

Brands with a Conscience

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Why More Brands Now 'Have a Conscience'

By Colin Morley

Demonstrating that your brand has a conscience is becoming more and more important as the population of the developed world has more of its basic needs met and starts to look for higher values. The brands in this book demonstrate the growing importance of ethical issues with the opportunities it gives to new challengers and the need for existing brands to develop new values.

'But first, hang on a minute' you may say – '*How can a brand have a conscience?*'

'Surely brands are just devices used by corporations to market their goods and services? A brand is not a conscious being so how can it have a conscience?'

Yes, 'Brands with a Conscience' is an attention getting headline. And it also highlights one of the roles that brands now play beyond just telling you the functional characteristics of what you are buying.

A brand can be the **symbolic glue** that binds a group of people together in creating and delivering value to customers. The name, colours and design of the brand come to symbolise a deeper set of shared experiences, values and beliefs that build trust between the owners, managers, employees, suppliers, customers and the wider community.

So when you find yourself traveling past a MacDonald's or Wal-Mart you have a pretty good idea of what to expect if you stop and go inside as a potential customer, employee, supplier or community representative. The owners, managers, employees, suppliers and others who have created and delivered the products and services that you will experience there have a common understanding of what they are providing that enables them to act together as an **embodiment** of the brand.

The brand does what is implied in the word we use to describe the organisation – it makes one 'body' or '**corporation**' out of a group of people and things. So you can hold the corporation or brand to account for its actions in different times and places, even though different people may have delivered the product or service each time on behalf of the brand.

Insert box 1

cor·po·ra·tion *n.*

1. A body that is granted a charter recognizing it as a separate legal entity having its own rights, privileges, and liabilities distinct from those of its members.
2. Such a body created for purposes of government. Also called **body corporate**.
3. A group of people combined into or acting as one body.

Source: www.dictionary.com

As the twentieth century went on corporations were seen to have a single mind as well as a body. It is now commonplace to think of corporations as having a 'soul', and beyond that lies the world of the corporate 'spirit'. Ken Wilber describes the evolution of human consciousness through the levels of body, mind, soul and spirit in his book 'A Theory of Everything'. Corporations and brands are evolving through the same levels of consciousness.

Most of the brands we use every day do not seem to be very concerned with ethics or morality. They may provide **features** that satisfy functional needs (food, taste, vitamins...) and **benefits** that satisfy emotional needs (sustenance, pleasure, wellbeing). Features and benefits are provided within an ethical or moral framework that is dictated by the economic, legal and regulatory system in force. So for example, products have to be fit for their purpose and must not make untrue claims about their performance. Few major brands or corporations seek to extend the regulatory frameworks in their industries to make production more ethical or expensive.

That was all very well during the materialistic era of mass consumption that has driven the world economy over the last 30-50 years. Over this period, most people have been unconcerned with the ethics or morality of what they were buying. The only criterion for choice has been 'does this brand do what I want it to do **for me**?' Does it fulfill my needs? Does it keep me alive, make me more comfortable, give me pleasure or enhance the way other people perceive me? At the lower and middle range of Maslow's Hierarchy of needs there are few or no questions of conscience for brands or consumers.

Consumers who think this way look for value by considering the functional and emotional benefits of the product or service quality provided, versus the price charged and any inconvenience involved.

$$\text{Value} = \frac{\text{(Product Quality + Service Quality + Emotional Benefits)}}{\text{(Price + Inconvenience)}}$$

Insert box 2

Ethical Brands from the 19th Century

Some brands have always had a conscience despite the lack of public interest in their ethical behaviour. Mutual Societies (for example Building Societies), Cooperative

Societies and Partnerships (such as John Lewis in the UK) were formed as a means for providers to work together and meet the needs of both their members and the wider public. Some of these have been sold and become conventional businesses with shareholders while others are still thriving and building on their ethical heritage. (For example The Cooperative Bank in the UK.)

A number of famous brands were built up by owners who were religiously inspired, such as the Quaker families behind Cadbury's chocolate. It is arguable however whether the ethical dimension to these brands played any role in consumer purchasing decisions. Interestingly the Quaker Oats brand of porridge oats was built up by a non-Quaker corporation in the USA and made few if any ethical claims about its ingredients or manufacture.

As the population has become more affluent and better educated, many people have satisfied the basic needs of survival, pleasure and esteem of others. New questions begin to arise that relate to the goodness or badness of what people buy.

- Were these shoes produced using slave labour?
- Does this food have organic ingredients that have been fairly traded?
- Are these packaging materials recycled and / or recyclable?
- Are the employees of this company fairly rewarded for their work?
- Does this company pollute the area where it manufactures its products?

Some of these questions are intertwined with the functional features of the product for the consumer. For example, people may prefer organic foods because they believe that pesticides are bad for them, regardless of the perceived environmental benefits. And some of these questions are driven by media and pressure groups that are hungry for scandal and bad news with which to create headlines. Some governments have responded to public and media pressure by setting up tribunals and committees to review issues of corporate behaviour and governance. Corporations have in turn banded together into trade associations to lobby governments and supra national bodies to reduce or limit the regulatory pressure on their activities.

Some major corporations have discovered that questions like these can damage or even destroy them; regardless of how healthy the bottom line was before they were asked. Sunny Delight in the UK, MacDonald's, Arthur Andersen and Nike are just a few.

However caused the interest in these questions knocks on to how people perceive themselves and takes us higher up Maslow's Hierarchy to 'Self Esteem' and 'Self Actualisation'. When you have a choice between having your needs met ethically or unethically for the same price then there is no need to challenge your self perception as a good person by continuing with the unethical option.

So the question 'Does this brand have a conscience?' has become more and more relevant for consumers, employees and investors.

As a result we have seen brands and corporations adopt CSR or Corporate Social Responsibility as a standard of operation. By auditing environmental and ethical impacts and specifying programmes to alleviate or eliminate negative impacts, CSR has helped to create a conscience in many organisations. Investors have discovered that companies that practice CSR often perform better on the stock market because corporate scandals are avoided and the quality of management improves.

Where CSR standards have been adopted by all the companies in an industry the costs and benefits involved have been common across those industries and all the brands have demonstrated a degree of conscience.


Real Brands of Conscience however are those that accept the challenge of leading their industries. They accept the short term cost sacrifices (such as more expensive ingredients and production processes) because they use the communication power of their brand values to gain a long term benefit by appealing to the new target audience of ethical consumers. Brands of Conscience make a leap of faith that customers who today are ethically unaware or uncaring will grow to adopt the brand values and place value on the conscience of the brand.

$$\text{Value} = \frac{\text{(Product Quality + Service Quality + Emotional and Ethical Benefits)}}{\text{(Price + Inconvenience + Ethical Damage)}}$$

Many brands have CSR policies that underpin their operations and do not publicise their consciences for fear of being scrutinised more closely by people looking for violations of ethical business principles. These companies believe that the benefits to their reputation of publicising their CSR policies would be outweighed by negative publicity of their violations or by the extra costs that they perceive would be needed to eliminate their violations. High profile brands like Nike and Coca Cola now find it very difficult to shake off the campaigns by activists who target them continuously.

Campaign to Stop Killer Coke

We are seeking your help to stop a gruesome cycle of murders, kidnappings and torture of union leaders and organizers involved in daily life-and-death struggles at Coca-Cola bottling plants in Colombia, South America.



<http://killercoke.org/>



<http://www.saigon.com/~nike/>

Brands of Conscience accept this challenge and communicate their policies widely so that critics can scrutinise them and they can learn further from the feedback. When they are targeted by activists they engage in dialogue and build a constructive dialogue which further changes policies and ultimately enhances the brand's reputation.

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So what is a conscience?

What does it mean?

Dictionary.com defines 'conscience' as

1.
 - a. The awareness of a moral or ethical aspect to one's conduct together with the urge to prefer right over wrong: *Let your conscience be your guide.*
 - b. A source of moral or ethical judgment or pronouncement: *a document that serves as the nation's conscience.*
 - c. Conformity to one's own sense of right conduct: *a person of unflinching conscience.*
2. The part of the superego in psychoanalysis that judges the ethical nature of one's actions and thoughts and then transmits such determinations to the ego for consideration.

'**Having a clear conscience**' means to feel free of guilt or responsibility.

The Cambridge dictionary says - **conscience** noun
the part of you that judges the morality of your own actions and makes you feel guilty about bad things that you have done or things you feel responsible for:
a **guilty** conscience
a **question/matter of** conscience
You didn't do anything wrong, - you should have a **clear** conscience (= not feel guilty).
My conscience would really trouble me if I wore a fur coat.

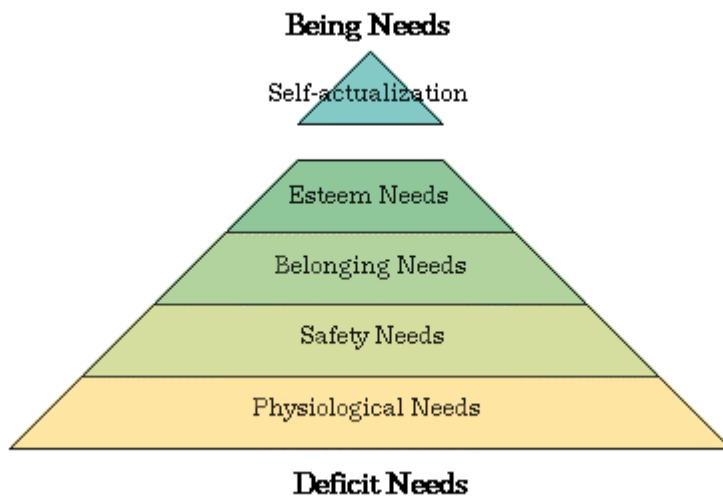
He's got no conscience at all (= does not feel guilty) **about** leaving me to do the housework.

So a brand with a conscience is explicitly making moral or ethical conduct part of its values and positioning in the marketplace. It is making an appeal to its consumers' sense of responsibility for right and wrong.

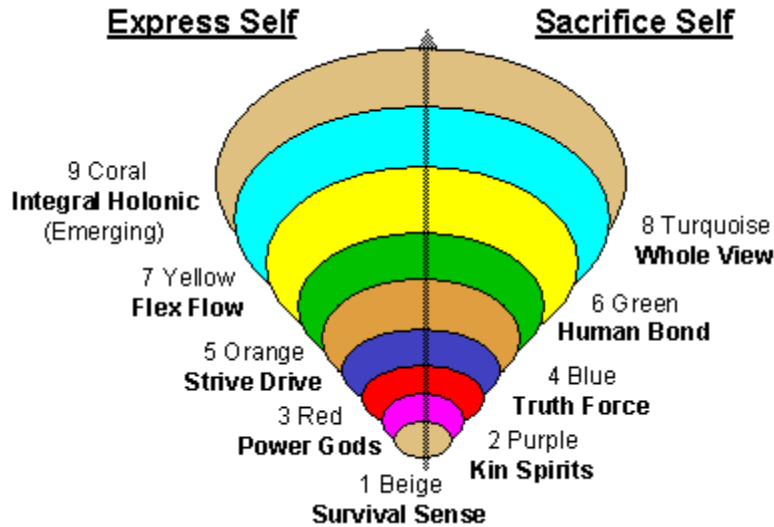
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Models of Human Development

Many people will be familiar with Abraham Maslow's Hierarchy of Needs which describes stages of psychological development of healthy adults. The model is based on the potential of human beings to unfold and grow into self actualisation or 'being needs' once their basic 'deficit' needs are met. This contrasts with the theories of Sigmund Freud who proposed the view that all human behaviour is based on primal cravings and drives.



A model of psychological development that demonstrates the role of conscience more explicitly is **Spiral Dynamics** derived from the work of Clare W Graves. As the problems posed by the life conditions in which people live are solved, they can open up to be influenced by higher 'memes' or levels. At each level there is an increase in the degree of consideration given to others, and an increased range of issues about which conscience and guilt can be felt.



At **levels 1 and 2** needs are primarily for survival and finding shelter within the tribal group. At **level 3** the ego emerges and people express themselves compulsively ‘without guilt or shame’. **Level 4** sees ethics become an issue as people defer gratification to ‘sacrifice themselves now for benefits later’, often within a monotheistic religion or an organisation such as a school or army. Matters of conscience are acted upon not because they are fundamental personal beliefs but because the group makes ethical beliefs and behaviour a condition of membership. At **level 5** people begin to understand other people so that they can ‘express themselves tactically to get what they want’.

Only at **level 6** do people feel ethical issues of conscience personally and fundamentally as they ‘sacrifice self to fit in with the group now.’ These ‘Cultural Creatives’ have emerged in the last 30 years as a major group, particularly in the USA, Scandinavia and the UK. This group has made issues of sexual, racial, and ability discrimination, as well as animal rights and environmental issues into important public concerns.

Ethics play an increasingly important role at higher levels. **Level 7** sees people ‘express themselves with complete consideration for others’ while at **level 8** people ‘sacrifice themselves to the planet’.

The insights provided by Spiral Dynamics apply to organisations and brands as well as individuals. At the 6th level for example the organisation moves from a hierarchical structure to a more egalitarian feel with everybody contributing to decision making in a self organising fashion. It is interesting that many ‘ethical brands’ are still associated with individual hierarchical entrepreneurs or figureheads (for example, Paul Newman, Anita Roddick, Richard Branson) rather than with a company culture or set of brand values held in common by the owners and employees of the brand. A great example of a company and brand founded on self organising egalitarian principles is the amazing story of the Visa credit card organisation told by its founder Dee Hock in his book ‘The Birth of the Chaordic Age.’

Sources:

‘Toward a Psychology of Being’

Abraham H. Maslow

‘Spiral Dynamics. Mastering Values, Leadership and Change’

Blackwell Publishing, 1996

by Don Edward Beck and Christopher C Cowan

‘The Cultural Creatives: How 50 Million People Are Changing the World’

New York: Harmony Books, October, 2000

by Paul H. Ray, Ph.D. and Sherry Ruth Anderson, Ph.D.

‘Birth of the Chaordic Age’

Berrett-Kohler Publishers Inc, 1999

by Dee Hock

So to what extent will consumers use ethical considerations to discriminate between brands in the future? Indeed will brands be able to satisfy the needs of the Cultural Creatives who have often rejected brands altogether and chosen the equivalent of the local farmers’ market instead of the supermarket?

Here I believe we come back to one of the major roles of brands – to make the provision of a mass product or service more efficient by gaining economies of scale. The original motor cars of choice for the Cultural Creatives were basic, reliable, high quality products like Citroen 2CVs and Volkswagen Beetles. Lean Production with minimal waste and based on consumer pull is becoming mainstream thinking in many factories. Brands that enable cheaper prices while expressing ethical values will have a major competitive advantage as populations move up the spiral.

Brands that have raised ethical considerations like Body Shop and Virgin have taken business from incumbent brands that woke up too slowly. So now the race is on between the established brands that need to evolve fast, and challenger brands that can reposition the incumbents as unethical dinosaurs. Both groups can be ‘Brands with a Conscience’.

Insert Box 5

Lean Production and Sustainability

Brands were born in the age of mass production and are usually associated with the scaling up of production so that costs are reduced. In an age of ethics, brands can make a virtue of large scale if it is achieved in a way that is considerate of the environment and people.

Lean Production, most famously practiced by Toyota, does this by saving waste both for economic and environmental reasons:

“Lean is about doing more with less: less time, inventory, space, labor, and money. Lean Manufacturing is, in its most basic form, the systematic elimination of waste and the implementation of the concepts of continuous flow and customer pull.”

7 Wastes to be eliminated:

- 1. Overproduction and early production – producing over customer requirements, producing unnecessary materials / products*
- 2. Waiting – idle time, time delays (time during which value is not added to the product)*
- 3. Transportation – multiple handling, delay in materials handling, unnecessary handling*
- 4. Inventory – holding or purchasing unnecessary raw materials, work in process, finished goods*
- 5. Motions – actions of people or equipment that do not add value to the product*
- 6. Over-processing – unnecessary steps or work elements / procedures (non value added work)*
- 7. Defective units – production of a part that is scrapped or requires re-work”*

Source: www.1000ventures.com

Beyond Lean Production lies the concept of Environmental Sustainability in which the planet is not affected by the production, consumption and reuse / recycling of a product or service. That is a goal that currently seems to be well beyond the capability of corporations and brands at present. [What examples does anybody have of Environmental Sustainability in Brands?]
