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# The Hidden Costs of Cause Marketing

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## **The Hidden Costs of Cause Marketing**

By Angela M. Eikenberry

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# The Hidden Costs of Cause Marketing

By Angela M. Eikenberry | Illustration by John Hersey

From pink ribbons to Product Red, cause marketing adroitly serves two masters, earning profits for corporations while raising funds for charities. Yet the short-term benefits of cause marketing—also known as consumption philanthropy—belie its long-term costs. These hidden costs include individualizing solutions to collective problems; replacing virtuous action with mindless buying; and hiding how markets create many social problems in the first place. Consumption philanthropy is therefore unsuited to create real social change.

I do my main charity work once a week—at the grocery store. Like some of you, this week I bought organic yogurt that not only is healthier for my family and the Earth, but also supports nonprofit environmental and educational organizations. I also picked up snack bars that promote peace (no kidding!) and salad dressing that funds various (unnamed) charities across the country. For all of this hard work, I rewarded myself with some Endangered Species Chocolate, which helps “support species, habitat, and humanity,” according to the company’s Web site. Delicious.

All of these purchases are examples of what my colleague Patricia Mooney Nickel of Victoria University and I call *consumption philanthropy*.<sup>1</sup> Also known in the business world as cause-related marketing or cause marketing, consumption philanthropy pairs the support of a charitable cause with the purchase or promotion of a service or

product. (See “Flavors of Consumption Philanthropy” on page 53 for a description of the types of cause marketing.)

One example is the Product Red campaign, which California politician Robert Shriver has led and U2 lead singer Bono has promoted since its launch in 2006. By purchasing select Product Red-branded items from companies like Gap Inc., Apple Inc., Dell Inc., and Starbucks Corp., consumers can also support nonprofits like the Global Fund to Fight AIDS, Tuberculosis, and Malaria. The most well-known among the Red products, the Red iPod, costs \$199, with \$10 of that amount going to the Global Fund. So far, Red and its corporate partners have contributed more than \$59 million to charity.

Consumption philanthropy seems like the ideal solution to many of the problems our society faces today. It allows charities to raise much-needed funds and to educate consumers. It helps corporations increase their profits, bolster their reputations, and distinguish their brands. And it lets consumers feel that they are making a difference in the world. On the surface, all seems rosy.

Yet lurking beneath this rosy surface are some disturbing consequences of combining consumption and philanthropy. I do not mean the often-cited risks of cause marketing, which include misalignment between the charity and the corporate sponsor, wasted resources, customer cynicism, or tainted images of charity. Most critiques of consumption philanthropy focus on these pesky problems of execution without questioning its basic underlying assumption—that consumption philanthropy, if done well, would do good for all.

I disagree with this assumption. Consumption philanthropy individualizes solutions to collective social problems, distracting our attention and resources away from the neediest causes, the most effective interventions, and the act of critical questioning itself. It devalues the moral core of philanthropy by making virtuous action easy and thoughtless. And it obscures the links between markets—their firms, products, and services—and the negative impacts they can have on human well-being. For these reasons, consumption philanthropy compromises the potential for charity to better society.

#### SHORT-TERM FIX

Strategies that combine consumption with philanthropy have skyrocketed in the last two decades. Among corporate sponsors, cause-marketing expenditures went from almost zero in 1983 to an estimated \$1.3 billion in 2006, according to IEG Inc., a Chicago-based firm that tracks cause-related activities in the United States. At the same time, consumers increasingly demand that companies practice philanthropy and social responsibility. A 2004 Cone/Roper report found that 86 percent of American respondents were “very or somewhat likely to switch from one brand to another that is about the same in price and quality, if the other brand is associated with a cause.”

As a growing body of research attests, consumption philanthropy does offer short-term benefits. Many corporations that sign on for cause-marketing campaigns enjoy higher sales and wider publicity for their products and services, improve their image with consumers, expand their markets, and boost employee morale. For example,

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cosmetics giant Avon Products Inc. says that cause marketing on behalf of early breast cancer detection and research has improved its relationships not only with its predominantly female customer base, but also with its predominantly female sales force.<sup>2</sup>

Meanwhile, charities gain legitimacy in the marketplace because they are seen “as viable partners in commercial ventures and not just as beggars pandering for the corporate dollar,” write Australian marketing professors Michael Jay Polonsky and Greg Wood in their review of cause-related marketing.<sup>3</sup> Through cause-marketing campaigns, charities also generate revenues, attract volunteers, raise awareness of their cause, and receive extensive publicity. For instance, the Susan G. Komen Breast Cancer Foundation’s partnership with Yoplait—Save Lids to Save Lives—has raised millions of dollars for the foundation while also increasing public awareness of breast cancer (and strengthening Yoplait’s brand image).

Consumers also seem to win from participating in cause marketing. They get additional information about a charity or cause, as well as a convenient way to spend their disposable income on charitable causes. For example, consumers who were planning to buy chicken noodle soup or cereal anyway can choose to buy the “pink” Campbell’s chicken noodle soup or “pink” Cheerios to meet their needs, while also providing funds for breast cancer research.

#### LONE RANGERS

Yet the long-term effects of consumption philanthropy are troubling. The first of these effects is that consumption philanthropy—which usually takes place as individual market transactions—distracts its participants from collective solutions to collective problems. This distraction steers people’s attention and collective resources away from the neediest causes, the most effective interventions, and the act of critical questioning itself.

The growth of consumption philanthropy reflects many people’s confidence in the power of the market (that is, the institutions, systems, and places where buyers and sellers exchange things) to deal with all sorts of social problems. That confidence stems from the ideology of neoliberal economics, which prevailed worldwide—at least before the current economic collapse. This ideology “views all aspects of human society as a kind of market,” note management scholars Brenda Zimmerman and Raymond Dart.<sup>4</sup> For instance, in his 2005 book, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*, University of Michigan management professor C.K. Prahalad portrays the world’s poorest people as an untapped market niche whose salvation will come when they are fully integrated into the market. Likewise, in response to the 9/11 terrorist attacks, President Bush told Americans that our best, most patriotic recourse was to go shopping.

But one problem with relying on consumers to right the world’s wrongs is that most consumers are not very interested in or capable of righting the world’s wrongs. The primary goal of people in marketplaces is to make choices that fulfill their self-interested, individual material needs and desires. In this capacity, they generally have little impetus to consider “the public” or “the public good.” Caught up in the transactions of buying and selling, they have little opportunity to question the fundamental principles of corporate organization. And unlike citizens who share in the collective authority, responsibility,

## Flavors of Consumption Philanthropy

**Transactional.** This is the most widespread model of consumption philanthropy. For each unit of product or service a corporation sells, it contributes a portion of the proceeds to a social cause. Two examples are the pink products campaign that the Susan G. Komen Breast Cancer Foundation organizes and the Product Red campaign that Robert Shriver and Bono

back. Through them, consumers can buy a product while also supporting breast cancer research or the HIV/AIDS, malaria, and tuberculosis battle in Africa. Both campaigns partner with multinational corporations in the United States and elsewhere.

**Promotion-Based.** Corporations promote a cause and make charitable contributions. The donations are not necessarily tied to business transactions and not necessarily monetary, but do promote both the cause and the corporation. An example is the partnership between the Anti-Defamation League and Barnes & Noble. Their Close the Book on Hate initiative provides instructional materials and lectures to promote racial and cultural tolerance.

**Licensing.** A charity such as the World Wildlife Fund licenses the use of its name and logo to a company such as Visa. The company then donates a percentage of every transaction associated with the logo to the charity.

and dignity of public life, individual consumers have little reason to wonder how larger political-economic structures might create social problems in the first place.

Recent research indeed shows that when money enters the picture, people's more charitable impulses often fall by the wayside. University of Toronto management professor Sanford DeVoe and his colleagues, for example, have shown in laboratory experiments that participants are less likely to volunteer for a charity after calculating how much money they earn per hour than they are after merely reporting their annual salary. Putting a price tag on time, it seems, makes people less willing to give their time away "for free."<sup>5</sup> (For more information, see "The Stingy Hour" in the winter 2008 issue of the *Stanford Social Innovation Review*.)

The research evidence also shows that individualized consumer approaches to philanthropy actually shift giving away from more collective approaches. Professors Karen Flaherty, currently at Oklahoma State University, and William Diamond of the University of Massachusetts Amherst found in a 1999 study that cause-marketing campaigns hinder future donations to charities because consumers think that their purchases *are* donations.<sup>6</sup> So when the plate passes for charitable contributions, respondents to cause-marketing campaigns feel that they've already given. Likewise, findings published in 2004 in the *Journal of Marketing* suggest that consumers who support socially responsible companies believe that they have already done their philanthropic share.<sup>7</sup>

Consistent with these findings, Zimmerman and Dart tell the story of a person who attended a book sale held by a nonprofit organization. The person bought a hot dog, a drink, and a couple of books at the event. When the nonprofit asked for donations, the attendee demurred, thinking that the purchases were a sufficient contribution to the organization.

Another less favorable implication of consumption philanthropy's reliance on the purchasing decisions of individual consumers is that it

may disadvantage less attractive but nonetheless worthy causes. Consider the many pink ribbon campaigns for breast cancer, for instance. Since 1991, when the first pink ribbon was handed out at the Susan G. Komen Foundation's Race for the Cure, pink ribbons and products have flourished. Today, the Komen Foundation raises about \$30 million a year through 130 corporate partnerships.

The sheer volume of pink products seems to lead many consumers to believe that breast cancer is the most pressing health problem facing women today. Yet the most recent (2004) data from the U.S. Centers for Disease Control and Prevention show that the leading cause of death among women in the United States is heart disease, not breast cancer. And although cancer is the leading cause

of death for women ages 35-64, breast cancer is not the most common form of cancer among women (skin cancer is), nor is it the leading cause of death among women diagnosed with cancer (lung cancer holds this distinction). Because of the success of cause marketing for breast cancer, however, breast cancer-related organizations receive attention that is disproportionate to the scope of the disease.

As consumption philanthropy becomes ubiquitous, some observers worry that it may, in the long run, have exactly the opposite of its intended effect and will desensitize the public to social ills while decreasing other forms of philanthropic action. Accordingly, Matthew Berglund of Northwestern University and Cheryl Nakata of the University of Illinois at Chicago write in a 2005 *Business Horizons* article: "It is not difficult to imagine cause-related marketing campaigns interjecting themselves into the millions of purchase transactions that take place each day. In response, people may simply tune out and say 'no' because they cannot process each and every request, or because they believe they have already donated enough."<sup>8</sup>

### EASY VIRTUE

One of the redeeming aspects of consumption philanthropy is that it makes philanthropy simple and convenient. As I do every weekend at the grocery store, shoppers can protect the Earth, promote world peace, and fund a network of otherwise unnamed charities without deviating from their routines in the least. In this way, consumption philanthropy can contribute to a more compassionate marketplace.

The other side of this easy virtue, however, is that it is *too* easy. Consumption philanthropy does not allow people to exercise their moral core. Philanthropy originated in the Greek ideal of *philanthropos* or "love of humankind." According to Aristotle's *Nicomachean Ethics*, philanthropy allows people to enact the all-important virtues of generosity, benevolence, kindness, compassion, justice, and reciprocity. Enacting these virtues, in turn, allows people to develop

their character, cultivate their human potential, and strengthen their moral fiber.

Can consumption philanthropy achieve these same ends? Probably not. When people link their charitable donations to their preexisting consumption decisions, they need not exercise a deeper sense of moral responsibility. They need not take any extra steps (beyond, say, choosing a different brand of yogurt) or make any additional sacrifices. Instead, they need only to pursue their shopping needs and wants. Indeed, the consumer-philanthropist may even enjoy a cost savings for her seemingly virtuous effort. As a recent Project Red advertisement put it: “30 percent off for you, 5 percent to fight AIDS in Africa.” One could argue that consumption philanthropy—especially if there is a charitable surcharge—represents effort, and the choice to buy a “socially responsible” product represents intention, but there is very little sacrifice, if any, required. And so consumption philanthropy becomes divorced from the experience of duty.

Perhaps a more disturbing feature of consumption philanthropy is that consumers need not be aware of the supposed beneficiary of their actions. The morality of philanthropy comes from acting for other people, according to scholars Warren Smith and Matthew Higgins.<sup>9</sup> Acting for other people, in turn, requires figuring out what they really need.

Yet consumption philanthropy sidesteps both this requirement and, more generally, contact with people in need. For example, a person who uses a charity-licensed credit card to pay for an expensive meal, and thereby sends a percentage of his purchase to a cause that fights hunger, may no longer feel obligated to find out who is hungry or why they are hungry. Without this knowledge, he may feel less empathy for poor people, and therefore less compelled to change the conditions that caused their plight.

More broadly, in the absence of people’s active and effortful moral engagement, corporations and their profit-driven needs set the tone for acceptable ways of being philanthropic. As a result, people’s genuine benevolent sentiments are co-opted for profit, and their care is reduced to a market transaction.

### MARKET BLINDNESS

A third long-term negative consequence of consumption philanthropy is that it obscures the ways that markets produce some of the very problems—physical, social, and environmental—that philanthropy attempts to redress. In *Pink Ribbons, Inc.*, Samantha King describes the paradox of some pink ribbon products: labels on the outside that promote breast cancer awareness and research, but chemicals on the inside that cause the disease in the first place. (See the spring 2007 *Stanford Social Innovation Review* for a review of this book.) So consumers buy, say, a \$6 SpongeBob Pink Pants toy to help fight cancer, not realizing that this product—a frivolous item—also likely creates the toxins and other environmental hazards that help cause cancer.

Consumption philanthropy seldom calls on consumers to question the labor that went into the creation of these products. Do these allegedly responsible corporations pay their workers a living wage? Do they create safe working conditions? Do they make fair contracts? Product Red may be donating money to fight disease in Africa, but it isn’t doing enough to protect the workers who make its products,

says Bristol, U.K.-based nonprofit Labour Behind the Label. Although Product Red partner Gap has worked diligently over the years to improve its ethical practices and image, for instance, the apparel company still runs afoul of both international regulations and activists: Two years ago, London’s *Observer* found children making Gap clothing in sweatshops in India. Cause-marketing items may be no worse than ordinary products, but they appear to be no better, either.

Finally, consumption philanthropy rarely questions the act of consuming or the environmental havoc that more and more products wreak. Did the energy used to create that Endangered Species Chocolate bar destroy another acre of rain forest, and therefore hasten the endangerment of yet another species and the warming of the planet? Was that SpongeBob Pink Pants toy really worth the petroleum—and the environmental degradation that came with extracting, refining, and transforming it—that went into it? Rather than raising these questions about our purchases and their consequences, consumption philanthropy encourages people to buy more by making them feel better about it.

In short, consumption philanthropy lulls people into a false sense of doing good through their purchases, even as they are potentially doing harm through their purchases. Indeed, in many cases, consumption philanthropists are exacerbating the very harms they wish to reduce. At the same time, consumption philanthropy feeds the systems and institutions that contribute to many social problems in the first place.

Meanwhile, because consumption and philanthropy have become one and the same, the distance from which one would critique consumption and the market, and imagine alternatives, is eliminated. Philanthropy becomes depoliticized, stripped of its critical, social change potential. The result is that consumption philanthropy stabilizes, more than changes, the system (the market) that some would argue led to the poverty, disease, and environmental destruction philanthropists hope to eradicate. Consumption philanthropy is thus not about change, but about business as usual.

### PROFIT-FREE PHILANTHROPY

I cannot offer the solution to the problems of consumption philanthropy. But I hope at least to offer a starting point for dialogue about unexamined assumptions and the political nature of philanthropy. What are our assumptions and expectations of philanthropy? Should philanthropy create social change? If so, what type of change?

If we are concerned about solving societal problems, reinvigorating the moral core of philanthropy, and making markets protect—or at least not harm—human well-being, a market approach cannot be an appropriate avenue for philanthropy. The most benevolent philanthropic agenda would not be infused with consumption. Instead, it would give voice to those who suffer. This may be the best way to create social change.

Why amplify the voices of those who suffer? As we have seen in movements for workers’ rights, African-Americans’ civil rights, and women’s and gender rights in the United States, when the aggrieved speak and the more powerful listen, policies, political processes, and public perceptions can change. Social movements are one of the principal ways in which “collectivities can give voice to their grievances and concerns about the rights, welfare, and well-being of *themselves*

and others.”<sup>10</sup> And social movements—such as the American Revolution and the abolition of slavery—have brought about some of the most significant developments and changes in human history.

For philanthropy to give voice to those who suffer, it needs to support grassroots social movements. Since at least the 1950s, a small but persistent group of foundations and donors has practiced social change philanthropy through its unfettered support of nonprofit groups and grassroots associations. These nonprofit organizations and grassroots associations, in turn, support the movements that give voice to the marginalized. This is in line with Tracy Gary’s challenge to donors, in *Inspired Philanthropy*, to practice a philanthropy that “has a role in changing the inequities of society” by joining donor interests and experiences with needs in the community. The National Committee for Responsive Philanthropy likewise calls on foundations to dedicate at least 25 percent of their grant dollars to advocacy, organizing, and civic engagement that promotes equity, opportunity, and justice.

Boston-based Haymarket People’s Fund is committed to this vision of philanthropy. Founded in 1974, the fund supports groups that are working in the areas of racism, workers’ rights, women’s and gender rights, housing and homelessness, and environment and health issues. Its mission is explicitly to “strengthen the movement for social justice” by supporting “grassroots organizations that address the root causes of injustice,” and its democratic funding practices transform the typically hierarchical relations between donors and recipients.

Other nonprofit organizations and philanthropic institutions could focus on cultivating more meaningful and diverse relationships with donors, rather than on raising funds through consumption. Through a more regular and deeper relationship with donors, these organizations and institutions can encourage philanthropists to pay attention to how their philanthropy fits into the larger movement to serve the public good. This will allow them to revive the moral core of their philanthropic acts, as well as to engage in political discourse about what role philanthropy should play in society.

To this end, fundraising experts Kay Sprinkel Grace and Alan Wendroff suggest that fundraisers move away from a *transactional* model of giving, whose emphasis is on cultivating donors of major gifts, and toward a *transformational* model of giving, whose “focus is on the impact of the gift and the renewing relationship, not just on the transaction.”<sup>11</sup>

Changing philanthropy to give greater voice to those who suffer also means changing the current focus in corporate philanthropy. Rather than tying charity to profits, corporations should focus on their own responsibility to their employees (through means such as fair wages and healthy, satisfying work conditions), the environment (through means such as greener and more sustainable practices), and the global society (through means such as Fair Trade practices and loyalty to communities of operation). Corporations might also join other foundations and donors in funding grassroots efforts to improve communities. These alliances would be strategic partnerships not for profits, but for change from the bottom up.

Though many corporations will find it difficult to be socially responsible on all these dimensions, a few are already doing well on most of them. Two examples are Google Inc. and Whole Foods Market Inc.

Google is well-known for its supportive and holistic labor practices: The company pays its employees well, gives them time to explore new projects and creative endeavors, and offers them amenities ranging from on-site roller hockey rinks to free food 24 hours a day. Google also values diversity. Likewise, the Google Foundation supports anti-poverty, alternative energy, and environmental efforts. Whole Foods is the largest corporation to purchase renewable energy credits and promotes the use of nonpolluting electricity sources. Several of its stores are 100 percent green-powered.

### TRUE BENEVOLENCE

Consuming more will not solve today’s social and environmental problems. Indeed, consumption may very well create more of the kinds of problems that we had hoped philanthropy would fix. Relying on individual consumer choices, consumption philanthropy is unsuited to the scale or complexity of the problems it seeks to fix. Couched in market transactions, it neither acknowledges the voice of the transactions’ beneficiaries nor gives philanthropists the satisfaction of mindful virtuous action. And caught in the mechanisms of the market, it obscures the fact that the market caused many of the problems that philanthropy seeks to redress.

For philanthropy to lead to social change—if that is indeed what we hope and expect it to do—I suggest we look to philanthropy as a tool to bring greater voice to those who have suffered or are marginalized, and for those who advocate for bettering society. This is not easy in today’s society, although our current economic crisis is increasingly demonstrating the limitations of the market.

The time has come to question our assumptions and then to imagine alternative, more hopeful futures. Surely, genuinely philanthropic benevolence would call not for more consumption, but for the elimination of the conditions that make philanthropy necessary. ■

### Notes

- 1 This work is based on an article by Patricia M. Nickel and Angela M. Eikenberry, “A Critique of the Discourse of Marketized Philanthropy,” *American Behavioral Scientist*, 52(7), 2009: 974-89.
- 2 John Davidson, “Cancer Sells,” *Working Woman*, 22(5), 1997: 36-39.
- 3 Michael Jay Polonsky and Greg Wood, “Can the Overcommercialization of Cause-Related Marketing Harm Society?” *Journal of Macromarketing*, 21(1), 2001: 12.
- 4 Brenda Zimmerman and Raymond Dart, “Charities Doing Commercial Ventures,” Trillium Foundation, 1998.
- 5 Sanford E. DeVoe and Jeffrey Pfeffer, “Hourly Payment and Volunteering: The Effect of Organizational Practices on Decisions About Time Use,” *Academy of Management Journal*, 50(4), 2007: 783-98.
- 6 Karen Flaherty and William Diamond, “The Impact of Consumers’ Mental Budgeting on the Effectiveness of Cause-Related Marketing,” *American Marketing Association Conference Proceedings*, 10, 1999: 151-52.
- 7 Donald R. Lichtenstein, Minette E. Drumwright, and Bridgette M. Braig, “The Effect of Corporate Social Responsibility on Customer Donations to Corporate-Supported Nonprofits,” *Journal of Marketing*, 68(4), 2004: 16-32.
- 8 Matthew Berglund and Cheryl Nakata, “Cause-Related Marketing: More Buck Than Bang?” *Business Horizons*, 48(5), 2005: 443-53.
- 9 Warren Smith and Matthew Higgins, “Cause-Related Marketing: Ethics and Ecstatic,” *Business & Society*, 39(3), 2000: 304-22.
- 10 David A. Snow, Sarah A. Soule, and Hanspeter Kriesi, “Mapping the Terrain,” in *The Blackwell Companion to Social Movements*, Oxford, U.K.: Blackwell Publishing, 2004: 3-16.
- 11 Kay Sprinkel Grace and Alan Wendroff, *High-Impact Philanthropy: How Donors, Boards, and Nonprofit Organizations Can Transform Communities*, New York: John Wiley & Sons, 2001: 15.