

THE WAYS OF PROMOTING CORPORATE SOCIAL RESPONSIBILITY EFFORTS FOR TODAY'S CONSUMER: THE OPINIONS OF CONSUMERS AND EXPERTS

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Abstract

This research examines the ways of how companies advertise their Corporate Social Responsibility (CSR) efforts to the consumers. It examines how effective those ways, methods and channels are. The research analyzes studies conducted in the field of CSR with a thorough literature review and compares them to the results gathered from in-depth interviews with experts of CSR field that follow the tendencies of the consumer's needs and execute CSR strategy and campaigns, as well as the results from a focus group with consumers.

The research found that in order for the company to have a great return on investment on their CSR efforts, meaning for their CSR promotional activities to be successful, companies have to first make sure their supply chain is transparent, employees are treated well and so forth, thus the company would not create backfire or cause controversy. Also, it was found that the most effective platform to advertise company's CSR efforts is social media by using content marketing, as well as using the third party as an information source is quite beneficial because it insures credibility, and choosing the CSR issue that is related to the business of the company. The research also found that consumers are quite skeptical and cynical toward some of the CSR campaigns. Consumers often find CSR campaigns not to be genuine but rather solely based on profit or covering up social irresponsibility on the behalf of the company. However, when the CSR is embedded at the core of the brand consumers find CSR very compelling and appreciate it greatly.

Keywords: *Corporate Social Responsibility (CSR), sustainability, consumers, the environment*

1. INTRODUCTION

Globally, consumers are demanding a higher level of Corporate Social Responsibility (CSR) (Diehl et al. 2016). It is fair to say that Corporate Social Responsibility is becoming more interesting and profitable for companies to be engaged in, because supply has to meet the demand. And straight away there is a problem, because while the companies know that they have to be involved in CSR, the question is how to be involved and how to tell that the company is doing the right thing to their customers and potential customers? The interest in Corporate Social Responsibility within the advertising industry is growing (Stumberger 2016), as is the growing importance of CSR and the substantial increase of CSR-related content in advertising in recent years (Diehl et al. 2016). This idea is echoed in many studies conducted in the last 10 years. The significant increase in CSR ads indicates that taking social responsibility has established itself as a major advertising theme in companies' communication mix (Mogele & Tropp 2010). While it is fair to assume that companies mostly do CSR for the benefit of their own business performance, it has to be acknowledged that CSR also leads to a healthier planet, and healthier societies. Companies increasingly communicate about their Corporate Social Responsibility activities, which exemplify their commitment to minimizing or eliminating any harmful effects and maximizing their long-run beneficial impact on society (Vanhamme et al. 2015).

Since the necessity of companies being socially responsible has been established in numerous studies, it then presents a challenging question: how should companies communicate their CSR efforts to the public and get the recognition they deserve? Therefore the aim of this research is to analyse the marketing ways of communicating CSR activities to the customers and other stakeholders. Thus, the authors identified three key tasks for this research: conducting a study examining what do consumers think about the ways of how companies communicate their CSR efforts by 1) interviewing consumers

during a focus group; 2) interviewing experts in the CSR field, as well as 3) conducting a thorough literature review and ultimately comparing these results to each other.

There are many relevant studies conducted in order to find out how should the CSR efforts be promoted by the companies; what are the risks and what are the consumers' perception of this. To promote company's CSR activities is a challenging task, because on one hand the company does not want to brag about how great they are, but on the other hand the main reason for a company to be socially responsible is often to be noticed for the good work that the companies do, and by that they want to create extra value to their products or services. The methods chosen for this study will try to solve this dilemma for socially responsible companies.

2. METHODS

2.1. Methods

In order to conduct a comprehensive literature review, a monographic method was chosen as well as the focus of this research was on qualitative methods by conducting five in-depth interviews with experts of CSR and a focus group with consumers. This was done to ensure meaningful data that would help to understand in-depth the reasons of how to ensure the effectiveness of CSR communication on the behalf of the company. The interviews were conducted in both Denmark and Latvia. However, the focus group was conducted in Denmark. Both, the interviews and focus group were conducted at the end of year 2016.

The in-depth interviews were conducted with five experts in the field of CSR, for instance, sustainability (CSR) manager Fleming Lynge Nielsen of a large Danish company Danfoss. The company Danfoss was chosen due to their CSR efforts that help the community and emphasize their green energy commitments, therefore indicating that they would have a lot of relevant information to share for the purposes of this study. Other interviewees were Povl Schroder who is Senior Director and Head of Group Regulatory at Danfoss, Juste Brukiene who is project manager of sustainability projects at Danfoss, Otilia Dragan who is corporate brand manager at Danfoss. And finally, in order to get a different perspective on CSR, as the fifth expert interviewed for this research was a partner and a strategist of a large advertising agency in Latvia, the ad agency Weekend, Edgars Petersons. As the man who meets with clients and proposes to follow the market tendencies such as CSR, he had valuable insights to provide during the interview about the consumers and companies in regards to CSR efforts and the effective ways of communicating these efforts.

In order to find out what do consumers think about the ways of how companies communicate their Corporate Social Responsibility activities a focus group was conducted. Eight people were selected for this focus group from various countries to ensure a wider representation of backgrounds: Estonia, Denmark, Latvia, Czech Republic, Slovakia and Lithuania. There were 3 men and 5 women, the participants were not briefed before the focus group to ensure total objectivity of the data and the process.

3. RESULTS

3.1. Results from the literature review

The findings from the literature review point to the problem stated in the introduction of this research, meaning that it is quite challenging to communicate corporations' CSR efforts without giving the impression to consumers that profit is the main motivation behind those CSR efforts. The challenge is to effectively communicate the CSR initiative without creating a backlash that is the CSR promotional communication dilemma. (Coombs et al. 2012)

There are suggestions, founded during the literature review that it is acceptable to promote the CSR efforts that the company makes, but it is essential not to overdo it (Sohn et al. 2012). Meaning that, presenting facts that the company raised certain amount or helped the community to solve a certain

percentage of the problem is acceptable, but that is all that should be said, because more than that would be a hard sell. CSR awareness can be increased through the communication tactics of advertising and promotional efforts. However, consumers want CSR facts but dislike a hard sell. Too much 'effort' in CSR promotion can cause negative attributions about CSR initiatives and harm an organization's relationship with stakeholders (Bhattacharya & Sen 2004). For instance, studies in Denmark indicate that people are skeptical about conspicuous CSR communication (Coombs et al. 2012), suggesting that companies should really downplay their CSR promotional activities.

There seems to be a collective consensus in the scientific literature that companies should use third parties as the carrier of the CSR message to the consumers and other stakeholders. Because the message that the consumer receives needs to have credibility. The perceived credibility of a source in turn has a substantial influence on the degree to which people are persuaded by that message (Vanhamme et al. 2015). Consumers tend to be critical and skeptical of messages from company-controlled sources. Also, it is discovered that when consumers are exposed to the CSR communication through a third-party source, they do not think about the possibility of persuasion by the company, because the CSR message appeared in an independent source; therefore, they do not use persuasion knowledge, and are more likely to be persuaded (Vanhamme et al. 2015).

During the process of the literature review it was found that there are two key elements when it comes to managing the CSR promotion: (1) source and (2) cost. Source refers to who is presenting the message. Corporations lack credibility as sources of CSR information, because their communication may appear overly self-serving. Corporations may appear more interested in the benefits from positive CSR-orientated reputation rather than the issue itself. Meanwhile, as mentioned before, the third party information sources carry greater weight with the society because they seem more neutral and more interested in the social concern. The second element is cost. It is inappropriate if the company spends more money on the message of the CSR activity than the CSR activity itself. The corporation should not focus more on itself rather than the CSR issue in their promotion. The CSR promotional communication mix must reflect sensitivity to the two core issues of source and cost. (Coombs et al. 2012).

Some scientific sources also point out to the possibility of using celebrity endorsements, since it has been proven to be effective in getting the word out about CSR efforts for several companies (Szmigin & Piacentini 2015). An argument is made that there are already many celebrities that truly care about many environmental causes, therefore why not use these celebrities to promote company's good work to help solving certain global or local issues. It would definitely increase awareness to the issue and the good work that the company in question is doing. Celebrity endorsement is widely used in advertising and the "match-up hypothesis suggests that celebrities are most useful when there is commonality between them and the product they are endorsing (Szmigin & Piacentini 2015). If the cause is something that perhaps could not be classified as "sexy" or "exciting" in the public eye, but is still serious and the company cares about it, then a celebrity on board would be exactly what this company would need to generate awareness.

Another tactic of communicating the CSR efforts discussed in the scientific literature, but far more risky than the celebrity endorsements is guerilla marketing (Coombs et al. 2012). Guerilla marketing which is also called as partizan marketing and uses creative but unapproved marketing methods could be somewhat unethical and perhaps even unlawful, such as taking a video of some scripted stund that some of the participants of the video are not aware of with the goal to post it on social media and hoping that the video goes viral. It is definitely eye catching and awareness grabbing, although, as mentioned, it might be unethical and therefore undermining the CSR effort which is based on very high ethical standarts by theory. As an example in the scientific literature, there is a mention of the Greenpeace non-profit organization, which uses this tactic all the time to raise awareness to an issue that our planet is facing both environmentally and on a human level. However, while a lot of focus is being put on the channels and credibility, which are external sources, the argument could be made that a lot of the beneficial and effective CSR communication could come from rather internal sources like the employees of the company (Mirvis 2008). It is found that effective CSR communication in Denmark relied upon an 'inside-out approach' method. The inside refers to the employees, suggesting that an effective CSR

is grounded in employee support. The literature review process found that corporations are advised to secure employee commitment to CSR concerns (Coombs et al. 2012).

3.2. Results from the interviews

There were several important findings from the interviews with experts within CSR and advertising industry, perhaps the most important which were about the execution of the CSR campaign. Otilia Dragan had this to say about what is important when executing the CSR advertising campaign: *“A successful CSR campaign is a campaign which is creating a lot of engagement, provides content, and uses social media, which is a great tool in today’s marketing.”* (Otilia Dragan) A similar view is expressed by Edgars Pētersons: *“The best way to tell about CSR is using content marketing, because you have to tell a story, and the purpose of content marketing is to educate and entertain. It is important that people (consumers) are playing a role in the CSR campaign and emotion is created and shared.”* (Edgars Pētersons) Both of these experts seem to emphasize content marketing and social media as the platform or channel where this CSR promotion could be delivered through to reach a wide audience. Juste Brukiene expresses more general view from Danfoss’s standpoint as a global company *“... typically it is a local marketing decision.”* (Juste Brukiene), suggesting that the company makes these decisions locally, further explaining that marketing people in local markets know best how the CSR communication should be done more effectively to reach the audience in their markets.

Fleming Nielsen gives more specific examples of the CSR communication: *“We make annual reports. Internet- own webpage, social media- Twitter, Facebook, LinkedIn. We have conferences where we talk about our Sustainability program and other issues related to it.”* (Fleming Nielsen) A note that has to be made here is that at Danfoss company they do not use the term CSR, but rather Sustainability, which by their description is the exact same thing. However, as the authors found during the literature review, this term is rarely used to describe Corporate Social Responsibility, although there are some cases.

Otilia Dragan also provides specific examples of CSR communication tools, saying that: *“We very much rely on case stories, commercial building, bring the proof points, the exact calculation, energy savings, proof stamps, clear facts. Using 3rd party to carry out the message.”* (Otilia Dragan)

On the question: *“Do you think that the 3rd party carrying out the message is a greater assurance to the customers?”* Most of the interviewees, such as Otilia Dragan, Juste Brukiene and Edgars Pētersons answer positively, which goes together with the viewpoint of the theory part. *“Absolutely! We have statistics that people trust 55% more the information coming from the 3rd party source. The PR reviews or 3rd party recommendation reviews are needed.”* (Otilia Dragan)

Another key element in this research is to understand the process behind executing the CSR campaign to the public, meaning the strategy behind the people responsible for the CSR activities and the marketing people. It seemed relevant for the authors to ask the interviewees about the collaboration in the company or advertising agency between CSR managers and marketing managers. Otilia Dragan answered: *„Yes- It goes in both ways, we (branding employees) collaborate with Fleming (CSR managers), if he has an idea that we can build on it. The synergy should be increasing and it is increasing between advertising people and CSR people.”* (Otilia Dragan) While Edgars Pētersons provided this answer: *“It has different levels. It depends on the relationship between the company and the ad agency.”* (Edgars Pētersons)

The most vital question that was asked the interviewees and needs to be answered is *“How should the CSR campaign be advertised?”* That includes the research, execution of the campaign and analysis of the results. Edgars Pētersons thinks that before making the advertising campaign of the CSR efforts the company should have certain issues cleared out: *„First you need to start with fixing your backyard- your portfolio and value chain, to see if there is nothing that would confront your company’s CSR efforts. Second, is the long term perspective- it cannot be just a one-time check to charity organization or one event to create awareness and that’s it. Third, it is important to get the employees enthusiastic and get them on board with the idea.”* (Edgars Pētersons) Edgars Pētersons seems to emphasize what is being argued in the academic literature, that companies must get employees on board with the CSR campaigns, involve them and let them carry out the message to the public, other known as an “inside-out” approach. Edgars Pētersons also thinks that the CSR issue and the company’s product/brand have to be connected

with each other: *“They have to be connected. Otherwise consumers will ask- why do you do this?”* (Edgars Pētersons)

Finally, the result that seemed to clear any doubt about whether CSR efforts are necessary for companies to take, while at the same time proving a unique look of how companies are thinking about their CSR policy is provided once again by Edgars Petersons, who said that: *“They (consumers) demand more and companies have realized that, so companies are trying to cash in on that. It used to be that a company is giving money to charity and that is it, but now the consumer has also become more cynical and more difficult to convince. So companies now are thinking more of how to integrate CSR in the core of their brand. For example, Unilever and Procter and Gamble are now given each product to find a CSR purpose, like Pampers is now deeply involved in development of children in the whole world.”*

3.3. Results from the focus group

The focus group revealed certain unexpected results about the mindset of the consumer. First, the participants of the focus group seemed skeptical in the first part of the focus group about the necessity of CSR, because in their view companies are only interested in their profits and therefore the CSR campaigns are often not genuine according to some participants. As one of the respondents said: *“In the production line they do some really messed up things, and then later they give money to charity, to make up for it (production).”* (Respondent 2) Another response from a different respondent echoed the notion that CSR campaigns seem rather disingenuous: *“They are saving environment by giving you a paper bag instead of plastic bag, even though they really screw up before (environmentally).”* (Respondent 6)

However, as the authors found, not all participants of the focus group, thus consumers, see CSR campaigns in a one-sided way. *“It is definitely not black or white issue. There are some companies that genuinely try to be as good as possible, but of course there are companies who only do it for profit or to cover up their lack or social responsibility.”* (Respondent 7) There seem to be other participants nodding ahead as a response to this opinion, therefore showing that there are consumers who see value of CSR and think that there are companies that do care about the social and environmental issues that the companies claim to care in their CSR efforts.

Respondents also revealed examples of thoughtful CSR and how did they came across of these examples, meaning through what channels. Most of the channels were internet or social media, and most of the examples of receiving information were their own efforts to look for information about company's CSR. Which shows that it wasn't so much the efforts of the company's advertising as it was consumer personal interest, which therefore shows rather ineffective ways of communicating their CSR efforts, since consumers had to find information themselves. *“I was looking for it, on internet, YouTube, and then there are websites which companies do test on animals or don't.”* (Respondent 7) Another respondent agrees, saying: *“Yeah, once you start to care, you look into it.”* (Respondent 2)

A majority responded positively to a question *“would you trust information that would come to you about a company doing CSR from a 3rd party source- for example a non-profit organization?”* Yes (Respondents 3; 4; 7). Definitely (Respondent 2). *“It depends who that 3rd party is. If the 3rd party is biased, then No.”* (Respondent 1) This result is in alignment with the findings from the literature review and the scientific consensus, that also suggest companies using a third party sources to carry out the promotion about company's CSR efforts.

And finally respondents put themselves into the shoes of a CSR and advertising manager and answered a question *“Based on your own experiences, interests and knowing your friends' interests and experiences, which channel would you use to advertise a company's CSR efforts if you would be the marketing (advertising) manager at this company?”* This question made the participants think long and hard, because it basically asked them what are the channels that could reach them and their friends in the most effective way about company's CSR activities. The answers were mostly social media, due to its popularity and the value for money. *“Social media, because it is cheap, and everybody is connected to it.”* (Respondent 4) Another respondent agrees, saying: *“Everybody is on social media. I don't think people read news paper in nowadays.”*(Respondent 6) To a follow up question *“Any other channels?”* Respondents answer: *“TV and YouTube.”* (Respondent 6) and *“TV is probably very expensive. If I would produce a physical product I would show it on the product itself.”* (Respondent 1)

4. DISCUSSION

The literature review points out, that without awareness of the CSR initiatives, corporations might see no reputational benefit from their CSR activities, therefore it is very important for companies to be effective in their CSR promotion efforts, to be rewarded from the consumers and other stakeholders for caring about the environment, or helping out the community or other CSR initiatives, thus continuing the CSR efforts and improving lives of communities. However, too much of effort to create awareness of their CSR initiatives and it can have the boomerang effect, when the stakeholders become cynical and skeptical when there is excessive self-promotion about the CSR activities. Both, the literature review and the interviews suggest that the company should not spend more on delivering the message than they spend for the CSR program itself and the issue in question (Watt 2010). It is argued that such a situation, where company spends a little budget on the CSR issue itself but vastly promotes it with a far greater advertising budget could show profit as the true motives of the company behind this CSR effort. And as the focus group proved, the consumers are quite skeptical and cynical as it is about the companies being socially responsible. It is often viewed by the consumers as an attempt to cover the damage that the company has done earlier, meaning being socially irresponsible.

During the literature review process it was found that celebrities are an effective way how companies attract awareness to their CSR efforts by promoting it to the public (Sohn et al. 2012). However, it also imposes a risk that this celebrity might become a person with bad reputation at some point, like Bill Cosby or Lance Armstrong. Both for very different reasons went from being loved and admired and spokespeople of several brands that they promoted to being hated and despised by the public, which also damaged the brands that they represented. Therefore, it could be argued that this method is very risky as well as using guerilla marketing that was also suggested by the academic articles. Additionally, these claims were not supported from the results from the interviews and the focus group. If the companies want to play it safe and avoid the risk of creating any backlash or cause controversy, there are methods of CSR promotion that were founded in both the literature review and interviews. Such a method, for example, is using the 3rd party to carry out the message.

By using third party to carry out the message as a source is a credibility assurance, which makes sense and is founded to be reinsuring also during the focus group. However, as it was found in the scientific literature, it could also backfire, because the third party source is not controllable, meaning that it could write all kinds of things and see certain efforts not in the same way as the company would prefer. Whereas if the third party source is controllable then it is not really a third party source but rather a 'puppet' controlled by the company and that could also backfire due to the dishonesty and trickery. Company-controlled sources, in contrast with third-party sources, tend to arouse persuasion knowledge, because consumers know that companies use window-dressing strategies to seem more appealing (Vanhamme et al., 2015).

The discussion about which is the right marketing channel to use for communicating company's CSR efforts, seems to be dominated by the social media as the most effective channel, which is supported by the focus group and the interview results. However, the literature review process found no clear evidence of that. Although, it could be that way, because not all of the academic articles and sources are from the previous decade, when the world witnessed the rise of social media as an extremely important marketing platform. During the interviews there seemed to be a strong support for the idea of using content marketing as the most appropriate type of marketing to carry out the message about CSR efforts. However, that was not found to be so overwhelmingly true during the literature review process, although, it could also be because content marketing is also a nuance form of marketing that goes hand in hand with social media and therefore would also not be expected to be discussed in articles written 10 or more years ago.

It should also be discussed that during the interview process it was found that the CSR campaign should be a long term one, not a single payment to a charity organization. Otherwise there is a risk that the public will perceive the campaign as self-serving to the company and not genuine care about the issue of the CSR campaign.

In the opinion of both authors, based on the interviews and the focus group, the companies should make their CSR activities to become a part of their brand identity, thus ultimately becoming a part of their image. As Edgars Petersons pointed out companies have started to look for ways of how to give a bigger meaning to their brands by incorporating CSR activities in the core of the brand identity. However, before that could happen, a company in question must first ‘fix the back yard’, by which Edgars Petersons meant that the company cannot support and promote some global or local issue, if the company is not doing that within their own company. Because that will seem disingenuous, and point out that the true reason behind the CSR campaign is profit and not sincere care about the issue. Thus making the skeptical consumer even more suspicious. In order to appear more sincere in their CSR efforts, the company should perhaps even make the CSR issue as a part of their mission and fully involve the employees of the company in this CSR initiative.

5. CONCLUSIONS

- 1) The literature review, interviews and the focus group results all seem to point that using the third party as an information source to the public is an effective way of how to communicate CSR efforts that the company is taking. Social media is suggested to be the most effective marketing channel to advertise company’s CSR initiatives and content marketing is a sound strategy to use in presenting those activities.
- 2) Companies should first make sure that there is nothing in their daily process and structure that could create backlash or cause controversy, suggesting that their CSR efforts are disingenuous before starting their CSR campaign. That means that the company’s structure, supply chain and the CSR campaign itself should be transparent to the public and ethical as well (for example, fair trade, decent employee treatment, etc.)
- 3) Companies should invest greater amount of money in their CSR budget than the promotional activities of their CSR campaign, otherwise it will show that the campaign is a self-serving publicity stunt on the behalf of the company in question.
- 4) The CSR issue should be related to the core business of the company, otherwise it will not make sense to the consumers and other stakeholders. Companies should embed their CSR initiatives at the core of the brand and make it as their brand identity and mission statement, to truly appear interested in the CSR issues that the company claims it cares about.
- 5) In order to appear truly interested in the issues that the CSR campaign is all about, the campaign has to be long term, it cannot be a one-time payment to a single charity or a non-profit organization, because consumers will find that disingenuous campaign and self-serving to the company.

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