Cause Related Marketing: who cares wins

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The interdependence between business and society has become increasingly evident to wider groups of stakeholders, from the directors in the boardroom to customers in the high street. At the same time, trust and reputation are at the heart of the business agenda, with corporate disasters like WorldCom, Tyco and Kmart et al serving to heighten this focus.

Background

Over the last five years or more there has been a trend towards the need for greater corporate transparency and reporting. This trend has gathered significant momentum, with governments and institutions around the world developing codes, legislation, task forces and forums to take this agenda forward.

The agenda not only encompasses corporate reporting, governance, and transparency but also corporate social responsibility, with the push for triple bottom line reporting. This refers to the requirements for economic, social and environmental reporting, which is gathering increasing support and pace around the world.

In the UK, for instance, the Government’s Operational Financial Review, which specifically requires companies to report on their social and environmental performance as part of their reporting, is due to come into effect in 2006. The Government’s attention adds to the existing pressure already being applied in the UK by the Association of British Insurers and the National Association of Pension Funds, which also demand similar reporting and which between them control a significant part of the UK stock exchange.

Companies are therefore under pressure to improve their reporting and at the same time build their trust and reputation. In doing so and in order to be credible, they need to integrate transparency and corporate social responsibility into every aspect of their business.

The focus of debates in the political and public arenas is also changing. In the UK, Europe and the USA over the last couple of years, governments, and associated organisations and think tanks have been focussing on such debates as obesity and advertising to children summoning in some cases, companies to give evidence on their approach and behaviour. It has resulted in, for instance, early day motions in parliament and frenzied media debates. This has had significant impact on the thinking; the approach and the way businesses do business as, apart from anything else, it directly impacts their bottom line.

Global protests against capitalism generally and against companies specifically have become part of today’s landscape. Consumers have become more vocal, anti-globalisation and human and consumer rights protests have become increasingly more common, and such activity has focused media, government and consumer attention on the wider issues of business ethics.

The social, legal, economic, political and technological environment has changed. Internationally, governments are exploring the role of companies from a social and responsibility perspective, boardrooms are focused on it and consumers expect it. Whether or not a company has seriously considered Corporate Social Responsibility before, these new realities mean they are forced to review their agenda and in turn their business and marketing strategies.

What was once perhaps regarded as an interesting approach for some companies is now a critical strategy for many.

Corporate Social Responsibility and its importance is now firmly on the business agenda and is currently regarded both as a threat and an opportunity. Consumers have increasing power. They have the power of knowledge, the power of purchase, the power to protest and to boycott.
Corporate Social Responsibility and its importance is now firmly on the business agenda and is currently regarded both as a threat and an opportunity. Importantly, however, they also have immense potential and desire to be engaged, to believe, to support and to become advocates.

Practically then, the question is: how do businesses build trust, enhance their reputation, ensure consumers understand their values and their corporate social responsibility principles and develop towards consumer preference for their products and services rather than boycotting them?

In order to achieve this, Corporate Social Responsibility has to be authentic and be made visible to consumers and other stakeholders in order to be credible. It needs to be applied and demonstrated. Cause Related Marketing is one proven part of the portfolio that can help achieve this. Cause Related Marketing can translate words and promises into action and offers a win-win-win for business, charities and good causes, and consumers.

**Definition of Cause Related Marketing**

Business in the Community defines Cause Related Marketing as: ‘A commercial activity by which businesses and charities or good causes form a partnership with each other to market an image, product or service for mutual benefit’.

The critical words within the definition are commercial, partnership, marketing and mutual benefit. Cause Related Marketing is not philanthropy, nor is it altruism: it is consumer-lead and market driven. Used correctly and efficiently, Cause Related Marketing can also impact directly on the bottom line.

It provides potential to form a link between business ethics, business basics, consumer engagement and bottom line benefits, while also benefiting the health and prosperity of the wider community. To be successful from the business point of view, however, Cause Related Marketing partnerships must be founded on, and be representative of, the values of the business and be based on the Key Principles of integrity, transparency, sincerity, mutual respect, partnership and mutual benefit.

Taken from the Business in the Community Cause Related Marketing Guidelines, the Key Principles have been developed through thorough research. The Guidelines were designed in response to a comprehensive programme of research into Cause Related Marketing and in developing the business case, exploring the business, charity and consumer perspectives. The Guidelines aim to act as a vital tool for businesses and charities developing or establishing programmes.

When Business in the Community was set up over 20 years ago, Corporate Social Responsibility was embraced by only a few companies and even fewer understood or appreciated the potential offered to their business through Cause Related Marketing.

Over eight years ago therefore, Business in the Community established the Cause Related Marketing Campaign. The business environment has changed considerably since then. Business in the Community has been the key provider of essential research, resources, guidelines, information and education on Cause Related Marketing and continues to engage more businesses in this innovative area of marketing whilst also promoting best practice in achieving mutual benefit.

**The facts and figures**

According to the latest research, consumers in the UK are now purchasing a product associated with a good cause every second. The awareness, understanding and call for more opportunities from consumers is gathering pace as business and charities also develop their understanding, adoption and application.

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<th>Corporate evidence</th>
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<td>• 70% of CEOs report that they believe Corporate Social Responsibility is an essential issue to their business.</td>
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<td>• 96% of Marketing and Community Affairs Directors have said they appreciate the benefits of Cause Related Marketing in addressing both business and social issues.</td>
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<td>• 77% of Chief Executives, Marketing Directors and Community Affairs Directors believe Cause Related Marketing can enhance corporate or brand reputation.</td>
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<td>• 72% of those who have carried out Cause Related Marketing in the last year report that the number of programmes their business is involved in has increased over the past five years.</td>
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Source: Business in the Community Corporate Survey III (2001) supported by Research International ISBN 0 9480 6308

Research recently launched by Business in the Community surveying over 4,000 UK consumers and 2,000 USA consumers provides some compelling consumer insights. *Brand Benefits 2003* identifies the impact that Cause Related Marketing has on brand affinity, brand equity and on actual consumer perception, loyalty and buying behaviour. This unique piece of research is probably the most holistic study ever carried out on Cause Related Marketing and the evidence is powerful.
It works best for all when it is fully integrated into the organisation and its functions, ensuring it is thoroughly leveraged by all parties to achieve maximum benefits.

Business in the Community’s Brand Benefits 2003 research goes on to explore the relationship between Cause Related Marketing brand affinity and therefore brand equity across over 15 different organisations.

In every case where the consumer is aware of a company’s Cause Related Marketing, there is a significant impact on their drivers of affinity and therefore on their equity. The impact of affecting drivers of affinity will differ by each sector. To take an example, for a water brand affinity is worth 98 per cent of the brand’s equity, while for a credit card affinity is worth about 55 per cent. Cause Related Marketing impact on affinity speaks for itself.

The potential benefits are many and varied. By making an organisation’s corporate social responsibility visible – and indeed by demonstrating its values and adding value to them in an authentic way through Cause Related Marketing – there is much to be gained. These benefits include enhanced reputation and image, increased trust, relationships and loyalty, emotional engagement, awareness and understanding. Cause Related Marketing can also generate trial, increase volume and sales amongst many other benefits.

Participation
In addition, Cause Related Marketing has shown that it has developed customer and supplier relationships. The Cause Related Marketing Tracker 2002 highlighted that over half of the total amount raised for charities and good causes was in fact leveraged through staff, customer and supplier fundraising and support. This ranged from straight donations to participating in sponsored activities and buying products whose purchase triggered donations.

The Business in the Community Cause Related Marketing Giving Now 2003 Survey and the Brand Benefits 2003 highlighted the fact that consumers are participating more and more in Cause Related Marketing.

Sales Impact
Cause Related Marketing also has a positive impact on sales. Apart from the impact on brand affinity and therefore brand equity, through Brand Benefits 2003 data from arguably the most sophisticated consumer loyalty card was mined.

The findings were powerful and are demonstrated through just one example of the Persil and Comic Relief Cause Related Marketing programme. At its most basic level, this partnership took the form of a

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**Consumer evidence and support**

- 98% of consumers in the UK and USA are now aware of at least one Cause Related Marketing programme.
- 83% of British consumers have participated in at least one Cause Related Marketing campaign as compared to 73% in USA.
- 50% of consumers agreed that they would feel more positively towards a company, brand, product or service in the future if they were involved in a Cause Related Marketing programme, an increase from 31% in 2001.
- 48% showed an actual change in behaviour, reporting that they switched brands, increased usage or tried or enquired about new products.
- 68% of consumers are still calling for more companies to be involved in Cause Related Marketing Programmes

Source: Business in the Community Cause Related Marketing Brand Benefits 2003
Recruitment and retention

Cause Related Marketing does not only impact on consumers. The business case for Cause Related Marketing is supported by the positive effects it has on the bottom line, but also the human resources of an organisation. Research undertaken by MORI showed that 87 per cent of employees agreed or strongly agreed that a company that supports society and community is probably a good company to work for.

This is further evidenced by a Business in the Community report supported by Research International, which indicated that 76 per cent of consumers agreed that a company should encourage its employees to get involved in its charity and community programmes. Furthermore, 73 per cent agreed that they would be more loyal to an employer that supports communities, charities and good causes. Evidence of a company’s Cause Related Marketing can motivate employees, build morale and generate pride. All of these can impact significantly on recruitment, loyalty and retention; obviously key issues for a human resources department.

In the USA, similar evidence was found. Nine out of ten employees whose organisation undertake a Cause Related Marketing programme indicate they feel proud of their company’s values. This is compared to five out of ten of those whose employers are not involved in Cause Related Marketing. The Cause Related Marketing Tracker 2002 also indicated that employees were inspired to be involved in these programmes, with over £13 million worth and 65,000 hours of staff time devoted to Cause Related Marketing programmes in that year. Cause Related Marketing is therefore impacting business on many levels.

Tangibility in Corporate Social Responsibility is of great importance to consumers. Cause Related Marketing helps to make a company’s Corporate Social Responsibility visible, it demonstrates its values and adds value to these values. The potential bottom line impact has already been indicated and this is increasingly being understood in terms of Cause Related Marketing’s potential, relevance and importance.

With 98 per cent awareness, 73-83 per cent participation in the USA and UK respectively and with 68 per cent of consumers wanting more companies to be involved in Cause Related Marketing, the call to action could not be louder!

Case studies

In the UK and indeed around the world, Cause Related Marketing programmes have been developed amongst businesses and charities of all sizes, across all sectors. The evidence in the UK suggests that the retail sector has taken this strategy to heart, followed by the fast moving consumer goods (FMCG) utilities and finance. This would seem to be the pattern around the world. Retailers and FMCG manufacturers seem to have been first to adopt this strategy and embed it, being first to market with their partnerships.

Interestingly, small and medium sized enterprises (SMEs), are increasingly exploring Cause Related Marketing. The Cause Related Marketing Tracker 2002 found the number of SMEs reporting their Cause Related Marketing programmes doubled in 2002.

The objectives, models and processes may all vary considerably but, integrated and implemented well, programmes have demonstrated their potential to deliver vast and visible rewards to all parties involved.

Computers for Schools

One of the award-winning examples of successful Cause Related Marketing in the UK is the Tesco Computers for Schools programme. The simple programme, based around a token redemption scheme, has been running for over ten years and has over that time delivered an amazing £84 million worth of information communication equipment to schools in Britain.

In 2003 alone, 1,500 new schools took part and over 2,200 computers and more than 75,000 additional items of computer-related equipment were given.

The retailer’s extensive portfolio of programmes clearly shows that Cause Related Marketing does not have to be limited to one cause at a time, but that whatever supported is done comprehensively and professionally.

Tesco’s partnerships with Cancer Research UK and its sponsorship of Race for Life and between Tesco Baby & Toddler club and children’s charity...
Examples of successful programmes with a wide variety of causes have been seen across the globe from Argentina and Australia to Brazil and South Africa, supporting causes ranging from HIV and Aids, older people, poverty, child abuse to wildlife.

ICAN are also distinguished. Whilst benefiting its range of partners through these programmes, Tesco also builds reputation, image, loyalty relationships and trust amongst it stakeholders and sees the impact in terms of customer footfall, spend at the till point and sales, thus demonstrating the win-win-win that Cause Related Marketing can provide.

Drive towards a Cure
Other leading examples of Cause Related Marketing in the UK include Ford’s ‘Drive towards a Cure’ Cause Related Marketing partnership with Breakthrough Breast Cancer. The campaign has been fully integrated into the core marketing strategies of the organisation.

Since 2001, for every test-drive taken at any Ford Dealership during October (Breast Cancer awareness month), Ford has donated £20 to the charity. In 2003, Ford combined the launch of its new Focus C-MAX with this promotion, but doubled the donation to £40. Not only did this more than double the target number of test drives, but it also generated considerable PR activity and inclusion in national television advertising campaigns. This ensured both awareness of Ford’s new product and of Breakthrough Breast Cancer was raised.

Breast Cancer Crusade
Another award winning example, which is a global programme with national implementation, is the Avon Breast Cancer Crusade. This began in UK in response to women’s concerns about breast cancer and is now one of the UK’s most successful and longest-established Cause Related Marketing campaigns. 2002 marked its 10-year anniversary, when £1.6 million was raised, bringing the UK total to £9.6 million.

Kiss goodbye to Breast Cancer raised funds through sales of three special edition matching lipsticks and nail enamel, supported by a number of well-known celebrities. For every special edition product bought for £5, a minimum of £2 was donated to Breakthrough Breast Cancer. Kiss pins were also sold on the high streets through the stores of corporate supporters of Breakthrough.

The campaign shows particular uniqueness through its development to a world-wide ‘crusade’. What started in the UK, with the support of 160,000 Avon Representatives, has grown into a global campaign for Avon with over 50 countries running crusade programmes. To date the fund has raised US$250 million and all funds are used for research, care, and education concerning breast cancer.

Small and Medium Enterprises
Small and Medium Enterprises are increasingly adopting Cause Related Marketing, with Craghoppers being one such example. A small, specialist outdoor clothing manufacturer with 50 employees, Craghoppers donates two per cent of trade sales from its Kiwi range of clothing to Cancer Research UK as part of the SunSmart campaign. This campaign aims to raise awareness of the dangers of the sun and the importance of protecting your skin and the clothing range is part of the protection strategy. This ongoing partnership provided over £19,000 in 2002. It is communicated on point-of-sale material and through the manufacturer’s website, imparting the message as much as possible through their supply chain while at the same time providing product differentiation and sales for the company.

The international dimension
As has already been illustrated, evidence suggests that consumer support for Cause Related Marketing is reinforced and continually growing across the world, too.

According to US statistics, Cause Related Marketing is worth nine per cent of all the US sponsorship market. In Europe, levels of support are similar. Cause Related Marketing is not just a USA, UK or indeed even European strategy that is being leveraged.

Examples of successful programmes with a wide variety of causes have been seen across the globe from Argentina and Australia to Brazil and South Africa, supporting causes ranging from HIV and Aids, older people, poverty, child abuse to wildlife. Between 65-80 per cent of Britons, Europeans and Americans indicate that they would be inclined to switch brands based on Cause Related Marketing and this anticipated behaviour has translated into 73-83 per cent of the population actually participating.

The time is right
The business case and potential for Cause Related Marketing is in no doubt and the time is right. The inter-dependency between business and society is increasingly understood at all levels in all markets around the world.

There is a rising tide of expectation amongst consumers for companies to be honest, authentic, responsible and act with integrity. Governments globally are taking a keener interest in this area, particularly with the recent disasters of Enron, Tyco, Worldcom and many others. Some governments are
beginning to legislate in this area of social corporate responsibility and others are simply encouraging and facilitating the debate.

In this environment it is essential for business to take its corporate social responsibility seriously and in doing so, work on how best to bring their social responsibility and values to life in the various market places.

Cause Related Marketing helps make companies’ Corporate Social Responsibility visible, and demonstrates its values while adding value to these values. Cause Related Marketing is based on mutual benefit and plays directly into the lifestyle of today’s consumer and therefore provides a valuable opportunity. Cause Related Marketing also provides part of the solution to help address business, charity, good causes, our community and societies needs.

With 98 per cent of consumers in the USA and the UK being aware of Cause Related Marketing, and with between 73-83 per cent in the USA and UK respectively participating in programmes, the potential for business, charity and good causes and indeed for society as a whole is evident.

The Cause Related Marketing Guidelines

Cause Related Marketing must, however, come with a health warning. Brands, be they business or charity, take decades to build and only moments to destroy. Cause Related Marketing therefore has to be planned, implemented and executed well, hence the Business in the Community Cause Related Marketing Guidelines: Cause Related Marketing has to be done well if it is to be successful and positively impact on businesses and the charity and meet the mutual objectives.

Getting the principles and processes behind Cause Related Marketing right is crucial. Consumers are time-poor, living in a fast-moving media-orientated society, making them more aware of business. They are increasingly media savvy and in turn somewhat sceptical. Consumers understand that you don’t get something for nothing and are therefore cynical if this is suggested. Consumers want to understand the background to the product or service and they want to know exactly where their money is going.

The Key Principles of integrity, transparency, sincerity, mutual respect, partnership and mutual benefit are irrefutable. A business or charity ignores them at their peril. Using the Guidelines and exploring the examples provided in markets around the world, the successful programme would show these principles at their core.

Conclusion

In the final analysis, whilst there is an extremely strong business case for Cause Related Marketing, there is also a sound moral case. Business and the wider community are inextricably linked. Business needs to earn its licence to operate, have good staff and a thriving consumer base. Without healthy communities, these will be in short supply and restrict the potential of the business. By investing in communities in which they operate; by authentically integrating their values, principles and social responsibility through all aspects of the business, and by bringing these to life for the stakeholders in the marketplace through Cause Related Marketing, businesses not only build a healthy business, a healthy employee base, and a healthy community but also a healthy society and thus a virtuous circle.

Notes

1 Business in the Community is a unique movement in the UK of 700 member companies. Our purpose is to inspire, challenge, engage and support business in continually improving its positive impact on society.
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5 Business in the Community Cause Related Marketing Giving Now 2003 survey quantitative research
6 Business in the Community Cause Related Marketing Tracker 2002
9 Business in the Community Cause Related Marketing Brand Benefits 2003
10 Business in the Community Corporate Survey III 2001
11 The Core/Roper 1999 Cause Related Marketing Trend Report
12 Business in the Community Cause Related Marketing Tracker 2002
13 Business in the Community Cause Related Marketing Brand Benefits 2003
14 Business in the Community Cause Related Marketing Award for Excellence winner 1998. For further details see www.crm.org.uk - Business in the Community Cause Related Marketing Celebrating Success 2003
15 Business in the Community Cause Related Marketing Celebrating & Success 2003. For further case study examples see
17 EGO Sponsorship Report
19 Business in the Community Brand Benefits 2003 supported by Research International, Lightspeed and Dunnhumby
20 Business in the Community Cause Related Marketing Brand Benefits 2003

About Business in the Community

The Cause Related Marketing Campaign at Business in the Community runs a wide variety of events and offers a range of advisory services and publications for anyone considering or involved in Cause Related Marketing and developing responsible marketing practices. Details on these services, publications and case studies can be found on www.crm.org.uk.

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