



THE  
**new  
face**  
OF MARKETING

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# WHERE PURPOSE AND INNOVATION MEET: REBRANDING FOR THE NEW MARKETPLACE



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## Connecting purpose and innovation

**I**t is marketing that connects a firm's purpose and innovation. Marketing is the glue that holds together relationships with the firm's stakeholders, not just customers, but also employees, investors, and communities. Both innovation and purpose should be closely aligned with the interests of stakeholders; innovation is a tool with which you can develop your relationship with stakeholders and build loyalty, by demonstrating that you are thinking of their interests and trying to invest your offering with their values. Being purpose led is about putting the wellbeing of the customer and stakeholders at the heart of the business.

Increasingly, customers are asking businesses to make a sustainable, positive impact. Similarly, employees, particularly younger ones, are demanding more evidence from their employers of positive action on sustainability, diversity, and inclusion. Pressure also comes from regulators, governments, and investors for companies to adopt more socially and environmentally beneficial activities.

It is possible to respond effectively, relieving this pressure and even turning it to advantage. Unilever, for instance, is a brand traditionally associated with conventional ideas of beauty, but it was one of the first large brands to highlight issues around body image. It was a very successful purpose-led initiative that resonated with a lot of consumers, so it was successful both as a business strategy and as a way in which to align the company with dominant social opinion. And marketing was instrumental in developing that message.

On the innovation front, it is about solving customer problems or creating the products customers want to see. Again, marketing holds the key to the innovative process: it knows how to hold a dialogue with the customer, understand their pain points, and communicate potential benefits.

## Communicating purpose through positive change

Microsoft CMO Chris Capossela has played a big role in communicating Microsoft's purpose-led message to "empower every person and every organization on the planet to achieve more," to both its internal and external stakeholders. This has led to a significant shift towards a more inclusive culture at Microsoft, while also contributing to purpose-led innovation.<sup>1</sup>

For instance, a few years ago Microsoft's annual gathering was transformed into a week-long "hackathon," in which thousands of Microsoft employees and customers came together to solve pressing technological issues. Some of the outcomes of the annual hackathon have been the development of learning tools built in Microsoft Word to help people with dyslexia and dysgraphia and the Seeing AI app that uses AI to describe what the camera is pointing at, to assist people with visual impairments. Marketing has excelled here, making every Microsoft website accessible to the visually impaired, and by working with real customers in the development of their brand storytelling (for instance in ads), using the customers' own words.<sup>2</sup>

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<sup>1</sup> Forbes, "How CMO Chris Capossela helps drive business transformation at Microsoft," October 2018.

<sup>2</sup> Forbes, "How Microsoft unlocked inclusivity to drive growth and innovation," April 2019.

## From the Desk

Marketing is at the heart of this confluence of innovation and purpose-driven business. There are several sectors where this intersection is particularly clear, such as in energy, for instance. In emerging economies, low-income communities often lack access to clean, affordable energy, so they resort to using inefficient and polluting sources of energy for cooking, heating, lighting, and so on. This is harmful, to both their health and the environment. A strong approach to resolving some of these issues is sustainable innovation and word-of-mouth marketing to create impact at scale.

SELCO, a for-profit social innovation firm in India, has been providing affordable solar power solutions to meet the specific demands of the rural poor.<sup>3</sup> It has produced several innovative customized solutions, including solar-powered sewing machines, stoves and blacksmith blowers – improving almost every aspect of life within the communities it serves, from income level to healthcare, education, and food supply. These tangible benefits to quality of life and livelihoods help gain the trust of these communities, generating a powerful word-of-mouth marketing network for SELCO in a demographic that is rarely exposed to traditional marketing channels. Moreover, from a market that is widely considered non-profitable, in 2021 SELCO’s revenue reached \$13 million at a profit of 10%.

<sup>3</sup> Stanford Social Innovation Review, “Powering Needs, Empowering Lives,” January 2022.

## Side-stepping the superficial approach

Let's say you are running an airline. On the one hand, people will always need to travel; that's the source of your growth. In the short term, however, you are dependent upon fossil fuels, creating harmful emissions with each flight. So, the key question is, are there parts of your business where you can mitigate emissions? Moreover, when you get the opportunity to move to biofuels or another renewable source of energy, have you got a plan in place for how to transition your fleet quickly?

If your organization is not transparent about the existence of these conflicting, yet fundamental priorities, it could be accused of "greenwashing" – playing lip service to the need for environmentally conscious change without making the internal shift necessary to bring such change about. Sometimes, large, complex businesses make progress in one area but not in others. We see many cases of organizations that have the strategic motivation to become more sustainable but inevitably fall short operationally through a focus on short-term, tactical efforts, creating a superficial effect rather than a permanent change of direction. Inauthentic marketing of this sort undermines shareholder and public



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trust, working against the business in the long term. With the spread of information via the internet and social media, it's easy to detect dissonance between a marketing campaign and the uncommitted organization that it supposedly represents.

This is where CMOs can provide a balanced long-term perspective, built on a specific nominated purpose and embedded throughout the organization. It's easier said than done, of course; it's difficult to bat away an excited creative agency saying, "Hey, this is too good an opportunity to miss and you can be the first with the campaign and get all the attention!" But CMOs have to ask those tough questions: Yes, we may get some initial attention, but could that backfire if people find our initiative is only skin deep? Will people say that this is inauthentic for our organization? Would it be better to wait for a cause that really knits with our core brand values?

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For CMOs to lead the charge on purpose-led innovation, they will need the support of the whole organization, from the CEO and fellow C-suite members down. But they have a real opportunity to be the leaders of purpose-led initiatives, positioning their organizations for business success and the approval from wider society that is essential to making that success sustainable.

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