

Why (some) Nonprofits Don't Partner with Businesses

Dr. Debra Basil, U. of Wollongong (AUS) & U.
of Lethbridge (CANADA)

Dr. Mary Runté, U. of Lethbridge

Dr. Sameer Deshpande, U. of Lethbridge

Cause-related Marketing

- CRM is an alliance between a for-profit company and a nonprofit organization:
 - To benefit the NPO
 - To benefit the business
 - Company support linked to consumer response (purchases)
 - Strong marketing component

Helping kids is a piece of cupcake



30¢
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Background

- Consumers demand that companies be (*or appear*) socially responsible (Cone, 2004)
- CRM seen by many as a form of CSR
- NPOs short of funds, seeking help from business (Andreasen, 2003)
- NPOs use CRM for extra funds (Berglind & Nakata, 2005)
- What about those who don't partner? Why don't they?

CRM Research

- A lot exists on consumer response to CRM
 - Consumers generally have positive responses
 - Some level of scepticism depending on approach
 - Fit impacts reception
- Some exists from company perspective
 - How much is spent on the marketing of CRM and source of funds used
 - Impact on employees
- **Little on impact for NPO**
 - (except see Berger, Cunningham & Drumwright qualitative research)

Lens: Gourville & Rangan 2004

- Business--NPO Alliances
 - Proposed structure to assess alliances
- First order outcomes
 - Immediate resource effects
- Second order outcomes
 - Longer term outcomes, less concrete

Research Questions

- Can NPO views be meaningfully categorized as first and second order benefits?
- If so, to what extent does each influence NPO attitudes toward CRM? Behavioural intention toward CRM?
- How do views differ for CRM participants and non-participants?

Method

- 2 Focus groups w/NPO managers
 - Identified perceived CRM benefits and drawbacks
- On-line survey using Market Facts Inc. (Zoomerang) panel.
 - Invitations emailed to 1,000 panel members affiliated w/NPOs
 - 689 usable surveys returned (very high rate)
 - Only those in managerial position considered here (n=116) to assure sufficient knowledge
 - Approx. 10 minutes

Instrument

- For those who have done CRM:
 - Goals for CRM and assessment of CRM outcomes
 - Presented at INSM
- For those who have and have not:
 - Attitude toward CRM
 - Behavioural intention (CRM likely in next 3 yrs)
 - Perceived benefits and drawbacks of CRM
 - Emerged from focus groups
 - First and second order outcomes assessed (Gourville & Rangan 2005)
 - Demographics

Descriptive Statistics

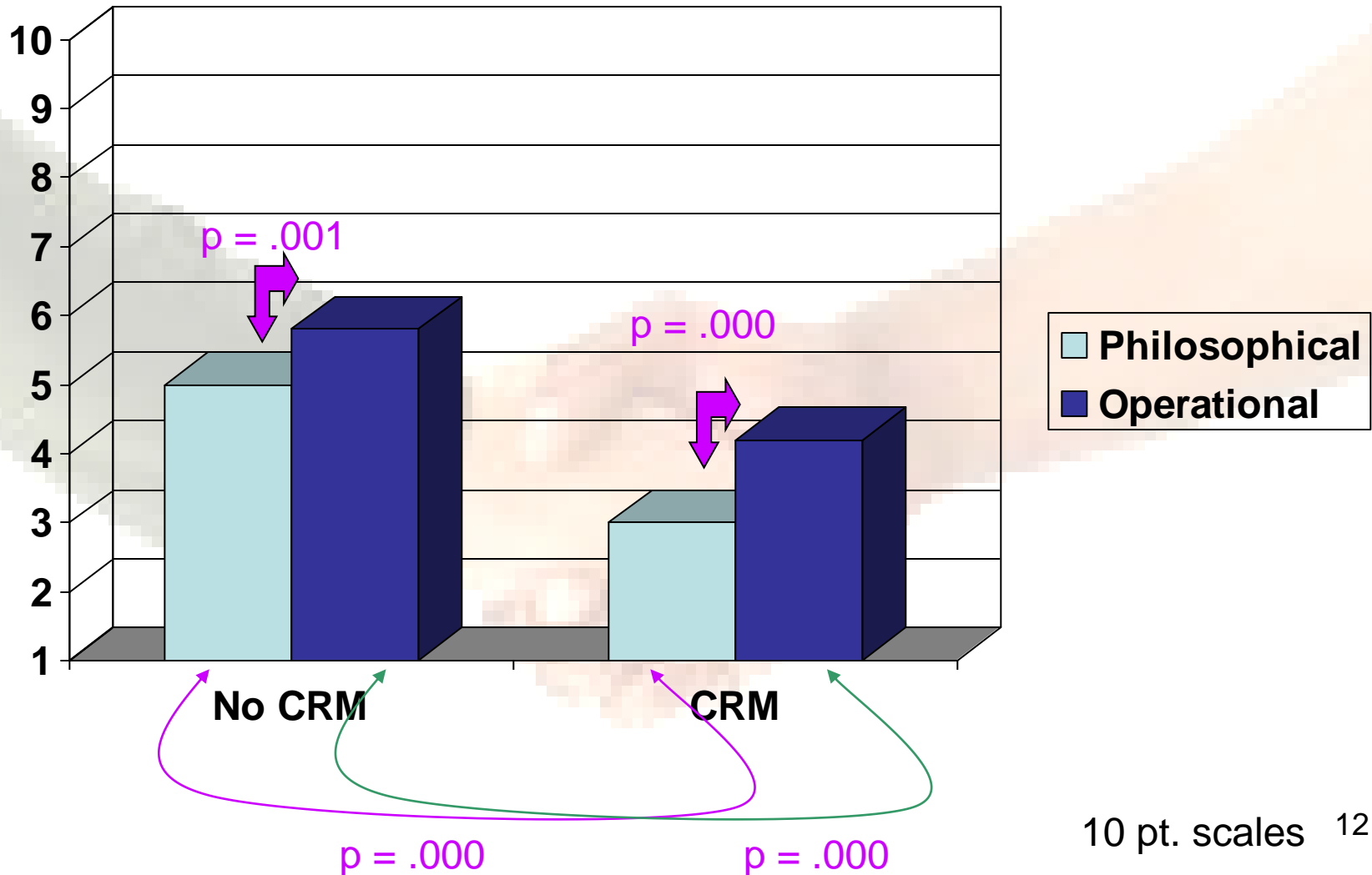
- NonCRM participants = 52
- CRM participants = 88
- Experience:
 - Almost 9 yrs. w/org
 - Over 13 yrs. NPO sector
 - 49 yrs. Old
- NPO Size:
 - 65 FT emps (220 SD)
 - 26 PT emps (77 SD)

Perceived Drawbacks

(view of non-participants)

FIRST ORDER: Operational (C.Alpha = .87)	SECOND ORDER: Philosophical (C.Alpha = .93)
Extra resources	Philosophy
Extra effort (m = 6.1)	Control
Extra volunteers (m = 5.5)	Neg pub percept
Diff. Coordination	Pub perceive less need (m = 5.9)
	Principles compromised
	Change internal proc
	How meet mandate (m = 3.96)
	Bus requirements

Perceived Drawbacks



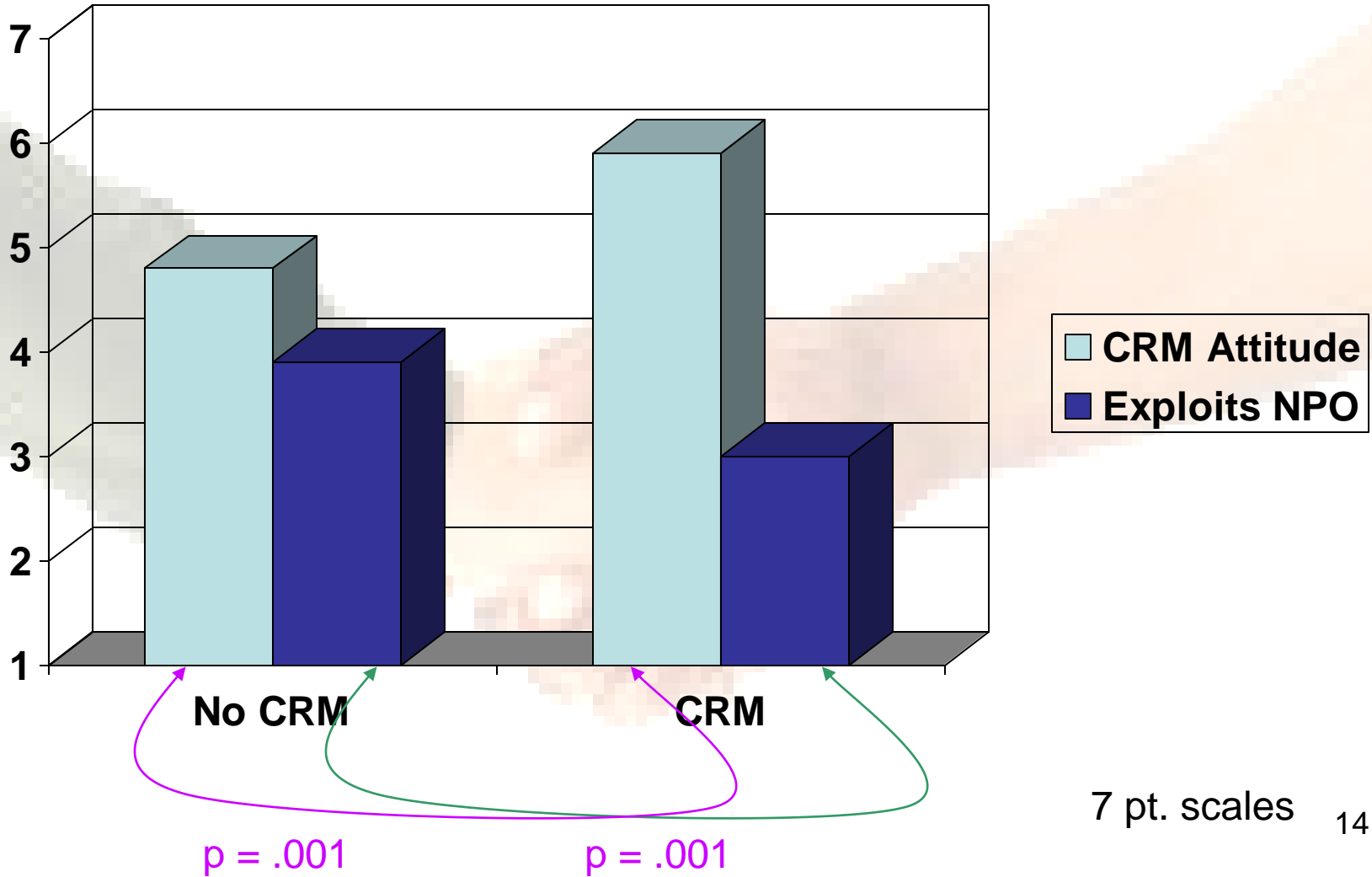
Perceived Benefits

(view of non-participants)

FIRST ORDER: Business funding (C.Alpha = .90)	SECOND ORDER: Knowledge & Public Perception (C.Alpha = .85)
Short-term bus. funding (m = 6.6)	Expertise (m = 6.1)
Long-term bus. funding	Public org. awareness (m = 8.1)
Event support (m = 7.4)	Public mandate aware
Overall Mean = .69	Public donations
	Contacts & leads
	Internal processes
	How meet mandate

Overall Mean =
.688

CRM Views



Attitude Toward CRM

(view of non-participants)

	Beta	t	Sig.
Philosophical drawbacks	-0.3	-1.66	
Operational drawbacks	0.13	0.66	
Business funding	0.14	0.73	
Knowledge & public perception	0.51	2.46	*
Size	0.2	1.45	
Mandate type	-0.06	-0.39	

CRM Intentions

(view of non-participants)

	Beta	t	Sig.
Philosophical drawbacks	-0.9	-.51	
Operational drawbacks	0.16	0.85	
Business funding	0.09	0.48	
Knowledge & public perception	0.48	2.43	*
Size	0.17	1.34	
Mandate type	-0.12	-0.75	

Why Haven't You?

- “Haven't gotten to it yet but still plan to.”
 - Nearly 20%

Conclusion

- CRM drawbacks can be grouped into first and second order outcomes
 - Allows for analyses at a more abstract level
 - Facilitates assessment of overarching perceptions
- Operational (first order) drawbacks loom comparatively larger than philosophical (second order) drawbacks
 - For both non-participants and CRM participants
- CRM attitude and intentions driven by perception of gaining knowledge and enhancing public perception (second order benefits)