

How communications agencies can make
sense of corporate social responsibility

opportunity space



EUROPEAN ASSOCIATION OF
COMMUNICATIONS AGENCIES

SustainAbility™



Sustainable development is a long term issue. If we go on with current production and consumption patterns, two planets will be needed by 2050.



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Sustainability Guide Intro

Only someone who has been on another planet for the last few years could have failed to notice the rise of anti-globalism and no-logoism. But the issue for most of us has been to determine whether these movements are underpinned by any changes in the values of consumers at large, or whether they are dismissable as the work of a lunatic fringe.

The answer is fairly clearly that companies, their brands and their most visible manifestation, advertising, are facing a new paradigm in which they are being required to take on many of the responsibilities for guaranteeing well-being on the planet that were once the exclusive priority of governments.

Whether they are prepared or competent to do so may be in doubt, but what is certain is that consumers are increasingly expecting them to do so as trust migrates from government and other institutions, to brands. Even politicians are expecting brands to fill a power vacuum. Mary Robinson, ex-President of the Irish Republic and now UN Commissioner for Human Rights recently praised one corporation's work, but urged it to look wider afield,

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"As we look around the world today, we realize that governments are weaker. Should you be stepping into the breach by seeing your community as extending across national borders?"

It may not be too alarmist to say that the future of the self-regulation system, on which depend many of our marketing and advertising freedoms, may rest on our ability to respond to new responsibilities, which whilst we might not have looked for them, do give our sector an even more important role in economic and social life.

3

In issuing this guide, EACA is fulfilling a promise made in the Sector Report to the World Summit on Sustainable Development that we co-authored with World Federation of Advertisers, to inform and mobilise our industry and ensure that it plays its part in sustainable development.



Mike Longhurst

EACA Executive Board Member responsible for sustainability and ethics

opportunityspace

What follows is a market brief for the advertising and communication industries. Researched and written at a time when agencies in these sectors, both in Europe and North America, are enduring some of the worst market conditions in living memory, this short survey looks at a potentially very significant “*opportunity space*” for creative communicators.

Despite the bursting of the Dot.com bubble, a new global economy is taking shape all around us. It is built on new forms of value creation – and, as when consumers reacted to genetically modified foods, it is often colliding with both old and new values. As one controversy follows another, a new vocabulary is surfacing. Politicians and business leaders increasingly talk in terms of corporate *social responsibility and sustainable development*.

No-one doubts the importance of the issues being discussed, but the cold facts must be faced: To date, most governments and most businesses have failed miserably in their attempts to communicate these new agendas to voters, citizens and consumers. Every so often, course, connections are made. In 1988, for example, SustainAbility's co-founders published *The Green Consumer Guide* – which sold around a million copies around the world and helped to launch a consumer revolution.

A key to our success was developing a new language – green consumerism – that resonated with the mood of the times and captured the *zeitgeist*. As a result of such initiatives, and for several years, consumer groups pressured industry to get CFCs out of aerosols, mercury out of batteries, chlorine out of paper, phosphates out of detergents and so on.

Now a new wave of societal pressure, focused on Sustainable Development, is reshaping business thinking. This time, however, the effects are likely to run much deeper. We are delighted to have had the opportunity to work alongside the EACA and UNEP in exploring some of the implications for the advertising and communication sectors. It is clear that their skills and creativity will be increasingly vital in what comes next.



John Elkington, Oliver Dudok van Heel, Francesca Müller and Jodie Thorpe
SustainAbility, London and New York

contributing to a better quality of life for all

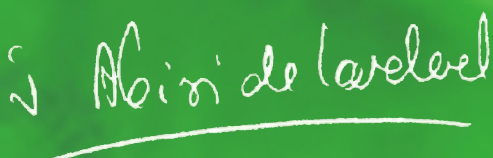
“Fundamental changes in production and consumption patterns are needed”, this is what was highlighted at the World Summit for Sustainable Development (WSSD) in Johannesburg, last September. A growing demand from consumers, employees, shareholders and public at large for corporate environmental and social responsibility, transparency and accountability was also reflected in the outcomes of WSSD.

In this context, the role of communications agencies, which are manufacturing enterprises more important than communications agencies have to sensitise their sustainability objectives and by providing on environmental and Communications agencies informing consumers on performance. Advertising and the power to create real change sustainability challenges and the ways those



advertising and communication a key link between enterprises and consumers, ever. Notably, communication internal role personnel about the of their companies assistance in reporting social performance. play a key role by product quality and communications agencies have by providing better insight on challenges can be addressed.

We hope they will find in this publication useful information, which will enable them to develop their own sustainable policies and strategies. UNEP is pleased that its Advertising and Communication Forum has catalysed the preparation of this document, and hopes that many other initiatives to promote sustainable development will follow.



Jacqueline Aloisi de Larderel
Assistant Executive Director, UNEP (Paris, April 2003)

making the most of ESG

Despite the bursting of the dot.com bubble, a new global economy is taking shape all around us.

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the opportunity space

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Business is being pressured - by governments as well as campaigners - to address a wide range of new accountability and corporate social responsibility (CSR) issues, some of which would once have been handled exclusively by governments. These include such areas as corporate governance, human rights, poverty, and a growing range of environmental issues, especially climate change.

But there's a double gap to be bridged - a gap in understanding and a performance gap. One problem is that the language of CSR is horribly opaque. It can confuse rather than communicate. It's a testament to the force of CSR that its messages still manage to get through, but there's no doubt its language is a problem.

The performance gap is just as tricky. Many businesses first encounter CSR in the context of brand - when the brand is in trouble. A company does - or fails to do - something that lands it in the CSR hot seat. In such cases, poor CSR performance poses a risk to corporate reputation and brand.

But CSR is now moving from the sphere of brand risk to brand opportunity. Smart companies are realizing that good CSR performance can be a source of brand advantage. The exciting question now is not how companies can protect their brands from reputation debacles, but how they can build brands aligned with strong CSR performance and global citizenship. Trust is essential to brand success, but trust is in short supply when it comes to CSR - and that presents an opportunity for alert brand owners and their agencies.

What's important is that the search for responsibility has moved from an ethical niche into the mainstream. Early leaders like The Body Shop and Ben & Jerry's promoted environmental, social and economic responsibility alongside their products. Today we have BP rebranded as moving 'Beyond Petroleum', while Toyota runs messages about green cars and sustainable mobility in its 'Today Tomorrow Toyota' campaign, and BASF promotes its contribution to saving energy.

The new emphasis being put on business agendas like CSR, global citizenship and sustainable development has huge implications for the commercial communications sector.

Businesses will have to respond, and communications agencies can be there to help.

The European advertising & communication sector faces a great challenge – and an even greater opportunity: helping clients rebuild the trust lost in recent years.

The critical point to keep in mind is that CSR need not restrain, but can – and should – open up new avenues for creativity.

Society has a new range of concerns; companies have a new set of messages.

This is an open invitation to communications agencies.



theclients' perspective

Many big advertisers are buying into CSR. Time for communications agencies to catch on.

Why should communications agencies care about CSR? The answer is simple: Because their clients care. Or if they don't, they soon will. Scandals around companies like Enron and Arthur Andersen have given a new urgency to the whole corporate responsibility agenda. So we're not just talking about the companies with high CSR profiles such as Shell, Unilever, BP and others. Increasingly, the interest in and commitment to CSR is beginning to extend way beyond the 'usual suspects', whether called Corporate Social Responsibility⁽¹⁾, Corporate Citizenship or Corporate Sustainability (although we'd rather some bright creative came up with a sexier term).

Whatever line they take in their communication, almost all of today's major advertisers are aware of the risks and opportunities that the new agenda can create. Expect to see that awareness translating into action and various forms of marketing communication.

To illustrate this trend, we looked at some of the key CSR issues that the biggest buyers of advertising report on today. These findings are taken from SustainAbility's latest benchmark of companies' CSR reporting, *Trust Us*⁽²⁾. These reports represent a valuable mine of information on where corporate communications may be headed in the coming years.

In fact, CSR reporting has become a growth industry. So, for example, we have seen a range of developments consolidate into the Global Reporting Initiative (GRI), launched in the US but now based in Amsterdam. The sheer range of issues against which companies will increasingly be held to account is illustrated by the GRI reporting guidelines, which has 97 different indicators for sustainability performance (www.globalreporting.org).

THE CLIENTS' AGENDA: THE 'TRIPLE BOTTOM LINE'

As the concept of the triple bottom line (economic, social and environmental) has gained traction in the business world, so corporate reporting and communication has expanded into new areas. In addition to the traditional financial reporting challenges, the economic bottom line embraces such issues as employment and other impacts on local communities. The social bottom line measures progress in areas such as diversity (e. g. age, gender and race) and working conditions. And the environmental bottom line sums up a company's ecological footprint, in terms of the energy and raw materials used, the emissions and wastes produced.

(1) Throughout this report we refer to the agenda as Corporate Social Responsibility (CSR) to refer to the emerging agenda that addresses the ways companies affect society, taking into account not only social, but also economic and environmental issues. See page 26.

(2) Trust Us: The Global Reporter 2002 Survey of Corporate Sustainability Reporting, SustainAbility and UNEP, November 2002

Leading reporters now routinely cover their economic, social and environmental issues and performance, together with the corporate governance systems and processes they use to pull all these disparate dimensions together.

In the 2002 benchmark survey of CSR reporting, we found a striking trend – the average page-length of these reports has jumped an extraordinary 45% since 2000. In part this is a result of the rapid expansion of the agenda, but it also reflects the fact that companies are not yet thinking enough about the significance of the issues they are covering. Despite the volume of communication, it often doesn't address some key issues. As financial analysts would put it, companies reporting and communicating in this area will have to work out what is material – and what is not. And they need help to do that.

Here are the key concerns and issues raised by some of the companies we benchmarked, in three sectors: retail, consumer products (FMCG) and automotive.

RETAIL AND CONSUMER PRODUCTS

Retailers are in direct contact with consumers. They can't avoid dealing with the CSR issues which consumers worry about. Concerns about the environment, health and ethics have come thick and fast, from mad cow disease to the organics trend, from genetic modification to animal welfare, and from labour conditions to fair trade.

Core CSR issues for the retail sector focus on the supply chain, transport, and the direct social and environmental impacts of retailers' own operations.

J. Sainsbury's, a U. K. retailer, for example, is a member of the Ethical Trading Initiative (ETI), a partnership between business, trade unions and NGOs which is backed by the U. K. government and aims to develop means of ensuring high standards in the supply chain⁽³⁾. On transport the company has begun testing compressed natural gas in its fleet to reduce its CO₂ emissions, as well as improving its logistics to cut the kilometres traveled per product delivered. In parallel, the company has numerous initiatives to ensure food product identity and quality. It works with the Marine Stewardship Council and has strict policies on which products can be harvested from the wild, and in what quantities.

Most of the CSR issues identified by such companies have real implications for their brands and reputations. And the companies closest to the consumers pass on the pressures to their suppliers.

Consumer goods companies aim to build brands which consumers identify with and bond to, which means they have to resonate with to emerging civil society concerns. As a result, many consumer goods companies have been investing energetically to clean up not only their own products and operations, but also those of their suppliers.

(3) www.ethicaltrade.org

So what issues are top of mind? L'Oréal spotlights post-consumer waste issues related to its products, together with its product stewardship initiatives. To reduce the impact of its products, the company has focused on reducing the packaging required for their products, as well as eliminating harmful or stigmatised substances such as heavy metals, CFC propellants and PVC. The company also highlights the importance of diversity within the sector, by developing the role of women in science through an initiative to foster more women in scientific education and employment.

For Procter & Gamble, waste management, toxicity, animal welfare and supplier diversity are among the areas identified as important issues for the company. P&G uses life cycle design to squeeze environmental problems out of its products and supply chain. On the social front, the company has an initiative in place to support and select minority suppliers within the United States. This is linked to the company's economic impacts upon – and contributions to – local communities.

Unilever, meanwhile, talks about some of its pioneering initiatives to develop and market products based on sustainable supply chains. Among the products spotlighted are sustainable fish and sustainable peas. The company notes, however, that to date such initiatives have more to do with supply chain security and product quality than directly with competitive advantage. This is not yet a major consumer issue so far as this group is concerned.

→ *such companies depend on brand loyalty and reputation: any breaks in this trust can impact on the companies financially.*

Alongside these core issues run the sector's myriad social and economic impacts, with major concerns around such issues as worker safety and the security of the millions of jobs that depend on this industry.




CARMAKERS

Carmakers have taken a commercial hammering recently, but they are not going to stop advertising – and CSR issues are increasingly on their radar screens. Key issues include product safety and the environmental impacts of the production and especially the use and disposal of their vehicles.

Product safety remains a paramount issue. Ford Motor Company, in the wake of the controversy surrounding the recall of millions of its sport utility vehicles fitted with Firestone tyres, covers its thinking on a range of safety, health and environmental issues in its reporting. But issues like climate change are also rocketing up the priority list, particularly for the gas-guzzling SUVs that currently provide a high proportion of such companies' growth.

Typical of the leaders in the automotive sector, Renault focuses on the environmental impacts of its products through their life-cycles, right through to their disposal, scrapping and – increasingly – recycling. Peugeot also clearly identifies this issue as core to the sector's future strategy, discussing public opinion trends on end-life recycling, as well as its vision for boosting the recycling of the many different types of plastics used in cars. Indeed, in line with EU legislation, all manufacturers are required to classify parts and components to ease recycling and reuse.



Given the huge and growing contribution of vehicle emissions to urban air quality problems and to climate change, auto companies devote many pages of their reports and advertising to illustrating progress towards low emission vehicles and alternative drive systems, such as hybrids. Examples are Ford's claim that they want to develop into a transport service provider, Peugeot's efficient diesel with new particulate filters, DaimlerChrysler's fuel cell, Toyota and Honda with their hybrid vehicles, energy efficiency by Volkswagen with 3 l and 1 l cars and Vauxhall's city car-sharing initiatives.

It should be noted, however, that to date technological progress is being outpaced by the growth in the number of vehicles on the roads and higher mileage.


One of the moves to combat this trend is a consumer targeted greener-driving campaign, www.greener-driving.net, sponsored by several auto manufacturers and UNEP (The United Nations Environment Programme), which follows an edutainment concept and aims to promote a different driving style, including mobility mix (intermodality).

SILVER LININGS

Although many companies start off on the defensive, denying any problems, the most successful recognise that even the darkest clouds can have silver linings. You see evidence of this growing opportunity focus in the reporting of sectors as diverse as insurance, pharmaceuticals and telecommunications.

But how many of these corporate reporters discuss their existing ad campaigns in their reports, let alone their future plans? Almost none. The challenge for professional communicators is to work out what the CSR agenda is likely to mean in terms of future advertising and communication needs – and help their clients respond.

So, if it is so crucial to client organisations, are agencies doing anything about it? The answer is yes... sort of.



CSR – CREATIVE SUSTAINABLE REVENUES?

Some parts of the industry are already manoeuvring to capture a slice of the strategy and communication budgets that will be created by the evolving trend towards corporate social responsibility. Alongside CSR-focused agencies, major international groups are now bidding for a share of the cake⁽⁴⁾.

International organisations are also looking at the sector with great expectations. For example, UNEP's Advertising and Communication Forum⁽⁵⁾ is a broad initiative which aims to:

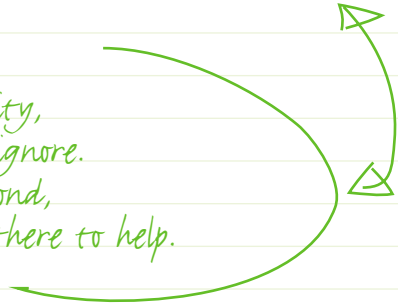
- Work together to raise general awareness on sustainable consumption;
- Use communication skills and techniques to promote sustainable consumption patterns;
- Promote products, services and campaigns that foster sustainable consumption;
- Pursue best practice in environmental management;
- Inform and inspire each other through workshops, meetings, publications, websites, and more.

More broadly, there is no shortage of high-level backing for CSR activity. There's the UN's Global Compact, for example, which has roped in leading businesses around the world to pledge improved responsibility. And the European Business Campaign 2005 on CSR (www.csrcampaign.org) aims to mobilise 500,000 business people and stakeholders. Among its milestones:

- A marathon of major CSR conferences throughout Europe, culminating in a business Olympics in 2004 to raise awareness.
- A new European Academy of Business in Society, taking in the continent's leading business academics, to help build capacity and drive CSR into the mainstream of business education.
- An annual Campaign Report on European CSR excellence to document the wealth of national initiatives – and to energise stakeholder dialogue⁽⁶⁾.

The European Union has also been stirring the pot. The Commission issued a 'Communication' in summer 2002 which stressed the voluntary nature of CSR but also its importance in achieving the EU objectives of building a successful and inclusive economy. It rejected the European Parliament's call for mandatory CSR reporting, but has set up a 'Stakeholder Forum' to continue dialogue on the subject.

*With all this high-level activity,
CSR has become impossible to ignore.
Businesses will have to respond,
and communications agencies can be there to help.*



(4) Saatchi & Saatchi, for example, recently published a round-up of its cause-related marketing on such issues as contraception, sexually transmitted diseases, child abuse, road safety, drugs, racism, censorship, war and the environment. (Social Work: Saatchi & Saatchi's Cause-Related Ideas, -273 Publishers, London, UK, 2000.) McCann-Erickson worked with UNEP to write 'Can Sustainability Sell', a brochure mailed to all multinationals in Europe. And J. Walter Thompson has teamed up with UNESCO to work out how the advertising industry can help communicate CSR worldwide.

(5) www.uneptie.org/pc/sustain/advertising/advertising.htm

(6) CSR Excellence Report, Copenhagen Centre, 2002

CSR and the agency agenda

CEO mindshare is more of an issue for communications agencies than climate change or human rights. Spot the connection.

There are all sorts of reasons for agencies to worry when a new agenda starts to impact clients. Quite apart from the competition for client attention, there is a risk that top management interest (and related budgets) may be diverted to handle the new threats – and opportunities. But in this case, it could be the other way round. Interestingly, the CSR agenda is percolating up to board level in many major companies – just at a time when advertising and communication agencies seem to be losing traction at top management level. Picking up on CSR could help the industry to renew its importance in the boardroom and could turn into a win-win situation agencies, planet and clients.

COMPETING FOR CEO MINDSHARE

We were told that client-agency relationships have progressively moved from CEOs, who are responsible for the branding and image of a whole company, to marketing directors, who are less present in corporate boardrooms today and tend to be primarily concerned with individual brands and specific product campaigns. And the bad news for conventional agencies is that new brand and reputation specialists have successfully jumped into this “*opportunity space*”.

CSR could exacerbate this trend – but could also offer a way to fight back. Major multinationals have discovered that the challenges of successful brand and reputation risk management are becoming much tougher thanks to the rise of CSR. They want professional partners who understand corporate branding at least as well as they understand what it takes to sell a product – and who also understand the new challenges of corporate responsibility.

Figure 1: Who handles the CSR agenda ?



Figure 1 illustrates the upward shift of CSR issues inside major companies in recent decades. There have been several reasons. One is that the political and commercial implications of getting things wrong have been rocketing, as illustrated by the impact of asbestos litigation on such companies as ABB. Also, the CSR agenda, which link many different dimensions of expectation and performance, cut across professional and departmental silos, which can make them much harder to detect and manage successfully.

When agencies work on accounts that are limited to a specific product or a particular campaign, the relationship is often limited both in time and scope. The link between an individual campaign and the corporate brand strategy is not always perceived by clients to be strong. Yet experience shows that successful, long-term relationships are usually based on a strong agency understanding of the client's vision, corporate culture and strategy. That makes it possible to translate these into advertising messages and wider communication.

That said, there are many barriers to real progress. While the CSR agenda has been rising up to Board level, it has risen via Corporate Affairs, not the Marketing department, and is still seldom front of mind with senior marketing executives. Sometimes it's worse than that: clients are resistant to any CSR inputs. One agency planner we spoke to said he was told by the client: "You don't have to work on this account, you know!" after he had tried to introduce a client to aspects of the agenda. Elsewhere, and less dramatically, an understanding of CSR may not appear directly relevant to a particular campaign or client account – perhaps because the issues with a specific product are not always obvious - until a reputational disaster strikes.

But there cannot be a single company, especially among major advertisers, which can claim to be managing all its impacts responsibly – and to be communicating that adequately. So an understanding of the CSR agenda should be important when an agency is building a long-term relationship with a client. Among other things, an agency should be able to offers clients insights into the activists and thought leaders who are shaping the agenda. Good agencies succeed, we were told, because their understanding of the client goes far beyond the individual campaign. In today's world, such an understanding must include CSR.

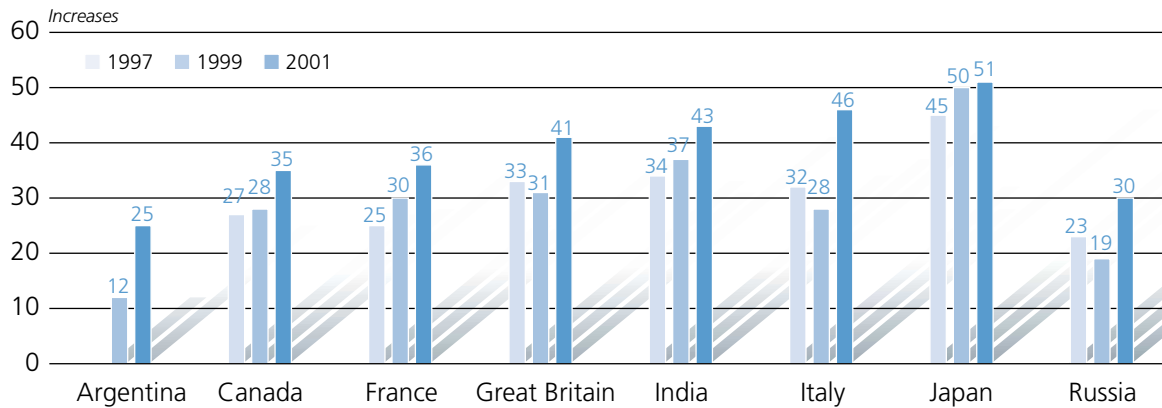
This is where the opportunity space is created: The link between CSR and brand is increasingly clear, and the asset value of a brand is growing on corporate balance sheets. As a consequence, companies are very keen to manage all aspects of their brand in the best possible way, and who better to help them do that than a communications agency that understands CSR?

Agencies should look at CSR as an important element that helps plan the company's long-term positioning, engaging clients at the strategic level – up to and including the board.

PUBLIC OPINION ON THE MOVE

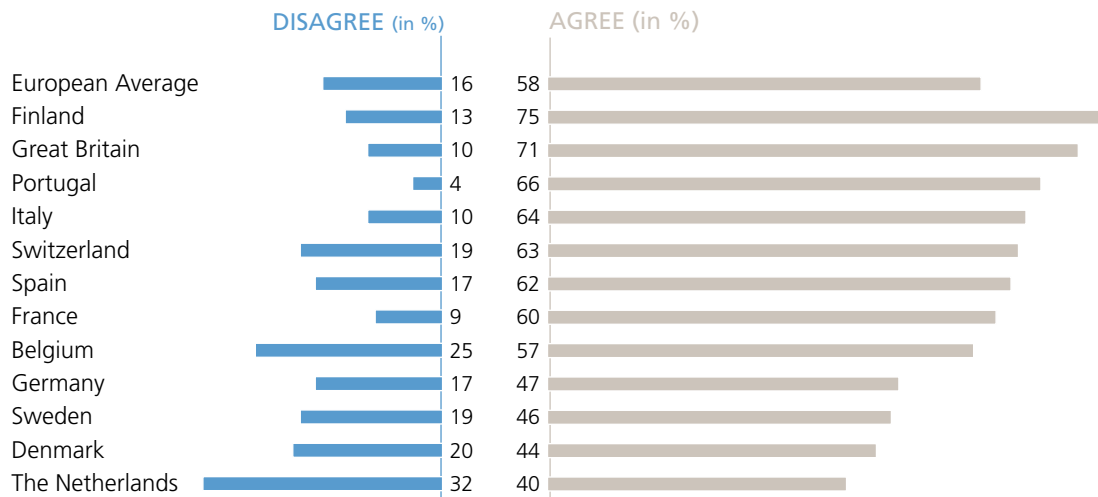
Focus groups, consumer surveys and opinion polls are all methods to assess public perception with regards to products, brands and campaigns. They are also used to assess public perceptions on CSR issues. Some top-level findings follow.

- Around the world, the public's concerns around environmental pollution are growing:
Trends 1997-2001: environmental pollution seen as single greatest threat to future generations



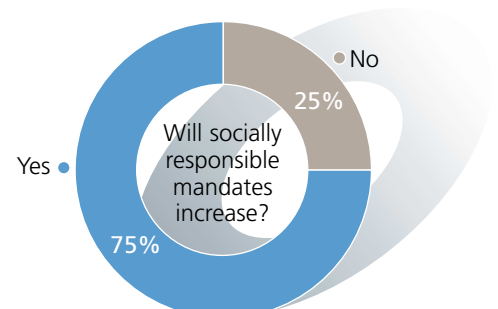
Source: Environics International Environmental Monitor

- In parallel, public expectations of corporate responsibility are increasing, particularly in Europe:
"Industry and commerce do not pay enough attention to their social responsibilities"



Source: MORI - Base: All 'European' public (12,162), September 2000.

- Something which is not lost on the corporate world: managers were asked if they believe socially responsible mandates will increase in 2003 in Europe ex UK.



Source: Mercer Investment Consulting survey of Pan-European investment managers, 2003
UK results were 73% 'Yes' and 27% 'No'.

Waves and Downwaves: the develop

▲ HIGH INTEREST

▲ MEDIUM INTEREST

▲ LOW INTEREST

1961 Amnesty International founded / World Wildlife Fund founded

1962 'Silent Spring' published

1969 Friends of the Earth founded

1970 Earth Day / US Congress bans cigarette advertising on television and radio.

1971 Greenpeace founded

1972 UN Stockholm Conference / 'Limits to Growth' published

1973 Arab Oil Embargo / Watergate / Seveso Disaster, Italy

1976 The Body Shop founded. Spurns advertising in favour of its own campaigns

1978 Second Oil Shock / OECD State of Environment Report

First Wave Peak

First Downwave

FIRST WAVE 'LIMITS'

Evolution of CSR

1984 Bhopal Disaster, India / Apple Computer's Superbowl '1984' ad has been described as one of the most influential ads ever.

1986 Chernobyl Disaster, Ukraine / Rhine Disaster, Europe

1987 'Our Common Future' Published / Montreal Protocol

Second Wave Peak

1988 Green Consumer Movement launched

1989 Exxon Valdez Disaster, Alaska / Berlin Wall

1990 Earth Day 20

1991 Gulf War

Second Downwave

1992 UN Earth Summit, Brazil

1995 Brent Spar / Shell Nigeria / Moruroa nuclear tests

1996 'Mad Cow' Disease, UK / Nike sweatshops

1997 Kyoto Protocol / Nike's women's empowerment campaign criticised being out of line with the treatment of women labourers in Southeast Asia.

1998 GM Foods Controversy, UK and EU

1999 Battle of Seattle / Internet advertising breaks the \$2 billion mark and heads toward \$3 billion.

2000 Millennium / CSR and SD on WEF Agenda / 'No Logo' published / BP unveils its 'Beyond Petroleum' rebrand / Dotcom bubble burst

2001 GB Meeting, Genoa/September 11 / Toyota launches its 'Today, Tomorrow, Toyota' campaign

2002 Enron and other corporate governance scandals; World Summit on Sustainable Development

SECOND WAVE 'GREEN'

THIRD WAVE 'GLOBALISATION'

The development of CSR

AS THE CSR AGENDA BUILDS, AGENCIES WILL BE IN THE FIRING LINE. HERE'S WHY.

To understand where the CSR agenda is heading, it helps to know where it came from. In 1994, SustainAbility carried out a mapping exercise, showing how the profile of the CSR agenda had changed over time, across the OECD region⁽⁷⁾. It showed two mounting pressure waves, followed by two great downwaves. When the exercise was revisited in early 2002, a third wave, which had taken off in 1999, was still on the rise.

The findings from these mapping exercises are sketched out in Figure 3, plotted against a timeline of the advertising and communications industry, in order to explore the links between them and see how they compare.

FIRST WAVE PEAK (1969-1973)

Sparked by Rachel Carson's book *Silent Spring*, the 'Environmental Revolution' really got into its stride from the late 1960s. In the advertising world, this was the period of the so-called 'Creative Revolution', ushered in by people like Bill Bernbach, Leo Burnett and David Ogilvy in the 1950s.

FIRST DOWNWAVE (1974-1987)

For mainstream business, this was a period of increasing regulation and major compliance problems. Both The Body Shop (1976) and Ben & Jerry's (1978) were founded during this period, two brands that were to become early standard-bearers for CSR. The advertising and communication industry was impacted by the formation of CNN in 1980, creating the first global programming for a global audience. And the creation of MTV in 1981 debuted frenetic video images that would dramatically change the nature of commercials.

SECOND WAVE PEAK (1988-1990)

In the wake of the discovery of the Antarctic ozone hole, this was the peak period for the international green consumer movement, with major implications for a wide range of fast moving consumer goods businesses. A growing number of marketing and advertising campaigns featured environmental themes.

PULL ►

SECOND DOWNWAVE (1991-1998)

A number of companies got into trouble during this period, including Shell with the Brent Spar and Nigeria, and Nike for the poor treatment of women workers at some of the company's Southeast Asian contract factories. This period also saw the extraordinary growth of the Internet, with clients and agencies beginning to explore online advertising.

THIRD WAVE (1999 - 2002)

In 1999 the 'Battle of Seattle' caught the world's attention thanks to the activists' ability to organise and communicate via the Internet. Advertising over the net broke the \$2 billion mark. The year 2000 also saw the start of the dotcom crash and a serious downturn in advertising spending and revenues.

Interestingly, the peak of the third wave seemed to have been reached late in 2002. For those who might think that a possible downwave would mean an end to the pressure, nothing could be further from the truth. The two previous downwaves were accompanied by intensive work in business, focused on compliance (during the first downwave) and on competition, (triggered by the market shifts of the second upwave). The third downwave will see growing investment in translating the CSR agenda into understandable, doable action points for governments, business – thus creating points of brand difference – and, ultimately, ordinary people as consumers and citizens.

(7) The waves analysis was later reported in *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, John Elkington, Capstone, Oxford, 1997 and *New Society*, 1998.

David Brower

THE LIFE AND TIMES OF DAVID BROWER (1990)

The autobiography of one of the foremost environmental activists of the century.

Lester R. Brown, Christopher Flavin and Hilary Frencha

STATE OF THE WORLD 2001 (2001)

In State of the World 2001, the Worldwatch Institute's award-winning research team tackles the great challenge of our rapidly globalizing world: how to use our political systems to manage the difficult and complex relationships between the global economy and the Earth's ecosystems.

Frances Cairncross

GREEN, INC: A GUIDE TO BUSINESS AND THE ENVIRONMENT (1995)

A thought-provoking analysis of the complex relationship between government, business and the environment.

Rachel Carson

SILENT SPRING (1962)

Written over the years 1958 to 1962, it took a hard look at the effects of insecticides and pesticides on songbird populations throughout the United States, whose declining numbers yielded the silence to which her title attests.

Theo Colborn, John Peterson Myers and Dianne Dumanoski

OUR STOLEN FUTURE: HOW MAN-MADE CHEMICALS ARE THREATENING OUR FERTILITY, INTELLIGENCE AND SURVIVAL (1996)

Identifies the various ways in which chemical pollutants in the environment are disrupting human reproductive patterns and causing such problems as birth defects, sexual abnormalities, and reproductive failure.

John Elkington

THE CHRYSALIS ECONOMY: HOW CITIZEN CEOS AND CORPORATIONS AND CORPORATIONS CAN FUSE VALUES AND VALUE CREATION (2001)

From SustainAbility Chairman, John Elkington, this book looks over the shoulders of business leaders and boards as they build the values-based platforms essential for sustainable value creation.

John Elkington

CANNIBALS WITH FORKS: THE TRIPLE BOTTOM LINE OF 21ST CENTURY BUSINESS (1998)

John Elkington's book identifies the seven dimensions of - or revolutions leading to - a sustainable future.

Claude Fussler with Peter James

DRIVING ECO-INNOVATION: A BREAK-THROUGH DISCIPLINE FOR INNOVATION AND SUSTAINABILITY (1996)

Explains how eco-efficiency can enhance business operations, contribute to a better environment and improve quality of life.

Rob Gray with Jan Bebbington and Diane Walters

ACCOUNTING FOR THE ENVIRONMENT (1993)

The principle thesis of this text is that traditional accounting practices do not properly allocate environmental quality or compliance costs.

Paul Hawken and Amory & Hunter Lovins

NATURAL CAPITALISM (2000)

Three top strategists show how leading-edge companies are practising "a new type of industrialism" that is more efficient and profitable while saving the environment and creating jobs.

Paul Hawken

THE ECOLOGY OF COMMERCE (1994)

Proposes a culture of business in which the natural world, is allowed to flourish and in which the planet's needs are addressed.

Marcel Jeucken

SUSTAINABLE FINANCE & BANKING: THE FINANCIAL SECTOR AND THE FUTURE OF THE PLANET (2001)

Marcel Jeucken, senior economist at the Rabobank Group in the Netherlands, starts with a generic overview of the sector, to help non-bankers get a clear understanding of the field. He then addresses the sustainability implications of the sector, thankfully focussing more on products and services, where the real impacts lie, than on in-house management issues such as paper and energy use.

Kevin Kelly

NEW RULES FOR THE NEW ECONOMY (1999)

A thought-provoking look at the behaviour of net-

works and their effect on our economic lives. At the root of this network revolution is communication.

James Lovelock

GAIA: A NEW LOOK AT LIFE ON EARTH (1979)

James Lovelock created a powerful argument that will keep scientists busy for centuries. He states that there is an ability for the Earth to maintain relatively constant conditions in temperature, atmosphere, salinity and pH of the oceans, and reductions in pollutants that defies the simple observations of what "should" happen. From this, he concludes that there is a complex of physical, chemical and biological interrelationships that work like a living organism, which he defines as the Gaia Hypothesis.

William McDonough and Michael Braungart

CRADLE TO CRADLE (2001)

William McDonough and Michael Braungart challenge the notion that human industry must inevitably damage the natural world.

Malcolm McIntosh, Deborah Leipziger, Keith Jones and Gill Coleman

CORPORATE CITIZENSHIP: SUCCESSFUL STRATEGIES FOR RESPONSIBLE COMPANIES (1998)

Provides innovative and visionary solutions to issues including Human Rights, Fair Trade, Social and Ethical Auditing, Environmental Policy, Stakeholder Relations, Global Codes of Conduct and Corporate Governance.

J.R. McNeill

SOMETHING NEW UNDER THE SUN: AN ENVIRONMENTAL HISTORY OF THE TWENTIETH-CENTURY WORLD (2000)

The environmental changes of the last century, McNeill closes by saying, are on an unprecedented scale, so much so that we can scarcely begin to fathom their implications.

Edited by Jerry Mander and Edward Goldsmith

THE CASE AGAINST THE GLOBAL ECONOMY : AND FOR A TURN TOWARD THE LOCAL (1997)

The 43 essays in this collection comprise a point-by-point analysis of globalization and its consequences that demonstrates that the future may not be as bright as business leaders tell us.

Donnella H. Meadows, Dennis L. Meadows and Jørgen Randers
BEYOND THE LIMITS: GLOBAL COLLAPSE OR A SUSTAINABLE FUTURE (1992)

James F. Moore
THE DEATH OF COMPETITION: LEADERSHIP AND STRATEGY IN THE AGE OF BUSINESS ECOSYSTEMS (1996)
 James F. Moore argues that the complex, interdependent nature of today's business relationships is best understood as a form of ecosystem.

Victor Papanek
THE GREEN IMPERATIVE (1995)
 Papanek introduced the idea of an ethics of design. 25 environmentally irresponsible years later, he reiterates his plea for ecologically sound design of everything from food packaging to buildings.

Jonathon Porritt
PLAYING SAFE: SCIENCE AND THE ENVIRONMENT (2000)
 Really provocative book looking at corporate capture of the scientific establishment and how industry has re-shaped research programmes to suit their own agendas rather than that of society.

Jeremy Rifkin
THE BIOTECH CENTURY (1999)
 An attempt to prod society into formulating an ethical response to biotechnology - and a means of interpreting and controlling the scientific endeavours.

Anita Roddick
BUSINESS AS UNUSUAL (2000)
 A call for business to tackle the big issues of life alongside the pursuit of profits, with heart, soul and conscience.

Tom Rose
FREING THE WHALES: HOW THE MEDIA CREATED THE WORLD'S GREATEST NON-EVENT (1999)
 Tom Rose demonstrates an unexpected empathy not just toward these sea creatures but also toward the oil company executives, Greenpeace activists, Eskimos, businessmen, and military officers who heroically worked to save the whales, and the journalists who brought the story to the world's attention.

Andrew Rowell
GREEN BACKLASH: GLOBAL SUBVERSION OF THE ENVIRONMENT MOVEMENT (1996)
 An account of the growing anti-environmental(ist) movement. It reveals the harsher realities of environmental life.

Lorinda R. Rowledge, Russell S. Barton and Kevin S. Brady
MAPPING THE JOURNEY: CASE STUDIES IN STRATEGY AND ACTION TOWARDS SUSTAINABLE DEVELOPMENT (1999)

Ric Scarce
ECO-WARRIORS: UNDERSTANDING THE RADICAL ENVIRONMENTAL MOVEMENT (1990)
 It may be hard for many to understand those who are willing to risk their lives in defence of the planet, but this book explains who they are and what motivates them.

Stephan Schmidheiny with the Business Council for Sustainable Development
CHANGING COURSE: A GLOBAL BUSINESS PERSPECTIVE ON DEVELOPMENT AND THE ENVIRONMENT (1992)
 Changing Course provides an extensive guide to ways in which the business community can adapt and contribute to the crucial goal of sustainable development.

E.F. Schumacher
SMALL IS BEAUTIFUL
 The classic of common-sense economics.

Joseph Schumpeter
BUSINESS CYCLES (1939)
 Schumpeter's ideas and theories with practical applications. His 'creative destruction' theory is well documented and explained.

Peter Schwartz
THE ART OF THE LONG VIEW: SCENARIO PLANNING – PROTECTING YOUR COMPANY AGAINST AN UNCERTAIN WORLD (1991)
 Developing strategic vision in business and in life, a guide for managers, entrepreneurs, and investors explains how to apply creative and intuitive skills to corporate practices.

Peter Senge
THE FIFTH DISCIPLINE: THE ART AND PRACTICE OF THE LEARNING ORGANIZATION (1993)
 Introduction to Senge's carefully integrated corporate framework, which is structured around "personal mastery," "mental models," "shared vision," and "team learning."

Edward Tenner
WHY THINGS BITE BACK: NEW TECHNOLOGY AND THE REVENGE EFFECT (1996)
 Tenner examines what he deems the "unintended consequences" of technological innovation, drawing examples from everyday objects and situations.

Martyn Turner and Brian O'Connell
THE WHOLE WORLD'S WATCHING: DECARBONIZING THE ECONOMY AND SAVING THE WORLD (2001)
 A look at the global warming debate going on all over the world, offering a set of solutions for the decarbonization of the Earth.

Richard Welford
CORPORATE ENVIRONMENTAL MANAGEMENT 1
CORPORATE ENVIRONMENTAL MANAGEMENT 2 - CULTURE AND ORGANISATIONS (1997)
 Prof Welford brings together a number of authors working in the fields of cultural change and organisational behaviour to consider how to develop an 'environmental culture' in organisations.

Jan-Olaf Willums with the World Business Council for Sustainable Development
THE SUSTAINABLE BUSINESS CHALLENGE: A BRIEFING FOR TOMORROW'S BUSINESS LEADERS (1998)
 A comprehensive primer on issues of corporate sustainability and on environmental issues that affect business.

World Commission on Environment and Development (the 'Brundtland Commission')
OUR COMMON FUTURE (1987)
 Offers an agenda advocating the growth of economies based on policies that do not harm, and can even enhance, the environment.

THE STAKEHOLDERS' PERSPECTIVE



AGENCIES KNOW WHAT THEIR CLIENTS WANT

BUT WHAT ABOUT CONSUMERS, CAMPAIGNERS, REGULATORS AND INVESTORS ?

Communications agencies do not operate in a vacuum. Nor are they simply driven by client demands and briefs. They know that the perceptions of other stakeholders matter, both to their clients and to their own industry. The essence of their job is to help clients hook in to the moods of these important audiences. So let's look at how four different groups of stakeholders – consumers, campaigners, regulators and investors – view the industry.

CONSUMERS: SATURATION POINTS

Today's communications world is characterised by vast media choice, coupled with stagnant consumption and fragmenting audiences. A difficult stage in which new ways are needed to engage consumers effectively. Can CSR help?

From soap operas to the latest Bond movie, *Die Another Day*, brands are popping up all over the place. So-called 'product placement' is extending coverage of such products from the commercials between programmes into the programmes themselves⁽⁸⁾. It's not as in-your-face as early advertiser-funded TV shows in the US where the star of the show would turn to the camera and plug the sponsor's products, but this latest advertising trend signals several things about audiences.

One is that the more advertisers try to push, the more likely consumers are to push back – or at least to adopt avoidance tactics. New technologies and

the spread of cable channels are helping consumers to avoid much advertising. New digital recorders allow commercials to be skipped, for example, or eliminated with a click or two of the remote control.

According to industry research, consumers feel that advertising is increasingly ubiquitous – well beyond the traditional media of TV, billboards, posters and press, now spreading from direct mail, to the Internet and locations such as petrol pumps. Ads can bring both colour and entertainment but it's clear that there is a risk of diminishing returns due to over-saturation. According to the Newspaper Advertising Bureau, 84% of adult evening viewers today cannot name a brand or product in a show they have just seen, up from 60% in 1965. Not exactly impartial, but not to be ignored either.

Furthermore, recent studies show a 4000% variance in the Millward Brown Awareness Index for consumer advertising.

Even when consumers notice, there is a question of whether advertisers' messages resonate with the public. Successful brands have to develop strong relationships with emerging 'consumer tribes' of like-minded individuals – relationships mainly based on values⁽⁹⁾. But values have been shifting, especially in the advertising-rich industrialized world, from a focus on material prosperity to one increasingly emphasising quality of life. People just don't want so much 'stuff' any more. According to the World Values Survey, this shift towards 'post-materialist' values has been consistent throughout the European Union, led by Denmark and the Netherlands where it now involves the majority of the population.

This shift means that consumers are increasingly taking an interest in the 'ethical' performance of companies – a trend which, according to Environics International, is significantly more pronounced among 'Opinion Leaders'. Because such people influence their fellow citizens, Environics forecasts an overall rise in public interest in sustainable consumption and investment. **As UNEP's Executive Director Klaus Toepfer has stated, "Consumers are increasingly interested in the 'world that lies behind' the product they buy. Apart from price and quality, they want to know how and where and by whom the product has been produced."**

This values shift is also echoed in youth culture, although with its own distinctive twist. According to the McCann-Erickson 'Pulse' survey⁽¹⁰⁾, today's youth have a high interest in social, human rights and environmental issues, and want companies to do more about them. Yet at the same time they love consuming and identify strongly with certain brands. They will take action on CSR issues, but rarely alone. They are looking for leadership, and blame governments, companies and the media for failing to provide it.

Another trend clearly discernible in youth culture and the general public is a desire for transparency and authenticity. In a UK Advertising Standards Authority (ASA) study there was – surprisingly – only one major negative trend in public perception towards advertising – that of 'untruthful truthful advertising', or being economical with the truth⁽¹¹⁾. This perception threatens to undermine trust in advertising and brands as consumers become increasingly cynical and critical about advertising claims.

This lack of trust, coupled with the fact that many brands are seen to be paying little more than lip service to social responsibility suggests that public trust in advertising, brands and business will continue to gradually erode. Even if the wider trend heads in this direction, however, individual brands, companies and agencies can still stand

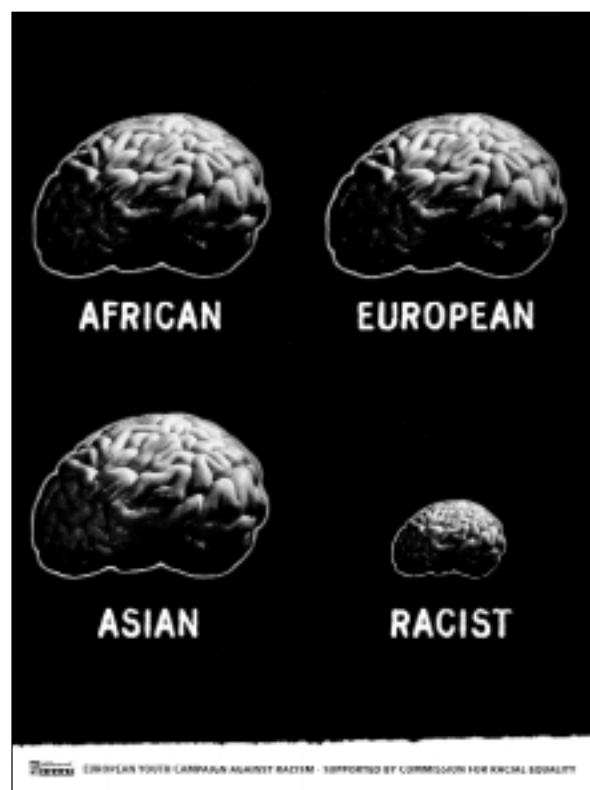
out from the crowd – and build a reputation for integrity. Those that do will benefit from listening to a second set of stakeholders, the NGOs.

CAMPAIGNERS: LOOKING FOR SOLUTIONS

Advertising is a favourite target for campaigners. That said, NGOs are often keen to advertise their own activities – sometimes benefiting from *pro bono* space offered by media companies. Indeed, these groups are also likely to use advertising in future to promote solutions, not simply to spotlight problems.

At one end of the spectrum are the mainstream NGOs. These days they include groups like Amnesty, Friends of the Earth, Greenpeace and WWF. They often dislike the communications industry's practices – and, in some cases, its objectives. In general, they blame advertising for stoking the fires of consumption, turning us into consumers instead of citizens and damaging the planet in the process.

Saatchi & Saatchi for the Commission for Racial Equality, UK, 1995





Occasionally, such NGOs take on the world of advertising. Friends of the Earth, for example, have campaigned against advertising aimed at children at Christmas, seen as fuelling 'pester power'⁽¹²⁾. Greenpeace, too, has campaigned to expose the links between communications agencies and the military and nuclear industry⁽¹³⁾, in parallel with its long-running efforts to expose 'greenwash' advertising⁽¹⁴⁾.

A second group of NGOs is more focused, organising around a specific issue or cause. Such groups object to advertising as a cause or symptom of the ills they oppose. So, for instance, anti-smoking campaigners object to tobacco ads, while feminist groups have campaigned against sexist messages and images. Others object to specific types of advertising. Some mothers and paediatricians have organised to oppose advertising to children⁽¹⁵⁾.

Even more challenging, however, are those groups that oppose advertising as such. This category includes the so-called 'culture jammers'. These activists attack advertising and consumer culture head-on by using existing ads and altering them to support their own campaigns, most of which have an underlying CSR message.

Adbusters – whose simple goal is "to change the way we interact with the mass media and the way in which meaning is produced in our society." - is the

best known of the culture jammer groups, while the Billboard Liberation Front is adept at cleverly defacing posters to turn the message against the advertiser. A special subset of 'hacktivists' concentrates on interfering with ads on the web. The anti-globalisation movement, with its anti-brand 'No Logo' component, has swelled the ranks of such activists. So far, the communications industry has failed to come up with an effective response⁽¹⁶⁾.

REGULATORS: DIY, WITHIN LIMITS

Self-regulation is the name of the advertising game. Except where campaigners raise specific issues which resonate with the public, and in a few highly-sensitive product areas such as tobacco, alcohol, prescription drugs and targeting children.

Europe's national communications industries have developed self-regulating bodies in an effort to maintain and foster positive public opinion about the industry. The European Advertising Standards Alliance (www.easa-alliance.org) brings together these national organisations, managing cross-border complaints and evolving the self-regulation system.



Self-regulation is based on the principles set out in the *International Chamber of Commerce's International Code of Advertising Practice* – first issued in 1937, and most recently updated in 2002. The Code has three fundamental precepts:

- “All advertising should be legal, decent, honest and truthful.
- Every advertisement should be prepared with a due sense of social responsibility and should conform to the principles of fair competition, as generally accepted in business.
- No advertisement should impair public confidence in advertising.”

While the code links ‘social responsibility’ to issues like discrimination, human dignity and manipulation, this concept needs to chime with wider societal values, which are constantly evolving. For the industry to maintain a high public

All advertising should be legal, decent, honest and truthful. Every advertisement should be prepared with a due sense of social responsibility and should conform to the principles of fair competition, as generally accepted in business. No advertisement should impair public confidence in advertising.

reputation, it will need to ensure that it lives up to changing expectations of social responsibility (see ‘Public Opinion on the Move’).

The industry, clients and national governments favours self-regulation because it is more flexible than legislation and can adapt quickly to new forms of advertising and changes in public attitudes. But in those areas where the public perceives that its best interests are not being served by industry self-regulation, there will be increasing pressure for government regulators to get involved.

This is currently happening in a few issue areas – particularly related to tobacco, alcohol and advertising to children. For example, Sweden already has a law banning advertising aimed at under-12 year olds, while in the UK there has been a call by MPs to ban all television commercials aimed at the under-

fives. National governments currently have the freedom to enact legislation that is preferred locally, but once unified regulation takes place across the European Community, national preferences will be superseded by a Europe-wide ‘all or nothing’ approach, either wholly in favour or wholly against a certain type of advertising. Currently, the European Commission is weighing up the benefits and drawbacks of establishing European-wide regulations related to the advertising of alcohol.

INVESTORS: CSR SPAWNS SRI

Mainstream investors are starting to get to grips with the general CSR agenda for business, but the implications of advertising have not yet appeared on most radar screens. That may now change, though, thanks to the growth of ‘socially responsible’ investing.



Once a niche market for a small group of explicitly ethical investors, socially responsible investment (SRI) is moving into the mainstream. Its penetration of the leading fund management houses has been driven partly by mounting evidence that a well-managed SRI approach can be as profitable as traditional investment, and partly by the growth of corporate governance to embrace social and environmental factors. One in every 8 dollars invested in the US now goes through some kind of SRI screen, and Europe is quickly catching up.

There are three main types of SRI activity:

- **Ethical screening** – the inclusion or exclusion of stocks based on ethical, social or environmental grounds such as avoidance of alcohol and tobacco, or support for environmentally benign products
- **Shareholder engagement** – SRI analysts seeking to influence the ethical, social and/or environmental behaviour of companies in their regular portfolios
- **Cause-based investing** – supporting a particular cause or activity by investing in it – e. g. renewable energy.

So what do SRI investors expect of advertising? We found that few investors yet have very sophisticated criteria to assess the sector, which is typically subsumed within the media sector. This is likely to prove an oversimplification, given the uniquely close relationship between advertising and clients who may often be on the SRI radar screen.

Once a niche market for a small group of explicitly ethical investors, socially responsible investment (SRI) is moving into the mainstream.

SRI is not only spreading into mainstream fund management. It is also extending its focus from the obvious suspects to other sectors and activities which have not so far come under much scrutiny.

Still, here are some criteria of particular relevance to the advertising sector⁽¹⁷⁾:

- Does the company/agency have a policy for ethical and moral standards for advertising, especially advertising to children?
 - On client selection, does the company/agency have controversial clients, involved in oppressive regimes, tobacco, nuclear/military, or multinationals subject to NGO campaigns and boycotts for validated reasons?
- Conversely, is the company/agency involved with positive clients e.g.: charities, NGOs or health authorities giving free/reduced fee services?
- Have complaints been upheld by advertising standards authorities over the use of pornographic material or any other controversial advertising?

The treatment of employees is also important for SRI investors – and is obviously an important issue in such a service sector which depends on human and intellectual capital. **Agencies that have policies in place to protect employees from lay-offs during economic downturns will be preferred by SRI investors.**

SRI is not only spreading into mainstream fund management. It is also extending its focus from the obvious suspects (such as oil and chemicals) to other sectors and activities which have not so far come under much scrutiny. The communications industry will be one of these.

(8) Richard Tomkins, As television audiences tire of commercials, advertisers move into making programmes, Financial Times, 5 November 2002
 (9) See McCann Erickson, 'Does Sustainability Sell?'
 (10) www.mccann.com/insight/pulse.html
 (11) The public perception of advertising in today's society, Advertising Standards Authority, 2002
 (12) 1998 Friends of the Earth 'Give Our Kids A Break' campaign to oppose children-targeted advertising at Christmas.
 (13) 1981 Greenpeace campaign against advertising agencies promoting the military and the nuclear industry.
 (14) 1997 Greenpeace 'CARE' campaign to expose corporate advertising budgets and 'greenwash'.
 (15) E.g. Rebel Mothers, who encourage advertisers to adopt their 6-point 'Mothers' Code for Advertisers'.
 (16) See www.adbusters.org, www.subvertise.org, and http://www.billboardliberation.com
 (17) 'Media Sector Sustainability Blueprint', Morley Fund Management, June 2002.

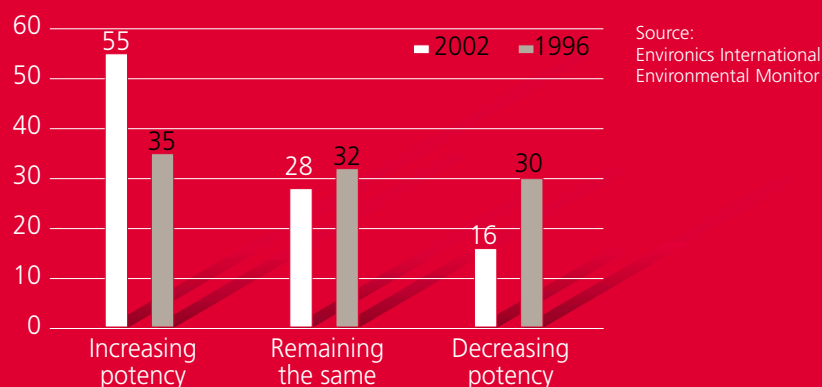
SOS ! LANGUAGE

CSR CAN BE LIKE A FOREIGN COUNTRY: DIFFERENT CUSTOMS, DIFFERENT LANGUAGE.

Anyone coming into the CSR area – as into any other – has to work out what the jargon means. We use the term 'corporate social responsibility' or CSR to refer to the emerging agenda that addresses the ways companies affect society, taking into account not only social, but also economic and environmental issues. However, several other terms are used by other companies and organisations to refer to this same agenda. These include the 'triple bottom line', 'corporate citizenship', 'sustainability' and 'sustainable development'.

Despite the jumbled jargon, experts in this field see their language becoming more influential, both in the world of government and of business. Canada's Environics International regularly polls citizens worldwide, and also surveys experts in CSR. A 2002 survey (Figure 4) shows those driving this agenda are confident that their language is gaining in potency. But this trend can only go so far – the jargon simply doesn't communicate with ordinary people.

FIGURE 4: POTENCY OF TERM 'SUSTAINABLE DEVELOPMENT' IN DECISION-MAKING (2002)



- **Corporate citizenship:** Recognition by a company that like every individual or group in the community, it is 'a citizen', both benefiting from the strengths that come with a community and accepting the duties or obligations that go with membership of it.
- **Corporate Social Responsibility (CSR):** Continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as the local community and society at large. It is business' contribution towards sustainability.
- **Sustainability/Sustainable Development:** There are over 100 definitions of sustainability and sustainable development, but the best known is that of the World Commission on Environment and Development. This suggests that development is sustainable where "it meets the needs of the present without compromising the ability of future generations to meet their own needs".
- **Triple bottom line:** The basis of integrated measurement and management systems focusing on economic, social and environmental value added – or destroyed.

10 steps to success

10

Introduce us to
the champions

9

Close
the circle

8

Change is
for all.

7

Glory buttons.

1

Give us
the Big Picture.

6

Mix realism
and optimism.

2

Build trust.

5

Tell stories.

3

Be cool.

4

Join up.

No set of rules can guarantee success with the CSR agenda, but here are some provocative pointers to the future. Some time back, Futerra Communications came up with ten rules for communication about sustainable development⁽¹⁸⁾.

1. Give us the Big Picture. Successful advertisers and communicators of the future will make interesting, surprising connections. Their messages will be playful, engaging, but clearly based on long-term thinking.
2. Build trust. Instead of simply encouraging the outside world to 'Trust Us', companies will increasingly recognise that they have to invest in trust and other forms of social capital. The most successful advertisers will ensure that they are trustworthy, providing extraordinary levels of transparency and real facts, comfortable or not.
3. Be cool. And be sexy. Sackcloth and ashes are no sort of fashion statement. Give CSR a facelift. Invent new language. Coax us into the future. Strain every sinew not to be patronising or worthy. Take risks. Stand out!
4. Join up. Don't hang back. Accept the invitation to help drive a massive, global transformation. Learn as fast as you can, but be prepared to make – and learn from – mistakes. Encourage your colleagues and clients to at least think about the issues. Don't bully – tease.
5. Tell stories. Empathy and emotions are powerful tools. Tell meaningful stories to grab and hold people's attention. Remember to tell us what happened.
6. Mix realism and optimism. The challenges may be great, but CSR is achievable. If we know what to do - and do it. Motivate. And inspire.
7. Glory buttons. Help us feel good about the good things we already do. Pat us on the back. Tell us how things we have already done have made a difference.
8. Change is for all. Go way beyond stereotypes. Stretch us. Use inclusive language and images. Involve us in the future. Suggest small steps that offer big leaps if enough of us get involved.
9. Close the circle. Link the big issues back to our everyday lives. Give a familiar context to big ideas. Show us how the brands - and the companies that stand behind them – are doing their bit to drive things forward.
10. Introduce us to the champions. Introduce us to the real heroes, the real global citizens. Show us how the pioneers are breaking out of the box. Give us icons to emulate and leaders to follow.

CSR in action

TOES IN THE WATER

Some advertisers have been getting CSR messages across, although there is a lot further to go before the industry could be judged to have taken the CSR plunge. Toes in the water is about the state of progress so far. In this section we highlight a few of the more interesting recent examples – while at the same time challenging them to do better.

1. SHELL – ‘PROFITS AND PRINCIPLES’ – J. WALTER THOMPSON



In 1997, Shell made a public commitment to CSR. Since then the company has worked to turn this commitment into reality on the ground, aiming to integrate the concept into business activities with commitments to reduce greenhouse gas emissions and invest in renewables.

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But the company says it felt misunderstood - many people didn't seem to understand their principles and practices well enough. So a new ad campaign was developed to illustrate Shell's approach to solving problems and meeting CSR challenges. This corporate campaign focuses on the Shell brand – rather than a particular product.

As well as print ads like the ones that appear here, Shell has made a series of television ads for cable and satellite, as well as in-flight TV. These ads show people working in areas in the front line of Shell's commitment to CSR. The ads feature real people working with or for Shell, rather than actors.

The TV campaign is pretty new. It will be interesting to see whether it lasts, and how it develops in future. The success of these ads will in part depend on whether Shell's day to day operations are perceived to be in line with their stated commitments to sustainable energy.

2. DUPONT – 'TO DO LIST FOR THE PLANET' – McCANN-ERICKSON

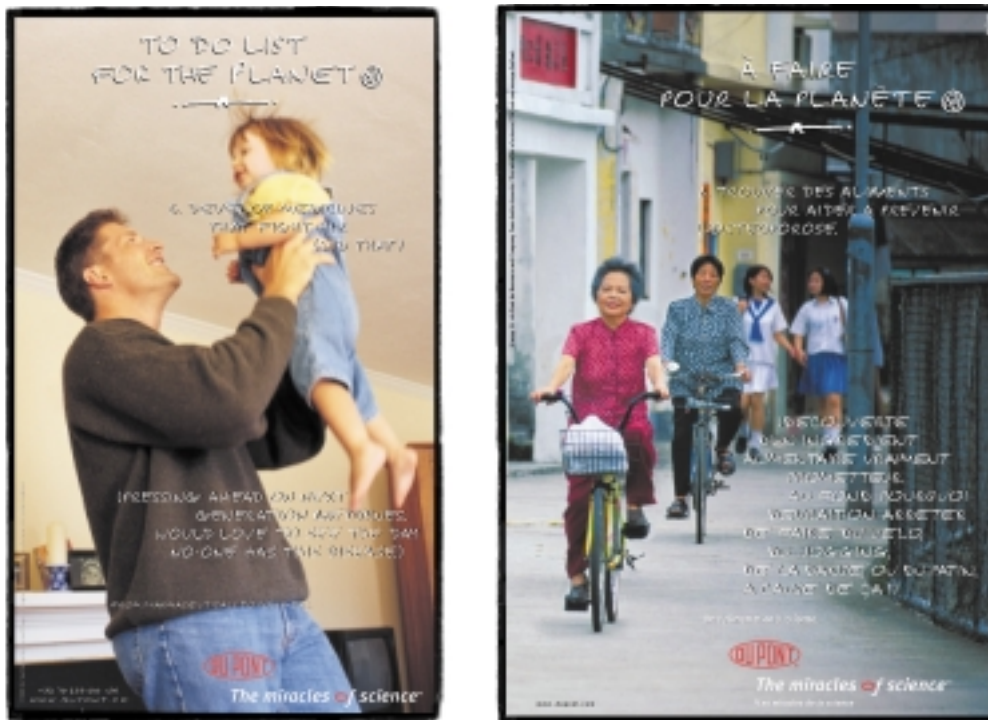


Image: 'To Do List for the Planet.'

DuPont is another example of a multinational using CSR-based advertising to develop and position the corporate brand.

The company's research found that most people, including investors, customers, consumers and even employees, didn't fully understand what DuPont did, or how often it affected their lives. The goal of the campaign was to highlight its achievements in creating products that safely meet the basic human needs of health, food and shelter.

The 'To Do List for the Planet', which emphasised the past tense, includes for example:

- "Turn ocean water into drinking water ('Did that')"
- "Develop medicines that fight HIV ('Did that')"
- "Find food that helps prevent osteoporosis"
- "Save historical treasures from disintegrating"

DuPont was seeking to reposition itself from a 'chemical company' to a forward-thinking, science company - a company that unlocks the secrets of nature in the interests of humanity. It changed the corporate slogan from 'Better Living through Chemistry' to 'Miracles of Science'.

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3. RUHRGAS –'VOLL IM LEBEN' CAMPAIGN - OGILVY & MATHER SPECIAL

This is an example of a product campaign from a local German company, rather than a multinational. Ruhrgas AG, founded in 1925, is Germany's biggest natural gas supplier and marketer, selling not directly to consumers but to 18 regional gas suppliers and a few city-owned companies.

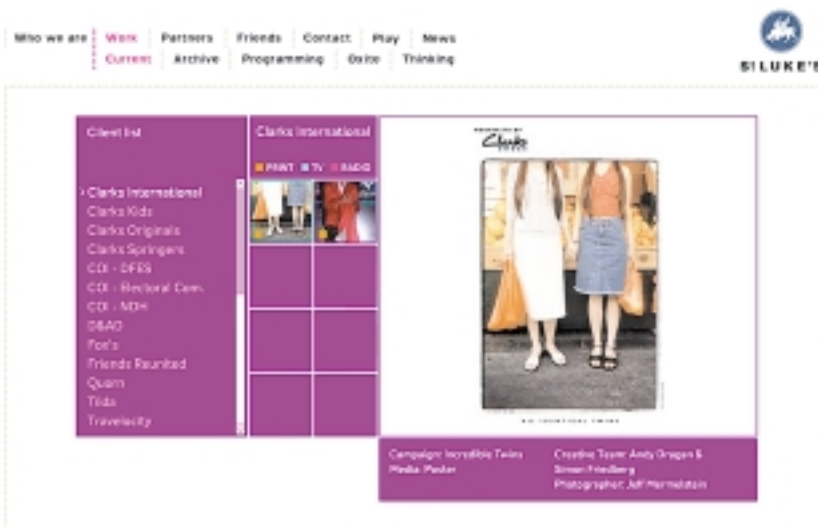
Ruhrgas provides customers with extensive marketing support and services, such as customisable ad campaigns. The aim of this campaign was to inspire regional gas suppliers to adapt and run it. The campaign presented natural gas as the energy source of the future, emphasising its environmental friend-

Image: Erdgas. Ist Kinderleicht und schön die Umwelt. (Translation: Natural gas. It's child's play and protects the environment.)



liness, comfort, and reasonable cost. The signature is 'Voll im leben' or 'Life to its fullest' – with natural gas an obvious part of this daily life. Great – although the real challenge for energy companies is to develop non-nuclear renewable sources which don't add to carbon dioxide emissions (as gas does, even if at lower levels than other fossil fuels).

4. ST. LUKE'S – CREATIVE – AND RESPONSIBLE - EMPLOYEE PRACTICES



Responsible advertising is about more than campaigns with a message or office ecology. It's also about working practices, particularly in such a high-pressure environment. St. Luke's Communications, a UK communications agency, is a powerful illustration of a more responsible approach to human relations.

St. Luke's Communications⁽¹⁹⁾ was founded in 1995 as the result of a buy out from the

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London office of Chiat Day, famed for its creative advertising and radical working practices. The London office rebelled and an employee buy out followed. The 37 employees made themselves co-owners of the new company. St. Luke's Communications is the world's only 100% employee owned advertising agency. All co-owners are given an equal annual distribution of shares. St. Luke's believes that "If you change the way you work, you change the way you think". So it experimented with its business, from the name it chose for itself through to having no fixed personal office spaces but brand rooms for its clients. Today St. Luke's Communications has 130 co-owners in London and Stockholm and is growing with new offices around the world.

Its achievements have been recognized though being awarded the Millennium Business Ethics Magazine Award for Employee Ownership in the year 2000. At the heart of the agency is the belief in the

(19) www.stlukes.co.uk

importance of business playing a Total Role in Society, which it does through its Social Shares program. There are three types of Social Shares.

- **Environmental Social Shares** supports its environmental programmes such as being a Carbon Neutral, Company. Working with their partners, Future Forests, they measure their CO2 emissions each year and offset any they do produce by planting mango trees in the St. Luke's Mango Grove in Southern India. (www.futureforests.com)
- **Time Social Shares** are a currency of time that are used by all co-owners to get involved with social projects and work on issues they are passionate about. They believe that the skills co-owners have to offer can be very valuable to their clients and partners as well as providing them with interesting opportunities, so that's why each co-owner at St. Luke's has 50 Time Social Shares worth one hour each to spend on social projects each year.
- **Financial Social Shares** fund their social programmes such as the St. Luke's Scholarship. In partnership with The YCTV Foundation, a charity that trains young people in all aspects of television production, the Scholarship supports young creative talent through awarding the recipient a full time place at Ravensbourne College of Design and Communication. (www.rave.ac.uk) (www.yctv.tv)

WORLD WILDLIFE FUND - SUSTAINABLE DEVELOPMENT CAMPAIGN (2003) - SEVEN OR 8 AGENCY⁽²⁰⁾, PARIS PRESS AND POSTERS



The WWF asked Seven or 8 to create a communications campaign in order to raise general public awareness in France about sustainable development.

Advertising to the general public about sustainable development or consumption shouldn't adopt a moralising tone. Seven or 8 chose to tackle the issue by keeping away from sanctimonious talk and action. Their intention was not to reject consumer values, but to make people aware of the intimate link between their everyday life as consumers and much bigger issues such as water quality or global warming.

The challenge of advertising sustainability is that need to talk about complex issues to a broad audience. That means:

- Simplifying the message, but not polarizing it.
- Creating a link with daily life.
- Leaving consumers free to develop their own opinions.
- Developing the link between topical political action and the creation of general public mobilisation.

(20) Sept (seven)...for the seven days of the week, a symbol of our reality, a symbol of our everyday life
 8... for the eight day, a symbol of life beyond what is real, to which we always aspire
 Sept ou (or) 8... a bridge between the real and the ideal

Conclusions

how can we rebuild trust?

The European advertising and communication sector faces a great challenge – and opportunity: helping clients rebuild the trust lost in recent years. To do so, agencies will need to understand why trust has been eroded.

Before laying out our conclusions, however, let's take a quick look at what has been happening to the levels of trust in our societies. This is directly relevant to our central theme because the objectives of CSR will be achieved fastest, most effectively and most efficiently in those societies with relatively high levels of trust.

Yet, as recent survey work for the World Economic Forum (WEF) shows, there is now a dramatic lack of trust in democratic institutions and large companies, across the world⁽²¹⁾. Working for WEG, Gallup International and Environics polled 36,000 citizens across 47 countries on six continents in mid-2002. The results are statistically representative of the views of some 1.4 billion people, according to the two companies. And the key question asked was to what extent respondents trusted 17 different institutions "to operate in the best interest of society." Here are some findings:

- Across the world, large companies and the principal democratic institutions in each country (i.e. parliament, congress, etc.) are the least trusted of the 17 institutions tested, including global companies.
- Fully two-thirds of those surveyed worldwide *disagree* that their country is "governed by the will of the people."
- Perhaps because of the security and anti-terrorism roles currently played by the armed forces, they are the most trusted institution of those tested.
- NGOs, including environmental and social advocacy groups, enjoy the second highest trust ratings in the survey.
- Global companies and large domestic companies are equally distrusted, ranking next to national legislative bodies at the bottom of the trust ratings.

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WEF had already chosen trust as the theme of its upcoming 2003 annual meeting in Davos, but even WEF founder Klaus Schwab hadn't quite anticipated the nature of the results. "In the 30 years of the Forum's existence," he noted, "we probably have not dealt with such a critical issue in relation to the relationship of institutions with society at large."

(21) Voice of the People, World Economic Forum, compiled by Gallup & Environics, 2002

Business and institutions need help

The roots of this loss of trust run deep – and it seems highly unlikely that we will make up the lost ground any time soon. That said, there is a growing determination both in business and in government to at least begin the process. So the first message for agencies: Get involved, network and help to shape the CSR agenda alongside both existing and potential future clients. Among useful organisations for those starting out in this field are:

- Business in the Community
- CSR Europe
- The Copenhagen Centre
- International Business Leaders Forum
- UN Environment Programme, Division of Technology, Industry and Economics
- World Business Council for Sustainable Development
- World Economic Forum

RECRUITING CONSUMERS

The second message: a key task for business – and for many governments – will be to work out ways to sell CSR to citizens and consumers. Part of the challenge will be to take the very language of CSR and give it a makeover. It may be that the work by St. Luke's Communications will crack the problem. Or perhaps it will be the new partnership between J. Walter Thompson, UNESCO and the Government of Canada. This effort focuses on the power of marketing communications to gain insight into how consumers and citizens respond to messages about CSR in markets. [In yet another initiative, EACA and WFA are forming an Advertising Sector Sustainability Forum, to manage the industry's response to challenges following the World Summit on Sustainable Development.](#)

CSR is an example of 'memes', the cultural equivalents of genes, and they have been fairly successful in capturing the attention of thought leaders across Europe. But we need to make those early memes more infectious – and to come up with the deeply compelling, sexy concepts and language needed to sell us all on the idea that the future can be a better place, even in a world of 9-10 billion people.

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BACK TO THE BOARDROOM

No doubt many people in the advertising and communication sector will head in this direction because it feels like the right thing to do. Others will do so because they feel the trends building. But, whatever their motives, one potential benefit of engagement will be the opportunity for agencies to reinforce or re-establish their links with the very top levels of management in their client communities. Because that's where this agenda is headed, for reasons explained earlier in the report.

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