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Luxury brands using strategic collaborative CSR partnerships to positively impact brand equity

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Abstract: The proposed hypothesis that luxury brands can positively impact brand equity through strategic collaborative Corporate and Social Responsibility (CSR) partnerships is supported by this research. For strategic CSR to effectively build brand equity, there needs to be a clear understanding of brand fit and luxury principles, upon which the brand does not compromise. In addition, there must be clear, measureable and monitored objectives. Furthermore, both parties must agree upon the accepted level and depth of their partnership. From that, businesses can assess, both qualitatively and quantitatively, the true impact on brand equity. Therefore, luxury brands must be mindful of the growing need for authentic collaborations that make sense for both the business and the partner organisation. Companies that take part in effective strategic CSR are those corporations where social, environmental and financial performances reinforce each other. This study uses a deductive research approach to develop a hypothesis for evaluating strategic collaborative CSR partnerships in the luxury industry. Qualitative in-depth interviews and case studies are used to gain insights into existing brands and their current practices. Two case studies, on Faberge and Noir, are used to assess the contributory factors in CSR collaborations, while four interviews with specialist CSR consultants are used to develop a holistic overview of relevant issues.

Keywords: luxury, corporate social responsibility, sustainability, brand equity, partnership, CSR collaboration, philanthropy, transparency, ethical luxury, responsible luxury.

Word count: 11,188

1. Introduction

As the concept of social responsibility continues to evolve and take center stage, luxury brands are looking for innovative ways to be leaders in this area. However, the dimensions of luxury and the concept of social responsibility couldn't be any more opposing. Luxury is known for evoking emotions while CSR evokes rationality, luxury reasons with excess while CSR promotes frugality, luxury justifies social distinction while CSR promotes equality, luxury moderates self enhancement while CSR emphasizes on self transcendence, luxury is all about creating a dream while CSR brings you back to reality (Kathuria, 2013). This high discord makes it difficult for luxury brands to see the value in responsible actions that are authentic and impactful.

This could risk their overall perceived brand identity from its stakeholders and even to its stockholders. The problem lies in the fact that many luxury brands want to participate in some sort of CSR, but do not know how to without potentially losing its brand equity. In recent years, the exponential growth of partnerships has paved the way for luxury brands to participate in strategic CSR. However, with many collaborative opportunities arising, there have been many failed initiatives. This paper will examine different elements that add to the processes of strategic CSR through collaborative partnerships. Thus, the main research question is: how do luxury brands use strategic CSR in collaborative partnerships to positively impact their brand equity?

1.1 Aims

The aim of this research is to investigate strategic CSR in collaborative partnerships in the luxury industry and how it positively impacts their brand equity. MoFabergereover, this research will examine how luxury brands can create value for both business and society through the use of strategic CSR partnership. This study will fill in the gap between existing literature and the issues surrounding the change of strategic CSR in the world of luxury.

2. Literature Review

2.1 CSR Concept

With increasing external pressures from stakeholders, Corporate Social Responsibility (CSR) has become one of the most challenging, yet rewarding changes in the luxury industry (Carcano, 2013). CSR is widely defined as "the organization's activities with respect to its perceived societal obligations" (Brown and Danci, 1997). Meaning, the firms's relationship with society. However, as more companies are realizing the importance of CSR, different practices continue to be evaluated and emerge. In many instances, CSR activities have been chosen by the interest of head managers as philanthropic projects. However, Honders, Bruijn and Nijhof argue that CSR is no longer just a strictly voluntary effort by the founder or President of an organization that focuses on issues only contributing to the company's agenda or its survival (Nijhof, de Bruijn and Honders, 2008). Brands are realizing that CSR is not just a charitable deed, cost, or constraint; instead, it is a way to generate innovation, competitive advantage, and new opportunities. Thus, making it beneficial and valuable to firms as well as society.

The ISO26000:2010 Social Responsibility Guideline standard highlights seven elements: human rights, labor practices, the environment, fair operating practices, consumer issues and community involvement and development. These must have underlying relationships and engagement with stakeholders (ISO, 2017). Furthermore, social responsibility principles are referenced as accountability, transparency, ethical behavior, respect for stakeholder interests, respect for rule of law, respect for international norms of behavior and respect for human rights (Morena, 2015). However, as mentioned before, majority of today's CSR reflect only the preferences of the operating managers or supports only the company's philanthropy priorities for risk management. On the other hand, many companies are also participating in social responsibility because they believe it generates new business opportunities, improve company's social standing, brand reputation, and increase employee motivation. Authors of "Deeper Luxury" challenges luxury brands to move CSR initiatives from the mindset of what they do to how they do it. Thus, considering the idea of strategic CSR.

2.2 Strategic CSR

Strategic CSR is a business strategy that is integrated with core business objectives and core competencies to create business value and positive social/environmental value, and is embedded in day-to-day business culture and operations (Porter & Kramer, 2006). Strategic CSR incorporates sustainable practices inside the business, as well as outer functions of the firm to create shared value for the company and society. The three-domain model of CSR (Figure 1), supports this idea as it represents the possibilities of economical, ethical, and legal gains through strategic CSR business practices. Moreover, this diagram shows that the highest value gained is when all three elements are considered. For example, Interface, a carpet company of 21 years decided to adapt a new vision and a new business model, resulting in progressing them to become a worldwide leader in design, production and sales of environmentally responsible modular carpet (Interface Global, 2017). Their CSR initiative included every aspect of the supply chain, while even considering waste management, which is the use of material resources to efficiently cut down on the amount of waste produced. They also created 'Mission Zero' to eliminate any negative impact the company may have on the environment by the year 2020 (Interface Global, 2017). Therefore, they did not just adapt a CSR program, but a strategic model that integrated into their business supply chain. Ultimately allowing for economic, ethical, and legal gain. When CSR is implemented in substantial business-related benefits to the firm, the success of the company and the success of the community become mutually reinforcing (Porter & Kramer, 2006).

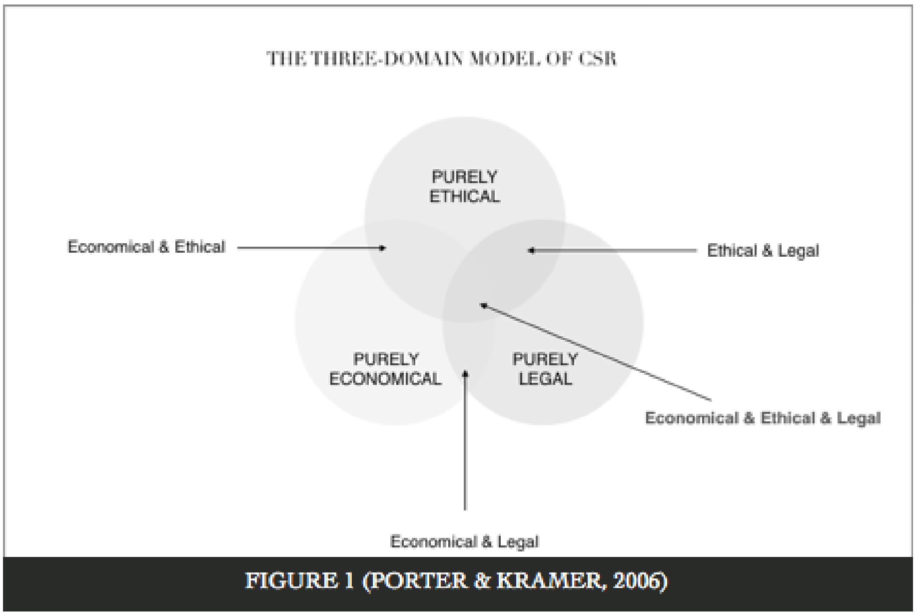

Figure 1: The Three-Domain Model of CSR

In other words, when the strategy of CSR is grounded in the day-to-day operations of the firm and is central to the firm's value of creating activities, there is a higher chance of achieving positive brand equity (Chandler, 2017). Supporting this thought, Bob Willard's five stage sustainability journey (Figure 2) indicates that as companies progress toward being sustainable enterprises, they can position themselves on a five-stage sustainability continuum. The concept of "strategic CSR" is important to this study because it requires an evolved mindset from thinking of "green," "environmental," and "sustainable" initiatives as expensive and bureaucratic threats, to recognizing them as catalysts for strategic growth in the later stages (Willard, 2010).

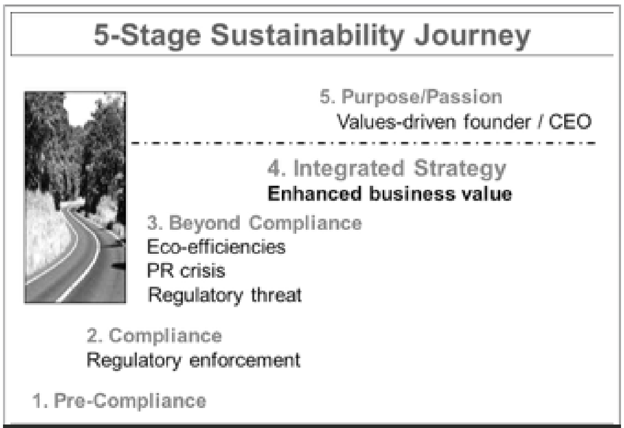

FIGURE 2 (SUSTAINABILITY ADVANTAGE, N.D.)

Figure 2: Sustainability Journey

2.3 CSR in Luxury Industry

Luana Carcano's study of strategic management in luxury companies show that as far as the supply chain is concerned, challenges in luxury business tend to be less relevant than in other mass-market business. This is because majority of brands are vertically integrated, which means the supply chain of a company is owned by that company. However, Catherine Walker, the author of "The Company Giving Alamanac" states that the concept of CSR clashes psychologically with the motivations for being luxury goods, and needs to be carefully managed. Similarly, according to Marie-Cecile Cervellon and Lara Shammas, CSR is considered an oxymoron in the luxury world because sustainability is based on respect for the environment and society, while luxury is associated with being wasteful and carelessness (Cervellon and Shammas, 2013). Kapferer agrees by stating that "all glitter is not green" and "the challenge for sustainable luxury is the fact that's symbolic nature of irrationality, excess and inequality is not aligned with the symbolic nature of sustainable development which represents equalitarian and humanitarian values, and encourage us to be frugal in our consumption. (Kapferer and Bastien, 2009)

On the other hand, there needs to be consideration that any CSR is better than no CSR (Swithinbank, 2014). The quintessential traits of luxury has always been its superiority to the ordinary (The Boston Consulting Group, 2010). As stated in other studies, Konstantin Aravossis's study suggests that economic performance and legal conformity must not be the only drivers of corporate operation. Nonetheless, it is important to recognize that the definition of luxury is changing with cultural and societal shifts. The current blurred definition of luxury is due to the expanded availability of information that makes it easier to learn about and compare products and brands (Bellaiche, Mei-Pochtler and Hanisch, 2010).

Luxury has always been associated with notions of tradition and craftsmanship, art and creativity, scarcity and timelessness, respect for materials, and high quality (Kapferer and Bastien 2009). Nonetheless, Janssen and Lindgreen's agrees that there can be a congruency between luxury and CSR principles. Their study concludes that the concept of scarcity is related to the principle of responsible consumption and help protect natural resources, while the concept of ephemerality is related to luxury ideals of endurance and timelessness or classics (Janssen et al., 2013). Diamonds are good examples to showcase a need for higher perceived luxury. To prove this point, Kapferer states that luxury is resource dependent and obsessed by the sustainability of its resources: high prices limit the demand and is the best way to protect the future of these resources. Moreover, it is important to understand the power shifts in stakeholders to fully grasp the changes in luxury.

Affluent Consumer Shift

As the growing affluent consumer base is changing, there is an increasingly higher interest in social issues. Studies show that stakeholders are looking for authentic forms of CSR programs that make real impacts into communities and society as a whole. They are also willing to be involved and educated in activities that directly become correlate to their personal values. Vargo and Lusch's Service-Dominate Logic states that there has been a shift in customers being located on the same level as businesses as consumers 'use' a product. The consumers become an operant resource, inherently involved in the co-creation of value in the business and its operations.

Marie-Cecile Cervellon and Lara Shammas's study indicates that values of sustainable luxury should encompass consumer's' individual and social motives, socio-cultural values (conspicuousness, belonging and national identity) and ego-cultural values (guilt-free pleasures, health and youthfulness, hedonism, durable quality). Consumption choices create the individual self by saying something about the consumer or adding something to their self-concepts (Cha, Yi and Bagozzi, 2016). Therefore, supporting the idea that as affluent consumers find value in a meaningful, altruistic life, brands need to also be an extension of that in meaningful and authentic ways.

However, as stated before, the discerning luxury consumers is able to sense authentic, credible CSR from just one off transactions (Leadbeater and Okonkwo, 2007). Consequently, consumers would solely reject the brand if they find the brand is only profit driven and lack substance. With that, Marie-Cecile Cervellon and Lara Shammas's study show that consumers cast doubts in the legitimacy and genuineness of sustainable claims when brands are perceived as a 'showing luxury' due to overuse of the logo and mass production. Yet, ultimately, CSR activities provide positive emotions which promote diverse general wellbeing and happiness of consumers, which in turn can foster meaning as a sense of being and belonging. Building onto the Three Domain CSR Model (Figure 1) of allowing the luxury brands to benefit in economic, ethical, and legal domains. However, the gap lies in the "how" of choosing which CSR activity is most positively impactful to luxury brands.

2.4 CSR Collaborative Partnerships

Similar to previous studies, McKinsey & Company reported that, CSR activities can be categorized in four activities: pet projects, philanthropy, propaganda, and partnering or collaborations (Figure 3). Pet projects usually reflect the personal interest of a few executives, which can lead to confusion on the brand fit and usually offer minimal benefits to either business or society. Philanthropy is a corporate donation that usually has short-term benefits to the company itself. However, it does not help to sustain the relationship with the charity or organization. Propaganda CSR activities are similar to propaganda but the purpose of them are usually focused on building the company's reputation with minimal benefits to society. Lastly, partnering is a relationship based CSR activity that allows both parties to address long-term strategic challenges facing the company. It is a way to develop and create accrued significance that benefit both collaborators, thus co-creating value for businesses and society (Keys, Malnight and Graaf, 2009). Other scholars and societal actors have made statements that say CSR can only be fully developed in partnership; partnerships in which the exploration of new roles is a central element (Nijhof, de Bruijn and Honders, 2008). Mediator's report on partnership marketing states that effective partnerships consists of maintaining brand fit, customer's interest, good communication, shared values, and playing of both parties strengths (Mediator, 2014).

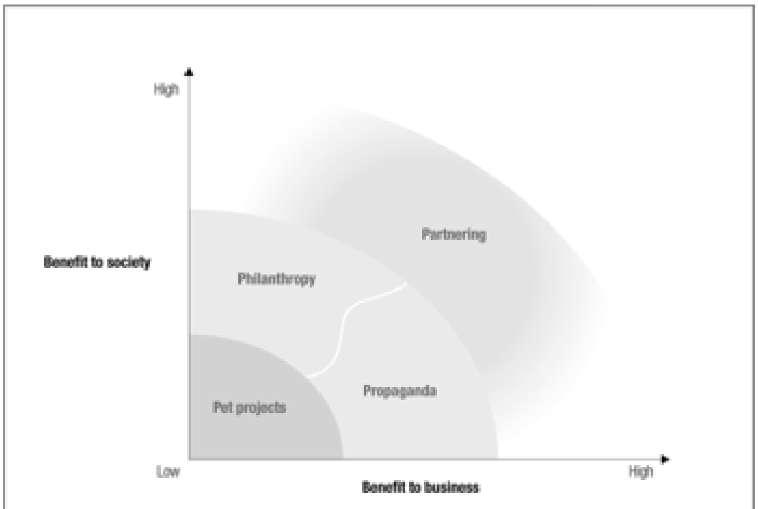

FIGURE 3 (KEYS, MALNIGHT AND GRAAF, 2009)

Figure 3: CSR Benefits to Business and Society

CSR Partnerships in Luxury

However, Guy Salter from Walpole states that collaborations in luxury can sometimes do more damage than good, so it is important to do it correctly (The Walpole, 2017). Researchers found that CSR information reduces the value consumers give to luxury brands associated with the pursuit of "perfection," (Long, 2017). So when determining and communicating CSR policies, CSR managers and brand managers of luxury firms need to carefully consider the messages associated with their brands. Walpole argues that the elements of true luxury brand collaboration is the marriage of equals. Furthermore, the best luxury collaborations are stated as an alliance of equals or near equals. Equality does not strictly mean an exact match in size or fame; rather, the balance of power. For example, Kering and LVMH environmental and social responsibility charters that take action in creating innovative ways in packaging materials, transportation options and production sourcing. These brands are partnering to complement their terms of craftsmanship, rare materials, and anchorage in tis origins (Cervellon and Shammas, 2013).

Luana Carcano suggests luxury companies can use a well-designed sustainability strategy to reinforce brand value and enhance competitiveness. Poret's study (2014) indicate three stages of partnerships: formation, implementation, and outcome. The formation stage involves both parties to come together in self assessment of objectives and clearly defined missions through mutual dialog and trust. The implementation stage involves commitment in complementary recognition of competencies and resources. While the last stage of outcome involves evaluative measurements of impact, response, and result. These stages will guide the formulation of the framework hypothesized in this research.

Brand Fit

To critically evaluate stage one, formation and implementation from Poret's study, there is a need to critically understand perceived fit or brand fit in collaborative partnerships. This is the perceived link between a cause and the firms product line, brand image, position, and or the target market (Kim, Sung and Lee 2011). For instance, CSR brand fit is rated high if a brand DNA and their strategy in CSR share similar values. Luxury fashion house, Fendi, partnered with the Italian government to a €2.5m restoration of the the Trevi Fountain, a historical landmark (Sphere, 2015). Fendi has a deep bond with Rome because the brand was found in the city 90 years ago (Gibbs, 2017). Fendi's support of the restoration was found to be a good brand fit for its deep rooted heritage, high quality craftsmanship, and its commitment toward stewardship (Fendi Online Store, 2015). Fendi was able to create a memorable opening of the historical landmark by holding its 90 year anniversary fashion show on the fountain. This partnership enhanced Rome's major economy driver, tourism, while repairing their baroque facade (Feldman, 2016).

At the same time, the collaboration positively enforced Fendi's brand's visibility, brand identity, and ultimately its brand equity. Brands that do not have a clear brand fit, can lose on bottom line values. For example, the case of Hulbot and its partnership with Depeche Mode, the pop group, to donate to a water charity for developing countries (Swithinbank, 2014). This was seen as a one off philanthropical, PR tool, that only created short term value to the partnership. The problem that could also arise is the lose of legitimacy and authenticity. Therefore, losing its credibility to its stakeholders and loosing long term advances. Ultimately, it is important that consumers do not perceive a discrepancy between brand concepts and CSR activities because this could cause confusion for the consumers (Cha, Yi and Bagozzi, 2016). However, despite numerous international reports on the benefits of collaborative partnerships in strategic CSR, there is a lack of understanding of how it can positively impact brand equity for luxury brands.

Brand Equity

Finally, to critically evaluate the last 'outcome' stage, of Poret's study, brand equity must be understood. Brand equity refers to the business outcomes that accrue to a product with its brand, compared with those gained if the same product did not have the same brand. Brand equity is perceived from customers because it factors in customer's perception of brand loyalty, brand awareness, brand association, trust in the brand, and the perceived quality (Iqbal, 2013). More than other industries, luxury goods trade on reputation and good will as they invest heavily in its visibility and its affiliation with leading social and cultural figures (Pinkhasov and Nair, 2014). While the primary purpose of product branding is to aid sales and profitability, the primary purpose of corporate branding is to embody the value system of the company and serve to promote and enhance corporate reputation. As stated in the changes of consumers, it is vital for brands to create a perception and identity about the company in the mind of the consumer since brand equity has to do with intangible value.

Theoretical Model Proposed Framework

This framework was put together based on Fahad Iqbal's components of brand equity (brand association, brand loyalty, brand awareness, and perceived quality), Schwartz and Carroll's three-domain model of CSR (possibilities of economical, ethical, and legal gain) and Kapaferer's components of luxury (tradition and craftsmanship, art and creativity, scarcity and timelessness, respect for materials, and high quality). As well as the concept behind brand-fit, which means choosing brands that have similar objectives, missions, and goals. Subsequently, moving on to the topic of strategic collaborative partnership in CSR. The proposed framework is also created based on the Network for Business Sustainability's diagram of Partnership Types by Scope and Shared Responsibility (Figure 4).

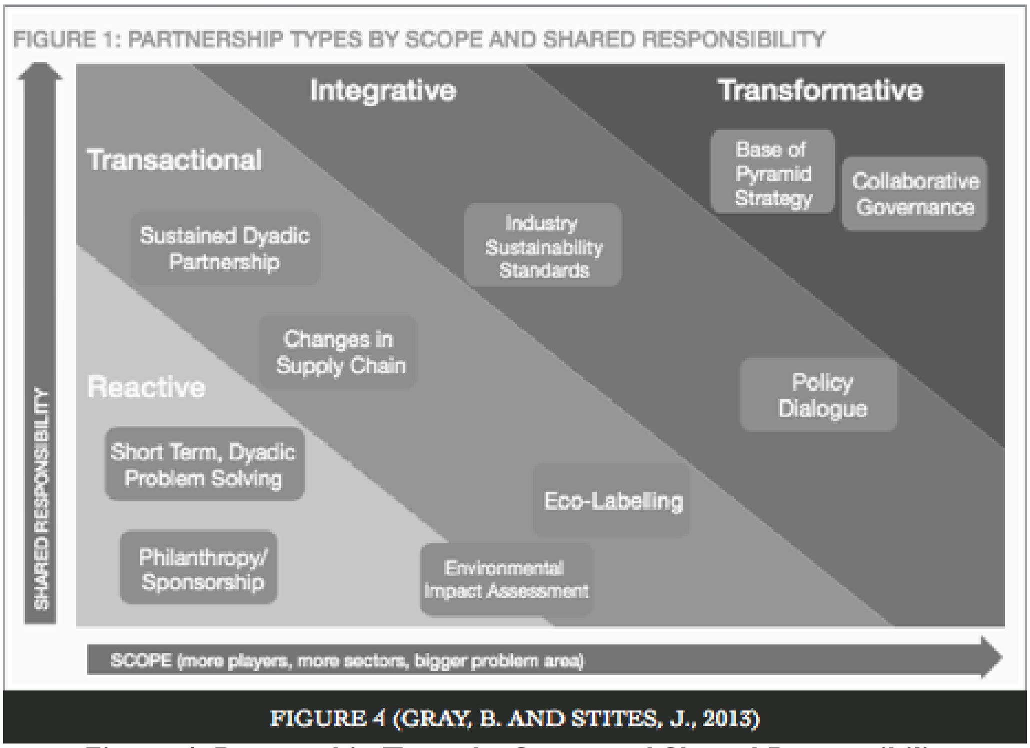

Figure 4: Partnership Types by Scope and Shared Responsibility

This diagram states that there are four different categories of CSR collaborative partnerships that determines the shared responsibility and the scope of the input. The Network for Business Sustainability's diagram demonstrates the importance of knowing what type of partnership you want and what type of value you want to bring to the collaboration. It is important to be mindful that collaborative partnerships can be highly valuable but risky for both units. For this reason, there must not be a discord in their set principles as individual brands. Thus, having a clear brand identity, brand objective, and brand expectation is crucial in the success of the partnership. If ultimately, the key success factor in socially responsible business practices is to be preemptive; choosing an issue that meets business as well as a social need; making a long-term commitment; building employee enthusiasm; developing and implementing infrastructures to support the promise; and provide open, honest and direct communication (Kathuria 2013); luxury brands will have to be extra careful in choosing and implementing its CSR collaborations.

The proposed hypothesis is represented by the Framework in Figure 5.

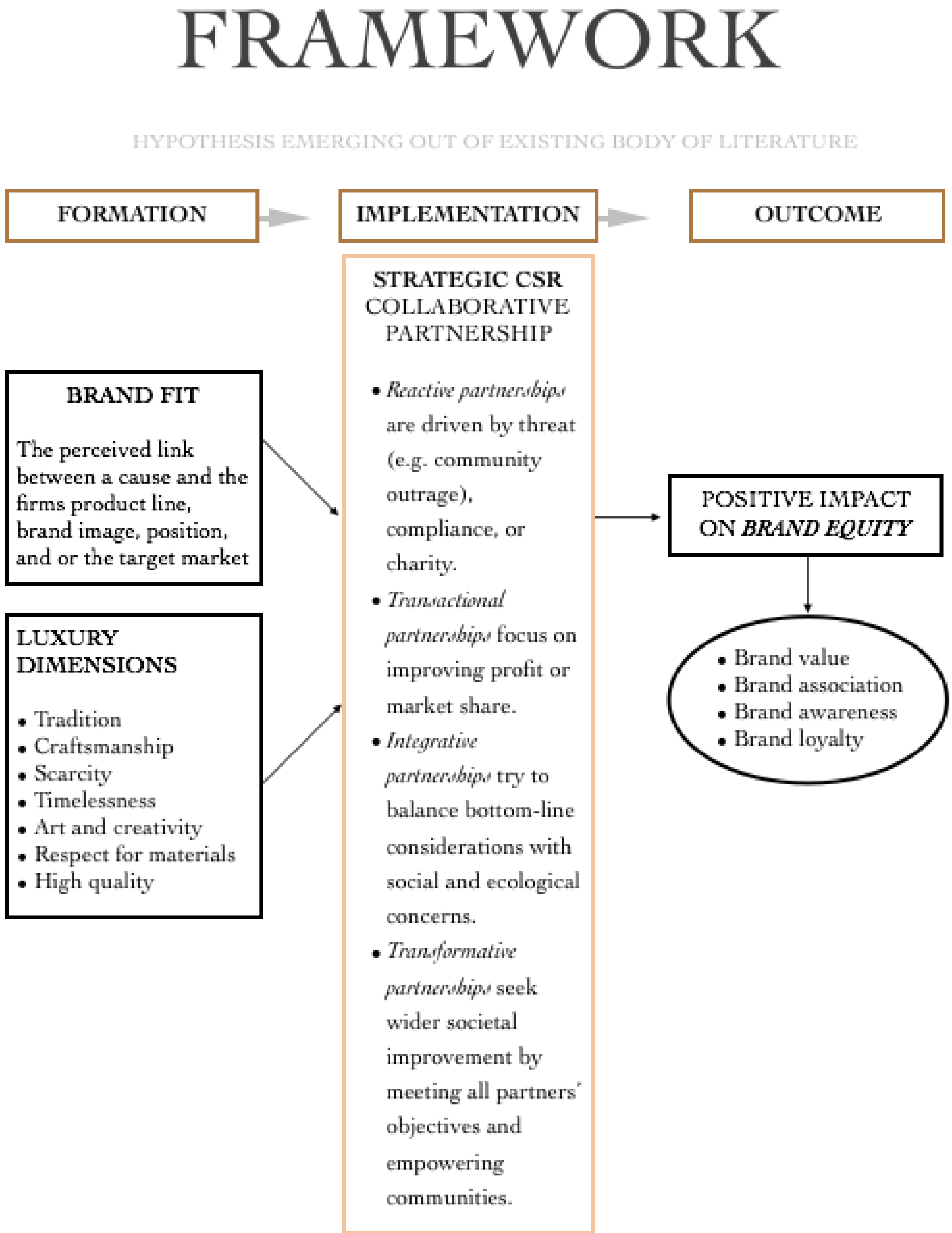

Figure 5: Luxury Strategic CSR Partnerships

3. Research Method

3.1 Research Philosophy

This research was approached by the deductive method which is concerned with developing a hypothesis based on existing theory, and then designing a research strategy to test the hypothesis (Research Methodology, 2017). In order to answer the research question, a proposed framework was hypothesized. This was created by evaluating existing theories and literature. Furthermore, qualitative research was chosen to describe and provide further understanding of this study and its contextual setting, while providing explanation of reasons and associations. The interview method was chosen to ensure all the topics were explained and reasoned, while also allowing an ease of conversation. Comparative case study was chosen to understand an existing business practice that has already happened and see the situation in a holistic view. Through the research, the effectiveness of the theory is evaluated.

3.2 Data Collection

Case Study

The advantages of case studies are that they allow multiple perspectives of events, phenomena or behaviors to be considered. These criteria allow for a higher credibility to the research. The case studies were measured against the framework hypothesis while being assessed by comparative design to evaluate a common ground.

In-depth Interview

The in-depth interviews were conducted and recorded through the phone and then transcribed to be coded. The open ended questionnaire was chosen when interviewing the participants because it allowed for flexibility when answering the question. The questions were also based around the framework and the underlying elements that make up the process of a collaborative partnership.

3.3 Sampling

Case Study

Case studies of Faberge and Noir were chosen to be analyzed because they are both luxury brands that advocate for strategic CSR and sustainability in its product cycle. For Faberge, the luxury jewelry company, uses stones from Gemfields, a company known for ethically-sourced, rare colored gemstones. While Noir, a fashion brand, uses organically sourced cotton from Illuminati II. Both brands have practiced and publicized its CSR collaborative partnerships. Making this analysis suitable for analysis. Also, both brands are luxury brands that stand by its luxury principles. Their presented CSR partnerships were with the bottomline goal enhancing its brand equity. Additionally, both companies are fairly young companies, relying on natural resources for its bottomline. This gave a foundation to critically evaluate the positioning of its brand and how its partnerships are valued.

In-depth Interviews

For the interviews, CSR consultants were chosen because they are experts currently working in the field. This means they have worked with a variety of clients with different missions and objectives to develop. Therefore, granting for a broader understanding of real life strategies that are implemented into businesses today. When choosing the CSR experts, a variety of professionals that could give different insights to the the topic was essential to the criteria. The prerequisite was for the experts were to have had a minimum of three years experience in CSR and is currently working in industry. Interviews were conducted to gain insight into individual evaluations of CSR in collaborative partnerships in the luxury industry. Two of the participants specifically consult luxury brands while the other two consult a mixture of medium to large corporate businesses. Two of the participants work for their own consulting agencies while the other two participants work for corporations that focus on sustainability and CSR. One of the corporate businesses is a CSR communication company while the other is a certificate business that incorporates membership for sustainable luxury brands to enhance consumer buying behavior. One of the participant who has their own consultancy for luxury brands, is also an author of a well known book that talks on mindful strategies for positive footprint. This mixture allows for a wider view on what is accepted in the industry. Although only four interviews were conducted, elite interviewees were chosen with high level of expertise in the subject matter.

3.4 Implementation

Case Study

When researching on the two brands, there was a focus to find the elements of how they chose and the level of partnership they developed. To do so, there was an analysis of the company as a whole, from its history to its needs and purposes. The study showed gaps in their implementation based against the hypothesized framework. From that, the effect on their brand equity was measured.

In-depth Interview

During the interview, the questions were open ended, in a semi structured way which made it easier for the participants to express freely their perceive on the matter. Due to the participants schedule, all interviews were conducted over the phone. Although this could be less formal, it allowed for more of an open discussion in the comfort of their time and space. Also, because the interview was not in person, recording and taking notes was not a hinderance to the interview. The interview questions asked about the industry as a whole, to strategic CSR, to collaborative partnerships, to brand equity, to finally building up to framework. Each interview was a minimum of 40 minutes. The interview was conducted using a discussion guide which facilitated the respondent's views through open ended questioning. Projective techniques was also incorporated to let the participant respond to ambiguous stimuli, revealing hidden emotions and internal conflicts. Coding was used to simplify the transcribed interview. The collected data gave a clearer understanding of the industry and helped to analyze whether the hypothesis was valid.

4. Case Study of Noir and Faberge

4.1 Noir

Noir Illuminati II is a Danish luxury fashion label with a conscience. Without compromising on its quality, the business is divided into three major sections: Noir, Bllack and Illuminati II. Noir is the high-end flagship collection; Bllack is the more budget friendly diffusion line that targets the younger eco-savvy woman and Illuminati II is its luxury organic cotton brand(Inspiremeplease, 2009). The brand is based on a ethical business model that remains committed to upholding the human rights standards set by the International Labour Organisation (ILO) and the UN Global Compact. All of the textiles used by Noir Illuminati II are Fair Trade and organic. Prior to founding Noir and Illuminati II in 2005, Peter Ingwersen, was the brand manager at Levi's Vintage and Levi's Red, and CEO of Day, Birger and Mikkelsen. His experience in fashion gave him insights into the ecosystem of the industry as well as the important need for high quality materials.

The Need

Before creating this brand, Peter Ingwersen noticed a high link to guilt with purchases, similar to the concept of "letters of indulgence" during the protestant revolution of buying such letters to clear one's conscience. Which relates to the changes we are seeing in the affluent consumer. Thus, wanting to bring positive association with the act of conspicuous consumption to reduce the guilt and increase the attractiveness of the product that much more. However, when looking for organically grown cotton, he could not find anything that had the quality he was seeking. Soon, the vision of the company changed, making it their mission to deliver organic and fair trade cotton fabrics, ensuring sustainability of the Humane Business Model from the heart of Africa (Hamschmidt, 2011) Most organically grown cotton is produced in India, China, and the US. However, with Peter's vision, he reached out to several Sub-Saharan governmental organizations with the idea of partnership; however, only Uganda showed interest.

Proposed Solution

The collaboration was successful in that the farming was done on government owned land, with 500 local people employs working on the fields. They found it important to develop all processing locally and and creating stable, ethical jobs for the local people. Also, they partnered with a local companies such as Gulu Agricultural Development Ltd and DANIDA, to manage the day-to-day work with the farmers and the crop. They also set up the Noir Foundation that recycles a percentage of the firm's revenues and profits to support the cotton workers. The support is relayed to them through an NGO in the form of essential medicines and healthcare (Hamschmidt, 2011).

Even with all the CSR activities and partnerships, they focus on the quality of the cotton as they treat all of the cotton to create what they call 'cotton couture'. The coated cotton gives the impression of rubber while the cotton silks have a luxurious feel, creating beautiful clothes and collections (Oppenheim, 2006). Through this, Illuminati II project was founded with the aim of securing a stable supply of organic and fair traded cotton textiles as well as refining and improving the quality of the cotton to obtain a quality which was applicable for a luxury brand. It would be a company that upheld ethical standards in all links of the supply chain based on strategic CSR principles. The fact that the cotton is grown organically means that there is a special focus on the environment and the health of the people who grow it. The fair trade certification of the cotton ensures a fair price and focus on good working conditions for the farmers and respect for the local communities involved.

CSR Collaborative Partnership Theory

Noir's CSR activity was a way to develop relationships they had with the whole ecosystem of the brand, from the customers, employees, suppliers, governments, local communities, and the environment in a holistic manner. By engaging proactively in society, and acting in a responsible manner, they were able to create value not only for themselves but also for society in a broader sense. This is in line with the concept of strategic CSR as it incorporates sustainable practices inside the business as well as the outer functions of the firm to create shared value for the company as well as for society. Similarly to the Three-Domain Model of CSR, their strategic CSR in collaborative partnership went beyond just economical and financial gain. The benefits also included an improved brand perception, reduced risks, environmental protection, societal changes, better staff attraction and retention, and much more. The CSR element of Noir supports smallholder farmers in Uganda who produce organic cotton on fair trade principles, and in the long run, keep the whole production line in Uganda, which enhances the chance of farmers to develop through trade and business.

This case study is congruent to the proposed hypothesis as it shows every element developed into a positive impact into its brand equity. Based on the Partnership Types Model (Figure 6) the Illuminati II's case is positioned at Transformative. This means that the business seek wider societal improvement by meeting all partners' objectives and empowering communities. This is the highest tier of partnership, which allows for the most value for both contributors. Businesses that respond at this level not only embeds sustainability in every aspect of its operations, but they tie it into their strategic objectives. There was a clear brand fit that solved its need for premium quality cotton and they were able to use strategic CSR in collaborative partnership with Uganda to build a solution. Their brand has seen a continual growth in internal and external value integration and monitored success. Therefore, favorably benefiting the overall brand equity of Noir.

4.2 Faberge

Founded in 1842 by Gustav Faberge, the House of Faberge was famous for the 50 jeweled eggs that were commissioned by the Imperial Russian family between 1885 and 1916 (Gosden, 2017). However, during the Russian Revolution, the House of Faberge was brutally shut down. Years after, the name was tossed around by several companies, making the name, Faberge, known for its mass-market fragrance brands such as Brut, the aftershave and toiletries range. This was detrimental for its brand value and, hence the need for rebranding. Years later, Unilever for $1.55bn in 1989. After, in 2007, they were acquired by Pallinghurst and relaunched in 2009 with the first new collection since 1917 (Financial Times, 2017). Finally, in 2013, Gemfield acquired the brand in hopes to create a globally recognizable brand that holds onto its unique heritage and history of excellence.

Gemfields is a world leading supplier of responsibly sourced coloured gemstones, specialising in rubies from Mozambique and emeralds and amethysts from Zambia (Gemfields, 2013). Gemfield's website states that its sustainability approach centers on facing up to the challenges of mining in countries where bribery and corruption, land rights, environmental impacts and sustainable development.

The Need

Since the brand's relaunch in 2007, the brand has been using different strategies to build and regain its brand equity. In 2013/2014, Faberge launched its first advertising campaign within Gemfields, 'The Art of Colour'. This allowed for higher levels of awareness and time to build perceived quality. Their rebranding also involved legally gaining the right to the name, creating new designs and opening its new flagship boutique store in London (Kanazir, 2017).

Proposed Solution

To celebrate its new flagship store and the Queen Elizabeth II's diamond jubilee, they held an egg hunt in partnership with around 200 artists and designers, such as the Capman Brothers, Diane von Furstenberg, Zaha Hadid, Prince Charles and the Duchess of Cornwell (Jones, 2014). These artists and designers painted meter high fiberglass eggs to later be scattered across selected locations around London.

The Faberge Big Egg Hunt, in London Spring of 2012, was a charity fundraising campaign, in aid of Action for Children and Elephant Family. Participants had forty days to locate the various giant eggs around London. Action for children is a NGO that help disabled children through fostering or adoption by intervening early to stop neglect and abuse (Action for Children, 2017) While the Elephant Family is a foundation that conserves elephants which in turn protects the ecosystems and helps sustain the wealth of wildlife (Elephant Family, 2017). Although these two charities have admirable missions and goals, they do not have much relevance to Faberge's brand DNA, lacking in perceived fit. The collaborative partnership only allowed for temporary recognition to the NGOs and the Faberge brand, but did not create credible value from the collaborative partnership.

Even so, together, the hunt attracted 12,733 paying participants. Hunters had to pay £3 by text message to find the eggs, in which £2 went to the charities. Once they started to play, they were entered into a competition to win a golden egg made by the sponsor, Faberge. Together, the two charities raised £1m after costs. The bulk of the cash came from selling the eggs at auction; while £38,000 was donated by text message. The egg hunt in New York City did not do half as well as the one held in London (Kanazir, 2014).

CSR Collaborative Partnerships

As stated before, the partnership allowed the NGOs to raise money and gain awareness about its causes, while Faberge was able to create awareness and build up its new brand image; however, in the perspective of building brand equity, it came off as only a one off PR tool. Even though the event created a lot of press and real-world chatter on social media, the shortcoming was in the gap between relevance and the value fragmentation. The Faberge Big Egg Hunt illustrates the classic superficial use of CSR partnerships where the impact is not always lasting or even positive. Which can be seen in the lack of synergy between the philanthropic effort and Faberge's core brand DNA (Pinkhasov and Nair, 2014). This could lead to stakeholders questioning the authenticity of the CSR and possibly even loosing credibility to its brand.

According to the proposed hypothesis, there was a lack of brand fit in the choice of partnership. The brand fit is important in allowing the partnership to be effectively understood by the consumers. As stated before, if there is discrepancy in the brand fit, there is a higher chance of negative view of the partnership, even restricting the brand to be seen as just 'green washing'. Although the luxury dimensions were supported by the partnerships of renown artists and designers, the brand fit was not strategically judged when looking at who they were partnered with for the NGOs. Even though one can argue that there is a slight correlation to the partnership with children and Easter Egg Hunts, there is no correlation to Faberge and Elephants. Misha, the co-author of Real Luxury states that despite the collaborative effort, each partner sought to leverage their involvement for their own needs, and did not create shared value to extend to beyond the event itself (Pinkhasov, M. and Nair, R., 2014). Also, based on the strategic CSR concept, Faberge's one off event did not portray a partnership that builds into the bottom line of the business. Again, this can lead to nullifying the partnership to a superficial level of collaboration.

In addition, based on the Partnership Types Model, this event was only on the first level scope of being "reactive", which shows that it was only short term, philanthropic and sponsorship related that can only allow for shallow values shared by both parties, thus not allowing for a transformative partnership with higher levels of impact. The hypothesized framework also breaks down brand equity into four elements: brand association, brand loyalty, brand awareness, and perceived quality. For luxury brands, upholding brand equity is essential in maintaining leadership status. In this case, Faberge was not able to gain the most from its CSR partnership because of its inability to find a brand fit that their consumers could understand. Hence, they were unable to fully impact their brand equity positively.

5. Overall Case Study Discussion

The case study analysis proves the proposed hypothesis correct. Brands have to understand its brand and stay loyal to the concept of luxury when choosing a CSR collaboration. Then, plan a CSR partnership that is strategically integrated with core business objectives and core competencies to build positive business, social and environmental value. The model in Figure 6 is the comparison of both brands tested through the proposed framework:

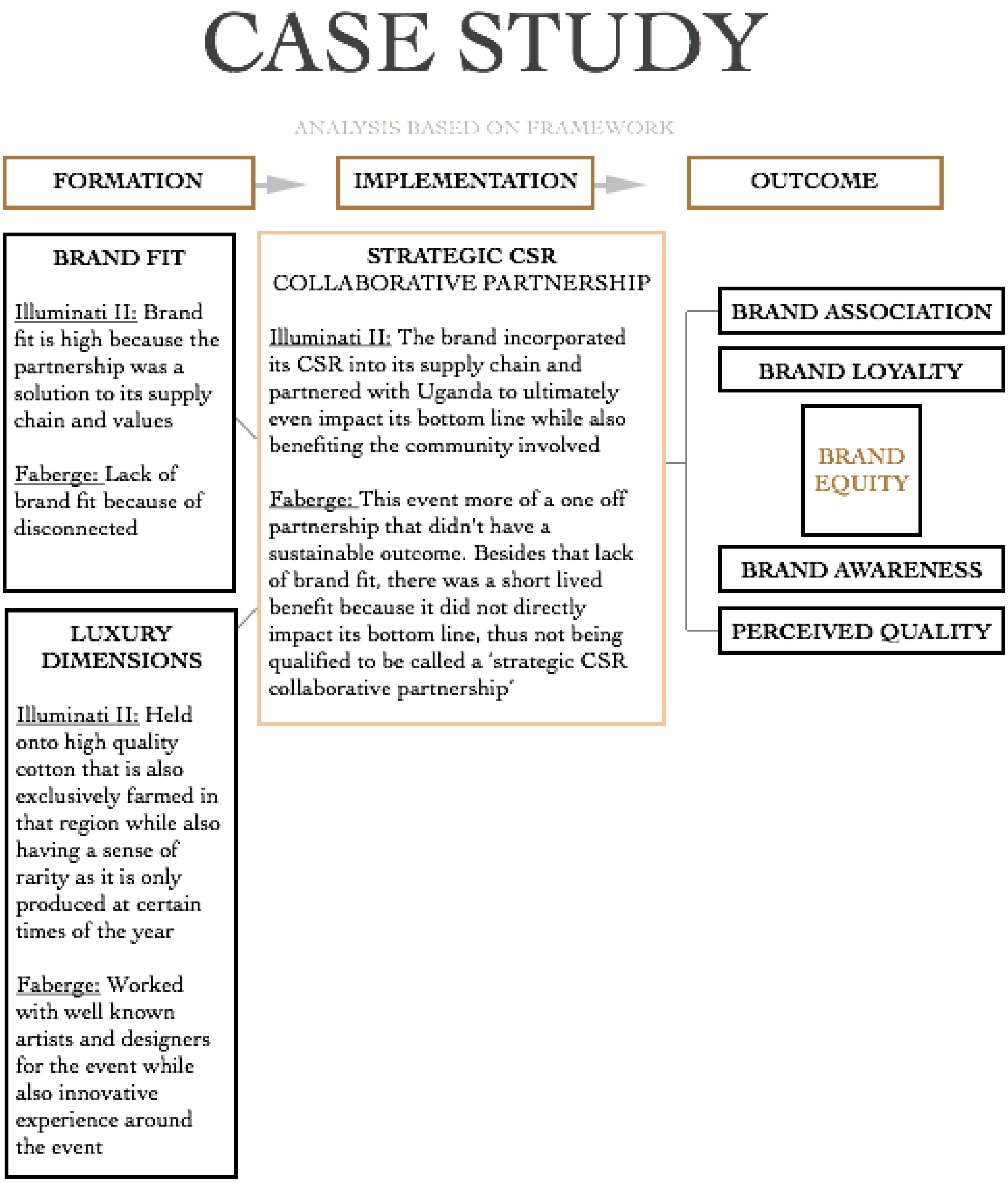

Figure 6: Noir and Faberge Partnership Analysis Based on Framework

5.1 Interview Discussion

Shift in Consumers

As emphasized before, the luxury industry as a whole has seen changes as the affluent consumer behavior sees changes. All the interviewees agreed to this statement. Participant four commented that this is because there is a growing expectation from citizens since people are more educated and better informed. Participant one points out that both millennial and older consumers are more engaged in social causes and experiences, but for different reasons. The growth of technology and information has been a key driver in the shift of millennials, as people want more transparency and authenticity. Participant two states that one in three millennials are caring about CSR because there is a shift in the values of trust and purpose. They are asking where things are from and what things are made out of. The phrase "you are what you wear and what you eat" is coming in as more people are expecting brands to share their values. On the demand side, the older generation want to simplify their lifestyle. Participant four emphasized that the trends that we are seeing is that people are more savvy and that brands need to be prepared to be transparent because people will dig out to know what is happening.

It is also vital to remember that brands can lose high levels of credibility not only from consumers but also from investors, therefore, it is important to always have control over that.

The relationship between a customer and a brand often shifts from functional to symbolism because the brand helps to project a self-image. Because of this, it is important to realize what the consumers are wanting to portray as their self-image. Interestingly, participant one also mentioned that the eastern Asian culture of meditation and simplicity is influencing the western affluent consumers as the western culture of consumerism is having an influence on the eastern Asian culture. But there could be a discrepancy based on the understanding of people with "new money" and "old money". However, on the supply side, that same dynamic, is something we are seeing among the employees in luxury brands as they are demanding a more purposeful employment. Besides the fact that expectations of the consumers are fluctuating, there has also been a shift in voting power. Participant one emphasized the importance to know that everyone is interchangeably a consumer, producer and citizen. Employees are wanting to create something more valuable and fulfilling. Similarly to what Paul Dillinger stated, that people are starting to realize that every dollar they spend is a vote, a public demonstration of their values. This makes it an interesting time for social responsibility. All the participants emphasized on the fact that whatever the shift, the luxury industry needs to be a leader in the market to make changes before it is demanded of them, and hopefully for the mass markets to follow.

Brand Fit

Each interviewee highlighted the fact that there is a need to have a clear relevance to the business core competence and values to its CSR activities, especially when it comes to collaborative partnerships. Participant one said that if there is a discrepancy, there is a higher chance of skepticism. This is especially important because it can affect brand association and brand value of the brand equity. However, the collaborative partnership does not have to be limited by just the company's values, it can also be relevant to the process, the product, or to the brand holistically. For example, Louis Vuitton collaboratively partnering with the arts because of the connection with creativity and craft. Brands need to ask themselves what the collaboration has to do with my brand and are they the best to do this.

Participant three pointed out that the more businesses embeds social purposes into the company and the clearer the objectives are, the easier it is to monitor and measure the metrics of the CSR activity. Brands need to articulate its social values in ways that people can see the value from it. Participant two quoted that companies has to look holistically at its brand and see if it is the right fit with the brand, while asking how this partnership is going to affect the brand reputation, and does that make sense. Also, it is important to consider the long term benefits and how it will communicate the CSR if it is imbedded into the marketing.

Participant four stated that when choosing the CSR activity or the collaborative partnership, companies need to be delivering on three areas: credibility, relevance, and that it is distinctiveness. What is credible needs to stand up against genuine, real sustainability drivers that are out there that need to be addressed. The chosen partnership needs to be credible with the brand but also with the industry to be seen as a leader in the chosen space. Relevance is also essential to not confuse the stakeholders. Just as participant one stated, participant four stated that if brands comes up with something that sounds completely alien to its consumers, its own employees, plus, if they are basically going against its own brand, brand voice and the qualities they are trying to instill, than no one will to take the CSR seriously. Or worst yet, they might think it's just green wash because it is no perceived relevance. Last but not least, the partnership needs to be distinctive. Distinctiveness allows the collaboration to have competitive advantage for those that are participating. It is the thing that will make any consumer value one brand over the other, thus lead to higher margins and higher brand equity.

Luxury Brand Principles

The luxury brand dimensions are the sum of all the distinctive qualities of a brand that results in the continuous demand and commitment of the customers to the brand (Hoffmann, 2014). Any luxury strategy whether it is marketing or branding, is always loyal to the luxury brand principles. That is because the biggest part of the brand value is generated by imaginary and intangible assets of the brand.

In the hypothesized framework; tradition, craftsmanship, scarcity, timelessness, art and creativity, respect for materials, and high quality, are the principles that majority of luxury brands should stand by. Participant four relayed that in the luxury industry, consumers tend to expect that the process and the supply chain to be already dealt with. These are things that people don't need to know; whether it is: where the clothes come from or how the supply chain is because it should just be the ethical standard.

Luxury versus Mass Brand CSR

When asked if there was a difference between luxury brand CSR collaborative partnerships versus mass brands, the participants all agreed that the luxury concept needed to be considered. Participant one interestingly stated that luxury brands have more of an opportunity to lead its consumers. They will have the capacity to say "this is cool", and mass markets have the capacity to say "isn't this cool?". Luxury tells the customers what they need to do, thus leading them to have an competitive advantage over other brands. Yet participant three stated that they thought the difference between luxury and mass brand CSR partnerships lie mostly in the integrity of the brand, as they are not so much interested in driving sales, but to tell the world they are a good brand. The interviewee stated that for luxury brands, telling the world that you are investing in social good is not incremental to your sales. While for mass market, it is more about green washing and bottomline financial goals. Participant four similarly stated that they expect luxury brands to be more sustainable when it comes to products because mass brands tend to focus on quick turnover and consumerism while luxury brands focus on creating quality over quantity. This supports the literature review's statement of luxury businesses being more vertically integrated in its processes in supply chain, making them more sustainable.

Strategic CSR in Partnerships

As defined before, strategic CSR incorporates sustainable practices inside the business as well as the outer functions of the firm to create shared value for the company as well as for the society. Strategic CSR supports the core business activities. Surprisingly, before even asked about the term 'strategic CSR', the interview participants were already stating the importance of this type of CSR without using the exact term. Participant three stated that the main purpose of CSR is to engage companies in profit with purpose strategies into the core of its business; not doing it as a add on or an after thought to do social good while also being relevant to the company. Also, the interviewee stated that the partnership needs to know what both parties are looking for, what they can give to the partnership and how it can forward both parties by impacting multiple areas. Again, participant four emphasized that by choosing just any partnership, the CSR can be negatively seen as just philanthropic. The problem the interviewees saw was that many companies do CSR to get people off their back or a risk management strategy rather than a way to have internal and external impact. Companies need to move to the stage of realizing they should not separate social purposes to the core purpose of the business.

Types of Partnership

Brand equity can be built on well developed strategic collaboration, not on a collaboration that is chosen randomly from the head managerial team wanting PR or a fundraiser that raised money for a particular cause. This does not allow for a genuine change in that field or even to the world. This supports the collaborative partnership levels in the proposed framework. The proposed framework indicates different levels of partnerships and the collaborations that makes the most impact are the ones that are transformative, which allows for both partners to seek wider societal improvement by meeting all partners' objectives.

Authenticity

If the partnership is not making the brand's own supply chain better or is not gaining something, the market can have a higher skepticism of the partnership. Donating charity, like money or expertise to an organization that does not somehow impact its own company, is just seen as PR. Thus, participant four focuses on the fact that whatever partnership brands take, they need to make sure it makes strategic sense to the business and to the partnering organization to create more of an authentic and believable collaboration.

Figure 7: Positive Luxury Mark

Participant two also brought up an interesting point that in luxury brand CSR activities, there is an utmost importance to having other people talk about you to create authenticity. Creating authenticity and believability in CSR practices in the luxury industry has been an issue since the beginning of the sustainability movement. However, participant two states the importance of a third party, that is neutral, has the ability to evaluate brands with assessment, and with an unbiased approach. These third parties can be marks, such as the Positive Luxury butterfly symbol (Figure 7) or a certificate of its policies. At Positive Luxury, brands must pass with a 80% minimum to qualify for the mark which ultimately helps the customers buy better. Although each industry is different (beauty, automobiles, fashion, etc.), there needs to be a standard approach to the development of CSR in luxury brands.

To participate in CSR, many companies choose to create foundations that are separate from the company. However, participant three states that this approach is the wrong way to go about CSR. The interviewee's experience in creating successful foundations did not change the fact that they believe companies need to move on to not separating social purposes to the core purpose of its business. For example, when companies have its CSR on the side and just do volunteering, wearing t-shirts on the side, there is less of a positive impact on the long term for both parties. Thus supporting the idea that CSR should be about integrating the bottom line and the supply chain, creating strategic CSR in collaborative partnerships. Also, participant three observed that when companies separate its CSR from its core business, the activities become less visible. Which leads back to the proposed hypothesis about Strategic CSR in collaborative partnerships. In the hypothesis framework, the reference the level of partnerships from reactive partnerships, transactional partnerships, integrative partnerships, to transformative partnerships. These partnerships indicate how much the collaboration will benefit from the partnership.

Brand Equity

Brand building becomes a priority when 'the brand' becomes more important than the product or service itself (Hoffmann, 2014). This is essential to luxury brands because ultimately, good brand equity leads to a higher brand value and higher financial gains. The interviewees were asked what is considered a successful strategic CSR in collaborative partnership and how it is monitored to measure. It is significant to know the value of the CSR activity and for companies not to see it just as a cost or a minus in its books. Participant one voiced that CSR collaborations are successful if it has reformed the culture of the company and sees itself as a positive impact into society. Also, it has to have had relevant impact, in other words, there has to have had meaningful contribution to the business and society, "beyond just throwing money at the problem". One of the participants even stated that the impact is the "holy grail of CSR". CSR is about changing society rather than just a PR value activity. However, Participant two contradicted that statement by saying that it is about embedding CSR into the marketing department for it to be a valid part of the communication plan. This is understandable because although participant one and two both are consultant, its companies focus on different areas of CSR, one being internal sustainable strategies and one being communication marketing.

Measurements
All the interviewees affirmed that it is necessary for brands to know its roadmap by having SMART objectives and measurable tactical goals to follow. Knowing the metrics and setting benchmarks also keeps companies on the right track. Basically, if companies have good strategy, purpose, vision and metrics to measure the progress, while having clear objectives that is monitored, then companies are in good shape to analyze and report the strategic CSR collaborative partnership. However, participant two admitted that it CSR can be hard to measure because there are long term benefits that could be influenced by a multitude of reasons, as well as intangible assets that are gained through the process. This is the reason it is vital to have the CSR embedded into every part of the business's strategy.

When it comes to collaborative partnerships in strategic CSR, there can be high levels of cynicism. All the participants highlighted that people can tell the difference from green washing and real embedded CSR partnerships. This is why metrics are crucial in partnerships. Nonetheless, the success of CSR partnerships depend on the company culturally, and how they see it as as value generator. Participant three accentuated that the consultants have to understand its client's definition of values to understand what the company would consider a success.

Despite the indefinite measurability, Participant one interesting pointed out that it is important to communicate and to admit to stakeholders on the fact that CSR is difficult to measure. Nonetheless, it is paramount to communicate that this is only the first step, a road map, or a game plan to a continued act of social responsibility for the company. This is also a good way fend repressed critics from denouncing the CSR efforts. For example, Kering was one of the first global luxury groups that publicly reported its EP&L (environmental profit and loss) to be transparent as well as to be a leader in educating others how to do so. From there, they came out with a report ensuring all hazardous chemicals have been phased out and eliminated from our production by 2020 (Kering, 2012.).

Participants four mentioned that it is much easier for companies that have sustainable practices in its core, to build brand equity from the CSR partnership, opposed to retrofit brand equity into a company that maybe didn't begin to promote social responsibility. This can allow to create more authentic partnerships; however, ultimately, brand equity is built by action. So if a brand shows that they are actually doing something in the right space, and showing people rather telling them what they are doing, brand equity can be positively impacted. People will know that this is a brand that stands for more than just creating profit. Therefore, this can influence brand loyalty in influencing purchase decisions, but also in long term, brand loyalty can be easier held onto when something goes wrong. This supports the framework that indicates the positive impact of the brand's equity as a whole when contributing through strategic CSR partnerships.

6. Conclusions

When asked if the hypothesized framework was agreeable, all participants stated that it was, but mentioned that this is only one way to use CSR to create brand equity. But in the context of strategic CSR in collaborative partnerships, it satisfies the requirements for brands to follow. This indicated that brand fit is essential to forming relevant and credible partnerships. While the luxury dimensions are key principles to stand by as the partnerships are considered in order to maintain a the luxury strategy. Then, it is essential to be distinctive in choosing what level of partnership you will be involved in based on to measure the impact of the strategic CSR. In this stage, it is imperative to have SMART objectives and benchmarks to monitor the partnership. From there, as the relationship evolves and observed, it is necessary to measure the success of the partnership to see if the impact on the brand equity of the collaborative was a positive one, not only for the brand but also for society as a whole.

Overall, businesses that are unable to base collaborations on transformative levels of partnership can only see short term benefits, if even that. The key is to have benchmarks to monitor and measure goals and objectives that align with the mission, vision and DNA of the brand. Accordingly, the intangible values will become tangible value through the positive impacts attained by brand equity.

A new chapter is being crafted in the CSR world as strategy is implemented and true impact is measured. For too long, the leading driver behind CSR activity has been the 'fear' factor and has been increasingly used to prepare against risks and green credentials. However, as stated in the literature review, if luxury brands are able to see CSR as a fuel for the engine of business growth and development while contributing to social and environmental sustainability, business as we know it can be positively impacted. The tangible value of the product or service, whether it may be the perceived quality or a feature of excellence, is enhanced through symbolic value, especially for luxury brands. Thus, as the affluent consumers are progressing to sustainable and healthier lifestyles, the focus for luxury brands should be on creating extensions of those aspirations to build a successful branding strategy. Those branding strategies should entail strategic CSR development equates to positive impact in economic prosperity, environmental integrity, and social equity. Brands should recognize that these can offer a unique opportunity to encourage innovation, boost competitiveness and generate bottom line results.

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