

## Chapter 54

# Facilitating Trust: The Benefits and Challenges of Communicating Corporate Social Responsibility Online

**Mary Lyn Stoll**

*University of Southern Indiana, USA*

### **ABSTRACT**

*Corporate Social Responsibility (CSR) is highly valuable for transnational corporations, but entails special requirements of heightened honesty in the marketing of CSR as compared to other goods and services. Because trust is essential to communicating the value of CSR effectively, companies must attend to the unique benefits and challenges that online communication of CSR commitments pose. While the Internet is ideal in allowing for global reach and greater capacity than the confines of standard advertisements, the Internet also poses special challenges in terms of facilitating trust with consumers and other stakeholders. This chapter highlights both the problems and benefits of marketing good corporate conduct online and provides moral guidelines for marketers of good corporate conduct.*

### **INTRODUCTION**

Most companies now include corporate social responsibility as a part of their stated goals in business practice. Whether as simple as a corporate code of conduct or as complicated as including social responsibility in a company's fundamental structure, corporate social responsibility (CSR) is now par for the course. This is in part due to Sarbanese-Oxley and changes in the federal sentencing guidelines (Stoll, 2008). A heightened concern with CSR has also grown because consumers and investors have developed in their ability to hold transnational corporations morally accountable for their actions and the rise of nongovernmental watchdog organizations that have gone global along with the companies they track. The increasingly important role of the internet has also been crucial in making information regarding corporate conduct more readily available (Morris, 2011). However, making consumers aware of the moral guidelines at work in the creation and distribution of goods and services is importantly

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different from standard corporate attempts to sell products. Traditional advertising and public relations practice that may serve well in marketing goods and services are often inappropriate in marketing good corporate conduct.

This chapter explains both why the guidelines for marketing good corporate conduct should be more stringent and how companies can inform the public while still operating within morally acceptable limits. The internet is an important part of marketing corporate social responsibility initiatives for a number of reasons, but there are also special limitations and problems associated with providing information about good corporate conduct online.

## **BACKGROUND**

Many of the issues faced by those charged with communicating corporate social responsibility initiatives are the same as those faced by individuals advertising goods and services more generally. When it comes to advertising, there are already a number of ethics codes in place. The Better Business Bureau Code of Advertising, the Australian Advertiser Code of Ethics, the British Codes of Advertising Sales Promotion, and the Canadian Code of Advertising Standards share the following key principles. First, it is essential to recognize that advertisers must meet responsibilities to consumers, local communities, and society at large. Second, advertising should adhere to standards of decency, honesty, and truth. This, of course, entails that advertisers ought to avoid misrepresentation and outright deception in ads. Advertisers also ought to respect a sense of fair play with other market competitors. Finally, advertisers must consider how their behavior affects the advertising industry as a whole (Spence and van Heekeren, 2005).

Despite these codes advertising practice clearly often diverges from the requirements of honesty and avoidance of misrepresentation. Consumers facing the glut of beer and automobile ads promising a hot date know that beer and nice cars won't actually guarantee delivery of the blond bombshells in the advertisements. Puffery is common practice in advertising. Puffery refers to "exaggerated claims, comments, commendations, or hyperbole, and in its most common usage, puffery is based on subjective views and opinions" (Spence and Van Heekeren, 2005, p. 46). The public is fully aware that puffery is common. According to a survey by online marketing research company Yougov only 3% of Americans fully trust advertisements and 44% believe ads are fairly dishonest (37%) or very dishonest (7%) (Marketing Charts, 2014). So long as the positions endorsed in ads are presented as subjective rather than as objective rationally defensible claims, even the Federal Trade Commission tends to let this sort of misrepresentation slide.

It could be argued that so long as consumers understand that the claims made in advertisements are exaggerated it is no more a case of outright lying to air beer ads with beautiful women draped on every drinker's arm than it is an outright lie for an actor in *Hamlet* to pretend to be a Danish prince when he is, in fact, a middle class man from Los Angeles. Artistry is never a matter of perfect representation of reality. The public knows that advertising is as much an art form as it is an attempt to provide information to the public about a company's products. Given this context, puffery is likely not problematic so long as one is not targeting marketing efforts towards children or to those who are mentally incompetent due to age or disease. With a minimally rational target audience, puffery is not necessarily all that bad since context allows a rational agent to discern fairly easily the actual likely results of purchasing a product even if ads are unduly hyperbolic in their expression of purported benefits.

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