COMPANIES FAIL TO ENGAGE CONSUMERS ON ENVIRONMENTAL AND SOCIAL ISSUES

Three-quarters of Americans give companies a “C” or below on how they’re engaging consumers around key issues

Eighty-four percent of Americans believe their ideas can help companies create products and services that are a win for consumers, business and society; yet, only half (53%) feel companies are effectively encouraging them to speak up on corporate social and environmental practices and products, according to the 2010 Cone Shared Responsibility Study.

A majority of consumers want to be engaged on four key responsible business pillars, including how a company conducts its business (85%), its products and packaging (83%), its support of social and environmental issues (81%) and its marketing and advertising (74%). Consumers are prepared to dedicate time and money to help influence corporate social/environmental practices through surveys and research (70%), buying or boycotting a company’s products (44%) or through email, phone or employee communications (32%), among other activities.

Yet, when it comes to consumer interaction, most Americans say companies are not making the grade. Three-quarters assign companies a “C,” “D,” or “F” on how well they are engaging consumers around critical business issues. This disconnect signals a lost opportunity for companies because consumers are prepared to reward them for engagement. If a company incorporated their ideas, consumers say they would be more likely to buy its products and services (60%), more loyal (54%) and more likely to recommend the company (51%).

“There’s tremendous opportunity to more actively collaborate with consumers and other key stakeholders to achieve mutually beneficial solutions,” says Jonathan Yohannan, senior vice president of Cone. “We call this collaborative approach to addressing social and environmental issues ‘Shared Responsibility’ because diverse stakeholders each have a unique value, role and stake in solving today’s complex global challenges. Companies can’t go it alone.”

Consumers Hold Great Expectations

Americans are holding companies accountable for addressing a range of complex, global issues that may directly or indirectly touch their businesses, from ensuring product quality and safety (92%) to alleviating poverty (62%). [See complete chart page 6.]

The range of issues is complemented by an equally extensive menu of business approaches to solve them. Consumers indicate everything from developing new products and services (89%) to making charitable donations (83%) are effective ways for a company to help solve social and environmental issues. [See complete chart page 6.]

“Companies have a unique opportunity to address issues holistically, from the products they create to the partnerships they form to the dollars they give,” says Alison DaSilva, executive vice president of Cone. “And it’s this blend of both social initiatives and business operations – along with the sweat equity and ingenuity of diverse stakeholders – that stands to affect change. We all share responsibility for the issues at hand, and we all stand to benefit from the solutions.”

Transparent Communication Core to Building Trust

Not only do consumers want a voice in the issues, but they are overwhelmingly prepared to listen. A full 92 percent want companies to tell them what they’re doing to improve their products, services and operations. But two key barriers exist:

Skepticism – 87 percent of consumers believe the communication is one-sided – companies share the positive information about their efforts, but withhold the negative; and,

Confusion – 67 percent of consumers are confused by the messages companies use to talk about their social and environmental commitments.

“Open, consistent lines of communication are the only way a company can effectively collaborate with diverse stakeholders for the long-term and stay on top of issues that may improve or inhibit its business,” says Yohannan. “It doesn’t mean companies have to solve all of the issues on the table, but it does mean being transparent about their journey.”
Americans’ beliefs about the role of business in society:

- **Disbelievers**: Businesses exist to make money for shareholders and are not responsible for supporting social or environmental issues.
- **Pacifists**: Businesses may play a limited role in the community in which they are based, but are not necessarily responsible for supporting social or environmental issues.
- **Emotionalists**: Businesses should support larger social or environmental issues by donating products or services, money or volunteering.
- **Advocates**: Businesses should not only support but advocate for change in larger social or environmental issues by increasing awareness of the issue and donating products or services, money or volunteering.
- **Activists**: Businesses should change the way they operate to align with greater social and environmental needs.

Consumers want to be engaged in companies’ social and environmental efforts:

- **84%**: By listening to my feedback and ideas, I believe companies can create products and services that are a win for me, for the business and for society.
- **75%**: I want the opportunity to voice my opinion to a company about its social/environmental practices and products (e.g., provide comments on the company’s Web site/blog, review products).
- **65%**: I believe I can have an influence on companies’ efforts toward environmental and social change.
- **57%**: Companies see me as a valuable source of information for their social and environmental efforts.
- **53%**: Companies are EFFECTIVELY encouraging me to voice my opinions around their social/environmental practices and products (e.g., giving me a place to share my ideas on their Web site/blog, soliciting my opinion on new products and packaging).
Consumers believe these entities most influence a company’s social and environmental policies and products:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers</td>
<td>42%</td>
</tr>
<tr>
<td>Government</td>
<td>19%</td>
</tr>
<tr>
<td>Media</td>
<td>14%</td>
</tr>
<tr>
<td>Employees</td>
<td>9%</td>
</tr>
<tr>
<td>Other companies</td>
<td>9%</td>
</tr>
<tr>
<td>Nonprofits/activist groups</td>
<td>6%</td>
</tr>
</tbody>
</table>

But these are not all aligned with who they believe best represents their own interests about social and environmental issues:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>33%</td>
</tr>
<tr>
<td>Other consumers</td>
<td>19%</td>
</tr>
<tr>
<td>Nonprofits/activist groups</td>
<td>10%</td>
</tr>
<tr>
<td>Media</td>
<td>9%</td>
</tr>
<tr>
<td>Government</td>
<td>7%</td>
</tr>
<tr>
<td>Employees</td>
<td>22%</td>
</tr>
</tbody>
</table>

To help influence corporate social/environmental practices and initiatives, consumers would:

- Participate in a survey/research: 70%
- Buy OR boycott the company’s products: 44%
- Send an email, call the company or talk to an employee: 32%
- Write a product review: 29%
- Support a nonprofit working with the company (e.g., by donating, volunteering or advocating for the issue): 25%
- Discuss the company on social media channels (e.g., Facebook, Twitter): 22%
- Vote on which nonprofit a company will support with a charitable donation: 19%
- Join a committee or attend a meeting sponsored by the company: 16%
Consumers want to be engaged on these company topics:

- **85%** How it conducts its business
- **83%** Its products and packaging
- **81%** The social and environmental issues it supports
- **74%** Its marketing and advertising

Consumers grade companies on how well they’re engaging consumers in these areas:

- **A** Exceptional job overall: 7%
- **B** Above average job overall: 18%
- **C** Average job overall: 47%
- **D** Below average job overall: 19%
- **F** Terrible job overall: 9%

Businesses can reach consumers with information about their social/environmental programs and products via these everyday channels:

- **64%** Advertising (television commercials, newspaper and magazine ads, billboards, online banner ads, etc.)
- **43%** In the store (e.g., conversation with an employee, in-store signage)
- **42%** Customer service interactions (e.g., 1-800 number, customer service desk, online help page, service visits)
- **29%** Social media (e.g., Facebook, Twitter)
- **28%** Company-sponsored events (e.g., a walk or concert)
Effective engagement can lead to bottom-line benefits. If a company incorporated their ideas, consumers would:

- Be more likely to buy its products/services: 60%
- Have a greater sense of loyalty toward the company: 54%
- Be more likely to recommend the company: 51%

Americans look to business, government and nonprofit organizations to collaborate to solve social and environmental issues. They believe collaboration is:

- Very important: 51%
- Somewhat important: 41%
- Not very important: 6%
- Not at all important: 3%

Americans want to hear about corporate efforts, but are confused by the messages:

- I want companies to tell me what they're doing to improve their products, services and operations: 92%
- Companies share the positive information about their efforts, but withhold the negative information: 87%
- I am confused by the messages companies use to talk about their social and environmental commitments: 67%
- Companies give me enough information about their practices to get engaged and voice informed opinions: 47%
Americans have high expectations for a company’s approach to solving social and environmental issues. Effective ways include:

- Develop new products or services: 89%
- Change the way it operates (e.g., use only sustainable materials): 88%
- Use other company resources beyond charitable dollars to support a nonprofit or issue (e.g., employee volunteerism time, use of facilities, professional support or expertise, sponsoring an event): 86%
- Collaborate with nonprofits, governments, competitors or other groups to address issues collectively: 86%
- Educate consumers about the issues and how they can become involved: 86%
- Educate employees to take action: 84%
- Make a charitable donation(s) to support a nonprofit or issue: 83%

Americans hold companies accountable for a range of global issues that may impact their business:

- Ensuring product quality and safety (e.g., removing lead): 92%
- Ensuring worker health: 92%
- Ensuring proper product disposal/recycling: 89%
- Ensuring human rights (e.g., eliminating child labor): 87%
- Reducing energy use and emissions to combat climate change: 84%
- Preserving natural resources (e.g., forests): 84%
- Ensuring availability and access to safe water and sanitation: 83%
- Promoting diversity: 81%
- Protecting threatened and endangered species: 75%
- Minimizing disease: 72%
- Improving nutrition and combating obesity: 69%
- Alleviating poverty: 62%

About the Study:
The 2010 Cone Shared Responsibility Study presents the findings of an online survey conducted April 8-9, 2010 by Opinion Research Corporation (ORC) among a representative U.S. sample of 1,045 adults comprising 507 men and 538 women 18 years of age and older. The margin of error associated with a sample of this size is ± 3%.