The Acid Test

Introduction: Dilemmas Facing the Corporation

Every chapter in this book offers a set of questions at the end of the chapter to stimulate additional thinking about a particular topic—except this one. This chapter *starts* with a set of questions, and every section is infused with questions. Because the questions deal with the "grey areas" of the marketer's world, there are no definitive answers. Rather, each question raises even more questions. Moreover, if you have read some or most of the previous chapters and heeded the lessons offered, doing things differently than before has become second nature by the time you've reached this point. The logic behind this approach will reveal itself in due course—start with the end in mind. To gain maximum benefit, please take a moment to reflect on each question and write down your thoughts before proceeding to the next section. Knowing where you stand on a certain issues before you continue will enhance your understanding of dilemmas discussed in this chapter.

Despite unprecedented global prosperity, the gap between the haves and the have-nots is widening, with more than 2.8 billion people living on less than $2 per day, 1.2 billion people not having access to running water, and 2.9 billion people without adequate sanitation. Some people believe multinational corporations should use their economic resources to tackle global social problems such as poverty, hunger, and injustice, while others argue this is the domain and responsibility of governments. What is your opinion? Ideally you should answer the following three questions before proceeding:

1. Does the modern corporation have a role in pursuing such goals as ending world hunger, seeking social justice, and cleaning up the environment?
2. Good intentions aside, do corporations have the capacity to have an impact?
3. How should this capacity be exercised?

Your answers will depend on your views regarding the responsibility of corporate citizens and the role of the marketer.

Shortly after 9/11, a group of 20 thought leaders were asked to address the same three questions you were asked to consider. Their respective viewpoints were published in an article entitled "Below the Bottom Line,"[1] which is available at: **http://www.conference-board.org/articles/atb_article.cfm?id=58**. You might recognize some of the names in this group of 20 individuals, for instance, Richard Mahoney, Henry Mintzberg, C. K. Prahalad, Jeremy Rifkin, Chris Trimble, Charles Handy, and Art Kleiner. It is recommended that you read this article to get a clearer sense of both your own perspective and the conflicting forces affecting the dashboard for marketing performance. Record your observations regarding the implications for marketers before continuing.

How did your suggestions for the three questions about a better future for all compare with those of the 20 thought leaders in "Below the Bottom Line"? Did you suggest corporations should help eradicate poverty and hunger through their philanthropic efforts as good corporate citizens, or did you instead propose that a solution must come from the governments who are faced with these problems? Perhaps you suggested this is something development agencies or nongovernmental organizations (NGOs) should be doing? Or perhaps you approached the problem from a different perspective? In the following quotation, from one of David Suzuki's inspirational works, he calls attention to the challenge facing everyone today: "to look at the world from a different perspective" because "the way we see the world shapes the way we treat it."

> "The way we see the world shapes the way we treat it.If a mountain is a deity, not a pile of ore;if a river is one of the ve.
>
> DAVID SUZUKI

Enter the marketer. What should marketers do given the contemporary environment described in the article entitled "Below the Bottom Line"? Let's consider three key activities that directly relate to the topics in this chapter: marketers are responsible for customer communications (in Chapter 8), brand management (in Chapter 9), and customer relationship management (in Chapter 14), among other important things. Which of the following options reflect your personal opinion regarding the marketer's job? The marketer should:

1. Use the marketing toolkit to sell more of the company's products and services.
2. Produce profits for the shareholders in legally sanctioned ways.
3. Make the world a better place by improving the quality of life for all human beings.
4. Make a fair profit by providing beneficial products to the marketplace.
5. Search for new markets in which to sell the company's offerings.
6. Optimize financial performance of the company.
7. Something else not mentioned here.

Jot down your answer, especially if it is something that is not listed as an alternative in the options provided here.

A Transformation: From Efficiency and Effectiveness to Sustainability

The story continues with excerpts from the 2006 report, "The Next 4 Billion," by the World Resources Institute International Finance Corporation[2]:

> The 4 billion people at the base of the economic pyramid (BOP)—all those with incomes below $3,000 in local purchasing power—live in relative poverty. Their incomes in current U.S. dollars are less than $3.35 a day in Brazil, $2.11 in China, $1.89 in Ghana, and $1.56 in India. Yet together they have substantial purchasing power: the BOP constitutes a $5 trillion global consumer market.
>
> The wealthier mid-market population segment, the 1.4 billion people with per capita incomes between $3,000 and $20,000, represents a $12.5 trillion market globally. This market is largely urban, already relatively well served, and extremely competitive.
>
> In contrast, BOP markets are often rural—especially in rapidly growing Asia—very poorly served, dominated by the informal economy, and, as a result, relatively inefficient and uncompetitive. Yet these markets represent a substantial share of the world's population. Data from national household surveys in 110 countries show that the BOP makes up 72% of the 5,575 million people recorded by the surveys and an overwhelming majority of the population in Africa, Asia, Eastern Europe, and Latin America and the Caribbean—home to nearly all the BOP....

That these substantial markets remain underserved is to the detriment of BOP households. . . .

The development community has tended to focus on meeting the needs of the poorest of the poor—the 1 billion people with incomes below $1 a day in local purchasing power. But a much larger segment of the low income population—the 4 billion people of the BOP, all with incomes well below any Western poverty line—both deserves attention and is the appropriate focus of a market-oriented approach....

There are distinct differences between a market-based approach to poverty reduction and more traditional approaches. Traditional approaches often focus on the very poor, proceeding from the assumption that they are unable to help themselves and thus need charity or public assistance. A market-based approach starts from the recognition that being poor does not eliminate commerce and market processes: virtually all poor households trade cash or labor to meet much of their basic needs. A market-based approach thus focuses on people as consumers and producers and on solutions that can make markets more efficient, competitive, and inclusive—so that the BOP can benefit from them.

Traditional approaches tend to address unmet needs for health care, clean water, or other basic necessities by setting targets for meeting those needs through direct public investments, subsidies, or other handouts. The goals may be worthy, but the results have not been strikingly successful. A market-based approach recognizes that it is not just the very poor who have unmet needs—and asks about willingness to pay across market segments. It looks for solutions in the form of new products and new business models that can provide goods and services at affordable prices.

Up to this point in the chapter, there are at least six different approaches for tackling societal problems such as poverty: governments, corporate engagement, development agencies, NGOs, market-based options, and of course your own innovative solutions. "The Next 4 Billion" report proposes that the answer to poverty may lie in providing products to jumpstart local economies—some 4 billion potential consumers are viewed as the next market to exploit. Was this the solution you had proposed when you answered the first three questions at the beginning of this chapter? Cigarette companies realized a long time ago that the developing world was their next target market when they were forced to put warnings on their packets in the developed world. It just took most other companies a while longer to catch on to the fact that the aggregate purchasing power of consumers, not their individual means, constitutes a significant opportunity.

Every company aims to maximize profit. Some would even argue that maximizing shareholder profits is the *only* goal of a company. However, history has shown that an exclusive focus on financial results (and especially shorter-term financial results) can have disastrous effects on management's ability to plan for the future and might even encourage fraudulent behavior, as was seen in the criminal actions of executives at Enron and WorldCom. Others take a broader and longer term view that includes the interests of numerous stakeholders (not just the shareholders), where profit is a means to an end, with customer value and corporate **social responsibility** in the foreground. And so, firms may try to position themselves somewhere along a continuum between two poles: a focus on shareholder value, **profit maximization**, multiple stakeholders (e.g., customers, employees, community, environment, society at large) on one end and corporate social responsibility on the other end. This positioning, in turn, affects the way value is defined and created. As discussed in earlier chapters, value creation is intricately connected to opportunities pursued (see Chapter 5), innovation (see Chapter 6), and strategic options (see Chapter 10), all of which are central to long-term company survival. However, taking a longer term view might not necessarily be aligned with short-term financial performance objectives, and the types of objectives emphasized in short- versus long-term approaches might lead managers to interpret ethics in very different ways.

The growing convergence between corporate reputation and social responsibility is worth noting. Initially corporate social responsibility (CSR) was at the margins of management's thinking—viewed as an additional cost of doing business. Driven by criticism from human rights and environmental activists, together with heightened visibility from the mainstream media, the questionable activities of multinationals (e.g., Nike's sweatshop factories and Shell's Brent Spar oil spill disaster in the North Sea) have become difficult to hide—and impossible to ignore. With this kind of detailed scrutiny, companies started making environmental and socially responsible investments, moving CSR center stage as shown in Figure 16-1.

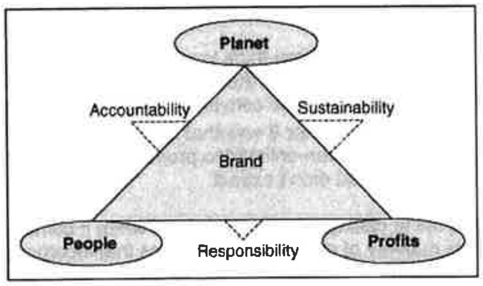
Figure 16-1 Stages in the Evolution of Corporate Social Responsibility

The emergence of CSR as a central strategic concern has important implications for marketers. On the one hand, the core values of the company are articulated by the brand—it projects who the company is and what the company stands for. On the other hand, brands are becoming indistinguishable from the value chain, placing corporate reputation at risk at numerous points anywhere along the line. From suppliers at one end of the value chain to distributors, consumers, and the public at the other end, company reputation is increasingly affected by the actions of others with whom the firm interacts. More critically, companies that strive to be socially responsible are finding that the ability to have any impact requires collaboration and integration among all stakeholders—to solve real problems, answer real needs, and in doing do, make real profits for and with other people.

The New Calculus: People, Planet, and Profits

How does the marketer reconcile the conflicting demands of shareholder value, profit maximization, corporate social responsibility, and customer engagement? In the search for some answers to this fundamental question, the remainder of this chapter is organized around the 3 P's: people, planet, and profits. In the **triple bottom line** (3BL) as shown in Figure 16-2, people and their well-being come first. Here, the spotlight falls on corporate social responsibility, managerial ethics, and brand values. The second focal point is the ecological quality of our planet and **environmentally responsible** practices that minimize the company's **carbon footprint**. Profits and **economic responsibility** are the third and last element in the triad. The triple bottom line calls for responsibility, accountability, and sustainability.

Figure 16-2 Integration of Company and Stakeholder Requirements



Companies are only starting to realize the importance of integrating responsibility, accountability, and sustainability into a comprehensive approach that has substance, as opposed to just being part of the firm's annual report or enlightened self-interest in public relations campaigns. This creates a challenge for marketers who make substantial investments in creating goodwill through brand communications and customer affinity programs, particularly because marketing budgets allocated to social causes are dwarfed by other sponsorship activities. In 2005, sponsorship spending in North America was around $12.1 billion, of which 69% was allocated to sports; 10% to entertainment, tours, and attractions; 5% to the arts; 4% to festivals, fairs, and annual events; 3% to associations and membership organizations; and only 9% (about $1.15 billion) to social causes.[3] According to numbers reported in a study conducted in 2001, about $9 billion was spent by corporations on all types of social initiatives, which include strategic philanthropy.[4] It isn't clear which of these sponsorship activities ultimately achieve the intended objectives,[5] such as improving overall corporate reputation, brand differentiation, increasing awareness and interest of targeted consumers, stimulating brand preference and loyalty, and increasing profits and stock prices. However, it does appear that marketing programs built around social causes might be of secondary importance compared with a broader interest in sports and entertainment.

With the new calculus of people, planet, and profits, both the priorities of marketers and their mindsets must change. The ability of marketers to think differently is the key to sustainability—and specifically, the sustainability of companies, markets, relationships, resources, and ultimately, the larger environment in which we live, work, and play. To appreciate this new way of thinking, let's explore each of these three critical elements.

People: Mirror, Mirror, on the Wall, Who Is the Greatest Spin-Master of All?

Our attention now shifts to a different story, one that places the marketer directly in the spotlight. "All marketers are liars." In his book with this title, Seth Godin[6] distinguishes between the stories marketers tell that are fibs (perfume and cosmetics) and those that are frauds (Nestlé's baby formula debacle). Do you agree that "all marketers are liars"? It is well known that marketers (advertisements in particular) are viewed by the public as not being especially honest or ethical. In the marketing business, the focus is on promises such as eternal youth, irresistible attraction, and other impossibilities relating to money, fame, or power—the consumer is promised the proverbial pot of gold at the end of the rainbow. Does this mean a marketer's world, by definition, involves shades of grey, rather than black and white?

> *There are now two types of corporation: those with a marketing DEPARTMENT and those with a marketing SOUL.... The latter are the top performing companies, while the former, steeped in the business traditions of the past, are fast disappearing.*
>
> ANTONY BROWN (IBM, 1995)

Ethics is defined as "the set of rules, principles, and beliefs about right and wrong, good and bad, justice and injustice, duty and obligation which govern people's behavior, or which they believe ought to govern their behavior."[7] Who makes this set of rules—corporate policies, religious institutions, the government? Given that laws and rules differ by country, and that government regulations and society's moral code often fail to provide the necessary guidance, is it up to individual marketers to make the distinction between right and wrong?

These are not hypothetical questions. Just ask the executives at Adelphia Communications, Arthur Andersen, Conseco, Credit Suisse, Enron, Global Crossing, HealthSouth, ImClone Systems, Livedoor (Japan), Martha Stewart Living Omnimedia, Parmalat (Italian food producer), Royal Ahold NV (Netherlands), Skandia (Sweden), Tyco, and WorldCom—firms that have failed to distinguish what is proper from what is improper. The impact of a wrong decision does not have to reach the magnitude of these ethical scandals to ruin people's lives.

Some general guidelines exist to help marketers make good choices. Unfortunately, close scrutiny of the American Marketing Association (AMA) code of ethics seems to suggest there might be degrees of honesty:

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Don't knowingly do harm.Adhere to all applicable laws and regulations.Accurately represent education, training, and experien
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Is the prevalence of unethical marketing practices to be blamed on the marketing profession's unclear line in the sand? Just where do *you* draw the line? The challenges are illustrated by considering the six pillars of the marketing code of ethics shown in Table 16-1. It's not hard to see how easily the marketer can cross the line, and, knowingly or unknowingly, do significant harm.

Table 16-1 The Six Pillars of Marketing's Code of Ethics

1. Honesty
2. Responsibility
3. Caring
4. Respect
5. Fairness
6. Citizenship

Source: Josephson, M. (n.d.). The six pillars of character. Making ethical decisions. http://www.charactercounts.org/defsix.htm.

Pillar #1: Honesty

Be trustworthy—the bedrock of the model. Do not deceive, cheat, or steal. Be reliable—do what you say you will do. Have the courage to do the right thing.

"Of course I won't use lying and cheating as a marketing tactic," you think to yourself. But what about stealth marketing or subversive marketing mentioned in Chapter 8? "Stealth marketing attempts to catch people at their most vulnerable by identifying the weak spot in their defensive shields.... [Stealth marketing] is considered to be a viable alternative to conventional advertising because it is perceived as softer and more personal than traditional advertising."[8] The example given in Chapter 8 was that of Sony Ericsson, which used models in a street campaign for their new T68i camera phone without disclosing that they had been enlisted to promote it to passers-by. What do you think? Chances are that if you ask 10 people this question, you will get some answers you didn't expect.

The problem that arises here is that many people fail to distinguish what is ethical when it comes to the innovative, unconventional, guerrilla marketing practices outlined in Chapter 8. While the majority of marketing campaigns that incorporate a word of mouth element (which can be either buzz or viral marketing) do so in an ethical manner, the introduction of stealth marketing tactics frequently crosses the line. Consider two examples that clarify the differences between stealth and buzz marketing.[9] In the first example, the "Raging Cow" campaign by Dr. Pepper (http://www.slate.com/id/2081419/), teenage bloggers were paid to post comments (pretending to be the cow mascot) without disclosing this fact. By contrast people using Hotmail (**http://hackvan.com/pub/stig/etext/viral-marketing.html**) passed the message on voluntarily, without any incentives. The second example is the make-believe movie *campaigns* of Mercedes-Benz and BMW, that use stealth marketing and buzz marketing tactics, respectively. While Mercedes-Benz (**http://film.guardian.co.uk/features/featurepages/0,4120,752100,00.html**) dressed up an advertisement to look like a preview for an upcoming film and the ad was screened with other trailers in the movie theater, it actually was not "coming soon" to any theater near you. By contrast, BMW (**http://www.bmwusa.com/uniquelybmw/bmw_art/films**) really created eight short films.

These stealth marketing practices have angered marketers and the public alike, enough to warrant an investigation by the Federal Trade Commission and resulting in a negative perception of buzz marketing as a promotional tool. The Word of Mouth MarketingAssociation (WOMMA) has stepped in, condemning and opposing stealth tactics. In an effort to delineate more clearly between buzz/viral marketing (people passing messages on without compensation) and stealth tactics, WOMMA published a Code of Ethics, which they refer to as the "Honesty ROI":

The essence of the WOMMA Code comes down to the Honesty ROI:

Honesty of Relationship: You say who you're speaking for.
Honesty of Opinion: You say what you believe.
Honesty of Identity: You never obscure your identity.

Pillar #2: Responsibility

Do what you are supposed to do. Always do your best. Think before you act—consider the consequences. Be accountable for your choices. Sell products and services that are beneficial. Provide living wages. Curb child labor. Eliminate sweatshop labor practices. Consider the environment. Limit carbon emissions. Uphold stringent guidelines on product safety.

As discussed at the beginning of this chapter, companies' foray into developing countries are not motivated by altruistic intentions to address the gap between rich and poor. Instead they see the bottom of the pyramid (BOP) as the next attractive market opportunity, which could potentially contribute to an overall improvement in the lives of the disenfranchised. Companies have realized that good deeds are actually good business, shifting attention to company initiatives such as *cause-related marketing* (in which every unit of a brand sold triggers a donation to a cause), *green marketing* (where the environmental friendliness of a company or brand is stressed as a differentiating attribute), *cause sponsorship* (in which a brand is clearly identified as a cause supporter), and *social advertising* (where a cause is promoted in a brand's advertisements.)[10] Cause-related marketing is defined as "the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives."[11]

Examples of socially beneficial causes include Target's "Take Charge of Education" program, which has donated more than $200 million to different schools since 1997; Yoplait's campaign for breast cancer awareness, which has raised over $18 million by paying 10 cents per yoghurt container lid sent back to the company after purchase; and the Lance Armstrong Foundation's yellow LIVE-STRONG bands. Societal marketing initiatives at companies such as Timberland, Ben & Jerry's, Avon, and Stonyfield Farm have received countless mentions in the press and are well-known case studies in business schools.[12]

More and more, companies are merging social and financial imperatives by creating an association in the minds of consumers between a cause and the company's brand. This can result in considerable consumer mindshare and, in turn, it can lead to greater efficiency for other marketing activities, increased market share (enabling the firm to charge premium prices), enhanced brand loyalty, and more favorable opinions by investors. But many are questioning whether achievement of superior performance is a valid reason for acting in a socially responsible manner. As companies continue to find new ways to tug at customers' heartstrings and bank goodwill with employees and shareholders, critics argue that cause-related marketing is very self-serving. Others say it is better than doing nothing. Opinions on this question cover a wide spectrum—from seeing it as enlightened self-interest, to viewing companies as naïve do-gooders trying to be something they are not, to mere corporate grandstanding, and everything in between. As a marketer, where do you stand on this issue?

Pillar #3: Caring

Do not take advantage of others. Do not charge exorbitant prices—strive for a fair profit. Share. Be open minded. Listen to others. Do no harm.

Is the marketer simply giving the customer what he wants or in fact taking advantage of those who are vulnerable? Again, the line in the sand is not clear. Consider one side of the story: taking advantage of a moment of weakness—candy at the checkout for a mother with young kids who is tired after a long day; taking advantage of the innocent—promoting "the forbidden," which has irresistible allure to teens (cigarettes and alcohol); taking advantage of those who are uninformed—promoting cigarette smoking as a weight-loss option in Third World countries; taking advantage of those who are less fortunate—state lotteries.

Here is a different side of the story: Is customer choice always right? What if the customer wants something that isn't good for her or him, such as products that harm health, safety, and well-being (e.g., tobacco or hard drugs) or products that harm when taken in excess (e.g., alcohol, sweets, high-calorie foods, fast food)? What if the product/service is good for the customer but not for society or other groups (e.g., rap music, gun ownership)? What if customer communication is offensive or intrusive (e.g., new media, infomercials, text messages on cell phones, online advertisements)? What if the product harms the environment (e.g., Hummer)? Is there a difference between "questionable" products and "harmful" products? What should the marketer do in the case of questionable products?

Pillar #4: Respect

Treat others with respect. Follow the Golden Rule—unselfishly treating others in the manner you would like to be treated. Respect human rights. Heed labor relations. Be tolerant of differences.

Of course society cannot condone Nike's behavior when the company expected Indonesian children to work in unhealthy environments. Of course Shell's alleged complicity in human rights abuses in Nigeria should be condemned. These examples are clearly not acceptable. And yet, there are numerous examples of companies that do what is clearly morally reprehensible. But things get a lot more complicated when it comes to treating others with respect, because there is a wide range of possible interpretations of what is acceptable. For instance, some people admire Donald Trump's hardnosed demeanor, while others find the same style somewhere in the range between offensive and rude. There is also the question of putting the customer first—doing what is best for the customer regardless of what is in the best interest of the company. Would you walk away from a big potential sale because you know there is a better solution for the customer, perhaps available only from your competitor? Companies such as Integrity Systems have been recognized for doing exactly this—even though the customer was keen on going through with a deal.[13] This company's choice relates to the notion of "decent" marketing.

Decent (adj.): 1. Respectable, worthy; 2. Kind.

Pillar #5: Fairness

Be open. Share the hard facts—the good, the bad, and the ugly. Do not sugarcoat reality. Just talk. And listen. Strive for a fair profit.

When Gap and Nike came under fire, they demonstrated forthrightness and transparency by disclosing violations at supplier factories. Shell had to learn the lesson the hard way that communicating during times of trouble is a dialog. So did Coca-Cola when it tried to deny any wrongdoing after people in Belgium experienced symptoms of poisoning. People are showing zero tolerance with any attempts to disguise the truth—companies must be transparent when communicating with the public or customers.

The need for openness is at all levels of communication. A case in point is so-called branded entertainment (see advertainment in Chapter 8), which has recently come under fire. The Screen Actors Guild and the Writers Guild of America filed formal complaints with the Federal Communications Commission (FCC) because actors are, in effect, forced to implicitly endorse a product by association. They argue that the endorsement is effectively written into a script over which the actor has no say and for which the actor does not receive compensation. Moreover, companies are concealing their identities through product placement in film and television programs in ways they could not get away with in advertising. The FCC continues to investigate ways in which clearer guidelines can be set for full disclosure in all media, including branded entertainment.

Pillar #6: Citizenship

Cooperate. Show you care. Stay informed. Help others in need. Build a good reputation.

Exhibit 16-1 The Body Shop's Annual Values Report

We aim to achieve commercial success by meeting our customers' needs through the provision of high-quality, good-value products with exceptional service and relevant information, which enables customers to make informed and responsible choices.

Our trading relationships of every kind—with customers, franchisees, and suppliers—will be commercially viable, mutually beneficial, and based on trust and respect.

Our trading principles reflect our core values.

We aim to ensure that human and civil rights, as set out in the *Universal Declaration of Human Rights,* are respected throughout our business activities. We will establish a framework based on this declaration to include criteria for workers' rights embracing a safe, healthy working environment, fair wages, no discrimination on the basis of race, creed, gender, or sexual orientation, or physical coercion of any kind.

We will support long-term, sustainable relationships with communities in need. We will pay special attention to those minority groups, women, and disadvantaged peoples who are socially and economically marginalized.

We will use environmentally sustainable resources wherever technically and economically viable. Our purchasing will be based on a system of screening and investigation of the ecological credentials of our finished products, ingredients, packaging, and suppliers.

We will promote animal protection throughout our business activities. We are against animal testing in the cosmetics and toiletries industry. We will not test ingredients or products on animals, nor will we commission others to do so on our behalf. We will use our purchasing power to stop suppliers animal testing.

We will institute appropriate monitoring, auditing, and disclosure mechanisms to ensure our accountability and demonstrate our compliance with these principles.

Source:http://www.thebodyshop.ca/body.asp?Lang=EN&CName=ProfitsMain. Reproduced with the kind permission of The Body Shop International plc.

Microsoft often receives bad press for its proprietary systems, and DeBeers is no one's best friend—even though a diamond is forever. Brands that consistently deliver on a brand promise built around core values, such as The Body Shop, are rewarded for good corporate citizenship with loyal, returning customers, motivated employees, and satisfied investors. Exhibit 16-1 is a statement from The Body Shop's annual "Values Report." The Body Shop is one of only a handful of companies that produce such a report in addition to the traditional annual report and demonstrate this kind of accountability.

Planet: It Might be a Blue Ocean, but the Future Is G-R-E-E-N

The story of our planet: blue skies and blue oceans with birds in the sky and fish in the ocean; shiny crystals and energy-rich liquid deep in its belly. Bountiful. Graceful. And also under threat.

> The great thing about creating a sustainable future is that it is an inspiring ideal: something that, like the elephant, is bigger than ourselves—a little frightening, somehow magical, an exciting challenge at the very least. And in today's barren desert of materialism and secularism, people are crying out for something inspirational, even sacred, to quench their thirst for meaning. Sustainability is that oasis shimmering on the horizon. It is what we call the "wow calling," the hunger for something to believe in, the eternal yearning to make a positive difference.[14]

Although people are concerned about the environment, they are not willing to pay more for green products, which they believe are often inferior and therefore overpriced. Moreover, with the general distrust of advertising, consumers have been skeptical of products that are presented as beneficial or less harmful to the environment, viewing these claims as yet another marketing ploy. This inconvenient attitude is referred to as the *boiling frog syndrome*[15]—"if you throw a frog into a pot of boiling water, he'll jump out. But if you place a frog into a pot of lukewarm water and slowly turn up the heat, it will boil to death."The moral of this story is that people, companies, and the governments have been denying the reality that consumerism is killing the planet, because it is politically and economically more expedient to ignore the signs of adverse changes that would require them to change their habits.

> *Every second, five people are born and two people die, for a net gain of three people each second. That means that 12 people were added to the world's population in the time it took you to read the previous sentence. The world is adding about 78 million more people every year: the population of France, Greece and Sweden combined, or a city the size of San Francisco every three days.*
>
> SIMON ROSS AND JOSEPH KERSKI (IN "THE ESSENTIALS OF THE ENVIRONMENT")

Like ostriches in the sand, people prefer to believe they are not to blame or that the problem is too big to be solved by them, or anyone else for that matter.

> Green minded activists failed to move the broader public not because they were wrong about the problems but because the solutions they offered were unappealing to most people. They called for tightening belts and curbing appetites, turning down the thermostat and living lower on the food chain. They rejected technology, business, and prosperity in favor of returning to a simpler way of life. No wonder the movement got so little traction. Asking people in the world's wealthiest, most advanced societies to turn their backs on the very forces that drove such abundance is naïve at best.
>
> With climate change hard upon us, a new green movement is taking shape, one that embraces environmentalism's concerns but rejects its worn-out solutions. Technology can be a font of endlessly creative solutions. Business can be a vehicle for change. Prosperity can help us build the world we want. Scientific exploration, innovative design, and cultural evolution are the most powerful tools we want. Entrepreneurial zeal and market forces, guided by sustainable policies, can propel the world into a bright green future.[16]

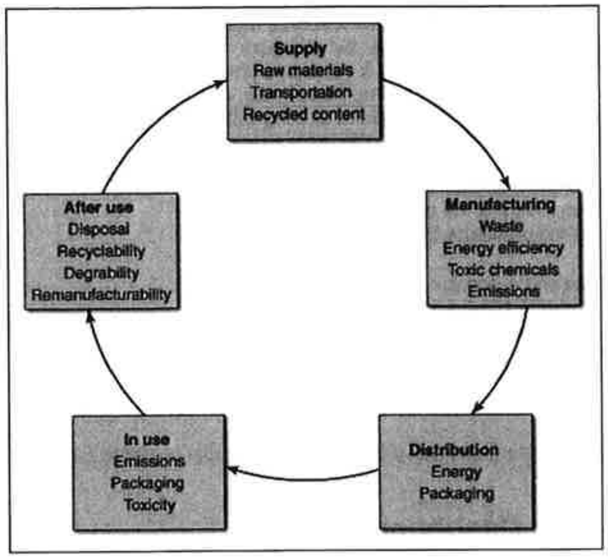
It has been impossible for the mainstream to accept personal responsibility for the earth until environmental problems became a part of everyday social life. The documentary narrated by Al Gore, *An Inconvenient Truth,*[17] combined with extensive media attention, has helped to get the message through that consumer attitudes and behavior will have to change, while at the same time reaffirming the important role technology can play in changing current predictions.

> Sir Nicholas Stern, the lead economist for the British government, recently published the most comprehensive report to-date on the consequences of global warming. The report concluded, that left unchecked, global warming will reduce the global economy by 20%. Conversely, however, it will only cost 1% to prevent it. This report has confirmed what is now a fact of mainstream thought; the global economy, our health, and natural environment depend on rapidly implementing innovative ways of living that are "lighter" on the planet. In addition to climate change, businesses are also grappling with the social consequences of global capitalism, such as growing inequality, poverty, and marginalisation that threaten the very foundation of the economic system.[18]

Old-style thinking has created the problem. People need to change their perspectives if they want to find a solution. Ethical consumerism and commerce require a different paradigm—a shift in the concept of value, where personal commitments that involve costs in the short term are reinterpreted by considering enormous long-term benefits for future generations and the planet. As a first step, the concept of *sustainable development* is being replaced by the concept of *development for sustainability*; that is, sustainability is the outcome of responsible company practices and governance.[19] An excellent example of development for sustainability can be found with the renowned Spier wine estate (**www.spier.co.za**) in the Stellenbosch Winelands of South Africa (see Exhibit 16-2).

In line with this shift in perspective, many companies have accepted their responsibility for product life-cycle assessment and ecoefficiency (see Figure 16-3), in which the watchwords are *reclaim, reuse,* and *recycle.* Companies are accountable for the products they bring to life—from "cradle to grave" and beyond, and this accountability sometimes comes at the expense of short-term profits.

Figure 16-3 Life-Cycle Thinking



Further, ecologically and socially conscious businesses in the blue oceans[20] of untapped market potential are becoming part of a positively green future. Companies are creating new business models and new market spaces that reverse or minimize further damage to the environment. Already quite sizable, the Lifestyles of Health and Sustainability (LOHAS) market keeps growing, with a number of niche segments such as renewable energy, resource-efficient products, alternative transportation, environmental management services, and green building or industrial goods within the sustainable economy sector. Beyond various environmentally friendly products, other prominent niches include ecotourism and environmental technologies.

The basic premise here is that if companies demonstrate they care for the environment, they get noticed by consumers who care. Further, marketers need to think and act entrepreneurially to create sustainable enterprises in a connected world. This represents a fundamental change in the way the corporate world does business. It's an even more profound change than the quality movement in 1980s. Then it was about efficiency and effectiveness; now it is about sustainability—more importantly, it's about doing what's right in the first place. Singular pursuit of profits with no responsibility for the negative externalities created in the process of making those profits is counterproductive. By respecting the planet, firms can enhance rather than destroy the context in which they operate. Ultimately, it is about interconnectivity—among the planet, people, principles, and profits.

Exhibit 16-2 Spier—In Search of a Sustainable Future with a Triple Bottom Line Focus

In South Africa, the Spier company is another example of visionary elephant leadership. Set in the idyllic landscape of Stellenbosch in the Cape, Spier had operated as a wine farm for three centuries before the (then) 90 hectare estate was bought by businessman, Dick Enthoven. Having led an extremely successful career in South Africa's mainstream business sector, Enthoven wanted to leave a legacy, to give something back. Transforming Spier became the centre-point of his vision quest. "In 150 years from now," says Enthoven, "I want people to look back and say that they did a good job".

The way this vision has unfolded in practice is a colourful story full of inspiration. It started with Enthoven embracing the cultural heritage of the area. Spier set about restoring the old Cape-Dutch historical buildings on the estate that date back to 1680, and turning these into conference and restaurant facilities. Next, a hotel complex named The Village was constructed, drawing on the Cape's Malay influences for its architectural style and on ecological principles for its design. An open-air amphitheatre was also built and an Arts Trust started to develop and showcase local talent. The last initiative led to the recent performance of Carmen in the West End of London by a South African cast of newcomers, which drew rave reviews from music critics of leading English newspapers.

One of Enthoven's key concerns in the Spier project was "the restoration of equity in a society that has been distorted by social engineering." For this reason, former farm labourers have been given an ownership and management stake in the vineyards and vegetable farming enterprises. In addition, Spier has embarked on establishing an off-site eco-village, which will eventually incorporate schools, offices, craft workshops, an arts venue, a community centre and homes for almost 150 local families.

There have been various ecological reforms at Spier as well. With 140 hectares of land set aside for organic farming, it is now one of the largest commercial organic farms in South Africa, cultivating both vegetables and vines. Spier has also formed a subsidiary called Green Technologies which acquired the South African licence for an environmentally-friendly waste treatment system called the Biolytix Filter. The installation of this Biolytic Filtration system at The Village at Spier is the first of its kind on this scale in the world.

The vision around which Enthoven has been building Spier's renaissance is now classic triple bottom line thinking, underpinned by a set of inspiring values. The latter include the following: custodians of culture; financial viability and economic sustainability; unexpected pleasures; places of the soul; sustainable resource use; community building; and learning for development. As 'airy fairy' as these values may sound, Eve Annecke, who is the Spier executive responsible for implementing them in all operations, can certainly not be accused of living with her head in the clouds. "We are not on some sort of moral trip here," she says. "We're dealing with practical technologies and looking for better ways of doing things. We learn as we go and we face contradictions all the time: what good is organic farming when women are subject to regular abuse at home, or when babies are born with foetal alcohol syndrome? We live in a violent society. We are not pretending to solve all the problems but we are acknowledging that the problems exist and we work at resolving them where we can.

Adrian Enthoven, chairman of Spier Holdings and a director of Biolytix, sums up their philosophy as follows: "Our view is not purely altruistic. The whole world is moving in this direction – towards ecological sustainability. Economic imperatives are driving it, and economics relies on social sustainability. These three issues are inextricably linked and this is why, at Spier, we call for accountability in terms of the triple bottom line: financial viability, social equity and ecological sustainability."

Source: Visser, W., & Sunter, C. (2002). *Beyond reasonable greed: Why sustainable business is a much better idea!* Cape Town: Human & Rousseau.

Profit: Retooling the Marketing Dashboard

Profit is the third element in the triple bottom line. To ensure the story has a happy ending, marketing typically adheres to a recipe for success similar to the following:

> Take six ounces of mass media advertising, two cups of relationship marketing, one pound of online marketing, three tablespoons of brand management mixed with a dash of intuition, and add a pinch of strategy. Add as many dollars as the budget allows. Mix and stir for 90 minutes during a marketing planning session. Wait until the mixture separates into market share and then freeze the profits.
>
> The myth: the more you spend on marketing, the higher the profits.

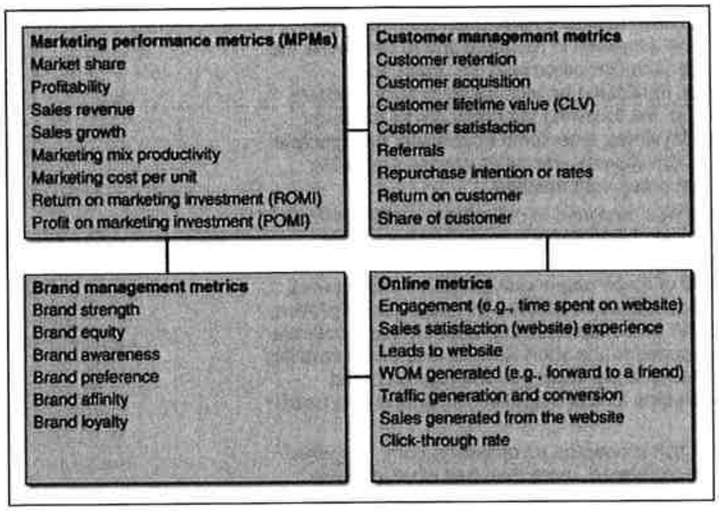
Within an organization, the marketing department is often known for its ability to "pour money down the big black hole"—it is the first budget other departments would cut if it were up to them. Why? They believe marketing practitioners are not held accountable for their contribution to the company's performance.[21] Although there are several plausible reasons the impact of a marketing campaign might lag short-term sales revenues, the results from marketing spending are often disappointing.[22] The fact of the matter is that marketers have found it easy to hide behind arguments that creating brand awareness, building relationships, and other activities do not translate into a direct net increase in sales at the end of the fiscal year.[23] Another argument used in defense of increased spending despite disappointing results is that media proliferation, intensified competition, and multiple distribution channels make it more difficult to reach potential customers effectively and efficiently.

Yet, the historical absence of sufficient accountability has swung the pendulum the other way. This swing has been aided by the growing recognition of the high impact (at low cost) of novel guerrilla, buzz, and viral marketing efforts. As a result, instead of viewing marketing as just another expenditure required to run the business, chief executive officers (CEOs) have started to view it as an investment. As with any investment, this means managing risk-return trade-offs. It finds the company imposing extensive metrics for assessing the returns from marketing activities. To do more with less, marketers are using various analytical tools that might help them get the most from every marketing dollar. Some companies use a "magic number" (e.g., a 4:1 ratio where every $1 invested in marketing should yield $4 in sales revenue) or some other rule of thumb for various marketing activities. Others have developed quantitative tools such as marketing mix models to determine the return on investment (ROI) of marketing spending.

Within marketing, adopting this sort of performance orientation is complicated by the relatively long list of activities that must be monitored. There is a need to assess performance or returns in such areas as marketing planning, branding, advertising campaigns, direct-mail or permission marketing initiatives, telemarketing and contact management, online marketing, websites, tradeshows and events, sales promotions, the sales force, public relations and internal communications, stakeholder relationships, channel performance, channel marketing efforts, customer relationship management systems, market research efforts, budgeting, and so forth. Many of these activities require objective as well as subjective measures for adequate monitoring. For the sake of simplicity, the various areas of measurement are organized into four categories as shown in Figure 16-4:

1. Key marketing performance metrics (factors that affect above-the-line revenue).[24]
2. Brand management metrics (to maximize long-term value of the brand because there is a causal link between brand equity and stock return).[25]
3. Customer management metrics.
4. Online marketing metrics.[26]

Figure 16-4 The Dashboard—Key Performance Indicators of What Happens and Why



While the overall objective is fairly simple (i.e., generate loyal and committed customers at an acceptable cost), measurement is not as straightforward. The various tools available to the marketer include marketing science models, portfolio analysis, demand analysis, marketing mix measurement, shareholder value, brand valuation tools, and so forth. Two things can go wrong in marketing efforts: the wrong people are marketed to or the right people get marketed to in the wrong way. All marketing metric programs should aim to assess both effectiveness and efficiency. Effectiveness is increased when customers give the company "share of wallet." Efficiency relates to a cost-benefit analysis—marketers aim to maximize the input-output ratio of the marketing function for individual customers. Making marketing more effective and efficient means the company can sell more products (higher effectiveness) while incurring less marketing costs (higher efficiency).

Marketers also consider customers as investments.[27] After all, a customer is the basic building block of cash coming into the company. Thus, the customer base is probably the single best measure of the company's true value, similar to that of a "going concern" value. According to this view, customer capital is the value the company creates from its customer activities, which is tied to customer lifetime value, or CLV (i.e., the present value of all current and future profits generated from the entire duration of the company's relationship with a particular customer; see Chapter 15 for more details on calculating CLV). This implies a customer value portfolio (i.e., the value of a customer to the firm based on a future stream of profits through purchases, not the value the firm offers the customer through its products and services). It also explains the importance of the term "return on customer" as one of the performance metrics under customer management in Figure 16-4. One example of a company that has a clear focus on their customer value portfolio is BMW. Some insights regarding the metrics used for one of BMW's marketing campaigns are provided in Exhibit 16-3.

Exhibit 16-3 Marketing Metrics for BMW's "The Hire" campaign

BMW owns "performance" as a differentiating factor associated with the premium image of its cars. The company wanted its agency, Fallon, to reach its target market of men, between the ages of 25 and 35 years, cost effectively and in an innovative and unique manner. Having made a product placement decision with James Bond driving the Z3 sports car in *GoldenEye*, BMW had established a relationship with MGM, and thus Fallon decided to create short films instead of traditional 30-second TV advertisements, because that was where the majority of luxury car shoppers were searching for information related to intended purchases.

The marketing campaign, The Hire, consisted of a series of short films (about 7 to 8 minutes long) to promote various BMW models. Produced by a group of A-list movie directors, each film followed a mysterious character for hire. "The driver" played by Clive Owen, represented the ultimate personification of BMW's message of superior performance. He would get anyone (or anything) from point A to point B through each of the plot dramas in his various BMW automobiles, using few words and effortless movements. The resulting series of high-caliber, action-packed, and compelling films was an exquisite showcase for BMW's line-up.

The short films were positioned as entertainment, not a marketing campaign. Each film was promoted as if it were a big budget Hollywood production that was only screened at bmwfilms.com. To create awareness for The Hire, opinion leaders were seeded to build buzz. This was followed up by screening film-style trailers, "leaking" news to popular Internet movie sites, targeted insertions in magazines for the movie-reporting industry (*Hollywood Reporter* and *Variety*), and TV teasers on selected cable networks (e.g., A&E and The Independent Film Channel). Huge movie posters were displayed in hip, urban areas, and postcards were distributed in trendy clubs. The films were listed alongside theatrical releases in regular movie listings in various media. Additionally, radio DJs on 59 stations in 20 key metropolitan markets were recruited to talk about the films in their shows. VIP recipients of advance copies of *Vanity Fair* also received copies of the films on DVD prior to the official release, accompanied by an endorsement from the editor-in-chief (Graydon Carter). In a final daring move, the films were entered in the Cannes Film Festival, causing controversy and immediate interest among the world's top film critics.

About 75% of the budget was allocated to production and only 25% to efforts that would drive traffic to the BMW website—another unconventional move. Given the innovative nature of the marketing initiative, measurement tools were built into campaign plans so that impact could be assessed in real time and to determine the relative efficiency of the short-film approach compared with the reach and frequency of traditional TV campaigns. Facilitated by technology readily available for its website (i.e., data on server logs), the following information was gathered and evaluated on an ongoing basis: film views, time spent on the site, and discrete users. Additionally, an online study of film viewers was conducted to profile the audience and to ensure the right target group was reached.

A comprehensive pre- and post-study was designed to drill deeper into the effects of the overall campaign. In the first phase, 1,200 BMW owners and luxury car purchase intenders were interviewed to gather information about BMW and its competitors. In the second phase, 400 of these respondents were re-interviewed, and they were asked the same set of questions as before. This established proven awareness of advertising/films for BMW and of competitors, which made it possible to isolate the individuals who were exposed to the short films. Based on information from this group, it was possible to determine the impact of The Hire on brand perceptions, purchase intentions, and plans to visit a dealer. The final metric used was actual sales units.

Within the first 9 months after the first film premiered on bmwfilms.com, 10 million film views by 2.13 million people were registered, more than half of which were from the intended target group. By the end of the campaign, more than 93 million film views were recorded. Results indicated the short films engaged people in unexpected and entertaining ways, which led to improvements in brand image, performance, value for money, and safety. All objectives for The Hire campaign were met and exceeded, with substantial improvements in both sales growth rate (12%) and marketing efficiency. The cost of a "brand minute" for the BMW films campaign proved to be 44% lower. Moreover, BMW received $26 million in free media coverage. As an additional bonus, demand for access to the short films continued after the campaign ended, which maintained positive word of mouth. Overall, BMW was credited with "first-mover" advantage as a halo for its cars.

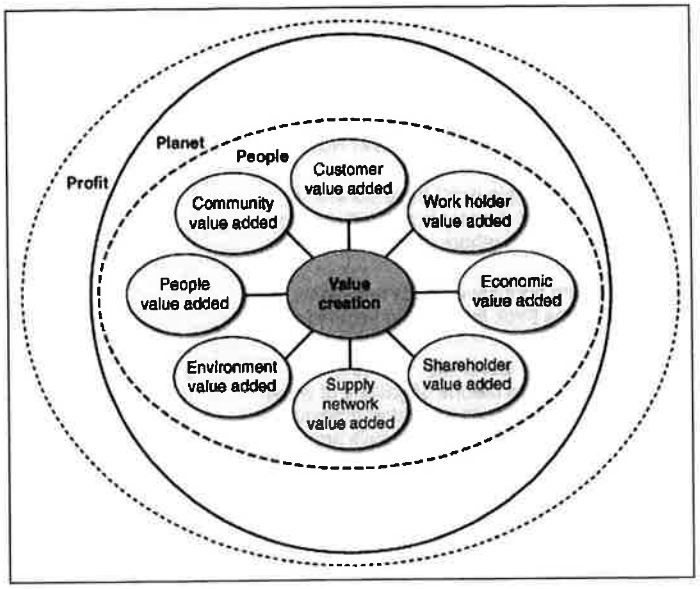
Source: Fallon, P., & Senn. F. (2006). *Juicing the orange.* Boston: Harvard Business School Press.

It is not possible to cover all the metrics in a single chapter, and it certainly is not the intent in this chapter given the numerous books available on this topic.[28] However, the argument here is that it is time to rethink metrics in this new era of marketing. It is necessary for the organization to justify its existence not only in the marketplace but also in the larger society within which it operates. While it is reasonable to argue that this is the responsibility of the CEO, senior executives, or the board of directors, change starts with each employee. Any individual can take the lead and become an idea champion. Moreover, the public is becoming increasingly willing to vote for or against companies with the choices they make in spending their hard-earned money. No longer confined to a limited number of activist groups on the fringes of society who stage loud protests but achieve relatively little, the power of individual consumers who rise up against perceived injustices is increasingly becoming a major force to be reckoned with. Thus, the reality is that if the marketer doesn't choose to include the planet and people into its equations, people who do care have enough power to force a company to care, or face the consequences.

Admittedly, the relationship between profits and balance (people, planet, and profit) is not a straightforward one. If done in the right way, balance could have a multiplicative effect instead of being a cost or merely an additive outcome. It is difficult to argue for an inclusive and balanced approach as long as companies are making large profits while disregarding the other two factors (people and planet). For example, in mid-year reports for 2007, one oil company announced profits of $9 billion during a year of severe oil shortages around the world that resulted in record-high gasoline prices at the pump. Additionally, during this same year of extraordinary profit, oil companies were lamenting their increased costs at the refinery, presumably to further justify their record-high prices to the consumer. Yet, this oil company is also directly responsible for significant environmental pollution, as well as exploitation of human and other resources. It is but one example out of many where an imbalance in the people, planet, and profit equation tends to swing the argument toward profits, and away from people and the planet. A myopic view in the short term is favored above the inconvenient need attitude of caring for the planet and its people.

Organizations and marketers need to stop assuming that profit and "doing good" involve a zero-sum game, where one side can gain only if the other is sacrificed. However, this requires a shift in mindset—a rethinking of priorities in view of the company's primary role as a "citizen of the world." On the one hand, profit can be defined in terms of financial outcomes—income, earnings, revenue, return, yield, and so forth—all of which imply "taking" and *making money on*. One the other hand, profit might be defined as advantage—gain, benefit, reward, aid, serve, and so forth—*be of advantage to*. Instead of thinking about these two perspectives as "either-or" options or two opposite points on a continuum of profit, Figure 16-5 illustrates how viewing profit in terms of *advantage* includes (not excludes!) positive financial outcomes as well as advantageous ecological outcomes. In the center of the diagram, examples of possible value-added opportunities are shown. *Value* means that the benefits exceed the costs; it has tangible and intangible components, and it doesn't mean the company throws good money down the black hole. Taking care of people means they are better able to care for the environment, and profit (advantage) follows. It is time to put the old profit dinosaur in the museum. Place people before short-term profits.

Figure 16-5 Value Creation Integrated with Triple Bottom Line Objectives



A rethinking of marketing metrics is predicated on a five-pronged approach:

1. Anticipating the future, rather than just measuring the past.
2. Using multidimensional success criteria, many of which are nonfinancial.
3. Combining value-based issues at various levels of impact—from the individual level to company, community, society, global, and, finally, planet levels.
4. Complementing a measurement approach that is actionable in real time with insightful analysis in an iterative process to make sure future marketing initiatives achieve better performance.
5. Identifying marketing management decisions and their consequences to manage marketing as the driver of business strategy and growth (value management).

The ultimate marketer's dashboard combines all the data sources available from as many measurement tools as are relevant and ties the effectiveness of campaigns that are in progress directly into the sales performance data in the company's customer relationship management (CRM) system. As seen in the introduction to this chapter, being "of benefit" is a choice the company makes. The firm can choose to turn a financial profit in a narrow-minded view, or it can choose to extend the profit horizon of the company that will benefit its shareholders, the planet, and its people.

Rethinking the Profit Maxim: The Entrepreneurial Imperative

But what if the truth is elsewhere? What if it isn't merely a marketing or PR problem, but a substantive problem (as identified in the introduction to this chapter) that cannot be "fixed" with a corporate social responsibility campaign? CSR initiatives aim to protect companies' most valuable asset: the brand and its reputation. But can CSR move beyond concerns about corporate reputation to address two sets of intertwined challenges:[29] contributing to a better world and improving business success? What if the problem requires strategic redirection rather than tactical solutions? Have we even asked the right questions? This brings to the foreground the question of how a company can be "for benefit" instead of "for profit." Is this necessarily a trade-off or can a company be "for benefit" as well as "for profit"?

Entrepreneurs are breaking the old rules and discarding long-held assumptions that you cannot do charitable deeds and make a profit.[30] In the words of Steve Case (founder of AOL):[31] "I'm aiming for a more flexible tool box, not just looking at things through the prism of philanthropy or the prism of business but a fresh creative approach that uses the best of both." Examples of hybrid philanthropy to tackle major global issues like poverty and climate change abound. For instance eBay's founder, Pierre Omidyar, uses investment capital and donations to expand the micro-credit industry. In 2007, Muhammed Yunus (founder of Grameen Bank) won the Nobel Peace Prize for his innovative banking practices that make micro-loans available to those who would never qualify for financial assistance from traditional banks. Ted Turner (founder of CNN) also melds business and philanthropy, as does Sir Richard Branson, who invested $3 billion in a venture capital fund to develop greener fuels instead of making a donation toward alternative energy resources.

This is the entrepreneurial imperative: thinking and doing things differently. The traditional model of philanthropy by foundations that use fortunes of entrepreneurs such as Andrew Carnegie, John D. Rockefeller, and, more recently, Bill Gates and Warren Buffett have proven to be ineffective in providing long-term solutions for the problems of the underdeveloped world. According to Bill Drayton (founder of Ashoka),[32] "Our job is not to give people fish, it's not to teach them how to fish, it's to build new and better fishing industries." This new and better fishing industry is what philanthropreneurs are doing. As seen in Chapter 5, entrepreneurs create new products/services, new markets, and new customer value. They create change and respond to change. Entrepreneurs create new worlds—they make the world a better place and improve the quality of life for all. This is where "the rubber hits the road," and the example in Exhibit 16-4 illustrates how one entrepreneur has broadened the profit horizon in a way that transcends traditional boundaries between financial, social, and environmental objectives.

This is the twist in the tale—finding real solutions for real problems, not temporary Band-Aids for social problems to make the company look good to its shareholders and consumers. Organizations do not solve problems, people do. It is not the big government agencies nor the large corporations, but the entrepreneurs among us who conceive the appropriate solutions—not in the traditional way, but by rethinking old models. Let's return to where we started in this chapter. Did you see the entrepreneurial imperative prior to it being presented to you? Increased interest in BOP markets have led to innovative solutions from entrepreneurs who address BOP consumer needs in housing, agriculture, consumer goods, and financial services through new startups and social entrepreneurship initiatives, rather than relying on NGOs and multinational corporations. There is general agreement that a bottom-up market approach is essential in developing countries, and this has resulted in increasing support (financial, institutional, and governmental) for small and medium-sized enterprises. One noteworthy example of a BOP success story is that of Celtel, in the area of mobile telephony. By crafting a strong value proposition for low-income consumers in some of the poorest and least stable countries in Africa, Celtel grew from startup to a telecom giant.[33] It now has operations in 15 African countries in only 7 years, after being acquired for $3.4 billion (in U.S. dollars) in 2005.

Exhibit 16-4 All in a Day's Work: How Playing Can Be Profitable

In rural villages across South Africa, some 5 million people don't have access to clean drinking water. To get a sense of the severity of the water scarcity there, you have to go back to the early 1800s when Europeans and others started colonizing the country.

When these settlers arrived, they brought with them nonnative seeds and plants with the idea that they would be able to re-create the thick forests and vegetation of their homeland.

Two hundred years on, the pines and eucalyptus trees, along with 161 other invasive plants introduced to the country, are soaking up billions of gallons of water that used to flow into mountain streams and support wetlands and other precious arteries in this largely arid country. Add to that the needs of South Africa's growing population and you have a situation in which the competition for water has become fierce....

Trevor Field, a retired advertising executive, had done well in life and wanted to give back to his community. He noticed that in many rural villages around the eastern Cape, the burden of collecting water fell mainly to the women and girls of the household. Each morning, he'd see them set off to the nearest borehole to collect water. They used leaky and often contaminated hand-pumps to collect the water, then they carried it back through the bush in buckets weighing 40 pounds. It was exhausting and time-consuming work. . . . He knew there had to be a better solution.

Field then teamed up with an inventor and came up with the "play pump"—a children's merry-go-round that pumps clean, safe drinking water from a deep borehole every time the children start to spin. Soup to nuts, the whole operation takes a few hours to install and costs around $7,000. Field's idea proved so inventive, so cost-efficient and so much fun for the kids that World Bank recognized it as one of the best new grassroots ideas. In true ad-man style, Field's next idea was to use the play pump's water towers as makeshift billboards, selling ad space to help pay for the upkeep....

The indefatigable entrepreneur wants to build thousands of these pumps to help water-stressed communities across South Africa, then expand to other African countries. He says, "It would make a major difference to the children, and that's where our passion lies."

*Source:*http://www.pbs.org/frontlineworld/rough/2005/10/south_africa_th.html.

Summary and Conclusions

At a time when boundaries between marketers' fabricated needs and reality are increasingly blurred, marketers and society coexist in a complex, symbiotic relationship. This creates a dilemma because marketers are both the provider of solutions and the cause of problems. On the one hand, marketers must find entrepreneurial solutions to the world's needs through the products and services they provide. On the other hand, marketers are faced with the problem of fabricated needs and exerting influences that shape popular culture through mass media. The outcome is an economy based on greed and the consumer treadmill, in which more is just never enough. Forever prone to the boiling frog syndrome, some consumers behave as if problems do not exist. On the other extreme are consumers who are lashing out in revolt against marketing and its hold on shaping society's views of the world and how to live in it.

A nascent yet budding domain, anti-consumption has gained prominence with the rise in social networking that has contributed to the socialization of marketing resistance. People's dissatisfaction with consumerism can take the form of avoidance, grudge-holding, active retaliation, or civil disobedience; in one form or another they challenge the ideology of consumerism that manifests itself in unnecessary consumption with bouts of retail therapy and expressions of personal identity. Anti-consumption tactics range from activist movements to anti-brand discourses, from ignoring commercial radio and television to hiding behind technologies (e.g., TiVo) that facilitate avoidance of advertising messages, from anti-globalization demonstrations to utopian communities who vow to buy nothing new for a year (e.g., Compact[34]), from culture jamming[35] and alternative Podcasting to voluntary simplicity,[36] and from brand avoidance to careful carbon-counting "green" consumption. The realization that psychological desires and possible ways to satisfy "hyper-wants" are infinite, but that environmental and human resources are limited, has led to the rising popularity of frugality and downshifting. Much of this resistance is related to the globalization of culture (also referred to as Americanization of the world) and companies' focus on the value in exchange (profit) rather than the value in use (based on need) that has been fueling materialism and addictive consumption.

What should a marketer do in view of this see-saw? There are no universal truths to guide actions in the marketplace because the notion of what is right or wrong differs among people, organizations, and cultures. This brings us to the "acid test" for marketers—it consists of three intertwined challenges as depicted in Figure 16-2, each of which relates to people, planet, and profit, respectively:

1. The first challenge is *accountability* (passing the "butterfly test" in decisions that affect all stakeholders, not only shareholders).
2. The second challenge is **sustainability** (ensuring solutions pass the "green test").
3. The third challenge is *responsibility* (avoiding the "red face test" when facing stockholders with disappointing financial results).

While it is possible to achieve financial success by meeting the demands of any one of the three challenges, prosperity requires that the company meet each of the three challenges in the ultimate acid test for every aspect of the company's operations—from cradle to grave and beyond for all its products, including behaviors of far-flung suppliers and others in the value chain, potential activities of end users, and the impact of its marketing practices. This requires an attitude of ongoing healthy self-criticism, rather than finding loopholes in the system or hiding behind minimum laws or regulations. It goes beyond social responsibility and cause marketing. This means going beyond the company's self-interests and success to create a better world for all people.

A concern for the well-being of people and the planet, in addition to the company's success, requires a different kind of bottom line. A marketer must have the moral courage to do what is right and the courage not to do what is wrong. Character is shaped not by what happens to us, but rather by how we respond to what happens to us. This is the lesson of the movie *Groundhog Day*. Bill Murray (in the role of weatherman Phil Connors) finds himself trapped in a constantly repeating day as he gradually changes from a selfish, egotistical, and manipulative individual into a person who acts with integrity, humility, and a sharing mentality. He learns to care for the well-being of others regardless of whether or not they meet his expectations or act the way he would have in a specific situation.

This chapter poses numerous questions to encourage you to explore the issues and develop novel solutions to complex problems. Are you thinking differently yet? Consider this: when thinking about ethical issues, asking "How can good be produced?" instead of "How can harm be avoided?" changes the focus of the issue. When thinking about what really matters about the effectiveness of activities, a question such as "Are we competing successfully?" is quite different when it is stated as "Are we pursuing the highest human potential?" When considering social responsibility, a different emphasis results when asking "How can we benefit from our efforts (e.g., do well) while doing good?" instead of asking "How can we help others to flourish?" The simple act of asking the questions differently reframes the issues and probes the underlying premises of marketing. It calls attention to a change in perspectives—rethinking the role of marketing; this is a theme that permeates every aspect of marketing (and this book). It is up to you. The time is now.

Key Terms

- profit maximization
- triple bottom line
- ethics
- social responsibility
- environmental responsibility
- economic responsibility
- sustainability
- carbon footprint

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