

2018 Edelman Earned Brand



Edelman
Act With Certainty

BRANDS TAKE A STAND

#EarnedBrand

October 2018



Edelman Earned Brand

2015 Innovation and the Earned Brand

2016 The Consumer-Brand Relationship

2017 The Rise of the Belief-Driven Buyer

2018 Brands Take a Stand

2018 Edelman Earned Brand

A study of how brands can earn, strengthen and protect consumer-brand relationships



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

- Belief-driven buying and general attitudes toward brands
- Relationships with 48 brands
- Reactions to two communications from each of 16 brands

8,000 respondents (1,000 per market)

Fieldwork: July 10 – July 20, 2018



Mobile Survey

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

32,000 respondents (4,000 per market)

Fieldwork: June 29 – July 24, 2018

Margin of error

8-market average online survey data +/- 1.1% (N=8,000)

Market-specific online survey data +/- 3.1% (N=1,000)

8-market average mobile survey data +/- 0.6% (N=32,000)

Market-specific mobile survey data +/- 1.6% (N=4,000)

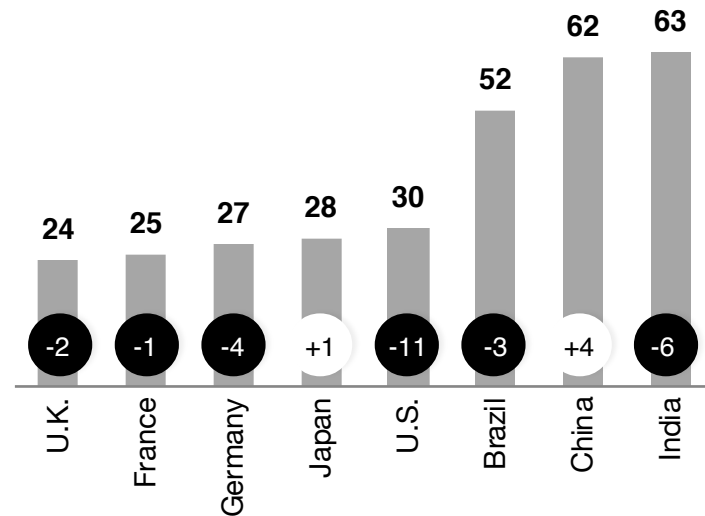
2018 Trust Barometer

Business Expect to Lead

Information platforms not trusted

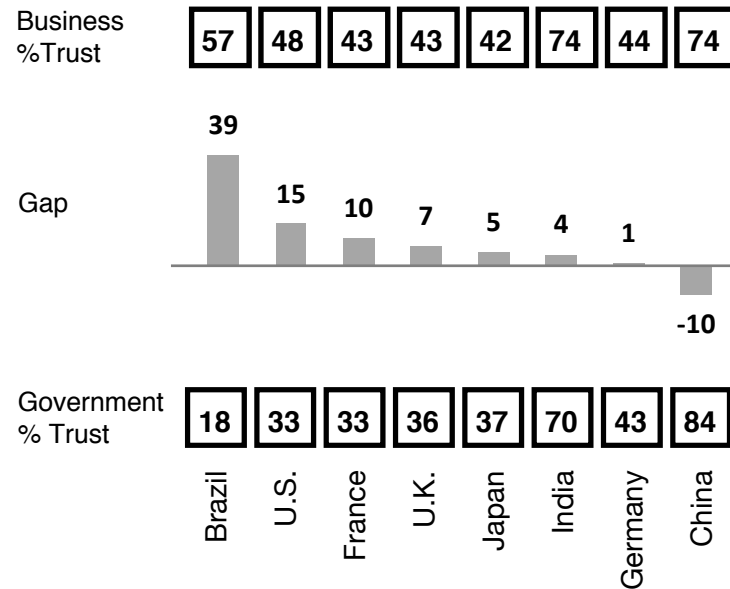
Percent trust in social media

— 0 — + Change, 2017 to 2018



Business more trusted than government

Gap in trust, business vs. government



Business expected to take initiative on change

64%

say that **CEOs should take the lead on change** rather than waiting for government to impose it

Source: 2018 Edelman Trust Barometer. COM_MCL. When looking for general news and information, how much would you trust each type of source for general news and information? Please use a nine-point scale where one means that you “do not trust it at all” and nine means that you “trust it a great deal.” 9-point scale; top 4 box, trust, question asked of half of the sample. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you “do not trust them at all” and nine means that you “trust them a great deal.” 9-point scale; top 4 box, trust. CEO_AGR. Thinking about CEOs, how strongly do you agree or disagree with the following statements? 9-point scale; top 4 box, agree, question asked of half of the sample. General population, 8-market average.

2017: The Rise of the Belief-Driven Buyer

1 in **2**

people are
belief-driven buyers

They choose, switch, avoid or boycott a brand based on its stand on societal issues

Of belief-driven buyers,

67%

bought a brand for the first time

because of its position on a controversial issue

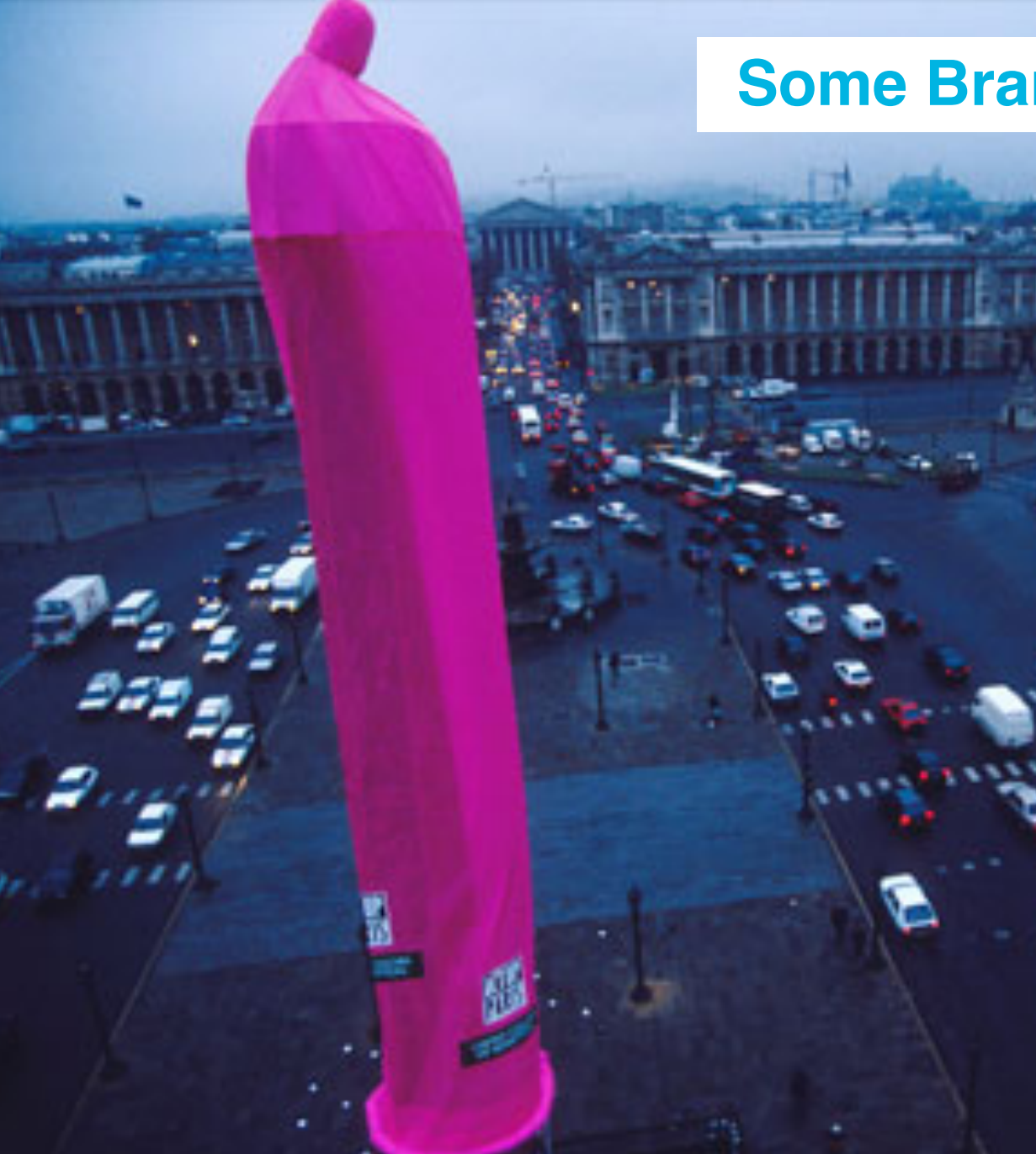
65%

will not buy

a brand because it stayed silent on an issue it had an obligation to address

Source: 2017 Edelman Earned Brand. Belief-driven buying segments. See Technical Appendix for a full explanation of how belief-driven buying was measured. Q17. Please indicate how much you agree or disagree with the following statements. 9-point scale; top 4 box, agree. 14-market average, among belief-driven buyers.

Some Brands Go All In



Benetton and Act Up Paris, 1993



Nike, 2018

Should your brand take a stand?



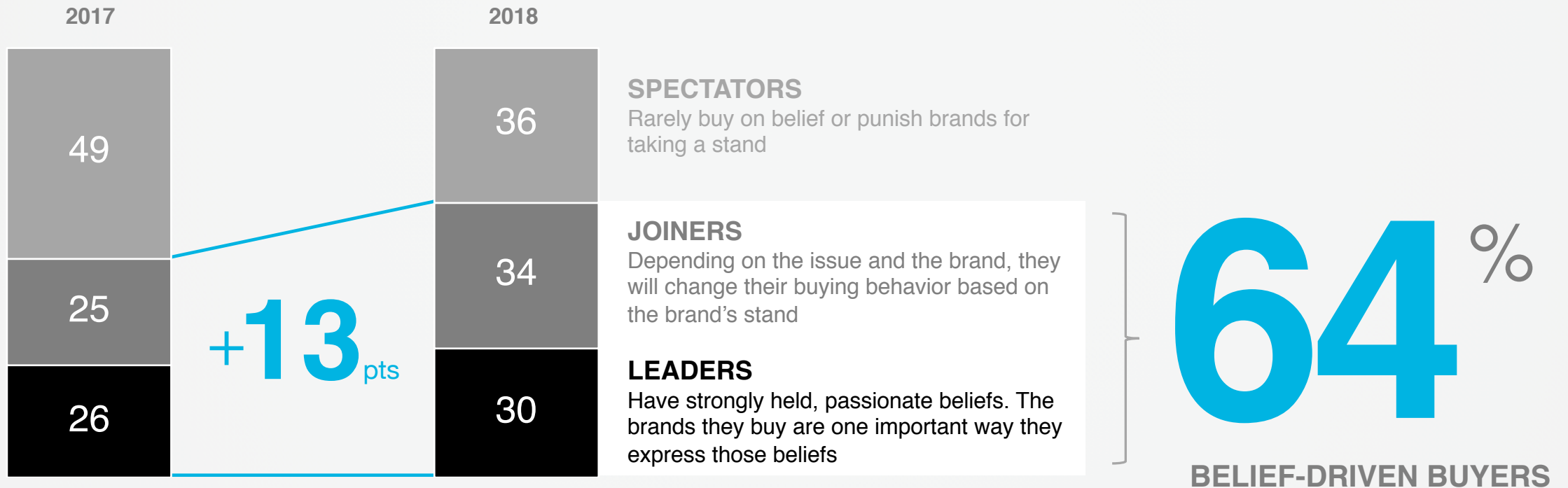
A World of

Belief-Driven Buying



Nearly 2 in 3 Now Belief-Driven Buyers

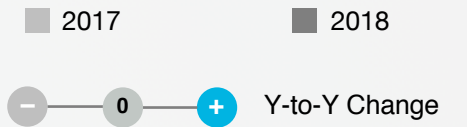
Do you choose, switch, avoid or boycott a brand based on its stand on societal issues? (Percent in each segment)



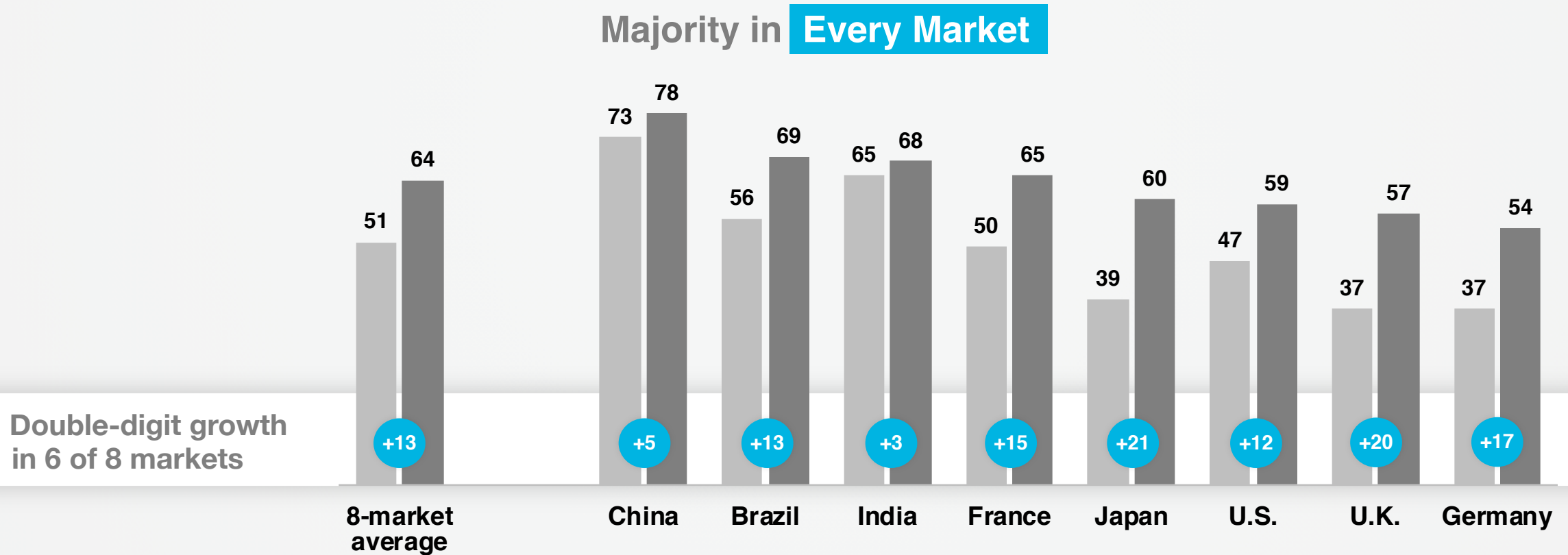
Source: 2018 Edelman Earned Brand. Belief-driven buying segments. 8-market average. See Technical Appendix for a full explanation of how belief-driven buying was measured.

Belief-Driven Buying Now Mainstream Around the World

Percent who are belief-driven buyers, and year-to-year change



Majority in **Every Market**

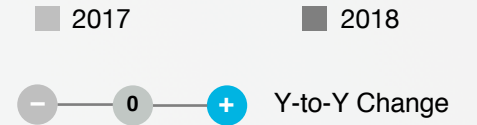


Double-digit growth
in 6 of 8 markets

Source: 2018 Edelman Earned Brand. Belief-driven buying segments. 8-market average. See Technical Appendix for a full explanation of how belief-driven buying was measured.

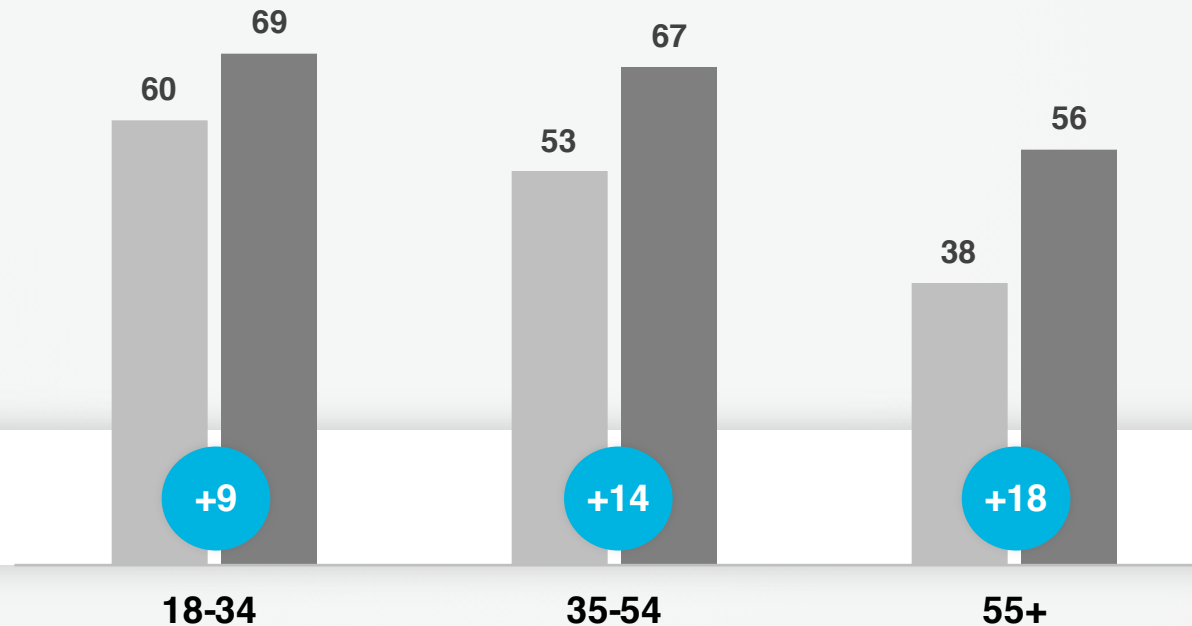
Belief-Driven Mindset Now Spans Generations

Percent who are belief-driven buyers, and year-to-year change



Majority at **All Ages**

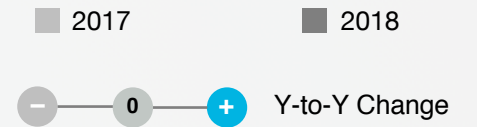
More older consumers
now buying on belief



Source: 2018 Edelman Earned Brand. Belief-driven buying segments. 8-market average, by age. See Technical Appendix for a full explanation of how belief-driven buying was measured.

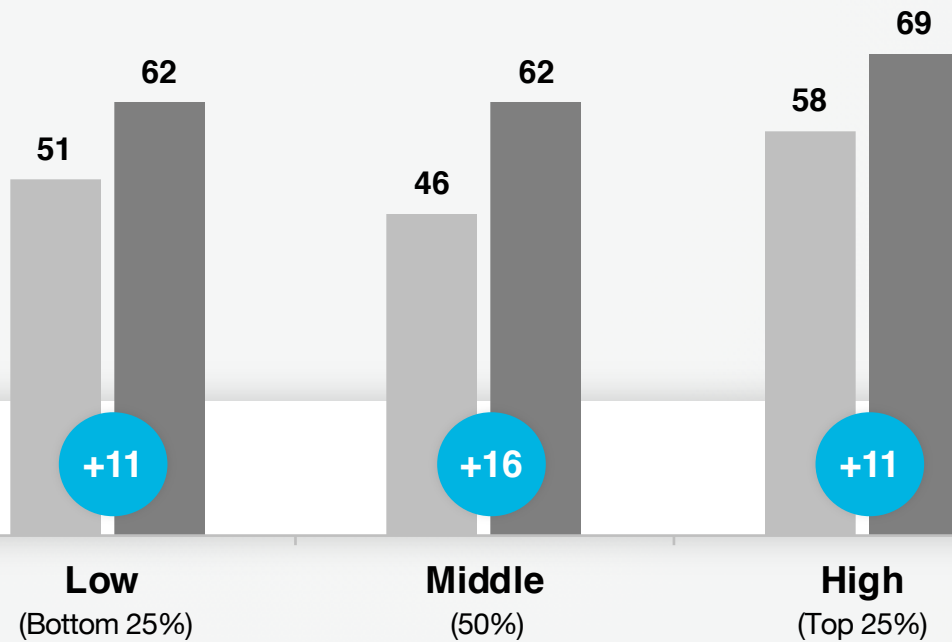
Belief-Driven Mindset Now Spans Income Levels

Percent who are belief-driven buyers, and year-to-year change



Majority at **All Incomes**

More lower- and middle-income consumers now buying on belief



Source: 2018 Edelman Earned Brand. Belief-driven buying segments. 8-market average, by income. See Technical Appendix for a full explanation of how belief-driven buying was measured.

An aerial, top-down view of a diverse crowd of people walking on a paved plaza. The people are seen from above, moving in various directions. The ground is made of large, dark grey rectangular tiles. The overall scene is busy and represents a multicultural urban environment.

Welcome to the new Brand Democracy

I believe brands can be a powerful force for change.
I expect them to represent me and solve societal problems.
My wallet is my vote.

People Believe in Brands as an Effective Force for Change

Percent who agree

46%

Brands have

better ideas

for solving our
country's problems
than government

53%

Brands can

do more

to solve social
ills than government

Source: 2018 Edelman Earned Brand. Q17. Please indicate how much you agree or disagree with the following statements. 9-point scale; top 4 box, agree. 8-market average.

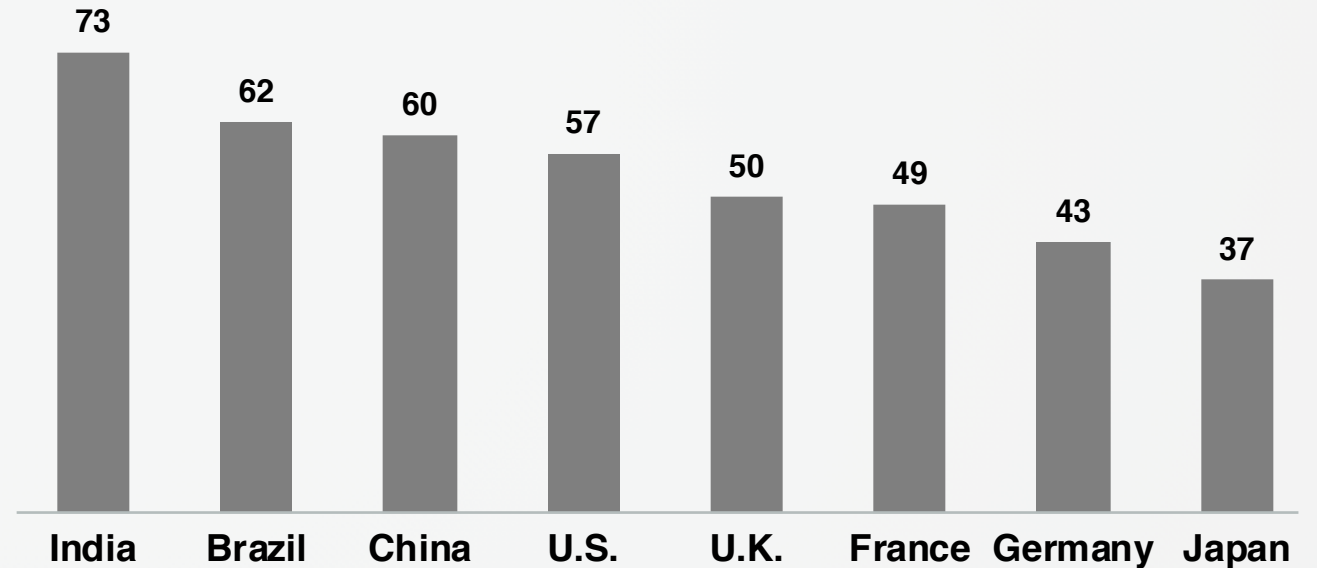
People Believe Brands Will Answer Their Call

Percent who agree

54%

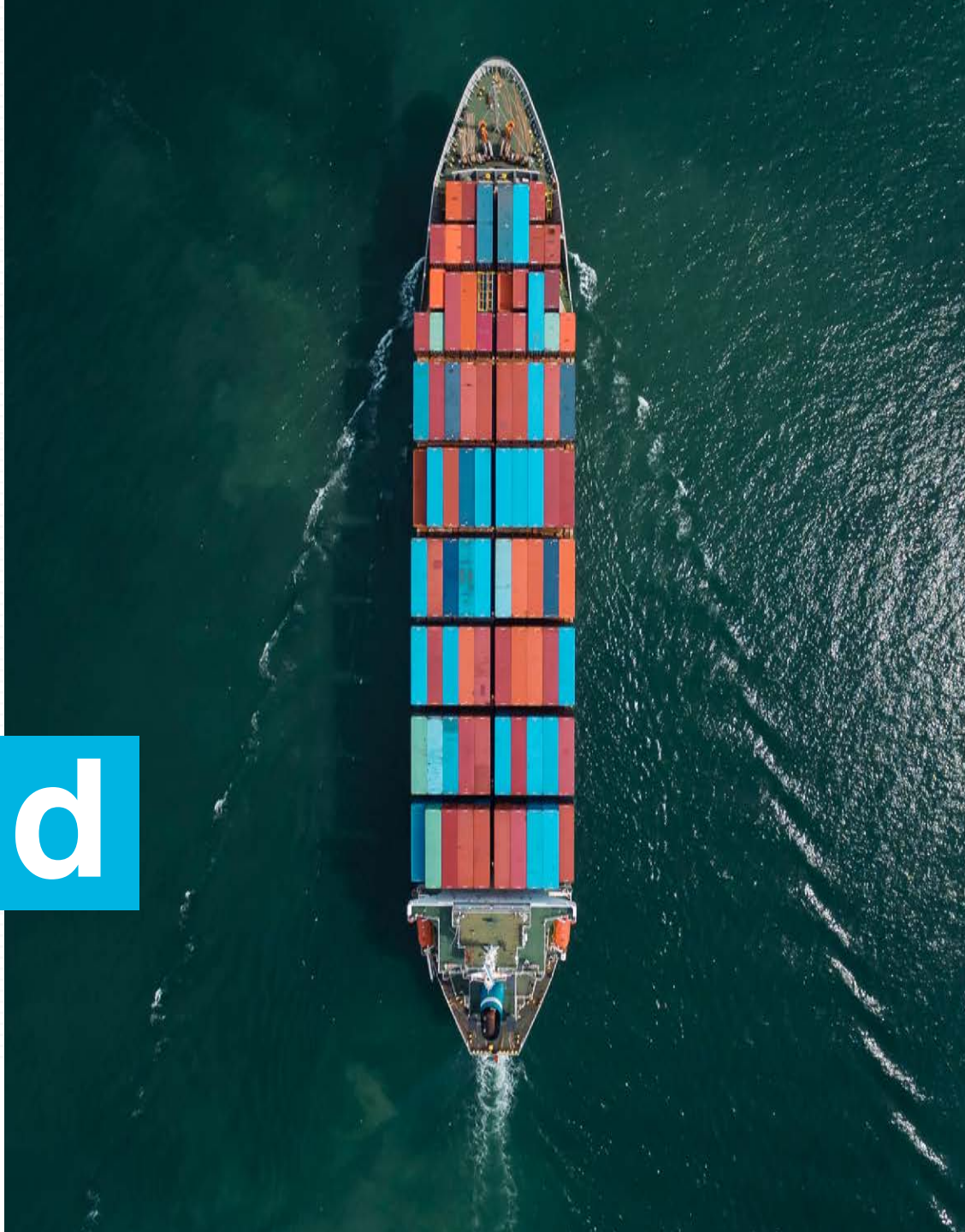
It is easier for people to get brands to address social problems

than to get government to take action



Source: 2018 Edelman Earned Brand. Q17. Please indicate how much you agree or disagree with the following statements. 9-point scale; top 4 box, agree. 8-market average.

The Power of a Brand's Stand



Your Stand Drives Purchase Intent

Percent who express purchase intent after viewing a product or brand communication

Product Features

44%

Net of:

Purchase	22%
Consider in future	23%
Learn more online	17%

Brand's Stand

43%

Net of:

Purchase	22%
Consider in future	21%
Learn more online	19%

Source: 2018 Edelman Earned Brand. Q93. What, if anything, do you intend to do (or have you done) as a result of seeing this communication. 8-market average, among those who saw a product ad vs. a brand ad.

Your Stand Gets People Talking

Percent who express intent to advocate for the brand after viewing a product or brand communication

Product Features

26%

Net of:

Talk to friends or family	19%
Post online, like or reply to the brand	12%

Brand's Stand

32%

Net of:

Talk to friends or family	24%
Post online, like or reply to the brand	15%

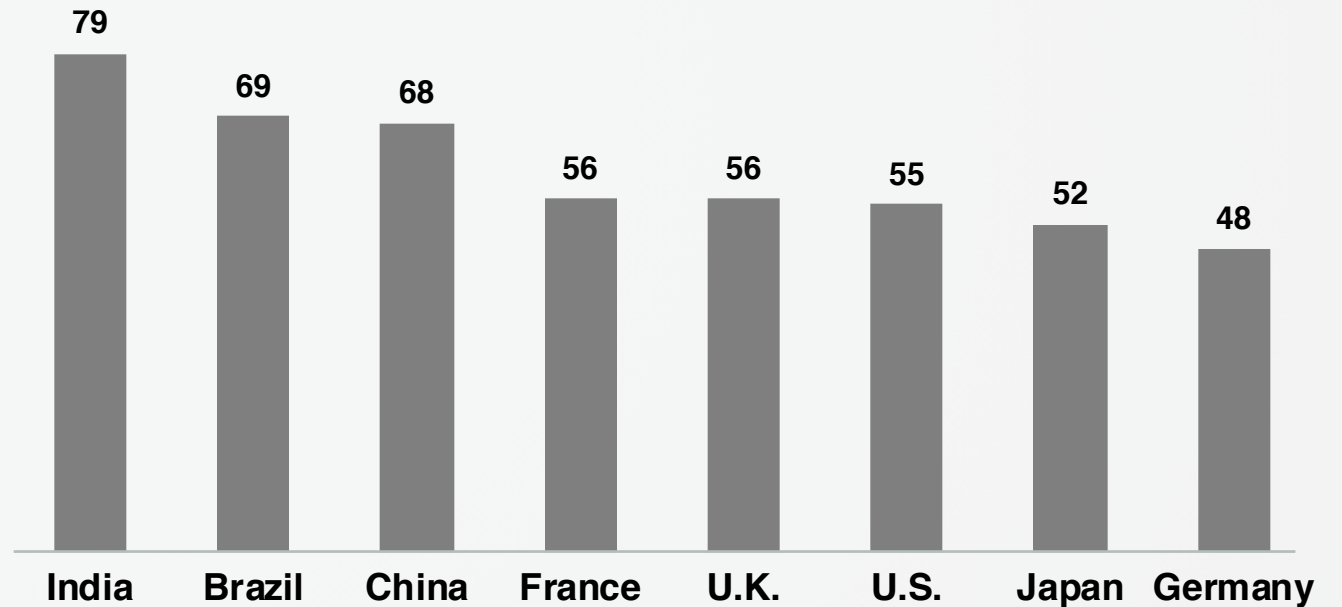
Source: 2018 Edelman Earned Brand. Q93. What, if anything, do you intend to do (or have you done) as a result of seeing this communication. 8-market average, among those who saw a product ad vs. a brand ad.

Your Stand Matters to Them Even at the Point of Sale

Percent who agree

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**



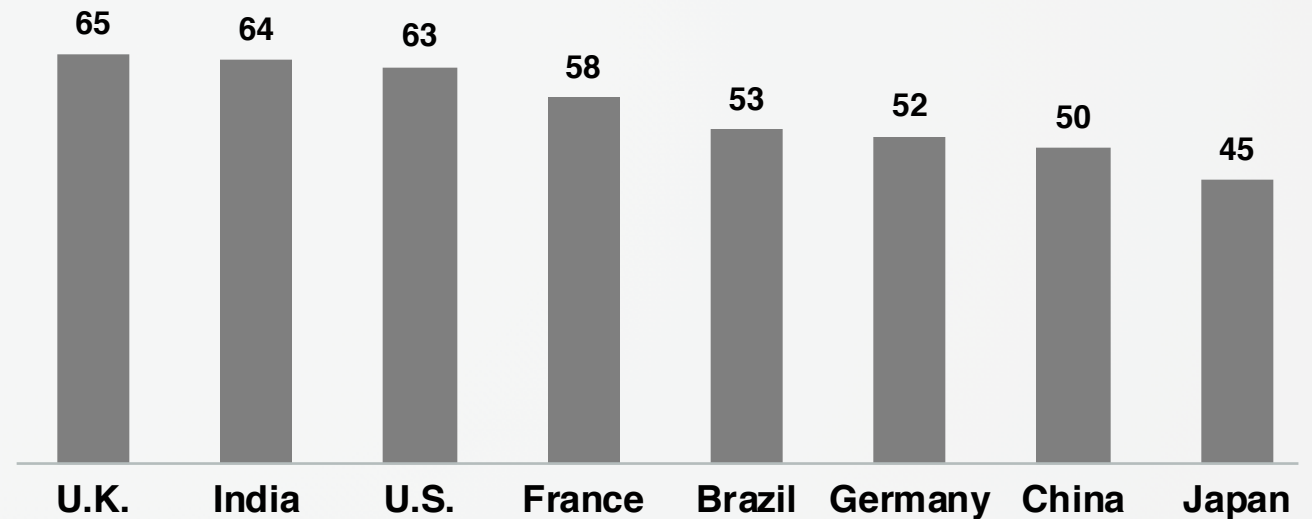
Source: 2018 Edelman Earned Brand. Q17. Please indicate how much you agree or disagree with the following statements. 9-point scale; top 4 box, agree. 8-market average.

You're Not Really Reaching Them

Percent who agree

56%

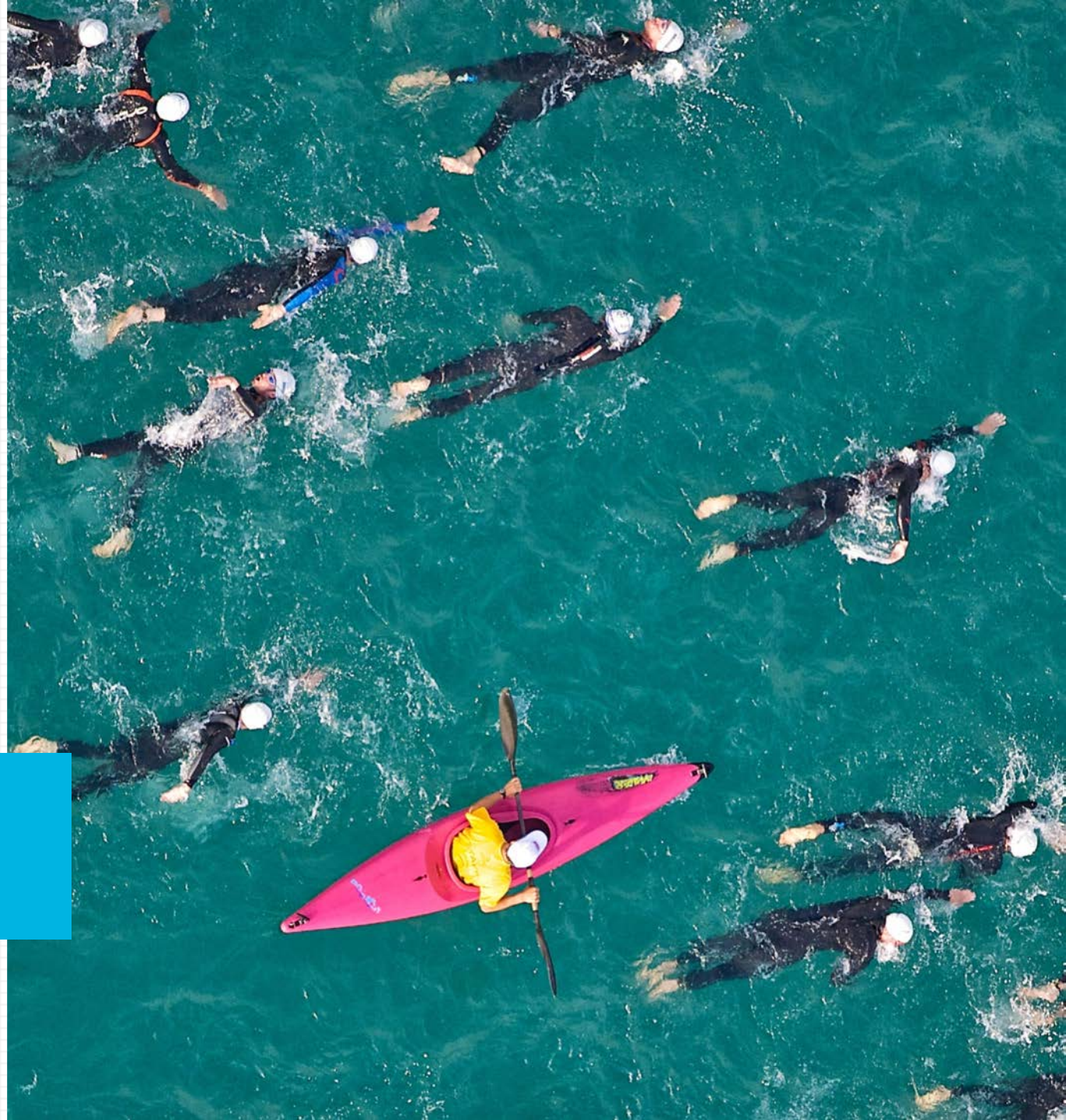
Marketers spend too much time looking for ways to force me to pay attention to their messages and **not enough time thinking of ways to make me *want* to pay attention**



Source: 2018 Edelman Earned Brand. Q70. Please indicate how much you agree or disagree with the following statements. 9-point scale; top 4 box, agree. 8-market average.

How to

Take a Stand



The Brand Stand Spectrum

PURPOSE

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



Watch-Out

Is your organization living its purpose—every day?

CULTURE

Authentically connect your stand to a relevant moment in culture



Watch-Out

Are you connecting to culture—or just co-opting it?

ACTIVISM

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



Watch-Out

Will your stakeholders support your position—and act on it?

1. Tell a Compelling Story

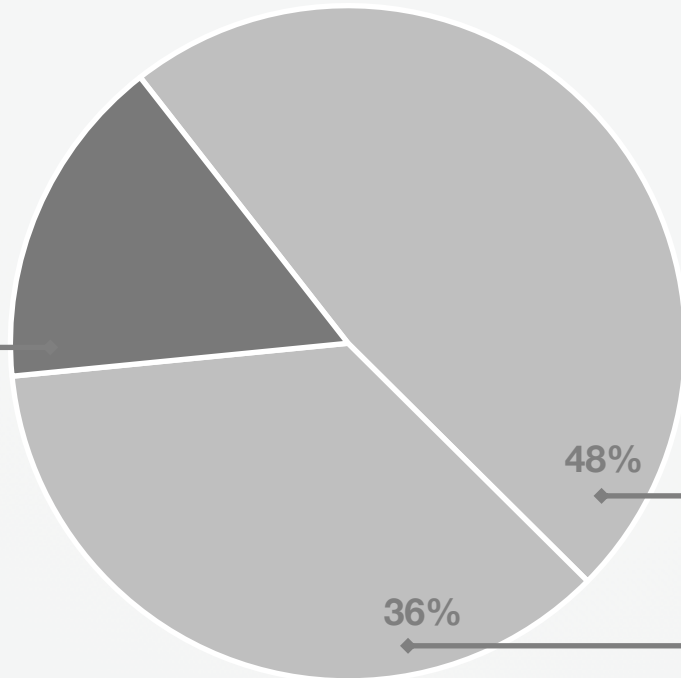
Interruption Does Not Break Through

Percent who describe their attention as having been interrupted or engaged by the brand communication they noticed

16%

Interrupted
their attention

I could not easily ignore or avoid paying attention to it



84%

Engaged
their attention

I noticed it and decided it was worth paying attention to

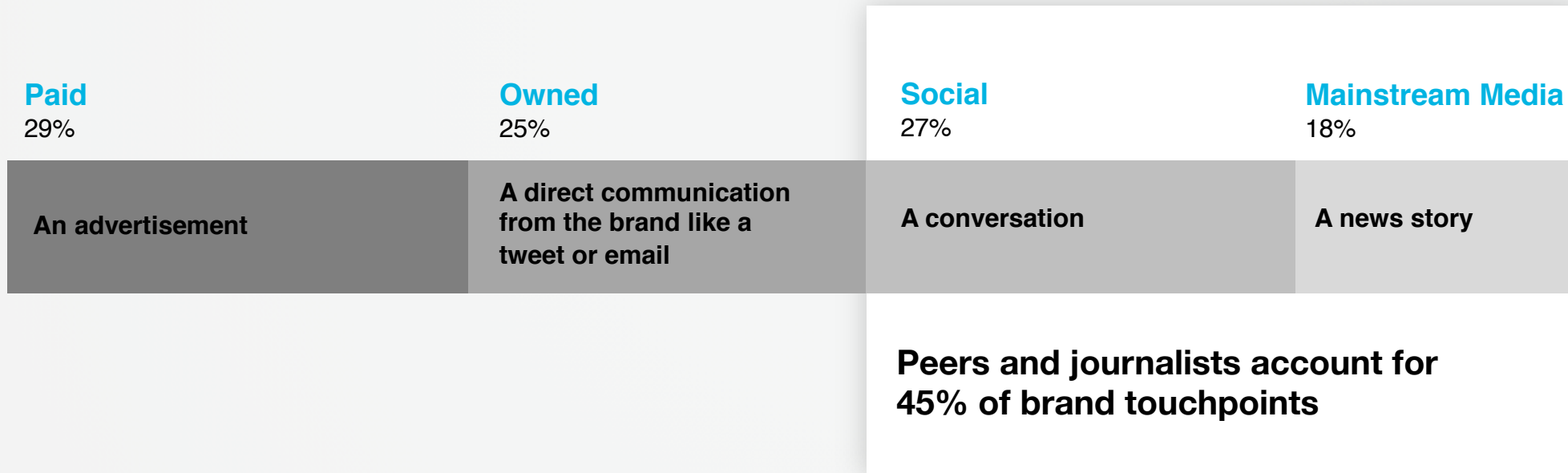
Someone pointed it out to me, or it was a natural part of a conversation I was having

Source: 2018 Edelman Earned Brand: Mobile survey. Q3. When you first encountered the communication, how would you describe the way it got your attention? 8-market average, among the original invite sample. "Engaged Attention" is a net of "It attracted my attention. I noticed it and decided it was worth paying some attention to," "Someone pointed it out to me. They suggested that I look at or pay attention to it." and "It was a natural part of a conversation that I was having."

2. Content Matters More

Engaged Attention Possible Across Channels

Percent who noticed each of the following types of brand communications, among those who describe their attention as engaged

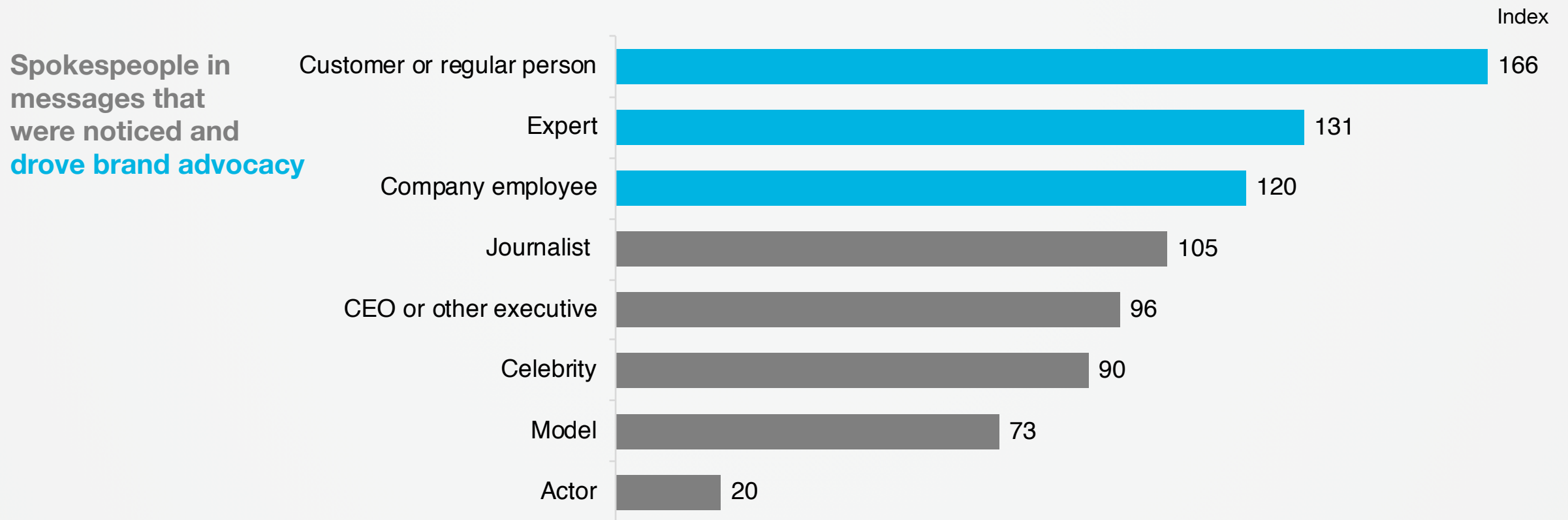


Source: 2018 Edelman Earned Brand: Mobile survey. Q1. What was the communication you just noticed? Q3. When you first encountered the communication, how would you describe the way it got your attention? 8-market average, among the original invite sample who describe their attention as engaged (Q3/1, Q3/3, or Q3/4).

3. Activate Your Community

Peer, Expert and Employee Voices Earn Advocacy for Your Brand

Relative increase in the likelihood that each type of spokesperson will drive advocacy (regression analysis); data shown as an index



Source: 2018 Edelman Earned Brand: Mobile survey. This data is based on a logistic regression using Q14: Did the communication feature any of the following [spokespeople] to predict brand advocacy behavior Q13: What, if anything, do you intend to do (or have you done) as a result of seeing this communication: Talk positively about the brand with my friends or family OR Post a positive response, like or reply to the communication. The indices represent the increase in likelihood of advocacy attributable to the spokesperson indicated versus not having a spokesperson divided by the average increase in advocacy across all of the spokespersons tested. 8-market average.



This season, attending a WNBA game is an act of advocacy for women and girls.



Take Your Stand through Brand Democracy

Belief-driven buying is now a mainstream mindset across ages and incomes

People believe that brands can lead societal change

A brand's stand drives purchase intent *and* advocacy



TECHNICAL APPENDIX

2018 Edelman Earned Brand Sample

COUNTRY	INTERNET PENETRATION	SAMPLE SIZE	LANGUAGES	QUOTA PARAMETERS
BRAZIL	66%	1,000	Portuguese	Gender, age & region
CHINA	52%	1,000	Simplified Chinese (Mandarin)	Gender, age & region
FRANCE	86%	1,000	French	Gender, age & region
GERMANY	88%	1,000	German	Gender, age & region
INDIA	35%	1,000	English	Gender, age & region
JAPAN	91%	1,000	Japanese	Gender, age & region
U.K.	93%	1,000	English	Gender, age & region & ethnicity
U.S.	88%	1,000	English	Gender, age & region & ethnicity

8-market average online survey data +/- 1.1% (N=8,000)

Market-specific online survey data +/- 3.1% (N=1,000)

How Were Belief-Driven Buyers Identified?

We developed a series of **six nine-point questions** to measure the extent to which beliefs affect people's buying behaviors:

- 1 Even if a company makes the product that I like most, I will not buy it if I disagree with the company's stand on important social issues
- 2 I have bought a brand for the first time for the sole reason that I appreciated its position on a controversial societal or political issue
- 3 I have stopped buying one brand and started buying another because I liked the politics of one more than the other
- 4 I have strong opinions about many societal and political issues. The brands I choose to buy and not buy are one important way I express those opinions
- 5 If a brand offers the best price on a product, I will buy it even if I disagree with the company's stand on controversial social or political issues [reversed scored]
- 6 I have stopped buying a brand solely because it remained silent on a controversial societal or political issue that I believed it had an obligation to publicly address

We then classified respondents into **three segments** based on their responses to the above items:

LEADERS



Have strongly-held, passionate beliefs. The brands they buy are one important way they express those beliefs.

JOINERS



Depending on the issue and the brand, they will change their buying behavior based on the brand's stand.

SPECTATORS



Rarely buy on belief or punish brands that take a stand.

The Edelman Brand Relationship Index

A strong consumer-brand relationship is a form of brand equity that is of increasing importance in today's unpredictable and exacting marketplace. It is directly tied to the reliable tendency of a brand's customer base to be the first to buy its new product innovations, advocate for it among their peers, defend it against critics and remain loyal to it even when there are potentially good reasons to switch. These behaviors protect a brand from marketplace disruptions and give it permission to introduce new disruptions of its own.

The Edelman Brand Relationship Index is uniquely designed to quantify how interwoven a brand is into a person's life. The more points of attachment there are between a brand and a customer, the more vital, resilient and valuable that relationship is for both parties.

The Edelman Brand Relationship Index measures the strength of the consumer-brand relationship along a continuum



INDIFFERENT	INTERESTED	INVOLVED	INVESTED	COMMITTED
0-6	7-26	24-43	44-69	70-100
"I may buy and use your product or service, but I don't really put much thought into it"	"I know a little about your product. I am making an educated choice"	"Given a choice, I would pick your brand; I appreciate what you stand for"	"We share common values and see the world in a similar way"	"We do things together and for each other; we share a past and a future"

The Seven Dimensions of the Consumer-Brand Relationship

The Brand Relationship Index is a composite measure of the depth and quality of the bond a consumer has with a brand across seven distinct dimensions that constitute the fundamental building blocks of consumer-brand relationships.

- 1 EMBODIES UNIQUE CHARACTER
- 2 MAKES ITS MARK
- 3 TELLS A MEMORABLE STORY
- 4 LISTENS OPENLY, RESPONDS SELECTIVELY
- 5 INSPIRES SHARING, INVITES PARTNERSHIP
- 6 BUILDS TRUST AT EVERY TOUCHPOINT
- 7 ACTS WITH PURPOSE

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