ЭТИЧЕСКИЙ БРЕНДИНГ - КОРПОРАТИВНОЕ ОБЯЗАТЕЛЬСТВО
ИЛИ СООТВЕТСТВИЕ СОВРЕМЕННЫМ ТЕНДЕНЦИЯМ

Аннотация
Множество ученых и практиков пытались осмыслить и измерить влияние этического брендинга на эффективность бизнеса. Некоторые авторы изучили влияние этического брендинга на репутацию бренда. Третьи же поместили «этичность» брендинга в критическую дискуссию, связанную с его текущим ростом моды и ожидаемым положительным эффектом на восприятие клиентов. Целью работы является поиск эмпирических и практических обоснований противоречивой темы о коренных причинах участия в этическом брендинге. Он углубляется в этику бренда как в их теоретических компонентах, так и в их практических последствиях (путем анализа тематических исследований различных глобальных компаний). Более широкие рамки - это поиск наиболее эффективных способов, которыми компании могут следовать, чтобы управлять своими брендами таким образом, чтобы они были моральными и более ответственными для сообществ, а также для решения экологических проблем, с которыми они сталкиваются. Особый акцент делается на практических предложениях по использованию этики для усиления бренда.

Ключевые слова: этический брендинг, экологическая стратегия,
ответственный брендинг

RePEc: M14, M31

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Abstract
Plethora of scholars and practitioners have attempted to conceptualize and measure the effect(s) of ethical branding on the performance of businesses. Some authors have examined the mediating effects of ethical branding on brand reputation. Still others have put the “ethicality” of branding into critical discussion related to its current growing fashion state and the expected positive effects on customer perceptions. The paper aims at finding empirical and practical justifications to the contradictory topic of the root causes of engaging into ethical branding. It delves into brand ethics both in their theoretical components and in their practical implications (by reviewing case studies of different global businesses). The broader framework is that of finding the most effective ways companies can follow to manage their brands in a way moral and more responsible for the communities, and to handle with the environmental issues they are faced with. A special emphasis is put on practical propositions for utilizing ethics to reinforce brand equity.

Keywords: ethical branding, environmental strategy, responsible branding
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ETHICAL BRANDING – CORPORATE COMMITMENT OR COMPLIANCE WITH CONTEMPORARY TRENDS

The advent of the 21st century has witnessed multiple corporate plunges into business crises. The unethical behavior of LSEs (e.g. Shell, Volkswagen) has raised significant discussion aiming at preventing ethical breaches and addressing responsible corporate behavior. Therefore many companies have embarked into exploring ethical

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approaches to brand management given the moral, socially conscious and responsible connotations they hold (Belle, 2017) and the opportunities for maintaining competitive edge they provide.

Modern business ethics education and organizational ethics trainings embody significant societal effort to encourage ethical behavior among business students and professionals (Medeiros et al., 2017). This naturally raises concerns about approaches and content of these endeavors. Furthermore, their effectiveness is subject to major discussion. Even neuroscientists have been actively engaged in measuring the individual reactions to ethical issues incl. moral responsibility, intent, free will, etc. (Robertson, Voegtlin, & Maak, 2017). This contributes significantly to the body of academic literature dedicated to measuring the value of brand ethics. In view of that, some of the most contemporary studies in the field of ethical branding focus on the nexus between brand values (functional and emotional) and ethical brand practices and the resulting position and loyalty (Alwi, Ali, & Nguyen, 2017). Some other sources of literature consider the effects of the ethical dimensions of branding on customer-based brand equity (Datta & Mukherjee, 2017). Still others outline that modern corporate reputation is built upon portrayal of societal and ethical commitments as this improves competitiveness (Sierra, Iglesias, Markovic, & Singh, 2017). All these elucidate the fundamental importance of brand ethics as means for encouraging ethical behavior of customers and driving competitors take into account community and environmental interests in the process of maintaining morality of their business actions.

Conceptual framework of ethical branding

Some of the prevailing objectives of branding in the 21st century include: stimulating business growth; gaining competitive edge over existing and innovative rivals; helping customers make informed choices; increasing market share and facilitating market entry, among others. Two of the primary reasons why both production and service companies pursue that are:
1. Exuberance of choices – customers are becoming ever more savvy thanks to the availability of multiple channels of interaction with (competing) vendors. Additionally, not only price transparency empowers customer, it is the new digital technologies that reinforce companies to shape the profile of their individual clients according to their behavior (using A.I. (Ivanov & Webster, 2017), machine learning, tracking software, multiplatform integration, location-based marketing ploys, etc.)

2. Distinctiveness drives business into the company – the degree of differentiation does not necessarily ensure success. However modern day branding relies heavily on hypes and preemptive manner of value delivery. The latter is further backed by the constant desire of customers to try out new things (novelty search) and the repercussions of ostentatious consumption. The companies having the audacity to be clearly distinguishable from the rivals thrive on competition.

Ethics in branding are subject to the rules and regulations to the bodies defining the advertising standards across countries and continents. The former encompass sets of clearly defined principles that govern communication between stakeholders and companies. But brand ethics stretch far beyond communication of benevolent actions. They deal with the values of branding and its responsibility to the society and earth’s natural resources. At the same time brand ethics do not remain static – they evolve with the changing claims of different social groups stemming from possible negative consequences of business actions (Szmigin, Carrigan, & O’Loughlin, 2007). Therefore, ethical branding is expected to provide balance and coherence of interests and values of parties involved in business interactions. By doing so ethical branding aims at leading to ultimate results for all involved parties by not causing any harm and achieving profit via socially-oriented means.

Although company performance measured by sales, revenues, market share, etc. win out in corporate discussions, branding is also viewed as “societal institution” and this has given rise to anti-branding movements across the world (Hunt, 2019).
Taking a broader view of branding ethics helps to arrive at the conclusion that ethical challenges in brand management are unambiguous managerial dilemmas because they express the controversy among revenues, costs, and profits of a business and its social responsibility. One question remains unresolved: how to achieve typical business goals without confronting the basic human, moral and environmental values? This paper does not aim to draw upon overriding (ethical) principles of executing the branding function of a company. Instead it attempts to review some contemporary research findings of brand ethics and present case studies of various global businesses. On that basis it designs some practical implications that companies can utilize to maintain the balance between commercial goals and ethicality.

Some sources of academic literature have laid down the profound deficiencies of measuring brand equity: (1) accentuating on economic performance and leaving ethics out; (2) brand models tend to emphasize on product brands and not on corporate brands (Fan, 2005). Thus the societal function of branding is somehow neglected, but the former cannot be phased out as different stakeholders are increasingly concerned about different forms of responsibility of businesses. This has been evident by the public fallout of many companies in the petrol and automotive industries recently. Furthermore, brand ethics can have far spanning impacts on maintaining consistency between consumption and life values that are pertaining to the identity of individual customers (Palazzo & Basu, 2007). Customers have also been found to value business ethics as a key corporate behavioral element in the formation of their brand attitudes (Ferrell, Harrison, Ferrell, & Hair, 2019).

Ethics in branding touch on another important aspect of modern marketing – brand image. Being described as one of the biggest drivers of customer choice, brand image encompasses the set of associations that stakeholders hold in their mind towards a brand. Thus we have witnessed simmering interest displayed by multiple companies from various industries to link ethical behavior to their brand image (airlines, universities, sportswear producers, cosmetics, FMCG players, and many more). At the same time the latter realize the possible negative impacts of companies associated with
excellence in their business functions and at the same time - carelessness towards brand ethics (Nasruddin & Bustami, 2007). This naturally raises the question: does ethical corporate brand image impact positively the individual product brands? Studies show that in some 45 product categories in FMCG there is a positive link between brand ethicality, brand affect and brand trust (Singh, Iglesias, & Batista-Foguet, 2012). Moreover, other researchers have also found that company reputation can be enhanced using ethical branding as an interlinking point between antecedents such as: product quality, service quality and perceived price (Alwi et al., 2017). Overall, we can sum up that ethicality has been seen as a positive multiplier of brand success as it can: (1) boost the business reputation; (2) enhance the brand image; (3) drive more sales; (4) capture some up-to-date consumer preferences. The following paragraphs shed a light on 5 case studies of companies from the fashion industry which have implemented ethical branding practices and the results achieved.

Ethical branding manifestations – case study examples

Case study 1: NAK

The issues

Every year a tremendous number of animals are killed for the fashion industry through the cheapest and cruelest methods. But there are brands that were found with the idea that killing animals for fashion goods is no longer needed.

The NAK company

Founded in 2014, NAK is innovative luxury shoe brand. It combines the traditional hand-made process for which the Italian shoe industry is world-famous with cruelty free products (NAK Official, 2019). The company’s main focus is aimed at the belief that the time when customers satisfy their desires to appear beautiful by killing animals is over (NAK Official, 2019).

How does NAK apply ethical branding?

NAK completely unveils its environmental strategy through different corporate branding communications. A first glance at the company’s website targets the attention
to a huge black and white logo saying “NAK no animal KILLED”. Additionally, while choosing a pair of Italian shoes the company informs customers that they all are made from finest vegan leather and it is also PETA approved. Orders are dispatched in a vegan-oriented packing: bright blue box with the logo on it and a slogan beneath saying “Be cool. Not cruel”. After customers do the unboxing they are reminded one more time that they bought something with a cause by a written message from a cow saying that it is life-saving deed and inviting owners to spread the word and help save her friends too. NAK’s branding aims to establish an image of the company linked with environmentally friendly philosophy that is expected to sustain ethicality of the business and its customers.

Case study 2: H&M

The issues

Clothing manufacturing is also one of the industries under the spotlight in conjunction with worker rights and occupational health and safety. For the past few years many companies have been confronted about working conditions in their supply chains. They found a way to manage responsibility and the Swedish fashion retailer H&M is one of them.

The H&M company

H&M is one of H&M’s group brands, found in Sweden in 1947. Today it has 4420 stores, operates on 72 store and 50 online markets (H&M Group Official, 2019). The company’s sustainability strategy incorporates the idea to improve working conditions by developing a code of conduct for suppliers detailing their expectations in relation to areas such as legal compliance and worker rights.

How does H&M apply ethical branding?

H&M’s environmental strategy is displayed mainly through their “CONSCIOUS” exclusive collection by visualization on the hangtags in stores or in the “Conscious” collection section on the website or mobile app. The special green hangtag is telling the customer that the product contains at least 50% recycled materials, organic materials or TENCEL ™ Lyocell materials (H&M Official, 2019). When reviewing an item for
purchase online the customer could find information about each product’s material, including how sustainable it is, and company’s sustainable goal for it; where each product is produced, down to a country, supplier and factory level and information how to recycle the garment and why it is important to do so (H&M Group Sustainability Report 2018, 2019). In result H&M could offer its customers transparency while deciding to make a purchase and to be sure that the decision was informed. By these means the company is changing the way people think where the fabric for their clothes comes from.

Case study 3: LEVI’S

The issues

There is another important issue connected with the fashion industry - millions of liters of water go into the production processes for different raw materials and finished products. But there are companies leading their businesses knowing that water is a crucial raw material nowadays and one of the biggest players in the denim industry is a good example.

The LEVI’S company

In 1853, Levi Strauss opened a dry goods store in San Francisco at the height of the California Gold Rush. While working, he recognized a need among hardworking people: clothes built to endure anything. Today Levi Strauss & Co. is one of the world’s largest apparel companies and a global leader in jeans with more than 500 stores worldwide in more than 100 countries (Levi’s Official, 2019). The company’s environmental strategy is focused on the finishing processes to use less water as possible with its “Water<Less” technology. The production techniques use far less water for a pair of jeans by reusing water during production and creating new finishes that require less water than traditional processes. And the results are visible: more than 3 billion liters saved and more than 2 billion liters of water recycled. As of today, more than 67% of all Levi’s® products are made with Water<Less® techniques. The company has even bigger plans - to reduce up to 96% of the water normally used in denim finishing (Levi’s Sustainability, 2019).
How does LEVI’S apply ethical branding?

LEVI’s is brand famous for the story of its founder. Like other brands LEVI’s tells its brand story through the company’s website but this communication channel is also used as place to propagate the environmental strategy. While choosing jeans customers are informed that they are made with Water<Less® technology and they are kindly invited to find out more about it. But LEVI’s isn’t just telling you that its jeans are manufactured ethically with a specially developed technology, the company also provides customers with a detailed information about the results achieved and the future goals in that area with specific numbers. The whole communication approach aims at reshaping the image of the company and make customers feel they are game changers through their purchase.

Case study 4: LARK & BERRY

The issues

The slogan “A diamond is forever” created by De Beers Consolidated Mines has lasted a very long time, but sourcing them goes hand by hand with an ethical issue - violence in diamond mines remains a serious challenge. Many diamonds are still strained by severe human rights abuses such as forced labor, beating, torture and murder (Brilliant Earth Official, 2019). Also, diamonds are harvested using practices that exploit children. These are the reasons why some brands like LARK & BERRY offer sustainable-sourced diamonds.

The LARK & BERRY company

Since starting in 2018, LARK & BERRY understood that lab-growing diamonds are the only conflict-free diamonds that help with the issue of child and bonded labor. They are environmentally friendly for so many reasons: no need of mine, no land displacement, no wildlife displacement, no animals ever harmed, no ground water pollution, no chemicals released into ground waters. LARK & BERRY are also offering the same quality as mined diamonds, as they propagate: “Basically, the top of the top” (LARK&BERRY Official, 2019).

How does LARK & BERRY apply ethical branding?
LARK & BERRY were once called “diamond disruptor” by being the first brand to offer fine jewelry made with cultured diamonds and this was and still is a huge innovation. Their hands are “clean” and the brand is underlining that on their homepage. The first thing that attracts the customer attention is the slogan: “CLEAN. COOL. CULTURED.”. There is also “CULTURED DIAMONDS” section where one could find more information about the way jewelry is made. The company is also very active in fashion events, which could be seen from their lively maintained blog. Famous actresses, Oscar winners are shining with their LARK & BERRY’s diamond pieces on Tony Awards and Met Gala. The brand even got into the headlines with a cover of a popular English magazine. All of the activities listed above serve to help people make better decision when buying a diamond, a conflict-free diamond.

*Case study 5: Reformation*

The issues

There are brands that decided to deal with environmental crisis like the one created from the fast fashion companies. Many people obtain these clothes because they are cheap to buy and at the end of the season they are all in the same situation - with a pile of old clothes they have just cleaned from their closet. Let’s not forget that if a cloth doesn’t sell in store or outlets it has to go somewhere. The company Reformation is trying to deal with this critical mass.

The Reformation company

Reformation creates fashion with the belief that up to 2/3 of the sustainability impact of fashion happens at the raw materials stage and the company has developed its own fiber classification based on their combined social and environmental impact (Reformation Official, 2019). The company also invests in green building infrastructure to minimize their waste, water and energy footprint (Reformation Sustainable Practices, 2019).

How does Reformation apply ethical branding?

Reformation is giving a close shot to its environmental strategy’s core to its customers via the company’s website where everyone could review the very in-depth
yearly sustainable report. There is even an additional quarterly report which could give customers the most recent information. The thing customers notice while reviewing is that there are many numbers. That will help the reader better visualize the scale of what the company is up to. Reformation’s team also encourages ethical behavior of the customers by offering advices into a special section for how to continue the ethical way of thinking at home by how to treat clothes bought in connection with washing, drying, spot cleaning, etc. The company is encouraging ethical behavior of customers in multiple ways and promoting environmental preservation actions.

Practical implications for engaging into ethical branding

Ethical branding has witnessed massive growth in recent years. Many practitioners even say that application of ethical connotation in brand positioning is not only inextricably linked to better image, but can also lead to invaluable investor sentiment. Accommodating the needs of communities and investors has proven to be a challenging task. Therefore, it is thought-provoking to disclose the true nature behind companies endeavors to engage in ethical branding – they do so under the relentless pressure of their customers or they use every acumen to be engaging and cut through the marketing clutter? This paper has attempted to review some up-to-date sources of scholarly work and practical examples so as it can more precisely provide some practical implication advice on why may companies implement ethical branding:

1. to disclose and equalize the importance of the brand and its cause so that the buyer can link it directly to its environmental friendly philosophy

2. to show the origin of the materials in order to make the buyer acknowledge the path of the supply chain along which the finished products come through

3. to share their goals and results, and thus to inspire the buyer for their cause

4. to make the buyer aware of the working conditions under which the finished product materials are extracted

5. to encourage aftersales service in line with the cause spirit

Conclusions and recommendations for future research

Customers and other stakeholders can never be sure if a company uses ethical
branding either as a shortcut to drive sales or as a heart of its socially responsible strategy strongly backed by the true beliefs of the management. One way or another the companies reviewed have developed successful ways for engaging customers into the ethical way of thinking and acting. Of course, there are a lot more examples for global companies that implemented ethical branding in their sustainable strategies operating in all kinds of industries that are worth reviewing as well – from food industry to technology. But these industries are also a field for action for unethical corporate behavior like usage of genetically modified ingredients or falsifying environmental data. The list with improper corporate behaviour is as long as the ethical one and a deep inspection of it will certainly bring valuable conclusions which will help corporations make better decisions that affect the environment and scholars – to produce better methodologies for studying the effects.

Библиография


References


