

Chapter 17

Critical Success Factors of Cause-Related Marketing

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ABSTRACT

Cause Related Marketing (CRM) emerged in the 1980s following a campaign launched by American Express to donate money to different non-profit organizations as part of the San Francisco Arts Festival. Ever since, CRM has developed into one of the most popular corporate social responsibility strategies and has been practiced by some of the biggest corporations in the world, such as Kellogg's, Tesco, Avon, BT, and many more. In its early years, it was characterized as a fad, but its impressive growth in the last few years proves that it is seen as a highly potent tool for achieving the marketing objectives of a business. CRM has the potential to emotionally and rationally engage stakeholders with companies and brands and strengthen the management's effort to add value and sustain brands. CRM must be a long-term strategy and not an ad hoc initiative implemented to boost sales. A number of factors are critical to its success: well-defined underlying values, commitment of senior-level management, planning and implementing a strategic approach, careful selection of cause/charity, and communication and promotion.

INTRODUCTION

CRM is undoubtedly one of the most prominent and dynamic customer-centric marketing concepts in today's fiercely competitive world. It has been widely adopted and implemented.

The chapter synthesizes the underlying ideas and perspectives regarding CRM. It draws on the existing conceptual and empirical studies in

the field in an effort to identify and discuss all possible critical success factors. The discussion begins with defining the concept, discussing its emergence and growth, identifying critical success factors as they emerge from existing conceptual and empirical CRM studies, and concludes with a list of recommendations and suggestions for future research direction. The objectives of the chapter are:

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- To define CRM.
- To outline CRM's emergence and growth.
- To discuss the key CRM issues as they emerge from the existent literature reviewed.
- To identify and discuss the key CRM success factors.
- To draw a set of conclusions and recommendations.

BACKGROUND

In 1981, American Express launched a campaign that donated funds to a number of different non-profit organizations as part of the San Francisco Arts Festival. Every time someone used an American Express card, in the area a 2 cent donation was made and each time a new member applied for the card a bigger donation was made. Between 1981 and 1984, American Express supported more than 45 causes. Subsequently, the term 'Cause Related Marketing' was coined in 1983 when American Express launched a nationwide campaign to restore the Statue of Liberty in New York by making a 1 cent donation every time someone used its card and \$ 1 donation for every new account approved. The company spent \$4 million in creating awareness for the campaign through the use of print, TV, and radio advertising. From September to December 1983, the campaign raised over \$1.7 million for the restoration, the usage of American Express cards raised by 28 percent in the first month of the campaign and the applications for new cards increased by 45 percent (RSA Inquiry, 1995). This campaign was just the beginning of over 90 different campaigns launched in 17 different countries by American Express. One of the most well known being 'Change against Hunger,' which aimed at eliminating hunger in the USA. In 1993, the company formed partnerships with its customers, existing and potential card users, chefs, and restaurateurs, and by 1996, it raised over \$ 21 million for the cause (Bradley, 1995).

CRM has evolved into perhaps one of the trendiest forms of Corporate Social Responsibility (CSR). CSR in essence refers to the companies' recognition of their duties and responsibilities towards their stakeholder groups and the society at large and their active contribution and impact in meeting the stakeholders, community's, and society's expectations and requirements. CRM is only a part of the many ways that companies can respond to these expectations and demands, enabling them to contribute to the development of the communities and societies in which they operate as well as create long-term benefits for the company and its brands. Increasingly CEOs, company directors and brand managers are recognizing that their company's prosperity is aligned to the prosperity of their community and the larger society. This realization motivates them to invest in initiatives and programmes, one of which is CRM, which have the potential to benefit the local community and the society at large. Undoubtedly, community contribution and its communication give companies a competitive edge. Communication is necessary since the general public usually has little knowledge of what individual companies do. CRM is a potent and high profile initiative that can demonstrate, communicate, and leverage this message. It is a strategy that can create awareness about the company's values and bring them to the attention of its stakeholder groups.

More and more companies are investing in corporate citizenship in an effort to strengthen their corporate reputation. Corporate reputation is shaped by the perceptions, attitudes, and experiences stakeholder groups have with a corporation, its products, and its behaviour. Hence, positive interaction with stakeholder groups, demonstration of an ethical code of conduct, and systematic application of corporate values can play a vital role in enhancing corporate reputation. There is no question that CRM is a strategy that integrates an organisation's philanthropy, CSR, community involvement and investment, and building and maintaining stakeholder relationships, which have

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