

Bono's Product (RED) Initiative: Reducing CSR to Cause-Related Marketing

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The Product (RED) initiative is a project in which companies offer so-called 'RED' products to consumers, and donate a portion of the profits to The Global Fund to Fight AIDS, Tuberculosis and Malaria. Sometimes this consists of a 'RED' version of an already existing product, such as the RED iPod, or a new product line, such as The Gap's 'Inspi(RED)' series of T-shirts. RED products are widely available in the US, UK and Canada, and some products are also in selected European and Asian countries. Consumers can change the world, the initiative argues, simply by getting out their credit cards. The project is the brainchild of rock star Bono, and several corporations (American Express, Apple, Armani, Converse, Dell, Gap, Hallmark, Microsoft and Motorola) have already signed on.

Though Red may seem like another example of cause-related marketing along the lines of the Pink Ribbon Campaign against breast cancer, the initiative is different in that it encourages corporations to earn profits as they pursue charity, and pushes the agenda of Corporate Social Responsibility (CSR) towards distant others as opposed to the issues within their own industries.

Over the last two decades, both cause-related marketing and CSR have proliferated, especially in large, multinational companies. Cause-related marketing ties the marketing of a brand, company, product or service directly to a social cause, usually by donating a proportion of sales. Though publicly presented as charity for charity's sake, these initiatives are actually a clever way for companies to differentiate their products from the competition. As consumer attitudes have shifted in recent decades, major brands now understand—and exploit—the popular culture's 'yearning to connect to people and things that give meaning to their lives'. Cause-related marketing campaigns rarely reveal the specifics of their agreements with recipient organizations. In fact, 'some campaigns rely on consumer misunderstanding about the donations' to ensure customer support. In RED, the proportional contribution of sales or profits varies dramatically, with each company defining its help in a different way. For the American Express card, for example the RED contribution is 1% of money spent on the card. Armani and Gap contribute a proportion of net profits (50% on average). Converse and Hallmark contribute a proportion of retail or wholesale price. Motorola offers a set amount for each RAZR Red sold, plus a percentage of the customer's monthly bill. Apple does not disclose how much is donated from sales of RED iPods, but donates 10% of iTunes RED gift cards to the Global Fund.

What does RED mean for CSR and the role of business in society? RED is a 'disengaged' form of CSR – almost entirely separated from the operations in which these corporations are involved. RED does not attempt to change or improve the normal functioning of business and trade. Conditions at Converse factories in Indonesia, for example, are not part of the dialogue about social responsibility in RED. Similarly, RED doesn't attempt to convince Apple to improve its environmental record. RED's

beneficiaries are distant – African AIDS victims – groups completely constructed as ‘over there’, unlikely to be either producers or consumers of the RED companies’ products.

The RED ‘partner’ corporations have a low level of involvement with Africa in their day-to-day operations. American Express, Apple, Armani, Converse, Dell, Hallmark and Microsoft have none of their production or procurement in Africa – and small proportions of their consumption markets in Africa. 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. As for the RED products meant to ‘save Africa’: Gap manufactures one of its T-shirts (made of organic African cotton) in Lesotho; Hallmark sells bunches of African RED roses (presumably from Kenya, the main African supplier of cut flowers); and Motorola assembles some of its RED phones in Nigeria. Even within this limited supply and manufacturing base, RED makes no explicit attempt to implement better work, social or environmental conditions. In other words, RED is focused on the welfare of Africans with AIDS in general, not of workers in factories producing RED products. Bono stated explicitly at the Product RED launch that labour issues are of secondary importance to people dying of 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’.

RED pushes CSR back towards the disengagement that characterizes ‘old-style’ philanthropy, where companies donated some of their profits to relatively unrelated projects, such as support for local public schools, sponsoring the local symphony, or employee volunteer projects in local communities. RED, instead, saves distant ‘others.’ At the same time, RED also differs considerably from traditional philanthropy, where the act of giving is formally independent from the act of profit accumulation: ‘normal business practice’ leads to profits, and capital is donated to purposes that have little to do with the operations in which the company is involved. In contrast, RED companies use ‘doing good’ to sell a particular set of products – profit is generated and donation is given at the same time. With RED, money making and giving are one and the same.

RED improves a company’s brand without challenging any of its actual operations and practices, and increases its value and perception. 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, the actual sales figures of RED products are less important than the media attention that they generate. 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.

For more information, see ‘Bono’s Product (RED) initiative: Wedding hard commerce and corporate social responsibility’, DIIS Working Paper 2008:13. <http://www.diis.dk/sw61340.asp>

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