Cause-related marketing through (RED):
~the nonprofit perspective~

- An analysis of the (RED) initiative and its communicative strategies

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1 Introduction

In the past couple of decades, companies and the public in general have developed an increased interest and awareness of social responsibility. Over the years, consumers’ preferences have undergone a change by shifting the focus from purely functional attributes of products towards desiring more value for money and products that appeal to emotions and bring value to their daily lives (Ind 2003, p. 3). Companies that have implemented effective corporate social responsibility (CSR) initiatives have proven to elicit positive attitudes in consumers’ minds, which is also one of the main reasons why companies have intensified their focus on such initiatives (Cone Inc 2007, p. 3; Adkins 2004, p. 18).

One CSR initiative, namely cause-related marketing (CRM), has significantly increased in popularity among companies and is frequently applied as a measure to engage in CSR. CRM is defined as a marketing activity in which a company commits to donating a specific amount of money to a worthy cause for each product or service sold. The initiative is based on a partnership between a company and a nonprofit to market a product or service for mutual benefit (Adkins 2004, p. xvii). If properly and sufficiently communicated to consumers, CRM has the ability to influence their purchase decision by appealing to their conscience and persuading them to support a certain social cause (Business in the Community 2003-04, p. 6). An effective CRM campaign is considered to be a win-win-win scenario in which the company, the nonprofit and the consumer benefit. In other words, by engaging in CRM, the company and the nonprofit are able to achieve certain business goals and consumers achieve a level of fulfilment that emerges from acting altruistically by supporting the CRM initiative through their purchase (Business in the Community 2003-04, p. 9).

Various studies have mostly focused on presenting and analysing CRM from the perspective of companies. Therefore, this thesis focuses on examining the notion of CRM from a nonprofit’s point of view, its opportunities and pitfalls in a CRM initiative and how it argues its case to the target audience. This focus is especially interesting to examine because there currently lacks an overall elaborative overview of CRM from a nonprofit’s perspective. The available research focuses mainly on how companies should address CRM, but there is little elaboration of the challenges that CRM poses for nonprofits and, more specifically, how
nonprofits should communicate CRM to the public. Perhaps the main challenge for the nonprofits engaged in CRM is to convince consumers that even though they partner with companies to generate funds, their main and only purpose is the cause.

In recent years, many have criticised CRM for being nothing more than an exploitation of social causes that only provides a win-scenario for companies in terms of increased profits. The criticism is at times also targeted at nonprofits that enter into CRM agreements. They are often accused by the media and other nonprofits of selling out through commercial activities and CRM campaigns that compromise their beliefs and causes (Brand Strategy 2007; Chiagouris & Ray 2007, Berglind & Nakata 2005, p. 449). This poses challenges for nonprofits to make a compelling case for why they focus on the approach of engaging companies and consumers to generate funds to social causes instead of voluntary contributions. If a nonprofit wishes to efficiently argue its case and remove any doubt in consumers’ minds regarding the sincerity of its commitment, it must communicate with the public in a transparent and trustworthy manner and provide valid and justifiable arguments for its CRM.

In order to provide a more comprehensive examination of this subject, the nonprofit brand, (RED), is presented and evaluated in the context of its CRM initiative. This initiative is especially interesting because it has received criticism from the media for spending more money on advertising than on its cause, i.e. fighting HIV/AIDS in Africa. (RED)’s trustworthiness and integrity therefore came under scrutiny in 2007 when an advertising magazine claimed that (RED)’s partners spent close to $100 million on advertising their (RED) products which was triple the amount that the initiative has raised for the Global Fund¹. However, in spite of the criticism, (RED) has managed to produce positive results in the two years it has existed on the market, which makes it that more interesting to examine this particular brand in the context of CRM and determine the reasons for its success.

Bono, the lead singer of U2 and the other co-founder of (RED), stated that the success or failure of (RED) depends on human nature. If consumers are sceptical or uninterested in the initiative, the brand will fail ‘but we’ve tried. I think we’ve come up with a sexy, smart, savvy idea that will save people’s lives’ (Brown 2006). So far, Bono’s statement about (RED) has proved true. In spite of the criticism and the overall consumer

¹ The Global Fund is an international financing institution dedicated to attracting and disbursing resources to fight HIV/AIDS, Tuberculosis and Malaria (www.theglobalfund.org)
scepticism towards CRM initiatives in general, (RED) has managed to create a brand that appeals to consumers, which underpins its success as a smart, savvy idea and CRM initiative. Today, (RED) is the 15th largest donor to the Global Fund, which is ‘[...] more than Russia has given so far, and more than China, Saudi Arabia and Switzerland have pledged’ (Nixon 2008). In addition, (RED) has gained a 13% share of the nonprofit market in the USA in a period of only two years of its existence (Cone Inc. 2006a, p. 4). These numbers show that (RED) has managed to successfully face the challenges of CRM and continue being the popular CRM initiative that appeals to many consumers. This thesis will therefore seek to examine how (RED) has managed to overcome these challenges both in the development of its overall initiative but also in terms of the communication strategies that it employs in order to attract support from consumers.

1.1 Problem statement

Based on the elements presented above, the overall aim of this thesis is therefore to analyse

how (RED) brands itself as a nonprofit and which rhetorical strategies and argumentation it applies in its communication with consumers to successfully influence and persuade them to support its cause through purchase.

In order to fully cover all aspects of the problem statement and provide a comprehensive analysis of the overall (RED) initiative, the following steps will be necessary prior to the textual analysis:

- An elaboration of (RED)’s role in the context of CRM and of the CRM strategies it applies to ensure success
- An examination of consumers’ attitudes, needs and scepticism towards CRM and, lastly,
- An elaboration of which efforts (RED) makes to avoid criticism and scrutiny from the public
1.2 Empirical data

The (RED) brand is aimed at raising awareness and funding for the Global Fund which is a nonprofit organisation dedicated to eliminating HIV/AIDS in Africa. The choice of nonprofit for the analysis in this thesis fell on (RED) primarily due to its novelty and the unique approach of unifying a number of famous brands to ensure a sustainable flow of money to the Global Fund. (RED) characterises itself not as a charity or a cause but rather as an economic initiative that focuses on promoting consumer power as an element for securing sustainable funding to its cause ((RED) 2008a). This is done through establishing CRM partnerships with world-known brands such as Apple, Converse, Motorola, etc to manufacture products with the (RED) brand and then donating a specific amount of profit to the Global Fund for each (RED) product sold. Even though (RED) clearly states on its website that it is not a charity, a campaign nor a cause ((RED) 2008b), its purpose of raising funds to fight HIV/AIDS is what qualifies it as a nonprofit brand.

The main communicative material that is in the focus in the analysis is ‘the (RED) idea’, which is a text from (RED)’s website that encapsulates the overall purpose of (RED). The (RED) idea functions as (RED)’s mission statement and provides an explanation of how (RED) functions and which goals it has set to achieve. Therefore, the text is considered as the most important material to analyse in order to achieve the aim of this thesis. In the textual analysis, there are specific references to the statements in the (RED) idea which is why a copy of the text containing line numbers is provided in Appendix 1. For the original version of the (RED) idea, see Appendix 2.

Some contents from a number of other pages from (RED)’s website are also applied in the analysis in order to provide further support for arguments regarding (RED)’s branding and rhetorical considerations in the text the (RED) idea. These web pages are: ‘About (RED)’, ‘FAQs’, ‘How (RED) works’, ‘Every penny goes to Africa’, ‘The Global Fund’, ‘Partners’, ‘Results’, ‘Success stories’ among others. An overview of each web page is provided in appendices 3 to 15.
1.3 Structure and Methodology

This thesis consists of a theoretical and empirical section and is divided into four main parts. Part I presents a short description of CSR followed by an elaboration of CRM. In order to gain an overall understanding of CRM, it is examined from three different perspectives; that of the company, the nonprofit and the consumer elaborating on benefits and risks that each of them can face in a CRM initiative.

Part II of the thesis focuses on describing (RED) and placing it in the context of CRM. Consequently, all aspects of the theory on CRM presented in part I are applied in the examination of (RED) in part II determining its type of CRM, the CRM strategies it applies in order to ensure success and avoid criticism, and how it is perceived by consumers.

Part III covers theory on communicative strategies in a CRM initiative, examined only from the perspective of the nonprofit partner since (RED) is classified as a nonprofit brand. Thus, this part presents the theory on nonprofit branding in general and relevant elements from traditional branding that are applicable in this context. Furthermore, Stephen E. Toulmin’s argumentation model is presented. The model elaborates on how specific arguments are built to persuade and convince others to consider them valid and trustworthy. Having good and valid arguments is especially relevant in this context due to consumers’ increased scepticism towards CRM initiatives. If a CRM partnership is to be viewed positively and trigger positive attitudes that lead to purchase, a nonprofit needs to argue its case effectively in order to emphasise its relevance in society and remove any doubt consumers might have regarding its mission and purpose. Therefore, Toulmin’s model is an important tool applied in this context. Lastly, Aristotle’s rhetorical appeals ethos, pathos and logos along with a theory on guilt appeals are presented and elaborated. These appeals are applied to determine which rhetorical appeals are relevant for the nonprofit sector and how guilt appeals in nonprofit messages can influence consumers’ decisions.

All theories presented in part III form the basis for the analysis of the text the (RED) idea and provide an answer to the aim presented in the previous chapter. Consequently, the analysis focuses on elaborating how (RED) brands itself as a nonprofit and which rhetorical and argumentation strategies it applies to successfully convince consumers to engage in its CRM.
The findings in the analysis are summarised in the conclusion which constitutes the last part of the thesis together with the chapter on critical review and recommendations for future research on the subject.

### 1.4 Delimitation

Since (RED) is a nonprofit brand, the analysis focuses only on the aspects relevant to the nonprofit partner in a CRM partnership. Consequently, there is little focus on the for-profit sector in the thesis. Additionally, some theories on traditional branding of for-profits in chapters 5.1 – 5.1.4 are only described and elaborated to the extent relevant for the nonprofit sector and the analysis of (RED).

The findings on CRM and the literature applied in the theoretical part of this thesis are mainly representative of the US and the UK market since these are the primary markets targeted by (RED). Focusing on only these two markets offers an opportunity to carry out a more thorough examination of (RED)’s approach to CRM and its communicative strategies. As a result, an overall broad elaboration of global consumer attitudes towards CRM is not conducted. Furthermore, a full analysis of (RED)’s website as such is beyond the scope of this thesis, which is the reason why only a few and most relevant web pages from the website are chosen and applied in the analysis.

In addition, the thesis does not attempt to provide an overall elaboration and understanding of the entire notion of CSR and a nonprofit’s actions connected thereto, but rather focuses on elaborating only one single CSR initiative.
PART I

Part I presents a short description of CSR followed by an elaboration of one CSR initiative, that is, CRM. In order to gain an overall understanding of CRM, the initiative is examined from three different perspectives; that of the company, the nonprofit and the consumer and elaborates on benefits and risks that each of the three parties may face when engaging in CRM.

2 Corporate social responsibility

In the last decade, corporate giving has increased rapidly along with corporate focus on social responsibility initiatives. Companies have shown increasing interest in associating themselves with nonprofits and social causes as supporting society, the environment and giving back to the community have shifted from being an obligation to becoming an integrated part of companies’ business strategies (Kotler & Lee 2005, p. 4).

Corporate social responsibility (CSR) has many definitions, but the overall purpose of this initiative is perhaps best described as a

‘business commitment to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life ’ (Kotler & Lee 2005, p. 3).

There are several different initiatives through which a company can contribute to society and invest in its development. Sue Adkins, author of the book Cause-related marketing – who cares wins, distinguishes between seven different approaches to CSR and defines them as the 7Ps: power, people, promotions, purchasing, profits, product and premises. The approach power occurs when a company and/or its brand’s reputation have the power to influence and encourage others to support the community or a social cause. The second P, people, is achieved when employees invest their time and volunteer in helping the community. The third P, promotions, is concerned with marketing promotions and strategies to leverage corporate support, raise funds, etc. The fourth P, purchasing, is executed through utilising the purchasing and supply chain. Profits are cash contributions to a nonprofit or a cause.
Product focuses on providing gifts to the community. An example of this could be a furniture company that donates furniture to people whose homes are ruined in earthquakes. The last of the 7Ps is premises, which occurs when a company donates its facilities or premises to be used by the community or a nonprofit (Adkins 2004, p. 38).

Kotler and Lee (2005, pp. 23 – 24) also elaborate on the subject of CSR and distinguish between six major types of CSR initiatives that companies can undertake in order to support social causes. These are cause promotion, corporate social marketing, corporate philanthropy, community volunteering, socially responsible business practices and cause-related marketing. This categorisation of CSR initiatives into six different types is much similar to Adkins’ 7Ps of business initiatives, as will be demonstrated in the following.

In cause promotion initiatives, a company provides funds, contributions or other corporate resources to raise awareness around a cause. This initiative is also manifested through a company’s support of fundraising, participation or volunteer recruitment for a cause. This type of CSR initiative is similar to Adkins’ promotions.

Corporate social marketing is defined by a company’s commitment to support development or implementation of a behaviour change campaign intended to improve e.g. environment, safety, public health, etc. The main difference between cause promotions and corporate social marketing is that the latter focuses on changing behaviour in society, while the former is focused on increasing awareness around a cause in order to raise donations and ensure volunteering. Corporate social marketing is similar to Adkins’ power.

Corporate philanthropy is characterised by direct contributions from a company to a cause or a nonprofit. This is also the oldest and the most common corporate social initiative that companies around the world tend to exercise. Corporate philanthropy is equivalent to two of Adkins’ approaches, namely profits and products.

Community volunteering occurs when a company supports and encourages employees and partners to volunteer their time to support causes and nonprofits. This is similar to Adkins’ people approach.

Socially responsible business practices is a CSR initiative by means of which a company adopts and conducts business practices that support social causes, for instance by limiting the company’s polluting impact on the environment. Adkins does not explicitly include socially responsible business practices in her description of the 7Ps. However, this
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initiative could be categorised under the *power* approach since the company has the power to influence the society.

The last initiative is *cause-related marketing*, which is characterised by a partnership formed between a company and a nonprofit, in which a percentage of revenues based on the company’s product sales is donated to the nonprofit. This sort of partnership is different from the other CSR initiatives because the donations are dependent on the company’s product sales volume (Adkins 2004, pp. 223, 227; Kotler & Lee 2005, p. 46). The more products that are sold, the more money will be distributed to the nonprofit and its cause. Comparing it to the 7Ps of CSR, cause-related marketing can be categorised as *purchasing*.

This last initiative, namely cause-related marketing, is the main focus of this thesis. In the following, it will be examined how this approach can be applied, how it benefits companies, nonprofits and consumers and thus provides a win-win-win scenario and which possible risks the initiative entails. Consequently, all aspects relevant to examining this will be presented in the following chapters.

**2.1 Cause-Related Marketing (CRM)**

Society’s expectations for companies to contribute to resolving social problems have increased tremendously over the last few years. Furthermore, the public has become more demanding when it comes to nonprofits’ performance and accountability. With this new development, partnerships between companies and nonprofits have also augmented. This is due to the fact that companies have shown increasing interest in optimising their initiatives in the field of corporate social responsibility, and nonprofits have become aware of the potential that this offers them in terms of publicity around their cause, name exposure and image building. This partnering of nonprofits with companies has become commonly known as cause-related marketing (CRM) and constitutes a partnership in which both companies and nonprofits reap the benefits (Wymer & Samu 2003, p. 4; Austin 2003, pp. 31, 37).

Adkins defines CRM as a corporate social action in which a company uses marketing money, techniques and strategies to support causes, while at the same time building and
strengthening its business. Furthermore, she claims that CRM provides a commercial advantage for all parties involved and a win-win-win scenario in which the nonprofit (i.e. the cause) and the company win, and the gains additionally extend to consumers. Another more commonly known definition of CRM, as defined by Business in the Community, is that it is a ‘commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit’ (Adkins 2004, pp. xvii, 12). In other words, it is an agreement between a for-profit business and a nonprofit organisation based on mutual advantages. In a CRM partnership, a company commits to donating a certain percentage of its revenues to a specific nonprofit or cause based on product sales. This makes CRM the only corporate social initiative in which a company’s monetary contribution completely depends on consumer action, because the more products that are sold, the more money will be raised for the cause (Brønn & Vrioni 2001, p. 214). CRM is thus designed to promote both the company and the nonprofit through marketing communication activities, causing positive consumer response and purchase increase, which consequently benefits the end beneficiary, i.e. the cause. So the primary distinction between CSR and CRM is that the former is a general notion that can be practiced in many different ways, while the latter is one type of CSR initiative that focuses on mutual benefit.

Overall, CRM can be regarded as a mixture of marketing, philanthropy, corporate affairs and corporate community investment, which is part of CSR and forms part of a company’s overall business strategy. In other words, CRM is simply a strategy that provides additional marketing opportunities for companies and is considered an additional fundraising tool for nonprofits. It has the ability to achieve the goals of each party in the partnership while at the same time significantly affecting and contributing to the wider community (Adkins 2004, pp. 48 – 50). However, there are also those who claim CRM to be more benefiting for companies than for nonprofits. This could be true to some extent although it could be argued that, as long as the nonprofit receives funding through the CRM partnership, both the company and the nonprofit achieve mutual benefits. The only difference that may arise is the extent of those benefits.

The reason why a company or a nonprofit enter in CRM partnerships with each other is based on the desire to meet their objectives and receive a return on their investment, whether in form of cash, time or increased public presence. The goal of each CRM
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partnership is, as mentioned, based on mutual benefits. This means that all parties involved strive to achieve their mutually agreed objectives with equal balance so neither of them gains at the expense of the other. In order to achieve these objectives, the two partners must agree on a set of key principles in their CRM partnership, which must be clearly understood and implemented by both parties. These key principles are integrity, transparency, honesty, ethics, openness, sincerity, mutual respect, partnership and of course mutual benefit (Adkins 2004, pp. 11, 110, 223). Both the nonprofit and the company must clearly communicate their expectations and motives for entering into a partnership with each other. This encompasses the importance of focusing on these key principles so each partner is fully aware of what to expect from the partnership and can be part of a successful cooperation that is based on mutual respect, and more importantly, mutual benefit.

In order for the company and the nonprofit to achieve maximum benefits, their CRM partnership should be based on long-term commitment, that is, several months or years, rather than on a short-term one, since consumers would most likely need numerous exposures to messages from the two parties before they notice and act on them. This assumption is primarily based on the fact that consumers are daily exposed to numerous advertisements, both from companies but also from nonprofits competing for people’s attention. This makes it that more difficult for consumers to remember a message after a single exposure (Schreiber 2001). Additionally, social problems, such as AIDS, require long-term commitment and sustainable funding in order to show any improvement (Kotler & Lee 2005, p. 241). Consequently, CRM based on short-term partnership would fail to convince the public that the company is genuinely interested in helping the cause. Research conducted by Minette E. Drumwright also shows support for the necessity of long-term commitment, as long-term commitment proved to increase the CRM campaigns’ chances of success (1996, p. 81).

2.1.1 CRM and companies

Companies view the financial aspect as the primary value of a CRM partnership (Berglind & Nakata 2005, p. 447). However, implementing CRM as an integrated part of the business strategy can additionally offer companies the opportunity to portray themselves as socially
responsible by contributing to the development of the global society while at the same time building long-term benefits for their own brands and products (Adkins 2004, p. 18). Through a CRM partnership, companies are able to differentiate themselves and their brands from those of competitors, which is a parameter that all companies are pursuing in order to gain greater market share and increase sales (Brønn & Vrioni 2001, p. 207). By applying CRM as a CSR strategy, a company’s CSR initiatives become more visible to the public because the company has the advantage of marketing its social awareness on a larger scale than merely through philanthropic donations. Consequently, if communicated properly, CRM can increase consumer awareness of the company, its products and the associated cause and thus generate positive consumer attitudes.

Especially in the USA, companies have become increasingly aware of this benefit of CRM and are considered an extremely powerful source within society when it comes to funding nonprofits through CRM initiatives. According to a report issued by IEG, a firm specialised in tracking cause-related activities, it is estimated that US companies have spent over $1.3 billion on CRM programmes in 2006, which is a 20% increase from their total spending on CRM programmes in 2005 (Chiagouris & Ray 2007, p. 48). This development indicates that CRM is growing rapidly and becoming an integrated part of companies’ overall business strategies.

There are various reasons why companies choose to engage in cause-related marketing. A successful CRM partnership can, among others, build or reinforce a company’s reputation and image, demonstrate its values, build awareness, relationships and positive brand attitude, increase sales, differentiate its products or services, reach niche markets, generate goodwill, attract new customers and emotionally engage consumers (Adkins 2004, p. 62; Berglind & Nakata 2005, pp. 447 – 448). One example of a successful CRM initiative is the global yoghurt company Yoplait’s CRM campaign ‘Save lids to save lives’ that donates 10 cents to Susan G. Komen Breast Cancer Foundation for every Yoplait lid that consumers in the USA send in to the company. The campaign has been active for ten years and continues to engage consumers each year to support its cause. This long-term commitment to the cause has made Yoplait the leading supporter of breast cancer research and women’s health (General Mills 2008) and is perhaps also the main driving force of consumers’ continuous participation in the CRM initiative.
The majority of benefits connected to CRM viewed from the perspective of companies are marketing-related. However, the primary benefit is favourable publicity, which elicits enhanced public goodwill and greater public awareness of the company and its brand or products. The positive attitudes that consumers will form due to favourable publicity and exposure could then lead to increased sales (Kotler & Lee 2005, p. 84; Wymer & Samu 2003, pp. 5 – 7) and the positive attitudes created by the CRM partnership for one product could transfer to other products that belong to the same brand name (Chiagouris & Ray 2007). Companies that are most likely to benefit from a CRM partnership are those whose products enjoy a large market or mass market appeal, have well-established as well as wide distribution channels and would benefit from a product differentiation offering consumers an opportunity to contribute to a nonprofit and its cause (Kotler & Lee 2005, p. 111). When establishing CRM partnerships, companies are also recommended to find an appropriate nonprofit partner and cause to support. If the public sees a natural connection between the products and the cause they are supporting, it may have a positive impact on the success of that CRM partnership. Further discussion regarding the company-cause fit in CRM partnerships is presented in chapter 3.1.1.

2.1.2 CRM and nonprofits

When it comes to viewing CRM from the perspective of nonprofits, the goals are mainly the same as those of the companies; to create awareness, enhance the product, service or image, to achieve a greater share of the market and, most importantly, to increase income, i.e. funding (Adkins 2004, p. 100; Berglind & Nakata 2005, p. 448).

Over the past decades, CRM initiatives have supported a variety of causes, spanning from local causes to major global issues. However, the causes that have remained most visible in CRM partnerships are those associated with major health issues, e.g. breast cancer, heart disease, children’s needs, etc (Cone Inc 2007, p. 16). These causes have the most supporters around the world, which is perhaps also why they are more appealing to companies. This is based on the assumption that a large majority of those supporters would transform into a target audience that could be persuaded into buying a product associated with the specific cause that they are already supporting through voluntary donations (Kotler & Lee 2005, p. 84).
A primary motivating element for a nonprofit to enter into a CRM partnership with a company is the opportunity to raise additional funding. Associating a nonprofit brand with a company that has a strong brand and popular products could help boost the nonprofit’s image and credibility, substantially improve its donor range and thus increase the funding for its cause (Wymer & Samu 2003, p. 7). Furthermore, establishing CRM partnerships with companies provides nonprofits with the benefit of increased free publicity, since the companies often will invest a great deal of efforts and money into the marketing and advertising of the CRM partnership (Berglind & Nakata 2005, p. 448). This increased exposure in public leads to brand recognition and image building, which are the two essential elements that a nonprofit should focus on since this could ultimately lead to an increase in memberships and donations (Austin 2003, p. 31). In addition, associating itself with a well-established and respected company can make the nonprofit’s message more effective because consumers might consider the message to be more credible and persuasive due to its association with the respected company (Berglind & Nakata 2005, p. 448). This is especially relevant in cases when the nonprofit partner is less known to the public.

### 2.1.3 Key types of CRM

CRM can be executed in many different ways including sponsorships, business supported charity or cause advertising, PR and direct marketing, to name but a few. However, the key types of CRM are categorised by three different business relationships: transaction-based promotions, joint issue promotions and licensing (Adkins 2004, p. 115).

#### 2.1.3.1 Transaction-based promotions

*Transaction-based promotions* are agreements in which a company commits to donating a specific amount of money, food or equipment in direct proportion to sales revenue. The company’s contribution to the nonprofit is thus proportional to sales of the company’s products. Some even state that ‘transaction-based promotions’ is merely a different name for CRM, since the two share the same defining concept. However, partnerships based on the concept of transaction-based promotions are considered to be mainly controlled by the companies as many of them often spend higher amounts of money on advertising their association with the nonprofit than actually donating to it (Wymer & Samu 2003, p. 12). This
is also one of the main reasons leading to increased consumer scepticism towards CRM since consumers may doubt the companies’ altruistic motives for entering into a CRM partnership with a nonprofit. In other words, if a company’s advertising of the CRM partnership is considered extremely excessive, consumers might consider it as being purely self-serving and profit-oriented. The subject of consumer scepticism and its effect on CRM partnerships is elaborated in chapter 3.2.

2.1.3.2 Joint issue promotions

The second key type of CRM is manifested through joint issue promotions. These are agreements in which a company and a nonprofit work together on promoting a cause. Unlike transaction-based promotions in which the company donates money to the cause, joint issue promotions focus more on active engagement from the company in activities that will promote the non-profit partner and its cause. For instance, a company and a nonprofit can work together on advertising against drunk driving or on developing educational material to inform the public on various matters, e.g. sexually transmitted diseases, alcoholism, drugs, etc. In partnerships based on joint issue promotions, nonprofits have the most control even though the company also can exercise some level of power, that is, if it contributes with a high level of expertise and marketing resources. The main reason for a company to enter into a joint issue promotion with a nonprofit is mainly to support the cause, but the underlying benefit is also to generate positive publicity aimed at a market segment that is desirable to the company’s business (Wymer & Samu 2003, pp. 13 – 14). An example of CRM through joint issue promotions is the alliance between Autobytel, an internet automotive marketing services company, and the nonprofit organisation MADD (Mothers Against Drunk Driving). Autobytel focuses on promoting safe-driving tips on its website in cooperation with MADD, urging consumers to drive responsibly and thus diminish the numerous injuries and fatalities that occur each year in the USA due to e.g. drunk driving. According to Autobytel, being a market leader in online care sale elicits a natural sense of responsibility for promoting automotive safety issues, which is why the company decided to form a partnership with MADD (Autobytel.com 2000).
2.1.3.3 Licensing

The third key type of CRM is licensing. In a licensing agreement, nonprofits license their logos or names to companies in return for a fee or royalty. This sort of partnership between a company and a nonprofit offers almost complete control to the company since it is solely responsible for performing marketing activities necessary to generate sales from the licensing agreement. The only element that the nonprofit has control over is how its name is presented in the advertising. There are numerous benefits associated with this sort of CRM partnership. The company benefits from publicity, customer and employee goodwill, increased sales and public relations, while the nonprofit benefits from increased funding, publicity and name recognition. Companies tend to use this sort of relationship to attract new customers, since customers may associate the company with the favourable image of the non-profit partner (Wymer & Samu 2003, p. 10). An example of CRM through licensing is the company Build-A-Bear Workshop’s agreement with WWF (World Wildlife Fund). Each year, the company creates a new collectible plush toy that features the WWF logo, and with each sale donates $1 back to the fund (WWF 2008).

2.1.4 Key characteristics of CRM relationships

It has been argued that no matter what sort of CRM partnership is in question, it can be rewarding for all parties, that is, the company, the nonprofit and its cause, and the wider community as long as the CRM is implemented and communicated properly (Adkins 2004, 48 – 50). As Adkins explains in her book, CRM is about sincerity, long term sustainable relationships and making a real impact. Wymer and Samu argue that there are two key characteristics of partnerships between a company and a nonprofit. The first characteristic describes the degree to which the company is seeking its own benefit versus furthering the nonprofit’s cause. The second characteristic outlines the proportion of power that each of the partners has in the partnership (Wymer & Samu 2003, pp. 16 – 17).

An overview of the three key types of CRM and their two key characteristics is presented in the following figure:
Cause-related marketing through (RED) – the nonprofit perspective

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Viewed from the perspective of companies, the figure above demonstrates that two of the three key types of CRM partnerships, namely licensing agreements and transaction based promotions, are characterised as mainly promoting the interest of the company rather than the cause. Also, they are both mainly controlled by the business partner. The third key type, joint issue promotions, focuses mainly on the cause which means that the nonprofit has the most power in the partnership. This interest parameter and its effect on consumer behaviour are further elaborated in chapter 3.2.

2.1.5 Risks associated with CRM partnerships

Even though CRM partnerships are mainly focused on the win-element and positive benefits, there are also some risks that can have a negative effect on both the company and the nonprofit. There has been much discussion regarding CRM and its effect on society and many authors have questioned whether such programmes are cause-supportive or cause-exploitative. With an increasing number of CRM partnerships emerging, so do the questions and speculations from many authors as to the sincerity of such initiatives. Some authors
argue that the for-profit orientation of companies is in direct conflict with the nonprofits’ orientation to further the cause and improve social conditions, and that, consequently, nonprofits’ missions are being overshadowed by companies’ marketing initiatives (Berglind & Nakata 2005, p. 449).

One of the main risks of CRM common for both parties is that one of the partners in the partnership behaves in a way that is damaging to the other, i.e. is involved in a scandal or negative publicity. This would have a negative influence on the innocent partner and potentially cause damage to its image. If the nonprofit is suddenly associated with a scandal, the risks that companies face in a CRM partnership with that nonprofit include disapproval from employees to support the certain cause, loss of brand reputation, market share and sales, and a possibility of corporate and brand damage. In addition, the public’s sudden negative attitudes towards the nonprofit may outweigh any positive attitudes they have about the partnering company and its brand. In a CRM partnership based on licensing, the company, in addition to loss of sales and brand damage due to the nonprofit’s scandal, faces expenses associated with drafting of the license agreement and with production of the licensed products (Wymer & Samu 2003, pp. 11 – 13).

However, risks associated with CRM partnerships are much more serious for nonprofits than they are for companies. This is primarily due to the fact that private donors may decide to stop their donations if they do not approve of the company associated with the nonprofit. Since private donations are the nonprofit’s main source of funding, any negative publicity or association with a company that is considered unfavourable in the public eye could have a strong negative impact on the nonprofit’s reputation. The damage to a nonprofit’s image would thus weaken its ability to acquire the funds that are necessary for its survival. These are the main concerns for nonprofits, especially in partnerships based on transaction-based promotions and joint issue promotions. CRM partnerships based on licensing agreements pose an additional serious threat for nonprofits if a scandal occurs. For instance, if the licensed product proves harmful to consumers, it could severely threaten the nonprofit’s credibility as the public would link the scandal to the nonprofit and perhaps imply that it was endorsing the harmful product (Wymer & Samu 2003, pp. 8, 11).

One example of a CRM scandal is the partnership between a voluntary health agency, the American Heart Association (AHA), and the Sunbeam Corporation, a manufacturer of small home appliances. The Sunbeam Corporation licensed the AHA logo
and applied it in the marketing of own products as a seal of approval. However, the AHA came under severe criticism from its members and the public for tarnishing its image by agreeing to endorse the company’s products in exchange for donations. This forced the AHA to break the agreement with Sunbeam and pay substantial damages to the company for manufacturing costs. In addition to financial costs, the scandal also cost the AHA many of its loyal members (Adkins 2004, 210 – 211).

3 Consumers

Consumer attitudes towards CRM and CRM’s effect on consumers’ purchasing behaviour are aspects that are examined and elaborated in the following chapters in order to provide a deeper understanding of CRM and its impact on society at large. Furthermore, the presented theory elaborates on why CRM partnerships are becoming an increasingly important business strategy for both the non-profit and the for-profit sector.

3.1 Consumers and CRM

CRM enables companies to focus on solving social problems by providing resources and funding while at the same time focusing on meeting their marketing objectives. It is an alternative, or rather a supplement, to corporate philanthropy since social benefits are linked to the company’s marketing of its products and services (Business in the Community 2003-04, p. 3). Over the past couple of decades, companies and nonprofits have increased their focus on finding new ways to differentiate themselves as well as their products and services from competitors, which also explains why many of them have turned to CRM. Also, an increasing demand from consumers for more value for money has contributed to increasing the focus on CRM partnerships since companies thus can appeal to consumers who want to make a difference in society through their purchase. Tying a donation to an everyday act such as shopping provides opportunities for individuals to be caring citizens while performing their daily routines, which makes CRM an effective persuasion tool that can increase consumers’ purchase intention (Berglind & Nakata 2005, p. 450). Consequently, through the use of CRM, the companies are able to meet consumers’ demands and own business goals.
3.1.1 Consumer demands and attitudes

Numerous surveys have demonstrated that consumers today to a higher extent prefer socially responsible companies and products than earlier. Consumers’ needs and desires drive them towards purchasing a specific product (Ind 2003, p. 3), and products associated with CRM can be said to entail functional, emotional as well as self-expressive benefits, which appeals to many consumers. Brands that are associated with a cause often create an emotional connection with consumers, that is, if consumers identify with the values and attitudes of the CRM initiative. They thus form an emotional attachment to the brand or the product in question based on their perception of these shared values and attitudes (McConnell & Huba 2003). In this manner, consumers gain in terms of self-expressive benefits since they can communicate own values and attitudes to their surroundings through the use of such brands (Aaker 2002, p. 99).

A more elaborative discussion on the benefits associated with nonprofit brands offering consumers additional sense of value is provided in chapter 5.1.3 on value proposition.

Business in the Community characterises CRM as a win-win-win scenario for all parties involved, i.e. the company, the nonprofit and the consumer (2003-04, p. 3). The win for the companies is, as previously mentioned, increased brand awareness and purchase intention, that is, if the consumer favours the CRM partnership, and positive brand attitude, among others. The win for the nonprofit is increased funding and awareness of the cause. Lastly, the win for consumers is the sense of additional perceived value they gain through the purchase of a specific CRM-related product or service that satisfies their altruistic needs by helping the society and the less fortunate. Triggering positive consumer attitudes towards the CRM partnership is essential, since this positive attitude can lead to a positive evaluation of the product, which will have a positive influence on the consumer’s intent to make the purchase (Gupta & Pirsch 2006, p. 315).

Cone Inc. is an American brand strategy and communications agency that markets itself as a pioneer in cause branding. In recent years, the agency has conducted many surveys concerning Americans’ attitudes towards CRM and the parties involved. In a recently issued report on trends and changes in consumer attitudes, Cone Inc. revealed that, in the last few
years, Americans have become more demanding when it comes to who they do business with and whose products they buy. According to the report’s findings, 83% of Americans believe that companies have a responsibility to address and support social causes. Additionally, 92% claim to have a more positive image of a company that supports a cause that they care about. These results could also explain the substantial growth in CRM partnerships in the USA, as companies are aware of the positive benefits that CRM can bring them. Therefore, an increasing number of companies have intensified their focus on establishing CRM partnerships in order to connect with customers and retain their loyalty (Cone Inc. 2007, pp. 6 – 7).

Research on attitudes towards corporate giving and CRM conducted in the UK by the Business in the Community showed similar findings. The results demonstrated that 82% of the British public believe it is important to give money to nonprofits and thus support their work. In addition, they consider CRM as one of the most popular methods of donating money to charity and 74% believe that this method should be applied by companies to support nonprofits and their causes (Business in the Community 2006, pp. 1 – 4). Additional research demonstrated that CRM has a positive impact on brand affinity, consumer perception, loyalty and buying behaviour (Business in the Community 2003-04, p. 4). Supporting causes is no longer considered a ‘nice’ thing to do in the eyes of the majority of consumers. Rather, it has become a ‘must’. As Cone Inc. indicates, it is no longer sufficient for companies to provide quality products and services in order to achieve differentiation in the market. Today, it is all about developing meaningful and lasting relationships with consumers by actively addressing social issues that are relevant to them (Cone Inc. 2007, p. 3).

The importance of engaging in social causes is also evident in another survey regarding Americans’ perceptions of companies that have none or negative social responsibility practices. 85% of the respondents in the survey claimed that a company’s lack of CSR practices would make them choose another brand or product, and 66% would even be prepared to boycott a company’s products or services. This places further pressure on companies to engage more actively in CSR, be open and transparent in their initiatives, and most importantly, deliver what they promise (Cone Inc. 2007, p. 19). The same applies to nonprofits engaged in resolving a social or environmental problem. They too must be open
and transparent in their operations and deliver on their promises. Otherwise, they risk scrutiny from the media which could jeopardise their image, credibility and the ability to survive.

Business in the Community distinguishes between four key rules that can trigger positive consumer attitudes and lead to successful CRM campaigns. These are: *Ensure the link fits*, i.e. that there is a clear link between the company and the nonprofit or its cause. *Demonstrate the impact* – campaigns must portray mutual benefit for both parties and not just benefit the company. *Live and breathe the relationship* – partnership should be more long-term oriented, thus symbolising sincere commitment to help the social cause. The last key rule is to *make it easy*, meaning that it is important to engage the consumer by not trying to change their everyday behaviour. This last rule is perhaps also the main reason why most consumers welcome CRM and the approach of helping by shopping. It offers them a feeling of extra value and rewards them for doing what they already do, that is, shopping (Business in the Community 2003-04, p. 9).

Even though consumers are mainly supportive of CRM because they consider it an efficient way of supporting nonprofits and social causes, in order to feel supportive, they must understand the partnership and the underlying reasons for its establishment. Some theorists suggest that there are two key aspects of CRM that lead to a positive response from consumers. Firstly, the consumer must to some extent identify with the company and the nonprofit in the CRM partnership. Secondly, there has to be a match between the company and the cause. The assumption is that the more natural connection there exists between the company and the cause, the more positive effect will it have on consumer attitudes (Chiagouris & Ray 2007). For instance, a toy company supporting UNICEF (United Nations Children’s Fund) would be considered a more natural fit than if the same company was supporting research on Alzheimer’s disease. The latter could fail to appeal to consumers as they would perhaps be unable to see the connection between the two partners and thus doubt the company’s sincere interest in the cause. Although many researchers have suggested the importance of a high level of fit between the two partners, there are also researchers who have refuted this theory. A survey conducted by Nan and Heo indicated that consumers will
form positive attitudes towards the CRM partnership regardless of the level of fit between the company and the cause (2007, p. 70).

There are many influencing factors that contribute to the success of CRM. What may be appealing to some consumers may not be appealing to others, which makes it even more important for both partners in the CRM partnership to be as transparent and sincere as possible when establishing partnerships with each other. In that way, consumers have a better chance of understanding the logic behind the initiative and identifying with the two partners involved.

Another survey conducted by Vaidyanathan and Aggarwal (2005, p. 241) demonstrated that, in spite of consumers’ generally positive attitudes towards companies’ CRM programmes, their commitment to support a cause by purchasing a product is only true to the extent that they are not required to pay more for that product. However, if price and quality between a CRM product and a non-CRM product are equal, a majority of the respondents said that it would have a positive impact on their intention to purchase the CRM product and thus support a cause. In 2004, Cone Inc. conducted a survey on corporate citizenship and building brand trust. Their research demonstrated that 45% of Americans consider purchasing a product from a company after hearing about its commitment to resolving social issues. 43% go further and purchase the product and 28% intentionally pay more for a company’s product that supports a social cause (Cone Inc. 2004, p. 2). This demonstrates that even though the majority of the respondents in Vaidyanathan and Aggarwal’s survey were not willing to pay more for a product associated with CRM, the research by Cone Inc. proved that one in every three Americans would still be persuaded to do so. This also indicates how effective CRM can be in influencing and persuading consumers to purchase a certain product that supports a social cause.

3.1.2 Millennial generation

The demographic that shows the highest level of social responsibility in the contemporary society is the Millennial generation. This demographic is born between 1979 and 2001 and is characterised by strong opinions and attitudes when choosing which brands and products to buy (Cone Inc. 2006, pp. 2 – 3). Individuals belonging to this generation also have the most
positive views of CRM partnerships and companies’ commitments to social responsibility (Chiagouris & Ray 2007). This is partly due to the fact that growing up with e.g. the internet has made them more exposed to the overall global community and the issues surrounding it, thus increasing their awareness of world news and events. This increased exposure has made Millennials more inclined to take responsibility of making a positive and lasting impact, not only in their local communities but in society at large as well. In fact, 61% of the respondents in a survey on Millennials’ cause engagement believe that they are personally responsible for making a difference in the world (Cone Inc. 2006, p. 6).

The Millennials also have a strong belief that they can positively change the world through their spending habits, which is perhaps the reason why many companies are targeting this specific demographic in their CRM programmes. In 2005, it was estimated that as much as 70% of Millennials purchased a product that supported a cause and additional 89% were willing to switch brands in order to support a cause through their purchase (Cone Inc. 2006, p. 9).

In 2006, Cone Inc. conducted a substantial research on the Millennial generation and found that when a cause message is linked to a company’s brand in a sincere way, it can gain the attention and respect of young consumers. 74% of the respondents in the survey claimed that they are more likely to pay attention to a company’s message if the company is deeply committed to the cause. Additionally, for a message to resonate with this demographic, it is crucial that the company’s commitment is sincere and relevant to both the brand and the consumer (Cone Inc. 2006, pp. 2, 16). This is also connected to the two key aspects of CRM in terms of consumer interest mentioned in chapter 3.1.1: the importance of the company-cause fit and some level of identification with the company and the cause.

Even though Millennials belong to the demographic with the highest level of social responsibility, their participation in various CRM initiatives is sometimes limited due to the fact that this generation expects to see an immediate effect, feedback and benefit from their actions in order to feel that they are indeed making a difference in the world (Cone Inc 2006, p. 7). Often, this immediate effect and benefit can be rather difficult to experience since a majority of social issues need long-term commitment from donors, nonprofits, governments, etc in order to show any progress. For instance, an organisation dedicated to resolving world
hunger will face difficulties in demonstrating to its donors an immediate large scale impact of their donations. This is due to the fact that world hunger is a major problem that cannot be resolved overnight or even a month, but rather through long-term commitment and sustainable funds.

### 3.2 Consumer scepticism

As mentioned earlier, CRM can have a positive impact on consumer attitudes towards a company’s products or brand and increase consumers’ purchase intention regarding the specific product associated with the cause. However, if there is any perceived imbalance in the CRM partnership, consumers might view the entire initiative negatively. Also, if there is any suspicion that the company’s motives are mainly self-serving, it will have a negative impact on consumers’ attitudes towards that company and its products since the company’s marketing efforts could be seen as exploiting the cause for own benefit (Chiagouris & Ray 2007; Basil & Herr 2003, p. 61). Even though a majority of consumers generally view CRM as a positive approach, they will still criticise the company if there is any perceived imbalance in the relationship. This is perhaps also why many criticise CRM initiatives and question their sincerity, as mentioned in chapters 2.1.4 and 2.1.5. For instance, as figure 1 in chapter 2.1.4 demonstrates, the company has the most control in two out of the three key CRM types which could make consumers doubt that the partnership is based on mutual benefit.

In most cases, consumers are more sceptical of the company’s motives in CRM rather than of those of the nonprofit (Adkins 2004, p. 13). However, some consumers are also sceptical of the nonprofit’s commitment. Business in the Community conducted a research in the UK to measure the consumers’ level of donating. The overall result portrayed that even though a majority of consumers favour the support of charities and causes, 77% is sceptical as to how the nonprofit distributes the donated money and 20% even refuse to support nonprofits because they are suspicious of their work (Business in the Community 2006, p. 1). This is connected to the increasing demand from consumers for more transparent communication of nonprofits’ programmes and operations. In order to maintain consumers’ positive attitudes, nonprofits must focus on communicating the benefits that the particular
CRM will bring consumers instead of just focusing on the need for donations (Cuesta 2003, p. 1).

Consumers can be sceptical of CRM campaigns if a company or a nonprofit fails to portray a high level of transparency in its activities. For instance, if consumers cannot find sufficient information on what percentage of a company’s revenues is distributed to the cause, they will assume that the amount is so small that it is probably not even worth the mention. This will then lead to the perception that the only reason the company is cooperating with a nonprofit is to increase own profits. Similarly, if the nonprofit lacks transparency regarding the distribution of the money that consumers’ purchases have generated, the consumers might become suspicious of the nonprofit’s operations and the overall sincerity of the CRM partnership. Many consumers also have concerns about the nonprofit that the CRM supports, e.g. if the nonprofit’s mission or founding values do not resemble those of the consumer (Kotler & Lee 2005, p. 101). For instance, some consumers form negative perceptions of CRM initiatives aimed at fighting HIV/AIDS because they are unable to identify with the cause which they perhaps primarily associate with homosexuality and drug use (Eveland & Crutchfield 2006, p. 1)

The increased scepticism towards CRM partnerships can affect consumers’ purchasing behaviour and change their attitudes (Brønn & Vrioni 2001, p. 208). Some argue that the scepticism derives from consumers’ general scepticism and distrust towards advertising, which often merely serves the purpose of increasing sales of the advertised services or products. The scepticism also increases if either the company or the nonprofit fails to deliver on their promises. This is an important indicator of how crucial transparency and openness are when communicating and informing the public of how the donations are being distributed (in the case of the nonprofits) and what percentage of the profit is being donated to the cause (in the case of the companies). By increasing the knowledge of the partnership, both the nonprofit and the company can decrease the level of scepticism among consumers. Consequently, any doubt consumers may have regarding the motives behind the CRM initiative would be removed if there is sufficient accessible information provided regarding the partnership, its purpose and goals (Brønn & Vrioni 2001, pp. 217, 219) as well as achievements.
Another element that could increase consumer scepticism of CRM is excessive exposure to CRM messages. If CRM becomes excessively used, it may have the opposite effect on consumer attitudes. Constant over-excessive exposure to numerous CRM messages would cause consumers to start ignoring these messages along with many for-profit advertisements since they would be unable to process each request in each message (Berglind & Nakata 2005, p. 451). In order to avoid that consumers disregard these messages, both companies and nonprofits should not exaggerate in advertising their CRM messages as they otherwise risk that the messages become a highly ineffective tool benefiting neither of the parties.

**PART II**

The following chapters focus on describing (RED) and placing it in the context of CRM. Consequently, all aspects of the theory on CRM presented in part I are applied in the following chapters in order to examine (RED) as the nonprofit partner in its CRM initiative and elaborate on its choice of CRM strategy, its status as a nonprofit brand and the challenges it has faced in its approach to CRM.

4 **(RED)**

(RED) is an economic initiative founded in 2006 by two renowned philanthropists, the lead singer of the band U2, Bono, and the fundraiser, Bobby Shriver. The main purpose of (RED) is to raise awareness and money for the Global Fund to support the fight against HIV/AIDS in Africa. The Global Fund is the world's leading funder of programs to fight AIDS, tuberculosis and malaria in the developing world. Since its inception in 2002, the Global Fund has managed to raise more than $10 billion which is distributed to life saving programmes in 136 countries ((RED) 2008c).

(RED)’s unique approach to fundraising is what differentiates it from charities, organisations and nonprofits in general. (RED) is not a charity but a brand that is designed to engage business and consumer power in the fight against AIDS. However, even though (RED) clearly states on its website that it is not a charity, a campaign, nor a cause, its purpose is what qualifies it as a nonprofit brand, as mentioned in chapter 1.2.
Consequently, in the following chapters, (RED) is examined as the nonprofit partner in the context of CRM. Furthermore, its status as a nonprofit brand and consumer attitudes towards its CRM initiative are also elaborated.

4.1 (RED) in the context of CRM

The idea behind (RED) is based on the fact that the overall contributions from the private sector to the Global Fund amount to less than 1% of all received donations. Bono and Bobby Shriver saw an unexploited potential in this area which is why they created (RED) and thereby engaged the private sector in social initiatives to a much higher extent than it has been so far. In their opinion, the goal to engage the private sector into supporting their cause could be best achieved through a CRM initiative and partnering with a number of high-profile brands to produce (RED)-branded products (RED) 2008a).

(RED) is defined as a business model designed to create awareness of AIDS problems in Africa and ensure a sustainable flow of money from the private sector into the Global Fund. Thus far, it has established partnerships with the following world-known brands: American Express, Emporio Armani, Gap, Converse, Motorola, Dell, Microsoft, Hallmark and Apple (RED) 2008a; Motorola 2008).

4.1.1 Licensing

Each partnership between (RED) and a company is primarily based on licensing agreements. The company that partners with (RED) licenses the (RED) brand and uses it to create own (RED)-branded products and services. For instance, if Motorola chooses to create a product with a licensed (RED) brand, the product would be named (Motorola)RED. As mentioned in chapter 2.1.3.3, companies can benefit from this sort of CRM partnership as it enables them to attract new customers. Additionally, licensing helps companies to increase loyalty among existing consumers, since associating their brand with a cause is an effective persuasion tool that can increase consumers’ purchase intention, as elaborated in chapter 3.1.

Each (RED) partner is obliged to pay a licensing fee to (RED) which is used by (RED) to manage and market the (RED) brand. (RED) puts a lot of effort in communicating on its website that this additional cost for companies is not something that consumers have to pay extra for, e.g. ‘the company pays extra – the purchaser does not.’ (RED) 2008a). It could be argued that considerations behind communicating several times on the website that
the consumer does not pay extra for (RED) products correlates with the findings in Vaidyanathan and Aggarwal’s survey on consumer attitudes towards CRM partnerships in chapter 3.1.1. The survey revealed that a majority of consumers would commit to supporting a cause by purchasing a product only to the extent that they were not required to pay more for that product. This is perhaps also why (RED) makes sure to communicate this to its target audience.

One could argue that (RED) is actually licensing the positive benefits associated to its brand rather than the brand itself, since consumers’ overall positive attitudes towards CRM initiatives help the (RED) partners to achieve equity through association with the benefits that the (RED) brand entails. However, according to Bobby Shriver, (RED) is not always appealing to companies due to the cause that it supports, i.e. AIDS. Shriver revealed in an interview that some companies fear they might be criticised for profiting from AIDS in Africa and are thus reluctant to engage in partnership with (RED). In addition, by agreeing to use the (RED) brand together with their own products and brands would expose them to any bad publicity that (RED) may receive from the public, which is a risk that some companies are not willing to take (Beattie 2007). This is also connected to the fear of additional expenses connected to licensing agreements, that is, if the nonprofit partner acts in a way that becomes damaging for the partnering company’s image and reputation.

Even though CRM based on licensing is considered to mostly benefit the company, it can be argued that (RED) also succeeds in achieving a great benefit by committing each of its partners to a five-year licensing agreement (Spethmann 2007, p. 21). In this manner, (RED) ensures sustainable funds to the Global Fund and long-term support for the fight against HIV/AIDS since short-term commitments would not make a sufficient impact to alleviate AIDS in Africa, let alone completely eliminate it.

### 4.1.2 Transaction-based promotion

Even though (RED) states on its website that its partnerships are based on licensing, all of its CRM partnerships are also based on transaction-based promotions. In addition to paying a licensing fee, the partners commit to donating a specific percentage of sales of the licensed
(RED) products to the Global Fund to invest in African AIDS programmes ((RED) 2008a). The retail clothing company, Gap, commits 50% of its profits made on (RED) products to the Global Fund, Dell and Microsoft commit to donating $50 for every (RED) notebook sold ((RED) 2008d) and with each purchase from Emporio Armani’s (RED) collection, an average of 40% is donated directly to the Global Fund ((RED) 2008e). All of these donations are identified as transaction-based promotions elaborated in chapter 2.1.3.1.

(RED) makes a lot of effort in creating a balance between the donations from companies and the profits that companies themselves make because as long as both partners reap mutual benefits, companies will view (RED) as a sound investment. This mutual benefit is also the reason why only one company from each product category is allowed to use the (RED) brand. This ensures exclusivity and provides the company with an opportunity to increase its customer base (Beattie 2007).

The majority of (RED) products belong to the category of hedonic, i.e. luxury, products. The choice of partnering with famous hedonic brands can be explained by examining a study conducted by Nan and Heo on hedonic versus utilitarian products in CRM campaigns. Their results revealed that consumers are more willing to purchase a hedonic product associated with CRM than a utilitarian one (Nan & Heo 2007, p. 65). This could be connected to a sense of guilt that consumers might feel when spending money on hedonic products which they do not necessarily need. However, a product’s association with a social cause can remove the feeling of guilt that is often triggered in consumers when purchasing and consuming hedonic products. In addition, products associated with a cause provide consumers with a reason to feel good about their purchase since they have perhaps saved someone’s life by purchasing that exact product (Drumwright 1996, p. 72).

In order to avoid criticism and accusations of cause exploitation, all of (RED)’s partners must agree not to make the price of their products from the (RED) collection higher than that of the same regular products. Instead, the companies rely on free publicity surrounding the partnership to compensate for the donations they make to the Global Fund through sales of their (RED) products (Beattie 2007). In addition, (RED) retains a veto over all advertising of its brand and maintains an ongoing dialogue with all (RED) partners in order to avoid
commercial exploitation of the (RED) brand. In this manner, (RED) is able to have more control over its reputation and image.

Since transparency is an important element in any CRM partnership, (RED) ensures to communicate to the public that the money companies raise through the sales of (RED) products are contributed directly to the Global Fund.

![Figure 2](Image from (RED)’s official website www.joinred.com)

As Figure 2 indicates, when a consumer buys a (RED) product, a certain percentage of that profit is donated to the Global Fund. The Global Fund then allocates the money to specifically selected (RED) grants, which are programmes that have shown great success in helping HIV/AIDS infected people in Africa. The consumer has thus purchased the desired product and helped save lives at the same time.

(RED) is very specific in communicating that before a programme can be considered eligible for (RED) funding, it must fulfil the strict performance standards that the Global Fund sets out, which ensures effective use of the funds donated to the programme. Thus far, the (RED) money has been distributed to Rwanda, Swaziland, Ghana and Lesotho to fund HIV prevention programs, provide treatment for HIV positive individuals and enable easier access to nutrition and education for children orphaned by AIDS ((RED) 2008a, 2008c).

### 4.1.3 Joint issue promotion

Only one of (RED)’s partnerships has so far been based on a joint issue promotion described in chapter 2.1.3.2. This is the partnership with Vanity Fair magazine. In July 2007, the magazine published a special Africa issue in cooperation with (RED), with articles
addressing the crises that Africa faces, but also informing of the country’s beauty, culture, music and literature. By informing the public of the crises in Africa, it can be argued that Vanity Fair furthered (RED)’s cause through its magazine and informed the public why this is a pressing issue in need of immediate support. In addition, the magazine contributed $5 to the Global Fund for every online subscription purchased that month ((RED) blog 2007). This indicates that (RED)’s CRM partnership with Vanity Fair also included elements of transaction-based promotions as the magazine committed to donating a specific amount for each subscription sold.

4.2 The (RED) logo

On (RED)’s website, considerations regarding the brand name and logo are also elaborated. According to the two founders, red is the colour of emergency and they consider thousands of people dying of AIDS every day as exactly that – an emergency. The purpose of the brackets around the brand name is a symbol of embrace. Each company that becomes the (RED) partner places its logo in the brackets, e.g. (Apple)RED, and is thus elevated to the power of (RED). The same applies for the consumers. All that is required of them to become good-looking Samaritans and be embraced by (RED) is that they upgrade their choice and purchase the (RED) products ((RED) 2008a, 2008f).

4.3 (RED)’s status in the nonprofit market

It could be argued that (RED) has effectively managed to create a name and recognition for itself, especially considering the fact that it is competing against more than a million nonprofits in the USA alone (Cone Inc. 2004, p. 6). According to a survey on nonprofit brands, Cone Inc. discovered that (RED) has already managed to capture 13% of the nonprofit market in the USA during the two years that the brand has been active on the market (Cone Inc. 2006a, p. 4). This could be due to the fact that (RED) has formed partnerships with some of the world’s leading consumer brands such as Apple, Microsoft and Gap, among others, which hold a substantial percentage of the market share in their respective product categories. As a result, the (RED) initiative has managed to raise more than $100 million for the Global Fund ((RED) 2008c, 2008a) during the two years of its existence, which also demonstrates the brand’s popularity among consumers.
Based on the findings in the previous chapters, it is clear that (RED) applies an integrated CRM strategy in its efforts to reach out to the consumers and companies and establish long-term relationships. Applying the three key types of CRM, licensing, transaction-based promotions and joint issue promotions, is also an indicator of (RED)’s commitment to focus exclusively on mutual benefit. In figure 1 in chapter 2.1.4, transaction-based promotions and licensing agreements were characterised as mainly promoting the interest of the company while joint-issue promotions were characterised as focusing mainly on the cause. By implementing all three CRM strategies in promoting the (RED) brand and its purpose, it can be argued that (RED) is succeeding in pursuing its strategy of being a business model that benefits both parties and is thus able to avoid criticism from the public on this matter.

Encompassing all three key types of CRM could also be connected to (RED)’s efforts to provide a win scenario for all parties involved. Thus, (RED) becomes a preferable choice for both the companies in search for a new nonprofit partner but also for consumers in search for a product that satisfies their needs.

When comparing (RED)’s CRM initiative to the four key rules that Business in the Community lists as elements that can lead to successful CRM campaigns mentioned in chapter 3.1.1, it is evident that (RED) has effectively implemented three of the four rules. (RED) demonstrates the impact by focusing on mutual benefit for each of the partners. It lives and breathes the relationship by committing the (RED) partners to a five-year licensing agreement, and (RED) makes it easy by providing consumers with the opportunity to support the fight against HIV/AIDS by shopping (RED) over non-(RED) at their local stores. The rule of ensuring that the link fits can be argued to be the only rule that (RED) did not implement in its CRM initiative. The fit between (RED)’s partners and the cause is not considered a natural fit since the link between AIDS and Ipods, sunglasses and perfumes is not a logical one, and could thus cause doubt in consumers’ minds regarding the companies’ motives for partnering with (RED). Gap and Hallmark are the only two partners who financed HIV programmes in Africa even before joining (RED), while the rest have no previous history with African issues (Nixon 2008). This could cause some consumers to question the sincerity of those companies and of (RED) in general. However, examining the popularity of the (RED) products, it is evident that consumers have positive attitudes towards
(RED)’s CRM initiative regardless of the level of fit between the partnering companies and HIV/AIDS. This provides further support for Nan and Heo’s survey described in chapter 3.1.1.

Examining the fit between the nonprofit and the cause, i.e. the (RED) brand and AIDS, it could be argued that it is a logical one, since (RED) is founded based on the principle of raising funds to fight HIV/AIDS in Africa. In addition, Bono is also known for his active engagement in African issues and initiatives such as Live 8, the ONE Campaign, Make poverty history and DATA, all of which are movements aimed at raising awareness of humanitarian crises around the world (Labiharie 2007). Since Bono is one of the founders of (RED), his previous involvement in African issues therefore provides a natural fit between the issue of HIV/AIDS in Africa and (RED) and perhaps neutralises the lacking fit between (RED)’s partners and the cause.

4.4 Consumers and (RED)

Based on the findings in chapters 3.1 – 3.2 concerning consumer attitudes and buying behaviour, the next chapter discusses (RED)’s target audience and the considerations behind the choice of target audience.

In order to provide a valid elaboration and support to the presented considerations and arguments, an examination of the overall communication on (RED)’s website is conducted.

4.4.1 (RED)’s target audience

(RED) primarily focuses on two geographical market segments, namely the USA and the UK. The choice of these two particular segments can be explained by examining consumer trends and attitudes towards CRM in the two countries. A survey conducted by the Business in the Community in 2004 indicated that 98% of UK and US consumers are aware of at least one CRM partnership, and of them 83% in the UK and 73% in the USA participated in some sort of CRM initiative. These numbers are clear evidence of great potential associated with consumers’ positive attitudes towards CRM initiatives in the two countries. In addition, nearly half of the respondents said that they either switched brands, increased usage of a brand or made enquiries about new products due to the positive impact that the particular
CRM they were engaged in had on their behaviour and participation (Business in the Community 2003-04, pp. 5-6). It can be argued that consumers’ general positive attitudes towards CRM are one of the main reasons behind (RED)’s successful entrance on the two markets.

Examining the demographic considerations behind (RED)’s targeting, it could be argued that the initiative is mainly targeted at young people. This is supported firstly by examining (RED)’s partners and their (RED) products. Ipods, custom-made Converse sneakers, Armani bracelets, watches and sunglasses are all products that primarily appeal to a young and trendy audience. The choice of targeting a younger audience is connected to the previously mentioned increasing awareness of social issues among young people in the USA and the UK. Additionally, in their Corporate Citizenship Survey in 2004, Cone Inc. discovered that young consumers are more likely to differentiate between products based upon a company’s social responsibility efforts than older generations (Cone Inc. 2004, p. 3). Therefore, companies are eager to partner with causes and offer products that appeal to young consumers in order to gain their loyalty.

Especially the Millennial generation is characterised by a pro-social behaviour and care for others as well as strong attitudes when choosing which brands and products to purchase. This demographic has shown to hold the most positive attitudes towards CRM partnerships, which could explain (RED)’s choice of target audience. Furthermore, the focus on this particular target audience also explains (RED)’s choice of partnering with trendy popular brands to provide products that appeal to this demographic. When presented with a choice of buying (RED) over non-(RED) products, this generation’s sense of personal responsibility to make a difference in the world would most likely lead them towards purchasing (RED) products. This is also supported by the Cone survey mentioned in chapter 3.1.2., which demonstrated that 89% of the respondents belonging to the Millennial generation would switch brands in order to support a cause through purchase.

On (RED)’s website, it is exemplified how purchase of one (RED) product can impact the world by stating:

‘A purchase of 1 iPod nano (PRODUCT) RED provides 83 single treatments to help reduce the risk of HIV transmission from mother to child’, and
‘The purchase of 1 Emporio Armani (PRODUCT) RED tote bag provides 7 weeks of life preserving ARV medication for a person living with AIDS in Africa’ ((RED) 2008e).

It can be argued that (RED) has chosen to explicitly communicate the extent of the impact its products have on the world, in order to meet the target audience’s expectations to see an immediate effect and benefit from their purchases.

(RED)’s partners are also supportive of the theory that (RED)’s target audience consists mainly of young people. For instance, Gap has stated that their main customers purchasing (Gap)RED are teenagers and women. Armani manufactures its (RED) products under the Emporio Armani brand, which is a brand that is more appealing to young buyers between the ages of 25 and 45 years. According to the company, this age group is equivalent to the profile that (RED) has identified as being most likely to be motivated by the (RED) initiative of combining desire and virtue in products (Beattie 2007).

4.5 Criticism of (RED)

Even though (RED) has had tremendous success in the USA so far, its status in the UK has shown less enthusiasm. (RED)’s own research on the matter discovered that British consumers are sceptical of CRM initiatives as they are convinced that the cause is rarely the main beneficiary in such partnerships. This scepticism of British consumers is also evident in the previously mentioned survey by the Business in the Community on consumers’ level of donating, which revealed that 77% of respondents are sceptical of how nonprofits distribute the donated money.

Concern has also been voiced among some sectors of the nonprofit world that CRM initiatives such as (RED) are taking resources away from traditional philanthropic donations that companies and individuals make to various causes. The main argument is that (RED) leaves consumers with a feeling that they have already done their part in acting socially responsible by purchasing (RED) products, which could cause a decrease in traditional donating. However, it is also argued that (RED) could be effective in influencing consumers who perhaps never previously considered donating money to a cause (Brand
Strategy 2007). This was also emphasised by Bono during the launch of (RED) in 2006 as he stated: ‘Red is about doing what you enjoy and doing good at the same time’ (Brown 2006). In Bono’s opinion, (RED) is aimed at conscious consumers who think about their spending power and make the conscious choice, if presented with one (Brown 2006).

The increased presence of nonprofit brands in the public eye marketing themselves along with numerous for-profit brands has also made them subject to media and public scrutiny. This places heavy demand on the nonprofit to justify its cause and deliver on its promises since any deviance from those promises could be fatal for its survival (Csaba 2006, p. 133). For instance, as previously mentioned, (RED) was subject to criticism from the media when it was claimed that the expenses (RED) partners spent on the advertising of their (RED) products were almost triple the amount of money that (RED) raised for the Global Fund. Even though the expenses were explained as necessary since (RED) was a new brand that needed increased exposure in the media to create awareness (Benady 2007, p. 25), one cannot but speculate that such negative criticism in the media has caused some damage to (RED)’s integrity as a nonprofit in the eyes of some consumers. This criticism is perhaps the main explanation for (RED)’s decreased popularity in the UK since British consumers already have a high degree of scepticism towards how the money is distributed in CRM initiatives. Consequently, (RED)’s negative publicity may have generated negative consumer attitudes in spite of the fact that the criticism was highly exaggerated and was subsequently refuted.

Based on the above, viewing (RED)’s success solely from a cost perspective could be damaging to its credibility and lead companies and consumers to look elsewhere for nonprofits and causes to support. This, along with the findings in chapter 3.1.2 that consumers must be convinced that they have made an impact on the world through their purchase, is probably the main reason why (RED) provides facts on its website on how the (RED) money is distributed as well as provides a specific number of how many people the initiative has helped so far and what improvements have been made in Africa:

‘Your (RED) purchases have helped purchase lifesaving antiretroviral treatment for nearly 80,000 people in Rwanda, Swaziland, Ghana and Lesotho’ ((RED) 2008b), ‘

Your (RED) purchases have helped more than 58,000 pregnant women receive treatment to help prevent transmission of HIV to their babies’ ((RED) 2008h).
These direct statements demonstrate to consumers how they personally have made a difference and a lasting impact on the world, which could function as an attempt to convince the more sceptical consumers of (RED)’s effectiveness and success.

PART III

5 Communicative strategies

Part III of this thesis focuses on presenting the communicative strategies in a CRM initiative, examined only from the perspective of the nonprofit partner since (RED) is classified as a nonprofit brand. Thus, the theory presents a nonprofit’s approach to branding and the strategies it should apply in the communication with consumers. Consequently, the theory on for-profit branding is applied only to the extent considered relevant for the nonprofit sector, and (RED) in particular.

Furthermore, Toulmin’s argumentation theory on how specific arguments are built to persuade and convince others is presented in this part along with the theory on Aristotle’s rhetorical appeals ethos, pathos and logos. Furthermore, a fourth rhetorical appeal, that is, the guilt appeal, is also introduced as it is an often applied tool in nonprofit communication. Together, these theories provide the basis for the analysis of (RED)’s branding, argumentation and rhetorical strategies in the text the (RED) Idea.

5.1 Branding of nonprofits

Over the past couple of years, many nonprofits have suffered from decreasing government funding and increasing demand for accountability from the public. This decline in government support has forced nonprofits to rely more on engaging the private sector, that is, companies and private donors, in order to increase funding and survive. This could also explain the increasing popularity of CRM partnerships in the nonprofit sector. Nonprofits have moved towards a more quid pro quo approach especially in their relationships with companies, thus focusing on mutual benefit rather than merely asking companies for philanthropic contributions (Berglind & Nakata 2005, p. 446; Csaba 2006, pp. 132, 138).
The move towards more involvement from the private sector has also posed new challenges for nonprofits as they are increasingly exploring branding as a tool for promoting their causes and attracting funding. In other words, a strong brand and a compelling message have become the key aspects to successful fundraising in the nonprofit sector (Csaba 2006, pp. 131, 136; Zimmerman 2008, p. 17). Therefore, it has become important for a nonprofit to develop a strong and well-defined brand and corporate identity that stands out in the public and communicate it accordingly. Building a brand that is recognisable and trustworthy is essential in order for any nonprofit to attract supporters and ensure long-term commitment (Hershey 2005, pp. v-vi). A strong brand will help the nonprofit to stand out in the crowd among millions of competing nonprofit brands, all eager to increase awareness of their causes and attract support from people, companies and governments (Zimmerman 2008, p. 17). This is perhaps one of the main reasons why many nonprofits, as previously mentioned, are eager to establish CRM partnerships with companies for mutual benefit. Through an effective CRM campaign, the nonprofit is capable of reaching out to consumers and perhaps also engaging them into supporting its cause. In addition, by cooperating with companies, nonprofits are able to gain in terms of increased publicity through the companies’ advertising campaigns. This could ultimately lead to increased brand awareness for the nonprofit and provide a great opportunity for differentiation among the millions of other nonprofits competing for the public’s attention.

It can be argued that the success of a CRM partnership is solely reflected in consumer awareness. The better the CRM partnerships and their benefits are communicated, the greater are the chances of increased participation from consumers. Contrarily, if the CRM partnership is not efficiently communicated, consumers might overlook it among numerous other CMR initiatives and regular products.

5.1.1 Brand identity
The increased focus on targeting the private sector has also increased the focus of many nonprofits on concepts such as brand (or corporate) identity, image and branding. These have become important strategies for nonprofits to implement in their marketing activities with the purpose of attracting funding from the private sector and differentiating themselves from competitors. It is estimated that, in the USA alone, there are approximately 1.25 million
nonprofits, which makes it even more important for a nonprofit to have a unique and differentiating brand and approach to fundraising that will stand out in the crowd (Venable et al. 2005, p. 295).

Even though the concept of branding has always been connected to the for-profit sector, nonprofit organisations have opened their eyes to the numerous opportunities that branding can bring them. Efficient use of a branding strategy ensures that the public become aware of the nonprofit’s existence and the need for support (Hershey 2005, p. v). Since nonprofits usually lack a product that functions as a differentiating element, their primary element of differentiation is through the creation of a strong corporate and brand identity. Developing a strong brand and a unique identity is therefore considered crucial if a nonprofit wishes to stand out in the crowd and attract more support and loyalty. This involves having a clear understanding of what the nonprofit represents, what functions it performs and its mission and values. Furthermore, the nonprofit’s brand should be appropriate for the nonprofit, unique, memorable and applied consistently. The differentiation from competitors is then achieved through sufficient communication of this identity because, if consumers understand the nonprofit’s purpose and commitment, there is a greater chance that they will trust it with their money. The corporate identity is the key element that constructs the nonprofit’s brand and the brand thus becomes the link that creates a bond between the nonprofit and the consumer (Venable et al. 2005, p. 298; Csaba 2006, p. 134; Aaker 2002, p. 14).

The nonprofit must answer two crucial questions when communicating with the target audience: ‘who are we?’ and ‘why are we here?’ The answer to the first question should include the answer to what makes the organisation unique, i.e. what it does differently from its competitors. The answer to this question is connected to the answer to the second question, which is concerned with having a clear and focused mission and effectively communicating this to the target audience (Hershey 2005, p. 6). Furthermore, the nonprofit must focus on communicating its contribution to the world and the reason why it is worthy of support. Its credibility depends upon the achievements and results that people can experience, hear or read about, and if these achievements are not efficiently communicated, the nonprofit risks being perceived as unreliable and dishonest (Zimmerman 2008, p. 18).
5.1.2 Brand personality

Over the past decade, strong brands have moved from focusing merely on product attributes to establishing a brand identity based upon a brand personality and a relationship with consumers (Aaker 2002, p. 51). Brand personality is defined as a set of human characteristics that can be associated with a brand. For instance, it can include demographic characteristics such as gender and age as well as human personality traits such as concern, honesty, sentimentality, etc.

A survey conducted on brand personality of for-profit brands discovered five main brand personality dimensions, also called the Big Five, when customers were asked to attach personality traits to a large number of brands. The five personality dimensions are sincerity, excitement, competence, sophistication and ruggedness (Aaker 2005, p. 141). These can then be divided into facets to provide descriptive insight regarding their nature and structure. Sincerity consists of adjectives such as down-to-earth, honest, wholesome and cheerful. Excitement consists of adjectives such as daring, spirited, imaginative and up-to-date. Competence consists of elements such as reliable, intelligent and successful. Sophistication includes the adjectives upper-class and charming, and ruggedness consists of the elements outdoorish and tough.

Venable et al. conducted a similar survey focusing on brand personality of nonprofit brands. They identified four personality dimensions connected to nonprofits: sophistication, ruggedness, integrity and nurturance. Evidently, two of the dimensions, namely sophistication and ruggedness, are similar to those of the for-profit brands, whereas sincerity, excitement and competence were replaced by integrity and nurturance in the case of the examined nonprofit brands. According to Venable et al. the dimension of integrity includes adjectives such as reliability, honesty and overall commitment, whereas nurturance includes compassion, loving and caring (2005, p. 308).

In the survey on nonprofit brand personality, it was also estimated that a nonprofit can create a unique image that functions as a differentiation element by clearly identifying, communicating and acting out its personality dimensions (Venable et al. 2005, p. 308). The identity is the only asset that the nonprofit can focus on in order to create differentiation, since nonprofits most often do not have a tangible product for sale. Rather, they sell intangible services, ideals and values. However, in CRM partnerships, the nonprofit is
associated with a product and the consumer thus, in addition to ideals and values, also receives a tangible product. This offers an advantage to nonprofits in such partnerships as they thus have a better chance of visibility in the competing market than other nonprofits. Furthermore, nonprofits are perhaps more successful in attracting additional funding from people who, when offered the opportunity, would help a cause through purchase. Nevertheless, nonprofits still have to create a strong brand personality and recognition in order to provide distinct competitive advantage and attract consumers (Venable et al. 2005, p. 297).

The concluding results in the survey on nonprofit brand personality demonstrated that nonprofits need to recognise the importance of developing a corporate identity that clearly identifies the purpose and the function of the organisation which will form the core of the nonprofit’s brand. In addition, the identity must be focused on nurturance, or in other words, the nonprofit must be perceived as caring and dedicated to its cause, portray integrity and commitment and be honest and sincere with how donations are being distributed. All of these aspects are crucial to communicate as the actions and behaviours of nonprofits will be evaluated accordingly by the public (Venable et al. 2005, p. 309).

In CRM partnerships, the nonprofit brand can also adapt the for-profit partner’s personality. For instance, (RED)’s partners are mostly luxury brands and products that appeal to a young demographic. As a consequence, (RED) can therefore also be considered a young and luxury brand due to its association with e.g. Apple, Emporio Armani Converse, etc.

Aaker argues that having a clear brand personality can help create a strong brand. Firstly, it can contribute to providing a self-expressive benefit through which consumers can express their own personalities. Secondly, if the brand’s personality appeals to consumers, it can form the basis for a lasting relationship between the brand and the consumers thus providing them with an additional sense of value (Aaker 2002, pp. 83 – 84). This sense of value is characterised as a brand’s value proposition. Also, Adkins argues that in order to ensure consumer loyalty, organisations must create a relationship with consumers and develop a clear value proposition (Adkins 2004, p. 46).
5.1.3 Value proposition

Aaker defines value proposition as ‘a statement of the functional, emotional, and self-expressive benefits delivered by the brand that provide value to the customer’ (Aaker 2002, p. 95). The functional benefits concern attributes which focus on the brand’s functional use. The emotional benefits are characterised as benefits that offer consumers a positive feeling about the brand and add richness and depth to their experience with the brand. Lastly, the self-expressive benefits contribute to consumers’ communications of own self-images since brands are able to awake certain associations in people’s minds, based on their brand identity (Aaker 2002, pp. 95-99). Additionally, brands that offer individuals a sense of enhanced well-being also enhance their sense of self. Using such brands helps consumers to obtain additional value and fulfil their needs for self-actualisation (Ind 2003, p. 4).

Kotler argues that there are five different value propositions that a brand can belong to. His model focuses on the extent of values and benefits that the brand or product entails. These five value propositions are: much more for more (consumer receives more value for purchasing a more expensive brand), more for same (by choosing such brands, consumer receives more value at the same price as that of its competitors), more for less (more value for less money), same for less (values are the same as those of other brands, but come at a cheaper price) and less for much less (the brand has less value and is cheaper than those of its competitors) (Junge 2004, pp. 198 – 199). Because of the additional value that CRM products and services bring to consumers, it can be argued that brands and products associated with CRM belong to the category of more for same, considering their price remains unchanged.

Following today’s trends, the values that brands entail have shifted from focusing solely on functional attributes to being more focused on emotionally engaging consumers and connecting with them on different levels, encompassing not only functional, but also emotional and self-expressive benefits (Adkins 2004, p. 75). It is no longer sufficient to focus on functional and emotional aspects associated with products to communicate value. Rather, companies must focus on ideals associated with the overall brands behind those products in order to have a chance of establishing more long term relationships with consumers (Junge 2004, p. 28). This encompasses a focus on CSR, ethics and true emotions rather than utopian promises that cannot be delivered.
Whatever a brand has to offer to consumers, whether in terms of purely functional, emotional or self-expressive benefits, it must make people happy to spend their money and feel satisfied in the process (Ind 2003, p. 209). As previously mentioned, contemporary consumers are demanding more socially responsible practices from companies. This means that companies must focus on positioning themselves in a sincere manner so their brands and products match the needs of consumers who wish to validate themselves through their purchase (Ind 2003, p. 210) and who believe that their purchase is making an actual difference in society (Junge 2004, pp. 49, 213).

The origin of consumer interest in companies’ social responsibility could be explained by examining Maslow’s psychological model on hierarchy of human needs. Maslow argues that individuals strive to reach the highest levels of their capabilities, consciousness and wisdom (Adkins 2004, p. 30). The hierarchy of needs places all the basic human needs at the bottom and needs concerned with an individual’s highest potential at the top. Applying this model to consumer behaviour, Adkins argues that once consumers find products that satisfy their basic needs, i.e. contain functional benefits, they move towards the next levels in the pyramid. These next levels are: the needs of belonging and brotherhood which encompass elements such as family, affection and relationships, the need for self esteem, which includes reputation, responsibility and achievement, and the need for self actualisation, which encompasses benefits such as personal growth and fulfilment. When the lower needs are satisfied, higher needs become more important. In other words, individuals seek beyond the functional benefits and look for emotional and self expressive values of brands and products (Adkins 2004, pp. 30, 73). CRM is focused on engaging consumers at these higher levels since CRM products can be argued to fulfil all three types of benefits, that is, the functional, the emotional and the self-expressive.

When examining the value proposition of nonprofit brands, there are rarely any functional benefits involved since consumers often do not receive any product in return for their donations. This means that the value proposition focuses on emotional and self-expressive benefits. However, even in the case of CRM partnerships which include an actual product in the transaction, it could be argued that the focus will still be on emotional and self-expressive benefits rather than the functional. This is due to the fact that people choose to support
brands and products involved in CRM based on the fact that it offers them a sense of increased value. This increased value is the most important benefit that any brand or product can offer consumers because it makes them feel happy to spend their money on that particular brand and feel satisfied in the process (Ind 2003, p. 209).

The demand for more socially responsible practices has also transformed consumers’ buying preferences and they have increasingly begun expressing their attitudes and behaviours through conscious shopping and CRM initiatives. Being perceived as a caring and ethical individual is something that a majority of consumers strive to achieve, which is perhaps also the reason why many of them feel attracted to buy shirts, bracelets and various accessories associated with nonprofit brands. Through the purchase of these brands and products, they can express themselves to others by signalling their pro-social behaviour and care for the world (Manson 2006). Buying products associated with a cause is considered a pro-social behaviour because it represents support of a behaviour that improves the well being of the society as a whole, rather than merely satisfying personal needs. In other words, pro-social behaviour refers to the actions of people who are involved in activities that benefit others (Kim & Youn 2008, p. 124; Cone 2006, p. 6). This is especially true for consumers belonging to the Millennial generation presented in chapter 3.1.2, who are characterised as having an increased focus on social responsibility and are therefore also more inclined to seek out brands that offer them more value for money.

5.1.4 Nonprofit communication

One important aspect of CRM is the ability to properly communicate the initiative to the target audience. Both partners in the CRM partnership must persuade consumers that their purchase will make a difference and that their money will be properly distributed to benefit the cause. By effectively communicating its purpose and values, the nonprofit has a better chance of differentiating itself and its brand from those of competitors. As previously argued, brand identity, brand personality and value proposition are considered important elements of a nonprofit’s differentiation strategy. In addition, these elements may positively influence potential donors’ intention to contribute or, in case of CRM, purchase the product if consumers can identify with the identity, values and personality of the nonprofit brand.
Nonprofits are dependent on their brands to portray value to a much higher extent than for-profits because the value of a nonprofit brand functions as the only element that mirrors the value of the entire organisation behind the brand. Furthermore, since a majority of nonprofit brands are of an intangible and service-oriented nature and offer no tangible product in return for a person’s money, nonprofits must portray a high level of trust, integrity and relevance in their communication, as these play an important role in consumers’ decision on whether to contribute (Venable et al. 2005, p. 296; Junge 2004, p. 214).

When a nonprofit communicates its message to the public, the emphasis is often on the social benefits connected to giving, i.e. humanitarianism, social approval and respect. These elements have proved to be of great significance in the nonprofit sector. Consequently, it is essential that nonprofits are able to identify and successfully communicate these benefits to the public in order to develop trustworthy relationships and ultimately secure funding. In addition to trustworthiness, nonprofits should also portray high levels of reliability and integrity since these are elements that donors take into consideration when evaluating nonprofits. The donors must be able to trust that the nonprofit will distribute the donated money in a responsible way, which is why the nonprofit must efficiently communicate to the public that their money is spent on supporting the cause (Venable et al. 2005, p. 297). The dimension of integrity is perhaps considered the most important dimension to portray and effectively communicate in a CRM initiative since many consumers are sceptical of CRM initiatives and of the sincerity of many nonprofits (Venable et al. 2005, p. 309). This perhaps also explains why integrity is among the four most common brand personalities of nonprofit brands.

When nonprofits interact with their audiences there has to be a congruency between the promises that they make and what they actually deliver. This forms the basis of trust and transparency and ultimately enables consumers to have faith in the brands they purchase (Ind 2003, p. 15). In order for consumers to understand and embrace a nonprofit’s message, they have to be consistently exposed to the message in all communication from the nonprofit. The message must be clear, simple and memorable. In addition, if the message is to be truly effective and memorable, it must also be concrete, credentialed, emotional, and include stories of real people. Telling stories of how people are affected by the issue and how their lives have improved due to the nonprofit’s commitment are effective elements which
enable the nonprofit to personalise its mission and goals and thus become more memorable to the target audience (Hershey 2005, pp. 16-17). (RED) applies this strategy of storytelling on its website, informing the public of how specific individuals in Africa are impacted by its initiative in a section called *Success stories* ((RED) 2008h).

It is important to note that nonprofits should apply communication in a different manner than for-profit companies. Even though they, much like for-profit brands, must differentiate themselves from competitors and establish a unique brand position in the minds of consumers, the most important challenge is to diminish the commercial tone of the message so it is not perceived negatively by consumers. Otherwise, consumers may consider the CRM initiative as commercial exploitation that does not benefit the cause, which was also elaborated in chapter 2.1.5 on risks associated with CRM partnerships. In order to avoid this negative perception, the nonprofit should focus on communicating and assuring its audiences that it operates in a non-profit way, that is, that the donated money is solely spent on furthering the cause and not on any other activities. (RED) communicates this to its target audience several times on its website, e.g.:

‘100% of (RED) money is put to work on the ground in Africa’ ((RED) 2008a),

‘Once (RED) money arrives at the Global Fund every cent of it will then be allocated to one of the Global Fund (RED) grants no overhead is taken out’ ((RED) 2008i).

One important advantage associated with the branding of nonprofits is the fact that the public usually considers nonprofits and their messages more trustworthy and sincere than those of companies, since nonprofits serve a humanitarian purpose and are not merely trying to increase sales, as is the case in for-profit branding (Csaba 2006, pp. 134 – 135, 148).

However, this advantage is only beneficial to some extent. In order for a nonprofit’s purpose to be considered relevant by the public, the nonprofit must produce an effective statement or message that will persuade the target audience into supporting its cause. To produce such a statement requires the nonprofit to firstly make a compelling case for why its cause is worthy of support. Secondly, the message must strive to evoke an emotional response in the consumers but at the same time provide a logical reason for why they should support the cause as well, as this will strengthen the effect of the message. Thirdly, the text should include a call to action, because in order for the message to be effective, there should be a
sense of urgency explaining why donor support is needed immediately. Fourthly, any statements about the strength and success of the nonprofit should be supported by actual facts and evidence. Lastly, the focus of the message should be on aspects that might positively motivate the consumer to contribute rather than on the nonprofit’s own needs (Hershey 2005, p. 37).

How to effectively persuade and motivate consumers to contribute is further elaborated through examination of Toulmin’s argumentation model and rhetoric appeals in the following chapters. These theories then form the basis for the analysis of the text the (RED) idea in chapter 6.

5.2 Argumentation strategy

The purpose of this chapter is to elaborate on Toulmin’s argumentation model which more specifically deals with analysing how arguments in a text are constructed and whether they can be considered valid and trustworthy.

5.2.1 Toulmin’s argumentation model

English philosopher Stephen E. Toulmin developed an argumentation model which describes the structure of arguments (Jørgensen & Onsberg 2008, p. 11). The purpose of the model is to clarify the functions of different propositions that are invoked during an argument and the relevance of criticism which can be pointed out against that argument. During an argumentation, the purpose is to either establish or refute the validity of the argument in question. In other words, when someone makes an assertion and claims something as being true, that person must be able to prove that the claim is justifiable by providing valid evidence that supports that claim, in case someone else begins to question or doubt its veracity (Toulmin 2003, p. 90).

In the argumentation model, Toulmin presents six components an argument can consist of. Out of the six, three elements are always present in each argument either implicitly or explicitly. These are claim, data and warrant.

*Claim (C)* is the conclusion of the argument, or in other words, it is the statement that is being argued. If the claim is challenged, one must appeal to the facts or
evidence that supports that claim. In other words, the facts and evidence form the basis for the claim (Toulmin 2003, p. 90). These facts and evidence are referred to as data (D) in Toulmin’s model and they are always found explicit in arguments. If the claim is further questioned, it is important to provide general hypothetical statements, which act as bridges between claims and data. These general statements or conclusions are called warrants (W) and are often found implicit in arguments. According to Toulmin, a warrant legitimates the step from data to the claim (Toulmin 2003, pp. 91 – 92). In other words, a warrant is a logical conclusion that can be drawn based on the facts provided in the claim and the data.

In some cases, it is not sufficient only to rely on the three elements mentioned above to argue a case. There are also three other elements that can be present in arguments and that can provide further support for the claim. These are: qualifier, rebuttal and backing, which are optional elements that appear only in some arguments (Jørgensen & Onsberg 2008, p. 15).

Warrants appear in different forms and may have different degrees of force either strengthening or weakening the conclusion that they justify (Toulmin 2003, p. 93). This degree of force is called a qualifier (Q), which Toulmin defines as the explicit reference to the degree of certainty that data provide to the claim. The most common qualifiers in arguments are adverbials such as perhaps, probably, certainly, necessarily, etc (Jørgensen & Onsberg 2008, p. 29).

Rebuttal (R) is the counter argument or statement that indicates exceptions to the warrant, i.e. a circumstance in which the warrant is not the case (Toulmin 2003, p. 93 – 94). Qualifiers and rebuttals are implicitly commenting on the validity of warrants.

Lastly, backing (B) is defined as an element that provides support for the warrant’s applicability. In other words, backings are assurances which give authority and currency to warrants and determine whether they are applicable as conclusions that combine the claim with data (Toulmin 2003, pp. 95 – 96).
Toulmin’s argumentation model containing the six components is set out as follows:

```
D \rightarrow so, Q, C
   \downarrow Since
W \downarrow Unless
 \uparrow On account of
B
```

**Figure 3** (from Toulmin’s book *The Uses of Argument*, p. 97)

The model is often applied to examine whether arguments in a text are valid due to strong support or whether they can be classified as weak arguments with no *data* or *backing* supporting the *claim*.

One downside to Toulmin’s model is the various components’ implicit nature. In the analysis of a text, one will perhaps be able to conclude several different *warrants*, which can weaken the argument. Even with a *backing* provided in the text, there is still a chance that different variations of conclusions could be drawn. This could affect the overall message that the sender is trying to communicate, especially if the message is hidden and the sender relies on the reader to reach the desired conclusion. However, many scholars still consider Toulmin’s model an effective tool that can be applied in the analysis of arguments. Consequently, the model is applied in the analysis of *the (RED) idea* with the purpose of determining whether the arguments in the text are valid and effective in persuading the target audience into engaging in (RED)’s initiative.

### 5.2.2 Phases of argumentation

In the book *Praktisk Argumentation*, Jørgensen & Onsberg build on Toulmin’s argumentation model by distinguishing between four different phases an argument can belong to: designative, definitive, evaluative and advocative. The first two phases are characterised as descriptive and explanatory, i.e. objective, while the last two reflect the sender’s viewpoint on a given subject, i.e. they are subjective (2008, p. 40). In an argument, the four phases correspond to providing answers to four following questions:
Arguments belonging to the *designative phase* concern questions about reality. The designative phase is where one establishes whether something is or is not. (Jørgensen & Onsberg 2008, p.40). In other words, the arguments provide an answer to the question: ‘Is this the case?’ For instance, a nonprofit could argue that ‘poverty is a major social problem’, thereby determining that poverty exists.

Arguments in the *definitive phase* establish what something is, i.e. provide a definition and an answer to the question ‘what is it?’ In most cases, this definition would be classified either as Toulmin’s *data* or *warrant* (Jørgensen & Onsberg 2008, p. 40). For instance, the abovementioned statement that poverty is a major social problem would in the definitive phase have facts or a definition of what poverty is by turning to the explicit facts (*data*) or logical implicit conclusions (*warrants*) that could be drawn from the text.

Jørgensen & Onsberg further claim that arguments in the definitive phase can be divided into four different kinds of definitions: *descriptive*, *stipulative*, *selective* and *persuasive*. The *descriptive definition* is an objective and broad definition, often similar to those found in encyclopaedias. The *stipulative definition* defines something based on its meaning in a professional context. Definitions of this kind are often found in textbooks and professional literature. The *selective definition* is characterised by defining something based on specific information only relevant for that particular situation or argumentation. Moreover, the focus in the selective definition is on one or few specific features that characterise the subject that is being argued. The *persuasive definition* is characterised as a subjective perception of a given subject that reflects the sender’s personal opinion (2008, pp. 42 – 44). Since the persuasive definition is a manifestation of the sender’s personal opinions and attitudes, it can often also belong in the third phase of argumentation, namely the *evaluative phase*.

Arguments in the *evaluative phase* are statements influenced by the sender’s personal opinions and feelings towards the certain subject of the argument. They provide an answer to a third question, namely ‘Which value does it have?’ For instance, if a nonprofit makes a statement that ‘Climate change is the world’s biggest catastrophe’, it would belong to the evaluative phase since the statement that it is the biggest catastrophe is a rather subjective evaluation. Arguments in the evaluative phase should often be supported by a *qualifier* and
perhaps also a rebuttal which is a statement that is an exception to the claim. In this manner, the text will not alienate or offend the target audience (Jørgensen & Onsberg 2008, pp. 44 – 45).

In the advocative phase, the arguments advocate certain behaviours or decisions regarding the subject of the argument (Jørgensen & Onsberg 2008, p. 45). They provide an answer to the question ‘what can be done about it?’ For instance, a nonprofit’s argument that ‘poverty is a major social problem’ would in the advocative phase provide a solution to what can be done to solve the problem, e.g. ‘Donate money to help alleviate poverty’. Advocative arguments often use statements from the evaluative phase as supporting data. They usually appear at the end of a text even though, in some instances, such arguments may also appear in the beginning (Jørgensen & Onsberg 2008, p. 47).

These four phases described above are not obligatory in each argumentation. Rather they serve as an example of how argumentative texts can be constructed. However, encapsulating several phases in the text makes the argumentation more structured and enables the sender to provide as much support for his argument as possible. In other words, in an effective argumentation, the sender can focus on claiming the existence of a given problem that is being argued, defining it, providing facts of its value or effect, and lastly, providing a solution or a call to action to resolve that issue or problem. Often, some phases can be completely excluded from an argumentation if they are considered unnecessary in providing valid support for the main claim of the argument. Furthermore, an argumentation can start and finish in each of the four phases, depending on the situation (Jørgensen & Onsberg 2008, p. 46).

**5.2.3 Types of argument**

By closely examining the warrant in an argument, it is possible to establish the type of that particular argument. According to Jørgensen & Onsberg, warrants can be categorised into the following seven types:
1. **Sign or symptom – Warrant** is based on the assumption that *data* is a sign or a symptom of the *claim*.

2. **Cause and effect – Warrant** is based on the belief that *data* causes *claim* or that *data* is a consequence of the *claim*.

3. **Classification – Warrant** is based on the belief that what is true in general is also true for the subject in question.

4. **Generalisation** – the opposite of classification. What is true in this case is also true in general.

5. **Analogy – Warrant** is concluded from the assumption that *claim* is similar to *data*.

6. **Authority** – The sender bases the warrant on own reliability and expertise, or on the expertise, influence, image or status of a third party in order to convince the reader. Arguments of the authoritative type appeal to the reader’s perception of the sender’s personality, reliability and/or reputation.

7. **Motivation – Warrant** is activated by the emotions that the *claim* elicits on *data* or vice versa. The information is constructed to motivate the receiver to either feel sympathy, antipathy, compassion, guilt, hope, etc. Furthermore, claims in motivational arguments are always either *advocative* or *evaluative* (Jørgensen & Onsberg 2008, pp. 51 – 60).

Jørgensen & Onsberg also categorise the first five types of arguments as appeals to the intellect and logic while the last two, authority and motivation, mainly appeal to emotions (Jørgensen & Onsberg 2008, p. 57). A similar categorisation of arguments is made by Smith in his book *Computer-Supported Decision Making*. Smith distinguishes between three main types of arguments: *substantive* arguments that appeal to logic, *authoritative* arguments that appeal to ethics and *motivational* arguments that appeal to emotions. He then additionally divides the substantive arguments into six different types much similar to those of Jørgensen & Onsberg: sign or symptom, cause and effect, classification, generalisation, analogy and parallel (Smith 1998, p. 153).
5.3 Rhetorical appeals

Smith’s three main types of arguments and Jørgensen & Onsberg’s two argument appeals mentioned in the previous chapter are both equivalent to Aristotle’s three classical types of rhetorical appeals found in texts. These three appeals are defined as ethos, logos and pathos. Logos is the intellectual appeal whereas ethos and pathos appeal to emotions. These appeals can be applied in texts in order to persuade the readers into accepting the message as true (Jørgensen & Onsberg 2008, p. 69).

5.3.1 Ethos

Ethos appeals, as the name indicates, deal with ethics. The ability to persuade readers through the use of ethos appeal depends on the sender’s personal character and the level of trust perceived by the public. Applying ethos in texts thus means that the sender focuses on portraying a trustworthy image to the target audience in order to convince them of its message and gain their support (Jørgensen & Onsberg 2008, p. 70). In the case of a nonprofit, its personal character is the overall image of the organisation. Additionally, the level of trust that consumers have in a particular nonprofit is determined by the nonprofit’s past and present actions, successes and/or failures to act responsibly and trustworthy, as these will influence consumers’ perceptions of the organisation. When ethos is applied to argue a case, the type of the argument is categorised as authority, cf. chapter 5.2.3.

5.3.2 Logos

In logos appeals, the sender uses logical arguments to persuade the reader into accepting the message and its facts as true. Applying this approach in a text means that the sender focuses on appealing to the reader’s rational thinking, providing objective evidence and facts on the matter. Providing objective facts is often achieved through argument types sign or symptom, cause and effect, classification, generalisation or analogy (Jørgensen & Onsberg 2008, p. 69)
5.3.3 Pathos

In order to have any success with communicating a message to the target audience, the message must firstly be accepted as true by means of the logos appeal. However, the message can also elicit an emotional response in the process, which can influence how the audience accepts the message (Percy & Elliot 2005, p. 202). This emotional response is achieved by the pathos appeal, which addresses people’s emotions and moods in a particular situation. Pathos appeals can trigger emotions such as excitement, anger, compassion, joy, fear, etc, depending on the purpose of a text. Pathos appeals are found in arguments that belong to the type motivation (Jørgensen & Onsberg 2008, p. 72).

Often, all three rhetorical appeals will be present in a text. However, one of them will always be dominant, depending on the message and the purpose of a text. Most arguments are primarily based on logos appeals that focus on providing logical facts to support the message. Yet, the text can fail to achieve the desired outcome if the target audience views the sender as untrustworthy, that is, lacks ethos, or if the message of the text fails to appeal to the their emotions persuading them into taking action, that is, lacks pathos (Jørgensen & Onsberg 2008, p. 73).

5.3.4 Guilt appeals

In the majority of nonprofit messages, there is an additional appeal used to motivate the target audience to act in a more pro-social behaviour. This is the guilt appeal, which is characterised as an attempt to communicate in a manner that evokes guilt in the target audience. Guilt is defined as an emotional state in which individuals feel they have violated some ethical or moral principle, social custom or law. Guilt also occurs when individuals feel that they have acted against their own understanding of what constitutes the right behaviour. Triggering the sense of guilt in people is often achieved by making them aware of the differences in the well-being between people and evoking the feeling that they should help the less fortunate (Basil et al. 2006, p. 1036). Basil et al. conducted a research to assess the level of influence that guilt appeals have on individuals. They discovered that messages with guilt appeals generate a stronger sense of responsibility to help people in need and donate to charities than messages without such an appeal, since there exists a strong societal norm
towards helping the less fortunate (2006, p. 1042). However, using guilt appeals in messages to motivate the target audience must be carried out appropriately in order not to elicit any negative attitudes, as excessive focus on evoking guilt could make people feel negatively towards the message (Basil et al. 2006, p. 1036).

The above findings explain why numerous nonprofits implement guilt appeals in their messages, as it offers them a chance to persuade more people to donate money and help the less fortunate.

**PART IV**

In the following chapter, the analysis of the text *the (RED) idea* is executed with the aim to determine how (RED) argues its case as a nonprofit brand. Additionally, the analysis provides insights as to which rhetorical strategies and argumentation (RED) applies in its communication with consumers to successfully influence and persuade them to support its cause through purchase. Consequently, theory on nonprofit branding and communication presented in chapters 5.1 – 5.1.4 is applied in the analysis together with Toulmin’s argumentation model and the four rhetorical appeals elaborated in chapters 5.2 – 5.3.4.

Toulmin’s model is applied to examine whether the arguments in the text are valid and justifiable. Furthermore, the rhetorical appeals are applied in order to determine whether (RED) chooses to focus mainly on intellectual or emotional appeals to attract and persuade the target audience into supporting its cause.

**6 Analysis of the (RED) idea**

*The (RED) idea* is the text that encapsulates the overall purpose of (RED). It is (RED)’s manifesto, which provides an explanation of how (RED) functions and which goals it has set to achieve. Therefore, this particular text is selected as an appropriate communicative material to analyse in the context of nonprofit communication, argumentation validity and
the ability to persuade and attract consumers. The copy of the text applied in the analysis is provided in appendix 1.

6.1 Brand identity

In order to examine how (RED)’s brand identity is portrayed in the text, it is necessary to analyse the text according to the aspects presented in chapter 5.1.1. If a nonprofit wishes to develop a strong brand and differentiate itself from competitors, it must clearly communicate what it represents, which functions it performs and its mission and values. (RED) clearly communicates these aspects in the beginning of the text. Firstly, (RED)’s mission and what it represents are found in lines 2 – 4: ‘(RED) is an ingenious idea that unites our incredible collective power as consumers with our innate urge to help others [...].’

The function that (RED) performs is explained in lines 5 – 7: ‘Each time you buy a (RED) product or service, at no extra cost to you, the company who makes that product will give up to fifty-percent of its profit to buy and distribute antiretroviral medicine to our brothers and sisters dying of AIDS in Africa.’

And lastly, the additional value that the purchase of (RED) provides is exemplified in lines 8 – 10: ‘Every dollar goes straight to Africa. Straight to the people who need it. Straight to keeping them alive so that they can go on taking care of their families and contribute socially and economically to their communities.’

Furthermore, (RED) products combine the benefit desire with virtue which means that consumers receive more in terms of benefits that the purchase of (RED) products entails, for the same price as products from the companies’ non-(RED) collections. This is further elaborated in chapter 6.3 on the (RED) brand’s value proposition.

The first lines in the (RED) idea also provide answers to the two crucial questions that each nonprofit must answer in its communication, namely, ‘who are we’ and ‘why are we here’. In addition, by explicitly stating the impact it has made, e.g. ‘Over 2.5 million people have been impacted so far’ in line 15, (RED) emphasises its contribution to the world and the reason why it is worthy of support. It can be argued that an average consumer is aware of the situation in Africa, especially regarding poverty and AIDS, so to explicitly state why (RED)

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2 For the original version of the (RED) idea see appendix 2
finds it necessary to engage in the cause is rather redundant. Although, including such a statement in the text, i.e. how many people are dying of ADIS in Africa, could evoke a sense of guilt in consumers and increase their sense of responsibility to take action.

(RED)’s unique approach of unifying a number of world-known brands to raise funds and awareness for its cause along with combining luxury with altruism can be considered the primary elements that differentiate (RED) from its competitors. This unique approach and ability to differentiate itself from any other CRM initiative could also be one of the main reasons for its popularity among consumers. During the first year of (RED)’s existence on the market, British consumers purchased an estimated $200 million worth of (RED) products, which generated $10 million to the Global Fund. The success in the USA was even more significant as the sales of (RED) products in the first six weeks of its launch amounted to approximately $90 million and generated close to $7 million to the cause (Spethmann 2007, p. 19).

Based on these facts, it is evident that (RED) has managed to create a popular brand that is desirable by consumers both in the UK and the USA. This also supports the fact that (RED) has managed to create a strong identity that differs from any other brand, nonprofit or CRM initiative on the market since the positive numbers portray consumers’ awareness of the (RED) brand and their positive attitudes towards it.

6.2 Brand personality

When comparing the (RED) brand with the four prevailing personality dimensions of nonprofit brands, it can be argued that (RED) is mainly associated with sophistication due to its partnerships with world-known luxury brands. In the (RED) idea, the sense of sophistication can be found in line 11: ‘The most sought-after brands in the world have become (RED) partners’.

In addition, the (RED) brand also entails the personality dimension of integrity which is present in lines 8 – 10: ‘Every dollar goes straight to Africa [...]’ (RED)’s overall commitment to its cause in terms of long-term licensing agreements with its partners and the 100% of the (RED) money that is distributed to the cause ((RED) 2008a) are also elements that contribute to providing integrity to the (RED) brand.
Elements of *nurturance* can also be found in the text, for instance in line 7: ‘*our brothers and sisters*’. Referring to people in Africa as brothers and sisters can be argued to create a sense of familiarity in consumers’ minds and a sense of responsibility to take care of a brother or a sister in need. In this manner, the text appeals to consumers’ emotions and creates a relationship between them and the cause, i.e. the HIV/AIDS affected people.

Portraying personality traits of *sophistication, integrity* and *nurturance* provides additional support for the fact that (RED) can be categorised as a nonprofit brand since it is evident that it applies the nonprofit branding strategies in its communication with the target audience.

### 6.3 Value proposition

The value proposition of the (RED) brand is based on emotional and self-expressive benefits. In the text, these benefits are among others communicated in line 4: ‘* (RED) is where virtue meets desire’. (RED) provides consumers with the opportunity to communicate own self-images based on the identity of the (RED) brand. By uniting *desire* with *virtue*, (RED) succeeds in being the communicative medium through which consumers can express their attitudes and behaviours. Consequently, it can be argued that consumers can portray their sense of fashion, altruism and care for others through the use of (RED) products. This also provides additional support for some of the previously outlined personality dimensions of the (RED) brand, that is, *sophistication* and *nurturance*. It could be argued that these two personality dimensions correspond with those of the young consumers who desire the fashionable, sophisticated brands and products but who are also ethical consumers eager to make a difference in the world by helping the less fortunate.

By focusing on Kotler’s five value propositions, it becomes evident that the (RED) brand provides consumers with the value *more for same*. This is based on the fact that (RED) offers consumers the same product, for the same price and with the same quality but it is still a better choice or rather an upgraded choice in terms of the additional value and the feeling of altruism that the (RED) brand entails. In other words, consumers can buy (RED) products for the same price and quality as non-(RED) products. However, by choosing (RED), they receive an added value in terms of a positive feeling of doing good and portraying social
conscience through shopping. For instance, by wearing a T-shirt from Gap’s (RED) collection or having an Ipod with the (RED) brand, consumers are able to portray to others that they are socially conscious individuals interested in making the world a better place, which, in turn, can have a positive influence on their self esteems.

(RED) makes a lot of effort in communicating to its target audience that, by choosing (RED), the consumers receive more for the same price. In this way, (RED) attempts to diminish the risk that the consumer, when presented with the choice of buying (RED) or non-(RED), chooses non-(RED). Here, the aspects of emotional rather than functional benefits are in focus in the communication of the brand benefits. In the text, the value more for same is communicated in line 5: ‘each time you buy a (RED) product or service, at no extra cost to you, the company […] will give up to fifty-percent of its profit’. To explicitly state the fact that consumers are not required to pay extra for the (RED) products is connected to the findings in chapter 3.1.1. The findings outlined that a majority of consumers will be more positive towards switching brands and purchasing products that support a cause, as long as the price and the quality are the same as those of competitors.

Examining the (RED) brand in the context of Maslow’s hierarchy, it can be argued that the brand and the products associated with it fulfil both the fundamental functional needs but also those at the top of Maslow’s hierarchy, i.e. belonging and brotherhood, self esteem and self-actualisation.

The statement in line 2: ‘unites our incredible collective power as consumers with our innately urge to help others’ contains emotional and self-expressive benefits. The words ‘incredible’ and ‘our innate urge to help others’ create a connection with the target audience and establish a relationship which fulfils their need for belonging. The sense of belonging and brotherhood is also portrayed through the use of words ‘our’, ‘we’ and ‘brothers and sisters’ in the text. The latter additionally creates a sense of family bond that triggers the feeling of responsibility in the consumer’s mind toward helping a family member in need. This responsibility element is also manifested in line 2 ‘we as consumers have tremendous power’. (RED) implicitly states that a certain level of responsibility comes with that power, which can be considered as an appeal to consumers to increase their level of social responsibility and care for others. The statement elevates consumers’ own self-images
to match the description of those powerful conscious consumers mentioned in the text. The ability to portray social responsibility will have a positive influence on consumers’ reputations and thus also their self esteem.

(RED) also attempts to create a special bond with consumers through a symbolic logo that represents an embrace, as mentioned in chapter 4.2. When consumers purchase a (RED) product they become embraced by the initiative, which is an attempt by (RED) to elicit an emotional response in the consumer and a sense of unity and companionship with the purpose of eliciting more positive consumer attitudes towards the (RED) brand.

The purchase of (RED) products is also connected to the highest need in Maslow’s hierarchy, namely self-actualisation. Self-actualisation is achieved in terms of fulfilment that (RED) offers to consumers. In the text, this is manifested in lines 16 – 17: ‘Desire and virtue. Together at last’. This sense of fulfilment is generated through the selfless act that consumers perform when they deliberately choose (RED) products over non-(RED) in order to support the fight against AIDS. It can be argued that (RED) provides consumers with a good feeling about themselves and enhances their self-perception, which serves to persuade them in believing that the (RED) products will fulfil their highest needs, that is, those placed in the top of Maslow’s hierarchy.

Based on the findings presented in this chapter, it is evident that (RED) focuses on communicating the emotional and self-expressive benefits connected to its brand. The ability of the (RED) brand to appeal to consumers’ needs and fulfil each of the psychological needs listed in Maslow’s hierarchy also serves to underpin (RED) as a successful initiative with a value proposition more for same.

6.4 (RED) as a nonprofit communicator

As elaborated in chapter 5.1.4, a nonprofit must portray a high level of reliability and integrity in order to attract and persuade consumers into supporting its cause. Consumers who purchase (RED) products must be able to trust that their money will be distributed to the cause in a responsible way. (RED) communicates this in line 8 by stating that ‘each dollar
... goes straight to Africa’. This statement is supported in line 15, as (RED) communicates the impact that the donated money has had on the cause so far ‘Over 2.5 million people have been impacted in just two years.’ The evidence supporting (RED)’s reliability and integrity as a nonprofit brand that is fully committed to its cause can also be found on other pages of (RED)’s website, e.g.:

‘(RED) grants […] represent the best performing programs within the Global Fund's extensive portfolio of AIDS grants in Africa, thus ensuring that every dollar raised is effectively and immediately translated into lives saved, and that every life thus saved is accounted for’ ((RED) 2008a).

Hershey’s five steps to producing an effective statement mentioned in chapter 5.1.4 can also be applied when examining the effectiveness of the (RED) idea to attract and persuade consumers into supporting its cause. According to Hershey, the nonprofit must firstly make a compelling case as to why its cause needs support. (RED) manages to achieve this in lines 8 – 9: ‘Every dollar goes […] straight to keeping them alive.’ The words ‘keeping them alive’ emphasise the relevance of (RED) and the statement ‘Every dollar […] goes straight to the people who need it’ emphasises (RED)’s sincere commitment to the cause and its efforts to help where help is needed.

The second step focuses on evoking an emotional response in consumers while at the same time providing a logical reason for why they should support the cause. As mentioned earlier, by focusing on desire and virtue in lines 4 and 16, (RED) is appealing to the needs and desires of contemporary consumers who have a high level of social responsibility and who search for products that can match their requirements. The logical reason for why their support is needed is, among others, found in line 7: ‘our brothers and sisters dying of AIDS in Africa’.

Thirdly, a call to action should be included in the text, which the (RED) idea also contains in line 16: ‘Buy (RED), save lives’. This message is simple and clear and draws a parallel between saving lives and purchasing (RED) products.

The fourth step is concerned with providing evidence that supports any bold statements made about the nonprofit in the text. (RED)’s rather bold statement in line 14 ‘(RED) is an answer to an emergency. An answer that is working.’ is supported in line 15 ‘Over 2.5 million people have been impacted in just two years.’ By focusing on
communicating the impact that (RED)’s commitment and consumer power have had on people’s lives so far, (RED) is able to demonstrate the effect of its efforts, which in turn also serves as an element that makes the message more memorable to consumers. Furthermore, the effect of (RED)’s efforts is also communicated on several other web pages on the website, as exemplified in chapter 4.5. A more elaborative examination of the arguments in the (RED) idea is conducted in chapter 6.5 through the application of Toulmin’s argumentation model.

The last step in producing an effective statement is to focus on aspects that will positively motivate the target audience into engaging in the initiative. (RED) achieves this by stating in line 16 that ‘It’s as simple as that’, which ensures consumers that no major action or change in their daily lives is needed to make a difference. All that is required is to choose (RED) when presented with the choice. Additionally, the statement ‘at no extra cost to you’ in line 5 functions as a positively motivating element. These two statements make it rather difficult for consumers to find any other excuse as to why they would not purchase (RED) if they are already looking for e.g. a new Ipod, Armani perfume or Converse sneakers. The statements also correlate with one of the rules to successful CRM campaigns mentioned in chapter 3.1.1, that is, making it easy for consumers to engage in the initiative.

Even though the text directly appeals to consumers to buy the (RED) products, the commercial tone of the message is still rather limited. The text focuses primarily on providing a strong emotional appeal to consumers’ consciences rather than on promoting the (RED) products. Thereby, (RED) manages to avoid the risk that consumers perceive it as being more of an advocate for its large for-profit partners than for the cause. Phrases such as ‘our collective power’, ‘innate urge to help others’ and ‘desire’ can be considered powerful emotional values applied by (RED) to convince consumers that (RED) is exactly what they are looking for. The strong focus on emotional and self-expressive benefits also makes the focus on functional attributes connected to (RED) products rather superfluous.
6.5 Argumentation analysis

In the following section, the arguments in the (RED) idea are further analysed by applying Toulmin’s argumentation model and thereby determining whether the arguments are supported by valid facts and can thus be considered credible.

Each of the following arguments contains a claim that (RED) makes about its initiative. The argumentation model is applied to examine whether any explicit facts can be found in the text to support the claim. Based on the two pieces of information, that is, the claim and the data, it is possible to draw to an implicit conclusion, i.e. a warrant. The warrants, qualifiers and the rebuttal in the analysis are implicit elements that can be drawn from the explicit statements in the (RED) idea. All implicit statements are made by the author of this thesis and presented in brackets in each of the five arguments below.

In addition, it should be noted that a statement that functions as a claim in one example functions as data or backing in another. This is due to the fact that the statements in the text are constructed to create one message, that is, the (RED) idea, which is why they are all interrelated, creating coherency in the text. Therefore, the (RED) idea is also analysed as a single overall argumentation. This is conducted through the analysis of the phases of the overall argumentation mentioned in chapter 5.2.2. By analysing the phases in the (RED) idea, it is possible to determine how the argumentation in the text is structured and which of the four questions (RED) focuses on answering in its efforts to create an effective message.

**Argument 1:**

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D [ Q ] C
The company who makes that product will give up to fifty-percent of its profit to buy and distribute antiretroviral medicine to our brothers and sisters dying of AIDS in Africa. [Certainly] Each time you buy a (RED) product or service [you support the fight against AIDS]

W [Buying (RED) products and services saves lives of people affected with AIDS in Africa]

B Every dollar goes straight to Africa. Straight to the people who need it. Straight to keeping them alive so that they can go on taking care of their families and contribute socially and economically to their communities.
```
In the argument above, the claim is partly explicit: ‘Each time you buy a (RED) product or service’, and partly implicit: ‘you support the fight against AIDS.’ The implicit part is extracted from the data in the text and can therefore also be considered as logical since each purchase of (RED) products generates money to help the people dying of AIDS in Africa. An implicit qualifier can also be added to increase the degree of the claim’s certainty. It is undoubted that with each purchase of a (RED) product the company that sells the product will donate a specific amount of money to the cause, which is why the strong qualifier ‘certainly’ could be inserted in the argument to provide further support for the claim.

The warrant that can be concluded from the claim and the data is that the purchase of (RED) products and services saves lives in Africa, since the money donated by companies is distributed to buy antiretroviral medicine for people who need it. The warrant is also additionally supported by the backing which contains explicit facts on the effect that the purchase of (RED) products will have on HIV/AIDS infected people ‘Straight to keeping them alive [...]’. The explicit backing in the text provides additional support for the overall argument, thereby enabling consumers to arrive at the same conclusion as (RED) is trying to communicate.

However, the data in the argument lacks some transparency as the statement ‘up to fifty-percent of its profit’ does not state precisely how much of the profit is distributed to the cause. This is probably due to the fact that (RED) establishes individual agreements with each of its partners and each company donates a different percentage of its profit to the Global Fund. Therefore, (RED) chose to apply the term ‘up to’ in the text. Nevertheless, the statement can be considered a rather vague assertion that does not really provide any concrete estimate of how many (RED) products need to be purchased to save a life of a person dying of HIV/AIDS in Africa. ‘Up to fifty-percent’ can mean anything from 0,01% - 50% which could raise doubt in the minds of sceptical consumers regarding the scope of the companies’ overall contributions and the sincerity of their commitment to the cause. The message could thus fail to persuade consumers into supporting the initiative by purchasing a (RED) product. Even though the specific amounts that each company donates to the Global Fund can be found in the section ‘Partners’ on (RED)’s website ((RED) 2008g), the vague estimate in the text could diminish the text’s effectiveness to function as an individual, self-standing message appeal without the need of additional support from other sources. Had
(RED) instead focused on putting its initiative in perspective by communicating specifically in the (RED) idea how e.g. a purchase of one (Gap)RED t-shirt helps one individual dying of HIV/AIDS in Africa, it would perhaps make an even more powerful impact on consumers and strengthen the effectiveness of the text.

Regarding the overall type of Argument 1, it can be categorised as belonging to the type cause or effect since the purchase of (RED) products causes the company to donate money to HIV/AIDS. However, it could also be argued that the argument is motivational since it motivates the consumer into buying (RED) products and thereby saving lives, based to the implicit conclusion of the argument.

Taking into consideration that consumers are not sceptical of the vague estimate ‘up to fifty-percent’, the overall argument can be considered as a highly motivational and effective appeal to persuade consumers into supporting the (RED) initiative. This is especially based on the fact that the target audience is identified as conscious consumers with a strong sense of social responsibility and care for others. Appealing to that sense is therefore considered the main motivating force which could lead them towards purchasing the (RED) products without the need to know the exact percentage of the profit that is being donated.

**Argument 2:**

D

Each time you buy a (RED) product or service, at no extra cost to you, the company who makes that product will give up to fifty-percent of its profit to buy and distribute antiretroviral medicine to our brothers and sisters dying of AIDS in Africa.

W

[(RED)’s use consumers’ purchasing power to generate funds for a social cause is an ingenious idea]

B

Over 2.5 million people have been impacted in just two years.
In Argument 2, the claim is supported by the explanation of the transaction-based promotion that takes place when a consumer purchases a (RED) product or. The general conclusion or warrant that can thus be drawn by linking the data and the claim is that consumers’ purchasing power can help in the fight against AIDS. The warrant is also supported by the backing in line 15, which explains the extent of that power by providing a specific fact on how many lives that have been impacted due to the purchases of (RED) products.

Similar to Argument 1, the warrant in Argument 2 can be classified either as motivational or cause or effect. The motivational aspect is present in the argument as it appeals to emotions and is meant to evoke a sense of responsibility and hope in the consumer that something can be done to make a positive impact on the world. However, one can also argue that the warrant belongs to the type cause or effect. By uniting the benefits desire and the urge to help others in the (RED) products, (RED) provides consumers with a win scenario, which will have a positive effect on consumers’ purchase intention. Consequently, the increased demand from consumers for such products provides companies with a win scenario if they commit to the (RED) initiative. By associating themselves with a brand which is able to fulfil consumers’ demands makes it more appealing for companies to commit to the initiative and partner with (RED). The claim in the argument is thus caused by the data and based on the two, the warrant can be concluded. On the other hand, one could argue that words such as ‘ingenious’, ‘incredible’, ‘innate urge’ and ‘impacted’ can all be considered highly motivational and emotional statements that serve to persuade and motivate the consumer. This supports the fact that the argument is constructed to elicit positive consumer attitudes towards the (RED) initiative and motivate consumers to use their purchasing power to support a cause.

**Argument 3:**

\[
\begin{align*}
D & : \text{Over 2.5 million people have been impacted in just two years.} \\
W & : \text{[Purchase of (RED) products and services has saved the lives of 2.5 million people]} \\
\text{[Most certainly]} & : \text{Buy[ing] (RED), save[s] lives.} \\
\end{align*}
\]
In Argument 3, the *data* provides sufficient valid support for the *claim*. The consumers who have purchased (RED) products have saved the lives of 2.5 million HIV/AIDS infected African people who perhaps would not have survived without (RED)’s existence. This is also the *warrant* that can be concluded by combining the *data* with the *claim*. Based on this implicit conclusion, one could argue that (RED) is a successful initiative that has managed to make a significant difference in the world by impacting so many people since its entrance on the market in 2006.

The implicit qualifier ‘*most certainly*’ can also be added to provide further support for the *claim* and enhance its degree of certainty because the fact that (RED) has impacted the lives of so many people is a valid and justifiable proof confirming the *claim* that buying (RED) products saves lives.

Determining the type of argument based on the type of *warrant*, it can be argued that it belongs to the category *cause or effect*, since the *warrant* is concluded based on the fact that *data* is a consequence of the *claim*, or, in other words, that the *claim* has directly caused the fact stated in the *data*. This means that because people are buying (RED), 2.5 million people have received help.

The overall argument can be considered valid and justifiable, based on the *data* provided in the text to support the *claim*, which means that consumers will presumably also accept the *warrant* as true.

**Argument 4:**

**D**

(RED) unites our incredible power as consumers with our innate urge to help others.

**W**

[(RED) is a unique initiative that unites desire and virtue]

**C**

Desire and virtue. Together at last.

Combining the *claim* and the *data* in Argument 4, the *warrant* that can be concluded is that (RED) is a brand that has finally managed to unite desire and virtue in its products.

Examining the *warrant* according to the figure 3 in chapter 5.2.1: *because D, so C, since W,*
it is evident that Argument 4 belongs to the type *cause or effect*. More specifically, the argument is based on the fact that by uniting consumer power with altruism, (RED) has combined the aspects of *desire* and *virtue* in its products. The uniqueness of such an approach can be concluded on the basis of the statement ‘*together at last*’. This statement implies that consumers have long been waiting for products with these values and especially the words ‘*at last*’ indicate that (RED) is the first brand to deliver such products. In other words, (RED) has found a way to successfully match the needs of consumers by providing them with a brand that offers more value for money.

Based on the theory presented in chapter 3.1.1 on consumer attitudes and their increasing focus on social responsibility and altruism, it can be argued that no explicit *backing* is needed in the text to support the *warrant* in Argument 4. (RED)’s target audience would most certainly accept the *warrant* as true without explicit facts in the text supporting it. However, people who are not part of the primary target audience would perhaps need more persuasion in terms of specific and explicit facts (*data* and *backing*) to support the claim and the general conclusion. This is especially true for people who have a certain degree of scepticism towards CRM initiatives and the approach of ‘helping by shopping’, which was elaborated in chapter 3.2.

**Argument 5:**

![Diagram]

American Express, Apple [...] and more recognize that (RED) is a business model that is right for their brands, their consumers and the world.

\( [(\text{RED}) \text{ is working because it provides benefits for the companies, the consumers and the world}] \)

In the argument above, one of the general conclusions that can be drawn from the *data* and the *claim* is that (RED) provides benefits for all parties involved, i.e. the company, the consumer and the cause. In other words, (RED) is working because it provides a win-win-
win scenario for everyone involved. This conclusion is supported by the backing, which can be found explicitly stated in the text describing all three win-scenarios:

The statements in lines 11 – 12: ‘The most sought-after brands have become (RED) partners’ and ‘(RED) is a business model that is right for their brands’ explicitly demonstrate (RED)’s popularity among companies and justify why (RED) is considered a win scenario for them. This specific part of the argument is characterised as the type authority, since (RED) focuses on the image and status of its partners to provide credibility for its statement of being ‘the right business model for their brands’. This focus on authority as a support for an argument is also known as the ethos appeal.

The win for the cause, which is referred to as ‘the world’ in the text, is manifested in line 15 by mentioning the 2.5 million people who have been impacted by the initiative and the statement ‘Every dollar goes [...] straight to keeping them alive’ in lines 8 – 10. This impact and the commitment from (RED)’s partners to donate a percentage of their profits to people dying of AIDS in Africa manifests how the cause benefits from (RED). In this manner, (RED) manages to communicate the mutual benefit in its CRM initiative, since both (RED)’s partners and the cause gain from the initiative.

The win-scenario for consumers is stated in lines 4 and 16 – 17 ‘desire and virtue’. Consumers can purchase the desired product with an additional value connected to helping others in the process. The win is also supported by the theory in chapter 3.1.1 on consumer demands and attitudes and chapter 6.3 on (RED)’s value proposition. (RED)’s target audience is interested in products belonging to the category more for same. Since (RED) belongs to this category, it possesses the win-benefit that consumers are searching for. In addition, the luxury brands and products associated with (RED) provide another win for consumers since, as argued in chapter 4.1.2, people are more willing to engage in CRM when luxury products are in question. Attaching an altruistic benefit to luxury products assists in eliminating the feeling of guilt that consumers might experience during the purchase of such products. All of these aspects contribute to motivating the consumer into engaging in (RED)’s CRM initiative. Therefore, the overall type of Argument 5 can be categorised as motivational.
Argument 5 also contains an implicit rebuttal that is an exception to the claim and can thus weaken the validity of the statement ‘(RED) is working’. Namely, if consumers do not purchase (RED) products then (RED) will not be a win scenario for any of the parties involved, and the initiative will thus not work. For instance, if consumers do not find the (RED) brand appealing, they will not purchase the products. Consequently, since most partnerships are based on transaction-based promotions, the lacking interest from consumers will lead to reduced funding to the Global Fund, which means that little or no impact will be made on the world and the fight against AIDS. Therefore, the success of the (RED) initiative is solely dependent on consumer interest and purchasing power, which is also true for CRM in general, as mentioned in chapter 5.1. This means that the claim ‘(RED) is working’ is only true to the extent that consumers purchase (RED) products, which serves to diminish the degree of the claim’s certainty. Consequently, an implicit qualifier ‘presumably’ can be added to the overall argument. However, considering the fact that ‘Over 2.5 million people have been impacted in just two years’ in line 15, it is safe to conclude that consumers are purchasing the (RED) products and services, which provides further support for the claim and thus also the warrant.

Based on the findings in the five arguments examined above, it is clear that (RED) provides support for the bold statements that it makes in the text. One of the arguments, namely ‘up to fifty-percent’ is weak on transparency and relies more on eliciting an emotional response to persuade the target audience. However, in each of the five arguments, the claims are supported by the data and many warrants are additionally supported by backings. Furthermore, the ability to insert implicit qualifiers such as ‘most certainly’ also strengthens the arguments in the text, which serves to demonstrate that the (RED) idea is an effective argumentation.

The majority of the statements in the text are categorised as motivational arguments which is a common characteristic for nonprofit message appeals. The text seeks to motivate the consumers by appealing to their ‘incredible power as consumers’ and the ‘innate urge to help others’. All arguments include an appeal to emotions with the aim to motivate and persuade the target audience into making a contribution to the cause through their purchase. In the end of the text, consumers are left with the simple but memorable conclusion to the
overall initiative: ‘Buy (RED), save lives. It’s as simple as that. Desire and virtue. Together at last.’

6.5.1 Phases of the argument

Examining the entire (RED) idea as an argument in itself, it is possible to analyse its structure and determine which of the four phases mentioned in chapter 5.2.2, namely, the designative, definitive, evaluative and advocative phase, the overall argument covers. For instance, examining the warrants that each of the five arguments above elicits, it can be argued that the main message which (RED) wants to communicate to the public is the following: (RED) is a unique initiative that matches the needs of companies and consumers and is therefore an effective tool in generating funds for HIV/AIDS in Africa through consumers’ purchasing power. If the target audience is not convinced that this is the case, (RED) needs to focus on arguing its case and persuading them of its effectiveness and success so far. Through the examination of the phases that the (RED) idea covers it is thus possible determine which evidence (RED) focuses on providing in its efforts to persuade the target audience into accepting the overall message as true.

Beginning with the first line of the (RED) idea: ‘(RED) is not a charity. (RED) is not a cause. (RED) is not a theory.’, it can be classified as belonging in the definitive phase, since the short sentences establish what (RED) is not. These definitions can be characterised as selective since they emphasise what (RED) does not represent by exemplifying only few of the specific features that are relevant in the context of social responsibility and altruism.

Lines 2 – 4, on the other hand, explain what (RED) is, that is, they are a definition of (RED): ‘(RED) is an ingenious idea that unites our incredible collective power as consumers with our innate urge to help others. (RED) is where virtue meets desire.’ This type of definition is characterised as the persuasive definition since it reflects (RED)’s personal opinion and perception of itself, which makes the statement highly subjective. This subjective and overly positive definition of (RED) thus functions to persuade consumers of its veracity by appealing to their emotions.

Lines 5 – 10 also belong in the definitive phase, however, these definitions are rather descriptive, as they provide a more objective explanation of how (RED) functions:
‘[…] the company who makes that product will give up to fifty-percent of its profit’ and ‘Every dollar goes straight to Africa […]’.

From line 11, the text moves into the evaluative phase by providing statements that are an answer to the question “what value does (RED) have?” In the text, (RED) refers to itself as ‘a business model that is right for their brands, their consumers and the world’ in line 13. This statement reflects (RED)’s personal opinion, which is also evident in line 14: ‘(RED) is an answer to an emergency. An answer that is working’.

In line 16, the text moves from the evaluative to the advocative phase, by providing recommendations for what can be done to solve the problem in the argument, i.e. help in the fight against AIDS in Africa. The solution is provided in the simple, but rather motivating, call to action: ‘Buy (RED), save lives. It’s as simple as that.’

Based on the above, it is evident that the (RED) idea applies three of the four phases of argumentation and provides answers to the necessary questions in each phase. This contributes to the ability of the text to function as an individual message and effective argumentation.

6.6 Rhetorical appeals

Based on the results of the argumentation analysis in chapter 6.5, it is evident that the text mostly focuses on the pathos appeal to persuade consumers. The strong emotional appeal is achieved by using emotionally charged statements which (RED) also does in lines 2 – 4, 7 and 13 – 17. For instance, the phrases ‘our incredible collective power’, ‘our brothers and sisters dying of AIDS’, ‘(RED) is an answer […] that is working’ and ‘Desire and virtue. Together at last’ are all constructed to appeal to consumers’ emotions and elicit positive attitudes towards the initiative. (RED)’s considerations behind the choice of appeal can be explained by considering the overall subject of the message, that is, helping people who are dying of HIV/AIDS. Since (RED) targets consumers who are characterised by a high level of social responsibility, conscience and care for the world and the less fortunate, it can be argued that the message in the (RED) idea will most certainly elicit strong emotions and
sympathy in the target audience and lead them towards engaging in (RED)’s CRM initiative. The text also appeals to consumers’ emotions by appealing to ‘unity’ and ‘collective power’ in line 2 and by addressing them directly and communicating the impact that they are able to have on people’s lives in line 5: ‘Each time you buy a (RED) product or service’.

The logos appeal is also applied in the text to make the message more credible and trustworthy. For instance, in lines 6 – 7 the text provides specific facts on how (RED) functions, who it supports and where: ‘buy and distribute antiretroviral medicine to our brothers and sisters dying of AIDS in Africa’. In addition, the logos appeal is found in lines 8 – 10 as (RED) explicitly states that ‘Every dollar goes straight to Africa. Straight to the people who need it. Straight to keeping them alive so that they can go on taking care of their families and contribute socially and economically to their communities.’ In this way, it is clearly described in the text how the initiative helps people in Africa and exactly what consumers are supporting through their purchase of (RED) products. This statement, however, also contains a pathos appeal as it is evident that (RED) attempts to evoke an emotional response and a sense of familiarity in consumers towards the people affected with HIV/AIDS. This is achieved by describing in more detail who these people are and why they need help. In this way, consumers can imagine how their purchase will improve the living conditions of the people affected with AIDS and their families, which is likely to elicit positive emotions in consumers.

Examining the overall text, it is evident that the logos appeal is not overly dominant. Even though some traces of logos are present, the text still lacks more specific facts and results that demonstrate (RED)’s effectiveness besides the statement in line 15 ‘Over 2.5 million people have been impacted’. For instance, the text could mention the four African countries that have actually benefited from (RED) so far, i.e. Rwanda, Ghana, Swaziland and Lesotho. Increasing the focus on the success of the initiative in these specific countries as well as providing more concrete examples of the impact that the purchase of (RED) products has had so far would contribute to further increasing the effectiveness of the (RED) idea as an independent message appeal.

The ethos appeal is also apparent in the text, as (RED) strives to portray credibility and diminish any possible doubt that consumers might have of the initiative’s trustworthiness. As
mentioned in chapter 5.1.1, the level of credibility that a brand has depends upon its achievements and results that people can experience, read or hear about. (RED) communicates credibility in line 15 by stating the impact that the initiative has on people’s lives. In addition, the statement in line 11 ‘The most sought after brands have become (RED) partners’ also serves as a testimonial that enhances (RED)’s credibility as a sincere and trustworthy initiative. By mentioning world-known and popular brands such as Apple, Microsoft and Converse, among others, (RED) relies on the character, or ethos, of its partners as a proof of its credibility and effectiveness to provide a win benefit for everyone involved. In addition, (RED) communicates its own character by referring to the initiative as ‘an ingenious idea’ and emphasising that the money is distributed directly to the people who need it. It can be argued that this is also an attempt by (RED) to assure consumers of its integrity as a nonprofit and of its sincere commitment to the people affected with HIV/AIDS in Africa. The integrity and sincerity of (RED)’s character are also supported by additional information on the website, e.g. in the section ‘Success Stories’ which consists of stories of real individuals in Africa whose lives have been impacted by (RED)’s initiative ((RED) 2008h).

It could also be argued that (RED) has managed to successfully appeal to consumers due to Bono’s ethos. Besides being a member of one of the world’s most popular rock bands, Bono is also known for his political and humanitarian work and is considered a prominent advocate for debt relief (Brown 2006). His work and involvement in numerous humanitarian initiatives that were outlined in chapter 4.3 assist in removing any doubt and scepticism in consumers’ minds regarding the overall credibility of (RED) and its commitment to the cause. In addition, Bono’s presence in the public eye provides him with the ability to communicate (RED)’s message across countries and continents by appealing to masses and perhaps also governments to engage more deeply in resolving social issues. Furthermore, the numerous fans of U2 around the world and people who consider Bono as a role model and admire his humanitarian work will probably also become advocates for the (RED) brand due to its link to Bono. Based on these arguments, one could therefore argue that it is perhaps primarily due to Bono’s ethos that a majority of consumers will consider (RED) to be a credible nonprofit brand and not merely a tool applied by companies to increase their profits. Consequently, if Bono was explicitly mentioned in the (RED) idea, it would perhaps make the text an even more powerful message that persuades consumers.
Besides applying *pathos*, *logos* and *ethos* appeals to connect with the target audience and persuade them into purchasing (RED) products, (RED) also applies the *guilt* appeal in the text in order to elicit a positive response from the target audience. The statement ‘*Buy (RED), save lives. It’s as simple as that*’ contains an implicit *guilt appeal* and evokes the sense of personal responsibility in consumers to buy the (RED)-version of a product whenever they shop, because not choosing (RED) means that no lives are being saved. Furthermore, by stating that it is a ‘*simple*’ act, (RED) leaves it up to consumers to take a stand and decide whether they wish to portray responsibility by doing the simple act of choosing to purchase (RED) whenever presented with the choice. This provides further incentive for consumers to engage in the initiative as it makes it rather difficult for them to find an excuse for not supporting (RED).

In chapter 5.3.4, it was argued that guilt appeals in messages could trigger negative attitudes in consumers if the focus on guilt is too excessive. However, it is highly unlikely that this particular guilt appeal in the text would elicit negative consumer attitudes. This is due to the fact that the consumers are not forced to downgrade their choice or pay more for a given product in order to portray responsibility. Rather, they can only benefit from the purchase in terms of the positive feeling that comes from doing a good deed. As a result, this positive feeling of doing good will enhance consumers’ sense of well-being and their sense of self, as mentioned in chapter 5.1.3. This is perhaps also the main reason why (RED) has chosen not to directly focus on evoking guilt in consumers, since there is a risk that such an appeal could fail to positively motivate them into engaging in (RED)’s CRM.

Overall, based on the previously identified attitudes and desires of (RED)’s target audience, it can be argued that the *(RED) idea* is an effective message that would positively motivate consumers into supporting the initiative by choosing (RED) products. The strong *pathos* appeal is supported by *ethos* and thus makes the overall message more acceptable, since (RED)’s credibility is supported by its partners’ statuses as successful world-known brands. These two appeals, combined with a somewhat weak *logos* appeal and an embedded *guilt appeal*, function as elements that most likely will persuade the target audience of the power they have as consumers to save lives. Furthermore, the simple but memorable message ‘*Buy (RED), save lives*’ in the end of the text serves as a motivating call to action that could lead to positive purchase intention.
7 Conclusion

The purpose of this thesis was to examine how (RED) brands itself as a nonprofit and which rhetorical and argumentation strategies it applies to influence and persuade consumers to support its cause through purchase. The text the (RED) idea was selected for the analysis as it serves as (RED)’s mission statement and manifesto and was thus considered a relevant communicative material to analyse. In order to fully cover all aspects of the problem statement and provide a comprehensive analysis of the overall (RED) initiative, it was first of all necessary to elaborate (RED)’s role in the context of CRM and the CRM strategies it applies in order to ensure success. This was followed by an examination of contemporary consumers’ attitudes, needs and scepticism towards (RED) and CRM initiatives in general. Lastly, the efforts that (RED) makes to avoid criticism and scrutiny from the public were examined.

In the examination of the (RED) initiative in the context of CRM, several underlying reasons were identified for (RED)’s success in appealing to consumers in spite of the criticism it has received from the public. Firstly, its CRM strategy focuses on incorporating all three key types of CRM, that is, transaction-based promotions, joint issue promotions and licensing. In this way, (RED) benefits from each strategy while at the same time providing benefits for its partnering companies. In other words, the initiative is based on providing mutual benefit.

Secondly, (RED) manages to engage the private sector by establishing CRM partnerships with a number of world-known brands to help eliminate AIDS in Africa. Partnering with famous brands has increased public awareness of the (RED) initiative and the popularity of (RED) products among young consumers. Based on the findings regarding attitudes and needs of contemporary consumers, it was therefore argued that the additional value and the feeling of altruism that are encompassed in (RED) products will lead consumers towards choosing (RED) products over the non-(RED) ones.

In its efforts to avoid criticism and scrutiny from the public, (RED) provides stories of real people on its website describing how they have been affected by the initiative. In addition, the website contains concrete information on how the (RED) money is distributed and how consumers’ purchases have contributed to making a difference. All of
these aspects serve to portray transparency and assure consumers and the public in general of (RED)’s sincere commitment to the cause.

For the analysis of the text the (RED) idea, theories regarding nonprofit branding along with Toulmin’s argumentation theory, Aristotle’s rhetorical appeals and theory on guilt appeals were applied to provide an answer to the overall problem statement. When examining the (RED) idea as an individual message appeal, it became evident that (RED) applies all five steps that are considered necessary in order to create an effective message that appeals to consumers. The text thus presents a compelling case for why it is worthy of support, evokes an emotional response in consumers while at the same time providing logical reason for supporting the cause, includes a call to action, provides support for the bold statements by means of explicit facts and positively motivates consumers to contribute.

In the text it was also evident that (RED) focuses on communicating its unique brand identity and the additional value that consumers will gain by buying (RED) products. The approach of uniting luxury (desire) and altruism (virtue) differentiates (RED) from other nonprofits and appeals to consumers, thereby positively influencing their purchase intention. This is also why this uniqueness is explicitly communicated in the text.

The overall text encompasses several examples of nonprofit branding strategies, which serves to support the fact that (RED) is a nonprofit brand even though it does not explicitly describe itself as such. This was especially evident in the analysis of (RED)’s brand personality, which determined the (RED) brand as having personality dimensions sophistication, integrity and nurturance, all of which are common personality traits of nonprofit brands. In addition, the value proposition of the (RED) brand focuses on more for same, which means that (RED) provides consumers with products containing an additional value of altruism at the same price as that of the regular products. (RED)’s efforts to attach a sense of brotherhood and belonging, self esteem and self-actualisation to its brand also contribute to supporting the value proposition more for same. Additionally, they serve to portray (RED) as a brand that is able to fulfil the highest psychological needs of consumers, i.e. those placed at the top of Maslow’s hierarchy. The majority of consumers are thus more supportive of the initiative and more willing to purchase the products due to this sense of fulfilment they gain through the purchase of (RED) products.
The findings in the argumentation analysis demonstrated that (RED) mainly applies motivational arguments in the (RED) idea to persuade consumers into supporting its initiative. In the analysis, the extracted claims from the text are all supported by explicit facts that serve to strengthen the certainty of each claim. Based on the information provided in the claims and data in the text, it is safe to assume that consumers will come to the conclusion that (RED) is an effective initiative and an answer to fighting HIV/AIDS in Africa. Even though the text has a weak logos appeal, which usually serves to provide credibility to a text and persuade readers of its veracity, the (RED) idea is still considered an effective message appeal. The strong pathos appeal that elicits positive emotions in consumers, the use of ethos to portray credibility and the use of the guilt appeal to elicit a sense of responsibility in consumers strengthen the message of the (RED) idea and its ability to positively influence the target audience.

All of these aspects combined contribute to (RED)’s success as a CRM initiative and strengthen the overall impact of the message that (RED) communicates to its target audience.

8 Critical review and future perspectives

During the process of writing this thesis, some challenges became evident. Firstly, the analysis of the (RED) idea and (RED)’s communicative strategies was based entirely on a theoretical approach. The profile of consumers who would engage in CRM and purchase the products associated to a cause was established based on the findings from various CRM studies and surveys. Therefore, it is only assumed that those consumers are also the ones who would engage in (RED)’s CRM initiative. In order to provide a more accurate profile of consumers who purchase (RED) products, it would be necessary to interview consumers who have actually purchased a (RED) product. Moreover, an interesting approach would be to conduct a survey on consumers’ underlying motives for purchasing (RED) products. This would provide some clarification as to what is the prevailing factor that motivates consumers to engage in (RED)’s CRM initiative. Is its success due to the combination of desire and virtue in (RED) products, Bono’s influence, the general popularity of its partnering brands and products, or something completely different? In other words, the conclusion in this thesis
regarding the underlying motives for consumer interest in (RED) products is based on theoretical facts and cannot therefore be considered a completely definitive assertion.

In addition, the analysis does not examine (RED)’s communicative strategies from an overly critical perspective. This is due to the fact that such an examination is beyond the scope of this thesis and the overall problem statement. The focus of the thesis was to analyse how (RED) has succeeded and not how, or if, its message fails or how it could be improved. Undertaking a critical assessment of (RED)’s initiative and its communicative strategies could thus also be a relevant subject for future research.

Since the primary aim of this thesis was to examine CRM from a nonprofit’s perspective, the focus in the analysis was solely on (RED)’s nonprofit communicative strategies. Another aspect that could have been interesting to examine is how (RED)’s partners communicate the initiative and which benefits they choose to focus on when advertising their (RED) products. Additionally, another interesting perspective which would provide further clarity on the overall subject of CRM and how successful campaigns are executed would be to conduct a comparative analysis of two or more CRM campaigns. Thereby, it could be determined if there exists a set of standard CRM, branding and communicative strategies that all nonprofit partners apply. Such an examination could thus serve to provide a set of standard guidelines for how nonprofits’ should approach CRM, that is, if such standard guidelines can be proven to exist.
Summary
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Over the past few years, consumer preferences have undergone a change as they have shifted from focusing on the functional benefits of brands and products towards desiring more value for money and products and services that provide emotional and self-expressive benefits. Therefore, an increasing number of companies have intensified their focus on meeting those preferences by linking their products to social causes. This is called cause-related marketing (CRM) and has become a frequently applied method by companies to engage in corporate social responsibility (CSR). CRM is based on a partnership established between a company and a nonprofit to market a product or service for mutual benefit. If the CRM initiative is properly and sufficiently communicated to consumers, it can influence their purchase decision by appealing to their conscience and persuade them into supporting a certain cause. The most effective CRM campaigns are those that are considered to be a win-win-win scenario, which means that they benefit the company, the nonprofit and the consumer. In other words, CRM provides new marketing opportunities for companies and additional funding for nonprofits. The initiative has the ability to achieve the goals of each individual party in the partnership while at the same time providing consumers with a desired product and an additional value of doing good through purchase.

This thesis examines one CRM initiative from the perspective of a nonprofit partner in order to analyse how such initiatives function and which challenges the nonprofit faces when communicating with consumers. The choice of nonprofit partner fell on (RED) which characterises itself not as a charity or a cause but rather as an economic initiative focusing on promoting consumer power as an element for securing sustainable funding to the Global Fund to fight HIV/AIDS in Africa. (RED)’s partners are some of the world’s most famous brands such as Apple, Microsoft and Converse, among others, which licence the (RED) brand to manufacture (RED) products and thus commit to donating a specific amount of profit to the Global Fund for each (RED) product sold.

The overall purpose of the thesis is to examine which branding, rhetorical and argumentation strategies (RED) applies in its communication with consumers in order to persuade them into supporting its cause.
There has been much discussion regarding CRM and its effect on society, and many authors have questioned whether such programmes are cause-supportive or cause-exploitative. However, in spite of the criticism that (RED) has received regarding the overall sincerity of the initiative, it has managed to generate positive results in the two years that it has existed on the US and the UK markets. (RED) is the initiative that manifests how CRM can have a positive impact on consumer attitudes towards a company’s brand and products and increase consumers’ purchase intention regarding the product associated with the cause.

In the examination of the (RED) brand, its brand identity, brand personality, value proposition and overall communication are analysed in order to provide evidence for why it is considered a successful initiative. (RED) has effectively managed to create brand recognition and unique image, especially considering the fact that it is competing against millions of nonprofits. In addition, (RED) applies the three key types of CRM, licensing, transaction-based promotions and joint issue promotions in its partnerships with companies, which indicates its commitment to focus on mutual benefit.

The main part of the analysis focuses on analysing (RED)’s communication with its target audience to determine which communicative strategies it applies and how it argues its case to consumers and thus strives to attract supporters. Toulmin’s argumentation model, Aristotle’s rhetorical appeals ethos, pathos and logos, as well as the theory on guilt appeals are therefore applied in the analysis of a text from (RED)’s website, namely the (RED) idea which is a text that functions as (RED)’s mission statement and manifesto. The findings in the analysis show that (RED) focuses on providing mutual benefit for each party involved and manages to communicate this to its target audience with valid arguments that are supported in the text. The pathos appeal is predominant in the text. However, ethos, logos and the guilt appeal are also applied in (RED)’s attempt to persuade consumers into supporting its initiative by purchasing (RED) products.

In its two years of existence, (RED) has managed to impact over 2.5 million people affected with HIV/AIDS in Africa due to its success to create a brand that appeals to consumers, companies and thus also the cause.
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Cause-related marketing through (RED) – the nonprofit perspective


Cause-related marketing through (RED) – the nonprofit perspective

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Cause-related marketing through (RED) – the nonprofit perspective


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Appendix 1: The (RED) Idea

1 (RED) is not a charity. (RED) is not a cause. (RED) is not a theory.

(RED) is an ingenious idea that unites our incredible collective power as consumers with our innate urge to help others. 
(RED) is where virtue meets desire.

5 Each time you buy a (RED) product or service, at no extra cost to you, the company who makes that product will give up to fifty-percent of its profit to buy and distribute antiretroviral medicine to our brothers and sisters dying of AIDS in Africa.

Every dollar goes straight to Africa. Straight to the people who need it. Straight to keeping them alive so that they can go on taking care of their families and contribute socially and economically to their communities.

The most sought-after brands in the world have become (RED) partners. American Express, Apple, Converse, Emporio Armani, Gap, Hallmark, Microsoft and more recognize that (RED) is a business model that is right for their brands, their consumers and the world.

(RED) is an answer to an emergency. An answer that is working.

10 Over 2.5 million people have been impacted in just two years.

Buy (RED), save lives. It’s as simple as that. (RED) Desire and virtue. Together at last.
Appendix 2: The (RED) Idea (original)

Appendix 3: FAQs
http://www.joinred.com/Learn/AboutRed/FAQs.aspx

+ **What is (RED)?**

(RED) is a business model created to raise awareness and pool money for the Global Fund by teaming up with the world’s most iconic brands to produce (PRODUCT) RED branded products. A portion of profits from each (PRODUCT) RED product sold goes directly to the Global Fund to invest in African AIDS programs, with a focus on women and children.

+ **Is (RED) a new charity?**

(RED) is not a charity. It’s a business model designed to create awareness and a sustainable flow of money from the private sector into the Global Fund, to help eliminate AIDS in Africa. Consumers buy (PRODUCT) RED, and at no cost to them, money is sent directly to the Global Fund.

+ **Who is (RED)?**

Bono and Bobby Shriver created (RED) to engage the private sector in the fight against AIDS in Africa. Our partners include: American Express (UK only), Converse, Gap, Emporio Armani, Dell, Windows, Apple and Hallmark. Discussions are ongoing with other potential partners.

+ **Why have you created (RED)?**

+ **What is the relevance of the name (RED)?**

+ **What is Bono’s involvement?**

+ **How does (RED) work?**

Established brands partner with us and license the (PRODUCT) RED mark to create (PRODUCT) RED products and services. (PRODUCT) RED partners send a portion of the profits made on (PRODUCT) RED products directly to the Global Fund, to fight AIDS in Africa. The consumer does not pay extra for this. (RED) never handles this money — it is sent directly to the Global Fund.

A licensing fee for use of the (PRODUCT) RED mark is charged to manage and market the (RED) brand. This fee is paid by (PRODUCT) RED partners, and does not affect the amount of money they send to the Global Fund via sales of (PRODUCT) RED items.

+ **Which brands are involved so far?**

+ **Do (PRODUCT) RED items cost more?**

+ **Are products with the (PRODUCT) RED mark always the color red?**

How will consumers know what is (RED) and what isn’t?

+ **How does the (RED) money get to where it needs to go?**

By combining the marketing power of the world’s leading consumer brands with the accountability, scale and pace of Global Fund grant-making, (RED) has created a new business model to effectively raise and impactfully invest significant resources to combat AIDS in Africa. (RED) grants (i.e. Global Fund grants supported with (RED) funds) represent the best performing programs within the Global Fund’s extensive portfolio of AIDS grants in Africa, thus ensuring that every dollar raised is effectively and immediately translated into lives saved, and that every life thus saved is accounted for. Current (RED) grant countries include: Rwanda, Swaziland, Ghana and Lesotho.

Funds raised by (RED) partners are contributed directly to the Global Fund, which then transfers those funds to (RED) grants in line with the achievement of their respective performance targets. Over $110 million has already been raised to date, and (RED) funds have already been disbursed to grant recipients in Rwanda, Swaziland, Ghana and Lesotho to save thousands of lives. As (RED) continues to grow and generate additional funding, so too will the portfolio of AIDS grants supported, while maintaining the strict performance standards of the Global Fund and ensuring the effective use of those funds.

The impact and progress of Global Fund-financed programs has been possible because of its unique approach. Through its small staff and efficient systems, the Global Fund has administrative costs of less than three percent of all the money contributed to it, ensuring that the vast majority of money is put to work on the ground in Africa; no overhead is taken from these funds. In addition, the Global Fund’s performance-based funding model holds its...
Appendix 4: The Global Fund

The Global Fund to Fight AIDS, Tuberculosis and Malaria was established in 2002 with the support of then UN Secretary General Kofi Annan and the world's leaders, to dramatically increase resources to fight three of the world’s most devastating diseases. Since its creation, the Global Fund has become the dominant financier of programs to fight AIDS, TB and malaria, with $10.7 billion for programs in 156 countries.

The Global Fund is an innovative partnership of governments, non-governmental organizations, and the private sector. It is not an implementing agency - the Global Fund relies on local ownership, planning and expertise and enables countries to design and execute their own programs, and provides funds only on the basis of proven results to agreed performance targets to ensure that funds are used efficiently to create real change for people and communities.

Programs supported by the Global Fund have averted more than two million deaths by providing AIDS treatment for 1.75 million people, TB treatment for 3.9 million people, and by the distribution of 59 million insecticide-treated bed nets for the prevention of malaria worldwide.

Global Fund financing has also:

- Reached 46 million people with HIV counseling and testing
- Provided 2.8 million AIDS orphans with basic care and support
- Delivered 60 million malaria drug treatments
- Reached 65 million people with community outreach services for one or several of the three diseases
- Trained 7.6 million health or community workers to deliver services

(RED) is the Global Fund's largest private sector contributor

The Global Fund, working together with (RED) and the countries in question, has selected established programs with sound performance to receive money raised through (RED). To date, (RED) partners have generated more than $1.10 billion for the Global Fund. No overhead is taken out of these funds – 100% of this money flows to Global Fund financed AIDS grants in Ghana, Lesotho, Rwanda and Swaziland.

In these countries this money is helping to finance comprehensive national HIV and AIDS programs led by the ministries of health to provide antiretroviral treatment for children and adults, assist in the prevention of mother-to-child transmission of HIV, support essential counseling and testing activities to reduce the overall risk of HIV transmission.
Appendix 5: Microsoft

http://www.joinred.com/Learn/Partners/Microsoft.aspx


Windows® and DELL™ announced their partnership with (RED) at the 2008 World Economic Forum in Davos, Switzerland. At launch, Microsoft introduced a new version of their Windows Vista® Ultimate operating system enhanced with unique (RED) content like downloadable wallpaper and podcasts. Exclusively offered on DELL laptops and desktops in 2008, the combination is a powerful way to buy (RED) and help save lives. Buy a DELL (PRODUCT)RED™ PC with Windows Vista Ultimate (PRODUCT) RED, and Dell and Windows will make a contribution to the Global Fund. It's that easy, and it's no extra cost to you.

Dell and Windows will contribute $10 for every XP™ ONE (PRODUCT) RED sold, which pays for over 4 months of life-saving antiretroviral medication for a person living with HIV and AIDS in Africa. Dell and Windows will contribute $50 for every (PRODUCT) RED notebook sold, which pays for nearly 4 months of life-saving antiretroviral medication.

Look out for more exciting ways from Windows to turn your PC (RED).
Appendix 6: Emporio Armani

http://www.joinred.com/Learn/Partners/EmporioArmani.aspx

Style and Substance – a Winning Combination

In support of (PRODUCT) RED™, Giorgio Armani unveiled his men’s and women’s Emporio Armani (PRODUCT) RED collection in September 2009 during London Fashion Week. It was a creative collaboration with Ghanaian contemporary artist Joshua-Akomeah, whose art is featured on clothing, accessories and packaging. The range of products expanded further with the launch of women’s and men’s fragrance and jewelry in Spring 2007. And Julia Roberts collaborated with Giorgio Armani to design a bracelet and t-shirt for men and women with the words Revolution. Evolution. Divinity.

With each purchase from the Emporio Armani (PRODUCT) RED collection, an average of 40% of the RED(AIDS) operating surpluses goes directly to the Global Fund.

"TO UNIFY GLOBAL BRANDS FOR GOOD WILL IS BOTH POWERFUL AND HUMBLING, I HAVE ALWAYS SEEN BRILLIANCE IN SIMPLICITY – AND (RED) PERFECTLY DEFINES THIS."

- GIORGIO ARMANI

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Appendix 7: What (RED) is
http://joinred.com/red/

What RED Is

(RED) was created by Bono and Bobby Shriver, Chairman of DATA to raise awareness and money for The Global Fund by teaming up with the world’s most iconic brands to produce (PRODUCT)RED branded products. A percentage of each (PRODUCT)RED product sold is given to The Global Fund. The money helps women and children affected by HIV/AIDS in Africa.

What’s the meaning of the parentheses or brackets? Well, we call them “the embrace.” Each company that becomes (RED) places its logo in this embrace and is then elevated to the power of red. Thus the name — (PRODUCT)RED.

You, the consumer, can take your purchase to the power of (RED) simply by upgrading your choice. Thus the proposition: (YOU’RE) Be embraced, take your own fine self to the power of (RED). What better way to become a good-looking samaritan?

Appendix 8: Partners
http://www.joinred.com/Learn/Partners.aspx
Appendix 9: Success Stories
http://www.joinred.com/Learn/Results/SuccessStories.aspx

Appendix 10: Every penny goes to Africa
Appendix 11: Vanity Fair – The Africa Issue

TUESDAY, JUNE 05, 2007

VANITY FAIR – THE AFRICA ISSUE

We hope you’re excited about this month’s Vanity Fair, guest edited by (RED) co-founder Bono. The issue hits newstands in Los Angeles and New York this week, and will be available nationwide on June 12.

Who’s going to be on the cover of your copy? There are 20 different covers of people who’ve all done something for Africa – you may even want to pick up a few copies, as every cover was shot by Annie Leibovitz! This is the first time that Vanity Fair has had 20 different covers of the same issue (choose your favorite cover – order your copy on Amazon.com now).

The articles address the crises that Africa faces, but also delve into the beauty of the continent, covering African music, art and literature.

"As guest editor, I want Africa to appear an adventure, not a burden, and put faces and personalities to the statistics we read elsewhere," Bono said. Click here to read Message 2U, Bono’s Editor’s Letter.

Vanity Fair will contribute $5 to the Global Fund for every online subscription purchased this month. See how your subscription can impact the lives of those affected by HIV/AIDS in Africa through the (RED) Impact Calculator. Subscribe now!

PREVIOUS POSTS
Message 2U, from Bono
MAKE MINE (RED)... and Black
"Think (RED) and Give Back"
Karen’s photos from Swaziland
Christy Turlington’s photos from Swaziland
Christy Turlington’s video from Swaziland
Seeing (RED) in New York
From Santa Monica to Kigali, with love
Big House
The Promise of Sustainability
Appendix 12 : The business of giving

http://www.bitc.org.uk/resources/publications/brand_benefits.html

The business of giving

Introduction
2005 was a year characterised by charitable appeals dominating the headlines. These included the national appeals following the Boxing Day Tsunami, Hurricane Katrina and more recently the Asia Earthquake, through to the Live8 concerts to Make Poverty History in Africa and the Niger Crisis appeal. Along with the extensive media coverage around these events, there was increased attention on the public and companies to support charities and causes with their work in the affected areas, be it through giving money, goods and/or time.

In light of this, Business in the Community commissioned research to measure the current level of giving in Great Britain, as well as identifying the most popular ways through which the public have and would like to support charities and causes. The research also gauged public opinion on the different ways that companies should support charities and causes, as well as the percentage of profits that the public believe companies should donate each year to charities and causes. The influence of personal income on these areas was also explored.

Business in the Community’s ‘The business of giving’ was generously carried out by BMRB Access Omnibus on a pro bono basis over the weekend of 9 – 11 September 2005 using a representative sample of over 1,000 adults living in Great Britain.

Key findings:
There is a strong belief that the public should support charities and causes, particularly through giving goods. The research reveals that the public see giving money as important but that there is some scepticism as to how this money is actually used by the beneficiary charities and causes. The research has also found that a high proportion of the public do not agree with supporting charities or causes due to being suspicious about their work.

- Nearly 9 out of 10 (85%) of the public think that it is very important to give goods, such as clothes and toys to charities or causes to support their work.

- 8 out of 10 (82%) of the public believe it is very important to give money to charities or causes to support their work. However, 77% of public are sceptical as to how this money is really used.

- 7 out of 10 (73%) of the public think that it is very important to give time, e.g. through volunteering to charities or causes to support their work.

- Two thirds (68%) of the public feel that they should not be asked to support charities or causes, seeing it as the responsibility of the government.

- One fifth (21%) do not agree with supporting charities or causes, as they are suspicious about their work.

- Those from lower personal income groups believe that it is more important to give time and goods to charities and causes rather than just money. This could be due to the fact that these groups typically have less disposal income, but the research found that individuals from lower income groups are more sceptical than the average population of how charities and causes use their money.

- The research also reveals that there are high levels of conversation, with those thinking it is very important to give goods, money or time to charities and causes actually having done so in the last 12 months.

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Support for charities and causes is high, with the majority of the general public reporting to have supported a charity or cause in the last 12 months. Nearly half of the public claim to have supported a charity or cause on a monthly basis.

- 86% of the general public claim to have supported a charity or cause in the last 12 months. This is through either giving money, time, skills, goods or gifts to or raising money for a charity or cause. Of this:
  - Nearly half (42%) of the public have supported a charity or cause on a monthly basis.
  - 1 out of 5 (19%) have supported a charity or cause in response to a certain appeal, such as the Tsunami or Live8 appeals. This frequency of support is most common amongst those aged 10-34 year olds.
  - 1 out of 4 (18%) of the public report to have supported a charity or cause every 2 - 3 months.

- This is compared to research\(^1\) conducted by the NCVO and CAF which revealed that nearly three-fifths (57%) of the UK population gave at least once in an average month in 2004/05. It must be noted that Business in the Community's research investigates the public's claimed behaviour, but provides an additional insight into the level of giving by the public.

- Women are more likely to have supported a charity or cause. In fact, 89% of women claim to have supported a charity or cause in the last 12 months compared to 83% of men.

- Those aged 45-54 years old are the most likely to have supported a charity or cause over the last 12 months (53% of this age group claim to have supported a charity or cause over the last 12 months). In comparison, those aged 16-24 years old are the least likely to have supported a charity or cause over this period. Despite being the least likely age group to have supported a charity or cause, support is actually relatively high amongst the 16-24 group with over three quarters (77%) reporting to have supported a charity or cause over the last 12 months.

- Personal income is not a determinant of or a barrier to giving. Despite support for charities and causes increasing with personal income, support is high across all income groups. This reconfirms the personal nature and motives of giving to charities and causes.

Giving goods, donating money at collection points and Cause Related Marketing are the most popular ways through which the public have supported charities and causes over the last 12 months. The research also reveals that these are the most popular ways that the public would like to support charities or causes through in the future.

- The top 5 ways through which the public has supported a charity or cause in the last 12 months are:
  1. Given goods to a charity or cause in their own time
  2. Given money at a collection point in a shop
  3. Brought a product or used a service that supported a charity or cause (i.e. Cause Related Marketing)
  4. Given money to someone collecting on the street
  5. Given money to someone collecting on the doorstep

- The top 5 ways that the public would like to support charities and causes through in the future are:
  1. Give goods to a charity or cause in their own time
  2. Buy a product or use a service that supports a charity or cause (i.e. Cause Related Marketing)
  3. Give money at a collection point in a shop
  4. Give money to someone collecting on the street
  5. Give up my own time to help a charity or cause

\(^1\)Charitable Giving in the UK (2004/05), The National Council for Voluntary Organisations (NCVO) and the Charities Aid Foundation (CAF)
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Conclusion

Business in the Community's 'The business of giving' reveals that the majority of the general public have claimed to have supported a charity or cause over the last 12 months. This was through either giving money, time, skills, goods or gifts to or raising money for a charity or cause. It also shows that personal income is not a determinant of or a barrier to giving, but is instead a factor influencing the type of method that the public have or would like to give support through.

Interestingly, a fifth of the public does not agree with supporting charities and causes because they are suspicious about their work. The research also reveals that the same proportion of the public believe that they should not give any of their pre tax income to charities and causes. This is a wake up call for the UK Charity sector. It shows that there is a real need for charities and causes to clearly communicate and demonstrate how the public’s donations have been used.

The research also confirms the popularity of companies donating gifts in-kind and using Cause Related Marketing as ways to support charities and causes. When compared to the ways through which the public have given and would like to give through in the future, there is a clear relationship between these methods. Despite the popularity of traditional support methods, the use of new technologies, such as the Internet and text messaging looks to increase in the future. The use of these methods during the Tsunami disaster appeal and the Live8 concerts is a clear example of how these mediums can be used to promote spontaneous donations and pledges of support.

For the first time, ‘The business of giving’ has revealed the proportion of pre tax profits that the public believes companies should donate to charities and causes each year. Interestingly, the research found that the public believe that it should donate the equivalent amount of its pre tax income each year to charities and causes. Through the PerCent Standard, Business in the Community has measured the number of companies that have donated 1% or more of their UK or Global pre tax profits to the community. It is interesting to see that the public believes that 1%-4% as an appropriate level of investment for companies. However, the research also shows section of the public are calling for companies to contribute a greater proportion of their pre tax profits to the community.

The research demonstrates that there is a genuine willingness amongst the public to support charities and causes. It also confirms that the public believe business should play its part, particularly through using the power of its brand and products to support charities and causes. As previous research² has shown, this presents a real opportunity for charities and businesses alike.

Resources

For more information on all the different ways that businesses can and are working with charities and causes, please visit the Cause Related Business website at www.bitc.org.uk/crb

More information on the PerCent Standard is available at www.bitc.org.uk/percent

² Brand Benefits (2003/04), Business in the Community supported by Research International (UK) Ltd, LightSpeed Research and dunnhumby & Reaping the Benefits (2004), Business in the Community

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The four key rules

So how do you get the message across? The study identified a number of key rules to follow.

Ensure the link fits: the partnership must be easy for consumers to understand. The link between the company and cause must make sense and be clear, or the programme may be viewed with suspicion. Customers criticised “arbitrary attempts to come across all touchy-feely”.

Demonstrate the impact: the campaign must be seen to benefit the charity or cause. The people we talked to liked visual evidence of CRM benefits and ‘totalisers’ in stores or on websites to “help bring home the good you are doing”.

Live and breathe the relationship: CRM isn’t a quick-fix. You need ongoing commitment across the whole company. “Because [a programme] is short term it just looks as if it is trying to increase sales”, said one respondent.

Make it easy: “By making it so hard it is like they don’t want you to participate” - if your customers are thinking this your programme is unlikely to be a success. They want to help by doing things they already do, not by changing their everyday behaviour.

Get it right and consumers will listen and act. The Brand Benefits study shows that the mutual benefit that comes from an effective Cause Related Marketing programme is more than just a theory - it’s a tangible and growing asset to business.

Doing the right thing right

Tesco’s popular Computers For Schools programme, where shoppers collect vouchers to donate to schools, is an excellent example of a campaign that gets the rules of CRM right. The programme lets customers link the supermarket with its local community. By allowing the customers to hand over the vouchers themselves it gives them a sense of hands-on impact. It has been an ongoing commitment, having run since 1992. And it rewards shoppers for doing what they already do - shop. Our respondents agreed: “Tesco’s Computers For Schools is great. Groceries are all about families and children. It is a way that the supermarket can give back to the local community”.
Appendix 14: 2006 Cone Millennial cause study white paper

http://www.coneinc.com/content1090
Chapter 2: Millennials as Consumers

Engagement

Company

...
Appendix 15: 2007 Cone cause evolution & environmental survey

http://www.coneinc.com/content1091

TODAY, LIKE NEVER BEFORE, CORPORATE, NONPROFIT, POLITICAL AND ENTERTAINMENT LEADERS ARE RALLYING AROUND KEY SOCIAL AND ENVIRONMENTAL ISSUES TO INFLUENCE AUDIENCES AND DRIVE CHANGE GLOBALLY.

Cone’s View of What’s Changed in 14 Years

Today, like never before, corporate, nonprofit, political and entertainment leaders are rallying around key social and environmental issues to influence audiences and drive change globally. In the last year alone, Avon reached the $500 million mark in giving; American Idol gave back; Oprah launched her Leadership Academy; Al Gore won an Oscar for An Inconvenient Truth; FORTUNE Magazine devoted an issue to the environment; Cone and Bobby Shriver launched the Product (RED) Campaign; CARE, Komen and the American Heart Association launched powerful new brands; and innovative philanthropy models emerged from Google, Richard Branson and Pierre Omidyar.

Cone’s research has revealed that, over time, Americans have become more likely to consider a company’s reputation when making purchase, employment and investment decisions. Our 2004 study provided evidence that Americans are seeking out companies they perceive to be socially and environmentally responsible. This trend was reaffirmed in our 2007 study, but with a new overlay: a greater number of American consumers, employees and investors now expect companies to have responsible practices in place.

Americans’ expectations of companies are at an all-time high. Cause is no longer a “nice to do,” It is a “have to do”—there are more cause-related campaigns today than ever before, so much so that doing good has become an expected business strategy. There has been a shift in the value equation: good business used to be primarily about providing quality products/services at a fair value. Today, this is no longer sufficient for competitive differentiation. Companies must now develop deep and meaningful emotional connections with their stakeholders by taking a stand on issues that are relevant to the business and their target audiences.

In fact, many companies today are addressing a new set of issues to support based on achieving the greatest and most sustainable business and social outcomes. More and more companies are embracing “Socially Aligned Business Initiatives™,” a strategy that leverages an organization’s operations and
Findings from Cone's 2007 Research
The most significant findings from Cone's 2007 study and our longitudinal research include:

- Cause has gone mainstream
- While cause promotions remain an effective business strategy to increase short-term sales, superficial one-offs are no longer enough
- Commitment to cause extends beyond consumers to employees, investors and other key stakeholders
- Employees are especially important to consider, as the home and workplace continue to merge
- Business practices are an additional purchasing influence
- Americans recognize that in addition to issues they care about, companies should address causes that are relevant to their businesses
- The environment and economic development are among the top four causes Americans want companies to address
- Consumers may become activists if companies engage in negative business practices
- Relevant and compelling communication are key to breaking through

These findings emphasize that as Americans become increasingly sophisticated about corporate cause-related efforts and corporate responsibility practices, companies will be forced to respond with sustainable, authentic, transparent and well-communicated initiatives to demonstrate their values in action.

"Good is the New Black:" Cause is Here to Stay

83% of Americans say that companies have a responsibility to help support causes.

92% have a more positive image of a company that supports a cause they care about.

87% are likely to switch from one product to another (price and quality being equal) if the other product is associated with a good cause, an increase from 56% since 1993.

Why now? Cause has come of age; there are more cause-related campaigns today than ever before. For Americans, "doing good" has become an expected business strategy.

Today, "good is the new black:" It never goes out of style. Companies must express their humanity and values in authentic and emotionally compelling ways to meet the high expectations set by consumers, employees, partners, communities and other key stakeholders.

There has been a shift in the value equation; good business used to be primarily about providing quality products/services at a fair value. But this is no longer sufficient for competitive differentiation. Companies need to display humanity and support issues that resonate with stakeholders to build emotional relevance and loyalty.

According to Fast Company, "Brands that engage people emotionally command prices as much as 20 to 200 percent higher than competitors' and sell in far higher volumes." The goal is to move past traditional communication to begin a dialogue and relationship with stakeholders so they become ambassadors for the cause, the product/service and the company.
Americans feel the following issues are important for companies to address:

<table>
<thead>
<tr>
<th>Issue</th>
<th>2007</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>80%</td>
<td>81%</td>
</tr>
<tr>
<td>Education</td>
<td>77%</td>
<td>81%</td>
</tr>
<tr>
<td>Environment</td>
<td>77%</td>
<td>80%</td>
</tr>
<tr>
<td>Economic Development</td>
<td>77%</td>
<td>-</td>
</tr>
<tr>
<td>Crime/Violence Prevention*</td>
<td>74%</td>
<td>65%</td>
</tr>
<tr>
<td>Poverty/Hunger</td>
<td>70%</td>
<td>65%</td>
</tr>
<tr>
<td>Youth</td>
<td>66%</td>
<td>59%</td>
</tr>
<tr>
<td>Disaster Relief</td>
<td>66%</td>
<td>-</td>
</tr>
</tbody>
</table>

*In 2004 this category was Other and Terrorism

Americans feel the following health issues are important for companies to address:

<table>
<thead>
<tr>
<th>Issue</th>
<th>2007</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart Disease</td>
<td>75%</td>
<td>67%</td>
</tr>
<tr>
<td>Breast Cancer</td>
<td>74%</td>
<td>66%</td>
</tr>
<tr>
<td>Children’s Diseases</td>
<td>74%</td>
<td>66%</td>
</tr>
<tr>
<td>Long-term Care</td>
<td>74%</td>
<td>65%</td>
</tr>
<tr>
<td>Obesity and Nutrition</td>
<td>72%</td>
<td>62%</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>70%</td>
<td>63%</td>
</tr>
<tr>
<td>Prostate Cancer</td>
<td>67%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Americans feel the following education issues are important for companies to address:

<table>
<thead>
<tr>
<th>Issue</th>
<th>2007</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literacy</td>
<td>76%</td>
<td>74%</td>
</tr>
<tr>
<td>Workforce Retraining</td>
<td>76%</td>
<td>80%</td>
</tr>
<tr>
<td>Computer Literacy</td>
<td>74%</td>
<td>68%</td>
</tr>
<tr>
<td>Math and Science</td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td>Student Scholarships</td>
<td>71%</td>
<td>73%</td>
</tr>
<tr>
<td>K-12 Education</td>
<td>70%</td>
<td>74%</td>
</tr>
<tr>
<td>Financial Literacy</td>
<td>68%</td>
<td>64%</td>
</tr>
<tr>
<td>Teacher Recruitment/Retention</td>
<td>66%</td>
<td>60%</td>
</tr>
<tr>
<td>Education (under age 50)</td>
<td>56%</td>
<td>50%</td>
</tr>
<tr>
<td>Arts Education</td>
<td>53%</td>
<td>43%</td>
</tr>
</tbody>
</table>
Eco-Marketing: Product Innovation

Americans seek to incorporate green living into their lives without sacrificing quality or price. The environmentally-friendly products they have purchased include:

- Products with recycled content: 65%
- Energy-efficient home improvements: 58%
- Green supplies: 48%
- Organic or other third-party certified foods/beverages: 24%
- Energy-efficient cars: 13%
- Green apparel: 10%

Consumers also indicated they could be motivated to pay more for environmentally-friendly products, under the following conditions:

- 72% Saving money in the long-term
- 63% Shopping convenience/ready availability
- 63% Health and welfare of future generations
- 58% Making a difference
- 58% Health benefits
- 22% Pressure from friends, family or community

These findings are a call-to-action for companies to innovate in product design, packaging and distribution. Companies should effectively communicate to consumers the impact their business practices and products have on the environment, as well as the tangible benefits consumers can expect to receive by purchasing eco-friendly products.

Shopping as Activism: Americans Will Punish Companies With Negative Practices

Just as Americans will reward companies that are good corporate citizens, they will also boycott those companies they deem irresponsible. This finding has remained consistent over the years:

- 85% would consider switching to another company's products or services because of a company's negative corporate responsibility practices
- 79% would refuse to invest in a company's stock
- 77% would refuse to work at a company
- 74% would consider selling an investment in a company's stock
- 66% would boycott a company's products or services
- 66% would be less loyal to their jobs

Given the power of the Internet to spread information at any time, every American can become an activist. As companies face increasing pressure to be transparent, they must consider the risks of their actions, or, on the other hand, their failure to be proactive. They also must be sure to walk the talk, living their values rather than just talking about them.