

CSR AS A MARKETING TOOL

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ABSTRACT

This research study examines corporate social responsibility as a marketing strategy for organisational performance. CSR in India is more of an obstacle for organisations. New laws related to CSR policies are forcing companies to spend their hard earned money on CSR work. This is a burden for companies. This paper shows how organisations can use the burden of CSR to their advantage. How to use it as a marketing tool. Companies may not like to admit it, but CSR is actually part of a company's marketing strategy to build a positive brand image with consumers. Studies have shown that consumers are more likely to buy from companies that have a good reputation. CSR offers companies the opportunity to identify and address the ills in which they are involved or to which they contribute in society or the planet at large. This starts with identifying the right social cause to target. However, most companies are still not able to comply with CSR best practices in their marketing activities. Therefore, the aim of this paper is to present the requirements of CSR as well as its shortcomings in relation to companies' marketing activities. The aim of the study is rather to examine the influence of corporate social responsibility on an organisation's marketing strategy. No company today is using CSR activities because it is often controversial to use the activities meant for benefitting the society for free being used for marketing purposes but it creates a high level of goodwill and can be used as a marketing tool.

Keyword: - CSR, Corporate Social Responsibility, Marketing, and ills etc....

1. INTRODUCTION

Marketing is essential to the success of a business organisation. Business organisations, whether they are service or product organisations, must develop appropriate strategies to market their products and services. Successful marketing results in more effective products, more satisfied and loyal customers and higher profits. In a dynamic marketing environment, certain skills are required for marketers. These skills include areas such as sales and distribution management, collections, advertising (creative media with less effort), sales promotion (good communication skills), publicity, public relations, exhibition and other event management, packaging and branding, corporate identity and image, marketing research and promotion.

The integration of CSR best practices into marketing strategies is critical to a company's success and existence in an environment. The relationship between marketing and corporate social responsibility has been studied for decades, and the results are influenced by the dominant economic paradigm of the time (Moir 2001). The influence of marketing activities on our business environment and its obligations to society in terms of CSR are widely recognised.

The concept of CSR criticises excessive consumerism and environmental damage caused by companies. It is based on the idea that market supply should not only be profit-oriented, but should reinforce social and ethical values for the benefit of citizens. CSR is presented as a business model to help companies self-regulate, as they recognise that their activities have an impact on a selection of stakeholders, including the general public (Armstrong and Kotler, 2008). CSR is sometimes described as a pyramid, with economics at the bottom and legal, ethical and philanthropic actions at the top. It is in the bottom two layers of the CSR pyramid, ethical and philanthropic, where the opportunities for socially responsible marketing appear to be greatest. It is necessary for a company to fulfil the first two layers, economic and legal, in order to engage in the last two (Ferrell & Hartline, 2011).

2.4 CSR activities

The activities (in the areas/themes listed in Annex VII) carried out by the Office for Harmonisation in the Internal Market (OIT) are as follows

The company fulfils its CSR obligations of Schedule VII to the Companies Act 2013

- Eradication of hunger, poverty and malnutrition, promotion of health care, including preventive health care and sanitation, including contribution to the "Swachh Bharat Kosh" set up by the Central Government to promote sanitation and provide safe drinking water;
- Promotion of education, including special needs education and vocational training for employment, in particular for children, women, the elderly and the disabled, and livelihood improvement projects;
- Promotion of gender equality, empowerment of women, creation of homes and shelters for women and orphans; creation of old people's homes, day centres and other facilities for the elderly and reduction of inequalities faced by socially and economically disadvantaged groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and preservation of soil, air and water quality, including contribution to the Ganga Cleanliness Fund established by the Central Government for the rejuvenation of the river Ganga;
- The protection of national heritage and culture, including the restoration of buildings and sites of historical importance and works of art; the establishment of public libraries; the promotion and development of traditional arts and crafts;
- Measures in favour of veterans of the armed forces, war widows and their dependants ;
- Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund established by the Central Government for the socio-economic development, relief and welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes, minorities and women;
- Contributions or funds to technology incubators located in academic institutions and approved by the central government;
- Rural development projects ;
- Slum development.

2.5 Body

Contributions to the corpus of a trust/company/Section 8 corporation etc. shall be treated as CSR expenditure if

- The trust/company/Section 8 corporation etc. is constituted exclusively for carrying out CSR activities or
- The corpus is constituted exclusively for a purpose directly related to a subject specified in Schedule VII to the Act. (Master Circular No. 21/2014)

2.6 Government Agenda

CSR should not be interpreted as a source of funding for missing resources in government programmes. The use of business innovation and management capacity in the provision of "public goods" is at the heart of the application of CSR by business. Corporate CSR funds should not be used as a source of funding for government projects.

The government has no role in the approval and implementation of CSR projects. The MCA will provide an outline within which eligible companies will formulate and implement their CSR policies in earnest, including the activities to be undertaken.

2.7 Local area

To earmark the amount for CSR activities, the company should not be limited to the local or nearby areas where it operates, but should select areas across the country. (Amendment Act 2016) The company can also join with 2 or more companies to carry out CSR activities as long as they can report individually.

The CSR Committee also prepares the CSR policy which includes the projects and programmes to be implemented, prepares a list of projects and programmes that the company plans to implement in the implementation year, and

also focuses on the integration of business models with social and environmental priorities and processes to create shareholder value.

The company can also produce an annual report on CSR activities showing the average net profit for the three financial years and the prescribed CSR expenditure. If the company is unable to meet the minimum required expenditure, it must state the reasons in the management report so that there are no penal provisions.

3. CSR AS A MARKETING TOOL

Companies may not like to admit it, but CSR is actually part of a company's marketing strategy to build a positive brand image with consumers. Studies have shown that consumers are more likely to buy from companies that have a good reputation. CSR offers companies the opportunity to identify and address the ills in which they are involved or to which they contribute in society or the planet at large. This starts with identifying the right social cause to target.



Chart -1: Finding the right cause

3.1 Finding the right cause

Companies operate in the same society as their customers. One way to identify the right social issue is to look at society and identify the issues that your customers are passionate about. For example, an estimated 7 million people in South Africa suffer from the HIV epidemic, and a company operating in that country has a moral obligation to advocate for those affected by the virus. Many companies, such as Mercedes Benz, BMW and Coca Cola, are investing in programmes to eradicate HIV in South Africa.

Another way to do this is to identify the social and environmental impact of your company's activities and address these issues through CSR. For example, Coca Cola has often been accused of depleting water resources to run its factories, particularly in countries such as India, where a growing population has made water a scarce resource. Over the past decade, Coca Cola has invested in water replenishment projects aimed at returning the water the company consumes as drinking water to communities. The company reportedly replenished 191.9 billion litres of water globally through this project in 2015.

3.2 Building a business case for CSR

CSR does not have to be philanthropic in nature. Companies can identify operational strategies that are both cost-effective and make a positive difference to the society and environment in which they operate. These include investing in renewable energy, moving away from fossil fuels, and implementing programmes that promote diversity and inclusion in the workplace. In each of these cases, companies benefit from their investments. At the same time, they contribute to positive change in the society in which consumers live.

3.3 Using CSR as a marketing tool

For CSR to be effective, it must be implemented in line with your company's brand development strategy. This can be done through an integrated approach or a targeted approach. An integrated approach works well if your brand

image is based on engagement. For example, a retailer that promises consumers pesticide-free organic vegetables may invest in CSR activities that promote chemical-free farming methods.

The selective approach, on the other hand, is ideal for companies with multiple brands and products. With this strategy, companies can associate specific brands with their CSR activity to drive usage and adoption. Knorr (a Unilever brand), which promotes healthy cooking to combat malnutrition in Nigeria, and Signal toothpaste (another Unilever brand), which targets oral health with its Brush Day & Night campaign, are examples of targeted CSR marketing approaches.

There is also an invisible approach, where companies carry out CSR activities but do not communicate them in detail in their marketing material. This is ideal when your customers' purchasing preferences are not directly influenced by your CSR activities, but you still need to invest in such campaigns to build trust and credibility among consumers in general.

4. CONCLUSIONS

This research paper briefs us about the CSR policies in India. Also we can conclude that the CSR works require a huge capital to be invested and much more than that its the valuable time and effort the company puts in. A company would never want to waste that much of key resources for some kind of charity work. We know that the CSR activities can earn us a huge amount of goodwill. So if the company put some efforts in researching what type of CSR activities they should do and marketing the work done by them, they can earn a huge profits in terms of goodwill, money etc. Using this the company and nation both can be served and no one would fill harmed by any means.

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