

Responsible consumers and stakeholder marketing: building a virtuous circle of social responsibility*

Consumidores responsables y marketing orientado a los grupos de interés: construyendo el círculo virtuoso de la responsabilidad social

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I. INTRODUCTION

Historically, the idea of marketing in business schools was not so different from the definition used by the American Marketing Association today: “The activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large”. The role of marketers in those days was largely to support sales departments to persuade consumers to buy whatever the factory made, in a supply chain that was geographically short and morally uncomplicated.

Some time around the 1960s, however, business experts started to notice that the value provided by marketers for customers wasn’t always positive. In other words, marketing could do harm too. Professors of business ethics, along with other social commentators, began to point out myriad ways in which marketing could harm the consumers it was supposed to serve – from conning them into buying goods they didn’t want to persuading their kids to eat more junk food than was healthy (Packard 1960).

Meanwhile, the rapid pace of globalization meant supply chains



EXECUTIVE SUMMARY

The many ways by which marketing activities may harm consumers have been well documented in contemporary literature on business ethics. But increased global supply chains have made business ethicists to turn part of their attention to the harm done *by* consumers *through* marketing, particularly since the 1990s. Decisions made by marketers and consumers downstream are increasingly leading to social and environmental harms upstream. The article describes how marketers on one hand, and consumers and CSR activists on the other hand, have responded each other in an effort to show a socially responsible behavior. The authors argue that stakeholder marketing has an important role to play in building a new kind of responsible consumerism –a valuable tool to make producers to seriously integrate social responsibility- and in ensuring that both companies and stakeholders may benefit from a more symbiotic relationship between business and society.

RESUMEN DEL ARTÍCULO

En la literatura contemporánea sobre ética en los negocios están bien documentados los diversos modos a través de los cuales las actividades de marketing pueden generar impactos negativos para los consumidores. Desde los 1990s, sin embargo, la expansión de las cadenas globales de suministro ha obligado a los expertos en ética de los negocios a dirigir parte de su atención al daño hecho *por* los consumidores *a través* del marketing. Y es que las decisiones hechas por vendedores y consumidores aguas abajo están, cada vez más, generando impactos sociales y medioambientales no deseados. El presente artículo hace una descripción de cómo los vendedores por una parte, y los consumidores y activistas en RSC por otra parte, se han respondido mutuamente en un esfuerzo por mostrar un comportamiento socialmente responsable. Los autores concluyen que el marketing orientado a los grupos de interés (stakeholder marketing) tiene un papel importante que jugar en la construcción de un nuevo tipo de consumo responsable –una herramienta valiosa para hacer que los productores integren, en serio, la responsabilidad social- y en asegurar que tanto las empresas como los grupos de interés puedan beneficiarse de una relación más simbiótica entre los negocios y la sociedad.

were getting geographically longer and, as a result, “society at large” was getting larger. Some time in the 1990s, business ethicists realized it was time to ask new questions. Of course, we couldn’t ignore the harm done *to* consumers *by* marketing. But we also had to turn our attention to the harm done *by* consumers *through* marketing. Consumers’ harm-doing occurs when, for example, they buy goods that involve environmental damage or deplorable working conditions. Indeed, consumers’ decisions can even be related to dramatic events such as the following.

On 28 May 2010, workers began fitting “suicide nets” at Foxconn’s electronics factory in southern China, after at least 12 employees jumped to their deaths in just 5 months. The Foxconn factory produces iPhones, arguably the main ingredient in the Apple recipe for success today. In this example, consumers’ decisions are linked by a tangible line of responsibility, running from you the consumer through the marketer to workers on the other side of the world. So you don’t have an iPhone? No matter. Foxconn also manufactures iPods and iPads, along with devices for Dell, Hewlett-Packard, Motorola, Nokia and Sony, not to mention other household names. Are you still off the hook?

You can’t plead innocence by forgoing electronic gadgetry either. You still have to eat and wear clothes. You could try buying only fresh food from local, organic farmers’ markets and never dining out – chances are you’ll be well fed (if starved of leisure time). But dressing well at a reasonable price and to high ethical standards is a greater challenge. The speed, flexibility and low prices demanded by today’s fashion business of its suppliers are often passed on to the suppliers’ suppliers until they finally reach a sweatshop in a developing country.

This phenomenon is perhaps most obvious in the spread of European-based fast-fashion chains, such as H&M, across the world. Arguably their success is the result of a global collusion between marketers, consumers and journalists, who have persuaded each other that cut-price catwalk copies are essential ingredients of modern life. But modern death is only just up the supply chain. In March 2010, a knitwear factory in Bangladesh burned down killing 21 workers. They were locked in to prevent theft with vast quantities of synthetic yarns that were highly flammable. The blaze swept through the building, as they worked through the night to fulfill orders. Among the

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factory's clients was H&M.

Such fatal incidents are, fortunately, rare. And global supply chains are notoriously hard to police. But low pay, poor conditions, long hours and child labor are institutionalized in today's fashion business. Whether you are the marketer who chooses the \$20 hand-beaded kids' blouse for the billboard ad or the mom who buys it for her daughter's birthday, the little girl who sewed on those tiny beads in an Indian sweatshop is on *your* conscience.

To use the business jargon, the demands of marketers and consumers *downstream* affect – and sometimes destroy – the lives of manufacturing workers *upstream*. But the jargon is, like the earlier definition, misleading. The insidious metaphor of upstream and downstream itself implies a one-way interaction, which just doesn't match the social reality. Or the responsibility.

Indeed, that responsibility spreads far beyond the supply chain, once environmental issues are taken into account. The idea that gas-guzzling SUVs are the ideal vehicle for the school run is perhaps an example of collusion between consumers and marketers that results in damage to the entire planet.

2. CSR COMMUNICATION VERSUS CSR PRACTICE: THE NEED FOR A STAKEHOLDER APPROACH

Around the same time as business ethics specialists were waking up to the combined responsibilities of the marketer and the consumer, companies discovered Corporate Social Responsibility, known to us these days simply as CSR. The marketers were delighted. In their ever more sophisticated world of branding and zeitgeist of increasingly individualized consumption, they seized the opportunity. If they promoted the social and environmental good of their products, no matter how tenuous, they would not only assuage their customers' consciences, they could also make their products more attractive and thus sell more of them.

As Curras-Perez, Bigne-Alcaniz, and Alvarado-Herrera (2009: 547) put it, "CSR is one of the most commonly used arguments for constructing brands with a differentiated personality which satisfy consumers' self-definitional needs". But there often was a mismatch between company claims of CSR and the realities upstream in a supply chain with values as mixed as its metaphors. As stated by Christian Aid (2004) "the corporate world's commitments to responsible behavior are not borne out by the experience of many who are supposed

KEY WORDS

Corporate Social Responsibility (CSR), ethical consumerism, responsible consumerism, stakeholder marketing, fair-trade

PALABRAS CLAVE

Responsabilidad social corporativa (RSC), consumo ético, consumo responsable, comercio justo, marketing orientado a los grupos de interés

to benefit from them". In part, the issue was that while CSR activists were focusing on the social and environmental impacts of production, marketers were simply targeting the consumer and doing little else.

Inevitably there was a backlash. Companies were subjected to stakeholders blaming them for unfairness and deception. Accusations of window-dressing and "greenwashing" abounded (Crane 2000). There was a rise in anti-brand activism aiming to persuade consumers of the inauthenticity of the brand (Palazzo and Bassu, 2007), accompanied by a substantial increase in internationally active NGOs (Yaziji, 2004). Sometimes consumers went so far as to boycott. It is probably no accident that these years coincided with the rise of the worldwide web. The Internet provides the perfect vehicle both for questioning corporate messages and for orchestrating action against offending companies.

The marketers tended to react as they only knew how: with communications campaigns. For example, when Wal-Mart was facing criticism on a number of fronts (for working conditions in supplier factories, as well as its stores, impacts on high streets of local communities, and for its poor environmental record), the company produced a major PR initiative painting a picture of a good corporate citizen in the communities where it operated (Beaver 2005).

However, this didn't put an end to the criticism. Nor should it have. PR campaigns do not solve fundamental structural problems. An increasing number of voices maintain that marketers must find a solution that fully addresses the supply chain issues – at least if they want to embed CSR in their brand values. In short, they must start to take a *stakeholder* approach that encourages a new type of *responsible consumerism*. Crucially, this new approach involves marketing professionals looking up the supply chain to manufacturing and shipping, down the supply chain to the sales force and the consumer, and outside it altogether to the communities on its borders and the environment as a whole.

3. THE ROLE OF STAKEHOLDER MARKETING

Stakeholder marketing involves the design, implementation and evaluation of marketing initiatives so as to maximize the benefit to *all stakeholders*: customers, employees, shareholders, suppliers (that is, everyone involved in the supply chain), as well as the environment, society in general, related non-profit organizations and those

who benefit from the efforts of the non-profits.

Marketing, more than any other business discipline, is uniquely poised to help both companies and stakeholders benefit from a move towards a more symbiotic relationship between business and society. Of course, this is not to say that forging a new role for marketing, addressing the needs of each and every stakeholder, is possible let alone easy. But, in practical terms, marketers are at least blessed with techniques that should help them succeed where others have failed. This could be, for example, in mapping key secondary stakeholders (media, government, consumer groups, competitors and NGOs), as well as the more obvious primary stakeholders (customers, shareholders, employees, local communities) and those in between (suppliers, their employees and their local communities) (Freeman, Harrison, and Wicks 2007).

Realistically, marketers cannot serve all of the stakeholders that they identify. But in mapping the relationships between them, they will discover that some are more important to their business than they at first imagined. And even if a company's stakeholder map does not lead to any startling new discoveries, the mapping exercise puts the company in a better position to make the tough choices.

Once key stakeholders have been identified, market research techniques could be used to explore their expectations and issues – and subsequently measure the impact of any stakeholder initiatives that are eventually implemented. Marketing skills could also be used to engage stakeholders and maybe even to reach out to the more unfriendly ones, such as the activists who may have exposed the company's poor sourcing practices to the press. Finally, marketers have the communication skills to help embed a stakeholder attitude in other parts of the organization.

This brave, new, stakeholder-centric approach could cascade from the marketing department throughout the entire company, with support from the right quarters, not least the CEO. Who knows, it may even reach the accountants and persuade them to implement the much-discussed but comparatively little-practiced “triple bottom line” (Savitz and Weber 2006), accounting for “people” and “planet”, as well as profit. In any event, stakeholder marketing could well lead to benefits for that good old-fashioned single bottom line – “doing well by doing good” as it's commonly put.



4. FAIR-TRADE

Looking up the supply chain, there is no doubt that innovative fair trade schemes will be a key component of the new stakeholder marketing. Through history, fair-trade have been identified “as the ethical consumer’s answer to world poverty and global exploitation,” (Zick Varul 2008: 654). FINE, the international federation of fair-trade networks, defines fair trade as “a trading partnership, based on dialog, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers.”

Fair-trade has the potential not only to positively impact the situation of workers upstream the supply chain but also to produce substantive changes in consumers’ behaviour downstream, so it can be a way for “governing the moralization of consumer behaviour” (Zick Varul 2008). It in fact recognizes the key role of marketing in shifting consumption patterns in order to achieve socially responsible production processes.

Once the province of NGOs who sought to challenge multinationals, fair trade has now been embraced by large corporations, such as Unilever. According to the company website: “Consumers around the world want reassurance that the products they buy are ethically sourced and protect the earth’s natural resources. A growing number are choosing to buy brands such as Rainforest Alliance Certified Lipton tea [and] Ben & Jerry’s Fairtrade ice cream.”

In fact, it seems that Ben (Cohen) and Jerry (Greenfield) were a key influence in a major new initiative, the Unilever Sustainable Living Plan. Sold to the multinational a decade ago, their values-driven brand has not only survived but is also increasing its use of fair-trade ingredients. Greenfield, though not longer a manager, is still involved in marketing. He remains an advisor and brand ambassador and claims that – though there have inevitably been conflicts – Unilever executives have been remarkably proactive in learning from their model. Indeed the ambitious new initiative has fifty concrete targets with three broad objectives: to help more than a billion people improve their health and well-being; to halve the environmental impact of Unilever products; and to enhance the livelihoods of hundreds of thousands of people in the supply chain.

The point we’d like to make, however, is that we as customers depend on marketing professionals not only to tell us about better corporate behavior but also to encourage it to happen. Moreover, we believe that marketers have the skills and the connections to go one step further and contribute to a whole new phenomenon that reaches far beyond their

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companies: “responsible consumerism”. If you like, it’s a different kind of “CSR”: Consumer Social Responsibility. Yes, at this point, it’s time to travel back down the supply chain and return to that consumer conscience of yours.

5. FROM “ETHICAL CONSUMERISM” TO “RESPONSIBLE CONSUMERISM”

There has, of course, been much talk over recent decades about “ethical consumerism”. Broadly speaking, this refers to the purchasing of products and services that have been produced, marketed and distributed ethically (Smith 2008). In practice, this means giving preference to goods and services made and delivered with minimal harm to humans, animals and the natural environment (positive ethical consumerism), or boycotting those that do not incorporate social responsibility principles in their production process (negative ethical consumerism) (Smith 2008).

There have been abundant surveys about ethical consumerism. For example, in 2009 *Time* magazine reported that almost 50 percent of Americans say protection of the environment should take priority over economic growth. And 78 percent of those polled said they would be willing to pay an extra \$2,000 for more fuel-efficient cars. But these statistics were not reflected in the subsequent sales figures. Wishful thinking, self-delusion and the desire to please pollsters are all natural human behaviors, as we have learned from opinion polls down the ages. And, to be fair, recessionary forces are currently pushing consumers into particularly price-sensitive decisions. Long-term savings and environmental impact inevitably take second place to short-term cost-control. And perhaps that’s the responsible course of action for many individual consumers in the circumstances.

Indeed “*responsible* consumerism” might be a preferable – and much more broadly applicable label – than “ethical consumerism”. After all, those who took on mortgages they could not hope to afford unless ever-increasing property prices enabled them to keep refinancing were partially responsible for the sub-prime crisis, as well as being among its victims. Note that we’re not exonerating those who mis-sold and mis-marketed the mortgages to consumers or the banks that created and traded securities on the back of these mortgages with insufficient regard to the risks of these products, if not deliberately misleading their counterparties. We’re simply remarking that they had a multitude of accomplices who, even though they acted alone, cer-

tainly did not act responsibly.

By adopting a new name (an old marketing trick, as it happens), perhaps ethical consumerism can be seen less as a niche phenomenon and more as a mainstream reality. For too long scholars and practitioners alike have tended to see ethical or responsible consumers as a discrete, small market segment waiting to be captured. But in an ever individualized world, consumers' choices are increasingly linked to the expression and reaffirmation of identities, either individually (Palazzo and Basu 2007) or collectively (McAlexander, Schouten, and Koenig 2002), therefore they would command those products they perceived to match their own values (Varman and Belk 2009). Moreover, individualized consumption has been identified as a way to question the undesirable impacts of mass consumption (Heath, 2001).

We know (alas from personal experience) that the feel-good purchase of organic local produce today can give way to the temptation of a guilt-inducing, fast-fashion or high-tech bargain tomorrow. In fact, the high price of the former can even be used to justify the sweatshop price tag of the latter.

By broadening the discussion from ethical to responsible consumerism marketers and those who do academic research into marketing also become less exclusive. "Responsibility" unlike "ethics" does not sound as if it is uniquely reserved for some liberal or intellectual elite. Consumers are increasingly concerned about the social and environmental impacts of what they buy (Smith 2008). As Jerry Greenfield recently put it, "Nobody wants to buy something that was made by exploiting somebody else." Responsibility, we maintain, is a concept for everyone – from the teenager shopping over the Internet to the grandparent in the neighborhood store, from the janitor in the basement to the CEO in the corner office on the top floor.

Responsible consumption can be in fact a powerful tool to drive producers to incorporate social responsibility strategies (Barnett 2007). Sure, that CEO has a special part to play. There is no doubt that responsible consumerism has to be co-created by corporations and led by people at the top (Caruana and Crane 2008). But the marketing director and team have essential roles too in educating, empowering and transforming existing consumption habits – and thus influencing colleagues in production, logistics, purchasing and finance... all the way up the supply chain.

6. A FINAL REMARK

If it's true that many forms of social and environmental harm scattered along the supply chains of multinational corporations are triggered by marketing decisions in the first place, then it can also be argued that marketers have a moral duty to change existing practices, wherever they occur. For this reason and others, marketers should move center stage in the debate on CSR – albeit with a chorus of NGOs, consumer groups, scientists, governmental bodies and others behind them – if responsible consumerism is to become a mainstream phenomenon.

Ultimately, however, *your* conscience is the most important factor in making responsible consumerism work. But it will inevitably encounter challenges. With responsibility come complexities and dilemmas (such as whether or not to drink your favorite Starbucks skinny latte for fear that it isn't fair trade). Yet, with the help of marketing professionals concerned about *all* stakeholders, you can be steered through moral mazes to making the right choice. And if there is no right choice, at least you can make a reasoned or reasonable decision based on your own values and the correct information.

Asking whether your latte is fair trade is just the beginning, though. Other questions for consumers, marketers and academics include: How far along the supply chain does consumer conscience have to stretch? We believe that, the more responsible consumers become and the more stakeholder-oriented marketers get, the farther we can go – right to the raw materials. But first we have to break out of the old vicious circles and into new virtuous circles somewhere downstream. It is possible for marketers and consumers to collude in doing the right thing as well as the wrong if only they can ask the right questions of each other and the supply chains in which they form links.



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NOTES

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