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### **Corporate Social Responsibility**

Dealing with customers in a social responsible way

Dr. Jenny van Doorn Prof. dr. P.C. Verhoef

Report CIC-2012-01 ISBN 978-90-367-5486-6



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### Summary

#### Conclusions and recommendations



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# Companies spend remarkably much attention to corporate social responsibility

"The world has reached a **tipping point**. We're beyond the debates over whether (sustainability) is something that needs to be done or not. It's now mostly about how we do it. It is not about altruism, it's about **creating value**." "The world is in **transition**: there is a paradigm shift directed in the new sustainable world order. **Marketing** does not only needs to change, but can **stimulate** this."

Steve Fludder Vice President General Electric

Herman Wijffels Center for Human Emergence

"I sincerely believe that businesses like Unilever can be a positive force for good in the world and that such an approach is **in the interests of all our stakeholders** – our investors, our consumers and customers, our employees and the communities where we operate."

> Paul Polman CEO Unilever

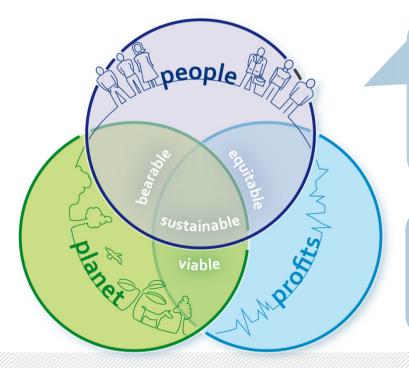


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# The socially responsible strategy is also referred to as sustainability/PPP/CSR



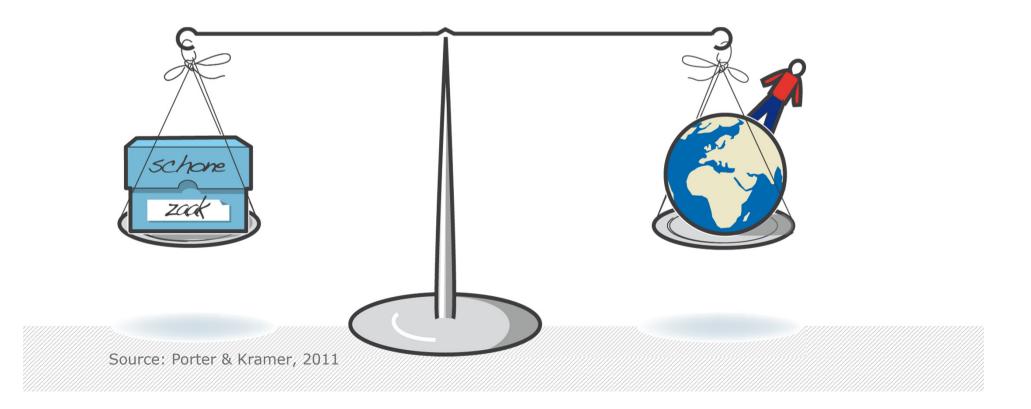
With Corporate Social Responsibility a company takes the responsibility for the effects of its activities on people and the environment. The company makes conscious choices o balance **People**, **Planet and Profit** and focuses on sustainability with this combination.

Corporate Social Responsibility (CSR)= a firm's commitment to ensure societal and stakeholder wellbeing through discretionary business practices and contributions of corporate resources.

CSR the Netherlands; Du, Bhattacharya and Sen 2010; Kotler and Lee 2005; Luo and Bhattacharya 2006

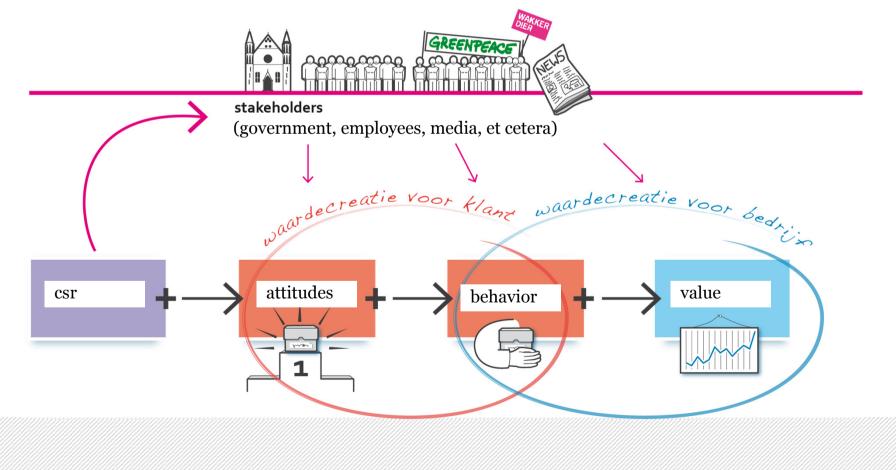


Social responsible value creation is seen as the new management trend by, among others, prof. dr. Michael Porter





# Social responsible value creation is influenced by stakeholders





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#### ANWB realizes the highest CSR-perception score

1			1			
1+		-	+		-	
-						
0,84			<b>o</b> ,04	38 DA	-0,11 💻	75 Ziggo
0,82	2 XS4ALL		<b>o</b> ,04	39 V&D	-0,11 💻	76 OHRA
0,69	3 Rabobank		0,04	40 NS	-0,12 💻	77 SNS Reaal
o,66	4 Univé		0,03	41 IZA	-0,12 💻	78 Sunweb
0,48	5 Inshared		0,03	42 Telfort	-0,13 💻	79 Neckermann
0,43	6 Ikea		0,01	43 CB Achmea	-0,14 📒	80 UPC
0,40	7 KLM-AirFrance		0,01	44 PLUS	-0,14 📒	81 Trekpleister
0,39	8 De Friesland Zorg		0,00	45 Essent	-0,14 💻	82 SNS Bank
•••••••••••••••••••••••••••••••••••••••	9 Jumbo		0,00	46 Saturn	-0,15 💻	83 T-Mobile
0,35	10 Albert Heijn		0,00	47 Arriva	-0,17 💻	84 Formido
•,35	11 Delta	0,00		48 Allsecur	-0,17 🛑	85 Total
0,32	12 ENECO	0,00		49 Vodafone	-0,18 🛑	86 Booking.com
0,27	13 Hotels.com	-0,01		50 Arke	-0,18 🛑	87 VGZ
0,22	14 Expedia.nl	-0,01 4		51 Gamma	-0,19 💻	88 ASR
0,22	15 Interpolis	-0,02 🤞		52 Thomas Cook	-0,20	89 ING Bank
0,21	16 Expert	-0,02 🧃		53 Blokker	-0,21	90 Bijenkorf
0,21	17 QBUZZ	-0,03 📹		54 Friesland Bank	-0,21	91 Nationale NL
0,19	18 Hema	-0,03 👅		55 Veolia	-0,23	92 Otto.nl
0,19	19 Center Parcs	-0,03 🗲		56 Trias	-0,24	93 Groene Land/Zilveren Kruis
0,18	20 KPN	-0,04 🗲		57 Praxis	-0,25	94 Hoogeboom
0,17	21 Hornbach	-0,04 💻		58 Wehkamp.nl	-0,25	95 Allianz
0,17	22 Univé	-0,04 💻		59 FBTO	-0,25	96 Kwantum
0,16	23 Etos	-0,04 🕳		60 Connexxion	-0,26	97 Jiba
0,14	24 RET	-0,04 🕳		61 Tele2	-0,26	98 Dixons
0,13	25 BCC	-0,05 🛑		62 Media Markt	-0,26	99 Leenbakker
• 0,13	26 Transavia	-0,05 🛑		63 Delta Lloyd	-0,26	100 Vliegwinkel.nl
0,12	27 Menzis	-0,05 🛑		64 Holland Int.	-0,27	101 Nuon
0,11	28 Landal Greenparks	-0,06 🛑		65 HTM	-0,28	102 Ryanair
0,11	29 BP	-0,07		66 Hi	-0,28	103 D-reizen
0,10	30 Esso	-0,08 🛑		67 CZ	-0,28	104 easyJet
• 0,09	31 Bol.com	-0,08 👝		68 Roompot	-0,31	105 GVB
o,o8	32 OAD	-0,08 👝		69 Kruidvat	-0,32	106 Telfort
o,o8	33 Karwei	-0,08		70 Dirk/Bas/Digros	-0,33	107 ABN Amro
• 0,07	34 Neckermann.com	-0,08		71 Agis	-0,35	108 Nederland Energie
• 0,06	35 Shell	-0,10		72 Texaco	-0,37	109 Aegon
• 0,05	36 Syntus	-0,10		73 Lidl	-0,39	110 Trendhopper
• 0,05	37 KPN	-0,11		74 C1000	-0,46	111 Aldi
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Source: Customer Insights Center, MIcompany, MetrixLab, 2012.



# Five key conclusions for managers that consider (more) social responsibility

- 1. Social responsible initiatives have demonstrated positive effects on customer loyalty, customer satisfaction, brand value and shareholder value.
- 2. While a large majority of customers indicated to buy sustainably, the market share of sustainable products is still very small.
- **3**. Especially women, the elderly, small households, recent and unsatisfied customers are more sensitive for choosing the 'good company'.
- 4. Especially unknown brands and pleasure products have success with social responsibility campaigns.
- 5. By contrast, market leaders and luxury brands are less successful with this.



### Five recommendations for managers who want (more) social responsible results

- 1. Avoid socially <u>ir</u>responsible or untrustworthy behavior, because this is precisely what gets <u>punished</u> by many stakeholders (journalists, governments, customers, etc.)
- 2. Work in case of tough competition on a soft socially responsible image, especially because this strategy is decisive in this environment.
- **3.** Invariably build a logic and credible link between the brand/product and socially responsible action.
- 4. Be aware of lower quality or higher prices for socially responsible products. Many customers experience this as a barrier to buy them.
- 5. Do not expect immediate effects of socially responsible actions, these probably will occur indirect and/or on the long term.



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## **CSR-effects on customers**

#### Customer do not say what they actually do