

BREAKING
THE MOULDAMSRs
CONFERENCE 08

Marketing As Change Agent

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Marketing Under Scrutiny

Marketers & researchers connect with people in a way that no one else does. We spend our time digging around to find out what really matters to people – how they think & feel about things. Marketing & research allows us to learn how products & services connect with people's lives – their relationships, commitments & circumstances. So marketing has a huge influence on shaping our attitudes & behaviour around consumption. I believe marketing can be a change agent. Marketing has an opportunity to contribute positively to how we consume by helping people make better choices in what they choose, use & dispose of.

Yet marketing is being accused of misleading & even lying, with people consuming no longer trusting the big brands to the level they have in the past. These brands & the companies behind them are increasingly under pressure to take greater responsibility for what they produce & the way they market their products & services. Marketing is being accused of contributing to excessive consumption & its negative consequences – marketing itself is now coming under scrutiny for:

- Encouraging excessive consumption whether it's through binge drinking, super-sized meal portions, surging credit card debt, or craving the latest electronic gadget.
- Contributing to the waste crisis through the manufacture of resource intensive plastic products & packaging.
- Filling our bodies with fatty foods, excess sugar & salt, artificial additives & preservatives, & empty calories.
- Limiting the useful life-span of products by building in their obsolescence & so adding to the growing waste crisis.
- Generating advertising that deliberately targets young children with treats that encourage unhealthy consumption.

As Pierre-Olivier Beckers, President & CEO of Delhaize Group (a European grocery retailer with operations in USA, Europe & Asia) says, *"If we do not deal ourselves with the important issues of our sector, other people will do it for us."*¹ And John Corbett a former editor of *Grocers Review* says, *"With issues such as the Obesity Crisis staring us in the collective face, we must be seen to be acting ultra-responsibly. If we don't, we will be legislated and/or litigated into compliance."*²

Big brands such as: Nike, McDonalds, Nestlé, Shell & GlaxoSmithKline have been called to account over unethical practices. The companies behind these brands resisted change until it began to impact their bottom-line results. It took damaged reputations, public embarrassment & boycotting by people consuming their products, to finally propel them into action.

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As a result, these brands & others are beginning to include ethical considerations & are marketing their brands as more responsible, eg:

- Alcohol manufacturers are promoting responsible drinking.
- Weight-loss brands support an active lifestyle to counter obesity.
- Fast food companies are introducing salads & healthy options.
- Energy companies are promoting healthy homes.

People consuming are more demanding than ever before for brands to tell the truth. They increasingly want to know what the company behind the brand stands for & how their values translate into practices. Understandably, people have become increasingly suspicious of big brands. The bar has been raised with people examining what's going on behind closed doors: they're looking at how companies treat their employees, how they work with their suppliers & how they manage their production processes. People expect brands & the companies behind them to walk the talk – they must now demonstrate & prove their commitment.

Called To Account

People consuming are now able to mobilise as a community in a way that is far more efficient & effective than at any other time in human history through new communication channels such as the Internet, satellite TV, & niche magazines (eg: Adbusters). As we know, the Internet has sparked new mechanisms like social networking & contagious media where people align around shared beliefs. People consuming increasingly consider themselves stakeholders in brands, & know they can make a significant impact on brands & the companies behind them through their collective buying power.

As is well-known, Nike suffered significant public backlash over its use of sweatshop labour in Asia. The power of a mobilised community calling Nike to account was demonstrated in Jonah Peretti's contagious media against the brand. Nike launched a service on their website where people could customise their shoes with a word or slogan of their choice – it was intended as the ultimate in having the freedom to express who you are. Peretti asked for the word "sweatshop" to be stitched into his shoes. Nike refused, sparking a series of emails between Peretti & Nike. Peretti then forwarded his emails to friends. Friends forwarded it onto others & it eventually reached 11.4 million people around the world.

Peretti says, *"Although the press has presented my battle with Nike as a David versus Goliath parable, the real story is the battle between a company like Nike, with access to the mass media, & a network of citizens on the Internet who have only micromedia at their disposal... Unions, church groups, activists, teachers, mothers, school children & members of the US armed forces sent me letters of support. This contradicts Nike's claim that only fringe groups identify with anti-Nike sentiment."*⁸

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To their credit Nike appear to be making significant change to the very core of their business in order to rebuild confidence in their brand. Nike has been cleaning up its act by improving working conditions in its contract factories & reducing waste across the supply chain through design & production innovations. They learnt the hard way that being partly ethical or somewhat responsible is no longer enough.

Against the background of the obesity epidemic & concerns about nutritional value, food manufacturers are emphasising healthy ingredient content to try to influence people's purchasing. However if the product doesn't deliver on the claims it makes it is not only unethical marketing, the manufacturer is also now at risk of being called to account by regulatory bodies.

More recently in New Zealand, GlaxoSmithKline (GSK) was fined & ordered to undertake a corrective advertising campaign for breaching the Fair Trading Act, after admitting it misled people about the lack of vitamin C content in ready-to-drink Ribena. Quoting from the Commerce Commission, *"Packaging claimed that ready-to-drink Ribena contains 7 milligrams of vitamin C per 100 millilitres, or 44% of the Recommended Daily Intake. The Commission's testing found that ready-to-drink Ribena contains no detectable level of vitamin C."*⁴

Health claims have become big business & it is extraordinary that a multinational like GSK could get it so wrong. There seems to have been a lack of robust testing & systems to ensure the product was actually delivering on what it promised. However it raises a deeper question – if the product doesn't have integrity how can the brand have integrity?

The Public Good

So ethical issues & ethical marketing is now shifting centre stage. Of course, most marketers would make sure their brand doesn't harm people. Yet ethical marketing takes greater responsibility. I like a definition for ethical marketing from a UK marketing academic Ying Fan, where he says products *"should contribute to or help promote public good."*⁵ This is about products that make people's lives better. It's about doing the right thing & selling the right thing.

The boundaries of ethical marketing blurs across related areas such as: sustainability, social responsibility, green marketing & caring for the environment. Ethical issues are no longer the preserve of 'greenies' & 'lefties'. People from every spectrum of the political landscape are becoming more aware of & concerned about behaving & consuming in a more responsible way. It's evident with people taking greater personal responsibility for living more sustainably & ethically, & this is likely to continue to accelerate. It is showing up in the following ways:

- Opting for healthier & more ethical food options.
- Increasing physical activity to manage health & wellbeing.
- Introducing greater balance between work & life.
- A new appreciation for value & quality given cheap doesn't last.

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Ethical marketing is shifting from the fringe to the mainstream. The increasing prominence & success of niche ethical brands is highlighting the inadequacies of traditional marketing & suggests ethical marketing will have a big future. Two key developments have prompted this change:

1. Niche businesses driven by entrepreneurs who led their market with a vision & passion for developing & marketing a green brand. Ethics is embedded in their philosophy & approach from the very outset.⁶ So ethical marketing has a natural synergy with what these businesses stand for. Examples in the UK are The Body Shop as well as Green & Black's; & in NZ Comvita, Phoenix Organics & Ecostore.
2. Fringe protest driven by activists (or activist organisations) that have a vision & passion for digging for the truth, highlighting the impacts of excessive consumption, & calling big brands to account. Recent prominent activists include Naomi Klein through *No Logo* & Eric Schlosser through *Fast Food Nation*. Prominent activist organisations include World Wildlife Fund (WWF) & Greenpeace. And the Internet has become a pivotal channel in spreading & gathering a community around their message.

However the biggest impact contributing to the increasing prominence of ethical issues & ethical marketing has been the realisation that human activity is placing an unsustainable burden on the planet's natural resources & ecosystems. Unethical marketing of products & services has been blamed for contributing to unsustainable consumption. Just a few of the more prominent macro issues people are concerned about are:

- The dramatic rise in use & cost of energy sparking issues such as: climate change, depletion of natural resources, reliance on intensive transport, etc. Measuring & reducing the carbon footprint of products & services has become a hot issue.
- The obesity epidemic & associated chronic diseases prompting campaigns to improve nutrition & encourage physical activity. It's put pressure on the FMCG industry to reduce advertising to kids, restrict what's sold in schools, tighten food labelling & reduce unhealthy additives in products.
- An 'unfairness' & lack of transparency in food production has been a springboard for the rise in fair-trade & ethical products. It's reshaping the way people consume food such as: sourcing local, opting for less processing, Slow Food & self-sufficiency.⁷
- A waste crisis from excessive production of synthetic industrial & household products, as well as unsustainable waste disposal practices. This is prompting the demand for better recycling & waste management strategies for industry & households.

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This is all shifting the way people consume through a growing awareness that current levels of consumption are unsustainable & will have a significant impact on future generations. WWF have put together a substantial report on the relationship between marketing & sustainability called “*Let Them Eat Cake*”. They say, “*We have only one planet but are consuming as though we had three.*”⁸

Whole-Systems Thinking

It is easier for niche businesses driven by the vision of an entrepreneur to build ethical values & practices into the very fabric of their business from start up. It is a much bigger challenge for big brands & the companies behind them to introduce new ethical policies & practices within a well-established & often entrenched corporate culture.

The way companies are structured exacerbates the problem. Ethical considerations may clash with corporate culture & practice. Companies focus on the short-term: market share, sales, & shareholder returns. And executives are constrained by corporate culture, organisational structure, & KPI's.⁸ It's frequently a structure that doesn't support ethical values & practices; & it often has little attention on the long-term.

The 21st century reality is that establishing ethical values & practices is becoming critical to succeeding. Some significant companies such as Wal-Mart & Interface are beginning to rethink their business practices by applying whole-systems thinking. Whole-systems thinking realises natural resources are not infinite & takes responsibility for the by-products of production and consumption by finding ways to reduce & eliminate waste. Imagine what would be possible if industries such as: agriculture, FMCG, energy, transport & construction applied whole-systems thinking to their business.

As Rocky Mountain Institute (a non-profit organisation that works with businesses [like Wal-Mart] for more efficient & restorative use of resources) say, “*...governments, though vitally important, cannot solve all our problems. Today over half the world's 100 largest economic entities are not countries, they're companies. Corporations may well be the only institution in the world today with the size, skills, resources, agility, organization, & motivation to solve the toughest problems.*”⁹

Business leaders have the capacity to redefine what corporate responsibility means by bringing ethical thinking to the core of their organisations. As the late Anita Roddick founder of The Body Shop says, people consuming want to make ethical choices & it makes sense for companies to help them do that. She believed, companies must behave honourably & ethically, & live up to their responsibilities, “*To be part of the solution means bearing responsibility for the total impact of business operations – for the way in which employees are treated... & for the effect of the business on the social, physical & political environment in which it operates.*”¹⁰

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Marketing Can Initiate Change

Big brands in particular have the power to change things. As WWF says about the companies behind these brands, *“They control production processes, management practices & environmental impacts. They decide what products to make available, how, where & to whom. Their own messages – in the form of advertising, public relations, packaging & so on – heavily influence consumers.”*⁶ Marketing is in a unique position as it has the power to influence our attitudes & behaviour. It is the critical link between production & consumption.

WWF point out that there is commercial potential in developing ethical & sustainable brands. Ethics & sustainability can be a differentiator that changes attitudes & behaviour amongst people consuming, while also building brand loyalty. For mainstream brands, an ethical position could provide a strong platform to differentiate from competitors.⁸

However as Rita Clifton from Interbrand points out, marketers should be cautious of using ethics & sustainability *“as a cosmetic, stick-on label...it won't work in the long-term”*.¹¹ People consuming have already learnt to become suspicious of add-on promotional claims around health & nutrition (as Ribena demonstrates), & are beginning to apply the same screen to claims around ethics & sustainability.

People are starting to think about where their food comes from. The popularity of fair-trade products for example is accelerating with 22 NZ companies now licensed to carry the Fair Trade brand. A fair-trade coffee advocate that is *“...neither a tree-hugging hippy nor a placard-waving activist...”* says, *“The bottom-line is, you treat others the way you want to be treated. When I consume a product, I like to know that no one's being taken advantage of.”*¹² An ethical platform offers a way to stand out in an increasingly crowded market. With only 2% of fair-trade coffee in NZ supermarkets so far (it's 30% in the UK) the market is set to continue growing.¹³

Every day people are bombarded with more & more choices. They're harder to reach because their lives are so much busier. They're more distracted than ever before with the clutter of media to choose from. They've become suspicious (if not cynical) of research, marketing & advertising. And so it has never been harder for companies to build & sustain a brand. Consequently, in an era where ethics are more important than ever, we need to think differently. For some time now, marketers have focused on assessing & measuring brand value & brand identity, yet almost no attention has been given to brand ethics. This is not about ethics as an honesty or integrity add-on. This is about ethics that *“should contribute to or help promote public good.”*¹⁵

In the past, brand quality allowed companies to differentiate themselves from competitors. Brand identity enhanced people's self-image & status while also differentiating people from one another. In more recent times, brand experience allowed companies to create immersive emotional experiences that tap into people's inner life. However, now the next generation of branding promises to be brand integrity. People are no longer just looking for brand experiences; they're looking for brands to believe in.

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Marketers have argued that people consuming will not pay more for 'green' or 'ethical' products, yet people resisting paying more doesn't mean they don't value those attributes. It is time for the big brands to build 'green' and 'ethical' attributes into their products & into the entire brand package. As WWF point out, "...it will not be long before all brands have to be 'responsible' simply to remain mainstream players."⁸ WWF quotes a Unilever executive who says, "We believe – based on all the evidence & 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..."⁸

Rather than taking a reactive stance, marketing has an opportunity to contribute positively to our future consumption choices. Marketing can encourage people to choose, use & dispose of what they buy more thoughtfully. Marketing has the power to influence & shape our perceptions & behaviour for the future. So our discussion here on ethical marketing isn't just limited to green marketing – it goes deeper & beyond that.

As we have already witnessed over recent decades, brands have had a big impact on people, culture & society. The successful brands for the future might be the ones that stand for fundamental human & social principles – the ones that build their business around genuine & meaningful ethics – the ones that have brand integrity. This is about deeply thinking through what it is to be ethical & integrating that through every level of the brand.

Role For Research

So what does all of this mean for market researchers? It's already well-known that there's often a gap between what people consuming say they do & what they actually do. People tend to be idealistic & radical in their view about issues around ethics, caring for the environment & green (organic, fair-trade, etc.) products & services. Yet when it comes to purchasing, people make realistic & practical decisions.¹¹

The mainstream market still seems unwilling to change their behaviour &/or pay more for ethical products & services. UK researcher Richard Atkinson quotes a UK survey that shows 65% of people surveyed claim to only buy energy saving light bulbs yet in reality only 20% of these bulbs are sold. Also 76% of people surveyed say they recycle everything possible yet only 22% of UK household waste is recycled. On the surface it seems people don't sufficiently value ethical offerings.¹⁴

Yet people consuming are clearly aware of & repeatedly express concern about the unsustainable burden human activity is placing on the planet as well as the quality of life for current & future generations. I suggest people need help transitioning the 'gap' between what they say & what they do. That is, people need opportunities & support from marketers to change their behaviour. They can't do it on their own & look to 'experts' to help them bridge that gap.

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Our current consuming values & practices are highly geared towards unsustainable consumption. Brands & the companies behind them have a unique opportunity to take leadership & create new consuming values & practices geared towards more sustainable consumption. Atkinson points out that research shows many people are simply confused, “...*unsure how to lead a greener way of life...People in many cases like to make lower carbon choices, but our economy is structured towards high carbon behaviour...making green choices typically involves going against the grain.*” He says as researchers “...*we need to differentiate between situations where consumers are genuinely unwilling to make more environmental (or ethical) choices & those where (they are)...held back by the current realities of the sector.*”⁴

Finding ways to encourage ethical or sustainable consumption is not part of commercial market researchers' traditional tool-kit. Often people's response to change is that it's: risky, expensive, excessive or demands sacrifices. Commercial market researchers could learn a lot from social researchers. Social researchers are experienced in behaviour change & have the skills & tools to identify new contexts that might encourage people to change their behaviour. Through our work at QZONE we are learning that creating contexts for people that show how behaviour shifts might enhance their life is far more compelling than focusing on limitation. This is about helping find new ways for people to connect with a product or service, & providing a motivating process that supports people in evolving their behaviour towards ethical & sustainable consumption.

In QZONE work with a residential building brand, research revealed that choosing more sustainable & greener products was perceived as more complex & expensive. Homeowners (whether they are building or renovating) also believed it may compromise on product performance. High quality, proven performance & interesting design were perceived as far more compelling reasons than sustainability to choose one brand over another. A new context for change is required in order to persuade homeowners who are not already predisposed to choosing more sustainable & greener products. It means finding motivating ways for people to link a better home-life with sustainable & greener product choices. The residential building brand then becomes the expert in helping people create a better home-life 'experience' & is able to provide a process & tools to help them achieve that.

As market researchers we need to expand our thinking & tools, & delve deeply into ethical & sustainability issues to make a useful & valuable contribution to our clients. People consuming are looking for brands to believe in. Marketing (& research) has an opportunity to contribute positively to our future consumption choices by building more ethical & sustainable brands & supporting people to change their consuming behaviour. Making ethical choices doesn't have to be about sacrificing something. Telling people to make better choices doesn't work. We have to engage, involve & inspire people to make better choices.

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As Anita Roddick says, *"The old views of business as a jungle where only the vicious survive will, I hope, soon be giving way to a new view of business as a community where only the responsible will lead. If your values are heralded & if your heart is in the right place, if your feelings are recognised & your spirit at play, I believe there will be footprints out there for all of us."*¹⁰

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