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TWO STEPS FORWARD AND ONE STEP BACK: LESSONS FROM THE NESTLÉ BOYCOTT (1977-1984)^{vi}

There were important factors within several camps of the campaign that finally influenced Nestlé to sign the joint agreement: changing circumstances in the developing nation markets, changing conditions in the Nestlé Boycott, and pressures within the corporation. These converged to make the joint agreement the most rational option for Nestlé by (1) reducing the benefits the company received from violating the code while (2) increasing its costs through a protracted Boycott that (3) distracted Nestlé's top management from pursuing overall corporate growth.

After seven years, the Nestlé Boycott was internationalised in ten nations with varying degrees of force and effectiveness. The costs of the Boycott had grown through reduced sales, accelerating promotion costs and direct and indirect costs within Nestlé. A former chairman of the board of another transnational corporation informally estimated in 1982 that the Boycott had already cost Nestlé over \$1 billion, a figure Nestlé denied. There were a number of separate indices indicating the Boycott's effectiveness in particular markets and among certain products. None are conclusive, but the central strategy of the Boycott, in which it undeniably was successful, was slowing Nestlé's growth in the United States.

Rather than 15 percent annual growth projected by Nestlé's strategic plan, its U.S. sales and profits fell in 1980. Although these figures were closely guarded by the company, by 1981 the company admitted it would not make its original growth target ("Nestlé: Centralizing to Win," 1981, p. 56). After seven years with the Boycott, Nestlé had increased its U.S. sales from \$2 billion to \$2.4 billion, or less than 3 percent per year.

The years of trying to fight the campaign through public

relations had left the company isolated from public support; the search for allies among the ideological right had proved demoralizing and embarrassing. Nestlé's strategy of dividing the Boycott leadership from church support required concrete marketing and structural changes within the company. Just as Nestlé perceived this strategy would pay off through undermining the Boycott's strength, INFACT emerged with a new organizing strategy that essentially bypassed the expensive machinery of Nestlé's operation, while the Boycott continued to spread to new European markets. Thus the costs of the Boycott, already high, would continue to mount still higher.

Nestlé had by 1984 already made many of the changes demanded by the Boycott. It had, in effect, accepted many of the costs without yet receiving any benefits. This also narrowed the relative benefit for the company as a whole despite those marketing practices that Nestlé continued. In addition the demands of top leadership time focused on the Boycott undermined that leadership's ability to concentrate on an aggressive corporate growth strategy and acquisitions policy.

It is notable that five months after the signing of the joint agreement, Nestlé announced the purchase of Carnation for \$3.2 billion.

What remained was a spark to bring these factors together into a negotiation. By announcing the "final four demands" of the Nestlé Boycott, the INBC essentially pointed out to the company how narrow was the range of issues that remained as part of the Boycott demands. The International Nestlé Boycott Committee also offered both a carrot and a stick through the upcoming international conference. The incentive was a

^{vi} Edited excerpts from Douglas Johnson's "Confronting corporate power: strategies and phases of the Nestlé boycott (1977-1984)", which first appeared in Vol. 8, 1986 issue of *Research in Corporate Social Performance and Policy, A Research Annual*.

commitment to ask the conference to lift the Boycott should Nestlé make efforts to meet the final demands. The threat was implicit: the further internationalisation of the Boycott based on INFACT's new organizing model.

Organisational Lessons

The social change community learned important organisational lessons from the baby food campaign. Several organisational lessons stand out for students of corporate social performance.

1. First, there are no final victories, but gains are possible. The Nestlé Boycott succeeded in altering Nestlé's marketing strategy for baby food in developing countries; the forces necessary to gain the company's compliance with the Code in Western Europe are still to be seen. The Boycott did not transform a fundamental corporate growth strategy: the sale of expensive consumer items in the Third World. It is



yet unclear what lesson Nestlé learned from the campaign, and if that will be translated into safer, more responsible marketing practices for weaning foods and other consumer products. Nevertheless, the joint agreement was an important milestone in consumer action. The campaign effectively shifted the basic conditions of the industry and created a new alignment of forces.

2. Second, strategic thinking is essential to any successful campaign. A campaign must have a strategy in order to win its objectives. In any activist campaign, resources such as money, leadership, and time, are extremely limited. They must be focused into specific areas to have any impact, rather than dissipated. It is as important to define what will not get done as to define what will be done. The intent of strategy is to focus energy into the heart of what is needed to achieve the campaign's goal. Strategic planning requires careful analysis of the conditions that exist in the world: the state of the problem, of the adversary, of oneself, of the other forces at play.
3. Third, the organisational model required in a campaign depends on the strategies to be implemented. It is important to recognise the strengths and weaknesses of network, coalition, and organisational models of campaigns, to invest in their respective development on the level where they can each be successful. For example, networks provide valuable access to new resources: people, technical information and skills, leadership for new areas of growth, access to press, and so forth. They have a great deal of mobility, permitting many kinds of pressures that disperse a corporation's energies;
4. Top leadership must be consistently invested into building the campaign's power base. A campaign needs a definable power base to have impact: supporters, staff, money, leadership, technical skills, and technology. The campaign's power base is essential to build and sustain the pressure needed to direct against the adversary company. It is the most likely arena to find, develop, and test new leadership, because it will be made up of people most motivated by the campaign. A campaign power base should be (a) capable of directing the kind of pressure needed by the campaign, and (b) relatively unsusceptible to the tactics available to the industry. For example, when it was determined that economic pressure through a boycott would be the most effective pressure against Nestlé, the power base of the campaign had to be among Nestlé's consumers, primarily among the middle class. That made it important to work with middle-class audiences and institutions. Another tactic may have required development of the campaign with a different

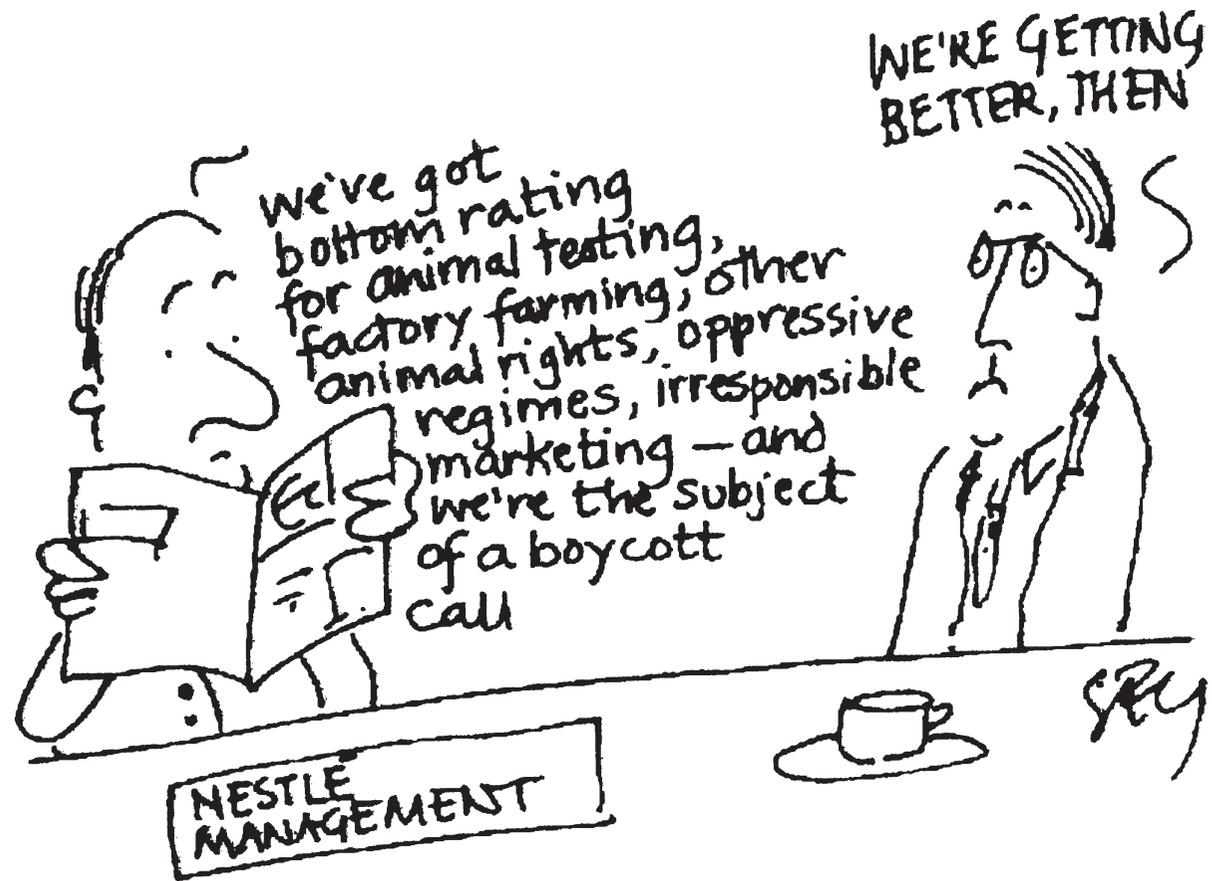
members of a network can experiment with new approaches that do not endanger the success or existence of other groups, which lends them flexibility and daring. But a network has real limitations as a long-term organisational model, because it tends to welcome many groups into its sphere, thus diluting its focus and decision-making system. Organisations have less flexibility to accept new opportunities; their resources are usually so limited that their impact will be small initially. Organisations however have a greater capacity to focus on specific work, and a structure to ensure follow-up of decisions taken.

constituency. What that base is and how it should be developed is one of the most important strategic decisions to be made in a campaign.

5. Finally, to fight a transnational corporation, consumers must be trans-national. This has long been axiomatic within the labor movement. The Baby Food Campaign continues to prove it not only necessary, but also possible.

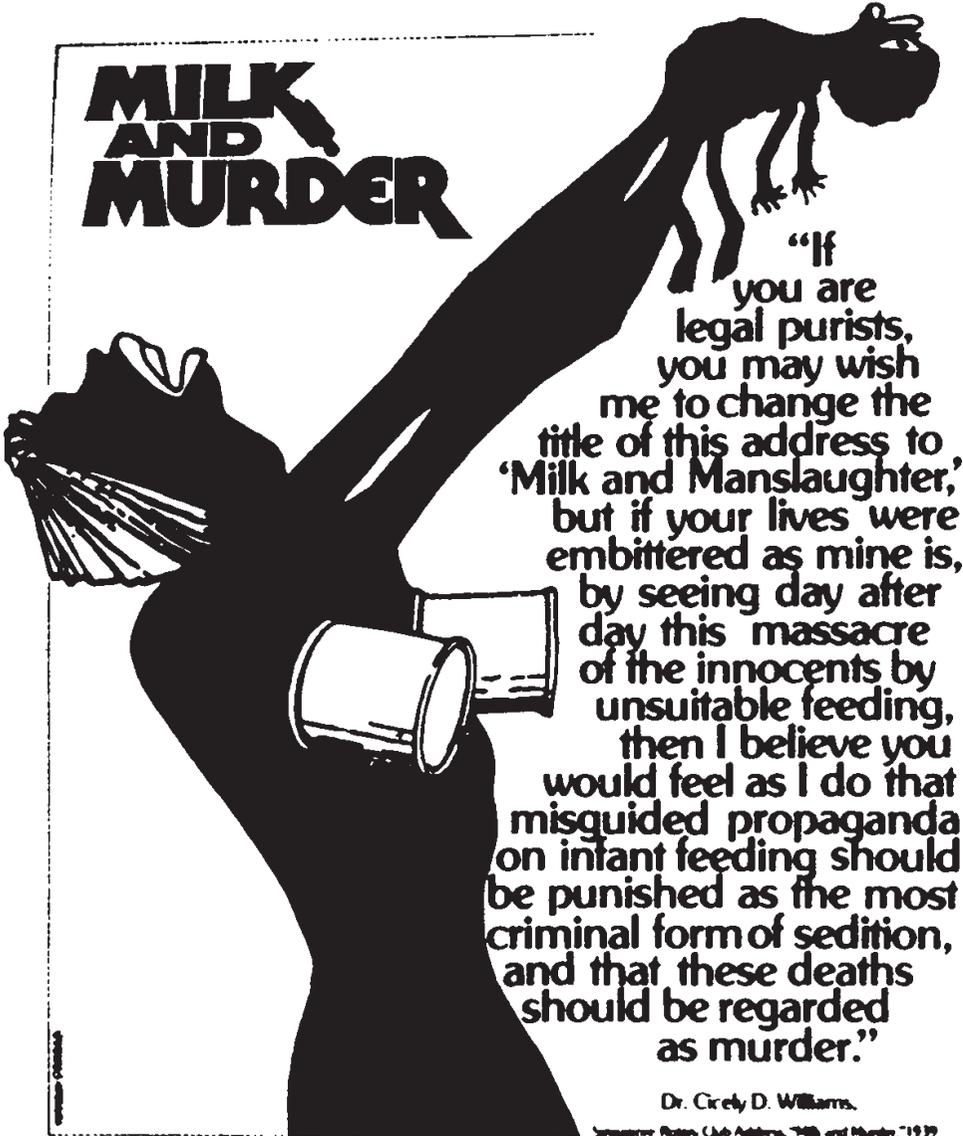
There are many lessons that can be drawn from the Boycott campaign. One lesson is that citizens' groups have an inherent right and responsibility to challenge corporate behaviour when it is considered a threat to life and health. Another lesson is that legitimate challenges can and do bring about changes in corporate policies and practices. But, perhaps the most important lesson is for the future: that no company should consider itself safe from criticism if its social responsibility standards are deemed inadequate.

– Patricia Young, Chair, INBC, on October 4, 1984, the occasion of the termination of the Nestlé Boycott



Sarah Guthrie. Ethical Consumer

MILK AND MURDER



"If you are legal purists, you may wish me to change the title of this address to 'Milk and Manslaughter,' but if your lives were embittered as mine is, by seeing day after day this massacre of the innocents by unsuitable feeding, then I believe you would feel as I do that misguided propaganda on infant feeding should be punished as the most criminal form of sedition, and that these deaths should be regarded as murder."

Dr. Cicely D. Williams.

Singapore Rotary Club Address, "Milk and Murder," 1939

One Million Deaths



"If we in the international community are successful in our efforts to promote and protect the practice of breastfeeding we can save one million infant deaths each year in the 1980's."

James Grant,

Executive Director, United Nations Children's Fund, speaking at the United Nations, New York, 15th January, 1981