



goodpurpose® 2012

EXECUTIVE SUMMARY





Edelman goodpurpose® 2012

The power of Purpose is driving consumer preference and loyalty in a world where trust in corporations is low and differentiation between brands is negligible. The implications are extensive: from product innovation, R&D, and supply chain optimization, to employee engagement and marketing. Purpose, whether at the core of business operations, or at the heart of the brand proposition, is inventing, motivating and even reengineering organizations as we know them.

Why Purpose?

With 24/7 connectivity, hyper transparency and diminishing competitive barriers, companies and brands need a new narrative to break through the noise – something compelling that inspires stakeholders to engage, activate and advocate for an organization. Beyond CSR, cause marketing or altruism, Purpose is a core strategy for profit and growth based on linking an organization's reason for being to improving lives and impacting society.

Today, leading brands and corporations are transforming how they operate, shaping consumer engagement, civic renaissance and smart public policy in a complex global environment. These transformative businesses demonstrate operational excellence plus societal performance. They are imbued with a deep purpose, and address business and social imperatives through powerful, integrated strategy. Executed with honest intent and a long-term view, Purpose unites and motivates key stakeholders, from skeptical consumers to reticent employees.

From Levis to Natura, Innocent to New Balance, Warby Parker to Microsoft, whether established or new, Purpose has assuredly claimed its spot as the 5th P in marketing and, increasingly, as a business imperative.

The 2012 goodpurpose® study

Over the course of five years, Edelman's goodpurpose® survey has explored global consumer attitudes around social purpose, including their commitment to specific societal issues and their expectations of brands and corporations.

This year's study of 8,000 consumers in 16 markets confirmed brands and companies today cannot just be responsive, they must be responsible. And, consumers worldwide could not agree more. For them, values are the new currency; Purpose is the new paradigm.

Onwards,

Carol L. Cone
Global Practice Chair, Edelman Business + Social Purpose

5 Years of Purpose:

The Reengineering of Brand Marketing

Throughout the world, consumers are taking action, and making decisions in response to Purpose. Over five years, consumer activity and inclination towards Purpose has grown considerably across many facets of traditional brand marketing and communication. There has also been dramatic acceptance of companies and brands doing well while doing good. In 2012, 76% of global consumers believe it is acceptable for brands to support good causes and make money at the same time – this is a 33% increase globally from 2008 [see Figure 1]. In Germany, there has been an 84% increase since 2007, and a 49% increase in China since 2007.

When quality and price are equal, the most important factor influencing brand choice is Purpose. Across the globe, the prominence of Purpose as a purchase trigger has risen 26% since 2008 [see Figure 2]. In certain regions, that growth is even more pronounced: Japan (100%), China (79%), Netherlands (43%), India (43%), and Germany (36%) since 2010. With social purpose outpacing design and innovation and brand loyalty, infusing a company/brand with an authentic and aligned Purpose provides distinct competitive advantage.

As social purpose's role in purchasing decisions has increased, purchase frequency has also intensified: 47% of global consumers buy brands that support a good cause at least monthly, a 47% increase from 2010.

Not only are consumers making purchase decisions with Purpose top of mind, they are also buying and advocating for purposeful brands. 72% of consumers would recommend a brand that supports a good cause over one that doesn't; a 39% increase since 2008. 71% of consumers would help a brand promote their products or services if there is a good cause behind them; a growth of 34% since 2008. 73% of consumers would switch brands if a different brand of similar quality supported a good cause; a 9% increase since 2009 [see Figure 3].

Figure 1: % who believe it is OK for brands to support good causes and make money at the same time (Global)

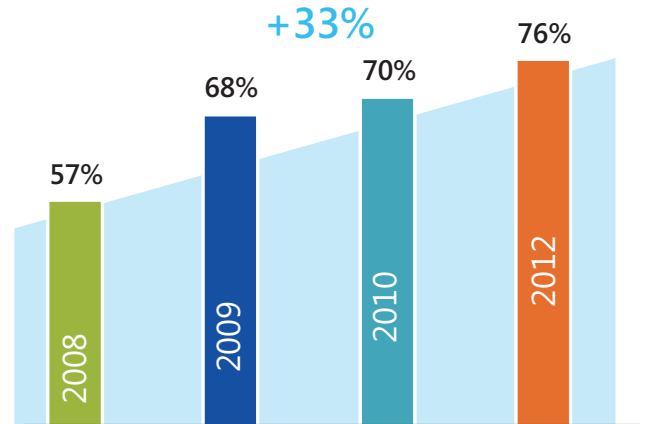


Figure 2: When quality and price are equal, social purpose ranks as most important factor in selecting a brand (Global)

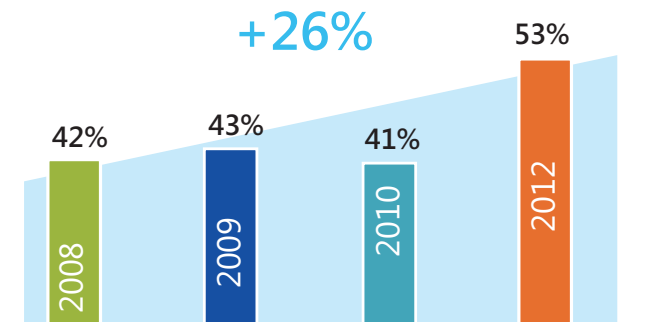
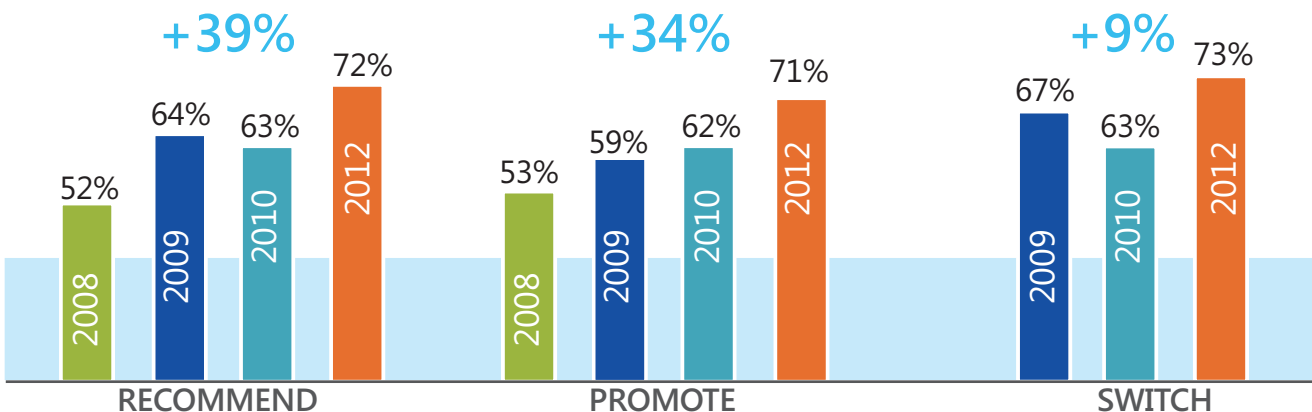


Figure 3: Global consumers' preference for purpose



License to Lead:

Building future performance on societal actions, not just financial gain

While 87% of global consumers believe that business needs to place at least equal weight on society's interests as on business' interests, less than a third believe business is performing well in addressing societal issues. This performance gap is likely to drive disillusionment, disengagement and outright distrust from consumers. Rather than merely exercising their "license to operate," leading brands and corporations of the future must move beyond operational imperatives and social add-ons to establish their "license to lead."

Organizations today must lead with the head and the heart.

Approximately half of respondents believe organizations should donate a portion of profits (51%) and products or services (50%), while 49% believe companies should be creating a product or service that helps address a societal issue. 80% of global consumers believe it is important for companies to make them aware of their efforts to address societal issues.

When these actions are taken, consumers will praise those brands and corporations that support a good cause – and they will also punish those that do not [See Figure 4].

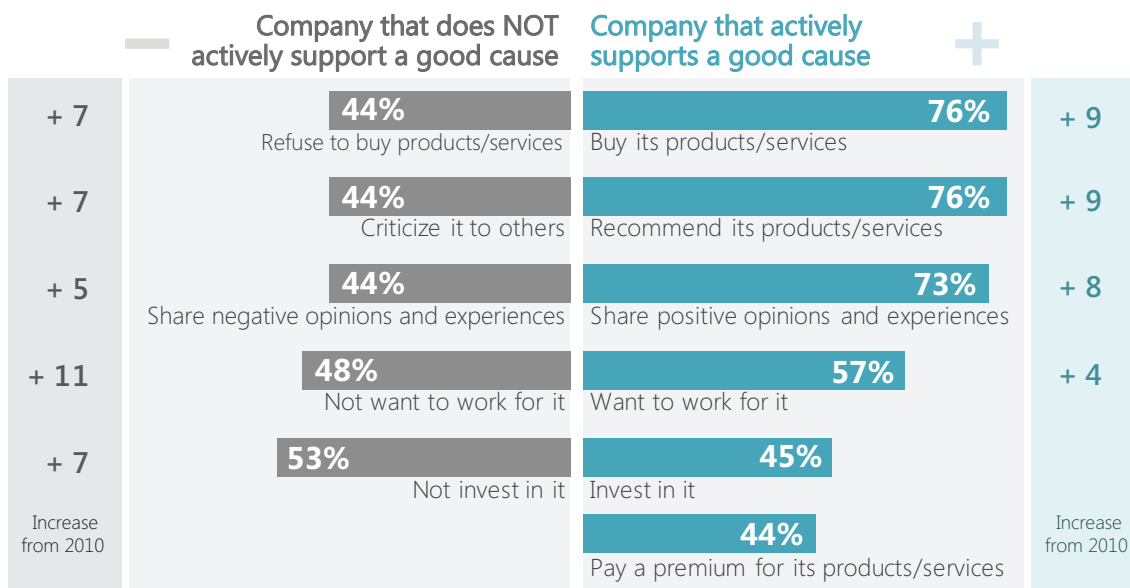
So, how is authentic Purpose established within an organization's DNA and culture? Our research shows clearly that CEOs must galvanize their organizations around a common Purpose. 56% believe CEOs should be addressing societal issues by creating innovative products that are socially responsible; 55% believe CEOs should make a long-term commitment to address societal issues; 55% believe CEOs should be publicly supporting societal issues.

Drivers of Trust and Purchase Intent

For the first time, this year's goodpurpose® study included a deeper analysis of the societal attributes that influence consumer trust and purchase intent related to an organization's Purpose. The study found that factors responsible for shaping current purchase intent are largely tied to the basic building blocks of a citizenship program like protecting and improving the environment, creating programs to positively impact local communities and having ethical business practices. Meanwhile, the top attributes consumers find most important for companies addressing social issues are oriented around employee welfare and listening to customer needs and feedback. This gap between what is currently driving purchase intent and what consumers say is most important to them represents an opportunity for brands and corporations to more fully capitalize on their organizational Purpose.

Earning a license to lead through Purpose is not just about supporting a social issue; it is about enlisting the comprehensive capabilities and resources of an organization – from employees to supply chain, community, customers and consumers, R&D and product innovation, and current and new NGOs - to bring new solutions to market and to impact societal issues. Earning – and maintaining – a license to lead is about championing things that matter. It's not about neglecting operational imperatives, or softening on the hard drivers of business, but instead about understanding your role as a global citizen and using the organization's values to ultimately be more human.

Figure 4: Actions taken in relation to a company that supports a good cause vs. one that does not (Global)



The New Purpose “Bull” Markets:

Rapid Growth Economies (RGEs), including China, India, Indonesia, Malaysia, UAE and Brazil, are bullish on Purpose. These RGE consumers – comprising the new Purpose Bull Markets - have much higher expectations of and engagement with brands and corporations on societal issues. With the growth of the middle class and their accompanying purchasing power, our study reveals RGE consumers are demonstrating their preference for Purpose across all facets of life, including buying, sharing, donating, volunteering, praising and punishing [See Figure 5]. These consumers’ passion and action on behalf of Purpose stands in contrast to consumers in the more mature Purpose “Bear” Markets, like the US and Western Europe.

60% of individuals globally personally support a good cause. However, levels of involvement are markedly higher overall in Purpose Bull Markets. 78% of consumers in Purpose Bull Markets were personally involved this year in contrast to only 48% of those in Purpose Bear Markets. Bull Markets also show higher levels of donating, volunteering and participating across the board.

Bull Market consumers are more willing to pay a premium for products and services offered by a company that supports a good cause when compared with Bear Market consumers [See Figure 6].

Not only are these consumers willing to pay more, they are also purchasing Purpose-infused products with greater frequency than those in more mature markets. 62% of consumers in Purpose Bull Markets purchase products with Purpose at least monthly, compared to 37% in Purpose Bear Markets, and 84% in Purpose Bull Markets are purchasing at least yearly, versus 57% in Purpose Bear Markets [See Figure 7].

This elevated personal activity is not limited to the offline world. Bull Market consumers are more likely to take advantage of online resources and mobile connectivity to promote or address societal issues than Bear Market consumers. 73% of Bull Market consumers use the internet at least monthly to take part in addressing societal issues, compared to only 44% in Bear Markets. 70% of Bull Market consumers use a mobile phone at least yearly to take part in addressing societal issues compared to 29% in Bear Markets.

Over five years, rapidly developing markets have demonstrated their propensity for growth – in profit and Purpose.

Figure 5: Below are some things that people have said about supporting good causes. How much do you agree or disagree with each of the following statements?

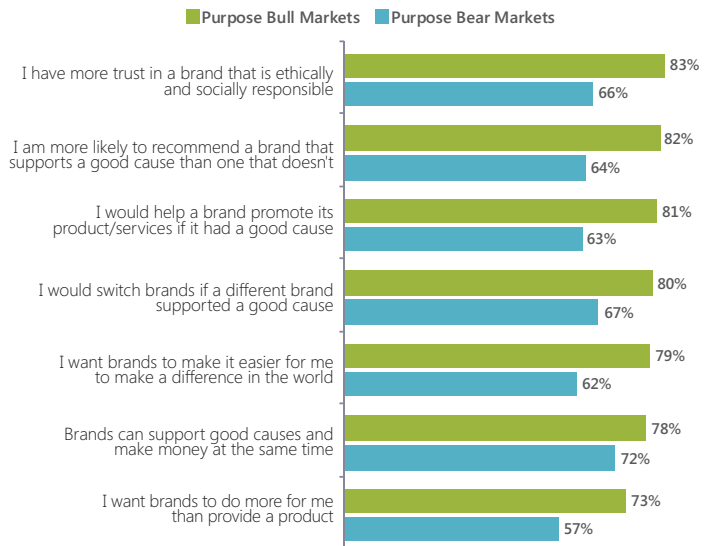
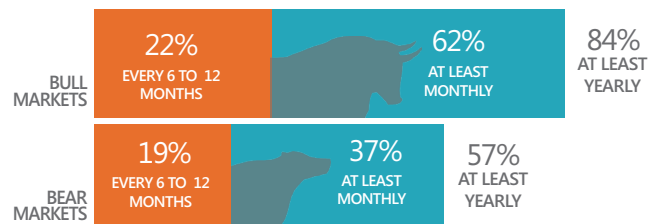


Figure 6: % likely to pay a premium for a company's products/services if the company supports a good cause



Figure 7: On average, how often do you buy a brand that supports a good cause?



Purpose Gets Personal:

People Discover the “Me” in “We”

As brands, corporations and markets re-orient around Purpose, consumers are developing and demonstrating personal values amidst today’s persistent economic challenges and cultural upheaval. 85% of survey respondents report being affected by the global recession, with a strong majority of US consumers reporting a high impact. As the disparity between the haves and have nots continue, more and more consumers are discovering the me (personal need) in the we (the common good).

In formerly developing markets, now Rapid Growth Economies, consumers have historically been more aware of and closer to the reality of social issues – everything from poverty and hunger to health and education. Now, due to our shifting economic foundations, consumers in developed markets, like Italy, France and the US, are finding themselves newly acquainted with personal need. Call it a reversal of Purpose fortune.

In the US, charity no longer begins at home...it is now in the home. When it comes to societal issues, US consumers are most concerned about improving healthcare and alleviating hunger and homelessness [See Figure 8].

With crumbling reliance on institutions for addressing societal issues, US citizens are taking their grievances to the Street and their opinions to the Tweet. For the first time ever in the US, consumers believe “people like me” are the most responsible, bypassing both governments and corporations [See Figure 9]. Roughly half of global consumers say that the responsibility of “people like me” to address societal issues has increased over the past year.

In Rapid Growth Economies (RGEs) including China, India, Malaysia, Indonesia, UAE and Brazil, consumers are developing and demonstrating personal values within traditionally collectivist cultures. With increased purchasing power and access to new opportunities and choices, our study found that these consumers desire to balance their personal gains with societal gains.

44% of global consumers say that compared to five years ago, they now have more power and influence to make a difference. It’s a brave new world where the citizen consumer has been unleashed and empowered; companies, brands and governments beware.

Figure 8: How much do you personally care about the following good causes?



Figure 9: Who should be most responsible for addressing societal issues?

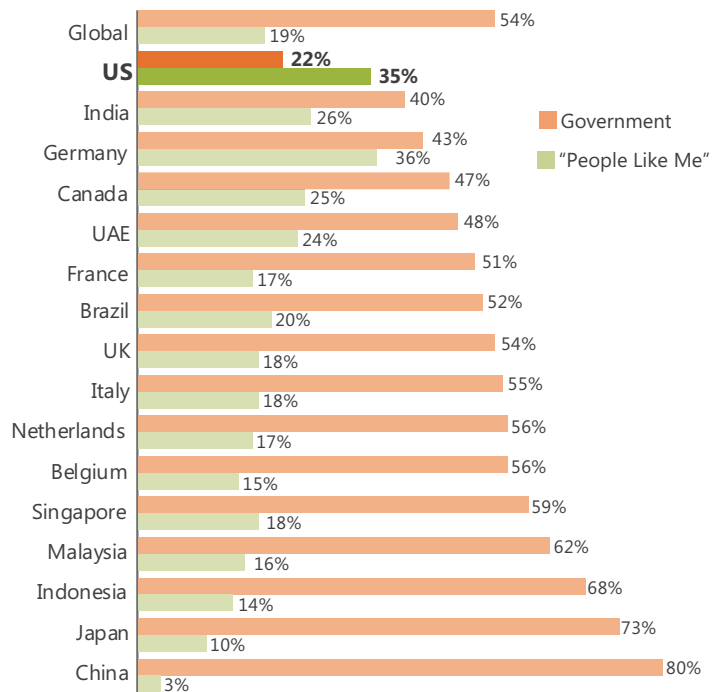


Figure 10: % who take part in activities to address societal issues



From Insights to Action:

Over five years we've gained many insights into the power of Purpose around the globe. As this business and organizational strategy has evolved, it is no longer as simple as identifying an issue and aligning with any myriad of nonprofit partners. Purpose today runs deep – it must not only be true to a corporate or brand identity, but it must offer something new into the world. Above all else, it must be authentic and customized to the unique capabilities and audiences of any business. So, how can an organization have a Purpose that is built to last?

- **Lead:** The most powerful programs are “leader-led.” Consumers want to see values-based leadership from companies and brands with a long-term commitment to addressing societal issues.
- **Construct:** Start with program depth, not scale.
- **Customize:** Powerful and lasting initiatives must be customized for local execution.
- **Employees First:** They are the ambassadors for your organization. Include them in program creation and execution.
- **Engage:** Partner with NGOs for credibility and content; with consumers, communities and others to create a critical mass addressing and advancing the issue.
- **Measure:** That which gets measured gets done. Build measurement from the beginning, both social and business.
- **Narrate:** Storytelling is key to building emotion and engagement. Find the stories internally (from your employees) and externally, and then tell them viscerally and visually for greatest impact.
- **Evolve:** Constantly evolve program elements to stay relevant – but don't desert your cause or your platform. Long-term commitment matters.
- **Collaborate:** Cooperate for scale and innovation. Sophisticated companies are learning from continual sharing, not only internally but also with competitors, recognizing that each organization's program is uniquely constructed and may offer valuable lessons for others.
- **Mobilize:** Mobilize key audiences around a shared purpose. Build bridges, build engagement and build community.



Edelman's 2012 goodpurpose® study, now in its fifth year, explores consumer attitudes around social purpose, including their commitment to specific societal issues and their expectations of brands and corporations. The study is conducted online in 16 countries with 8,000 consumers (18+). For more information, visit www.purpose.edelman.com.



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