

Executive Summary

The goal of this research paper is to investigate the potential of Affinity Marketing in becoming a strategy used by Charitable Fundraising Organizations in Switzerland.

Affinity Marketing is based on a cooperation between commercial organization and an affinity group. A commercial organization uses affinity that individuals feel towards a certain group to market and sell products or services. An organisation representing an affinity group can be both a not-for-profit organization (e.g. club, a charity or a cause association) or a profit oriented group (e.g. a football club listed on the stock exchange or a fan club of a music band). The relevant criterion is that the group has members, those are the key target audience of an Affinity Marketing campaign. The offer and sales message of the commercial organization are then customized to a common mission or an interest of the affinity group. Customization serves as an enhancer of relevance and a tool to differentiate from competitive products offered in the market. A commercial organization also promises to donate a share of the profits generated through the campaign to the affinity group. Thus, by purchasing a product or a service of this commercial organization members indirectly support their affinity group.

The paper hypothesizes that already today numerous Charitable Fundraising Organizations in Switzerland are using Affinity Marketing and even more will turn to this strategy in the future. This thought originates from the rising importance of environmental and social questions, which mirror the activity areas of many Charitable Fundraising Organizations. With mass media increasing the awareness of individuals of issues like global warming, pollution, child labour, poverty and other related problems, consumer behaviour is influenced and will be impacted even more in the future. This consequently affects commercial organizations which will be forced to adapt to the new consumer behaviour and expectations, looking for ways to align their own image to reflect environmental and social responsibility. A possible strategy to reinforce the own image and to improve the own Corporate Social Responsibility profile is an Affinity Marketing Program with a Charitable Fundraising Organization.

Since Affinity Marketing has a lot of benefits to offer and as the trend of acting environmentally and socially responsibly is likely to get even more pronounced with years,

the number of the Charitable Fundraising Organizations using Affinity Marketing is expected to be high and even to increasing in the future.

The empirical validity of this argumentation is evaluated on a questionnaire based survey of 23 Charitable Fundraising Organizations headquartered in the German speaking part of Switzerland. The findings lead to rejection of the set hypothesis which expected Affinity Marketing to be used by numerous Charitable Fundraising Organizations today and becoming broadly used in the future.

Although the research shows that activities of Charitable Fundraising Organizations are, like expected, in line with trend towards environmentally friendliness and social responsibility and members of the organizations show high affinity with the respective groups - an element essential for using Affinity Marketing, there are still few Charitable Fundraising Organizations using the concept. The research showed that many organizations claim to be familiar with Affinity Marketing, but still the majority relies on more traditional tools like direct mail or events. Charitable Fundraising Organizations lack experience of working with commercial organizations and the last play an insignificant role in contributing to the budgets of Charitable Fundraising Organizations. Moreover, the difficulty in finding a real life example of the Charitable Fundraising Organization implementing the concept underlined the currently low usage of Affinity Marketing. The hypothesis that Affinity Marketing will become a strategy widely applied in the future is also not confirmed, as only very few Charitable Organisations stated to plan to use the concept. The main reasons quoted by Charitable Fundraising Organizations to opt against using Affinity Marketing are: an insufficient member base, the lack of knowhow and the resources required for a successful implementation of the concept. In addition, it was found there is a general scepticism about the potential of Affinity Marketing to generate a sustainable win-win situation. These findings clearly refute the hypothesis set in the beginning of the research.

The research paper also illustrates an elaborated version of the theoretical definition of Affinity Marketing on the example of the partnership between Swiss Youth Hostels (SYH) and CSS-Insurance. The case contradicts the sceptical opinion on Affinity Marketing of Charitable Fundraising Organizations participating in the survey, illustrating the benefits Affinity Marketing can bring to a Charitable Fundraising Organization. Moreover the identified deviations of the program outline additional business opportunities the affinity group could gain by leveraging the consumer base and communication channels of the

commercial partner. It is worth noting that both the case example and the results of the survey are to be treated with caution as the number of respondents involved is insufficient to make quantitative statements.

The findings of the research contradict the prior statement that already today numerous Charitable Fundraising Organizations implement Affinity Marketing and their number is expected to increase in future. By discussing the theoretical benefits of Affinity Marketing, for both commercial organizations and affinity groups, this paper demonstrates that this marketing concept is relevant and should be taken into consideration by the two parties. More and intensified research on the subject can help to better understand why Affinity Marketing is not often used and if the revealed scepticism among Charitable Fundraising Organizations is legitimate.