

Citizenship Branding

BY SCOTT OSMAN

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Much has been written and discussed of late regarding the value that sustainability and corporate responsibility can create. Although these terms are defined in various ways, “sustainability” generally is considered the environmental practices of a company, while corporate responsibility is considered the practices that contribute to the social good.

Most often, these practices are considered from the point of view of the contributions they make to society at large, and secondarily to the business bottom line. I am a firm believer in their importance and their future as mainstays of business. However, we should not lose sight of the benefits that accrue to companies pursuing this strategy when the values expressed align with the brand. We call this approach *citizenship branding*. Think of it as brand purpose.

Citizenship branding aligns the brand and corporate in a way that validates and reinforces brand values; it identifies and engages authentic purpose. Citizenship branding brings the brand to life for customers, employees, investors, and partners by leveraging the provision of social benefit and its impact. It creates opportunities for developing new lines of business. Often, citizenship branding applies existing investments to create greater benefit for the company and the causes it supports.

In a world of increasingly commoditized products and services, values are becoming the feature of corporate culture that stands out the most. “Vanguard companies,” as Rosabeth Moss Kanter of Harvard Business School calls them, are already reaping the benefits of integrating well-articulated values into the business. And one of the most important advantages they are gaining can be summed up in a word: loyalty.

This new approach impacts loyalty with customers, employees, community and even investors. Naturally, this will not have an impact on every person; let’s face it, many people are still price shoppers and some employees will prioritize salary above all else. But for those who are interested in being loyal to a brand and are often influencers, vanguard companies are standing out.

Vanguard companies have a sense of purpose, are held to higher standards, and are rewarded for their efforts. Isn’t this always the case? Companies that want to be exceptional are always held to higher standards than their commodity peers. In this new paradigm of good business, the impacts of the rewards are felt throughout the value chain.

Take the case of Dow Chemical. A laggard in loyalty and reputation, the company quickly reinvented the brand with its *Human Element* campaign, which demonstrated and activated the brand promise of solving some of the world’s most pressing problems. Dow established *Human Element* through its actions and then articulated the campaign through advertising, the web and print.

Dow made sustainability, along with innovation and technology, part of an integrated corporate strategy. The company then elevated sustainability, which distinguished the brand and resonated with its constituents. The message is delivered constantly throughout the organization, showing up on office

Loyalty grows when brand values and strategy align.

walls, media, and internal communications, even during watercooler conversations.

This message found expression in new product development in desalination and water purification and in other improvements to water systems around the world. As a further expression of this authentic vision, Dow formed a partnership with the Blue Planet Run Foundation to increase awareness of the global need for safe drinking water.

Dow's goal was clear: The company wanted communities to have a better impression of the brand that would inspire them to recommend it and defend it. Dow wanted to attract the best employees who, more than ever, are looking at the quality of the company as closely as the quantity of the paycheck.

Through clear alignment with the corporate values and brand, *Human Element* has had a significant impact on those groups Dow cares most about—employees, communities and investors. For Dow, citizenship branding has become a highly effective strategy, clearly stating the business goals and how they are brought to life through purpose.

TRANSPARENCY ENHANCES LOYALTY

In a March 2006 article published in the *Journal of the Academy of Marketing Science*, researchers found that brands benefited from their citizenship-branding efforts if they were based on the brand values or if they were aligned with the business strategy. If stakeholders perceived efforts as being done only to please them, then stakeholder reaction to the efforts was negative.

The researchers also found that efforts were even more rewarded if there is a good fit between the core competencies of the company and the causes with which it engages. The researchers concluded that because customers expect companies to seek profits while benefiting society, companies need not hide the strategic aspects of their citizenship-branding efforts. In fact, transparency may enhance the value created.

As citizenship branding moves into the core of the business, it is showing up in many places in the company, so collaboration will be key. Every department has a role to play. It is important to focus and coordinate the effort to deliver value and maintain loyalty.

According to old thinking about citizenship branding, companies should identify causes that were not linked to the brand to avoid the impression that the brand was trying to gain from the relationship. But companies now must fight this “gut reaction,” because when they align the brand and the citizenship-branding effort, good things start to happen.

Causes benefit from increased exposure, long-term commitment and greater involvement. Brands benefit through increased relevance that affects customers and employees and creates new business opportunities. Leveraging core competencies can potentially create value well in excess of the cash commitment.

IBM demonstrates collaboration beautifully when it applies its efforts to great effect during natural disasters. When IBM deploys its global workforce and technical skills, the company can facilitate disaster relief, making the work much more efficient for all involved. As it does so, it is living its values (“Innovation that matters for our company and the world”), reinforcing them for employees and communities while also demonstrating them for customers.

IBM recognized that it could respond to natural (and man-made) disasters using its unique skills when it participated in relief efforts following an earthquake in China in 2001. IBM offered these skills again during its response to the 2004 tsunami that hit India and other parts of Asia.

The impact of IBM's services far surpasses the impact of any dollars IBM may have contributed. More important, when disaster strikes, local IBM employees live and reinforce the company's values and take action. This act of personal empowerment and corporate altruism defines IBM to all stakeholders as a company of extraordinary capacity to solve global problems.

Teams of IBM employees immediately get to work on securing communications and data centers, networks, operations and logistics. Their actions have been instrumental in establishing IBM as a company that serves the world's needs as well as its own business needs. Of course, governments recognize the company's efforts and turn to IBM to develop and put in place systems in advance of disasters.

These and other actions also informed the IBM brand platform, Smarter Planet. Smarter Planet brings

the IBM brand to life by connecting its brand values, corporate responsibility and sustainability efforts, and product offering. By quickly responding to the needs of the community and promoting the contributions of its employees in times of disaster, IBM increases loyalty employees and customers have for IBM.

AUTHENTICITY, NOT SAINTHOOD

Greenwashing—the term for companies that purport to adhere to sustainable practices but don’t—is not very common anymore due to the harm exposure can cause because of increased advocate vigilance and the speed of communication made possible by the internet. It is worth considering that people seem to know and care when the efforts are honest and when they are not.

However, people are not trying to look into the soul of the company and find a saint. Identifying causes and efforts that are true to the brand values or strategy (or both) is all that is required. The Play Fair Alliance (*fairolympics.org*) continues to pursue shoe companies to improve their treatment of workers. As much as they promote the change they are making, these companies cannot garner much credit because their actions are forced.

TOMS Shoes has built its entire business on the act of authentic purpose. Blake Mycoskie founded the business with the intention of putting shoes on the feet of children in emerging markets and is committed to giving one pair of shoes away for each pair of shoes purchased.

By linking the cause and the company so tightly, TOMS has been able to generate far more attention, at much lower cost, than traditional shoe companies can. As an illustration of the extent of its ability to generate attention, TOMS, a small company relative to the shoe giants, has, for the past three years, been represented at the Clinton Global Initiative, a prestigious organization established by former President Clinton to turn ideas into actions.

More important, TOMS received the attention of AT&T, which featured the actions of the shoe company in commercials beginning in early 2009. As a result of this and other attention, the company, which sold 150,000 pairs of shoes from May 2006 through Dec. 2008, expects to ship 300,000 pairs in 2009 and has

formed partnerships with Ralph Lauren.

When we consider the world of good that all companies provide, it is curious that few people recognize contributions such as those made by IBM and TOMS. Of course, the recognition of what contribution a business makes to society goes back to a time when philanthropy and other cause-related commitments were considered to be more worthwhile when there was no appearance of advantage for the company.

Now that people are looking to companies to provide social good, all that has changed. Aligning corporate responsibility with brand values validates efforts that are core to the company. As with all things, the ever-present internet makes it easier to know who’s been bad and who’s been good, so be good for goodness’ sake. The vanguard companies are already stating their values and principles and producing citizenship-branding reports to demonstrate their contributions.

THE WALMART ARTICULATION

By articulating vision and expressing it openly, companies can have a voice in the conversation. And remember, the small vocal group that cares about corporate-responsibility actions (both good and bad) is going to be influential. Its influence often does not stop with causes and corporate contributions but also may extend to sales.

Consider how Walmart, by articulating its sustainability commitment, has transformed itself into a good corporate citizen and a leader of the green movement. Had the chain store merely made the changes and not articulated them, it would not have altered the community’s impression of the company’s values, would not have had as great an effect on other suppliers, and would not have had much influence on changing customer behavior.

As recently as 2005, Walmart was best known for its low prices and poor treatment of workers. CEO Lee Scott decided to make a major shift in Walmart policies and made green (in addition to low prices) the focus of its efforts. He lured Adam Werbach, the dynamic, youthful former president of the Sierra Club, with the promise that he could have more impact working within the system than outside it.

That promise is well on its way to being fulfilled.

Walmart has made major strides within its stores, reducing its energy use, adding solar power and reducing waste. Of course, this all comes with cost savings. A greater consequence has been the greening of Walmart's supply chain, for example, its packaging and shipping requirements, among other initiatives.

And the company has been perhaps the greatest force in making low energy use more commonplace in the household. The company is currently providing leadership with new green labeling. As these efforts are aligned with the new Walmart brand value—Save Money, Live Better—they ring true, enhance the brand, open new business opportunities, and change the customer's perception of the company.

This is where engagement with human resources and various marketing departments (internal and external) can increase velocity and value. Internally, companies should find ways to involve their employees with company social activities and engage their customers with a sense of purpose that creates a new kind of evangelism and loyalty.

Consider what Whirlpool has done with its long-term commitment to Habitat for Humanity, activating its employees and customers and communicating its values while promoting its products and their features. The company made a 10-year commitment to the nonprofit, and employees are involved in building many of the homes. This active engagement underscores the brand values and dedication to the community and low energy use. It also creates a sense of pride and opens up conversations that engage around the brand.

Perhaps one of the best examples of a company that puts the idea of citizenship branding all together is Pedigree dog food. The company was looking for a way to differentiate itself in a market where it was being squeezed by store brands. By creating the *Pedigree Adoption Drive*, the company aligned its brand with a key value that matters to all its stakeholders—caring for animals.

The *Pedigree Adoption Drive* is a fully-articulated platform that helps millions of dogs in shelters find good homes. The company supports this effort with product and by raising money. Most important, the company raises awareness and creates a social network online and in store to inspire action. This

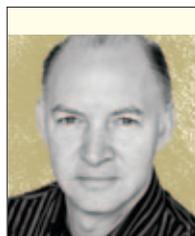
authentic mission is core to the company, good for business and a strong validation.

The company was very clear articulating its objectives and how it would commit to them, and committed the Pedigree Foundation support the program for long term. To quote the brand, "At Pedigree Brand, everything we do is for the love of dogs, from the nutritious dog food we make to the dog adoption drive we support."

Finally, the company activates the *Pedigree Adoption Drive* wonderfully in store and online as a marquee for its shared values and commitment to pets and their owners. Statements alone about being a caring company would not have as much impact as this action. In 2005, a German marketing application of this program had a measured effect on the brand, increasing sales by 8.6 percent. It also increased adoption rates by 20 percent during the first year of the campaign.

Companies that have blazed this trail find new business opportunities, grow the communities in which they operate, and create growth in their business. They attract better employees, who are more committed to the company because they hold beliefs in common with the culture. By aligning brand and corporate responsibility, companies are able to open up new areas of strategic advantage that will affect the company internally and externally, actively and passively.

We are living in a hypercompetitive market where companies compete not only with one another, but also with a more tightly closed consumer wallet. Creating loyalty in this environment will require companies to compete on all fronts: price, quality, selection and now values. The first three are fast becoming the price of entry. For the most attractive customers—women and those under 35—real loyalty to the brand will find a home in shared values and beliefs. ■



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