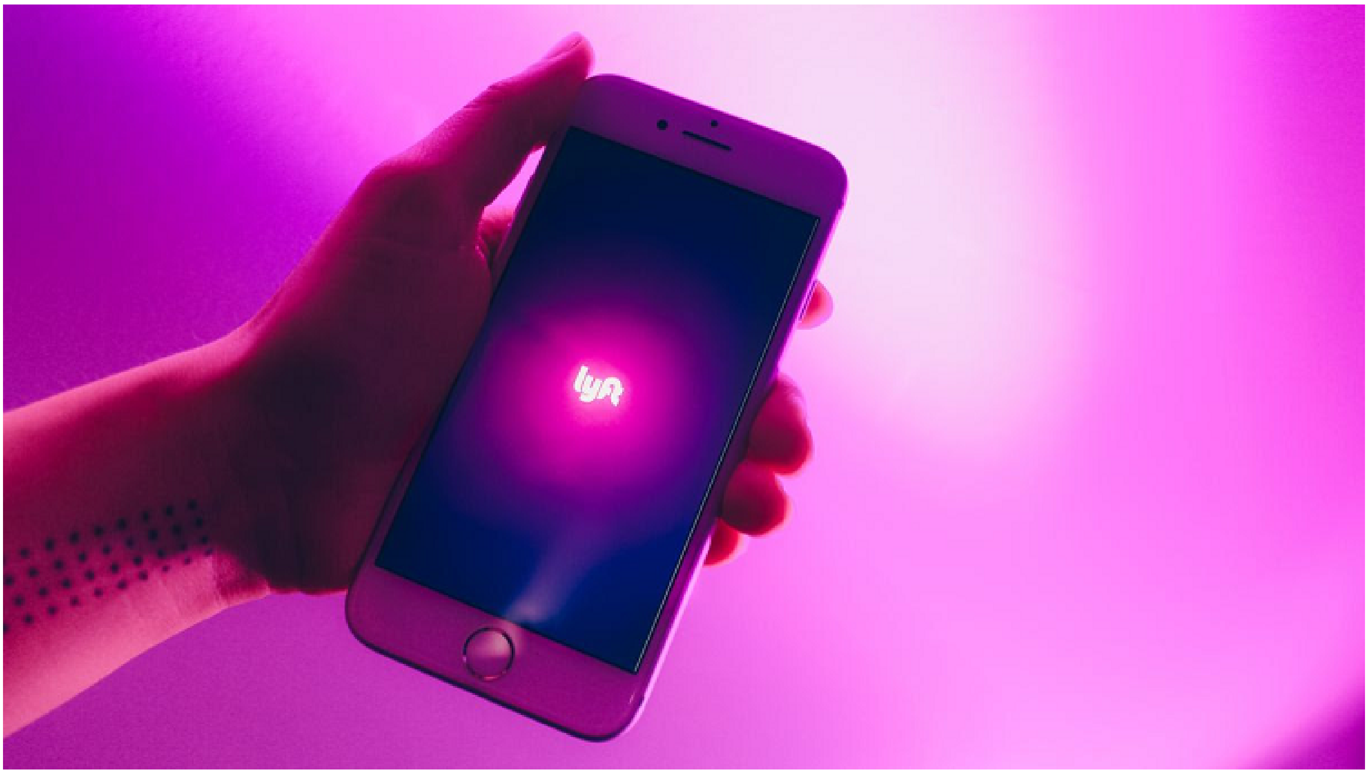
Corporate Social Responsibility in the Age of Shaming (#3 Trending Article in 2019)



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Recently, I had the honor of keynoting the annual Summit D&O Conference in Park City, Utah, being interviewed by the *AP* on Lyft's failure to live up to its safety marketing and by *The Holmes Report* on Walmart's social responsibility. The common question, it seems, in an age of transparency, social shaming and heightened expectations is, how do companies position their brands beyond the product? It's no longer just about the brand, but about the social footprint. What does the brand and company stand for?

Not so long ago, when crisis struck a company, they could release a statement that said, “We are doing what is in the best interest of our customers and shareholders.” Creativity meant reversing the order. Today, it’s like threading a needle during turbulence.

Over eighty percent of consumers say they want their brands to have a social purpose; and most millennials expect it as a point of entry before they would even consider a brand. Balance this with the fact that even the most ardent supporters of a cause have price sensitivity. “I want organics, sustainable products or responsibly harvested cocoa, but I’m not willing to pay $5 for a tomato or candy bar.” Kermit was right, “It’s not easy being green” or socially responsible or holiday agnostic or 360-degrees diverse and everything else that is demanded of companies, their brands and their advertisements, without offending someone or leaving something out. The new rules on corporate social activism aren’t always clear and they are complicated, but here are a few lessons to make it easier:

1) Sacrifice: When Dick’s banned gun sales, it was thoroughly planned. The board and executive committees were unanimous; the company planned for criticism and a short-term (up to a year) decline in sales and share price. The clarity and expectation of a short term sacrifice to do what they perceived was right has been rewarded with increases in both sales and stock price. Taking a position is about the long term, not the short term. Leadership and courage has a price, usually paid up front.

2) Do it, don’t tell it: Walmart decided two decades ago that it didn’t like its position as the Big Box disrupter, so it repositioned itself to be among the best corporate citizens. But rather than make it a marketing campaign (see Lyft below), they made it part of their business strategy. They “productized” their good citizenship – selling only low-carbon footprint CFL light bulbs, introducing $4 generic drugs and becoming one of the largest sellers of organic produce. But making organics widely available wasn't the whole strategy; doing so at a price that allowed the middle class to afford them was their mantra, thus requiring their suppliers to be more efficient. It wasn't about the marketing, it was about change. Walmart has, remarkably, done more to make organics an affordable choice than just about any other "green" company.

3) Be transparent: Chick-fil-A has long had an unpopular anti-LGBTQ position, one they have toned down over the years. But they made this position transparent and shared that it was centered on the religious beliefs of their founders, who made those tenets a central part of the company. By doing this they were saying, "You may not agree with us, but it comes from deeply held religious beliefs." Consumers are sophisticated enough to respect a different point of view. Transparency, as initially painful as it might be, has its rewards.

4) Courage & leadership: After President Trump announced his "Travel Ban" at the end of his first week in office, Lyft instantly announced a $1 million donation to the ACLU. A few months later, when controversy arose over the President's Business Councils, Silicon Valley rule breaker and market leader Uber cowered and announced they would "study the issue." Lyft used its differences with Uber to position itself as woke. A positioning that worked for two years.Last year Lyft rolled out what they referred to as an unprecedented safety training program to emphasize passenger safety, including prominent real estate on its home page and serious web optimization to control search. The only problem is that the program is mostly talk, not action. Late implementation of a panic button, forced arbitration, including for sexual assault accusations (recently reversed), and a hard to navigate system making harassment complaints cumbersome at best. Worse, Lyft had made it a policy to refuse to provide investigators with information when women passengers went to the police. Positioning is supposed to be a spotlight on a corner of reality, not a marketing fiction.

If there is one overriding lesson in the age of brand activism, it is that companies must operate and market with integrity. In 20 years Walmart has gone from community disrupter to the town center. Lyft, by contrast, has gone from woke to tone deaf in under two years. They can fix it by moving beyond compliance and leading the industry with policies that make rider safety, particularly women's safety, paramount, but that has to be a business decision, not a marketing one.

Marketing without integrity is like love without commitment. The words are the easy part. And eventually, the partner always figures it out.

About the Author: *Richard Levick, Esq., @richardlevick, is Chairman and CEO of LEVICK. He is a frequent television, radio, online, and print commentator and a regular contributor to CommPRO.*