

Authenticity: Gap Report

LEADING WITH IMPACT

Authenticity in a climate of change



FLEISHMANHILLARD
FISHBURN

When it comes to building a reputation and maintaining trust, authenticity is a company's greatest asset.

It's all very well to talk the talk but as consumers get ever more engaged with the companies behind the brands and as their choices become ever more informed, it's not enough to simply talk a good game.

This talk must be reflected in behaviour. And there are very clear repercussions for businesses that fall foul and are discovered by consumers to be less than they claim.

This disconnect between the glittering promise and reality of experience was coined by FleishmanHillard in 2012 as the Authenticity Gap – the greater the gap, the bigger the problem. It's a growing focus for consumers of all ages. But also increasingly for investors because any collision between brand and reputation hits the bottom line, handicapping success and growth.

FleishmanHillard's Authenticity Gap measures the divide between audience expectations and their actual experience.

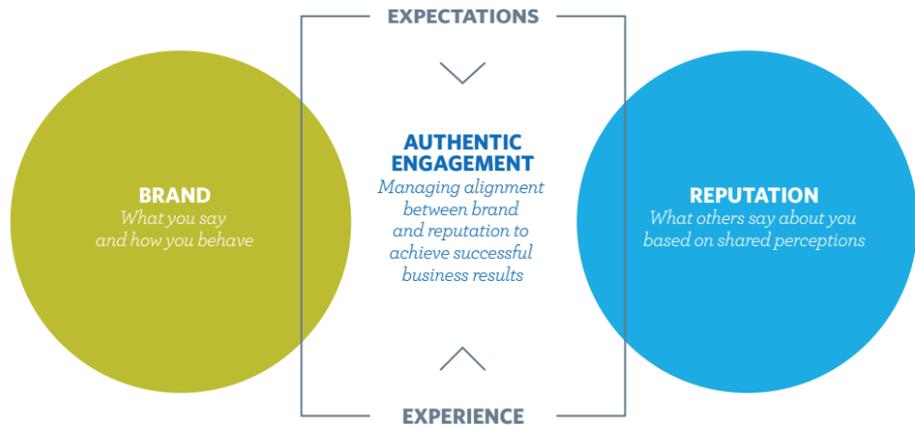
This report looks at the issues consumers care about most, what they expect companies to do about them, and where organisations are exceeding, meeting or falling short in their actions.

Contents

Foreword	2
The Top Line	4
Trend #1 Environment – the new business imperative	6
Trend #2 Data privacy and cybersecurity – it's time to step up	8
Trend #3 The activist CEO – act on the issues that matter most	10
Sector snapshot	11
Authenticity in action	12
Who was surveyed?	14
Companies studied in the United Kingdom	15
Acknowledgements	16

FOREWORD

Communications is changing and expectations are changing with it.



“Audiences today are more aware than ever of any gap that exists when their experience of an organisation is at odds with the messages it conveys.”

Jim Donaldson
Chief Executive Officer
FleishmanHillard Fishburn

Consumer expectations are higher than ever, and in an age of greater transparency and oversight, companies can no longer say one thing and do another. We expect organisations to be authentic and to have a point of view on the relevant topics that matter most and back up their words with action. If they fail to do so, trust will quickly erode and customers will move elsewhere.

Campaigns such as Extinction Rebellion have driven climate change even higher up the global agenda, while issues around data security and privacy continue to concern us all. At the same time, our attitudes are driven by a greater emphasis on societal purpose and intense scrutiny from the media.

In the UK, 80 per cent of consumers are prepared to stop using the products and services of a brand if its response to an issue does not support their personal views.

This sort of insight is at the heart of our Authenticity Gap Report. This year, our research once again highlights the big issues that concern consumers and the ways companies can respond. It shows that amidst a rapidly changing external environment, organisations must be willing to listen, engage and act – or risk losing out to competitors who do.

At FleishmanHillard Fishburn, we have been studying authenticity since 2012 and our TRUE Global Intelligence team has gathered unique insights into the emerging opportunities and threats facing some of the world’s most familiar companies and brands.

What is clear from our study, is that no organisation can afford to have their brand and reputation divided and they must be managed together as one. Organisations must be authentic in all aspects of their communications, from brand marketing and product promotion, to corporate communications, sustainability, and employee engagement. Failure to do so not only risks organisations isolating their audiences, but becoming obsolete compared to their competitors.

Managing brand and reputation together

Only 51 per cent of consumer attitudes to a brand is influenced by products and services.

Our perceptions of a company are based not only on the products and services it provides, but increasingly on how it behaves and the impact it has on society.

In fact, only 51 per cent of consumer attitudes to a brand is influenced by products and services. The other half (49%) is shaped by information regarding how management behaves and the way the company engages with social issues.

Together, these form the Nine Drivers of Authenticity – an empirically proven model born out of detailed academic research. These drivers shape people’s perceptions and beliefs about an organisation. Framing our expectations and experiences, helping us to establish a belief and an attitude about any given organisation.

Drivers of authenticity



THE TOP LINE

Consumers don't expect companies to fix everything, but will scrutinise them to make a positive difference on the issues under their control.

Across the board, expectations have become more diverse and widespread, a trend we expect to see continue as pressures mount on organisations to act according to consumers' social values. But there also appears to be a clear sense in consumers' minds about the issues companies should and shouldn't be held to account for - and where they have a responsibility to act.

Concerns about data security and privacy continue to rise and remain the top two topics. While income and wage gaps, and the minimum wage have also established themselves as fixtures in the list of the top issues.

But it is protecting the environment and climate that has seen a surge in expectations this year, leaping up a full 20 percentage points on last year's figures and catapulting it from a smouldering number 17 to a burning top three issue companies are expected to act on.

Elsewhere, just under half (45 per cent) of consumers expect companies to take a stand on gender equality which is consistent with last year's findings. While we have seen a slight fall in consumer expectations on unemployment related issues, this is perhaps a reaction to improving private sector job prospects. However, there remains an expectation that companies will continue to take robust action and demonstrate tangible progress on both fronts.

Key insights

59%

expect companies to make a stand on climate and environmental issues, up from 39 per cent last year

66%

want companies to show greater positive societal impact when launching a new product or service

47%

want to hear more how companies are creating solutions to reduce its climate impact

76%

expect CEOs to take a stand on issues that have an impact on the company's customers

73%

of people believe companies must show its data protection goes beyond mandated regulations

Our research

1,140

Number of engaged UK consumers surveyed

20

Number of industries and categories studied

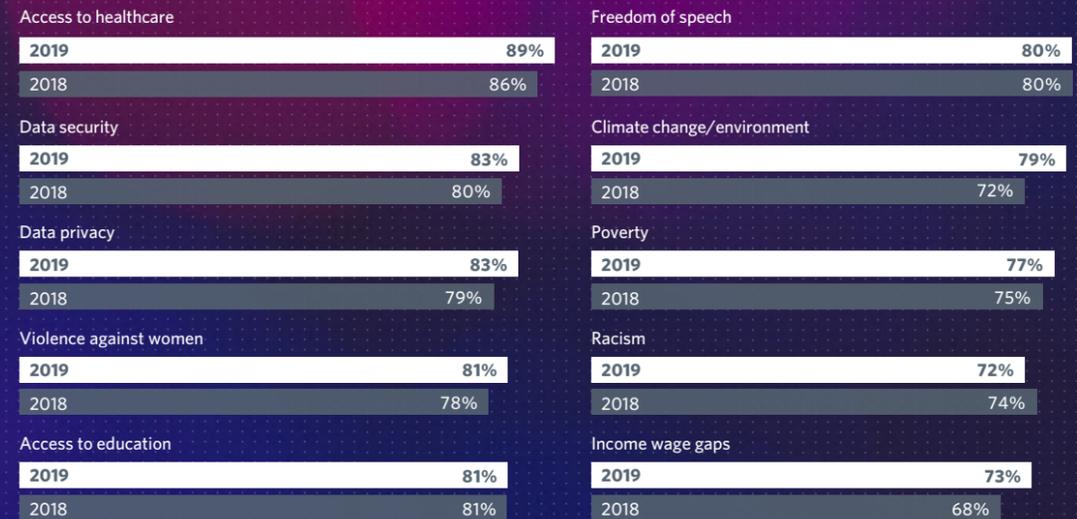
160

Number of companies studied

2019 Authentic insights

Top issues important to UK consumers

(% of consumers that said issues were very or extremely important)



Issues consumers most expect companies to act on

(% of consumer expectation that companies will take a stand)



TREND #1:
ENVIRONMENT
- THE NEW BUSINESS IMPERATIVE

The rise of movements such as Extinction Rebellion, widespread climate protests, and growing public concern about single-use plastics and irresponsible energy has meant environmental action is no longer table stakes – it is business critical.

Sixteen-year-old Greta Thunberg and nonagenarian David Attenborough have united consumers across nations and generations to drive awareness of what many are now calling a climate emergency. People are now demanding more action from companies as they see first-hand the impacts of ongoing environmental decline and begin to understand the impact on the economy and society.

This is reflected in the corporate world, where investors are placing greater importance on how companies navigate their impact on environmental, social and governance issues (ESG).

Nearly four in five (79 per cent) consumers are concerned about environmental issues and 59 per cent expect companies to take a stand on climate change. This is a dramatic increase on last year and means protecting the environment ranks number three in consumers' top expectations.

For the first time, expectations for care of the environment (20 per cent) is now people's highest expectation across all industries studied, surpassing expectations of better value (17 per cent), customer

care (17 per cent) and innovation (14 per cent). In fact, across four industries – Personal Care Products, Energy, Automobiles and Food & Drink – expectations are more than 30 per cent meaning that policies in this area are no longer just table stakes, they are the new business imperative.

For the first time, care of the environment is consumers' highest expectation.

Of 160 companies studied, 135 (84 per cent) have a gap between people's expectations of them in caring for the environment and people's actual experience of what they are doing. The gaps are sizeable, averaging minus nine per cent, and affect companies across a wide range of industries. Of the 20 industries studied, 17 have a gap, with nine industries having a gap of more than 10 per cent.

Audiences are demanding more commitment from companies as they see first-hand the effect of environmental decline, and they expect genuine action. Organisations that fail to communicate effectively on these topics not only risk alienating their customer base – but risk losing out to competitors that do.

Key insights

79%

of consumers said climate change and environment issues were important to them

84%

of the 160 companies studied fall short of consumer expectations on environment issues

59%

expect companies to make a stand on climate and environmental issues

17

out of the 20 industries studied have an authenticity gap when it comes to care of the environment

47%

want to hear more on how companies are creating solutions to reduce its climate impact

Plugging the gap: what can we do?

- Improve disclosure and transparency around environmental and climate issues
- Establish a process for dealing with these issues, and create a genuine platform for driving change
- Provide data-driven proof of ESG commitments creating impact, and communicate regularly
- For more detailed insight on this and how intelligence from the Authenticity Gap research can help your business.

Contact
authenticitygap@fhflondon.co.uk

TREND #2: DATA PRIVACY AND CYBERSECURITY - IT'S TIME TO STEP UP

Thanks to the GDPR, the fallout from the Cambridge Analytica scandal, and record fines from cyberattacks and data breaches, we are more aware than ever of the importance of managing data correctly.

We leave a daily trail of data footprints in our increasingly digital world and it can tell the world more about us than we may even truly know ourselves. So, it is no wonder that 83 per cent of UK consumers admitted they were concerned about data security and privacy and less than half (4 per cent) said they were willing to have their data collected – even if it meant forfeiting greater convenience and personalisation.

Furthermore, 63 per cent of people felt that privacy concerns made them less likely to use products and services from companies that use data for their own benefit. The same number wanted organisations to demonstrate clearly their commitment to both security and privacy that goes beyond what is required by law. Similarly, 62 per cent believe companies are taking too long to disclose and provide solutions to data breaches and cyberattacks.

For consumers, a major focus is on technology giants given the vast swathes of data they control and have access to around the globe. Among Online and Media Services companies in the study, consumer expectations of 'doing right' stand at 25 per cent – the highest across 20 industries studied, yet every company in this category falls short when it comes to actual experience. In fact, these companies have the biggest authenticity gap in 'doing right' of any of the 20 industries we studied.

The message from consumers is patently clear. It's time for companies to stop saying they 'take customers data seriously and value their privacy', and start showing it – otherwise the reputational and monetary penalties for failure could be crippling.

Key insights

83%

of UK consumers said data security and privacy was an important issue, the most of all issues studied

73%

of people believe companies must show its data protection goes beyond mandated regulations

63%

said privacy concerns made them less likely to use products from companies that use data for its own benefit

62%

believe companies are taking too long to disclose and provide solutions to data breaches

Plugging the gap: what can we do?

- Demonstrate that you have meaningful data and consumer protection practices that go beyond regulations.
- Generate regular, clear and concise communication to inform and reassure all your stakeholders.
- Have a robust cyber crisis and risk mitigation plan in place to activate when a data breach occurs.
- For more detailed insight on this and how intelligence from the Authenticity Gap research can help your business.

Contact
authenticitygap@fhflondon.co.uk

TREND #3: THE ACTIVIST CEO - ACT ON THE ISSUES THAT MATTER MOST

Topics that often lead the news cycle and grab headlines are not necessarily the subjects UK consumers care most about, and the issues they expect business leaders to act on, according to this year's study.

While trends such as the spread of fake news, outsourcing, immigration and artificial intelligence regularly dominate column inches in the press, they are not the concerns that rank highest in terms of importance among engaged consumers and what they expect companies, and their leaders, to communicate on.

In fact, fake news and immigration rank lowest on our list of what consumers expect companies to take a stand on. While, the impact of outsourcing jobs to other countries charts at number 8, while the threat of AI on jobs ranks 14th. Instead, consumers would rather companies tackle the pressing issues it has direct control over, such as minimum wage and income gaps, doing so in a credible and authentic manner.

For CEOs, this means communicating on the issues that directly matter most to key stakeholders. Three out of four engaged consumers in the UK expect CEOs to take a stand on issues that have an impact on the company's customers (76 per cent), products and services (72 per cent), and employees (76 per cent). Less importance was placed on having a stand on controversial issues that influenced government policy changes (48 per cent) or those that are important to their own personal views and beliefs (43 per cent).

Key insights

76%

expect CEOs to take a stand on issues that impact the company's customers

71%

say CEOs should take a stand on issues that impact the company's employees

55%

think CEOs should act on issues with a large societal impact even if they don't significantly affect their company

Plugging the gap: what can we do?

- Take a step back from media-driven issues and focus more on the issues that are most important to your key stakeholders.
- Create effective and credible communications that provide cut-through and resonate with customers.
- For more detailed insight on this and how intelligence from the Authenticity Gap research can help your business.

Contact
authenticitygap@fhflondon.co.uk

SECTOR SNAPSHOT



Food and Agribusiness

Post-Brexit price hike: better value more expected than ever

We studied 24 companies in the Food & Agribusiness sector and only two companies exceed expectations of better value. With food prices in the UK increasing by 1.1 per cent between February 2018 and February 2019, shoppers continue to feel the pinch and are expecting food companies and supermarkets to respond with better value.

This new research challenges political claims that Brexit has had no detrimental effect on the economy or on voters' lives.



Fashion and clothing

Feeling good about fashion

Consumers in the UK increasingly care about how their clothes are produced, and as a result expectation of how companies in the fashion and clothing industry care for the environment have moved to 24 per cent, reflecting increased reports of the damage done to the environment by the industry. And it's a similar story when it comes to how these companies care for their employees – expectations are also high, at 15 per cent.

Brits are simply not willing to turn a blind eye to clothing brands, often manufacturing in less developed countries, abusing workers' rights or damaging the environment.



Personal care

Personal and environmental care: a face-to-face stand-off

Expectations that companies making personal care products should care for the environment have jumped to 38 per cent, higher than any other industry we studied – likely to be a reaction to high profile brand campaigns and activist protests around controversial ingredients such as palm oil.

As a result, consumers are more aware than ever of the environmental dangers posed by personal care products' chemical and toxic ingredients and in the manufacture and disposal of product packaging. Has the time come for personal care companies to take a hard look at themselves in the mirror?



Financial services

Caring for customers and climate is critical

The growing expectations for action on climate issues has been particularly reflected in the financial services industry given the rise of ESG and impact investing. But banks and investment firms are falling short of consumer expectations on environment and community impact. For established brands there's a risk of losing customers to emerging players, as FinTech brands are exceeding these demands.

In 2019, we studied over 150 companies and people's experience of customer care is falling well short of their expectations (an average gap of -3.4%) and this is even more true for financial services brands. In fact, in the banking space, the average gap for customer care stands at -16.4% – the biggest gap of all sectors studied. Are financial companies overly focused on the bottom line to the detriment of their customers?

AUTHENTICITY IN ACTION

The five principles of Authentic Engagement

1. Perception is reality

Invest in the attributes you want to be known for. Make sure those things matter to your audiences and talk to them about it. Behave as the organisation you want your audiences to know you are.

2. Do what you say

Create a culture and an organisational structure that is united, where brand and reputation are aligned as work as one.

3. Know your audience

To create progress, you need to consider the viewpoints of all audiences – not just consumers – and then understand and address them accordingly.

4. Work together

Make brand and reputation part of every discipline and everyone's responsibility – not just communications or marketing.

5. Measure what matters

Align against specific business outcomes. Everything must have a clear connection to how it helps achieve a business goal.

FleishmanHillard's Authenticity research provides a single view of an organisation and considers both brand and reputation to inform communication strategies. Using the study, we have ...

Built ...

a more Authentic executive platform for a technology company

Identified ...

a number of clear thought-leadership message opportunities for an American clothing brand

Guided ...

leadership focus and identified gaps in the reputation for a health and medical care company

Provided ...

a quick reputation recovery for a fast food company through an Authentic leadership strategy and plan

Found ...

a fresh narrative using custom AG research and discovered perceptions of this agricultural company were more favourable than thought

Discovered ...

this energy company's current messaging was not valid and developed a new public policy platform

Recognised ...

a common ground, using the Nine Drivers, for two biotech companies both before and after their merger



WHO WAS SURVEYED?

The engaged consumer

To inform this research, FleishmanHillard and TRUE Global Intelligence™ conducted a survey among a total of 7,364 Engaged Consumers in Brazil, Canada, China, Germany, UK and the US, 18 to 65 years of age. In the UK we corresponded with 1,140 Engaged Consumers between 18 April 2019 and 2 May 2019, along with 160 companies across 20 industries.

What does an engaged consumer look like?

Engagement takes different forms. Respondents to the survey said they did at least three of the following within the last month.

- Searched for information about a company's products or services
- Shared information and/or news articles about a company's products or services with others
- Shared their opinion or offered advice about a company's products or services with others
- Shared your opinion or offered advice about a company and its corporate activities with others
- Contacted a political candidate or government office to express their views
- Written an article or 'letter to an editor' for a newspaper or any publication
- Signed a petition in person or online
- Contributed to a blog or used other social media to share their opinion on a political or current event topic or to share their view about a company and its activities, products or services
- Bought or sold shares in a company

When considering a company's corporate reputation, these engaged consumers are more likely to be:



Informed purchasers

They seek information about brands and the companies making products and services.



Responders

They engage in dialogue with a company and its brand, providing feedback. Don't discount their value, as customer feedback is a vital component of product and brand development.

These people feel invested in the brand, as if they were employees. Others seek their advice.



Evangelists

They speak to family and friends about a company, whether they're a purchaser or not.

They also consume and re-broadcast company content to their social networks.

COMPANIES STUDIED

United Kingdom

TECHNOLOGY

Consumer Electronic Devices

Amazon (Alexa, Kindle, etc.)
Apple
Bose
Fitbit
GoPro
Huawei
Samsung Electronics
Sony (PlayStation)

Enterprise Services

Cisco
Dell/EMC
HPE
IBM
Microsoft
Oracle
salesforce.com
SAP SE

Online & Media Services

Alibaba
Alphabet (Google, YouTube)
Amazon.com
Facebook (Instagram, WhatsApp)
LinkedIn
Netflix
Tencent (WeChat, WeGame, QQ)
Twitter

CONSUMER PRODUCTS & SERVICES

Airlines

Air France-KLM Group
British Airways
Cathay Pacific Airways
EasyJet
Emirates Group
Lufthansa Group
Ryanair
United Continental Holdings

Apparel

Arcadia
Fossil Inc.
Gap (Banana Republic, Old Navy, Athleta)
Levi Strauss & Co
Nike
Primark
PVH (Calvin Klein, Tommy Hilfiger, Izod)
Under Armour

Beer & Spirits

AB InBev (Budweiser, Stella Artois)
Bacardi (Dewar's, Grey Goose, Patron)
Brown-Forman (Jack Daniels, Finlandia, Herradura)
Constellation (Corona, Svedka, Tsingtao)
Diageo (Tanqueray, Smirnoff, Guinness)
Heineken
Molson Coors (Molson, Coors, Miller)
Pernod Ricard (Absolut, Jameson, Beefeater)

Food & Beverage

Campbells
Danone (Activia, Evian, Okios)
Kraft-Heinz
Mars
Mondelēz International (Nabisco, Cadbury, Oreo)
Nestlé
PepsiCo
Unilever

Hotels

Accor (Sofitel, Novotel, Fairmont)
Best Western
Hilton
Hyatt
InterContinental (InterContinental, Holiday Inn, Kimpton)
Marriott (Marriott, Starwood)
Premier Inn
Wyndham International

Personal Care Products

Colgate-Palmolive
Estée Lauder
Johnson & Johnson
Kimberly-Clark
L'Oréal
Procter & Gamble
Reckitt Benckiser
Unilever

Smart Home Products

Amazon (Ring)
GE
Google (Nest)
Honeywell
iRobot
LG
Philips
Samsung

Supermarkets

Aldi
Asda
Lidl
Marks & Spencer
Morrisons
Sainsbury's
Tesco
Waitrose

HEALTHCARE Biotechnology

Allergan
Amgen
Biogen
Celgene
Gilead Sciences
Novo Nordisk
Roche/Genentech
UCB

Medical Devices & Diagnostics

Abbott Laboratories
Baxter International
Becton Dickinson
Boston Scientific
Cardinal Health
Johnson & Johnson
Medtronic
Philips

Pharmaceuticals

AbbVie
Bayer
Eli Lilly & Company
Johnson & Johnson/Janssen
Merck
Novartis
Pfizer
Sanofi

AUTOMOBILES & INDUSTRIALS Automobiles

BMW
Ford
General Motors
Nissan Motor
Tesla
Toyota Motor
Volkswagen
Volvo

Industrial Companies

BAE Systems
Caterpillar
DowDuPont, Inc.
Emerson
General Electric
Ingersoll-Rand
Rolls-Royce
ThyssenKrupp

FINANCIAL & PROFESSIONAL SERVICES

Banking

Barclays
Citigroup
HSBC Holdings
JP Morgan Chase
Lloyds Bank
Santander Bank
TSB
Wells Fargo

FinTech

Funding Circle
Monzo
Nutmeg
PayPal
Revolut
TransferWise
Western Union
Zopa

Investing

BlackRock
BNY Mellon
Fidelity
Goldman Sachs Group
M&G Investments
Morgan Stanley
Schroders
Vanguard

ACKNOWLEDGEMENTS

FleishmanHillard Authenticity guides are published based on ongoing online polling in seven sectors and in more than 25 categories.

The methodology is proprietary to FleishmanHillard.



FLEISHMANHILLARD

About FleishmanHillard

FleishmanHillard specialises in public relations, reputation management, public affairs, brand marketing, digital strategy, social engagement and content strategy.

FleishmanHillard was named Agency of the Year at the 2017 North American Excellence Awards; PRWeek's 2016 Greater China Agency of the Year; PRWeek's 2014 Global Agency of the Year and 2014 Asia Pacific Network of the Year, "Standout Agency" on Advertising Age's 2013 A-List; and NAFE's "Top 50 Companies for Executive Women" for 2010-2017; and among PRWeek's 2013 "Best Places to Work." The firm's award-winning work is widely heralded, including at the Cannes International Festival of Creativity.

FleishmanHillard is part of Omnicom Public Relations Group, and has more than 80 offices in 30 countries, plus affiliates in 43 countries. Visit us at www.fleishmanhillard.com.



lepere analytics

About Lepere Analytics

Lepere Analytics is an independent research firm whose data forecasts company reputation and revenue. The methodology is US Patent Pending, is independently validated and is used by Wall Street investment analysts and portfolio managers.

Lepere Analytics was founded in 2007. It is a privately held company, registered in the UK with partners based in London and New York. For more information, visit www.lepereanalytics.com.

Polling is conducted for Lepere Analytics by Ipsos - the world's third largest research company with operations in 84 countries.

Online panels are in compliance with international quality standards ESOMAR and AIMRI and certified on key ISO standards.



FLEISHMANHILLARD FISHBURN

Contact us

FleishmanHillard Fishburn London
Bankside 2
100 Southwark Street
London, SE1 0SW
United Kingdom

+44 (0)20 8618 2800
authenticitygap@fhflondon.co.uk