



# EDELMAN EARNED BRAND

An annual global study of how brands earn, strengthen and protect their relationships with consumers.

2018 Edelman Earned Brand is the firm's fourth annual study of how brands earn, strengthen and protect their relationships with consumers. Research was conducted by Edelman Intelligence, a global insight and analytics consultancy.

## METHODOLOGY

### 8 MARKETS

Brazil, China, France, Germany, India, Japan, the U.K. and the U.S. All data is nationally representative based on age, region and gender.

### ONLINE SURVEY

8,000 respondents (1,000 in each market)

- Belief-driven buying, and respondents' general attitudes toward brands
- Respondents' reactions to two different communications—one focused on product features and one on the brand's stand—from 16 different brands

Fieldwork conducted July 10 – July 20, 2018

### MOBILE SURVEY

32,000 respondents (4,000 in each market)

- Signal-contingent measurement of reactions to specific brand communications
- Respondents were asked to describe their experience with the next brand communication they noticed naturally

Fieldwork conducted June 29 – July 24, 2018



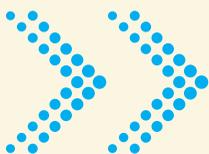
# BRANDS TAKE A STAND

Today more than ever, consumers are putting their faith in brands to stand for something. To do the right thing. To help solve societal and political problems. Whether people are shopping for soap or shoes, they're weighing a brand's principles as much as its products. Opting out of taking a stand is no longer an option. How can a brand best put its values into action?

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# THE NEW BRAND DEMOCRACY



The world is upside down—people’s fears are overwhelming their hopes. The rise of populism is tied to a deep sense of inequality and worry about future job prospects, as globalization and automation loom. Media is now the least-trusted institution in the world, with half of people disengaged from mainstream outlets, while trust in social media is below 30 percent in several developed markets due to the poison of fake news. Government is seen as parochial and partisan, unable to make a difference on the issues that matter.

Consumers are turning to brands as their champions; this is the birth of Brand Democracy. The feeling is: It’s easier to get a brand to act on the issues I care about than to vote for another ineffectual politician. The brand can do much to deliver on this expectation, from improving its supply chain to persuading consumers to change their behavior. Brands are now being pushed beyond their classic business interests to become advocates for a better society.

This is a new relationship between company and consumer—purchase is premised on a brand’s willingness to live by its values, operate with purpose, and if necessary make the leap into activism.

The 2018 Edelman Earned Brand study shows that the market is being transformed by the rise of the Belief-Driven Buyer. Nearly two-thirds of consumers now choose, switch to or boycott a brand based on its stand on societal issues, up from 51 percent in 2017. These believers now constitute a majority in all eight markets we surveyed, from China to the U.S. to Germany, with huge jumps in Japan (up 21 points, to 60 percent) and the U.K. (up 20 points, to 57 percent). This mindset now spans generations and age groups; 18-to-34-year-olds lead at 69 percent, but the biggest rise (18 points) was in the 55+ contingent. They are now also the majority at all income levels, with the largest increase among middle-income buyers (up 16 points, to 62 percent).



## **BRANDS ARE NOW BEING PUSHED BEYOND THEIR CLASSIC BUSINESS INTERESTS TO BECOME ADVOCATES FOR A BETTER SOCIETY.”**

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The consumer believes that brands are the most effective force for change. Fifty-three percent of respondents agree that brands can do more than government to solve social ills—and nearly half say that brands have better ideas. This has transformed marketing. A brand’s stand on issues prompts the same purchase intent as its promotion of product features, a new balancing of the rational and emotional elements of the marketing equation. But the brand’s stand prompts substantially more social conversation and intent to advocate for the brand than classic product communication. The best messenger for a brand’s stand is a regular person or customer, followed by an expert or employee of the company, much more powerful than a celebrity.

The choice for brands is not whether, but how to honor the consumer’s call to action. Unilever has made purpose central to its business, and CEO Paul Polman has stated that the brands in his portfolio with a purpose

have outperformed others without one. Beyond purpose lies cause, using the moment to take a stand, as Starbucks did in the wake of poor customer treatment in Philadelphia, closing its stores for a half day to retrain its workforce on racial bias. Then there is activism, stepping into the political fray, as Nike did with the Colin Kaepernick ad called “Believe in Something,” which has prompted a 31 percent sales increase. When a brand takes a stand and participates in the new Brand Democracy, it not only grows business but also acts to advance the interests of its customers and society.

### **RICHARD EDELMAN**

PRESIDENT & CHIEF EXECUTIVE OFFICER



# BELIEF-DRIVEN BUYING IS NOW MAINSTREAM

## A DRAMATIC INCREASE IN BELIEF-DRIVEN BUYERS

In last year's Edelman Earned Brand study of consumer-brand relationships, more than half of consumers identified as Belief-Driven Buyers. These consumers said that they use brands to demonstrate their personal values. They will choose, switch, avoid or boycott a brand based on where it stands on the political or social issues they care about.

In 2018, 64 percent of consumers now self-identify as Belief-Driven Buyers—a staggering 13-point increase from 2017. Nine of those points were among the Joiners, the group of Belief-Driven Buyers who are more volatile than the always-passionate Leaders and will change their buying behavior depending on the stand a brand takes—or fails to take.



Percent who are Belief-Driven Buyers

**64%**  
ARE BELIEF-DRIVEN BUYERS

## THE MAJORITY OF ALL CONSUMERS BUY ON BELIEF

Belief-Driven Buyers now comprise the majority of consumers across markets, age and income. Nearly seven in 10 of 18-to-34-year-olds buy on belief, but the most impressive gains come from 35-to-54-year-olds, who are up 14 points to arrive almost at parity with the younger cohort. And consumers 55+ now share the belief-driven mindset with younger buyers, jumping 18 points in one year.

## BELIEF-DRIVEN BUYERS ARE NOW THE MAJORITY IN EVERY...

 2018  Change from 2017

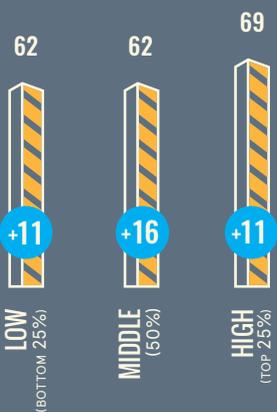
### ...MARKET



### ...AGE GROUP



### ...INCOME LEVEL



Percent who are Belief-Driven Buyers

# CONSUMERS BELIEVE IN THE POWER OF BRANDS

## GREAT EXPECTATIONS

Consumers have changed their expectations about the impact brands should have on our world and how they should tackle issues facing society. Buyers believe that today's brands are uniquely positioned to address societal issues and drive change.

More than half of people believe brands are better equipped to be a force for change than the government, and nearly half think brands have better ideas than government. People's belief in brands as a force for social good provides marketers with both an opportunity—and an obligation—to help their customers live their best lives.

## PEOPLE SEE BRANDS AS A FORCE FOR CHANGE

**46%**

**Brands have better ideas** for solving our country's problems than government

**53%**

**Brands can do more** to solve social ills than government

**54%**

**It is easier for people to get brands to address social problems** than to get government to take action

## THE SHIFTING OF POWER

CAROL POTTER, PRESIDENT & CEO, EMEA AND CIS

There was a time when brands held power over their customers. Brands informed and educated their users on how their homes should look and smell, how they should entertain and keep themselves looking good. Brands were in authority, defining the lifestyle of their users.

But then the balance of power shifted. Consumers began to take a much more proactive role, aided and abetted by the advent of social media and the new importance of “word of mouth.” A relationship of “equal to equal” replaced the old authority-suppliant model. “Participation” and “engagement” became the aim of marketers.

Now we see a new and significant shift emerging, a major change in the contract between brand and customer extending well beyond any aspects of the product or the brand attributes. In what is now a mainstream movement, people want brands to have an impact upon society, compensating for what they perceive as the lack of government effectiveness. And they believe that brands can be effective in making a difference for good.

But perhaps this shift is not as entirely new as it appears.

As far back as the beginning of the last century, the owners of brands such as Kellogg’s, Hershey’s and Barclays Bank shared an ambition to bring social change that government was not addressing. Over the years since, various brands have taken up social causes. Coca-Cola made a strong and popular statement with the song “I Want to Teach the World to Sing” in 1971. In 1976, The Body Shop dedicated its business to the pursuit of social and environmental change. Benneton pursued its United Colors campaign throughout the 1980s and ’90s.

The critical difference, however, is that the brands themselves or the companies behind them instigated the social stand or crusade. Now it is the consumers who are pressuring and even mandating that brands act. The power dynamic has completely changed.

Customers recognize the influence they have over brands if they choose to speak out or to buy or to boycott. People are now in the position of authority, and brands, if not supplicants, ignore their demands at their peril.

Like elected governments, brands are being held to account on what they stand for, and people will vote with their voices and their wallets. It truly does seem that brands are the new democracy.

# THE POWER OF A BRAND'S STAND

Using product and innovation messaging as selling points is no longer the only compelling way to engage consumers. Values-led communication is now essential. When shown two communications from a brand—one focused on product features and one on its values—buyers are just as likely to express purchase intent based on a brand's values as they are based on the features of a product. Reminding consumers of the brand's stand when they are about to buy is crucial: 60 percent say brands should make it easier to see its values and its position on important issues at the point of sale.

## INTEND TO BUY AFTER VIEWING...

### ...A PRODUCT COMMUNICATION

# 44%

NET OF:

PURCHASE	22%
CONSIDER IN FUTURE	23%
LEARN MORE ONLINE	17%

### ...A BRAND'S STAND COMMUNICATION

# 43%

NET OF:

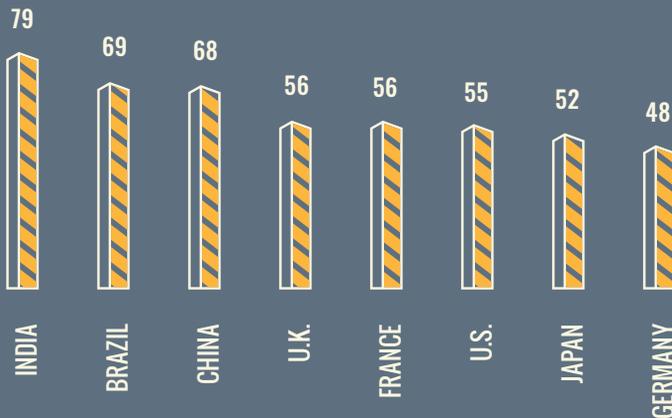
PURCHASE	22%
CONSIDER IN FUTURE	21%
LEARN MORE ONLINE	19%

## A BRAND'S STAND MATTERS AT THE POINT OF SALE

# 60%

Brands should make it easier for me to see what their values and positions on important issues are **when I am about to make a purchase**

### BY COUNTRY



Percent who agree



# A BRAND'S STAND GETS PEOPLE TALKING

INTEND TO ADVOCATE AFTER VIEWING...

...A PRODUCT COMMUNICATION

26%

NET OF:

TALK TO FRIENDS OR FAMILY 19%

POST ONLINE, LIKE OR REPLY TO THE BRAND 12%

...A BRAND'S STAND COMMUNICATION

32%

NET OF:

TALK TO FRIENDS OR FAMILY 24%

POST ONLINE, LIKE OR REPLY TO THE BRAND 15%

## BUT ARE BRANDS TALKING ENOUGH ABOUT THEIR STANDS?

56%

Marketers spend too much time looking for ways to force me to pay attention to their messages and **not enough time thinking of ways to make me want to pay attention**

## IT'S TIME FOR THE BARCODE TO CARRY A MORAL CODE

RUPEN DESAI, VICE CHAIRMAN, BRAND, APAC

One of the key findings in this year's Edelman Earned Brand study is that consumers in emerging markets are strongly committed to buying on their beliefs. In China, 78 percent of people are Belief-Driven Buyers; in India, it's 68 percent.

In Western markets, some successful brands have leaned more toward activism or politics when they take a stand. In Asia-Pacific, however, brands are more likely to hit the sweet spot by taking a stand on cultural or societal issues.

Lifebuoy got people across the globe to join them on their mission to reduce child mortality in the developing world with its "Help a Child Reach 5" campaign. Surf Excel, a Unilever brand, is helping parents and children see failure as a learning opportunity, while Mirinda from Pepsico India has focused on helping to reduce exam pressure among teen students. In China, Johnson & Johnson has taken a stand to end myopia among children.

For the Asia market, calibrating your stand to local cultures is crucial. But when a brand's barcode carries a moral code, the opportunity to engage more consumers grows enormously.



**IN ASIA-PACIFIC, BRANDS ARE  
MORE LIKELY TO HIT THE SWEET  
SPOT BY TAKING A STAND ON  
CULTURAL OR SOCIETAL ISSUES.”**

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# HOW TO TAKE A STAND



# 1 CHOOSE THE STAND THAT'S RIGHT FOR YOUR BRAND

Just as there is a spectrum of Belief-Driven Buyers who vary in their willingness to choose, switch, avoid or boycott a brand based on its stand on societal issues, there is also a spectrum of brand stances. But before a brand can determine where it should fall on the spectrum, clearly defining its values and deciding how much risk it can take are necessary first steps. How well the stand will resonate with the brand's audience, where to tell the story and who tells it are other critical factors to consider.



*In China, Johnson & Johnson works to end myopia in children.*

## PURPOSE

Clearly articulate why your brand exists and make a proactive effort to address that purpose



*In the U.K., Nissan helps communities clean up their beaches.*

## CULTURE

Authentically connect your stand to a relevant moment in culture



*The CEO of Levi Strauss supports gun control measures in the United States.*

## ACTIVISM

Confront a controversial issue that has a direct impact on your stakeholders and/or your brand

# 2 ENGAGE EFFECTIVELY

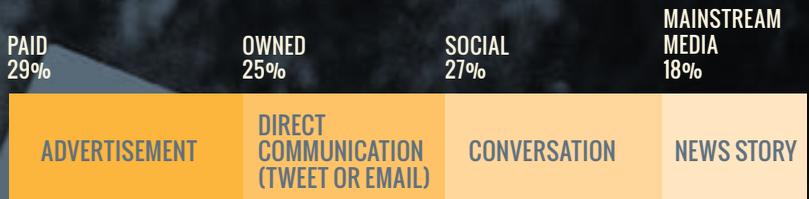
## TELL A COMPELLING STORY

Consumers noticed a brand communication when it...



## USE ALL CHANNELS

Engaged consumers' attention was captured through...



## ACTIVATE YOUR COMMUNITY

Consumers were more likely to advocate for a brand when a message was communicated by a...



# 3 STAY TRUE

AMANDA GLASGOW,  
PRACTICE CHAIR, BRAND, U.S.

Being brave is never easy. When my son was chosen to be “Wizard of the Week” in kindergarten and share stories he loves in front of the class, he was terrified. “What if the kids don’t like it and laugh at me?” he asked.

My answer to my son—and to my clients considering taking a stand—is the same: Be true to yourself.

Whether it’s Levi’s CEO Chip Bergh’s full-throated plea for common-sense gun control or Nike’s embrace of Colin Kaepernick, these campaigns ring true to their brands. We can surmise that both brands had considered conversations around risk tolerance. We can be sure both are taking a long view on where the proverbial puck is headed. But I believe both stances would have fallen flat if not for each brand’s history and authentic connection to its cause.

Bottom line: Whether you are a Wizard of the Week or a Titan of Industry, when you show the world your authentic self, the people who matter will support you.

“

**MY ANSWER TO MY SON—AND TO MY CLIENTS CONSIDERING TAKING A STAND—IS THE SAME: BE TRUE TO YOURSELF.”**

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# 6 TRUTHS ABOUT TAKING A STAND



PEOPLE BELIEVE THAT  
**BRANDS CAN LEAD  
SOCIAL CHANGE**

**01**

BELIEF-DRIVEN BUYING  
IS NOW A  
**MAINSTREAM MINDSET**

ALL AGES AND INCOME  
**NOW BUY ON BELIEF**

**03**

BRANDS CAN TAKE A STAND  
**ACROSS A SPECTRUM  
OF ACTION**

A BRAND'S STAND  
**DRIVES PURCHASE INTENT  
AND ADVOCACY**

**05**

A BRAND'S STAND  
**MATTERS AT EVERY  
CONSUMER INTERACTION**

**06**

## **ABOUT EDELMAN**

Edelman is a leading global communications marketing firm that partners with many of the world's largest and emerging businesses and organizations, helping them evolve, promote and protect their brands and reputations. Among its many honors, the firm was awarded the Cannes Lions Grand Prix for PR, named one of the 2018 "Agencies to Watch" by Advertising Age and "Global Agency of the Year" by both The Holmes Report and PRWeek, and cited five times by Glassdoor as one of the "Best Places to Work." Edelman owns specialty firms Edelman Intelligence (research) and United Entertainment Group (entertainment, sports, lifestyle). Visit [edelman.com](http://edelman.com) for more information.



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