

Cause-Related Marketing

Delivering Good with the Goods

Expert knowledge means success

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

Cause-related marketing refers to the marketing of a commercial product or brand linked to a "cause", usually a charity or Non-Profit Organisation. Because children, and in particular sick children, are generally the highest common denominator to which everyone can relate, irrespective of income, financial status or life circumstance, they tend to provide a highly emotive, unifying cause for an organisation and its customers.

"Today's consumers are savvy and sophisticated. They want more bang for their buck. But, amazingly enough, price, quality, service and availability aren't always sufficient to push a discerning shopper over the edge into a purchase. In this decade, marketers are expected to don not only faces and personalities, but hearts as well. Consumers are increasingly having love affairs with companies that are socially responsible. These companies have discovered that cause-related marketing not only satisfies the consumer; but also solidifies corporate philosophy and makes the world a better place to live." - this is the introductory paragraph of an article by Paul T Carringer published at: www.psaresearch.com/bib4306.html. Take a look - it makes very interesting reading.

What Paul Carringer is talking about is Cause-related marketing (CRM) - CRM is the joining together of a not-for-profit charity and a commercial company in an effort to raise funds and awareness for the cause while building the sales and awareness of the for-profit partner. CRM is the development of promotional campaigns by a corporation to raise awareness or generate funds for an event or social cause. A consumer buys a product, and the company supports a cause. CRM is an effective tool to deepen the trust and relationship with the consumer, improve the company and brand image, and consequently boost sales, all in the name of charity. It's become the technique of choice for companies wanting to reach and influence consumers with a message that is both personal and distinctive as well as having a high impact.

History shows that the first recorded effort was undertaken by a New York City candy company in 1902 yet it's only in the last decade that this method of "selling with a conscience" has exploded into the mainstream of society. The phrase "cause-related marketing" was coined by American Express in 1983 and they pioneered the practice, raising over \$1.7 million for the Statue of Liberty and Ellis Island Foundation for renovation and development.

The practice of CRM was not widely accepted at first and it's received its fair share of knocks. Cynics chastised the strategy as gimmicky and transparent. But in the past few years, attitudes have changed. Cause-related marketing works because consumers like to buy products they feel good about. When price and quality are equal, consumers make purchasing decisions based upon what they know about the company. Being a good "corporate citizen" can build trust and loyalty between a company and its customers as well as to the company's products and services in ways few other promotional activities can match. This ultimately contributes to sales and the corporate image.

Research shows that if quality and price are consistent, consumers will buy products from companies that support a good cause. A recent benchmark national survey completed by Cone Communications and Roper Starch Worldwide indicated high ratings in favour of CRM. Given a buying choice between two products of equivalent price and quality:

- 78% of adults said they'd be more likely to buy a product associated with a cause they care about;
- 66% said they'd switch brands to support a cause;
- 62% would switch retailers to support a cause;
- 54% would pay more for a product that supported a cause they care about.

Definitions and Explanations

Business in the Community (BITC) has defined CRM as "a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit".

BITC is a national charity set up by HRH Prince of Wales that aims to encourage

"Non-profit managers can help their organisations reap the rewards of cause-related marketing alliances by thinking of themselves not as charities but as partners in the marketing effort."
Alan R. Andreasen,
Harvard Business Review

"Our clients care about the bottom line and about name recognition. But they also care about employee satisfaction and pride. It's about retaining good people and making them feel good about being a corporate good citizen. The best cause-related campaigns are long-term and come from a real commitment to building community as well as building brand loyalty. You also have to have a good story to tell. The media won't respond and you won't get through the "clutter" unless you have a compelling cause and good personal stories to offer to reporters".
CauseMedia CEO Donna Latson Gittens

businesses to support corporate community involvement. As BITC says, everyone wins – the company, the charity and the consumer.

The main attributes of CRM are:

- CRM enhances image in the community;
- CRM builds marketing partnerships between companies and organisations in the not-for-profit sector;
- CRM communicates shared values and a mutually beneficial strategic communications message.

The benefits of CRM are that it can:

- Enhance brand image;
- Create greater public awareness;
- Increase market share;
- Create new opportunities;
- Provide improved community service;
- Build stronger customer connections;
- Generate new revenue sources;
- Improve employee morale.

Why Cause-Related Marketing?

CRM comes in different shapes and sizes - such as "social entrepreneurship", a term used increasingly to refer to organisations with a social mission and an entrepreneurial approach to solving social problems. As resources become scarcer, non-profits turn to the private sector for ideas on how to become more efficient and more financially independent. As competition for generosity increases, non-profit organisations are increasingly adopting entrepreneurial strategies to help them meet local community needs and at the same time achieve more financial self-sufficiency.

"Values Centered Marketing" (VCM) is a phrase promoted by *The Martin Resource Group, Inc.* of Elmhurst, Illinois, USA - a marketing and consulting firm specialising in (as they say) "helping our clients understand the consumer as a whole person with aspirations and cherished beliefs that shape their lifestyles and buying decisions". VCM seeks to align communications about a product, service or innovation with the values of the audience. The reality is that many purchases are made emotionally, especially those requiring complex consideration on the part of the buyer, such as cars, appliances, homes, vacations, investment programs, and

health solutions. A person's values shape those decisions.

Usually, not-for-profit organisations adopt entrepreneurial strategies for three reasons:

- To sharpen their focus - By identifying and expanding their most effective and needed initiatives and by productively disposing of their more peripheral programmes;
- To increase their impact - By listening to customers and involving them in the design of their current programmes and by selectively adding new ones to meet the emerging needs of their communities;
- To generate additional income - Both from current programmes as well as from entirely new activities.

There are many similarities between successful entrepreneurs in the for-profit and not-for-profit sectors. Both start with ideas and visualise possibilities. Both are faced with the daunting challenges of creating demand and acquiring resources. Both are action-oriented and focus on profitability. But there are some striking differences, as well:

"For-profit" entrepreneurs	"Social" entrepreneurs
Strength is in personal skills, knowledge and energy	Strength is in collective wisdom and experience of the organisation and its key stakeholders
Focus on short-term financial gain	Focus on building long-term capacity of the organisation
No limit on type or scope of ideas	Ideas based on organisation's mission and core competencies
Profit is an end	Profit is a means
Profit pocketed and/or distributed to shareholders	Profit plowed back into organisation to serve more people and/or achieve greater results
Risk personal and/or investor assets	Risk organisational assets, image and public trust
Be in charge of their own destiny rather than dependent on an employer	Enable organisation to be in charge of its own destiny rather than being dependent on funders' priorities

"In the future I see market communication moving very much in the direction of Cause Related Marketing and further ideas beyond that. Communication is all about communication. What is put through the communication channel can have a multiplicity of values - all of them worthwhile."

Edward de Bono, from the Foreword to Brand Spirit

The Value of Joint Marketing

A joint cause-related marketing relationship is based on the principle of mutually beneficial partnerships and it ensures that there is no exploitation on either side. One of the advantages of this approach lies in the joining forces of two purses - the marketing budget and social responsibility or community social investment budget in such a way that the one can be used to highlight the other. This creates a high profile campaign that can effectively demonstrate corporate social responsibility to a target audience.

Business in the Community research¹ conducted by Research International (UK) Ltd on a pro bono basis has found that:

- Over 70% of chief executives, marketing directors and community affairs directors believe that Cause Related Marketing will increase in importance to achieving their objectives over the next 2-3 years;
- 75% also feel that CRM can enhance corporate or brand reputation;
- 58% of marketing directors agree that a CRM strategy provides companies with the opportunity to address business and social issues at the same time;
- 86% of consumers agree that when price and quality are equal, they are more likely to buy a product associated with a cause;
- 73% of consumers agree they would switch from one brand to another, price and quality being equal;
- 61% agreed that they would change retail outlet for the same reason;
- 86% of consumers agree that they have a more positive image of a company if they see it is doing something to make the world a better place;
- When planned, implemented and communicated appropriately, Cause Related Marketing has the consumers support;
- Consumers call for greater efforts, on the part of the business and associated charity or cause, to raise awareness of these programmes and bring them to the attention of the consumer.

Examples of Cause Related Marketing

Some of the best examples of Cause Related Marketing in the UK are those that were recognised at the *Business in the Community*² Awards for Excellence in 1998 and these are outlined below.

- Tesco won the Business in the Community Cause Related Marketing award for Excellence for its Tesco Computers for Schools programme - see opposite;
- Norwich Union received the 'Highly Commended' accolade for its first aid scheme with St. John Ambulance. Norwich Union funded a series of free St. John Ambulance first aid courses for the general public. This was Norwich Union's most successful brand campaign to date. In addition to this, over 11,000 people benefited from the training and St John Ambulance received their first presence on television;
- Receiving one of two 'Commended' prizes was Adams Childrenswear. It has raised over £900,000 for Save the Children through a variety of in-store promotions and staff fundraising;
- The Avon Crusade Against Breast Cancer was also 'Commended'. Avon have raised over £5.3 million for Breakthrough Breast Cancer and Macmillan Cancer Relief by selling pens and lapel pins and through highlighting the issue through sponsorship and a range of communication materials.

Marketing Impact

CRM does make a difference.

In the US, 92% of consumers place importance on American companies to get involved and seek out ways to becoming good corporate citizens. As the revolution of the Internet continues to break down price and quality barriers for online shoppers, the consumer's decision-making process will focus on other added value. Surveys already show that when price and quality are equal, the overwhelming majority (more than 70%) of consumers would be more likely to switch to a retail outlet associated with a good cause. Social awareness will continue to grow, placing increasing demands on businesses to continue, and even step up, their involvement in helping to make for a better tomorrow.



In 1992, Tesco introduced an initiative called "Computers for Schools" (now called "Computers for Schools & Clubs"). It works like this:

- One voucher is given for every £10 spent in Tesco stores and petrol filling stations in a single transaction (excluding purchases from Concessions, Tobacco Kiosk, prescription medicines, infant formula or the sale of National Lottery tickets and scratch cards).
- One voucher is given for every £5 spent in Tesco Express stores (subject to the above exclusions).
- Recycle old cartridges. You'll get 10 Tesco for Schools & Clubs vouchers for every empty inkjet cartridge sent in that can be recycled.

In *Brand Spirit* (see next page for full details), the authors say that CRM is already much misunderstood in terms of its true worth. Unless businesses carefully think through and understand the fundamentals of what is involved in their CRM programme, they may well be disappointed. The authors say that:

- A company must consider its core values and beliefs and the message it wants to broadcast to the public;
- The key to a charity partnership is clarity of message such that the public must perceive a clear relation between the company and the cause it is promoting;
- A company cannot become ethical overnight - it's important to conduct a corporate audit of communications and charity/community affairs spend. More and more customers and shareholders want to know the rationale behind corporate decision making as to community affairs or fundraising budgets.

Recommended Reading

Books that may help you are listed below:

- Social Entrepreneurship: Non-Profits for Profit, Published: 1997 by WetFeet.com, Inc.;
- "Cause Related Marketing: Who Cares Wins", by Sue Adkins (Director of Cause Related Marketing at Business in the Community), published by Butterworth Heinemann;
- "The Cause Related Marketing Guidelines - Towards Excellence", from Business in the Community (0171 224 1600 or by fax on 0171 486 1700);
- "Brand Spirit: How Cause Related Marketing Builds Brands", by Marjorie Thompson, and Hamish



Pringle, published by John Wiley & Sons, June 1999, ISBN: 047198776X;

- "Study of Cause-Related Marketing", by Sheridan Associates and Zimmerman Associates, published 1988.

Websites

Websites with content and information about Cause Related Marketing are listed below:

- UK Fundraising - a resource for UK charity and non-profit fundraisers. This is the home of practical fundraising information and the original source of news and expertise on fundraising on the Internet: <http://www.fundraising.co.uk>
- Business in the Community - http://www.bitc.org.uk/resources/publications/brand_benefits.html
- Mind.org.uk - http://www.mind.org.uk/get_involved/donate/your_company/cause-related_marketing
- Ministry for the Environment - <http://www.mfe.govt.nz/issues/sustainable-industry/tools-services/subjects.php?id=37>

Further Information

CRM is no longer a trend but a fundraising staple that will likely continue to flourish with possible new variations. Establishing the right scheme for your organisation may not be easy and professional help will be required.

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References:

- ¹ Source - Business in the Community/Research International research: The Corporate Survey II, The Winning Game and The Game Plan Consumer Research into Cause Related Marketing.
- ² To purchase a copy of The Corporate Survey II, The Game Plan or The Winning Game research reports or further information on Cause Related Marketing please contact Catherine Sermon at Business in the Community on Tel 0207 224 1600 or Fax 0207 486 1700.