When Being Good Backfires: Overcoming Misfits Between Brand and Corporate Social Responsibility

Alokparna (Sonia) Monga
Rutgers University

Abstract

Drawing on research in branding and consumer behavior, this paper examines situations in which a lack of fit in Corporate Social Responsibility (CSR) activities can lead to unintended negative consequences. Various suggestions for managers are discussed, such as focusing on CSR activities that fit well with the brand, communicating fit to consumers, and matching what the brand says about CSR to what it actually does.

Corporate social responsibility (CSR) is defined as "a discretionary allocation of corporate resources toward improving social welfare that serves as a means of enhancing relationships with key stakeholders."[1] It encompasses a wide range of activities such as environmental responsibility, philanthropy, cause-related marketing, and humane employee treatment. Interest in CSR has been at an all-time high as more and more companies engage deeply with the welfare of their customers, employees, and communities. For example, global Fortune 500 companies spend about $20 billion a year on CSR[2] and 78% of the 250 largest global companies report CSR information in their annual financial reports.[3] CSR also affects the behavior of consumers in the market place. Recent surveys showed that 63% of Americans are hopeful that businesses will take the lead to drive social and environmental change moving forward, in the absence of government regulation,[4] and more than two-thirds of Americans consider sustainability when making a purchase and are willing to pay more for sustainable products.[5] When consumers become aware of the CSR activities of a brand, it boosts their attitudes toward the brand,[6] increases their loyalty and advocacy behaviors toward the brand,[7] and even shields the brand from negative publicity.[8] Clearly, consumers care about whether companies are engaging in CSR, and reward companies well for doing so.

In this article, I examine CSR from a branding perspective, focusing on consumer reactions to the CSR activity and the brand. Using examples, I demonstrate how a CSR activity may have unintended negative consequences, and suggest possible solutions. I adopt the perspective that when consumers view a CSR activity, they do not think about it in isolation. Rather, the brand that is engaging in CSR provides a context to the consumer, with respect to which the CSR efforts are evaluated.

Doing the Right CSR Activity that Fits with the Brand

In 2019, to mark India's Independence Day, international candy brand, Cadbury's launched the "Unity Bar" to promote diversity– a chocolate bar with dark, blended, milk, and white chocolate. The campaign was met with widespread backlash from consumers, who said that the chocolate trivialized race relations. The campaign may have been well-intentioned, but clearly missed its mark with consumers. When consumers see a CSR activity, they try to relate it to the brand, and assess it. Fit between a brand and a CSR action is high when the two are perceived as consistent, whether that consistency is derived from mission, products, markets, technologies, attributes, brand image, or any other key association.[9] If the activity fits well with the brand on some dimension, then consumers respond positively. However, if it does not fit well with the brand, as in the case of Cadbury's Unity bar, where chocolate and race relations do not go well together, consumers react negatively. In one study investigating this idea, participants saw either Alpo pet foods sponsoring the Humane society (which fights animal cruelty; high-fit condition) or the Special Olympics (which is a sports organization for children and adults with intellectual and physical disabilities; low-fit condition).[10] Relative to participants in the high-fit condition, those in the low-fit condition thought the brand Alpo was less clear in its positioning, liked the brand less, and were less likely purchase and recommend the brand. Aside from these reactions, consumers often think about motives behind *why* brands are engaging in a specific CSR activity, and may attribute CSR to a variety of reasons. For low-fit causes, consumers think that the brand is engaging in CSR more for self-centered reasons (e.g., excessive profiteering) rather than because of the company's values. However, for high-fit causes, consumers think that the brand is engaging in CSR more because of the company's values, rather than for self-centered reasons.[11] As one would expect, when consumers think that activities stem from the company's values, rather than excessive profiteering, consumers were more willing to purchase the product.

Sometimes a brand's overall concept may conflict with CSR. CSR activities are very common among luxury brands, which have a brand concept associated with power, wealth and ambition. Many luxury brands are meeting their millennial consumers' expectations for social and environmental responsibility. The Kering group, for example, which owns Gucci, Stella McCartney, and Saint Laurent, is increasing the use of renewable raw materials to improve its sustainability. But do such activities benefit luxury brands? In some of my own research, my collaborators and I find that engaging in CSR on the part of luxury brands may backfire.[12] When a luxury brand engages in CSR, brand evaluations decline in comparison to when the luxury brand does nothing (control), or in comparison to when the luxury brand does some activity unrelated to CSR. We argue that this happens because the concepts that consumers associate with luxury brands (power wealth, and ambition), are incompatible with the socially and environmentally conscious images of CSR.

Communicating the Fit Well

Given the importance of fit, one natural implication is that companies need to select CSR activities that are consistent with the brand, where the company has the opportunity to make even greater impact. However, it is not just about the activities, but also how those activities are communicated. Companies could create and communicate consistency between the brand and the activity, so as to enable consumers to see how they fit well together. For example, consider the Ford brand collaborating with national parks[ix], which does not appear to have a natural basis of fit. However, if the communication clarified that Ford made the vintage Red Bus Fleet of Glacier National Park safe for use, the consistency becomes a lot clearer to the consumer. Consider another example. The communication of Alpo's sponsorship of the Special Olympics could explain that the Special Olympics participants will receive pet-related gifts, and that caring for pets increases the self-esteem for mentally disabled children[ix]. Such explanations can make the CSR activity more consistent with the brand, and result in positive reactions from consumers.

Given that CSR is a desirable activity on the part of luxury brands, and that CSR is good for society, we need to find ways to protect luxury brands from dilution, while promoting CSR activities. A possible course of action is to communicate that seemingly divergent concepts can coexist, such as showing consumers examples of celebrities who embody both luxury and social responsibility (e.g., Angelina Jolie).[13] Some of my research has shown that seeing such role models makes consumers more open to the idea of a luxury brand engaging in CSR and stems brand dilution. Notably, in a different stream of research focusing on the preference for green products over non-green products, researchers have shown that activating status goals in consumers can actually increase preferences for green-products.[14] By purchasing a green product (e.g., Toyota Prius), consumers can signal to others that they voluntarily engage in an act that benefits society, instead of selecting a non-green product that would benefit just themselves. Such prosocial acts are believed to elevate the status of the consumer engaging in these acts.

Match between the Brand's Position on CSR and its Actual Actions

It is known that consumers change their opinions of a brand based on what a brand *says* versus what a brand *does* on CSR. This has become even more apparent as consumer advocacy groups and media outlets draw consumers' attention to possible inconsistencies between a brand's position on CSR vis-a-vis its actual actions in that domain. For example, a 2019 New York Times article pointed out that while oil companies were engaging in CSR and making green-energy investments, a much larger proportion of their spending was directed at projects that produce greenhouse gas emissions.[15] Another example, Johnson & Johnson, a brand name strongly associated with social responsibility and gentle, high quality baby care products, was asked to pay a $2.2 billion settlement for charges relating to its marketing of drugs for unapproved uses as well as the payment of "kickbacks" to doctors and nursing homes.[16] Although companies may have a variety of valid reasons for such contradictions, consumers consider such deviations to be hypocritical, and revise their favorable impressions of the brand,[17] particularly when the company made an initial detailed and concrete statement about CSR and subsequently deviated from it. However, these brand dilution effects were lower, when the company made a general, broad CSR statement and subsequently deviated from it.

Given how consumers react to contradictory CSR on the part of companies, one implication is that companies should avoid deviating from their positioning on CSR. All CSR activities of the company need to be carefully monitored to ensure that any explicit statements made by the company about CSR are followed through. Companies need to be transparent and authentic in the CSR activities. Putting in genuine effort and being committed to CSR can lead to positive outcomes. When a company is uncertain about their ability to comply with specific standards of CSR behavior, communications should not focus on such standards before the activity, and instead could promote their general approach to CSR. A deviation, when exposed needs to be carefully managed by a crisis management team using appropriate steps to minimize consumer harm and damage to the brand.[18]

Conclusion

CSR presents a valuable opportunity for companies to make a positive impact on their employees, consumers, and communities. In 2019, the Business Roundtable, one of the largest business lobbying groups in the US, took an unprecedented stance of encouraging companies to move beyond their shareholders, and take the wellbeing of the environment, workers and other stakeholders into consideration. Such strong commitments are likely to make CSR activities even more pivotal to a company's agenda. As I discussed in this article, a consideration of the consumer and the brand is critical in determining how companies should engage in CSR. That is, consumers do not evaluate CSR activities in a vacuum. Instead, the brand provides a context, in which CSR activities are evaluated. To manage the fit, it is important for a company to choose the right CSR activities, and then appropriately communicate the fit between those activities and the brand. Selection of the right CSR activities should be done by careful market research to understand consumer reactions in advance. But these efforts will not be successful if the company continues to engage in activities that are not socially responsible. What a company "says" about CSR needs to match with what a company "does." Brand tracking studies could monitor annually how a brand's prosocial image is changing over time, and enable the brand to take steps to correct any negative deviations.

Author

Alokparna (Sonia) Monga is Professor of Marketing at the Rutgers Business School– Newark and New Brunswick and faculty fellow at the Rutgers Institute of Corporate Social Innovation. She has a PhD in Marketing from the University of Minnesota, an MBA from Lancaster University, United Kingdom, and a B. Pharmacy degree from BITS, Pilani, India. Professor Monga's research interests are in the area of consumer behavior, focusing on how consumers respond to branding and corporate social responsibility activities. Her research has appeared in the Journal of Consumer Research, Journal of Marketing Research, Journal of Marketing, Journal of Consumer Psychology, and other journals. She has been serving on the Editorial Review Board of the Journal of Consumer Research and the International Journal of Research in Marketing. She advises PhD students and teaches Brand Management (MBA) and Introductory Marketing (undergraduate). She has won awards for her research, teaching, and reviewing.
email: smonga@business.rutgers.edu

Endnotes

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