

Business-Charity-Government Strategic Partnership: Applying Cause-Related Marketing in Thailand's Tourism Program

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ABSTRACT

The current cause-related marketing concept mainly focuses on the relationships between charities and private firms. Very little research has investigated the role of government in the cause-related marketing concept. The government agencies such as the National Tourism Organisation (NTO) in Thailand often play a key role in Thai tourism industry as they regulate policies to both for-profit and non-profit organisations in the country. Thus, it is inappropriate to ignore the important role of the government in tourism marketing strategy. This paper provides an example of how the NTO may apply cause-related marketing to establish partnership tourism program, particularly after the 2004 Indian Ocean Tsunami in Thailand. The key contribution of the paper is to highlight the significance of business-charity-government strategic partnership.

Keywords: Cause-related marketing, business-charity-government strategic partnership, tourism, Thailand, volunteer tourism

INTRODUCTION

For decades consumers have purchased products and services from charities which exploit their positive image when they develop a trading operation (Bennett and Gabriel, 2000). Charities, in making their appeal, draw on a secondary motivation. The consumer might choose a charity's products or services over a private firm because any revenue that the charity makes goes to a 'good cause' (Chetkovich and Frumkin, 2003). Today, both government agencies and corporations are increasingly being called upon to interact with the charitable sector to achieve mutual objectives (Sagawa and Segal, 2000). Charities are finding themselves in greater needs of outside support and thus are turning to the private sector for assistance (Andreasen and Kotler, 2003). On the other hand, business firms often find themselves more likely to achieve better performance if they are able to enter into partnership with charities with a similar agenda (Lafferty, Goldsmith and Hult, 2004). Embracing a cause makes good business sense. With today's increasingly hard-to-please consumers, marketing managers recognise that cause-related marketing can be a powerful marketing tool to gain a

competitive edge. All other things being equal, many consumers would rather do business with a company that stands for something beyond profits (Andreasen and Kotler, 2003).

The paper argues that the current cause-related marketing concept which mainly focuses on the commercial partnerships between charities and private firms may be insufficient. In the tourism industry, the government plays a key role in a community as they regulate policies to both the for-profit firms and charities. In this paper, the authors suggest that the role of government should be integrated into the existing cause-related marketing concept for any established tourism program between business and charities. Thus, the proposed model emphasises a 3-way relationships—Business-Charities-Government. To provide a concrete example of how to implement the concept of cause-related marketing and the business-charity-government model, a tourism program labelled as ‘volunteer tourism’ is discussed later in this paper.

THAILAND’S TOURISM AFTER 2004 TSUNAMI

Thailand's tourism sector, the country's main foreign exchange earner, has been hurt by a variety of negative factors over the past five years including the 9/11 terrorist attacks in the United States, the severe acute respiratory syndrome (SARS) outbreak in China and Hong Kong, the 2004 avian influenza epidemic and the 2004 tsunami in the Indian Ocean. Thailand was hard hit and the tsunami aftermath caused unprecedented damage and loss of life among local populations and tourists. The disaster devastated tourist areas in six provinces on the Andaman coast, including internationally-renowned tourist destinations such as Phuket, Koh Phi Phi and Khao Lak. In the first quarter of 2005, only between 30 and 40 per cent of the tourists visited the Andaman coast, compared to the figures in the same period before the tsunami hit. The December tsunami turned 800,000 tourists away from Thailand in the first quarter, with a total loss of revenue of 11 billion Thai Baht. With the hard efforts of the government in restoring Thailand as a travel destination, an aggressive marketing campaign has been launched to invite tourists around the world to visit Thailand in the year 2006 to celebrate the King 60th year of Accession to the Throne with events held throughout the year. As a result, the governor of the Tourism Authority of Thailand claimed that Thailand's tourism sector had already witnessed impressive growth in the first quarter of 2006, with international arrivals up 37 percent in

January, 30 percent in February and 20 percent in March, compared with the same months in 2005. Although the current outlook of the tourism industry as a whole may seem favourable, the tourist areas in the six provinces on the Andaman coast have never been the same since the tsunami. Many places on Phuket have made a remarkable recovery, tourists will see little physical damage, but economic damage is still evidence. 'We lost about half of our (tourism) income in 2005, compared with 2004', said Pattanapong Aikwanich, president of Phuket Tourist Association, as reported by the Los Angeles Times on 1 January 2006. Khao Lak which is part of Phang-nga, was the worst hit area of all six coastal provinces in the South. The major problem impeding Khao Lak's recovery is lack of credit of the resort owners. Unlike other affected areas where most of the structures were repairable, virtually everything at Khao Lak needs to be rebuilt from the ground up. With most of their resorts in their first few years of operation, and thus still shouldering significant debt from the initial construction, they face considerable difficulty finding financing to rebuild.

EMERGING OPPORTUNITIES AFTER CRISIS

A crisis is referred to as an unplanned event emerging from the internal or external environment of an organisation, region, or country which can disrupt operations, threaten people physically and mentally, and endanger the viability of entities no longer able to cope with the situation using normal managerial procedures (Fink, 1986; Kash and Darling, 1998). The Katherine Flood in Australia in 1998 and earthquakes in Montserrat, San Francisco, Italy and Turkey, and the tsunami in late 2004 are examples of natural disasters that become tourism crises. Crises often have negative consequences. The damages significantly reduced the number of tourists visiting the areas and it took a number of years to recover. At the same time, such events may also offer opportunities to introduce new products, management programs, new markets, and new changes. Knowing how to handle crises distinguishes an organisation from being successful as opposed to failing (Okumus and Karamustafa, 2005).

CAUSE-RELATED MARKETING

‘Cause-Related Marketing is defined as a marketing strategy whereby the firm makes a contribution, financial or otherwise, to charitable non-profit organisations contingent upon the customer engaging in a revenue providing exchange that satisfies business and individual objectives. This strategy may include additional elements such as sponsorship, sales promotion, co-branding and employee involvement.’ (Chaney and Dolli, 2000)

Altruism. Corporate responsibility. Philanthropy. These are often used to describe cause-related marketing, an activity in which businesses join with charities or causes to market an image, product, or service for mutual benefit. This involves associating a charity’s logo with a brand, product or service to encourage sales of the product as well as raising funds for the charity. Association with a charity can also build strong social or community values to a product or service, reflecting a company's proven commitment to a worthy cause.

THE ROLE OF GOVERNMENT IN TOURISM

Tourism is a complex phenomenon—the composite of activities, policies, services, and industries involving many players that deliver the travel experience (Goeldner, Ritchie and McIntosh, 2000, p364). The Tourism Authority of Thailand (TAT) was established on March 18, 1960, the first organisation in Thailand to be responsible specifically for the promotion of tourism. TAT supplies information and data on tourist areas to the public, publicizes Thailand so as to encourage Thai and international tourists to travel in Thailand, conducts studies to set development plans for tourist areas, and co-operates with and supports the production and development of personnel in the field of tourism (<http://www.tatgovernor.com>). TAT has 22 local offices throughout Thailand and more than 15 overseas offices in different parts of the world which help to monitor the tourism activities in each region. In the aftermath of the Indian Ocean tsunami, the Thai government has appointed 9 sub-

committees that are responsible to provide relief and aid recovery from the loss of lives, property, homes, businesses, jobs, and prosperity.

In spite of the damage, disasters also bring out the goodness in people. People from around the world and the local Thais, organisations, both international and national, have been assisting in the tsunami recovery and relief efforts, making speedy recovery strategies in many affected areas. Many affected areas in Phuket are now fully restored and in operation. The government has been putting efforts into attracting the visitors back to the affected areas by restoring confidence for both tour operators and tourists by showing that the areas are ready to receive visitors again. About 300 media and tour agents have already visited Thailand to inspect tourist facilities for their clients. The TAT also organised road-shows and continued to work with the private sector and attend major travel trade fairs to offer special packages.

'Those who care about the affected areas should now make an effort to visit them and show support for a full recovery. Everyone needs to spread the word. Tell others to come and experience the beauty of this natural paradise. Most of the areas are open and in operation. You can help the Andaman by visiting the Andaman', said the governor of TAT on March 22, 2005. (<http://www.tatgovernor.com>)

DEVELOPING BUSINESS-CHARITY-GOVERNMENT RELATIONSHIP

The current cause-related marketing concept focuses on the relationships between charities and private firms. However, the government also plays a key role in a community as they regulate policies to both the for-profit firms and non-profit organisations, especially for the tourism industry which comprises complex entities. As a result, it is inappropriate to ignore or neglect the important role of the government in tourism marketing strategy.

One of the advantage that business and charities will gain by partnering with the government in planning for tourism development is the government's ability to bring together stakeholders representing interests on national, regional, and local geographical scales . Partnerships are often led by a convenor, and they may well be more successful when this facilitator is perceived to have legitimate authority (Parker, 2000). Governments in many countries endorse the use of partnership

arrangements in planning for tourism development. Among the reasons for the growing interest in inter-organisational collaboration is the belief that it may lead to the pooling of knowledge, expertise, capital and other resources, greater coordination of relevant policies, increased acceptance of the resulting policies, and more effective implementation (Pretty, 1995). In such ways, destinations and groups of organisations might gain competitive advantages (Kotler et. al., 1993).

Like their for-profit and public sector counterparts, charities are increasingly forming partnerships both within and across sectors to achieve their social objectives (Guo and Acar, 2005). Charities' primary social objective is to serve the people in need. If charities would like to continuously gain support and legitimacy from the funding providers and the public, they must follow ethical principles that are broadly supported by a major portion of society (Bryson et al., 2001). This also reflects that these charitable organisations have an obligation to develop sound and balanced relationships with all their stakeholders which include both the government and corporations but not just focus on their fund providers. As the environmental turbulence such as social and economic problems generates unintended consequences which exceed the scope of a single organisation can tackle (Mulroy, 2003; Selsky and Parker, 2005), charities may gain benefits such as sharing resources and risks, increasing efficiency, enhancing co-ordination, facilitating mutual learning and nurturing expertise from working collaboratively with other stakeholders (Huxham & Vangen, 2005). One way of achieving balanced stakeholder relationships is by engaging strategic partnerships with both the government and business firms. Salamon (1999) urges that non-profit charitable organisations should engage in more strategic partnerships with government agencies and the business organisations in order to respond to societal needs.

Government agencies often have some role in addressing societal issues and, in many cases, are the funding providers for social service and community based non-profit organisations (Huxham and Vangen, 1996). The government can regulate policies to provide incentives to business firms which promise a certain monetary donation each time the firms' products or services are sold. An example of this incentive may include tax exemptions.

Figure 1 below demonstrates the business-charity and government strategic relationship. Government agencies often have some role in addressing societal issues and, in many cases, are the funding providers for social service and community based charities (Huxham and Vangen, 1996).

FIGURE 1. Business-Charity-Government Strategic Partnership



In the business-charity-government strategic partnership, business firms act as major funding providers. Through the strategic partnership, business firms gain a reputation which focuses not only on profit, but also social issues that concern community. An improved reputation likely increases sales and revenues. In other words, a strategic partnership between business-charity-government assists business firms to fulfil both business and philanthropic objectives.

For charities, the strategic partnership likely assists the organisations to generate higher income or revenues which give the organisations greater self-sufficiency (Guo, 2006). Such self-sufficiency gives the organisations the ability to achieve more social objectives.

In the wake of tsunami, many charities have formed strategic partnership with firms. For example, the Habitat for Humanity Thailand is partnering with Bank of Ayudhya, one of Thailand's leading financial groups, and publicly-listed building materials maker Siam City Cement Public Co. to provide permanent shelter for more than 250 people left homeless by the December 26 tsunami. However, given the important role of the government, particularly in the tourism industry which involves many players, a formal partnership between the business, charity, and government should be emphasized in order to maximize all parties' efforts which help to speed up the recovery and the tourism industry as a whole.

PUTTING CONCEPTS INTO PRACTICE

This section is to provide an example of how business, charity and government can establish a strategic partnership and to advance the concept of cause-related marketing in the context of tourism using the case study of the Tsunami Volunteer Center in Phang Nga province, the tsunami worst hit area. Given the case of Thailand's tourism after the tsunami crisis, the destination marketers, both public and private sectors should team up their efforts and initiate programs in drawing tourists to the affected areas.

Tsunami Volunteer Center: Initiating Volunteer Tourism Program

While the natural disaster caused significant damage, it also brings out the goodness in people. Thousands of volunteers traveled from many parts of the world to join the tsunami recovery project. The Tsunami Volunteer Center (TVC), based in Khao Lak, Thailand, was founded in January 2005 in response to the Indian Ocean Tsunami. The Center provides the framework for service-minded, results-oriented volunteers to contribute on life-changing levels. In the first nine months alone, more than 3,500 volunteers from 51 countries joined our team, with confirmed arrivals well into the following year. TVC is a Thai-led NGO funded almost entirely by private donation and is not affiliated with any religions. Its only aim is to assist in the restoration of tsunami-affected

communities through empowerment. The Center serves strictly as a 'partner organisation' in that projects undertaken by the Center are driven exclusively by community needs and are executed in full partnership with village members.

It is no doubt that funds are critical to the renewal of tsunami-affected communities. Despite progress, it will take years to undo the damage caused by the Great Quake and the Indian Ocean Tsunami. The Tsunami Volunteer Center is entirely donor-funded and is comprised of a workforce that is nearly 100 percent volunteer. Grants and donations are vitally needed to support everything from basic operations to current and future projects. In January of 2006, the TVC has introduced a one time registration fee of 1000 Baht per volunteer. The purpose of this fee is to help cover administrative and logistical costs associated with running the organisation, such as transporting volunteers to work sites. As donations for, and public awareness of, the ongoing needs of the tsunami affected regions has dwindled, TVC finds itself in a position where they have the need for extra finances if they are to be able to continue the work they have started.

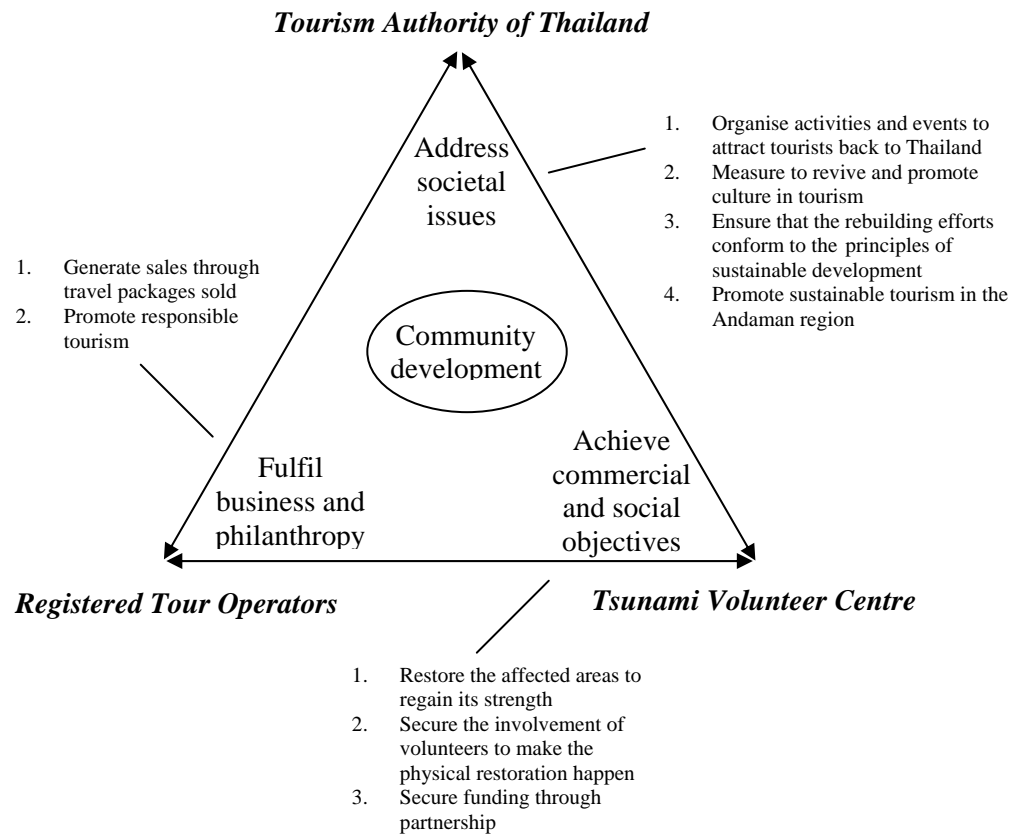
Thus, in order for TVC to operate in the long run, they need to find ways to market their products or services. The concept of cause-related marketing opens the door for charities to become more self-reliance. Through strategic partnership between business, charity and government, not only charities can fulfil their societal objectives, but also enable them to meet their funding needs.

To move towards to the future, TVC can partner with local travel agencies who share the same goal in helping the community. Together, they can initiate a tourism program, called 'volunteer tourism' which is a combined travel arrangements and volunteer experiences. This means, instead of waiting for volunteer to come, TVC can broaden its opportunity to attract volunteer by offering volunteer travel packages through travel agencies. The program provides the volunteers with all the travel needs such as airfare, accommodation, transportation and sightseeing. Most importantly, the program offers an emotional fulfilling experience and allows the volunteers to match their interests in helping the community, such as construction, environmental restoration or child outreach and education.

Applying cause-related marketing means that whenever the tour operator sells the volunteer travel package, the tour operator will contribute a specified amount to TVC. The tour operator uses the TVC's reputation to create better company's image, while marketing the package to generate income and meeting its corporate objective. In return, TVC receives ongoing funding, while being able to achieve its social objectives. If TVC were to operate in the long run, it may evolve its focus from tsunami relief to community development and continue to achieve its commercial and social objectives by the established partnership.

Meanwhile, seeking alliance with government agency such as TAT is equally important. First, TAT is the government body who regulates tourism policies for both non-profit and for-profit organisations, thus the partnership between TVC and tour operator can further be reinforced with the support from TAT. Second, TAT is in the position to allocate funding for community development, allowing TVC to receive extra funding and able to continue its social works on a larger scale. As TVC goes into larger scope and gains higher recognition, the potential for the tour operator to earn higher sales arises by the enhanced image and through the new volunteer tourism program. Lastly, not only the two parties, business and charity can benefit from the partnership, but also TAT with its primary objective of bringing more tourists to the affected areas. Thus, by fostering their relationship, all the three parties can fulfil their objectives with each contributing to the community and helping to boost up the tourism industry as a whole. Figure 2 illustrates the relationship between business, charity and government and their objectives.

FIGURE 2. Business-Charity-Government Tourism Program



Although such strategic partnership may open new opportunities, it is important to put a caution when using cause-related marketing as a fundraising tool for charity. Consumer may be sceptical that company that links its products or services to a cause is taking advantage of the charity. To avoid such criticism, all parties, business, charity and government, must enter the strategic partnership with good faith and fair deal, especially for business. It must be careful not to let its business objective outweighs the motive for doing social good to the community. Thus, this is also why the partnership with the government should be emphasized as the government can take the role of regulating and monitoring as well as setting limit for such establishment to prevent any harmful act to the community and promote responsible and sustainable tourism.

CONCLUSION

Cause-related marketing is an alternative fundraising method for the non-profit which draws on the assistance and marketing knowledge of the for-profit organisation. It is a strategic option that links the for-profit and non-profit organisation, sharing both publics and outcomes (Varadarafan and Menon, 1988). By choosing a cause that the target audience is passionate about, cause-related marketing can be emotionally fulfilling.

Due to the complexity of the tourism industry, and the needs for crisis management after the tsunami in Thailand, a formal relationship between business-charity-government should be sought. In this strategic partnership arrangement, business serves as major source of fund. For business, the potential benefits of partnering include enhanced company image, increased sales volumes and higher brand recognition, while charity benefits through a new source of contributions and increased public awareness of the organisation. Working jointly with business and charity will enable the government to respond to the local community's needs at the time of crisis—to restore the affected areas from the damage in a faster pace and to put the tourism business back to the affected areas.

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