

Rule 15 – Conserve, Preserve and Reserve

This rule is becoming more and more important to marketers today. It is the social responsibility rule. While the 70s and the 80s were the “me” decades, the new millennium is the “us” decade. More than ever, we are feeling the pressure to tighten our belts and adopt a more conservative approach, build larger reserves for our families and preserve what we already have. The spend, spend, spend and boom/bust mentality is passing away in favor of a more “grounded” mindset. This extends itself to the marketing arena as well.

Conservation-based Marketing

Everywhere we look, we see the “green story” being touted. This doesn’t just apply to energy companies, manufacturers and Fortune 500 companies looking to join the “green” bandwagon. Organizations in every industry and field of endeavor are opting for adding this element to their communication strategies. According to the American Marketing Association, **green marketing** is the marketing of products that are presumed to be environmentally safe. Thus, green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing.

According to Wikipedia, the term Green Marketing came into prominence in the late 1980s and early 1990s. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". The first wave of Green Marketing occurred in the 1980s. Corporate Social Responsibility (CSR) Reports started with the ice cream seller Ben & Jerry's where the financial report was supplemented by a greater view on the company's environmental impact. In 1987 a document prepared by the World Commission on Environment and Development defined sustainable development as meeting “the needs of the present without compromising the ability of future generations to meet their own need”, this became known as the Brundtland Report and was another step towards widespread thinking on sustainability in everyday activity.

But the concept of conservation extends far beyond touting sustainable, ecological or green solutions. As a result of the recent banking crisis, fall of Wall Street and the recent real estate devaluation many Americans realize that we have been living in a “financial bubble” that has burst! That is to say... many of us have been living well beyond our means. This “bigger is better” mentality has become far too materialistic and the current consumer trend is toward a more austere lifestyle. Consider the outspoken conservationist and green advocate, CEO of Whole Foods, John Mackey. Whole Foods is the most visible and fastest growing natural food store in the country. Mackey lives the conservationist lifestyle to the fullest. In fact, he is so socially responsible he pays himself a salary of only \$1 as CEO of the company. That’s right, he’s created a billion dollar market leader and he pays himself a buck to run the whole show! Visit the Whole Foods web site and you will see a 5000 word manifesto on what vendors need to comply with in terms of green/sustainable practices to even CONSIDER doing business with Whole Foods. I dare you to find a shred of plastic in a Whole Foods store. And if you don’t bring your own canvass sacks for your groceries expect a dark sneer from your cashier on the way out. All of this has set Whole Foods apart from every other grocery chain and they are leading the pack in terms of profits. How can you use “conservation” to create attraction on your business?

Preservation-based Initiatives

Another way that we can leverage the current focus on the “green mentality” is to promote sustainability. It’s getting difficult to find an industry or profession that doesn’t have some type of sustainability initiatives. This can encompass alternative energy initiatives, ride sharing, new recycling alternatives, lower consumption levels and the like. I know a display manufacturer that completely retooled their manufacturing process to eliminate ALL harmful VOCs (volatile organic compounds) thereby reducing their consumption footprint by 70%. While this did require a significant upfront investment in new equipment, it has resulted in a 136% return on investment to date. Their return came in the form of lower material prices, energy rebates and a special low rate financing as a result of the reduced environmental impact. We helped this company communicate their very comprehensive green program in a creative way. For one initiative, they gave out small plants at a recent trade show that represented the number of trees that they were planting as a result of their environmental commitment. They created a rage and not only increased booth traffic but allowed them to attract a very large contract from a global telecommunications company. I have also seen organizations achieve environmental efficiencies through modifications of the delivery system. Think about what your firm can do to engage in a bona fide preservation-based environmental program. Then all you have to do is communicate it in a sincere and genuine way.

A “Reserve” Mindset

More and more consumers and business professionals are realizing that they need to do a better job of reserving resources for future needs. Whether that be money, staff, materials or supplies, creating a “reserve” is a very smart idea in building a future for our successors, employees and clients. We see this is being accomplished by banks now. In the last decade, banks were resistant to maintaining required reserves based on the loans they made. In fact, many banks and mortgage companies kept as little as 5% or 10% reserves. This is essentially what caused the banking crisis and the huge number of bank failures more than at any other time in history excepting the Great Depression. Today banks are maintaining HUGE reserves. They are averaging in the area of 60 and 70% reserves! This is what is making the loan market so tight.

Nevertheless, this also happened in the world of marketing. In the past, we have focused on the expenditure side of marketing budgeting. Today more and more smart marketers are realizing that marketing campaigns must be developed based first on considering the desired return. When we as marketers are focused on, “how much we will spend on an initiative,” that is precisely what happens... we SPEND that much! But shouldn’t the entire focus be on what kind of RETURN we are looking to create NOT how much we have to spend? Of course it should. I always recommend creating a marketing budget backwards. Start with what specific dollar amount you feel is reasonable and achievable for each specific marketing initiative. Then calculate the number of new prospects or current client sales you will need to support this dollar amount. After this, consider the types of media of realistic return rates. Also be careful to ensure that you are addressing the right audience. Use the other rules to “narrow your focus” and become a bigger fish in a smaller pond. Approaching marketing in this manner will create a much greater ROI and success rate.

There are many more ways that we can leverage this 15th Rule. In short, let me say that the more we sincerely focus on preserving, conserving and reserving, the more powerful our marketing will be to those who are socially responsible. What can you do to use this rule in your business?