D – Marketing

The antidote for wasteful marketing and marketing waste

Mark Sherrington February 2022

Index (Interactive)

I - Introduction

In every corner of the globe concerns over climate change, pollution, resource depletion and environmental degradation are now taken very seriously especially, but not exclusively, among the younger generation. Governments and the business world have had to respond to this and for the most part they have. We have green energy policies, more responsible and sustainable sourcing, production and distribution, recycling infrastructure, to highlight just a few aspects of sustainability. Maybe not as much as we need to meet the climate change targets but a lot more than we had and moving in the right direction. Sustainability is mainstream in almost everyone's thinking almost all of the time. But we are missing something, quite a big thing – excessive demand. We are buying and consuming too much, not everywhere, not among the 'other 3 billion' who live in abject poverty, but in the developed world we buy too much stuff. We are, as part of the drive towards sustainability, aware of waste as an issue but we have not tackled the root cause of this – marketing.

$1.7 trillion a year gets spent on persuading us not just to buy but to buy more than we need and this causes enormous waste both physical, obvious and hidden, ignored. We have not tackled the demand-side wastage and marketing's role in that, so we are fighting the climate change and environmental battle with one arm tied behind our back. This book tries to lift the lid on that and offer an alternative, Deliberate Marketing - a more responsible approach that addresses marketing generated wastage but not necessarily by reducing profits and enterprise value. Because we also waste a lot of money on unnecessary marketing so we can cut that out too.

Since the word 'waste' is going to be used a lot we should be clear about what we mean by it.

What is the Definition of Waste?

The dictionary defines it as:-

“to use or expend carelessly, extravagantly, or to no purpose”.

Human nature being what it is (as will be explored) we are going to be profligate and careless. Extravagance is not that far removed from satisfying desire and that’s important to progress and getting the most out of life. The most important part of the definition is ‘to no purpose’. William Morris put it well:-

"If you want a golden rule that will fit everything, this is it: Have nothing in your houses that you do not know to be useful, or believe to be beautiful."

If something is useful or gives pleasure (what Utilitarians said offered the only true intrinsic value) it is not wasted. But if it gave no pleasure and was never used, or hardly used, before being discarded then it is waste. If it used up resources to no purpose, it is waste. If it was never appreciated, it is waste.

Creating Demand is good

There is nothing wrong in creating, not just satisfying, demand, even demand for products and services people never knew they had. Within reason there's nothing wrong in making the best use of economics to sell more and the best use of all the psychological tricks of marketing to build big strong brands. The ambition to create demand drives progress, fortifies economies, gives purpose through employment, sustains communities. There are many situations where a business has every justification for selling as much as they possibly can. If the product is superior why not grab the highest market share at the expense of your competitors? If it is more efficient, greener, if it improves life and well-being, then there is an obligation to society, not just shareholders, to sell as much as you possibly can.

Demand is good, demand makes the world go round. The problem lies in creating excessive demand and thus creating excessive waste. That makes the world go wrong, not round. Determining the point where healthy demand becomes excessive demand, identifying the changes that need to be made to stem the excess, mustering the corporate resolve to do something about it, this requires a very deliberate effort.

II- The set-up

"Half of my advertising spend is wasted: the trouble is, I don't know which half"

This quote is attributed either to Lord Leverhulme, the British industrialist who founded what we know today as Unilever, or the US Retail tycoon John Wanamaker. Maybe one said it and the other quoted him or maybe they both said it quite independently because they both spent a lot on advertising and it was funny and true. What's not so funny is that it was said more than 100 years ago and, as we shall see, it's still more or less true.

Viewed in purely commercial terms this is no joke. More than $1.7 trillion every year is spent on marketing of which $1 trillion is spent on advertising. If half of this is wasted that's a lot of money. Only 20 countries in the world have a GDP higher than $500 billion and only 10 companies are worth more.

But this wasteful marketing is more than a commercial problem, it's more than an opportunity cost. Knowing that you could achieve the same results for half the financial outlay or achieve twice the return for the same spend is not just an issue for accountants and investors.

Every $ wasted on marketing has an environmental consequence. It starts with the marketing activity itself, the energy and resources used to create and deploy all those ads, posters, flyers, stunts and events, all the big server farms that have to be operated and kept cool to run digital media, half of which, it turns out, is an utter waste of time (and time is precious too).

No, it's more than a commercial issue, more than profligacy, more than something that should cause 'the marketing profession' embarrassment. It is more serious than any of that.

Marketing comes directly from free-market micro economics and the economic imperative to shift the demand curve. The

purpose of marketing is to sell more stuff, to more people, in more places for more money. Marketing is designed, for the most part, to sell us more than we need or should reasonably want. Before we get lost in the weeds with questions like 'what defines a need?' or 'what is reasonable?' just be sure of one thing, it's more than either, so it involves waste. This wasteful marketing creates physical waste a lot of which sits in land-fill dumps all over the world – 300 million tonnes every year in the USA alone. That makes it very clear that we are buying more than we need and more than could be considered reasonable.

Of course we can recycle, that only uses half the resources required to produce in the first place. Only half? Perhaps a better idea would be to remove the need to recycle by selling less, more efficiently. That way you save (or can redeploy) 150% of wasted resources used to make and recycle junk.

We will look at these numbers in a little more detail but no more than that. They are probably all a significant under-estimate. We might be wasting more than half of all marketing spend which is likely to be more than $1.7 trillion. And land-fill waste takes no account of waste that gets washed down the sink and into the oceans, or sits in garages, junk yards, warehouses and dusty second-hand shops.

The message is very clear and it has not changed for a 100 years. We waste a lot of money and resources on ineffective marketing and that marketing creates a lot of waste. All that's changed is the scale and the existential threat.

And it's about to get a whole lot worse. In the 2021 BBC Reith Lectures Stuart Russell explores the implications of AI and asks "How can we get it right?". AI has the power to build a better society or to destroy it for humans, he argues, which of these outcomes it will be depends on the how we direct AI, the values, motives and guardrails we impose. In marketing that horse has already bolted guided only by the venal objectives and imperfect guardrails we operate today. Just look at what AI driven social media and on-line shopping is doing right now. Every delivery truck for every over-sized Amazon box for some unnecessary purchase made in seconds prompted by

something that was pushed to us by AI driven 'malgorithms' on-line. We used to go to stores, maybe think a little about what we needed and we carried all our purchases home ourselves in one bag, plastic or otherwise. Unfettered, the advance of technology is going to make marketing even better at generating excess consumption and waste.

Do you think we should try to do better? If so, let's make a start. We will not eliminate all wasteful marketing or all marketing-generated waste but if we could just move the needle by 5-10% it would be a good start with a significantly positive impact. As encouragement look at what has been achieved on the supply-side with sustainability, a concept that was barely ever discussed in most board rooms 20 years ago. Today, hardly any business can operate without a serious sustainability program. Governments, investors and people (consumers) won't let you. Back to economics, supply-side is just half of the equation. It's time to tackle the demand side. We could call this sustainability 2.0 but that implies better not different. Tackling demand-side waste – marketing waste – requires a different approach. It requires the re-purposing of a lot of marketing techniques to a very different set of objectives – to do more with less and suppress the wrong kind of demand.

So what does the 'D' stand for in D-Marketing? It stands for deliberate, both the adjective and the verb.

Aside from the idiots and the sociopaths, no-one wants to waste marketing spend and no-one wants to sell junk (if it's more than someone reasonably wants or needs, it's junk). Doing better requires serious deliberation and deliberate action on the part of governments, people (consumers) but especially business, and within business, people who consider themselves marketers.

Deliberate Marketing – think of it as marketing that makes you proud, socially and professionally.

This book offers a point of view on how to reduce wasted marketing and reduce marketing generated waste. It will

highlight areas to focus on to achieve this and suggest a process for D-Marketing. The objective is to generate interest, to start the conversation and pose some challenging questions. It is not offering 'an answer' or 'a blue-print', that's impossible without looking at a specific business in a specific category. But here's an interesting thing about waste, once aware of it, a well-intentioned person or leadership team finds it hard to ignore. There is no study to back this up, merely a lot of circumstantial evidence, but the majority of waste is probably down to thoughtlessness, a feeling of powerlessness and/or an assumption that it's someone else's responsibility. As a species we are sentient and most of us have a conscience. If we are aware of waste, if we think we can do something about it and it is our responsibility to do so, we will. At the very least we will try.

The audience for this book is business in general, and marketers in particular. Its purpose is to make people think about waste and believe there is perhaps something they can do if they try.

Cut to the chase – Author's Note

I've always thought most business books take a long time to get to the point and even when they do there's a lot of tautology. It explains why far fewer get read than bought. I can honestly say I don't think I've ever read a whole business book. Even the ones I really rated I only skimmed.

Statistics, experiments and case studies are all very well for academic books. But for a business book I think they're less important. Just make the point, back it up and if the reader has any reservations they can fact-check it themselves.

So, I am going to charge through some big topics – like the evolution of economics and its implication for marketing – to get to the point of D-Marketing as quickly and efficiently as I can. In every case I could write long chapters about the topics I cover and indeed I have gone into more depth in other eBooks, articles and essays which I will reference at the end.

Where I feel it is necessary I will back up a statement with some evidence and sources, but for the most part I'll leave it to the reader either to agree and want to move on to the next point or disagree and want to fact check.

To illustrate this, go back to the opening quote. "Half my advertising is wasted, the problem is I don't know which half". This is so well known it's a cliché. But here's the thing, everyone gets the point and agrees. They know it's right, they don't really care whether it is precisely 50% and no amount of statistics and case studies (of which there are plenty) can improve or will obviate the point. You are wasting money and resources. Agreed? In which case, let's get on to what to do about that……..

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III - The Outline

Here is a quick overview of what will be covered:-

The economic origins of marketing: where economics went wrong and therefore why marketing has gone wrong

Defining what we mean by marketing – the difference between long-term brand-building (good) and short-term sales promotion (mostly pointless and wasteful)

The scale of the problem and challenge – setting realistic goals that respect ambition, progress, and human nature. No-one wants austerity.

Tackling the root cause of wasted marketing. We not only don't know what drives adoption and builds brands, we don't admit we don't know. A framework to change this.

An example of what could be achieved if you aligned a better understanding of brand building and advertising (System1 work).

De-coupling value creation and growth in consumption – a D-Marketing playbook from wider strategic business transformation (e.g. farm-to-fork) to specific tactics (e.g. premiumization)

5 point plan for D-Marketing:-

- Switch focus from promotion to brand-building
- Agree explicitly what builds brands
- Change what gets measured
- Fully cost your product or service
- Review your business model

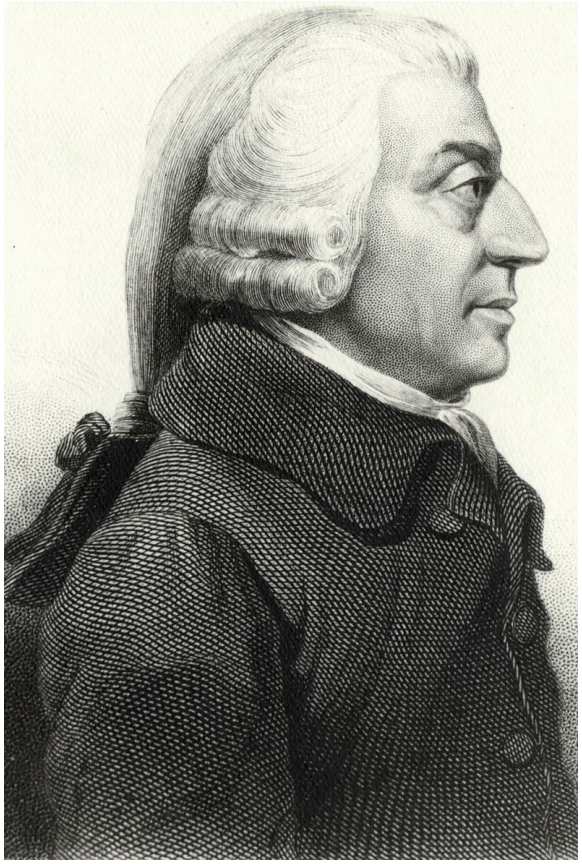
Getting started – a process outline for a business wanting to embrace D-Marketing

The role of governments and people-power

Summary: the argument in a nut shell (feel free to skip to this bit and then decide whether the whole book is worth reading) and the 5 point D-Marketing Plan:-

1. Switch focus from promotion to brand-building
2. Agree explicitly what builds brands
3. Change what gets measured
4. Fully cost your product or service
5. Review your business model

IV - Marketing – the child of Economics



The fathers (sadly they were mostly men) of marketing were economists. From Adam Smith who, in the Wealth of Nations, explained that the purpose of any organization is to anticipate (important word) the needs and wants of consumers better than their competitors, to E. Jerome McCarthy who came up with the four P's of the marketing mix – product, price, place, promotion – the fundamentals of marketing have come from economists. Culliton (Mr. Marketing Mix) , Levy, Kotler, Drucker – all economists. OK, strictly speaking Drucker was a Management Consultant but he cited Schumpeter and Keynes as his two biggest influences and they were definitely economists.

We all know the definition of economics – it's all about how society allocates resources in the production, distribution and consumption of goods and services which requires you to study how people, businesses and governments makes choices. At its

heart it is about value, how to calculate the cost of something and how to price it, in a market.

Adam smith is thought of as the father of economics (not a term he would have used since it only came into use centuries later) but St. Thomas Aquinas was wrestling with the idea of a fair price and cost in the 13th Century and we continue to debate it to this day.

This is a whistle-stop ride through the evolution of economics:-

Ancient Economics Pre 18th Century

A system designed to allow people to trade based on money rather than just barter. Eventually this allowed people to invest. Trade was the foundation of capitalist economics.

Adam Smith and Classical Economics 18th and 19th Century

With the industrial Revolution there was more wealth to share about and more options of where to earn it. Classical Economics was based on the idea of a free market allowing the laws of supply and demand to create competition with efficiency coming from the division of labour. The basic idea was to keep government interference to a minimum and let the 'invisible hand' of market forces keep everything in equilibrium and everyone gainfully employed according to their skill-set.

Neo-Classical Economics 19th Century and early 20th Century

Where Classical economics focused more on production, cost and the supply side, with neo classical economics the focus shifted to the demand side and the relationship between demand and price. It was actually the beginning of what was to become marketing. It mattered less how much something cost to make, it mattered more how much people valued and wanted it.

Keynesian Economics 20th Century

Up to John Maynard, economists believed in the power of market forces to create stable full employment. Then 1928 happened, the Great Crash. Keynes understood that economies were far more complex and that simple market forces alone could not be relied upon to re-establish equilibrium. To control employment and inflation, the new bogeyman, governments needed to intervene. They needed to use fiscal policy - spending your taxes on, for example, big infrastructure projects - to stimulate aggregate demand. Fair to say that this thinking still prevails today.

Monetary Economics 20th/21st Century

Milton Friedman was its best known champion and he proved that the money supply affected economic growth. You could use it to stimulate or dampen an economy, best practice was to keep it at a steady growth rate to avoid the more modern problem of boom and bust.

Let's pause at this point. Keynesian and Monetary economics are very much alive today, you have seen them both brought into action to counter the economic impact of the pandemic. Printing money to stimulate demand and investing in big infrastructure projects. And this despite the predominant school of economic thought being Behavioural Economics, which is where it all went wrong and the symbiotic connection between economics and marketing became unhealthy.

There are two things to notice about economics up to and including Monetary economics. Firstly it evolved as society evolved and the challenges became more complex. Secondly, economics had an explicit purpose.

As the world changed economics was trying to solve different problems.

• To begin with, the problem was to facilitate trade.

- Then it was to create full employment.
- Then it was to prevent another Depression
- Then it was to create high employment and control inflation.
- Then it was to avoid the 7 year cycle of boom to bust.

Where does marketing fit in? If we summarise the current economic model as free-market capitalism, a system in which resources flow to where they achieve the highest returns (legally), the job of marketing is to drive demand profitably by adding more value, both intrinsic and extrinsic, than cost.

Put simply the job of marketing is to sell more stuff, to more people, in more places. More, more, more.

A very popular school of thought in marketing is the Bass-Ehrenberg Institute. We will return to this but essentially it is all about creating big brands which are big - as their data shows – because more people buy them and they buy more of them. Small brands are small because fewer people buy them and they buy less of them. Good marketing seeks to maximise "physical and mental penetration" in order to maximise demand.

Marketing is the tip of the spear in capitalism ensuring resources flow to where the greatest demand can be created.

Quite understandably some people are questioning whether capitalism needs to be scrapped as, arguably, it's not working well for society. The growing gap between the haves and have-nots, climate change, waste and pollution are the evidence for this.

The pro-capitalist lobby point out that capitalism is the most powerful economic force for good ever seen in human history. People are immeasurably better off than they were a 100 years ago. Capitalism just needs a reboot, better governance. This is the line taken in a recent book by Martin Vander Weyer, 'The Good, the Bad and the Greedy: Why we've lost faith in Capitalism'. It has attracted some interest, here is a quote from the Spectator review:-

"Greed is good" declared Gordon Gekko in the film 'Wall Street'. The defenders of capitalism are now starting to acknowledge that maybe greed is not good, maybe an obsession with size and growth is not healthy.

Perhaps this is unfair to Behavioural Economics and to the Bass-Ehrenberg Institute which is based on Behavioural Science, but in my view they are amoral. Not immoral – knowing the difference between right and wrong and choosing to do wrong – but amoral, unconcerned with right or wrong.

Richard Thaler is most associated with Behavioural economics. He won the Nobel Prize for Economics for his work on Nudge Theory, how to change behaviour with non-financial incentives (think of the goal posts in urinals in Holland to improve the aim). It is brilliant and very aligned with a lot of marketing practice. But to what purpose? That is left to people like Simon Sinek who promotes the value of purpose-led business, the attractiveness of saying 'why' not just 'what' you do. Should governments, democratic or otherwise, be expected to apply Behavioural Economics to the moral good?

It is as if Behavioural Economics represents the "Reformation" in economics and therefore marketing, the separation of church and state, or in this case the separation of social purpose and economic theory. Previous economics had an explicit social purpose, some link to the kind of society, rightly or misguidedly, we should be trying to create. St. Thomas Aquinas was a Theologian, he wrestled with fair price and cost because he believed it was important in understanding how to create a just society.

Economics and marketing is locked in to a 'bigger is better' mindset, more demand means more corporate value which means bigger bonuses. Unfortunately, more, more, more means more waste, more pollution, more climate change.

Somehow we need to reinject some moral purpose into economics and marketing and we need to break the link

between relentlessly growing demand and value creation.

I can speak from personal experience that this is possible. When I worked for SABMiller Plc as their Global Marketing Director our share price was lower than Heineken who were both smaller and had lower growth. Why? Because they had better brands. Tesla sell a tiny fraction of the cars compared to Ford but are worth far more. It is not just about brands but strong, 'built-to-last' brands that are highly valued, brands that can defy the gravitational pull of 'more, more, more'.

Time to go a little deeper into what we mean by marketing, in order to show how better, more efficient marketing can create more value than waste.

A little more on latest economic thinking for the interested few.

There is a very good article by Amna Silim called "What is New Economic Thinking" in which she outlines 3 emerging schools of economic theory:-

- *Complexity Economics*
- *Evolutionary Economics*
- *Behavioural Economics*

They are all called 'heterodox' in the sense that they dissent from orthodox economics and rely on observed, data-driven reality. They are explained very well in the article, so I will just summarise them. Complexity Economics sees the economy as a complex system where everything continually reacts to everything else producing dynamic outcomes. There is no difference between micro and macro economics, they're all interconnected.

Evolutionary Economics is very similar but puts innovation (evolution) at the heart of this. As all these dynamic complex outcomes happen we constantly adapt and innovate. Resources flow to those ideas that succeed. Behavioural Economics puts psychology firmly in the mix to explain how people make decisions. It is heavily based on Daniel Kahneman's work best explained in his book "Thinking, Fast and Slow" which introduced us to the idea of our 2 brains, the small cognitive one, and the big reptilian one.

Much more excitingly for sustainability and the issue of waste is the growing interest in 'The Circular Economy'. Rather than the linear economy we have had since the Industrial Revolution that turns natural resources (in the widest sense) into products that get bought, used and thrown away, the Circular Economy tries to design in recycling, repair and re-purposing. The Ellen MacArthur Foundation have done great work promoting this and Circular Economics is now on the curriculum of any serious university.

Nevertheless, as already noted, if there is wasteful marketing, generating waste then the Circular Economy is having to work harder than it needs to.

V - What do we mean by Marketing?

In the previous section I began with a definition of economics.

How society allocates resources in the production, distribution and consumption of goods and services which requires you to study how people, businesses and governments makes choices.

Any economist would recognise and agree with it, even to non-economists it sounds about right.

Well here is a fun game, try the same with 'Marketing'. Try getting a clear and consistent definition from the people who work in marketing. Then try it with people who work with marketers. If you want, try asking the general public. The response will be anything but clear and consistent.

From marketers you will get a word cloud that ranges from customer insight driven, brand builders and curators, value creators to innovation, customer acquisition & retention and all stops in between. From non-marketers and the person in the street you will get something around advertising, promotions and selling. They are right about the latter.

I have set out the purpose of marketing, the 'tip of the spear' for economics, precisely as being to sell more (more people, more often, more places, for more money).

Most non-marketers relate to this, I know I've tried it on several over the years. The marketers on the other hand will rush to explain that marketing is not the same as selling. They may even trot out the old cliché "Sales is selling what you make, marketing is about making what you can sell". Great, clear as mud. So marketing decides what we design and

produce? No, that's design and production. So what is marketing? Well, it's lots of things:-

- Advertising
- Promotions
- PR
- Understanding consumers
- Building brands
- Creating a brand and customer centric focus
- Price, position, product, place
- AIDA – awareness, interest, desire, action

So if that's true what does a marketing department do? Not even the people inside the department know this let alone the ones outside - some or all of the above? And of course what marketing departments do varies a lot business to business, sector to sector, country to country. Some do leaflets and events, others do a bit of strategy (whatever that is). New economy businesses, big tech, often don't have a marketing department. They have Customer Experience Teams, Product Development Teams, Customer acquisition and Retention teams, Customer Success teams.

There is not even a consensus on what we should call the 'senior marketer' – Marketing Director, Brand Director, CMO, Chief Revenue Officer, Chief Growth officer, Chief Commercial Officer? – or even whether they should be on the board.

Marketing really is a mess of confusion and both over and under reach (too influential, not influential enough).

This is not helpful for D-Marketing and the war on wasteful marketing and marketing waste. So I am going to cut through this and say that marketing boils down to two things:-

1. **Promoting sales**
2. **Building brands**

Promotion can best be understood as 'push' activity. Promotions essentially help the sales team or sales platform

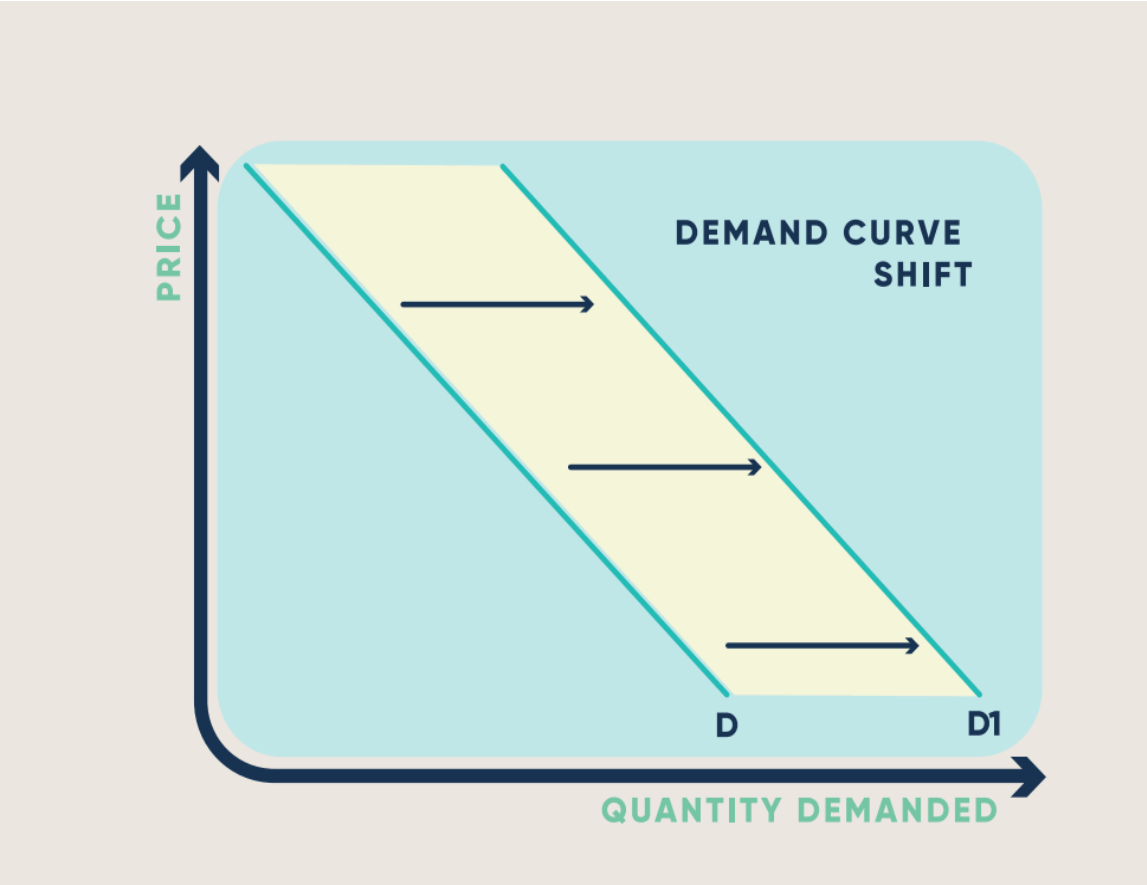
sell using short term incentives that effectively change the value offer to the trade or end-user .

Building brands is about 'pull', it is about creating desire and attraction by enhancing the performance and reputation because a brand is nothing more nor less than its reputation.

All of the rest of it - customer insight, strategy, innovation, advertising etc, etc, etc. – is just the means to the end, the support act to help you promote sales and build brands.

This simple clear-cut definition allows me to bring it back to economics (micro-economics to be precise)

The Demand Curve



If you promote sales you are moving up the demand curve. You are selling more because you have effectively reduced the perceived price.

If you shift the demand curve to the right you have strengthened the brand which means for any given price you sell more. It also means people forgive the odd mistake and resist the short term allure of a competitor.

[For years Mercedes was an inferior car to Lexus, but their loyal customers and their 'price inelasticity' as the economists would describe it bought them enough time to rectify this and move ahead again. It has helped to a degree slow down the haemorrhaging to Tesla prior to the launch of their own EV.]

Marketing that builds stronger brands by shifting the demand curve allows a business to make as much or even more profit for the same or even lower sales. The stronger the brand the less pressure there is to create excessive demand and therefore waste.

Promotions on the other hand are largely a waste of time, money and resources.

Building strong, price inelastic brands is what any marketing focused business should be doing. Strong brands break the connection between selling more and being valued more.

This might need a few caveats. There are some blurred lines here.

- Some promotional activity can be done in such a way as to enhance the reputation of the brand – true
- A short term sales drive can get trial among new users that might lead to longer term gains – true, maybe
- Promotional events create a commercial rhythm to the business that the whole business can get behind so there is a multiplier effect – definitely true

I could go on but rather let's just accept promotional stuff is not always a total waste of time, money and resources. Just mostly.

[I have some experience here. For the first few years of my career in Lever Brothers (Unilever) I mostly did promotions. I ran big promotions across several of our brands. Free Rail Tickets was at the time the UK's most successful ever sales promotion, 5 million responses, and I like to think that by uniting friends and family we added to the warm feelings for brands like Persil. I also worked in the department that experimented on and analysed just about every kind of promotion under the 'win/save/free' banner. This involved some serious econometrics. Many years later I worked on analysing the first Store Cards in the UK. I've done a lot of work on promotions in my time. They are mostly a complete waste of time. They create a temporary distortion to the market equilibrium which fades very quickly if your competitor reacts. We did a lot of promotions at Levers because we were so much better at them than P&G and it was NEVER at the expense of brand-building investment (which we were also better at) but that competitive advantage faded over time and the retailers made it harder to execute so we/they re-focused on innovation and proper brand building.]

This is a very good example of the big topics I said I would charge through. If anyone wishes to challenge my assertion about promotions there is no shortage of material available which I believe backs it up.

But it might be helpful to focus on some very specific types of promotion that will make my point because they are guaranteed to create waste.

They are the promotions designed to make you buy more than you intended to:-

- *Super-size me*
- *20% off on orders more than $50*
- *Buy 3 shirts get the 4th free*
- *Buy before January and get these accessories worth $250 free*
- *Every purchase earns points, the more you spend the more…*

Back in the day we used to call them 'pantry-loaders' and the justification was that if you fill the pantry with your brand there's no room for the competition, you lock buyers in, at a cost, for a while. But we also knew that the more they had in the cupboard the more they used. If the jar is almost empty you make it last, spread the jam a little thinner. If it's full and there's another next to it, you spread it on thick.
A huge amount of shopping is now on-line and there we are all subject to 'dark marketing'. Without you realising it those algorithms are hard at work, figuring out what is most likely to make you hang around longer and spend more, pushing content, images, offers that they know will get you to buy more, right now.

- *Only 21 left*

- *55 other people have looked at this product*
- *People who bought this also bought these*

Even if you resist the first temptation, the fear of missing out, the algorithms will follow you around the internet and your social media. Ads, emails will pop up reminding, prodding, nudging, effectively grooming you.

This kind of promotional activity is not building the brand, it's not setting it up for future, long term sustainable success. It's not even about growing market share. It's about driving excess consumption. It's junk marketing, clever, but anti-social.

Are the people behind this bad people? I don't believe so. As I've already said most waste is generated thoughtlessly, or because of a sense of impotence. *"I'm just doing my job. Everyone else is doing it, we can't afford to miss out. Other people will sort out the waste".*

There is a lot 'other people' can do. Governments can legislate. People can shop more responsibly and recycle more diligently. Scientists can come up with better technologies to reduce and manage waste.

True – but the people in business, the 'marketers', can do the most and they can do it quicker and more effectively. They have, if they care to look, complete line of sight on the challenge. They have the skills to devise solutions. They just need to make a deliberate choice to do make a difference.

Marketing is not wasted if its energies are channelled towards building a strong, built-to-last brand with a highly respected reputation. It is if it's being frittered away on short-term promotions that only produce gains if the competition don't react. And they always do, maybe not as well but even then you're basing your competitive advantage on being able to run better promotions, design better algorithms, rather than an authentic and attractive reputation for being really good at what you are meant to do. Which would you (and your shareholders) rather have, customers who prefer your brand because you run better promotions or customers who prefer

you because you offer a better product or service experience, ethically?

People Power

Wherever possible I try to avoid the use of the word 'consumer'. They're not consumers, they are people and they are often the same people who work in business. One CEO of a large multi-national told me that one of the big changes in their business on the road to a more committed sustainability programme was recognising that their own people, not just governments or 'consumers', really cared about the environment.

We've witnessed the power of people, the power of school kids, to drive change when it comes to issues like single-use plastics and fossil fuels. On the issue of excess consumption that generates waste, even on the issue of wasteful and dark marketing, there's a lot people can do, not just by lobbying and protesting but also by voting with their wallet. We'll come back to this later, how to inform, educate and activate people power, but it's not enough.

It's hard to fight nature we're told. Yes, but it doesn't stop us trying, and even harder than nature is human nature, that is really hard to fight. We're hard-wired to be greedy, selfish, thoughtless, hypocritical. Religion has been fighting this for thousands of years by offering us a moral compass. So we can hope that people will resist the temptation to buy more than they need or should reasonably want, but we know they won't, not always, not even often.

This is an analogy that may shock or irritate many but relying on people to curb excessive consumption is a bit like relying on drug addicts to solve the drug problem. They can't, they're addicts and we are all addicted to buying more than we need or should. We have annual festivals that promote excessive consumption – Happy Christmas everyone – and we have a capitalist system and marketing machine that grows in power every year dedicated to persuade us to buy more, more, more.

If we want to change that mindset it needs a deliberate effort especially if, as I believe we should, we accept human nature, democracy and free-market capitalism. Whether we're right to accept these things is probably the biggest issue I'm going to charge through (duck). I will just say simply I think we should because on balance all three – human nature, democracy and free market capitalism – have demonstrated the potential to do more good than harm.

VI - More or less, the scale of the problem and opportunity

‘More or Less’ is a long running radio show on the BBC that investigates the statistics we are all fed and uses experts to challenge them. It’s hosted by the economist Tim Harford, author of many books that try to help us make the best use of data (I would particularly commend “How to make the world add up”).

I don’t know Tim but I wish I did so I could enlist his help. He would do this next section far more justice than me. He has a much better and more rigorous process for presenting statistics clearly and fairly to support or disprove an argument. Tim Harford and his show try to do the work for us and get beyond ‘more or less’ to a deeper, objective, rational, fact-based understanding of what the numbers are telling us. I’m going to do the opposite.

I want to use 'more or less' and show that even if my numbers (all drawn from reputable sources) are wrong by 25% they still make the point about waste and wasted marketing. I want the response to be emotional not rational because an emotional response is more likely to provoke action. And I want the reader to do their own work in their own country or industry or business, not just because you will believe your own research more than that of someone else but also because you know where to look.

As already said, I used to work for a very large beer business who latched on to water usage as a sustainability issue they should champion and do something about. Getting hold of data on the amount of water the beer industry used was challenging and required a lot of research, modelling and assumptions. Knowing how much water we used and wasted was easy because we paid for it. For me to go into detail about the nature and extent of marketing generated waste would be an enormous challenge (any research students are welcome to try) and in my view pointless. People can do their own research far more easily and more accurately because they know their business/sector/geography better than anyone else.

So here are is some data, but as you read it just consider three things:-

1. How far out would these numbers need to be to convince you this is not an enormous issue?
2. What would you like to check, what other questions do you have – if so check your own data or google them.
3. **Using your first-hand knowledge what is the nature and scale of waste in your business or industry?**

With that in mind, here is some shocking data:-

Total Physical Waste in the USA is 300 million tonnes, almost one tonne per head of population, of which:-

- Paper – 23%
- Food* – 21.6%

- Plastics – 12%
- Clothing – 7.5% (estimate for textile and leather)

(*40% of all food waste is edible)
Source USA Government (Environmental Protection Agency) and USA Dumpsters 2018

Approximately one third of all food in the world is wasted – 1.3 billion tones, half of this in Developed markets.

45 million tonnes of electronics are thrown away every year
Source: United Nations

It takes 2,700 litres of water to make one cotton shirt
Source: World Resource Institute

Australia is the second highest per capita consumer of clothing. On average an Australian buys 27 kg of clothes per year and throws away 23kg which ends up in landfill.
Source: Australian Government Report 2019

(Estimate for USA is 37 kg of clothes thrown away per person per year, of which 85% ends up in landfill)

How many more statistics do you want, or do you accept that just these few stats more or less make the point? Well, it get's worse.

This kind of data understates the problem by at least 25%, probably more like 50%. The data refers to physical waste that is either sent to landfill or recycled (roughly two thirds/one third in the USA but a lot less globally gets recycled and remember, recycling uses 50% of the resources used to produce in the first place).

The statistics take no account of the following:-

- Products washed down the sink
- Junk in attics and garages
- Unsold/unsellable inventory in second-hand shops and warehouses (See the Reverse Supply chain below)

- Unused products in wardrobes and pantries

This data and a mountain more is easily available on the internet. In just a few seconds you can find out how much food, clothing, electronics are wasted in your country and what happens to it.

However – and here I address myself directly to people in business – this is the question that needs to be posed and only you can answer it directly.

In what way do your actions contribute to unnecessary waste?

We're not talking sustainability here, I'm quite sure you are all doing a lot to produce more sustainably, you are looking at the supply side. But what about the demand side? In what way do your actions contribute to unnecessarily wasteful demand-creation and consumption?

As a consultant I've worked across most industries, enough to pose a few more pointed questions. I must stress they are based on a perforce limited understanding of an industry (as much as you can ever get as a consultant as I was) and are not in any way a reflection on, or based on specific knowledge about, a particular client. Well, no-one I'm prepared to name

Automotive Industry - How do you make the calculation of how much to invest in higher quality parts and extended warranties versus how much you gain from people changing cars before the warranty runs out?

Personal Products - How much more product does someone use when switching from e.g. soap bars to shower gels? How many razors are thrown away not because the customer is dissatisfied but because you no longer supply the blades?

Cell phones - How many sales would you lose if you returned to replaceable batteries (generally made them more repairable)?

Snack/fast food industry - How much extra consumption per session do you get by selling in bigger bags and multi-packs? How much extra product gets sold as a result of meal deals and how much of this ends up in the bin?

These more sector-specific questions are ones to which I think I have a rough idea of the answer and I know people in those industries who would have the precise answer.

Here is an example from my own career. I must stress while it happened when I was working for Unilever it is in no way a reflection on them. It was 35 years ago and it involves me and my actions. I was running brand of fabric conditioner, Comfort,

the market leader but we were being caught by Lenor who had introduced concentrated liquids. We responded quickly and I recall making the investment case for our launch marketing budget. These days I might have made the case that concentrated liquids, essentially a premium product was good for the environment as it reduced plastic packaging. I didn't, no-one thought about packaging waste in those days. We only thought about market share, absolute volume sales and revenue. The problem was that volume sales go down if you concentrate the liquid so of course we gave a volume equivalent figure for the share and sales uplift we would get. This figure included an amount for additional consumption that research showed we would get because people over-dosed concentrated liquids, they were heavy-handed. I made the case that we would get additional revenue and profit because people, unknowingly, would use more than they needed to. It never occurred to me that this might be wrong.

I tried to make amends years later. Just before leaving the beer industry I undertook a study of how to make people drink more responsibly i.e. less. As an industry we were all running 'drink responsibly' campaigns because we had to in order to stave off legislation. I tackled it from a different perspective. I used some of the smartest marketing minds I knew (people like Robin Wight of WCRS) and we used our marketing brains to tackle the challenge of getting people to drink less. We knew it was the right thing to do socially but we tried to do it in a way that we believed would benefit the reputation of our brands. It was the last report I ever did, I literally issued it the week I was leaving. Perhaps all the ideas were terrible, perhaps it was just untimely, perhaps it needed me to stay to provide advocacy? Who knows but I don't recall seeing anything that indicated it had been acted on. That company no longer exists, they were bought by a bigger competitor. Are they or the industry genuinely interested in reducing unnecessary consumption and waste? I don't know but I do know they could if they wanted to. But can they do it while protecting shareholder value? We're coming to that.

This section is about the scale of the problem – huge, however you look at it. Some of this waste is due to obsolescence,

products discarded because they no longer have use or value but a great deal is not.

What should the ambition be? To reduce all waste, obviously not. To stop anyone promoting their products, obviously not.

Let's assume roughly, roughly one third of all consumption is wasted (we know this is true for food). That is over $25 trillion every year of waste. How about a target of reducing that by 5% or $1.25 trillion which would equate to, more or less, 5% of all physical waste.

Just 5% less, along with all the gains being made on the supply side through sustainability and climate change initiatives this would be game changing.

Can this be done profitably or at least in such a way as to protect the financial value of a business or industry? In the next chapter I will argue it can particularly when you bear in mind that 50% of all marketing spend is wasted and that wasted marketing produces some of the physical waste.

Alert! - Waste in the Reverse Supply Chain (retail returns)

Under the heading, 'More or less, the scale of the problem' it is worth taking a moment to focus specifically on the retail purchases people return, what is now called 'The Reverse Supply Chain'. Not many people think about what happens to the things they don't want and return either directly to the store or through the logistics companies. We assume they are resold somehow, so they don't go to waste. Wrong.

It is hard to get accurate information on this and the retailers don't make it easy because, it could be argued, they don't want us to know. So the following 'data' falls very much under the 'more or less' heading although it has been taken from a variety of creditable sources (listed below) and paints a fairly clear picture.

Estimates vary but the general consensus is that somewhere between 15% and 30% of all purchases are returned. Purchases made on-line make up the majority of this, we are 4-5 times more likely to return something we bought on-line as compared to a store purchase.

The data on the growth in on-line retail is much more solid and as we all know this accelerated greatly during the pandemic to close to 40% per year. On-line accounted on average for 14.1% of all retail globally in 2019 but this is now much higher and higher still in some places like the UK and USA.

Nearly 50% of all people claimed to have returned something in the last 12 months according to one study with the following breakdown:-

- Clothing – 41%
- Luxury goods/jewellery – 32%
- Groceries/Household – 26%
- Electrical – 23%

- Health & Beauty – 18%
- Sports/Outdoor – 15%

30% of people admit to 'over-shopping' online and as we know in some cases this is actively encouraged ("Buy up to 5 pairs of sunglasses and return the ones you don't want")

Overall the amount of returns are roughly doubling every 2 years. This is estimated to be worth $390 billion in the USA.

What happens to it all? No-one knows for sure and/or no-one will admit they know. A tiny part is given away to charities, a small part of it is resold by the retailer but much less than you'd think. The retailer can't resell used goods so easily, the logistics of checking and repacking are enormous. The returned inventory might be out of date or season, their customers won't want it. Fortunately, there is a growing industry of resellers and a complex chain of wholesalers and retailers for returns (as there is for any unwanted inventory). **Experts from that industry, the Reverse Supply Chain, estimate that one third is scrapped, either burned or sent to landfill.**

Fashion brands and others, for example, sports goods brands admit they don't want old stock on the market, it damages their brand image. They have been caught destroying old stock and returns.

One investigation in France uncovered evidence of Amazon scrapping 3.2 million tonnes of returned goods in a year. That is just Amazon, just France and just one year.

Amazon challenge this and they along with others have announced that they intend to eliminate all wastage caused by returns but it is unlikely that this will succeed in the eliminating all waste caused by people buying stuff they subsequently decide they don't want. What is more likely is that the % of returns that are scrapped will decline but the absolute volume will stay the same or increase because of the growth in on-line retail where over-shopping is not only easiest and highest but is also actively encouraged.

Terrible, is it not? But it gets worse. Returned products do not work their way back through the reverse supply chain on magic carpets, they leave a substantial carbon footprint.

One study estimated that in the USA alone 6 billion tonnes of returned goods created 16 million metric tonnes of CO2.

More or less 30% of all purchases returned, growing by 30%+ a year due to the growth in on-line, 30% of which is scrapped, and all of which leaves a whacking carbon footprint.

We are buying too much stuff, we are being encouraged to do so by marketing, it is being made easier by technology.

So a final pointed question for the on-line retailers and their suppliers – do you think we should be doing something more about this waste? Do you have any ideas how, because you know best what could be done?

(Sources: Huffpost, The Atlantic, CNBC, Barclaycard, Pitney Bowes, Oporto)

VII - What lies at the root of marketing waste and marketing generated waste?

"You can't always get what you want, but if you try some time, you just might find, you get what you need"
The Rolling Stones

In the Garden of Eden Adam and Eve had everything they needed but the serpent persuaded them they wanted to eat the apple from the tree of knowledge, the forbidden fruit. This was the birth of marketing. The serpent used the most basic of marketing techniques, he gave the apple a back-story. He turned a need to eat into a desire to eat that particular apple. The next thing you know they want a whole new wardrobe and that created the fashion industry.

We humans find it very hard to distinguish a want or desire from a need. Not a bad thing, all progress depends on wanting more. Our desires are insatiable, whatever we have, whatever we know, we nonetheless want to know and have more. It doesn't make us happy, or at least not for long. George Bernard Shaw understood this aspect of the human condition.

"There are two tragedies in life. One is to lose your heart's desire, the other is to gain it"
Man and Superman

A great deal of what we buy is driven more by desire than need. Of course there are some things we need in order to survive and to survive in a society it's more than just food and shelter. We need things that make us feel better about ourselves, things that keep us mentally healthy and strong. We need to find some degree of social acceptance, a partner in life, friends so we need things that make the right statement and project the right identity. Brands play a big part in this, they can make us feel and look good based on their reputation and the back-story it's based on.

God was very angry with Adam and Eve which is sad really because all they were trying to do was make him like them by being more like him. The story the serpent told was that eating the apple from the tree of knowledge (who knew knowledge grew on trees?) would make them more god-like because they would be smarter. That was an irresistible temptation and

we've been unable to resist ever since which explains all the stuff we buy to make ourselves feel good and look good. If we are able, and many of course are not, we buy a lot more than we need even allowing for the need for a little personal indulgence.

As part of our need (or desire?) for social acceptance we buy stuff for other people, we've created holidays, rituals and festivals where gifting to family, friends and colleagues is central. If you buy something for someone it's very rarely anything they need, quite often it's not even something they wanted.

We can't tell the difference between what we need and what we want, so we buy way more than we need and to make matters worse we buy things for other people that they don't need. And we can't resist a good story which means we can't resist marketing and advertising which as the agency McCann Erickson explained back in 1912, is "truth well told".

Maslow's Hierarchy of Need

The American psychologist Abraham Maslow created a whole model of needs, a triangular hierarchy going from basic needs at the bottom up to psychological needs then self-fulfilment or self-actualisation needs at the pointy end. He may well have had the story of Adam and Eve in his mind but the story goes that he actually developed his theory based on the time he spent with the Native American Blackfeet tribe. For Maslow they are all needs – safety, psychological, belonging and love, esteem. He called these 'deficiency needs'. Above these deficiency needs which marketing has exploited to create economic growth are the self-actualisation needs where we transcend our basic (or perhaps base) needs to find our potential through creative and intellectual expression which he believed was our need to grow as humans.

It all sounds lovely but it does rather skate over the line between need and desire and the problem that causes if excessive desire leads to over-consumption, depletion of resources and massive, excessive waste. He would not have worried much about that back in 1943 when he published his theory, no-one did. In the years that immediately followed the end of the Second World War, there was a post war boom. Buying and consuming as much as you possibly could was regarded as positively patriotic. Live the America dream, buy whatever you desire, all wrapped in plastic (which was also invented around about this time).

Right now we do need to think about the difference between need and want. Study after study shows that material possessions do not bring real lasting happiness, human contact and relationships do, but it's a lot easier to buy things you want and hope will make you happy than it is to sustain healthy successful relationships. We buy all the family nice presents at Christmas and yet we still have some of the biggest rows, what does that tell you? Waste of a good present and a load of wrapping paper.

To give Maslow credit he was trying to help us see the attraction of personal growth which is not dependent on buying things. He was not concerned with economic growth and opening up a happy hunting ground for marketers. It was not

really possible for him to see that if the gap grows wider and wider between wants and needs it might threaten our environment and therefore our safety– the most basic need he identified. The attitude of 'If I want it then I need it' was fine in his time.

These days if you want it not only will you have it you'll have it right now – big issue. There's also an important question to ask about why people want things and/or persuade themselves they need them. Is it for positive reasons? Maslow makes no moral judgement about the psychological need for esteem and self-gratification. It's as natural as wanting sex or dancing. The implication is that it's positive.

But a lot of wants and desires are not positive, they're negative, based on FOMO, the fear of missing out. We could blame FOMO on the Kardashians and the host of on-line influencers they encouraged but they've just cashed in on something primordially innate. We're programmed to avoid missing out, it's part of our survival instinct. Acutely aware of others around us, we ape the actions of the successful, we copy what they do. If someone suddenly turns and runs we do the same, no time to discover what they've reacted to, don't take the risk. Run first, ask questions later. This neanderthal behaviour is still very obvious today. Someone starts buying up toilet paper and pasta in a pandemic, far more than they need, and we all rush in and do the same. FOMO is very powerful.

Maslow was right to shine a light on the more self-actualising needs and a more aesthetic and civilised world to which we can aspire but on the way to that our most basic human nature conditions us to over-consume. And marketing, sometimes unintentionally but often knowingly, exploits that. We will be looking at the various models marketers have in their heads and that they use to sell more stuff to us and we will see that a lot of the wasted marketing spend comes from confusion and ignorance about which model to use. However, underpinning them all is a reality of human nature, our inability to distinguish need from desire, our craving for self-esteem and approval, our fear of missing out, our greed.

"Greed is good" said Gordon Gekko. Yes it is if you work on Wall Street with an unquestioning commitment to free market economics and a disregard for the planet.

Waste starts with a wasteful species, us. We do nonetheless, most of us some of the time and some of us all of the time, aspire to be better than that. We can develop more of a conscience and more of a conscious awareness about the consequence of our actions driven by our natures. We are going to look at how this can be accentuated at the end. What can governments do, what can we do and what can business do to reduce waste? But for now we are focussing on business and will start by looking at how they can reduce the 50% of money they spend on marketing.

It's important to start here firstly because as has been pointed out, wasted marketing spend generates physical and environmental waste. Those hoardings, posters, print ads, leaflets, promotional t-shirts, free samples, give-aways, shelf-stickers, brochures, free pens, umbrellas etc etc etc – they don't just appear out of the ether. The social media campaigns, facebook ads, promotional emails and every other kind of on-line marketing don't just appear out of the ether either. They sit on servers in massive installations that require high-powered cooling and account, in total for 5% of the global emission of greenhouse gas. Marketing consumers resources, and therefore bad marketing creates waste.

Secondly, any suggestion that we might try to reduce unnecessary consumption will imply a loss of revenue and therefore a loss of profit and enterprise value. This is not necessarily so as will be argued later. However, it might encourage the business community to embark on a mission to reduce waste if we point to ways of reducing marketing costs. If you sell less (and remember we are only targeting 10%) your revenues might go down and that might lead to lower profits but that could be more than off-set by reducing the wastage in marketing spend.

Fighting human nature is not the answer to unnecessary waste which is not to say that raising awareness of the issue to

promote more personal responsibility and, yes, a bit of self-control and thrift is not important. It is but at the end of the day we will always want more than we need.

It falls to the corporate world to reappraise their marketing and their business model, be honest and take action to curb the exploitation of this to achieve at least some meaningful reduction in unnecessary waste.

VIII - Protecting Profits while reducing waste

Let's start by looking at how much profit needs protecting, the global profit pool

"While competition from emerging-market companies and technology and tech-enabled firms is heating up, falling costs may have bottomed out. Although global revenue could reach $185 trillion by 2025, these pressures could slow profit growth and produce an after-tax profit pool of $8.6 trillion".

Source: Playing to win: the new global competition for corporate, McKinsey & Company 2015

As we know profits in fact grew after 2105 right up to 2019 and the pandemic. Some think there will be a post pandemic boom, some are more cautious. Let's just take a ballpark figure of $10 trillion as the global profit pool. At $1 trillion marketing equates

to 10% of that so if the 50% that's wasted were eliminated wasted that would cover 5% of any loss in profits were that to be caused by reducing unnecessary consumption. Interesting but reducing all marketing waste is hardly credible. Maybe 20% so equivalent to 1% of profits.

That is the macro view. Let's drill down further. According to Forbes, again in 2015, marketing spend as a % of revenues in the fortune 500 ranged from 7.4% of revenues for B2B product businesses to 9.3% for B2C service businesses. (The rough rule of thumb was always 5% for B2B and 10% for B2C so this makes sense).

Apple is the biggest and most profitable business in the world. Their profits are roughly 25% of their revenues but that is very high (Alphabet come close). Typically profits are 10% of revenues and this varies a lot not just by sector but by businesses in a sector. Walmart make profits of 2.5% of revenues, amazon make 5.5%. Toyota make over 8%, VW only half that.

Peering through all the numbers you get a much more interesting picture. Plus or minus profits average 10% but can be as low as 5% or as high as 25% of revenues.

So plus or minus the total marketing spend can be roughly the equivalent of total profits.

P&G, the home of brand marketing, generate revenues of $76 billion in their fiscal 2020/21 year. That gave them $18 billion EBIT and $14 Billion Nett profit after tax.

They spent $7.5 billion on advertising which was probably only 50-60% of their total spend on marketing. So plus or minus P&G spend about as much on marketing as they make in nett profits (so do Unilever and a host of other big branded goods multi-nationals).

At a macro level saving 20% of the marketing spend might only be 1% of profits. For a lot of businesses it is 20% of profits.

The venally minded will point out that saving 20% of the marketing spend by cutting out wasted marketing wasted can just be used to increase profits rather than as on offset for the potential revenue & profit loss for some crazy drive to reduce unnecessary consumption.

It could be but it won't. There is insufficient motivation. Yes businesses will play around with marketing spend to make their numbers but they don't really believe they waste that much money and they don't really care as long as their profits are OK and everyone is happy with their sustainability credentials (on the supply side).

Eliminating wasted marketing spend is far more likely to be achieved in the context of a drive to reduce demand-side waste motivated by the belief that it is the right thing to do.

If the motivation is to reduce marketing spend with minimal or zero effect on revenues then there are any number of books on the subject and an army of consultants ready to help you. The big consultancy firms like Accenture, McKinsey or BCG have subject matter experts, practice areas and proprietary processes lined up with case studies to prove it works. If you want to cut your marketing spend by 20% and add the savings to your profits knock yourself out.

But you probably won't for the following reasons:-

- You've already tried it (so you think)
- The people in your business best able to do this, the marketers, don't care. They like spending money.
- Your efforts will be directed at essentially marketing procurement (so yes, you are already on to this).

If you are like the ordinary person who cares about keeping fit, you will eat a little better and work out a little more. If you are a professional athlete who cares deeply about winning you take

a much more determined, disciplined holistic approach to addressing what drives performance. The result of that are then applied to reducing wasted calories and effort.

Tim Noakes is a world renowned scientist and expert in athletic performance. His philosophy is brutally clear. Right up to the point an athlete dies in the attempt they can always run faster if their training, technique and diet get better.

We will start with a very fundamental look at why marketing spend is wasted because it is part of a much more determined effort to reduce waste not just in the supply chain but in demand creation. We are not trying to get a bit fitter, we are not trying to find some savings in marketing spend. We're trying to win a race.

We waste marketing spend because marketing is disconnected from any coherent understanding of why people buy things.

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IX - Disconnected Marketing

We have been 'doing' marketing for well over a hundred years. The first full service Advertising Agency, NW Ayer & Son, opened its doors in Philadelphia, USA in 1869. In the 1920's a chap called Daniel Starch set out a theory of effective brand advertising ('seen, believed, remembered and acted upon') and because these could all be measured the market research industry took off. Procter & Gamble launched their system of brand management in 1931. Centuries earlier, in ancient Rome and Athens, artisans would mark their products in some way, perhaps just with their name, in the belief that reputation based on a recognisable 'brand' is what makes people buy things. Whether we called it marketing or not we have been at this game for a long, long time.

Today we can draw on armies of consultants and gurus, libraries of case studies and academic papers. There are degrees in marketing offered in virtually every university in the world. America alone has over a million people who work in marketing management on the client side.

You'd think by now we'd know why people buy things, we'd have some kind of agreed model for the adoption of brands with the robustness of Newtonian or Quantum physics. We don't, we have lots of different theories propounded by a variety of the aforementioned consultants and gurus all convinced they are right and most with data to back up their theories (which of course they do not regard as theories). They're all very smart and they all think they are right. But they don't all agree so they can't all be right.

Here are just a selection that set out as the basic idea or theory, the kind of marketing you would do based on this theory and an indications of what you would measure (the importance of this will be shown later) with a short critique of each of them.

The Customer Journey

The theory is that brand purchase is the destination at the end of a journey. At the start you are unaware of the brand, then you become aware, then it provokes interest and consideration, you try or buy, you love it, you become loyal to it, you might even become so enthusiastic you recommend it.

You measure how many of your target consumers fall into each category or stage in the journey and direct your marketing accordingly. If the problem is lack of awareness you might focus your marketing on brand awareness campaigns e.g. banner ads, stadium signage, billboards, sponsorship of all types. If the problem is that despite high awareness too few are trying the brand you might invest in big sampling campaigns. Or perhaps you have lots of users but very few are loyal and none are enthusiastic so you develop loyalty campaigns and customer service drives.

(Another simpler version of this is AIDA – Awareness, Interest, Desire, Action – but the principle is the same. Focus your marketing spend on wherever the problem lies.)

What is good about this theory is that it's factually correct. At any one moment in time people will fall in to one or other of the categories, unaware, aware but not tried, tried but did not repurchase etc. What is troubling about it is that it's hard to think of any marketing activity that does not affect more than one variable and Peter Ehrenberg (see below) proved with very solid data that big brands are big because more people buy them and they more of them and small brands are small because fewer people buy and they buy less or less often. Furthermore we all know of brands where we went from blissful ignorance to wild enthusiasm in a matter of minutes.

Mental and Physical Penetration

The theory, based on the work of Ehrenberg and the Bass Ehrenberg Institute specifically, behavioural science more generally with a lot of psychologist Daniel Kahneman's explanation of how the human brain makes decisions

("Thinking, fast and slow") thrown in, is that big brands have locked into our System One brain. That's the much larger part of our brain that acts quickly, automatically, viscerally and intuitively. They've achieved this by memorable mass, not targeted, advertising that appeals to our emotions and instincts. In other words they have penetrated the much larger part of our brain that dominates choice.

This theory, backed by a lot of evidence, directs marketers to big budget, high reach campaigns with funny, emotional, sticky, memic content (e.g. Cadbury's Gorilla drummer or the little girl buying her mum a present of chocolate in the sweet shop using only trinkets and buttons) supported with widespread physical distribution, being within arm's reach of desire. It's worth also giving a nod to Kahneman's other findings on pre-conditioning, consistent messaging that pre-programmes the brain and nudge theory from Nobel Prize winner and economist, Richard Thaler (e.g. the fly in the urinal that nudges men into aiming better).

Not much to criticize in all this other than to say it is far better at explaining how brands grow, or what happens when brands grow, rather than why they grow. And unfortunately it does not appear to cover all categories and occasions. For example in luxury goods the last thing you want is for everyone to know about the brand and for it to be available everywhere (look what happened to Burberry for a while when it was adopted by chavs and on sale up and down the high street). And in many categories in answer to the question "why did you buy that brand' the answer is "Because they told me to". 'They' being the experts and influencers

The power of influence

Influencers of the Kardashian kind are a modern day phenomenon only in the sense that technology has given scale to their reach. On-line influencers is now an industry and a career choice, however, celebrity influence has been around forever, the desire to ape what the great and the good eat, wear, use. In a store – remember those? – the question people really want to ask the sales assistant (if they seem to know

what they're talking about) is 'What do you buy?". We actively seek their influence. In any family or social group there will be someone whose judgement on most things you would never trust but when it comes to computers or cars or pensions, the more important choices that require consideration but where you feel ill-equipped to decide, you turn to 'Uncle Dave' or 'Auntie Jane' or even the bloke down the pub. Influence is a powerful force in brand choice, we are not just susceptible to it, we actively look for it.

So drinks companies spend a lot of money on bar tender programmes, car companies court the motoring journalists, all sorts of companies will use celebrities in their ads, pay for placement in the latest James Bond movie and throw money at on-line influencers. Big Pharma will advertise to the end-users where they are allowed but they rely heavily on promoting to doctors. A paint company will target architects.

Leaving aside the growing army of on-line influencers who promote anything for a fee, the challenge in targeting expert influencers is that they are experts who value their reputation. You don't just need to get to them, you need to convince them and that requires the most important marketing tool of all – a really brilliant and different product.

Be different (and relevant)

Seth Godin told us about the purple cow, the one that stands out and gets our attention. Simple and true but is it relevant? Do you expect or want purple milk? More subtle than this is the Peacock effect. Why does the male Peacock have his huge, elaborate, flamboyant tail feathers that he shows off at every opportunity? To attract the girls who look at him and assume the techno-coloured tail feathers denote a good gene pool. The Peacock's desire to stand out is relevant. Many years ago Y&R commissioned MIT to develop a Brand Equity Model that explained how to build strong brands. They identified four factors – differentiation, relevance, esteem and knowledge. People needed to know something about the brand, they needed to trust it, it had to be relevant to their needs and it should be different. A bit like the customer journey the idea is

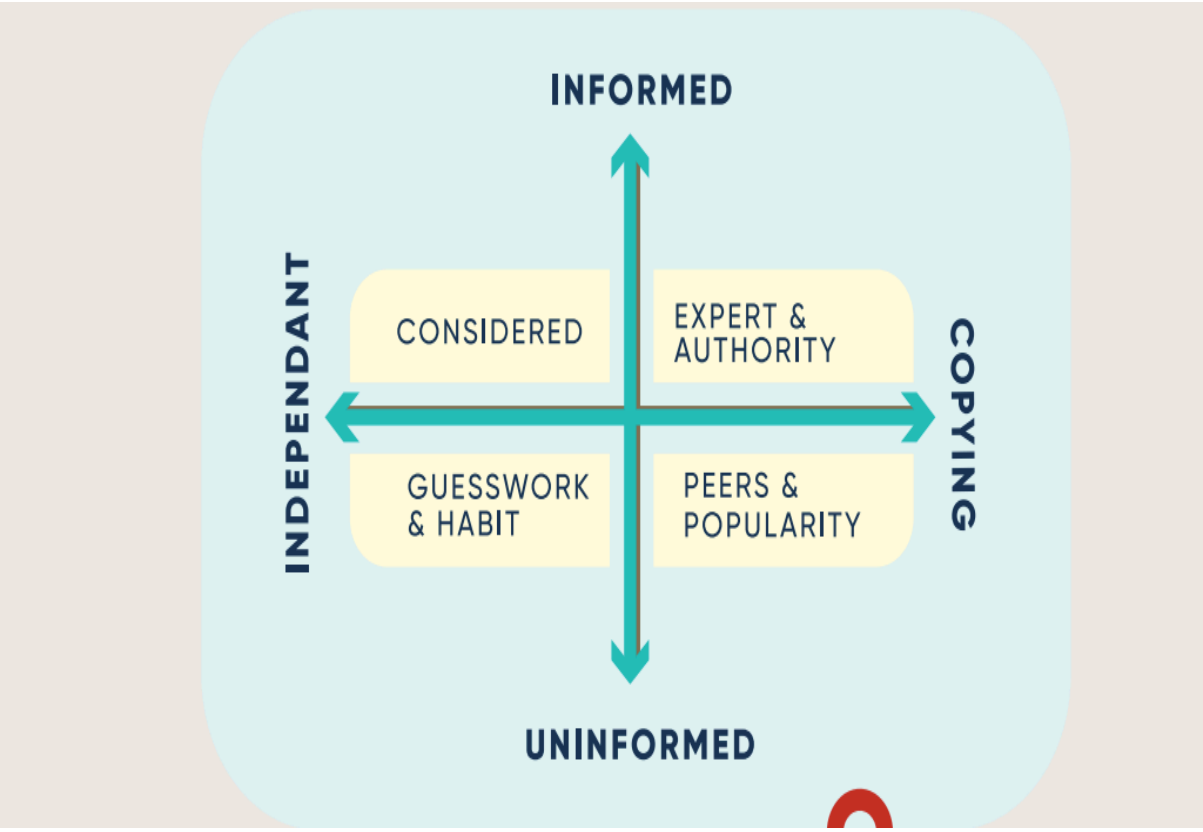
that you assess the brand's strengths and weaknesses and invest your marketing dollar accordingly. This theory was very fashionable for a while (and spawned many versions and copies) but what very few people know is that MIT conducted a study to ascertain which of the 4 factors was the most important. By a significant margin it was differentiation. What most explained the success or failure of a brand was how different it was perceived to be compared to its alternatives, its competitive set. Different in a relevant way would seem the best strategy but relevance is not as important as different. Ferrero Chocolates are very different because they come in a clear plastic box – is that relevant?

In marketing terms it would seem gimmicks work. Just being different for the sake of difference. It can be something about the product and its presentation like Fererro, something quirky in the advertising or slogan (FCUK), a unique feature whether of any relevance or not (VW beetles had a flower vase on the dashboard), or even where you are sold. Just be different.

Hard to disagree with this but it feels more like the cherry on the cake rather than the recipe – it would work best in the context of one or other of the models for brand adoption.

It depends

As already suggested it might just come down to different theories working better or worse according to the category or context or purchaser. Mark Earls is known as 'The Herdmeister' based on his work that shows the irresistible attraction of following the herd. We are social apes designed and conditioned to copy as explained in his book "Herd Marketing". Subsequent to this he did further work in collaboration with Michael J. O'Brien and R. Alexander Bentley that produced this model explained in more detail with the supporting data in their 2011 book "I'll have what she's having – Mapping Social Behaviour"



It neatly ties in a lot of other theories. In some instances copying is not so relevant, it might be an impulse purchase for something not that important and there is no opportunity to see what others are doing so you rely on guesswork or habit. In other instances you might rely on the advice of experts or may be able to copy them.

This makes sense but more importantly it challenges us to really think about our market, our target buyers, our context. It encourages us to consider all the possible explanations and theories, what seems right for this brand, this market, this occasion. As a quick plot spoiler marketing money gets wasted because hardly any marketers really go into this kind of depth.

Momentum is key

The final theory to be considered in this far from exhaustive list of theories of brand building is my personal favourite – momentum. Brand adoption accelerates when the brand is

perceived to be the coming thing, to be hot, to be growing in popularity rather than just 'the most popular'. Momentum is like the turbo-charger, the top-spin. Politicians know this, they understand that the candidate most likely to win is not necessarily the one who is leading the polls right now, it is the one who is rising fastest, the one who has campaign momentum. The music and entertainment industry understand the power of being hot, the rising star. Investors know it too. Plant based drinks like oat or Almond milk are still only a fraction of the sales of dairy milk but their valuations are high (look at Oatly) because investors can see the momentum behind their growth. Apple to their credit seem to be able to pull off both, both scale and momentum.

How does momentum work? Mark Earls has a great analogy, it's like a huge flock of birds swirling in the sky making incredible patterns or a massive shoal of fish doing the same under water. There is no leader, they are just trying to avoid bumping into each other yet they make these amazing patterns as they change direction in apparent synchronisation but what is in reality is random. How do they do it? They sense what others are doing around them, they respond to perceived momentum.

What does this mean for marketing? It means a bit of everything. There is no one formula for creating momentum, it seems to happen when a number of things collide and create a kind of nuclear fusion. You read something in an article. You overhear someone talking about it. You see someone using a product. You notice it again in a store or on-line and yes you might have been exposed to an ad of some kind but at some point all these touchpoints, nudges and cues come together and you get a feeling that this product is on the up. And that creates attraction and desire.

There is nothing wrong with this theory, it is 100% right. Unfortunately it is easier explained than done. It also works with every other theory rather than supersedes them. You can believe passionately in the power of momentum but you still need to consider the other theories and reject, accept or amend them.

To summarise:-

- Brand Adoption is a journey with stage from aware committed that you have to move people through with targeted marketing

- Most purchases are explained by behavioural science and the dominance of the System One brain. You need to employ emotion to embed your brand in the 'big brain' using mass untargeted marketing, heuristics and mass penetration.

- It's all about being different and standing out from the crowd - gimmicks work.

- It depends on the category and situation. Sometimes influencers and experts are vital, sometimes people just want to follow the crowd.

- It's all about creating a sense of momentum using multiple 'touchpoints' using the wide variety of marketing techniques.

Lots of theories and many more besides. A bit like religion you can either follow one or other blindly or you can be an agnostic and then try and figure it out for yourself.

What explains all this confusion and controversy?

To begin with they don't necessarily contradict each other. They could all be partly right, at least for some people some of the time. As many have pointed out, some theories/models seem to apply well in some industries but not others. Buying insurance, a luxury watch, a car, a software product, a can of beans or choosing a cell phone provider might be different so different theories will apply. It might well depend on the person and the circumstances. The thoughtful, cautious person with all the time in the world, or a 'goodtime Charlie' in a hurry might

not make a brand choice in the same way. Or they might if it was either an ice cream or a pension they were deciding on.

Journalists use the 5 W structure when writing up a story – who, what, when, where, why. The same perspective can be applied to marketing. Why people buy things, what explains brand adoption, will be influenced by:-

Who – the socio-demographic and psychological profile of the buyer
What- the nature of the product category
When – the occasion and context
Where – the place and circumstances
Why – the motivation (cognitive and underlying)

It is complex but you'd still expect more of a consensus about core principles and patterns. The fact is we don't understand how the human brain works, we know more than we did but we still know very little. We don't understand how society works, we don't know the meaning of life. We don't know why people fall in love or why some people can write great poetry or compose sublime music while others can't, even if they know the theory.

So it's no surprise we don't have one cast iron model for brand adoption. And it's therefore no surprise we waste marketing spend.

Nevertheless, we could waste less marketing if we at least made more of an effort to align how the marketing money is invested to a theory of how people make brand choices that can be tested, evolved and improved.

Sidebar – System1 Group: Connected Marketing in Practice

System1 Group are a global marketing research and effectiveness company with more than 20 years of experience - and data – on how marketing works. Rooted in Behavioural and Marketing Science they have developed testing tools that, they claim, can predict the return on investment for an ad (or brand or innovation idea). They summarize this in a 5 Star rating system, 5 stars being the gold standard and 1 star meaning that the advertising will have zero effect, and they test just about every ad out there to give benchmarks for their client work.

Underpinning their technology is a very explicit theory on what makes an ad or brand successful which can be summarized as the 3 F's (marketers do love their alliterative mnemonics) :-

Fame – how readily a brand comes to mind
Feeling – the extent to which it evokes relevant feelings
Fluency – the ease and speed with which, under the pressure of the moment, this connects to the distinctive features or heuristics of the brand.

Without going into detail it should be obvious how this is supported by some (but not all) of the theories of brand adoption outlined above. However, that is not the point, the point is they have a very clear hypothesis, it is based on many years of experience and a lot of data, and they apply it consistently to their testing regime.

Are they right? Again, that is not the point. They have a very solid foundation, it is extremely well thought-through and it gives them and their clients the basis to learn more. Orlando Wood is their Chief Innovation Officer and is on the board of the IPA Advertising Effectiveness Board. He is also the author of two books, 'Lemon' and 'Look out' which explain in more detail his/their theories on how advertising works but also that technology is changing the way our brains process information. If we are changing then there is a need to learn and adapt, and in order to learn, we have to have a hypothesis.

The System1 Group data rates 48% of all ads as 1 star. In other words at least half of all advertising has zero or virtually effectiveness.

System1 Group thinking can be challenged. Does it take account of momentum? Does it work for any brand or category? What about luxury brands for which too much fame would be a bad thing, or where the distinctiveness needs to be discovered slowly to earn a place in the inner circle, 'the club'? What about the power of influencers or copying? It could be that the measures they use do predict success but not entirely for the reasons they believe.

Once again, not the point. The point is that if the System1 Group data is compelling, which it is, and the hypothesis on which it is based makes sense, which it does, then learn more about it and if you choose to accept, reject or refine it you do it because you've deliberately applied your brain. Or just go on wasting money and lots more finite resources besides.

X - Better, more connected marketing requires a better hypothesis

In the pursuit of more efficient, more connected, marketing and thereby the reduction of wasted marketing we need to apply a more scientific approach.

In science you start with a null hypothesis, which means you assume there is no statistical connection between variables and outcomes, in this case between on the one hand, how much you spend on marketing and how you spend it and on the other hand, brand adoption and building strong brands. We know it's complex, we know we will never get all the answers because we don't fully understand how the human brain or society works. So start by accepting we just don't know.

Science then moves to a hypothesis which is defined as:-

'a supposition or proposed explanation made on the basis of limited evidence as a starting point for further investigation.'

Gathering the evidence by consulting all the experts both inside the business/industry and externally will reinforce the view that we don't know but if done rigorously and with an open mind it will generate some hypotheses that can be investigated further. With further investigation it should be possible to come to some agreement on the most likely hypothesis which may or may not conform to one, or a combination of the theories outlined earlier.

Whatever emerges from the mist of conflicting opinions and data it needs to be explicit. Very few businesses do this. Many will tell you they have a clear hypothesis but hardly any set this down as a clear statement – "this is how we believe marketing works to create demand so here is how we do marketing". There are lots of 'Marketing Ways', 'Best practice marketing toolkits', 'Guides to good brand-building' but few are as explicit as a scientist would be in articulating the hypothesis on brand adoption so clearly it can be tested, refined and improved.

A lot of marketing gets wasted because an organisation behaves as if it knows, as if it had an agreed hypothesis on how marketing works whereas the reality is there is no agreed hypothesis at the heart of their marketing operating system. Ask five different people and you will get five different answers. Ask five thousand scientists about how gravity works or how sound waves travel and you will get one answer.

The hypothesis does not need to be, and will never be, 100% correct. We are dealing in human nature not physics but there has to be some theory that can be tested. There very rarely is and so marketing is condemned to being a bit hit or miss. More accurate marketing, less wasteful marketing, has to be based on a hypothesis in order for empirical data to be used to learn and optimise.

The 'digital revolution' has made a difference. It has made some marketing spend more empirical because the data can

show cause and effect often in real time. On-line businesses can do very rapid testing to optimise some aspects of their marketing, they can find the right key words, content, features that drive the actions they want – click, sign-up, watch, buy. They can waste less time and money. If you get enough monkeys typing they will write a novel. With millions of users, algorithms and AI big tech can throw a lot of monkeys at the problem. However, as we know this can also have unintended consequences if you don't care how or why it works, you only care that it works. We all know about the serious social issues caused by social media with AI & algorithms designed to maximise advertising revenue and there is widespread agreement that big tech needs to take more responsibility and accountability for the social harm they are doing. They have to pay more attention to how and why their business model works and the negative side-effects. They should also be made to take more account of their role in generating excessive consumption.

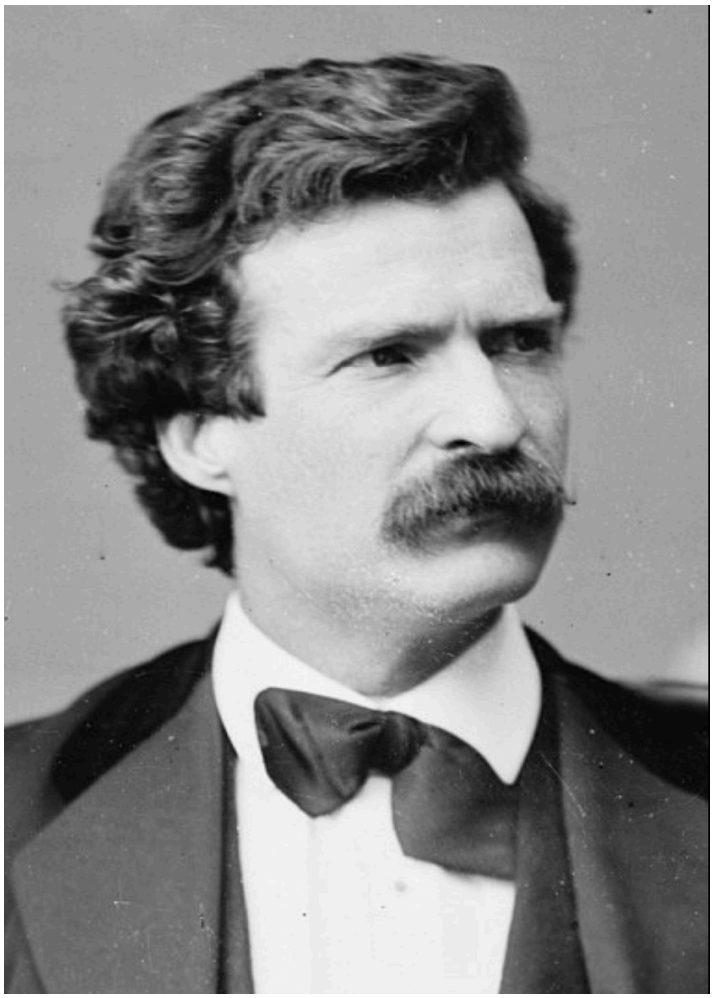
Rather than old school marketing departments tech businesses have user experience teams whose job is to reduce the friction between interest and purchase backed up by every trick in the book to nudge and trigger. They do have a well worked out playbook and it clearly illustrates the power of null hypothesis – hypothesis – testing – optimisation. However, no thought is given to the excess consumption this inevitably causes, quite the opposite, it is rewarded. "47 other people are viewing this item", "Only 5 items available", "people who bought this also bought that" - the dark arts used to encourage people to follow the herd and stoke FOMO. You want it, you can have it, now! Don't think, don't consider, just buy.

Do they think about the Reverse Supply Chain, the amount of product that is returned, the carbon footprint that creates, the obscenity of perfectly good products being scrapped? Their business model accounts for unnecessary purchases in terms of the logistics costs but not the cost to society, not in terms of the waste and squandered resources.

Much less marketing is wasted in big tech. It's not their rigour or efficiency that should be questioned, it's their ethics. Or

maybe that’s unfair, perhaps they would care if they only knew. One wonders how many on-line retailers have ever actually visited a land-fill site so they can appreciate what 60 million tonnes of discarded clothes (in the USA alone) really looks like. Digital marketing is disconnected in a different way.

XI - Better, more connected marketing requires better measurement and more honest costing



"If you do what you've always done, you'll get what you always gotten"
Mark Twain

The quickest and most effective way to get an organisation to change what they do is to change what they measure and get rewarded (or penalised) for. Because as Peter Drucker said "What gets measured gets managed". So to do a mash-up of Twain and Drucker:-

If you measure what you always measured, you'll do what you always did.

In order for business to tackle both wasted marketing and marketing-generated waste the most important thing is to change what they measure. Not just their measurement but their KPI's or key performance indicators. Most people in business will complain they are awash with data. They measure everything that moves. More sophisticated businesses will look at inputs and outputs, they will measure and track not just the performance outcomes of essentially sales, profit and customer satisfaction, they will also track the investments and activities they believe drive those outcomes, things like distribution, quality, price, marketing spend etc. Service and subscription businesses might look at cost of customer acquisition, upselling and churn. There will be a host of KPI's with lots of dashboards. Taking the analogy of a car dashboard which also has lots of dials and information provided by lots of sensors, chips and algorithms, what is the information to which drivers pay most attention? Speed and fuel (or range). They want to know how fast they're going and how long before they need to refuel or recharge. Those are the KPI's.

It's the same in business. There are lots of dials, loads of information but most attention is paid to revenues, costs and margin, those are the KPI's that matter because they connect directly to financial performance and enterprise value.

So two things need to change. On the cost side, social and environmental impact needs to be included. This change is well underway, businesses are being forced to measure their levels of pollution and their carbon footprint. To an extent, if only indirectly, they are having to pay for this through higher energy charges and green taxes. Ideally this needs to become a direct cost to a business because only that will ensure they pay full attention and take action. But this only tackles the supply side. To tackle the demand side, the cost of creating excessive consumption and waste, these costs would need to be included. The challenge, as will be discussed later, is how to measure and attribute these costs. However, to give a concrete example of this imagine we could track how much branded clothing ended up in landfill sites and could then place the costs of that directly back on the companies. Hard to see how this could be

done without a huge amount of resource being expended on checking the label on each discarded item of clothing in every waste disposal site. The effort, cost and resource required to do this might be self-defeating. But it could be audited and estimated. We know it is plus or minus 7.5% of all physical waste so the cost of this could be passed on as an industry specific tax and companies could reduce their tax bill by showing they have put in place mitigation programmes. It might not be perfect but it would ensure that to some degree the cost of waste was being added to total costs and it would give businesses a financial incentive to take action.

It is challenging but it is possible to ensure business looks at all the costs just by changing what is measured. The much harder task is how to break the connection between revenues, profits and enterprise value. Financial markets are driven by a lot of different factors and sentiment plays a big role but cutting through all the noise and volatility the value of a business, or a brand, is based on its predicted future profitability and the simplest predictor of that is the sales revenue trajectory. But it is not the only or even the best predictor. The foundation of sales is reputation, this is the underlying strength of the business, its brands, or what accountants call intangible assets and goodwill. Moreover there is a value placed on sustainability (in terms of future profits not the environment). If a business can credibly assess the strength of its brands based on its price inelasticity, the purest measure of all, and a demonstrably better understanding of the process of brand adoption, not perfect, just better, then it is possible to break the connection between sales revenue and enterprise value.

There are various methodologies for measuring brand strength but they have never really caught on in the financial community. Perhaps this is because they are different, there is no consensus about which is the best, or because they can be arcane and a bit arbitrary like the old Interbrand methodology. Perhaps it is because using past performance plus sentiment is just easier. Or perhaps it is because the corporate world has never really pushed the issue.

If corporates were to make a commitment to reducing waste and warned the markets that in the short term this might depress sales but in the long run they could maintain or grow profitability this might force the markets to look past current revenue in assessing value. If it were clear that the corporates had no choice but to reduce waste, it was fundamental to sustainability, a new additional cost of doing business indeed the right to do business in the future a short dip in sales would not mark down financial value. This has been the case in supply side sustainability. Financial markets understand that moving to a more sustainable business model is not up for debate and if that implies more cost then this is priced in. In fact more and more of the large investment and private equity funds, even the great Blackrock, demand that the businesses they back have solid sustainability programmes.

"This past January, BlackRock wrote to clients about how we are making sustainability central to the way we invest, manage risk, and execute our stewardship responsibilities. This commitment is based on our conviction that climate risk is investment risk and that sustainability-integrated portfolios, and climate-integrated portfolios in particular, can produce better long-term, risk-adjusted returns."

Blackrock 'Our approach to sustainability'

This statement spells out Blackrock's belief that sustainability policies to address climate change don't just maintain investment returns, they can enhance them because they reduce risk. The same attitude is not yet applied to waste management but if – or when – it becomes more of a mainstream movement it could be.

Investors also know that more than just mitigating risk, their returns will be insured because business will find a way to manage any additional costs sustainability policies incur. Through efficiency savings, innovation and as a last resort passing on some of the cost increase to the 'consumers' businesses will work hard to maintain operating margin.

When it comes to demand side sustainability designed to reduce waste there is an added benefit if it encompasses wasted marketing spend not just marketing generated excess consumption. Companies that have committed to the supply side sustainability programmes do not just look at some aspects of their business, it is all encompassing including for example energy efficient offices not just factories and supply chains. It would be the same for waste reduction, it just makes sense to have an integrated programme that included reducing wasted marketing spend and this of course would improve operating margin.

Very few boardrooms really took supply side sustainability seriously 20 years ago, but attitudes changed and it is now front and centre in their thinking and planning and their approach is holistic. Is it so hard to foresee the same happening with demand side waste?

What changed attitudes in respect of climate change was led by a change in measurement, the rate of global warming, which provoked a change in public sentiment and activism. This in turn got the attention of governments and business who looked deeper into cause and effect and that translated into policy and action.

We need to build the measures around the impact of excessive waste into the sustainability debate, activate public sentiment, show cause and effect and provide the same incentives for business to assume responsibility and accountability.

To effect change businesses need to measure their own impact on waste and build in this cost, redesign how they measure brand strength and predicted future profitability based on a better and more explicit model for brand building and undertake comprehensive waste mitigation policies that include wasted marketing.

XII- Strategies to reduce excessive consumption and strategies to defend profitability

The accountants Deloitte, as good an authority as any, list 20 major industry sectors in the Private Sector:-

Automotive
Chemicals/ speciality materials
Consumer Products
Industrial Products
Retail/Wholesale/distribution
Travel/hospitality/Services
Banking & Securities
Insurance
Investment management
Real Estate
Oil & Gas
Mining
Power
Shipping & Ports
Water
Life Sciences
Healthcare
Technology
Media
Telecommunications

Plus Public Sector (Civil government, education, public transport, Security & Justice etc)

If we take just one sector, consumer products, there are many different categories, like this list taken from a sample of on-line general traders:-

Food
Soft Drinks
Beer & Alcohol
Household products
Personal Products & Cosmetics
Small electricals
Large Electricals
Home and Garden
Furniture
Toys and games
Clothing and Footwear

Luxury Goods
Sports & Fitness goods
Health and medications
Books and Stationary
……. and another 10 or more.

Any one of these can then be further broken down into another 10 or more sub-categories.

20 times 25 times 10 = 5000 different kinds of products and services each with their own individual 'waste footprint'. And across every area there are millions of different companies (214 million according to Statista) each of which with their own context and starting point.

To add to the complexity there are the intermediaries, principally the retailers but other kinds of aggregators and platforms, that can look at waste across many product categories. Walmart or Tesco can impose their own waste reduction programmes and already do when it comes to, for example, food.

***"We have no time for waste**. Our fight against food waste calls for action on farms and in manufacturing, in-store and at home. We aim for zero good food going to waste in our operations and we closely monitor supply and demand to minimise the amount of unsold food at the end of each day."*

Tesco PLC Statement

It seems likely Tesco will extend their efforts to reduce waste but it is certain it will never go as far as it can without the full support of their suppliers who will always know more than they do about the particular issues and opportunities in their category.

And that is the point, the people who know, or could find out, the most about waste and how to reduce it are the people in a particular business. They know, or should know, what constitutes the correct and responsible usage of their product and what is excessive and unnecessary. Depending on what kind of waste they generate they could audit and estimate this.

Here is one simple and easy to understand example – toothpaste. Colgate or any of the toothpaste manufacturers know how much someone should use to get the best results and therefore how long a tube should last. They know how much people actually use. In fact the answers are readily available with a simple google search. We should brush at least twice a day but we should only use a 'pea-size' amount according the Dental Association. Most people use more than that. (On the other hand, some people do not brush as often as they should so achieving a responsible level of consumption might mean toothpaste sales remain at the same level but with an overall increase in dental health)

Understanding excessive consumption and waste, how much there is and what can be done about it is specific to every category and circumstance but the people best placed to know this are the people in that area of business.

So trying to come up with strategies to reduce waste and mitigate the effect on profitability that have widespread application across all sectors and all types of business is pretty futile. However, the next section deals with a process overview that could work across just about any business or business sector in the same way that there is an accepted way of doing Risk Management that has universal application and is required by corporate governance. In the risk management process the mitigation of the identified and calibrated risks are summarised under 5 headings:-

1. avoidance
2. retention
3. sharing
4. transferring
5. loss prevention and reduction

To expand on this, a business can take action to avoid a risk by for example changing processes or avoiding certain activity. It can accept or retain the risk but quantify it and put in place procedures to deal with the consequences. For example, if there is an adverse publicity risk hire a PR agency. It can insure against risk, it can share or transfer the risk for example to a supplier. It can institute tighter procedures to monitor, reduce or prevent problems, for example tighter quality controls. Each heading can be used to explore different types of risk mitigating strategies.

Waste Reduction Strategies

So what would the equivalent be in waste reduction strategies and strategies to protect profitability in the case of revenue loss. For simplicity and clarity we can continue to use the toothpaste example

Education – provide clear guidance to users on the correct usage. Promote the 'twice a day/size of a pea' message.

Usage control and measurement – introduce a dosage mechanism geared to the correct amount

Concentration and/or durability – make products last longer, toothpaste tubes that are easy to empty completely

Change the business model – generally some kind of direct end to end relationship with user for example sell integrated electric toothbrush with auto-dosage direct so consumption can be monitored

Reduce consumption loading promotions – no more 'buy 2 get one free'

This list may not be comprehensive but it's a good starting point, like the list of risk management strategies.

Assume this might result in a drop in overall consumption and therefore revenues, what strategies can be explored to protect longer term profitability?

Profit Protection Strategies

Start with the obvious……

Reduce waste in the marketing budget – the most obvious way to offset losses in revenue from reducing excessive wastage is to make cost savings elsewhere. And the most obvious place to start is the marketing budget. It is highly likely that any decent sized, well run business will have looked at cost optimization using approaches like 'Zero Based Budgeting'. This is a business wide flexible approach where every unit, including marketing, has to justify every cost from a zero base. However, this is done from the point of view of the minimum costs to meet a plan, it is not done from the point of view of eliminating wastage from an ethical standpoint. There is no evidence to suggest this would make a difference, just a belief that if the marketing team were more motivated they would find more savings. Naming no names I know of more than one CMO of very large businesses who did not go out of their way to help procurement or the Zero Based Cost consultants. They didn't feel the cost cutters understood marketing and they were just not motivated to help them. It's not unreasonable to believe a senior marketing team who were highly motivated by the need to reduce waste as part of a principled holistic, business wide commitment would look harder and more creatively.

Premiumization – this goes hand in hand with better, more durable or concentrated products. If it is better you can sell less but charge more.

Grow market share – there is growing evidence that sustainability creates buyer preference.

81% of people prefer to buy from sustainable sellers – Smartest Energy Survey

66% of people say they are prepared to pay more for sustainable products (this supports premiumization strategy) – Nielsen Global Corporate Sustainability Report

People might say they prefer sustainable products and will pay more do their actions match what they say in surveys? Yes according to an article in the Harvard Business Review. They used data from a large NYU Stern Centre Study across all consumer goods sectors that showed sustainable products grew 5.6 times faster (achieving a growing share of category as high as 18% in 2019).

Product innovation – if a brand is looking for growth, in this case compensating gains to cover the loss of wasted, excessive consumption the best way to achieve it is to innovate. What is the fastest growing brand in the car market (and recently the most profitable)? The answer is of course Tesla and the reason was innovation. Apple's latest generation of Macbook Pro (being used to write this) are even more desirable and even more energy efficient. The most innovative retailers are the fastest growing retailers (ask amazon). If sales dip for the very good reason that people are wasting less product then product innovation needs to be driven harder.

Redesign the Business Model – this was one of the strategies to reduce waste in a 'farm to fork' kind of way. If the business model reboot is, for example, direct to customer it can be more profitable so some of the losses from suppressing waste are more than recouped.

Ikea was a radically different business model in home furniture – huge edge-of-city sites and lower cost flat-packed products you had to assemble yourself – and there was an unexpected side-effect identified in published studies by Messrs Norton and Ariely from, respectively, Harvard and Yale called the Ikea bias. It's not that complicated, people place more value on things they helped to build. So one assumes (hard to get clear data on this) that people might look after Ikea furniture, the fruits of their labour, a little better and perhaps make it last a little longer?

Ikea did not present itself as a sustainability business (although they now have a commendable commitment to sustainability and recycling), one that wanted to collaborate

with its customers to reduce unnecessary waste but they could have done, could still do. A reinvention of the business model not done behind the scenes with profit (or survival) as the motivation but done openly in collaboration with people in order to create more mutual benefit, greater value and less waste could really leverage the Ikea Bias.

5 different strategies to reduce waste and 5 different ways to protect enterprise value and compensate – perhaps more than compensate – for any loss in revenues caused by reducing unnecessary and wasteful demand. Not a comprehensive list, merely some thought starters. Let's now use them as part of a process…….

XIII - Getting started – process outline for a business wanting to embrace D-Marketing

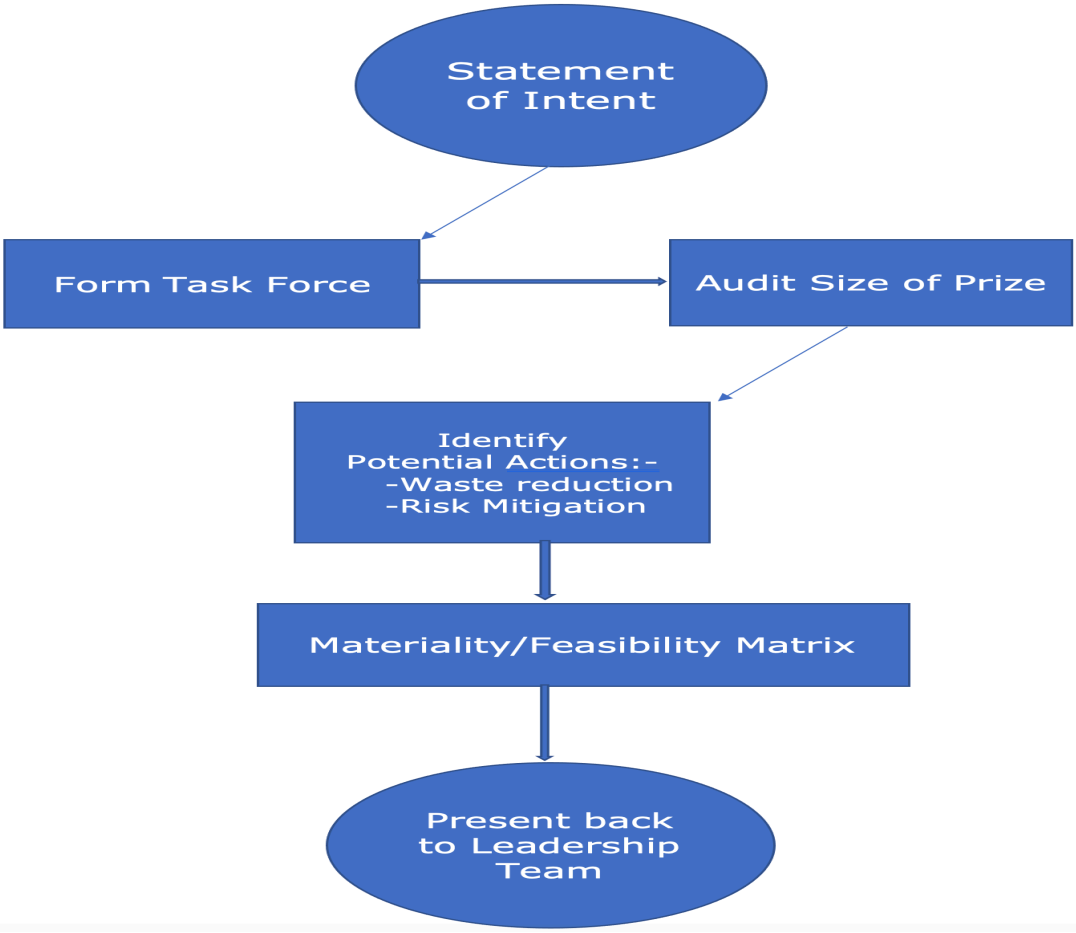
D stands for deliberate - Deliberate Marketing in the widest sense covering all interactions with end-users and involving all functions of the business that have a bearing on this, in order to reduce waste. The process outline would be the same as for any business initiative be it an innovation project, a cost cutting exercise, or risk management.

- Start with an objective
- Form a Team/Task force
- Identify solutions/options/actions
- Evaluate
- Implement
- Monitor and Review

The big difference is you are not following a well-worn path with lots of case studies to draw on and experts to support you. This is new ground. It's quite straightforward to set out some logical steps and most businesses will be able to use their own process experts to design something more detailed and more appropriate to their particular situation. This is not the tricky part.

The more difficult question is what's the starting point? Is there real passion and commitment to the cause or is it a more tentative 'worth a look'. I'd suggest for most it will be the latter. There are parallels in sustainability initiatives some of which will have considered waste but not as single mindedly as is being proposed here. If we go back 20-30 years there were a few businesses that threw themselves whole-heartedly into sustainability, the triple bottom line, CSR. But most took baby steps. The debate continues as to whether an over-zealous approach to purpose and sustainability is good for shareholders, Unilever has come under fire for this. An initiative which, if successful, may cut marketing but will probably cut consumption is scary. It might be best to start with a strong curiosity and determined effort to explore options

but no hard commitments, certainly none baked into the planning process.
Something like this:-



Step One – Statement of intent

"We believe some of our product (or service) is wasted (define waste) and therefore produced unnecessarily. We believe marketing is in part responsible for this so there is both marketing generated waste and wasted marketing activity. This has an environmental and social cost which we would like to reduce by deliberate actions".

Defining what is meant by 'waste' is crucial. It may be a definition that gets refined but it's important to have a going-in point of view specific to a particular business and product/

industry category, more precisely framed than the definition given at the outset of this book:-

"use or expend carelessly, extravagantly, or to no purpose".

Human nature being what it is we are going to be careless. Extravagance is not that far removed from satisfying desire and that's important to progress and getting the most out of life. The most important part of the definition is 'to no purpose'. William Morris put it well:-

"If you want a golden rule that will fit everything, this is it: Have nothing in your houses that you do not know to be useful, or believe to be beautiful."

If something is useful or gives pleasure (what Utilitarians said offered the only true intrinsic value) it is not wasted. But if it gave no pleasure and was never used, or hardly used, before being discarded then it's waste. If it used up resources to no purpose, it is waste. If it was never appreciated, it is waste.

Great, but in a specific business in a specific sector the definition of waste needs to be more tangible and measurable in order to answer the simple question – how much of our product or service is pure waste?

It also helps to set a target – 10%? – and a timetable – 6 months for recommendations? [Hamel and Prahalad offered a great insight with their idea of "Strategy is Stretch" – the best strategic outcomes lie in the space between reasonable ambition and uncomfortable stretch. But in this case maybe it is OK to be more tentative?]

Step Two – Form a Taskforce

The team must be drawn from across the business because D-Marketing has to be a holistic approach. Best practice says they should be diverse and motivated. Given the challenge of this exercise perhaps the diversity should include a contrarian (always good to have a contrarian on the team) someone who is not that motivated because they are sceptical or even cynical.

Step Three – Audit the Size of the Prize

Using the definition of waste, or a more refined and precise version, establish exactly how much waste could be eliminated. If necessary revise the target to less than or more than 10%.

Step four – Identify options for action

Using the 5 X 5 headings set out – which just like the risk management are broad starting points – look at what actions could reduce waste:-

1. Education
2. Usage control and measurement
3. Concentration and/or durability
4. Change the business model
5. Reduce consumption loading promotion & marketing

….. and what initiatives could offset the profit risk:-

1. Reduce waste in marketing budget
2. Premiumizaton
3. Grow Share
4. Product innovation
5. Redesign business model

Step five – Materiality/feasibility Matrix

This comes straight from the risk management playbook (and a bit of McKinsey/management consultant thinking thrown in)

	LOW Materiality	MEDIUM Materiality	HIGH Materiality
LOW Feasibility			E.G. Change Business Model
MED		E.G Dosage Control	
HIGH	E.G On-Pack Education		

Construct a 3 X 3 matrix with one axis being how big an impact on waste reduction – small, medium, large calibrated with hard numbers if possible. The other axis plots, feasibility, how easy or hard the initiatives might be in terms of time, complexity, challenge, cost – low, medium, high. They can be broken down on each dimension allowing for one initiative to be relatively easy and low cost but really slow and another to be fast but hard and expensive.

This format can be used to present back to the board for review starting with the options in the big impact/relatively feasible box.

The real prize is awareness

A business that followed this process would have taken a one-way journey in three stages:-

Stage One - Curiosity

Acknowledging consciously that waste is bad and they should take a closer look at whether there are realistic ways they can reduce it on the demand side. This is not yet a commitment to reduce waste by cutting back on certain kinds of marketing and losing sales, it is just an exploration with some time and resource behind it.

Stage Two - Confrontation

Awareness of just how much waste there is, what causes it and what could be done about it, creates a confrontation, the uncomfortable truth. Just like the plastic in the ocean, most of us did not think about it until we saw the pictures of beaches all over the world littered with piles of detritus, images of dead birds, whales, fish with guts full of plastic crap. If a team spends 6 months looking directly at the waste their business generates, where it goes, why it happens their desire for forming concrete plans and taking action is ignited.

Stage Three – No Deniability

The expression 'plausible deniability' is something we all learned from political dramas and films. "We didn't tell you Mr. President so you'd have plausible deniability". The last stage of the process is stripping away plausible deniability at the most senior level in the business. Now they know, they are creating excessive demand with misguided marketing and there are ways they could limit this without taking unnecessary risk to financial performance.

This is a one way journey with a destination from which you can never return. Even if not one single recommendation is agreed, no single item in the materiality matrix is actioned, the decision makers in the business will never think the same way again. When presented with the business case for some new initiative they will not be able to stop themselves thinking about the implication for waste. How do we know this is true? Because we saw it happen with supply side sustainability. Even the deniers and the ostriches with their heads in the sand could not stop themselves thinking about it.

So whatever process a business decides to follow, whatever objectives they set or team they appoint, just start the journey – think about the waste you cause. Take a trip to a landfill site or a recycling centre, don't just look at it, smell it. Visit some suppliers, not the head office, the people at the front line, picking fruit, scavenging for the rare earth metals needed for mobile phones, washing and weaving cotton in gallons of water to make the shirts.

This has to result in more considered decisions on demand creation. If it knowingly creates or reduces waste then it will have been more deliberate – whether you like it or not you are D-Marketing

Or tell yourself – "Not my problem, shareholders pay me to sell as much as we can. No point challenging that and reducing waste, someone else's problem". Who else then?

XIV - The role of government and people

Which came first, the chicken or the egg? We'll never know but we do know, to trot out the other old cliché, when it comes to making breakfast the chicken is involved but (apologies to the vegans) the pig is committed.

If we look at the whole range of action to address environmental concerns it started with activists who mobilised public opinion and that put pressure on governments and elected officials to change policies. If we want to shine the spotlight on less wasteful marketing generating less waste we can just let that play out.

There are already a growing number of activists, web sites and blogs devoted to eliminating waste.

Go-go-Eco published a list of the best zero waste blogs for 2022

https://go-go-eco.com/the-20-best-zero-waste-blogs-for-2022/

One of those is Kathryn Kellogg, she has an excellent web site 'Going Zero Waste', has written books and offers advice on-line.

https://www.goingzerowaste.com/contact/

Kathryn is talking directly to people who can make changes in how they live and can vote with their wallet.

Activists like this will raise people's awareness and anger about waste. At some point it will become cool to be identified as someone who cares about excessive consumption. As sure as the rise in the popularity of the 'Kardashian lifestyle' and the endless rise on-line influencers driving us to buy more, more, more for fear of losing out will be their decline.

Rory Sutherland in one of his "Wikiman" columns in The Spectator explained that the quickest way to get everyone to stop buying big SUV's, especially people who have no need for off-road performance to drive to the mall, was to give one to every sex-offender released from prison. A very dramatic way to explain the power of identity marketing and also identity politics. We care about the identity (and identities) we project so make it cool to buy less, waste less, rent more, repurpose and redistribute.

People, us, we can make a difference, especially the activists and the trendsetters. We can vote with our wallet, we can make changes to our lifestyles, we can put electoral pressure on politicians, we can make it cool to be thrifty.

However, that will mean fighting not just the urges that $ trillion worth of marketing create but our fundamental human nature. We cannot distinguish between desire and need. Even if everything in our homes is either useful or beautiful or both that can still be a lot of stuff. An alternative approach is just to make people be reasonably aware of the waste issue and hope they will be a bit more sensible about their lifestyle choices but otherwise let them buy what they want.

This is not a campaign for austerity. A thriving consumption-based economy gives people jobs, purpose, communities, higher living standards. No, we should not throw away edible food if we can avoid it or buy lots of fashion wear we use only a few times, change our mobile phones just because we get offered an upgrade. But if we want something because we value it then we should buy it however our value equation should be determined by the purchase being priced correctly and that is where governments come in.

In theory there is a lot governments can do through legislation and fiscal policy to ensure businesses are accountable for excess waste. In practice it is not so easy. It might be possible to assess or estimate waste that shows up in landfill sites, or sewerage systems and trace it back to brands and companies but even with some miracle nano technology or other way of water-marking products how could you differentiate between reasonable and excessive waste? And this only covers certain types of waste and its disposal. It unfairly penalises businesses where physical waste in some form or another can be measured. In many cases waste, excess or otherwise is not easy to quantify.

Governments could start at the other end and just add an arbitrary amount of corporation tax, say 5%, to cover the societal cost of excessive waste (it is arbitrary so no need to define excessive). Companies could then reduce that 5% down to zero if they show they have policies and processes in place to reduce waste in much the same way as governance rules requires businesses to prove they have a risk management process.

This is not a bad idea but one can quickly see how it could become complex and bureaucratic although that is not what would put government off. A bit more red tape would be fine if they really believed in the policy objective. The problem is that that business can with some justification say that this could result in a short to medium term reduction in sales, revenues & profits. So government would in effect be introducing a policy that would suppress GDP and reduce tax yields (lower sales and profits = lower tax bill).

So if it is unrealistic to fight human nature – we like buying things - and unlikely governments will act directly – lower GDP is not a vote winner - is there another way?

The role of B Corps

B Corps is a global movement whereby companies can gain certification by demonstrating they are meeting high standards of social and environmental responsibility with transparency and accountability to all stakeholders not just shareholders. The number of B Corps are growing – 3,500 and counting in over 65 countries - and now include some big businesses like Danone.

It works a bit like the Royal Warrant and the Duke of Edinburgh award. The Royal Warrant is awarded to companies that enjoy royal patronage – a little emblem that says the Queen buys this brand of vermouth (Bacardi-Martini), or jacket (Barbour), or carpet (Axminster). So if it's good enough for the Queen….

The Duke of Edinburgh Award has now been taken up in over 140 countries. It is a rigorous programme of tasks, challenges and skills acquisition designed to develop well rounded young adults with good values.

The B Corps puts companies through a rigorous and audited process, it has to be earned, and being able to say you are B Corps certified attracts customer patronage.

B Corps places a lot of emphasis on environmental responsibility and ethical business practices however it does not specifically address the issue of marketing waste and marketing generated waste – but it could.

There are other 'ethical certification schemes' like B Corps e.g. The Blue Ribbon Panel for business ethics or even broader international initiatives like ISO (International Organization for Standardization) that could be a vehicle for creating incentives

for business to do more to tackle excessive waste. However, if there is a criticism of things like B Corps, Blue Ribbon or ISO it is that they are all too broad.

Coming at the issue from at a more local, San Jose in the USA has for years had a strategic plan for zero waste developed and promoted by its environmental department.

https://www.sanjoseca.gov/home/showdocument?id=32051

So here is one place, one local authority, going single-mindedly after waste reduction.(Another is Zero Waste Scotland, see below)

In summary, what can people, NGO's and non-profit and governments do?

- People can become active and can vote with their wallet.
- Certification for companies making a genuine and authentic effort to cut back on excessive marketing-led waste can help people vote with their wallet. Experience with supply -side sustainability seems to show this works.
- Perhaps governments can do more to incentivise or penalize.

However, the people best placed to make a difference, the people who can find out how excess waste occurs and do most to curb it without destroying shareholder value are the people who run the businesses.

Sidebar – The New Statesman and Zero Waste Scotland: "We need to talk about how much we consume".

Earlier in 2022 the magazine 'The New Statesman' in partnership with government and EU funded 'Zero Waste Scotland' hosted a round table panel discussion on the need for a more urgent system-wide progression to a circular economy. The panel comprised:-

- Philippa Nuttall, TNS environment editor
- Iain Gulland, CEO Zero Waste Scotland

- Professor John Barrett, Sustainable Research Institute, University of Leeds
- Tessa Clarke, co-founder & CEO of food sharing app OLIO
- Dr. Tessa Domenech, associate Professor in industrial ecology and circular economy, UCL
- Keith James, head of policy at WRAP (Waste and resource action programme)

While the context was generally the circular economy the panel, taking its cue from Zero Waste Scotland, did not duck the issue of tackling excess consumption specifically. TNS did a write-up of the key take-aways from the event titled "We need to talk about how much we consume". Here are some of the highlights of the highlights.

1. The UK's consumption of materials is evidently unsustainable and incompatible with our environmental goals.

2. Unfortunately, the net zero discussion is more framed around shifting our energy consumption. We need to think about the production, consumption and waste of products.

3. Consumption is what drives the economy. To challenge consumption is to challenge the very foundations of our economy and our economics.

4. We should be talking about how we are going to create value. How do we create solutions and tackle different problems?

5. The current system is so profitable because no pricing is attached to all the material resources being used to create the profit.

6. It's difficult to see how we can move forward without strong policy intervention.

7. There needs to be a system change and businesses and other groups should be leading this from an early stage…action at a global level will take longer.

8. It's not something that can be left to individuals

9. What would be transformative would be if businesses were required to publish their wastage data.

10. **"It is about challenging the system not just dealing with the waste"**

These comments are chosen selectively but they fairly represent the discussion as reported (any attendee can challenge this if they wish) and they do echo the arguments in this eBook.

It's a pity there was no-one on the panel from any of the big marketing businesses or marketing community, preferably experienced people honest enough to admit that they are the biggest part of the problem and potentially the biggest part of the solution……..

XV – The Argument in a Nutshell

Discussions for this book (thought-piece, polemic?) started a few years ago and it's fair to say first reactions from senior experienced marketing and business people were not promising. These were typical comments:-

"It's just part of CSR and sustainability"

"Using marketing to sell less – good luck with that".

This may have had something to do with how I framed the idea - De-Marketing - but I think timing played a part. Shortly after my initial efforts to 'socialise' the idea we were hit with a global pandemic and the virtual shut-down of the global economy. It has long been known that the single biggest impact on reducing pollution is an economic slow-down or depression. If we travel less, buy and consume less we waste fewer resources and cause less pollution.

Maybe the long lock-downs and interruption of supply chains focused our minds on what was really important, what we really needed and what we could do without? Maybe the Cop26 summit in Glasgow shifted attitudes? The younger generation in particular seem to be more confident in voicing their views that 'back to normal' should not be the objective.

Whatever the reason, discussing the idea in the last year with a sharper focus on the obscenity of waste and marketing's role in creating it, the reception across the board has been overwhelmingly positive. It's not just about supply chain sustainability, we need to address the demand side and business/marketing's role in fuelling excess consumerism.

Everyone knows there are lots of definitions of marketing but everyone recognises that until this point the purest definition of the purpose of marketing is "to sell more stuff, to more people, more often, in more places for more money" and this just can't be right.

But how do you act on this realization? It's complex and challenging. As has been noted several times it is very different for different types of industries, the levers of change are varied and mostly untried.

This 'book' is not an academic work, it is not rigorously researched, forged by peer group review. It is not the kind of HBR article based on direct experience of several real life case studies with empirical results.

It's just a point of view, an argument, hopefully a provocation for more thought and work.

So here is the argument in a nutshell:-

- Rooted in free-market economics, the purpose of marketing is to sell more, more, more. This produces vast amounts of excess consumption and waste. Some waste can be recycled but that takes 50% of the resources it took to produce in the first place. Less unnecessary purchases = less recycling.

- Sustainability does not focus enough on the demand side.

- It is possible to reduce excess, irresponsible demand and the waste it produces without necessarily reducing profits or enterprise value.

- We are not looking to impose austerity and fight human nature or progress. Just 5-10% reduction would be game-changing and reducing wasted marketing can more than offset the commercial risk of doing so.

- We need a better more deliberate and connected way of doing marketing and a better way to measure and account for all costs.

- There are strategies to reduce waste and safeguard commercial success. There is a simple process a business could follow but it needs to be holistic, looking at the whole business model.

- Governments and people (consumers) can do a lot to help reduce waste but businesses can do the most because only they have the insight, data and line of sight to know how to do that for <u>their</u> business in <u>their</u> category.

- Marketers and business people do not create waste because they don't care, they do it because they don't think about it or if they do they feel it is not their responsibility. If they confront the issue and at the very least try to do something it will create an irreversible change in attitudes and behaviour.

In the kernel of nut, never mind the shell, here is the five point plan for D-Marketing:-

6. Switch focus from promotion to brand-building
7. Agree explicitly what builds brands
8. Change what gets measured
9. Fully cost your product or service
10. Review your business model

If something is useful or gives pleasure it is not wasted. But if it gave no pleasure and was never used, or hardly used, before being discarded then it's waste. If it used up resources to no purpose, it is waste. If it was never appreciated, it is waste.

Deliberate Marketing – think of it as marketing that makes you proud, socially and professionally.

Footnote – What happens next?

It's hard to pinpoint exactly when 'marketing' began. Advertising agencies began to appear in the late 19th Century, there were theories of how advertising worked in the 1920's and 'brand management' kicked off with P&G in 1931. In the 1960's neighbourhood stores became self-service supermarkets. Grocery and household brands no longer had the intermediary of the storekeeper to navigate, they could promote their brands directly to 'consumers' to ensure they were the ones picked off the shelf. About the same time commercial television took off with brand sponsored shows, the Soap Operas. By the 1970's marketing was truly mainstream. What shall we say, 50-70 years for marketing to be taken seriously?

In 1965 the Oxford English Dictionary for the first time cited the word 'environment' in relation to nature. In 1971 a small group of activists held a concert to raise money for a protest in Alaska against USA nuclear tests. They called the boat 'The Greenpeace' and by the late 1970's there were "Greenpeace Groups" all over the world. The first Climate Change Conference (Conference of the Parties, or COP1) took place in 1995 in Berlin. The most recent one, COP 26 as we know was held in Glasgow at the end of 2021, the year the Harvard Business Review declared Sustainability was mainstream. From personal experience and recollection Sustainability was a Board Room issue more than 10 years before that supported by an industry of experts. Let's call it 30-40 years for Sustainability to be taken seriously.

How long will it take for D-Marketing, applying marketing and sustainability thinking to the challenge of curbing excessive and wasteful demand? It's unlikely it will be called D-Marketing I accept. I began with Demarketing (a concept Kotler came up with in the 1970's) and no-one liked it. I'm not sure the side-step into D for Deliberate Marketing will work any better but I've stuck with it because I think it's more provocative. Ethical Marketing might be the subject area heading if for no other reason than the fact that Business Ethics is a mainstream subject in most reputable Business Schools. Whatever it is called it will take time to become mainstream thinking supported by subject matter experts, case studies, tools and processes.

It is a really challenging area. The symbiotic relationship between marketing and economics requires not just a different kind of marketing it requires a different kind of economic model. It needs government policy and a financial system that ensures products and services are fully costed including the cost of waste.

Patagonia are a cautionary tale. In a previous piece of mine ('What's wrong with Marketing?') I, as many others have, held Patagonia up as the poster child for responsible consumption based on their very determined efforts to make their products last longer and advertising that deterred frivolous purchases ("Don't buy this jacket"). At COP26 Beth Thoren, environmental actions & initiatives director, EMEA, Patagonia gave interviews to the press in which she acknowledged that their efforts to improve demand-side sustainability had not delivered and they were now refocusing their efforts on the supply side and net zero. She could have said 'as well as demand-side we want to do more on the supply side' but she didn't and it came across as confirmation that trying to be a responsible premium brand that sells less just hadn't worked (whereas in fact it had, Patagonia generates less waste from wasted marketing and

wasteful purchases and yet commands a high valuation relative to its bigger rivals).

For the cynics this will play into their narrative. It is just not realistic to expect businesses deliberately to try to sell less than they can. People buy more than they need and some goes to waste, that is just a fact of life. Unless governments legislate it is not their place to try to dictate to people what they should or should not buy, what is reasonable or unreasonable consumption. Especially since strategies to mitigate the loss of revenues resulting from 'ethical marketing' are vague and untried and/ or they are being adopted for other strategic reasons to strengthen the business model and enhance financial returns (e.g. '*We are innovating and going more premium in order to improve operating margins'*). They just need to focus on supply chain sustainability and recycling etc.

"Waste less marketing money, focus more on brand building and less on self-defeating short term promotions, you'll do better in the long run? What do you think we're trying to do? The markets unfortunately judge us on the short term as an indicator of long term returns so we might need to push revenues to hit targets."

One can imagine what the reaction was initially to the idea of marketing:-

"Switch investment from the sales budget to this new idea of 'make what we can sell not sell what we make?'. We know sales push works, we can see the results immediately"

"Customer focus? If I'd listened to my customers I would have built them a faster horse".

So what happened next? Businesses that invested in marketing, proper brand- building marketing, performed better. People who came through the marketing function ended up, some of them, as CEO. They committed to marketing as a matter of principle.

I don't have to imagine what was said about sustainability, I was there and embarrassingly I was one of the ones who said it:-

"I get it, it's just part of corporate affairs. We need to pick an issue and be seen to be doing our bit. Investors don't care, they only care about profits. Consumers don't care, they only care about quality, price and image. Even if a few say they care it doesn't change what they buy."

So what happened next? Social media weaponized the activists and it turned out that people did care. Investors figured out that businesses that

did not take sustainability seriously and did not make it part of their business model, not just some green-washed adjunct, had no long term future.

And even before that CEO's confident in their leadership and their vision committed to sustainability. People like David Crane, CEO of NRG, Jerry Greenfield founder of Ben & Jerry's and Paul Polman CEO of Unilever, Peter Agnefjall, CEO of IKEA were declaring sustainability mainstream, aligning with activists and changing their business model.

Waste is a disgrace, and the fact that we invest billions promoting the excess demand that creates it is an outrage. Activists are stoking public concern, the media are throwing a spotlight on specific issues like the waste built into the fashion industry and the reverse supply chain. That fire is lit.

All it takes is for a few CEO's to look at the issue and consider these four questions:-

1. How much unnecessary waste does my business (industry) create?
2. Where and how does our marketing (and business model) contribute to this?
3. What could we do to address this – just a 5-10% reduction?
4. What would be the downside – how could we mitigate this?

Just set up a task force, just look at it, just keep an open mind. (I'm just sowing seeds.)

D- Marketing – or ethical marketing if you prefer – how long will it take to catch on? 70 years or 40 years or 10 years?

And for all you consultants out there, look at the growth of the marketing industry, look at Sustainability, there's money to be made here and your efforts won't be wasted…….

About the Author

Using his Economics and Social Science degree followed by his marketing grounding in Unilever, Mark has spent four decades persuading people to buy more, more, more. He designed various brand growth methodologies in his consulting days, tools that were used by several well-known multi-nationals. He even wrote a book on the subject, "Added Value: The alchemy of Brand-led Growth". He returned to corporate life as Global Marketing Director of SABMiller Plc where he did his best to sell more beer. He has written many articles and delivered lots of lectures at Business Schools dedicated to helping people sell more things to more people, in more places, for more money. In his private life he has been profligate and consumerist (he's owned more than 75 cars including over 20 German sportscars, several expensive swiss watches and is a lifetime BA Gold Card holder). He has been a climate change sceptic, CSR cynic, reluctant recycler and refuses to use social media unless forced to because he hates it.

As an atheist and hypocrite he nevertheless believes "there will be more rejoicing in heaven over one sinner who repents than over 99 who did not need to" and urges everyone to support the cause of D-Marketing by spreading the word on social media.

Mark divides his time between London and Cape Town and yes, he plants more than enough trees to offset his airmiles (plus his remaining German cars). He is a socially responsible investor, for example in Plant Based Drinks and Marketing Technology with a very low carbon footprint. He now writes and lectures about D-Marketing. He still recycles less than he should but more than he used to and he still buys more stuff than he needs, but a lot less than he did.

Related Publications by Mark Sherrington

Added Value – The Alchemy of Brand-Led Growth (Palgrave Macmillan 2003)

So What is Wrong with Marketing(?) (marksherrington.com 2020)

Neo Naked Economics: The New Laws of the Jungle (marksherrington.com 2021)

Solving the Social Dilemma (marksherrignton.com 2021)

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