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## **Tropical Blast**

*Non-profit, rum maker team for image boosts*

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There's something about rum that speaks of island life and walks on sandy beaches framed by magenta sunsets.

Beginning this summer, add this to your image of rum: saving imperiled coral reefs across the world.

French spirits company Pernod-Ricard in July will add the logo of a Pacific Palisades non-profit to some bottles of its popular Malibu Rum. The non-profit is the Reef Check Foundation, which monitors and seeks to preserve rock and coral reefs.

Gregor Hodgson, a marine biologist and Reef Check's executive director, puts the relationship plainly.

"They're giving us some cash and we're making them look green," said Hodgson. It shows that they're for real, and it's a fun connection: beaches, reefs, diving, rum. Marine biologists and rum go a long way back. The move also is likely to sell drinks; a survey last year found that 79 percent of consumers said they would likely switch to another brand if it was associated with a good cause.

Reef Check's partnership is certainly not the first time a non-profit has entered into a relationship with a business that both view as beneficial. Health care companies, retailers and telecommunications firms, just to name a few, all have publicly participated in campaigns contributing to charity.

In one particularly well-publicized effort two years ago, Gap Inc., Apple Inc. and Motorola Inc. spent as much as \$100 million promoting the Red Campaign to raise money for fighting the global rise of AIDS, tuberculosis and malaria.

The campaign, which promoted the sale of red consumer products, was somewhat disappointing for the non-profits; they reportedly netted as little as \$18 million, highlighting one of the pitfalls of such campaigns: very little bang for the buck.

Yet the concept of marrying capitalism with social causes has survived. And as the economy has tanked, in fact, the trend has even gained steam with sometimes giant companies partnering with small and more obscure members of the non-profit sector.



Reef Check's  
Gregor Hodgson  
on beach at Pacific  
Palisades.

The partnership of Reef Check, which has an annual budget of less than \$1 million, with Pernod-Ricard is one example of that trend. Another local example is the Pasadena Independent School Foundation, which is featuring corporate logos on its Web site.

Most companies say the partnerships show they are good corporate citizens, but there is an understanding that the arrangements can stretch increasingly scarce ad and marketing dollars.

“There has been a clear swing of companies putting more emphasis and recognition on the business benefits of their involvement,” said Charles Moore, executive director of the Committee Encouraging Corporate Philanthropy, a New York-based association representing 175 chief executives.

### **Going with flow**

In a 2008 survey, Moore said, 55 percent of chief executives told his association that they planned - in light of current economic conditions - to refocus their charitable contributions in ways more central to their business strategies.

“I can tell you intuitively,” he said, “that the number (of partnerships) has increased, and I don’t see many companies saying that they’re doing it only for the good.”

That’s certainly true of Pernod-Ricard, the maker of Malibu Rum, which acknowledges the sales benefits of its partnership with Reef Check.

“The age group that drinks Malibu is 21-30. We hope it draws their eyes to something new,” said Lisa McCann, the beverage’s senior brand manager. “Any kind of news on a brand is good. We hope they’ll appreciate that we’re interested in this, and we’ll get some positive results.”

Pernod-Ricard plans to start with a shipment of 25,000 cases of limited- edition Malibu Rum in colorful, specially designed bottles bearing the Reef Check logo. The bottles also will bear the foundation’s Web site address and information on a company-sponsored internship program through which selected customers will be trained as reef monitors.

Reef Check has trained and sponsors volunteer teams in 98 countries that regularly count the species of fish, invertebrates and corals living in local waters. The data is then submitted to various governmental and environmental agencies charged with conserving life on the reefs.

“What we know about that group is that they’re really concerned about the environment and social responsibility,” McCann said of potential purchasers of Malibu Rum. “We like them to see that we understand.” Several studies confirm the wisdom of that hope.

In the survey conducted last year by Cone LLC, a Boston business strategy agency, 85 percent of consumers said they had a more positive image of companies involved in such

collaborations. In addition, 38 percent said they had bought a product or service in the last year because it was associated with an issue or cause, up from only 20 percent 15 years ago.

A separate Cone study conducted with Duke University documented a 74 percent increase in the sales of a particular shampoo brand associated with a cause and a 28 percent increase in the sale of a toothpaste brand.

“That’s just astounding,” said Alison DaSilva, executive vice president of Cone. “There’s a reason companies continue to invest in aligning with causes and that’s because they are seeing the business results.”

### **Consumption philanthropy**

Not everyone is convinced that that’s a good thing.

Mark Rosenman, director of Caring for Change, which is developing new grant-making strategies for foundations, believes that what some are beginning to refer to as “consumption philanthropy” has potential pitfalls.

“Those kinds of relationships raise questions,” said Rosenman, a former university professor. “If people think they’ve supported a charity through consumption, they are less likely to feel a significant charitable impulse in the future. The percentage of income that flows to a charity through corporate cause-related marketing is usually very small.”

Neither Reef Check nor Pernod-Ricard would disclose how much money is set to change hands as part of their agreement, describing it only as “significant.” It will go toward helping the non-profit fulfill its mission.

The Pasadena Independent School Foundation, a 12-month-old non-profit, on the other hand, expects to get the “vast majority” of its current annual budget of \$115,000 from several corporate sponsors.

The foundation trains teenagers in becoming grant-makers. In addition to conducting classes, the charity will allow participating students to give away about \$45,000 this year to needy non-profits that they identify.

Among the companies making that possible are Swiss food company Nestle and two Pasadena businesses: Smith Brothers Restaurant Corp. and Le Bijou Luxury Jewelers, a store that in exchange for a \$10,000 contribution gets its logo on the non-profit’s Web site and in various publications.

“In areas such as Pasadena, being involved with organizations like this gives you an audience of people with disposable incomes,” said David Lee, the jewelry store’s chief executive. “The product we sell is also a product this audience likes, so it’s a good match and good business step.”

Jonathan Jaffrey, founder of the non-profit, makes no apologies for the foundation's relationship with the businesses.

“If you're a non-profit, one of the places to look for more money is a corporation, and if you're a corporation you can leverage your marketing dollars to support the community,” he said. “It's mutually beneficial.”