



Brand Vulnerability Index (BVI)

MEASURING AND TRACKING EXPOSURE TO NGO CAMPAIGNS

EVIDENCE-BASED COMMUNICATIONS. INFORM. MONITOR. MEASURE. **SUCCEED**



Burson-Marsteller
Europe, Middle East & Africa



Brand value matters


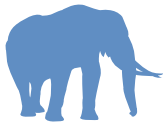




According to Greenpeace “targeting brands was like discovering gunpowder for environmentalists”. As the significance of brands to companies’ market capitalisation continues to grow, brands become an increasingly sensitive target for campaigning NGOs.

The more successful the brand, the higher the risk of it being challenged on environmental, social and human rights issues. For most NGOs, “brand” encompasses the full supply chain and product stewardship – brands could be held accountable for the actions of small, remote ‘rogue’ suppliers that lie beyond their sphere of control.

In addition successful and large brands are often the preferred target of NGOs as they set the example for their respective industries and help forge international compliance standards.

In a world that is ever-flatter, where networked NGOs use the internet and social media with devastating impact, any company with a brand to protect is potentially exposed.

What brand are you?

					
Bad boy brands	Elephant brands	Giraffe brands	Cool brands	Brands with vulnerable consumers	Exposed brands
Associated historically with NGO criticism or alleged corporate misbehaviour	Perceived, through their market dominance, to be able to unilaterally change practices of their sector	Having shown leadership on CSR issues, they have created expectations for more	Perceived to be sensitive because their young, hip customer base are typical NGO supporters	Customer base sensitive to claims of hazard or exploitation, eg. children, the sick	Brands in trouble that NGOs seek to exploit for their own purposes

What is the Brand Vulnerability Index (BVI)?

Where is the next campaign coming from, and who will be in the spotlight? The Brand Vulnerability Index (BVI), is an Evidence-Based methodology to measure and track brands exposure and vulnerability to issue-based NGO campaigns. It encompasses an approach that allows you to monitor risks and identify where future threats may be coming from. This can also help you identify potentially hazardous practices and change behavior before you become exposed.

The BVI is a starting point for a strategic approach to monitoring and mitigating future risk to your brand.

The BVI can be part of a broader approach to building an organisation's purpose* that encompasses a range of corporate responsibility and sustainability initiatives.

Developed in conjunction with SIGWatch, a specialist NGO monitoring and analysis company operating globally, the BVI methodology and approach seeks to support companies to:

- **Quantify** brand risk
- **Identify** emerging risks
- **Develop** and implement pre-emptive engagement and targeted mediation response
- **Assess** comparative risk against competitor brands

The BVI not only allows companies to track and monitor their brand risk real-time, but it also enables you to understand when engagement and changes in corporate behavior or policy are critical to avoid a damaging public campaign.

This is all the more important as certain NGOs view the brand simply as the pinnacle of a commercial ecosystem that includes the entire environment within which the brand operates. A brand will potentially be held accountable for any perceived failing – in its environmental footprint, its human rights practices and community relations, employment and labour law in areas where the parent company operates, corporate governance or a rogue supplier acting in breach of agreed ethical sourcing rules. Evidence proves that NGOs tend to go for the largest brand, not necessarily the “worst performer”.

The BVI helps you strategically navigate a multi-stakeholder environment where it can sometimes be difficult to assess where the next challenge to your brand is coming from.

*For more information on developing and communicating an organisation's purpose please visit burson-marsteller.eu/innovation-insights/purpose-performance/

Greenpeace's KitKat campaign

17 March 2010, Greenpeace launches a palm oil campaign against Nestlé's Kit-Kat brand across a multitude of social media platforms. By mid-May over **1.5 million** people had viewed the campaign on **YouTube**, **over 200.000 emails** had been sent to Nestlé, **hundreds of phone calls** had been made to the company and **thousands of comments** had been posted on **Facebook**.

17 May 2010, Nestlé partners with The Forest Trust with the objective of "zero deforestation" by 2015.

Greenpeace knew from the start that Nestlé was far from being the worst offender. In fact, Nestlé had already undertaken measures to source 100% of its palm oil sustainably by 2015, was at the time sourcing 18% sustainably and was hoping to lift that to 50% by the end of 2011. Furthermore the company had been working with key NGOs including WWF through the Roundtable on Sustainable Palm Oil for several years.

So why did Greenpeace target Nestlé for its campaign? Attacking brand giants not only sets an example for others but it accelerates the regulatory process – in this case around palm oil certification procedures.

Greenpeace has admitted that its real targets were Indonesian palm oil suppliers Sinar Mas and commodity supplier Cargill – both Nestlé suppliers, but neither a consumer brand. The reality is that brands are an attractive target because of the appeal to public opinion.



How it works

The BVI helps answer key questions about your brand with the help of SIGWatch's extensive tracking database of more than 3,000 NGOs:

- Could your brand be targeted?
- Are you more or less exposed than your competitors?
- On what issues are you vulnerable?
- Are you likely to be singled out?
- What are the warning signs?
- How can we prevent or block an attack?

4 steps to calculating BVI

1. Brand risk analysis	7 variables including current, historical, sector, policy, proximity, positioning, cultural & political risks
2. NGO issues analysis	NGO force: collective weight of NGOs active on issue, weighted for size and influence Current NGO pressure: level of current NGO campaigning and trend (rising/falling)
3. Brand 'Insurance'	Mitigation activities: effectiveness of measures to reduce/offset risk (eg. certification)
4. Calculating BVI	$BVI = \sum_{\text{across all issues}} \frac{\{\text{brand risks}\} \times \{\text{NGO force}\} \times \{\text{current NGO pressure}\}}{\{\text{mitigation}\}}$

The resulting BVI provides an indication of how vulnerable your brand is compared to leading competitors' brands and provides an overview of key issues and pressure points. It is the starting point for a comprehensive approach to managing exposure to NGO campaigns that can involve one or more of a number of different but complementary components.

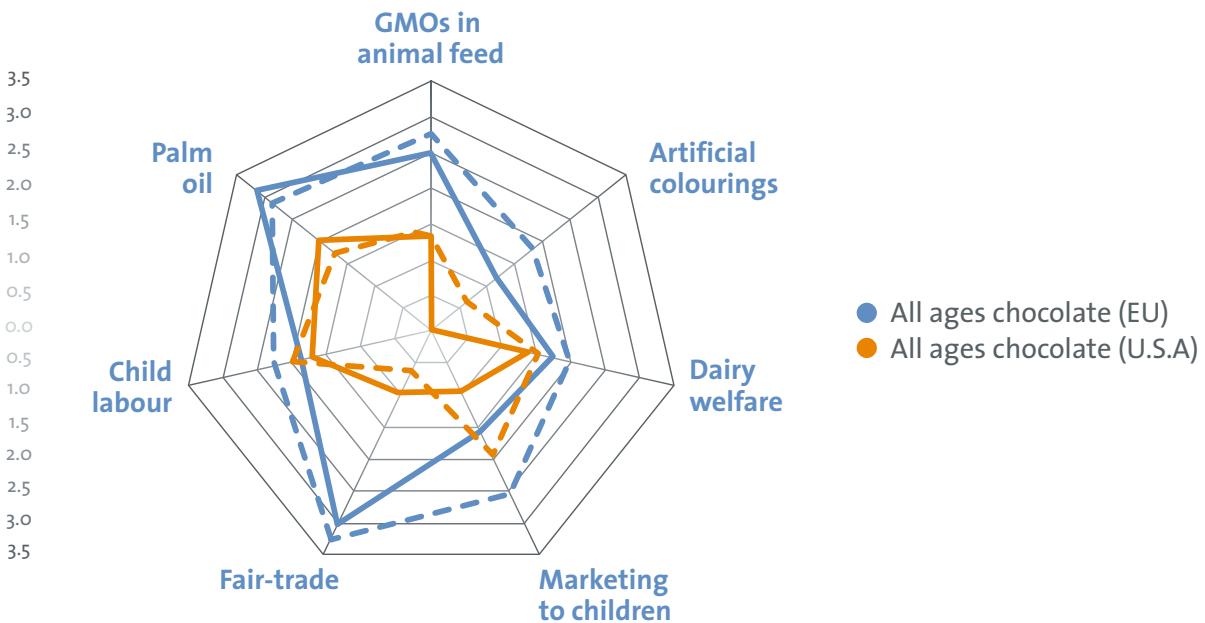
Competitive Benchmarking

The Competitive Benchmarking offers a scorecard for up to five competitor brands in a single sector, based on NGO factors and 'desktop' assessment of the effectiveness of mitigation activities.

brand rated against each issue and against each other. We also highlight currently low level issues where NGO campaigning is rising rapidly, which could represent emerging risks.

This approach exposes your brand's vulnerabilities as well as protective qualities to NGO activity, and how your brand rates on these criteria compared to its principal competitors. We identify potential risks to brand reputation that could be mitigated through re-positioning or policy change, and thereby avoid damaging attacks.

By mapping each brand onto a SIGWatch NGO issue map specific to your industry sector, we can calculate campaigning intensity from the number, influence and geographical reach of active NGOs. Based on this we can produce a scorecard of the 20 most active issues in your sector with your



Comparative BVI chart for generic chocolate brands, analysed by leading sector issues



360° Brand Diagnosis

The 360° Brand Diagnosis is an in-depth diagnosis of the embedded risks along the entire value chain of a brand, from:

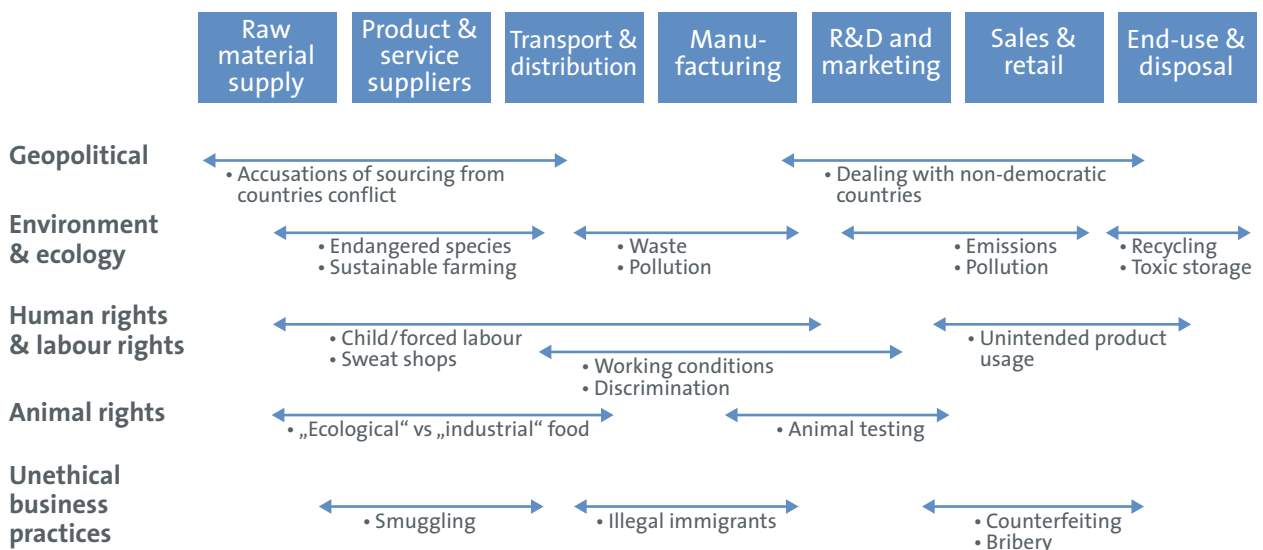
- Sourcing of raw ingredients (countries, practices, labour relations, governance)
- Manufacturing processes and inputs (working conditions, compounds and ingredients, energy intensity, treatment of bi-products and waste)
- Marketing and distribution (advertising claims, vulnerable consumers)
- End-use and disposal (packaging waste, toxics, recycling etc.)

The objective of this approach is to provide a cradle-to-grave analysis of brand vulnerability, dissecting the brand as a campaigning NGO would do to choose an exploitable corporate target.

The 360° Brand Diagnosis will identify both manifest and hidden risks, for example, risks arising out of supply chain or customer practices that are not yet obvious to management or the market place but which we can anticipate NGOs will attempt to exploit.

Instead of relying on desktop estimates of brand exposure to risks as we do with the Simple Comparative Rating, we interrogate the brand's entire supply chain, using client documentation and interviews to test each point of vulnerability to both known and emerging NGO campaigning issues.

Potential risks exist along the full value chain



Issues vary considerably by country, even within the same region. The vast number and range of NGOs across the world can make it hard for companies and industries to see the big picture: do you know what is really going on in your backyard, what issues are coming up and what you can do now to head off future problems and gain competitive advantage?

The Policy Risk Scoping provides an assessment of relative brand risks country by country, based on SIGWatch's Issues Satellite methodology. This systematised predictive issues analysis identifies how the weight of issues varies geographically and pinpoints hot or emerging issues that may currently be limited to one or two countries but may potentially spill over to your regions of interests.

Outside Western Europe and North America it is commonly smaller local NGOs, unique to each nation, which initially target brands locally. However, over time these are likely to be identified and co-opted by the big international NGOs as they extend their campaigns globally.

SIGWatch's Issues Satellite methodology reveals issue trends by tapping the "wisdom of NGO crowds" – seeing where NGO campaigning effort is being concentrated and where campaigns are building on what are currently small scale issues. We objectively quantify the policy positions, attitudes and campaigns of every NGO active within an issue or impacting a particular industry or economic sector.

The data derived from the Issues Satellite process is used to generate "policy imagery" – graphs and charts which reveal problems and opportunities for issue managers and indicate priorities for action.

About Burson-Marsteller EMEA

Burson-Marsteller (www.burson-marsteller.com), established in 1953, is a leading global public relations and communications firm. It provides clients with strategic thinking and programme execution across a full range of public relations, public affairs, advertising and web-related services. The firm's seamless worldwide network consists of 68 offices and 71 affiliate offices, together operating in 98 countries across six continents. Burson-Marsteller is a part of Young & Rubicam Brands, a subsidiary of WPP (NASDAQ: WPPGY), one of the world's leading communications services networks.

About SIGWatch

SIGWatch (www.sigwatch.com) specialises in tracking and understanding NGOs to help business manage global NGO risk ('SIG' stands for Special Interest Group). Many of the world's leading multinationals are its clients. Founded in 1997, it is headquartered in Freiburg, Germany. SIGWatch enables businesses to calibrate both direct threats – such as NGOs attacking its brands – and issue threats – when NGOs raise the temperature of an issue or introduce new issues that increase businesses' operating costs. SIGWatch provides three basic services: real-time information about NGO campaigns and intentions, insight into NGO strategies to help manage issues and predict emerging problems, and counseling and training to better understand NGO psychology and motivation, and to develop productive relationships with NGOs.





For further information on how to calculate your BVI and develop a tailor-made approach to monitoring and mitigating your exposure to brand attack please contact:

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