



**KELLOGG**

RURAL LEADERSHIP  
PROGRAMME



**REGAINING  
CONTROL OF OUR  
NARRATIVE:**

**COMBATting THE NEW ZEALAND  
DAIRY INDUSTRY CONSUMER TRUST  
CRISIS**

SACHA MCDUGALL

2019

# CAN NEW ZEALAND DAIRY FARMERS RE-GAIN CONTROL OF THEIR NARRATIVE FROM INSIDE THE FARM GATE?

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## EXECUTIVE SUMMARY

This research and affiliated report asks the question:

***Can New Zealand Dairy farmers re-gain control of their narrative from inside the farm gate?***

The dairy industry is New Zealand's largest good exports sector, contributing 20% of total exports while bringing in \$17.1 billion dollars into the New Zealand economy (NZIER, 2018). As dairy has grown in scale, the sector has increasingly become the brunt of social discontent. The current social climate places media platforms in misplaced control of narratives with the growing apprehension stemming mainly from questions around the sustainability and historical poor practice highlighted in the media. The New Zealand Ministry for Primary Industries conducted a study to explore urban and rural New Zealanders' views of the primary sector and rural New Zealand. The study, consisting of 1,245 New Zealanders, suggested both groups of respondents, urban and rural, showed a decline in positivity toward farming in general. Since 2008, positive perception of the dairy industry from urban respondents has dropped from 78% to 47%, with rural outlook on the industry dropping from 83% to 50% (Ministry for Primary Industries, 2017). These numbers highlight that collective trust is shifting. This decrease in trust and increase in negative public perception is having huge impacts on our industry inside farm gates filtering into mental health and wellbeing and staff attraction and retention.

Throughout my research, I have utilised cross-industry resources and publications which I have compiled into a literature review and broken down into main themes. I have compiled information from marketing literature and social media research regarding consumer and market trends with support from psychology and philosophical theories. I have also utilised research from social licence experts which I have followed with case studies. I have used case studies to demonstrate how companies have dealt with consumer trust and the results of individual responses on the associated market. Throughout this research I have dissected two main themes, why consumer demands on New Zealand dairy farms are changing, and how.

My report aims to cover the effect changing values are having on trust in the rural sector and the impact it has on company and industry, it will break down the relationship between narrative and consumer trust and discuss why having control of your narrative is important, and discuss recommendations on how farmers can build trust and empathy; re-gaining control of their narrative from the ground up.

My main findings throughout my report have been:

1. Change in industry Trust is driven by changing consumer values.
2. Unconscious decisions affect the uptake of brand strategic narratives.
3. Misinformation is a key contributor to dairy farmers loss of control over their narrative.

On the basis of my research, my recommendations are as follows

1. Farmers to develop credibility and authenticity built on results, history and consistency.
2. Step out of our echo chambers.

3. Render authentically by humanising the industry.
4. Support credible, trusted social media platforms.

## ACKNOWLEDGEMENTS

I would like to acknowledge the following people for their contributions to this report:

My employers, Belinda and James McCone for allowing me time to complete the Kellogg Rural Leadership programme.

Kevin and Sara O'Neill for supporting me through the dairy industry and encouraging me to seek out opportunities for growth.

My sister: Caitlin McDougall for editing and reviewing my report.

Penny Clark-Hall for the initial pin down of my report topic and support offered throughout the project.

Chelsea Millar for her insights in to social media marketing.

And a huge thank you to the Kellogg team, Scott Champion, Lisa Rogers, Anne Hindson and the extensive report refining from Dr Patrick Aldwell.

Thank you also to the sponsors for the opportunity to be involved in the Kellogg programme.



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## 1. INTRODUCTION

The dairy industry is New Zealand’s largest good exports sector, contributing 20% of total exports while bringing in \$17.1 billion dollars into the New Zealand economy (NZIER, 2018). Dairy export revenue has increased by 43% since 1990 with the industry contributing to 90% of the industry’s output by value, leaving 10% to be consumed domestically. This makes dairy the most internationally connected industry in New Zealand (NZIER, 2018). As dairy has grown in scale, the sector has increasingly become the brunt of social discontent. The growing apprehension stems mainly from questions around the sustainability and historical poor practice highlighted in the media. In 2017 the New Zealand Ministry for Primary Industries conducted a study to explore urban and rural New Zealanders’ views of the primary sector and rural New Zealand. The study, consisting of 1,245 New Zealanders, suggested both groups of respondents, urban and rural, showed a decline in positivity toward farming in general. The most significant environmental issue facing New Zealand was viewed to be water quality with dairy being the main source of concern having doubled in significance over the past nine years. Since 2008, positive perception of the dairy industry from urban respondents has dropped from 78% to 47%, with rural outlook on the industry dropping from 83% to 50% (Ministry for Primary Industries, 2017). The study also included a scan for farmer perception from literature and media. The results of said scan suggested that the majority of

negative media representations of the primary industries seem to more accurately reflect views held by the minority. A bulk of the media reflected views on pollution and farmers refusal to recognise their responsibility toward stewardship of the land. The highest negative ratings were held by the Dairy industry. The media scan suggested there was an increasing polarisation of views between rural and urban New Zealand. In contrast, as referenced above, the survey provided little evidence of any divide showing evidence that both groups of respondents revealed declining positive perception toward farming. These numbers highlight that collective trust is shifting. The current social climate places media platforms in misplaced control of narratives. This decrease in trust and increase in negative public perception is having huge impacts on our industry inside farm gates filtering into mental health and wellbeing and staff attraction and retention. The following report covers why there is a need for farmers to understand the importance of having control over their own narrative and how they can utilise it to regain industry empathy and consumer trust.

## 2. AIM

Cover the effect changing values are having on trust in the rural sector and the impact it has on dairy businesses and industry.

Break down the relationship between narrative and consumer trust and discuss why having control of your narrative is important.

Discuss recommendations on how farmers can build trust and empathy; regaining control of their narrative from the ground up.

## 3. METHODOLOGY

In this research, I have focused on utilising cross-industry resources and publications which I have compiled into a literature review and broken down in

to main themes. I have compiled information from marketing literature and social media research, regarding consumer and market trends with support from psychology and philosophical theories. I have also utilised research from social licence experts which I have followed with case studies to reaffirm theories regarding social licence implementation in business. I have used these case studies to demonstrate how companies have dealt with consumer trust and the results of individual responses on the associated market. Throughout this research I have dissected two main themes, why consumer demands on New Zealand dairy farms are changing, and how.

## 4. LITERATURE REVIEW

### 4.1. CONSUMER VALUES

#### 4.1.1. COHORT GENERATIONS

Consumer trust is driven partially by generational shift. In the 1960's, public opinion analyst and social scientist Daniel Yankelovich coined the term "generational gap". Yankelovich (1924-2017) was one of the first to refer to the postwar generation as "baby boomers" as he tracked their lives, developing the concept of segmenting test markets by lifestyle, rather than purely on demographic which later included social and cultural trends. (D.McFadden, 2017). These segmented test markets became the framework of generation marketing. Consumer socialisation and trends are heavily influenced by shared historical experience; how individuals at different stages of life, are affected by important historical and social events (Rindfleisch, 1994). These groups are referred to as 'cohort generations'. These cohorts share a unique location in the stream of history which plays a part in distinguishing distinct social character. The generational group I will be referring to throughout my research is based on a cohort generation, not to be confused with a family generation. There is a significant difference between the two. A family generation is the set of children born to two parents. The description of a cohort generation has been

explained as a thirty-year gap due to the average span between the birth of an individual and the birth of his or her offspring (Strauss & Howe, 1991). Consumer skills knowledge attitudes and behavior are shared through family generations, and family members are influential agents for socialisation (Moschis, 1987). However, family generations are limited within confines of this kinship group and generally have a marginal impact on the socialisation of the individual outside of the family (Jaworski & Sauer). A cohort generation, on the other hand, refers to a group born during a specific period of time who share a unique character created by their common age location in history (Mannheim, 1952). Generation theorists believe that cohort generations form around traumatic historical events and sweeping social changes, such as wars, revolutions or technological advancements (Rindfleisch, 1994).

#### 4.1.1.1. BABY BOOMERS

Baby boomers have lived through, and often participated in political and social transformations such as the civil rights movement. The baby boomer cohort, born between 1946 and 1964, demonstrate a strong work ethic and high job involvement, leading to economic security and career success. Their values revolve strongly around loyalty.

- They value teamwork.
- believe that achievement comes from “paying dues”
- view work from a process orientated perspective
- value company commitment and loyalty
- believe in sacrifice in order to achieve success and seek long term employment

(Jorgensen, 2003)

#### 4.1.1.2. GENERATION X

Generation X is one of the most highly educated cohort generations. Gen X values are often driven by efficiency. The cohorts driving factors revolve around their early disillusionment with cultural icons, ongoing preoccupation with the internet and ability to streamline and enrich activities in daily life (Ordun, 2014). Members of this cohort have the following values

- Autonomy and independence
- Thrive to open communication
- View work from action-oriented perspective
- Do not believe in “paying dues”
- Seek to acquire skills and expertise
- Do not value long term loyalty to a company (but believe in loyalty toward individuals)
- Believe in balanced work-life objectives
- Are more reluctant to take on leadership roles

(Jorgensen, 2003)

#### 4.1.1.3. GENERATIONAL SHIFT – GEN Y

As new generations of consumers emerge into the market, consumer demands on organisations and industries follow suit. According to the 2013 Census, Gen Y accounted for 25.68% of New Zealand’s adult population (Statistics NZ, 2013) with the highest percentage out of all generations, living in main cities and in 2018, accounted for 7.4% of total national retail expenditure (Marketview, 2018). These most recent consumers are making conscious consumer decisions socially, culturally and environmentally as well as being more skeptical than previous generational cohorts (Hume, 2009). Gen Y, or Millennials, entering in to the market are more conscious of the decisions they make and how their personal consumption effects the planet. Consumers are beginning to question what foods are efficient, sustainable fuels for their bodies

and lives. Because of this, paddock has never been closer to plate; the gap between farmer and consumer is closing and it's closing fast. The Millennial generation consists of individuals born between 1981 and 2000. A report published by Deloitte Global looks at how the latest generational cohorts to enter the market place have shaped their outlook based on contemporary events and social changes. The report consisted of a survey of 16,425 Millennials across 42 countries and territories. Priorities and aspirations of the generational cohort differ from their predecessors, ranking travel and earning high salaries above starting families and buying their own homes. Past generations have worked with the goal of prosperity, mainly to secure comfort in livelihood and providing for family. On the contrary, Millennials place less importance and urgency on getting married or starting families (Ordun, 2014). Deloitte reported that as a rule, Millennials have begun their working lives in a post-recession job market and have experienced lower levels of economic growth than their baby boomer and gen X counterparts. They have higher debt, lower incomes and fewer assets at comparable ages as well as deteriorating optimism toward society. Deloitte believe the generations values have been marked by a steep rise in economic inequality, a reduction in societal safety nets, insular and dysfunctional governments, increased tribalism fueled by social media, radical changes in the contract between employers and employees, industry 4.0 technologies that are redefining the workplace, and personal technologies that make people both more connected and more isolated (Deloitte Global, 2019). The report continues on to explain how each of these issues impact the generation's outlook on society. Among the 20 concerns offered to respondents, Millennials currently view the largest global societal challenge as climate change and protecting the environment (Deloitte Global, 2019). Millennials have a focus on "sustainable consumption" (Hume, 2009), and select and consume goods that help them to define who they are. Although millennials have higher debt to equity ratios (Abela, 2006) their purchases are driven by

image and are possibly the most consumption orientated generation due to abundance and availability of products and services (Sullivan & Heitmeyer, 2008). New Zealand millennials allocate around 20% of their budget to eating out, comparable to the older generation's average of 8%, with takeaways accounting for 8.2%. Online purchases including accommodation, fashion and discretionary goods have also increased, with spending up 309% over eight years, accounting for 10.4% of total spending (Marketview, 2018). These increases suggest millennials are opting more for experienced based purchases. Additionally, millennials make up the largest market since the baby boomers, are three times the size as Gen X (Ordun, 2014) and are very aware of their purchasing power, letting their wallets do the talking. 42% of millennials revealed they have begun or deepened a business relationship because they perceive a company's products or services to have a positive impact on society and/or the environment while 37% said they stopped or lessened a business relationship because of the company's ethical behavior with a further 37 % starting or deepening a relationship because they believed the company was ethical (Deloitte Global, 2019). Trust is also shifting, with growing skepticism toward media, government and business (2019 Edelman Trust barometer team, 2019). These changing values can be directly translated into how the consumer perceives the dairy industry, with raising concerns over long term sustainability and trust in the messages peddled by corporations.

## 4.2. VALUES AND MARKETING

### 4.2.1. WHY WE BUY

To better understand human behavior and values, I refer to Sigmund Freud's theory of psychoanalysis. Freud believed that majority of decisions are governed by the subconscious which he broke up in to three entities; the Id, the ego, and the super ego. Freud believed the Id, present from birth, is entirely unconscious, controlling the instinctive and primitive behaviors that ensure

survival. According to Freud the Id is pre-programmed to engage in reward seeking behavior while avoiding punishing stimuli. The function parallels that of the limbic system (Ramezani, 2018). As a child grows and learns from their environment, it develops physiological structures which function as the Ego and Superego. The Ego reacts as an inhibitor for the Id's urges and is responsible for producing coherent expression of thought and behavior in order to be adaptive in society (Ramezani, 2018). The Ego forgoes the "pleasure principal" and accepts the "reality principle", allowing the mind to be realistic in its desires and begin the battle between immediate gratification and deferral of gratification (Freud, 1923). The Superego seeks to police what it deems acceptable in society, achieving this through feelings of guilt or shame. The Superego represents moral restrictions and strives toward perfection. In summary, the Id represents basic instincts, the Ego, conformity and societal acceptance and the Superego, idealised values and morals. Freud believed that 95% of decisions made, are made unconsciously and driven by the Id (Chierotti, 2018). This driver began the relationship between psychoanalysis and marketing, bought together by Edward Bernays, nephew of Sigmund Freud. Bernays was intrigued by his uncle's notions that irrational forces drive human behavior and sought to utilise these ideas to market products to clients. In his 1928 book "Propaganda" Bernays hypothesised that by understanding the group mind, it would be possible to manipulate behavior, thus initialising the launch of his famous public relations campaign: convincing women to smoke (Held, 2009). At the time, it was taboo for women to smoke in public and those who did were labeled sexually permissive. Bernays' client was the American Tobacco Company who wanted to raise sales and broaden the market for the Lucky Strike brand. Through research, Bernays discovered women believed cigarettes represented "male power" (Held, 2009). The theory was to convince debutants that they could contribute to the expansion of women's' rights by lighting up and smoking them in public places. Bernays developed the narrative

that smoking challenged male power, naming the campaign “Torches of Freedom” (Held, 2009). The campaign was covered by papers locally, nationwide and internationally. By linking products to emotion, marketers could cause consumers to behave irrationally. By smoking Lucky Strike cigarettes, women were no freer, but linking the brand to women’s rights fostered a feeling of independence allowing Bernays to “engineer consent” (Held, 2009). Simon Sinek, an author, leadership consultant and professor, discusses these theories and conceptualizes the idea of the golden circle, revolving around the question: why? Sinek believes the goal is not to sell to people who need what you have, but to sell to people who believe what you believe, “people don’t buy what you do, people buy why you do it” (Sinek, 2009). Sinek refers to the brain as having 3 components when cross sectioned, one being the Neocortex, or “Homo sapien brain” (Sinek, 2009), and the other two sections being a part of the Limbic brain. The Neocortex is responsible for rational, analytical thought and language with the Limbic brain being responsible for feelings including trust, loyalty and behaviour, and ultimately decision making. When one communicates from the “outside in” they are conversing with the Neocortex. Marketing complex ideas, features, benefits facts and figures, which don’t drive behaviour. Whereas communicating from the inside out focuses on emotion and, as Freud puts it, the Id. This unconscious, “gut” decision (Sinek, 2009) is then justified and rationalised with features and benefits. Sinek deems that if you talk about what you believe, you will attract people who believe what you believe because, what one does serves as proof of what one believes. Sinek states that this builds loyalty as people want to invest themselves and become a part of what you believe, people will do things that prove what they believe and how they want people to see them (Sinek, 2009). In a recent TED talk by NYU marketing professor, Scott Galloway, Bernays’ theories were put in to a contemporary marketing context. Galloway believes multimillion-dollar industries are made by being clear on what organ they are targeting. He claims the four human

drivers to be God, love, consumption and sex, the “irrational organs” (Galloway, 2017). He references 4 monster companies, Google, Facebook, Amazon and Apple and how they have tapped in to these instinctive needs. Galloway states the first need is the need for a super being. Our competitive advantage as a species is our brain, robust enough to ask difficult questions but doesn't always have the processing power to answer them. This creates a need for a super being to pray to and look to for answers. Google is the modern man's god. He states that people trust Google more than any entity in history. Need two is the need to be loved and love others. As a society, we use this to verify to ourselves whether we are adding value. Facebook taps into instinctive need to be loved and love others. Photos create empathy, catalysing and reinforcing relationships. Need three comes from online shopping giant, Amazon; the consumptive gut. Amazon satisfies the instinct of needing more that is hardwired into us. Utilising the more for less strategy. Apple taps in to the most basic instinct, reproduction. The products are marketed as superior, by default, making the consumer superior. Galloway uses the analogy of his apple watch being a vain attempt to convince people that if you mate with him, your children are more likely to survive than those of someone wearing a “swatch watch” (Galloway, 2017). Bernays theory utilised the theory of taking an average product and appealing to people's hearts. “You're a better parent, a better person, a better patriot” if you buy this average product over this average product (Galloway, 2017). As consumers are changing, the number 1 algorithm used by marketing giants is appealing to reproductive organs. “Target the most irrational organs for shareholder value” (Galloway, 2017). This research highlights how instinctive behavior and emotion are key drivers for consumption.

#### 4.2.2. HOW WE BUY

Originally, pre industrial revolution, society was an agrarian economy based on commodities, animal, mineral or vegetable. During the industrial revolution goods became the predominant economic offering, using commodities as raw material to make or manufacture goods. The agrarian economy then became an industrial economy. 50 or 60 years later, goods had become commoditised. Consumers no longer care who makes the good, the focus is around price. The antidote to commoditisation became customisation. In customising good, companies turned a product into a service. A service was created specifically for a particular person delivered on demand. The industrial economy then transitioned to a service industry. Over the last few of years, as history repeats, services are being commoditised. This, as before, requires companies to move to new levels of economic value; customising a service. As a service is customised, it becomes an experience, shifting industry to an experience economy. Experience is now the predominant economic offering (Pine, 2004). As referred to above, consumers are moving more toward experienced based purchases, seeking authentic experiences that reflect who they are and add value to their lives. Joseph Pine, an experience economy specialised and consultant breaks down the idea of rendering authenticity. He believes there is no such thing as inauthentic experience as experience is internal. An experience is a personal reaction to events that are staged in front of us, each experience differing between more or less natural stimuli. Experiences revolve around rendering authenticity and everyone has a desire for authenticity. It's now becoming the new consumer sensibility and buying criteria within which consumers are choosing who they buy from and what they buy.

FIGURE 1 – ECONOMIC OUTPUT, BUSINESS IMPERATIVE AND CONSUMER SENSIBILITY

Economic output	Business imperative	Consumer sensibility
Experiences	Rendering	Authenticity
Services	Improve	Quality
Goods	Control	Costs
Commodities	Supply	Availability

SOURCE: (PINE, 2004)

Companies have to get their consumers to perceive their offerings as authentic. This creates a basic paradox, no one can have an inauthentic experience, but no business can supply one. All businesses create man made products, involve money and use machinery, ultimately making it inauthentic (Pine, 2004). Pine believed authenticity has two dimensions; being true to yourself, and being what you say to others. When something is what it says it is, but not true to self, it becomes a real fake. Pine gives the example of the LA city walk, a pedestrian only shopping strip at universal studios. The opposite is not what it says it is, but true to itself creating a fake reality, for example Disney land. Pine states there is a demand for each combination but believes the easiest way to fall down in relation to authenticity is not knowing what you've done in the past. He uses Disney as an example again. Being known for having strong family values, in the early 1990s Disney bought ABC network and Miramax. Families felt like they could no longer trust what they were getting from Disney (Pine, 2004).

### 4.3. CONSUMER TRUST

#### 4.3.1. SOCIAL LICENCE TO OPERATE

*“The new theory is broadly defined as the implied consent a company enjoys from the community to undertake its business” (Malpass, 2013).*

The loss of social licence digs further into the issue of lost trust and is a concern for a plethora of global companies and industries. In early 1997, the Vice President of External Relations for a Vancouver-based gold mining company, James Cooney, first used the term Social Licence to Operate as we now know it. Cooney was referring to the need to rebuild the mining industries reputation. (Boutilier & Thomson, 2014). In 1996 Cooney's company, Placer Dome, faced severe criticism over the failing of a tailings dam in the Philippines. The dam was found to be releasing toxic mud into a local river ultimately resulting in the burial of a village. Cooney began noticing increased resistance from communities when the company tried to start up new projects or expand existing ones and Placer Dome was losing money as a result. Cooney wanted to highlight the potential source of risk from community opposition (Boutilier R. G., Frequently asked questions about the social licence to operate, 2014). The process suggested by Cooney would, rather than the typical public relations campaign, be the development of a new culture to emerge in the mining industry. Cooney began a proposal to earn a social license to operate (SLO) by rebuilding from the level of individual mines and projects. The term was adopted and used during a mining industry forum in Quito, Ecuador before gaining mass traction by the industry. The term 'social licence to operate' is being used more commonly throughout industries to describe relationships with stakeholders linking the concept to the idea of social risk and company reputation. An organisations social licence is granted by its stakeholders, defined in Edward Freemans 1984 *Strategic Management: A Stakeholder Approach* as "individuals or groups who either can affect the project or who are, or might be, affected by the project." (Freeman, 1984). Social licence has three levels which can be granted, four levels total;

1. Social licence withheld or withdrawn – no social licence.
2. Acceptance – sufficient for a project to proceed.

3. Approval – community/stakeholder support for the project.
4. Identification – the stakeholders identify with the project and think of its interests as their own. (Boutilier R. G., Modelling and Measuring the Social License to Operate: Fruits of a Dialogue Between Theory and Practice, 2014)

According to Joyce and Thompson (2000) there is a cumulative, step like hierarchy among the perceptions required to maintain a company's SLO. They proposed that 'acceptance', the lowest level of social licence, required a company to be viewed as legitimate. 'Approval', the middle level of social licence, was obtained when the project and its affiliations were credible, with the highest level, 'psychological identification', requiring perceptions of trust (Joyce & Thomson, 2000). Thomson and Boutilier (2011) proposed that trust acted as a boundary which, once achieved, permitted the ascent to the summit of the social licence pyramid.

FIGURE 2 - SOCIAL LICENCE PYRAMID



SOURCE: (BOUTILIER R. G., MODELLING AND MEASURING THE SOCIAL LICENCE TO OPERATE: FRUITS OF A DIALOGUE BETWEEN THEORY AND PRACTICE, 2014)

The theory of the social licence fits in to two theoretical frameworks, the first being company profitability insinuating survival through resource dependence and risk management. The second occurring through the adoption of the sociology of social networks as a framework for understanding stakeholders and the process through which social licences are withheld, altered or granted (Boutilier R. G., Frequently asked questions about the social licence to operate, 2014). Building social licences ultimately revolves around stakeholder engagement. Developing relationships with consumers and taking in to account their values and moral concerns by proactively integrating feedback and building trust.

#### 4.4. CASE STUDIES

Subsequently, what does one have to do to lose a social licence, and what becomes of an entity whose social licence is headed in a downward spiral? I have utilised case studies to

##### 4.4.1. CASE STUDY 1 – BRIDGESTONE/FIRESTONE

*“Legitimacy: conforming to the law or the rules”* (Oxford English Dictionary, 2019)

During 2000 - 2001 Bridgestone/Firestone and Ford Motor Company recalled and replaced twenty three million tires. Collectively, the companies were responsible for 271 fatalities and over eight hundred injuries reported in the United States alone between 1996 and 2000 (NHTSA , 2001) due to tire defects on the Ford Explorers and Ford trucks (Govindjee, 2001). As a direct result, the market value of Bridgestone/Firestone was cut in half, falling from \$16.7 billion to \$7.5 billion within four months after the recall was announced (Krueger & Mas, 2004). Both companies lost stakeholder favourability rapidly and

continued to do so as the companies shifted culpability to the other. From the beginning, Ford largely followed standard crisis procedure. The company attempted to build a wall around the problem, identifying Firestones tires from the Decatur, IL, plant as the root of the issue. Firestone hit back with claims of its own regarding weight distribution and citing a study undertaken by Ohio State University professor Dennis Guenther, continuing to maintain that oversteering problems in the Explorer steering system made the vehicle difficult to control during a tire failure (McDonald, 2004). Ford maintained its defence by targeting Firestone directly, expressing concern over the news that Firestone had been previously aware of the issue. (Frank, 2000). It was thought that due to a cut back of costs, quality control had slipped in the factory and the issue wasn't picked up faster. After closing the Decatur, Illinois plant, 1,500 workers lost their jobs (McDonald, 2004). The residual costs to the companies were phenomenal with both reaching into the billions for the recall and related costs, accompanied by ongoing lawsuits. The fallout resulted in an end to the companies 100 year partnership. In an unexpected outcome, within two years of the recalls, Ford sold a record 51,000 Explorer models in the USA in August 2002. It was found that despite the negative media reports during the recall controversy, the Explorer boasted the "second highest owner loyalty rate among SUVs" (McDonald, 2004). Amongst a storm of negative publicity and questionability over trust in the brands safety, the Explorer had come out virtually unscathed. Both companies experience a break down in their social licence, failing to protect the trust of their stakeholders and damaging their credibility. This resulted in their substantial market drop after the recall. The drop was likely to be caused by anti-brand activism in the form of a brand boycott or performance of active resistance from stakeholders. Anti-brand activism occurs when consumers perceive the presence of injustice in the market place. Consumer actions are driven first by emotion and react first through the limbic brain, the part of the brain that is responsible for feelings and

behaviour (Sinek, 2009). In both cases, the injustice felt by consumers was a violation of moral obligations by the parent company and fuelled a feeling of distrust and anger in consumers. In placing blame on each other, neither company left an opening for empathy to moderate the effects of the perceived wrongdoings.

#### 4.4.2. CASE STUDY 2 – CAMBRIDGE ANALYTICA

*“Trust: Firm belief in the reliability, truth, or ability of someone or something”*  
(Oxford English Dictionary, 2019)

In an age of data sharing, the line between public and private can often become blurred. In early 2018, it was publicly revealed that Cambridge Analytica, a political consulting firm, was found to be mining personal data from millions of Facebook accounts without consent for political advertising purposes (Davis, 2015). Journalist Harry Davis reported United States Senator, Ted Cruz had used psychological behavioural data Cambridge Analytical compiled in order to gain an edge over Donald Trump and other Republican rivals (Davis, 2015). The scandal finally came to a head when former Cambridge Analytical data collector went public about how the company was built to exploit the public's “inner demons” in order to target them with personalised political advertisements (Cadwalladr & Graham-Harrison, 2018). Throughout the scandal, between Davis' original article in the guardian and multiple other journalists and publications highlighting the issue, Facebook refused to comment on any claims, failing to alert users and taking limited steps to secure users data (Cadwalladr & Graham-Harrison, 2018). The data was gathered through an app called *Thisisyourlifedigital*. 300,000 users were paid to take a personality test and agreed to have their data collected for academic use. What users weren't made aware of was the additional data collected from the test-takers' Facebook accounts and friends, leading to an accumulative data pool of tens of millions (Cadwalladr & Graham-Harrison, 2018). In March 2018, the

British High Court granted the Information Commissioner's Office a warrant to search Cambridge Analytica's London offices, the company closed its operations later that year (CNBC, 2018). Zuckerberg, co-founder of Facebook, released a statement, apologising for the breach in trust between Facebook and the people who share their data with the platform and it had banned Cambridge Analytical from using the platform in 2015 but admitted that the company "may not" have deleted the data it had claimed (Chaykowski, 2018). In November, the scandal precipitated Facebook's lowest share price in almost two years, dropping nearly 40 percent from its peak in July and resulted in at least three million users in Europe abandoning the social media platform (Neate, 2018). The scandal also resulted in costs increasing by 50% as the company focused on improving data security and increased policing to speed up the reaction process, this included increasing their team by 47% to more than 30,000 people (Neate, 2018).

#### 4.4.3. CASE STUDY 3 - BURBERRY

*"Credibility: Able to be believed; convincing"* (Oxford English Dictionary, 2019)

An investigation by Greenpeace in January 2014 discovered a broad range of hazardous chemicals in children's footwear and clothing throughout a number of major fashion brands. The NGO published its investigation aptly named I *"A little Story about the monsters in your closet"* as part of its detox campaign identifying hazardous chemicals present in textiles and leather products used during manufacturing. The investigation found Nonylphenol ethoxylates (NPEs) in 50 of the 82 products analysed, at levels ranging from just above 1 mg/kg (the limit of detection) up to 17,000 mg/kg. This is equivalent to 61% of all products tested. Burberry was one of the highest with a level of 780 mg/kg in one product. (Greenpeace, 2014). Soon after the report, Burberry released a statement declaring *"All Burberry products are safe and fully adhere to*

*international environmental and safety standards” following up with “We also have an active programme dedicated to reducing the environmental impact of our supply chain, working in collaboration with our suppliers and NGOs. This includes a commitment to eliminate from our supply chain the release of chemicals that have an environmental impact, going beyond required international environmental and safety standards”* (Alexander, 2014). By the end of January 2014, Burberry had set in place a commitment on chemical management in manufacturing. The commitment is accessible from a direct link on their website under responsibilities (Burberry Group PLC, n.d.). The commitment is transparent and has measurable key performance indicators and policies on how the company will reach its targets. Because of the proficient reaction time and transparency throughout Burberrys campaign, stakeholders were empathetic to the clothing brands cause and maintained engagement through the restructuring of their business strategy.

#### 4.5. REGAINING CONTROL OF THE NARRATIVE

##### 4.6. STRATEGIC NARRATIVE ADOPTION

Narratives revolve around the ability to tell a story. Businesses use strategic narratives to develop a rhetoric between the company and consumer in order to influence the way the consumer views the company by appealing to their values. Developing a strategy and executing it builds credibility within a company, helping to solidify a narrative and render authenticity. In 2013 the Strategy for Sustainable Dairy Farming was developed. The strategy consists of a framework built around 10 goals, each encompassing competitive and responsible dairying in New Zealand. The strategy was reviewed in 2017 incorporating the same sustainable goals while recognising the importance of transparency and the production of natural, high-quality products. The strategy outlines the values of the changing market and topical social concerns including

environmental concerns, high quality product, ethical procedures and community benefit.

#### 4.7. SOCIAL MEDIA

Social media has enabled a direct path from consumer to producer, changing the way users receive information, debate and shape their opinions. There are currently 7.676 billion people on earth, 57% or 4.388 billion being internet users (Chaffey, 2019). Internet adoption has increased 9.1% from 2018 to 2019 at a rate of 1 million people per day. The adoption of social media is also increasing 9%, now sitting at 3.484 billion (Chaffey, 2019). Social media is consuming our lives with the average internet user spends 6 ½ hours online per day, social media accounting for the greatest percentage of that time (Kemp, 2019). Forty-four percent of millennials involved in the Deloitte survey admitted that not being able to check social media for a day or two would make them anxious (Deloitte Global, 2019). As presented above, consumers have declining trust in corporations and business, with majority believing the main goal of business is to maximise shareholder profit over sustainability and community (Deloitte Global, 2019). Companies are utilising social media as a marketing platform, tapping in to its ability to render authenticity and deliver a narrative straight to the consumer. People trust people more than they trust brands. Social media allows consumers to obtain an experience within a brand and become immersed in their belief systems through stories and imagery.

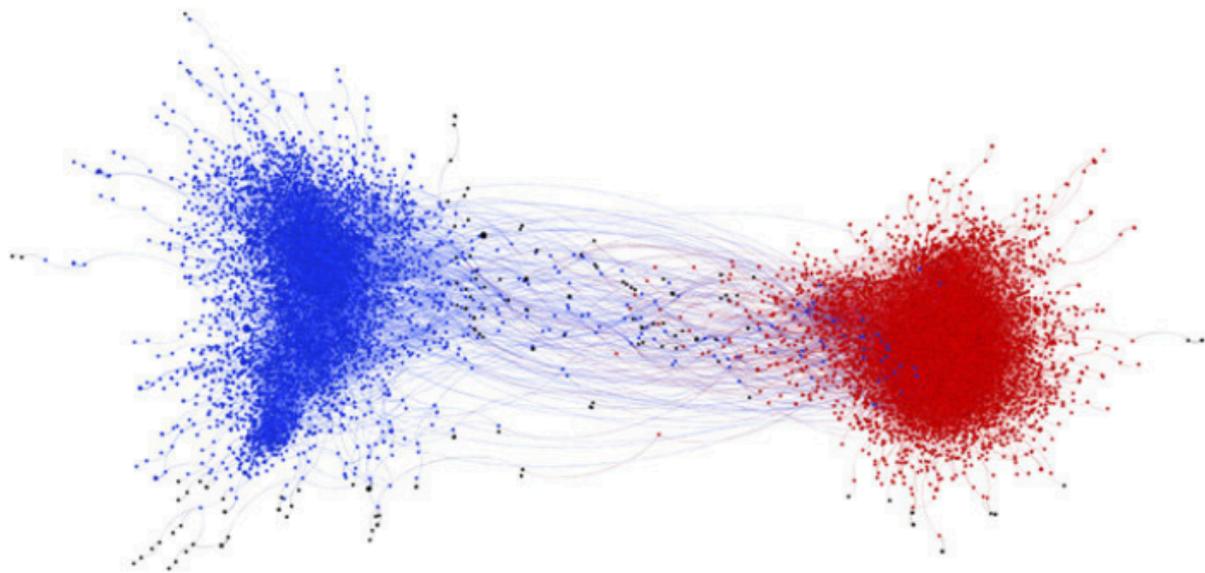
#### 4.8. MISINFORMATION IN A POST TRUTH WORLD

With generation Y becoming the first to be globally connected via the internet and social media (Ordun, 2014) misinformation has become an increasing issue. A global study conducted by Edelman (2019 Edelman Trust barometer team, 2019) found 73% of individuals were worried about false information being used as a weapon. In the previous year's study, 63% of participants were unsure

how to tell good journalism from rumour or falsehoods, and 59% agreed that it was becoming harder to tell if a piece of news was produced by a respected media organisation (2018 Edelman Trust barometer team, 2018). More than four in 10 people surveyed in the Deloitte survey referenced above believed mass media is having a negative impact on the world with 27 percent having zero trust in the media as a source of reliable and accurate information, instead ranking leaders of nongovernmental organisations and not-for-profits highest in terms of societal impact and sources of reliable information (Deloitte Global, 2019). This material often constitutes as a source of miss-information as NGO's and not for profits regularly release information contributing to conformation bias toward the organisation's objectives. Social media is a great platform for misinformation. Media platforms contain algorithms, or filter bubbles (Pariser, 2014), which are used to curate what the user sees in order to personalize your experience, for example Facebooks algorithm works off four main factors; how often you have interacted with similar posts, how often you or others have hidden that type of post, the level of engagement both the page and the post has received and the performance of each post among users who have already viewed it. This allows a feed to be curated specifically to the user and only portrays content that is seen as relevant (Agrawal, 2016). This curation develops polarisation between beliefs, leading to echo chambers. An echo chamber is an environment in which your own voice or views are reinforced by amplifying or repeating an idea by yourself or by others (Hobin, 2019). Echo chambers have always existed, particularly in political, social and economic realms. Subconsciously we seek out information which reinforces our own views or opinions. Due to an increasing uptake of social media, the echo chambers are being exacerbated. Media has changed from mediated to a more disintermediated selection process meaning the information we have available is copious and mostly unfiltered until it reaches our screens. Rural communities and urban often find themselves in these echo chambers, creating challenges in

developing interaction between the two groups. Removing interaction dehumanizes the other party, effecting empathy and makes it more difficult to understand the others cause.

FIGURE 3 - DEPICTION OF MESSAGES CONTAINING MORAL AND EMOTIONAL LANGUAGE DURING USA ELECTIONS 2017



SOURCE: (BRADY, JOST, WILLS, & TUCKER, 2017)

The above figure shows the findings from a study based on twitter representing a depiction of messages containing moral and emotional language, and their retweet activity, across a range of political topics. Each node represents a user who sent a message, and lines represent a user retweeting another user. The two large communities were shaded based on the mean ideology of each respective community, blue representing liberal mean, red represents conservative mean (Brady, Jost, Wills, & Tucker, 2017). This diagram shows very little dialogue shared between the two camps.

## 5. MAIN FINDINGS

### 5.1. CHANGE IN INDUSTRY TRUST IS DRIVEN BY CHANGING CONSUMER VALUES.

As Millennials take their place comfortably in the consumer market, their values are being thrust in to the forefront. If producers want to retain or build their social licence to operate, they need to take these values in to consideration. Values such as environmental sustainability, welfare and giving back to community should be at the forefront of farming businesses if the dairy industry wants to gain trust and credibility amongst millennials and avoid anti-brand activism and active resistance.

#### 5.2. UNCONSCIOUS DECISIONS AFFECT THE UPTAKE OF BRAND STRATEGIC NARRATIVES.

Consumers make decisions based on unconscious drivers. These basic needs revolve around biological evolution and survival. Through my research, I have discovered that as the market evolves, consumers are demanding experiences rather than services from their goods and origin stories or narratives are becoming a great tool in adding value in to a service economy, creating an experience from a product. A brand narrative has to be linked to either, a higher power, love and acceptance, consumption or reproduction in order for consumers to connect with it. Consumers first buy with this “gut” instinct so as a producer, our narrative has to consist of telling our “why” while appealing to one or more of these core drivers while rendering authenticity. These decisions lead to trust and adoption of narratives.

#### 5.3. MISINFORMATION IS A KEY CONTRIBUTOR TO DAIRY FARMERS LOSS OF CONTROL OVER THEIR NARRATIVE.

With social media becoming more common as way to communicate, comes voices who never before had a platform. A plethora of information is available at our fingertips but this means information sources may not always be credible or accurate. I have found, as dairy SLO degrades, more consumers are becoming involved in anti-brand activism, sharing and adding to curated information around the dairy industry, the information circulated is often saturated with bias. Due to social media algorithms, this information develops

in to echo chambers and the chambers work as filter bubbles, adding to confirmation bias and the development and force of negative narratives.

## 6. CONCLUSION

My research collates to paint a picture of the changing market values from a “why” point of view. I believe it’s important for farmers to understand what this change means in order to remain in control of their own narratives and have pride in their farming business. As media outlets publish stories shining the light on farmers with poor practice, traction for negative perceptions grows. This perception is triggered by consumer values being tested. Subjects such as animal cruelty, environmental neglect, and the greed of farmers and corporations are often picked up by less credible sources with bias views and spread throughout social media, thus giving origin to echo chambers; breeding grounds for misinformation and the creation of false narratives. These stories, as known by farmers, are not the majority but gain this traction because of their content and reactions from the general public. New cohort generations are taking over the consumer market and are instilling new ethical, moral and personal values into consumer demands. With Millennials becoming the largest consumer group, the key values producers need to adhere to if they want to build their social licence and develop trust between product and consumer revolve around authenticity. In order to regain consumer trust in the New Zealand dairy industry, we have to consider our market and render authenticity within our farm businesses. As farmers, we have little direct influence over the market or end product, so we need to focus on what we can control in order to implement change in the industry – our on farm practices and the way we tell our story. Consumer values are now based inside the farm gate, focusing on how farms sustainably and ethically produce a high quality food product while providing benefit toward communities and prioritising the welfare of our stock.

The social licence to operate states that an industry needs to gain credibility within the community before it can reach the trust barrier. The main credibility breakdowns in the industry as highlighted throughout my report, is the perceived historic and contemporary poor practice when it comes to sustainability and animal welfare.

## 7. RECOMMENDATIONS

5. Develop credibility and authenticity built on results, history and consistency. Dairy farm businesses need to prioritise setting transparent, measurable key performance indicators on farm with goals focusing on sustainability, animal welfare and community.
6. Cut through the white noise of misinformation and social media echo chambers. Step out of our own echo chambers and appreciate others reasoning, it can often give insight into consumer values and demands. This can be the best way to improve your own farming business and practices.
7. Render authentically by humanising the industry. Be more open about your “why”. Not just about the intangible “what gets you out of bed in the morning” why’s, but the physical “why we put these systems into place” why’s. Farmers are not always great at explaining the reasoning behind what they do.
8. Support credible, trusted agricultural based social media accounts that create inclusive, transparent education platforms for consumers and/or farmers.

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