



# **2020: A Year of Corporate Action**

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**RF | BINDER**

**Business Builders With  
A Communications Mindset**

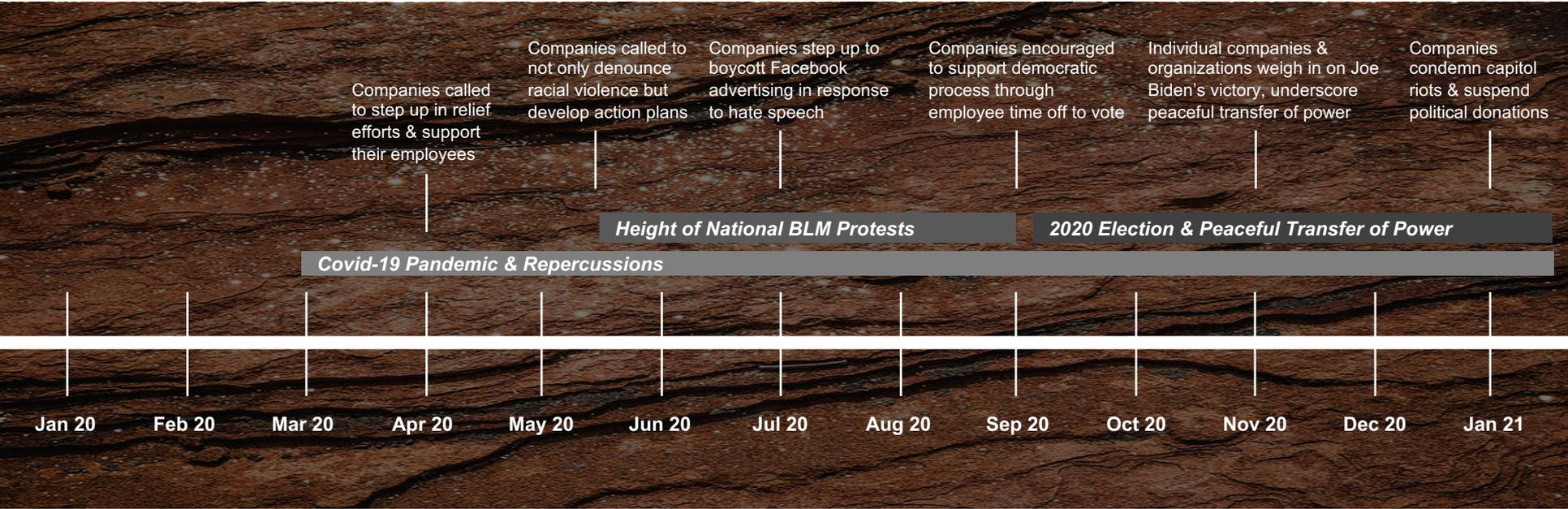
# Purpose in American Business Has Evolved Slowly Over Decades

Over the past 50+ years corporations have increasingly embraced speaking up and taking action to support key moral issues. Until the 1990s, brands were reactive and actions they took were largely driven by sustained, long-standing public pressure. Over the past three decades, companies have slowly begun to proactively incorporate doing the right thing into their business models by embracing governance best practices, increasing reporting transparency and embracing new standards, and developing a “corporate purpose”.



# COVID-19 Has Rapidly Accelerated Corporate Calls to Action

COVID-19 and the interconnected events of 2020 have rapidly accelerated the corporate shift towards purpose and the number of brands taking ethical stands. As an international crisis took people's lives and disrupted the global economy, companies were given an opportunity for a unique leadership role as they worked to support relief efforts. Both consumers and employees turned to corporations for guidance as they navigated tremendous uncertainty. The coronavirus pandemic was also not the only major crisis of 2020. The murder of George Floyd gave rise to a reinvigorated Black Lives Matter movement and companies were challenged to take action to drive positive change. Moreover, the 2020 election demonstrated new vulnerabilities in our democracy and, yet again, companies were called on to not only speak out, but to take meaningful action.



# How Did Brands Respond?

2020 was a year of unprecedented corporate action, where we watched companies globally shift their priorities, positioning, marketing plans, and more. Reflecting on these three critical moments that sparked universal conversation, we asked ourselves:

- *What role did corporations take on during these moments?*
- *What actions succeeded? What did not?*
- *How will this impact expectations for corporations in the future?*

## COVID-19 Pandemic Response



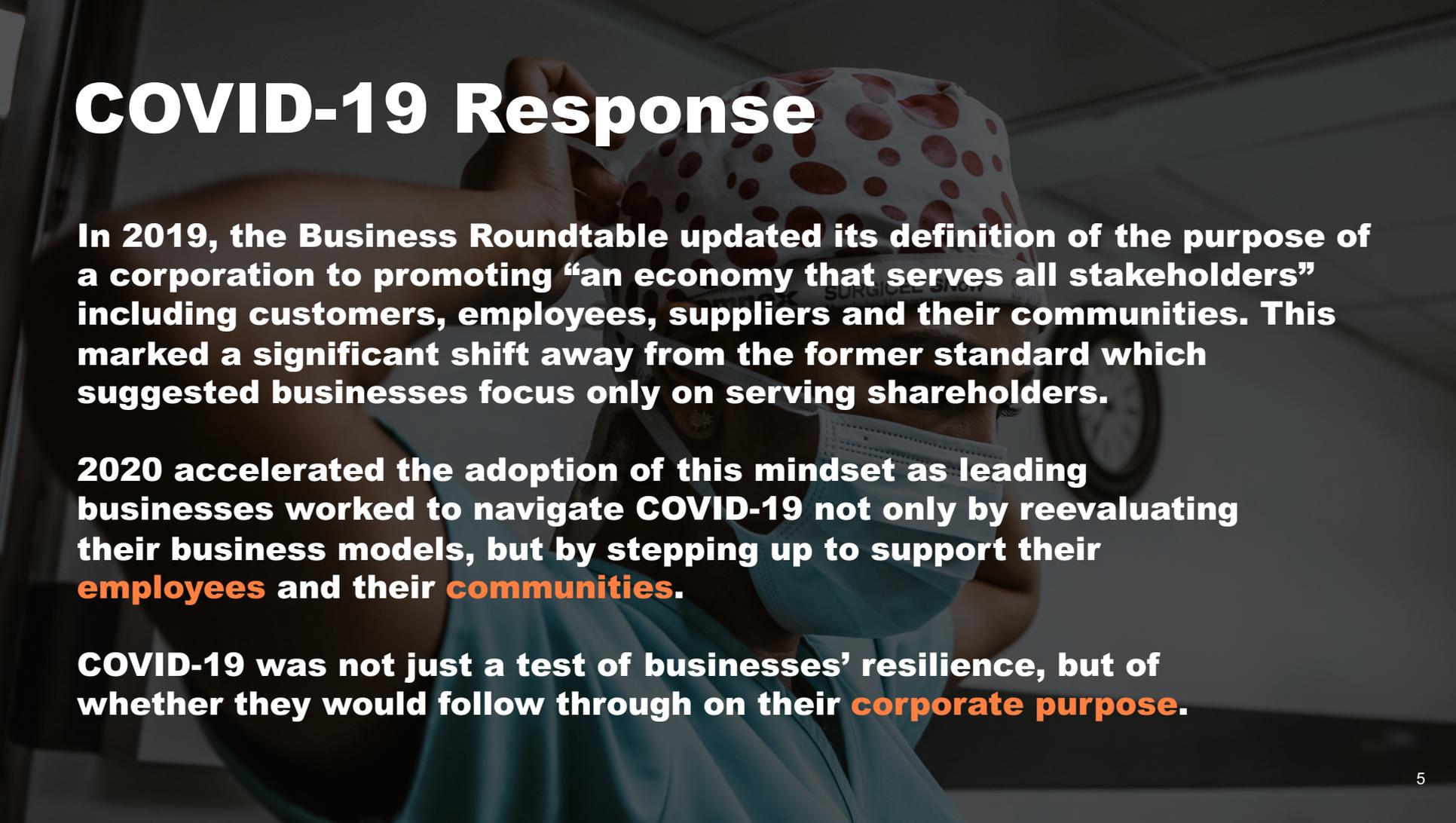
## Black Lives Matter Movement



## Peaceful Transfer of Power



# COVID-19 Response



In 2019, the Business Roundtable updated its definition of the purpose of a corporation to promoting “an economy that serves all stakeholders” including customers, employees, suppliers and their communities. This marked a significant shift away from the former standard which suggested businesses focus only on serving shareholders.

2020 accelerated the adoption of this mindset as leading businesses worked to navigate COVID-19 not only by reevaluating their business models, but by stepping up to support their **employees** and their **communities**.

COVID-19 was not just a test of businesses’ resilience, but of whether they would follow through on their **corporate purpose**.

# Supporting Employee Health and Wellbeing on an Unprecedented Scale

- In 2020, in response to the uncertainty and challenges of the COVID-19 pandemic many **corporations stepped up to do the best they could for their employees and largely succeeded**. 78% of employees indicated that their organization had responded appropriately to the crisis and 80% indicated leadership had proactively protected their health and safety.\*
- A survey from the early days of the pandemic revealed that 70% of workers identified COVID-19 as the most stressful period of their careers, even when compared to 9/11 and the Great Recession\*\*.
- Strong corporate leaders stepped up not only to address the business implications, but to lead with empathy and meet emerging needs of their employees:
  - **Listening & Communication:** 90% of people said they wanted weekly communication from their company at the height of the pandemic.\*\*\* Strong leaders stepped up and communicated with empathy and transparency at the height of the pandemic, like AirBnB's Brian Chesky who wrote a letter discussing the business impact and allowing former employees to keep their laptops to job search.
  - **Resources & Support:** Many companies stepped up their mental health benefits and PTO policies to meet the growing need stemming from COVID-19. Starbucks, SoFi, and others offered employees, and in some cases their families, therapy or access to wellness coaches.



Airbnb Lays Off 25% Of Its Employees: CEO Brian Chesky Gives A Master Class In Empathy And Compassion

BUSINESS  
INSIDER

Companies need to help employees manage stress and mental health during these difficult times, according to a top exec from PwC

FASTCOMPANY

U.S. Starbucks employees can now get up to 20 free therapy sessions

# Embracing Stakeholder Capitalism Through Community Support

In addition to supporting their employees, corporations leading with purpose through the COVID-19 pandemic also stepped up to support their communities and their customers

- **COVID-19 Resources & Frontline Worker Support:** Seemingly overnight, luxury brands like LVMH and Christian Siriano were suddenly transformed into mask manufacturers to meet the growing needs of frontline workers. Ethanol providers like Poet and alcohol companies pivoted to producing hand sanitizer. Other brands looked to directly give back to those battling the disease on the frontline for example, Dunkin made fresh coffee and donuts available to hospital staff.
- **Giving Back to the Community:** Other companies looked for ways they could help their communities to navigate the economic hardship of the pandemic. Grubhub suspended the collection of \$100 million in commission payments from impacted restaurants nationwide. Bumble rolled out a small business grants program to help entrepreneurs navigate the crisis.
- **Free Services and Tailored Offerings:** With everyone forced to stay home brands quickly stepped up to help their customers through the first lockdown. Fitness brands like Planet Fitness and OrangeTheory rapidly developed free online workouts. Snap quickly built a mental health portion of its app to help consumers deal with stress and anxiety during this time. Education providers like McGraw Hill quickly rolled out free online learning resources to help parents, teachers and students alike navigate the transition to remote education.

## INSIDER

Apple, Ford, and GM are stepping up to address global shortages of ventilators, hand sanitizer, face masks, and gowns. Here's a running list of companies helping out.

## Mashable

Snapchat rolls out mental health feature early due to the coronavirus

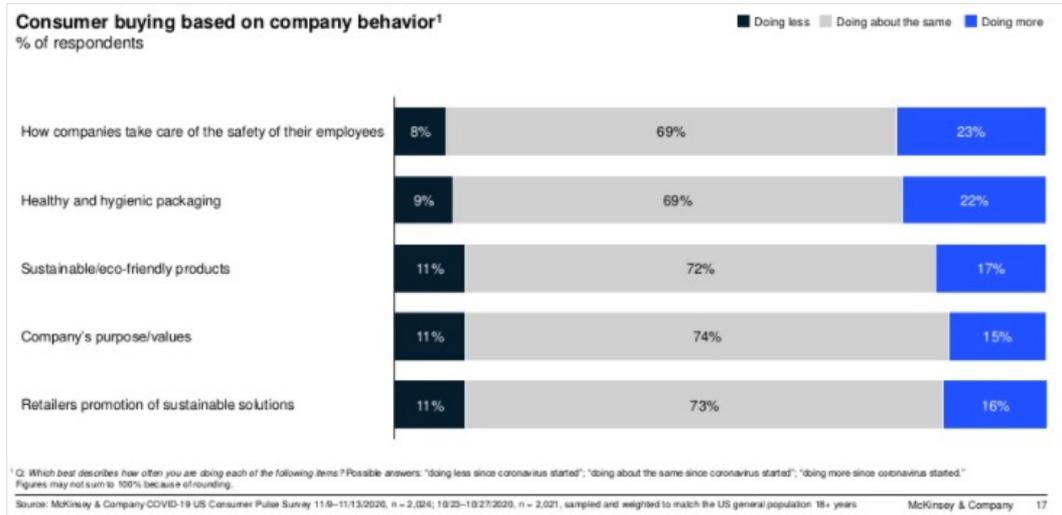
## Patch

Dunkin' Delivers Donuts, Gift Cards To Thank Health Care Workers

# COVID-19 Shifted Consumers' Expectations for Brand Action

The COVID-19 has set a new precedent for brand action and raised consumer expectations.

- According to a Salesforce's 4<sup>th</sup> State of the Connected Customer survey **90% of customers say how a company acts during a crisis reveals its trustworthiness** and **31% of customers trust a company less due to responses to crises in 2020.**
- The same survey also indicated that this focus on brand values will not decline after the pandemic, as **89% of customers expect companies to clearly state their values** and **62% of customers claim they stopped buying from companies whose values didn't align.**
- A McKinsey survey on US consumer sentiment during the coronavirus also indicated that a **growing number of consumers are making purchasing decisions based on brand action.**



# Black Lives Matter Movement

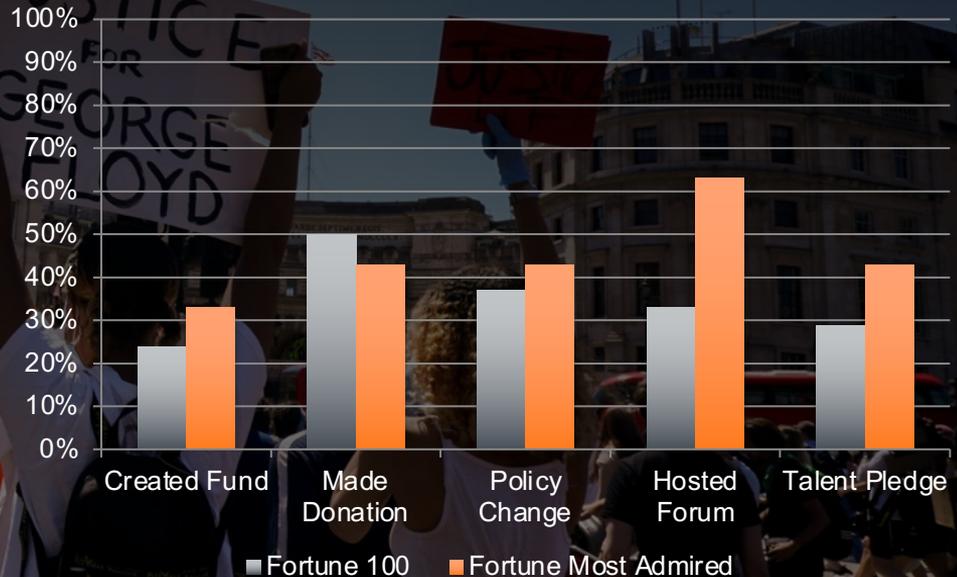
In the Summer of 2020, in the context of the ongoing pandemic, groups across the world took to the streets to protest the killing of George Floyd by police officers and the systemic racial injustice in the United States.

This movement raised the bar for corporate responses to the racial inequity. **Words became action** as companies outlined tangible plans for working towards equality, **organizations rallied together** to push for change, and leading organizations continue to demonstrate their **ongoing commitment to anti-racism.**

# The Black Lives Matter Movement Sparked Widespread Response

- **80%** of Fortune 100 and Fortune 50 Most Admired companies **released a statement** in light of George Floyd's death and the ensuing protests
- **59%** of companies went beyond words and took **concrete action** such as making donations, updating internal policies, facilitating a conversation, and committing to strengthening their internal diversity efforts
- **More than 80%** of Fortune 100 and Fortune 50 Most Admired companies **that issued a statement publically took a corresponding action**

Percent of Fortune Leaders Taking BLM Actions

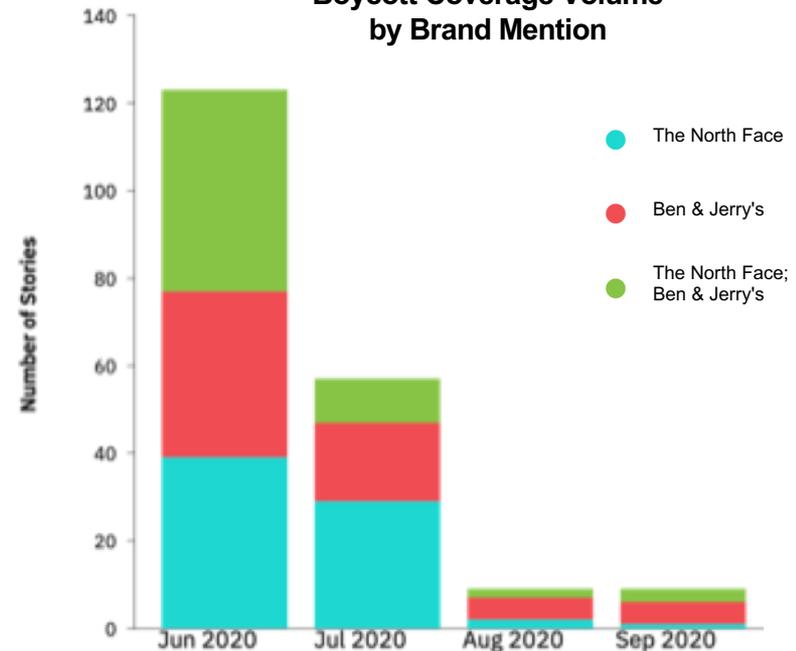


## BLACK LIVES MATTER RESPONSE

# Authentic Commitment to an Issue Translates into Conversation Leadership and Brand Equity

- The Facebook Boycott, protesting the platform's failure to prevent hate speech, presented another opportunity for brands to take action to support the Black Lives Matter movement
- With a collective, unified call to action **more than 1,000 advertisers publicly joined the boycott** while many others privately scaled back spending
- While many joined the cause, two early-moving brands emerged as leaders in the headlines for different reasons.
  - **The North Face:** The first organization to join Stop Hate for Profit's call to action, The North Face positioned itself as an early leader in the movement and was mentioned in just over **15.5% of all Boycott Coverage**.
  - **Ben & Jerry's:** While not as early a mover on the boycott, Ben & Jerry's longstanding commitment to social justice & eventual commitment to suspending Facebook spend for the remainder of 2020 resulted in **them driving almost the exact same coverage volume (15%) and maintaining their prominence in the conversation over time.**

### Boycott Coverage Volume by Brand Mention



## BLACK LIVES MATTER RESPONSE

# Black History Month Presented an Opportunity for Companies to Showcase Their Ongoing Commitment to Racial Justice

- According to Adweek, when asked about brands that **only speak up during Black History Month**, 81% of Black Americans and 65% of all Americans said they thought more negatively of the brand.
- Black History Month was an opportunity for brands to refocus attention on their ongoing efforts to fight racial injustice, not to step into the conversation for a moment in time:
  - **Peloton's** 2021 Black History Month campaign not only elevated black voices and artists, but included financial commitments to The Steve Fund, the largest nonprofit focused on mental health for people of color in the US. Its Black History Month campaign is aligned with the company's Peloton Pledge launched in June which includes a \$100 million commitment to becoming an antiracist company.
  - Research indicated that the most important action for brands to take during Black History Month for Black Americans was to shine a spotlight on Black creators. **Etsy** did just this by highlighting items from Black-owned shops and sharing the stories of the people behind them.

THE ROOT

For Black History Month, Peloton Makes an Artistic—and Antiracist—Statement



EDITORS' PICKS

### Black History Month

Join us in celebrating Black-owned shops—this month and every day. To kick things off, here's a special offer: Use your Mastercard® on a \$35 or more purchase from a shop featured on this page, and you'll get a \$10 Etsy credit! US cardholders only. Ends 2/28. Eligible shops only. Credit expires 3/31. See terms: <http://etsy.me/bhmofferterms>

Shop Now



# Peaceful Transfer of Power



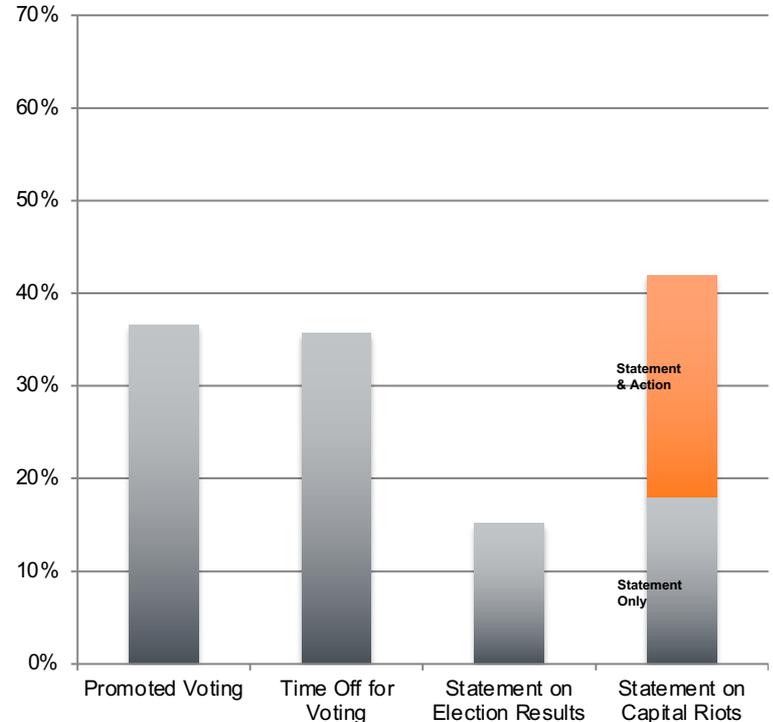
The 2020 election and corresponding transition of power pushed brands to engage with U.S. politics in unprecedented ways.

Whether individually or through collective action corporations across industries made their voice heard from **encouraging civic engagement**, to commenting on the **peaceful transfer of power**, to ultimately taking action and **shifting their own political policies**.

PEACEFUL TRANSFER OF POWER

# Leading Companies Rethought Their Relationship to Our Democracy in 2020 and Shifted Their Actions Accordingly

- **Over 71% of the Fortune 100 and Fortune 50 Most Admired companies engaged with the 2020 US presidential election in some way** (promoting voting, election statement, responding to Jan 6<sup>th</sup> riots, etc.)
- **Brands most commonly engaged in the political process when they were able to maintain impartiality** (encouraging voting) or when the situation became urgent (January 6<sup>th</sup> riots). **Only 17% spoke up and issued a statement on the initial election results**
- Those who did speak up after Joe Biden was projected as the winner led with messages about working with the new administration on **building a better future** and **national unity**
- In response to the riots, **33% of Fortune 100 and Fortune 50 Most Admired Companies suspended or permanently halted PAC donations in some form**
  - 51% of these companies suspended donations to all politicians
  - 49% suspended donations only to those who objected to the certification of the electoral votes
- **57% of brands that issued a statement about the events of January 6<sup>th</sup> took a corresponding action.** Much like COVID-19 and the Black Lives Matter movement, most brands who issued statements backed up their words with action



PEACEFUL TRANSFER OF POWER

# IBM Emerged as a Leader in the Peaceful Transfer of Power Because of a Longstanding Commitment to Avoiding Political Donations

- In the wake of the capitol riots, brands scrambled to respond appropriately and soon a call to suspend political donations gained traction. Reporters began proactively reaching out to brands and looking for quick & clear answers on company's plan for their corporate PACs:
  - How long would they be suspending donations?
  - Would they stop suspending to all candidates or solely those aligned with objecting to the 2020 election results?
- One organization that did not have to make rushed decisions on political contributions was IBM, because they have had a policy since their founding to not make political donations.
- By having a longstanding and authentic perspective on this issue they emerged as a clear leader in the conversation driving headlines from **The New York Times** and **CNBC**.
- Much like Ben & Jerry's and social justice, having strong, consistent values, allowed them to position themselves as a thought leader on the topic.

*The New York Times*

## *Getting Corporate Cash Out of Politics*

IBM doesn't donate to politicians. Perhaps others shouldn't, either.



## **How IBM influences policy without spending big money on election campaigns**

# COVID-19 and the Events of 2020 Have Fundamentally Shifted Corporate Purpose and Created a Bias Towards Action

## Raised Expectations

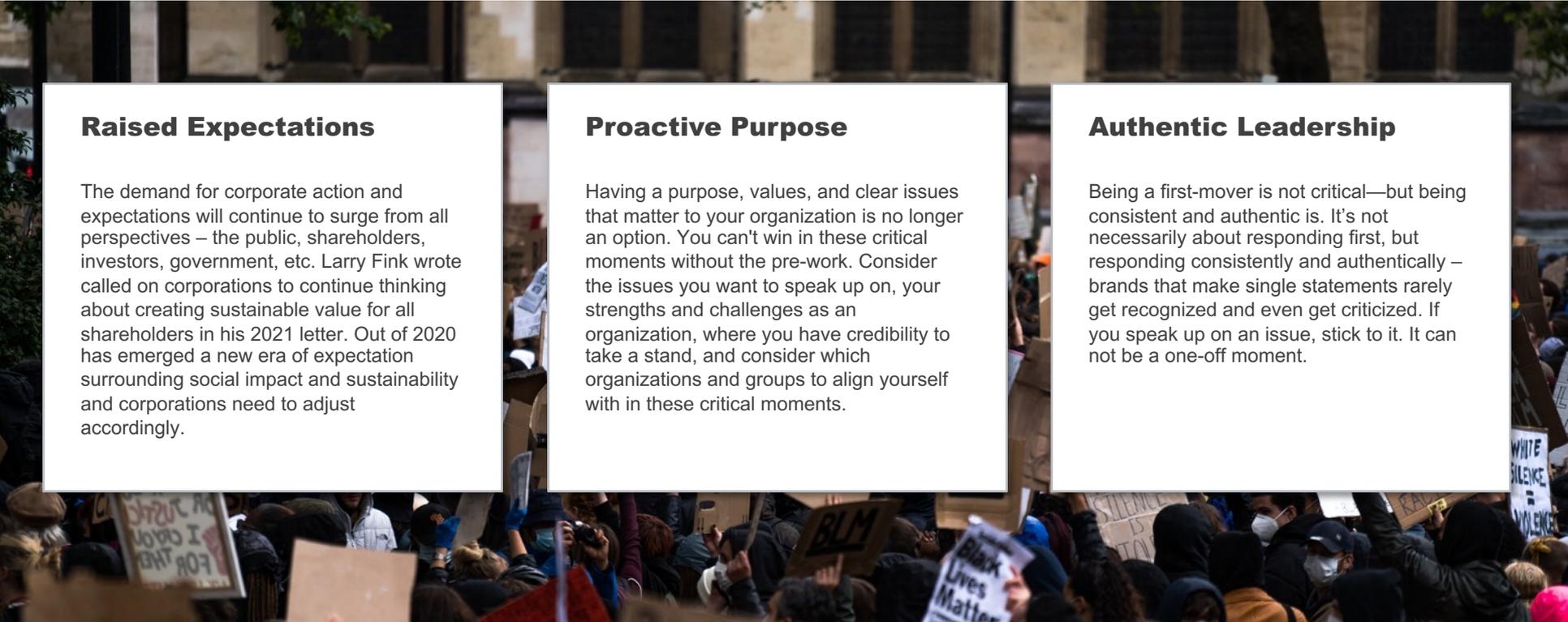
The demand for corporate action and expectations will continue to surge from all perspectives – the public, shareholders, investors, government, etc. Larry Fink wrote called on corporations to continue thinking about creating sustainable value for all shareholders in his 2021 letter. Out of 2020 has emerged a new era of expectation surrounding social impact and sustainability and corporations need to adjust accordingly.

## Proactive Purpose

Having a purpose, values, and clear issues that matter to your organization is no longer an option. You can't win in these critical moments without the pre-work. Consider the issues you want to speak up on, your strengths and challenges as an organization, where you have credibility to take a stand, and consider which organizations and groups to align yourself with in these critical moments.

## Authentic Leadership

Being a first-mover is not critical—but being consistent and authentic is. It's not necessarily about responding first, but responding consistently and authentically – brands that make single statements rarely get recognized and even get criticized. If you speak up on an issue, stick to it. It can not be a one-off moment.



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