Corporate Social Activism Meets Public Policy

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College of Communication and Information
Purpose, Policy, & Protest: Role of the Corporation on Social Issues

• How can organizations communicate their values in authentic, consistent ways given the increase in polarity?
• How should organizations determine when and how to engage in social issues?
Competing on Social Purpose (Woke Capitalism)
Competing on Social Purpose

• Values
  • Should be aligned to mission and business
  • Dictate how everyone should act at their best
  • Provide guidelines for operating in a crisis

• Social Purpose
  • Drives innovation and creativity
  • Builds emotional brand connection
What to Consider Before Engaging an Issue

- How relevant is the issue to our core business?
- How controversial is the issue (gains/loss)?
- How can we take action?
- How urgent is the issue? (when is it too late?)
- What is the cost of doing nothing? (e.g. missing signature)
- If we do or don’t speak externally, will we get pushback internally?
The Swoosh Heard ’Round the World

• Nike announces it will feature Colin Kaepernick
• Stock price fell 3%
• Calls for boycott
• Shoes burned on social media
• Alumni threaten universities

Donald J. Trump
@realDonaldTrump

Just like the NFL, whose ratings have gone WAY DOWN, Nike is getting absolutely killed with anger and boycotts. I wonder if they had any idea that it would be this way? As far as the NFL is concerned, I just find it hard to watch, and always will, until they stand for the FLAG!

9:39 AM - 5 Sep 2018
Banned the sale of assault-style rifles and the sale of all guns to anyone under 21 following shootings at Marjory Stoneman Douglas in Parkland, FL

- Calls for boycott
- Threats from NRA
• 2012 President Dan Cathy provides funding to campaigns opposing same-sex marriage and makes statement in support of “biblical definition of the family unit”
• Calls for boycott
• Activists staged protests
The Swoosh Heard ’Round the World

• Online sales jumped 31%
• North American sales grew $4.14 billion
• First quarter revenue double-digit growth to $9.95 billion
• Market value risen $6 billion

(Dobush, Fortune, Sept. 27, 2018)
• Initial stock price dipped
• Revenue increased to $1.91 billion (from $1.83 billion)
• Online sales jumped 24%
• Stock price increased by end of quarter

(Simonetti, FoxBusiness, May 30, 2018)
How Appropriate is it For Companies to Get Involved in the Gun Debate

Dick’s Sporting Goods Net Favorability Over Time

- Overall
- Trump Voter Net Favorability
- Clinton Voter Net Favorability

FEBRUARY 28
Dick’s Sporting Goods announced the end of assault-style rifle sales and that gun buyers must be at least 21 years old.

(Morning Consultant, SGB Media, March 8, 2018)
• 2012: Sales jumped 12% to $4.6 billion
  (Satron, Huffington Post, Jan. 31, 2013)

• 2017: Revenue is at $9 billion
  (Kelso, Forbes, April 3, 2018)
  - Average restaurant sales
    - Chick-fil-A = $4.4 million
    - McDonald’s = $2.4 million
    - KFC = $1.1 million
Companies should address social issues
(Cone/Porter Novelli Gen Z Study, 2017)
Most Effective Entity at Solving Social Issues
(Cone CSR Study, 2017)
In What Issues Should Companies Engage?
(Cone CSR Study, 2017)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic job growth</td>
<td>94%</td>
</tr>
<tr>
<td>Racial equality</td>
<td>87%</td>
</tr>
<tr>
<td>Women’s rights</td>
<td>84%</td>
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<tr>
<td>Cost of higher education</td>
<td>81%</td>
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<td>Immigration</td>
<td>78%</td>
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<td>Climate change</td>
<td>76%</td>
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<tr>
<td>Gun control</td>
<td>65%</td>
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<tr>
<td>LGBTQ rights</td>
<td>64%</td>
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</tbody>
</table>
In What Issues Should Companies Engage?
(Porter Novelli Purpose Study, 2018)

- Domestic Job Growth: 86%
- Privacy and Internet Security: 86%
- Access to Healthcare: 85%
- Sexual Harassment: 83%
- Racial Equality: 81%
- Women’s Rights: 80%
- Cost of Higher Education: 76%
- Immigration: 74%
- Climate Change: 73%
- Gun Control: 69%
- LGBTQ Rights: 63%
- Fake News: 56%
Why Companies are Engaging in Social Issues
(Porter Novelli Purpose Study, 2018 – Survey of 1000, 20+ Americans)

Consumers say they are more loyal
will tell others to buy
are proud to buy
would switch brands
would pay more

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%
Reality Check: What is most important in a purchase?

Porter Novelli Purpose Study, 2018

- Quality: 41%
- Cost: 29%
- Purpose: 20%
Consumers who consider company values in purchases
(Forrester Analytics Omnibus Surveys, 2015, 2017; 5005 to 5396 US online adults 18+)
Younger Gen Z 58%; Older Gen Z 65% - Cone/Porter Novelli Gen Z Study, 2017
US Population by Generation

- The Greatest Generation (born before 1928): 0.79%
- The Silent Generation (born 1928–1945): 7.88%
- The Baby Boomer Generation (born 1946–1964): 22.56%
- The Millennial Generation (born 1981–1996): 22.06%
- Generation Z (born 1997 and later): 26.54%

(STATISTICA, 2018)
# Generation Breakdown

<table>
<thead>
<tr>
<th>Generation Name</th>
<th>Births Start</th>
<th>Births End</th>
<th>Youngest Age Today*</th>
<th>Oldest Age Today*</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Lost Generation</td>
<td>1890</td>
<td>1915</td>
<td>103</td>
<td>128</td>
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<tr>
<td>The Generation of 1914</td>
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<td>The Interbellum Generation</td>
<td>1901</td>
<td>1913</td>
<td>105</td>
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<tr>
<td>The Greatest Generation</td>
<td>1910</td>
<td>1924</td>
<td>94</td>
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<tr>
<td>The Silent Generation</td>
<td>1925</td>
<td>1945</td>
<td>73</td>
<td>93</td>
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<tr>
<td>Baby Boomer Generation</td>
<td>1946</td>
<td>1964</td>
<td>54</td>
<td>72</td>
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<tr>
<td>Generation X (Baby Bust)</td>
<td>1965</td>
<td>1979</td>
<td>39</td>
<td>53</td>
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<tr>
<td>Xennials</td>
<td>1975</td>
<td>1985</td>
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<tr>
<td>Millennials</td>
<td>1980</td>
<td>1994</td>
<td>24</td>
<td>38</td>
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<tr>
<td>Generation Y, Gen Next</td>
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<tr>
<td>iGen / Gen Z</td>
<td>1995</td>
<td>2012</td>
<td>6</td>
<td>23</td>
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<td>Gen Alpha</td>
<td>2013</td>
<td>2025</td>
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<td>5</td>
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</tbody>
</table>

(*age if still alive today)
An Issue:
Indiana’s Religious Freedom Restoration Act

• **Apple** CEO Tim Cook, “Apple is open for everyone. We are deeply disappointed in Indiana’s new law” (NBC News, 2015)

• **Salesforce.com** CEO Marc Benioff, threatened to divert business away from Indiana (Swiatek, 2015)

• **Angie’s List** then-CEO Bill Oesterle cancelled $40 million project to expand headquarters in Indianapolis (Council, 2015)

• Amendment intended to protect LGBT added one week later.
An Experiment: Tim Cook’s Response to RFRA

• Cook says law is discriminatory
  • Support for the law dropped 10%
  • Intent to purchase Apple products increased
    • Supporters of same-sex marriage increased intent to buy
  • No change for non-supporters

Working with Corporations in Your Constituency

• How are you engaging business leaders now?

• What do you discuss?
  • Job creation
  • Tax law
  • Tariffs
  • Social issues
  • Policy creation
Working with Corporations in Your Constituency

• Who are the business leaders and what are their missions, visions, values, CSR strategies, and expectations of primary stakeholders?
• How is the issue aligned or conflicting with their values?
• How could the issue hurt or help their business, employees, consumers, AND reputation?
• How could engaging/not engaging in the issue hurt or help their business, employees, consumers, AND reputation?
Discussion & Questions

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