

# The Debating Group



A Parliamentary forum for Media and Marketing Debate

## **Should brands be expected to build the Big Society for free?**

**“Brands are part of the Big Society – because consumers make them so. Those consumers expect to pay for good brands. Government should too”. These were the words of David Reed, Founder of the Data Governance Forum, proposing the motion “Brands should not be expected to build the Big Society for Free”, at the Debating Group debate on 21 March 2011 at the House of Commons. The debate was sponsored by the Institute of Promotional Marketing and chaired by Nadhim Zahawi, MP for Stratford-upon-Avon.**

David Reed pointed out that there are over 60,000 marketers in the UK, all focused on influencing consumer behaviour, using some of the most powerful tools of influence available. This looks like an attractive resource to draw on if you are a Government needing to cut your budget without harming front-line services. Brands they work for already demonstrate many philanthropic dimensions or work for social good e.g. Quaker-owned brands like Quaker Oats, Cadbury’s Dairy Milk, Carrs Biscuits, Clark shoes; even historically Barclays and Lloyds. David Reed went on to cite the Co-operative driving Fairtrade, Waitrose and M&S leading free-range egg adoption and Marmite working with the Department for Children, Schools and Families on the Reading for Life campaign. Trust in brands is high – according to a survey by Lansons Communications, 52% of consumers trust a brand against 30% who don’t use ‘trust’ in association with companies and 17% who don’t really trust companies any more. The most trusted brands are high street brands: M&S, John Lewis, Tesco and Boots. By contrast, trust in other professions and institutions is low. Politicians are the least trusted: 57% in the Co-op poll, followed by bankers (47%) and journalists. So should brands be lending that precious equity to the public sector? David Reed suggested that not unless there is a clearer answer to the question – what is in it for them? Tesco cannot just go to its shareholders and say, we’re opening a library in every supermarket. Any reduction in floorspace equals a reduction in sales, and the primary focus for brands is to generate profits. Indeed, companies are legally obliged to act in the sole interest of their shareholders.

This does not mean that brands are solely motivated by greed. One only has to look at the role played by BT, Sainsbury’s, NatWest and many others on Red Nose Day, at the Asda Foundation and the support it gives to charities and companies like Barclays which allow staff several days a year to do volunteer work on full pay. Corporately and at an individual level, brands and their staff have close links with society at large and their communities locally. In exchange for that, they are building that most valued commodity – trust. So much of the consumer’s life is wrapped up with brands, literally on a daily basis, that they are beholden to show more than just a commercial engagement. It is not the same with government. Governments are temporary. In four years time, the current administration could be out and a new one running the country with a new agenda and set of priorities. Where then for the brands which aligned themselves with the Big Society? What happens to a brand when it becomes politicised?

Criticism for getting involved in political processes is already considerable. The latest ‘Responsibility Deal’ is a good example. Over 170 commercial companies signed up in good faith and now face being on the wrong side of the health lobby. They agreed to restrict distribution and marketing for the good of society, yet did not get a positive brand balance in return. Future deals might be a much tougher sell.

Governments also have a tendency to change the rules to suit their own purposes despite the potential impact that this might have. There is a legal product that you are not allowed to consume in this room, that cannot be shown to consumers before they buy it, yet which gives HMRC £5 every time it is bought. David Reed maintained that the consequences of existing controls over cigarettes is actually to increase illegal sales – 22% of all packs and 61% of all rolling tobacco now avoid UK taxes because they are smuggled. And worse, they might be counterfeit and contain unknown toxins. “Whatever your views on smoking”, David Reed argued, “driving the trade underground is not good governance. So brands beware – what the government decides is good for society, will not necessarily be good for your brands”

Marketers are experts in using ‘nudges’ which the current Government favours as a way of changing behaviour. Being paid by the state to apply some of these to social ends could be cost effective. If you want people to eat more fruit and veg, why couldn’t supermarket loyalty points be bought and offered to the consumer by the Department of Health, just as they are by manufacturers? As a volunteer force, the marketing community has a lot of skills and is generally keen to ‘give something back’. But if it contributes its time, shouldn’t it get a reward through tax credits? Backing the Big Society cannot just mean donations – there is a potential, long-term partnership that uses brand trust and behavioural change techniques for the greater good on a commercial basis.

Consumers actively want to engage with brands and much of their daily lives are wrapped up in these interactions. That trust and engagement is precious and has been hard won over years, decades, even centuries by brands. Putting that on the line for a five-year benefit to the public purse could run counter to the commercial interest. Unless the rules of engagement are clear.

We have come a long way since the days of Victorian philanthropy when factory owners like Rowntree assumed their obligation to house and care for workers. But in those days, there was no NHS, no social security, no free schooling. So it made sense to provide some of those resources in order to maintain the workforce.

These days, obligations tend to be imposed on brands – for example, to build a new Tesco, you may have to make contributions to the funding of local schools, pay for the road infrastructure and even ensure affordable housing is part of the development.

David Reed made a plea for a more equitable exchange that balances the freedom to trade with the duty of care; that is more explicit about offsetting the tax take – from profits, from pay roll – with credits for contributing to the Big Society.

Brands are part of that society – because consumers make them so. Those consumers expect to pay for good brands. Government should too.

### **Corporate Social Responsibility**

Opposing the motion, **Adam Leyland, Editor of *The Grocer***, commented that he found the motion quite odd. Brands should not be expected to build the Big Society for free? But whatever the expectations of brands, there isn’t any money. So if brands were hoping for, angling for, free handouts, they need to get real. But even if there was loads of money in the Treasury’s coffers, why should brands get free handouts? And who said it was the responsibility of brands to build the Big Society in the first place?

What is the Big Society? A lot has been written about it. It has developed a life of its own. And it has become a catch all for all sorts of concepts and ideals. Adam Leyland went back to the original Hugo Young speech that David Cameron delivered in 2009 when he spawned the phrase. The Big Society is not about brands or corporations. It is not the same as the Responsibility Deal. The Big Society is about two ideas: a reduction in the nanny state; and a simultaneous invigoration and empowerment and inspiration of the individual and collective will of the people to do the right thing. It is a Benthamite idea. Charity is not a bolt-on idea, but a case of families, individuals, charities and communities coming together to solve society's problems. Cameron talked about a more "progressive" and responsible society based on empowering and enabling individuals, families and communities to take greater control of their lives". Other phrases used were 'an ethic of self-improvement'; 'mutuality and responsibility, based on human kindness, generosity and imagination'. These qualities are in contrast with selfishness, irresponsibility, the tick-box inspection regime, jobsworths and the dreadful smokescreen of health and safety. In this speech David Cameron did not mention a role for corporations even once. And the only brand he mentioned was Facebook. "If Facebook simply added a social action line to its standard profile, this would do more to create a new social norm around volunteering or charitable giving than any number of government campaigns". How much help would Facebook need to do this? Does it need money? No. Does it need legislation? No. Facebook just needs to do the right thing.

Brands are in a great position to help build the Big Society. But in fact they have been doing it for years. If you are a brand you have to measure up to public expectations. As consumer-facing corporations, brands and brand owners regularly encourage charitable acts and actively engage in community-relations projects. For example, Innocent makes healthy smoothies and healthy ready-made meals, but it is a great example of a progressive company, giving away 10% of its profits to charities, in support of good causes, raising £250,000 last year with its knitted woolly hats on bottles campaign and giving away smoothies to the homeless. And it's not just the touchy, feely, trendy brands like Innocent that are doing this. Kellogg has devised Breakfast Clubs for needy young people, the tobacco manufacturer JTI sponsored a concert last week in aid of disaster relief in the wake of the Japanese earthquake; Kraft is engaged in charity and community work, building community gardens and providing meals for the homeless; Tesco has been supporting Cancer Research for 10 years. This year it is hoping that one million women will take part in a 5k run to raise a record amount of money.

Adam Leyland conceded that you can be cynical about why brands are doing this "Let's face it, Tesco doesn't build schools, playgrounds, housing purely out of love. It has not done this in the name of the Big Society, but corporate social responsibility (CSR) – acts of kindness and community engagement and social activism have been on the agenda for years. Companies see it as win-win.

It is invidious to suggest that brands and corporations might ask for money in return for their contribution. They see it as part of their role – the third bottom line.

Adam Leyland concluded, "If I have a concern it is that brands and corporations try to hijack the Big Society for their own ends as the proposers of this motion have done. They must be resisted and this motion must be kicked out".

### **Political construct**

Seconding the motion, **Andrew Marsden, Immediate Past President of The Marketing Society**, posed several questions. What is the Big Society? Why is this creation necessary? Why are brands expected to build it? And why for free?

David Cameron said in October 2010, "The Big Society is one in which we all try to do more. We don't just look to government to solve the many problems that we have, we actually look to ourselves, voluntary bodies, to companies, to charities, to all of these things, to build a bigger, richer country." He used the terms 'engagement', 'collective will', 'greater control' and 'mutuality'. He made a plea

for meaningful and active participation in society from us all. This is a political construct, a wizard PR wheeze – the triple bottom line. John Maynard Keynes said, “The important thing for Government is not to do things which individuals are doing already, but to do those things which at present are not done at all”. Is the concept of a Big Society necessary? Voluntarily helping others in society is not new. Whether in a religious capacity or not people help other people and have done so for generations. Why should this generosity be appropriated by government – as David Cameron put it “Channelling people’s volunteering efforts into public service”. Why?

Andrew Marsden suggested that the concept of the Big Society has been used as a distraction from the problems faced by the country:

- Britain has become the most indebted and most unbalanced major economy in the world... in short the debt-fuelled model of growth is fundamentally broken;
- We face a decade of austerity and onerous tax burdens;
- We have an ageing population;
- We face soaring energy and food costs;
- Unemployment is growing. Thousands of public sector workers will be axed.

A Senior Treasury spokesman had described the situation as ‘very complicated’.

Andrew Marsden questioned what all brand owners should be expected to do. “I think we should expect them to grow their brands and increase loyalty and profits”. Some brands have lasted for 450 years and marketers have used their skills to build brands. It is not the role of marketers to be political. The Big Society is a political construct of the most cynical kind. Brands should not be expected to take on the voluntary private work of others nor do the work of government. They serve consumer and shareholders. If government wants help, it should pay for it in some commercial way.

### **Social contract**

Seconding the opposition **Piotr Brzezinski, Former Chief Operating Officer, The Big Society Network**, conceded that few people know what the Big Society is. He maintained that brands should be building the Big Society because it is in their interests to do so. The idea of altruism was not invented by this government. Unless one is advocating a retrograde idea of business, corporations ought to include a social account of their business. They should not be forced to do so, but it is good for their image, their employees and their businesses. One should not ask brands to get involved in the Big Society to replace public expenditure. Instead, brands, as their role in society befits, complement what individuals are doing around them. A formal acknowledgement of brands’ role in society befits the changing nature of challenges that consumer face. There is a business value in being socially conscious.

Piotr Brzezinski argued that the Big Society agenda was a transformation in the way public services are defined. It means support for social enterprises and stops the state being all-controlling. The changing nature of public services means that the government cannot impose restrictions. Brands have to change in the face of locally-tailored services. Businesses have greater opportunities to add value in a community-orientated manner. There is an inherent value in social engagement and businesses are increasingly recognising the importance of social interests. Companies need to recognise the importance of social issues and integrate social strategy in their business planning. More and more companies are acknowledging the social contract between society and business, and industry self-regulation enables businesses to address this contract. They are building the Big Society out of their own self-interest for the greater public good. This core strategy is good for business and good for society.

### **Discussion from the floor**

Contributors made the following points:

For the motion:

- The contributor saw this as a future-orientated motion. Brands already contribute millions of pounds to society. Major employers give their support to local communities; brands enable free-to-air TV. Brands can make further contributions to the Big Society, but they should not be asked to write blank cheques to the government.
- The contributor was a strong supporter of the Responsibility Deal. We are prepared to work with government in a real partnership. The government is not very good at partnership but industry needs to partner with government. The motion is an appropriate one.
- Companies can allocate budgets for CSR. But it is another tax on corporations.

#### Against the motion:

- The contributor found the support for the motion patronising. It is not such a bad idea to go back to the days when companies supported social housing. It is naïve to think that Tesco pays out of its own pocket. It pressurises its suppliers to do as it wishes. The majority of brands are foreign-owned, not British owned. However, he would not deny them the privilege of contributing to the Big Society. If the Big Society is an exercise in branding, we must accept that we are all in branding and the Big Society could give greater kudos to those participating.
- A lot of people do not understand the Big Society. The press and other media are very cynical. The contributor's view is that brands are going to be needed. People are suspicious that the government is trying to get on the backs of people who are volunteering. He suggested that philanthropy is more engrained in the US than in this country e.g. Bill Gates and Warren Buffett spend a great deal of time and money setting up philanthropic brands. Government should look at the tax position. Brands should not be paid to make the Big Society work. However, it can't work without brands.
- We are aware that there are problems in society and we have to do more. Brands are subject to changes in society and we have to consider what society needs now. The contributor felt we should support charity for free. He did not expect money from government to do the right thing.
- When we give people 'two for the price of one', this is not for social consciousness, but for market share. The suggestion that brands be given tax credits to support the Big Society would be difficult to market to the general public. Companies are very conscious of how they position their brands because consumers care. Society has got to be made aware of what corporations could do to help them and then corporations would do this, because they want to please consumers.
- The contributor supported the idea of brands helping social housing. There were many benevolent employers e.g. Flora provided the means of raising money for charities by supporting the marathon. There were many unsung heroes and opportunities in the volunteer sector. The contributor cited a meal scheme for emergency admissions to the Westminster and Chelsea hospital.
- The contributor was concerned about how young people see brands. If brands want to exist and play their part in society they must be more engaged in the community.
- The contributor found it sad that we should be debating the role of business in society. Young people are able to communicate in order to differentiate brands that are doing good. The more companies acknowledge their social responsibility, the more people will buy their brands.

#### Abstentions:

- The contributor observed that we are not getting very far in getting people to be engaged in the Big Society.
- In this country brands are already supporting society. Brands give people what they need i.e. discounts etc. Brands can't make the kind of changes government wants. We need realism.
- The position of the voluntary sector was of concern.

## Summing-up

Summing up for the opposition, **Adam Leyland** was concerned that the motion had been hijacked by the notion of what we mean by 'for free'. There is no suggestion that brands should make no money nor become charities. David Cameron never suggested the anarchic situation in which brands and corporations paid for all public funding. The truth is that they already contribute in terms of taxes. This is a debate about social and community engagement. Can corporations contribute? Yes. Can brands contribute? Of course. But do they need money? No, no, no. Helping is not new. It is a Bentham theory. But with a nanny state, new rules and regulations are constantly heaping new costs on corporations and strangling charity and enterprise e.g. Health and Safety regulations are an excuse to do the wrong thing. We are not achieving what could be achieved by a more trusting response. People have become more cynical, they rely on state handouts. Young people no longer communicate face-to-face: they rely on texting and Facebook. Communication is being evaporated. The Big Society is about taking personal responsibility; about empowering the individual and society; and about engaging as communities and as individuals.

There is no money for free handouts for corporations and brands, but they are already contributing for no money. Families, individuals, charities as well as corporations have their part to play in the Big Society. We should not rely on corporations and brands to foot the bill for what we have to solve together.

Summing up for the motion, **David Reed** pointed out that it was a very specific motion – 'Brands should not be expected to build the Big Society for free' The Big Society is not a brand idea: it is a political construct. Brands are not looking for handouts. If the government wants marketers to put in some effort for political concerns, there has to be equity. Brands allow consumers to have choices. Brands represent the choices they make about different ways of leading their lives. The government should allow consumers to make their choices. A free society is not the Big Society. The government should be clear about the commercial contract and let the consumer have choices.

You have to set up terms of engagement. A brand wants more than a five-year contract. The health of brands affects our pensions. We often talk about how brands are more important than government. Facebook is not government. Government has to choose whether to make use of the social contract for clarity and degree of choice. Brands should not be expected to build the Big Society for free.

## The result

The motion was carried.

## Next debate

The next debate will take place on **Monday 9<sup>th</sup> May 2011** sponsored by The Market Research Society. For more details contact Doreen Blythe, Debating Group Secretary, on 020 8202 5854, e-mail: [doreen.blythe22@btinternet.com](mailto:doreen.blythe22@btinternet.com).