

# The New Issue Landscape

## How the COVID-19 pandemic is reshaping expectations for corporate behavior

The world has changed. Public priorities have shifted, expectations have evolved, and new fronts have opened in the most relevant public debates of our time. Businesses must evolve as well in order to navigate these expectations and protect their reputation. New societal imperatives are changing the game across all stakeholder arenas: public policy, community relations, employee engagement, and activism.

In this paper, we analyze societal issue trends over the past 90 days, identifying topics and themes which are likely to be more relevant in the future as a result of the COVID-19 pandemic. We conclude with ten predictions about the new issue landscape businesses will face.

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### Report Contents

Top 25 COVID-Related Issues

Rising Issues

Declining Issues

Brand Pressure Index - Revisited

Ten Predictions for the New Issue Landscape

Methodology

### Our Approach

High Lantern Group's analytics team tracks nearly 350 social issues that shape expectations for corporate behavior. We combine data analytics and human analysis to identify the issues most likely to impact companies and industries. For this analysis, we examined the following data:

- **Issues.** We monitor 350 topics of activist pressure, societal concern or stakeholder expectation.
- **Issue shapers.** We follow more than 3,000 activists, influencers, policymakers, news organizations and businesses that play a leading role in defining and shaping societal issues.
- **Twitter activity.** We captured 1.6 million tweets from these organizations and entities over a 90-day time period beginning January 22, 2020 and ending April 20, 2020.

# Top 25 COVID-Related Issues

Previously prominent issue categories of climate, sustainability and social equality have receded since the beginning of the year, while labor and financial security issues have risen to the fore. This shift in issue priorities has been almost entirely driven by the effect of COVID-19 on every facet of work and society.

The ranking below shows the combination of three factors:

1. Engagement
2. Upward trend
3. Overlap with COVID-19

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**Labor and financial security issues have risen to the fore.**

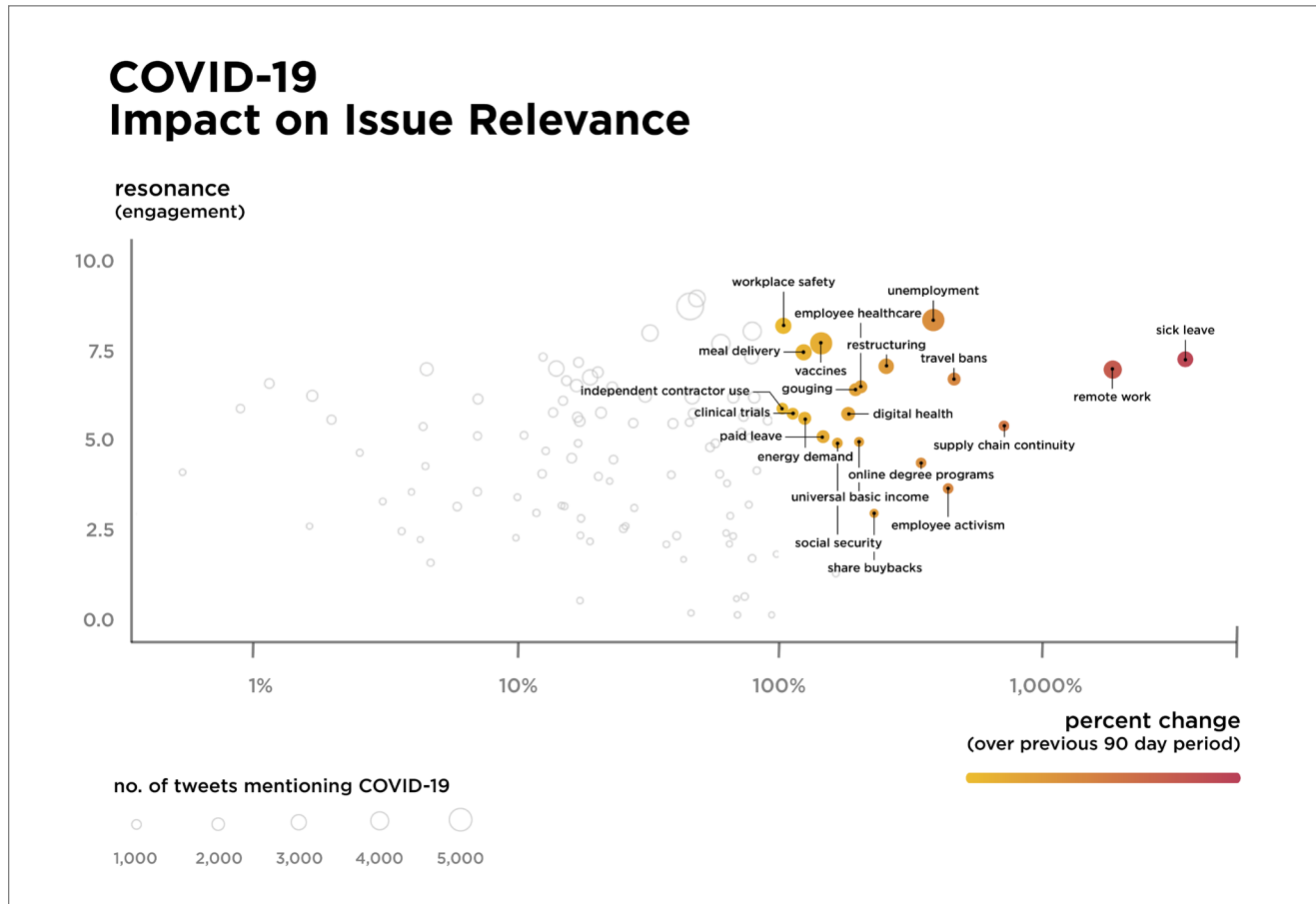
## Top COVID-Related Issues

- |                                    |                                    |
|------------------------------------|------------------------------------|
| 1. Unemployment                    | 14. Employee Healthcare            |
| 2. Vaccines                        | 15. Mental Health                  |
| 3. Corporate Restructuring         | 16. Childcare                      |
| 4. Healthcare Reform               | 17. Trade Barriers                 |
| 5. Caregiving                      | 18. Use of Independent Contractors |
| 5. Misinformation                  | 18. Immigrant Detention            |
| 7. Workplace Safety & Exploitation | 20. Social Security                |
| 8. Gouging                         | 21. College Affordability          |
| 9. Race Equality                   | 21. Online Censorship              |
| 10. Family Planning                | 23. Net Neutrality & Access        |
| 11. Lung Disease                   | 24. Fossil Fuels                   |
| 12. Travel Bans                    | 25. Gender Equality                |
| 12. Paid Leave                     |                                    |

# Rising Issues

Of those issues which did rise, many rose quite dramatically. The accompanying chart isolates engagement, rise and COVID-overlap to show a more granular picture of the changing landscape. Note that the x and y axes show a logarithmic scale – meaning the further one moves to the right or upward, the sharper the increase. The chart shows:

- Percentage growth over 90 days – on the x-axis.
- Resonance, meaning the level of engagement by the 3,000 groups we track – on the y-axis.
- Overlap with discussion about COVID-19 – shown by the size of the bubbles.



**Twenty-six issues have at least doubled in size; several have increased tenfold. Among the most notable:**

**Paid sick leave** experienced the highest increase: 3,385%. Companies without paid sick leave policies have come under heavy criticism.

**Price gouging** due to shortages of many essential goods.

**Supply chain continuity** due to new concerns over access to food and consumer goods.

**Workplace safety** due to heightened concerns for the health of essential workers, and rising labor activism.

**Unemployment** given the unprecedented rate of layoffs and furloughs, and expectations of more to come.

**Employee healthcare** as the crisis exposes gaps in coverage for those who have it – and the loss of coverage for those losing their job. The efficacy of the employer-based model is drawing new skepticism.

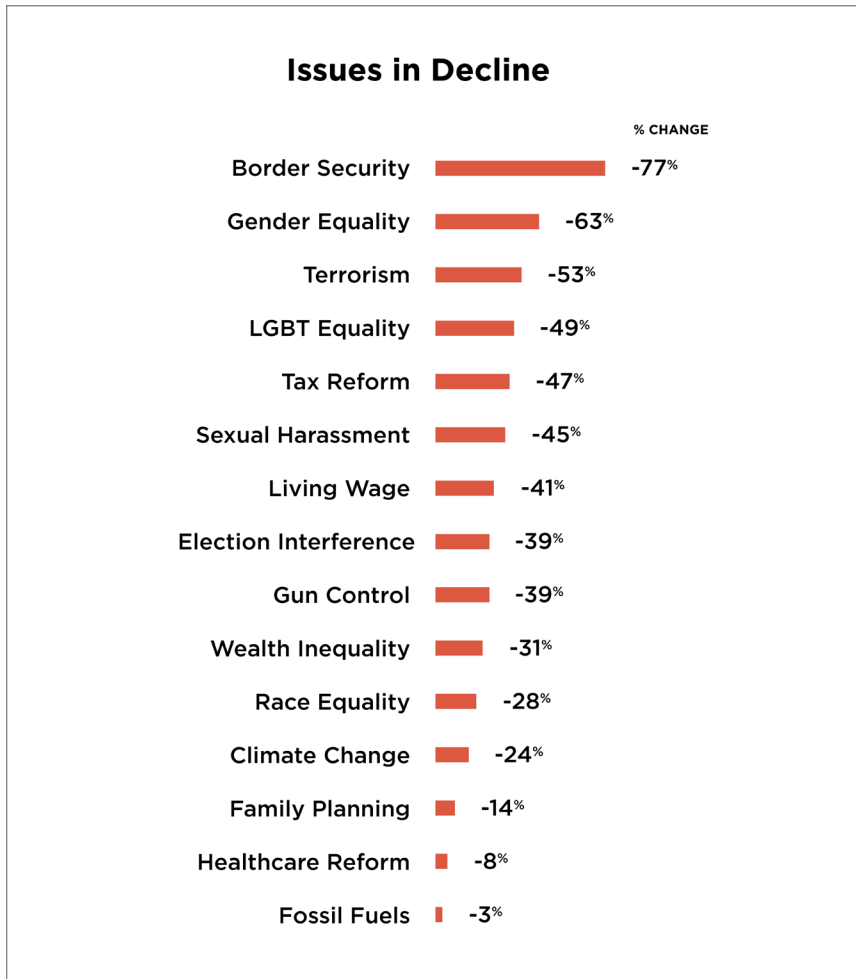
**Universal basic income** given greater acceptance following direct payments to households.

# Declining Issues

To understand an issue's overall prominence in the public debate beyond business reputation, we use a separate score, called **Resonance**. This measures the level of output on those issues by the groups we follow - regardless of whether businesses are being targeted.

On our Resonance Index, issues with declining resonance (267) outnumbered issues with rising resonance (80) by a 3-1 ratio over the past ninety days. The accompanying chart shows the issues with the greatest decline in resonance.

We hesitate to over-interpret these declines, which align with an overall drop in activist output on Twitter (-16%) compared to the same period last year. This may be a temporary lull, similar to the fall in activity we see over a long holiday.



**Declining issues outnumbered rising issues by a 3-1 ratio.**

# Brand Pressure Index - Revisited

In late January, our **Brand Pressure Index** identified issues generating the greatest impact on corporate reputation over the course of 2019. The Index is based on the number of times the 1,000 top corporate brands are mentioned in association with a given issue.

Three months later, we revisited the Index to see how the list has changed.

Pandemics leads the list, which is no surprise. Climate change, once at the top of the list, is now a distant second. In fact, the pandemics issue is equal to all other issues on the list combined.

**Pandemic is equal to all other issues on the list combined.**

## Brand Pressure Index

	2019		2020
Climate Change	1	▲	<b>Pandemics</b>
Plant- & Lab-Based Foods	2	▼	<b>Climate Change</b>
Aviation Safety	3	▲	<b>Union Concerns</b>
Living Wage	4	▲	<b>Misinformation</b>
Data Security	5	▼	<b>Living Wage</b>
Union Concerns	6	▼	<b>Data Security</b>
Pesticides	7	▲	<b>Fossil Fuels</b>
Antitrust	8	▲	<b>Workplace Safety</b>
Trade Barriers	9	▲	<b>Unemployment</b>
Consumer Privacy	10	▲	<b>Electric Vehicles</b>
Tobacco & Nicotine Products	11	▲	<b>Sick Leave</b>
Electric Vehicles	12	▼	<b>Pesticides</b>
Gender Equality	13	▲	<b>Remote Work</b>
Fossil Fuels	14	▼	<b>Consumer Privacy</b>
Artificial Intelligence	15	▼	<b>Plant- &amp; Lab-Based Foods</b>
Sexual Harassment	16	▲	<b>Healthcare Reform</b>
Plastic Pollution	17	▲	<b>Sustainability in Business</b>
Misinformation	18	▼	<b>Artificial Intelligence</b>
Natural Disasters	19	▲	<b>Race Equality</b>
Race Equality	20	▲	<b>Corporate Restructuring</b>

● new entrants in 2020

Several other issues on the Index have risen sharply:

**Misinformation:** Higher expectations for providing accurate information during the crisis.

**Fossil fuels:** The demand shock facing the oil & gas industry.

**Workplace safety:** Concerns over the health of essential frontline workers and availability of PPE.

**Unemployment:** The unprecedented rate of layoffs and furloughs in the past four weeks and the certainty that many more will occur.

**Sick leave:** The lack of paid sick leave policies among many businesses.

**Remote work:** The sudden shift away from office-based work.

**Corporate restructuring:** Downsizing, bankruptcies and other moves to reduce costs.

# Ten Predictions for The New Issue Landscape

These issues will evolve, and new issues will emerge. Expectations and precedents are being established in real time that will govern the new rules of corporate reputation for years to come. Only hindsight will provide the full picture, but for now, we provide the following predictions as a way of better understanding the uncertain environment ahead.

**1 Company spending choices will face scrutiny.** Unprecedented levels of government assistance to the private sector will drive scrutiny on how those companies spend their money. In 2008, companies accepting TARP money faced pressure to restrict spending on corporate meetings and travel. Executive compensation (+28%) and stock buy backs (+227%) already have received heightened attention. Simply accepting government assistance can be a reputation-shaping decision, as illustrated by the recent decisions by Shake Shack, Harvard University and Sweetgreen to return PPP loans, and criticism of several other seemingly well-funded entities who have received them.

**2 Workplace safety expectations will evolve.** The topic of workplace safety (+102%) has risen to the forefront in those industries which are deemed “essential.” The immediate flashpoint has been availability of PPE for front line workers. Testing, sanitation, hazard pay and working in close quarters are areas of concern. These

pressures could cross over to “non-essential” businesses as they re-open.

**3 Supply chain continuity is the new “systemic risk.”** For the first time in recent history, “supply chain” is a kitchen table topic. The crisis exposes how the very efficiency of the supply chain – with low inventories scaled to just-in-time delivery – may contribute to increased fragility in times of stress. This reminds us of the 2008 financial crisis, when low levels of capital reserves created greater risk for the banking system. Will we see a push to build redundancies and slack into supply chains; to become less reliant on international sourcing; or to create labor contingencies through immigration or automation?

**4 Labor issues will multiply.** Corporate restructurings will occur on a larger scale than anything we’ve seen in recent history, feeding debates on unemployment, wage issues, paid leave (+144%) and redefining expectations regarding less traditional actions such as furloughs, temporary salary reductions and loss of 401k matching. Executive compensation will face an intensifying spotlight: executive salary reductions will not inoculate companies from criticism, as bonuses and stock options also come under fire.

**5 In some industries, labor will have more leverage.** This

is counterintuitive given the breathtaking pace of layoffs and furloughs. But for businesses deemed essential in this pandemic, workers – who are asked to take risks and work longer hours – now have greater leverage and more for which to demand. Businesses are more reliant on these workers to keep products moving. This will fuel new demands for better protection and increased pay – and these workers will have more leverage to get it.

**6 The automation backlash is coming.** For some time, the potential automation of everything from cashiers to drivers to production lines has been viewed with trepidation due to the prospect of disrupting employment. This day may come sooner as businesses seek to minimize the risk of labor disruptions and consumer concerns over health and safety. In the short term, automation will provide a lever to reduce human contact and exposure to viral transmission. In the long run, the resulting headwinds against employment may cause the issue to become highly politicized – similar to the “offshoring” debate fifteen years ago.

**7 Pandemic surveillance will generate new privacy concerns.** A functioning economy may require an enhanced surveillance regime: evidence of immunity required for travel or work, rapid detection of new outbreaks, use of GPS technology to map

possible exposure to others. The public health imperative to accept a higher level of surveillance will compete with privacy concerns over how our movements and health can be tracked – and the use of that data by the government or private entities.

**8 Sanitation may displace other societal imperatives.** Sanitation is a new measure of responsible behavior – and is being used as an argument to roll back some pre-COVID-19 norms and requirements in areas of waste, sustainability and equal access. Re-usable grocery bags are no longer allowed at many stores. The plastic industry is urging a reversal on single use plastics bans on grounds of sanitation. City requirements that retailers provide a cash payment option – seen as an access issue for unbanked customers – now face the competing imperative to eliminate physical avenues for virus transmission.

**9 Wealth, class and racial divides will become more apparent.** For those with means, social distancing has been easier to achieve; remote work opportunities more available and online school for their children more feasible. For others, the challenges have been immense, the stress more acute; online work or classes simply aren't an option, social distancing is harder – or impossible. COVID-19 has disproportionately impacted minority groups – who have experienced higher rates of hospitalization and fatality. Disparities also have manifested on the business front – as those businesses with resources have been able to navigate loan applications and secure government assistance while others have been shut out. These divergent experiences may lead to a deeper sense of division in the months to come.

**10 The climate change debate may become more divisive.** The “other” perceived existential threat to civilization has taken a temporary back seat, but not forever. The pandemic experience is likely to shape the debate over climate change. For some, the experience of putting our economy into a “coma” will make future tradeoffs seem palatable – for others, it may intensify resistance to them. The evolving predictions of epidemiology models may provide ammunition to those inclined to question the models of climatologists. For others, faith in science may be strengthened. Harder to predict: how shifts in work and life will change patterns in transportation, urban density and many other factors that play into the rate of climate change.

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**Expectations and precedents are being established that will govern corporate reputation for years to come.**

# Methodology

The discipline of issues management assists in identifying and prioritizing public expectations, concerns and priorities that might shape corporate reputation. This helps clients make improved decisions, with a clear understanding of how the external landscape will affect them.

The challenge always has been how to separate signal from noise. There are hundreds of issues to track, and thousands of entities that shape them. Data analytics and processing tools allow us to quantify these trends more comprehensively and accurately. Better data improve the judgments our analysts can make to support decision-making and strategy.

## Data:

- Our issue analytics platform monitors nearly 350 topics of social concern – and we are adding to this list constantly.
- We track the rise and fall of these issues by monitoring engagement of 3,000 leading activists, influencers, news media, policymakers and companies.
- We use multiple sources of communication, with Twitter being the most efficient and comprehensive. The analysis in this paper is based on Twitter activity exclusively.
- We capture 6.2 million tweets per year on average, which are then tagged and sorted to discrete issues using natural language processing techniques.
- We then apply filters and models that incorporate weighted variables, such as intersection with companies and industries, connections to other issues, or increase/decrease in engagement to further analyze the trajectory of the issues we monitor.

## Human judgment:

- Our goal isn't to make perfect predictions; it is to perfect our ability to imagine possible outcomes.
- Our intuition draws from combined decades of experience working with prominent brands and industries on the front lines of the issues they manage.
- We use data as a supplement for judgment – not a substitute. The numbers draw our attention to trends we may have missed and provide a check on assumptions we have made.
- Underlying the data points are many hundreds of actual incidents, events and assertions involving over a thousand businesses across eighty industries. Our insights are informed as much by the actual events we are seeing, as they are by the data about those events.