

TO AFFINITY AND BEYOND

**FROM ME TO WE, THE RISE OF
THE PURPOSE-LED BRAND**

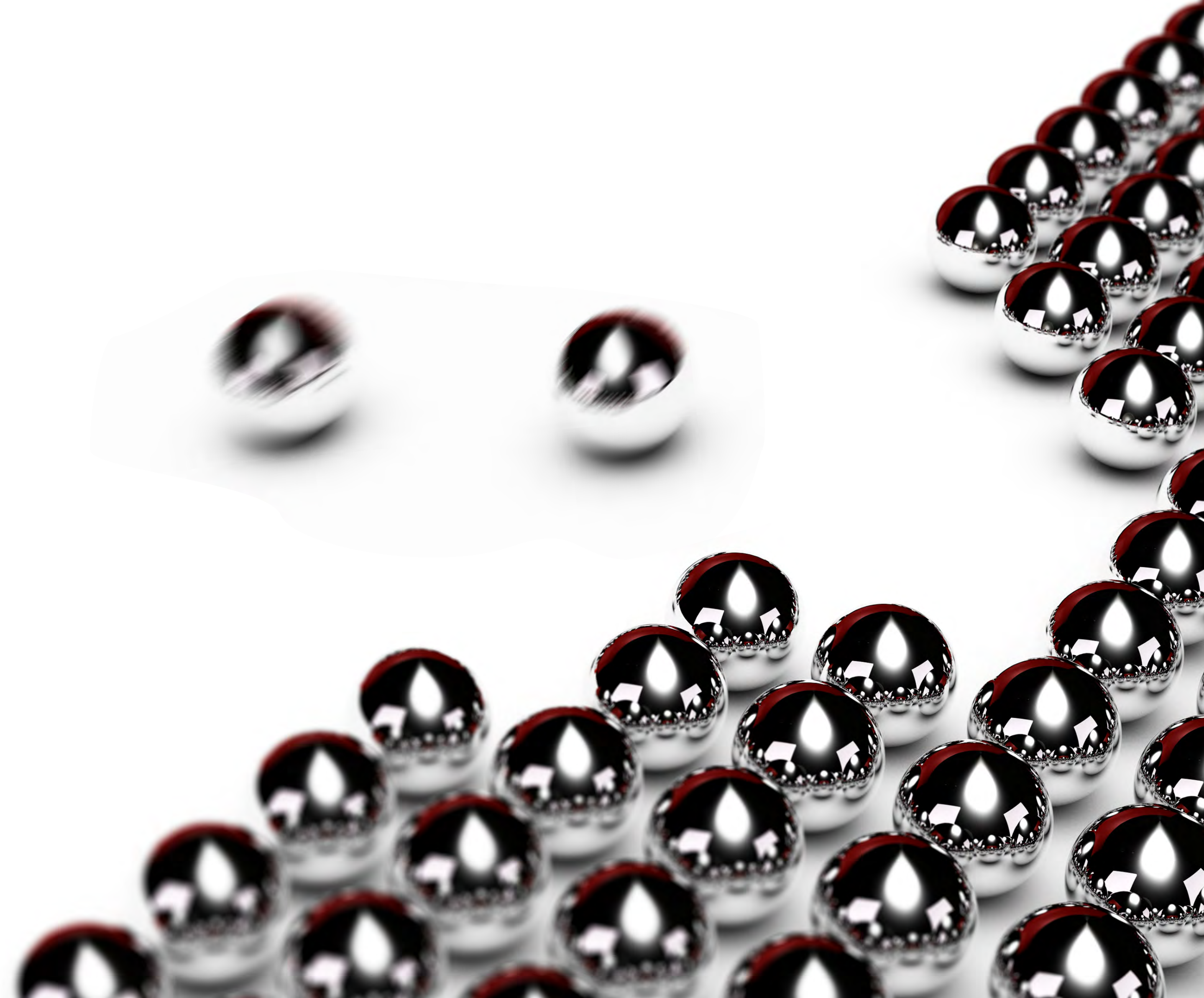


ACHIEVE COMPETITIVE AGILITY

In an era of radical visibility, technology and media have given individuals the power to stand up for their opinions and beliefs on a grand scale. This power, reflected in everything from the #MeToo movement to the growing intolerance for “fake news,” is infiltrating every aspect of people’s lives, including their purchasing decisions.

Companies are under the spotlight like never before as they struggle for competitive advantage in the context of this reality. Their customers aren’t just making decisions based on the stalwarts of product selection or price. They’re now assessing what a brand says. What it does. What it stands for.

Accenture Strategy’s most recent global survey of nearly 30,000 consumers found that 62 percent of customers want companies to take a stand on current and broadly relevant issues like sustainability, transparency or fair employment practices.¹ The closer a company’s purpose aligns to their own beliefs, the better.

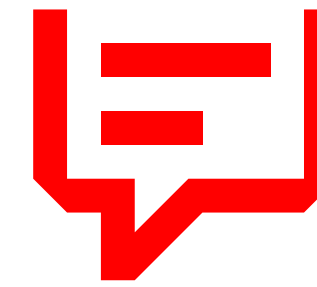


Companies that don't step up pay the price. More than half (53 percent) of consumers who are disappointed with a brand's words or actions on a social issue complain about it. That's not surprising. Customers have always complained. What's different now is that 47 percent walk away in frustration, with 17 percent not coming back. Ever.²

Consumers' expectations that brands align with their personal values is a challenge for companies that underestimated the bottom-line impact of neglecting to stand for something bigger than what they sell. Or falsely believed they could avoid taking a position on hot-button issues.

But these expectations for brand alignment also present an opening for companies to demonstrate their competitive agility. The opportunity lies in building more authentic and profitable relationships with customers. Meaningful relationships that shift the customer dialogue from "give ME what I want" to "support the ideals WE believe in." Long-lasting relationships grounded in a common purpose and built around a collective sense of brand belonging. Authentic relationships based on an affinity to brands that do more than just make money.

Unilever has seen, first-hand, the tangible value of making purpose a core driver of growth and differentiation. Nearly half of its top 40 brands focus on sustainability. These "Sustainable Living" brands, including Knorr, Dove and Lipton, are good for society. They are also good for Unilever—growing 50 percent faster than the company's other brands and delivering more than 60 percent of the company's growth.^{3,4}



ABOUT THE RESEARCH

In 2018, Accenture Strategy conducted the **14th annual Global Consumer Pulse Research** to gain an understanding of current global consumers' preferences, beliefs and behaviors. The goal was to identify how consumer expectations are evolving—and how companies can capitalize on that evolution to achieve new levels of growth and competitive agility.

Our online survey of 29,530 end-consumers in 35 countries was conducted between August 1 and October 16, 2018.

WHO DOES YOUR BRAND BELONG TO?

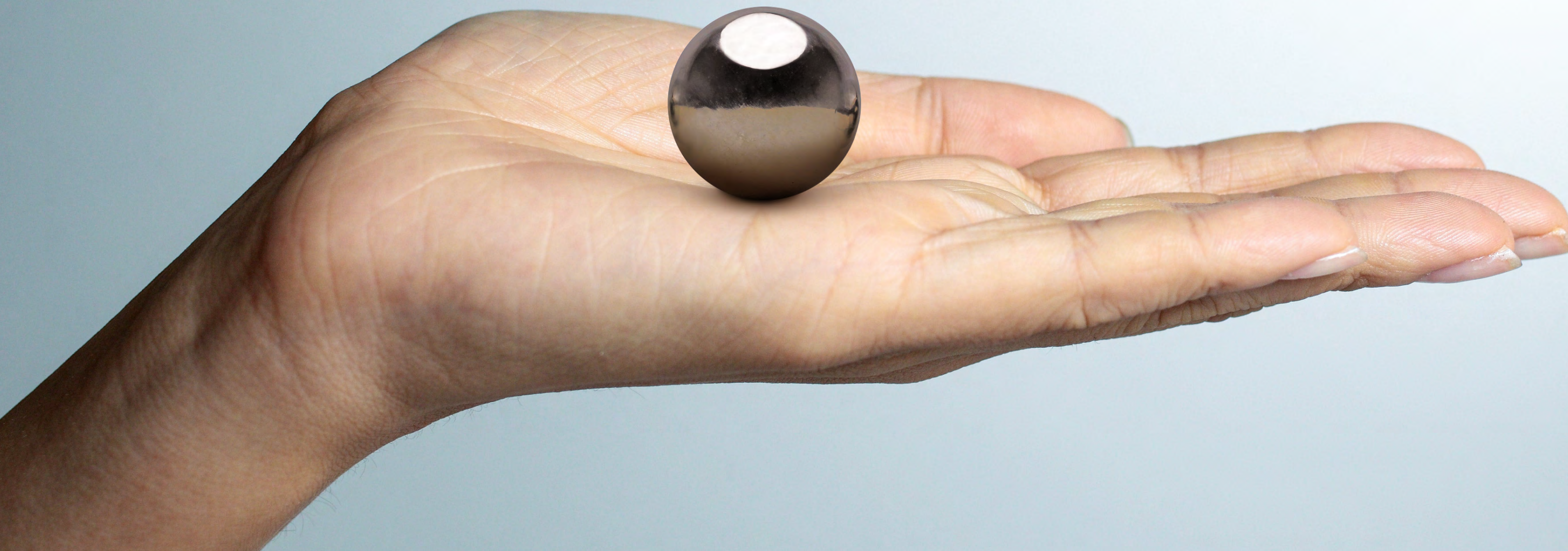
Until recently, this question would have evoked puzzled looks. For generations, there was only one answer: A brand belonged to the company that invested in shaping, growing and monetizing it. Today, the question is no longer rhetorical. Brands are community property. Shareholders own a stake, as they always have, but so do employees who bring the brand to life. And then there are the customers who sustain it through their purchases and shape it with their demands. Together, these players continually improve the brand experience and, knowingly or not, refine what the brand stands for. In effect, they form a brand ecosystem.

Forward-thinking businesses routinely collaborate across their networks of suppliers, partners and customers to create new solutions and innovations that bolster their competitive agility. Nearly half (46 percent) are actively looking to ecosystems as a way to form new business models. About the same number have already built (or are in the process of building) ecosystems as a way to

respond to the threat of disruption.⁵ Clearly, ecosystems are becoming mainstream. There's no reason companies shouldn't apply an ecosystem strategy to scale the relevance of a brand or broadcast its purpose to a larger audience.

While business leaders, investors and employees all bring unique and necessary perspectives and capabilities to a brand ecosystem, customers are frequently the swing vote. They aren't just buyers anymore. They've got the power to demand experiences on their terms. They readily influence others to buy (or not buy). They co-develop products or services, invest in brands they believe in, or even act as sales channel partners. Through their words and actions, they provide insights that can enable companies to hone their competitive agility.

One of the most visible ways customers demonstrate their influence on brands is by pushing companies to participate in social, cultural or even political debates. Two-thirds of customers believe their actions—from posting comments on social media to participating in boycotts—can influence a brand's reaction to an event or its stance on an issue of public concern.⁶ The public outcry following the death of two carpooling passengers led Chinese ridesharing company Didi Chuxing to issue a public apology and fire two executives. The public backlash and resulting regulatory pressures are likely to have long-lasting effects on the company's future competitiveness.⁷



“The public expectations of your company have never been greater... Every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Without a sense of purpose, no company, either public or private, can achieve its full potential.”

Larry Fink, Chairman and CEO of BlackRock, Inc.⁸



TO AFFINITY AND BEYOND

Consumers' expanded roles make them highly valuable stakeholders in an extended brand ecosystem. They insist on transparency at the corporate level, as well as about the products, services and promises they find meaningful. They reward principles such as family connections, health, security, sustainability or respect for religious beliefs.

Consumers act as champions of brands they believe in—and foils to those they don't.

Price, product quality and customer experience are important—and expected—attributes that customers consider when making their purchase decisions. But they're now table stakes. Expected, but no bonus points awarded. Companies looking to build their competitive agility need to find new ways to stand apart. Purpose provides the differentiation that many seek.

pur·pose /'pərpəs /


Noun: The reason why something exists. For companies, it is the foundation of every experience. It is the underlying essence that makes a brand relevant and necessary.

UK retailer **John Lewis** recently made the move to do away with “Boys” and “Girls” labels in children’s clothing to express its stance against gender stereotyping.⁹

Japanese cosmetics brand **SK-II** inspires women to set their own rules. A film the company recently produced to shed light on gender and age issues has been viewed 100 million times and sparked discussion among women across Asia.¹⁰

Swedish furniture giant **IKEA**—already a leader in environmental sustainability—recently broadened its social impact by committing to employ refugees at production centers in Jordan. This effort is part of the company’s long-term goal to employ some 200,000 disadvantaged people around the world.¹¹

SunTrust, the seventh-largest bank in the United States, has the financial clout of a multinational bank. But much of its success can be attributed to its reputation as a reliable local bank focused on developing personal relationships and helping customers gain financial confidence.¹²



As these examples illustrate, a brand’s purpose must be as unique as the brand itself. While purpose must be carefully honed and aligned to the values of the customers a company hopes to engage, certain dimensions of purpose outshine others (see figure on following page). Intangible components of a brand’s essence such as culture, transparency and ethical values are particularly important.¹³



66%

The brand has a great culture—it does what it says it will do and delivers on its promises

66%

The company is transparent—with where it sources its materials, how it treats employees fairly, etc.

65%

The company treats its employees well



What attracts you to buy from certain brands over others (beyond price and quality)?

62%

They believe in reducing plastics and improving the environment

62%

The brand has ethical values and demonstrates authenticity in everything it does

50%

They stand up for societal and cultural issues they believe in

52%

The brand stands for something bigger than just the products and services it sells, which aligns with my personal values

50%

The brand supports and acts upon causes we have in common (e.g. social, charitable)

38%

The brand connects me to others like me and gives me a sense of community

37%

The brand takes a political stance on issues close to my heart

62%

The brand is passionate about the products and services it sells

Base: All Respondents (n=29,530)

NOT ALL BRANDS ARE CREATED EQUAL

Accenture Strategy researched and identified factors that influence the form a brand purpose might take and how (and even whether) it will affect their competitiveness.



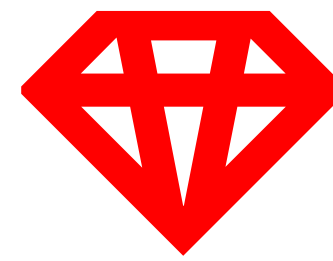
GEOGRAPHY.

Companies in more mature markets are more likely to expand their focus from individual experiences to collective values and shared experiences. Retailers, for example, might donate a product to charity for every product purchased. In doing so, they provide an opportunity for consumers to indirectly help the less fortunate. Companies in growth or frontier markets are still defining their brand and their worldviews. While purpose is important for them and their customers, they may align on more traditional competitive differentiators—not necessarily with social, cultural or political issues. But all that is changing rapidly also.¹⁴



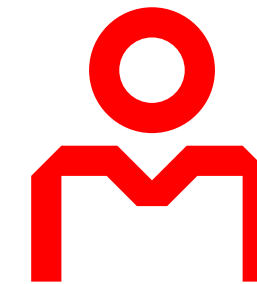
PRODUCT CATEGORIES.

Purpose is less important for companies producing basic, essential “utility” products such as laundry detergent than for brands that offer an “experience” and engage consumers directly in an ecosystem of activity and connections.¹⁵



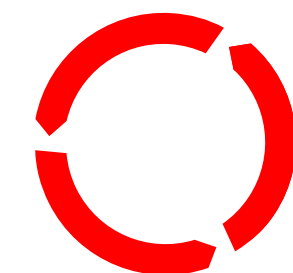
BRAND MATURITY.

New, smaller brands often use their purpose as a competitive strategy against larger rivals whose brand meaning has long been tied to product quality. But this doesn’t mean large brands can’t compete on higher purpose. Big brands may have a built-in advantage. Our research found that 29 percent of consumers prefer large brands. Only 23 percent prefer small, local or independent brands.¹⁶ Large brands that get purpose right stand to further their lead.



DEMOGRAPHICS.

The age of the target customers can help companies determine how to focus their purpose. Approximately 60 percent of Gen Zers and Millennials believe it’s important for companies to take a stand on issues such as human rights, race relations or LGBTQ equality. Barely more than 50 percent of Gen Xers and Boomers feel the same.¹⁷ This suggests brand purpose will be even more important for future generations.



ECOSYSTEM READINESS.

Companies will find it easier to activate a purpose that is relevant on a group scale when they engage a brand ecosystem. Yet only 40 percent of executives feel they have what it takes to build an effective ecosystem.¹⁸ That may put these companies at a disadvantage when it comes to creating a far-reaching, holistic sense of belonging.



STANDING UP FOR TRUST

Purpose-led brands have the potential to create stronger and more resilient customer relationships. That translates into more sales and greater customer lifetime value. Purpose also bolsters confidence in a brand. That provides an extra layer of protection from the almost inevitable “trust incident”—and ultimately protects the bottom line.

Recent Accenture Strategy research found that a breach in trust adversely affects a company’s competitiveness. The direct impact on future revenue losses due to trust events conservatively totaled US\$180 billion for the 7,000+ companies we analyzed. That comes to approximately US\$4 billion for a US\$30 billion company.

Defining and activating a meaningful purpose can potentially mitigate the damage a trust event might have on a customer relationship (and sales) by giving consumers another reason to believe in the companies with which they do business. At a minimum, a meaningful and relevant purpose can increase the likelihood that customers will give companies a second chance if trust is otherwise tarnished.

A Purposeful Foundation for a Living Business

When a company takes a thoughtful approach to defining its purpose, it makes great headway on the road to becoming a Living Business—one that can sustain growth through hyper-relevance by contextually addressing, at appropriate occasions, a wider array of customer needs. To that end, Living Businesses are able to continually evolve around the customer, adapting to their changing preferences and market conditions with speed and scale. And, to achieve this remarkable feat, Living Businesses always have a strong sense of their purpose—to not only underpin their organizational behaviors, but also guide them as they evolve.

ACTIVATE YOUR PURPOSE

Understanding how to instill a sense of “brand belonging” through a clear and relevant purpose is quickly becoming a prerequisite for competitiveness. Three guiding principles set purpose-driven brands apart.

Be human. Some companies that excel at product quality and customer experience believe their customers will continue to be loyal, regardless of their brand’s mission. But many companies are looking for new ways to engage their customers. And since nearly two-thirds of consumers want companies to take a stance on issues they believe in, activating a purpose-led brand makes competitive and bottom-line sense.²¹

This exercise can’t happen in a vacuum. Involve customers, employees and the larger ecosystem of stakeholders to identify shared values and areas where the company can make a difference. Together, grapple with tough questions: What is our brand promise? What do our employees and customers want us to stand for? How can we make the lives of our customers, employees and suppliers better? What is the value in doing so? What are the risks?

Beyond asking the right questions, companies need to establish emotional connections with their customers. Communication is key. Nearly two-thirds (64 percent) of consumers find brands that actively communicate their purpose more attractive.²² Knowing when to say “I’m sorry” is equally important. More than a third (36 percent) of customers have interacted with a brand that lied about what they stood for.²³ But of those, 42 percent will give the company a second chance if the company publicly apologizes.²⁴

Be clear and authentic. Standing for everything means standing for nothing. Consumers don’t fall for insincere attempts to pull at heartstrings. They do, however, reward authenticity, strong leadership and outspokenness. Those traits need to cascade from the very top of the organization to the entire c-suite and across the workforce. Our research found that 65 percent of consumers are influenced to buy a brand, product or service by the words, actions, values and beliefs of a company’s employees—not just the CEO or marketing spokesperson.²⁵ To create a sense of brand belonging, it’s critical for leaders to make the company’s brand positions clear to employees and authentic to the organization’s culture.

DTE Energy provides a great example. The Detroit-based diversified energy company has activated an aspirational purpose targeted to its employees. Built on the premise that its people are making a real difference in the lives of customers, DTE’s brand gives workers a sense of meaning. Because company leaders visibly promoted the purpose at every opportunity, DTE workers believed the purpose was authentic. Their engagement scores soared. So did the company’s stock price.²⁶

62%
of consumers
want companies to stand up for the issues they are passionate about.

66%
of consumers
think transparency is one of a brand’s most attractive qualities.



KIND[®] Healthy Snacks has successfully activated brand purpose to underpin its competitiveness. It has become the **third-largest snack bar maker** in the world with gluten-free, non-GMO snacks that taste great. The company's commitment to **improving public health** with nutritious snack foods and a new level of transparency to **ingredient sourcing** has resonated with health-conscious consumers.^{19,20}



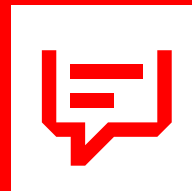
Be creative. While customers' emergence as key brand ecosystem players appears to be a new phenomenon, the evolution has actually been in the works for quite some time—most visibly in the co-development of products and experiences. For example, building block manufacturer Lego launched an online community that encourages members to submit new product ideas.²⁷ Logistics giant DHL hosts co-innovation workshops with customers to re-imagine supply chain solutions.²⁸

Now, with consumers having a real stake in a brand's success, it's time to rethink engagement models. Companies should focus less on investing for customers and more on investing with their new ecosystem partners to drive competitive agility. Perhaps customers can act as sales partners through channels they control or influence? Or participate in crowdsourcing schemes to fund new innovations? Or even invest in a company's growth in exchange for certain perks? There's no harm in asking consumers to commit more or do more on behalf of the brand. There's virtually no limit to the roles they can play—or the value they can provide.



STAND UP TO STAND OUT

By standing for something bigger than what they sell, tuning into customers' beliefs and taking decisive action, companies have the chance to recast their customer relationships and connect with consumers on a deeper level. Those that successfully activate a purpose-led brand will put the traditional view of "customer as buyer" to bed forever. They will, instead, focus on creating a community of loyal, engaged and valuable brand stakeholders—all working together to usher in the next era of engagement and competitiveness.



Reach out to our experts to learn how brand purpose can improve your company's competitiveness.

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