



Cause-Related Marketing Applied to Support Education in Tanzania: The Case of TCHIBO

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Learning Objectives

The case is structured to achieve the following objectives:

1. To understand some of the peculiarities in Tanzania's school education compared to more developed countries such as Germany and other countries
2. To understand the contribution a fast-moving consumer good company such as *Tchibo* can make to support the families in Africa and to improve the educational conditions for their children
3. To be able to identify relevant success factors for cause-related marketing campaigns (CRM) in general
4. To understand the different added values of CRM campaigns for the various stakeholders involved

12.1 Introduction

12.1.1 Give and Take: Coffee from Tanzania, Educational Support for Tanzania

In Germany, a day usually starts with a good cup of coffee for breakfast. This coffee is made from either Arabica or Robusta coffee beans. Arabica is considered to be the noblest bean. That is why almost all top coffees are made of pure Arabica coffee beans.

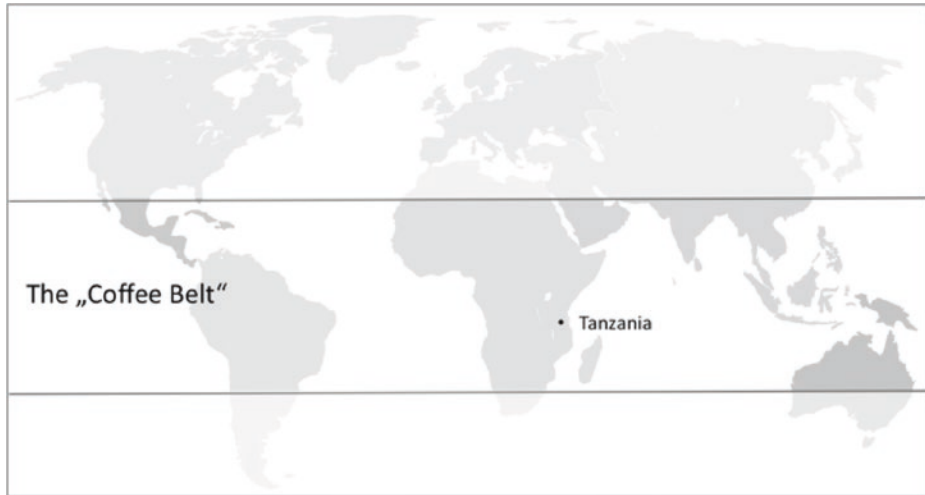
The main growing areas of Arabica coffee are between the 23rd degree north and 25th degree south latitude of the equator. Arabica is mainly grown in the highlands, ideally over 1,000 meters in altitude. As a result, the Arabica coffee beans grow more slowly than the Robusta coffee beans. Slow growth has a positive effect on the strength and aroma of coffee beans. The typical maturation period is about 9–11 months.

Tanzania is located in Eastern Africa in the so-called coffee belt (■ Fig. 12.1) – that is, the area around the equator where coffee grows. The Mbeya region is in the southwest of Tanzania at an altitude of at least 1,600 meters. This provides ideal conditions for growing and harvesting the best Arabica coffee beans.

For many people in the Mbeya region, coffee is an important source of income, but for their children and young people, the path to lucrative work is often very difficult. In addition to a general lack of basic education, the region also lacks adequate training opportunities for specific occupational profiles.

According to the Human Development Index of the United Nations (■ Table 12.1), Tanzania belongs to one of the least developed countries (ranked number 159 out of 185 countries), whereas Germany is under the top 10 of the most developed countries in the world (United Nations, 2020).

As it can be seen, many key indicators, which are used by the UN for measuring the human development – and are also related to some sustainable development goals (► www.sustainabledevelopment.un.org), such as life expectancy, the expected years of schooling, or gross national income per capita – are significantly lower in Tanzania, compared to the top 10 countries in the world.



■ Fig. 12.1 The 'Coffee Belt'. (Source: Own elaboration)

Germany is traditionally a country of coffee drinkers. The Germans like to start their day with a good cup of coffee and also like to drink one or the other cup during the day. Sales in the coffee segment amounts to approximately EUR 16,276 million in 2020. The largest market segment is the roasted coffee segment with a market volume of around EUR 14,009 million. This corresponds to almost 86% of the total coffee market. The average consumption is around 5.2 kg per capita (Statista, 2020).

Tchibo is one of the suppliers with the longest coffee tradition in Germany: The coffee merchant Max Herz and the spice merchant Carl Tchiling-Hiryan founded *Tchibo* GmbH in 1949, which belonged to them equally. Their business idea was to send coffee by post. The brand name *Tchibo* is an abbreviation for 'Tchiling Bohne' (remark: 'Bohne' means 'bean'). Meanwhile, *Tchibo* is 100% owned by the Herz family through its family holding company Maxingvest (previously *Tchibo* Holding AG).

Based in Hamburg, *Tchibo* is nowadays one of the largest German consumer goods and retail companies (food and non-food) with a total turnover of EUR 3.2 billion. It has its own stores mainly in inner cities, pedestrian zones, and shopping malls as well as retail shelves in supermarkets. In addition, *Tchibo* is also active in the online retail business. Although *Tchibo* is now also very successful in the non-food business, the roasting, trading, and distributing of coffee remains the company's core business. In this business segment, the company is engaged in a head-to-head race for market leadership with Mondelez and its coffee brands (e.g. Jacobs Kaffee, Kaffee Hag). The coffee market in Germany is highly competitive and therefore very price sensitive.

Tchibo has been receiving coffee beans particularly for its so-called *Tchibo* Privat Kaffee ('Private Coffee') from Tanzania for a long time: the fertile soils and the intense equatorial sun give them their full-bodied, highly aromatic taste. But *Tchibo* is also well aware of the partly poor living conditions in the suppliers' coun-

Table 12.1 Comparison of selected countries									
Rank (Human Development Index)	Country	Life expectancy at birth (years) SDG3	Expected years of schooling (years) SDG 4.3	Mean years of schooling (years) SDG 4.6	Literacy (in % of population)	Education expenditure (in % of GDP)	Gross national income (GNP) per capita in USD) SGD 8.5		
1	Norway	82.3	18.1	12.6	100	8.0	68.059		
2	Switzerland	83.8	16.2	13.4	100	5.1	59.375		
3	Ireland	82.1	18.8	12.5	100	3.7	55.660		
4	Germany	81.2	17.1	14.1	100	4.8	46.946		
4	Hong Kong	84.7	16.5	12.0	100	3.3	60.221		
6	Australia	83.3	22.1	12.7	100	5.3	44.097		
6	Iceland	82.9	19.2	12.5	100	7.5	47.566		
8	Sweden	82.7	18.8	12.4	100	7.7	47.955		
9	Singapore	83.5	16.3	11.5	100	2.9	83.793		
10	Netherlands	82.1	18.0	12.2	100	5.5	50.013		
...		
159	Tanzania	65.0	8.0	6.0	77.9	3.4	2.805		

Sources: Own elaboration, from Central Intelligence Agency (2019); United Nations – Human Development Reports (2019)

tries and therefore supports the people on the spot as much as possible. Regarding its relations to the coffee bean suppliers, the German Business Ethics Network (Deutsches Netzwerk Wirtschaftsethik) awarded *Tchibo* GmbH the Corporate Ethics Award for its 'efforts on the road to sustainable business activities' in 2012 (► www.dnwe.de).

12.2 Case Development

12.2.1 Cause-Related Marketing for Better Education and Training Prospects in Tanzania

Since 2013, the coffee company *Tchibo* and the child protection organization *Save the Children* have been working together to improve the living conditions of disadvantaged children and young people in coffee-growing regions. *Save the Children* is the largest independent children's rights organization in the world and now operates in more than 120 countries. The association was founded by the teacher Eglantyne Jebb in Great Britain in 1919. Children in Germany were the first to be helped by *Save the Children* right after the World War I. Since then, the children's rights organization has been working worldwide to ensure that all children can live healthily and safely. More than 4,800 small, medium-sized and large companies from different industries are already committed to children's rights together with *Save the Children* (► www.safethechildren.de).

At the beginning of this project, the foundation of Radio Télévision Luxembourg (*RTL*) 'Wir helfen Kindern' ('We help children') was also partnering with *Tchibo*. *RTL*, headquartered in Luxembourg, is Germany's largest private television broadcaster.

The schools in Tanzania are still not comparable to those in Germany or in other European countries (► Table 12.2): The children sometimes sit in a classroom with 50 other pupils and often only learn in frontal lessons.

As a result, the quality of education suffers, and because of that, many children do not pass the final examination of primary school. They leave school between the ages of 13 and 15 without a degree.

But even the successful pupils who have completed their degree also face further challenges: The secondary schools or training centres where they could learn a profession are often out of reach. Mile-long journeys and an underdeveloped public transport system are the rule, not the exception in Tanzania. As a result, the youth in the region lack the opportunity to build up a secure livelihood.

That is why *Tchibo* has sought competent partners for its support in the region and has been working together with *Save the Children* – and at the starting point of the collaboration also with the foundation of *RTL* 'Wir helfen Kindern' ('We help children') as part of the '*RTL* Spendenmarathon' ('*RTL* Donation Marathon'). The stated aim was to improve the quality of education in primary schools and to enable young people to receive local education, in order to provide them meaningful career prospects.

■ **Table 12.2** Comparison of class sizes of selected European countries

Country	Average class size (2017)
Greece	17.5
Poland	18.1
Austria	18.4
Italy	19.1
Germany	20.9
Portugal	21.2
Turkey	21.4
Spain	21.9
France	23.7
United Kingdom	26.7
...	...
Tanzania	approx. 50

Source: OECD (2020)

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With an offer of practical and vocational-oriented extracurricular activities, pupils between the ages of 7 and 15 were motivated to attend school regularly and be prepared for a successful transition in working life. For example, children at ten selected project schools in the Mbeya region were enabled to attend primary school regularly and successfully complete it. In addition, and to prevent the exodus of young people to cities as unskilled workers, practical and job-oriented training options were opened up. In total, the project aimed to reach more than 7,500 children and young people in four districts around the city of Mbozi (Umweltdialog, 2020).

In order to kick off the project in 2013 and to generate more reach within the target group of coffee drinkers in Germany, Maxi Biewer was the prominent project sponsor (Umweltdialog, 2020). Maxi Biewer is employed by the Television company *RTL* as a spokeswoman and weather announcer and reaches a million audience with her weather reports. At the beginning of the CRM campaign, the popular *RTL* weather announcer was personally involved in the *RTL* donation marathon, took a look at the situation in the coffee region, and reported live on her experience with the children and young people in Mbeya during the fundraising marathon (■ Fig. 12.2).

The appeal for donations was subsequently broadcast several times on the television channel and thus reached millions of viewers.



■ Fig. 12.2 RTL spokeswoman and weather announcer Maxi Biewer on site in Tanzania (Source: RTL (2015))



■ Fig. 12.3 Tchibo CRM campaign in 2017. (Source: Save the Children (2020); © Tchibo)

After this successful launch, it was decided that the campaign should definitely continue – possibly with even more activities. To do this and to ensure the further financing of the project, *Tchibo* therefore advertised between May and August 2017 its coffee brand ‘Privat Kaffee’ with the slogan ‘10 Cents for Tanzania’ (■ Fig. 12.3). Thus 10 cents for every sold unit of private coffee were redeemed. The money went directly into the in-house educational project in the East African country.

During the duration of this second campaign flight, *Tchibo* additionally promoted its social commitment. The project was advertised in *Tchibo*’s stores throughout Germany with banners, flyers, and on-pack stickers on the promotional coffee. *Tchibo* also informed in its high-volume and wide-ranging customer magazine about the campaign. In addition, the CRM campaign was widely communicated through *Tchibo*’s website, a blog, and additional social media channels. Furthermore, the company regularly reported on its homepage also about a second, similar project in Guatemala, which is supported by the company too.



■ Fig. 12.4 Screenshot ‘Save the Children – Our Partner: Tchibo’. (Source: Save the Children (2020))

Because the partner organization *Save the Children* informed about these activities on its website too (■ Fig. 12.4), *Tchibo* have taken advantage of additional advertising.

Parallel communication of both organizations sensitized the public not only to the insufficient future prospects of children and young people in Tanzania. They also demonstrated *Tchibo*’s social commitment on the ground and activated people to donate. Until then, the coffee-related fundraising activities raised almost 800,000 euros (Müller, 2019, p. 94). So far the generated donations have been used as intended to finance projects in which young people from the region were placed in training courses and, for example, trained as tailors or carpenters.

Tchibo as a family-owned company may be motivated to initiate such a CRM campaign partly for altruistic reasons, but the partnership with *Save the Children* can definitely also be justified in terms of business. In any case, the aim of CRM was to create at least a win-win-win situation: The company (profit organization) and the cooperating NPO (non-profit organization) as well as the donors themselves should be able to derive their advantages from the activities.

On the one hand, it is fair enough, if companies want to increase their revenues. As part of the aimed increase in sales, the intention is, for example, to increase initial and/or repeat purchases or to increase the number of units sold per customer. This short-term effect can be achieved by motivating the consumer to buy more spontaneously at the PoS (Point of Sale) (Roos, 2012, p. 28), like *Tchibo* did with its Privat Kaffee CRM Campaign, described above. But at the same time, psychological goals such as increasing attention, improving reputation and/or a better brand image of the company, and increasing customer satisfaction or the likelihood of a recommendation can also be achieved (Oloko, 2011, p. 55).

However, to be well received by customers, such a campaign must be designed in a coherent way. If the company and its policies do not fit into the charity and the purpose of donations, consumers quickly doubt the credibility of the action,

the product, and the initiators. In other words, there are two requirements, which need to be met, before also consumers might feel an added value from this CRM activity:

1. The correct *partner fit* of the company and the NPO, i.e. the fit of *Tchibo* and *Save the Children*
2. The *cause fit* of the CRM measure with the core business or the advertised service offer, i.e. the fit between an educational project in an important coffee growing region and *Tchibo Privat Kaffee* as the advertising brand behind the campaign

Only in case these fits are perceived and accepted, then consumers will be able to feel the fundamental benefits of a delicious coffee and, at the same time, an also intended ‘moral added value’ through the CRM donation (Oloko, 2011, p. 81). Thus they can appreciate the good feeling of supporting the plantation workers and their families in Tanzania.

Therefore, the decision and selection of a suitable NPO are the most important success factors in the use of CRM. Cooperations with well-known organizations can bring valuable resources, such as the connection with their image, the use of existing infrastructure, and know-how (Stumpf & Teufel, 2014, p. 37). In the event of a critical evaluation of the CRM program, the NPO may also act as a buffer (Pringle & Thompson, 1999, p. 137).

Since *Tchibo* has with *Save the Children* a reputable partner on board, who has long been committed to the rights of children, the risks seem rather low, however. *Save the Children* would certainly not work with a company that could damage its reputation. In addition, the joint projects and the previous campaigns of this kind show that this is not a quick shot. And also the cause itself fits with no doubt to the core business of *Tchibo*, because coffee farmers and their families are at the very beginning of *Tchibo's* value chain.

By now, *Tchibo's* ‘Tanzania’ project has so far led to 16 school clubs for young people. In addition, 66 young people have already successfully participated in the training program. In total, more than 2,000 children were already reached through the activities of the CRM measure (► <https://www.TCHIBO.de/>). Although these figures seem quite positive, there is still a long way to go.

In order to do so, there might be even more to consider than the right goals and an appropriate fit. In addition, for the success of this campaign, so far it was crucial, that the donation amount is well balanced with the product price. But what does ‘well balanced’ actually mean? This depends on several factors. For example, research by Hajjat (2003, p. 93) suggests that CRM measures are particularly successful in terms of intention to buy, if a high proportion of donations (in relation to the purchase price) meets high consumer involvement, or vice versa, i.e. if both criteria score at a low level. If, on the other hand, a high proportion of donations meets low involvement or a low donation share meets high involvement, the chances of success of the CRM measure are significantly reduced.

As in the case of *Tchibo's* Private Coffee, the advertised donation of 10 cents at a retail price of approx. 5.99 euros for a 500 g pack is less than 1.7%. Therefore, it is not particularly high and corresponds also to the presumed equally low level of

involvement of the consumers. Fries (2010, p. 115) considers in this constellation a donation of max. 5% of the product price as optimal, however. In this respect, the donation therefore could be even higher (e.g. 30 cents instead of 10 cents). Only donations that exceed this relation respectively amount could then have a rather negative impact again.

Even if the calculation of the donation amount can be different, whether as a fixed amount or as a percentage of the product price, it seemed in case of *Tchibo* to be more promising to award an absolute, i.e. fixed amount – as it was done with 10 cents. Chang (2008, p. 1102) found a link between the donation amount (absolute vs. percentage) and the intention to buy. Study participants who received a CRM advertisement with an absolute donation statement had a significantly higher intention to buy than those who read the advertisement with a percentage donation. In this respect, with an assumed rather small involvement of consumers in terms of their mostly routine coffee purchases, the awarding of an absolute amount in the *Tchibo* campaign were correctly chosen, even if the amount of the donation itself could have been slightly higher.

Conclusion

This case allows to understand the concept of cause-related marketing (CRM) from the perspective of a fast-moving consumer good (FMCG) manufacturer like the German coffee company *Tchibo*. It underlines the importance of supporting a cause related to the core business, choosing an appropriate NPO partner, and developing ideally a repeatable concept so that the cause can be supported not only once but also in the long term.

The presented case study shows a win-win-win situation, which is typical for successful CRM:

- The coffee company Tchibo could increase sales of its product brand ‘Privat Kaffee’ in the short term with a coherent CRM campaign. And additionally, the company supports its image in the long term by taking part in repeating CRM activities.
- The NPO *Save the Children* gained benefits from the support and also from the additional advertising by being enabled to provide targeted support for charity projects in line with its mission.
- The local children and young people in Tanzania also took benefit from the donations and the educational projects which were funded.
- And the consumers ended up with better feelings (due to a good coffee product plus an emotional added value) when they do something good by buying the product by supporting people who are less well off than themselves.

Thus, this CRM campaign has so far served its purpose sufficiently. And just waits to continue in the future.

? Discussion Questions

1. In 2010 *Tchibo* was accused of not doing enough against child labour on the plantations of its suppliers (Müller, 2019, p. 94). Could the engagement in Tanzania therefore seem like ‘greenwashing’?
2. How could the optimal donation amount per unit of ‘Privat Kaffee’ be calculated respectively set by *Tchibo*?
3. Which additional aspects of the campaign described can be further optimized in the future, if necessary?

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