Real or Fake:
Luxury Brand Corporate Philanthropy

by **Catherine Walker**

I love the Gucci brand. So much so that I have a rather bad fake Gucci watch to prove it. The reason I mention it is that I cannot help thinking that there is something just a little bit fake about Chime for Change.

There is something not quite right in a multi-billion pound luxury business setting up a portal through which or'nery folk like us are enabled and encouraged to give our hard-earned pennies to charity.

My charity, the Directory of Social Change[1], has been researching corporate philanthropy in the UK for the last 25 years, and believe me that is no easy task. Not only are the amounts miniscule in comparison to what or'nery individuals give (2% of UK charities' income compared to 43%), but they are also obfuscated in a morass of do-goodism verbiage, exaggeration and downright lies[2].

Many companies boast about empowering their employees and customers to give to charity and then count that as part of their own giving. No! You pay your employees to make your profit, you put a profiteering margin on your products that customers buy, and then you rinse their charity pennies out of them and call it corporate philanthropy? I don't think so! Even with all this individual giving company donations average a pathetic 0.4% of pre-tax profits. Less than £1 billion goes to charity every year from the corporate coffers, compared to over £14bn from individuals.

So Vanessa Friedman does well to point out the "concerns about profiteering do-goodism" in Gucci's "branded movement" – a glorified crowd-funding platform. The cognitive dissonance created by luxury brands in the philanthropic arena is a hurdle which needs careful management[3]. As Margot Brandenburg points out in Vanessa's article, "for the price of one luxury handbag, you can easily give food and water to a family in a challenged area for a year." But most people considering the option would not make that swap. So allowing them to donate a percentage of the price instead allows them to assuage their guilt and still buy the luxury handbag – a win-win for the customer and the manufacturer. But not for the poor family who now, instead of getting a year's supply of food and water only get a few weeks.

So Gucci under-wrote a big concert in Twickenham, employing 3,000 people. Incidentally, I would love to know if the artists performing (amongst which, Jennifer Lopez and Florence Welch) donated their time for the cause for free. Concert-goers were encouraged to donate the price of their ticket – 42% did so. The concert cost Gucci $5m– around £3m – or 0.4% of its profits (sound familiar?!) for a heavily-branded piece of social marketing, at which the article claims it made back most of the outlay through selling sponsorship and broadcasting rights.

'Gold-washing' is a new term on me, but if it is anything like my fake Gucci watch then the 'gold' tends to wear thin pretty soon revealing the tarnished cheap metal underneath.

So what should luxury brands do? In fact, what should all corporate do?

The three tenets of our Great Giving Campaign are a good place to start: Give; Give more; Give better[4].

Stop looking for win-win deals which support your business case. Philanthropy is about giving without counting the cost (if you'll forgive the religious nod). Give when times are hard not just when your profit-margin is healthy. Give to unpopular causes, small charities, community groups who are doing a good job and don't make them jump through a million useless flaming bureaucratic hoops to get the money. Spend time with them, and talk to them to let them explain what they are doing. Learn their language. Allow them to define 'success', 'effectiveness' and 'impact' or come to an agreement together. In short, take off your suit,

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roll up your sleeves and get dirty. Even out the power imbalance which has charities begging at your door. Throw away the rule book and get real.

Give to unpopular causes, small charities, community groups who are doing a good job and don't make them jump through a million useless flaming bureaucratic hoops to get the money.

Last November I chaired the Philanthropy Impact event "Fashion and Philanthropy" at Rothschild[5] which showcased a number of fashion enterprises which are working in a social context as their primary market. Social enterprises such as these demonstrate what can be done when you think about things differently, and prove that doing good can be fashionable too.

Fakes sell because they are cheap and easy, but if you can demonstrate genuine value for money, longevity and superior qualities then people will buy the genuine article.

[1] *www.dsc.org.uk*

[2] *See for example, The Company Giving Almanac, 2013, Directory of Social Change (http://www.dsc.org.uk/Publications/Fundraisingsources/@162468)*

[3] *As I pointed out in this Financial Times article: http://www.ft.com./cms/s/0/51eec732-696d-11e3-aba3-00144feabdc0.html#axzz2r1SNbjiV*

[4] *http://www.dsc.org.uk/PolicyandResearch/PolicyandCampaigning/GreatGivingCampaign*

[5] *http://www.philanthropy-impact.org/events/event-listing/fashion-and-philanthropy-gimmick-or-real*

Ten Things You (Probably) Didn't Know About Philanthropy in South Africa

by Philip Faure, Citadel Wealth Management

1. South Africa has only four billionaires (US has 442) and 60 000 millionaires. By 2016 the number of millionaires is expected to grow to 240,000.
2. In attempting to redress the inequalities of the past, many new black Rand millionaires and billionaires have been created. Philanthropists are emerging in this space with the majority of their giving directed closer to home, in their own extended families and communities.
3. In an attempt to redress the unequal distribution of wealth, South African companies are required to comply with broad-based Black Economic Empowerment legislation. Part of a company's annual score card, includes corporate philanthropy, known as Social Economic Development. Companies are required to spend 1% net profit after tax on social uplift.
4. Philanthropists in South Africa are in general far more private than elsewhere in the world, preferring to operate "under the radar". In 2013 the first African philanthropist, Patrice Motsepe, joined the Giving Pledge.
5. Philanthropy is still in its infancy in South Africa. Inyathelo – The South African Institute for Advancement, has taken the lead in growing philanthropy in the country. Although not formally appointed, they are considered the Industry Body and are host the annual Inyathelo Philanthropy Awards ceremony.
6. Social Enterprises and Impact Investment funds have been around for some time, but are not yet accepted as main stream investments. Interest and activity levels continue to grow, driven by the likes of the African Social Entrepreneurs Network (ASEN) and the Bertha Institute for Social innovation at the University of Cape Town's Business School.
7. No capital gains tax, donations tax or estate duties are payable on donations to a Public Benefit Organisation (charities and foundations registered with the South African Revenue Service). However, income tax incentives for donations to PBO's are limited to 10% of annual taxable income. The South African Private Philanthropy Circle recently made a submission to the National Treasury and Revenue Service with recommendations to changethe Income Tax Act and other restrictive legislation.
8. Donor-advised funds (DAFs) are still not well understood or used. South Africa's first Donor advised fund was launched in 2013.
9. Nelson Mandela International Day is an annual day to honour the legacy of Nelson Mandela, and his values, through volunteering and community service. Nelson Mandela fought for social justice for 67 years, and on the 18th of July each year, people are asked to do 67 minutes of volunteering.
10. African cultures in Southern African have for generations practiced their own form of philanthropy, called "Ubuntu". Translated this means "I am because we are". This is the essence of being human, we cannot exist in isolation, and we are all connected.