



Corporate Social Responsibility

What does it mean for the
consumers?

Background

Corporate social responsibility (CSR) is a form of corporate self-regulation integrated into a business model.

Business would embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

Furthermore, business would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.

Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honouring of a triple bottom line: People, Planet, Profit.

Wikipedia

1.0



This Project

- Globally, Corporate Responsibility (CR) is an area of growing importance – socially, economically and politically
- Numerous quant studies indicate that there is a huge disparity attitude between consumer's attitude toward CR and their actual behavior
- In an effort to understand this issue from consumers' perspective, and to inform our clients, VALOR embarked on an international 8 market qualitative inquiry in Spring/Summer 2008
- This research project was headed by VALOR and Think Conservatory and supported by Wisdom ASIA, Atelier research Russia, NODO research Mexico, ALBAR Brazil and Periscope recherche Italy.
- The results were presented at ESOMAR World conference, Beijing 2009

The Study

Research Objectives

- To explore consumer perceptions of Corporate Responsibility (CR) and identify trends in the zeitgeist

- How is CR defined?
- What values are associated with CR?
- What specific sectors are associated with responsibility?
- What specific brands are associated with responsibility?
- What areas of CR communication are most salient (product, employment, corporate etc.)

What is in the mind of consumers when they consider CR?

How do these perceptions impact on their purchase decisions?

The Study

Sample

Market	# of Groups
UK	9
US	4
Mexico	3
Brazil	3
China	3
Italy	3
Russia	3
Germany	3
Total	29

- **Pre-Children**

- 18 – 25 years old
- Single
- No children

- **Parents**

- 28 – 50 years old
- Children living at home
- Married/cohabiting

- **Empty Nesters**

- 50 – 60 years old
- No children living at home



Main Findings

2.0



Corporate Responsibility is essentially an abstract term

- Not part of every day language and thinking
- Definitions are often only guessed at
- Many consumers rely on literal terminology to help them along

Corporate

+

Responsibility

*Big Businesses
Large faceless global monoliths
Internal*

*Fair
Putting things right*

Digging beneath the surface, consumers understand CR in two dimensions

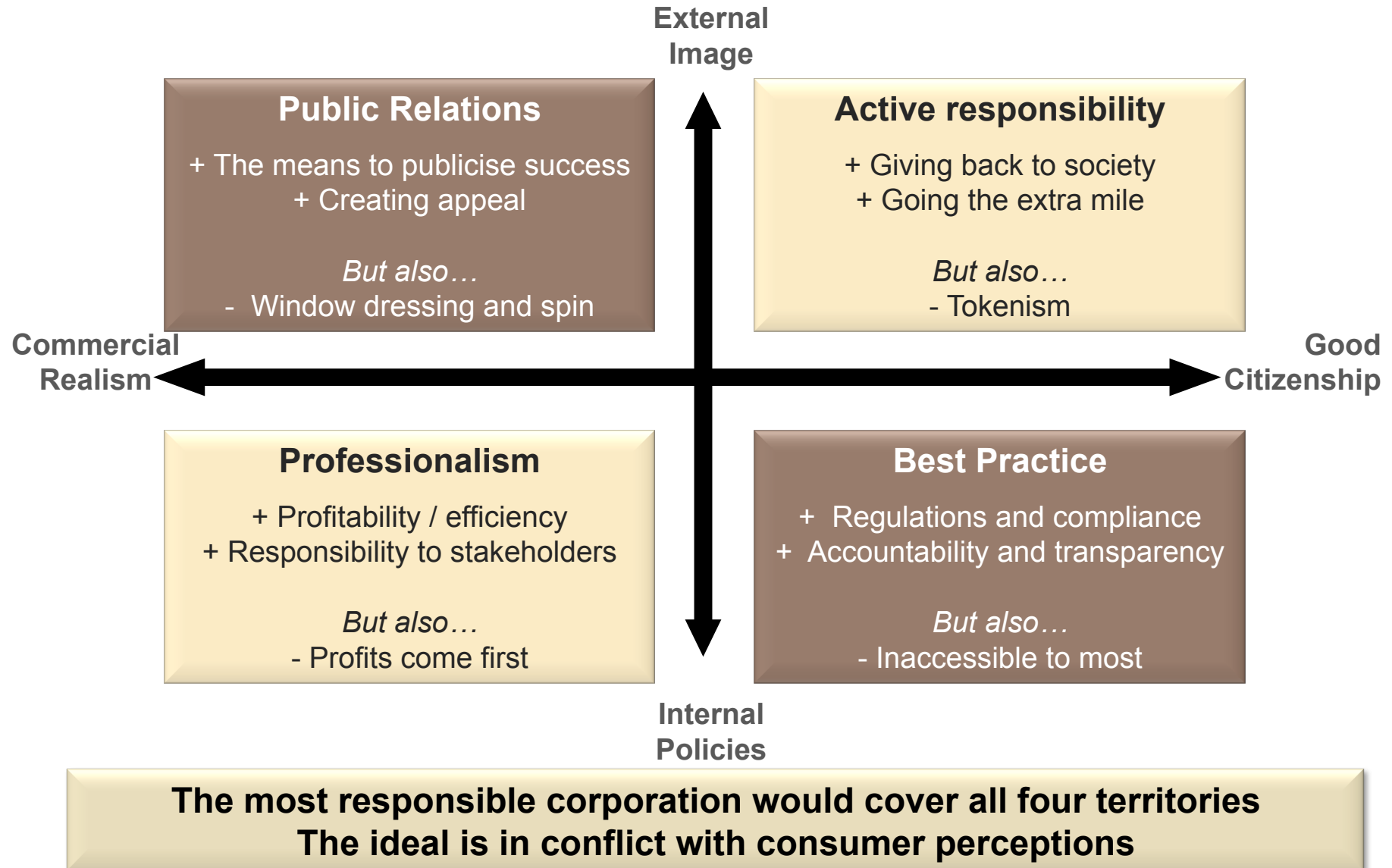
- Firstly, responsibility that a company has internally, e.g. to its employees, shareholders etc, versus responsibility as it is expressed externally, e.g. to consumers or to society in general

This is the balance between Internal Policies and External Image

- Secondly, the moral distinction between a company acting responsibly because it has to or needs to (i.e. to be a viable success, and to keep within the boundaries of the law) versus because it believes it ought to (i.e. actively setting out to do good)

This is the balance between Commercial Realism and Good Citizenship

Corporate Responsibility is essentially an abstract term



Comprehension, awareness and relevance of corporate responsibility are at different stages across the world

Not a common consideration

Increasingly important



RUSSIA



ITALY



BRAZIL



US



GERMANY



CHINA



MEXICO



UK

YOU

Government , Laws
and Regulations

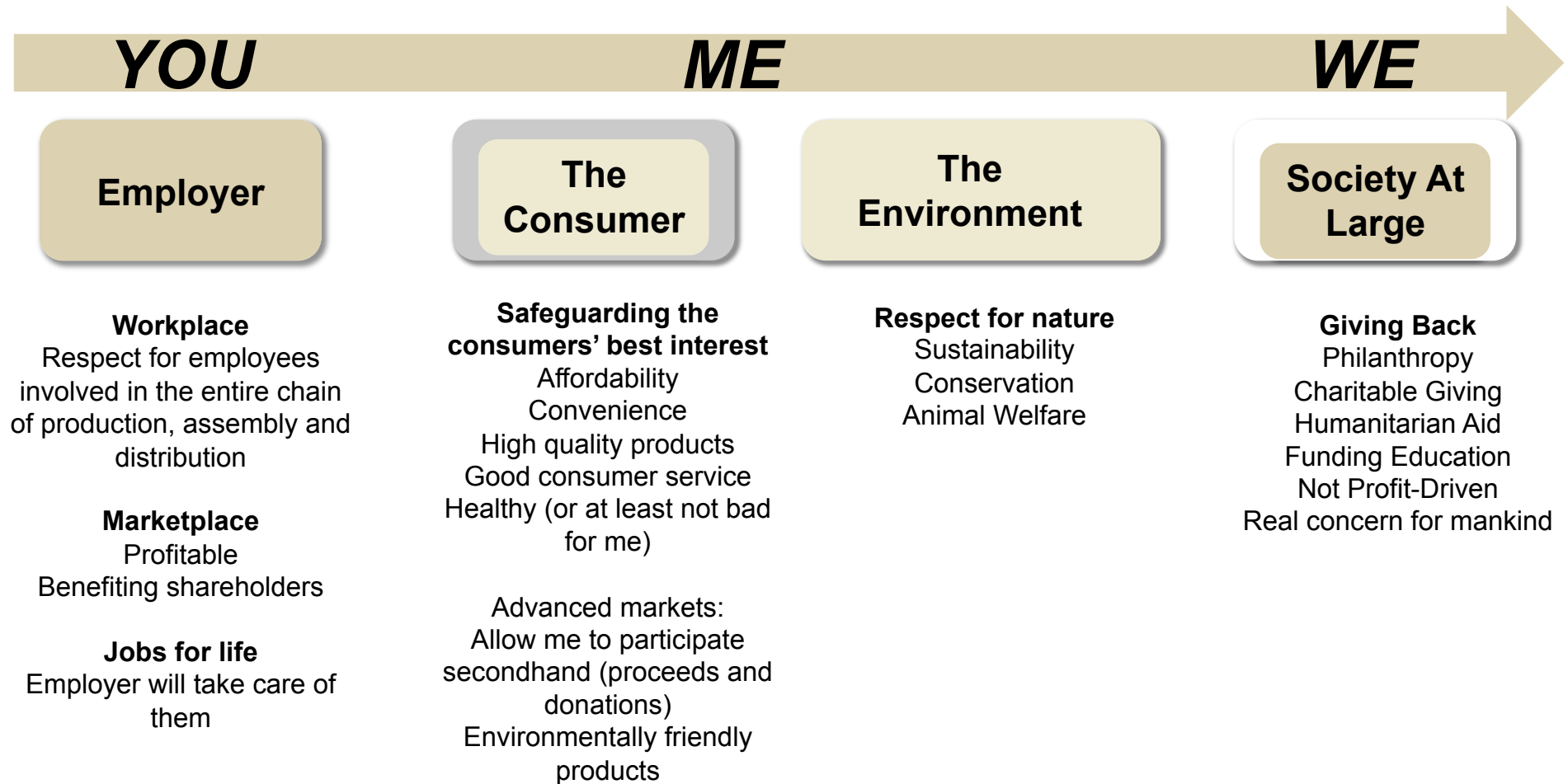
ME

Consumer
An individual focus

WE

A worldly view
Global citizen,
consumer choice

Across the globe, CR is recognized to function across four principal realms



Differences by lifestage



**Least cynical and
open to new ideas**

vs.

Extremely cynical

**Pre-occupied with
family and financial
management**

**Concerned about
kids future**

**Experience has
made them cynical**

vs.

Naïve

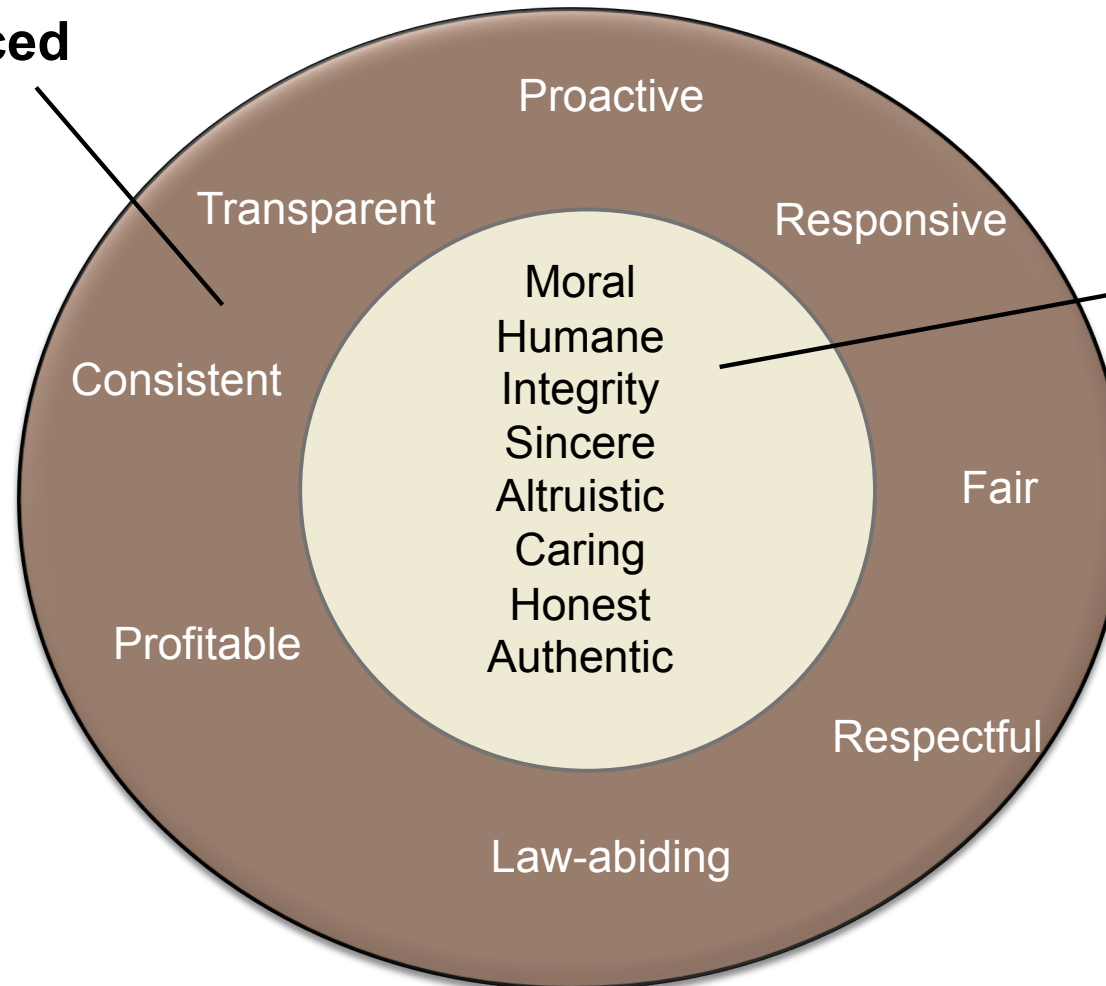


VALOR

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Values and ideals associated with corporate responsibility are empirical and non-empirical

Easily evidenced



Challenging to prove

Internationally, we recognize a cynical disposition towards CR

- Distrust and skepticism is rife
- Numerous examples of bad corporate behavior are recalled
- Consumers often feel that CR efforts are merely reactionary
- Acting out of guilt/as compensation for past wrong doings
- And only after public exposure
- The prevailing view is that corporations are always out for profit

Across markets, examples of companies or brands that stand for CR are not top-of-mind

Brands getting it right, in the aggregate

Small, niche brands

Local business

Producing a high quality product with high appeal

Successful

Everyone benefits: the individual, the family, the community, employees and shareholders

Brands getting it wrong by default

Big business/conglomerates

American companies

Manufacturers of sub-par products

Companies that are aligned with unpopular political views

Those who use CR initiatives blatantly in marketing

Consumer views on responsibility do not have a strong correlation with behavior

- Consumers would seemingly like to be better informed about CR efforts
- The Nike effect – consumer will still buy products from companies they know or believe to be irresponsible
- Similarly, even if a company is known to be responsible, it is not always enough to drive appeal
- But as of now, ethics are not a guiding force
- Boycotting is a rarity in most markets, with the exception of Germany



Communicating CR

“Do good and be sure to make it known.”

“Tue Gutes und sprich darüber.”

*Erich Kästner,
German writer*



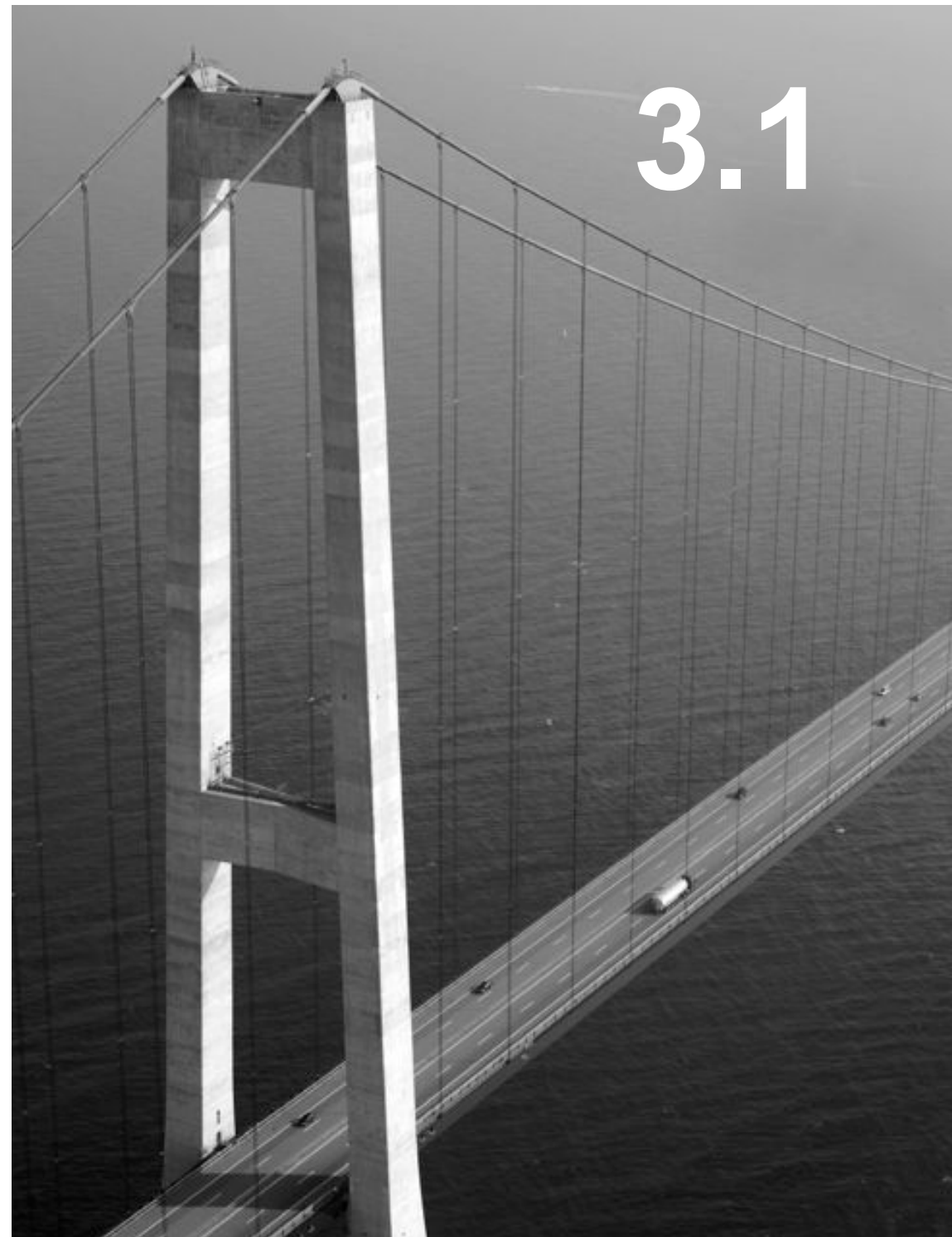


Communicating CR

We explored consumer response to about 20 actual statements taken from corporate websites, packaging, advertising, etc.

These represented a range of industries and included:

- Product messages
- News about internal company policies
- Messages concerning charity and community endeavors



Successful communications exemplify corporate responsibility...

Tangible

€ 1 from each sale of this product goes to charity

Local/Visible

We support the Hamburg initiative for children networks

Intrinsic to product

No artificial additives, preservatives, flavorings or colorings

Genuine Concern

We run a program where retired employees volunteer their services to a range of community projects

...and often encompasses ME/WE

... whereas some communications belie responsibility

Old news

We are an equal opportunity employer

Vagueness

Our products and services contribute to a better quality of life

Dishonest

Collect these tokens for free books for school

Irrelevant/ No impact
on me

We have a recruitment drive aimed at the over 50's

Obligatory

Warning: Smoking seriously damages your health

... the focus is on YOU (the self-serving corporation)

Communications need to give consumers a reason to care

**Make me feel
better about ME**

- *Give me a tangible and relevant benefit*
 - *Permission to buy*
- *Make it easy for me*
- *Use signposts (logos, labels)*
- *No compromise on quality, choice etc*

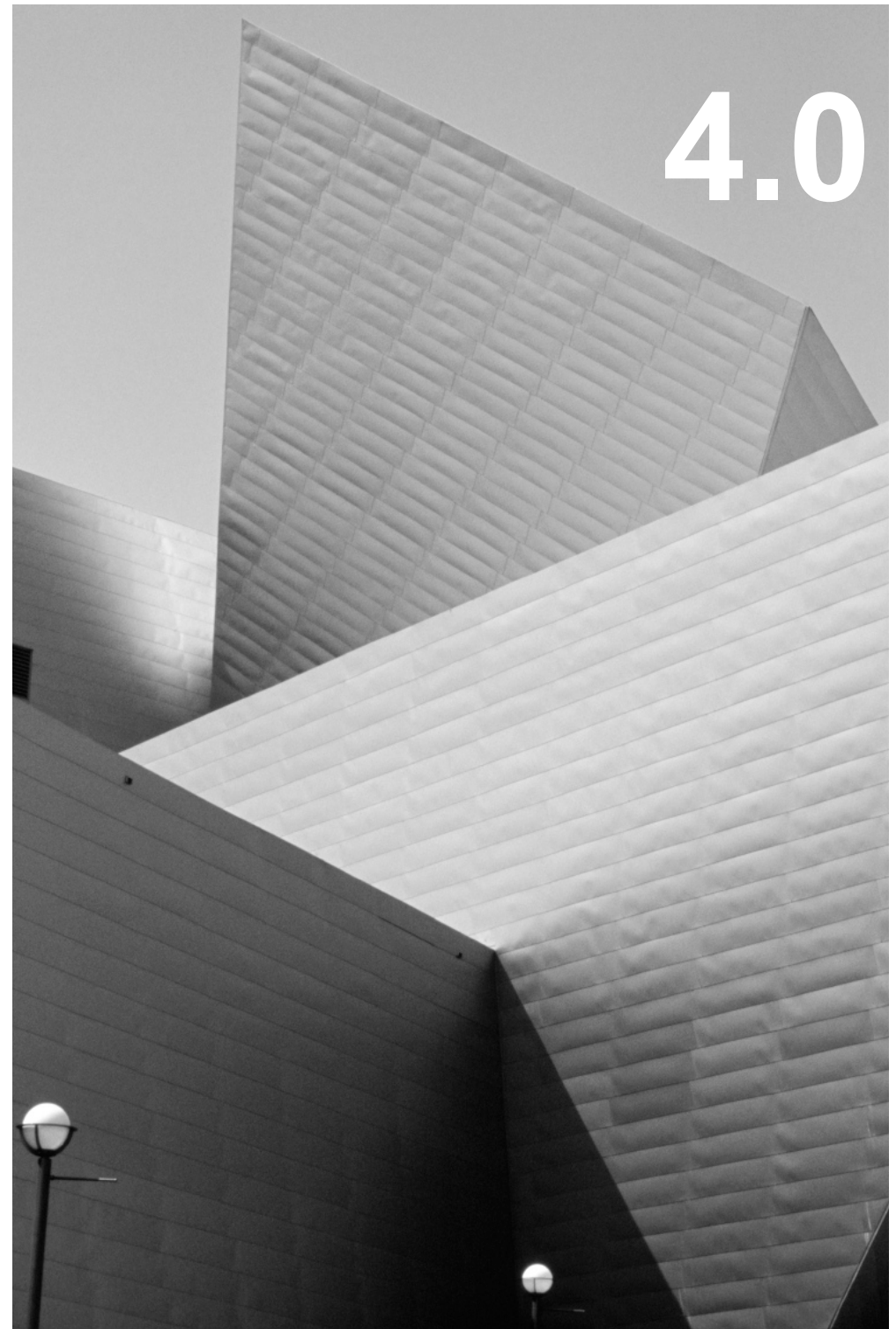
**Make me feel
better about YOU**

- *Show me that you are doing something too*
 - *Responsibility is not dependent on my purchase*
- *Show me that you care about me/my world*
- *Your values are aligned with mine*



Insight into Action

Our recommendations



Eight Things To Know About Corporate Responsibility

- 1. Consumers buy brands not corporations.** Whilst consumers have a fairly comprehensive understanding of what Corporate Responsibility is, it currently has little relevance on a day-to-day level.
- 2. If anything, CR is viewed negatively** – global monoliths cleaning up their act after wrong-doing. Awareness of CR policies is low, and instead generalised views of a sector and personal experience drive day-to-day perceptions.
- 3. Consumers do not necessarily act on their beliefs about CR** – they will continue to buy brands they know to be irresponsible
- 4. At best, “responsibility” provides permission to purchase but not a reason to** – other considerations come first

Eight Things To Know About Corporate Responsibility

5. **Whilst there is clear growth in public interest in responsibility**, ethical brands are likely to remain a niche market, because few corporations could stand up to the level of public scrutiny a strong claim of ethics invites.
6. **However, there is potential for CR to become a powerful marketing tool**, especially if there is a tangible, relevant and visible benefit for the consumer at the brand level (i.e. make me feel good about myself and I will feel better about you)
4. **This can translate into both greater brand loyalty and competitive advantage**
5. **And CR communications will have the most impact if they synergise** with consumer's own values and are unambiguous



Contact us

VALOR Research & Consulting GmbH
Schäferstraße 24
20357 Hamburg

Contact: Daniel Plettenberg
phone: +49 40 3179 3107
mobil: +49 (0)170 5510935

mail: dp@valorresearch.com

www.valorresearch.com

Member of ESOMAR

