

Criticism Of Red Campaign

Bottom Line for (Red)
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By Ron Nixon

KIGALI, Rwanda--A year ago, staff members at the Treatment and Research AIDS Center could barely cope. Patients, unable to find care elsewhere, flowed in from every corner of the country. And if one of them was fortunate enough to find a bed here, she often had to share it.

Today, a dozen patients, mostly women, sit in neat waiting rooms, laughing and talking as children play around them. Doctors greet one another as they make their rounds, and take all the time they need to explain the complicated schedule H.I.V. drugs require.

According to the center's managing director, Dr. Anita Asiimwe, doctors spend less time on crises and more time researching how to slow H.I.V. transmission in this tiny African nation, still recovering from a genocide in 1994.

Dr. Asiimwe thanks an unlikely benefactor for all these improvements: the American shopper. Just over a year ago, the rock star Bono started Red, a campaign that combined consumerism and altruism. Since then, consumers have generated more than \$22 million to fight H.I.V. and AIDS in Rwanda by buying iPods, T-shirts, watches, cologne and most recently — as anyone who watched the Super Bowl knows — laptops, with all of them branded “(Product)RED.”

According to Rwandan officials, Red contributions have built 33 testing and treatment centers, supplied medicine for more than 6,000 women to keep them from transmitting H.I.V. to their babies, and financed counseling and testing for thousands more patients.

Yet detractors say Red has fallen short. They criticize a lack of transparency at the company and its partners over how much they make from Red products, and whether they spend more money on Africa or advertising.

“Look at all the promotions they’ve put out,” said Inger L. Stole, a communications professor at the University of Illinois. “The ads seem to be more about promoting the companies and how good they are than the issue of AIDS.”

In the Super Bowl ad Sunday, which promoted Dell's recent Red debut, a man buys a Red laptop and finds himself cheered in the street by strangers and kissed

by a beautiful woman. At the end of the commercial, three screens flash in rapid succession: “Buy Dell. Join (RED). Save Lives.”

In its March 2007 issue, Advertising Age magazine reported that Red companies had collectively spent as much as \$100 million in advertising and raised only \$18 million. Officials of the campaign said then that the companies had spent \$50 million on advertising and that the amount raised was \$25 million. Advertising Age stood by its article.

The Red campaign itself does not advertise, said Susan Smith Ellis, the chief executive. Instead, companies pay Red a licensing fee to label one or more of their products “(RED).” Then, they pay a portion of sales from those products to the Global Fund, a public-private charity set up six years ago to fight AIDS, malaria and tuberculosis in Africa. The fund sends the money to three countries — Rwanda, Ghana and Swaziland — to help women and children infected with H.I.V. and to educate those who are uninfected in how to stay that way.

The percentage of profit that goes to the fund depends on the item and the company. For instance, 1 percent of all spending on American Express’s Red cards goes to the fund, as do 50 percent of net profits from the sale of Gap Red items and \$8.50 from each sale of a Motorola Red Motorazr.

In return, the companies can market themselves as socially conscious and, ideally, increase sales. (Neither Red nor the companies would disclose revenue or total contributions by company or product.)

According to a 2006 poll by Cone Inc., a marketing agency in Boston, 89 percent of Americans between 13 and 25 would switch from one brand to another associated with a “good cause,” if products and prices were comparable.

Over all, more than \$59 million has been contributed by Red and its corporate partners to the Global Fund. Red-financed projects have helped put more than 30,000 people on antiretroviral treatment and provided more than 300,000 H.I.V.-positive pregnant women with counseling and treatment, according to data from Red and the fund.

Red and its donors have contributed nearly all the corporate money that has gone to the fund, which had \$2.4 billion in 2007. This made Red the 15th-largest donor — more than Russia has given so far, and more than China, Saudi Arabia and Switzerland have pledged.

Officials at Gap and Hallmark Cards say the two companies financed African H.I.V. programs even before joining Red.

All told, Red’s contributions make up less than 2 percent of the Global Fund’s total. And the money from Red does not increase funding for the Global Fund programs it is directed to; instead, it allows the fund to shift money to other programs. Red’s contributions also do not necessarily go to the countries hardest hit by H.I.V. and AIDS; they go only to programs with proven success records.

Christoph Benn, an official at the Global Fund, said Red contributions allowed the fund to divert money to programs in 136 other countries and to increase its visibility.

Marketing centered on social causes is not new. American Express began the first “cause marketing” campaign in 1983, for the Statue of Liberty restoration project. Donating a penny to the project for every cardholder purchase, the company raised \$1.7 million. American Express card use increased 27 percent, and card applications rose 45 percent.

Other companies were quick to follow suit. But Red has taken the merger of marketing and philanthropy to new levels, becoming one of the largest consumer-based income-generating initiatives by the private sector for an international humanitarian cause.

The Red co-founder Bobby Shriver, a nephew of John F. Kennedy, said Red was an extension of his efforts to address financial and health problems in Africa. Bono and Mr. Shriver also founded Debt AIDS Trade Africa, known as DATA, an organization that lobbies for debt relief as well as AIDS funds.

When the two men decided to tackle H.I.V. and AIDS and the dearth of access to antiretroviral drugs, they wanted to take a different approach to raising funds. “I hate begging for money,” Mr. Shriver said. “In most cases when you go and ask for a corporate donation, they’ll cut you a check and that’s it. We wanted something that was more sustainable.”

But that argument has not impressed some activists and bloggers, who say the primary beneficiaries of cause-marketing campaigns are businesses.

Ben Davis of San Francisco, who created a Red parody online that says “Buy(Less),” is encouraging consumers to give more directly to nonprofits that support AIDS programs in Africa. “I just think that increased consumption in America can’t be the only way to solve Africa’s problem,” Mr. Davis said.

Mark H. Rosenman, a professor of public service at Union Institute and University in Cincinnati, noted a more basic objection to Red and cause marketing.

“There is a broadening concern that business marketing is taking on the patina of philanthropy and crowding out philanthropic activity and even substituting for it,” he said.

Indeed, according to a survey by the Conference Board, a business research organization, business leaders are increasingly aligning their giving with business needs. In a 2007 survey of companies, 77 percent said that this was the most critical factor affecting their giving.

Brook K. Baker, a Northeastern University professor and chairman of Health GAP, a network of nonprofit groups seeking greater H.I.V. and AIDS funding, says that is the problem. “Do we really want something as important as H.I.V.-AIDS to be funded by holiday shoppers?” he asked.

In an interview in Rwanda, Tamsin Smith, president of Red, said such criticism missed the point. “We’re not encouraging people to buy more, but if they’re going to buy a pair of Armani sunglasses, we’re trying to get a cut of that for a good cause,” she said.

Ms. Smith, who formerly led Gap’s government affairs department, also takes issue with those who criticize Red advertising.

“Red is not a charity; it’s a business,” she said. At the Treatment and Research AIDS Center in Kigali, Dr. Asimwe said that whatever the motivations of the Red companies, the spillover of American spending has made a real difference.

“When I was going to medical school a few years back, we would see patients and send them home knowing they were going to die without medication,” she said. “I don’t feel that way now. The money we get from Red through the Global Fund is helping to save lives. That’s the important thing.”
