

2018

PORTER NOVELLI/CONE PURPOSE PREMIUM INDEX

HOW COMPANIES CAN UNLOCK REPUTATIONAL
GAINS BY LEADING WITH PURPOSE

Reputation, quite simply, is everything. It is the lens through which consumers weigh purchasing decisions, the prism potential employees use to evaluate job prospects, the filter businesses implement when selecting partners or vendors, and of course, a primary trigger in when and how much to invest in a particular company. It's the foundation of a brand and core to the success or failure of an organization. It is painstakingly built and carefully protected, yet can implode in a moment and take years to reconstruct. In short, every reputational point matters. Through this report you will find ways to enhance your reputation and break away from competitors.

Introducing the Purpose Premium.

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INTRODUCTION

Reputation is multi-dimensional – each aspect of varying importance to consumers – from a company’s trustworthiness to creativity. Reputation can impact entire industries, or trigger differentiation. Indeed, when two competitive companies are neck and neck, there is one thing that can catapult a brand to new levels: **The Purpose Premium.**

13%

Of all the dimensions that comprise a company’s reputation, Purpose elements account for 13 percent of any given firm’s total reputation. What’s more, Purpose and reputation are intrinsically linked – when one goes up, so does the other – and of course, vice versa. And if 13 percent seems small, consider the hard-fought and easily lost battle for each reputational point.

Companies that want to boost their overall reputation can look to Purpose as a fuel-injection. The Purpose Premium creates new levels of brand loyalty, going beyond functionality and splashy creative, allowing a company to speak to the hearts of consumers and motivate them to action. It creates a deeper bond between consumer and company – bringing a positive boon to reputation – and therefore, bottom-line.

So what is Purpose and how can we unlock its power?

Purpose is more than just a mission statement, a commitment of values or a responsible business plan. It defines a company's authentic role and value to society, which allows it to simultaneously grow its business and positively impact the world. Purpose must be deeply embedded within the company, the brand and the experience that is delivered. That is why it is such a critical element of overall reputation - and can be woven into every aspect of the brand experience.

KEY INSIGHTS

01

Reputation takes on many dimensions: 96 percent of a company's overall reputation is derived from three key categories: Quality (65%), Vision (18%) and Purpose (13%). These categories are divided into specific elements with varying degrees of importance to consumers, from security and innovation to philanthropy and responsibility.

02

Purpose is a driver of overall reputation: The Purpose Premium drives 13 percent of a company's overall reputation. Thirteen percent can seem small, but when it comes to diligently building reputation, every single point matters. This slice of the overall reputation pie can be that added boost a company needs to edge out its competition and win over the hearts – and wallets – of consumers.

03

The correlation between Purpose and reputation is strong: Companies with strong reputations also have strong Purpose scores – and that's no coincidence. These scores move together for nearly nine-out-of-10 companies (88%) ranked. In fact, of the top 10 leaders named on both the Purpose and reputation lists, four companies landed on both lists – Amazon, UPS, Colgate-Palmolive and Alphabet. Companies can build overall reputation by investing in Purpose.

04

Consumers want companies to act, care and advocate: When it comes to which Purpose attributes are most important to reputation, Americans prioritize companies that are responsible (86%), caring (85%), advocate for issues (81%), protect the environment (79%) and give back to important causes (73%). These dimensions touch on both the “hard” and the “soft” elements of Purpose. Companies must first ensure they are implementing responsible business practices, while also displaying how they truly care for the world they operate in through supporting social issues and the environment.

05

Purpose drives consumer action: Not only do Americans think highly of Purpose-driven companies, but they are also willing to reward them in a number of ways. Companies with a higher Purpose ranking compared to their laggard peers will reap greater benefit as consumers are more likely to favor that brand through trial, purchase and support of that company in their communities.

06

Purpose leaders have more engaged audiences: Americans are more interested in what Purpose-driven companies have to say. In fact, consumers are significantly more likely to consume content from companies with higher Purpose rankings, both via social media and more traditional communication channels.

07

Certain audiences gravitate toward Purpose: When asked what makes a company great, certain demographics were more likely to believe Purpose was a critical element. Segments tended to be more diverse, self-described influencers and identify as Democrat. Companies can unlock these audiences as advocates and brand loyalists.

08

Variations exist among industries: Certain industries are loved or loathed based on the very nature of the products or services they create. The financial services industry, in particular, landed on the bottom half of both the reputation and Purpose lists.

REPUTATION DIMENSIONS

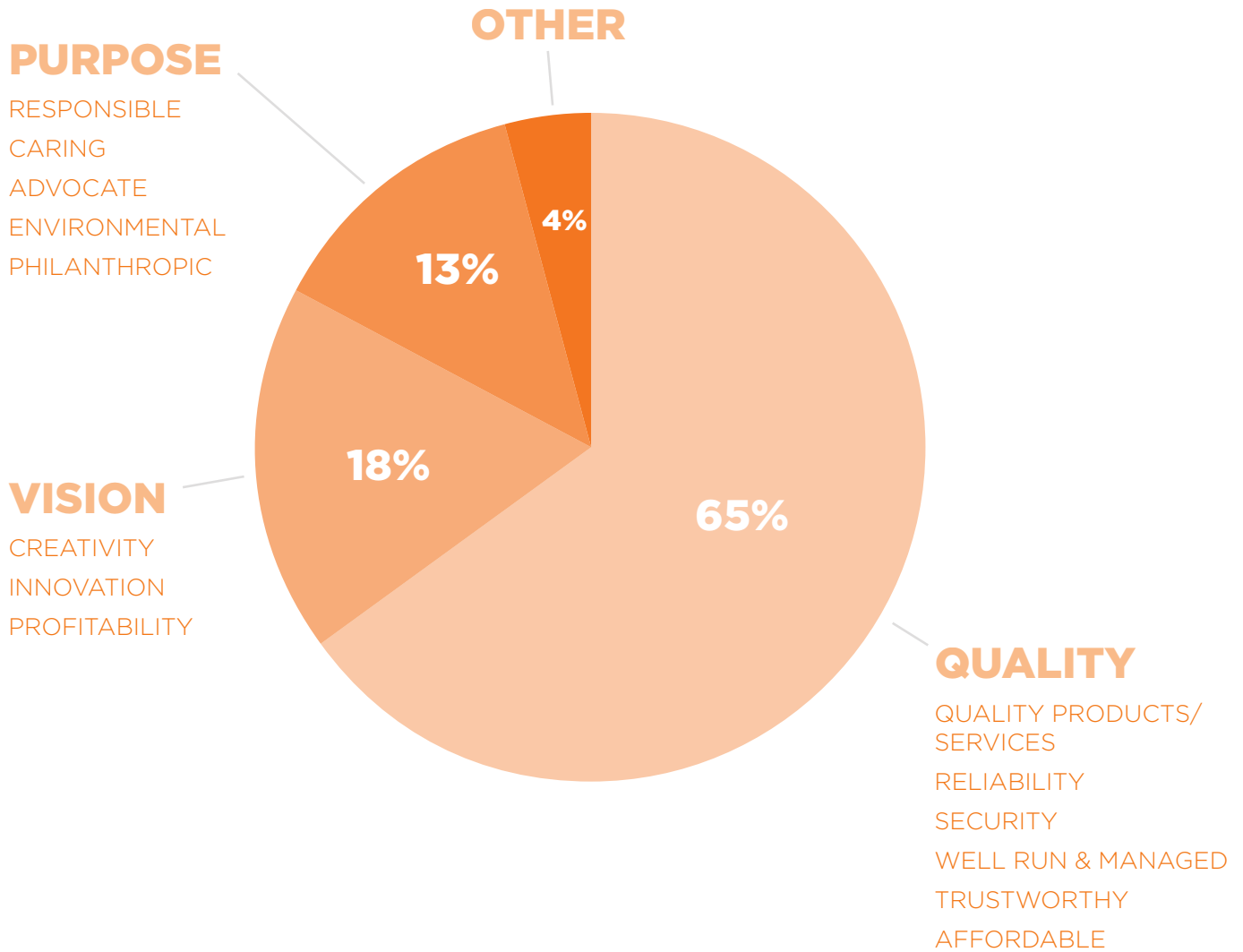
Americans have an abundance of data and information about the companies with which they choose to interact. With a click of a button, they can learn about and engage with any company, at any time. And with this always-on access, our perceptions and opinions can change in a matter of minutes, whether through a viral video, trending hashtag or explosive article that makes its way to inboxes and smartphones worldwide.

There has never been a more critical time for companies to lead with a strong reputation. But the elements of reputation are as complex as our times - and require diligent stewardship to create, foster and protect them. To unpack reputation, we aggregated corresponding elements under three overarching dimensions: Quality, Vision and Purpose.

Quality makes up the largest portion of overall reputation - and this should come as no surprise. Quality represents the foundational components of every company - products and services must meet basic needs. It's how consumers first engage with brands. Does the product function properly? Is it safe and reliable? How about cost-competitive? For consumers, products and services must check these more functional boxes before they are willing to invest their time, money - and especially loyalty with companies.

Vision accounts for 18 percent of overall reputation. The Vision dimension represents how consumers touch and feel a company and how they evaluate its future success - as this is where creativity, innovation and competitiveness are infused into the brand and consumer experience. This area is where we see the imagination of Disney, the ingenuity of Apple and the pervasiveness of Coca-Cola shine. Consumers see these elements as important because they want to like, admire and even be "wowed" by the companies they interact with, beyond their more functional traits.

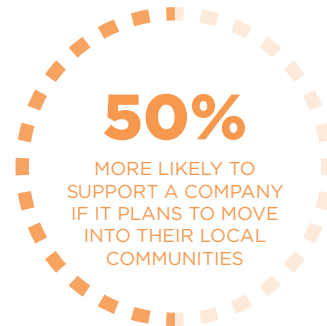
Purpose represents the final dimension of reputation - and it is the heart of the company. Elements within Purpose go far beyond transactional attributes and represent aspects that foster a greater level of loyalty. Purpose helps companies create deeper and longer-lasting bonds with consumers as Americans feel these firms care about them, their communities and the issues that are important to them. Here, true brand loyalty is bred and curated.



IMPACT OF PURPOSE

In addition to boosting overall reputation scores, the Purpose Premium can have tangible benefits for companies. Americans are more willing to support Purpose-driven companies through purchase, engagement and even advocacy.

Consumers are rewarding companies leading with Purpose by not only opening their hearts, but also their wallets and their communities. Americans are:



Furthermore, Americans are more excited to engage with companies that infuse Purpose into their reason for being. Consumers are nearly twice as likely to read social media posts from these companies and to have read or skimmed their annual report. They are also specifically reading Purpose-related content, as Americans are more than twice as likely to have read or skimmed a sustainability report from these companies. For Americans, the missions and messages of companies leading with Purpose resonate beyond just the products they create or the financials they deliver.

TOP 10 PURPOSE PREMIUM LEADERS

With Purpose and reputation so closely linked, it's no surprise that four of the 10 companies make both lists. Companies at the top of these lists also achieve significantly higher intentions from consumers to try a new product, pay a premium for that product or support a move to their community.

TOP 10 - PURPOSE PREMIUM INDEX

- 1 **AMAZON**
- 2 **UPS**
- 3 COMMUNITY HEALTH SYSTEMS
- 4 DISNEY
- 5 **COLGATE-PALMOLIVE**
- 6 HP
- 7 JOHNSON & JOHNSON
- 8 CARDINAL HEALTH
- 9 **ALPHABET**
- 10 KRAFT HEINZ

TOP 10 - REPUTATION INDEX

- 1 **AMAZON**
- 2 **UPS**
- 3 INTEL
- 4 CATERPILLAR
- 5 NIKE
- 6 **COLGATE-PALMOLIVE**
- 7 LOWE'S
- 8 3M
- 9 COSTCO
- 10 **ALPHABET**

PURPOSE CONSUMER PROFILE

Different segments of the American population are more steadfast in regarding Purpose as a critical aspect of doing business today. Women are 24 percent more likely to regard Purpose as a “very important” element of what makes a company great (52% women vs. 42% men). Purpose also resonates more with liberal-leaning individuals (53% Democrat, 46% Republican, 42% Independent) and individuals from diverse ethnic backgrounds. African Americans (57%) and Hispanics (55%) are more likely to believe Purpose is a very important element of a company, compared to the national average (47%).

And good news for companies, these Purpose-oriented individuals are more likely to consider themselves influencers (56% influencer vs. 41% non-influencer) and tend to be more active on social, posting on social media more than once a day (56%). Income and age seem to play less of a factor as all generations and income levels, with the exception of those 65 years and older, believe Purpose is an important element of overall reputation.

Although nearly half of Americans do say Purpose is a critical element of a company, individuals with these attributes are the most willing to use their dollars and voice to support Purpose-driven companies. Companies should look to tap into the enthusiasm of these audiences not only from a consumer perspective but also as influencers.

LEADING PURPOSE DEMOGRAPHICS



FEMALE



DEMOCRAT



DIVERSE



INFLUENCER

METHODOLOGY

The 2018 Porter Novelli/Cone Purpose Premium Index presents the findings of an online survey designed and executed in July 2018 among an online sample of 6,000 Americans, including 2,929 men and 3,071 women, ages 18+. The study was fielded by Critical Mix and the data are weighted in aggregate by age, region, income, gender and ethnicity to be nationally representative. The margin of error associated with the total sample is ± 1.27 at a 95% level of confidence.

UNLOCKING THE PURPOSE PREMIUM FOR YOUR COMPANY

The Purpose Premium Index report provides an in-depth look at the performance of America's top 200 companies. Reports provide a comprehensive overview of the Purpose Premium Index model, as well as performance scores for your company and up to four other firms included within the study, which clients can select from a list of participating firms. There are several levels of reporting available, as well as custom reporting options, as follows:

BASIC

The basic report includes a PowerPoint™ report of findings, including an executive summary, key charts and tables, a ranking of your firm among selected competitors and high-level recommendations for \$10,000.

DETAILED

The detailed report includes all the elements of the basic report, as well as cross-tabulations of all data (two banners of data, one demographic and one behavioral) and a telephone or webinar summary of 60 minutes to your team for \$25,000.

CUSTOM

Customized reports and additional data modeling or select weighted respondent level raw data are available for an additional fee.

Contact Justin Greeves, EVP of Global Research & Services, at Justin.Greeves@porternovelli.com for more information

ABOUT PORTER NOVELLI

Porter Novelli is a global public relations agency born from the idea that the art of communication can advance society. Over 45 years ago, we opened our doors – and people’s eyes and minds – for brands driven to make a positive impact. We continue to build that bridge between purpose and business imperatives, and believe that a healthy bottom line can also make a remarkable impact.

Porter Novelli’s Purpose Practice delivers the largest and most seasoned team exclusively devoted to helping organizations make a positive impact. Combining Porter Novelli’s heritage in social marketing and Cone’s unparalleled legacy in CSR enables us to make a meaningful difference for businesses, brands and society on a global scale. With deep subject matter expertise in Purpose Brand Strategy, CSR, Social Impact, Social Marketing and Brand Communications, we create breakthrough work and unforgettable experiences to ignite action around issues that matter.

Porter Novelli’s Reputation Practice builds brands that endure and flourish in today’s complex and uncertain environment. We craft communications to answer the demand for transparency and coach leaders who must intuitively know how to behave and react. As trusted C-suite and boardroom counselors, we will shape and pressure test propositions. We are a team of diverse and experienced practitioners, developers of our own robust and relevant research and razor-sharp strategic thinkers crafting a roadmap for corporate messaging that delivers results.

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