Put Your Money Where Your Mouth Purpose Is

Being clear about your purpose isn’t enough. To stay relevant and build loyalty, retail brands need to demonstrate commitment to those values – especially when times are tough – and make purpose actionable and personal through meaningful experiences.

What’s going on

Interest in the provenance of products is growing fast. For a number of years, this has been driven primarily by rising environmental concerns. Now, COVID-19 is accelerating interest and widening people’s focus beyond sustainability – 52% of consumers, for example, claim that locally sourced ingredients were more important as a result of the pandemic, according to a global study.1

Today, shoppers actively seek out brands with clear purpose and an authentic brand story – such so-called “meaningful brands” outperform the stock market by 134%.2 People want to feel a connection on a deeper level with the products they buy. They understand they have an impact through the consumption choices they make, and they feel pride when they make choices that fit with their values.
This isn’t just about shoppers, however. Employees want to feel good about the organizations they work for, too. A company’s staff, in fact, can be the most vocal supporter and advocates – or critics – of a business’s actions.

Supporting a specific brand for its specific practices is a modern badge of honor. But the reverse is also true – if an organization’s behavior falls short of its customers’ expectations, support for and trust in it can be canceled in an instant.

**What’s next**

Increasingly, environmental, social and corporate governance will be a defining factor for businesses. Transparency will be expected. And shoppers’ desire and willingness to support a company for good practices or because it is in step with their own values will pave the way for the next evolution of brand ambassadors and customer loyalty.

Some large retail brands are already pointing the way, such as Amazon, which recently announced its climate pledge commitment to being net carbon zero business-wide by 2040 – 10 years ahead of the Paris climate agreement.3

With shoppers increasingly aware of the power they have to set the direction for retail organizations, they will reward brands that show they’re listening and acting most effectively to make the world a better place.

To build customer loyalty and set the direction in the future, brand owners will need to have strong, fundamental values underpinned by a clear purpose. Actions will set them apart from their competitors, however. So, it will be essential to make purpose actionable and personal through meaningful experiences.
Shoppers and employees expect the companies they deal with to be transparent. This requires a mindset shift by retail organizations from what New World Same Humans newsletter founder David Mattin has called “black box” to “glass box” thinking. Not so long ago, the brand was simply painted on the outside of the box, and everything within the box was invisible to outsiders – a “black box” approach. Now, more businesses are expected to be glass boxes, with outsiders able to see the people, processes and values within. If you’ve nothing to hide, why not be transparent?

Sneaker company Veja is one business embracing the glass box metaphor to stay one step ahead. True to its name – which means “look” in Portuguese – Veja publishes producer contracts, factory price quotes, chemical tests, certification documents and the supplier code of conduct on a dedicated page on its website.

Wool Innovation has innovated in response to another aspect of transparency: traceability of products and materials from production to discarding. In partnership with Everledger, a blockchain technology, AWI trialed an initiative to allow all partners to trace authentic wool products’ lifetime journeys.

Blockchain technology is also being used by US-based Bumble Bee Seafoods to allow customers to track and trace its yellowfin tuna products back to the waters in which the fish were caught. It provides full transparency by enabling shoppers to scan an on-pack QR code in the grocery store aisle to discover the location of the catch, the method by which the fish were caught and the size of the boat.

Interest in buying from and working for brands that have purpose is growing. In 2020, Accenture research found that 60% of consumers now shop their values. But having a purpose is only half the story. Customers trust brands that consistently connect real actions with their brand values. So, retail organizations need to act on purpose responsibly – not just for their customers but also for stakeholders, employees, the community, partners, investors and, ultimately, the planet, too.
For retail brands already active in this space, this means adopting a more responsible retail model with decision-making, innovation and growth plans viewed through the lens of being authentically purposeful.

Some brands stepping into a more responsible retail model are doing so by paying attention to the materials they’re using within their stores and recycling the waste from their products or community into clever interior solutions. When Amsterdam-based eyewear store Ace & Tate was designing its recently opened Antwerp store, for example, it decked the interiors with colorful chips of recycled plastic sourced locally by Dutch start-up Plasticiet. The in-store design, featuring an entirely recycled interior made from trash collected from the local area, effectively turns the store into a symbol of its sustainability.9

Also in the Netherlands, online supermarket Picnic pledges to deliver sustainably – using 100% electric cars, for example, or minimizing food waste or delivering groceries for an entire neighborhood at once – while fulfilling its promise to offer shoppers exactly the same groceries as in the supermarket, but for the lowest price.10 In this way it walks the talk of transparency, convenience and competitive price.

For Patagonia, the approach is to take a position and always act accordingly. From closing its stores and online shops on Black Friday in protest of mass consumption to adding “Vote out the assholes” to its clothing labels, the brand boldly stands up for what it believes. Its transparency makes it easy for customers to decide whether or not they are aligned. Its authenticity has helped it build a committed customer base known for its loyalty.11

Ice cream company Ben & Jerrys, meanwhile, works to ensure every action is rooted in its values. By cultivating close bonds with NGOs, it is often near the heart of issues. Following the murder of George Floyd, it had four specific policy recommendations in the statement that Black Lives Matters issued – not with the intent to sell more ice cream, but in recognition that all businesses are a collection of people who care about others and have values, its Head of Global Activism, Christopher Miller explained.12
3. By Empowering Your Customers You Empower Your Brand

Business purpose is shifting – from providing value for shareholders to providing value for the world. According to the World Economic Forum, which calls this movement “stakeholder capitalism,” this transformation is making environmental, social, governance and data stewardship considerations increasingly important to companies’ financial performance and resiliency.13

Brands should empower people to take action toward their own social commitments by providing them transparent, rigorous information on their own behavior and the impact their choices have on the world around them. Shoppers take notice of this commitment.

Guitar maker Fender, for example, set out to support musicians during the pandemic with the Fender Play Foundation14 – an initiative set up to equip, educate and inspire young players and support local communities by partnering up with organizations, educators and artists. With its focus on investing in telling stories, and its purpose of keeping the craft going, the scheme is much bigger than the brand itself.15

Whole Foods, meanwhile, operates a merchandising strategy that highlights locally produced products and locally owned or operated companies.16 For the shopper interested in the selection of a global enterprise but the ability to buy locally, Whole Foods accommodates both desires.
What retailer leaders can do next

1. Audit Your Actions Before Your Customers Do

Are the decisions your company is making along the value chain aligned with external-facing values? Implement a full tracking of your business processes from supplier resources to satisfied customers to consistently ensure your operations are living up to your advertised values.

Many retail brands are already taking steps to improve the footprint they have on the world, but it’s often neglected when it comes to telling the stories. By using a data-driven approach to environmental, social and corporate governance, brands can communicate all the good they are already doing and tell their story continuously – not just as part of their end-of-year results.

2. Do The Math: Know Your Impact

Can you account for your carbon footprint? Do you accurately know the economic impact of your company among local communities? Being able to track and communicate impact is a tool for internal decision-making as well as informed brand communication.

3. Know What You Stand For As A Brand And Be Consistent About It

Pleasing everyone serves no one. Hyper-transparency is here to stay, and the brands that aren’t publicly clear about their intentions and values risk being left behind.
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Authors

Jill Standish
Senior Managing Director – Accenture Global Lead, Retail

Katrine Rau
Lead, Fjord, part of Accenture Interactive

Paul Little
Lead, Design Experience, Accenture Interactive

Anoushka Garg
Designer, Fjord, part of Accenture Interactive

Ida Jensen
Designer, Fjord, part of Accenture Interactive