ephemera
theory & politics in organization

ISSN 1473-2866 (Online)
ISSN 2052-1499 (Print)
www.ephemerajournal.org
volume 14(1): 125-136

The slippery relationship between brand ethic and profit

Jon Bertilsson

Introduction: The complex nature of ethics

For the past two decades the concept of ethics has become increasingly connected to the notion of brands, branding, consumers (consumers' decision making & choice) and consumption both within academia and the business world. The relevance-making of ethics within the marketing sphere seems to be connected to a widespread idea that consumers nowadays, to a larger extent than before, include ethical considerations when evaluating and choosing between different brands. Several marketing studies have (consequently) been performed in order to identify and reveal the preferences, attitudes, values and behaviors of typically 'ethical consumers' (see e.g. Prothero, 1990; Shrum, McCarty and Lowry, 1995; Schlegelmilch, Bohlen and Diamantopoulos, 1996; Strong, 1996). Simultaneously, and in light of this recognition, marketers have realized that ethics or ethicalness may constitute a viable and important dimension for the differentiation and positioning of the brand on the market in a way that provides the consumers with added benefits and awards the brand with a competitive edge over its rivals. Ben & Jerry's and Body Shop (now owned by the global giant L'Oréal) are illustrative examples of firms that have been successful in employing ethical branding. The branding potential identified in ethics has therefore according to Caruana (2007) prompted a commercialization of 'fair trade' (*The Day Chocolate Company*), a production and distribution of 'ethical' and 'sustainable' products (*Ecover*), in addition to a 'greening' of notorious brands such as *BP* and *Honda*. However, as will be illustrated later on, using ethics as a tool for branding and differentiation is a slippery business.

The risk of employing ethical branding may be traced to the multifaceted meanings attributed to the concept of ethics by both marketers and consumers. A common definition and a consensual understanding of what the concept of ethics refers to, and what it really means to be ethical seems to be lacking[1]. Adding to the complexity of what constitutes ethical conduct and behavior is the fact that ethics within a business, marketing and consumption sphere seems to be connected to a plethora of ethical categories such as sustainability, fair-trade and corporate social responsibility. This in turn gives rise to considerations regarding environmental impacts, employee welfare, child labor, consumer privacy and safety, charity, donations and the degree of the brand's contribution to the overall well-being of society. What further adds to the complexity is that the ethicalness of firms may be considered, evaluated and judged on different levels. Crane (2001) suggests that the ethicalness of a brand and its products may be considered on four main levels, (1) the product (2) marketing (3) corporation (4) country. The product level pertains to such ethical issues that are directly related to the product or offering itself and its potential for generating individual/social good or harm; while the marketing level relates to the ethical issues connected to way in which a product or brand is marketed to its customers – such as the ethicalness of different marketing campaigns. The corporate level pertains to the ethicalness of the corporate brand supplying the ethical product – it's the ethical stance of the entire company as such (see e.g. Body Shop). The country level concerns the associations being made with the ethicalness of the country from which the brand and its products originate. The importance of this level has been mirrored in previous consumer boycotts of brands and products originating from countries that have been considered to engage in unethical actions and practices such as nuclear testing (France), apartheid regimes (South Africa) and military dictatorship (Chile) (Crane, 2001).

The different ethical categories and the different levels on which a brand, corporation and product may be ethically evaluated and judged, together with a lack of consensus between companies and consumers of what it means to be ethical generate not only complexity, but also open up for inconsistencies, paradoxes and even confusion for all parties involved. Theoretically a company can simultaneously sell and distribute ethical products while still being perceived by consumers or customers as an unethical brand or corporation. Conversely, a brand that sells traditionally harmful (for individuals, society or the environment)

1 A fruitful definition of ethics is supplied by (Crane and Matten, 2010: p. 8) who define it as being '.... concerned with the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for a given situation'. It is those principles that constitute ethical theories. One may therefore argue that ethics is concerned with the formal rationalization of morality – of the values, norms and beliefs that define right or wrong (Caruana, 2007b).

products may simultaneously be perceived as ethical. Hence, depending on what ethical category is in focus and which level of a corporation is scrutinized, a brand can be considered as ethical and unethical at the same time. These inconsistencies and the confusion they may generate are problematic for various reasons. First of all, it makes it hard for end consumers to establish which brands are genuinely ethical, which in turn may prevent them from making informed choices and to effectively exercise their consumption-based political power within the frames of the market. Secondly, it may be unclear for firms what they need to do to be considered ethical brands. Thirdly, and perhaps more importantly, nurturing an ethical brand image that is not mirrored in a firm's business practices involves an element of deception, which in turn may generate a cynical attitude among consumers. Why bother buying ethical brands at all if ethicalness is just a façade that helps companies to earn more money? In spite of these complexities and contradictions, and the associated risks of ending up in public disgrace, brands still strive to position themselves as highly ethical in the minds of consumers and customers.

In this note I argue that the inconsistencies in brands' ethical behavior, indicate that it is often impossible to reconcile the creation of an ethical brand image with complete ethical conduct. This is illustrated later with an empirical example from IKEA. The case informs us that the firm works actively to establish a brand of sustainability and ethicalness, while simultaneously engaging in ethically dubious practices. I trace this impossibility to the tension between firms' self-interest/profit maximization motivation and the public good/non-profit motivation underlying ethics. In the end, I propose that firms may approach the issue of ethics as a form of duty that is expected from them (as for all actors and citizens in society), rather than as a tool for brand differentiation and positioning.

The inconsistencies in ethical brand behavior

A company that explicitly tries to brand itself as an ethical and sustainable organization is the Swedish furniture retailer IKEA. They are very explicit about their work on social and environmental responsibility. They have set up IWAY, which stands for 'The IKEA Way on Purchasing Home Furnishing Products'. IWAY represents a code of conduct that serves to specify the minimum obligations placed on suppliers regarding the protection of the environment, child labor and working conditions (IKEA FAQ-Social & Environmental Responsibility, 2013). According to IKEA, they work closely and actively with partner organizations such as UNICEF (http://business.un.org), to prevent child labor and to tackle its underlying causes, and with WWF in order to ensure the supply of certified wood from environmentally responsibly managed forests. All the suppliers that work with IKEA need to supply documentation that enables IKEA to trace the origins of the supplied goods and material. IKEA even work with the third-party organization, Smartwood, for an external verification of their auditing routines, and also monitors the suppliers on a regular basis in order to check that the conditions of IWAY are met. Loading the IKEA brand with strong associations of ethicalness and sustainability thus seems to be an integral part of the company's strategy and may constitute a way through which IKEA may gain a competitive advantage over its rivals.

At first sight, IKEA seems to have been fairly successful in nurturing a brand with an image of ethicalness and sustainability, at least on the Swedish market. In 2012 they were ranked as the third most sustainable retail brand in Sweden by the organization Sustainable Brand Insights, which is one of Scandinavia's largest insight and analysis firm focusing particularly on sustainability (http://sustainablebrands.idg.se). However maintaining consistent ethical and sustainable standards throughout a global organization with operations in a plethora of countries and different cultures is not an easy task, even for successful and well-organized companies such as IKEA. In Danville, USA, IKEA's fully-owned subsidiary Swedwood (which produces 'Expedit' bookcases, 'Pax' wardrobes and 'Lack' side tables) is bitterly criticized by its employees and union representatives for racial discrimination, for persecuting its employees (frenzied pace, mandatory overtime and threatening disciplinary action), for breaking a number of its own rules, and for not allowing the union into the factory (http://articles.latimes.com). Fingers point all the way up to the top management. It is implied that the corporate culture runs from the top down, and that it is sanctioned by the Swedish top manager, Bengt Lundgren. The working conditions at Swedwood's factory in Danville are portrayed as exploitative and they do not seem to match the IWAY code of conduct set up by IKEA themselves. Bengt Lundgren argues though that:

> There are rules and regulations. And we follow the rules and regulations that are in place. Dialogue is handled via the employees. I have absolutely no dialogue with the union. That's how the American system works. (Elghorn, 2013)

Simultaneously Per-Olaf Sjöö, head of the Swedish union for Swedwood factories, was puzzled by the conflict in Danville stating:

> Ikea is a very strong brand and they lean on some kind of good Swedishness in their business profile. That becomes a complication when they act like they do in the United States. (Popper, 2011)

The articles on the Swedwood factory in Danville thus indicate that an important element of a global brand's business practice is to adapt its operations to the legal and cultural premises and conditions of the local context – a strategy often referred to as glocalization (see e.g. Kjeldgaard and Askegaard, 2006; Robertson, 1992; Thompson and Arsel, 2004). IKEA, as a Swedish-owned company, appears to constitute no exception in this instance, even though such practices may be in conflict with the ethical code of conduct set up by the firm itself.

IKEA's global adaptation strategy has recently proved to generate further conflicts, or inconsistencies, between their projected/communicated ethicalness and their ethical behavior. As the IKEA brand largely draws upon the notion of good Swedishness, where values of equality and women's rights are highly cherished and defended, many people were stunned when the Swedish free newspaper Metro, revealed that women were skillfully airbrushed out of the Saudi-Arabian IKEA-catalogue (www.telegraph.co.uk). A picture of a mother, father and their children in the bathroom was edited so that only the father and the children were visible. In another picture they replaced a woman with a man. In photos where it was tricky to make such changes, both men and women where edited out (Malik, 2012). The Swedish equality minister, Nyamko Sabuni issued the following comment regarding IKEA's actions: 'For Ikea to remove an important part of Sweden's image and an important part of its values in a country that more than any needs to know about IKEA's principles and values – that is totally wrong' (www.telegraph.co.uk). Despite the claim that the editing was performed by a third-party franchise it is very unlikely that nobody at IKEA was conscious of the edits. In this case there has evidently been a conflict between financial concerns and ethical values, but it wouldn't be the first time that a western organization has prioritized business interests over women's rights (Malik, 2012).

The preceding empirical examples, which could just as well have come from any other global brand, are particularly interesting as they point at inconsistencies between the construction of an ethical brand image, and firms' ethical behavior (and the lack of it). It would, in this instance, be relevant to ask whether this inconsistency is predominantly a consequence of top-management failure in disseminating and enforcing the ethical values of IKEA within all its divisions; or if it is a conscious, and somewhat cynical, strategy to build a global brand image of ethicalness and sustainability in order to deflect public attention away from an opportune usage of beneficial local conditions to increase profit. It is however unlikely that the public would get a truthful answer to such a question.

The inconsistency and compartmentalization of ethical consumption

Contemporary consumers seem to have internalized the notion that their consumption choices not only have implications on/for themselves, but also on the surrounding world and society. Coupled with an understanding of themselves as sovereign citizens comes the realization that their brand choices may be employed actively in order to make political and ethical statements regarding working conditions, the environment or political systems and actions. Herz (2001), for example, argues that the most effective manner in which people show their political stance in today's society is not, in a traditional way, by putting a vote in the ballot box, but by exercising that political right at the supermarket (i.e. via consumption) or at the shareholders' meeting. Occasionally consumers therefore engage in boycotting and buycotting behavior (Micheletti and Isenhour, 2010), displaying their political and ethical stance by refraining from buying products from certain brands while supporting brands they believe to be particularly ethical. Being an ethically responsible consumer is then important because it involves more than one's self-interest – it incorporates wider political and social considerations (Caruana and Crane, 2008). In contemporary society, ethics thus lies and is displayed in consumers' brand choices, rather than in their duty as citizens. It is these politically and ethically aware consumers that contemporary firms are trying to capture, and appeal to, by integrating aspects of ethicalness and sustainability in their brand image.

However, despite consumers' increased reflexivity regarding corporate social responsibility and the political-ethical implications of their own consumption choices, it is not automatically mirrored in an increase in ethical consumer behavior. Pelsmacker, Driesen and Rayp's (2005) survey on Belgic fair-trade coffee consumption revealed, for example, that the consumers' buying behavior was not consistent with a positive attitude towards ethical offerings. They found that the majority of the respondents were not willing to pay the current price premium for fair-trade coffee. Consumers may very well have personal values that generate a very positive attitude towards ethical consumption but, when facing a brand choice, they might be unwilling to actually pay for it. It is therefore important to recognize that inconsistencies in ethical behavior do not only apply to global organizations that seek to build strong brands. It may also be observed in the brand behavior of consumers. Both firms and consumers then seem to overlook ethics if it implies potentially negative financial outcomes. For firms, a loss of profit and revenues, and for consumers, higher expenses.

So how much do consumers really care about ethics when making consumption choices? A majority of consumers probably do care, but perhaps only as long as their financial situation allows them to do so. Cynical reason therefore seems to prevail among consumers in this instance. To Sloterdijk (1987), cynical reason represents a wrongful state of play combined with a confession to still playing along. 'Yes I know, I shouldn't buy those brands because of the bad working conditions of the workers at their outsourced production plants, but they are cheap, and everybody else buys them', is a typical example of cynical reason. Although ethically enlightened consumers (perhaps with an explicit fair-trade lifestyle), with honorable intentions stand a good chance of also acting ethically, they still sometimes fail to see that their consumption choices and their behavior are ethically inconsistent. A consumer who sees him/herself as ethically responsible may ironically first hang-out at his or her favorite local fair-trade coffee shop, but after having consumed his/her coffee, walks across the street and enters the global low-price clothing store (without any deeper reflection) to pick up a pair of cheap jeans manufactured under bad working conditions in a distant country. Sloterdijk (1987) would argue that such a case is an example of what he refers to as moral inversion; which represents a shift where one area or situation of a person's life or reality knocks the ethics of another area upside down. Consequently, the ethics of one area in reality are systematically turned on their heads, making what is senseless and absurd in one area sensible and reasonable in another. Sometimes these areas even interrelate and overlap. As the consumers then move from one area/context of their consumer reality to another, shifting the focus to the moral issues of the new area it may blind them to the fact that the morality of the two areas are contradictory and inverse. In such an instance consumers' ethical behavior is compartmentalized and stays within one or a few particular consumption categories or activities. Being completely and consistently ethical as a consumer in all one's consumption activities therefore seems as hard, or even as impossible, as it is for a big global brand to be ethically consistent in all its operations throughout the world.

The make-believe marriage between brand ethic and profit

The inconsistencies in the brand behavior illustrated in the previous examples points to an underlying tension. I would argue that it is this tension that produces the inconsistencies (foremost) in firms' ethical behavior. The tension is sometimes not revealed until firms ultimately need to choose between staying/being (completely) ethical and staying/being profitable, such as when thinking of entering a new market controlled by an ethically dubious political system or form of government. The economist Amartya Sen (1993) provides a fruitful explanation for this tension and subsequently for why the relationship between brand ethic and brand profit sometimes becomes problematic. Amartya Sen traces this tension to the binary motivation for exchange, self-interest/profit maximization and the public good/non-profit motivation. Sen argues that as the public good often involve 'externalities', (public health, basic education, environmental protection, and human rights etc.) that are non-exclusive or non-competitive (everybody can benefit from fresh air and a good environment) and works outside the market, the market cannot be there to allocate the effects of good or bad. The rationale of the self-interest-based market mechanism of profit maximization consequently comes under severe strain. When that strain is experienced as too burdensome and firms discover that business ethics no longer promote capitalist success, firms, it seems, need to prioritize between self-interest/profit maximization or being ethically consistent, and supporting the public good. As self-interest and profit-maximization is bedrock of capitalist society and key to market survival, brands tend to prioritize profit maximization over ethics in instances where these two types of interest collide. Consequently, inconsistencies emerge in firm's ethical behavior. For the famous economist Milton Friedman (1970), this priority is an easy and clear one as firms' only social obligation is to make profit, and it is only by being profitable within the confines of the law that firms are ethical and responsible. Social responsibility is the task of the state while the objective of the firm is to stay profitable and create dividends for its shareholders. As that is their duty, nothing else should be expected from firms. The problem for brands in contemporary society is that they no longer only have to answer to the demands from the shareholders, but to several other stakeholders in society on which their operations depend.

When brands then engage in ethical branding in order to differentiate themselves from their competitors and to appeal to ethically conscious consumers, it seems to be just a matter of time before they need to start making priorities between ethic and profit. The examples collected from IKEA illustrate this issue fairly well, particularly the example on the Saudi-Arabian catalogue where women were airbrushed out in order to adapt to the local conditions and the Saudi-Arabian market. Long term, it therefore seems hard to credibly marry the underlying motif of self-interest/profit maximization with the underlying interest in public good as basis for ethical behavior. In this light, being ethical with a self-interest and profit-maximizing motive appears in itself as a paradox, as ethicalness per se is thought to be built on a non-profit interest in the public good.

So how do firms deal with this conflict of interest? Interestingly it doesn't seem to constitute a profound problem to big global brands, at least not in the short-term. In his enlightening article, Banerjee (2008) argues that the emancipatory discourses of corporate citizenship, sustainability and social responsibility are originally constructed by narrow business interest to restrain the interest of external stakeholders. Rather than serving an emancipatory purpose these discourses and subsequent ideological movements then work to legitimize and strengthen the power of big firms. The construction of the ethically responsible brand and the socially responsible consumer is therefore largely the work of the marketing apparatus with the purpose of developing new market segments, and offering the consumers a richer plethora of pursuable identity positions (Caruana and Crane, 2008).

Ironically then, the complexity and ambiguousness of what constitutes an ethical brand actually offers firms an increased opportunity to build up a strong brand image of ethicalness, while simultaneously engaging in unethical practices. A strong ethical image may thus not only be valuable to a firm as a tool for differentiation and as a truthful representation of an organization permeated by ethical practices. It may also be valuable as it deflects various stakeholders' attention away from firm practices that, under closer scrutiny, would be considered as ethically dubious. An image closely linked to ethicalness may thus be created as it allows the firm to do things behind the scene – to conceal or hide unfavorable aspects of the organization. Ironically then, firms finding themselves in ethically dubious industries (such as within tobacco or arms dealing) and thereby carrying unethical brand images, could actually engage in supply chain practices that are really more ethical than the practices of firms who consciously and explicitly strive to build ethical brands.

Final reflections

The incorporation of ethics in the capitalist system and as an important tool for brand building and differentiation has shown to be a complex and tricky matter. Although Sen (1993) argues that a self-interest and profit maximization as a motivation for exchange can co-exist with ethical behavior and the public good, it seems that this co-existence depends on the profit potential of ethics. Both firms and consumers are willing to act ethical as long as it can be aligned with a capitalist logic of making profit or reducing costs. When being forced to prioritize between the two, ethics seems to be considered less important. However building a brand image with clear ethical associations may still serve organizations well. It may function as both a tool for brand positioning and competitive advantage simultaneously as it may deflect the public's attention away from parallel but doubtful company practices. Concurrently, consumers buying ethical brands may experience the well-being of contributing to a better society and environment, where consuming ethical brands becomes a way by which they construct an individual identity as ethically aware and responsible persons. In contemporary society ethics is therefore increasingly exercised via peoples' sometimes fickle and contradictory consumption choices rather than through a consistent political or public policy engagement. Discursively constructing a market of ethics and the consumer as ethically responsible then offers brands novel opportunities for differentiation, at the same time as it supplies consumers with additional and plausible identity positions.

Interestingly ethics and corporate social responsibility are often used actively by brands to communicate a distinctive position and to attain a competitive edge over their rivals by being different. Being ethical is thus something that is to add value, both for the firm and for its customers, beyond what is expected. A different, and perhaps enlightening, approach on ethics would be to regard it as a hygiene factor (as opposed to a tool for differentiation), where acting ethically and responsibly is something that people would take for granted and expect from brands. From such a perspective ethics or acting ethical becomes a matter more of duty than of free choice.

The *ethics of duty*, which emanates from the German philosopher Immanuel Kant (1724-1804), has been one of the most influential theories within business ethics. His theory consists of a set of eternal, unchangeable and abstract principles or maxims that may be employed to test the ethicalness of every possible action (Crane and Matten, 2010). Consequently these principles may fruitfully be used to scrutinize or test the ethicalness of brands' actions. Kant's Maxim 2: 'Act so that you treat humanity, whether in your own person or in that of another, always as an end and never as a means only', seem to constitute a particularly fitting criteria in this instance. In light of Kant's maxim, employing ethics as a means to an end, thus as means to position your brand and gain profit, would according to his ethics of duty, fail the test. The twist almost becomes ironical. Firms' engagement in ethical actions for the sake of their brand instead of for the sake of ethics (per se) makes those actions non-ethical.

references

Banerjee, S.B. (2008) 'Corporate social responsibility: The good, the bad and the ugly', *Critical Sociology*, 34(1): 51-79.

Crane, A. and D. Matten (2010) *Business ethics*. New York: Oxford University Press.

Caruana, R. (2007a) 'Morality and consumption: Towards a multidisciplinary perspective', *Journal of Marketing Management*, 23(3-4): 207-225.

Caruana, R. (2007b) 'A sociological perspective of consumer morality', *Journal of Consumer Behavior*, 6(5): 287-304.

Caruana, R. and A. Crane (2008) 'Constructing consumer responsibility: Exploring the role of corporate communications', *Organization Studies*, 29(12): 1495-1519.

Crane, A. (2001) 'Unpacking the ethical product', *Journal of Business Ethics,* 30(4): 361-373.

De Pelsmacker, P., L. Driesen and G. Rayp (2005) 'Do consumers care about ethics? Willingness to pay for fair-trade coffee', *Journal of Consumer Affairs,* 39(2): 363-385.

Elghorn, A. (2013) 'USA: Union refused access to IKEA plant', Building and Wood Worker's International [http://www.bwint.org/default.asp?Index=2652&Language=EN].

Friedman, M. (1970) 'The social responsibility of business is to increase its profits', *The New York Time Magazine,* 13 September.

Herz, N. (2001) 'Better to shop than to vote?', *Business Ethics: A European Review,* 10(3): 190-193.

IKEA FAQ-Social & Environmental Responsibility (2013) [http://www.ikea.com/ms/en_JP/customer_service/faq/help/about_ikea/social_environment.html].

Kjeldgaard, D. and S. Askegaard (2006) 'The glocalization of youth culture: The global youth segment as structures of common difference', *Journal of Consumer Research,* 33(2): 231-247.

Malik, N. (2012) 'No women please, we're Saudi Arabian Ikea', *The Guardian,* 2 October [http://www.guardian.co.uk/commentisfree/2012/oct/02/no-women-saudi-arabian-ikea].

Micheletti, M. and C. Isenhour (2010) 'Political consumerism', in K.M. Ekström (eds.) *Consumer behavior: A nordic perspective.* Lund: Studentlitteratur.

Popper, N. (2011) 'Ikea's U.S. factory churns out unhappy workers', Los Angeles Times, 10 April [http://articles.latimes.com/2011/apr/10/business/la-fi-ikea-union-20110410].

Prothero, A. (1990) 'Green consumerism and the societal marketing concept: Marketing strategies for the 1990s', *Journal of Marketing Management,* 6(2): 87-103.

Robertson, R. (1992) Globalization: Social theory and global culture. London: Sage.

Schlegelmilch, B.B., G. Bohlen and A. Diamoantopoulos (1996) 'The link between green purchasing decisions and measures of environmental consciousness', *European Journal of Marketing,* 30(5): 35-55.

Schrum, L.J., J.A. McCarty and T.M. Lowrey (1995) 'Buyer characteristic of green consumer and their implication for advertising strategy', *Journal of Advertising,* 24(2): 71-82.

Sen, A. (1993) 'Does business ethics make economic sense?', *Business Ethics Quarterly,* 3(1): 45-54.

Sloterdijk, P. (1987) *Critique of cynical reason.* Minneapolis: University of Minnesota Press.

Strong, C. (1996) 'Features contributing to the growth of ethical consumerism – A preliminary investigation', *Marketing Intelligence & Planning,* 15(5): 5-13.

Thompson, C.J. and Z. Arsel (2004) 'The Starbucks brandscape and consumers' (anti-corporate) experiences of glocalization', *Journal of Consumer Research,* 31(3): 631-642.

the author

Jon Bertilsson, PhD, works as a lecturer in marketing at the School of Economics and Management, Lund University. He is a consumer researcher who currently investigates consumers' morality, and the way in which consumers sophisticate themselves through mundane consumption.
Email: Jon.Bertilsson@fek.lu.se