'Value instantiation' key to luxury brands' and social responsibility

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Although luxury brands and social responsibility seem fundamentally inconsistent with each other, the two entities can coexist in the mind of the consumer, provided the brand can find someone – typically, a celebrity – who successfully embodies the two conflicting value sets, says new research co-written by Carlos Torelli, a professor of business administration and James F. Towey Faculty Fellow at Illinois. Credit: Gies College of Business

Luxury brands and corporate social responsibility initiatives make for unlikely bedfellows—the former with their self-enhancement values, the latter with its ethos of self-transcendence.

Although the values of haute couture designer handbags and clean drinking water campaigns would seem to clash, "value instantiation," which promotes the integration of disparate values, can help luxury brands thread the needle and counteract the adverse effects of value incompatibility, said Carlos Torelli, a professor of business administration and the James F. Towey Faculty Fellow at Illinois.

One of the most notable trends in marketing has been a pivot toward values-based marketing, which channels consumers' desires to make communities and society a better place to live. Notably, 85% of the top 50 global luxury brands—Prada, Tiffany and Rolex, for example—are involved in socially responsible activities such as philanthropy, environmental sustainability and ethical business practices.

But when luxury brands promote their corporate social responsibility agendas, they are, paradoxically, blending opposing values into their marketing strategies, which can result in negative responses from consumers, Torelli said.

"The two are fundamentally inconsistent with each other. If you want to pursue power, status and self-enhancement, it's hard to do that concurrently with focusing on others," he said. "Promoting two values simultaneously can lead consumers to experience a sense of unease or disfluency, resulting in unfavorable responses to the brand's marketing and product or service offerings. It's a mishmash of values."

But when consumers are exposed to an example of engaging in philanthropic activities while also striving for self-enhancement—say, when luxury brand managers promote the charity work of successful

Hollywood celebrities such as Matt Damon, Angelina Jolie and Brad Pitt—they are more likely to consider that the two seemingly incompatible values can be pursued simultaneously, and envision themselves engaging in philanthropic activities while also purchasing luxury brands, the researchers say.

"Values are somewhat abstract; we need to make them concrete sometimes by giving an example of someone who embodies them," said Torelli, also the executive director of Executive and Professional Education at the Gies College of Business.

Across two studies, Torelli and his co-authors employed different approaches for value instantiation. In the first study, they exposed participants to the philanthropic activities of self-enhancement-driven celebrities. In the second, the researchers encouraged participants to visualize themselves engaging in philanthropic activities while pursuing self-enhancement values.

The results of both studies point to value instantiation as an effective tool in offsetting the harmful effects of integrating social responsibility appeals while selling luxury goods.

"It's a way for luxury brands to cope with trying to be more pro-social but not backfiring because of the incompatibility that the two things bring about," Torelli said.

The effect was particularly evident among the core consumer segment of luxury brands, who strongly pursue self-enhancement values, and thus would normally respond most negatively to social responsibility appeals, according to the researchers.

"It may seem disingenuous for a luxury brand to tout its altruism through its corporate social responsibility activities, but in marketing and branding, the trend for social responsibility has been growing dramatically over the last 20 years," Torelli said. "It used to be that a corporation was a profit-maximizing entity that didn't worry about anything else. But eventually, that's not optimal because firms have a responsibility and an interest in not behaving badly—in not contributing to pollution or damaging the environment, and not exploiting labor."

The research ultimately provides strategic guidance for luxury brands that wish to incorporate corporate social responsibility initiatives into their brand platform, Torelli said.

"For just about any business, there's more pressure now to be a partner in their communities—whether it's on a local scale or a global scale," Torelli said. "Some companies are doing it, and some feel left behind. Some do it right and some do it wrong. Ultimately, we provide a new conceptual framework for understanding how brands can overcome value incompatibility. Value incompatibility is at the heart of many struggles for 'old' brands to reposition themselves and make them more relevant for new consumers and the younger generation."

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