



# Three strategies for integrating CSR with brand marketing

By **KRISTIANE HANSTED BLOMQUIST AND STEVEN POSNER**

Increasingly, companies are putting a public face on their corporate social responsibility (CSR) activity, but is it driving customer trial, purchase and loyalty and ultimately brand equity? Too frequently these activities are unconnected or, worst of all, go in opposite directions, which for certain types of companies become catastrophes. The authors describe three different approaches for incorporating their CSR activities with their marketing activities

**T**HE CURRENT CSR debate is clear evidence of missed opportunities to leverage CSR in brand-building activities. More money than ever is being invested in CSR and companies are making wide-reaching organisational changes to support it. Most now have CSR departments reporting to the chief executive, publishing CSR reports and developing CSR strategies and plans. However, despite this intense investment activity, results are few and far between.

Instead of bolstering the brand and bottom line, CSR efforts have come under fire both from investors, who cry misuse of shareholders' money, and from consumers and interest groups who criticise companies for promising more than they deliver. Shell, the Coca-Cola Company, and British American Tobacco are just some of the latest organisations to have experienced backlash for their CSR efforts.

Companies are losing out because there is often little or no integration between CSR and marketing departments and their respective strategies. This misses brand-building opportunities and may also confuse as well as disenfranchise company stakeholders.

Unless CSR becomes central to the marketing director's agenda, it will not have the desired effect and can potentially create a backlash.

## Problems at Shell

Shell's recent crisis over its oil reserves is not the company's only problem. It has also received a lot of criticism for failing to live

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up to its overall corporate brand promise in other ways. The Shell brand is built around the notions of openness and accountability; in its advertising campaign, the company highlights its position that 'Only by behaving responsibly can any company hope to operate profitably.'

Hence the embarrassment, chagrin, and negative response as the company is forced to apologise for the improper behaviour of some of its senior executives. In the report 'Behind the Mask' published by Christian Aid, the company was singled out for merely paying lip-service to CSR. In the report, which coincided with this year's World Economic Forum in Davos, Shell was accused of falsely claiming to be a 'good' neighbour while leaving oil spills uncared for and having largely ineffective community development programmes. The press has subsequently taken Shell to task and the company has had to explain itself to shareholders, customers and other constituents. Had Shell been focused on deeds rather than words, possibly the verdict would not have been so harsh.

Shell's story is not unique. In our experience, companies' failure to integrate their brand and CSR strategies is often the reason why CSR initiatives are not as well received or effective as intended.

To overcome this, marketers and their CSR counterparts need to follow a few key principles that will enhance their success as well as that of the organisation as a whole.

■ The business strategy must be the foundation upon which both the CSR and brand strategy is built. Furthermore, any promise made must be supported by business proof points. And finally, the alignment with the brand should drive those CSR elements that



**What does CSR really mean?**

Complicating the issue is growing confusion over the definition of CSR. CSR has been described as charitable giving, strategic philanthropy, community involvement, or cause-related marketing. However, none of these descriptions really does the concept justice. At Prophet, a management consultancy specialising in brand and business strategy, we define CSR as follows: CSR involves doing business in a responsible fashion that delivers value not only to the organisation, but also to its stakeholders and the community within which it operates. CSR covers five main areas: environment, community, employee welfare, financial performance and corporate governance.

are to be communicated to key stakeholders – internal and external.

- Thus, the first critical step in developing an integrated and effective CSR strategy is to assess how CSR investments support business objectives and practices.
- This should be followed by identification of the subset of business objectives that both CSR and brand are best suited to support.
- The strategic alignment of CSR and brand should be supported by an implementation plan containing key initiatives, core messages and supporting business proof points.

**Three approaches to integrating CSR with marketing**

While the assessment of CSR's relationship with the business strategy is generally understood, the alignment of brand and CSR strategies tends to be more difficult for com-

panies to grasp. Achieving alignment requires companies to bring their CSR and marketing departments together to define an approach. This approach can range from fully integrated to invisibly linked and should be determined based on an assessment of purchase drivers and the business strategy.

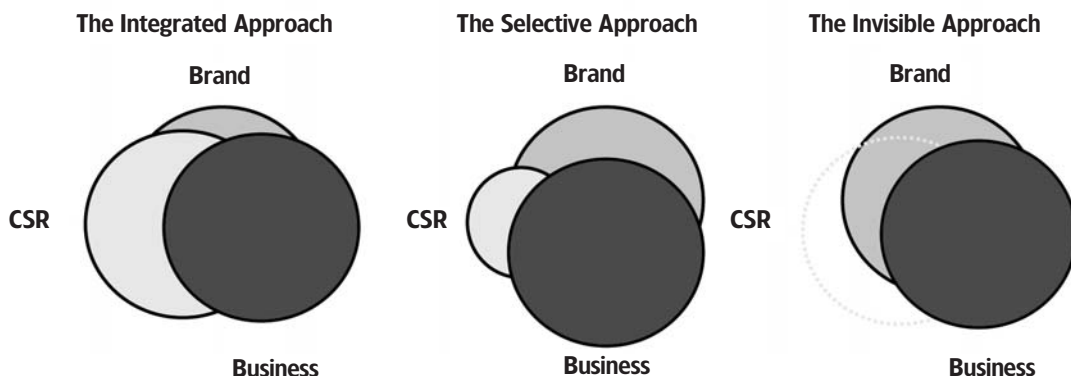
*The integrated approach*

In this approach, the brand and CSR operate in synchrony. This is appropriate when market research shows responsible business practices to be a key driver of brand preference. A core strength of this approach is that companies with the right business model can tell a single compelling story across all touchpoints. It works best for those companies in which responsibility is (already) a core company value and informs all aspects of the business. According to our definition of CSR (see box) this would mean a consistent performance across environmental, community, employee welfare, financial performance and corporate governance commitments.

This is the premise behind the pioneering American natural food retailer, Whole Foods, which recently acquired the UK's Fresh & Wild. Whole Foods' brand promise is all about sustainability, as evidenced in its slogan 'Whole foods. Whole people. Whole planet.' Business, brand and CSR strategy are directly and visibly linked. Whole Foods' CSR strategy sets the standards for the products it carries, the way they are sold, and the way it treats its employees.

Thus the retailer gets its fish from sustain-

**Figure 1: the three approaches to aligning brand and CSR**





Examples of the Sainsbury's Fair Trade range – part of the supermarket giant's selective approach to integrating CSR.

able sources, its meat and vegetables are organic, and it bans from its shelves artificial products with too many e-numbers. Moreover, Whole Foods' employees, known as 'team members', are encouraged to participate in charitable activities in company time. It also prides itself on constantly setting new standards for using alternative energy to power its stores. The results of this integrated strategy are evident in Whole Foods' success, with double-digit growth rates over the past couple of years.

### *The selective approach*

In the selective approach, CSR manifests itself in very specific, targeted ways. This can, for example, take the form of sub-brands or strategic partnerships. The selective approach is effective either when market research shows responsible business practices drive preference, but the company does not have the proof points across all five CSR components to support a fully integrated approach, or when only a specific identifiable sub-segment of the target market places significant value on responsible business practices.

A core advantage of the selective approach is that it can provide an effective means of differentiation in a crowded market while shielding the parent brand from any customer/stakeholder backlash, as CSR efforts

are linked more closely to the sub-brand or partnership than the company as a whole.

Sainsbury, for example, has created a partnership to use the Fair Trade brand as a branded differentiator to draw customers into its stores and trumpets the fact that it was the first supermarket in the UK to carry this brand. Although Sainsbury is very committed to CSR, its sourcing and supplier strategies have been criticised for not being far-reaching enough.

The Fair Trade partnership therefore works well for Sainsbury as it illustrates the company's responsible business attitude without putting its reputation on the line. As a result, the Fair Trade business is enjoying healthy growth levels and has become a key part of rebuilding Sainsbury's image as the supermarket serving the middle-classes with unique, high-quality products.

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### *The invisible approach*

In the invisible approach, CSR may play an important strategic or philosophical role in guiding the company, but plays a very understated role in external communications and initiatives. This allows companies to use CSR as an asset to bolster trust in their brand and company. This option differs from the others in that messages regarding corporate responsibility initiatives never really become part of the company's main-stream communications.

Fashion giant Hennes & Mauritz (H&M) is an example of a company which, though deeply serious about CSR in all aspects, does not flaunt it in communications. This is despite the fact that H&M is critically dependent on maintaining customers' trust amidst the rumours of child labour, unethical labour standards and the use of dangerous materials that are haunting the fashion industry.

H&M's decision to keep CSR messages out of its marketing communications is clearly strategic. The reason is that their CSR efforts do not constitute a point of differentiation that makes shoppers choose H&M over other brands. Shoppers choose H&M because the company offers fashion and quality at a reasonable price. Thus as price is a key part of its value proposition, H&M does not want to be seen as an excessive philanthropist with profits to share for charities and not for consumers.

To the extent that CSR is present in marketing activities, the focus is on the needs of the target group. H&M takes great care in selecting healthy (role) models for its signature minimalist advertisements and allows individual retail outlets significant autonomy to include cause-related marketing initiatives as part of their marketing mix. While these initiatives clearly contribute to building H&M's image as a responsible, caring business, these are largely seen as short-term promotions – and drivers of sales.

### **Horses for courses**

As the preceding examples demonstrate, there is more than one way to create a suc-



**The flagship H&M store in Brussels. H&M is a brand that has an impeccable CSR record, but keeps its CSR activities behind closed doors.**

cessful connection between CSR and brand-building activities. The nature of the business – category, customers, competitors – should dictate how much, and in which ways, a company should promote its CSR-related activities.

Equally, any company undertaking and promoting CSR initiatives needs to be aware of the risks and benefits that accompany such efforts. This requires that CSR and marketing cooperate to develop a sustainable effort that brings competitive advantage. Simply talking about CSR is not enough; it needs to be supported by actual business practices, consistent communications, and experienced by customers in very tangible ways.

If companies adopt this integrated approach and put CSR on the marketing director's agenda, stakeholder expectations will be met and CSR activities will help achieve their desired result, namely to build successful brands and businesses. Without this commitment, CSR is destined to be viewed as yet another buzzword. ©