

News / World

Do T-shirts and iPods really help charities raise funds?

Aradhna Krishna is challenging the accepted notion that branded products increase the amount in donations charities receive.



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A stack of Red iPod Nanos sit in an Apple store in Manhattan Oct.13, 2006 in New York. A University of Michigan professor is challenging the notion that cause marketing products really increase the amount of donations charities receive.

By: Elizabeth Haggarty *Toronto Star*, Published on Tue Jul 12 2011

From [Starbucks Ethos](#) water to [Bono's Project Red](#), products that pledge to give a portion of consumer proceeds to charity have become a staple in today's consumer marketing and fundraising campaigns.

But University of Michigan professor [Aradhna Krishna](#) is challenging the accepted notion that cause marketing products, as they are known, really increase the amount in donations charities receive.

"There is a general belief that all cause marketing is good," Krishna, a professor of Marketing at the Ross School of Business, told the *Toronto Star* from her home in Ann Arbor, Michigan. "But you have to be careful because there are instances where it may not benefit the charity."

For her [study](#) into the effectiveness of cause marketing, a booth was set up at the University of Michigan for two days asking students to donate to the American Cancer Society. On the same days during the following next week, the booth was again set up, but this time it offered students cans of Red Bull for \$2.50, with 50 cents going towards the American Cancer Society.

The result?

During the four days, 79 per cent of the donations were made on the donate-only days. The overall amount of money going to charities was also higher from the straight donations, with the donation-

only booth taking in \$52.27 compared with the cause marketing booth's \$10.56.

While the number of students counted in the study is small, Krishna points out that while only 92 students made donations, the study includes the thousands of students who walked by the booth and chose not to hand over their cash.

The field experiment was then coupled with lab work that gave students \$100 each and let them choose whether to spend it on cause marketing products or products with no charitable association.

The lab study showed that "if two consumers have equal preference for a product which is offered at the same price to both, but one of them buys this product as a (cause marketing) product, her charitable giving will be lower than the other's," Krishna wrote in her paper.

And the effect on charity pockets didn't stop there.

"Even if a purchase on cause marketing is costless to the consumer, direct donation still decreases," Krishna added.

Why?

"(Consumer marketing products) are an easy out for people, they say I can do my charitable work but I can also benefit myself," said Krishna. "It is all fine as long as companies are giving a decent chunk of the money to the charity. If not the amount of money going to the charity can go down."

The study also found that how you give your money to charities affects how you feel about yourself, with those donating directly experiencing a greater sense of altruism than those who took the cause marketing route.

"The trend is giving money directly gives a greater amount of happiness than spending the same amount of money to buy a product linked to a cause," Krishna told the *Star*.

"If you give a dollar to charity straight whereas if you give a dollar to buy the cause marketing people intrinsically know the difference between 'I gave a dollar to charity' and 'I bought a product for a dollar and perhaps some of it will go to charity.'"

Proponents of cause marketing argue that the method attracts those who would not have donated otherwise.

But Krishna says that even if this is the case her results show that the total amount donated is still less, but admits there is still a lot of work to be done in the area.

"This is one study that is trying to start a stream of reports to tell people don't take it at god's truth that all cause marketing is good," she told the *Star*.