

CORPORATE DONATION AS A MARKETING COMMUNICATION TOOL

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Citation: Tandoh, I, Sarfo, C, & Ampofo, BA 2015, 'Corporate donation as a marketing communication tool', *Journal of Management & Scientific Research*, Vol. 1, Iss. 1, pp. 39-46

Abstract

The purpose of the study was to gain better understanding into how Donation can be used as a Marketing communication tool in the financial sector. This is due to this fact, most financial institutions in the Ghana, are using the other traditional communication tools with sales promotion and Advertising dominating. Atwima Kwanwoma Rural Bank is used as a case study. Questionnaires, Interviews and documentations are the instruments used to gather data for this study.

From the result of the study, it was discovered that Donation is a strong communication tool apart from the traditional communication mix. Donation also provides a cost effective means of communication to all stakeholders involved both in the long and short run. This was realized from the response gathered from the Questionnaires and interview. Again, Donation has a quick influence as it communicates quickly to recipients through the kind gesture done by the Bank. Donation increases sales as it urges most beneficiaries to open accounts with the Bank.

It is therefore suggested that in event of further studies, information regarding the internal operation of the Bank must be made available so as to provide balance analysis of the study. In the study, Donation was found to infuse all the other communication tools at a time, because in one Donation activity, the Bank is able to directly promote its services through Direct Marketing, personal selling, advertising, sales promotion and public relations.

Keywords: *Donation, Marketing, Communication, Globalization, Atwima Kwanwoma Rural Bank*

Type: Research Paper

Introduction

The Paper begins by briefly explaining the main intention of the Authors for this research. Afterward, appropriate literature in line with the purpose of the study is reviewed before presenting the chosen methodology for the study. Subsequently, a discussion of the findings of the study is presented before digging out and concluding with the major findings of the study.

Problem Statement

Business experts talk of the need to assess the benefits of donation to the organization and for that matter its impact as a marketing communication tool for financial institutions. Most people are of the opinion that donation is a waste of institution's resources and does not have any significant impact on customer perception about an organization. It is against this background that it has become prudent that this study be conducted to ascertain the need for the use of donation to communicate to actual and potential customers

Literature Review

Corporate Donation

Corporate donation is all about building customer trust, improving employee morale, and enhancing public image. Companies also like to forge partnerships with organizations that complement their core business and philanthropic goals. This has led corporations to assist humanitarian organizations like Children International in community projects, sponsorships, matching gift programs, product donations and in many other ways (BMO 2010).

As stated by Varadarajan and Menon (1988), There are two motives of corporate donation namely, Cause-related marketing (CRM) and Unconditional donation. CRM is the linkage of a firm's contributions to a charitable cause to revenue-producing transactions with the firm.

For example, in 1982, American Express launched a campaign to raise money to renovate the statue of Liberty. The campaign (widely regarded as the birth of CRM) was very successful. Compared with the same period in 1983, America experienced a 28% increase in credit card usage and a sizeable increase in the number of new cards used (Wall 1984)

Many corporations now engage in CRM. Spending on these activities has increased 300% million by the end of the decade.

Meyer (1999) Unconditional donation is to a cause that is not linked to revenue producing transactions with a firm. This means that not all corporate donations to charitable causes are tied to revenue-producing transaction with the firm (Barone et al. 2000),

In addition to this example, Pearl Vision Center announced a \$45,000 donation to the Children's Miracle Network, without indicating whether or how this support was tied to corporate sales Ibid.

The distinction drawn between the two types of donation is that, CRM results in a donation to a cause that is conditional upon the corporation benefiting first, whereas an unconditional donation has no strings attached, except that the cause must often agree to the use of its name and Logo by the firm is announcing the donation to the public (Barone et al. 2000).

According to Mohr, Webb, and Harris (2001), firms may donate either as a Social Responsibility (i.e. as an obligation) or as an Investment. The use of donation as a corporate responsibility is defined as a company's commitment to minimizing or eliminating any harmful effects on society and maximizing its long-term beneficial impact.

Companies also make donations to charities or to the society just to reward its customers. This form of donation is known as corporate Donation Ibid. It must also be noted however that countries or communities within which companies operate make it mandatory for businesses to give back to their communities, consumers, environment and employees in the form of financial and human resources, derived from operations to improve the quality of life in the community. The author also outlined that, firms having been granted the right by society to operate within a community, corporations have an implied social responsibility toward the community and so their good gesture might not come from their free will (Caroll 1991).

Companies may donate as a corporate responsibility but may also serve corporate self interest such as; Creation of goodwill with the community,

- i) Differentiation of corporate image and its brand from competitors,
- ii) Greater customer acceptance of price increases,
- iii) Increase in employee and channel member morale,
- iv) Recruitment of new employees,
- v) Use of a shield against public criticism in times of crises,

vi) Winning over skeptical public official (an aid in lobbying), and

vii) Increased revenue and profits (Ibid).

Why Get Involved in Corporate Philanthropy

According to BMO Financial Group (2010), corporate donation is all about building customer trust, improving employee morale, and enhancing public image. Companies also like to forge partnerships with organizations that complement their core business and philanthropic goals.

This has led corporations to assist humanitarian organizations like Children International in community projects, sponsorships, matching gift programs, product donations and in many ways (BMO 2010).

Varadarajan and Menon (1988) said that Because CRM is a strategy for marketing rather than philanthropy, it is subject to criticism that is exploitative of the cause. An example of possible exploitation, American express spent \$6.7million promoting the statue of Liberty-Ellis Island campaign, yet only \$1.7million was actually donated.

The differences between the promotion budget allocated for the campaign (which stimulated demand for the firm's products) and the final donation may suggest a lack of sincere interest on the part of corporation in the cause. Even among non-profit organizations CRM is controversial because of its emphasis on self interest and because it threatens to commercialize nonprofits (File & Prince 1998).

Yeshin (1998, p. 3) describes Marketing communication as a process the marketer develops and presents an appropriate set communication stimulus to a defined target audience with the intention of eliciting a desired set of response. The question therefore is whether consumers will perceive donation as self-interest rather than altruism.

The Marketing Communications Mix

This can be explained as the specific mix of advertising, personal selling, sales promotion, public relations, and direct marketing a company uses to pursue its advertising and marketing objectives. Philip Kotler, et al (2001). However, in line with the purpose of this study, emphasis will be placed on only public relation.

Public relations- Building good relationships with the company's various publics by obtaining favorable publicity, building up a good "corporate image", and handling or heading off unfavorable rumors, stories and events (Philip Kotler, et al. 2001) Public relations (PR),

although considered by some to be a relatively young profession, can like other marketing communications tools be traced back to the earliest times. Edward Bernays, regarded as one of the fathers of modern public relations, has argued that the rulers of

ancient Egypt, Sumeria, Babylonia, Assyria and Persia all used techniques that would today be described as public relations. The earliest formal public relations activities were undertaken largely to promote something to 'spread the faith' – the original definition of propaganda (Grunig and Hunt 1984). Political leaders in particular have always needed to communicate with different publics throughout history. Machiavelli, for example, was not only a consummate politician but a public relations practitioner of the highest order. British politician Lloyd George, as Chancellor of the Exchequer, used public relations to promote the old-age pension in 1912 and Sir Steven Tallents (the first President of the Institute of Public Relations) used public relations to promote the Empire Marketing Board between 1926 and 1933 (Baines et al. 2004). Public relations' rise to prominence in the commercial sector also began earlier than is often realized. Industrial growth during the nineteenth century meant that by 1900 powerful business interests in the USA were employing public relations professionals to 'defend their special interests against muckraking journalism and government regulation' (Cutlip et al. 1994, p. 2).

The twentieth century saw public relations somewhat in the shadow of advertising and sales promotion. As one practitioner noted 'PR has long railed against the view that it is the poor relation of marketing communications but, as its practitioners have especially discovered in recent years, the medium seems to be the first on the list for budget cuts'; (Barrand 2004, p. 43).

Despite this, public relations have seen enormous growth. UK public relations' expenditure has grown from an estimated £50 million in the early 1960's to £1 billion in the early 1990's and an estimated £6.5 billion by 2005 and the numbers of people employed in the business from 4000 to 48000 over the same period. According to the world's richest man, Bill Gates 'if was down to my last dollar I would spend it on PR' (Moloney 2006, p. 9)

Others see public relations' importance continuing to rise, 'as members of the public become increasingly marketing savvy, anecdotal evidence suggests that a more subtle approach to engaging emotions has become the key to successful campaigns' (Siegle 2005, p. 41).

Public Relations can be viewed at a number of levels. The Institute of Public Relations (IPR) defined for many years as 'the planned and sustained effort to establish and maintain goodwill and understanding between an organization and its publics' (Jefkins 1994, p. 7)

One American academic, Martha Lauzen, has argued that by aligning public relations with marketing the latter is attempting to subsume the former through what she calls 'marketing imperialism' (Briggs & Tuscon 1993). Certainly by volume of production there is more marketing public relations than any other type of public relations (Monday 2006).

Around the world hundreds of thousands of people work in public relations departments agencies although many would describe it by other names such as public affairs, public information, communication, community relations or promotion (Grunig & Hunt 1984) or many contemporary titles for example corporate affairs, corporate communication or public affairs (Dolphin & Fan 2000).

Despite the difficulties in accurately describing public relations, Public Relations Officer's managers or directors (by whatever title), misunderstanding can be resolved through communication and it is the responsibility of the Public Relations Officer to implement this. This has been called the public relations transfer process (Jefkins 1994).

The knowledge generated by social science to understand public opinion, public motivation, public relations techniques, and methods for modifying group points of view. The objective of the public relations counsel was to interpret the organization to the public and the public to the organization (Grunig & Hung 1982, p. 3).

Research Approach

There are two types of research approach namely, Deductive approach and Inductive approach. Deductive approach offers researchers a relatively easy and systematic way of testing established ideas on a range of people while, Inductive approach arrives at fresh way of looking at the subject. This particular study used the combination of both approaches.

Scope of Study

The research is conducted on the branch premises and the head office of Atwima Kwanwoma Rural Bank.

Data Collection

Data for the whole research was from both primary and secondary sources. A questionnaire and semi structured face-to-face interview were the instruments used to collect the primary data. Whist already published literature related to the study are the secondary data. The use of opinions of the interviewer makes this study Qualitative; this would give a systematic examination of the situation.

Population and Sampling

The population comprised of all the Heads of Corporate affairs divisions and departments of Atwima Kwanwoma Rural Bank Limited. The respondents were the main sources of the data gathering efforts along with other secondary materials. Convenience sampling a type of non-probability sampling technique was used. Non-probability sampling focuses on sampling techniques that are based on the judgment of the researcher(s).

Limitation

Some information such as changes in the Bank's revenue, the customer size and the customer's update with respect to the Bank's Donation was not given as it was considered confidential.

Time stipulated to complete this project was nearly delayed due to the fact that, only one questionnaire was designed for only the key manager concerned (Head of corporate affairs) and as a result, the research team could not put pressure on him to speed up the process because of his position.

Research Design

Research can be classified according to four categories which are purpose of the research, process of the research, logic of the research and the outcome of the research. Under each are the various types, when classifying research according to its purpose, it can be described as being exploratory, descriptive, analytical and predictive (Creswell et al. 2002).

- i. Explanatory research is undertaken into an issue when few or no previous studies to which one can refer for information about an issue exist.
- ii. Descriptive research, describes phenomena as they exist. i.e. it is used to identify and obtain information on characteristics of a particular problem.
- iii. Analytical or explanatory research often extends the Descriptive approach to suggest why or how something is happening.
- iv. Predictive being the last under this category is to speculate intelligently on future possibilities, based on closed analysis of available evidence of cause and effect. Ibid

Qualitative research is the major category under process of the research.

- i) Qualitative research is subjective and thus involves examining less tangible aspects of a research e.g. values, attitudes and perceptions (Creswell et al. 2002).
- ii) Quantitative research emphasizes on collecting and analyzing numerical data by concentrating on measuring the scale, range and frequency of a phenomenon.

Outcome or findings of applied research are used for further studies or project and Basic research is used only to improve knowledge generally.

The last category being the Logic of research splits into two Deductive research and Inductive research.

- i) Inductive research is a study in which theory is developed from the observation of empirical reality.
- ii) Deductive research is a study in which a conceptual and theoretical structure is developed and then tested by empirical observation Ibid.

The use of Donation as a marketing communication tool which is the focus of the research is Descriptive as it targets to give insight into the use of Donation as a marketing communication tool. The study mainly used qualitative methods and data was generated through in-depth, interview and documents received from primary and secondary sources.

Analysis of Results

Introduction

This session looks at the data collected from the questionnaires and the interview. These are presented as the findings of the research work and then interpreted as follows based on the response of the respondent.

How would you describe Atwima Kwanwoma rural bank's motive for Donation?

According to the respondent, the motive for Atwima Kwanwoma Rural Bank's donation is to assist either individuals or Organizations to meet certain needs, to fulfill the Bank's corporate social responsibilities in communities within which it operates. Additionally, it hopes to send a signal to its target market that there are not only for profit but they are also socially responsible.

How would Atwima Kwanwoma rural bank evaluate the importance of Donation?

According to the respondent, donation is important because of the image it creates for the company. It is also part of the bank's social responsibility and as part of its corporate culture. To the beneficiary community, Donation of classroom block helps reduce illiteracy rate in the community and also reduce mortality in communities which benefit from the Bank's health assistance. Donation can be used as a Defensive technique as it creates a positive image in the eyes of the public and all stakeholders. It reduces negative reportage about the organization due to the positive image already created. By donation, the Bank is able to differentiate itself as being socially responsible. The company's image is thus enhanced through its donations when beneficiaries serve as ambassadors of the Bank and by so doing associate themselves with the Bank than competitor.

How does Atwima Kwanwoma rural bank use Donation as a communication tool to Target its Market?

According to the Respondent, through donation the Bank's products and services are made known to the community who also serve as potential customers of the bank. The Bank's vision and mission are made aware to the people, who shows that the Bank exist to provide them with quality products and services. The Bank communicates social issues to the community through Donation, such as by donating mosquito nets.

Describe Which Donation Made Atwima Kwanwoma rural bank Socially Responsible?

According to the Respondent, the following made the Bank socially responsible;

- i) The bank granted scholarship to 73 pupil by paying for their school fees in 2000
- ii) Donated GHS 6000.00 towards the construction of Nurses Quarters
- iii) Construction of the school building and the library complex for the people of Pakyi,
- iv) Donating to Otumfour to mark his Fortieth anniversary
- v) The beautification of the Ahodwo roundabout
- vi) The bank has constructed ramps at two sites at Ayigya and Santasi to receive the physically challenged who come to the business with the bank.
- vii) On several occasions, the bank has donated cash and food items to the Westphalia village at Oyoko.
- viii) The bank spend GH¢850 to renovate the Old-Tafo police station in 2004

He also added that, due to this there was a massive increase in the customer size of the Bank.

Summary of Findings

According to the study, the bank has benefited a lot from corporate donations and the bank see the donations they do as a way of communicating to the society and telling them they appreciate them and are willing to work and serve them. The huge donations the bank has made has enhanced their image and created a picture of a company that is socially responsible rather than just been there for its sole interest but to give back to the society for what they as an institution did take from them. This is the bigger picture that all the financial institutions similar to Atwima Kwanwoma intend to achieve with their donations programmes in Ghana.

Conclusion

Based on the key findings of this study, it can be deduced that indeed donation can be used not only as an effective tool to

communicate to customers and potential customers but also as a good programme to help create a good corporate reputation for firms thereby helping firms to increase their market share.

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