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**The Socially Conscious Corporation**

**Can Companies Do Well By Doing Good?**

**Research by Satya Menon**

Cause marketing: an increasingly popular strategy that companies use to signal their corporate social responsibility.

A prominent advertisement in *The Wall Street Journal* sponsored by six Chicago-based Mercedes-Benz dealers featured this headline above the picture of a needy girl: "Most car dealers offer 'cash back' programs. In our case, it just so happens to go back to her." An example of cause marketing, the ad promises that a purchase of a Mercedes-Benz from any of these dealers would result in a donation to help deserving children in Chicago. Indirectly, cause marketing is used to signal a company's Corporate Social Responsibility. But ultimately, it is used to boost the bottom line. Is this an effective marketing strategy, or do consumers dismiss this as a mere promotional tactic?

New research by University of Chicago Graduate School of Business marketing professor Satya Menon and Barbara Kahn of the Wharton School, University of Pennsylvania, investigates whether associating with good causes can help corporate sponsors improve consumer attitudes toward their company. They find that sponsorship activities do indeed help the sponsor's image, but the way in which managers promote their corporate sponsorships can significantly change the public's feelings about the company.

The authors point to recent evidence proving that today's consumers are extremely value conscious and are eager to patronize businesses that share their own values and ethics. Media attention on consumer protests against socially irresponsible corporations has caused upper management to develop new socially responsible business activities: cause-related promotions, advocacy advertising, alliances with non-profit organizations, socially responsible employment and manufacturing practices, and corporate volunteerism in community activities. Philanthropic sponsorships such as Avon's Breast Cancer Awareness Crusade, Coors' adult literacy effort and Subway restaurant's "Heroes for Hunger" food drive are recent examples of the marketing strategies of the modern socially responsible corporation.

But there is an on-going debate in the business community about the effectiveness of cause-related marketing, especially when the sponsor's self-interest is transparent to consumers. Some managers believe that notwithstanding sponsors' self-interest motives, consumers are swayed by causes that they care about and they appreciate the opportunity to share in charitable deeds by supporting sponsoring companies. (The cause-related campaign by the Mercedes-Benz dealer group states this belief explicitly in the advertisement: "Obviously, we're in business to sell you Mercedes-Benz. We're not trying to hide that fact. But we also know if you're given the choice between a dealer that doesn't give something back to the community versus six that do, well, the decision will be easy. Not to mention, just plain nice.") Other managers, however, are cynical of cause-marketing efforts, saying that today's consumers are savvy enough to see through such marketing gimmicks. These critics worry that consumers view such campaigns as manipulative, so that these "good" efforts may even boomerang, resulting in negative perceptions of sponsors.

**The Study**

The authors focus their study on two types of philanthropic sponsorship that are popular among cause marketers: (1) *cause promotions* that promise a donation to a charitable cause based on a purchase of the company's product and (2) *advocacy advertising* of social issues that are sponsored by companies. A cause promotion message may say, for example, "Buy a box of our high fiber cereal and we will donate a percentage of the sale to heart disease research." In contrast, an advocacy advertisement message may focus on promoting methods of fighting heart disease (by eating healthy or exercising more). In the latter case, the message usually features the philanthropic cause prominently and merely identifies the company's product or logo as the sponsor in an understated manner -- with no explicit tie to product purchase.

The ultimate goals of the two sponsorship activities are similar: (1) to raise awareness and/or funds for the social cause, and (2) to benefit the sponsor. Benefits to the sponsor are presumed to arise primarily through an increase in consumer perceptions of the sponsor's Corporate Social Responsibility that may translate to brand equity in the long-term.

**Courting Consumer Opinion**

Menon and Kahn's research suggests that consumers respond differently to the two types of sponsorship message even when they are both promoted by the same company and are centered around the same philanthropic issue. The authors found that all other things being equal, cause promotions yielded higher ratings of Corporate Social Responsibility than advocacy advertising. This outcome is a result of the difference in how extensively consumers scrutinize the sponsor's motives for promoting the social cause.

Consumers tend to view cause promotion messages as "business-as-usual" advertisements since the appeals are linked to the companies' products and are clearly designed to increase sales by using the cause as a purchase incentive. In general, people accept these messages readily without much scrutiny of the sponsoring company's intentions or motives for engaging in the sponsorship. But in advocacy advertising, the focus is primarily on the philanthropic message and is divorced from the sponsor's central business activity. This dissociation often surprises consumers and they are therefore more likely to elaborate on the appropriateness of the sponsorship. This scrutiny usually results in less positive Corporate Social Responsibility evaluation for the sponsor, leading to lower benefits to the sponsor from an advocacy sponsorship as compared to a cause promotion message.

The authors also found that when consumers do scrutinize potential motives for a sponsor company, they use simple investigative heuristics, or rules, to judge the appropriateness of a company's sponsorship action. They rely on the level of congruence or correlation -- the perceived fit -- between the sponsor and the philanthropic activity in order to decide whether it is appropriate for the company to engage in a specific sponsorship. Perceived fit is higher when the domain of corporate sponsorship activity is seen as more connected to the company's area of knowledge, expertise or consumer segment base. For example, consumers would rate perceived fit as higher if Johnson & Johnson were to sponsor a message on child safety than if the same company were to sponsor a message on environmental pollution. Interestingly, perceived fit affects sponsor evaluation very differently in the two types of sponsorship activities studied and can have a big effect on cause marketing success.

For advocacy advertising, where consumers focus primarily on the cause message, higher ratings of Corporate Social Responsibility are obtained if there is a lower level of perceived fit between the sponsor and the cause. In other words, the sponsored action is more appropriate and perhaps more believable when the sponsor does not appear to have a vested interest in the philanthropic cause. This is consistent with traditional persuasion and social psychology literature that shows that a spokesperson without a vested self-interest in the promoted cause is perceived as more trustworthy and persuasive. For example, past research has revealed that a heterosexual spokesperson arguing for gay rights is more persuasive than a gay spokesperson arguing for the same cause.

On the other hand, for cause promotions, where the focus is on the *sponsoring company or brand*, higher ratings of Corporate Social Responsibility were obtained if there is a higher correlation between the sponsor and the selected cause. In other words, the action seems more appropriate and more plausible if the sponsor corporation is acting in its own self-interest. In this case, consumers react like stakeholders, expecting companies to get involved in issues that are related to the company's activities and can help its bottom-line. This is akin to the economist's perspective that the role of Corporate Social Responsibility should be to maximize returns to shareholders.

**A Product to Purchase**

Findings from the research also indicate that Corporate Social Responsibility is indeed a meaningful and valuable perception to foster among consumers. The social responsibility rating of a company had a clear positive influence on the extent of goodwill and liking expressed towards the company, and the likelihood of product purchases from them.

Can sponsorship of social causes also improve individual product ratings as well as overall corporate image? The authors found that when the domain of corporate sponsorship activity is related to the company's products (i.e. there is high perceived fit between sponsor and cause), sponsorships also improve product ratings on cause-relevant attributes. For example, an herbal product company that sponsors the cause of rain forest protection would be able to strengthen consumers' beliefs in the herbal and natural ingredients in its products. Similarly, a car manufacturer sponsoring a safety campaign against drunken driving would be able to create more favorable beliefs about the safety of its models. They find that the more connected the sponsored cause is to the sponsor, the better customers feel about relevant attributes of the sponsor's product.

Ratings for product attributes are also higher for cause promotions than for advocacy advertising because the focus of cause promotions is on the product, whereas in advocacy advertising, the product is usually understated or under-emphasized.

**Good Cause for Study**

From a public policy standpoint, the debate over corporate philanthropy is very important. Unless companies feel that they can benefit from their philanthropic activities, they are unlikely to contribute to promoting social causes -- an issue that is gaining in importance as non-profit organizations face dwindling growth in donations. This research shows that companies can indeed do well for themselves by undertaking cause-related promotions that are closely tied to their product attributes. However, if companies wish to sponsor advocacy advertisements rather than cause-related product promotions, they would benefit more if they selected social causes in which they have no vested interest so that consumers do not dismiss their actions as selfish and insincere.

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