

STRATEGICALLY LINKING CSR EFFORTS TO CORPORATE MARKETING

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ABSTRACT

Firms cannot exclusively focus on monetary gains in the modern business environment. Rather, they should progress on both economic and social frontiers. Companies have started embracing corporate social responsibility (CSR) into their mission, vision, values, and daily operations so that they can contribute to positive change in the world and make it a better place. The relationship between businesses and the environment in which they operate is a fundamental focus of marketing, a major business discipline. Accordingly, this article attempts to create an integrated perspective of how corporate marketing has approached CSR. It is important for the marketer to think about how to provide value to the community and society in addition to earning profits. Managers are considering CSR as a new marketing tool because it offers great opportunities for differentiation that can help firms in acquiring a competitive advantage in the long run. Therefore, to enhance its reputation, a firm must incorporate social activities in its marketing strategy through good corporate citizenship.

Keywords: Corporate social responsibility, Marketing strategy, Differentiation, Customer value, Competitive advantage.

INTRODUCTION

Corporate Social Responsibility is an ethical management concept in which firms strive to incorporate social, economic, and environmental concerns, as well as human rights considerations, into their commercial operations. CSR has drawn a lot of attention from researchers in a number of fields, including marketing, management, business strategy, and business ethics. It has been recommended that marketing ought to take the lead in the investigation of CSR since both concentrates on the interaction between the business organization and society (Lantos, 2001). Marketing scholars began to show interest in corporate social responsibility in the 1960s and 1970s. Several marketing concepts intersect with various aspects of CSR. Some of these concepts are sustainable consumption (Leigh et al., 1988; Dolan, 2002), environmental marketing (Van Dam and Apeldoorn, 1996), quality-of-life (Sirgy and Lee, 1996), environmental marketing (Menon and Menon, 1997), cause-related marketing (Polonsky and Wood, 2001), socially responsible buying (Maignan and Mcalister, 2003) and societal marketing (Daub and Ergenzinger, 2005). The purpose of this paper is to highlight the relevance of advancing knowledge in the field of marketing about CSR implementation. Many multinational corporations such as McDonald and Nestle have experienced various challenges as a result of their failure to address ethical concerns in their marketing activities. CSR initiatives are progressively becoming high-priority corporate concerns, and businesses are taking a variety of actions in this direction. They are building better

marketing strategies based on sustainability objectives in order to outperform the competition and maintain their market position. However, the possibilities for incorporating CSR into marketing must be carefully considered.

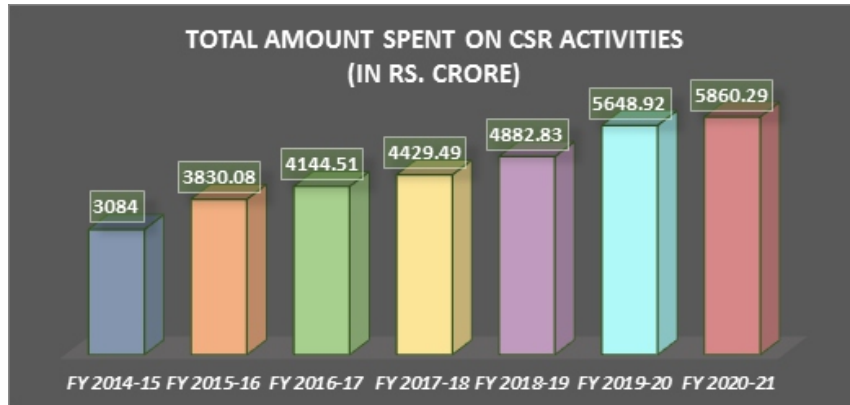
The main strategic marketing question is how CSR influences the customer value proposition. The marketing cycle is complete when businesses reinvest their profits in the very same individuals who help them generate revenue. Effective CSR goes beyond the campaigns themselves, which ought to be incorporated into a marketing plan. Social responsibility marketing strategies include using recyclable packaging, promoting societal issues and challenges, and dedicating a portion of profits to charitable organizations or activities. Nowadays, a firm's competitiveness is determined, among other aspects, by its socially responsible marketing strategy, eco-friendly technology, support to community members, and respect for stakeholders. Cone Communications' survey revealed that 87% of customers will purchase a product because a firm supported a cause that is important to them. On the other hand, it is also found that 60% of the public is reportedly willing to spend more on products that are socially responsible. According to a meta-analysis of 85 research publications, marketing communication via social responsibility programs is important for modeling consumers' knowledge. In fact, CSR has become an essential aspect of a company's identity as a result of rising customer expectations. The company's credibility as a social participant, which is influenced by its history and corporate reputation, is likely to moderate the relationship between CSR initiatives and customer value. This makes corporate social responsibility an integral part of marketing strategy.

India was placed second in global CSR research conducted in seven countries (India, South Korea, Thailand, Singapore, Malaysia, Philippines, and Indonesia) in 2003 by the U.K. based International Centre for CSR. This ideally demonstrates the value that is important for Indian customers. CSR expenditure has increased in a secular trend since 2014, from just over Rs 10,000 crore in 2014–15 to a peak of about Rs 24,800 crore in 2019–20. According to data from the ministry of corporate affairs, India's largest conglomerate, the Tata Group, spent nearly Rs. 1,000 crores on CSR initiatives in the fiscal year 2021, maintaining its top position followed next by Reliance Industries spending Rs.922 crores on social causes. Around 8,000 CSR projects were funded by 1,619 enterprises in FY21. The IT sector performs best overall in terms of CSR in 2021.

Table 1: Contribution of Top 10 BSE-listed companies in CSR initiatives.

Company	Amount Spent on CSR Activities (in Rs. Crore)						
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Reliance Industries Ltd.	760.58	651.57	659.2	745.04	849.32	908.71	922
Tata Consultancy Services Ltd.	220.18	294.23	380	400	434	602	674
H D F C Bank Ltd.	118.55	194.81	305.42	374	443.8	535.31	534.03
N T P C Ltd.	205.18	491.8	277.81	241.54	285.46	304.92	418.87
Infosys Ltd.	239.54	202.3	289.44	312.6	342.04	359.94	361.82
I T C Ltd.	214.06	247.5	275.96	290.98	306.95	326.49	335.43
Wipro Ltd.	132.7	159.82	186.3	186.6	185.3	181.8	246.99
I C I C I Bank Ltd.	156	172	182	170.38	92.2	134.35	200.5
Tata Steel Ltd.	171.46	204	193.61	231.62	305.47	192.99	189.85
Hindustan Unilever Ltd.	82.35	92.12	103.88	116.09	126.45	143.74	165.08

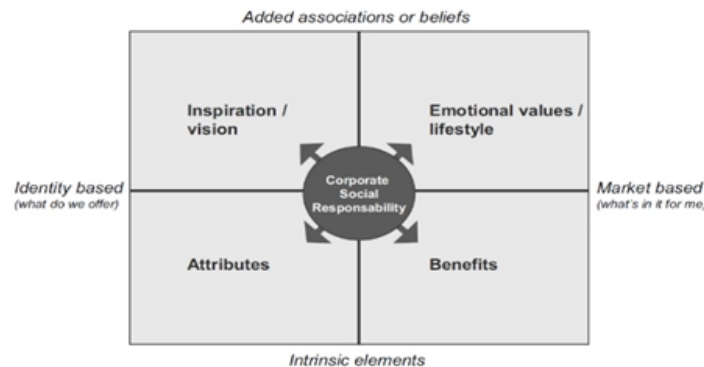
Figure 1: S&P BSE SENSEX firms' contribution to CSR activities over the years.



THE LINK BETWEEN CSR AND BRANDING

In recent years, branding has become more complex and subtle. The brand's positioning and value proposition (e.g., lowest price, best product, customer intimacy, sustainability champion) must be specified before it can be developed. The Young and Rubicam Brand Asset Valuator, which has four pillars including differentiation, esteem, knowledge, and relevance is one of the biggest and most well-known models used for valuing brands. A well-designed and strategically implemented CSR program can significantly improve a brand's capacity to build and maintain a positive image in the marketplace. In a survey of 30,000 consumers in 60 countries, Nielsen found that 66% of consumers were willing to pay more for goods from brands that displayed social commitment. The CSR Brand Positioning Grid is a practical tool that assists in exploring CSR opportunities to support brand positioning. It offers business organizations insights for developing unique strategies or campaigns to express CSR. The model is based on a marketing technique known as the means-end chain, which consists of three elements: attributes, consequences or benefits, and end values. These three elements aren't the only ones that influence a consumer's decision to buy a brand. They also seek brands that inspire them. Inspiration originates from within and represents a company's intangible characteristics such as philosophy, mission, principles, ideals, and shared values.

Figure 2: The CSR Brand Positioning Grid (Brüggenwirth, 2006)



CSR and branding are gradually converging as concepts like sustainability and trust are becoming more relevant. There is growing evidence that consumers are differentiating between brands and companies based on societal effects and ethical standards. Customers feel better about themselves when they engage with brands that create positive sentiments. Marketing your brand with empathy enables you to reach a wider audience and establish yourself as a more trusted, compassionate firm. The research findings by Bhattacharya, Good, and Sardashti (2020) suggest that CSR generally has a favourable effect on brand value during the recession, at least for established firms. Positive feelings are linked to social approval and self-respect; therefore, CSR also helps in building brand equity. In one of his books on corporate social responsibility, Philip Kotler discusses several strategies that can be successfully incorporated into a company's marketing plan, such as cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteerism, and socially responsible business practices. These numerous social techniques are not mutually exclusive, and a combination of them can help marketers achieve long-term goals such as creating brand equity, improved sales, and market expansion. In the contemporary organizational setting, it is important for marketing managers to invest in CSR initiatives that will help them establish a distinct position in the market. Hence, CSR should be viewed as a sort of strategic investment, which can be understood as a way of establishing or preserving a firm reputation.

Figure 3: Importance of Social Responsibility in Marketing



PROMINENT EXAMPLES OF COMPANIES USING CSR IN MARKETING CAMPAIGNS

For a multidimensional return, many business organizations have incorporated CSR into their marketing plans. Initiating CSR in marketing, American Express Corporation focused on causes such as the Statue of Liberty restoration, famine alleviation, and economic independence for women. Ford actively promoted breast cancer awareness. The well-known "e-Choupal"

campaign is run by ITC limited. In order to supplement the availability of raw materials for its paper business, ITC has begun reforestation of privately owned degraded land. Through their "Shiksha" project, Procter & Gamble contributes a portion of its profits to children's education. ACC has been providing social services for almost five decades. In order to raise the standard of living in rural areas, they are establishing schools, medical centers, and agro-based enterprises. Companies like ONGC and BHEL actively contribute to the welfare of the local communities by providing drinking water amenities, road and culvert construction, health and educational facilities, and promoting sports by hiring talented players. NTPC has formed a trust to work for the benefit of those who are physically disabled. Lipton has opened veterinary hospitals in the Etah district of Uttar Pradesh from where it purchases milk. In Delhi, British Gas (which supplies CNG to India) has just begun training unemployed youths to work as technicians for gas-powered autorickshaws.

Wipro's COVID-19 response has helped over 10 million people by supporting more than 1,561 initiatives involving humanitarian aid, comprehensive healthcare support, and the restoration of livelihoods. HUL's CSR project Shakti aims to give women in rural India financial independence and livelihood opportunities. Hindustan Zinc Ltd. has taken the first step by serving the educational needs of PwDs (Persons with Disabilities). BPCL carried out over 79,000 activities as part of the Government of India's Swachh Bharat Mission. More than 1.5 lakh people have benefited from the working of 13 robotic manhole cleaning machines donated by BPCL. Apollo Tyres has launched mobile medical units with the intention of giving the trucking community access to healthcare facilities right at their doorstep. Hero MotoCorp designed 60 unique 'First Responder Vehicles' (FRVs) that were given to the government to be utilized as an ambulance. Project Khelo Hero has benefitted more than 2500 athletes by focusing on the development of sports at the grass root level in the country. For talented young athletes who represented their States in team competitions and national rank holders, IOCL introduced the Sports Scholarship Program in 2006–07. The company also implemented an innovative project and provided a remote-operated water drone to remove the floating garbage from the lakes on a regular basis. The Traffic Safety Management System (TSMS) and Automated Driving Test Tracks (ADTT) were implemented in the national capital as part of Maruti Udyog Ltd.'s CSR initiatives in collaboration with the Delhi Government. Infosys, Wipro, and Reliance are regarded as the most socially responsible private sector companies in India.

ConAgra Foods launched the better child nutrition initiative, which was successful because it used CSR in marketing. Johnson & Johnson, a leader in pharma, has spent the last three decades focusing on minimizing its ecological impact. Their projects range from harnessing wind energy to giving communities all around the world access to clean water. Every year, as part of its social responsibility initiatives, Starbucks hires 5,000 US military veterans and their spouses. Google has contributed over \$1 billion to renewable energy projects and provides services like Gmail to help other businesses lessen their environmental effect. To assist employees and their families, Netflix provides 52 weeks of paid parental leave. Some of the well-known international food and beverage industry giants are McDonald's and Starbucks, which have led marketing initiatives to phase out single-use plastic straws. Nowadays, almost all cosmetic companies pledge to use only the finest natural ingredients in their fight against dangerous chemicals and animal

experimentation. In the fast-food industry, offering meatless and nutritionally balanced options is a current trend among consumers. Zara has started promoting its eco-friendly apparel range under the brand 'Join Life'. In line with its strategy, Zara hopes that by the end of 2022, 50% of its inventory will consist of sustainable clothes, and all of its operations would be powered entirely by renewable energy sources. Similar to this, nearly all MNCs such as Microsoft, McDonald, Nokia, and Unilever have embraced social responsibility as a business strategy to achieve sustainable market development and growth both in their own countries and in the host nations.

IMPACT OF CSR ON MARKET PERFORMANCE

Studies on the subject of marketing and corporate social responsibility have been conducted for many years, with the findings influenced by the prevailing economic paradigm at the time (Moir 2001). Despite the conflicting research results (Cheng et al.,2014), numerous studies have found that CSR has a positive impact on business performance and a substantial proportion of the benefits reported are related to marketing (Bhattacharya and Sen, 2007; Maignan, Ferrell, and Ferrell, 2005). According to research, contributing to CSR initiatives may enhance marketing performance as reflected by market share, sales value, and customers' and channel partners' satisfaction and retention (Chahal and Sharma, 2006). Torres et al. (2012) findings revealed that CSR positively affected consumer behavioral outcomes including word-of-mouth and brand choice. Additionally, Choi and La (2013) reported that CSR perceptions significantly improve brand trust and loyalty. Rahman, Rodríguez-Serrano & Lambkin (2017) have found that the association between CSR activities and marketing performance was stronger, and more money was spent on advertising. One recent US study confirmed that firms that are socially responsible and publicize it may be able to demand higher prices for their products. Due to the fact that advertising bridges the information gap between businesses and their clients. The future offers ample opportunities for corporations. However, changes in the socio-economic, cultural, and natural environment will place new limits on marketing and business activities. Companies must assess whether they are actually engaging in ethical and socially responsible marketing practices. Market research has shown that customers often have a more favourable opinion of businesses that participate in CSR initiatives. CSR programs benefit society while making your company more profitable and appealing to potential employees. Thus, for a company to succeed and survive in a competitive environment, it is essential to integrate the best CSR practices into its marketing strategy.

CONCLUSION

The above discussion emphasizes the significance of CSR practices as a survival strategy for business organizations in the current dynamic environment, as well as their impact on a company's perception, image, and market performance. It is necessary to examine how marketing executives might use CSR-related initiatives to generate value for their different stakeholders. Marketing plays a vital role in promoting and emphasizing all the good work that a company is doing. On the other hand, CSR has emerged as an effective tool for mitigating a new type of risk known as social risk (Kytte and Ruggie, 2005). Increasing consumer expectations, government laws and pressure, growing employee expectations, the inclusion of social parameters by investors,

and changing business practices are some factors that are driving corporations to exercise a higher level of corporate social responsibility. Companies who want to achieve their marketing goals through corporate social responsibility (CSR) have acknowledged the value of good corporate citizenship and the necessity to contribute as much as possible to the well-being of society. Executives should pay close attention to the influence of CSR on competitive positioning, market choices and segment targeting, and the delivery of increased customer value. Corporations must switch from a fragmented, defensive attitude to an integrated, proactive strategy in which social responsibility principles form the foundation for a strong business. Thus, firms that can create innovative marketing ideas and values while remaining socially responsible are more likely to be successful.

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