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Consumers will reward ethical retailers



When Cohn & Wolfe decided last year to conduct a survey of the brands that UK consumers considered to be the most transparent, ethical and authentic, it was no surprise to us that the

Co-op came a close second to that enduring favourite, Marks & Spencer.

Clearly the Co-op's venerable brand was still held in high regard by the British public. People believed it was living up to its core values of ethical, sustainable business.

Since then, there has been a rare catalogue of disasters, a toxic mixture of corporate, financial and personal failings.

Our interest is in how these disasters have tarnished the Co-op's corporate brand, which has been built so carefully since 1844.

The Co-op brand has been constructed on a simple and powerful idea: ethical business. That's why it featured so highly in our study in 2013. Its dilemma now is that the various scandals of the past year stand in total opposition to that core brand idea.

When you say that you are an ethical company, you have to mean it and make sure that you have processes in place to make sure you don't depart from the course.

There are some corporate strategists who would argue that the sorry case of the Co-op shows the dangers of hanging your brand hat on the 'ethical' peg. Is this an idea to be avoided as an inevitable hostage to fortune?

Our response to that, based on the research we have conducted across the UK, US and China,



Recent scandals have damaged the Co-op's ethical reputation

"IT WAS VERY ENCOURAGING TO SEE THE RESULT OF THE CO-OP'S GENERAL MEETING"

would be a resounding no. Consumers will reward companies that are seen to be ethical.

What's the starting point for a corporate brand that truly aspires to be ethical?

For us, that begins with those key concepts of honesty, transparency and authenticity.

Would-be ethical brands should conduct an audit of every aspect of their business and ask how would the outside world respond if they knew about this?

There is a compelling reason for doing such an audit now. Recent scandals have shown that it has never been easier for supposedly private corporate information to make its way to the world's front pages and social media channels. Whatever is lurking in your closet, you have to assume it will be made public at some point.

Beyond the audit, an ethical brand embodies the concept in all aspects of the business.

I don't think it's too late for the Co-op to regain its unique ethical reputation with the British public. The time is now to admit publicly that the organisation has failed badly and that root and branch reform is now being undertaken to return to its core ideas.

With this in mind, it was very encouraging to see the result of the Co-op's general meeting last Saturday, when the group adopted a new 'purpose'.

Richard Pennycook, interim chief executive, said that the intent was to ensure the Co-op "goes back to the business's original co-operative roots". Each of the four core elements of the purpose has a strong ethical root.

So far, so good, but now comes the hard part: showing that you really mean it – from boardroom to shopfloor.