

## 21st International Marketing Trends Conference

Paper Submission: Final Version (accepted 22.11.2021)

### **Title:**

Brand Activism Strategy and its transformative character in the automotive industry

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**Funding:** This study received partial financial support from Stellenbosch University

**Conflicts of interest:** This study is compliant with ethical standards and no potential conflicts of interests are directly or indirectly related to the work submitted

### **Abstract:**

*The purpose of this research paper is to develop an understanding of the concept Brand Activism in a marketing framework and differentiate it from the concept CSR. The potential as a marketing strategy within the automotive sector is analyzed by conducting a case study approach including six cases from the automotive industry. A SWOT analysis serves as the basis to define risks and benefits by adopting a Brand Activism strategy. The results of the case study analysis implicate benefits related to brand image and risks related to customer's purchase decision making.*

### **Key Words:**

Brand Activism, CSR, Brand Image, Brand Strategy, Transformation

## 1. Introduction and Objectives

The role of brands has significantly changed in terms of customer expectations within the target group of millennials and Gen-Z (Kotler & Sarkar, 2018; Schembri, Merrilees & Kristiansen, 2010). Therefore, an increasing number of companies is directing at polarizing socio-political topics within marketing campaigns. This company strategy is called Brand Activism. The strategy gained a lot of popularity among different business sectors as particularly young customers expect companies to take stance regarding political, social and environmental issues (Kotler, Philip; Sarkar, 2018; Mcglone, Spain & Mcglone, 2011). It is noticeable, that especially automotive companies direct more and more at social, environmental, and political issues and implement Brand Activism initiatives on an international level. The car industry suffered from a damaged image due to the Diesel scandal in 2015 and the ongoing accusation of environmental pollution. Brand Activism holds the potential to repair these damages in terms of brand image in the automotive sector. However, Brand Activism is not sufficiently defined and conceptualized in scientific research yet (Carpenter, 2008; Moorman, 2020; Vredenburg, Kapitan, Spry & Kemper, 2020). Also, literature regarding the distinction of Corporate Social Responsibility (CSR) and Brand Activism is limited. In terms of consumer behavior, it is not clear what effects and possible benefits as well as risks a Brand Activism strategy implies.

The goal of the article is to elaborate on the potential of a Brand Activism strategy for the automotive industry. It aims at identifying benefits and risks as well as analyzing the strengths, weaknesses, opportunities, and threats of Brand Activism implementation. Therefore, a case study analysis approach is conducted and six cases in the automotive industry are analyzed.

## 2. Research Question

What benefits and risks are associated with a Brand Activism strategy in the transformative automotive industry?

## 3. Conceptual Framework and Literature Review

### *Antecedents of Brand Activism*

Across several industries, the number of companies taking a stance on critical standpoints instead of incorporating a neutral position regarding social, political and environmental issues is rising. This can result in positive as well as negative reactions of customers (Barros, Batista, Botelho & Peixoto, 2019). According to customer research, especially younger customer want companies and their CEO's to make public statements regarding social topics (Barton, Rachel; Ishikawa, Masataka; Quiring, Kevin; Theofilou, 2018; Ries, Tonia E; Bersoff, David M; Armstrong, Cody; Adkins, Sarah, Bruening, 2018; Shetty, Venkataramaiah & Anand, 2019; Vredenburg *et al.*, 2020). Brand Activism is a research field in marketing and advertising as it directs at the concerns of customers and society (Clemensen, 2017; Gray, 2019; Hong, 2018). However, there is a lack of existing research addressing the concept Brand Activism in the framework of marketing literature (Barros et al., 2019).

The term Brand Activism describes the case when companies take stance on what is “good” for society on a voluntary basis. Public statements are communicated and operations are

adapted to that cause, which mainly addresses societal, environmental and human issues (Craddock, Jenny; Boichuck, Jeffrey; Cian, Luca; Parmar, 2018). Kotler and Sarkar (2018) define the term Brand Activism as business activities “to promote, impede or direct at social, political, economic, and/or environmental reform or stasis” with the goal to either promote or impede improvements in society. Brand activism can be clustered in regressive, neutral or progressive Brand Activism (Craddock et al 2018; Kotler & Sarkar 2018). In contrast to CSR, Brand Activism directs at business efforts that are not directly related to the core-business. Therefore, it is deemed as an evolution of Corporate Social Responsibility. Major differences between the two concepts are that Brand Activism is more values- and society driven than purpose-driven (Kotler & Sarkar, 2018; Moon, 2020; Vredenburg, 2020). Also, Brand Activism is considered as a tool to create brand identity, whereby CSR is often used for brand positioning in a strategic lens. Also, the conceptualization of CSR and Brand Activism differs (Eyada, 2020). A popular construct of CSR is the pyramid of CSR by Carroll (1991), which includes responsibilities that escalate from basic economic responsibilities to legal responsibilities to ethical responsibilities and have a peak at discretionary responsibilities. Brand Activism includes six different dimensions: 1. Social Brand Activism 2. Workplace Brand Activism 3. Political Brand Activism 4. Environmental Brand Activism 5. Economic Brand Activism 6. Legal Brand Activism. Figure 1 depicts the multi-dimensionality of Brand Activism. Table 1 delivers definitions for the six Brand Activism dimensions.



Figure 1: Brand Activism Dimensions (adapted from Kotler & Sarkar, 2018)

*Table 1: Brand Activism Definition (Personal Collection, content adapted from Kotler & Sarkar, 2018)*

Dimension	Definition
Social Brand Activism	Social activism includes areas such as equality – gender, LGBT, race, age, etc. It also includes societal and community issues such as Education, Healthcare, Social Security, Privacy, Consumer Protection, etc.
Workplace Brand Activism	Workplace activism is about governance – corporate organization, CEO pay, worker compensation, labor and union relations, supply chain management, governance, etc.
Political Brand Activism	Political activism covers lobbying, privatization, voting, voting rights, and policy (gerrymandering, campaign finance, etc.)
Environmental Brand Activism	Environmental activism deals with conservation, ecocide, land-use, air and water pollution, emission control, environmental laws and policies.
Economic Brand Activism	Economic activism includes wage and tax policies that impact income inequality and redistribution of wealth.
Legal Brand Activism	Legal activism deals with the laws and policies that impact companies, such as tax, citizenship, and employment laws.

#### *Consumer-related Challenges in the Automotive Industry*

The automotive industry is undertaking a worldwide transformation as consumer expectations have shifted from perceiving automotive companies as car manufacturers to the perception of automotive companies as mobility providers (Deloitte, 2021). Industry transformation is defined as an era of rapid and wholesale changes in the industry sector, which poses threats and opportunities to companies, which require new strategy tools (Porter & Rivkin, 2000). The shift of customer expectations in the automotive sector is arising from the four megatrends, which are transforming the automotive industry. These megatrends are climate change, demographic change, urbanization and technological change (pwc, 2019). Car manufacturers react to this by implementing an “eascy” strategy, which is an acronym electrified, autonomous, shared, connected, and yearly updated. However, not only the product strategy must change in terms of the transformation. The four megatrends also imply societal trends that must be considered within the brand strategy. Especially, the next generation of automotive customers has higher expectations regarding the socio-political engagements of companies. About 62% of customers in the target group above 25 years state that they are more likely to buy products from companies that respond to social issues. Within the target group Gen Z (13-24 years), it is a share of 76% who state they are more likely to buy from brands that are responding to social issues that matter to them (Admirand, 2020). Furthermore, millennials want their vehicle to reflect their personality and rely on opinions as well as reviews (Tsao, 2021). Hence, automotive companies engage in socio-political issues and implement Brand Activism.

#### 4. Method

To create an understanding for the dynamics of a topic, case study design is applied. A case study design is efficient in this framework as it provides contextually rich and in-depth pictures of phenomena like Brand Activism (Johnson, 2011). This study observes the practical

application of Brand Activism by analyzing six Brand Activism cases in the automotive industry. It explores the benefits and risks of the strategy and builds a context for the implementation of Brand Activism communication strategy. The studied cases are 1. Porsche -Christopher Street Day 2. BMW South Africa -16 Days of Activism for No Violence against Women and Children 3. Volkswagen - NEW AUTO: zero-emission strategy 2030 4. Volkswagen South Africa - Drive local. Support local. 5. Lyft - Condemnation of Trump’s travel ban and 6. Skoda - For Whatever Drives You’. The studies are evaluated in terms of risks and benefits in the framework of a marketing strategy.

## 5. Findings

*Table 2: Brand Activism Cases (Personal Collection)*

Category	Brand	Year	Campaign	Topics
Social Brand Activism	Porsche	2020	Christopher Street Day	LGTBQ Rights
Political Brand Activism	BMW South Africa	2020	16 Days of Activism for No Violence against Women and Children	Feminism, Equality, Lobbying
Environmental Brand Activism	Volkswagen	2021	NEW AUTO: zero-emission strategy 2030	Air-pollution, Emission Control
Economic Brand Activism	Volkswagen South Africa	2020	Drive local. Support local.	Redistribution of Wealth, Economic Growth
Legal Brand Activism	Lyft	2017	Condemnation of Trump’s travel ban	Laws and Policies
Workplace Brand Activism	Skoda	2018	For Whatever Drives You’	Workforce & Consumer Diversity

*Table 3: Brand Activism SWOT (Personal Collection)*

Strength	Weaknesses
<ul style="list-style-type: none"> <li>• Transformative character</li> <li>• Values/society-driven</li> <li>• Millennial &amp; Gen Z oriented</li> </ul>	<ul style="list-style-type: none"> <li>• Unclarity of customer response</li> <li>• Value-definition</li> <li>• Short-term orientation</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Directing at customer-identification</li> <li>• Creating emotional bond</li> <li>• Transformation of Brand Identity</li> <li>• Increasing customer loyalty</li> </ul>	<ul style="list-style-type: none"> <li>• Accusation of woke-washing</li> <li>• Possibly losing part of customer base</li> <li>• Identification of fast-changing customer expectations</li> </ul>

## 6. Discussion and Conclusion

The SWOT analysis provides insights about the strenghts, weaknesses, opportunities, and threats of Brand Activism strategy implementation. Main benefits are that automotive

companies are addressing a younger target group, such as millennials and Gen Z. Also, an improved brand image can be one of the results of progressive Brand Activism. Winning customer trust as part of creating customer-company-identity and eventually establishing customer loyalty is also likely to be a benefit of a well thought-out Brand Activism Strategy (Martinez & Del Bosque, 2013). Especially, initiatives like the Porsche's support of the Christopher Street Day have the potential to attract younger customers. In contrast to older customer generations, the millennial customer group grew up in a society promoting the acceptance of LGBTQ and support of gay rights. Diversity is a main topic for this target group (Witeck, 2014). A good example to win customer trust is Volkswagen South Africa's "Drive Local. Support Local" campaign as a characteristic of South African customers is to favor locally produced products to support the weak economy (De Meyer-Heydenrych & Cunningham, 2019). Risks associated with a Brand Activism strategy are the accusation of woke-washing, provoking purchase-related risk and potentially breaking the bond to a part of the customer base by a mismatch of customer-company values. In terms of Porsche's CSD support, younger customers might be attracted, however older and more conservative customers might not share the same view of their personal identity (Schembri *et al.*, 2010). Also, Volkswagen's NEW AUTO strategy can be perceived as woke washing by customers, in response to the Diesel Scandal in 2015 (Vredenburg *et al.*, 2020). All in all, a company must be clear of the goals it wants to reach by implementing Brand Activism engagements. However, Brand Activism can be a strategy fostering industry transformation. Especially, the transformative character and the progressive nature of the communication strategy support the authenticity of the efforts to create a change in the automotive sector.

## 7. Limitations

A main limitation regarding the applied theory of the study is the limited definition, conceptualization, and empirical research on the concept Brand Activism. In terms of the applied method, limitations are the content focus of the case studies and the difficulty to generalize risks and benefits based on the six cases that were observed. Related to the analyzed content, a limitation was the selection of topics included in each Brand Activism case.

## 8. Further Research

Research related to Brand Activism is still limited. Necessary steps for future research are to observe the effects of Brand Activism related to business goals. The question, how marketing goals can be addressed by implementing Brand Activism should be discussed. A distinct differentiation of CSR and Brand Activism must be developed in terms of decision making and strategy. Especially, the impact Brand Activism has on customers and the issues they want a company to publicly speak about must be investigated. Brand Activism serves as a differentiator to achieve a competitive advantage in the customer segment of millennials and therefore, should be strategically implemented.

## 9. Managerial Implications

Managerial implications related to Brand Activism are to develop a thought-out Brand Activism strategy. Firstly, business values deriving from societal values shared by the customer target group must be defined. Secondly, a matching brand identity must be created by addressing topics that are in the field of the interest of the target group. Thirdly, marketing

objectives related to Brand Activism must be clarified. Lastly, a fit between statements and actions must be delivered to the customer, to not only achieve legitimacy in a market, but also authenticity. In terms of the automotive industry, the zero-emission strategy as well as the perception of car companies as mobility providers can be facilitated by addressing not only technical, but also societal expectations of the customer segment.

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