

Unilever, P&G war over which is most ethical

Jack Neff

Touting programs that benefit humanity offers big payoff for marketers

Procter & Gamble Co. and Unilever have battled over many things over the decades, from soap shares to spy scandals. But the latest battleground may be the most surprising and intriguing—a race to show who's best at saving the world.

Nothing indicates the growing hold "ethical marketing" has on the industry better than the concept's growing embrace by the world's two biggest spenders. While both have been engaged in such efforts for years, they're talking about them, and particularly advertising them, like never before.

No less than Bill Gates recently mentioned Unilever as a top-of-mind example of a company involved in sustainability efforts in a CNBC interview from the World Economic Forum in Davos, Switzerland. Unilever also won top honors in global ethical-reputation rankings from PR-monitoring firm Covalence in 2007 and Columbia University's Botwinick Prize in business ethics, in part for such efforts as Dove's "Campaign for Real Beauty" which aims to reach 5 million girls with self-esteem programs.

In fact, the line between doing good and marketing has become blurry enough that Dove's "Evolution" viral video had to be yanked from a not-for-profit classification at the last minute to qualify for last year's Film Grand Prix at Cannes.

The same day as Mr. Gates' interview, P&G indicated it would be communicating about its sustainability efforts—defined to encompass a broad range of community-betterment programs—a much bigger priority in 2008.

It will be hard to do more communicating than P&G already has done. At least eight P&G brands have active ad campaigns touting environmental or philanthropic efforts, everything from Always and Tampax supporting efforts to keep African girls in school by providing them with free sanitary-protection products to Pantene collecting locks of hair for cancer patients. Two of those efforts already are leading to new-product launches, in the cases of Pantene and Pur water filters, the latter having switched ad agencies in part to advance its cause-related marketing.

Though both P&G and Unilever see prospects for substantial gains from such efforts on their bottom lines and for the communities in which they operate, both acknowledge that much of the effort is for internal consumption. Simply put, it's getting impossible to attract or retain marketers without a solid reputation for ethical marketing.

"We are seeing, particularly with the new generation of young business people and young marketers, that they are only attracted to companies that fit with their own value set," said Kevin Havelock, president of Unilever U.S. "And the value set of the new generation is one that says this company must take a positive and global view on the global environment. ...The ethical positions we take on brands like Dove, the positions we take on not using models of size zero across any of our brands, the positions we take in terms of adding back to communities ... these all underpin an attractive proposition for marketers."

It's a similar story at P&G, which has had a fairly long tradition of marketers leaving for philanthropic or religious pursuits.

Cause-marketing efforts have "a big motivational impact," said P&G Global Marketing Officer Jim Stengel. "It fires the agencies up, too. ... It just feels like you're playing to a higher-order ideal."

But neither P&G nor Unilever is just preaching to the choir anymore, or even limiting the message to its long-standing public-relations silo. They're increasingly incorporating their cause marketing into mainstream brand advertising and product assortments.

P&G's Pur has one of the most elaborate cause-marketing efforts—a \$20 million program that aims to purify 2 billion liters of water in Africa and save 10,000 lives by 2012.

New Age as the program may be, the ads are classic package goods. The Pur water-purification packets make for an amazing product demo. Take the most turbid swamp water imaginable, mix in a sachet of Pur Purifier of Water and strain it through a cloth. Within a minute or so, it produces a pitcher of perfectly clear, drinkable water.

The trouble is, the people who need it most have no money. Hence it became one of the cornerstone projects in the company's global Live, Learn, Thrive philanthropic program, albeit with a commercial twist.

P&G has licensed the product to Canada's Reliance Products for a U.S. launch aimed at campers and disaster-preparedness kits that broke in late February behind a feature in P&G's March and April Brand Saver newspaper coupon inserts.

Though those ads for the P&G-Reliance effort came from Quigley-Simpson, a Los Angeles direct-response agency, Pur's shift to a sustainability message played a role in the shift of the brand's creative account to Omnicom Group's TBWA/Chiat Day, Playa Del Rey, Calif., from Publicis Groupe's Saatchi & Saatchi, Los Angeles, last year.

Saatchi lost Pur, but the agency has definitely not given up on sustainability. In January, Saatchi acquired San Francisco-based consultancy Act Now Productions, headed by former Sierra Club executive turned Wal-Mart consultant Adam Werbach, to form a Saatchi & Saatchi S (for sustainability).

The growing interest in sustainability issues from P&G, Unilever, Wal-Mart and others is creating ripples of change throughout marketing services. ARS Group, which for decades has tested TV copy for P&G and others in package-goods, recently formed its own green consulting unit, ARSGreen.

What ARS is finding underlines the big reason that sustainability has become so popular with analytical package-goods types: it works—at least sometimes.

Green ads in the ARS database do about as well as others on recall and persuasion, said Ashley Grace, president of ARSGreen and head of research and development for ARS Group. Doing about average is actually a testament to sustainability's selling power, as he sees it.

"In our database, about one out of 50 ads usually has a negative tone," Mr. Grace said. "In the green data set, it's more like 75%." ARS has found for decades that negative ads—which raise a problem without offering a real solution—usually fare poorly in tests. But negative green ads generally do about average. And green ads that go the extra step of offering tangible solutions can sometimes score exceptionally well.

While many in the package-goods industry believe sustainability messages resonate with only about 10% to 15% of consumers, ARS research indicates such appeals can sway about two-thirds of people, including 24% in the hard-core health and sustainability segment who rate both personal and environmental health highly.

To be sure, copy testing is widely loathed by advertising agencies, particularly creatives. But marketers such as P&G use the results because they correlate with sales results.

MAKING A DIFFERENCE

It's clear that ethical marketing really can make a difference in people's lives. For example, since P&G's Pantene launched its Beautiful Lengths program in 2006 to solicit locks of hair to

be woven into wigs for women receiving cancer treatments, it has gotten enough donations to make 3,000 wigs. Compare that to the 2,000 wigs created over 10 years by the previously existing charity in the space, Locks of Love.

It doesn't hurt P&G, of course, that Oprah snipped the locks of Hilary Swank on air for one of those wigs, or that schoolgirls have organized events to collect hundreds of hair donations at once. Oh, and it dovetails nicely with the launch of Pantene Beautiful Lengths shampoo and conditioner later this year to care for those long locks.

Of course, such programs only work if other factors, such as product and pricing, are also right. For example, P&G Chairman-CEO A.G. Lafley identified the U.S. Pantene business as the only real problem in the company's global hair-care portfolio in a January investor conference call, but the share losses date to the brand's restage last year, not to the launch of Beautiful Lengths a year earlier. Unilever's Campaign for Real Beauty, while very much alive, last year stopped delivering double-digit sales gains Unilever had seen the first two years of the effort. Dove's 2007's new-product lineup didn't go over as well as prior years (and a price hike on bar soap, not initially reciprocated by P&G and others, didn't help, either).

By whatever name-ethical, sustainable or cause marketing "is an important secondary factor" for consumers, said Unilever's Mr. Havelock. "A great product at the right price is the entry point," he said. "Once there, a company or a brand that has a social responsibility position or a sustainability position will then have an edge over other brands."

Of course, in an age of social media, marketing's good deeds seldom go entirely unpunished, and never unquestioned. Even P&G's ads about efforts to provide free sanitary protection in Africa to help keep girls from missing school, which broke in December from Publicis Groupe's Leo Burnett Co., have prompted lengthy discussions on some blogs criticizing the motives in using giveaways to develop new markets-and generating more waste as a result.

"When you do it in the right way, with the right tone and authenticity, consumers reward us [for these programs]," Mr. Stengel said, citing Pampers' 20-country, multiyear effort to fight tetanus via Unicef as the P&G program that appears to have had the biggest positive impact on sales and brand equity to date.

Such programs work best when owned by the brand, which is why P&G, like Unilever, has generally avoided multi-company efforts such as the Red campaign to fight AIDS or the Susan G. Komen pink-ribbon campaign against breast cancer, instead focusing on efforts linked specifically to their own brands' equity and function. "It has to be right for the brand's voice," said Mr. Stengel. "And it has to really work for the business."

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