

CAUSE MARKETING: HOW TO DO GOOD & GROW THE BUSINESS

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American Marketing Association — St. Louis Chapter White Paper #14
by Lon Zimmerman, Zimmerman Marketing Research

The St. Louis AMA recently conducted a roundtable discussion with local marketing executives on Cause Marketing: Specifically, how companies become involved in underwriting or sponsoring a cause or nonprofit, what is expected from the relationship and how the partnership is managed. This discussion was

the fourteenth in a series sponsored by the AMA.

The roundtable was held November 17, 2010, at the John Cook School of Business of St. Louis University and was moderated by Lon Zimmerman of Zimmerman Marketing Research.

PARTICIPANTS IN THIS ROUNDTABLE DISCUSSION INCLUDED:

Ms. Rena Abrams
Marketing Director
Plaza Frontenac

Ms. Linda Hall
Marketing Director
Tiffany & Company

Ms. Kathy Reeves
Community Relations Manager
Enterprise Rent-A-Car

Mr. James Bafaro
Senior Mgr., Global Corp. Citizenship
The Boeing Company

Mr. Matt Judkins
Director of Marketing
Laird Technologies, Inc.

Ms. Angie Rightnowar
Director of Corp. Communications
Delta Dental of Missouri

Ms. Katie Chatfield
Marketing/Communications Specialist
Delta Dental of Missouri

Ms. Robin LeVan
Exec Dir. of Comm. & Bus. Dev.
Vatterott Educational Centers

Mr. John Salozzo
Director of Sales & Marketing
Craftsmen Industries

Mr. Kevin Corcoran
Marketing Mgr. – Consumer Products
Convenience Products Company

Ms. Lisa Marucci
Senior Director – Marketing
Saint Louis Science Center

Mr. Bruce Shumate
VP, Marketing & Online Banking
Heartland Bank

Ms. Monica Green
Community & Media Relations
Delta Dental of Missouri

Mr. Randy Neiderer
Director of Marketing
Unico System

Ms. Belinda Welch
Manager of Business Development
Vatterott Educational Centers

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Cause Marketing

Successful cause-related marketing is a partnership between a for-profit and a nonprofit, where each has something to offer the other, and both realize a benefit. When one selects a potential partner with whom there is a natural affinity, the result can be added revenue, increased media exposure, positive public relations, or all three for both partners.

Cause marketing differs somewhat from corporate giving (philanthropy) in that the latter generally involves a specific donation, while cause marketing is more of a strategic marketing relationship decision.

Motivation for Underwriting or Sponsoring a Cause

Most participants indicate that they have dual motivation for their involvement. First, they want to give back to the community. Second, they want to leverage their philanthropy in order to build or help protect their business.

We look at it in a two-fold way. There is the expectation that we give back to the community. But secondarily, we look at it as a business investment. The smarter this community is, the better the culture that exists in this community, frankly the better it is for our company.

It is a great way to get more visibility in the community and ninety percent of the PR that we receive in this market comes from ... (such) programs or other philanthropic work that we do.

When we first started our corporate partnership ... we were thinking about how we could grow our market share. We have been partners now for about nine years. So it started out that we were looking for business. Now it's we look to them for projects that are out there that require our equipment and many times we give it away.

When (we) enter a market, we make a commitment to the community. So part of it is for the enrichment of the community. Also some people have preconceived notions about (us). So it's important to us to project an inclusive image... You can shop with us, and we want you and we are part of your community.

Part of the purpose for funding our partners is if (we) ever get in trouble, we will have someone who will vouch for our character and our relationship. So this is not just a one-time gift. This is relationship that will protect our reputation, and that will leverage good things about the company.

How Marketers Select a Cause

A few of the roundtable participants report that the choice of which organizations to support is driven either by a senior executive's personal interests or by law (e.g. Community Reinvestment Act).

As a company most of what we do is very ad hoc based on senior executive's personal charities. So we will help them do what they want.

The first thing we look at is whether this organization qualifies for the CRA because we are audited annually based on our corporate contributions and also our contributions to low to moderate income census tracts. Does this qualify or not? That is pretty black and white.

Most, however, indicate that their choice has a strong strategic element. While they would love to fund every good cause, these executives know that is not possible. Therefore, they look for organizations to partner with, whose missions closely align with their own company's mission and business needs.

When we decided to be strategic, it was because our major concern was that if we didn't, if we only supported the causes of the executives or of the customers, we would never be known in the community for standing for something in particular.

We realized very early on that we couldn't fund everything. We had to choose a few things, so we looked inside the company asked what should we be doing. We choose higher education because we hire so many recent college graduates. We try to fund those causes that really are much closer to us in business.

We do strategize and say: Hey, there is a benefit to creating a community which is strong in the arts, strong in math, science, engineering, and technology, so we have young, smart people that can fulfill our work force.

Our programs have to be directly aligned with what we do.

With us it is focused. Everything we do has to do with historic preservation. We feel strongly about preserving America's history. That is important to us and that is what we focus on.

How to Get the Most Out of the Relationship

Cause-related marketing is all about relationships, and like all relationships, maintaining good communication and trust are key. Roundtable participants offered advice on how to get the most out of these relationships. Among their suggestions are the following.

1) Select An Appropriate Partner

A solid cause-marketing relationship often begins by making the right affiliation. Participants recommend looking for a cause that aligns with one's company and its products and that also is a good match with one's corporate mission and needs.

The single best piece of advice that I could offer is find someone who aligns with your company's mission.

It is a mutually beneficial relationship. I often feel like we need them as much as they need us. It's good for the brand. It's also good for them.

2) Contribute More Than Dollars

Successful partners don't just pony up cash and then disappear into the background until next year. Companies making significant contributions to a cause will want to become a real partner and play an active role in the charity. As a stakeholder in the organization and sharing the same mission, they will want to have input into decisions so that their money is well spent. In some cases, this may mean joining the nonprofit's board.

When we are the predominant investor in a particular charity, not to have some input into the long-term strategy of the organization is a frustration. It's a frustration because we have a shared mission to accomplish a certain goal. We want to have input so that goal can be reached more effectively. As opposed to, we want your money so we can do our thing, but don't tell us what to do. We want more of a collaborative relationship.

You can't give \$2,000 and expect that on a \$2 million program they will listen to you. But if you have a significant investment and you believe in their mission, you are probably going to be nipping them in the heels here and there and be making sure that certain things are done so that your money is spent well.

3) Establish Clear Expectations

A crucial element in any relationship is to make sure that there are clear expectations. Unless expectations are consistently set, and everyone is on the same page from the start, trust will erode and finger pointing will begin.

I think it's important that you set that expectation when you enter into a relationship, that you are a stakeholder in this particular grant or funding opportunity. You make that expectation up front. This is my money. I'm a stakeholder. I am part of this process, too.

4) Make It Clear That Your Company has Business Needs That Need to be Met

While companies are sincere in their desire to give back to the community, the charities with whom they partner should be aware that these companies have their own business needs that must be met in order for the relationship to continue. It is important that partners clearly identify sponsors and substantial donors in press releases and in others ways. A number of Roundtable participants mentioned that failure to do this can be a major frustration.

In terms of the mistakes, that I think even long term partners make with us, is that they forget because we are so good at doing it for all the right reasons, they forget that we are also doing it for business reasons. We want to be mentioned or identified. So that is our biggest frustration, particularly with those charities where we are a substantial donor and sponsor. When the press interview comes up, they forget to mention our name.

5) Maintain Open Communications

To have a successful relationship, open avenues of clear communication are critical. Both the for-profit corporate sponsor and the nonprofits being funded must promote open communications and seek feedback to ensure that the relationship continues to meet the expectations of all involved and that it endures over the longer term.

If we can't get board membership, we do try to maintain relationships whether it's over lunch or it's a tour, visiting an event. Just trying to maintain a conversation, and the conversation is not about bad stuff, it's all the good stuff. We are not going to dump them in the bad times if they are honest with us. (But) if we find out about it on the street, we might.

You don't want to hear bad news on the street. You don't want to be the person who picks up the Post-Dispatch... Oh my God, this is the agency that we funded. Were we asleep at the switch here? Were we not doing our due diligence? Then it's a horrible reflection on your company.

6) Be Sensitive that Businesses and Nonprofits Often Speak Different Languages

Roundtable participants also indicate that it's important to recognize that businesses and nonprofits often speak different

languages and unless this is understood, it can lead to mistrust. A desire to help a partner may be perceived as an attempt to subvert their altruistic endeavor and turn it into something with a more commercially oriented objective.

I would say the biggest challenge and biggest reward is getting back to those organizations where we are significantly involved, to develop that relationship of trust. Trust! Ten years ago, we got involved. We came in and said we want to help you get more publicity for your organization. They are like, Well why? We don't need publicity. We just want to do good in the community. It took us a couple of years just to demonstrate to them that the more they increased their awareness, the more they would attract not only organizations to participate with them but also attract additional sponsors. They didn't trust us. They thought with the level of investment we were making that we wanted to take over or we wanted to muddle up the altruistic motives with marketing motives. So it took several years for them to understand that publicity and awareness in the marketplace benefited both of us. You really have to develop a strong relationship in order for both parties to get the most out of it.

When we start talking about publicity and recruiting and partnerships, it just sounds too much like business and not enough like charity. But if you get the right balance, it benefits everybody.

7) Measure Performance

Accountability is also important. Participants agree that it's necessary to develop metrics to evaluate the impact of cause-related marketing. Is the partnership having the desired effect for both partners? Are we getting new leads? Are the programs bringing in new customers? Is the association having an impact on perceptions of the company? The methods used to gather these metrics are generally similar to those that the company uses to evaluate its other marketing efforts.

We have several ways that we measure. We have assigned specific telephone numbers to our press releases for various sort of activities that look like local numbers but they are in fact geo-routing numbers. So they feed into a system where it identifies what they are calling about and where they are calling from. We receive a monthly report telling us that we received say 197 calls and of that, how many of those actually became leads So that is really helpful in justifying our work, and it's not terribly expensive.

We are on their website, so we can track folks that find their way from the (their) website to our website through Web Analytics. We get to do mailings to their membership list so

there are ways that we can actually track people that come into our website via the different marketing tools that we use.

Basically, we have a couple sets of metrics. One set is simply the way to measure the impact of the charity that we are supporting. Which in our case is how many kids we are seeing, how many kids we educated? The other side of that for us is what is the level of awareness in the community. A couple ways we look at that is the dollar value equivalent of the media coverage or the press coverage that we receive and the reach of that press coverage. Then, periodically, we will do image and perception research in the community to see how we are viewed as a corporate citizen.

We have an outside agency that also provides reports. We also have Burrelles. Google Alerts is actually faster than Burrelles I'm finding and it's free. The outside agency provides the reach. It provides all of the metrics for every piece that is spotted, what the impact rating was and all that. Then at the end, they also give us basically what the penetration is to our particular market, which is a little different than the public visibility. So that has been really useful as a justification tool.

For More information about this or future AMA St. Louis Roundtable Discussions, contact Roundtable Chair:

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