

Brand Virtue

as a Competitive Asset

Changing The World—A Growing
Mandate For Brands And Companies

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How Evolving Consumer Values Influence Purchase Decisions.
A Research Report Presented By:

CONTEXT
MARKETING

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Executive Summary

Is “brand virtue” important to consumers? That is, do brands that proactively work to make the world a better place enjoy a competitive advantage with today’s consumer? We saw evidence of it becoming more of a factor, so we asked a national sampling of consumers if “responsible” behavior or qualities on the part of a brand or company influences purchase decisions, and if so, in what ways.

It appears that many consumers have a concept of “modern virtue” in mind when they evaluate brands and companies, even if they do not think of it in these words. The survey found that consumers develop a closer relationship with brands they consider responsible, and that what constitutes “responsible” brand and company behavior is evolving in the consumer mind to encompass expectations that go well beyond established criteria used to define corporate social responsibility. Many consumers, in fact, want brands and companies to help them change the world, even if only in small ways.

Consumers award brands and companies that meet certain higher standards of social responsibility with greater trust, brand loyalty and word-of-mouth recommendation. While this finding reflects the feelings of men and women of all ages surveyed, it was somewhat more prominent among women.

About The Research

This is a report on a collaborative research project conducted by Context Marketing and Noesis Research. It asked consumers in major U.S. markets to identify how important it is for the products and brands they purchase, and the companies that market them, to demonstrate “responsible” values and qualities that reflect the concerns that people have today for their families and communities, and the world, as well as hopes for the future. The research moved beyond traditional customer experience qualities to examine attitudes, aspirations and behaviors reflecting evolving core values. The online survey included 600 respondents between the ages of 20 and 64, equally representing men and women. Respondents were mainly working adults (91% working either full or part-time), educated (78% had college degree or higher), and more affluent (61% had HH income of \$75,000 or higher). The survey was conducted in July 2009.

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Modern Virtue: A Growing Factor In Brand Selection

Overview

“Virtue” is not a term that marketers use, yet as a concept it explains growing consumer expectations toward brands and companies. Consumers have demonstrated an affinity for socially-responsible brands in recent years and nowhere has this been more evident than in the growing preference for “green” products. Now there is evidence that the preference for “virtuous” products is being expressed more broadly as consumers bring enhanced expectations to brands and companies as they look for allies in making the world a better place. The research shows that Virtuous Brands hold special appeal to a large segment of more affluent consumers.

- **What constitutes a Virtuous Brand is evolving.** Traditional brand values such as high quality, good value, dependability and honesty are still important, but many consumers also want brands that reflect a strong sense of social responsibility and a desire to change the world for the better.
- **Consumers will pay more for Virtuous Brands.** During these economically challenging times, seven out of 10 say they are willing to pay more for responsible brands. Also, 15% report they are more likely to purchase responsible brands today.
- **Virtuous Brands engage consumers in ways that matter most to marketers.** Virtuous Brands generate strong consumer trust and loyalty. Consumers report they are willing to take more time to learn about responsible brands and are also more likely to recommend them.
- **Virtuous Brands allow consumers to feel better about themselves.** Consumers report they feel more responsible, smart and resourceful when they purchase them.
- **Good is good: consumers do not differentiate between a brand’s being good and doing good when assessing brand virtue.** Virtuous Brands can be good for society in some way (such as organic foods or using recycled packaging materials), and also do good for society (such as support public service programs).
- **Women hold brands to higher standards than do men.** Women want brands to prove themselves worthy of relationship by reflecting virtuous qualities somewhat more than do men.

Brand Virtue Study Highlights

Consumers Will Pay More For Virtuous Brands

Consumers are generally willing to put their money where their values are. 76% say they are willing to pay more for “low-cost” products from responsible brands (e.g. beverages or toothpaste), and 79% report they will pay more for “high-cost” products (e.g. large appliance or automobile). (Figure 1)

The economic downturn has had little impact on purchasing behavior. 73% of our sample say that the current economic situation has had no impact on their likelihood of buying responsible brands. In fact, contrary to what we might expect, 15% mention they are more likely to purchase responsible brands. (Figure 2)

Figure 1. “How much more are you willing to pay for ‘responsible brands’?”

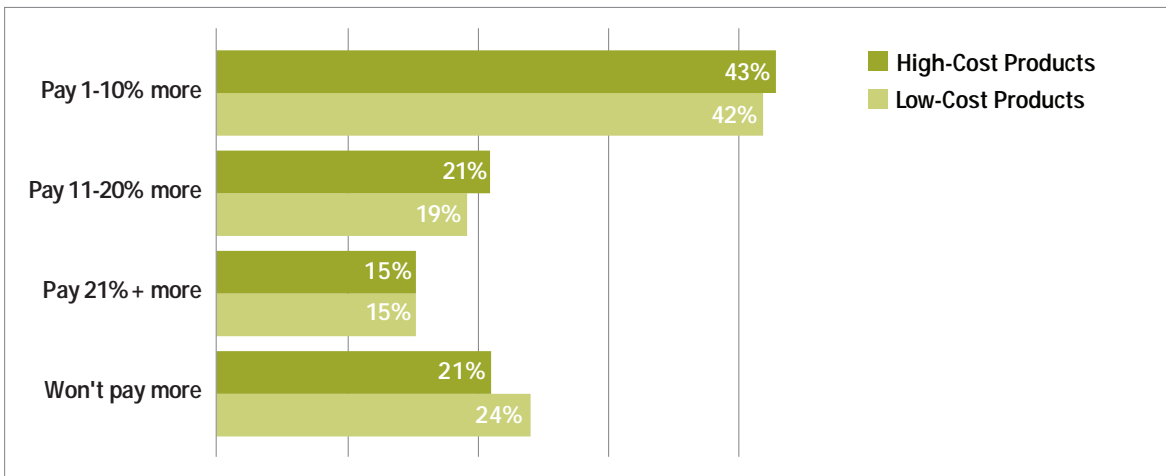
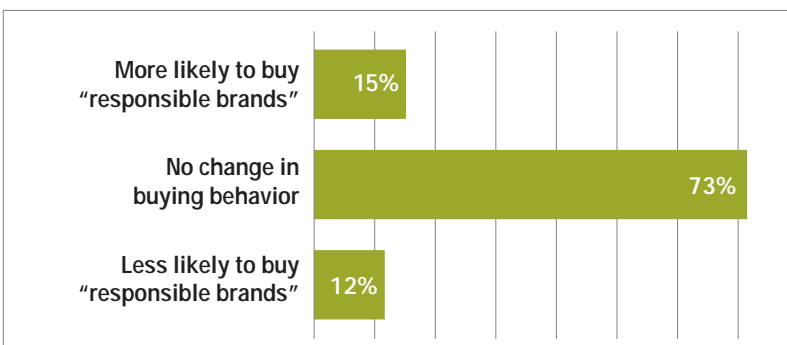


Figure 2. “How has the economic downturn impacted your decision to purchase ‘responsible brands’?”



Consumers Reward Virtuous Brands With Greater Trust and Loyalty

Consumer expectations toward brands are growing. Consumers agree that Virtuous Brands must meet high standards of trust and behavior (Figure 3), and when they do, consumers reward them with higher levels of engagement. (Figure 4)

Virtuous Brands engage consumers in ways that matter to marketers. Brands seen as virtuous are rewarded with loyalty, recommendation, trust and engagement, and are imbued with the belief that they conduct relationships better than other brands. (Figure 4)

Figure 3. "In order to qualify as a 'responsible brand,' a brand should:"

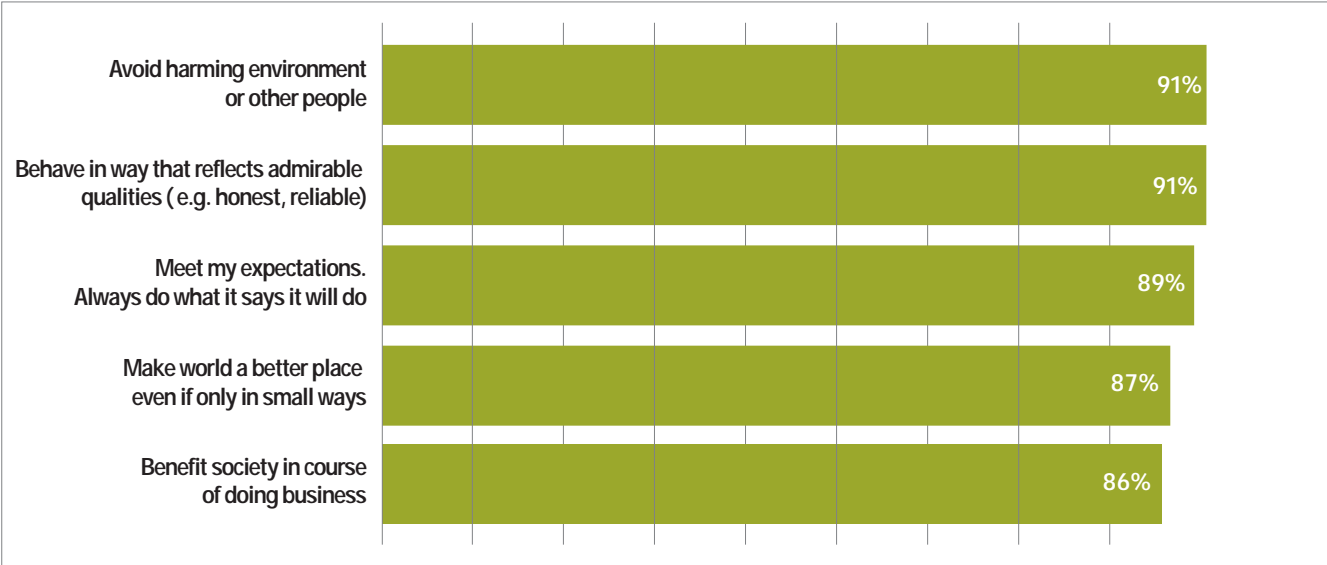
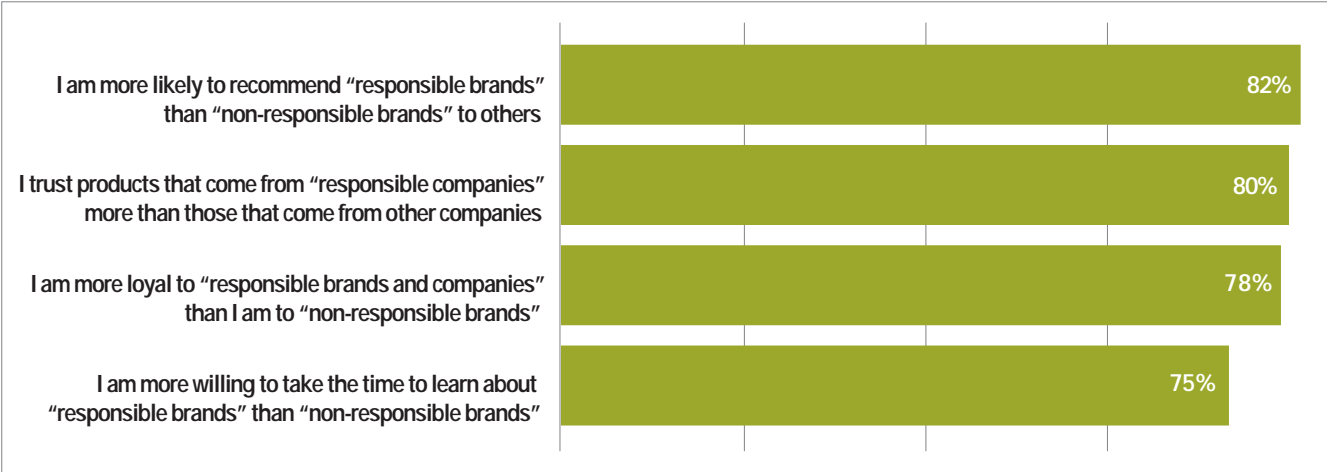


Figure 4. Virtuous brands and companies engage consumers in several important ways



Brands Are Considered Virtuous By Both Being Good and Doing Good

Consumers distinguish Virtuous Brands from other brands by a collection of distinctive traits, behaviors and projected attitudes. Modern Virtue is additive, progressive and action-oriented. Traditional virtuous characteristics such as “high quality,” “honest” and “trustworthy,” are still important in today’s marketplace, but new traits that address contemporary expectations are growing in importance. “Environmentally-conscious,” “forward-thinking” and “innovative” also are important today. (Figure 5)

Notably, Modern Virtue is about both “being good” and “doing good.” In the consumer mind, good is good; consumers do not choose one path to virtue over another but place strong emphasis on both. (Figure 6)

Figure 5. Expectations regarding “brand virtue” are expanding to encompass new qualities

Has always been an important quality of ‘responsible brands’	Is especially important today as a quality of ‘responsible brands’
High Quality (76%)	Environmentally-conscious (66%)
Dependable (72%)	Good Value (51%)
Honest (69%)	Forward-thinking (37%)
Trustworthy (65%)	Honest and Trustworthy (tie) (36%)
Responsible (63%)	High Quality and Innovative (tie) (34%)
Good Value and Fair (tie) (62%)	Responsible (31%)

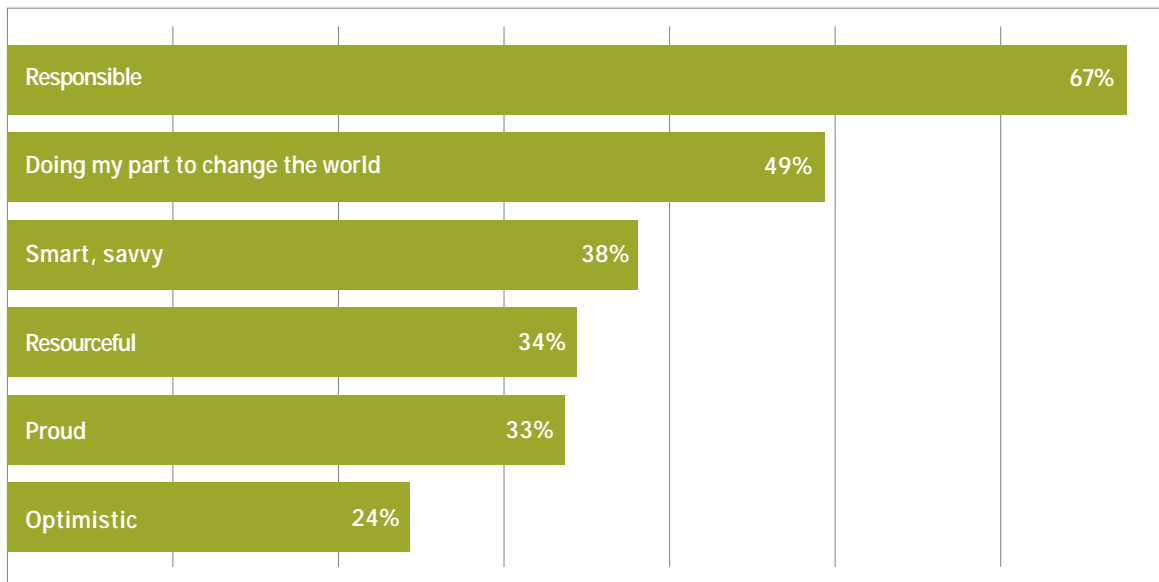
Figure 6. Most consumers do not differentiate between positive brand attributes and good brand behavior.



“Changing The World” Is A Growing Mandate; One With Emotional Benefits For Consumers

Consumers loyal to Virtuous Brands benefit emotionally from their engagement with these brands. There is a “halo effect,” with consumers who purchase Virtuous Brands pointing out that they feel better about themselves because of the affiliation. They report Virtuous Brands make them feel “responsible,” “doing their part to change the world,” “smart and savvy,” and “resourceful,” among other qualities. (Figure 7) In this way, Brand Virtue enhances the loyalty and trust that brands already seek to achieve with consumers.

Figure 7. Purchasing Virtuous Brands makes consumers feel good about themselves



Brand Virtue Appeals To All Ages; Women Bring Greater Expectations To Brands Than Men

There are some notable differences in analyzing responses by age and gender. However, it is important to note that in both cases, while differences are statistically significant, they are often not large.

Age Differences

As might be expected, age differences largely appeared between the youngest group (ages 20-29) and the oldest (ages 50-64). Perhaps most notable is the absence of major swings in opinions among the different groups with respect to key issues. Brand Virtue, it seems, is a concern for all age groups.

Age observations included the following:

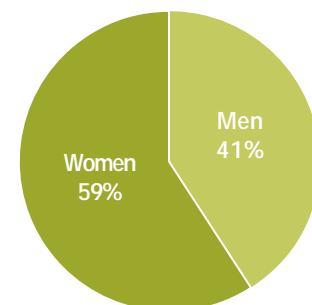
- The trait of “forward thinking” is particularly relevant for younger respondents. As one would expect, they want their companies to be modern and progressive. Similarly, feeling “cool and contemporary” about purchasing Virtuous Brands is valued most among the youngest segment, especially males.
- Collaboration is important to younger and middle-aged respondents, but not to the older segment. This reflects a modern fact of life for younger segments that is largely irrelevant to the older segments.
- The youngest respondents, who are probably the most vulnerable economically, indicate that they are less likely to purchase products from responsible brands in the current economy.

Gender Differences

Differences based on gender were more pronounced than those identified by age. However, it is important to note that while females may emphasize some qualities more than males, the qualities are also important to most males.

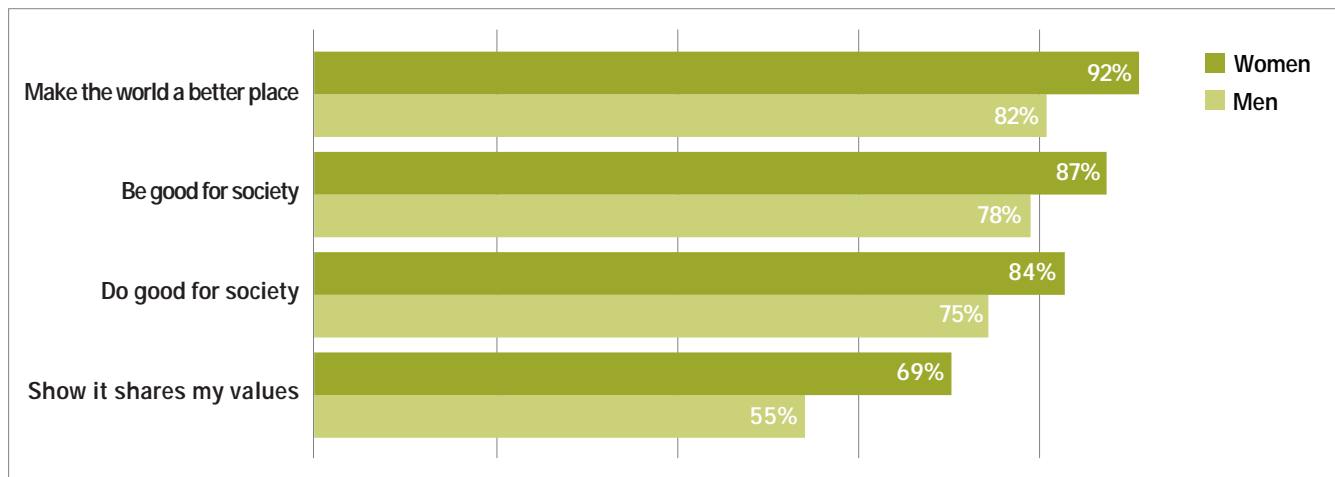
- Females are the more progressive segment in evaluating many virtuous qualities. Generally, they are somewhat more sensitive to, more invested in evaluating and more critical of non-responsible brand behavior. (Figures 8 and 9)

Figure 8. “Responsible brands make me feel like I’m doing my part to change the world.”



- Females are more inclined to push brand boundaries with respect to responsible behavior. 68% of women, compared with 57% of men, believe that brands “sometimes show real courage by standing up for issues that are not always popular, such as gay marriage or humane treatment of animals.”
- Females are more likely to respect people who buy “responsible brands.”

Figure 9. Women bring slightly higher “virtue” expectations to brands than do men, noting that responsible brands should:



For more information about this study:



Context Marketing is a San Francisco Bay Area consulting firm that helps companies develop communications strategy and initiatives addressing the societal issues and trends that influence brand preference and corporate reputation.

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Noesis Research is a full service, qualitative and quantitative marketing research company, based in San Rafael, California. Noesis Research specializes in emerging trends and innovative methodologies for evaluating consumer behavior.

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