# The social contribution of brands

Steve Hilton, *Good Business*

Few propositions are more likely to unleash a barrage of anti-globalisation chuntering than the suggestion that brands have a social value. Ask consumers to explain their brand preferences in the limited context of their own personal experience, and they will happily extol the virtues of McDonald's, Coca-Cola, Nike et al: 'great value', 'a refreshing treat', 'cool shoes' are typical responses. But tip the conversation into the more abstract arena of the role that these brands play in 'society,' and even the most mild-mannered shopper is transformed into a fully paid-up member of the Naomi Klein gang. Suddenly, the talk will be of 'the Americans taking over the world,' 'junk food making our kids fat,' 'Third World workers being exploited.' The same ambivalence can be observed among the commentator classes: open any newspaper and you'll find praise in the business pages for leading brands' financial performance, tempered elsewhere in the same publication by agonised hand-wringing over the impact of this or that brand on our communities, our values and our way of life. Brands, it seems, are great for 'us'; disastrous for 'them.' Good for business, bad for society.

It seems to me that those involved with branding have a duty to rebut these arguments, not just to triumph in dinner-party debate, but in order to ensure that society benefits to an ever-greater degree from the positive contribution brands can make to it. That won't happen unless we're clear about what exactly that social contribution is.

Quite apart from the many and substantial economic benefits that brands bring to society, covered elsewhere in this edition, we can and should be clear about the following: brands are a spur to socially beneficial innovation; they are a powerful mechanism for consumer protection; they create pressure for responsible business practices and corporate community investment, and finally (this is where the *No Logo* brigade break into stunned guffaws of outrage, in my experience), brands play a part in building and maintaining social cohesion. So you see, if you're a brand manager today, you're not just a rotten, cynical cog in the exploitative wheels of capitalism, you're practically Mother Theresa. Read on…

Innovation is at the heart of social progress. Think of the myriad social benefits innovation has brought the world – to take just one example, the emancipation of women made possible by the ending of washday drudgery. It's difficult to imagine the misery and sheer hard work that was the lot of the female in most families before the advent of the washing machine's unattended cycle. Countless aspects of daily life have been transformed through innovation, enabling people to live easier, happier, more enriched and more comfortable lives.

When it comes to companies' product and service innovation, it is the brand – not the company, or its inventors – that is the essential component. Without a brand, companies and their inventors wouldn't risk innovating, since they wouldn't be able to associate new products and services with their own efforts and investments, and would therefore not be able to capture the benefits of innovation. And it is the brand that enables new ideas and technologies to be packaged and communicated to consumers in a way that they can relate to.

Some leading brands are now explicitly using the innovation process for social benefit by turning social needs into market opportunities: Unilever designing low-cost consumer products that meet the hygiene and nutrition needs of the rural poor in developing countries; $O_2$ using mobile technology to enable asthma sufferers to receive prompt diagnosis; HSBC creating finance products for Muslim customers that are consistent with Sharia law.

Behind every great brand lies a valuable social benefit delivered through innovation. Even the most trenchant critics of Bill Gates and Microsoft would acknowledge the huge social value unleashed by enabling individuals, businesses and social organisations to transform their effectiveness through personal computing and accessible software. But would any of it have happened if consumers had not been able to associate the new computing products with the Microsoft name and logo? Value, choice, effectiveness, taste, functionality, convenience: in order to prosper, businesses have to offer consumers these benefits, and when they do, people's lives are improved. Without brands, there would simply be no point in businesses competing, investing and innovating in order to offer ever-greater numbers of people around the world more and more of these valuable social benefits.

As well as the specific social benefits arising from the product and service innovations of specific brands, there is a general source of social value that can be found in all brands. Brands act as the most powerful mechanism for consumer protection yet invented. This original purpose for brands is still one of their most important contributions to social welfare today.

Brands' need to create and maintain customer loyalty is a powerful incentive for them to guarantee quality and reliability. Sony ensures that its televisions do not malfunction so that those who buy them might subsequently return to the Sony brand for a video games console that they know will work. The management of Electrolux does not need a regulator to force it to make domestic appliances that don't electrocute their users. And when something does go wrong – as in well-known instances such as Ford cars and Firestone tyres – consumers are best protected when a brand is involved, as a brand will most

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urgently want to put things right. Brands are a mark of quality and reliability as powerful as any regulator's kitemark.

Product health and safety is one dimension of a tide that's lapping ever more insistently at the feet of policy-makers in the private, public and non-profit sectors alike: corporate social responsibility. The purpose of corporate social responsibility is to reduce the negative social and environmental impacts of business activity. But the *pressure* for corporate social responsibility comes from brands. It is those companies who have brand reputations to build and protect that have the greatest incentive to ensure that their social and environmental impact is as positive as possible.

In other words, the argument is the very opposite of the one which Naomi Klein and her supporters would have us believe. Far from causing bad outcomes for society, brands are revealing them. Brands do not lead to social and environmental damage; they're helping to deal with it in their capacity as the public face of private sector activity. Brands are a battering ram for positive social change. In part, positive social change is a process that goes hand in hand with economic development, in the same way that social conditions in the rich West have improved since the Victorian era. But in the developing world today, it's happening more quickly than it otherwise would specifically because of corporations' need to protect brand value by meeting consumers' expectations of how companies should behave.

But there's more to the social value of brands than the pressure they create for companies to be more responsible. They offer the opportunity for companies to go further: to carry out, and benefit from, activities that make a direct and active business contribution to tackling social and environmental problems. Brands can be the platform for corporate social leadership.

This is where brands do more than simply comply with society's expectations: they exceed them by applying their resources creatively for community benefit. In the past, this was manifested through the 'enlightened self-interest' pursued by early brand pioneers like Cadbury's, whose owners invested in housing, education and social welfare programmes for their employees.

Today, it is less likely to be financial resources which brands deploy in pursuit of social objectives, and more likely to be creative and emotional resources which give them credibility as agents of positive social change.

Nike, for example, has pioneered a solution to the growing problem of bullying in primary school playgrounds by designing a new system for encouraging creative and positive play activities in break time under the 'zoneparcs' banner. Pilot projects were so successful in tackling bullying and anti-social behaviour that the programme is now being rolled out nationwide in partnership with the Department for Education and Skills. One of the key components of zoneparcs' success was the application of Nike's youth insights and brand appeal, making the initiative credible and aspirational. MTV is another great example, using its youth appeal to raise awareness of issues like HIV/AIDS, environmental concern and human rights.

The final component of brands' social value relates to a fundamental human desire: to come together with other people. This is the positive counterpoint to one of the most frequently cited criticisms of brands – that they impose homogeneity on a diverse world. If they do, it's because individual people have made that choice. Brands promote social cohesion by enabling shared participation in aspirational and democratic narratives.

The greatest brands in the world are today's equivalent of the fireside stories and fairy tales that acted as social unifiers in the days before mass media communications. Coca-Cola taught the world to sing; Nike celebrates human endeavour; Nokia connects people; Lux soap gives Asian women self-confidence; Budweiser made heroes of the blue-collar workers who built the land of the free. These brand messages have a social value far in excess of the specific, instrumental factors outlined elsewhere in this edition.

Brands represent ideas, stories, social solidarity. In the years ahead, the challenge for brands will be to champion new ideas, new stories, new and more inclusive ways to achieve social solidarity. In so doing, they will continue to make an incalculable contribution to social progress.

## Brands perform!

A new study from PIMS, the evidence-based consultancy, has shown that brands drive both competitive success and real economic market growth. The study, which updates a report published in 1998 and uses the PIMS Database to assess the role of branding, reaches three main conclusions:

1. A gain in market share for branded businesses results from gaining advantage over competitors in the areas of innovation, consumer-perceived value and image.
2. Wider economic benefits are likely to arise where product branding exists, as these businesses invest larger sums, and invest more efficiently, in innovation.
3. Profitability is higher in branded fmcg businesses than their non-branded counterparts.

A copy of this report is available from the British Brands Group.

## Farapack briefing 2004 – new technologies for innovative packaging

A major showcase of innovations in new technologies for packaging is being organised by the Faraday Packaging Partnership. To be held in York on 21st – 22nd October 2004, the event will cover a range of themes from consumer insight, design and innovation through to materials and pack engineering. More information is available from pauline.king@faradaypackaging.com

## Enforcement directive adopted

The British Brands Group welcomes the adoption by the Council of Ministers of the Directive on the enforcement of intellectual property rights such as copyright, trademarks, designs or patents. The Directive requires all Member States to apply effective, dissuasive and proportionate remedies and penalties against those engaged in counterfeiting and piracy. As Internal Market Commissioner Frits Bolkestein said, 'When intellectual property rights are not respected, there is less investment in innovative industries, research and cultural promotion. That means everyone in Europe loses out.'