Literature Review

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NEEL DAS AND ANTHONY H. KERR (2009), 'IMPROVING THE IMPACT OF CAUSE-RELATED DONATION EXCHANGES THROUGH MESSAGE FRAMING: A CONCEPTUAL PERSPECTIVE', *THE JOURNAL OF APPLIED BUSINESS RESEARCH* 25(2): 69–77

Cause-related marketing (CRM) is now a standard component of mainstream strategic marketing. It is defined here as a marketing strategy wherein a promise to donate is made in exchange for a revenue-generating purchase. Although CRM takes many forms, all couple a purchase with the opportunity for the consumer to facilitate a charitable donation.

This study adds to existing research on CRM by looking at the effect of concrete versus abstract message framing on the decision to make the purchase. Das and Kerr state that the 'main contention of this study is that the framing construct, when defined in terms of concreteness (or abstractness), has a unique effect on the likelihood of participating in donation exchanges'

(p. 69). Also unique to this study are the examination of the effect of two variables – amount of donation request and amount of support for the cause.

CRM was officially born with the American Express marketing for the Statue of Liberty and Ellis Island renovation in 1983. Views of CRM have evolved to encompass three primary stakeholders – the marketer (who sells a product), the purchaser (who gets the product and the satisfaction of having facilitated a charitable transaction) and the charitable cause.

CRM exchange model

Das and Kerr propose that the way the CRM message is framed has a direct bearing on whether or not the transaction takes place. Is the proposition stated concretely or abstractly? The request is influenced by how much of a donation is requested and how much of the requested amount actually goes to the cause. Interest of the prospective participants in the cause also influences the likelihood of participation.

Message framing is defined as 'how consumer benefits and consequences are described in an ad' (p. 71). Concrete messages evoke mental imagery. Prior research indicates that concrete messages encourage the likelihood that someone will participate. Abstract messages are less likely to produce positive behavior. Fundraising research has shown that concrete information was more likely to result in a donation and that concrete messages were deemed to be more trustworthy than abstract.

In this case, concrete messages refer to those that specify either the dollar amount or the percentage that is donated to the cause. Based on existing marketing and fundraising research, stipulating these amounts is more likely to result in a transaction than not providing this information.

People are more likely to participate when the amount asked for is low and the amount that will go the cause is known. Conversely, participation is less likely when the amount requested is high and the amount going to the cause is not certain. When the amount requested is low and the amount going to the cause is ambiguous, it is possible that the person will ignore the ambiguity of the donation amount, but when the amount requested is high, the concrete donation message may be necessary to induce participation.

Prior research indicates that cause support is important to the consumer. Affinity for a cause influences the products that people choose to purchase. If interest in the cause is high, message framing will be less influential than if interest in the cause is marginal. In that case, message framing takes on greater importance

and concrete frames will be more effective than abstract.

Cost also plays a role in participation. Consumers who are interested in the cause will tolerate a higher cost in order to facilitate a contribution than those who are not engaged in the cause.

Implications of the research for managers

Benefits of CRM may include increased revenue, corporate visibility, mitigation of negative publicity and improved employee relations and retention. In applying the CRM model to practice, marketers should heed the following principles:

1. Overall, concretely framed CRM ads are more likely to result in customer participation than are abstractly framed ads.
2. The need for framing is partially dependent on the cost to the consumer. If the cost is low, participation will not depend on how the message is framed. If the cost to the consumer is high, participation will be higher if the offer is framed in concrete rather than abstract terms.
3. The level of cause support also impacts participation. If cause support is high, the need for framing is low. If cause support is low, concretely framed offers will be more effective than abstract frames.
4. How strongly the cause is supported will also influence participation. If the cause has strong support, participation will be higher for donation requests at all levels. If support for the cause is weak, participation will be higher for lower level requests.

**EVE PROPER (2009),
'BRINGING EDUCATIONAL
FUNDRAISING BACK
TO GREAT BRITAIN:
A COMPARISON WITH THE
UNITED STATES', *JOURNAL
OF HIGHER EDUCATION
POLICY AND MANAGEMENT*
31(2): 149–159**

Institutions of higher education in the United Kingdom are increasing their fundraising efforts to compensate for reductions in government support. Although some have tried to adopt US fundraising models, cultural, historical and legal differences have hindered these efforts. The focus of this article is to examine the challenges these differences present.

In the United States, philanthropic support of higher education has a long history going back to the colonial colleges. Legal precedents prevented the government from assuming control of institutional governing boards, even with the existence of a government charter. This lack of government control encouraged the development of a dual model – private institutions that are self-funded and public institutions that have funding that comes directly through the legislative process. Systematic fundraising began in earnest in the early twentieth century, following the model of YMCA fundraising. Alumni support became important. The post-World War II boom in higher education led public institutions to seek private support as a means of maintaining quality.

The notion that private institutions are supported largely by philanthropy is false. Endowment size varies across institutions, but the majority does not have sufficient endowment to

ensure their ongoing existence. Philanthropy still comprises a small percentage of funds needed by higher education. The majority comes from tuition and fees, government funds and fees for service.

As in the United States, the oldest institutions in the United Kingdom were founded through benefactions, with ongoing support derived from land holdings. Student fees were not a significant source of funds. As the number of institutions increased into the early twentieth century, requests for government support kept pace. The government formally accepted responsibility for funding higher education in 1919. Private funding dropped steadily and, by the 1990s, both private funding and student fees were essentially choked out by government financing.

The move toward mass higher education in the United Kingdom was characterized by nationalization of polytechnics and other non-degree granting institutions. These institutions were totally supported from their inception by government funds. This eventually led to a crisis in the government's ability to keep up with demand. Privatization measures introduced by the Thatcher government included allowing the polytechnics to apply for university status, thereby giving them the ability to grant degrees. The number of universities doubled by the early 1990s, dramatically increasing competition for government funds. The newer universities began to model themselves on the old institutions, focusing on research as a way to garner both prestige and funds.

Tuition and fees were reinstated in 2004. It is unlikely that high fees

coupled with high levels of available financial aid will become the model in the United Kingdom that it has been in the United States. It is also unlikely that the commitment to mass higher education in the United Kingdom will end. Consequently, UK institutions are turning to voluntary support as a way to close the gap. Only Oxford and Cambridge have endowments that compare to the United States. By the late 1990s, more than half of UK institutions were engaged in some form of fundraising. Although the oldest institutions were the first to seek out private support, they were quickly followed by the business schools.

Based on comparisons of gross domestic product, giving in the United Kingdom is roughly half of what it is in the United States and there is little corporate giving. Voluntary support of higher education is not as popular in the United Kingdom as it is in the United States. Most increases in income of the UK nonprofit sector can be accounted for by the creation of new organizations rather than increased support for existing organizations. Gifts by individuals are the largest source of support.

Cultural differences also have implications for fundraising. In the United Kingdom, charity is the preferred term, implying selfless altruism toward an unknown Other. In the United States, the focus is on philanthropy, which is rooted in enlightened self-interest. In the United Kingdom, philanthropy is viewed as elitist and patronizing. These differences are largely based in firm notions about who should pay for what. The United Kingdom supports the philosophy that social needs should be filled by the government, whereas

the United States supports the idea that social problems should be solved in the private sector. US research on the nonprofit sector focuses on the fear that government spending will crowd out private donations, while UK donors worry that private giving will lead the government to curtail support. Other cultural differences that Proper points to include planned versus spontaneous giving, the justification for tax deductible charitable contributions and traditions of alumni loyalty.

Legal differences also confound adopting US fundraising models. Tax laws in the United States encourage giving. The annual income tax-filing facilitates the deduction of charitable contributions of cash as well as stocks and other assets. Organizations that are classified under Internal Revenue Code section 501 c 3 are tax exempt. In the United Kingdom, most people do not file a tax return because taxes are calculated and deducted from wages. Charities pay taxes and although private donations can reduce these taxes, the process of filing is laborious for both the donor and the organization. Giving through payroll deduction is possible but employers must offer the option. Gifts can also be made by covenant, usually an agreement to make a gift over a period of years. The gift becomes income of the organization. Gift aid, which was introduced in 1990, resembles giving by covenant but it is for onetime donations and involves considerable paper work.

Privacy laws, which also differ between the United States and the United Kingdom, impact fundraising. The United States imposes few restrictions on the sharing of donor

names and addresses. Fund raisers can also glean donor information from public domain sites. In 1995, the European Union enacted strict data protection laws, making it illegal to collect personal information without consent. Even with consent, this information cannot be retained without periodic reauthorization. Donors have to be given the opportunity not to receive information, for example alumni receiving information about the university. These restrictions have an impact on institutions' ability to attract and retain alumni donors.

The United Kingdom has also had to develop a corps of fundraising personnel. For startup purposes, many institutions recruited experienced Americans, who made cultural adjustments for fundraising in a new environment. Donors have not necessarily been receptive to solicitation by foreigners. Development people were also recruited from available academics, the nonprofit sector and the private sector. The Council for Advancement and Support of Education established a European operation headquartered in London in 1994.

Philanthropic support has inherent limitations and the prevailing notion that private US institutions rely on philanthropy is a myth. Voluntary support provides 14 percent of funding to US private institutions, demonstrating that it is useful source but not a substitute for other stable funding streams.

The long-term picture of educational fundraising in the United Kingdom is difficult to discern. Studies indicate that a reasonable scenario would involve growth in giving over the next 25 years, which will not help with

near-term shortfalls in public support. Cultivating a culture of alumni loyalty will take years. The first group of students to be asked to pay tuition may not be interested in providing ongoing donations. Increasing donations through tax deduction has not been particularly successful and, without major changes in UK income tax system, this aspect of the US model will never come into play. Coupled with fundamental differences in culture surrounding giving and beliefs about what the government is supposed to take care of, any major shift in private support could be postponed until a financial crisis occurs.

COUNCIL ON FOUNDATIONS (MAY 2009), *FOUNDATIONS RESPOND TO THE NEEDS OF FAMILIES EVEN AS THEIR ASSETS HAVE DECLINED: RESULTS OF A SURVEY BY THE COUNCIL ON FOUNDATIONS.*

NY: COUNCIL ON FOUNDATIONS, [HTTP://WWW.COF.ORG/FILES/BAMBOO/PROGRAMSANDSERVICES/RESEARCH/DOCUMENTS/09DOWNTURNREPORT.PDF](http://www.cof.org/files/BAMBOO/PROGRAMSANDSERVICES/RESEARCH/DOCUMENTS/09DOWNTURNREPORT.PDF).

This report is based on a survey of 430 foundations conducted in March 2009. The purpose was to assess how foundation endowment and grant making have been affected by the economic downturn.

In brief:

- Sixty-two percent of foundations plan to reduce grant making in 2009.

- Eighty-two percent of foundations who already provide assistance to those impacted by the economic downturn plan to continue with that assistance at current or higher levels or will make it a new priority.
- Seventy-five percent of foundations experienced asset declines of 25 percent or more; independent and larger foundations were most affected.
- Forty-eight percent of foundations plan to reduce total grant making by 10 percent in 2009.
- Thirty-eight percent of foundations plan to maintain or increase grant making in 2009.
- Ninety-two percent of foundations plan to make grants in 2009 that will directly assist low-income families and individuals, as well as others effected by the economy.
- Eighty-two percent of foundations plan to at least match 2008 grant making; 31 percent plan to increase expenditures for basic needs; 6 percent have added support of basic needs as a funding area.
- Sixty percent of foundations have cut their operating budgets for 2009; 80 percent have instituted measures to control their budgets.
- Sixty-one percent of foundations have reduced staff travel budgets; 68 percent have put limitations on conference attendance.
- Forty-five percent of foundations will not give salary increases; 27 percent have instituted hiring freezes; 16 percent have reduced overhead by eliminating positions; 6 percent have laid off staff.

Other reports published by the Council about the economic downturn include

Foundations support families hit by the economic downturn (1 May 2009) and *Asset declines and investment strategy changes by family, independent and public foundations* (6 March 2009).

ANGELA M. EIKENBERRY AND JESSICA BEARMAN (MAY 2009), *THE IMPACT OF GIVING TOGETHER: GIVING CIRCLES' INFLUENCE ON MEMBERS' PHILANTHROPIC AND CIVIC BEHAVIORS, KNOWLEDGE AND ATTITUDES*. PUBLISHED BY THE FORUM OF REGIONAL ASSOCIATION OF GRANTMAKERS, THE CENTER ON PHILANTHROPY AT INDIANA UNIVERSITY, AND THE UNIVERSITY OF NEBRASKA AT OMAHA. AVAILABLE: [HTTP://WWW.GIVINGFORUM.ORG/S_FORUM/](http://www.givingforum.org/s_forum/)

This study looked at how participation in giving circles impacts behavior, awareness and attitudes about giving, volunteering and civic engagement. The data was gathered through a variety of means including a survey of 341 former and current giving circle participants as well as interviews and participant observation.

The effect of giving circles on their members is impacted by three key factors – the size of the giving circle, how involved the participant is and how long the person participates.

Overall findings include:

- Participation in giving circles causes increases in giving – annual giving

increases as level of engagement, length of participation or the number of giving circles a person participates in increases; giving also varies in relation to what giving circle activities a person participates in.

- Participation in giving circles encourages strategic giving – time and level of engagement are also positively correlated with strategic giving; although some participants reported little or no change in their giving behavior from giving circle participation, this could be accounted for by prior high levels of philanthropy or low engagement in the giving circle.
- Participants give to a wide variety of organizations and causes – are more likely to support women, ethnic and minority causes, arts and culture than non-participants; over time, support of ethnic and minority groups by giving circle participants increases.
- Participants show high levels of community engagement – although it is not certain that participation causes higher levels of civic engagement, as engagement with the circle increases, higher levels of volunteering are reported; giving circle participation does not greatly impact political activism.
- Knowledge about philanthropy, the third sector and the community increases with giving circle participation – this was true even for those who felt they were quite knowledgeable when they first joined a circle.
- Perceptions and attitudes about philanthropy may or may not be affected by giving circle participation – confidence in being able to effect social change and beliefs about

whether nonprofit organizations or government are primarily responsible for addressing social problems were not affected by participation in a giving circle.

Recommendations

Eikenberry and Bearman make four primary recommendations as a result of the study. First, focus on long-term membership. Take into account that the size of the giving circle affects participation and involvement. Concerns that giving circle participants will shift their giving priorities are unfounded. Finally, giving circles are an effective way to educate donors about community issues and help participants become more strategic in their giving. Increasing this type of awareness is as critical as trying to increase overall giving.

OTHER RECENT RESEARCH OF NOTE

Commuto, Thomas F. (March 2009), 'Charitable giving provisions in the emergency economic stabilization act', *Journal of Financial Service Professionals* 63(2): 5–7.

Summarizes provisions of value to the nonprofit community including Individual Retirement Account (IRA) rollovers to charities, enhanced deductions for business charitable deductions, qualified conservation contributions, enhanced deductions for corporate contributions of books and enhanced deductions for qualifying contributions of computer equipment.

Nickel, Patricia Mooney and Angela M. Eikenberry (March 2009), 'A critique of the discourse of marketized philanthropy'. *American Behavioral Scientist* 52(7): 974–989.

Nickel and Eikenberry argue that 'marketized philanthropy', including

CRM and celebrity endorsements, reduces the potential for philanthropy to catalyze enduring social change. This closeness of philanthropy and the capitalist system that creates and supports social ills including poverty and environmental degradation prevents philanthropy from achieving its transformative potential.

Whitman, John R. (Spring 2009), 'Measuring social values in philanthropic

foundations', *Nonprofit Management and Leadership* 19(3): 305–325.

Whitman's goal was to develop a profile of social values espoused by foundations through document analysis and then test it against the funding histories of foundations in Canada, the United States and Europe. This enumeration of social values provides a basis for further research on foundations.