

Potter Box Analysis for Ethical Decision Making: Is the trend toward cruelty-free products in the cosmetics industry sustainable: Include customers, employees and Giving Partners in analysis.

<u>DEFINITION</u>	<u>VALUES</u>
<p>Thrive Causemetics directly positions themselves in the minds of consumers as a safe, socially conscious, environmentally friendly, luxury beauty brand for all women to use for a greater good. Given the lack of regulation in the beauty industry as to what constitutes as cruelty free, is there any benefit or ethical imperative to this claim? From a public relations perspective, could this position prove to be ethically problematic to its set of diverse publics? As the trend toward cruelty-free products in the cosmetics industry grows, is it sustainable?</p>	<ul style="list-style-type: none"> • Obligation to public interest • Honesty: Is the company honest about their products or is there deception about the cruelty free label? • Transparency: Is Thrive’s Causemetics transparent from company to consumer about the products it creates? Is the company transparent with its Giving Partners? • Loyalty: To their employees to make sure their business model is sustainable while also being honest about their products. Loyal to its Giving Partners? • Trust: Can Thrive’s employees Giving Partners and customers Trust the validity of the brand as cruelty free?
<u>LOYALTIES</u>	<u>PRINCIPALS</u>
<ul style="list-style-type: none"> • Customers: consumer pressure to act morally and ethically. Trust the products they purchase are cruelty free to some measurable degree, and that the products work as intended. • Employees: maximize profitability and growth – but not at the expense of the core mission of Thrive as this could create distrust in employees. The company has a loyalty to its employees to do what it says it will for the benefit of its employees – financially and socially. • Giving Partners: That the partnership between Thrive and its Giving Partners must be mutually beneficial. Thrive has a loyalty to its Giving Partners that they can maintain their charitable giving by delivering reliable products and that they are truthful about their brand and their actions. 	<p>Mills: Utilitarianism: the morality of an action is solely dependent on the outcomes – only the consequences matter. Outcomes are the most important. Consideration should be given to the course of action that benefits the most. The means to the end are justifiable if they benefit the most people.</p> <p>Utilitarianism may be a more sustainable principle to apply to Thrive Causemetics commitment to cruelty free products. In this way, the brand must think about what is better for the greater amount of people when marketing cruelty free products. Do the ends justify the means? Who will ultimately benefit from the amount of good coming from marketing the product as cruelty free?</p>

Definition:

Issue: Thrive Causemetics is an example of a current growing trend in the beauty industry to market products as “clean,” which encompasses everything from environmentally friendly packaging to fair trade business practices, to cruelty-free product development and more. This trend touches on a consumer-led growing desire for sustainable business practices that not only focus on what type of products are made but also is concerned about where the resources and materials come from and what level of harm is caused to make those products.

Thrive Causemetics is a relatively new company, founded in 2013, in a highly competitive market that continues to grow even during a pandemic – despite challenges. Thrive Causemetics is marketed as a luxury, direct-to-consumer, beauty brand that focuses on the greater good - in its business practices and in its products. All sales are online through the company-owned website.

Thrive Causemetics also matches every product purchased online with an in-kind donation of product or a donation of funds to one of its Giving Partners – nonprofit companies across the nation that are focused on Thrive’s Four Pillars of Giving: women battling cancer, women surviving domestic violence, women struggling with homelessness, and women transitioning from military service. The brand’s trademark is Bigger Than Beauty. ™

However, despite the marketing trend in the beauty industry to label cosmetics as cruelty-free, vegan, or organic, there isn’t a set legal standard of terms. For cosmetic companies, the only legal requirement is to list ingredients according to the global standard of INCI (International Nomenclature of Cosmetic

Ingredients). The Federal Drug and Food Administration (FDA) – which is the United States governing body responsible for the labeling and safety of cosmetics in the US - reports that cosmetic companies have unrestricted use of these phrases “cruelty-free” and “not tested on animals” since there are no current legal definitions for these terms. The FDA also warns that many cosmetics today, even though they are labeled cruelty-free, are derived from experimentation and testing on animals at some point in the past. Cruelty-free seems to have varying degrees of meaning without a legal standard. The European Union has well-documented restrictions on animal testing across many industries. However, in China, animal testing is required by law for cosmetics sold and traded in the country.

Without a set legal standard globally or nationally for terms like vegan or cruelty free, private entities have capitalized on this lack of governance and created their own approving agencies to vet the validity of these statements. Cosmetic brands can submit their products for evaluation to these private companies and receive a stamp of approval to give their customers peace of mind about the products they make.

One of the more well-known companies that perform this type of quality check is Cruelty Free International. Cruelty Free International performs a quality check of ingredients and product development and then confirms the designation of cruelty-free products with their leaping bunny logo. Cruelty-free cosmetics are generally accepted by consumers to mean that the products are developed without harming or testing products on animals – which is viewed as socially responsible and environmentally sustainable. Thrive Causemetics is approved by Cruelty Free International as a cruelty-free cosmetics company.

Thrive Causemetics directly position itself in the minds of consumers as a safe, socially conscious, environmentally friendly, luxury beauty brand for the greater good. Given the lack of regulation in the beauty industry as to what constitutes as cruelty-free, is there any benefit or moral imperative to this claim? From a public relations perspective, could this position prove to be ethically problematic to its set of diverse publics? As the trend toward cruelty-free products in the cosmetics industry grows, is it sustainable?

For purposes of this analysis, there are three groups to consider when evaluating the ethical ramifications of cruelty-free products made by Thrive Causemetics: customers, employees and Giving Partners. In addition, the term sustainability for this analysis is categorized by loyalties. Therefore, sustainability of cruelty-free beauty cosmetics in this analysis of Thrive Causemetics can be defined as environmentally, socially, and financially sustainable as a business model.

Values:

- Obligation to the public interest and a public's right to know by making safe products for consumer use.
- Honesty – Is the company honest about their products or is there deception about the cruelty-free label? Does it manipulate the public's perception of what is real? Could this perception cause harm?

- Trust - Can Thrive's employees Giving Partners and customers Trust the validity of the brand as cruelty-free? How does this trust impact other core values of the company's relationship to these audiences: beauty with a purpose?
- Transparency: Are Thrive's Causmetics transparent from the company to the consumer about the quality and manufacturing of the product. Is the company transparent on where they give their charitable donations and if these donations help their Giving Partners? Does the company show that their donations make an impact to their various audiences, or is it for marketing purposes?
- Loyalty to their employees to make sure their business model is sustainable while also being honest about their products. Can the company produce cruelty-free products as a sustainable business model in the years ahead? Can the company be loyal to its Giving Partners and maintain its level of giving?

Clearly, there are several values that Thrive must consider when evaluating different stakeholders: employees, customers, and Giving Partners. Loyalty and transparency are important to all parties involved. The brand must be loyal to its employees in its profits and business model, honest to its customers about the validity of its products and claims, and transparent with its Giving Partners. At the same time, Thrive must honor its obligation to the public interest to deliver safe products. Honesty and loyalty may conflict if the term cruelty-free is not well defined. Transparency could also conflict with honesty if the company is not forthcoming about its means of production or charitable donations.

In the case of Thrive Causmetics, if the goal is to determine if cruelty-free cosmetics are sustainable, then the priority value here must be trust. Because Thrive Causemetics corporate identity is built on beauty products that do good for women and are safe to use for all, then the employees, customers, and Giving Partners must trust that Thrive is carrying out its mission. This type of trust in Thrive's products and practices as safe and sustainable is a part of the company's identity from its inception. If its public cannot trust Thrive, its mission and integrity as a company would be a complete lie with dire consequences to its business model and could not be sustainable.

Principles:

Overview:

Aristotle: Virtue Ethics - mean between two extremes. Virtuous people are fair and reasonable based on moderation or middle ground of extreme values. A complete view of living defines an ethical way of life – not just individual acts.

Kant: Categorical Imperative: The act itself is what matters not the reason for it or the ultimate goal. Every person is the consideration when making an ethical decision: what is right for one should be right for all – the end does not justify the means if any are at disadvantage. Value truth-telling under all circumstances. Rules-based ethics.

Rawls: Veil of Ignorance – Everyone is just to have the best possible life that does not cause harm to others. In making ethical decisions, hierarchies and social roles are eliminated from consideration to find what is just and right for all. Everyone must be able to improve their position, and any inequalities must be present solely if they benefit everyone

Mills: Utilitarianism: the morality of an action is solely dependent on the outcomes – only the consequences matter. Outcomes are the most important. Consideration should be given to the course of action that benefits the most. The means to the end are justifiable if they benefit the most people.

1. There are several principles that can be useful in this situation. If honesty is the priority value, then the categorical imperative could be applied to this situation where honesty is valued above all other considerations and the means do not justify the ends. However, in consideration of Thrive Causemetics cruelty-free branding, this may not bode well for the company since there is some serious ambiguity as to what cruelty-free products are due to the lack of legal definition and governing body.

Being completely honest, above all else, would damage the company's reputation because they would have to confess that “cruelty-free” is clearly open to interpretation since many modern-day indigents in cosmetics have benefited from animal testing, there isn't a standard legal definition of cruelty-free products, and there isn't any type of official government body regulating labeling cosmetics as cruelty-free. Also, even if the company could somehow guarantee they didn't perform animal testing on its own products, as it tries with registering with Cruelty Free International, that doesn't mean that they weren't tested on animals in the global market where it may be mandatory, or the use of ingredients in their cosmetics didn't benefit from animal testing in the past.

With this principle applied, cruelty-free would not be a sustainable model based on the loyalties that the brand relies on to sustain its business. The company has situated itself as not only a beauty brand but a philanthropic beauty brand – it is in its DNA from the beginning. Trust is

imperative. If Thrive is completely honest about one of its core commitments of producing cruelty-free makeup, this could be disastrous since it could lead to its customers and Giving Partners questioning their motives, as well as their business practices.

2. In this situation, utilitarianism may be a more sustainable principle to apply to the beauty brand's commitment to cruelty-free products. In this way, the brand must think about what is better for the greater number of people when marketing cruelty-free products. Do the ends justify the means? Who will ultimately benefit from the amount of good coming from marketing the product as cruelty-free? Are the means causing any harm?

Cruelty-free is problematic for several reasons that make the term a bit vague and can tend to be misleading. However, Thrive Causemetics not only label their brand as such, but they have also taken the additional steps to have an independent company review their labeling. They also produce their own cosmetics in the United States - a country that does not require animal testing on products. So, some threshold can be derived that the company does try to ensure the validity of their claims. Are they completely honest? No. But, is it true that the company takes measures to ensure quality? Yes.

Do the ends justify the means or is there any harm to the public? The case can be made that no real harm comes to consumers or Giving Partners in this case. Cruelty-free or not, the makeup is not marketed as a fix or solution to a problem. It is marketed as an alternative to other makeup brands – it is another option out of many in a growing industry. The ingredients are labeled on the product, so some slight change in chemical composition in Thrives cosmetics has the same

effect as other brands or cosmetics – cruelty-free labeling does not change what the makeup is intended to be used for.

The additional influence of Thrive Causemetics, is that it also donates funds and products to its Giving Partners with each purchase. Thrive documents this on all owned media channels. The brand markets to consumers and potential customers that not only want to wear make-up but care about how the make-up is processed. Thrive takes measures to show the public how the makeup is developed from start to finish. They ask for input from consumers in developing new products. They show pictures of their lab where the products are made. The pictures are real. The Giving Partners are real. They are truthful even though they may not be exactly honest.

The company uses corporate social responsibility as another tool to attract a following, in addition to its cruelty-free labeling. This benefits employees and Giving Partners. So, with utilitarianism as the principle, if the purchase of this makeup does good in the sake of public interest, then cruelty-free makeup from Thrive is sustainable as a means to an end: growing the brand to stay in business, which is good for employees; having some level of transparency in the makeup development process, which is good for consumers; as well as being truthful about how Thrive donates to Giving Partners. In this way using utilitarianism as a principle, Thrive Causemetics justifies the means: marketing cruelty-free makeup to customers even if it isn't completely honest.

Loyalties:

Thrive Causemetics loyalties are to the variety of stakeholders that are affected by the decision the company makes in marketing their cosmetics as cruelty-free and is it a sustainable model?

Who is Thrive most loyal to or who should they be? For this analysis, Thrive loyalties are defined as employees, customers, and Giving Partners. Thrive also has a duty to society; that there is a basic trust in the organization and products.

When using the Potter Box model, at any time loyalties can realign – it is not a rigid system, but based on the values, principles and loyalties that the company prioritizes. Different considerations to values, principles, or loyalties can alter the priorities.

When considering the value of trust and the principle of utilitarianism, the loyalties to different stakeholders are as follows:

- Customers: consumer pressure to act morally and ethically. Trust the products they buy are cruelty-free to some measurable degree, and that the products work as intended. If the company markets its product as cruelty-free, but the product does not have the desired results, then can the company sustain its business with a subpar product? Most likely not, especially since Thrive relies heavily on earned media in the form of makeup tutorials and reviews from outside sources. Thrive has a loyalty to its customers that is based on trust: socially and environmentally.

- Employees: increase profits – but not at the expense of the core mission of Thrive as this could create distrust in employees. Thrive has a loyalty to its employees to keep and/or increase profit margins to stay in business, providing job security and growth within the company. However, profits are not the main value in this analysis – trust is. So, trust in the product and business model must be considered along with profits. Thrive also has loyalty to employees to follow through in their highly publicized corporate social responsibility as a true initiative and not just used as fluff. The company has a loyalty to its employees to do what it says it will for the benefit of its employees – financially and socially.
- Giving Partners: That the partnership between Thrive and its Giving Partners must be mutually beneficial. Giving Partners must trust that the donations given cannot only benefit Thrive as demonstrating its CSR – which is a major part of the brand identity. Thrive must demonstrate that their charitable giving benefits the Giving Partner as well. Thrive has a loyalty to its Giving Partners that they can maintain their charitable giving by delivering reliable products and that they are truthful about their brand and their actions.

In this Potter Box analysis, Thrive Causemetics is shown to be a sustainable model of business while capitalizing on a growing beauty industry that champions the less-than-ambiguous cruelty-free labeling of its products. Thrive Causemetics is a relatively new beauty brand relying on a transmedia marketing campaign that focuses on consumer engagement and reviews. Their audience is young and they are capitalizing on younger generations prioritizing sustainable models and improvements to their products while also increasing brand engagement – in the form of truthful product development and corporate social responsibility (CSR) campaigns. Can businesses make a profit in the long term when applying the

cruelty-free approach? In this analysis, it seems that Thrive can be sustainable environmentally, socially and financially based on the values it prioritizes, the ethical principles it uses to defend its position and the loyalties to its varying publics.