



GolinHarris

Doing Well by Doing Good 2005:

THE TRAJECTORY OF CORPORATE CITIZENSHIP IN AMERICAN BUSINESS

A Glimmer of Hope? How Consumers are Responding to Corporate Citizenship.

Everywhere you look companies seem to be committing themselves to good corporate citizenship. From reducing greenhouse gases to awareness-building through rubber bracelets and walk-a-thons to more stringent corporate governance to a proliferation of Corporate Social Responsibility reports, companies are certainly getting the message that doing good deeds can be good for business.

And they are increasingly getting much more sophisticated about how they approach this work—making sure that the programs they invest in fit with their business, achieving real business-oriented goals, as well as societal ones, and engaging employees and customers.

Our third annual study on corporate citizenship shows that the downward spiral may be over when it comes to how people perceive corporate citizenship and companies' commitment in this area. It is one of the first signs that Americans may be ready to put the controversy of corporate scandals behind them and get back to business. Only now, there will be a new set of rules for what it means to be a "good" corporate citizen, both in a very real legal reporting sense and in terms of consumers' expectations for how companies behave in the marketplace and in the community.

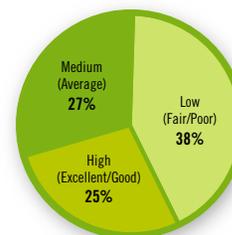
But the alarm continues to sound as there is still a large number of Americans who are not ready to give companies any credit at this stage, even with what appears to be a renewed commitment on the part of business. In fact, 44% of the respondents to our survey say that American business is headed in the wrong direction when it comes to corporate citizenship. Now is not the time for any company to rest on its laurels as consumers and other stakeholders will continue to hold American business to a new and increasingly rigorous set of standards. Companies who have made corporate citizenship a company value and reaped the benefits of an improved reputation will not be able to slow down as a new group of companies figures out how to make this strategy work for them. What we will see in the coming years is a growing sophistication of this discipline and strategy as it continues to evolve from "nice-to-do" to "must-do."

We are pleased to present the results of *Doing Well by Doing Good 2005*, our third annual national opinion study based on interviews with 3,500 Americans on their attitudes and expectations of corporate citizenship and its role in business; the qualities that make a good corporate citizen; and people's perceptions of corporate citizenship performance by 108 brands.

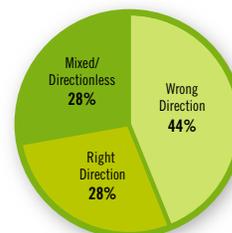
Americans' Expectations Regarding Corporate Citizenship Are Still Unmet

For all of the efforts companies are making in the area of corporate citizenship, Americans are still not giving business high marks in this area. More consumers report companies are doing a bad job when it comes to corporate citizenship. And what's worse, they don't see any sign that companies are getting any better. Nearly half (44%) of Americans think

Corporate Citizenship Rating



Corporate Citizenship Direction



business performance in corporate citizenship is headed in the wrong direction.

Some of this sentiment is residual from the wave of corporate scandals and continuing coverage of corporate misdeeds.

However, it is clear that some companies that are making investments in this area simply have not figured out how to maximize the return on their investment.

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Good Corporate Citizenship Builds Trust

Companies have a real opportunity to build powerful bonds with key stakeholder groups by maximizing their corporate citizenship investments. They can encourage consumers to try their products for the first time, and they can improve the morale of their employees and improve recruitment and retention efforts of the best and brightest employees. Good corporate citizenship also inspires people to spread the word about a company: Both customers and employees report that they would “recommend” a company for its products and services, or as a place to work because of good corporate citizenship. This ability to inspire word-of-mouth is very powerful in a time when people rely on friends and family more than advertising and other communications vehicles for their information. *See tables below.*

CORPORATE CITIZENSHIP INFLUENCE ON CONSUMER OPINIONS/BEHAVIOR (TOP 5)

1. Be willing to try the company's products for the first time
2. Welcome the company into my community
3. Recommend the company's products and services to friends and family
4. Improve my overall trust for the company, its people and products
5. Improve my overall opinion of the company's reputation

CORPORATE CITIZENSHIP INFLUENCE ON EMPLOYEE OPINIONS/BEHAVIOR (TOP 5)

1. Increase morale, spirit and pride by me and my fellow employees
2. Increase the trust I have in my employer
3. Enhance my employer's overall reputation in the community, in my opinion
4. Enable my employer to attract and retain the best, most talented people
5. Recommend my employer to others as a place to work, if asked my opinion

Top Concerns for Business to Address

Most everyone has a story to tell about a work experience they had that was really positive and one that was not so great. These memories, both good and bad, stay etched in our psyche for a long time and they play a key role in how we judge companies and their record in corporate citizenship. Little wonder that when it comes to issues consumers believe business ought to address, the primary concern among all demographic groups is worker treatment—providing safe working conditions, job training and healthcare benefits. So to the degree a company is seen as having innovative programs in this area and is recognized as a leader, that company will enjoy the benefit of an improved reputation in the area of corporate citizenship. Issues related to the environment and education rank high with the American public. African Americans tend to favor issues that address local, community problems. Hispanics tend to focus on helping those less fortunate. Older Americans are interested in holding companies accountable for standing by product safety. *See Figure 1.*

Communicating About Corporate Citizenship

Americans are increasingly savvy when it comes to processing information coming from companies. What was once perhaps a healthy dose of skepticism a few years ago has turned into downright denial on the part of the public to take any information they receive at

INFORMATION SOURCES (TOP 5)

1. Through people and organizations helped by the company's corporate citizenship
2. News coverage on television and radio
3. News coverage on newspapers and magazines
4. Through partnering with non-profit organizations, educational institutions government, etc.
5. Community events, fundraisers, sponsorships, symbols (e.g. ribbons, bracelets)

face value. What's more, consumers have the ability to check facts themselves on the internet going directly to sources of information rather than waiting for the information to come to them. What this means is that, more than ever before, companies must rely on objective, third-party, credible sources to communicate their commitment to corporate citizenship for them. And in order to maximize their communications efforts they need to find ways to engage consumers and other stakeholders through programs that are experiential and demonstrate a company's commitment by encouraging participation.

Attributes of Good Corporate Citizenship

The 2005 study identifies 12 key drivers that are important in building a company's reputation as a good corporate citizen. How a company treats its employees and how it is perceived as an ethical and honest company are still the two most critical factors when consumers judge a company's performance as a good corporate citizen. In this year's survey two additional attributes were considered that consumers ended up ranking as the third and fourth most important factors in corporate citizenship: “Goes beyond what is required to provide safe and reliable products and services” (50%), and “Responsibly markets and advertises its products and services” (40%). *See Figure 2 for complete listing.*

Change Corporate Citizenship Index (CCI)

The *Change Corporate Citizenship Index (CCI)* is a proprietary metric that weights, integrates and consolidates the full range of corporate citizenship drivers into a single number score that enables “apples-to-apples” brand comparison. Using the CCI, a company can measure its own corporate citizenship against direct competitors, peer groups of brands sharing similar qualities, gold-standard brands whose

Figure 1: TOP 5 CORPORATE CITIZENSHIP CONCERNS

All	Men	Women	African American	Hispanic/Latino	Age: 55+
Worker welfare: rights, working conditions	Worker welfare: rights, working conditions	Worker welfare: rights, working conditions			
Promoting product safety	Guarding privacy concerns	Promoting product safety	Promoting human rights	Promoting human rights	Promoting product safety
Guarding privacy concerns	Preserving, renewing environmental resources	Guarding privacy concerns	Helping fight poverty, hunger	Helping fight poverty, hunger	Guarding privacy concerns
Preserving, renewing environmental resources	Promoting product safety	Improving quality of education	Helping redevelop neighborhoods, inner cities	Helping people with physical/mental disabilities	Preserving, renewing environmental resources
Improving quality of education	Promoting human rights	Preserving, renewing environmental resources	Improving quality of education	Helping cure illnesses	Promoting human rights

corporate citizenship provides an aspirational model and the company's own performance over time with customers, employees or investors.

In 2005, *Change* evaluated 108 brands for the CCI. This year CCI scores ranged from a high of 67 to a low of 39, with 52 as the average CCI score across all brands tested. Once the brands receive their CCI scores, they are classified using one of five performance grades from excellent to poor. See Figure 3.

While Americans perceive business in general as heading in the wrong direction and not living up to its corporate

citizenship commitment, the 2005 CCI demonstrates that Americans can and do make strong distinctions between brands that are pace-setters, leaders, followers and laggards.

All brands included in the 2005 survey have their own unique corporate citizenship strengths and weaknesses,

Figure 3: 2005 RANKING GUIDE

Rank	CCI Score	Number of Brands
Excellent	65-100	4
Good	55-64	41
Average	50-54	39
Fair	45-49	18
Poor	0-44	6

and approximately 40 percent of the 108 brands ranked "Good" or "Excellent" with the CCI scores of 55 or greater.

These 10 brands are examples of companies that not only have embraced corporate citizenship, but have also succeeded in making corporate citizenship an essential and vital part of their business strategy, value proposition and stakeholder relationships. See Figure 4.

Figure 4: TOP CORPORATE CITIZENSHIP BRANDS

Brand	CCI Score
Johnson & Johnson	67
Ben & Jerry's	66
Disney	65
Whole Foods	65
SC Johnson	64
Kraft	62
3M	61
McDonald's	61
Procter & Gamble	61
Southwest Airlines	61

Figure 2: TOP 12 CORPORATE CITIZENSHIP DRIVERS

Rank	Importance When Evaluating a Company's Corporate Citizenship	"Ranked Very High in Importance"
1.	Values and treats its employees well and fairly	69%
2.	Executives and business practices are ethical, honest, responsible and accountable	67%
3.	Goes beyond what is required to provide safe and reliable products and services	50%
4.	Responsibly markets and advertises its products and services	40%
5.	Committed to social responsibility, economic opportunity, environmental protection, etc.	38%
6.	Committed to diversity (gender, race, etc) in the workplace and its business practices	38%
7.	Listens to community or customer input before making business decisions	34%
8.	Is active and involved in the communities where it does business	33%
9.	Company's products and services enhance peoples' lives	31%
10.	Corporate values and business practices are consistent with my own beliefs	29%
11.	Donates or invests its fair share of profits, goods or services to benefit others	27%
12.	Supports a cause or issue that has led to improvement and positive change	26%

Implications for Communicating About Corporate Citizenship

Don't be shy.

Any fear of being perceived as self-serving should be outweighed by the risk in not communicating what you are doing. Communication around a company's corporate citizenship record should be loud and clear to all important stakeholder groups. Companies should avoid "spin" and focus on sincerity and authenticity.

Use the most credible communications vehicles.

Choose a signature cause that your most important stakeholders will care about and that is a natural fit with your business. Partner with your customers and get their help in your efforts to give back to the community. Communicate through third-party non-profit organizations and through local media relations programs.

Engage employees as CSR ambassadors.

This works for your business on multiple levels—you will be seen as a company that treats its employees well if you have a well thought out volunteerism program while you will also be seen as a company that gives back in the community. Treating your employees well and giving back are huge drivers of a reputation as a good corporate citizen. This strategy will create a great ripple effect.

Take advantage of multiple touch points.

If you are a retailer, use "cause branding" to connect your company with your efforts. Consider cause-related information on your packaging. Talk about your efforts at industry conferences. Promote your issues through suppliers and enlist their support of your cause.

About the GolinHarris *Doing Well by Doing Good 2005 Corporate Citizenship Survey*

Doing Well by Doing Good 2005 was designed by GolinHarris **Change** and fielded through InsightExpress, a leading online market research firm.

The 3,500 online interviews were conducted with Americans in April 2005, with participant demographics weighted and balanced to provide a representative sample and conform to the 2002 US census for gender, age, education, household income, marital status, presence of children age 18 or younger in the household, state of residence and racial/ethnic origin. The margin of error is +/- 3%.

About GolinHarris

GolinHarris is a full-service firm with world-class credentials in marketing and brand strategy, corporate and employee communications, healthcare, public affairs and technology. The firm's mission is to build long-term partnerships based on mutual trust. This philosophy is based on Founder Al Golin's belief that people want to do business with companies they know and trust. For nearly 50 years, the firm has specialized in long-term partnerships with some of the best-known and most-trusted brand names and companies in the world.

About **Change** – GolinHarris' Approach to Corporate Citizenship

Change is a full-service practice, housed within GolinHarris, that specializes in delivering strategic philanthropy, corporate social responsibility, social marketing, cause-related marketing and public education services to corporations, brands, non-profits and government agencies.

Change helps companies and brands establish stronger connections with key stakeholders by setting clear, strategic priorities for their corporate citizenship efforts. Armed with a proprietary research approach and insights born from nearly a half century of experience with leading brands, **Change** helps clients transform corporate citizenship into a powerful tool for building brand value, competitive advantage and stakeholder loyalty.

Change helps clients to view corporate citizenship as an essential business asset that is baked into the very essence of a brand at every level—helping to define and drive brand character, express and shape the company's mission, vision and values, and build deep and lasting trust, leadership and preference.

This business-critical perspective on corporate citizenship, pioneered and implemented by **Change**, is at the heart of *Doing Well by Doing Good 2005: The Trajectory of Corporate Citizenship and American Business*.

"Our experience working with leading brands and our own research shows that good corporate citizenship builds trust among stakeholders, influences purchase decisions, encourages word-of-mouth promotion and improves employee morale."

—Rob Anderson, Executive Vice President

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