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## Cause marketing seen reducing giving

PJ staff report | April 11, 2011

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Cause marketing, the practice by companies of sharing with a social cause the proceeds from the sale of products, reduces consumers' charitable giving, a new study says.

The study by Aradhna Krishna, a professor of marketing at the Ross School of Business at the University of Michigan, shows that consumers who buy cause-marketing products end up giving less money to a social cause or charity.



**Aradhna Krishna**

Cause marketing can result in fewer donations and can decrease consumer happiness, says the study, which will be published in the July issue of the Journal of Consumer Psychology.

"Consumers appear to realize that participating in cause marketing is inherently more selfish than direct charitable donation, reducing their subsequent happiness," compared to a direct donation, Krishna says in a statement. "Unfortunately, this doesn't prevent them from substituting it for charitable giving, which reduces overall charitable donation."

The study is based on research involving 300 college students to see whether consumer who bought products linked to a social cause would reduce subsequent donations to that cause.

It found that charitable giving is lower if consumers buy a cause-related product, even if the consumer already had planned to buy it, regardless of its connection to a cause.

"Consumers may think of the firm's donation as theirs since it is facilitated by their act," Krishna says. "In fact, this type of thinking is 'rational' since it allows consumers to spend less to meet their donation goals."

The study suggests that "even if cause-marketing purchases are costless, consumers think of their purchase as a charitable act and decrease subsequent acts," she says. "The higher the cause-marketing expenditure, the lower was the individual charitable giving."

Citing research that has shown pro-social behavior such as cause marketing or charitable giving can include both selfless and selfish altruism, Krishna says buying cause-marketing products has "larger connotations" of selfish compared to selfless altruism, rather than charitable giving "where the consumer gets no tangible benefit in return."

Overall, she says, the results of the study "raise concerns about the practice of cause marketing and suggest that consumers and policy-making bodies should be more vigilant about what cause marketing can do to individuals' direct donations, to total donations, and to consumer happiness."

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Professional Area: Fundraising/giving

## Comments

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Submitted on December 1st, 2012 by Sondra Dellaripa (not verified)

My twenty years of experience leading nonprofit corporations tells me this study is not only spot on, but is also just the tip of the iceberg.

For many years I have warned my clients away from shopping portals which peel of 5% to charities, partnerships in cause marketing arrangements, and change canisters.

The sum total of these activities results in less giving overall and a diminished view of the level of giving a charity is worthy of...asking for dimes and quarters reflects on your charities value in receiving larger gifts. Additionally, these activities require resources which are siphoned away from more substantive and effective fundraising efforts.

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Submitted on April 22nd, 2011 by Anonymous (not verified)

This article you write is interesting and may have some relevance. But you missed the 'fact' that when a company gets involved in cause marketing they are making donations to charities that sometimes would not be there. For example- Walmart, or Toys R Us- will raise more money for charities they support, then the charity itself will raise from direct donations. Over the years we have seen the rise to online charity auctions- which are very cause marketing based. I watched an online auction with American idol last year that raised alot of money. It was an amazingly positive approach from a network to raise money for charity. I am sure the people who purchased the expereinces would have not made direct donations. These donors donate because they want the exposure, brand awareness etc...otherwise they would not be writing checks. Its the 80/20 rule. 80% of money raised will come from 20% of the donors-of which cuae marketing probably makes up a large chunk

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Submitted on April 21st, 2011 by David Hessekiel (not verified)

It's a shame that you've written up this study and quoted its author without seeking out other points of view.

Anyone who has read the 26-page study can see that its very limited, experimental findings don't support the sort of sweeping statements about cause marketing reducing giving contained in your headline or the authors comments.

For a more thorough analysis of the study, please visit my blog post on the topic at <http://tinyurl.com/3zotml1>

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Submitted on April 20th, 2011 by Kevin Feldman (not verified)

It has been my experience that "cause marketing" enhances all other fundraising, because it adds credibility and a sense of sustainability to the nonprofit and its mission. However, cause marketing must be a part of a more comprehensive and integrated development program. The charity must communicate to all other donors and prospects the role that the companies actually play in their fundraising and program efforts. For instance, using a prominently-displayed pie-chart(s) showing the percentage of income gained from companies -- and the programs and projects

supported by those dollars.  
Kevin Feldman

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Submitted on April 18th, 2011 by [Scott Shirai](#) (not verified)

I don't doubt the accuracy of the survey but I would caution that it only polled college students, so the conclusion that one draws from the results should be confined to that demographic. I don't think it can be concluded that the results, as displayed in your banner, apply to all giving.

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Submitted on April 11th, 2011 by [Joe Waters](#) (not verified)

I make three points in my own post on the Michigan Study.

<http://selfishgiving.com/cause-practices/cause-marketing-selfishness-goo...>

First, there's a lot of evidence to support that people are actually quite happy and more generous after support a cause via a cause marketing promotion. According to a 2010 Cone Study that involved a larger sample than the Michigan study, 86% of Americans say purchasing a cause-related product did not replace their traditional donation(s) to their favorite charity.

Second, the study points out that consumers are often unclear of how much of their money is going where. This is a problem. Fortunately, transparency is getting better with cause marketing and mobile giving, location-based services and QR codes promise a new level of openness and accountability.

Finally, the study's lead researcher warns causes to be wary of unscrupulous companies. Always good advice, but you need to understand how purchase-triggered cause marketing—the ONLY type of cause marketing examined in the study—works. Companies are working with causes to help and to earn favorability, not damage their reputations. You can't steal a halo. Also, the type of cause marketing the study examined is generally used by larger causes that know how to work with companies and protect their interests. Smaller companies and causes prefer direct donation programs like point-of-sale.

The overriding theme of the study is that selfishness in philanthropy is harmful. I'm not sure that's completely true as there are many non-altruistic reasons for giving. A little selfishness might just be good for the greater good.

Joe  
@joewaters

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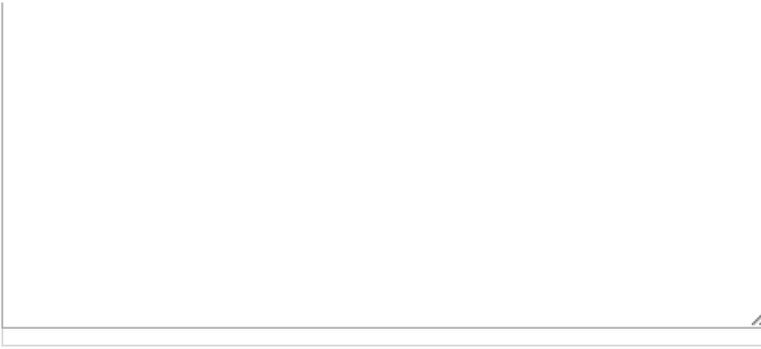
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