

PURPOSE PREMIUM

QUANTUM
MARKET RESEARCH

**PORTER
NOVELLI** 

2020

REPUTATION
AND PURPOSE
IN THE PANDEMIC

PORTER NOVELLI

Porter Novelli Australia

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QUANTUM

MARKET RESEARCH

Quantum Market Research

Quantum is a Melbourne-based boutique research agency known for critical thinking and problem solving that delivers insights to inform strategic planning, brand strategy, marketing and communications.

qmr.com.au



About the Research

The Purpose Premium is an Australian research study, first launched in early 2019 as a collaboration of Porter Novelli Australia and Quantum Market Research.

It was based on the Porter Novelli/Cone Purpose Premium Index produced in the United States in 2018, which builds on Porter Novelli's 50-year heritage and founding as a Purpose-based social marketing company that has been responsible for ground-breaking campaigns since the 1970s.

We have customised the study design for the Australian market. For example, we focus more on Australian sectors and highlight slightly different organisational attributes, such as Employer of Choice. In 2019, we interviewed 5370 Australians drawn from an online panel and selected to represent the Australian population by age, sex and state. This year, the sample was reduced to 1000 - mostly due to pandemic-related restrictions - but remained robustly representative.

Data analysis determines the three factors that most influence overall reputation and the relative importance of each of these factors in influencing perceptions of reputation.

Study definitions

Reputation

Reputation is everything. It is the sum total of everything an organisation has ever done.

It's the first thing which consumers, investors, potential employees and businesses consider when assessing an organisation. It's painstaking to build, challenging to protect and enhance, and it can implode in a moment.

Purpose

By "Purpose-driven", we mean a company or brand that strives to have a positive impact, beyond just making money.

This research explores the relationship between Purpose and Reputation.

WHAT DOES 'PURPOSE' MEAN IN 2020? THIS YEAR, IT IS ALL ABOUT PEOPLE

Any reasonable observer might expect that 2020 would have killed off the corporate buzz around "Purpose".

Over the past two decades, Purpose rose to prominence, becoming a ubiquitous catch-all for all forms of corporate citizenship, before being inevitably co-opted by corporations for a range of uses which may not necessarily capture the spirit of the word's original intent.

This year however, the world has completed a double pike backflip, forcing every organisation to ask: What really matters to us? Why does it matter? What is our Purpose, and has it changed due to COVID-19?

This year's instalment of the Purpose Premium study by Porter Novelli and Quantum Market Research demonstrates that 2020 has honed Australians' understanding of Purpose. Organisations that have proved themselves critical to our lives during a pandemic have earned a reputational dividend - or Purpose Premium.

At a time of national crisis, the relationship between Purpose and Reputation continues to evolve, and we are all carefully watching the way organisations behave.

We're ready to reward companies who do what they say they will and stand for something bigger, and to 'punish' those who give lip service to Purpose.

Our views on Purpose have turned inward this year, with Australians under financial pressure seeing Purpose more as practical action to help people, rather than marketing communications about corporate citizenship. And when we talk about "people", we mean employees - and customers.

Those organisations this year that made decisions in the interests of their employees and customers, sometimes at the expense of revenue (and their shareholders' interests), reaped a reputational reward.

This was obvious to see when we asked Australians which sectors need to act with Purpose the most. While groceries, charities and the energy sector were a given, it was the banking and finance sector that was rated as the sector that most needed to act with Purpose.

"We're ready to reward companies who do what they say they will, and stand for something bigger, and to punish those who give lip service to Purpose."

And, since the banks took the opportunity to look after customers with practical action for customers through mortgage deferrals and other support this year, Australians rewarded the sector in this year's study, ranking it highly in terms of its performance on Purpose.

This focus on rewarding companies that prioritise "my" needs was echoed in the way we rated brands we "love and respect". In previous studies, these brands are usually dominated by the non-profit sector and pop culture darlings.



These brands were there again, but they were mostly crowded out by brands that met our immediate needs this year, such as grocery and food companies, tech innovators that provided us with a vital connection to the outside world via devices and platforms, and businesses that looked after us in our time of distress.

This correlation between the criticality of organisations and their performance on Purpose is no accident. If Australians are going to see an organisation as Purpose-driven, that organisation must demonstrate why Australians need it.

This report also looks at who cares most about Purpose (if at all), and how they're consuming information about Purpose.

Executives and directors need to remember that different constituencies have different attitudes towards Purpose, in terms of how important it is, but also what constitutes behaving in a pro-social manner as an organisation.

Young people, people with children and people at the extreme ends of the political spectrum care most about Purpose. While these groups may agree Purpose is critical, it is quite likely they disagree on what Purpose is.

The detailed findings from this year's study are presented in the following pages. This document, along with an infographic and video recording of the study's launch event, as well as the results of previous Purpose Premium studies, are available at www.purposepremium.com.au.

Detailed Findings:

1. Purpose as a driver of reputation continues to endure

The key pillars of Reliable, Successful and Responsible continue to be of relatively equal importance to Australians when judging the things that make a brand or company great. In the same way that our basic life goals have endured through the crisis, the things that “make a company great” remain stable – it is our expectations as to how they should be expressed that are changing in nuance.

Success and reliability are easy to see. Did the organisation deliver their service or product to my expectations?

Are they a well-run company? Responsibility is more diffuse, but critical to reputation – the icing on the cake – and the main thing that can be influenced outside of core business operations.

We still rely on brands and organisations to demonstrate how they are behaving responsibly. More and more, that is informing our decisions. Whatever we may classify as “Purpose”, it still contributes strongly to reputation, even in a time of crisis.

29%

RESPONSIBLE

- ENVIRONMENTAL
- PHILANTHROPIC
- PURPOSE-DRIVEN
- EMPLOYER OF CHOICE



41%

RELIABLE

- SECURE
- TRUSTWORTHY
- QUALITY
- TRANSPARENT
- CARING

30%

SUCCESSFUL

- INNOVATIVE
- SUCCESSFUL
- GLOBAL
- VISIONARY
- RELEVANT

2. Purpose is now simply expected – and we’re watching

The way we define Purpose may shift over time, but this year we are willing to reward brands we perceive as standing for something, and punish those that do not. The Absence of demonstrable Purpose is becoming a reputation risk.

If you don’t know what your organisational Purpose is (or you are leaving it for your consumers or customers to fill the void), you are running a reputational risk.

Organisations that know why they exist and who they’re built to serve, and have clearly aligned their Purpose with their core business, are uniquely positioned to navigate unprecedented change.

We’re ready to punish on Purpose:

“I won’t buy from a company/brand if I disagree with what it stands for”

76%

We’re not buying lip service on Purpose:

“The way a company operates must be aligned with its claimed Purpose in society”

90%

“I notice when the actions of companies/brands conflict with claimed values”

76%

“Companies/brands that have a negative impact on society cannot undo it through charitable giving in other areas”

76%

Australians also report that they are actively rewarding brands they perceive as behaving with Purpose:

“I go out of my way to shop with brands and companies that stand for something bigger than just their products or services”

67%

3. This year, Purpose means people

This year, for Australians, 'Purpose' means People. Looking around the world, that should make us proud – we want Australians to lead good organisations and ensure people are at the heart of their Purpose.

The pandemic has “tuned” Purpose, simplifying the abstract notions of the past to more tightly mean "looking after people first". It seems we really are beginning to expect business to prioritise stakeholder returns over shareholder returns – the shift from shareholder value to shared values.

This is about tangible benefits for people: job, security, support, safety, and certainty in uncertain times.

"It seems we really are beginning to expect business to prioritise stakeholder returns over shareholder returns."

85%

"The pandemic and other crises will force companies to prioritise the needs of their stakeholders, not just the financial reward, in the long-term."

92%

"Companies must make decisions that are in the interest of their employees, even if that means losing business."

58%

When considering a purchase choice from a company in 2020, Australians prioritised "how they treat their employees" above many of the other factors we might consider more "Purpose-driven".

4. But, it's really all about "me" this year

We've dialled up pragmatic Purpose in 2020.

Love and respect this year went to companies with direct relevance to our lives, in a hierarchy of needs.

For business, this translates to "what are you doing for your employees and your customers?", rather than "what are you doing for the planet, or for the community?" When asked to name specific brands they love and respect, Australians named companies which have helped them this year as they faced unique challenges.

Providing everyday needs

Woolworths 

coles



Kmart

BIGW

Target

BUNNINGS
warehouse

Connecting them to the world



Google

SAMSUNG



Bringing the world to them, when they can't go out to the world

amazon

ebay™

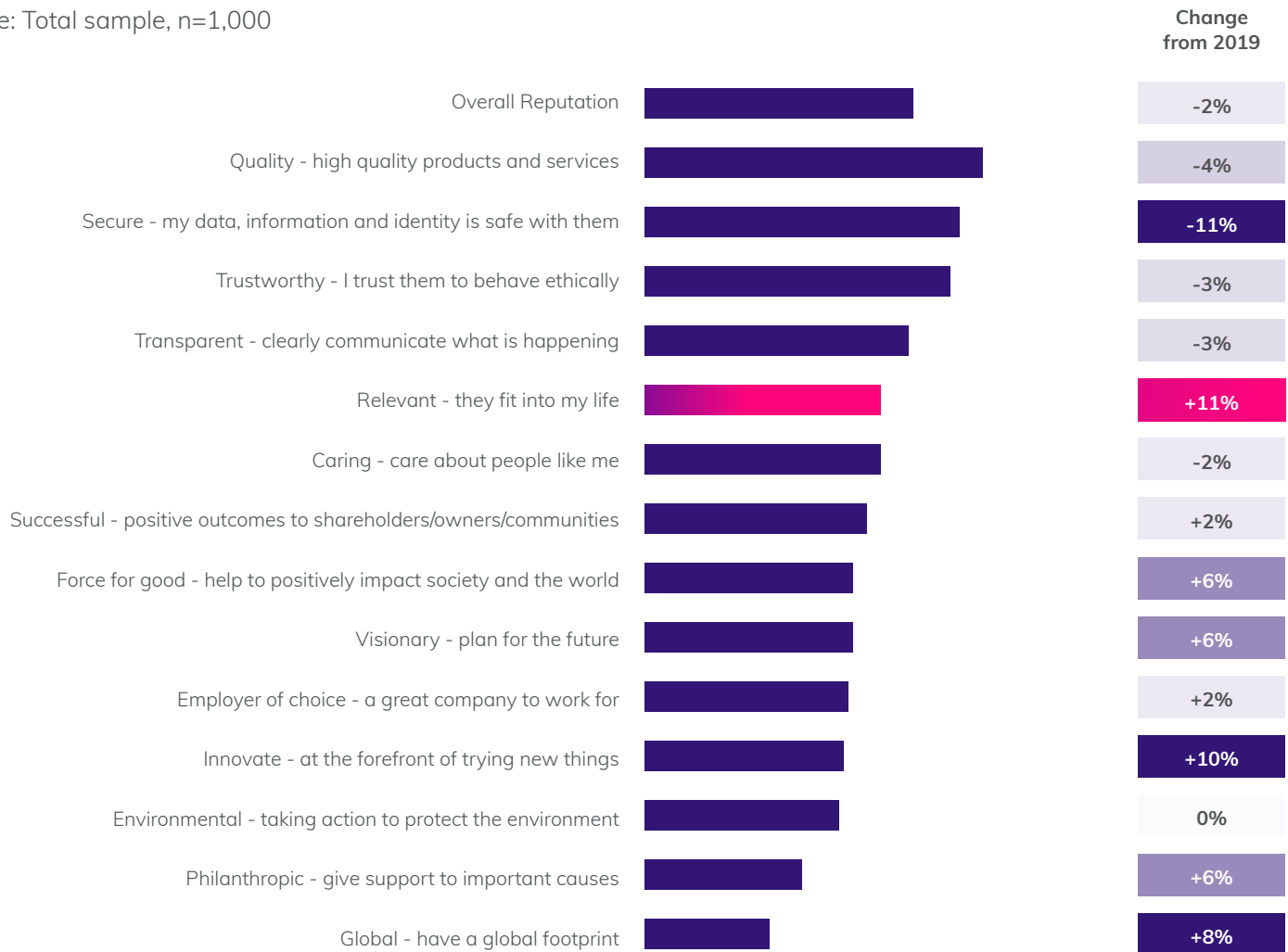
Looking after them in their time of stress



Commonwealth Bank

And, the most significant movement in terms of “what makes a company great?” was “Relevant – they fit into my life”, which gained 11 per cent. Brands need to ensure they continue to fit into our lives during uncertain times.

Base: Total sample, n=1,000



Q. When you think about the things that make a brand or company great, how important is it? Note: 'Force for good' previously worded 'Purpose driven'.

5. We are beginning to agree that Purpose is good for business

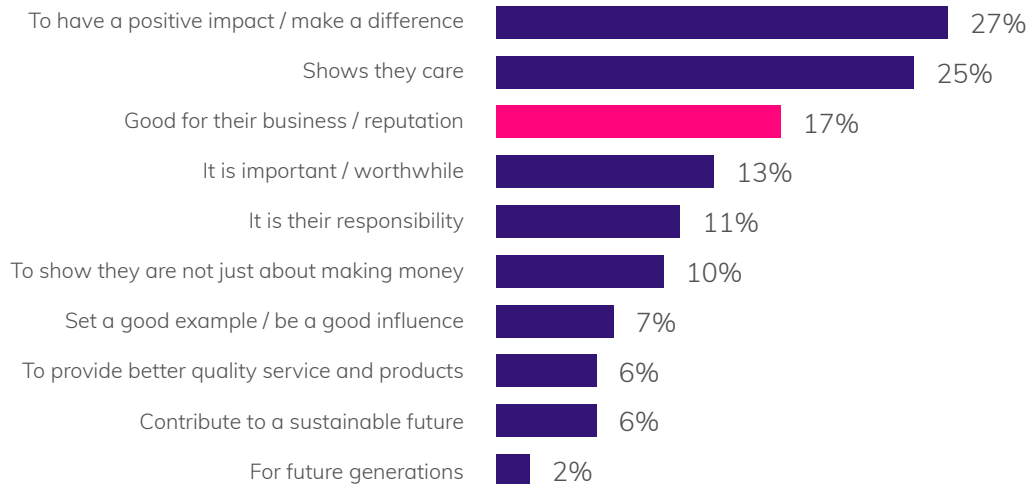
According to the research, almost all of us agree it is important for companies and brands to positively impact society. The question left to ask here is why.

When asked why companies and brands should positively impact society and stand for something bigger than just their products or services, the most dominant themes are “to make a difference” and “it shows they care”. Businesses and brands are expected to behave

with Purpose, and more and more, consumers are understanding that doing good is good for reputation – and that’s good for business.

This is always evident in the research we do at a brand level, but it also feeds right down to tactical execution – customer experience. It is no longer simply about making the process as easy as possible – organisations need to “show they care”.

90% "It is important for companies/brands to positively impact society."



Q. Why do you feel it is for companies and brands to positively impact society and stand for something bigger than just their products or services?"

6. Australians align “criticality” with Purpose

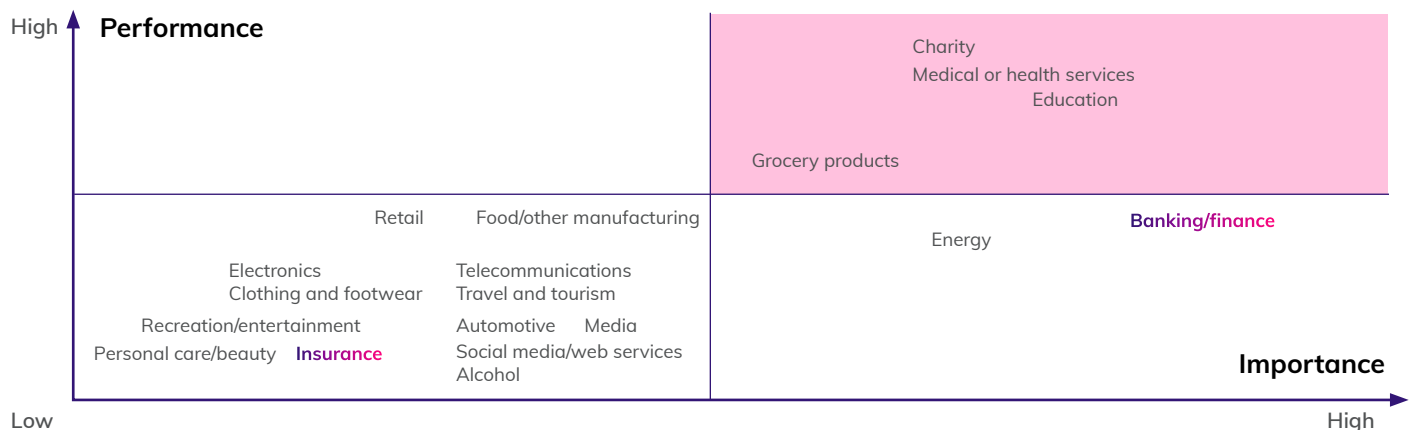
Criticality appears to play a key role in helping consumers make an easy link between an organisation’s core Purpose and its performance on Purpose. The more critical your business is perceived to be, the more likely we will perceive it as Purpose-driven – because the need to “overlay” Purpose is not there.

Your criticality as an organisation (how much we need you) is inextricably linked to how your “performance” as a Purpose-driven company is perceived. If we look at the juxtaposition between how important Australians believe Purpose is to your sector, and the perceived performance on Purpose, it is the most critical sectors that do best – charities, medical/health, education, groceries, energy, and access to finance.

When we look at individual brands, this is echoed. Those which helped customers and employees, and those which are critical (supermarkets, technology, banks) are rated highly.

Banking and finance scored relatively highly in performance, and the highest in “importance” - no doubt this rating would have rocketed up this year as customers turned to banks for help...and found it. The challenge for banks will be maintaining that performance as fiscal support wanes. By contrast, insurance is lagging banking/finance, even though it is proximate as a sector.

Insurance has not done enough to demonstrate its criticality - or is still suffering from post-Hayne reputation loss - without having had the opportunity to rehabilitate in the same way the banks have.



Q. In which of these industries or categories do you think it is most important for companies/brands to positively impact society?

Q. Which of these industries or categories do you feel is performing the best in terms of positively impacting society?

7. Who cares? It depends

While different groups in society care more about Purpose than others, it is also likely they have different views on what Purpose means. In addition, some still simply don't care at all, or think any form of Purpose communication is empty virtue-signaling.

So, who cares? Young people, Australians who read broadsheet newspapers, and people with children. It could be argued that those with most investment in the future care most about Purpose.

The younger you are, the more you care about the "Responsible" elements of reputation, which align with Purpose – environment, employer of choice, "force for good" and philanthropic.

People at the political extremes expect organisations to positively impact society and stand for something bigger than just their products or services. However, what those people see as "positively impacting society" might be quite different!

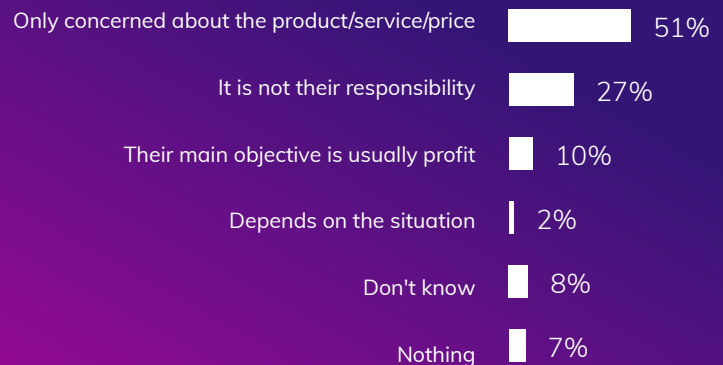
People hit hardest by COVID-19 care most about whether companies behave ethically. On the flipside, those who benefited or have seen no impact, "comfortably secure" or "moving cautiously" are at 63 per cent and 56 per cent, respectively.

There is still a cohort who don't care about Purpose at all – 10% of Australians disagree that it is important for companies/brands to positively impact society.

10%

of Australians **disagree** that it is important for companies/brands to positively impact society.

Of those 10%...



Q. Why do you feel it is NOT important for companies and brands to positively impact society and stand for something bigger than just their products or services?

Implications for Purpose and communications

So, what does this all mean?

In 2020, while the core elements of reputation remained stable, there are still evolving nuances to the way we view reputation that have implications for the way we approach Purpose in our organisations – and the way we communicate on it.

This year was a year in which Purpose means real action, to help real people. And when we talk about people, we mean employees and customers first, and shareholders...later.

We believe there are several key takeaways that communicators and organisational leaders should consider in the current context.

1 Having a purpose - tied to your core business - is good business

Purpose-driven actions or rhetoric that are simply attributed to altruism simply won't pass the "pub test" with sceptical Australians. Organisations need to demonstrate how their commitment to Purpose is good for them as well as stakeholders and the community.

In addition, if you are claiming to be Purpose-driven, but your core operations are not aligned with your stated Purpose, we believe this constitutes a reputational risk in 2020. Organisations can no longer hope to offset their core behaviours with philanthropy or similar activities – this may make the situation worse.

2 Signal responsibility to demonstrate purpose

Signals help Australians feel reassured they don't need to research your entire organisation before making a decision about you. Organisations should prioritise communication of key signals on Responsibility:

Employee wellbeing: Putting people first continues to show through in our research as a key element of Responsibility and Purpose. Organisations that put employees (and customers) first this year have shone in the reputation stakes



Authentic and passionate leaders who are willing to demonstrate their passion for your business' core products/services



Conspicuously ethical behaviour: Reputational issues are a key opportunity to demonstrate that your organisation is willing to do the right thing, do what it said it would do, and prioritise people over profit



Innovation on climate and sustainability: While sustainability has taken a hit, innovation was strongly rewarded (perhaps as we look for answers to our crises), so demonstrating new efforts here will be a strong signal of responsibility



Independent, third-party accreditation in the form of labels/logos, which are especially powerful with young people





3 Raise the perception of your organisation's criticality with your stakeholders

If we perceive you as important in our lives, we're probably going to give you a tick on "Purpose" – because we see it close-up. Work to anchor your organisation's reputation in its criticality to customers and stakeholders to avoid having to "bolt on" Purpose.

Communications can help to raise the criticality of an organisation in the minds of its stakeholders by conspicuously engaging in pro-social activities to the benefit of employees, customers and the community, and by reminding employees and customers why they matter.

4 Invest in your most important asset

This approach requires leaders to prioritise, drive and communicate Purpose through the organisation with customers, stakeholders, employees and candidates. Authentic Purpose is a true differentiator.

However, almost all of us agree we need to communicate what we are doing on Purpose more effectively – 86 per cent of Australians agree companies should be doing more to communicate their Purpose and what they stand for.

Consistent investment in Purpose results in shallower and shorter dips in reputation for an organisation, particularly following an issue or crisis.

Eighty-five per cent of Australians said they're more likely to forgive a company's mistakes if they have a track record of acting ethically and responsibly, and 86 per cent said companies that prioritise pro-social outcomes will come out of the pandemic and other crises stronger.

Australians recognise that Purpose is good for business, but ensuring you are driving it through your organisation is crucial. You need to ensure that your people and stakeholders are sufficiently engaged in your Purpose – it is an inside-out process.

By contrast, we will 'punish' those who are making less effort, even when it comes to investing in - or working for - an organisation.

5 Understand your core constituency, how you fit in, and how they discover your Purpose

Within each cohort – age, geography, income, employment status, political leaning – Purpose has different meanings, and different levels of importance. And, they are finding their news in different ways, so it is critical you understand who they are, what is relevant to them, and how they would find out about your Purpose before you spend a dollar in resources on Purpose-driven communications.

Younger people (18-29-year-olds), those at the political extremes (right and left), and those with children are most interested in pro-social businesses. They tend to get their information from broadsheet newspapers, ABC and SBS – although 46 per cent of young people say they only get their news via social media.

As an example of why you must understand your core constituencies, those at the political extremes may agree that it is important for organisations to engage in pro-social behaviour, but they may vehemently disagree on what constitutes that behaviour. Some may believe action to reduce reliance on fossil fuels is most important, while others may believe regional employment should be top priority.

It is also worth remembering that 10 per cent of Australians disagree that it is important for companies and brands to positively impact society. If these people make up a large proportion of your core constituency, you may need to consider the way you are approaching your communications on Purpose.

	18-29	30-39	40-49	50-59	60+
Directly from new outlets	27%	37%	58%	67%	87%
Through social media (e.g. Facebook, Twitter etc.)	46%	35%	14%	10%	3%
Both	27%	28%	28%	22%	10%

Do you primarily source news directly from news outlets (i.e. newspapers, television news, radio, websites, news apps), or do you rely more on social media?

So, what next?

Doing good is good business.

However, much of the dialogue on Purpose is superficial, ill-informed, or informed by research undertaken in other markets, particularly the United States.

The Australian consumer is sceptical and pragmatic, but we are still continuing to evolve our views on Purpose. As Australians, we still (overwhelmingly) believe that organisations must stand for something more than just making money, and that the way they operate must align with their claimed Purpose.

However, it is the nature of that expectation that is different – and always changing – in Australia. This year, we faced challenges from bushfires to a pandemic to the ensuing recession. As a result, what Australians view as pro-social behaviour from businesses turned inward, as we looked to our institutions and businesses to prioritise employees, customers, and... me.

This doesn't mean every business must change its Purpose each year. The same key issues – climate, innovation, diversity – continue to grow in perceived importance for Australians.

What it does mean is that if you are leading an Australian organisation, you must:

- **Be clear** what on your Purpose as an organisation really is
- Ensure that your organisation's core business is **clearly aligned** with its stated Purpose, and understand how your core constituency(ies) feel about your Purpose
- **Prioritise people** in your Purpose-efforts. Employees, customers and stakeholders may not be your only focus, but they must be key to the success of your Purpose
- **Drive Purpose** through the business, top to bottom. Organisations cannot truly succeed in Purpose-driven activities without the support of their people – it is an inside-out process
- **Communicate it well** – ensure the rationale for all your actions as an organisation is rooted in your Purpose and your values, and communicate this to all your stakeholders at every opportunity

Doing good is good business. And who knows, you might even enjoy it!

This year's results, and the results of previous Purpose Premium studies, are available at www.purposepremium.com.au.

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