

Study: Nonprofits put brand at risk in corporate partnerships

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Charities and other nonprofits may put their brand at risk when they partner with corporations on social responsibility (CSR) initiatives. The public can easily construe such connections as a seal of approval of the corporation by the nonprofit. That's what two marketing professors found when they examined consumer perceptions in a controlled experiment.

"Our results suggest that some CSR initiatives may produce consumer inferences that are wrong but desirable for the company," says Stacy Landreth Grau, associate professor of marketing in the Neeley School of Business at Texas Christian University in Fort Worth. "And these inferences can have potentially negative consequences for the nonprofit."

"Explicit Donations and Inferred Endorsements: Do Corporate Social Responsibility Initiatives Suggest a [Nonprofit Organization](#) Endorsement?," by Amanda B. Bower, a marketing professor at Washington and Lee University in Virginia, and Stacy Landreth Grau of TCU, appears in the Fall 2009 issue of the *Journal of Advertising*.

The professors designed an experiment with a fictional childhood learning company. They created variations of a print ad with several levels of connection to a pair of fictional nonprofits: the Alliance Against Childhood Obesity and the Alliance for Early Literacy.

Some ads had only the nonprofit's logo on them. That's a simple

licensing agreement. Other ads promised a donation to the nonprofit when the consumer made a product purchase. This is called cause-related marketing. Still other ads featured explicit seals of approval where the promotion included a specific endorsement by the nonprofit organization.

Then they asked respondents a series of questions about the ads. The most surprising finding was that respondents made little distinction in the level of endorsement.

"An explicit seal of approval statement was not necessary for consumers to assume a seal of approval," says TCU's Grau. "The mere presence of a nonprofit logo was enough to infer endorsement."

That should be a warning sign to nonprofits, many of which have policies like the American Cancer Society's forbidding use of their logo "...in any way that would imply endorsement of the company."

Previous studies, says Bower, have established that companies benefit from improved product evaluations when they partner with nonprofits. There has been little research, however, into what happens to the "brand" of the nonprofit in such situations—until now.

"For nonprofits, licensing arrangements appear to be a risky type of CSR initiative," says Grau. "The perception of...the licensing agreement was not significantly different from the explicit seal of approval condition."

She cautions that a firm's participation in a [licensing agreement](#) could be one way for the company to get the "seal of approval" from a nonprofit that does not grant endorsements.

An estimated \$1.5 billion was spent in 2008 by companies on CSR initiatives with nonprofits, according to the Cause Marketing Forum.

Nonprofits typically believe these alliances increase their visibility and reach, add to their bottom line, and further their mission.

Source: Dick Jones Communications

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