2004 Cone Corporate Citizenship Study

MULTI-YEAR STUDY FINDS 21% INCREASE IN AMERICANS WHO SAY CORPORATE SUPPORT OF SOCIAL ISSUES IS IMPORTANT IN BUILDING TRUST

An Overwhelming Majority of Americans Want Companies to Talk More About Their Efforts

BOSTON, MA (December 8, 2004) – Executives worried about a poisoned business climate and corporate mistrust can look at the latest findings of an 11-year research poll for a solution. The 2004 Cone Corporate Citizenship Study shows that eight in 10 Americans say that corporate support of causes wins their trust in that company, a 21% increase since 1997.

“Our report is the nation’s longest study of American attitudes toward corporate support of social issues,” says Carol Cone, CEO of Cone, a Boston-based strategic marketing firm. “This study, in a series of research spanning over a decade, shows that in today’s climate, more than ever before, companies must get involved with social issues in order to protect and enhance their reputations.”

Americans Will Punish Bad Corporate Behavior

While support of social issues can improve trust in a company, Cone’s research also shows that Americans stand ready to act against companies that behave illegally or unethically. The consequences for business can be devastating and long-term – those surveyed would be likely to respond in a variety of ways if they were to find out about a company’s negative practices:

- Consider switching to another company’s products or services (90%)
- Speak out against that company among my family and friends (81%)
  - Consider selling my investment in that company’s stock (80%)
  - Refuse to invest in that company’s stock (80%)
  - Refuse to work at that company (75%)
  - Boycott that company’s products or services (73%)
  - Be less loyal to my job at that company (67%)

Americans Will Reward Companies Who Meet Their Expectations

As research results continue to demonstrate, Americans have grown to expect companies to play a more active role in addressing the needs of our society:

<table>
<thead>
<tr>
<th>It is acceptable for companies to involve a cause or issue in their marketing</th>
<th>2004</th>
<th>2001</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>72%</td>
<td>70%</td>
<td>66%</td>
</tr>
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Where Americans stand prepared to punish companies they perceive as having negative practices, they will also reward those companies who meet their high expectations with their business:
In addition, Americans are willing to act in a variety of ways beyond product purchases:

<table>
<thead>
<tr>
<th>A company’s commitment to a social issue is important when I decide...</th>
<th>2004</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which companies I want to see doing business in my local community</td>
<td>85%</td>
<td>84%</td>
</tr>
<tr>
<td>Where to work</td>
<td>81%</td>
<td>77%</td>
</tr>
<tr>
<td>Which products and services to recommend to other people</td>
<td>74%</td>
<td>75%</td>
</tr>
<tr>
<td>Which stocks or mutual funds to invest in</td>
<td>70%</td>
<td>66%</td>
</tr>
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**Companies Must Talk More About Their Cause-Related Efforts**

Some companies have recognized the positive impact of supporting social issues, and have aggressively communicated their efforts over the past few years. At the same time, many other companies have traditionally been reluctant about such communications, seeing them as boastful. An overwhelming majority of Americans (86%) want companies to talk about their efforts, but only four in 10 say companies are doing that well.

“These facts side-by-side are a mandate,” says Cone. “For senior executives, they are a mandate for action on social issues. For marketing executives, they are a license to communicate the company’s commitment and efforts.”

One of the results of increased communications by certain companies is that when asked, more Americans can name a good corporate citizen. Cone’s longitudinal research shows a dramatic rise in recall:

<table>
<thead>
<tr>
<th>Americans who can name a company that stands out in their mind as a strong corporate citizen</th>
<th>2004</th>
<th>2001</th>
<th>1999</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80%</td>
<td>49%</td>
<td>24%</td>
<td>26%</td>
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In this year’s study, of those who were able to name a strong corporate citizen, Wal-Mart was mentioned most frequently, and is the only company to have broken away from the others. The retailer has experienced a significant jump in recognition over the 11 years of Cone’s research:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>1999</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wal-Mart</td>
<td>12%</td>
<td>10%</td>
<td>3%</td>
</tr>
</tbody>
</table>

“We believe that the response to our question shows that Wal-Mart’s promotion of their community philanthropy is breaking through to some as corporate citizenship,” says Cone. “That said, there are indications that consumers are receiving mixed messages.”
Other studies have suggested that Wal-Mart is experiencing a consumer backlash. For example, recent research noted that Wal-Mart fell five spots to 28\textsuperscript{th} in ranking by the Reputation Institute, and it was among the five companies receiving the most negative ratings for rewarding employees fairly.

**Cause-Related Efforts Must Be Part Of Larger Corporate Citizenship**

Cone’s research shows that while communicating support for social issues is impactful, Americans value other positive corporate actions even more:

- Quality of products and services (98%)
- Fair-priced products and services (97%)
- Employee benefits (93%)
- Laws and regulations (93%)
- Human rights and manufacturing (93%)
- Support of a social issue (80%)

“This suggests to us that advertising support of social issues without ‘walking the talk’ in other areas can be counterproductive and poor business strategy,” says Cone. “These statistics, when combined with the Reputation Institute’s results, show that building trust and enhancing reputation requires companies to be good corporate citizens across all of their business practices.”

**Young Americans More Likely To Support Good Corporate Citizens**

As young Americans demonstrated unparalleled participation in the 2004 Presidential Election seeking a leader who shared their values, they also continued to voice high expectations of companies to be solid corporate citizens. Cone’s research shows that Americans, 18-25 years-old, are significantly more likely to consider a company’s citizenship practices when making purchasing, employment and investment decisions.

“Today’s young adults have learned to become savvy consumers and have recognized the importance of a company standing for something that they believe in,” says Cone. “Our research shows that cause-related activities will influence not only their buying habits, but also gain their loyalty and trust. Aligning with a cause is a significant strategy for companies to attract consumers and a future workforce at an early age and gain a long-term, sustainable competitive advantage.”

**Results Show Clear Preferences For Communications Vehicles**

As Americans are seeking to hear more about corporate support of social issues, they’re placing the greatest credibility on information gained from third-party sources:

- Family and friends (59%)
- Government agencies (38%)
- News organizations (37%)
- Internet (31%)
- Religious organizations (29%)
- Charities (26%)
- The company itself (23%)

When hearing directly from companies, Americans show preferences for easily-digestible sources such as advertising (41%), product packaging (38%) and brochures or newsletters (36%).
“It’s clear from our research that the public wants to know through a variety of channels what a company is doing in the community – good and bad,” says Cone. “Making a strong, focused commitment to one relevant social issue is a smart business strategy that will have resonance with a variety of stakeholders as it infuses emotion and trust into the brand.”

About the 2004 Cone Corporate Citizenship Study

The 2004 Cone Corporate Citizenship Study report presents the findings of a telephone survey conducted among a national probability sample of 1,033 adults comprising 519 men and 514 women 18 years of age and older, living in private households in the continental United States. Interviewing for this CARAVAN® Survey was completed by Opinion Research during the period October 22 - 25, 2004. The margin of error is +/- three percentage points.

About Cone

The 2004 Cone Corporate Citizenship Study was commissioned by Boston-based Cone (www.coneinc.com), a strategy and communications agency engaged in building brand trust that creates stakeholder loyalty and long-term relationships through the development and execution of Cause Branding, Brand Marketing and Issues and Crisis Management initiatives. To speak with Cone executives and other experts who can discuss the importance of corporate citizenship on companies’ brand and reputation,