



precis.

Marketing Ethics Report

2022

FORRESTER®

This is a commissioned study conducted
by Forrester Consulting on behalf of Precis
Digital in March 2022

Are we the villains?



Rhys Cater
Managing Director
Precis UK

The report you're about to read is based on the answers of 152 senior marketers from organisations across UKI and the Nordics

Since the early days of the internet, there has been an unspoken deal between platforms, users, and marketers.

A deal that has meant a largely free and uninhibited world of content for people to explore in exchange for advertising and the use of their data for marketing purposes. Along with it, we've seen the marketing industry transform. For marketers, the appeal is clear: the confidence to be able to reach their audience with precision and accurately prove the outcomes of their investments.

But what about the downsides? An addiction to short term thinking for advertisers, hoping to see immediate returns on growing ad budgets. And for internet users, a dawning realisation that they are neither in control of how their data is being used, nor what those benefits are in return – if any.

Introducing marketing ethics: An umbrella term used to describe the grey areas of our work and investigate the complex question of what it means to do digital marketing right. This means looking beyond just privacy, but also equality, creativity, and transparency, as well as providing a positive experience for our end customers.

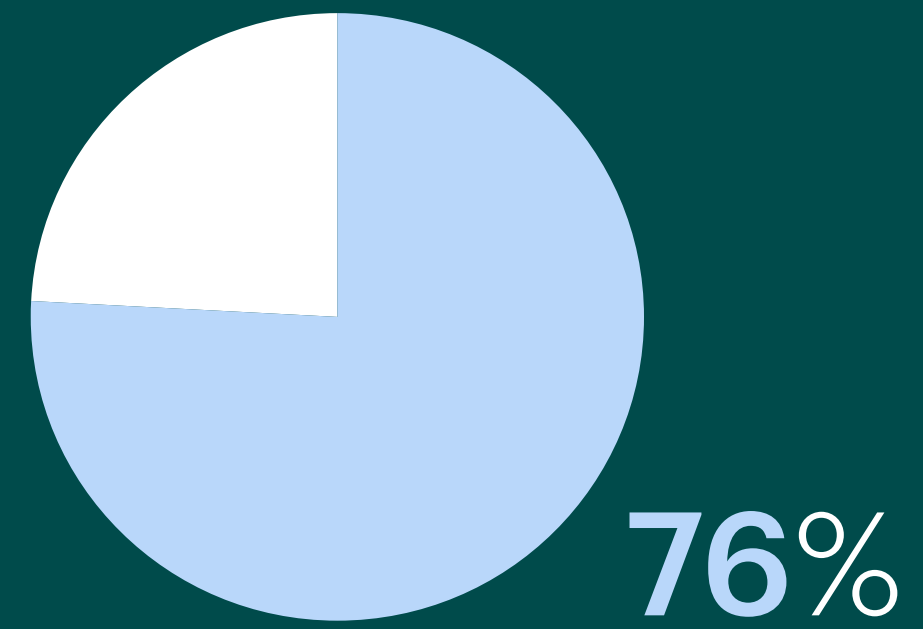
Not only do we believe that marketing ethics is vital for our integrity as an industry, but we also believe it will drive value for your business. And we are not alone. We have commissioned Forrester to survey 152 senior marketers across the Nordics and UKI to understand their priorities and challenges when it comes to these topics and crucially, what the future of marketing looks like for them in the next three to five years.

We hope you find this report useful and insightful in your own pursuit of digital excellence.

Key findings

When it comes to the state of marketing ethics today, we can see that marketers themselves understand and feel the urgency of doing better for their customers.

Base: 152 respondents from Forrester survey



76% making marketing ethics a high or critical priority for their organisation

Given the broad scope of marketing ethics – and the complexity of the topic – it is perhaps unsurprising that businesses are struggling to implement ethical marketing practices.

65%

65% struggling to use data ethically

63%

63% struggling to reduce bias in models

62%

62% struggling to improve the experience of communications

47%

47% struggling with diversity and representation in their marketing comms

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Looking to the future of marketing ethics it is clear that businesses see both competitive advantages and return on investment (ROI) from an improved focus on customer welfare.

79%

79% of marketing leaders agree that focusing on consumers' welfare will drive growth in the next five to ten years



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Part I

The state of marketing ethics



The state of marketing ethics

For years, digital marketing was built on the assumption that data was endless, unbiased and that more data somehow equated to more power and intelligence (assumptions that are not true).

But more than that, easily accessible, measurable advertising focused on short term returns became the norm – not the exception. It was hailed a democratic revolution in marketing, opening the door to smaller businesses. But behind the scenes, the problems and challenges have been gradually growing.

Fast-forward to today and the landscape of the marketing industry has changed dramatically. Consumers care about how their data is being shared and they are quick to take action if they believe their data is being used inappropriately. Short-termism dominates marketing strategies, black-box algorithms offer less transparency than ever and there's still more work to be done for diversity in both our adverts and our workplaces.

Introducing marketing ethics, a universal term used to describe putting ethics and the consumer first at the heart of all marketing teams



In this report, we define marketing ethics as the mindset, processes, and policies that raise the standards for customer experience and wellbeing in marketing.

This includes treating data with integrity, making engagements with marketing more positive and fair, acting transparently, and complying with regulatory mandates.

Findings

Marketers understand the importance & urgency of marketing ethics

Base: 152 Senior marketing leaders at UKI and Nordic organisations.

76%

76% say marketing ethics is a **high or critical priority** for their organisation

67%

67% say marketing ethics is important or critical in delivering **good or fair customer experiences**

67%

67% agree that, in today's landscape, employing marketing ethics considerations is critical to success in **building trust and driving long-term performance**

74%

74% agree that "It's critical to **lead with consent** for all customer-tracking activities"

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Findings

5 priorities for marketing ethics in the next 12 months

High and critical priorities for the 152 surveyed senior marketing leaders

83%



Consumer data & privacy issues

83% are prioritising using data ethically to follow the principles of data ownership, transparency, consent, and privacy

73%



Improving diversity

73% are focusing on improving diversity and representation in their marketing communications

71%



Reducing algorithmic bias

71% want to reduce bias in models that may result in bad outcomes for customers, harmful reputational damage, regulatory actions, and revenue impacts

68%

High quality ads

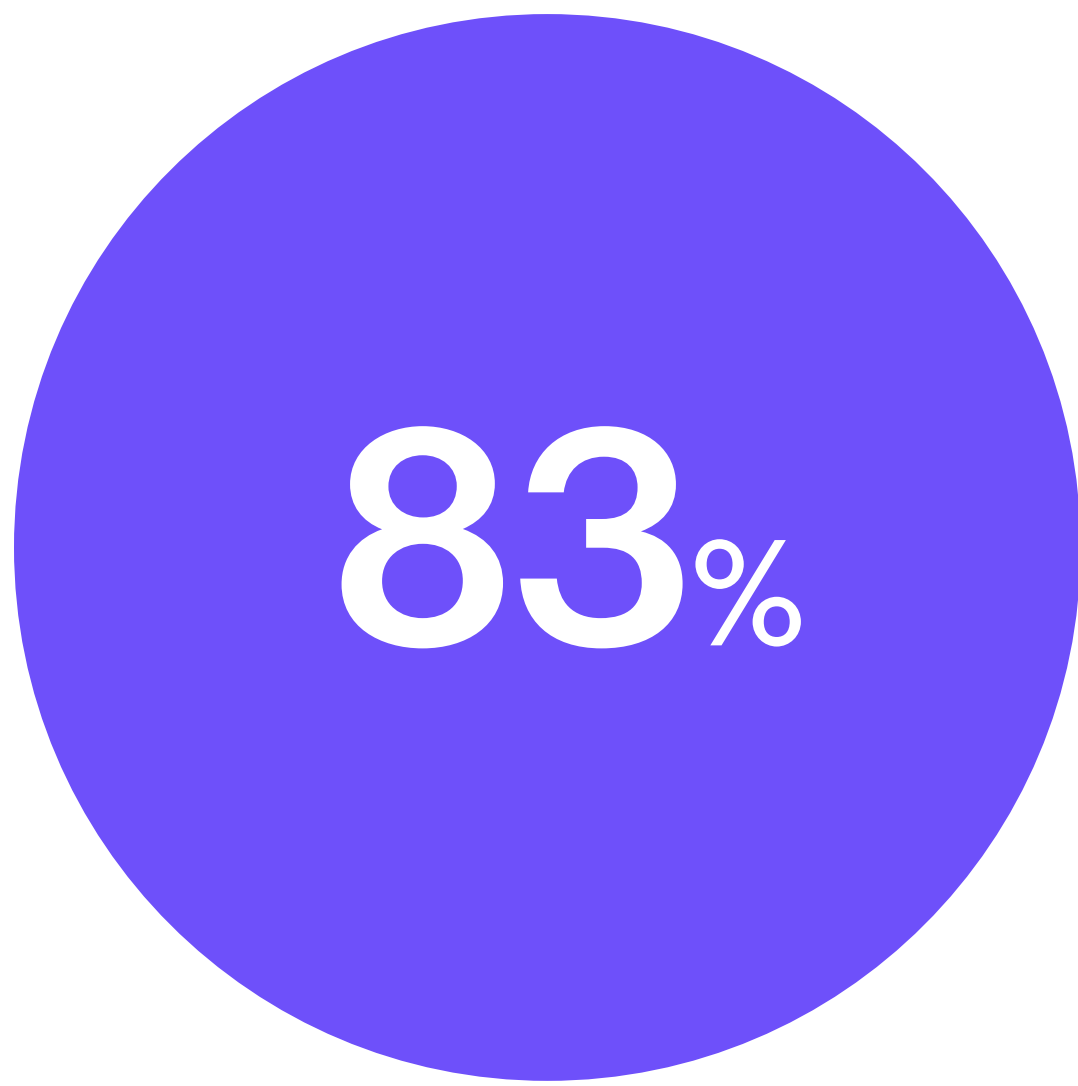
68% hope to create high quality ads focused on delivering value rather than being overly intrusive/annoying

64%

Communicating privacy

64% will be prioritising communicating privacy practices to consumers in accordance with their ethical and legal policies

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022



Consumer data & privacy issues

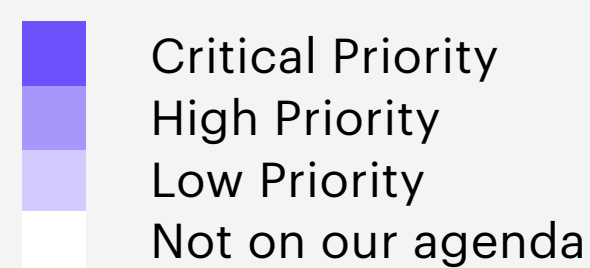
Findings • Deep dive

Within the 83% that see data and privacy as important, respondents were equally split on exactly what those priorities should be.

Survey question

How much of a priority are the following initiatives for your organisation when thinking about consumer data and privacy issues?

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022



Base: 152 Senior marketing leaders at UKI and Nordic organisations

Data monitoring



Putting in place customer data monitoring capabilities

Control processes



Creating controls and reviewing governance processes around all use of first-party data

Customer data



Activating customer data consistent with our company's values and compliance commitments

Clear policies

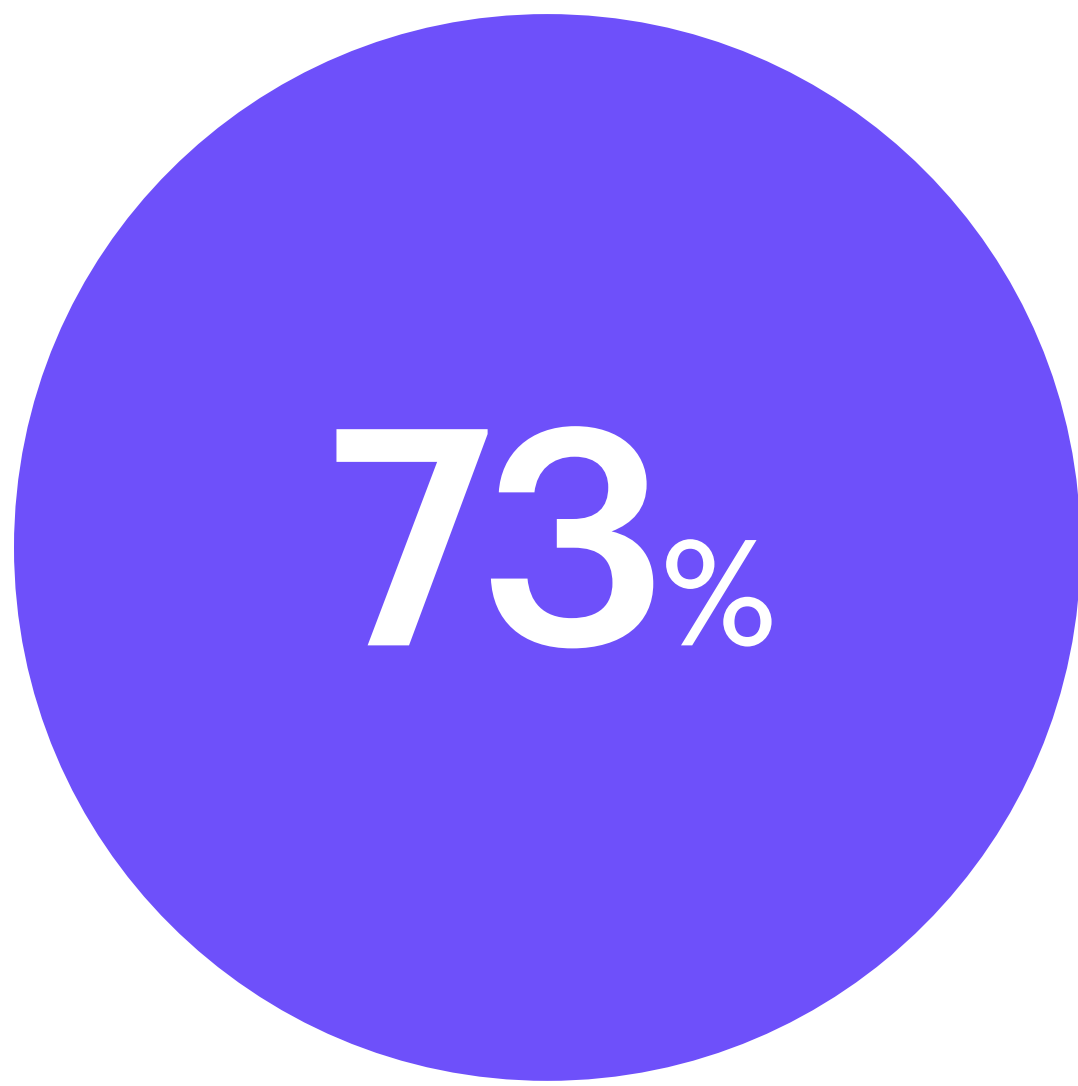


Creating clear customer data usage policies

Collecting data



Collecting customer data consistent with our company's values and compliance commitments



Improving diversity

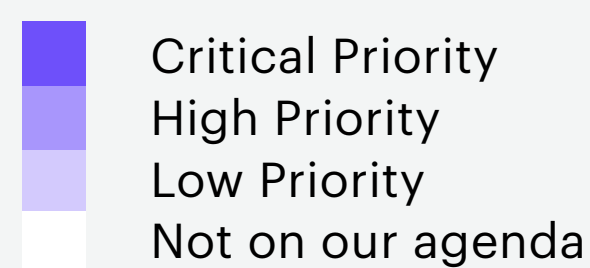
Findings • Deep dive

For the 73% that see diversity as a priority, representation within both offices and in their advertising is important.

Survey question

How much of a priority are the following actions your organisation could take to improve diversity and representation in your communications?

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022



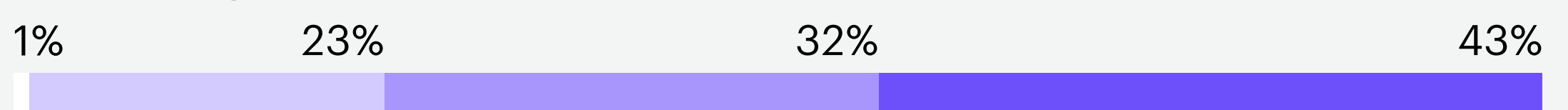
Base: 152 Senior marketing leaders at UKI and Nordic organisations

Unbiased targeting



Ensuring that we do not use negative bias in our targeting

Staffing policies



Establishing an inclusive environment through our staffing policies

Avoid stereotypes



Actively avoiding harmful stereotypes within advertising (e.g., portraying only women doing housework)

Day-to-day

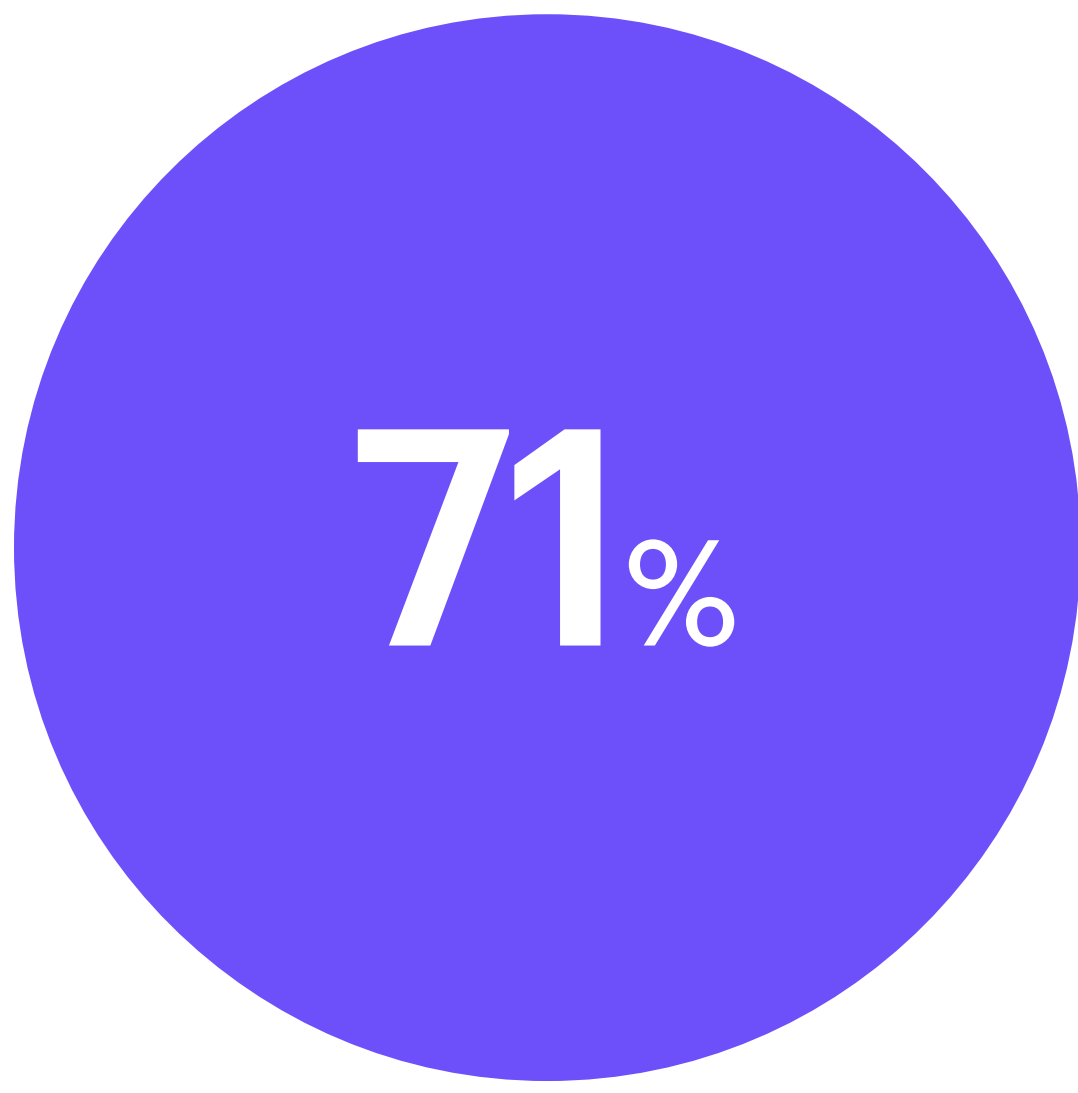


Establishing an inclusive environment through our day-to-day practices

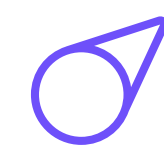
Social makeup



Ensuring that our creative accurately represents the social makeup of our society and includes people of all abilities, backgrounds, and races



Reducing algorithmic bias



Read more about this topic in the [spotlight section](#)

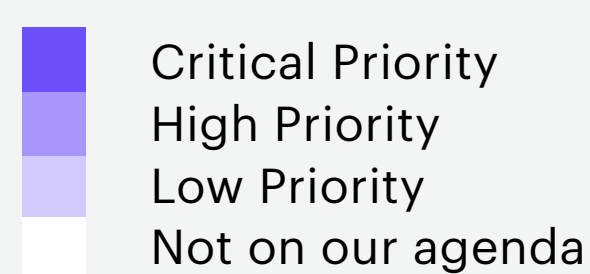
Findings • Deep dive

Within the 71% who see reducing algorithmic bias as important, brands are prioritising transparent and explainable model decisions, frequency capping for customer communication, and model training data sets.

Survey question

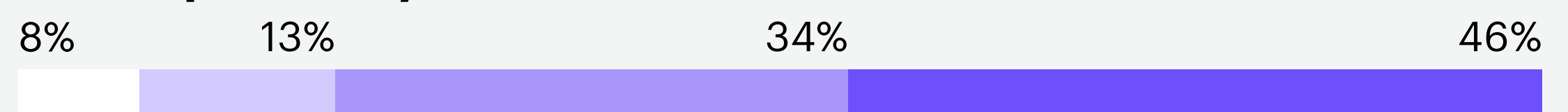
How much of a priority are the following initiatives for your organisation to reduce bias in models used for advertising purposes?

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022



Base: 152 Senior marketing leaders at UKI and Nordic organisations

Transparency



Ensuring that model decisions are transparent and explainable

Frequency capping



Putting in place frequency capping for marketing communications to improve the consumer experience

Data sets



Including capabilities for creating representative model training data sets

Avoid black-box models

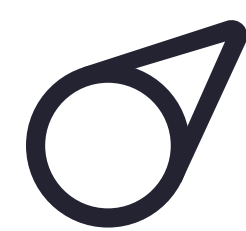


Avoiding the use of black-box models where our organisation has little understanding or ownership of data processing and outcomes

Explainable AI



Establishing explainable AI (with controls and governance) for lookalike targeting processes (to avoid unwanted, unfair, or spooky connections)



In the spotlight

What is algorithmic bias in marketing and what can we do about it?

Whether we build or buy them, the algorithms we use in marketing can hold biases reflective of the flawed society that we live in, accidentally, or even in some cases deliberately.

As primary users of this technology, we have to ask ourselves, *'what are the motivations of the company selling the AI, where is the training data coming from, and what impact does our own data have on the outputs of these algorithms?'*

Challenging algorithmic bias

Within the platforms you use

- Demanding more transparency from platforms that use "black box" models
- Ensuring models are inclusive and avoid discrimination
- Reviewing optimisations of adverts qualitatively in order to identify and correct stereotyping or harmful messages
- Putting in place frequency capping to improve the consumer experience

Within the algorithms you create

- Including capabilities for creating representative model training data sets
- Establishing explainable AI and documenting design decisions
- Ensuring your model decisions are transparent and explainable
- Ensuring your models are inclusive and avoid discrimination

Interview

Peter Hestbæk

Head of Digital Sales & Marketing, Matas

Matas is one of Denmark's most recognised and reputable health and beauty stores. Originally owned by a network of independent producers, Matas dates back to 1949. Today, Matas is a listed company with more than 2,500 employees, the majority of whom work in one of the Group's 263 Matas stores

matas

How do you interpret marketing ethics within your organisation?

We work from six issues around self-determination, dignity, accountability, equality and justice, progressivity and diversity. So we simply treat people equally and properly, and don't discriminate based on data.

We have a clear position on how we use data properly, and it's not just about GDPR and that kind of ethics. It is also about not wanting to deceive our customers. We want our customers to see us as a good player in the market.

We believe that if we treat customers well, also in our marketing, the more they will come back to us instead of thinking we are annoying or have the wrong values. We want our customers to shop with us today, tomorrow, in a week, a month, in 10 years and throughout their life.

→



Peter Hestbæk has more than 20 years of online marketing experience and a proven track record of success. From his work here at Matas to Apopro, SAXO and STYLEPIT – he has a talent for building high performing marketing teams

Interview

Peter Hestbæk

Head of Digital Sales
& Marketing, Matas

Over the past couple of years, Matas has won several prizes for its omnichannel marketing to create a cohesive customer experience.

“
I strongly believe that being a good player in the market will give you a competitive advantage

How do you prioritise marketing ethics within your organisation?

For us, it stems from the need to have a reputable organisation, culture and marketing practices. I would almost say that it comes a little more from the inside than it comes from the outside. Of course, we are reactive to some degree, but our general ambition to be a good player in the market is one of the primary reasons why we focus on it so much.

It is important that we not only look at what we do today, but also what we want to be doing in 10 years. So it's a more long-term mindset that you'll have to take here. We are a listed company, so if we do not focus on the ethics of our marketing we will lose out in the long run.

It has also been completely natural because it is driven by the management. Most people want to treat other people well and the people we hire are nice people, this finds its way all the way through to marketing when the management shows the way.

Do you have any advice for other brands, when it comes to ensuring an ethical marketing practice?

I think it's important to ask yourself the question of what it takes if you want customers to shop with you in the long-term, and apply that to your marketing values. One should consider going away from the slightly easy sales – the quick wins – and instead, pursue the slightly more difficult sales. It is the difficult sales that are the right ones in the long run – those are the customers that return time and time again.

And then I would also say that it's good to look at data ethics. Here you can get into the many good discussions about what you as a company really want. For instance, 'how do we use data to target marketing and do we discriminate in any way?'

I strongly believe that being a good player in the market will give you a competitive advantage. Maybe not right here, right now, but in the long run, as customers understand more that it matters how their data is used.

Part II

The challenges of marketing ethics



The challenges of marketing ethics

The state of marketing ethics in 2022 presents a clear message that marketers are keen to do better. The fact that so many senior executives see this as a critical priority in the next twelve months is an encouraging sign for the future of marketing.

However, a telling outcome of this survey is the fact that while marketers rank customer satisfaction as the most important outcome for their marketing programmes, they are less likely to go beyond what regulations require to adopt ethical practices for their customers (80% vs. 49%).

According to this survey, the primary issues preventing firms from meeting marketing ethics objectives are:

No 1 **Market issue**
emerging privacy regulations

No 1 **Strategy issue**
consumer welfare vs. performance

No 1 **People issue**
increasing customer demands for privacy & trust

No 1 **Process issue**
customer-specific privacy policies

No 1 **Technology issue**
consumer-friendly algorithmic solutions



Compliance can sometimes stifle creativity and in some cases, block use-cases altogether. If our marketing assurance team are adamant in the way some T&Cs need to be displayed, creative sometimes just isn't big enough to provide customer impact after meeting such criteria.



Dan Higgins
Marketing Technologist
NOW TV

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Findings

Organisations are prioritising privacy and data management first

Base: 152 Senior marketing leaders at UKI and Nordic organisations

People

74%

74% have **invested in training** their marketing team on privacy and customer data management

50%

50% have an internal customer representative, **who's involved in all major customer engagement** initiatives, campaigns, etc

Process

76%

76% have **regular audits** of their customer data management practices

49%

49% try to look beyond requirements to **identify** what is in the best interests of the customer

Technology

55%

55% have made **investment in technology tools** for marketing ethics

47%

47% are **prioritising explainable AI** in instances of algorithmic recommendations

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Findings

Top 5 challenges within marketing ethics

According to the 152 surveyed senior marketing leaders

65%



Using data ethically

65% struggle with using data ethically to follow the principles of data ownership, transparency, consent, and privacy

63%



Reducing bias in models

63% are challenged by reducing bias in models that may result in harmful reputational damage, regulatory actions, and revenue impacts

53%



Communicating privacy practices

53% encounter difficulties in communicating privacy practices to consumers in accordance with their ethical and legal policies

62%

Improving experience

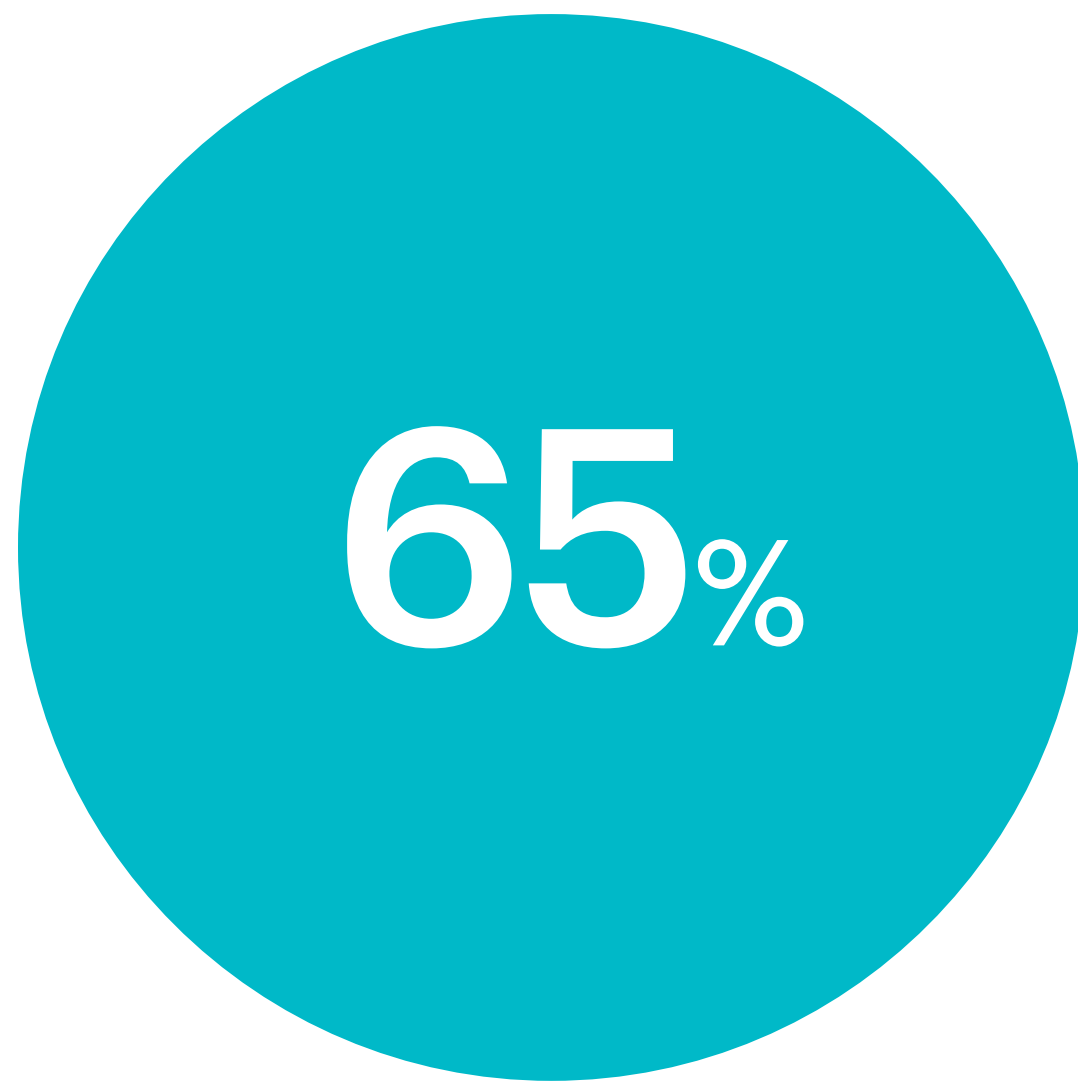
62% struggle to improve the experience for recipients of communications


47%

Ensuring diversity

47% find ensuring diversity and representations in marketing practices a challenge

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022



 Read more about this topic in the **spotlight** section



Using data ethically

Findings • Deep dive

Of the 65% struggling to use data ethically – they primarily face issues with auditing data and balancing data use in ads.

Survey question

What challenges does your organisation face when trying to use data ethically to follow principles of data ownership, transparency, consent, and privacy?

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Base: 125 Senior marketing leaders at UKI and Nordic organisations who see using data ethically as a challenge

Auditing data collection

54%

Auditing our existing and future customer data collection, retention and practices

Balancing data usage

48%

Balancing the amount of personal data we use in our ad campaigns (broad or contextual vs. targeted)

Data minimisation

45%

Implementing data minimisation techniques

Governance processes

43%

Implementing strong governance processes and practices in relation to customer data and privacy

Usage specific policies

41%

Establishing relationship- or usage-specific privacy policies for each customer (or tier)

Contextual consent

33%

Delivering a better compliance experience using contextual consent

63%



Reducing bias in models

Findings • Deep dive

Of the 63% struggling to reduce bias in models – they primarily face issues with explainable AI and black-box models.

Survey question

What challenges does your organisation face with reducing bias in models?

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Base: 123 Senior marketing leaders at UKI and Nordic organisations who see reducing bias in models as a challenge

Explainable AI

49%

Establishing explainable AI (with controls and governance) for lookalike targeting processes (to avoid unwanted, unfair, or spooky connections)

Black-box models

46%

Avoiding the use of black-box models where our organisation has little understanding or ownership of data processing and outcomes

Ad platforms

44%

Being limited by the ad platforms we use to accept their black-box models without room for customisation or insight into the workings of the model

Transparency

41%

Ensuring that model decisions are transparent and explainable

Inclusive

39%

Ensuring that models are inclusive and avoid discrimination

Model training

38%

Including capabilities for creating representative model training data sets

53%



Communicating privacy practices

Findings • Deep dive

Respondents primarily face issues with clearly communicating purposes of data collection and aligning privacy experience with their brand experience.

Survey question

What challenges does your organisation have when communicating privacy practices to consumers in accordance with your ethical and legal policies?

Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Base: 145 Senior marketing leaders at UKI and Nordic organisations who see communicating privacy practices as a challenge

Collection purposes

50%

Making a clear statement to customers about privacy and the purposes of data collection

Brand alignment

48%

Ensuring that our consent and privacy experiences are aligned to our brand voice and experience

Privacy taskforce

43%

Creating a privacy taskforce (with enforcement powers)

Simplify language

41%

Simplifying complex terminology so consumers understand it

Auditing data collection

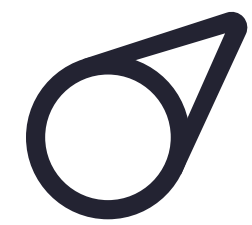
41%

Auditing existing and future customer data collection, retention, and practices

Clear communication

37%

Creating relatable, clear, and prominent communication about privacy and terms across experiences



In the spotlight

How can marketers see privacy as an advantage, not a hindrance?

As a digital marketer, it's easy to see privacy as just a set of rules and restrictions. However, an amazing thing about our industry is that it's always evolving – and the best part? Those who learn the fastest and adapt the most are the ones who outpace the competition.

This fact, coupled with the opportunity to give customers a better and fairer experience, means that it's no surprise that 83% of senior marketers agree that using data ethically is a priority over the next 12 months.

But it's not always easy. 57% of marketers identify the tradeoff between performance and consumer welfare as an issue that prevents them from meeting their ethical objectives.

Using privacy as an advantage to...

Build trust

- Ensuring that data collection is transparent, giving clear and real control to customers, and treating data with integrity.
- Half of the marketers surveyed agree that aligning consent and privacy experiences to brand voice and experience is a challenge. There's no reason that communication about data shouldn't be open, fun, honest and aligned with your brand.

Suggested initiatives: customer centric data controls, contextual consent, and bringing data and privacy together with your brand voice.

Refine your data strategy

- Understanding all the data that you collect and use so that it can be audited and validated for privacy and ethical purposes
- Assess the relative risk and value of the data that you hold so that you can make the best decisions on data used for marketing activation

Initiative example: profit margin data presents the perfect opportunity for an ecommerce business focused on maximising their returns. It's data that you can activate that is linked to your core goals, and which doesn't present a risk in terms of privacy – unlike say, email addresses.

Interview

Nic Travis

Head of Paid Marketing Lloyds Banking Group

Nic Travis, Head of Paid Marketing, Lloyds Banking Group shares his personal views. Nic has over 15 years of experience in digital marketing, a proven track record of consistently increasing revenues and building high-performance data centric digital marketing teams.



LLOYDS BANK

On data protection day, Nic came to our offices to talk to everyone at Precis about his work in data privacy.

How has the importance of ethics and marketing in your field changed over the last couple of years?

I think it changed a little. I don't think it has changed enough. We're a creative industry and ad tech will always find a solution to a lot of problems. But I do think there are some things that we're trying to find solutions for that we ought to just stop trying to. Instead, we should reimagine the way that we do them altogether.

Ultimately, businesses need to be clear on their own positioning around data ethics. It's imperative that businesses understand their own red lines, so they can make clear decisions on which technologies, vendors and data providers they're willing to work with.



Interview

Nic Travis

Head of Paid Marketing
Lloyds Banking Group

What is one of the main challenges you've come across in relation to marketing ethics?

The industry is certainly getting even more technical. If we dial back 5 or 10 years there were a handful of channels and a handful of vendors – you could easily understand how it all worked. But today, depending on what type of advertiser you are, what type of product you're selling and the type of environment your customers predominantly use dictates the type of marketing you have to do – and the risks that you may have to consider taking as well. However, there is a huge opportunity for advertisers to better understand the complexity of how those things create different choices in the ecosystem

The level of data that you get back and the level of data you're allowed to upload create completely different marketing problems, completely different data sharing needs and different technology needs if you don't understand your customer journey and the data within that, then you don't properly understand where the holes are.

What advice do you have for other brands around marketing ethics?

There are going to be further regulation changes and there are going to be further platform changes. The brands that will benefit in the long run are the ones that are more prudent around the level of consent they get, their transparency and the ones that can educate the users on the value that this consent brings. After all, when the regulation tightens, they will be better prepared for those changes.

Brands need to put data ethics at the centre of what they do. The legislation is there to protect the brands, the customers and the industry. It is important that all brands are as transparent with their customers as they can be and that the customer can always sign out of those practices. It shouldn't be complicated or hidden away. It is about creating a trust-building dialogue with the customer about these things. People are way more likely to give consent if they know what it is for and the value that it will bring.

“
Brands need to put data ethics at the centre of what they do. The legislation is there to protect the brands, the customers, and the industry

Part III

The future of marketing ethics

The future of marketing ethics

When survey respondents were asked which priority they believe will drive growth for their business in the next five to ten years, four out of five respondents agreed with the statement; *To achieve above-average growth in the next five to ten years, brands will need to focus on their consumers' overall welfare.*

Within Precis, we have set out our own marketing ethics strategy for the years ahead. Collecting interested parties within our organisation across management, marketing, legal and analytics we have created a working group on marketing ethics which will approach the topic in three key areas.

Precis' three key areas

01 Treat data with integrity

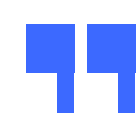
Reexamining data collection and privacy practices for ourselves and our clients to challenge how much data we really need, and how we can ensure that it is used responsibly.

02 Make marketing a positive experience

Maximising user experience in all aspects of advertising, looking at everything from the quality of creative and ad placements, to frequency and retargeting practices, promoting inclusivity as well as avoiding negative stereotyping.

03 Be transparent, always.

Promoting transparency in all stages of the media buying process. This includes relationships between our agency and advertisers, advertisers and customers, and technology vendors with advertisers.



The concept of long term brand building is nowhere near as strong as it was. So if you look at a lot of CMOs nowadays, they're not brand builders. They're very much transactional marketers, and I do think that brands still really need this to succeed, to stir emotion, and that isn't a transactional thing. You don't build relationships with people through one-off savvy conversations – it takes time and it takes building trust.



Caroline Whaley
Co-founder
Shine for Women

This is a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Findings

The most important focus areas for the next 3-5 years

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Ethical data use for sustainable relationships

38%

38% want to offer incentives to customers for **sharing their data**



Read more about this topic in the **spotlight** section

Base: 152 Senior marketing leaders at UKI and Nordic organisations

Targeting strategies focused on consumer value

47%

47% will focus on rethinking their targeting strategy through the lens of **customer value and experience**

39%

39% believe ethical data use will allow them to continue to develop **sustainable customer relationships**

37%

37% recognise that diversity and representation in creative will result in an **inclusive environment** that will engage all customers

Customers incentives for data sharing

36%

36% want to participate in **industry forums that will help shape the future** of marketing technology

36%

36% believe privacy experience design will allow them to deliver user experiences that are **more closely aligned** with consumer preferences



Marketers believe ethics will give them a competitive edge

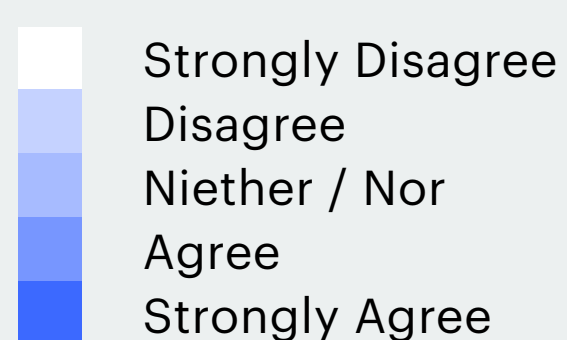
Findings • Deep dive

4 of 5 marketing leaders agree that focusing on consumer welfare will drive growth in the next five to ten years.

Survey question

To what extent do you agree with the following statements?

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Base: 152 Senior marketing leaders at UKI and Nordic organisations

Welfare for growth



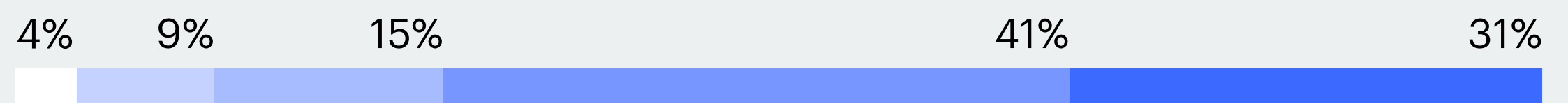
To achieve above average growth in the next 5 to 10 years, brands will need to focus on their consumers' overall welfare

Customer value first



Brands that put customer value first in all of their strategy and experience decisions will grow more rapidly than the market will over the next five years

Priority



Marketing ethics represents one of the most important marketing priorities in the next five years

Welfare as baseline

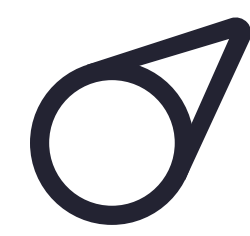
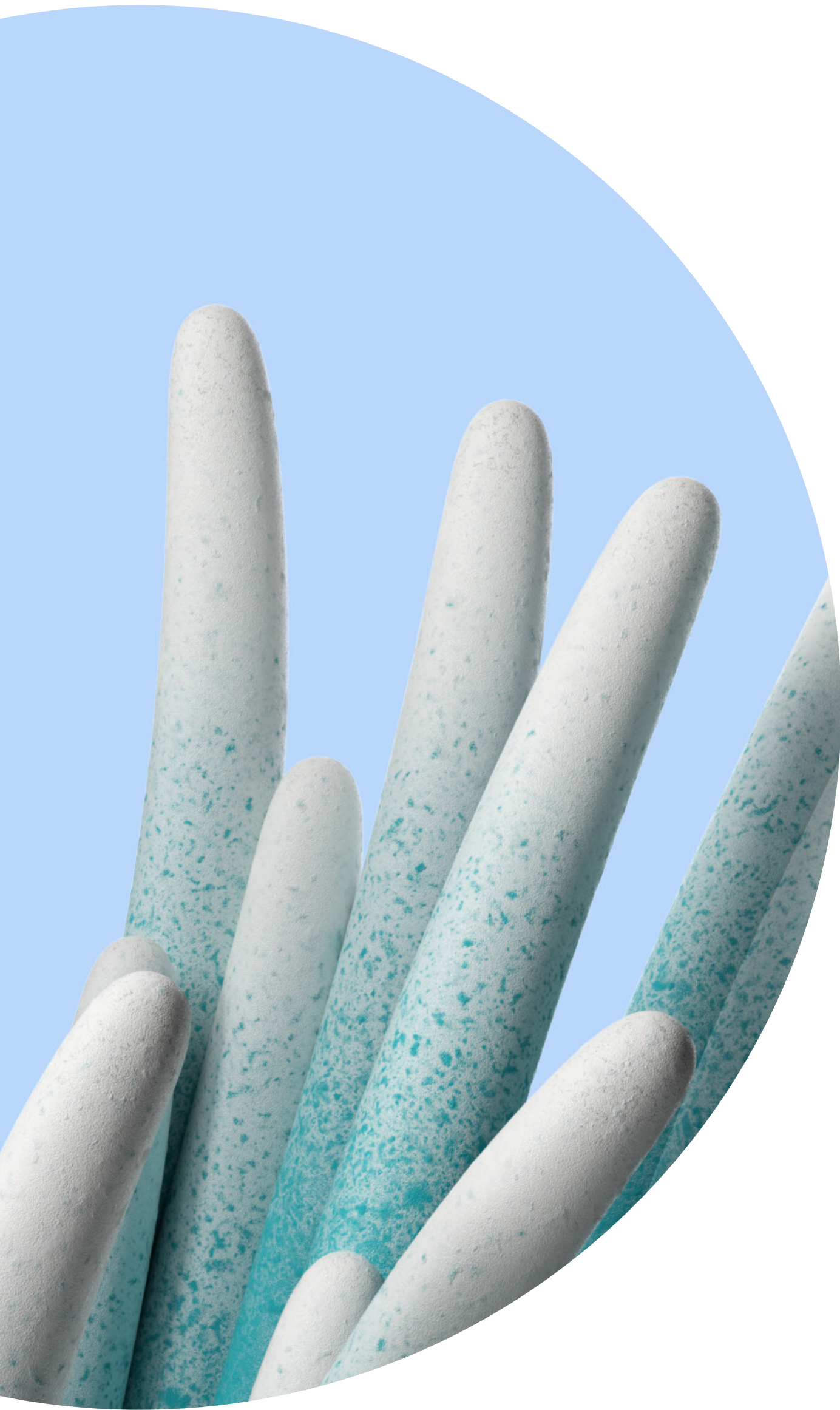


Our organisation focuses on using consumers' overall welfare as the baseline for our marketing practices

Transparency



Brands that use customer data in ways that are not transparent and focused on greater customer experience will grow more slowly than the market will over the next five years



In the spotlight

Rethinking the deal with data

Since the advent of legislation around privacy, brands have been trying to rethink the arrangement between marketers and users over data. And one of the common solutions in the privacy debate is using an incentive model to encourage data sharing.

Rethink your incentives

As an example, marketers can reframe the question when it comes to using incentives for data sharing. The true aim of data collection should be able to prove value for all parties involved. Incentives such as 10% off for a newsletter audience may work in the short term, but are you providing value over time? Or are you simply adding people to another email list they'll swiftly unsubscribe from?

When we first speak to clients we often ask the question, 'what is the data retention rate for your marketing activities?' If you're not looking at the value that your marketing activities bring in over time, you're missing a key measure of performance – and it could be an indication that your market growth may not be sustainable in the long run.

There are good examples of brands out there that both follow the legal requirements, but also provide clarity to consumers on exactly what the data they provide will be used for, and how they will benefit from sharing it.

It's more of a change of mindset than one or two quick fixes.

So instead of providing incentives to users for sharing their data, focus on providing incentives internally around data retention, user experience, brand building and all the other long-term marketing strategies that will bring customers back time and time again.

Interview

Staffan Mörndal

Partner, Verdane

Verdane is a specialist growth equity investment firm that partners with tech-enabled and sustainable businesses based out of Europe to help them reach the next stage of international growth. Verdane's 100+ employees are based in Berlin, Copenhagen, Helsinki, London, Oslo and Stockholm and are dedicated to being the preferred growth partner to tech-enabled and sustainable businesses

verdane



Does marketing ethics impact the type of businesses you're willing to work with?

Absolutely. I would always favour any company I feel is mindful about what is ethical, versus one that doesn't care.

There are a lot of investment companies (and it's a competitive market) but I would say a lot of investors aren't into the details when it comes to online marketing and therefore probably don't even realise the importance of ethics in marketing as much.

But when we do due diligence on companies we are looking to acquire, we look at their marketing practices as well. Simply put, if we would see that a company is clearly unethical, then we wouldn't go through with the deal – we see it as a warning sign. Because if the company is not treating the customers well, then there's a very big chance they're not going to come back.

The more you're skilled at generating lifetime value – rather than short-term customer spend – means you have the right incentives as a marketing department. Ultimately, getting in place the granularity in your measurement practices so you can understand this relationship will create a much more sustainable business model.

→

Starting his career as an entrepreneur, Staffan moved to Private Equity in 2006. Over the last 30 years, he has been on the board of over 30 companies, including the likes of Mathem, Boozt, Liaison, Outnorth and Momox

Interview
Staffan Mörndal
 Partner, Verdane

What are the main challenges you have come across in relation to marketing ethics?

There are a few. The most common thing for us is that when we acquire new companies, we are also buying their CRM data. So the challenge for us is to make sure that this data is not built on unethical practices. So in other words, if unethical marketing is creating an unsustainable competitive advantage.

We've seen companies that promise things that they don't fulfil. Like brands claiming their products are the best on the market while selling subpar quality. Internally we don't talk about it as unethical, but we see it as an unsustainable competitive advantage.

Do you have any advice for other brands, when it comes to ensuring an ethical marketing practice?

When we see companies not following regulations – or being clearly unethical – that's normally because they either haven't understood regulations or because they don't know how to fix it. So we are actively trying to help our portfolio companies understand the changes that are happening and then we try to share those learnings with the other businesses in our network.

My biggest advice would be to talk to other similar marketers in your network who are maybe a bit further along in the process than you.

You can hire consultants or lawyers to go through the more legal aspects, but you usually can get the low hanging fruit by talking with someone else who is further along in the journey than you.

In January 2022, Verdane announced it had launched Europe's largest growth impact fund, investing EUR 300 million in technology-enabled companies that contribute to UN Sustainable Development Goals

Part IV

Conclusions

Where the report ends and the conversation starts

If you have been inspired by this report, or simply wish to know more, please get in touch

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Our hope is that with this survey, we can raise marketing ethics to the top of the agenda. Given the scope and the complexity of the problems that we are faced with, this is not simply a case of a reproach that marketers need to do better followed by a few how-to guides.

No, this report is a call for all marketers to reexamine our roles within this industry. To have high ambitions in terms of the positive impact we can have on this society. And to begin reappraising our approach to marketing itself.

Make customers your champions, use privacy as a key customer benefit, select tech vendors with similar values to you, and work hard to lift marketing data proficiency.

And most of all, know that this is just the beginning.

Part V

Methodology

Firmographics & Respondent demographics

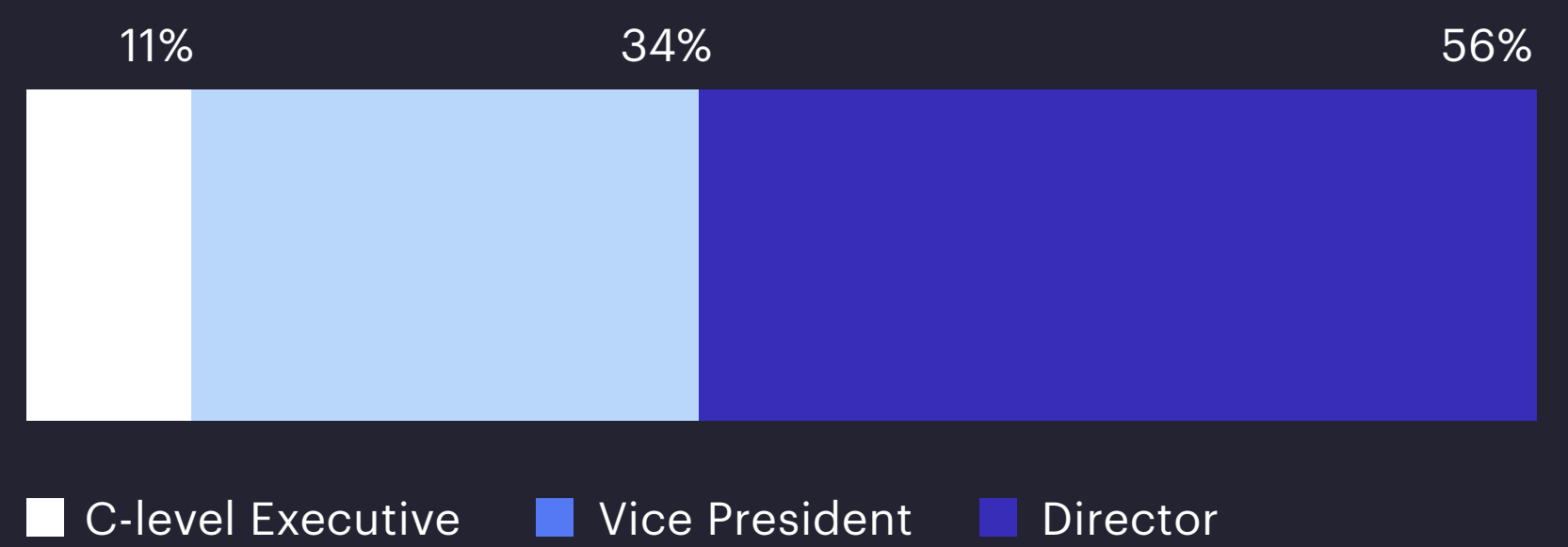
152 Senior marketing leaders at UKI and Nordic organisations

Department

100%

All of the respondents belong to the marketing/advertising department

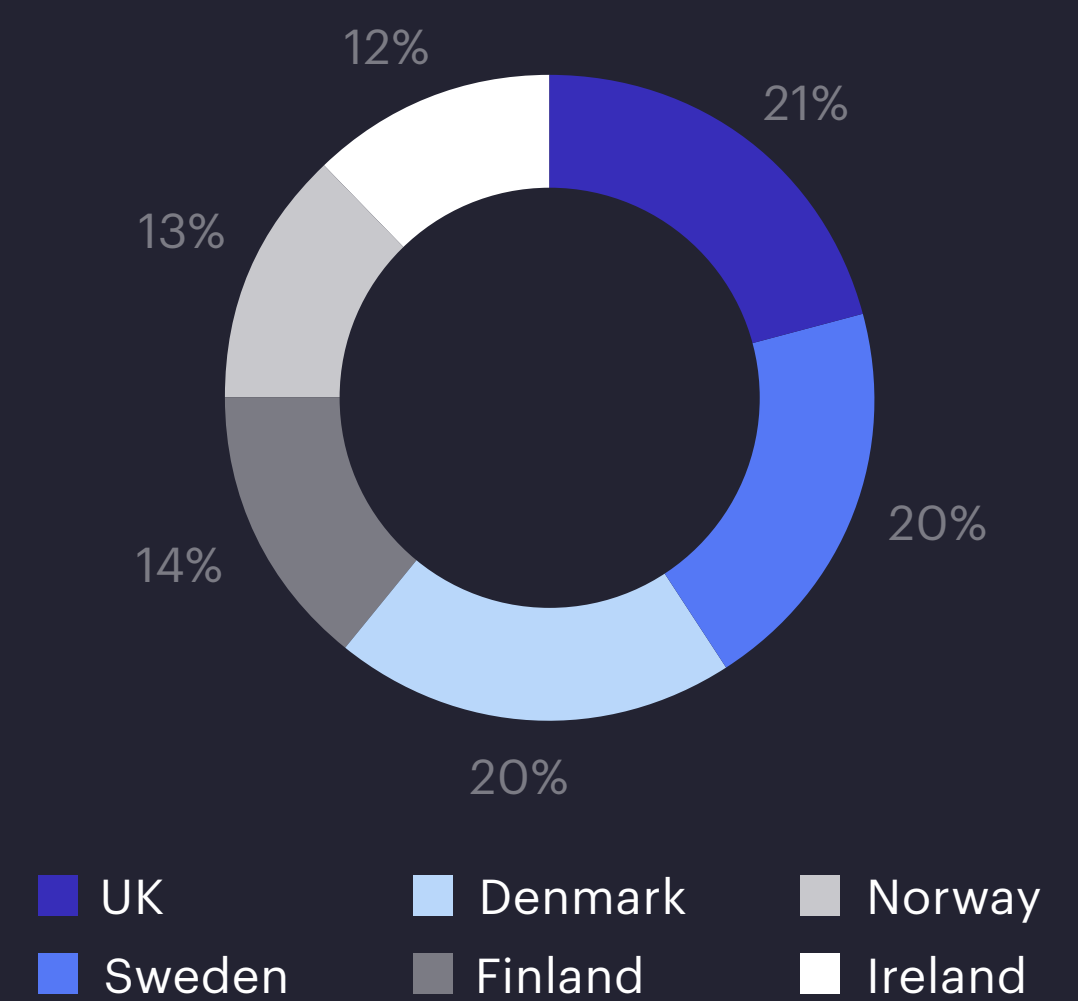
Respondent level



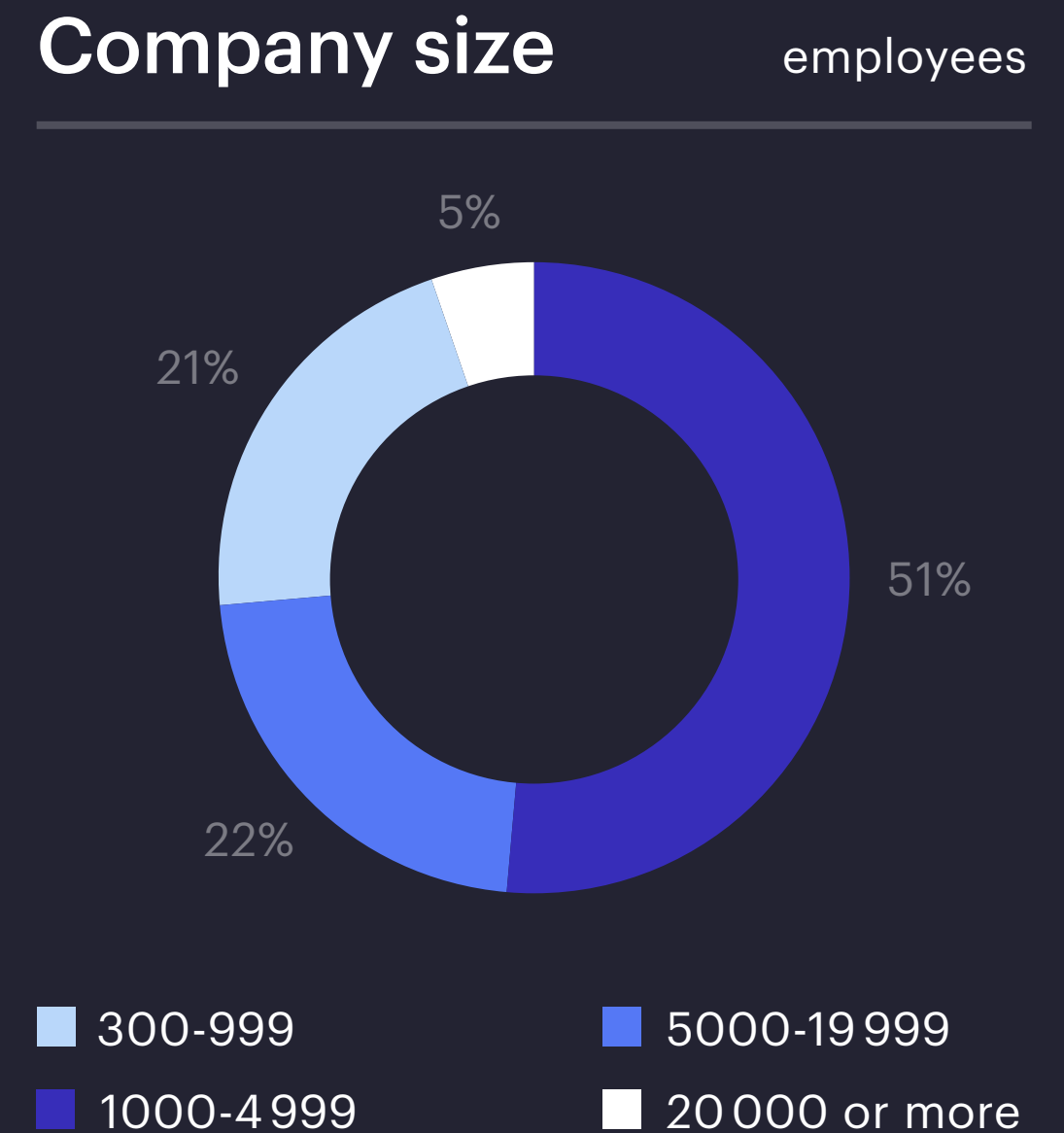
Industry



Country



Company size



Source: a commissioned study conducted by Forrester Consulting on behalf of Precis Digital in March 2022

Special thanks

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Partner, Verdane

Nic Travis
Head of Paid
Marketing, Lloyds
Banking Group

Peter Hestbæk
Head of Digital
Sales & Marketing,
Matas

Let's talk about good marketing