

## Sustainability and Brand Value

### *Sustainability of a brand – the power of consumer perception*

We as customers are usually radical in our research in making decisions on the goods and services we purchase, but are often reactionary at the checkout counter. This behaviour is linked to views and associations that we have formed of a particular brand. A recent survey found that the average American could name around 10 species of plants, but over 1000 brand names! Certain brands have inextricably linked themselves to the product itself that consumers often think of the brand when they want the product – do you find yourself asking for a Kleenex when you want a tissue, or referring to a photocopy as a Xerox? These everyday examples show the way brands can, and have, a powerful association to the product and as such have a high intangible value association. The first, most well published, brand valuation occurred in 1988 when Philip Morris purchased Kraft for \$12.6 billion - six times what the company was worth on paper. The price difference, reportedly, was the cost of the word “Kraft.”

What then is the connection between brand and sustainability? It lies in how brand reputation can be a powerful marketing force, but can also be susceptible to consumer backlash. Nike, with its alleged child labour supply chain issues, Shell, post the Brent Spar and Nigerian Ken Saro-Wiwa incidents and some of Australia’s major banks, after significant regional branch closures will all claim that their brands have been affected by their actions, or indeed inaction’s. On the opposite side, are there market (brand) opportunities that companies are capturing as a consequence of being perceived as sustainable? Consider Bendigo Bank, which many believe to be an ‘ethical’ bank due to its regional and community based banking philosophy, capturing niche market sectors deserted by other major Australian banks. The Body Shop founder Anita Roddick claims that her stores aren’t about what they sell, they are the conveyers of a grand idea - a political philosophy about women, the environment and ethical business. As the well-

known book by Naomi Klein No Logo iterates most baffling of all to Wall Street, it (The Body Shop) pulled off the expansion without spending a dime on advertising. Who needed billboards and magazine ads when retail outlets were three-dimensional advertisements for an ethical and ecological approach to cosmetics? The BodyShop was all brand.

Brands can also re-invent themselves. Just consider how Nike, Shell and Westpac Bank have tried to re-invent themselves over the past five to ten years. Shell now has a corporate sustainability strategy with the ultimate objective of being 50/50 by 2050 – that is, to be a 50% renewable energy company by 2050. Nike has introduced labour reform packages and claims to have in place independently audited supply chain protocols, and Westpac has in place a corporate social responsibility strategy.

So when you next frequent the supermarket perhaps you may stop to think about whether you needed some Gladwrap, or whether indeed what you needed was some plastic food covering. Consider what positive and negative environmental and social issues are associated with the variety of products on the shelf, their prices and then make a more informed decision, without letting brands alone determine your spend.

***Previously published in an edited format in Engineers Australia – August 2003***

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