Corporate social responsibility efforts can backfire for new brands

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Corporate social responsibility (CSR) efforts may not always have the brand-building effects that companies want. Recent research finds a new brand can be viewed as less effective if consumers know the company donates money to good causes—though the researchers did find ways for companies to sidestep this problem.

"We wanted to know how a company's brand is affected by its CSR efforts," says Stefanie Robinson, an assistant professor of marketing at North Carolina State University and co-author of a paper on the work. "Specifically, we looked at brand effects when companies donate money or goods to third-party, nonprofit organizations."

To address their questions, the researchers conducted several studies. In the first study, researchers presented 83 consumers with a fictional new sports drink. Half of the consumers were told that a portion of the drink's proceeds go to a charitable organization. All of the consumers were then asked to try the new product, either by choosing a coupon of the new drink or one of their choice and a 12-pack of the new sports drink or another sports drink of their choice.

The researchers found that consumers were less likely to try the new product when the sports drink promoted donating proceeds (59 percent) compared to when it did not (86 percent).

A second study compared a new brand of chocolate bar to an established one. Researchers asked 178 consumers to view a candy bar. People saw either a new chocolate bar or an established bar on the market. Half of the people who saw each bar were then told that a percentage of proceeds from the bar went to a cause.

Consumers who saw the new bar were less likely to perceive that the chocolate tasted good if they were told that it supported a cause. However, the established chocolate bar brand actually saw a very slight benefit when people were told that it supported a cause.

But CSR doesn't always mean bad news for new brands.

In a third study, 142 consumers were presented with marketing material for a fictional new brand of socks. One third of the consumers saw material listing the sock design as a top priority for the brand; one third of the consumers saw material listing social responsibility as a top priority for the brand; and one third of the consumers saw material listing sock design and social responsibility as dual priorities for the brand. Researchers then asked consumers about the perceived comfort and performance of the sock brand.

The researchers found that listing social responsibility as the brand's top priority hurt its perceived comfort and performance—but listing social responsibility and sock design as dual priorities erased that deficit completely.

"Consumers want to know a new brand's priority is on the effectiveness of its products," Robinson says. "Only then are consumers open to the idea of supporting CSR efforts. Established brands, on the other hand, have already proven their bona fides, so consumers are more open to their engaging in charitable practices.

"There's a lot of research highlighting the potential value of corporate CSR efforts," Robinson says. "But this work emphasizes the importance of knowing the right way to approach those efforts."

The paper, "A 'good' new brand—What happens when new brands try to stand out through corporate social responsibility," is published in the *Journal of Business Research*.

More information: Stefanie Robinson et al, A "good" new brand—What happens when new brands try to stand out through corporate social responsibility, *Journal of Business Research* (2018). DOI: 10.1016/j.jbusres.2018.07.031

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