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ETHICAL CONSUMERS AND THE CSR MARKETPLACE

Andrew Crane

Introduction

It is now commonplace to assert that consumers want firms to be more socially responsible. All things being equal, who would not want to buy from a responsible company rather than an irresponsible one? Who would not choose the fairly traded, organic, eco-friendly product over the exploitative, pesticide-ridden, polluting one – assuming of course that you do not have to compromise on quality, taste or design . . . – or pay more for the privilege. But things are rarely that simple. Often it is far from easy to distinguish the responsible from the irresponsible. And even when there are clear socially responsible attributes, they rarely come without a trade-off or two. For all their avowed commitment to rewarding socially responsible firms, customers are not always willing to back up their promises with their wallets. So although the message has now gotten through to many companies that their consumers increasingly have social, ethical and environmental expectations that they wish to see addressed in one way or another, the big question is *how* should firms respond to these expectations?

In this article, I shall explore this question in the context of marketing strategy, focusing in particular on how companies might engage in CSR to appeal to the ethical demands of consumers. This is an important area to consider, not least because it starts us thinking about how (or even whether) ethical concerns might be translated into tangible practices, products and services. But perhaps more importantly, it also starts to focus our attentions on the myriad challenges that ethical consumers might pose for companies, and in particular on the difficulties inherent in turning their demands into a viable and sustainable business proposition.

I will begin by establishing the types and range of companies that might be within the field of vision for socially or ethically concerned consumers – and put this into the context of the other non-consumer stakeholders likely to also be interested in the company's CSR practices. Then I will go on to look at specific strategic positions that might be adopted by the firm, primarily with a view to delineating strategies appropriate to 'ethical niche' and 'mainstream' orientations, before proceeding to outline the challenges and tensions that these postures typically raise. Once I have set out these broad strategic orientations, I will look a little closer at the types of CSR products, brands, images, and programmes that organizations might produce to appeal to consumers, and how we might conceptualize them as 'augmentations' to the basic value proposition. Crucially, these types of augmentations typically have implications well beyond the purview of the marketing department, and so we will finish with some consideration of the deeper issues around corporate-wide commitment to CSR necessary to develop appropriate market responses to CSR. I will conclude with a summary of the main points and a few brief comments on the state of current theory and practice and prospects for the future.

Companies in the CSR Marketplace

Responding to the social, ethical and environmental demands of consumers is something that all sorts of companies might need to do at some stage – from companies that have been expressly established to pursue particular social goals, such as those in the co-operative or fair trade movements, all the way up to huge multinational corporations dedicated to maximising shareholder value, such as Monsanto or BP. For example, in the confectionary industry, some companies such as the US-based Endangered Species Chocolate are specifically dedicated to sustainable farming and ethical trade, producing all-natural organic chocolate products and donating 10% of net profits to conservation efforts. Others, such as Kraft, the global market leader, have a much larger target market (currently around 15% of the global confectionary market) which means that whilst they commit to a range of social and environmental practices across their span of operations, fair trade principles are limited only to specific products (e.g. its Cadbury Dairy Milk bars) and organic products are largely the restricted to its Green & Blacks brand, which is just one of the firm's many chocolate brands including Cadbury, Cote d'Or, Marabou, Milka, and Toblerone.

So in examining how companies seek to appeal positively to consumers through CSR, it is not unusual to think primarily of those companies at either extreme of the spectrum – i.e. those most in the 'firing line' of boycotters (at one end), or those seeking to capitalise on an explicitly 'ethical' selling proposition (at the other). But even a good deal of those occupying more of a middle ground will need to exercise some kind of strategic decision making, perhaps because they recognize that the firing line is going to reach them too at some time, or because they cherish a reputation for being a 'good citizen'.

Now, although certain companies might wish to respond to the social concerns consumers, it needs to be said that there are many companies that do not, and probably even *need* not, consider these concerns of their consumers at all. Although I am not going to discuss these companies here, it is worth remembering that the ones that do seek to respond to 'ethical' or 'responsible' consumers are by no means necessarily in the majority. And, as we shall see, even for many of these, CSR considerations are not always at the heart of their operations.

The first substantive issue to note here is that it is almost impossible to separate out the impact of ethically concerned consumers on organizations from the host of other CSR forces that might confront them. This includes pressure from the media, government, civil society, competitors, or any other relevant constituency. In part, this inability to separate out the impact of consumers is due to lack of research. But there is also a largely unexamined assumption prevalent in much of the debate around marketing and CSR that firms will automatically respond to the demands of consumers – the 'accepted sequence' (Galbraith, 1974) of *consumer sovereignty* – i.e. an assumption that consumers drive the decisions of companies through their purchase 'votes' rather than the other way round. Notwithstanding the theoretical limitations of this assumption, there are also a number of conditions that might influence this purported cause-and-effect relationship, such as the amount of concentrated power wielded by consumers, and the vulnerability and visibility of the corporate brand in the marketplace.

The relative influence of ethically concerned consumers on firms compared with other CSR forces is not, however, just a matter of establishing empirical fact. There is an extremely important normative question here that is frequently eclipsed by the assumption that firms *will* respond to consumers – namely, whether firms *should* respond to the social and ethical demands of consumers. Now to many advocates of CSR, this probably sounds perverse. But from a normative standpoint, there seems to be no *prima facie* reason why a firm – even supposing it wanted to act in the best interests of society – should privilege the views of one particular group of consumers, or one particular preference expressed by consumers, however well meaning those consumers might appear to be. Although marketers often assume the primacy of consumer interests, a multi-stakeholder view of the firm would typically regard this as problematic (Jackson, 2001). Moreover, who is to say that answering the demands of one set of ethical consumers is really in the best interests of society?

Of course, it *may* be, but then again, it may not. Indeed, determining the right thing to do is inevitably fraught with complexity and uncertainty, especially when firms have a whole range of stakeholders to satisfy. Often the issues are too complex and global for consumers to really know what the best solutions are. Listening to, and attempting to appeal to concerned consumers is one possible approach for companies to take, but there are clearly other, perhaps preferable, approaches that can also be considered (see Crane and Desmond, 2002). Indeed, should we even have consumers making *choices* about whether firms should harm employees in the supply chain, use slaves in the production process, or pollute the environment? Shouldn't these be fundamental requirements?

Many firms often held up as exemplars of successful social responsibility, such as Ben & Jerry's, Tom's of Maine, and the Body Shop have claimed to have followed the instincts and drives of their leaders in determining their ethical stance rather than taking a customer-led approach (see Chappell, 1993; Lager, 1994; Roddick, 1992). This kind of internal drive could be seen as a more stable (though arguably less 'democratic') foundation for responsible business than one that relies on changing market preferences. Similarly, it could be argued that government and civil society organizations have a more legitimate mandate to act in society's best interests than individual consumers, and so companies should primarily determine their CSR priorities in consultation with these parties rather than conducting customer opinion surveys. These propositions are most certainly contestable, but that does not deflect from the issue that the appropriate status of consumers' CSR demands is an often-overlooked issue that almost certainly warrants further debate in the literature. At the very least, I think it is worth considering consumers as just one part of the CSR landscape confronting corporations, albeit one that may well be influential in how firms orient themselves to the CSR marketplace. Let us now turn our attention to the types of strategies that firms may adopt in establishing this orientation.

Strategies for orienting towards the CSR marketplace: mainstreaming or ethical niche?

In recent years, there has been a growing number of commentators extolling firms to listen to and respond to the social, ethical and environmental demands of consumers, to 'sell corporate social responsibility' (Cobb, 2002), to build 'ethical brands' (Mitchell, 1997), and to capitalise on the growing CSR market. The notion of a CSR or 'ethical' market is perhaps a rather nebulous one, but what I mean by it here is essentially a demand, either implicit or explicit, for corporate actions, communications, or other artefacts that have a positive and identifiable CSR component to those outside the company. This can mean products with social, ethical or environmental features of one kind or another, such as fair trade or recycled products; it can mean cause-related marketing programmes, employee welfare programmes, or the development of an ethical code; in fact, it can mean a whole host of corporate endeavours that consumers and other stakeholders might demand from corporations for supposedly socially responsible reasons.

Probably the most straightforward way of thinking about how firms orient towards this CSR marketplace is to conceive of a continuum of focus, from a narrow specialization in an 'ethical niche' towards an attempt to address CSR within a more 'mainstream' market. Basically, all I'm saying here is that some firms focus exclusively or mainly on promoting their CSR credentials (ethical niche), whilst others primarily stress other factors, yet still articulate their CSR credentials as a secondary or additional factor (mainstreaming).

One obvious way of conceptualising this distinction is to consider niche and mainstreaming strategies as the two main manifestations of Porter's

(1985) 'differentiation' strategies, whereby firms seek to position themselves as offering superior qualities either across the whole market or in a specific market niche (see Figure 5.2 for a simple depiction). Why should we consider CSR as a 'differentiation'? Well, this is a slightly tricky one, since for many people, the whole idea of using social responsibility to strategically promote firms and products is in fact questionable in itself (for a discussion, see Husted and Allen, 2000). Again, such thinking starts to raise another of the fundamental paradoxes in much of our thinking about firms in relation to CSR and consumers. On the one hand, we want firms to *genuinely* and *actively* embrace social responsibility, but at the same time, we extol them to listen to and respond to ethical consumers. The former represents taking a stand on what you as a firm believe in – the latter represents a more *instrumental* and *reactive* approach based in what you think others believe in.

Putting such tensions aside for one moment though (we will return to them later), the mere fact that some, perhaps many consumers, are likely to be attracted to firms they perceive to be socially responsible suggests that such considerations are a means by which consumers differentiate between firms and their offerings. In this sense, firms promoting their CSR credentials may be seen as offering 'augmentations' to the basic product offering (Crane, 2001). It is not just a bank account, but a bank account from a 'caring' bank; not just a bar of chocolate, but a bar of chocolate that ensures growers a decent standard of living; not just a trip to the supermarket, but one to a supermarket that gives some of the money you spend back to local schools. There will certainly be other augmentations too, but CSR qualities are part of the bundle of benefits through which firms seek to differentiate themselves in the mind of the consumer.

There are, I should add, considerable limitations to the usefulness of Porter's (1985) model for understanding strategic positioning (e.g. Miller and Dess, 1993). However, as long as we use this model simply to identify the basic approaches evident in the CSR marketplace, it seems to be a reasonable conceptualisation, and in so far as it is widely understood and used in strategy theory and practice, it seems to be a useful starting point for thinking about how firms respond to the CSR concerns of their consumers. Let us then now look in a little more detail at these main differentiating orientations.

	Low cost	**Differentiation**
Broad	*CSR cost leadership*	*Mainstream CSR orientation*
Narrow	*CSR cost focus*	*Ethical niche*

Figure 5.2: Orientations to the CSR marketplace

ETHICAL NICHE ORIENTATION

Firms targeting the ethical niche will see their customers as having strong ethical preferences which drive their product selections, and other consumer decisions, such as where and how to shop. Hence, such companies will typically position their products as socially responsible alternatives to conventional competitive offerings. According to marketing logic, these companies' products should therefore offer unique CSR features above and beyond industry standards, and communications should generally concentrate on emphasising these benefits rather than other attributes of the product or the firm. Again, conventional marketing logic would tend to dictate that this type of differentiation should provide added value to consumers, and so should command a premium price. Firms occupying the ethical niche might also ordinarily have social, ethical, or environmental goals as an integral part of their espoused mission, coupled with a public commitment to certain principles or practices.

Consider the example of Triodos, the Dutch 'ethical bank', whose mission is 'to make money work for positive change', and which markets its corporate banking services to a niche of charities and 'social businesses'. Similarly, the Canada-based Me to We Style is an apparel company 'committed to providing ethically manufactured, quality apparel for the socially-conscious consumer'. Given their commitment to ensuring growers a premium price, many companies marketing certified fair trade products (such as Max Havelaar products in the Netherlands or TransFair in the US) have also typically targeted a niche of concerned consumers, as have 'green' firms offering more environmentally benign products, such as the Belgium cleaning products company Ecover, or the US toiletries firm Tom's of Maine. The key point is that ethical niche firms see their aims best achieved by satisfying a relatively small group of concerned customers, and as a result, are mainly small specialist firms.

MAINSTREAM CSR ORIENTATION

In contrast, a mainstreaming orientation towards the CSR marketplace includes a range of different types of firm, with potentially very different values. The ethical considerations of consumers are still important here, and mainstreaming firms may well have ethical codes, or use labels such as eco-labels to certify their credentials. But these will not be the *main* selling proposition of the products and services on offer, the primary focus of differentiation. This means that it could be that CSR credentials are seen as a fundamental part of doing business, or simply an 'added extra', or even a passing fad, but either way, these firms will not principally position their products on this basis.

The reasons why these firms do not seek to invoke CSR issues as the main selling proposition for their products might stem from a range of factors, including a concern that consumers might judge them as simply 'greenwashers', doubts over consumers' willingness to pay a premium for CSR attributes, or a fear that such promoting such attributes might even have a negative or distracting effect on the consumer's evaluation of the product's quality. Recycled materials for example are often perceived to be lower quality than virgin, and so companies may elect not to actively promote this CSR feature to their main customer base. I think it is reasonable to assume that the basic underlying assumption here is that firms believe that most of their consumers' CSR concerns are secondary to other considerations such as price, quality, and convenience – or at least are secondary for more of the time than they are primary. Mainstream firms typically target a larger market than niche firms, and it would appear that there are few if any markets where differentiation *primarily* on the basis of CSR is a sustainable business proposition beyond a narrow niche. This is not to say that firms will ignore the ethical considerations of their consumers in this context, since we are very much concerned with those firms that do attempt to differentiate at least partly on the basis of CSR. Such differentiation though is typically just one element in a portfolio of differentiating factors that is necessary to gain significant market share in mainstream markets.

This is a relatively broad definition, so naturally there are numerous examples of firms in this category, from companies such as the UK home improvements company B&Q, which pioneered the use of the Forest Stewardship Council sustainable timber accreditation programme in the UK, to the US clothing company American Apparel which typically makes little mention of its industry-leading labor conditions when promoting its high street fashions. The key point is that mainstream firms see their aims best achieved by satisfying a relatively large group of customers who are concerned about CSR issues, but are unwilling to sacrifice the other aspects they value for those concerns.

A LOW-COST CSR ORIENTATION?

If then it seems reasonable to suggest that firms orienting towards the CSR marketplace have adopted some form of differentiating strategy, we might also consider whether firms adopting Porter's (1985) other main strategic posture – a *low cost strategy* – could seek to orient towards the CSR market. Given that attention to CSR and the concomitant needs to certify and communicate CSR credentials is inevitably a costly business, it might seem on the face of it fairly unlikely that a firm seeking to maintain a strong cost advantage over its competitors would desire, or be able, to appeal very successfully to responsible consumers.

However, in the specific area of sustainability, a low cost strategy is a very plausible alternative. This is because firms have opportunities for reducing resource inputs, operating more efficiently and/or establishing cost leadership by pre-empting legislative burdens. A good example of a mainstream low cost orientation is Wal-Mart, which in recent years has sought to position itself as a sustainability leader whilst still achieving low cost leadership – and hence low prices for customers. In the ethical niche, the UK energy supplier Ecotricity offers to match its competitors' prices (or as it puts it 'green for the price of brown') at the same time as claiming to have the 'greenest outcome' due to being the provider with the greatest proportion of investment in renewable energy[1].

Whilst issues such as eco-efficiency are specific to environmental considerations, there is also cost leadership potential for some other non-environmental CSR issues. Consider the case of CSR issues potentially subject to new stricter legislation, such as employee rights or social reporting. Here, firms can gain cost advantages by pre-empting legislation and developing appropriate competences sooner than their competitors (Porter and van der Linde, 1995). For instance, moves to implement mandatory social reporting in countries such as Denmark and France has conferred cost advantages on companies that were already well advanced along the learning curve and had established efficient procedures for auditing and reporting on CSR prior to the introduction of the legislation. Still, in the main it is in the sustainability area of CSR where much of the cost reductions can be realized so whilst a low cost orientation to the CSR marketplace is certainly a possibility, it is far more difficult to realize across a broad range of CSR issues. Wal-Mart, for instance, has been far more successful in reconciling its cost minimisation strategy with eco-efficiencies than with other CSR issues such as employee rights and welfare.

OPPORTUNITIES AND TENSIONS IN CSR MARKETPLACE ORIENTATIONS

Returning to the question of differentiation strategies, both the mainstream and ethical niche approaches offer certain opportunities as well as raising significant tensions for firms. In the case of niche firms, it might be said to be reasonably straightforward to maintain a CSR focus whilst marketing to a fairly committed group of consumers. However, there are often intense competitive pressures from mainstream firms who see opportunities in these niches, and who may be able enjoy cost advantages and superior marketing budgets in targeting them. For instance, many niche firms focusing on organic products now face intense competitive threats from powerful retail multiples that have rapidly expanded their ranges in recent years. Wal-Mart, for one, has explicitly set out to bring down the cost of organic food so that it no longer remains just a luxury item for a select niche but also becomes accessible for typical Wal-Mart customers (Hockerts and Wüstenhagen, 2010).

In other instances, ethical niche firms may actually find themselves dissatisfied with miniscule market shares, and effectively 'preaching to the converted'. The drive for more mass-market success, firm growth, and a larger audience for the socially responsible message have therefore led many ethical niche firms to seek opportunities for expansion beyond their existing niche. As Meyer (1999) suggests, this often requires firms to think more in terms of Hamel and Prahalad's (1991) 'expeditionary marketing' approach and 'envision' appropriate mass markets. This means looking towards shaping future markets and going beyond typical niche assumptions and practices that may restrict growth – such as depending on specialist distribution channels and relying on conventional 'ethical' marketing practices.

For instance, many fair trade companies in the UK such as Cafédirect, Day Chocolate, and Traidcraft have shifted from the movement's traditional 'solidarity' approach towards a more market-oriented model in a bid to appeal to a more mainstream market (Davies and Crane, 2003; Nicholls, 2002). This has led to a change in emphasis in product advertising towards product quality and other aspects of consumer self-interest rather than the typical fair trade message that emphasizes producer poverty. As Wright (2003) argues, Cafédirect's groundbreaking success in seizing market share in the UK coffee coincided with a shift in communications strategy, from a 'bleeding hearts' message to one reinforcing the 'pleasures of consumerism.' Thus, 'emphasis is placed on the gratification available to the consumers, who can realize their self-worth and display their distinction through treating themselves to a superior coffee' (Wright, 2003: 21).

Such moves, as one might imagine, almost inevitably raises tensions between the need to increase competitiveness and attract more customers whilst at the same time honouring corporate values and maintaining ethical integrity (Hockerts and Wüstenhagen, 2010). For example, some ethical nichers seeking to go mainstream may have to face the thorny question of whether they should risk dilution of their ethical values and reputation by sourcing from, or supplying to, large multinationals. Major retailers might open the doors to larger markets, but potentially not share the same values as an ethical niche company. Research at the UK fair trade company Day Chocolate, for instance, has suggested that the acceptability of various types of relationships with mass market companies such as Sainsbury's, Shell, Body Shop and McDonald's is a matter of quite complex rationalisation and renegotiation amongst managers about who is 'acceptable' or not to work with (Davies and Crane, 2003). Similarly, ethical nichers risk alienating existing customers and staff alike if a move to the mainstream marks too much of a break with established traditions (Dey, 2002).

At the most extreme, ethical nichers may even be purchased by mainstream firms, as was the case with Ben & Jerry's ice cream, which was bought by Unilever, the Body Shop, which was taken over by L'Oreal, and Burt's Bees which is now part of Clorox. This offers opportunities to change mainstream companies from within, but also represents a major risk in mission dilution as the niche company disappears into the corporate giant, and has to accept a new set of operating principles and performance metrics.

Subsequent efforts to target the mass market with a CSR message has considerable potential to engender strategic confusion.

Building CSR campaigns and brands

CSR differentiation or augmentation is essentially about a process of creating an 'ethical image', a 'good reputation' or what marketers typically refer to as a socially responsible or ethical *brand*. The challenge of creating such a brand has given rise to considerable discussion across the business and research communities, especially given growing concerns about falling levels of trust in corporations to behave in a responsible manner (Porter and Kramer, 2011) coupled with efforts by corporations to use their social responsibility programmes more strategically in order to enhance brand value (Middlemiss, 2003; Mitchell, 1997).

Many brands actually communicate social or ethical elements of one sort or another, especially values such as trust and honesty, but also increasingly qualities such as 'good citizenship', 'social responsibility' and 'environmental concern' (Lane Keller, 2000). Of course, most firms would like to build brands that customers trust; however, for the most part, what we mean by trust here is typically conceptualized in fairly limited terms, such as trusting the brand to be truthful about its ingredients, deliver consistent quality, or offer value-for-money. Trusting a company to be socially responsible goes considerably further than this, and it is evident that many brands are facing something of a trust deficit in terms of the public's faith in their commitment to doing the right thing. Perceived brand authenticity thus becomes a critical factor in the success of CSR communications efforts.

Such problems in the ethical image of corporations are of course something mainly faced by large multinationals, especially as it is typically multinationals that have borne the brunt of the major scandals, media exposés, and boycotts that have accelerated the public's loss of trust. To some extent, the ethical nichers identified in the previous section may have found themselves somewhat insulated from (and possibly even benefiting from) this growing trust deficit of big business. However, it has to be said that the more people distrust business – whether large or small, 'ethical' or otherwise – the more scrutiny business is subjected to, and the harder it becomes for *any* firm to maintain trust and legitimacy.

In fact, this is likely to impact upon firms seeking to respond in a positive way to the CSR marketplace perhaps even more than many others. After all, differentiating on the basis of ethics or social responsibility, even when this is only a minor element in the overall bundle of attributes offered, is somewhat different to many other forms of differentiation. Most notably, in order to be credible, 'ethical' differentiation requires a whole company effort (Crane, 2001). Compare for example the difference involved in backing up a claim that a company is more 'socially responsible' than a competitor or a product 'more ethical', with the rather more straightforward task of claiming that a sofa is more comfortable, a drink better tasting, or a manufacturer better at designing stylish automotives. Whilst the latter claims can be ascertained by consumers simply by sitting on, tasting, or looking at the products on offer, the former are far more difficult to determine since such claims assume numerous contingencies deep within the operations of the firm and even beyond its boundaries to include the operations of suppliers, advertisers, investors, etc.

In part, this is because most evaluations of CSR claims, even when very product specific, are likely to involve some evaluation of the reputation of the company more broadly. After all, any attempt to differentiate a product as a socially responsible alternative may be assessed by consumers against a backdrop of knowledge about how the company treats its workforce, its environmental record, which companies it has bought from or sold to in the past, and all kinds of other possible factors. Consumers may not always be very consistent themselves in their purchasing, but they are often quick to denounce a 'cynical' or 'hypocritical' corporation for any observable gap between the socially responsible image projected in advertising campaigns and the 'reality' perceived in the stores and through the media.

Probably the key issue here is one of consistency. I am not sure how realistic it is for firms to really be completely consistent in all they do, not least because they often have such conflicting demands, and will project different impressions, identities, even different 'realities' to their various stakeholders (Crane and Livesey, 2003). Nonetheless, marketers often seek to emphasize that in the marketing game 'perception *is* reality' so it is not so much whether firms *are* consistent that matters, but whether they *appear* to be. Such a view is popular with brand managers and other advocates of corporate branding, since much of their raison d'être is to find and deliver a stable and consistent image of the firm. However, as Cheney and Christensen (2000) argue, there is great potential for self-delusion and self-seduction in such beliefs.

This means that in a fragmented and volatile business environment, where corporations are ever more complex, and where some degree of consumer cynicism can be almost taken for granted, the search for a shared understanding about a corporation's values may often be a hopelessly idealistic one. Indeed, many of the high profile campaigns waged by pressure groups against corporations have involved a hijacking of the carefully nurtured brand image of companies such as Exxon, McDonald's and Nike, in order to take advantage of the brands' immense global leverage to promulgate a radically different message to the ones intended by the companies. The corporate image, insofar as it is a response to, or reflection of, the ethical concerns of consumers, is open to contestation by those same consumers.

A new approach to CSR branding?

So what can corporations do when faced with such a business environment, where many consumers and other stakeholders seem to be demanding more in CSR terms, but at the same time, are extremely quick to contest the brand image and denounce any efforts they deem to be hypocritical or insufficient? One way to respond could be through better communication to stakeholders that avoids the overly glossy and sometimes deliberately misleading attempts to create a positive CSR image without the necessary substance. I think it is fair to say that the most risible attempts at corporate 'greenwash' are probably behind us now – the late 1980s and early 1990s were often characterized by critics as a time when the communications environment was awash with misleading and over-hyped claims (Davis, 1992; National Consumer Council, 1996). However, still companies continue to commit many of the 'sins of greenwashing' such as vagueness, irrelevance, and lack of substantiation (Terrachoice, 2010).

Despite the continued problem of greenwashing, many firms appear to have backed away from an approach based primarily on communicating a responsible image, not least because of the cynicism and 'backlash' that it has engendered amongst consumers and other stakeholders in the past (Crane, 2000). Although there are of course exceptions, corporations now seem to be more reserved and cautious about the type of claims that they make. As Robert Wilson, the former Chair of Rio Tinto (a company no stranger to criticism) said on the dangers of not 'walking the talk': 'It's pretty important to get the policies and implementation right before you start spending too much time on the external communications' (Middlemiss, 2003: 358).

For some this has meant taking a more defensive or 'muted' approach (Crane, 2000), whereby specific CSR claims are relegated behind other brand attributes. Labels and certifications that confirm to customers that products have certain socially responsible qualities (such as sustainably sourced or fairly traded) are now commonplace but rarely represent a major component of the brand image. As we saw earlier, this is consistent with a more mainstream approach to the CSR marketplace, but it also means that social responsibility becomes more of a background quality that isn't necessarily vigorously promoted, but is embedded as part of a broader programme of *corporate marketing* (Hildebrand et al., 2011) and *reputational risk management* (Middlemiss, 2003). Increasingly, it would appear, the key factor for many companies when orienting towards the mainstream CSR market is not so very much the lure of increasing sales, but rather an attempt to develop a distinctive identity and prevent the brand from being attacked.

Companies such as these are now all too aware of the dangers inherent in attempting to maintain legitimacy in the face of the critical attention of consumers, NGOs, and other potential critics. Therefore, it is perhaps not too surprising that many firms have invested in more defensive approaches to communicating their responsibility, such as third party certifications and social and sustainability reports. Similarly, many such companies have also increasingly claimed to have moved from a one-way model of communicating their social responsibility towards a dialoguing model that actually consults with stakeholders to determine their expectations and priorities (Crane and Livesey, 2003).

It is debateable how many multinationals have actually succeeded in this endeavour, or how far they have actually progressed (or intend to progress) down this path. However, it is fairly clear that the conventional wisdom now is that rather than just undertaking a 'charm offensive' in the foreground of the marketplace through advertising and PR, the most effective way to build a CSR brand is to adopt a more holistic, long term, and some might say conservative approach that focuses more on communicating with key reality definers in the relative background of the CSR industry and being more transparent about products, their sourcing, and their impacts. Some leading multinationals such as Unilever and Marks and Spencer have set out ambitious but specific long term targets as part of major strategic CSR initiatives. Many others have increasingly provided greater information about the social, ethical and environmental dimensions of their products without necessarily putting such information directly in the face of consumers.

Of course, this is not to deny that many firms are actively promoting a growing range of ostensibly 'ethical' products to consumers, such as fair trade or organic produce, energy efficient washing machines, and the like. But as we have seen, the CSR claims have decreased in emphasis, whilst the whole bureaucratic process of backing up and certifying claims as well as the emphasis on reputational risk management has rapidly escalated in importance. Similarly, other popular ways of appealing directly to ethical consumers, such as *cause-related marketing,* tend to be rather conservative in their approach to brand building. By cause-related marketing, I mean where consumer purchases are linked to corporate contributions to good causes – essentially a co-alignment of marketing goals with corporate philanthropy (Varadarajan and Menon, 1988). For examples, in the Tesco for School and Clubs Campaign in the UK customers collect vouchers for every £10 they spend in Tesco supermarkets and then local schools and clubs can redeem the vouchers for computer and sports equipment.

Such programmes have become increasingly popular with corporations and charities alike (Cobb, 2002; Lewis, 2003). And as far as CSR branding is concerned, although cause-related marketing is one of the most visible aspects of a company's social responsibility programme (Lewis, 2003) it has a relatively narrow remit that tends to focus attention on the specific project rather than the company's broader social role and impacts. As a result, such campaigns are likely to contribute only gradually to the CSR brand image (and for some consumers, arguably not at all) given that the motivations for such 'win-win' initiatives will always be questioned to some extent. Perhaps though, as Cobb (2002: 26) argues, 'even the disillusioned will concede that actions which benefit society are still worthy, whatever the motive.' Hence, providing the project and the partnering are right, cause-related marketing is probably a relatively safe option for companies seeking to look good in the CSR marketplace.

The question of motive that has arisen here in relation to cause-related marketing is something that I raised earlier in the chapter. This is an important issue that in many ways goes to the heart of what exactly consumers expect from corporations in CSR terms – do they just want action that benefits society, or do they also desire firms to be ethical in a deeper sense, perhaps to be motivated by some degree of altruism, or guided by a mission to do good? I will not seek to provide a definitive answer to this question, since my aim in this chapter is not to examine consumers' preferences but to explore how firms respond to them. Therefore, in the final section, I will look a little more closely at how ethical preferences from consumers are interpreted, and made meaningful inside companies – and in so doing, start to unpack the whole motives issue a little more.

What do companies know about the CSR concerns of their consumers?

So far in this article I have spoken of companies as if they were essentially 'black boxes' that responded in certain ways to certain kinds of stimulus from consumers and other stakeholders. This is helpful in some ways, but also somewhat limiting in others. In particular, it begs certain questions about the motives of corporations, and about what we might call the 'ethical essence' of the company – is its commitment to social responsibility genuine, do its managers really believe in what they are doing, is it in the final analysis an 'ethical company'? These are not really questions that it is particularly easy to answer, and many of them rest on fairly shaky anthropomorphic assumptions that a company 'thinks', 'feels', or 'believes' in anything in the first place. But at the very least, they start us thinking about organizational processes that translates the actions or commitments of consumers into tangible CSR products, campaigns, and other corporate artefacts.

I think the first thing to say here is that most companies probably don't have a very clear idea of their consumers' ethical beliefs and values in the first place. Companies such as the UK's Cooperative Bank and the Co-operative Group may have preceded their ethical branding initiatives back in the mid 1990s with extensive customer surveys ascertaining views on various issues such as animal welfare, the environment, fair trade, and the supply of weapons (CWS, 1995; Kitson, 1996), but these remain the exception. Certainly many ethical niche companies don't tend to go in for (or cannot afford) formal market research. And amongst mainstream firms, the whole idea of canvassing the ethical opinions of the customer base has still not received a wide uptake. Most companies would appear to rely on evidence from more general surveys and market intelligence such as that provided by polling organizations such as MORI, Globescan or Edelman as well as the occasional question or two that might make it onto their usual market research instruments.

Regardless though of the factuality of customers' CSR opinions and demands, there is little doubt that some sense of consumer pressure towards CSR is felt within companies. Of course, this doesn't necessarily mean that the pressure experienced inside corporations is necessarily recognisable as the same thing that the customer expresses (or intends to express) outside. The corporate decision making process itself often obscures or reconstructs the ethical concerns of consumers. For a start, most organizations interface with consumers at something of a distance – they canvass opinions through agencies, and with mail-shot questionnaires; if they interact with consumers, it is often only at the point of sale; and those making decisions in production or marketing or finance remain physically and psychologically distant from the end consumer.

Similarly, because of the bureaucratic nature of most organizations, customers' ethical thoughts and feelings often need to be labelled, aggregated, quantified, and fed into the productive process as inputs and outputs, targets and projections, as objects or units to be plotted onto a chart (Desmond and Crane, 2004). Consumers' social considerations are largely relevant only to the extent that they drive sales, not because they are intrinsically important in themselves from an ethical point of view. Ethical consumers therefore can enter this process as moral persons but leave it as a series of abstract preferences, variables, and averages (Desmond and Crane, 2004). You and I, the thinking, feeling moral person becomes simply a preference on a questionnaire, a number in a database.

Perhaps the most intriguing situation in this respect is when the whole idea of there being ethical consumers 'out there' is surfaced within a firm in order to drive the development of some kind of ethical policy or social responsibility programme. Customer-focused firms consistently invoke 'consumer pressure' as one of the main drivers behind their attention to social responsibility. Regardless of the truth of this claim, or the beneficial outcomes this may ultimately have, the point is that it essentially instrumentalizes the consumer to construct a convincing motive of corporate self-interest. In most cases, I would suggest that there are a whole host of reasons and motives used by managers to explain and rationalize social programmes, but the potency of the concept of the responsible consumer is in its power to suggest that failure to act in an ethical manner may bring upon the firm dire reputational consequences. Perhaps in the long run this instrumentalization doesn't really matter, providing of course that the firm does good deeds and contributes positively to society. But it does give us a clearer conception of the fascinating and at times bewildering paradoxes that surround the whole notion of ethical consumerism when it comes to seeing how exactly it might actually impact upon corporations and managers in the CSR marketplace.

Summary and conclusions

The purpose of this article was to provide an overview of the issues and challenges for organizations involved in responding to the CSR marketplace, specifically in regard to 'ethical' consumers. I first discussed the range of different companies likely to be confronted by such pressures, as well as the strategic postures they might choose to adopt in the face of them – primarily focusing on differentiation strategies of ethical niche versus mainstream orientations. A predominant trend identified here was a move to the mainstream by ethical niche firms, although as we saw, such a re-orientation raised a number of challenges and tensions. I then reviewed current thinking about CSR 'branding', and in particular, the apparent shift away from explicit ethical branding towards a more conservative approach, as well as narrower, and safer, cause-related marketing initiatives. I then finished with a brief discussion of how the CSR concerns of consumers might be interpreted inside the company.

Overall, I would say that there is evidence of growing interest in the corporate response to consumers' social, ethical and environmental concerns, particularly in terms of how social responsibility issues can be incorporated into organizational practices such as branding, cause-related marketing, and reputational risk management. Of course, consumers are not the only reason that researchers and practitioners are interested in such things, but they are certainly implicated in various ways. That said, there is still a lot of scope for much closer attention to the specific influence of consumers' preferences and values on corporations; it seems to me that too often a simplistic cause-and-effect relation between the two is just automatically assumed rather than rigorously examined. More in-depth, in-company research would probably surface some extremely valuable insights that may well challenge some of our conventional thinking on the subject.

It is also important to recognize that this is very much an area in transition, with new knowledge and new practices emerging all the time. For example, in the area of labelling and certification, some are calling now for a new model that sees these as 'pre-competitive' – i.e. something that firms do in collaboration and at a standardized level rather than trying to outdo one another (Watanatada and Mak, 2011). What this could mean for CSR and marketing is that the whole practice of backing up claims to be socially responsible could be something that entire industries or groups of companies seek to achieve together. These would be the basic standards necessary to enter a market, not ones where firms might seek to offer differentiation with respect to their competitors. So CSR branding and other marketplace practices will no doubt continue to shift and evolve. Expectations are on the rise and consumers are becoming more demanding, but companies too are gradually becoming more astute about how to turn responsible practice into marketplace success.

Note

1 Sourced from Ecotricity website: www.ecotricity.co.uk. Accessed 6 June, 2012.

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