

JOSHUA T. BECK, UNIVERSITY OF OREGON

**The C.R.E.D.O. Model:
Designing a
Purpose-Driven Brand**





AGENDA

- INTRODUCTIONS
- BRAND'S NEW PURPOSE
- PURPOSE CREATION TOOLS
 - Examples, risks, benefits
- THE C.R.E.D.O. MODEL & BREAK-OUT
- DEBRIEF

“ Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. ”

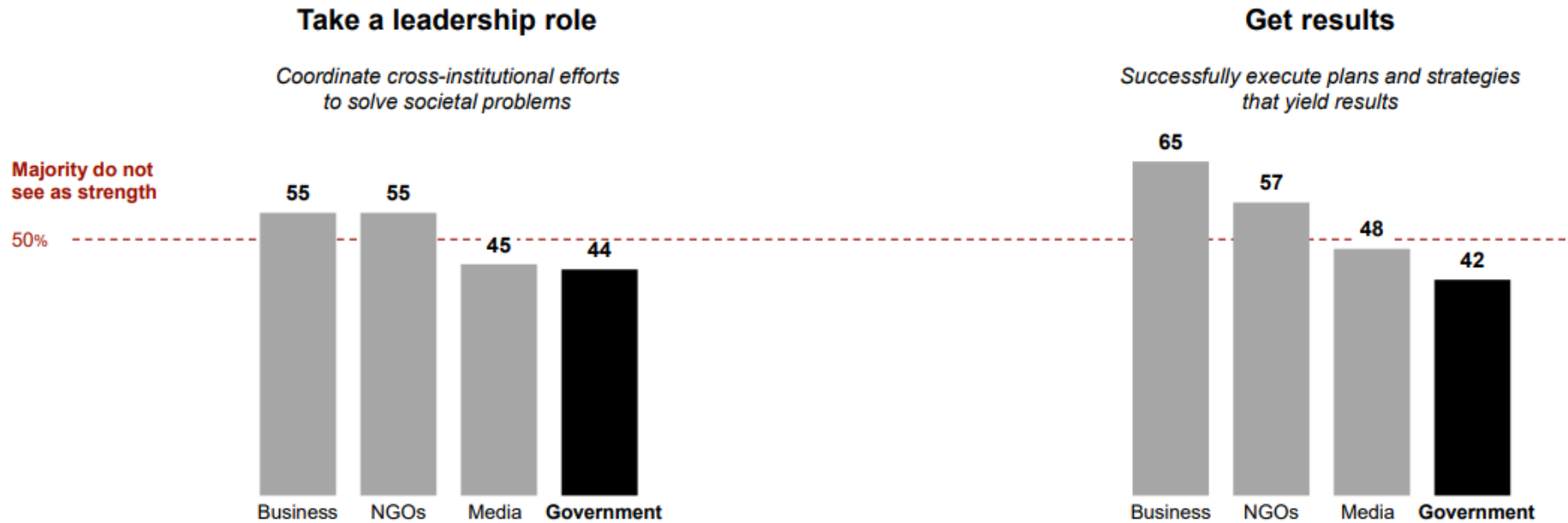
Larry Fink, BlackRock chief executive officer (2018)



GLOBAL 24 Not asked in China, Russia, Thailand

GOVERNMENT NOT SEEN AS ABLE TO SOLVE SOCIETAL PROBLEMS

Percent who say each is a strength of institutions



2022 Edelman Trust Barometer. CMP_ARE_[INS]. Thinking about [institution] as they are today, please indicate whether you consider each of the following dimensions to be one of their areas of strength or weakness. 5-point scale; top 2 box, strength. Question asked of half of the sample. General population, 24-mkt avg. Data not collected in China, Russia and Thailand.



ALL STAKEHOLDERS HOLD BUSINESS ACCOUNTABLE

Percent who agree

Global 27

58%

**Buy or advocate
for brands**

based on their beliefs
and values

60%

**Choose a place
to work**

based on their beliefs
and values

64%

Invest

based on their
beliefs and values

Global 7

Source: 2021 Edelman Trust Barometer
Special Report: Institutional Investors

88%

of institutional investors

subject ESG to the same scrutiny
as operational and financial
considerations

2022 Edelman Trust Barometer. Belief-driven consumer, employee, and investor segments. General population, 27-mkt avg. Employee data is filtered to be among employees of an organization (Q43/1). Investor data is only among those who sell stocks, bonds, or mutual funds as a standalone or employer-sponsored investment (INVESTOR/1). See Technical Appendix for a full explanation of how belief-driven consumers, employees, and investors were measured.

2021 Edelman Trust Barometer Special Report: Institutional Investors. Q7. Please indicate the extent to which you agree or disagree with the following statements regarding shareholder activism. 4-point scale; top 2 box, agree. 7-mkt avg.

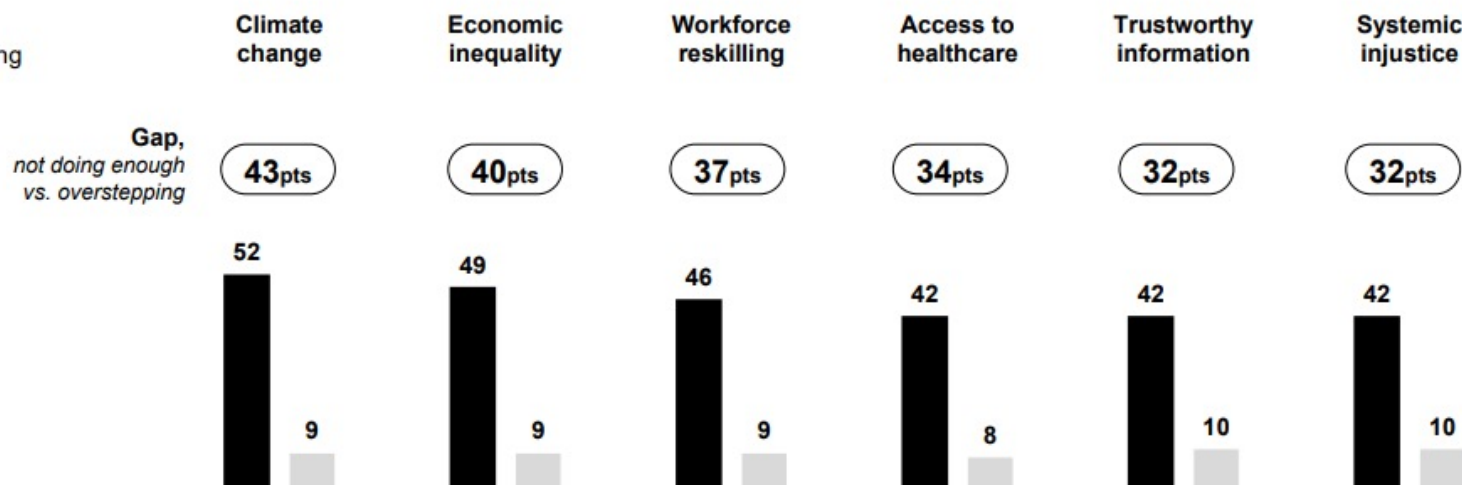


WANT MORE, NOT LESS, BUSINESS ENGAGEMENT ON SOCIETAL ISSUES

Percent who say

On addressing each **societal issue**,
business is...

■ — □
not doing enough overstepping



2022 Edelman Trust Barometer. BUS_BND. Think about business as an institution, and its current level of engagement in addressing societal needs and issues. When it comes to each of the following areas, please indicate if you think business is going too far and overstepping what it should be doing, is doing just the right amount in regard to this activity, or is not going far enough in its actions and should be doing more. 3-point scale; code 3, "not doing enough"; code 1, "overstepping". General population, 27-mkt avg.



DEFINING BRAND PURPOSE

“A statement that sets out how brand management intends to achieve **social impact** through brand-related actions. It generally includes specific **societal causes** that will be supported through its day-to-day operations, non-business special events, and lobbying efforts.”

– *The American Marketing Association (AMA)*

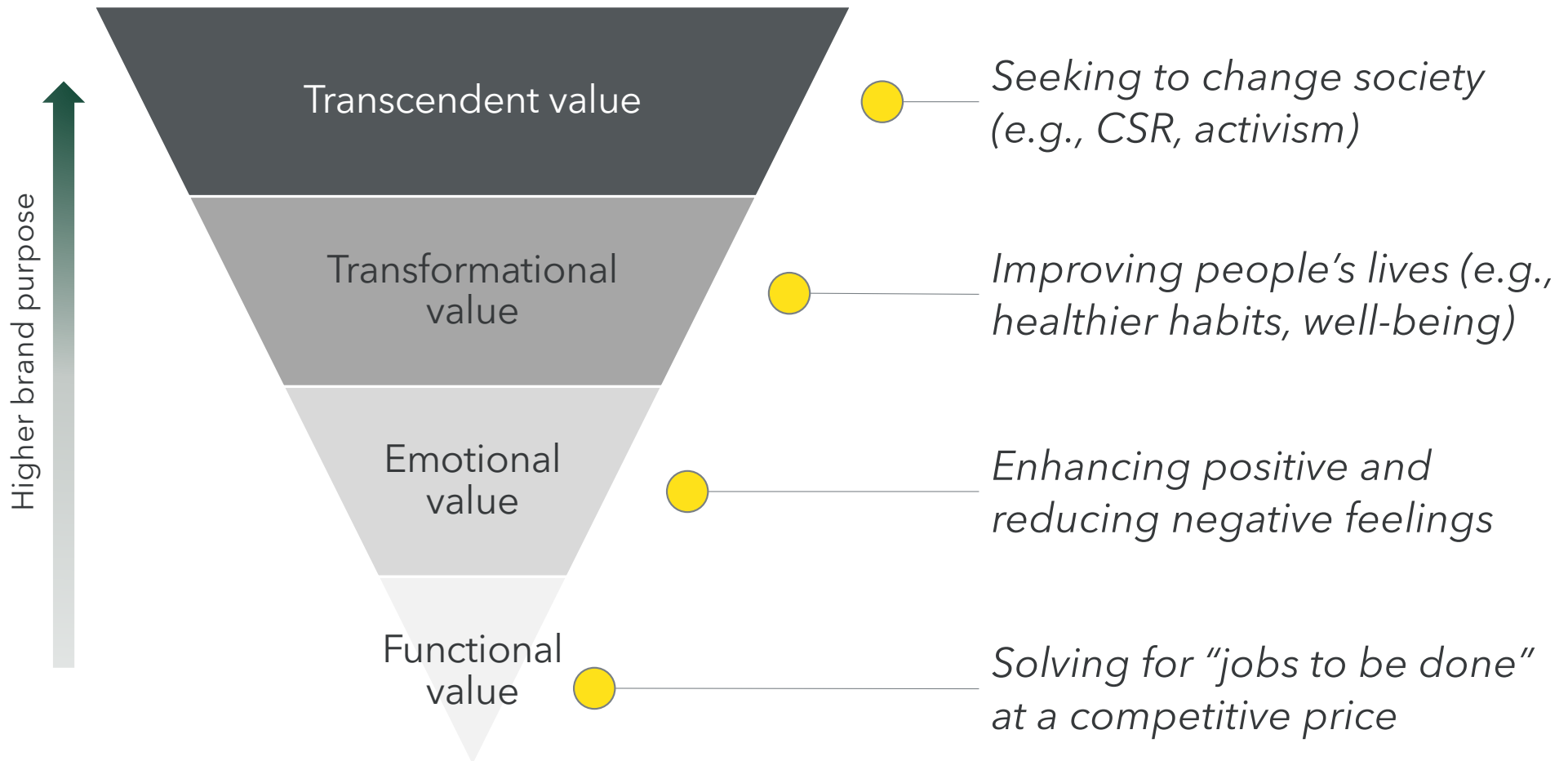
“Relates to the **higher-order** mission of brands and their **broader social goals**”

– *Kevin Keller, Dartmouth Professor & Branding Expert*

“**An aspirational reason for being** that inspires action that benefits shareholders and stakeholders, as well as global societies”

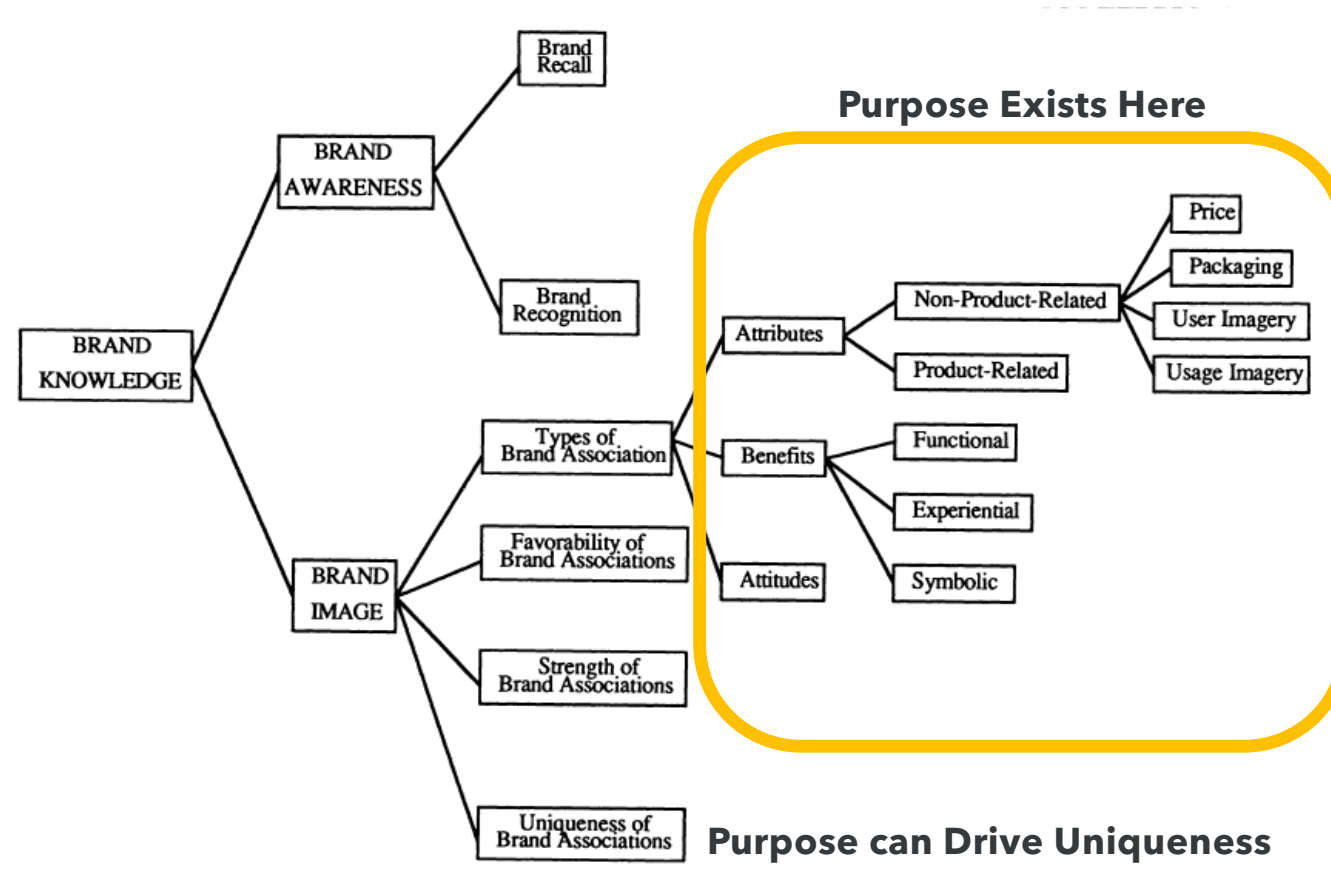
– *Jim Stengel, former Global Marketing Officer at Procter & Gamble*

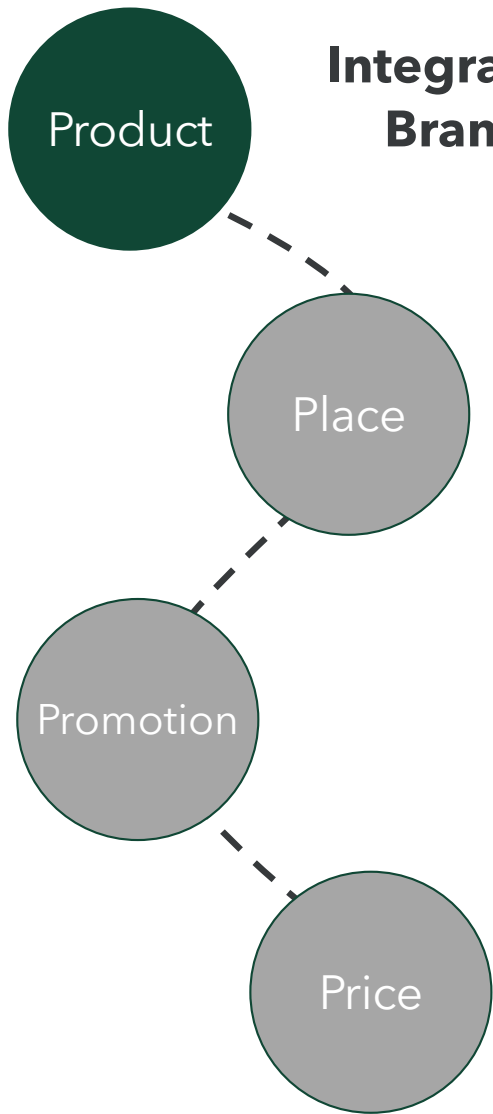
What value does your brand offer?



Adapted from Almquist, Senior, and Bloch 2016

KEVIN KELLER'S BRANDING 101

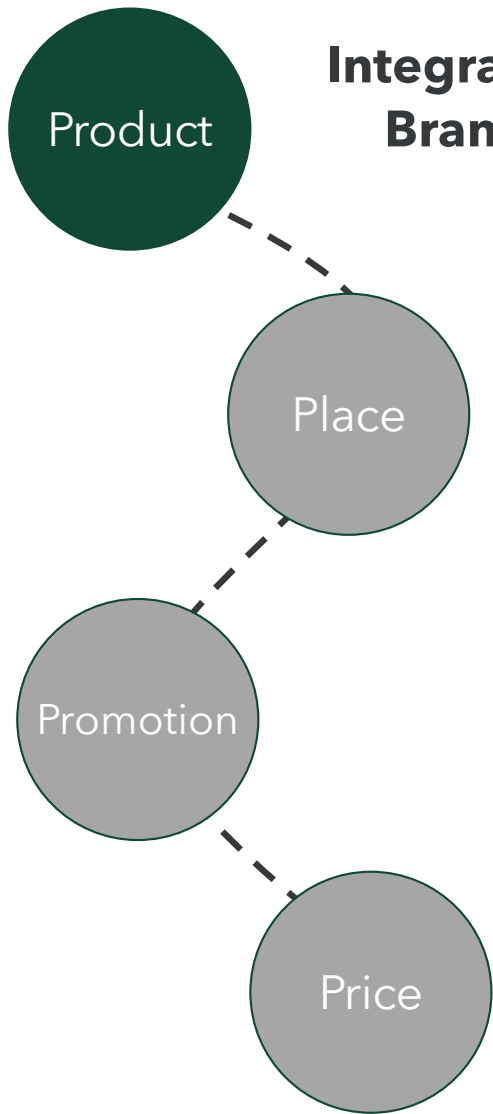




Integrating Purpose Using Traditional Brand Management Frameworks

Xbox introduced a more accessible controller in 2018

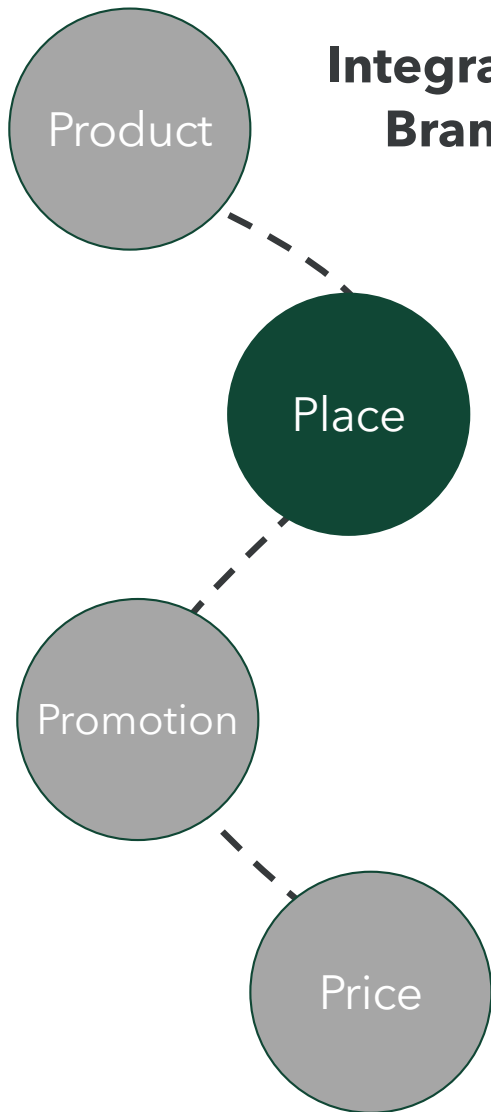




Integrating Purpose Using Traditional Brand Management Frameworks

P&G innovated products that require less water in partnership with NASA

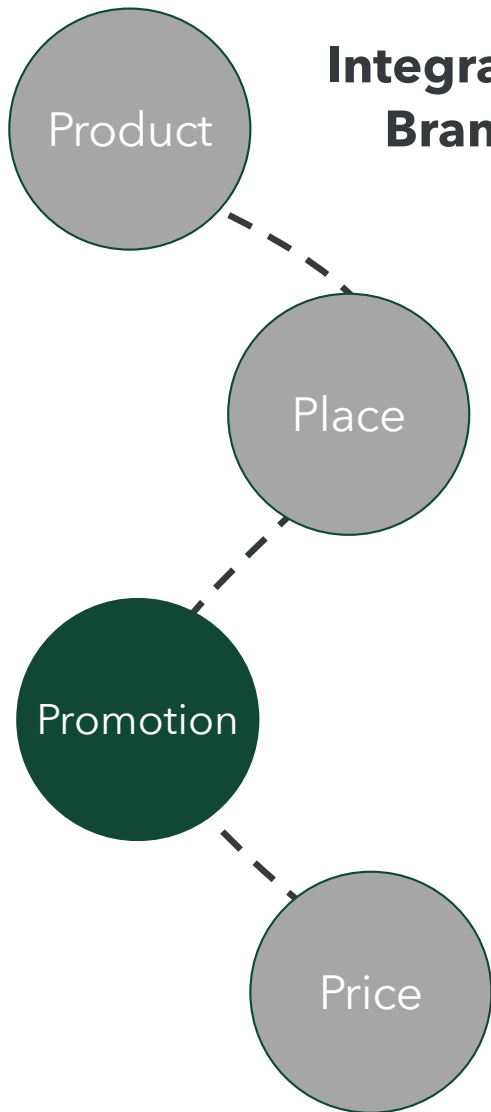




Integrating Purpose Using Traditional Brand Management Frameworks

United Healthcare is building affordable housing (\$800m; 19k units to date) to house and service unhoused populations, which has the add-on benefit of reducing the cost of medical care (in some markets, 1% of ER patients were 30% of hospital costs)

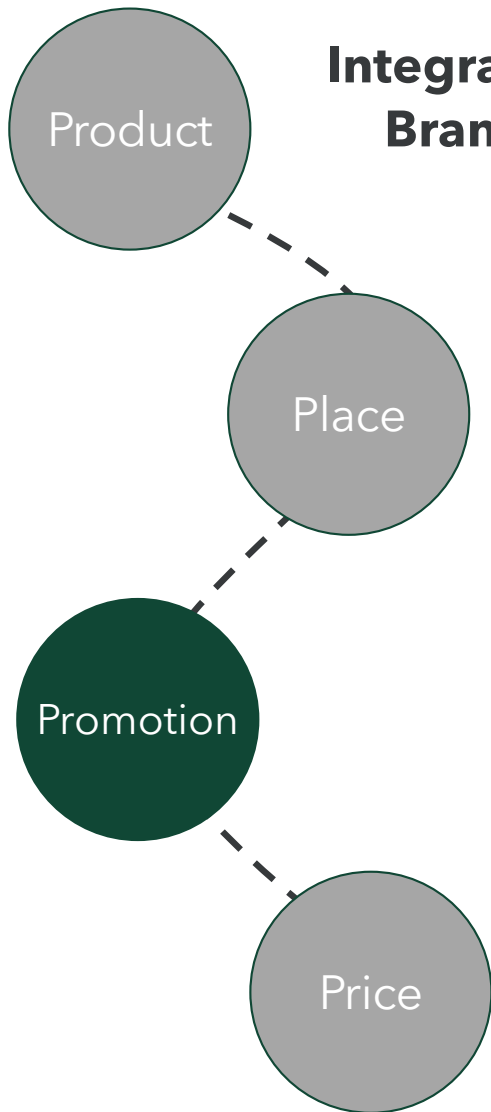




Integrating Purpose Using Traditional Brand Management Frameworks

Nike's controversial (at the time) decision to make Colin Kaepernick the face of its 30 year anniversary "Just Do It" campaign, amid lagging sales





Integrating Purpose Using Traditional Brand Management Frameworks

Patagonia's campaign to benefit the environment by reducing waste

DON'T BUY THIS JACKET



COMMON THREADS INITIATIVE

REDUCE

WE make useful gear that lasts a long time
YOU don't buy what you don't need

REPAIR

WE help you repair your Patagonia gear
YOU pledge to fix what's broken

REUSE

WE help find a home for Patagonia gear
you no longer need
YOU sell or pass it on*

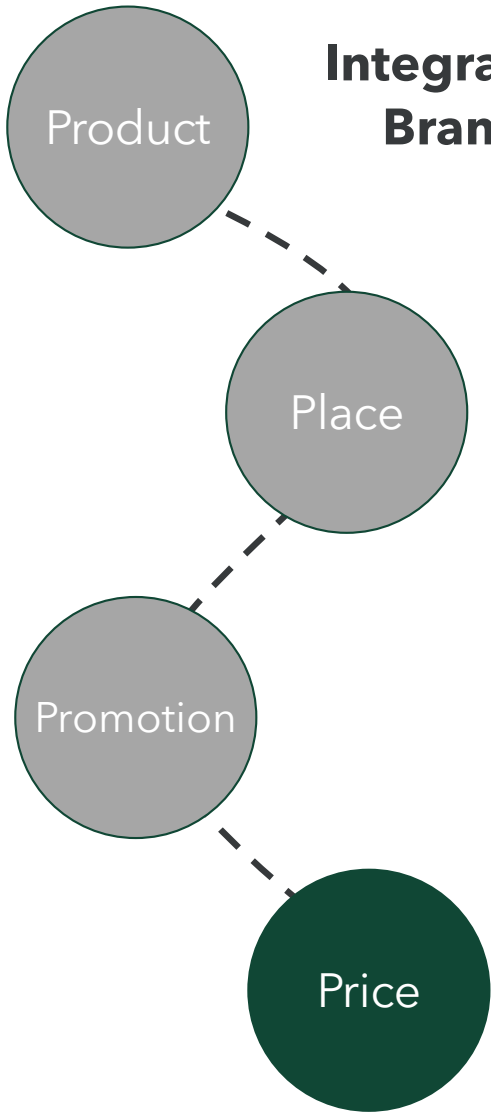
RECYCLE

WE will take back your Patagonia gear
that is worn out
YOU pledge to keep your stuff out of
the landfill and incinerator



REIMAGINE

TOGETHER we reimagine a world where we take
only what nature can replace



Integrating Purpose Using Traditional Brand Management Frameworks

Many retailers have a “round-up for charity” at checkout

[Marketing](#) | [Store management](#) | [Merchandising](#)

Change Commerce - Donation App

by [ShoppingGives](#)

Increase Loyalty & AOV, Donate % of Sales & Round Up, POS

★★★★★ [106 reviews](#)

📍 Popular with businesses in the **United States**

Free to install. Additional charges may apply.

Add app
View demo store

App highlights

- 📱 Seamless workflow: use directly in Shopify admin
- 📅 Up-to-date tech: works with the latest themes

Easy, Secure Donations

Fully compliant donation management. 100% of donations reach your cause. Tax receipts ✓ Regulations oversight ✓ Donation disbursements ✓

Improved Customer Experience

Increase conversion, loyalty and AOV by giving back. Improve 1:1 marketing with data-driven insight into your customers' motivations.

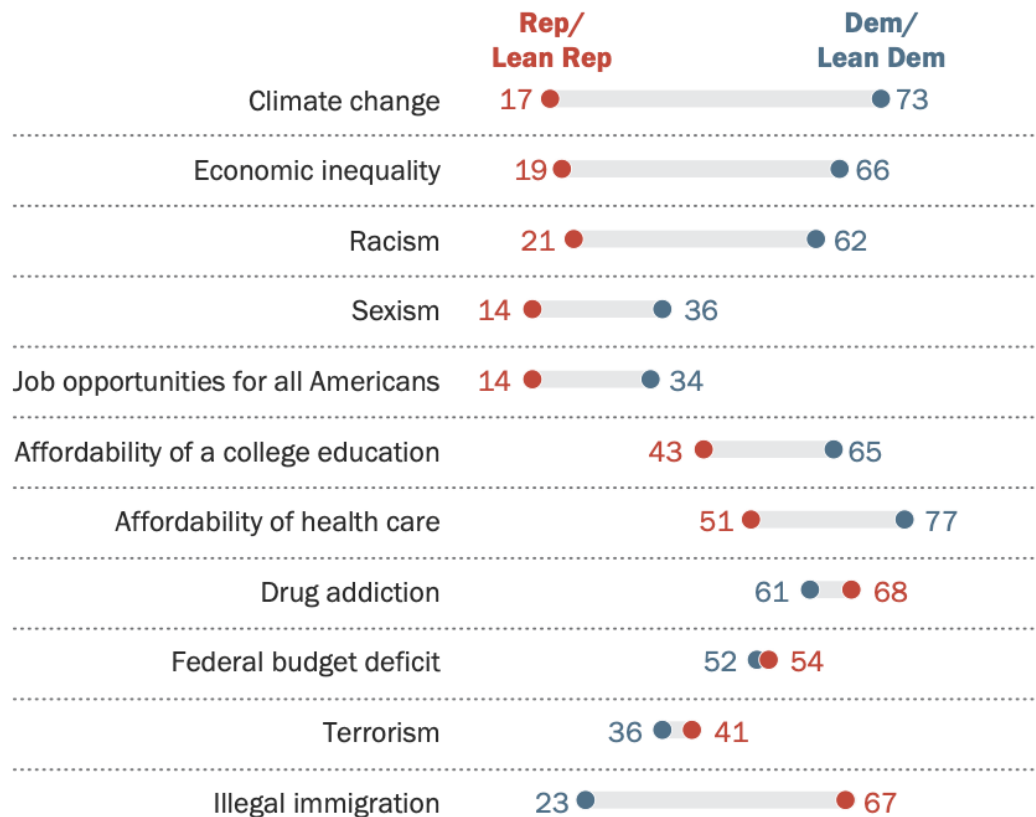
Expert Assistance

Knowledgeable, responsive support to help you refine your strategy and maximize your impact. We're here to help you succeed.

WHAT SOCIETAL PROBLEMS NEED FIXING?

Little partisan agreement on the major problems facing the U.S.

% who say each is a very big problem in the country today



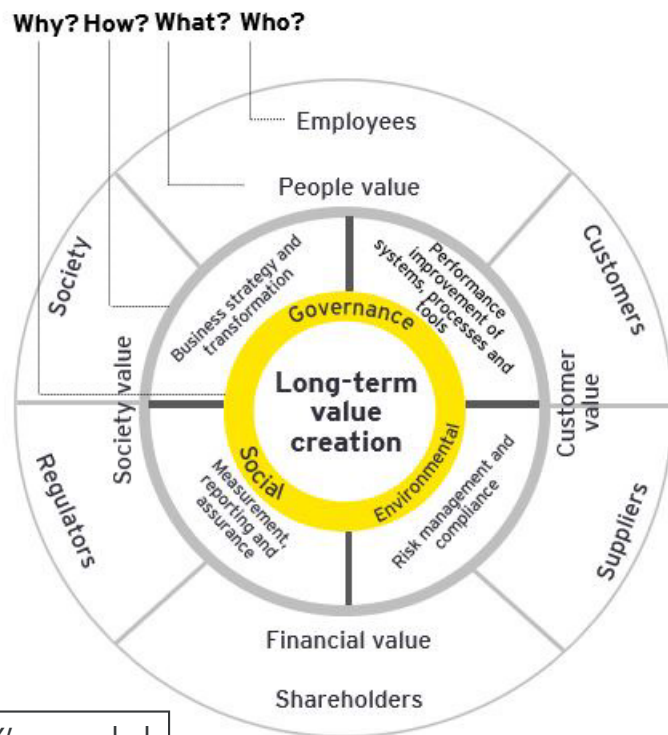
Note: No answer responses not shown.

Source: Survey of U.S. adults conducted Sept. 3-15, 2019.

PEW RESEARCH CENTER

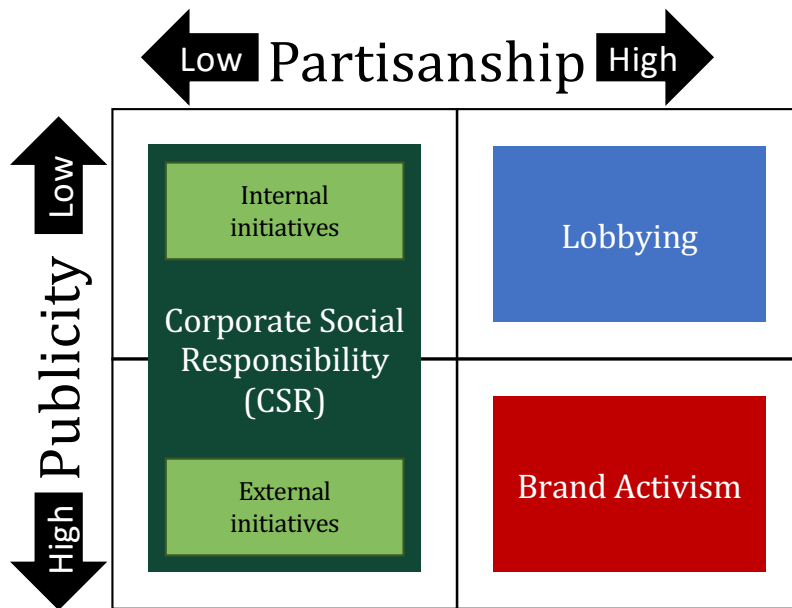
TOOLS FOR CREATING BRAND PURPOSE

Strategic focus on long-term value creation across stakeholders



EY's model

How to make a social impact?



IS CONTROVERSY GOOD?

Google Search Trends for Nike 2017-2022



Kaepernick
Announced as
Spokesperson

Controversial Activism Can Help or Hurt

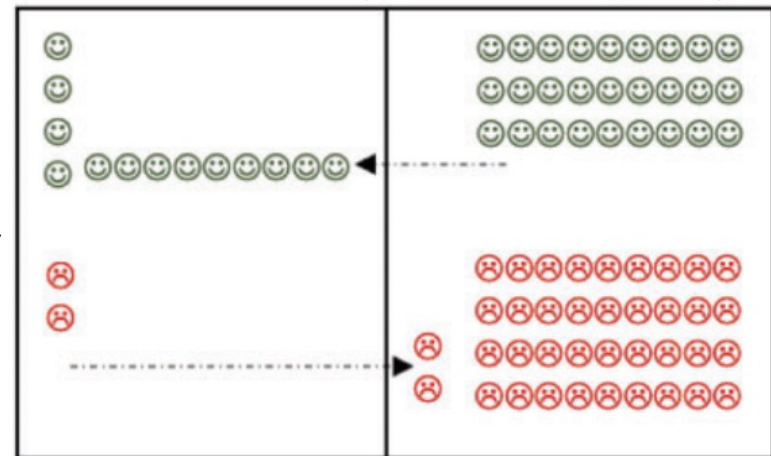
Small companies (less than 33% market share) can **gain** like-minded customers who **favor** the activism

Hypothetical large share company **before** activism



Activism

Hypothetical large share company **after** activism



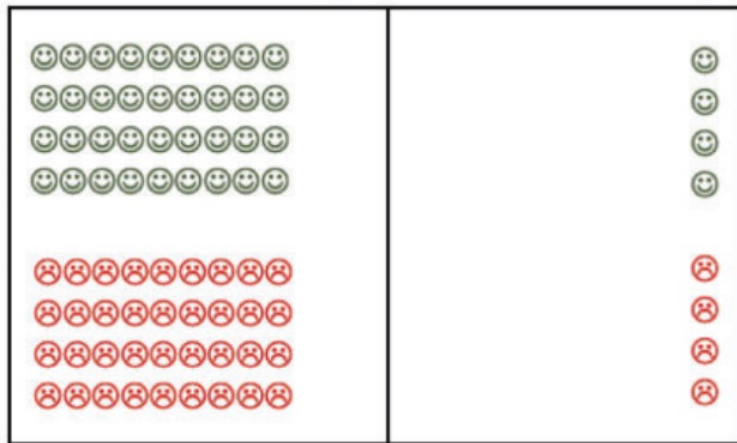
😊 = Customer who supports
☹️ = Customer who opposes

Net gain of customers for small share companies

Controversial Activism Can Help or Hurt

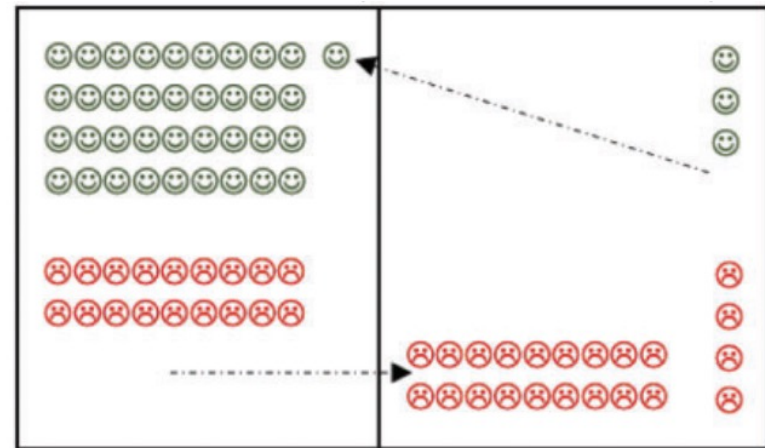
People react more strongly to negative information than positive information (“**negativity bias**”); thus, **large** (33%+ market share) firms **risk losing** more customers than they gain

Hypothetical large share company **before** activism



Activism

Hypothetical large share company **after** activism



😊 = Customer who supports
☹️ = Customer who opposes

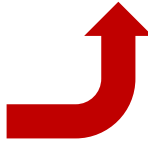
Net loss of customers for large share companies

My research finds that large companies (approx. 300 Fortune 500 companies) can profit from activism when it **aligns** with stakeholders' ideologies

Level of Deviation:	Group 1 29%	Group 2 9%	Group 3 10%	Group 4 11%	Group 5 7%	Group 6 11%	Group 7 10%	Group 8 12%
from Customers	Low	Low	Low	High	Low	High	High	High
from Employees	Low	Low	High	Low	High	High	Low	High
from Government	Low	High	Low	Low	High	Low	High	High
Stock return	.71%**	.39%	.01%	-.62%*	-1.79%**	-.26%	-.94%**	-2.45%***
Quarterly Sales Growth	.084***	.085**	.042***	.0095	.034**	.017	-.051*	-.040**
Annual Sales Growth	.12***	.081**	.10***	.0044	.045**	.0097	-.053*	-.043**
***p < .01, **p < .05, *p < .10								



Alignment boosts stock return and sales growth (Nike Effect)



Misalignment has a stronger negative effect on stock and sales

SAME STANCE CAN HAVE DIFFERENT REACTIONS

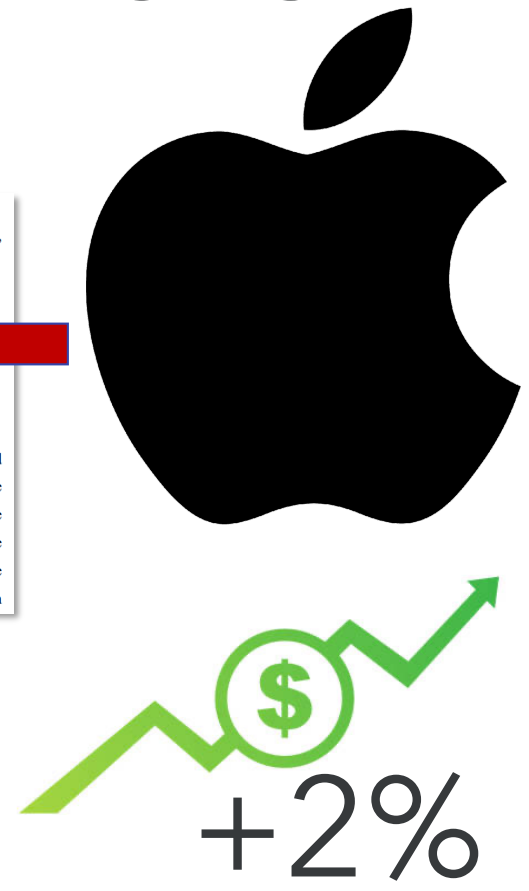


House Bill 757 (AS PASSED HOUSE)

By: Representatives Taylor of the 9th, Nix of the 69th, Battle of the 15th, Powell of the 171st, Hatchett of the 150th, and others

A BILL TO BE ENTITLED
AN ACT

To protect religious freedoms; to provide for defense and relief related thereto; to amend Chapter 3 of Article 19 of the Official Code of Georgia Annotated, relating to marriage generally, so as to provide that religious officials shall not be required to perform marriage ceremonies, perform rites, or administer sacraments in violation of their legal right to free exercise of religion; to provide that no individual shall be required to attend the solemnization of a marriage, participate in, or assist in the administration of sacraments in



RESEARCH-DRIVEN INSIGHTS

Brand Activism can **enhance** investor and sales response, when:

- It's **authentic** to the brand
- It **aligns** with stakeholders
- It's **timely**; early movers are seen as more selfless (vs. profit-driven)

Negative effects can be *minimized* when:

- It's part of a **coalition** (many firms signing on)
- **Business interest** is communicated
- Commitment seems **low** (statement vs. action)
- It **doesn't** come from the **CEO** (e.g., PR team or CMO)

Note: research in psychology shows that "staying silent" on issues implies tacit agreement with the unpopular view

What predicts first-mover brands responding to Roe vs. Wade decision?

- CEO ideology
- Women CEO
- Women on board
- Size of company
- Sector
- Physical geography
- ESG strategy



What predicts first-mover brands responding to Roe vs. Wade decision?

- ~~— CEO ideology~~
- ~~— Women CEO~~
- ~~— Women on board~~
- ~~— Size of company~~

- Sector
- Physical geography
- ESG strategy





THE C.R.E.D.O. MODEL

DESIGNING BRAND PURPOSE

- 1. Charting:** Identifying stakeholders, important societal issues, and their stances
- 2. Risking:** Evaluating the upside risk (increased sales, reduce costs) and downside risk (government retaliation, boycotts, walk-outs)
- 3. Evangelizing:** Develop an internal and external integrated communication strategy to connect your brand to its purpose
- 4. Demonstrating:** Identify key events or investment opportunities to provide concrete examples of your brand's commitment to its purpose
- 5. Oversighting:** Systematized monitoring of stakeholders and societal issues to update your brand's purpose over time

CHARTING

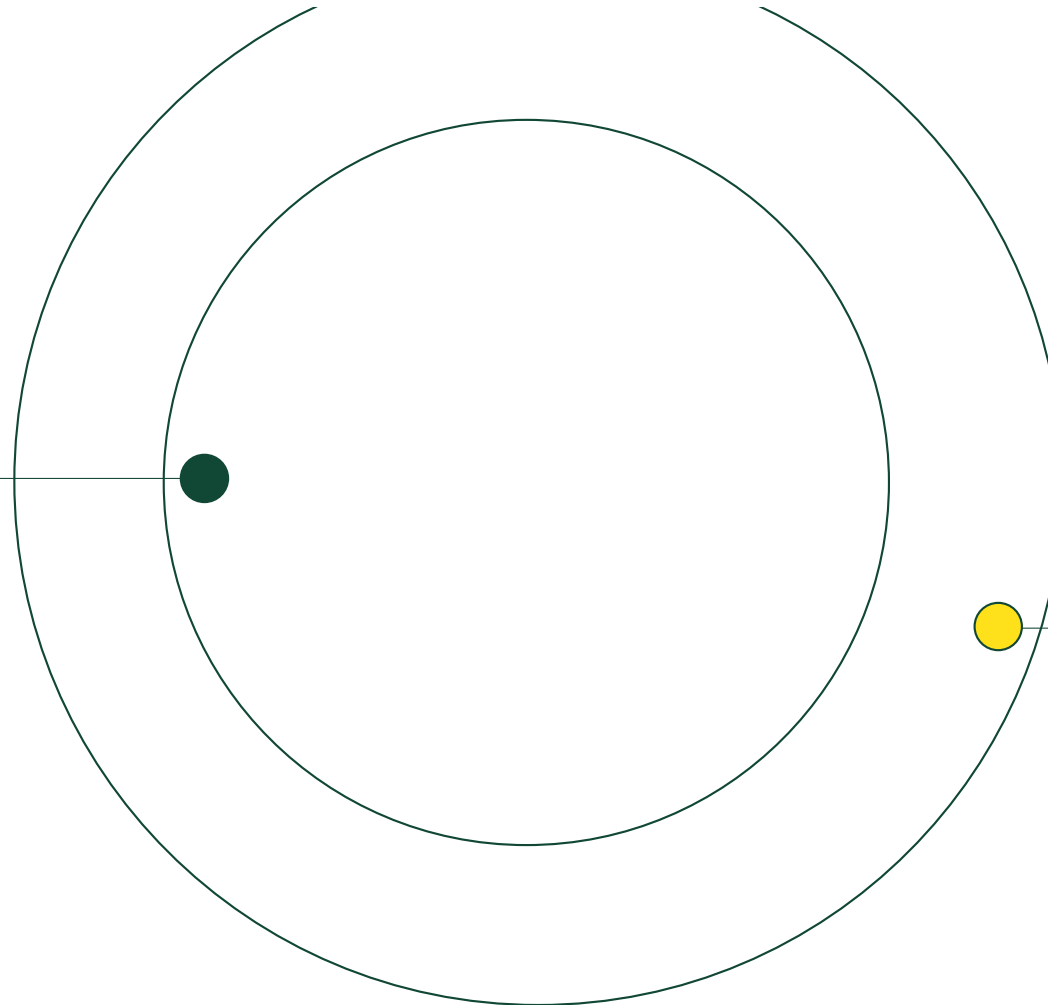
Key Stakeholders <i>Who has an interest in your brand (current and potential)?</i>	Key Sociopolitical Issues <i>What are high-priority issues and each group's stance?</i>	Current Brand Associations <i>Is your brand already connected to these issues in any way?</i>
<i>Customer Segments</i>		
<i>Employee Groups</i>		
<i>Government Regulators</i>		
<i>Other?</i>		

RISKING

Central elements of purpose

Using charting data, what issues/stances are:

1. aligned across stakeholders, and
2. aligned with your brand?



Peripheral elements of purpose

Which issues/stances are:

1. Partially aligned across stakeholders
2. Aligned with stakeholders but not brand

EVANGELIZING

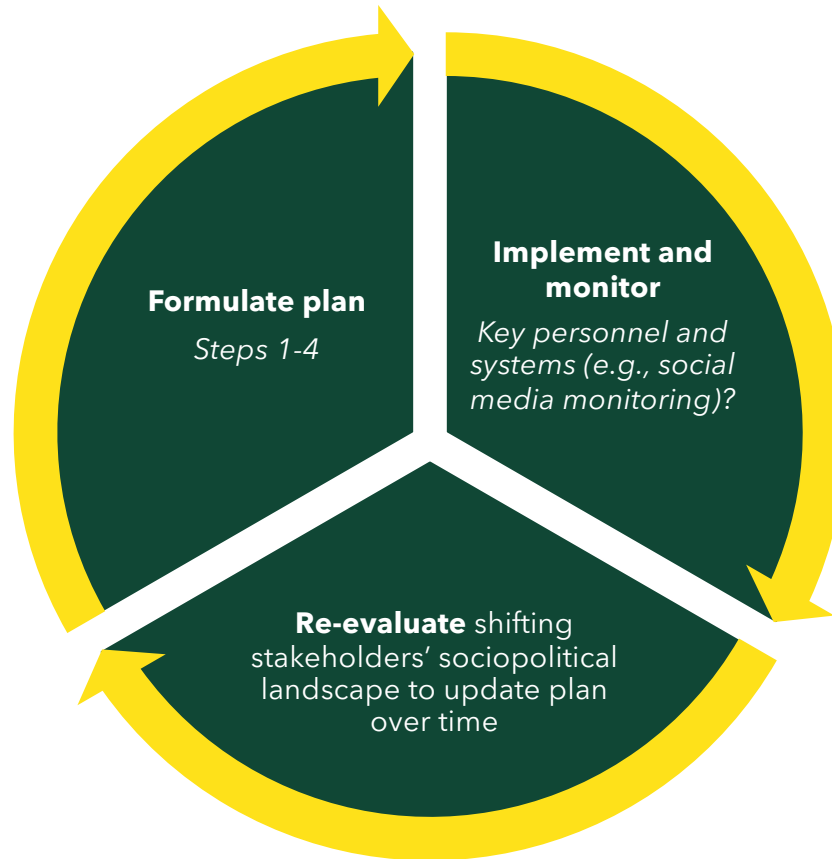
Elements of Purpose <i>List the top three central elements of purpose (issue and stance)</i>	Internal Communication Strategy <i>How to engage employees?</i>	External Communication Strategy <i>How to engage customers?</i>
<i>Element #1</i>		
<i>Element #2</i>		
<i>Element #3</i>		
<i>Peripheral elements?</i>		

DEMONSTRATING

Elements of Purpose <i>List the top three central elements of purpose (issue and stance)</i>	Key Events <i>What known events to engage (proactive) and what events and how to respond to immediately (reactive)?</i>	Key Investments <i>Consider outside investments (e.g., United Health example) or 4 Ps (e.g., product, promotion)</i>
<i>Element #1</i>		
<i>Element #2</i>		
<i>Element #3</i>		
<i>Peripheral elements?</i>		

OVERSIGHTING

Oversighting means routine monitoring *and* finding and addressing missteps.



DEBRIEF



STAKEHOLDER ALIGNMENT

- How easy/difficult was it to identify elements of purpose (issues/stances)?
- What resources at your organization would facilitate “charting?”
- Were any issues clearly aligned/misaligned across brands/stakeholders?



PERFORMANCE IMPACT

- Were elements of purpose connected to revenue generation or cost reduction?
- How would a purpose-driven approach affect customer acquisition, expansion, and/or retention?



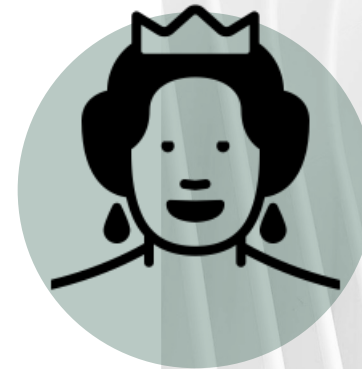
EXTERNAL PARTNERSHIPS?

- When considering elements of purpose, could your firm benefit from external partnerships?
- Is simply giving money to a charity enough to generate a strong sense of brand purpose?

CAUTIONARY TRENDS

- Moral outrage attracts attention and is a tool used by news and social media (see Max Fisher's "The Chaos Machine")
- Political divisions are sharpening at a faster clip
- Employees and consumers feel increasingly empowered in the wake of many social justice movements (gay marriage, #MeToo, BLM, etc.) and the great resignation
- Managing brands in this era means quickly navigating turbulent waters

...keeping poised and purposeful
may provide a lasting positive legacy!





THANK YOU

Joshua T. Beck

jbeck2@uoregon.edu