

Cause related marketing: Tactic or Strategy?

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For many years, community development goals were philanthropic activities that were seen as separate from business objectives, not fundamental to them. 'Doing well' and 'Doing good' were seen as separate pursuits. That is changing. Today, the emergence of cause marketing programs, have heralded a dramatic shift in nonprofit-for-profit relationships. It has established the concept that community development and support could be positioned at the intersection of business objectives (sales/profits) and societal needs. Supporting a specific cause and being public about this support gives companies identifiable personalities, demonstrates what they stand for, and helps them connect with customers, suppliers, investors, employees, and the community. Cause marketing programs allow the consumers to overtly and publicly express their belief in and support for, the causes that are most important to them.

Cause marketing has been with us since our local shops and restaurants set up collection boxes for donations to local causes (more often, orphanages) near their cash counters. It was American Express that first coined the term "Cause-related marketing" in 1983. That year they launched a three-month marketing program around the Statue of Liberty Restoration Project. The objective: to increase card use and new card applications and at the same time raise money, awareness and support for the nonprofit Restoration Fund. American Express donated one cent for every card transaction and one dollar for every new card application. It backed the program with a \$4 million advertising campaign aimed at reaching existing customers and drawing new ones. The results were impressive. In just three months, the Restoration Fund raised over \$1.7 million. American Express Card usage rose 27% and new card applications rose by 45% compared to the previous year. A fitting outcome to a well planned strategic effort. A clear demonstration that cause marketing could achieve strategic goals by linking a for-profit organization to a cause and enabling its consumers to financially support the cause by doing business with the for-profit organization. From that initial entry into the consumer mind space, and into marketing strategic space, cause marketing programs have evolved into a firmly established practice to be adopted by marketers.

The compulsions to use cause marketing have been brought into sharp focus by the studies done by Cone Inc., a marketing communications agency that has been tracking American attitudes towards corporate support of social issues for more than a decade. According to the 2004 Cone Corporate Citizenship Study, 8 in 10 Americans say that corporate support of causes wins their trust in that company, a 21% increase since 1997. A more significant finding of the report is the response to the statement, "I am likely to switch from one brand to another that is about the same in price and quality, if the other brand is associated with a cause". A staggering 86% confirmed that they would do so, a rise from 81% in October 2001. 'Cause', has therefore become an important differentiator, a means to promote products and enhance bottom lines for marketers today. According to the IEG Sponsorship Report, Chicago, US spending on Cause Marketing will hit \$1.34 billion in 2006. Back in 1990 cause marketing spending was only \$120 million.

Cause marketing allows a company to put its brand, marketing might and people behind a nonprofit cause that can provide mutual benefits to the company and the nonprofit entity. The cause marketing campaigns can vary in their scope and design, the types of nonprofit partners and the nature of the relationships among the companies and their nonprofit partners. In the most common type of relationship, for each purchase made by its customers during a specified period of time, a portion of it is donated to the nonprofit entity. It is a win-win situation all around. Companies increase their sales, nonprofits get more funds and the consumer benefits because he feels a part of his purchase is going for a good cause.

There could be two forms of associations in terms of the time dimension:

- a) Temporary: The company ties up with the NGO for a short span of time. For example Epson donated a certain sum to *CRY* for every dot matrix printer sold during the month of August 2004 alone.
- b) Ongoing: Here the tie-ups are for longer periods of time, although they may not be permanent. For example, ITC markets the *SOS Children's Villages of India* range of greeting cards. The *SOS* brand is now the third largest brand in the social cause segment in greeting cards.

It has to be clarified that cause related marketing is not corporate philanthropy or sponsorship. It is a third new way, an intersection of the two. In a CRM program donations to the nonprofit entity are based on exchanges that provide revenue to the donor, that is, sales. Hence a specific objective of all cause related marketing programs is sales and a promotion campaign is undertaken to leverage the right to the association. For example, ITC launched a nationwide campaign for water conservation. Dubbed 'Aashirvad - Boond Se Sagar', this initiative has over the years put into place 31,000 acres of life saving irrigation system benefiting over 40,000 people. Consumers who buy Aashirvad products (atta, spices and salt) were made aware that from its sale, a worthy contribution was being made to the water conservation efforts of the nation.

Sponsorships involve money or gifts in return for recognition with a particular cause or event. For example, Sahara India sponsors the Indian cricket team by providing funds to the Board of Control of Cricket of India. In return, the company's name and logo are placed on team uniforms and equipment and associated as Team Sahara India and the trophy named Sahara Cup. There is an expectation that this sponsorship will lead to greater brand awareness for Sahara India and target market affinity to the company will develop.

Unlike in the case of sponsorship the donor needs to undertake specific activities and pursue specific objectives for the program to be classified as cause related marketing. Another difference is that both in philanthropy and sponsorship, the amount to be donated to the cause is negotiated in advance and is generally fixed. In the case of sponsorship, the amount represents the price for the association. In the case of cause related marketing the amount is variable as the donation is on a per transaction basis. Table 1 summarizes the differences between corporate philanthropy, sponsorship and cause related marketing.

Table 1

Activity	Corporate Philanthropy	Sponsorships	Cause related Marketing
Primary focus	Organization	Product and organization	Product
Time frame	Ongoing	Traditionally of limited duration	Traditionally of limited duration
Organizational	Top management	Marketing dept.	Marketing dept.
Members involved	decision/ employee wide contribution	related personnel	personnel
Goals	Improve and tie Organizational competencies to social cause.	Increase brand awareness and target market affiliation	Increase product sales
Funding	Fixed	Fixed	Variable
Resources	None	Association	Association
Use of resources	No commercial use made of association	Association is used to raise awareness or change attitudes, intentions and consumer behaviors	Association is used to create a customer offer linked to contribution to the caus
Key outcomes	No key outcomes	Attitude (positioning) Intention (preference) Behavior (Sales)	Behavior (sales) Intention Attitude

Sales impact	None	Indirect sales impact	Direct sales impact
Revenue flows	None	Exclusively to the Sponsor	Split between the cause and the sponsor.

Why cause marketing?

Companies are increasingly finding the marketing communications to be a challenging task. Marketers have discovered that:

- Technology is making our world smaller
- Consumers have easier and more access to information
- Consumers are communicating to each other more than ever before
- Consumers are more empowered and have more choices than ever before

Yet it is becoming harder for the marketer to reach the target consumer. The proliferation of media channels have resulted both in audience fragmentation and information overload that even a consumer looking for a product may not find it. Faced with declining rates of preferred media consumption by the target audience, marketers have now found that aligning themselves with a cause has enabled them to break through the clutter and differentiate themselves in the eyes of the consumer. They are now investing in cause branding to align their organization with a cause that is relevant to customers. The marketer stakes a claim in the mind of the consumer thus: “If Colgate is giving underprivileged children free dental checkups along with Pratham (NGO) and the Indian Dental Association, I will support Colgate and tell my friends and family to do the same.” This is the potential advantage that cause marketing can create for the organization.

Obviously then, there is a need to strategize the cause marketing effort. Yet as we scan the cause marketing scene in India over the last two decades, we are accosted mainly with examples that resemble relatively superficial and tactical partnerships. Tactically cause marketing programs fall into three general categories:

1. Transactional: Programs are designed to offer to make a contribution to a designated cause based on consumer activity such as buying a product or shopping at a particular retail store. The Tsunami disaster gave ample scope for hundreds of retail outlets to say they will donate to Tsunami Relief Funds for purchases made at their establishments.
2. Message promotion: Joint campaigns that raise awareness of a cause’s message (e.g. Fight polio, tuberculosis, cancer) or participation in its programs (e.g. join us in eradicating illiteracy) while building a positive association with the corporate sponsor or its brands. MTV, being a youth channel, regularly created excellent public service advertisements aimed at youth on issues which matter to the young of this country. For example on the importance of adult franchise to first time voters.
3. Licensing: Typically, under this method, a nonprofit licenses a company to develop, produce and market/distribute a mission related product that is promoted either with the organization’s brand name or co-branded with both the company’s and nonprofit’s name for a fixed number of products produced or for a fixed time period. For example, WWF logos on stationery.

The plethora of cause marketing programs that aim at creating short term burst in sales go on only to highlight the purely promotional, tactical and short term nature of the programs undertaken. Cause marketing programs need to become more strategic to reap the benefits that they are expected to create. Figure 1 presents a schematic representation of strategic and tactical CRM.

To illustrate the difference, if a textile mill producing cotton fabrics decides to contribute to the improvement of the living conditions of cotton farmers, initiates this five years ago and decides to continually pursue it, through a sales related donation of 5% of their product prices and senior management visit the farmers periodically to assess their progress it is a Strategic Cause

marketing effort. The same company can be said to have designed only a tactical Cause Marketing program when it announces that it is contributing to cleaning up the polluting river in their home town through a donation of 0.50% of the sale proceeds of fabrics for a month.

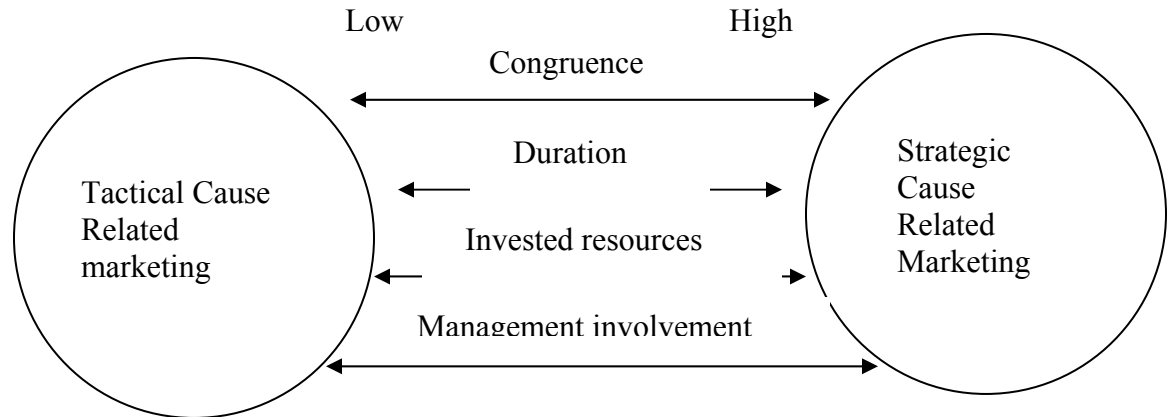


Figure 1: Schematic representation of Tactical and Strategic Cause related marketing

It needs to be emphasized that there needs to be a natural congruence between the company's core business and the cause, which will lead to greater benefits.

A strategic cause marketing program will therefore focus on designing a program that will be relevant to four key audiences:

1. The cause must align with the product or service. The program must embody a core value to be authentic and embraced both by the employees and its consumers.
2. The cause partner must have a natural affiliation with the brand
3. The cause must be relevant to the core customer segment, so that they accepts its virtue and become advocates for the cause and the product.
4. The cause must be relevant to the target consumers so that it will draw new consumers to the product and drive increasing participation in fund raising for the cause.

For example, as part of its Cause Marketing Effort, Vodafone in the U.K. is in partnership with the National Autistic Society (NAS). NAS is a national charity working with people affected by autism. Autism manifests itself in many ways, but it is true to say that all sufferers have difficulty making sense of the world. Being a communication company, Vodafone zeroed in on NAS as it typically involves a communication problem. Vodafone helps the NAS improve the lives of people with autism, publicize the issues and help the NAS to grow.

Similarly, in the U.S., Kraft, in the foods business, supports programs to feed the hungry, the book store Barnes and Noble supports literacy initiatives and Lenscrafters, which is in the vision care business donates eyeglasses to low income families. Equal presents America's Walk for Diabetes, a partnership of Equal and the American Diabetes Association, is a good match. When people think of diabetes, they think of sugar. So what is more logical a connection than Equal, a leading sugar substitute, raising research money to find a cure for diabetes? All these examples present situations where the cause is well chosen, and the idea makes sense.

A high-tech company partnering with an organization whose mission is to advance education and training opportunities would seem to display a natural fit. A food company involved in an effort to fight hunger is a logical pairing. Companies do have a lot of leeway in zeroing in on issues and causes that are wide ranging and affect different segments of people.

It is evident that some combinations make more sense than others. The fit needs to be logical. A clothing company that manufactures sweaters decided to support a massive campaign against capital punishment and failed to make the logical connect with its target consumers through this

campaign and found its sweater sales still declining. A cause marketing campaign, like any other good marketing campaign, must recognize that its campaigns turn out to be successful and effective when its target customers are able to quickly and easily identify themselves with the central message of such a campaign. .

In India, Coke's tie up with Indianoil and Cancer Patients Association is a good example to illustrate how partnerships can create synergies to make a difference. Coke provides the kiosks and the equipment, which are located at oil stations and are run by cancer patients. HLL's Fair & Lovely Foundation offers the Project Saraswati scholarships for graduate and postgraduate studies which are granted to deserving young women who have the aptitude, drive and ambition to achieve their goals, but are financially constrained. Project Saraswati is one such project undertaken by the Fair & Lovely Foundation for the economic empowerment of India's young women. Under Project Saraswati, scholarships of up to Rs. 1 lakh will be awarded to deserving young girls from across the country, for any graduate and postgraduate course within India. HLL has truly identified a cause that is congruent with the target audience that it serves and resonates the values that its brand Fair and Lovely stands for.

During the Mumbai Marathon 2006, Asian Heart Institute, associated itself as the Medical Partner to the event, and offered Free Tread Mill Tests for all participants confirmed in the Marathon above the age of 40 years, in the Half Marathon above the age of 50 years, in the Dream Run above the age of 60 years and in the Senior Citizens' Run, at its center in Bandra Mumbai. Again, a true fit between the cause and the service that the organization has on offer.

Consumers will become cynical if the fit between partners is not done well. For instance, there will be a disconnect, if a premium wooden furniture marketer supports Indian cricket, but it is relevant for the same firm to align with environmental issues like reforestation. Similarly it would not make sense for a woman's clothing retailer to support an anti smoking campaign, but more relevant for it to raise funds for free breast cancer tests. Developed correctly a strategic cause branding program tries to satisfy the modern consumer's yearnings to express his values while purchasing products and positively impact societal needs on its road to profits.

Further, a company that manufactures and sells products that the company itself concedes "are dangerous to your health" will find it difficult to cover up this reality by identifying itself with organizations dedicated to helping people stay healthy.

Further on, as indicated in Figure 1, organizations need to engage in cause marketing programs for relatively long periods of time. Disaster as a cause is likely to elicit a more positive response than an ongoing cause. Natural calamities like earthquakes and floods do create an opportunity.

When the *Tsunami* struck South East Asia and Southern parts of India, P&G and its employees donated a total of Rs. 32 lakhs towards rehabilitation efforts via the Prime Minister's Relief Fund. In fact, Procter & Gamble, USA, also contributed towards the Tsunami efforts through funds and the distribution of its "PUR" water purifying sachet products which made million of liters of purified water available to the victims.

But it does not mean that organizations should wait for a disaster related event to happen before employing this strategy. Nonprofit organizations regularly request aid for disaster causes. Studies have again indicated that long term/frequent support leads to more positive evaluation of cause offers than with less frequent short term support. Longer periods of campaigns increase the odds of achieving the cause marketing objectives.

Finally organizations must invest heavily resources in terms of money and top management commitment. Consumers need to see businesses apply sincere long term commitment to cause marketing strategies, otherwise they feel that the organizations are benefiting more substantially than the causes they claim to be helping. Again, organizations that claim to donate "a portion of proceeds" or "a substantial portion of proceeds," may lead to consumers feeling they are unable to estimate the donation amount. Such a subjective donation size claim may trigger consumer skepticism in that consumers might attribute the use of such ambiguous description to the program being dishonest. Possibly consumers will assume that such vague information implies a

smaller amount than specific information. The skepticism toward the CRM program in turn may lead to negative consumer responses. One way out, is for marketers to signify serious commitment is to make an upfront contribution and then indicate how much of each sale would go towards the cause.

Procter and Gamble's path breaking and extensive cause marketing initiatives in India amply demonstrate its strategic intent in this space. Procter & Gamble Hygiene and Health Care India had launched Project Drishti -- the first ever sight restoration corporate project which was undertaken in association with the National Association for the Blind (NAB). Project Drishti attempted to restore the sight of over 250 blind girls all over the country through corneal transplant operations. For the period April to June 1999, this initiative was supported by Whisper - for every retail pack sold, Re.1 went into the Project Drishti fund with an initial funding of Rs.25 million rupees. Whisper's sales registered an impressive growth of 32% despite stiff competition from lower-priced brands thanks to this well executed strategic cause marketing program.

India has the world's largest number of uneducated children. Shiksha is another cause marketing P&G program to help children across India achieve their right to education, in association with India's premier child rights organization Child Rights and You (CRY) and Sony Entertainment Television. Shiksha has entered its third year. Some of India's leading film stars have united to appeal to consumers to support Shiksha by buying large packs of Tide, Ariel, Pantene, Head & Shoulders, Rejoice, Vicks VapoRub, Whisper, Gillette Mach 3 Turbo or Pampers during April, May and June, 2006 and lead a child to the path of education. Irrespective of sales, P&G has committed a minimum of Rs. 1 crore to Shiksha, which will be allocated to education-focused projects.

In 2005, Shiksha received tremendous support from consumers, the news media and influencers resulting in P&G contributing Rs. 1.26 crore which helped support the education of 11,000 children in 109 villages. Shiksha has helped make a positive difference by working with the State Education Departments to re-look at existing education policies; creating awareness to build more schools with better infrastructure; enrolling more children into formal schools; and building all-round development of children through education. Some key positive actions that Shiksha 2005 made possible include:

- Enrollment of 230 children into formal schools;
- Lok Shikshan Abhiyan (Osmanabad, Maharashtra) campaign in 35 villages against child labor and early marriages helped achieve 100% enrolment in schools;
- Community Service Guilds (Salem and Namakkal districts, Tamil Nadu) that drove awareness on education, built more schools, and sensitized employers to tackle the issue of child labor;
- The Association of People with Disability (Kolar, Karnataka) provided adequate education infrastructure and learning material thus ensuring the development rights of disabled children in schools;
- Tribal Development Society (Bellary district, Karnataka) set up leadership trainings and angadwadis, and continued to create awareness on education and health issues; and
- Chetna Vikas (Wardha district, Maharashtra) setup Bal Sabhas and sustained nine Bal Bhawans focusing on learning through art and games to improve the children's confidence, creativity and expression, and in addition conducted support classes for academically weak students.

P&G initially ran Shiksha as a joint educational initiative with MAA TV in Andhra Pradesh. It announced that on purchase of any P&G product; Vicks, Whisper, Ariel, Tide, Head & Shoulders or Pantene, a mother can win either Rs. 2 lakhs towards Graduate Education Fee of one child (23 such Prizes), or Rs. 5,000 towards Next Year's Tuition Fee for one child (96 such Prizes) and a number of other Consolation Prizes, all courtesy P&G. Everyday, Rs. 2,25,000 worth of prizes were announced on MAA TV until 12th June' 03, totaling to Rs. 5 million+ dedicated by P&G

towards the Shiksha prizes. All Shiksha prizes could be gifted and were transferable, in case the winner was not a parent or if the child was above 21 years. Launched on 22nd April 2003, Shiksha received a positive response from all parts of the country with the total number of Shiksha-stickered P&G products sold reaching 20 lakhs of which 70,000 packs were purchased by consumers in Hyderabad.

Their project OPEN MINDS is helping 20,000 working children receive an education while Project Poshan is a serious attempt to fight the malaise of malnutrition in India which sadly accounts for 40% of the world's malnourished children. Some of P&G's other successful social responsibility initiatives in the past include: PEACE - a unique environmental education program; FUTURE FOCUS - the first-ever write-in career guidance service. In partnership with Swyam Shikshan Prayog (SSP), P&G opened seven Community Resource Centers to generate self-employment, education and micro-credit for the earthquake victims of Kutch.

In recognition of its focused Cause Marketing efforts, Brand Equity of the Economic Times bestowed a special award on Procter and Gamble for Cause Marketing for Project Drishti and Project Poshan campaigns at the All India Promo Awards 2000. Accolades rightfully earned as Procter and Gamble has adhered to the path of strategizing its Cause Marketing Programs. Project Drishti was literally an eye opener for Indian marketers. A female hygiene brand Whisper contributing to the cause of eradication of female blindness. The brand managed to garner significant market shares with its premium pricing as a result of this campaign. Their other initiative of Shiksha aimed at child literacy also resonates with values that its target consumers have found eager to associate themselves with. Shiksha is now entering its third year of operation and top management are very much involved in the success of the programs.

The continued successes of Procter and Gamble's cause marketing initiatives should lead all organizations to the realization that today cause marketing is no idle gimmick to be employed by them merely to promote the sale of products. As it becomes more sophisticated, it will emerge as the single most effective long term strategy to establish emotional relationships with target consumers. Developed and executed strategically, Cause marketing can go a long way to differentiate a product from its competitors, add value, command premium prices, enhance brand loyalty, and positively impact a brand's corporate reputation. Corporate strategy and good citizenship become partners through the pathway of cause marketing programs to connect to their consumers and everyone – the cause, the corporate and the consumer - wins.

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