

Strategic Marketing in Practice

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Case Study December 2009

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Strategic Marketing in Practice – Case Study

Important guidance notes for candidates regarding the pre-prepared analysis

The examination is designed to assess a candidate's ability to integrate their knowledge and understanding of the CIM marketing syllabi, in the context of the relevant case study. The examiners will be marking candidates' scripts on the basis of questions set. Candidates are advised to pay particular attention to the mark allocation on the examination paper and plan their time accordingly.

The role is outlined in the Candidate's Brief and candidates will be required to recommend clear courses of action. Candidates should acquaint themselves thoroughly with the case study and be prepared to follow closely the instructions given to them on the examination day. Candidates are advised not to waste valuable time collecting unnecessary data. The cases are based upon real-life situations and all the information about the chosen organisation is contained within the case study. No useful purpose will therefore be served by contacting companies in the industry and candidates are strictly instructed not to do so as it may cause unnecessary confusion.

As in real life, anomalies may be found in the information provided within this case study. Please state any assumptions, where necessary, when answering questions. The Chartered Institute of Marketing is not in a position to answer queries on case data. Candidates are tested on their overall understanding of the case and its key issues, not on minor details.

In preparation for the examination, candidates need to carry out a detailed analysis of the case study. The analysis allows candidates to demonstrate their ability to:

apply the appropriate models and techniques to analyse information on an organisation/sector facing particular circumstances

interpret the results of this analysis, to provide insights into the current situation and the conclusions they are able to draw

utilise their own ideas and create their own models for interpreting the data.

When compiling their analysis, candidates should only use the information found within the case, supported by their knowledge and understanding of the CIM syllabi. Candidates are expected to bring some individuality to their analysis and submit their own work.

The copying of pre-prepared 'group' answers, including those written by consultants/tutors, or by any third party, is strictly forbidden and will be penalised by failure. The questions will demand analysis in the examination itself and individually composed answers are required to pass.

Candidates will then need to condense the analysis into a **SIX** side summary (a maximum of six sides of A4, no smaller than font size 11. The content of tables, models or diagrams must be in a minimum of font size 8). The six sides must contain a summary of analysis only. It should not contain decisions, objectives or plans. The analysis should be numbered for ease of reference when answering the examination questions.

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Marks will be awarded as follows:

up to 10% for originality and appropriateness of analysis in the context given

up to 15% for appropriate application of analysis within the questions set on the examination paper.

Candidates are advised not to repeat or copy the analysis summary when answering the exam questions. It is important that candidates refer the examiner to the analysis summary, where and when appropriate, when answering the questions.

Candidates must hole-punch and staple their analysis in the top left hand corner. They should have written their CIM membership number and examination centre name on the top of the right hand corner of each page of the analysis. It should then be attached, with a treasury tag, to the answer booklet on completion of their examination, using a treasury tag provided.

Candidates must take their original copy of the case study (not a photocopy) and analysis into the examination room. The case study may be annotated with ideas for possible decisions or courses of action.

Candidates may not attach any other additional information in any format to their answer book. Any attempt to introduce such additional material will result in the candidate's paper being declared null and void.

The Chartered Institute of Marketing reserves the right not to mark any submission that does not comply with these guidelines.

Important Notice

The following data has been based on real-life organisations, but details have been changed for assessment purposes and do not necessarily reflect current management practices of the industries or the views and opinions of The Chartered Institute of Marketing.

Candidates are strictly instructed **NOT** to contact individuals or organisations mentioned in the case study or any other organisations in the industry. Copies of the case study may be obtained from:

The Chartered Institute of Marketing, Moor Hall, Cookham, Berkshire SL6 9QH, UK or may be downloaded from the CIM student website www.cimlearningzone.co.uk

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Candidate's Brief

You are employed by a marketing consultancy firm principally providing services to organisations working in the charitable sector. Recently, your organisation was approached by Alzheimer's Society to advise the charity on its business activities and the sector in which it operates. Charities have changed considerably over the years and have introduced effective marketing strategies. However, charity marketing is very much social and not-for-profit marketing, trying to influence people's goodwill and conscience.

Although marketing has taken place at Alzheimer's Society for many years – largely in fundraising – the marketing department has only existed for three years. Building on a strategic framework agreed in autumn 2006 (vision, mission, values, principles and key messages), work started on re-positioning the charity and emphasising that the Society works with all the illnesses that lead to dementia, not just Alzheimer's. This is the reason for the new strapline which forms

part of the brand/logo: *leading the fight against dementia*. However, due to major work going on within Alzheimer's Society, it is only now in a position to work on a core proposition for the organisation, and to do significant work on outcome/impact reporting.

In order to help Alzheimer's Society you have been asked to prepare a report on how the charity should grow and develop in the future. The charity is interested in its ability to communicate effectively and to understand why and where it is effective.

You will be asked to present your analysis to the directors on 4th December and they will ask you further questions based on this analysis.

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Alzheimer's Society

Introduction

The charitable market in England and Wales is an economically significant sector, with a large number of organisations (around 190,500) competing for attention and funds. To be successful, therefore, charities must communicate effectively and persuade individuals and organisations to donate their money. Charities also seek to raise awareness of their cause by educating the public and encouraging them to give of their time and services or by changing their lifestyle in some way – by reporting abuse, giving up smoking or recycling plastic bottles, for example. They may also seek to influence public policy and legislation.

Alzheimer's Society is a 30-year-old charity that focuses on care, research and awareness regarding Alzheimer's disease and other forms of dementia. It provides support for sufferers as well as for families and carers. The charity has a high profile within its niche segment and has been very influential in raising awareness and shaping public policy. However, it is not a large organisation, even compared with other health and disability charities.

In many ways, Alzheimer's Society is typical of a middle-ranking charitable body. In order to be successful in a competitive market, charities, like private sector organisations, need to think strategically, build brand awareness and maximise the return they get from marketing. The boards of trustees that govern charities are acutely aware that every £1 spent on advertising is £1 less that could be going directly to fund the cause, requiring very careful analysis of the effectiveness of campaigns. There are high expectations among a sophisticated public for transparency, accountability and ethical conduct in the way charities go about their business. A charity that acquires a reputation – rightly or wrongly – for not making the best use of the resources donated to it, is likely to suffer a decline in public confidence, followed by a fall in the willingness of individuals to contribute. To provide some assurance to donors, the Charity Commission holds charities to account by regulating their activities and finances. As a result, it is much harder to conceal information about where the money is coming from and how it is being spent.

This case study examines the charities sector in general as well as focusing on Alzheimer's Society as a specific example of a charitable organisation. It describes in detail the environment in

which charities operate, the common strategies used for raising awareness and promoting the ideals they support, the characteristics of typical donors and trends in their performance over time. It also explores the ways in which the market is controlled and regulated, and what information is available to support charities. With respect to Alzheimer's disease and other forms of dementia, the case study reveals the extent of the problem within the UK, together with projections for the rising numbers and costs. Alzheimer's Society has been chosen to illustrate in detail how an individual charitable organisation operates with a particular focus on its marketing and PR strategies. The case study concludes with predictions for future trends in the sector as a whole and an outline of Alzheimer's Society's plans for continuing to deliver its strategic aims.

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Background to the charities environment

The 2006 Charities Act describes a charity as 'an institution which is established for charitable purposes only', where a 'charitable purpose...is for the public benefit'. This covers the promotion of socially advantageous services (such as the arts, education, human rights, religion, health, sport and animal welfare) as well as the prevention or minimisation of the negative effects of socially undesirable phenomena (such as disease, abuse, poverty, conflict, the depletion of natural resources and discrimination). (See *Appendix 1: Extract from the 2006 Charities Act: Meaning of 'charitable purpose'*).

Charities compete for attention to their cause and for donations. While it is possible for donors to make multiple donations to more than one charity at the same time, there is a limit to how much income individuals and organisations are prepared to contribute to good causes. Accordingly, it is important for charities to maintain an active profile and to provide varied channels to market (opportunities and means of making donations). Direct debits in particular have proved attractive in recent years and help ensure a regular and predictable source of income. Charities have also adopted technology in support of fund-raising, and it is becoming increasingly common for them to have websites, blogs and the facility for making online donations.

The charities environment in England and Wales is extremely crowded, with many organisations competing for attention and a share of publicity and funds. The market is dominated by relatively few big names, and comparatively few new charities are created in a given year. In 2007, there were 190,541 charities in total (or 168,500 main charities, the remainder including private schools, fixed-term fundraising concerns and others) registered with the Charity Commission (covering England and Wales). This number has grown from 185,381 in 2000, an increase of just under 3% in eight years (see *Appendix 2, Table 1: Total number of registered charities in England and Wales*). These charities employ nearly three quarters of a million staff and have around one million trustees (source: Charity Commission). The richness and diversity of the sector has the advantage of giving individuals a wide choice of charities and greater likelihood of finding one that matches their own values, but there is also plenty of overlap between similar bodies, splitting the potential for realising income. Donors tend to favour the big, high profile charities or alternatively to support local causes, so that the medium sized charities often get squeezed out when it comes to fundraising and support.

While the number of charities are not increasing rapidly, the income certainly is. The total combined income of all registered charities in England and Wales rose from £29.5 billion in 2002 to £44.6 billion in 2007, representing growth in excess of 50% in six years (see *Appendix 2, Table 2: Incomes of charities*). However, when this is analysed it is clear that the very largest charities take the majority share of available income. There are nearly 80,000 charities that earn less than £10,000 per year. That is 47% of the total population of the main charities, and yet their combined income represents only 0.5% of the total. On the other hand, there are just over 1,600 charities earning £5 million or more. This is less than 1% of the population of main charities but

their combined income represents over 65% of the total (see *Appendix 2, Table 3: Record of registered charities (main charities only) as at 31 March 2009*).

When charitable donations are analysed by type it is very clear that certain causes dominate. In 2007, 50% of those who made charitable donations of £5 or more gave to cancer research charities. Children's charities were the second favourite, with 32% of givers contributing to these. 25% of donors gave to the Poppy Day appeal for injured service men and women and their families and 20% to animal welfare. Much smaller percentages gave to other causes such as overseas relief, heart disease research,

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conservation, disabilities and other health-related topics (see *Appendix 2, Table 4: Types of charities donated to*).

The popularity of cancer research charities among donors gives rise to Cancer Research UK being the largest charity in England and Wales by far. In terms of voluntary income, it earned nearly 170% of the income of its nearest rival Oxfam in 2005/06. During this period, Cancer Research UK made voluntary earnings of £297 million while Oxfam took £176 million (see *Appendix 2, Table 5: A selection of leading charities by voluntary income*). It is worth noting that Cancer Research UK was created in 2002 as a result of two charities, Cancer Research Campaign and Imperial Cancer Research Fund, joining together. Mergers, acquisitions and takeovers have become a feature of the market in recent years.

There is a ready and growing sense of compassion in society and the public respond well to stories given coverage in the media, especially when it is clear that there is an immediate and substantial need (as in famine and disaster relief). Two thirds of the public donate to charities. The percentage of the population who donate £5 or more per year to charity rose from 58% to 64% from 2003 to 2007 (see *Appendix 2, Table 6: Percentage of population donating to charities*). At the same time, one third of the public is relatively unenthused by charities and rarely make donations.

Many of the large charities have created strong brand images and high public awareness. People can associate readily with Oxfam, Cancer Research, Comic Relief and Guide Dogs for the Blind, for example. There has been some significant investment in above-the-line advertising, which has yielded good results in terms of increasing the revenues of charities. Memorable campaigns include: Cancer Research UK's 'I shouldn't be here', in recognition of those who have benefited from treatment made available as a result of research; the NSPCC's 'be the full stop' campaign, urging the public to help bring child abuse to an end; and the Leonard Cheshire Foundation's *Creature discomforts*, using the same plasticine models of the well-known *Creature comforts* animated series to highlight and challenge attitudes about disability.

Small donors have increased their contributions in recent years, and charities are enjoying growth in large donations from wealthy individuals and organisations as well. Employers are happy to encourage their workers to do their bit for charity (sponsored events, fun runs, etc), especially if it is done in the name of the company. In addition, the super-rich are setting up trusts to administer their philanthropy on their behalf. Big events, sponsored walks, marathons, adventure and extreme sports are also becoming increasingly popular. Another relatively recent innovation is the move by charities to employ famous personalities and celebrities to promote their message and represent their brand, with all of the risks involved through association with someone whose own image is susceptible to changes in public opinion.

In addition to their money, people also offer their time and services. According to Mintel, around 50% of people are prepared to give time to good causes, with over a quarter believing that it is more important to do your duty than live purely for pleasure. However, people devote most of

their time to sleeping, working and watching TV or DVDs with only 15 minutes (for males) or 20 minutes (for females) spent in the average day on voluntary work. A further difficulty for charities is that those people who do believe in the importance of duty are predominantly female with a very heavy bias towards those who are aged 65 and over. Environmental charities are seen as trendy and seem to buck this trend. They are often very successful in communicating their priorities to younger people.

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Dementia in the UK

According to the Dementia UK report, published by Alzheimer's Society in February 2007, Alzheimer's is one of several diseases that lead to dementia, accounting for 62% of known cases in the UK. 'Dementia' is used to describe a set of symptoms caused by physical and chemical changes in the brain that lead to a deterioration in and loss of memory, mental capacity, communication skills and the ability to carry out normal, everyday activities. It is most common in the elderly (see *Appendix 3, Table 7: Prevalence of dementia in the UK population, analysed by age and gender*), although occasionally affects the young. Early onset dementia (occurring before the age of 65) is relatively rare, and currently affects an estimated 15,000 people, although this data is harder to verify and is likely to be an underestimate.

One in six people over the age of 80 and one in 14 over the age of 65 has some form of dementia. It seems that many factors contribute to the onset of dementia, such as lifestyle, age, genetic disposition and general physical and mental health. It is progressive, that is, it becomes worse over time.

There are nearly 685,000 people in the UK with dementia. Approximately one third of these live in a care home (see *Appendix 3, Figure 1: Number of people in the UK with late onset dementia living in residential care and at home*). Two thirds of people living in care homes in the UK have dementia and only 60% of these get the specialised care that they need, as reported in Alzheimer's Society's *Home from home* report. Dementia in the UK is expected to double in the next 30 years, according to the Department of Health.

Bodies involved in the care of people with dementia, in addition to Alzheimer's Society, include:

The Department of Health

Adult Social Services

The Faculty of Old Age Psychiatry

Age Concern and Help the Aged¹.

The Dementia UK report estimates that by 2025 over 940,000 people in the UK will have dementia, rising to 1.75 million by 2051. Dementia costs the UK over £17 billion per year, or an average of around £25,500 per person. Over a third of this cost is typically borne by relatives and other unpaid carers (see *Appendix 3, Figure 2: Distribution of dementia service costs*).

The Dementia UK report concludes with a series of seven recommendations for policy makers, health care authorities and other bodies active in this area:

Make dementia a national priority: It is an issue of such significance socially and financially that it requires being the centre of attention for government and social agencies.

Increase funding for dementia research: Identifying the causes and possible treatments for dementia could slow down or even reverse the rising occurrence of dementia among the elderly.

¹ On 1 April 2009 Age Concern merged with Help the Aged to create four new national charities in England, Scotland, Wales and Northern Ireland dedicated to improving the lives of older people.

Improve dementia care skills: Specialist training and skills are required to provide effective support to people with dementia.

Develop community support: Dementia affects not only individuals but families and communities. Coming to terms with and supporting someone with dementia is a major undertaking, and so drawing community resources together to provide a networked and integrated infrastructure linking the various agencies together is the most beneficial use of them.

Guarantee carer support packages: The uncertainty of available care, the inequitable distribution across the country and the sizeable burden that inevitably affects the less well-off the most, require a different strategy that guarantees a minimum level of support regardless of postcode or personal circumstances.

Hold a national debate on who pays for care: Placing a greater burden on state health care has the benefit of guaranteeing access for everyone, but has to be paid for either by diverting resources away from something else, or by raising taxes or National Insurance contributions. Whichever of these options is adopted deserves to be debated with the public who, one way or another, will have to pay.

Develop comprehensive dementia care models: Dementia requires a complex and changing mix of approaches to tackle it, including education, lifestyle changes, community care, day centres, hospitals and medication. For effective coordination, it is necessary to develop a suitable integrated approach across the various departments and agencies.

The international perspective

Dementia is not unique to the UK. The incidence of dementia varies according to age of population. Therefore, it is of great interest to those studying dementia to examine the age profiles of populations. Italy has a proportionately much older population than other countries; by contrast, the US has one of the youngest (see *Appendix 4, Table 8: Ratio of the population aged 65 and older to population aged 15 to 64*). The incidence of dementia is likely to reflect similar profiles. As rates of dementia vary, so too do the costs associated with care and the split between the burden on tax payers versus private individuals (see *Appendix 4, Table 9: Public and private expenditure on long-term care as a percentage of GDP*). Despite its elderly population, Italy pays the least for long-term care of the elderly. Sweden pays the most, with a very high bias towards public expenditure.

Reflecting its desire to contribute on a global scale to the alleviation of suffering caused by dementia, Alzheimer's Society is one of 71 organisations that form Alzheimer's Disease International (ADI). This umbrella organisation joins organisations around the world with the aim of supporting them and raising awareness on a global scale. In some cases, ADI will help establish new associations in countries where there is an imperative for such a body to address the needs on a local basis. ADI has been responsible for launching a global Alzheimer's charter and coordinating a world Alzheimer's day each year on 21 September since 1994. It holds an annual conference on dementia. ADI also liaises directly with the World Health Organisation on matters relating to dementia, care, research, medication, etc.

ADI was founded in 1984. It is a non-profit-making organisation registered in the United States. Friends of ADI is a separate registered charity in the UK, with the sole aim of raising money for ADI. Its income (of around three quarters of a million US dollars per annum, according to ADI's 2007 Statement of Activities) is used to support dementia

charities around the world, run the annual conference and provide research and information. ADI does not fund care directly.

Alzheimer's Society

Alzheimer's Society was formed in 1979, originally as the Alzheimer's Disease Society, and changed to its present name in 1999. Its legal form is that of a charitable company limited by guarantee. As reported in the Society's 2008 Annual Report, it has nearly 25,000 members who have voting rights in the management of the organisation, as well as a minor financial liability should it suffer economic failure with outstanding debts.

According to the Annual Report, around 31,000 people (one third of whom have dementia and more than one half are carers) were receiving practical support from the Society each week during the year ended 31 March 2008. The Society delivers its services via a network of 230 branches in England, Wales and Northern Ireland as well as through regional offices, and provides 1,700 services, from information provision to day care support. In addition to paid staff, the Society also deploys about 5,000 volunteers.

Alzheimer's Society is managed by a board of trustees comprising 12 appointed individuals. The board is responsible for overall control and for reporting to both the members and the Charity Commission. It is supported by several key committees, namely:

the nominations committee, charged with filling vacancies on the board and ensuring that it maintains an appropriate balance of skills and experience

the remuneration committee, chiefly responsible for setting the pay of the Chief Executive Officer (CEO)

the audit committee, reporting to the board on risk management

the investments committee, overseeing the Society's various investments.

Alzheimer's Society has undergone a number of significant changes in recent years, including the creation of a services directorate to take control of branch management away from volunteer committees and to hand it to staff. Part of this process included the merger of several branches to make best use of available resources. A new brand image, vision, mission and values have also been devised.

To help promote its message, Alzheimer's Society has identified a team of supporters, including the Vice-Presidents, Patrons and a number of Ambassadors, among them several famous names and celebrities. The role of the supporters is to:

raise awareness

act as champions

apply influence

help raise funds.

The aim of Alzheimer's Society is 'to improve the lives of people with Alzheimer's disease and other dementias'. It has seven major strategic aims and its Annual Report for 2008 reflects its achievements against each of these. Its strategic objectives are:

to make it possible for people with dementia from every group and community to obtain the information and help they need in order to maintain the best quality of life

to ensure that every individual engaged in caring for a person with dementia is provided with effective support and the highest quality information, education and (where appropriate) training

to monitor the quality and availability of health, support and care services for people with dementia and report the findings publicly to bring about positive change – taking action to address gaps, demonstrate new approaches and extend the Society’s services throughout England, Wales and Northern Ireland

to advance recognition and acceptance of the rights of people with dementia and the people who care for them, by influencing the understanding and behaviour of opinion-formers and policy-makers and moving dementia to the top of the political agenda

to lead on the creation, analysis and management of a body of world-class knowledge about dementia and, as a full member of the global Alzheimer’s movement, promote effective information exchange nationally and internationally

to drive a serious research effort in relation to causes, prevention, treatment and care in dementia through securing long term strategic support

to achieve excellence in the Society’s governance, leadership, management and financing arrangements, anticipating and adapting to changes in its operating environment, in order to fully support its staff and volunteers as the Society works to deliver its strategic objectives.

In the year ended 31 March 2008, Alzheimer’s Society’s Dementia Helpline (part-funded by the Department of Health) celebrated its 10th birthday, dealing with more than 20,000 enquiries in a year. In the same year, its Talking Point online discussion forum celebrated five years. It has 6,500 members who between them have posted over 127,000 messages. Alzheimer’s Society also offers a training programme and examination for carers called *Tomorrow is Another Day* (previously known as *Yesterday, Today and Tomorrow*). 8,000 people took the examination in 2007.

Advertising and marketing in the charities sector

The total advertising spend by UK charities increased from £194.6 million in 2003 to £300.8 million in 2007, a rise of nearly 55% over the period (see *Appendix 5, Table 10: Total advertising spend by all UK charities*). As is common in a market dominated by a relatively small number of large providers, the top organisations dominate the spend on marketing, with the largest 15 charities spending over 30% of the total for the sector. Cancer Research UK, the largest charity in the UK, accounts for 4.5% on its own. However, the greatest proportion of the total spend is made by children’s charities, followed closely by health and animal charities. In 2006, children’s charities spent £51.8 million of the total £310.7 million spent by all charities. (see *Appendix 5, Table 11: Analysed media advertising spend by UK charities*).

A major focus of advertising over recent years has been the attempt to secure direct debit payments from donors, thus establishing a more stable and predictable income. Typically, such adverts on the internet, radio, TV and printed media will highlight what tangible difference a regular donation will make, making the donor appreciate the direct link between their contribution and the impact their money can have. For just so many pounds a month your contribution could provide clean water for a village, help feed a family, save a child’s sight, rescue a dog from maltreatment etc. Press advertising can be targeted by, for example, appealing to young people through music magazines.

Despite the rising trend in the use of TV and radio, direct mail remains the largest area of spend for most charities. Nearly 75% of all advertising spend by UK charities in 2006 was on direct mail (see *Appendix 5, Table 12: Media spend by charities by type*). It has proved to be the most economical way of engaging with large numbers of people,

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especially when built around specific campaigns, despite the fact that a third of such mailings are likely to be thrown away unopened.

Advertising is also used to encourage people to change their behaviour in certain ways. Action by members of the public may be urged to further the cause of the charity, by them becoming involved and giving up their time or skills, or as part of the charity's core objectives, by promoting the importance of eating healthily, giving up smoking, reporting abuse, wearing a safety belt, checking smoke alarms regularly, etc. Such adverts have increasingly made use of shock tactics by graphically illustrating the horrific effects of failure to act (lung cancer, heart disease, road accidents, child abuse, house fires, etc).

According to the National Council for Voluntary Organisations and Charities Aid Foundation Giving Report 2008, it is becoming harder for charities to recruit first time donors. The environment is becoming increasingly competitive and the prospect of an impending recession was already having an impact in 2007. According to the same report, the price of securing donations (from new or current donors) is increasing. Potentially, as the public becomes aware that more of the charity's money is being used in marketing to recruit donors, the less likely they are to want to donate, thus creating a downward cycle.

The use of an annual day or week by a charity or a cause is often successful. Christian Aid Week, Jeans for Genes Day and the biennial Red Nose Day, for example, are well known. Charities have identified the fact that October is a good month for donations. The public has largely paid off the expenses of summer holidays but has yet to start incurring costs for Christmas. This realisation has resulted in many charities using this same period for campaigns and collections, which in turn has reduced the impact. Breast Cancer Awareness, for example, takes place in October. The organisers of Jeans for Genes Day, also in October, have been trying new strategies to raise its profile, based upon the original theme of wearing jeans to increase awareness and encourage the public to make donations (see *Appendix 6: Charity marketing techniques lose their magic*).

Alzheimer's Society's marketing and communications

Alzheimer's Society spent £1.7 million in the year to 31 March 2008 on its own campaigning and awareness-raising initiatives, according to the Society's Annual Report 2008. Keeping dementia in the public's mind and ensuring that government is giving it sufficient attention are key to Alzheimer's Society's core aims. It has tried to be innovative and creative in its techniques so that the message remains fresh and alive. In 2007, Alzheimer's Society won the *PR Week* award for best campaign in the not-for-profit sector, recognition of its ability to get media coverage. This was for work Alzheimer's Society had done with the researchers of the popular UK television soap opera *Coronation Street* for the story concerning one of the leading characters' battle with Alzheimer's disease. This proved to be good news for the TV programme, scooping best soap storyline at the TV Quick and TV Choice Awards, but also led to Alzheimer's Society receiving an unprecedented number of calls from viewers seeking more information. It was also highly praised by the government for the effectiveness of its lobbying of Members of Parliament (see *Appendix 7: Tory MP applauds Alzheimer's body*).

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Alzheimer's Society has been undergoing a process of strategic review and development. It has set itself a new vision, mission and values, and in 2007 it began a substantial rebranding project. The Society also has a new logo. The new values are:

- passion
- quality
- integrity
- inclusion
- mutual respect.

Alzheimer's Society has a new strapline, which is 'Leading the fight against dementia'. This clear

and concise message succinctly captures the pro-active and ongoing work of the Society as being the foremost of a number of organisations in trying to halt and reverse the harmful effects of dementia.

Together with the development of its logo, Alzheimer's Society has also undertaken a major redevelopment of its website. Its new website has received 600,000 hits in the first six months. During 2007-08, Alzheimer's Society also re-launched what had been a 16-page monthly newsletter for members called *Share* and turned it into a 24-page magazine. In doing so it incorporated the quarterly newsletter *Living with Dementia*, which was specifically for people with dementia, whereas *Share* was read primarily by carers. The aim was to make the publication more inclusive as a single product. The Society also included *Quick Reads* of major articles, to help both people with dementia and busy carers to engage with the magazine's content.

Other recent initiatives of Alzheimer's Society that illustrate its campaigning and awareness-raising activities include:

publishing the *Dementia UK* report in February 2007

launching the *Putting Care Right* campaign in November 2007

producing a guide to finding a new care home, launched in 2008 by TV presenter Tony Robinson

organising and promoting an annual Memory Walk to raise funds

promoting an Alzheimer's Awareness Week in June and July, including the distribution of 25,000 information leaflets

publishing a series of books under the heading *Feelings Matter Most*. The first publication, *Being*, sold 1,000 copies in six months.

Research continues in a number of different areas supported by Alzheimer's Society. These include medical research into the causes and possible cures for Alzheimer's disease and other forms of dementia, including investigations into brain cell and bone marrow therapies.

Developing and testing new forms of drugs is on-going, as well as complementary therapies such as aromatherapy, but Alzheimer's Society is also interested in the social dimensions of the disease, such as the impact of a diagnosis of dementia on individuals and on their families.

Alzheimer's Society is very closely involved with advice and development of national strategies.

Most recently, it engaged with the Department of Health on its *National Dementia Strategy for England*, which was launched in February 2009. The strategy has three major themes:

improving public and professional awareness

ensuring early intervention and diagnosis

improving the quality of care for people with dementia and support for carers.

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The economics of charities

Charities registered in the UK are authorised to take advantage of Gift Aid. This entitles them to claim back the tax that donors have paid at source on their donations. Recent reductions in the lower rate of income tax have diminished the value of Gift Aid. In 2008/09, the basic rate of tax fell from 22% to 20%, resulting in a reduction in the amount that Gift Aid charities can claim, from 28p in every pound donated, to 25p. However, the government has pledged to offset this reduction with transitional relief, meaning that charities will continue to enjoy 28p in the pound until April 2011. Nevertheless, according to Mintel, it is estimated that the sector fails to take advantage of £700 million worth of potential tax relief in this way each year. This means that more can be done to raise awareness among donors about Gift Aid and the process needs to be made as simple as possible so that people are not easily deterred. A curious feature of Gift Aid is that higher tax rate earners can claim back the difference between the lower and higher tax rate

for themselves when they contribute to charity. Charities believe that they should benefit from this. This aspect is currently under review by the government.

Like organisations in other markets, charities are affected by economic downturns. When individuals and organisations have lower levels of disposable income, they are less inclined to make large donations to good causes. This only serves to create greater competition and a drive towards more innovation, collaboration, strategic partnerships and engagement with donors. The larger bodies will develop new products and services, new types of fund-raising events and original ways of generating PR. In fact, the principles of marketing in the charitable sector are very little different from those that operate in the private sector.

Channels to market

Despite the rise in direct debits, donations by cash and card/cheque remain the most common means of contributing to charities. While cash contributions between 2005/06 to 2007/08 fell by 13%, card/cheque contributions rose by 43%, reflecting a general shift in society away from the use of coins and notes (see *Appendix 8, Table 13: Methods used by people to give to charities*). The difficulty for charities is that these tend to be impulse payments in response to a campaign. The numbers of people donating by direct debit has grown by 18% between 2005/06 to 2007/08, and Cancer Research UK alone has one million donors making regular payments by this method. Direct debit donors are likely to make greater contributions in the longer term and take advantage of Gift Aid. Internet donations have grown rapidly but are still a very small percentage of the overall figures.

The proportion of income coming from legacies has fallen over recent years. In 2002, it was 37% of the total income. By 2006, legacies had fallen to 26% (see *Appendix 8, Table 14: Voluntary donations, grants and legacies received by the top 500 charities*), due to the increase in cash and direct debit donations rather than a fall in legacies. The position is projected to remain stable up to and including 2012 (see *Appendix 8, Table 15: Projected voluntary donations, grants and legacies received by the top 500 charities*).

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Profile of donors to charities

According to the Charities Aid Foundation report *UK Giving 2008*, it is estimated that donations from private individuals to charities represent 13.5% of the income for the sector, or £4.2 billion. If the amount that individuals contribute by buying goods at charity shops and participating at various fundraising events is taken into account, the figure is closer to 33%, or £9.7 billion.

The proportion of donors who have contributed to a charity in the last four weeks has remained steady over the last three years at around 56%. The average amount contributed by donors also remained reasonably constant over the previous three years at around £10 in a month.

Donors and those who express the view that duty is important tend to be from more affluent socio-economic classes (ABC1), as well as being of retirement age. They have both the time and the means to make contributions and to become involved. Women are more likely to get involved than men, especially when they have no family.

While it is important for charities to broaden their appeal to other segments of the population, it is fortuitous that demographic changes will ensure that there are one million more people over 65 years of age in 2012 than there were in 2007, as reported by Mintel. Also, as the baby boomer generation (those born in the 1940s and 1950s, representing an affluent bulge in demographics) gets older and dies, the amounts bequeathed in wills to charities is also set to rise, increasing fourfold between 2010 and 2050. However, this trend is undermined by other economic pressures. With property prices remaining high, parents are more inclined to bequeath money to their children to help them get a foot on the property ladder. Furthermore, the erosion of pension values and greater expenditure on personal healthcare in old age also make it more likely that the older

generation will spend rather than leave money in their wills.

Financial performance of Alzheimer's Society

Alzheimer's Society prepares annual accounts to 31 March, which are submitted to the Charity Commission and made public. From 2004 to 2008, it enjoyed steady growth in income, from £30 million to £45.5 million, which is growth of more than 50% for the period, and 10% growth between 2007 and 2008, from £41.4 million to £45.5 million. It routinely spends the majority of its income, with expenditure varying between 93% (2004, 2005) and 97% (2006) of income. In the year ended 31 March 2007, expenditure exceeded income as the Society used some of its reserves to fund its activities (see *Appendix 9, Table 16: Alzheimer's Society financial summary 2004-2008*).

£2 million was raised in the 12 months to 31 March 2008 through events involving 3,500 people, while over 120,000 people made individual donations, an increase of 3% on the previous year.

The two major sources of income for Alzheimer's Society are the items: subscriptions, donations and fundraising, and grants and contracts.

These are approximately equal contributors to earnings, each of around one third of the total (see *Appendix 9, Table 17: Alzheimer's Society consolidated statement of financial activities for the year ended 31 March 2008*).

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Legacies also make up a significant contribution to income. In the financial year ended 31 March 2008, legacy income made up over 38% of voluntary income (that is, around £8 million, or 18% of total earnings). However, the Alzheimer's Society expect future legacies to be hit by the falling value of house prices and the gradual impact of equity release.

Other smaller amounts are derived from sales, trading and investments. (For analysis of income see *Appendix 9, Table 18: Income analysis for Alzheimer's Society for the year ended 31 March 2008*.)

Grants and contracts come from a number of different sources. The single largest of these is the Department of Health, providing £396,000 in 2007-08 (compared with £61,000 the year before). The Henry Smith Charity donated £276,000 in 2007-08 and a number of other charities (including Comic Relief) and foundations funded by business (such as the Northern Rock Foundation) also provided additional income (see *Appendix 9, Table 19: Alzheimer's Society analysis of grants and contracts income for years ended 31 March 2007 and 2008*). Four North Yorkshire branches joined together to secure a £461,000 grant from the Big Lottery Reaching Communities fund in year ended 31 March 2008 (Note: this is not reflected in the analysed table included in the appendix).

Alzheimer's Society spent £43.5 million in financial year up to 31 March 2008. 78% of this goes to fund care services. 13% is spent on fundraising. Approximately equal amounts (4% each) are spent on campaigning and awareness raising, and research. Less than 1% of the total spend goes to pay salaries under the heading of governance (see *Appendix 9, Table 20: Expenditure analysis for Alzheimer's Society for the year ended 31 March 2008*). Analysis of the indirect costs show how support costs are broken down into IT, premises, human resources, finance and corporate services, and branch administration (see *Appendix 9, Table 21: Alzheimer's Society analysis of indirect costs for the years ended 31 March 2007 and 2008*).

The balance sheet for Alzheimer's Society shows an increase in the net worth of the organisation from £22.9 million to £24.7 million in year ended 31 March 2008, amounting to net growth of 8%. This has been achieved most notably by an increase in the value of fixed assets and investments. There has also been an increase in both current assets and current liabilities (see

Appendix 9, Table 22: Alzheimer's Society consolidated group balance sheet as at 31 March 2008).

Social marketing and charities

The marketing of a charity brand in a bid to raise awareness and collect donations may be classified as ordinary marketing. However, when the focus is on changing attitudes and behaviour, of promoting a social good, then this moves the activity into *social marketing*. Over the last thirty years, communications for charities and other not-for-profit organisations have evolved from a very simplistic approach to much more advanced forms of marketing that emulate the techniques adopted by the profit-oriented sectors. Instead of selling products and services, social marketing is more interested in 'selling' ideas, social attitudes and behaviours. In essence, the change has been to move away from a message-driven approach to one that, like ordinary marketing, takes into account the needs, interests and characteristics of the target audience. Naturally, this requires a much better understanding of the audience and individual psychology, based on research and market intelligence. In social marketing it is still appropriate to talk about a marketing mix, where the product is the organisation's key message. The price might include donations or other monetary payments to bring about the desired

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change or state of affairs, but may also require changes of behaviour, or lifestyle, or the contribution of time and other resources.

Significant moral dilemmas arise in social marketing. As the aim is to change people – the way they think, how they behave, how they respond to others, the likelihood of their donating to a good cause – it needs to be done responsibly. Charities often focus on emotive issues and it would be questionable if in their advertising they were seen to be exploiting people's grief or fears. And yet there is a thin line between making a personal connection with an individual and exploiting their feelings. As a result, the Institute of Fundraising has introduced a code of practice designed to ensure that charities do not exploit people's feelings when seeking donations.

Social marketing may also be about behaviour or a state of affairs that contains elements of illegality – drug taking, child abuse, domestic violence – and charities must treat these sensitively when putting their views across. Social marketing may have significant consequences for the target audience and those affected by their behaviour, and this impact should be taken into account.

Alzheimer's Society engages in social marketing in a small way, but hopes to do more as a result of the National Dementia Strategy for England implementation plans. To this there are two main strands:

reducing the stigma/discrimination experienced by people with dementia by increasing not only awareness, but also understanding and knowledge (attitudinal and behavioural change), and

risk reduction – it is possible to reduce your risk of developing dementia by behavioural change such as stopping smoking, exercising more, eating a healthy diet rich in fruit and vegetables and reducing meat and dairy consumption.

Alzheimer's Society's social agenda – fair and equitable access to treatment

Alzheimer's Society and two pharmaceutical companies, Eisai and Pfizer, recently campaigned against a controversial decision taken by the National Institute of Clinical Excellence (NICE) to restrict the use of their drugs to people with middle-stage dementia only.

The National Institute for Health and Clinical Excellence (NICE) was established in 1999 to provide guidance to the UK's National Health Service (NHS) on the most effective ways of spending its resources. In particular, it advises which drugs and treatments should be made

available as part of state-funded healthcare. NICE is charged with carrying out a review of new remedies and making recommendations to the NHS based on their cost and effectiveness. NHS funds are limited, although demands by the public for the very best and the most expensive treatment have almost no limits.

Aricept is the brand name for donepezil, a drug designed to tackle the symptoms of Alzheimer's disease. It has been found to slow the progression of the symptoms as well as improve some aspects of cognition important for memory. Crucially, it has been found to be effective for sufferers at all stages of Alzheimer's disease (see *Appendix 10, Article 1: Drug 'treats severe Alzheimer's'*).

When it came to review Aricept (and similar drugs such as Reminyl and Exelon), NICE judged that the improvements to patients' health found in only some patients (somewhere between 15 to 50% of cases) did not justify the cost except in the instance of very moderate symptoms, ensuring that the drug would only be widely available to

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private health patients. In 2005, Eisai and Pfizer, the principal drugs companies involved in the production and sale of Aricept, with the support of Alzheimer's Society, appealed against this decision, giving rise to the first legal challenge to NICE's authority. In 2007, they were granted the right to take their case to the High Court for a judicial review. (see *Appendix 10, Article 2: Alzheimer's drug battle reaches High Court and Appendix 10, Article 3: Decision due on Alzheimer's drugs*).

The cost of the drug is £2.50 per day per patient (€3.68 or \$4.90). NICE disputed the potential cost savings estimated by Alzheimer's Society at £1,500 per patient by delaying or preventing the advance of symptoms, a figure that NICE put at closer to £520 per week. The argument brought against NICE was that its judgement had been unfair, irrational and discriminatory, even though in 2006 NICE had relaxed its earlier decision so that Aricept would be available to those in more advanced conditions.

Opening the four-day case, David Pannick QC, representing Eisai, licenced holder of the drug Aricept, said Alzheimer's was an appalling disease which was wrecking lives. Yet there were drugs which could 'buy time and quality of life' for sufferers with mild symptoms. He said the decision process used by NICE was flawed and did not take into account the benefits that the drugs might bring to carers.

'There can be no doubt that one cannot over-emphasise the distress and damage caused to patients and to their families by a disease which progressively destroys the personality of the human being, ruins memory, comprehension, communication skills, mobility and the ability to perform simple tasks, until the person that was, sadly, is no more,' Mr Pannick said.

'The inevitable consequence of removing funding for those with mild Alzheimer's Disease is that the opportunity is lost for delaying the onward march of this appalling disease and maintaining a relatively good way of life for patients as long as possible.'

The Times reported that, in bringing the case, Eisai and Pfizer, which markets the drugs, said they have not been provided with the full version of the economic model used by NICE to evaluate both the clinical and cost effectiveness of the drugs. The legal action was backed by Alzheimer's Society, which represents 630,000 people with the disease and their carers.

The Times also stated that Alzheimer's Society had claimed that NICE had totally ignored the proven benefits of the drugs for carers of those with mild symptoms, and grossly underestimated the savings they bring to the state by enabling sufferers to remain in their own homes for a longer period of time. It accused NICE of implying carers are far better off when the condition of their sick relative deteriorates to the extent that they have to move into a residential home.

In May 2008, the High Court ruled that NICE would have to reveal the basis for its decision (see *Appendix 10, Article 4: Drug companies win Alzheimer's appeal against watchdog*). This would mean sharing the models and calculations for all of its judgements on drugs and treatments in order to allow others to make a full and independent appraisal, with the possibility of launching a challenge. The most controversial aspect of the assessments made by NICE is that a new treatment must cost less than £30,000 per year, in exchange for which the patient is expected to gain another full year of life of a reasonable quality. In other words, it is trying to put a value on life and deciding who should be entitled to it.

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With the full details for its decision-making process now in the hands of Eisai, Pfizer and Alzheimer's Society, the way is clear for a full appeal to be made if fault can be found with NICE's findings. It will be necessary to measure the medical benefits to different kinds of patients, the costs involved for treatment and the costs of failure to treat in terms of additional care required. This is expected to reach the High Court again in the near future.

Neil Hunt, Chief Executive, Alzheimer's Society stated:

'Alzheimer's Society has long campaigned for the thousands of people in the early stages of dementia to be given access to the effective treatments that they are currently denied because of cost. It is completely unacceptable to deny people with dementia the only treatments that could improve quality of life for them and their carers. 'We are extremely disappointed to see that the NICE guidance is essentially unchanged, despite what we feel are fundamental flaws in the economic model they have used to inform their recommendations. The glimmer of hope is that NICE has finally committed to a full review to address these concerns, as soon as possible. This will be little consolation for the thousands of people who will develop Alzheimer's disease this year but provides hope for the future that this incomprehensible decision will be changed. 'We look forward to working with NICE to ensure the problems with the current economic model are overcome and people with dementia are given a fair deal.'

If Alzheimer's Society, together with the drugs companies, is successful in getting Aricept and other treatments available to all sufferers on the NHS, this will add to the costs borne by the public health system. It is likely that there will be net gains in the costs of care elsewhere in the system, but there are implications for funding and a potential knock-on for treatment of other conditions.

The regulation of charities

The Charity Commission exists to regulate charities in England and Wales and ensure accountability for funds and activities. This is important since, according to Mintel, more than 50% of donors are unsatisfied at the amount of their money that goes to the primary cause. 25% would be prepared to donate more if they felt a greater proportion of it would make a direct contribution to the intended benefit. In 2004, its own website, www.charity-commission.gov.uk, provided over 20 million visitors with advice and guidance, news, information and access to registered details and financial returns of charities.

The vision of the Charity Commission is 'charity working at the heart of society' and its mission as the independent regulator for charitable activity is broken down under four headings:

- enabling charities to maximise their impact
- ensuring compliance with legal obligations
- encouraging innovation and effectiveness
- championing the public interest in charity.

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It achieves these objectives by:

reviewing and updating its services on a continual basis to maximise the benefit the Commission can provide to charities in helping them to achieve their aims
striking an appropriate balance in terms of proportionate regulation that is not overly intrusive and obstructive, and yet provide sufficient safeguards to the public interest
providing assistance to charities to enable them to meet their legal obligations
disseminating information and sharing knowledge across the sector
providing support and guidance to trustees so that they can deliver an effective role in governance
raising public awareness of the work of charities and engaging their support.

The effectiveness of charities

The Charity Commission for England and Wales has produced guidance for charities, based on its own research into what makes such organisations effective. It has been designed to help charities provide the best possible service for their beneficiaries. As well as providing clear information on legal requirements, the document also offers advice on governance, planning and performance. While much of the advice could also be applied to non-charitable organisations, there is a particular need to ensure that the focus on doing public good does not prevent charities from being effective, business-like organisations.

The document details six key areas as being the hallmarks of an effective charity:

Purpose and direction: effective charities have been found to be those with a clearly stated mission and objectives. In fact, it is a legal requirement that these are specified in their governing document. However, the Commission's guidance recommends regular review and a comprehensive look by a charity at all of its activities in the context of its core mission. It also encourages charities to consider future sustainability as part of their mission to facilitate survival in the long-term.

Strong board: charities are legally required to have a board of trustees and should identify the right mix of skills needed to ensure the most effective governance of activity. Size of the board is a critical factor; too small and it may lack some of the necessary expertise and insight, too large and it may become unwieldy and unable to make decisions. The board must oversee its committees and executive functions and ensure they have clearly defined delegated authority.

Fitness for purpose: the structure, management, policies, procedures and communication need to follow from and support the charity's central purpose. As such, all elements of the organisation need to be kept under regular review, together with systematic risk management. Charities are likely to have complexities of structure that include a mix of employed staff and volunteers. Diversity and equality of opportunity should be given high priority. The consideration of potential mergers and partnerships is also recommended in the interests of efficiency gains.

Learning and improving: charities need to focus on their own performance and seek ways to be more efficient and effective. It is important to be able to set targets, monitor progress and measure the degree of success in order to be able to identify opportunities (and targets) for improvement. Learning is partly about

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the development of individuals but it is also a question of the organisation as a whole being reflective and responsive to circumstances. Changes in the internal and external environment

require consideration and possibly some kind of adaptation. Charities are also in the position of being able to influence the external environment, especially in terms of public behaviour, government policy and legislation.

Financial solvency: to be successful and to deliver their mission, charities need to be able to match their performance targets with financial resources. They are legally required to produce an annual report and accounts. Policies on appropriate controls over spending, borrowing and investment are also highly recommended. Strategies for detecting fraud and money laundering are very important. Good financial planning and management should be integrated into other review and operational cycles, to ensure cashflow matches the needs of the organisation. Charities should take care that they are not risking their reputation by using suppliers with poor ethical practices.

Accountability and transparency: the public, especially the donors, expect charities to be open and honest about their activities. Compliance with Statements of Recommended Practice (SORP) is a legal requirement. Through its reporting and disclosures a charity should make clear the extent to which it is achieving its aims, as well as areas where it has fallen short of targets. The planning of communications is very significant in demonstrating that the charity is open and honest in its dealings. Stakeholders and the media will expect to receive regular and timely updates on activity.

Marketing metrics for the charitable sector

Relationship marketing has traditionally formed the basis for much of marketing in the charitable sector. However, despite this and owing to the high degree of competition, it is very important for charities to gauge the operational effectiveness of their promotional activity. Donors and potential donors will want to be sure that funds are being used wisely and that marketing strategies are assessed for their effectiveness.

Charities need marketing in order to promote their message and, in most cases, to secure an income from the sale of goods and services or from donations. However, charitable organisations, perhaps more than their private sector counterparts, need to be held to account for their expenditure on communications, PR and advertising. There is a tendency amongst the public, and even on the governing bodies of charities (as reported in the *Journal of Marketing Management*), to feel that it is inappropriate for them to be seen to be spending their hard-earned resources on something as frivolous as marketing. That is not what the funds are for, it is argued. Donors may be dissuaded if they feel too much has been spent in this way, although this is paradoxical since their contributions are likely to have been made in response to some form of communications. This gives rise to the need for appropriate metrics that can be used to measure the effectiveness of marketing as a decision-making tool for future expenditure. Like all metrics they should conform to the requirements of being 'precise, necessary, consistent and sufficient'. They should form a natural part of operations rather than be a significant additional burden. Metrics usually develop with the managers' understanding of what the organisation wants and in response to the changes in the internal and external environment.

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The use of metrics offers many advantages to organisations, including improvements to management, coordination, planning, monitoring, compliance, efficiency, effectiveness and accountability. If the marketing manager knows what kinds of activity lead to an increase in donations, these can be repeated while less successful attempts are not. Some organisations are disinclined to employ metrics on the basis that they can be time-consuming and expensive, focusing too much on historical performance, while stifling flexibility and innovation, and generally

acting as a distraction from more important matters. Where metrics are used, care must be taken to ensure that they reveal what is important and can be used to aid decision-making and management. Qualitative indicators are often very important but may be harder to measure, and so a balance of different kinds of metrics is often required.

A number of metrics are typically employed by charities and mirror the traditional metrics in commercial sectors. These include:

- market share
- donor retention
- lifetime value of donors
- image, reputation and brand equity
- donor perceptions of effectiveness
- conversion costs.

Research shows that virtually all charities use income per donor, number of new donors and advertising expenditure relative to donations as metrics (see *Appendix 11, Table 23: The top ten most commonly used marketing metrics by charities*). Other common metrics used include the frequency of donations, donor acquisition costs and marketing spend per donor.

In the same study in the *Journal of Marketing Management*, the key determinants that influence the use made by a charity of marketing metrics are given as follows:

- demands for accountability
- mission rigidity
- market orientation
- resource slack
- centralisation of control
- extent and formality of planning systems
- employment of academically well-qualified marketing staff
- size and age of the organisation
- competitive intensity
- environmental volatility
- past investments in marketing.

Future for the charities market

It is difficult to predict exactly what impact the economic recession is likely to have on charities, although it seems reasonable to suppose that there will be a decline in income for the sector. There is evidence to suggest that previously successful annual events have been amongst the first victims, with unsold places at gala dinners and similar events causing full-scale cancellations. Based on a recent Charity Commission research report of over 1,000 charities (The Charity Commission 'Economic Survey of Charities' March 2009), more than half (52%) reported that they had already been affected by the economic downturn, and one quarter (25%) had been affected significantly or very significantly. Principally this has been manifested as a fall in income, impacting on investment income as well as donations. Interestingly one fifth of the charities included

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in the research (20%) reported that there had also been an increase in the demand for their services, and of these, one fifth (21%) were having difficulties meeting the extra demand.

To address the difficulties experienced or anticipated, one third of the charities in the survey (32%) had put strategies in place, including:

- increasing fundraising (11%)

recruiting volunteers (7%)
drawing on reserves (6%)
seeking new sources of income (for example, trading) (5%), and
selling assets (1%).

Some of the charities had also tried to cut costs on printing, stationery, utilities and staffing. Some had explored the opportunities for working in consortium arrangements with other bodies or undergoing a merger.

However, despite difficulties surrounding the short-term prospects for charities, longer term it is projected that there will be a further 46% growth in voluntary donations to UK charities from 2007-12, to reach a total value of £7.3 billion. Competition is likely to lead to more mergers, partnerships and joint ventures. As donors become more sophisticated and discerning, there is likely to be greater demands for accountability and feedback.

Innovation and change will continue to be key drivers, both through the use of technology and in the range of methods used to attract attention. This may include the growing use of shock tactics and the linking of charitable causes with other mainstream interests, such as TV, cinema, computer games and celebrity culture.

Alzheimer's Society future plans

In its Annual Report 2008 Alzheimer's Society sets out some of its major plans for year ahead. Alzheimer's Society is committed to making help and information available to those with dementia. To ensure the services provided are well coordinated, the Society is developing a comprehensive services strategy. This should ensure that the right kinds of services are targeted in the areas of greatest need. Coupled to this, it is developing systems to measure the impact that services have, so that it can monitor and refocus support as required. It is also creating new training programmes for staff and volunteers, to raise their awareness and understanding of service standards. Work continues on improving the accessibility of information and guidance to as wide an audience as possible in different media across all groups and communities.

Developments for 2008/09 continue to include a focus on the training and development needs of carers. Alzheimer's Society is seeking to produce an accredited training programme for staff in health and social care services. Learning will be distributed electronically via DVD and online, as well as through more traditional face-to-face options.

Campaigning and awareness-raising are high priorities through various initiatives and reports, such as *Dementia UK*, published during 2007-08. The society is committed to continuing its struggle against NICE in order to widen the access of people with dementia to drugs such as Aricept. Work in support of government and other projects is very important, especially where it has a direct impact on policy and practice. The

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National Dementia Strategy for England, for example, was a target development for 2008/09, to enable the Society to offer its expertise and insight. It was launched in February 2009. Other campaigns, such as one under the caption 'Worried about your memory?' are set to be rolled out. In addition to raising awareness about dementia, Alzheimer's Society needs to keep raising awareness about its services, and this it plans to sustain as part of its activities.

Contribution to the world's body of knowledge about dementia, whether directly by undertaking or funding research or through the dissemination of information, is another core aim. The developments in Alzheimer's Society's website have been designed to facilitate easy access to data and knowledge. The Society has a target of 1.5 million web visitors for 2008/09, with a more specific aim of 20,000 hits on its knowledge centre. It also feels the need to carry out an audit of

the knowledge it already has, so that it can devise strategies for ensuring the best possible access. Alzheimer's Society remains a high profile advocate of cutting edge research in all its aspects – causes, preventative measures, possible cures and the implications for care. As well as supporting research, Alzheimer's Society has an ambition to be able to lead and manage large research projects directly.

To improve its corporate governance capabilities, Alzheimer's Society plans to re-introduce its own internal audit function rather than relying on an outsourced function. This should increase its ability to quantify risks, implement and monitor effective internal controls and ensure compliance with appropriate legal and regulatory requirements. Related strategies on data protection and business continuity are also due for review.

Fundraising activities are set to be expanded to include trading and franchising branded products. The Society is also exploring opportunities for licensing and patenting products as further contributors to income.

The future for Alzheimer's and dementia seems to be an inevitable increase in the number of sufferers as the population of the UK and many other countries continues to age. Better diets and healthcare and reduced rates of childbirth lead to aging populations, the segment most vulnerable to dementia. For many it is one of the greatest challenges facing society in the twenty-first century. In terms of funding for research, it is not given the same profile as cancer and some have called for a trebling of funds in order that dementia research may keep pace (see *Appendix 12, Article 5: Dementia research must treble to prevent 'unmitigated disaster', claim scientists*). There is a clear financial imperative too. The cost of caring for people with dementia in the UK is predicted to rise dramatically over the next two decades. Despite the scale of the problem the government spends just 13% of the amount it spends on cancer research. The situation is better in France and Germany.

The prospects for research are promising, especially with regard to the potential of stem cells and genetics. It seems that scientists are closer to effective treatment than ever before. Eleven drugs are going through trials and another 80 are in the pipeline. However, these may work to slow or halt the symptoms but they are not a cure. The success of these drugs is enormously important, to minimise the impact of dementia in an ageing population (see *Appendix 12, Article 6: Disaster looms unless new Alzheimer's drugs work, scientists warn*).

Alzheimer's charities continue to recruit famous names to help raise awareness. Jim Broadbent the actor, for example, is one of those enlisted to urge ministers to put more resources into dementia research (see *Appendix 12, Article 7: Jim Broadbent urges ministers for more funding for Alzheimer's research*). Broadbent knows from the personal experience of caring for his mother with dementia how important it is for the

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stigma attached to the disease to be overcome. For the Alzheimer's charities he is an appropriate choice as he won an Oscar for his film portrayal of the husband of the novelist, Iris Murdoch who suffered dementia. Prince Charles is another great advocate (see *Appendix 12, Article 8: Prince Charles warns of catastrophe caused by increase in Alzheimer's*), aiming to use his influence to encourage ministers to agree to greater spending on dementia research.

The push by Alzheimer's Society to ensure dementia has greater profile in the media and amongst policy makers appears to be working, but the work goes on. A new report published in September 2009 by Nuffield Council of Bioethics highlights the dilemmas faced by carers of people living with dementia as they try balance issues of privacy with concerns for personal safety. The Chief Executive of Alzheimer's Society has used this report as another opportunity to call for greater funding and support and continued research in this area (see *Appendix 12, Article 9: Expert dementia support 'crucial'*).

Summary

In many respects the charities sector operates like the private sector, with a high degree of competition for the limited spending power of individuals and businesses. Certainly marketing departments in successful charitable organisations operate along business lines in planning, budgeting, monitoring and performance management. Charities must have a clear mission as part of the requirements for regulation.

However, charities of course have a mission that is about promotion of a social good, alleviating suffering, saving the planet and creating a better world for us to live in. Such ideals can be at odds with business objectives. Certainly there is evidence that boards of trustees feel ambivalent about employing high profile and expensive marketing campaigns. It feels too frivolous or extravagant compared with the greater social good for which they strive.

It seems clear that as the economic downturn deepens many charities will find it difficult. Incomes will be depleted and it will be necessary to cut back on expenditure, to borrow more heavily or to dig into reserves if available. Collaborative partnerships and mergers for some, possibly bankruptcy for others, seem likely. Longer term the prospects – at least for the largest charities – look extremely good. Individuals and organisations are motivated to give of their time and money to charities they admire. Maintaining a good reputation is essential to sustain that position.

Alzheimer's Society, as a middle order charity, is amongst those where there is greatest competition for attention without the huge spending power of, say, Cancer Research UK or Oxfam. Nevertheless, it has been extremely effective in recent years in raising awareness and putting dementia onto the political and social agenda. High profile – although not necessarily high cost – campaigns have been very successful. Although the battle with NICE is not over, the Society has won an important initial victory, paving the way for a full hearing. Research has produced many promising results. The real hurdle Alzheimer's Society faces – together with the other charitable bodies working in the same field – is a disparity in the funding and importance attached to dementia compared with cancer, despite the serious problems it poses.