Cause Related Marketing: Can It Work for the Arts?

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Cause Related Marketing is likely to be of most relevance to socially focused arts programs and activities—community cultural development. The Arts Organization would seek a partnership with a profit-based company who would support both the cause and the Arts through one Cause Related Marketing exercise. Many of those who seek to push Cause Related Marketing on to Arts Organizations do so based on the belief that the commercial companies partnering on these efforts do it to increase perceptions of social consciousness. It sounds somewhat trite to say that Cause Related Marketing has both pros and cons and therefore needs to be approached with caution, but that is clearly the case for Arts Organizations.

Introduction

In many ways Pavlov's dog can be held responsible for the current trend towards Cause Related Marketing. In his famous experiment into stimulus-response behaviour, Ivan Pavlov showed that by ringing a bell whilst showing the dog a piece of meat, over time the dog began to react (in this case salivate) to the bell

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ringing alone. This basic principle—that consumers can transfer their reaction from one stimulus to another over time, is at the heart of thinking behind such activities as celebrity endorsement sponsorship and now, Cause Related Marketing.

Take for example, the recent case of Sanitarium donating 10 cents from every purchase of their ‘Organics Simply Soy’ soy milk to the World Wildlife Foundation and in particular, the Australian Rainforest Project. Most people have a natural reaction to wildlife and rainforests—they think they are a good thing, healthy and natural. By linking Organics Simply Soy to rainforests, Sanitarium hopes to, over time, have those positive feelings arise when people see the product alone. Just like the dog salivating over a bell.

This is, of course, a dramatic oversimplification of the way in which Cause Related Marketing impacts upon consumers and arts patrons, and also of the strategy behind the companies who are embracing it. However, the basic principles are simple, and if Cause Related Marketing is to be effective then the key elements of Pavlov’s experiments should be adhered to. Notably, the relationship between company and cause must be close knit to be effective, the marketer must understand the associations (or reaction) likely to be transferred between cause and company and that the “learning” will take considerable time and effort if it is to work.

What Exactly is Cause Related Marketing?

There is a good deal of confusion about what a Cause Related Marketing program is, particularly in terms of how it differs from related activities such as sponsorship and corporate philanthropy. In Layman’s terms, as defined by the UK organisation Business in the Community, Cause Related Marketing is “when a company with a product, image or service to market, build a relationship or partnership with a cause of non-profit organisation for mutual benefit” (see bitc.org.uk for more). The generally accepted academic definition of Cause Related Marketing is:

“the process of formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to the designated cause when customers engage in revenue-providing exchanges that satisfy organisational and individual objectives” (Varadarajan and Menon 1988 pg. 59).
Some key points of this definition are worth noting. Firstly Cause Related Marketing is a marketing activity and therefore needs to be solidly integrated into the overall marketing strategy of both the cause and company. If you don’t have a clearly defined marketing strategy, you should not be engaging in Cause Related Marketing.

Secondly, there needs to be specified actions required of both the organisation and the customers. That is, both parties need to be clear on what will be given when specific actions are undertaken. This is as much a legal matter as a marketing one. Related to this, is the requirement that clear objectives be set by both parties. Objectives are important in order to both focus those involved on the task at hand, and to ensure that the results can be evaluated effectively. A good objective should therefore be expressed in measurable terms with a defined time frame (e.g., to achieve a 20% increase in awareness of our organisation amongst males aged 25-40 in the metropolitan region over the next six months). Note that this assumes you know how the market stands before the project begins (in this case you know the pre-existing level of awareness).

The company (the profit making contributor) input to Cause Related Marketing can take a number of forms with the most common being:

- Outright donations;
- Volunteer labour (see Friend-raising)—Donating materials or supplies—Running public service announcements, or
- Providing an event to coincide with non-profit activities (e.g., a family fair to coincide with a charity event such as a fun run).

How is CRM Different to Sponsorship/Philanthropy?

The differences between Cause Related Marketing and sponsorship/philanthropy are clear. In the case of Cause Related Marketing, the company only responds to actions by the consumers, within sponsorship, the donation is made up-front. With Cause Related Marketing the actual amount donated is flexible (dependent on consumer behaviour), with sponsorship it is usually fixed in advance. With Cause Related Marketing, detailed records on consumer activities need to be
kept (e.g., sales) whereas sponsorship is usually less formally evaluated. Many firms have engaged in sponsorship of charitable causes or non-profit organisations, but with Cause Related Marketing the customers (e.g., arts patrons, subscribers or audience members) are required to undertake specific, measurable activities and the return to the cause is dictated by that response.

From a managerial perspective, philanthropy dollars usually come from pre-tax corporate earnings, whereas Cause Related Marketing funds come from the marketing budget. This means in order to successfully attract these funds, you'll be dealing with hard-nosed marketing managers instead of CEOs who may love your organisation. Put simply, Arts Organisations seeking Cause Related Marketing funds will need to compete against the myriad of other marketing activities the corporate partner could undertake (e.g., more advertising, increasing public relations, price discounting) as well as other non-profits seeking these funds. To be successful you will need to be able to speak the marketing "lingo" (e.g., segments, objectives, return on investment) and show an understanding of their corporate image and branding strategies.

Why Get Involved in Cause Related Marketing?

One of the key questions here is why would we want to get involved in Cause Related Marketing activities. Most organisations are familiar with sponsorship arrangements, and are comfortable with the way they work. Those involved closely in the negotiation of sponsorship arrangements though would have noted a growing trend towards the sponsor seeking increasingly harder evidence of the impact that the sponsorship had on aspects such as awareness of their products, enquiries or intention to purchase through to actual sales. This shift is a reflection of an increasing desire by organisations to track the return-on-investment of their marketing activities. In many ways Cause Related Marketing represents an extreme of sponsorship—the money is only provided once definite customer actions have been achieved. If you are finding that sponsorship demands are increasingly difficult for you to meet, then Cause Related Marketing is unlikely to be for you.

Many companies believe it is worth doing though. In the US spending on Cause Related Marketing increased 300% throughout the nineties to reach $US630 million by 1999. These companies are getting involved for three reasons:
1. To encourage specific consumer actions (e.g., raise sales),
2. To increase public perceptions of social responsibility,
3. To differentiate the brand.

This last point is an interesting one. We know that consumers generally shop from a range (or repertoire) of brands in any particular product category. Although a consumer may claim that Weetbix is their favourite cereal, over the course of a year they will typically consume up to five other brands of cereal. Encouraging loyalty is difficult in fast moving consumer goods markets, where switching usually involves low costs and brands fluctuating in terms of availability, price and promotions. Connection to a popular or deeply involving cause is one effective way of raising consumer brand awareness and encouraging loyal behaviour. That is, Cause Related Marketing gives a consumer a reason to seek the product out and may justify ignoring the price or promotional activities of competitors.

From a non-profit point of view though, the reasons to engage in Cause Related Marketing are less clear-cut. The major reasons would be:

- To raise awareness and profile of a cause or organisation,
- To increase revenue or access to goods,
- To give interested consumers an opportunity to make a tangible contribution to the cause without great personal cost.

The American Express 1983 campaign for the renovations to one of the world’s most famous art works—the Statue of Liberty—is credited with being the first true Cause Related Marketing program. That campaign raised $1.7 million for the Statue of Liberty and substantially increased American Express card membership. So successful was it, that American Express ran the campaign again, offering 1 cent for every purchase made during December 2003 and January 2004 (see http://home3.americanexpress.com/corp/latestnews/statue-of-liberty.asp).

**How can the Arts Benefit from Cause Related Marketing?**

Some academics and practitioners enthusiastically promote the concept of Cause Related Marketing to Arts Organisations. Rentschler and Wood (2000) seem to suggest that Arts Organisations can benefit from Cause Related Marketing, and would almost be foolish not to explore it as an option. Rentschler and Wood in
outlining how Cause Related Marketing has grown, highlight that it actually began in arts organisation in the US in the 1970s and later progressed to health and then social cause charities. They argue that Cause Related Marketing can be used as an effective marketing tool to cope with factors such as growing “donor fatigue”; when an individual is constantly asked to support various causes they can, over time, resent the intrusion into their life and lose their commitment.

Likewise, within the private sector in Australia, there has been a drop over the last two years in philanthropy, due in part to economic uncertainty following the terrorist actions around September 11, 2001. If corporate giving to the arts has slowed, Cause Related Marketing can be a useful strategy to draw companies back in, as it can be seen as more mutually beneficial with tangible outcomes.

Cause Related Marketing is likely to be of most relevance to socially focused arts programs and activities—community cultural development. That is, situations where Arts Organisations are involved either directly or in partnership with another (more “traditional”) cause such as homelessness or the preservation of indigenous cultures. In these cases the Arts Organisation would seek a partnership with a profit-based company who would support both the cause and the Arts through one Cause Related Marketing exercise.

Examples of true Cause Related Marketing programs working in the Arts are limited, particularly in Australasia, possibly due to the difficulties in establishing and running these programs (see “Problems” section on Page 157).

For situations where the Arts Organisation is the “cause”, the major benefits of Cause Related Marketing would be:

**Overcoming Donor Fatigue**

Cause Related Marketing programs can be a way to freshen up the image of the organisation and excite patrons. It offers a new way to contribute—useful in markets where consumers feel “tapped-out” by years of repetitive requests for funds.

**Increase Perceptions of the Value of the Arts**

The support of a big corporate partner for a small, local Arts organisation can increase the publics perceptions of the worth of that organisation—e.g., “If BHP put money into them, they must be good”.
**Increased Professionalism**

A truly collaborative Cause Related Marketing program should allow the Arts Organisation to learn new marketing techniques and business practices. Simply being involved with big business is likely to increase the public's perception of the Arts Organisation as being professional.

**Positive Brand Associations can be Transferred**

Choose the right partner, and just as the worth of your “cause” can benefit perceptions of them, the public's perceptions of your partner can rub off on you. Close involvement with a partner who is viewed by the public as innovative, professional, creative or even global (examples may include Apple, 3M or Yahoo!) could lead to your company being viewed the same way.

**Problems with Cause Related Marketing**

Many of those who seek to push Cause Related Marketing on to Arts Organisations do so based on the belief that the commercial companies partnering on these efforts do so to increase perceptions of social consciousness. As we have discussed, this is but one reason companies seek to be involved, and increasingly it is for the more tangible aspects.

There is also a more philosophical argument about whether or not the Arts can be viewed as a “cause”. While most people undoubtedly recognise the value of the Arts in society, many may feel it is well funded already from the public purse, or that it is a “luxury” compared to other causes. The addition of a major (and probably wealthy) corporate partner linked with the cause, may lead to a cynical view that the company should simply give the money to the organisation rather than require consumer action.

**Potential Risks**

Far from being an ideal activity for Arts Organisations, Cause Related Marketing poses significant risks for both parties involved. Cause Related Marketing activities should therefore be approached with caution. In particular, the following are problems commonly associated with Cause Related Marketing programs:
Reduction in Corporate Philanthropy as Cause Related Marketing Overtakes It

Increasingly Cause Related Marketing is becoming the preferred way of corporate giving, but its heavy emphasis on clear goals and consumer actions mean that it is neither as flexible as sponsorship or philanthropy dollars nor will it be paid up front.

Impact on Arts Organisations' Mission and Conduct/Organisation Flexibility

Look closely at what the partner is requiring of you. Will it impact upon the way which you conduct your business? Does it involve seeking information from your customers/patrons about things such as their spending habits or preferences (they may resent this)? Does it place restrictions on the content of your performances or exhibitions? How will a partner seeking to improve their public image react if your work is sexually, ethnically or politically controversial? These may not be compromises you are comfortable making. Keep in mind that the link between you and the partner may extend for a lot longer (in consumers minds) than the simple life of the Cause Related Marketing program.

Effect on Public Attitudes to the Cause/Tainted Partners

Remember why the corporate partner is seeking to get involved—they want access to your market and they are looking to enhance their reputation/brand image. Companies who are looking to enhance their image as good corporate citizens by being associated with causes should be viewed with some suspicion.

Why do they need to improve their standing in the community’s eyes? The principal of Pavlov’s experiments need to be extended somewhat to the realisation that response transference is two-way in many cases. That is, whilst the positive associations consumers have for the cause may be transferred to the company, if the company is viewed negatively, that can be transferred to the cause. In October 2003, it was revealed that a decade earlier The Salvation Army had rejected $5 million from Tattersalls for precisely these reasons (and gained a good deal of positive attention for their cause in the process).

Effect on Public Donations

Cause Related Marketing should supplement your marketing activities, not replace existing sources of funds. The risk with a high-profile Cause Related Marketing
project is that your patrons may believe that this corporate support makes it no longer necessary to make other donations or contributions to your organisation.

**Wasted Resources**

The corporate partner, with clear objectives and outcomes in mind will place demands on your organisation. These demands will range from the simple such as free tickets or access to artists, through to evidence that the Cause Related Marketing program is achieving its goals (sales figures, requests for information etc.). Is your organisation in a position to provide these things, and will the benefits you receive from the Cause Related Marketing program outweigh the costs?

**Corporate Conflict/Exiting Gently**

If conflict arises between you and your partner, how will it be handled? In 2003, Telstra came under pressure from farmers for its very public support for the "Farmhand" drought-relief appeal whilst at the same time failing to address regional service issues. Such occurrences are unfortunately common, and the Arts Organisation should consider how such disputes will be handled (usually a clause in the contract) and have an exit strategy (i.e., a concrete plan for extricating the Arts Organisation from the Cause Related Marketing program to minimise harm).

**Arts Organisations' Reliance on Cause Related Marketing**

Linked to the effect Cause Related Marketing can have on public donations is the impact Cause Related Marketing can have on non-profit marketing activities. Andreasen (1996) refers to this as "corporate atrophy"—a wasting away of the marketing know-how within the non-profit as a result of reliance on big business driven Cause Related Marketing. Good Cause Related Marketing will be integrated by the Arts Organisation into their other marketing activities, not replace them.

**Overshadowing the Arts Organisation**

It pays to remember just what you are dealing with when you partner up with big business—big resources, big budgets and often large markets.

**Making Cause Related Marketing Work for Arts Organizations – A Checklist Do**

- Know your organisation (strengths/weaknesses, goals),
• Know your market/patrons (how will they react, what products suit them),

• Know your partner (what are they seeking, what is their history, what brand associations will rub off on you),

• Link the Cause Related Marketing activities to a broader marketing objective and campaign so that the benefits live on (see Till & Nowak 2000),

• 'Be realistic in what you expect,

• Get a formal agreement,

• Monitor the progress and outcomes of the campaign,

• Try to limit the complexity of the actions your market must undertake (e.g., favour 10c for every sale during a certain time, over 30c for every coupon clipped and returned). Also, avoid complex or vague promises such as “a percentage of profits goes to …”. Consumers prefer solid, unambiguous details, such as a fixed amount of the price per item bought (Olsen, Pracejus and Brown 2003),

• Ensure donors know what was achieved (but limit the amount of advertising the corporate does to promote the outcomes—some companies will spend $1 million telling people they donated $100,000!),

• Seek a close fit between you and the partners brand image and customers—a good fit yields results up to 10 times better than a poor fit (Pracejus and Olsen 2003),

• Think long-term. The campaign may only go for a short period, but the markets perceptions can live forever.

Don’t

• Over commit or over promise,

• Inconvenience your supporters,

• Use Cause Related Marketing to target existing patrons or donors,

• Approach partners without a clear value proposition for them—i.e., what will they gain?
• Always focus on product sales as an outcome for the partner—sales can only happen after consumers become aware of the product and form positive attitudes towards it,

• Let conflict or problems go unresolved, thinking that they will end when the program does.

Conclusion

It sounds somewhat trite to say that Cause Related Marketing has both pros and cons and therefore needs to be approached with caution, but that is clearly the case for Arts Organisations. Given the generally negative tone of this article, you could be forgiven for swearing off Cause Related Marketing altogether. It is, however, a technique that has some real merit and there are examples of companies that have reaped substantial benefits from its application.

We are entitled to be sceptical though; given the relative newness of these activities and the lack of real evidence about their effectiveness. The much touted figures showing increase in sales from Cause Related Marketing activities, are just as likely a result of the increase in promotional activities associated with Cause Related Marketing rather than a conscious switch by consumers towards a more "socially responsible" brand. Direct applications of Cause Related Marketing techniques to Arts Organisations are limited at present, and given the different nature of the Arts as a "cause", compared to, say, HIV prevention or homelessness, it is unwise to hail Cause Related Marketing as the future of Arts fundraising.

That said, the experience of other non-profits gives clear guidance on how Cause Related Marketing can be best applied. Arts organisations with a good knowledge of themselves and their market, a clear marketing direction and the strength to be an equal partner with big business may find that Cause Related Marketing becomes an important component of their overall marketing strategy.

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References


