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FUTURE OF
MARKETING

PURPOSE MATTERS

BY CRAIG CHARNEY AND RYAN KAWLES

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This paper presents the findings from American Marketing Association-New York's latest Future of Marketing Survey among consumers and marketing executives on the importance of corporate purpose. Following up on AMA-NY's prior Future of Marketing Study in 2019, the full study also will explore trends in consumer and marketer attitudes towards post-Covid marketing and B2B marketing in subsequent releases. A prior release examined the impact of the Covid pandemic on the techlash, available [here](#).

EXECUTIVE SUMMARY

- ✓ Consumers and marketers agree that the Number One purpose companies should promote is being a good employer, with pay equity and fair labor practices.
- ✓ Consumers are pretty woke: after fair employment, the purposes they say companies should promote, are racial equality, corporate citizenship in their communities, and environmental sustainability.
- ✓ Gen Z consumers are much more focused on racial and environmental justice as corporate priorities than are their elders.
- ✓ For minorities, racial equality is the most important social goal for companies to pursue.
- ✓ Companies are responding: top causes they are promoting are like those consumers mention.
- ✓ Men, Boomers and upper-income consumers prioritize corporate action for democracy.
- ✓ Women, younger people, and low-income consumers stress promoting women's rights.
- ✓ There's broad agreement among consumers and marketers: purpose packs a punch at checkout.
- ✓ The same holds true for the effect of purpose on corporate image.
- ✓ If firms do badly on purpose, customers will spank 'em too.
- ✓ Many customers are even willing to pay more for products from companies doing well on socio-political causes they care about.
- ✓ There is some skepticism about the sincerity of corporate commitments.
- ✓ Buyers want independent sources of information on company performance on purpose.
- ✓ Conclusion: Purpose matters, so pay attention – and parse by target demographics

FINDINGS

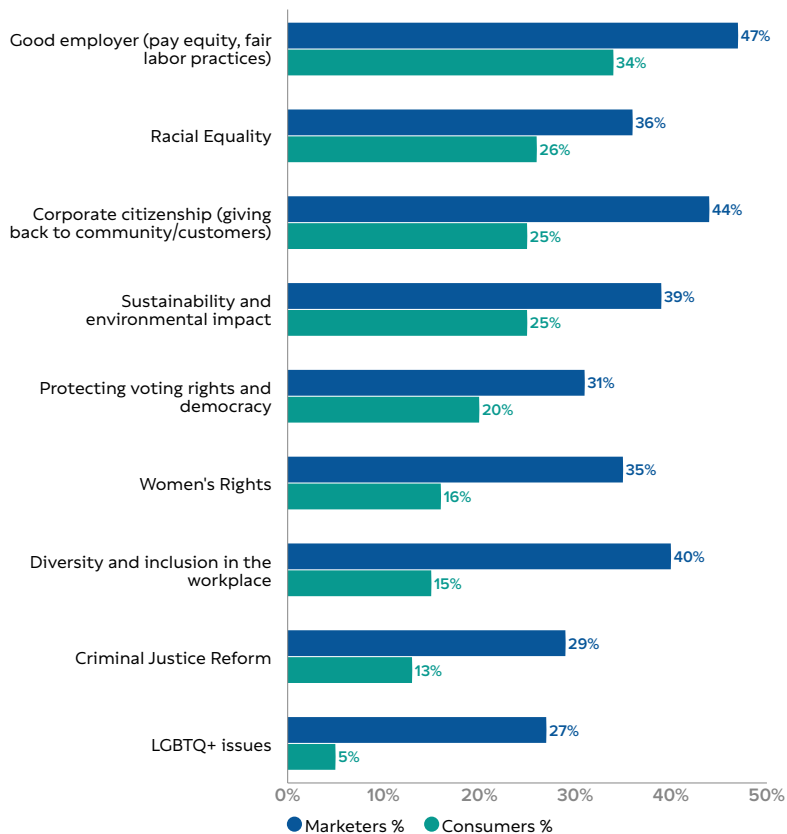
FINDINGS

It's much more than a cliché: purpose has become an essential part of marketing. Companies need to show consumers that they care about more than the bottom line, starting with their own workers. But it doesn't stop there: in an America that has awakened to the social, environmental, and political challenges it faces, consumers expect corporations to show concern for racial justice, the communities where they operate, environmental protection, and even democracy and women's rights.

Of course, customers come in many different types, so firms need to pay attention to the specific concerns of theirs, whether they are distinctive by generation, race or gender. Whoever they are, however, consumers make clear that corporate purpose will influence their images of firms and their purchase decisions as well.

Fortunately, marketers have taken this awakening on board, and their firms are responding in the areas that consumers value most. But consumers are in a "show-me" mood, so independent verification of company claims will help their credibility.

ISSUES COMPANIES SHOULD ADDRESS (CONSUMERS) / ARE ADDRESSING (COMPANIES)



Consumers and marketers agree that the Number One purpose companies should promote is being a good employer, with pay equity and fair labor practices.

This is mentioned by over one-third (34%) of consumers. (See Chart 1.) Fair employment ranks highest for most consumers, including all income levels, Whites, Millennials (26-40), Gen Xers (42-55), and Boomers (56-75). It is cited even more often by marketers: nearly half (47%) say their firm is focused on this issue. This was true in most categories of businesses, whether by size, sector, or customer type.

Consumers are pretty woke: after fair employment, they say companies should promote racial equality, corporate citizenship in their communities, and environmental sustainability.

Racial equality is mentioned by 26% of consumers as a top priority companies should address. Just behind are corporate citizenship (giving back to communities and customers) and sustainability and environmental impact, both cited by 25%.

Next comes protecting voting rights and democracy, highlighted by the 2020 election and noted by 20% (see box). Women’s rights come after, with 16%, while workplace diversity, equity, and inclusion

is emphasized by 15%. Criminal justice reform, which drew attention following the George Floyd killing and Black Lives Matter protests, is urged as a corporate priority by 13%, and promoting equality for Lesbian, Gay, Bisexual, Transsexual, Queer + (LGBTQ+) groups by 5%.

Gen Z consumers are more focused on racial and environmental justice as corporate priorities than their elders.

Generation Z has distinct priorities: the youngest consumers are the only generation to focus most of all on social justice and sustainability, rather than workplace concerns.

TOP PRIORITIES BY GENERATION

Priority	Gen Z (18-25)	Millennial (26-40)	Gen X (41-55)	Boomer (56-71)
No. 1	Racial Equality (35%)	Good Employer (34%)	Good Employer (35%)	Good employer (40%)
No. 2	Sustainability (31%)	Corp citizenship (30%)	Racial equality (30%)	Sustainability (28%)
No. 3	DEI (27%)	Sustainability (25%)	Corp citizenship (25%)	Democracy (27%)
No. 4	Women’s Rights (22%)	Racial equality (23%)	Sustainability (20%)	Corp Citizenship (24%)

For Gen Z – which is half non-white, according to the Census Bureau – the top issue for companies to address is racial equality, cited by 35%. The second is sustainability (31%), in line with their longer time horizon compared to their elders. Reflecting their own diversity, Gen Zers list diversity and inclusion,

mentioned by 27%, as their third priority for companies, and women’s rights, mentioned by 22%, come next. Gen Z is the only generation to include either of them in its top four items. In contrast, they place less emphasis on good employers (20%) or corporate citizenship (16%) than older US consumers do.

Among older consumers, after being a good employer, all have corporate citizenship and environmental sustainability among their top four priorities for companies, stressing corporate citizenship more and green concerns somewhat less than Gen Zers. Millennials and Gen Zers also include race equality among their top four priorities for business action, while Boomers are the only generation to put protecting voting and democracy there.

For minorities, racial equity is the most important goal for companies to pursue.

Some 32% of Black consumers cite racial equality as a corporate purpose, and the proportion of Latinos who do so, 34%, is even higher. (The goal also falls into the top four for Whites, but fewer of them, 22%, mention it). Blacks also rate racial justice in the workplace highly: a company focus on diversity, equity, and inclusion (DEI) at work is mentioned by 30%. All three groups include being a good employer in their top four goals for business. Environmental sustainability also falls into that group for Whites and Latinos, but not Blacks, while Latinos are the only ethnic group to list promoting women’s rights among their leading goals for firms.

CONSUMERS: TOP PRIORITIES BY RACE AND ETHNICITY

Priority	White	Black	Latino
No. 1	Good Employer (38%)	Racial Equality (32%)	Racial Equality (34%)
No. 2	Corp Citizenship (27%)	DEI (30%)	Good Employer (28%)
No. 3	Sustainability (26%)	Good Employer (24%)	Sustainability (25%)
No. 4	Racial equality (22%)	Corp Citizenship (24%)	Women’s Rights (25%)

Companies are responding: the causes they are promoting are like those consumers mention.

The top social priority that marketers say their firms are advancing is the same one consumers stress most, as noted above: being a good employer with pay equity and fair labor practices, mentioned by 47%. Priority number two is corporate citizenship, mentioned by 44%.

They also give considerably more attention than consumers to workplace DEI, fully 40% saying their firms are active in this area, making it the third corporate social priority. Interestingly, the fastest-growing companies emphasize DEI more than their slower-growing peers: it ranks second among the social goals of firms growing over 15% annually, prioritized by 45%. By sector, DEI receives most mention as a priority in retail (48%) and business services (45%), sectors where it appears diversifying, increasingly woke customer bases help promote change.

Who Thinks Companies Should Promote Democracy and Women's Rights?

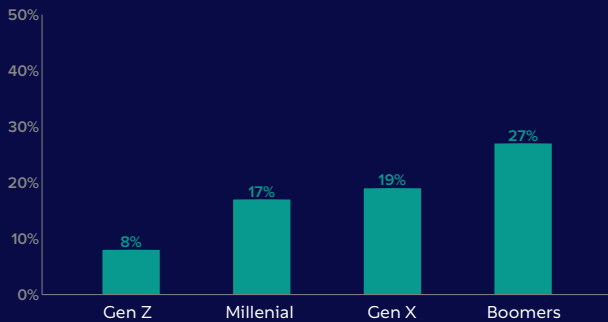
One of the most controversial issues to arise during and after the 2020 elections is whether companies should try to protect voting rights and democracy, by facilitating voting by their workers, speaking out against policies that could restrict voting rights,

and using their political contributions to back up their words.

One-fifth of consumers say this should be a top social priority for firms, and nearly one-third (31%) of marketers say their firms are doing this.

PRIORITY: CORPORATE SUPPORT FOR DEMOCRACY AND VOTING RIGHTS

CONSUMERS BY GENERATION

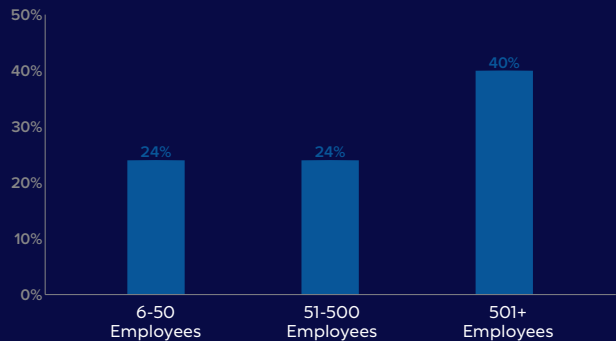


Men, Boomers and upper-income consumers prioritize corporate action for democracy.

Among consumers, men are more concerned with this priority than women, 25% vs. 16%. Support also steadily increases with age: Zoomers (Gen Z) are least likely to demand corporate action on democracy – just 8% do, compared with 17% among Millennials, 19% among Gen Xers, and 27% among Boomers. By income, low-income consumers (under \$25K) are least likely to prioritize corporate action on democracy (11%), while higher-income groups were uniformly more than twice as likely to, with just under one-fourth doing so. (There are no other notable differences by income in priorities for company purpose.)

Marketers report that the fastest-growing firms (over 15% annually) are the likeliest to work to protect voting rights and democracy: 37% do so, compared to 20% among the slowest. The largest firms are also likelier to act on voting: 44% do so among those with revenues over \$100 million, with larger and broader customer bases and more national concerns, against 24% among smaller firms. By sector, the most likely to do so were IT manufacturers (46%) and capital goods makers (39%), both relatively insulated from consumer attitudes. The least likely to

MARKETERS BY FIRM SIZE



act for democracy are retailers (21%), likely to have a politically diverse customer base. In general, B2B-oriented firms are almost twice as likely to support corporate action to strengthen democracy and voting as B2C ones (38% vs 22%).

Women, younger people, and low-income consumers stress promoting women's rights.

However, support for corporate action on women's rights is something like a mirror-image opposite of that for democracy. Predictably, it is stronger among women (18%) than men (12%). Support is also stronger among consumers under 35 (22% Gen Z, 21% millennials) and weaker among those older (14% Gen X, 9% Boomers). Low-income consumers are the most likely to want corporate action for women (20%), high income - over \$125,000 - the least (13%).

Likewise, among firms, action for women's equality is highest among smaller firms (under \$1 million revenue, 40%) and lower among the largest (over \$100 million, 33%), even though the latter are the most supportive firms for democratic rights. By sector, marketers report it is strongest in retail, where much of the workforce is female, and least in the traditionally male-dominated consumer durable (27%) and business services (28%) sectors.

The next two issues on the list – working for sustainability (39%) and racial equality (36%) round out the top consumer priorities as well.

Companies also say they are active on lower-tier issues. Some 35% of marketers say their companies seek to promote women’s rights and a fairly high 31% say their firms work to protect voting rights and democracy. Nearly one in three (29%) says their firm is supporting criminal justice reform and over one in four (27%) says it seeks to advance LGBTQ+ issues. The respondents were not asked to specify the measures their firms were taking on these issues.

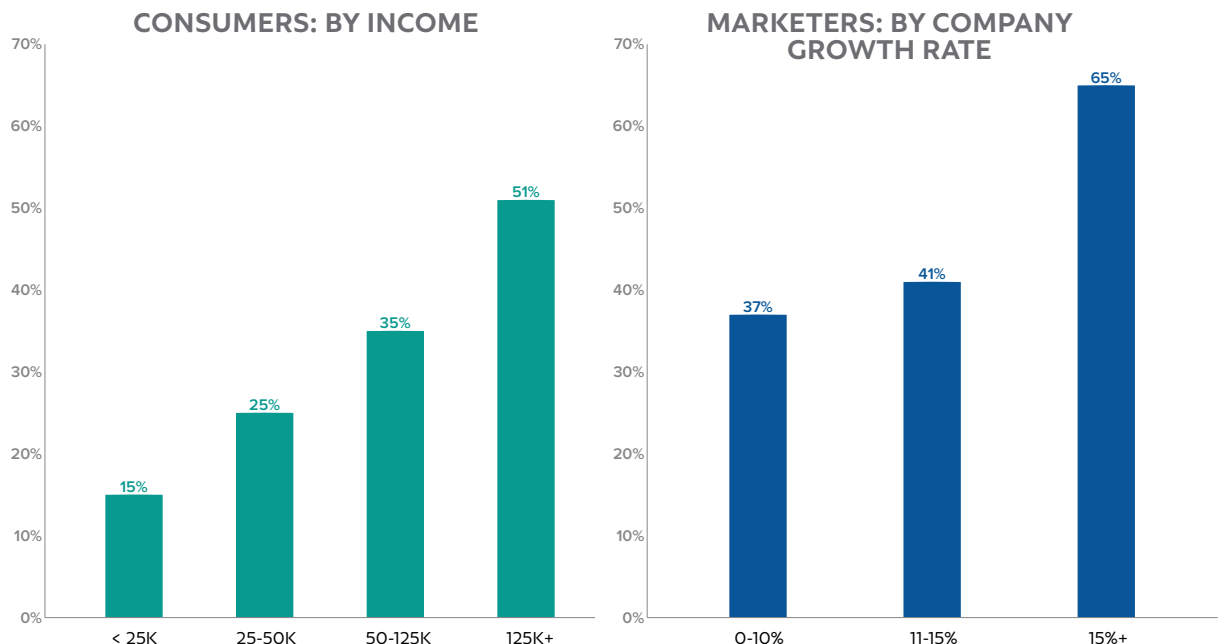
Not surprisingly, the largest firms (over \$100 million in revenue) are the most concerned about being corporate citizens (their top priority, at 60%), good employers (57%), and environmentally sustainable. It’s clear, however, that many companies are taking seriously the social priorities consumers are expressing – and taking action as well.

There’s broad agreement among consumers and marketers: purpose packs a punch at checkout.

Over two-thirds (68%) of American consumers say they’re more likely to buy from a company doing well on the social purposes they care about. Three in ten (29%) say they’re much more likely to do so. These tend to be upscale, urban consumers. Income has a dramatic effect: the proportion who say they are much more likely to buy based on corporate purpose soars from 15% among the under \$25,000 group, to 25% among \$25-50,000 earners, 35% among those at 50- 125,000, and 51% among the over-\$125,000 group. Purpose also matters much more for consumers in major urban centers (population over 3 million, 44%) than rural areas (17%). However, generational effects are not as straightforward as might be expected: the middle-aged Millennials and Gen X have the largest proportions much more likely to purchase on purpose (37% and 38% respectively), compared to 24%

PURPOSE: IMPACT ON PURCHASE INTENTIONS

PROPORTION SAYING CONSUMERS ARE MUCH MORE LIKELY TO BUY FROM COMPANIES THEY VIEW AS PURPOSE-DRIVEN



in Gen Z, the wokest but brokest generation, and 16% among Boomers, who have left behind their youthful liberalism. Interestingly, there is little difference by race, even though minorities are less well-off: the proportions much more likely to buy for purpose are 29% among Whites, 30% among Latinos, and 32% among Blacks. Nonetheless, consumers actually are putting their money where their mouth is: 28% say a firm's support of social and political causes has already led them to buy from that firm.

Marketers have gotten the message: four in five think customers are likelier to buy from firms fulfilling the purposes they value, and half say consumers are much likelier to do so. This holds largely across the board, irrespective of size of firm or sector. However the fastest-growing firms are by far the most likely to say that purpose matters: 65% of firms growing by 15% or more annually report it makes customers much more likely to buy, compared to just 37% of the slowest-growing firms (under 10% or negative growth). Marketers also say purpose is having an impact on their firms' profitability: 56% say the pursuit of corporate purpose has yielded increased sales.

The same holds true for the effect of purpose on corporate image.

Most consumers – 72% -- say they have a more positive image of firms that do well on social purpose, and 31% say such firms will benefit from a much more positive image. This holds true for majorities of both sexes, every income and educational level, and all races. Fully 97% of marketers say a company doing well on social purpose will have a more positive image, and 54% say it will be much more so.

If firms do badly on purpose, customers will spank 'em too.

Consumer perception of bad performance by a firm on social goals is likely to hurt its sales and image, even if it may not have quite as much impact as doing well on them. Some 69% of customers say they would be less likely to purchase from a company that does badly, including 29% who would be much less likely to do so. Marketers underline this even more strongly: 81% say consumers would be less likely to buy, 30% say they would be much less likely to. Again the data on image are parallel: 70% of consumers say they would have a worse image of companies failing on purpose (29% much more so). And 76% of marketers anticipate worse reputations for firms doing badly on purpose (26% much worse).



Many customers are even willing to pay more for products from companies doing well on socio-political causes they care about.

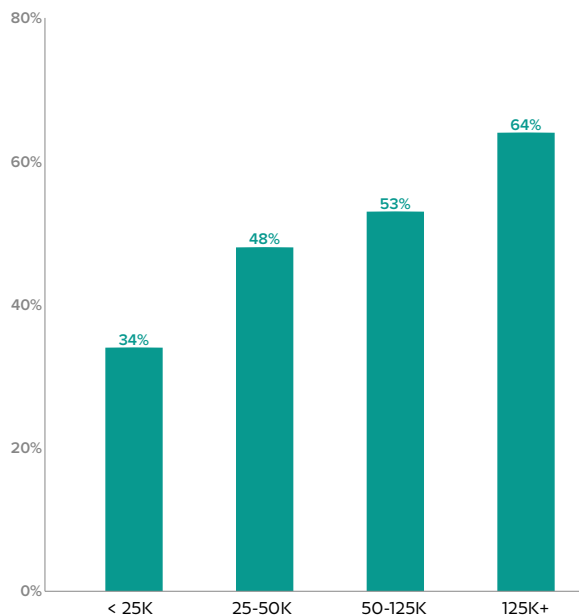
Nearly half (48%) of American consumers are willing to pay higher prices to companies fulfilling purposes those consumers value, while two in five (41%) would not. Income effects are very strong here, understandably. Just 34% of those in the bottom fifth (under \$25,000) would pay more, against 48% in the second, 53% in the third and fourth, and 64% in the top quintile (\$125,000+), nearly twice as many as in the poorest on. There are some noteworthy racial differences here: willingness to pay more for products with purpose is higher among Black consumers (64%) and Latinos (52%) than among Whites (44%). Location matters too: 58% of big city dwellers would pay more, against 49% of those in smaller cities and 36% of rural residents.

The generations also split predictably on this issue: 70% of Gen Z and 63% of Millennials would pay more, against 50% of Gen X and only 24% of Boomers. Strikingly, almost one-fourth of consumers would pay prices as much as 11-50% more for products with purpose, underlining the intensity of their commitment.

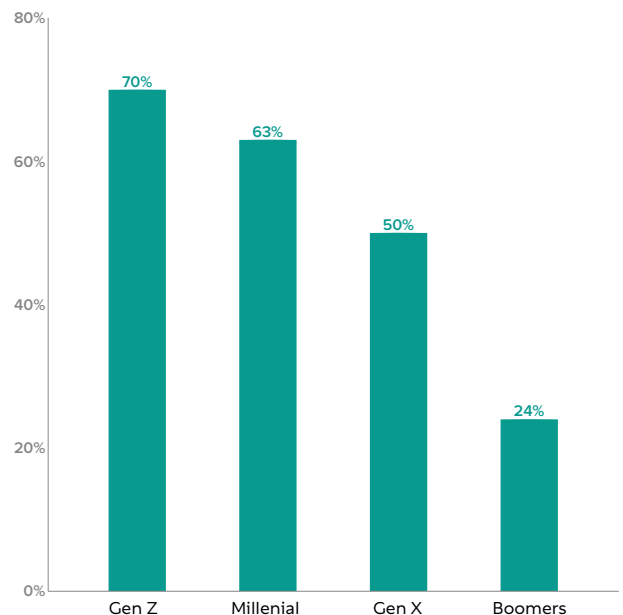
Marketers agree even more emphatically: more than four in five (84%) say customers will pay more for purchases from firms fulfilling social purposes, and half say buyers would pay 11-50% more. There are however some interesting differences: Those where consumers are least likely to pay that much more include the competitive retail and business services markets. Those where marketers think customers readiest to pay more include branded consumer non-durables and consumer services, where loyalty is strong. Once again the most dynamic firms stand out: among the fastest-growing, 57% say their consumers would pay more for brands fulfilling purpose, against 49% of those growing 10-15% annually and just 33% of the slower-growing.

PURPOSE: CONSUMER WILLINGNESS TO PAY MORE

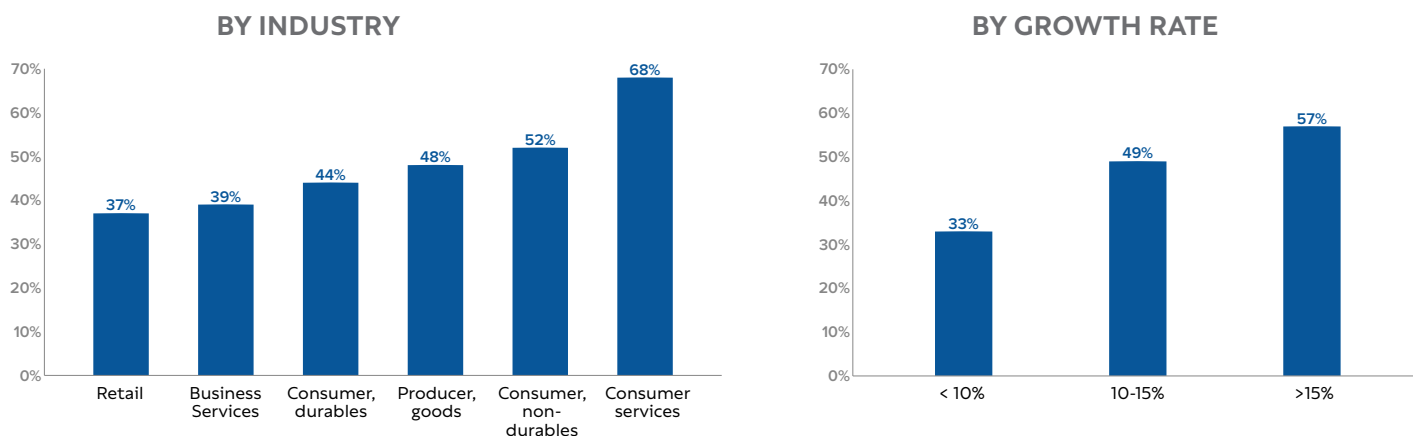
BY INCOME



BY GENERATION



PURPOSE: MARKETER PERCEPTIONS OF WILLINGNESS TO PAY 10%+ MORE



There is some skepticism about the sincerity of corporate commitments.

Fully 60% of consumers say most companies are sincere in their socio-political commitments, but only 17% say they are very sincere. (The only exception is the highest earners – over \$125,000 – of whom 40% say companies are very sincere.) Some 43% say most firms are only somewhat sincere, while 29% say they are insincere. Thus while there is broad willingness to react positively to corporate purpose, doubt about it is also widespread among consumers. (Such doubts are rare among marketers, 84% of whom say firms are sincere and 46% very sincere).

Consumers want independent sources of information on company performance on purpose.

Reflecting this skepticism, the most widely trusted information on how companies are living up to their stated purpose comes from non-corporate sources: the news media (39%) and third party ratings (37%). Company ads are trusted by just one-third (33%), and corporate responsibility reports by just one-fourth (25%).

Conclusion: Purpose matters, so pay attention – and parse by target demographics

If this research has demonstrated anything, it has shown that purpose needs to be part of marketing – and that marketers need to be alert to the purposes that concern their target audiences. Broadly speaking, corporate purpose matters to most consumers, as they form images of brands and make purchasing decisions for their products. Marketers are responding, but need to ensure that their responses focus on the right issues, are authentic, and will be verified by trusted sources.

The purpose that matters most widely is being a good employer in the largest sense – fair employment practices, good pay, and the like. Publicized success here has real value – while a serious problem with employment practices can be a black eye. (This may include anti-union or union-busting tactics, given the broad popularity other studies have shown unions now enjoy.) Marketers looking at the national market should pay attention.

The three next most widely shared purposes among consumers are racial equality, corporate citizenship, and environmental sustainability. Reducing racial inequities holds a high place on the national agenda and is growing in importance as the demographic and economic weight of minorities grows, so it's natural that consumers are sensitive to it in the marketplace. Showing good corporate citizenship – giving back to the communities in which firms operate – makes sense as a response to the increasingly powerful movements towards reshoring industry and challenging economic inequality. Climate change and the environment have come to occupy an important place in public consciousness, while suspicion of phony “greenwashing” by corporations is rampant. Any of these could hold a place in a national marketing campaign.

But marketers should be attentive to important differences in which purposes matter most, and how much they matter, when they focus on different market segments of consumers.

Generations

- *Generation Z*: has the most distinctive orientation, focused on social and environmental justice.
 - Top priorities for purpose race equality, sustainability, DEI, and women's rights.
 - Least likely to expect companies to promote democracy
 - Fewer are much more likely to buy based on purpose than for Millennials/Gen X.
 - However, most would pay somewhat more for products of purpose-driven firms.
- *Millennials and Generation X*: Their priorities resemble those of the general population, of which they form the largest share.
 - Likeliest to buy from purpose-driven firms.
 - Majority of Millennials, half of Gen X say they would pay more for products of such firms.
- *Boomers*: Nearing the end of their working lives, they are focused on the workplace and are less liberal than their younger selves or today's younger generation.
 - Strongest focus on good employers.
 - Only generation to list promoting democracy as a top priority, but place least emphasis on companies promoting women's rights.
 - Generation least likely to buy from purpose-driven firms.
 - Also least willing to pay more for their products.

Racial and Ethnic Minorities

- *Blacks*: At the sharpest edge of racial inequities, Black consumers focus on racial justice.
 - Their top priorities for companies are promoting racial equality in the society at large and diversity, equity, and inclusion in the workplace.
 - These are followed by a firm's being a good employer and corporate citizen.
 - Formerly disenfranchised, Blacks stress promoting democracy and voting as corporate goals more than other consumers.
 - They are least likely to emphasize sustainability and the environment.
 - They are most willing to pay more for products with purpose.
- *Latinos*: Fall in between Black and White in their views of corporate purpose.
 - Top priority for companies: contributing to race equality.
 - Next come being a good employer and promoting environmental sustainability.
 - Latinos are the only group to put promoting women's rights among their top purposes for firms.

Income

- *High income (over \$125,000)*
 - Most likely to say companies should promote democracy and voting rights.
 - Only group where majority much likelier to buy from purpose-driven companies.
 - Most will pay more for products of firms with purpose
- *Lower/Middle/Upper-Middle (\$25-125,000)*
 - Many much more likely to buy for purpose.
 - Majority will pay more for products of firms with purpose.
- *Low income (Under \$25,000)*
 - Least likely to want firms to promote democracy.
 - Few much more likely to buy from purpose-driven firms.
 - Least likely to pay more for purpose-driven products.

Methodology: The Future of Marketing survey involved online surveys of 506 consumers and 411 marketers around the United States, conducted by Toluna and Charney Research in August 2021. The 2019 survey, conducted by YouGov and Charney, included 500 marketers and 500 consumers.

AUTHORS

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