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## Ethical Branding

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## Ethical Branding

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### Informed Consumers

The internet enables individuals to instantaneously learn about almost any topic. A world of information is accessible with the tap of a finger, and the modern consumer takes full advantage of this convenience.

These days, consumers interact with a constant stream of updates including sports, entertainment, current events, business, and more. This has led to increased interest and dialogue regarding a plethora of social issues, such as climate change, gender equality, and wealth distribution. Consumers are concerned about these matters and strive to understand them. Consequently, buyers have never been more informed than they are today.

For modern businesses, informed consumers with immediate access to the internet create many positive consequences. Companies now have the opportunity to utilize the internet and social media to build their brands and expand their consumer bases.

However, with greater exposure comes greater scrutiny, and most of this inspection takes place online. Consumers are becoming increasingly invested in a company's adherence to corporate social responsibility (CSR).

According to *Investopedia*, corporate social responsibility is defined as, "a self-regulating business model that helps a company be socially accountable".<sup>1</sup> This self-regulation may be accomplished by prioritizing issues that consumers care about, such as "corporate giving, sustainability and the environment, employment practices, product health and safety, and privacy and data protection."<sup>2</sup>

The act of participating in these efforts is referred to as ethical branding. This article will walk you through what it means to be an ethical brand, what consumers expect of an ethical brand, and what steps your company can take to meet those expectations.

### Ethical Brand

According to *The Branding Journal*, an ethical brand is defined as,

"A brand that represents a company, organization or person whose products, services and activities:

- 1) Are morally correct**
- 2) Do not harm people, animals, and the environment**

### 3) Contribute to society and public good in a responsible, positive, and sustainable way"<sup>3</sup>

Keep in mind that consumers have high expectations. Last year, the market research firm *Mintel* conducted a survey of three thousand internet users.<sup>4</sup> Figure 1 displays the percentage of respondents, grouped by generation, who selected the statement “I care if brands/companies represent my personal values” as one that best applies to their opinion about brands and companies.

"I care if brands/companies represent my personal values."

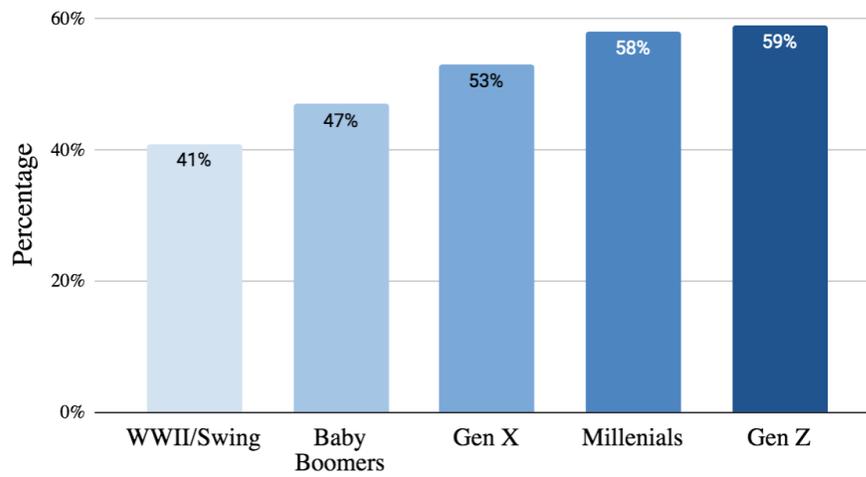


Figure 1

As time goes on, more consumers will likely become concerned with how companies reflect their personal values. It is up to the brand to first decide what core values it wants to emphasize and then remain committed to those values.

Similarly, *MNI Targeted Media Inc.* conducted a general study of over two thousand Generation Z (Gen Z) university students. Two of the findings are particularly pertinent to this subject. First, Gen Z makes up **40% of all consumers** in 2020. Second, **over 50%** of respondents state that “knowing a brand is socially conscious influences purchase decisions.”<sup>5</sup>

Ethical branding is crucial to the success of your business. Consider the following three findings from a *Cone Communications* study of one thousand American consumers.<sup>6</sup>

1. **78%** want companies to address important social justice issues.
2. **87%** will purchase a product because a company advocated for an issue they care about.
3. **76%** will refuse to purchase a company’s products or services upon learning that it supports an issue contrary to their beliefs.

Clearly, establishing a reliable, ethical brand can make or break your company.

## Consumer Expectations

In the same study conducted by *Mintel*, respondents were asked to select the best ways a company can show that it practices ethical branding. Figure 2 displays the results by percentage of respondents that selected each statement.<sup>7</sup>

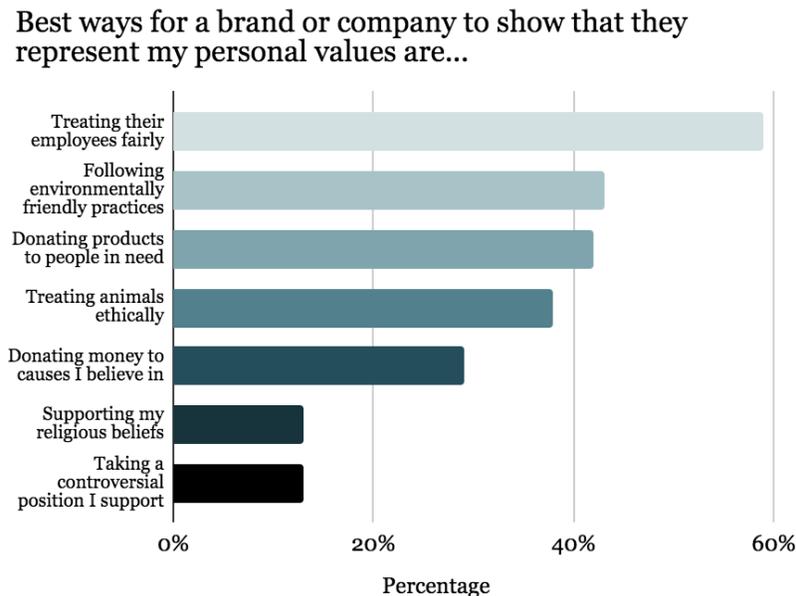


Figure 2

These are key issues that consumers are concerned about when considering a brand. Pay special attention to treatment of employees, environmental-friendliness, and charitable giving.

Additionally, **over 60%** of respondents in the same study concluded that companies have a responsibility to do the following:

1. Protect their customers' health or safety.
2. Listen to their customers' concerns and complaints.
3. Respect their customers' privacy.
4. Be honest about their business practices.
5. Pay all employees a living wage.<sup>8</sup>

These beliefs parallel consumers' core values, which are: the health and safety of employees, the rights of customers, and the integrity of the company. Keep these in mind when implementing social responsibility practices within your own company.

## How to Begin

Now that you understand the importance of shaping your company into an ethical brand, follow these steps to get started:

- 1. Conduct research on your consumer base and become familiar with the issues it cares about.**
- 2. Establish core company values that reflect those of your consumer base.**
- 3. Apply those values to your products, marketing strategies, and external interactions.**

An informed consumer requires a flexible company—you should always be prepared to adjust to the interests and concerns of your consumer base. At the same time, your company's core values should be foundational for every business decision.

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Notes

<sup>1</sup> James Chen, “Corporate Social Responsibility (CSR),” *Investopedia* (February 2020):  
<https://www.investopedia.com/terms/c/corp-social-responsibility.asp>

<sup>2</sup> Kristen Boesel, “Attitudes Toward Brand Ethics,” *Mintel Report* (January 2020).

<sup>3</sup> Marion, “Ethical Branding: A Guide For Creating More Ethical Brands,” *The Branding Journal* (February 2018):  
<https://www.thebrandingjournal.com/2018/02/ethical-branding-guide/>

<sup>4</sup> Boesel, “Attitudes”

<sup>5</sup> MNI Targeted Media Inc., “Generation Z: Unique and Powerful,” (May 2018):  
[https://insightlab.mnitargetedmedia.com/wp-content/uploads/2018/05/MNITM\\_Generation-Z\\_2018.pdf](https://insightlab.mnitargetedmedia.com/wp-content/uploads/2018/05/MNITM_Generation-Z_2018.pdf)

<sup>6</sup> Cone Communications, “2017 Cone Communications CSR Study,” *Cone Communications: Public Relations & Marketing* (May 2017): <https://www.conecomm.com/2017-cone-communications-csr-study-pdf>

<sup>7</sup> Boesel, “Attitudes”

<sup>8</sup> Boesel, “Attitudes”