An examination of the history of ethical branding: Investigating its challenges and future role in Western Consumerism

Stefan Dzisiewski Smith

Industrial Design Engineering MA

Word Count: 9203

Table of Contents

What Is Ethical Branding?..3
Ethical Business..6
Branding..11
What The Brands Did Next...16
Ethical Branding..19
The Trouble With Ethical Branding...21
Bibliography...25

What Is Ethical Branding?

Ying Fan's seminal 2005 paper Ethical Branding and Corporate Reputation found that "No business ethics books have been found to have reference to branding while leading branding texts have made no reference to ethics"[1]. This encouraged him to investigate the conceptual links between ethical branding practice and corporate reputation. Similarly, a Google search for the complete phrase "history of ethical branding" returns no hits[2]. Whilst by no means a complete measure of the sum-global knowledge, it is a good indicator of the lack of academic material in this domain. An obvious starting point would be to ask the question: "What is ethical branding?". To be clear, we must first define the meaning of both the words "brand" and "ethics". Much has been written on the subject of branding in its history. However, this large volume of information leaves the word itself confusing and ambiguous to the reader. The American Marketing association defines a brand as: "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and differentiate them from those of competitors"[3]. This is a useful definition, but focuses somewhat on the medium of brand communication – something inherently variable. The very essence of branding itself is not constrained by such measures. It was perhaps more succinctly described by Walter Landor when he said "Products are made in the factory, but brands are made in the mind"[4]. Whilst trite, this slogan helps us understand the true role of branding – the attempt to associate a number of cognitive responses with a product. They become every part of the purchasing experience which is not a direct result of the product itself. Modern brands, therefore, stand to differentiate their products from their competitors by any means appropriate to the response they wish to elicit.

The precise meaning of the word "brand" also depends significantly on the perspective from which it is considered – its significance and value differ greatly between brand owners and consumers. This is critical in understanding the interplay between what consumers believe a brand stands for and how business uses branding to achieve its own goals – a difference between the internal and external meaning of a brand. To a capitalist corporation, a brand must add value to a business operation – that is to say that the effort required to develop and maintain a brand must be rewarded with business opportunities equalling or exceeding this effort. This is a

1 Fan, Y – 'Ethical branding and corporate reputation' in **Corporate communications: An international journal**, vol. 10, no. 4, 2005 pp. 341-350
2 http://www.google.com (29th September 2008)
3 Kotler (2003) quoted in Fan (2005)
4 Landor website, quoted in Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 195

statement of common sense – profit-making corporations exist to create and maintain that profit. To a consumer, brands stand for a huge number of intangible, yet valuable, attributes. For example, in the eyes of MacDonald's executives, its restaurants are "a family place"[5]. To MacDonald's, this image gives it a business opportunity to appeal to a large market segment comprised of families looking for something to eat but only if shared by the consumer. To families, however, MacDonald's might represent somewhere convenient to stop for a toilet break, somewhere to eat where the children are bound to be entertained or simply a place to feed a family cheaply on the move. It represents familiarity and reliability – the consumer knows what to expect and this minimises the risk of disappointment when choosing to eat there. These differences between the projected and perceived brand can make or break the success of any branding exercise.

To define ethics correctly in this context is also challenging. Ethics is a broad and diverse subject, within which marketing ethics (as applied to branding) is a subset of business ethics which in turn is a subset of the subject as a whole[6]. By defining business ethics as "the moral justification of economic systems and practises, the responsibilities of businesses and corporations, and the rights of workers"[7] it becomes possible to assess how branding activities (which can be as diverse in nature as their aims) express themselves within the three elements of this framework. Whilst many different ethical theories exist (which will not be investigated in detail here) it is imperative to note that much as with the definition of branding, perspective is critical to an insightful understanding. Complex dilemmas are faced daily by everyone and are dealt with individually and highly subjectively – only at the point of lawlessness is ethical consideration dictated. Since this implies that there are no absolute standards by which all situations are judged – even by the same person – it is key to note that the reaction of the consumer population can be considered the most significant metric by which a corporation may obtain feedback on its ethical practice. After all, without consumers, a corporation has no purpose – even if the consumers reaction to a situation flies in the face of expected behaviour generally accepted theory.

Both ethical consideration of business practice by the general population and the exercise of branding by business have separate and long histories. It is only in recent times that these phenomena have crossed paths and hybridised to the extent visible on the high street today. In the next section, I intend to give a history of the development of each, highlighting salient points and showing how their convergence was shaped by global

5 John Heilemann, 'Annals of Advertising, ALL EUROPEANS ARE NOT ALIKE' in **The New Yorker**, 28th April 1997, p. 174
6 Martin, 1985 quoted in Fan, 2005
7 Bowie, R, **Ethical studies**, Cheltenham: Nelson Thornes, 2004, p. 226

socio-economic factors. This history is in no way complete, but instead gives context to an analysis of the present practice of ethical branding and a consideration as to its future role in global business.

Ethical Business

The industrial revolution of the 19th century gave rise to the manufacturing processes which allowed humankind to build the world we inhabit today. A shift from craft-based industry to mass production methods centred around the use of coal and water to power a novel wave of machines designed to standardise, cheapen and speed up the production of goods. D.S. Landes summarised the three principles of the revolution as “the substitution of machines – rapid, regular, precise, tireless – for human skill and effort; the substitution of inanimate for animate sources of power... thereby opening to man a new and almost unlimited supply of energy; the use of new and far more abundant raw materials, in particular, the substitution of mineral for vegetable or animal substances”[8].

Unsurprisingly, this dramatic shift in manufacturing practice met with immediate contemporary criticism. A group called the Luddites were amongst the first activists against this paradigm shift. Formed of skilled textile artisans opposed to the use of machines to drive down labour costs and produce (in their opinion) inferior goods, the Luddites attacked and destroyed many mills in the north and midlands of England[9]. John Ruskin wrote in his highly influential essay Unto this Last that “the idea that directions can be given for the gaining of wealth, irrespectively of the consideration of its moral sources ... is perhaps the most insolently futile of all that ever beguiled men through their vices”[10]. In broadening the sphere of its influence, capitalist industry had also broadened the scope of expectation placed on its behaviour.

Benjamin Seebohm Rowntree, of the well-known Quaker family’s chocolate company was acutely aware of the effect of industrialisation on the quality of life experienced by the poorest worker at his factories. In 1901 he published Poverty, A Study of Town Life – an investigation into living conditions of the poor in York (where his business was located). Every working class home was visited and data on living conditions meticulously collected. His main aim was to determine a “poverty line” in terms of the minimum weekly sum of money "necessary to enable families... to secure the necessaries of a healthy life"[11]. Whilst perhaps not the first instance of ethical consideration of the consequences of changing business operations, it is significant in that it was

8 Landes D S, **The Unbound Prometheus: Technological Change and Industrial Development in Western Europe, 1750 to the present,** 1969 quoted in Hudson P, **The Industrial Revolution**, Oxford: Oxford University Press, 1992, p. 23

9 Extract from Binfield, K, ed., **Writings of the Luddites**, Baltimore and London: The Johns Hopkins University Press, 2004 accessed at http://campus.murraystate.edu/academic/faculty/kevin.binfield/luddites/LudditeHistory.htm (1st October 2008)

10 Ruskin, J and Wilmer, C, **Unto This Last And Other Writings**, London: Penguin Classics, 1985, p. 187

11 Quoted in Coates, K and Silburn, R, **Poverty: the forgotten Englishmen**, London: Penguin, 1970

renowned by contemporaries and influenced David Lloyd George (then Prime Minister of the United Kingdom) in the introduction of the Old Age Pensions Act (1908) and the National Insurance Act (1911)[12]. Critically, this linked three key parties in ethical business consideration – the protesting proletariat, the corporations themselves and legislators in the form of government.

Rowntree's work was focused on the effect of changing production practise on the welfare of workers, but other negative consequences of mass-manufacture were starting to change the very landscape in which they nestled. The burning of coal to provide the majority of the power to run machines in the new factories was producing toxic smoke which poisoned the sky into which it was released. Ruskin commented negatively on this early effect comparing England's skies painted by contemporary artist Turner to those of (at the time) unspoiled Italy. “No Venetian ever draws anything foul; but Turner devoted picture after picture to the illustration of the effects of dinginess, smoke, soot, dust and dusty texture”[13]. At the time, the longer-term climatic effects of such pollution were not well understood, but the idea that polluting the environment from which the new factories drew their natural resources was abhorrent to many and expressed in different media by both artists and writers. It represented more of an attempt to reintroduce the value of the animal and vegetable resources that the revolution was trying to supplant with mineral alternatives than a scientific protest against irreversible change.

In the earliest days of the Industrial revolution, population was booming and demand frequently exceeded supply – hence manufactured products practically sold themselves. Henry Ford famously offered consumers the choice of “any colour [of motorcar] they want so long as it's black”[14]. The cars sold themselves because of their abundance and low cost. The lower costs which allowed the masses to afford goods previously not available to them blinded them somewhat to the effects of industrialisation. Ironically, it was the wealth being accrued by the factory owners and other benefactors of the new manufacturing techniques which funded the middle class desire for new products.

The underlying problem was that of the new production ethic – greater efficiency in terms of large-scale production and a capitalist effort to seek the lowest manufacturing cost in order to maximise profit in a more competitive market did not include consideration of the side-effects such efforts might cause. All of the reform

12 http://www.spartacus.schoolnet.co.uk/RErowntreeS.htm (20th September 2008)
13 Ruskin, J and Wilmer, C, **Unto This Last And Other Writings**, London: Penguin Classics, 1985, p. 146
14 Senge, P M, **The Fifth Discipline**, London: Random House, 1990, p. 58

and consideration of ethical behaviour shown above occurred as a reaction to protestation by various parties against the outcomes – not as part of a long-term view to sustainable business. As mass-production boomed and spread globally through the twentieth century, it was largely the external effort of governments and activist groups which changed corporate behaviour – not internal forces. Increased scales of production had given business the power to "stack them high and sell them cheap", but it had also forced them to listen harder to the general public.

One of the key players in forcing business to listen to the voice of ethical reason in recent years is Greenpeace. Formed in 1971 as a response to US government nuclear testing in Alaska, Greenpeace aims to "ensure the ability of the earth to nurture life in all its diversity"[15]. Its activism focuses on the environmental impact of big business as opposed to the humanitarian plight of its workers and has been a proponent in highlighting environmental indiscretion to the world's media. One of the groups most significant contributions came in 1995 when Shell made clear its plan to tow the redundant Brent Spar oil storage platform out into the Atlantic Ocean and sink it. Although this was not illegal (and in fact had the backing of the contemporary Conservative Government[16]), Greenpeace claimed that the rig should be towed back to shore and recycled with due attention paid to the disposal of oil residues left inside. Some debate remained over whether the land disposal option was truly the best environmental option – the possibility of shallow-water breakup of the rig and the increased danger posed to the workforce were cited as negative consequences of this plan[17]. Shell also cited the difference in cost - £43 million for land disposal as opposed to £4.5 million for sea-dumping[18]. This turned out to be a badly misjudged approach by Shell.

Greenpeace had been successful in portraying the $350 billion per annum company as a lazy eco-tyrant whose focus on the bottom line was truly myopic when considered from an environmental standpoint. Media coverage of protests by Greenpeace and activists inspired by them helped this image persist and eventually Shell were forced to take the more expensive option due to increased pressure from boycotts and attacks on its premises (including the fire-bombing of one of its petrol stations in Hamburg, Germany). Additionally, the furore caused by the event forced European nations to ban offshore dumping for oil rigs in July of 1998[18]. This again highlights the importance of the interaction between the three main stakeholders in corporate behaviour – the businesses

15 http://www.greenpeace.org.uk/about (30th August 2008)
16 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 380
17 The Independent, 4th July 1996
18 BBC News, 25th November 1998 accessed at http://news.bbc.co.uk/1/hi/world/europe/221508.stm (1st October 2008)

themselves, their consumers and legislators. It also introduces another powerful player in the way such issues are perceived by the consumers – the broadcast media. High media coverage lends power to activists and ethical issues are of universal concern therefore attracting large amounts of media attention, making them harder for corporations to avoid.

Labour issues have also continued to provide large corporations with ethical blind spots. Particularly in the clothing industry, the conditions of garment workers have hit the media and caused a great deal of embarrassment to the

corporations for whom they produce. 1995-96 was dubbed the "year of the sweatshop" by Andrew Ross, a period when many large brands had the source of their low prices and high profits exposed[19]. Gap, Wal-Mart, Guess Jeans and Disney all suffered at the hands of investigative journalism. The British printed media have documented ethically dubious conditions at factories used by Asda, Tesco, Marks and Spencer, Mothercare, H & M, Gucci and Disney, to name just a few [20] [21] [22] [23]. The BBC recently aired an investigation showing disturbing images of children producing garments for Primark on sale for just £4 being paid massively below a living wage [24]. In addition, some of the clothing was being produced outside of factories (where no control can be maintained on working conditions) and even in a refugee camp for people fleeing the civil war in Sri Lanka. Again, the media had played a key role in bringing the plight of the people behind prolific cheap goods to the attention of the public.

The reaction from exposed companies has been mixed. Some, like the Gap admit that they realise they have problems ensuring the production of their clothes always takes place to acceptable ethical codes of conduct[25]. Others, like Marks and Spencer have said (over allegations of scandalously low pay) that since "there is no legal or industry-agreed" definition of a living wage in India that its production there is to their satisfaction[21]. There are strong similarities between these sweatshop scandals and the Brent Spar debacle. In the majority of cases, no law has been broken – and when it has, businesses are quick to rectify the situation for fear of legal engagement by activist groups. The issue here is the interest shown by the world's media (and by inference the general public) in the ethical consequences of global business. The difficulty for the companies is that by outsourcing

19 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 327
20 The Sunday Times, 23rd December 2007
21 The Guardian, 3rd September 2007
22 The Independent, 14th September 2007
23 The Sunday Mirror, 2nd December 2007
24 **Panorama's Primark: On the Rack**, broadcast 23rd June 2008
25 http://news.bbc.co.uk/1/hi/magazine/7468927.stm, (23rd June 2008)

labour they lose some level of control and communication between their proxy workforce and management. But without this they can't afford to give consumers the cheap goods they demand.

Branding

The birth of the brand was a little later than that of corporate social responsibility. However, it relied heavily on the same spark which caused the former – the birth of the factory. Before it was possible to produce large numbers of identical goods and distribute them amongst a population, choice was limited. Goods were bought either directly from small-scale producers or through local outlets selling what was locally available. Once factories started to flood markets with mass-produced and near identical goods, alternative choice grew. But the very sameness which allowed this choice to be made available showed little obvious differentiating qualities between one manufacturer and another. However, for mass-production to lower cost through economies of scale, sales volume must be high. Manufacturers were forced to compete with branding – intangible image-based difference had to be produced alongside each product and sold as the key differentiating factor.

The 1880s saw corporate logos introduced to mass-produced products such as Campbell's Soup, H.J Heinz pickles and Quaker Oats cereal[26]. Design historians and theorists Ellen Lupton and Albert J. Miller noted that "familiar personalities such as Dr. Brown, Uncle Ben, Aunt Jemima and Old Grand-Dad came to replace the shopkeeper who was traditionally responsible for measuring bulk foods for customers and acting as an advocate for products... a nationwide vocabulary of brand names replaced a small local shopkeeper as the interface between consumer and product"[27]. This was the critical coup of branding – not only that products could be differentiated and identified without changing the product itself, but that the role of applying a reputation and associated quality to a product was now in control of the corporations – separate to the actual delivered content.

But the association between food and emotion preceded the brand by an infinite stretch. Who has not longed for home cooking, comfort food on a cold, miserable day or to rekindle childhood memories of an ice-cream on the beach? Branding took hold of these emotions and used them to its own end, to encourage consumers that their own, individual emotional connection with food could be captured and supplied by a distant third party, but it did not initially create new association purely through its own activity. This was not far away, however. New products such as the motorcar already had a unique selling point – brand new ways of doing things, innovative technology and a feeling of being an active part of the future. But those involved in marketing saw that the

26 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 6
27 Lupton, E and Miller, A J, **Design Writing Research: Writing on Graphic Design**, 1996, p. 177 quoted in Klein, 2005

opportunity to associate technological products, in themselves devoid of inherent emotion with designed and stylised cognitive response was just too good to pass up. 1920s advertising pioneer Bruce Barton encouraged General Motors to start telling the “stories about the people who drove its cars – the preacher, the pharmacist or the country doctor who, thanks to his trusty GM, arrived 'at the bedside of a dying child' just in time 'to bring it back to life'”[28]. None of these people necessarily existed, but none of them had to – they lent context and a sense of achieving greatness to a machine which currently kills 1.2 million people per year and injures some forty times more[29].

As this new type of corporate control (removed from the shop owner) took hold, more and more products underwent significant brand promotion and development. Brillo pads, Campbell's Soup and Coca-Cola all went on to establish themselves so prominently in the public consciousness that in the early 1970s Andy Warhol saw fit to treat them as items of modern idolisation and immortalise them further by 'transforming' them into iconic works of art. In all of this brand-building, however, competition was starting to take its toll on the weary consumer market. The problem was super-saturation – traditional advertising, be it in the form of posters, television or radio was bombarding the consumer with so much information that no longer did all of it stick. The magic touch, that branding had handed the corporations a license to write their own fairy stories behind their products, was wearing off. Corporations needed a new way of reaching their audience, a new way of telling their stories and getting people to listen. As David Lubars put it some years later, consumers are “like roaches – you spray them and spray them and they get immune after a while”[30].

With no method to solve the problem of getting your brand recognised above the seething mass of others, big corporations did what only they can and used their large financial resources to throw money at the problem. Between 1980 and 1990 advertising expenditure in the US went from $55 billion to $130 billion[31] (136% growth) – during which period its GDP grew just 37%[32]. Instead of changing tack and looking at new methods of promotion, they simply intensified operations in their current modes of engagement. Of course, this approach brings upon the companies the law of diminishing returns – the more they try to add to a saturated advertising space, the more they have to do to get that next percent of market share. The net result of this was what is

---

28 Klein, N, **No Logo**, London: Harper Perennial, 2005, p.7
29 Peden M, Scurfield R, Sleet D et al. (eds.), **World report on road traffic injury prevention**, World Health Organisation, 2004
30 Ono, Y, **Marketers Seek The 'Naked' Truth In Consumer Psyches** in the Wall Street Journal, 30th May 1997 quoted in Klein, 2005, p. 9
31 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 11
32 Data interpreted from http://www.data360.org/dataset.aspx?Data_Set_Id=354 (31st July 2008)

sometimes referred to as “Marlboro Friday” in marketing circles. On 2nd April 1993, Philip Morris (owner of the Marlboro cigarettes brand) announced a 20 percent cut in the cost of all its cigarettes in order to try and recover some of its market share which was being taken by competing budget brands[33]. The stock market response was dramatic. Stocks in Coca-Cola, Procter and Gamble, Disney, Heinz, RJR Nabisco and Quaker Oats took substantial hits[34] [35]. The interpretation was that if the power of premium brands such as these had been reduced to competing as commodity goods then the power of branding itself had diminished – the magic was gone. This was partially fuelled by the low levels of economic growth in the US at the time causing shoppers to be more price conscious[36].

The response from many corporations was predictable as they followed one another blindly in simply reallocating funding from branding exercises to discounting promotions. This commodification of previously premium priced goods placed companies in a bidding war with lowest cost being their objective. Between 1983 and 1993 the total expenditure of US brands on marketing shifted from a 70:30 split in favour of advertising to a 75:25 split in favour of promotions[37]. Understandably, advertising firms tried to persuade brands that in the face of such a market behaviour shift the answer was in fact more brand marketing, not less. This was ignored by many, and it turned out, to their peril. Those brands who took the advice of branding consultants to heart realised that what had happened was not the death of the brand, but instead its transformation from simply advertising to communication of subtle values far above and beyond the business of getting a brand name into the public consciousness and ubiquitously recognised. What was called for was far more focus on getting the brand image correct and (more importantly) correctly communicated. It was the final realisation that the brand “is no more a marker of identification but a product in itself”[38].

The significance of this blip in the brand's health record is that the shift was now away from the brand as a method to sell products towards the products themselves becoming tools in the furthering of the brand. As perverse as this sounded at the time, it came from the initial success of logo-based advertising branding. Companies had succeeded in creating an image and associated connotations of quality towards their product. They could manipulate this with carefully planned marketing exercises and generate a strong sense of brand loyalty amongst their consumers. What had happened on Marlboro Friday showed that they simply hadn't made

33 Ward K, **Marketing Finance**, Oxford: Butterworth-Heinemann, 2004, p. 118
34 http://www.fool.com/investing/general/2008/01/15/how-marlboro-friday-changed-the-world.aspx (1st October 2008)
35 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 13
36 http://www.data360.org/dataset.aspx?Data_Set_Id=354&magnitude=show (31st July 2008)
37 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 14
38 Panda, T K, **Branding Paradigms and Prognotsications**, Hyderabad: ICFAI Books, 2005, p. 4

the brand strong enough – they were still slaves to the product. By flipping this hierarchy, the success of the brand is assured by carefully nurturing and building its image – this is where the investment had to be focused. Ironically, the clues to this holistic inclusion of the brand as the central focus of big business had already been made given to Philip Morris in 1988 when they acquired Kraft for $12.6 billion – six times what it was worth on paper[39]. The difference was the value of the brand itself. Whilst this value had been recognised, the best method for maintaining and expanding it had not. By contrast, brand value is now modelled and parametrised to an extensive degree, such that brand value increase can be achieved by maximising the value of each of the parameters within a strict mathematical equation[40].

The difficult question to answer now was how to build a brand beyond advertising. In the short term, spending more than competitors did on advertising by the most hypermetropic brands saw them through Marlboro Friday. However, this was not sustainable once the brands who had dropped out of the branding race either dropped back in or were replaced by competitors. The answer lay in brand awareness diversification whereby traditional advertising was complemented with efforts to place brand imagery in places not previously exploited. The difficulty was not how much money to spend, but where to spend it. Finding and occupying unique areas of public life became the ultimate goal of the super-brands. The main method adopted (and still common) was that of corporate sponsorship – paying to put logos and slogans in situations where the brands could essentially borrow imagery and association from other spheres of public life. Between 1991 and 1999 corporate sponsorship expanded from a $7 billion per year industry to one worth $19.2 billion[41].

The switch of emphasis from production to branding as a business' primary objective had unforeseen consequences. As ever increasing proportions of operating budget were allocated to branding, expenditure in other areas of operation had to be reduced in order to compensate and safeguard that necessary bottom line, profit. Since focus had moved away from manufacture, this was the obvious candidate. Reducing production costs was not an easy task, however. The strength of labour unions in home countries which had gained power and influence over the 20th century meant that wage cuts were nigh-on impossible to enforce without mass strikes and negative press. Other operating costs such as energy, business rates and materials tended to be set by external market forces and government legislation and so too were tough to drive down. The answer lay in outsourcing. By contracting out manufacture to the lowest bidder, two problems were solved. Firstly,

39 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 7
40 Shultz, D E and Shultz H F, **IMC, the Next Generation**, New York: McGraw-Hill Professional, 2004 p. 109
41 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 34

manufacturing costs became competitive, driven down by the market nature of bidding for contracts. Secondly, internal administrative costs relating to a large workforce of labourers were minimised – the only people left on the payroll in an ideal branded company were the brand-builders. Essentially, the ethical consideration of the workforce had also been outsourced – but without due consideration.

Even better for corporations, free trade agreements were opening the world up as a potential workforce. Lower costs of living in developing countries offset the increased cost of shipping products from their point of manufacture to consumption. Cheap contract bids from manufacturers in Asia allowed costs to be driven down further than ever before. If a month with few orders comes through it simply means smaller contracts for the producers, not laying off workers for the company. The problem with this dissociation between production and brand is that is ultimately results in even lower quality of employment for the labour force. Whilst this is not a direct issue for the company to tackle, its reflection on the brand can be highly negative. In addition, business practise which may be entirely legal in the country of manufacture is often ethically dubious (at best) and so detached from the brand corporation itself that it has no control or awareness of such issues until they are highlighted to them – or their consumers.

What The Brands Did Next

Having realised the paramount importance of the brand above the product, corporations had to find innovative and unique ways to position their brand and create more diverse brand associations. As previously mentioned, corporate sponsorship proved one of the most popular ways of achieving this. The manner in which it developed is investigated here as the critical prelude to using ethical consideration as a lever to raise brand profile.

One of the most controversial excursions by brands into the public space was their focus on sponsorship within schools. Whether in the form of exclusive deals to stock Coca Cola over Pepsi in vending machines or Nike branding basketball courts in return for free equipment, these activities raised a fierce debate over what was morally acceptable within the supposedly free arena of education. From the point of view of the brands, they were doing schools a favour. Funding in education is a constant struggle – governments are regularly accused of not passing enough of the proceeds of taxation to educational institutions[42]. Big brands have huge budgets to spend on branding and if some of this can benefit the most deserving causes in the public arena, then surely this is a good thing? However, this is ethics, so nothing is absolute.

In 1998 Coca-Cola set a competition for schools to develop an innovative method for distributing discount coupons for its brand to students[43]. The winning school would receive $500. From Coke's point of view, this was a win-win offer. Students would be engaged with a real-world marketing problem rewarding hard work and giving it a context that children could relate to. The benefits to Coke were the brand awareness this would help reinforce and the association with education it would bring. The (albeit small) amount of funding for the school would help contribute to Coke's image of corporate responsibility to public amenities. The external view of the event did not match this. For a start, the negative health effects of sweet fizzy drinks and the impressionable nature of young children aren't a welcome mix for parents[44]. Secondly, the behaviour of the schools themselves was in some cases quite unexpected. Greenbrier High School took the challenge very seriously, inviting executives from Coke as guest speakers in classes and staging a photograph in which the students spelled out the word Coke. One student in the photo was wearing a Pepsi shirt, the logo of which he revealed just as the photo was taken. The one-day suspension he received for the stunt attracted the world's media – The New York Times,

42 http://www.guardian.co.uk/commentisfree/2008/jun/05/nickclegg.schoolfunding (1st October 2008)
43 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 95
44 http://news.bbc.co.uk/1/hi/education/3413275.stm (1st October 2008)

USA Today and the BBC and even spawned a website[45].

The fact that the suspension was by the school Principal for poor behaviour by the offending student and was in no way directly connected to Coke itself was, by now, irrelevant. The implication that Coke was in some way trying to stifle the student's right to free speech had already been made in the minds of many who had heard about the prank. Once again, the combined power of the media and the public had produced bad publicity out of what Coke had considered to be a good branding opportunity.

In an even worse case of branding opportunity gone wrong, British American Tobacco was recently exposed for what was claimed to be a market strategy aimed at hooking children on cigarettes. A BBC documentary revealed how the firm had sponsored a music concert in Malawi with no age verification checks on entry to the venue[46]. Also exposed by the program were posters showing the price of a single cigarette produced by BAT – a method of selling known to be particularly attractive to children. In Mauritius, where tobacco advertising has been banned since 1999, BAT had painted newsagents in colours relating to Matinee, one of its biggest brands some six years after the ban had been enforced. Whilst nothing here is technically illegal (the painting of the newsagents is a legal grey area), every single indiscretion goes directly against one of the points in BAT's International Marketing Standards[47]. This is highly significant. In debating ethical controversy there is, by definition, no right or wrong. All interested parties will have their own perspective and come to different conclusions. Provided no illegal activity takes place, the role of legislators may be at best to advise companies as to best practice or consider new legislation in hindsight. However, when a company publishes an ethical policy which it then demonstrably fails to adhere to, the issue becomes more objective. What is beyond doubt here is that BAT undertook marketing strategies that directly conflicted with the ethical image it had tried to portray through its own published standards of operation. In doing so it was directly responsible for branding itself negatively.

What these two case studies illustrate is that as brand influence broke free from the traditional media of advertising and communication into a wider spectrum of involvement in public space, scrutiny of its behaviour had further intensified. Even where controversy stems from parties outside of corporate control, the positive

---

45 http://chronicle.augusta.com/stories/032698/met_124-2581.shtml (26th July 2008)
46 **Bannatyne Takes On Big Tobacco: This World**, broadcast 1st July 2008
47 http://www.bat.com/group/sites/uk__3mnfen.nsf/vwPagesWebLive/DO52ADRK?opendocument&SKN=1&TMP=1 (23rd July 2008)

association a branding exercise aims to establish can quickly be replaced with a negative one. By broadening a brand's intended sphere of influence, control over each sector of that sphere is diminished. Additionally, where brand imagery began to mix intangible associations with specific statements of intent, the scope for interpretation of a company's behaviour had significantly diminished. If a company says it stands specific standards and can be proven to have failed to live up to its own expectations, brand confidence can disappear almost instantly.

Ethical Branding

In the previous chapters, it has been shown that as business has grown, so has the level of ethical expectation placed upon it by consumers. Branding has developed from simple logo-based advertising through the "brand is king" mentality post-Marlboro Friday to a more subtle attempt to pervade ever increasing areas of public life. Corporate sponsorship has given big business a way of borrowing from the brand of another icon, be that education, the arts, sport or even people themselves. Lewis Hamilton is rumoured to have signed a personal sponsorship deal with Reebok worth £10 million over three years[48]. The wider the branding net spreads, however, the greater the risk of internal and external views of branding strategy differing.

Similarly, the growth of business has changed its relationship with the environment it inhabits and the people it employs. As global corporations focus on brand-building over production, the distance between the labour force and management has increased both literally and metaphorically. The resulting decrease in the direct control over working conditions and the environmental impact of subcontractors' production facilities has left the corporations indirectly employing them under criticism. The interest shown by the media in ethical controversy involving big business has helped focus the public on such matters.

It should not surprise us, then, that the branding consultants took the next logical step. If interest in the ethical behaviour of a business is so great, why not manipulate that in the same way they had previously manipulated images of achievement, triumph over adversity or sexual prowess? After all, in the words of the late graphic designer, Tibor Kalman, "the original notion of the brand was quality, but now brand is a stylistic badge of courage"[49]. What was more courageous than to stand for that which is ethically right?

Probably the most famous and successful example of ethical branding is the Body Shop. Founded in 1976 by charismatic entrepreneur Anita Roddick, the Body Shop pre-dated the proliferation of ethical branding at the beginning of the 21st century. It was not born of the advice of marketing gurus, but from Roddick's personal mantra: "I have never believed that business was in a separate compartment from civilising the world"[50]. Hugely ahead of its time, the Body Shop laid the foundations of ethical branding which were to be emulated by many

48 The Times, 14th May 2008
49 Klein, N, **No Logo**, London: Harper Perennial, 2005, p. 24
50 Roddick, A, **Business as Unusual**, Chichester: Anita Roddick Books, 2000, p. vii

that followed. The premise of the body shop was simple – non-elitist cosmetic products made with key natural ingredients sold in refillable bottles. The Body Shop eschewed mass advertising – partially because of a lack of funds in the early years and partially because Roddick's prescient nature already understood that pitching adverts to an overwhelmed public was a waste of money to a small business like hers. Instead she engaged in what she called guerilla marketing – getting her message out there in a subversive manner. Each of the Body Shop's lorries were painted with details of missing persons and a hotline to call in an effort to genuinely connect with the community around them. Every spare surface in the retail outlets was plastered with political slogans, feminist, environmentalist, humanitarian. In her own words, "I hate blank spaces: I view an empty space as an opportunity to create an atmosphere, deliver a message and make a point"[51]. Slogans like "There are 3 billion women on this planet who don't look like supermodels and only 8 who do" spoke out to everyday people[52]. The whole experience of shopping became one of retail guerilla warfare, of rebellion and of standing for what was right.

What Roddick had achieved was revolutionary and stood apart from the crowd for almost three decades. Her motivation was her annoyance at injustice and unethical practice in the world and she had found a market full of people who shared her views. By 2000 the Body Shop was serving over 8 million customers per day and was rated in the top 30 worldwide brands[50]. The brand was not without it troubles, however. Roddick quickly realised that if you were using ethics to sell products, you had better make sure your corporate image remained whiter-than-white. Even when everything possible was being done within the company to achieve that, the media still found ways of attacking the Body Shop. "Body Shop In Drugs Storm" was the Daily Express headline which ran on 7th March 1998[53]. The Express claimed that Roddick was cashing in on "cannabis chic" associated with its products using hemp. Roddick's view was quite different – hemp requires very little petroleum-based fertiliser to grow and makes an excellent moisturiser[54]. Anita considered it an ideal addition to the Body Shop brand – eco-friendly, genuinely beneficial to skin and cheap to produce. This 'scandal' was short-lived and did no harm to the long-term value of the brand. It does, however, go to show how risky ethical branding can be – someone is always gunning to show you are not quite as good as you claim in exchange for a good headline.

Fast-forward to the current day and ethical brands are everywhere. Dolphin-friendly tuna, Fairtrade coffee, Soil Association Approved potatoes, organic cotton t-shirts, Rainforest Alliance granola bars. Vast numbers of

51 Roddick, A, **Business as Unusual**, Chichester: Anita Roddick Books, 2000, p. 83
52 Roddick, A, **Business as Unusual**, Chichester: Anita Roddick Books, 2000, p. 102
53 Daily Express, 7th March 1998
54 Conrad, C, **Hemp for Health**, Rochester, Vermont: Healing Arts Press, 1997, p. 110

websites will help keep you informed of who is ethical and who to boycott[55] [56]. There are even books devoted to the subject of ethical consumerism – where not to shop and why[57]. There are no firm figures on the total value of ethical branding, but it is safe to assume that its proliferation is an indication it is earning plenty of money and market share for businesses employing it.

The Trouble With Ethical Branding

But what are the implications of all this ethical branding to the brand owners and consumers? What does a consumer expect when they purchase a Fairtrade snack bar on their way to work? What exactly does Fairtrade mean? According to their UK website, "Fairtrade is a strategy for poverty alleviation and sustainable development. Its purpose is to create opportunities for producers and workers who have been economically disadvantaged or marginalized by the conventional trading system. If fair access to markets under better trade conditions would help them to overcome barriers to development, they can join Fairtrade."[58]. These are all noble sentiments, but what firm targets and goals does the Foundation set itself? What are its ethical policies regarding labour conditions? None of this is made at all clear on any of the products carrying the mark I could find. A thorough investigation of their website leads me to believe that there are no labour standards in the Fairtrade code of conduct. A consumer is hardly likely to undertake such an investigation at the point of sale. The function of Fairtrade is actually similar to that of more traditional brands – an added premium at the point of sale in return for the creation of a brand image around the idea of fairness. The only difference between Fairtrade and other brands is that they share some of this premium with the growers and suppliers of their products, supposedly equalising the profit share amongst those who deserve it. The irony is that the supermarkets which sell the products often charge a huge premium on top of the wholesale cost – and none of this goes to those at whom Fairtrade's ethical policy is aimed[59]. Even worse, their policy of ensuring a minimum price for Fairtrade growers upsets the market economy in developing countries, encouraging aggressive farming policies and effectively pricing farmers who are not part of the organisation out of the market by diminishing their negotiating leverage.;

Several issues are highlighted here. One is that of consumer understanding – a few feel-good images and an earthy looking logo do not effectively communicate the tenets upon which an ethical brand is built. Legislative

55 http://www.bpec.org/node/385 (2nd October 2008)
56 http://www.boycottbush.net/consumers.htm (2nd October 2008)
57 Edwardes, S, ed., **The Good Shopping Guide**, London: The Ethical Marketing Group, 2007
58 http://www.fairtrade.org.uk/what_is_fairtrade/fairtrade_certification_and_the_fairtrade_mark/the_fairtrade_mark.aspx (3rd October 2008)
59 http://news.bbc.co.uk/1/hi/business/4788662.stm (3rd October 2008)

standards introduced by government could help clarify the issue to consumers, but this would limit the brands' ability to differentiate their products, especially in such a competitive market. Previously, when branding was built upon intangible images in the mind this did not matter, but when involving the consumer's conscience in the purchasing experience, things become personal. We all know that the kids in the famous Yellow Pages adverts aren't really in the middle of a young crush, but this doesn't change our understanding or appreciation of that image[60]. However, the strength of image created by the idea of fairness or being good is greater – and its meaning more significant. This is what gives ethical branding its power to add profit but also that which means any perceived break in that image shakes the very foundation of the brand. Additionally, the more concrete idea of ethical business is a regular topic in the investigative media, meaning any slip in behaviour has an established conduit to consumer conscience.

Another difficulty for brand owners is the large scale of multi-national corporations. As a direct result of capitalist growth, big business these days really means big. In fact, of the world's one hundred largest economies, fifty-one are now corporations, with only forty-nine being countries[61]. Consequently, many brand names are owned by a single parent company and not all of these may share the same brand values. In the same way corporate sponsorship aimed to borrow iconography from the areas of public life it tried to associate itself with, the association between brands owned by the same parent company is established, intended or not. One of the most prominent examples of this in recent years was the buyout of the Body Shop by L'Oreal in March 2006. Having built itself on ethical policies, especially that of a self-imposed ban on animal testing, Anita Roddick agreed to sell the company to the French cosmetics giant for £652 million. L'Oreal on the other hand had no ban on animal testing and was in fact part-owned by Nestlé, one of the most lambasted multinationals with regard to ethical practice. The result was a call by campaigners to boycott the Body Shop and a drop in various industry performance metrics, most notably consumer satisfaction[62]. Nestlé itself is also the cause of some brand conflict – they produce a Fairtrade coffee but have been embroiled in ethical controversy in the USA, China, Venezuela and several African countries. In a further ironic twist, they are also owners of the Rowntree's brand – many years after Benjamin Seebohm's pioneering social philanthropy the ethics of that brand were sold for $4.55 billion.

60 http://www.youtube.com/watch?v=GElOGkCBrHw (3rd October 2008)
61 http://www.corporations.org/system/top100.html (2nd August 2008)
62 http://www.independent.co.uk/news/uk/this-britain/body-shops-popularity-plunges-after-loreal-sale-473599.html (2nd August 2008)

The end result for business where a perceived conflict of interest weakens a brand's is a lack of trust in the company by the consumers. Where traditional logo-based branding had replaced the friendly shopkeeper with a a stylised, standardised brand image in its stead, it did so to establish trust. As the industrial revolution replaced the animal and vegetable values of production with mineral, so ethical branding has tried to reverse that trend, using the softer vegetable and animal images to sell hard mineral goods. To some extent or another, this must be an illusion – it is impossible to go back to pre-industrialisation methods of production and still compete in a global market. But the consumer's trust in the good intentions and best efforts of a company to be responsible is delicate and easily lost.

Given the world is currently experiencing what the media are dubbing the 'credit crunch', a global economic slowdown with threat of a recession to follow, the ethical brands are facing further pressures[63]. Much like the growth of budget brands in the eighties and nineties in response to the recession then, does this promise a return to price slashing and bottom-line buying? Certainly, rising food prices are taking their toll on the premium an organic brand might be able to place on their product without completely pricing themselves out of the market[64]. When under financial pressure, it makes sense to ensure essential products (such as food) are purchased at the most economic price, so some loss sales will be expected by the brands here. The knock-on effect of less disposable income after essential expenditure, especially with rising fuel costs will also hit the luxury goods market hard. Ethical brands operating in this sector can expect hard times to come, although perhaps not disproportionately to other competing brands, given higher overall profit margins on luxury goods (and hence less proportional brand premium for the ethical brands). A contrary pressure is the rising price of oil[65]. Used to produce chemical fertiliser and transport goods over long distances, this could shift the behaviour of the low-price food manufacturers. If organic manure becomes a viable alternative to petrochemicals and transport costs prohibit the import of foreign foods the budget food market may be forced into ethical practice – and will no doubt brand that to its advantage.

In conclusion, I hope to have shown that ethical branding is just another episode in the history of Western consumerism. Its genesis includes noble intentions, clever business and consumer pressure. The media and globalisation of communication has increased public awareness and interest in the consequences of supporting

63 http://www.guardian.co.uk/business/creditcrunch (3rd October 2008)
64 http://www.ft.com/foodprices (3rd October 2008)
65 http://finance.google.com/finance?chdnp=1&chdd=1&chds=1&chdv=1&chvs=maximized&chdeh=0&chdet=1223047800000&chddm=225351&q=LON:OILB&ntsp=0 (3rd October 2008)

big business. Corporations have grown to threaten the economic dominance of entire countries and in so doing have made themselves bigger targets for exposes and increased their expected level of responsibility. The outsourcing of production and the spread of branding into public space post Marlboro Friday have weakened the control companies have over the business practice of their entire workforce and reduced labour in many cases to a cheapest-bid-wins marketplace. The future holds many challenges for such branding as the marketplace saturates, resources become scarcer and economic growth struggles. No doubt new branding policies will be adopted to cope with a changing marketplace, some successful, others not. It is highly likely that ethical branding will remain important in the delivery of these new strategies, although perhaps not in the dominant manner it currently exists. The development of economies in developing countries, particularly China and India, once the world's sweatshop labour force will also be of interest – what route will they take through the branding landscape and will the influence of Eastern consumerism reduce the West's role to proverbial second fiddle? What seems certain is that change is inevitable and rapid in such a globally linked marketplace as the one we have built over 150 years and that the next 150 will represent even greater revolution in the way we interpret the behaviour of big business as consumers.

Bibliography

Publications

Fan, Y – 'Ethical branding and corporate reputation' in **Corporate communications: An international journal**, vol. 10, no. 4, 2005

Klein, N, **No Logo**, London: Harper Perennial, 2005

John Heilemann, 'Annals of Advertising, ALL EUROPEANS ARE NOT ALIKE' in **The New Yorker**, 28th April 1997

Bowie, R, **Ethical studies**, Cheltenham: Nelson Thornes, 2004

Hudson P, **The Industrial Revolution**, Oxford: Oxford University Press, 1992

Binfield, K, ed., **Writings of the Luddites**, Baltimore and London: The Johns Hopkins University Press, 2004

Ruskin, J and Wilmer, C, **Unto This Last And Other Writings**, London: Penguin Classics, 1985

Coates, K and Silburn, R, **Poverty: the forgotten Englishmen**, London: Penguin, 1970

Senge, P M, **The Fifth Discipline**, London: Random House, 1990

Peden M, Scurfield R, Sleet D et al. (eds.), **World report on road traffic injury prevention**, World Health Organisation, 2004

Ward K, **Marketing Finance**, Oxford: Butterworth-Heinemann, 2004, p. 118

Panda, T K, **Branding Paradigms and Prognotsications**, Hyderabad: ICFAI Books, 2005, p. 4

Shultz, D E and Shultz H F, **IMC, the Next Generation**, New York: McGraw-Hill Professional, 2004 p. 109

Roddick, A, **Business as Unusual**, Chichester: Anita Roddick Books, 2000

Conrad, C, **Hemp for Health**, Rochester, Vermont: Healing Arts Press, 1997

Edwardes, S, ed., **The Good Shopping Guide**, London: The Ethical Marketing Group, 2007

Websites

http://www.google.com (29th September 2008)

http://www.spartacus.schoolnet.co.uk/ERowntreeS.htm (20th September 2008)

http://www.greenpeace.org.uk/about (30th August 2008)

http://news.bbc.co.uk/1/hi/world/europe/221508.stm (1st October 2008)

http://news.bbc.co.uk/1/hi/magazine/7468927.stm, (23rd June 2008)

http://www.data360.org/dataset.aspx?Data_Set_Id=354 (31st July 2008)

http://www.fool.com/investing/general/2008/01/15/how-marlboro-friday-changed-the-world.aspx (1st October 2008)

http://www.guardian.co.uk/commentisfree/2008/jun/05/nickclegg.schoolfunding (1st October 2008)

http://news.bbc.co.uk/1/hi/education/3413275.stm (1st October 2008)

http://chronicle.augusta.com/stories/032698/met_124-2581.shtml (26th July 2008)

http://www.bat.com/group/sites/uk__3mnfen.nsf/vwPagesWebLive/DO52ADRK?opendocument&SKN=1&TMP=1 (23rd July 2008)

http://www.bpec.org/node/385 (2nd October 2008)

http://www.boycottbush.net/consumers.htm (2nd October 2008)

http://www.fairtrade.org.uk/what_is_fairtrade/fairtrade_certification_and_the_fairtrade_mark/the_fairtrade_mark.aspx (3rd October 2008)

http://news.bbc.co.uk/1/hi/business/4788662.stm (3rd October 2008)

http://www.youtube.com/watch?v=GElOGkCBrHw (3rd October 2008)

http://www.corporations.org/system/top100.html (2nd August 2008)

http://www.independent.co.uk/news/uk/this-britain/body-shops-popularity-plunges-after-loreal-sale-473599.html (2nd August 2008)

http://www.guardian.co.uk/business/creditcrunch (3rd October 2008)

http://www.ft.com/foodprices (3rd October 2008)

http://finance.google.com/finance?chdnp=1&chdd=1&chds=1&chdv=1&chvs=maximized&chdeh=0&chdet=1223047800000&chddm=225351&q=LON:OILB&ntsp=0 (3rd October 2008)

Newspapers

The Independent, 4th July 1996

The Sunday Times, 23rd December 2007

The Guardian, 3rd September 2007

The Independent, 14th September 2007

The Sunday Mirror, 2nd December 2007

The Times, 14th May 2008

Daily Express, 7th March 1998

Television Programmes

Panorama's Primark: On the Rack, broadcast 23rd June 2008

Bannatyne Takes On Big Tobacco: This World, broadcast 1st July 2008