Business Startup and Cause Marketing in the Running Apparel Industry

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A Senior Thesis submitted in partial fulfillment
of the requirements for graduation
in the Honors Program
Liberty University
Spring 2014

Acceptance of Senior Honors Thesis

This Senior Honors Thesis is accepted in partial fulfillment of the requirements for graduation from the Honors Program of Liberty University.

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Abstract

Entrepreneurship has been the backbone of the American economy since the penning of the Declaration of Independence. Small businesses help the United States prosper and help create jobs for the American people. As today's business world is increasingly changing in a technological and global way, entrepreneurs must consider many environmental conditions in their small business planning. Business start-up is a long process backed by research and market testing that will maximize the opportunity for success. One way many business start-ups have become successful is through cause-related marketing programs that many people support. Additionally, a particular industry that has proven to be successful despite tough economic times is the sports apparel industry, and specifically the running industry. This thesis will seek to tie together entrepreneurship, corporate social responsibility, and the running footwear and apparel industry. Entrepreneurs looking to get involved in the running industry can be successful in today's business world if their venture is coupled with great start-up research, a great cause and a corporate social responsibility program.

Business Startup and Cause Marketing in the Running Apparel Industry

Entrepreneurship has played a major role in American culture over its young history. Many business-minded people develop an entrepreneurial spirit and work to fill needs within society through innovation. Small businesses improve economic conditions and help create jobs for the American people. As today's business world increasingly changes in a technological and global way, entrepreneurs must continually research their external environments in order to guarantee business success. Business start-up is a long process backed by research and market testing that will maximize the opportunity for success. A particular industry that is proving to be successful despite tough economic times is the sports apparel industry; specifically the running industry. The running industry has seen consistency in terms of sales and is continually growing. This is in large fact due to people simplifying their lives through increasing their engagement in outdoor activities. As entrepreneurs seek new business ventures within this industry, a source of differentiation must be achieved. In order to gain a competitive advantage, organizations can implement corporate social responsibility programs into their business model. Today's consumers support businesses that are responsible and have a platform for a worthy social cause. Entrepreneurs seeking a business venture can find promise and success in the running industry and may find a source of differentiation through a cause-related marketing program and great start-up research.

A Focus on Entrepreneurship and Small Business

The Importance of Entrepreneurship and Small Business

Free-markets and capitalism. Free markets are markets in which buyers and sellers are able to interact with each other financially without government intervention. Products and prices in a free market are determined by both the seller and the consumer. Milton Friedman, a strong supporter of free-markets, believed that the government should keep their hands off the economy and let the free market do its own work. Similarly, capitalism is an economic system in which private individuals control a country's industries for profit, rather than being controlled by a governing authority. Countries that conduct business with a free market capitalist mindset promote honest business competition and an entrepreneurial spirit. The nature of free market capitalist nations is to weed out inefficient firms and reward those that find differentiation in a competitive market. The United States is a strong supporter of free markets, capitalism, and the entrepreneurial spirit (Acs & Phillips, 2002). Entrepreneurship plays such a crucial role in capitalism because it performs the job of creating substantial wealth for society (2002) and promotes honest competition that suppresses inefficient firms. The idea that anyone can enter the market through entrepreneurship promotes constant business improvement and falls in line with capitalistic thought. Large corporations that hinder the role of entrepreneurship devalue the functions of a capitalistic society (2002). Large organizations tend to replace small and medium sized firms and undermine the role of competition. Small businesses, however, are the backbone of the American economy and have been the source of economic development and job creation for the past several decades.

Economic improvement and job creation. Entrepreneurship has been an essential force in the American economy during the past several decades. During the fifties and sixties, the decades immediately following WWII, the American workforce was defined by large Fortune 500 organizations. The nation's largest organizations created almost every single new job available for the American workforce (Drucker, 1985).

Following these two decades of "big business" were two decades, the seventies and eighties, defined by an energy crisis and recessionary periods. During this time period of turmoil, several nations experienced a loss in jobs. Eastern and Western Europe both lost several million jobs. Japan experienced a very slow 10% growth in its job sector (Drucker, 1985). However, despite losses and minimal gains in many other nations, the United States saw steady growth in the workforce during the seventies and eighties. Between 1965 and 1985, the number of Americans counted in the workforce grew by 51 million people (1985). However, the magnitude of new jobs in America was not created by Fortune 500 companies like years past. In fact, "big businesses" lost nearly 3 to 4 million jobs for the American workforce during this time of economic struggle. The growth sprung from the roots of an entrepreneurial spirit. Thirty five million new jobs were created for American citizens during these decades and a significant amount of them were created by small or medium-sized organizations (1985). Small business entrepreneurs gave the American workforce opportunity despite job loss in many other nations.

Small business became a foundation of importance in the American business sector during this time period and has been a key driver of economic growth ever since.

In 1985, *The Economist* estimated that about 600,000 new business ventures were started each year, a 700% increase from the 1950s and 1960s (Drucker, 1985). In more recent times, the small business sector continues in significant growth. Small businesses have grown 49% since 1982 and account for 54% of all U.S. sales according to the U.S. Small Business Administration (2013). Additionally, a 2010 study by the Global Entrepreneurship Monitor concluded that one in every 13 Americans is involved with a venture that has started within the past three years (Barringer & Ireland, 2012). The growth and involvement in small business within American culture signifies the importance of entrepreneurship. Small business entrepreneurs provide jobs and hope for American citizens despite difficult economic times, as can be seen through American business history. Small business entrepreneurship will only continue to grow within such a business heavy culture. As business continues to change drastically in an innovative and global way, many new small businesses will emerge in order to meet global needs. However, small business success will be dependent upon the entrepreneur having a few key characteristics that optimize the new venture launch process.

The Important Characteristics of an Entrepreneur

Passion for the business. There are many reasons why one may decide to become an entrepreneur. Some want to create value for themselves rather than create value for another business. Some want to be their own boss while others believe that they have a brilliant business idea that must be pursued (Riddell, 2010). One important concept to remember, whatever the reason for getting involved with entrepreneurship, is passion for the new venture. An entrepreneur can have a great idea, research, and plan for a new business, but may ultimately fail if there is a lack of passion. Passion and vision for the business will allow an entrepreneur to work hard with persistence when there are setbacks, limitations, and barriers to success (Barringer & Ireland, 2012). Launching and sustaining a business becomes much more difficult when an enthusiasm for the new idea is not evident. Estimations show that about one-third of new businesses fail (2012). One reason for these organizational failures is due in large part to a lack of motivation and passion.

The importance of passion is seen through the example of a business called YouCastr. YouCastr was a business founded in 2006 by four friends who were bouncing around ideas during a road trip. The four friends came up with an idea where sports fans could view a game and produce their own live commentary which could then be streamed across the internet. The business launched, but ultimately failed because of a lack of passion. The company ran out of funds, could not penetrate the market, and the owners lacked a love for broadcasting and sports (Barringer & Ireland, 2012). The lack of knowledge and enthusiasm for broadcasting and sports proved that the founders of YouCastr were not capable of sustaining the business. When problems arose in the startup process, the founders lacked the enthusiasm necessary to persevere through the trials. The YouCastr example properly demonstrates how important passion is within the entrepreneurial process.

Perseverance and hard-work are absolutely necessary to succeed with a small business start-up because of the time required for the new venture. Lacking passion for the business will only make the hard-work required more difficult to complete. According to Brendan Waye, a young entrepreneur in Calgary, Canada, entrepreneurship takes a lot of hard-work and in the beginning stages of his business he found himself working 14-15 hour days (Louie, 2005). Devoting time to long work days in the early stages of a young business will be much more possible with extreme passion and purpose. Passion is entirely necessary for success, but must also be coupled with intelligence and decision making abilities.

Intelligent decision making. Although passion is a necessity for starting a business, one cannot solely rely on it. Much like a business may ultimately fail with a lack of passion, it may also fail without a business savvy intelligent leader. An ability that the entrepreneur must have is the ability to develop a clear focus. New ventures have many ways in which they can focus their efforts, but must have a clear plan knowing that an unfocused product portfolio can be a giant hindrance to success. However, a degree of flexibility must be hand-in-hand with a focused product approach. Entrepreneurs must have the ability to articulate consumer demand and adapt product lines accordingly. Additionally, entrepreneurs must have strong financial management skills. Business startup costs are significant and cash must be handled properly. A strong entrepreneur must be able to manage financials intelligently while taking calculated risks to further the business. Owners of new businesses must have vision and determination. They must be willing to take calculated risks and learn from mistakes (Riddell, 2010). These abilities must be partnered with strong business skills if a new venture has a chance at succeeding.

People skills. Along with business skills and decision making abilities, an entrepreneur must have great social skills. Entrepreneurs should have a large network of contacts because any former business colleague could be a useful source of information (Riddell, 2010). It is important to maintain this network throughout all stages of the venture startup. Entrepreneurs must also be willing to work well with others (2010).

Often times, young entrepreneurial minded people like to do things on their own and plan the entirety of the business based off their own experiences, thoughts, and ideas. This approach regularly leads to a narrow minded business plan and may hinder the organization. Entrepreneurs should learn how to consult with others and delegate tasks realizing that they cannot accomplish everything on their own. They must have the skill of trusting people and working well with others. Lastly, the entrepreneur must have exceptional people skills while interacting with consumers. Entrepreneurs need to clearly communicate the product to customers, and more importantly, listen to consumer needs so that product lines can be adapted accordingly (2010). Working well with others and consumer communication skills are extremely necessary for a young entrepreneur pursuing success.

The Importance of Startup Research

Business plan. Often, small businesses decide that the effort required for developing a business plan is too time consuming and costly. Small businesses may think they do not have the resources available to devote time to a business plan. However, in order to meet with potential investors and receive start-up funds, a business plan is entirely necessary (Burton, 2011). Investors want to see a business plan so that they can determine the best way to allocate funds and see the new ventures strategies for success. A business plan is a written document that explains what an organization plans to accomplish and how they are going to get there. The business plan is an important document because it forces management to think through every aspect of the business and serves as a guide for potential investors (Barringer & Ireland, 2012). All business plans generally have the same information in that they assess the environment, formulate objectives the new venture should achieve, discuss possible strategies, and lay a financial plan through forecasted financial statements (2011). The process of creating a business plan is extremely helpful to the young entrepreneur because it gives him the opportunity to assess all issues he might face as he begins his new venture.

External analysis. The business plan begins with the external analysis. The entrepreneur should begin by looking at the external environment and discovering what demand shifters there are within his industry. He should research information like trends in the market, competitors, supply chain standards, cultural issues, economic conditions and political issues (Burton, 2011). Understanding these conditions within the external environment will help the entrepreneur understand what shifts demand in his industry. Knowing demand shifters will allow him to tailor his business model and strategies to the conditions that will optimize success. Once the external environment has been scanned and evaluated, the entrepreneur can then set objectives for his business to meet.

Strategy possibilities. Completing the external analysis and setting objectives allows the entrepreneur to then evaluate possible strategies. The new venture should evaluate which type of strategy will best meet the needs and objectives that were discovered in the external analysis. The new venture can seek a better marketing plan, new markets, product development, and a number of other types of strategies (Burton, 2011). Entrepreneurs should only try to tackle one strategy at a time and pick the one that makes a better return for the young business. Once the best strategy is chosen, the costs associated with the new strategy can be calculated.

Forecasted financials. Once the strategy has been chosen, the entrepreneur can better calculate the costs and revenues that are expected to come from the newly implemented plan (Burton, 2011). Revenues can be projected over the next three years and costs associated with those revenues can also be forecasted. It is important to be realistic when calculating the revenues expected from the new strategy. If the strategy does not seem as if it will produce a long-term cash flow, then a new strategy should be pursued.

Benchmarking. The last step of the business plan is to set up a system to track how well the strategy is reaching its objectives (Burton, 2011). Benchmarking allows the new firm to set up small goals along the way to their long-term objectives. Benchmarking can often consist of quarterly financial goals where certain standards are set in place and strategy attempts to meet the financial goal (2011). If the strategy does not meet its financial goals, adjustments can be made to guarantee future success.

Feasibility analysis. Entrepreneurs may have an incredible business idea and business plan, but may ultimately fail with a lack of prior research. There must be a considerable amount of research conducted before the business plan is developed to see if the idea even has the opportunity for success. The feasibility analysis measures whether or not the business idea is even viable (Barringer & Ireland, 2012). Entrepreneurs must understand the whole business environment they are entering before blindly starting a business with small knowledge of the risks. The feasibility analysis is a long research process that looks at several external and internal factors that can affect the new venture's launch. The analysis is usually broken up into four separate research sections; the product/service feasibility, the industry/target market feasibility, the organizational feasibility, and the financial feasibility (2012). The entrepreneur should conduct research throughout each of these four stages and only move forward if all four aspects of the feasibility analysis lead to a positive outlook for the new venture

Product/service feasibility. The first section of the feasibility analysis, and arguably the most important, is the product/service feasibility. The product/service feasibility is important because business is all about having quality products or service. Businesses lacking in products and service will fail because they have little to offer consumers (Barringer & Ireland, 2012). Research during this stage of the analysis seeks to answer whether or not the business has the product or service necessary for success. Through a series of surveys, entrepreneurs discover the desirability and demand for their proposed products (2012). If an entrepreneur does not have a product that is desired or demanded, he may want to reconsider his product portfolio.

Industry/target market feasibility. The second stage of analysis is the industry/target market feasibility analysis. In this stage, entrepreneurs examine the attractiveness of the industry in which they are entering. Research is conducted on industry trends, barriers to entry, competitors, and profit margins (Barringer & Ireland, 2012) If the entrepreneur finds that the industry has relatively low barriers to entry, high profit margins, and attractive competition, then the industry can be viewed as attractive. The entrepreneur must also measure the attractiveness of his intended target market. He must establish a clear, but not too narrow, target market in order to start selling products and competing in the industry (2012). Understanding industry trends and target markets will only help the organization implement better strategies.

Organizational feasibility. The organizational section of the feasibility analysis is about assessing the sufficiency of the new venture's management team. The entrepreneur must determine whether or not he and his team have enough expertise, experience, and competence necessary to launch the business (Barringer & Ireland, 2012). Launching a business with no expertise or experience in the proposed industry of operation could prove to be fatal for a new company. The team should have the skills and experience necessary for operating in the industry. The entrepreneur must also assess his ability to access to the non-financial resources necessary for operating the business (2012). The organization must have access to resources like suppliers, skilled employees, intellectual property rights, and support from the local community. Obtaining these non-financial resources should not be a difficult hurdle to surpass during the young businesses start-up. The prowess of the management team and the ability to obtain resources will partially aid the decision about moving forward with the new venture's launch.

Financial feasibility. The last section of the feasibility analysis is the financial analysis. In this section, entrepreneurs must determine how much total start-up cash is needed (Barringer & Ireland, 2012). Projections of the start-up cash needed should account for everything needed until the company can begin operating off its own revenue. Entrepreneurs should also determine how they are going to acquire the start-up capital needed for the business. The last part of the financial analysis is to view the financial performance of other businesses within the industry (2012). Looking at the financial performance of similar firms can give the entrepreneur a more accurate view of the start-up cash necessary and help him make very important decisions for the new venture. Once an entrepreneur has gone through these four stages of research, he can then move to the business plan and develop strategies. The business plan will then allow him to seek investor financing and lay groundwork for the organizations plan of business start-up. Entrepreneurial skills and research is extremely necessary to succeed in any industry, and this is especially true of people who want to succeed in the business aspect of the running community.

A Focus on the Running Industry

Promise in the Industry

Apparel and footwear industry. The apparel and footwear industry has some positive and negative outlooks for the future as many new trends within the industry emerge. According to Jason Asaeda, apparel and footwear equity specialist for Standard Poor's Advantage, sales on apparel could increase in 2013 due to a slight stabilization in employment conditions. Additionally, apparel companies are now able to have inventories that are optimal for sales and input costs have begun to ease as many fabric prices have been slowly decreasing (Asaeda, 2012). This has allowed apparel companies to receive better margins on their apparel products. However, Asaeda still sees the negatives for the industry and realizes that inflation prices for food and gasoline, coupled with uncertainty about the fiscal cliff could discourage consumption (2012). The overall outlook on the apparel industry is neutral in that sales may remain steady, but the footwear industry looks more promising. In the midst of a weak economy, consumers are seeking out value and are willing to stretch their budgets for the right merchandise (2012). As shoe technology continually increases and companies create better products, people will continue to seek out new quality footwear.

Sports apparel and footwear. The lifestyle sports category has been extremely successful over the past 10 years and many outdoors companies are still doing very well despite a weak economy. These outdoor companies are able to have success because of a wide and educated customer base that requires innovative products for adventurous lifestyles (Bouchard, 2009). Outdoor sports apparel companies will continue to have steady sales as people revert to simpler lifestyles and attempt to enjoy nature (2009). The sports apparel and footwear business is appealing as people look to stay active and enjoy nature in the midst of tough economic times.

Running apparel and footwear. There has been an overall increase in the running industry over the past few years. The total number of Americans that competed in marathons jumped 8.6% between 2009 and 2010. This rise in the running community allowed the running apparel and footwear industry to jump 23% in sales between 2009 and 2010 (Lobby, 2012). The footwear aspect of the running industry looks particularly interesting. Most runners typically change their shoes every 400-600 miles of running (Fraioli, 2012). Advanced runners will usually hit this standard every month to a month and a half while moderate runners would take between two to three months to reach this goal. The constant need for replacement running shoes due to the repetitive pounding on pavement and trails makes selling running footwear appealing compared to other types of shoes. The problem of pronation also makes the footwear industry attractive. Pronation refers to the “inward roll of the foot” and over-pronators push completely off the insides of their feet (“Pronation simplified,” 2009). Over-pronation allows footwear companies to create more innovative products that help curb the problem of over-pronation for consumers. The function of different people’s feet requires companies to create more products and fulfill the needs of consumers, making the industry attractive. The running industry's outlook is positive as innovative footwear and a constant need to replenish training shoes will increase sales. People will keep the running industry moving forward as exercise and taking part in nature continue to grow in importance with the American people.

Trends in the Industry

Product technology trends. Sports apparel companies are increasing value by integrating technology into their products. New and cutting edge products have been highly successful as active wear apparel sales reached $60 billion in 2008 (Asaeda, 2012). Two leaders in the technology side of sports apparel are Under Armour and Nike. Under Armour offers compression apparel that regulates body temperature and keeps athletes comfortable during exercise. The company has recently launched into "Coldblack technology" which allows athletes to stay cool while protecting their skin from sun damage (2012). Nike has also emerged as a leader in technological sportswear through its recent creation of Flyknit shoe technology. Shoes are manufactured using synthetic yarn that is woven together using a computer system. Nike's Flyknit shoes are its most environmentally friendly shoe to date (2012). The Flyknit shoe design was inspired by athletes who wanted a shoe that feels almost like a second layer of skin. CEO Mark Parker believes this shoe design will revolutionize the running community ("Nike's Virtually Seamless", 2013).

Another company that has implemented new technology within its footwear is Pearl Izumi. Pearl Izumi has developed a new technology called the "E-Motion." Most runners strike off their heel first during each stride, while it is more efficient to strike off the mid-foot first. Pearl Izumi “E-Motion” shoes contour the heel and the toe so that the mid-foot sits lower than both the heel and toe, promoting a smooth mid-foot strike (“Project E-Motion,” 2013). Additional running footwear companies are attempting new designs and implementing new technologies as barefoot and trail running trends have emerged.

Lastly, the industry has had some new trends in apparel. Today’s consumers are looking for value in their products, seeking multi-functional sportswear that can be used for outdoor activities and look good in a public setting. Companies like Asics and Brooks that traditionally focus on technical running apparel are now putting a larger emphasis on fashion (Griffin, 2001). Companies that can cross function with fashion, and use current bright color and urban design trends will be successful in today’s sports apparel market.

Social and cultural trends. Bill Bowerman was a coach for the Oregon University Track and Field team from 1948-1972. Bowerman’s credentials are impressive as he coached several Olympians and is responsible for designing the waffle iron track spike that started Nike’s history (Quick, 2000). Despite his impressive record, Bowerman is also well known for his impact on the American running culture. After a trip to New Zealand where he jogged with the locals, Bowerman had a vision to improve American culture through jogging. Bowerman is credited for inspiring the American running culture and turning Eugene, Oregon into Track Town U.S.A. (2000). The influence of Bowerman has allowed the running sphere to continually grow across the country, even up to this day and age. The total number of Americans that competed in marathons jumped 8.6% between 2009 and 2010 (Lobby, 2012). Bowerman is credited for starting the American jogging movement, but since then, even more specific trends within the running community have emerged.

Trail running. Trail running has been a popular trend in the running industry recently. Trail running allows runners to get lost in their minds as they enjoy the nature surrounding them. During the year 2009, approximately 4.8 million Americans participated in trail running (Lobby, 2012). In the midst of a weak economy, U.S. consumers have been reverting to simpler lifestyles by taking up more and more outdoor activities (Bouchard, 2009). Trail running has seen high growth over the past few years because of people changing to a more active lifestyle. Footwear companies have begun tailoring their shoes and offering products that meet the needs of trail runners. The trail running trend has become a new niche in the running market place and will continue to be a source of revenue for footwear companies.

Female runners. In October of 1972, a movement inspired by six women runners revolutionized the female running community. Prior to 1972, the Amateur Athletic Union (AAU) had strict laws on the distances women were able to run. Only certain women were allowed to participate in the marathon and those women had to prove themselves capable first. The 1972 Central Park marathon only had six female entries. At this time, women were required to start their race 10 minutes before the male's race. As the gun went off for the women's race at 11 o'clock, all six women sat down on the starting line and held signs in protest against the AAU. The protest continued until 11:10 a.m. when the men's race began. As the men's starting gun went off, the six courageous women stood up and began their 26.2 mile adventure (Butler, 2012). This brave and courageous act by these women has inspired women everywhere to embrace the sport of running. The sport has grown significantly in recent years and the women's athletic apparel market is promising. Manufacturing companies have begun making products geared towards women because it has been an area of increased growth (Freeborg, 2003). Overall, women make up about 85% of all brand purchases (Holland, 2012). Companies have begun tailoring their products towards women knowing the large percentage of the market place they represent. This trend is especially true in the running industry. During the year 2011, 62% of the entrants in "Rock 'n' Roll" marathons were women (Lobby, 2012). The trend of women taking over the running community is something that should be considered for all of the major footwear companies.

Barefoot movement. Barefoot running is a new trend that has emerged within the running market and is all about getting back to natural running. Barefoot runners believe that running with minimal cushioning is better for efficiency and injury prevention. Barefoot running has always been around, but recently became a trend after Christopher McDougal's book *Born to Run* popularized the idea (Thomas, 2010). As of 2010, there were 1,345 members of the Barefoot Runners Society. The society was founded in November of 2009 with 680 members and has grown as the barefoot movement has become more and more popular (2010). Many barefoot enthusiasts believe that running without the cushioning of traditional shoes is closer to the way that human beings were evolved to run (2010). Whether or not this trend remains popular, there will always be runners who prefer barefoot running. Footwear companies will have to keep this niche market in mind as they create and market products with less cushioning and lower heel-to-toe drops.

Health and fitness. Entering the shoe retail market right now can be advantageous due to the rise of interest in personal health and fitness. Obesity is currently the second leading cause of death in the United States and health care professionals recognize it as a major problem for the nation's citizens. Many health care professionals, such as Adrian Hutber (Vice President of the American College of Sports Medicine) believe that physical activity must be included into the American health care system (Fung, 2011). The current trend and concern for fighting obesity will play a major role in the sales of athletic apparel and footwear as people begin exercising more and more. As a push for healthier living continues, many consumers will become more physically active as they attempt to better themselves. These trends will only help footwear and apparel companies.

A Focus on Corporate Social Responsibility

Defining Corporate Social Responsibility (CSR)

The concept of CSR has continued to grow in importance over the years behind the thought that businesses have a responsibility to society as a whole, not just making profits for shareholders (Carroll & Shabana, 2010). Consumers expect businesses to act in a socially responsible manner and somehow work to meet the needs of society. According to Archie Carroll, CSR is a four part definition that leads to four key CSR responsibilities; economic, legal, ethical, and discretionary/philanthropic (2010). Each of these four organizational responsibilities positively impact society. Economic and legal responsibilities are required for businesses and impact society because of the organizations requirement of increasing shareholder wealth in a legal manner. Ethical responsibilities are expected for organizations and positively impact society because conducting business ethically ensures that shareholders can invest on a fair and level playing field. Lastly, discretionary/philanthropic responsibility is desired and positively impacts society because organizations begin looking out for societal needs that individuals often cannot combat on their own (2010). Organizations that can fulfill each of these four responsibilities will not only increase shareholder wealth, but will also aid societal needs and find a source of differentiation.

CSR, Strategy, and Differentiation

Organizations must constantly seek to differentiate themselves in new and creative ways so they can find success against competitors. One way companies can differentiate is by simply responding to the wants of customers (Heath, 2005). In today's business climate, customers want to see companies act in a socially responsible manner. Today's consumers want to see marketing initiatives that build customer relationships based on the values and beliefs of the consumer (Friedman & Kouns, 1997). Corporate social responsibility (CSR) is becoming the new normal and all firms will have to begin acting in a socially responsible way (Killian, 2012). Companies now must focus on the triple bottom line: profit, people, and planet (2012). CSR is now a key strategy that can be used as a source of differentiation and a way to increase market share and sales.

CSR and Customer Service

In a way, corporate social responsibility is a form of customer service. According to Kathy Vass (2006), "Customer service can be a powerful marketing tool and a true point of differentiation in today's business environment. It can be the very attribute that lifts a company head and shoulders above its competition" (para. 5). Customer service is the act of discovering customer needs, wants, and desires, and fully and completely working to satisfy all of those needs (2006). It is important to stand out and satisfy all of the expectations of customers. Customers in today's business climate expect companies to be socially responsible, but only about one-third of global consumers believe businesses are successfully meeting society needs ("Statistics Every Cause Marketer Should Know," 2010). Companies can provide exceptional customer service by filling the consumer desire for conducting business in a socially responsible manner. CSR is a strong form of customer service and can truly impact consumer buying behavior.

Consumer Response to CSR

Consumers are continually showing their increase in support to companies that act in ways that are not only beneficial to their own organization's profits. Approximately 87% of global consumers believe that businesses need to look out not only for their own businesses interests, but society's interests. However, only about one-third of global consumers believe that companies are properly meeting social needs ("Statistic Every Cause Marketer Should Know," 2010). During the year 2012, corporations only accounted for 6% of all charitable giving, an actual 12.2% increase from the previous year (2010). Companies that can actively seek and engage with social needs can find a point of difference as consumers expect organizations to better address society's needs. Seeking societal needs will not only serve as a source of uniqueness, but also has the potential to increase market share and sales. Approximately 79% of American consumers say that they would switch to a brand that is associated with a good cause, given that everything else is equal (2010). Maintaining a brand that properly supports a social cause has the potential to generate more income from switches in consumer brand choice.

More than Giving

As companies discover and learn the trends associated with CSR, it is important to realize that consumers expect more than simply giving away a portion of company profits. Consumers expect companies to have causes closely related within all their operations. Sixty-six percent of global consumers believe it is not nearly enough to simply give away money for social causes. Corporations must and are expected to have social causes integrated within their day-to-day activities ("Statistics Every Cause Marketer Should Know," 2010). Entrepreneurs and organizations that can somehow find a way to integrate social responsibility into the purpose of the entire business can find differentiation, satisfied consumers, and increased profits. On top of implementing social causes into daily operations, consumers want companies to give information on how they are supporting pertinent causes. Ninety percent of consumers want companies to inform them of the ways they are supporting social issues (2010). Social responsibility is more than just giving money away. Corporate social responsibility is about daily incorporating society's needs into business activities and keeping consumers involved through the entire process.

Entrepreneurship as an Agent of Social Change

Whether a company is non-profit or for-profit, businesses are some of the best agents of social change. Although government agencies often attempt to positively impact society, small businesses are still in a better position to impact their communities. Consumers truly believe that businesses can make a difference because approximately 60% of U.S. consumers said that businesses are in a better position to impact social problems compared to the government ("Statistics Every Cause Marketer Should Know," 2010). Consumers believe that businesses are in the best position to implement change to societal needs. Many small businesses in local communities are started to fill needs in the environment in which they exist. Small businesses that fill needs within their own communities and realize the large impact they can have on social issues will see success through their socially responsible mindset. Improving local conditions is the driving force for many small businesses and companies must realize the role they have in affecting societal needs. Small businesses are agents of societal change and improvement. Corporate social responsibility is a function of small businesses that must be implemented into daily operations so that local communities can find better solutions to their social issues.

Differentiation through CSR in the Footwear Industry

Nike's Negative Example

The consequences of not being socially responsible are drastic. Companies that meet CSR standards avoid many business issues that could arise with a lack of corporate social responsibility. A prime example of a company that has suffered from a lacking corporate responsibility program is Nike. Nike has been facing harsh scrutiny over the past few decades because of how they've hindered positive social change. Nike has seen much damage recently to its brand name because of how they conduct business in their overseas manufacturing facilities. Nike has been known to use sweatshop labor in overseas production facilities. Many human and labor rights activists began noticing and citing Nike for their many working condition violations during the 1990s (Carty, 2001). A specific case in a manufacturing facility in Mexico clearly displays the unfair working standards in Nike's facilities. The Worker's Rights Consortium, a non-profit worker's rights group, conducted interviews with this particular facility. The interviews were under the premise that Nike management in this factory fired and forced employees to resign solely because they complained about their working conditions. The Worker's Rights Consortium also had reason to believe that several employees were beaten severely by Mexican police in the factory (Feitelberg, 2001). The working conditions under which Nike has placed its employees have become very damaging to the brand name. Nike's inability to act in a socially responsible manner has allowed Nike to differentiate itself, but in a negative way that has damaged their brand image.

Footwear & Running Social Causes

Entrepreneurs who can incorporate running related causes into their business models will have a strong source of differentiation. The running community is full of cause-minded consumers who love companies that support causes related to the sport they love. Several social issues are directly related to the running community and organizations can work to solve these problems in a business setting.

One world issue related to the running community is that several men, women, and children from third world countries lack the footwear necessary for healthy, disease free living. Many non-profit organizations work to collect new and used athletic footwear for these people and distribute shoes across the world. Entrepreneurs in the running industry should see this social issue as an opportunity for differentiation. Entrepreneurs can partner with these non-profit organizations and seek to provide people in need with running footwear. Running companies can collect used footwear for these non-profit companies and actively participate in providing shoes for people across the globe. Supporting a cause in this manner is desirable for young entrepreneurs because it is relatively low in cost, aids an extreme social issue, and resonates in the minds of cause-minded consumers.

One other way that running organizations can be socially responsible is to be actively involved with organizations like the Special Olympics. One of the beauties of running is that it is truly a gift. The ability to move and run is a gift that some are not able to experience. Actively participating with organizations like the Special Olympics is a great way to be socially responsible. Runners truly know how beautiful the gift of running is and can provide aid and encouragement to those who are unable to enjoy that gift. Running companies can participate in events like the Special Olympics by helping athletes who have the drive to compete, but can't enjoy the gift of running. Cause-minded consumers could jump on board with a company that supports others in this way. A partnership with the Special Olympics could be extremely helpful for any running-related organization.

These two examples of ways that running companies can be socially responsible are prime examples of how differentiation can be achieved. Companies that find causes like these to support will resonate in the minds of consumers.

Entrepreneurs in the Running Footwear Industry

Entrepreneurs seeking a new business venture can find promise in the running footwear industry. The industry has been consistent despite difficult economic times for consumers. People have begun to simplify their lives and spending habits by spending on outdoors equipment that can be used with their families. Additionally, trends within running culture have allowed companies to become increasingly innovative and develop products for more specific niche markets within the running community. These new and innovative products will allow small and local specialty running retailers to provide products for all types of runners. The running industry is attractive for young entrepreneurs and could be an industry of success given that other environmental conditions within the local community are promising.

However, despite the attractiveness of the industry in its current state, entrepreneurs must have a few key qualities before engaging in a new business venture within the footwear industry. One of the most important things that the entrepreneur must have is a passion for and knowledge of running. Without knowledge and passion for the sport, an entrepreneur will fail because they lack understanding in what the local running community needs. Small business owners in this industry should have extensive experience in the world of running and really love the sport. Passion of high magnitude will allow the entrepreneur to stay positive during difficult business trials. The entrepreneur must also have exceptional business skills and decision making abilities. Passion alone is not enough to have an effective small business within the running footwear industry. Strong business skills in areas like, financial management, marketing management, and sales are extremely necessary for the new venture as it attempts a successful launch. The entrepreneur must be able to assess the needs of local runners and strategically fill their needs.

Entrepreneurs in the running industry, and any industry for that matter, must also seek a way to differentiate themselves. One way to be unique within the industry is to have a strong social cause tied within the operations of the venture. The running community is very democratic-minded and love companies that are socially responsible. Entrepreneurs in the running industry that can find a running related cause to be incorporated within daily operations will have a strong sense of differentiation and success with consumers that expect social responsibility.

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