



## SOCIAL VALUE AS A MARKETING STRATEGY IN A BRAZILIAN CREDIT UNION

### VALOR SOCIAL COMO UMA ESTRATÉGIA DE MARKETING EM UMA COOPERATIVA DE CRÉDITO BRASILEIRA

*Edson Roberto Scharf*<sup>(1)</sup>

*Germano Gehrke*<sup>(2)</sup>

*Universidade de Blumenau/FURB, Blumenau, SC*

*Richard Perassi Luiz de Sousa*<sup>(3)</sup>

*Universidade Federal de Santa Catarina/UFSC, Florianópolis, SC*

#### ABSTRACT

The purpose is to examine the strategic Marketing direction of Brazil's largest credit union adopted in order to enhance the social value of its brand. For this, a qualitative exploratory research, carried out by a triangulation of data from three in-depth interviews within a central credit union and an official published document was made. It is a single case study, with an expository rating, according to Yin (2003). The results indicated that engaging and relationship building actions can be efficient tools for the dissemination of cooperative principles and can be achieved at a lower cost than traditional banking marketing tools. This is the first study exploring the social value theme as a marketing strategy within credit unions in Brazil.

**Key Words:** Marketing strategy; Social value; Strategy; Credit union in Brazil; Banking activities in Brazil.

#### RESUMO

O objetivo é examinar o direcionamento estratégico de Marketing da maior cooperativa de crédito do Brasil adotado para incrementar o valor social de sua marca. Para tanto, utilizou-se de uma pesquisa exploratória qualitativa, composta de três entrevistas em profundidade em uma central de cooperativas de crédito e documento oficial publicado, para triangulação de dados. É um estudo de caso único, com classificação expositiva, de acordo com Yin (2003). Os resultados indicaram que o envolvimento e as ações de construção de relacionamento podem ser ferramentas eficientes para a difusão de princípios cooperativos e pode ser alcançado a um custo menor do que ferramentas de Marketing bancário tradicional. Este é o primeiro estudo a explorar o tema valor social como estratégia de Marketing dentro de cooperativas de crédito no Brasil.

**Palavras-chave:** Estratégia de Marketing; Valor social; Estratégia; Cooperativas de crédito brasileiras; Atividades bancárias no Brasil.

#### INTRODUCTION

In recent years, there have been major changes in consumer financial services in

Brazil. By 2003, credit unions had a range of restricted services. Promoted by the Central Bank of Brazil, the opening up of the Brazilian financial system to credit unions

attracted new competition to traditional banking, offering lines of credit, credit and debit cards, insurance, consortia and other products, as well as online banking. A credit union is a civil and autonomous nonprofit association composed of individuals who come together voluntarily to provide simpler and more advantageous financial services to members. Such unions are typically composed of individuals of a particular activity, like micro entrepreneurs, physician or farmers.

With the new configuration, Brazilian credit unions could offer all the services of traditional banks, while maintaining its cooperative not-for-profit mandate. For consumers, this means lower bank rates, closer relationships with the institution, due to its member-owned status, and a return of earnings to their accounts if the credit union has a fiscal year-end profit.

Despite the apparent advantages for consumers, credit unions were not readily considered as options to traditional banks when it came to financial activities. On the one hand, consumers saw credit unions as providing limited services. On the other hand, advertising placed excessive emphasis on the cooperative nature of these institutions and less on the financial goods and services. Together, these hindered understanding of what cooperatives had to offer consumers. For Crane (1990), credit unions overly emphasize the cooperative activity characteristics, which could affect the recognition of the institution's activities.

Nevertheless, credit unions have succeeded in their goals, growing their customer base faster than traditional banks and, in most cases, being more positively evaluated by their consumers than their traditional banking competitors. To Frering and Minor (2013), consumers are more loyal to credit unions because the marketing

actions involve the community in a more transparent way. Loyalty, according to the authors, can lead to growth, which leads to success. This is an understanding that complement the study from Gritten (2011), an author who argues that banks in general are not organizations that have impeccable image. A considerable part of this success can be attributed to marketing activities connected to corporate social responsibility (CSR) programs. The actions were initiated because they are part of the cooperative essence, which is the joint effort for the greater good of those within the group.

The Marketing literature reveals that CSR is successful strategy in the development of brand identity for financial institutions. For McDonald and Rundle-Thiele (2008), for example, retail banks have invested millions of dollars in CSR each year with the intention of strengthening their reputation and their relationship with stakeholders, particularly consumers. Scharf and Fernandes (2013) examine the Bank of the Planet, a CSR activity of a Brazilian commercial bank. The study presents evidence that CSR advertising can stimulate brand awareness without using commercial aspects in its contents. A socially responsible reputation, according to studies by McDonald and Lai (2011) and Chang et al. (2009), can influence consumer preference for a bank's products.

In this sense, the objective of this manuscript is to examine the strategic Marketing direction Brazil's largest credit union adopted in order to enhance the social value of its brand.

## MARKETING STRATEGY

In the opinion of Baker (2007), marketing strategy is the pattern or plan that integrates the major goals of the organization. For the author, a well-formulated Marketing strategy helps the company best allocate

internal resources and skills to create a unique and viable posture that is consistent with both corporate policies and actions, that anticipates interaction with the environment, and that achieves the desired results. Marketing strategy for Yarbrough et al. (2011) is the total integration of the organization's efforts to fulfill its marketing objectives.

Marketing strategy is important for the results of an organization with regards to the development and presentation of its value to a market. Several authors (VARADARAJAN, 2010; YARBROUGH et al., 2011) conceptualize marketing strategy as a pattern of decisions involving choices related to markets, actions and internal resources for the creation, communication and supply of products and brands that are valued by customers, which, in turn, services business objectives. Studies Kumar and Rajan (2009) and Yarbrough et al. (2011) have pointed out that the adoption of marketing strategies related to the product, the brand and environments explain the superior performance of some companies in relation to their competitors.

In this sense, Morsing and Schultz (2006) argue that CSR actions have a much more important role as a marketing strategy than simply the amelioration of possible negative situations. Becker-Olsen et al. (2006) state that well-developed CSR actions can be used to justify the establishment of strategic marketing goals. For the authors, although a marketing strategy is not composed of CSR actions exclusively, these actions are one of the possible tools for the development of market value. According to Homburg et al. (2004), CSR actions that align commercial interests with social interests, creating value for both organizations and consumers, can become a marketing strategy. CSR actions

can be understood as practices that are part of the organization's overall marketing strategy, that explicitly promote the welfare of stakeholders, and that are voluntarily disclosed (MATTEN and MOON, 2008).

Hansen et al. (2013) understand that competencies can be understood as a complex combination of basic and intangible resources. The authors also believe that these combinations provide perspectives that help building marketing strategies, including innovation, knowledge or design. According to the authors, resources can not be automatically converted into competitive advantages while competencies can, when transformed into marketing strategies.

As the marketing strategy plays the leading role in establishing an organization's prominent position of being seen to meet the needs of consumers, it is necessary to consider the selection of markets and segmentation. To Varadarajan (2010), the established strategy and objectives determine the organization's field of action, specifying the desired direction of growth and profitability.

When selecting a market, the company must provide an offer that meets a possible demand. From this, a market segment is selected so as to match this demand with unique offerings; thus, positioning the brand in consumers' minds. For Homburg et al. (2004), this is a basic undertaking necessary to build competitive advantage and favorable market position.

McDonald and Lai (2011) argue that financial institutions segment the market according to what they can offer in terms of product, but also for what they understand to be the ideal position for a given market. CSR is a strategic Marketing decision aimed at giving value to

the brand, according Scharf and Fernandes (2013).

## SOCIAL VALUE

The assessment of the social value is primarily cognitive, with the consumer building a set of attitudes that lead to a relational behavior with regards to consumption. Organizations need to become providers of value and should do this differently from their competitors to clarify differentiation and to increase their survivability.

Social value is an approach that puts the consumer first, and is based on offerings for which people are free to reject, even if this attitude does not bring the best financial results in the long run, according to several authors (BALDINGER et al., 2002; BECKER-OLSEN et al., 2006; SCHARF and FERNANDES, 2013). However, the social value within this context is primarily a corporate value; and when it is assessed by the consumer, it is then understood as being a consumer value. Instead of imposing social value actions, the organization invites consumers to co-construct social value, after first being identified and communicated by the organization (MORSING and SCHULZ, 2006).

There are several studies that found positive effects on consumer attitudes towards a brand and a strong identification with a company resulting from the social practices of businesses. In this sense, consumers are willing to actively support businesses that are environmentally friendly and adopt ethical practices, according to McDonald and Rundle-Thiele (2008) and McDonald and Lai (2011). The brand for Maon, Lindgren and Swain (2009), is a seductive agent for the consumer. As the consumer is more demanding for the product that he purchases, his analysis takes into

account the social aspects. For the authors, the union of a brand with a good reputation and social actions can pose satisfied consumers and people with good will for the organization.

The opposite can occur when social programs are strongly commercially motivated. According to Kumar and Rajan (2009), these kinds of programs can contribute to consumers and other stakeholders perceiving the corporate image negatively.

Research by Becker-Olsen et al. (2006) suggests that the observation of programs as being able to satisfy some social needs, such as improving quality of life, reducing social exclusion and increasing the benefits to the community, can itself be considered as having social value. However, the authors discuss the fact that the generation of social value is not derived from the indicators been tested alone, due to the determination of value being constantly in flux to suit the profile and environment of each consumer.

In this sense, several authors (McDONALD and RUNDLE-THIELE, 2008; CHANG et al, 2009; ROIG et al, 2013) argue that social practices can directly influence the attitudes of consumers, but they can also improve a social perception that acts as a normative element, influencing their behavior. This occurs when consumers, after making a series of assessments of the services being received, also take into account the view of the imagined target market for that product, brand or company.

People with which the company interacts have a particular image of the organization and their perception can influence other consumers to have a similar vision. To Scharf and Fernandes (2013), the social value of banks goes beyond what is disclosed only in conventional advertising, and additionally captures people's positive

feelings, in relation to the actions of the organization and to brand recognition.

## METHODOLOGY

To meet the objective of analyzing the strategic Marketing direction Brazil's largest credit union adopts to enhance the social value of its brand, a qualitative exploratory research and an in-depth interview approach were implemented. It is a single case study, with an expository rating, according to Yin (2003). To Kovács and Spens (2005), this method aids the researchers' holistic understanding when exploring complex phenomena. The financial organization Credit Union Vale do Itajaí - Viacredi, represented by its Executive Director, is the subject of this study. To further broaden understanding of the subject, subsequent voice was given to the financial organization Urban Credit Cooperative Central - Cecred, represented by its President and Marketing Director. It is important to note that Viacredi is Cecred affiliated, as will be explained in section 5 (The studied credit union). The intention was to understand the non-operational thinking and efforts to enhance the social value for the affiliated cooperative.

The data were obtained from in-depth interviews with the most senior executive at Viacredi cooperative, the study subject of this manuscript. The triangulation of data was achieved with additional data obtained from the senior executive responsible for chairing the Cecred system, from the executive responsible for the Marketing activities of the Cecred system, and from the document 'Annual Report 2013', published by Viacredi. These were used to triangulate the results of interviews and resolve certain reported inconsistencies regarding dates and facts. First, we sought the understanding of

Viacredi's Executive Director. This cooperative, with the use of Cecred guidelines, adopted strategic actions to raise the social value for the institution. Next, we sought the understanding of the President of Cecred, because this central organizational body, through joint activities with its affiliates, determines the strategic planning of all credit unions. Finally, we sought the understanding of the Marketing Director of Cecred, because of his leading role in Cecred, the institution that creates and develops all the Marketing activities of the 16 credit unions within the Cecred system.

The analysis, thus, involved the description of actions taken by the cooperative for each indicator of the theoretical framework towards the goal of creating social value for the Viacredi brand as well as a dialogue with literature in order to create parallels to published knowledge.

The first respondent was the Executive Director of Viacredi (in this study called 'DireCred') who is responsible for the operational management of all 74 of the institution service centers. The 97-minute interview took place on June 18, 2014, in the organization's head office meeting room in Blumenau. The respondent has been with the company for 32 years and in his current position since October 2008. This interview is the basis of the study, as interaction analyzes the strategic Marketing direction adopted by Viacredi to enhance the social value for its brand.

The second interview, for the triangulation of data, was performed with the President of Cecred (in this study called 'PresiCred'), who acts as strategic coordinator of all 16 participating cooperatives of the central union called Cecred. Taking place in his office, on June 18, 2014, in Blumenau, the

interview lasted 113 minutes. The interviewee has been with the company for 19 years and in his current position since September 2002. To follow up the triangulation of data, the third respondent was Cecred's Marketing Director (in this study called 'DirMkt'). In addition to the development marketing activities and decisions for all Cecred-affiliated cooperatives, he is the Executive Director of SCRCred (Credit Union of Entrepreneurs High Valley of the Black River) and is responsible for the management of service stations in four cities, with approximately 8,000 members. The interview took place on December 8, 2014, and lasted 116 minutes. The executive has been in the business for six years and in his current position since August 2012. Respondents gave their narratives, which were recorded, transcribed and summarized; therefore, not allowing, according to Yin (2003), a statistical generalization, but an analytical analysis.

For the development of an open set of questions, the dimensions used have been those adopted in the work of Roig et al. (2013), as explained in section 4.1 (Adopted study), with adaptation issues and further analysis involving the description of actions taken. The authors, managers and stakeholders were directly involved in the organizational identity building process.

Social activity as a Marketing strategy by Viacredi and Cecred form the main structure of the data analysis, developed in three phases. In the first stage, there was telling of the general narrative of the organization. In the second phase, there was the story of the determinants for the strategic actions taken to raise the social value from the perspective of Marketing and CSR. In the third phase, the main results that emerged from this analysis were identified, with a general framework, and the suitability of

these actions in relation to the adopted work was examined. Finally, the study tenders findings and the academic and managerial implications of these findings.

### **Adopted Study**

The field research, in-depth interviews, was designed from the study Roig et al. (2013), in order to identify and analyze CSR actions that strengthened the brand, in this case, the Viacredi institution. For the authors, all original study indicators closely connect with the concept of social value. This connection was confirmed in the approach performed in section 3 (Social Value). With respect to marketing, for various authors, such as Becker-Olsen et al. (2006) and McDonald and Lai (2011), CSR actions are considered marketing strategies (see section 2 - Marketing Strategy), because they help to develop a contemporary orientation to the organization in order to obtain sustainable competitive advantages. Thus, the concepts covered in the theoretical foundation (Social value and Marketing strategies), connect with the theoretical framework proposed, combining both the action and the formulation and implementation of these foundations.

In Roig et al. (2013), the theoretical framework was constructed from several indicators: perceived value of benefits (functional and emotional), perceived values of sacrifices, social value, satisfaction and loyalty.

For Moliner et al. (2007), the functional benefits are more related to economic aspects such as quality of service, time and money saved, or better purchasing decisions, while the emotional benefits reflect the feelings and emotions generated by goods and services.

The sacrifices can be economic or non-economic in terms of facilities, speed,

convenience or availability with respect to the cost of these same elements. According to Blocker et al. (2011), the lower the cost, the higher the value is for the consumer.

The social value is the degree of social acceptance that the buyer thinks that the purchase has to what is important in his/her living environment, according to Baldinger et al. (2002) and Priem (2007).

Satisfaction is the confirmation of expectations that the consumer has, according to Anderson et al. (1994). In consumer behavior studies, satisfaction is a component that has two states, positive and negative, which can occur simultaneously, as Becker-Olsen et al. (2006).

Loyalty is a strong commitment to purchase or use goods or services again in the future (Oliver, 1999). Authors such as Kumar and Rajan (2009), suggest that loyalty should be seen beyond purchase frequency, and rather seen as a structural relationship between cognition, affect and behavior toward a brand.

## THE STUDIED CREDIT UNION

Of the 16 affiliate Ceced cooperatives, Viacredi is the largest credit union amongst the Latin Brazil members. It is the third largest credit union in Brazil and the sixth largest in Latin America by volume of assets, according to the site BrasilCooperativo (2014), the Organization of Brazilian Cooperatives - OCB, which is the most representative body of cooperatives in Brazil. It has over 286,000 members (data June 2014) and has 74 service centers in 17 cities in the state of Santa Catarina.

Viacredi has approximately 1,100 workers and holds a historic growth of assets of 30% per year. Credit operations jumped from R\$ 487,233,000 in 2010 to R\$

1,173,512,000 in 2013 (1 R\$ = 0.44 US\$ in August 2014), total assets grew from R\$ 816,787,000 to R\$ 1,758,544,000 during the same period. Total deposits reached R\$ 1,223,873,000 in 2013, from R\$ 567,674,000 in 2010. Viacredi is based in Blumenau, a city with a population of more than 300,000 inhabitants.

There is some organizational support that centralizes the decisions of cooperatives. Founded in 2002 by Viacredi cooperatives, Acredicoop and Concredi, the Ceced Urban Credit Cooperative Central, is the central cooperative institution (2nd degree). It has the function to integrate, monitor and support the development of individual credit unions (1st degree), according to guidelines from the Central Bank of Brazil.

The central cooperative consists of 16 individual credit unions and operates in three states in southern Brazil (Paraná, Santa Catarina and Rio Grande do Sul), in over 40 cities and at 130 service points. In 2011, it won an international award for cooperative excellence, issued by the American organization DotCooperation LLC, responsible worldwide for the domain “.coop”. Ceced has the generic functions of accounting and regulation, internal controls and risk management, financial management, human resources and social development, and information technology products.

Ceced's net worth rose from R\$ 299,959,000 in 2011 to R\$ 606,758,000 in April 2014 and the volume of credit operations increased from R\$ 845,163,000 to R\$ 1,792,123,000 during the same period. The number of members increased to 367,542 in 2014 from 234,577 in 2011. It has approximately 1,950 workers.

## **FINDINGS: THE PURSUIT OF BRAND AWARENESS THROUGH SOCIAL VALUE**

Utilizing the indicators perceived value of benefits (functional and emotional), perceived values of sacrifices, social value, satisfaction, and loyalty, the interviews were conducted and the document was read. The concept of marketing strategy adopted in this manuscript to aid analysis of the results is from Varadarajan (2010), who argues that decisions related to markets, internal resources, communication and product offering can enhance the brand of the organization, in order to obtain competitive advantage. The concept of social value adopted in this manuscript to assist the analysis of results is from Morsing and Schulz (2006), who argue that social value is initially a corporate value that after being communicated can turn into a consumer value. Consumers are invited to co-construct this social value.

### **Perceived Value of Benefits (functional and emotional)**

For Viacredi, two dimensions are most relevant for functional benefits: proximity to the credit union and employee training.

As for proximity, the Executive Director states that cooperatives seek strong local presence in the communities. "... it better have a simple installation and be closeby than to be a sophisticated agency, but with worst access" (DireCred). "We are where the bank is not" (PresiCred). The economic aspects involved in the buying process (investment performance, ease of access or money saved), are considered functional benefits, according Moliner et al. (2007). Marketing Director points to the standardization of facilities and the implementation of quality programs as

functional aspects that members find attractive.

On the preparation of staff, a credit union team must have strong technical and relationship-building skills. For the Executive Director of Viacredi, it takes more sensitivity, "... because our role is not only economic; being social and educational, inclusive are also part of the mix" (DireCred). In agreement, the President of Cecred states the opening of the provision of services promoted by Brazil's Central Bank also required a greater degree of professionalism from cooperative leaders. For DirMkt, increased customer service results from the intense employee training program and is recognized as being superior by the public, especially in personal contact activities. Blocker et al. (2011) argues that functional benefits are usually the tangible aspects of an offer. The authors state that besides being a business asset, the training of employees shows an efficient relationship of action due to the proximity of consumers with the brand.

Emotional benefits are positively evaluated. In the annual survey conducted by Viacredi for more than ten years, the general image of the credit union reaches 9.5 on a scale of 0 to 10. For the Director, caring for people is critical to the functions of being available, generating access to services and having staff listening to people. For the President of Cecred, there is only an emotional benefit if the relationship with the cooperative is very close. In this regard, Moliner et al. (2007) suggests that the emotional benefits reflect the feelings and emotions generated by goods and services. According to the executive, Viacredi cooperative hosts events every day of the year in different locations inside and outside companies or schools, fostering a sense of shared personal ownership "...cooperative



members actively participate in the credit union that is theirs" (PresiCred).

### **Perceived Value of Sacrifices**

By dealing with a varied clientele, Viacredi makes a greater effort to pass along prices that are necessary to pay only the actual costs of services. A credit union essentially nullifies the profit margin at the end of the fiscal period. Still, it's constant daily work to balance delivering service with keeping costs low because, according to the Director, the cooperative has an expectation that there should be no charge for services, fees or interest. "It's an innocent but legitimate expectation; everyone wants to get the most without paying" (DireCred). Blocker et al. (2011), the lower the cost, the greater is the value to the consumer. DirMkt comments that indicators, such as efficiency ratio, ratio of revenue and operating expenses, and costs on assets are constantly used and tracked in pursuit of fiscal improvement. It is an attempt to demonstrate to the cooperative that costs are being reduced for its members. The President of Cecred believes the cooperated cost is not significant. This is because only 10% of the year's profit is used toward relationship building programs. The remaining profit is returned to members.

### **Social Value**

To the President of the central unions, "... the cooperative movement is very strong, even distinct: I'm cooperated and am proud to be cooperating" (PresiCred). Social value, for Baldinger et al. (2002) and Priem (2007), is the degree of social acceptance that the buyer thinks that the purchase has in his/her living environment. In the view of Moliner et al. (2007), this also relates to the recognition that

the consumer has to make use of a good or service.

To the Director, the community recognizes the social value of the credit union as a community worker generating business. He says that this is different from how the community perceives banks, such as Citibank, which is seen as having sophistication and power. In contrast, those who are cooperated recognize the value precisely because the cooperative performs its social role. The actions taken are geared to the local economy, doing business with the community, applying money where it is collected. Unlike banks, according to the Director, "... they put their money where you pay more" (DireCred). Phenomena able to meet social needs such as improving the quality of life, reducing social exclusion and increasing the benefits to the community, are considered social value, according to Becker-Olsen et al. (2006). For DirMkt, the sense of belonging is a competitive advantage that is found through an attitude that is recognized when talking to people about the infectious pride of being cooperative ("...he infects others..."), adding a rhetorical question about the recognition and loyalty or obligation that the brand can generate:

"A bakery owner can buy bread in the neighboring bakery? I believe not. Then a cooperative owner, as with all members, also cannot use competing services?" (DirMkt).

To Priem (2007), the image and the perception of consumers in relation to the organization and marketing strategies, including brand, CSR, product and positioning, build credibility and relevance to the exposed messages, especially when this display is made by consumers. "In cases like this, which seeks to build brand awareness

through social actions, communication is key” says DirMkt. A CSR strategy, when communicated, according Schmeltz (2014), can help build the credibility of corporate responsibility.

The Marketing Director states he rarely uses traditional communication efforts, such as advertising, because their growth of more than 5,000 cooperative members per month is driven by the cooperative itself, the members of which takes its brand recognition to others associated with its members. “The cooperative is in the community. So, if you bring your family member or neighbor, that is touting the cooperative in the best possible way” (DireCred). The President believes that the budget used in social actions, such as lectures in schools and universities, has much more credibility than other media. “We have already tested face to face has more credibility than any medium” (PresiCred). For authors like Chang et al. (2009) and Roig et al. (2013), social practices improve social perceptions that influence consumer behavior.

A demonstration of the credibility of what is being said is that the president of the credit union or one of its directors talks directly with the membership, something unthinkable in a bank, defends the President of Cecred. “Our communication is the relationship. No other commercial format is used as a commercial or as advertising” (PresiCred). According to Marketing Director, dissemination of actions of the brands or the products offered to their members are preceded by communication initiatives that connect the importance of the offer being made by the reaction from the community; thus, allowing cooperative members to feel they are an important part of the process. “It is a social value that starts from the organization, dialogues with the cooperative members and returns to the

community”, say DirMkt. For Claydon (2011), the consumer is the main driver of implementation of CSR actions in an organization.

According Scharf and Fernandes (2013), several banks have strong social responsibility policies, including exclusion of companies to obtain credit if they adopt any activity contrary to good economic, social or environmental practices. By law, Brazilian credit unions, since the beginning of 2015, must provide the publication of a corporate social responsibility policy. However, warns the Director, as cooperatives serve more humble strata of the population who are often excluded from the financial system, credit unions have the role to include these people. The more excluded, the more outside the law, the more likely they have a small business that falls well beyond the norm. “Our role is to promote policies that support this business, not that exclude” (DireCred).

Also, education is strongly promoted by Viacredi. Events are held throughout the year on cooperative education, cooperative sensibility as a means of growth, financial education, and social responsibility measures that each member can adopt. The Director of Viacredi defends participation in schools as a key action that allows children to develop an understanding of cooperative concepts. The President of Cecred agrees, saying that most of the population is unaware of financial mathematics, not learning about the credit union system in traditional education. Hence, Viacredi takes the initiative and teaches financial management to its members. In a complementary way, the Director adds, several educational activities are also offered to the community at large, not necessarily members, in the form of theater events, motivational talks and lectures on the environment. “In 2013, we had over 182,000

people attending the events organized by the cooperative" (PresiCred).

The Director of Viacredi believes that the central part of cooperative work is the social responsibility activities and this creates social value. For example, he cites education programs on family relationships, specifically on the problems of drugs and treatment when there are already addicts in the family. For the President, the essence of the cooperative movement is social responsibility, not only from the economic point of view:

"For example, when the cooperative member wants to make a loan to build a house, the cooperative guides the process, so he does not destroy a given site because your decision will be for life, and so he does not harm society with his decision" (PresiCred).

Another strong connection to corporate social responsibility is hiring people from within the community when a position permits, and making purchases in the community. The Executive Director reports on an arduous negotiation with Ceced because the purchasing department of this central agency aims to have a shared purchasing pool to enable obtaining the lowest prices. While Viacredi also searches for competitive pricing, buying within the community, is preferable, and that sometimes means paying a little more in order to help the small business community. For DirMkt, another important aspect is the installation of service stations in areas where traditional banks have no interest, because they work for-profit only. The community is involved in the project and this very action develops community. The executive believes that "... actions with this social content form an effective Marketing strategy, because they are

no longer just a disclosure action, making a response to the concerns of the cooperative and the community" (DirMkt). This transparency in strategic marketing actions is defended by Schmeltz (2014). People currently use communication in social media for personal matters and expect organizations also to be transparent in their communication, according the author.

### **Satisfaction and Loyalty**

As the annual surveys of Viacredi reflect, the credit union has been shown to be satisfy its members. In certain locations, technology and physical facilities are assessed with lower scores. The Director stated that in these locations the problem is already known, but "...we cannot supply space, because the cooperative members are growing exponentially" (DireCred). Satisfaction is a confirmation of consumer expectations. According to Anderson et al. (1994) and Becker-Olsen et al. (2006), satisfaction has two states, positive and negative, which can occur simultaneously.

Compared to banks, the level of satisfaction of cooperatives is much higher. To the Director, credit unions need to be higher because they have technology that is not on par with banks. If a cooperative member is not satisfied, then the credit union fails. "He can leave, because he understands that the cooperative has failed to fulfill its primary role, which is maintaining his satisfaction" (DireCred). The Director believes that despite not being high-tech, a cooperative has a prominent role in communities and believes that the thought of the cooperative is "... I do not have the 'X' technology, but I'm here anyway because here I am the owner" (DireCred). Especially after the 2008 crisis, consumers changed and now know how to

better assess banks and find one that suits them, according Gritten (2011), since banks are now often organizations with images that are not flawless.

Viacredi has, on a monthly average, 5,000 new customers entering the cooperative and 500 leaving. To the Director, this demonstrates the loyalty of cooperative members who feel the right and the duty to give their opinion and to claim the services. "To not complain by leaving, but by demanding improvements" (DireCred). However, the Marketing Director believes that the control system must be improved: "We do not have a formal instrument for measuring satisfaction, only the possibility of research" (DirMkt).

Another aspect that demonstrates loyalty is the recommendation of the credit union to relatives, indicating that this may be the basis of the entity's growth. "They bring relatives here and then complain if the relative is not well-served" (DireCred). Viacredi requires the confirmation of the prospect's name by two other members, as certification of a candidate's character "... For the person who will enter, come some positive things that will not be destroyed" (PresiCred). Oliver (1999) describes loyalty as a strong commitment to purchase or use goods or services again in the future. The Marketing Director, however, is emphatic about the need for a strong relationship program: "... it [loyalty] is still weak, because any "headwind" in the economy and it changes the institution" (DirMkt). The respondent argues stronger actions of

involvement by the cooperative: "I have said in the board meeting that 100% of people enter as customers, but we need to make them cooperative" (DirMkt). The executive argues that the social actions of the cooperative are strongly linked to it, although many cooperatives still do not make the relationship between CSR and their cooperative. In this sense, Morsing and Schultz (2006) argue that this is because the field of CSR communication is still relatively new. The understanding of the concepts has been established, but the operation thereof is still underway. "The cooperative has been used to see the actions of social value we did, but it is not always given its due weight", according to DirMkt. In his view, it happens because Viacredi' members find it normal that their cooperative does these actions for them and their community. "Neither realizes that most other cooperatives do not usually make such efforts in social value stocks" (DirMkt).

There is a cooperative effort to encourage members to participate in the societal process: going to meetings, voting, engaging in actions and exercising its continued cooperative spirit in Viacredi's strategic plan. This includes being cooperative, having a sense of belonging and generating simple service.

The main actions taken are mentioned in the Annual Report 2013 document which reports the main economic and non-economic indicators of Viacredi that occurred in 2013. Some are mentioned in Table 1, below:

**Table 1: Strategic marketing actions developed by Viacredi in 2013**

<b>Strategic Action</b>	<b>Result</b>
Participation in meetings (quantity per year)	2010 (19,485) / 2013 (43,962)
Cooperated and community integration and development program	1,512 events with 136,364 participants
CooperJovem – School program of cooperative formation	6 schools with 2,304 participants
Coopera Criança (day of leisure and culture dedicated to needy children)	Event with 1,750 participants
Small business opportunity fair	381 exhibitors and 29,000 participants
Business sessions among cooperated	46 participants
Cooperative formation taskforces	60 groups, 21 events and 321 participations
Executive development	3 events with 41 executives
Openings and expansions	7 new service centers and 3 expansions
1st Management Excellence Award – Brazilian Cooperatives Organization	Among 300 cooperatives, received the silver seal (2nd best in Brazil)
Award Oscar Alvear Urrutia – Interamerican Federation of Human Resources Associations	Recognition of the Cooperative Program of Results Sharing
Corporate relationship Project	21 from 74 service centers structured and qualified for corporate relationship
Microcredit expansion	67% growth rate (R\$ 176 million to R\$ 274 million in loans)

Source: Relatório Anual 2013 (2014)

Strongly directed to aspects of personal growth and business, the aforementioned actions reinforce the work of Viacredi towards the social value of its brand. For Becker-Olsen et al. (2006), a Marketing strategy cannot be composed only of CSR actions, but these actions can become a valuable strategy for the market. For Homburg et al. (2004), CSR actions can become a marketing strategy, both in the evaluation of organizations and consumers. From these concepts, the results in the interview with the Director of Viacredi, in addition to statements that form the triangulation of data (President of Cecred, Marketing Director of Cecred and table notes 1) help one to understand how the social value developed, offered and communicated can be a marketing strategy. The communication of organizational values must respect and reflect the values of

stakeholders as a condition of corporate success, according to Claydon (2011).

The social emotional benefits and sacrifices are obtained through a high level of response from members. Loyalty and satisfaction are obtained, too, though specifically the aspect of loyalty requires relationship programs that further improve loyalty, according to DirMkt. The social value was the area that got further discussion. The sense of belonging, recognition of social actions performed, and the education offered to the community are very well evaluated and understood as cooperative actions as a source of competitive advantage over other institutions. However, installing local service stations, hiring people locally and utilizing local community services “...are indisputable points in forming a competitive advantage Marketing strategy” (DirMkt).

## CONCLUSIONS

In order to analyze the strategic direction of marketing undertaken by the Board of a Brazilian credit union that has the objective of creating social value for its brand, the study addressed Viacredi, the largest credit union in Brazil in number of members. In volume of assets, it is the third largest credit union in Brazil and the sixth in Latin America.

Although the case study made analytical generalizations possible, according to Yin (2003), data triangulation was performed, with the addition of an in-depth interview with the President of the Central Council of cooperatives that manages the organization studied, and the use of a published document describing Viacredi's social actions.

The performance of Viacredi executives in the use of social actions that create value for the brand proved consistent. Extensive efforts are related to the preparation of cooperative employees, demonstrating that human capital and knowledge are valued as strategic aspects in the creation of social value. Also, the ease of access has shown to be an important action of the Board, basically because they understand that communities are meeting the cooperative when they have contact with it. For Viacredi, offering people close proximity to the facilities is more important than sophisticated facilities. There is a direct relationship between trained professionals and service spaces that are close to the public: the dissemination of services provided, the communication of differences in comparison to traditional banks, and the advantages that the cooperative proposes are more easily understood when compared to organizations where there is no connection between people and places.

While the prospect of being cooperative occurs with the use of these attributes, the evaluation of services and the social work capacity and representation of Viacredi brand the cooperative as strongly positive. Since there are no advertising or other traditional communication efforts, it appears that is the involvement of cooperative communities that create social value and, subsequently, the brand values of the organization.

With growth close to 30%, well above the levels of the Brazilian economy, Viacredi has earned its position as a solid brand in its segment without the use of traditional media. As seen, a considerable part of the results were obtained with the intensification of actions of social value. The leaders understand that there is still much room for growth in the coming years and indicate that the path taken so far (social value to marketing strategy) is the most appropriate to maintain the positive results.

## Research Implications

The research developed now allows academic developments related to marketing strategies. Researchers can use it for the application of quantitative research with the goal of measuring the aspects related to the social target. At the same time, the fact that the social value to show building of strong brands without the support of advertising or other traditional communication formats, can be a rich untapped opportunities in the field. This is amplified if researchers approach a different economic situation, such as differences occurring in rich and emerging countries.

## Management Implications

Credit unions can benefit from the results: The cooperative is accustomed to seeing the actions of social value, but as

DirMkt states, they have not always been given their due weight. There is confirmation that such efforts (CSR) can be effective strategies for obtaining competitive advantages for the brand. Managers and executives have the results to confirm recreational activities, such as theater events

and lectures, and business activities, such as fairs, word-of-mouth, and a cooperative formation program, can be effective instruments for the dissemination of cooperative principles, with lower costs, when compared to the activities of their banking competitors.

## REFERENCES

- ANDERSON, E. W.; FORNELL, C.; LEHAMNN, D. R. Customer satisfaction, market share and profitability: Findings from Sweden. **Journal of Marketing**, v. 58, n. 3, p. 53-66, 1994.
- BALDINGER, A. L.; BLAIR, E.; ECHAMBADI, R. Why brands grow. **Journal of Advertising Research**, v. 42, n. 1, p. 6-14, 2002.
- BAKER, M. J. **Marketing strategy and management**. Basingstoke: Palgrave Macmillan, 2007.
- BECKER-OLSEN, K. L.; CUDMORE, B. A.; HILL, R. P. The impact of perceived corporate social responsibility on consumer behavior. **Journal of Business Research**, v. 59, n. 1, p. 46-53, 2006.
- BLOCKER, C. P.; FLINT, D. J.; MYERS, M. B.; SLATER, S. F. Proactive customer orientation and its role for creating customer value in global markets. **Journal of the Academy of Marketing Science**, v. 39, n. 2, p. 216-233, 2011.
- BrasilCooperativo Organização das Cooperativas Brasileiras. Disponível em [http://www.brasilcooperativo.coop.br/site/brasil\\_cooperativo/index.asp](http://www.brasilcooperativo.coop.br/site/brasil_cooperativo/index.asp). Acessado em 24Julho2014.
- Cecred Cooperativa Central de Crédito Urbano (2014). Disponível em <https://www.cecred.coop.br>. Acessado em 7Julho2014.
- CHANG, H-S.; CHEN, T-Y.; TSENG, C-M. How public-issue-promoted and revenue-related types of social marketing influence customer-perceived value in Taiwan's banking industry. **Journal of International Consumer Marketing**, v. 21, n.1, p. 35-49, 2009.
- CLAYDON, J. A new direction for CSR. The shortcomings of previous CSR models and the rationale for a new model. **Social Responsibility Journal**, v. 7, n. 3, p. 405-420, 2011.
- CRANE F. G. The need for corporate advertising in the financial services industry: A case study illustration. **Journal of Services Marketing**, v. 4, n. 2, p. 31-37, 1990.
- FRAERING, M.; MINOR, M. S. Beyond loyalty: customer satisfaction, loyalty, and fortitude. **Journal of Services Marketing**, v. 27, n. 4, p. 334-344, 2013.
- GRITTEN, A. New insights into consumer confidence in financial services, **International Journal of Bank Marketing**, v. 29, n. 2, p. 90-106, 2011.
- HENSEN, J. M.; McDONALD, R. E.; MITCHELL, R. K. Competence resource specialization, causal ambiguity, and the creation and decay of competitiveness: The role of marketing strategy in new product performance and shareholder value. **Journal of the Academy of Marketing Science**, v. 41, n. 1, p. 300-319, 2013.

- HOMBURG, C.; KROHMER, H.; WORKMAN Jr., J. P. A strategy implementation perspective of market orientation. **Journal of Business Research**, v. 57, n. 12, p. 1331-1340, 2004.
- KOVÁCS, G.; SPENS, K. M. Abductive reasoning in logistics research. **International Journal of Physical Distribution and Logistics Management**, v. 35, n. 2, p. 132-144, 2005.
- KUMAR, V.; RAJAN, B. Profitable customer management: Measuring and maximizing customer lifetime value. **Management Accounting Quarterly**, v. 10, n. 3, p. 1-18, 2009.
- MATTEN, D.; MOON, J. "Implicit" and "Explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. **Academy of Management Review**, v. 33, n. 2, p. 404-424, 2008.
- McDONALD, L. M.; LAI, C. H. Impact of corporate social responsibility initiatives on Taiwanese banking customers. **International Journal of Bank Marketing**, v. 29, n. 1, p. 50-63, 2011.
- McDONALD, L. M.; RUNDLE-THIELE, S. Corporate social responsibility and bank customer satisfaction: a research agenda. **International Journal of Bank Marketing**, v. 26, n. 3, p. 170-182, 2008.
- MOLINER, M. A.; SÁNCHEZ, J.; RODRÍGUEZ, R. M.; CALLARISA, L. J. Perceived relationship quality and post-purchase perceived value: an integrative framework. **European Journal of Marketing**, v. 41, n. 11, p. 1392-1422, 2007.
- MORSING, M.; SCHULTZ, M. Corporate social responsibility as strategic auto-communication on the role of external stakeholders for member identification. **Business Ethics: A European Review**, v. 15, n. 4, p. 323-338, 2006.
- OLIVER, R. L. Whence consumer loyalty?. **Journal of Marketing**, v. 63, Special Issue, p. 33-44, 1999.
- PRIEM, R. L. A consumer perspective on value creation. **Academy of Management Review**, v. 32, n. 1, p. 219-235, 2007.
- Relatório Anual 2013 (2014). Publicado em São Paulo, SP, em 28 de Janeiro de 2014. Distribuição dirigida aos cooperados.
- ROIG, J. C. F.; GUILLÉN, M. E.; COLL, S. F.; SAUMELL, R. P. Social value in retail banking. **International Journal of Bank Marketing**, v. 31, n. 5, p. 348-367, 2013.
- SCHARF, E. R.; FERNANDES, J. The advertising of corporate social responsibility in a Brazilian bank. **International Journal of Bank Marketing**, v. 31, n.1, p. 24-37, 2013.
- SCHMELTZ, L. Introducing value-based framing as a strategy for communicating CSR. **Social Responsibility Journal**, v. 10, n. 1, p. 184-206, 2014.
- VARADARAJAN, R. Strategic marketing and marketing strategy: domain, definition, fundamental issues and foundational premises. **Journal of the Academy of Marketing Science**, v. 38, n. 2, p. 119-140, 2010.
- Viacredi Cooperativa de Crédito Vale do Itajaí (2014), Disponível em <https://www.viacredi.coop.br/> Acessado em 7 Julho 2014.
- YARBROUGH, L.; MORGAN, N. A.; VORHIES, D. W. The impact of product market strategy-organizational culture fit on business performance. **Journal of the Academy of Marketing Science**, v. 39, n. 4, p. 555-573, 2011.
- YIN, R. **Case Study Research: Design and methods**. Thousand Oaks, CA: Sage Publications, 2003.



**NOTA**

(1) Pós-Doutor em Engenharia e Gestão do Conhecimento pela Universidade Federal de Santa Catarina/UFSC. Pesquisador e docente no Programa de Pós-Graduação em Administração/PPGAD da Universidade de Blumenau/ FURB.

(2) Doutorando em Administração pela Universidade Federal de Santa Catarina/UFSC. Docente no curso de Administração da Universidade de Blumenau/FURB.

(3) Pós-Doutor em Arte, Design e Empresa – Branding (IADE-U, Lisboa). Pesquisador e docente no Programa de Pós-graduação em Engenharia e Gestão do Conhecimento/ PPEGC da Universidade Federal de Santa Catarina/UFSC.

*Enviado: 31/07/2015*

*Aceito: 15/12/2015*

*Publicado: 06/05/2016*