



> trends [4]

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Cause marketing: Short-Term Fad or the Future of Corporate Philanthropy?

Cause marketing pairs the support of a charitable cause with the purchase or promotion of a product. One of the best known examples of cause marketing is the (PRODUCT) RED Campaign, which is supported around the world by companies like Gap Inc., Apple Inc. and Starbucks Corp. By purchasing products that carry the (RED) brand, consumers are also supporting non profit organizations doing charitable works across the globe.

The concept of cause marketing, which is also known as “consumption philanthropy”, has become much more prevalent over the last several years, particularly in the United States. One way to measure its pervasiveness is by the amount of money that corporations spend on this activity. A recent study that tracked cause related marketing activities in the US revealed that these expenditures have grown to approximately \$1.3 billion in 2006.

Why has it gained such popularity? Probably because of its impact, which is seen as a win-win for both the corporation and the organization it supports. Not only do these activities generate millions of dollars for the recipient charities and create for them instant legitimacy by being associated with a well known corporate entity, they also have a positive effect on corporate sales and image. For instance, a 2004 report from Cone/Rope in the US found that 86% of respondents were “very or somewhat likely to switch from one brand to another that is about the same price and quality, if the other brand is associated with a cause.”

Cause marketing is not without its detractors, however. Concern has been expressed about the impact that these activities will have on individual philanthropy. Will consumers who have made contributions through purchase be more reluctant to make outright gifts to charity? Will they feel by supporting cause related marketing activities that they have done their philanthropic share? Answers to these questions are as yet unclear, and more research will have to be done to understand how “making a gift at the checkout” will impact overall donor behaviour.

Cause marketing is becoming more common in Canada, but is still secondary to the more traditional sponsorship activities of corporations. Imagine Canada’s **Corporate Community Investment Practices, Motivations and Challenges Report** reveals that overall, only 8% of businesses in Canada participated in cause marketing activities. The Report also revealed that cause marketing, not surprisingly, is also far more prevalent among large companies, defined in this case as those with revenues exceeding \$25 million. In this category, cause marketing participation jumped to 26%.