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## PARTNERING COMMUNITY TO ENHANCE REPUTATION

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### ***B-School for street kids***

*Ever heard of a B-school for street kids or marginal women? Sounds a far-fetched concept, but a version of it is already a reality in Musheerabad where in the open grounds of a government school, bright yellow banners and T-shirts with LABS written in blazing Telugu and English letters contrast with the musty and drab surroundings. LABS is the acronym for Livelihoods Advancement Business School, an innovative programme of the Hyderabad-based Dr Reddy's Foundation of Human and Social Development. As chairman of India's leading pharmaceutical group, Anji Reddy felt the need to give back to the society, which supported his company's meteoric growth path. "Perhaps some day one of these kids will become India's Bill Gates." Dr Reddy's also welds brand loyalty by donating three per cent of net realisation value on domestic sales of anti-cancer drug Doctere to the Cancer Patients Aid Association. According to LG Murali, general manager, critical care, Dr Reddy's, "CR branding can serve as a good launch pad for a brand and build strong entry barriers against competition. In pharmaceuticals it can change the perception of the industry from money-spinner to a caring business.*

### **BEING GOOD CITIZENS PAYS**

This may be the era of knowledge-based economy in which e-commerce and new technologies are creating waves. But another trend has also been noticed – that of corporates distributing some of their gains among the less privileged. The concept of good community relations is not new - companies such as Colmans and Cadbury as far back as Victorian times undertook pioneering work in Britain. In India, Jamshetji Tata, founder of the house of Tatas started the JN Tata Endowment Fund way back in 1892.

Leading Indian corporations such as Ranbaxy, Tata Engineering, Bajaj Auto, Infosys, Dr Reddy's to name a few, have added community development to their corporate image-building exercises. Management gurus are quick to say that "such philanthropic exercises are not necessarily charity-driven. In today's complex business world, **they are a means of winning lasting reputations."**

The quality of an organisation's employees, the cooperativeness of citizens and governmental agencies, the patronage of community members, the ability to attract financial support – indeed, the success or failure of an organisation may depend on the effectiveness of its community relations. Most organisations today understand that the community relations effort must be much more organised and proactive. The key to any effective community relations is **positive, socially responsible action to help the community on behalf of the organisation.** While the organisation must be on guard against negative acts and must also work to maintain existing relationships, proactive, positive actions are crucial to giving the organisation the desired good-citizen image.

Most companies today have a vision of one type or another. Some, however, have attempted to encapsulate their shared values in a formal document. This may be called a vision statement, credo, mission statement or charter, which are written expressions of their values.

### **JOHNSON & JOHNSON'S CREDO**

J&J has a Credo which has acted as a guiding light for ethical behaviour in good times and bad. The Credo was written by chairman Robert Wood Johnson - the son of the company's founder - in 1943, as he was preparing to take the company public. Johnson had already articulated his philosophy eight years earlier, explaining that it was based on "enlightened self-interest," wherein "service to customers comes first, service to employees and management second and service to stockholders last." When the Credo was written, Johnson added service to community to the list (just ahead of shareholders) and had the document printed on old-fashioned parchment in the same lettering used in the Declaration of Independence.

In 1974, the company turned to the Credo when it was considering the relocation of its corporate headquarters away from the founding city of New Brunswick, New Jersey. The community was in decline, suffering from riots and white flight. Many executives pointed to the Credo to argue that the company had a responsibility to the community. J&J opted to stay. Not only that, it also led a revitalization effort known as New Brunswick Tomorrow, which led to the rebuilding of the downtown area, new shops, new offices, and 4,000 new jobs.

***"We are responsible to the communities in which we live and work and to the world community as well. We must be GOOD CITIZEN'S – support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources."***

### **CAN ASSOCIATING WITH GOOD CAUSES ENHANCE A COMPANY'S REPUTATION?**

Research conducted by Barbara Kahn of the Wharton School, University of Pennsylvania and Satya Menon, Graduate School of Business, University of Chicago, investigated whether associating with good causes can help corporate sponsors improve consumer attitudes towards their companies. They found that sponsorship activities did help the sponsor's image, but the way in which managers promoted their corporate sponsorships can significantly change the public's feelings about the company.

The research points to evidence proving that today's consumers are extremely value conscious and are eager to patronise businesses that share

their own values and ethics. Media attention on consumer protests against socially irresponsible corporations has caused senior management to develop new socially responsible business activities such as cause-related promotions, advocacy advertising, alliances with non-profit organisations, socially responsible employment and corporate volunteerism in community activities.

Kahn & Menon's study focussed on two types of philanthropic sponsorships that are popular among cause marketers: (1) cause promotions that promise a donation to a charitable cause based on a purchase of the company's product and (2) advocacy advertising of social issues that are sponsored by companies.

### **PROCTER & GAMBLE, RECKITT & COLMAN, NIIT, KELLOGS – BEYOND CORE BUSINESS?**

An example of a cause promotion message would be Procter & Gamble's Project Drishti where the company donated a part of its earnings from each sanitary napkin sold, to the National Association for the Blind for sight-restoring operations for blind adolescent girls. The brand immediately struck a sympathetic chord with millions of Indian women whose mundane monthly necessity now had something to feel proud about. Overnight, the brand could cut the clutter of "me-toos" and leapfrog into prominence.

A dipstick study done by a group of management students threw up some startling results. Quite a few women interviewed responded that they bought Whisper for three dominant benefits namely, charity value, community feeling and functionality, in that order! That the hygiene factor came last for a sanitary product is a pointer to the fact that emotions pose a real challenge in most product categories. "CRM helps the corporate actually do good for the community, and if done well, it could help its image too," according to a P&G executive.

Recently Kellogg's, the leading breakfast cereal manufacturer, tied up with the Indian Dietetic Association (IDA) to launch a nationwide public service initiative to increase the awareness of iron deficiency anaemia and its ill effects. They branded the initiative as "Partnership in Action" and announced the same at an opportune moment like IDA's annual conference in Hyderabad. The initial resistance that Kellogg's encountered while trying to change the breakfast habits of Indian consumers may soon become a thing of the past with such continuing endeavours. What better platforms can one have for highlighting the nutrient value of Kellogg's products?

Another successful example of cause-related marketing (CRM) is that by Reckitt & Colman. The company's flagship brand Dettol enjoys a lasting association with the Indian Medical Association (IMA) and its programmes. Hence its position as the first choice for antiseptics remains virtually unchallenged.

In September 1999, an NIIT message read "This Teacher's Day, NIIT offers a free 8-hour computer literacy course to all teachers who are helping build a literate India." It further urged the targetted group to visit the nearest NIIT centre to register for the free course in a certain time frame. The signoff too was topical – Building a computer literate India – in lieu of the standard

signoff – you are missing something. The CRM theme of helping teachers cut a lot of ice with the teaching community.

In contrast, an advocacy advertisement may focus on promoting methods of fighting heart disease (by eating healthy or exercising more). In the latter case, the message usually features the philanthropic cause prominently and merely identifies the company's product or logo as the sponsor in an understated manner. The ultimate goals of the two sponsorship activities are similar: (1) to raise awareness and/or funds for the social cause, and (2) to benefit the sponsor. The research suggests that all other things being equal, cause promotions yielded higher ratings of corporate social responsibility than advocacy advertising. This result is because of the difference in how extensively consumers scrutinise the sponsor's motives for promoting the social cause.

### **CHANGING SCENARIO**

When Jay Vestal, senior vice president at Bozell/Bonneville, a subsidiary of the Bozell Advertising empire gets calls from long-distance company sales representatives, he asks them 'causes their companies support'. It seems to be an effective technique for stopping a sales pitch dead in its tracks, especially when Vestal goes on to tell them about his current long-distance company, San Francisco's Working Assets, which donates one per cent of each long-distance bill to not-for-profit organisations such as Amnesty International, Greenpeace and Planned Parenthood. Jay Vestal is increasingly not an aberration. More and more consumers are making purchasing decisions based not only on product attributes but also on other ways in which the company behind the product touches their lives. Empowered by growing quality and price parity between products, they are feeling free to indulge their consciences every time they open their wallets.

***"There's evidence to suggest that when price and quality are equal, consumers will make their purchasing decisions based on what they know about the company that makes the product, and particularly whether that company is a good corporate citizen,"*** says Carol Cone, president of Boston public relations firm Cone Communications, which specialises in developing and implementing cause-related programmes."

Cone defines cause-related marketing as "a marketing discipline that ties a company and its products and services to an issue." She adds, "The goal of cause-related marketing is to deepen the trust and the relationship with customers, improve corporate image and ultimately sales while providing benefits to the cause."

### **CONSUMER ATTITUDES TOWARD CAUSE-RELATED MARKETING**

In a benchmark study of consumer attitudes toward cause-related marketing conducted by Cone, working with Roper Starch Worldwide, it was found that:

- 71 per cent of consumers believed CRM to be a good way to help solve social problems
- 64 per cent believed it should be a standard part of a company's activities.
- Two-thirds (66 per cent) said they would be likely to switch brands to one associated with a good cause when price and quality are equal

- 62 per cent said they would be likely to switch retailers to one associated with a good cause in similar circumstances.

The Cone/Roper survey questioned executives from 70 major companies actively involved in CRM and found that most believed its primary benefit to be the building of deeper relationships with customers and the creation of long-term customer loyalty.

The executives questioned in the survey also say that it is important for companies to devote enough resources, both human and financial, to a programme, and to secure long-term senior management commitment. "Cause marketing is not making a donation and simply running advertising that tells the world what you did," says Jay Vestal. *"Cause marketing is developing programmes whereby you use the emotional power of the issue to bring your consumers into a partnership with you, you and the consumer together are going out to try and solve the issue. You're trying to build the type of friendship that can't be accomplished with a single sales promotion. You're going to have to do it over the years. If it's not important enough to have that type of relationship with your customers over the years, you probably ought to do something else."*

Worldwide statistics on cause branding reveal:

- The acceptability of cause programmes as a business practice has increased eight per cent since 1993. It's becoming a big factor in purchase decisions globally.
- Some pockets of urban intelligentsia however feel that 'companies are making capital out of misery' though the average person feels good to be contributing.
- Eight in ten consumers have a more positive image of a firm, which supports a cause close to their heart.
- About two-thirds say they would most likely switch to brands or retailers with a mission.
- Receptivity to cause related marketing

According to a new study released in June 1999 by international public relations agency Fleishman-Hillard, a substantial majority of consumers in Europe believe companies should use some of their resources to help solve social problems, and says that knowing about company's efforts to help improve society impacts product preferences. The study found that:

- 88 percent of the European public believes companies should be addressing social problems.
- 86 percent said that knowing of a company's efforts to help improve society would make them more likely to purchase that company's products
- 89 percent said they are more likely to trust a company that has demonstrated a commitment to helping solve social problems.

The findings are in line with research conducted in the U.S. by Boston-based PR agency Cone and Roper Worldwide.

Cause related marketing redefines corporate responsibility to mean social responsibility. Companies need to realise that if they don't fill the void, their

competitors probably will. Nonprofits themselves recognise this and more than ever are actively seeking corporate partners.

In conclusion, it is interesting to note what Mahatma Gandhi thought about corporates and social responsibility. Jamnalal Bajaj, on his death in 1942, bequeathed his entire share in the family wealth, amounting to Rs 5 lakh, into the setting up of the Jamnalal Bajaj Seva Trust which is involved in rural development, agriculture, dairy development and training local women and youth for self-employment. This trust is just one of the several trusts and foundations run by the Bajaj group. Elaborates Rahul Bajaj, chairman of the Bajaj group of companies, "we are only continuing the good work started by our ancestors.

***" In Seth Jamnalalji death has taken a mighty man. Whenever I wrote of wealthy men becoming trustees of their wealth for the common good I always had this merchant prince principally in mind."***

Mahatma Gandhi on the death of Jamnalal Bajaj

*(Excerpted from the workbook of PR Pundit's workshop - Pillars of Corporate Reputation, held in Mumbai on March 29, 2000)*