

FUND RAISING

Affinity Programs: Helping Animals Through Business Partnerships

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Do you remember collecting Campbell's soup can labels, box tops, tabs from soda cans or grocery store receipts to support your kids' school or another charity? This technique of partnering consumerism with a good cause has become more sophisticated in recent years. In the business world, it's called "cause-related marketing," but to nonprofit managers, it's often known as "affinity fundraising."

What is "Affinity Fundraising"?

This term is used to describe a couple of different fund-raising techniques, each involving a partnership with a business or corporation. The "affinity" comes in because the businesses are tapping into the fact that your organization's supporters have an affinity and loyalty for your cause, and by associating with you, they hope they can build an affinity or loyalty for their business. They're counting on a customer's passion for your cause to encourage them to buy more and visit more frequently so they boost their sales and your group ends up with a larger donation.

The partnership usually requires the nonprofit organization to assist with marketing the program. These are often called "percent of sales" or "affiliate" programs. For-profit companies offer nonprofits a rebate, commission or percent of sales in exchange for driving customers to their store or web site to make purchases. The more a customer you refer to them buys, the greater the contribution the company will make to your group. One example of this type of program is when a local restaurant sets aside one month a year in which it allows customers to designate a certain portion of their bill to a local nonprofit of their choice. Another example is when a national bookstore or pet store chain allows nonprofits to link to products on its web site and donates back a percent of all sales made via those links

Some programs require the nonprofit to go even further, requiring the nonprofit to conduct direct sales. A common program of this type is selling entertainment books, coupon books or "scrip" (payment vouchers or gift certificates) in exchange for a portion of the proceeds. Other examples include selling candy bars, gift wrap, greeting cards or catalog items.

Some companies are straightforward about how opportunity will benefit both parties, but others hype how easy it is to sign up and then sit back and watch the checks to roll in on a regular basis. They will try to draw in nonprofits by using language like "Raise funds while you sleep," "automated fundraising," "passive fundraising," or "residual fundraising."

How about "there's no such thing as a free lunch" or "if it sounds too good to be true, it probably is"? As a nonprofit manager or fund-raiser, you need to exercise caution when considering whether or not to get involved affinity fund-raising programs, especially if you've

never heard of the company's name, if the company does not have a physical presence in your community, or if the company conducts its business exclusively on the Internet.

Why Businesses Like Affinity Programs

The businesses will market the program as fulfilling their commitment to the community, but it serves several other purposes for them as well.

- They are getting **free advertising**. You spend time and money publicizing the program to try to generate sales for the company so you will get a larger contribution.
- They are getting **access to your supporters** without having to do expensive market research. They know, for example, that supporters of pet-related nonprofits probably have pets and need to buy pet food and other supplies, so partnering with you will likely boost their sales of pet supplies.
- They are able to build their community involvement reputation with **less hassle** than reviewing hundreds of solicitation, donation and sponsorship requests from individual groups. It provides them with a structured way to give to any and all groups who participate and directly build their customer base in a much more tangible way than event sponsorships, the benefits of which often cannot specifically be measured in quantifiable terms.
- They know their **return on investment** up front because they set it: a 1% rebate really means that for every dollar of revenue they take in, they will donate one penny to charitable causes in their communities. Sometimes there is a tiered donation structure, so the more a customer spends, the greater the percentage is. A penny on the dollar is a fairly cheap way to advertise.

Let's face it: These programs are really rewarding nonprofits with a nominal donation in exchange for their endorsement and access to their members, donors and other supporters. Your supporters might be better off giving you a \$20 donation outright than spending \$2,000 in products they might not otherwise buy just to get you the 1% kick-back. It's somewhat akin to using coupons. You may end up buying a product you wouldn't otherwise, just because you have a 25-cent-off coupon.

But you have to buy groceries anyway, right, so why not give the charity a cut of the purchases? Let's look at it another way: With a 1% program, one of your supporters will have to spend \$2,000 at a store for you to earn a \$20 donation. Perhaps that person spent 25% more than s/he normally would have - that's \$500! Wouldn't you rather have had the \$500 than the \$20? Wouldn't they rather have given a tax-deductible donation directly to you than bought many items they really don't need?

Benefits of Affinity Fundraising for Nonprofits

Some groups benefit tremendously from affinity programs. Here are some of the pros of getting involved in these opportunities:

- **Easy to Sign Up.** It's usually free and easy to sign up for these types of programs. Often, there are simple applications you can complete online.

- **No Special Accounting Required.** There is no tracking or accounting required on your part. You sign up, and you periodically receive a check.
- **Direct Deposit.** Some programs deposit the proceeds directly into your organization's bank account, so there is no labor on your part for receiving and processing payment checks.
- **Access to Corporate Funding.** You are tapping into corporate support that you might not otherwise receive because you don't have the relationship to ask for support or the company doesn't consider individual requests.
- **"Friend Raising."** These programs are an opportunity for making connections with potential supporters who get to know you because of the program. For example, you may connect with the store's employees, vendors and existing customers in a way that you wouldn't have without participating in the program.
- **Increasing Your Visibility.** By taking advantage of the company's resources and popularity, affinity programs may increase the public's recognition of your organization's name and raise the visibility of your programs and the plight of animals.

Potential Drawbacks of Affinity Programs

But the programs come with some cons as well. Consider these potential drawbacks when assessing if affinity fund raising is suitable for your organization:

- **Small Payback.** One drawback is that nonprofits generally get a relatively small donation in proportion to the free promotions and increased sales that the company is getting. Would you be better off negotiating your own independent percent of sales agreement with a locally-owned and operated store that will give you more than a token donation for your efforts?
- **Competition.** There are literally hundreds of other organizations in your community vying for a piece of the pie. Some programs allow customers to designate more than one charity, but the proceeds can get split too many ways to have a big impact for any one group.
- **A Matter of Trust.** You may be able to access how many people have signed up for the program and designated your organization as the beneficiary, but you have to trust the business that they are accurately tracking sales and calculating your portion of the proceeds.
- **Lack of Donor Information.** Unless your supporters tell you, you'll never know specifically who is participating, and you can never thank them personally for helping you raise money from the merchant. And you can never tag them as prospects to ask for higher levels of giving in the future.
- **Potential for Negative Publicity.** If a supporter has a bad experience with a company or its products, or if the company experiences some type of scandal or bad publicity, it might reflect negatively on your organization.

- **Limits on Other Opportunities.** If you collaborate with certain companies, it may preclude you from asking their competitors for support. For example, will partnering with Barnes & Noble hurt your chances for building a relationship with a really popular and pet-friendly local bookstore chain?
- **Animal Groups Excluded.** Often, these types of programs limit their support to schools, churches and organizations that serve children. This emphasis on education rarely is extended to humane education, in-school programs or field trips presented by animal-related organizations, leaving these types of groups ineligible to participate. One example of this is the eScrip program that allows customers to register a store club card or credit card so an organization can receive a rebate for a percent of their purchases made at merchants such as Wild Oats, Safeway, Payless Shoes, Office Max, Pep Boys and other stores. The eScrip Program currently has a moratorium on approving any new animal-related groups for the program.
- **Small Groups Excluded.** To get the biggest bang for their buck, some companies require that you have a certain number of members or donors before they will partner with you. One example of this are the customized checks offered by Message Products. Your group will have to demonstrate that you have at least 20,000 supporters before you can enroll in the program.
- **Questionable Companies.** Some of the companies that offer these programs may have questionable reputations or track records and may use affinity programs to take advantage of small groups that are desperate for funding.

Making Affinity Programs Work for Your Organization

If you are interested in pursuing these opportunities, follow these guidelines before committing your organization to an affinity fund-raising program:

- 1. Research the Possibilities.** If your organization decides to participate in these programs, read the fine print of the agreements carefully. In general, stick to well-known companies and those that have a physical presence in your community. Not only will it be easier to get in touch with someone at the company if you have questions or problems, it also builds a relationship with a potential corporate sponsor, their vendors and their employee (who may become donors, volunteers or adopters).
- 2. Do Your Own Cost-Benefit Analysis.** Promoting these programs costs time and money. Even if you are using volunteer labor, the time that people spend on this program is time they are not spending doing some other worthwhile task. Be prepared to do a cost-benefit analysis (including the value of your time and the value of "friend raising") to determine how much you are willing to invest in promoting these programs versus the amount of revenue they will generate for you. Choose the opportunities that will provide you with the largest donations and/or the most promising relationships locally.
- 3. Consolidate Your Promotions.** To make the most of your resources, put together a list of the programs you will participate in and promote them all in the same flier or brochure. Don't provide so many choices that how to participate begins to look confusing.

4. Make a Commitment to Marketing. The key being successful is getting the word out to the people most likely to participate. This is marketing, folks. Don't sign up for these programs and expect to make any money without putting forth some effort. Simply putting an article in your newsletter won't be enough. Other things you can do include calling or emailing your supporters individually and asking them to sign up and handing out fliers or brochures at special events

5. Evaluate the Payback. Revisit the programs after a year or two (keep the ones that work, replace the ones that didn't, or just pare down your offerings). If you signed up for 3 programs, did your best to promote them, and you brought in \$23.50 in your first year (it is conceivable, despite the hype about raising thousands of dollars "while you sleep"), consider reallocating your time and money to fund-raising programs that are going to do more for you. Remember, if the program had a 1% rebate, your efforts may have generated \$23.50 for you but nearly \$2,500 in sales for the corporation. Does that seem like a fair trade-off? That \$23.50 may pay for a homeless animal's vaccinations, but if you spent the time and money on promoting a different kind of fund-raiser, you may have generated enough money to pay for vaccinations for 10 animals or maybe even 100 animals. You'll have to be the judge.

You may find that there are more drawbacks to these types of programs than there are benefits. In the long run, it may be more beneficial for you to solicit your supporters directly, participate in matching funds programs with corporate employers, and conduct alternative fund-raising programs. In short, be thoughtful and careful when getting involved in affinity-based fundraising or marketing programs.

Disclaimer: The Center for Animal Rescue and Adoption does not endorse or recommend any particular affinity program and is not responsible for any service your organization participates in. Please research all fund-raising agreements carefully and seek legal advice from a qualified attorney.

This article can be found online at www.savemoreanimals.org/Articles/Affinity.htm.