

Fiji Water

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Ethical and Socially Responsible Marketing

Consumers expect businesses to be honest. Consumer expectations are becoming more sophisticated and better informed. This trend toward increased visibility on the part of the consumer represents heightened scrutiny for businesses. Business actions that align well with consumer expectations or honesty and integrity benefit business image. When business actions run counter to consumer expectations, the result is often a tarnished image. Dishonesty on the part of a business can produce long lasting memories for consumers, making it difficult or impossible to recover from unethical actions (Cialdini, Petrova, & Goldstein, 2004).

Finding balance between consumer social sensibility and effective marketing messages can be difficult, but very profitable. One effective approach to find balance, which Fiji Water employed, is to remain silent on indirectly related social issues. For example, Fiji was free to market the purported health benefits and other desirable qualities of its product without mentioning aspects of the business that might have negative environmental impacts, such as how it extracted, bottled and transported the product to the end consumer. This can be very effective as long as the social issues related to extraction, bottling and transportation are not part of the public conversation. However, as soon as those topics enter the consciousness of the consumer, they begin to factor in to the consumer's cost-benefit analysis (Kotler & Keller, 2012). This is more and more likely in today's social media saturated environment where dissemination of information is easy and virtually free.

Plan for Social Awareness

Ethical and socially responsible marketing is in the best interest of businesses and marketers in general. Awareness of possible social issues that could impact the reputation of a product can inform design choices early on. This is true even if the initial

communications plan is to avoid the topics. If and when the issues come up, company officials will be prepared to respond and can point to product design and other business choices that were intended from the beginning to be socially responsible. In this way, ethical and socially responsible consideration can have a positive impact on the bottom line and avoid costly public relations interventions.

The Effect of Corporate Social Responsibility and Sustainability on Marketing

Corporate Social Responsibility (CSR) suggests that the fiduciary duties of companies extend beyond the stockholder to include stakeholder interests. Stakeholders considered when discussing CSR often include the communities in which companies build their facilities, employees and even environmental participants, such as ecosystems and wildlife. The impact of business operations on stakeholders is often greater for those with more proximity to those operations. Modern global businesses, with operations in locations or cultures that may not be congruent in terms of values and social norms with the management of a business, can represent different expectations when it comes to CSR initiatives. Marketing, brand image and company reputation are all affected by these CSR choices, which makes it increasingly important in business discussion. Good Corporate Social Responsibility can have a positive impact on the bottom line of a business.

(Hernández-Murillo & Martinek, 2009)

Evidence of Fiji Water's commitment to social causes, such as the development of local schools and contracting to local companies, was stronger under the direction of the founder David Gilmour. In 2004 he was given the Award for Corporate Excellence for Outstanding Corporate Citizenship, Innovation and Exemplary International Business Practice in recognition of his efforts (McMaster & Nowak, 2011). The level of ongoing commitment after the company was acquired by Roll International has been less conspicuous.

Sustainability

Sustainability, especially when the product a company produces relies on scarce resources, should factor in to all business decisions. Companies have an ongoing responsibility to create profits, and increasingly scarce resources can make it extremely difficult to create meaningful financial projections. From a marketing perspective, scarcity can sometimes be used to increase the perceived value of a product (PhD, 2006), but the increased profits may have little impact on the long term sustainability of business operations.

Profit Pressures on Decision Making

The question of profits now vs. profits later is somewhat central to much of this discussion. Unfortunately, too many companies make short sighted choices that bring in profits now and hurt or eliminate future profits. This seemingly illogical pattern is common in publicly held companies that are under pressure from wall street to make short term decisions that have an immediate impact on the stock price. For this reason, marketing decisions that are well aligned with CSR initiatives are more likely to be undertaken when they provide some boost or bolstering of stock price or market position.

Marketing Success Factors for FIJI Water

Marketing messaging that highlighted health, beauty, purity and a product that predated industrialization was central to the brand position of Fiji Water. The marketing pitch of youth and vitality (McMaster & Nowak, 2011) is as effective today as it was years ago (Various, 2014c). This image was further bolstered by Fiji Water's expert product placement and celebrity endorsements. Who better to promote a product promising beauty than the members of our society that we consider the most beautiful? Brand position was further established by way of premium pricing and a pristine image. In flight magazines targeted an affluent target market. (McMaster & Nowak, 2011)

Another factor in the success of Fiji Water was well organized distribution, including distribution agreements with partners like Cadbury Schweppes who already had broad reach. This careful planning and skillful execution quickly put Fiji Water on store shelves in key regions. The first regions of focus were coastal. This choice simplified delivery of the product and ensured that the already high cost of living and average home income would provide a suitable market for Fiji Water. (McMaster & Nowak, 2011)

What does it mean for FIJI Water to go carbon negative

Carbon footprint is a term that refers to the totality of greenhouse gas emissions from a given source. Due to the scientifically demonstrated dangers to Earth and her ecosystems that result from greenhouse gases, an understanding of the carbon footprint associated with an industry or country is important to every human being. Attention to carbon footprint has prompted legislation, policy decisions and even international agreements, such as the Kyoto Protocol. In the context of marketing and CSR, these outcomes have been both good and bad. More industrialized countries have worked hard to curb carbon emissions, which has been good for their citizens and the environment. However, some companies have simply moved their manufacturing operations to countries where no such regulations exist. This allows companies to reduce production costs and avoid directly dealing with the related social issues. (Various, 2014a)

When compared to tap water, Fiji Water has an sizable carbon footprint. Bottled waters have been shown to generate up to 600 times more CO_2 than tap water (McMaster & Nowak, 2011). In the case of Fiji Water that disparity is further exaggerated by the enormous distance the water must travel. Setting aside the extraction, packaging and bottling of the water, there is still transportation by land and sea, storage (often refrigerated) and disposal or recycling of the bottle to consider. All of those activities contribute in significant ways to the carbon footprint of Fiji Water. (McMaster & Nowak, 2011)

Carbon Negative

As the public discussion of Fiji Water's carbon footprint escalated, they responded with a "Carbon Negative" campaign. They began by calculating their estimated carbon footprint, including the production, distribution, storage and disposal of their product throughout the product lifecycle. They then introduced initiatives aimed at reducing those emissions. This was good, but they wanted to do better. In their marketing materials, they claimed that their goal was to offset its carbon emissions by 120%. In this wording it's not clear how they intend to accomplish those offsets. (McMaster & Nowak, 2011)

There are scientifically proven methods for removing greenhouse gases from Earth's atmosphere (Various, 2014b). However, these don't eliminate it. They simply transfer it from the atmosphere into biomass or other forms. It will eventually be released again. While Fiji Water did reduce its carbon footprint with more efficient trucks and reduced plastic bottles, there is no evidence that they achieved the offset they claimed. In fact, the website, www.fijigreen.com that was introduced to explain their green initiative is no longer available and the current www.fijiwater.com website lacks any details about the campaign. (McMaster & Nowak, 2011)

Greenwashing

The term greenwashing is used by environmentalists and other groups suggesting that efforts by a company to reduce its carbon footprint are not genuine or effective, but rather they have the sole purpose of appealing to the consumer. The lack of tangible benefit, or insufficient levels of benefit to the environment diminish the value of the company's green effort and can harm credibility. Positive environmental impact or greenwashing are challenging to prove definitively due to the scale and time duration of the effects in question. As a result, there can be a lot of back and forth in the press with seemingly conflicted results. It can be very difficult for a company to claim a decisive win in matters of the environment, which may be why Fiji Water no longer actively communicates details

about its green initiatives.

Was Fiji Water guilty of greenwashing? The evidence seems to suggest that they were, at least to a point. There are several ways that they could regain environmental credibility. It's important that any effort to restore environmental credibility retain the consumer perceived benefits, such as anti-aging and immune-boosting traits, and significantly reduce or entirely eliminate the carbon emissions that have brought them so much negative attention in the press. One way to do this might include finding a way to extract or synthesize the minerals that are naturally present in the water from the underground aquifers. Using this recipe, they could use water that was closer to the consumer and simply modify it to have the same properties as the water they would have bottled in Fiji. This new product would be a brand extension and would eliminate virtually all of the carbon emissions related to freight. Another approach might be to use the volcanic rock credited for filtering their water today on its way to the aquifer and create a filter that would allow consumers to filter their own water and achieve the same end product. Filter sales would then replace some of the bottled water sales.

Government Relations in Marketing

Governments have a number of competing motivations to encourage and support businesses. Some of these include an interest in jobs for their citizens, development and commercialization of their natural resources and even international recognition or leverage. The politics that determine the priority of these concerns will depend on the individuals in government and their agendas. Even in the most stable political environments, changes can happen quickly. In the case of Fiji Water, the Fiji government was taken over by the military in 2006 followed by rather abrupt changes to taxation and export arrangements which threatened to severely impact company profits. (McMaster & Nowak, 2011)

In an effort to improve predictability and smooth international relations, both governments and businesses can take certain steps. For example, Fiji Water joined with 10

other water bottling companies to form an industry association. Through this industry association a spokesperson or government liaison was appointed to work through taxation, export and other regulatory details with the government on behalf of the bottlers. This increases leverage and provides consistency for both government and business interests. Naturally this includes addressing the Fiji government's concerns about the minimal investment in local communities and the burden placed on infrastructure, such as roads and ports, to transport so much heavy product. (McMaster & Nowak, 2011)

Due to the competing interests of government and business, balance is often difficult to achieve. This can be aggravated by turnover on either side. A key to success and synergy between government and business is the development of strong, long lasting relationships. A company must establish a brand with the government. Elements of that brand may include genuine interest in local communities, competence and cooperation. With a strong brand as a good corporate citizen, Fiji Water will enjoy much smoother and more predictable business outcomes.

Impacts of Business Operations on Local Economy and Infrastructure

There are many stakeholders who have interest in Fiji Water and its operations. These stakeholders are both internal and external to Fiji. Local residents in areas proximate to the the extraction and bottling facilities have an interest in the jobs at those facilities. Vendors external to Fiji may have a great interest in the construction and tooling of the bottling facilities. Government hopes of increased tax revenue factor in to permits and regulatory posture. Each of these facets represents a cost benefit analysis for those who intend to put up the capital to fund the venture. It also represents potentially complicated issues from various points of view, including local residents, government officials, environmentalists and even regional and global participants.

Every public and private discussion related to the topics of impact mentioned above is an opportunity for a company to establish its brand, communicate its messages and

make a case for value in the minds of customers and stakeholders. Fiji Water shows just how complicated the landscape can become, while providing excellent examples of how expertly those complicated situations can be handled to benefit a company.

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