INTEGRITY IN MARKETING: CHINESE AND EUROPEAN PERSPECTIVES

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Abstract: In the context of environmental and socio-economic crises there is also an ethical crisis in brand marketing. This conceptual paper outlines the emergence of integrity as a new and yet fundamental attribute to the mainstream marketing proposition. The paper illustrates the impact of consumer expectations on brands in China and Europe and explores the language of integrity in marketing. A method of building integrity by businesses and brands is described which integrates steps towards third party verification of practice with brand strategy. The ultimate challenge of integrity in marketing is to the character of the marketer and of those who are responsible for the management of brands. It is suggested that such a challenge is reflective, virtue-orientated and truthful.

Keywords: brand marketing, marketing virtue, integrity, moral agency

Integrity in Marketing: Chinese and European Perspectives

Institutional and corporate communications have been impacted by a continuous flow of stories exposing abuse or even corruption at senior levels of business and government. As public scandals from all sectors of society across the world have become a regular feature in media and social commentary, so the demand for transparency to be demonstrated by governments, NGOs and corporations has grown. In light of such scandals, and as a result of longstanding international campaigns by NGOs to highlight social and environmental malpractices in corporate supply chains, many mainstream brands have now adopted social or environmental causes to support their brand propositions. What was once the preserve of the so-called "ethical brands" such as Max Havelaar, Traidcraft or the Body Shop has now become, in varying degrees, another opportunity for mainstream brands to show that they demonstrate integrity and responsibility through their policy and practice of societal standards (mainly for vulnerable workers in their supply chains) and specific environmental standards. From a brand marketing perspective, transparency itself has become recognized as a consumer trend demanding a response by corporations and their brands.[1]

The International Popularization of Integrity as a Basic Value in Business Practice

In the context of environmental and socio-economic crises, and fuelled by vivid media reporting, the demands for the practice of integrity by business leaders and managers has grown in society. A recent study of Chinese consumers' perception of CSR has shown that Chinese consumers are supportive of CSR (Ramasamy & Yeung, 2009). This conclusion may also be supported by findings in a study by McKinsey in 2007 which shows that 76 per cent of Chinese consumers believe that the overall contribution large corporations (pubic and private) make to the public good is 'generally' or 'somewhat' positive versus 35 per cent of European consumers (Bonini et. al., 2007).

The word "integrity" is now common currency in the language of management and corporate governance and has assumed a symbolic significance in such contexts for ethics. The etymological origin of integrity is found in the Latin word integrities, meaning soundness or wholeness and, in English, the word has also incorporated the prime virtues of honesty and moral courage. The idea of 'wholeness' gives rise to the word's technical usage in relation to the preservation of a system from damage, as in 'data integrity'. But when the word is used for human relations, the connotation is that first meaning given by dictionaries: "adherence to moral and ethical principles; soundness of moral character; honesty."[2] Integrity refers to a complex of virtues that embrace six relational values: honesty, competence, consistency, dependability, sincerity and benevolence. It is in this sense the notion of a 'leader of integrity' might be given to a person who demonstrates moral character.

In China, the word for integrity is chengxin and has become a well-used media word in the context of the prosecution of corruption in both public and private sectors. But it also has a very rich history of meaning in the Chinese classical tradition. Integrity has three elements: honesty, credibility (or trustworthiness) and moral principles. According to classical Chinese tradition, the integrity developed (or not) in a person's 'inner world', will be reflected in their outward behavior and this is especially shown in the way in which a person relates to his parents and elders: "If you have honesty and integrity in your heart, it will show" (Shoujin, 2009; Guocheng, 2009).

The Confucian principle is that the integrity of an individual should be reflected in the integrity of an organization and of a country. Integrity from the perspective of the classical Chinese tradition is the corollary of the fundamental Confucian virtue of Ren, benevolence, or, "one's love for his fellow men." Integrity, both from an Eastern and Western perspective is a character-based ethic and, in the discussion that follows, the emphasis taken is on the character of the marketer as more appropriate to explain the idea of integrity in marketing.

The Chinese melamine dairy scandals of 2008 illustrate how quickly the integrity of a business and its brands can be tested. In 2008, Chinese authorities discovered that melamine had been added to about 70 milk products from 20 companies resulting in severe sickness in nearly 300,000 infants and even some deaths (de Laurentis, 2009). Companies that had engaged their employees on the basis and practice of chengxin survived the consumer backlash better than those that were found to have failed in supply chain assurance and accountability and also in the unethical management behavior. The Inner Mongolia Yili Industrial Group Co., Ltd had a longstanding quality assurance program based on a high level commitment to social responsibility as its foundation as expressed in its website as: "Foundation development is superior to develop speed, prosperity of industry is better than individual glory, social value is more important than company wealth."[3]

The statement is backed by ethical and quality assurance programs based on the company's four "cardinal principles": loyalty, honesty, diligence and thrift. As de Laurentis (2009) reports, Yili and dairy producer, Sanyuan, had strong ethical cultures which have enabled them to survive the product safety scandal. In March 2009, Sanyuan bought Sanlu, the company at the centre of the melamine scandal, having previously been its much smaller competitor. Those companies in the sector which were not perceived to have had a strong ethical stance have suffered even though accusations of malpractice have been found to be false. Unsubstantiated accusations against Wyeth in China have resulted in 61% of respondents in an online poll saying that the accusation will affect their future decisions to purchase Wyeth[4].

The Mainstreaming of Integrity in Marketing Practice

The sustainability agenda has recently become a strong primer for integrity in marketing as its claims relate both to environmental preservation and issues of social justice in the way people throughout the supply chain are treated. But sustainability is only another layer of consumer and societal demand for a reconstruction of the idea of brands. The twentieth century marketing paradigm now faces cynicism in Europe (Bonini et al 2007) and the energy is lying with new brands that offer a more holistic proposition to consumers. In the words of Askew (2009),

> Brands are failing at two levels. They've experiences a diminishing of purpose, and they've failed to maintain the perspective on the outside world necessary to cope with changes that would affect their future. The former is an inevitable outcome of advancing consumerism, not just the emergence of the sustainability agenda.

There is an ethical crisis facing brands: firstly, from the basic challenge to the honesty of branded communications and, secondly, from the underlying moral imperative of sustainability which is the claim that it is morally wrong for the current generation to devastate the environment and economy because future generations of people will suffer loss or harm. So-called "green ethics" has force not because the environment *per se* is a moral agent. The moral force of environmental degradation is that people depend on the environment for their life and wellbeing and because humankind has the responsibility to steward the environment and all living beings for the Common Good.[5] Brenkert (2008) utilizes the precautionary principle as a background standard for marketers to use, which requires that marketers not to produce any products unless they can be shown not to have a negative effect on the environment. Brenkert offers a more realistic "weaker version" which requires a trade-off between negative and positive impacts of a product.

In response to the ethical crisis of brands, mainstream brand owners are increasingly insisting on greater transparency in their brand's environmental and social practice as a means of bolstering trust and displaying integrity. Sustainability themes such as recycling are the indirect way in which integrity in marketing is being approached by supermarkets and food and beverage brands in particular. Wal-Mart, for example, launched their 'Sustainable Product Index' in July 2009 which to survey its 100,000 global suppliers on sustainability and "people and community" criteria.[6] In the UK, Marks and Spencer followed extensive research and consideration of their social and environmental responsibilities by launching their 'Plan A' campaign in 2007. The campaign very quickly gained high media visibility and customer impact significantly improving sales during 2007-08. A simple marketing device (*Doing the Right Thing*) has been created through which Marks and Spencer can continue to launch fresh creative executions around the basic sustainability theme, such as: *Look behind the label, Love Food Hate Waste and Wanted - Your Old Clothes. Reward £5.*

The legal and ethical challenges to McDonald's Restaurants in the US and the UK in 2003 resulted in the re-creation of the McDonald's brand to blunt McDonald's association with unhealthy food and unhealthy children. Confronted by an advertising ban in the UK, McDonald's committed to use advertising to teach children how to achieve healthy lifestyles through a balanced diet and exercise. At the annual conference of the Society for British Advertisers, UK CEO Light argued:

> We do not need less communication to children: we need more. If we want to educate children to eat right and be active, we need effective marketing communications that are responsive and responsible (cited in Botterill and Kline, 2007, p. 90).

McDonald's overhauled its menus and launched a "healthy happy" campaign, with the tagline "It's what I eat, it's what I do" highlighting fruit and vegetables. In the UK, McDonald's launched a website called *Make Up Your Own Mind* to promote transparency of its practices and operations:

> Welcome to Make Up Your Own Mind. The site has been set up for you to find out anything you would like to know about McDonald's food, business, people and practices. Since 2006, Quality Scouts (independent members of the public) have been going behind the scenes at McDonald's and its suppliers, to find out for themselves what really goes into McDonald's food and report back on this site.[7]

ABInBev UK launched an advertising campaign in August 2009 to reposition its Stella Artois brand as being more environmentally responsible. The advertising theme was based on a simple message about the recyclability of their product packaging: aluminum cans and glass bottles. The claims were that, on average, Stella Artois cans were made from 50 per cent recycled aluminum and their bottles were made from 75 per cent recycled glass.

The marketing claims made by these businesses focus on "a more transparent supply chain" (Wal-Mart[8]); "doing the right thing" (Marks and Spencer[9]); "doing good" (McDonalds[10]) and "making for a better world" (Stella Artois[11]). In consumer language terms, these simple phrases convey the key elements of integrity but require deeper internal substantiation and accountability to provide external and internal assurance that integrity is being practiced and not just claimed.

Over the past decade, there has been a proliferation of agricultural verification and certification organizations responding to the growing demand for more environmentally-friendly sourcing combined with agronomic support to farmers and, in the case of fair trade certification, assurance on the social and educational needs of farming communities in developing countries. One such organization is the Rainforest Alliance, an independent NGO, with expertise in verifying the quality of the agronomic and sustainable farming practices of companies such as Chiquita (bananas), Kraft (Kenco Coffee brand), Costa Coffee and Nestlé Nespresso (AAA coffee brand).

The contract that such companies enter into with the Rainforest Alliance are based on a commitment to practice, and to be held accountable for, a development process which includes:

- Reduction in water pollution
- Reduction in soil erosion
- Removal of "dangerous pesticides"
- Protection of wildlife habitats
- Reduction in waste
- Water conservation
- Improved profitability and competitiveness for farmers
- Greater collaboration between farmers and conservationists.

Since 2004, Nestlé Nespresso has been working with the Rainforest Alliance to increase the proportion of its coffee that can be sourced under the Rainforest Alliance verification regime. Nespresso launched their own multi-stakeholder sustainability forum called *Ecolaboration* in June 2009 with the aim to develop stakeholder relationships and clarifying their approach and commitment to sustainability in a way that is relevant to their business, to its customers and its stakeholders. This initiative represents the first step in expressing the credibility of their work in a branded competitive way five years after beginning the verification process.

The role of responsible marketing is to innovate products and communicate their value through branded frameworks and communications. Increasingly supply chain sustainability innovations such as water and 'carbon footprinting' are being utilized in marketing communications. *The Ladder of Integrity*[12] (Figure 1) illustrates the headline steps towards verification and certification on the one hand and sustainable brand practices and communications on the other. Claims of the lowest level are graded as 'greenwashing' but could lead to further steps of product transparency towards the independent verification and certification of sustainable sourcing practices.

Competitive differentiation can be achieved when a brand combines third party verification (or certification) with a new and differentiated value proposition for its customers and stakeholders. To maintain integrity, the value proposition, and claims created around an ethical or sustainability supply chain program, need to keep in step with the credibility that the company has earnt through independently assessed and benchmarked standards. The *Ladder of Integrity* shows that the 'platform' for a brand to express its competitive credibility is only reached by achieving verifiable performance standards and by developing an integrated business model which goes beyond industry sustainability and CSR norms.

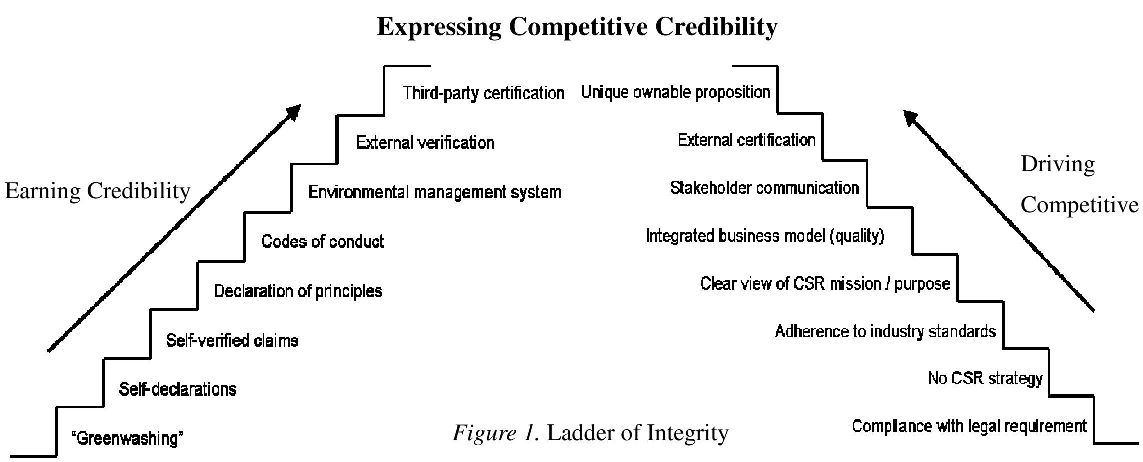

Figure 1. Ladder of Integrity

If marketers give rigorous attention to the extent to which they can avoid their products having any negative effects on people or the environment, and develop concepts that are tested with key opinion leaders and stakeholder experts as well as consumers, the opportunity to gain competitive advantage through ethical branding initiatives is created.

Cultivating the Practice of Integrity by Marketers

Integrity is a moral consideration and the principles of morality are normative and relational, between the brand owners through their agents, the marketers, to the consumer. Whilst legal and ethical frameworks assist moral considerations, decisions about brand claims and promises are made by marketers and brand managers as moral agents. Brenkert (2008, p. 8) has clarified the nature of moral agency for marketers:

> ...an effective morality will set standards, subject to reason and evidence, by which people can and should behave. The upshot is that morality is neither simply a matter of opinion, nor irrelevant to marketing. Though too many marketers don't always do what they morally ought to do, this does not itself make morality (or the ethics of marketing) irrelevant.

Such a morality is ultimately grounded in the character of the marketer and the ethical maturity of those guiding organizational decision-making. Moral decision-making in developing an ethical or sustainable dimension to brands requires endogenous moral consideration. But this is contentious territory in a world view dominated by calculative rationality and objective decision-making which largely overshadows notions of substantive moral judgment.

Seeking to understand and account for the 'right' action by brand owners and marketers is not only found through internal Kantian-type discussions on rights and responsibilities. Rather, the conversations that surround a decision to be more transparent in marketing communications emerges from senior management convictions of the kind of people they want to become in taking actions that they believe to be "right" above and beyond the immediate pressures from key opinion leaders. This approach to integrity in marketing requires a focus on both the moral character and the motives of marketers. The marketer has responsibility, with other moral agents, to make judgments about the ethical nature of the marketing mix and its branded communications.

A deontological approach alone has the danger of producing a declared ethical framework, usually a code, without directly addressing the ethical performance of individuals through training and appraisal systems. A utilitarian approach relies on moral disengagement and Mill's notion of the "disinterested and benevolent spectator" (Mill, 1871). As Chan (2008) has pointed out, there are several commonalities between the virtue ethics of Aristotle and Confucius and the particular significance of exemplary individuals for guidance and training in proper ethical behavior (Sim, 2001). Whetstone (2001, 2003) has argued that managers should give attention to the virtues and vices of human character as well as to deontological and teleological approaches. He specifically highlights the personal nature of the Aristotelian virtue perspective and on the motivations of the actor to bring a dynamic to ethical understanding.

Adding a virtue perspective as a complement to act-oriented perspectives can expand to scope and perspectives of ethical analysis and understanding. This is because the Aristotelian virtue perspective is personal; focuses on the motivations of the actor and the sources of action, bringing a dynamic to ethical understanding; is contextual, highlighting the importance of understanding the environment as it affects both the actor and his or her acts; and complements other disciplines addressing human behavior (Whetstone, 2001).

Conclusion

Integrity in marketing involves reflecting before acting and engaging with others about ‘doing the right thing’. It will involve a consideration of the ‘other’ and responsibilities to the other however distant that other may be from the challenges of marketing management. Integrity in marketing places the focus on the marketer as a moral agent to assume the responsibility for fairly and honestly communicating a product’s attributes and benefits within the nature of a truthful relationship (Thompson, 2002).

Commentaries published before the recent global economic crisis had found little evidence that corporate or brand virtue pays (Vogel, 2005, p. 45; The Economist, 22 January, 2005). But these views represented a market paradigm which is quickly fading, a paradigm which is not simply focused on whether integrity or marketing virtue ‘pays’ but whether the level of demand for integrity and marketing virtue is so strong that a more transparent market emerges in which integrity or ethicality becomes another platform for competition.

Notes

1. “Transparency Triumph” a report by Trendwatching.com, September 2009.
2. Source: “Integrity.” Dictionary.com Unabridged (v 1.1). Random House, Inc. 23 Sep. 2009. Dictionary.com http://dictionary.reference.com/browse/integrity.
3. Source: http://www.yili.com/english/about/about_survey.html. Retrieved 25 September 2009.
4. According to an online poll of 10,000 conducted by sina.com in February 2009: http://finance.sina.com.cn/consume/puguangtai/20090224/08105892678.shtml. Retrieved 24 September 2009.
5. The notion of the Common Good is drawn from a variety of philosophical and faith sources and describes individual and corporate responsibility to act in a way that contributes to the good of all or the good of the commons.
6. CSR Wire Press Release, The Latest Corporate Social Responsibility News: Walmart and Sustainability: Oxymoron or Salvation – or Both?, 21 July 2009.
7. Excerpt from the McDonalds website: www.makeupyourownmind.co.uk, accessed 21 October 2009
8. Mike Duke, President and Chief Executive Officer, Wal-Mart Stores, Inc. Walmart Sustainability Milestone Meeting, July 16, 2009 from Sustainability Product Index Fact Sheet, July 2009.
9. Source: http://plana.marksandspencer.com/, accessed 20 October 2009.
10. Source: http://www.mcdonalds.com/usa/good.html, accessed 20 October, 2009.
11. Source: http://www.stellaartois.com/hedgefund/recyclage-de-luxe.html#glass, retrieved 20 October, 2009.
12. The Ladder of Integrity was created in 2007 by Dean Sanders of GoodBrand, London.

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