



# **TIME FOR THE TOUGH BRAND PURPOSE CONVERSATION**

– YOUR CX DEPENDS ON IT

**zone**

A Cognizant Digital Business



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# Introduction

Focusing on the customer experience (CX) as the principal driver of growth seems a very 21st century concept. In reality, the first mention of CX can be found in the early 1990s and Lewis Carbone's "Engineering Customer Experiences" article published in Marketing Management magazine in 1994.📌

This makes the current focus on CX nearly 30 years old. But we live in a fast-moving world where circumstances, cultural trends and customer expectations change rapidly; businesses are now at a pivotal moment when organising principles need to evolve.

To stay competitive, relevant and ready for growth it's time to shift to a new strategic focus towards a 'purpose' or mission to accompany the spotlight on CX. We know mention of purpose can evoke a strong response; some see it as antithetical to creating shareholder value and a diversion of resources.

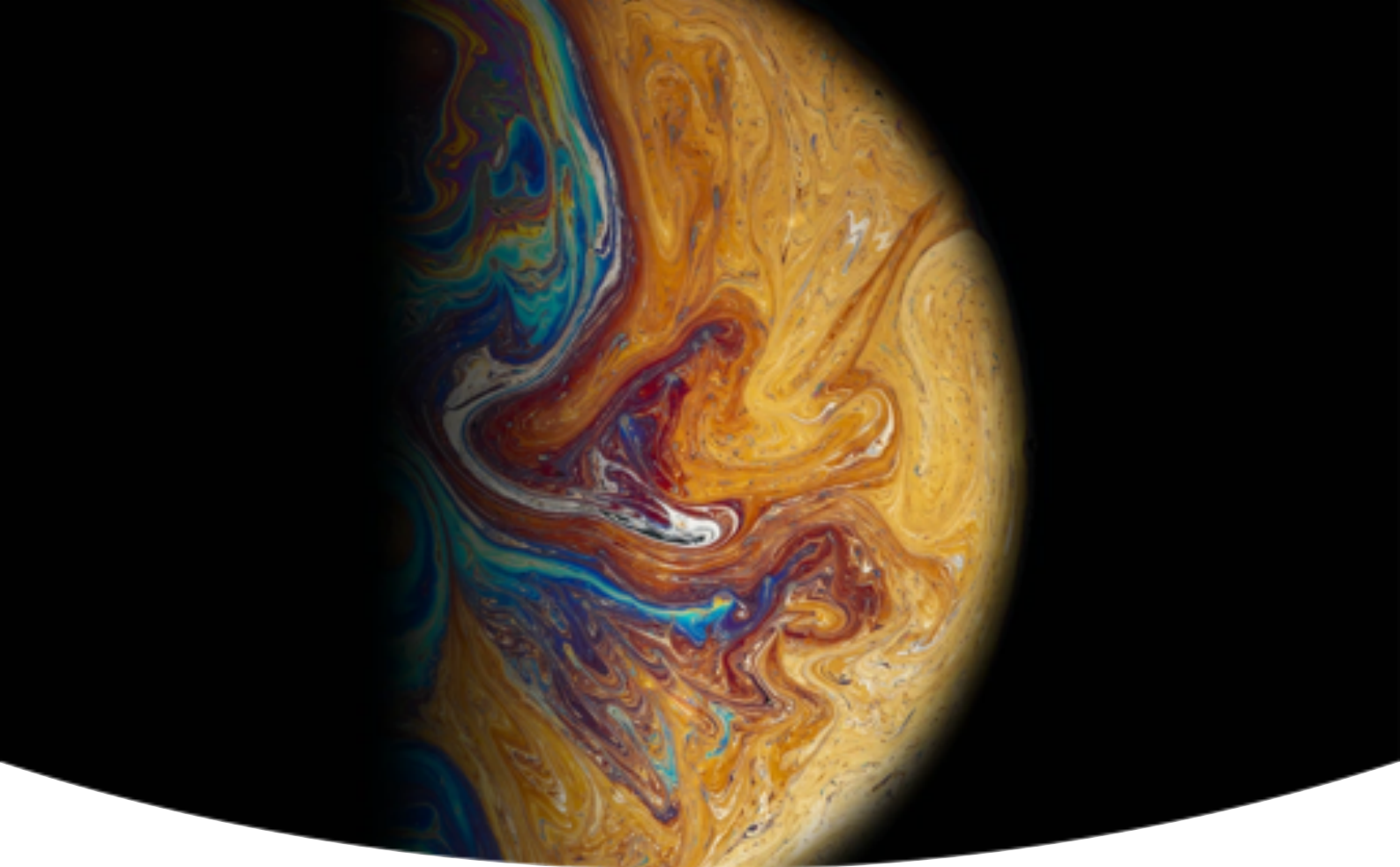
But they're wrong.

It may sound surprising coming from an experience consultancy like Zone but we believe purpose is absolutely complementary to CX and once it becomes embedded into an organisation's culture, process and operations, purpose reinforces positive customer and employee experiences and leads to profitable growth.

Customers are making purchasing decisions based on a company's values, while institutional investors now audit a business's Environmental, Social and Governance (ESG) credentials before making decisions.

The risks of delaying a business's alignment to purpose are evident. You could find yourself playing catch-up when your sector is disrupted by a more culturally attuned start-up or find your only choice for funding is to make concessions to a private equity firm.

This report interrogates the forces behind the need for change and customer and employee expectations. It also includes insights from senior HR and People leaders within well-known companies and provides guidance to help in the first steps towards aligning around purpose as the foundation for business-critical decisions.



## 01. A new landscape of brand challenges

There is a continuing escalation in the rise of social movements challenging social inequalities such as racism and sexism. Consumers are demanding action on sustainability following urgent warnings at COP27. People want more diversity, equity and inclusion (DEI) initiatives within businesses. All these pressures are fuelling further expectations from customers, whether your business is B2B or B2C.

And further pressure comes from the intense scrutiny that lobby groups and individuals now give to organisations. Platitudes, box-ticking exercises and claims that don't stand up will be called out loudly – for instance the 'sportswashing' around the recent FIFA World Cup held in Qatar. 'Greenwashing' is still prevalent among

businesses and in the UK such unsubstantiated claims can attract censure from the Advertising Standards Authority, as HSBC discovered.<sup>2</sup>

Similarly, the supportive statements businesses like Nike gave to Black Lives Matter were undermined when people took a close look at the diversity within their leadership teams.<sup>3</sup>

The global pandemic changed the world in which businesses operate. Work from home practices and supporting local trades and businesses are just two of the newer trends.

People are now willing more than ever to question their relationship to the organisations they buy from and work

work for (never forget your employees are also your customers) and the values held by those organisations. There is a growing amount of research and data supporting the notion that companies need to develop a purpose that aligns with the values of both their customers and employees.

And if your business can't understand or respond to the changes in consumer attitudes then there's trouble ahead. The Chartered Institute of Marketing in the UK recently polled 500 UK marketers and discovered more than half were finding it harder to predict changing consumer priorities and more than a quarter (28%) said that survival depended on a radical overhaul of their business models.<sup>4</sup>

The Ipsos Global Trends 2021 survey of consumers in 25 countries showed an average 70% of respondents say they buy from brands that reflect their own principles. The link between buying on the basis of shared personal and brand principles in the regular survey rose by 17 percentage points in the UK between 2013 and 2021 and 16 percentage points in the US.<sup>5</sup>

Sustainability and the environment are the topics causing the greatest concern but the cost of living is now displacing climate

change in some indices as the number one priority for Gen Z, for instance.<sup>6</sup>

Certainly, in the short term the companies that help customers struggling with inflation and the cost of living will reap benefits but in the longer term the economy will stabilise. Aligning business around purpose can be the catalyst for the development of the right customer and employee experiences – and future growth.

How?

- Purpose can lead to new audiences and new opportunities
- It makes your businesses attractive to the next generation of talent and retains existing employees
- It helps employees feel part of a collective movement where people can understand their contribution and how their efforts can achieve something 'bigger'
- Investors are now conducting ESG audits into potential ventures – if you can't demonstrate Environmental, Social and Governance (ESG) credentials you risk losing investor opportunities



**We are living through extremely turbulent times ... it's clear that consumers now expect brands to do more than just deliver value, but also actively engage with societal and political issues. If our industry is to really bounce back, marketers must invest time in getting to know their customers, and carefully consider what matters to them most.**

Chris Daly, Chief Executive Officer, CIM



## 02. Defining your own specific purpose

Of course, the definition of purpose is hard to nail down. It means different things to different people and to organisations – ranging from the big societal and environmental issues to professional and personal objectives.

Zopa Chief Customer Officer Clare Gambardella explains the concept of purpose as “why a business exists in the world and what it hopes to contribute to society beyond its commerciality. When it works, it becomes an organisation’s soul, the lifeblood that propels vision, mission and values”.

Colleague Helen Beurier, Chief People Officer at Zopa, adds: “Our purpose ... drives day-to-day decision-making in all areas. For example, in our product

design we know that many people struggle to set up savings in a way that works for them – so we have created an access account which allows people to customise their savings ‘pots’ to deliver the right balance of interest rate and access for them – all from our app.”

Beth Whittaker, Chief Human Resources Officer for Veolia UK, says: “At Veolia, our purpose is ‘Ecological Transformation’. It is a compass that helps us set and hold our course over the long term. It’s about bringing together the head and the heart of our business, the human and the economic. When our purpose was launched back in 2019, our CEO said, ‘a business is successful because it is useful and not the other way round’.”

Purpose can change and evolve depending on internal and external factors, for instance if a business pivots into a totally new model, or if its target audience changes in terms of their own values and what they consider important.

Businesses need to constantly monitor the signals sent out by their target audiences and employees or they will not

be able to respond to shifts in sentiment or cultural changes that can mean a shift in purpose is required.

And to orientate around a specific purpose effectively, brands need to be able to articulate their vision in a succinct way that is understandable to all – from the intern to the C-suite.



## Mars Petcare's approach to communicating purpose

Global Sustainability & Purpose Demand Director, Aurelie Thong, says that stories about purpose have the potential to be more engaging than rational-functional product advertising. As budgets are finite the teams need to make bold choices that best enable leverage of the power of the brand portfolio.

PEDIGREE® is devoted to making a transformational, measurable difference to the world of dog homelessness. It is committed to feeding the good that dogs bring to the world by helping every dog find a loving home. The PEDIGREE® team does this by enabling successful adoptions at scale and providing transformational support to shelters and other non-profits that share its mission.

The SHEBA® brand is committed to taking action on restoring coral reefs. Its team believes that there is no beauty without integrity and is committed to planting two million coral fragments by 2029 to help restore ocean health for a future with fish. Since Hope Reef was built in Indonesia in 2019, coral cover has increased from 5% to 70%, and there has been a three-fold increase in the number of fish species at the reef, demonstrating the positive impact that can be had on ocean health.

Thong adds: "All our brands are also expected to make a difference by committing to more responsible, inclusive and sustainable marketing."



### 03. The ‘purpose’ conundrum – intention gaps and individual priorities

Before considering steps towards being a purpose-first business it’s worth interrogating some assumptions around purpose and explore where intention gaps lie.

While studies such as the Ipsos survey suggest people want to buy from purpose-driven brands others reveal a sizeable intention gap. In one study, 65% said they had the intention to buy brands that supported sustainability but only 26% did so.<sup>7</sup>

Reasons for such a gap include consumer education, distribution and price. According to the Deloitte study,

41% of respondents cited cost as the major reason consumers did not purchase a sustainable good or service.<sup>8</sup>

Brands need to understand these intention gaps so they understand why, for instance, their investment in sustainable packaging does not produce an immediate return on sales. A purpose helps develop a framework to guide decisions on both the customer and employee experience and build trust with customers over the long term. But expectations of a swift financial upside need to be reset.

## Employee expectations around purpose

Focusing on the employee experience, millennials place importance on working for companies that align with their values. They expect businesses to act on diversity and inclusivity and be responsible in their environmental practices. Employers who recognise these priorities and follow through are more likely to attract and retain Gen Z and millennials.

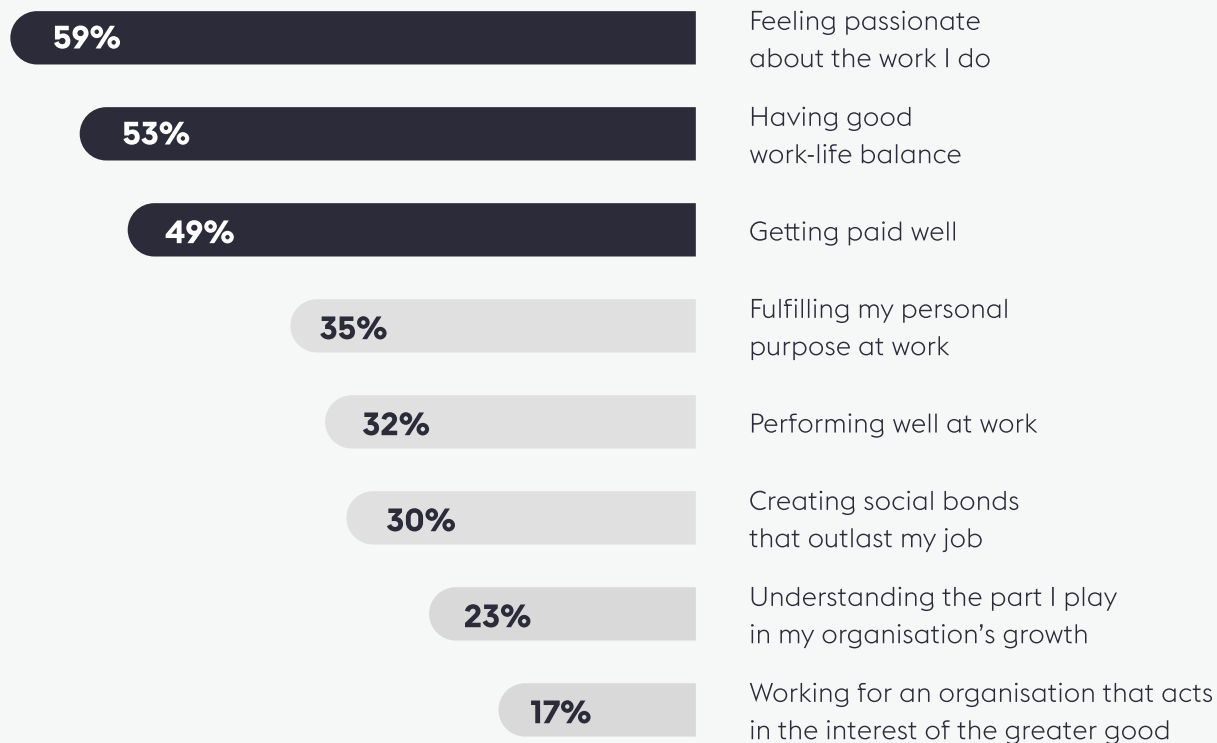
Failure to act in accordance with stated values can turn a business into a toxic workplace. There are many examples of growing rifts

employees within companies that espouse principles but then act contrary to these values – it's been especially noticeable in tech companies in recent years, with employee activism on the rise within companies ranging from Netflix to Google and Amazon.<sup>9</sup>

The dangers of 'greenwashing', for instance, are also becoming more apparent as the media, consumers and employees call out companies that make claims about processes, operations and supply chains that do not stand up to scrutiny.

## Purpose, passion and pay

Respondents were asked to select the top-three traits they'd use to define purposeful work. (Percent of respondents naming each response in their top three)



Response base: 499 millennial and Gen Z workers

Source: Cognizant Center for the Future of Work

## Don't fuel employee cynicism

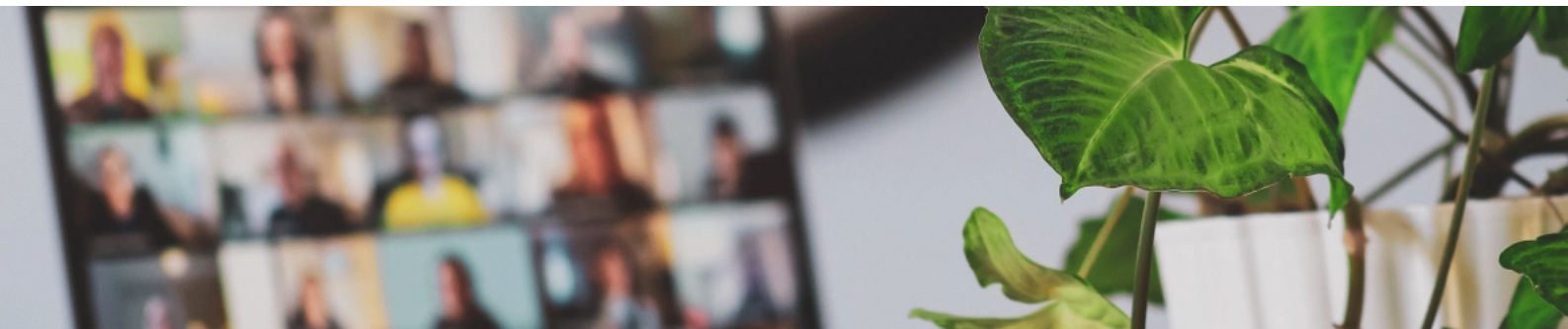
Be warned – there is a lot of scepticism among younger employees regarding company statements on their position on ESG factors and what they plan to do.

Cognizant's report, The Purpose Gap,<sup>10</sup> reveals that only a third of millennial and Gen Z workers in commissioned research believed their employer's stated position on DEI to be "very genuine" and only 24% on Environmental/Climate change.

A final gap to understand is the one between how employees want the company to act and what they prioritise as 'purpose' in their own work. Cognizant's research explored the Gen Z and millennial concerns that have

an immediate, direct impact on their lives and define purposeful work. The two traits that ranked highest were wanting to feel passionate about the work they do (59%) and having a good work-life balance (53%).

Communication is key to addressing many of these problems. Many employees simply aren't aware of their company's stance on ethical, social and environmental issues; for example, one-third of respondents in Cognizant's research had no idea whether their employer had a long-term plan to become carbon neutral. Fix this lack of organisational knowledge and there'll be a better understanding of corporate values and purpose and better employee engagement.



## How Zopa communicates purpose within and without

Helen Beurier at Zopa stresses that purpose works best when not only communicated but actually experienced – whether by customers or the company's own people, so authentic action and 'walking the talk' is one of the values.

She says: "Our communication mix externally is made up of Through the Line product campaigns which showcase our USPs; social content, which is focused on understanding and engaging customers in a conversation about how resilience looks and feels for them; and PR to raise awareness of our mission.

"Internally, we have a hybrid office/home working culture and our communication reflects that, including both inperson touchpoints like our weekly company meeting and regular strategy updates alongside virtual communication via slack, newsletter and email. Crucially, it is important that purpose-driven communication cascades all levels of the organisation."



## 04. Navigating the tough conversations

Orientating around purpose stimulates radical but necessary change. But those tasked with driving transformation are likely to face uncomfortable conversations with the board and shareholders.

Unilever has been a pioneer in imbuing its brands with a purpose. Its mission statement on its website says, “We are driven by purpose: to make sustainable living commonplace.” But this leaves it open to pushback from those who believe the traditional purpose of a business is to create profit for owners and shareholders, as defined by economist Milton Friedman.

High profile Unilever investor Terry Smith made his feelings clear in January 2022 in a widely publicised statement:

“A company which feels it has to define the purpose of Hellmann’s mayonnaise has in our view clearly lost the plot.”<sup>11</sup>

The ousting of Danone CEO and Chairman Emmanuel Faber in 2022 is partly attributed to shareholder dissatisfaction with “progressive” decisions. Bluebell Capital Partners said that Faber “did not manage to strike the right balance between shareholder value creation and sustainability”.<sup>12</sup>

On the other hand, many investors believe that a company needs a higher societal purpose and needs to own its impact on the world. The Business Roundtable, numbering nearly 200 CEOs

of major US businesses, devised a new definition of the 'purpose of a corporation' in 2019 that overturned shareholder value as the priority.<sup>13</sup> Now the stakeholders encompass employees, communities and customers and their needs and wishes.

Choosing your purpose can mean making tough decisions about your customer base. Not every current customer may be enamoured of the direction you take or your new messaging. Gillette faced a backlash from a segment of its audience when it launched an advertising campaign which referenced the #metoo movement and toxic masculinity. Its famous "The best a man can get" strapline changed to "The best a man can be".

Shifting brand position needs bravery and an understanding not every customer will follow your lead. The debate over whether there was an impact on Gillette's sales was inconclusive. Some analysts of Procter & Gamble results say the campaign had a negative impact on market share.<sup>14</sup>

## Accepting reality for long-term growth

The reality is that the C-suite and shareholders need to accept that a short-term result cannot be the be all and end all. They have to have a plan for long-term responsible growth. Otherwise, the prioritising of quarterly profit figures can force a company into poor decisions that do not align with the stated purpose or align with employee and customer values.

This 'ethical fading' is explained by author Simon Sinek as happening "when a company culture allows people to act in unethical ways to advance their own interests at the expense of others, whilst falsely believing that they have not compromised their moral principles. It usually starts with small, seemingly innocuous transgressions that then grow and compound".<sup>15</sup>



**Often a company that does well on societal and environmental measures such as caring for its employees and managing its supply chains responsibly, also does well on long-term profit measures. Running a sustainable business is all about the long-term horizon.**

Margaret Franklin,  
President and CEO of CFA Institute

For example, short termism can lead to making the quickest hire rather than one based on diversity; using techniques like FOMO for customer acquisition that are not good for the target audience's mental health and waiting for legislation to force your business to change behaviours rather than earning goodwill and trust by being proactive (for example, regarding user privacy).

Clare Gambardella at Zopa thinks choppy economic waters can be navigated. She says: "Zopa has maintained a strong purpose whilst also achieving a sustainable business model on one of the fastest timings in the industry. In a volatile economy, differentiation and customer relevance are more important than ever and so it would seem counter-intuitive for businesses to abandon purpose at this point."

No business should be dismissive about profit and companies still need to deliver for shareholders, but attention to ESG factors need to be the focus. And they cannot be hived off to a siloed CSR team; every department has its role to play

in purpose-driven outcomes and living the company's purpose in the day-to-day actions and decision-making.

Aurelie Thong, Global Sustainability & Purpose Demand Director at Mars Petcare, helps the business stay true to its purpose North Star of A Better World For PETS™.

She says: "A good brand purpose should be timeless. It's part of why a brand exists beyond making profit and should strengthen overall brand meaning and distinctiveness.

"Cutting back on Purpose activities would be very short-sighted. Rational campaigns tend to deliver higher short-term sales uplifts, but the effects fade quicker. If done well and connected in a relevant and meaningful way, stories about brand purpose can better engage people's emotions and be more memorable and therefore effective than rational advertising. Their positive brand effects last longer, build cumulatively and reduce price sensitivity – helping to create value in the long term."



## 05. Guidance on organising around purpose

Purpose cannot be a bolt-on to a business. It needs to thread through every aspect of the organisation and won't be achieved overnight. The C-suite will have to take the lead in drawing up a vision and strategic roadmap to embracing the right purpose for your organisation.

Purpose needs to be built from the inside out once you have identified what your company can authentically stand for. It needs to start with employees and, once embraced, to ripple out across all touchpoints. Without buy-in from employees, it's not possible to change work cultures and behaviours to reflect your mission or purpose.

The fundamentals to navigate the complexity of employee engagement and bring them on board with your mission or purpose can be grouped under the heading of the 3Ms: Mindset, Methods and Measures.

- Mindset: communicate a clear vision of your purpose and how it aligns to your brand, culture and employee value proposition, as well as what living the values in everyday life will feel like for your employees
- Methods: define the right ways of working, environment, operational procedures, behaviours and culture that will help embed purpose into the business

- Measures: Balance measures which indicate business health with robust measures that incentivise the right behaviours for your employees and that can show tangible progress

Every big change must start somewhere and it makes sense to find pockets of brilliance within your business that demonstrate your values and build out

from there. It's essential that responsibility for developing company values and acting on them is taken up by all – not just those on the customer-facing front line.

Finally, bake purpose into your research tools and product design, so development takes account of issues like accessibility and algorithmic bias, and design uses ethical engineering practices.



## **Veolia doesn't waste any opportunity to bake in brand purpose**

Veolia, a company that provides environmental solutions, defines its purpose as Ecological Transformation. Sustainability, biodiversity and carbon reduction are part of the company's core business, so employees know they work for a purposeful organisation from the start.

But this purpose still needs to be embedded in the business and Veolia has several approaches.

Beth Whittaker, Chief Human Resources Officer UK, says: "Our purpose is fully embedded into our HR Strategy and Corporate Objectives. We have a Purpose Officer who coordinates activities across UK&I and works with other Purpose Officers globally to share best practice and analyse feedback from colleagues to ensure our approach is always relevant."

She adds that tools and tactics to help understand and act on Veolia's purpose include e-Learning, workshops, manager toolkits, integrated modules in Leadership and Talent and induction programmes. The company has more than 30 active Purpose Ambassadors, with each going through briefing and upskilling and its annual engagement survey in 2021 showed that 87% of employees felt like they contribute to the organisation's Purpose through their work.

# Conclusion

It will be the businesses that have already started to put purpose first who will win; the later you leave it, the harder it will be to compete. Holding up best practice from the brands who are moving in the right direction – for example Mars<sup>®</sup> and the others featured in this report – will be persuasive.

As Aurelie Thong of Mars Petcare says: “Purpose marketing that does not make a tangible difference to the planet and the business is unsustainable and meaningless. Brands need to drive impacts that benefit society but are also relevant to our business commitments.”

Purpose should give you a wellspring of ideas for improved CX and ways of deepening your customer relationships. And, of course, purpose will play a crucial role in making the world fairer and helping avoid potential climate catastrophe.



**The truth is people want change. And we have seen throughout history – we can drive it. So, if you aren't willing to address it now, you will have to address it later. It will likely be when you are facing being acquired by your competitor, a new female-founded and funded start-up that has disrupted industry, or when you are taken over by a private equity firm to bail out your failing business.**

**I set a challenge to all of us: let's stop obsessing about shareholder value or quarterly profits – they will come. But let's start obsessing about doing the right thing, in the right way for everyone and our planet.**

Esther Duran, Chief Design & Product Officer,  
Zone, Cognizant Digital Experience



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