Ethics, consumers and business – the new norms

Bell Pottinger Group

Communiqué

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Ethics, consumers and business – *the new norms*

Kevin Murray, Chairman, Bell Pottinger Group

The debate on whether "ethical spend" declines in a recession is in full flow. Are consumers still making ethical choices? Has the recession had an impact?

In almost every walk of life, we sense that the world has been re-set. The recession, the explosion of technology, the social revolution – all have combined to create a perfect storm of change. For governments, businesses and brands, there is a new normal. But what is it?

What are the facts on how people are behaving with their ethical money today? What do they expect of brands, and how do they feel about authentic ethics? Is there a danger that corporate social responsibility becomes so patronising it deters people?

Liza Lort Philips, of Corporate Citizenship (a Bell Pottinger Group company) reveals the facts in this article for our group Communique.

Our latest research into ethical consumerism has some powerful messages for business leaders. The survey suggests that two thirds of us in Britain are working up an ethical ladder towards some form of enlightenment and putting our wallet where our values are.

Three quarters of us want more (or better) information from brands about what they're doing to be responsible. A clear message, then, for brands looking for ways to stay ahead of the game.

These are polarised views on about whether 'ethical spend' has taken a hit when we have been in a recession. For every statistic that suggests it has, another can be found to suggest the opposite is the case. Witness headlines in both the Guardian and The Times in the same week recently: From the former, 'Recession takes bite out of ethical retailing', from the latter, 'Recession fails to dent shoppers' ethical beliefs.' Is it any wonder we are confused!

It would be foolish not to acknowledge that consumers, now more than ever, place a premium on price as the key driver for purchase. But, it is equally clear that at a time when 'trust is bust', people are also looking for something to restore their faith in business and brands. We're confident of this because, in an attempt to dispel some of the confusion, we've done the research that reflects this. But we're equally clear that this is not just about consumers. There are other key agents at work that corporates have known for years, but that many brands are only just beginning to wake up to: regulators, activists and a new generation of 'eco-journalists' and bloggers.

Regardless, it's consumers that marketing managers are programmed to listen to first. In our poll of over 2000 people across the country, we explored overall attitudes to brands and social responsibility. We looked at the impact of different sorts of action by brands on willingness to trial, sense of loyalty, and willingness to pay. We also conducted focus groups with 'main shopper mums' (30-50) and young professional women without children (22-35).

What's clear is that there is a hunger for more, or better information, from brands on their ethical credentials. Notwithstanding the cynicism about green-wash, most people (70%) value brands that tell them what they're doing on sustainability. We see a 'ladder of commitment' from the 22% we categorise as our 'Cautious' consumers (who might recycle the odd plastic bag but not much more), to our 18% 'Committed', at the other end of the spectrum, who get involved in a wide range of activities including boycotting brands, buying Fairtrade, local or organic produce). The big chunk in the middle (the 'curious' and 'concerned', representing 33% and 26% respectively) are showing sporadic and/or growing interest in voting with their wallet.

Who are these people? It may come as no surprise that the further up the commitment ladder you move, the greater likelihood of being older, more educated, female and having more disposable income..but 40% of this group are still male. Correspondingly the majority (57%) of our 'cautious' category of consumers are male, many of whom are younger and have less disposable income.

Another important finding here is that the further up the 'curious, concerned and committed' ladder they go (who, grouped together, represent 77% of the population) the more information they want to hear from brands about what they're doing to be responsible. This does not, however, negate the importance of price, which remains a key driver for most.

The other big finding here, is that in testing a range of ethical claims that brands make, consumers are substantively more interested in brands that deal directly with impacts that are material to the product/service they make or provide. Conversely, they are less impressed with brands that make opportunistic links to issues or causes of less, or passing, relevance.

This means that high profile emotive campaigns by leading FMCG brands (e.g. water for Africa, vaccines for babies) can create an initial positive impression, but when considered more fully, are viewed as making a cynical ploy to boost sales and may ultimately backfire. On a well known water brand..: *'It feels like it's quite aggressive and says "Come on, keep buying water, because you know you're helping someone in Africa." On nappies: "it's kind of emotional blackmail. If I don't buy [X brand] a whole bunch of children are going to die. That's how that comes across to me and I find that really patronising."*

So is this, then, 'the New Normal' for brands? If so, there are plenty of messages here for those that want to get ahead of the game. Not least, a genuine opportunity to be had if they do their homework, get their house in order, find the right sustainability 'fit' for their brand, and tell their story in an open and honest way.

"Consumers are less impressed with brands that make opportunistic links to issues or causes of less, or passing, relevance."

After years of working at corporate level on these issues, we have developed a simple methodology to help brands identify their sustainability 'gene.' We call it Citizen Brand. It's designed to equip brands with the information they require, and the judgments they need to make to build the evidence and the story into their existing brand DNA, and, critically, to do so credibly.

Competitive advantage for brands is no longer just about conventional marketing issues such as price, product and availability. It's increasingly about making an ethical promise and keeping it. The big issues of the day (climate change, ethical sourcing, food security, obesity, packaging waste) are here to stay. In an era of price cuts, discounting, aggressive 'switch and save' tactics by retailers, these are the areas that will become competitive differentiators. Price and promotion alone might be enough to get you into a shopping basket today but won't enough to keep you there tomorrow. By becoming a Citizen Brand, we believe you stand a far greater chance.

And even if you're one of those who believes that the role of the ethical consumer market is over-stated, you might be right, but there's a parallel here with those who remain sceptical of the science behind climate change; it's complex, there are many factors at play, and plenty of research that contradicts, but the end conclusion for marketers is the same: the weight of evidence is there; isn't it better to invest now and be prepared, rather than gamble, do nothing, and pay a greater price if you're proved wrong?

Liza Lort-Phillips works at Corporate Citizenship, a specialist consultancy that advises companies and brands on a wide range of sustainability issues. Liza is the creator of 'Citizen Brand.'
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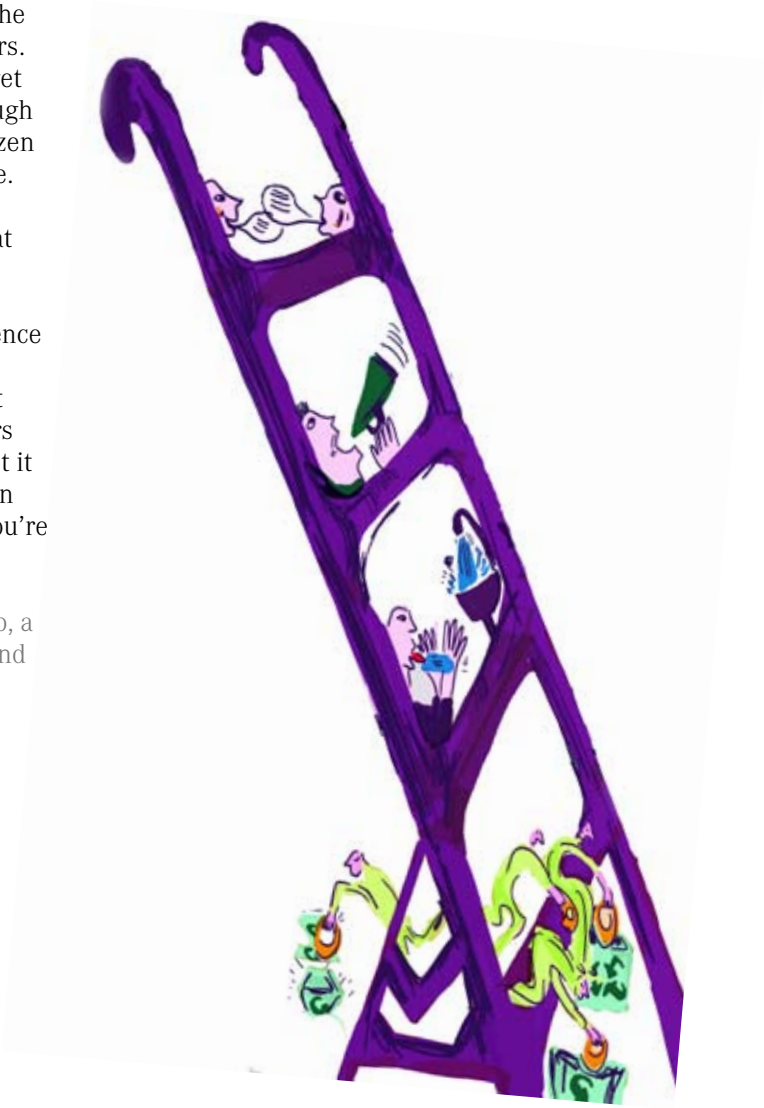
What is a Citizen Brand?

- *A brand that **understands** its full impacts (well to waste, farm to fridge)*
- *A brand that **seeks** to proactively take ownership over those impacts*
- *A brand that **recognises** there are both risks and rewards*
- *A brand that **listens** to a wider audience than just its consumers*
- *A brand that **knows** that leadership is not just about market share*



Bell Pottinger Group

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