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Market Campaigns: Implications for Ford Motor Company

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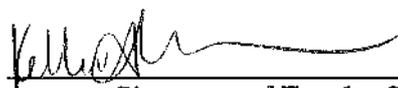
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Faculty Comments

NGO power and influence to change corporate behavior has grown exponentially over the past ten years, but little research has been done on this phenomenon. This research report presents a great starting point from which to advise companies on how to manage, track, engage, and partner with NGOs in the future, particularly for Ford. Ford's senior management will use the recommendations herein to further guide their strategy.



Signature of Faculty Supervisor



Title

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Executive Summary

Non-governmental organizations (NGOs) have embarked upon a new strategy of corporate engagement, the market campaign. Market campaigns are built on the perception that corporations are greedy and self-serving and tie into the general public distrust of corporations. This paper captures and summarizes the current thinking on market campaigns. Few corporate or NGO representatives were willing to discuss their campaign experiences and response strategies. Although patterns may emerge as the market campaign phenomenon continues, market campaigns are largely a "black box."

The best campaign target is a consumer-oriented company that depends upon strong brand equity. Companies that sit at the back end of a highly complex value chain are less likely to be targeted. Large companies are also good targets.

Achieving the desired change in corporate behavior is a market campaign's ultimate success metric. The degree of urgency created within the target company is an important success metric as well. Successful campaigns have a high degree of public appeal, and NGOs perceive that the likelihood of campaign success is inversely related to how far the truth needs to be stretched.

The first phase of a market campaign begins with the target receiving but ignoring early signals that a conflict is brewing. The second phase involves denial and surprise. The target begins to take action in the third phase and important truths about the target's organizational culture with regard to transparency and handling criticism are revealed. The fourth phase involves substantively addressing the crisis situation and the claims of the campaign organizer. In the fifth phase, the target begins its internal evaluation of the crisis.

This paper presents a model for understanding the probability that a nascent campaign will become a crisis. The model considers the organizer's message, the perceived level of participation, the ability to engage the target, the perceived likelihood of success, susceptibility to influence, and the availability of and preference for substitute products.

Our research did not identify any case studies that point to gaps in Ford's current NGO engagement strategy. However, we have developed six recommendations that enhance and reinforce Ford's approach. These include continuing to monitor early warning signals, providing issue briefs to key Ford managers on a regular basis, leveraging Ford's media resources, better defining Ford's reputation among the general public, involving a wider range of Ford professionals in stakeholder dialogues, and documenting Ford's internal experience with market campaign management more thoroughly in order to maximize organizational learning.

Introduction and Purpose

Companies are increasingly aware of the need to protect their reputations. In a survey carried out by Aon, a Chicago-based risk management and insurance brokerage firm, chief executives named loss of reputation as the greatest risk facing their business (Houlder 2001). The notion that companies need only meet the expectations of their shareholders and maintain commercial success is outdated. Consumers want more than just a functional product at a competitive price. They want to know how a product is made, that workers are treated fairly, and that the company's environmental impacts are minimized.

Non-governmental organizations (NGOs) are stepping in to define what is expected of companies, and there is a general consensus that the power of NGOs is growing (Ferguson 1997, Williams 1999, Cowell 2000, Alden 2001, Cowe 2001, Gereffi et al. 2001, Runyan 2001). Traditionally, NGOs directed their resources toward lobbying the government for more strict and transparent regulations that would force a change in industry behavior. This process was often slow, produced few results, and required long, complicated bouts of litigation.

In the 1990s, NGOs began to utilize more direct forms of engagement and accountability. With the explosion of internet-based communication, NGOs found that they could gather and distribute real-time information easily and quickly. They were able to form alliances, rally consumers, and garner attention from media sources much more easily than they had in the past. Aided by technological advances and experiencing increased frustration over the inaction of corporations with regard to pressing environmental and social needs, NGOs began to embark upon a new strategy of engagement, the market campaign.

Ecos Corporation (2001) defines market campaigns as public awareness and education efforts targeted at individual corporations and, in some cases, entire industry sectors. Campaigners spread their messages and demands anywhere and everywhere that will get the attention of both the campaign target and the general public. Specific campaign approaches include boycotts, protests, shareholder resolutions, and targeting the links in a company or industry's value chain that are most susceptible to potentially negative public opinion. Market campaigns can be simultaneously punitive and constructive in pursuing the core objective of driving change in industry behavior. The most constructive campaigns articulate a commercial "way out" for the campaign target.

NGOs perceive that direct, multi-pronged attacks on corporate reputations are more likely to produce change at the speed and scale required to make a difference to environmental and social crises. The increasing attention to climate

change is an example of an environmental and social issue where lobbying government has largely failed to produce results. In turn, NGOs are beginning to pursue companies that produce products or employ processes that contribute to greenhouse gas emissions. Products within this category that have strong brand identity are the most likely to be targets.

The purpose of this report is to provide an analysis of market campaigns for the Corporate Governance Office of Ford Motor Company. Ford is experiencing significant NGO pressure on the climate change and product safety fronts, largely due to its prominence in the sport utility vehicle market. Human rights issues within Ford's extensive supply chain are coming to the fore as well. After a brief history of market campaigns, this report defines campaigns more precisely and introduces a framework for determining the credibility of a campaign threat. It ends with strategies for diffusing market campaign threats and strategic recommendations for Ford's Corporate Governance Office.

History of Market Campaigns

Corporate campaigns were first conceived in 1965 by Students for a Democratic Society, academics at the University of Michigan, and the National Council of Churches. These groups formed a student-led, anti-corporate structure, which was joined in 1970 by Saul Alinsky, a widely regarded community organizer. By combining Alinsky's experience in activist strategies with academic research on shaping human behavior through communication, the pieces of corporate campaigns came together (Manheim 2001).

The early market campaigners formed alliances with organized labor, and labor became the public face of the campaign. Union-based campaigns laid the groundwork and provided a framework for today's NGO-led campaigns. However there are some important differences. Campaigns fronted by organized labor have a fundamental weakness in that the union and the company have similar interests in not wanting the company to go out of business. It is politically dangerous for unions to be accused of supporting causes that substantially weaken employers. The shared interests in the long-term health of the company create common ground upon which campaign grievances and demands can be addressed.

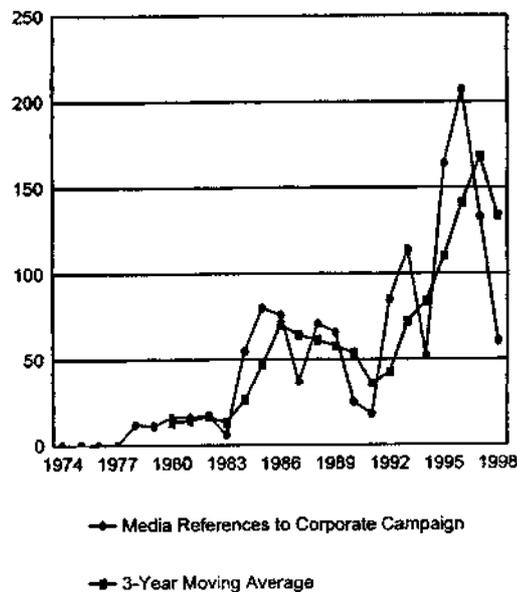
In contrast, NGOs typically have no employment or investment interests in the target company or industry. NGO-led campaigns often have much stronger ideological roots than do labor-based campaigns, a fact that plays an important role in the court of public opinion. Although NGO's may appear less financially formidable than organized labor, non-labor campaign organizers are held in higher public regard than are labor-based campaigns. Thus, not only do corporations face a more publicly trusted adversary, this adversary has far less

interest in the long-term viability of the company. In the worst case scenario, the NGO may perceive that the only solution to the problem is the company's complete demise, and it may be impossible to identify common points from which to begin a constructive dialogue. However, this worst-case scenario is rare. It is far more likely that a campaign threatening NGOs only seeks to engage directly with corporate decision makers. According to SustainAbility, there has been a shift from problem-focused to solution-focused advocacy on the part of campaigners (Houlder 2001).

The rise of sophisticated NGO-led campaigns presents a whole new set of challenges, the most daunting of which may be the increased pressure NGOs are putting on corporations. As Figure 1 shows, the number of campaign references in the media has doubled from the 1980s to the 1990s. Whether the rising number of media references correlates with the actual number of campaigns or is merely a sign of an increasing preference for anti-corporate stories among news consumers, NGOs are saddling corporations with an unprecedented level of public exposure and criticism.

Figure 1. (Source: Manheim, 2001)

Corporate Campaigns in the Media
 Number of References, By Year, 1974-98



In addition to the rapid increase in the number of campaigns, the intensity and sophistication of NGO activism in the markets is rising, according to Roger Robinson, Chairman of the William Casey Institute (Alden 2001). The growth of

U.S. pension and mutual funds and the increased importance of the U.S. capital markets as a source of financing for domestic and foreign companies have provided powerful sources of leverage for NGOs that were not available a decade ago.

The dynamics of market campaigns are poorly understood by both companies and academics who study corporate accountability and public opinion. Because campaigns often involve prolonged periods of dialogue, and because the rate of change in corporations is slow, few best practices have emerged from comparisons of successful and unsuccessful campaigns. The propensity of corporations to enter into extended dialogues with campaign organizers and the increasing trends toward solution-based campaigns makes it difficult to find examples of companies that have been injured solely as a result of a poorly handled campaign. NGOs are generally unwilling to share their campaign strategies with outside parties, which means that there is little comprehension of the breadth and dynamics of the closely coordinated efforts involved with a campaign. The implication is that a campaign target is forced to approach each new campaign launched against it with a well communicated company-wide response strategy and a great deal of caution.

Characteristics of Market Campaigns

Generally, NGOs attempt to meet with the company directly before launching a campaign. If the company relegates the engagement to the public relations department and refuses executive level involvement, it is likely that the company and the NGO will come to a deadlock. When the NGO perceives a deadlock, it will go public with a campaign, educating consumers about company practices with which the campaign takes issue.

Campaigns are conducted in the media, where the campaign organizer seeks to redefine the image and undermine the reputation of the targeted company through systematic and unrelenting pressure (Manheim, 2001). Components of the corporate image under attack might include any combination of the company's emotional appeal, its aura of social responsibility, impressions of its workplace environment, the quality and safety of products and services, the vision and leadership of its management, and its financial performance. Campaigns are built on the perception that corporations are greedy and self-serving and tie into the general public distrust of corporations (World Bank 2001).

Campaigns can last from a few weeks to five years. According to Jarol Manheim (2001), Professor of Media and Public Affairs at George Washington University's Elliot School of International Affairs, characteristics and objectives of campaigns include:

- defining the moral high ground in such a way as to ensure that the activist group holds it and that the company cannot;
- tapping into the underlying distrust that many Americans feel about major corporations;
- evoking strong feelings about social problems that can be blamed on the success of corporations;
- questioning which side can claim alignment with the dominant values of society and which side is violating the public interest to serve its own purposes; and
- pressuring a company's financial stakeholders directly.

Another important characteristic of market campaigns is the fact that the lead NGO often represents a coalition of interests. The limited market campaign literature emphasizes that the Internet provides campaign organizers with a rapid and efficient means to form alliances with organizations and communities that have a stake in the campaigns outcome. Campaign organizers can send news items, meeting notes, and copies of communications with corporate representatives to their coalition network. The ability to distribute such items through email or publicly available websites allows NGOs to expand the reach and scope of market campaigns, casting a wider net for recruiting campaign participants and sympathizers.

Coalitions can be problematic for campaign targets because they create campaigns based on multiple and possibly unrelated issues. For example, in 1997, the Southern Baptist Convention, a cornerstone of right wing conservatism, joined forces with the National Labor Committee, which has been traditionally aligned with the Democratic Party, to protest Disney. The Baptists were concerned about Disney's pro-gay stance and the "immoral" nature of music CDs produced and marketed by Disney subsidiaries. The Labor Committee was already involved in a campaign to discredit Disney for child labor and substandard wages in its overseas production facilities.

Characteristics of a Good Target Company

According to Chris Hatch, Executive Director of the Rainforest Action Network (RAN), the best campaign target is a consumer-oriented company that has developed and depends upon strong brand equity. These targets have the most to lose from successful assaults to their reputations. Hatch considers high brand equity the most important characteristic of the company, more so than the lifecycles or purchase cycles of the products the company produces.

Companies that sit at the back end of a highly complex value chain are less likely to be targeted, especially if the consumer makes no connection with the product and the company that actually produces it. For example, the vast majority of consumers do not know the names of the companies that supply beef to McDonald's or plywood to Home Depot. In such cases, it may be difficult for a market campaign to build support around a company directly involved in production. Campaign organizers are more likely to identify and target a link in the value chain that has more public recognition and a far higher stake in maintaining strong brand equity. Additionally, campaigners may be more efficient in forcing change throughout the entire supply chain or across the industry by targeting the large, point-of-sale brand company. For example, NGOs may be more efficient in forcing change in the beef industry by attacking McDonald's, one of the industry's major buyers. Home Depot's recent announcement that it would make certified timber available in its stores was the direct result of NGOs turning from campaigns directed at large timber companies to a single campaign directed at perhaps the industry's most publicly visible customer.

Another characteristic of a good target is size. If the NGO campaign wishes to bring attention to the practices of an entire industry, the largest companies and brands in the industry will be targeted. The logic is that forcing change in an industry's largest members will have a trickle-down or radiating effect to the rest of the industry. A larger target also makes for an easier target because it probably has higher recognition among consumers and as such is a better media draw. Following Home Depot's announcement that they would switch to certified timber, other lumber retailers, such as Lowe's, made similar announcements.

Determinants of Success

The ultimate success measure of a campaign is achieving the desired change in corporate behavior. In most cases, a commitment from the target company to work with the organizing NGO on a change process is perceived as successful enough to temporarily halt a public campaign. Until such commitments are received, NGOs define their campaign progress and success in terms of activities carried out, such as number of media articles and number of demonstrations. Not only do these metrics appeal to the NGO's donors, they can be used to create a sense of urgency in the campaign target.

Creating a sense of urgency is an important part of campaign strategy. According to Chris Hatch, a target company's response team typically has at the lead a creative thinker with the ear of upper level management. However, this person is usually in a community or public affairs department and has no ability to create the desired change. If the NGO can create a sense of urgency by communicating

a sense of mounting pressure, the response team leader can elevate the issue to the consideration of upper level management, where the true change leaders reside. In effect, urgency gives the issue a "consideration space" that it did not have before. Urgency tactics are especially effective with companies that have voiced a desire to change their business practices and "do the right thing" but have been slow to do so. The Rainforest Action Network attributes its successful campaign against Home Depot's sales of old growth and endangered wood on their ability to create urgency and a consideration space in a company that wanted to address the issue but had consistently given it low priority.

Another important success factor is the "sex appeal" of the campaign objectives. Sexy campaigns are more effective because they induce members of the public (preferably the target company's customers) to communicate their support of the campaign cause. The certified timber campaign against Home Depot, which had a great deal of public support, is an example of a sexy campaign. On the other hand, a campaign launched by the Rainforest Action Network in the early 1990's against Mitsubishi to reduce logging of old-growth timber had little sex appeal and failed to rally much public interest. Although sex appeal can be measured through the use of focus groups and surveys, doing so is often beyond the ability of organizing NGOs. Thus, NGOs classify sex appeal as a largely intangible success factor.

Finally, the likelihood of campaign success is inversely related to how far the truth needs to be stretched and directly related to how far it can be stretched (Manheim 2001). If the public views the company as a model corporate citizen, the NGO will probably need to stretch the truth quite far, and it may not be able to. Such campaigns are unlikely to become full-blown media wars. On the other hand, if the public generally views the target corporation as a corporate outlaw, the NGO may not need to stretch the truth, and the company's performance record will speak for itself.

Quantifiable effects of successful campaigns, such as reductions in a target's sales volume or stock price, are far more elusive. None of the experts interviewed for this paper were able to identify any examples of measurable profit and loss effects solely attributable to market campaigns. They emphasized that the frequently cited example of Monsanto as a company that was nearly destroyed by a market campaign is inaccurate. Monsanto experienced a failed merger with American Home Products at the same time. Separating the contribution of each struggle to the company's precipitous drop in stock price is, in their assessment, impossible.

Those interviewed also agreed that most companies have engaged campaign organizers before campaigns could materialize into something that affected the bottom line. In other cases, they believed that the purchasing behavior of individual consumers would have never had a pronounced effect on the

company's bottom line (e.g. Conaco and Unocal). In some cases, companies had created a few new staff positions to deal with NGO relations, but it seems that corporations have suffered no significant financial consequences of market campaigns. With regard to the successful campaign against Home Depot, Kim Drye, Environmental Affairs Manager at Home Depot, said that the company experienced no loss in sales during the campaign, nor did they perceive any damage to their reputation. In fact, Ms. Drye reported that during the campaign the company received letters of support from customers and community members, and the Harris Poll named Home Depot as a top company for social responsibility. If anything, the campaign strengthened Home Depot's reputation.

Phases of a Crisis

During a campaign, there is ample opportunity for a crisis to occur. The crisis may emerge as a single event, such as the chemical gas leak at the Union Carbide plant in Bhopal, India, or as a drawn out escalation of ideological conflict. Schwartz and Gibb (1999) describe five phases of a crisis, the first of which typically begins with the target receiving but ignoring (or suppressing) early signals that a conflict is brewing. There is a hesitancy to act on early signals, which leads directly to the second phase. Once the target realizes a market campaign has been launched against it, the organization goes into denial. Everyone acts as if they were caught completely unawares. The campaign is discussed with words such as "inconceivable" or "impossible" and with other language that indicates no existing planning processes had envisioned the possibility of such a situation.

The target begins to take action in the third phase. Because events are moving so fast, people within the target have little time to think before they act. This phase is crucial, because important truths about the target's organizational culture are revealed, especially with regard to transparency and handling criticism. If each individual responds in the way that he or she perceives as best, the target can quickly send a tangle of inconsistent messages to the campaign organizer and the media, further exacerbating the problem. The CEO's personal leadership style plays a key role in this phase as well. How the public perceives the company and how employees react will be direct functions of the CEO's message and tone of delivery. Both campaign organizers and the general public will examine the CEO's behavior, looking specifically at whether the CEO focuses on attacking the critics, on damage control and denial, or on personally concentrating on matters that the public feels strongly about (i.e. the issues at the heart of the campaign).

The fourth phase involves substantively addressing the crisis situation and the claims of the campaign organizer. Some level of damage control and denial will be involved as the target attempts to wrest control of the issue from the organizer.

However, damage control and denial cannot overshadow the organizer's and public's perceptions that the target is addressing the issues honestly and compassionately. Companies that emerge safely from the crisis tend to be those in which senior management is personally and visibly involved by focusing on substantive responses to the victims or potential victims of the event (whether a particular town, an ecosystem, or air quality in general) and by communicating clear direction to employees.

The fifth and final phase of the campaign crisis begins after the target has engaged the organizer and addressed the issue at hand. At this time, the target begins its internal evaluation of the crisis, viewing it as an opportunity to learn and prepare for similar altercations in the future. Although the importance of this phase is often overlooked, mindful companies will take key learnings from the experience and use them to inform the organization's culture and crisis management strategy.

Diffusing an Attack

The rise of NGO power has generated concern in corporate America. Corporate officers may not be aware of NGO grievances until a large coalition of organizations has formed against the company. In some cases companies find themselves up against campaigns based on inaccurate or completely misleading information. Conaco claims that the controversy over its Yadana natural gas pipeline in Myanmar is such an example (Unocal 2000). Given that so much of corporate reputation rests on perception rather than facts and that the public tends to trust NGOs more than business, a company battling a campaign may find its reputation in a precarious situations.

The pressure and frustration experienced by campaign targets must be controlled. Otherwise the target may find itself directly responsible for strengthening the campaign. Some campaigns aim to cause senior executives to lose personal control. Campaign organizers employ tactics or forms of communication that make target leadership angry and launch vicious counterattacks. From the NGO's perspective, such tactics are successful when the public perceives corporate leaders as over-compensating and over-responding. The public associates such responses with guilt, attempted cover up, and another episode in a pattern of defensive, negative behavior (Lukaszewski 2000). With each negative corporate response, whether making excuses or delivering threats, the company loses public respect, public trust, and public credibility. In effect, corporate leaders do the NGO's reputation damaging work for them.

The best way to diffuse an attack is to keep a level head. A recent article in *The Green Business Letter* (Anonymous 2001) recommends that companies practice the following in their interactions with NGOs:

- Work to detect early warning signals of a campaign by engaging potential campaigners in constructive dialogues.
- Practice honesty, humanity, and modesty in all interactions.
- Be aware that the tone of information may be less important than where within the company the conflict is being handled.
- Reveal the company's human side (e.g. number of employees and family members potentially affected by the campaign's demands) to diffuse tension.
- Keep the conversation as private as possible to avoid public posturing.

The ideal response would incorporate each of these recommendations. Moreover, the company's tone and style of engagement should be consistent across different NGOs. Undoubtedly, NGOs are "comparing notes" after each engagement, scrutinizing the content and quality of the target's response. As with an overly defensive CEO, mixed messages from the target can be used to fuel claims of evasion and cover up in the media.

Evaluating the Credibility of a Campaign Threat

For a market campaign to achieve its goal, it must achieve some critical mass. Otherwise, it is unlikely that it will create the desired sense of urgency in the target company. Critical mass can be achieved in two general ways. First, the NGO leading the campaign or an NGO partnering in the campaign may have high brand equity or press visibility. Organizations such as the National Association for the Advancement of Colored People, Mothers Against Drunk Driving, and the Sierra Club are examples of NGOs that can create a critical mass quite easily. In general, smaller organizations desire to associate with them. Campaign targets would make a mistake if they did not treat seriously campaigns supported by these NGOs. At the local level, there may be much smaller organizations, such as parent-teacher associations, civic groups, or faith-based groups, with significant local influence. Thus, it behooves potential campaign targets to know and understand the influence of potential campaign organizers at all levels, whether global or local.

The second method for achieving critical mass involves savvy communication strategies and rapid coalition building. Smaller, relatively unknown NGOs may use this tactic when taking on a large corporation. Perhaps the greatest example of a successful small organization achieving a critical mass through aggressive communications was the campaign lead by Global Witness against DeBeers over "conflict diamonds." Global Witness, which boasted 14 employees, used the media with such expertise that DeBeers went from a position of antagonism to the

world's leader in diamond certification and policing (Malloy 2001, Marozzi 2001).

Regardless of how the market campaign gains critical mass, it must do so by drawing other parties to its cause. Understanding how campaign organizers induce others to join and support the campaign is a key step in developing a strategy for evaluating the damage potential of a campaign and potentially diluting its effects. Important insight can be gained from research on the factors that influence individual consumers to join company or product boycotts. Sen and colleagues have identified seven factors that influence the decision to participate (Sen et al. in press). They are:

- the organizer's message,
- the expected level participation,
- the perceived ability to engage the target,
- the perceived likelihood of success,
- the susceptibility to anti-campaign pressure, and
- the availability of and preference for substitutes for the product or service.

The interaction of these seven factors are diagrammed in Figure 2. The application of the individual consumer boycott model to NGO-led market campaigns requires little modification. The model rests on the ability of an organizer to create momentum and mass in an anti-corporate movement. Thus, it serves as a useful tool for evaluating the likelihood that a campaign will escalate to crisis proportions. The following sections discuss each element of the model in detail.

Perceived Likelihood of Success and Campaign Participation

Each potential campaign supporter must make a decision about whether or not the campaign will achieve its goal of changing the target's behavior. Each potential participant makes this decision because he or she wants to know whether becoming involved will generate an association with a failure or a success. In most cases, individuals and organizations want to be on a winning team. However, espousing the organization's ideological mission in the media may be more important than a successful outcome. This decision is influenced by the mediating effects of the pro-campaign message, the perceived ability of the organizer to engage the target, and the expectation of overall participation.

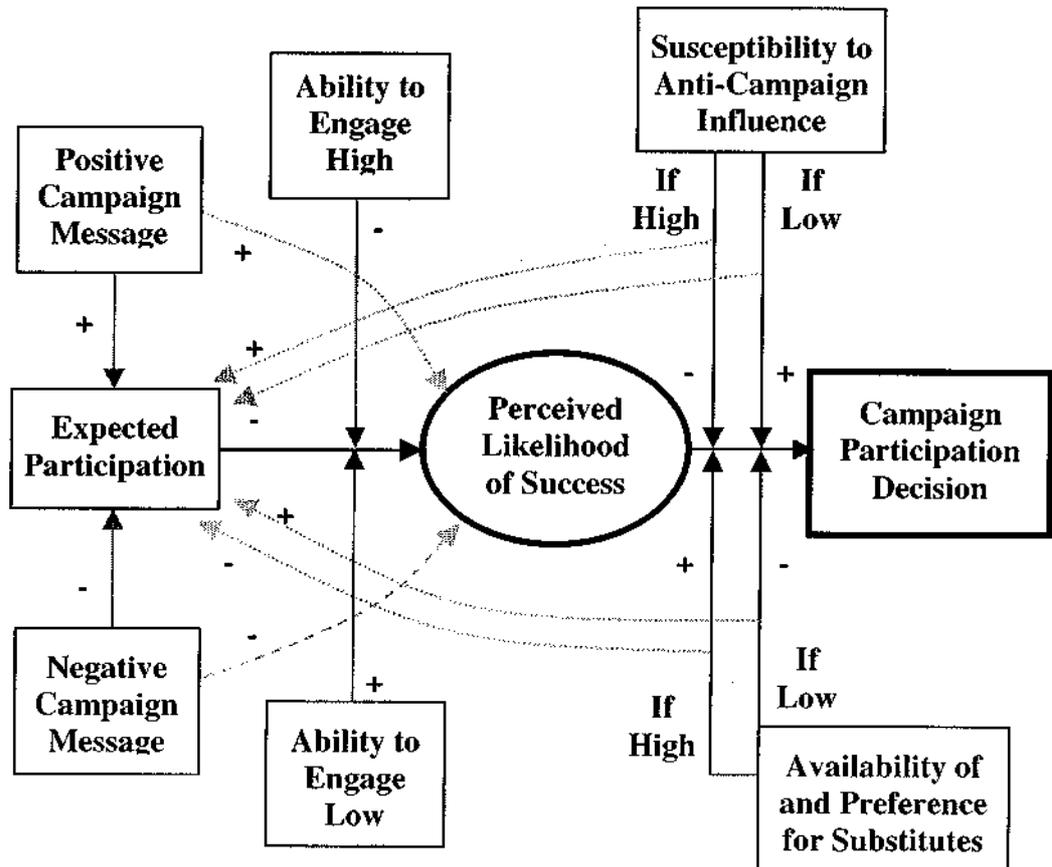
Once the potential supporter makes a decision regarding the campaign's likelihood of success, the supporter must make the decision whether or not to actually support the campaign. The supporter's susceptibility to influence and the

preference for and availability of substitutes for the target's products or services will influence this decision after the likelihood of success has been evaluated.

Organizer's Message

The campaign organizer's message influences other parties to participate in the campaign by influencing the perceived level of participation and, to a lesser extent, the perceived likelihood of success. Messages that articulate the positive aspects of the campaign are more successful at generating support. Positive messages create motivation by helping potential supporters to visualize the positive societal outcomes associated with the boycott.

Figure 2. Market campaign evaluation model (modified from Sen et al., in press).



Negative messages that focus only on the wrongdoings of the boycott target have a strong opposite effect. Negative messages typically emphasize the consequences of boycott failure and may create a sense of powerlessness.

Potential participants are unable to conceptualize the positive outcome and therefore cannot share the campaign organizer's vision of a "better future."

Expected Participation

The perception of participation in the campaign has a direct effect on the likelihood of a sympathizer actually joining the campaign. As the expectation of overall participation increases, so does the likelihood of joining. Not only are potential supporters swayed by strength in numbers, they also perceive that many others will share in any inconveniences created by the campaign. As participatory momentum grows, each individual or organization believes that it is likely to share in a success. Also, no one organization or individual is overly burdened with coordination of the entire effort.

As previously mentioned, the perception of overall participation is mediated by whether the campaign organizer sends positive or negative messages. Positive messages increase the perception of participation, while negative messages reduce it.

Ability to Engage

One of the goals of a market campaign is to engage the campaign target. A key step in growing the campaign's support base is communicating that the campaign will successfully engage the target. If campaign organizers communicate that it will be difficult to engage the target, potential campaign supporters will be more likely to join the campaign. They will perceive that their individual or organizational participation will give the campaign the necessary weight to get the target's attention. Moreover, if a campaign organizer successfully communicates that the target is unwilling to engage, the organizer can take advantage of an underdog position. The perception of overall participation becomes less important in this case, because the tendency to "root for the underdog" supercedes the need to belong to a large group.

On the other hand, if potential participants feel that the organizer's ability to engage the target is high, they will be less likely to participate, feeling that their participation will make less of an overall difference. In this case, the overall expectation of participation plays a relatively more important role.

Susceptibility to Anti-Campaign Influence

Potential supporters can be influenced to participate or not participate in the boycott by a number of proximate influence factors. Organizations may be influenced by their members, organizations under the same cause umbrella (e.g. human rights or the environment), their donors, and political forces. Small,

relatively unknown organizations may be influenced to join a boycott because they want to increase their public profile and legitimacy. They are looking for a success story to augment their organizational brand. Family, neighbors, civic leaders, and employers may have significant sway over individual NGO employees. There may be social or economic repercussions for joining or not joining the campaign.

Susceptibility to influence affects the relative importance of expected participation. For persons or organizations highly susceptible to influence, the relative importance of participation will be higher. These potential supporters are unwilling to act if they think they will be doing so in a small group or, in the worst case, alone. They may lack the skills to engage a large target or may be unwilling to bear the risks involved in a high profile stance. They find strength and legitimacy in numbers. Individuals and organizations relatively less susceptible to influence will not rely on the perception of participation as much. These entities are individual actors who act more out of internal motivation and are more willing to make sacrifices (in terms of product availability or organizing costs) for what they perceive as a greater social good.

Availability of Substitutes and Preference for the Target's Product

An important part of any decision to participate in a campaign is the perception of costs the individual or organization will incur. In the case of campaigns against specific products or services, the costs of the campaign will be perceived as much lower when substitutes are readily available and the preference for the substitute is greater than the preference for the target's product. Also, high availability of and preference for substitutes reduces the importance of a high level of perceived participation. The logic behind this argument states that any consumer or organization has to consider the costs of joining a campaign, and cost can be measured by the availability of and preference for substitutes (i.e., if substitutes are rare or not preferred, costs are high). If the costs are high, most consumers and organizations will join only if many others also join and share the cost. Similarly, if preferred substitutes exist, the cost participating is low. Individuals and organizations are able to bear the burden easily, and solidarity with a larger "cause" is not as important.

Organizations that consider joining a campaign must think about substitutes beyond the target company's products and services. For example, campaign organizers and supporters risk being discredited in the community or in the media. Joining a campaign may create negative feelings among an NGO's donors, agency allies, and membership as well. If such stakeholders are not critical and can be easily replaced, then there are substitutes for the NGO, and joining the campaign has few costs.

Conclusions and Implications

The phenomenon of NGO-led market campaigns is fairly new. Although NGOs-led campaigns have scored some significant success, including DeBeers diamond certification program and Home Depot's push to demand sustainable timber certification from its suppliers, few clear trends in market campaign dynamics have emerged. In part, our research was limited by the unwillingness of both NGOs and corporations to discuss market campaigns candidly with outsiders. Such reluctance is not surprising. Market campaigns are fought in the court of public opinion, and it is important that both parties control information that might undermine their current engagements or their overall engagement strategy.

We were unable to find examples of companies that had suffered negative consequences related solely to ignoring or otherwise handling poorly a NGO-led campaign. Thus, comparisons with successful and unsuccessful responses were not possible. Our interviews and literature reviews did not reveal any significant financial implications of NGO-led market campaigns. It appears that most companies confronted with a market campaign threat have engaged the NGO early in the process, averting the creation of a full-blown crisis situation that would be expensive to stop were it ever started.

So what do NGO-led campaigns mean for Ford? Ford is a huge brand and in many respects the company is a sustainability leader in the global auto industry. In a recent *Financial Times* poll of CEOs, NGOs, and media leaders regarding environmental reputation of companies, the NGO and media leaders ranked Ford 4th out of 20 companies ([FT.com](#) 2001b).¹ CEOs ranked Ford 13th of 29 companies that made the list ([FT.com](#) 2001a). Ford earned high rankings largely because of its initiatives in national parks, the Rouge facility renovation, and its recycling efforts. Ford's competitors, Toyota and Honda were cited as leaders because of their alternative fuel vehicles. Finally, in the 2002 listing of the world's most respected companies, Ford ranked 13 of 50, a significant improvement over its rank of 43 in 2000 ([FT.com](#) 2001c, 2001d).²

Although Ford receives a great deal of pressure from NGOs, it appears that the company's current strategy of engagement is effective and constructive. Ford's most generalized engagement tactic is its annual report on environmental and social issues. This report communicates Ford's position and action with regard to a large portfolio of issues, highlighting both accomplishments and ongoing challenges. When potential campaign crises do erupt, the Corporate Governance

¹ In the same survey, Honda ranked 3rd, and Toyota ranked 8th.

² In the same survey, Toyota ranked sixth, General Motors ranked eleventh, Daimler-Chrysler ranked sixteenth, BMW ranked 24th, Volkswagen ranked 39th, and Porsche ranked 44th.

Office attempts to engage the campaign organizers early in the process. Early engagement is critical for avoiding full blown, difficult-to-control media battles. In addition, the Corporate Governance Office tries to view each NGO interaction as a learning opportunity for the company as a whole. Such an attempt is successful to the degree that Fords' culture is open to learning from confrontation. The leadership of Bill Ford, Jr., will play an important role in deciding whether the Corporate Governance Office's push for increased organizational learning becomes a premier element of Ford's culture.

Mr. Ford's leadership may also be an important asset in NGO relationship management, given his highly public statements regarding his commitment to sustainable development. Although his public stance may expose Ford to more critics, Mr. Ford's response to the critics will probably come from a place of empathy and of trying to find mutual threads of discussion, which will play well with the public. With regard to managing NGO-led market campaigns, his greatest challenge may be ensuring that the rest of Ford's senior leadership learns to adopt a similar instinctive reaction when faced with an accusatory, threatening critic.

Recommendations

Our research did not identify any gaps in Ford's current NGO engagement strategy. Print resources and interviews emphasized the importance of transparency and engaging in face-to-face dialogue, both of which are important principles within the group. Both tactics diffuse tension and reduce the NGO's perceived need to launch a major public relations salvo.

Continue to Monitor Early Warning Signals

The personnel in the Corporate Governance Office understand the importance of detecting early warning signals. They must continue to do so in order to take advantage of any early response strategy. Several organizations publish regularly updated information on market campaigns, and these resources should be incorporated into the Corporate Governance Office's regular monitoring efforts. Key information sources include:

- Greenpeace, especially the StopEsso campaign against ExxonMobil;
- Boycott Action News,³ published by Co-op America;
- CorpWatch,⁴ including their Greenwash Awards, and

³ http://www.coopamerica.org/boycotts/boycott_grid.htm

⁴ <http://www.corpwatch.org/campaigns/PHC.jsp>

- Corporate Campaign, Inc.,⁵ which focuses on campaigns led by labor unions.

Communicate Issues Within the Company on a Regular Basis

Ford must ensure that the rest of the company is aware of early signals and is prepared to respond to questions should a heightened media campaign arise. The company must be prepared to speak one consistent message so that no individual employee's personal feelings are not taken as Ford's official position.

To this end, we recommend that the Corporate Governance Office adopt an issues communication strategy similar to the one currently used by Intel. Each week, an issues alert is sent to key people within the company. The alert presents important stakeholder management issues, carefully detailing the names of key persons within the NGO, the NGO's stance, and a brief synopsis of the company's position. More importantly, the alert identifies the internal owner of each issue, the person within the company to whom all inquiries should be directed. By identifying this person, all employees know to whom to direct inquiries, and they do not make the mistake of offering an opinion or information that could undermine the company's engagement strategy.

Leverage Ford's Media Resources

NGO-led market campaigns are essentially public opinion trials that are conducted in the media. The Corporate Governance Office should take full advantage of Ford's media resources to notify stakeholders and the public at large about the company's sustainability efforts. The message should highlight the potential gains and risks associated with ongoing and future initiatives. All accomplishments should be carefully couched as interim and as part of a long and challenging struggle "to do what's right" and "make the world a better place." In addition, the talents and resources of Ford's media relations professionals could be used to develop and disseminate the issues briefs discussed above.

Document the Public's Opinion

In political campaigns, it is disastrous to let your opponent define you. Similarly, you should never let your opponent tell you what the public thinks of you. You should do this research yourself.

We recommend that Ford's Corporate Governance Office implement a well designed market research effort that provides a quantitative, scientifically valid assessment of Ford's reputation. Currently, Ford receives public opinion data that

³ www.corporateGampaign.org

is largely tied to its product quality and performance (e.g. warranty claims, customer complaints, surveys by J.D. Power and Associates). However, these sources of information are probably not appropriate for gauging any metric related to reputation.

The Corporate Governance Office needs to assess how the public feels about Ford. Information from NGOs is undoubtedly biased, reflecting the feelings of those most closely associated with the NGO's cause. Because the success or failure of market campaigns largely hinges on swaying public opinion, target companies must have a firm grasp of where they stand in the public's collective mind.

Conducting such a research exercise need not be expensive and can be easily outsourced. A portfolio of scientifically valid market research techniques exist that can be used to probe feelings about the company, not its products or reaction to its advertisements. Most techniques are executable with common desktop software, and there are many companies that sell lists of potential respondents fitting specific demographic or socioeconomic profiles. Ford probably has such lists available in its product development or public relations units. A pilot study of this nature could be conducted easily and inexpensively as part of a MBA-level class in quantitative market research.

Involve All Parts of Ford in Stakeholder Dialogues

If Bill Ford, Jr., continues to take a pro-sustainability stance, Ford will undoubtedly come under fire from more NGOs wishing to push their agenda with a potentially receptive company. As the number of potential stakeholder dialogues increases, the Corporate Governance Office will be quickly overwhelmed. One strategy to deal with an increased workload is to hire more personnel. However, doing so does not go very far in creating an organizational culture that deals with NGO confrontations in a constructive manner. We recommend that the Corporate Governance Office include more representatives of mid- and upper-level management in stakeholder dialogues and dialogue training. Not only will NGOs perceive that they are being more fully engaged, the Corporate Governance Office begins a process of educating people within Ford about stakeholder management strategies and techniques.

Although including persons not accustomed to representing Ford to the NGO community may pose risks (e.g. off the cuff comments, angry reactions), we believe that doing so is critical if Ford is to have robust campaign management know-how. Involving more internal stakeholders may require a substantial time investment in issue briefings, conflict management workshops, and scenario training. Making a larger group of Ford management comfortable and effective in sensitive discussions with NGOs is a long-term process and one that we believe is

necessary if Ford is to develop a leadership base that is well versed in stakeholder engagement.

Lastly, face-to-face stakeholder dialogues should not be overly populated with personnel from Ford's media offices. Doing so can send a strong negative message that Ford is preparing to take a defensive, damage control stance on the issue. While it is certainly important for media personnel to be involved with stakeholder engagement, their presence at meetings must be balanced with representatives from product development, finance, and other areas in order to send the proper signals to the NGO.

Document Engagement Experiences to Increase Learning

Our research was hampered by a lack of information about market campaign management from companies and NGOs alike. With regard to companies, it seemed like the few organizations we were able to interview had not taken a long, hard look at their campaign management experiences. Ford should not fall into this trap. We believe that if members of the Corporate Governance Office contacted other companies directly, there might be a more open flow of information.

In addition, we believe that Ford would benefit by more thoroughly capturing its own reactions to external pressures and negative stakeholder comments. Evaluating the path of communication and flow of information should provide greater opportunity for strengthening the communication of issues such as these. Moreover, doing so should insulate the company from a significant loss of organizational wisdom that might occur if any of the current Corporate Governance Office staff were to leave the company for any reason. Careful attention to taking meeting notes and extensive follow-up interviews with key Ford players, both during and after engagements, will capture the internal experiences, perceptions, and feelings. It may be more valuable to convene internal "focus groups" of key players both during and after specific engagements in order to get a sense of which individuals and groups are more or less aligned with the Corporate Governance Office's overall vision of organizational response. By having discussions with members of different groups affected by the campaign or campaign threat, tensions across groups may be more apparent than they would in individual interviews.

The Sen et al. model can also be an important framework for understanding and evaluating campaigns both during and after the fact. Does Ford have enough information about campaigns to use the model? For example, does Ford know the types of messages the NGO is communicating to the public? Is the NGO claiming that it was difficult to engage Ford, even if it was not? How can Ford counter this inaccuracy? Comparing pre- and post-engagement assessments of

the factors in the model may generate key learnings that can be used to deal more effectively with future engagements, especially with regard to allocation of staff time. Most importantly, the model may also provide a framework for finding points of intervention that can swing the campaign in a more manageable direction.

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