



2010
Cone
CAUSE
EVOLUTION
STUDY










Dollars and Change

When it comes to the role of business in society, the last two years have been a whirlwind. Strike that – a hurricane with gale force winds. Americans have experienced the near-collapse of our financial system, the disintegration of our housing market and the most severe environmental disaster our country has ever seen.

The lives of millions of people, irrespective of age, geography or socioeconomic status, have been directly affected by the irresponsibility of big business. So it was with equal parts trepidation and fascination we approached the 2010 Cone Cause Evolution Study, the latest in Cone's 17-year exploration of consumers' expectations of and behaviors toward companies' support of social and environmental issues.

Despite the doom and gloom of the past two years, nearly two-thirds (64%) of Americans said companies have responded well to the social and environmental issues that emerged during the recession. Even as some companies battle the corporate demons of greed, corruption and short-sightedness, consumers are still receptive to those whose halos say they stand for something more.

And this is not because their standards are low. About a third of Americans have even higher expectations of companies to support causes during a recession – 31 percent (26% in 2008) say an economic downturn is a time when it is more important than ever for companies to step up to support social and environmental needs. In this report, we'll examine current American attitudes and behaviors about cause branding, as well as discuss:




-  **Socially conscious moms and Millennials**
-  **Consumers as "cause shareholders"**
-  **The role of employees**
-  **Transparency in cause marketing**
-  **Emerging cause trends**



Cause Consumers – Saturated, Not Satiated

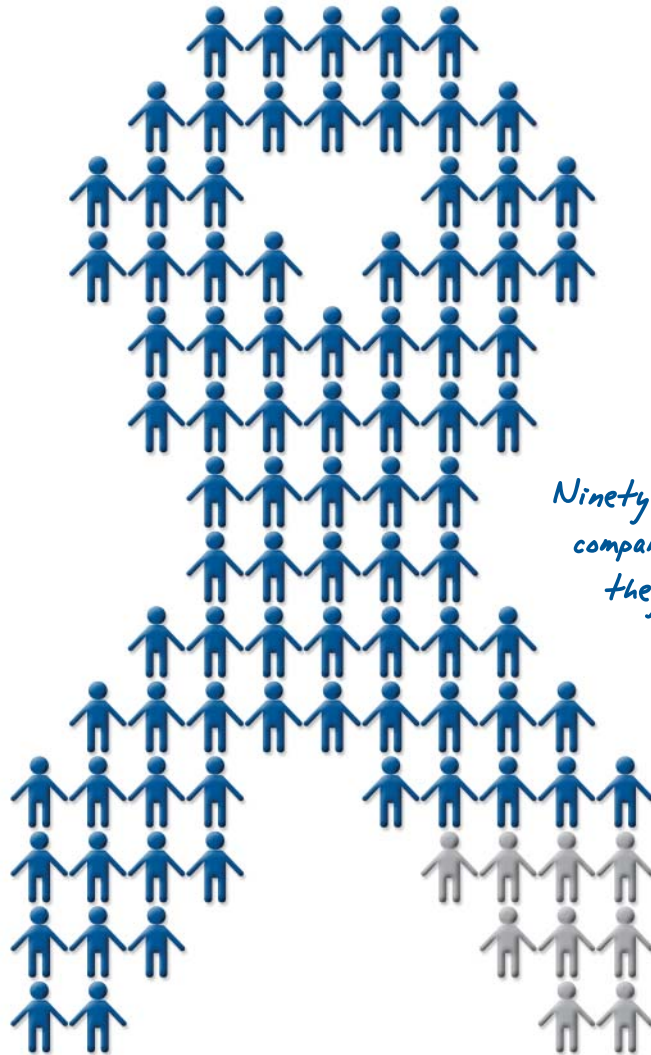
83% of Americans wish more of the products, services and retailers they use would support causes.

Although supporting a cause has become a mainstream business strategy for many companies, its growth hasn't deterred consumer interest, passion or behavior. In fact, Americans are as amenable toward cause marketing as ever:

-  88% of Americans say it is acceptable for companies to involve a cause or issue in their marketing. This record number represents a 33% increase since Cone began measuring in 1993 (66%).
-  85% of consumers have a more positive image of a product or company when it supports a cause they care about.
-  90% of consumers want companies to tell them the ways they are supporting causes. Put another way: More than 278 million people in the U.S. want to know what a company is doing to benefit a cause.

The opportunities for innovation and deeper engagement in cause are immense. The masses are incredibly attuned to cause branding, but they are not yet satiated. This is quite clear, as 83 percent of Americans wish more of the products, services and retailers they use would support causes.

Consider the audience primed.

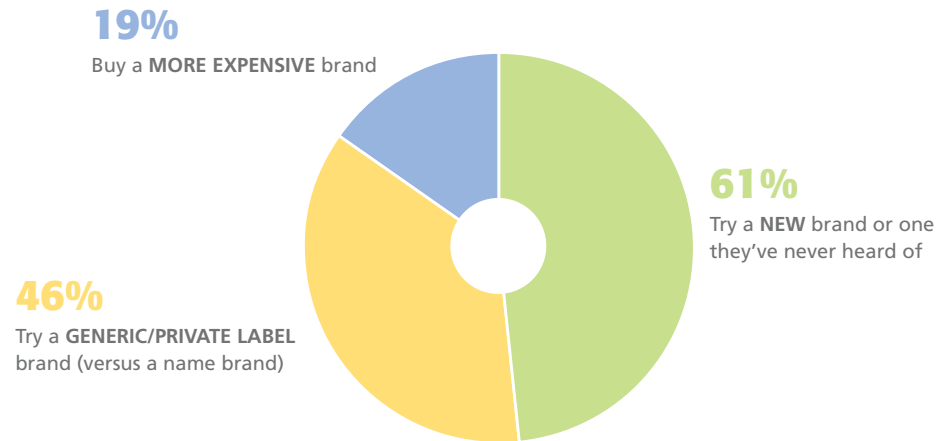


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Brand Differentiation

More than ever, aligning with a cause is translating into purchasing. Forty-one percent of Americans say they have bought a product because it was associated with a cause or issue in the last year – doubling since we first began measuring in 1993 (20%).

We also know cause branding not only drives purchase, but it also serves as a powerful differentiator. Eighty percent of Americans are likely to switch brands, about equal in price and quality, to one that supports a cause. But looking a bit deeper, cause also motivates many of these consumers to step outside their comfort zones and try new, generic or more expensive brands. They are willing to:



Clearly, cause brands have an edge, but what happens when two competing brands support a cause? Does the particular cause, the activation or the communication help tip the scale?

We prompted consumers with a variety of common cause shopping scenarios to explore what influences them to purchase one brand over another. Individual preference seems to drive much of the decision, with one notable exception – consumers are more likely to buy from the company who has made a long-term commitment to a focused issue. Consumer-choice campaigns (aka, inviting consumers to vote for their favorite causes) may be the cause marketing tactic *du jour*, but at the end of the day – or month, year or decade – consumers still want to know what a company stands for.

When choosing between two companies that each benefit a cause and sell the same product, similar in price and quality, Americans would rather support a company that:



Beyond the Store

A company's commitment to social and environmental issues has undeniable weight in the marketplace, but today it is slightly less influential on other decisions than it has been in the past, including which companies consumers want to see doing business in their communities (79%), where to work (69%) and which stocks or mutual funds to invest in (59%).

	2010	2007	2004
Which companies you want to see doing business in your community	79%	86%	85%
Which products and services to recommend to other people	76%	79%	74%
What to buy or where to shop	75%	80%	63%
Where to work	69%	77%	81%
Which stocks or mutual funds to invest in	59%	66%	70%

Support of social and environmental issues makes a marked difference on the store shelf, but it's really just the jewel in the citizenship crown. When it comes to granting license to operate and making career and investment decisions, many consumers appear to be setting the bar even higher and expecting a much deeper commitment to corporate responsibility from the companies they bring into their lives. Moms and Millennials, however, two powerful consumer segments, prove to be an exception, as a company's support of causes continues to be a growing influence on each of these areas of their lives (See "Moms and Millennials" on page 12).



Cause Branding By Industry

Cause branding is no longer relegated to a single industry. Consumers are looking beyond the usual suspects (the products on store shelves; those with a recognized environmental footprint) and holding all industries accountable.

Americans believe it's important for the following industries to support social or environmental causes:

Food and beverage	82%
Automotive and transportation	81%
Manufacturing	81%
Electronics and household appliances	80%
Sports, media and entertainment	80%
Retail (stores and online)	79%
Financial services (e.g., banking, insurance, investing)	79%
Health and beauty	78%
Telecommunications	78%
Household goods and furniture	77%
Footwear and apparel	77%
Professional services (e.g., law firms)	76%



MOMS AND MILLENNIALS – IN THE MARKETPLACE




Moms and Millennials are the two most sought-after consumer marketing segments for a reason. Moms control about 80 percent of the household shopping,¹ and college-aged Millennials have near \$40 billion in discretionary income to spend.² Still, each wants to shop wisely, and more than any other demographic groups we tested, they buy with an eye toward the greater good.

Millennials³

Ninety-four percent of respondents ages 18-24 find it acceptable for a company to involve a cause or issue in its marketing (versus 88% average). As the chart indicates, these Millennials are only slightly more likely to switch brands, but they are much more willing to try new products because of a cause affiliation. They are also particularly attuned to causes outside of their shopping decisions as they seek opportunities to become more deeply engaged and advocate on behalf of important issues. And more than any other cohort, cause plays a significant role in where this age segment chooses to work. A company's commitment to a cause helps drive their decisions in and out of the store. Millennials' passion for supporting causes presents significant growth opportunities for companies as these young adults' income and purchasing power grows.

Moms⁴

For all the attention given to Millennials and youth today, moms really are the epitome of the cause consumer. Perhaps because they control the purse strings and have socially minded youth influencing their buying decisions behind the scenes, they are open to being marketed to when it comes to cause brands, and they are virtually unanimous in shopping with a cause in mind:

-  95% find cause marketing acceptable (versus 88% average);
-  93% are likely to switch brands (versus 80% average); and,
-  92% want to buy a product that supports a cause (versus 81% average).

The numbers speak for themselves, and their message is quite clear: When it comes to cause branding, Millennials and moms matter most.

¹ eMarketer. "How Retailers Can Reach Moms." February 23, 2010. <http://www.emarketer.com/Article.aspx?R=1007529>

² MediaPost. "Returning College Students Spending Optimistically." July 19, 2010.

http://www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=132165

³ "Millennials" refers to survey respondents 18-24 years old. This is only one age segment of the entire Millennial generation.

⁴ "Moms" refers to female survey respondents who have children 17 or under living in their household.

How moms and Millennials compare:

Shopping attitudes and behaviors:	Total	Millennials	Moms
Believe cause marketing is acceptable	88%	94%	95%
Bought a cause product/service in past 12 months	41%	53%	61%
Likely to switch brands	80%	85%	93%
Willing to try a NEW brand or one they've never heard of	61%	73%	73%
Willing to buy a more expensive brand	19%	26%	27%

Cause branding is important when they decide:	Total	Millennials	Moms
Which companies they want to see doing business in their communities	79%	88%	90%
Which products and services to recommend to other people	76%	86%	88%
What to buy or where to shop	75%	84%	88%
Where to work	69%	87%	79%
Which stocks or mutual funds to invest in	59%	79%	74%

They want opportunities to support causes, such as:	Total	Millennials	Moms
Buy a product in which a portion of the sales goes to the support of the cause or issue	81%	85%	92%
Learn about a social or environmental issue	80%	86%	91%
Make changes to their own behavior, such as get more physical activity, eat healthier or reduce their impact on the environment	78%	84%	88%
Offer their ideas and feedback on the company's cause-related efforts and programs	75%	83%	89%
Donate money to a nonprofit the company has identified	75%	84%	88%
Serve as an advocate for an issue they care about, such as signing a petition or engaging their community	72%	82%	81%
Volunteer for the cause or issue	72%	81%	85%



Issues – Standing the Test of Time

The more things change, the more they stay the same. Even as new issues emerge and companies become savvier in tackling causes they would not have touched a few years ago, consumers remain particularly steadfast in their expectations of what companies should support. Unlike many other areas of the research, this is one that remains particularly static year in and year out.

Not surprising given current events, economic development remains the leading issue Americans want companies to address. This and most other issues experienced a very slight decline since 2008, but it is difficult to infer much about these shifts because the issues largely remain in lock-step with one another.



Leading issues consumers think companies should address:

	2010	2008
Economic Development (job creation, income generation, wealth accumulation)	77%	80%
Health and Disease	77%	79%
Hunger	76%	77%
Education	75%	80%
Access to Clean Water	74%	79%
Disaster Relief	73%	77%
Environment	73%	77%
Homelessness/Housing	70%	71%
Crime/Violence Prevention	69%	73%
Equal Rights/Diversity	66%	63%

As we continue to feel many of these social needs close to home, there is still growing understanding and empathy among American consumers toward issues beyond our backyards. Over the years, we've seen a subtle shift upward in those who expect companies to prioritize support of national or global issues over local needs. This trend did not wane as a result of the recession.

Americans believe companies should prioritize support of issues that affect:

	2010	2008	1993
The quality of life locally, in local communities	46%	49%	55%
The quality of life nationally, in the United States	37%	36%	30%
The quality of life globally, in countries around the world	17%	15%	10%



At the end of the day, consumers are a demanding lot. They want companies to tackle most major issues around the world and in their backyards. They want companies to support issues aligned with their businesses (for greatest impact), but they also want issues to be relevant to them and other key stakeholders.

When choosing an issue to support, consumers believe companies should consider:



One that is important in the communities where they do business



One that is consistent with their responsible business practices or the way they make and distribute their products (e.g., impact on the environment, treatment of employees, financial transparency)



One that is important to their consumers



One where their business can have the most social and/or environmental impact



One that is important to their employees





The Cause Shareholders

Today's socially conscious consumers and employees are truly "cause shareholders" because they have more than just a stake in a company's responsibility efforts – they have a vested interest in the outcome. They invest in a company's initiatives, either with their purchasing power or their livelihoods. Much like a traditional financial shareholder, they look to the company and its management to take both a short- and long-term view on how to achieve the greatest bang for their buck (in this case, social and environmental bang), but along the way, they still want to have a say. They hope to make a difference by lending their time, money and brainpower.

Americans want companies to give them the opportunity to:

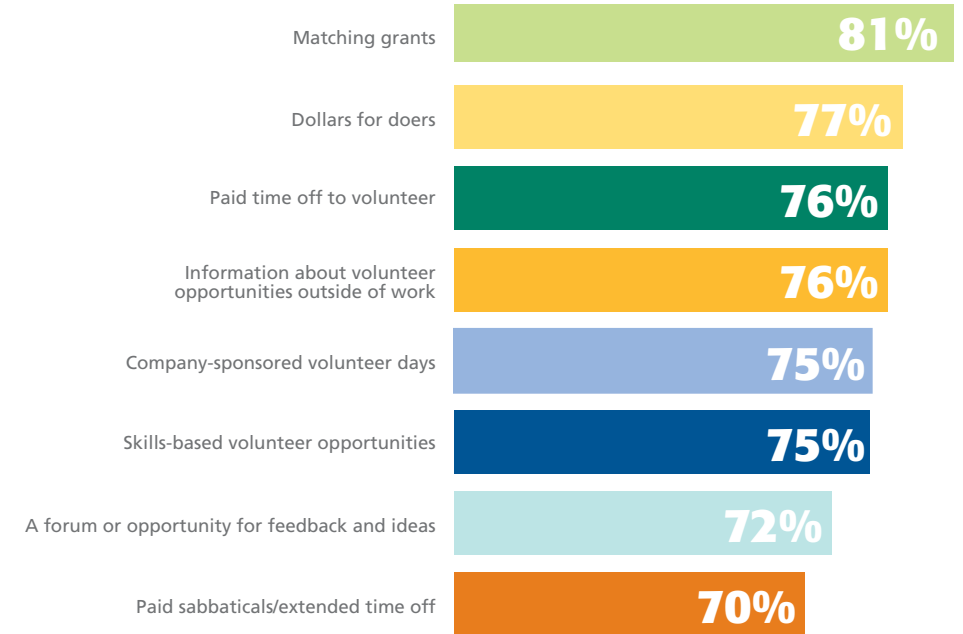
	2010	2008
Buy a cause-related product	81%	75%
Learn about a social or environmental issue	80%	74%
Change their behavior	78%	72%
Offer ideas/feedback on company efforts	75%	-
Donate to company-identified nonprofit	75%	66%
Advocate for an issue	72%	64%
Volunteer	72%	61%

Buying a cause product still tops the list, but skeptics need not worry. Most Americans (88%) say purchasing a cause-related product does not replace their traditional donation(s) to their favorite charities. In fact, it just might inspire a new group of supporters. High-touch engagement, such as volunteerism (up 11%), advocacy (up 8%) and philanthropy (up 9%), showed the greatest increase since Cone last measured in 2008, which indicates consumers are more personally invested in corporate efforts than ever before.

Employees

As shareholders, employees are also highly invested in their company's support of critical issues.

Employees want to get involved in their company's cause-related efforts through:



Just like consumers, employees want to feel vested in their employers' programs and are willing to roll up their sleeves to have an impact. For companies, the investment is well worth it. Employees who are very involved in their company's cause program are 28 percent more likely to be proud of their company's values and 36 percent more likely to feel a strong sense of loyalty than those who are not involved.

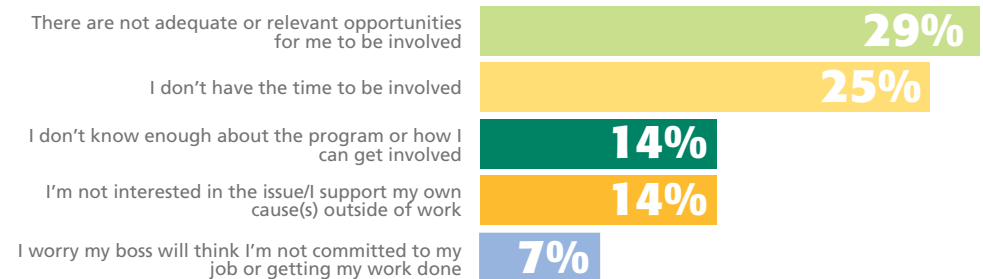


Employees who are involved with their company's cause programs are even more likely to agree with these statements:

	2010 Total	Very Involved	Somewhat Involved	Not At All Involved
I am proud of my company's values	79%	96%	90%	68%
It's important for my company to provide employees with opportunities to become involved in causes	77%	96%	91%	59%
I feel a strong sense of loyalty to my company	79%	97%	89%	61%
I wish my company would do more to support a cause or social/environmental issue	73%	88%	82%	61%
My company's commitment to addressing social/environmental issues is one of the reasons I chose to work there	57%	87%	77%	39%

Companies who are not fully engaging their employees are clearly leaving equity on the table. They can reap more of the workplace benefits from their cause programs by breaking down the barriers to engagement. Fortunately, most are within the company's control.

Employees who are not more involved in their company's cause programs say it is because:



Removing these barriers is imperative because, as our secret shopper discovered, informed employees make excellent ambassadors to drive consumer purchase and interest.

Secret Shopper

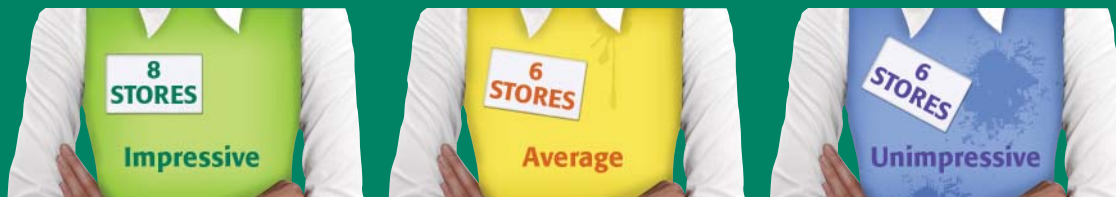
It's no secret that employees are the frontline ambassadors for a company's cause efforts. After all, 70 percent of Americans say they are more likely to make a cause-related purchase or donation if an employee recommends it. Cone sent a secret shopper to inquire about the cause-related programs and products of 20 national retailers in the Boston area to see whether the employees would make or break the sale. Here is what she discovered:

Fourteen stores passed the test! Eight earned an "impressive" rating for stellar employees who knew a wealth of information about their cause programs, answering all of the secret shopper's questions and more. Eager employees not only detailed how much was benefiting the cause and for whom, but when the program was founded, how the money will be used by the nonprofit partner and more. Sale closed.

Six stores scored "average" ratings for employees who provided basic information about the program or product, but could not answer all of our secret shopper's questions. Many of these stores flipped our initial expectations on their heads: some with less-marketed cause initiatives earned high marks for informed employees who were well-versed on the details of their programs. Other stores with the cause deeply embedded in their mission had such extensive in-store materials that these displays, signs and brochures spoke for themselves.

But the buck stopped there because the remaining six stores (about a third of those we visited) lacked both sufficient in-store messaging and knowledgeable employees, which left our secret shopper's credit card cold as she left questioning the details and authenticity of these efforts. Uninformed or dispassionate employees may communicate a disorganized and disingenuous message, detracting from a consumer's perception of the cause brand and willingness to buy. Before you turn the page, consider: Are your employees helping or hindering your cause efforts?

Secret Shopper Rankings:

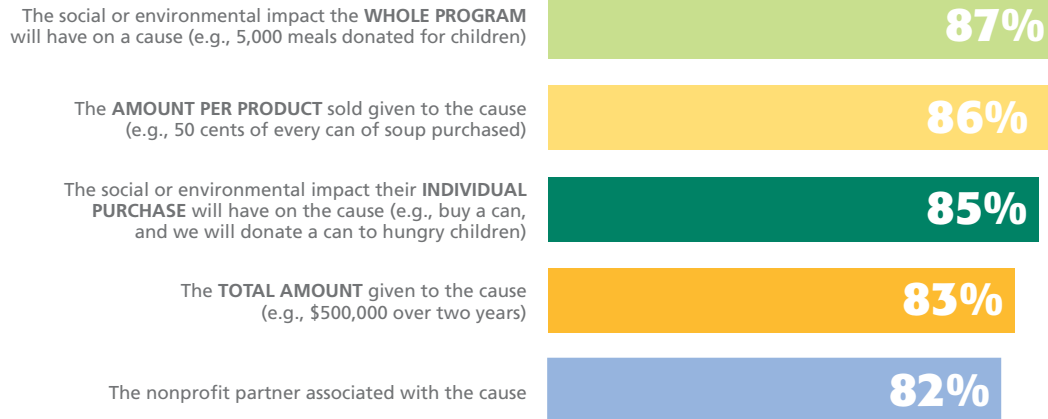


Cause Communications

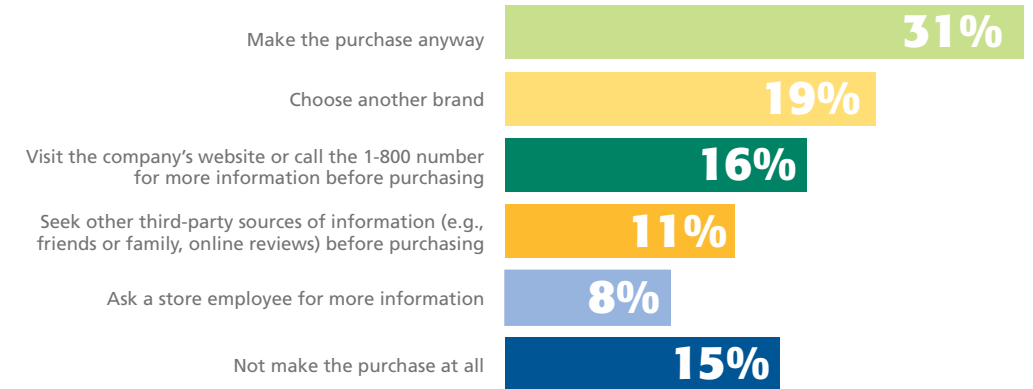
As cause branding explodes, transparent communication continues to be a key challenge for marketers, and consumers agree: Nearly two-thirds (61%) don't think companies are giving them enough details about their efforts, including the amounts donated and the length of the promotions. This disconnect may also explain why more than half (53%) of all Americans believe corporate cause marketing should be regulated.

As the chart below indicates, consumers are not overly discerning about how a company communicates its support – they are almost equally likely to buy a product that discusses total impact on the issue as the one that shows impact per product. The key is simply to communicate or risk losing potential buyers. If a company does not offer consumers enough information about how their purchase will affect the cause, 34 percent will either choose another brand or walk away entirely.

When many products in the same category support causes, Americans' purchases are influenced by:



When a company doesn't provide the information consumers demand, Americans are most likely to:





Cause Trends

The fervor with which moms and Millennials, among many other consumers, are embracing cause branding signals a field ripe for continued innovation and growth. Companies' and consumers' commitment to doing good withstood turbulent times, proving social and environmental responsibility is not a fair-weather friend, but a business strategy that can stand the test of time. As more organizations realize cause marketing can help build brands, leading companies and nonprofits must continue to innovate to ensure their programs offer an original consumer experience, tackle tough new issues and make strides like we haven't witnessed before. Forward-thinking trends include:

Engagement – Voting 2.0

“Friend us,” “follow us” or “click to vote.” If there are any actions that defined cause marketing in the past year, these are certainly them. Causes have made headway in the social media realm, but these efforts are not sustainable ways to engage stakeholders and achieve long-term brand equity or social outcomes when used as a stand-alone strategy. Rather, this trend signals Americans' desire for skin in the game. We anticipate the voting trend will steer away from selecting the cause *du jour*, and it will be used as a way to deepen engagement, driving and rewarding people online to expedite their actions offline.

Activation – Cause Codes

Tried-and-true in-store activation tactics such as pin-ups, coupon books and on-pack messaging are not going away, but they are being supplemented by more contemporary new media tools to enrich the consumer's in-store experience. Through location-based applications such as CauseWorld, foursquare and Facebook Places, and scanning technology such as QR codes (barcodes readable by a smartphone), organizations will transform the consumer cause shopping experience into one that's more interactive and informative than ever before.

Communications – Cause Entertainment

Despite what the headlines may say, traditional media is not yet dead, which is why companies and nonprofits are seeking new ways to integrate meaningful content about complex issues into the entertainment media we consume every day. It is a powerful channel to reach millions of individuals with information about important issues, all while they enjoy their nightly sitcoms and dramas. The key is that causes must be embedded into popular content, not simply standalone messages, and consumers will tune in.



Impact – Social Math

Showcasing the impact of a cause program in a way that is both compelling and concise is an ongoing challenge for cause marketers. The issues are large, complex and often outside the consumer's daily life. Social math is one way organizations are bringing the individual closer to the issue. It can take an overwhelming and distant issue (eradicating a disease that kills millions in Africa) and make it feel personal and attainable (if every one of us bought just one pack, we could ensure everyone gets a vaccine), or it can add a bit of shock factor (most people in Africa support their families on what Americans spend on pet food). Social math makes the data a story and puts the power in our hands to change the ending.

Programmatic – Big Bang

With all due respect, one-off cause promotions are a dime a dozen these days. They reach relevant consumers, but to really stand out as a notable cause leader in the next few years, companies will have to think big. Pepsi drops the Super Bowl to donate millions. McDonald's ties the sale of every Happy Meal to Ronald McDonald House Charities...indefinitely. It's not just a promotion for the month of March. It's changing what your product, company or brand stands for every day.

Better Business. Greater Good.



About Cone:

Cone LLC (www.coneinc.com) is a strategy and communications agency engaged in building brand trust. Cone creates stakeholder loyalty and long-term relationships through the development and execution of Cause Branding, Brand Marketing, Corporate Responsibility, Nonprofit Marketing and Crisis Prevention and Management initiatives. Cone is a part of the Omnicom Group (NYSE: OMC) (www.omnicomgroup.com).

Cone is the nation's leading agency in the field of Cause BrandingSM, and for more than 30 years has been at the forefront of creating and implementing innovative, strategic cause and citizenship initiatives for corporations and nonprofits. Notable campaigns include: *Avon Breast Cancer Crusade*; *Procter & Gamble Live, Learn and Thrive*; *Yoplait Save Lids to Save Lives*; *JCPenney Afterschool*; *ITT Watermark*; *Time Warner Cable's Connect a Million Minds*; *American Heart Association's Go Red for Women* and *American Cancer Society's Choose You*.

Cone is also a leading corporate responsibility strategy and communications expert, helping companies such as Timberland, PayPal, General Mills and Nestlé Waters build business value and reputation while realizing societal gains.

Some of Cone's services include:

- Global platform development
- Signature cause program development and execution
- Cause promotion development and execution
- Strategic philanthropy and partnerships
- Fundraising products and services
- Organizational development and policy refinement
- Corporate responsibility strategy
- Stakeholder engagement
- Integrated marketing communications and media relations
- New media strategy and execution

About the Research:

The 2010 Cone Cause Evolution Study presents the findings of an online survey conducted July 29-30, 2010 by ORC among a demographically representative U.S. sample of 1,057 adults comprising 512 men and 545 women 18 years of age and older. The margin of error associated with a sample this size is $\pm 3\%$.

About Cone's Knowledge Leadership & Insights Group:

For nearly two decades, Cone's groundbreaking research has helped our clients build and sustain competitive advantage. Our pioneering research in cause branding became the reference for companies seeking to understand this critical and rapidly evolving landscape. Today, we still provide the most comprehensive understanding of the changing attitudes, expectations and behaviors of consumers and employees when it comes to a company's involvement in social issues and responsible business practices.

Although understanding market shifts is essential, we believe it is only the first step. Our proprietary research builds on that understanding to provide our clients with actionable insights that increase effective decision-making in strategy and implementation. When it comes to building sustainable competitive advantage, our Knowledge Leadership & Insights team helps advance the thinking and practice of our people and our clients.

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