

BusinessWeek

We're Good Guys, Buy From Us

Companies are trying out innovative charity drives to burnish their brands

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MARKETING

On a recent afternoon, a dozen people milled around a Target Corp. ([TGT](#)) store in Manhattan's Times Square, poking through cashmere hats and white cotton T-shirts. But this wasn't your typical football field-size megashop: It was just 2,100 square feet. Every item for sale was pink and white, from scarves to leatherbound journals. And on Oct. 31 the shop closed for good. Far from a failed attempt at a new retail format, it was a "pop-up" shop with a planned 30-day life -- and a purpose. All the profits from the temporary Target store, located at one of the world's busiest intersections on 42nd Street and Broadway, were marked for breast cancer research.

Target is one of a handful of major marketers that are trying to rewrite the art of corporate giving. They're experimenting with several unusual ways to enlist customers as advocates for their good works rather than merely issuing the usual press release. Consumers, especially those under 30, are turned on by brands that can boast exemplary ethical track records and community involvement. And time-strapped parents like the idea of pitching in for a good cause as they shop with their kids.

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The pressure for brands to differentiate themselves from competitors is more intense than ever, and finding a cause that customers can embrace is one way to leap ahead. "There are people who will travel further and pay a bit more if they'll feel better about their purchasing decision," says Joe Marconi, consultant and author of a book on cause marketing. *The IEG Sponsorship Report*, a Chicago trade publication, projects that companies will spend \$991 million on cause marketing in 2004, up 57% from 1999.

A well-constructed campaign can reap benefits for marketer and cause alike. Nike Inc. ([NKE](#)), which has worked hard to restore its reputation after allegations of sweatshop conditions in its overseas factories, set a standard for engaging customers with a simple yellow plastic bracelet. In May, the company gave \$1 million to the Lance Armstrong Foundation for cancer research and cranked out bracelets in the same color as the biker's Tour de France jersey to sell on the foundation's Web site for \$1 a pop. They hoped the Wear Yellow Live Strong campaign would raise \$5 million. To date it has pulled in four times that amount in online sales alone. "People are even giving them out at wedding receptions," says Nike spokesperson Trisha Burns.

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NOT OPTIONAL

Companies that spend a bundle on cause marketing are definitely interested in burnishing the brand, but for many, supporting a popular cause is no longer optional. It's what you have to do just to get to the starting line with the newest generation of consumers. Today's teens and twentysomethings grew up viewing community service as an ordinary pastime, if not a college admissions requirement. More than 60% of the teens surveyed a year ago by youth marketing firm Alloy Inc. ([ALLOY](#)) said they are more likely to buy brands that support charitable causes. Their loyalties may also have a big effect on what their parents purchase. "Kids used to influence where you'd go to dinner, but now they influence what kind of car you buy," says Samantha Skey, a senior vice-president at Alloy.

Does cause marketing pay off? Target hasn't said how much came from the Times Square store, but it sold 20,000 pink bracelets in the first week. In 2003, it doled out \$27 million to schools through the Take Charge of Education program, which donated a percentage of charges on the store card. In total, Target gives some \$2 million a week to various causes. "Our guests feel good shopping with us because they know they're contributing to many great causes as they shop," says John Remington, Target's vice-president of event marketing and communications.

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Other cause marketing efforts are harder to measure. In October, footwear maker Timberland Co. ([TBL](#)) used an ad in *Vanity Fair* to drive people to its Web site, which includes a matchmaking service to unite would-be donors with causes. The ad included biodegradable postcards embedded with wildflower seeds that produce flowers when the whole card is planted. Was any actual cause, other than Timberland's own brand, helped? More than 8,000 people this year have been matched to community projects in 36 states. "We don't see it as an ad campaign but as a community campaign. It's what our brand DNA is all about," says Carol Yang, vice-president of global marketing.

She had better hope that customers see the campaign the same way. Cause marketers have to keep the overt brand-building to a whisper or they risk turning off the very people they're trying to woo. Teenagers and twentysomethings, especially, can smell advertising a mile away, says Carol Cone, CEO of marketing consultant Cone Inc. There is no swoosh on Nike's simple yellow band, for example, just the word LIVESTRONG. "It's what Lance believes in," says Nike's Burns of the slogan. Admirable. And for Nike, quite possibly profitable as well.

By Lauren Gard in New York

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