Philanthropy as Public Relations:  
A Critical Perspective on Cause Marketing

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This article discusses how cause marketing, a rapidly growing form of corporate philanthropy, has emerged as a public relations tool-of-choice in many business circles. While cause marketing, or the practice of pegging consumer purchases to philanthropic donations, may seem an elegant solution to aid a host of social ills and problems, it raises many troubling issues. An alarming trend has developed, one in which businesses use cause marketing, instead of applying themselves to solving social problems. Such a practice is merely window dressing, a way to improve public image while detracting attention from a business’s own role in undermining the public safety net.

Introduction

It is generally understood by scholars and practitioners that effective public relations (PR) campaigns are not developed in response to a crisis. On the contrary, the best public relations strategies take a long-term approach and work hard to establish any client as a contributing and trusted pillar of its community. Well thought-out strategies can prevent crises from happening, or, if crises are unavoidable, they can certainly mitigate damages. The implicit objective of PR is often framed as protection of businesses from public attacks and the establishment of enough goodwill to protect them from hostile government regulations. This may be true, but it is just as accurate to characterize the purpose of PR in less hallowed light. PR’s community work is beneficial, and its governmental reaches are designed to allow businesses to receive and maintain favorable licenses, privileges, subsidies and regulations from the government without any counterproductive public “interference.” Accordingly, the pioneers of many PR techniques came from industries like electric utilities, broadcasting and telecommunication, whose entire business models were based on getting and keeping government monopoly franchises on lucrative terms (Fones-Wolf, 2006; Stole, 2006; McChesney, 1993). The less the public questioned the legitimacy of private power in these government-created industries, the better. PR was not optional, but built right into
the heart of the enterprise. It has since come to play a major role for nearly all large enterprises in the

economy.

In order for a PR strategy to be successful, these goals cannot be explicitly revealed to the public. Due to their self-serving purpose, PR campaigns are generally presented under the guise of furthering some other more altruistic objective. In recent years, PR has increasingly merged with advertising in an effort to not only protect the political prospects of a firm, its public image and long-term profitability, but also to expand sales and profits in the short-term (Ries & Ries, 2002).

This article discusses how cause marketing, a rapidly growing form of corporate philanthropy, has emerged as a public relations tool-of-choice in many business circles. As the name suggests, cause marketing fuses the traditional PR function with a concern for pushing sales in the short-term. Cause marketing comes in many forms, but the most common — the one explored in this article — is the use of “purchase-triggered” donations. This is where a business or corporation will donate a sum or percentage from a commercial transaction to a social cause. Often, a corporation will explicitly team up with a nonprofit partner for a cause-marketing campaign. As such, cause marketing provides companies with an excellent tool to improve their public image, build closer relationships with consumers, and ultimately boost sales and profits.

While cause marketing, or the practice of pegging consumer purchases to philanthropic
donations, may seem to be a perfect solution to aid a series of social ills and problems, this article argues that it also raises a host of troubling dilemmas for scholars and for society — issues we have barely begun to consider. Perhaps foremost, the practice of cause marketing suggests that businesses may leverage the existence of dire social problems to improve their public images and profits while distracting attention from their connections as to why these social problems continue to exist.

Scholars have done little research on the matter and there is still much to learn. Most cause marketing studies have focused on the best strategies for carrying out campaigns and how to match corporate partners with nonprofits in order to maximize profits (Adler, 2006; Adkins, 2000; Bronn & Vrioni, 2001; Kotler & Lee, 2005; Marconi, 2002; Till & Nowak, 2000; Welsh, 1999; Webb & Mohr, 1998; Mizerski, Mizerski & Sadler, 2001; Streckel, Simons, Simons & Tanen, 1999; Yankelovich, 2006). With but a few notable exceptions (Andreasen, 1996; Andreasen, 2001; King, 2001; King 2006), the larger social and political ramifications of viewing social problems as marketing opportunities have received scant scholarly attention. Few have attempted to put the phenomenon in historical or political context, or even to grasp it as a larger social and business process. Offered as a step toward filling this void, this article contextualizes cause marketing, provides evidence of how it works, discusses its problems and outlines a rudimentary critique.

The Neo-Liberal Context

There is a reason that cause marketing has been conceived and has flourished over the past quarter-century. Since the 1980s, neo-liberal policies, based on the belief that prosperity and human happiness can best prosper when governments fully accommodate the needs of market capitalism, have won a strong foothold in the United States. The promise has been that a society run for and by business interests will provide jobs, and ultimately prosperity, for all. To the extent that government is envisioned as having a role, that role is to facilitate favorable conditions for business through incentives and tax cuts.
and to pick up tasks that the private sector rejects because they are unprofitable. The government’s most important job is to protect the sanctity of private property and the profit system (Friedman, 1962).

The other side of the neo-liberal coin is a curtailing in government programs that address social ailments or improve the conditions of life and prospects for the working and middle classes. On one hand, this is because taxes have been reduced, especially on business and the wealthy, to encourage private investment. The government has less money to spend outside of defense, police work and the immediate needs of business. On the other hand, neo-liberal theory is disdainful of government assistance as interference in people’s private lives. People, the argument goes, should devote their attention to self-improvement through the market instead of depending upon the government. In neo-liberal theory, an absence of government social programs will spur the work ethic, productivity, innovation, entrepreneurship and growth of a society. It is now clear that the neo-liberal approach has been incorrectly termed a call for “small” government. In fact, the government is as large as ever after three decades of explicitly pro-business neo-liberal policies. What has changed is that there is less stated concern that the government should work to advance the interests of those outside the business community.

Government has fulfilled its part of the neo-liberal deal by providing generous tax breaks and other accommodations, but business has only partly delivered in terms of growth and increased overall prosperity. While it is true that a small group of wealthy individuals have become more prosperous, it is also a fact that an expanding number of poor and middle class people have been left in a lurch. Businesses, in order to maximize profits and satisfy stockholders, have reduced wages and benefits in an environment where the government has provided little opposition to such an approach. They have done all this with organized labor in sharp decline. Workers and poor people, in need of help and assistance, are forced to turn to the public sector or private nonprofit groups for help (Klein, 1999; Collins & Yeskel, 2000; Korten, 1999; Korten 2001; Glyn, 2006; LeRoy, 2005). Due to decades of pressure, scrutiny and budget cuts, the public sector is seriously depleted and it is often unable to accommodate the needs of workers and others who find themselves without a safety net. Neither are the private nonprofits in a position to fill the void left by the failure of the economy to generate such extraordinary growth that the market would lessen or eliminate social problems (Knittel, 2003; McIntyre & Nguyen, 2004).

Scholars and political activists have decried this situation, (LeRoy, 2005; Collins & Yeskel, 2000) but much to business’s relief, complaints and dissatisfaction have not yet reached a stage of general public outcry. It goes without saying, businesses wish to mitigate further public dissatisfaction. It is strongly in the interest of those businesses that the public not connect tax breaks, booming corporate earnings, and a skyrocketing number of billionaires with dwindling worker benefits, collapsing social services and infrastructure, and a financially depleted government sector. But these social problems exist and are generally growing in severity. Most Americans understand they need to be addressed somehow.

Enter cause marketing. Rather than giving up on tax breaks and other concessions in order to reinstate government programs, businesses are teaming up with private nonprofit organizations that are seeking to repair a broken safety net. In so doing, businesses are not only trying to portray themselves as caring, compassionate members of society; they are attempting to increase their sales and profits. And this strategy has had the effect of further marginalizing and undermining the government’s role in taking care of its citizens while indirectly promoting further privatization of social services. By the mid-1990s, the
business community was embracing cause marketing. Its usage is continues to grow dramatically and cause marketing appears to be on the verge of becoming a major part of our cultural landscape for the foreseeable future.

At first glance, cause marketing may appear as an attempt at making the best of a bad situation: at least some money is getting diverted from commercial activities to fund necessary social programs. But with a ravaged public sector and an underfinanced nonprofit sector, how could anyone protest that at least some of the bounty of the corporate sector will be diverted toward good causes? Better that, than have the money pay for another summer home for a corporate CEO. Because of their high visibility, cause marketing programs may give the impression of providing more efficient solutions to funding of social programs. Because consumers "vote" for the causes they want to support in the mall or at the supermarket, and not indirectly through an elected politician, cause marketing and the nonprofits they support may come across as being more democratic than those provided by an elected government.

This acceptance of cause marketing as "better than nothing" and possibly progressive glosses over a series of important concerns. As Noreena Hertz points out, whereas government programs are accountable to the public, private nonprofits are not (Hertz, 2003). The suggestion that neo-liberal externalities can be wiped out at the cash register is problematic and also raises questions about the criteria that are being used to determine which groups and causes deserve attention from cause marketers. Because of the market incentive, nonprofit groups and causes with the potential for creating the largest amount of goodwill, publicity, and consumer loyalty for the corporate partners are preferred, leaving those not selected with the choice of being unsupported or to change their approach in order to become more marketable. In effect, cause marketing can be seen as a key part of selling and legitimizing the privatization and commercialization of social service work, the work that in liberal democratic theory was at the heart of modern governance.

**From Corporate Charity to Strategic Philanthropy**

For nearly a century, American businesses have relied on public relations in one form or another. The goal behind the majority of these effort have been to defuse, impress, or evade critics in order to create a business-friendly atmosphere and prevent laws or regulations opposed by businesses from gaining popular support. (Or, as mentioned in the introduction, the corollary to this is that businesses use PR to receive and maintain lucrative licenses, subsidies and regulations from the government.) This trend came of age in the late 19th century when rapid industrial growth and a wave of corporate mergers caused public uneasiness about big business and unregulated corporate power (Ewen, 1996; Marchand, 1987; Marchand, 1998). An arrogant attitude among industry leaders combined with an unwillingness to acknowledge the public’s concerns fueled a view of American corporations as "soulless" and uncaring (Marchand, 1998). Instead of changing their conduct and affecting their bottom lines, corporations attempted to change the public’s perception of their behavior and it was in this capacity that they enlisted help from PR professionals. Businesses like International Harvester, U.S. Steel, and AT&T were quick to recognize the value of institutional advertising and favorable press to project their socially responsible side to the public. A prominent employer of these techniques was John D. Rockefeller, who made PR history by hiring the famous press agent, Ivy Lee, to help change his public image from that of an infamous robber
baron to that of a caring philanthropist. Breaking with contemporary norms, Lee encouraged Rockefeller to widely publicize his philanthropic bent instead of making his charitable donations in anonymity. It did not take long before this strategy — which effectively “branded” Rockefeller, and implicitly his business endeavors, as benign and caring — was emulated by others (Marchand, 1987; Marchand, 1998; Ewen, 1996; Chernow, 1998). Beyond this incident, Lee’s work for Rockefeller helped develop one of the most fundamental PR strategies to date and one that PR practitioners still use: philanthropic involvement to silence their client’s critics or to appease public interest groups, their consumer base, or stakeholders. Thus, companies’ efforts are frequently rooted in self-preservation and a need to polish their images (Hicks, 2000). What businesses have learned over time, however, is that the most effective PR campaigns are not developed in response to a crisis. On the contrary, the best PR strategies require a long-term approach with hard work to establish any client as a contributing and trusted pillar of its community. This might not only insulate business from public attacks and government regulations but also serve to increase customer confidence in the company’s goods and services to help raise its profits. Cause marketing provides an excellent example of how a marketing technique can serve this dual goal simultaneously.

The corporate domination of society intensified as the 20th century progressed as did business’s interest in philanthropic causes. But whereas large companies in their early years had been under the direction of their founders who tended to oversee all aspects of a particular business including its charitable contributions, the trend by the 1930s and certainly after World War II, was for a board of directors and professional management to make business decisions on behalf of stockholders. In 1953, the U.S. Supreme Court ruled that corporations, because they were expected to assume some of the obligations of good citizenship that individuals had taken on in the past, did not need to limit their charitable donations to causes that directly related to their business profiles. This ruling resulted in a dramatic increase in corporate support for the arts and the educational arena, but it also opened the door for some clear abuses (King, 2001).

The long-established tradition among industry leaders to use their company’s charity contributions as a ticket into the world of class and culture that “old money” appeared to have by right was soon adapted as a privilege, or fringe benefit, among postwar executives. By donating company funds to highbrow arts like the ballet or the opera, industry leaders tried to elevate their own and their families’ social standing. Thus, their charity contributions excluded many causes that large segments of the corporations’ customer base felt strongly about (Pringle & Thompson, 2001). This contributed to the tendency among some companies to scatter their contributions among a variety of causes, many of them unrelated to the company’s profile. This approach not only failed to make a significant impact on specific causes, it accomplished little in terms of creating goodwill and publicity toward the business donor (Hicks, 2000). Each year, companies spent millions on “external relations” but frequently did so without enforcing the same management standards they applied to other aspects of business. Many stakeholders began to question the true purpose of contributions to philanthropic causes and, because the causes and businesses seemed so unrelated, viewed them more as company expenses than as benefits (Weeden, 1998).

By the early 1990s, American businesses were riding high. Thanks to generous tax benefits in the 10-year period between 1986 and 1996, corporate profits before taxes rose from $218 billion to $850
billion. And in contrast to 1952, when the national budget had relied on corporate taxes for 32.1% of its total revenues, the 1998 budget received only 11.5% of its total from this source (Klein, 1999, p. 33). Still under pressure to maximize efficiency and increase profits, many businesses also began to reevaluate their philanthropic strategies. At a time when corporate America experienced record profits, government services were hurting from budget cuts and even the privately run nonprofit organizations that businesses traditionally supported, were subjected to a more conservative corporate attitude toward charitable giving (Koulish, 2007). After a period when companies had been pumping up their philanthropic spending until it reached more than 2% of their pretax earnings, they now considered philanthropy to be of lesser importance. Corporate gifts and grants eroded until the percentage of profits set aside for philanthropy was barely half of the spending levels in the mid-80s (Weeden, 1998).

Contributing to the dwindling interest in philanthropy was a strong increase in mergers and acquisitions. Once a corporate takeover had been completed, the tendency was to eliminate overlaps in all areas; philanthropy included (King, 2001). Beholden to the structure of their governance, modern corporations have limited freedom to pursue non-financial aims and are obligated, above all else, to pursue immediate shareholder gains. And chief executive officers interested in keeping their jobs, took this mandate seriously (Kelly, 2001).

At the same time as corporations had difficulties in justifying donations, the many business reorganizations left large numbers of people without the social and financial security blanket that their previous forms of employment had provided. Declining work benefits and inability to obtain adequate health care put government as well as non-government organizations (NGO) under undue pressure. At the same time as their funding was dwindling, the needs for their services were escalating. The Task Force on Private Sector Initiative, a program that President Reagan had initiated in the early 1980s, proved to be of limited help. The implicit idea behind the plan was to undermine the tax base for government-funded social and welfare programs. The hope was that businesses, in exchange for large tax breaks, would voluntarily contribute more to charitable causes. In order to further sweeten the pot, the government also raised the limit on tax-deductible contributions (King, 2001). However, in spite of high expectations, business did not rush to take advantage of the tax-deductible program.

Of 400 large companies surveyed in 1982, only 6% planned to boost their charitable contributions and several even planned to reduce them (Miller, 1982). As stakeholders pressured corporations to maximize profits, philanthropic budgets were drastically cut because charitable giving was no longer considered smart business strategy. A new and innovative form of corporate giving provided the turning point. Instead of the random, and frequently criticized, approach to philanthropic causes, business leaders focused their gospel in a new concept termed “strategic philanthropy” (Phillips, 2000). Defined as “corporate giving that serves a dual purpose of contributing needed funds to charitable causes while simultaneously benefiting the firm’s financial bottom line and enhancing business’s political legitimacy,” strategic philanthropy allowed businesses to focus their charity dollars on social issues and causes that directly affected their business-success and simultaneously allowed them to use the tax deductible donations to expand markets and build public goodwill (Phillips, 2000, p. 7).
Marketing experts believed that in order to successfully leverage themselves, brands needed to represent more than just a physical product. Successful brands sought meaningful relationships with their consumer constituencies, and this required more than an old-fashioned sales pitch. The task of getting to know consumers and what really mattered to them emerged as an integral part of a new strategy called “branding.” If done right, it could bolster a brand’s equity and provide an open forum through which the consumer/brand relationship might deepen (Gobe, 2001). Thus, a marketing approach that integrated a social cause or issue into a brand’s personality or identity became something businesses started to strive for (Adkins, 2000, p. 115; Mullen, 1997; Fellman, 1999; Yankelovich, 2006).

Strategic philanthropy takes on a variety of shapes and forms. “In-kind giving,” in which a company donates products and in-kind goods and services to organizations in need, is one example. (Phillips, 2000). Another is the practice of donating employee time (through a corporate employee volunteer program) and expertise (through a venture philanthropy program) to nonprofit or community organizations. One of the fastest growing trends within the field of strategic philanthropy is cause marketing (also called cause-related marketing or joint-venture marketing).

Defined as “a business strategy that integrates a social issue or cause into brand equity and organizational identity to gain significant bottom-line impacts” (Cone/Roper, 1999, p. 18), cause marketing aims at linking corporate identities with nonprofits, good causes, and significant social issues through cooperative marketing and fundraising programs (File & Prince, 1998). If well executed, cause marketing can help business build a civic identity and bolster public loyalty to a brand or institution. A close association with a nonprofit cause may also increase employee satisfaction and loyalty. Last but not least, by donating time and money to nonprofits, business might ward off criticism and underscore pressure from groups and individuals who believe corporate America should help pay for public services through higher taxes (Polonsky & Wood, 2001; Fox, 1999). It is no wonder, then, that businesses consider cause marketing “a powerful tool to be used in a calculated program of public relations and long-term investing” (Marconi, 2002).

Cause marketing traces its official start to 1983, when American Express launched a much-acclaimed campaign to help restore the Statue of Liberty and Ellis Island. Promising to contribute 1 cent for every card transaction and $1 for every new card issued during the last quarter of 1983 to the cause, the credit card company collected $1.7 million for the restoration effort. But the monuments were not the only beneficiaries. The effort generated fantastic publicity in the forms of news and television stories about the effort, and the 28% increase in use of the American Express cards that followed was obviously a big plus for the company.¹ The newly minted strategy was not lost on others and the practice, referred to as

¹ In 2003, American Express launched yet another cause marketing involving the Statue of Liberty. Following the same strategy as 20 years earlier, the credit card company promised to pledge 1 cent for each purchase made the American Express Card up to $2.5 million and to give a direct donation of $500,000 to help pay for critical security measures and enable the Statute, which has been closed since September 11, 2001, to once more accommodate visitors. In addition to the above strategy, American Express also offered to facilitate cardholders’ donation of American Express Rewards point to help the
cause marketing was born. By the early 1990s, U.S. businesses had undertaken cause marketing on a grand scale. Between 1990 and 1998, the amount spent on this form of marketing rose from $125 million to over half a billion dollars annually (Bishoff, 2000/2001), and in 1999, American businesses spent $630 million on cause marketing (Good Deeds, 1999). Six years later, the amount had increased to well over $1 billion dollars, and, in 2007, experts predict the amount to exceed $1.4 billion (The Growth of Cause Marketing, 2006; Cause Marketing’s Power, 2006).

**Cause Marketing and Cause Branding**

Although there are several sub-categories of cause marketing, this article focuses on purchase-triggered donations, the practice pioneered by American Express in 1983. The practice where a company pledges to contribute a percentage or set amount of a product’s price to a charitable cause or organizations is the most widely used and recognized form of cause marketing. A few examples may be helpful.

Founded in 1982 to “eradicate breast cancer as a life-threatening disease,” the Susan G. Komen Foundation has become one of the most visible fundraising organizations for cancer research, as well as a favorite charity for cause marketers (King, 2006). Its annual “Race for the Cure” — a five-kilometer run/walk — is the largest ongoing sports/fundraising event in the country. More than most nonprofits, the Komen Foundation is actively involved in marketing its event to companies in search of cause marketing ventures; business is more than forthcoming. In 2006, some 20 large companies including Kellogg’s, Yoplait yogurt, Pier 1 Imports, Re/Max Real Estate, and American Airlines, were members of Komen’s Million Dollar Council. In addition to paying a million dollars for the right to serve as official sponsors of the annual race, each company had separate cause marketing efforts that showcase their connections to the cause. Yoplait, for example, pledged to donate 10 cents to the Komen Foundation for each of the first 30 million yogurt lids it received from customers. Not to be outdone, Kellogg’s sent a pink ribbon heart-pin to every customer who donated $5 to the Komen Foundation and mailed proof of the contribution along with two purchase labels from specially marked cereal boxes. Also partnering with Komen was BMW. The automaker developed an elaborate scheme to benefit the foundation — and possibly itself. As part of a campaign called “Ultimate Drive,” BMW donated $1 for each mile of test driving during a particular period, and pledged a percentage from the sale of its “Pink Ribbon Collection” of watches, T-shirts, and notebooks to the Komen Foundation (Susan B. Komen, 2006).

restoration effort and to help assist cardholders with make direct payments to the same (American Express, 2003).

In addition to purchase-triggered donations, there are six other main types of cause marketing arrangements. The first four relate to standard corporate practices. These are: advertising, in which a business aligns itself with a particular cause and uses ads to communicate the cause’s message; public relations, in which a business calls press and public attention to a strategic partnership between itself and a nonprofit group; sponsorship, in which a business helps fund a particular program or event; licensing, in which a business pays to use a charity logo on its products or services, and co-branding where both a business and a nonprofit raise funds to build brand awareness. A sixth type of cause marketing is facilitated giving, where a business facilitates customer donations to a charity (Adkins, 2000).
For anyone doubting a cause marketer’s interest in breast cancer awareness, a trip to any department store or a thumbing through any woman’s magazine during October, “the official Breast Cancer Awareness month,” is suggested. The sheer number of manufacturers who adorn their products with pink ribbons with an offer to donate a share of their sales to the cause is nothing short of astonishing.

In addition to the obvious promotional value that businesses receive from association with some nonprofits, cause marketing efforts can also be read as subtle strategies for the undermining of government-funded programs in sector such as health and educational sectors by providing private alternatives. Upromise, for example, is a program involving major companies like, Coca-Cola, and New York Life Insurance. Each time a parent, grandparent, or other caring adult patronizes one of the more than 20,000 grocery or drug stores, 40,000 retail stores and services, 8,000 restaurants and 350 online retailers affiliated with the program; rents a car from Avis; or buys or sells a home with an affiliated real estate company, he or she can request that a portion of the amount be deposited in a college savings account established in a child or grandchild’s name. The size of the contribution varies. While a few participants pledge as much as 10% of the purchasing price, most donate 1%. Thus, in order to earn $1,000 for college, relatives and friends must purchase $100,000 of goods and services, while providing the participating companies with a great deal of valuable demographic information (Upromise, 2006). As new technologies emerge, marketing efforts follow. One example is the “giving malls” that have sprung up on the Internet (Ridge, 1999). Since 1997, iGive.com has offered customers the opportunity to buy from more than 400 affiliated merchants and to direct up to 39% of every purchase (although the typical donation is 3%) to any of more than 18,000 nonprofits, often local chapters of large national nonprofit organizations. The chance to be associated with a good cause is not lost on retail giants like Amazon.com, L.L Bean, Barnes & Noble, Office Max, eBay and Dell. During its nine years of existence, iGive.com helped distribute nearly $2 million to a total of 30,000 charitable causes (iGive, 2006). Sometimes a company ties its identity so closely with its cause marketing efforts that, by design or pure coincidence, it appears to be a nonprofit itself. Working Assets, a for-profit company headquartered in San Francisco, is one example. A self-described “socially responsible long distance telephone and credit card company,” it donates 1% of customers’ telephone charges and 10 cents for each credit card transaction it processes to nonprofit organizations working for peace, human rights, economic justice, or the environment. An annual ballot listing participating organizations is sent to Working Assets customers to determine how the unrestricted general-support grants are allocated. During its first year (1986), Working Assets donated $32,000 to nonprofit organizations. In 1997, donations totaled nearly $3 million and by 2005, donations had increased to $4 million. By 2006, the company claimed to have donated a total of $50 million to various causes through its cause marketing program (Working Assets, 2006).

Although it is difficult to assess the participating rate in the many cause-related efforts, consumers report a high degree of satisfaction. A Cone/Roper study conducted between 1993 and 1994 found that 84% of the respondents had a more positive image of a company if it did something “to make the world better.” Seventy-eight percent of adults said that they would be more likely to buy a product associated with a cause they cared about, and 66% indicated that they would switch brands in order to support a cause they found to be important. Sixty-two percent of the respondents said they would switch retail stores to support a cause they believed in and 64% of those asked thought that cause marketing should be a standard part of a company’s activities. Cause marketing was found to have its strongest impact on people who had attended at least some college and earned more than $30,000 annually.
A follow-up survey among young people conducted in 2006 showed an even stronger consumer endorsement of cause marketing. Eighty-nine percent of the interviewed indicated a preference for a brand associated with a good cause if the product didn’t differ in terms of price and quality from its competitors, and 83% claimed to have more trust in a company that came across as socially and environmentally responsible (Civic-Mined Millennials, 2006).

Cause Marketing: Who Really Benefits?

As the government sector is increasingly pushed to the sideline, the decision over which groups gets to dominate the philanthropic landscape is increasingly left to private initiatives. At first glance, cause marketing appears to be a win-win situation for businesses and nonprofit organizations alike. The latter garner their funds needed, while businesses get to bask in the glory of having performed good deeds. Judging from the increase in cause marketing, business has clearly embraced the concept and few nonprofit organizations are turning the private sector away. This, however, does not mean that the practice of merging marketing and social causes is without its problems. While cause marketing may do a wonderful job of collecting funds for the affiliated charities, it should not be forgotten that social causes, in desperate need of funding, may venture into partnerships that are far from equal and sometimes hold the potential of causing more harm than good (Andreasen, 1996). Because cause marketing is an attempt to increase a firm’s return on its investment, it goes without saying that causes are not always selected on the basis of the potential good that can be achieved but, rather, on the free publicity and increased sales that a particular affiliation might bring to a company. In fact, and this is particularly true when it comes to business alliances with the larger nonprofits, a cooperation can produce free publicity and many PR opportunities, thus saving advertising and promotional expenses for the business involved. The latter may also gain access to the nonprofit’s clientele, staff, trustees, and donors, all of whom are potential customers. Such access makes nonprofits with large memberships especially attractive to many companies (Andreasen, 2001). In their eagerness to reach affluent consumers and impress them, companies have started to poll this group in order to determine their charitable preference and, consequently, where to focus future cause marketing efforts. In February 2006, for example, the Luxury Institute, a research group claiming to represent “the sole independent voice of the wealthy consumer,” surveyed households with over $5 million in personal wealth and $200,000 in annual income to identify their favorite nonprofit organizations. Habitat for Humanity, America’s Second Harvest and St. Jude’s Hospital topped the list, followed by many health- and research-related charities (Luxury Institute, 2006). In this setup, nonprofit groups that serve valid social functions but fail to fit a corporate profile or appeal to the customer groups that businesses want to reach risk being ignored, while other causes, because they serve as better marketing vehicles, receive a disproportionate amount of interest (Polonsky & Woods, 2001, p. 16). A practice of leaving support for social causes to a market-driven system where the support for these causes hinges on their capability to complement a sales message leaves much to be desired and yields business too much power.

A serious problem associated with cause marketing, according to Alan Andreasen (2001), is deception. Most cause-related campaigns tend to highlight the cause and downplay the business objective. All too frequently, the true nature of business’s contribution is not explained to the public. How, for
example, is “a portion of the profits” translatable into dollars and cents for the cause? Who, in other words, benefits more from a transaction, the business or the nonprofit organization? A cause-marketing campaign sponsored by Philip Morris (now Atria) illustrates the problem. In the late 1990s, the tobacco giant’s effort to combat domestic abuse and aid its victims raised an impressive $60 million. Unbeknownst to the public, however, was the fact that Philip Morris spent an additional $100 million — $40 million more than it was giving away — to promote its own generosity (Bischoff, 2000/2001).

A more recent example raises some of the same concerns. In fall of 2006, several large manufactures joined a cause marketing effort to raise money for a British based nonprofit organization called Global Fund. The group works to alleviate AIDS, tuberculosis and malaria in Africa. As corporate partners in project “Red,” companies like Motorola, Armani, Apple, and The Gap designed the color red or red-labeled products and promised to donate an average of 50% of net profits from the “Red” items to the cause. While Global Fund faced the prospect of some much needed funds from the project, manufacturers stood to gain as well. Even with 50% of the profit pledged to the cause, each “Red” T-shirt or cashmere bikini (sold at $100), provided a handsome profit for The Gap. Likewise, Apple’s donations from the sale of its specially designed “Red” iPods and Motorola's contributions from selling “Red” cellphones helped benefit the companies’ bottom line (Product Red, 2007). Donations varied by licensing contract. Motorola chipped in 8 to 10% from the sale of its $165 “Red” MotoRazr and its $60 to $70 Bluetooth H500 headsets while Converse, the footwear company, pledged between 10 and 15% from the sale of its “Red” products (Spethmann, 2007).

As an added benefit to the involved companies, free and extensive media exposure as well as a high public profile was given to “Red” by Bono, the musician and philanthropist and also a “Red” co-founder. In October 2006, Bono appeared on the Oprah Winfrey Show to launch “Red” in America. For the better part of the hour-long show, viewers followed Oprah and Bono as they shopped at The Gap, Apple, Motorola and Armani Stores along Michigan Avenue in Chicago, where a gushing Oprah bought 10 of most items. Although it is impossible to estimate the publicity value of such product placements, the media exposure certainly exceeds the cost of donating a percent of profits from “Red” product sales to charity. But this was, of course, not discussed as all emphasis was placed on the positive work being generated by the participating companies. “This show today is about getting medicine to people who need it,” announced Oprah. “So by just buying a T-shirt, a pair of jeans, even a cellphone, you can actually begin to save lives. I think the people will be amazed at how little money it really takes to provide AIDS drugs” (Harpo Productions, 2006, p. 4).

Unbeknown to many, however, is the fact that “Red” is not a charity but a brand created by a commercial company called Persuaders that oversees licensing agreements for the participating companies. The undertaking, in other words, is little more than sophisticated cause marketing. In order to be associated with “Red” and Bono, companies agree to several years of ongoing donations from the sale of select products to the cause and to develop a line of high quality products. Each sponsor is granted product exclusivity, meaning that none of their direct competitors will be accepted to the program (Frazier, 2007; Spethmann, 2007).
Due perhaps to its strong commercial overtones, “Red” has attracted its share of criticism. Within its first year of existence, the campaign was reported to have had raised a total of $18 million for the Global Fund. This, however, paled in comparison with the estimated $100 million in combined promotional budgets that The Gap, Motorola, and Apple had spent to publicize their participation in the campaign (Frazier, 2007). Although spokespeople for “Red” dispelled the numbers as “wrong on all counts,” they failed to produce convincing evidence to the contrary and The Gap and Apple declined to comment (Rush & Rush Molly, 2007: Red Charity Disputes, 2007).

Another and quite unfortunate problem that sometimes arises from cause marketing schemes is harm to the nonprofit group. Because the corporate motive behind cause marketing is influenced not by pure altruism but largely by financial self-interest, nonprofit groups should think twice before entering into cause-related partnerships with business (Andreasen, 1994; File & Prince, 1998). “Cause marketing is controversial because of its emphasis on self-interest rather than altruism and because it threatens to commercialize nonprofits,” argue File and Prince (1998, p. 1531). Heeding this advice, the American Heart Association categorically turns down requests for cause-marketing ventures with businesses out of fear that such partnerships may harm its credibility (File & Prince, 1998). The botched pact between the American Medical Association (AMA) and Sunbeam Corporation serves as an example for caution. In the summer of 1997, the AMA agreed to endorse nine products in Sunbeam’s “Health at Home” line, including blood pressure monitors and thermometers. In return, Sunbeam would pay a percentage of sales to the AMA, in the form of “royalties,” for AMA’s research and education programs. Sunbeam hoped that the AMA seal of approval would provide a competitive advantage that could significantly boost sales. Both consumer groups and medical professionals voiced their protest. The former questioned whether the AMA would be honest in its evaluation of Sunbeam’s products and worried that consumers could be misled into buying Sunbeam products that were more costly but not necessarily better, than competing brands. Consumers might see the AMA name on a product and conclude that Sunbeam was a philanthropic donor to the AMA, instead of a participant in a marketing deal. Some worried that the AMA would be violating its own code of ethics by recommending a product in which it had a financial interest (Caratan, 1997). Days after the deal was announced, the chair of AMA’s board of trustees revoked it due to lack of board approval. Not easily dismissed, Sunbeam sued the AMA for breach of contract and the company was awarded $9.9 million in court (AMA Settles).

Companies with deep pockets and questionable environmental records are all too eager to form cause-marketing relationships with environmental groups. While the money may be tempting for the financially strapped organizations, they also know that one oil spill, environmental disaster or embarrassing disclosure (none of which they have any control over) could very well cost them their credibility.
Another concern facing partnerships between nonprofits and businesses is the risk of spreading corporate values into the nonprofit arena. This is well-illustrated by the aggressive attempts that fast-food producers, the bottling industries, and any industry selling products to children have made to establish their presence in the nation’s schools. The practice of paying financially-strapped schools for displaying their products and paying sales commissions on items sold are examples of how advertising and cause marketing has made a presence in schools across the U.S. (Molnar, 1996; Klein, 1999; Barber, 1998).

**Business Considerations**

The decision whether or not to become involved with a particular nonprofit organization rests with business interests that understandably fear that affiliation with certain organizations might cause a consumer backlash or result in poor publicity. Thus, organizations advocating gay and lesbian causes; those working in the fields of health or welfare reform; and groups such as Planned Parenthood with its pro-choice agenda do not have corporations lining up at their doorsteps (Andreasen, 2001; Silver, 1997; Till & Novak, 2000). Because of their association with brand name products and the desire not to repel desired consumers, cause marketers are very sensitive to groups or causes that might prove even slightly controversial. In 2004, for example, MasterCard decided to retire an affinity card bearing the iconic image of three firefighters raising the U.S. flag amid the World Trade Center rubble because it feared public criticism and accusations of exploiting the September 11, 2001 tragedy. The card had been launched at the request of a September 11-related charity, with a sum from each card application going to help victims and their families. Perhaps not coincidentally, the credit card company’s announcement came immediately after families of September 11 victims accused President Bush of exploiting a similar image in his re-election campaign (MasterCard cancels, 2004).

At times, however, ill-conceived cause marketing efforts slip through the cracks (Andreasen, 2001) and there are those times when even the promotional industry believes that businesses have “crossed the line” of good taste. There is a certain amount of risk involved, and firms do what they can to minimize it. In the summer of 1999, for example, Procter & Gamble began a cause marketing campaign with Give Kids the World, an organization that helps terminally ill children and their families take vacations, as its nonprofit partner. Campaign commercials showed terminally ill children playing in the Florida sun and explained how viewers, through purchase-triggered donations, could help sustain the program. For every pack of Pampers it sold, Procter & Gamble would contribute a sum to Give Kids the World. To some, this was just another run-of-the-mill campaign, but for others, including Advertising Age, the effort left a bad taste. “Somehow, over the past decade, the industry and the consumer have come to accept, even embrace, various kind of cause marketing,” stated the trade journal. “Nobody seems too troubled that the supposed corporate philanthropy isn’t philanthropy at all; it is a licensing agreement, a promotional tie-in tying into rain forests and hunger and sick kids in place of ‘Tarzan’ and ‘Star Wars.’” The campaign, according to Advertising Age, not only exploited the emotions of the families involved, it exploited the emotions of the viewers, because “using the image of terminally ill children to get a spike in diaper sales is unspeakably perverse, no matter who benefits” (Garfield, 1999, p. 47).

Sometimes the hypocrisy is more difficult to detect and the cause-marketing efforts by the Wisconsin-based corporations, Kohl’s, serve as an excellent example. As is the case for the majority of
Wisconsin-based corporations, Kohl’s Corporation pays no state income tax. Instead, it has devised its own program to help pay for education and children’s health care in Wisconsin and in other states where it operates (Pitsch, 2006). Through its Kohl’s Cares for Kids ® program, the company has devised a cause marketing program called Kohl’s Cares for Kids’ Merchandise. This offers customers a chance to buy a toy or book from Kohl’s with the assurance that 100% of the net profits will be donated to “support programs designed to meet the needs of children” in their community (Kohl’s Corporation, 2006). By supporting its “children’s health initiative” and offering various scholarships, Kohl’s projects a caring image and a concern for children’s wellness while consumers, some of them not able to pay for their own health insurance, help foot the bill.

Some campaigns are ill-conceived to the point of backfiring on businesses and nonprofits alike. Why, for example, would fast-food giant Wendy’s donate proceeds from sales of its French fries to Denver’s Mercy Medical Center, an institution that daily admits patients with nutrition-related illnesses, and why would the medical center accept (Meyer, 1999)? Similarly confusing was a cause-related campaign by the Coors brewery, designed to benefit literacy (McChesney, 1995).

Poorly conceived and hypocritical efforts may foster public cynicism against cause marketing. The public may not believe that a business is interested in helping terminally sick children, support anti-cancer causes, aid the educational system, or fight hunger in Africa (to use a few of the examples discussed above) but view the effort as just another attempt to sell diapers, cell phones, shoes, fast food, and Armani clothing (Andreasen, 2001). Is, in fact, asks a critic of the “Red” campaign, “the rise of philanthropic fashionistas decked out in ‘Red’ T-shirts and iPods really the best way to save a child dying of AIDS in Africa?” Shouldn’t people, if they really want to help, donate to the Global Fund directly (Frazier, 2007)?

There are indications that some consumers are beginning to question business’s motives. A Roper poll conducted in December 2006, for example, revealed that only 12% found corporate donation claims to be “completely credible” and the 17% did not believe marketers claims of non profit donations “at all” (Frazier, 2007). Although the findings may put business on the alert and force them to be less transparent, it is quite unlikely that the practice will subside in the near future. Cause marketing fills a function, only as a promoter of products and producer of consumer goodwill, but in an important tool in the neo-liberal struggle for greater privatization of welfare and social services.

**Conclusion**

By increasingly leaving the task of funding the nonprofit sector to business, we now face a situation where the survival and success of many charities depend on their ability to fit a business profile. While losing funding for government-sponsored programs in the social sector, we have been sold on a corporate version of how to run social services, one that emphasizes profits and offers spare change as a way to deal with problems of structural magnitude. For example, while cause marketers have latched on to illiteracy as an issue (Pringle & Thompson, 2001), none has stepped forward to raise awareness about the more fundamental issue of poorly funded schools and the social and economic conditions that often cause kids to underperform in educational settings. Likewise, while businesses may eagerly solicit funds
for breast cancer research, they do not devote much attention to the evidence that link certain industry practices with cancer (Marshall, 2007). Thus, in most instances, cause marketing is merely a cleverly disguised ploy to mask some of the fundamental problems for which the very same marketing forces are directly or indirectly responsible.

In addition to these macro-concerns, there are also fundamental problems with cause marketing as such. Because firms leverage their giving activities and only give if there is consumer action, cause marketing schemes commercialize the philanthropic process (Polonsky & Wood, 2000). Funding to the nonprofit sector is increasingly pegged to our behavior as consumers and this is problematic (Hutten, 2001). One of the latest trends in the world of cause marketing include workshops that train nonprofits on how to market themselves and their causes to potential businesses. For example, a course offered by Cause Marketing Forum, which is one of the leading business organizations in this area, promises “critical background on cause marketing fundamentals with special insights into what motivates corporations to partner with nonprofits” and provides a step-by-step guide to help nonprofit organizations make themselves more attractive to business partners (CM 101 for Nonprofits, 2006). Thus, it is no longer business looking to do good, but nonprofits desperate for funding trying to appear good in the eyes of business. Adding to the nonprofit’s challenge is that fact the companies have an economic inventive to consider the demographic profile of their target audience (Wilson, 2000).

Traditional forms of product marketing have sought a (white) middle- or upper-middle-class, and predominantly female, audience and have avoided controversy at all costs. Advertisers also tend to act on the assumption that certain emotions put consumers in a purchasing mood and that others serve as deterrents. It is for this reason that airlines, for example, request that their ads be pulled in the event a major plane crash, and that tobacco companies have traditionally withdrawn advertising from mass media that insist on publicizing the harmful effects of smoking. Following this line of reasoning, it is easy to see why the more controversial nonprofit groups may fail to attract sponsors while well established and less controversial ones attract many.

Few can deny that problems such as teen pregnancy, incest, child abuse, sexually transmitted diseases, drug abuse, and alcoholism are serious social problems worthy of attention. But while corporate sponsors flock to a popular cause such as the Komen Race for the Cure in support of the fight against breast cancer (Peeples, 2002; King, 2006), few of the more controversial causes attract cause marketing partners. Quite often, however, the most controversial charities, with the least chance of being adopted for cause-related schemes, conduct important pioneering work. Think, for example, what a difference it might have made if, in addition to selling cars, cornflakes and collecting yogurt container lids to fund breast cancer research, companies would highlight the basic lack of health care, a situation that prevents many from detecting this terrible disease in its early and most curable stage. But, as George Monbiot, states so eloquently, “as companies appear to fill the gaps they have helped create, they can present themselves as indispensable vehicles for social provision, enabling them to argue for a further reduction in state services” (Monbiot, 2001, p. 2). Recently, the new and drastic budget cuts combined with increasing privatization of social service operations under President George W. Bush has helped to accelerate this process (Koulish, 2007).
By transforming the generosity, compassion and charitable inclinations of Americans into a well-functioning branding strategy, companies have arrived at a very successful formula. On the surface, many American corporations have managed to rid themselves of the “soulless,” uncaring image of the past. But looks, as we know, can be deceiving. The practice of hinging important issues such as health care and education on vagaries of marketing trends is not entirely satisfactory. As scholars and citizens, we must address the question: Is the emerging system of cause marketing and commercially-driven philanthropy the most rational way for society to address fundamental social issues? This article is intended to contribute to further research and debate on exactly that question.

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