investigate the effect of these two types on brand loyalty. Moreover, from a contingency perspective, we examine the moderating effect of a consumer's product involvement upon on the relationship between CRM and brand loyalty. Strahilevitz and Myers (1998) reported that CRM campaigns are more effective in promoting frivolous products than practical products. However, to the best of our knowledge it remains largely unexplored how consumers' involvement with a product influences the efficacy of a CRM campaign.

In sum, the present study aims at understanding tactical and strategic CRM, investigates the effects of both CRM designs on brand loyalty, and examines to what extent the effects of CRM on brand loyalty are moderated by a consumer's involvement with the product. The results of this study provide clear insights for marketing managers to invest in cause-related marketing campaigns that consumers appreciate.

The remainder of this paper is structured as follows. The next section provides a theoretical background of strategic and tactical CRM, product involvement, and brand loyalty. Next, the conceptual model and hypotheses are formally presented, followed by a description of the experimental design of the empirical study. Section five presents and discusses the results. The paper rounds up with a conclusion and a discussion of research limitations and areas for future research.

## **Theoretical background**

#### Cause-related marketing (CRM)

Cause-related marketing is to be situated in the context of corporate social responsibility (CSR). Here, we define CSR as:

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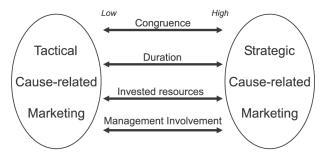
Within this notion of CSR, CRM is a specific marketing activity in which the firm promises its consumers to donate company resources to a worthy cause for each sold product or service. A CRM campaign aims at two objectives: to support a social cause, and to improve marketing performance (Varadarajan and Menon, 1988). This way, CRM programs take a responsibility towards at least three stakeholders: the firm's consumers, its shareholders and one stakeholder not directly related to the commercial activity of the firm.

There is an increasing body of knowledge on the impact of CRM and CSR on marketing performance variables. While Sen and Bhattacharya (2001) report positive effects of CSR initiatives on consumers' perceptions of corporate image, Webb and Mohr (1998) found that 50 per cent of the consumers in their sample had non-positive attitudes toward companies that engage in CRM. A study by Crever and Ross (1997) demonstrates that consumers are willing to reward companies for ethical behavior and punish them for unethical behaviour by paying higher and lower prices respectively. Furthermore, Barone et al. (2000) found that consumer choice only migrates towards the product of the company that engages in CRM in case of minor competitive product and price trade-offs. Favourable effects of CSR in general were found for consumers' evaluations of new products through enhanced impressions of the company that launched these products (Brown and Dacin, 1997). Finally, Mohr et al. (2001) examined the effects of CSR on consumers' purchase decisions, but could not find a significant relationship. As it is clear from the previous overview, the impact of CRM and CSR on marketing performance variables is mixed and depends on the particularities of the campaign as well as on the marketing context.

In the present study, we investigate to what extent the marketing effect of strategic CRM differs from the effect of tactical CRM. Varadarajan and Menon (1988) argue that strategic CRM is characterised by high senior management involvement, a substantial amount of invested resources and a long-term commitment of the firm or business unit towards the CRM campaign. Alternatively, Drumwright and Murphy (2001) and Till and Nowak (2000) characterise tactical CRM as a marketing activity that lasts for a short period of time and has scant employee involvement. As can be seen from Figure 1, we conceive tactical and strategic CRM to differ on four dimensions:

- (1) The congruency between the cause and a company's core competency (Pracejus and Olsen, 2004).
- (2) The duration of a campaign (Till and Nowak, 2000).
- (3) The amount of invested resources (Macleod, 2001; Welsh, 1999).

Figure 1 Schematic representation of strategic and tactical CRM



The extent to which businesses assume the economic, legal, ethical, and discretionary responsibilities imposed on them by their various stakeholders (Maignan *et al.*, 1999, p. 457).

(4) The degree of senior management involvement (Macleod, 2001; Miller, 2002).

CRM programs can be rated on a high-low continuum for each of these dimensions. The high endpoint corresponds with purely strategic CRM and the low endpoint with purely tactical CRM. As a result, each CRM program can have strategic as well as tactical characteristics and CRM campaigns do not necessarily have to be classified as either strategic or tactical.

#### Product involvement

Personal involvement with an issue is defined as "the level of perceived personal importance and/or interest evoked by a stimulus (or stimuli) within a specific situation" (Antil, 1984, p. 204). The degree of involvement refers to the degree of perceived personal relevance of an issue (Celsi and Olson, 1988). A plethora of measures has been developed to capture a consumer's involvement with a commercialised product. In contrast to earlier measures that focused on manifest behaviour to derive an anteceding attitude, Zaichkowsky (1985) presented a one-dimensional direct measure of involvement, the personal involvement inventory (PII). PII was designed to measure the involvement construct itself, independent of consumers' behaviours that might result from involvement. Next to this one-dimensional conceptualisation, Kapferer and Laurent (1985) argued that involvement is a latent construct, only measurable through its antecedents. A consumer involvement profile (CIP) can be measured by the aggregation of the scores on these antecedents. Eventually, Kapferer and Laurent (1985) have defined ten consumer involvement profiles (e.g. minimal involvement, functional involvement and total involvement). This multi-dimensional approach provides a more thorough and deeper understanding of a consumer's level of involvement, since it links the degree of involvement to its causes (Kapferer and Laurent, 1985). However, rather than measuring the construct itself, the multidimensional approach is based on the measurement of involvement's antecedents and merely derives the core construct. Moreover, a multidimensional perspective on attitude complicates the quantitative comparison of different empirically observed or measured profiles. Despite the conceptual simplicity of the onedimensional approach, Goldsmith and Emmert (1991) argued that Zaichkowsky's (1985) PII provides comparable information and is not less valid than Kapferer and Laurent's (1985) CIPs. In sum, a one-dimensional operationalisation of the involvement construct is a valid basis for measurement. The present study adopts this one-dimensional approach to measure a consumer's involvement with a commercial product.

## **Brand loyalty**

In the past, brand loyalty has been conceptualised both in a behavioural and in an attitudinal way. The former captures more the patronage behaviour and focuses on repeated purchasing of a certain brand by a consumer over time (Bloemer and Kasper, 1995; Traylor, 1981). An advantage of the behavioural approach is that it measures observable behaviours, instead of (self-reported) intentions and declarations (Odin *et al.*, 2001). Observable behaviour is also easier and less costly to measure (Dekimpe *et al.*, 1997). However, despite the consensus that brand loyalty leads to repeated purchasing, it may not be its sole antecedent.

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Moreover, the underlying motivations for repeat purchasing remain unknown (Jacoby and Chestnut, 1978; Jacoby and Kyner, 1973; Quester and Lim, 2003).

Indeed, patronage may emerge from alternative consumer dispositions. motivations and The attitudinal conceptualisation of brand lovalty counters this drawback. A consumer's attitude towards a brand is a multidimensional construct that relies upon an affective, cognitive and conative component (Oliver, 1997). The affective component is concerned with (positive/negative) emotions that consumers have toward the brand. The cognitive component refers to particular knowledge about that brand. The conative component embeds consumers' behavioural disposition or an intention to buy the brand. In their seminal article, Dick and Basu (1994) distinguish between loyalty, latent loyalty, spurious loyalty and no loyalty. They define customer loyalty

The relationship between the relative attitude toward an entity (brand/ service/store/vendor) and patronage behaviour (Dick and Basu, 1994, p. 100).

#### Moreover, they claim:

Loyalty, the most preferred of the four conditions, signifies a favourable correspondence between relative attitude and repeat patronage (Dick and Basu, 1994, p. 102).

Therefore, conceptual models that theorise both attitudinal and behavioural components of brand loyalty gained strong precedence in the existing literature (e.g. Fournier and Yao, 1997).

## **Conceptual model and hypotheses**

The present study examines the effect of tactical and strategic CRM on brand loyalty. Moreover, we examine the moderating effect of consumers' product involvement on the relationship between CRM and brand loyalty.

#### Main effects

Ellen et al. (2000) use attribution theory to explain how consumers evaluate companies' CRM campaigns. They state that consumers evaluate and respond to CRM campaigns by making inferences about a company's underlying motives for engaging in such a campaign. Companies can be categorised as either intrinsically or extrinsically motivated in their CRM efforts. When a company is intrinsically motivated it considers the CRM program to be rewarding in itself. In case of extrinsic motivation, companies are looking for rewards from their environment. Extrinsic motives can result in evaluations of egoism and self-interest, whereas intrinsic motives might be regarded as altruistic. Consumers often use aspects of a CRM offer to make attributions of a company's motives. Therefore, it can be imagined that companies with strategic CRM campaigns are regarded as more intrinsically motivated than companies with tactical CRM programs. Ellen et al. (2000) argue that consumers respond more positively to CRM programs that are intrinsically motivated. We consider brand loyalty as a potential way to express consumers' positive responses. Therefore, we define:

*H1.* Strategic CRM creates higher brand loyalty than tactical CRM.

Till and Nowak (2000) suggest that a "fit" between the cause and the main business of the company is important for CRM success. Pracejus and Olsen (2004) recently demonstrated

that the degree of brand-cause fit significantly influences the impact of CRM campaigns on behavioural loyalty. More specifically, high-fit CRM programs have an impact that is five to ten times greater than the impact of low-fit campaigns. Furthermore, companies can improve their overall performance by adopting strategic philanthropy, which aligns philanthropic efforts with companies' mission, vision and resources (McAlister and Ferrell, 2002). Drumwright (1996) notes that advertising campaigns with a social dimension are more likely to be successful if there is a degree of congruency between the company and the cause. In line with these studies we hypothesise:

*H2.* The congruency between the cause and a company's core competencies in a CRM campaign is positively related to brand loyalty.

Miller (2002) proposes that companies should show a certain degree of (behavioural) commitment toward the CRM campaign, which can eventually lead to brand loyalty. One of the factors that can demonstrate a company's commitment is the duration of the CRM program (Miller, 2002). Till and Nowak (2000) suggest that the effectiveness of a CRM program increases with its duration. Companies that consistently support a specific cause can benefit significantly (Welsh, 1999). Varadarajan and Menon (1988) state that CRM campaigns with a medium-term to long-term focus have a higher potential of increasing consumers' perceptions of company image. Moreover, advertising campaigns with a social connotation are more likely to be successful with a longer time commitment (Drumwright, 1996). As a consequence, we define:

*H3.* The duration of a CRM campaign is positively related to brand loyalty.

Apart from financial means, a company may invest in a CRM program through employee expertise, volunteer work or any other non-monetary alternative. In this respect, it is asserted that company commitment toward a CRM campaign can be enhanced by including employee volunteers and making inkind donations instead of monetary contributions (Miller, 2002). Welsh (1999) confirms that employee participation in a CRM campaign can increase a company's commitment. Similarly, Macleod (2001) suggests that companies should set up a special CSR team with grass-roots employees in order to build credibility for the respective CSR initiative. Ellen et al. (2000) found that consumers evaluated CRM offerings in which a company donated cash less favourably than donations involving a company's products. Larger donations to social causes increased the appeal of the related product in the market (Mohr et al., 2001). Therefore, we propose the following hypothesis:

*H4.* The amount of resources invested in a CRM campaign is positively related to brand loyalty.

Next to behavioural commitment, Miller (2002) stresses the importance of a firm's attitudinal commitment to CRM. A relevant proxy for this is the degree of top management involvement. The visible and enthusiastic involvement of top management executives enhances the credibility of a CRM campaign (Macleod, 2001). Smith (1994) argues that a noted decrease in corporate philanthropic contributions in the mid-1990s is partially the result of a decline in CEO involvement. Hence, we hypothesise:

*H5.* The degree of senior management involvement in a CRM campaign is positively related to brand loyalty.

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## Moderating effect

The previous hypotheses suggest that companies' CRM efforts might impact consumers' brand lovalty. However, we expect that this main effect might be moderated by consumers' product involvement. Existing research mainly focused on the direct effect of consumers' involvement with a product on their brand lovalty. Travlor (1981) for example found a positive relationship between involvement and brand lovalty. Similarly, Amine (1998) posits that the marketing literature often assumes involvement to be positively correlated with brand lovalty, but that the strength of this relationship is only low to moderate. Therefore, he considers it as an indirect source of brand loyalty (Amine, 1998), which could be interpreted as a moderator of the relationship between an antecedent and brand loyalty. To the best of our knowledge, no research has been conducted on consumer involvement as a moderator of the relationship between CRM efforts and brand loyalty. However, the moderating role of consumer involvement has been empirically validated in a study by De Wulf et al. (2001). They empirically demonstrated that the impact of a retailer's relationship efforts on relationship quality (satisfaction, trust, and commitment) was strengthened by consumers' product category involvement. In a similar vein, we hypothesise:

*H6.* High (low) consumer involvement with a product strengthens (attenuates) the relationship between CRM and brand loyalty.

## **Research methodology**

## **Research** design

This study uses an experimental design to test the six aforementioned hypotheses. Story boards about a nonexisting company, brand and CRM campaign were used as stimulus materials (see Table I). To avoid any external effect on the experiment, we developed story boards of imaginary brands and non-existing CRM campaigns. Respondents were introduced to a company, its product and brand. The products were either trousers (high involvement) or staples (low involvement). Table I illustrates how the four dimensions of strategic and tactical CRM were operationalised. In the control condition, respondents were only presented with information concerning the company and its products. As there were four experimental groups (two products and two CRM types), this study can be structured as a two-by-two between subjects design.

## Measurement

Relying on these story boards, respondents filled in a questionnaire. In the questionnaire, we measured the respondent's score on each of the four dimensions of a CRM design, the respondent's level of product involvement, and their brand loyalty. Since these story boards built upon fictitious situations it was not possible to measure respondents' actual behaviour. Therefore, we consider the affective and cognitive components of brand loyalty as the attitudinal dimension, while we treat the conative component (behavioural intentions) as a proxy for the behavioural dimension of brand loyalty. This enables us to follow the commonly accepted research tradition of measuring both attitudinal and behavioural brand loyalty (Dick and Basu, 1994). The brand loyalty scale of Quester and Lim (2003)

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 Table I
 Strategic and tactical CRM's dimensions as presented in the story boards

	Strategic CRM	Tactical CRM
Congruency	Cause: improvement of the living conditions of poor iron or	Cause: reduction of pollution in rivers
	cotton suppliers of the company	Core competency: production of staples or trousers
	Core competency: production of staples or trousers	
Duration	Initiated five years ago and will continue for years to come	Initiated one month ago and will continue for two more months
Resources invested	Sales-related donation of 25 per cent of the retail price of the brand, company time and expertise	Sales-related donation of 0.1 per cent of the retail price of the brand
Management involvement	Senior management develops CRM strategy and visits the cause twice a year	Senior management is not involved with the cause

was adapted to serve the purpose of this study. All scale items were used except for item 2, 3, 8, 10 and 14 as they could not be changed to refer to the brand that was mentioned in the storyboards. Product involvement was measured by adapting the scale used in De Wulf *et al.* (2001). Regarding the four dimensions of CRM, a new scale was developed for the duration dimension. Congruency was estimated by modifying a scale from Keller and Aaker (1992), which measured the fit between a company and brand extensions. For the amount of resources invested the scale used by Biswas and Burton (1993) was adapted. They measured the magnitude of savings indicated in an advertisement for a category of products on sale. With regard to senior management involvement, an adapted version of the scale used in De Wulf *et al.* (2001) was used. For the full questionnaire, we refer to the appendix.

## Sample

This study's sample consists of students from a large western European university. The experiment was conducted among students who were present at the university library at the time that the study was carried out. Only students that were studying or working on a computer were asked to participate in the research. These students were all sitting in a quiet study environment that would enable them to take their time and to concentrate on the questionnaire. By participating in the experiment, they had a chance of winning a  $\pounds 25$  voucher. This incentive was used to persuade students to participate and to complete the questionnaire with care. The experiment was conducted over three days and after lunch time, thereby enabling participants to fill in the questionnaire until the end of the afternoon. Eventually, 240 useful replies were collected.

## Results

Before analysing the results of the experiment, we pre-tested whether consumers' product involvement and the four dimensions of strategic and a tactical CRM campaign were statistically different as intended between the experimental groups. In total, 34 respondents participated in this pre-test. Table II demonstrates that all independent variables were significantly different. As can be seen in Table III, all experimental settings also showed the intended significant differences.

## Main effects

To test H1, we applied an independent sample *t*-test to measure the difference in brand loyalty between the respondent group exposed to strategic CRM and the one exposed to tactical CRM. Table IV indicates that brand loyalty scores are significantly higher for a strategic CRM campaign than for a tactical campaign. As a consequence, H1 is supported. Table IV also shows the difference in brand loyalty scores between both CRM designs for each of the two involvement groups. The difference in brand loyalty between the two high involvement groups turned out to be insignificant. However, for the low involvement groups there is a significant difference between the mean brand loyalty scores.

To get more insight into how customer's brand loyalty scores differ for strategic CRM, tactical CRM and the control group, one-way ANOVA's have been performed. Figure 2 shows that strategic CRM is significantly different from tactical CRM and the control group whereas no such difference is observed between tactical CRM and the control group. It is also clear from Figure 3 that there is no significant difference in the brand loyalty scores for strategic

#### Table II Manipulation checks pre-test

	Mean strategic CRM scenario (n = 19)	Mean tactical CRM scenario (n = 15)	Mean high involvement scenario (n = 17)	Mean low involvement scenario (n = 17)
Congruency	5.12	3.73 *		
Duration	6.63	4.33 * *		
Resources invested	6.56	5.2 <sup>*</sup>		
Management involvement	6.21	4.51 *		
Product involvement			5.33	2.27 * *

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Table III Manipulation checks experiment

	Mean strategic CRM scenario (n = 81)	Mean tactical CRM scenario (n = 85)	Mean high involvement scenario (n = 122)	Mean low involvement scenario (n = 118)
Congruency	5.36	3.19**		
Duration	6.78	3.46 * *		
Resources invested	6.53	3.97 * *		
Management involvement	6.88	3.13 * *		
Product involvement			4.96	2.16 * *
Notes: * <i>p</i> < 0.05; ** <i>p</i> < 0.01;	**** <i>p</i> < 0.001			

#### Table IV Brand loyalty for strategic and tactical CRM

	CRM scenario	n	Mean	SD	Std. error mean	t	d.f.	p (one-tailed)
Brand loyalty	Strategic CRM	81	3.4826	1.52179	0.16909	2.921	164	0.002 * *
	Tactical CRM	85	2.8321	1.34588	0.14598			
Brand loyalty	Strategic CRM-high involvement	41	3.3659	1.39975	0.21860	0.909	83	0.183
	Tactical CRM-high involvement	44	3.1054	1.24153	0.18717			
Brand loyalty	Strategic CRM-low involvement	40	3.6023	1.64678	0.26038	3.128	79	0.001 * *
	Tactical CRM-low involvement	41	2.5388	1.40592	0.21957			

**Notes:**  $^{\circ}p < 0.05$ ;  $^{\circ}p < 0.01$ ;  $^{\circ}p < 0.001$ ; Statistical analysis is performed by an independent sample *t*-test

Figure 2 Brand loyalty for strategic CRM, tactical CRM, and control group

Descriptives	N	Mean	Std. Deviation		Std. Error
Strategic CRM	81	3.4826	1.52179		0.16909
Tactical CRM	85	2.8321	1.34588		0.14598
Control Group	74	2.6683	1.27392		0.14809
Total	240	3.0011	1.42497		0.09198
ANOVA	Sum of Squares	d.f.	Mean Square	F	n
Between Groups	29.403	2	14.702	7.643	0.001**
Within Groups	455.894	237	1.924		
Total	485.297	239			
(I) CRM	(J) CRM	Mean Differer	nce		
Scenario	Scenario	(I-J)	Std. Error		р
Strategic CRM	Tactical CRM	0.6505	0.21536	0	.008**
-	Control Group	0.8143	0.22303	0	.001**
Tactical CRM	Strategic CRM	-0.6505	0.21536	0	.008**
	Control Group	0.1638	0.22051	1	.000

Note: \* p < 0.05; \*\* p < 0.01; \*\*\* p < 0.001. Statistical analysis is performed by one-way ANOVA

CRM, tactical CRM and the control group in case of high product involvement. For low product involvement there is a significant difference between strategic CRM and both tactical CRM and the control group. However, there is no significant difference between the tactical CRM group and the control group (Figure 4). In sum, for both levels of product involvement, tactical CRM does not result in significantly higher brand loyalty scores than the control group.

To test hypotheses two to five, we simultaneously regressed[2] the four design dimensions of CRM – congruence, duration, resource investment and management commitment – on consumer's brand loyalty (see Table V). Only the duration of the CRM campaign turns out to be significant. As such, we de not support hypotheses two, four and five, yet accept hypothesis three.

#### Moderating effect

To test the moderating role of a consumer's product involvement on the relationship between the design of a CRM campaign and a consumer's level of brand loyalty, we performed an independent sample *t*-test to assess the difference in brand loyalty for CRM in case of high and low product involvement irrespective of the CRM scenario. So we aggregated the responses of the strategic and tactical scenario. As the upper part of Table VI shows, these differences are not significant (*t*-value is 0.732). As a consequence, we cannot support hypothesis six. In addition, we assessed the power of this moderating effect for strategic and tactical CRM separately. The lower part of Table VI reports that product involvement does not have a significant effect on the relationship between strategic CRM and brand loyalty (*t*-value is -0.697). However, the effect of product

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#### Figure 3 Brand loyalty for strategic CRM, tactical CRM, and control group with high involvement

Descriptives	N		Mean	Std. Deviation	Std. Error
Strategic CRM-High					
Involvement	41		3.3659	1.39975	0.21860
Tactical CRM-High					
Involvement	44		3.1054	1.24153	0.18717
No CRM-High Involvement	37		2.9312	1.34233	0.22068
Total	122		3.1401	1.32763	0.12020
ANOVA	Sum of Squares	d.f.	Mean Square	F	р
Between Groups	3.757	2	1.879	1.067	0.347
Within Groups	209.518	119	1.761		
Total	213.275	121			
			Mean		
(I) CRM Scenario	(J) CRM Scenario		Difference (I-J)	Std. Error	р
Strategic CRM-High	Tactical CRM-High	ı			
Involvement	Involvement		0.2605	0.28802	1.000
	No CRM-High Invo	olvement	0.4346	0.30088	0.454
Tactical CRM-High	Strategic CRM-Hig	h			
Involvement	Involvement		-0.2605	0.28802	1.000
	No CRM-High Invo	olvement	0.1742	0.29597	1.000

Note: \* p < 0.05; \*\* p < 0.01; \*\*\* p < 0.001. Statistical analysis is performed by one-way ANOVA

Figure 4 Brand loyalty for strategic CRM, tactical CRM, and control group with low involvement

Descriptives		N	Mean	Std. Deviation	Std. Error
Strategic CRM-Low Invo	lvement	40	3.6023	1.64678	0.26038
Tactical CRM-Low Invol	vement	41	2.5388	1.40592	0.21957
No CRM-Low Involveme	ent	37	2.4054	1.16057	0.19080
Total		118	2.8575	1.51130	0.13913
ANOVA	Sum of Squares	d.f.	Mean Square	F	р
Between Groups	33.914	2	16.957	8.358	0.000***
Within Groups	233.317	115	2.029		
Total	267.231	117			
(I) CRM Scenario	(J) CRM Scenario		Mean Difference (I-J)	Std. Error	р
Strategic CRM-Low	Tactical CRM-Low	/			
Involvement	Involvement		1.0635	0.31655	0.003**
	No CRM-Low Invo	olvement	1.1969	0.32489	0.001**
Tactical CRM-Low	Strategic CRM-Lov	w			
Involvement	Involvement		-1.0635	0.31655	0.003**
	No CRM-Low Invo	olvement	0.1334	0.32298	1.000

Note: \* p < 0.05; \*\* p < 0.01; \*\*\* p < 0.001, Statistical analysis is performed by one-way ANOVA

#### Table V Multiple regression of CRM's dimensions on brand loyalty

	Unstandardised coefficients	Standardised coefficients			
	В	Beta	t	p (one-tailed)	R square model
(Constant)	2.274		6.888	0.000 * * *	0.069
Congruency	0.030	0.042	0.464	0.322	
Duration	0.147	0.236	1.981	0.025 *	
Resources invested	- 0.017	-0.024	-0.216	0.415	
Management involvement	0.018	0.031	0.284	0.388	
Notes: *p < 0.05; **p < 0.0	01; **** <i>p</i> < 0.001				

involvement on the relationship between tactical CRM and brand loyalty is also revealed in Table VI. Clearly, higher levels of product involvement significantly strengthen the impact of tactical CRM programs on brand loyalty (*t*-value is 1.972).

## Conclusion

The present study assesses the effect of cause-related marketing (CRM) on a consumer's brand loyalty. In case a

clear effect is found, it supports the notion that CRM programs do take responsibility towards at least three stakeholders: the firm's consumers, its shareholders and one stakeholder not directly related to the commercial activity of the firm. Through an experimental study with 240 participants, this study confirms that cause-related marketing may enhance consumer's brand loyalty. However, the results show that this only holds for long-lasting CRM

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Table VI Brand loyalty for high and low involvement

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	CRM scenario	n	Mean	STD	Std. error mean	t	d.f.	p (one-tailed)
Brand loyalty	High involvement experiment	85	3.2310	1.31878	0.14304	0.732	164	0.232
	Low involvement experiment	81	3.0640	1.61139	0.17904			
Brand loyalty	Strategic CRM-high involvement	41	3.3659	1.39975	0.21860	- 0.697	79	0.244
	Strategic CRM-low involvement	40	3.6023	1.64678	0.26038			
Brand loyalty	Tactical CRM-high involvement	44	3.1054	1.24153	0.18717	1.972	83	0.026 *
	Tactical CRM-low involvement	41	2.5388	1.40592	0.21957			

campaigns related to products for which consumers are not highly involved.

First, we distinguished between a strategic and a tactical design of a CRM campaign on the basis of the congruence of the firm's core business with the cause, the duration of the campaign, the firm's resource commitment to and top management's involvement with CRM. We clearly show that tactical designs (i.e. low scores on every design dimension) do not enhance consumers brand loyalty whereas strategic designs might do. However, from the four design dimensions only the duration of the campaign proved to significantly affect the difference in the impact between strategic and tactical CRM. As a consequence, from a design perspective our results indicate that only the duration of a CRM campaign matters. Firms engaging in CRM should refrain from setting up short term campaigns if they want to operate in the interest of its customers and shareholders.

Second, we tested the impact of CRM campaigns for high versus low consumer involvement with products. The results clearly show that CRM campaigns do not impact on a consumer's brand loyalty in case the campaign is linked to a product for which the customer shows high involvement. To the contrary, long-lasting CRM campaigns do affect brand loyalty for low involvement products. This is understandable as CRM campaign may not be able to interfere in the relationship between the customer and a product to which this customer is highly involved. Particular product and brand features of high involvement products outperform the impact of a product related CRM campaign.

## **Managerial implications and limitations**

The findings from this experimental study can be used by managers to optimise the impact of their CRM programs. In sum, if companies intend to increase brand loyalty through CRM they should set up long-lasting CRM campaigns linked to the product that shows the lowest level of consumer involvement. Short-term CRM campaigns as well as CRM campaigns linked to high involvement products may benefit a third party and, as such, may be relevant in terms of a firm's policy for corporate social responsibility. However, they do not yield for the firm's customers or shareholders.

Some important limitations of the present study are notable. First, all respondents were students from a western European university. It is relevant to see whether the reported results would still hold in a more representative sample. Second, the experiment relied upon imaginary storyboards. Although significantly more difficult to control, a field experiment would definitely enhance the validity of the findings. Our experimental design also prevented us from testing behavioural loyalty. Indeed, we assessed a consumer's attitudinal/cognitive/conative brand loyalty and it remains uncertain whether a consumer's reported positive behavioural intention would result in actual brand patronage. Third, although we simultaneously tested the effect of the four design dimensions of a CRM campaign, we did not manipulate each dimension separately. By doing so, one would be able to assess the relative impact of each dimension on a consumer's brand loyalty.

## Notes

- 1 www.bitc.org.uk/programmes/programme\_directory/ cause\_related\_marketing/casestudies.html
- 2 Next to the multiple regression, we regressed the four design dimensions separately on brand loyalty. All four dimensions show significant *t*-values with p < 0.05 or better. However, these separate simple regressions are less valid than the reported multiple regression.

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## Appendix

Table AI Constructs and items used in the questionnaire

Brand loyalty (adapted from Quester and Lim, 2003)	Cognitive component of brand loyalty Cronbach alpha $= 0.8663$	<ol> <li>I would always think of Statro over other brands when I consider buying trousers staples</li> </ol>
<i>(</i>		(2) I would pay a lot of attention to Statro over other brands
	Affective component of brand loyalty Cronbach alpha = $0.8886$	<ul> <li>(3) I would be upset if I had to buy another brand of trousers/staples if Statro was no available</li> </ul>
		(4) I would be excited about getting Statro over other brands
		(5) I would feel good about Statro over other brands
		(6) I would feel very attached to Statro over other brands
		(7) I would be interested in Statro over other brands
	Conative component of brand loyalty	(8) It would be very important for me to buy Statro over other brands
	Cronbach alpha $= 0.8500$	(9) Although another brand is on sale, I would buy Statro
		<ul><li>(10) I would always find myself consistently buying Statro over other brands</li><li>(11) If Statro were not available at the store, I would rather not buy at all if I have to choose another brand</li></ul>
CRM dimensions (adapted from Keller and Aaker, 1992)	Congruency Cronbach alpha = $0.9371$	<ul><li>(12) The type of cause that is supported by Swaplers is very much in line with its core business</li></ul>
	·	(13) Taking into account Swaplers' core business, it is very logical for Swaplers to support this type of cause
		(14) Supporting this cause is very appropriate as it "fits" very well with Swaplers' core business
	Duration (developed for this study)	(15) The duration of Swaplers' campaign is long
	Cronbach alpha = $0.8955$	(16) Swaplers' campaign can be considered a long-term campaign
	Amount of resources invested (adapted from Biswas and Burton, 1993)	(17) Swaplers invests a large amount of resources (e.g. time, money, expertise) in the campaign
	Cronbach alpha = 0.9774	(18) A lot of resources (e.g. time, money, expertise) are invested in the campaign by Swaplers
		(19) The amount of resources (e.g. time, money, expertise) that Swaplers invests in the campaign is high
	Senior management involvement (adapted from De Wulf <i>et al.</i> , 2001)	(20) Swaplers' senior management seems to find it important what kind of cause the company supports
	Cronbach alpha = 0.9807	(21) Swaplers' senior management seems to be interested in the kind of cause the company supports
		(22) For Swaplers' senior management it seems to mean a lot what cause the company supports
Product involvement	Product involvement (adapted from De Wulf <i>et al.</i> , 2001)	(23) Generally, I am someone who finds it important what kind of trousers/staples he or she buys
	Cronbach alpha = 0.9233	(24) Generally, I am someone who is interested in the kind of trousers/staples he or she buys
		(25) Generally, I am someone for whom it means a lot what trousers/staples he or she buys

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## Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefits of the material present.

## The effect of strategic and tactical cause-related marketing on consumers' brand loyalty

The pressure on business organizations to exhibit responsible behavior has inevitably increased since several high-profile corporate scandals were exposed. As a result, corporate social responsibility (CSR) has become an increasingly important issue over the last decade or so. Cause-related marketing (CRM) is considered by many to have a key role to play in the overall CSR package. As CRM involves organizations rewarding customer patronage by donating funds or other resources to a designated cause, it is not surprisingly also perceived as an opportunity to influence consumer behavior. The early 1990s saw CRM emerge to become the fastestdeveloping form of marketing, while a 1998 survey of UK CEOs revealed that 70 percent expected CRM activities to grow even more strongly.

CRM can be strategic or tactical and there are significant differences between the two forms. Van den Brink et al. define strategic CRM as a long-term commitment that can be enhanced by high levels of executive involvement. The authors point out that this signifies "attitudinal commitment" to the cause. Others had earlier claimed that input from employee volunteers added to the credibility of a CRM campaign, and that donations of, for example, company products were perceived more favorably than donations of cash. Tactical CRM differs in the sense that employee input is less prevalent, not least because the activity is short-lived. An additional attribute of strategic CRM is a close fit between the cause in question and core organizational activities and company vision. This is another important point, since previous investigations have led to claims that high-fit campaigns can be as much as ten times more effective than low-fit campaigns. Despite these differences, the authors point out that CRM programs can actually contain both strategic and tactical elements.

An experiment was devised to measure the impact of CRM on brand loyalty. Information was conveyed by storyboard to 240 participants from a large university in Western Europe. The information related to a fictitious organization, brand and CRM campaign, and respondents were asked to complete a questionnaire.

Several earlier studies had not proved wholly conclusive as to the level of impact of CRM on brand loyalty. There was evidence of favorable consumer behavior towards ethical organizations in the shape of a willingness to pay higher prices and enthusiastic reaction to new products. However, the results of another survey indicated that half the respondents were less impressed by CRM activities.

But other earlier findings did lead to firm conclusions that:

- organizations that continue supporting specific causes benefit more; and
- consumers are likelier to value more highly those organizations that are involved in medium- to long-term CRM programs.

Much of this is based on the perception of what motivates the organization to undertake CRM activities. Research has indicated that consumers believe prolonged support of a cause is evidence of a company with benevolent aspirations, whereas tactical CRM can be viewed as opportunistic and largely driven by self-interest. This prompted the authors to propose that strategic CRM benefits brand loyalty more than tactical CRM.

The scores revealed in this study clearly support this hypothesis. Significantly, however, the indications are that length of campaign is by far the most important design of CRM and has the greatest impact on brand loyalty. This is arguably because duration exhibits a company's degree of commitment more than any other characteristic. And, while the survey does indicate that the other strategic dimensions can have a positive impact on brand loyalty, the effect here was minimal in comparison.

Van den Brink *et al.* also investigated whether the level of involvement a consumer has with a product is significant in relation to brand loyalty. They speculated that high involvement would strengthen brand loyalty, while low involvement would have the opposite effect. Trousers and staples were respectively selected as high and low involvement products for the purpose of the investigation, and a one-dimensional approach was used to determine customer involvement.

The findings here were contrary to the authors' expectations because the survey indicated that high levels of product involvement would not increase consumer brand loyalty within a strategic CRM campaign. The assumption made here was that intimacy with the product meant that the bond between customer and brand had already peaked and could not be further enhanced by CRM. Results showed that greater potential impact on brand loyalty occurred with the combination of low product involvement and long-running strategic CRM program.

There was, though, also evidence that high levels of product involvement can enable tactical CRM activities to positively influence brand loyalty. However, the belief is that short CRM campaigns of a tactical nature may be more of a benefit to unspecified third parties than to the consumer. This shows that tactical CRM campaigns may have some worthwhile contribution to offer CSR. But, to serve the best interests of customers and shareholders, marketers should focus their efforts on long-running, strategic CRM activities that relate to products where the customer does not have high involvement.

Brand loyalty is composed of elements that reveal attitude and intention to buy. The use of a fictitious company in this study meant that attitude also had to be taken as purchase intention. Consequently, Van den Brink *et al.* concede that use of a real life organization may produce findings that are more conclusive. In addition, the authors also point out the fact that the four dimensions of CRM (duration, management involvement, resource investment, fit to company activities) were tested simultaneously. It is their belief that further study, where these dimensions are separately examined, may clarify the relative impact each dimension potentially has on CRM.

(A précis of the article "The effect of strategic and tactical causerelated marketing on consumers' brand loyalty". Supplied by Marketing Consultants for Emerald.)

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