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Corporate Social Responsibility:
A Refreshing Idea?

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Corporate Social Responsibility:
A Refreshing Idea?

by

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Report

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Abstract

Corporate Social Responsibility: A Refreshing Idea?

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The benefits of Corporate Social Responsibility (or CSR, for short) have long been debated among corporations. The debate is a legitimate one as the decision where to invest money is always a difficult one. Should the money be put towards marketing to better brand your company? Should it be invested in infrastructure to improve the efficiency of the company and better position it for the future? Or should it be invested back into the community in which the customers live?

This professional report will detail and analyze a number of company initiatives that are currently going on or that have taken place in the past in the name of Corporate Social Responsibility. My intentions are to look at these CSR programs through the lens of ROI and, more specifically, profitability.

Table of Contents

List of Figures vi

Chapter 1: Introduction 1

Chapter 2: Pepsi Refresh Project 8

Chapter 3: Case Studies 29

Chapter 4: CSR Checklist 46

Chapter 5: Conclusion 50

Appendix 54

Bibliography 55

List of Figures

Figure 1.1: Acceptable Price for Ethical Coffee 4

Figure 1.2: Acceptable Price with Ethical Expectations 6

Figure 2.1: Pepsi Refresh Project Grantee Breakdown 10

Figure 2.2: Pepsi Refresh Project Grant Reipient Locations.....11

Figure 2.3: Do Good for the Gulf Criteria.....12

Figure 2.4: Pepsi Refresh Project Impressions.....17

Figure 2.5: Pepsi Refresh Project Social Impact 19

Figure 2.6: Complaint Board Forum 20

Figure 3.1: Haagen-Dazs Loves Honey Bees Logo 34

Figure 3.2: Tide Loads of Hope Twitter Feed.....36

Figure 3.3: Chevron "Will You Join Us?" Ad.....42

Figure 3.4: Chevwrong Mock Ad.....42

Figure 3.5: Natural Gas Production by Company 44

Chapter 1: Introduction

Working in the Advertising industry for the past three years has prepared me to always be ready to answer one question that every brand manager is inevitably going to ask: "What is the ROI?" While Advertising professors might have you believe that clients shouldn't hold the advertising agency accountable for sales numbers, the truth of the matter is; they do. Weekly sales metrics are sent to Account Service staffs each week to match up with media spends. Impressions are great, but in the end, if the promotion or campaign doesn't move the needle then it is deemed unsuccessful. Just ask Burger King.

After seven years of doing some of the most innovative (and award-winning) work that the QSR category has ever seen, Burger King ended their relationship with their agency-of-record Crispin, Porter + Bogusky. Over the years, CP+B had endured some turmoil – including standing behind a controversial spokes-character (the King), overcoming opposition from parents' groups over the use of Sponge Bob in an inappropriate way, and battling a continuous fight with franchise owners. But at the end of the day, Burger King saw their market share slowly eaten (pun intended) away by McDonald's during their tenure with CP+B and the relationship was ultimately terminated (Mullan & York, 2009).

If advertising has to pass rigorous ROI tests, one has to wonder if that kind of litmus test is placed on everything companies do. During the recession, we have seen companies make budgets cuts everywhere from the supply storage room to the factory line. However, one area that continues to see increased consideration is Corporate Social Responsibility despite being hotly debated in the business community and having an

inconsistent track record. Corporate Social Responsibility, or CSR for short, is also commonly referred to as corporate conscience, corporate citizenship, social performance, or sustainable responsible business. It can be defined broadly as "the efforts corporations make above and beyond regulation to balance the needs of stakeholders with the need to make a profit" (Doane, 2005).

The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, suppliers, communities, local, state, and federal governments, and other special interest groups (Carroll and Buchholtz, 2003). Corporate Social Responsibility covers a broad range of activities including corporate giving/philanthropy, cause marketing, employee benefits, proactive labor regulations, and green initiatives such as reducing gas-emissions and waste.

In an article published in *Forbes* magazine, David Vogel made some bold statements including, "The belief that corporate responsibility 'pays' is a seductive one" (Vogel, 2008). It's hard to argue against. Wouldn't we all like to think that we live in a world in which corporate virtue is rewarded and corporate responsibility punished? However, Vogel claims that while there is a market for virtue, it's a niche one and doesn't seem to be growing. Regardless, the support isn't there for either side of the coin. There are plenty examples of corporations with good CSR records that haven't performed well and just as many corporations with poor CSR that have been profitable. Based on this information, Vogel concludes that CSR is not a predictor of success.

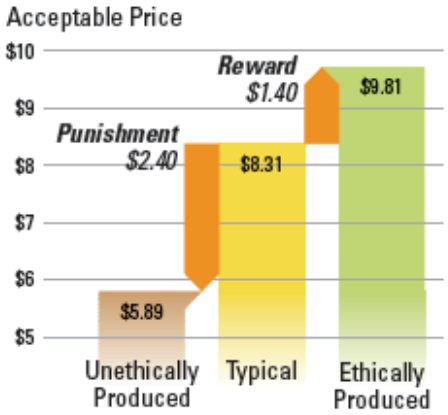
While we would like to think that we are all educated consumers, the fact of the matter is that only a small majority of consumers actually know, or even care, about the environmental and/or social records of more than a handful of companies (Vogel, 2009). "Ethical" product markets do exist; however, the majority of goods and services are purchased on the basis of price, convenience and quality (Vogel, 2009). Take Starbucks, for example. Lauded as one of the most social conscience companies for its fair trade practices and for offering their employees (or partners, as they refer to them) health insurance, Starbucks wasn't able to ride the wave when the 2008 recession hit. Once wallets started to tighten up, consumers turned to more economical on-the-go coffee options like McDonald's McCafe and Dunkin' Donuts. "Consumers who had once embraced the brand's cachet now started to view the $4 latte as frivolous and a not very smart purchase" (Kowitt, 2010).

Interestingly, one study that proponents of CSR use in their supporting arguments actually looked at the price that customers are willing to pay for "ethical coffee." In the study released by MIT Sloan Management Review entitled "Does It Pay To Be Good," Remi Trudel and June Cotte found that, indeed, customers are willing to pay more for ethically produced goods. In the study, 97 randomly chosen coffee drinkers were asked how much they would pay for a pound of coffee beans from a certain company. Before the participants answered, they were instructed to read information about the company's production standards. There were three different groups: ethical, non-ethical, and a control group. The ethical group received information about the company that described that they abided by fair-trade practices and then went on to explain that the trading

partnership offers better trading conditions for coffee bean farmers and supports environmental farming practices. In addition, it claimed that fair trade practices prevent child or forced labor. The unethical group received literature detailing how the brand had been criticized for unsustainable farming practices that could harm the environment and for the employment of child labor. The control group did not receive any information regarding the ethical practices of the brand.

The mean price that the ethical group was willing to pay was $9.71 per pound while the unethical group said that they would only pay $5.89. The control group had a mean price of $8.31. If you look strictly at the results, the story told is that the unethical group punished the company more than the ethical group rewarded the company (Trudel and Cotte, 2008). The unethical group was willing to pay $2.42 less than the control group, whereas the ethical group only indicated they would pay $1.40 above the control group. Thus, the negative actions of the company had nearly twice the impact on the price than the positive actions.

Figure 1.1



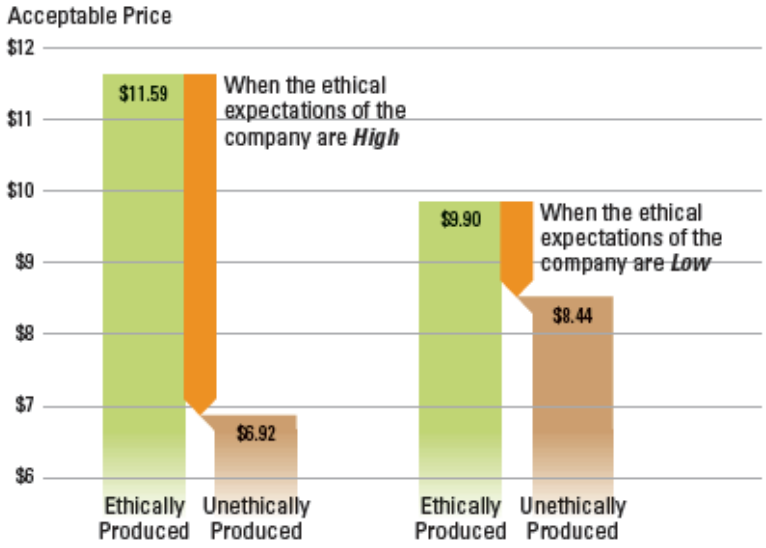
While these results might cause a CEO to have a knee-jerk reaction to put all of his or her company's funding behind CSR, the reality is that the above study is flawed in numerous ways. For example, the study assumes that every consumer has the ethical information of each product on hand before making a purchase. The truth of the matter is that it's not only unrealistic, but also nearly impossible. Imagine having to evaluate each product in the grocery store aisle based on ethical standards. Consumers already have to battle decisions between quality, price, quantity, flavor, ingredients, nutritional value and numerous other criteria – it is impractical to think that they have enough capacity to add an additional criterion that requires prior research on the responsibility of the consumer.

The second reason the study is flawed is that the authors do not take into account social desirability bias. Social desirability bias is a term "used to describe the tendency of respondents to reply in a manner that will be viewed favorably by others (Wikipedia, 2011)." In this case, respondents most likely felt it was necessary to reward the ethical companies by overcompensating them and doing vice versa for the unethical ones.

To the authors' credit, they did conduct a follow-up study that took into account the attitudes of the participants on the expectations of companies. This time the duo tested 84 coffee drinkers; randomly assigning them one of the three groups. However, this time around, they asked the participants a series of questions to gauge their expectations of companies and assigned them accordingly to either the high-expectation or low-expectation group. As expected, the group with higher expectations of companies had a larger difference between the mean prices they would pay for ethical coffee beans versus unethical than the lower expectation group. As shown below, the difference for

the high expectation group was $4.92, whereas the low expectation only had a $1.46 gap between the two prices. Conveniently, the authors did not make the results of the control group prices available which leads me to believe that they either did not fall into accordance with the authors' hypothesis or detracted from the results that the authors wanted to show.

Figure 1.2



As with the first coffee study, this second study also raises red flags in addition to the previous concerns brought forth. Due to the design of the study – asking the series of questions gauging the individual's expectations about companies – the authors could be accused of "leading" the respondents. By putting the respondents in the mindset of corporate responsibility, the authors potentially influenced their answers. In addition, the fact that the authors leave the control group out of their second study is not only suspect, but brings up the point of just which categories we should be looking at.

Even though I certainly appreciate the information that academic studies provide, I have always been one to rely more heavily on actual business case studies. In this case, I believe Starbucks' inability to withstand the recession outweighs the results of this study that seems to have numerous potential downfalls.

My interest in Corporate Social Responsibility was sparked by PepsiCo's recent commitment to the Pepsi Refresh Project as well as the relatively recent "green" trend that we have seen being pushed particularly by a lot of brands during the past decade. This professional report will detail and analyze a number of company initiatives that are currently going on or that have taken place in the past in the name of Corporate Social Responsibility. My intentions are to look at these CSR programs through the lens of ROI and, more specifically, profitability. In chapter 2, I will dissect the Pepsi Refresh Project; providing a detailed description of the program as well as providing commentary on where it came up short and potential reasons for those shortcomings. Chapter 3 will look at a number of specific campaigns and initiatives that companies and brands from different categories have undertaken. This chapter also includes justification for why these programs were either largely considered successes or failures. In chapter 4, I provide a list of guidelines that any brand manager should take into consideration before approving their own CSR program. For each guideline, I also cite a real-life example that supports it. At the end, I will tie together all the information that has been discussed in the previous four chapters and provide a point-of-view on Corporate Social Responsibility and when I believe it should be implemented.

Chapter 2: Pepsi Refresh Project

This chapter will detail and explore the Pepsi Refresh Project during its inaugural year. The Pepsi Refresh Project was the first initiative of its magnitude that a large consumer brand as taken on. Despite being considered by many as a successful campaign and winning multiple Advertising awards for its effort, I will argue that the Pepsi Refresh Project was largely a failure. A closer look into the program shows that the insights were correct, but the execution was deeply flawed. As I describe the different components of the program, I will provide critique as to how it could have been better executed.

In 2010, PepsiCo took a huge risk pulling out of the Super Bowl – ending a 23 year run in the event. Instead, they invested the $20 million they saved from not running spots in the big game into a social good campaign called the "Pepsi Refresh Project." The initiative is focused on moving communities forward. While the campaign still has traditional elements, the majority of the Refresh Project activity took place online. Individuals, groups, non-profits and businesses were instructed to submit their ideas to the Pepsi Refresh website for the chance to win grants worth $5,000, $25,000, $50,000 and $250,000. Every month, the Refresh Project accepts new entries in six different categories: Health, Arts & Culture, Food & Shelter, The Planet, and Neighborhoods and Education. Due to the sheer number of potential entries, Pepsi limited the number of entries to the first 1,000 submitted. Once submitted, visitors to the site have an opportunity to vote for the cause they believe most deserving.

Voting

In its first year, the Pepsi Refresh Project accumulated over 77 million votes with 19 percent of those votes coming from Facebook (Preston, 2011). That's more votes than any of the 2008 U.S. Presidential candidates received. Granted all the votes casted for the Pepsi Refresh Project were not unique as individuals had the opportunity to vote up to 10 times per day. In November, Pepsi Refresh was on track to have 6.5 million users registered by the end of the year (Garton, 2010).

However, despite targeting the millennials, it's been the older generations that have turned out in significant numbers to vote. The biggest segment of voters came from those between the ages of 41 and 60. Ami Irazabal, marketing director at Pepsi, attributes it to the fact that the larger nonprofits competing for funding are reaching out to their networks, which include mostly older individuals, to gain support. The second largest group of voters is those aged 28 to 40, followed by the 17 to 27 age group. Interestingly, it is this younger age group that comprises most of the grants for the smaller monetary amounts (Zmuda, 2010).

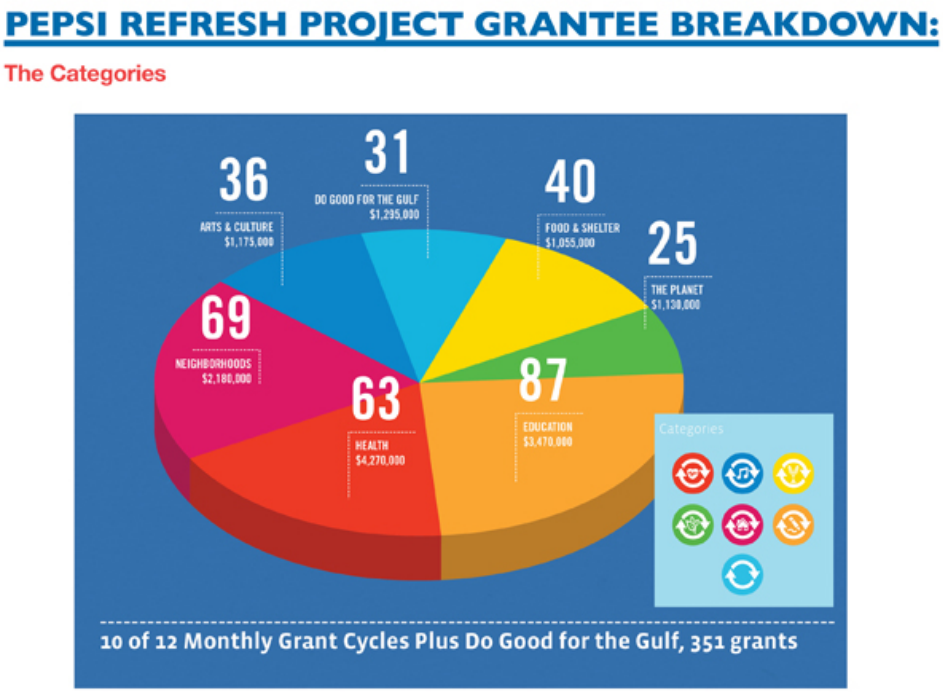
Grants Awarded

Each month, Pepsi made a commitment to award $1.3 million to the 32 ideas that received the most votes – (10) $5,000 grants, (10) $25,000 grants, (10) $50,000 grants and (2) $250,000 grants. According to refresheverything.com, Pepsi has rewarded $15,845,000 to 384 ideas. To date, 36 parks have been refreshed, 74 schools improved, and 200 communities positively impacted. In addition, Pepsi Refresh has provided 30

prom outfits to high school seniors who couldn't afford them, made it possible for 159 iPods or smartboards to be installed in classrooms, aided in the saving or treatment of 3,800 animals, and donated 1,000 pajamas for those in need (Wasserman, 2010).

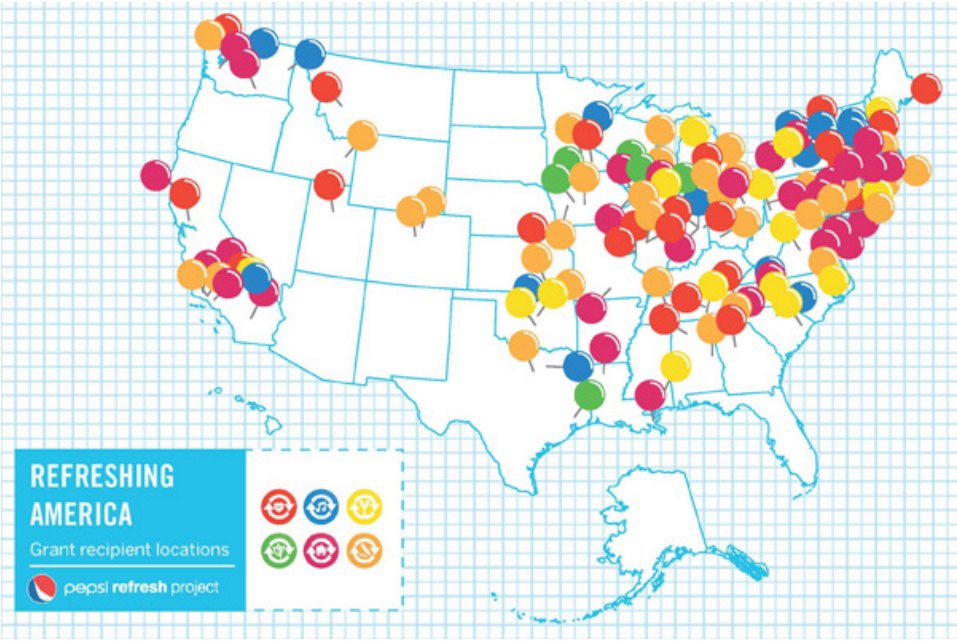
The majority of grants have been awarded to non-profits with a significant among being given to individuals, and only a small amount being granted to businesses (Zmuda, 2010). According to the chart below, through the first 10 months of the program, the majority of grants (87) were awarded to those that fell under the Education category. Education was closely followed by Neighborhoods and Health, but then there was a significant drop off with the next categories.

Figure 2.1



Pepsi also provides a state-by-state breakdown on their website displaying where the grants have been awarded. As you can see from the image below, taken early on in the program (June,) there was clearly an advantage to those states with larger populations and that trend continued throughout 2010. The state-by-state breakdown was as follows: California – 24, New York – 23, Ohio – 21, Washington – 15, Illinois – 14, Michigan – 13, Texas – 12 with the rest of the states being single digit grant recipients.

Figure 2.2



Reacting to Current Events

When the tragic BP oil spill negatively impacted the Gulf Shore, PepsiCo was quick to act, announcing that they would add a new category "Do Good for the Gulf" for individuals to vote on for the month of August. Instead of awarding the usual $1.3

million, Pepsi doubled its monthly commitment to $2.6 million. In addition to rewarding the top 32 ideas in the normal categories, Pepsi also handed out grants to the top 32 vote-receiving ideas from the "Do Good for the Gulf" category. The idea submission process opened on July 12th and the almost 300 submissions were to put to a public vote beginning August 2nd with the winners being announced on September 2nd. Pepsi released a list of criteria that the ideas must meet before being submitted (see figure below).

Figure 2.3

- Ideas may be submitted from all 50 U.S. states and the District of Columbia but must have a clear community benefit for communities in the Gulf region (states that are on the coast of the Gulf of Mexico including Texas, Louisiana, Mississippi, Alabama and Florida);
- Ideas must be executable within 12 months;
- Ideas must intend to make a positive impact on communities affected by recent events in the Gulf;
- Pepsi Refresh Project Gulf initiative will not support ideas directly related to cleanup efforts and environmental impact;
- Ideas shall not pertain to seek financial reparation from the environmental tragedy or propose engineering or cleanup solutions;
- Previous Gulf-focused Pepsi Refresh Project submissions may be re-submitted if they meet above stated criteria.

PepsiCo detected three trends among the 32 finalists selected for the "Do Good for the Gulf" category. The three trends included animal rescue, children and education, and community and economic development. Animal Rescue Fund (ARF) of Mississippi received a $50,000 grant to help shelter pets of Gulf-based families who could no longer take care of them. Backpack Buddies of East Central Jackson County was awarded

$5,000 to help feed children whose parents lost their jobs due to the oil spill. Operation Gulf Coast was given $50,000 to create a website that would be used to coordinate aide to Gulf communities, serve as a social network and a recruitment tool for volunteers (PepsiCo, 2010).

Controversies

The Pepsi Refresh Project has hit snags from the beginning. In February 2010, *The New York Times* published an article detailing how Pepsi had violated its own rules. Joyful Heart Foundation, a charity started by *Law & Order: Special Victims Unit* co-star Mariska Hargitay that supports victims of sexual assault, had materials uploaded by a Pepsi staff member after the submission deadline had passed. Altering material after the submission deadline is a clear violation of Pepsi's protocol and the editing option is not even made available to submitters (Strom, 2010).

News of the breach in rules caused quite a stir among other entrants who felt that Pepsi was showing favoritism towards celebrities. In response to controversy, Pepsi wrote an entry on their *Refresh Blog* entitled "Learning As We Go" addressing the *NYT* article and disclosing the details of the resolution they had constructed:

> Pepsi will award Joyful Heart a discretionary grant of $250,000 no matter where they finish in the voting and will also award $250,000 grants to the top two vote getters from the remaining candidates in the category. Should Joyful Heart finish in second, Pepsi will award grants to the Nos. 1 and 3 vote getters. Should Joyful Heart finish third or lower, Pepsi will award grants to the Nos. 1 and 2 finishers. No matter how the voting ends, Pepsi will provide three grants. We felt it was fair to leave the Joyful Heart entry on the site because the idea is inspiring and worthy of attention, and the organization was not responsible in any way for the submission change.

However, that would only be the first of many hiccups that Pepsi faced in their inaugural year of the Refresh Project. In October, the program was accused of political pondering. Arms Wide Open Childhood Cancer Foundation made the accusation, claiming that 16 contestant groups were members of the Progressive Slate, which has strong ties to the Democratic Party. According to the Pepsi Refresh guidelines, "ideas cannot support or endorse any political candidate or party." John K. Bartosz, a lawyer for the charity, made the comment, "We have concerns about the fairness of this contest. We've built a grass-roots effort to tell our families and friends to vote for us, and now we learn that we're up against a political machine" (Strom, 2010).

The Progressive Slate, which is strongly versed in its voter registration and community organizing skills, is notoriously known for collaboratively working to help each other win contests. During the time that the article was published in *The New York Times*, eight of the top 10 in the $50,000 grant category and two were in the top 5 for the $250,000 grants (Strom, 2010).

Despite the fact that many of the Progressive Slate websites support liberal agendas, Pepsi released a response in which they said that they had evaluated each of the ideas solely on the basis of merit and each had met their guidelines (Strom, 2010). The Progressive Slate would go on to win $500,000 out of $1.3 million in September and November, and were expected to win another quarter of the $1.3 million awarded in January (Bauerlein, 2011).

In January of this year, another controversy emerged. This time the attention surrounded around Guardian Angel Feline Rescue of South Elgin, Illinois. Founders of

other non-profit animal shelters accused Carol Schultz, the operator of Guardian Angel Feline Rescue, of using a third-party service to generate proxy votes from abroad. In the final days of the October voting period, Ms. Schultz saw her organization climb from seventeenth to seventh place. Ms. Schultz allegedly went through an individual known as "Mr. Magic" to garner the additional votes. Other organizations acknowledge being contacted by this same individual using the Gmail address tubebilling@gmail.com, claiming that he could gain their ideas votes in exchange from a share of the prize money.

Ann Goody's Three Ring Ranch, an exotic animal refuge in Kona, Hawaii, was one of the organizations that saw their rank fall out of the top 10 due to Guardian Angel Feline Rescue's sudden late surge. The following month, Ms. Goody found her refuge lagging in votes and sitting around the 100 ranking. She claims that she received a call from Ms. Schultz offering to put her in touch with "Mr. Magic." Ms. Goody played along in order to act as a spy. Ms. Schultz refuses to admit she used Mr. Magic's services, but in an e-mail addressed to Ms. Goody dated December 11, she described the trouble she had to go through with her banks, trying to get a cash advance in order to wire Mr. Magic his fee (Strom, 2011).

In response to the allegations, Pepsi hired Flying Aces Technology to conduct an audit on the voting system to assure that it was void of fraudulent actions. Flying Aces deemed that the voting system had suitable controls put in place to prevent such issues. Despite the findings, the suspicions and accusations are still running wild and many experts fear that it could tarnish the entire campaign. Avi Dan, founder and owner of Avidan Consulting, may have said it best, "It's a great marketing idea, but the devil is in

the details." Mr. Dan added that marketers that are going to open up their voting to crowds need to make sure that they have strong policing mechanisms in place and to watch out for red flags like votes coming from the same server. (Zmuda, 2011).

Patricia Hurley, senior VP of cause branding and nonprofit marketing at Cone, stated one way of preventing such fraudulent actions is to limit the number of charities involved. Cone recommends their clients to know whom they are working with to alleviate the risks. According to Ms. Hurley, "Companies should be more strategic, rather than extending such a broad net. That gives you much greater control" (Zmuda, 2011). Ms. Hurley also alluded to the point that competition is tough right now for non-profits. With budgets getting cut and organizations hard up for funds, we shouldn't be surprised when they give into temptation to play dirty. Anyone who has watched an episode of the Donald Trump's *Celebrity Apprentice* can attest to the fact that the gloves don't stay on just because it is for charity.

Media

Despite pulling out of the Super Bowl, PepsiCo was expected to surpass the amount it spent on media in 2009. It has been reported that one-third of Pepsi's marketing had gone towards the Refresh Project. Through August of last year, Pepsi spent $109 million in measured media according to Kantar Media. In 2009, they only spent $136 million in total (Zmuda, 2010). In addition to the paid media, Pepsi also received a considerable amount of earned media. According to Ami Irazabal, marketing director at PepsiCo, the company had worked with 38 ABC affiliates and 108 NBC

affiliates to produce local segments highlighting the winners (Zmuda, 2010). Figure 1.1 below shows the number of impressions the Pepsi Refresh Project had received as of October 13.

Figure 2.4

IMPRESSIONS

- **Total earned media impressions attributed to Refresh:** 2,843,824,480 as of Oct. 13.
- **Online news outlets:** 1,320 (2,000,961,167 impressions)
- **Broadcast outlets:** 3,032 (275,057,330 impressions)
- **Print outlets**: 695 (70,326,570 impressions)
- **Blog posts:** 1,590 (210,184,798 impressions)
- **Tweets:** 167,294 (Twitter followers reached: 287,294,615)

Impact

Despite being considered mainly a social media campaign (and a successful one at that), Pepsi still trails its top competitor, Coca-Cola, in the space. Last February, Coca-Cola had 5 million Facebook fans. Meanwhile, Pepsi only had 515,000 fans during that same time. More than a year later (April), Coca-Cola boasts over 25 million fans. However, despite the perceived success of the Refresh Project, Pepsi has been unable to attain Coca-Cola's February 2010 fan total – currently coming in at just over 3.5 million. The story is much the same on Twitter. The Coca-Cola Twitter handle has over 250,000 followers compared to Pepsi's 63,000.

Some would argue that Pepsi has missed out on key opportunities to promote the Pepsi Refresh Project from the beginning. While Pepsi did receive some PR for skipping

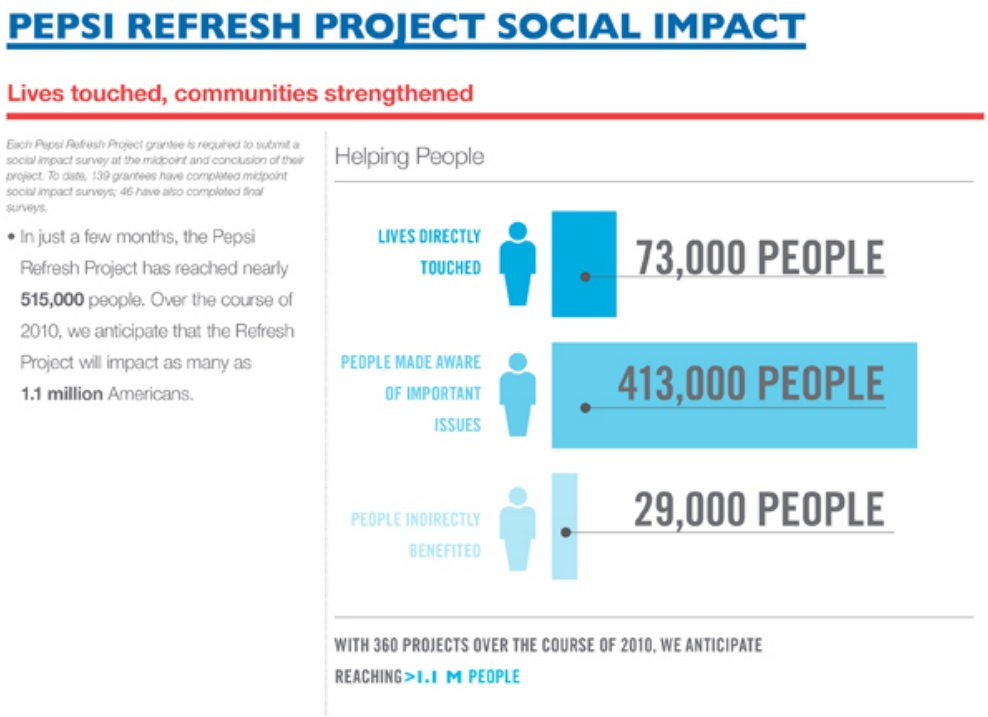
out on last year's Super Bowl, they also missed out on a huge opportunity to introduce the campaign to a large audience of engaged viewers. Jeremiah Owyang, a partner from the Altimeter Group, wrote in Forbes, "By not having any in-game discussions on the advertisements, [Pepsi] was unable to use the Super Bowl or its advertisements as a catapult to launch the campaign into the social sphere. In fact, after the game, overall mentions of Pepsi and the Pepsi Refresh campaign remained relatively on the same trajectory as before" (Williamson, 2010).

Even though Pepsi may have been right about the insight that consumers want to feel empowered and have the ability to enact meaningful change, the fact of the matter is that they have been unable to get the masses involved. According to an article written in November by Advertising Age's Editor-in-Chief, Rance Crain, Pepsi reached the 1% of the influencers and 9% of the participators, but "the predominant use of social media and narrow-casting tactics missed the masses" (Crain, 2010). While other companies may be happy with the results, Pepsi – one of the biggest global brands – cannot afford to not reach the masses.

According to Frank Cooper, Senior Vice President and Chief Consumer Engagement Officer of PepsiCo, they are looking for three key measurements to determine the success of the Pepsi Refresh campaign. Those three measurements include relationships with consumers, social media activity, and sales lift. We previously discussed the social media activity and will dive into the sales figures later. However, perhaps the most difficult (and subjective) form of measurement is the affect the

campaign has had on the relationship with consumers. According to the figure below, Pepsi had hoped to impact 1.1 million lives either directly or indirectly.

Figure 2.5



However, the numbers do not account for the negative relationships that have emerged from those angered by the campaign. As discussed earlier, Pepsi has received some negative PR from the campaign, including showing favoritism towards celebrities' charities, funding politically tied causes, and being accused of voter fraud. Even though Pepsi set out to improve the world, the fact of the matter is that grant funding can be ugly – especially in the non-profit sector where money is hard to come by these days. The first mistake that Pepsi made was to only accept the first thousand applications submitted – meaning that submission period has literally shut down in a matter of minutes during

some months. There are numerous forums online littered with individuals frustrated that they have been unable to successfully submit their ideas multiple times before the maximum limit had been met. Below is an excerpt from Complaints Board that shows the sentiment of these frustrated individuals.

Figure 2.6

319 days ago by Oboes +1 Votes

Pepsi Refresh Project should be investigated for potential fraud upon submission. Within 8 minutes all 1000 applications for grants were apparently accepted, the saved data deleted, and the pepsi internal server was jammed. after 8 minutes a statement on their website stated 1000 apps . already received 9:08PM PST 5/31/10. THere needs to be an investigation to find out why the internal server jams and what steps are being taken to ensure the integrity of submission from west coast participants and others. There are many accepted apps that are indeed very suggestive of scams and not 501 c 3 IRS registered non-profits. Where is the accountability and integrity, or this just another American scam by the company to bamboozle honest people with worthy projects from 501 c 3 non-profits. Perhaps, the FTC needs to be involved.

318 days ago by no_name_3485962 0 Votes

No I agree completely, I have a 501c and I am old enough, I've tried 4 times to get in the last time I applied within 8 minutes and still got the 1000 applicants received... and yes 99.9% of the things they have you voting for are scams... I think it's pretty obvious that they are hand selecting applicants and making up news stories to go along with them for PR and advertising... YES the Pepsi refresh everything is totally 10, 000% fake.

317 days ago by jane dehart 0 Votes

I have tried for two months to get in. At the stroke of midnight I try to get to the Pepsi site. I stay there until it times out. I have no idea what the trick is.

288 days ago by Anonimul 0 Votes

We, too, have triiiied and triiied to get into the Pepsi Refresh Project. We have had our profile up for months and an hour before midnight when they open submissions, we sit in front of the computer and wait. The site is always "down for maintenance" until midnight. Then, just as it opens up, we press the page for submittal, and the final submit buttons go away!! The page says "loading.. loading..." Yet nothing happens. Then finally the page shows up with the message saying that all 1, 000 submissions have been chosen. --LITERALLY WITHIN TEN SECONDS my browser jams up, buttons disappear and the rejection notice appears. This is incredibly suspicious, and very disappointing on many levels. It is a true shame to do this to people.

Thank you everyone for sharing your stories and opening the box of truth on Pepsi Refresh! Boo, and shame on Pepsi for posing as do-gooders, when in reality they are dooping us for tons of free advertising, with the false lure of free money for worthy causes. Shameful.

As indicated from the posts above, the idea that Pepsi is trying to do something good for communities has been lost in the fact that some errant mistakes were made when devising the logistics of the campaign. One giant issue is that Pepsi has made certain individuals, non-profits, and businesses walk away from the experience feeling like losers. Whether it was not being able to submit their applications in time or their inability to register enough votes to receive one of the grants, these potential stakeholders feel cheated. Pepsi has squandered an opportunity to win over new loyalists while also potentially turning off customers who were already Pepsi drinkers.

It should also be noted that many of the posters are under the impression that the majority of the ideas being awarded are scams. Unfortunately, this goes against the grain of what Pepsi was trying to do with the Refresh Project. Pepsi wanted to make funding available to ideas, both big and small. However, by relying on popular vote in a similar American Idol-like format to choose the winners, PepsiCo made it increasingly difficult for the "smaller guys" to win. Perhaps that is why we see a bias in grants being awarded to more populous areas. It's hard to think that an idea originating from a town of 6,400 (roughly the population of my hometown) would be able to compete against an idea that was formed in New York City. If the voting is simply a numbers game then the chances of the "little guy" winning is virtually cut out.

Another aspect that may not have been given a great deal of thought during the creation of the idea was the affect that the organizations vying for grants would have on their stakeholders. Anytime a company enters a partnership or endorsement with another company, they, in turn, provide that partner the approval to use their name in conjunction

with the partnering company. While PepsiCo was, without a doubt, hoping to piggyback off the free publicity they would receive from these organizations, they perhaps didn't take into consideration the negative consequences that could ensue. Due to the fact these organizations rely strictly on numbers to win the grants, many have been guilty of barraging their e-mail and mailing lists eliciting votes. This consistent harassment can undoubtedly cause some unrest between the constituent and the organization, but it can also negatively affect that individual's feelings towards Pepsi as well.

Improving the Bottom Line

Despite being awarded such industry recognitions as "Biggest Story of the Year" by *AdAge*, "Most Imaginative CSR Ad Campaign" by *Forbes* and an OMMA Award for "Best In Show, Integrated Online Campaign," the Pepsi Refresh Project has been unable to move the sales needle. In fact, in March of this year, *Ad Age* published a story that Pepsi had ceded its No. 2 market share position to rival, Diet Coke. This move marked the first change in the top 2 ranks in two decades. Coca-Cola now has the overwhelming lead in the soft-drink category, boasting 17% of the market share. It is followed by Diet Coke (9.9%), Pepsi (9.5%) and Diet Pepsi (5.3%) respectively. PepsiCo's market share also took a hit in 2010, slipping 0.6 percentage points to 29.3%. In contrast, Coca-Cola's share gained 0.1 percentage point – putting them at an even 42% of the carbonated soft drink market (Esterl, 2011).

According to the *Beverage Digest*, Pepsi-Cola and Diet Pepsi saw their U.S. sales fall significantly during 2010 with Pepsi-Cola sales down 4.8% and Diet Pepsi down

5.2%, respectively. Those numbers are quite alarming when you compare them to the industry-wide modest decline of only 0.5% (Esterl, 2011). The Pepsi executives are quick to point out that Pepsi Refresh Project was not intended to be strictly a sales-driven program, but rather "an investment to build brand awareness and cultivate a long-term relationship with consumers" (Preston, 2011). Shiv Singh, head of digital for PepsiCo is quoted as saying, "[The Pepsi Refresh Project] was designed to drive brand health. We look at brand equity, brand health and sales – and we have seen movement in all of them" (Preston, 2011). The statement may not have raised any red flags had Mr. Singh left off the sales part of the quote, but there is no indication from any of the sales figures that Pepsi has seen growth in sales during the Pepsi Refresh Project.

Nonetheless, Mr. Singh and other Pepsi executives have their jobs on the line so it is understandable why they have tried to spin the results in a positive light. However, the fact is brand equity and brand health are intangible measures and since the public is not privy to that kind of information, we have to instead rely on individuals who do not gain from sharing negative results to relay that information onto us. Nevertheless, given how the Pepsi executives seem to have danced around the results of the Refresh Project, you can understand why some stakeholders might be uncomfortable with their PepsiCo stock.

In fact, some market analysts agree. Carlos Laboy, analyst for Credit Suisse, downgraded PepsiCo's stock due to "divergent philosophies" between PepsiCo and Coca-Cola. According to Laboy, "PepsiCo emphasizes innovating to find what the consumer will want next, while Coke focused on innovation within its core brands" (Zmuda, 2011). Laboy also commented on the "intangibles" of PepsiCo, noting that its

culture seems to be "turning increasingly insular and abrasive just as Coke's seems to be opening, engaging and enjoying a renaissance of partnership and team principles" (Zmuda, 2011). Caroline Levy of CLSA affirms Laboy's stance, but is a little more blunt about her stance. "The Refresh Project in its initial year was 'an absolute failure' whose premise was laudable but too distant from the product it's meant to promote" (Bauerlein, 2011).

Despite giving off the outward impression that everything is well at PepsiCo headquarters, one has to wonder just how high their spirits are behind closed doors. One has to suspect that tension is high, especially given that the fact that it has been over two years since Indra Nooyi, Chairman and CEO of PepsiCo, made the announcement that they would pump $1.2 billion into reinvigorating its beverage brands by completely overhauling its packaging, merchandising and marketing (Zmuda, 2011).

Analysts aren't the only ones worried about Pepsi's performance; bottlers of the product have also expressed concerned. Early in the process, bottlers were cited as being pleased with the Refresh Project due to the "elevated status" it had given them in their communities. In an article in *AdAge*, Dave Pederson, the VP of soft-drink sales at a Pepsi bottler in Minnesota, said, "We fight for floor space and locations in the stores, and this year I think we're getting better locations than our competitors. We're getting bigger displays, because [stores] are seeing that we're giving back to the community" (Zmuda, 2010). Pederson went on to say, "I can't tell you what percent lift it's given us, but it's given us [an advantage]" (Zumda, 2010). Well the results are in and bottlers are now singing a different tune over a year into the program. Brian Charneski, who leads a

cooperative of 16 independent Pepsi bottlers in the Pacific Northwest, may have summed it up best when stating, "People feel good about [Refresh] and I think it's neat, but it doesn't translate to, "I'm going to buy Pepsi" (Bauerlein, 2011).

Refresh Returns

Despite the mixed feedback from the inaugural year of the Pepsi Refresh Project, PepsiCo announced that they would continue the program in 2011. However, the program has undergone some changes. According to PepsiCo, the modifications came about from feedback they received through focus groups on Facebook and interviews with grant recipients. In 2011, nearly twice as many monthly grants (60) will be rewarded. This was made possible by the termination of the $250,000 grant level. Instead, the 2011 edition will offer four grant tiers: $5k, $10k, $25k, and $50k.

In addition, Pepsi has altered the grant categories. They have discontinued the Environment and Health categories. Pepsi stated that the Health category tended to attract health-advocacy groups that formed alliances and that those causes awarded "didn't always reflect the lighthearted nature of [the] brand" (Bauerlein, 2011). The Refresh Project will now consist of four categories: Arts & Music, Communities, Education, and a newly introduced category called the Pepsi Challenge. The Pepsi Challenge category theme will rotate every three months. Each month during its three month stint, the Pepsi Challenge category will reveal a new challenge that they will look to entrants to answer.

The Pepsi Refresh Project has also made changes to its submission process. Instead of closing the submission period after it reaches its 1,000 entries allotment, PepsiCo will now accept all entries during a five-day period at the beginning of the month. Of all the entries received, 1,500 will be randomly chosen to be put up for public voting. The new process should come as a welcomed change for all those who were frustrated with being continuously turned away each month.

Apparently the customers' voices weren't the only ones heard as PepsiCo has made some modifications to the voting process that should please their bottlers as well. Besides allowing individuals to now cast votes on Twitter, Facebook, the Pepsi Refresh Project mobile app, and through the text2vote program, Pepsi also announced that they would be unveiling "power votes." Power votes allow users to add additional votes to ideas they like by entering special codes found on select Pepsi packaging. Thus, special code holders will have the ability to have their vote count 10 times instead of just once. Bottlers are hopeful that the tactic could help spur Pepsi purchases.

While the 2011 modifications are definitely an improvement over the 2010 Refresh Project, one has to wonder if the program's black eye is too much for individuals to overcome. Have consumers already made up their mind that it is a tainted program or will they give it a second chance? It's a question that only time can answer.

Moving Forward

Even though the PepsiCo Executives seem to be committed to the Refresh Project, one senses they have become uncomfortable with their heavily social media

focused approach. The first indicator that Pepsi had reverted to their old school of thinking was their return to Super Bowl advertising after a year hiatus. Pepsi teamed up with Doritos, another PepsiCo brand, to host "Crash the Super Bowl" – a contest whereby user generated commercials were chosen to be aired during the big game. Instead of focusing on the Pepsi Refresh Project, the commercials were geared around the re-launch of Pepsi Max, which had dropped the word "Diet" from its name.

A *Wall Street Journal* article published in March stated that PepsiCo was planning "to spend 30 percent more to pitch its beverages on U.S. television in 2011 than in recent years" (Esterl, 2011). A lot of the money has been earmarked to help reinvigorate the struggling Pepsi-Cola brand. Massimo d'Amore, chief executive of PepsiCo Beverages America, says that PepsiCo is "totally committed" to increasing it carbonated beverage sales and that the company plans to release a new television campaign this summer. Mr. d'Amore went on to state, "We need television to make the big, bold statement" which is quite the 180 from last year's social media-laden budget.

PepsiCo has also announced that they will be the sole season-long sponsor for Simon Cowell's new Fox TV show, "The X Factor." The $60 million sponsorship for the show that will begin airing in the Fall of this year includes regular commercial time throughout the season as well as product and brand integration within the show (Stetler, 2011). The two also plan on leveraging each other's online assets. The sponsorship is a huge win for the Pepsi brand since Coca-Cola already receives a tremendous amount of exposure from sponsoring "American Idol." However, unlike "American Idol," which finds Coca-Cola sharing the spotlight with co-sponsors Ford Motor Company and AT&T,

Fox has disclosed that they are not looking for any other season-long partners, but might look for some shorter term sponsorships (Stetler, 2011).

Chapter 3: Case Studies

The Pepsi Refresh Project is difficult to categorize because it doesn't fall cleanly under one category. It is a philanthropic effort, but the magnitude and marketing of the project deserve a title greater than just "corporate giving." However, it doesn't fit the description of "cause marketing" either. While some may argue that the cause is "refreshing communities" – the fact of the matter is Pepsi hasn't teamed up specifically with any charities or non-profits. Additionally, since Pepsi's $20 million donation isn't contingent upon sales of their product; there is no direct connection between the consumer's purchase and the Pepsi Refresh Project. Up to this point, I have talked mostly about how the Pepsi Refresh Project has fallen short (at least in terms of ROI for PepsiCo). However, there are a number of companies that have been profitable from capitalizing on CSR programs.

In this chapter, I will explore those profitable CSR programs and discuss why there were able to be successful. Additionally, I will also provide examples of CSR programs, besides Pepsi Refresh, that have failed to accomplish what they set out to do. This section is to serve as creative inspiration and provide examples for brand managers to aspire to; any brand manager considering a CSR initiative should explore these case studies in-depth. Just as we can learn from the success of others, we can also gain just as much (if not more) from the failure of others.

TOMS

One of the insights that Pepsi talked about when they developed the Pepsi Refresh Project was that millennials are more likely to choose brands that give back (Garton, 2010). Take a walk through the University of Texas campus and you'll likely notice a plethora of people wearing TOMS – shoes made by a company that has received a great amount of praise for it's One for One business model. For every pair of TOMS shoes purchased, TOMS donates another pair to a child in need. Since TOMS is privately owned, they do not release financial information. However, in September, TOMS announced they had donated over one million shoes to children in 23 countries. Given that most pairs of TOMS retail for $55 each, it is reasonable to assume that TOMS has accrued somewhere in the neighborhood of $55 million in sales since inception.

The idea of TOMS was born out of a trip that its founder and chief shoe giver, Blake Mycoskie, made to Argentina in 2006. Mr. Mycoskie was bored so he took off a month from his current post at Drivers Ed Direct. In an effort to relieve his boredom, he did a Google search for "polo lessons cheap." The query resulted in Mr. Mycoskie finding himself learning polo just outside of Argentina. It was on this trip that Mr. Mycoskie discovered that wealthy urbanites were donating used shoes in local villages because the children were unable to go to school if they didn't have shoes. That is when Mr. Mycoskie said the idea hit him, "Instead of a charity with handouts, why not create a company where that's the whole purpose? I thought, you buy one pair of shoes today so we can give one tomorrow. We'll call them Tomorrow Shoes. No, we'll call them TOMS

Shoes for tomorrow" (Binkley, 2010). Mr. Mycoskie's company would later expand their mission to include the prevention of soil-transmitted diseases.

TOMS' big break came in 2009 when mobile giant AT&T approached them to be featured in a television commercial. A BBDO copywriter discovered TOMS while sitting in the backseat of a taxi watching a report about the company on a video screen running NBC-Universal program content. The copywriter later learned that Mycoskie was a longtime AT&T customer and the connection was made. TOMS appearance in the commercial was the first time AT&T had a real business in their "more bars in more places" spots. Previous spots had featured fictitious businesses. The feedback and support from the public for the original thirty-second commercial spotlighting TOMS was so overwhelming that AT&T and BBDO Worldwide decided to produce an extended sixty second spot to debut during Fox's "American Idol." In addition, three minutes of behind-the- scenes footage was made available on YouTube and on AT&T's Facebook page.

At the time the commercial first began airing, TOMS had sold 140,000 pairs of shoes and was receiving around 9,000 visitors to its website. After the commercial aired, traffic was up 75,000 to 90,000 a day. TOMS made the most of that popularity and has yet to look back. In fact, Mycoskie has taken a shoe company and turned it into what he calls the One for One Movement. On April 5th of this year, TOMS celebrated their fourth annual "One Day Without Shoes" which challenges individuals to brave an entire day without shoes in order to understand what children without shoes have to endure. This year's "One Day Without Shoes" boasted over 1,000 organized events in 25

countries, including 1,400 participating companies (such as AOL, Microsoft, and Nordstrom) and 500 participatory schools. Even celebrities like designer Donna Karan, artists Lenny Kravitz and Sarah Bareilles, and actress Charlize Theron, donned bare feet for the day. "One Day Without Shoes" also gained quite the online traction – securing the #1 trending topic on Twitter for April 5 and the #4 most searched term according to Google.

At SXSW this year, Mycoskie announced that TOMS would be moving into the next chapter of the One for One Movement. The new product was not announced, but rather placed hidden in a mystery box on stage. Mycoskie will unveil the newest product on June 7th by having 200 influential people around the world simultaneously open the packages sent to them. Despite having the appearance of a non-profit or charity, TOMS is actually a for-profit and Mycoskie isn't hiding it. When asked about his intentions, Mycoskie replied, "I wasn't out to do good. I'm an entrepreneur" (Binkley, 2010). Before starting TOMS, Mycoskie was involved in a handful of his own startups including a drivers-ed company, a laundry firm and an attempt to create a reality-TV network (Binkley, 2010).

In spite of Mycoskie's personal endeavor to become a thriving entrepreneur, he has been successful in making sure the focus of TOMS has never left its philanthropic mission. It is this mission that has made TOMS so marketable to millennials. "The appeal to the consumer is that when you buy something, you feel connected to something that matters" (Binkley, 2010). The concept of blending commerce with charity has also been praised for being so in-tune with the current cultural moment. According to

columnist Christina Binkley, "Shoppers who are burnt out on glam are looking for value in their purchases" (2010). For many, an item associated with a charitable cause can add that value. The beauty of TOMS is that the One for One concept is so simple to comprehend – there's no percentages, no mail-in component, no maximum contribution – you buy a pair and they donate a pair. Wearing a pair of TOMS has become an outward way for individuals to show off their altruism – a desirable characteristic among the millennial generation. For TOMS customers, what the shoes stands for outweighs the stylistic appeal of the product.

Haagen-Dazs

The story of the "Haagen-Dazs loves Honey Bees" campaign began in early 2004 when Haagen-Dazs and their Agency-of-Record, Goodby, Silverstein & Partners, got together and decided that instead of continuing to focus on the "glitz 'n glamour" brand message, they would begin to focus on the quality of the all-natural ingredients that go into their ice cream. In 2007, a communication strategist at Goodby noticed that blogs started becoming inundated with discussions about the disappearance of the North American honey bee population. The phenomena would later be coined Colony Collapse Disorder (CCD). During a two year period, one-third of all honey bees in the U.S. had disappeared. Honey bees are important to Haagen-Dazs because they are responsible for pollinating nearly one-third of the natural foods we eat. Without honey bees, 30 of the 73 Haagen-Dazs flavors (including the popular Strawberry and Banana Split) would be unable to be produced because they contain ingredients that are pollinated by honey bees.

Needless to say, Haagen-Dazs found a cause that was not only crucial to the future of their business, but something that their consumers would also have an interest in rallying behind. The "HD loves HB" campaign was born. Haagen-Dazs was committed to preserving its all-natural workforce. In February 2008, the fully integrated creative and PR campaign was launched. An initial donation of $250,000 was given to Penn State and UC Davis to help fund their honey bee research programs. On top of the initial donation, Haagen-Dazs announced that all the proceeds from the sale of a new "bee-dependent" flavor – Vanilla Honey Bee – would go towards the Colony Collapse Disorder research. Additionally, Haagen-Dazs began to indicate which all-natural flavors were bee-dependent by placing "HD loves HB" logos (shown below) on the packaging. This small gesture alerted Haagen-Dazs consumers that their favorite flavors were contingent upon finding the cure for CCD, but more importantly, gave them reason to get behind the cause.

Figure 3.1

A supplemental website, HelpTheHoneyBees.com, was created to serve as a place where visitors could educate themselves about CCD as well as donate to the research programs. They also produced the first-ever print advertisement made out of seed-embedded paper. The advert could be crumbled up and planted in the ground. Perhaps the most memorable aspect of the campaign was a YouTube video entitled "Bee-Boy Dance Crew" which featured a hip-hop interpretation of the dance a bee performs for its hive mates when it discovers a new source of nectar. The video immediately went viral – accruing 1.2 million hits.

The results were astounding. The campaign achieved its 125 million PR impressions – its goal for the year – in just 7 days after its launch. "HD loves HB" was also able to generate over 277 million media impressions valued at more than $1.5 million. Goodby and Haagen-Dazs admit they were both very fortunate to have released the campaign during a time that the CCD story was really starting to gain traction in the media. Haagen-Dazs was also able to increase unaided brand awareness from 29% to 36% (Bush, 2009). Most importantly, Haagen-Dazs saw the largest sale spikes in a year and experienced sustained growth throughout the main portion of the 2008 campaign.

Tide

One corporate program that has received tremendous response from the public is Tide's "Loads of Hope," originally known as "CleanStart." When Hurricane Katrina tragically struck New Orleans in 2005, a small group of Procter & Gamble managers congregated to figure out how they could help. The result was the formation of a mobile

laundromat fleet, consisting of a large orange truck that houses 32 energy-efficient washers and dryers and several vans that transport the P&G staff. The team is capable of washing, drying and folding up to 300 loads of laundry each day. Since Hurricane Katrina, the "Loads of Hope" team has made it a priority to travel to areas in U.S. affected by hurricanes, floods, wildfires and other natural disasters and offer the free services. The convoy makes their location known through traditional forms of media (newspapers, TV and radio), but has also utilized social media platforms such as Twitter and Facebook.

Figure 3.2

As indicated by the above snapshot of the Tide "Loads of Hope" Twitter feed, the fleet is currently in North Carolina helping out those that have recently been affected by the tornadoes that ravaged the area. Since its origination in 2005, the mobile vehicle has done over 34,000 loads of laundry for families in need in Galveston, Texas; Fargo, North Dakota; and Nashville, Tennessee among others. However, the impact of the "Loads of Hope" program has not only been felt within the United States. When a 7.0 magnitude earthquake devastated the country of Haiti last January, a local hospital had a three-item list of needs. The first item was clean water, the second was equipment for their radiology department, and the third was to have access to clean laundry. In response, Tide sent the local hospital 10 industry-strength washer and dryers.

Despite Tide's originality in creating an idea like "Loads of Hope," a closer look at their "generosity" of public funding has been less than impressive. To get the message out about Tide's "Loads of Hope" program to those outside of areas they have visited, Tide sells vintage Tide t-shirts on their website. For each t-shirt sold, $4 goes towards mobilizing the "Loads of Hope" vehicle. Four dollars might seem like a significant contribution until you discover that each shirt is purchased for $20 plus shipping and handling. In March 2009, P&G flew forty digital media gurus from Google, Facebook, Myspace, and Intuit into their Cincinnati headquarters for an evening that came to be known as "Digital Hack Night." During the four-hour event, the digital media gurus were matched up with 100 of P&G's North American marketing directors to form four teams. The four teams, using all their digital savvy and clout, competed against each other to see who could see the most Tide vintage t-shirts. The event received mixed

reviews. Some referred to it as pioneering while others argued that it created nothing more than charity SPAM all across the web. In the end, by relying on 140 individuals' social networks and using a mere $4,000 in digital media, the group was able to sell 2,000 shirts (equivalent to $40,000) and briefly land on the Twitter Top 10 trending topics (Neff, 2009).

Additionally, Tide released a special "Loads of Hope" packaging that displays faces of those affected by Hurricane Katrina and a yellow cap detailing the significance of the bottle. The release of the new packaging was supported by a television campaign by Tide's advertising agency, Saatchi & Saatchi New York. However, instead of making the proceeds immediately available upon purchase, Tide instead requires consumers to access their website and enter the code located under the yellow cap in order for the $1 gift to be activated. P&G has defended this process maintaining that customers appreciate it because it allows them the opportunity to give a higher donation and have "a closer relationship to the program" (Casey, 2010). Nonetheless, the cynic in me questions just how much P&G has saved off unclaimed codes.

Regardless of the questionable decisions P&G has made to fund "Loads of Hope," the program is still overwhelmingly received because they have occupied an area that was not previously thought of (or addressed) in previous natural disasters. While the American Red Cross and others have aided in the feeding and sheltering of natural disaster victims, providing clean clothes has, for the most part, been overlooked. As a detergent company, the relationship is a perfect match and has escalated the Tide brand in a relatively low-involvement product category that normally struggles for points of

differentiation. The enjoyment of putting on clean clothes from the dryer is a feeling we take for granted, but as one natural disaster victim suggested in the Tide television commercial, "You don't know how very basic essentials are until you have none" (Wong, 2009).

AMEX

I would be remised if I did not give credit to American Express who many consider the pioneer of modern cause marketing. In 1983, AMEX created the Statue of Liberty Restoration Project. It started when Jerry Welsh, VP of worldwide marketing and communications at American Express, looked out of his lower Manhattan office window and noticed the Statue of Liberty was undergoing some significant refurnishing. Welsh immediately knew that it was the cause that American Express would launch their first national Cause-Related Marketing (CRM) campaign around and the Statue of Liberty Restoration Project was born. For every new card application submitted during the campaign, American Express donated $1 to the project. In addition, for every transaction completed by an AMEX cardholder, one penny was donated to the cause.

The results were outstanding. During the period, new card applications increased by 45 percent and card usage saw a 28 percent increase in the first month of the campaign. From September to December 1983, American Express was able to raise $1.7 million for the project. The idea was extremely smart, especially for its time. The connection was easy for the consumers to make: why wouldn't a company with "American" in their name want to preserve the structure of arguably the most iconic

American symbol – the Statue of Liberty? And even though the Statue of Liberty is in New York, its significance extends far beyond the region. Most importantly, AMEX made it effortless for cardholders to participate by simply taking the donation out of their cut and by not adding any additional charges to the cardholder. AMEX was certainly able to recoup some of the profit donated from the transaction fees they charge the businesses.

The Bad

Chevron

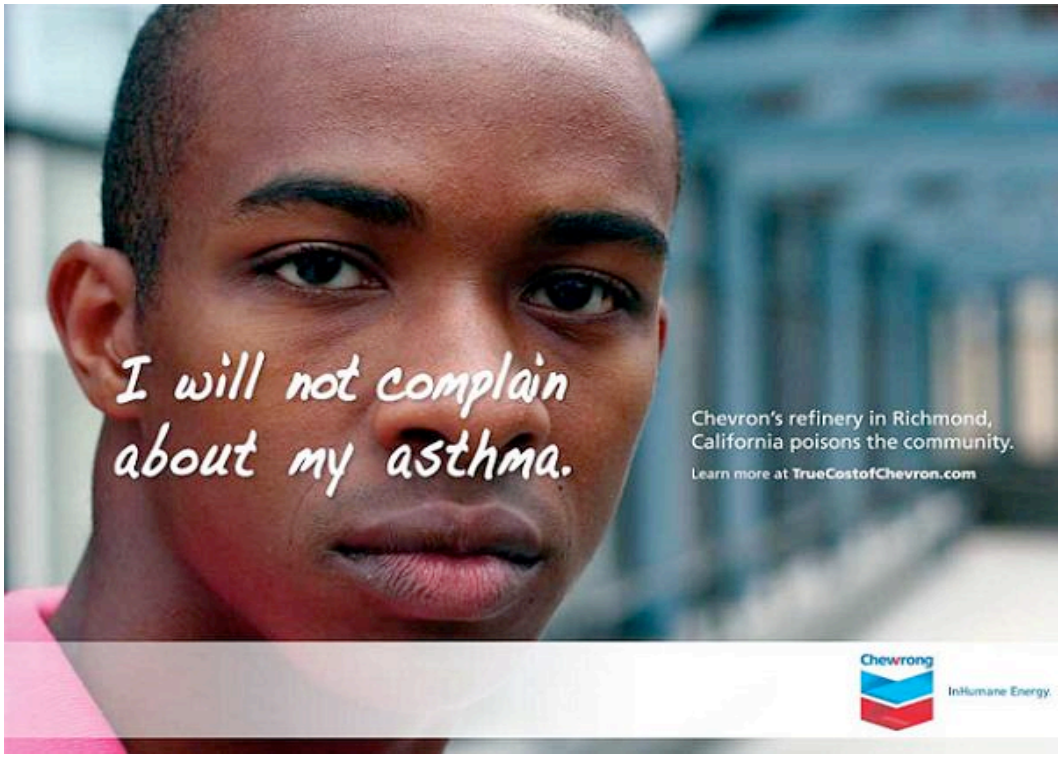
Given the horror stories of oil spills, deforestation, and pollution, it's hard for us to imagine that big oil companies are actually concerned with the environment. However, that doesn't stop them from trying. Chevron was responsible for the longest running environmental campaign that began airing in 1985 and ran well into the 2000's. The campaign entitled "People Do" opened with the voiceover announcer describing some kind of an environmental project and then asking the question as to who would go to these measures to ensure the environment's safety. The spot ends with "People Do" and the Chevron logo. The campaign was tremendously successful and won an Effie in 1990 for its achievements. Between 1985 and 1993, the "People Do" garnered a rise in awareness from 36 percent to 71 percent among Californians (Dowling, 2001). In addition, a twenty-two percent in sales between 1986 and 1987 was also recorded (Dowling, 2001).

However, the “People Do” campaign ran primarily during a time in which the Internet was not widely available to the public, certainly not to the level that it is today. With information available to most of us at our fingertips, we can simply discredit or verify a claim by doing a simple Google search. The impact may have been different had Californians known that the majority of the habitat protection initiatives discussed in advertisements are “legal “mitigation” that Chevron is required to carry out under the Endangered Species Act, Clean Water Act and other laws” (Helvarg, 1996). The Chevron “People Do” campaign is now notoriously known as one of the most successful “greenwashing” campaigns in history. In 1999, the Oxford English Dictionary acknowledged the term “greenwash” by accepting it into its dictionary. They define it as "disinformation disseminated by an organization so as to present an environmentally responsible public image."

Since the conclusion of the “People Do” campaign, Chevron has released two new campaigns. In the first campaign, Chevron asked the question “Will you join us?” In these advertisements, Chevron asked consumers to join them in reducing their oil dependence by doing such things as leaving the car at home (seen below), get a programmable thermostat, and replacing light bulbs with CFLs. The advertisements were immediately met by consumer-generated ads that mocked the campaign and featured a ChevWrong logo. A website, truecostofchevron.com, was also created to educate consumers on the true impact of Chevron on the environment.

Figure 3.3

Figure 3.4

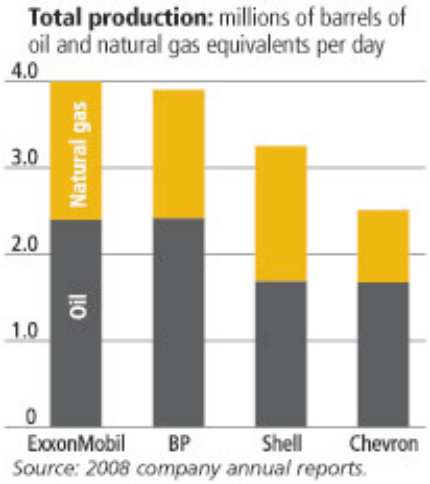


The second campaign "We Agree" focused on indentifying issues that consumers have with oil companies and ultimately siding with them. Statements made in the print ads include: "Oil companies should put their profits to good use," "It's time oil companies get behind the development of renewable energy," and "Oil companies should support communities they're a part of." All of the statements were stamped with "We Agree" and signed by Chevron's President and Executive Vice President. The general public largely saw the advertisements as being absurd and the campaign quickly became the butt of the joke in an online video done by the team from funnyordie.com. The skit mimicked what took place in the client meeting in which the advertising agency sold in the campaign. The campaign also prompted another website, chevronthinkswerestupid.com, to be created by an activist prankster group The Yes Men. The website provides users all of the footage and design details needed to create their own Chevron parody ads.

Despite Chevron lofty promises, the truth of the matter is their actions spoke louder than their words for many consumers. Those actions included spending $4.1 million in lobbying legislators in California to change regulations so that its refinery in Richmond could burn a dirtier grade of oil. Chevron is also fighting a seventeen year-old lawsuit battle in which Texaco (a company Chevron acquired in 2001) is accused of dumping 18.5 billion gallons of toxic waste into the Amazon rainforest between 1964 and 1990. The process, which was done to cut corners and $3 off each barrel, has been linked to over 1,400 deaths attributed to contamination. And the renewable energy that Chevron claims is "vital to the planet" really doesn't rank that high on their list when looking at

their production in comparison to the other large oil companies. The truth of the matter is oil companies rely on consumer usage to make profit, and renewable energy isn't nearly as profitable for oil companies. Thus, it would be naïve for us to believe that they really want to save the planet.

Figure 3.5



KFC

The Susan G. Komen for the Cure has 240 corporate partners, but one of them raised quite a few eyebrows in April of last year. Susan G. Komen teamed up with KFC for "Buckets for the Cure." For every specially designed pink bucket of grilled or Original Recipe chicken sold, KFC would make a 50-cent donation with a guaranteed minimum of $1 million. KFC had set a goal of $8 million, which would have been the single largest donation in Komen's history. Even though KFC didn't reach its goal, they

still secured the title of single largest donation when they presented the organization a check for $4.2 million in August.

Despite the donation amount, the unlikely partnership was widely criticized by both consumers and media outlets. Barbara Brenner, executive director of Breast Cancer Action, says it sends a mixed signal, "They are raising money for women's health by selling a product that's bad for your health … it's hypocrisy" (Hutchinson, 2010). In fact, Breast Cancer Action has coined a term for this type of activity – "pinkwashing" – which is a clever play off a greenwashing (talked about earlier during the Chevron section). The group defines pinkwashing as "a term used critically of corporate campaigns and practices in which the sponsoring companies position themselves as leaders in the struggle to eradicate breast cancer while engaging in practices that may be contributing to rising rates of the disease."

According to the American Institute for Cancer Research, there is "convincing evidence" that excess body fat increases the risk of postmenopausal breast cancer. Obesity is also linked to shorter life spans for women who develop cancer. Furthermore, a study published in the International Journal of Obesity found that "obese women compared with normal weight women had an 80% increased risk of cancer with more advanced stages" (Hobson, 2010). Brenner claims that the KFC partnership was a turning point for many Komen supports, "People are just furious about this. On Twitter, on Facebook, in emails Breast Cancer Action is receiving, people are saying they've lost their faith in Komen. It's been a respectable advocacy group, but many are questioning this move" (Hutchinson, 2010).

Chapter 4: CSR Checklist

While doing research for this paper, I ran across a number of tips and advice for putting together a sound CSR campaign. I decided that I would pick and choose from the best of those lists (while adding my own thoughts) and put together a checklist that I would provide to a marketer before going forward with a CSR campaign. In this chapter, I will discuss those guidelines and provide real-life examples that support them.

1. *Look internally before putting yourself out there. Those who live in glass houses shouldn't throw stones – everything is transparent nowadays.*

As shown in the academic study about ethical coffee that was discussed in the introduction, consumers punish *unethical* brands almost twice as much as *ethical* brands. It is important for companies to have their "ducks in a row" before preaching to consumers on issues of responsibility. For example, BP (which spent millions of dollars in rebranding their company from British Petroleum to Beyond Petroleum) lost all environmental credibility when a damaged well leaked 200 million gallons of crude oil into the Gulf of Mexico for 86 days in the summer/fall of 2010.

2. *Make sure the partnership makes sense.*

While the KFC and Susan G. Komen partnership may have caused many people to shake their heads, the same disproval has not been shown towards Yoplait's partnership with the same organization. For 13 years, Yoplait has teamed up with Susan G. Komen for "Save Lids to Save Lives." For every pink Yoplait yogurt lid mailed into Yoplait before

December 31, Yoplait donates 10 cents to the Susan G. Komen for the Cure with a minimum $500,000 and a $1.6 million maximum donation. In those 13 years, Yoplait has donated $30 million and is largely recognized as one of the first supporters of the cause. Yoplait fits Breast Cancer Awareness more than KFC because Yoplait promotes a healthy lifestyle and yogurt is predominantly considered a product consumed by females.

3. *Doing one thing really good is better than a lot of things just okay.*

The Pepsi Refresh Project is a good example of a brand that tried to do too much. Instead of concentrating on one cause – education, hungry, etc. – Pepsi went big and the payoff has been small. Instead of being known for helping a number of causes, Pepsi has struggled to own one.

4. *Try to occupy a territory unexplored.*

When Tide decided to activate their "Loads of Hope" mobile laundry mat, they occupied an area previously not being addressed. By being the first to occupy that space, Tide is not only rewarded for their originality, but in the event a competitor comes in and offers the same services – they will most likely be looked at as a "copy cat."

5. *If you are going to use branding dollars, make sure the campaign is geared towards increasing sales.*

A sure way to upset your shareholders is to do a campaign or promotion that does not require a purchase. Much to the demise of Pepsi bottlers, PepsiCo did not require a purchase to participate in their Pepsi Refresh Project. However, Yoplait (Save Lids to

Save Lives) and General Mills (Box Tops for Education) require proof of purchase to participate in their programs. A company should always have their bottom line in my mind when making these decisions.

6. *If you include a competition component, make sure there are no losers.*

The Home Depot avoided having any losers – at least publicly – by limiting the contestants to four finalists for their Foundation's $25,000 grants. However, the "losers" didn't go home empty handed either – with each landing $5,000 consolation prizes. As a brand, you should never let your consumers leave a contest feeling that they have lost. That's why during promotional events, like halftime of a football game or at sporting events, the contestant always walks away with something – no matter how minimal.

7. *Make it integrated.*

While many have argued that social media has replaced traditional media, the fact is, most campaigns are most successful when they use both traditional and digital media and allow the two to play off each other. The more platforms that you spread your message on, the more likely you are to have it not only seen, but seen multiple times. The simple rules of the logic tell you that the more times someone sees something, the more likely they are to remember it.

8. *Promote it.*

If you are doing truly great social work then tell people about it. It's okay to "toot your own horn" if you are genuine about it. The Refresh Project has largely failed, in my opinion, because they have done a poor job promoting the causes they have helped. They started out strong by producing a commercial with a soundtrack from the Black Eyed Peas, but have done injustice to themselves by not showing the country what they have be able to do with all the grant money they have awarded. The only way to know about the causes is to either have been directly or indirectly effected by it or by going online and checking the website. Also, due to the large amount of grants awarded (32 each month), it is fairly difficult to navigate the site and get a feel for all that has been accomplished.

9. *It can't be faked. It has to be part of the moral fiber of the company.*

Last, but not least, it is important that the company is truly behind the cause. Everyone from the C-level executives to the call center employees have to believe in what they are doing. TOMS shoes gives that impression when showcased in their company's videos showing all of their employees taking part in the "One Day Without Shoes" and talking about the mission with passion.

Chapter 5: Conclusion

Before releasing the results of the fourth annual GoodPurpose Global Study, Carol Cone, known by many as the "mother of cause marketing," made a very bold and powerful statement. She said, "Cause related-marketing, as we know it, is dead. Purpose must now be engrained into the core of company or brand's preposition. It is no longer enough to slap a ribbon on a product. It must be authentic, long-term and participatory" (Garton, 2010). Now "dead" is a rather strong word and we have seen it used recklessly in the past. Ever since the introduction of the household television, we have heard "radio is dead." However, in the past seventy years we have seen radio survive the introduction of televisions, CDs, MP3 players, satellite radio and Internet radio. Bob Garfield, a famous ad critic, actually made the same declaration about the fate of advertising in his book "Chaos Scenario."

As Cone mentioned, the trite and quite frankly *lazy* idea of just placing a ribbon on your product and calling it "cause marketing" no longer cuts it. Brands aren't entirely to blame for this consumer exhaustion and over-exposure to this tactic. Causes, like Susan G. Komen, have contributed to current cause marketing flooding by not being selective of who they partner with – leading consumers to become wary of the true intentions of the brands sponsoring these causes. In the GoodPurpose survey, almost half of Americans respondents felt that brands only supported good causes for publicity and promotion – not because they care (Garton, 2010). While ribbon-laden products will undoubtedly continue to inundate our grocery shelves, the companies and brands that

want to truly prosper from cause marketing and other CSR campaigns will have to incorporate the efforts into more than just packaging.

Many proponents of CSR are eager to crown "purpose" as the fifth "P" in marketing. They point to the fact that "social purpose" is ranked as the number one deciding purchasing factor globally – outweighing design & innovation and brand loyalty. However, what they conveniently downplay is the fact that when they phrase this question to respondents they tell them that the brands are of equal quality and price. So not only does the question eliminate quality and price from the answer choices, but it also eliminates other variables that are almost always present during the decision making process. Now I will not argue that purpose isn't important to a brand. In fact, I work at an agency that prides itself on helping clients identify their purpose. However, I would argue that a brand's purpose could exist outside of just "social purpose." Take Wal-Mart, a former client of my agency. Their purpose is to provide their customers "always low prices." It has been their business model focused on price – not social purpose – that has propelled them to the powerhouse in the retail sector.

However, Wal-Mart may be a good case study for Corporate Social Responsibility academics to keep an eye on. Despite earning the title of biggest cash contributor of any company in 2009 ($288.1 million in cash and almost $200 million more in products), Wal-Mart has frequently been attributed to destroying the very thing that consumers are now asking companies to put their money back into – communities (Smith, 2010). Wal-Mart is notorious for moving into a community and causing other local businesses and "mom and pop" stores to go out of business because they can't

compete with Wal-Mart's prices. While the opening of a Wal-Mart does create jobs, the tradeoff is that most of the jobs created are low quality and a lot of other jobs are lost from the closure of other local stores. Over the years, Wal-Mart has encountered numerous lawsuits in regards to workforce issues including low wages, poor working conditions, inadequate health care, and anti-union policies.

Despite their failure to improve working conditions for their employees, Wal-Mart continues to make large contributions to communities. In 2010, Wal-Mart increased their U.S. giving by 64 percent (Walmart, 2011). That increase is mostly credited to Wal-Mart's $2 billion commitment of cash and in-kind gifts to hunger relief organizations in the U.S. through 2015. Is "just giving" really enough, especially for a company with as tarnished a reputation as Wal-Mart? The Edelman GoodPurpose study tells us no. "Nearly two-thirds (62 percent) feel that it is no longer enough for corporations to simply give money away to good causes, they need to integrate them into their day-to-day business" (Edelman). Additionally, Wal-Mart has committed itself to three long-term goals: to be 100 percent supplied by renewable energy; to make stores 25 percent more efficient, and to create zero waste (Ferdinand, 2007). Regardless of whether or not Wal-Mart is able to improve their image among communities, consumers will continue to shop there as long as they carry through on their promise to provide the lowest prices.

My intention is not to dispel the idea of Corporate Social Responsibility. Rather, I would like to see it put through the same rigorous evaluation that advertising is put through. Much like advertising, there are good examples (Haagen-Dazs) and bad

examples (KFC). However, it is irresponsible for anyone to claim that all CSR campaigns are beneficial to a company. In the current economic recession that we are facing, there are many people with their arms out asking for help. However, there are other, more effective ways that companies and brands can spend funds with rather than just blindly giving away money to various causes. Instead of focusing on short-term one-off causes, brands should concentrate on narrowing their focus to a specific area that, hopefully, over time will become synonymous with the brand. Target recently narrowed its focus from improving education in general to concentrating on making sure that children are reading proficiently by the end of the third grade. Unless a brand has a direct connection to a cause or has the potential to gain ownership of that cause, they should consider putting their money towards something that can better advertise the company.

Appendix


Bubbling Up
Top U.S. carbonated soft drinks in 2010 by market share, measured by volume
RANKED BY COMPANIES
Coca-Cola 42.0%
PepsiCo 29.3
Dr Pepper Snapple 16.7
Cott 4.8
National Beverage 2.8
RANKED BY BRANDS
Coke/Coke 17.0%
Diet Coke/Coke 9.9
Pepsi-Cola/PepsiCo 9.5
Mt. Dew/PepsiCo 6.8
Dr Pepper/DPS 6.3
Source: Beverage Digest

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