"Making the Case for Cause Marketing: Impact on the For-Profit and Nonprofit Communities"

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Synopsis

This white paper discusses the valuable role that cause marketing can play when corporations team up with nonprofits to "do well by doing good."

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1. What's cause marketing and where are its roots?

Nonprofits have much to gain by understanding the concept of cause marketing. Once they recognize the potential for positive publicity and fund raising opportunities, they can proactively begin a dialogue with their corporate supporters, asking them to consider using cause marketing as a tool for generating brand awareness and profits. Informed nonprofit leaders are quickly recognizing the power of this tool for all parties involved.

So let's begin the conversation. We have been hearing a lot about "cause marketing" lately, but exactly what is it? Cause marketing is most often defined as the action through which a company and a nonprofit organization (or educational institution or similar entity) markets an image, a product, a service or a message for the mutual benefit of both parties.

Going beyond the increase in revenue though, cause marketing is rapidly becoming a powerful way for corporations to send a message to their internal employees and their external audience. In case there were any doubts of the influence of cause marketing, Edelman Trust Barometer reports that 80% of global consumers agree that business must play a role in addressing societal issues and six in ten Americans state they would buy first from a company that backs a cause they support according to "The Art of Cause Marketing." Is any further affirmation necessary when considering the influence of cause marketing today?

But this concept is not really new. In fact, the whole idea is now more than 40 years old! For those of you who are history buffs, the first known case of cause marketing in the United States is most often traced to March, 1974 when Carr & Associates International was formed by John T. Carr as a way of "giving back" to the nonprofit community. What Carr initiated was a novel suggestion that would connect charitable causes and corporate organizations in order for them to support each other. John sought out those businesses that would normally offer cash incentives for referrals and asked them to redirect those funds, donating them to the charitable cause of the buyer's choice. This would generate additional revenue for the cause, make the buyer feel generous, and would build great publicity for the corporate business at no additional cost to them because they were paying referral fees anyway.

About two years later the first real “cause marketing campaign” was launched by forming a partnership between the Marriott Corporation and the March of Dimes. Marriott's objective was to generate highly cost-effective public relations and media coverage for the opening of their 200-acre family entertainment center in Santa Clara, CA. The March of Dimes' objective was to greatly increase fundraising while motivating the collection of pledges by the program’s deadline. The promotion was conducted simultaneously in 67 cities throughout the western United States and resulted in raising an unprecedented $2.4 million for the March of Dimes while providing hundreds of thousands of dollars in free publicity and stimulating a 2.2 million person attendance for the opening year of the Marriott entertainment complex. This initiative produced the ideal ‘win-win’ situation that is at the core of cause marketing. Its incredible success eventually resulted in having Bruce Burtch, who conceived and directed the program, being hailed as the father of cause marketing by the Cause Marketing Forum, the industry's primary association. Burtch is also credited with coining the important phrase, "Do well by doing good” which has become the rallying cry for these types of endeavors.

2. Does cause marketing work- and how do we know?

To answer this question, here are some facts to consider. In the most simple cause marketing relationship, a for-profit company may announce that it will donate a portion of each purchase made by customers during a specific period of time to a nonprofit organization in order to benefit a specific cause or issue.
The advantages for both partners are clear.

First of all, the for-profit entity elevates its reputation with customers – increasing the value of its brand and expanding its market share - while at the same time encouraging them to spend more, thus raising profits and impacting the bottom line along with the company's reputation. In addition, it also generates good will internally by motivating employees and encouraging their involvementtoo.

For its part of the bargain, the nonprofit can enjoy both the benefits of a new revenue stream without having to invest significant effort, as well as the spread of awareness for their mission and the possibility of building new relationships with future donors and supporters that can pay dividends for many years to come beyond the lifetime of the campaign.

The answer to the query "does it work?" is demonstrated in the metrics which highlight significant financial rewards. In 2002 when Joe Marconi published his paper on cause marketing he reported that North American companies were spending more than $630 million on sponsorships, a figure which represented a more than 500% increase over 1990 spending and the figures have risen considerably over the decades since then. But that was 14 years ago. According to the Cause Marketing Forum more than **$2.00 billion is estimated to have been spent in 2016**, a projected increase of 3.7% over 2015. On the internal side of things, **93% of employees surveyed by the Cause Marketing Forum say they want to work for a company that cares about them as an individual and** 51% take it a step further, declaring they won't work for a company that doesn't have strong social and environmental commitments. 74% say their job is more fulfilling when they are provided opportunities to make a positive impact at work. The facts speak for themselves.

3. How can a small to mid-size company use cause marketing effectively?

Cause marketing is not an insignificant promotional practice, one to be considered as a casual 'good deed' used to elevate a local presence. As The Roper Organization summed it up, "American consumers and employees consistently support cause related activities."

In the early years when cause marketing was evolving as an important business principle, it was obvious that there would be a direct positive impact on internal and external branding and on profits – facts that larger companies could capitalize on.

But today, cause marketing has trickled down as a corporate practice conducted by any company of any size. The key to success is the genuine concern on the part of the for profit organization. However, if the owners or senior leaders are attempting to influence customers' loyalty and wallet share by opening their checkbooks, the campaign will most likely fail. So before deciding to integrate a cause-focused marketing component into your business plan, conduct a thought provoking, contemplative conversation that includes a review of your culture, commitment, financial resources, levels of management and employee dedication and a statement of specific goals.

Start the process with the assumption the company wants to behave in a socially responsible way. Include employees in some brainstorming – perhaps through small focus groups or even at a full staff meeting. Listen carefully to the feedback and utilize their insights as you move forward. Without a sincere exchange and a willingness from the leadership to respond to the employees' comments, the campaign may never gain the necessary momentum.

Once you have the internal support you need, you can identify an appropriate charitable cause to support. This may be aligned with your own industry (a small local grocer may team up with the area's food bank, a clothing retailer may work with the neighborhood chapter of Dress for Success or an auto dealership may provide cars for returning veterans) or you may identify a cause that reflects common concerns (hunger, cancer research, battered women, abused children, clean water, animal shelters) and endorse it.

The next phase involves meeting with the nonprofit organization and working together to formulate a plan that will address everyone's objectives. It is at this stage where any corporation's insincerity will become obvious. It needs to be stressed and stressed again that anything less than a 100% desire to behave in a socially responsible manner for the good of the community will turn a positive experience into a toxic one very quickly.

As you work together with the selected organization, talk about hosting joint programs, engaging your workforce as volunteers, establishing a financial goal and linking the two partners (for-profit/nonprofit) in a meaningful and profound way. The brand equity of both the for-profit company and nonprofit organization is at stake so it is important to be on the same page at every stage of the campaign.

In a recent Harvard Business Review case study on cause marketing, the author, Joe Panepinto puts forth some strategies that he believes are central to a successful cause marketing promotion regardless of the size of the partners involved.

Here are a few of his suggestions:

- Send a simple and inspiring messaging
- Utilize strong visual storytelling
- Focus on a big issue but make a request for a small personal action that can involve anyone and everyone

Panepinto goes on to note that one of the best current examples is the ALS Ice Bucket Challenge, which raised more than $115 million for ALS research and dominated Facebook newsfeeds for months. The now widely-known goal was to get people to dump a bucket of ice water over their heads, record it, and challenge up to three of their friends to do the same to raise awareness. Raising funds was the next tiny step, made much more likely once people were engaged in the cause. Most other campaigns called for a digital pledge or commitment.

While few could have predicted the success of this viral campaign, your organization can have excellent results as well – even if not quite so overwhelming!

Most often, a campaign imposes a time limit but occasionally the commitment is seen as a long term alliance. This is a decision for you to make in conjunction with the charity you are supporting. Once the determination on duration is made, you can move forward with your promotional activities. These may include, but are not limited to, posting interesting website content, leveraging print and video interviews with the leaders and clients of the nonprofit, in store signage, press releases, use of social media such as Twitter, LinkedIn and Facebook to announce the campaign and track its success, email alerts and direct mail communication.

When the cause marketing campaign has ended (for those with finite parameters), you and the nonprofit should have a strategic exit-meeting where you have the chance to openly discuss what went well and what could be improved on for future endeavors. Transparency is a crucial part of any formula for success so be candid with each other. The lessons learned will be worth it.

4. Conclusions

So what's the lesson here for entrepreneurs and middle market business owners who want to create a cause campaign that will have the positive impact they seek?

- Have a strategy that will enable your company to create a public service **engagement**, not a public service **announcement**. This means you really need to be earnest and heartfelt in your commitment. Talk to employees, vendors and customers as well as other stakeholders about the campaign before it is launched to ensure support at every level.

- Select an organization that has similar values as yours; it is essential that you are proud you are connected and that you can trust each other.

- Have a structured purposeful plan to promote the campaign to engage your target audience's support.

5. Citations

If you have any questions about how you can incorporate cause marketing into your traditional marketing communications strategy, please call us or feel free to investigate some of these resources listed below.

- Cause Marketing Forum, Statistics Every Cause Marketer Should Know http://www.causemarketingforum.com/site/c.bkLUKcOTLkK4E/b.6448131/k.262B/Statistics_Every_Cause_Marketer_Should_Know.htm

- Cause Marketing: Wikipedia. en.wikipedia.org/wiki/Cause_marketing

- Harvard Business Review. The Elements of an Effective Cause Marketing Campaign by Joe Panepinto. February 19, 2016. https://hbr.org/2016/02/the-elements-of-an-effective-cause-marketing-campaign

- Cause Marketing. Chapter 6: The Cause Marketing Casebook. Joe Marconi. 2002.

- Good Works! Marketing and Corporate Initiatives that Build a Better World and the Bottom Line. Philip Kotler, David Hessekiel, Nancy Lee. 2012. (Chapter on Cause Promotion: Persuading Consumers to Join Your Company in a Good Cause.)

- The Toronto Star. October 16, 2011. Philanthropy and Marketing. Aradhna Krishna.

6. About The Authors

Bridget Hartnett, CPA, PSA.
Member in Charge, Nonprofit and Social Services Practice

Bridget Hartnett, CPA, a Member of the Firm at Sobel & Co., is also a member of the NJSCPA. Bridget has more than fifteen years of experience in public accounting, which she draws on to provide high level services for clients.

Experience in the Nonprofit Niche

Bridget spends most of her time working closely with clients in the social services and nonprofit areas, including educational institutions. As the member in charge of the firm's Nonprofit and Social Services Practice, Bridget supervises the audit engagements conducted by Sobel & Co. for the Cerebral Palsy Association of Middlesex County, the Youth Development Clinic of Newark and Catholic Charities of the Trenton, Metuchen and Newark dioceses, Freedom House, and C.J. Foundation. In addition, she handles all of the firm's education audits and holds a Public School Auditor's license. Bridget is also responsible for reviewing and overseeing the preparation of nonprofit tax returns.

Philanthropic and Social Service Commitment

Bridget carries her commitment to social services beyond the work place to include her personal involvement in several areas.

Bridget carries her commitment to social services beyond the work place to include her personal involvement in several areas, such as:

Best 50 Women in Business 2016, NJBIZ

40 under 40, NJBIZ

St. Benedict's school in Holmdel where she is always available for volunteering for projects and special events

New Jersey Chapter of Make-A-Wish

A volunteer with professional business groups in the New Jersey community, including Monmouth Ocean County Nonprofit Committee

Western Monmouth Chamber of Commerce where she has served as Treasurer and helped to found both the Young Professionals' Group and the Nonprofit Committee

Professional Credentials

- Member American Institute of Certified Public Accountants (AICPA)
- Public School Accountant
- Member of New Jersey Society of Certified Public Accountants (NJSCPA)
- Member of the PFK Nonprofit Community of Practice
- Active member of the New Jersey CPA Society's Nonprofit Interest Group

Educational Background

Bridget graduated with her Bachelor of Science degree from Montclair State University.

Ron Matan, CPA, CGMA
Member in the Nonprofit and Social Services Practice

Ron Matan, a Member of the Firm, brings a unique blend of public accounting and business acumen to every nonprofit engagement. A key member of Sobel & Co.'s Leadership Team since joining the firm in 1997, Ron works primarily with non-profit organizations, including United States Department of Housing and Urban Development ("HUD") projects, A-133 engagements, and low income housing tax credit programs ("LIHTC").

Experience in the Nonprofit Niche

As a senior member of the firm's Nonprofit and Social Services Practices (Uniform Grant Guidance, HUD audits and LIHTC programs), Ron is responsible for the firm-wide quality of this practice area and is the firm liaison for the AICPA's Government (Nonprofit) Audit Quality Center. With over 40 years of experience in public and private industry and accounting experience with all types of nonprofit and social service organizations, Ron brings a unique blend of knowledge and insight to these specialized engagements. Ron is a Certified Tax Credit Compliance Professional and is listed in the Guide which is circulated to all State Agencies Allocating Tax Credits as well as the Internal Revenue Service. He has also taken courses in advanced training for peer reviews and performs peer reviews of other accounting firms.

Philanthropic and Social Service Commitment

- Appointed to the Union County Educational Services Foundation Board
- Serves on the audit committee of Farmersville Parent-Teacher Association
- Serves on the Board of the Pomfret Club
- Appointed to the Board of Life Path who provides housing, programs and services to individuals of all ages with developmental disabilities throughout Lehigh Valley and southeastern Pennsylvania
- Former treasurer and board member of Kids Peace Treatment Centers for emotionally disturbed children, located in Bethlehem, Pennsylvania

Professional Credentials

- Certified Public Accountant licensed to practice in New Jersey, New York and Pennsylvania
- Public School Accountant
- Member of the American Institute of Certified Public Accountants
- Member of New Jersey Society of Certified Public Accountants (NJSCPA)
- Earned the Chartered Global Management Accountant designation, adding value by helping nonprofit leaders understand income and costs, and risk and opportunities, focusing on an organization's future prospects as well as past performance

- Has a New Jersey Public School Accountant's (PSA) license
- Member of Allinial Global's North America's Nonprofit Committee
- Appointed to the New Jersey Society of Certified Public Accountants Peer Review Executive Committee
- Member of the NJSCPA’s Nonprofit Interest Group
- Instructor at Fairleigh Dickinson University's Center for Excellence - Certificate in Nonprofit Board Leadership Program
- Instructor at Seton Hall University’s Nonprofit Certification Program
- Certified Tax Credit Compliance Professional
- Listed in the Guide which is circulated to all State Agencies Allocating Tax Credits as well as the Internal Revenue Service
- Has taken courses in advanced training for peer reviews and performs peer reviews of other accounting firms
- Chartered Global Management Accountant

Educational Background

Ron is a graduate of Kings College in Wilkes-Barre, Pennsylvania, where he received a Bachelor of Science Degree in Accounting.

7. About Sobel & Co., LLC

Sobel & Co. is a regional accounting and consulting firm located in Livingston, New Jersey that has been providing nonprofit and social service organizations in the New Jersey/New York metropolitan area with audit, accounting, tax and advisory services since its inception in 1956.

The firm is distinctive in its approach to the nonprofit community because of its sincere passion for serving this sector. As it says on the Sobel & Co. website, "We work with the nonprofit sector because we feel good helping those who do good; we have a passion for helping nonprofit organizations achieve their mission of helping the world's most vulnerable."

The firm currently works with more than 250 nonprofit organizations with revenues ranging from $100,000 to over $75,000,000. Based on this depth of experience, the professionals in the nonprofit group are keenly familiar with the issues facing nonprofits and they will apply this knowledge to bring added value to every engagement.

As a further demonstration of the firm's commitment to the nonprofit community, several complimentary programs are offered throughout the year. These include quarterly webinars, roundtable discussions and an annual symposium on timely and relevant topics.

We also encourage you to visit our website at www.sobel-cpa.com and click on the Not-For-Profit niche page. Once there please browse our resource library where you will find published white papers along with a variety of articles. We provide a Desk Reference Manual for Nonprofits, a Survey of Nonprofit Organizations that contains interesting insights on nonprofits, a wide range of tools and benchmarking data, a monthly e-mail newsletter that offers relevant information to organizations like yours and links to other key sites that are valuable for the nonprofit community.

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