

## Consumer Focus Board

Paper 9.1

**Title:** Corporate use of our research findings  
**Purpose:** For decision  
**Date of meeting:** 1 December 2009  
**Responsible officer:** Philip Cullum  
**Prepared by:** Philip Cullum  
**Attachments:** Sainsbury's advert, 11 November 2009

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### 1 Overview

- 1.1 Following publication of our report 'Green to the core', which assessed how effectively nine leading supermarket chains enable their customers to make sustainable choices, Sainsbury's published an advert in the Guardian and Daily Telegraph (attached at Annex 1) highlighting our assessment of them. Previous supermarket reports published by the National Consumer Council led to similar actions.
- 1.2 This short paper considers whether we should support such use by businesses of our findings.

### 2 Action for the Board

- 2.1 To consider the risks and benefits of companies citing Consumer Focus findings in their corporate communications; agree in principle the potential use by business of our logo when advertising the findings of Consumer Focus research, subject to our veto in each case; and agree that we should develop draft guidelines to cover such situations, to be considered at the next Board meeting.

### 3 The key issues

- 3.1 Following publication of our report 'Green to the core', which assessed how effectively nine leading supermarket chains enable their customers to make sustainable choices, Sainsbury's published an advert (attached at Annex 1) highlighting our assessment of them. The company did not use our logo, and so they told us about the advertisement as a courtesy rather than asking our permission.
- 3.2 Previous supermarket reports published by the National Consumer Council led to similar actions. NCC allowed the Co-op (in 2005/6) and Sainsbury's (in 2006/7) to report 'healthy eating' findings direct to consumers, on these occasions using the NCC logo within an agreed format. This was however subsequently the cause of much debate, with the Board members generally being much less keen than senior staff on

such actions, and it was agreed by the NCC Board in February 2007 that no further such uses of the brand would be permitted.

- 3.3 It is likely that we will publish further reports assessing individual businesses, in the supermarkets sector and beyond, and so the Consumer Focus Board now needs to decide its broad stance on this matter and the process to be adopted for each individual case.
- 3.4 The essential purpose of such reports is to change company behaviour; they also offer the potential to inform consumers directly. Previous experience suggests that they have been successful in these respects. Baroness Miller of Chilthorne Domer, for example, commented in the House of Lords with regard to a previous NCC report on supermarket sustainability that ‘the issues raised by the NCC’s report have been immensely influential and underline how such a body can help consumers as a whole to encourage suppliers to change completely how they think about such issues.’
- 3.5 Such reports usually attract significant media interest, focused on who are the best and worst performers. We also of course comment on individual businesses in the energy sector in particular, for example with regard to price rises. So we are already comfortable with making public our praise for, or criticism of, individual companies. This does involve additional risk for the organisation, compared to reports that do not ‘name, shame and acclaim’, so necessitating robust processes to ensure accuracy of reports and limit our vulnerability to legal action, for example through verification and libel checking, and management oversight through our risk register. This is not a theoretical issue – one NCC comparative report on green energy supply tariffs led to the serious threat of legal action and a substantial ‘freedom of information’ request from one of the companies named.
- 3.6 The key issue of substance would appear to be the extent to which it is appropriate for us to allow companies to use our logo and, in particular, whether this provides extra impact or alternatively might be seen to compromise our independence. Instances where companies cite our findings without using the logo are largely beyond our control, although we could try to dissuade them if we wanted. Clearly we would want to take action against any company inaccurately describing our research.
- 3.7 There are some real benefits to allowing companies to use our logo. It is a demonstration that Consumer Focus has a mature and even-handed approach to business – we offer carrots as well as use sticks – and it lends credibility to our rating; it also provides direct profile for our brand. Perhaps most significantly of all, it gives consumers information that they need and provides a way of changing business behaviour. A company that has previously used our logo in this way will be even more determined to retain our ‘award’ in future, since losing it may create reputational damage and embarrassment, and their rivals will be even keener to wrest it from them.
- 3.8 This approach has worked very successfully for our colleagues at Which?. After many years in which the use by businesses of Best Buy recommendations was prevented, sometimes by the threat of legal action, the organisation changed tack and established a scheme in which businesses could seek permission for such use for a limited period.

This has helped develop the profile of the Which? brand. There is for example currently a TV advert for Ariel<sup>1</sup> which is entirely about the Which? assessment of different washing powders.

- 3.9 The obvious downside would be if companies were to use the logo in a way that was misleading. Another issue would be about our perceived independence, as noted above. If we were contacted by a relatively large number of firms asking to use the logo, this would have resource implications, in terms of checking text etc. – but this is unlikely to be an issue given the limited scale of our comparative reports.
- 3.10 Clearly if we were to allow use of our logo we would want to be able to exercise total control about what is published and how the logo is use. We could develop guidelines on this, which would include the development of an approach to ensure that our continuing independence is apparent. The Consumers International Membership Criteria Guidelines do not touch directly on this kind of issue – much of their focus is on financial relationships with business – but there is some useful commentary in the section on the provision of services to organisations’ members or the wider public. The guidelines there advise that appearance can be as important as reality when it comes to independence and impartiality, and that it is essential to have clearly defined boundaries to any statement.
- 3.11 This suggests that Consumer Focus needs to ensure clarity about the nature of any relationship with a business (connecting into the guidelines that the Board has already agreed for partnerships) and would need to explain the basis for any use of our logo. This could, for example, include a prominent section on our website explaining why and how we enter such arrangements and drawing extra attention to the basis for any current uses of our logo.

## **4 Proposal**

- 4.1 There are mixed views on the Senior Management Team about this issue. Board guidance is sought on whether or not to proceed. The Board is asked to:
  - 4.1.1 Consider whether it can agree in principle the potential use by business of our logo when advertising the findings of Consumer Focus research, subject to our veto in each case.
  - 4.1.2 If this agreed in principle, ask SMT to draft guidelines to cover such situations, to be considered at the next Board meeting
  - 4.1.3 Provide any other advice and guidance it considers important with regard to this issue.

## **5 Resources**

- 5.1 This will require a small amount of resource to develop and then manage enquiries relating to the guidelines, but this will fall within existing staff responsibilities.

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<sup>1</sup> See [http://www.tellyads.com/show\\_movie.php?filename=TA7131](http://www.tellyads.com/show_movie.php?filename=TA7131)

## **6 Next steps**

- 6.1 If the Board supports the approach proposed in 4.1 above, we will draft a short set of guidelines and bring them to the next Board meeting for approval.