

Good Company

More and more Americans are putting their wallets where their values are. How are they deciding which companies make the cut?

April 2021

Good works.

(And we can prove it.)

Americans are putting their wallets where their values are. They buy brands (or those brands' competitors) based not just on corporate behavior, but on how that behavior is perceived.

Everyone has a voice today, and the court of public opinion never rests. Just as your good deeds are a great way to earn consumers' loyalty, your missteps can lose their favor even faster.

So, how do you protect your bottom line and safeguard your reputation, all while making the world a better place? Well, good works. That's the simple truth, and as you'll learn in this report, Shelton Group has the research to back it up.

You'll also learn how your brand can apply our insights to share your good stories in ways that captivate the public's passion – so you can gain a market advantage.

Methodology

As part of its ongoing polling of Americans to deeply understand their beliefs and expectations around sustainability, Shelton Group fielded a survey to explore how Americans define good and bad companies and how those perceptions drive purchase decisions.

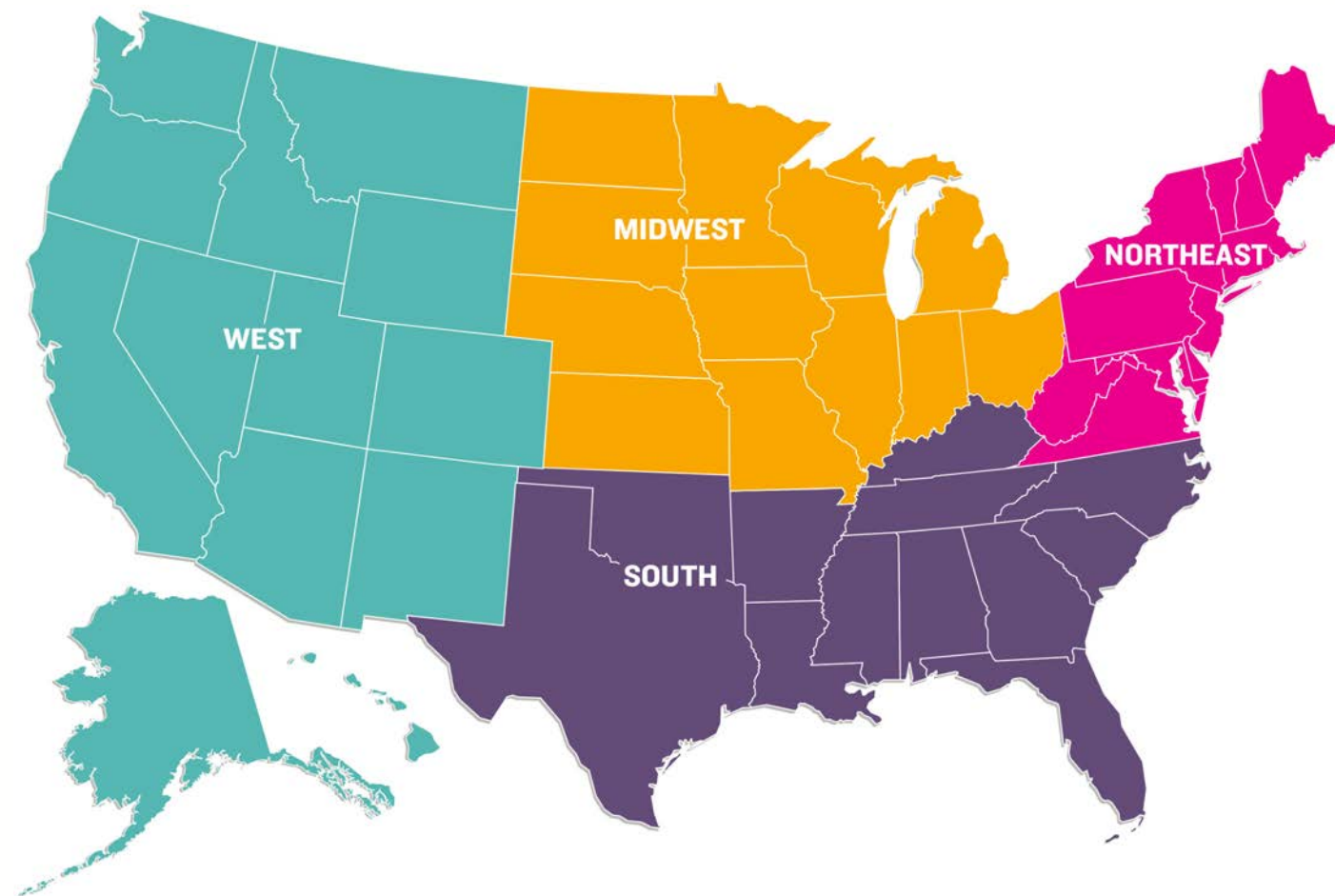
This online survey was fielded from December 2020 to January 2021, and included a total of 2,000 U.S. respondents.

Respondent Demographics

The survey sample was stratified to mirror the U.S. population, using quotas for geography, age, gender, education and race; data were weighted slightly to match U.S. population distributions. The margin of error is +/- 3.1%.

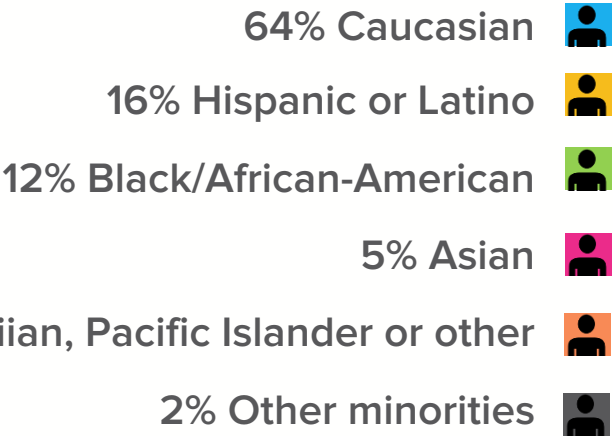
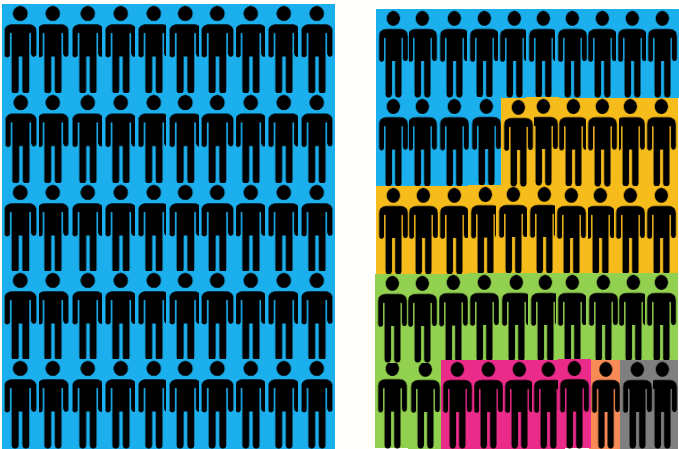
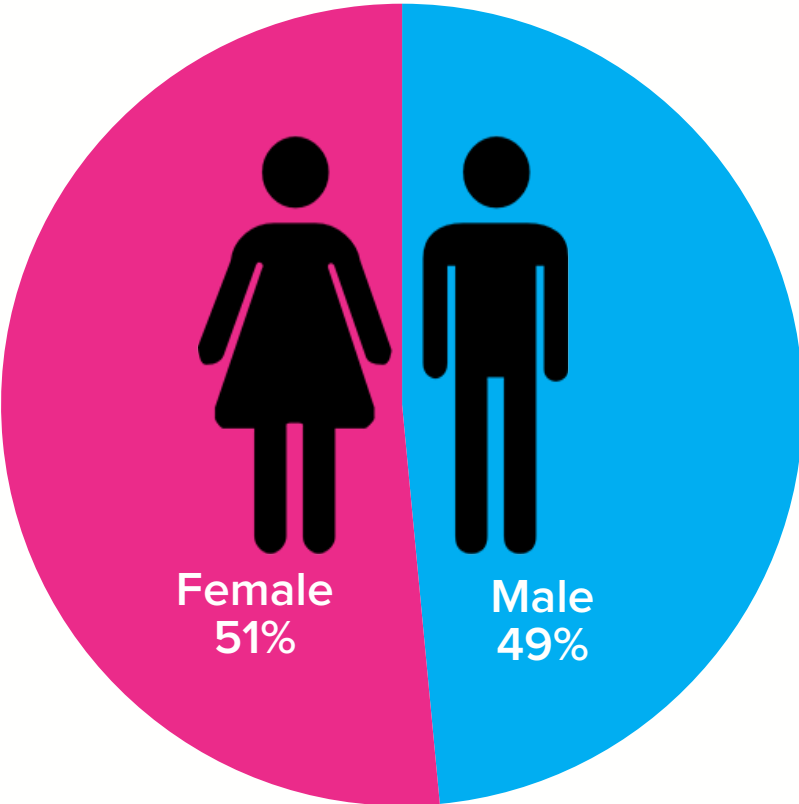
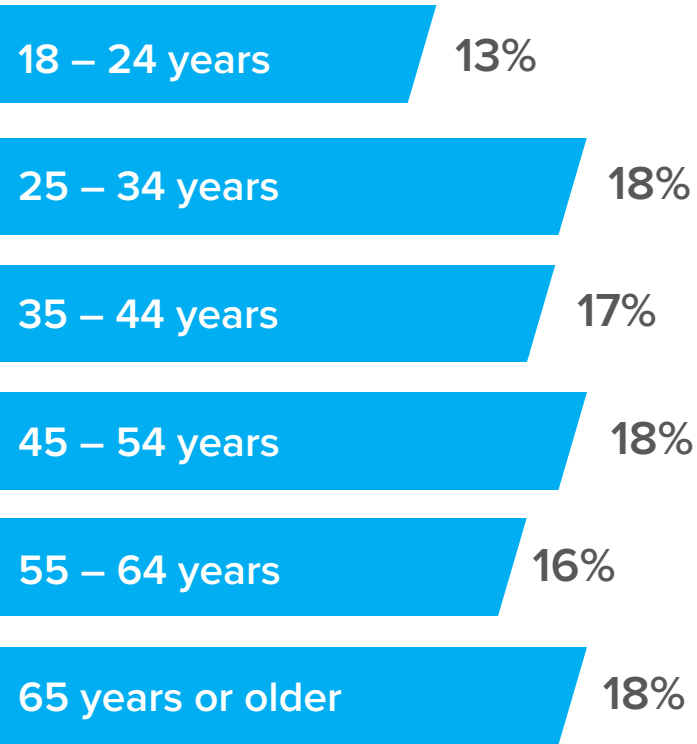
Methodology: Sample Distribution

Samples were taken from
all U.S. regions.



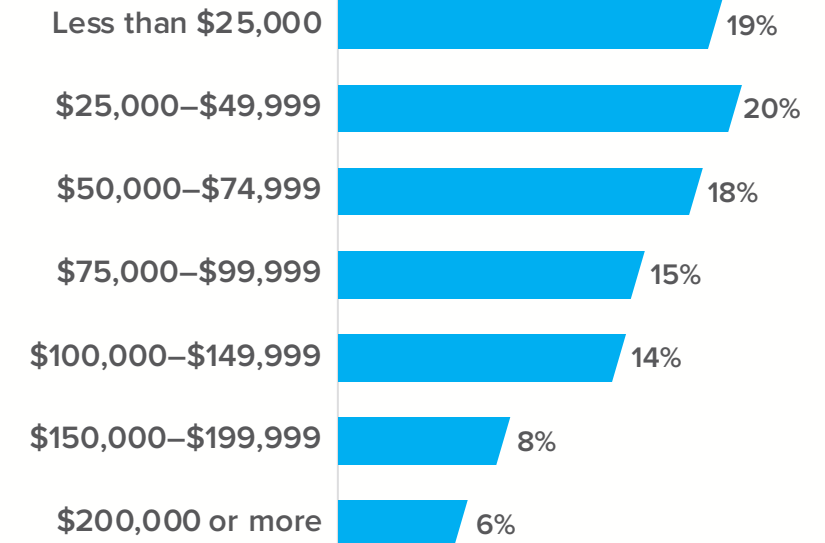
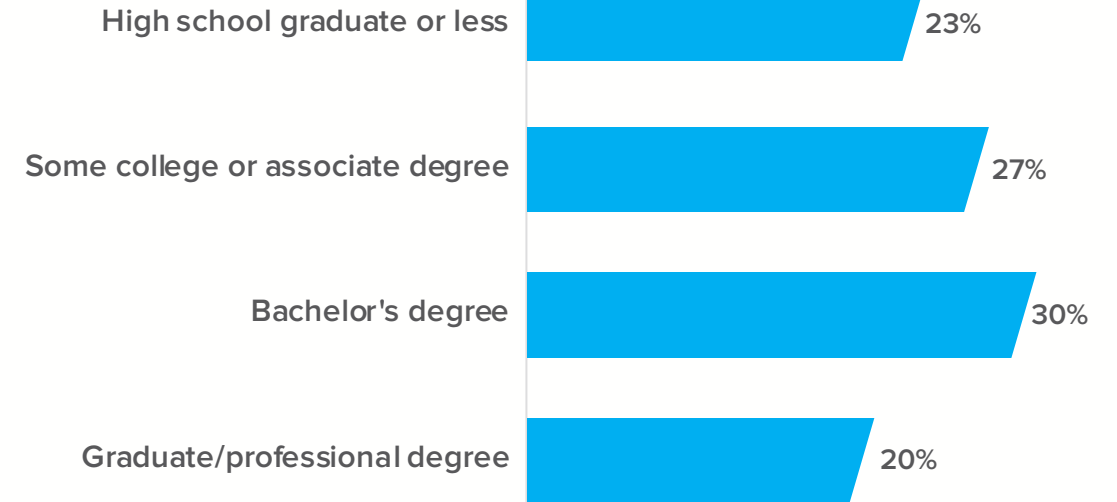
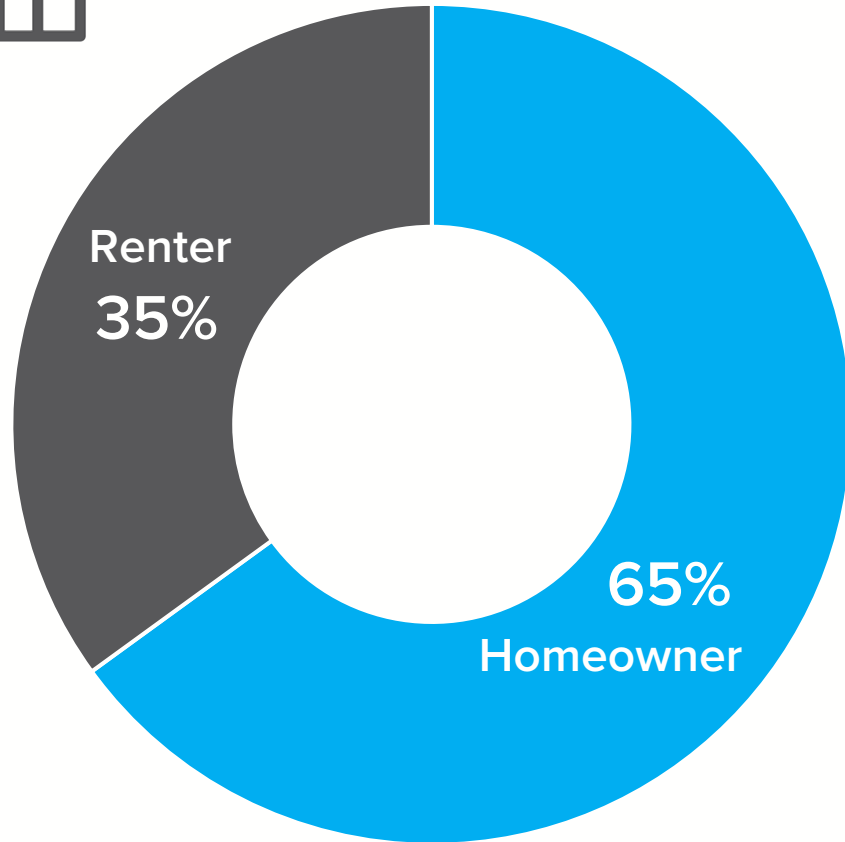
Methodology: Age, Gender and Ethnicity Distribution

We aligned the sample sets to Census Bureau demographics.





Wide-ranging socioeconomic groups were included.



Methodology: Homeownership, Income and Education

Intangible assets now make up 90% of a publicly traded company's value (that means intellectual property and goodwill).

So, our main question was ...

Source: Ocean Tomo Intangible Asset Market Value Study.

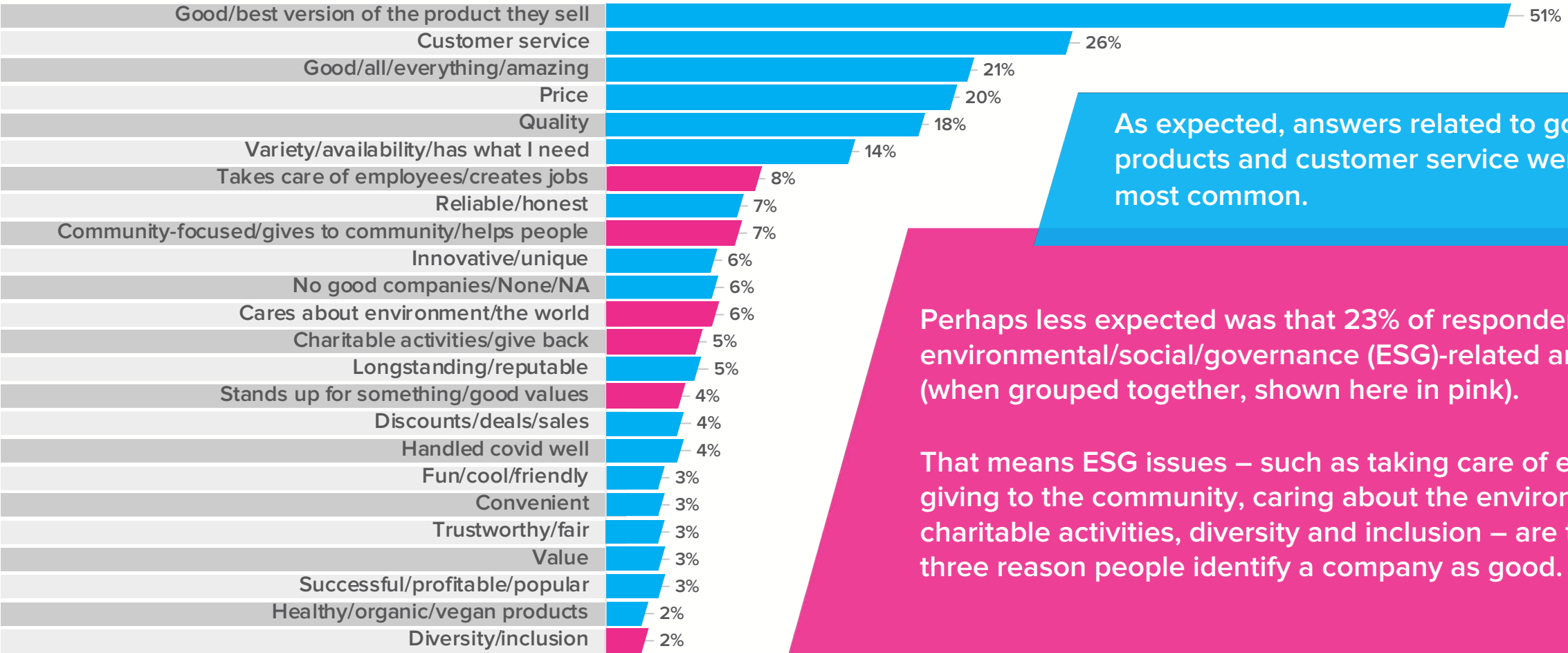
What's a “Good Company”?

Shelton^{Grp}

Target and Nike fared well, too.



And then we asked, “Why do you think this is a good company?”



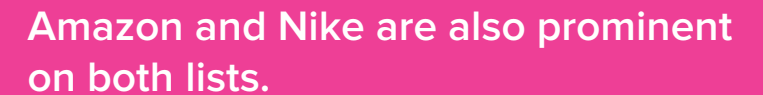
As expected, answers related to good products and customer service were most common.

Perhaps less expected was that 23% of respondents chose environmental/social/governance (ESG)-related answers (when grouped together, shown here in pink).

That means ESG issues – such as taking care of employees, giving to the community, caring about the environment, charitable activities, diversity and inclusion – are the number three reason people identify a company as good.

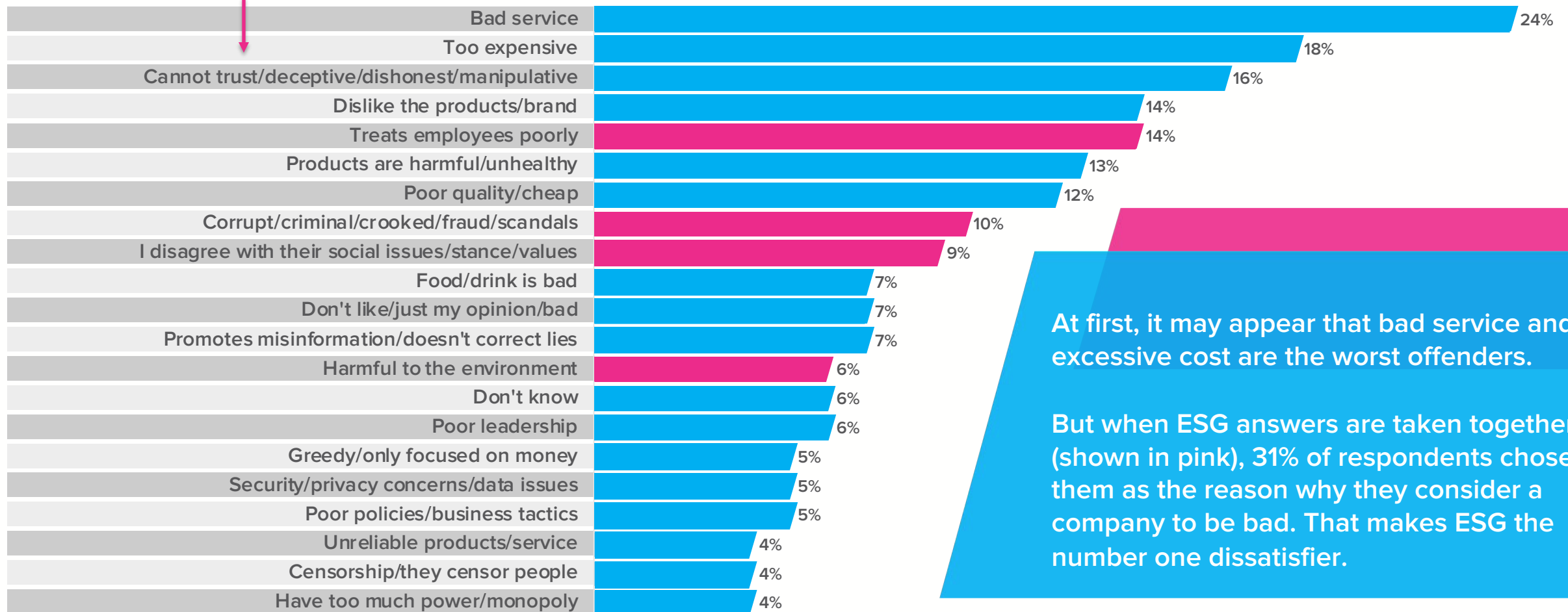
So then, what's a “Bad Company”?

Shelton^{Grp}



“Why do you think this is a bad company?”

Although trust is not a classic ESG issue, it is important. If you're trying to position yourself as a good company in the public's mind, trust weighs heavily in that opinion. We will return to this point later.










Let's compare the good and bad lists.

Good List (# of mentions)

1.  (349)
2.  (235)
3.  (220)
4.  (121)
5.  (101)
6.  (99)
7.  Microsoft (91)

Bad List (# of mentions)

1.  (187)
2.  (162)
3.  (135)
4.  (126)
5.  (78)
6.  (64)
7.  (59)

Note that almost every company that's at the top of the good list is also somewhere on the bad list. What this tells us is that if you're a well-known brand, you're going to have both lovers and haters. That's just how it is. But let's look at how this happens.

Let's compare what gets you on each list.

What gets you on the good list?	What gets you on the bad list?
1. Good products (51%)	1. ESG – Employee treatment, dishonesty/fraud/scandal, values/stands, environmental harm (31%)
2. Good customer service (26%)	2. Bad service (24%)
3. ESG – Employee treatment, community giving, environmental concern, charitable giving, good values/stands (23%)	3. Being deemed too expensive (18%)

If you treat employees well, take care of the environment, and have values that align with those of your consumers, that will help get you on the good list. If you're not taking care of your employees, not doing right by the environment, or are beset by scandal, dishonesty and fraud, that will likely get you on the bad list.

However, **ESG-related issues carry more weight on the bad list**. In this way, ESG has become a risk mitigator. You need to take action to make sure you don't wind up on the bad list, because once you're on it, it's hard to get off.

What does this mean?

ESG-related actions can be drivers of favorable perceptions (and loyalty) ... they are even more powerful drivers of unfavorable perceptions (and disloyalty).

- Treating employees well earns you some “Good Points” (8%); treating employees poorly chalks up a lot more “Bad Points” (14%).
- Taking a social stand/displaying your values buys you a few “Good Points” (4%); taking a stand/displaying values consumers don’t agree with gets you far more “Bad Points” (9%).
- Giving to communities and charities earns you a lot of “Good Points” (9%); not giving to communities and charities doesn’t actually cost you any points.

Why are these two giant retailers seen as good by some, and bad by others?

Amazon is more often listed as a good company than a bad one. Top reasons for citing Amazon as good are variety, customer service, price, and good/best versions of the products they sell. Top reasons for citing Amazon as bad are that they treat employees poorly and are perceived as a monopoly with too much power.

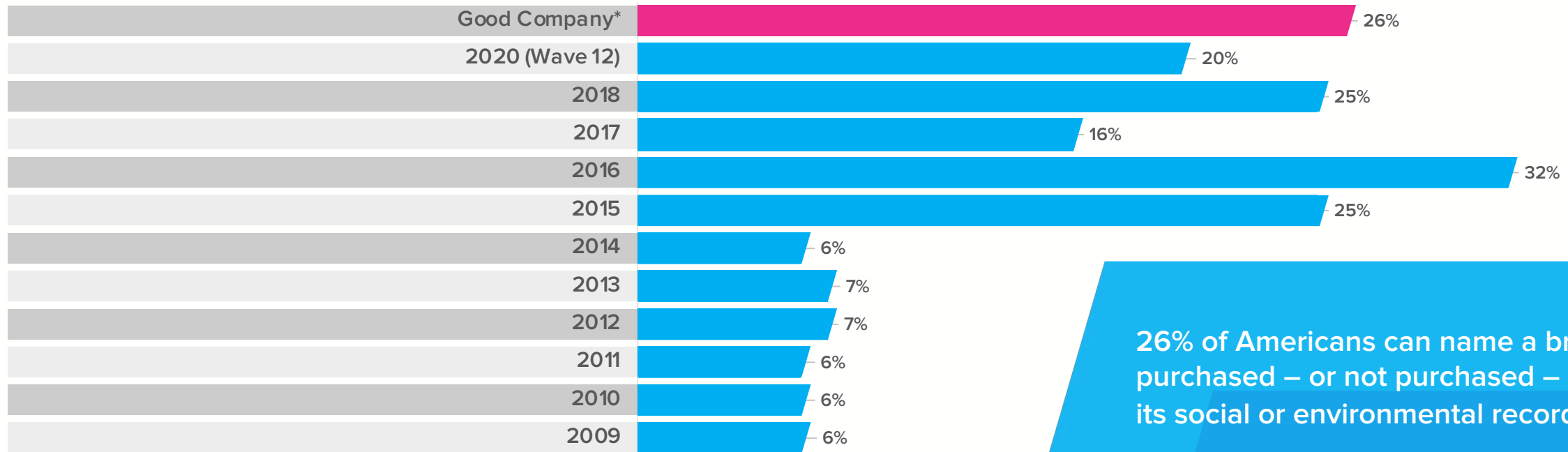
Walmart is also more often listed as a good company than a bad one. Top reasons for citing Walmart as good are price, variety, and customer service. Top reasons for citing Walmart as bad are that they treat employees poorly, followed distantly by bad service and cheap/poor quality.

Very few respondents chose Walmart for their social/environmental record.

A closer look at Walmart and Amazon

So, what does
Good vs. Bad
have to do with
driving purchase?

We asked, “Have you ever chosen one brand or product over another or stopped purchasing a brand or product based on the social or environmental record of its manufacturer? Name the brand.”



26% of Americans can name a brand they've purchased – or not purchased – because of its social or environmental record.

Source: Good Company 2020

Here are the most-cited brands chosen for their social or environmental records:


















Amazon is at the top, followed by Nike, Apple and other household-name brands.

Next, we'll see how this compares to their positions on the good and bad lists.



Brands shown had 2 or more mentions

Let's compare the good, bad and chosen lists.

Good List (# of mentions)	Bad List (# of mentions)	Chosen because of social/enviro record (# of mentions)
1.  amazon (349)	1. facebook (187)	1.  amazon (31)
2. Walmart  (235)	2. Walmart  (162)	2.  (29)
3.  (220)	3.  (135)	3.  (19)
4.  (121)	4.  amazon (126)	4.  (11)
5.  (101)	5.  (78)	5.  Microsoft (8)
6. Google (99)	6.  (64)	6. Google (7)
7.  Microsoft (91)	7. Google (59)	7. Walmart  (7)

Just as well-known companies sometimes appear on both the good and bad lists, people are sometimes divided on choosing whether or not to purchase from a well-known company based on its ESG record. In general, a bad ESG record hurts more than a good ESG record helps.























Here are the most-cited brands NOT chosen because of their social or environmental records:



This time, Nike is at the top of the not-chosen list (despite being number two on the chosen list), followed by companies you might expect – Chick-fil-A and Hobby Lobby for social issues, and ExxonMobil for environmental issues.

Again, we'll dig into this a bit more.

Let's compare the good, bad, chosen and not chosen lists.

Good List (# of mentions)	Bad List (# of mentions)	Chosen b/c of social/enviro record (# of mentions)	NOT chosen b/c of social/enviro record (# of mentions)
1.  amazon (349)	1. facebook (187)	1.  amazon (31)	1.  NIKE (36)
2. Walmart  (235)	2. Walmart  (162)	2.  NIKE (29)	2.  Chick-fil-A (36)
3.  (220)	3.  WELLS FARGO (135)	3.  (19)	3. ExxonMobil (15)
4.  TARGET. (121)	4.  amazon (126)	4.  TARGET. (11)	4. HOBBY LOBBY (12)
5.  NIKE (101)	5.  NIKE (78)	5.  Microsoft (8)	5. Walmart  (9)
6. Google (99)	6.  (64)	6. Google (7)	6.  amazon (7)
7.  Microsoft (91)	7. Google (59)	7. Walmart  (7)	7.  bp (6)

Again, notice that multiple companies appear on multiple lists, so we'll take a closer look at two retailers.

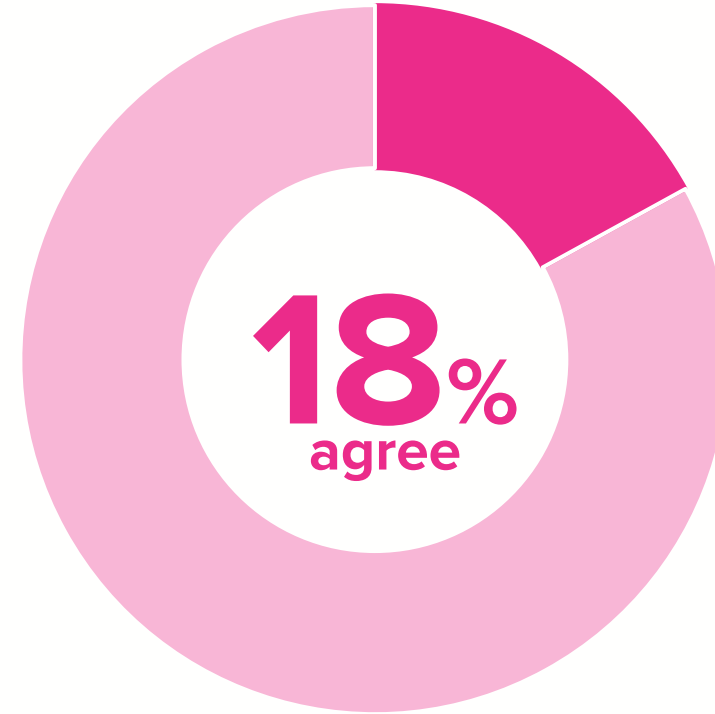
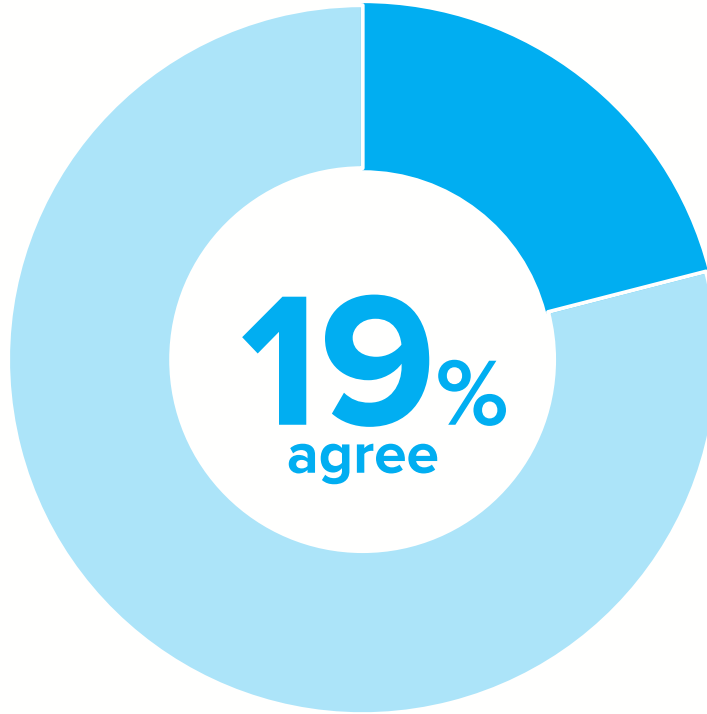
A closer look at Walmart and Target

Looking at the previous chart, you may wonder why Walmart is number 2 on both the good and bad lists, but number 7 on the chosen (intentional purchase) list, and number 5 on the NOT chosen list.

As we noted in the previous section, few people chose Walmart for its ESG record, so a higher rank on the chosen list would not be expected. Our hypothesis, based on the cited reasons for being on the good and bad lists, is that people were impressed with Walmart's low prices and wide variety of goods, so it engendered enough goodwill to reach a rank of 7. But the company's previous track record of paying low wages is a hangover they haven't shaken, even though they've increased hourly pay.

Similarly, Target is number 4 on both the good and purchased lists. The cited reasons for being good are price, products, customer service, and variety, as well as being community-focused. So ESG is a factor, but not the driving force behind the high chosen rank. Target also appears on the bad list (rank of 12) because it received some negative feedback from conservatives for a transgender bathroom policy announced in 2015, but overall public perception of the brand is positive.

Social stands can have both positive and negative effects on consumer purchase behavior.



Nike is a classic case of consumers both choosing and not choosing a brand for its social positions.

I've **CHOSEN** a brand/product based on the social or environmental record of its manufacturer

I've **STOPPED PURCHASING** a brand/product based on the social or environmental record of its manufacturer

Responses to: "Have you ever chosen one brand/product over another or stopped purchasing a brand/product based on the social or environmental record of its manufacturer?" n=2,000

Gain a sustainable advantage.

Believe in something. Even if it
means sacrificing everything.

Let's take a closer look at

Nike

 Just do it.

Believe in something. Even if it
means sacrificing everything.

Nike featured Colin Kaepernick in its 2018 ad
campaign, after his 2016 release from the
NFL following his kneeling protest during the
national anthem.

 Just do it.

Did Nike's campaign pay off?

- Immediately following the campaign, **sales jumped 10% for Nike**, prompting commentary like this: *"It looks like a real rebuke for folks who said, 'We'll boycott Nike,'" University of Michigan Business School professor Jerry Davis told ABC News. "It turns out Democrats buy a lot more sneakers than Republicans. **The demo that is willing to spend \$200 on Nike sneakers is not the demo that's going to boycott them because of Kaepernick.**"*
- In 2020, Nike was still reaping the benefits of the campaign in both brand reputation and sales numbers, despite continued criticism from some camps.
 - June 2020: *"In 2018, Harris found 21 percent of respondents vowed to boycott Nike products after the marketing campaign was released, which is down to 14 percent in the most recent poll. **Nike's overall reputation got a 54 percent positive opinion, up six points from 2018.**"*
 - July 2020: *"**Since Nike's new deal with Kaepernick, the sportswear company's value is reportedly up \$26.2 billion.**"*

10%

sales jump

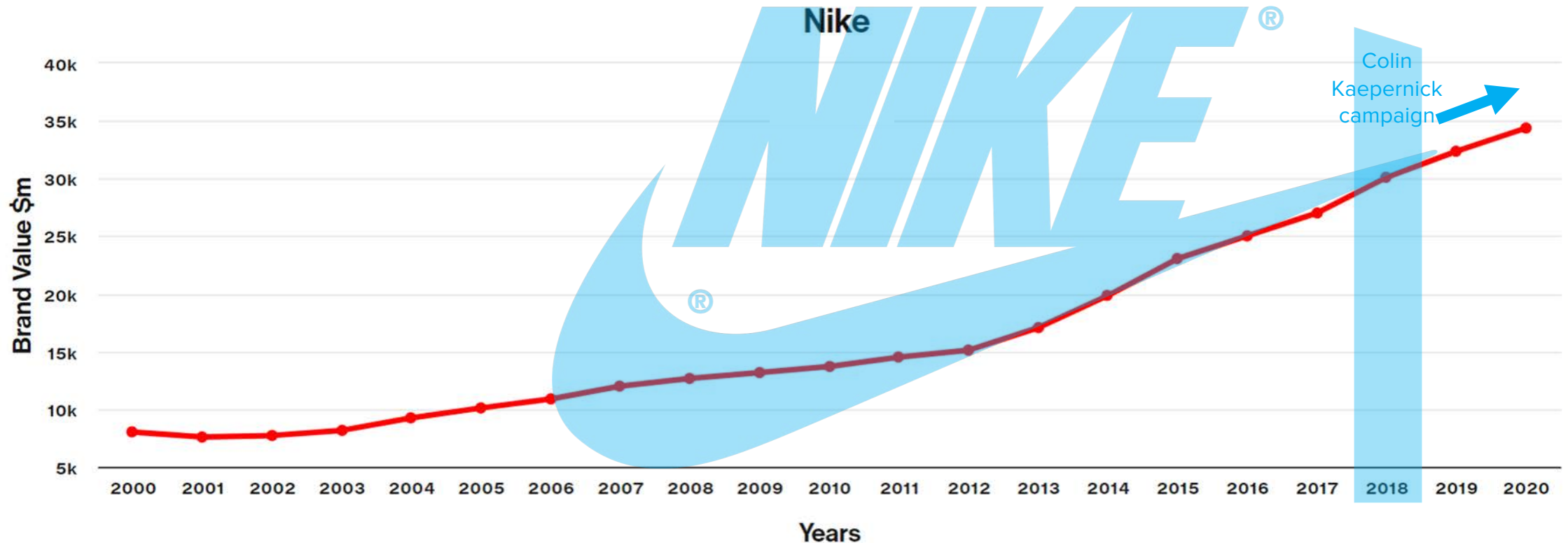
54%

positive opinion

\$26.2B

reported value increase

In short, taking a stand was worth it for Nike.



But this type of controversial risk wouldn't be right for every brand. You have to think carefully about what message fits your market and your target consumer. Let's look under the hood at what makes a company good, so that consumers will put it on the "buy from" list.

<https://interbrand.com/best-global-brands/nike/>

A low-angle, upward-looking photograph of several modern skyscrapers with glass and metal facades. The sun is visible in the upper right, creating a bright lens flare and illuminating the scene. The sky is a clear, vibrant blue with some light clouds. The image is split horizontally by a blue and pink geometric band.

What makes a company

“Good”?

When asked to choose the number-one thing companies must do, consumers say the primary responsibility of a “good” company is treating its employees well.



Almost half of Americans say that if you don't do anything else, take care of your employees and pay them a living wage. Employee treatment far outweighs other actions.

As the bottom half of the chart shows, you can protect the environment and do other great things, but without the employee piece, the rest just doesn't buy you much goodwill.

(That's Walmart's story, for example.)

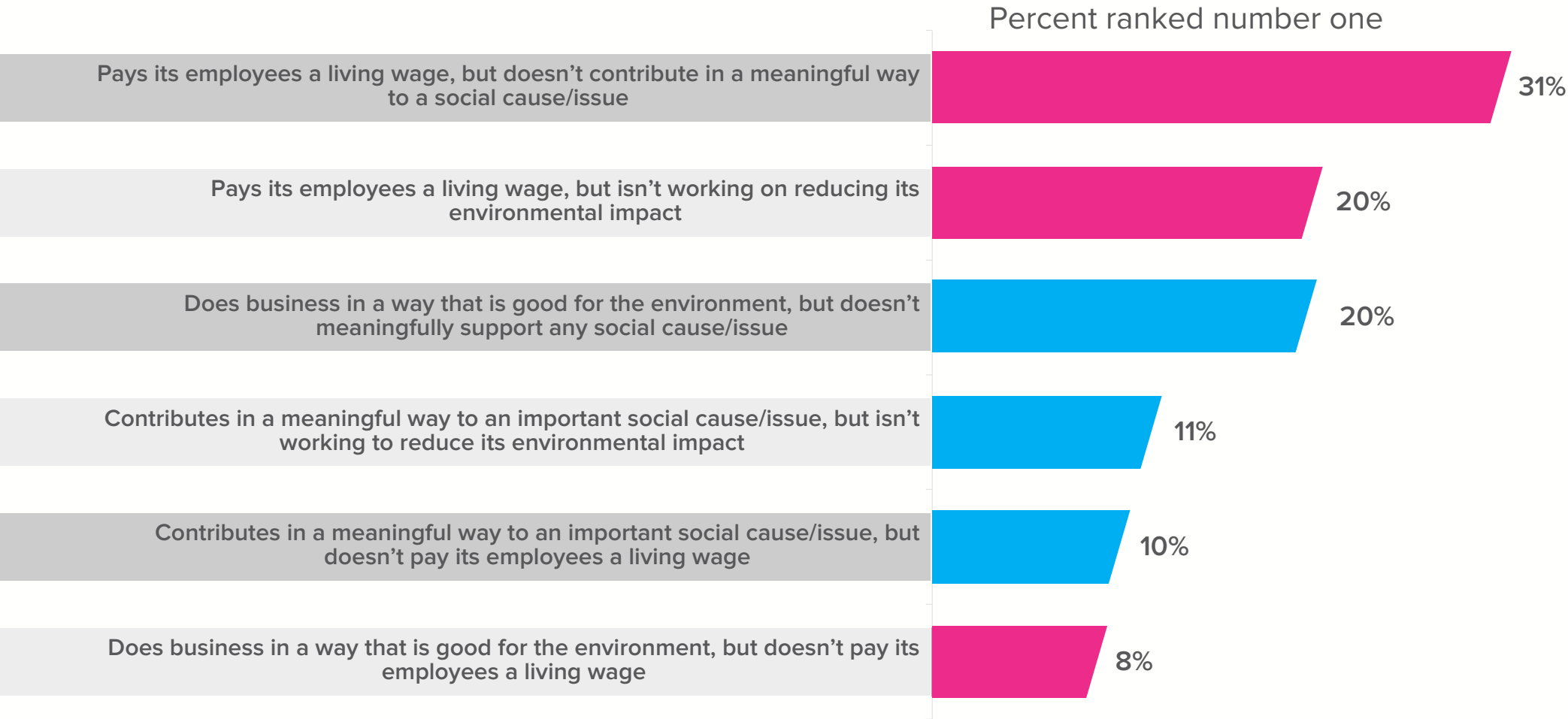
What is most important for driving purchase?

Purchase decisions generally align with the same factors that define a good company.

Not at all important Slightly important Moderately important Very important Extremely important



So, if you do right by the environment, but not by employees, you still lose out.



And when it comes to the environment ...

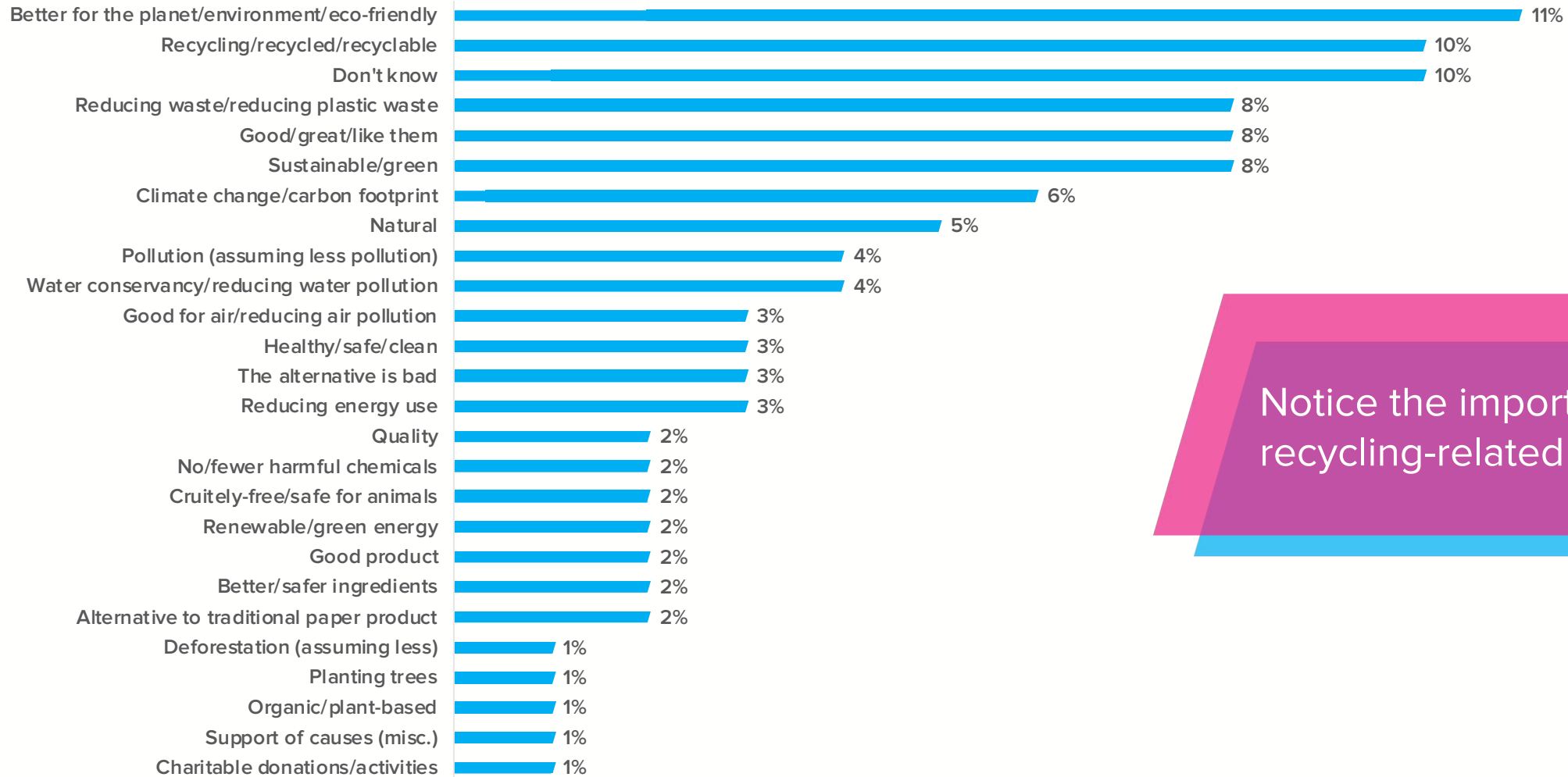
#1 Recycle

#2 Manufacture in the United States

#3 Make recyclable products

Americans hold your company to the same standards to which they hold themselves, and per our 2020 report, “Engaging Middle America in Recycling Solutions,” 80% of them say recycling is the bare minimum they should do. That means some sort of recycling or recycled content should be part of your products’ stories. Americans also value manufacturing in the United States, which is another dimension of the ethic of taking good care of your people.

What matters most when Americans choose a brand for its environmental record?



Notice the importance of recycling-related practices.

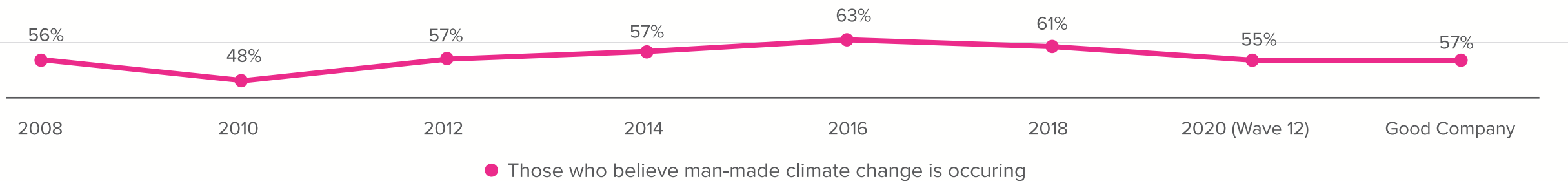
Source: Eco Pulse® Wave 13 2020

By the way...

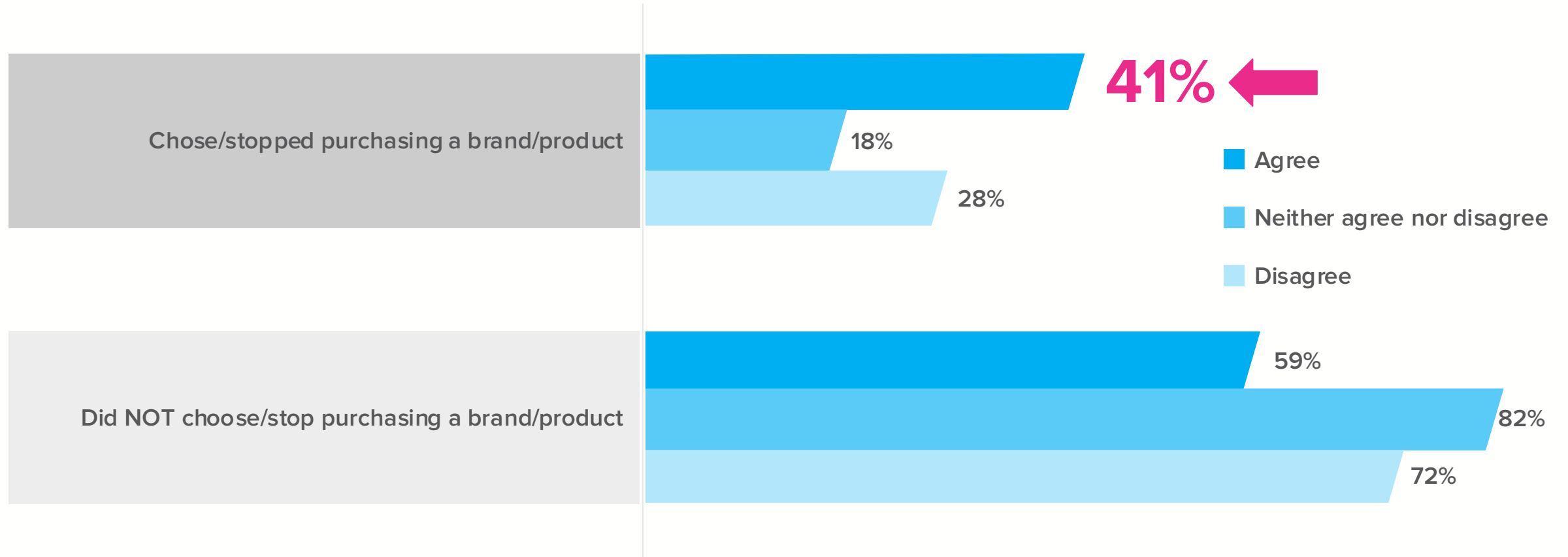


57%

of Americans not only believe that climate change is occurring, but that it is also caused by human activity.



57% may be smaller than you expected, but that group is committed and much more likely to act on their beliefs, so it pays to set goals with them in mind and target messaging accordingly.



What does this mean?

- Taking a **bold stand can be a way to boost sales and revive brand relevance**, as long as the stand is aligned with the spirit of the brand (and its core demographic).
- Making commitments and taking action for how you **treat employees, give to the communities you serve, and protect the environment work to keep a mainstream brand relevant**, and sales strong.
- **Paying employees a living wage is table stakes.** If you're not doing that, no other effort will make up for the favorability loss.
- When it comes to your products, you need some sort of **recycling or recycled content story**.
- Belief in **climate change is absolutely tied to purchase "activism."** If belief in climate change goes up, you should expect "shoptivism" to go up as well.

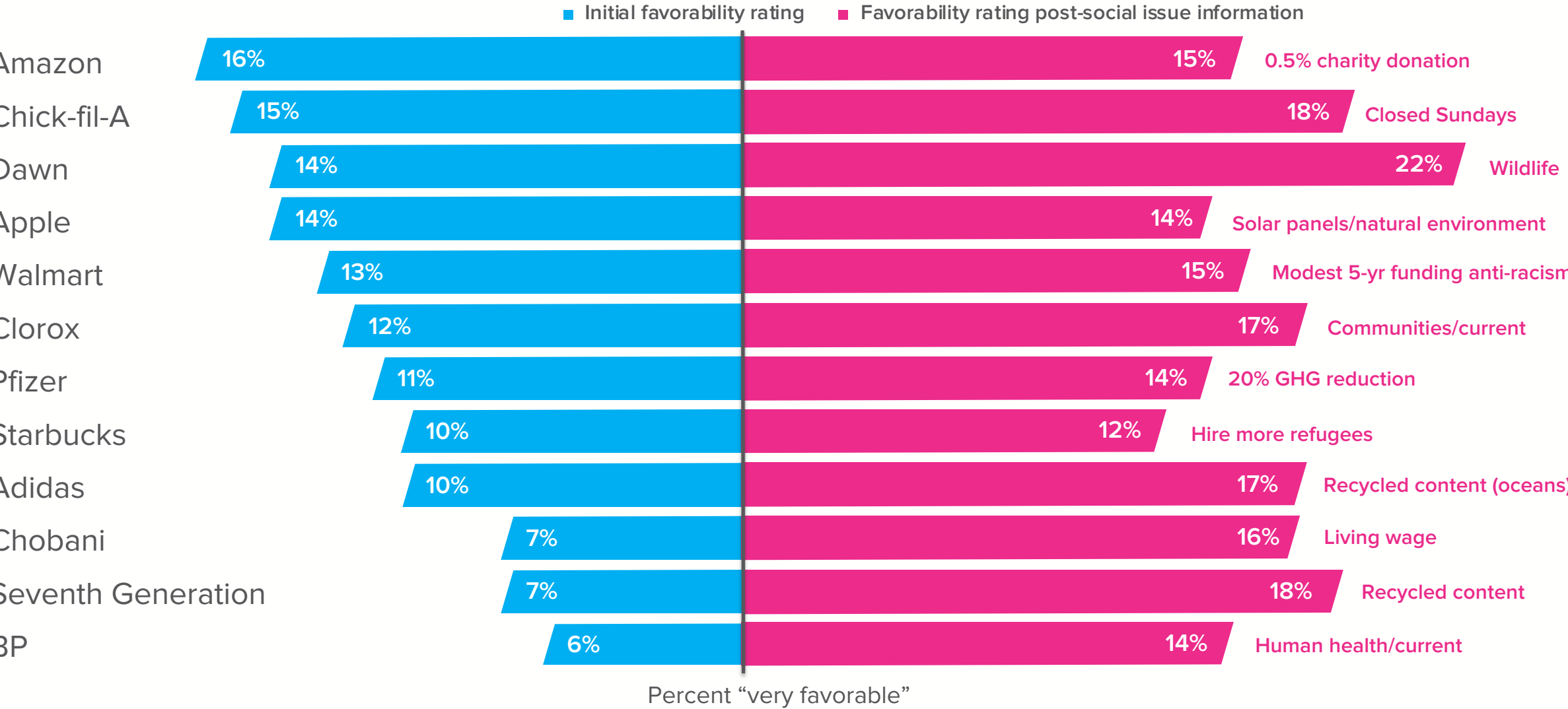


Let's go deeper on commitments that work

Some commitments move favorability more than others.



Blue bars show the favorability rating (a 10 on a scale of 1-10) before respondents knew what specific cause the companies support. Red bars show the rating after commitments were revealed (full descriptions on the next page).



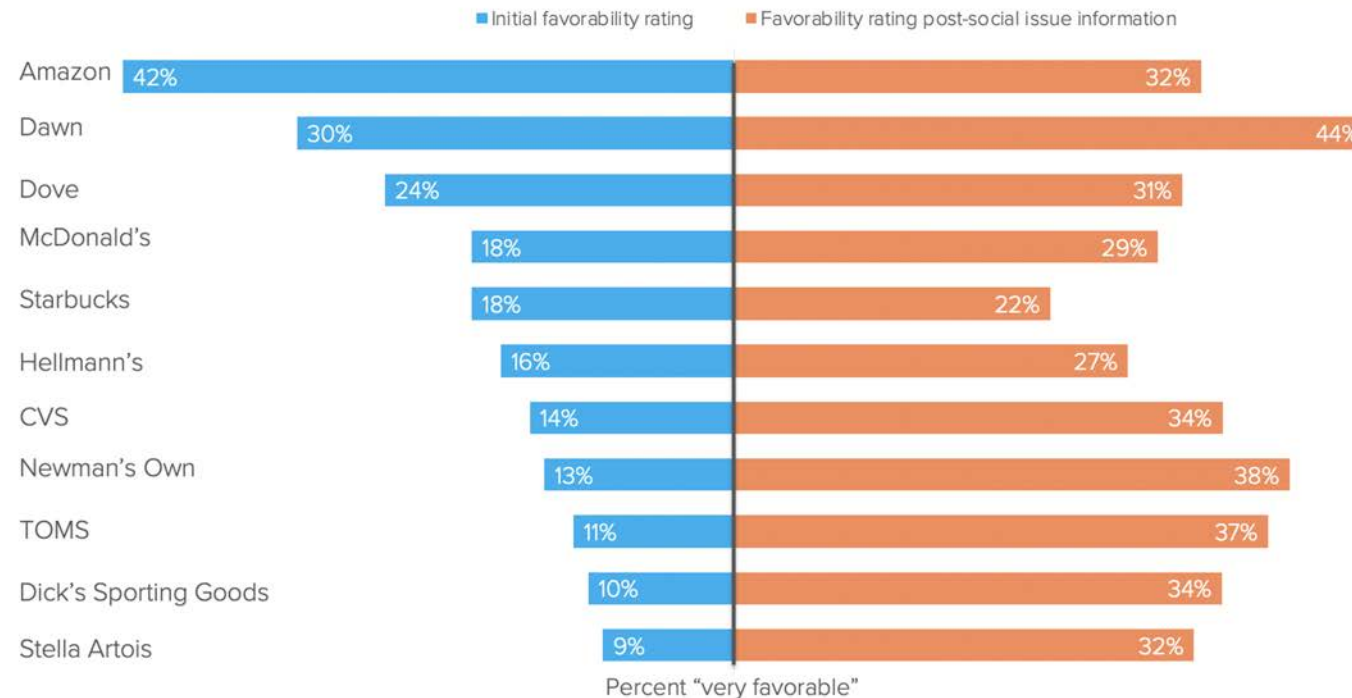
Response to: “Please drag the bar to indicate whether you have an overall unfavorable or favorable opinion of the following companies. (0–10, Very unfavorable—Very favorable)” and “Now you’ll see statements about brands and causes or stands that they support. Please drag the bar to indicate whether you have an overall unfavorable or favorable opinion of the following companies.” n=2,000

Company	Commitment/Cause supported
Adidas	Makes shoes out of ocean plastic in partnership with the non-profit Parlay for the Ocean and has committed to using 100% recycled polyester by 2024
Amazon	Donates 0.5% of the price of eligible purchases to the charitable organization of choice
Apple	Powers all its offices and retail stores in China through solar panels mounted high off the ground, so the grass can grow and local yaks can eat it
BP	The BP Foundation donated \$2 million to the World Health Organization’s COVID-19 Solidarity Response Fund, which supports medical professionals and patients worldwide by providing critical aid and supplies.
Chick-fil-A	Closed every Sunday to honor the founders’ Christian faith
Chobani	Recently increased its starting hourly wage to a minimum of \$15 an hour, more than double the federal minimum wage
Clorox	The Clorox brand donated \$1,000,000 to the ClearTheList Foundation to provide resources for teachers and students during an unprecedented back-to-school season.
Dawn	Has donated thousands of bottles to wildlife rescue workers at The Marine Mammal Center and International Bird Rescue to help rescue and release wild animals affected by oil pollution
Pfizer	Committed to reduce its own greenhouse gas (GHG) emissions by 20% compared to a 2012 baseline
Seventh Generation	Committed that 100% of its products and packaging will use biobased or post-consumer recycled content by 2020
Starbucks	Committed to hire more than 10,000 refugees globally over five years
Walmart	Committed \$100 million over five years to create a new center to address systemic racism in society and accelerate change

Aside: Favorability ratings now are much lower than in 2018.

Overall favorability ratings were higher in 2018 than they are now. Our hypothesis for the decline is that social chaos, divisiveness and dissemination of “alternate sets of facts” over the past few years have eroded trust in institutions.

Looking at just the “very favorable” shows a dramatic lift



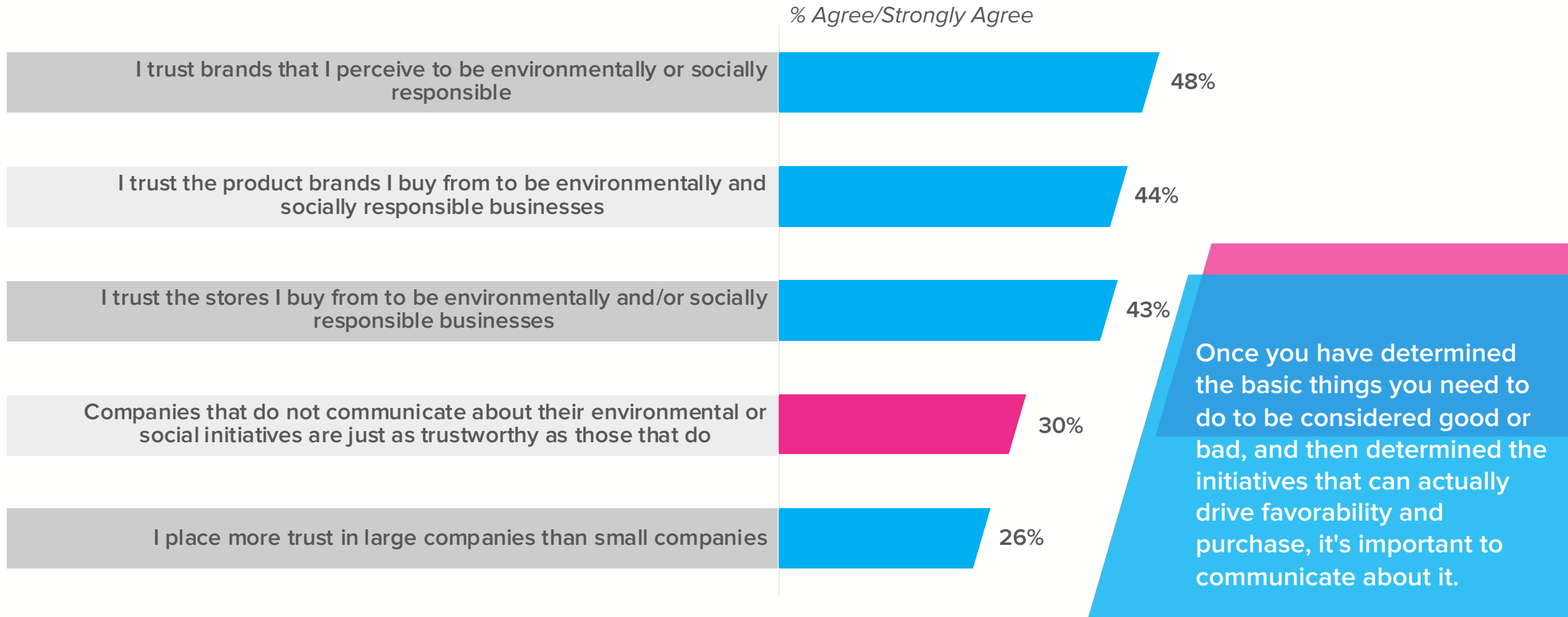
Q4 - Please drag the bar to indicate whether you have an overall unfavorable or favorable opinion of the following companies.

Q9 - Now you'll see statements about brands and causes or stands that they support. Now, tell us whether you have an overall unfavorable or favorable opinion of the following companies.

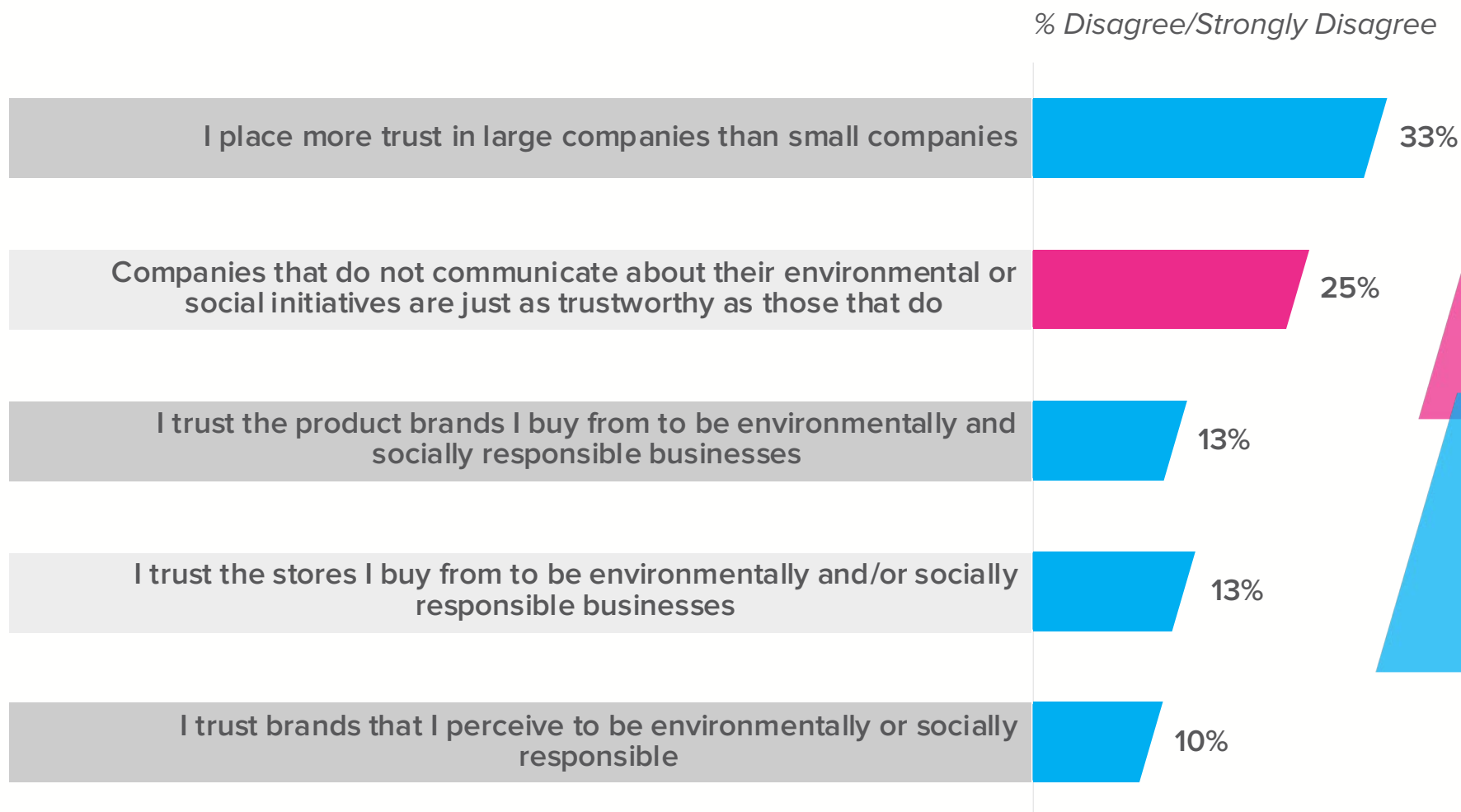
n=1,000

Source: Brands and Stands, 2018

The takeaway is that only 30% of Americans believe that companies that don't communicate about their “good” initiatives are just as trustworthy as those that do.



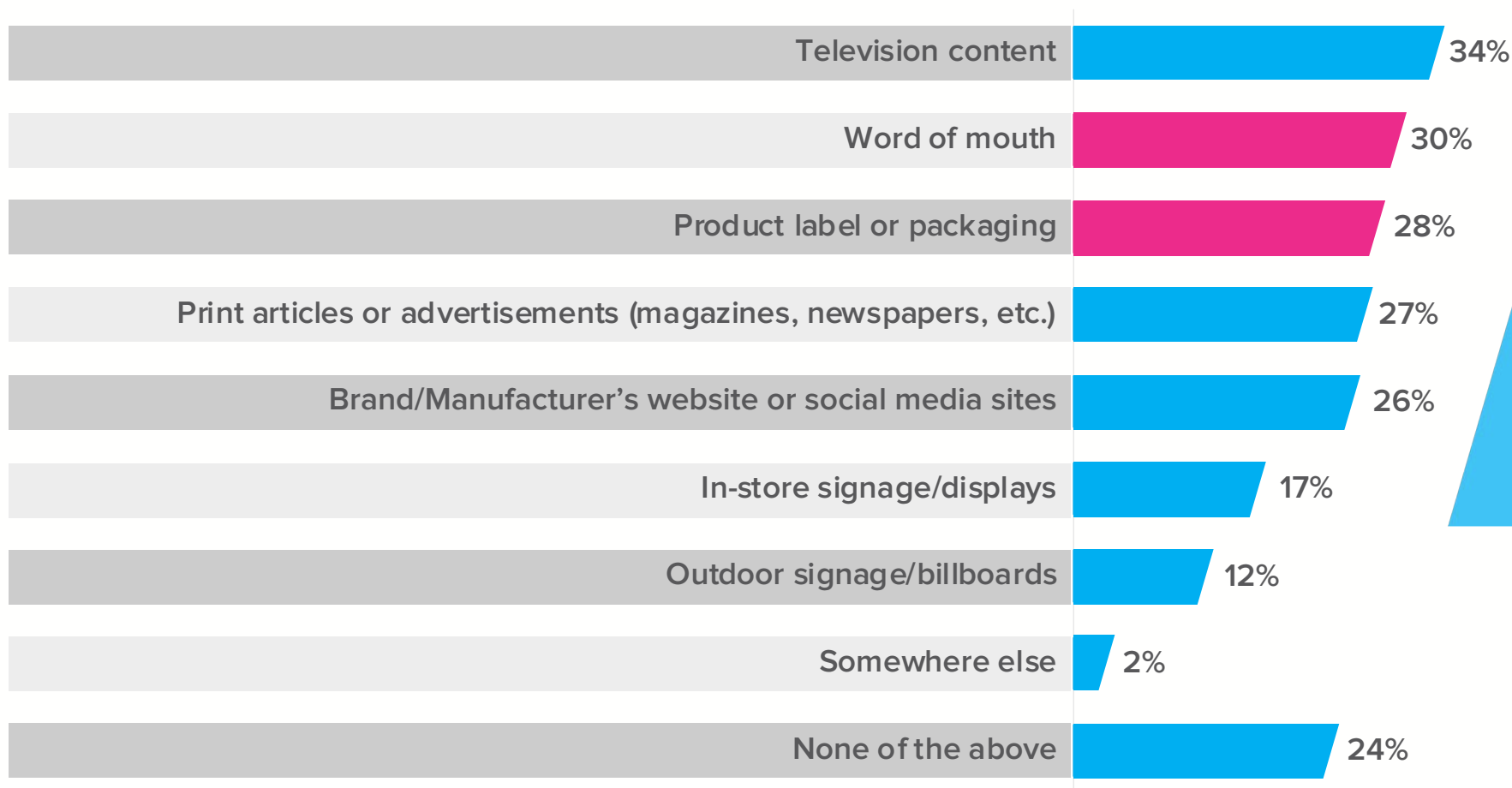
Similarly, 1 in 4 Americans say brands that don't communicate about their "good" efforts are not as trustworthy as those that do.



Again, your best bet is to do the good things that resonate with your buyers, and then communicate about it.

And as you communicate, there are ways you need to tell your story ...

And here's where you need to tell your story ...

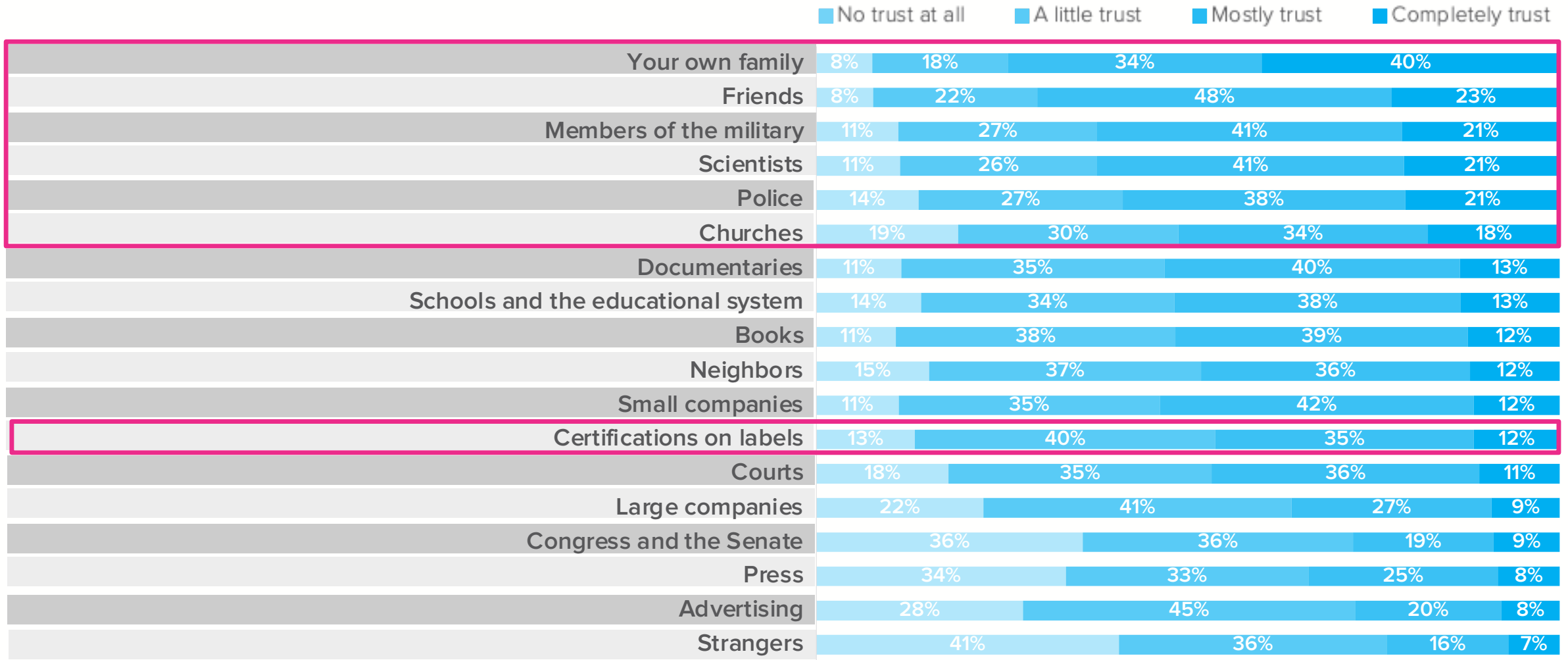


Communication is about trust, and trust is crucial.

If consumers are going to consider you good or bad (or to purchase or not purchase from you), they have to be able to trust your message – to trust that you really are a good actor.

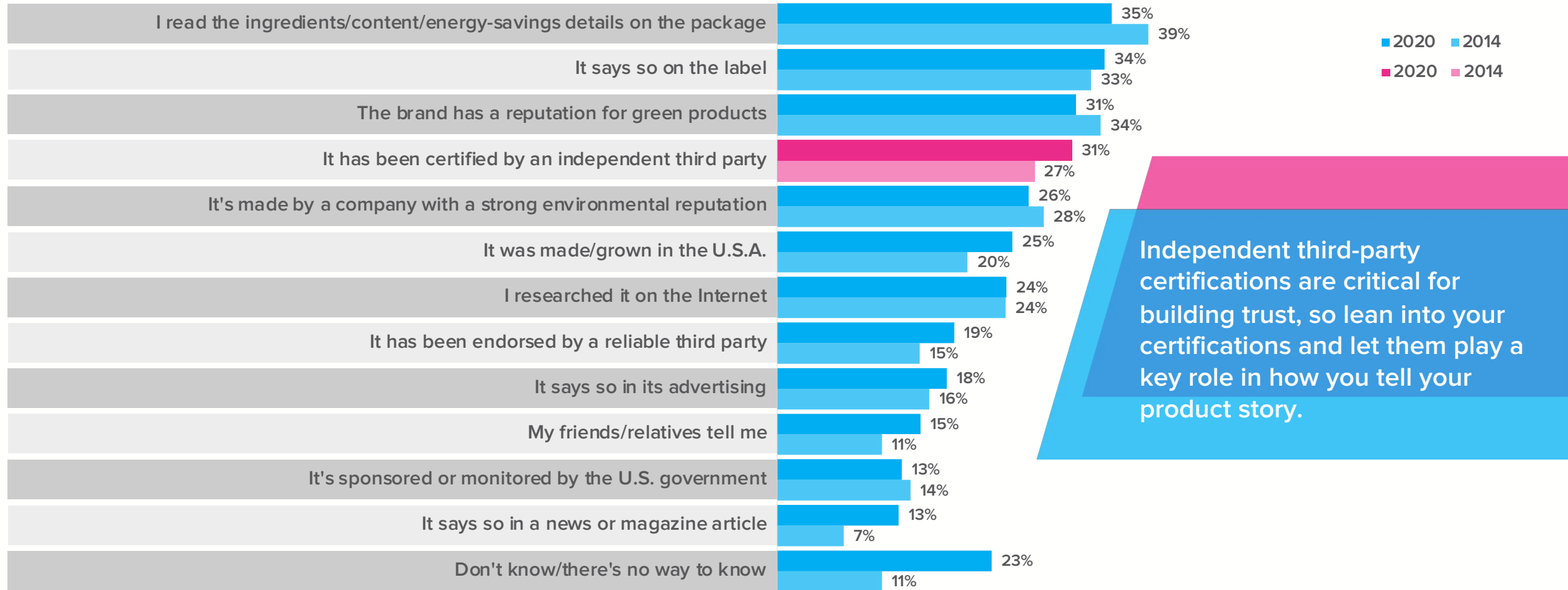
So, who do they trust messages from? That's where word of mouth (which includes social media) and packaging really matter.

Consumers place the highest levels of trust in family, friends, military members, scientists, police and churches.



Source: Eco Pulse® Wave 13 2020

Third-party certifications are rising in importance as a top way consumers discover if a brand is green.

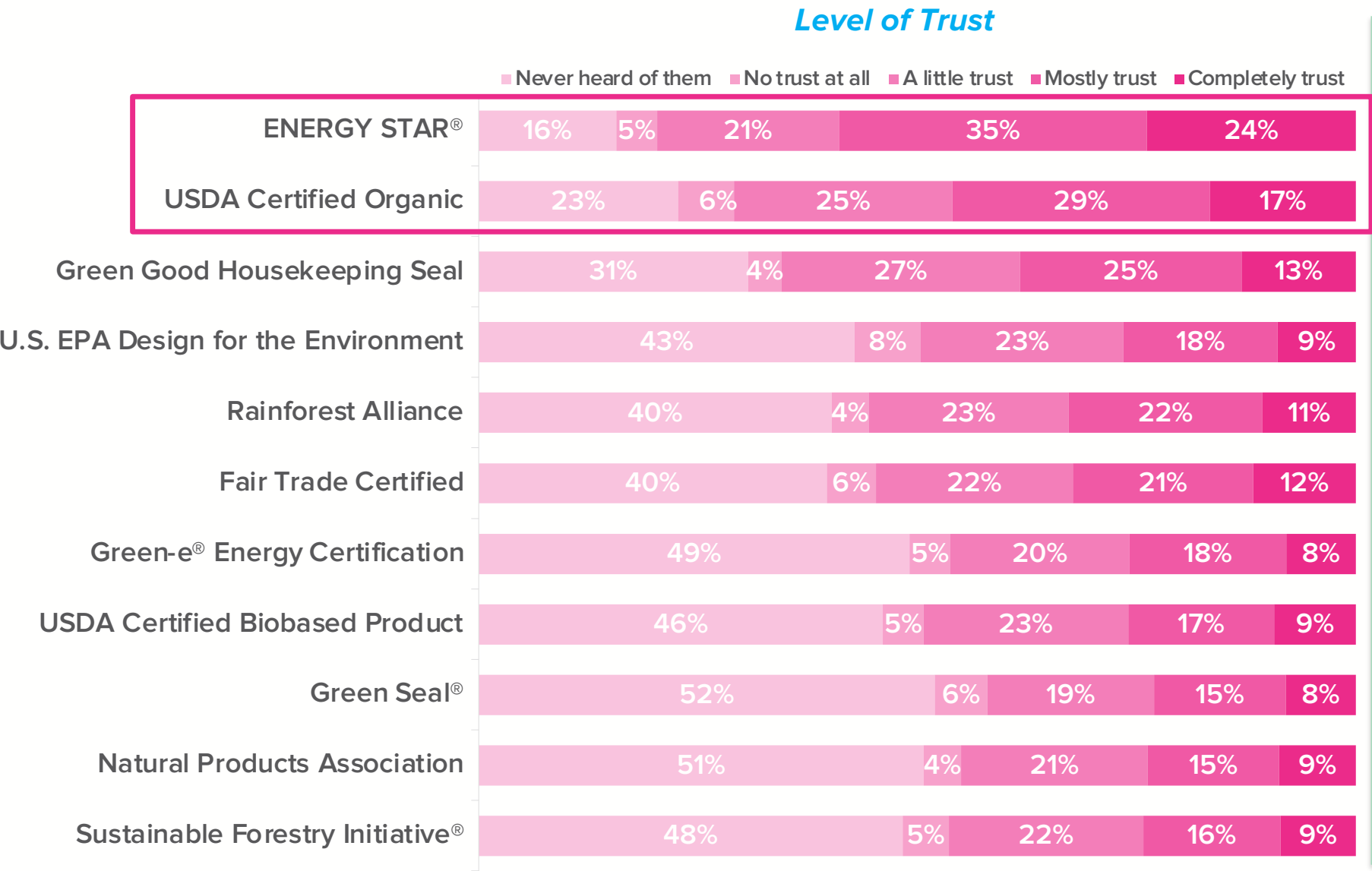


% Ranked in Top 3

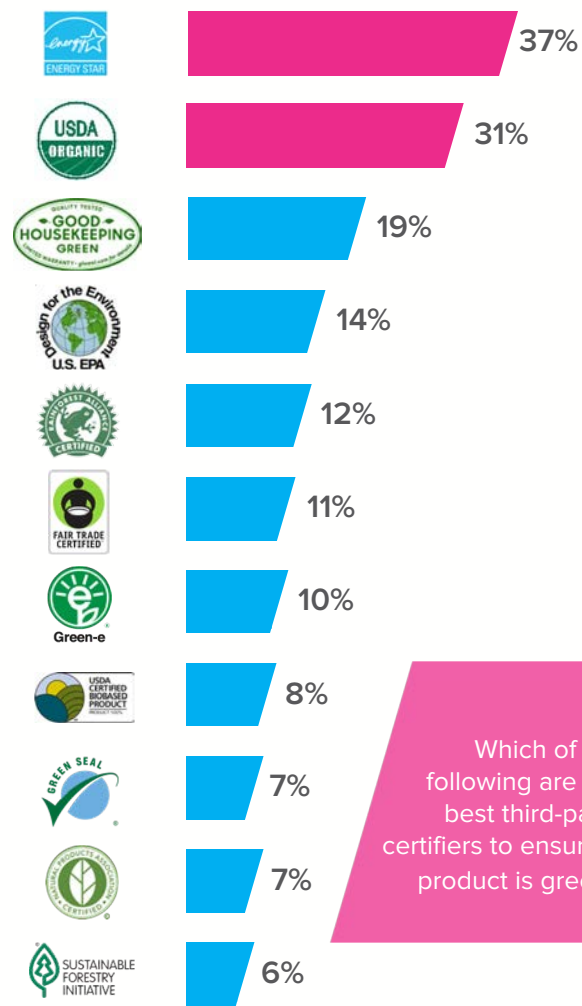
According to our 2020 Eco Pulse survey, certifications are not just important influencers for purchase; they also build trust.



And the most well-known certifications are also the most trusted.



Best Green Third-Party Certifier



- The “right” commitments can improve favorability ratings of brands – but you have to **communicate** about them.
- The “right” commitments continue to illustrate our themes – treat your **employees** well, give back to **communities/citizens**, have a **recycled content** or a **recyclability** story.
- When telling your story, leverage trusted sources: **family, friends, scientists ... and even certifications.**

What does this mean?

So, how do you start?

The Good Company Framework – Five Steps to Good

In the complicated and rapidly evolving landscape of consumer perception, there are five things that every brand should do to build trust, inspire loyalty and influence purchase behavior. How you do them depends on your brand.



1. Decide what you're trying to accomplish

Are you trying to revive a dying brand? Go bold. Are you simply trying to maintain a brand and stay relevant? Focus on commitments that are generally favorable: employee treatment, community giving, environmental protection.



2. Determine what's a fit for your brand

It will work better if the good you're known for aligns with what your brand or category is known for OR if it's extremely topical (see Nike). If all else fails, focus on a major commitment to recycled content.



3. Get your employee house in order

It doesn't matter what other good you do; if you don't treat your employees well and pay them a living wage, you won't achieve the goodwill you're after.



4. Pick a commitment that you can truly own, activate against and story-tell around

Your marketing dollars reflect your commitment. They work harder for you when you embrace important issues for the long haul.



5. Tell your story and build trust by leveraging key resources

E.g.: Friends/family (social media), scientists, certifications, etc.

And that's how to make your move toward the Good List.

Owning an issue is the way forward. Whether it's Lifebuoy helping children in the developing world reach the age of five, Hellman's using only cage-free eggs, or Dove promoting women's self-esteem, companies that focus on key issue see the biggest reputational boosts.

But you can't do that until you have met the other criteria in the Good Company framework. You have to get and keep your employee house in order and build trust by leveraging those critical outlets of friends and family, scientists, and even third-party certifications and labels.

So, do all the right things, but if you really want to get credit for it, then put your story out there in the court of public opinion. Because if you don't tell your story, someone else will.

Shelton Group is the nation's leading marketing communications firm focused exclusively on sustainability. If you're trying to build a brand around corporate responsibility and sustainability – or sell products that minimize environmental impact – we understand your marketing challenges like no one else. Give us a call. We exist to help organizations like yours gain a market advantage.

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Gain a sustainable advantage.