



## *Epler Wood Report*

### Ethical Marketing

The world was shaken to its core by a conflict of fundamental values on 9/11, values so strong that neither side has been willing to communicate and find common ground since. With the Iraq war, Bush and his administration proved to the global community that they could successfully market a conflict, where U.S. lives were lost, without factual substantiation. They achieved this by powerfully calling upon their constituents to support actions based on values of deep importance to the people of the United States. Love of democracy, fear of evil dictatorships with dangerous weapons, and support for the liberation of a subjugated people are core values for the U.S. because this country's people believe they have consistently created a better world for others, and most resent any suggestion to the contrary.

Core values guide the actions we take as nations, citizens, or consumers. Marketing can be based solely on the facts, but the more powerful approach harmonizes with the values of the customer. The problem is values can be easily manipulated to justify actions without factual basis. So what is ethical marketing? I would suggest it is an honest and factual representation of the product, delivered in the framework of cultural and social values of the consumer.

Almost every action we take within our respective cultures around the world is based on our core value systems. Most people justify their actions according to their beliefs. Our preferences for products are closely allied to a desire for pleasurable experiences like driving down the coast in a convertible or feeling smooth, blond hair after shampooing. Marketing must deliver the feeling of silky hair; not just the statistics of how much detergent is in the formula. Values help us to understand what feelings the consumer desires; like pride in democracy, freedom to roam in beautiful landscapes, or to have beautiful long hair. The analysis of cultural values helps to predict many things; the possibility of war, the likelihood of saving an endangered place, or the motivations that drive a consumer to buy a product.

#### **Current Trends in Global Markets**

Two mega-trends have emerged in the global marketplace since the turn of the 21<sup>st</sup> century. One is a global surge in cost-cutting competition. U.S. airlines are literally crumbling due to this trend. The Internet and global labor markets are fueling a war on prices which is so strong that the cut-rate



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product store Wal-Mart has become the largest corporation in the world. Wal-Mart's mission is "to lower the cost of living." The retailer now has 4,400 stores in 10 countries and sells general merchandise, food, and gasoline. It works with 30,000 suppliers worldwide, using the largest satellite communications network in the world to compare prices between suppliers and select the lowest one. Using China's huge low priced labor market and production capacity as their limitless reservoir of goods, Wal-Mart pressures the world's prices for goods ever downward. There is no concern about social welfare or environmental conservation in this formula.

The other trend is fair trade. The idea of fair trade is that consumers pay a guaranteed commodity price to a small group of producers. The producers agree to pay fair labor prices and conserve the environment. Fair trade is still a micro market, but it is expanding across retail and commodity sectors, similar to Wal-Mart, indicating that its market can grow exponentially. Fair trade is the consumer's antidote to globalization, and its proponents make their case through schools, local authorities, supermarkets, unions, celebrity chefs, rock stars and politicians. European sales are presently growing 20% per year. Fair trade avoids the trap of imposing difficult standards upon already poor producers. This pact between the developing and developed world sets the stage for a type of commerce that is ethically based. It simply asks that the consumer understand the needs of the producer.

### **Fostering Ethical Markets**

In the United States, fair trade is still new and lesser known than the concept of green marketing. A great deal of research in the 1990s looked at the potentially huge green market for products, given that nearly 80% of the U.S. public supports environmental conservation. Early research indicated that consumers would be willing to pay a premium for environmentally sound or green products. But this "green premium" failed to materialize for most businesses. One green market expert Ken Peattie states, the "ecopreneuring approach works on the assumption that green products can be environmentally superior while also price competitive. But it is a tall order for greener products to match or exceed their conventional rivals, while conventional products do not have to attempt to match eco-performance and can undercut the prices of their green rivals."

My experience at The International Ecotourism Society over 12 years indicated that our hard working green entrepreneur members found little advantage in the marketplace for meeting ecotourism standards. Their activities, in the rain forest and wilderness areas, were the key attraction, and in fact most companies did have a real incentive to help conserve natural areas where their companies



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worked. But efforts, for example, to support local communities were not rewarded in the marketplace. One of the most well-known and awarded ecolodges in the world which I visited numerous times never made an effort to hire local people. In fact, the marketplace was not alert or even aware of the standards for ecotourism, and there was absolutely no green premium for boosting standards.

While fair trade has made a strong case with the consumer that an additional cost is justified for the producer, many green products have yet to make this case.

### Understanding the Values of the Concerned Consumer

The book "Cultural Creatives" by Paul H. Ray and Sherry Ruth Anderson, published in 2000, summarizes 13 years of survey research on more than 100,000 Americans (the word Americans is used here as it is in the book referenced to mean people of the United States), hundreds of focus groups, and sixty in-depth interviews. The authors state that "since the 1960s, 26 percent of the adults of the United States, 50 million people, have made a comprehensive shift in their worldview, values and way of life – their culture in short." They call these people Cultural Creatives. While 26% of the U.S. population is perhaps not large enough to change the country's political directions, it represents a significant market interested in a different set of priorities.

The Cultural Creatives are without question the market for fair trade, organic products and ecotourism. They come to an understanding of their world through a process of reading, referral, peer groups, trusted media sources, and word of mouth. A summary of their most salient characteristics follows, though reading the entire book is highly recommended.

Nearly all Cultural Creatives are committed to environmental protection and global sustainability. Eighty five percent are attracted to what is foreign and exotic. Sixty percent are women. The core group of about 24 million, are highly educated professionals, often involved in creative professions, who actively practice a spiritual life and social activism. The remaining group, which I call the "secular greens" of about 26 million, live a life without stressing spirituality or social activism, are slightly less educated, and work in professions that rely less on creativity.

The habits of Cultural Creatives give vital clues on how they gather information, form opinions, and enjoy life. They are much more likely to be book buyers and listen to U.S. National Public Radio than the general public. They watch much less television. They are steady consumers of arts and culture. They love knowledge intensive products, read labels, and analyze products before buying. They are



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crazy about food; gourmet food, natural foods, and ethnic exotic foods. They love adventure, if it is not too dangerous, and are drawn to authentic products that are not overly commercialized. The core Cultural Creative group is deeply involved in self-discovery and personal growth, and attending self help and health oriented workshops.

Their values and beliefs do not hinge on traditional religion or core American values, as articulated by the Bush administration. They often feel alone and isolated in their way of thinking, because the media rarely reflects their values. Over 80% of Cultural Creatives believe that the environmental crises justifies changing their way of life. And the core group of 24 million believe that a deeply, emotional response about the fate of the Earth is an appropriate, intelligent and essential foundation to engagement with the world.

### Ethical Marketing to Cultural Creatives

While the Cultural Creative research focused on the American public, the researchers have looked at Europe (in less depth) and found similar trends. It is likely that these values can also be found in the middle classes of countries worldwide among generations that have been educated, become part of peer groups that are concerned about the environment and social issues, and have creative or spiritual bents.

Reaching this market with authentic information that is factually based but resonates with their values will be an ethical way to bring greater balance to our world, and build a constituency that will seek out products that protect the environment, culture, and communities. It is one of the few viable antidotes to the increasingly dominant Wal-Mart cost-cutting approach.

### **Step One: Mobilization**

Cultural Creatives believe they are isolated. The vast majority of media information does not resonate with their values. Research shows that they do not trust sound bites or advertising. They want to understand the big picture first. They avoid direct mail or literature that has too much underlining and bullet points. They avoid quick, jumpy prose that has attitude but is light on a caring and insight. They want their information qualified by a reliable source first, and then they will read in depth. They trust friends, peer groups, respected experts, alumni groups, museums, art centers, and research institutions. They demand quality materials, and they want the materials to give them a feeling of reliability and trust. Mobilizing this group takes subtlety, a deep understanding of the subject, strategic alliances with reliable institutions, and an ability to produce information-rich materials that have a beautiful and exotic flair.



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### **Step Two: Dissemination**

Once this group has been mobilized, they need to receive a clear and consistent message through reliable, trusted outlets. While Internet commerce appeared to be the answer, in fact the Internet is not a reliable source of information, so this trend crashed as quickly as it emerged. The Internet cannot effectively market information, but it can certainly sell effectively once the consumer is convinced by other means.

The need for the information to be qualified by a friend, peer group network, a conservation organization, a community organization or arts group appears to be one of the most vital means to build trust in this market. Academic institutions have a tremendous opportunity to help disseminate important information to Cultural Creatives through their magazines, alumni associations, and tours because they represent reliable information.

### **Step Three: Product Delivery**

No consumer product can maintain and build a market without delivering a reliable and trustworthy product. In the case of ecotourism, Cultural Creatives are the perfect fit — they are looking for experiences that deliver a bigger picture of what is happening in the world! One key element that Cultural Creatives look for is the opportunity to discuss and share their stories as part of the program. Because they love to learn, they are happy to be given a highly educational program or plenty of background information on products. But they need structured time to share, build community between themselves and tell their own stories. Allowing Cultural Creatives to build lasting peer groups as part of their experience with a product is a sure way to not only maintain the market, but to build it.

### **Step Four: Labeling**

Cultural Creatives do read labels. But most research indicates that the cost of certifying the product is likely to elevate cost. All recent research indicates that consumers are not ready to pay more for green products. In fact, green purchasing habits appear to be on the decline. While efforts to certify green products solve the dilemma of proving that a product is green for the consumer, they do not solve the question of how to cover the cost of being green and certified for the producer.

The Fair Trade approach is a fascinating and important model, because it asks the consumer to realize that the cost of a product is related to the cost of labor and environmental solutions



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involved in producing it. This compact between producer and consumer is directly related to price, not a set of complex standards. This is perfect for Cultural Creatives who long to understand the big picture, and are ready to commit to changing their way of life" if the environmental crises justifies it." Fair Trade induces consumers to look at the underlying costs of being green.

### **Building a Responsible Culture**

The ethical marketing movement must educate, educate, educate the market about what produces fair and responsible experiences and products. The consumer needs to understand the big picture and come to a greater understanding of the importance of changing their habits. Stories of real people and real places throughout the world will also help make the importance of the ethical market more and more real to consumers.

Ethical marketing factually represents products that resonate with consumer values. While marketing is primarily used to build consumer interest in products, ethical marketing can be applied to much larger issues. It can build interest in building a better more sustainable world, peaceful approaches to global security problems, and support for the conservation of parks and biodiversity. The Cultural Creatives research shows that standard marketing and sales techniques actually drives customers away. But with a more sensitive, peer and civic based approach to marketing, it is possible to reinforce an entire cultural shift away from valueless commercialism. The ethical marketing work ahead is not easy, but there is no question that there is a very large pool of individuals worldwide hoping we will reach them.

### **Resources**

*Is this Axis Evil ?*, Karen Lowry Miller, International Newsweek, April 28, 2003

*Retail Therapy*, John Vidal, Outlook, The Guardian Weekly, April 24-30, 2003

*Rethinking Marketing: Shifting to a Greener Paradigm*, Ken Peattie, in Greener Marketing, A Global Perspective on Greening Marketing Practice, Green Leaf Publishing Limited, Sheffield, U.K., 1999

*The Cultural Creatives, How 50 Million People are Changing the World*, Paul H. Ray and Sherry Ruth Anderson, The Rivers Press, NY, U.S., 2000