



2004

**Cone Corporate Citizenship Study:
Building Brand TrustSM**

Executive Summary



CONE

Building Brand TrustSM Through Corporate Citizenship

We are pleased to present the 2004 Cone Corporate Citizenship Study, the latest survey from our longitudinal research series on corporate citizenship and Cause Branding[®]. For over a decade our research has provided insight into the attitudes and behaviors of Americans towards companies engaged in corporate citizenship activities.

Cone has found that over time, the number of Americans likely to consider a company's social commitments when making purchasing, employment and investment decisions has grown significantly. Americans increasingly seek out companies that focus on socially and environmentally responsible business practices. Cone believes this trend will continue given heightened media attention to corporate scandals and the growing ability of watchdog groups to report corporate wrongdoings to the broader public. The continued increase in expectations requires that companies in every sector look beyond price and quality to consider their impacts on communities and society as a whole.

Many companies are already developing in-depth corporate citizenship programs. Rather than making decisions based upon financial results alone, these companies measure performance across the triple bottom line: financial, social and environmental performance. Through these means, they are better able to enhance overall organizational value as well as to understand their impacts on society and build transparent and meaningful dialogues with stakeholders.

One critical component of corporate citizenship is Cause Branding, a business discipline in which a company integrates its social or corporate citizenship commitments into brand equity and organizational identity. Cause Branding is a primary public face for corporate citizenship and a powerful vehicle through which to bring a company's values to life. It is a multidimensional practice, integrating and maximizing philanthropy, community relations, marketing and human resources to build brand equity, enhance reputation, cultivate trust and positively influence stakeholder behavior, while simultaneously strengthening society. Companies often execute Cause Branding through signature programs, such as the Avon Breast Cancer Crusade, PNC's Grow Up Great and Target's Take Charge of Education campaign.

Cause Branding programs rely upon corporate and nonprofit partnerships. This report includes first-time research on the benefits of corporate partnerships to nonprofits and reaffirms that nonprofits partnering with a company may achieve reputation gains as well as increased volunteer and philanthropic support from the American public. Finally, this report provides insights into the social causes Americans want companies to support. By understanding which issues resonate with the American public, companies and nonprofits can develop authentic and meaningful programs to engage and excite their stakeholders.

As a whole, the 2004 research helps demonstrate that regardless of the type of organization – corporate or nonprofit – corporate citizenship programs and social initiatives, when executed in a strategic way, can reap dividends in terms of measurable social impact, increased brand trust and significant bottom line results.

Americans Will Continue to Reward Good Corporate Citizens

Today, more than ever, Americans expect companies to play an active role in addressing societal needs and are changing their actions and behaviors to reward socially responsible companies.

Seventy-seven percent of Americans believe that companies have a responsibility to support a cause. **Ninety-one percent say that they have a more positive image of a product or company when it supports a cause, compared to 84% in 1993.** Ninety-one percent say that they have a more positive image of a product or company when it supports a cause, compared to 84% in 1993.

The benefits of Cause Branding programs can include, but often far exceed a short-term lift in sales from a cause promotion. The majority of Americans consider a company's commitment to a social issue when making a number of important decisions. For example, 81% of Americans consider a company's social commitment when deciding where to work.

A company's commitment to a social issue is important when I decide.....	2004	2002
Which companies I want to see doing business in my local community.....	85%	84%
Where to work.....	81%	77%
Which products and services to recommend to other people.....	74%	75%
Which stocks or mutual funds to invest in.....	70%	66%

By integrating marketing, human resources and operations into multi-faceted Cause Branding initiatives, companies can create robust programs that strengthen customer, employee and investor loyalty.

These programs contribute to increased sales for the company. Eighty-six percent of Americans say that when price and quality are equal, they will reward companies that support a cause with their business. This is a 30% increase since 1993.

"I am likely to switch from one brand to another that is about the same in price and quality, if the other brand is associated with a cause"



Over the last 12 months, Americans have done the following after hearing about a company's commitment to social issues:

- Considered purchasing a product from that company (45%)
- Purchased a product from that company (43%)
- Told a family member or friend about that product or company (43%)
- Intentionally paid more for a company's product that supported a social issue (28%)

For the first time, responses between those who considered purchasing a product and those who actually purchased a product are almost identical, indicating that Cause Branding programs play an important and influential role in converting potential customers into paying customers.

Younger Americans are also influencing companies to commit to social causes. Companies recognize that younger consumers are more likely to differentiate between products based upon a company's social and environmental commitments than older generations. Therefore, many companies are working to identify causes that resonate with younger demographic groups to remain relevant and top of mind.

Americans' increasing demand for companies to support causes indicates that Cause Branding will remain a powerful business strategy.



Americans Will Punish Bad Corporate Behavior

As Americans stand prepared to reward companies acting in a responsible manner, they also stand ready to act against companies that behave illegally or unethically. Those surveyed said they would do the following if they found out about a company's unlawful or unethical practices:

- Consider switching to another company's products or services (90%)
- Speak out against that company among their family and friends (81%)
- Consider selling their investment in that company's stock (80%)
- Refuse to invest in that company's stock (80%)
- Refuse to work at that company (75%)
- Boycott that company's products or services (73%)
- Be less loyal to their job at that company (67%)

These results reinforce that corporations need to be proactive and diligent in preventing corporate wrongdoing. By regularly monitoring stakeholder reactions and identifying the greatest areas of vulnerability, companies are able to improve performance and protect their corporate reputations.

Cause-Related Efforts Must be Part of a Larger Corporate Citizenship Platform

While a company's support of social issues is highly valued, Americans identified additional corporate citizenship activities as important in building their trust in a company:

- Quality of products and services (98%)
- Fairly-priced products and services (97%)
- Employee benefits (93%)
- Laws and regulations (93%)
- Human rights and manufacturing (93%)
- Disclosure of information (91%)
- Environmental impacts (92%)
- Support of a social issue (80%)

Naturally, Americans expect companies to deliver quality goods at a fair price, but today Americans are demanding more. They are looking to companies to go beyond traditional business promises and take into account the social and environmental impacts of their operations. In response, many organizations are beginning to review not only their internal operations, but also the impacts of their entire supply chains. Through improved disclosure and transparency, these corporations are building corporate trust in their products and brands.

Eighty percent of Americans can name a company which they believe to be a strong corporate citizen; this is up from 26% in 1999. This dramatic change in the American public's awareness of individual companies' corporate citizenship initiatives

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is a tribute to the sophisticated, yet focused and strategic way in which many companies are executing and communicating their programs.

Companies Must Talk More About Their Corporate Citizenship Efforts

As companies invest in corporate citizenship initiatives, they must also invest in communications to inform and engage stakeholders and proactively manage stakeholder loyalty. Companies have recognized the positive impact of supporting corporate citizenship issues, and many have aggressively communicated their efforts over the past few years. Others have been reluctant to share their progress, fearing they will be seen as boastful or exposed to attacks by critics. Americans, however, want to hear more from companies and are listening to what they say.

At the same time, four in 10 Americans believe that companies can do a better job communicating their corporate citizenship goals and accomplishments. While Americans place the greatest credibility on information gained from third-party sources, when hearing directly from companies, they show preferences for easily-digestible sources such as advertising (41%), product packaging (38%) and brochures or newsletters (36%).

Americans Want Companies to Support Issues That Directly Impact Their Personal Well-Being: Education, Health and the Environment

As companies work to differentiate their brands by connecting with a cause, Cone finds that Americans are most focused on issues that have a direct impact on their own well-being. In 1993, crime, the environment, and homelessness were among the top issues Americans wanted companies to support. Those issues have been replaced by education, health and the environment:

Issue	% of Total
Education	81%
Health	81%
Environment	80%
Poverty	65%

These findings mirror individual giving patterns. According to the Giving USA Foundation, individual donors are earmarking giving for organizations in which they have a personal stake such as religious, educational or environmental organizations as opposed to human service organizations such as shelters and food banks (Giving USA 2005 Report). Worried about the fluctuating economy, Americans are looking to provide for their own families before servicing others.

These patterns hold true in the arenas of education, youth and children's issues and health. For the first time, this report provides a detailed look at issues Americans want companies to support in these three categories.

Education: Americans Value Workforce Retraining in Shaky Economic Times

Faced with an unpredictable economy, corporate scandals and continued industry consolidation, 80% of Americans identified workforce retraining as an important issue.

Other education issues of importance to Americans include:

Issue	% of Total
Workforce retraining	80%
Literacy	74%
Student scholarships	73%
Math and science	72%

Children and Youth: Preparing Youth For Careers is a Top Priority

Interest in job security is also reflected in responses regarding children and youth issues. Seventy-six percent of Americans view career preparation as an appropriate cause for companies to support. This issue is followed by others which address more basic needs of shelter, food and safety, such as the issues of physical abuse and hunger:

Issue	% of Total
Career preparation	76%
Physical abuse	69%
Hunger	69%
School violence and safety	65%

Health: No One Health Issue has Broken Through as a Priority Concern

Americans are becoming accustomed to messages, events and awareness days for different health issues. The number of messages, however, is making it difficult for any one issue to break through as a leading concern in the health issue space. As a result, Americans view many health issues as important for companies to support:

Issue	% of Total
Heart disease	67%
Breast cancer	66%
Long-term care	65%
HIV/AIDS	63%



Americans Will Reward Companies and Nonprofits That Partner for a Cause

With over 800,000 registered nonprofits committed to solving social issues in the United States, these organizations play a key role in helping corporations execute credible cause initiatives. Eighty-nine percent of Americans believe that corporations and nonprofits should work together to raise money and awareness for causes. Moreover, 82% say that these types of partnerships result in a more positive image of the company. The benefits are also great for the participating nonprofit:

- **76%** of Americans believe that partnerships result in a more positive image of the nonprofit
- **79%** are more likely to buy a product that supports the nonprofit
- **76%** are more likely to tell a friend about the nonprofit
- **70%** are more likely to donate money to the nonprofit

These findings seem counterintuitive to many nonprofits concerned about conflicts of interest and donor objections, but Americans agree that charities need to do more than passively accept grants and that it makes good sense to harness the resources of a company beyond just philanthropic dollars. If partnerships are carefully chosen and carried out in a transparent manner, they provide opportunity for nonprofits to reap both reputation and financial gains.

Americans Support Many Different Types of Corporate Assistance

Americans agree that nonprofits should leverage a variety of corporate resources to support their causes:

- Employee volunteerism (75%)
- Cash and product donations (67%)
- Information about the charity on the company's product or packaging (66%)
- Marketing and advertising support (64%)
- A percentage of a product's sales to support a cause (58%)

The majority of the American public believes that nonprofits should utilize a number of corporate assets to dramatically expand their marketing reach, volunteer base and support for their cause.

Best Practices in Corporate Citizenship and Cause Branding

To effectively communicate corporate citizenship activities, Cone offers the following guidance:

- **Develop and brand a corporate citizenship platform** to communicate social and environmental activities and impacts. A branded platform will increase transparency by helping both internal and external stakeholders understand in more simple terms the focus of corporate citizenship activities.
- **Develop a signature Cause Branding program** to align the company with a relevant social issue. A Cause Branding program will integrate and maximize philanthropic activities, employee volunteerism and community-based activities to achieve both business and social impacts.
- **Complete risk assessments** to ensure that communications and Cause Branding program efforts align with social and environmental performance. Before communicating anything, companies should ensure they 'walk the talk' and demonstrate transparency in their achievements as well as in areas where they are working to improve performance.
- **Engage the right partners.** Whether creating a corporate citizenship platform or Cause Branding program, nonprofit organizations can provide compelling research, on-the-ground networks and unique communication vehicles to increase a program's reach and impact.

Through these means, organizations will be able to create lasting and meaningful programs which contribute both to society and the creation of stronger brands.



About The 2004 Cone Corporate Citizenship Study

The 2004 Cone Corporate Citizenship Study presents the findings of a telephone survey conducted among a national probability sample of 1,033 adults comprised of 519 men and 514 women, 18 years of age and older, living in private households in the continental United States. Interviewing for this CARAVAN® Survey was completed by Opinion Research during the period October 22 - 25, 2004. The margin of error is +/- three percentage points. This Executive Summary cannot be reproduced without permission from Cone.

About Cone

Cone (www.coneinc.com) is a Boston-based brand strategy and communications agency that builds brand trust. Cone creates stakeholder loyalty and long-term relationships through the development and execution of Cause Branding, Brand Marketing and Issues/Crisis Management initiatives.

Cone's team of experts specializes in working with corporate strategy, marketing, communications and philanthropy professionals to maximize the business and community benefits of integrating social commitments into companies and brands. As a pioneer in the field of Cause Branding, Cone has partnered with leading organizations to create and implement some of the nation's most impactful cause initiatives, including: the Avon Breast Cancer Crusade, Reebok Human Rights Awards, PNC Grow Up Great, American Heart Association's Go Red For Women Campaign and ConAgra Foods' Feeding Children Better.



Some of Cone's Specialized Services Include:

- **Signature Cause Program Development** to create a proprietary Cause Branding initiative to align a company with a relevant issue and differentiate the brand
- **Nonprofit Brand Development** to develop lasting branded initiatives to generate awareness, raise funds and secure corporate partnerships
- **Corporate Citizenship BrandingSM** to position and communicate a company's corporate citizenship activities to key stakeholders to enhance reputation and build trusted relationships
- **Risk Assessment and Reputation Management** to strategically assess and strengthen points of vulnerability and improve reputation among stakeholders
- **Marketing Communications** to deliver breakthrough communications programs and achieve leadership positioning for corporate products and services

For More Information

For more information about Cone's services, or to arrange a personalized presentation of the 2004 Cone Corporate Citizenship Study findings, please contact:

Carol Cone, *Chairman*

Jens Bang, *Chief Executive Officer*

Alison DaSilva, *Vice President*

Mindy Gomes Casseres, *Senior Associate*

855 Boylston Street

Boston, MA 02116

Phone: 617.227.2111

Fax: 617.523.3955

Email: research@coneinc.com

Web: www.coneinc.com



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