

Communication Through CSR: Is It Sustainable?

- The Case of H&M

MANAGEMENT DECISIONS

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Reactions and Decisions

As the presented case can be classified as an open case, no real management decisions have been taken yet by H&M Group. Nevertheless, some management decisions will be presented based on the view of an external consultant agency and their advice to the management board of the H&M Group. Furthermore, some similar learnings from The Coca Cola Company will be presented in order to benchmark the final evaluation. To help answering the main question two sub-questions, or concluding questions, have been developed and are presented below. These are considered to be the main challenge of H&M Group but also the biggest opportunity in bettering their CSR communications.

Management Decisions

1. Should the H&M Group communicate more or less about their sustainability activities?

Greyser (2009) states that what makes a crisis the most threatening for an organization is when the brand essence is affected. The brand essence can be defined as what the brand stands for, the core values and what stakeholders associate a brand with (Greyser, 2009). In the case of H&M Group, CSR is already an essential part of the brand due to H&M's intense and broad communication activities. The consultants see a threat that if H&M Group continues pushing the communication about CSR, CSR will become the essence of the brand. Moreover, it might already be perceived as the essence of the brand by some stakeholders, which makes the company vulnerable. Upcoming crises and incidents in the future will then be even more threatening for the brand. Therefore, the consultants decided that H&M Group needs to work on their authenticity to be able to overcome crises in the future and prevent misalignments to their brand identity. Greyser (2009) states that authenticity can be divided in four steps, which are all related to communication. The consultants propose the following strategy regarding authenticity:

1. Talking authentic: talk less about CSR activities, as there has been too much proof that H&M Group cannot live up to sustainability in the way they talk about it.
2. Being authentic: make sure the behaviour of all employees, shareholders, factories and anyone having an influence on the reputation of H&M Group is authentic and follows the core values. This includes preventing the company from incidents and crises like they happened in the past.
3. Staying authentic: Keep the communications and the behaviour stable and consistent in the long run, in order to re-build the trust in H&M.

4. Defending authenticity: H&M Group has consistently delivered their promise on their products in terms of 'you get what you pay for', i.e. price vs. quality. Therefore, they should focus on this aspect of the brand more and rely on this reputational reservoir that they have built over the years.

Furthermore, the consultants decided to follow a benchmarking strategy and look at a corporate organization that already communicates CSR in a successful and strategic way. The corporate chosen for benchmarking is The Coca-Cola Company. They have a sustainability program that is only visible on the corporate brand's website. Nonetheless, the sustainability aspect is communicated well enough so that anyone who is interested can easily access it. This strategy is not attention-drawing but still visible, therefore successful.

Learnings from The Coca-Cola Company:

- Do not make CSR part of the advertising
- Information about CSR easily available for everyone interested, but no aggressive communication

2. Should the H&M Group communicate through all brands or only the H&M brand?

The business idea "Fashion and quality at the best price in a sustainable way" is related to the whole H&M Group, and according to corporate brand management literature, there should be a consistency in the communication throughout all daughter brands. Furthermore, the corporate should act as a corporate umbrella, representing all the brands (Roper & Fill, 2012). Contradictory, H&M Group is stating that they want all their brands to be unique and are thus separating them in their communication and marketing activities. This, to attract different types of consumers and show how diversified the brand portfolio is.

However, only using H&M in the CSR communications is creating confusion among stakeholders, whether the CSR policies are related to the whole corporate or just to H&M. This is also due to the name confusion of H&M vs. H&M Group. In order to keep the unique identity of the daughter brands but eliminate the confusion and follow corporate brand theory, the suggested action becomes a combination of two aspects. Firstly, the overarching strategy is to transfer CSR through all daughter brands in a consistent way. But the communication of the CSR strategy should be through H&M Group's brand only and highlight that the strategy applies to all daughter brands. Secondly, any activities that the brands potentially will have related to CSR should be incorporated into all daughter brands, not just H&M. These activities should be communicated by the own brand names, separating them from the corporate brand name, but still demonstrating that they share the same brand essence, core values and business idea.

Learnings from The Coca-Cola Company:

- Communicate CSR Strategy only through the corporate brand “The Coca-Cola Company” e.g. on Corporate website, to not affect the product (daughter) brands

→ *What CSR communication strategy should H&M Group have in consideration to The Situation?*

Ultimately, to answer the main question, it is recommended that H&M Group has a CSR communication that is not as attention-drawing, meaning that it should be communicated less than today. This entails no huge campaigns and communication only through the corporate brand’s website. Likewise, any activity that H&M Group wishes to start, such as recycling clothes, should be consistent through all brands. However, the brands should still use their own brand names for these activities rather than the corporate brand to stay in line with the marketing strategy.