"smoke and mirrors don't work any more".

Just how wrong things might go where there is rigid separation between different aspects of a business is illustrated by an investigation into the Gates Foundation's financial activities the *Los Angeles Times* recently conducted. "The foundation, known for its investment into impoverished regions of Africa and other areas, has partially maintained its endowment by investing hundreds of millions of dollars into oil companies that pollute the areas where they're located – causing many of the health crises that the Gates charities hope to fix," they report. "This cognitive dissonance can be attributed to a rigid division between the foundation's philanthropic arm and its investment arm."

The investigation makes a stark case for how deeply good corporate citizenship has to run in an age of enquiring consumers.

A final point is that CSR may not make any difference to a brand at all. In a paper in the American *Journal of Marketing*, the authors predict that companies can generate different (i.e. positive, non-significant, and negative) market returns from CSR under different conditions. Specifically, the article asks: Under what conditions do CSR initiatives result in positive financial performance?*

One conclusion is that CSR investment is not helpful in building the brand if the brand is not perceived as being innovative in the first place.

Simpson says: "At the end of the day, while society may benefit, as far as your brand is concerned, it must be seen to do something for members of your target market to be a brand differentiator.

"The challenge is clearly to convert those good intentions into buying behaviour, but there's a caveat. If your brand doesn't do what it promises, no matter how much you plough into CSI, it won't make one iota of difference." ®

* "Corporate Social Responsibility, Customer Satisfaction, and Market Value" by Xueming Luo & CB Bhattacharya, *Journal of Marketing* Oct 2006

More info needed - What local research shows

As CSR increasingly becomes more than just philanthropy and is recognized as part of business in South Africa, corporate marketing departments are looking at the implications for branding and selling goods and services. The University of Cape Town Unilever Institute of Strategic Marketing commissioned Bateleur Research Solutions to investigate trends, towards the end of the year. There were 479 respondents of all races over the age of 16 and in LSM 5 to 10.

Key findings were as follows:

- 74.5% agreed or strongly agreed that if they had more information about companies' social, environmental and ethical behaviour this would influence decisions about what they bought.
- 87.9% agreed/strongly agreed South African companies should be doing a lot more to help the poor and alleviate social problems.
- 73.5% agreed/strongly agreed they would switch to a brand affiliated with a good cause, if price and quality were equal.
- 79.4% agreed/strongly agreed they would prefer to buy from a company that has a reputation for supporting good causes.
- 84.2% agreed/strongly agreed they would like companies to give more information about what they are doing to help tackle social or environmental issues.
- 85% agreed/strongly agreed they prefer to buy products or services where some of the money will be donated to charity.
- 88% agreed/strongly agreed it is acceptable for companies to involve a good cause or issue in their marketing.
- When asked whether they had purchased a product or service in the last six months partly because it was associated with a good cause, 43% said yes and 57% said no. The number of yes answers increased steadily from LSM 5 to 10 as follows: LSM 5 – 33%; LSM 6 – 38%; LSM 7 – 44%; LSM 8 – 33%; LSM 9 – 52%; LSM 10 – 59%.

The challenge clearly is to convert good intentions into buying behaviour.
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