

Sustainability profile of the Advertising industry

- Achievements
 - Much broader implementation of effective self-regulation systems.
 - Trend from global to consumer-sensitive 'glocal' advertising campaigns.
 - Funding of greatly increased media diversity, availability and independence worldwide.
- Unfinished business
 - Creation of wider awareness of sustainability opportunities within the business.
 - Greater understanding of the benefits of corporate social responsibility in communications.
 - Encouragement of consumers to turn interest in sustainability into lifestyle changes.
- Future challenges and possible commitments
 - Find brand champions for sustainability.
 - Increase funding for large-scale campaigns on sustainability topics.
 - Develop more sustainable products to advertise.

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Industry as a partner for sustainable development

Advertising

European Association of
Communications Agencies (EACA)
World Federation of Advertisers (WFA)



Developed through a multi-stakeholder process
facilitated by:



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Industry as a partner for sustainable development

Advertising

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Disclaimer

In a multi-stakeholder consultation facilitated by the United Nations Environment Programme, a number of groups (including representatives from non-governmental organisations, labour unions, research institutes and national governments) provided comments on a preliminary draft of this report prepared by the World Federation of Advertisers (WFA) and the European Association of Communications Agencies (EACA). The report was then revised, benefiting from stakeholder perspectives and input. The views expressed in the report remain those of the authors, and do not necessarily reflect the views of the United Nations Environment Programme or the individuals and organisations that participated in the consultation.

Contents

5	Part I: Foreword and executive summary
5	1.1 Foreword
5	1.2 Executive summary
9	Part 2: Advertising and the three dimensions of sustainable development
9	2.1 Introduction
25	2.2 Economic dimensions
36	2.3 Social dimensions
47	2.4 Environmental dimensions
50	2.5 Assessment – conclusions
51	Part 3: Means of implementation
51	3.1 Role of the advertising sector
62	3.2 Conclusions
63	Part 4: Looking forward
63	4.1 Future role of the advertising sector
63	4.2 Meeting the challenges
67	4.3 Conclusions
68	Annexe I: Further information

Part I: Foreword and executive summary

1.1 Foreword

This report is a contribution from the advertising sector to the deliberations at the World Summit for Sustainable Development, Johannesburg, (South Africa), 26 August to 4 September 2002. Submitted by the World Federation of Advertisers (WFA) and the European Association of Communications Agencies (EACA), this report evaluates progress within the sector since the United Nations Commission on Environment and Development (UNCED) meeting in 1992, in Rio de Janeiro, (Brazil), and identifies key challenges for the sector in the future. The report aims to portray the world of advertising, its role in sustainable development and a balanced overview of those issues where advertising can contribute to the successful implementation of the principles and activities of Agenda 21.

The report is part of an important effort by the business community in partnership with the United Nations Environment Programme to prepare situation reports from several key sectors as an input for the Johannesburg discussions. We would like to acknowledge the leadership provided by the UNEP DTIE⁽¹⁾ Advertising and Communication Forum in assisting a diverse sector like advertising to come together to address these issues.

The report reflects the views and perspectives of the industry, that is EACA and WFA, on issues related to the complex concept of sustainable development. Many organisations within the industry and outside the industry have provided information, comments and suggestions. In particular we thank AAAA (American Association of Advertising Agencies), McCann-Erickson, Unilever and Procter & Gamble for their contributions and support.

1.2 Executive summary

Sustainable development is about ensuring a better quality of life for everyone, now and for generations to come. Advertising, in all its forms, has a key role in providing this.

Perhaps unlike many of the other sectors producing reports, advertising is part of all of our lives – we all do it – from manufacturers of branded products and services, to governments, to NGOs, to private citizens selling unwanted items or offering their services. This report, however, focuses on the commercial advertising sector – comprising advertisers and advertising agencies.

Advertising helps improve quality of life around the world through what it does – communicating messages to a wide range of audiences about products, services, companies, consumer behaviour or government priorities – and importantly it enables the vast majority of media vehicles which bring news, education, information and enjoyment, to exist. Advertising contributes to all three pillars of sustainable development: economic development, environmental protection and social responsibility.

Advertising does this through a variety of general and specific roles in the marketplace. To achieve sustainability through the market, effective competition is essential to promote innovation and efficiency. Competition thrives on advertising and advertising thrives on competition. Through competition and the development of mass markets, advertising helps bring down the price of goods and services that can improve consumers' lives. Competition promotes innovation which leads to better products, and more variety and choice for consumers. Advertising leads to more power, and greater media choice for consumers.

¹ UNEP DTIE is the United Nations Environment Programme, Division of Technology, Industry and Economics. Internet address: www.uneptie.org

Beyond this general role, there are many positive, business-building opportunity areas where advertising can contribute to sustainable development by improving quality of life around the world, through:

- promoting new products and services that can really improve quality of life – such as health products and services. This area is particularly relevant in developing economies, where product campaigns often include health education and awareness raising;
- providing social or environmental messages, whether as part of corporate or public service campaigns;
- promoting innovative products which have particular environmental or social benefits, including through labelling or other information schemes;
- promoting more sustainable use of existing products, so that any environmental or social benefits are actually realised;
- promoting the sustainability attributes and performance (environmental, social and/or economic) of companies. With the increased interest in corporate social responsibility, consumers increasingly want to know about the companies behind the brands.

Advertising is essential if we are to achieve sustainability through the market, but its role and effects have increasingly been challenged. Linked to the trend for globalisation and the spreading of developed world lifestyles around the globe, advertising has been seen as spreading unsustainable consumption patterns around the world, and fuelling excessive consumption in developed countries.

Spreading knowledge of 'how the other half lives' is one of the inevitable consequences of the media revolution in general, but we reject the idea that developing economies should be excluded from achieving a better quality of life. The first priority for sustainable consumption is to provide access to consumption to all, so

that the 2.8 billion people who live on under USD2 per day have appropriate products and services available to improve their lives.

There is also a wide misperception that in developed countries, advertising is a root cause of over-consumption. This is to misunderstand what advertising can and cannot do. Advertising cannot make people buy things they don't want or need, nor does it change values or create new values. However, it is very skilled in detecting new values and trends in consumers, and using them. As sustainability increases in consumer awareness and values, so it can form the basis of advertising messages and brand equity. Advertisers and advertising agencies cannot, however, regulate the overall demand for goods and services.

As well as improving quality of life through what it does, advertising also contributes to sustainable development through the way that it does it – through environmental protection and corporate social responsibility of its own operations. The advertising industry recognises the direct and indirect environmental impacts of its activities, though these are relatively modest compared with most industries. They are being addressed and reviewed on a regular basis, together with the needs for environmental management systems and sustainability reporting.

Corporate social responsibility for advertising includes ensuring truth in advertising, through the development of, and adherence to, codes and other mechanisms to ensure that claims can be substantiated, so that consumers are not misled; ensuring ethical behaviour so that messages are legal, decent, honest and truthful; ensuring the sensitive portrayal of all sectors of society, including women, children, the elderly and minorities.

Advertising is part of providing products, services, education and information to consumers around the world, so they can

choose how best to fulfil both their physical needs and their dreams and aspirations. It has a key role in the sustainable development of our future.

We have already identified many ways in which advertising can help to further the cause of sustainability in the future and with dialogue across this very diverse sector, have committed ourselves to making a full contribution.

Part 2: Advertising and the three dimensions of sustainable development

2.1 Introduction

Sustainable development is 'meeting the needs of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development – The Brundtland Commission, 1987). While this is the 'classic' definition, however, it has proved hard to operationalise, and does not communicate well to the 'man in the street'. A perhaps more down to earth, and more aspirational definition is that used by the United Kingdom Government: 'sustainable development is about ensuring a better quality of life for everyone, now and for generations to come'. The focus on improving quality of life is becoming more widely accepted by governments, companies, civil society organisations and others, and includes the concepts of economic development, social responsibility and environmental protection.

If sustainable development is about improving quality of life for everyone, now and for generations to come, then advertising can contribute to sustainable development both through what advertising does, and the way that it does it.

What advertising does

Advertising helps inform consumers and facilitates consumer choice. In its recent report on *Sustainability Through the Market*, the World Business Council for Sustainable Development (WBCSD) listed 'seven keys to success' that are needed for markets to move in the direction of sustainability.

The seven keys to success – sustainability through the market:

1. innovate,
 2. practice eco-efficiency,
 3. move from stakeholder dialogues to partnerships for progress,
 4. provide and inform consumer choice,
 5. improve market framework conditions,
 6. establish the worth of earth,
 7. make the markets work for everyone.
- (WBCSD 2001)

More details of these keys are available from the WBCSD Web site at: <http://www.wbcd.org>.

Clearly advertising has a vital role in key 1 – helping innovation, and key 4 – providing and informing consumer choice. By communicating messages to a wide range of audiences about products, services, consumer behaviour, companies, social programmes, government priorities and so on, advertising can help improve quality of life. These are positive, business building, opportunity areas for advertising, and include:

- promoting products and services that can really improve quality of life – such as health products and services. This area is particularly relevant in developing economies, where product campaigns often include health education and awareness raising;
- providing social or environmental messages, whether as part of corporate or public service campaigns – such as the United Kingdom 'Are you Doing your Bit?'

'We need to consume not less, but differently. In other words, consuming more efficiently and promoting good quality of life worldwide. Sustainable consumption creates opportunities, not sacrifices; more choices, not less.'

Jacqueline Aloisi de Larderel, Assistant Executive Director UNEP

campaign, which has focused on energy saving (March 1998 to October 2000);

- promoting products which have particular environmental or social benefits;
- promoting more sustainable use of existing products - such as the 'Wash Right campaign' to promote more efficient use of detergents;
- promoting sustainability attributes (environmental, social and/or economic) of companies.

How advertising does it

Advertising also contributes to sustainable development through 'how it does it' – the responsible way that it operates. Key areas of focus are:

- ensuring truth in advertising – the advertising codes provided and supported by the advertising industry, and other mechanisms to ensure that claims can be substantiated, to prevent consumers from being misled;
- ensuring ethical behaviour from advertisers, so that messages are legal, decent, honest and truthful;
- ensuring that all sectors of society, including women, minorities, the elderly and children are sensitively portrayed;
- how advertising agencies, and the advertisers themselves, operate. As with all other sectors, organisations in the advertising industry need to address their direct effects on the environment and society, and the need for environmental management systems, reporting and corporate social responsibility programmes.

This report looks both at what advertising does, and how it does it. It considers both the contribution that advertising can make to sustainable development, and the key challenges ahead. But first, we have to define the sector that we are discussing.

2.1.1 The advertising sector

To define the sector, we will look first of all at the breadth of activities that are covered by the definition, and put the advertising practice into context within the marketing of products, the so-called 'marketing mix'. We will then describe the advertising development process and explain the place of advertising in a free economy.

This report describes a sector that is not really a sector in the way that other reports represent for example transport, tourism, oil and gas, chemicals, finance and insurance, automotive, pulp and paper. Advertising is an activity practiced by everyone, from the person who wants to sell his car or to offer piano lessons, through to the multinational manufacturer selling his products. But even this spectrum of sales-related uses of advertising is too restrictive. A large part of the job of advertising is to impart information and to provide education on everything from pensions to AIDS prevention, hence the fact that governments are among the very largest users of advertising in most countries.

Charities, environmental groups, and other special interest organisations use advertising to plead their case, to win support, or to pursue aims that they believe will improve quality of life in the widest sense.

If the roles and uses of advertising are varied then so too are the resources, both amateur and professional that can be considered to be advertising practitioners. The advertising that we are most aware of is normally, but not always, produced for advertisers by advertising agencies of varying kinds. The agency role is one that we have to keep in mind as we account for the performance of the sector.

So the 'advertising sector' already covers a very wide spectrum before we start to define the activities that it includes, ranging as they do from the tiniest classified newspaper advertisement to a TV spot, from a small

leaflet to a massive outdoor sign, from a message on the Internet to a letter delivered to one's door, or a sponsored cultural or sporting event.

The advertising sector is therefore a tripartite one involving advertisers, advertising agencies and media owners, which in general are almost totally dependent on advertising. It is now more usually referred to as the communications sector; in order to be as all-embracing as possible, but we will use the convenient term 'advertising' in this report.

It should be obvious that to generalise about advertising is futile and will not take us closer to defining the effect that it has had and may have in the future, on the development of sustainability. If we appear to focus much of this report on the advertising produced by and for producers of goods and services to consumers, this is merely to acknowledge the part of advertising that many people associate most often with consumption.

Advertising is a part, a significant, but not always the most major part, of a complete process that may end with selling goods or services. It is therefore almost impossible, as will be seen later, to discuss the role of advertising in sustainable consumption in isolation from the role of every other factor which influences the way goods are brought to market, sold and consumed.

It should be clear that, whereas one can isolate production processes, raw materials sourcing, distribution channels and virtually every other step in the delivery of goods to consumers, to examine them for sustainability, advertising does not yield easily to examination in this way. Very little of this report will be devoted to examining sustainability within the creation and production of advertising. The essential practices of advertising are inherently very efficient as will be discussed later.

What interests us more as an industry and the primary reason for welcoming our inclusion in the deliberation of the World Summit, is the role of advertising in helping to encourage more sustainable consumption on the part of consumers. It is possible to argue that as one of the main intermediaries between manufacturers or suppliers of services and end consumers, advertising is an essential part of any discussion of how we can all help to achieve the aims of more sustainable consumption.

We in the advertising industry do not regard progress towards greater sustainability as in any way threatening to what we do. We know that our business benefits from, and indeed can only be successful with, consumer trust. Ultimately what is good for consumers benefits the business of advertisers and of advertising agencies and the media that depend on their expenditure.

As Klaus Töpfer, Executive Director of UNEP, has made clear, sustainability is not about consuming less, it is about consuming differently. However, to successfully discuss the role that advertising for manufacturers and service providers can play in sustainability, it is essential that we first define clearly the role which advertising plays in the overall 'marketing mix'.

The marketing mix

Advertising is one of the tools of marketing and is indivisible from other elements which contribute to the production and sale of goods and services. It is normal to describe this as a 'marketing mix', which is represented by the 'five Ps':

- product – the physical and performance characteristics of the product,
- promotion – including advertising as one of many communications disciplines,
- place – meaning distribution and displayed availability of the product,
- packaging – including all outward styling aspects of the product,

- price – or more accurately, a value-for-money perception.

All of the disciplines usually referred to as 'marketing communications' are represented within the second P of promotion.

These disciplines include:

- media advertising,
- media planning and buying,
- sales promotion – which has developed to include point-of-sale, events and sponsorship,
- direct marketing – which has more recently evolved into Consumer Relationship Marketing (CRM),
- public relations, which has tended to be regarded somewhat separately from the rest.

Within these disciplines a wide range of specialist professional consultancy services have sprung up, which we will generically refer to as agencies.

Within the marketing of any product or service, any of the tools of the marketing mix may be the dominant element that drives development. Advertising is certainly a powerful tool in particular when applied in combination with some of the other tools and disciplines.

For example, confectionery and snack products have always been regarded as distribution-led, with advertising sometimes playing no more than a role in maintaining awareness and consumer interest and providing information on new products. Development of in-home beer consumption has been led in most places by packaging, that is the development of canning and by distribution through for example supermarkets and petrol stations.

The huge development of mobile telecoms was stimulated by lifestyle changes and initially led by product, that is size and design of cell phones. Later it developed into the mass-market led by price (pre-pay). Again the role of advertising was simply to bring the product and price aspects to consumers' attention.

In some cases advertising is by far the dominant element of the mix and this tends to be where there is little real product differentiation. Jeans and fashion wear is a good example, where advertising first turned Levi's Jeans from artisan wear into fashion wear and then helped to create consumer choice in what became a growing added-value market, by helping new brands to segment the market and take share. The key contribution that advertising can make in the saturated marketplace of industrialised countries is to cause a shifting of brands within the same product group. The role of advertising in such mature sectors is to maintain the individuality and appeal of brands.

In fact advertising goes further than this in many categories, especially those where the performance or appearance of products is very similar. This is especially so in heavily regulated sectors like cars, or where categories have reached maturity and real technical advancements come more slowly. In these cases, advertising can provide the differentiation and product satisfaction that consumers are looking for.

It is possible to say that there is almost no product category in which purchasing decisions are made entirely on rational product-performance grounds. If there were, there would be very little consumer choice, as everyone would buy the 'best' product and all the other companies would go bankrupt very quickly.

In most categories of goods and services, the basic rational attributes which people want are

remarkably similar and in well-regulated markets, most brands satisfy them. It is advertising that allows people to choose products for a wide range of emotional reasons, even for the fact that the brand is noted for its commitment to the environment! Among these reasons are the brand's ability to fit itself to one's lifestyle and individuality.

To be able to relate products to lifestyles, an important skill of advertising people is to be close to consumers and to understand their needs, wants, desires and values, and to transport that information back to manufacturers.

The late Stig Carlson, former Director General of the European Association of Communications Agencies captured this by saying: 'Advertising does not change values or create new values, but it is very skilled in detecting new values among consumers and to reflect them in its creative solutions.' To do this, advertising agency people have to stay very much in tune with consumer trends and desires. Failure to do so results in the decline of brands.

The purpose of research conducted by advertising agencies is to understand consumer trends and desires and then to reflect what they have learned in creative ideas. Advertising is thereby instrumental in bringing new products and their attributes to the attention of the public. Likewise, advertising can play an important role in promoting culture, history, health, justice, environment and other issues for a specific or general audience.

The advertising development process

The process by which advertising is created is led entirely by the advertiser, who determines the need for advertising to solve a particular business problem and is responsible for all key decisions in the process. He also pays for it.

The advertiser will usually brief an advertising agency to prepare proposals, and advertisements only appear on his behalf when approved to do so. The agency role is to propose solutions to the brief they are given, but depending on the client and the business environment, an agency might often be expected to volunteer advice on wider brand-related subjects.

The agency will normally be expected to ensure that proposals adhere to all relevant codes of practice and their contract might contain indemnity clauses to protect the client, although this does not usually extend to legal issues, as the client normally retains legal responsibility.

Most of the actual filming, photography, or production is contracted to specialist suppliers, with the agency controlling the process in cooperation with the client.

Either the same agency, or another specialist, will recommend a media list and make bookings when approved. Selection is based on a combination of cost-effectiveness of the audience coverage of the medium and creative considerations involving the needs of the message that is to be carried and editorial environment.

The media owner is not normally involved in the design of anything other than small classified advertisements, but in most countries he has a responsibility to be a guardian of good taste and reject any advertising he feels is unsuitable for his readership or audience. He is normally also able to reject advertising on any other grounds like a no-tobacco policy, or any personal prejudice.

There are sensible and economic limits to this role and for the purposes of this report we have not considered the media owner as a key influencer of advertising content. For us to do otherwise might take the discussion into

murky areas of ethics. Similarly it is not acceptable for advertisers to seek by any means to influence editorial content.

Advertising is a part of free society and a free, competitive economy. The writer of *For and Against Advertising*, published by ZAW (Zentralverband der Deutschen Werbewirtschaft), the German Advertising Federation, notes that 'Wettbewerb' (competition) contains the root 'werben' (to woo, in the old sense; to advertise in the modern). Advertising is an integral part of selling, a part of marketing, with its cost built into the whole operation. It is an integral part as the packs which identify and protect products or the vehicles which distribute them.

The benefits of advertising

Price

Price is one of the best outcomes of competition within a free market. Far from advertising adding to the price of a product, given an effective production line and well-considered marketing, the reverse is true. Advertising reaches a larger market, and moves products quickly so that production can take place on a larger scale, thereby affording the possibility of either reducing unit costs and prices or improving quality and value or both.

A typical modern example of this is the packaged holiday. Prices have been going down and down, the direct result of advertising, marketing and competition bringing about mass usage and a lower price. This phenomenon has not eliminated choice, however – the consumer can still buy a superior, more expensive package if that is wanted.

'It comes as no surprise,' records ZAW in *For and Against Advertising*, 'that a worker in the Federal Republic had to spend two months' wages for a refrigerator in 1950, but today needs only two weeks' wages.' This is also true today of cars, washing machines, furniture and innumerable other goods.

There are many case studies to illustrate the point that a reduction in advertising would result in falling sales and rising prices. One such, describing the introduction in the United Kingdom of Marvel dried milk, which in 1979 sold 6,000 tonnes a year at 25p per tin, concludes: *'If we were to reduce advertising, we confidently predict that sales would fall to 4,000 tonnes. The cost per tin then needed to justify investment would be 26p; and at 2,000 tonnes the cost would rise to 29p. At this level, the whole operation would have to be cancelled. In short, if we stopped advertising the price would have to rise; had we attempted to introduce the product without advertising we would either have been forced into charging an uneconomic price or have been faced with a non-viable pay-back period on the investment. Advertising is essential to create and maintain a satisfactory level of demand. Consumers benefit from the economies of scale, which the capital investment achieves, providing the plant is fully utilised.'*

Greater variety of product

Variety, and hence choice, is another off-shot of competition. It is competition which gives rise to a better product, an improved product or a new idea. Is it possible, however, for the newcomer with new ideas to break into the market? It is easy enough – theoretically, at least – for the established manufacturer to introduce a new idea to the consumer. Can the newcomer also get a chance?

The answer is 'Yes, he can – and does'. Stephen King in *Advertising as a Barrier to Market Entry* (The Advertising Association, 1980) writes that it is often suggested that heavy advertising by the established companies constitutes one of the barriers to entry. The prospect of advertising costs, too, is seen as a potential barrier but, as he points out, it is far from the only one. There are substantial barriers of low potential profitability, capital investment, patents, the need to be better and different and the efficiency of competitors.

Stephen King also notes: 'Advertising for established brands is not a barrier to entry in the sense of an unfair restraint which prevents new advertisers from trying to enter a market. On the contrary: by building reasonable profit margins in the market, it makes the idea of entry more attractive to them.' However, he continues, 'In the sense of contributing to the efficiency of established brands, advertising means that the new brand must be efficient too.'

New ideas are the stuff of life; a vigorous society welcomes them and, in spite of barriers, it gets them. One has only to think back a relatively few years to be impressed by the wealth of new product ideas that have influenced our lives: man-made fibres, kitchen tissues, non-stick pans, electronic typewriters, videos, detergents, home computers, microwave ovens, electronic fund transfer, portable phones and many others.

All of them were new in their time, yet they all stood the test of being subjected to trial in the market place through the medium of advertising. New products challenge established ones; new advertisers challenge the large and established manufacturers and to do so, they have continually to be innovative and must communicate the advantages of their products to their customers.

Unwanted products?

Does the freedom to produce new ideas and new products – and the freedom to advertise them – mean a proliferation of unwanted products?

Yes, it does. Some are so unwanted that a very high proportion of them never reach the market, and many of those that do subsequently fail.

Yet the freedom to fail and the freedom to succeed are built into our way of life. The failure of some products is the price paid for the success of one. And that one is the one

that has proved itself to be wanted by consumers on a continuing basis. 'The fastest way to kill a poor product is to advertise it heavily', as many advertisers have, to their cost, discovered.

Better products

The more intensively a good product is advertised, the quicker it will succeed. If the product is a good one, consumers will rapidly discover that it lives up to the promises of the advertising.

The European washing powder market provides one answer to this question. Intensive advertising has been endemic in this highly competitive market for decades. Heavy advertising of rival brands has had its critics. Yet what has happened? In their own interest, it has been necessary for the manufacturers to improve their products, to give them a better argument in their advertising. The result is that today the consumer has a wide choice of infinitely more versatile and efficient washing powders than could be had 20 or 30 years ago. In short, experience in a free market economy shows that nothing is more stimulating than having two companies with two equally good products on the market.

Consumer power

Without advertising support, whole product areas decline into commodity trading with price and availability the only selling criteria. This ultimately takes power out of the hands of the consumers and places it with large retail groups which are able to dictate what people will buy and who will make it and at what price.

'In general, heavy advertising is evidence of fierce competition, and this usually arises when a few efficient companies are battling for supremacy. The result of such competition is, inevitably, that the nondescript products fall out of favour and disappear. In due course there remain a small number of heavily advertised products competing one with another, each perhaps with a marginal appeal to a particular segment of the population, but none with a clear advantage.

Advertising oils the wheels of commerce and is the dynamo of competition.'

Henry Lazell of the Beecham Group

Innovation

Innovation is built into the competitive forces which produce better products, and advertising is the natural outcome of innovation. It takes brains to invest in it. If it is speedily to claim its right to a place in the consumer's life, advertising is essential. Advertisements bring the news to the consumer rapidly and efficiently, to his or her benefit and to the benefit of the manufacturer.

Media choice and editorial freedom

An important by-product of advertising is in allowing a vast range of media to exist, free of political control. Most TV stations, newspapers and magazines are substantially supported by advertising. Specialist media in professional areas or serving minority groups, children or special interest groups exist thanks to advertising. The cost to the consumer of publications like the following would be unaffordable for many or most readers (see Table 1 below.

Cost repaid

It cannot be stressed too strongly that advertising only works when it earns more than it costs, whatever is spent. What is earned may take different forms: it may be in goods sold or in resources saved – the saving of lives or reduction of injuries as a result of a road safety campaign, for example. The beneficial effects, whether social or commercial, must always outweigh the advertising cost in the marketing mix.

Competition needs advertising

In a competitive society, however, where the supply of money, but not the supply of goods, is controlled by the state, the outcome of competition is variety.

Advertisements are the main means of telling the consumer about a product and giving him or her a reason for buying it. All advertisers try to supply a good, acceptable reason for buying a product. Sometimes that reason has to be

Table 1: Comparison of press media prices (with and without advertising)		
Title	Present cover price	Price without advertising
Frankfurter Allgemeine Zeitung newspaper	1.10	4.10
Der Spiegel magazine	2.80	15.00
The Times newspaper	0.62	20.93
Reader's Digest magazine	3.90	5.09
Cosmopolitan magazine	4.20	10.87
Golf World magazine	5.00	7.55

Source: Universal McCann estimates 2002 and publishers' statements

'Marketing is a democratic concept... Every day the American consumer is free to select or reject any number of products of every type and description. In the food and beverage categories she returns to select again or reject again in a matter of days... I think it's the greatest system ever devised for keeping good products on the shelves... and getting bad ones off.'

Donald Kendall, then Chairman of the Board of PepsiCo in the United States, commenting in the advertising industry's presentation to the United States Federal Trade Commission in 1971

extra persuasive. Competition based on price alone will not enhance the prospects of a more nutritious product for the consumer. Added value, in other words, can justify a higher price and make it worthwhile in the eyes of the consumer.

2.1.2 Trends and developments

It will soon appear that the advertising sector is very much one which is susceptible to the winds of change. We will cover globalisation as a major trend, together with what we will call 'glocalism', which is a more recent development by more experienced global advertisers. We will look at the development of media literacy, how trends have affected advertising agencies and suppliers, at the motivation in agencies and with consumers. We will examine them as engaged citizens and explain the role of sustainability in brand value.

Globalisation

Globalisation is changing the landscape that business is operating in. Before 1989, two geopolitical power blocks, each with its own ideological and economic system, faced off across the Iron Curtain. In today's post-cold war world, trade, commerce and technology have reconfigured the global balance of power equation. Market forces and large corporations in many ways have an increasing impact on people's lives, while with the fading of national borders, governments and regional authorities are re-shaping their roles and responsibilities.

An important question is whether the emerging global market and the purchasing power of the urban population are driving the homogenisation of lifestyles and popular

culture. Although almost half the world's population, (2.8 billion), live on less than USD2 a day, more and more people are joining the consumer society ('the global consumer class'). Between 1965 and 1998 average incomes in developing countries more than doubled⁽²⁾. Per capita incomes are rising, and habits of diet, mobility and resource consumption are changing to reflect industrialised country patterns. Consumer aspirations are increasingly similar in urban centres throughout the world.

However it appears to us that fears of converging lifestyles and loss of identity are overstated. If one defines living in poverty and consuming accordingly as lifestyle, it must be true that higher living standards alter lifestyle. Given that developed markets achieved this altered lifestyle before emerging ones, it is questionable whether emerging consumers are emulating developed (or 'northern' or 'western' according to how you want to describe them) consumers.

It seems to us that if a 'developed' lifestyle is described as watching TV, living in houses equipped with electrical devices, driving cars, and adopting a faster lifestyle, then emerging consumers are not 'ape-ing' anyone, but are achieving a better standard of living, while preserving whatever they wish of their traditional culture and lifestyle.

It is where traditional culture is inconsistent with the lifestyle changes that greater affluence brings, that we see consumers being forced to make a choice. However we believe that as the political and economic units become larger, as we have seen in the European Union (EU),

⁽²⁾ Everybody's Business, Managing Risks and Opportunities in Today's Global Society - David Grayson, Adrian Hodges, 2001 - Dorling Kindersley, London, United Kingdom - pages 50 to 52

national identities can be more rather than less emphasised, hence Scottish devolution and similar trends in other countries.

We regard as sinister the implication that more advanced lifestyles should be hidden from sections of the global population that some would like to see remain 'traditional', by limiting media exposure, including advertising.

Glocalism

Advertising is very close to people and to the trends that affect them. It is also totally dependent on business trends and reflects them closely. This is why the advertising sector is so deeply influenced by the changes we are witnessing on a global level today. The change towards a worldwide market, the technology development and the shifts in consumer preferences and desires, binds the advertising sector ever closer to their clients and to the success or failure of their marketing, which increasingly demands cross-border communications.

However, contrary to what one might expect, the trend we are seeing is not entirely towards creation of global advertising campaigns, and our industry has had to adjust to the realisation that the global village is a very unfamiliar place. The idea of using advertising formulas which had been successful in the developed industrial economies to the rest of the world seemed attractive, economical and logical.

There are many such cases where what are called 'one sight, one sound, one sell' are campaigns achievable and successful.

Marketers have soon learned however that what worked for one brand did not necessarily work for another, even in the same product category. In addition, brands do not cross cultures easily. In Europe alone, the MTV brand soon had to customise its music video channel's programming to the local tastes of the young in different countries.

The problem, though, with generalising about trends in global communications is that advertisers in different categories and even in different locations are at different stages of the process. For every category that has become experienced in use of global communications, there is another just emerging and trying to achieve the one sight and sound which they believe drove development of the likes of Coca-Cola.

Globalisation of communications depends on three factors being in total alignment:

- the product category, which must be similarly structured in each country, with similar brands dominating, similar distribution, pricing and product formulation. Also similar legal constraints on purchase;
- The consumer, who must have the same needs and wants, use the products in the same way and have similar cultural reactions to the product or its use. For example beer is not sold for in-home consumption in many countries where it is freely available, because cultural barriers prevent it;
- The company, which must be used to central control of communications, which impacts on management responsibility, motivation and job satisfaction. More global campaigns fail because of the company culture than for any other reason.

Many clients and agencies have now abandoned one sight, one sound as the holy grail of advertising in favour of what are called 'glocal' solutions. Glocalism allows them to control the development of their brands with a global core communications strategy, but to execute it in ways which are locally culturally relevant. Thus people seeing MasterCard advertising in over 30 countries think it is a campaign designed for them. However if they step back to a global view they see one brand emerging.

This has come about through realisation that the 'global village' is a very different place than we expected it to be 20 years ago. In the global village, as we now see it, there is a confusing mix of people. Many adopt some global characteristics – we see a young African playing soccer in a Chicago Bulls T-shirt – but reject others. What we see developing are global 'brand citizenships', where people show allegiance to a global club which is not divided by borders, but united by values. Brands express these values, so people wearing Coke T-shirts in Bogota and Beijing are sharing a global citizenship. But that does not make them the same. The brand does not alter their identity; it merely gives them a comradeship with other cultures which is impossible to create by any other means.

As an industry, the advertising sector has had to come to terms with the fact that it is people that create brands, not marketers. Manchester United is a powerful global brand, but Arsenal is not. Are the marketers of Manchester so much more astute than those of London? Of course not. Consumers have formed a global citizenship around the values and identity that they perceive to be Manchester United. However we have also had to realise that consumers are not slaves to brands and are never captured for life. It will be almost impossible to find a young person wearing Sergio Tacchini, Nike, or any other gear from head to foot. He or she may have as many as four or five brands visible or none at all.

Media

The ongoing developments in new electronic media – the Internet, the CD-Rom, the spread of cable and satellite TV and, before long, interactive TV – lead to increased transparency. For example, by using the Internet to convey information at the speed of light, peer groups can easily interconnect to take actions on specific issues. The Internet also allows voices from inside organisations to reach out to small groups of people to spread their messages swiftly around the world. Web sites are an important tool for coordination of communication among and between non-governmental organisations (NGOs), media and the general public.

In many respects, the media revolution is one of the biggest challenges that our industry has had to face. On the one hand the spread of TV and the Internet might be expected to have made the process of taking information and persuasion to consumers easier. However, whereas it means that consumers can now be reached in areas of the world which were impenetrable before, it is more than offset by the much more dramatic breaking of mass consumer markets which we have had to contend with in developed countries.

The proliferation of media channels, high penetration of video recorders allowing programme rescheduling and editing out of advertising messages, has made it progressively more difficult to contact consumers in a cost-effective way.

Table 2: Cost of advertising per thousand adults covered – All time TV

Country	1992	2000
Germany	USD8.04	USD9.19
France	USD4.87	USD6.15
Italy	USD3.37	USD4.74
United Kingdom	USD6.9	USD10.24
United States	USD5.32	USD8.26

Source: Universal McCann

The mass captive audiences of the 1970s and 1980s are a thing of the past and as the table on the previous shows, average cost of reaching viewers with TV advertisements has increased accordingly.

On one hand the cost of advertising to broad populations has increased, but on the other greater efficiency is achievable by contacting more discrete audiences, with less wastage of those one does not really want to cover. The fragmentation of mass audiences has to a large extent caused the broadening of advertising into what is termed 'integrated communications', where advertisers have to be able to coordinate messages through a wide range of communication channels, including the so-called 'ambient-media' we see around us.

What has been interpreted by some as increasing aggression by advertisers, is in fact a constant attempt by them to reach consumers cost-effectively.

Media literacy

Simply having access to a full range of media and of advertising channels, however, does not mean that consumers perceive them in the same way. The concepts of 'media literacy' and 'advertising literacy' have been invented to describe the different ways in which images and messages are understood.

Advertising literacy is generally understood to be conditioned by a mix of the amount of experience people have of receiving advertising messages and the cultural environment in which they are received. In the early days of commercial TV, companies which were able to afford TV campaigns were given a high degree of respect and status by consumers. Their products were regarded as by definition 'the best' and were generally preferred. However, suspicion of the power of TV and of TV advertising soon grew and fuelled cynicism of advertising.

In the most developed markets these problems were largely overcome in the late 1950s and early 1960s with introduction of a combination of self-regulation codes on a basis of legislation against misleading statements. The systems now in place will be discussed later. However the introduction of commercial TV has been a gradual process and different societies are at different stages in development of advertising literacy.

This affects not only the respect for, or belief in advertising messages, but the ability to comprehend the social issues, and the perception of the likely effects of them on others. This is not a first world/third world issue, but one which affects all societies to some extent. It is notable that in Scandinavia, which was relatively late in adopting commercial TV, perception of its power is generally far higher than, say, in the United Kingdom or France. Coupled with an official view of their consumers as being in greater need of protection, this results – for instance – in a ban on advertising to children. This view is challenged by leading academics, as shown by studies collected and made available by the Advertising Education Forum (<http://www.aeforum.org>).

Some cultures are indeed more literal in their understanding of communications and this creates difficulties in using global advertising or even the creative ideas behind it. This is no different from the fact that cultures in Africa, or elsewhere, which have had little exposure to pictures or photography, have difficulty rationalising perspective in pictures. The advertising messages directed at consumers in United States or Europe in 1950s were slow, pedantic and repetitive compared with what they follow quite easily today.

The idea that advertising can 'make people buy things they don't need or want', although disproved by academic study many times over, is a prevalent one which is constantly re-fuelled as more societies come into contact

with the medium for the first time. It is not surprising that if some believe advertising to be capable of wielding this power, they will also believe that it can just as easily be used to change lifestyle in favour of sustainability or anything else. Such power is part of the mythology surrounding advertising and not part of the day-to-day reality.

Advertising agents and suppliers

The advertising agency has changed dramatically in the last ten years. The consumer and media changes already discussed, together with advances in technology have made advertising agencies almost unrecognisable.

We believe they have made the operation of agencies not only more cost-effective, but more sustainable. To cite one example, use of MS Powerpoint for meetings and presentations has replaced paper and card charts almost entirely. Agencies were traditionally very heavy users of these materials. The process of supplying original materials to media owners in electronic form has similarly replaced board-based artwork, which additionally required considerable space for storage.

Advertising is close to people and to the trends that affect them. It is also totally dependent on business trends and reflects them very closely.

So globalisation and convergence are big influences on the advertising agency business. New technologies have changed the way agencies work, so that where once there were rooms full of artists and lay-outers, there are now Apple Macs.

Where once agencies earned a commission on the media expenditure of clients, they are now far more likely to be paid fees, which are directly linked to costs and agreed profit margins. They are also increasingly asked by clients to work on an incentive basis, with a substantial part of their margin dependent on sales success.

This binds the advertising sector ever closer to their clients and to the success or failure of their marketing, which increasingly demands cross-border communications.

At the start of the 1990s we saw the large, traditional, agency networks severely challenged by what was termed 'unbundling,' the process of clients breaking up their communications and buying creativity, media, direct mail or sales promotions consultancy from separate suppliers. The traditional agency networks busied themselves at the time by expanding globally, to provide clients with more economical means to reach international consumers. The globalisation process in agencies was driven by clients, demands and the rapid takeover of local agencies by global ones was as much a matter of local agencies seeking international clients as of aggressive acquisition by the global networks. In fact very few were aggressive takeovers, since few local agencies were publicly owned.

The history of the late-1990s and last two years has been a continuing trend towards even more economical provision of professional services, although this process is slowed somewhat by sensitivity of clients to their agencies working with competitors.

The conflict of interests issue has been addressed by representative bodies and both the United States and European agencies' associations have published guidelines designed to allow agencies to handle more business, but some emotional barriers remain.

It has been far harder for agencies and clients to achieve economies of scale in many disciplines like sales promotion, because internationalisation of these has been prevented by differences in local legislation. Present moves by the European Commission to remove essentially protectionist legislation in sales promotion are to be applauded and follow realisation that both satellite TV and the Internet make such things anachronistic and

inherently ineffective. It is a sad fact that there has been a lot of protectionist legislation masquerading as consumer protection and this has obstructed progress towards cost efficiency in creating and delivering advertising internationally.

Motivation in agencies

Advertising agencies are a 'people' business. The emphasis on research and consumer understanding in the last 20+ years has brought into the agency business people far removed from the image of the salesman. Creative and research planning functions, which are a large percentage of agency staffs, are often as 'green' in their politics as any environmentalists.

All of this encourages us to believe that the advertising sector is one which is open to sustainability and willing to do what it can to help to promote sustainable values, consistent with maintaining high professional standards of advice to its clients.

Understanding changes in consumption patterns is an essential part of the business of advertising agencies and their clients rely on them to remain close to consumer trends and emotions. They play an essential part in identifying those trends and assisting clients in positioning their products in ways which stay relevant to ever-changing consumer demands.

The life blood of agencies is in bringing something new and advantageous to clients and consumers and it is clear that in encouraging clients to be fully accountable in their communications and to build positioning based partly on corporate responsibility, the sector is serving its own interests.

Agencies love to win creative awards and it has long been the practice for agencies to handle several pro bono accounts, not for profit, but for the creative opportunities afforded. It has often been said that the best creativity in many agencies is for their least

profitable business and possibly the best known agency in Europe, Saatchi & Saatchi, rose to fame partly on the strength of issue-led advertising. Advertising which highlights sustainable issues is a great creative opportunity for agencies.

Consumers

Saturated and mature markets are causing a change in the relationship between consumers and producers. Increasingly, producers are moving away from mass-production and mass communication to target specific markets with specific products. The consumer has become much more the client that determines what product specifications are required and how the product is produced.

Take the car industry for example. If a consumer wants to buy a car, he or she can determine beforehand how the car is equipped, colour and other characteristics. Then the car is assembled and shipped for delivery. Previously, cars were produced in mass, ready for delivery and sold via mass-communication. Production and the driving forces in the market place are increasingly demand driven in the industrialised countries while much more supply driven in the developing world.

Perhaps surprisingly, the trend towards more personalised production has been shown in a recent paper by the WBCSD (<http://www.wbcscd.org>) to be conducive to achieving more sustainable consumption. This move towards more individual choices and values is a healthy reversal of what some feared was becoming a headlong rush to uniformity.

Engaged citizens

The trend we have noted in consumers in industrialised nations towards greater individuality and personal, rather than collective values has led to greater concern about environmental and social issues and has put greater pressure on manufacturers to be accountable. The actions of activists in

'It is becoming more and more evident that consumers are increasingly interested in the 'world that lies behind' the product they buy. Apart from price and quality, they want to know how and where and by whom the product has been produced. This increasing awareness about environmental and social issues is a sign of hope. Governments and industry must build on that.'

Klaus Töpfer, Executive Director UNEP, 23 August 1999, UNEP News Release 1999/2000

demonstrating at meetings of international governmental organisations, while dismissible in terms of real numbers of participants, are a sign of more engagement in these issues. We will discuss later research into the way this manifests itself in terms of brand choice, and it provides another clue to ways in which advertising can possibly help to promote sustainability, by helping global corporations to articulate their principles and actions.

It has surprised many corporations to be held to account by activists, for things which in the past they paid little regard to, like child labour or pollution in manufacturing or raw materials suppliers outside their direct control. However it has encouraged a general belief that there must not be double standards in production in home and overseas markets, even if local legislation allows it. Multinational corporations are now using codes of conduct and supply-chain management tools to develop their own sets of rules regarding environmental and social performance abroad, and advertising can help them to communicate this.

Sustainability as an element in brand value

What has become clear to all those who advise corporations on promotion of their products and brands is that corporate responsibility is becoming an essential ingredient in what is often called 'brand

architecture' – the combination of elements which form what we perceive the brand to stand for.

Whereas a few years ago, 'greenness' alone might have provided enough evidence for a brand to be regarded as responsible, it is now clear that the broader range of considerations collectively known as sustainability, are needed. We will discuss later how not only the advertising business, but public relations (PR) and increasingly influential 'branding consultancies' can become more aware of the importance of building sustainable principles into brand architectures and can assist their clients to put activities in place to make their principles come to life.

2.1.3 Sustainability and advertising

In this section, we will look at the role of advertising in consumption, corporate social responsibility and possible business opportunities arising from sustainability.

Concepts such as 'over-consumption' and 'under-consumption' have been discussed for many years. This discussion has occupied many disciplines within society and has ranged from issues related to justice and equality to economic growth and basic needs. This discussion received a place on the 'sustainability' agenda of the United Nations in Chapter 4 of Agenda 21: Changing

'It's unrealistic to think advertising will start a revolution. Advertising isn't meant to set social policy. But advertising is very effective at listening and reacting to public will. And the public seems to be catching on to the costs of our extreme patterns of over consumption.'

Jelly Helm, Co-Chairman of Barden and Jelly Agency

Consumption and Production Patterns. While this chapter knows many polarising standpoints in particular between the developed and the developing world, progress has been made regarding the involvement of the private sector.

At the 1997 Rio +5 Earth Summit meeting of the United Nations in New York, governments recommended that business, including the media, and advertising and marketing sectors, help shape sustainable consumption patterns. UNEP has been the main inspiration behind the implementation of this recommendation.

Corporations and business organisations have struggled with this issue as much as or maybe even more than any of the other stakeholders involved. The WSCSD has been leading the issue of sustainable consumption and production within the private sector and rephrased the effort to 'sustainability through the market'.

The majority of the activities under the banner of sustainable consumption and production have focused on the production side. Product innovations, new materials, labelling have supported the more sustainable production and distribution of products. The sustainable consumption side of the equation is often led by non governmental organisations promoting for example more equal distribution of resources and access to products, less consumption, and increased awareness about the environmental and social impacts of (over)-consumption and waste.

The advertising sector plays a particular role in this discussion in that it is often seen as a driving force behind increased consumption and because of its direct contact with consumers and society in general. This, however, is an inaccurate view of the effects of advertising that have been consistently shown not to have an independent influence on category size or growth in mature markets. An assessment of evidence was published by the

United Kingdom Advertising Association under the title *Does advertising affect market size?*⁽³⁾ and was edited by Dr Simon Broadbent (<http://www.adassoc.org.uk>).

The facts surprise many, even within the advertising sector, but it is easy to see why advertising alone does not drive consumption. The subject has been comprehensively covered in academic studies, and a key conclusion is that most advertisers spend money to fight for share within a sector. Few have such a dominant share that they can afford to try to stimulate category growth.

It is a fundamental marketing principle that growth in mature market sectors comes only from significant changes in fundamentals like price, product-based developments or lifestyle alterations.

Where consumer trends and lifestyles lead change in demand, sectors can grow or shrink. In both cases advertising spend mirrors this with investment going out of the declining sector into the growing one as advertisers fight for share. In these cases the increased advertising investment might help to accelerate growth, but attempting to kick-start growth in the absence of a clear consumer purchasing trend will be economically unrealistic. It is this fundamental principle which means that consumption at a category level cannot be reduced by simply reducing advertising.

Corporate social responsibility

Corporate social responsibility (CSR) is a particular issue within the sustainability debate that is rapidly gaining momentum and increased attention. There is no single, commonly accepted definition of CSR, though it is often used in the same context as sustainable development. It is a framework for all types of issues where a company is seen as having certain obligations towards society at large, because of direct or indirect effects of its business operations. Issues such as the

environment, bio-diversity, business ethics, gender diversity, labour conditions and child labour are examples of areas that are usually included as elements in the CSR debate.

For a wide variety of reasons, CSR has rapidly gained access to many boardrooms in the corporate sector – much of this is driven again by consumer awareness and societal pressures. However, many companies have discovered the value of social responsibility as part of their brand value and to make current and future employees appreciate the company they work for. This creates a role for the advertising sector similar to the one discussed above.

An Arthur D Little survey of 481 executives worldwide published in 1999 found that 95% of managers believed that sustainable development offered real business value and 75% said that companies would have to make the required adjustments in vision and strategy. But only 19% said that their companies were 'well down the road' in making such changes.

The Millennium Poll is the largest global survey ever made of CSR. When asked how they form their opinion of individual companies, nearly 50% mention factors related to CSR, such as labour practices, business ethics, environmental impact and responsibilities to society at large. One in three mention attributes related to business fundamentals (for example, financial factors, company size, business strategy or management) and four in ten mention traits like brand quality, corporate image or reputation⁽⁴⁾.

Globally, over 20% of the citizens claim that they actually avoid products from a specific company or speak against the company to others, because of their view that the company does not behave responsibly. Another 20% report having at least considered doing so. There are large regional differences in consumer activism, with over 50% of the respondents in North America

having actually taken action against one or several companies, against 14% of the respondents in Asia.

Business opportunities

Advertising agencies represent a link between producers and consumers. They have an influence on the communication strategies of their clients, and their communication skills and creative talents represent an important asset to help detect shifts in consumption patterns and mobilise alternative business opportunities. Such talent and knowledge has been missing from sustainable development efforts to date. This provides a window of opportunity for the advertising sector to quickly become a major player in the sustainable development arena.

Environmentally conscious consumers in developed countries (educated, affluent and mainstream) represent the most desirable consumer target. The increasing awareness among global consumers about environmental and social issues offer business opportunities in both domestic and export markets.

Consumers are demanding more from their purchases, in terms of environment, social responsibility and others ethical considerations. While this is primarily a phenomenon of the western world, the knock-on effect is being felt in developing economies. The challenge for the advertising sector is to lead the change when opportunities arise.

2.2 Economic dimensions

Advertising – advancing the economy

Advertising has a similar place in the economy as other service sectors such as management consultants, banks, insurance companies and financial brokers. Advertising is an important aspect for corporations in their development and prosperity. Increasingly advertising is also used by public authorities and non-governmental organisations. Advertising and other forms of commercial communication are fundamental to the success and effectiveness

(4) The Millennium Poll on Corporate Social Responsibility is a survey involving representative samples of 1,000 citizens in each of 23 countries on 6 continents - a total of 25,000 interviews world wide, conducted during May 1999. Each national poll, fielded by a respected research institute, is accurate within ± 3%, 19 times out of 20. Environics International conducted the Millennium Poll in collaboration with The Prince of Wales Business Leaders Forum in London and The Conference board in New York

(3) United Kingdom Advertising Association study was published in the International Journal of Advertising, Vol. 17, No3, 1998

of numerous companies and organisations. Consumers and commercial buyers are demanding more and more information about products and services in order to make their purchasing choice. 'Competition thrives on advertising, and advertising thrives on competition'.

Indicative of the growing importance of the advertising sector world wide is the 1998 UNDP Human Development Report, which claims that advertising has global expenditures (including in developing countries) increasing faster than the world economy, suggesting that the sector is becoming one of the major

Table 3: Evolution of worldwide advertising expenditures from 1990 to 1999

Year	In current USD million	In constant USD million	Compared with 1990=100
1990	182,479	212,793	100
1991	184,366	206,328	97
1992	208,410	226,287	106
1993	198,163	209,033	98
1994	219,877	225,978	106
1995	245,337	245,337	115
1996	259,849	252,526	118
1997	267,810	254,331	119
1998	274,719	256,746	121
1999	290,139	265,452	124

Source: World Advertising Trends 2001, World Advertising Research Centre, A division of NTC Publications Ltd

Table 4: Distribution of total world advertising expenditure by medium (in % - total = 100)

Year	Print	TV	Radio	Cinema	Outdoor
1990	55.6	31.7	7.6	0.3	4.7
1999	48.3	38.3	8.9	0.3	4.2

Source: World Advertising Trends 2001, World Advertising Research Centre, A division of NTC Publications Ltd

players in the development process. The reality, as we will see, is that in the last ten years, advertising has grown by only 24% in real terms.

2.2.1 Advertising expenditure

Those who believe advertising expenditures are growing at a higher speed than the world GDP should be reassured. This is not the case with a growth of 24 % in ten years. Figures for 2001 will show a decline of about 5% due partly to decline of the new media and Internet sector, which was responsible for most growth in recent years.

Main changes are the shifts between print advertising and TV advertising. TV advertising is increasing due to a higher number of commercial channels and the fact that many public broadcasters opened their channels to

advertising in order to be able to cope with important increases of costs of programmes. Radio is taking a bigger part of the overall expenditures due to the multiplication of radio broadcasters mainly at local level.

Table 5: World Top 20 (USD million)

Country	1990	1995	1999	Indices	
				1990	1999/1990
United States	73,969	90,291	120,022	100	162
Japan	26,279	39,124	33,561	100	128
Germany	13,660	21,993	20,037	100	147
United Kingdom	11,858	12,816	17,091	100	144
France*	9,296	10,137	9,665	100	104
Italy	6,373	5,185	7,092	100	111
Spain	4,423	4,717	5,315	100	120
Canada	4,868	4,153	5,055	100	104
Australia	3,805	4,386	4,734	100	124
Mexico	914	1,720	4,440	100	486
Brazil	2,295	4,966	4,354	100	190
China	423	1,687	4,158	100	982
Netherlands	2,342	3,444	3,884	100	166
Argentina	620	3,229	3,231	100	521
Hong Kong	863	1,954	3,049	100	353
South Korea	2,351	4,918	3,029	100	129
Russia	N/A	376	2,921	100	na
Switzerland	2,372	2,923	2,611	100	110
Belgium	1,096	1,713	1,986	100	181
Austria	1,189	1,674	1,937	100	163
Total	168,996	221,406	258,172		

* The case of advertising expenditure in France is interesting to analyse. At the first sight, an increase of 4% from 1989 to 1999 seems difficult to accept. The reality is that the years 1989/1990 are peak years (until the Gulf War), 2000 being another peak year. Between 1991 and 1998, growth rates of advertising expenditures fluctuated between 2% and 5 % per year. This shows also how difficult it is to compare such statistics knowing that most local currencies vary against the USD which is taken here as the common advertising currency.

Source: World Advertising Trends 2001, World Advertising Research Centre, a division of NTC Publications Ltd

In ten years, the advertising expenditures of the 20 main markets have increased by 52%. At first sight this figure looks impressive, but reality shows that the increase varies from +4% to 982%.

The main part of the increase is due to the economic growth in countries such as China, Mexico, Argentina, or Hong Kong.

In developed countries the growth of advertising expenditures is mainly due to new advertisers in the telecom business as well as banks and insurances. However telecoms in particular has

since receded in 2000/2001 and will show negative growth in next published figures.

The following table (table 6) giving the figures per continent shows important differences in the growth of advertising expenditures. Latin America, the Middle East and even Africa show important increases.

There are important differences in advertising trends within regions.

The box below (table 7) illustrates trends in Latin America.

Table 6: Summary by continents (USD million)					
Country	1990	1995	1999	Indices	
				1990	1999/1990
North America	79,416	95,642	126,806	100	160
Europe	59,543	75,769	86,509	100	145
Asia Pacific	36,948	62,367	55,601	100	150
Latin America	5,469	12,006	17,011	100	311
Africa	740	1,759	1,844	100	249
Middle East	362	1,805	2,368	100	654

Source: World Advertising Trends 2001, World Advertising Research Centre, a division of NTC Publications Ltd

Table 7: Latin America (USD million)					
Country	1990	1995	1999	Indices	
				1990	1999/1990
Mexico	914	1,720	4,440	100	486
Brazil	2,295	4,966	4,354	100	190
Argentina	620	3,229	3,231	100	521
Venezuela	439	922	1,386	100	316
Peru	178	na	896	100	503
Chile	240	622	580	100	242
Costa Rica	68	145	179	100	263
Honduras	N/A	49	123	100	na
Uruguay	61	137	161	100	264
Ecuador	145	101	76	100	52
Total	4,960	11,891	15,426	100	311

Source: World Advertising Trends 2001, World Advertising Research Centre, a division of NTC Publications Ltd

Advertising flourishes where the economy is growing. In order to use advertising to promote products, a minimum purchasing power is needed. Below a certain level of income, advertising has no real role to play.

In recession periods, as the one hitting the United States and Europe at the end of 2001, advertising budgets are cut drastically. They will only go up if economic growth reappears, which re-affirms advertising's place in following consumption, rather than leading it.

Advertising in the new media (Internet)

According to NUA Internet Surveys (<http://www.nua.ie/surveys/>), produced by Scope Communications group in August 2001, a little more than 513 million people are connected on line around the world. Per region the figures are the following:

Africa	4,15 million
Asia Pacific	143,99 million
Europe	154,63 million
Middle East	4,65 million
Canada and the United States	180,68 million
Latin America	25,33 million
World total	513,41 million

They also report that total online advertising revenue increased from USD100 million in 1995 to USD5.8 billion in 2001 and is expected to reach USD7.7 billion in 2002.

Online advertising revenue (in USD):

1995	0.10 billion
1996	0.39 billion
1997	0.94 billion
1998	1.90 billion
1999	3.00 billion
2000	4.4 billion
2001	5.80 billion
2002	7.70 billion

In 2001, advertising on line still represents only 2.15 % of the total advertising expenditure.

According to Forrester Research, advertising on the Internet will reach USD15 billion in 2003.

The figures per continent will look as follow:

United States	USD10.5 billion
Europe	USD2.8 billion
Asia	USD1.2 billion

Table 8: The spread of advertising in the developed and developing world

Top ten countries in advertising expenditure as a share of GDP, 1996			
Country	Advertising as a % of GDP	Education as a % of GDP	Total advertising expenditure (USD billion)
Columbia	2.6	3.4	1.4
United Kingdom	1.4	5.5	16.6
New Zealand	1.4	6.4	1.0
Hong Kong	1.4	2.8	2.2
South Korea	1.4	3.7	6.7
Venezuela	1.4	5.0	1.0
United States	1.3	5.4	101.2
Taiwan, China	1.2	...	3.4
Brazil	1.2	...	8.2
Australia	1.2	5.4	4.7

Source: UNDP Human Development Report, 1998

How large is the advertising component in a product's price?

Varying somewhat per type of product, the advertising costs part of the product purchased is between 2% to 4% of the price paid by the consumer. A relatively minor sector of advertising is represented by luxury products such as perfumes which may have an advertising cost of up to 20% of the product's price.

2.2.2 Economic impact of advertising Labour

Unfortunately no statistics are at hand regarding the number of people employed in the advertising sector. What is important to know is that:

- most employment in this industry is at medium and high level and that average wages and salaries are higher than the average in most countries;

- employment is given, of course, by advertising agencies and their suppliers (printers, photographers, models, TV and film producers and many others) as well as by the persons in charge of selling media space in newspapers, magazines, broadcasters, outdoor, Internet) and of course the persons in charge of marketing and advertising activities within the commercial and industrial companies;
- the number of people employed varies greatly according to economic circumstances. The depression in advertising during 2001, will almost certainly have led to a decline in people employed in the main agency networks of 5% to 10%.

'Let us find new ways to convince the politicians that advertisements create value for companies, consumers, workers and many others and that restricting them is a costly exercise.'

Peter Brabeck-Lethmathe, Chief Executive Office, Nestlé
At the WFA World Congress in Geneva, October 1997

Advertising is the oil of the economy

As a part of the overall cost of supplying goods and services, as we have seen, advertising accounts for a very minor part. In most case the percentage of this element of the cost remains under 3% and represents much less than the distribution costs, as an example, and very much less than the VAT or purchase tax imposed by governments. What is less known is that advertising contributes in

a very important way to the general decrease of the selling price of products. By informing customers of the existence of products through advertising, larger quantities are sold and produced. Mass production decreases the cost prices and permits cheaper prices. In order to understand the process the following illustrates a process that has been going on for 150 years:

'Would you care to put a name to the father of British advertising? Since you'd never guess in a million years. I'll tell you. William Ewart Gladstone! In his 1850 Budget he did two things that bring us here today. The factories that sprang up in the industrial revolution were churning out products and providing jobs. But they were also providing something else – a liberal coating of industrial grime on the faces and clothes of the workers. They weren't called 'the great unwashed' for nothing, since soap was a luxury not a necessity.'

Gladstone repealed the tax on soap, which gave William Lever, the founder of my company, the incentive to mass produce it to a guaranteed standard of quality that was previously unknown. He called it Sunlight Soap. But he had to tell people what he'd done and this is where Gladstone's second measure came in handy. He also repealed the tax on paper and advertisements. And that created the popular press, which gave William Lever and others the means to communicate with – and virtually create by doing so – today's mass audience.

So the marketing model that has applied ever since was sketched out there and then. You make the best quality product you know how. You put your name on it – you brand it, as our Americans cousins say – to guarantee the reliability of its quality. Then, you use mass media to tell as many people as possible what you've done. This hopefully creates demand, so that you can keep the individual unit price low, which encourages people to keep on buying. Which gives the money to invest in research and development, so that you can continue to improve it with new technology. Which encourages people to go on buying it and keeps it ahead of its competitors – all of whom are doing precisely the same thing!

No black art involved here, just simple, fundamental business principles. Take a false step at any stage and you're back to square one. Worse, you're at square minus one – because you've forfeited the confidence and trust of the one person who matters. The consumer. They are the ones who decide. Not manufacturers. Not governments. Consumers.'

In IAA Perspectives N°39 – February 1996
Advertising – The link in the chain of supply and demand
Sir Michael Perry, CBE Chairman, Unilever

Main countries	1990	1999	Some selected countries	1990	1999
United States	1.29	1.29	Colombia	1.27	1.77
Japan	0.88	0.77	Philippines	0.77	1.75
Germany	0.91	0.95	Costa Rica	1.19	1.59
United Kingdom	1.21	1.24	New Zealand	1.37	1.40
France	0.78	0.67	Peru	0.52	1.37
Italy	0.58	0.61	Venezuela	0.90	1.33
Spain	0.90	0.89	South Africa	0.67	1.00
Canada	0.85	0.78	Oman	0.11	0.18
Australia	1.29	1.20	Saudi Arabia	0.13	0.24
Mexico	0.37	0.92	India	0.27	0.39
Brazil	0.50	0.89	Indonesia	0.33	0.50
China	0.11	0.42	Turkey	0.33	0.51
Netherlands	0.83	0.99	Qatar	0.15	0.28
Argentina	1.84	1.14	Jordan	0.17	0.45
Hong Kong	1.15	1.92	Uruguay	0.73	0.76

Source: World Advertising Trends, NTC Publications, Henley-on-the-Thames (1996 to 2001)

Highly developed countries do not always show high levels of advertising expenditures compared with the GDP, compared with less developed countries. What is sure is that poor countries have low rates of advertising expenditures. Commercial communication tools, which are mostly directed to a mass audience, can only play its role when there exists a large middle class in the population.

The case of Argentina

A survey made by KPMG Peat Marwick in Argentina in 1992, showed that:

- the expenditures on advertising in 1992 were 1.1 million pesos or 0.6 % of the GDP;
- the advertising industry represented about 1.8 % of Argentina's GDP;
- approximately 18,000 people were employed by the industry in 1992. About one quarter of this employment is in the advertising industry itself with the rest being in the media. An estimated additional

15,000 jobs were generated by advertising-related intermediate purchases;

- Compared with these figures the total defence industry expenditures represented at the same time 1.4 % of GDP and the automobile industry 3.2 % of GDP.

The role of the advertising industry and the country GDP in some Latin American markets

The International Advertising Association (IAA) has initiated many surveys on the economic role of advertising. Table 10 shows the percentage of the GDP taken by the advertising industry in some countries from Latin America

	Advertising expenditures related to GDP	Total advertising industry related to GDP
Countries	1999	1998
Argentina	1.14	0.74
Colombia	1.77	2.40
Costa Rica	1.59	1.94
Mexico	0.92	1.67
Paraguay	0.45	0.67
Venezuela	1.33	1.10

Source: World Advertising Trends, NTC Publications, Henley-on-the-Thames (1996 to 2001)

With exception of Argentina and Venezuela, the percentage of GDP originated from the advertising industry is higher than the one calculated from the advertising expenditures. This shows that advertising contributes to the economy of a country at a higher degree than what is usually expected. It is true to say that the advertising industry is giving employment in many other sectors of the industry.

The case of Spain

The Asociación Española de Anunciantes and the World Federation of Advertisers undertook a study on the economic impact of advertising in Spain. The main conclusions of the study show that the advertising industry contributes at the level 3% of the Spanish GDP, which is more than three times that the sole advertising expenditures compared with the GDP (0.89 % in 1999). The 3% of the GDP is reached when taking account of the shown in Table 11 items:

Key factors	Value in million pesetas	% of GDP
Traditional media	646.813	0,793
Non traditional media	675.073	0,827
Not controlled media*	35.111	0,043
Revenues of advertising agencies*	140.500	0,173
Training and education activities*	70.000	0,086
Salaries and wages in the advertising industry*	625.000	0,679
Total	2,122.500	2,601

* lowest estimation from the working group

Source: Impacto Económico de la Publicidad en España, Asociación Española de Anunciantes and World Federation of Advertisers, 1999

If the salaries and wages paid to employees in charge of advertising issues in the commercial and industrial companies were included, there are no doubts that the 3% level would be exceeded.

The case of Estonia

In the spring of 1998, IAA undertook a study in Estonia. Some key findings:

- advertising directly supports some 3,250 jobs in agencies and media. In other industries, 2,500 other Estonians work in the supply chain for the advertising industry;
- Total advertising expenditures in the country were at the level of EEK585m (USD45 million) in 1997, which is five times greater than it was in 1994;
- The advertising industry is very top heavy in management terms. More than two out of three jobs in Estonian advertising agencies are either top management or intermediate management level jobs.

Branding a city or a country

Perhaps the final example of the impact advertising can have on the economy is the fact that cities and governments are now using it to promote interest and commercial confidence, not just tourism.

Delegates to the German advertising agencies' association conference in October 2001 heard the topic 'cities as brands' addressed and learned how Berlin had marketed itself. The economic boom in Ireland has followed successful advertising of both the country and Dublin as a dynamic and youthful city. Now the Republic of South Africa is planning to raise its global profile through advertising (see box below).

South Africa mounts global campaign to brand it 'The most admired emerging market'.

South Africa's International Marketing Council, a public sector/private sector initiative, launched early December 2001 a campaign to promote 'Brand South Africa', on which it will spend \$15 million over the next three years. Its objective is to brand the country as 'The world's most competitive and admired emerging market'. The campaign is inspired by the success of the 'Brand Ireland' campaign, which is helping to transform the image of Ireland.

'We won't be spending our budget on advertising but on creating a brand essence that can leverage events such as next year's World Summit on Sustainable Development to be held in Johannesburg, and on activities such as our tourism promotion campaign,' says Ms. Johnston.

It is hoped that the summit, which will be attended by 60,000 people and 120 world leaders, will give the programme the kind of kick-start that the Sydney Olympics gave to the image of Australia.

Tony Koenderman
Ad Age Global, 10 December 2001

Advertising is a synonym for consumer choice

'If you can't tell people what you've done, they're not likely to buy many of what you've made. So, you won't go on making them. You'll close a factory or two and a lot of people will lose their jobs. Without innovation driving it forward, perhaps your business stagnates – perhaps you go out of business and a lot more people lose their jobs. If you're not making so much, you don't have so much to tell people. You don't advertise so much, so the media – which are largely subsidised by advertising – suffer.

So, what have we got? Better products at lower prices, affordable media and a great number of jobs, all depending on the fact of advertising as a vital part of a mixed economy. And something else. You could argue – and I do – that advertising is a synonym for consumer choice. Only by knowing what's available out there can the consumer exercise his or her right to choose. And to the consumer it has become a right; not simply an option'.

IAA Perspectives N°39 – February 1996
Advertising – The link in the chain of supply and demand
by Sir Michael Perry, CBE, Chairman Unilever

Emerging market economies

'When the Berlin Wall came down, the first thing the East Berliners did was to rush into the western stores to buy the brands they had seen advertised on the TV shows that had been hopping over the Wall for years – brands which had been unavailable to them. The new consumer was already voting – with her purse.

Now, that's a small example in itself but it turned out to be a microcosm or test market in which the competition was between two quite different kinds of economy – what we might call market-driven (our version) and command-driven (the Communist version). Consumers were deserting the one in droves because it had failed them and rushed to embrace the other - once they had the choice.

But the story doesn't end here. Once the Eastern European consumers had tried the western brands, they liked some, rejected others and immediately began to insist on new brands that suited their tastes, cultural values – and pockets – more precisely. In other words, they exercised choice and the whole process of innovation, communication and purchasing started all over again.'

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Social responsibility

'Take a look at government advertising, and government has for many years been one of the very biggest advertisers in the United Kingdom. Ah, yes, say the critics – and have you noticed how fond critics are of saying Ah, yes...? Ah, yes, but that isn't advertising... What nonsense. Of course, social advertising, public service advertising – whether it's for drinking and driving, social benefits, AIDS or public information of any kind – is advertising and often state of the art advertising at that. It takes the proven techniques, techniques of simplification, dramatisation and, most important, personalisation and applies them to the way we live now. The communication skills honed on the humble packet of frozen peas or brand of petrol have made invaluable contributions not merely to the small reassurances of daily domestic life but to helping modify social attitudes and behaviour.

Advertising today is many things. It's come a long way from the gaudy poster proclaiming the presence of Sunlight Soap. It's part of the social fabric of all our lives which, cosmetically, would be a good bit duller without it. More to the point, it's a thread on which are strung several of the key economic elements that affect the workings of the business community and the comfort of the individual.'

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The contribution of advertising to the economy:

- makes volume sales possible, therefore significantly lowering price;
- stimulates competition, leading to product quality improvements;
- assists new market sector entrants, providing greater consumer choice;
- helps the development of new markets and emerging economies;
- encourages research and development by making it possible to recoup costs through sales over a viable period;
- helps maintain diversity of retail channels;
- breaks commodity trading, by allowing manufacturers to achieve price premiums for better products and reinvest in new ones;
- provides employment in a wide range of allied industries including media, printing, film and video production.

2.3 Social dimensions

The social relevance of advertising is much debated, which given its relatively high profile is not surprising. Possibly the most massive contribution which advertising makes to society is to make more products affordable to more people, by making volume sales possible for manufacturers and information available to consumers.

Beside that contribution, the occasional complaint that advertising creates discontent by showing products which some cannot afford pales into insignificance. We will cover in this section, the role of advertising in social change, its use of language, advertising and the vulnerable, and origins of needs and wants. We will look at persuasion in advertising, the sector's commitment to truth and decency, issues surrounding reinforcing stereotypes and advertising to children. We will consider corporate social performance and finally stakeholder engagement.

'If I were starting my life over again, I am inclined to think that it would go into the advertising business in preference to almost any other... The general raising of the standards of modern civilisation among all groups of people during the past half century would have been impossible without the spreading of the knowledge of higher standards by means of advertising.'

President Franklin Delano Roosevelt

Social change

Over many years, pressure groups have tried to influence advertising so as to bring about (so they hoped) social change. The morality of attempting social engineering through advertising or any other means is always going to be contentious, but as far as advertising professionals are concerned it is mostly unachievable.

The view inside the business is that social trends are forces vastly more powerful than advertising and that to set promotional funds against the way that consumers are going is futile. It is a fundamental truism that no matter how much it costs to alter perception of say an out of date brand, to make it relevant to modern consumers, it is at least theoretically achievable. The reverse however, altering lifestyles to suit the product, has to be something which no professional would take seriously. Feminists railed at advertising for many years during the 1970s for depicting women in traditional domestic roles which conflicted with the image they wanted to present of the 'new woman'.

It was advertising's tendency to mirror society, which irritated these groups and to some extent they did succeed in persuading advertisers to show women in a new light. However the major influence was clearly exerted by the target consumers themselves. Women living a 'traditional' homemaker life resented being depicted in that role and simply preferred to see themselves in a more liberated role.

Many advertising concepts are pre-tested amongst the target consumers. Ultimately this testing, and the many focus groups which are organised during the creation of advertising, are consumer democracy in action. Consumers themselves censor advertising and agencies and researchers pass what is learned back to the advertiser.

When advertising agencies sense that something has become, if not a trend, then something which consumers can relate to, they are quick to reflect it in advertising. In fact leading advertisers have claimed that the most valuable thing that agencies can bring them is insight. An example of how agencies have sensed not the social desirability, but the social acceptability of a new social dimension, is in their portrayal of multiracial situations.

Advertising in all parts of the world, the United States, South Africa, the United Kingdom and elsewhere has routinely shown a social mix of black and white at a level which simply does not exist in real life for most people. This was evidenced by the recent United Kingdom Cattle Report⁽⁵⁾ into origins of racial tension, which concludes that, even in this long-established multiracial society, 'many communities operate on the basis of a series of parallel lives.' However the vision of integration has not just become politically correct, but very acceptable to the majority of consumers, even if it does not describe reality for them today.

To some extent it must be true that advertising has helped to 'normalise' such scenes and thereby to encourage them. We will discuss how this might apply to sustainability later.

(5) Cattle report published in December 2001, was commissioned by the home secretary, David Blunkett, after the race riots in Bradford, Oldham and Burnley, United Kingdom. The report was written by the former chief executive of Nottingham City Council, Ted Cattle, now head of the government's community cohesion review team

In making media diversity a reality and freeing information from state control, advertising helps to spread and defend democracy. In developing markets, advertising has helped to bring education and entertainment to towns and villages which have never seen TV. Mobile cinemas toured West Africa as long as 40 years ago, showing films and promoting products like Dettol disinfectant and Disprin analgesic, along with washing and household products.

A more recent counterpart is the Group Africa organisation originating in South Africa, touring East Africa and many other areas on an established circuit. Group Africa presents entertaining sponsored shows which promote and educate about products like Everready batteries, maize products, soap and washing powder and Vaseline. Education can play a large part especially in promotion of healthcare products and in stressing the advantages of hygienically packaged foods like Kimbo cooking fat.

Clearly these are commercial enterprises and the aim is to promote products, however they represent real social benefits which are very valuable to people in rural Africa. Urban populations similarly benefit from sponsored educational radio and TV programmes covering a wide range of subjects.

'Advertising can itself contribute to the betterment of society by uplifting and inspiring people... Governments should not seek to control and dictate policy to the advertising industry any more than to other sectors of the communications media.'

Archbishop John P Foley, President of the Pontifical Council for Social Communications
The WFA World Congress in Geneva, October 1997

The inevitable question is whether advertising undermines local cultures and promotes western values to the detriment of indigenous ones? Again, the answer seems to come down to whether one sees high standards of living as particularly 'western' or as something aspirational for all.

However to discuss the role of advertising and especially TV advertising in isolation from programme content is to entirely miss the point. People turn on a TV to watch programmes. They follow programmes, talk about them with friends, enjoy and emulate them. There can be no comparison between the influence exerted on lifestyles and cultures by advertising and programme content. *Dallas, Friends, Neighbours* and soap operas from Mexico and other places are global phenomena which command attention far beyond that paid to advertising. It is far more accurate to say that programme content influences advertising, as we have seen with the use of soap stars in advertising campaigns.

Advertising in general tries hard to reflect local lifestyles in order to establish relevance of the product. 60% of TV commercials shown in Kenya, according to researcher Ndirangu wa Maina, quoted opposite, are locally made and most of the remainder come from black African communities, where conflict with Kenyan society is minimised.

Radio commercials are translated not only into Kiswahili, but into as many tribal languages as necessary to reach rural audiences in the way most appealing to them. The same is true in other African states.

Advertisers have learned how sensitive consumers are and that to try and force them to alter their culture or preferences is futile. Every act in advertising which is not in line with established consumer cultures is likely to be expensive, ineffective and unproductive.

Some views from leading Kenyan researcher Ndirangu wa Maina, who has worked with both local and international companies and for several years has been proprietor of independent company Consumer Insight (<http://www.econsumerinsight.com>).

- Although urban and high income oriented ads reflect a 'western' culture, it is indeed a mirror of the Kenyan consumer's lifestyle rather than a brand trying to influence their way of life. Even this type of advertising is beginning to have a lot of 'Kenyanisation' through say the use of street language rather than pure English.
- Almost all radio and outdoor ads are locally conceived and produced. Only the very big international brands such as Coca-Cola tend to import ads, and they too are starting to appreciate the power of locally relevant ads.
- The split between local and foreign TV commercials in Kenya is about 60:40 in favour of local productions. However I have no doubt that locally produced commercials, although not always well produced, almost always have a better appeal than foreign ones. Through a research service called Adtrack, my company researches all TV and radio ads in Kenya. Out of this year's top ten most liked TV commercials, only two are foreign. Local ads can perform better because they often contain insights that truly connect with the intended audience. One development that has positively contributed to effectiveness of locally produced ads is the growth of local creative talent. Many of these creative talents were trained by multinational ad agencies.
- The local advertising industry has definitely helped in the growth of independent media, although most of the new media has shied away from politically sensitive local productions of news and other programmes, preferring to concentrate on entertainment.

Use of language

Quite frequently, advertising standards bodies get indignant complaints about the way advertising 'misuses' language. On the whole, these protesters overlook the fact that advertising has to attract attention and involve people in a way that will be quickly understood, so it must use words vividly, colloquially and in such a manner that they will stir the imagination of the reader or viewer. The protesters also ignore the fact that language can never stand still: for example, the use of 'pinta' for a pint of milk, which first appeared in advertisements, now appears in the *Oxford English Dictionary*.

There is a widespread concern in Europe about the threat to language and local cultures posed by multinational media. The advertising industry believes that advertising will always mirror rather than condition society, and that a

nation's rich, cultural plurality will continue to be reflected in a plurality of media.

Far from standardising language, advertising often exploits differences, as in the case of United Kingdom where it has been fashionable for advertising to use Newcastle or Scottish accents and phrases. The effect of advertising on use of language is usually short-lived. Throughout 2000 people across the world picked up and used the word 'whassup?' Apart from the fact that the word originally came from a short film, not from advertising, it was noticeable that by the end of 2001, it was decidedly unfashionable to say 'whassup?'

The 'Scamtho' street language of South Africa, 'Matatu' language of Kenya and many others are used by advertisers because they exist already and offer a means of communication with consumers.

Advertising and the vulnerable

It is a fundamental requirement of advertising's self-regulatory codes of practice that no advertiser should seek to take advantage of any characteristic or circumstance which may make consumers vulnerable, by exploiting their credulity or their lack of experience or knowledge. Children are inexperienced consumers. Other vulnerable groups include the fat, the deaf, the ill, the ugly, the poor, and the socially or physically inadequate. The special care merited by such groups is reflected in the specialised rules which apply when particular groups of people are being addressed or when particular kinds of products – slimming aids and hearing aids, for example – are being advertised.

Needs and wants

Does advertising sell people things they don't need? People can become very righteous when they talk about needs and wants. The extension of the argument is that it is acceptable to grow vegetables but not roses. We need vegetables, but roses are an unnecessary luxury.

Put thus bluntly, the falsity of the argument is revealed. We need both. We need bread and Beethoven, because people's needs are both rational and emotional.

Ultimately the consumer, almost regardless of income level, decides what they want or need and they resent having their needs programmed by those who feel they know better. Complaints to competent advertising regulation authorities from individuals who have bought something they didn't need are almost unknown.

This leads to the question: is the so-called 'defenceless' consumer a reality or a myth? What part does persuasion play in the acceptance of successful products?

Persuasion in advertising

The myths of the 'hidden persuaders' and 'defenceless' consumers diehard. The 'defenceless' consumer is shown time and time again to be far from defenceless.

All the evidence is that consumers are not only very aware that advertisers are partisan, but also that they are well able to take a balanced view of advertising claims.

Truth and decency in advertising

Advertisers in developed markets realised many years ago that their investment in advertising was only worthwhile in an atmosphere of trust with consumers. Advertising which is not believed is unlikely to be effective. They also realised that the cost of making a sale is such that it is uneconomical to have to persuade consumers every time they buy. The concept of creating brand loyalty was born.

It was clear that promises which are not delivered by the product would result in disappointment, which would not result in repeat sales. It was also clear that deception by any one brand could threaten the marketing environment for all brands. Therefore, advertisers came together with media owners to create codes of practice and regulating authorities that could stop misleading or offensive advertising.

At the same time it was recognised that a legal framework was needed to ensure that intentional deception could be punished and that consumers could seek redress if they had been cheated. This is not the place for a full discussion of the relative roles and strengths of laws and codes, which have been analysed fully elsewhere. One can say however that most authorities recognise that self regulation, in the shape of codes of practice, are able to be more responsive to changing consumer needs, trends, and to media and other developments and are able to give wider protection than laws are able to.

John Gray, fellow of Jesus College, Oxford and a noted political philosopher was quoted by the Social Affairs Unit, London (<http://www.socialaffairsunit.org.uk>) as follows:

'The view of the ordinary consumer that animated much current criticism of advertising is analogously defective. Take the claim that advertising engenders wants in consumers that did not hitherto exist. At one level, this is a truism that cannot be denied, since without advertising the consumer could not know, and so could not have a preference among the span of products available to him. Again, the fact that a want or a preference is acquired, is by itself no argument against it. On the contrary, nearly all the wants and preferences of a civilised human being are acquired via education and upbringing: no-one is born delighting in Bach, or consumed by a passion for brass rubbing.

A human being without acquired wants, if such there could be, would lack most, if not all, of the characteristics whereby we recognise him as such: for being human is something we learn how to be, not something we are born with. And, in opening up possibilities of choice and suggesting to the individual tastes and activities he might not otherwise come across and learn to enjoy, advertising is no different from any of the other institutions of education and civilisation. So, if advertising does engender new wants and preferences, it is only thereby contributing to a process of character-formation that goes on all the time, in schools, families and peer groups.

In fact, however, all the evidence suggests that advertising, typically or in general, assists people to find out what they want from a product, rather than implants in them a want for it. All the evidence, for one thing, is that advertising can affect the market share a company can command over a product, but not the size of the market for the product itself. The idea that advertising has any significant role in engendering alcohol abuse, say, seems especially remote from reality, given the endemic alcoholism that is evident in countries (such as the communist regimes) in which virtually all alcohol advertising is already prohibited. In short, all the evidence tells against the conception of the consumer as an infinitely malleable creature whose wants are fabrications of advertising, and in favour of a view of him or her as an active seeker after products that best satisfy preferences that have for the most part long been formed.'

Such codes are in place in most developed markets and responsible advertisers will press for them to be put in place everywhere and for them to be enforced by competent authorities. The British Advertising Standards Authority (<http://www.asa.org.uk>) and Code of Advertising Practice Committee is usually quoted as a model for this type of safeguard. The ASA is funded by a levy on media advertising and its representation includes all stakeholders, including consumer groups.

On the international stage, codes published by the International Chamber of Commerce (ICC) (http://www.iccwbo.org/home/statements_rule

[s/rules/1997/advercod.asp](http://www.iccwbo.org/home/statements_rule)) are widely respected and form the model for many local codes. Also at this level is the European Advertising Standards Alliance (EASA) (<http://www.easa-alliance.org>), which deals with cross-border complaints. A recent case illustrates how the organisations work together. A consumer in United Kingdom complained to ASA about a direct mailing that was found to come from Austria. They passed the warning to EASA, who alerted the Austrian self-regulation body ÖWR. Deciding that it was in fact a legal matter, the ÖWR referred it to the police.

Typical codes are broad and offer special protection for children and vulnerable groups. They contain many specific sections relating to particular product and service areas and cover standards of decency, portrayal of women and contentious areas of that sort.

A further control at the international level is provided by the International Organisation for Standardisation (ISO) (<http://www.iso.ch/iso/en/ISOOnline.frontpage>), which in its ISO 14021 provides guidelines for environmental claims, whether in packaging or in advertising.

It must be stressed that all responsible advertisers are not only content to be guided by these codes, but feel that they gain from the effective regulation of advertising claims, which apart from protecting consumers, protect themselves from unfair competition.

It would be wrong to say that everything is perfect in advertising, and we have to remain vigilant, especially in countries where the rules are not as effectively applied as they might be. The Indian organisation Consumer Unity & Trust Society (CUTS) has published a review of 'Green Advertisements', which it claims were not substantiated by manufacturers, in line with ISO 14021.

The authors of this report would like to urge all governments to see that such self-regulation is not only in place, but is seen to be effectively applied.

Reinforcing stereotypes: Women

Most discussion about the way women are portrayed in advertisements tend to fall into two groups:

- shown in a traditional and therefore primarily household role,
- women shown simply decoratively or as an attention-getter rather than because she is relevant to the product.

The first issue fails to recognise the fact that the majority of women still fulfil a household role (often in addition to other roles) and that a high proportion of products advertised are used by women when performing this role.

That is why 'father' is often presented as the breadwinner and 'mother' as the dishwasher, even though there are now plenty of women who are the key breadwinners and many husbands who do the washing-up. Until the majority of men go out alone to do the household shopping, for instance, the advertising of many household goods will continue to be directed to and through women performing their family role. This trend is now changing and more and more advertisements show men doing things which were traditionally done by women.

The second issue takes us into the realms of what is and what is not decent. It does not follow that any representation of an attractive woman in an advertisement is tantamount to offering a promise of sexual gratification - any more than does the portrayal of an attractive man.

On the other hand, such complaints are upheld on occasion. The portrayal, for instance, of a naked woman in an advertisement for industrial machinery is arguably inappropriate or offensive. Whether it is also indecent depends on the way she is depicted and the nature of the headline and copy.

The whole question of the portrayal of women in advertising is clearly a sensitive one and, because the self-regulatory system reacts to changes in public attitudes, several countries have looked, and are looking, carefully at the whole question. At the time of writing, most codes find that their general rules on taste are sufficient to deal with any problem.

It is useful to note that the United Kingdom Advertising Standards Authority reports in December 2001 that complaints about

portrayal of men in advertisements have increased by ten times in six years. Surveys by the Institute of Marketing and London School of Economics indicate that advertisers are now leaning too far towards women's views and are reflecting derogatory male clichés. However, it must be said that they are doing so in support of products aimed at women and are not expecting too many men to form a lasting attachment to their brands.

The Advertising Federation of Australia (AFA) has recently introduced a Code of Ethics (<http://www.afa.org.au/>), covering a wide range of 'grey' issues within the business and specifically tackling the subject of stereotyping. The advice given to people designing advertisements is:

'Respect all people. No stereotypes please. Individuals should be understood, not portrayed in a way that could bring disrespect. Use humour, but avoid cheap shots.'

The code has been approved by all members of the federation and has been strongly promoted to employees with trade advertising, email, a booklet and materials like mouse mats and mugs.

Advertising and children

Most industrial and commercial companies believe that children are as entitled as adults to receive information about products that are of interest to them. Without advertising, this information will not be available. Children's only information source will be advertisements for brands, especially adult brands, which are not relevant to their needs. These brands may be not only irrelevant to children, they may be positively harmful, even illegal. Children have a right to information about children's products.

Advertising is a part of a child's normal environment. It plays a part in the child's development process by equipping children with the necessary knowledge and skills to act as responsible consumers in later life. It is

everyone's responsibility, including advertisers, to help children familiarise themselves, over time, with the world in which, as adults themselves, they will live.

Advertisers believe that children's advertising must be responsible. It must not misuse children's relative inexperience. It must recognise that children do not mature at the same age and acquire consumer skills gradually. Children's advertising should therefore be designed for them, for their needs, and with their very special circumstances in mind. It is a parental responsibility to determine the level of family exposure to the media, and to the advertising that the media frequently carry, whether it is traditional, such as TV, or new, such as the Internet. We believe that parents are in the best position to decide how their children should access the media as a function of each child's individual development.

The self-regulatory systems, and the International Chamber of Commerce (ICC) codes that are an integral part of these systems, promote responsible advertising. They are a major factor in providing a high level of protection for all.

ICC codes include specific provisions on advertising to children. National self-regulatory codes, based on ICC, are established, policed and enforced by local self-regulatory organisations and industry in over 100 countries. The ICC code and its national codes are reviewed regularly, to ensure that they are an appropriate response to local, cultural and consumer concerns and that best practice is promoted. We also support regional mechanisms, such as EASA and condemn legal bans which exist in several countries as misguided and counter-productive.

This is not the place to discuss issues of advertising to children fully and we commend readers to the Web site of the Advertising Education Forum (AEF) for over 500 studies on the subject, plus the work of a very well

qualified and independent Academic Advisory Panel which has analysed the material and drawn conclusions.
(See <http://www.aeforum.org>).

Corporate social performance

Starting at the other end and trying to identify the engagement of consumers in social performance of corporations, a clear increase in attention can be noticed.

The trends summarised below were identified in a global consumer survey, the earlier mentioned Millennium Poll (see end note 4), the first of its kind. Forty per cent of 25,000 consumers around the world reported that during the past year they have responded negatively to actions by companies perceived as not socially responsible. Half of this number, or one in five worldwide, reported avoiding a company's product or speaking out against it to others.

Worldwide a majority of consumers (almost six in ten) take labour practices, business ethics, responsibility to society at large, or environmental impact into account when forming opinions about a company. In the survey, almost 90% of consumers agreed that large companies should do more than just focus on profitability. Two in three citizens in 18 of the 23 countries surveyed believed that companies 'should go beyond their historical role of making profits, paying taxes, employing people and obeying all laws; they should contribute to broader societal goals as well.'

In the United States, more than three quarters of all consumers hold companies totally or partially responsible for avoiding bribery or corruption; keeping operations and supply chains free of child labour (89.8%); preventing discrimination; protecting worker health and safety (95.4%); and not harming the environment. It is clear that much needs to be done in terms of communication. Consumers are interested in what their purchases contain, where they come from, and the impact they

have on their immediate environment. This information needs to be communicated in an effective, simple way. Advertising agencies have a clear challenge ahead in trying to communicate these issues effectively and link them to business opportunities and brand value.

The information that consumers need varies from place to place. In industrialised countries, the emphasis is on promoting less environmentally damaging choices. In developing countries, consumers often need to know how to protect themselves from direct threats, such as pollution. For Europeans – according to a more general EuroBarometer poll on consumer policy – the safety of food is their particular concern (68%), but more than one third thinks that food is not safe (35%) also because there is not enough information. With regard to advertising, the general perception is that insufficient attention is drawn to the safety of products and services for the consumer (67%)⁽⁶⁾.

Stakeholder engagements

A major opportunity for advertising agencies lies in convincing their clients that they need to be visibly accountable to all their stakeholders, and to all publics that have an interest in how they conduct themselves. First and foremost, companies need to communicate the information they have that helps to promote the sustainable aspects of their products⁽⁷⁾. They might also wish to communicate that they are taking their social and environmental responsibilities seriously.

Communicating on issues related to sustainability is often a vehicle for them to settle or improve brand image, to install their reputation or to participate actively in public debate. Indeed, such campaigns do not necessarily aim at selling more products, but have become a part of some corporations' strategies to get involved in issues of genuine concern to their customers⁽⁸⁾.

The advent of the Internet has provided an easy and convenient way for companies to put detailed information on their values, their responsibilities and their commitments to issues like the environment and sustainability where everyone can reach it. The Internet requires people to want to know sufficiently to bother to access the information. It is not intrusive, so it does not inform and educate in a proactive way. It is therefore not surprising that the extent of commitment of companies to these issues is widely underestimated and misunderstood. If agencies believe that companies need to build a store of consumer goodwill and not just to react in a pious manner when some unfortunate event occurs, then they need to take the message to their clients that this job has to be done in the media, through PR, events or paid-for advertising.

There is an old rule that consumers are not interested in advertising that is about corporate issues that have no immediate relevance to them, but creative people have proven time and again that the skills they possess can overcome this. There have been many great corporate advertising campaigns, but examination of expenditure patterns reveals that companies dip in and out and lack consistency, or they address just government and influencer groups rather than the general public.

BP and Shell have found creative ways to make corporate advertising interesting in recent years.

Some companies have reported that they are afraid to make their commitments obvious in this way because of those which have been negatively portrayed by pressure groups. It is clear that this is a two-way road and consumer and environmental groups must give support where it is due. No-one can endorse use of advertising to 'green-wash' companies who are not deserving; however excessive targeting of individual companies can be a

disincentive for advertisers to embrace sustainable issues publicly. In that environment they may also act as a disincentive for agencies to encourage clients to adopt more sustainable platforms in advertising.

Findings from the Millennium Poll

- citizens in 13 of 23 countries think their country should focus more on environmental and social goals than on economic goals in the first decade of the new millennium;
- in forming impressions of companies, people around the world focus on corporate citizenship ahead of either brand reputation or financial factors;
- two in three citizens want companies to go beyond their historic role of making a profit, paying taxes, employing people and obeying all laws; they want companies to contribute to broader societal goals as well;
- actively contributing to charities and community projects does not satisfy people's expectations of corporate social responsibility – there are many issues of more interest to citizens in countries on all continents;
- fully half the population in countries surveyed are paying attention to the social behaviour of companies;
- over one in five consumers report either rewarding or punishing companies in the past year based on their perceived social performance, and almost as many again have considered doing so;
- opinion leader analysis indicates that public pressure on companies to play broader roles in society will likely increase significantly over the next few years.

(6) Eurobarometer Poll. As part of the process of producing an updated Communication on Services of General Interest, the Commission launched a poll on The Europeans and Services of General Interest, as part of the Eurobarometer series of public opinion polls. The poll took place between April and May 2000, and the households surveyed were asked for their opinion about certain services of general interest. The poll was designed to quantify the extent of consumer satisfaction concerning a number of aspects (access, price, quality, information available, terms and conditions of contracts, complaints handling) of a fixed set of services. This set included mobile and fixed telephony, electricity, gas and water supply, postal services, urban transport and inter-city rail services. However, the results also enable a comparison to be made across different types of service.

Web site:
http://europa.eu.int/comm/consumers/policy/developments/serv_gen_int/serv_gen_int03_en.html

(7) I.e. by encouraging responsible use, reuse, recycle or disposal of the product

(8) The future is now. Advertising for a better world - Patrizia Lugo Loprieno and Solange Montillaud-Joyel - UNEP's working document, 2001

'Brand image is heavily influenced by your social image - one of the most important challenges business is facing. Brands will be important in setting social and political issues as traditional government fails. Any good advertising agency giving advice to a company has to include ecological issues because customers are demanding more active stands on social and environmental issues.'

Pierre Huppert, advertising consultant, The Netherlands

Advertising reflects quite well emerging trends and tends to reflect them, rather than actually creating them.

Advertising is an indispensable educational tool. It is a powerful means of providing important information to consumers in order for them to make informed purchase decisions. The more that the consumer is exposed to the claims of competing providers of products and services, the better educated and sophisticated the consumer becomes regarding such issues as these products' features, benefits and relative value. Successful free market economic systems are based on this kind of competition.

Advertising is the only means of guaranteeing media plurality and independence, in that it makes possible the dissemination of differing views, advertising is an important guarantor of democracy.

Advertising is generally well regulated by voluntary codes and real deception is dealt with adequately by laws.

Advertisers respect and rely on codes of practice, which are able to be far more all embracing than laws and much easier to vary according to changes in circumstances.

Where adequate codes and regulatory bodies are not in place, or are not effective representative, advertising organisations like WFA, AAAA, EACA, IAA are there to see them made to work effectively.

The contribution of the advertising sector to society:

- provides information on products, services, jobs, enabling informed decisions by citizens;
- provides a platform for competitive democratic elections;
- enables charitable institutions to support themselves independently;
- through advertising sales revenues, supports independent and diverse media choice and underwrites cost of a substantial proportion of programming;
- promotes causes and social issues from healthcare to education, safety and sustainability;
- through advertising and sponsorship makes mass access to diversity of sport, arts, music, and other cultural possible at lower cost;
- is enjoyed in its own right by consumers as a medium.

2.4 Environmental dimension

We will consider direct environmental effects of advertising, the benefits of environmental advertising itself and the principle of freedom of commercial speech.

Environmental effects

The environmental dimension in the performance of the advertising sector is somewhat different from the traditional industrial sectors with the use of energy and other national resources in their production processes. The environmental impacts of the sector are many and very different. However, most impacts are marginal compared with the production processes of for example the manufacturing industry.

The advertising sector has environmental impacts in terms of paper use, energy consumption and the related environmental impacts of print and offset.

Much advertising is on print, as part of for example newspapers or as separate brochures and flyers. This creates evidently waste after the newspapers are read and the door-to-door flyers discarded. However, it is difficult to label these as unsustainable, since the advertising content, as we have seen, is fundamental to media variety and independence. Similarly, postal services will argue that direct mail advertising heavily subsidises mail delivery for domestic and business use.

Outdoor advertising can have environmental impacts in terms of visual pollution in areas of natural beauty or aesthetic interest. This 'pollution' is however very much regulated by regional and municipal authorities. Walking along the Seine in Paris gives a very different impression from passing Times Square in New York, United States. A city such as Paris regulates such visual impacts with a different standard from Las Vegas. It is very much the

responsibility of local authorities, working with stakeholders, to decide the standards they wish to apply. One can say that Las Vegas would not be Las Vegas if they took the signs down and Paris would not be Paris if they put them up. Piccadilly Circus or Times Square would lose their fame without neon and the roof of the new Reichstag in Berlin would not be enhanced by a giant poster.

The amount of factual data on the environmental impacts of the advertising sector is very limited, mostly due to the fact that the direct impacts are either marginal or due to the fact that they are linked to other activities and not directly to advertising. For example, we measure newspaper use and recycling percentages. However, the advertising portion in this is not specified.

'Wash Right': a new initiative by detergent manufacturers in Europe

This Code has been initiated by the European Soap, Detergent and Maintenance Products Industry Association, Association Internationale de la Savonnerie, de la Détergence et des Produits d'Entretien (AISE). It is aimed at reducing further the environmental load created by the manufacture and use of household laundry products. This is a new, pioneering initiative promoting both sustainable development and sustainable consumption in a balanced way. The AISE-code was endorsed by the European Commission by a way of a Recommendation in July 1998 (98/480/EC).

The objectives of the code are for companies to continue environmental progress when formulating products and packaging for household laundry detergents and to encourage consumers to be more closely involved by proper use of the product. Common communication material is being used throughout Europe either on packs, or in advertising campaigns to encourage sustainable consumption, and particularly energy reduction.

As of today, more than 95% of the European market has committed to the code, representing more than 185 companies (including multinationals and their subsidiaries). European countries covered by the code are members states of the European Economic Area: Norway, Sweden, Finland, Denmark, Iceland, Ireland, the United Kingdom, Germany, The Netherlands, Belgium, Luxembourg, France, Austria, Italy, Greece, Spain, Portugal and Switzerland.

Environmental advertising

Probably the most significant environmental impacts are embedded in the campaigns designed to promote products and services. Advertisers and communicators can have an environmental impact in highlighting the environmental aspects of products. Furthermore, authorities and other organisations can use advertising to increase awareness about environment among the general public or specific groups within society.

If more environmentally friendly washing powders are sold due to effective advertising, the environment will benefit. These benefits can however hardly be attributed to advertising. Advertisers have the ability to convince their clients to highlight the environmental impacts of their products if this would make sense from a business perspective. Advertisers can also profile a company as environmentally conscious and use advertising to strengthen their brand value.

This requires some sound knowledge and experience on environmental issues within advertising and marketing companies. Some communication agencies have specialised in environmental and/or social aspects that can be linked to the objectives of sustainable development.

'As freedom of artistic expression has expanded, freedom of commercial expression has been restricted.

One of the most characteristic features of our age is that, as artistic and cultural freedoms have expanded, freedom of commercial expression has tended to shrink. At the same time that playwrights, novelists and film-makers reject any restraint on their freedom to challenge established mores and beliefs, advertisers find themselves subject to ever more restrictive regulations regarding which products they may promote, and the conditions of their promotion. In the cultural sphere, the prevailing demand is for a freedom of expression that is wholly unfettered by traditional or popular moral standards. In regard to commercial expression, the conventional wisdom is very different, if not opposite: freedom in this sphere of human activity is to be restrained by paternalistic and moralistic criteria whose relevance to the arts would be at once denied. So it is that as a cultural freedom waxes, freedom of commercial expression wanes. It is to this paradox that the present paper is addressed.

The current trend of policy is genuinely paradoxical, because the same philosophical considerations which support freedom of expression in the arts enjoin freedom of commercial expression. To be sure, freedom of expression can in neither sphere ever be absolute or indefeasible: but it is the same human freedom that is at issue, nevertheless. Freedom of expression in the arts and freedom of expression in advertising are not two categorically different things, subject to different standards and having different justifications; they are the same freedom, exercised in different contexts, with the same justification. The philosophical reasoning which justify freedom of expression in culture and the arts apply with no less force to commercial speech and expression.'

Source: Advertising Bans. Administrative decisions or matters of principle The Social Affairs Unit, London 1991

Freedom of commercial speech

It is universally agreed that there have to be sensible and practical limits to advertising freedoms in order to maintain public confidence and to defend good taste. But the issue of freedom of commercial speech is one we must address. That freedom is guaranteed in the United States constitution and was defended many years ago by political philosopher, John Gray in words which ring very true today:

The contributions of advertising to the environment:

- advertising campaigns have promoted many aspects of environmental concern,

- wildlife charities and conservation schemes in particular have benefited from fund-raising through promotional tie-ups with brands,
- advertising provides the only means for corporations to express their commitment to environmental issues and thereby to give leadership to the mass of consumers.



2.5 Assessment – conclusions

Advertising is something all of us do in some way and we are all touched by it. It is an essential part of economic and social life and indivisible from the whole process of creating and selling goods and services. It guarantees independent media and freedom of choice that comes from competition and awareness of alternatives. As a sector it is generally very well controlled and practitioners realise that the effectiveness of what they do is entirely dependent on a bond of consumer trust.

In the commercial area, the main effect of advertising is to enable brands to compete with

each other and the volume of advertising does not create overall growth of consumption. In the social area, advertising is used for a vast range of sustainable issues and it is a pity that within the confines of this report we have not been able to display the extent of creativity that is applied to good causes.

Part 3: Means of implementation

3.1 Role of the advertising sector

3.1.1 Consumption patterns and consumer lifestyles

Within this broad section, we will look at the question of advertising sustainable attributes of products, and the potential for direct addressing of the problem with advertising. We will consider whether we can expect agencies to be censors for sustainability in any form, and then we will consider a way forward through research, which will lead to a plan for action. We will discuss stimulating corporate accountability, finding champions for sustainability, product labelling and sustainability strategies and instruments for consumers, and we will define when advertising works and when it doesn't.

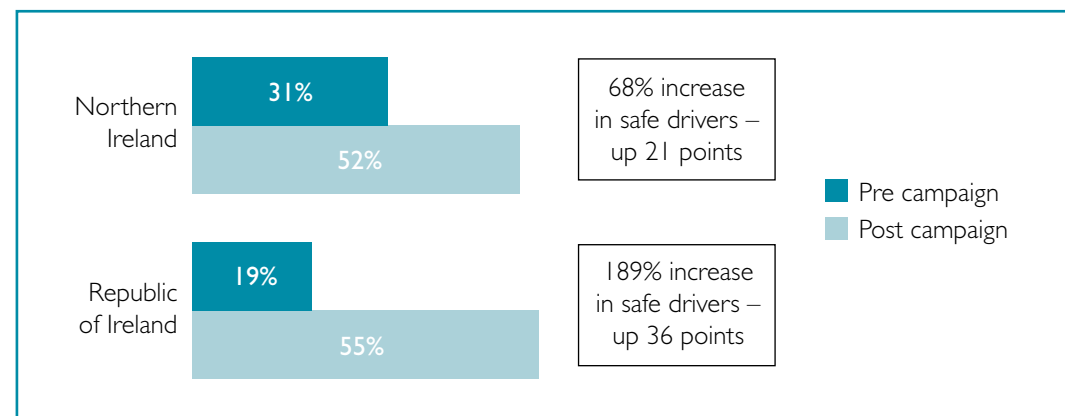
Advertising sustainable attributes

In its deliberation on the role of advertising in helping to move consumers towards more

sustainable consumption patterns, the United Nations Environment Programme (UNEP) has worked with an advisory committee, containing representatives of the World Federation of Advertisers, the European Association of Communication Agencies, Unilever, Procter & Gamble, Consumers International and various Non-Governmental Organisations. They have additionally been assisted by McCann-Erickson Advertising.

A range of possible roles for advertising have been examined and we have developed clear conclusions on what advertising can and can't do. For instance, we can say with certainty that if governments or institutions raised substantial sums to educate consumers about sustainable principles, it is a task which advertising could achieve. That is to educate, not necessarily to change behaviour. There have been many social campaigns where education has been demonstrated, notably a recent drink-driving campaign in Northern Ireland.

The 'Shame' campaign was jointly launched by Dept. of Environment in Belfast and National Road Safety Council in Dublin in November 2000. Attitude shifts were monitored by research among the core target of 17-24 males and massive increases in understanding that even one drink would affect driving were found:



Base: All 17-24 male drivers who ever drink alcohol
Source: Ulster Marketing Surveys (NI)/Irish Marketing Surveys (ROI)

However it is clear that the cost of a campaign continuous enough across all countries to achieve real reductions and changes in consumption right across the gamut of sustainable issues is likely to be unsustainable in terms of a savings achieved against costs of the campaign. However that does not mean that individual concepts like energy saving and recycling cannot be 'sold' by advertising. Indeed there are strong arguments for saying that prominent campaigns of this sort would give a lot of focus and leadership to the cause. In addition to the possibility of such funds on a global scale, we have to consider how advertising can help within campaigns for commercial products and services.

Again it is quite clear that if a product is more sustainable in some way, advertising can promote that to consumers. If the sustainable aspect is what is driving consumers' choice, then the advertising is likely to be successful, as in the case of campaigns that have stressed no CFCs in aerosol products.

If the consumer is not motivated to choose on sustainable criteria, the campaign will fail. Both Unilever and Procter & Gamble report they have developed more sustainable washing powders, but that this aspect of performance has not been sufficiently motivating to consumers. The products have been sold instead on their washing performance, which achieves the ends of sustainability, without provoking rejection by consumers.

When advertising works, it works at what it is targeted to do and it is fundamentally inefficient at doing anything it is not directly targeted to do. That means that it is futile for us to ask advertising for products to pass on additional sustainability messages. Either a product is made to sell on a sustainability platform or it is not. Either consumers value it for its sustainable virtues or they do not.

The question has been raised whether manufacturers should none the less devote

advertising funds to educating consumers to choose on the basis of sustainable attributes. Sadly the answer is that this is very likely to be futile and to present opportunities to less altruistic competitors. If a consumer wants a powder to protect colours, then quite simply they will buy the one that seems to do that best.

A constant theme we will adopt is that while every effort can be made to create consumer 'pull-through' for sustainability, the most valuable improvements are likely to come from sustainable product improvements which satisfy consumers with their functionality before all else.

Can agencies be censors for sustainability?

The next question that is frequently asked is whether advertising agencies can somehow persuade their clients not to support less sustainable products like heavy consumption vehicles, or whether they can somehow refuse to create advertising that would be likely to be effective.

It is certainly true that agencies are often very selective about the business they handle. All respectable agencies refuse to assist Internet pornography sites and are very wary of gambling that is not government-regulated. Some refuse to handle political parties, tobacco, or even alcohol and there are agencies set up to specialise only in green or sustainable marketing who would certainly not wish to handle a petroleum company.

The reality however, is that the principles of commercial free speech must be accorded to all advertisers of legally produced and sold goods. Advertising is one of the most heavily regulated of commercial activities and there are severe moral, ethical and practical questions raised in any suggestion that paid consultants should somehow apply judgemental controls over and above the laws and codes that they adhere to. One can demand that a footballer respects the spirit of

the game and plays fair, but one cannot even hint that he might decide not to perform to the best of his ability.

Finding a way forward

The way forward is to use the advertisers' own methods and to use research to get to the heart of the problem in consumer minds.

Many studies have demonstrated concern for environmental and sustainable issues from consumers. Some have been discussed and some have not, like that carried out by the public relations agency WeberShandwick in 2000, which sampled the views of 8,000 consumers worldwide and also confirmed the importance of social responsibility in overall corporate image.

The problem with these studies, however, is that they fail in the way much market research does to predict actual consumer decisions at the point of sale. For instance, in statistical research, almost all respondents will claim that the only two criteria they look for in a car tyre are safety and high mileage. Yet many markets are dominated by cheap brands that have little reputation for either.

To provide further illumination on the issue of sustainable consumption, McCann-Erickson used their global qualitative consumer insight programme 'Pulse'. This took place in late 2000/early 2001 and the main groups chosen were young adult 'identity seekers', who were judged most likely to be sympathetic to sustainable principles.

McCann 'Pulse' survey:

Qualitative research carried out among young people (aged 16 to 25) in 28 countries, covering all continents. Results showed great confusion over the term 'sustainability' and inability by most to identify more than recycling as a measure. However there seemed to be no better substitute. There were big differences in how engaged respondents were in environmental issues, from high in India, Australia and northern Europe, to just aware in North and South America, Japan, and other parts of Asia and unaware in Middle East.

Three issues dominated concerns:

- the environment,
- animal testing,
- poverty and human exploitation.

But despite this, the young were not sustainable consumers. Reasons were:

- difficulty of identifying more sustainable products,
- what's in it for me?
- lack of individual power – needs to be a group activity,
- fear of higher price, lower performance,
- lack of leadership.

The study confirmed high interest in the subject, but predictably, massive confusion about the terminology 'sustainability' and a lack of ability to identify more or less sustainable products.

The factor that we found most interesting was the apparent ability to criticise brands for perceived unsustainable behaviour, yet at the same time to admire and relate to them. There was a rejection of moral pressure and guilt and consumers were struggling with an internal conflict between the urge to live a relatively high-consumption lifestyle, while preserving the environment.

In fact it was concluded after discussion of the implications of the study that if pressure groups continued to vilify brands like Nike and others, then they would probably damage sustainable issues by forcing consumers to side with the brands and to ignore sustainable principles. Ultimately consumers need brands

By identifying iconic brands like Nike with unsustainable behaviour, there is a real danger that the young in particular will follow the brands and align themselves against the critics.

In developed markets, as has been observed by many lifestyle commentators, we are seeing the least revolutionary and most complacent generation for a century.

The clearest pointer towards a convincing strategy however, was the fact that consumers did not seem ready to take positive action in the absence of clear leadership from, in order of importance:

- governments,
- manufacturers,
- the media.

Consumers are used to inferring what is important and what is not from stimuli coming from these three sources and from personal experience. They know drink driving, aids and

cancer are issues because there are government campaigns, sponsorship by business and considerable space in the media devoted to them. They also meet them in daily life. In comparison, sustainability remains a distant concept.

They will take action if everyone else does, but not individually.

A plan for action

We cast doubt earlier, on whether government information advertising campaigns would be inherently sustainable in the long-term. However, action is required by governments and this means real action, not cheap and easy symbolic gestures like legislation to restrict advertising, which would simply damage their economy.

Leadership is what is needed in terms of the education of sustainability and rewards and recognition for those who make improvements. Advertising can and must play a role. It is beyond the scope of our brief to tell governments that they should institute sustainability award schemes, but we consider that the media coverage and advertising support, which would be a necessary part, would go some way towards satisfying consumers' need for leadership.

Stimulate corporate accountability

When it comes to leadership from corporations, we believe that there is an important role for advertising agencies, PR agencies and branding consultancies in encouraging clients to make themselves more publicly accountable through corporate advertising and providing expert consultancy to help them do so.

Even if corporate image cannot be linked directly to purchasing, we know that consumer interest in corporate values is growing and financial analysts now regard this as an important part of the valuation of companies. Yet the amount spent in the United Kingdom

on corporate advertising in 2000 was a mere 1% of total advertising through mainstream advertising agencies.

Of course this advertising should be regulated to ensure no unjustified 'green-washing' of undeserving companies, and new ICC codes do exactly that.

However, in the interests of conveying to consumers the importance of these issues and the leadership that will encourage them to take action, we believe that companies should be given encouragements to pursue relevant sustainability claims in their advertising.

It is only when, through general use, sustainability becomes a familiar battleground for advertisers, with point scoring against each other as to who is more sustainable, that real momentum will be gained at consumer level. With conflicting sustainability claims, consumers may be confused, but they will soon learn to be discerning.

This is part of the development of advertising literacy, which we discussed earlier.

Find champions for sustainability

Most of the world is familiar with the way that the Benetton brand of clothing has differentiated itself in advertising by association with issues and causes. This reflects a corporate commitment and it appeals to a wide range of consumers, but of course not all. We cannot expect most brands to align with sustainable issues in quite this way and it might not be entirely constructive if they did. However we believe that it would be a very positive step if some famous and iconic brands around the world could be encouraged to more openly embrace sustainability as a pillar of their brand architectures.

This could be by any element of the promotions mix, not necessarily advertising, however the main point of our argument is that little will happen at consumer level until

companies' principles come down off the 'home.com' sites and somehow into the media and in front of consumers.

It is a mistake to regard the corporate defence to be secure simply because the Web site has pages of evidence on what the manufacturer is doing for the environment, etc. The Internet requires people to want to find out, it is not accessible to all and is not intrusive. It is not surprising that it does not inform in a proactive way, so the extent of commitment of many companies remains largely unrecognised.

To encourage this to happen will require cooperation with pressure groups to ensure that common sense is applied to companies who, by this action, may be leaving themselves open to more attack than they currently suffer. If pressure groups create an atmosphere in which leadership brands prefer to keep their heads well down on sustainability issues, then we can say with certainty that momentum with consumers will never be achieved. In this case the relative sustainability of products will never matter to consumers, or guide their purchasing and lifestyle.

In short, we need icon brands to become champions for sustainability and believe that there are significant advantages for those that are first.

Product labelling/sustainability badging

A major problem revealed by the Pulse study was that motivated consumers lacked the signposts to help them find more sustainable products. Acknowledging the problems associated with 'green' labelling, we feel that more could be done to make controlled use of informative logos on products and in advertising, to help consumers to learn what is sustainable and what is not. We know that consumers look for such information, but are reluctant to trust a logo they do not understand.

The issue is massively complicated, but we believe consideration of use of the logo in some form as signposting to more sustainable alternatives would help consumers to overcome their inertia. Only when the logo is seen working will manufacturers start to covet it and develop products with display of the logo in mind.

To take one example: in terms of consumables (film and processing) digital photography is vastly more sustainable than traditional chemical-based methods, but who knows? Sustainability will never be an issue in choice of camera until people are told the difference and reminded at the point of sale. Since it is no issue to consumers in photography at present, there is simply no incentive for advertisers to try to sell on that platform and any agency suggesting they do so would be lapsing into commercial irrelevance. Pre-testing of such concepts would show that ads focusing on ease of use and picture quality offered vastly more chance of success, to the extent that any marketing person deciding to run such unpromising advertisements might be making a brave stand for the environment, but it could be a very short one!

Strategies and instruments for consumers

Surveys on changing consumer patterns are essential to understand the cultural forces that influence consumers as well as their thoughts, feelings and behaviour. Such information generated through surveys and similar tools is vital for strategic and creative development within the advertising sector. For advertising agencies this means investing time and money in trying to find out what consumers do, and what they want, in order to provide this information to their clients. More sustainable services and products have to be available to consumers. Advertising is needed to stimulate and steer consumers towards sustainable products and services. But advertising for sustainable consumption isn't all about advertising environmental products; it also means communicating lifestyle changes that are desirable to people.

The American Advertising Foundation (AAF) promotes work with multicultural issues for the advertising industry. To implement these issues in the advertising industry they have set out *Principles for Effective Advertising in the American Multicultural Marketplace* and its companion *Recommended Practices*⁽⁹⁾. The content of the documents reflects the group's answers to questions as:

- how can they maximise the benefits of diversity and inclusion throughout their operating processes – from strategic planning and decision-making to creative executions and media buying?
- How can companies ensure that advertising and marketing decision-makers are well-informed about multicultural consumers in the United States? What questions should they ask?
- How can companies ensure that advertising and marketing efforts demonstrate respect for all consumers?
- How to foster a business culture that encourages openness to new information and minority marketing communications resources?

Effectively reaching these customers and contribute to the well-being of their communities are business imperatives in the United States, an increasingly multicultural nation.

Advertisers benefit from collaboration with general market and multicultural advertising agencies to develop world-class advertising that both delights and informs consumers. Development of such advertising requires that racially and culturally diverse decision-makers for marketers and all advertising agencies take advantage of a wide range of expertise and resources.

When does advertising work?

Advertising can work, but it can also fail. It works best when it has objectives that are to do with informing people about choices, in categories they are already conscious of

needing – food, a new fridge, a car. It works less well when it tries to change negative perceptions, especially those that have been formed by experience of the product. Or where it tries to promote something a person is not at present in the market for – a new fridge or a car. It can work not at all when it tries to work against consumer desires or lifestyles, which would be necessary for instance to achieve growth across a broad, mature category, or when it tries to appeal to needs or values that are not driving consumer decision processes.

The most effective advertising campaigns in the United States and Europe are entered each year for award schemes run by organisations including Effies, the effectiveness awards organisation of the American Marketing Association, operating both in the US and in many European countries. Examination of the successful campaign entries reveals almost no cases where advertisers have reported category growth as a result of advertising.

Success is normally measured in terms of growth of market share versus competitors. One might ask in view of the large amounts spent on advertising: 'Is it worth it?' The answer is generally yes, because advertising enables manufacturers who develop product advantages to bring them to market quickly and achieve volume sales to repay research and development investment.

This leads to better products and wider choice, selling at lower costs because of the economies of scale that can be realised.

So, it is clear that it is as futile for advertisers to attempt social engineering through use of advertising as it is for those who see what they consider to be undesirable consumer trends reflected in advertising, to attempt social engineering through censoring advertising messages, beyond the obvious demands of truthfulness and good taste.

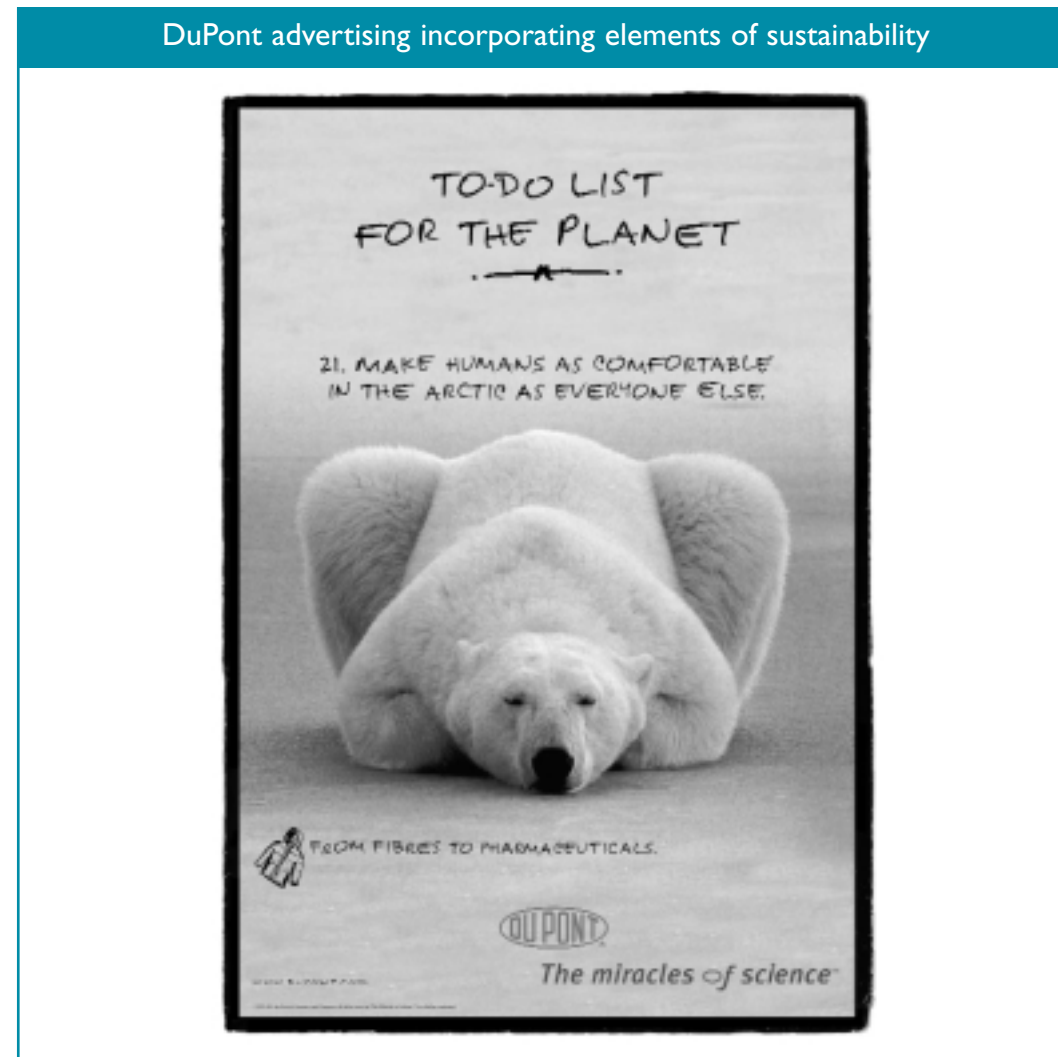
Before valuing the role of advertising, one needs to know much more about what constitutes undesirable products, and the role which advertising plays in their dissemination.

At any time in any society some products and services are banned and their sale is illegal. But the nature of these products and services varies greatly from age to age and society to society. A century ago in United Kingdom opium-based medicines were freely sold and advertised, but the encouragement of homosexuality incurred a prison sentence. Today the prevention of drug trafficking occupies much of the time of the police, while gay dating services advertise on TV. Similar differences exist between countries. States whose economies rely on the production and sales of drugs imprison anyone found using alcohol.

Amid all this relativism, the position of advertising is simple. It obeys the law, whatever the law might be at a given time. Individuals working within advertising hold views, often strongly, as to what should or should not be advertised, and this may determine areas on which they personally are prepared to work. For instance a pacifist would be unlikely to work on a campaign for army recruitment. But in general where and as long as advertising is permitted, advertising will take place.

Changes in the law on product acceptability usually result from the action of pressure groups, often medical or social. Individuals connected with advertising may take part in such groups as their consciences dictate. Corporately, through trade bodies such as the Advertising Association, the advertising industry can find common cause in trying to maintain or extend permissible areas for advertising. That is what trade associations are there for. But unlike many pressure groups, one can be reasonably certain that the Advertising Association would never advocate their members flout a law, however illogical or unjust that law may appear. The advertising industry is, in every sense of the word, a follower of the law.

(9) In response to the greater diversity underutilisation of ethnic marketing, allegations of unfair business practices and findings of a 1999 FCC-commissioned study, the AAF and The AAF Foundation formed a Business Practices Review Committee. The committee drafted the Principles and Recommended Practices for Effective Advertising in the American Multicultural Marketplace. The primary objective of these principles is to increase the representation of people of colour throughout the ranks of our business, to help companies achieve growth by leveraging multicultural and targeted ethnic marketing communications and to promote fair competition. Web site: www.aaf.org/multi/principles.html



3.1.2 Clients and business partners

As we have already established, the role of advertising in relation to sustainability is indistinguishable from the overall marketing mix of manufacturing companies or service providers. Therefore strategies to use advertising to promote sustainability must go hand in hand with the commercial interests of the company. This means that there must be a top-down process of embracing sustainable principles, developing more sustainable products and advertising them.

We believe that it is not only immoral but fundamentally ineffective to try to use advertising to attach sustainable virtues to a

product or service which is not designed for the purpose but happens by accident to be more sustainable in some way than an alternative. A car with very high fuel consumption should not be advertised as more sustainable if it improves by say 5%.

We need to discuss a strategy to build sustainability into the architecture of corporate brands, which will then cascade down through their product ranges and be expressed in advertising strategies. We need to examine where corporate brand architectures come from to see who is missing from the present debate.

Corporate brand architectures

If we imagine that what we see of a brand is the roof of a building, then that is held up by a series of pillars. The pillars represent the values which support the overall brand perception, constructing an architecture for the brand.

The corporate architecture of companies like Nestlé and Lego is expressed in brand books which the various parts of their organisations are required to use as inspiration in product development and marketing communications. A shorthand for this architecture is the corporate mission statement.

To take the Lego example, the book issued in 1999 and signed by CEO Kjeld Kirk Kristiansen starts with the origin of the Lego name as a combination of 'leg godt' or 'play well'. It then explores this concept through learning as a product of play and imagination and creativity as fundamentals of learning.

The book makes clear the Lego company's role in stimulating imagination and in helping children to release the creative potential within themselves and achieve a better future. Although the word 'sustainability' is not used, it is clear that the intentions are fully sustainable within the definition we adopted at the start of this report.

Where do corporate brand architectures come from?

Such brand books as Lego, Nestlé and others place great constraints on advertising which can be created in support of that brand. Advertising must ultimately support and develop such principles to create goodwill and equity for the brand.

Increasingly in the last ten years two kinds of organisation have taken over a large part of a role in creating brands which was once associated entirely with advertising agencies: to a lesser extent management consultancies and to a larger extent branding consultancies.

Management consultancies have led the way in defining the financial value of brands. This is a value which can be bought and sold as famous brands like Dunlop, Rollei, Jaguar, Orange, Omnitel, McDonnell and others are acquired by new owners. Financial analysts know that the brand equity, created in most cases by advertising, is a large part of the desirability of these brands.

Management consultancies are outside the scope of the advertising sector; but can provide valuable consultancy for companies in relation to ensuring that sustainability becomes one of the strongest pillars of the brand architecture. More significantly, however, branding consultancies are an important instrument and in general they do fall within the definition of the advertising sector, since many of the largest are owned by the major agency groups.

Since in the creation or re-direction of brands their work comes long before that of advertising agencies, it is essential that they persuade clients of the necessity of building sustainable principles into brand architectures. David Hensley, European Director of Consulting, FutureBrand, concluded that, based on their research, brands not following sustainable principles of social responsibility were felt at risk.

FutureBrand commissioned some research across France, Germany and United Kingdom in 2001. They asked 448 consumers of varying ages which brands they felt would survive the next 15 years, and which brands were felt least likely to survive, and why. The results show the importance of consistent quality and innovation and the incorporation of aspects of sustainability, in particular elements of social responsibility:

David Hensley, European Director of Consulting, FutureBrand, explains: 'Why, we asked ourselves, would this be? These are adult consumers in western capitalist economies, judging the potential longevity of brands. They are saying that brands not seen to follow social and ecological standards might not survive. Increasingly, it seems, one factor affecting the perceived sustainability of a brand is its adherence to sustainable principles. So how do we explain this from an analytical point of view?

We use a pyramid of brand attributes to define a brand's positioning. This combination of attributes makes a particular brand distinctively attractive to its target audience. The pyramid has three layers. The base level, the 'entry stake attributes', are those required of all competitors in a category. For example, security is normally an entry stake attribute for a bank. These are not normally the attributes that a company chooses to publicise, as they are normally expected of all companies in that segment. Above that is a level of 'qualifying attributes' which add richness to the brand over and above the functionality of what it does.

Companies normally communicate their 'spike attributes' – those attributes that differentiate the company or the brand. For consumer brands, these are the attributes that make the product special. These could be functional attributes, such as flavour, durability, or ease of use. Or they could be emotional attributes, such as sexiness or motherhood. Communicating these reminds the consumer what makes this product different.

For most corporate brands today sustainability should be a qualifying attribute. However, as there is increasing criticism of major corporations and their brands for not supporting and promoting sustainability – such as in Naomi Klein's recent book *No Logo* – sustainability is being elevated to a qualifying. Companies that genuinely can promote themselves as valuing and following principles of sustainability will raise themselves above the throng, and put themselves into the 'premier league'. Companies that can't make these claims – or who can, but fail to assert them – risk being seen as second-class and less preferred.

Given that brands can account for over 50% of the market capital value of many major corporations, that is a considerable risk to shareholder value. So it is increasingly important for top management to be seen to be actively managing their company's reputations. This requires that they ensure that their company does not risk falling into disrepute for breaching the standards of global good citizenship. It also requires that they clearly communicate to shareholders, customers and employees that they are upholding these standards.

And how should brands communicate this? Should all corporate and product brands be rushing to advertise their social consciences? Well, they certainly need to get their values in front of consumers in more dynamic media than their Web sites, but brands that talk about nothing else would risk being seen as 'nice but dull'. But brand communication is a complex art. To be effective it requires using many media, and choosing the appropriate medium for each part of the message. Brand communication includes visual imagery, verbal messaging and all other aspects of the brand experience. What is the most prominent element in PR might just be one of a number of themes developed in radio or television advertising, and a minor part of the imagery on the product packaging

The brand is not just the logo, but the whole perceived personality of the company, product or service. Today's more holistic consumer wants to know more than just what the product or service might do for them. They want to know if they are in sympathy with the providers of the product. They want to know if the values of that brand fit with their values. So to compete effectively, companies will have to let their consumers know what their values are, and demonstrate that they are living up to them.'

David Hensley, European Director of Consulting, FutureBrand

The implication here is that desirable though it may be for us to see advertisers promote their sustainable principles, this is only likely to last until those principles fail to differentiate. Once all brands in a category share the same level of commitment and this is seen by consumers, sustainability is likely to become an 'entrystake attribute' which is unlikely to be promoted. By this stage, however, one may conclude that the job has been done and sustainability is a fundamental requirement of brands. That situation may not be close at present.

As this edited article shows, branding consultancies are powerful allies of the advertising agency in advising clients. Another consultancy, SpringPoint, uses the slogan 'building sustainable brands'. There are therefore a range of partners that can help advertisers to adopt sustainable principles, to incorporate them in brand architectures and to articulate them through advertising.

3.1.3 Performance of the sector

As we saw earlier there is little to be concerned about with regard to sustainable performance within the advertising sector. It is one which is always likely to be at the forefront of exploitation of new materials-saving technologies, because it is vulnerable to market forces. Nevertheless there are areas which can improve.

It is most relevant to look at the performance of agencies and their suppliers, since this is where most of the physical work is done and materials consumed. Figures are impossible to obtain and are very unlikely to be recorded in any accessible form but areas which can be looked at are:

Use of teleconferencing and video conferencing.

- Advertising is a people business and personal relationships often sway the allocation of massive contracts.

Nevertheless there must be scope for reduction of travel expenses, which are a large part in particular of agency costs.

Reduction of hard copy printing.

- E-mail had led to a vast increase in messaging and it is probably accurate to surmise that too many e-mail messages are printed out in hard copy for filing.

Reduced use of video for reel production.

- Greater digitalisation of creative assets leads to less need to hold massive libraries of videotapes. MGED can be stored on the Internet to be downloaded anywhere in the world reducing use of couriers. The arrival of broadband technology will significantly help this process.

Wider use of campaigns.

- As we have seen earlier, use of global campaigns can have significant cost advantages, but runs into the problem of cultural suitability of the material. Nevertheless where consumers become like-minded in their understanding and attitude to categories, most recently in new technologies, banking and to some extent product areas like fashion and beer, greater international use of advertising is achievable.

In relation to this last point, which is fundamental to future improvements in sustainability of the sector, it has to be noted that differences in legal restrictions are a barrier. The failure so far of the European Union to create conditions for cross-border consumption is a constraint on the sustainability of the sector, as is the threat of harmonisation at higher levels of restrictiveness and any undermining of the country of origin principle.

As regards the sectors which serve advertising, like TV production companies, printers, etc, it has for many years been the practice of purchasing departments of major clients to audit not only their agencies, but the suppliers used by the agency. The issue of cost of TV production is a perennial one and pressure on production companies frequently results in bankruptcies.

3.2 Conclusions

We believe that strategies and instruments exist to help the advertising sector play a significant part in sustainable development in the future. The outlook however is heavily conditional on the provision of more evidence in the shape of sustainable products and services to give something for the sector to communicate.

While we feel that blanket promotion of all aspects of sustainability by governments is probably unrealistic, we believe that budgets must be created to promote key areas and to help to educate consumers. We should not rely too heavily on consumer interest in sustainable principles alone to translate into behavioural changes.

What the advertising sector can do for sustainability:

- assist product and service companies to be aware of consumer interest in sustainable principles and opportunities in brand positionings,
- enable manufacturers to make their commitments to sustainability clear to consumers and to differentiate themselves accordingly,
- promote the sustainable attributes for products when appropriate to do so,
- through educational campaigns, provide information and persuasion on sustainable issues,
- ensure that its advertising industry is as efficient as possible.

What the advertising sector can't do for sustainability

- introduce or promote products on sustainability platforms contrary to consumers' actual brand choice criteria;
- censor manufacturers' advertising for products that are not considered by some to be sustainable;
- change lifestyles of consumers in the face of prevailing social trends, for example from disposability to permanence;
- counteract the educational, editorial or legislative context within which advertising operates as a relatively weak force;
- regulate overall demands for goods and services.

Part 4: Looking forward

4.1 Future role of the sector

The most crucial role of the advertising sector in the future will be in signposting the way to more sustainable products for consumers. For this to happen requires many things to be in place:

- companies to devote more research and development to producing such products;
- advertisers and their agencies to be more aware of sustainability issues, advertising codes and best practice;
- consumers to be given guidance to help them overcome their assumption that 'sustainable' products are likely to be more expensive and/or less effective;
- restrictive legislation in some cases to be removed;
- companies to make their commitment to sustainability more visible to consumers.

4.2 Meeting the challenges

4.2.1 Consumer education

We will look here at creating visibility to reward successful companies, assisting consumers in product recognition, achieving lifestyle changes, how to describe sustainability and how to brand sustainability.

Creating visibility

We believe this is a long-term process. It can be kick-started by advertising if governments make funds available and we believe they should do so in order to provide the leadership demanded by the Pulse research described earlier. What may be useful is for the sector to produce a Communications Toolkit for Governments, containing information and strategies for providing sustainable issues.

In addition to this, sustainability needs to be given some 'buzz' which will attract consumer and media attention.

Many sustainability award schemes are already in place but not with a high profile. We believe that national governments together with UNEP should recognise and reward companies or individuals that make significant efforts.

This could take the form of sustainability 'Oscars' or 'Nobel Prizes' and might allow or encourage use in corporate advertising under strict conditions. We see the awards as being limited in time scale (say for one year) and not leading to product badging.

Product recognition

The point has been made that consumers have difficulty in identifying more sustainable options and the temptation is to recommend badging possibly using the sustainability logo. We have to acknowledge however that we are not competent to advise on how qualifying standards could be set and how such a scheme could be administered.

Lifestyle changes

There seems to us to be little prospect of altering lifestyles to suit the needs of sustainability through advertising. This must start in schools and be reflected in the values of society as a whole.

At best advertising can only support and encourage values which are inherent in society. We mentioned earlier how we felt subjectively that portrayal of racial intermingling in advertising might be helping to normalise what for most people may not be a realistic scene today. By extension of this point, we can speculate that there may be other areas where a similar contribution can be made and this can be discussed further within the sector.

Allied to this, the sector can discuss means of avoiding tacit encouragement of unsustainable behaviour by portrayal of waste. Examples

given might be washing a single garment in a machine to demonstrate a product point, or driving a car apparently just for pleasure.

These will at best be very minor influences, but they will add to overall endorsement by the sector of sustainable principles.

How to describe sustainability?

We have said earlier that people do not understand the term, but that many alternative descriptions fared no better in research. From one point of view this is no problem because if people can recognise care for the environment, energy saving, respect for human dignity etc, then why should they need a generic noun for all sustainable aspects?

The answer we believe lies in why advertisers use an umbrella brand like Walls/Algida/Langnese to support many individual products. It is because this way support for one helps to promote all. Although Cornetto is a very different product from Viennetta, they share values inherited from a common parent. Most products in any supermarket are not individually advertised, but gain support from a parent brand like Heinz, Muller, Bertolli, Bahlsen, Bayer etc. This is the so-called 'power parent' model of branding.

How to brand sustainability?

Many words or concepts have no meaning for consumers when first introduced, but if they are promoted well enough, they learn. 'Whassup?' was almost as well known in Iceland and Kenya where Budweiser is not advertised as in many countries where it is.

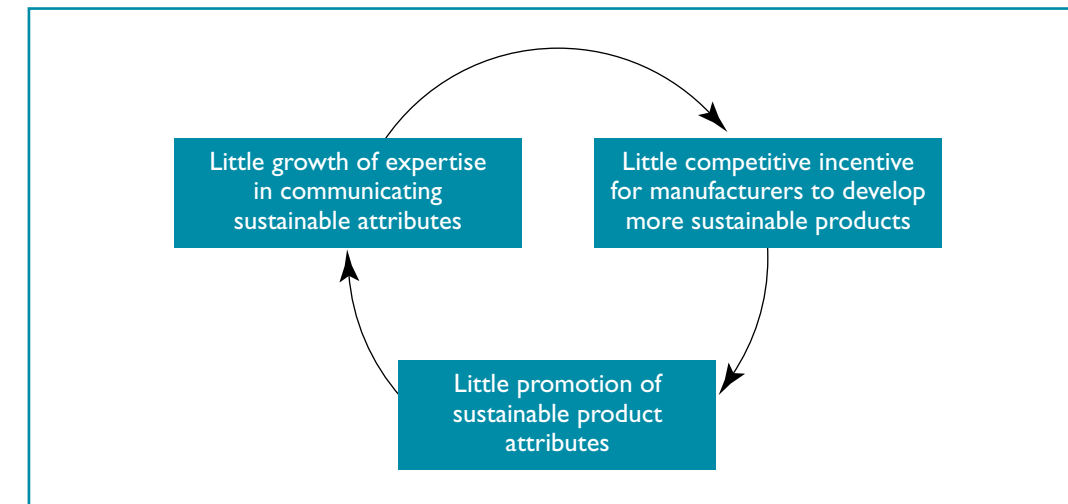
To a new arrival on earth, the Internet would have no meaning that they could guess at, neither would Walkman or disco, and computer would at best describe an adding machine. There are words that have been learned through a mix of advertising and common usage.

What we believe is needed is for sustainability to be referred to in relation to each of its better-known constituents. As an example the UNEP Advertising Advisory Committee contacted BASF to ask it to include mention of sustainability within its interesting corporate campaign [see page 50]. The Advertising Committee supported by WFA and EACA can develop and implement a communication strategy to highlight the linking of brands to sustainability and achieve increased awareness about environmental and social responsibility within the advertising sector.

4.2.2 Research and development

The subject of promoting sustainability is beset by vicious circles. Until consumers value and prefer sustainable products, there is little incentive for manufacturers to invest the often massive sums needed for research and development (R&D).

Until there is product-related advertising support there is little to excite consumers, and so on.



Ultimately we believe that manufacturers will have to demonstrate their convictions by developing sustainable products ahead of explicit consumer demand and where necessary, the price of these products may be subsidised from other products. However to make this work, legislators will have to support the process to ensure that manufacturers are not disadvantaged by less sustainable competitors.

The example of aerosols is a good one where legislation to ban CFCs rewarded the more diligent manufacturers and penalised cut-price competition. Without this, or enforcement of lead-free petrol, consumer demand would never have provided the volume sales necessary to create a wholesale migration to a more sustainable product. The same is true of new emissions legislation.

We are talking here from the point of view of communicators and are not competent to discuss the wider implications of legislation, which in some cases might be very undesirable.

The fact remains that some major companies have found that they do not have to promote sustainable product features in order to sell a more sustainable product. However, the whole subject will be greatly accelerated if companies are able to do so.

4.2.3 Corporate commitment

We have argued this point already. Companies may need to invest in corporate communications on sustainability, and NGOs may need to let them do so without being immediately critical. There needs to be understanding and cooperation between the two. This can only happen by working together at the highest level, with NGOs showing the same level of responsibility as they demand from advertisers.

4.2.4 Agency and consultancy awareness

We need to ensure that advertisers can call on support and advice from well-informed consultants. To this end advertising agencies, PR agencies and branding consultancies need to get themselves in to a position to not only understand the issues, but to be authorities on promoting sustainability as part of marketing communications, as well as corporate communications.

To this end the European Association of Communications Agencies (EACA) has already organised a conference together with UNEP. This was planned for March 2002 and aimed to expose consumer research, plus successful advertising case histories.

EACA has also appointed a board member to be responsible for promoting and tracking progress of sustainable objectives among member countries. Aim will be to stimulate conferences in all countries, to gather insights on how the sector can help to promote the aims of sustainable development and to assess progress. He will also co-ordinate EACA activities with client and media representative bodies.

In addition, advertising agency McCann-Erickson has produced a brochure in cooperation with UNEP, for mailing to leading companies entitled *Can Sustainability Sell?* This contains examples of the groups' experience across advertising, PR and branding consultancy disciplines. The company will continue innovation on linking sustainability to the advertising sector, in particular when supporting clients in brand development and via internal training and seminar sessions.

Since the agency business is pre-occupied with receiving awards, it seems natural for a sustainability award to be offered within the leading creative and effectiveness competitors. This will hopefully encourage the monitoring of results from environmental campaigns which often are not as disciplined as product advertisers in tracking effects. Discussions are being held with organisers at the time of going to press.

This will help to create a library of good cases to provide further incentives to stimulate activities and to help establish best practice in dealing with sustainability issues. This can be researched and documented in co-operation with leading research representative bodies like ESOMAR, the World Association of Opinion and Market Research Professionals.

The Advertising Federation of Australia's (AFA) Code of Ethics which we referred to earlier is already being examined in Europe and United States and representative agency bodies will consider adopting a similar

programme. The code aims to correct any aspects of agency behaviour which might lead to public distrust of the business and undermine respect for advertising itself. In addition to the passage already quoted, the code includes guidelines such as:

Stand up for what you believe is right. Be open-minded and receptive. If something's wrong, try to resolve it. Let a well-informed conscience be your guide.

Don't break the law. Don't bend the law. Think beyond legal argument to moral argument – the spirit of the law. Don't stretch the truth. Don't look for loopholes.

The further possibility of widening the code to directly embrace sustainability issues beyond stereotyping will be closely examined and discussed.

UNEP has so far worked with EACA on behalf of which McCann-Erickson has played an important role. This contact needs to be broadened to heads of as many of the major agency networks as possible. UNEP needs a relationship with group holding companies like WPP, Interpublic, Omnicom, Havas, Publicis in the same way as it does with Unilever, P&G or Shell, as well as with the American Association of Advertising Agencies (AAAA).

UNEP can help to produce a 'green housekeeping guide' for agencies and EACA has indicated agreement with its United States counterpart AAAA's suggestion that they should join the United Nations Global Compact. This commits the sector to a range of principles and to demonstrate practical progress on an annual basis.

4.2.5 Cross-fertilisation

The process of increasing awareness on all sides of the advertising sector can be advanced by involvement in each others' conferences and workshops. This process has already started with UNEP speaking at the EACA conference in Johannesburg in October 2000 and at WFA's World Congress in Tokyo in October 2001. EACA will speak at the UNEP 7th International High Level Seminar on Cleaner Production in Prague in April 2002.

4.3 Conclusions

We hope we have made it clear we believe there is a lot the advertising sector can do to help to promote sustainable development. The key requirements are that companies increase the number of truly sustainable innovations to promote, and consultants in the communications field as a whole put themselves in a situation to be able to give expert advice and to channel their creative professionalism into supporting advertisers, ventures.

We have high expectations that both the client and agency sides of the sector are able to do this. The major client companies have acknowledged the need and the agencies are well used to becoming experts in a new field, as they have recently had to do in the case of interactive communications.

In categories where dynamic development is becoming less frequent, a new theme like sustainability presents opportunities to the first to establish leadership and threats to those who are slow in reacting.

We appeal to governments to help us ensure that effective self-regulation of advertising is in place everywhere and to progressively remove barriers to cross-border communications. Where this requires harmonisation of laws, we strongly request that this be done on the basis of least restriction as far as this is consistent with the need for actual consumer protection.

As a sector we strongly reject any suggestion that images of particular lifestyles should be withheld from some consumers, in order to artificially 'protect traditional lifestyles', or 'reduce envy and demand for improved living standards'. We believe this is immoral.

On the other hand we believe that advertising in general needs to respect sustainable aims and where commercially realistic to do so, should seek to promote those aims.

Finally we appeal to governments to join the media and manufacturers in giving leadership and direction to consumers, to help us turn their sympathy into action.

Annexe I: Further information

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The World Federation of Advertisers (WFA) - 'The Voice of Advertisers Worldwide'. WFA is a unique, worldwide network, thanks to its dual membership: 46 national advertisers associations and nearly 30 corporate members. Through them, WFA represents more than 5,000 businesses operating in a broad spectrum of sectors at national, regional and global level.

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The European Association of Communications Agencies is located in Brussels. The association was originally founded in 1959, primarily as an association of national agency associations. The name, during the first 40-plus years of activities, was The European Association of Advertising Agencies (EAAA).

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Founded in 1917, the American Association of Advertising Agencies (AAAA) is the national trade association representing the advertising agency business in the United States. Its membership produces approximately 75% of the total advertising volume placed by agencies nationwide. Although virtually all of the large, multinational agencies are members of AAAA, more than 60% of our membership bills less than USD10 million per year. AAAA is not a club. It is a management-oriented association that offers its members the broadest possible services, expertise and information regarding the advertising agency.

UNEP contribution to the World Summit on Sustainable Development

The mission of the United Nations Environment Programme (UNEP) is to provide leadership and encourage partnerships in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations. The UNEP Division of Technology, Industry and Economics (DTIE) contributes to the UNEP mission by encouraging decision-makers in government, business, and industry develop and adopt policies, strategies and practices that are cleaner and safer; make efficient use of natural resources, ensure adequate management of chemicals, incorporate environmental costs, and reduce pollution and risks for humans and the environment.

This report is part of a series facilitated by UNEP DTIE as a contribution to the World Summit on Sustainable Development. UNEP DTIE provided a report outline based on Agenda 21 to interested industrial sectors and co-ordinated a consultation process with relevant stakeholders. In turn, participating industry sectors committed themselves to producing an honest account of performance against sustainability goals.

The full set of reports is available from UNEP DTIE's web site (<http://www.uneptie.org/wssd/>), which gives further details on the process and the organisations that made it possible. The following is a list of related outputs from this process, all of which are available from UNEP both in electronic version and hardcopy:

- industry sectoral reports, including
 - accounting
 - advertising
 - aluminium
 - automotive
 - aviation
 - chemicals
 - coal
 - construction
 - consulting engineering
 - electricity
 - fertilizer
 - finance and insurance
 - food and drink
 - information and communications technology
 - iron and steel
 - oil and gas
 - railways
 - refrigeration
 - road transport
 - tourism
 - waste management
 - water management

- a compilation of executive summaries of the industry sectoral reports above;
- an overview report by UNEP DTIE;
- a booklet including an extended version of the executive summary of the UNEP overview report;
- a CD-ROM including all of the above documents.

UNEP DTIE is also contributing the following additional products:

- a joint WBCSD/WRI/UNEP publication entitled *Tomorrow's Markets: Global Trends and Their Implications for Business*, presenting the imperative for sustainable business practices;
- a joint WB/UNEP report on innovative finance for sustainability, which highlights new and effective financial mechanisms to address pressing environmental, social and developmental issues;
- two extraordinary issues of UNEP DTIE's quarterly *Industry and Environment* review, addressing key regional industry issues and the broader sustainable development agenda.

More generally, UNEP will be contributing to the World Summit on Sustainable Development with various other products, including:

- the Global Environmental Outlook 3 (GEO 3), UNEP's third state of the environment assessment report;
- a special issue of UNEP's *Our Planet* magazine for World Environment Day, with a focus on the International Year of Mountains;
- the UNEP photobook *Focus on Your World*, with the best images from the Third International Photographic Competition on the Environment.