

James Williams

P150594

UWTSD SWANSEA

Motorsport Management

Introduction to Marketing 2

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Sustainability and Marketing Logistics

Discuss the role of Corporate social responsibility as a means of promoting sustainable products and services.

Introduction

Corporate social responsibility in the eyes of automotive and motorsport industries means incurring costs in order to ensure the product or service meets its required demands in terms of environmental and social wellbeing. It became popular in the 1960's and became a term described to influence the legal and moral accountability of a business's responsibilities. The formal definition for 'CSR' is '*a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups*' (Staff, 2018)

CSR is therefore a requirement which needs to be met in order to ensure the customers and mandatory regulations are satisfied. This report will look into how CSR is a large part within the automotive and motorsport industries, including the effects of people becoming more and more aware of their environmental impacts and lifestyles. Furthermore, the report will then look into the impacts of CSR on the target audience and understand how it can be used to help encourage sales within the automotive and motorsport industries through taking real life examples and analysing the strategy behind them.

Finally, the report will include the use of cost benefit analysis in terms of CSR and how that affects businesses and the choices they make when investing in CSR decisions. The report will then include a conclusion on the findings and opinion on CSR within the motorsport and automotive industries.

Main Body

CSR applies to almost every industry supplying a good or service to the marketplace. It simply relates to the responsibilities an industry or business must uphold either morally or lawfully in regards to the environment, consumers, employees, communities and stakeholders. CSR should aim to provide a '*positive environmental or social change*' (Staff, 2018)/ continuation throughout the business and as imaginable it is more evident in some industries than others.

Within motorsport and automotive industries, the businesses have an obligation to ensure the vehicles turned out and the processes it took to manufacture the goods remain environmentally and socially

sustainable. The manufacturers have a special moral and enforced duty to ensure the cars are suitable for the marketplace and environment.

Manufacturers have been taking the idea of CSR very seriously for years, evidentially environmental factors are high pressing in order to ensure vehicles manufactured do not overly damage or pollute the environment.

All cars manufactured and sold in Europe must meet European emission standard in order to qualify for safe and sustainable road using. The European emission standards are as follows- *'while emissions regulations date back to 1970, the first EU-wide standard – known as Euro 1 – was introduced in 1992. Catalytic converters became compulsory on new cars sold in the UK as Europe wised up to the need to reduce tailpipe emissions. This effectively standardised fuel injection on new cars.*

Since then, we have passed through a series of Euro emissions standards, leading to the current Euro 6, introduced in September 2014 for new type approvals and September 2015 for the majority - although importantly not all - vehicle sales and registrations.

The regulations – which are designed to become more stringent over time – define acceptable limits for exhaust emissions of new light duty vehicles sold in EU and EEA (European Economic Area) member states' ("Euro 1 to Euro 6 – find out your vehicle's emissions standard | RAC Drive", 2018)

The change in European emission standards over time meant at each stage the manufacturers had a legal obligation to abide by the rules in order to produce sustainable cars for the environment. But, it also provided an opportunity to manufacture a vehicle which would potentially in the eyes of the consumer - help the environment and provide evidence and peace of mind for doing something to improve the planets environment. A strong example of this was the Toyota Prius, which was launched in 1997 and to this date stands as the world's most popular hybrid car.

The Prius hit the market at a time where the idea of global warming and becoming greener' was starting to pick up momentum. Although Toyota were not legally obliged to create such an extremely 'clean' car they went ahead to do so and provided the market place with car which would have a very small impact on the environment. Toyota demonstrated a marketing genius in identifying a marketing trend and accounting for it as a moral CSR. The company went on to sell over 4 million cars across the world by taking the sustainability of road cars to the next level. ("Toyota Prius", 2018)

As regulations changed and the spot light was further focused on the requirements of a sustainable manufacturing process and product companies began to invest further into CSR management to help promote a positive feeling brand. The companies began to take a look at themselves from a moral point of view, taking into account the people's opinions. What is meant by people's opinions? During the rise of the Prius and greater talk of global warming affecting the planet, people were becoming far more aware of their environmental impact and lifestyle, considering how they as individuals, families and communities could be affecting the planet. Generally, momentum started to swing in the favor of manufacturers whose vehicles and processes of manufacture were less affecting the environment.

Honda are a manufacturer who provide a fantastic example of how companies have decided to branch out and create more moral corporate social responsibilities inside and outside of the sector. *'At Honda, we know the true measure of a company isn't just great products but the impact that company has on society. From reducing our impact on the environment to the life-saving technology in our vehicles to our*

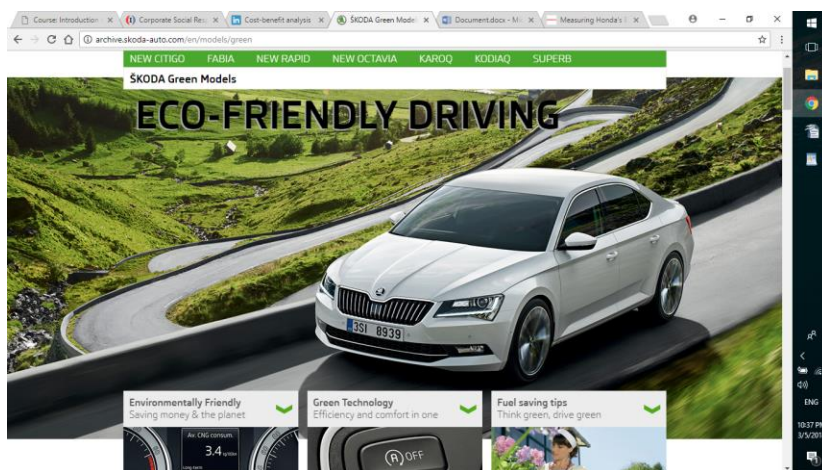
associates' public service work in the communities, we're committed to making a difference in ways that extend far behind our assembly lines' ("Honda Corporate Social Responsibility", 2017)

Honda have looked to broaden their CSR horizons by helping to ensure their products and processes are sustainable, there's a large diversity within employment, they offer support and volunteering to communities and ensure safety is a top priority throughout all of their processes. *'Honda takes great care to consider the environmental impact of everything we do, and everything we make. As the largest manufacturer of engines in the world, we strive to ensure those engines – as well as the products powered by them – are clean and fuel efficient with the least possible emissions. This commitment drove Honda to be one of the first companies to declare its own Environmental Statement in 1992. In 2011, we went one step further with our commitment to the planet when we issued our Environmental and Safety Vision'* ("Honda Corporate Social Responsibility", 2017)

Honda have considered a system called cost benefit analysis which in simple terms; allows for a business to calculate or estimate the balance between the cost of implementing a project versus the benefits in the long or short term of the project. (Balan, 2015) Businesses use this technique in order to make decisions on investing in schemes such as Honda have done. By completing these so called moral extracurricular processes and events through investment, a percentage of target audience will feel more obliged to become or continue being a customer as the entire process footprint is far smaller than some of the competition. They in turn have shown a positive attitude to their environmental and social footprint by investing in worthy causes and creating a more efficient and sustainable process.

As the automotive industry moved towards further CSR arrangements and more advanced hybrid technology, consumer trends started moving quickly. Manufacturers spotted an opportunity to use the hybrid technology and further advanced sustainable processes as a prompt to sell vehicles. CSR would be used to prompt the sale of vehicles and services by using the 'green' angle on consumers. As consumers start to realise and account for their own footprint they were naturally drawn to product and services which take responsibility for their individual process footprint.

Below is Figure 1- a screen print taken from a Skoda 'green' advert



The figure above represents the marketing angle explained. Skoda have purposefully pushed the fact they have invested into creating a line of 'green' fuel and money efficient cars to help reduce an impact on the environment. *'Taking an environmentally friendly approach to what we do involves all everyday*

life activity. Since driving is usually a big part of that, we understand the necessity of creating vehicle options that do not damage the environment and provide, in parallel, driving enjoyment, exceptional economy and comfort. All the smart decisions you take when choosing your next car will contribute to a healthier planet and a better future for your family' (a.s., 2018)

In their statement Skoda focus on securing a better future for you family, which reaches the consumer on a personal level and translates to a wider variety of customer, including families, elderly people and young people.

Companies whom use CSR to create a positive effect on their brand, use CSR as a sort of self-regulation and therefore are seen to be in active compliance with the law, making the businesses accountable, respectable and appealing to new and returning customers, employees and shareholders.

Conclusion

The report concludes CSR is a highly valued project within companies in the motorsport and automotive industries. Business' use the system amongst other such as the cost benefit analysis in order to decide whether or not to invest in certain processes/ projects to further enhance the brand in the long or short term. CSR has been heavily focused on making products and services more environmentally, economically and socially sustainable. Some brands such as Honda have broadened their horizons by supporting various extracurricular activities and events in an attempt to further strengthen their brand image, this resulting in a long-term increase in sales as the industry tries to embrace the 'green' theme.

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