

Cause-Related Marketing: Does Corporate America Genuinely Care?

by Elaine Fogel

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The breast cancer survivor sat patiently as the nonprofit's board of directors discussed a recent corporate gift designated for breast cancer education, programs and research. As a longtime board member, she listened intently as the group debated whether to accept the check from a tobacco subsidiary of a well-known retail company. Tobacco causes cancer, board members said—they would be hypocritical to accept the gift and should return it.

The debate grew more heated between those who wanted to maintain a sense of integrity and those who wanted to use the funds to help further the cause. Finally, the usually quiet woman spoke when she couldn't keep silent any longer.

"I'm a breast cancer survivor," she reminded the group. "I don't care where the money comes from—let's just cure the damn disease."

No one said a word for several minutes as her message resonated. Did it really matter who contributed, how they did it or what the motive was... if the result would be honorable?

In "The State of Corporate Citizenship in the U.S: A View from Inside," a 2004 survey conducted by the Center for Corporate Citizenship at Boston College and the US Chamber of Commerce Center for Corporate Citizenship, results showed that US business executives "see corporate citizenship as a fundamental part of business."

Overwhelmingly (75%), executives polled said their founding traditions and core organizational values are factors in their companies' decisions to invest in corporate citizenship. And 82% said good corporate citizenship helps the bottom line, and over half of respondents cited expectations from customers and consumers as motivating factors.

Corporations have several options when showing support for their communities. Through corporate philanthropy and volunteering, corporate giving has been a mainstay of the nonprofit sector for several years. Options include establishing company-sponsored foundations or developing programs that involve contributing cash, goods, services or equipment. Programs can also include cause-related marketing efforts.

The Foundation Center defines cause-related marketing (CRM) as the public association of a for-profit company with a nonprofit organization, intended to promote the company's product or service and to raise money for the nonprofit.

A recent article by Carolyn Cavicchio of Changing Our World, Inc., an American philanthropic services company, refers to a December 16, 2004 front-page article in the New York Times on cause-related marketing that was clearly skeptical about the motivation for retail-hosted charitable events and promotions. It referenced Nike's program in supporting the Lance Armstrong "Live Strong" bracelet, with one consumer citing the intent was "to sell more shoes."

In the post Sarbanes-Oxley era, the fallout in both the corporate and the nonprofit worlds has been remarkable.

Reports and articles abound focusing on motivations, accountability, abuses and possible legislation. The National Committee for Responsive Philanthropy (NCRP), a watchdog, research and advocacy organization, is calling for greater disclosure for corporate giving programs.

In Rick Cohen's statement to the Senate Finance Committee hearing in June 2004, titled "Charity Oversight and Reform: Keeping Bad Things from Happening to Good Charities," the NCRP Executive Director stated, "Corporations undoubtedly have a variety of motives for giving to charities. Tax breaks, positive publicity and a genuine concern for the public good could all encourage a company to donate its money, time, products or services to charity. In more sinister cases, corporate charitable gifts could also be used as bribes to encourage corporate directors to overlook financial improprieties, as in the case of Enron."

Cohen claims, "There is evidence that corporate philanthropy is being used to perpetrate and perpetuate scandals in corporate America—to the eventual detriment of shareholders, nonprofits and citizens alike. For these reasons, NCRP recommends that the SEC adopt disclosure requirements for all corporate philanthropic donations—in-kind or cash, through a foundation or directly from the corporation."

Skepticism reigns in the public mind. Both sectors are under scrutiny. Greater accountability and disclosure on the part of corporations and nonprofits may help alleviate the problem. But what of the corporate intent to support these worthy causes?

Does the public begrudge companies if their businesses benefit from CRM efforts? The Council on Foundations reports that 83% of Americans have a more positive image of companies that support a cause they care about. In fact, 65% of Americans would switch to a brand associated with a good cause—price and quality being equal.

Even corporate employees feel the difference: 87% of employees at companies with CRM programs feel a stronger sense of loyalty to their employers.

A few years ago, I worked with a Canadian bank on a national fundraising run for breast cancer. The company provided over \$3 million of in-kind services and advertising to promote the event, and for that, it held title sponsorship.

The connection that the bank had with breast cancer did not originate from the corporate boardroom—just the opposite. Front-line tellers, the majority of whom are women, had spearheaded the cause, growing more involved with each passing year until senior management realized the benefits and eventually moved responsibility from the community affairs department to branding. This is where it took on greater momentum and investment as part of their corporate social responsibility agenda.

I witnessed the nonprofit board discussion as members and staff debated the trappings of the corporate stranglehold. One senior staff person expressed concern over the expectation that the bank had for the nonprofit to accept its heavily involved input. However, in the end, through diplomacy and commitment, the relationship evolved and the run became a cooperative co-branded event, successful for both parties.

What the bank's executives had discovered was that their brand and reputation benefited from the connection to the search for a cure to breast cancer. Its staff was committed, and the public associated the event with the bank. The bank's market research showed positive results with customers, making it a win-win situation. The run that year brought in over \$10 million—an increase, despite the 9/11 attacks that had occurred just weeks earlier.

Business is business. In a capitalistic society, shareholders have a right to expect a positive ROI on their investments, just as the public has a right to increased transparency in corporate giving programs.

Yet, we need balance so that the process isn't altogether undermined.

When corporate America participates in cause-related marketing programs, it enhances its image, customers show greater loyalty, the public recognizes companies as good corporate citizens, and the companies gain a competitive advantage in staff recruitment and retention.

On the receiving end, nonprofits benefit with the ability to maintain or grow programs and services that are vital to the wellbeing of millions of citizens, many of whom would have no alternative but to go without if these services were not available. The nonprofit and corporate sectors can pick up the slack left by government.

Unless we are willing to pay higher taxes to increase our collective support for the vulnerable in our society and for disease research, perhaps we shouldn't judge corporate motives too harshly.

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