Let them eat cake

Satisfying the new consumer appetite for responsible brands

Anthony Kleanthous & Jules Peck

Abstract

Instead of preaching about the moral responsibility of business to further the goals of sustainability, this report exposes the considerable commercial potential of a new approach to business, based on the provision of more "responsible" mainstream brands. This potential comes from an increasing demand among mainstream consumers for their regular brands to come with environmental and social responsibility "built in". These consumers are not usually prepared to pay more or put themselves out to buy "green" or "ethical", but they do value these attributes as part of the brand package. Sustainability can act as a differentiator between mainstream brands, encourage loyalty and even change people's perceptions of themselves. To unlock this commercial potential, environmental and social values must be built into the DNA of mainstream consumer brands.

This document is the full version of Let Them Eat Cake. An abridged version of the report can be downloaded from www.wwf.org.uk/letthemeatcake or requested in hard copy format by sending an email to akleanthous@wwf.org.uk

To discuss the issues raised in this report and the further work WWF is doing in this area, contact Anthony Kleanthous, Global Policy Advisor, WWF-UK by email at akleanthous@wwf.org.uk

"Opinions are the ripples on the surface of the public's consciousness, shallow and easily changed.
"Attitudes are the currents below the surface, deeper and stronger.
"Values are the deep tides of the public mood, slow to change, but powerful."

Sir Robert Worcester, Chairman, MORI

"Marketing is one of the last domains of commercial enterprise to face up to issues of sustainable development. On both the environmental dimension of resource limits/pollution and the social dimension of wellbeing, marketing has significant impacts and is deeply implicated in the current challenges of unsustainable consumption and production. Yet at the same time, and I simplify, while marketing got us into this mess, it may be that marketing can get us out. We need to harness the creativity and the sophistication of marketing, and its methodologies, for human health and environmental sustainability."

Ed Mayo, Chief Executive, National Consumer Council, September 2005[1]

"We need to reinvent the way we market to consumers. We need a new model."

AG Lafley, CEO, Procter & Gamble[2]

"At length, I remembered the thoughtless saying of a great princess, who on being informed that the country people had no bread, replied, 'Then let them eat cake'."

Jean-Jacques Rousseau[3]

[1] Statement to this report.
[2] Quoted in *Harvard Business Review*, December 2005.
[3] *Confessions*,1776. According to David Wallechinsky and Irving Wallace, an extract from which is reproduced on trivialibrary.com, "Marie[-Antoinette]'s utterance of those heartless sentiments in October 1789 is unquestionably a fiction contrived after her execution in 179 by revolutionary propagandists who had read their Rousseau and were intent on underscoring her stonyhearted indifference to the plight of the masses. In the autumn of 1789, bread was scarce throughout an economically depressed France, and what little could be found was priced…far beyond the reach of the poor…Marie took refuge in the inner recesses of the palace. Safely ensconced, she is said to have reacted to the demands of the peasants by exclaiming disdainfully, 'Qu'ils mangent de la brioche' ('Let them eat cake'). In reality, there is no basis for believing she said any such thing." Fictional or otherwise, this story serves as

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Anthony Kleanthous
Jules Peck

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an approximate analogy for the breakdown in communications between the forces of production and consumption that we address in this report. Brand and marketing professionals have an important role to play as the interface and mediator between those two forces. While the typical revolting French peasant could only dream of *brioche,* today's mainstream consumers not only want their cake, but to eat it, too!

Contents

Introduction

One only has to flick through the pages of *Marketing* magazine or *Marketing Week* to see that the marketing industry stands accused of fuelling rampant and unsustainable patterns of consumption. Marketers are blamed for a multitude of further sins: encouraging ever greater consumption of alcohol, fatty foods, empty calories, water, fossil fuels[4] and biological resources; using too much packaging; and limiting the useful life of products so that consumers are forced to replace them earlier than necessary. The list could be never-ending.

Marketing, advertising and the media are also highly influential through their "brainprint"[5]. They form the "frames" by which members of our society live their lives and consume. In an age where many of us no longer get leadership from religion, have disengaged with politics and have long since abandoned the village green as a place to meet and debate, our "frames" come predominantly from the media. We spend an average of 27 hours a week watching television; inevitably, then, advertisers mould our psychological world to an unprecedented degree.

And yet our society depends upon communications. The communications industry – of which branding and marketing are an important part – is bigger and, some would say, more powerful even than government. What influence does it have on the types of products and services people buy? How does it influence the way their products are used, re-used, recycled and disposed of? In what ways are consumers influencing brands to become more environmentally and socially responsible? And how can the marketing industry respond to these forces in constructive and profitable ways?

WWF believes that business can flourish without compromising the wellbeing of this or future generations. Instead of preaching about the moral responsibility of business to further the goals of sustainability, this report exposes the considerable commercial potential of a new approach, based on the provision of more "responsible" mainstream brands. This potential comes from an increasing demand among mainstream consumers for their regular brands to come with environmental and social responsibility "built in". These consumers are not usually prepared to pay more or put themselves out to buy "green" or "ethical", but they do value these attributes as part of the brand package. Sustainability can act as a differentiator between mainstream brands, encourage loyalty and even change people's perceptions of themselves.

If you work in corporate or brand communications, marketing or CSR, either for a brand-owning company or a communications agency, this report is for you. It's also for you if you are a CEO or board director, because you are the engine behind the brand and you guide the values and processes of your organisation. If you wish you could reconcile your need to advance your career with your need to make a personal contribution to a happier, healthier future, then this report could provide the bridge you are looking for.

Methodology

This report has been nine months in the making. We began with a comprehensive literature review of hundreds of written sources, from formal reports to academic papers and articles in the media. Then we met more than 50 leading figures from the worlds of branding, marketing and policy. Finally, we tested some of the hypotheses from these first two phases by means of a web-based survey of 225 brand and marketing professionals from both client and agency worlds.[6]

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[4] Fossil fuels are man's greatest contributor to climate change.
[5] For a discussion of the concept of "brainprint" see our work on media sustainability *Through The Looking Glass*, SustainAbility and WWF, 2004.
[6] For more about methodology, see Appendix 1.

Overview

WWF rejects the notion that there is necessarily a conflict between good business and sustainable development. Instead, we present a more constructive, practical and applicable framework for understanding the responsibilities and roles of brand and marketing professionals in assuring a good quality of life for this and future generations. We identify areas of commonality between the goals of sustainable development[7] and those of business, at both corporate and brand levels, and we propose an approach to marketing based on the notion of using environmental and social values to build stronger, more valuable brands.

In **Chapter 1**, **"The Elephant in the Room"**, we summarise the environmental and social context of our report – the "problem" that needs to be fixed. We point out that economic development is reaping potentially irreparable damage to our planet at ever increasing rates and challenging our own concepts of human wellbeing. We argue that the marketing function is at the heart of the sustainability debate, because it is the interface between the forces of production and consumption.

In **Chapter 2**, **"Exploding Myths"**, we give a brief history of previous, largely unsuccessful, attempts from outside industry to bring about an epiphany in sustainable branding and marketing. We argue that their failure is the result of the false premise on which they were based: that businesses set out to further the goals of sustainable development. Even where there is a commitment to sustainability at the highest level, short-term financial and classic brand value indicators are still the measure of success for marketing departments and their agencies. We identify six "myths" that have further strengthened resistance from the marketing industry and point out that a new perspective is required if recent advances in thinking are to become the new paradigm.

In **Chapter 3, "Shifting Values"**, we take a closer look at consumers. There is strong evidence from surveys and observations of the market that values are shifting at a deep level; that the majority of consumers now prefer brands that are environmentally and socially responsible. These shifts and changes in behaviour have manifested themselves in a series of trends that are aligned with the goals of the sustainability agenda, including organic food and drink, healthy living, Fairtrade, downsizing, "mass luxury" and "localism". Yet most brand communicators and marketers have been slow to pick up on these shifts, and have consequently failed to spot enormous commercial opportunities. We present evidence from surveys and academic papers that commercial success and market leadership increasingly require companies to embed sustainability into their core brand values.

In **Chapter 4, "What our Survey Revealed"**, we present the key findings from our web-based quantitative survey of the perceptions of branding, marketing and communications professionals from both client and agency sides of the branding and marketing industry. We identify the following key perceptions:

- Industry professionals care about sustainability and prefer to work for companies that share those concerns;
- consumers tend to choose responsible brands whenever they can, so long as those brands are as attractive as other alternatives;
- brands should communicate more on environmental and social issues to both staff and consumers;

[7] Sustainable development, for the purposes of this report, means the preservation of natural resources, the protection of species and the generation of greater human wellbeing.

- employers are less concerned with environmental and social issues than the communications professionals they employ, and fail to encourage and reward sustainable practices internally;
- although communications professionals believe they have a strong influence over consumer behaviour, they are not held responsible by their employers for the environmental and social aspects of that behaviour;
- clients are just beginning to screen agencies for their sustainability credentials; and
- clients and agencies lack information about consumer attitudes to environmental and social issues.

In **Chapter 5, "Aligning Values"**, we argue that companies should recognise and incorporate sustainability into their corporate values in order to reflect the value shifts in wider society. Aligning brand values with relevant consumer values in this way increases the brand's relevance to consumers, differentiates it from the competition, provides focus for communications campaigns and reduces the risk of reputational damage. We propose a new approach to mainstream marketing, driven not by the goals of sustainable development, but by the social shifts of which they are a product. The clever money is on companies which sign up their consumers to support them on their journey to sustainability. We explore what clients and agencies can do to understand and repair their brand values and personality – sometimes called the brand "DNA" – so that it reflects the changing values of their target markets. We encourage brand owners and marketers to switch off their computers and get out into the real world to observe what kinds of "jobs" people are looking for their products and services to do, whether they be practical or emotional. We also look at cultural and structural issues within organisations. Recognising that leadership from the most senior level is required for the necessary values to be embedded, we also propose some practical tools for competitive advantage.

In **Chapter 6, "Emerging Best Practice"**, we show how some mainstream brands are using sustainability to create value for consumers, shareholders and staff. We look at a variety of different types of brand – corporate brands, umbrella brands, retail brands and endorser brands – to learn what they are doing to take consumers on a journey to more sustainable consumption patterns.

In **Chapter 7, "The Toolbox"**, we lay out some practical steps that CEOs, marketers and agencies can follow to unleash the potential of brand sustainability.

In summary, corporate and brand values are powerful and much under-appreciated drivers of commercial success. They shape, guide and motivate marketers in their work. If a brand has a strong set of values, advertising briefs will begin to include background information on how environmental, social or ethical aspects of the brand are relevant to the target audience. If given the right information, creatives can use it to generate ideas and new ways of appealing to consumers, based in part on their environmental and/or social values. This does not mean that every campaign will feature green messages; in the mainstream, some will, but most won't. But it does mean that these issues will be considered and, where appropriate, explicitly addressed in brand and marketing communications.

Crucially, the echoes of shifting societal values will be fed back through the R&D pipeline to guide the development of sustainable products and services and unlock the commercial potential of more sustainable business models.

Chapter 1. The Elephant in the Room: Unsustainable Consumption[8]

…in which we identify the problem to be tackled

"The continued poverty of the majority of the planet's inhabitants and excessive consumption by the minority are the two major causes of environmental degradation. The present course is unsustainable and postponing action is no longer an option."

UNEP (1999), *GEO-2000*, London: Earthscan[9].

[10]

Introduction

In this chapter, we face up to the elephant in the room of modern business: the problem of unsustainable consumption. The way that people buy and consume products and services has profound implications for the future health and happiness of our species. Our "developed world" way of life places an impossible demand on our planet's natural resources at a time when growth rates in China, India and other developing nations are set to skyrocket. Tony Blair, the Pentagon and the world's top scientists have declared that climate change is a more serious threat than global terrorism. In Europe, we are living as though we had three planets; we have only one. CEOs are losing sleep over these issues; could marketers be their saviour? There are many possible solutions, but one clear message: something needs to change, and fast!

In this chapter we will show that:

- We have only one planet but are consuming as though we had three. There are, however, solutions waiting to be applied.
- We therefore need to think about how we can transform business and consumption.
- Many efforts to integrate sustainability into marketing have failed.
- However, there is an emerging consensus pointing us in the right direction, based on the understanding that environmental and social concerns among consumers are spreading.

[8] "The elephant in the room" is an English idiom for a question or problem that very obviously stands, but which is ignored for the convenience of one or other party. It derives its symbolic meaning from the fact that an elephant would indeed be conspicuous and remarkable in a small room; thus the idiom also implies a value judgment that the issue should be discussed openly. Aptly for analogy of consumption as addictive behaviour, the idiom is commonly used in addiction recovery terminology to describe the reluctance of friends and family of an addicted person to discuss his problem, thus aiding him in his denial.
[9] Quoted in Sustainable Consumption Opportunities, UNEP, 2005.
[10] Reproduced by kind permission of The Carbon Trust.

Most people want to protect the future quality of life for their descendents. Like all human values, this instinct for the common good influences the way people feel about themselves; it's part of their ideal self image. Some will alter their consumption choices accordingly; others will continue feeling guilty about their behaviour until an alternative brand gives them the most important benefits with less of a guilt trip. The best brands of all – those that are "built to last"[11] – help their customers to view themselves as better people, whether or not they were looking to feel different in the first place. For example, compulsory recycling schemes have been shown to make their participants feel better about themselves, even though the scheme is obligatory. However, there is a marked lack of popular engagement with challenges such as climate change, largely because most people don't understand how their concerns about a global phenomenon can be alleviated through their own behaviour.

Marketing lies at the heart of this challenge, since it is part brand management, part relationship management and part behavioural management. Marketing changes perceptions and enables consumers to make the choices that are most closely aligned with their most positive personal values. Used well, it can also help to change consumer behaviour directly.

"Earth, we have a problem"

WWF estimates that three Earths would be required to sustain European patterns of consumption globally; five, were North Americans to set the global standard.[12] If China and India sought to live as we do, our world would quickly become a very scary place in which to live. In the absence of these extra Earths, our planet is already taking the hit; Figure 1 shows how dramatic planetary destruction of our natural resources over the last 30 years[13] has gone hand in hand with rising human demands on the biosphere. What this means is that rather than living off the "interest" of renewable planetary resources, we are fast eating into the very "capital" upon which our fragile lives depend. This scenario paints a stark future for our children and grandchildren. It is so well supported by scientific evidence that in 2004 it moved *Nature* magazine to warn that we could lose a quarter of all living species by 2050.

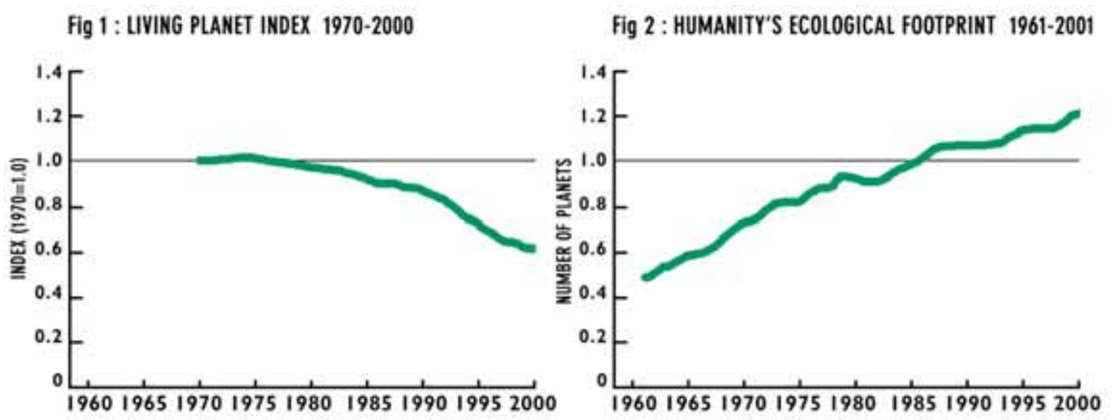


Figure 1: Species populations decreasing
The Living Planet index shows average trends in populations of terrestrial, freshwater and marine species worldwide as indicators of the health of our planet. It declined by about 40 per cent from 1970 to 2000.

[11] *Built to Last: Successful Habit of Visionary Companies*, Porras and Collins, 1994-2002. In this study, 18 "visionary companies" were compared with their "successful-but-second-rank rivals". For instance, Disney was compared with Columbia Pictures, Ford with GM, Hewlett Packard with Texas Instruments, and so on.
[12] Living Planet Report, WWF, 2004.
[13] This indicates the damage we are doing in terms of things such as the "death" of rivers, loss of soil for agriculture, desertification, atmospheric pollutant-induced climate instability and the global collapse of most major fishing stocks.

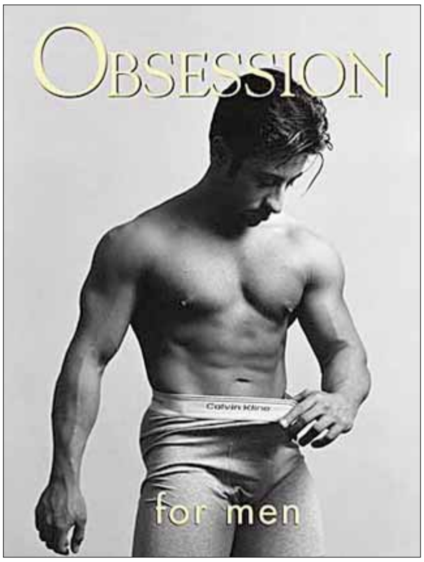
Figure 2: Human demand on biosphere increasing

The Ecological Footprint measures people's use of renewable natural resources. Humanity's Ecological Footprint is shown here in number of planets, where one planet equals the total biologically productive capacity of the Earth in any one year. In 2001, humanity's Ecological Footprint was 2.5 times larger than in 1961, and exceeded the Earth's biological capacity by about 20 per cent. This overshoot depletes the Earth's natural capital and is therefore possible only for a limited time.

To grasp the astonishing reach of consumer lifestyles and their impact on the planet, consider the rubbish collected on the beaches of tiny Oeno and Ducie atolls in the south-east Pacific Ocean[14]. These uninhabited islets are the most remote places on Earth, unvisited even by passing yachts. Yet surveys carried out there have found a minimum of one item of rubbish per metre of beach that has drifted from ships and from Asia and America, thousands of kilometres away. The commonest items include plastic bags, buoys, glass and plastic bottles (especially Suntory whisky bottles from Japan) rope, shoes, lightbulbs and even footballs, toy soldiers and aeroplanes, bike pedals and screwdrivers.

[14] *Collapse,* Jared Diamond, Penguin, 2005.

‘Affluenza’ and the fallacy of GDP



In 1998, economist John Kenneth Galbraith diagnosed a condition of developed economies that he dubbed “affluenza”[15]. He pointed out that the side effects of too much affluence can distract us from seeking real benefits for ourselves and our society. Once people have met their basic needs, money doesn’t seem to promote wellbeing. While UK GDP has almost doubled since 1974, British citizens are no more satisfied with their lives than they were in that same year (Figure 3). There is also a clear link between happiness and the environment.[16]

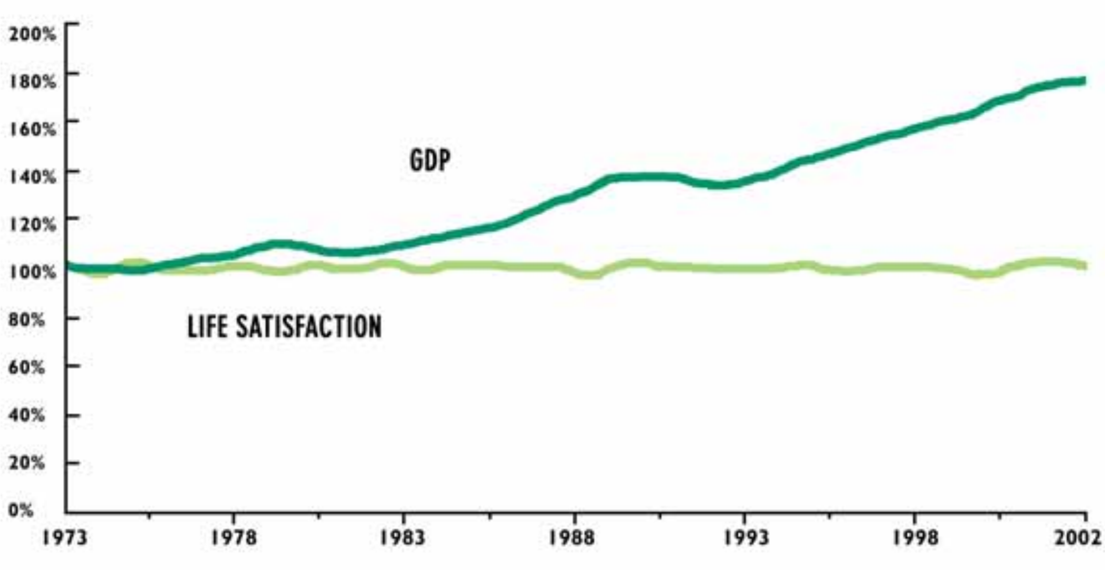


Figure 3: UK life satisfaction and Gross Domestic Product (GDP), 1973-2002[17]

[15] *The Affluent Society*, John Kenneth Galbraith, 1998.

[16] *Wellbeing and the Environment: Achieving One Planet Living and Maintaining Quality of Life,* NEF/WWF, Marks and Peck, July 2005.

[17] *A Wellbeing Manifesto for a Flourishing Society: The Power of Wellbeing*, new economics foundation, September 2004. There does seem to be a positive correlation between “happiness” and income, as there is between happiness and success in marriage, friendship, work performance and health. But there is evidence that happiness is a contributing factor to economic success more than the other way around: happiness itself makes people more motivated, more likeable, more inspiring and more likely to succeed in their work. Some economists and psychologists have correctly pointed out that happiness is not necessarily the same as wellbeing. For example, The new economics foundation has proposed a model that combines satisfaction with such concepts as personal development, engagement, and pro-social attitudes. It envisages “a flourishing society where citizens are happy, healthy, capable, and engaged – in other words with high levels of wellbeing”. nef’s proposals for achieving this inspiring vision do not extend beyond the recommendation of statutory bans on advertising to children, such as already exist in Sweden.

For these reasons, *The Economist* has called GDP a "grossly distorted picture" of human achievement and Nobel Laureate Simon Kuznets, the original architect of GDP, made it clear he never meant it to be used to measure quality of life: "The welfare of a nation can scarcely be inferred from a measurement of national income," he declared. In his recent series of Lionel Robbins memorial lectures on happiness, Richard Layard, Emeritus Professor of Economics at the LSE, condemned GDP as "a hopeless measure of welfare" and argued for a radical review of what delivers "welfare" to society.

Despite all this, business and governments seem fixated on economic growth as the sole indicator of societal success.

Dissatisfaction and the origins of consumerism

On a similar theme, Professor David Cadman, writing in *Resurgence* in April 2003, points out that "the doctrine of consumption and economic growth is not primarily founded on 'satisfaction' but upon 'dissatisfaction'". Cadman quotes from Robert Lane's *The Loss of Happiness in Market Democracies*: "Advertising must use dissatisfaction to achieve its purpose". He shows that this deliberately misleading aspect of consumer culture dates back to Edward Bernays[18] who, in the 1930s, applied his experience of US wartime propaganda to the foundation of what has become modern-day consumerism: "[Bernays] understood that the appetite of our present materialism depends upon stirring up our wants – but not satisfying them."[19]

If this is true, this "promise" of consumerism is not only failing to make us happier and destroying the planet, but it is also a lie!

The decisive factor in post-WW2 marketing was a recognition, based on wartime propaganda insights, that human consciousness could be manipulated by hooking in to primal emotional triggers. This was done consciously by early marketers such as Pierre Martineau and Ernest Dichter. Some observers [20] of creatives in the tobacco industry suggest that today it is rarely conscious, but instead unconsciously culturally embodied in the industry. The effect of this is to influence people's identity, primarily through manipulating what they think is necessary to do or to be in order to find love and alleviate existential angst. This finds environmentally damaging expression in Fromm's "to have is to be" culture. On the other hand, this analysis also points towards a more sustainable culture. It suggests that marketing can be part of the solution – or, as Simon & Schuster's publicity in 1993 for Ben Elton's book, *This Other Eden*, put it, "in marketing terms the end of the world will be very big. Anyone trying to save it should remember that"!

Perhaps the most astonishing apogee of this mood of self-doubt is the recent cover story of *Fast Company*, the magazine that epitomised the breathless and lucrative excitement of the dotcom era. Now it is asking the age-old question, does money make you happy? It picks up on the fact that exhaustive statistical international research indicates that, in the last decades

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[18] Regarded by many as the "father of public relations and advertising", Bernays was both a blood nephew and a nephew-in-law to Sigmund Freud, the father of psychoanalysis, and Bernays' public relations efforts helped popularise Freud's theories in the United States. Bernays also pioneered the PR industry's use of psychology and other social sciences to design its public persuasion campaigns. "If we understand the mechanism and motives of the group mind, is it not possible to control and regiment the masses according to our will without their knowing about it? The recent practice of propaganda has proved that it is possible, at least up to a certain point and within certain limits." (Propaganda, 2005 ed., p71.) He called this scientific technique of opinion-moulding the "engineering of consent". For other analyses and critiques of the role of corporate communications and advertising see also *The Hidden Persuaders,* Vance Packard, Random House, 1957, www.adbusters.org, www.medialens.org, www.mediawatch.com

[19] The complex issue of needs vs. wants and the role of marketing in creating both is well addressed in *Who Needs It: Market Implications of sustainable lifestyles,* Sustainability/Dow, 1995.

[20] For instance this is the view expressed to WWF by Professor Alastair McIntosh campaigner, academic and author of *Soil and Soul – People Versus Corporate Power,* Arum Press, 2004.

of the 20th century, there was a sharp drop in the number of Americans reporting themselves as "very happy". The toll of American wealth has not just been exacted on the environment, but also on the quality of American lives. It goes on to ponder "the sound of a nation questioning the meaning of success and the value of money" and calls for a redefinition of success to include such old-fashioned ingredients as strong relationships and personal integrity.[21]

Consensus for change

Although big business is still a slave to shareholder value, policymakers around the world have recognised the need to separate economic growth from human and ecological wellbeing. The clearest call to action – and the most powerful evidence of consensus for change – comes in the form of the UN's Agenda 21 charter,[22] which includes a commitment to fostering sustainable consumption. Agenda 21 states that action is needed to "promote patterns of consumption and production that reduce environmental stress and will meet the basic needs of humanity". To achieve this, it aims to develop "a better understanding of the role of consumption and how to bring about more sustainable consumption patterns".[23]

Business and consumers are both becoming more and more convinced of the need to behave responsibly. Brand owners are under pressure from NGOs, the media, investors, the government and consumers to reduce their environmental impacts and contribute more to society. CEOs are losing sleep as their children and investors ask them awkward questions about their environmental and social contributions. Consumers are worried about environmental and social issues, but are not being given the knowledge or incentives to change their consumption patterns. Schisms are emerging in the world of neo-liberal economics, with Harvard University psychologist Daniel Goleman[24] showing that success in business depends on the quality of cooperation between individuals.

There has been much discussion among policymakers as to whose *responsibility* it is to push the sustainability agenda. This is a distraction, since we all share responsibility for our collective future. The question is *how* it can best be done, and how we can help those with the most influence to exercise it in the interests of all our futures.

Clearly, government has a role to play in creating the right market conditions for a sustainable future, particularly when it comes to eradicating "externalities" (such as the right to pollute without charge or to destroy natural habitats) and educating consumers about the environmental and social consequences of their habits. Likewise, consumers have a responsibility to do what they can in their personal lives to reduce their environmental footprint and make a positive contribution to society.

Short-term pressures on business to maximise market share, sales and share values are the everyday realities of the legal constructs that are public companies. It is outside the scope of this report to argue the case that the nature of this legal construct is at fault. For excellent analysis of this problem and solutions mooted by the NGO community, see *The Corporation*[25] and the scholarly and well researched work of the Corporate Responsibility (CORE) Coalition, in reports such as *Red Tape to Road-signs* and *Behind the Mask.*[26]

Nevertheless, it is members of the business community who have the greatest potential to bring about real and lasting change. They are the ones who transform natural resources and human capital into desirable goods (and "bads") and services. They are in control of their own

[21] www.guardian.co.uk/comment/story/0,3604,906161,00.html
[22] www.un.org/esa/sustdev/documents/agenda21/english/agenda21toc.htm
[23] Both quotations are from Chapter 4 of Agenda 21. Read the full chapter at www.un.org/esa/sustdev/documents/agenda21/english/agenda21chapter4.htm
[24] www.edge.org/3rd_culture/bios/goleman.html
[25] A 2005 film by Mark Achbar, Jennifer Abbot and Joel Bakan.
[26] www.corporate-responsibility.org/

production processes, management practices and environmental impacts. They decide what products to make available, how, where and to whom. Their own messages – in the form of advertising, PR, packaging and so on – heavily influence consumers.

Business also has the most to gain from sustainability. By incorporating social and environmental benefits into the brand package, brands can free consumers from their own feelings of guilt, ignorance and powerlessness in the face of enormous problems such as water shortages, loss of biodiversity, global warming, global dimming and social breakdown. Not only does this make them more attractive to consumers, but it also makes for a much more comfortable relationship with regulators, local communities, investors and the media.

From the business case for sustainability to the sustainability case for business

This debate has often been framed as a straight fight between two opposing agendas: on the one side were those advocating a "business as usual" approach, or pushing for greater deregulation; on the other were those campaigning against globalisation and capitalism, and pushing for tighter regulations.

Since the beginning of 2005, however, the debate has matured[27]. Think tanks, NGOs, business and government have all begun to steer towards greater consensus. Many US businesses have flown in the face of the Bush administration's irresponsible stance on environmental issues. In the UK, 13 global companies have called on Tony Blair to take stronger action on climate change. And, instead of campaigning for the overthrow of the capitalist system, several leading thinkers and authors (including ex-CBI chief Adair Turner) have chosen to concentrate on how capitalism can best be adapted to meet the challenges and opportunities of the sustainability agenda.

The grandfather of ecology, EO Wilson, believes that there is a technical problem with the way that capitalism is being applied:

"What humanity is inflicting on itself and the Earth is, to use the modern metaphor, the result of a mistake in capital investment…The result is rising per-capita production and consumption, markets awash in consumer goods and grain, and a surplus of optimistic economists. But there is a problem: the key elements of natural capital, Earth's arable land, ground water, forests, marine fisheries, and petroleum, are infinitely finite, and not subject to proportionate capital growth. Moreover, they are being decapitalised by over-harvesting and environmental destruction.

"The juggernaut of technology-based capitalism will not be stopped. But its direction can be changed by a mandate of a generally shared long-term environmental ethic. The choice is clear; the juggernaut will very soon chew up what remains of the world, or it will be redirected to save it."[28]

Questions over the type of capitalism we ultimately want have to take a view on the relationship between the various market actors – government, business and society (consumers, voters etc). The current debate on the role of marketing in sustainability is necessary in order to fine-tune capitalism to produce the optimal relationship between business and society.

[27] See for instance www.lifeworth.com/2005review/foreword.html
[28] *The Future of Life*, EO Wilson, 2004.

Many answers already exist

Much of the change needed is not rocket science; there are many innovative solutions, both physical and knowledge-based, just waiting to be applied. Some of these solutions have been around for ages, but have fallen into obsolescence; others are the product of pioneering work by bodies such as the Rocky Mountain Institute.

These solutions are not about hair shirts and impossible ideals; they are about innovative, practical, exciting new ways of doing the jobs that we need to do in our daily lives. They are, to borrow an analogy from economics, about living off the “interest” of our planet’s resources such as the products of sunshine and biological richness, rather than its “capital” – non-renewable resources such as fossil fuels and biodiversity itself.

Regulation and sustainable consumption

The basic requirement for all advertising in the UK is that it should be “legal, decent, honest and truthful”. While various elements of sustainability are addressed in the regulatory codes, regulators have neither the teeth, the mandate nor the appetite to take on sustainability challenges beyond what is required by law or overwhelming public pressure. Some countries, such as Sweden, have introduced tighter regulation to cover such areas as advertising to children. In the UK, on which the rest of this section concentrates, similar measures are being debated.

UK regulatory structure – or its gaps

Figure 4 attempts to summarise how advertising is regulated and policed in the UK.

Broadcast advertising is regulated by government. Only Ofcom can alter the code of practice that covers it. Non-broadcast advertising, on the other hand, is governed by rules that are created and enforced by the advertising industry alone.

Both codes of advertising practice – broadcast and non-broadcast – are designed to “protect consumers and create a level playing field for advertisers". They are developed and designed by the two Committees of Advertising Practice (CAP)[29]: the CAP (Broadcast) Committee interprets government regulations under licence from Ofcom; the CAP (non-Broadcast) Committee sets its own rules on behalf of the industry.[30] Both codes are independently policed by the Advertising Standards Authority (ASA)[31].

[29] www.cap.org.uk/cap/
[30] The chairman of CAP, Andrew Brown, is also responsible for representing the advertising industry in his parallel capacity as director general of the Advertising Association.
[31] www.asa.org.uk/asa/

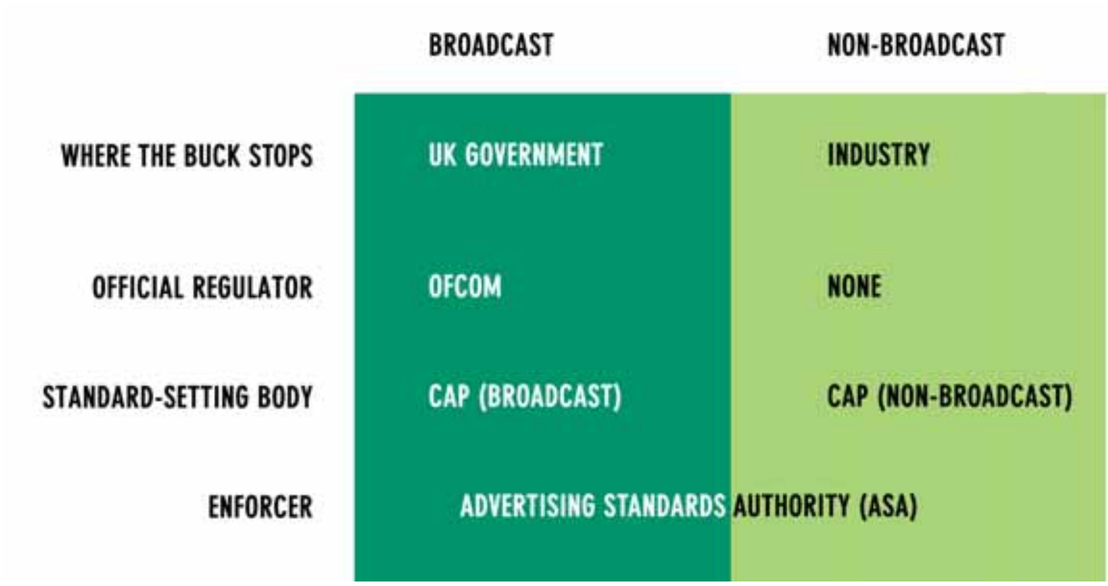

Figure 4: How advertising is regulated in the UK (broadcast vs. non-broadcast)

Voluntary codes of conduct/best practice

In addition to the CAP codes in the UK, there are a number of voluntary codes of conduct and best practice applying to parts of the marketing world which cover aspects of communications. These include the FSA (Financial Services Authority), MCA (Medicines Control Agency), the PRCA (Public Relations Consultants Association), the DMA (Direct Marketing Association) and the Portman Group. Of these, the Portman initiative is perhaps the most noteworthy because it represents a considerable effort by the alcohol industry to control a major "social-ill" side effect of its business model – alcohol abuse. Major drink manufacturers have also been prompted to take action; for example, Diageo recently launched a £1.4m – more than the Portman Group's entire budget - TV campaign to promote responsible drinking.[32]

According to *Marketing Magazine*[32], the government "has made it clear that it wants the voluntary approach to work. However…should industry fail…[it] will look at alternative options, including legislation." In the same report, it says "the broadcasting advertising industry is making a last ditch attempt to stave off severe restrictions on when food and drink ads can be shown, by tightening its code on the content of TV ads. The new code looks at ways of restricting the volume of ads and the times when they are shown, and include measures such as banning food and drink advertising to under-fives.showing no ads for products high in fat, salt or sugar during children's programming…"

As societal values shift on sustainability issues, it will be interesting to see whether, for instance, carbon-based industries take on similar voluntary responsibilities to make their communications about climate change more responsible, or whether the lead will have to be taken by government.

What little the codes have to say about sustainable consumption

The CAP codes stipulate that "advertisements must not make unsubstantiated claims about environmental impact". They also cover certain issues of particular public concern such as

[32] *Marketing*, 22/3/06

alcohol, smoking, obesity and advertising to children[33] but they do not effectively address the issue of sustainable consumption, or reflect the subtlety and complexity of the debate. For example, advertisers are forbidden from encouraging the excessive consumption of food, but not of fossil fuels or electricity.

Furthermore, while the code states that “advertisements must not encourage or condone behaviour prejudicial to the Environment”, a footnote to the same provision specifically gives the green light to advertisers to promote “products or services which *[sic]* may have adverse environmental impact in normal use or in their manufacturing processes”.

The CAP attributes the patchy and reactive nature of its codes on the principles of British common law: “Anything that is allowable by law”, says Andrew Brown, chairman of CAP, “is considered fair game for advertisers, except where specifically excluded by the codes. CAP's General Rules claim a sense of responsibility to consumers and society, but they do not uphold complaints simply on the basis that a particular product is offensive to some people. We are regulators, not social engineers. In the UK it's not about what's good or bad, but what’s allowable or not.”

This sets up a tension with EU law, which is based on the more proscriptive Roman legal code. Ultimately, UK advertising is subject to European law and must be consistent with relevant EC Directives. For example, surreptitious product placement in television programmes is banned in the UK[34], but might be allowed under the EC’s revised “Television Without Frontiers” Directive, expected in late 2006. If this happens, the UK codes will have to be brought in line.

Such a scenario is anathema to most advertisers. When Mike Longhurst, senior vice president of McCann Erickson, says “if we don’t get to the point where consumers receive leadership from brands, then the whole burden of promoting sustainability will fall on governments”[35], he is sounding a warning bell to colleagues, not a clarion call to legislators.

It has been suggested that the government could stop treating advertising expenditures as a fully tax-deductible business expense (much as it did with entertainment expenses several years ago) in order to reduce the pressures on consumption. After all, advertising is already a separately itemised expense category, so the change would not generate any additional paperwork. However, it would be preferable for the industry to address the underlying issues rather than be deprived of the ability to fund its own activities.

We urge the Committees of Advertising Practice – and the legislators who control the code covering broadcast advertising – to consider how their codes and guidelines can be brought into line with the new environmental and social concerns of our age.

Conclusion

In this chapter, we identified the problem that this report is intended to address: unsustainable consumption. We showed why the parts of organisations that are responsible for branding, marketing and communications, as well as those working in agencies, are powerful influencers of consumption patterns, and why using that influence to build responsible brands

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[33] The key standards laid down in the codes include the following: all marketing communications should be legal, decent, honest and truthful; all marketing communications should be prepared with a sense of responsibility to consumers and to society; all marketing communications should respect the principles of fair competition generally accepted in business; no marketing communication should bring advertising into disrepute.

[34] Although it is common practice in the UK, where even the BBC has been accused of flouting its own ban on product placement (see, for example, *How to get ahead in advertising at the BBC,* The Sunday Times, 18 September 2005: www.timesonline.co.uk/article/0,,2087-1785536,00.html)

35 Speech given on behalf of the EACA; read the full text at www.uneptie.org/pc/tourism/documents/wssd/longhurst.pdf

is a wise commercial strategy. In the next chapter, we ask why such strategies have been slow to catch on thus far.

Chapter 2: **Exploding Myths**

…in which we review previous attempts to tackle the problem of unsustainable marketing.

"I'm sick of hearing that consumers want more information; they don't! They want knowledge – knowledge of what a brand stands for and to what extent it can be trusted to make those complicated decisions on their behalf"
Rita Clifton, Chair, Interbrand

"In many instances, a 'business of business is business' outlook has blinded companies to outcomes, or to shifts in the implicit social contract, that often could have been anticipated"
Ian Davis, Worldwide Managing Director, McKinsey & Company[36]

"A brand is the shorthand for the complicated relationship between a company and its customers"
Hamish Pringle, Director General, Institute of Practitioners in Advertising

Introduction

In this chapter we show that:

- there have been several serious attempts to examine this issue in the last decade, but they have met with mixed success;
- this is mainly due to a series of myths that we debunk below; and that
- Marketing and corporate communications are central to our economic system, because they are the conduit through which signals pass
- between producers and wider society
- Agencies should act as beacons of sustainability, Helping their clients to spot and exploit the commercial potential of sustainability in innovative ways.

Myth 1: "The objective of business is to encourage sustainable consumption". Wrong! Brand managers and marketers are offered incentives to increase sales and market share, not human wellbeing; new incentives are therefore required.

Myth 2: "Marketing cannot drive sustainable consumption". Wrong! Marketing and brand communications can make a major contribution to meeting the biggest challenges of our age.

Myth 3: "Mainstream consumers do not value responsible brands". Wrong! There are huge market opportunities waiting for canny marketers who tune in to deep shifts in societal values.

Myth 4: "Marketing professionals do not understand sustainability". Wrong! Many marketers are just waiting for "permission" and an appropriate framework in which to engage with sustainability issues, even if they aren't familiar with the language and concepts of corporate responsibility.

Myth 5: "Media owners should enforce a strict separation between editorial and advertising departments". Wrong! If anything, editorial and advertising policies need to be more closely aligned.

[36] The McKinsey Quarterly, 2005 No. 3.

Myth 6: "Agencies are barristers, not beacons of consumption". Wrong! There is unmet latent commercial potential for more responsible brands; helping clients to spot and exploit that potential is part of the essential function of agencies.

Good intentions, weak responses

Several external parties have tried to explain to the marketing community why they should embrace the principles of sustainability in their marketing communications. Perhaps most prolific has been the UN's Environment Programme, which has partnered industry to produce a series of reports on the relationship between marketing and sustainability. Some early attempts, such as *Advertising as a Partner for Sustainable Development* (2001) were rather defensive in tone and contributed little impetus for change. However, in that same year, *Consumption Opportunities: Strategies for Change*[37] made an important contribution by defining the four strategic elements of sustainable consumption[38]. It stressed that responsibility for sustainable consumption is shared between industry, government, consumers, communities, citizens and society at large, and made a convincing case that economic success does not inevitably involve unsustainable consumption patterns. In order to make the right consumption choices, it argued, consumers must be both confident and educated. "If marketing has a role in sustainability, it is indeed to empower consumers to choose and use more wisely", says its author, John Manoochehri.[39]

In *Opportunity Space*[40] (2003), UNEP made the link between CSR and brand at a time when the asset value of brands was growing on corporate balance sheets. It pointed out the opportunity for agencies that understand CSR to build real value on behalf of their clients. Most recently, in *Talk the Walk*[41] (2005), it recognised that environmental and social concerns among consumers are spreading and that some previously niche green or ethical products have become very successful indeed in mainstream markets.

The response from industry

A few senior figures from the worlds of marketing, advertising and branding have also tried to engage. For example, Rita Clifton, who chairs Interbrand, the UK's leading brand consultancy, sits on the Sustainable Consumption Round Table, an initiative of the government's Sustainable Development Commission, soon to publish the results of its work. John Hegarty of BBH, MT Rainey (founder of Rainey Kelley Campbell Rolf), John Grant (founder of advertising agency St Lukes), Tyler Brule (founder of *Wallpaper* magazine and Winkreative), Jim Williams of Young & Rubicam and many others have all made efforts to move the debate forward. (For a full list of those who have given us the benefit of their time and experience as part of this project, see Appendix I.)

Most industry associations have also been open to engagement, and a few have made important contributions. The European Association of Communication Agencies (EACA), the Institute of Practitioners in Advertising (IPA), the Marketing Society[42], the EACA and the

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[37] UNEP, 2001.
[38] It identifies four "strategic elements", the first of which is dematerialisation (efficient consumption from increased resource productivity). The three others are ways of optimising consumption. These are: different consumption patterns arising from changes in choices and infrastructure, mainly on the part of governments and industry, but also consumers; appropriate consumption, where overall consumption levels and patterns are addressed by society at large, local communities and citizens; and conscious consumption, where consumers are primarily responsible for "choosing and using more wisely".
[39] WWF interview for this project.
[40] UNEP/EACA, 2003.
[41] UNEP/Utopies, 2005.
[42] In the Appendix of its *Manifesto for Marketing* of June 2005, the Marketing Society (MS) lists "seven imperatives for the marketing community and proposed actions for the Marketing Society". The fourth of these is "Take Responsibility. Marketing will address key issues regarding ethics, society and the environment". Recognising that sustainability needs to move up the Society's agenda, its head, Hugh Burkitt, hopes to promote this issue from the Appendix to the main body of the manifesto.

Worshipful Company of Marketers have all engaged with this WWF report and contributed to the debate in some way. The Chartered Institute of Marketing is planning a major focus on sustainability in 2006, and has begun to work with a panel of experts in both marketing and sustainability to help it capture best practice, draw lessons and incorporate what it has learned into its materials, publications and training courses. Represented on its steering committee is also the head of the Marketing and Sales Standards Setting Board, the body responsible for setting standards in the marketing industry on behalf of the UK government

So there is hope for the future – but much needs to change along the way. Progress is being hindered in part by the misguided attempts of CSR professionals and industry outsiders to persuade companies to pursue sustainable consumption as a goal in its own right. Progress has also been hindered by the perpetuation of a series of myths in the marketing community and more widely within organisations.

The six exploding myths of unsustainable marketing

We have identified six myths, the perpetuation of which has hindered an effective working partnership between marketers and CSR professionals:

Myth 1: 'The objective of business is to encourage sustainable consumption'[43]

This belief is prevalent in the CSR community both inside and outside the business world. It is responsible for the failure of the sustainability community to connect with marketing professionals, who are driven by shorter-term financial considerations. As seminal economist Milton Freidman has said, "the business of business is business"[44].

Short-term pressures to maximise market share, sales and share values are the everyday realities of the legal constructs that are public limited companies. It is outside the scope of this report to argue the case that the nature of this legal construct is at fault. For excellent analysis of this problem and solutions mooted by the NGO community, see *The Corporation*[45] and the scholarly and well researched work of the Corporate Responsibility (CORE) Coalition, in reports such as *Red Tape to Road-signs* and *Behind the Mask.*[46]

Taking this current short-termism as a reality, our literature review revealed many laudable efforts to address the difficult questions covered in this report.[47] Yet most of them have been met with a muted response and little engagement or action on the part of the marketing industry. The literature attempts to explain its own failures by pointing out that marketers "do not understand the language of corporate social responsibility (CSR)". However, evidence from social scientists such as Tim Jackson[48], George Lakoff[49] and Peter Settell[50] suggests that the problem is not so much the language, but the assumptions on which that language is based; when these assumptions are not in line with those outside CSR, it causes what sociologists have dubbed "cognitive dissonance" and what lay readers might call a mental block.

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[43] See, for example, the latest offering from UNEP, *Talk the Walk: Advancing Sustainable Lifestyles through Marketing and Communications*, which coins the term "sustainable lifestyles marketing" (SLM). It identifies three elements of SLM: green marketing ("selling green products"); social marketing ("fostering sustainable behaviours"); and responsible marketing ("preventing negative side effects of marketing"). It then declares the latter two to be outside the scope of its report, and concentrates on green marketing, which we argue will remain an important niche.
[44] This was the thrust of Friedman's seminal 1970 article in the *New York Times Magazine*. Its subtitle was: *The Social Responsibility of Business Is to Increase Its Profits.*
[45] A 2005 film by Mark Achbar, Jennifer Abbot and Joel Bakan.
[46] www.corporate-responsibility.org/
[47] For example, *Opportunity Space*.
[48] *Motivating Sustainable Consumption*, Tim Jackson, 2004.
[49] *Don't Think of an Elephant: Know Your Values and Frame the Debate*, George Lakoff, 2004.
[50] *The Culture of the New Capitalism*, Peter Settell, 2006.

Marketers come to work with objectives that, from their point of view, have nothing to do with sustainable consumption and everything to do with building (often short-term) brand and shareholder value. Whereas the objectives of CSR might be to help the organisation become sustainable, the objectives and strategies of the marketing manager are often focused on boosting sales, regardless of the environmental or social consequences. In the current free market model, businesses and their directors are legally obliged to maximise shareholder return. Without a convincing business case, marketers will not embrace the sustainability agenda.

If this barrier to sustainable business is to be overcome, it is up to chief executives to create stronger, more responsible corporate cultures that foster and reward appropriate environmental, social and ethical behaviour. This means:

- Revisiting and reinforcing corporate values;
- building cross-functional teams with shared responsibility for the success of the brand;
- embedding sustainability as a core expertise in the marketing department (rather than allowing it to remain the exclusive domain of CSR professionals);
- rewarding innovation based on social insights;
- explaining to the investment community how (responsible) marketing activities build shareholder value; and
- incentivising brand and marketing staff over longer time periods to reflect the importance of building value over the longer term.

We revisit and look more closely at some of these needed changes in Chapters 5-7.

Myth 2: 'Marketing cannot drive sustainable consumption'

Our research reveals a growing tendency among marketers to underestimate their power to influence consumer behaviour.

Yet marketing is the essential interface between production and consumption. In theory, if not always in practice, it moulds the entire brand offering (including product design and distribution) in a way that meets the true needs of the consumer in commercially viable ways.

Marketing can and must do its part to reverse the negative environmental and social consequences of economic development. Until businesses make the most of their influence over consumption patterns, primarily through the core marketing functions, their efforts to become more sustainable financially, economically and socially will be doomed.

Myth 3: 'Mainstream consumers do not value responsible brands'

The perception persists that only niche "green" or "ethical" consumers value environmental and social responsibility in what they buy. Our own survey supports evidence to the contrary. More than 50 per cent of consumers value environmental and social performance highly enough to let it influence their choice of brand. Perhaps the biggest values shifts of our age seem to be going largely unnoticed by brand and marketing professionals; as we demonstrate in Chapter 2, there is enormous untapped commercial potential among mainstream consumers for "responsible" brands. Until the day when all brands have to be "responsible" simply to remain mainstream players, there exists a huge opportunity for the canny few to steal a march on their slower-moving rivals. Chapters 5-7 offer some guidance how to do so.

Releasing this potential, however, requires a different approach to that taken by market niche brands to niche consumers. Out go worthy messages about saving the planet; in comes a subtler approach, born of the alignment of the brand's values with those of its key stakeholders and the creation of meaningful relationships between them. Most important of these stakeholder groups are customers and staff. It is their relationships that most strongly influence the identity of the brand and that underpin its commercial success.

Myth 4: 'Marketing professionals do not understand sustainability'

Marketing professionals tend to be relatively well informed about environmental and social issues, even if they do not use the terminology of CSR professionals and academics. Our quantitative study of marketing professionals (see Chapter 4) suggests that many marketers are just waiting for "permission" to engage with sustainability but are held back by corporate culture, key performance indicators (KPIs), remuneration arrangements, organisational structure and a paucity of professional tools.

Chief executives should address these barriers to create a corporate environment that facilitates and rewards behavioural change in the marketing industry, including integrating sustainability as an aspect of successful performance.

Myth 5: 'Media owners should enforce a strict separation between editorial and advertising departments'

Some advertisers have routinely required publications to give them advance warning of editorial coverage relating to their brand[51], and have reserved the right to pull advertising at short notice if they expect to be criticised in editorial.[52] According to the European Association of Communications Agencies (EACA), "it is not acceptable for advertisers to seek by any means to influence editorial content". Yet most publications make more money from advertising than they do from their retail sales, so their very existence depends on creating an editorial environment conducive to advertisers.

Rather than denying this reality, media owners should bring editorial and commercial staff together to explain to advertisers their editorial positions on environmental impacts. A closer working relationship between these two functions will strengthen the hand of media owners in their attempts to align the advertisements they carry with the environmental and social values that they espouse in their editorial. Such an approach would make it easier to ban the worst offenders from advertising in their broadcasts and publications and to open advertisers' eyes to the environmental and social impacts of their advertisements.

Why is this necessary? Because several studies point out that the media is failing to communicate sustainability issues to the public [53], although this situation is beginning to change, especially in the UK, where climate change and health have become hot topics.

Myth 6: 'Agencies are barristers, not beacons'

Is advertising a slave to reality or an engine of social change? Do planners in an advertising agency simply observe the world around them and draw logical conclusions about the rights and wrongs of alternative strategies, like a barrister preparing a brief? Or do they try to make their client's product or service act like a beacon to society, drawing them towards new possibilities?

The relationship between sustainability and advertising is problematic for communications agencies, especially those with limited influence over client briefs. On the one hand, they have a responsibility to understand the impact of sustainability issues on their clients'

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[51] Spinwatch, May 2005: "Days after financial services giant Morgan Stanley informed print publications that its ads must be automatically pulled from any edition containing 'objectionable editorial coverage', global energy giant BP has adopted a similar press strategy. According to a copy of a memo on the letterhead of BP's media-buying agency, WPP Group's MindShare, the global marketer has adopted a zero-tolerance policy towards editorial coverage it is not informed about in advance, 'regardless of whether editorial is deemed positive or negative'."

[52] See *Through The Looking Glass*, SustainAbility and WWF, 2004.

[53] See for instance www.wwf.org.uk/filelibrary/pdf/looking_glass_0105.pdf and www.sustainability.com/insight/mediaspotlight-article.asp?id=140

businesses and to offer advice based partly on a consideration of those issues; on the other hand, to concentrate on environmental and social factors at the expense of more immediate or powerful levers of consumer demand seems like an inefficient use of resources.

Even in agencies that are leading the thinking on sustainability in advertising, there is confusion over this question. In one major agency we spoke to, the executive planning director said he took a "barrister's approach" to advertising, objectively assessing the public mood and creating advertising that worked according to it. However, one of his senior colleagues claimed to take a different approach: “The really successful brands lead consumers and convert the world, like Nike, Apple and Innocent”. A few other senior industry figures, including John Hegarty of Bartle Bogle Hegarty and Rita Clifton of Interbrand, also advocate a “beacon” approach.

Given the importance of original thinking in innovative strategies, it is clear to us that agencies and clients will both benefit from the beacon approach. Our central hypothesis is that there is unmet latent commercial potential for more responsible brands; helping clients to spot and exploit that potential is part of the essential function of agencies.

Conclusion

This chapter was intended to introduce the key issues considered in the remainder of this report, as well as explain why previous attempts to address them have failed. If there is an overall lesson to learn, it is that received wisdom is not getting the job done when it comes to building responsible, sustainable brands.

Chapter 3: Shifting Values

…in which we show that environmental and social issues are no longer the sole concern of a privileged few, but of a sizeable proportion of mainstream, brand-conscious consumers.

"As the world society approaches a balance among economic, environmental and social sustainability, markets are transparent, stimulate innovation and are effective in their role as a catalyst for change toward a better quality of life for everyone."

Chad Holliday, Chairman of DuPont, and John Pepper, Chairman of Procter & Gamble, 2001

Introduction

In this Chapter, we show that:

- There is strong evidence from surveys and observations of the market that values are shifting at a deep level;
- the majority of consumers now prefer brands that are environmentally and socially responsible;
- these values shifts are associated with changes in consumer behaviour, both in terms of the brands people choose and other aspects of their lifestyle;
- brand communicators and marketers have been slow to pick up on these shifts, and have consequently failed to spot commercial opportunities;
- these values shifts and changes in behaviour have manifested themselves in a series of trends that are aligned with the goals of the sustainability agenda, including organic food and drink, healthy living, Fairtrade, downsizing, "mass luxury" and "localism";
- the profile of leading brands is changing;
- social aspects, in particular, are becoming increasingly important in driving brand value; and
- some leading consumer brands are responding to these trends by incorporating relevant messages into their advertising and other communications, without being forced into it by previous crises.

Values are shifting at the deepest levels

Ordinary people increasingly realise through their observations of the world – through flood, famine, disease, poverty, inequality and crime – that societies do not necessarily become happier and healthier as they get richer. The implications are profound, and progressive elements exist at every level: macroeconomists talk of a shift from GDP to "wellbeing"; business professionals make the "business case" for sustainability; and as individuals, we strive to improve the quality of our lives, both through our careers and the products or services on which we spend our money or our time (Figure 5).

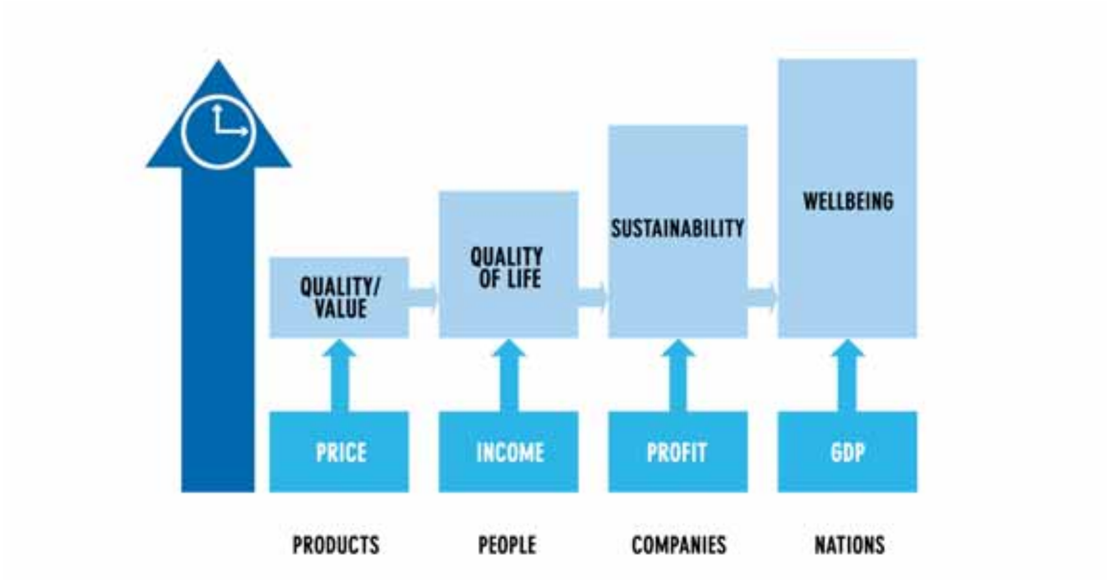

Figure 5: Elements of the sustainable paradigm shift

Until now, there has been strong circumstantial evidence that consumers value brands that are environmentally and socially sustainable. However, the mainstream marketing community has been slow to recognise that this demand is not restricted to a niche group of "green" or "ethical" consumers who are prepared to pay more for brands that they perceive to be environmentally and socially responsible. This niche group is variously estimated at between 7 per cent and 12 per cent of the entire consumer population.

There are some important and deep running shifts in the social context affecting the sustainability of businesses:

- As consumers, we are realising that price is less important than value[54]; it's no good buying a £5 pair of shoes if they last less than half as long as a £10 pair of shoes[55].

- As employees, we are placing increasing emphasis on "work/life balance" and quality of life issues, and less on income.

- As companies, we are beginning to recognise the opportunities and responsibilities that come with being a good corporate citizen, a "sustainable business". Ten years ago, there was one bottom line; then there were three (financial, environmental, social)[56]; now, investors and brand owners alike are beginning to recognise that the social, environmental and economic agendas may be different aspects of a higher agenda that unifies them.

Existing survey-based evidence of value shifts

There is compelling evidence from consumer surveys and academic studies of enormous untapped commercial potential among mainstream consumers for responsible brands.

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[54] "Value", for the purposes of this report, is defined as functional or emotional utility – the ability of the brand, product or service to do the physical or emotional "job(s)" required of it by the consumer. For more on how value is defined in terms of brand attributes, see below.
[55] Of course, a minimum amount of money is required to purchase these higher quality items; the eradication of poverty remains an essential first step.
[56] Source: John Elkington.

For example, a study in 2002[57] reported that:

- 53 per cent of UK consumers and 66 per cent of US consumers have considered switching brand due to issues of CSR;
- 19 per cent of UK consumers have actually purchased as a result of a company's ethical reputation; and
- 18 per cent have participated in an ethically-motivated boycott.

However, more recent evidence from The Co-operative Bank[58] (2005) shows that this trend is real and growing in the UK. According to the Bank:

- 57 per cent of consumers have recommended a company on the basis of its responsible reputation;
- 58 per cent have avoided a product or service because of the company's reputation;
- 35 per cent have actively sought information on a company's reputation; and
- 35 per cent have felt guilty about unethical purchase(s).

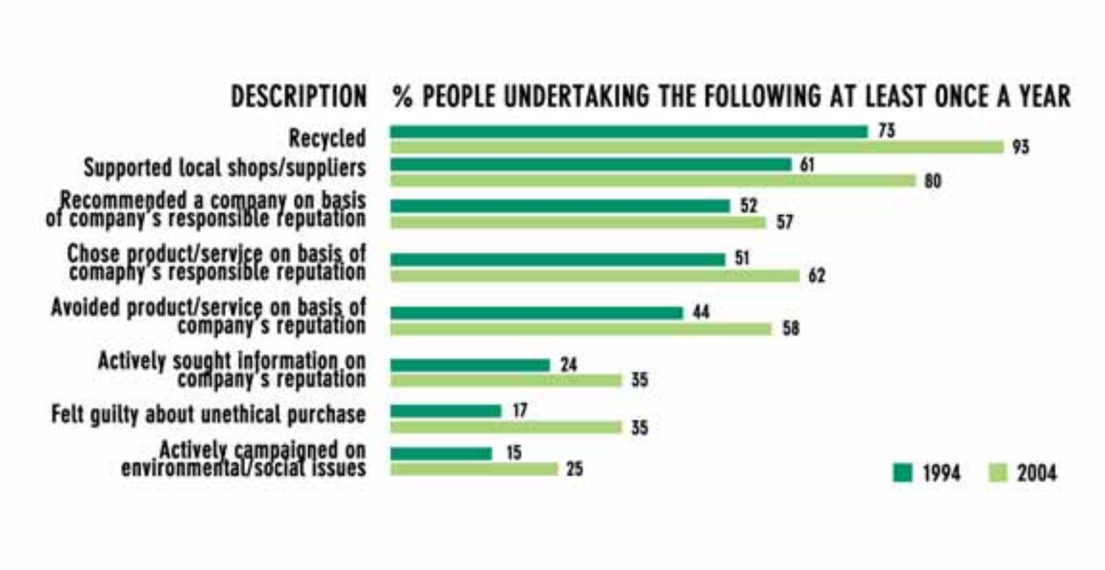

Figure 6: UK Consumers are behaving and consuming more responsibly[59]

This is backed up by evidence from a recent Guardian/ICM poll[60] which found that most British people are willing to make personal sacrifices to tackle the threat of climate change:

- More than half (51 per cent) said they or their family had boycotted a company because its products damage the environment;
- 63 per cent approved of a green tax to discourage behaviour that harms the environment; and
- people are willing to pay an extra £331 to make their homes more environmentally friendly, even if the move brought them no direct cost saving[61]

[57] SWR, 2002, quoted in UNEP's *Talk the Walk* (referenced separately).
[58] *Ethical Consumerism Report, 2005*, The Co-operative Bank/The new economics foundation/The Future Foundation.
[59] The Co-operative Bank, 2005.
[60] *Most Britons willing to pay green taxes to save the environment,* The Guardian, 22 February 2006. (We were unable to scrutinise the methodology of this survey or view data other than that covered in the original article, which can be found online at www.guardian.co.uk/climatechange/story/0,,1715020,00.html).
[61] In the survey, 16 per cent said they would not pay anything; 32 per cent were willing to invest over £100; 8 per cent would invest more than £1,000.

Clearly, there is a difference between what people say they would do in a survey and what they actually end up doing.[62] Nevertheless, Young & Rubicam claims to have behavioural evidence to back up their link between esteem and social equity (see below). Furthermore, the survey-based evidence given throughout this section provides important insights into how people would like to see themselves and to glimpse the idealised self image to which they aspire. Taken together, this data provides powerful evidence of a huge potential market that most marketers have yet to notice, let alone nurture and grow.

In tests carried out by US superstore Home Depot in Oregon, two stores set up nearby bins containing plywood pieces of the same size, one with and one without Forest Stewardship Council (FSC) branding. The experiment was run twice: once with the plywood in the bins costing the same, and once with the FSC-labelled wood costing 2 per cent more. It turned out that, when the cost was the same, FSC-labelled wood outsold unlabelled plywood by more than two to one. (At one store in a "liberal" environmentally aware university town, the factor was six to one – but even in the more "conservative" town the labelled plywood still outsold by 19 per cent). When the labelled plywood cost 2 per cent more, most customers preferred the cheaper option – but still 37 per cent overall bought the more expensive product[63].

Consumer segmentations

Three well-known consumer segmentations – Roper Starch[64], MORI and LOHAS – all identify mainstream consumer segments for whom environmental and social factors are influential in their consumption choices. Some of these segmentations (the Roper Starch study in particular) are outdated and lacking in robust quantitative data. However, taken together, they make a convincing case that more than 50 per cent of consumers value environmental and social performance highly enough to let it influence their choice of brand.

Part of the problem with the existing sources of information on consumers' response to environmental and social issues is that it is based on attitudes rather than behaviour. Furthermore, existing behaviour-based systems such as MOSAIC and Acorn do not reveal the motivations behind the behaviour they describe.

In response to this gap in knowledge, some planners and academics have developed ways of grouping consumers according to their values, based on interpretations of Maslow's hierarchy of needs.[65] According to Maslow, people tend to fall into three broad groups, based on their values and resulting behaviour. For example, academics Pat Dade and Chris Rose[66] describe three broad sectors of the UK population: "settlers", who crave security and fear change ("sustenance" in Maslow's terminology); "prospectors", who crave the admiration of others ("outer-directeds"); and "pioneers", who seek inner fulfilment ("inner-directeds).

As the table below illustrates, Dade and Rose offer two further levels of segmentation, with each of the main groups being split into subgroups. Young and Rubicam has also developed a segmentation based on Maslow's work, this time comprising seven groups[67]. Paul Ray, Roper Starch Worldwide (Figure 7) and MORI offer their own segmentations, still based on Maslow but focused on sustainability.

[62] In the same survey, 28 per cent of respondents claimed they were "likely to install a wind turbine" – a scenario that seems unlikely to come about.
[63] *Collapse,* Jared Diamond, Penguin 2005.
[64] Roper Starch, 1990.
[65] US psychologist Abraham Maslow proposed his Hierarchy of Needs theory in 1954. According to his hypothesis, some innate human needs are more pressing than others and must be satisfied before any less pressing ones can be attended to. Maslow arranged human needs into five categories in ascending order: physiological needs, safety needs, belongingness and love needs, esteem needs and self-actualisation needs.
[66] *A Tool for Motivation Based Communication Strategy*, Campaign Strategy, 2004.
[67] *Seven Kinds of People*, Young & Rubicam, 2005

SEGMENTATION APPROACH	MAIN PROPONENTS/STUDIES
Pioneers - Eclectics; Pioneers - Seekers; Prospectors - Players; Prospectors - Optimists; Settlers - Rationals; Settlers - Protectors.	Dade/Rose
Pioneers: Transcenders; Flexible individuals; Concerned Ethicals; Transitionals. Prospectors: The Tomorrow People; The Now People; Happy Followers. Settlers: Golden Dreamers; Certainty First; Brave New World; Smooth Sailing; Roots.	Dade/Rose
Seven kinds of people: Explorers (seek difference/novelty/discover); Aspirers (seek status); Succeeders (seek control); Reformers (seek enlightenment); Mainstreamers (seek security); Strugglers (seek escape); Resigned (seek to survive).	Y&R
Five segments with varying degrees of concern and action: true blue greens 11%, major green purchasers and re-cyclers; greenback greens 5% will buy or give green but won't make significant lifestyle changes; sprouts 33% who care but would only spend a little more to buy green; grousers 18% see the environment as a problem but somebody else's; basic browns 31% essentially don't care/won't care.	Roper Starch Worldwide
LOHAS (Lifestyles of Health and Sustainability) 30%; Nomadics 38%; Centrists 25% Indifferents 7%.	Paul Ray
Global watchdogs 5%; conscientious consumers 18%; do what I can 49%; brand 6%; look after my own 22%.	MORI

Table 1: Consumer segmentations

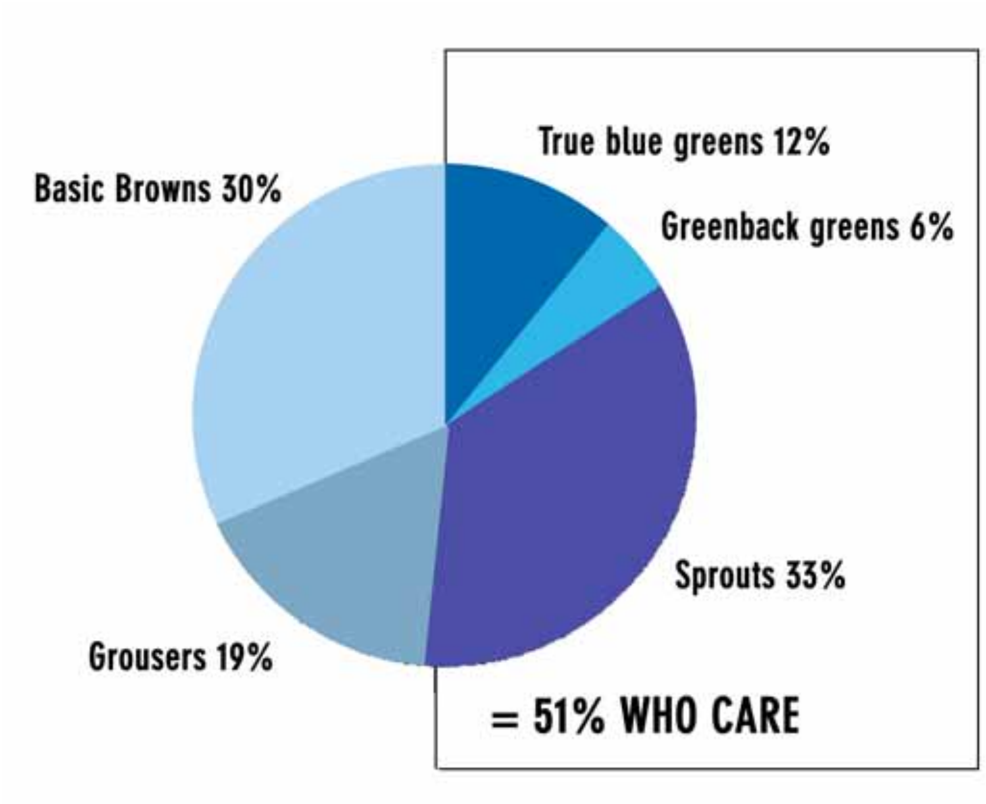

Figure 7: Roper Starch's segmentation based on environmental values

Young & Rubicam has used Maslow as the starting point for a model that identifies seven types of people – Reformer, Explorer, Succeeder, Aspirer, Mainstream, Struggler and Resigned – and links each to a set of values that drives them (Figure 8).

Figure 8: Y&R's "Seven Kinds of People" and the values that drive them[68]

This model is the basis for Y&R's Brand Asset Valuator, a tool that we use in the next section to assess the importance of "social equity" to a brand's true value.

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[68] Reproduced by kind permission of Young & Rubicam.

As far as we are aware, no-one has yet attempted to map Y&R's segmentation onto behavioural data; a project that might usefully be undertaken in the future.

A lesson from Jamie Oliver

Chef Jamie Oliver's high profile television series, Jamie's School Dinners, began a campaign that prompted a government review of school catering, an increase in the amount of money available for each meal, and the introduction of more fresh fruit and vegetables onto school menus. According to Marketing Week[69], Oliver's campaign also prompted food company Bernard Matthews (manufacturer of the infamous Turkey Twizzler) to rethink its entire brand strategy and to relaunch under a "healthy food" positioning.

Marketing and advertising professionals are proud of their ability to keep their finger on the pulse of changing social and consumer trends. So why did it take a young celebrity chef with no research budget to highlight the scandalous quality of the meals given to children in UK schools? Is this not exactly the kind of social phenomenon that marketers should be the first to spot and exploit?

Jamie Oliver did not invent this issue. Parents had been harbouring doubts and misgivings for a long time about the salty, fatty, processed foods that had been causing obesity and behavioural problems in their children. Some were already providing their children with packed lunches. Others were infected by the collective complacency that was pervasive among both school authorities and parents; if it was okay by everyone else, then who were they to think differently?

It took Jamie Oliver's vision and passion to persuade ordinary parents that their concerns about junk food in schools were well-founded.

Jamie's School Dinners showed how suppressed values can explode into mainstream consciousness to bring about real change, really fast. Were it supporting a commercial brand, it would be lauded by the marketing industry as an example of best practice. It gave people "permission" to feel angry about poor nutrition in schools and to demand change. It explained the issues in their own language, with wit and passion. It presented a vision of how much better things could be with just a little more investment.[70]

Trends for sustainability

Although most consumers do not understand or use the term "sustainability", a number of trends have emerged that demonstrate consumer demand and give hope for further advances in sustainable consumption. A few of them are summarised below.

Organics: Once the preserve of a privileged and eco-conscious few, the world market for organic food and drink has grown from almost nothing 10 years ago to an estimated US$25bn in 2005. Northern Europe has led this charge, with Britons spending more than £1.1bn (US$2bn) and Denmark seeing 7 per cent of all food sales by value in the organic sector. In the UK, 50 per cent of baby food sales are now organic. In the US, sales of organic products have been growing at 20 per cent – 10 times the pace of the conventional food market,

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[69] 22/3/06

[70] Holliday and Pepper recognise the role that advertising has to play in "unlocking" or "giving permission" through the brand. "Such a relationship-building process depends on branding. Brands convey a set of attributes and shared values to consumers. They help increase share of mind, contact time, loyalty, and repeat business".

generating an estimated US$15bn in sales in 2005[71]. The world's taste for organic products is not limited to food; this year alone, Marks & Spencer, Oasis and Top Shop have all launched clothing ranges made from organic cotton, the demand for which considerably outstrips the available supply.

Healthy living: According to the National Consumer Council (NCC), the trend for healthier food and drink has reached a tipping point in the UK. Britain's recent research by the NCC reports that two thirds of consumers have changed what they eat in the last year: despite McDonald's success with its healthier ranges, its overall business has suffered badly, resulting in the closure of 25 UK branches. Sausage and pasty maker, Greggs, issued a profit warning in March 2006 following poor sales; sales of crisps, carbonated soft drinks, confectionery and frozen meals and pizzas are all down, with the latter having dropped by a staggering 9.2 per cent in just 12 months. By contrast, sales of chilled fruit juices and drinks are up by 15.6 per cent, bread by 3.8 per cent and drinking yoghurt by 51 per cent.

Fairtrade: Originally pioneered in Germany and the Netherlands in the 1980s, Fairtrade brands now exist in 20 countries including France, Germany, Japan, the UK and the US, and grew by 40 per cent globally in 2004[72]. According to the *Financial Times*[73], sales of Fairtrade-certified products have grown at 40-50 per cent per year for the last five years in the UK, where there are now 108 Fairtrade coffee brands comprising 364 different products. Café Direct, founded 14 years ago by Oxfam, Traidcraft, Equal Exchange and Twin Trading, is now the UK's sixth largest coffee brand; and the world's largest coffee seller, Nestlé, recently launched its own Fairtrade variant. Fairtrade brands must pay producers in the developing world a minimum price above market rates in order to protect them from exploitation, but their continued success depends as much on the quality and value of their products as on their ethical credentials.

Downsizing: driven by concerns about health, the environment and cost, downsizing is emerging as a significant trend in developed markets. In 2004, stung by the success of Morgan Sperlock's documentary film, *Supersize Me!*, McDonald's discontinued its Super Size meals and enjoyed a 10 per cent increase in sales as a result. According to a report in *Marketing* magazine, retro sweets such as Nestlé's Texan bar are gaining in popularity against larger modern chocolate bars, and Britvic is ceasing promotion of extra large portions to children. Most dramatic of all has been the crash in sales of sports utility vehicles (SUVs) by 33 per cent in the year to September 2005, accompanied by a rise in small car sales of 23 per cent, from 13.6 per cent of the US car market to 18 per cent. This has prompted BMW and Ford to plan launches of smaller cars in 2007. The trend has even extended to houses: the National Association of Home Builders reports that the trend for larger homes in the US has ended; instead, people are kitting out their homes with the latest gizmos and comforts.

Mass Luxury: Also dubbed "New Luxury", this trend has seen middle-class consumers with incomes of between £30,000 and £85,000 spending their money on Starbucks coffee, low-end models from up-market car makers (such as Mercedes A and B Class cars and BMWs) and designer clothing. Although not necessarily a force for sustainability, the move away from cheap, disposable, low-quality products tends to be more eco-efficient, because of the more efficient use of natural resources and the longer life expectancy of the products. For middle-class consumers, the money they choose to spend on luxury items is not then spent on poorly made disposable items.

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[71] Organic Trade Association.
[72] Fairtrade Labelling Organisations International.
[73] *Financial Times,* 25 October 2005.

Localism: Widespread public concern over the environmental costs of air transport (of both people and goods), together with the "cloning" of city centres as chain stores squeeze out local retailers, has fuelled a new enthusiasm for local produce and domestic holidays.

What do these trends tell us and what is driving them? Some suggest that the rise of organics was the result of a range of health scares, including BSE/vCJD, e-coli and the "Currie'd egg" fiasco. Some suggest that organics will grow faster because they are about "me", and that the less immediate benefits offered by such brands as Fairtrade might struggle to make it in the mainstream. Whatever the causes, there is no denying that these trends are on the increase and represent an opportunity for sustainable brands, products and services to prove their commercial worth.

Anatomy of modern brands

Accountants and financiers have long recognised the intangible aspects of brands – often called "good will" – as having real commercial value. However, they have struggled with a lack of reliable tools to measure this value accurately. In an effort to fill this gap, Young & Rubicam invented a tool called the Brand Asset Valuator (BAV) to deconstruct and describe different profiles of brand value (Figure 9). [74]

Figure 9: Young & Rubicam's Brand Asset Valuation (BAV) criteria[75]

[74] Brand Asset Valuation model, Y&R/GoodBrand, 2006 (pre-publication).
[75] For more information about the model of brands on which the BAV is based, see Appendix III.

Profiles of leading brands have shifted

Evidence from the BAV shows that the anatomy of today's leading brands is changing (Figure 10). While reliability, trustworthiness, leadership, distinctiveness, authenticity, originality and charm are still important, performance, innovation and "sociability" are increasingly significant.

↓ Declining	The same	Growing ↑
Best brand	Reliable	High Performance
Straightforward	Trustworthy	Down to earth
Kind	Leader	Cares about customers
Worth more	Distinctive	Socially responsible
High quality	Authentic	Friendly
Up to date	Original	Social
Good value	Charming	Innovative

Figure 10: Today's leading brands are becoming more innovative and "sociable"

Social equity drives brand value

According to sustainable brand experts GoodBrand, "social equity" is the fastest growing aspect of brand value, and the most powerful driver of Esteem. GoodBrand and Y&R have joined together to dig deeper into these issues and found a 77 per cent correlation between esteem and social equity (Figure 11), which comprises seven distinct qualities:

Ethical Practice: honest, fair, financially reliable

Employment Ethos: a good employer

Social Engagement: responsive to local community

Service Orientation: cares about its customers, reliable

Social Responsibility: corporate citizenship

Emotional Proximity: my kind of brand or company

Social Utility: provides worthwhile products

According to Y&R and GoodBrand, social equity is 47 per cent responsible for determining esteem, compared with 23 per cent for quality and 30 per cent for other things (Figure 12).

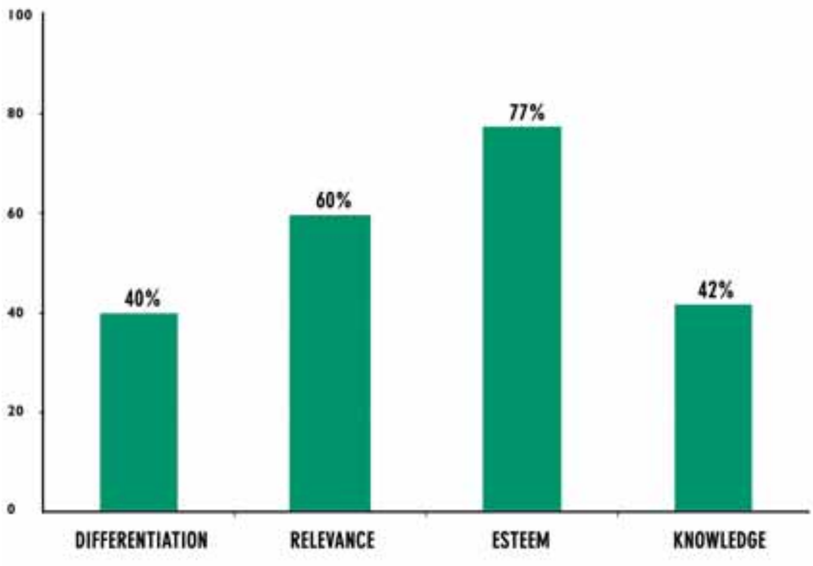

Figure 11: Social equity drives esteem: correlation between Brand Asset Valuation pillars and social equity[76]

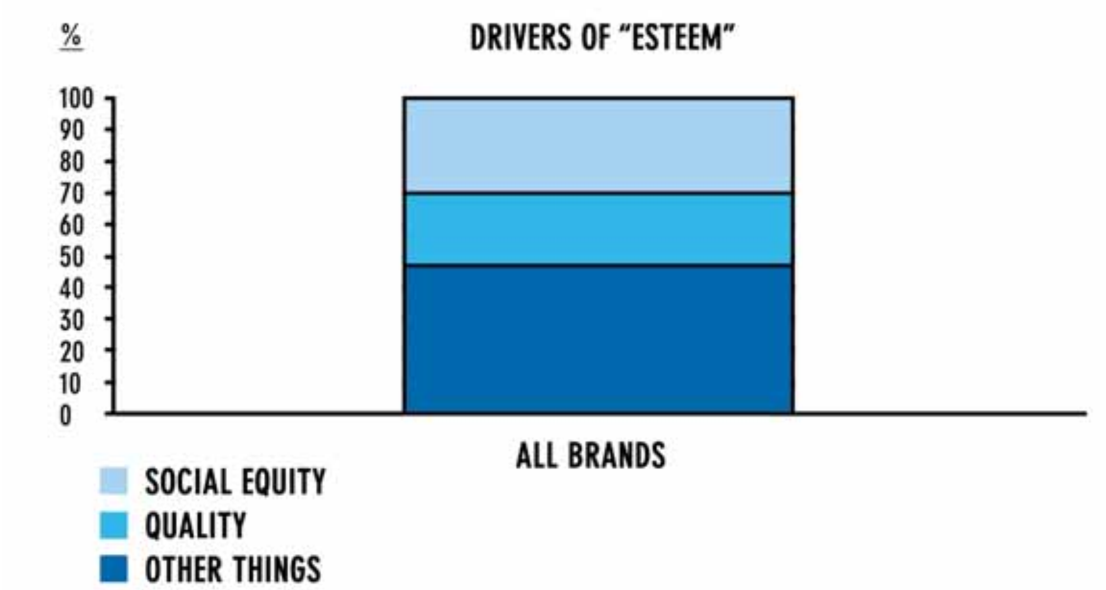

Figure 12: Social equity is the biggest driver of "esteem"[77]

Social equity is therefore already an important draw for consumers. While a poor social reputation may not be quite enough to put the average high street shopper off the latest must-have item, it does leave the brand vulnerable to competitors with a more responsible image. In fact, it is becoming increasingly difficult to become a "hot" brand in the UK or US without reassuring consumers on this front. It will not be long before all brands have to be "responsible" simply to remain mainstream players.

[76] Source: Y&R/GoodBrand.
[77] Source: Y&R/GoodBrand.

Conclusion

The point of this chapter was to demonstrate the latent commercial potential of responsible mainstream brands. We have seen that mainstream consumers have become more aware of and concerned about environmental and social issues in the last few years, and that the profile of leading brands has shifted in response. More recently, some leading brands have begun to communicate these updated brand values to consumers in a bid to commercialise the improvements they have made internally.

Chapter 4: What our Survey Revealed

…in which we find out what marketing professionals think about environmental and social issues. We explore how their working environment helps or hinders their efforts to become more sustainable, and review the results of our quantitative survey of marketing professionals.[78]

Introduction

Aligning values is not just a matter of preaching. Few of us have the luxury of being our true selves at work. Most of us have to modify the way we think and act in order to build high-performing teams and advancement in our careers. Table 2 summarises what we learned about the perceptions of marketing and brand communications professionals on both client and agency sides:

Marketing and brand professionals care about sustainability[16] and prefer to work for companies that share those concerns[17]. ➔	This suggests that companies that tune into these issues will be better able to recruit and retain the best staff.
And yet, companies are less concerned with environmental and social issues than their own brand and marketing staff are[18]. ➔	Although this is disappointing, it does suggest that future attempts to embed sustainable values amongst brand and marketing staff are likely to succeed.
Respondents felt that consumers tend to choose responsible brands whenever they can, as long as those brands are as attractive as other alternatives[19]. ➔	So, companies can use environmental and social messages to differentiate themselves in mainstream markets.
Although 81% of communications professionals believe they have a strong influence over consumer behaviour, only 3% were held responsible by their employers for the environmental and social aspects of that behaviour. ➔	Clearly, more employers need to encourage and reward sustainable practices internally.
Clients are just beginning to screen agencies for their sustainability credentials[20]. ➔	This practice is likely to increase, and agencies should be ready to respond. Clients should ensure that they screen potential suppliers for environmental and social performance.
Clients and agencies lack information about consumer attitudes to environmental and social issues[21]. ➔	All parties should recognise the rising importance of environmental and social issues to consumers and invest in research to understand these areas better.

Table 2: Summary of learnings from primary quantitative suvey of marketing and brand professionals

[78] For information on how this survey was conducted and the job titles of respondents, see Appendix I.

Key lessons

Industry professionals care about sustainability

We asked brand and marketing professionals about their personal attitudes to environmental and social issues. Their response was overwhelmingly positive (Figure 13):

- 97 per cent of respondents thought recycling was important;
- 90 per cent supported donations to charity; and
- 87 per cent thought it important to buy sustainable brands.

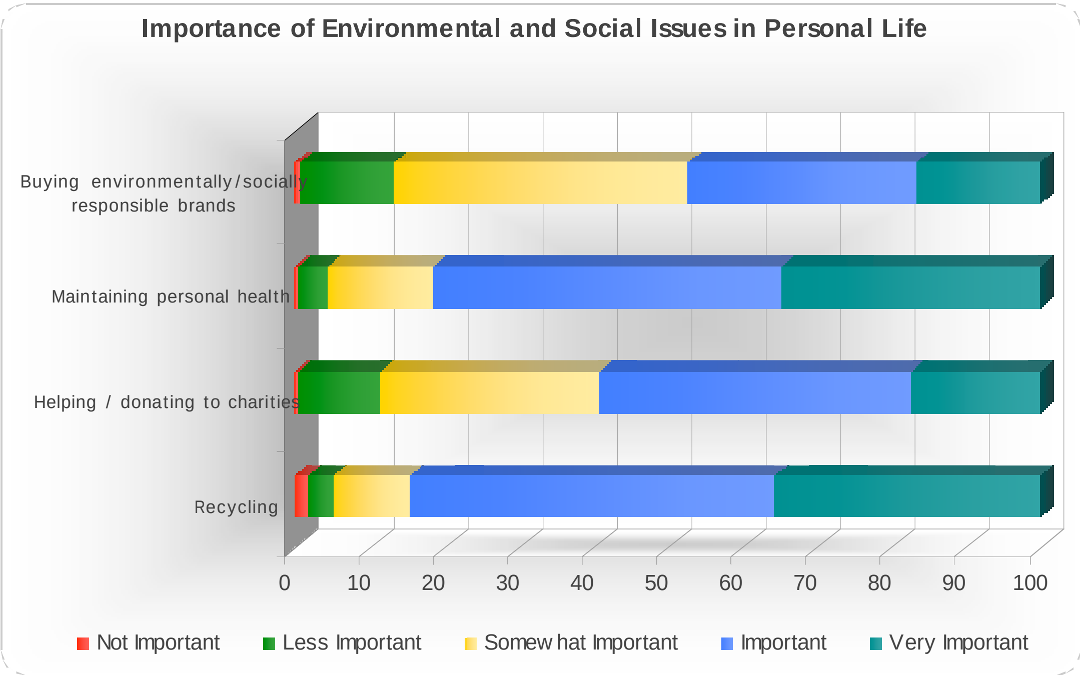

Figure 13: Marketing professionals care about sustainability issues

Sustainability is a significant factor in recruiting and retaining staff. Figure 14 shows how these concerns affect the ability of organisations to attract staff.

On most criteria, clients and agency staff are equally keen to work for employers who encourage risk-taking, foster a healthy work/life balance, take a consumer-driven approach, provide financial security and advance their career.

More than two thirds of respondents from the client side were also looking for an employer that shared their concerns about environmental, social or ethical issues.[79]

[79] This was not the case for agency staff, only 43 per cent of whom considered this important. This finding is consistent with other evidence that agencies are less attuned to sustainability issues than clients.

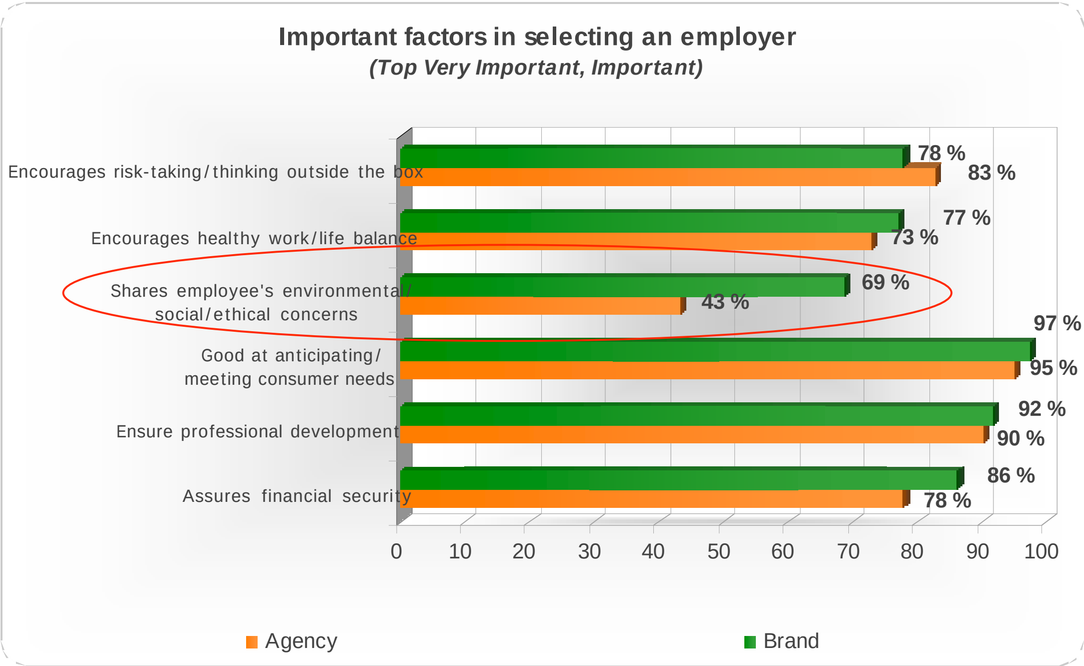

Figure 14: Clients are more driven than agency staff by sustainability issues

Professionals believe mainstream consumers value environmental and social aspects of brands

About half of all respondents in our survey of marketing professionals[80] considered environmental and social issues to be an important influence on mainstream consumers (Figure 15).[81]

- 53 per cent of respondents thought their customers were influenced by environmental and social issues when making consumption choices;
- 48 per cent of respondents believed that there was unmet latent demand for more responsible mainstream brands;
- 45 per cent believed that although environmental and social credentials are not the first consideration when buying a product, consumers prefer brands that care about environmental and social impacts; and
- 11 per cent of respondents thought that consumers completely disregarded environmental and social factors when making purchasing decisions.

However, only 27 per cent of respondents felt that consumers wanted everything to be produced and marketed responsibly.

[80] For more information on how the survey was conducted, see Appendix 1.
[81] Q.14: "Thinking about the environmental and social impacts of people's consumption choices, to what extent do you agree with the following statement about your core target market?"

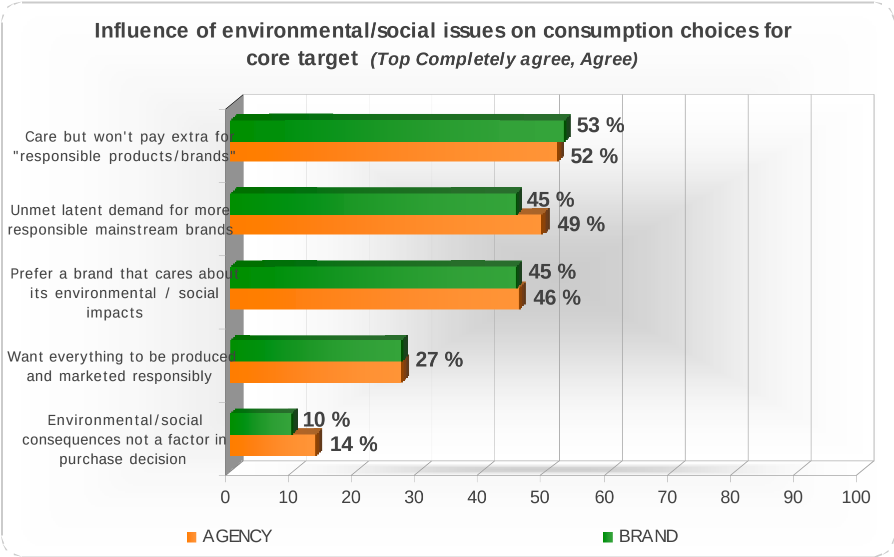

Figure 15: Influence of environmental/social issues on consumption behaviour, as perceived by agency and client staff

Furthermore, both client and agency staff feel that their or their clients' brands should be communicating more with consumers on environmental and social issues (Figure 16).

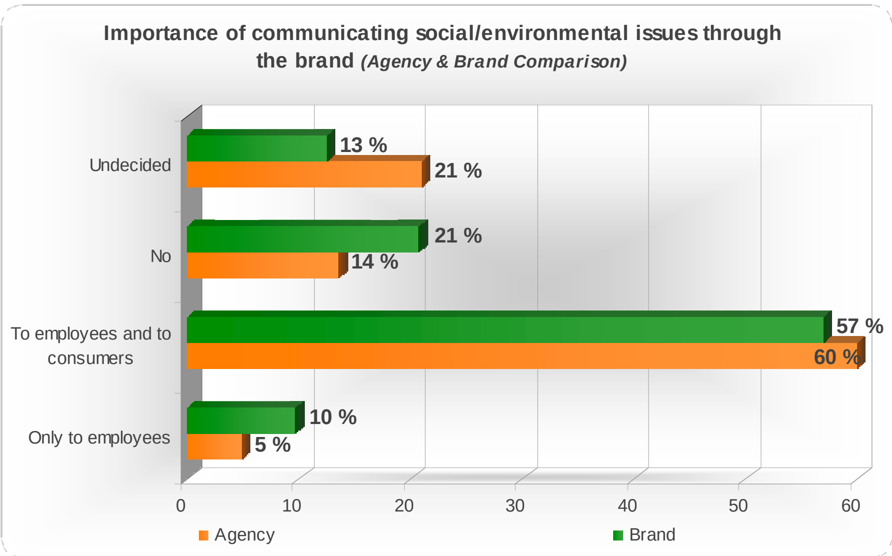

Figure 16: Respondents recognise the power of environmental and social messages for consumers[82]

[82] The question to agency respondents was: "Do you think your main client should communicate more about social and environmental issues through their brand?" The question to marketing staff was: "Do you think you should communicate more about social and environmental issues through your brand?"

Perceptions of corporate commitment to environmental and social goals

Despite the perceived importance of environmental and social issues to both professionals and consumers, and the perceived ability of corporate communications to influence consumer behaviour, neither agency nor client staff felt supported in these matters by their employers.

When asked to compare their own commitment to environmental and social issues with that of their employers, 41 per cent of agency staff claimed to care more than their company did; only 6 per cent felt their company cared more than they did (Figure 17).[83]

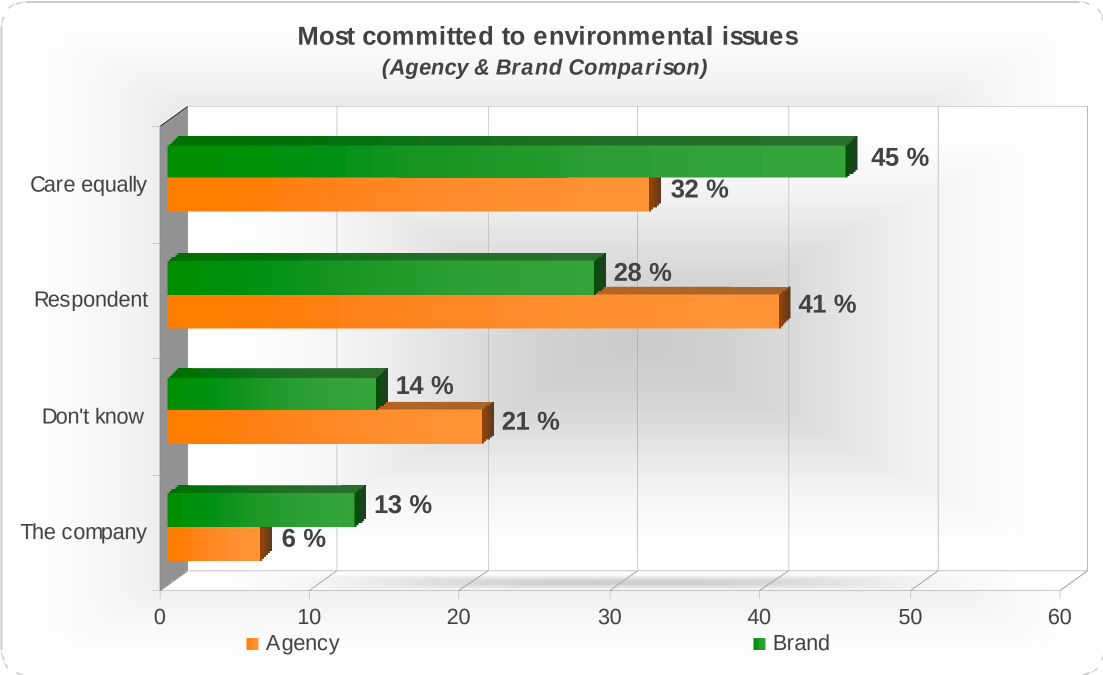

Figure 17: Staff feel their employers are less committed to sustainability than they are[84]

Our ability to achieve our career ambitions depends not only on our own values and actions, but also on the way we are assessed and rewarded by our employers. Most workers are assessed against tightly defined criteria called "Key Performance Indicators" (KPIs) that are defined by a combination of business imperatives and corporate culture. In most companies, brand and marketing communicators are assessed only on what they achieve; in others, they are also assessed on how they "live" the values of the company or brand (Figure 18).

[83] Even among clients, who consistently showed greater awareness and concern than their agency counterparts, only 13 per cent of respondents felt their company cared more about sustainability than they did.

[84] The question to both client and agency staff was: "Who cares more about social and environmental topics – you or your company?"

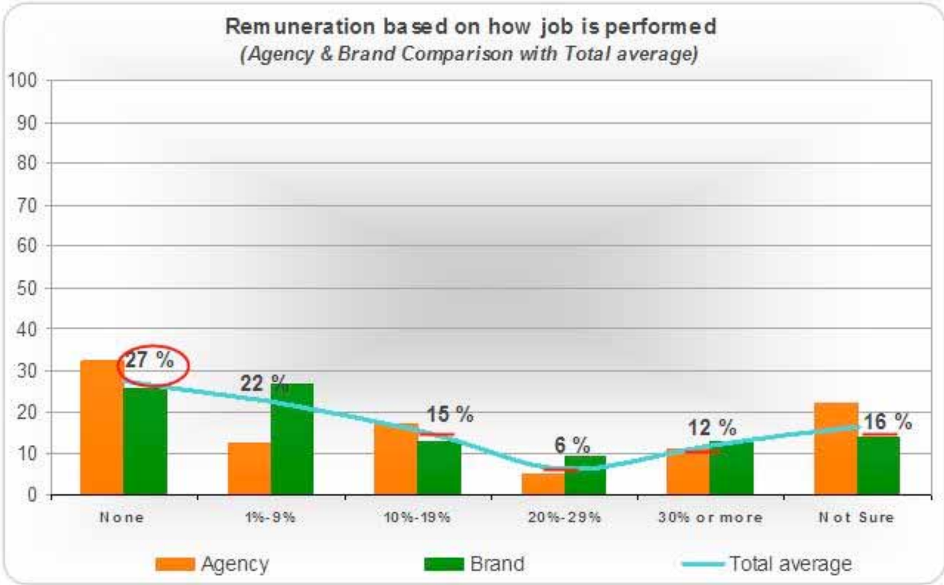

Figure 18: Relatively few companies reward staff for "living" corporate values

Furthermore, it seems that respondents were correct in thinking that they cared about environmental and social issues more than their employers did (Figure 19):

- While 18 per cent were rewarded for working for the welfare of their fellow employees, only 6 per cent were rewarded for screening suppliers and partners for sustainability;
- only 11 per cent were encouraged to consider the environmental or social impacts of what they were marketing; and
- only 6 per cent were encouraged to support environmental causes, 4 per cent to consider social equity and just 3 per cent to use sustainability as a source of insights.

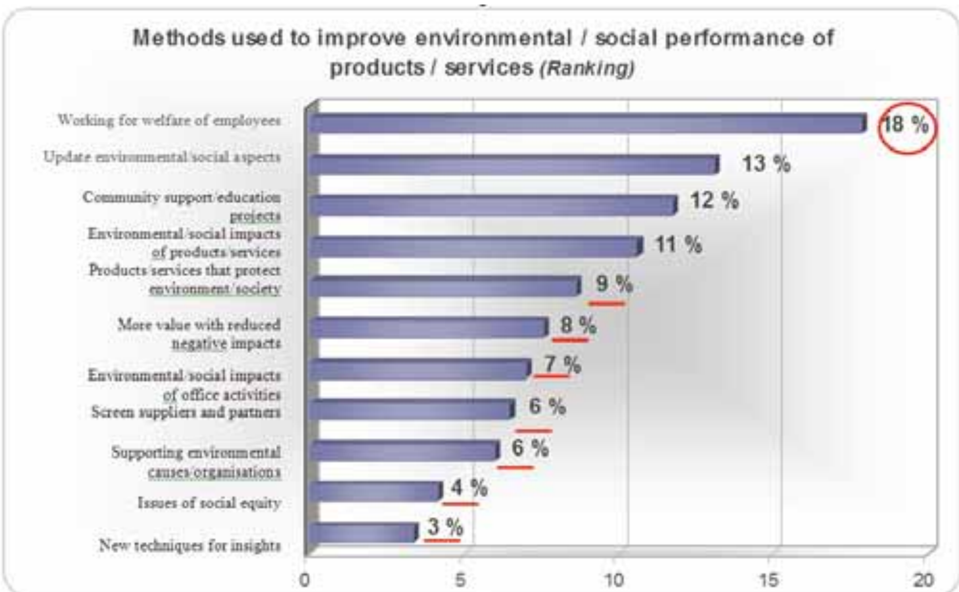

Figure 19: Staff are not rewarded for being sustainable in their work

From this it is clear that environmental and social issues do not feature prominently in KPIs.

Clients beginning to screen agencies for sustainability credentials

Despite the fact that both groups believe that brands should communicate their responsibility more, both internally and externally, neither brands nor agencies are taking the lead. In our survey, 69 per cent of agency respondents said their team had not suggested communicating on environmental or social issues to their clients; 74 per cent of brand respondents were not aware of having suggested it to agencies.[85]

Nevertheless, more than a quarter of agencies claimed to have been quizzed on their sustainability credentials by clients, and 18 per cent of clients claimed to have quizzed their agencies (Figure 20).

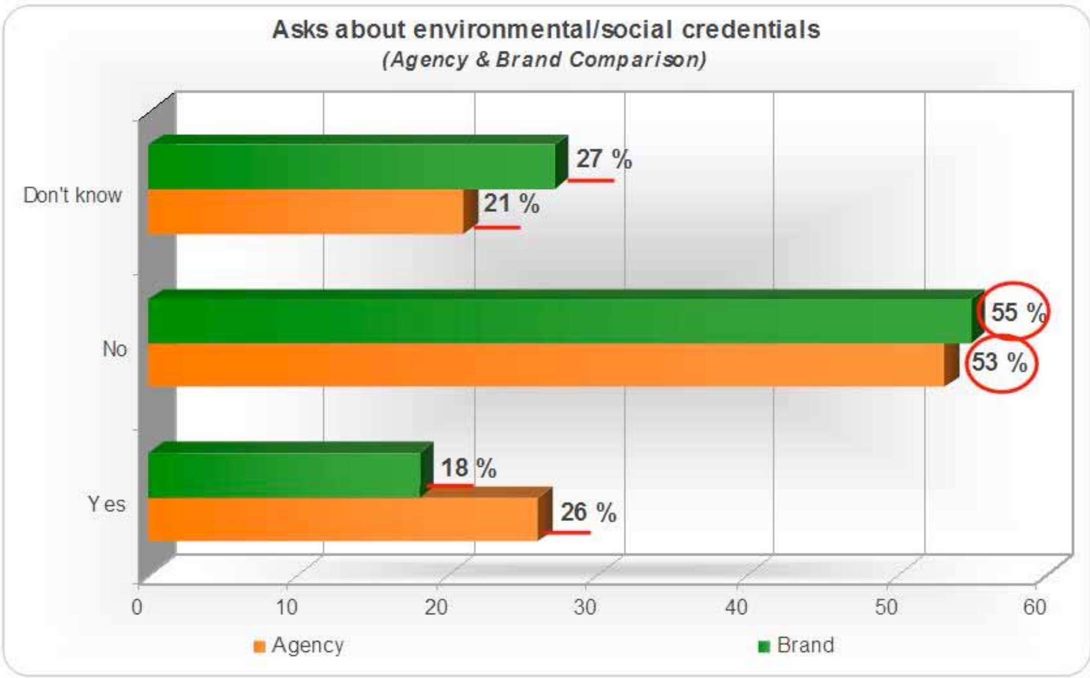

Figure 20: A minority of clients screen their agencies for sustainability credentials

Understanding consumer attitudes and values

How do marketing and communications professionals keep abreast of consumer needs and wants?

As shown in Figure 21, almost two thirds rely more than anything on personal experience and observation (21 per cent) or existing second-hand sources, such as trade press (20 per cent) and market research reports, such as those produced by Mintel and Datamonitor (Figure 22). Twelve per cent prefer to ask professional researchers, and the same number rely on industry conferences and seminars. Only 18 per cent go directly to consumers, either formally (through such things as focus groups) or by interacting with them through “blogs”[86]

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[85] Chart not shown.

[86] A blog (short for “web log”) is a website on which items are posted regularly and displayed in reverse chronological order, like a diary or online forum.

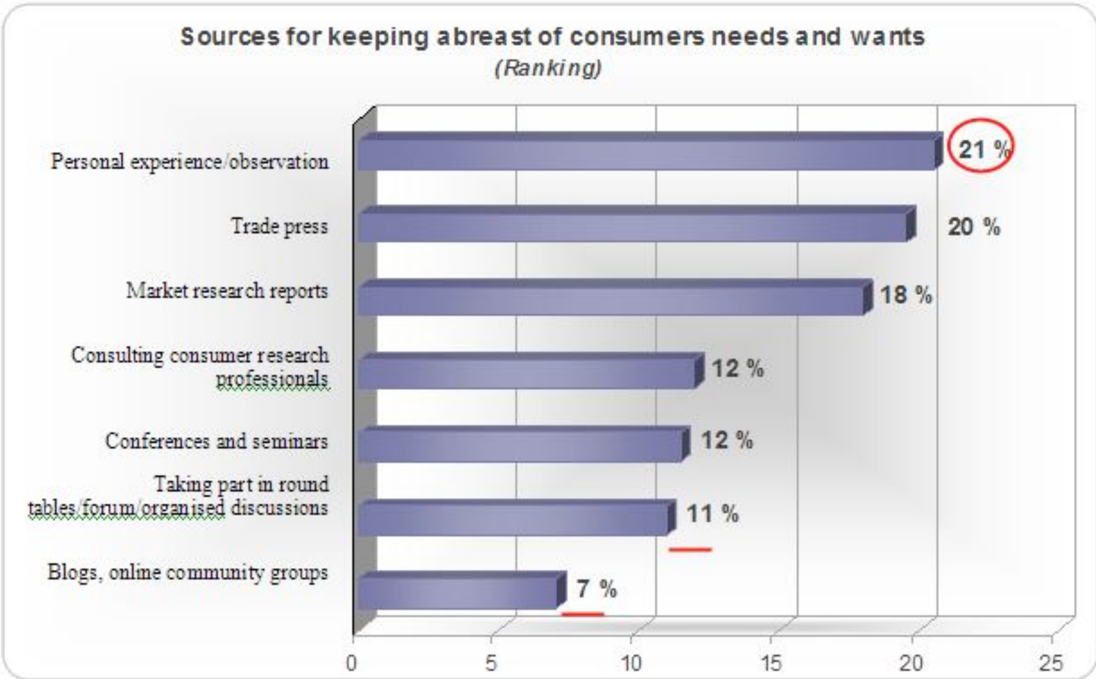


Figure 21: Sources of general consumer information

However, when it comes to finding out about consumer attitudes to environmental and social issues (Figure 22), personal experience goes out of the window; 45 per cent of clients turn to a research company and a surprising 24 per cent have no idea where to go. They certainly do not rely on their communications agency (only 3 per cent).

As for agencies, they tend to turn to their clients (38 per cent); an apparently unwise exercise, considering the above.

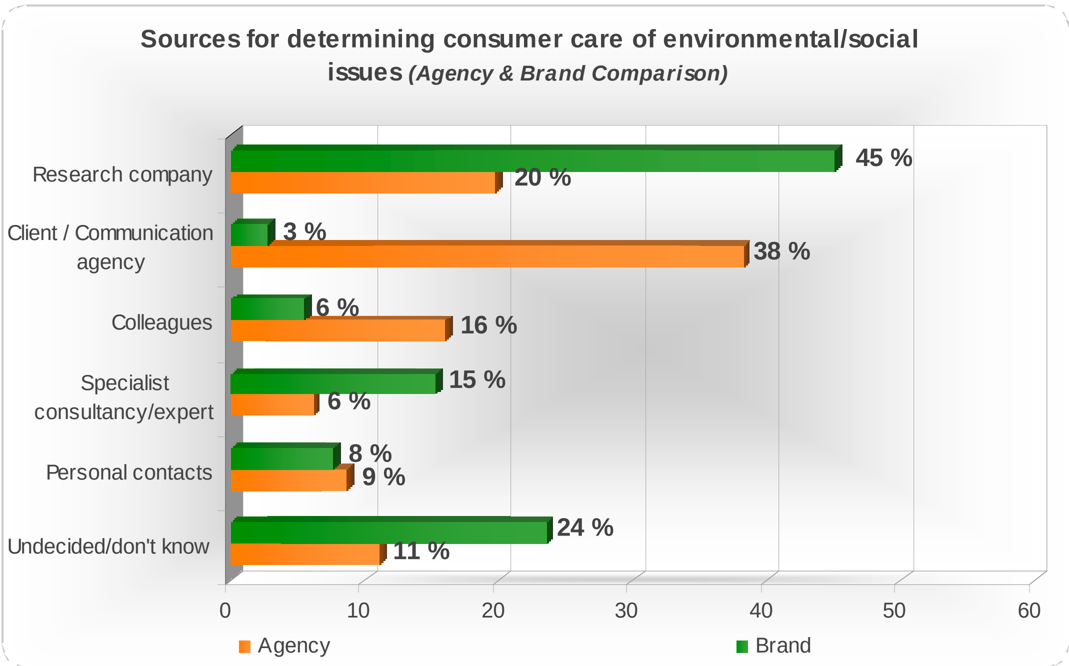


Figure 22: Sources of information on consumer attitudes to environmental/social issues

Understanding environmental and social impacts

In organisations with a Corporate (Social) Responsibility (C(S)R)-type function, marketing professionals tended to turn to that function to understand the environmental and social impacts of their products and services. Thirty per cent of marketing professionals chose themselves, and a further 30 per cent chose the C(S)R team or equivalent. When asked the same question, agency staff were more likely to opt for their clients in the marketing or brand team (46 per cent) rather than in C(S)R (23 per cent). (See Figure 23).

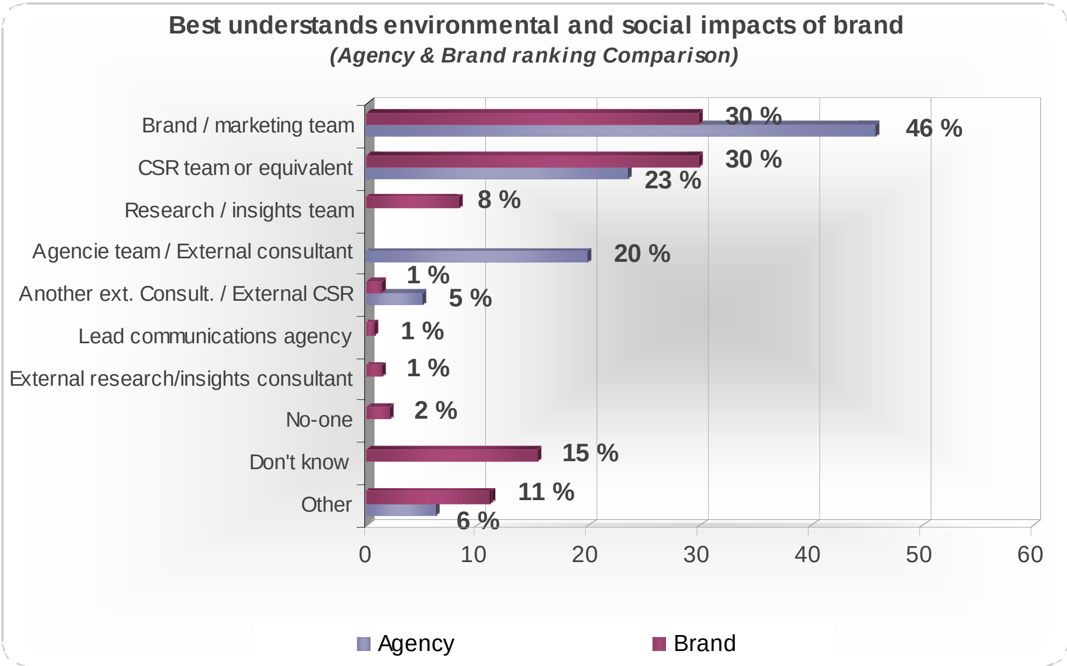


Figure 23: Who best understands the environmental and social impacts of brands?

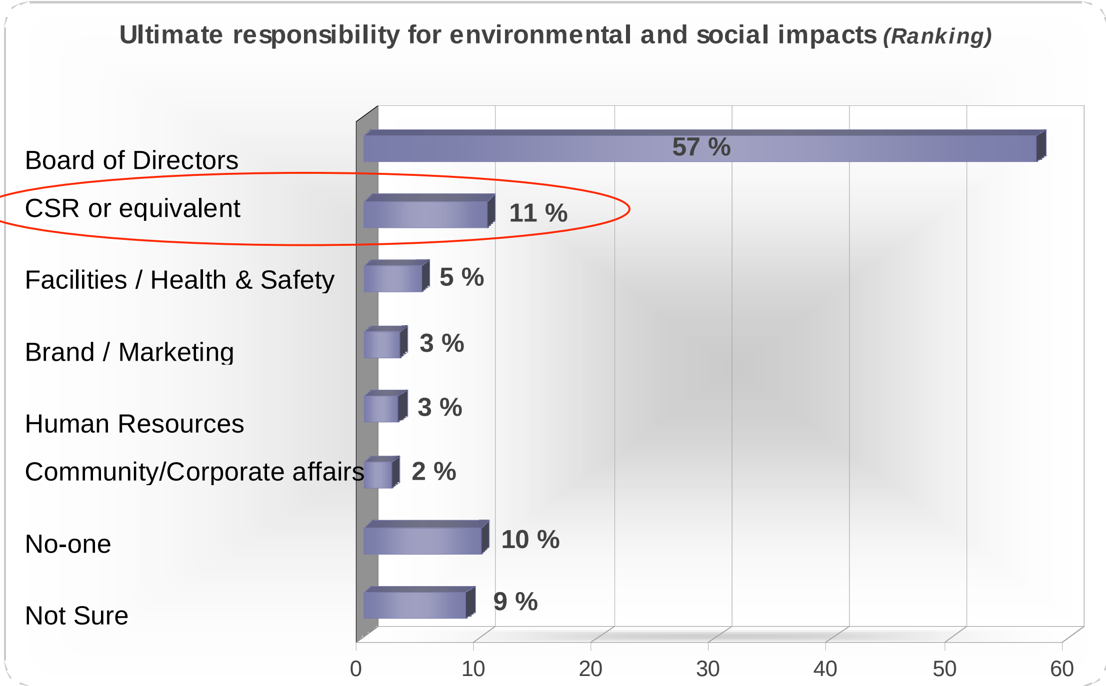
Understandably, it is to their marketing clients, rather than to C(S)R, that agencies tend to turn to understand how environmental and social issues affect consumers, as Figure 22 also shows. Clients do not share their agencies' confidence in their understanding of these issues, with 45 per cent turning to research companies and a sizeable 24 per cent not knowing where to go at all.

All this paints a picture in which the marketing profession struggles to understand the rising importance of environmental and social issues to consumers. If C(S)R departments have a role to play, it is perhaps in developing consumer insights that marketers can translate into powerful, commercially rewarding strategies and campaigns.

Exactly how a company chooses to structure its marketing and C(S)R functions is less important than the way in which those functions collaborate. Marketers and C(S)R experts must work closely together to generate insights and plans. If C(S)R departments are to justify their existence, they need to improve their communications with other departments, collaborating with them at both strategic and tactical levels throughout the design, production and marketing phases. They should help their colleagues in brand management, marketing and communications to explore the relevance of environmental and social issues to consumers and agencies, ideally as part of integrated project teams. Instead of looking for ways to prove that certain sustainability attributes improve sustainability performance, they should be opening the eyes of their marketing brethren to the commercial opportunities of specific sustainability criteria, among specific target audiences and for specific products or services.

Accountability and influence in sustainability

In a quarter of medium-sized and larger companies, corporate responsibility is "owned" by a dedicated department; in most, it is the direct responsibility of the board of directors. Only in rare cases is it the responsibility of the marketing/branding/communications functions.



TOTAL AGENCY & BRAND BY NUMBER OF EMPLOYEES

Company size	1-49	50-249	250-999	> 100
Sample	70	42	32	81
Measure	%	%	%	%
Board of Directors	64.29	61.90	46.88	46.91
Corporate Social Responsibility or equivalent	4.29	2.23	21.88	20.99
Facilities/Health & Safety	2.86	4.76	12.50	3.70
Brand/Marketing	1.43	7.16	0.00	4.94
Human Resources	1.43	7.14	3.13	2.47
Community/Corporate affairs	1.42	0.00	0.00	7.41
No-one	15.71	11.90	9.36	2.47
Not sure	8.57	4.76	6.25	11.11

Figure 24: A quarter of companies with more than 250 employees delegate responsibility for environmental and social issues to a separate department[87]

Yet the CSR function is not perceived to have the greatest influence over consumption patterns. When we asked communications professionals what role they played in encouraging

[87] The question posed to both agency and client staff was: "Thinking about the formal responsibilities of the different functions within your organisation, who is ultimately accountable for its environmental and social impacts?"

people to consume more sustainably, 81 per cent of respondents felt that they had a strong influence (Figure 25). Furthermore, 78 per cent claimed to play a vital role in developing innovative products and services.

17 & 18 BRAND PERCEPTION

Sample Measure	Agency Role 144 %	Marketing Role 144 %		Agency Role 144 %	Marketing Role 144 %	
No influence over consumption patterns and trends	42.71	18.75	⇔	57.29	81.25	Have a powerful influence over consumption patterns/trends
No influence over prouct/ service innovation	51.24	21.18	⇔	48.26	78.82	Are vital advisers for product/service innovations
Underestimate their power to influence pro-environmental/ social behaviour	50.69	62.85	⇔	49.31	37.15	Overestimate their power to influence pro-environmental/social behaviour
Disregard environmental and social issues in comms plan	61.46	56.94	⇔	38.54	43.06	Take environmental and social issues fully into account in comms plan

Figure 25: Client-side perceptions of the ability of marketing to encourage pro-environmental/social behaviour

Conclusion

The information contained in this chapter suggests that the brainprint of marketing and branding professionals mirrors that of consumers in the following way: like consumers, professionals are aware of and concerned about envrionmental, social and ethical issues, but, like consumers, they have limited opportunities to attend to those concerns.

There is, therefore, a clear need for corporate cultures that give these positive personal values greater expression.

Chapter 5. What To Do Part 1: Aligning values

...in which we argue for a closer alignment of corporate, brand and consumer values.

"I owe a lot to my early years in the advertising world. I just wish we could have put all that energy and imagination into something better than flogging cars and fags."

Lord Puttnam[88]

"Social pressures often indicate the existence of unmet social needs or consumer preferences. Businesses can gain advantage by spotting and supplying these before their competitors do."

Ian Davis, worldwide managing director of McKinsey & Company[89]

"Visionary companies [are guided by] an almost cult-like devotion to a 'core ideology' or identity, and active indoctrination of employees…"

Jerry Porras and James Collins[90]

Introduction

In this section, we argue that:

- a new conceptual framework is useful for understanding the complex dynamics of consumption as they relate to "brandscape", "brainscape" and "behaviour";
- most mainstream brands will not benefit from simplistic attempts to position themselves as primarily "green" or "ethical", because such a positioning does not correspond to consumer priorities;
- mainstream brands should recognise and incorporate sustainability into their corporate values in order to reflect the value shifts in wider society;
- aligning brand values with relevant consumer values in this way increases the brand's relevance to consumers, differentiates it from the competition, provides focus for communications campaigns and reduces the risk of reputational damage;
- greater use should be made of ethnographic and anthropological techniques to fuel insights for innovation; and
- communicating the "green" element can distract from the main message, especially in mass advertising, where creatives always try to communicate just one message at a time[91] – a message that usually has to focus on the most motivating aspect of the brand. In mainstream markets, this is rarely anything to do with the environment or social issues.

Until now, most marketers have not behaved as though they appreciate the commercial potential of the environmental and social values of mainstream consumers. They have tended either to ignore sustainability issues in their communications, or to build their whole brand personality around them. Both approaches are problematic: consumers

[88] Quoted in *Through the Looking Glass: Corporate Responsibility in the Media and Entertainment Sector*, WWF/Sustainability, 2004.
[89] The McKinsey Quarterly, 2005 No. 3.
[90] *Built to Last: Successful Habit of Visionary Companies*, Porras and Collins, 1994-2002.
[91] By way of an analogy, many an advertising trainee has been told, "if you throw someone a pencil, they will catch it; if you someone three pencils, they will drop them all".

increasingly expect all brands to respect society and the environment, and will gradually stop choosing those that don't; and those brands that could previously differentiate themselves purely on a sustainability platform will no longer be able to do so.

For mainstream products and services, marketers must recognise and communicate the consumer benefits of all aspects of quality and value, including the sustainable ones. This turns a negative into a positive at the same time as giving greater creative freedom to marketers to choose the most appropriate communications platform and key messages.

Brandscape, Brainscape and Behaviour

In order to make sense of a very complicated set of motivations and relationships, this report has found it helpful to look at the world in terms of three dimensions: "Brandscape"; "Brainscape" and "Behaviour" (Figure 26). We call them dimensions because they are fundamentally different in nature, but all a part of the fabric of society. The behaviour of people – whether investors, employees or consumers – affects and is affected by the values, beliefs and messages that prevail in our society.

Brand communicators and marketers are central to this system, because they are the conduit through which signals pass between producers and wider society. These signals not only drive consumer behaviour, but also the way that products are conceived, designed and delivered to consumers.

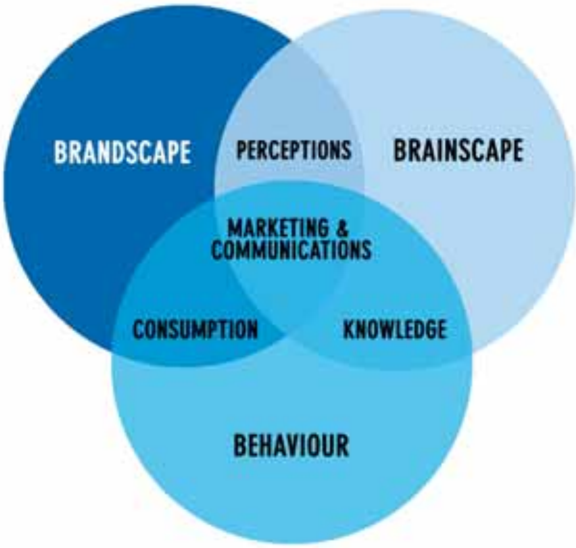


Figure 26: Marketing as mediator between Brandscape, Brainscape and Behaviour

Brandscape is the map of brands in our society. It is a combination of the products and services themselves, their prices and distribution systems, their design and functionality, their packaging, sales and promotional activities (including advertising), their logos and trademarks and even their reputation and image.

Brainscape is the collection of beliefs, values and motivations of individuals, many of whom fulfil more than one role (consumer *and* marketer; investor *and* journalist). The Brainscape is influenced both by the Brandscape – through personal experience of products, services and communications – and by the behaviour of customers and staff. The impact of brands on human consciousness is sometimes called the "brainprint".

Behaviour is expressed by both brands and consumers. It affects and is affected by the other two dimensions: as people learn from their own behaviour and from observing that of others, they change their own attitudes, beliefs and expectations (Brainscape). Their behaviour alters in response to elements of the Brandscape, such as pricing, availability, advertising activity and personal recommendation.

The marketing function not only influences the brand package as experienced by consumers, but also measures the physical and emotional responses of those consumers in order to innovate.

Lifting the veil, changing perspective

As we have shown in Chapter 3, there are huge potential markets available to companies that tune their values into shifting societal values on sustainability issues.

There is also much to be gained in terms of making brand and marketing communications a more central part of corporate strategic thinking. If marketers wish to regain their lost influence at the most senior levels in organisations, then they need to take control of the environmental and social aspects of their brands. However, the culture of the marketing industry does not encourage marketing professionals to consider such issues. In big corporations, it is often the CSR department that is left having to make the business case for sustainable marketing, even though most CSR professionals do not understand marketing well enough to do so effectively.[92]

From the perspective of some chief executives, the marketing department exists to increase revenues, while the CSR department is there to minimise reputational risks and enforce policies. This sets up a tension at departmental level, where CSR managers are regarded with suspicion by marketers and remain excluded from the planning process.

Ian Davis of management consultants McKinsey & Co says that “this approach is too limited, too defensive, and too disconnected from corporate strategy…Businesses should introduce explicit processes to make sure that social issues and emerging social forces are discussed at the highest levels as part of overall strategic planning”.[93]

Pioneering brands are beginning to switch perspective from that of the people who are most easily convinced – NGOs, sustainability professionals and the like – to that of those whose job it is to generate and exploit consumer demand: marketing professionals. These marketing professionals understand how to give and read market signals, and their expertise is necessary to any attempt to align corporate values with consumer values. They also expect their money to work hard for their brand, boosting revenue and margins, winning new customers and building reputation.

A new perspective on branding and marketing

Most people want to protect the future quality of life for their descendents. Like all human values, this instinct for the common good influences the way that people feel about themselves. It is part of their ideal self image. Some will alter their consumption choices accordingly; others will continue feeling guilty about their behaviour until an alternative brand gives them the most important benefits with less of a guilt trip. The best brands of all – those that are “built to last”[94] – help their customers to view themselves as better people, whether or not these people were looking to feel different in the first place. For example, compulsory recycling schemes have been shown to make their participants feel better about themselves, even though the scheme is obligatory. However, there is a marked lack of popular

[92] It is, perhaps, for this reason that the concept of “sustainable marketing” is rarely mentioned in CSR circles.
[93] *What is the Business of Business?* McKinsey Quarterly, January 2006.
[94] *Built to Last: Successful Habit of Visionary Companies*, Porras and Collins, 1994-2002. In this study, 18 “visionary companies” were compared with their “successful-but-second-rank rivals”. For instance, Disney was compared with Columbia Pictures, Ford with GM, Hewlett Packard with Texas Instruments, and so on.

engagement with challenges such as climate change, largely because most people do not understand how their concerns can be alleviated through their own behaviour.

Marketing lies at the heart of this challenge, since it is part brand management, part relationship management and part behavioural management. Marketing changes perceptions and enables consumers to make the choices that are most closely aligned with their most positive personal values. Used well, it can also help to change consumer behaviour directly.

From niche to mainstream

Achieving sustainable consumption will be possible only if mainstream brands become responsible. As long as environmental, social and ethical responsibility is the domain of a few niche offerings that cost more money, are hard to find or do not carry the caché required by brand-conscious consumers, they will not make a real difference.

Mainstream consumers seek personal relevance and benefit, convenience, value and social acceptability. Brands that involve their customers and staff in a tug of war between who they want to be and what/how they want to consume will lose out to rival brands that take care to align these two factors.

Figure 27 describes brands in terms of two variables: the vertical axis plots a brand's relevance to consumers in terms of its positive, personal value (utility, emotional appeal and fit with consumers' personal lives); the horizontal access plots how "easy" a brand is to buy in terms of its price, availability, familiarity, trustworthiness, distinctiveness and social acceptability. In the past, green and ethical brands have tended to occupy the niche positioning, either because they were more expensive than mainstream alternatives, or because they were harder to find, less useful or less socially acceptable. But as we showed in Chapter 3, some sustainable brands, products and services have achieved mainstream status, and other brands that are already mainstream are embedding sustainable values, sometimes by acquiring and learning from the niche brands.

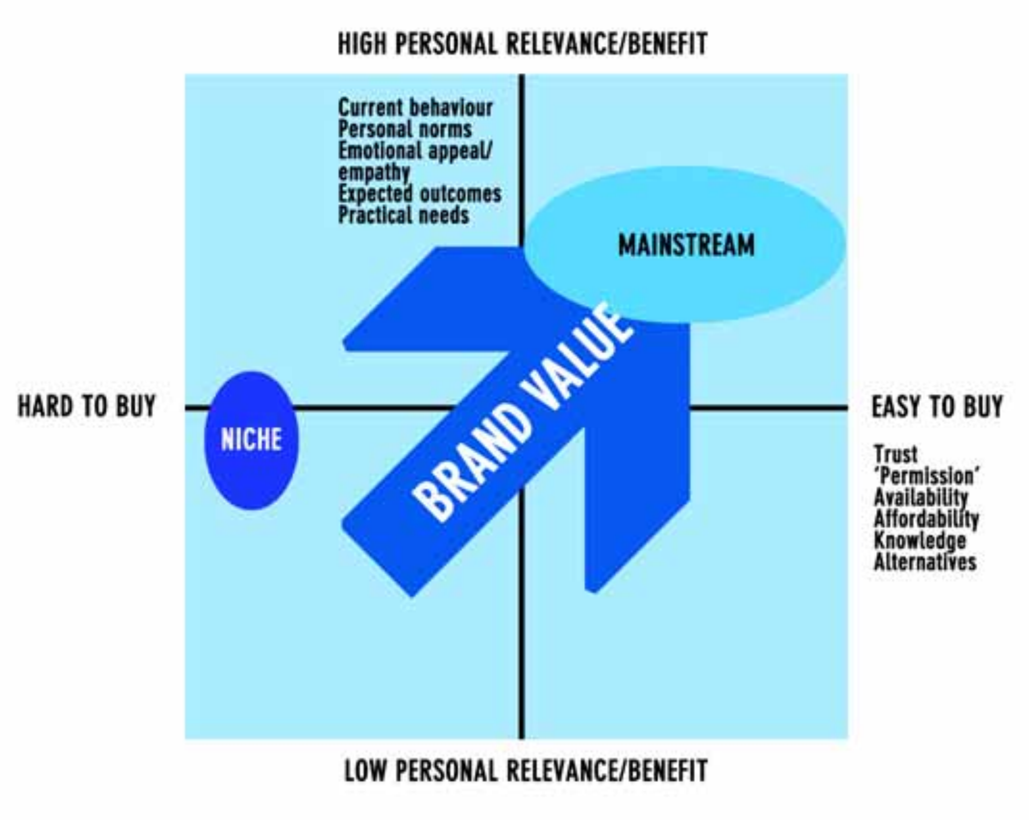


Figure 27: Niche brands must become more relevant and accessible to achieve mainstream status and grow in value

Understanding the value of values

Mainstream marketing practice has long neglected the environmental and social aspects of their brands and, perhaps understandably, missed the relevance of CSR to their success. This is a great shame, since marketing is the key to decoupling material consumption from consumer value; the creation of "stuff" from the creation of wealth. "Emotional" aspects of brands offer real value to consumers without damaging the environment[95].

Let us take the pre-recorded music market as an example. In the old days, music lovers needed half a ton of vinyl and several metal boxes full of wires to enjoy their passion. Nowadays, we use iPods[96]. We consume the same amount of music, but our consumption of music-related vinyl and metal has decreased. From the perspective of marketers, the CSR community has become so transfixed by metal consumption that it has forgotten about the music, which is where the real value lies.

Aligning social, corporate and brand values

With marketers ignoring the question and CSR professionals failing to answer it, the resulting inertia is seriously impeding the competitiveness of corporations. If one takes at face value the aspirations of many companies to become sustainable, it's surprising that so few have thought about how they might sign up their consumers to help them on the journey to sustainability. As we showed in Chapter 2, large numbers of consumers are ready for this – but companies and marketers seem not to be.

The frustration, confusion and guilt that has been festering in the minds of mainstream consumers is beginning to find an outlet through mainstream brands. Niche green or ethical consumers have been less frustrated, but they lack the combined power to make big improvements in our consumption patterns.

Companies should incorporate sustainability into their corporate values, just as many mainstream consumers have done in their personal lives. All the evidence suggests that mainstream consumers are just waiting for "permission" from mainstream brand owners to consume more sustainably.

Figure 28 shows an ideal world in which brand values are a subset of corporate values, perfectly aligned with them but with their own identity. In turn, corporate values are a subset of social values. And since values are fluid and interdependent, they change at each of the three levels. Marketing is guided by these values in its attempts to influence consumer behaviour through product design, price, distribution and communications (although marketers often have little or no influence over the first two elements). Marketers are also guided by the response from consumers, both in terms of their actual behaviour and the feedback they provide through formal and informal channels such as research, customer service and media comment.

Any company or brand prepared to revisit its values and to align them more closely with those of its potential customers can reap huge commercial rewards. Not only will its promise to customers be more compelling and the experience more rewarding, but its staff will be more highly motivated and more in tune with shared objectives.

The clever money is on companies which sign up their consumers to support them on their journey to sustainability.

[95] Although they may have social impacts.
[96] For some eye-opening examples of the sustainability opportunities arising from "dematerialisation", see *Sustainability At the Speed of Light*, WWF, 2002.

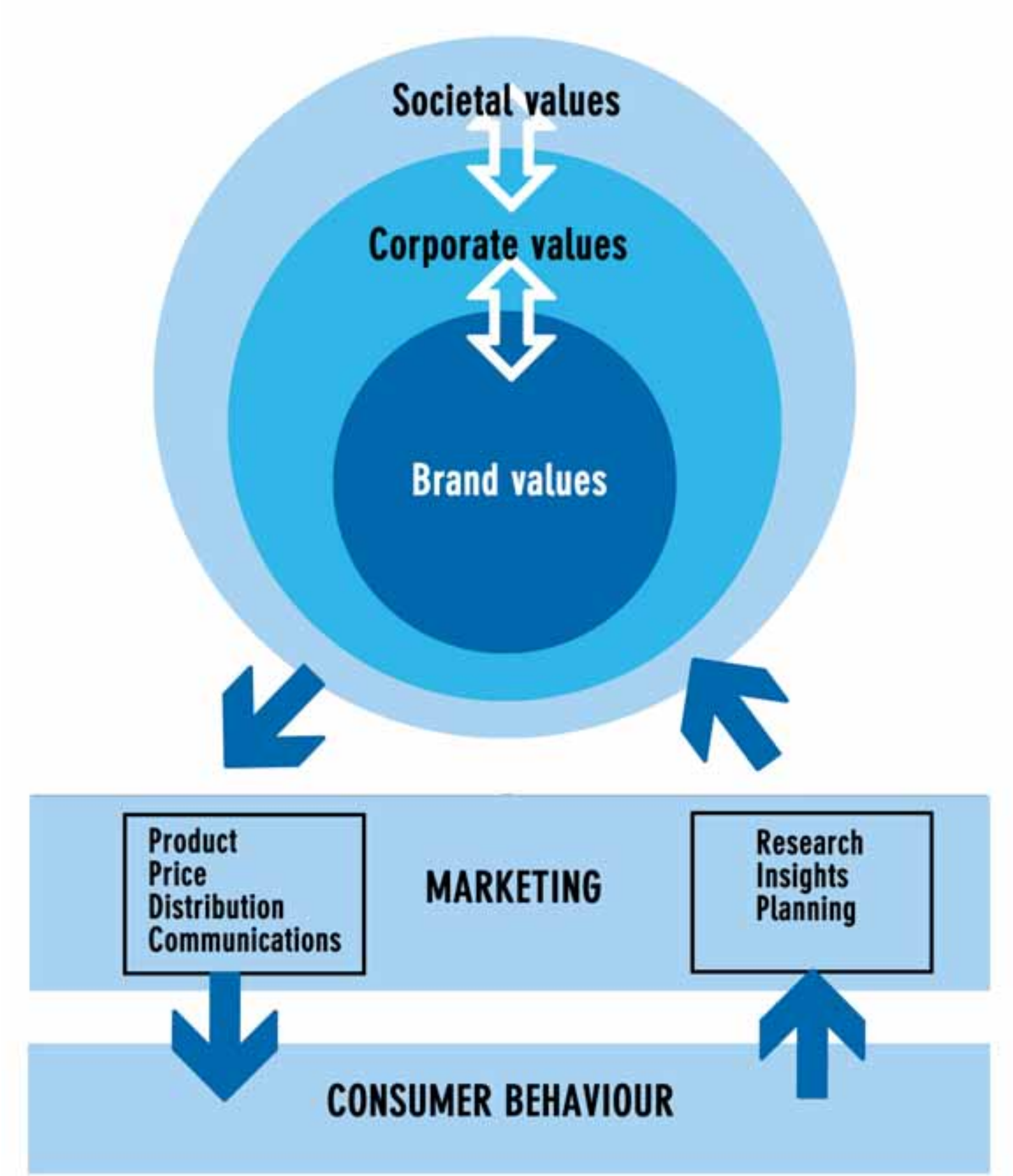


Figure 28: How societal values affect consumer behaviour through marketing

This virtuous cycle of positive feedback between societal values and the forces of production provides a vision in which marketing plays a central role in long-term success.

From the ashes of a ruined reputation…

There are many examples of corporate reputations that have been damaged by dishonest, selfish or unethical behaviour. Many of these companies have subsequently changed in ways that have led to significant systemic or cultural change in their industries. For example, MacDonald's launched a range of salads and "healthy" options; BP invested in renewable energy and declared a new aim to go "Beyond Petroleum" to a flurry of cynicism; Shell allowed a member of the public to call it a "corporate murderer" on its flagship corporate website; Nike cleaned up its sweatshops and published the addresses of its factories in case curious passers-by wished to mount an impromptu inspection. All these initiatives were the result of a combination of company-wide embarrassment at the grass roots level and a mandate for change from the highest level. They involved a degree of soul-searching that went beyond individual advertising campaigns (which tend to focus on specific products or services) to the heart of the company's culture and values system; and they responded to deep shifts in the belief systems of the societies in which they were operating.[97]

The Body Shop, Ben & Jerry's, Green & Blacks, The Fairtrade Foundation, Shell, duPont, Ruhrgas, St Lukes and WWF all provide documentary evidence to support the commercial value of sustainability messages.[98] BT attributes 25 per cent of its brand value to its reputation for environmental and social worthiness.

Greenwash and parapets

Despite the obvious benefits for companies that have been attacked in public, those that have escaped the negative headlines are more reticent on environmental and social issues. In the course of our interviews with industry leaders, we found widespread fear of accusations from NGOs and the media of "greenwash" – the use of dubious or limited claims to paint an artificially rosy picture of the company's environmental or social impacts. This cynicism on the part of NGOs and the media is quite understandable, given the years of corporate double-speak and hypocrisy that characterised some sections of the business community.[99]

Even companies that have made a more sincere commitment to sustainability, such as McDonald's, IKEA and Marks & Spencer, have shied away from communicating it to consumers.

Crucial to any decision over what to communicate to consumers is the following question: is your message a true reflection of your corporate/brand values and of your products and services? If the answer is "yes", then communicating with your customers about environmental and social aspects of your product, service or performance will almost certainly be worthwhile. Otherwise, you will rightly be accused of greenwash and only damage your reputation further.

To illustrate this point, let us compare Exxon with BP.

Both of these companies make most of their profits from fossil fuels, mankind's use of which is the biggest contributor to global warming. After initially siding with the likes of Exxon to deny its share of responsibility for global warming, BP broke ranks in 2000 to commit itself publicly to using cleaner sources of energy such as wind, wave and solar power, and various types of fuel cell. It announced a new mission: to transform itself from a petroleum company into an energy company.

Exxon, on the other hand, continues to foster doubt about the connection between human emissions of greenhouse gases and global warming. In a public statement, the company says that "gaps in the scientific basis for theoretical climate models and the interplay of significant natural variability make it very difficult to determine objectively the extent to which recent climate change might be the result of human actions. These gaps also make it difficult to predict the timing, extent and consequences of future climate change." Its enthusiastic lobbying through associations such as the Global Climate Coalition (GCC) and the American Petroleum Institute (API) have been highly successful in casting unreasonable doubt in the minds of ordinary Americans.

BP redesigned its brand identity and proclaimed its new mission to go "Beyond Petroleum" in a heavyweight corporate advertising campaign that also sought to educate consumers and

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[97] Professor Tim Jackson of Surrey University points to Cialdini's *Focus Theory of Normative Behaviour* to explain how people's behaviour is heavily influenced by social norms that prescribe or proscribe certain behavioural options. "The existence of such social norms can be a powerful force both in inhibiting and in encouraging pro-environmental behaviour. At one level, pro-environmental behavioural change can be thought of as a transition in social norms."

[98] See, for example, *Opportunity Space: How communications agencies can turn corporate social responsibility, industry's newest challenge, into business*, EACA (European Association of Communications Agencies)/UNEP/SustainAbility, 2003.

[99] For example, in 1998.

other stakeholders on some of the issues involved (Figure 29). One advertisement reads: “Beyond...means being a global leader in producing the cleanest burning fossil fuel. Natural Gas…means being the first company to introduce cleaner burning fuels to many of the world's most polluted cities…means being the largest producer of solar energy in the world…means starting a journey that will take a world's expectations of energy beyond what anyone can see today.”

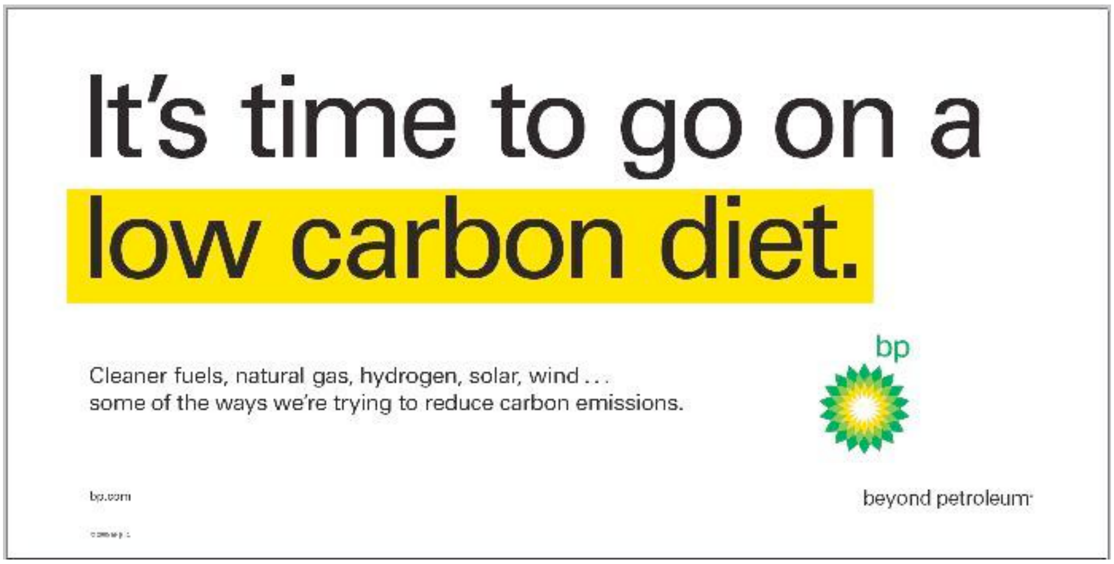

Figure 29: BP’s “Beyond Petroleum” campaign

Despite initial criticism and record profits, BP’s campaign has escaped significant criticism in the mass media and is generally well regarded amongst the opinion formers and industry leaders with whom we have consulted for this report.

ExxonMobil also advertises its environmental credentials. One advertisement features a kettle emitting steam from its spout. The steam curls around the kettle and back into where the power cord would normally enter. The headline reads “We’re all for reducing emissions” and the copy explains how “ExxonMobil refineries capture steam that would otherwise be wasted and use it in the refining process.” It goes on to claim that recent energy-saving itiatives like this have had a dramatic effect on emissions – “the equivalent of taking well over a million cars off the road, every year.”

Unlike BP’s, ExxonMobil’s campaign has been dismissed as greenwash by NGOs, journalists, politicians and investors. In an interview for this report, a senior industry figure told us: “If I were Exxon, I’d stop advertising this stuff until they mean it. But the fact that they feel they need to do it tells you something.”

The reason that BP’s advertising is generally well received and that ExxonMobil’s is widely criticised is that BP, unlike ExxonMobil, has made sustainability part of its core values. ExxonMobil’s advertising does not ring true in light of its support for a technology-based approach to limiting carbon emissions and refusal to recognise the eventual obsolescence of fossil fules.

In a recent speech in London, ex-Vice President Al Gore claimed that over 50% of US media articles cast doubt on the causal effect of man-made greenhouse gases on climate change, despite 100% consensus to support such a link in scientific publications. At the same time, ExxonMobil puts an economic case that the US economy simply cannot afford to place further caps on its emissions. ExxonMobil's claim to be "Taking on the World's Toughest Energy Challenges" operates in a different conceptual frame to BP's utopian vision..

Inevitably, BP has also come under fire from pressure groups and NGOs for continuing to derive 95 per cent of its revenues from fossil fuels, on the back of which it posted record profits of £8.7bn in 2005 – almost £1 million per hour. One union described these profits as "obscene", and there were calls for government to impose a windfall tax on profits made in the UK.[100]

In spite of this, BP's combined branding, advertising and PR activities seem to have had a powerful effect on public perceptions, whereas ExxonMobil's reputation seems as bad as ever. The comparison illustrates the importance of values-led marketing. BP's campaign, driven as it is by core values, is not only more credible, but is also communicated much more effectively through integrated communications. Exxon's efforts, by contrast, seem defensive and lacking in both credibility and confidence, despite the veracity of its specific claims.

The jury is still out on whether BP can really deliver on its ambition to "go beyond petroleum". Perhaps its recent advertising campaign introducing consumers to their own carbon footprints is a cynical attempt to exploit a short-term trend. But at least that trend has been recognised and used to put some wind behind them on their stated path to sustainability.

Generating insights

"To build brands that mean something to customers, you need to attach them to products that mean something to customers. And to do that, you need to segment markets in ways that reflect how customers actually live their lives"
Harvard Business Review, December 2005

Successful brand and communications strategies depend on great insights. A great insight is a combination of keen observation and creative thinking: "how can I use what I know about consumers to achieve my objectives?"

Observing behaviour is relatively easy. Advanced software programs and cheap hardware have enabled companies to record certain aspects of their customers' behaviour in minute detail and with relative ease. Almost every direct interaction between bands and consumers can be (and is) measured – from what, when and where they buy to the rate at which they open junk mail and the way they respond to different advertising messages or production values in the advertising. Armed with this data, marketers can communicate with customers on a more personal level (for example, by sending them discount vouchers on their birthday) and use their observations about behavioural patterns to increase efficiency and customer service (for example, by fine-tuning their stock distribution to account for local preferences).

This reliance on second-hand and traditional sources of consumer information is bad news for innovation, because it fails to pick up on new and subtle shifts in the cultural landscape. Quantitative research techniques, such as the one used in the research carried out for this report[101], ask the same questions of many people to test the level or extent to which existing

[100] Guardian Unlimited, 8 February 2005.
[101] For a description of the methodology used, see Appendix I.

hypotheses are true. Success depends on the quality of the hypotheses being tested, the way the questions are phrased (to eliminate bias and convey meaning) and the honesty and self-awareness of the respondent. Done well, it can be an invaluable tool for measuring known phenomena and tracking changes over time; but, as many a political pollster and gym manager will confirm, it is a poor predictor of future behaviour.

Qualitative research techniques such as focus groups are also poor predictors of behaviour. Typically, a group of complete strangers is ushered into a glorified interrogation room, plied with refreshments and bombarded with questions about how they behave, what they think and why. To provide useful insights under such circumstances, respondents require a level of confidence, frankness, self-awareness and articulacy that few can muster at the end of a day's work.

Recognising the limitations of these traditional techniques, some researchers have looked to the social sciences – particularly anthropology and sociology – for more useful methods. For example, "ethnographic" studies involve the researcher spending time with their subjects in their natural environment: on shopping trips, watching television, interacting with their children and so on. The researcher builds up a picture of what influences the observed behaviour and what "jobs" the subject is trying to accomplish by means of that behaviour. He then works with the brand or marketing team to think of ways in which they can help consumers to do those "jobs" more efficiently and effectively.

As discussed in Chapter 3, no-one has yet attempted to map Y&R's segmentation onto behavioural data: a project that might usefully be undertaken in the future.

Communicating brand personality

For most mainstream brands, overt sustainability messages are unlikely to prove the most effective use of advertising budgets. However, the "softer" elements of brand personality can be communicated in subtler ways: through the choice of typeface, the style of writing, the atmosphere of the photography and the conceptual framing of the messages themselves. Just as we can tell a lot about a person by the complex mixture of non-verbal signals they give out, so we can tell a lot about the brand by the way it interacts with us.

Conclusion

In this chapter, we have argued for a new approach to branding and marketing, based on a more sophisticated understanding of the nature of brands. No longer are brands the tame beasts they once were; they must be fine-tuned to people's lifestyles and able to adapt when these lifestyles begin to change. They also have the opportunity to lead some of these changes and to benefit when they chime with societal values.

In the next chapter, we look at some examples of brands that have already begun to apply this new approach.

Chapter 6. What To Do Part 2: Emerging Best Practice

…in which we show how some brands are using sustainability to create value for consumers, shareholders and staff

"Make friends before you need them"
Rita Clifton, Chair of Interbrand

Introduction

Throughout this report, we have stressed the importance of values in building sustainable brands. Some brands already have those values; others have to go through reappraisal and change. Some choose to make this change quickly with radical and widespread programmes; others prefer (or are forced) to begin with oases of best practice that permeate through the organisation more slowly.

In this chapter, we draw lessons from a variety of different companies and brands, each with its own approach. Although in reality no two cases are the same, we group them into four distinct types of approach:

- **"Corporate brands":** companies with a single identity for both consumers and staff (Marks & Spencer, Interface, eBay);
- **"Umbrella brands":** comprising different consumer brands under a corporate banner of which those consumers may or may not be aware (Unilever, P&G);
- **"Retailer brands":** typically high street stores selling other brands over which they have no direct control (Boots, John Lewis);
- **"Learner brands":** already known to consumers, these have chosen to acquire or launch "sustainable" sub-brands, ostensibly to act as beacons of change for the rest of the organisation (L'Oreal and The Body Shop; Cadbury's and Green & Black's chocolate; Nescafé Partners' Blend); and
- **"Endorser Brands":** these are a kind of "stamp" of sustainability, owned and run externally but used by consumer brands to reassure consumers of sustainability credentials (Fairtrade).

Corporate brands

As explained in Chapter 3, a brand is as much defined by the perceptions and behaviour of outsiders as it is by its own products, services, staff, values and communications. Managing all these elements is an enormous challenge, and those with just one brand to manage have an easier time than those with many. We will look at two corporate brands that remain independent: Marks & Spencer and Interface.

Marks & Spencer

Founded in 1884 by Michael Marks and Tom Spencer, Marks and Spencer (M&S) grew from a small market stall in Leeds to become Britain's best known, most successful retailer, and one its most trusted brands. It is particularly well known for its clothing staples[102] and its range of high-quality groceries and prepared meals.

[102] According to a 2003 report by Goldman Sachs, more than 50 per cent of British consumers shopped at M&S, with one in three British men owning M&S underwear. Its customers spend 22 per cent of their clothing budgets at M&S.

M&S met tougher times in the late 1990s and the early years of the new millennium. Complacency, a depressed retail environment, and failed forays into foreign markets and new lines put strong pressure on its stock price, but M&S stayed true to its core values of quality, value, innovation, trust and service. In 2004, the arrival of a new chief executive, Stuart Rose, brought much needed focus back to the business and led to a steady recovery in fortunes.

Customers demand sustainability

Customers already expect M&S products to be well made and good value for money, but according to the company's own research, 80 per cent also expect M&S goods to be responsibly sourced.[103] A YouGov survey commissioned by the retailer in 2005 showed that consumers were thinking more about ethical and health issues when they bought clothing and food. Almost one third said they had decided not to buy an item of clothing because they felt concerned about where it had come from or under what conditions it had been made; 59 per cent said they had also avoided buying a food product due to similar concerns; and 72 per cent said they were specifically concerned about the future of fish stocks.

The survey also revealed that 78 per cent said they would like to know more about the way clothes are made, including the conditions in the factories where they come from and the use of chemicals in their manufacture.

"Look Behind the Label"

Instead of waiting for the day when it can claim complete sustainability – a day that will probably never come – M&S took the decision to communicate its sustainability credentials through a new campaign, launched in January 2006, called "Look Behind the Label" (Figure 30.) Having already switched to organic eggs and sustainable fish sourcing in all its food products, it also announced its decision to use Fairtrade cotton in its t-shirts and socks, despite the fact that these products cost about 10 per cent more to produce than their non-Fairtrade equivalents.

[103] Source: M&S (Unpublished).

Figure 30: Marks & Spencer's "Look Behind the Label" campaign

The question of whether Fairtrade cotton will catch on in the mainstream will not be properly tested until the supply increases considerably,[104] but the resulting media coverage has been widespread and positive. In the short term, this campaign may be effective in raising awareness of M&S's sustainable practices and differentiating it from its high street competitors.

More to do

However, with Top Shop, Sainsbury's and Oasis all announcing moves to introduce Fairtrade cotton in their stores, it is clear that sustainability cannot continue to be a differentiator for ever; eventually, it will be taken for granted by consumers and need to be communicated more subtly, as part of the core brand. PR will continue to be important in this respect, but M&S will also need to update its core brand identity and improve its use of multi-channel communications to tailor its communications more closely to the lifestyles of its customers. The company still has some way to go to educate its staff on its new commitment to sustainability and to embed sustainable practices across all its products and business processes.

Interface

Interface Europe is part of Interface Inc (based in Atlanta – NASDAQ: IFSIA), a worldwide leader in the production of environmentally-responsible modular floor coverings and other textiles. The company, which has an annual turnover of US$881.7m[105], is committed to giving

[104] To switch its entire clothing range to Fairtrade cotton, M&S would require 50,000 tonnes of cotton per year; currently, the world's entire supply of Fairtade cotton is only 1,000 tonnes.
[105] Of which 80 per cent comes from business customers and the remainder from consumers.

the marketplace a wide range of choices for specifying Earth-friendly and certified environmentally preferable products.

Bold, long-term vision

Ten years ago, Interface published a bold vision statement: by 2020, it said, it would rightfully lay claim to being "the world's first sustainable company". Viewers of *The Corporation* will have seen the colourful way that Interface CEO (and part owner) Ray Anderson describes his epiphany as a disciple of corporate sustainability; he was truly shocked to learn of the environmental impacts of his company's activities.

In pursuit of this vision, the company maintains a 15-year product pipeline and engages with sustainability on seven fronts:

- eliminating waste and harmful emissions;
- maximising the use of renewable energy;
- recycling waste materials and reusing products;
- developing resource-efficient transport methods;
- creating a culture that integrates the principles of sustainability into working lives;
- creating new models for businesses by pioneering innovative sustainable commerce opportunities[106]; and
- encouraging other companies to embed sustainable values

Living the values

Interface Europe's senior vice president of marketing, Karin Laljani, not only controls marketing, but also product development, design, research, sustainability, branding and PR. This helps her to align all the traditional elements of marketing, as well as the corporate brand and the services that support it.

Interface counts the following among its sustainable branding and marketing initiatives:

- A new product range called "Just", which it hopes will operate in a manner similar to Fairtrade. Based on the "sustainable livelihood" business model, Just products are sourced from a combination of the company's own factories and traditional villages in India. "This is profitable because of the exceptional quality that the villagers are able to deliver, the social story it provides and, we hope, the higher prices that these products will be capable of commanding in the marketplace", says Laljani.

- "Cool carpet", a range that offsets its environmental impact through Climate Care in such places as India and Bulgaria.[107]

- "ReEntry by Interface", a service for customers that recycles, reuses and repurposes old carpets and provides employment to disabled and disadvantaged people.

Interface displays the classic "visionary practice" of turning down apparently commercially promising opportunities because they go against corporate values.[108] For example, it developed a revolutionary product made from corn that, it claims, "would have been unique and highly successful on the market". However, it killed the product because it couldn't guarantee that it would be GM-free.

Reaping Rewards

[106] These include new service offerings to sectors such as product leasing, and new products based on minimum use of synthetic materials.
[107] In 2005 Interface offset more than 13,000 tonnes of CO_2 emissions.
[108] For other examples, see *Built to Last: Successful Habit of Visionary Companies*, Porras and Collins, 1994-2002.

Since its conversion to sustainable values, Interface claims to have saved more than US$280m through energy efficiency and reduced CO_2 emissions by 52 per cent. Water intake has dropped by 81 per cent[109]. Ultimately, the company's aim is to move from the traditional linear system of "take, make, waste" and move towards a more natural, cyclical system of material and resource flows. It also aims to persuade other manufacturers to adopt less wasteful and polluting policies and processes.

eBay

Some brands are sustainable by accident. As mentioned in Chapter 5, the digital music market – of which Apple has been the pioneer – has eliminated the need for records, tapes and many materials previously used in the manufacture of hi-fi equipment. Many internet-based and digitally-driven businesses can make similar claims, but there is one brand that may outdo them all in the sustainability stakes: eBay.

eBay was founded in 1995 by Pierre Omidyar, a laid-back Californian hippy with no apparent interest in money. He simply wanted to provide a better way for collectors like himself to trade with each other on the internet than the newsgroups that were being used at the time. For about two years, he did not charge for his service on a point of principle, preferring to fund it from his modest salary as a Silicon Valley software developer. Eventually, though, the site became so popular that he was faced with a choice: close it down or charge fees to pay for the burgeoning array of equipment needed to keep it running. From these humble, amateur beginnings, eBay has signed up more than 60 million customers and achieved a market capitalisation of US$53 billion.

Democracy and the eBay community

Crucial to eBay's success is the fact that it was born of a set of powerfully-held values, principal among which has been its quasi-religious commitment to "community".[110] Its millions of users not only trade with each other, but they also participate enthusiastically in the many chat rooms hosted on the site, rate each other on the quality of their service, attend courses given by company staff and other experts and descend *en masse* on *eBay Live!*, an enormous, week-long annual convention of eBay staff and customers.

In many senses, eBay *is* its members. The eBay community acts as a rich source of ideas for improvements in the product, a sounding board for planned changes and an essential source of information concerning which traders can be trusted and which cannot.[111]

But eBay isn't just about bringing people together; it also levels the commercial playing field. Multinational corporations compete on equal terms with one-man businesses and teenagers following a hobby; everyone pays the same prices, uses the same software and everyone has to build a reputation from scratch.

Environmental saviour?

Some have suggested that eBay, quite by accident, is also the ultimate environmentally friendly business. Its sheer scale represents enormous potential impacts, some of which are undoubtedly damaging; no doubt the greenhouse gases emitted in transporting those millions of traded items are a powerful force for global warming. Others see eBay as just another altar to the god of consumption and retail therapy.

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[109] Based on intake per square metre of production for modular facilities.
[110] For a fascinating insight into the history of eBay, see *The Perfect Store* by Adam Cohen.
[111] After each transaction, both the buyer and the seller rate each other on the quality of the experience for the benefit of those thinking of doing business with them in the future. The greater the number and proportion of positive reviews, the more likely the member concerned is to be trusted by other members.

However, every unwanted item sold on eBay is one fewer piece of fodder for the incinerator or landfill site. Every item sold in a virtual store on eBay is one fewer item needing a real store to house it, with all the natural resources and harmful emissions that entails.

In some ways, eBay may represent the holy grail of sustainable business: an entirely new way of doing a job as old as civilisation itself, it enables human connections over impossible distances, gives power to the little guy, reduces waste and extracts economic value from apparently worthless items.

Umbrella brands

Umbrella brands are corporate brands that act as stables for sub-brands or consumer brands that have no public link with their parent companies. Examples can be drawn from various sectors, especially fast-moving consumer goods (FMCGs), where some of the biggest include Procter & Gamble and Unilever. Vehicle manufacturers also tend to be umbrella brands, while others, such as the Easy group and Virgin, span more than one sector.

Unilever

Unilever is the epitome of the modern multinational. It is the world's third largest consumer products company, selling more than 400 brands spanning 14 categories of home, personal care and food products across 150 countries.

A heritage of social investment

Unilever began its life as Lever Brothers in the 1890s, when soap maker William Hesketh Lever wrote his vision for his new venture: "to make cleanliness commonplace, to lessen work for women, to foster health and contribute to personal attractiveness, that life may be more enjoyable and rewarding for the people who use our products". Despite a series of subsequent mergers and acquisitions on the path to its current incarnation as Unilever – and its consequent collegiate structure – the company maintains "Vitality" at the heart of its mission. That mission is "to add Vitality to life. We meet everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life".

As well as being a soap manufacturer, William Lever was a social entrepreneur and philanthropist. He built housing, schools and a hospital for his employees in a "garden village" called Port Sunlight, near Liverpool; he introduced a fixed eight-hour working day, sickness benefits, holiday pay and pensions for his employees.

Social responsibility is in Unilever's DNA. However, that DNA has evolved over time as the company joined with others, acquired them and increased its staff to cope with its own organic growth. For many years, Unilever's approach to social responsibility reflected its decentralised business culture, with local companies in some 100 countries being responsible for social challenges in their local communities. As Unilever has moved towards a more global way of doing business, so too has its approach to corporate responsibility; today it has a small team of specialists led by Gavin Neath, UK chairman and global head of corporate responsibility, whose role is to embed social, economic and environmental strategies into their brands and business processes.

Brand innovation

Until recently, sustainability has been led by key experts in the areas of agriculture, fish and water who, with their centre of gravity at a category and supply chain level, have played a crucial role in shaping this agenda within the company and across all stakeholders.

More recently, Unilever says that social, environmental and economic challenges have become a critical ingredient of innovation, brand development and communications. "All our learning in the area of sustainable initiatives, social investment, charitable contributions and commercial initiatives is being captured by the marketing brand process through a more systemic approach", says Unilever's global CSR director, Santiago Gowland. "We start by deepening our insight work and challenging the brand vision to make sure our values and mission are reflected by the brand. Through integrating the social, environmental and economic strategies into our Vitality Mission, we will fuel sustainable growth.”

Case study: Fighting diarrhoea

Diarrhoea is one of the world's biggest killers, causing more than three million deaths a year, most of which are children under five in developing countries. According to a World Bank study, the lives of half those who die from diarrhoea could be saved by teaching people to wash their hands with soap after defecating. Lifebuoy, one of Unilever's earliest soap brands, is supporting a multi-million dollar programme to teach hundreds of millions of people in India and Bangladesh about germs and washing with soap. "This isn't philanthropy", says Unilever's Santiago Gowland; "It's marketing with social benefits."

Figure 31: Washing with soap reduces the risk of diarrhoea

Case study: Food fortification

Unilever's Annapurna brand helps people with low incomes in India and Africa get the micronutrients they need for a productive life at a cost they can afford. Annapurna salt, maize flour and biscuits are fortified with iodine, iron and vitamin A and zinc respectively, helping to protect people against conditions such as goitre, mental retardation and immune deficiency, all of which can result from a lack of micronutrients. Again, this isn't philanthropy, but social marketing: "besides helping to alleviate suffering, we are building positions in markets where the rate of sales growth far exceeds that of mature markets", says Unilever. Annapurna demonstrates the important synergy between brand values, social contribution and commercial gain.

Figure 32: Annapurna is a source of affordable micronutrients for the poor

Case study: Real women

Dove, the beauty products range, has challenged the stereotype of the waif-like model frequently portrayed by other brands in its sector. "We are featuring real women of different shapes and sizes", says Santiago Gowland. "We are challenging people to reconsider whether people who are not considered conventionally beautiful – those who may be grey-haired or heavily freckled or wrinkled or flat-chested – cannot be just as beautiful as the catwalk models." The Dove campaign includes a "self-esteem fund" that works with organisations such as the Eating Disorders Association on programmes that help to raise self-esteem among women and, in particular, young girls.

Figure 33: Dove advertising challenges the stereotypes of beauty

This campaign was born of a single insight developed by the Dove brand team: that women the world over were suffering from a lack of self-confidence, and that much of the blame for this lay with the stereotypical views of beauty put across by advertising and the fashion and beauty industry.

According to Unilever, Dove's sales have soared and its website has proved popular with women sending messages of support. "Unilever doesn't see this as simply a marketing campaign", says Gowland, "but as a social mission with benefits to society as well as benefits to consumers and benefits to sales."

Visions of sustainable brands

Unilever believes that the best and most sustainable way it can make a direct difference to social needs is through its brands. In recent years, it has become increasingly aware of the importance consumers are attaching to social, economic[112] and environmental issues and their growing expectation that multinational companies and global brands have a part to play in tackling them. Unilever sees this growth in awareness and expectation as a major marketing opportunity and believes it is well placed to turn it into competitive advantage

[112] Economic issues include those addressed by Fairtrade.

because of its heritage, brand portfolio, "multi-local" culture and strength in developing and emerging markets, which account for more than a third of its business.

Embedding and managing sustainability

In 2005, Unilever's board decided that the potential of social and environmental issues to drive growth was so great that it should be integrated formally into the brand innovation and development process as a "key business strategy". At the same time, this decision allows the company to look at areas of vulnerability and reduce potential negative footprint. "The first step in this strategic thrust is to deepen our understanding of our social, environmental and economic imprint; not only our direct impacts, but our indirect impacts as well so, that our positive influence can be leveraged by more people along the value chain," said Santiago Gowland. "In our recent research done with Oxfam in Indonesia, we've looked at the links between international business and poverty alleviation and realised that most room for improvement was at both ends of the value chain (suppliers and retailers)."

A process for conducting a 360° evaluation of brands' social, economic and environmental impacts and societal, economic and environmental influences on brands was developed by Unilever's corporate responsibility team in conjunction with their colleagues in marketing and sustainable development. Unilever says it intends to pilot this process on four global brands in 2006.

Sustainability pays

In summary, Santiago Gowland is convinced that sustainability pays. "We believe – based on all the evidence and all the trends data we have – that in future the brands that address the issues that consumers care about as citizens will be preferred over brands that simply satisfy a functional or personal emotional need. This agenda evolved naturally within our business culture as an innovative crystallisation of our values."

Toyota

Although technically a corporate brand, Toyota's sub-brands have become household names with distinct identities of their own. Among these is a newcomer called Prius, a fuel-efficient family saloon with a hybrid petrol/electric engine.

Others have produced excellent case studies of the Toyota Prius[113], and we do not wish to re-invent the wheel. However, when considered in light of the approach taken in this report, the Prius experience yields some useful insights:

Innovation and icons

As a brand, the Prius has already attained quasi-iconic status. Cameron Diaz drives one; so does Leonardo diCaprio; so does the Mayor of London, Ken Livingstone, who thereby exempts himself from his own Congestion Charge; and so do an increasing number of other people who are prepared to pay a hefty price premium to reduce their carbon emissions and save a little on tax.

In fact, the economic benefits to the consumer are questionable and entirely at the whim of the latest Treasury thinking. More important than money, or even the technology itself, Prius represents a set of values with which many people identify. It is a physical manifestation of their idealised self image of an engaged, caring, successful and socially-aware citizen. Because of this, it has begun to spawn its own industry, including a number of eco-friendly taxi services.

[113] See, for example, the WBCSD's case study at www.wbcsd.org/web/publications/case/toyota_prius_enviornment_and_hybrid_full_case_web.pdf

This is the kind of thing that icons do. Real or metaphoric, icons represent an idealised image of something worthy of adoration. Their legitimacy comes from the example their subjects have set to the rest of society. Their power comes from their ability to inspire others to follow that example.

Stamp of approval

The hybrid technology that powers the Prius – the Hybrid Synergy Drive (HST)™ – is itself a consumer brand, in the way that Intel is a consumer brand: both are trademarked and used in consumer advertising, even though the man in the street cannot buy an individual Intel microchip or a stand-alone HST engine.

Like “Intel Inside”, “HST” is shorthand for a packet of values that can be transferred from its original home (the Prius) to other brands in the same stable. Toyota has already done this with its Lexus brand and has plans to launch HST variants of its Toyota Highlander and Camry models.

Prius and HST also send out an important message about the corporate brand. They signal Toyota’s vision, endorsed at the most senior level, of being “a driving force in global regeneration”[114] by 2010, and its commitment to the Guiding Principles of the Earth Charter[115]. At the same time, Toyota must be careful to remain true to its sustainable values; hybrid variants of gas-guzzling SUVs – the Lexus Rx400h being a case in point – are no better for the environment than old-fashioned, petrol-powered family saloons.

The Power of Innovation

The Prius is a good example of how great innovations spot “jobs” that need to be done in society, then provide solutions that do those jobs in unexpected ways. Because of their long product development pipelines, car manufacturers have always had to develop their own visions of consumer tastes years into the future. Having committed themselves to a design, they have also had to become excellent communicators, leading consumers towards an understanding and appreciation of the end product as it launches onto the market.

Knowledge over choice

In a sense, Prius was about giving consumers choice; it was, after all, the first mass produced, commercially competitive car of its type on the market. But in another sense, it *limited* the choice of those who wanted a hybrid family saloon, because no others were available. As mentioned in Chapter 2, what consumers really want is not more “choice” or “information”, but good, easy ways to get the job done. If their only choice is to go with a brand that does what it needs to do at a price they are prepared to pay, consumers will not complain. Nor is this an argument against free competition; for every person, the job that needs doing is different, and there will always be better or cheaper ways of doing that job.

Retailer brands

For large retailers such as Boots and John Lewis, there may be limited opportunities to influence product design or packaging, since most of their goods are made by independent suppliers; brands in their own right, from Pantene shampoo to Smeg refrigerators.

Sustainability in retailing, then, is often about screening, selecting and influencing suppliers, as well as managing the environmental and social impacts of the operation. For companies that in addition manufacture their own label products, such as Boots, it is also about

[114] www.toyota.com
[115] For more information on the Earth Charter, visit www.earthcharter.org

managing design and development processes to balance lifetime environmental impacts with social utility.

Learner brands

Changing values in a large organisation with a long-standing, pervasive culture is an enormous challenge requiring a lot of time, effort and money. The benefits of such a change can take years to emerge, and some companies have looked for ways of shortening that journey, generating immediate revenues and displaying tangible moves towards sustainability.

At the same time, some niche brands have become victims of their own popularity. For companies like Ben & Jerry's, The Body Shop and Green & Black's chocolate, the growing pains can be too much to bear on their own. Whether in need of access to large distribution systems, adequate and reliable supply of raw materials or product, or cash for capital investment, these brands often become prime acquisition targets for mainstream rivals as they move into the mainstream themselves.

It is easy to see what these acquiring brands – L'Oreal, Unilever and Cadbury's among them – have to gain from these acquisitions: high-quality, ready-made brand packages with proven consumer appeal, and a centre of values-based excellence that can act as a laboratory and beacon for the rest of the organisation.

Figure 34 shows how these mainstream brands have begun to acquire "mass niche" or "mass luxury" brands and to pull them into their mainstream world.

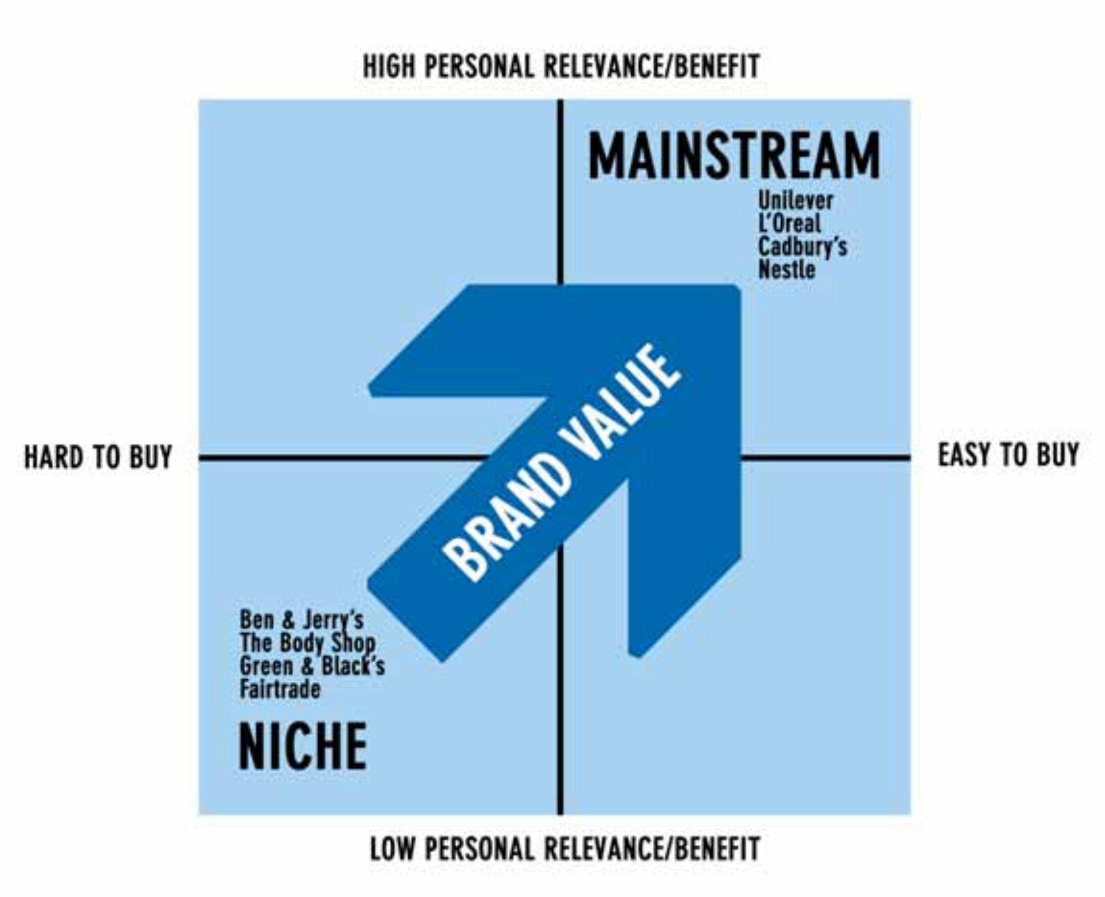

Figure 34: Umbrella and corporate brands acquire or launch "mass niche" or "mass luxury" brands to drive growth and internal change

Clearly, Nestlé's recent launch of a Fairtrade variant, Nescafé Partners' Blend, is a slightly different scenario, in that Fairtrade is an endorser brand (see below) and therefore not under the direct control of the parent. It remains to be seen whether this move by Nestlé will help it to shake off its long-standing reputation as a pariah of sustainability.

Endorser brands

Endorser brands are those that exist purely as a "stamp" for use by other brands to communicate a "package" of values and attributes with which the host brand wishes to be associated.

Here, we look at the current star, Fairtrade.

Fairtrade

If Intel was the endorser brand of the 1990s, then surely Fairtrade is the endorser brand of the present decade.

Originally pioneered in Germany and the Netherlands in the 1980s, Fairtrade brands must pay producers in the developing world a minimum price above market rates in order to protect them from exploitation. More than 1,500 Fairtrade-endorsed brands now exist in 20 countries, including France, Germany, Japan, the UK and the US.

According to the *Financial Times*[116], sales of Fairtrade-certified products have grown at 40-50 per cent per year for the last five years in the UK, where there are now 108 Fairtrade coffee brands, comprising 364 different products, with annual sales of £200m.

The complete package

The success of Fairtrade is as much a testament to the quality and value of the products as to their ethical credentials. Consumers consider them to be healthier and tastier than their traditionally sourced alternatives[117]. As with all successful brands, Fairtrade also allows consumers to be associated with something that chimes with their idealised self image; in the case of Fairtrade customers, this has to do with a sense of justice, brotherhood and, by projection, local community.[118]

Catching up

Because these brands or labels already carry meaning for consumers, they are a popular way for mainstream brands to catch up with their more sustainable alternatives. For example, following the huge success of Fairtrade coffee in capturing 20 per cent of the UK market, Nestlé recently launched a Fairtrade variant of its popular Nescafé range.

[116] *Financial Times,* 25 October 2005.
[117] Better still, where the benefit to the consumer is direct and tangible, price is barely an issue.
[118] Of course, Fairtrade brands are marketed far from their source and transported over large distances at great cost to the environment. Nevertheless, since coffee, tea, bananas and cotton all refuse to grow in temperate climes, they are not, in this sense, any different from their non-Fairtrade alternatives.

Figure 35: Café Direct, founded 14 years ago by Penny Newman, is now the UK's sixth largest coffee brand

Conclusion

We will probably look back at this time as one of significant change in the world of brands and marketing. The companies studied in this chapter are pioneers of what promises to be a very big wave. Most large companies are now asking themselves how well they are positioned to adapt to changing values that we described in the previous chapter. For every company there are many potential solutions; in time, those solutions will become more refined and effective.

Chapter 7. What To Do Part 3: The Ten Point Plan for Sustainable Brands

…In which we explain what brand and marketing professionals and agency staff can do to unlock the latent commercial potential of the environmental and social aspects of their brands. The following ten tasks do not fall into a neat sequence; implementing them can be a comlex task. For more details on how to carry out this ten point plan, contact WWF.

1. **Understand your brand.** Conduct a "brand perception audit" to understand and define your brand's true personality as it exists in the minds of both employees and consumers/customers. Include environmental and social elements in this and subsequent tracking studies. Consider the inherent qualities of your product or service to see how it might affect the environment or society.

2. **Understand your consumers** and how their relationship with sustainability affects their esteem for your brand. Understand how your company provides "social utility"[119] to your customers. Observe and understand the values, beliefs and lifestyles of your present and potential customers, preferably using "anthropological" techniques such as home visits and accompanied shopping. Bear in mind existing information about consumer segmentation as summarised in this report and think of fresh ways to generate consumer insights.

3. **Get your house in order.** Audit and improve your internal processes, from office management to production and logistics. Minimise power consumption, water use and waste. Screen your suppliers for sustainability. Use environmentally-friendly cleaning products and office supplies.[120]

4. **C(S)R: Handle with care!** The Corporate Responsibility Function should act as a driver of innovation, using its combination of sustainability expertise and broad strategic view to tease out consumer insights. Rather than adopting a narrow focus on the measurement and reduction of risks and impacts, CSR should pay much more attention to opportunities, as Procter & Gamble has begun to do with its Corporate Social Opportunity (CSO) unit. Even then, CSO should be seen as a short-term change management role intended to do itself out of a job as soon as possible by making CSO part of the DNA of the brand and values of the company. Rather than seeking to "own" sustainability, these units should work with the heads of the core business functions (including sales and marketing) to develop key performance indicators (KPIs) of sustainable business practices. These KPIs should then be used for setting objectives and targets, reviewing performance and determining remuneration and career progression.

5. **Innovate.** Identify new and efficient ways in which your brand can help consumers do what they wish to do or feel how they wish to feel. Re-tune the corporate values and brand to resonate with attributes and attitudes that you see emerging in the consumer "brainspace" on sustainability issues. As your product or service progresses from inception through design and manufacturing, constantly query its sustainability at all levels, from the way it is sourced, produced and packaged to the impacts of how it is used, and the way it is destroyed or recycled at the end of its life. Think of new ways

[119] For an explanation of social utility, see Chapter 3.
[120] For cleaning services and office supplies, consider using via3office.com. For further information on how to run a green office, see the EACA's *Green Office Guide*, available for download at www.uneptie.org/pc/sustain/reports/advertising/EACA_greenguide%20FINAL.pdf, or the Australian government's more detailed but generic *Green Office Guide*, downloadable from www.deh.gov.au/settlements/publications/government/purchasing/green-office-guide/index.html

your existing products or services might do useful jobs while enhancing people's perceptions of themselves as environmentally or socially responsible. Think how changes to these products and services might make them even more useful and responsible.

6. **Motivate.** Review the way in which marketing and branding staff are rewarded: instead of simply rewarding higher sales, make at least part of their annual performance review dependent on *how* they perform their job, in line with company/brand values. Consider also entering awards (which everyone loves to win!) such as the annual CaRMa (Campaign for Real Marketing Awards)[121]

7. **Collaborate.** Create multi-functional, multi-skilled teams that include personnel from all relevant functions, including marketing communications, investor relations, product design/development, brand strategy, financial planning and analysis, and corporate responsibility.

8. **Communicate.** Once you have done all of the above, communicate externally. If you are open, honest and heartfelt, then a bit of sniping here and there from your critics will just be grist to your mill. Think about how consumers interact with the new media landscape. Integrate your messages through the most appropriate channels, even if you have to invent those channels yourself.

9. **Sign up your consumers** to the sustainability journey that your company needs to take – use them to create and ride the sustainability wave. Ensure that consumers come away from every interaction with your brands, products and services with as positive a self image as possible. If your brand makes them feel like better people as it does its main "job", then it will thrive.

10. **Measure, monitor and report continuously.** Develop ways of identifying, measuring, evaluating and reporting the various elements of brand value, including those that relate to sustainability, so that they can be used by managers as indicators of performance. Specific targets may then be set to sit alongside shorter-term ones and be taken into account at staff performance reviews.

[121] For information on how to plan for and enter these awards, contact info@carma.org.uk

Appendix I: Project Scope and Methodology

This report draws on three main bodies of evidence:

- an extensive literature review;
- personal interviews with more than 50 leading figures from marketing departments, communications agencies, industry associations and the COI; and
- a quantitative survey of marketing professionals from all facets of the industry – from agency creatives, planners and account handlers to marketing directors, brand managers and CSR specialists.

Literature review

We reviewed more than 100 reports and publications in our search for answers to the following questions:

- Are marketing communications really powerful enough to influence consumption patterns at a macro level? If so, what are the implications at the level of individual brands and consumers?

- Do mainstream consumers really want more environmentally and socially friendly products and services? If so, are marketers understanding and responding to their needs?

- What is the business case for marketers? Is there any commercial benefit in "doing the right thing", such as building long-term brand value or attracting the best people to our teams?

- What specific steps can marketers at all levels, as well as their chief executives and others who influence their working lives (such as government and regulators) take to incorporate sustainability into their brands and communications?

The lessons from the literature review were summarised in an internal WWF report and used to inform subsequent phases.

One-to-one interviews with leaders

The table below provides a full list of people who provided input to this project in the course of personal interviews and, in some cases, by e-mail. The interviews were conducted between August 2005 and March 2006.

First Name	Last Name	Title	Organisation	Contact type
Pete	Askew	Director	GoodBrand	In person
Mike	Barry	Head of CSR	Marks & Spencer	In person
Alan	Bishop	Chief Executive	COI	In person
David	Blood	Founder	Generation IM	In person
Andrew	Brown	Chairman	CAP	In person

Tyler	Brule	MD	Winkreative	In person
Hugh	Burkitt	Director General	Marketing Society	In person
Martin	Charter	Founder	Centre for Sustainable Design, Surrey Institute of Art & Design	In person
Rita	Clifton	Chair	Interbrand	In person
Joanna	Collins	Coordinator	Sustainable Development Commission/Sustainable Development Roundtable	In person
Sue	Dibb	Senior Policy Adviser	NCC	In person
David	Elliott	Founder	MPG International	In person
Richard	Ellis	Head of CSR	Boots	In person
John	Elkington	Founder	Sustainability	In person
Colin	Farrington	Director General	Chartered Institute of PR	In person
Ed	Gillespie	Creative Director	FUTERRA	In person
Paul	Gillespie	Director	GoodBrand	In person
Santiago	Gowland	Global Corporate Social Responsibility Director	Unilever	In person
John	Grant	Founder and writer	St Luke's	In person
Jill	Harrison	Head of Consumer Affairs	British Gas	In person
John	Hegarty	Creative Director	Bartle Bogle Hegarty	In person
Robin	Hicks	Features Editor	Campaign	In person
Melanie	Howard	Founder	The Future Foundation	In person
Sir Paul	Judge	Master	The Worshipful Company of Marketers	In person
Karin	Laljani	Marketing Director	Interface	In person
Colin	leDuc	Head of Research	Generation Investment Management	In person

Andrew	Levy	Founder	Mustoe, Merriman and Levy	In person
Mike	Longhurst	Board Director	McCann-Erickson EMEA	In person
Geoff	Lye	Partner	SustainAbility	In person
Dominic	Lyle	Director General	EACA	In person
John	Manoochehri	Special Advisor	Stockholm Environment Institute	In person
Ed	Mayo	Chief Executive	National Consumer Council (NCC)	E-mail
Nick	Monger-Godfrey	Head of CSR	John Lewis	In person
Amanda	McKenzie	Director of Brand Marketing	British Gas Residential Energy	By phone
Solange	Montillaud-Joyel	Associate Programme Manager	UNEP	By phone
Paul	Newman	Account Director	WWAV Rapp Collins	In person
Chris	Pomfret	Consultant and Senior Associate	University of Cambridge Programme for Industry	In person
Hamish	Pringle	Director General	Institute of Practitioners in Advertising	In person
MT	Rainey	Founder	Rainey Kelley Campbell Rolf	In person
Dean	Sanders	Chairman	GoodBrand	In person
Paul	Steedman	Policy adviser	National Consumer council	In person
Simon	Sylvester	Executive Planning Director	Young & Rubicam	In person
Marjorie	Thompson	Writer/consultant		In person
David	Thorpe	Head of Insights	Chartered Institute of Marketing	In person
Dan	Vennard	CSR Manager	Procter & Gamble	In person
Diana	Verde Nieto	Founder	Clownfish Marketing	In person
Andrew	Wade	Head of Strategy	Central Office of Information	In person
Stewart	Wallace	Director	New Economics Foundation	In person

Jim	Williams	Brand Asset Valuator	Young & Rubicam	In person
Sir Robert	Worcester	Chief Executive	MORI	In person
Zoë	Wrangler	Consultant	NCC	In person

Quantitative industry survey

A quantitative survey of marketing and other business professionals was conducted between 13 January and 3 February 2006 to test the hypotheses coming out of the literature review and one-to-one interviews. In particular, it sought a better understanding of the following:
 the personal and professional values of marketing and communication professionals as they relate to environmental and social issues;

- the extent to which employers encourage or discourage marketers from building responsible brands;
- whether or not the industry is structured in a way that helps marketers understand and influence the environmental and social impacts of their activities;
- perceived levels of demand among consumers for "responsible" brands; and
- perceived barriers to fulfilling such demand.

Quantitative methodology

Potential respondents were first sent a hand-addressed, personalised letter inviting them to take part in the survey and offering them the completed report as an incentive for participating. A total of 3,310 letters were sent to 543 agency staff and 2,767 people on the client side.

The letters were followed up with a telephone call to answer any questions and prepare the respondent for an e-mail version of the invitation, which contained a unique user code number and a link to a web-based survey. This code number enabled us to keep track of who had and had not responded so that we could follow up with those who had not yet completed their questionnaires.

Response statistics

As a result, we received 225 completed questionnaires, of which 144 responses were from people working in one of 112 different brands; the other 81 were from people working in one of 58 different agencies.

Overall, this yielded a response rate of 6 per cent among this notoriously research-resistant universe.

The results are deemed to be 95.46 per cent accurate, with a sample error standard of +/- 6.6 per cent.

See the tables below for further details of agency and client-side respondents.

AGENCY SECTORS/TYPES	%	GOAL	ACHIEVED	INVITED	% RESPONDED
Ad agency - full service	25%	16	17	76	22%
Media agency	20%	13	18	125	14%
Creative	10%	7	5	13	38%
Design	5%	3	4	10	40%
Experiential	10%	7	7	34	21%
Integrated/marketing	10%	7	7	10	70%
New media	10%	7	6	22	27%
PR	10%	7	17	253	7%
TOTAL	**100%**	**65**	**81**	**543**	

CLIENT SECTORS/TYPES	%	GOAL	ACHIEVED	INVITED	% RESPONDED
Vehicle	9%	12	13	258	5%
NGO	8%	11	14	128	11%
Energy	9%	12	8	54	15%
Travel	8%	11	10	174	6%
Fashion	9%	12	7	256	3%
Communications	9%	12	25	243	10%
Finance	5%	7	7	252	3%
Pharmaceuticals	9%	12	2	63	3%
Retail (supermarkets, fast food)	5%	7	12	328	4%
FMCG	20%	27	32	734	4%
Consumer electronics	9%	12	14	277	5%
TOTAL	**100%**	**135**	**144**	**2767**	

Job functions – agencies

In total, 16 board directors, 24 senior managers, 19 middle managers and 22 junior managers responded from the agency side. Following is a list of stated job titles:

Account Director
Account Executive
Account Manager
Associate Director
Brand Communications & Strategy Manager
Business Development Director
Business Development Manager
Business Director
CEO
Client Director
Copywriter
Creative
Creative Director
Deputy Chairman
Deputy Managing Director
Design Consultant
Design Manager
Designer
Graphic Designer
Group Account Director
Group Marketing Director
Head of Broadcast
Head of Marketing & New Business
Head of TV Implementation
Junior Designer
Account Director
Librarian
Managing Director
Marketing Director
Media Assistant
Media Executive
Partner
PR Executive
Production Manager
Project Manager
Senior Account Director

Director
Director of DRM
European President
Senior Art Director
Vice President

Job functions – clients

In total, 10 board directors, 59 senior managers, 71 middle managers and 4 junior managers responded from the client side. Following is a list of stated job titles:

Advertising Manager
Alliance Coordinator
Allocator
Analyst
Assistant Brand Manager
Assistant Merchandiser
Brand Manager
Brands Director
CEO
Chairman
Commercial Director
Communications
Communications Consultant
Communications Director
COO
Corporate Communications Director
CRM - Interactive Communications
CSR Advisor
CSR Manager
Customer Experience Manager
Digital Marketing Strategist
Direct Marketing Manager
Director
Director of Brand Communications
Director of Corporate Affairs
Director of Corporate Communications
Director of Marketing
Director of Public Relations
Divisional Manager
Director CSR
Environmental Manager
Ethical Policy Manager
Fashion Manager
Finance Manager
General Manager
Global Marketing
Global Medial Advisor
Group Brand Manager
Group COO
Group Publishing Director
Head of Brand & Advertising
Head of Brand & Marketing Communications
Head of Commercial Development
Head of Communications
Head of Corporate Communications
Head of Corporate Responsibility
Head of Digital Marketing
Head of Direct Marketing
Head of ITV Online
Head of Marketing
Head of Marketing & Communications
Head of PR
Head of Professional Marketing
Head of Sponsorship
Head of UK External Affairs
Innovation Manager
Internal Communications Manager
Managing Director
Marketing Communications Manager
Marketing Director
Marketing Manager
Media Relations Manager
PR Assistant
PR Manager
Principal Sustainability Advisor
Process Development
Product Manager
Product Marketing Executive
Relationship Manager
Retail Operations Director
Sales Controller
Sales Manager
Senior Account Manager
Senior Brand Manager
Senior Marketing Manager
Senior Media Officer
Sustainability Manager
Technical Solutions Director
Trade Marketing Manager
VP Creative

Appendix II: The Four Pillars of Brand Value

The BAV referred to in Chapter 3 uses a project called the Social Equity Study to inform its valuations. This study has polled more than 350,000 consumers in 47 countries to explore the public profiles of 19,500 brands. The BAV assigns values to a list of dozens of adjectives, based on the extent to which they describe each respondent's view of the brand being studied. It then builds a profile of the brand across four strategic pillars: differentiation[122], relevance[123], esteem and knowledge[124].

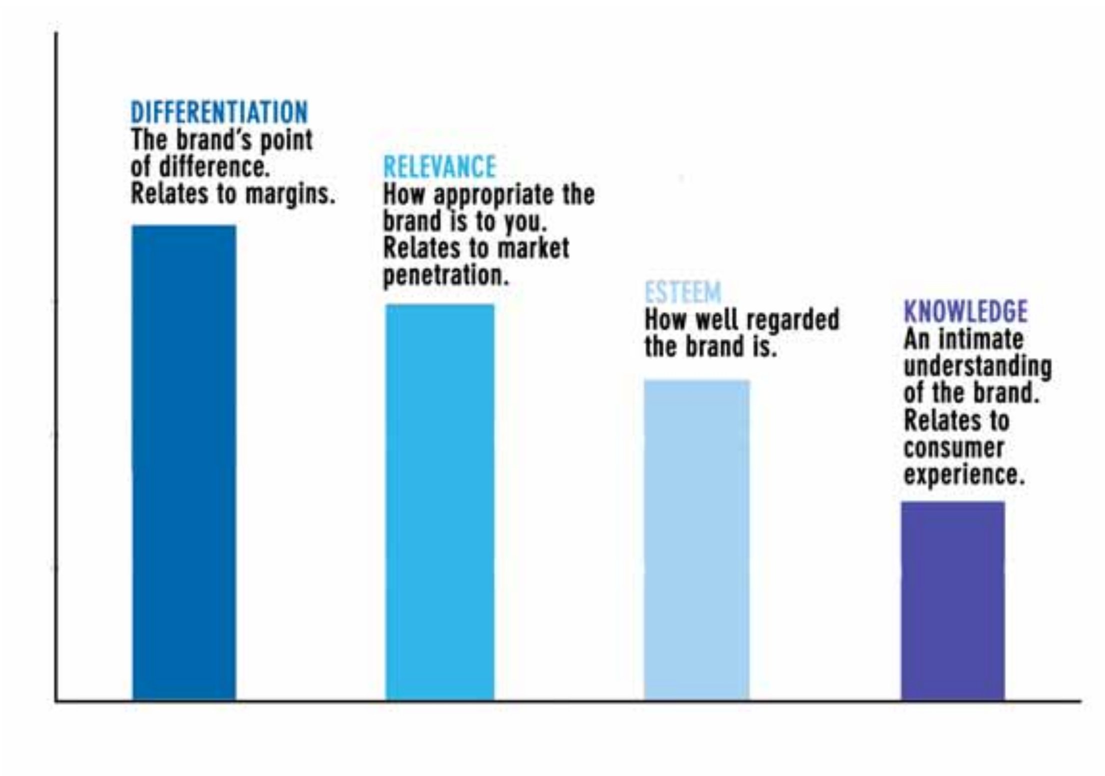

Figure 36: The four pillars of Brand Value[125]

Together, differentiation and relevance define a brand's strength in the market place. A brand that is clear about what it has to offer and why it is relevant to consumers' lives has a great opportunity to succeed. The third pillar – Esteem – recognises the importance of trust, without which any commercial contract is doomed. Without esteem, consumers do not engage with brands at an emotional level or trust them with their money.

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[122] Differentiation is the brand's point of difference *vis à vis* its competitors. If a product or service has a clear benefit over its rivals, it can charge a premium for that benefit. Differentiation is therefore important in enabling companies to grow their margins.

[123] Relevance relates to the consumer: the more relevant the brand to the lives of consumers, the more popular it will become. So while differentiation drives margins, relevance drives penetration. While differentiation can be created quickly by producers, those points of differentiation must still prove their relevance to people's lives. Relevance takes longer to establish than differentiation, and marks the next step in a brand's maturity. Relevance can keep a brand alive even after its points of differentiation have been eroded by competitive innovation.

[124] *Knowledge* relates to the consumer experience of the brand: did it do what it was supposed to do? Did it impress friends? Did it sit well with the customer's idealised self image…?

[125] Source: Y&R/GoodBrand.

In theory, marketers can influence differentiation, relevance and knowledge by guiding product development, brand positioning and packaging. In practice, many focus mainly on building esteem, through advertising and other forms of marketing communications.

Instead of preaching about the moral responsibility of business to further the goals of sustainability, this report exposes the considerable commercial potential of a new approach to business, based on the provision of more "responsible" mainstream brands. This potential comes from an increasing demand amongst mainstream consumers for their regular brands to come with environmental and social responsibility "built in". These consumers are not usually prepared to pay more or put themselves out to buy "green" or "ethical", but they do value these attributes as part of the brand package. Sustainability can act as a differentiator between mainstream brands, encourage loyalty and even change people's perceptions of themselves. To unlock this commercial potential, environmental and social values must be built into the DNA of mainstream consumer brands.

"This work by the WWF… should be an important part of the education of all aspiring Marketers."
Chris Pomfret

"This WWF report exposes the true meaning of value in modern economies. Until now, most companies have failed to recognize and align themselves with the deep shifts in personal values that are happening in our society, particularly with relation to environmental and social issues. Doing so is indispensable to long term commercial success."
David Blood, Founding Partner, Generation Investment Management

"This study approaches its subject in a novel, constructive and digestible way. The WWF approach shows a real understanding of the challenges and business motivators for everyone involved in brand management and all other aspects of marketing."
Sir Paul Judge, Master of the Worshipful Company of Marketors

With this report, WWF has issued a powerful wake-up call to marketers and presented a challenge to which marketers must respond. Backed up by a fresh set of valuable insights through new research, the authors propose a radical new role for marketing and advertising executives in the emerging economy of values.
Professor Melanie Howard, Founding Partner, The Future Foundation

Kleanthous and Peck have done Adland some real good by showing how agencies can help clients grapple with the complex issues that CSR raises for marketing. In "Let Them Eat Cake", they not only draw attention to the 'elephant in the room'; they show us how to make friends with it, instead of getting trampled.
Hamish Pringle, Director General, Institute of Practitioners in Advertising

This report can be downloaded from www.wwf.org.uk/letthemeatcake. To discuss the issues raised in this report and the further work WWF is doing in this area, contact Anthony Kleanthous, WWF-UK Global Policy Adviser. email: akleanthous@wwf.org.uk

The mission of WWF is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by:
- conserving the world's biological diversity
- ensuring that the use of renewable natural resources is sustainable
- reducing pollution and wasteful consumption

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WWF-UK

Panda House, Weyside Park
Godalming, Surrey GU7 1XR
t: +44 (0)1483 426444
f: +44 (0)1483 426409