CATALYST FOR CHANGE:

THE POWER OF
AUTHENTICITY

FLEISHMAN HILLARD

Authenticity Gap: Global Report 2021

*"**Knowing** the **right time to stand up**, the **right issue to champion** and the **right words to say** is* MORE COMPLEX THAN EVER.*"*

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FOREWORD

Why is it so often that what we see and hear from brands, businesses and people jars with what we might feel, experience and believe? They have an authenticity problem, a 'crisis gap' if you will.

At FleishmanHillard, we have been studying authenticity for nearly a decade and over the years our research has consistently been ahead of its time – predicting emerging trends and issues with striking accuracy. But in 2021, it seems the world is affirming the power and critical importance of what it means to be truly authentic.

At its heart, authenticity is the fundamental alignment of who you claim to be and who you really are. If the two are at odds, no matter who you are, people will be let down or dissatisfied, and you will fall short of expectations.

The global pandemic has disrupted and challenged every facet of our lives, and triggered a fundamental shift in how companies communicate, and how a brand campaigns and the issues it is expected to take a stand on. Questions of diversity, equity and inclusion – which at their core are about who and what we value in our societies – have been brought into sharp focus and are quickly becoming a central driver of reputation and future success.

But knowing the right time to stand up, the right issue to champion and the right words to say is more complex than ever – especially because many of the most complex issues are interconnected in their causes and their consequences.

With beliefs, views and facts increasingly polarized, organizations all around the world need genuine insight into how to authentically communicate, based on who they are, and what the world expects of them.
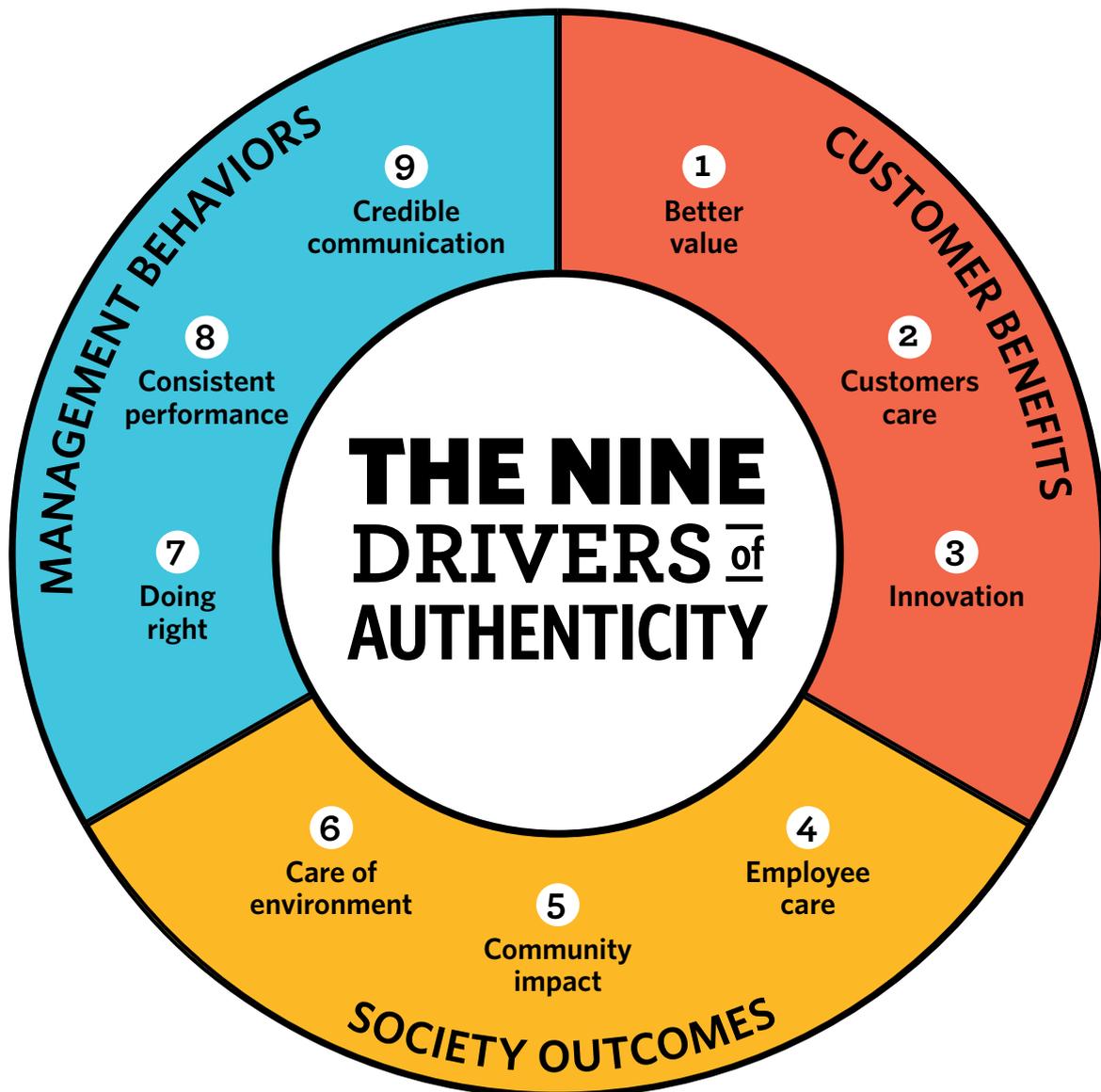
They need to be able to hear from people that are engaged with their sector. Understand how they fare against the competition. And know what really matters to the audiences they care about.

THEY NEED TO UNDERSTAND THEIR AUTHENTICITY GAP.

John Saunders
President & CEO,
FleishmanHillard

ABOUT OUR AUTHENTICITY STUDY

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8 Consistent performance

7 Doing right

CUSTOMER BENEFITS

1 Better value

2 Customers care

3 Innovation

SOCIETY OUTCOMES

6 Care of environment

5 Community impact

4 Employee care
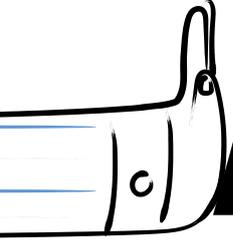
GAP
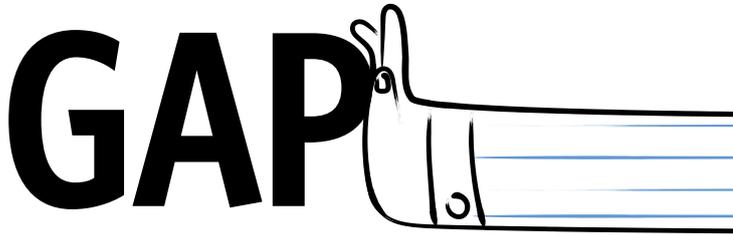
At FleishmanHillard, we have been studying authenticity since 2012, when we first set out to explore the alignment between consumer expectations and experiences: what we like to call the 'Authenticity Gap'.

The Authenticity Gap measures the gap between consumer expectations and their actual experiences of a company or brand using the Nine Drivers of Authenticity that shape consumer perceptions and beliefs.

Our rich research allows companies to judge how authentic they are, where they fall short and how they compare with their sector peers.

This report also provides unique insights into the emerging opportunities and threats facing some of the world's most familiar companies and brands – and, crucially, what consumers expect business leaders to do about them.

5
Markets

20
Industries

200+
Companies

10,000
Informed consumers

If you are interested in exploring this data further, looking at your sector or company in full, please get in touch:

www.fleishmanhillard.com/contact/

WHAT SHAPES BRAND LOVE AND DRIVES REPUTATION TODAY?

In 2021, it's not just about what you sell, but how your brand and your leaders engage with society.
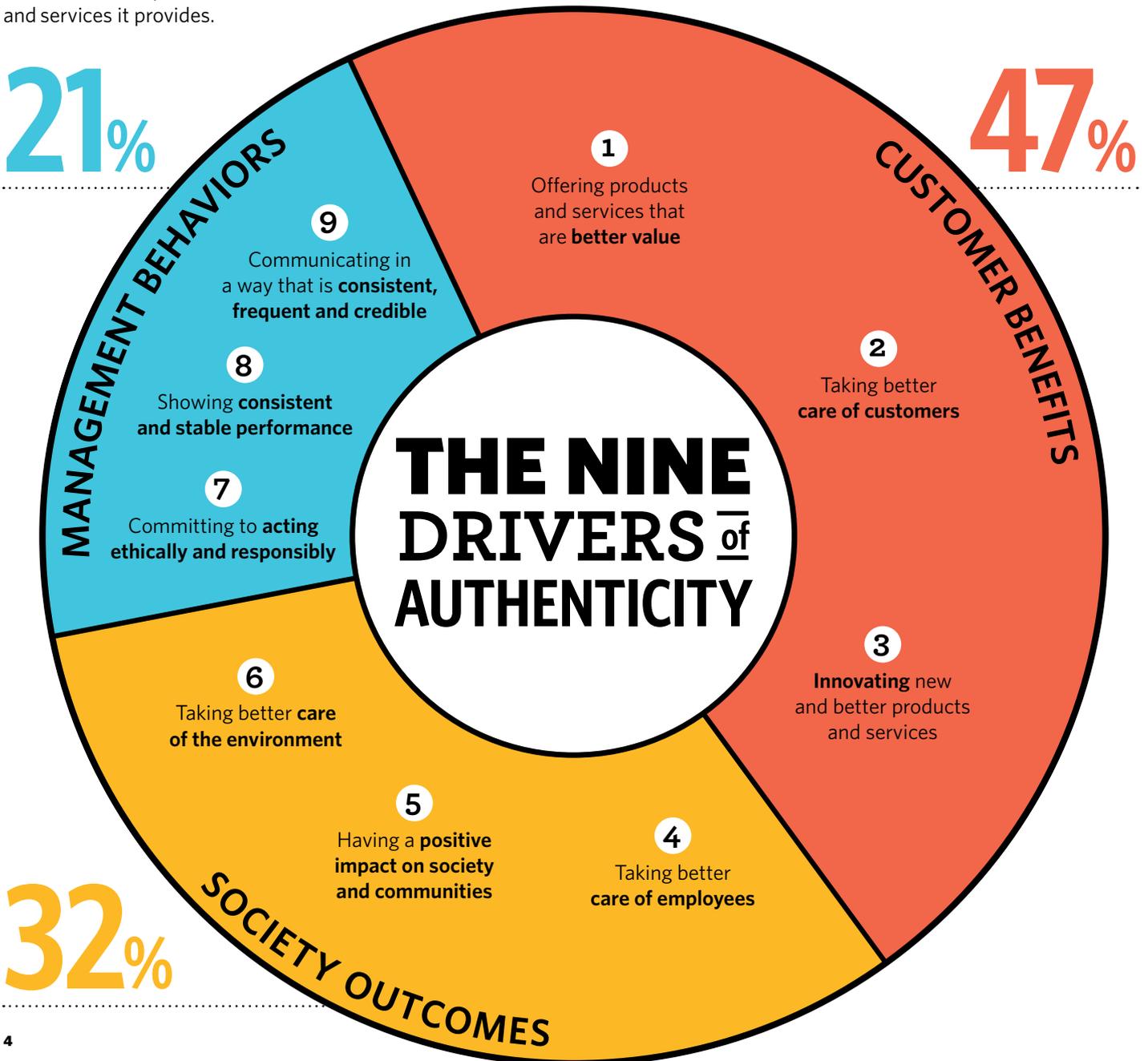
Only around half **(47%)** of consumer perceptions and beliefs about a company are shaped by attributes related to a company's 'customer benefits', i.e. the products it offers and services it provides.

It's no longer enough to just create great products and services. The other half of consumer perceptions are shaped by a company's impact on society **(32%)** and information regarding how a company's management behaves **(21%)**.
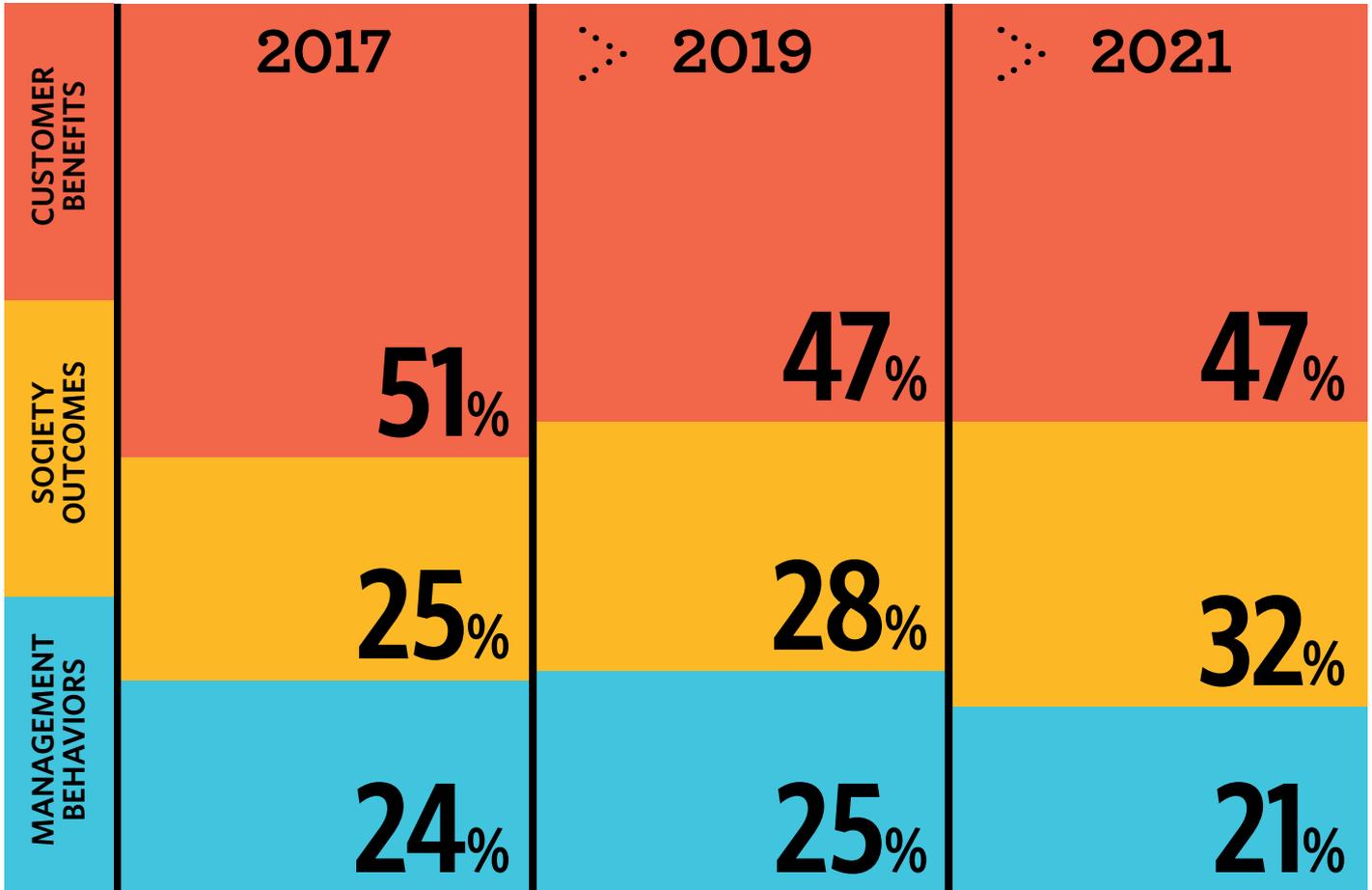
If you are predominately talking about your products and services, you are only telling half the story consumers want to hear.

THE NINE DRIVERS OF AUTHENTICITY
Our analysis has shown that there are only nine drivers of authenticity, balanced differently depending on sector and geography. On average, the relative importance of the drivers globally are as follows:

21%

47%

32%

MANAGEMENT BEHAVIORS

CUSTOMER BENEFITS

SOCIETY OUTCOMES

THE NINE DRIVERS of AUTHENTICITY

1 Offering products and services that are **better value**

2 Taking better **care of customers**

3 **Innovating** new and better products and services

4 Taking better **care of employees**

5 Having a **positive impact on society and communities**

6 Taking better **care of the environment**

7 Committing to **acting ethically and responsibly**

8 Showing **consistent and stable performance**

9 Communicating in a way that is **consistent, frequent and credible**

DRIVERS of AUTHENTICITY

	2017	2019	2021
CUSTOMER BENEFITS	51%	47%	47%
SOCIETY OUTCOMES	25%	28%	32%
MANAGEMENT BEHAVIORS	24%	25%	21%

THE SWING TOWARDS SOCIETY OUTCOMES

Over time, we have seen a marked shift in importance towards the three drivers that make up 'society outcomes.'

The shift in importance over time from management behaviors to society outcomes seems to mirror both heightened societal concern and the increased expectation of the companies and brands we value.

Has the role of the 'celebrity CEO' now been replaced by management teams that must focus on, and advocate for, the biggest issues of our time – from climate change to access and diversity?

FALLING SHORT:
Brands are failing to meet expectations
on nearly half their drivers

CONSUMERS ARE SEEING THE BIGGEST GAPS WHERE EXPECTATIONS ARE HIGHEST

This year's study shows that nearly two-thirds of consumers (64%) believe that for a company to be more credible than its competitors it must talk about its behavior and impact on society and the environment, not just the customer benefits it offers.

Yet, for many companies, delivering on those expectations has not kept pace. As a result, there are sizable gaps for industries where expectations are highest.

IN FACT, GLOBALLY, BRANDS ACROSS ALL INDUSTRIES ARE FALLING SHORT ON EXPECTATIONS ON FOUR OF THE NINE DRIVERS, MOST SIGNIFICANTLY ON DELIVERING BETTER VALUE AND CARING FOR THE ENVIRONMENT

*19 of the 20 industries studied are falling **short** of expectations when it comes to giving* **CONSUMERS BETTER VALUE.**

DELIVERING INNOVATIVE SOLUTIONS *is a top driver for a majority of industries globally, yet **almost half fail to deliver.***

***Three-quarters of industries are failing** to meet expectations on* **CARING FOR THE ENVIRONMENT.**

***More than half of industries are surpassing expectations** for* **EMPLOYEE CARE** *– with medical devices & diagnostics brands the furthest ahead.*

*Globally, pharma and cloud services are among the industries most **exceeding expectations** when it comes to* **COMMUNITY IMPACT.**

GLOBAL **MARKETS SNAPSHOT**

USA

— *The US is the only market where* **'CUSTOMER BENEFITS'** *make up more than half of consumer expectations.*

—**19** **OF THE** **20** *industries studied in the US are* **falling short of expectations of better value**.

— *The* **US AUTOMOBILE SECTOR** *is* **falling short on better value** *more than any other industry.*

BRAZIL

— *The* **ENTERPRISE IT SECTOR** *is a* **standout performer on better value and customer care** *in Brazil.*

— *The* **PERSONAL CARE AND FOOD & BEVERAGE INDUSTRIES** *are* **exceeding consumer expectations the most on care of the environment**.

UK

— **CARE OF ENVIRONMENT** *ranks nearly as importantly as customer care and better value* for UK consumers.

— *Only five of the 20 industries* are meeting **EXPECTATIONS FOR ENVIRONMENTAL ACTION** – *with food & beverage and investing exceeding by the widest margins.*

CHINA

— *Business leaders doing right is* **more important to Chinese consumers** *than other markets.*

— YET **13** OF **20** *industries are* **falling short of expectations on management doing the right thing**.
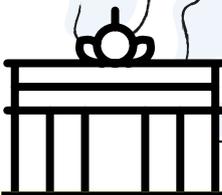
GERMANY

— **BETTER VALUE AND CARING FOR THE ENVIRONMENT** *rank as* **equally important for German consumers**.

— ONLY **5** OUT OF **20** *industries are meeting environmental expectations* – *with clean energy missing the mark the most.*

AUTHENTIC INSIGHTS:

Issues and trends that are **driving the popular agenda**

AUTHENTICITY IS ALL ABOUT CONTEXT

Our expectations of companies and brands are in a large part shaped both by our personal values and experience of our wider world.

Fears, hopes, interests and dreams are impacted by the shifting social, political, economic and technological forces always in play. Whether it's an election campaign, a shared experience with a loved one, a news item or a TikTok meme, they all contribute to our reaction to companies and brands and our expectations of them.

Today's consumers have a desire for tangible action. They demand accountability, not the appearance of it. They want genuine change on society's most pressing issues – from climate change and data, to social and racial equity. They want true authenticity.

For this reason, our research also looks at the issues and trends which shape the popular agenda. It focuses on issues which informed consumers think are most important, and on which companies should take a stand.

TOGETHER, THIS PROVIDES A ROADMAP FOR ANY COMPANY LOOKING FOR DIRECTION IN TODAY'S COMPLEX BUSINESS ENVIRONMENT.

STEPPING UP: DATA PRIVACY AND SECURITY IS THE TOP ISSUE CONSUMERS WANT ACTION ON

It can be hard for companies to prioritize the many issues that face them.

Our research shows the difference between informed consumers' ranking of the issues that are most important to them, and those on which they expect companies and brands to act.

Interestingly, data security and privacy tops both lists, perhaps reflecting people being more fearful in uncertain times, combined with a growing unease about how data is managed, shared and protected. It exposes the tension we all feel between liking the product but worrying about the process.

Equally, it is notable there are many issues - healthcare, education, poverty - which are ranked as very important but not among the top issues for companies to take a stand on. It may be that people accept that some things are beyond the remit of companies, but where they are, they expect companies to act.

TOP ISSUES THAT ARE MOST IMPORTANT TO INFORMED CONSUMERS
(% of respondents who said "extremely important")

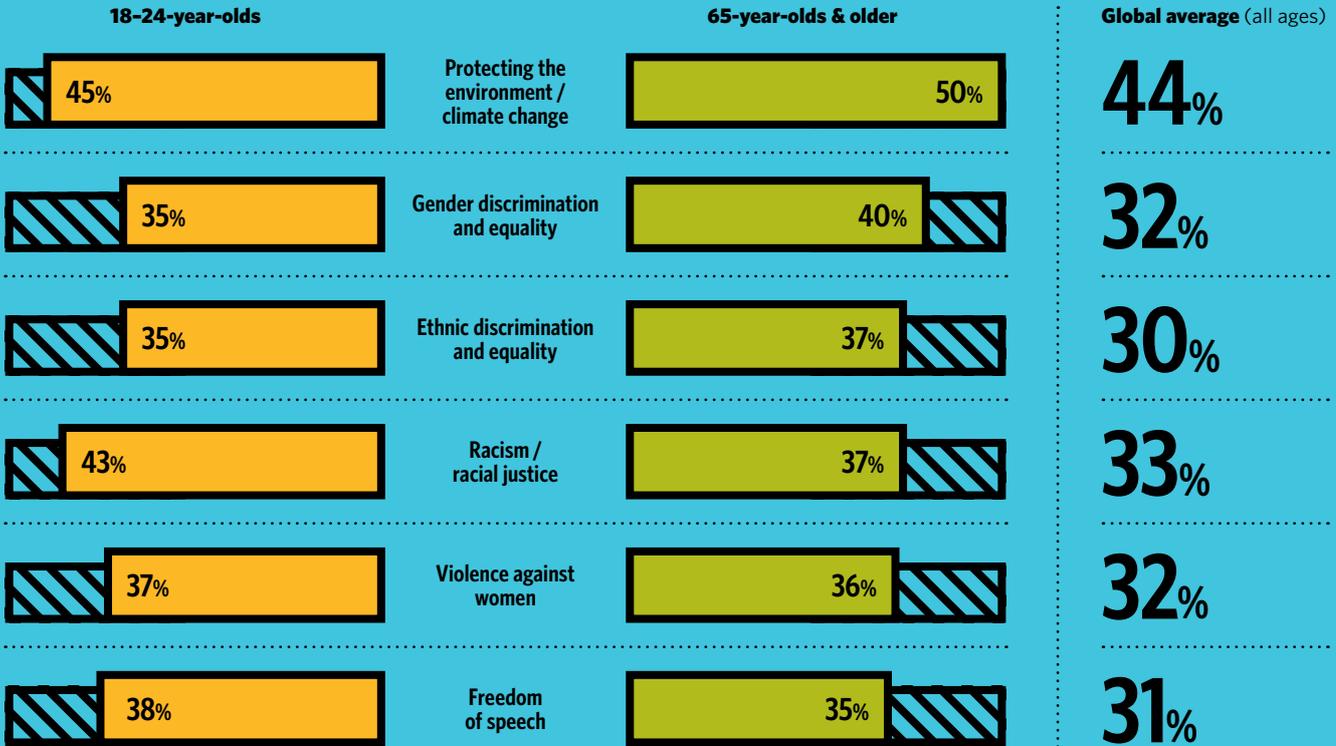| Issue	%
Data security	57%
Data privacy	55%
Access to affordable, quality healthcare	54%
Access to affordable, quality education	50%
Violence against women	50%
Freedom of speech	48%
Protecting the environment/climate change	47%
Public health policy and implementation	44%
Poverty	44%
Disability discrimination, accessibility, and equal opportunities	43%
Unemployment	42%
Racism / racial justice	42%
Minimum wage	41%
Ethnic discrimination and equality	40%
[US=Gun control]; [UK=Knife crime]; [Germany, China, and Brazil = Crime]	40%

ISSUES INFORMED CONSUMERS EXPECT COMPANIES TO ACT ON
(% of respondents who expect companies to take a stand on)

Issue	%
Data security	48%
Data privacy	47%
Protecting the environment/ climate change	44%
Minimum wage	40%
Income and wage gaps	38%
Racism / racial justice	33%
Disability discrimination, accessibility, and equal opportunities	33%
Advocating for diversity, equality and inclusion in society	33%
Unemployment	33%
Access to affordable, quality healthcare	32%
Violence against women	32%
Gender discrimination and equality	32%
Freedom of speech	31%
Public health policy and implementation	31%
Ethnic discrimination and equality	30%

**ISSUES INFORMED CONSUMERS EXPECT
COMPANIES TO ACT ON (BY GENERATION)**
(% of respondents who expect companies to take a stand on)

18–24-year-olds		65-year-olds & older	Global average (all ages)
45%	Protecting the environment / climate change	50%	**44**%
35%	Gender discrimination and equality	40%	**32**%
35%	Ethnic discrimination and equality	37%	**30**%
43%	Racism / racial justice	37%	**33**%
37%	Violence against women	36%	**32**%
38%	Freedom of speech	35%	**31**%

AGENTS OF CHANGE: YOUNGEST AND OLDEST GENERATIONS DEMAND THE GREATEST ACTIVISM

Interestingly, it's both the oldest and youngest groups in society that feel the strongest about issues that companies must take a stand on.

Whether it's the fate of their grandchildren, or feeling guilty for past consumption, the consumers aged 65+ consistently felt that brands should speak out about human rights issues.

Similarly, it is the youngest generation who places the most importance on brands taking a stand on racial justice, violence against women and wider forms of discrimination.

With the emergence of "Gen C" as a new force in consumer culture - a group that defies the traditional boundaries of age – it is crucial that brands and companies don't make assumptions about their target audiences.

BRANDS MUST TAKE THE TIME TO TRULY UNDERSTAND THEIR BELIEFS, MOTIVATIONS, COMMUNITIES AND VALUES - REGARDLESS OF AGE OR GENERATION - AND FOCUS ON WHAT IS MOST IMPORTANT TO TODAY'S INCREASINGLY CONNECTED CONSUMERS.

THE NEW CEO AGENDA: ENVIRONMENT, DE&I AND PUBLIC HEALTH

Today's consumers have a complex view about when and why they believe CEOs should take a public stance on issues that some may consider polarizing.

For instance, three-quarters (74%) report it's important for CEOs to take a stand on issues that 'reflect the collective views and actions of the organizations they lead', while only 60% say CEOs should take a stand on issues that 'are important to their own personal views and beliefs'.

However, there is still a strong sentiment (65%) among informed consumers for CEOs to speak up on issues that 'may not have a significant impact on the business but have a significant impact on society' – with particular focus on diversity and diverse representation within a workforce and its leadership.

So, while these signals may not point to a desire for CEO activism per se, when examined through the lens of other issues and topics, it is clear that informed consumers want CEOs, and by extension the companies they lead, to support the issues that reflect their values.

Arguably, with the diminished expectation around management behaviors, the role of business leaders is less on being a personal role model, but more of an advocate for true change.

65% say CEOs must speak up on issues that 'may not have a significant impact on the business but have a significant impact on society'

73% of consumers believe CEOs must have an active voice on supporting and influencing environmental policy change

65% say CEOs should play a role influencing health policy

"CEOs must..."

72% say CEOs must demonstrate their commitment to DE&I both internally and externally

SOCIETAL IMPACT: COMPANIES ARE EXPECTED TO BE PART OF THE SOLUTION, NOT JUST THE CONVERSATION

The reality of systemic inequities in societies all over the world has never been in sharper focus.

There is an ongoing debate playing across multiple channels and mediums on systemic racism and the impact of structural inequality on everything from economic prosperity and employment to healthcare access.

> BRANDS ARE CENTRAL TO THE CONVERSATION – AND IN THE MINDS OF CONSUMERS, PART OF THE SOLUTION.

The time for empty promises is over. Consumers want companies to provide a work environment that is more diverse, inclusive and equal, and to listen to the needs of a diverse customer base.

Consumers today are placing greater importance on brands demonstrating cultural awareness that reflects the diversity of their customers and, in a context dominated by COVID-19, playing an active role in society's biggest employment and employee rights issues.

38%
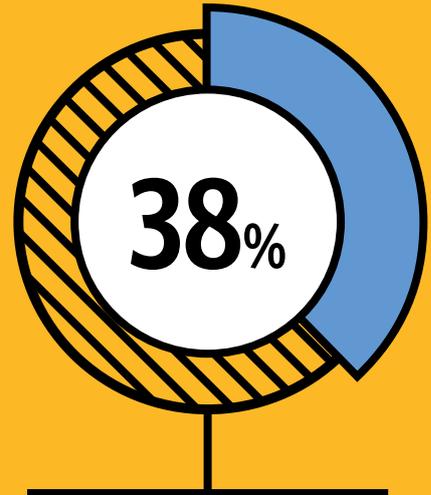
Over a third of consumers expect companies to take a public stance on the income gap in society.

33%
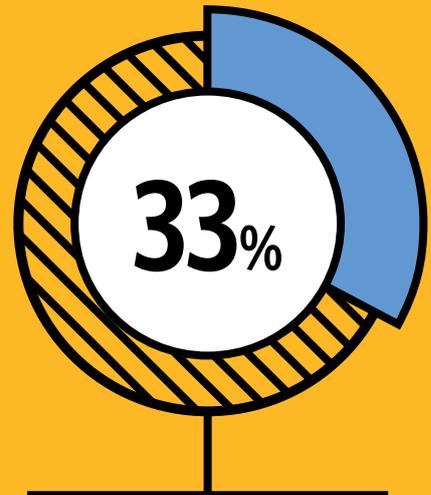
One in three consumers expect companies to take a public stance on unemployment issues.

64%
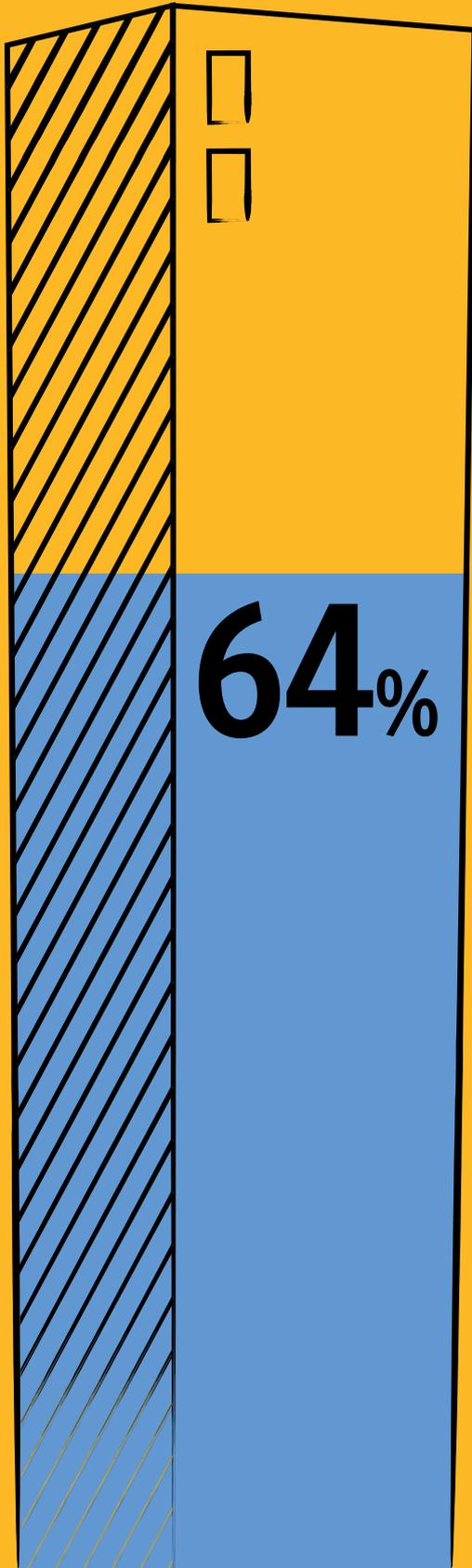
Nearly two-thirds (64%) of consumers believe a company must talk about its behavior and impact on society, not just the customer benefits it offers, to be more credible than its competitors.

AUTHENTIC ACTION ON CLIMATE

Brands can expect more scrutiny than ever when it comes to the environment – with the changes they drive making all the difference.

The top three actions, according to consumers, that companies can take to demonstrate meaningful and authentic action on climate practices are: switching to renewable energy suppliers for all operations, offering sustainability training to staff, and committing to regular environmental, social and corporate governance (ESG) reporting.

THE TOP 3 ACTIONS

*companies must adopt **to be authentic on climate are:***

1
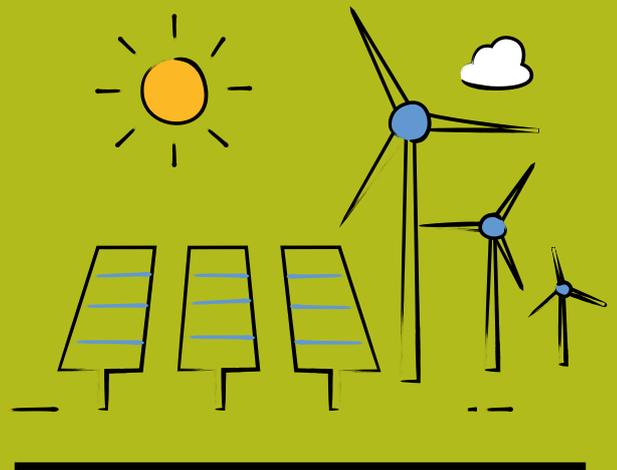
Switch to a renewable energy supplier for all office, plant, and warehouse locations.

79%
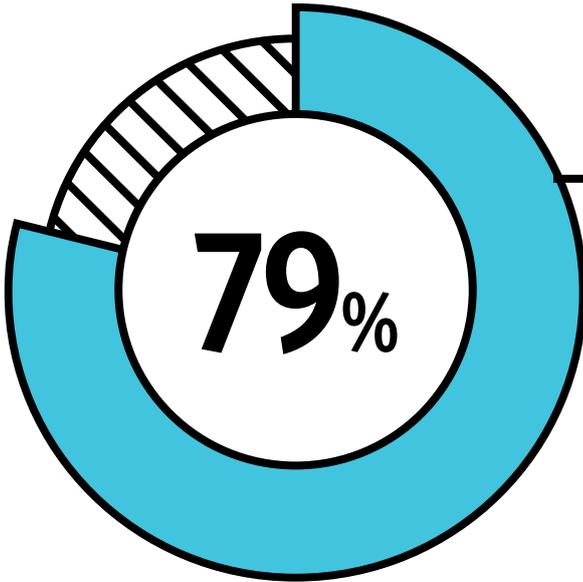
Of consumers say that brands should focus on developing working practices that protect the environment as they prepare for the future.

2

Offer sustainability training for employees.

3
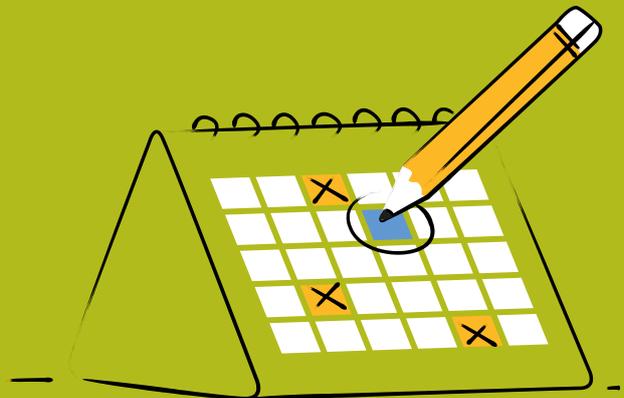
Commit to regular environmental, social and governance (ESG) reporting to showcase steps taken and progress made.

PROPELLING PROGRESS: TAKING AUTHENTIC ACTION ON DE&I

There has never been a more important time for brands to take an honest look at how their actions either remove or reinforce barriers to equity, particularly standing up and championing minority voices and traditionally marginalized communities.

The nuances and cultural contexts will differ across markets but an organization's values should be constant, driving consistent behavior and propelling progress.

Informed consumers expect companies to be credible and authentic, bold and true - acting and leading with empathy and taking actionable steps to advance diversity, equity and inclusion

The top three actions that companies can take to begin demonstrating their authentic commitment to meaningful progress on DE&I are: providing training and education for all staff on unconscious bias and best practice techniques, having a clear strategy in place, and ensuring minority voices are heard and acknowledged in company decisions.
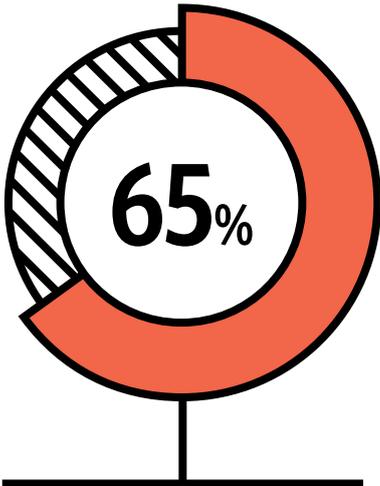
THE TOP 3 ACTIONS
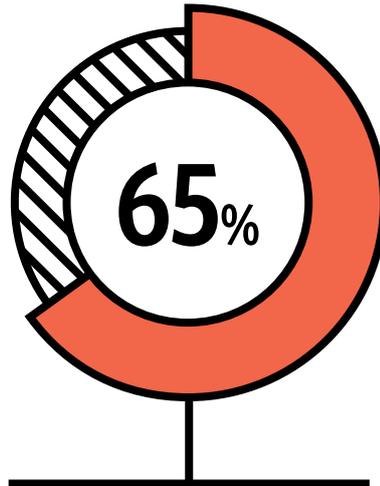
*companies must adopt **to be authentic on DE&I are…***

1

Have a clear strategy for the company's aims and goals regarding diversity, equity and inclusion.

65%

Of consumers say that to be more credible companies need to commit to advancing diversity, equity and inclusion in the workplace.
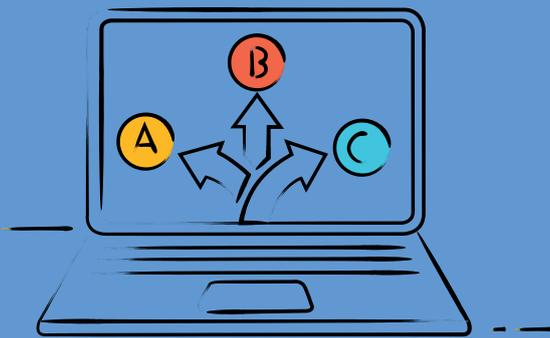
65%

The majority of consumers say companies and brands must demonstrate they are culturally aware and listening to the needs of their diverse customer base.
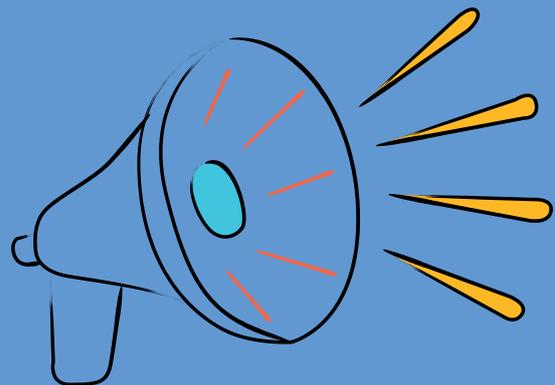
76%
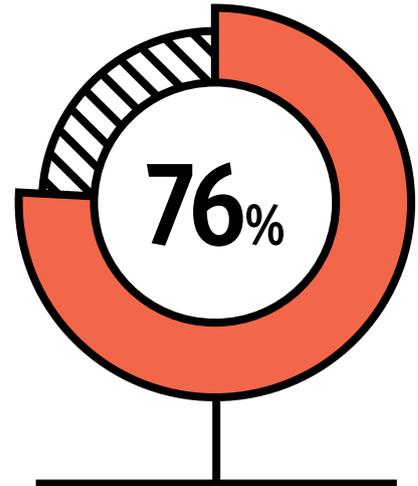
Over three-quarters of consumers say companies must provide a work environment that is more diverse, inclusive and equal.

2

Provide training and further education for all staff on unconscious biases and best practice DE&I techniques.

3

Ensure minority voices are heard and acknowledged in the decision-making processes.

AUTHENTIC ACTION ON DATA

As digital natives make up more of our global workforce, consumers report high levels of concerns on issues of data privacy and security.

In part, this could be driven by the exponential rise in usage and reliance upon technology during the pandemic, but it also reflects a deeper understanding of how personal data defines and drives power dynamics in multiple aspects of our societies.

In fact, the majority of consumers expect companies to put in measures of data protection that go beyond mandated regulations. And, a majority say that privacy concerns have made them less likely to use products or services from companies that leverage user data for their own benefit.
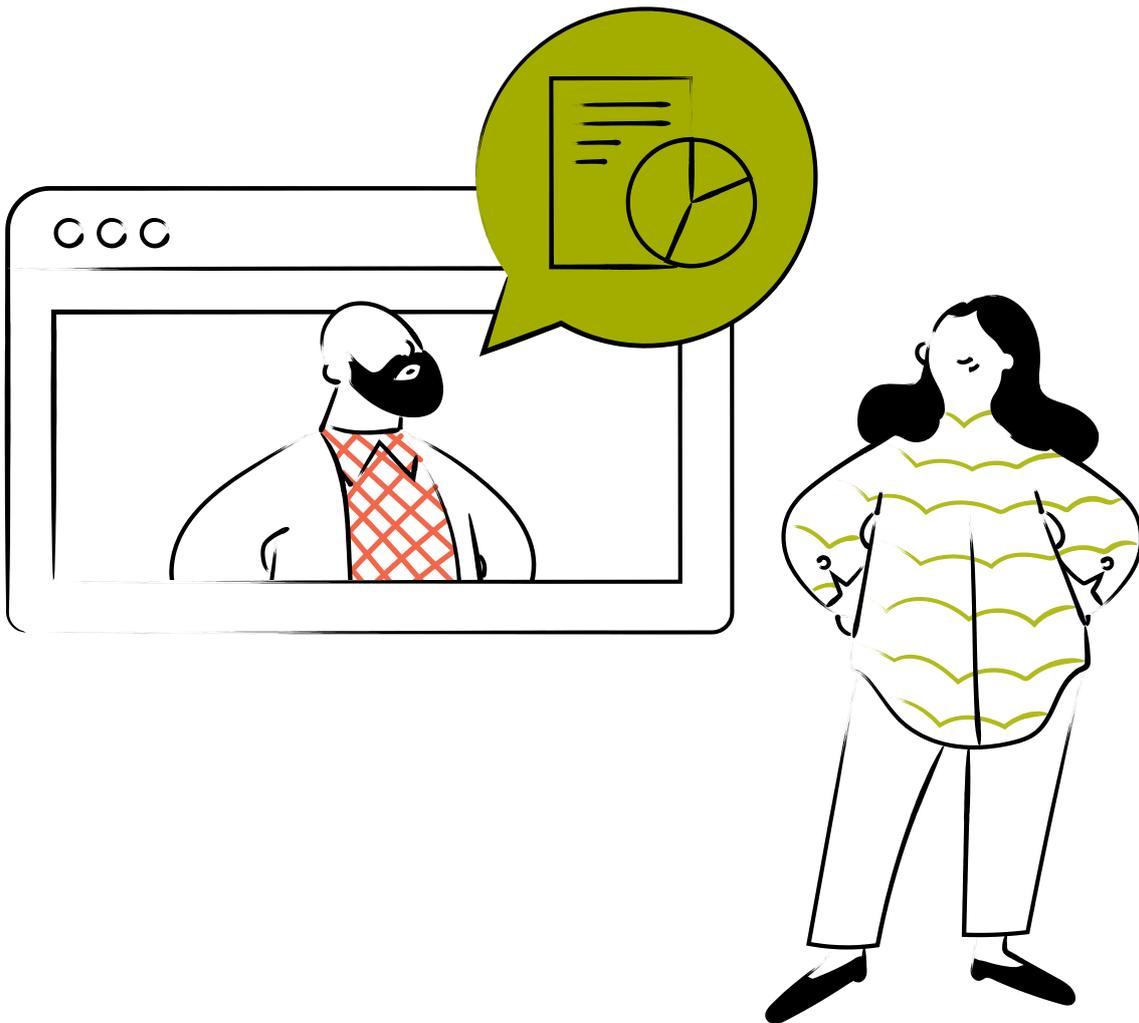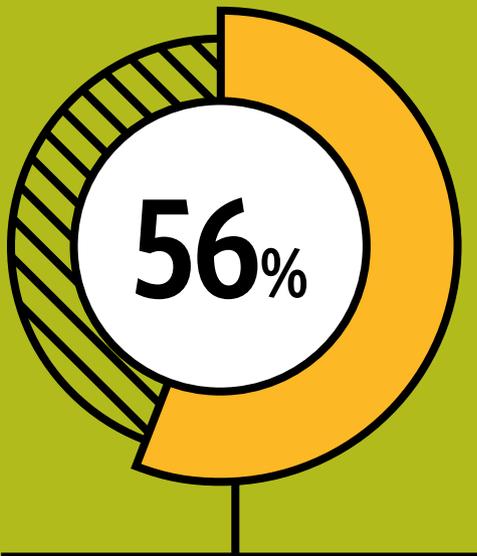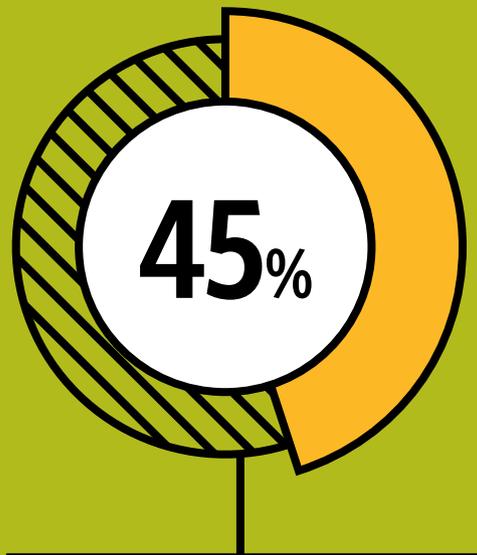
THE DATA DILEMMAS:

consumer attitudes on ***data, personalization and privacy***

68%
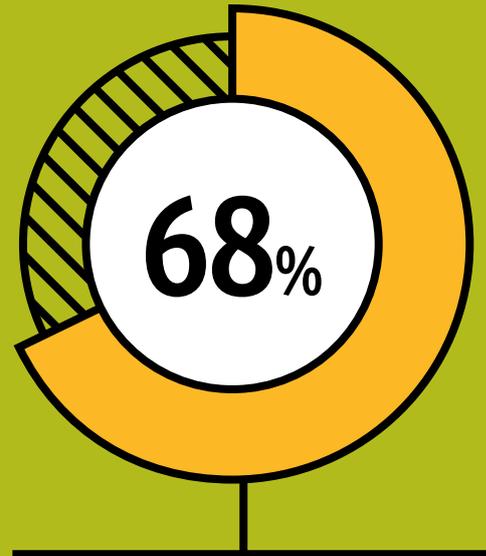
Companies must demonstrate to me they have meaningful data and consumer protection practices that go beyond mandated regulations.

56%

Privacy concerns have made me less likely to use products or services from companies that use data for their own benefit.

45%

I am willing to let companies collect my personal information to provide me with greater convenience and personalization.

Putting AUTHENTICITY *INTO* ACTION

For companies looking to make what are often hard choices about where to focus their attention or how to shape brand campaigns, understanding authenticity is a vital tool in the communications armory.

Genuine insight on the balance of the nine drivers and the relationship between consumers' expectations and experiences, provides actionable insights that guide these choices.

Whilst product and service excellence and delivering value remain highly important factors for consumers', we have witnessed consumer expectations of the 'charismatic CEO role model' being superseded by expectations of positive society outcomes, particularly when it comes to caring for the environment.

This shift is significant and highlights the need for companies to demonstrate real commitment, over time.

CEOS MAY COME AND GO, BUT COMPANY VALUES MUST GO BEYOND CHANGE AT THE TOP

KEY TAKEAWAYS

1

Invest in what you want to be known for

Focus on the attributes you want to be known for. Make sure those things matter to your audiences and talk with them about each attribute. Behave as the organization you want your audiences to know you are.

2

Do what you say

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

3

Know your audience

Brands 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 that of communications or marketing.

5

Measure what matters

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

ABOUT THIS RESEARCH

COMPANIES STUDIES

Automobiles	**Chemical Companies**	**Infrastructure**
Banking & Payments	**Investing**	**Agribusiness**
Beer & Spirits	**Food & Beverage**	**New/Clean Energy**
Biotechnology	**Medical Devices & Diagnostics**	**Pharmaceuticals**
Airlines	**Apparel (leading retailers)**	**Personal Care & Health Products**
Retailers	**Smart Home Products**	**Cloud Services and Solutions**
Consumer Electronic Devices	**Enterprise IT**	**Online & Media Services**

- **Manufacturing & Industries**
- **Financial & Professional Services**
- **Food & Agribusiness**
- **Energy & Utilities**
- **Healthcare**
- **Consumer Products & Services**
- **Technology**

5
Markets

20
industries

200+
companies

METHODOLOGY

The 2021 Authenticity Gap research was conducted by TRUE Global Intelligence, the in-house research practice of FleishmanHillard.

A 25-minute online survey among 'informed consumers' was fielded in the markets in the table from March 2 to April 16, 2021.

The 'informed consumer' is defined as individuals who are interested or involved in one of the 20 industries that were studied in the 2021 Authenticity Gap research. Interest and involvement was classified as being any one of the following: being a customer, an investor, working in an industry, knowing people in an industry, having subject matter interest in an industry, or having studied aspects of an industry while in school.

Nationally representative sample targets were set on age and gender in each market.

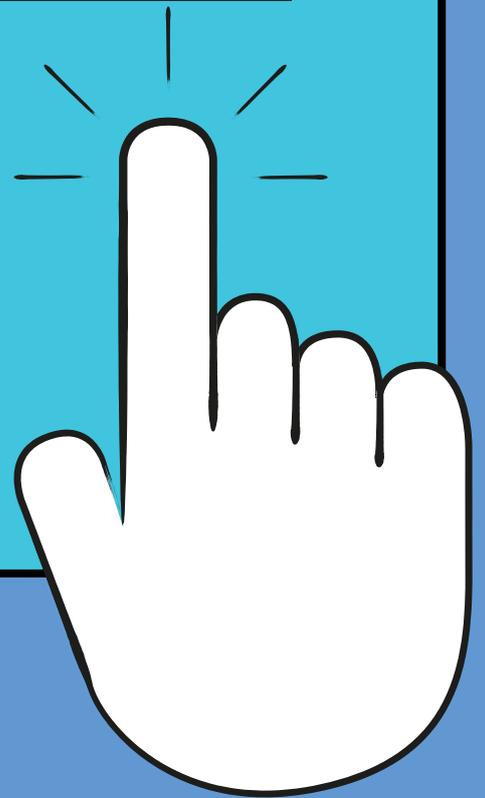|	Sample size	Margin of error
Total	**n=10,285**	**±1.0%**
Brazil	n = 2,149	±2.1%
China	n = 2,004	±2.1%
Germany	n = 2,045	±2.1%
UK	n = 2,031	±2.1%
US	n = 2,056	±2.1%

If you are interested in exploring this data further, *looking at your company, sector or market in full, please get in touch.*
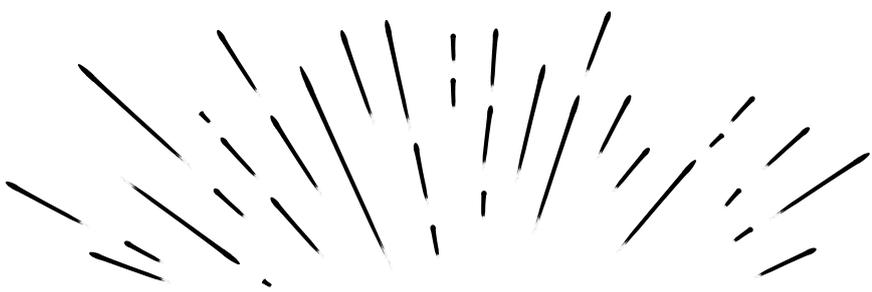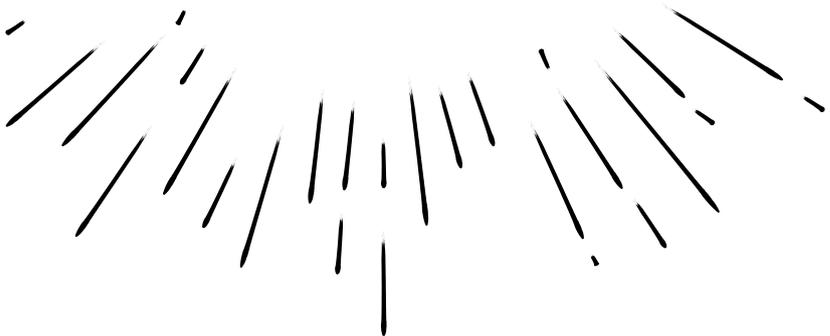
www.fleishmanhillard.com/contact/

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THE POWER OF

AUTHENTICITY

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