Why Purpose Matters

**Purpose:** an organization and brand’s aspirational reason-for-being. At its most powerful expression it becomes a unifying and inspiring force among business leaders, employees, customers and communities.

Companies and brands with a clear and compelling purpose perform better.

Purpose has proven an essential value creator across KPIs:

- Revenues
- Productivity
- Innovation
- Employee retention
- Customer loyalty
- Community support
- Reputation
Purpose at Reputation Leaders

At Reputation Leaders research, we help brands to find the optimal intersection of their brand and social purpose for greater business and social impact.

We are passionate about business as a force for good, believing that profit and purpose can co-exist by aligning brand purpose with responsibility towards the environment, society and corporate citizenship.
Purpose: a look ahead to 2023

This Purpose 2023 trends report is based on:

- Our collective experience over the last 12 months offering counsel to clients on Purpose, ESG, brand positioning and messaging
- Our secondary research and media analysis
- Our proprietary US research poll, conducted in November 2022

*Based on an online survey of 500 US Citizens from November 7-9, 2022. Data weighted to US Nat Rep by age, gender and region
*See Demographics for full breakdown of audience
As we move towards 2023, what are the most important issues you would like to see organizations "get behind" and support next year?

### Citizens’ Purpose Priorities for 2023:
Top of the list is climate change (unsurprising)

But climate change only marginally ahead of a group of social & people focused issues such as Poverty and hunger, Human rights, Corruption and abuse of power, Homelessness

### Purpose Trend Predictions for 2023: The Rise of Social Purpose

- Climate change: 30%
- Poverty and hunger: 27%
- Human rights: 24%
- Corruption and abuse of power: 23%
- Homelessness: 21%
- Plastic waste/single use plastics: 17%
- Animal rights: 17%
- Racial injustice: 15%
- Support for small/local businesses: 15%
- Gender pay gap/equity at work: 13%
- Air pollution: 12%
- Diversity and inclusion: 11%
- Unequal access to healthcare: 8%
- Deforestation and loss of biodiversity: 8%
- Refugee crises and migration: 6%
- Preventing global pandemics: 5%
- Geo-political conflicts or trade wars: 5%
- Youth unemployment: 3%

*Based on an online survey of 500 US Citizens; data weighted to US Nat Rep by age, gender and region*
Purpose Trend Predictions for 2023: The Rise of Social Purpose

Social in ESG is rising and we predict will eclipse Environment for 2023

In an increasingly uncertain world, citizens express their concerns not only for their own cost-of-living struggles but for humanity, as conflicts and natural disasters push social concerns into sharper focus.

Importance of ESG Factors:
Social Conduct ranked first in ESG by more citizens than Environmental Conduct or Governance

<table>
<thead>
<tr>
<th>Factor</th>
<th>% ranked first</th>
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<tbody>
<tr>
<td>Governance</td>
<td>24%</td>
</tr>
<tr>
<td>Environmental Conduct</td>
<td>35%</td>
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<tr>
<td>Social Conduct</td>
<td>41%</td>
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*Based on an online survey of 500 US Citizens; data weighted to US Nat Rep by age, gender and region.
Q: Thinking about how a business or organization conducts itself, please rank the following ESG factors in order of how important they are to you as a citizen.
Positive climate action and stronger social impact are becoming non-negotiables for individuals and organizations.

We need a ‘science-based target approach’ to Social reporting, too.

Ruth Harper
Chief Sustainability Officer
ManpowerGroup
Our Purpose Trend Predictions for 2023

Climate change is an existential threat (and a long-term opportunity):
Gen Z and Millennials are as interested in a company’s environmental credentials as the salaries they offer, a unifying force across generations

Consumers will continue to value companies who help them to be green
Planned obsolescence is rejected by a new generation of consumers looking for electronics which last, and new ways to reuse, recycle and refurbish

The rise of the Chief Sustainability Officer
The no. of companies with a CSO is doubling every 5 years and CSOs holding executive level positions tripled in the last 5 years

Procurement is up next on the frontline in sustainability credentials
Purchasing is the next dept required to prove carbon footprint, labour practices and diversity as the Purpose challenge pushes down the supply chain onto suppliers
2023 Trend Predictions Continued

**Purpose as a consumer trade-off; cost of living vs consumer values**

For many consumers, concerns around ESG are a luxury and squeezed income makes ESG credentials less important.

**Linking Purpose to big events**

Olympics and Paralympics in Paris 2024 are an opportunity for European brands to showcase everything they are doing.

**Rise of small family businesses as a natural expression of Purpose values?**

Family businesses are more committed to Purpose than corporates because it is embedded in the business’s values and generational legacy.

**Brands stepping in to deal with economic consequences of natural disasters & crises**

Indebted Governments are struggling to raise capacity and resources to handle the growing impact of natural disasters – we will see more brands stepping in.
Purpose:
A North Star
Purpose: A North Star in Uncertain Times

In a world of heightened uncertainty, customers and employees are looking for reassurance.

Despite the economic downturn, there is evidence that sustainability and purpose remain of high importance to both customers and employees.

The biggest challenge for any organisation is the say/do gap; it’s not about your 2030 goals, people want to know what you are doing today.
Purpose and Sustainability set to remain of high importance as living costs rise and reassurance is needed

Emotional Benefits of Purpose

- In a world of heightened uncertainty, customers and employees are looking for a clear understanding of what companies stand for and will stand behind
- Seeing purpose as their way to do some good through their spending power; purpose brings emotional benefits of trust and connection to the brand-customer relationship

<table>
<thead>
<tr>
<th>% Top 2 Agree</th>
<th>Making Change</th>
<th>Connection</th>
<th>Trust</th>
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<tbody>
<tr>
<td></td>
<td>Buying from a brand with a purpose I believe in is one way of making change in the world</td>
<td>If a brand has a strong purpose, it makes me feel more connected to the brand</td>
<td>If a brand has a strong purpose, it makes me trust them more</td>
</tr>
<tr>
<td></td>
<td>53%</td>
<td>48%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Purpose Trends 2023; Q1-2, Total sample; Weight: Nat Rep US; base n = 500% Top 2 Agree (Strongly Agree + Agree)
Purpose and Sustainability Continued

Despite the economic downturn, many consumers aim to hold true to their values.

- An organization should stay true to its Purpose no matter the cost or what is happening in the economy.
  - 61% Agree
  - 9% Disagree

- As the cost of living goes up, to shop with a conscience will be less of a priority.
  - 42% Agree
  - 23% Disagree

- While some (42%) predict a de-prioritization of 'shopping with a conscience' as the cost of living rises, a fifth (23%) expect citizens to hold true to their values.

- Well over half (61%) expect organisations to do the same.

- Purpose and sustainability remain of high importance to both customers and employees.
<table>
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<th><strong>Beware the say/do gap</strong></th>
<th><strong>Citizens expect organizations to stick to their stated Purpose agenda</strong></th>
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<tbody>
<tr>
<td>A Purpose agenda is a great-to-have, but not yet a universal need-to-have:</td>
<td><strong>61%</strong> Believe an organization should stay true to its Purpose no matter the cost or what is happening in the economy</td>
</tr>
<tr>
<td>These days, an organization has to have a commitment to Purpose to be taken seriously</td>
<td><strong>60%</strong> Believe it is better for an organization to focus on a few environmental or social areas where it can make real change</td>
</tr>
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<td><strong>48%</strong> Agree</td>
<td><strong>56%</strong> Believe that when it comes to Purpose, brands 'do more talking than doing'</td>
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<td>and many, but not all would switch to a purpose-led product</td>
<td><strong>60%</strong> of consumers would switch to a product offered by a company they regard as more purpose-led, but <strong>33%</strong> say it makes no difference</td>
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Consumers can be skeptical of purpose-washing; share your Purpose story and be clear on your motives and values

65% Want to see proof before they believe an organization’s ESG claims

43% Think brands say they are ‘Purpose as well as profit driven’ to be trendy/to attract investment/for purpose washing

**Positive Perceptions of Agenda**

- To project a positive image / build their corporate reputation: 51%
- To justify premium prices: 38%
- To reflect founders’ values / common beliefs: 31%
- As a guiding ‘north star’ for their long-term future: 14%

**Consumer skepticism**

- To be trendy: 26%
- To attract and motivate employees: 28%
- To attract fund money from Black Rock/ESG investors: 16%
- For purpose-washing / green-washing: 17%

*Based on an online survey of 500 US Citizens; data weighted to US Nat Rep by age, gender and region*
The question is not, 'can we afford our Purpose at the moment?' but 'is it right in the long term?'

And that is going to be a real challenge in a world where so much emphasis is on short-term economics, uncertainty, and fear.

Laurence Evans
CEO, Reputation Leaders
The challenge is, many companies have put out 2030 goals, like 'net zero by 2030', but there is no path to it, and nothing to say 'this is how we are going to get there.' There is an industry which needs to be built up which explains to people how net zero goals will happen.

There is an increasing name and shame culture and many people are quick to call you out on social media. Some of it is justified, and some of it is just malicious. How do you navigate through vitriolic debates and keep your North Star intact? A CEO's job is not to be popular; your job is to ensure your organization fulfils its Purpose. Not everyone is going to agree with you.

Laurence Evans
CEO, Reputation Leaders
Our advice to clients:
Stick to your stated Purpose agenda

**Stick to your commitments**
Companies are producing sustainability reports which commit to many good things, but don’t point to anything they are doing.

**Consumers want action now**
Consumers think much more short term; they don’t want you to offload the problem to 2030. They want to know what you are doing on climate change now.

**Be transparent**
Silence is not golden - if you say nothing, you may be distrusted anyway….but if you articulate your Purpose with passion and honesty, the public will at least give you credit for being transparent.

**61%**
Believe an organization should stay true to its Purpose no matter the cost or what is happening in the economy

**56%**
Believe that when it comes to Purpose brands ‘do more talking than doing’

**60%**
Believe it is better for an organization to focus on a few environmental or social areas where it can make real change
Our advice to clients

Own your purpose: make it yours and make it obvious

Don't outsource your Purpose

Don't throw money at a non-profit to do the work for you; be proactive in purpose activation. Do what you can with the products and resources you have – take responsibility

Link your Purpose to your core product & your people

Link your Purpose agenda back your brand in a way that makes sense to your customers and employees; find ways to connect your products, people and purpose

Make your Purpose visible

Make your purpose work visible for maximum impact. Many companies are doing great things, but they are not shouting loud enough
Interested to hear more?

Contact laurence.evans@reputationleaders.ltd
Or visit our website at www.reputationleaders.ltd
Demographics: Who were the 500 US adults we surveyed?

- 51% Female
- 49% Male

Demographics:
- Gen Z: 14%
- Millennial: 27%
- Generation X: 26%
- Baby Boomers: 28%
- Silent: 4%
- Northeast: 18%
- Mid-West: 21%
- West: 24%
- South: 38%