

Editorial

The ethical opportunity

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Several years ago, I wrote a paper for the *JBM* entitled, 'Corporate Ethics & the New Commercial Paradigm'. I noted that while the concept of ethical behaviour in the commercial world was nothing new, it was fast becoming a hot topic and could usher in a new way of doing business. I hypothesised four reasons why I thought this was the case: the seemingly unstoppable rise of the multinational corporation; the ever more sophisticated spoilt-for-choice consumer; the power of pressure groups and the drive and ambition of some of today's most successful brands.

We appear to have now reached the environmental and social tipping point, something that confers a huge responsibility upon marketers, and creates, at the same time, a huge opportunity. I'd like to expand upon three reasons why.

First, from a consumer perspective, ethical concerns are finally the mainstream. Research we have done at Added Value has identified four fast-growing consumer trends.

Healthy Awakening is the behaviour of a new generation of mums and others who may not have previously had health issues on their radar, but who, with the plethora of health and obesity scares and the strong media focus—from Jamie Oliver's 'School Dinners' to Gillian McKeith's 'You Are What You Eat'—have woken up to the issues. They feel responsible for the health of their whole family and are now scrutinising labels, increasingly buying organic (the UK's Tesco experienced 30 per cent organic growth last year¹) and choosing superfoods to

maximise mind and body potential. Importantly, this new curiosity has bred a greater awareness of the food chain and the interrelationship between what we eat and the state of our planet. They opt for the likes of Innocent, Rachel's Organic and The Food Doctor, which have environmental impact at the heart of their brand promise.

Empathising, formerly polarised between the behaviour of militants or local community do-gooders, has become a broader church. Many consumers have moved beyond a sense of guilt to identification and solidarity with others less fortunate. These consumers feel empowered by taking positive action to help people in plight by giving to Oxfam, or buying Fairtrade, or shopping with their Save the Children credit card. Local community efforts are also part of this. Their small but constructive steps reinforce their sense of personal integrity.

Ethical Badging is about buying ethical because it makes you feel chic, trendy and noble. The brands and products ethical badgers choose are typically of excellent quality; they are often more expensive, but these consumers believe they are worth it. Brands that appeal to them are the likes of Green and Black's, organic Fairtrade Maya Gold chocolate bars, and the Ethletic: a Converse-inspired shoe made with environmentally certified materials. They shop with their Red Amex card, promoted by Bono, which gives a percentage of each purchase to the Global Fund to fight AIDS. These consumers want to make a statement and be seen to be making it.



EWOL—the Ethical Way of Life behaviour is perhaps the most complex, touching on many aspects of consumers' everyday lifestyles. It begins by an increased sensitivity to the environmental impact of personal actions, and then transforms into behavioural changes. *EWOLers* begin by turning off the lights, recycling, minimising water usage and then take it further, integrating their carbon footprint into their mindset, seeking out alternative energies, etc. They like brands such as Worn Again, which makes footwear from recycled materials, and responsibletravel.com, which offers environmental tourism. They'll get their fruit and vegetables from Organic Connections and power from the likes of Ecotricity or Green Energy UK—a green reusable energy supplier with a unique share scheme where consumers become partners in green investment.

Secondly, the rest of the organisation can't be trusted with the ethical agenda. There are huge risks that they will leap on the bandwagon and land the organisation in dire straits. At worst, you could have a commercial catastrophe on your hands, as experienced by the likes of Nike and McDonalds, who saw a long-term collapse in their share price following rows over labour practices and unhealthy eating.

Thirdly, this is a real opportunity for marketers to influence the organisation. An Executive Marketing Director has both a functional responsibility for understanding consumers and building brands, and a legal responsibility to maximise return to shareholders. Squaring these two responsibilities is a real challenge—but the ethical debate, and what happened to Nike and McDonalds, means that shareholders are more open than ever before to the kind of ethical initiative the retailer Marks & Spencer has just taken in the UK.

Businesses commonly face five challenges in setting and following an ethical agenda:

1. *'We've tested ethical ideas, and whilst consumers say they're interested, they just don't buy'*. This is meat and drink to marketers—of course, consumers won't buy a green washing powder if it doesn't clean clothes. But if it functions as well as its competitors, that additional reason to buy, sensibly communicated, can make all the difference to consumer choice.
2. *'Everyone is doing it nowadays. We don't want to just jump on the bandwagon'*. The basic rules of marketing apply here. Do it first, or do it better. And leverage your current brand positioning, rather than changing fundamentally what your brand stands for.
3. *'How can I risk it, when the company is not 100 per cent clean'*. First and foremost, don't overclaim. You may not want to claim anything at all, at least for now, but that doesn't mean you can ignore the ethical agenda. Be honest. Admit your weaknesses. Engage with your critics. Set targets and show progress. All things Marks & Spencer has set out to do; but as I suspect they know, the hard work starts now.
4. *'It's so hard to change a big company'*. True—but is that a reason to limit ourselves to the comfort zone of television sponsorship and trader promotions? If the likes of Pepsico—who have an ambition to have half their revenue coming from 'better for you' or 'good for you' products within five years—can take on the challenge, why not you?
5. *'How do you engage with consumers without overpowering them, or risking distrust?'* Again, don't overclaim, and apply good marketing principles. Be



succinct, single-minded, focused on the end-benefit and—above all—subtle. Our task, as it always is, is to lead consumers to the right conclusion, without ramming it down their throats.

Ethical, then, is a huge topic for marketers, and will only grow in importance. And there are three reasons why we must embrace it:

1. Consumers are demanding an ethical agenda.
2. This issue is too important to be left to others in the organisation.
3. And this is an opportunity for marketing to reassert itself at the heart of an enterprise's decision making.

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Reference

- (1) Added Value Branding For Good Research.