Cause-Related Marketing

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Introduction

Cause-related marketing is one of the fastest-growing segments within the marketing discipline, yet it is under-utilized by many participants and not-yet understood by many prospective marketers. As one of the key branches of Corporate Social Responsibility, it is crucial that marketers and managers today understand how cause-related marketing can affect their business, increase brand equity and help improve not only the stakeholders’ bottom-lines, but the community’s bottom line as well.

This paper will discuss the evolution of cause-related marketing and the distinction between cause-related marketing (CrM) and the larger umbrella of corporate-social responsibility (for this paper I will use CrM as an abbreviation to avoid confusion with CRM, a standard abbreviation for Customer Relationship Management). The history of the practice and statistics indicating the steep adoption curve will also be reviewed. This paper will conclude with a framework for adoption and implementation for marketers who wish to add CrM to their marketing toolkit. Relevant statistics, along with two case studies, are included as exhibits to help demonstrate the rise of CrM and how to successfully implement a campaign.

Cause-Related Marketing and Corporate Social Responsibility

Strategic CrM is “consumer-led and market-driven” (Adkins 2004), not philanthropy or a partnership based on the whim or personal interest of an executive.

As identified by Kotler and Lee, CrM is part of the larger practice of Corporate Social Responsibility, which includes six categories of marketing.

…corporate social marketing; cause promotion (sometimes called “cause marketing,” supporting social causes through paid sponsorship or promotions); cause-related marketing (donating a percentage of revenue from the sale of
specific items during an announced period of support); corporate philanthropy (including direct cash grants to a charity of cause); community volunteering (wherein employees are encouraged to volunteer in the local community); and socially responsible business practices (discretionary activities, such as the use of recycled and reduced packaging, intended to align a corporation’s conduct with generally perceived social good). (Kotler and Lee 2002)

Kotler and Lee take the stance that corporate social marketing, a strategy that “uses marketing principles and techniques to foster behavior change in a target population, improving sociality while at the same time building markets for products or services” (Kotler and Lee 2004) is much more effective than any of the other categories. In principle, this is correct. However, this paper will focus on cause-related marketing, not because it is the most effective type of social marketing, but rather because it can serve as a stepping ladder for corporations towards more comprehensive corporate social marketing initiatives.

A review of academic and business literature on the topic shows that terminology is not consistent across usage. For the purpose of this article, cause-related marketing shall refer specifically to the practice of donating a percentage of proceeds towards a specified charity. Another broadly used term is “cause branding,” which refers to long-term alignment of a company with a cause, such as the Hasbro Children’s Hospital and the Ronald McDonald House Charities. (Samuels 2002)

CrM is also distinct from affinity marketing, where a company links up with an organization such as a sports team, arts council, nonprofit, or charity, to increase goodwill, add that organization’s members to its own customer base, or promote itself in a theoretically non-commercial manner. Perhaps the most successful affinity marketers are financial institutions who tie in credit cards with every manner of sports teams (NFL Visa card), celebrities (the Usher MasterCard) and academic institutions (MBNA Binghamton University credit card). CrM is much more specific than affinity marketing,
and often includes a distinct call to action for consumers, such as “Buy this product, and 10% of proceeds will go ____ charity.”

Cause-marketing has been around for more than a century in various formats, beginning in 1889 when Lever Brothers Sunlight Soap partnered with the Royal National Lifeboat Institution. (Brand Strategy 2003) In the last few decades it existed in regional situations. However, most marketing experts agree that the current institutionalized practice of cause marketing began in 1983 when American Express, led by marketing executive Jerry C. Welsh, began a program whereby a percentage of American Express purchases would be donated to the Statue of Liberty restoration program. (Samuels 2002) American Express raised $1.7 million and increased its customer base by 45%. (Edwards 2004)

“Local loyalties are more powerful than national ones, (but) we thought the Statue of Liberty was such a unique case, it would appeal to everyone,” Welsh says. (Samuels 2002).

**Results of CrM**

There can be numerous benefits from a CrM campaign, including increased sales volume, increased awareness of products and goodwill generated from association with the charity. (See exhibits 2 and 3 for examples of successful campaigns and the results.)

There can also be countless side effects that can also benefit a company. For instance, according to the 2001 Cone/Roper Corporate Citizen Study, 88% of employees aware of cause-related programs at their companies feel a “strong sense of loyalty,” while 53% of employees whose firms engage in a cause-related program chose to work at the organizations partly because of the commitment to social issues.
Cause For Concern

In this era of corporate mistrust (Enron, Adelphi, Worldcom, etc.), it is equally important to note what cause-related marketing is not; it is not “an antidote to a damaged reputation.” (Cone, Feldman and DaSilva 2003). It is also important to be absolutely certain that there are no possible negative ramifications from your partnership.

Breast Cancer Action, a national nonprofit group, has set up ThinkBeforeYouPink.org, as a backlash against the cosmetics companies that have breast cancer-related CrM programs, but sell products containing chemicals called paragons and phthalates, which studies show may be linked to cancer development. Among the companies specifically cited are Avon (which has vowed to remove dibutyl phthalates from its products), Revlon, Estée Lauder, and Mary Kay. (ThinkBeforeYouPink.org)

Charities must therefore be careful as well when partnering with corporations. “A charity’s reputation is vital and must not be tarnished. Reputations take decades to build but moments to destroy.” (Adkins 2004)

Implementation

Partnership

A successful CrM campaign begins with the right partner. To begin, one must go back to the basics of marketing: STP – strategic segmentation, targeting and positioning. Determine the exact audience you want to appeal to and what you want to communicate to them. Ideally, you want a partner whose following aligns perfectly with your target, such as ConAgra Foods’ partnership with Feeding Children Better. There can also be successful partnerships with no-so-obvious causes.

“When Levi Strauss was considering taking up the cause of AIDS prevention in the early eighties, discussion of the syndrome still provoked dismay in middle
America. Yet the company’s image was edgy and nonconformist, and it was headquartered in San Francisco, a city where a relatively large proportion of the population was affected. So the organization went ahead.” (Cone, Feldman and DaSilva 2003)

When picking CrM partners, Ken Jacobs, general manager at Maloney & Fox, a New York-based marketing agency, encourages clients to ask “How crowded is that space? What is the level of dollar commitment? Are there other well-meaning groups out there with less support [than the leading organization] that our target might care about?” (Jacobs 2004)

To that end, you can benefit by associating yourself with a charity that is completely unrelated to your line of business. One example is Chevrolet’s ROCK (Reaching Out to Communities and Kids) program which aims to prevent school violence. According to Kurt Ritter, Chevrolet general manager behind the program, “You can jump in and help fight breast cancer, but you’re going to be one of many. It’s a relatively well-understood cause, whereas school violence is something that is not well understood and isn’t well funded.” (Cone, Feldman and DaSilva 2003)

It is important to be sure you are basing your charity selection on the right fit, not on the popularity of the cause. In 2002, a British marketing agency, The Ingenious Group, issued a survey report titled “Companies Don’t Care,” which showed that of the top 100 U.K. companies, only 5% selected a charity partner for the cause. More than 50% admitted to selecting the charity based on the size of its supporter database. (Mason 2002)

**Involvement Levels and Promotion**

Once the right partner is selected, you need to determine how much involvement you are going to provide and what promotional avenues you are going to utilize.
Internal budget requirements will usually dictate the initial spend, but often, the charity will specify a minimum donation in order to publicly partner with them. For instance, the Susan G. Komen Breast Cancer Foundation, one of the largest breast cancer organizations, has a very defined cause marketing program in place and requires partners to donate a minimum of 10% of the retail price of their products for any cause-related marketing.

As CrM can be a stepping stone towards more comprehensive social marketing programs, often the initial outlay can be as simple as a $50,000 or $100,000 program (for a Fortune 500 size firm). However, the more money donated, the greater impact you will make, not only on your marketing campaign, but also on the recipient’s bottom line.

More important than just monetary donations are other benefits you can provide to the organization, such as marketing expertise, increased awareness and corporate credibility. According to Gavin Coopey, development director for Cancer Research UK:

“The kind of awareness it [CrM] provides is something you can’t buy. We evaluate in terms of awareness as much as finance. The value in pure cash terms is around £1.5M a year, but the intangible benefits are worth much more.”

(brand Strategy 2003)

CrM campaigns do not exist in a vacuum, but are typically augmented with other forms of promotion, usually public relations (PR) and packaging, and occasionally advertising. As with most marketing campaigns, a truly integrated marketing campaign is the most powerful and effective one. For instance, a typical program could consist of a company donating a percentage of proceeds during the Christmas season to a children’s charity, with a call-out on the package clearly alerting customers that this is a joint marketing promotion. The campaign could be promoted via advertising, a jointly-developed website, and a combined public relations effort targeting both sets of stakeholders, such
as employees, shareholders, potential investors, business partners, donors, recipients (of the charity), and consumers.

Packaging call-outs must be clearly marked on the package, in line with both organizations’ brand requirements, and must state the nature of the relationship. For instance, if the call-out is perceived to be an endorsement, there could be a potential backlash.

In 1997, the American Medical Association (AMA) partnered with the Sunbeam Corporation in a CRM partnership, whereby the AMA seal would be placed on a line of Sunbeam home health care products in exchange for a percentage of sales. However, the deal backfired when consumers and AMA officials viewed the promotion as endorsement of the AMA for Sunbeam’s products. The AMA pulled out and Sunbeam sued, eventually winning $9.9MM, while the AMA lost about 3,000 members and 5 executives. (Samuels 2002)

Measurement

As with most marketing projects, there is a much greater chance of securing funding if one can provide measurement up front to clearly demonstrate the return on investment and how the campaign benefits the firm.

Measurement in marketing, and especially PR (which is often the department driving CrM) is an ongoing topic and there is no clearly accepted practice. This is due in large part to the increase in integrated marketing campaigns, where it is difficult to isolate and measure each individual component.

Think about how you buy. A single marketing event does not influence you. You don’t buy a new Mercedes because you’ve seen the car once or read an article. It is the combination of all approaches – market research to identify the target, advertising to support the decision, public relations to build trust, a highly trained
salesperson who often recognizes your needs before you do – working together to encourage and support the sale. (Levick 2003)

There are different ways to measure a CrM program, depending on the depth and breadth of the program. Some possibilities are:

- **Impressions** – number of media articles mentioning the campaign
- **Ad equivalency** – a practice that equates news articles with the equivalent cost of advertising.
- **Sales volume** – increase in comparable sales
- **Brand or product awareness** – requires before and after consumer surveys
- **Increase in brand equity** – requires before/after surveys of consumers, potential business partners and other stakeholders
- **Employee satisfaction**
- **Increased donations** (for the charity)

**Closing**

Cause-related marketing can be a powerful addition to a marketing program and a true differentiator for your target audience, particularly in today’s world of rapidly increasing media options, heavy competition for consumer attention and increased scrutiny on corporate activities. Great care must be taken in the selection of the right partnership and implementation of the program, but with the proper due diligence, the right campaign can boost corporate profits, increase the awareness and financial position of the charity, and benefit the consumer community - a win-win for all parties involved.
EXHIBIT 1: Statistics

Americans are increasingly growing concerned about corporate social commitments:
- 77% of Americans think a company’s commitment to causes is important when deciding what to buy and where to shop
- 84% of Americans likely to switch brands to support a cause
- Charitable contribution ranked ahead of advertising, loyalty programs and sponsorship on scale of influence purchasing
- North American companies planned to spend roughly $828 million on cause-related marketing in 2002

Source: The 2001 Resource One/Cone Marketing Study

Americans react against negative corporate citizenship practices. If they learned about a company’s negative social practices they would:
- Consider switching to another company’s products or services (91%)
- Speak out against that company among my family and friends (85%)
- Refuse to invest in that company’s stock (83%)
- Refuse to work at that company (80%)
- Boycott that company’s products or services (76%)
- Be less loyal to my job at that company (68%)

Source: 2002 Cone Corporate Citizenship Study: The Role of Cause Branding

Cause-Related Marketing is especially effective to reach consumers in the holiday season:
- 93% of Americans planned to donate goods and services to charities during the holiday season
- 60% of Americans planned to buy products in which a percentage of the price donated to a cause
- 55% of Americans planned to buy from a retailer that supports a cause

Source: The 2003 Cone Holiday Trend Tracker
EXHIBIT 2: Case Study: Unilever’s Maizena and Unicef

Situation Analysis
Unilever has had a long-standing cause marketing partnership with UNICEF, which has served as the base for joint promotions in many of the 180 countries Unilever operates in, and has served as the recipient of many cause-related marketing campaigns.

For low income households, corn starch is an important component of most meals, as it adds volume to most dishes (a key consumer insight identified by Unilever’s brand team). Maizena corn starch is one of Unilever’s flagship brands in Columbia, with a 90% market share. To add growth to such a dominant market leader is difficult, so for the key 2002 Christmas season, Maizena’s brand management team decided to embark upon a cause-related marketing promotion with UNICEF.

Strategy
Maizena decided to not only develop a holiday promotion where a portion of retail sales would be donated to UNICEF, but to promote the campaign via an innovative consumer pamphlet.

The dominant religion in Columbia is Catholicism. Nine days before Christmas, Catholic families make a little book which has a 15-minute prayer for every day. Maizena decided to develop and include this booklet with select Maizena SKUs, as well as donating approximately 10% of retail sales to UNICEF. The booklet was cheap to develop, thanks to art work from UNICEF and some agencies who donated their services. Each booklet averaged out to cost roughly 10% of product’s retail price. Not only did the booklet include daily prayers, but it also included special holiday recipes and information from UNICEF on how to feed young children, from newborn to seven years’ of age (information that UNICEF wanted to actively distribute at the time).

Results
The results were outstanding. The campaign increased Maizena market share three percentage points over 23 days, from Dec. 1\textsuperscript{st} to Dec. 24\textsuperscript{th} and generated an incremental $300,000 in revenues. Consumers benefited from the prayer book, recipes and educational information.

Maizena also benefited from an unexpected value-add in the form of the resulting public relations campaign. The campaign generated roughly 1500 target rate points, which was estimated to be equivalent to $111,000 worth of advertising. The campaign was also so successful that it served as the model for similar campaigns in other Latin American countries, such as Peru.

At a cost of roughly $110,000 for pamphlet development, printing and distribution, and the donation to UNICEF, the program brought in $411,000, a 370% return on investment.
EXHIBIT 3: Case Study: General Mills’ Yoplait – Save Lids to Save Lives

Situation Analysis
In the mid-1990s, General Mills’ Yoplait brand team was looking for a new way to reach their target audience better. Their core audience was women and they wanted to find a new way of connecting with them. Yoplait had already positioned itself as “championing women and women’s health” through its commitment to women’s wellness and issues such as heart health and osteoporosis prevention since 1984. Breast cancer was identified as one of the biggest concerns for women, and the “Save Lids to Save Lives” campaign was born.

Strategy
The campaign started small, beginning regionally in Los Angeles, before rolling out the national “pink lids” campaign, where General Mills issues pink lids for all of its Yoplait products in the fall (to be in stores in October, which is National Breast Cancer Awareness Month), and informed consumers that it would make a $0.10 donation to breast cancer for each lid that was sent back to the company. For reference, a typical Yoplait product retails for $0.60 - $0.80.

In 2001, Yoplait added another level to its program by serving as the National Series Presenting Sponsor of the Susan G. Komen Breast Cancer Foundation’s Race for the Cure. This not only increased Yoplait’s link and perceived dedication the breast cancer cause, but has also resulted in millions of annual impressions through joint PR efforts, event and T-shirt signage, and advertising for the races in national and local publication.

In 2002, Yoplait began promoting its “Sale Lids to Save Lives” campaign via a series of TV advertisements, in addition to internet spots and public relations efforts. Yoplait also issues two free-standing inserts (FSIs) each year – one which announces the SLSL campaign, and a second that thanks consumer for participating in the campaign.
The program is continuing to evolve through new twists and additions to the standard promotion. In 2003, Yoplait conducted a Hispanic-targeted public relations campaign in the L.A. marketing using Soraya, a popular Latina singer-songwriter who was a breast cancer survivor herself. Additionally, Yoplait also developed a new campaign to enhance consumer involvement. The resulting campaign centered around 25 “Yoplait Champions,” which celebrated ordinary people who did extraordinary things for the breast cancer cause, ranging from coordinating local events to helping survivors in their communities.

**Results**

The campaign is widely considered to be one of the flagship cause-related marketing programs. Over the past seven years, General Mills/Yoplait has donated a staggering $14 million to the breast cancer cause, and hopes to donate more than $2.1 million in 2004.

The program has become Yoplait’s primary marketing vehicle, and is responsible for a big sales spike each fall (exact figures unavailable). This spike has increased every year, and lid redemptions have also increased each year.

The 2003 “Yoplait Champions” campaign alone generated 125 million on top of the usual attention generated by SLSL, race, and $2 million contribution to Komen.

Lastly, the Save Lids to Save Lives program has become the “gold standard” within General Mills, a company that cares deeply about cause marketing and has engaged in numerous programs, such as “Box Tops for Education.” The Yoplait team is often asked to work with other brand teams to help them develop and imitate the SLSL campaign, and since imitation is the sincerest form of flattery, Yoplait is quite pleased with the sum of the results.
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