

# AUTHENTICITY IN ACTION

## Authenticity Gap

GLOBAL REPORT 2019



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# FOREWORD



## THE AUTHENTICITY GAP

*Marjorie Benzkofer, chief strategy officer, global managing director, Reputation Management, FleishmanHillard*

Think about the last decision you made about something you knew would impact your organization's reputation. Was it based on years of experience and good instincts?

If so, you likely missed the mark.

For years, we have forged our craft and our careers with the lessons we learned through hard-won experience. But that collection of experiences is singular to us as individuals.

Today, the best in our industry don't make decisions based on experience and gut instinct. They counsel with data and insights. None of us has the breadth of experiences to fully prepare an executive, or an entire company, for how to behave in these very polarized times.

It's against that backdrop that we introduce this year's Authenticity Gap Study, which explores consumers' views on today's most discussed topics and trends from six points around the globe (China, Germany, UK, Brazil, Canada and the U.S.). We also unpack consumers' expectations and their experiences with more than 300 companies in nearly 30 industries.

With an established track record of doing this study, I thought I had pretty good instincts for what we'd find. Once again, there is no substitution for real data to better understand the world around us. Included here are just a few of the headlines we've found interesting.

### WHERE AND WHEN TO TAKE A STAND:

There has been much written this past year about how and when companies are taking a stand on societal issues. Turns out, the issues consumers most care about (and it varies quite a bit by country) isn't exactly the same list as the issues where consumers expect companies to speak out. Driven by a sense of realism, consumers know companies can't fix everything, but they expect them to be most active on those issues most under their control.

### WHO'S A GREAT EMPLOYER?:

Engaged consumers care about a company's employees. How businesses treat their workers has skyrocketed up the list of consumers' concerns. When it comes to employers being a great place to work, offering experiences to develop skills and pursue new career opportunities skyrockets upward as engaged consumers put it at the top of their list. In fact, employees may have turned the expectations of how companies treat their employees on their head, as having flexibility for greater work/life balance now comes in last.

### HOW TO PLAY IN A NEW SPACE:

Today, when companies expand into new industry segments, they are asking what it takes to win the hearts and minds of consumers in a space where they don't have a track record. The answer from consumers: Demonstrate a greater positive impact on society than the incumbent companies when launching a new product or service. Consumers believe that for a company to be more credible than competitors, it must talk about how its leaders behave and how the company impacts society and the environment, not just the product benefits it offers.

### CEOS, DON'T MAKE IT PERSONAL:

We see a growing tide in companies engaging more in societal issues and more notoriety around the personality of CEOs. But consumers don't want CEOs to mingle the two. They don't care about the personal views of the CEO, but rather how he or she is activating the company to show what the company does and doesn't value.

### TELL THE COMPLETE STORY:

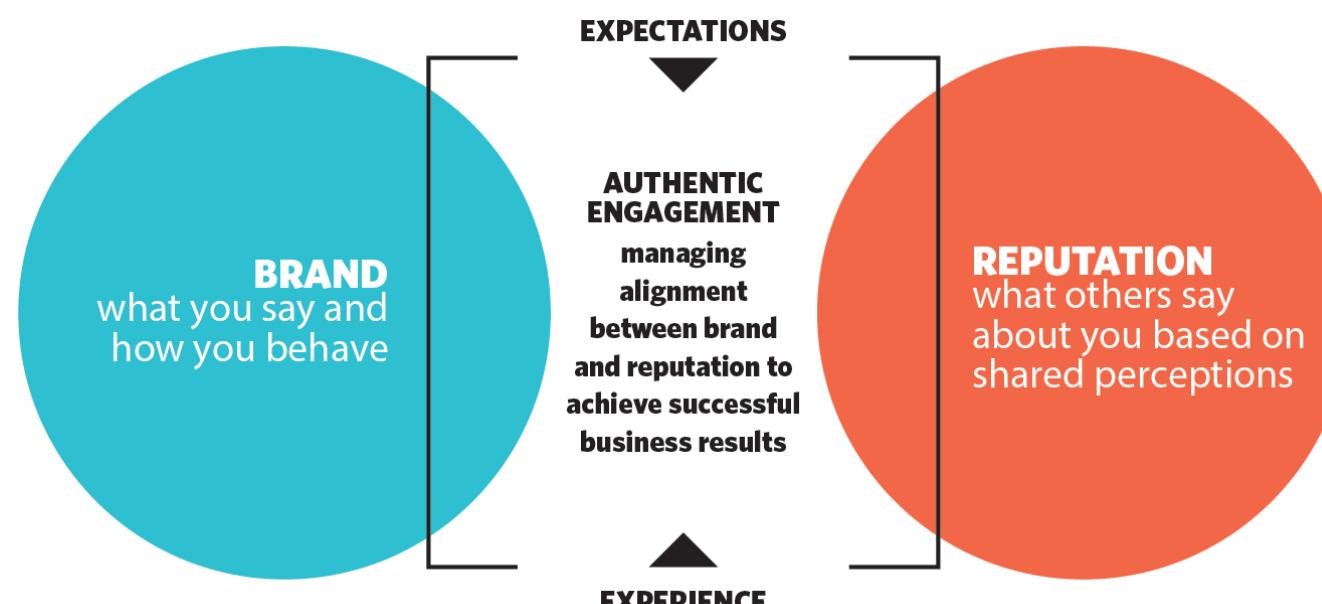
While most companies want to spend most of their time and resources talking about what they sell, consumers say less than half of their perceptions of a company are shaped by its products and services. The other half is shaped by information on how leadership behaves and how the company is having an impact on society. People, not products, are what consumers care about. They want to know how companies are:

- *Understanding customers' unique needs*
- *Reducing their impact on climate change/environment*
- *Impacting consumers' health and well-being*
- *Taking care of their employees*

It can be easy to think that conducting a little bit of research is a luxury only suited for large initiatives. But smart insights can save you money and avoid market-share-eroding crises down the road, by ensuring you understand the very different expectations of your very different audiences. So, the question becomes, are you willing to stake your company and your own reputation on your gut instinct?

# THE INTERSECTION OF BRAND AND REPUTATION

No organization can afford to have brand and reputation remain divided. That collision creates a barrier to success and growth — and in some cases, a destructive force. No longer can brand and reputation be managed and measured by separate functions. They must be viewed together.



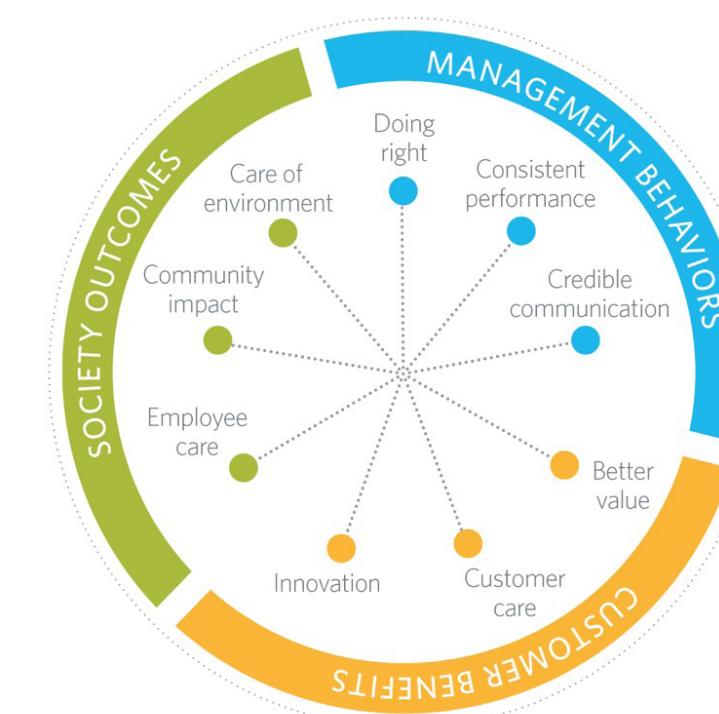
# THE NINE DRIVERS OF AUTHENTICITY

What happens when the experiences of your stakeholders don't match what your organization is saying and what it is actually doing?

Our perceptions of a company are based not only on the products and services it provides, but increasingly on how it behaves and the impact it has on society.

In fact, only 47% of consumer attitudes to a brand are influenced by products and services. The other half (53%) is shaped by information regarding how management behaves and the way the company engages with social issues.

Together, these form the Nine Drivers of Authenticity — an empirically proven model born out of detailed academic research. These drivers shape people's perceptions and beliefs about an organization. Framing our expectations and experiences, helping us to establish a belief and an attitude about any given organization. We examine the gap between these expectations and experiences.



## AUTHENTICITY DRIVERS

### Society outcomes

- Taking better care of employees
- Contributing to society in a way that has a better impact on my community
- Taking better care of the environment

### Management behaviors

- More committed to doing the right thing
- Having more consistent and stable financial and operational performance
- Communicating more frequently and credibly

### Customer benefits

- Offering products and services that are better value
- Taking better care of customers
- Innovating new and better products and services

# THE TOP LINE

*In 2019, we wondered, of the many social issues in the news each day, which are the most important to us personally and which issues do we expect corporations to speak out on? (Hint: They aren't the same.)*



**TAKE A STAND HERE**



*Consumers know companies can't fix everything, but they expect them to be active on those issues most under their control.*

**Consumers are concerned about ...**

- Data security
- Data privacy
- Access to affordable, quality healthcare
- Violence against women
- Access to affordable quality education

**Consumers expect companies to take a stand on ...**

- Data security
- Data privacy
- Protecting the environment (climate change)
- Income and wage gaps
- Minimum wage



# CONSUMER EXPECTATIONS ARE RAMPING UP, BUT COMPANIES NEED TO KNOW WHEN TO STEP UP

*Elizabeth Borrelli, senior vice president and senior partner*

We live and work in a world where a single tweet can trigger significant reputational damage — to people and to brands. That's partly because social media and other technology helps information and ideas spread around the world faster now than at any other time in human history. The benefit of increasing the reach and speed of our interconnectivity is also resulting in an increasingly polarized and unforgiving landscape where media and public opinion are deeply divided by political extremes and social intolerance.

For businesses, today's complex issues landscape creates challenges. But it also presents opportunities.

Companies are feeling pressure to make a stand on a wide range of divisive issues. Taking a stand can pose risks to business continuity, share price and corporate reputation. However, our research found that consumers don't expect companies to act on and fix everything, but more specifically those issues most under their control.

## 3 OUT OF 4 CONSUMERS

*globally expect CEOs in particular to take a stand on issues that have an impact on the company's customers (74%), products and services (72%), and employees (71%).*

Companies that engage authentically on issues that are aligned with their business objectives can enhance their financial performance, strengthen their connections to consumers and make themselves more attractive to top talent. To get to that point — where corporate values and purpose guide policy and practice — takes time, careful thought and a fully integrated approach.

If silence is no longer golden and brands are expected to be part of the conversation and part of the solution: What issue(s) should you focus on? When and how should you respond? How do you decide?

Our approach is grounded in four principles that are essential to managing reputation today: 1) staying socially attuned, 2) being transparent and accountable, 3) ensuring alignment across relevant business and communications functions, and 4) preparing for potential negative impacts. This leads to informed decisions and positions that are true to a company's values.



### Gotta have it

Develop and test an authentic position and point of view



### On the lookout

Be prepared to take a stand or have a position ready



### Up next

Be Low consumer expectations offer new areas to explore



Viewed as extremely or very important

Expectations for taking a stand





## FOCUSED ON PRODUCTS AND SERVICES? YOU'RE ONLY HALF RIGHT

*Paul Vosloo, senior vice president and senior partner*

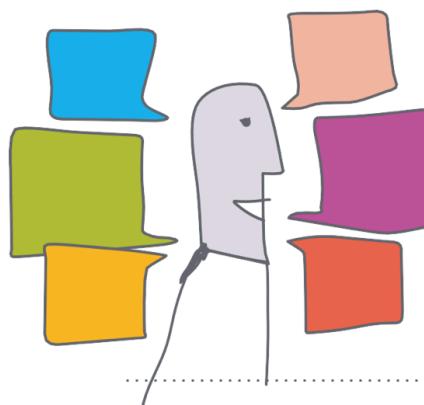
The relationship between corporate brands and customers has changed dramatically over the past decade. Today's audiences are no longer just passive consumers. They want to be part of the conversation — and are increasingly vocal in their expectation that businesses take a stand on social issues. They want to buy from, and work for, companies and brands that support the values they believe in.

*Our research dramatically brings this new reality into focus, revealing that NEARLY 70% OF CONSUMERS WANT ORGANIZATIONS TO DEMONSTRATE GREATER POSITIVE SOCIETAL AND ENVIRONMENTAL IMPACT THAN THEIR COMPETITORS, NOT JUST CUSTOMER BENEFITS, WHEN LAUNCHING A NEW PRODUCT OR SERVICE.*

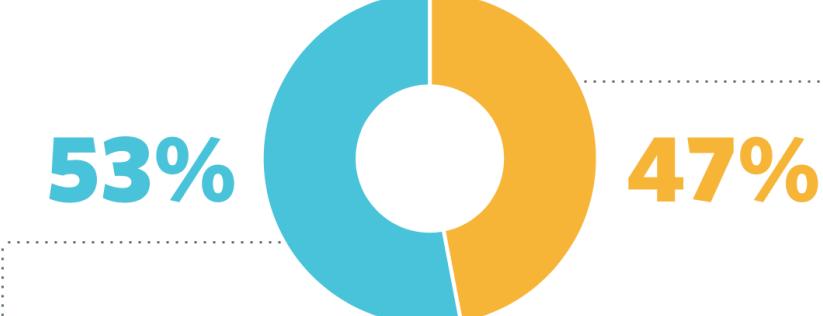
More startling, consumers say less than half of their perceptions about a company are shaped by attributes related to a company's products and services. The other half is shaped by how management behaves and how the company is having an impact on society.

Clearly an organization's impact on society and the environment will play a critical role in winning the hearts and minds of consumers in this new reality. More importantly, it's also a source of significant competitive advantage.

Organizations need to do more than build a great product or service. They need to stand for something and mean it. And those that don't prioritize their purpose and values based on what consumers really care about, will find their once-loyal customers going to a competitor who does.



*Consumers say less than half (47%) of their perceptions of a company are shaped by its products and services.*



*The other half (53%) of what makes up their beliefs about a company are attributes related to how a company behaves and impacts society*



# PEOPLE, NOT PRODUCTS, ARE WHAT CONSUMERS CARE ABOUT

*Kristin Hollins, America's Reputation Management lead*

Imagine for a second, you look at a tag or a label on a box and it tells a different kind of story. It's not about what's IN the box. It's about HOW what's in the box was created and by who.

Imagine a story that reveals the craftsmanship behind who made the product or how the service was delivered, how the company was fair to that worker, why it's good for health, and how the product was made in a sustainable way that created minimal, perhaps even positive, environmental impact. Is it a dream? It shouldn't be, because these are the kinds of behaviors consumers expect of companies.

**This year's Authenticity Gap research finds that consumers care about people more than products.**

## WHEN PRODUCING PRODUCTS, THEY WANT TO KNOW HOW COMPANIES ARE:

- *Understanding their customers' needs (55%)*
- *Creating solutions to reduce their impact on climate change/environment (47%)*
- *Impacting consumers' health and well-being (42%)*
- *Taking care of their employees (42%)*

Consumers are looking beyond the benefits of "new and improved" and toward the thoughtful creation of goods and services that delight us, add joy and take away the guilt of consuming something. (Nod to Marie Kondo.)

Let's broaden our understanding of product communications to mean much more than what's new and improved. Let's build new narratives that highlight HOW companies are thoughtfully approaching producing new products to benefit people. Most of all, let's be sure to lead this moment and not be chasing its tail.

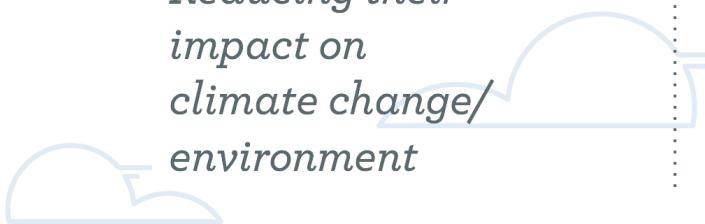
*Understanding  
customers'  
unique needs*



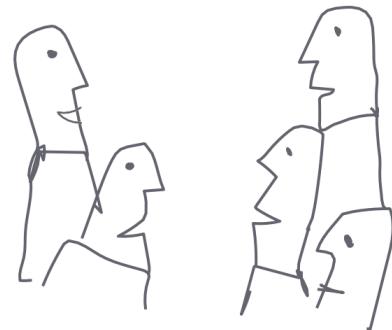
*Impacting  
consumers' health  
and well-being*



*Reducing their  
impact on  
climate change/  
environment*



*Taking care  
of their  
employees*





# DON'T LET DATA BECOME A DIRTY WORD

Sophie Scott, global managing director, Technology

Technology, and the vast scores of data underpinning our every interaction and transaction, has unquestionably made our lives better, more efficient and more fulfilled.

Yet in recent years, the drawbacks have become glaringly evident, too. Privacy invasions. Misuse or outright theft of personal information. Security breaches. Our own data used to meddle in political and belief systems around the world.

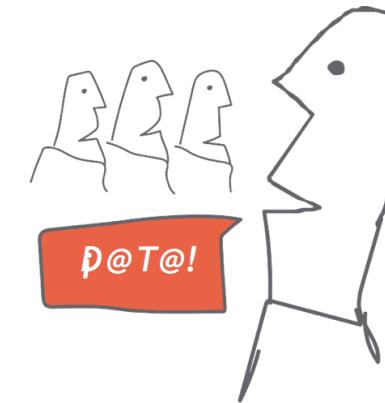
As a direct consequence, privacy and security have rocketed up the consideration list.

**CONCERNs INCREASINGLY IMPACT THE WAY CONSUMERS THINK, ACT AND BEHAVE. SIXTY-THREE PERCENT NOW SAY THAT PRIVACY CONCERNs HAVE MADE THEM LESS LIKELY TO USE PRODUCTS AND SERVICES FROM COMPANIES THAT USE DATA FOR THEIR OWN BENEFIT.**

And in this context, data security and privacy now top the list of issues consumers most want companies to take a stand on — ahead even of healthcare provision and protection of the environment.

But what to do? Where to start? And how to win? Security and privacy are issues that know no national boundaries. That metamorphose at breakneck speed. Whose origins often stem from bad actors or bad actions. And that are subject to increasing polarization, politicization and regulation.

In this complex environment, enlightened enterprises are seeing the direct link between long-term survival and robust reputations and brand integrity. Customers need complete trust in their ability to protect data. They need a plan, approach and strategy. They need both internal and external commitments to working with government, regulators, academia and each other. They need to behave in ethical, socially responsible ways. They need to not only do the most profitable thing, but do the right thing too.



Consumers are becoming increasingly aware and wary of companies' use of their personal data. It is increasingly critical to actively protect users' data privacy and maintain their digital security, and to be seen to be doing the right thing:



Only 41% of consumers are willing to have their data collected for greater convenience



63% are less likely to support companies that use data to their own benefit



73% want to see protection practices that go beyond regulatory mandates

The window of opportunity for companies to get in front of these issues is closing. To be seen as business leaders, the time for action is now when it comes to data, privacy and protection.





# WHAT MAKES A COMPANY A GREAT PLACE TO WORK MIGHT NOT BE WHAT YOU THINK

*Josh Rogers, senior vice president and partner*

It wasn't long ago when employers faced a barrage of feedback from employees — and potential employees — about the critical importance of flexibility in the workplace. Interestingly, of the issues we asked about in this year's study, that topic now registers dead last in importance with workers. It's not because employees have changed their minds. It's because flexibility today is considered table stakes.

Aided by a sturdy economy, booming job growth and the emergence of technologies that have made it possible for nearly everyone to do at least some part of their job remotely, workers made it abundantly clear that an organization's ability to recruit and retain top talent hinged upon its willingness to let employees have more control balancing their professional and personal lives. Employers got the message quickly, finding ways to better accommodate today's empowered workforce, which since has pivoted to new imperatives.

## EMPLOYEES' TOP PRIORITY TODAY IS RECEIVING SKILL AND CAREER DEVELOPMENT EXPERIENCES.

This shift likely is fueled by waning interest in the pursuit of academic degrees due to the prohibitively steep cost of higher education. Company-provided professional development opportunities also are an attractive path toward security and stability for younger workers who witnessed their parents struggle through the economic downturn of the previous decade. Either way, to remain competitive, companies need to take a close look at whether they're putting enough energy into their learning-and-development and career-journey programs — not to mention the energy they're putting into promoting these programs as part of their employer brand — so that both current and potential employees understand the organization's employee value proposition and want to build careers there.

These efforts, just like the other top priorities for employees in this year's study — fostering an equal and inclusive environment and delivering a comprehensive benefits package that addresses employees' healthcare needs — require close alignment between the company's communications and HR teams, both of whom merit a seat at the table when the company's next strategic plan is developed.



*Employees most want a workplace where they can grow their careers and develop new skills. That ranks higher than having flexible work practices.*

## How to be a great place to work.

Offer experiences to develop skills and career opportunities  
**(77%)**

Have a work environment that is more inclusive and equal  
**(75%)**

Establish robust programs and benefits that meet healthcare needs  
**(75%)**

Institute working practices that protect the environment  
**(73%)**

Provide opportunities for employees to use new technologies and innovations  
**(71%)**

Allow work practices that accommodate a flexible lifestyle  
**(65%)**

*To remain competitive, companies need to take a close look at whether they're putting enough energy into their learning-and-development and career-journey programs — not to mention the energy they're putting into promoting these programs as part of their employer brand — so that both current and potential employees understand the organization's employee value proposition and want to build careers there.*



## DON'T MAKE IT PERSONAL, CEOS

*Diane Poelker, senior vice president and partner*

Consumers and stakeholders want to know organizations are doing more than turning out new and shiny products for sale.

**IT'S PART OF THE NEW JOB DESCRIPTION FOR CEOS — THEY MUST ADDRESS HOW REAL-WORLD ISSUES AND THE SEEMINGLY ENDLESS CYCLE OF DISRUPTION CAN CREATE OPPORTUNITY TO INNOVATE WITH PURPOSE, AND IMPROVE PRACTICES AND PERFORMANCE WHERE THERE'S RISK.**

So, how can inclusion positively affect the talent gap? Where can the escalating climate crisis spur science for good? Can artificial intelligence and human ingenuity come together to ensure a better future for employees?

But don't confuse a socially in-tune business strategy with business activism. CEOs might be inspired to lead by personal passion or a deep calling to create systemic change, but their common ground with consumers, customers, partners and employees is the societal value the organization can create, with or without today's leadership team. To not only cut through, but also authentically connect, the big picture values we all share should be front and center in the CEO story.



*Three out of four consumers don't care about a CEO's personal beliefs but want CEOs to take a stand on issues that have an impact on the company's:*

**74% Customers**

**72% Products and Services**

**71% Employees**



# WINNING THE HEARTS AND MINDS OF CONSUMERS IN A NEW SPACE

Candace Peterson, global managing director, Brand Marketing

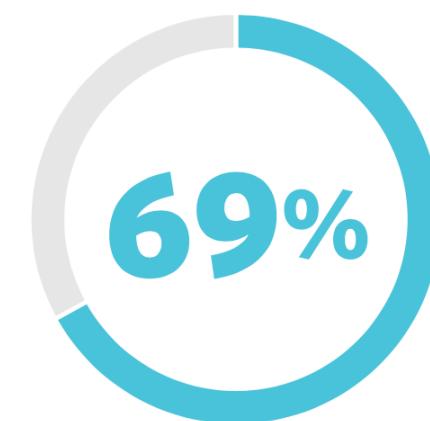
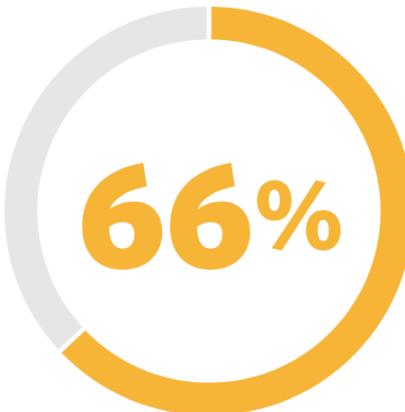
For a brand to enter a new space, it needs to set itself apart from the competition. Historically, this might have meant a pizza company with faster delivery. Or, a new brand of gum with flavor that lasts five times longer. Seems simple enough, right? But, what happens when the attributes that today's consumers really care about are less about pure product benefits and instead take on a more altruistic form? Do these traditional differentiation methods get thrown out the window? We don't think so. In fact, they become even more important for a brand wanting to stand apart from the competition.

Why is that? In a world where 69% of consumers say it's more important for brands to talk about their societal and environmental impact versus product benefits, it's tempting for brands to immediately shift messaging to check that box. But, without connecting this messaging to a brand's business priorities and values, there's a risk of undifferentiated messaging that doesn't pull away from the pack in a meaningful way.

So how do brands avoid this trap? The answer is simple and challenging:  
**KNOW WHO YOU ARE,  
WHAT YOU STAND FOR AND WHY YOU'RE DIFFERENT.**

When you do, it becomes easy to link your brand's societal and environmental impact with your business priorities in a way that resonates with consumers in an authentic way and differentiates you from the competition.

*66% say companies need to have greater societal impact than their competitors to win them over*



*69% say, to be more credible than competitors, a company must talk about its behavior and impact on society and the environment, not just the customer benefits it offers*



# ABOUT FLEISHMANHILLARD AUTHENTICITY GAP

To inform this research, FleishmanHillard and TRUE Global Intelligence™ conducted a survey among a total of 7,364 Engaged Consumers in Brazil, Canada, China, Germany, UK and the U.S., 18 to 65 years of age. Engaged consumers represent on average 29%\* of the population of adults. The survey was fielded online between April 19 and May 22, 2019.

\*Incidence by country: Brazil 40%, Canada 20%, China 65%, Germany 17%, UK 15%, U.S. 17%

## WHO WAS SURVEYED? THE ENGAGED CONSUMER.

### What does an engaged consumer look like?

Engagement takes different forms. Respondents to the survey said they did at least three of the following within the last month:

- Searched for information about a company's products or services
- Shared information and/or news articles about a company's products or services with others
- Shared their opinion or offered advice about a company's products or services with others
- Contacted a political candidate or government office to express their views
- Wrote an article or 'letter to an editor' for a newspaper or any publication
- Signed a petition in person or online
- Contributed to a blog or used other social media to share their opinion on a political or current event topic or to share their view about a company and its activities, products or services
- Bought or sold shares in a company

When considering a company's corporate reputation, these engaged consumers are more likely to be:



# THE COMPANIES WE STUDIED

*Authenticity insights for more than 300 companies and brands in nearly 30 industries in Brazil, Canada, China, Germany, UK and US.*

## Industry Sectors

- Technology
- Consumer Products & Services
- Healthcare
- Manufacturing & Industries
- Financial & Professional Services
- Food & Agribusiness
- Energy & Utilities

| Consumer Electronic Devices   | Media                  | Enterprise Services           |
|-------------------------------|------------------------|-------------------------------|
| Online & Media Services       | Airlines               | Apparel                       |
| Hotels                        | Personal Care Products | Sports Apparel                |
| Smart Home Products           | Sports Organizations   | Biotechnology                 |
| Managed Healthcare            | Pharmaceuticals        | Medical Devices & Diagnostics |
| Automobiles                   | Chemicals              | Industrial Companies          |
| Infrastructure                | Banking                | Fin-tech                      |
| Foreign Banks – Joint Venture | Investing              | Agribusiness                  |
| Beer & Spirits                | Food & Beverage        | Food Retailers                |
| Supermarkets                  | Energy                 |                               |

# ACKNOWLEDGEMENTS

*FleishmanHillard Authenticity guides are published based on ongoing online polling in seven sectors and in more than 25 categories. The methodology is proprietary to FleishmanHillard.*



## ABOUT FLEISHMANHILLARD

FleishmanHillard specializes in public relations, reputation management, public affairs, brand marketing, digital strategy, social engagement and content strategy. FleishmanHillard was named Agency of the Year at the 2017 and 2018 North American Excellence Awards; 2017 and 2018 ICCO Network of the Year for the Americas; 2019 PRWeek U.S. Outstanding Large Agency; 2019 Holmes Report North America Large Agency of the Year; 2018 Large Consultancy of the Year by PRWeek UK; PR News' Best Places to Work in PR 2016-2018; Human Rights Campaign Best Places to Work for LGBTQ Equality for 2018 and 2019; PR Awards Asia 2017 Greater China Agency of the Year; and NAFE's "Top Companies for Executive Women" for 2010-2019.

The firm's award-winning work is widely heralded, including at the Cannes International Festival of Creativity. FleishmanHillard is part of Omnicom Public Relations Group, and has more than 80 offices in 30 countries, plus affiliates in 43 countries.

## ABOUT TRUE GLOBAL INTELLIGENCE

TRUE Global Intelligence™ is the global research, analytics and measurement practice within FleishmanHillard. TRUE Global Intelligence provides clients with the real-time 360-degree intelligence needed in today's instant-response environment. Its multidisciplinary approach to research brings together a portfolio of intelligence offerings into a single, collaborative and continuous effort, tapping best practices and talent across the FleishmanHillard global network of offices and specialty brands. Through traditional and social data analytics, public polling, proprietary market research, and powerful and precise constituent mapping and engagement, it not only achieves understanding, but inspires and informs action.



## ABOUT LEPERE

Lepere Analytics is an independent research firm whose data forecasts company reputation and revenue. Polling is conducted for Lepere Analytics by Ipsos — the world's third largest research company with operations in 84 countries.

## CONTACT US

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