

NEW BRANDING STRATEGY MEETS CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Can we give preference to products with a social meaning over those with a cheap price on them, even though we still feel the effects of the final crisis? Do brand strategies coincide with the philosophy of social corporate responsibility? After globalization, will we (companies and customers) turn back to local brands and products? Can national and regional products be successful with the new marketing mix based on the “4E”? Since the final crisis all companies feel the acute need for ideas and strategies to avoid losing customers and to find new means of survival and success. The classical marketing mix based on the 4 P’s has been changed; the new way is “the 4E strategy = environment, education, empathy, ethics”. More and more customers are becoming socially conscious and rejecting exploitation of human beings and the environment. The Japanese AEON supermarket chain—like many other Japanese companies—has chosen a new, modern way of thinking and a new branding strategy: the “4E” method. The marketing executive of AEON states that donations and marketing communication with a social basis are not “costs” in a company, but rather “investments for the future,” which will be profitable in the long term. The results of my empirical researches, made in Japan and in several Austrian companies from 2006 to 2010, are very exciting and useful for all companies interested in new ideas and paths to future success.

Keywords: social corporate responsibility, branding strategy, marketing mix

INTRODUCTION

Due to the final crisis all the companies need ideas, strategies in order not to lose customers and to find new ways of survival and success.

The classical marketing mix based on the 4P has been changed; the new way is “the 4E strategy = environment, education, emotion, ethics”. In the article after understanding the branding strategy of the Japanese supermarket chain AEON and the meaning of each “E”, a clear way can be seen for our own company to perform in a better way and to reach customer satisfaction even with a little effort: changing the way of thinking and showing more social corporate responsibility. Even that is possible, that in the great globalization people turn back to the local brands and choose products they can trust.

MATERIALS AND METHODS

After several food scandals in Japan got inspired by the topic how Japanese companies can ensure the quality and get the trust of their customers. Moreover

not only the quality assurance but also the social responsibility has become a very important factor in the branding and in the customers' decisions. The base of this article is a survey made in 2008 July (n=300 in Japan, (20-80 years) in 3 big cities and 3 small towns) with an oral questionnaire in different shopping centres. The second step of the survey was in September 2008, where people were asked only in the AEON supermarkets (n=100, in 3 big cities) about their satisfaction, product preferences and checking their consumer behavior with hidden questions. With 30 people (10 people of each city) oral interviews (about 15-20 minutes) were made to understand their motivation, ideas and comments about the main issue: motivation of the product and brand choice. Before and after these surveys interviews were made with supermarket leaders and other companies to understand what Japanese people mean with the definition social corporate responsibility. In the year 2009 experiences in Austria (following print media campaigns, creation of commercials, etc.) made the survey complete.

HOW DOES THE 4P WORK?

Sample I. - the AEON supermarket chain in Japan

The AEON supermarket chain has 2 main points during branding: they have built up 2 brands, the „national Brand“ and the „privat Brand“.

The products labeled with the „National Brand“ are produced in Japan and are sold only on the Japanese market. This strategy shows a clear “local strategy”, which is against to the common international “global strategies”. National brand products are very popular because they have a wide range especially among the food products like vegetables, rice, tofu and so on. Buying those products customers take good care of the origin and are not price sensitive according to my survey.

To the „privat Brand“ (called TOPVALU) belong approximately 5 000 products, these are produced especially for the supermarket chain and cannot be sold elsewhere. Similar to this system are the own supermarket brands of Tesco, Lidl, Aldi, etc.

Continuous and strict quality checks and ethical controls of the products and the suppliers themselves give the “ethically correct” and “good quality” feeling to the customers, which they can trust. It is possible to have a look at the control-protocol of the supermarket chain if the customer requires. What exactly is checked is shown in *Table 1*.

Sample II. - a vegetable market in Oshu, Japan

Another sample where the social corporate responsibility is taken seriously is the sample of the vegetable market in the city Oshu in Japan. Oshu has about 250 000 citizens and located on the north about 300 km from the capital, Tokyo.

The local farmers deliver and sell their products on the market, where they take responsibility for the origin and quality. Each package of vegetable has a label (*Figure 2*) with the exact data of the farmers' names, delivery date, weight etc. The pictures of the farmers are above the products (*Figure 1*), ensuring quality, trust and social feeling during buying the products. This kind of labelling is very similar to the branding strategy of the big AEON group. Due to different food poisoning

scandals more and more people are purchasing fresh vegetables and fruits from the market, and according to its leader the turnover of the market has been doubled in the last 5 years.

Table 1

The most important criteria while choosing or working with different national and international suppliers

1.	Work of children under 14 is prohibited (including part time job)
2.	Reliable products concerning their ingredients have to be guaranteed based on the rules about the organic agriculture and the usage of chemical additional material has to be followed.
3.	Assuring the legal working times
4.	Assuring the level of the salaries following the law
5.	Social responsibility of the management towards the customer and employees
6.	Environment and Recycling
7.	Checking and reporting about the quality of the suppliers
8.	Corruption is prohibited

Source: Based on the article *Nikkei Business, Management Magazine*, 2008

Figure 1

Picture of the market hall in Oshu



Figure 2

Product label – sample



THE NEW BRANDING STRATEGY'S MEANING AND DEVELOPMENT

Why is branding necessary? Most of the Japanese managers answered, that the product or even the producer has to be marked and this kind of mark has to show the unique character of the product or of the company. So, it is a kind of identity. Several managers answered “this is the identity card” or the product or company. You know exactly “who” it is.

Branding strategies can be basically local, national or global. Branding is a main point in the marketing plan and influences all the Marketing Mix steps. The classic 4P Marketing Mix is still present but recently new ways or new wings are added. Several companies follow not only the 4P but combine their Marketing Mix with the 4C: like customer needs, customer value, costs and communication.

Since the social responsibility has a growing importance many of the Marketing Mix elements are combined with social elements: environment, education, emotion and ethics (4E).

The meaning of the first “E”: Environment

Companies and customers feel more and more responsibility for our world and for the close environment, since it is well known, that the Earth is in danger. Saving the environment and taking care of the nature became a company philosophy of many producer and gives the main kick to several product developments for example developing hybrid cars, recyclable plastic bags. Companies have different kind of activities to motivate customers to work together for a “better world”, like giving discount in case of buying recyclable products or taking old products back for recycling.

In several commercials companies do not show their products or services – as it used to be – much more do they emphasize their responsibility and feeling toward the environment, showing social responsibility (*Figure 3*).

Figure 3

Hofer flyer



The second “E” stands for education

Just like in Japan also in Austria and in many European countries children are thought about the social life and about the social responsibility in the community and daily life. It is important, that not only in the childhood but also later during our daily business life people get education about the recent value changes, trends and social life. Japanese companies support many trainings and workshops to their

employees for a better social education and responsibility. Since the economical changes are so rapid that the gap between poor and rich people is getting bigger and bigger it is essential to teach all the people about the background and consequences of this happening.

In the marketing there are several brand strategies built up on these social or economical differences, like the luxury brands emphasizing the luxury life and the belonging to the “high society”. On the other hand several companies focus on the “low income people” with fliers, catalogues and weekly magazines with the best prices and sales offers.

The third „E“ means emotion

Not only in Japan like the campaign of the company Amway (Figure 4), but in many European countries are emotions in the spot lights, showing sympathy and motivating customers to be active with purchasing and donations for a better world. Here a sample – as a flyer – of the supermarket chain Norma (Figure 5) in Austria with a donation campaign for the children in Ethiopia. The target of this campaign is not showing cheap price segment strategy but much more to show the social responsibility and getting sympathy among the customers.

Figure 4

Iwate Nippo



Figure 5

Norma flyer



The fourth „E“ stands for ethics

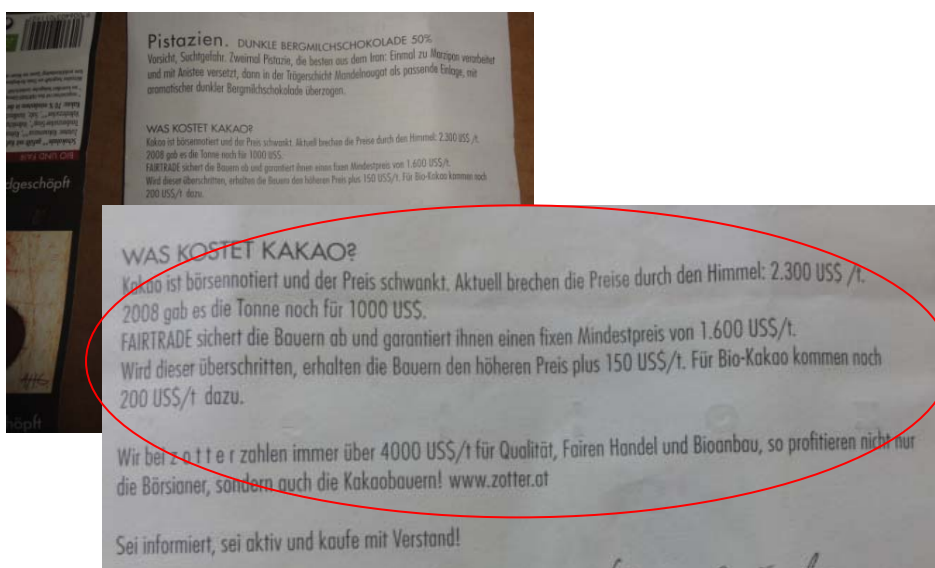
Uncountable is the number of the companies which recently take care of the ethics and have their own ethical codex. Until the end of the year 2000 almost all of the companies showed their certificates of quality, recycling and health on their packages and home pages. The tendency recently goes into the direction where

rather ethical values like “no children work is used” or “through fair trade” are emphasized. Here a good sample of the Austrian chocolate manufacturer Zotter (*Figure 6*) with the fair trade purchasing and selling method. Moreover in the cover you can get information about other ethical points, like how much the cocoa at the moment on the market costs and the farmers, who gave the cocoa for the chocolate bars are well paid and prices were negotiated with them in a correct way.

With this information and other communication methods (like customer magazines, info events) became Zotter a brand of social responsibility and good quality.

Figure 6

Zotter chocolate covers



CONCLUSIONS

More and more customers prefer a social life and refuse the “making use of” the other human beings and the environment.

The Japanese AEON supermarket chain – just like many other Japanese companies – has chosen a new, modern way of thinking and branding strategy: the “4E” “method”.

The marketing executive of AEON stated that donations and the marketing communication with social basis are not “costs” in a company, they should be seen as “investments for the future”, which will be rentable in the long term.

The results of my empirical researches - made (2006 - 2010) in Japan and in several Austrian companies - are very exciting and useful for all of the companies showing new ideas and ways for the success in the future.

As we could see there are 2 main ways to build up brands with social responsibility. One sample is the supermarket chain in Japan called AEON, where

the branding (like private branding and national branding), using the 4E, has to show the social background from the beginning on, and the other way is the sample of Zotter, where the brand will be associated with the social responsibility with the time, through the activities based on the marketing mix with the 4E.

Both ways are successful. Not only the turnover but also the popularity has been increased rapidly. If we are planning to start with a new brand, than we can use the 4E from the beginning on, and if we have already a brand product or service we can consider how to make it “more social”.

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