

COLUMNS

## Luxury brands pushing philanthropy as CSR

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Recently there seems to be an influx of luxury brands jumping on the charity and philanthropy bandwagon. Often, this is under the guise of corporate social responsibility (CSR). While such benevolence is admirable, it should not be the only or dominant focus area for brands when they refer to their CSR efforts.

So here is the difference, put simply. Corporate philanthropy, or charity, is essentially how a company gives its money away. CSR is about how a company makes its money, responsibly.

Now let us put a brand risk spin on this.

Being charitable

A company may have given millions of dollars to its appointed charity over the course of a year, and in that same year been in the unfortunate situation of having human rights or safety breaches in its overseas factories.

Which one of the two do you think are likely to make news headlines or have an effect on share prices? The latter describes a scenario of how a company acts responsibly (or not) in making its money, and this is what CSR is really about.

CSR provides very effective risk management for brands when it is implemented correctly, and if it is, it can become a marketing tool. There is nothing wrong with making money from CSR – after all it is about how a company makes its money responsibly.

If sales and profits are being derived in a responsible manner that considers impact on stakeholders, supply chains and the environment, then that is something to talk about.

While philanthropy can assist in enhancing a brand's image, it does little to protect any downside brand risks. CSR does.

The point is, too many companies are still pushing philanthropy as CSR, particularly in the luxury industry.

While this can make for interesting cause marketing, it often has very little to do with CSR and should not be termed as such.

Standard issue

It is OK to make philanthropic efforts a part of the brand's broader CSR references, but it is not CSR in its entirety, not by any means.

The ISO26000 Social Responsibility Guideline standard is made up of seven core subjects: human rights, labor practices, the environment, fair operating practices, consumer issues and community involvement and development.

Fundamental practices relating to these are stakeholder identification and engagement.

Furthermore, social responsibility principles are referenced as accountability, transparency, ethical behavior, respect for stakeholder interests, respect for rule of law, respect for international norms of behavior and respect for human rights. Note that philanthropy and charity are not mentioned in those lists at all.

Consider these related topics and ask yourself if your brand has them in their CSR agenda.

Supply chain: human rights, labour practices, fair operating practices and environmental factors are all related to supply chain and codes of conduct.

Are brands making sure the factories where they or their suppliers manufacture are paying due diligence to these risk aspects?

Environment: Packaging, waste around the company such as paper, carbon emissions and climate change. What is the company's footprint? How sustainable is the lighting?

Consumer issues: Product responsibility, ethical marketing and data privacy are all considerations.

Community involvement and development: Is the focus heavily weighted towards charity or do the efforts provide relevant impact?

One example of relevant impact involves leveraging the core competencies of the company and industry such as being an active member of industry bodies that work to improve labor and human rights conditions in the pertinent industry's supply chain.

Stakeholder engagement: This involves more two-way interactions with stakeholders such as consumer focus groups that drive relevant improvements in the products and services offered by the company.

What is the brand's social-media engagement policy, and does it have the right staff and the right number of staff to truly engage with its audience? What does the brand do with all this information?

LET US HOPE more luxury brands can identify the distinction between making money and giving it away. That would be a responsible business decision.

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