



IS 'BELIEVE IN  
SOMETHING'  
SOMETHING TO  
BELIEVE IN?



## Major brands could learn a lot from Nike's bold and controversial advertising campaign, but there's more to good ESG practice than marketing alone

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**W**hat role does a brand ambassador or social media influencer play in informing an investor's perception of a company's track record on ESG?

In years gone by, good marketing and advertising were all about appealing to as broad a swath of the public as possible, with subtle nods toward specific market segments in an attempt to convey a certain product, message or image. It always used to be a question of creating an opportunity for the customer to identify with the company, the product and the brand without turning everyone else off.

But now – particularly in light of the rise of the millennial consumer – large companies are having to retrench and retool to stay relevant in a new age. Tastes are more particular these days, and being artisanal, boutique or undiscovered is suddenly a virtue.

In the past, companies generally used their political and ethical voices in hushed tones. Each firm had its own culture and priorities and pursued its corporate interests discreetly through political action committees, lobbying and trade associations – all conducted in the halls of commerce and government rather than on the very public stage of an advertising campaign. The possible exception was corporate philanthropy, which was either a benignly positive way to do some good in the world or a fig leaf to cover a multitude of reputational ills.

Now, though, we are seeing companies directly integrate their values and the values of their stakeholders into their public personas. Companies are realizing that they can form deeper and more durable relationships with

their customers and shareholders by standing for something – even something controversial. The trade-off is that they will probably appeal to ever narrower slices of the population. But on the other hand, achieving more meaningful brand identification can cut through the clutter and make ambassadors out of their customers. There is also a strong valuation case to be made, as intense brand identification can go on the balance sheet as a precious intangible asset.

### A HARD LESSON TO LEARN

Tapping into social, environmental and other causes through brand ambassadorship can be a dangerous tool, though, especially if it's not executed flawlessly and with authenticity. Pepsi certainly learned that lesson after its tone-deaf advertisement trying to tap into the energy of the Black Lives Matter movement by deploying Kendall Jenner and a can of soda. Or consider Lance Armstrong, with his remarkable story as a cancer survivor, athlete, Tour de France champion and progenitor of the Livestrong Foundation. He seemed to be a safe bet for a number of companies trying to embody fitness, mindfulness, achievement and philanthropy – until he was exposed as a ruthless cheater.

Nike, on the other hand, has put on a marketing masterclass with their campaign around Colin Kaepernick this fall. While Pepsi tried the old-school approach of attempting to appeal to everyone (but ultimately succeeded in appealing to no one), Nike aligned its strategy around the message and the messenger and targeted its audience very carefully. Because of his celebrity – or notoriety, depending on your perspective – Kaepernick has been a successful amplifier of this message. Nike was certainly counting on that multiplier effect, and it has paid off in dramatic fashion. The ad has been debated on the news, repeated, rebroadcast, retweeted, reposted, celebrated and vilified – all without Nike having to lift another finger.

### MORE QUESTIONS

It was a risky gambit compared with the standard playbook of anodyne imagery about sweat and victory for an athletic wear company. But does taking a bold stand on a social issue such as gun rights or equality automatically establish a company's ESG credentials?

The answer, as with all things ESG, lies in more data, more research and asking more questions. Is the social messaging of the influencer congruent with the company's broader corporate and communications strategy? Are the principles espoused or implied through the campaign or the brand ambassador manifest in how the company operates? Does the company integrate other aspects of a genuinely sustainable approach across its business practices, or does it just stop at the tag line?

According to the Center for Responsive Politics, political donations in the wake of Nike's campaign skewed heavily toward the Republicans – a party which has not exactly embraced the Black Lives Matter movement. That could be interpreted as evidence that the campaign has been rejected by the market segment to which it was trying to appeal – just as we saw with Pepsi. However, on the other side of the ESG ledger, Nike has committed itself to addressing child labor and other supply chain issues over the past couple decades. It has also instituted more sustainable manufacturing practices and now issues a periodic sustainable business report.

Single data points such as an advertisement or a breakdown of political donations may be leading indicators, but they clearly cannot tell the whole story about a company's social, economic and environmental footprint. Greenwashing and faux sincerity on social issues by major companies has not only backfired commercially, it has also put the investing public on guard. Instead, it is a company's track record on environmental impact, sustainable supply chains, human rights, and workplace safety and dignity (among many other factors) that really determines whether or not it embodies the virtues implied by its affiliation with an ambassador or influencer, and vice versa. ■