



# Contrasting Reactions to the Same CSR Initiative - The Case Study of LUSH's #SpyCops Campaign

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## ***ABSTRACT***

**Dissertation Title:** Contrasting Reactions to the Same CSR Initiative – The Case Study of LUSH’s #SpyCops Campaign.

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**Keywords:** Controversial CSR; Reputation; Image; CSR Attributions; Consumer-Company Identification.

CSR initiatives are an emerging and rapidly expanding strategy used by firms to achieve competitive advantage. However, in today’s socially charged environment, the connection between CSR initiatives and stakeholders’ interest and approval is not so straightforward. Companies have ventured into CSR initiatives that might be considered controversial and polarising.

This dissertation outlines a case study based on a controversial CSR initiative - LUSH’s #SpyCops campaign. LUSH is no stranger to controversial social initiatives. However, the dimension of the backlash originated by the #SpyCops campaign was something LUSH could have never predicted. This campaign divided the public opinion, the general public heavily opposing the initiative, with the hashtag #FlushLUSH trending on Twitter UK and Lush’s Facebook rating dropping 1star in just the first day of the campaign, and a group composed mainly by LUSH’s loyal customer base that reacted in support of the campaign, resulting in a sales increase of 13%.

With this case study students will have the opportunity to conceptually explore the reasons behind this unexpected outcome through the analysis of relevant moderators of the relationship between a CSR initiative and consumers’ perception. The students will also be exposed to the dynamics of consumers’ different opinions of the same CSR campaign and how the success of a campaign relies on complex interplay between consumer associations, Consumer-Company Identification, and CSR attributions.

## ***SUMÁRIO***

**Título da Dissertação:** Reações Contrastantes à Mesma Iniciativa de CSR – O Caso de Estudo sobre a Campanha #SpyCops da LUSH.

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**Palavras-chave:** CSR Controverso; Reputação; Imagem; Atribuições de CSR; Identificação Consumidor-Empresa.

As iniciativas de CSR são uma estratégia emergente e de grande crescimento utilizada por empresas para conseguir uma vantagem competitiva. Contudo, no ambiente socialmente carregado de hoje, a ligação entre iniciativas de CSR e o interesse e aprovação da comunidade não é muito clara. Algumas empresas aventuraram-se em iniciativas de CSR que podem ser consideradas controversas e polarizadoras.

Esta dissertação apresenta um estudo de caso baseado numa iniciativa de CSR controversa – a campanha #SpyCops da LUSH. A LUSH não é alheia a iniciativas sociais controversas. Contudo, a dimensão das reações negativas provocadas pela campanha #SpyCops foi algo que a LUSH nunca poderia ter previsto. Esta campanha dividiu a opinião pública, o público geral opondo-se à iniciativa, com o hashtag #FlushLUSH sendo um dos mais utilizados no Twitter UK e a classificação da LUSH no Facebook a perder 1 estrela só no primeiro dia da campanha, e um grupo composto principalmente por fiéis clientes da LUSH que apoiaram a campanha, resultando num aumento de vendas de 13%.

Com o estudo deste caso os alunos vão ter a oportunidade de estudar as razões por trás deste resultado inesperado através da análise de moderadores relevantes para a relação entre uma iniciativa de CSR e como os consumidores a interpretam. Os alunos vão também ser expostos à dinâmica das diferentes opiniões de consumidores sobre a mesma campanha de CSR e como o sucesso de uma campanha depende da complexa interação entre as associações de clientes, Identificação Consumidor-Empresa e atribuições de CSR.

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## ***1. INTRODUCTION***

Scholars of many different fields have studied a corporation's social initiatives for many decades (Berle Jr., 1931; Davis, 1960; Dodd Jr, 1932; Frederick, 1960, as cited by Aguinis & Glavas, 2012). However, only in the later decades has Corporate Social Responsibility (CSR) taken a centre stage position when it comes to Management Literature (Aguinis & Glavas, 2012).

In today's highly competitive markets, CSR initiatives are an emerging and rapidly expanding strategy used by firms to achieve competitive advantage (Porter & Kramer, 2006), by differentiating from competitors and improving their Reputation (Fombrun & Shanley, 1990). Supporting the argument that "not only is doing good the right thing to do, but it also leads to doing better" (Bhattacharya & Sen, 2004, p. 9).

An issue that is often mentioned but not so often discussed in depth by the literature is that CSR is not an infallible strategy and can sometimes backfire. Stakeholders can negatively perceive CSR, and these negative interpretations can negatively affect consumers' satisfaction levels. Importantly, costumers satisfaction has been found to be a significant mediator through which CSR initiatives lead to increased market value (Luo & Bhattacharya, 2006).

There are many reasons why stakeholders' perceptions vary when it comes to CSR initiatives. One moderator of stakeholders' perceptions of CSR proposed by Choi, Chang, Li, & Jang (2016) is cultural characteristics, more specifically that Collectivistic societies tend to favour CSR initiatives from domestic companies over CSR initiatives from foreign companies. Ellen, Webb, & Mohr (2006) found that both the fit between the company's core business and selected cause, and the longevity of the company's commitment to the cause were also moderators; the higher the fit and the longer the commitment, the more positive are stakeholders' associations. Bhattacharya & Sen (2004) state that a consumers' own support of the cause and their level of identification with the company are also moderators of CSR perceptions, the higher their support of the cause and identification with the company, the more likely a consumer is to make a positive assessment of the CSR initiative.

The real-life case of LUSH's #SpyCops campaign is an excellent example of the varying perceptions of CSR initiatives by different audiences. This campaign's primary goal was to bring light to the ongoing inquiry regarding an old branch of undercover police. In order to infiltrate activist groups, officers of this police squad would infiltrate the private lives of

members of such groups, most often women. The victims heavily criticised the inquiry as being a farce that allowed the cover-up of police malpractice. However, this CSR initiative was perceived by the general public as anti-police and was met with heavy criticism, ranging from numerous negative reviews on Facebook to a boycott movement against LUSH with #FlushLUSH trending on Twitter. Despite this public reaction, LUSH managed to increase its sales by 13% during the weeks the campaign was running (Saner, 2018).

The explanation for this unexpected outcome lies on the fact that the people behind the boycott and LUSH's customers, unsurprisingly, are not the same. As said by Bhattacharya and Sen (2004) "there is significant heterogeneity across consumers in their reactions to CSR initiatives; what works for one consumer segment does not work for another" (p.14). The ones calling for the boycott were not familiar with what LUSH stands for, seeing it merely as a cosmetic brand. On the other hand, LUSH's primary customer base, the self-proclaimed *lushies*, know that CSR is in the core of LUSH's business. LUSH's values are often the reason why their regular consumers connect with the brand. The *lushies* sided with the brand, defending it on social media and many of them even purchased more items than usual to cancel out the boycott.

This dissertation will focus on this real-life event to create a case study where various concepts of the field of Corporate Social Responsibility can be applied and studied. This work is structured into six chapters, the first being this introduction. The second chapter will be a Literature Review on concepts within the field of Corporate Social Responsibility, that will be applied to the case study. In the following chapter, the case study of LUSH's #SpyCops campaign will be presented, going deeper into the real-life events of this campaign. The fourth chapter will comprise the Teaching Notes, presenting a guideline on how the instructor should conduct the class discussion and some questions. Finally, the last two chapters will consist of the Final Conclusions and Notes for Future Research.

## ***2. LITERATURE REVIEW***

The Literature Review offers several academic topics that provide a theoretical basis in which the case study and teaching notes will be built. This is particularly relevant because concepts in the field of Corporate Social Responsibility lack a generally accepted definition. In this chapter it will be laid out the definitions applied to each concept used in the following chapters to avoid confusion.

As previously mentioned, the case study will be based on the real-life events of LUSH's #SpyCops campaign. The first two concepts discussed in the Literature Review are Corporate Social Responsibility and Controversial CSR, which are necessary to understand how LUSH's campaign fits into these two notions. The third concept, Reputation and its three key elements (Image, Identity and Desired Identity) allow for a clear distinction between the perceptions of different types of stakeholders and thus giving clarity to the class discussion. They will also allow students to analyse how perceptions and associations can vary greatly even within the same type of stakeholders. The following concept, attributions, is highly relevant to understand how consumers' perceptions of a company's motives behind a CSR initiative affect consumers' overall attitude towards it. For example, how the perception of fit between company and chosen cause, and the perception of the longevity of the company's commitment to the cause can affect consumers' overall attitude towards the campaign. Finally, the concepts of Consumer-Company Identification and In-group Bias allow students to understand how a consumers' knowledge and relationship to LUSH can have moulded their reaction to its CSR initiative.

### **2.1 Corporate Social Responsibility**

**Corporate Social Responsibility** currently has numerous different conceptualisations offered by scholars. In this thesis, CSR will be defined as “status and activities with respect to [a company's] perceived societal obligations” (Brown & Dacin, 1997, p.68). This definition is in agreement with the one proposed by *Business for Social Responsibility*, which defines CSR as “achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment” (White, 2006, p.6). Both definitions underline the importance of attending to the interests of a greater variety of stakeholders, instead of focusing merely on shareholders.

## 2.2 Controversial CSR

In today's socially charged environment, the connection between CSR initiatives and stakeholders' best interest and approval is becoming less and less straightforward. Companies have begun to venture into CSR initiatives that might be considered controversial. These initiatives are often interpreted as taking a social or political stance instead of trying to meet stakeholders' interests (Turner, McIntosh, Reid, & Buckley, 2019).

Turner et al. (2019) differentiate between traditional CSR initiatives and **Socially Controversial CSR** initiatives. While traditional CSR initiatives are not contentious (e.g. feeding the hungry; helping children), Socially Controversial CSR is contentious by nature, i.e. it generates different reactions in different people. It is important to note that, whether an issue is contentious depends on the social and political framing where the initiative is introduced. Socially Controversial CSR often has a **Social Issue Statement** element to it, statements with which the company takes a stance on a social issue. These statements affect the company's Image, Identity and Reputation by communicating the company's values (Drumwright, 1996).

An example of a controversial CSR initiative presented by Turner et al. (2019) is the Starbucks initiative to hire 10,000 refugees. This action has both a social responsibility element and a social issue statement. With this initiative, Starbucks demonstrates social responsibility by supporting people caught in a war zone. However, given the recent rise of nationalism in the United States, this action was also interpreted as a stance against this social movement. This initiative might have won the support of people that stand for a global view, but it alienated the ones standing for nationalism.

The traditional and noncontroversial CSR initiatives are more likely to improve a company's Reputation with the general public. Socially Controversial CSR actions aid with brand strength and communicate the company's values to the public. However, the message and values communicated can be polarising (Turner et al., 2019). Still, many researchers state that companies' work to create and keep relationships with specific stakeholder groups (e.g. consumer target) (Abbott & Monsen, 1979). According to this school of thought, the effectiveness of a social initiative in benefiting the company's Reputation is defined by the relevant stakeholders' beliefs on such social initiative from part of the company (Brammer & Pavelin, 2006).

### **2.3 Corporate Reputation**

**Corporate Reputation** lacks a generally recognised definition due to its interdisciplinary nature, very often being used as a synonym for Corporate Image or Corporate Identity. According to Chun, 2005, it is possible to identify three schools of thought in regards to Reputation. The first two, Evaluative and Impressional, offer a single stakeholder view, while the Relational school of thought focuses on both internal and external stakeholders, recognising that different stakeholders can have different expectations.

The Evaluative school, which originated in Strategy and Economics literature, assesses Reputation mainly through performance, thus firm's financial value or short-term financial performance (Rindova & Fombrun, 1998, as cited by Chun, 2005). This school of thought states that the main stakeholders are those whose primary concern is the firm's financial performance, such as shareholders and the CEO.

The Impressional school originated from the fields of Marketing and Organizational Behaviour and sees Reputation as the overall impression of an individual outside of the organisation (Brown & Dacin, 1997), which is a close definition the concept of Image used by marketing scholars (Brown, Dacin, Pratt, & Whetten, 2006). This school of thought considers employees and customers to be the most relevant stakeholders.

Finally, the Relational school considers Reputation as both the internal and external views of the organization. This perspective defines Reputation as a multidimensional aggregate of perceptions of multiple individuals (Rindova & Fombrun, 1998 as cited by Chun, 2005), meaning that the company's overall Reputation is the combination of every individual's perception of the company. This school of thought recognises the difference between different stakeholders' views, both internal and external, but also considers them to be linked (Chun, 2005).

Moreover, this thesis will follow the conceptual framework created by Davies and Miles (1998) and adapted by Chun (2005) to define not only Corporate Reputation but also Image and Identity. This framework sees Reputation management as the alignment of three key concepts – Image, Identity and Desired Identity (*Figure 1*). Thus, **Reputation** works as an umbrella concept, referring to the cumulative perceptions of the internal and external stakeholders (Chun, 2005).

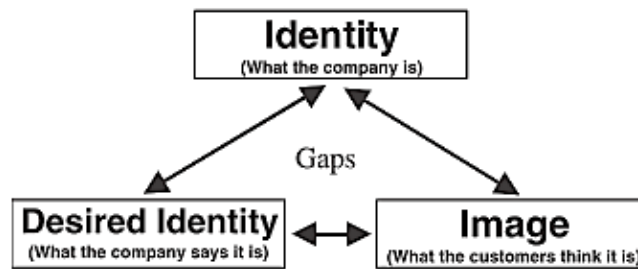


Figure 1 - Elements of Corporate Reputation (Chun, 2005)

**Image** or Perceived Identity parallels with the key element “*how others (customers) see us*” presented by Davies and Miles (1998). Image can be defined as what individuals outside the company (consumers) believe and feel about the company (Chun, 2005).

**Identity** or Organizational Identity aligns with the key element “*how we see ourselves*”, it is the employees’ perception of the organisation. Identity is a very close concept to Culture, which would be “*how we do things*”, Culture is more easily changed than Identity (Chun, 2005).

Finally, the **Desired Identity** or Corporate Identity represents the last key element “*how we want others to see us*”. It refers to how the manager strategically wants the firm to be seen, visual cues (brand name, logo) and strategic cues (vision, mission) (Chun, 2005).

Even though ideally these three concepts should be aligned, it is not uncommon to see some gaps between a consumer’s perception of the company and an employee’s perception, and both can differ from the company’s mission or value statement. Any misalignments between Image, Identity and Desired Identity can affect the firm’s Reputation (Hatch & Schultz, 2001), monitoring these gaps can help prevent a Reputation crisis. All these concepts are interconnected and affect each other, for example, an employee’s behaviour can affect the outside perspective a firm (Lloyd, 1990 as cited by Chun, 2005), there is even evidence suggesting that Image and Identity might be linked by causality (Davies & Chun, 2002 as cited by Chun, 2005).

This conceptualisation has an overall relational point of view, recognising that each individual has its own perception of a company. Thus, a company’s overall Image consists of the aggregate of each consumer’s associations of the firm, as well as the company’s overall Identity consists of all employees’ associations of the company’s Identity (Chun, 2005).

Corporate Reputation is a critical factor to take into account when discussing perceptions of CSR initiatives as it has stakeholders’ overall beliefs about the company have been shown by

various studies to be a relevant moderator of CSR perceptions (Bhattacharya & Sen, 2004; Choi et al., 2016)

## **2.4 Associations**

**Associations** were defined by Brown & Dacin (1997) as all the information and beliefs an individual holds about an organisation. Associations held by a person “serve as the ‘reality’ of the organisation’ for such person” (Brown et al., 2006, p.105).

However, Brown et al., 2006 state that there are four distinct types of associations, based on who is making them: Member Organisational Associations; Intended Associations; Corporate Associations and Construed Associations. **Member Organizational Associations** are all the information a member of the organisation holds about the company. A given member may hold numerous associations, only some of these are central, enduring and distinctive, these are the ones that will constitute each individual’s perceived Identity of the company. **Identity** at the organisational level involves shared beliefs. The second type of Associations, **Intended Associations**, are the associations that managers want stakeholders to hold about the company. The narrower set of attributes that managers want stakeholders to associate with the company and the management strategy will emphasise, constitute the previously mentioned **Desired Identity** (named by the author as Intended Image). **Corporate Associations** are all the information an individual outside the company has on the company. The set of shared beliefs that individuals find to be central, enduring and distinctive constitute the company’s **Image** (named by Brown et al., 2006 as Reputation). Finally, **Constructed Associations** are the associations that people inside the company assume people outside the company make. The associations that the members think are central, enduring and distinctive create the **Constructed Image**.

## **2.5 CSR Attributions**

**Attributions** are the perceived **motives** by a consumer or employee on why a company engages in a CSR activity, i.e. a company’s perceived motivation to engage in CSR. Consumers care more about the reasons why a firm takes on an initiative than the initiative itself (Gilbert & Malone, 1995 as cited by Choi et al., 2016). A person’s attributions will determine how positively it will respond to a CSR initiative. People are often suspicious of whether a company’s motives are genuine (Bhattacharya & Sen, 2004).

According to Forehand & Grier (2003), there are two broad categories when it comes to CSR attributes: Egoistic Attributes and Altruistic Attributes. **Altruistic Attributions** (public-serving or other-centred) are made when consumers believe that the firm has a genuine interest in contributing to society. **Egoistic Attributions** (firm-serving or self-centred) are made when consumers believe the company is focused solely on profits or is deceiving them by not acknowledging the strategic benefits of the CSR initiative.

However, Ellen et al. (2006) later discovered that attributions are more complex than traditionally believed. Both Egoistic and Altruistic Attributions can be further differentiated into two sub-categories. Within Egoistic Attributions, consumers distinguish **Strategic** motives, which can be defined as usual business motives, and **Highly Egoistic** motives, which can be defined as taking advantage of a cause purely to increase profit. Within Altruistic Attributions, consumers differentiate between **Value-driven** when they believe the initiatives were intended to help others and **Stakeholder-driven motives** when they believe the initiatives to be demanded by stakeholders. Consumers receive a CSR initiative positively when Strategic or Value-driven motives are attributed as these are seen as genuine motives, while Highly Egoistic and Stakeholder-driven negatively affect consumers' attitudes towards the company.

## **2.6 Consumer Attitudes**

The majority of consumers have a favourable attitude towards a company that engages in CSR (Bhattacharya & Sen, 2004). However, consumers do not view all companies that run CSR initiatives equally, consumer attitudes towards the firm are highly influenced by the attributions they make to its activities (Choi et al., 2016; Ellen et al., 2006).

According to Ellen et al. (2006), the fit between the selected cause and the company's core business and marketing strategy also influences consumers attitudes. A high fit makes consumers attribute Strategic and Value-driven motives to the initiative and therefore having a more positive attitude, while a low fit is interpreted by consumers as being a Highly Egoistic move from the company and thus resulting on a negative attitude towards the firm. These findings are consistent with Fein (1996).

Similarly, to the fit between the cause and the company's business, also the longevity of the CSR commitments affects consumers attitude towards the company. A long-term commitment leads to more positive attitudes, while short-term commitments can be interpreted as reactive

to stakeholders' pressures or Highly Egoistic, and thus lead to negative attitudes. These conclusions from Ellen et al. (2006) are conceptually in agreement with Swanson (1995).

## **2.7 Social Identity Theory**

**Social Identity Theory** defends that individuals feel the need to go beyond their personal identity and develop a social identity when establishing their sense of self (Brewer, 1991; Henri & Turner, 1986 as cited by Bhattacharya & Sen, 2003). To achieve this, they contextually categorise themselves as members of several social categories (e.g. gender, age, nationality, profession, sports teams) (Kramer, 1991 as cited by Bhattacharya & Sen, 2003)

## **2.8 Consumer-Company Identification**

Bhattacharya and Sen (2003) defined **Consumer-Company Identification** or Organizational Identification as the primary psychological mechanism to achieve a deep, meaningful and long-term relationship with consumers. The company's primary goal with this relationship is to create the **Consumer Advocate**, who is extremely loyal and enthusiastically promotes the company and its products. The Consumer Advocate is not only likely to promote the company but also tends to show resilience to negative information about the company, i.e. a consumer that identifies with a company has a high willingness to overlook and forgive said company in case of an occasional lapse in its conduct (Bhattacharya & Sen, 2004).

Consumer-Company Identification is conceptually different from **Brand Identification** and its **Target Market** or **Prototypical Consumer** (Bhattacharya & Sen, 2003). Even though brands often have a significant influence on an organisation's Image, the Consumer-Company Identification implies identification with all aspects of the company, including nonproduct related aspects, such as its core values, its socially responsible efforts and its demographics (Brown & Dacin, 1997).

Consumer-Company Identification draws on **Social Identity Theory** to argue that organisational identification occurs when a person's Image of a company becomes self-defining (Pratt, 1998 as cited by Bhattacharya & Sen, 2003). A person is more likely to identify with an organisation when it believes the company's Reputation for being lasting, distinctive and capable of boosting its self-esteem (Bhattacharya & Sen, 2004).

As pointed out by Bhattacharya and Sen (2004), a strategy used by organisations to achieve this identification is to engage in CSR initiatives, as identification with a firm that engages in "doing

good” can improve a person’s self-esteem. Companies that are perceived to excel in their CSR activities tend to develop a very loyal following amongst their customer base. Consumers create a strong identification with companies’ that pursue causes with which they have a strong connection to, the personal connection to the campaign is a critical factor for Consumer-Company Identification to occur and thus create the Consumer Advocate.

## **2.9 In-group Bias**

**In-group Bias** or **Intergroup Bias** is the tendency people have to make attributions that favour their group over others (Hewstone, 1990). In the psychology literature, there is a distinction between two mechanisms that lead to In-group Bias, the first being **In-group Favouritism** which stands for the positive feeling and attributions that individuals associate with a group they belong to and its members (Tajfel, Billig, Bundy, & Flament, 1971). The second mechanism is **Out-group Derogation**, which stands for the feelings of negativity or even aggression towards non-group members. These two mechanisms can act separately or simultaneously, and past research (Brewer, 1999; Otten & Wentura, 1999; Perdue, Dovidio, Gurtman, & Tyler, 1990; Pettigrew & Meertens, 1995 as cited by Choi et al., 2016) has shown that In-group Bias tends to arise from In-group Favouritism acting alone, as benefiting the group is normative and advantageous while harming non-group members is not normative, requiring and explanation (Mummendey & Otten, 1998; Otten & Mummendey, 2000 as cited by Choi et al., 2016).

Therefore, consumers are more likely to make Altruistic Attributions when a CSR initiative comes from a company with which they identify than when it comes from companies with which they have no identification.

### **3. CASE STUDY**

On July 1st, 2018 LUSH's #SpyCops campaign was launched. Posters depicting an undercover cop and police-like tape with the statements "*paid to lie*" and "*police have crossed the line*" were displayed in LUSH stores across the UK. The backlash was almost immediate, with people claiming the campaign was anti-police and that LUSH should stick to its soaps and bath bombs. The reaction was so negative that the boycotting movement #FlushLUSH was trending on Twitter UK and even some police representatives came forward in disapproval. Why would LUSH, a cosmetics company, make a campaign on a topic that could so easily become controversial? What were the ultimate consequences of such a campaign?

**Note:** This case study is based on the examination of the content disclosed in LUSH's official website, news articles from The Guardian, The Independent and The Telegraph and an article presented by *Brandwatch*, a UK based digital consumer intelligence company. With the exception of the sources used to create LUSH's company profile, all the articles consulted to build the case on the #SpyCops campaign were released in June 2018, thus either while the campaign was running, which was from the 1st to the 17th of June, or a couple of weeks after it came to an end.

#### **3.1 LUSH – THE COMPANY**

The name LUSH which stands for "*being fresh, green, verdant, and drunken women*" ("Lush 1995 - Present," n.d.) was suggested by a consumer in a competition that was launched in its early years for consumers to choose the company's name. The founders believed it embodied their company's philosophy perfectly, it represented their fun and laid-back approach to their serious commitment to fresh products that are 100% cruelty-free.

LUSH Fresh Handmade Cosmetics opened their first store in Poole, a small coastal town in England, in 1995 ("Our Story - Lush Cosmetics Australia," n.d.; Lush PR, personal communication, September 26, 2019 ). The launch of LUSH was a very humble one, as it followed the devastating loss of the founders' previous business venture, Cosmetics to Go. The store was naked, with minimal design and the products were sold without any frivolous packaging. Most of the funds went to sourcing only fresh and high-quality ingredients. Until this day, all of LUSH's stores around the world follow the same principle of simplicity used in

the first original store in Poole, focusing on its products and their quality (“A Lush Legacy - Lush Cosmetics,” n.d.).

In 2017, LUSH was present in 49 countries, counting with more than 900 stores worldwide and in the previous fiscal year it reached £723 million (approximately €836 million) in global sales (Loeb, 2017). Despite their impressive growth, LUSH remains loyal to its roots, as stated on their website:

“LUSH is still a campaigning company, still proud to swim against the tide and support groups and causes we truly believe in. We are still fighting against animal testing and are working on preservative-free cosmetics. The creativity remains unfettered by industry trends and thrives on passion, innovation and the excitement of the next invention” (“Our Story - Lush Cosmetics Australia,” n.d.)

This philosophy of values first and corporate goals second, together with LUSH’s way of unapologetically showcasing what they stand for, is what make LUSH stand out in the middle of such an overcrowded industry with a lot of established household names, especially to consumers that share the brand’s ideals and value a more natural, ethical and eco-friendly approach to cosmetics. LUSH’s ideals are clearly displayed in their manifesto (*see Appendix 1*) which they proudly hang in the walls of each store.

The entire business model of LUSH has their values into account, from the moment products are designed to the stores in which they are displayed. The six values that everyone in LUSH’s team lives by are (“Our Values - Lush Cosmetics,” n.d.):

- **Freshest Cosmetics** – commitment to using the freshest ingredients possible;
- **100% Vegetarian** – choosing vegetarian alternatives over animal ingredients whenever possible, 100% of their product line is vegetarian with 80% being fully vegan;
- **Ethical Buying** – all resources are traced from their beginning stage to guarantee the process is ethical from start to finish;
- **Handmade** – all products are handmade;
- **Naked** – LUSH offers nonpackaged products, which they call naked products, to combat waste of resources and protect the environment;
- **Fighting Animal Testing** – LUSH does not test any of their products on animals and only sources ingredients from companies that also don’t test on animals, being 100% cruelty-free.

As previously stated, LUSH is a self-proclaimed campaigning company, which is evident not only in their activism-oriented advertising but also in the numerous charities that they run and support. One of LUSH's most known initiatives is the **Charity Pot**, a body cream of which 100% of the purchase price (minus VAT) is donated to organisations that support animal protection, human rights and environmental issues ("A bit about our Charity Pot - Lush Cosmetics UK," n.d.). Since its launching in 2007, the Charity Pot is now sold in 35 countries and has raised over £17 million for organisations around the world ("Charity Pot around the world - Lush Cosmetics UK," n.d.). Another of LUSH's initiatives is the product line Fun. For each product sold from this line, 10 pence go into **Fund**, a fund that supports charities in Fukushima, Japan by creating safer outdoor spaces for children in areas that were affected by radiation due to the nuclear disaster in 2011. LUSH has also had other charity products that were limited edition and aimed at raising funds to specific social or environmental causes ("Charity Support - Lush Cosmetics UK," n.d.).

Even though the Charity Pot and charity products are the primary source of raised funds by LUSH, the company runs many other charitable initiatives. Every year it donates £200,000 to organisations that are making a vital contribution to social and environmental change ("Charity Support - Lush Cosmetics UK," n.d.). It yearly rewards an initiative that forwards the ending of animal testing with a £250,000 LUSH Prize, the biggest prize in the non-animal testing sector ("Lush Prize - Home," n.d.). LUSH also donates money through **RE:Fund**, a £1.5 million yearly fund that supports global regeneration ("The Big RE:Fund FAQ - Lush Cosmetics UK," n.d.).

Another distinguishing factor of LUSH when comparing it to its competitors is the transparency with which they run their business and their initiatives. As greenwashing – the practice of making a misleading claim about the environmental benefits of a company practice – and “social washing” become more and more common, transparency is highly appreciated by consumers that are concerned about environmental and social issues. LUSH does not make an empty commitment to its six values and has many policies in place to guarantee they are always respected, and detailed information about it can be easily accessed through their website ("Our policies | Lush Cosmetics UK," n.d.). There is also easy access to detailed information about their charitable initiatives, their manufacturing process and the source of the ingredients used in their products.

LUSH's dedication to their values has helped them create a cult following, a group of very devoted employees and consumers that strongly identify with the brand and what it stands for, the self-proclaimed *lushies*. The Urban Dictionary defines *lushie* as “[a] person that is either obsessed with or works for the fresh handmade cosmetics store called LUSH” (“Urban Dictionary: Lushie,” 2015). The typical *lushie* tends to be someone who values natural and fresh ingredients in their cosmetic products, someone that shows great concern for environmental causes, is commonly vegetarian or vegan and is usually very invested in social and humanitarian issues.

### **3.2 THE #SPYCOPS CAMPAIGN**

LUSH UK's #SpyCops campaign had the goal of bringing light to the ongoing police inquiry regarding the activities of the Special Demonstration Squad (SDS) – a special branch of the Metropolitan Police of the United Kingdom that has been shut down since 2008 (Belam, 2018; “Soapbox: Police Spies Out of Lives - Lush Cosmetics UK,” 2018). The officers that were part of this unit had the mission to infiltrate environmental activist groups. To do so, many of them would develop a very close and intimate relationship with members of such activist groups. In some cases these relationships would last years, some officers fathered children under their undercover identity, only to then disappear without a trace (Oppenheim, 2018; Saner, 2018). The inquiry is being met with much criticism by the victims of spy cops, believing it to be a farce that enabled the cover-up of the immoral police tactics. Rebecca Lush, LUSH's charitable giving coordinator, states that:

“When Theresa May launched this public inquiry, we all hoped that the truth about this scandal would finally be exposed and that the disgraceful police tactics would be examined. Instead, the public inquiry chair is making the inquiry more secretive and is granting the police anonymity in secret hearings. It is time the home secretary listened to the victims and appointed a diverse panel to hear the full evidence.” (Belam, 2018).

LUSH stores around the UK put up tape resembling the one used by police in crime scenes that said “*police have crossed the line*” and posters of a split image of a model posing as an officer in uniform and his undercover persona with the statement “*paid to lie*” (see Appendix 2) (Saner, 2018). These images could also be seen all over LUSH's official social media pages (see Appendix 3).

The campaign was done in collaboration with *Campaign Opposing Police Surveillance* and *Police Spies Out of Lives*. These organisations were involved in every aspect of the campaign, from planning it to the design of images exposed in stores' forefronts. Mark Constantine, one of LUSH's founders, stated that they felt it was essential to respect the women's vision for the campaign and give the victims enough creative freedom to communicate their intended message (Saner, 2018).

### **3.3 THE BACKLASH**

The campaign officially launched in June 1st, 2018 and it was almost immediately met with criticism. The campaign was widely perceived as anti-police and even anti-state, many people seemed to have missed the fact that the campaign was targeting the practices of a special undercover police squad and instead believed it was targeting the entire police force (Boyd, 2018).

The public discontent with the campaign was visible in the company's social media, with complaints and negative comments bursting in. LUSH's Facebook page received numerous poor reviews due to the campaign; with its rating losing 1 star in only one day (*see Appendix 5*). Over on Twitter, users started a boycotting movement against the cosmetic store with the hashtag #FlushLUSH trending on Twitter (Oppenheim, 2018). On July 1st, 2018, LUSH's twitter mentions increased by 2321% compared to Friday of the previous week (*see Appendix 4*), with 67% of them being negative, a dramatic change when comparing it to their typical values of only 20% negative (Boyd, 2018). Even some police representatives joined in on the online criticism and tweeted out their disapproval, namely Calum Wales and Ché Donald, the chairman and vice-chairman of the Police Federation of England and Wales respectively and Sajid Javid, Home Secretary (Belam, 2018; Oppenheim, 2018; Rudgard, 2018).

The backlash was quickly picked up by the media, with a lot of British newspapers like The Guardian, BBC, The Independent, The Telegraph, The Daily Mail and other major newspapers reporting on it. There were reports about the online backlash in every British newspaper (Boyd, 2018).

The public outrage reached such a level that store staff reported being intimidated and threatened by people who were unhappy with the campaign. The intimidation led some stores to decide to take down the campaign decorations for a few days to ease the tension. However, the

campaign was still running, with some stores keeping the decorations up and the images still displayed in LUSH's website and social media (Saner, 2018; Wheaton, 2018). Like every LUSH campaign is up to the store manager of each store to choose whether they want their store to join the campaign or not, around 40 stores decided to participate in the #SpyCops campaign (Saner, 2018).

Even Mark Constantine, recognised that the campaign had a very sensationalist tone, and if he had done it himself, he might have done it differently. However, as previously stated, it was his belief as well as LUSH's that the purpose of the campaign was to give the victims a voice, and therefore they should be the ones deciding the message and sentiment for the campaign (Saner, 2018). Mo Constantine, his wife and LUSH co-founder, stated that she found it "unfortunate that it looked as if we were anti-police, which had never been the intention" (Saner, 2018).

Due to the immense pressure from the negative media coverage and the social media negativism towards the brand, LUSH ultimately issued a statement to clarify the situation. (Oppenheim, 2018; Rudgard, 2018) The beginning of such statement, which is still up on LUSH's website, says:

"This is not an anti-state/anti-police campaign. (...) We fully support them in having proper police numbers, correctly funded to fight crime, violence and to be there to serve the public at our times of need. [This campaign] is about a controversial branch of political undercover policing that ran for many years before being exposed. (...)"  
("#SpyCops statement - Lush Cosmetics UK," n.d.)

On June 17th, roughly two and a half weeks after it was introduced, the #SpyCops campaign reached its end. Surprisingly, during the tumultuous campaign LUSH's sales went up by 13% (Saner, 2018).

### **3.4 THE REACTION TO THE BACKLASH**

People involved with organisations that demand accountability for the malpractice of this special undercover department did not take long to come to LUSH's defence. On June 4th, Doreen Lawrence and John McDonnell and 72 other victims of spy cops released a letter through the newspaper The Guardian, defending LUSH's campaign and clarifying the situation, starting the hashtag #WeStandWithLush.

"The cosmetics retailer Lush has used its facilities to help us as victims press for full disclosure and reform so that this never happens. This is not an attack on police (...).

For this, we thank Lush for its support. We condemn those who have misrepresented Lush and our campaign and especially those who have sought to intimidate Lush staff.” (Lawrence & McDonnell, 2018).

Many of the victims encouraged people that supported the cause, through social media posts, to buy something from LUSH as a way of paying back their support.

Even though the general public found that a mere cosmetic brand did not have enough legitimacy to speak on such issues, for LUSH’s customer base a campaign like this made perfect sense, as it fitted LUSH’s campaigning company profile. In addition, many of the groups targeted by this special taskforce were environmentalist groups. The *lushies* stood with the company, with many of them tweeting out their support for the campaign and their intention to purchase more than usual, in a way to cancel out the boycott. (Boyd, 2018).

*Brandwatch* analysed the twitter profiles of the people that use the hashtag #FlushLUSH and LUSH’s followers. The results showed that these two groups were starkly different, with vastly different interests (*see Appendix 6*). LUSH followers were mainly female (87%), and their main areas of interest were beauty, health, food & drinks, fitness and books. The LUSH flushers were mainly male (57%), and their main areas of interest were family & parenting, politics and sports (Boyd, 2018).

### **3.5 LUSH’S REACTION**

In an interview with The Guardian, Mark Constantine and his wife Mo, two of LUSH’s co-founders, expressed their feelings on the events surrounding the campaign. With both recognising that LUSH being seen as anti-police was unfortunate and unintentional. However, they did state that they were satisfied with the result of the campaign, as its primary goal of bringing light to the cause was achieved and at a higher scaled that they had ever imagined. As said by Mark “It was a successful campaign. If we had done something that was less striking, perhaps this issue would not have been so highlighted to people.” (Saner, 2018).

## 4. TEACHING NOTES

### 4.1 Synopsis of the Case Study

The case study explores a Controversial CSR campaign by the cosmetics company LUSH and the different reactions it generated within the public. The main goal of the #SpyCops campaign was to bring awareness to the police inquiry on the activities of officers belonging to the former Special Demonstration Squad (SDS). The mission of many of the officers in this special squad was to infiltrate activist groups and to do so, some officers would infiltrate the personal lives of members of such groups through a romantic and intimate relationship. The victims of these practices criticised the inquiry as being a farce that was enabling the cover-up of the officers' malpractice and wrong-doings.

LUSH worked alongside *Campaign Opposing Police Surveillance* and *Police Spies Out of Lives*. The campaign was mainly designed by members of these two organisations, who were allowed great creative freedom as LUSH executives believed it was necessary to give the victims a voice. On June 1st of 2018, the campaign launched and LUSH stores all over the UK had posters depicting undercover police officers along with the statements “*paid to lie*” and “*police have crossed the line*”.

Almost immediately, this campaign was met with public backlash. It appears that the general public perceived the campaign as anti-police. The public discontent was visible in LUSH's social media platforms, in one day LUSH's Facebook rating dropped by one star, meanwhile, while on Twitter, the hashtag calling for boycott #FlushLUSH was trending. However, contrary to what would be expected in this situation, LUSH's sales increased by 13% while the campaign was running.

Amidst all the backlash, the victims of the SDS came forward to the defence of LUSH in a statement released to The Guardian. In addition, some of LUSH's loyal customers came to the defence of LUSH and even bought more products while the campaign was running to support the company and counterattack the boycott. LUSH's co-founders Mark and Mo Constantine expressed that even though LUSH being seen as anti-police was unfortunate and unintended, they were satisfied with the result of the campaign, as its primary goal, of bringing light to the cause, was achieved at a higher scaled than they had ever imagined.

## **4.2 Target Audience**

The target audience of the case study are students of the Bachelor or Master of Science in the field of Business Administration or Marketing. This case study was developed in order to be discussed in courses like “Strategic Marketing”, “Brand Management”, “Consumer Behaviour” or “Business Ethics”.

## **4.3 Learning Objectives**

LUSH’s #SpyCops campaign serves as an exemplary case of how a CSR initiative can lead to contrasting reactions. More specifically, it shows how an individual’s relationship and perception of a company can mould its interpretation of the CSR initiative.

Through a careful reading and analysis of the case study, the students should be able to:

- Understand that what makes a CSR initiative controversial is its contentious nature;
- Understand that Reputation and Image are often not uniform amongst the entire population;
- Comprehend the moderating role of Consumer-Company Identification and In-group Bias play on an individual’s perception of a CSR initiative;
- Comprehend the moderating role of perceived fit between the company and chosen cause plays on an individual’s perception of a CSR initiative;
- Comprehend the moderating role CSR Attributions of perceived motives play on an individual’s perception of a CSR initiative;
- Realise that when launching a possibly Controversial CSR initiative, the most important thing to consider is the target market and other relevant stakeholders’ perception of such initiative.

## **4.4 Roadmap for Discussion**

The following roadmap for discussion was designed for a class of at least 1h30 with 25 to 40 students. In the class previous to the case discussion, the professor should instruct the students to read the case study and prepare for the discussion by answering the Preparation Questions. The goal of these questions is to help guide the students’ first reading of the case and emphasise

important information that they might dismiss, such as the differing profiles of LUSH’s consumers and the people calling for the boycott. The proposed **Preparation Questions** are the following:

1. How do you describe the target consumer/ typical consumer of LUSH?
2. How would you describe the typical profile of the people calling for the boycott of LUSH?
3. Why did LUSH’s sales increase while being the target of a boycotting movement across the UK?

Students must be familiar with the concepts presented in the Literature Review chapter of this Thesis. Nonetheless, the professor can suggest to the students the following papers as a complement to the analysis of the case: “Corporate implementation of socially controversial CSR initiatives: Implications for human resource management” by Turner, McIntosh, Reid and Buckley (2019) and “Consumer-Company Identification: A Framework for Understanding Consumers' Relationships with Companies” by Bhattacharya and Sen (2003). Additionally, the professor may also encourage students to do their own research on Lush and on the #SpyCops campaign, for a better understanding of the events.

The following table shows the order in which each topic will be introduced to the class and an estimate of how long each topic should take.

<b>Activity</b>	<b>Duration</b>
Learning Objectives and Case Overview	12 min
Discussion Questions 1 to 6	36 min
Discussion Question 7	30 min
Wrap-up	14 min

*Table 2 – Class Time Allocation*

The professor should open the class with an 12 minute overview of the case studying, leaving some time available in case students have questions about the case. Afterwards, the professor should give the students 20 minutes to answer discussion questions 1 to 6 individually, followed by a 16 minute class discussion of those same questions. Following this discussion, the

professor should instruct the students to form groups of 3 or 4, giving the groups 15 minutes to discuss question 7 between themselves, followed by a 15 minute class discussion of question 7. Finally, the instructor will wrap-up the case discussion by presenting the main take-aways.

#### **4.4.1 Discussion Questions**

1. *Why can LUSH's #SpyCops be defined as a CSR campaign?*

**Key Concepts:** Corporate Social Responsibility; CSR initiative

**Key Points:**

- CSR can be defined as “achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment” (White, 2006, p.6);
- The #SpyCops campaign was intended by LUSH and interpreted by some as a stand against the cover-up of police malpractice by officers of the SDS, thus supporting the local community’s rights;
- During the campaign, there was a 13% increase in sales.

**Possible Answer:** According to *Business for Social Responsibility*, CSR can be defined as “achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment” (White, 2006, p.6). One can argue that LUSH strives to be socially and environmentally responsible, and this is reflected in its values and in the many projects to support social and environmental causes. The #SpyCops campaign was just another project with the goal of supporting two humanitarian organisations. In this case these organisations stood against the cover-up of police malpractice by officers of the Special Demonstration Squad (SDS) - *Campaign Opposing Police Surveillance and Police Spies Out of Lives*. This campaign was intended by LUSH and interpreted by some as supporting of the local community’s rights. Independently of the controversy, LUSH saw an increase in sales of 13% while the campaign was running, thus achieving commercial success.

2. *What makes LUSH's #SpyCops campaign a Controversial CSR campaign?*

**Key Concepts:** Socially Controversial CSR; Social Issue Statement

**Key Points:**

- Controversial CSR is contentious by nature;
- LUSH's generated contrasting reactions in the public;
- Controversial CSR has a Social Issue Statement element to it; LUSH's campaign took a stand against the malpractice of police officers in the SDS;
- LUSH's campaign might have damaged its Reputation with the general public, but it strengthened its Image with their customer base.

**Possible Answer:** Contrary to traditional CSR, Controversial CSR is contentious by nature, i.e. it generates different and sometimes even contrasting reactions in different people. In addition, Controversial CSR has a Social Issue Statement element to it, statements with which the company takes a stance on a social issue the company views as valuable. These statements affect the company's Image, Identity and Reputation by communicating the company's values. LUSH's campaign created contrasting views within the public, with outraged people claiming it was an anti-police campaign, while others praised LUSH for putting itself on the line in order to bring light to the issue. The campaign also had a Social Issue Statement element to it, as with the campaign LUSH took a stand against the malpractice of police officers from the SDS. Therefore, we can conclude that the #SpyCops campaign fits the profile of a Socially Controversial CSR initiative.

The traditional and noncontroversial CSR is more likely to improve a company's Reputation with the general public, while Controversial CSR can polarise part of the public. Socially Controversial CSR actions aid with brand strength and communicate the company's values to the public. Likewise, the #SpyCops campaign might have done some damage to the company's Image with the general public; still, it helped the company to strengthen its Image and communicate their values to their target market and customer base.

3. *How would you describe the relationship between LUSH and its loyal customer base, the lushies?*

**Key Concepts:** Consumer-Company Identification; Consumer Advocate

**Key Points:**

- Part of LUSH's customer base is highly devoted to the company;
- There is evidence of Consumer-Company Identification in LUSH's customer base;
- Some of LUSH's customers have shown characteristics of the Consumer Advocate.

**Possible Answer:** LUSH's business philosophy as allowed them to create a deeply loyal following, the *lushies*, a devoted customer base that identifies themselves with the values defended by LUSH and highly supports its social initiatives. This deep and meaningful connection between LUSH and part of their customer base can be classified as Consumer-Company Identification, which draws on Social Identity Theory to argue that organisational identification occurs when a person's Image of a company becomes self-defining.

One of the primary benefits of Consumer-Company Identification is that it can lead to the Consumer Advocate, the concept that a consumer that is deeply loyal to a company will not only enthusiastically promote the company and its products but also tends to show resilience to negative information about the company and often comes to its defence. In the case of LUSH, some consumers display characteristics of the Consumer Advocate, not only being unaffected by the criticism thrown at LUSH but also by coming to its defence through the form of tweets or increased purchase to counteract the #FlushLUSH movement.

4. *How can Consumer-Company Identification have influenced consumers' perception of the #SpyCops Campaign?*

**Key Concepts:** Consumer-Company Identification; In-group Bias; In-group Favouritism.

**Key Points:**

- LUSH's consumers' have a high identification with the company and due to that and In-group Favouritism their beliefs about LUSH were unaffected;
- The opinion of people with a low level of identification with the company are more affected by negative criticism.

**Possible Answer:** As mentioned in the answer to the first question, it is possible to distinguish two different groups of people when it comes to their relationship with LUSH. The first group being people that have a low familiarity and contact with the brand and its business philosophy. The second was the *lushies*, LUSH's loyal customers that displayed a high Consumer-Company Identification, with some even displaying Consumer Advocate characteristics, not only being unaffected by the criticism thrown at LUSH but also by coming to its defence through the form of tweets or increase purchase to counteract the #FlushLUSH movement.

Consumers with a high Consumer-Company Identification tend to show resilience to negative information about the company due to In-group Bias. More specifically In-group Favouritism, which stands for the positive feeling and attributions that individuals associate with a group they belong to and its members. Therefore, the *lushies*' Image of the company was mostly unaffected by the heavy criticism being thrown at the brand. However, the opinion of people with a low identification with the company can very easily be affected by others' negative comments; thus, this campaign had a negative influence on the public opinion of LUSH outside the circle of their loyal customers.

5. *Are LUSH's Reputation and Image uniform? Are there disparities in the perceptions of the company across different individuals?*

**Key Concepts:** Corporate Reputation; Corporate Image

**Key Points:**

- LUSH's Image is not uniform;
- Two groups with distinct Images of the company – LUSH's consumers who see and support LUSH as a campaigning brand, and people that do not regularly buy at LUSH and are not aware of the company's Identity and values;
- LUSH's Reputation cannot be uniform due to the lack of consistency in its Image.

**Possible Answer:** Image can be defined as the beliefs people outside the company hold about said company. The concept of image implies shared beliefs amongst individuals; however, very often, people's perceptions of a company are not always the same. In the case of LUSH, one can see significant divergences in terms of public perception. On one hand, one has the *lushies*, LUSH's loyal customer base, who share LUSH's preoccupation with environmental and humanitarian causes and support the company's initiative to get involved and support

organisations dealing with such causes. On the other hand, there are the people that are not emotionally invested in the company, some of them are not even consumers of LUSH and see it as just another cosmetic brand and are little aware of the company's Identity as a campaigning company and the values that it upholds. Therefore, LUSH's Image is not uniform, and one can argue that there are two, the campaigning company versus just another cosmetic company.

All of LUSH's involvement with environmental and social causes implies that LUSH's Desired Identity, which stands for how the managers strategically want the firm to be seen, is to be recognised as a campaigning company. One can also conclude that most of LUSH's employees believe the company to be a campaigning company genuinely committed to its values, as LUSH puts great emphasis in hiring people that whose beliefs correspond to the company's beliefs. Therefore, LUSH's Identity, its employees' perception of the organisation, is quite uniformly of a campaigning company.

Even though LUSH's Identity and Desired Identity seem to be greatly aligned between them and with the Image their loyal customer base, the *lushies* hold, one cannot say its Reputation is uniform and well establish due to the lack of uniformity in its overall Image, LUSH is amidst a Reputation crisis.

6. *How aligned are the company values with the #spycops campaign? Can different perceptions of alignment explain the contrasting reactions to the #spycops campaign?*

**Key Concepts:** Chosen Cause and Company fit; Longevity of Commitment to Cause; CSR Attributions; Consumer Attitudes.

**Key Points:**

- Two groups with different Images of LUSH – the *lushies* who see and support it as a campaigning company, and the other consumers, people that are not familiar with LUSH's Identity and values;
- The *lushies* perceived a high fit, while the other consumers that are unfamiliar with LUSH's business philosophy perceived a low fit;
- The *lushies* perceived the campaign as part of the company's long-term commitment to social and environmental causes; while the other consumers perceived it as a short-term commitment to the cause;

- The *lushies*' perception of high-fit and long-term commitment lead them to attribute Strategic and Value-driven motives to the initiative and thus have an overall positive attitude, while the other consumers' perception of low-fit and short-term commitment lead them to attribute Highly Egoistic and Stakeholder-driven motives and thus have an overall negative attitude towards the campaign.

**Possible Answer:** As previously mentioned, it is possible to distinguish two groups of people in terms of perception of the company LUSH. On the one hand, there are LUSH's regular customers that are aware and support LUSH's commitment to environmental and humanitarian causes, on the other hand, there are the other consumers, people that see LUSH merely as a regular cosmetic brand. For people who were not familiar with LUSH, the connection between the spy-cops issue and cosmetic brand seemed farfetched and to some even inappropriate, as they did not recognise LUSH's position as legitimate. However, for LUSH's customer base a campaign like this made perfect sense, as it fitted LUSH's campaigning company profile and many of the groups targeted by this special taskforce were environmentalist groups. Similarly, one can assume that the *lushies* might have also seen this campaign as part of a long-term commitment LUSH has toward environmental and social organisations, while for the other consumers, who were not aware of this commitment, this campaign might have seemed like a new and short-lived commitment.

The perception of a high-fit between the company and chosen cause leads consumers to attribute Strategic and Value-driven motives to the social initiative and, therefore, having a positive attitude towards it. On the other hand, the perception of a low-fit is interpreted by consumers as a Highly Egoistic move and thus resulting in a negative attitude towards the company. In the case of the #SpyCops campaign, LUSH's regular consumers perceived the cause to be a close fit to the company's philosophy, thus having a positive attitude towards it. However, the general public found that LUSH lacked legitimacy in speaking on such topic, attributing Highly Egoistic motives to the campaign and having an overall negative attitude towards it.

Likewise, the perception of a long-term commitment leads to the attribution of Strategic and Value-driven motives and thus, an overall positive attitude whereas the perception of a short-term commitment leads to the attribution of Highly Egoistic and Stakeholder-driven motives and thus overall negative attitude. Therefore, the *lushies*, who perceived the campaign as part of a long-term commitment of the company, had an overall positive attitude towards the

campaign. While other consumers who perceived it as a short-term commitment and thus had a negative attitude towards it.

*7. Why did LUSH's sales increase while being the target of a boycotting movement across the UK?*

**Key Points:**

- People calling for LUSH's boycott were not its target market or customer base, which in its majority supported the campaign; Increase in exposure;
- Support of non-clients that support the cause.

**Possible Answer:**

The main factor that allowed this increase in sales is the simple fact that the people that were asking for the boycott and LUSH's consumers are not the same. LUSH is no stranger to environmental and social activism, as people that are familiar with the company know. So, while for people that were little familiarised with LUSH and likely never shopped there, this campaign might seem outrageous or out of line, for those who know the company and are invested in its campaigning side this move made perfect sense.

Ultimately, the people calling for the boycott of LUSH were not even likely to purchase anything from the brand; it was an empty threat. On the other hand, LUSH's regular consumers were more likely not to be bothered by the campaign or even actively support such a social cause themselves. In addition, people who might not have been consumers of LUSH before but have an affinity to the cause might have a new-found interest in the brand.

Another factor that led to the increase in sales was the increased exposure this campaign gave the brand. While having 67% of negative twitter mentions is an unwanted result. One must not forget that due there was an increase in overall mentions by 2321%, one-third of which were positive; therefore, in absolute terms, positive mentions also increased. Many of these mentions were from loyal consumers defending LUSH and encouraging others to purchase products to cancel out the boycott.

## 4.5 Wrap-up

To conclude the analysis of the case study, the professor should go through the main take-aways of LUSH's #SpyCops campaign. The first one being that a CSR campaign is considered controversial when it creates different and sometimes even contrasting views within the public. A Controversial CSR campaign can be polarising but will strengthen a brands' Image and their perceived commitment to their values. In the case of LUSH, there were two groups with contrasting opinions on the campaign, with the general public condemning it and the *lushies* supporting it.

It is essential to emphasise the moderating role of Company-Customer Identification and In-group Bias in this case study. The identification of LUSH's loyal consumers with the company helped prevent their perception from being influenced by the negative comments flooding social media. There were even some of LUSH's consumers that displayed Consumer Advocate characteristics when publicly defending the company in social media.

It is also relevant to understand that even though the concepts of Reputation and Image imply shared beliefs, in reality, these concepts are not always uniform amongst the population. As shown in this case study, it is often possible to distinguish different Images of the same company by different groups of individuals, and the same goes for its Reputation.

The perception of fit between company and chosen cause and commitment longevity also played a significant role in the contrasting reactions to the CSR initiative of LUSH. For people outside the LUSH's bubble, having a cosmetics company make a statement about the police seemed senseless and even outrageous. However, for people familiar with the brand and its campaigning philosophy, the link between the company and the cause seemed appropriate. The perception of a high fit and a long-term commitment by the people familiar with LUSH likely influenced them to make Strategic and Value-driven Attributions, which leads to a positive attitude towards the campaign. The perception of a low fit and a short-term commitment by people that are not very familiar with LUSH likely influenced them to make Highly Egoistic Attributions, which leads to negative attitudes towards the campaign.

Another takeaway from the case is that when running a CSR campaign that might become controversial, it is essential to have a strong connection between company and customer base so that they are not easily influenced by any negative criticism that may arise. It is also crucial that a CSR initiative, like any marketing campaign, is made in alignment with the target

market’s expectations of the company, given that those are the ones that have or will form a loyal and long-term relationship with the company. A Controversial CSR initiative can polarise part of the market, but it can also communicate the company’s values to the public and aid with brand strength amongst loyal consumers.

Overall, the biggest take away from this case study is that a CSR initiative won’t necessarily be seen as an overall positive thing by everyone, even though some causes are noncontentious, creating only positive to neutral reactions, some causes can be contentious and thus polarising. It’s important to understand that what makes a CSR initiative contentious is not only the initiative itself but the environment it is released into. There are numerous moderators for the relationship between a CSR initiative and how it is perceived by customers. The moderators explored in this case study can be illustrated by *Figure 2*, which the professor is encouraged to display in the final slides of the class.

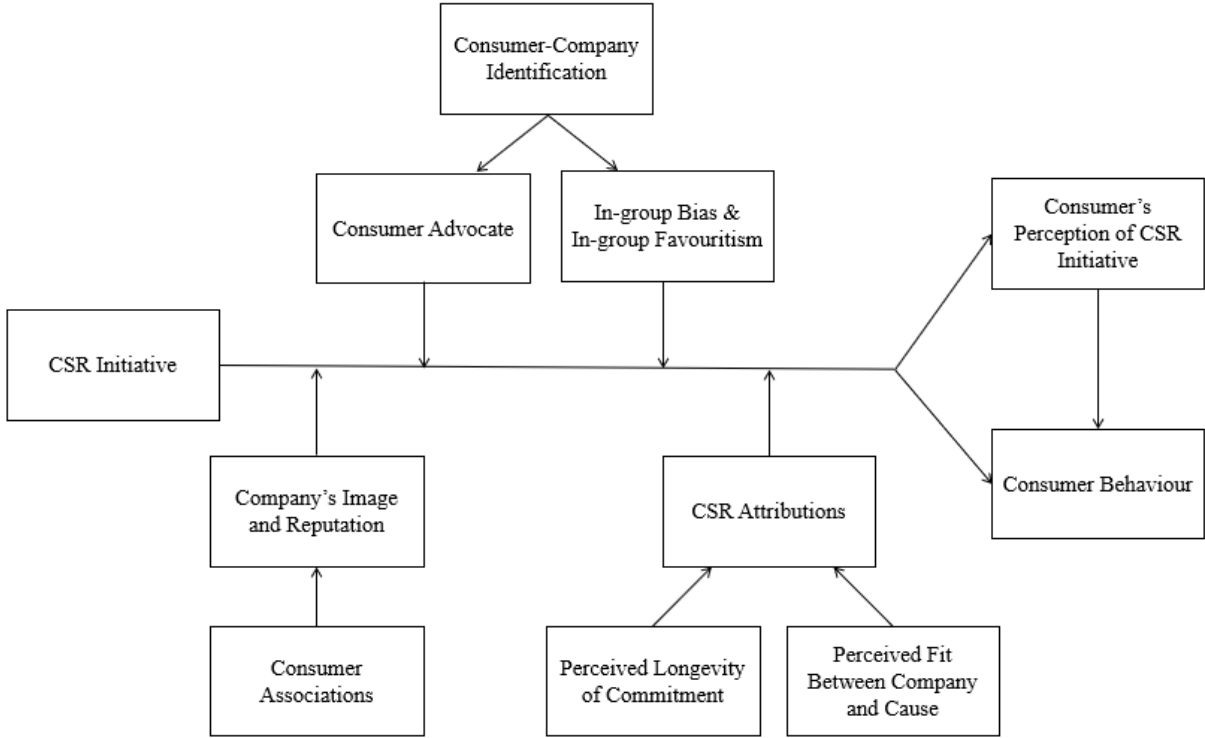


Figure 2 – Moderators of the Relationship between a CSR initiative and its perception by consumers

Finally, the professor is encouraged to bring to the students’ attention that the separation of the public into two groups – the *lushies* and the other consumers – although helpful, it is a

simplification. Even though most people belonging to each group reacted to the campaign as described in the analysis of the case, the reality is never so black and white. One must consider that there might have been *lushies* that disagreed with this campaign as well as other consumers that supported it. It is even possible that there were people that identified as *lushies* but had a strong tie to the Police, which were one of the main critics of this campaign, leading them to feel torn on the topic.

## 5. MAIN CONCLUSIONS

The real-life case of LUSH's #SpyCops campaign is a clear example of a Controversial CSR as it was defined by Turner et al. (2019), it leads to very contrasting views, thus being contentious by nature. It also displayed an element of Social Issue Statement as it took a clear stand against the way the Police was dealing with the inquiry on the activities of the Special Demonstration Squad. One can argue that LUSH's increase in profits while this controversial campaign was running supports Brammer and Pavelin's (2006) idea that the effectiveness of a social initiative in benefiting the company is defined by the relevant stakeholders' beliefs on such social initiative. In this real-life scenario, LUSH's relevant stakeholders would be its loyal customer base, the *lushies*.

Despite, Chun's (2005) recognition that the concepts of Image and Identity are built on different peoples' perceptions of the company, she ultimately defines each of them as a unit. Image being consumers' overall perception of the company, Identity being internal stakeholders' overall perception of the company and Reputation everyone's perception of the company. This case study, on the other hand, support that a company can have more than one Image, as different groups of external stakeholders can have very different associations of the company instead of some nuances of the same opinion. LUSH's Image is not uniform, and one can argue that LUSH has two, the campaigning company for the *lushies* and being just another cosmetic company for the rest of the market. In addition, one can argue that the same is possible for the concept of Identity, as it is also built on different people's perception of a company, even though this is not present in the case of LUSH.

Nevertheless, LUSH's case study supports Chun's (2005) notion that the three elements of Reputation (Image, Identity and Desired Identity) are not always aligned as wanted. In this specific case study, one can see that both LUSH's Desired Identity and Identity fall into the "campaigning company", however; LUSH's image, which is fragmented in two doesn't fully align with the other two elements. Even though the *lushies*' Image of LUSH does fit the "campaign company" the rest of the external stakeholders perceive it only as "just another cosmetics company".

LUSH's case also supports the idea defended by Ellen et al. (2006) that the perception of a higher fit between the company leads consumers to attribute Strategic and Value-driven motives to a CSR initiative and consequently consumers have a positive attitude towards the campaign. In contrast, a lower fit lead to the attribution of Highly Egoistic motives to the CSR

initiative and thus to negative attitudes towards it. In the case of LUSH, one can see that the *lushies*, who perceived a high fit between LUSH and the cause, had good overall reactions to the company. Meanwhile, the rest of the market, who failed to see the fit between a cosmetic company and the issue of the malpractice of a police squad, had mainly a negative reaction towards it, even perceiving it as inappropriate.

In addition, one can say that there is some evidence in the case that might support another idea defended by Ellen et al. (2006) that a person's perception of the longevity of the company's commitment to the cause can affect its attitude towards the campaign. Similarly, to fit, the perception of a long-term commitment leads to more positive attitudes while short-term commitments can be interpreted as reactive to stakeholders' pressures or Highly Egoistic, and thus lead to negative attitudes. One can say that LUSH's loyal customer base, familiar with the firm's activism, might have seen this campaign as another of the company's effort towards social issues, thus perceiving it as a long-term commitment of the company and having positive attitudes towards it. Meanwhile, the rest of the population, that is unfamiliar with LUSH social and environmental efforts might have assumed this was something new, thus perceiving it as a short-term commitment and having negative attitudes towards it.

Finally, this case study also supports Bhattacharya and Sen (2004) idea that if a Consumer-Company Identification is sufficiently significant it can generate Consumer Advocates, i.e. consumers' that are not only likely to promote it but also tend to show resilience to negative information about the company. These characteristics display by LUSH's loyal customer base, the *lushies*, not only being unaffected by the criticism thrown at LUSH but also by coming to its defence through the form of tweets or increase purchase to counteract the #FlushLUSH movement.

Similarly, the case of LUSH's #SpyCops campaign also supports the concept of In-group Bias, the tendency people have to make attributions that favour their group over others (Hewstone, 1990). More specifically, In-group Favouritism, which stands for the positive feeling and attributions that individuals associate with a group they belong to and its members (Tajfel et al., 1971). In this case study, LUSH's loyal customer base's Image of the company was mostly unaffected by the heavy criticism being thrown at the brand. However, the opinion of people with a low identification with the company was very easily affected the campaign and others' criticism.

## **6. FUTURE RESEARCH**

The case study of LUSH's #SpyCops Campaign suggests a possible model for how the moderators studied affect consumers' perceptions of a CSR initiative. It would be exciting to see future quantitative research testing the model previously introduced in the Teaching Notes chapter (*figure 2*) and finding whether it applies similarly to other CSR initiatives, both controversial and traditional.

When it comes to future writing of case studies about the perceptions of CSR, it would be interesting to see different takes on this issue. Namely, case studies that explore other moderators of the relationship between a CSR initiative and consumers' perceptions, as for example, cultural characteristics (Choi et al., 2016).

Another interesting take would be to build a case study based on a controversial CSR initiative that, unlike LUSH's campaign, lead to a negative outcome, ultimately damaging the company's performance. In addition to the case it would be of added value to analyse the possible moderators that led to the negative outcome. If the moderators analysed are the same as the ones in the case study of LUSH's #SpyCops campaign, the analysis could even take a step forward by comparing the two situations in order to better understand the role the moderators play within the relationship between CSR initiatives and consumers' perception.

Moreover, it would be beneficial to write a case study on real-life noncontroversial CSR initiatives that did not originate contrasting opinions like in the case of LUSH's #SpyCops campaign, but instead originated a very homogeneous response from the public, either positive or negative, or even an indifferent reaction. Similarly, an analysis of the possible moderators that lead to such a homogeneous reaction from the public would be interesting. Again, if such moderators are similar to the ones in the case study of LUSH's #SpyCops campaign than it would also hold value to compare both cases in order to better understand the role of the moderators.

Finally, another suggestion would be to build a case study exploring the reactions to a controversial CSR initiative from the perspective of internal stakeholders instead. CSR can influence not only a company's Image but also its Identity, i.e. CSR initiatives don't only influence consumers' associations of the company but also its employees' beliefs about it, which can have a great impact on overall moral and performance of employees.

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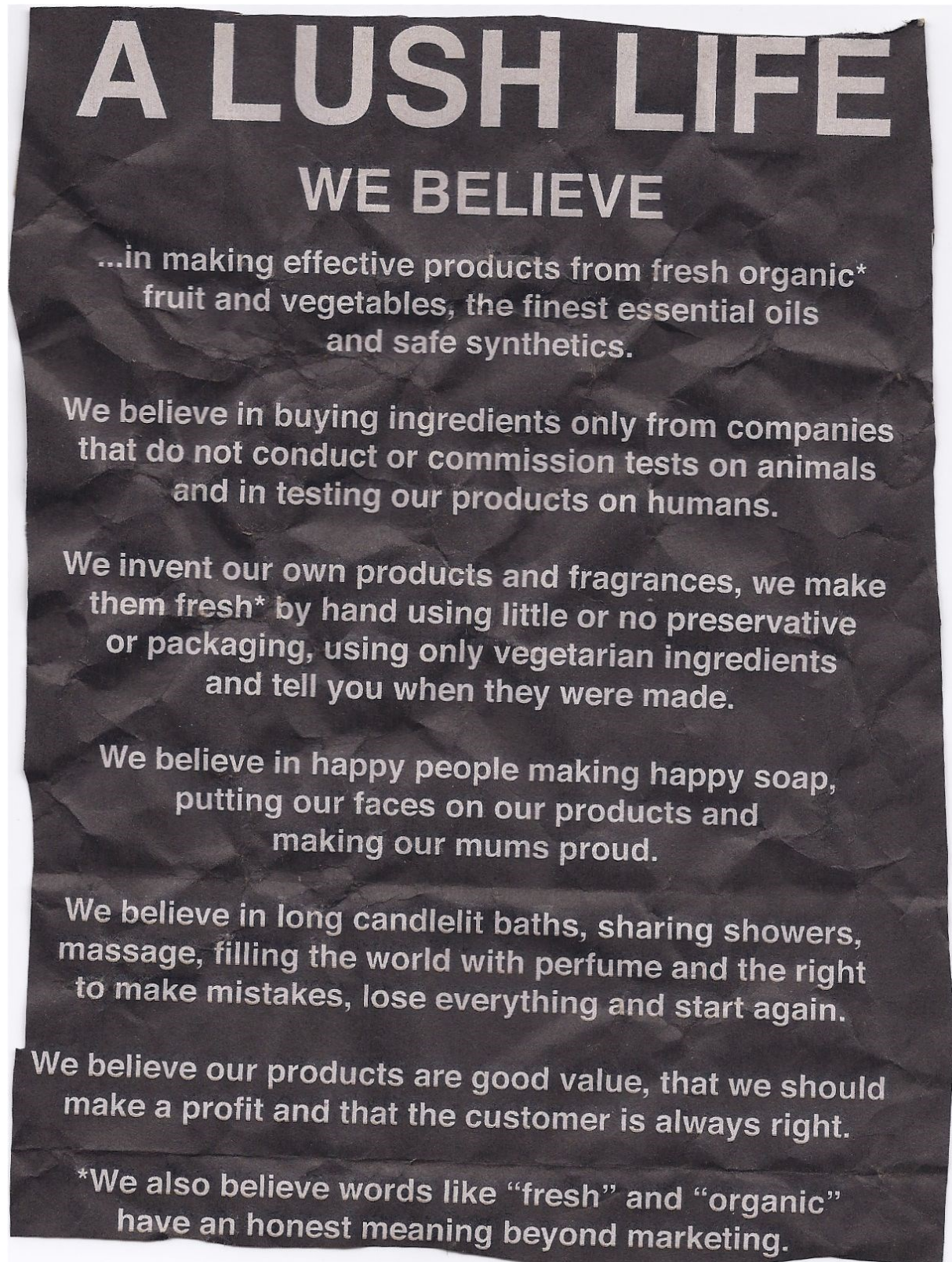
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## **APPENDIX**

### **Appendix 1**

Lush's Manifesto ("Pinterest," n.d.)



Appendix 2

Forefront of a Lush store while the #SpyCops campaign was running (“What next for the #spycops campaign?” 2018)



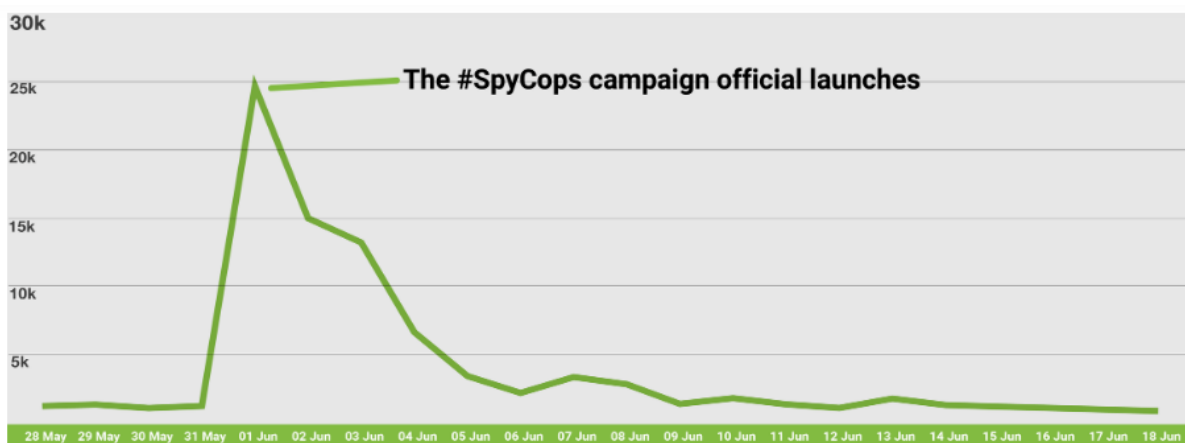
### Appendix 3

Lush UK's Twitter page while the #SpyCops campaign was running (Lawrence & McDonnell, 2018)



### Appendix 4

LUSH's twitter mentions between May 28th and June 18th of 2018 (Boyd, 2018)



## Lush Twitter Mentions

Mentions gathered 28 May - 18 June 2018

@BRANDWATCH

