Editorial

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We have commented before in these editorial columns on the appearance, in several of our distinguished contemporaries, of articles dealing with issues of corporate social responsibility (CSR).¹ So it is scarcely surprising that, at a time when corporate responsibility of every sort is under the microscope as never before, we should find two articles dealing, from somewhat different points of view, with such matters.² The first of these is in the *Harvard Business Review*. The authors deplore the current low level of public trust in business, and regard CSR, alleged to focus mostly on image and reputation, as a mere sticking plaster. In its place they wish to erect the banner of a new acronym — creating social value (CSV).

So what is meant by this, and how do the two concepts differ? CSR is seen (perhaps not entirely fairly) as a mere PR exercise that soothes directors' consciences, diverts some relatively small sums to charity or other deserving causes, and helps to burnish up the brand image. CSV, by contrast, is pictured as involving a continuous search for investment opportunities that will produce win/win/win scenarios for the company, its supply chain, its employees, its customers and the planet.

The article (consistent with the HBR's regular habit) quotes numerous examples of CSV in practice. Some of these are perhaps better chosen for its purpose than others. Thus, a contrast is drawn between the marketing of 'fair trade' coffee — a measure for re-distributing (some) money from consumers to needy producers, allegedly raising the latter's incomes by 10–20 per cent — with Nestlé's scheme of investment in African coffee farms, which is claimed to have raised yields, quality, productivity and local incomes (by up to 300 per cent) while also producing environmental improvements. So, the authors imply, do we want to re-distribute a few slices of the cake (CSR), or to bake a much larger cake to universal benefit (CSV)? Provided the example is genuine (and the HBR is a normally unimpeachable source) a point has been made (the article, however, makes no mention of Nestlé's long-running battles over baby food in the underdeveloped world — see, *inter alia*, www.babymilkaction.org — which might show the company, even if not its coffee investments, in a different light).

Another example given of CSV is that of Marks & Spencer's decision to stop buying food products in one hemisphere in order to transport them to another. Not so many wins this time, and even some losers: the company wins by reducing its fast-escalating fuel bills; the consumer wins (perhaps) by not having ultimately to meet these fuel bills; the environment wins by reducing carbon emissions — but the food producers in remote corners of the world, who have come to depend on the European market, lose out. Really, the company's response to the cost of oil is no more than a sensible every-day business decision, with nothing to do with CSV, while the benefit to the planet is a by-product, neither sought nor planned (though no doubt carrying some serendipitous PR benefit to M&S).

But the article's enthusiasm for CSV as the next evolutionary step in capitalism, restoring public faith in business, is hard to resist, and only a total cynic would wholly write it off as a visionary concept. The real trouble with it is the spectre of a number of very large companies whose activities in the marketplace must inevitably be characterized as win/lose/lose — win for the companies, lose for most everyone else.

These are the companies that our HBR article does not mention, but which are first in the firing line of our second abstracted article, from *Marketing Intelligence & Planning*: the tobacco, alcohol

and fast food industries, billed as committed destroyers of health and ultimately life. Not a lot of room for social value creation there? Although quite a bit of CSR no doubt.

The point that our second authors wish to make is that, just as turkeys cannot be expected to vote for Christmas, so these companies (and no doubt others too) cannot be expected to adopt, unless under compulsion, measures that might have the effect of reducing their sales — regardless of whatever level of proven harm may result from their products. So, while the article accepts that some ameliorative measures have been taken, it points to the success of strong legislative action in achieving the only real success of reducing smoking — and hopefully smoking-related disease — in much of Europe in recent years. And it maintains that the twin pandemics of cirrhosis and obesity will not be contained or reversed until similarly stringent measures are taken in relation to the alcohol and fast food industries.

All this is of some contemporary interest at a time when the UK government has indicated an intention to set a minimum price bar below which alcoholic drinks cannot be sold, and is entering into discussions on health issues with the food industry. While the health lobby maintains that this bar is being set at a ridiculously low level, in order not to inconvenience the drinks lobby, the significant point may turn out to be that a bar *is* being set, which can later be raised if and when it is found, at its present level to be ineffective.

So where do you stand on all this? Do you believe that it is your company's proper function to pursue maximization of profit year in and year out? Do you believe in tempering this approach in some degree by a little CSR, and is this just a sticking plaster on the face of society, or something more? Do you share the vision that your company — and business as a whole — can embark on the creation of social values in ways which could mend the business/society relationship? Or do you accept that the only answer is ever more stringent regulation by government on what business is permitted to do?

We begin this quarter with an Opinion Piece by Richard Webber on the subject of segmentation — a subject that Richard contends is everywhere discussed as a single issue, but which he believes should itself be segmented to allow for different marketing scenarios.

We follow this with a paper by Peter Comley and Jon Beaumont on online market research. This is a subject, which can only grow in importance as internet usage (and email usage in particular) increases in the population at large. This is the first part of a two-part article, and deals with the methods and benefits of online quantitative research; we hope to publish the second part, dealing with online qualitative research from a similar point of view, in our next number.

Next comes an article from America by Bruce Weinberg and Paul Berger, dealing with concepts of customer lifetime value and the impact on them of social media activity. The authors maintain that, while the primary value of a customer lies in the purchases which it can be predicted (s)he will make over time, this value is increased, first by a propensity to bring in other customers (the old member-get-member syndrome of the direct mail industry) and further through potential word of mouth in engagement with other consumers via social networking: the greater the activity of an individual in social networks, the greater his or her value. This enlarged vision of customer lifetime value is worked through step by step in a series of equations. For the less mathematically minded reader the equations are of less importance in themselves than the concept and its argument, which are clearly explained.

The final paper in this issue is also from the United States, by Umit Kucuk. He notes the inability of the traditional market drivers (product, price, promotion and place — the familiar '4Ps') adequately to describe the marketing process in the new world of e-marketing. He introduces a concept of the '4 Cs' (connectivity, content, community and commitment) and indicates in detail

how these complement the older model. These new market drivers, he insists, are prerequisites for successful e-marketing, without which all the shiny new digital tools coming on the market are without avail.

We follow these papers with a case study by Mike Colling of MC&C covering 2 years of work with the Salvation Army: this is a fascinating case study, which we thoroughly recommend.

Our Legal & Regulatory Update contains three items from the files of Osborne Clarke. The first deals with a move by the Advertising Standards Authority to apply the Code of Advertising Practice, for the first time, to companies' material on their own websites. The second item deals with a finding of the ASA against Virgin Media in relation to material sent by the company to a customer who had opted out of receiving promotion material. The third relates to changes made in the most recent revision of the Cap code, mostly dealing with sales promotion activity.

The usual abstracts, including the two referred to at length above, follow, and after them we have three reviews — of a marketing analytics conference; of a white paper on the changing mission of marketing data; of the new edition of a book by Brian Thomas and Matthew Housden.

*Derek Holder
Robin Fairlie*

Notes

1. See Editorial in Vol. 11, No. 2, for other references.
2. Both these articles are abstracted in our Abstracts section; references 12401 and 12402.