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Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

Charity products concern consumers

By Barry VanderKelen

Cause-related marketing is here to stay. That doesn't mean it's something nonprofits should rush toward.

In a cause-related marketing campaign, companies and nonprofits link the sale of goods or services to a charitable cause. Popular examples are Revlon and its efforts to fight breast cancer, and Target's support of education.

For the past 17 years, Cone, a marketing research firm has studied consumers' expectations of and behaviors toward companies' support for social and environmental issues. Cone recently released its latest report, the 2010 Cone Cause Evolution Study. The findings are both encouraging and suggest caution.

The study reports that 83 percent of Americans want companies to do more to support charitable causes. One-fifth of the respondents claim they will buy a more expensive brand product if it's tied to a charitable cause they care about; and 61 percent will try a new brand or one they never heard of because of the cause related to the product.

Consumers are concerned about the transparency of cause-related marketing, however. Nearly two-thirds report feeling the companies don't give enough details of how the money generated is given to appropriate nonprofits. Slightly more than half of the respondents believe cause-related marketing should be regulated.

Not in the Cone study but something nonprofits should be concerned about is loyalty of consumers to the cause. Will the cause become too commercialized? If the product loses its appeal, will the cause also lose favor? How can people who express interest in a cause through a purchase be identified? If companies are not forthcoming with details, will nonprofits take the blame instead of the companies?

Cause-related marketing may produce new revenue. But nonprofits must be willing to accept all consequences of lending their names to a for-profit campaign.

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Resource Use:

- Support nonprofit leadership
- Board development/training
- Strategic planning

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Barry VanderKelen, Executive Director of the San Luis Obispo County Community Foundation writes a bi-weekly column to help strengthen nonprofit organizations in the community.

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Each column is reprinted as a one-page handout for use by local organizations. Barry can be reached at 543-2323 or by e-mail at barry@slcocc.org.