

# SUPERBRANDS TAKE THE LEAD IN THE DECADE OF CSR

*Superbrands Council Member, Hailey Cavill, shares her views on the role that CSR (Corporate Social Responsibility) plays in making and sustaining a Superbrand. Hailey is Founding Director of Cavill + Co, which has been creating meaningful - and commercially beneficial - partnerships between companies and charities for over 17 years.*

Over the past decade how we choose the products and services we buy - even the shares we buy - has fundamentally changed. For some this big change has been the rise of social media - and that is certainly part of it - but for most of us the biggest change is in the influence a brand's Corporate Social Responsibility (CSR) has on our purchasing decisions.

Consumers are now King and are making up their minds independently of corporate advertising and PR. So if a brand does the wrong thing by them, reputations can be quickly lost through blogging, friending, liking or tweeting by marketing-savvy consumers who are socially conscious and sceptical of large corporations.

As such a strong CSR policy is central to a Superbrand's success.

Products, services and even shares are often selected because of a company's ethics, community investment, environmental protection and human rights. No longer is doing the right thing seen as just warm and fluffy. Big budgets are invested into CSR research, strategies, initiatives, communication and measurement. A company's success is measured on the Triple Bottom Line (TBL) where People and Planet are as important as Profit.

## **SO WHAT DOES CSR MEAN TO A SUPERBRAND?**

CSR is about how companies and brands manage their business to produce a positive impact on society, whilst minimising any negative impacts. It involves treating employees well, preserving the environment, developing sound governance, investing in the community, fostering human rights and respecting cultural differences.

CSR can be divided into seven key elements: Ethical Practice, Corporate Governance (transparency, compliance), Community Engagement (supporting local, national and global charities), Environmental Impact (waste and pollution avoidance, efficiency, recycling greenhouse



gas emissions), Marketplace Practices (supplier screening, fair trade etc), Employee Satisfaction (work-life balance, labour practices, diversity, training, equal opportunity) and Risk Management (health & safety, regulatory compliance, reputation management).

When Cavill + Co was created in 1995, the term CSR didn't exist. We saw philanthropy, recycling, and sports and arts sponsorship, but that was about all. The new century brought a dramatic slide in consumer trust, with corporate collapses such as Enron, HIH and Ansett, landmark media events such as Michael Moore's documentaries and Al Gore's 'Inconvenient Truth' exposing many bad practices and amongst large brands and corporations. Through these failings and exposures, CSR emerged, although it was still mainly limited to philanthropy or peripheral activities such as staff volunteering.

Since that time, CSR has grown from a novel and poorly understood concept to a topic on most boardroom agendas. A key driver is today's consumer, who is far savvier and globally focussed, fed by digital and social media. Another driver is the importance of reputation in the valuation of a company. A modern, knowledge-based corporation may have around 70% of its market value

based on intangible assets such as reputation, brand, values, patents, designs and rights. CSR is a key part of the reputational capital.

## **LET'S EXPLORE THE BUSINESS CASE FOR CSR**

In Cavill + Co's benchmark 2008 study, 'Real not Spiel' conducted by Sweeney Research, more than 500 Australian consumers said CSR was a major factor in their decision making. Subsequent omnibus studies confirm that CSR has become even more influential since the GFC, and Edelman's 2012 Trust Barometer and 2012 Good Purpose Study support this.

In short, CSR can build trust, increase staff loyalty, attract the best staff and reduce staff turnover. It can sway customers at the point of sale, in buying shares and can demonstrate legitimacy or licence to operate.

Given that the criteria for being a Superbrand include Longevity, Goodwill and Customer Loyalty, CSR can do much to create and sustain business for the future, because building trust is vital.

Trust in corporations is declining year on year, while charities continue to be the most trusted institutions to do what is right by society, in



in a company, 46% said a company's CSR would have a major impact on their decision and a further 40% said a minor impact.

Clearly the importance of a visible CSR philosophy has gone from warm and fluffy to business savvy.

Among companies involved in CSR, the area that most get wrong is in their communication to consumers about their participation. Many brands talk about money or strategies without giving simple, tangible examples and outcomes, when Australians want to see results. In fact 49% said they were confused by most 'green' claims, believing that companies were trying to blind

them with science and 62% felt that companies made false or misleading claims about



Australia and around the world. Charities are also the third most trusted sources of CSR information, after consumer groups (such as Choice) and the word of friends and family. Superbrands understand that if they partner well with a charity, they gain the benefit of this trust.

As for staff loyalty, research by Seek shows that 48% of employees would seek employment at a company that supported charities, 41% would take a job that earned less if they could volunteer and make a difference and 88% would feel proud.

When it comes to sales, aligning with a charity can have a major influence on women, who hold 80% of the household purse strings. Three-quarters of women are inclined to purchase products and services that support a charity and in the last year 28% actually switched brands because of this. Two-thirds of consumers would choose a product or brand that promotes an environmental benefit and 45% said they had already done so. Almost half of all Australians said a company's CSR record would have a major impact on whether they bought products and services from that company and 55% said they would actively support a company, which showed that it supported the environment.

For investors deciding whether to buy shares

their impact on the environment. This kind of 'greenwash' as we call it, is now outed on social media and called hogwash by consumers

Australians are naturally vigilante consumers and will go out of their way to expose brands behaving badly. If two New Zealand teenagers can bring a global pharmaceutical company to its knees over Vitamin C levels, whose brand is safe? Consider this: 34% of Australians say they have avoided purchasing a product, service or brand due to its poor environmental record. They object to companies declaring huge profits and paying big CEO salaries whilst over-charging, followed closely by failing to provide safety for staff and customers and treating staff poorly. Not far behind are false claims of charitable or green activities.

#### **NOT SURPRISINGLY, SUPERBRANDS ARE GENERALLY GOOD AT CSR**

Domino's Pizza has created a Foundation to support its staff in times of need and in the past two years has donated 20,000 pizzas and \$500,000 to victims of Cyclone Larry, the Brisbane storms, Victorian bush fires, Queensland floods and Christchurch earthquake.

The company has also signed the national packaging covenant - a voluntary initiative to reduce used packaging going to landfill.

Long time Superbrand Arnott's Australia has been practising CSR for many years and is making big strides in reducing emissions and water use. In the past five years Arnott's has reduced packaging by 130 tonnes of plastic, 12 tonnes of steel and 600 tonnes of cardboard packaging each year.

Cadbury invests heavily in charities and one that fits beautifully with its brand is the Clown Doctors who visit 20 hospitals around Australia treating children to fun and laughter. Since 2006 Cadbury has raised over half a million dollars for Clown Rounds and PhD research. In addition, Cadbury and its parent company Kraft Foods have donated over 500,000 kilos of product to Foodbank, which helps feed over 60,000 people daily.

Qantas has supported various charities including CARE Australia. For over 21 years it has collected \$24 million in loose change for UNICEF through its 'Change for Good' program. Qantas also sponsors the Australian of the Year awards and in May 2012 released its third Reconciliation Action Plan to foster reconciliation in the broader Australian community.

#### **SO HOW CAN SUPERBRANDS AND ASPIRING SUPERBRANDS MAKE THE BEST OF CSR OPPORTUNITIES?**

The first thing is to do what feels right for your company and brand - to make sure it makes sense for your business and is a reflection of what you stand for. Then achieve some real results before making a PR splash. Consumers want to see results, not promises. Avoid window dressing and jargon and keep it real. Encourage honest and accurate labelling and advertising. Avoid incongruence's, such as donating to an environmental charity but using three layers of packaging. Treat employees well - they are your best advertisement.

To cut through Aussie scepticism, find something that fits your business, and stick with it for the long term. Then communicate the outcomes, not the dollars. Above all, set measurable CSR objectives, and then be sure to measure them and publish the findings. Measure SRI (social return on investment) as well as CROI (commercial return on investment).

CSR scholars and practitioners expect CSR will soon move beyond just doing the right thing, minimising risk and ensuring regulatory compliance. All sorts of societal challenges - diminishing energy resources, lack of food and water, growing global population - present opportunities for companies to use their ingenuity and resources to find solutions to these problems and thrive in the process.

CSR is likely to shift from a strategy driven by a few enlightened people to a core business function for all - central to a company's success and future.

In that future, the true Superbrands will be those businesses that have the potential to improve society AND make money while doing it.