



A Parliamentary forum for Media and Marketing Debate

## Post-Stern, will marketers or economists will save the world?

**“Our planet is beseeching us to rethink attitudes and aspirations about the future”. These impassioned words of Jonathan Gabay, Managing Director of Brand Forensics, set the tone of the Debating Group debate at the House of Commons on 19 March 2007. He was proposing the motion ‘Post-Stern, it is Marketers not Economists that will save the world’. The debate was sponsored by The Chartered Institute of Marketing and chaired by Lembit Opik, MP for Montgomeryshire.**

Jonathan Gabay reviewed the changing climate we have been experiencing. Since the start of the 20<sup>th</sup> Century earth has warmed by 0.5C. Back in 1987 it was said to be the warmest year ever; then came 1998. In the northern hemisphere, this winter was the warmest on record. Sir John Houghton, Chairman of the Royal Commission on Environmental Pollution, has referred to global warming as the greatest ‘weapon of mass destruction’. “But can we, as individuals, really change the world?” asked Jonathan Gabay. Politicians and economists offer taxes, targets and regulatory standards. The latest survey conducted by *The Mail on Sunday* and BPIX reveals that two out of three people believe that new taxes on flying will do nothing to reduce the number of flights they take. It will only increase the overall tax burden. A YouGov Poll shows that 63% of people think that politicians use climate change as an excuse to raise taxes.

The Government’s Climate Change Bill aims to reduce emissions by 60% by 2050. But whilst Britain will become the first country in the world to set legally binding targets for cutting its carbon emissions, we will continue to trade with the doyens of industrial strength global warming – India and China. The Mayor of London’s congestion charge which has removed so many cars from central London may actually turn out to achieve little more than displace pollution from the City into the suburbs – turning leafy London into congealed arteries of grimy parking bays and squalor.

Jonathan Gabay referred to the EU’s Emission Trading Scheme which caps the amount of greenhouse gases emitted by industry and offers factories tradable allowances. However too many allowances have been dished out and devalued. They no longer offer countries powerful enough inducements to invest in alternative green-friendly technologies.

He suggested that there is still one alternative energy source to champion the fight against global warming – marketing. Market demand can change many things:

- It can compel industry to produce cleaner products e.g. as in the cases of introducing unleaded petrol and lowering CFC gases through modified aerosols;
- It can ensure that ingenuity can be applied to promote a variety of alternative energy sources, including wind, solar and wave, rather than end up depleting one natural resource for another such as crop-based fuel for oil;
- It can encourage tourism to invest in cleaning up resorts so making people happier to take more of their holidays at home rather than feel compelled to fly abroad.

- Marketers can develop Michael Portillo's recent suggestion to encourage rich frequent flyers to buy carbon allowances credits from those who don't travel i.e. 'Landmiles for Airmiles';
- Why not expand the ingeniously simple CO<sub>2</sub>- friendly Corydon Tramlink scheme via sensible rather than extortionate taxation?
- How about a wider public transport system that actually runs on time?

Jonathan Gabay believes that people will invest both time and effort into marketing-led campaigns. He put forward some simple principles for marketers to implement:

- Position global warming as something affecting consumers in the here and now;
- Promote a tangible climate change icon that connects to the people rather than corporate sensibilities;
- Offer people self-control over instigating change;
- Let people recognise non-cynical efforts made by trusted brands, so making them also feel they can contribute personally towards a greater good, e.g. M & S clearly label food imported by air, and give UK regional and local food sourcing a promotional priority. Or lead by example with recycled packaging, low CO<sub>2</sub> emission fleets of lorries and clothing manufactured from Fairtrade materials;
- Address the genuine concerns of individuals such as the young and middle-aged – identify the key influencers respected by each discreet segment. For example a Web 2.0 community such as FaceBook may have a greater sway than traditional media and authority figures.

The key, Jonathan Gabay stressed, is to make people feel good about spreading the global warning message not just for themselves, but also for those who will gain from the experience. "Explain to people what they can achieve, however modest, so they grow to be problem solvers rather than feel driven into submission as victims".

Jonathan Gabay quoted Rabbi Yisrael Salanter:

"I wanted to change the world – but it was too large a task for one person, so I tried to change my community. That was also too hard, so I tried to change my family. That was also too hard, so I decided to change myself. And though it was very hard, once I changed myself, I discovered my family changed, the community changed, and the entire world changed".

He concluded, "This debate isn't about right or wrong. But by altering our attitude towards global warming, working together to complement ideas, we can aspire to leave a legacy that will brand each and everyone of us, including politicians and economists, as heroes".

### **Unpriced externality**

Opposing the motion **John Ross, Director of Economics & Business Policy, Mayor's Office, GLA**, admitted that he adored marketing and considered advertising to be one of the greatest arts. However, he stressed that to change the world through marketing you need accurate prices. The Olympics bid for London was marketing at its highest level. He believed it succeeded because of one single underlying message which happened to be true – we will run a world games for which London will provide a magnificent background. This connected to people's emotions and it was true.

He compared this with the message that must be promoted post-Stern, 'We do not have to live less well, but we have to change the way we live'.

He believed that the Stern report was a first-rate piece of economics. If you are certain about climate change you don't have to speculate, you merely have to know that the risk is unacceptable. "Compare this", said John Ross, "with an insurance policy for your house".

We waste 70% of energy. The produce-and-waste-energy paradigm has an economic solution. If you are wasting 70% of the energy you produce you can act differently and more logically, for

instance, by moving to locally-produced energy. The don't-waste-energy paradigm will produce less energy.

You have to make choices. The greatest loss of energy is through walls, both in domestic homes and industrial properties. If flying wastes too much energy, you have to make sure that the real costs are calculated. John Ross referred to this concept as 'Unpriced externality – the price of carbon is not included in the price of airline tickets. In order to have an efficient market this has to be included in the price. People will still want to travel.

Ideally we need a ceiling on the amount of carbon that is produced, but it is market forces that will change behaviour. The amount of energy used in the USA has fallen by 50%. When the price of oil went up, people ratcheted down the amount of fuel they were using.

We do not have to live less well, but differently. It is the economic market that will save the planet.

### **Cultural issue**

Seconding the motion, **Maurizio Catulli, Senior Lecturer, University of Hertfordshire**, stressed that sustainability is a social and cultural issue as well as an economic one. It is about attitudes, feelings and behaviour. Economists can help by advising Governments on policy. Governments can then put laws and taxation in place. But the global nature of the problem means that the effectiveness of legislation is limited. The complexities of the markets are such that economic policy alone cannot manage them. The problem has social and cultural as well as economic dimensions. Maurizio Catulli cited the drink/driving campaigns where the law needed marketing to set up advertising campaigns for reinforcement.

This is why it is marketers, not economists that will save the world.

Consumers are responsible for a large part of the environmental problems. Research indicates that 27% of CO<sub>2</sub> is produced by households and another 25% by transport. The Stern report says, "In the case of climate change, individual preferences play a particularly important role". So the task is to change consumers' behaviour and consumption decisions on, for example, housing, transport and food.

Maurizio Catulli believes that marketers can move demand towards sustainable products and can shape markets in relation to what people want to buy. Sustainable consumption involves a cultural as well as an attitude change and we can educate and change culture. Business leaders believe in this mission: a study by a team led by Professor Kämä in 2003 found that 80% of managers think they should use marketing to direct buyers towards sustainable consumption.

Maurizio Catulli suggested that marketers can turn buyers from 'brown' to 'green' consumers. They can identify opinion leaders, market segments and groups that can help spread the message. With the help of opinion leaders, we can make buying green 'cool'. We can guide buyers towards green buying decisions. We can also create brands that embody values such as respect for the environment, fairness and social responsibility. Making buying green 'cool' can encourage consumers to pay premiums for green products e.g. the Toyota Prius.

Carbon producing technologies can be replaced by 'carbon neutral' technologies. Marketing has helped the introduction of many of the technologies we use today e.g. low energy light bulbs.

We, the marketers, are in the best position to introduce sustainable products to the market.

Businesses are taking action to enter fast growing new markets. They need to be assured that the markets will accept this. It is another task for marketers. We can forecast future markets. We can even help recovering materials and resources, and recycling, by researching new markets for by-products or waste of various production processes. What will consumers think of fashion items

made of recycled materials, for example? Will they be willing to pay for them? We can research this.

The green challenge affects products/services along the supply chain network. Marketers can educate consumers on how to use products and what to do when they have finished with them, i.e. recycling. They can also encourage business partners to adopt sustainable business practices. This is very important when these partners are based in remote countries with different or poorly enforced environmental legislation. Sustainability is a cultural and social issue. Economists can advise government on incentives, but the role of marketers is to implement sustainable products. Marketers will save the world.

### **Collective problem**

Seconding for the opposition, **Emma Duncan, Deputy Editor of *The Economist***, stressed that she had great respect for marketers. *The Economist* is one of the great marketing successes. While she admitted that the brilliance and imagination of marketing could be used to make a difference to society, products and charities, she believed that climate change is a very hard sell. Even if socially responsible people decided to change their behaviour, it would not change the problem. It is not a case of individual choice, but a collective and trans-temporal problem which will not make a difference for decades.

She emphasised the difficulty of the problem. The European Union had done something to tackle it, but she pointed out that climate change is an externality. It is the collective unintended consequence of millions of choices. The task is to work out the extent of the damage and factor in the costs. The Stern report set out the long-term damage. The problem is to work out what today's carbon price should be and then design a system that is going to shift individual and company choices. You have to price carbon at the level at which people will change their decisions.

Emma Duncan pointed out that Britain has been the lead nation pushing a tough policy. It has tackled a very complicated issue and we should be proud of its position. The European Union is getting better, but she believed that you could not sell this to people as a marketing proposition. In the short term it means raising the price of electricity and transport.

You can market climate change as a problem and Al Gore has done this very successfully. But, she concluded "Leave it to the economists. They are very comfortable with that sort of subject".

### **Discussion from the floor**

#### **For the motion**

- The contributor believed that it is scientists, not marketers or economists that are going to save the world. However, marketers will be able to persuade scientists.  
As far as flying is concerned Ryanair and easyJet are more efficient than BA, because the former always fly with full planes. There is a high cost of carbon emission with empty planes. He praised the use of district heating in Moscow.  
He believed that marketers are going to influence people to change.  
People feel that politicians are exaggerating the problem in order to increase taxes. There are many factors against improvement: trains are expensive and getting heavier; manufacturing is increasingly 'just-in-time', involving heavy journey costs. Marketing has to change people's attitudes to local production.  
On balance the contributor believed the marketer is going to lead the change. He compared drink / driving which is now socially unacceptable.
- The contributor stressed that this is not a debate of economists versus marketers. The idea of a battle is nonsense. There is a lot of cynicism – something is not green just because you give a green tag to it.  
Large corporations have money to invest in better flying. Concern about the environment is more than CO<sub>2</sub> omissions. That is not the only gas.

The debate is skewed. Marketers have not led the world on this. However, the reason you should vote for the motion is that the economists should have advised marketers, not the politicians and legislators.

Let the marketers fly the flag for the right idea against the people who are raising the taxes.

- Geography is history. If you have to save the world you need transparency. For this marketing is necessary.

### Against the motion

- The contributor suggested that while green issues are important, unbridled population growth is the biggest issue. Why is this not factored in? Politicians should get a grip on this. If there are less people, there are less carbon emissions.
- Marketing is a brilliant tool, but it doesn't make decisions. The drink/driving legislation was decided upon by politicians and marketing was then used as a tool to change people's behaviour. Economists and marketers will have a role in saving the world, but the politicians will decide on what will happen.

### Abstentions

- The contributor pointed out that this was both an old and new topic. Burke, in his *Reflections on the French Revolution* wrote about 'the age of economists'.  
The Stern report had highlighted the concept of risk. Marketing is not mentioned as such, although price regulation is.  
The contributor stated that marketers had persuaded him to buy a 4 x 4 car. That car is now dated. This is the impact of price and culture. Marketing and economics are the twin blades of a scissors.
- The contributor was muddled by the story of the bridesmaid who had travelled overland from Australia with her dress in a backpack, in order to be 'green'. He understood, that, for various reasons, she did not in fact save carbon emissions.

### Summing up

Summing up for the opposition **John Ross** pointed to some of the changes in attitudes which had been brought about by economic facts and reality, rather than marketing.

- When it was seen by the Mayor's office that the population of London was likely to grow, it was calculated that it would do so by the size of the City of Leeds in the next 12 years. This was recounted back to John Ross by a cab driver, so he knew it was true!
- There had been a dramatic change in opinion about 4 x 4 cars. Opinion polls against them had shifted from 79% for to 18% against in the last few years. There had, however, been no massive marketing campaign.
- Four out the five of the hottest summers have occurred in the past five years. It is reality which is changing people's opinions about global warming.

In response to the contributor from the floor who had praised Moscow's district heating, John Ross pointed out that this was a fake argument as Moscow was an energy-wasting city.

He used an analogy of the perfect splitting of the Kohinoor diamond to illustrate the need for precise calculation. The diamond cutter knew how to hit the diamond at exactly the right angle.

BA has introduced voluntary offsetting of carbon on flights. Only 1% has taken this up. John Ross believes that eventually it will be included in the price. This is not to prevent people flying, but simply that the price of carbon has to be factored into what you are doing.

The congestion charge in London was shown to be right. Opinion polls before its introduction were heavily opposed. However, six weeks after its introduction, 66% were in favour, and 31% against. It was shown to be right because it was a market-based mechanism – the money went back to public transport. This did not happen by persuasion.

There is going to be a gigantic marketing operation about climate change, because it is the truth. You have to live differently. You have to save energy. The Stern report told the truth. The fundamental thing is that you have to sell the right product.

Summing up for the motion, **Jonathan Gabay** eschewed the podium in order to connect with his audience and illustrate the point that marketing goes out to reach people. “You need marketing to tell people about it. We are not scientists or economists. Using the brilliance of economists, we need marketing to connect with people”.

Jonathan Gabay stated firmly that he refused to give up on individual choice. It is individuals who decide to buy products. He believes in global warming and people can have some say and individual choice in helping to save the planet.

### **The result**

The motion was carried by a show of hands, with a substantial number of abstentions.

### **Next Debate**

The next debate will take place on Monday 14<sup>th</sup> May 2007, sponsored by The Market Research Society. Details from Debating Group Secretary, Doreen Blythe (Tel: 020 8994 9177) e-mail: [dblythe@varinternational.com](mailto:dblythe@varinternational.com)