**2013** CONE COMMUNICATIONS/ECHO

# GLOBAL CSR STUDY

CONE COMMUNICATIONS echo

In this new era of CSR, the need for companies to articulate progress beyond CSR purpose has never been greater.

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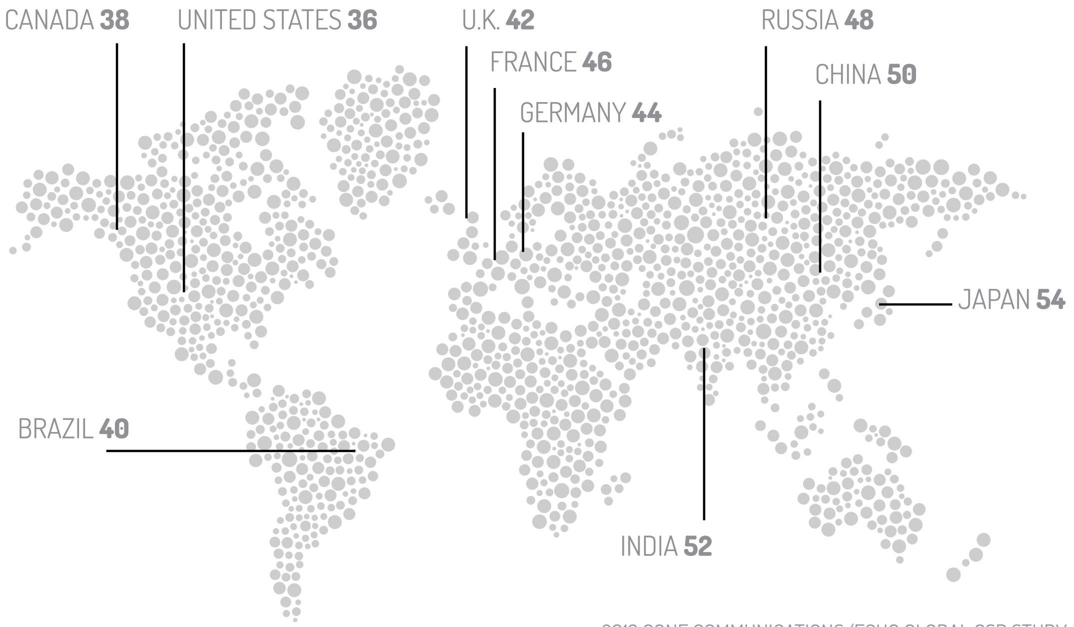


# Corporate social responsibility is no longer an option — it is emphatically and indisputably a must-do.


The 2013 Cone Communications/Echo Global CSR Study and conversations with global experts make one thing abundantly clear: **the question is not whether companies will engage in corporate social responsibility, but how they will create real and meaningful impact**. Corporate social responsibility is no longer an option — it is emphatically and indisputably a must-do.

Today's consumers are savvier, more sophisticated and more connected than ever before. Cognizant of their own capacity to influence social and environmental issues, they are looking more closely at the collective impact of corporations and individuals. In this new era of CSR, the need for companies to articulate progress beyond CSR purpose has never been greater. And although nuances certainly exist from market to market, the findings and insights from this report carry universal implications for companies:

## ▶ Define the New Business Case.

The CSR ROI has always been hotly debated, but this research definitively asserts CSR as an essential reputation strategy. Companies that fail to recognize CSR's power beyond the shopping aisle are taking a myopic view. It is a formidable influencer of trust, affinity and loyalty. Companies must participate in CSR with authenticity and transparency, or risk doing more harm than good to their reputation.

## ▶ Lead with Innovative Approaches.

Global experts agree that leading companies are doing more than analyzing the way their businesses operate — they are exploring new models that value long-term societal needs. From collaborating with competitors to address broader industry issues, to advocating for comprehensive public policy changes, businesses are beginning to recognize that their own viability depends on social and environmental sustainability.

## About the Research:

Cone Communications partnered with Echo Research to field our second comprehensive survey of global attitudes, perceptions and behaviors around CSR. We conducted an online survey of 10,287 consumers in 10 of the largest countries in the world by GDP, including the United States, Canada, Brazil, the United Kingdom, Germany, France, Russia, China, India and Japan. We broadly described "corporate social responsibility" to respondents in each country as "companies changing their business practices and giving their support to help address the social and environmental issues the world faces today."



### ▶ Embrace Social Media.

Social media is transforming the CSR landscape, especially in countries such as China, India and Brazil, where more than eight-in-10 consumers are using social channels to engage with companies around social and environmental issues. Citizens are universally taking to social channels to learn more about issues, share positive and negative information and influence their personal networks. Companies must recognize social media as a powerful tool with equal ability to lend advantage or peril.

### ▶ Communicate the CSR Return.

Despite certain pockets of optimism, the research shows that most consumers are not seeing significant corporate impact on pressing social and environmental issues. With brand credibility and affinity on the line, companies must come to terms with the gap between corporate actions and consumer perceptions. Companies need to consistently and transparently communicate their CSR progress and return in the channels their consumers are using.

### ▶ Make It Personal.

Robust regulations or retailer choice editing may mean advanced CSR environments in countries such as Germany, France and the U.K., but also result in less-engaged consumers. However, these consumers are not beyond reach, and CSR can still be a differentiator. The key is to make CSR personally relevant. Our research reveals distinct consumer personalities with associated preferences and motivations for engaging in social and environmental issues. Marketers who understand their consumers' motives will be able to communicate the right return, and be well-positioned to deliver CSR impact.

The question is not whether companies will engage in corporate social responsibility, but how they will create real and meaningful impact.

# EXPECTATIONS

Today, "business as usual" is anything but. The traditional model in which business exists solely to generate profits has changed. Now, companies are still expected to be profitable, but they are also expected to be an active participant — if not a driving force — in solving our world's most urgent social and environmental challenges.

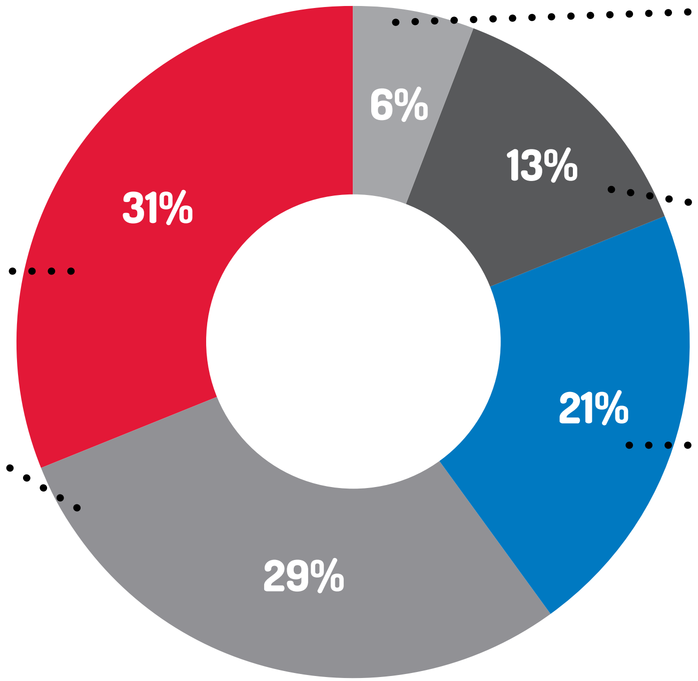


**31%**
of global consumers believe businesses should **change the way they operate** to align with greater social and environmental needs.

Consistent with our 2011 findings, in 2013 just 6 percent of consumers believe the singular purpose of business is to make money for shareholders, while the clear majority expects companies to do more than play a limited role in communities or simply donate time and money.

Savvy consumers recognize that real and lasting change comes not from add-on initiatives, but instead as a result of meaningful shifts in operations, supply chain and the very way business is conducted. One-in-three (31%) global consumers believe businesses should change the way they operate to align with greater social and environmental needs, and nine-in-10 want companies to go beyond the minimum standards required by law to operate responsibly and address social and environmental issues.

# Beliefs about the role of business in society:




China and Russia are the least acquiescent of CSR flaws, where 79 percent of both populations will tolerate imperfection (vs. 85% globally).


**85%** of this year's respondents say it's okay if a company is not perfect, as long as it is **honest about its efforts**.

Consumers' high expectations of corporate social responsibility do not rest exclusively in operations, however. Their appetite for social and environmental issue support is strong, and they want to see CSR not only in back-end processes but infused in the very products and services those companies offer. Consumers want to be a part of CSR efforts, and purchasing is largely their opportunity to do so. Today, 93 percent wants to see more of the products, services and retailers they use support worthy social and/or environmental issues.

Though expectations are high, there is a deep appreciation that CSR is a journey, and no company is without flaws. Eighty-five percent of this year's respondents say it's okay if a company is not perfect, as long as it is honest about its efforts. However, businesses should not take that tolerance for granted, as it declined 3 percentage points from 88 percent in 2011. Companies must candidly communicate where they are in that journey. Today, with the information flood gates wide open, and the world still reeling from corporate scandals and improprieties, we may be on the verge of intensifying consumer scrutiny of corporate behavior.

Brazil is the country most eager for wholesale change. An emerging world power, **half** the population — nearly double the global average — believes businesses must go beyond the bottom line to make the world a better place.

# ISSUES

Consumers demand companies be at the table to help solve critical social and environmental issues. And they are laser-focused on where companies should concentrate their efforts.



**19%**

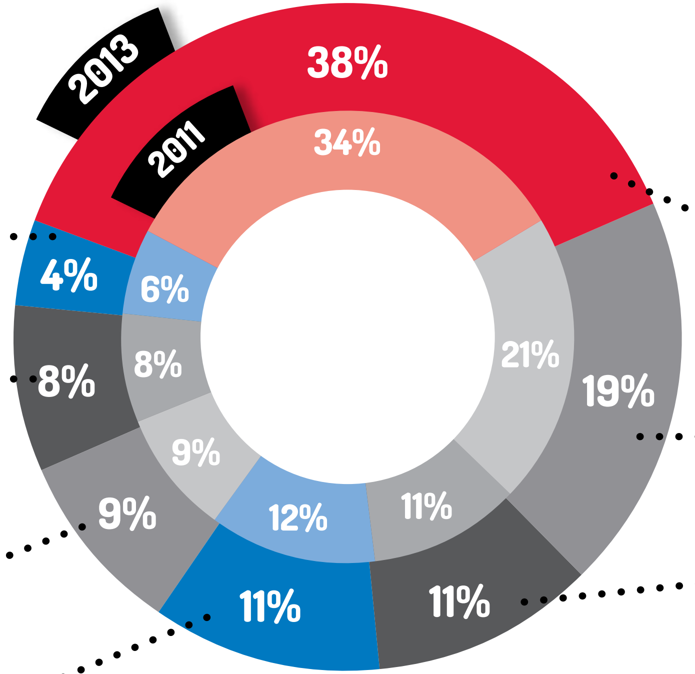
of consumers most want companies to address the **environment** — preserving and protecting our natural resources.

Once again, economic development (38%) is far and away the most pressing issue citizens want companies to address, increasing four percentage points since 2011. This comes as no surprise as the world struggles to recover from one of the worst financial crises in history.

From the Eurozone disaster, to the U.S. mortgage debacle, all eyes are on individual wallets and livelihood. Economic development is also a macro issue companies are well-suited to address, leading the charge to lift countries out of turmoil and onto the road to sustainable recovery through job creation and infrastructure development.

The environment (19%), human rights (11%) and poverty and hunger (11%) are the next most important issues consumers want companies to tackle, and logically so — these issues are related to a company's operations. Consumers understand companies are uniquely positioned to make real impacts on these issues — from how they source materials to their labor standards.

## The **ONE** issue consumers most want companies to address:



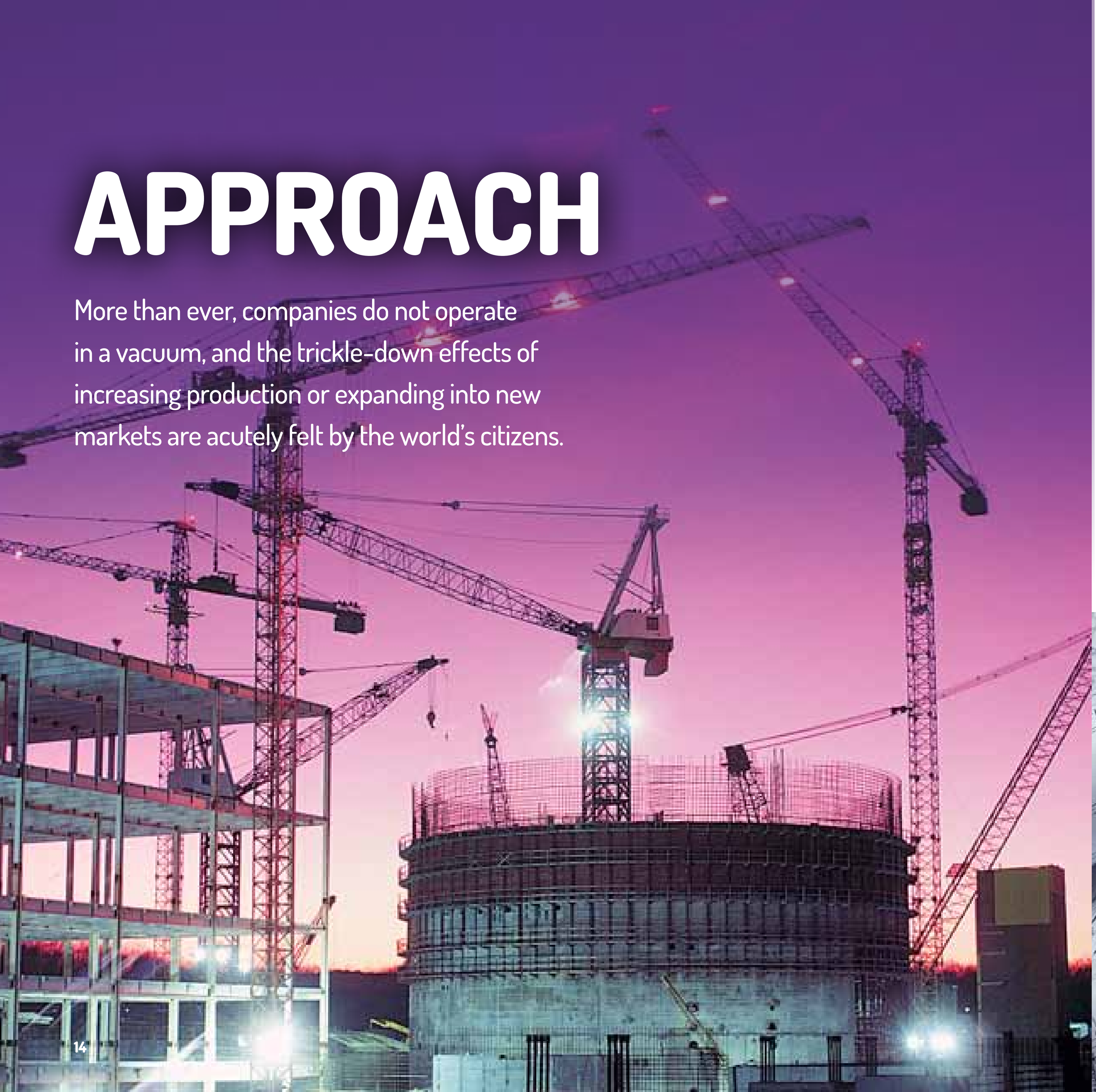



Other critical social issues, such as education (9%) and health and disease (8%), are not to be discounted. Although consumers respect that companies alone cannot solve these complex issues, their importance cannot be underestimated. These issues are embedded within the macro issue of economic development, and there is no question consumers unequivocally expect companies to contribute to broader efforts to improve all aspects of society.

As they are united in what issues companies should address, consumers are also aligned on where that impact should center. Around the world, citizens still want to feel companies' CSR efforts close to home, with the quality of life locally (37%) and nationally (35%) virtually tied as priorities, followed by quality of life globally (28%).

Arguably the epicenter of globalization, Brazil represents a significant outlier when it comes to where companies' CSR effects should concentrate. Half (50%) of the citizens of this rapidly developing nation believe companies should focus their impact globally. In stark contrast, France appears to be turning its focus inward. In 2013, 45 percent of French citizens indicate a strong preference for national impact, up 11 percentage points from 2011, and reversing their previous conviction that companies should prioritize global impact.


In the U.S., where financial upheaval has drastically altered standards of living and employment nationwide, poverty and hunger (14%) edges out the environment (13%) as the second highest priority issue — a reversal of 2011 results.



# APPROACH

More than ever, companies do not operate in a vacuum, and the trickle-down effects of increasing production or expanding into new markets are acutely felt by the world's citizens.

As issue and impact priorities remain consistent with our 2011 findings, so too does the universal demand for change. Consumers today recognize that the greatest opportunity for impact starts at the very core of a company: its operations. And although consumers continue to want companies to be engaged in broader, external issues, they also expect companies to look within their own processes to identify areas for improvement and progress. Global consumers say the number one way they want companies to approach today's most critical issues is to change the way they operate (30%).

**18%**

of global consumers call out **new product or service development** as the one approach companies should take to positively affect social and environmental issues.

The United Kingdom is the region most interested in wholesale change, where two-in-five (41%) citizens indicate operational change is the preferred path forward.

Innovation remains critical as well, with nearly one-fifth (18%) of global consumers calling out new product or service development as the one approach companies should take to positively affect social and environmental issues. In China and Japan, where invention and technology have long played defining roles in economics and culture, product innovation is particularly important (26% and 30%, respectively).

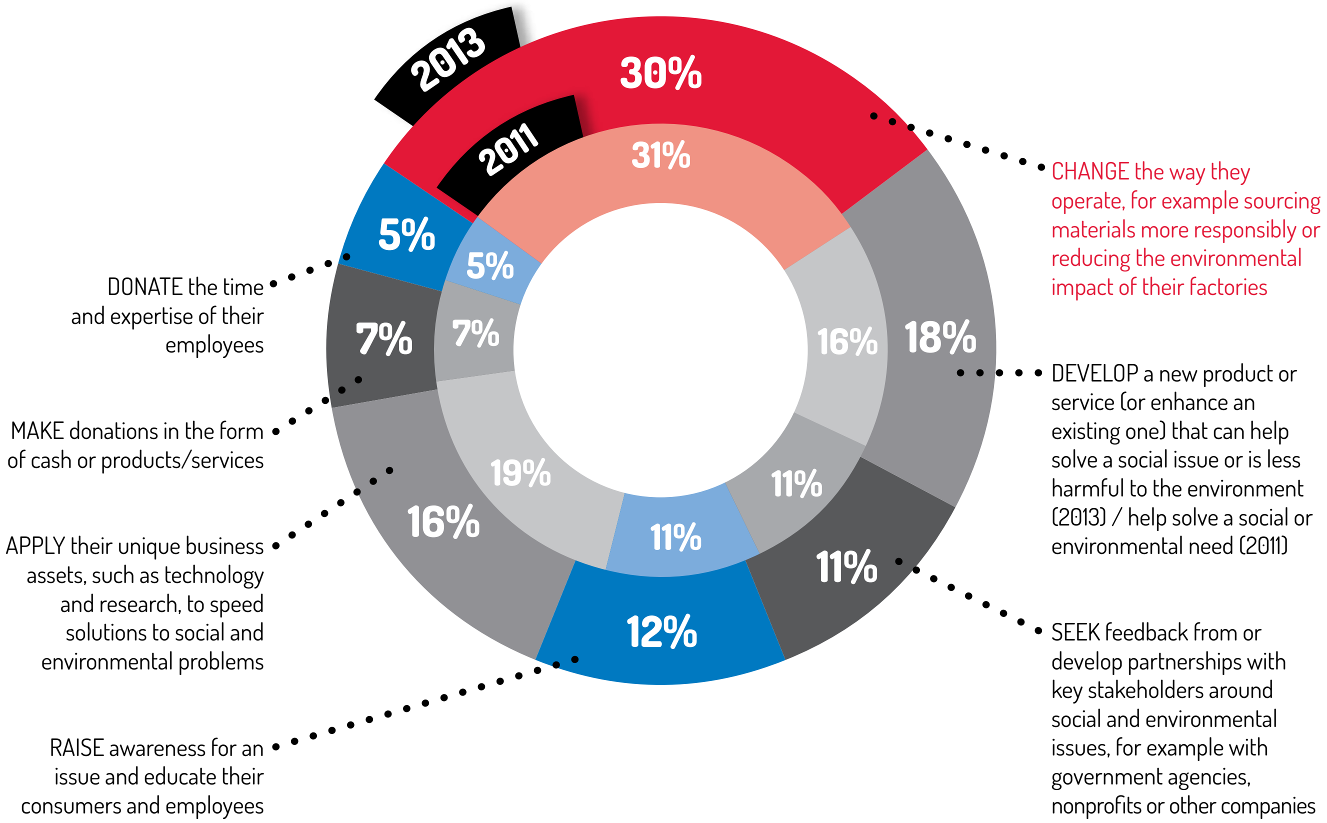
Other approaches ranked high in individual countries. India shows a strong proclivity for knowledge sharing, where 24 percent of Indians most want companies to raise awareness for and educate around an issue. And as the country that pioneered broad-based philanthropy, the United States holds fast to traditional corporate approaches to issue engagement. Americans are nearly twice as likely as their global peers (13% vs. 7%) to want companies to focus on making donations.

**13% vs 7%**

Americans are nearly twice as likely as their global peers to want companies to **focus on making donations**.



## The **ONE** approach to addressing social and environmental issues that consumers would like to see companies take:



# CSR AS A DIFFERENTIATOR

CSR remains a powerful differentiator, influencing both consumer behavior and corporate reputation. The business case for CSR remains extremely compelling, particularly as companies battle ever-increasing competition and declining consumer confidence.



When companies support social or environmental issues, consumer affinity overwhelmingly upsurges. Nearly all consumers say that when companies engage in CSR, they have a more positive image of the company (96%), would be more likely to trust that company (94%) and would be more loyal to that company (93%).

**91%** of global consumers are likely to switch brands to one **associated with a good cause**, given comparable price and quality.

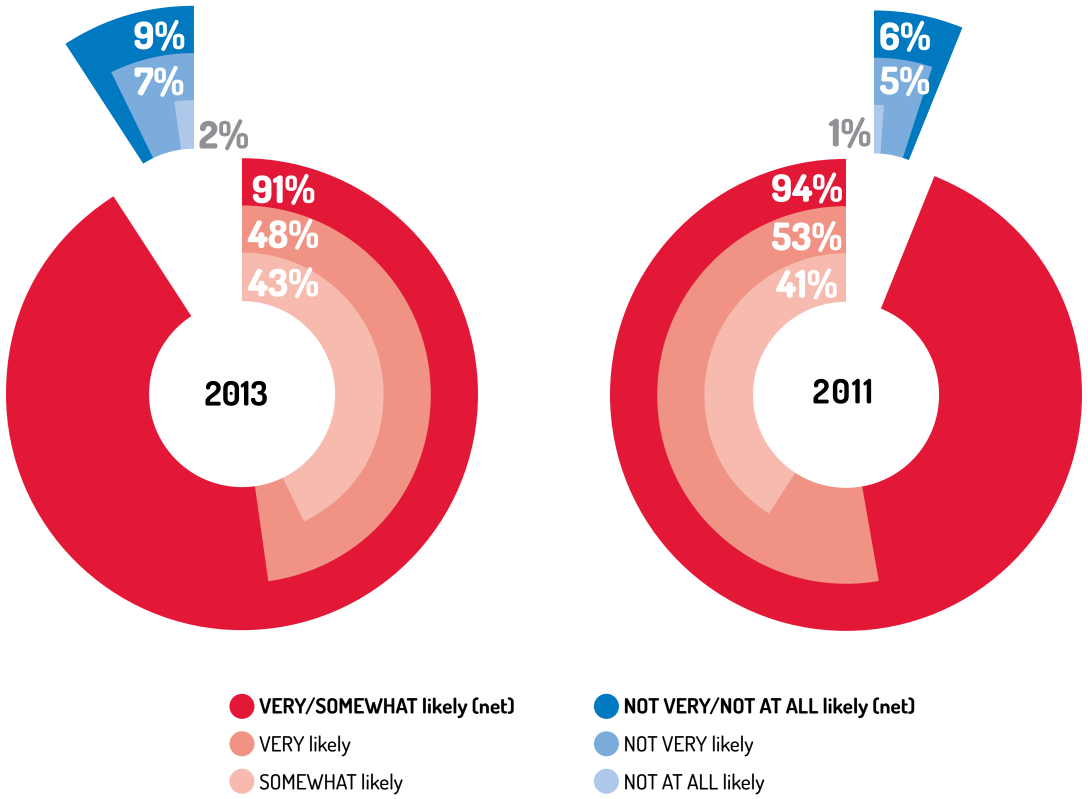
No longer merely a transactional proposition, the benefits of CSR extend far beyond a brand halo. In the fight for talented employees, as well as license to operate, CSR is once again a significant consideration in a variety of individual decisions, including where to work (81%), which companies they want in their communities (85%), what to buy or where to shop (87%) and which products or services to recommend to others (85%).

And CSR remains a differentiator in the shopping aisle — in fact, nine-in-10 global consumers are, as they were in 2011, likely to switch brands to one associated with a good cause, given comparable price and quality. However, there are signs that conviction may be waning.

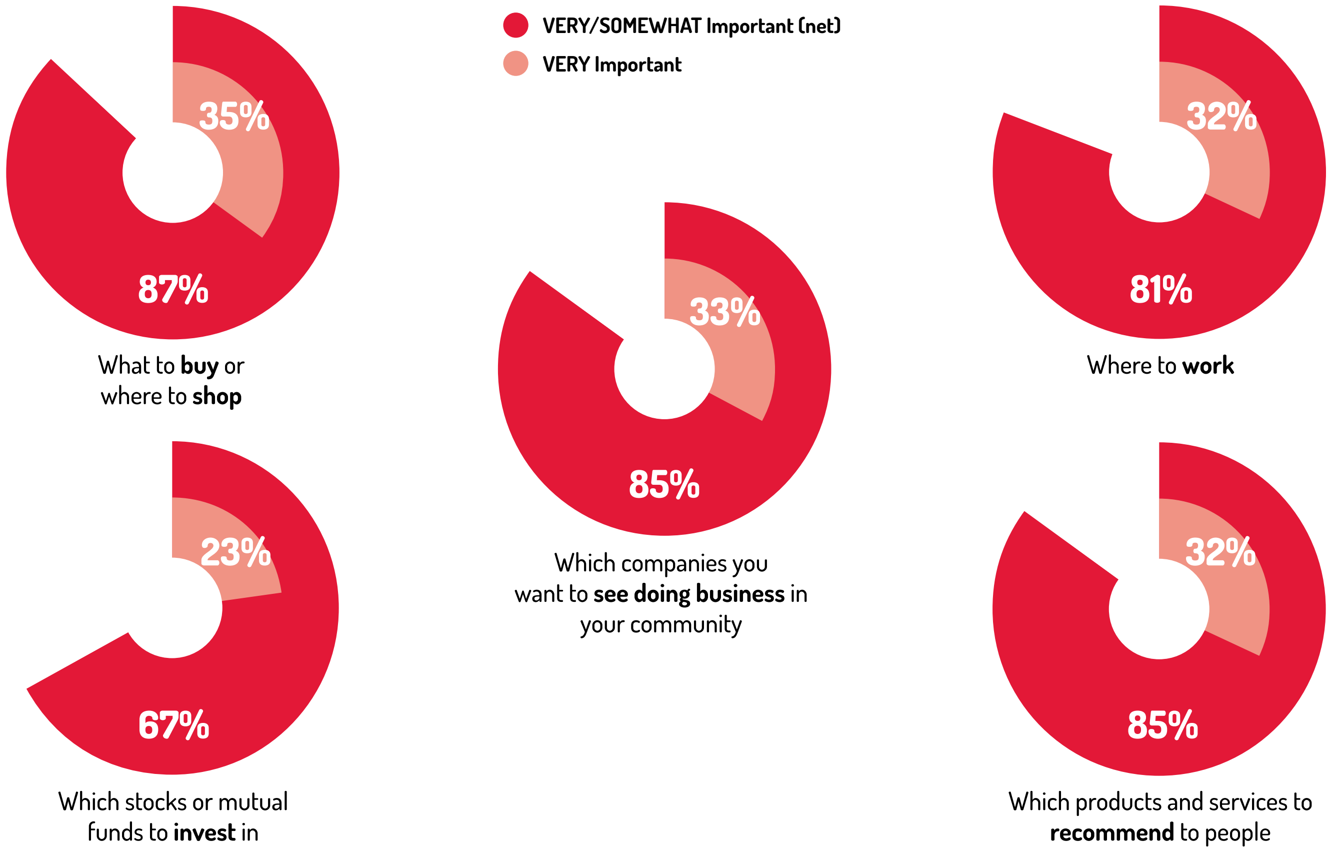
In most countries we studied, consumers are slightly less resolute in their principles of shopping for a cause. The number of consumers who indicated they were "very likely" to opt for a brand affiliated with a cause decreased by 5 percentage points, sliding down the scale of engagement to the less committal "somewhat likely." Although consumers continue to express an undeniably strong preference for cause, their purchase of such affiliated products and services is no longer a foregone conclusion.

With CSR now mainstream and increasingly an expected brand attribute, consumers are surrounded by a plethora of products and services with social and environmental claims. Choosing what to buy is not simply about finding a product with a CSR benefit — it's about selecting the product whose claim or association is most meaningful to the consumer. Today, to differentiate, companies need to deliver clear information about the issue, as well as the expected individual and collective impact.

## Given similar price and quality, consumers are likely to switch brands to one that is associated with a good cause:




## Consumers consider a company's social and environmental commitment before making important decisions:



# CONSUMER RESPONSIBILITY

For most consumers, purchasing is their point-of-entry for engaging in corporate social responsibility.



Whether buying an item they believe is better for the environment, or not buying an item because of the manufacturer's business practices, what happens at the register is often more than just a transaction. It's a stake in the ground.

**88%**

Nearly nine-in-10 consumers feel a responsibility to purchase products they think are **socially and environmentally responsible.**

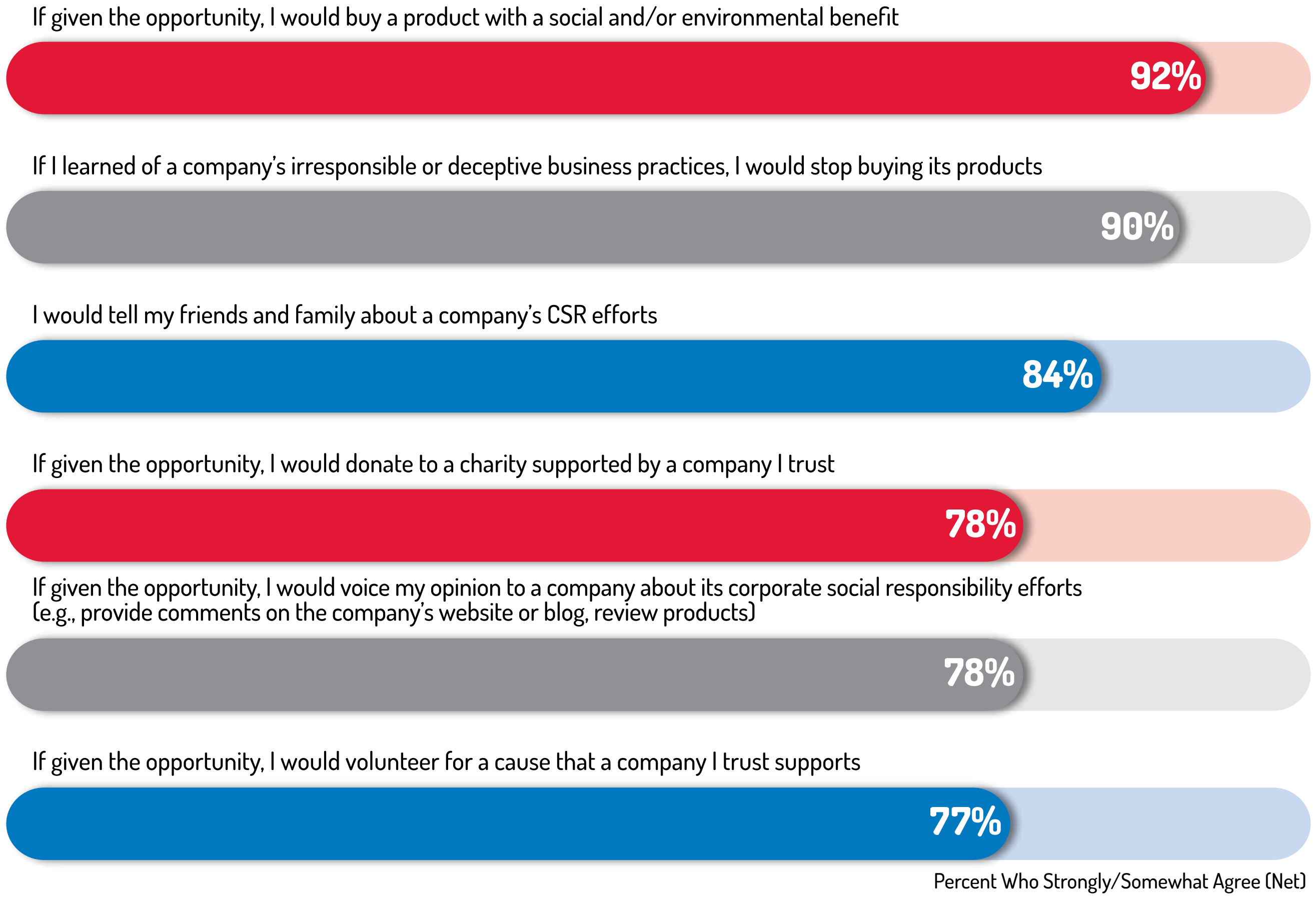
Across all countries, consumers predominantly believe they play a role in addressing social and environmental issues through their purchases. The vast majority — 88 percent — feels accountable for buying products and services they believe are responsible. A mere 13 percent believes their purchases don't play any role in these types of issues.

However, feelings of obligation to buy responsibly only go so far — individual action is where that responsibility manifests. Disparities between consumers' intended behaviors and reported actions reveal that sense of accountability doesn't always come to fruition. Around the world, consumers show a propensity to want to be engaged in CSR through purchasing, but higher-touch efforts like giving their time and money are a more challenging proposition.

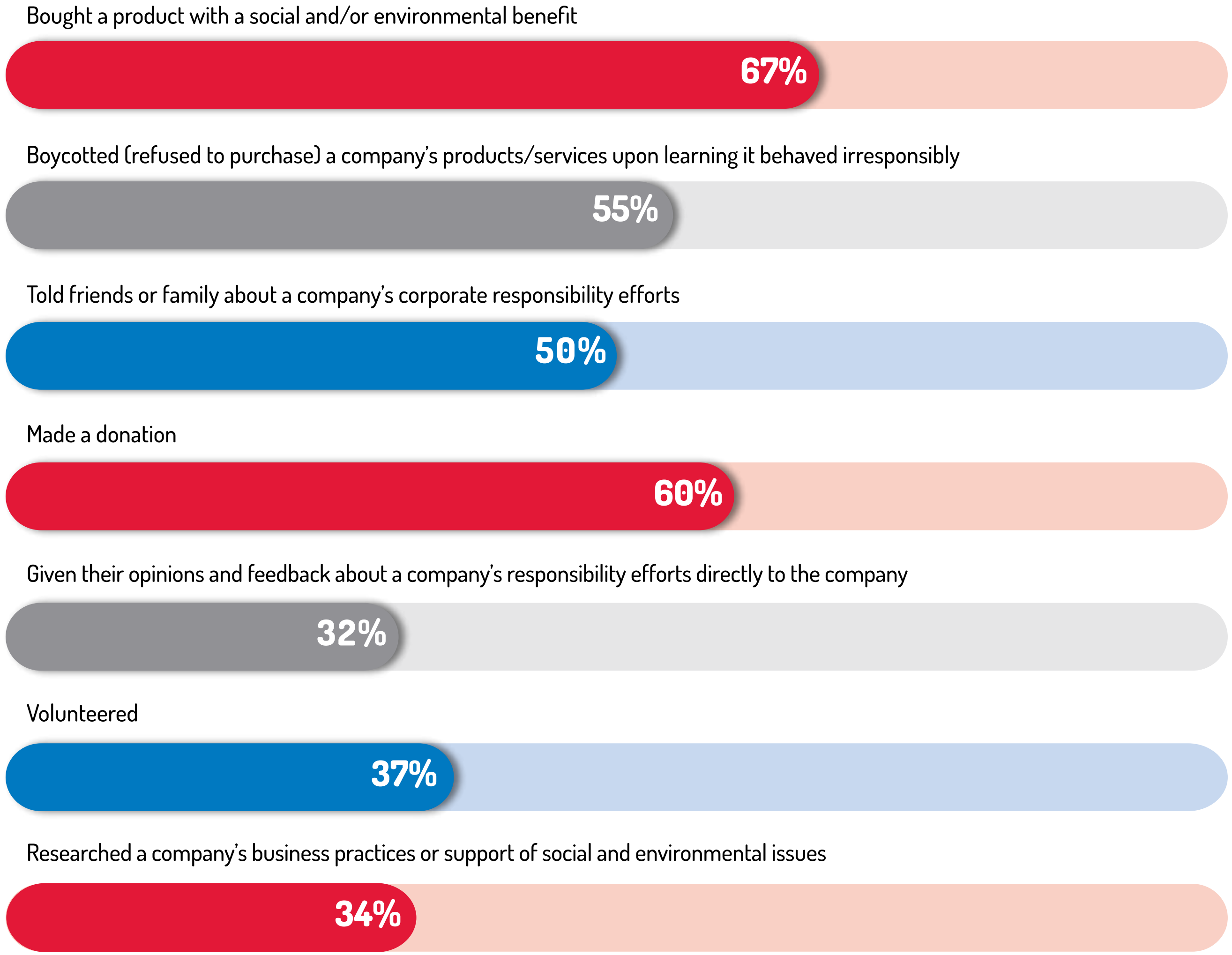
It's evident that shopping with a conscience persists as a global mindset. Ninety-two percent of consumers say they would buy a product with a social and/or environmental benefit if given the opportunity, and two-thirds (67%) have actually done so in the last 12 months. On the flipside, 90 percent of consumers say they would boycott, and more than half (55%) have reported refusing to purchase in the last year.

When it comes to action beyond the register, more than three-quarters of consumers continue to say they are willing to engage with companies in a variety of ways if given the opportunity, such as donating, volunteering, voicing opinions to companies and telling friends and family about a company's CSR efforts. The dramatic gap between consumer desire and action represents an untapped opportunity for companies to engage and enlist new and existing supporters who stand ready, willing and able to join their efforts.

## Consumers want to get engaged with corporate social responsibility efforts:




## In the past 12 months, consumers indicate they have:



# IMPACT

Around the world, the majority of consumers feel both individuals and corporations are having some degree of positive influence on social and environmental issues; however, just one-quarter feels either is making a significant impact.



**30%**
of Chinese consumers believe companies have had **significant positive impact** on social and environmental issues.

Belief in individual empowerment varies by market, with emerging countries such as Brazil (57%) and India (52%) indicating a strong conviction of substantial personal impact through purchasing, versus only 14 percent in the United Kingdom.

Similarly, consumer confidence in the impact companies have had on social and environmental issues differs. Thirty percent of citizens in China, for example, feel companies are creating the greatest impact, compared to just 12 percent of citizens in France.

Looking in tandem at the varying degrees of perceived individual and corporate impact underscores the overwhelming need for companies to consistently communicate both consumer and corporate CSR results. Regardless of the country, the global population wants to understand how the myriad CSR efforts make real and tangible differences. To build trust and deeper engagement, it will be critical for companies to showcase collective return — both from their own programs as well as those actions taken by consumers, from purchasing to advocating.

## Who's Driving Positive Impact?

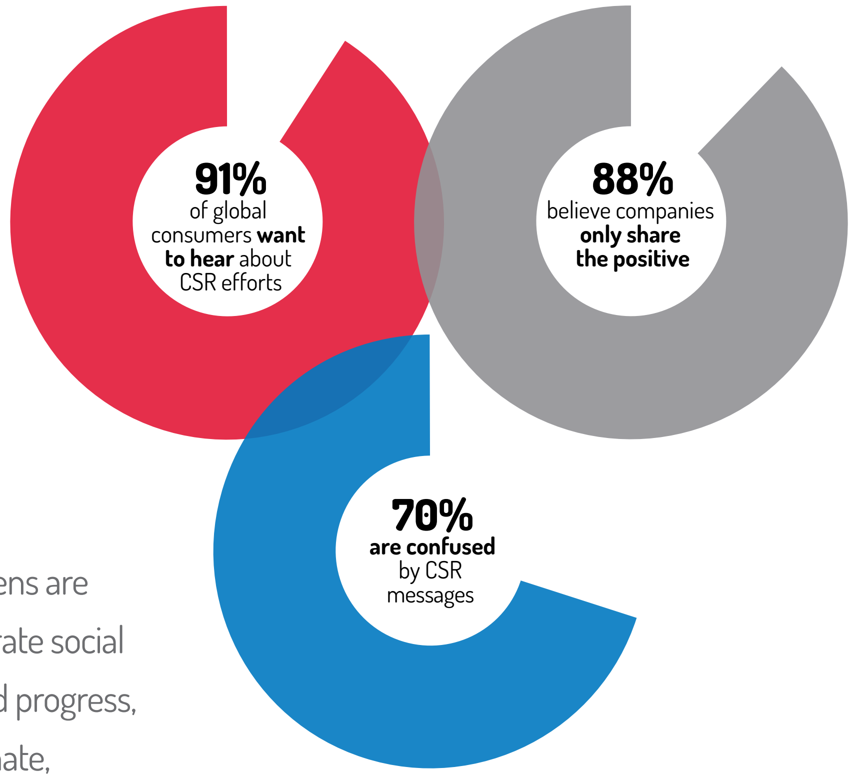
Around the world, varying degrees of perceived individual and corporate impact underscore the overwhelming need for companies to consistently communicate both corporate and consumer CSR return.

| | GLOBAL | U.S. | CANADA | BRAZIL | U.K. | GERMANY | FRANCE | RUSSIA | CHINA | INDIA | JAPAN |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **COMPANIES** have made a significant positive impact on social and environmental issues | 22% | 16% | 14% | 27% | 9% | 24% | 12% | 27% | 30% | 37% | 24% |
| **CONSUMERS** can have a significant positive impact through the purchasing decisions they make | 27% | 25% | 21% | 57% | 14% | 24% | 25% | 20% | 11% | 52% | 17% |

# COMMUNICATIONS

With universally high expectations and an unquenched thirst for understanding impacts, communicating CSR efforts and return has never been more important.



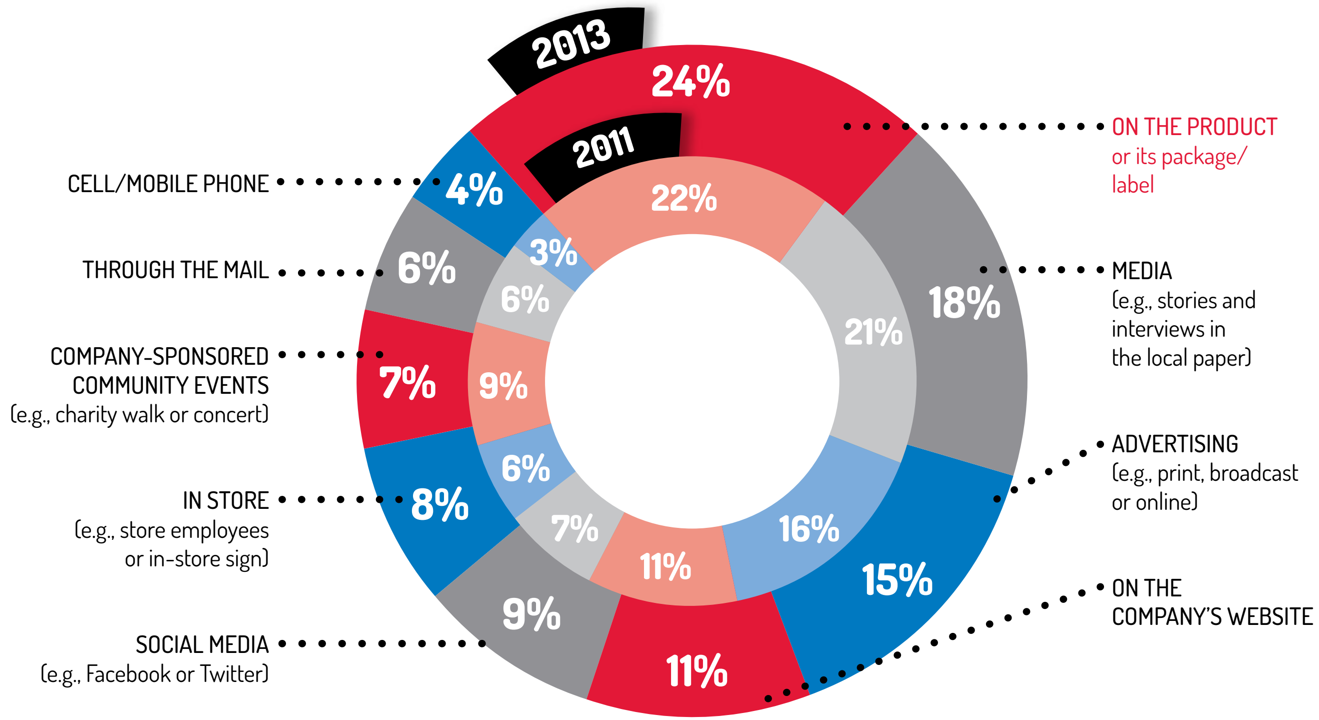



Nine-in-10 (91%) global citizens are eager to hear about corporate social responsibility initiatives and progress, but for that communication to resonate, messages must be honest and clear.

- 88% believe companies share positive information about their CSR efforts, but withhold negative information.
- 70% are confused by the messages companies use to talk about their CSR initiatives.

Chinese consumers are enthusiastically looking for help from companies when it comes to CSR communications. Nearly all (97%) want to hear how companies are supporting social and environmental issues, while eight-in-10 report being confused by CSR messages.

## Most effective communication channels for information about social and environmental programs and products:




**24%** of global consumers say the best channel to reach them with CSR messages is **on the product or its package or label**.

Integrated communications will be critical to effectively reach consumers.

Traditional channels continue to reign supreme when it comes to reaching consumers, with on-pack (24%), in the media (18%) and advertising (15%) deemed the most effective conduits for CSR communications.

Online and mobile channels provide an emerging, not-to-be-ignored opportunity for companies' CSR communications, representing 24 percent of the preferred channels, when corporate websites, social media and mobile phones are viewed in concert.

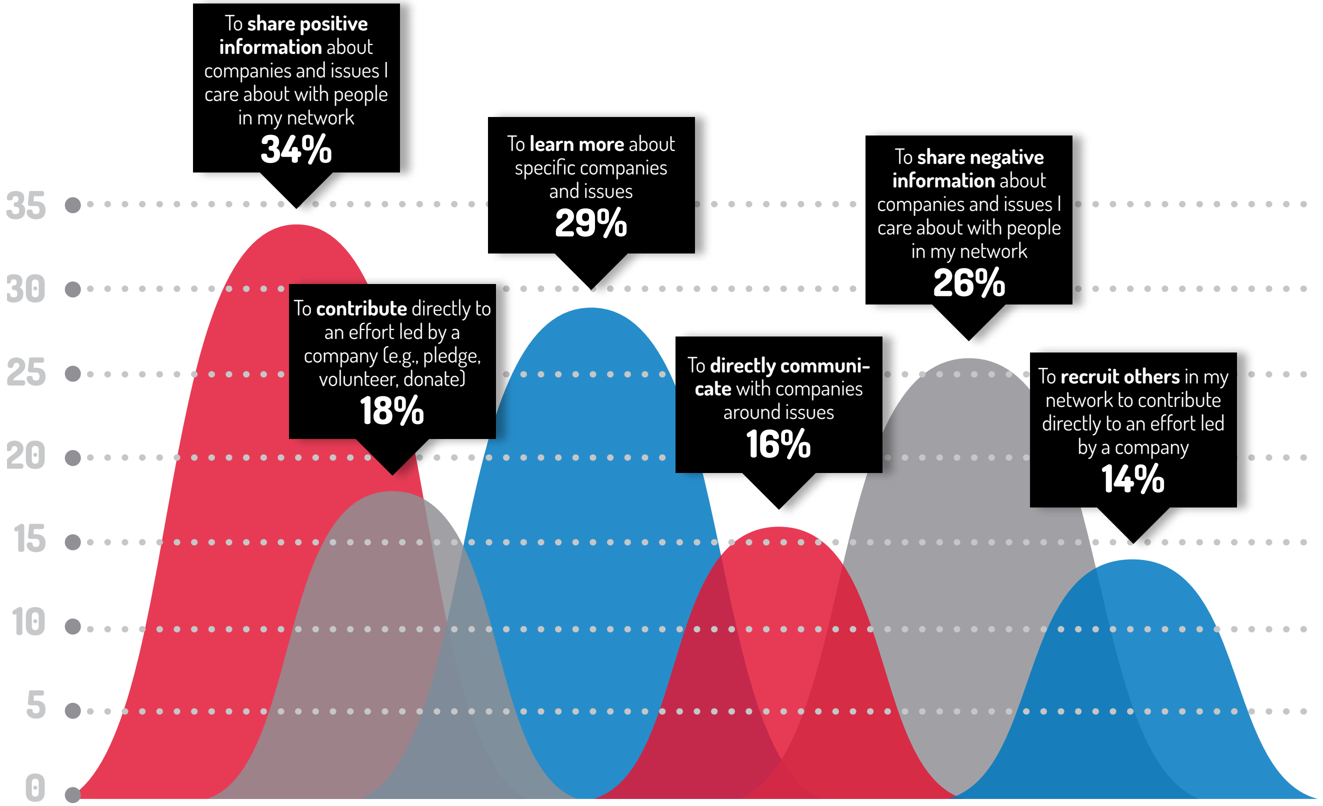
Social media is transforming the face of CSR, as citizens worldwide have unprecedented access to information — via websites, blogs and apps — about corporate behavior.

They are poised, smartphones in hand, to not only engage with companies around vital issues but also serve as CSR megaphones, equally propagating commendation and condemnation. Nearly two-thirds (62%) of global consumers report using social media to engage with companies around social and environmental issues — and mostly to the benefit of companies, with the majority of citizens taking to social to share positive information (34%). Much of that usage is happening in highly mobile-savvy and emerging countries China, India and Brazil, where 90 percent, 89 percent and 85 percent of the respective populations report using social media to engage with companies around their CSR efforts.

But if China, India and Brazil are social media boom-towns, the U.K. is a ghost town. Fewer than half — just 42 percent — say they use social media to address or engage with companies around social and environmental issues.

**62%** of global consumers report **using social media to engage with companies** around social and environmental issues.

## How consumers use social media (e.g., Facebook, Twitter) to address and/or engage with companies around social and environmental issues:



# UNITED STATES

The United States is in lock-step with the global population in its expectation for companies to do more than ensure a healthy bottom-line. But unlike their global peers, there's no consensus in how Americans believe companies should address social and environmental issues — just as long as businesses are at the table of these critical discussions. Citizens think businesses should support (25%) CSR issues, if not also advocate for change (25%) — but they are almost as likely to consider community assistance (22%) or operational change (21%) as viable avenues for impact.

CSR remains a powerful driver of brand affinity and reputation. Nine-in-10 American consumers say they not only have a more positive impression of companies that support CSR (93%), but they are also more likely to trust (90%) and be more loyal (90%) to those companies. Americans feel a deep sense of responsibility to make the world a better place and are actively participating in CSR efforts such as making donations (65% vs. 60% globally) and volunteering (42% vs. 37% globally).

However, U.S. citizens are slightly less swayed by CSR commitments in their everyday purchasing decisions, such as what to buy or where to shop (82% vs. 87% globally) or selecting products associated with social or environmental benefits (88% vs. 92% globally). They are increasingly discerning and laser-focused on impact, and are somewhat uncertain about the effectiveness of CSR programs. Just 16 percent thinks companies have had a significant positive impact on CSR issues, versus 22 percent globally.

Americans are also savvier than ever — they are among the least confused by CSR messages (60% vs. 70% globally) and understand more than they did in 2011, when 65 percent reported being confused. Nonetheless, with a firm grasp on CSR and high expectations for businesses to drive change, Americans' CSR sophistication and lack of perceived corporate impact are likely the causes of a slight decline in U.S. consumer CSR participation since 2011.



ROLE OF CONSUMER
**Buy responsible products if convenient (40%)**

DESIRED RETURN
**Positive impact on society (37%)**

HIGHEST REPORTED BEHAVIOR
**Made a donation (65%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (25%) / Corporate (16%)**

PREFERRED COMMUNICATIONS CHANNEL
**Product/package (21%)**

USE OF SOCIAL MEDIA
**Sharing positive information (27%) / Learning more (26%)**

## Expert's Take:

"Today, absence from the CSR landscape is conspicuous," says Alison DaSilva, Cone Communications' executive vice president. "CSR is a vital component of the business equation, thanks to stakeholder pressure, fierce competition and tenacious media coverage. Companies must go beyond mission statements and demonstrate true impact." Not engaging in CSR, DaSilva observes, is a recipe for reputational disaster.

The pressure to create positive change is not exclusively on companies, however. "Americans are ready to help — but with some caveats," says DaSilva. "The explosion of CSR in the U.S. has resulted in a population that is more sophisticated about who and what deserves their hard-earned dollars. They're no longer blindly buying the cause ribbon or environmental seal of the day. They want to understand their individual and collective impact before purchasing."

With consumers more closely examining CSR authenticity, social media provides a powerful opportunity for companies to do more than talk about CSR, and actually engage with their stakeholders, DaSilva notes. "Social media has given credence to emerging voices, influencing corporate behavior and operations at a whole new level. A one-audience, one-time approach is insufficient. Companies need to know how best to engage with consumers as well as influencers in real-time."

Given the maturity of CSR in the U.S. and high consumer expectations, differentiation lies in which companies are able to consistently demonstrate impact. "Consumers need to perceive a personal and societal value from their actions — if they don't have a sense of their impact, they'll move on to another product or service," DaSilva says. "Return is paramount."


## Implication for Companies:

Although there's no one-size-fits-all approach to solving social and environmental issues in the United States, Americans universally consider CSR a critical factor in corporate reputation. Companies must go beyond statements of purpose and robustly engage consumers and influencers alike, recognizing that multiple channels and voices affect brand perception. Americans want and demand to understand CSR results, not just commitments — and are wise enough to know the difference.

# CANADA

As in 2011, Canada once again mirrors the collective global point of view on corporate social responsibility. In almost every category, consumers' beliefs about CSR are in line with the global average — suggesting a very practical approach to social and environmental issues, as well as the role of corporations and citizens in addressing them. This universal view makes any variances even more compelling.

As a natural resources-based economy, it is not surprising Canadians are more likely than their global peers to want companies to change the way they operate to drive impact on social and environmental issues (35% vs. 30% globally); however, they do not put the full weight of responsible actions solely on corporate shoulders. They want to play a role in solving critical issues, and are showing up to do so in very personal ways. With local giving and volunteering strong components of the community fabric, Canadians are more likely than the global average to have donated (79% vs. 60% globally) or volunteered (51% vs. 37% globally) in the past 12 months.

Despite this congenial culture, Canadians are skeptical about corporate impact and transparency. Only 14 percent states companies have made a significant impact on social and environmental issues (vs. 22% globally) and 89 percent believes companies only communicate positive information and withhold the negative. That cynicism is not the result of unrealistic expectations. In fact, Canadians are slightly more tolerant of imperfections than their global peers (89% vs. 85% globally).

Canadians' cautious approach to CSR is also reflected in how they get their information. Canadians are less likely to turn to social media to learn about or engage with companies' CSR efforts (50% vs. 62% globally), holding steady to traditional channels for those communications, including product labels, media and advertising.



ROLE OF CONSUMER
**Buy responsible products if convenient (39%)**

DESIRED RETURN
**Positive impact on society or the environment (41%)**

HIGHEST REPORTED BEHAVIOR
**Made a donation (79%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (21%) / Corporate (14%)**

PREFERRED COMMUNICATIONS CHANNEL
**Product/package (22%)**

USE OF SOCIAL MEDIA
**Sharing positive information (28%) / Learning more (27%)**

## Expert's Take:

The notion of CSR is difficult to define in Canada. "If you talk to different experts, you'll hear different definitions of what constitutes 'corporate social responsibility,'" explains **Steven Fish**, executive director of Canadian Business for Social Responsibility (CBSR). "It's the wild west of sustainability. So many companies make claims about the ethical nature of their products. Canadian consumers are not just bombarded — they're bewildered."

The solution is to focus on clarity and consistency. "The CSR community must cooperate in recalibrating our messages and reengaging consumers in a meaningful discussion," Fish says. With the government less inclined to play a role in such efforts, the responsibility of CSR falls heavily on corporations and non-governmental organizations. "Corporate and NGO partnerships are driving CSR here, and primarily without government participation. Change is better accomplished by reaching across the table to industry peers and influencers. That's how most organizations are approaching critical issues today."

Despite confusion, Canadian consumers are not disengaged. "Canadians are individually philanthropic and invested in their local communities," Fish explains. "There is a social underpinning to make sure most people don't suffer or go without." This intrinsic penchant for local issues is an opportunity for companies. "Companies are looking at how they can leverage their resources into volunteerism and community engagement in ways that make sense for the business and yield maximum impact. The return on that investment is essential."

Articulating impact is increasingly important as a way to minimize confusion and encourage participation. "Canadians care about CSR issues, but we are less assertive with our opinions," Fish says, and therefore more dependent on other entities to drive change. The impetus is on companies to help consumers first understand CSR, and then rally support to make change. "Consumer empowerment is a big gap marketers need to close."


## Implication for Companies:

Marked lack of government involvement in CSR means companies are in the driver's seat when it comes to making progress on social and environmental issues. Industry coalitions and partnerships will propel progress and hedge risks associated with going it alone. Consumers also want to be engaged in making change, and they'll respond to corporate calls-to-actions — but only if they feel real impact will result. To rally their support, companies must clearly communicate impact and progress in a traditional mix of channels.

# BRAZIL

While it may be emerging as a world power, Brazil is arguably already established as a CSR leader. Across the board, Brazilians have among the highest expectations for business, feel most individually empowered to drive change, and are most actively engaged in social and environmental issues, from volunteering to advocating for change.

Consistent with 2011 findings, Brazilians are more likely than any other country to want companies to change the way they operate to align with greater societal needs (50% vs. 31% globally). They are willing to do their homework and engage with companies around the details of CSR programs and initiatives. More than half (52%) have researched a company's business practices or CSR efforts (vs. 34% globally), and 38 percent has given feedback on those initiatives directly to companies (vs. 32% globally).

Brazilians' unbridled support of CSR is reflected in their optimism that they themselves hold the key to change (57%). Demonstrating this individual empowerment, Brazilian consumers are closely aligned in intended and reported behavior, and are significantly more likely than the global average to have bought a product associated with an issue (79% vs. 67% globally), boycotted (69% vs. 55% globally) and told friends and family about a company's corporate social responsibility initiatives (64% vs. 50% globally).

Consumers also wield tremendous power in the palms of their hands, through social and mobile channels. Social media (17% — nearly twice the global average of 9%) is tied with traditional media as the number two most effective way to reach Brazilians with CSR messages, behind on-package messaging (29%). A staggering 85 percent use social media to engage with companies around these issues, with 50 percent using social media primarily to share positive news about CSR efforts.

ROLE OF CONSUMER
**Proactively find and advocate responsible options (45%)**

DESIRED RETURN
**Positive impact on society or the environment (46%)**

HIGHEST REPORTED BEHAVIOR
**Bought a product with a social/ environmental benefit (79%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (57%) / Corporate (27%)**

PREFERRED COMMUNICATIONS CHANNEL
**Product/package (29%)**

USE OF SOCIAL MEDIA
**Sharing positive information (50%)**

## Expert's Take:

"The Brazilian economy is not as strong as it was in the recent past," says **Dr. Helio Mattar**, president of the Akatu Institute for Conscious Consumption and one of the founders of the Ethos Institute. "This is important because harder times offer an acid test of the real values and principles of companies, and call attention to companies that have not shown real progress in their CSR initiatives."

As a result, Dr. Mattar explains, Brazilian citizens look to themselves to affect positive change, as well as to the government to force companies to find solutions to the most critical social and environmental issues. "Brazilians aren't seeing the impact of CSR initiatives, so they're increasingly skeptical of companies' abilities to make change. There's tremendous reputational risk for companies." If they don't demonstrate impact, consumers may well turn their backs on them.

Achieving that impact is undeniably challenging — the issues, from deforestation to obesity, are complex and systemic, and will require creative problem-solving. "Companies will need to either cooperate with one another, or put pressure to change public policy," Dr. Mattar says. "If they work together, companies may overcome risks that would be too great for one company alone to face. If they won't collaborate, it is very unlikely that one company can influence public policy and level the playing field for an entire industry."

Companies must also heed the call of a population that demands information, and is increasingly looking for it, especially via social media. "Brazilians use social media as an activist tool. Transparency is no longer a choice for companies; it's a must-do," Dr. Mattar says. "Companies need to realize that stakeholders are vehicles of communication. Corporate reputation will be increasingly defined by what stakeholders say about a company, and less by what companies want to communicate."

## Implication for Companies:

Simply implementing a CSR program is not enough in Brazil — impact, progress and return must be consistently communicated. Brazilians want to understand not just how their personal involvement makes a difference, but also what companies are actually doing to affect positive change. Social media should be an important go-to channel for CSR information and a forum for dialogue to help build and protect companies' credibility and reputation.

# UNITED KINGDOM

The United Kingdom is arguably one of the most advanced in terms of corporate social responsibility, and some of today's most innovative social and environmental programs are products of the region. In this highly progressive CSR culture, U.K. citizens possess extraordinary expectations for corporate behavior — but interestingly, individuals appear largely uninterested in working with companies to address critical issues.

Four-in-10 (41%) U.K. residents believe the the best way for companies to approach CSR is to change the way they operate, topping even Brazil (32%) and trumping the global average (30%) in this desire. These high expectations may make it difficult for any company to be recognized for its efforts — just 9 percent of respondents believe companies have significantly positively affected social and environmental issues, marking the U.K. as the most pessimistic country when it comes to corporate impact.

U.K. citizens are not likely to partner with companies to drive the change they seem to so fervently desire. Their activism is limited to the cash register, where they will reward or punish companies accordingly. Three-in-five (61%) have bought a product with a social or environmental benefit, and nearly half (48%) have refused to purchase a product or service upon learning of irresponsible behavior. U.K. citizens are among the least likely to advocate or act beyond point-of-purchase on behalf of companies: only 34 percent (vs. 50% globally) has told friends and family about CSR initiatives, and just 32 percent has volunteered (vs. 37% globally).

They're also not digging deep for CSR information, with 26 percent preferring to look on product packages or labels for such details. Just one-quarter (vs. 34% globally) have researched business practices, and 42 percent — the lowest of any country studied — uses social media to engage with companies around social and environmental issues.



ROLE OF CONSUMER
**Buy responsible products if convenient (44%)**

DESIRED RETURN
**Positive impact on society or the environment (39%)**

HIGHEST REPORTED BEHAVIOR
**Made a donation (69%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (14%) / Corporate (9%)**

PREFERRED COMMUNICATIONS CHANNEL
**Product/package (26%)**

USE OF SOCIAL MEDIA
**Sharing positive information (21%)**

## Expert's Take:

"The U.K. is at a tipping point. CSR is moving from a business case to a business model," observes **Dr. Alan Knight**, sustainability director for Business in the Community — U.K. "There are a handful of powerful companies that are looking at CSR not as a nice-to-do, but as a must-do for future business sustainability. It's the beginning of transformation change."

Dr. Knight discerns another significant shift in the U.K. influencing CSR, this one more widely in practice. "There's less reliance on consumer demand," he says, explaining that increasingly, companies are making classic CSR decisions, from ingredient selection to production models, based instead on science and global trends. "Some retailers, for example, only sell fair trade bananas. There is no 'regular' option. Companies are making these decisions regardless of whether consumers have expressed a desire. This kind of choice editing is changing the supply chain and removes the need to have a CSR conversation with the consumer." In a sense, Dr. Knight says, consumers aren't engaged in CSR issues because companies are making those judgments for them.

Although he notes the concept of "choice editing" is not unique to the U.K., he does admit it may be the region most comfortable with its practice. "Companies that are making these decisions — changing their models and making responsible selections for their consumers — recognize a win-win situation. They are addressing long-term business needs and larger macro issues, such as resource depletion, and appreciating short-term reputational benefits," Dr. Knight explains. "These are leadership companies. They're not looking for business case justification for CSR through sales or newspaper columns. They're looking for ways to ensure their businesses survive."

## Implication for Companies:

As companies increasingly look to their supply chain — and not necessarily to consumer demand — to make CSR decisions, the need to communicate the collective return of those initiatives intensifies. U.K. consumers have high expectations for impact and are not afraid to boycott companies they think aren't up to snuff.

# GERMANY

CSR is a quieter affair in Germany, where people appear to care deeply about the issues — but in a way that is more internal or personal than their global peers. Although well-versed in corporate social responsibility and possessing high expectations for business, Germans are less likely to engage directly with companies around social or environmental issues.

Germans take a broad view of CSR, with one-third (31%) wanting companies to change the way they operate to align with greater social and environmental needs. Two-in-five (40%) — equal with India and second only to Brazil (50%) — believe companies should address issues that affect the quality of life globally. They are also comfortable with CSR terminology and are the least likely to be confused by CSR messages (54% vs. 70% globally). This may be in part due to their diligence — Germany ranks fourth in researching companies' business practices (36%), behind the CSR-avid India, Brazil and China.

Despite a sophisticated outlook on CSR, Germans are not overtly involved in corporate social responsibility efforts beyond the cash register. Sixty-nine percent are purchasing cause-related products, driven largely by a desire to feel good or as a way to let them live their values (38% vs. 29% globally). Germans are less likely than their global peers to voice their opinions directly to companies (20% vs. 32% globally) or tell friends and families about CSR initiatives (43% vs. 50% globally), indicating that Germans support CSR primarily through their personal purchasing decisions.

ROLE OF CONSUMER
**Proactively seek out responsible options (36%)**

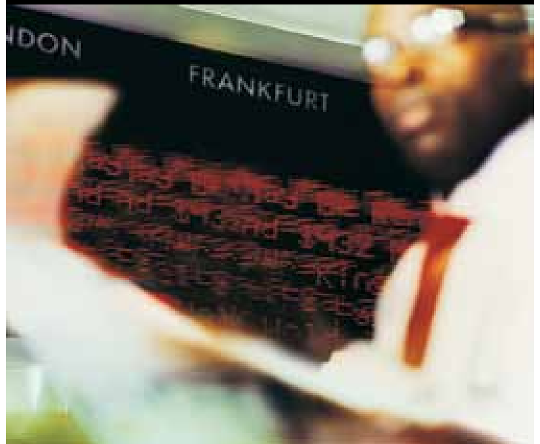
DESIRED RETURN
**Consistent with values (38%)**

HIGHEST REPORTED BEHAVIOR
**Bought a product with a social/ environmental benefit (69%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (24%) / Corporate (24%)**

PREFERRED COMMUNICATIONS CHANNEL
**Media (27%)**

USE OF SOCIAL MEDIA
**Learning more (27%)**




## Expert's Take:

The concept of social responsibility is entrenched in the German cultural landscape, as is a certain reluctance to communicate it widely, according to **Markus Beckmann**, professor of corporate sustainability management at the University of Erlangen-Nuremberg, Germany. "The principles of philosopher Immanuel Kant teach us that once a good deed is done not on principle but for reasons other than doing good — for example, reputation or sales — the pure ethical value in that good deed is lost. Many German companies are sensitive to this ideology."

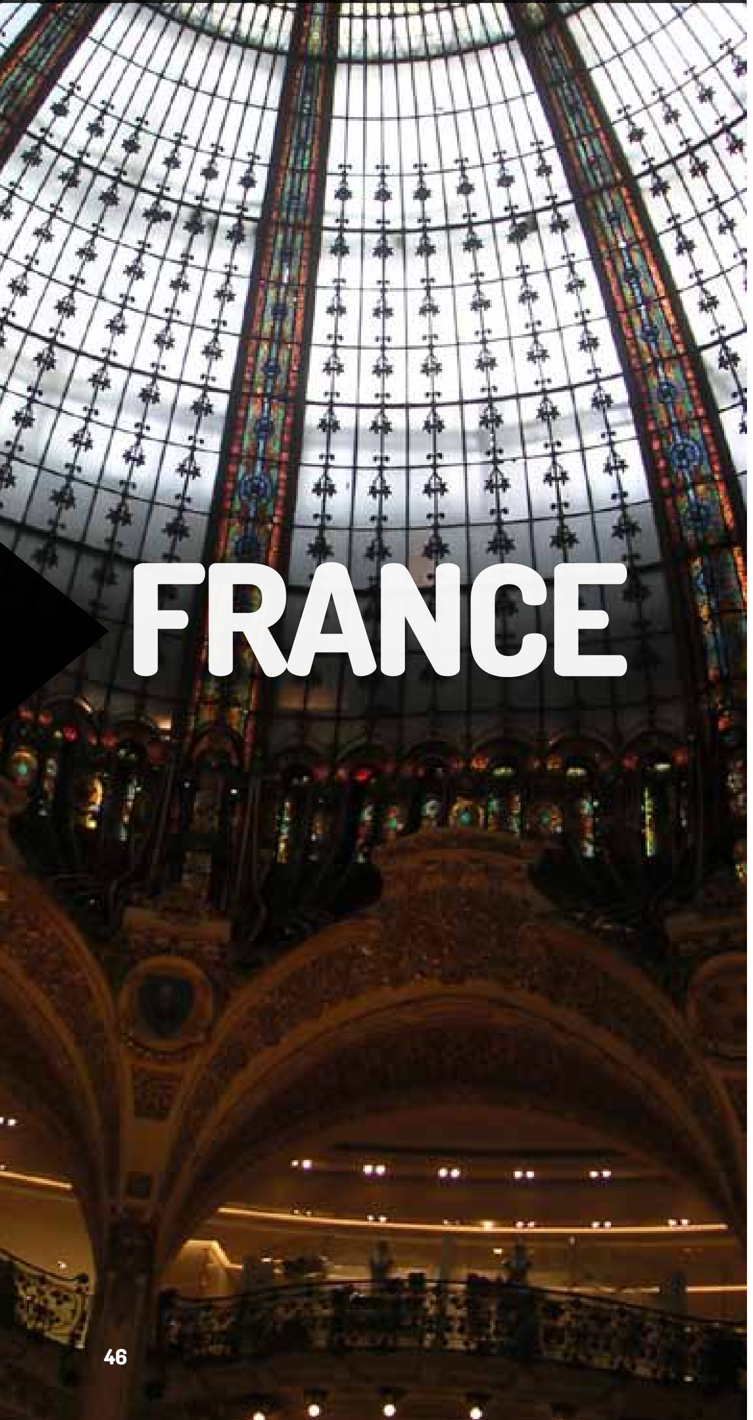
Also contributing to the CSR environment is the role of the government, which highly regulates corporate behavior. "The government plays a very important role in CSR in Germany. There's quite a dense regulatory web that standardizes certain behaviors, such as the representation of labor in work councils. What would be marketed in other countries as 'CSR' is mandatory here in Germany," Beckmann adds.

As such, CSR in Germany is less publicly communicated than in other countries. "Companies aren't necessarily widely promoting their CSR efforts because it may come off as inauthentic. The German approach to CSR is less emotional or romantic and more private and fact-based," Beckmann explains.

This reserved approach extends to consumers, who are less likely to publicly talk about CSR issues, either with companies or their peers. "Germans look at CSR more as a matter of principle. Germans are driven by an internal desire to do the right thing, and something like shopping with a conscience is a matter of principle," says Beckmann. "They don't want to see flashy campaigns. They just want the facts."

## Implication for Companies:

CSR is a differentiator in Germany, although Germans may not be eager to participate in corporate efforts to address social or environmental issues. Their activism takes its external form at the register. They want facts, not fluff — and companies will need to be sure their CSR efforts are both authentic and impactful in order to garner consumer favor.



# FRANCE

Of all countries studied, France underwent the most significant shifts in both desired geographic focus and issue priorities since 2011. Nearly half (45%) of French citizens want companies to address issues that affect the quality of life nationally, up 11 percentage points from 2011 and reversing their 2011 belief that global impact take priority. Additionally, focus on the economy spiked 10 percentage points in 2013, with more than two-in-five consumers (43% vs. 33% in 2011) saying companies should address economic development over other issues, such as poverty and hunger (16%) or the environment (15%).

Though their ardor for certain issues has intensified, France remains a relatively unengaged population. Citizens participate in CSR efforts far less than other populations, from donating (52% vs. 60% globally) to buying products with social or environmental benefits (57% vs. 67% globally). Further, although 93 percent wants companies to tell them how they're engaging in CSR, they will not work hard to get that information. France is the second most unlikely country to use social media to engage in CSR issues (46%, just ahead of the U.K. at 42%), and one-third of citizens — more than any other country (33% vs. 24% globally) — want CSR details literally right in front of them, on product packages.

This lack of engagement may be at least partly attributed to general feelings of ineffectiveness. Eleven percent of the French think their purchases have no impact whatsoever on social or environmental issues. But although their perceptions of personal impact are low, the French hold very high expectations of business. Ninety-two percent believes companies must go beyond minimum standards required by law to operate responsibly and address social and environmental issues, and 91 percent wants to see more products and services support such issues.



ROLE OF CONSUMER
**Buy responsible products if convenient (50%)**

DESIRED RETURN
**Positive impact on society (36%)**

HIGHEST REPORTED BEHAVIOR
**Bought a product with a social/ environmental benefit (57%) / Boycotted (57%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (25%) / Corporate (12%)**

PREFERRED COMMUNICATIONS CHANNEL
**Product/package (33%)**

USE OF SOCIAL MEDIA
**Sharing positive information (21%)/ Learning more (19%)**

## Expert's Take:

"France's lower engagement in CSR may not be a result of lack of interest, but rather a reflection of the high degree of trust in the government and society," says **Tara Norton**, director of advisory services for BSR in Paris. "Regulation is a very big driver of CSR in France," she explains. "Much of what is considered 'CSR' in other countries is just a part of how business is expected to operate here. The French are not apathetic to CSR issues. They assume certain good behaviors because of government regulations."

There's also the issue of how CSR is defined, according to Norton. "There's no clear translation for 'corporate social responsibility.' The term we primarily use is 'développement durable,' which means 'sustainable development,' but this has a connotation of being about international development. Other descriptions are limited to issues of sustainability and business operations — which are very company-centric notions. People don't understand how that would extend to communities or individuals."

As a result, French consumers do not feel as great a need or as fervent a passion to be engaged in CSR efforts as their global peers. "There's less of a need for consumers to actively engage with companies on 'responsibility' because there's a sense that it's already taken care of, or that it's not in their purview," Norton says. And of course, culture plays a critical role. "There's also a real belief in society as a whole — the French are more likely to view themselves as members of a larger society, and as a result, feel that their individual actions matter less."

## Implication for Companies:

CSR is important to French citizens, and although they are not explicitly interested in partnering with companies to address pressing issues, they do expect businesses to tackle them head-on. Companies will reap reputational and bottom-line benefits by supporting social and environmental issues when communications of such initiatives are clear and easily accessible.

# RUSSIA

CSR is in its infancy in Russia, and fittingly, consumers possess relatively low expectations of both individuals and business when it comes to making an impact on critical issues. But while Russians are second only to France in their belief that businesses exist solely to make money (10%), there are signs CSR is taking hold.

Russians do not see consumption or commerce as playing a role in benefiting social or environmental issues. The largest percentages of all countries studied, 24 percent believes consumers don't play a role in addressing such concerns though their purchasing decisions, and 18 percent says their purchases bear no impact on these matters.

CSR appears to be important due to personal drivers, rather than because of a greater sense of societal benefit. Russians are more likely than the global average to consider a company's CSR efforts when making personal decisions, such as where to work (88% vs. 81% globally) and where to invest (76% vs. 67% globally). Although the majority (90%) will switch brands to one that supports a cause, they're likely only to do so if there's a clear individual advantage. Thirty-seven percent says they buy responsibly made products to improve their own lives (vs. 23% globally).

However, CSR is gaining traction. Consumers want to learn about CSR, and 65 percent are turning to social media as a way to engage with companies. Russians are significantly more likely than average to use social media to learn more about particular companies or issues (40% vs. 29% globally). They are also eager to participate in CSR efforts if presented with the opportunity. If given the chance, Russians are more likely than their global peers to say they would donate (82% vs. 78% globally), voice their opinions (84% vs. 78% globally) and tell friends and family about a company's CSR efforts (90% vs. 84% globally).

ROLE OF CONSUMER
**Buy responsible products if convenient (49%)**

DESIRED RETURN
**Improve my own life (37%)**

HIGHEST REPORTED BEHAVIOR
**Bought a product with a social/ environmental benefit (60%) / Told friends and family (59%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (20%) / Corporate (27%)**

PREFERRED COMMUNICATIONS CHANNEL
**Product/package (27%)**

USE OF SOCIAL MEDIA
**Learning more (40%)**

## Expert's Take:

One reason CSR has yet to take root in Russia may be the country's growing emphasis on individual achievement. "There's a rising sense that success is self-made, that you don't need to work with others to be successful," says **Yura Slinkin**, CEO of BVC Russia, a cause and sustainability consulting company. "Individual interests win out over group or society-at-large benefits, and as a result, CSR efforts limp along." The seeming absence of collaboration — whether between companies and consumers, or government and nonprofits — is one barrier. Another lies in the relative youth of CSR. "Because the market is young, there's not a lot of expertise on how to build CSR programs," Slinkin adds.

The nascent CSR industry has a ways to go, but the market is promising. "Russia does have a culture and history of giving. Companies have a big opportunity to connect CSR to their brands or missions, instead of treating it as something separate." Doing so may enhance consumer trust in brands. "Without a clear tie to the brand, consumers think companies make donations just to check a box, or to be in the good graces of government. That kind of CSR comes off as superficial, and the people don't trust it."

The keys to better establish CSR in Russia, Slinkin believes, are communication and internal corporate understanding. "For CSR to change in Russia, companies need to change. Companies don't have a day-to-day dialogue with consumers — they think they are only responsible to the government, not to other stakeholders," he says. "Today, CSR in Russia is at the surface. In the future, companies will need expertise to understand the business case and integrate CSR into their missions, values and operations."

## Implication for Companies:

Although CSR may be just getting underway in Russia, it has already proven to be a brand differentiator and affinity driver. To more effectively tap consumer interest, companies must engage consumers as a priority, clearly articulating the personal return they will reap from their participation in CSR efforts.

# CHINA

CSR is a near-universal mindset in China, where consumers consider social and environmental issues in major decisions, including where to work (80%) and what to buy or where to shop (83%). On all fronts, Chinese citizens are substantially more likely than their global peers to have engaged in companies' CSR initiatives in the past 12 months, from buying products with a societal benefit (86% vs. 67% globally) and making donations (69% vs. 60% globally), to volunteering (45% vs. 37% globally) and telling friends and family about corporate efforts (75% vs. 50% globally).

The Chinese are optimistic about companies' abilities to affect pressing issues, with nearly one-third (30%) believing corporations have made a significant positive impact on social and environmental issues — placing the country second only to India in that optimism. Conversely, belief in the power of individuals to play a meaningful role through their purchases is the lowest among countries studied; 11 percent feels they can have significant impact versus 27 percent globally.

With the perception that purchasing is less of an avenue to drive change, the Chinese instead take to their screens to participate in CSR discussions. Simply put, social media is king. Ninety percent of Chinese consumers — the highest of all countries surveyed — use social media to engage with companies around critical issues. They are leveraging social channels to share both positive (58%) and negative (49%) information with their networks, as well as learn more about specific companies or issues (37%). Further, social media (11%) and company websites (11%) are tied for the third most effective channel to reach Chinese consumers with CSR messages, behind the media (23%) and on-product communication (16%).



ROLE OF CONSUMER
**Proactively find and advocate responsible options (38%)**

DESIRED RETURN
**Positive impact on society (41%)**

HIGHEST REPORTED BEHAVIOR
**Bought a product with a social/ environmental benefit (86%) / Boycotted (84%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (11%) / Corporate (30%)**

PREFERRED COMMUNICATIONS CHANNEL
**Media (23%)**

USE OF SOCIAL MEDIA
**Sharing positive information (58%)**

## Expert's Take:

"This is a very exciting time — CSR in China is being driven by social media and citizen activists, forcing corporate issues to enter the public dialogue," says **Brian Chi-kuen Ho**, convener, China Council of CSR Executives. In a country where free speech is not a given, social media represents a bastion of open conversation, driving both awareness and action around issues such as product safety, pollution and labor practices. "Social media speech is quite free as long as it's not attacking the government. That's why there are a lot of reports on corporate behavior from citizens," Ho observes. "These stories apply pressure to government to get involved, which then results in a change of business behavior."

Although the Chinese seem to feel comfortable serving as corporate watchdogs, their sense of personal responsibility is less ardent. "People feel responsible for encouraging change, but they don't think their own actions can make those changes. They believe companies created the problems, and therefore, companies should solve them." The government, Ho says, also takes a great interest in CSR, viewing it as an important concept for societal harmony. "Companies must publish corporate responsibility reports, and state-owned enterprises must follow guidelines on both operations and community involvement," he notes.

Another influence on the rapidly evolving state of CSR in China is globalization. "Globalization is forcing companies to think about CSR in new ways," Ho says, both in terms of greater operational scrutiny, as well as how companies engage around pressing issues. "In China, major discussions around CSR center on charity or philanthropy. But globally, that dialogue may be more about improving broader industry practices or implementing sustainable community programs. As they expand overseas, Chinese companies must think about their CSR agendas and how they can wield their influence to improve both their business and society at large."

## Implication for Companies:

Chinese consumers expect companies to lead solutions to social and environmental issues, and they will champion those that put forth authentic effort. Companies should look to social media to educate, engage and empower citizens about the details of their CSR initiatives. Those that offer details and a spectrum of ways to engage this optimistic group will prevail.

# INDIA

One overarching theme rings true in India: optimism. That hopefulness drives a level of action not observed in any of the other countries studied.

In a country home to a rapidly growing and industrializing economy, Indian citizens are more likely than their global peers to believe companies have had a substantial positive impact on social and environmental issues (37% vs. 22% globally). The power to make constructive change resides not just in corporations, but in citizens as well, where more than half (52%) believe they themselves can have a significant impact (compared to 27% globally).

This collective faith in the ability to change the world for the better is a result of an avid belief in social responsibility, both corporate and personal. Indians are significantly more likely than their global peers to not only say they will engage in CSR efforts, but to actually do so — including buying a product with a social or environmental benefit (88% vs. 67% globally), telling friends and family about CSR efforts (77% vs. 50% globally) and volunteering (48% vs. 37% globally).

What is striking about India is that the country's enthusiasm is not naïve — far from it. Consumers are hyper-active in researching and interacting with companies about CSR. More than half of the population (56%) has both researched a company's business practices and given feedback directly to companies on those behaviors. Further, Indian consumers are taking to social media in droves, with 89 percent — second only to China — going online to interact with companies. The majority of citizens are using social media to cheer-lead companies' CSR efforts (55%) as well as find out more information (46%).

ROLE OF CONSUMER
**Buy responsible products if convenient (46%)**

DESIRED RETURN
**Positive impact on society (43%)**

HIGHEST REPORTED BEHAVIOR
**Bought a product with a social/ environmental benefit (88%)**

SIGNIFICANT INDIVIDUAL/ CORPORATE IMPACT
**Individuals (52%) / Corporate (37%)**

PREFERRED COMMUNICATIONS CHANNEL
**Advertising (19%)**

USE OF SOCIAL MEDIA
**Sharing positive information (55%)**

## Expert's Take:

"There have been huge breakthroughs in CSR in India over the past two years," says **Don Mohanlal**, president & CEO of the Nand & Jeet Khemka Foundation in New Delhi, India. He points to developing regulations that make CSR mandatory on companies' balance sheets, and says such advancements signify a shift in how CSR is not only perceived but enacted in India. "Citizens recognize that giving is just one part of the equation," Mohanlal explains. "There are great expectations for corporate responsibility beyond the 'social' aspect. It's not about what corporations contribute — it's about how they run their business. Consumers want to know how companies use natural resources and treat their employees. If a company isn't operating responsibly, it will lose credibility."

The growing emphasis on a holistic view of corporate behavior is a result of a highly-engaged consumer base, as well as an explosion of new ideas and ways of doing business. "There is a history of social action here, going back to the days of Gandhiji. The power of collective action has proved successful in the past," Mohanlal says. Also, he notes, India is a youthful and mobile-oriented country. "Social entrepreneurship is being driven by young, tech-savvy leaders, who look at social issues from a sustainable business perspective. They see a social need and craft a business model. That's an opportunity not just for that company's growth, but for all of India."

The line between what classifies as "CSR," and what is good business is blurring, which Mohanlal believes is the future for CSR in India. The days of "spray and pray" corporate philanthropy are disappearing. "The nexus of corporations tackling social issues, for both social good and economic profit, is an area of opportunity. It's about uncovering where and how corporations can have a more enduring impact."

## Implication for Companies:

While India's zeal for CSR is growing rapidly, companies should not take this optimism for granted. Corporations have a tremendous opportunity to collaborate with an educated, excited and willing population in India, and to innovate new approaches that yield returns for society as well as the bottom-line. To ensure Indians' enthusiasm remains buoyant, companies must define and consistently communicate CSR progress, milestones and impacts — and find opportunities for creative solutions.

# JAPAN

When looking at CSR in Japan, put the emphasis on "corporate." Although Japanese citizens are personal stewards of the environment and other issues, they do not view their purchasing and interaction with companies as a way to show responsibility. CSR lives within the purview of companies alone; however, despite low consumer engagement, Japanese citizens still consider CSR a critical factor in shaping corporate reputation.

Renowned for technology and innovation, not surprisingly, Japanese consumers most want companies to address social and environmental issues with similar ingenuity. Thirty percent — two-thirds more than the global average (18%) — believe companies should tackle these issues by developing a new product or service, although 24 percent (vs. 16% globally) believe applying unique business assets is the most expeditious route to speed necessary solutions.

Regarding CSR squarely as a corporate affair, the Japanese are the least engaged consumer population — and even less engaged in 2013 than they were in 2011. From donating, to telling friends and family, Japan is well behind the global average in both intended and reported behavior. It is also the population least likely to switch brands in favor of those supporting a good cause (79% vs. 91% globally). Appropriately, just 17 percent of consumers feel their purchases can have a significant impact on CSR issues, deeming Japan one of the most doubtful of the role of the individual in solving societal ills.

Although CSR may not be a major differentiator, the Japanese still expect companies to be involved. One-third (34%) feel businesses should change the way they operate to align with greater social and environmental needs, and 91 percent will reward companies that participate in CSR with greater trust and affinity. CSR communications are, predictably, one-way conversations in Japan, where advertising is considered the most effective channel to reach consumers (22%), closely followed by on-product labeling and media (both 21%).



ROLE OF CONSUMER
**Buy responsible products if convenient (50%)**

DESIRED RETURN
**Positive impact on society (44%)**

HIGHEST REPORTED BEHAVIOR
**Bought a product with a social/environmental benefit (49%)**

SIGNIFICANT INDIVIDUAL/CORPORATE IMPACT
**Individuals (17%) / Corporate (24%)**

PREFERRED COMMUNICATIONS CHANNEL
**Advertising (22%) / Media (21%) / Product/package (21%)**

USE OF SOCIAL MEDIA
**Sharing positive information (21%)**

## Expert's Take:

The driving force behind Japan's low consumer engagement (compared to other countries studied) boils down to one predominant sentiment: "The Japanese don't believe advocacy can solve problems," says **Makiko Akabane**, director of CSR Asia's Japan office. "They don't think consumer behavior will change corporate behavior."

There is consumer trust in companies' ability to innovate solutions to critical problems, and as such, CSR is perceived to rest in corporate hands — particularly when it comes to the environment. "In the mid-1950s through the 1970s, pollution was a serious issue in Japan. Companies had to change their operations to respond," forming a foundation for consumer expectations of corporate solutions, says Akabane. "Japanese consumers are more interested in companies using advanced technology to put practical solutions in-market, such as hybrid cars," Akabane explains. "Compared to the other countries, there are fewer economical gaps in Japanese society, and therefore the initiatives to narrow the gaps are not considered to be priority issues."

When a crisis arises, Japanese companies and citizens have shown they will put forth tremendous effort and partner together. "After the Great Earthquake in March 2011, companies did a lot to help the affected area and people. Consumers were motivated and eager to do something to make a difference," Akabane reflects. "Generally speaking, as time passes, that commitment to work with society is slowing down to levels pre-Earthquake."

## Implication for Companies:

Japanese consumers do not expect to be involved in companies' CSR efforts — but they do expect corporations to play a leading role in solving pressing issues. They are clear in the form they want those solutions to occur: innovations will take precedence over campaigns. They will reward companies that engage in CSR with augmented affinity.

# GLOBAL CONSUMER RESPONSIBILITY SEGMENTATION

Despite near-universal intentions to purchase responsibly, not all consumers are created equal, and different motivations demand differing approaches to marketing communications and engagement. The **Global Consumer Responsibility Segmentation** shines a light on how global consumers view their role in **addressing social and environmental issues through their purchases**.

Segmenting the 2013 Cone Communications/Echo Global CSR Study data through this lens of responsible buying, four distinct personalities are revealed: the **Old Guard**, the **Happy-Go-Lucky**, the **Bleeding Heart** and the **Ringleader**. The associated demographic and psychographic traits of each personality type uncover critical insights for today's CSR marketers, including clear preferences for message receptivity and types of engagement with companies' CSR efforts.


## OLD GUARD

- Male, 55+
- Make it personal and local
- Keep engagement turn-key
- Stick to traditional communications

## HAPPY-GO-LUCKY

- Male or female, 18-34
- Make information easily accessible
- Focus on dual benefits
- Provide simple ways to get involved

## BLEEDING HEART

- Female, 18-34
- Demonstrate personal and corporate impact
- Encourage feedback
- Make messages shareable

## RINGLEADER

- Male or female, 35+
- Establish a dialogue
- Be transparent and detailed
- Consider a collaborative approach

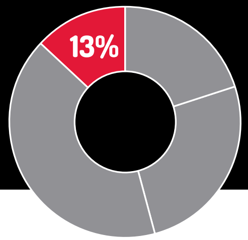
# OLD GUARD

Does not believe he plays a role in addressing social or environmental issues through his purchasing decisions

**Key Takeaways**

- Make it personal and local
- Keep engagement turn-key
- Stick to traditional communications

Size of Segment:




**L**ikely to be male and over the age of 55, the **Old Guard** does not think personal purchases play a role in CSR. His decision-making hinges on the traditional values of price, quality and convenience. If he does purchase responsible products, 32 percent says it's merely by chance. In fact, just one-third (36%) of the Old Guard believes their purchases can actually have an impact on social or environmental issues — and more than half (53%) feel companies have minimal or no impact at all.

Companies will feel this indifference toward conscious consumption at the cash register. Only two-in-five (41%) have bought a CSR product in the past 12 months, and even fewer (31%) say they are very likely to switch brands to one that is associated with a cause. CSR for altruistic reasons won't sway their purchases, as Old Guard consumers look to CSR-associated products primarily to improve their own lives (25%) or be consistent with their values (23%).

Though these statistics may seem bleak, the Old Guard is not entirely apathetic toward CSR. Three-quarters (77%) want to hear from companies about what they're doing to address social and environmental issues. His old-fashioned, businesses-exist-to-make-money sensibilities may be reticent to embrace change, but when Old Guard consumers do take notice of CSR, nearly half (48%) look to companies to support local causes. More than eight-in-10 (83%) want companies to go beyond the minimum standards required by law and operate responsibly. Companies that do so will likely be rewarded with increased trust (83%) and loyalty (80%). If given the opportunity, these consumers may even donate to (61%) or volunteer for (58%) a cause supported by a company they trust.

COUNSEL FOR COMPANIES

**Keep It Simple!**

The Old Guard is set in his ways and prefers traditional means of CSR engagement. Companies can connect with him with simple actions — think donation at point-of-purchase — that demonstrate impact and personal benefit. Fewer than half (42%) of Old Guard consumers engage companies via social media, and they are unlikely to give opinions or feedback (23%), so it's best to reach them in-store with one-way, easy-to-understand messaging. Just don't count on them to share messages with friends, as only one-third has actually done so. This isn't a consumer who is ready for high-effort calls to action.



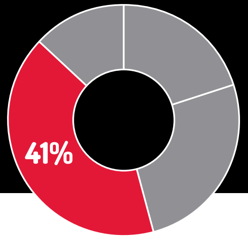
# HAPPY-GO-LUCKY

Believes her role is to buy products she thinks are socially and environmentally responsible, if it's convenient

**Key Takeaways**

- Make information easily accessible
- Focus on dual benefits
- Provide simple ways to get involved

Size of Segment:




**T**he **Happy-Go-Lucky** — typically aged 18-34 and equally likely to be male or female — enjoys knowing she can impact social and environmental issues through her purchases, but doing so doesn't drive her decisions. Convenience is king, as the Happy-Go-Lucky believes her role is to buy responsibly only if the opportunity presents itself. She is optimistic about her ability to positively influence issues through purchasing (72%), but it's not just about **doing** good; she also needs to **feel** good. Thirty-one percent of Happy-Go-Lucky consumers say "making me feel good" is the primary benefit sought from purchasing responsibly. Products that offer this dual-benefit are sure to draw their attention.

Ninety-two percent wants companies to communicate how they're operating responsibly, and they'll reward companies that prove their mettle with increased favorability (97%), trust (95%) and loyalty (94%). But although 93 percent says they would buy products with social and/or environmental benefits, just two-thirds have actually done so. They won't go below the surface for information; only 31 percent reports doing deeper research on a company's business practices. Companies that recognize this will make information available on-pack or at point-of-purchase, where it's hard to miss.

The Happy-Go-Lucky wants businesses to do more than play a limited role in communities, but only about a quarter of this segment (26%) says businesses should change the way they operate to align with greater social and environmental needs. Although they don't have exceptionally high expectations of companies' CSR involvement, they are an optimistic group: 67 percent says businesses are positively impacting issues.

Because she skews younger, the Happy-Go-Lucky is comfortable engaging companies via social media (62%) and is especially likely to share positive information about companies' CSR efforts with people in her networks (31%). Eight-in-10 (83%) will also tell friends and family, and nearly half (48%) have already done so. But companies beware — Happy-Go-Lucky consumers are just as likely to be detractors as they are supporters. They are equally willing to share the negative information, and more than half (51%) have gone so far as to boycott.

COUNSEL FOR COMPANIES

**Give Them Credit!**

Winning the Happy-Go-Lucky's loyalty is a matter of honest communications in easily accessible channels, such as on-pack. But her trust is as easily lost as it is gained. Nine-in-10 (90%) of this segment would boycott a company if they learned of irresponsible practices. Help her feel good about herself by focusing on the consumer impact. The Happy-Go-Lucky wants to be engaged through donating (78%), volunteering (76%) and voicing her opinions (76%), so give her simple ways to get involved beyond purchasing.

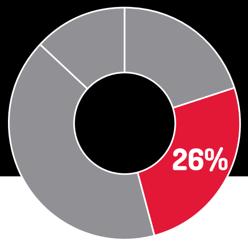
# BLEEDING HEART

Believes her role is to proactively seek responsible options every time she shops (or as often as possible)

**Key Takeaways**

- Demonstrate personal and corporate impact
- Encourage feedback
- Make messages shareable

Size of Segment:




The **Bleeding Heart** — typically female between ages 18 and 34 — is an educated person who goes out of her way to try save the world with every trip to the store, even though she's unsure of the ultimate impact. The number one benefit she seeks from responsibly made products is to positively impact society. Nearly seven-in-10 (69%) have bought a product with a social or environmental benefit in the past 12 months, and 93 percent will switch brands to one associated with a cause. Although her heart may ache for social and environmental problems, she does not buy unthinkingly. Ninety-two percent of Bleeding Hearts indicate a likelihood to boycott products or services they find negligent — and nearly three-in-five (57%) have already done so.

In keeping with her convictions to benefit society, the Bleeding Heart has high expectations of companies. But, as with all consumers, she will recognize concerted efforts with increased favorability (96%), trust (95%) and loyalty (94%). To earn reputation points, companies must do more than just support issues and go further to advocate (31%) or even change the way they operate (30%). Bleeding Heart consumers want companies to provide them with opportunities to donate (80%) and volunteer (78%), but they're also looking to become part of the CSR process. Nearly eight-in-10 (79%) say they want to voice their opinions to companies, but are more cautious in actually doing so (29%).

Despite her altruistic spirit, the Bleeding Heart is unsure of both personal and corporate impact on social and environmental issues. More than a quarter (29%) of this segment believes they themselves have little to no positive impact, and 38 percent thinks businesses have made equally mediocre progress. Companies would do well to alleviate this consumer's skepticism through genuine communication. One-in-three will take to social media to share positive information, but a quarter will just as easily pass along the negative.

COUNSEL FOR COMPANIES

## Get Them Involved!

Engagement beyond purchase is a key differentiator for companies. Provide varied opportunities for involvement. To overcome any doubts about impacts, be transparent about collective business, consumer and societal benefits. It's also important to leverage myriad communication channels. On-pack and media may be the two most effective channels for reaching the Bleeding Heart, but 64 percent uses social media to address social and environmental issues. Making engagement opportunities "shareable" could edge this consumer into a Ringleader.



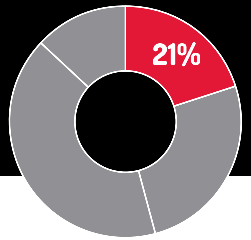
# RINGLEADER

Believes his role is to purchase responsibly every time he shops and encourage others to do the same

**Key Takeaways**

- Establish a dialogue
- Be transparent and detailed
- Consider a collaborative approach

Size of Segment:




The **Ringleader** — ages 35+ and equally likely to be male or female — aggressively addresses social and environmental issues, not only through his own consumption, but by rallying others to follow his lead. He goes the extra mile to encourage others to purchase responsibly because he strongly believes individuals can have a significant (45%) impact on issues. Eighty-one percent has purchased responsible products in the past 12 months, and nearly all (92%) have taken CSR into account when deciding which products to recommend to their friends. Perhaps most impressive, 71 percent is very likely to switch brands in favor of those that support causes. That's a staggering 50 percent more likely than Bleeding Heart consumers (71% vs. 48%).

The Ringleader expects two-way dialogue from companies. More than any other group, Ringleader consumers want to hear how companies are operating more responsibly (95%) and won't be shy about voicing their opinions (91%). Wanting to ensure they're doing business with high-caliber corporate citizens, 47 percent has researched companies' business practices in the past 12 months. They're using all channels to find information, including on-pack (26%) and traditional media (18%), and especially social media (73%). But savvy as this group is, 71 percent says they are confused by companies' CSR messages. Companies that aren't transparent and thorough in their communications can expect to take a hit to the bottom line. Seventy percent of Ringleader consumers have boycotted after learning of irresponsible behaviors.

As ardent as he is in his beliefs about impacting CSR through purchasing, he is less likely to believe companies can have a similar significant (29%) impact. Still, Ringleader consumers hold businesses to the highest standards, asking them to change the way they operate (44%) or advocate in support of issues (38%). This is a worldly bunch, and they want companies to look beyond their local communities to support global issues (31% vs. 41%, respectively).

COUNSEL FOR COMPANIES

## Put Them To Work For You!

To engage the Ringleader, companies must go well beyond stating a CSR mission. This group expects wholesale change, from operations to product innovation, as essential CSR components. The Ringleader is hungry to make a difference — 97 percent wants to see more products support worthy causes. When communicating with him, concentrate on demonstrating the social or environmental benefit and look for ways to continuously evolve to keep him engaged — especially through social media. He is willing to advocate on a company's behalf, so don't be afraid to let him tap into his networks to help co-create ideas.

# What it means to engage in CSR has changed.

Capturing the sentiments of today's global population and CSR thought-leaders, the 2013 Cone Communications/Echo Global CSR Study brings to light the next evolution of corporate social responsibility. Showing up at the CSR table is no longer enough. The universal expectation for companies to be responsible is immense and undeniable — but companies are not alone. Consumers are willing to contribute their dollars, time and social networks to play a role in companies' efforts to abate critical social and environmental issues.



Although this report offers abundant data points and insights, there are three fundamental implications all businesses can use as guide posts for future efforts:

### ▶ Recognize CSR's Role.

Universally driving affinity, preference and loyalty, CSR endures as a mighty reputational booster. Thanks to the explosion of social media, citizens around the world are uncovering and sharing information without constraint, and the risk or reward for corporations is massive. Transparent communications are crucial, but so too is dynamic stakeholder engagement.

### ▶ Understand the Nuances.

The CSR mindset varies from country to country, based not only on the business climate but on the issues and approaches consumers in those markets find most compelling. The key is to understand the audience, not just in terms of their geographic location but regarding their psychographic motivations and expectations. A Happy-Go-Lucky in Canada requires a very different engagement and communications strategy than a Ringleader in Brazil.

### ▶ Communicate the Collective Return.

Although consumers expect companies to robustly engage in CSR, they are not shying away from playing a role themselves. From buying or boycotting, to donating and volunteering, consumers around the world are participating in the CSR interchange and willing to join companies' efforts. But rallying their participation is more complex and requires companies to inspire involvement not through soaring mission statements but through evidence of real progress. Global citizens want to understand how buying certain products or volunteering their time will definitively change the status quo. Companies must communicate the collective corporate and consumer return lucidly and regularly.

No longer content with sweeping donations or vague promises of eco-friendliness, today's global citizens demand more than good intentions. Proof of progress beyond purpose is essential. Businesses that recognize this will inevitably rise to the top.

# ACKNOWLEDGMENTS

The 2013 Cone Communications/Echo Global CSR Opportunity Study presents the findings of an online survey conducted February 7-28, 2013 by Echo Research. The survey was conducted in 10 countries: the United States, Canada, Brazil, the United Kingdom, Germany, France, Russia, China, India and Japan. Across all countries, the survey was conducted among a demographically representative random sample of the online adult population ages 18 and older. A total of 10,287 adults completed the survey, including 5,127 men and 5,160 women. The margin of error associated with the total sample is ±1% at a 95% level of confidence. The margin of error for individual country samples of n=1,000 is ±3% at the same level of confidence. Some figures may not add up to 100% due to rounding.

**Contributing Experts:**
We are deeply grateful to the following experts for sharing their time and extensive knowledge. These individuals are experts in their field, and their insight into the unique landscape of corporate social responsibility in each country was invaluable to our analysis.

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# ABOUT CONE COMMUNICATIONS

Cone Communications (www.conecomm.com) is a public relations and marketing agency known for igniting brands with high-impact strategies and programs based in deep insights, unique subject matter expertise and innovation. Focusing on key areas such as consumer product media relations, social media, cause marketing, corporate social responsibility, nonprofit marketing, corporate communications and crisis prevention/management, the agency is positioned to help clients achieve both business and societal outcomes. Cone Communications is a part of the Omnicom Group (NYSE: OMC) (www.omnicomgroup.com).

Recognized as a an early pioneer and global leader in corporate social responsibility, Cone Communications is honored to represent a variety of brands across diverse industries and sectors, and to create leading campaigns, platforms and programs such as American Heart Association's *Go Red for Women*, Xylem's *Watermark*, Time Warner Cable's *Connect a Million Minds*, Hilton Worldwide's *Travel With Purpose,* and Johnson & Johnson's *Earthwards*®.

**Cone Communications & Corporate Social Responsibility**

When it comes to corporate social responsibility, "purpose" has become a catch-all for corporate citizenship. Cone Communications believes that aspirational mission statements no longer suffice. To drive loyalty, affinity and reputation, companies must focus on return.

Cone Communications' game-changing approach to CSR, **Corporate Social Return**℠, is founded on our ardent conviction that CSR must deliver measurable business, brand and societal impacts that yield returns for vested stakeholders. Our hallmark is the ability to integrate three areas of dedicated, deep subject-matter expertise, reflecting a departure from the common industry emphasis on purpose and process, to one on results.

- **SOCIAL IMPACT** Representing the "S" in CSR, our expertise spans philanthropy and giving, employee engagement, cause marketing and nonprofit partnership development.
- **SUSTAINABLE BUSINESS PRACTICES** Defining sustainability strategies and commitments, our expertise includes materiality assessments and issue prioritization, goal setting, policy development and reporting.
- **ENGAGEMENT & COMMUNICATIONS** Bringing campaigns to life, our expertise includes media relations, brand positioning, stakeholder engagement, influencer outreach, social networking and storytelling.

We are accountable for delivering return, not only to our clients, but also to ourselves, by living up to our values and fulfilling our commitment to corporate social responsibility. In 2013, Cone Communications will publish our fifth update on our corporate social responsibility efforts, and we are proud to have reached every goal we set in our inaugural 2008 report. Our CSR commitment focuses on reducing our environmental footprint, fostering a creative and collaborative workplace, supporting our local community and ensuring integrity in all we do. Our employees are encouraged to support these efforts, and we offer them a variety of opportunities, including 48 hours of paid-time off annually, to assist our goals. For more information visit: http://www.conecomm.com/cone-cr-report.

**About Cone Communications' Research & Insights Team:**

For two decades, Cone Communications' groundbreaking research has helped our clients build and sustain competitive advantage. Our pioneering research in corporate social responsibility became the reference for companies seeking to understand this critical and rapidly evolving landscape. Today, we still provide the most comprehensive understanding of the changing attitudes, expectations and behaviors of consumers and employees when it comes to a company's involvement in social issues and responsible business practices.

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CONE COMMUNICATIONS

# ABOUT ECHO RESEARCH

Echo Research (www.echoresearch.com) is a global specialist in reputation analysis and communications research, enabling organizations to measure how they are seen among their stakeholders and to protect the integrity of their brands and reputation.

Echo's own reputation is based on a 24-year track record of providing high-quality research, maintaining strict control of the research process, creating tailored research reports, utilizing proprietary approaches and tools, and enjoying longevity of relationships with clients.

As part of the Ebiquity Group (www.ebiquity.com), Echo and Ebiquity are leaders in above- and below-line communication tracking and research, providing independent data-driven insights to the global media, CMO and CCO community to continuously improve their clients' business performance. The companies operate globally through their network of 21 offices in 14 countries. Today, with a cumulative client list of over 1,000 businesses worldwide, Echo and Ebiquity work in 33 major languages across 94 countries, with a multi-lingual and multi-cultural core in its skill set.

**Echo's Services Include:**

- Reputation Audits
- Reputation Dividend which places a monetary value on the contribution of reputation
- Stakeholder Research
- Brand Image Research
- Consumer Insight
- CSR Research
- Research for Thought Leadership and Publicity
- Media / Digital Media Evaluation

**Echo Ethics and CSR**

Echo Research is proud of its history of operating to the highest possible standards, both in the work they do and the manner in which they conduct themselves. Echo's strong commitment to responsible business practices is reflected in everything they do - from the transparency of their communications to the range of charities and initiatives they actively support.

Each year Echo staff select a global and a local charity to support. Echo Research dedicates staff days to work for these charities. Staff also use internal and external initiatives to raise funds for these organizations.

Like every modern organization, Echo Research has a duty to minimize its environmental impact and carbon footprint. Echo uses sustainable products and supports local suppliers to negate the need to deliver goods over long distances. Echo also actively promotes recycling initiatives and paper free policies within all of its offices and departments. To reduce CO2 emissions, the company looks to raise staff awareness in the way they travel and promote the use of public transport and car pooling for travel to work offices and to clients whenever possible instead of flying.

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