

# Marketplace Insights from Business in the Community

## July 2016

News, research and the latest buzz on purpose-driven brands and customer trust

### **Profit and Purpose**

In a recent article from [Harvard Business Review](#) 3 examples are featured of companies that are not only articulating a purpose that go beyond delivering returns to shareholders – but also making decisions that, at least in the short-term, will cost them in terms of reduced revenues and/or increased costs. This article suggests that by bringing together commercial success with ‘doing the right thing’, companies are faced with a complex paradox. Through accepting, confronting and transcending this paradox, business can be saved from low levels of trust in the authenticity of the corporation and its leaders, increases in regulation and fines by governments, a failure to attract high quality employees, and ultimately a failure to grow, innovate, and provide a return to investors.

“[Is there such a thing as too much profit?](#)” This article explores if profit should come before purpose, or if indeed they can work together. Putting shareholders first may equate to better short-term results, but in a time when society demands more, taking a view of the bigger picture can be better in the long term.

### **Living purpose**

Small start-ups aren’t the only companies capable of contributing to creating a better World, according to the latest [Trendwatching brief](#). Big brands are suffering from a lack of consumer trust, yet have the scale, reach, resources and human capital – as well as decades of accumulated skills and knowledge – needed to effect massive change and therefore minimize the damaging impact they have. This briefing provides case studies of big brands that have made progress towards such action, and considers what others may do to follow suit. Trendwatching argues that through such activities, big brands will be able to win back consumer trust.

As many businesses try to find their footing within the Sustainable Development Goals, and understand their place in reaching them, this article profiles [5 companies that have found their purpose](#) in moving the agenda forward. Coca-Cola, Novozymes, CJ Group, Mahindra and Cemex all share how their companies are delivering on the SDGs, and what it means to them. While Coca-Cola is using its wide remit to focus on Water and Women in developing countries, Novozymes have used the SDGs to redefine their purpose and strategy, and Mahindra is driving change through leadership development.

[Business Insider 100: The Creators](#) celebrates leaders who embody the spirit that capitalism can and should be a force for good. The report looked for inventive leaders making bold moves to create value for four constituencies: shareholders, employees, consumers, and society. Business leaders from Facebook, Starbucks and Vodafone took the 3 top spots.

### **The case for collaboration**

In a recent [GlobeScan / SustainAbility survey](#) of over 900 sustainability experts in 84 countries, 44% suggested that the most effective way for companies to make a positive contribution towards the Sustainable Development Goals (SDGs) is through pursuing partnerships and developing products and services. This article from [GreenBiz](#) considers the key takeaways from the survey; business is expected to have equal responsibility to the government in advancing the SDG agenda, and integrated purpose ranked highly on the list of reasons why a company is seen to be leading in this area.

In a bid to reduce their impact on the environment [Ford and Jose Cuervo](#) are exploring using the tequila producer’s agave plant byproduct to develop more sustainable bioplastics to employ in Ford vehicles. This isn’t the only recent partnership from Ford, the company are also working with [sustainable fashion brands](#). Earlier this year the firm said to [expect many more partnerships](#), as it finds it looks to expand beyond manufacturing and selling cars and trucks.

## **Customer Demand**

In this [article from Digitalist](#) Oliver Pursche, CEO of Bruderman Brothers LLC and Bruderman Asset Management, considers the impact that technology has had on consumer behavior and therefore, the effect this has had on who investors see as a worthwhile opportunity. With insight from EY's strategy executive director and EY Beacon Institute global leader Valerie Keller, the article highlights how purpose can influence both consumers and business attitudes towards a company. Virgin Airways and SAP are both profiled as businesses who have embedded purpose from day one, with the belief that it will increase long-term profitability, gain more customers, and retain better employees.

Following the recent success of purpose led campaigns at Cannes Lions International Festival of Creativity, Charlie Coney, Head of creative EMEA at Golin, expresses his view that [consumers no longer want brands to just raise awareness of issues, they are expected to be solving them too](#). He tasks the PR industry with leading this change through earning the trust and confidence of consumers. The recent [Edelman Earned Brand study](#), measures the strength of relationship between consumer and brand, and suggests that one of the biggest opportunities for brands to earn deeper relationships with consumers is acting with purpose.

Although consumers are increasingly asking for purposeful brands, only half of 21,000 consumers were able to name a purposeful brand according to a [survey from BBMG and Globescan](#), covering 21 countries. For Jason Foo, Chief Executive Officer at BBD Perfect Storm, this poses a huge opportunity for [brands to stand out from the crowd](#) by aligning themselves with a social purpose. Jason highlights the need for businesses, and in particular marketers, to utilise purpose as people-serving rather than commercial-serving.

A recent analysis into attitudes towards seafood consumption has revealed [consumers rank sustainability over price and brand](#), with over half of respondents willing to pay more for a certified sustainable seafood product. The study suggests association with ecolabels contributes to raised trust and confidence in brands.

## **Employee Engagement**

[Research from PwC](#) revealed that 83% of over 1,400 US employees surveyed named purpose among their top priorities for offering meaning in daily work and many feel a shared sense of purpose contributes heavily to employee satisfaction. The report went on to suggest that employees must embody the beliefs, behaviours and values that exemplify organizational purpose if it is to be sustained, which requires reinforcement through recruitment, development, and rewards strategies.

In a [recent global survey](#) of 1,045 executives, advisory firm Korn Ferry asked questions specific to both personal and organizational purpose. Results showed 67% felt there is a long-term financial benefit to companies that make strong commitment to purpose-driven leadership, and 70% believe understanding and embracing the mission/purpose of your organization can increase employee productivity.

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