CONSUMERS WHO CARE
AND SAY THEY’LL REWARD COMPANIES WITH THEIR WALLETS
AUGUST 2013
DO CONSUMERS CARE ABOUT SOCIAL IMPACT?

In the year and a half since Nielsen first published “The Global, Socially-Conscious Consumer” report, which examined consumer interest in corporate social impact, models of corporate responsibility have continued to evolve. The concept of creating shared value, introduced by Michael Porter and Mark Kramer, has caught on as companies emphasize their ability to make an impact through their core operations, in some ways de-emphasizing a separate “social responsibility” agenda. John Mackey and Raj Sisodia made a similar case for companies in their 2012 book Conscious Capitalism, which celebrated the “innate potential of business to make a positive impact on the world.”

These concepts, which can be viewed as part of a broader sustainable development agenda, aim to integrate social impact into the heart of corporate strategy. Meanwhile, traditional corporate philanthropy—gifts of cash, goods and services to non-profit organizations—also continues to grow. Somewhere between traditional corporate philanthropy and the emerging shared-value ideal, brands continue to align business and social interests through cause-marketing opportunities: using social and environmental efforts to increase consumer engagement. IEG, a sponsorship consultancy, estimates that cause-marketing sponsorships reached $1.7 billion in 2012 in North America alone, and this investment will increase in 2013.

Nielsen recently surveyed more than 29,000 online respondents in 58 countries to see whether any of this matters to consumers. As in 2011, we used stated willingness to spend more on goods and services from companies that have implemented programs to give back to society as a proxy for how much consumers care about brand investments in social impact. The results provide one simple gauge for whether consumers care—about cause marketing, shared value, conscious capitalism or other pursuits of corporate social impact—and they help to quantify the growing desire among consumers to reward those companies they view as socially responsible.

1 Committee Encouraging Corporate Philanthropy, “A Sneak Peak at Corporate Giving Trends,” June 2013
2 IEG, “2013 Sponsorship Outlook,” January 2013
CONSUMERS INCREASINGLY CARE

In the latest survey, half of all respondents (50%) said they would be willing to reward companies that give back to society by paying more for their goods and services—up from 45 percent in 2011. The percentage of respondents who agreed increased among both males and females and all age breaks covered. While respondents under age 30 are still the most likely to say they’d spend more, the attitudes among respondents ages 40 to 54 are shifting most rapidly. Among consumers ages 40-44, for instance, 50 percent agreed that they would spend extra for goods and services from companies giving back to society, up from just 38 percent two years ago.

“While cause-marketing programs seem to resonate most strongly among younger respondents, the rapid change in sentiment among middle-aged consumers expands the cause opportunity for brands,” said Nic Covey, vice president of corporate social responsibility at Nielsen. “Today, brands can confidently focus purpose messaging on both younger and older consumers.”
WILLING TO SPEND MORE BY DEMOGRAPHIC GROUP

Percent who agree and strongly agree

2011  2013

GLOBAL AVERAGE - 50%
FEMALE - 47%
MALE - 53%
GLOBAL AVERAGE - 45%
FEMALE - 43%
MALE - 47%

Source: Nielsen Global Survey on Corporate Social Responsibility, Q3 2011 and Q1 2013
Companies will have an easier time finding consumers willing to pay extra in India and the Philippines than in Russia, Belgium or Estonia. The density of respondents willing to spend more on products and services from companies that give back varies considerably across the 58 countries Nielsen examined. Broadly speaking, European respondents were less likely to pay more for goods and services from companies that “give back”—just 36 percent of consumers in the region said they would do so. Meanwhile in India, the Philippines, Thailand, and Indonesia, more than two-thirds of respondents said they'd pay extra. A significant three-quarters of respondents in India agreed that they would do so.

What makes consumers in India nearly three times more likely to reward companies that give back than those in Estonia and Belgium? Existing high citizen expectations of corporate social responsibly (CSR) may be the reason. Expectations in India are so great that a bill working its way through parliament contains a clause mandating CSR investments from certain companies3. Conversely, a broader cynicism toward business seems to prevail in Europe. A study released by the European Commission earlier this year showed that 41 percent of citizens in European Union member countries felt that the overall influence of companies on society was negative, more than citizens in other major economies4.

“In countries where skepticism toward corporate social responsibility runs high, cause-marketers face an uphill battle,” said Covey. “In these markets, especially, social impact programs must be incontestably authentic to a company’s business objectives, vision and values.”

GROWING WILLINGNESS TO SPEND MORE ON PRODUCTS FROM SOCIALLY-RESPONSIBLE COMPANIES

Source: Nielsen Global Survey on Corporate Social Responsibility, Q3 2011 and Q1 2013
WHAT THEY’LL SAY AND WHAT THEY’LL DO

Of course it’s unlikely that all respondents who said they will spend more money on goods and services from companies that implement programs to give back actually will spend more. This is why we look at this metric as a broader proxy. For starters, it’s unclear how many opportunities consumers actually have to make this choice, today. At the moment of truth—at the store, online and elsewhere—consumers have little clarity around which companies have programs to give back and which ones don’t. In the aforementioned European Commission study, just 36 percent of citizens felt they were informed about what companies do to behave responsibly toward society in their country.

Still, about four out of 10 global respondents in Nielsen’s survey reported that they have rewarded companies that give back. Forty-three percent of respondents globally agreed they spent more on products and services from companies that have implemented programs to give back to society (just 7 percent fewer than said they would be willing). Men were slightly more likely to have done so than women (45 percent compared to 41 percent), and—as with willingness—younger respondents were more likely than older respondents to say that they have done so.
Percent who agree and strongly agree
(Spent More in the Past 6 Months)

GLOBAL AVERAGE - 43%
FEMALE - 41%
MALE - 45%

Source: Nielsen Global Survey on Corporate Social Responsibility, Q1 2013
Looking at different rates of claimed purchase behavior by country, we again see Asia-Pacific countries such as Indonesia (56%), Thailand (66%), and the Philippines (64%) demonstrating commitment to products and services from socially-responsible companies. Interestingly, a look at the countries with a high willingness to pay more, but lower rates of actually paying more for products and services from companies that give back, reveals countries that are uniquely ripe for cause marketing programs.

In Slovakia, for instance, 50 percent of respondents said they would be willing to spend more, but just 22 percent said they had actually done so (a 28-point gap). Similar spreads existed in Bulgaria (53 percent willing, but 31 percent who had), Peru (62 percent willing, and 42 percent who had), and Hong Kong (52 percent willing, but just 32 percent who had).
ENGAGING
SOCIA LLY-
CONSCIOUS
CONSUMERS

Globally, Nielsen information shows that the share of consumers interested in companies that have implemented programs to give back to society is growing. Willingness to spend more on products and services from companies that have given back increased in 43 out of the 58 countries Nielsen measured. Across demographic groups, too, social-consciousness is a growing factor in the purchase process.

“Today, the question is not whether consumers care about social impact, but which ones, how much and how to appeal to them,” said Covey. “The answer isn’t necessarily a traditional cause-marketing campaign—general responsibility, sustainable innovation and purpose messaging might also engage these consumers. No matter the approach, savvy brands are figuring out how to hit this nerve.”

To get started, first compare your brand’s consumer segments and markets against the rates of social-consciousness found in this report. Are your customers more or less likely to care? Next, determine whether traditional modes of cause-marketing or “transactional philanthropy” can and should be authentically executed by your brand. Alternatively or in addition, are there messages of core purpose and shared value that the brand could more deliberately communicate to consumers? When effectively conveyed, a powerful purpose demonstrating shared value ought to be more effective and sustainable than a stand-alone cause effort any day, but this approach will not work for every brand and category.

Find ways to appeal to this segment of consumers and your brand is bound to reap rewards and feel good about it along the way.
ABOUT THE NIELSEN GLOBAL SURVEY

The Nielsen Global Survey on Corporate Social Responsibility was conducted between February 18 and March 8, 2013 and polled more than 29,000 online consumers in 58 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of ±0.6%. This Nielsen survey is based on the behavior of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or 10M online population for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

INTERNET PENETRATION

Argentina 66%
Australia 89%
Austria 80%
Belgium 81%
Brazil 46%
Bulgaria 51%
Canada 83%
Chile 59%
China 40%
Colombia 60%
Croatia 71%
Czech Republic 73%
Denmark 90%
Egypt 36%
Estonia 78%
Finland 89%
France 80%
Germany 83%
Greece 53%
Hong Kong 75%
Hungary 65%
India 11%
Indonesia 22%
Ireland 77%
Israel 70%
Italy 58%
Japan 80%
Latvia 72%
Lithuania 65%
Malaysia 61%
Mexico 37%
Netherlands 93%
New Zealand 88%
Norway 97%
Pakistan 15%
Peru 37%
Philippines 32%
Poland 65%
Portugal 55%
Romania 44%
Russia 48%
Saudi Arabia 49%
Singapore 75%
Slovakia 73%
South Africa 17%
South Korea 83%
Spain 67%
Sweden 93%
Switzerland 82%
Taiwan 75%
Thailand 30%
Turkey 46%
United Arab Emirates 71%
United Kingdom 84%
Ukraine 34%
United States 78%
Venezuela 41%
Vietnam 34%

Source: Internet World Stats, June 30, 2012
ABOUT NIELSEN

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

For more information, visit www.nielsen.com.

Copyright © June 2013 The Nielsen Company. All rights reserved. Nielsen and the Nielsen logo are trademarks or registered trademarks of CZT/ACN Trademarks, L.L.C. Other product and service names are trademarks or registered trademarks of their respective companies. 13/6744