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Bono's Product (RED) Initiative:
Corporate Social Responsibility that solves the problems of 'distant others'

The Product (RED)™ initiative was launched by Bono at Davos in 2006. Product RED is 'a brand created to raise awareness and money for The Global Fund to Fight AIDS, Tuberculosis and Malaria by teaming up with iconic brands to produce RED-branded products'.[1] With the engagement of American Express, Apple, Converse, Gap, Emporio Armani, Hallmark and Motorola,[2] consumers can help HIV/AIDS patients in Africa. They can do so simply by shopping, as a percentage of profits from Product (RED) lines goes to support The Global Fund. According to the Fund, RED 'has become one of the largest consumer-based income-generating initiatives by the private sector for an international humanitarian cause'.[3] In an earlier article in this journal, we examined how Product RED reconfigures international development around aid celebrities and consumer-citizens.[4] Here, we place RED against the background of the 'normal functioning' of the industries in which these companies operate, and in relation to the many aspects of Corporate Social Responsibility (CSR). In this article, we examine how the corporations that are part of this initiative use RED to build up their brand profiles, sell products, and/or portray themselves as both as 'caring' and 'cool'. We also show that, more than simply another example of cause-related marketing (like the pink ribbon campaign or the ubiquitous plastic armbands), RED engages corporations in profitable 'helping' while simultaneously pushing the agenda of Corporate Social Responsibility (CSR) towards solving the problems of 'distant others'.

Our contribution seeks to complement an emerging literature that takes a reflective and critical look at CSR and development.[5] We concur with this literature that not enough is known on the actual impact of

CSR activities in developing countries.[6] Product RED offers an unusual comparison in that the impact of the CSR intervention is easy to measure—consumers can click onto the RED website and use the online 'impact calculator' to determine how many anti-retroviral pills are bought through the contribution generated by the purchase of a RED t-shirt.[7] Of course, 'impact' is meaningless outside of the context of possible impacts and other opportunities. We argue that shifts in the kinds of activities that are represented as constituting 'legitimate CSR' have direct relevance for important questions of 'development'. First, this happens in terms of what groups are represented as constituting appropriate 'beneficiaries' for CSR initiatives; second, it happens in terms of what kinds of benefits they receive. RED beneficiaries are explicitly 'women and children affected by HIV/AIDS in Africa'. The kinds of benefits they receive from RED are limited to antiretroviral (ARV) treatment. While we are not arguing against the importance of providing ARV treatment for all who need it, we demonstrate the limitations of cause-related marketing campaigns, like RED, and their constraining effects on the meaning of CSR.

Analytical framework

CSR is an extremely diverse receptacle of corporate activities, with the common goal of achieving the 'triple bottom line' – based on financial, social, and environmental objectives. In more comprehensive definitions, CSR can also include activities that go beyond the reach of a company's operations, for example addressing social and/or environmental issues more broadly, participating in global fora such as the UN Global Compact, or donating through more traditional corporate philanthropy. In this article, we take 'CSR' as a broad, comprehensive, umbrella term to include aspects such as corporate philanthropy and cause-related marketing. This is a contentious approach, as other observers have argued against the catch-all use of the term.[8] However, our main reason for doing this is to attempt to bring together the diverse aspects of corporate 'doing good' as a way to understand how RED is a manifestation of some aspects of CSR, but not of others.[9]

Table 1 provides a heuristic device to guide our discussion.[10] It is not meant to be 'filled in' in mutually exclusive ways, but is designed to help the reader distinguish between different forms (and combinations) of corporate concern related to labour issues, the environment and/or the lives of distant others.

TABLE 1 HERE

In Table 1, by 'engaged CSR activities', we mean activities that have a direct impact on company operations (this is what is known in much of the literature as 'proper CSR'). In other words, this relates to how much a CSR activity appears to impact the 'normal functioning' of doing business – such as supply relations (with immediate suppliers and beyond), treatment of the labour force, and environmental impact of own operations or of suppliers. At the other end of this continuum is 'disengaged CSR', which is akin to traditional corporate philanthropy or charity. These are activities that are weakly linked (or not linked at all) to the operations of a firm. While these 'disengaged' activities may have a positive impact on some people and/or environments (and thus, provide an ethical aura), they do not challenge any of the tenets of normal business conduct – on the contrary, the more successful a company is, the more money it can donate – no matter how and where that profit was obtained. Extremely competitive practices and/or exploitative relations of production and trade can be justified ex-post by 'doing good'. On a larger scale, this is usually done through the establishment of charitable foundations. Engaged CSR, on the other hand, includes changes that may even undermine competitiveness and result in lower profitability (at least in the short term) – yet, it can have a positive impact on thousands of workers or primary agricultural producers. In other words, it can go against the grain of the normal functioning of business. This is not necessarily the case, however, when profitability increases from lower waste and energy savings, for example, or a more palatable corporate image is built for a brand, and so forth (this is known as the 'business case' for CSR, see below).

Whether CSR activities are engaged or disengaged, their intended beneficiaries live in different places *vis à vis* the location of normal business operations. 'Proximate CSR' takes place within the corporation itself, in relation to its own labour force, the impact on the environment in the location of its operations, and on the 'working environment' as a whole (pay, benefits, equal opportunities, unionization, treatment in relation to gender and sexual orientation of workers). Proximate CSR can also include activities that are not related to the business in which the company is involved, but that take place within communities and environments adjacent to the sites of operation (support for local public schools, sponsoring the local symphony, employee volunteer projects in local communities, etc). 'Distant CSR', on the contrary, includes activities that address problems of communities where the company, its suppliers or stakeholders are not present. It is most common for companies to act locally to increase the sense of corporate belonging within their community; however, global causes with wide emotional appeal have also become popular. The benefits of helping 'distant others' include increased opportunity to build awareness or to educate on your issue, without extensive participation or back-talking, and thus potential critique, from your beneficiaries. There is also less local accountability for the corporation if they fail to succeed, as viewed by their target beneficiaries.

Corporate social responsibility, corporate philanthropy, and cause-related marketing

Corporate Social Responsibility has operated under a number of names and definitions through its rapid development over the last six decades.[11] Although the issue of the social responsibility of business can be found in writings that go back centuries, examination of business as a social actor has expanded considerably in the last half century or so.[12] The European Commission defines CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'.[13] This formulation is in line with an 'engaged' reading of CSR, but other definitions expand responsibility to cover society as a whole.[14] More recently, the concept of 'corporate citizenship' has also arisen, which on the one hand seems to suggest a more holistic view of responsibility, while on the other hand has been often used interchangeably with CSR as meaning the same thing.[15]

The term *corporate philanthropy* has also been used (sometimes interchangeably) for activities that companies do to benefit the communities where they are located, for example donating funds to local schools and hospitals. But as companies have expanded the geographical reach of their operations and sourcing, they have become increasingly accountable for the direct and indirect consequences of their actions in disparate spheres and locations.[16] Philanthropy in general has its roots in nineteenth century Christian charities, which questioned classical liberalism's reliance on market mechanisms to ameliorate human misery caused by unchecked capitalist growth.[17] Two of the first proponents of *corporate* philanthropy were Andrew Carnegie and John D. Rockefeller. Carnegie believed that large, wealthy entities such as corporations had a responsibility to improve conditions for vulnerable groups – the disabled, the poor and the elderly.[18] Carnegie's was a charity-focused appeal, a call for companies to undertake the responsibility of lifting the poor as an extracurricular activity. But wages, working hours, or what would come to be known as 'pro-poor' business practices were not an explicit part of his call to action. Rockefeller, like Carnegie, 'espoused philanthropy that removed barriers to self-improvement and that empowered the poor'.[19]

This kind of perspective inspired a backlash among business leaders and economists. Milton Friedman stated unequivocally that 'the social responsibility of business is to increase its profits'.[20] Theodore Levitt, another critic of corporate responsibility, advocated that companies' undertaking of ambitious social roles would usurp the responsibilities of government.[21] Both Levitt and Friedman only dealt with what we term 'disengaged CSR', which advocated shareholder-funded philanthropy. But beginning in the 1960s, issues such as labour practices, product safety and bribery wriggled into the popular press, activist literature, and political speeches.[22] Multinational corporations, not governments, were cast as the agents of such violations. Accounts of environmental damage and Third World poverty added to the growing public acceptance that company operations no longer affected only one area or one group of employees.[23] Corporations began to engage in 'social responsibility' as a way of demonstrating their societal worth beyond the operations of their core business.

Deregulation, increased capital mobility and industry consolidation saw the rise of outsourcing of production to developing countries in the 1980s and 1990s. Corporations became increasingly able to 'shop' for developing countries to provide their labour, threatening to pull capital if factories were not given tax breaks and minimum wage waivers. It was in the background of these changes that the management literature started to examine whether 'engaged CSR' and long-term profitability could be mutually reinforcing. The most prominent promoter of this discussion, framed as the 'business case' for CSR, was R. Edward Freeman, through his 'stakeholder theory'.[24]

In the 1980s, philanthropic and social responsibility activities started to be placed within companies' overall strategic plans. CSR activities became more focused, aligned to the companies' business goals and brand characteristics, and supportive of beneficiaries that could become customers.[25] Perhaps this is why the 1990s witnessed an unprecedented level of scrutiny on company operations in developing countries, and reports of poor labour and environmental practices proliferated. The term 'sweatshop', coined during the assembly-line era of the Industrial Revolution, made a comeback in profiles of Nike, Gap and Kathie Lee Gifford. Industry leaders such as McDonald's and Nike were repeatedly attacked, and violations three or four stages of supply-chain separation from the companies themselves were reported with the language of direct complicity.

The 1990s also witnessed the development of corporate codes of conduct. Driven as they were by NGO campaigns and public 'busts' of companies operating in poor countries, such codes emphasized negative, 'thou shalt not'-style obligations for companies. Policies of monitoring and auditing set a baseline of human rights, labour standards and environmental protection below which companies could not fall. High-profile issues such as child labour were a fixture of these efforts, both in the codes of conduct and in the public relation rollouts that followed.[26]

Over the last two decades, CSR has also seen the mushrooming of *cause-related marketing* as 'an established and prevalent form of corporate philanthropy'.[27] In cause-related marketing, a marketing of a brand, company, product or service is tied directly to a social cause, most often with a proportion of the sales going to support the cause.[28] Otherwise known as 'transactional programs', these are classic exchange-based donations, wherein a corporation agrees to give a specified share of the proceeds for every unit sold.[29] Cause-related marketing can also involve message promotion in which a donation may or may not be given, and licensing programs in which a non-profit (such as World Wildlife Fund) licenses the use of its name and logo to a company which uses it on their product in exchange for a contribution. Such a mechanism for fund-raising lends itself to meeting overarching business goals (including the drive for profits), and strengthens brand reputation and employee loyalty, aiding recruitment and retention.[30] For the non-profits, it increases funding, heightens their media exposure and even credibility through associations with well-known businesses, and provides marketing talent and business acumen that is often in greater supply in corporations than in non-profits.[31] This kind of CSR does more than just allow companies to differentiate their products from the competition. Shifts in consumer attitudes are key, as they are represented as 'yearning to connect to people and things that give meaning to their lives'.[32]

Comparative CSR profile of Product (RED) companies

As the previous discussion implies, the boundaries between CSR, corporate philanthropy and cause-related marketing have become more blurred in time. For this reason, we subsume all these activities under the broad umbrella of 'CSR' in this article. Before examining in detail the engagement of companies in RED (in the next section), we first provide a brief comparison of their CSR 'portfolio' (individual CSR profiles are available in a separate paper).[33] In Table 2, we analyze the CSR profile of RED companies through five categories: (1) recognition in business ethics circles of the combined engaged/disengaged profile (ranking by *Business Ethics* magazine);[34] (2) degree and profile of 'disengaged CSR'; (3) degree and profile of 'engaged CSR'; (4) degree of exposure to negative profiling in the media and by NGOs in the past; and (5) known tricky CSR issues involving the company.

TABLE 2 HERE

The first category of company emerging from this analysis is the ‘good performer-rebounder’. These companies have been the target of major allegations of misconduct in the past, but have addressed them in ways that are perceived as serious. Converse/Nike has the highest Corporate Citizen score, and a ‘high’ score in our table in all three categories of disengaged CSR, engaged CSR and past negative media attention – a sign that the company had encountered problems related to its operations (or those of its contractors), and has reacted. It is now perceived as a ‘good corporate citizen’. Gap has a similar profile, but a lower score from Business Ethics, and a lower ‘disengaged CSR’ profile.

Motorola can be labelled a ‘good performer-proactive’ – its profile is characterized by high ‘engaged CSR’ standards and a medium degree of philanthropy involvement, both of which to a large extent have been the result of proactive initiatives rather than reactions to previous scandals. AmEx and Apple are labelled as ‘muddlers’ – they have not faced a high degree of public exposure on their CSR record, although some of the tricky CSR issues they face are still unresolved. One is better at ‘engaged CSR’ (Apple); the other is better at ‘traditional philanthropy’ (AmEx). AmEx, incidentally, is the only company among the seven that had carried out ‘cause-related marketing’ before. Finally, and in a sense in opposition to the first group, are those companies that have remained ‘outside the public radar’ – Hallmark and Armani. They are private companies, have faced few or no scandals in the public sphere, and have very minimal or no engaged CSR profile; the only difference between Hallmark and Armani is the high disengaged CSR profile of the former. In more simplified terms, in our assessment, RED has engaged two ‘CSR model companies’ (Motorola and Nike), three that are so-so (Gap, Apple, AmEx – with Gap closer to the model companies) and two that have been outside the radar of CSR (Armani and Hallmark).

Involvement in Product (RED)

The RED initiative was formally launched at the World Economic Forum in Davos in early 2006. Four companies can claim the title of 'founding member': AmEx, Armani, Converse and Gap. Their RED product lines were launched soon after, in March and April 2006. Motorola launched its range of products in May 2006, followed by Apple in October 2006 and Hallmark in October 2007 (Microsoft and Dell, not covered here, joined RED in January 2008).

Table 3 provides a general picture of the involvement in RED by the seven companies that had joined by December 2007. The table shows: (1) when the first RED product was launched; (2) the range of RED products available, their prices and their geographical markets; and (3) the proportion of sales value or profit that is donated to The Global Fund from the sale of these products.

TABLE 3 HERE

Table 3 shows that product ranges co-branded with RED, and market coverage, vary substantially among these companies. AmEx has the most restricted offering: one RED card only in the UK. Apple offers two models of RED iPod and iTunes gift certificates, but apparently these are only in the US or through its online stores. Motorola sells three models of its mobile phones with a RED logo and some accessories, and these are available in at least 10 countries in North America, Europe and East Asia. Converse began with one model (the RED Chuck Taylor) but then expanded it to a much wider range, all of which are customizable on line. These shoes are available at shoe stores in the US and UK, and also at some Gap stores (in the US). Hallmark offers a wide range of RED products, from flower bouquets to cards to wrapping paper, but seemingly only in the US. Gap and Armani offer a large range of RED clothing and accessories, with the former present in five countries in North America and

Europe, and the latter at all its 124 Emporio Armani stores, located on all continents – except for Africa.

The RED product lines sold by these companies are not cheap trinkets, but are not prohibitively priced for Western middle-class shoppers. Most products range in price from $50 to around $200, with exception of some more-expensive Emporio Armani items and Motorola phones, and some cheaper Gap accessories, Hallmark cards, and iTunes gift cards. Both Hallmark and Converse allow customers to design and/or customize their RED products, aligning themselves with the 'consumer participation' philosophy embraced by the RED initiative through its RED blogs.

Cause-related marketing campaigns do not always detail the specifics of their agreement to support the recipient organizations. In fact, it has also been documented that 'some campaigns rely on consumer misunderstanding about the donations'.[35] In RED, the proportional contribution of sales/profits varies dramatically, with almost each company defining its help in a different way. For the AmEx card, the contribution to the Global Fund is 1% of money spent with the card. Gap and Armani contribute a proportion of net profits (50% for the former, and an average 40% for the latter). Converse and Hallmark contribute a proportion of retail or wholesale price. Motorola prefers set-amount contributions (depending on the end-market and model), plus a percentage of the customer's monthly bill (paid by the phone operator, only in the UK). Apple does not release what proportion it donates from sales of RED iPods, but states that 10% of the iTunes RED gift card is given to the Global Fund.

The only company from which the authors were able to get information on RED product sales and the amount contributed to the Global Fund is Armani. Our correspondence with Armani's press office reveals that, in 2006, Emporio Armani sold 44,000 RED sunglasses, 2,700 RED watches and 70,000

RED ready-to-wear clothing items and leather accessories. In 2006, sales from RED products netted €5 million in sales ($6.3 million), out of which €400,000 ($500,000) was given to the Global Fund (equal to 8% of retail sales value). Armani's press office also clarified that all suppliers involved in RED production are based in Italy. The only other piece of information on Global Fund donations is its total size ($60 million as of December 2007).[36] At the same time, Gap is reported to have spent $7.8 million on RED advertising during the 4th quarter of 2006 alone. RED headquarters has refused to provide a breakdown of contributions by company. Similarly, other companies have refused to divulge volume and value of sales of RED products (in stark contrast to calls for transparency and 'responsibility').

A recent event, the (RED) Auction organized by Damien Hirst (at Bono's request) and involving 60 other artists, may suggest that the benefits of RED's cause-related marketing are located most heavily in building brand image and less in the actual boosting of sales of individual RED products. Thus, in the form of traditional corporate philanthropy, the pieces of art were donated by the artists (contrary to the RED rules for companies, which do not allow them to donate all profit to the Global Fund).[37] It raised over $42 million in one day (Valentine's Day 2008), compared to $60 million for almost two years of sales of RED products. The Sotheby's art auction provided a bump in the media profile of its curator, Damien Hirst, who was featured on mainstream television daily shows in the US and the UK, and pushed RED contributions up to their target of $100 million. It appears to be much easier to raise large amounts of money in one lump sum from powerful corporations or foundations directly (the Gates Foundation has given $350 million so far). Also, however successful the RED campaign is in meeting its own goals for providing support, the Global Fund remains predominately an institution that exists because of public, not private, support. Public contributions (actually paid, not just pledges) to the Fund amounted to $9.2 billion as of January 2008, while private contributions amounted to $460 million.[38]

Conclusion

What does RED mean for the companies that are involved in Bono's initiative vis à vis their general CSR profile? And what does RED mean for CSR itself and the role of business in society more generally? In this article, we have shown that RED is a 'disengaged' form of CSR – completely separated (with some exceptions, see below) from the operations in which these corporations are involved. RED does not attempt to change or improve the normal functioning of business and trade. At the same time, RED's beneficiaries are distant – Africa, AIDS victims – constructed as 'over there' and not likely to be part of the RED companies' core consumer group.

The seven RED corporations have a low level of involvement with Africa in their day-to-day operations, thus their RED activities constitute what we call 'distant CSR'. American Express, Apple, Converse, Armani, and Hallmark have none of their production or procurement in Africa – and their final consumption markets in Africa are minimal. Motorola's sales in Africa are growing, but they are still small when compared to its markets elsewhere. Although no production of the components of mobile phones is made in Africa, Motorola has started some assembly operations in Nigeria.[39] Gap has the clearest link to Africa, as it procures some of its clothing from contract manufacturers in Kenya, Lesotho, Madagascar, Mauritius and South Africa.

Even when RED is factored in these operations, the picture does not change much: Gap manufactures one of its t-shirts in Lesotho (made of organic African cotton); Hallmark sells bunches of African RED roses (presumably from Kenya, the main African supplier of cut flowers); and Motorola started assembling some of its RED phones in Nigeria.[40] Even within this limited supply and manufacturing base, no explicit attempt is made through RED to implement better work, social, or environmental conditions of production. In other words, RED is focused on the welfare of Africans with AIDS in general, not of workers in factories producing RED products. Bono explicitly stated at the Product RED launch that labour issues are of secondary importance to people dying with AIDS: 'We do not think that trade is bad. We are for labour issues. Labour issues are very serious but six and a half thousand Africans dying is more serious'.[41]

At the same time, RED differs from traditional forms of cause-related marketing in a number of important ways. First, it is based on co-branding rather than on enhancing the visibility of one brand alone – RED provides the 'umbrella' brand under which the other brands are embedded. Second, the RED brand is built around the notion of continuity, ongoing support and the buzzword popular in the international development arena, 'sustainability'. This is in direct contrast to the cause-related marketing strategy in which 'the idea is to make an impact, not to become just another accepted but ignored addition to the marketing clutter out there. Every promotion should have a clearly defined point of closure'.[42] Third, the RED brand links corporations with seemingly diverse business and CSR profiles. Finally, RED seeks to support a social cause that is removed from the everyday lives of most of its consumers, unlike the pink ribbon campaign for breast cancer, for example.[43] Product RED turns cause-related marketing into the vector of saving distant others.

Although Bono explicitly distinguishes RED from philanthropy, stating that: 'philanthropy is like hippy music, holding hands. RED is more like punk rock, hip hop, this should feel like hard commerce',[44] RED as a form of 'distant and disengaged CSR' resembles an older and gentler form of societal engagement – corporate philanthropy – but one with a direct link to and clear dependence on increasing profit. Thus, RED can be understood as a force that could also constrict the meaning of CSR. RED pushes CSR back towards the disengagement that characterized the 'old-style' philanthropy it is framed against – but with a new funding mechanism based on consumption and co-branding. But from another perspective, RED differs considerably from corporate philanthropy as well. In traditional philanthropy, the act of giving is formally independent from the act of profit accumulation: 'normal business practice' leads to profits, and accumulation of profits, assets and capital is used ex-post for purposes that have little to do with the operations in which the company is involved. In RED, on the other hand, companies use 'doing good' to sell a particular set of products – profit is generated and donation is given at one and the same time. With RED, money making and giving are one and the same. The additional twist is that 'giving' is channelled through a reputable international agency (the Global Fund) to engage business in the fight against AIDS. This adds an additional layer of legitimacy. If it were 'engaged CSR', we would find pharmaceutical companies as RED 'partners' providing antiretroviral drugs on highly concessional terms.

Our objective in this article has not been to evaluate whether RED is effective, efficient or widespread enough to be 'relevant' as a form of corporate giving. Obviously, the $60 million raised by RED (as of December 2007) is a small amount compared to the amounts donated by corporate philanthropy such as the Gates Foundation. Furthermore, the involvement of seven companies, compared with the number of companies involved in other CSR-related initiatives such as the UN Global Compact, is still limited. Yet, we argue that it is relevant and important to look at RED both as a new way of thinking about aid financing[45] and as a manifestation of CSR that does not question the core objective of profit maximization. RED improves a company's brand without challenging any of its actual operations and practices, and increases its value and perception. For these companies, RED achieves a double capitalization: capitalization via sales and profit; and capitalization via improvement of brand image, another asset. The ( )^{RED} embrace that envelops the logos of these seven companies is itself a good investment. As brand equity has come to incorporate ethical values and reputation, and as brands are increasingly more about lifestyles than products themselves, the actual sales figures and coverage of RED products are less important than the media attention that they generate. With RED and initiatives like it gaining ground as legitimate CSR, the products and the circumstances of their production and exchange are swept aside in the haste of emergency. Even though it is impossible to predict the long-term sustainability of RED, it is likely that its success will generate other RED-like initiatives that use shopping as a means for solving global concerns.

Table 1: CSR activity matrix by location and type

Type of CSR Activity

Location of CSR Activity Beneficiaries	Engaged	Disengaged
Proximate	- Workplace conditions and policies at headquarters or own plants - Addressing environmental impact and carbon footprint at headquarters or own plants	- Cause-related marketing with beneficiaries in local communities of operation - Corporate philanthropy with beneficiaries in local communities of operation
Distant	- Codes of conduct of suppliers - Addressing environmental impact and carbon footprint of suppliers and from trade/transport	- RED - Cause-related marketing with distant beneficiaries - Corporate philanthropy with distant beneficiaries

Table 2: Comparative CSR profile of RED companies

Company name	**Ranking in the *Business Ethics* magazine 'Best 100 Corporate Citizens' list (2007)**	**Disengaged CSR profile**		**Engaged CSR profile**	
AmEx	36	high	One of the pioneers in cause-related marketing	medium	Member of International Business Leaders Forum's 'International Tourism Partnership and Business for Social Responsibility'
Apple	na	low	According to the company's 10-Q, they did not give away any significant amounts of money in 2007	medium	Has a 'Responsible Supplier Management' system, applies a 'Supplier Code of Conduct' and has a 'Supplier Diversity Program'; engaged with the 'Electronics Industry Code of Conduct'
Armani	na	low	Very few initiatives	low	None apparent
Converse /Nike	3	high	Substantial donations (3% of pre-tax profits) through the Nike Foundation	high	Very advanced, sophisticated and transparent audit system of suppliers; active on CO2 emission reductions and environmental designs; original supporter of UN Global Compact
Gap	25	medium	Donated $8 million in 2006 (in the range of 1% of pre-tax profits)	high	Holistic supplier policy; sub-contracting approval system; signatory or member of a range of CSR-related initiatives; in 2004, lauded for 'honesty' by *Business Ethics* magazine
Hallmark	na	high	Donated more than 5% of pre-tax profits through the Hallmark Corporate Foundation (in 1995); company literature lists several initiatives	low	Very simple code of conduct; no old growth in their products

Motorola	4	medium	Involved in a number of initiatives; Motorola/Motorola Foundation charitable giving amounted to $30.8 million in 2006 (about 0.7% of pre-tax profit)	high	Comprehensive approach to CSR, including a sophisticated supplier policy; member of numerous initiatives; complies with EU ‘Waste Electrical and Electronic Equipment’ directive (WEEE)

Note: Sources for individual entries are available from the authors

(table 2 cont.)

Company name	**Degree of negative profile in media in the past**	**Tricky CSR issues**	**Qualitative characterisation**
AmEx	low	Lobbied for new bankruptcy law in the US and reaped benefits; benefiting from sub-prime credit crisis	muddler
Apple	medium	Alleged poor working and living conditions at one of the iPod final assembly suppliers in China; e-waste management not particularly good	muddler
Armani	low	Some labour conditions allegations; found guilty of bribing tax auditors	outside the public radar
Converse /Nike	high	Numerous sweatshop allegations in the 1990s	good performer-rebounder
Gap	high	Long history of sweatshop allegations	good performer-rebounder
Hallmark	low	None apparent	outside the public radar
Motorola	medium	Coltan controversy; a few allegations of child labour and poor working conditions at some suppliers' factories	good performer-proactive

Note: Sources for individual entries are available from the authors

Table 3: Involvement in RED by selected companies

Company name	First RED product launched	RED product range	Markets where available (as of December 2007)
AmEx	mar-06	American Express RED card	UK only
Apple	oct-06	Special Edition (PRODUCT)RED iPod Nano and iPod Shuffle; iTunes Gift Cards	US, UK, Canada and Japan; elsewhere via online Apple Stores
Armani	apr-06	Emporio Armani (PRODUCT) RED: perfume, sunglasses, clothing, watches, accessories	in all Emporio Armani stores worldwide
Converse /Nike	apr-06	Converse (PRODUCT) RED Chuck Taylor All Star African mudcloth shoe; Converse (PRODUCT) RED collection	US, UK; also at select Gap stores; available from online store and shipping to 29 countries
Gap	mar-06	(PRODUCT)RED t-shirts, hoodies, jeans, tote bags, other accessories; also has kids and baby line	Online in the US; at Gap stores in US, Canada, UK, France and Japan
Hallmark	oct-07	(PRODUCT)RED flower bouquets of African roses, boxed holiday cards, photo cards; e-cards, wrapping papers, stationary, gift book	Online in the US; at Gold Crown stores in the US and Canada
Motorola	may-06	RED MOTORAZR, MOTOKRZR and MOTOSLVR phones, BlueTooth headset, other accessories	US, UK, Canada, Singapore, Malaysia, Australia, Switzerland, Japan, Portugal, Denmark

Note: Sources for individual entries are available from the authors

Table 3 cont.

Company name	Price range	Proportion of sales/profits donated	Further info
AmEx	Typical 16.9% APR variable	1% of all money spent with the card	REDdeals: cardholders get 50% discount at a Jermyn Street tailor, extra services at Hyatt hotels, 10% off at Jamie Oliver's restaurant in London, etc.
Apple	iPod Shuffle: $49; iPod Nano $199; iTunes gift card: from $25	gift card: 10% of $25; iPod: not known	
Armani	$58-225	average 40 percent of its gross profit margin; in 2006, it donated €400,000 ($ 500,000) to the Global Fund raised through RED sales	Armani was the guest editor of a special RED issue of the Independent; "In developing his collection, Giorgio Armani collaborated with Ghanaian contemporary artist Owusu-Ankomah"
Converse /Nike	$67-75	15% of net retail price or 10% of net wholesale price, depending on the model	Runs a customization platform called MAKE MINE RED, where consumers can design their own Converse (RED) shoes
Gap	$5-200	50% of profit	Gap spent $7.8 million on Red advertising during the fourth quarter of 2006; One T-shirt from the collection manufactured in Lesotho
Hallmark	$13-14 for boxed cards; $50 for bouquets	8% of net wholesale sales	Ran a PRODUCT(RED) greeting card design competition (jan-08)
Motorola	US: The phone costs $269.99 without service and $29.99 with a two-year plan, which costs around $30/mth. Additionally, the phone is often free with the purchase of a two-year service plan; headset costs $69.99; UK: phone costs £150	US: contribution by both Motorola and the operator is $8.50 per handset sold; UK: Motorola and the network operator contribute £5 each; the operator also contributes 5% of the customer's monthly bill	Studio RED: offers exclusive content, including limited edition wallpaper, ring tones and video

Note: Sources for individual entries are available from the authors

Notes:

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[1] Source: Official RED website, http://www.joinred.com

[2] In this article, we examine companies that had RED product lines as of 31 December 2007. In 2008, Dell and Microsoft also joined the group.

[3] Source: http://www.theglobalfund.org/en/partners/private/red/

[4] L.A. Richey and S. Ponte, 'Better RED™ than Dead? Celebrities, Consumption and International Aid', *Third World Quarterly* 29(4), 2008, pp. 711-729.

[5] See, among others, the special issues on CSR in this journal (28, 4) and in *International Affairs* (81, 3).

[6] M. Blowfield, 'Reasons to be Cheerful? What we know about CSR's impact', *Third World Quarterly* 28(4), 2007, pp. 683-695; P. Newell and J.G. Frynas, 'Beyond CSR? Business, poverty and social justice: an introduction', *Third World Quarterly* 28(4), 2007, pp. 669-681.

[7] http://www.joinred.com/you/calculator.asp, last accessed 12 June 2008.

[8] For example, see R. Jenkins, 'Globalization, Corporate Social Responsibility and poverty', *International Affairs* 81(3), 2005, pp. 525-540.

[9] The analysis carried out in this article relies on public availability of information. CSR activities are diverse, and companies clearly have strong incentives toward highly selective reporting of their CSR portfolio. Many companies are reporting explicitly labeled CSR activities as a way to get credit for activities in which they may have been engaging for some time, particularly those aimed at increasing the morale of their employees, but not getting any credit from their other stakeholders – particularly consumers. Interestingly, however, while the incentives not to report failures are obvious, there may

also be perverse incentives not to report certain kinds of successes that could raise objections from Wall Street. One reason is that bragging may inspire others to attack your failures. All of the data under analysis here are from publicly available sources including reports written by advocacy NGOs, company CSR reports, press releases and trade magazines. Attempts to obtain primary data on RED products through phone interviews with the seven companies and the RED initiative headquarters were, with a few exceptions, unsuccessful. Questions about which companies release what information, to whom, how and when are beyond the scope of this article; however, it would be naïve to disregard the limitations of the public data.

[10] We owe the idea of using such a matrix to Grahame Thompson.

[11] S.L. Wartick and P.L. Cochran, 'The evolution of the corporate social performance model', *The Academy of Management Review* 10(4), 1985, pp. 758-769.

[12] A.B. Carroll, 'Corporate Social Responsibility: evolution of a definitional construct', *Business & Society* 38(3), 1999, pp. 268-295.

[13] Source: http://ec.europa.eu/enterprise/csr/index.htm

[14] For example, the World Business Council for Sustainable Development uses the following definition: 'Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large' (see R. Holmes and P. Watts, *Corporate Social Responsibility: making good business sense*. Geneva: World Business Council for Sustainable Development, 2000, p 8).

[15] According to Grahame Thompson, 'corporate citizenship' is based on a 'citizenship of acts', which stresses active involvement in the public sphere where agents can 'pick and choose which aspects of citizenly behaviours they wish to uphold or stress' (G. Thompson, 'Tracking Global Corporate Citizenship: Some Reflections on "Lovesick" Companies', mimeo, Copenhagen: Copenhagen Business School, 2008, p. 2). Such an approach is in line with the voluntary nature of CSR, but tends to obfuscate another approach to citizenship, one based on 'status' and highlighting 'rights and obligations determined within the context of a definite polity'. Lacking enforcement mechanisms and a clear legal basis, 'corporate citizenship' is not exercised, but rather *performed.* Such performance takes place within the legitimizing boundaries of semi-institutionalised framework (the UN Global Compact, or the World Economic Forum, where RED was launched) and through enabling and learning networks (see M. McIntosh, S. Waddock and G. Kell, *Learning to Talk: Corporate Citizenship and the Development of the UN Global Compact*. Sheffield, Greenleaf Publishing, 2004), such CSR conferences, 'how to' manuals and with the engagement of specialized consultants (Thompson, 'Tracking Global Corporate Citizenship').

[16] See McKinsey, 'The state of corporate philanthropy: a McKinsey global survey', February 2008, available at: http://www.mckinseyquarterly.com/PDFDownload.aspx?L2=21&L3=37&ar=2106

[17] M. di Leonardo, 'Introduction: new global and American landscapes of inequality', in J.L. Collins, M. di Leonardo and B. Williams, eds., *New landscapes of inequality: Neoliberalism and the erosion of democracy in America*. Santa Fé, NM: School for Advanced Research Press, 2008.

[18] R.E. Freeman and J. Liedtka, 'Corporate social responsibility: a critical approach - corporate social responsibility no longer a useful concept', *Business Horizons* 34(4), 1991, pp. 92-98.

[19] P. Frumkin, *Strategic giving: the art and science of philanthropy*. Chicago: University of Chicago Press, 2006, p. 8.

[20] Milton Friedman, 'The social responsibility of business is to increase its profits', *The New York Times Magazine*, 13 September 1970. See also M. Friedman, *Capitalism and freedom*. Chicago: University of Chicago Press, 1962.

[21] T. Levitt, 'The dangers of social responsibility', *Harvard Business Review* 36, 1958, pp. 41-50.

[22] G.P. Lantos, 'The boundaries of strategic corporate social responsibility', *Journal of Consumer Marketing* 18(7), 2001, pp. 595-632.

[23] Jenkins, 'Globalization, Corporate Social Responsibility and poverty'.

[24] R.E. Freeman, *Strategic management: a stakeholder approach*. Boston: Pitman/Ballinger, 1984. The focus on the 'business case' for CSR is not without its critics. Michael Jensen claims that CSR fails because it does not provide a 'corporate objective function' of business, and provides too many variables for managers to juggle (see M. Jensen, 'Value maximization, stakeholder theory, and the corporate objective function', *The Monitor Company,* Harvard Business School and Amost Tuck School at Dartmouth College*,* 2001). A different criticism of the business case focuses on the willingness and eagerness of CSR discourse to adopt the language and stance of the business community. In this context, stakeholder theory can be seen as a way of replacing genuine social responsibility with simple profit calculation. See Jenkins 'Globalization, Corporate Social Responsibility and poverty'; P. Newell, 'Citizenship, accountability, and community: the limits of the CSR agenda', *International Affairs* 81(3), 2005, pp. 541-557; M. Prieto-Carron, P. Lund-Thomsen, A.

Chan, A. Muro and C. Bhushan, 'Critical perspectives on CSR and development: what we know, what we don't know, and what we need to know', *International Affairs* 82(5), 2006, pp. 977-987.

[25] S. King, *Pink ribbons, Inc.*: *breast cancer and the politics of philanthropy*. Minneapolis, MN: University of Minnesota Press, 2007.

[26] M. Blowfield and J.G. Frynas ('Setting new agendas: critical perspectives on Corporate Social Responsibility in the developing world', *International Affairs* 81(3), 2005, p. 512) point out that this approach among companies continues today.

[27] M. Berglind and C. Nakata, 'Cause-related marketing: more buck than bang?' *Business Horizons* 48(3), 2005, p. 443.

[28] American Express's campaign for the renovation of the Statue of Liberty in the early 1980s generated a 27% increase in card use and a 10% increase in new card membership applications, in addition to raising $1.7 million for the cause (King, *Pink Ribbons*, p. 11). To achieve this, American Express spent $6 million promoting its Statue of Liberty Campaign and 'announced its good works with authority and fanfare, making a break with the humbler philanthropy of the past, and in direct response to the public's raised consciousness. The genius of this campaign was recognizing that the marketplace would reward firms that acted in a socially responsible way and that assisted ordinary citizens to act responsibly too' (Berglind and Nakata, 'Cause-related marketing', p. 446).

[29] Berglind and Nakata, 'Cause-related marketing', p. 446.

[30] King, *Pink Ribbons*, p. 9.

[31] Berglind and Nakata, 'Cause-related marketing', p. 448.

[32] Bill Lauberis, quoted in King, *Pink Ribbons*, p. 11.

[33] See S. Ponte, L.A. Richey and M. Baab, 'Bono's Product (RED) Initiative: Wedding Hard Commerce and Corporate Social Responsibility', *DIIS Working Paper* 2008:13. Danish Institute for International Studies: Copenhagen.

[34] For the methodology used in the *Business Ethics* magazine ranking, see http://www.business-ethics.com/BE100_all

[35] Berglind and Nakata, 'Cause-related marketing', p. 450.

[36] M. Frazier, 'Bono & Co. spend up to $100 million on marketing, incur watchdogs' wrath', *Advertising Age,* March 2007.

[37] Similarly, Joss Stone also donated 100% profits of her latest music video to RED.

[38] See http://www.theglobalfund.org/en/

[39] The main controversial Africa link for Motorola has to do with coltan, a metallic ore that is used to make capacitors, a component of mobile phones. Coltan is found in large quantities in the Democratic Republic of Congo and its illegal mining and selling is said to be one of the financing mechanisms used by various factions in the ongoing conflict in the country. Motorola has recently declared that it has stopped buying coltan from that region (Motorola 2006 Corporate Social Responsibility Report 2006, p.10; available at: http://www.motorola.com/mot/doc/6/6801_MotDoc.pdf).

[40] Louise Story, 'Want to help treat AIDS in Africa? Buy a cellphone', *New York Times* 4 October 2006. Available at: http://www.nytimes.com/2006/10/04/business/media/04adco.html?ei=5070&en=b675eeeb5d185641&ex=1182139200&adxnnl=1&adxnnlx=1182002688-tjdhssxLUSINvXWwLAX0DA

[41] Video, RED product launch at Davos, viewed at http://www.joinred.com

[42] J.C. Welsh, 'Good cause, good business', *Harvard Business Review* 77(1), 1999, pp. 1-3.

[43] King, *Pink Ribbons.*

[44] 'Bono Bets on Red to Battle Aids,' *BBC News*, 26 January 2006. Available at:

http://news.bbc.co.uk/2/hi/business/4650024.stm

[45] See Richey and Ponte, 'Better RED™ than Dead?'