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# The Millennial “Brand for Good” Report

Why Millennials are attracted to purpose-driven brands and where purpose impacts the purchase funnel.

By Kathy Oneto

## Introduction

Many advocate the need for brands today to be guided by purpose, especially to attract Millennial consumers. And there’s sufficient evidence to support this point-of-view. For example, as part of our “Brand for Good” series, last year we conducted a survey that showed 7 out of 10 Millennial respondents agreed with the statement, “I expect companies and brands to contribute positively to society.”\* In a study from [Deloitte](#), the organization found that most Millennials (87 percent) believe “the success of a business should be measured in terms of more than just its financial performance.”

Business results support these stats, as well. There are many successful, entrepreneurial, Millennial-badge brands created with purpose central to their business models, such as Warby Parker, Everlane, All Birds, and Rothy’s to name just a few. But it’s not just small brands winning with purpose; [Unilever](#), for example, has shared that such a focus has led to stronger business performance for its purpose-led brands, growing almost 70 percent faster than the other brands in its portfolio.

We wanted to better understand what is driving Millennials to be attracted to such purpose-driven brands, and more importantly where the concept of purpose fits into their decision criteria—how does it influence purchase and where in the purchase funnel is it important? To complement last year’s survey, we conducted one-on-one interviews with Millennials that seek out purpose-driven brands to hear their views.

\* Data from an omnibus study conducted by ProdegeMR with 500 U.S. adults ages 18+, June 2018.

## Here’s what we learned.

### Millennials are savvy shoppers.

In speaking with these Millennials, one quickly learns that they are savvy shoppers. They are not ignorant or easily manipulated and influenced buyers; rather they are quite aware and educated about business practices and operations. They can think in business terms, such as, “The company is small and doesn’t have a lot of money, so they’ll have to charge more.... That is a large company, so they can produce more at scale and charge less.” These consumers were aware of the [B Corporation structure](#) and understand what that implies about a company’s ethos. They don’t take company claims at face value, unless the company is already well-known and recommended by friends. These consumers are discriminating and will dig in to better understand the company and how products are made, looking to convince themselves if the company is worthy of their purchase.

### Purpose, in their minds, relates to Corporate Social Responsibility.

It’s helpful to put a definition around purpose, as we’ve learned that it can take on different meanings given the context.

If one subscribes to Simon Sinek’s theory, a company’s “why” is its purpose, cause, or belief. Others say purpose is why your brand exists beyond the financial, the impact you want to make in the world. [Accenture defines it as](#), “The reason why something exists. For companies, it is the foundation of every experience. It is the underlying essence that makes a brand relevant and necessary.” Accenture’s definition blends with a more traditional way of thinking of overall brand meaning and purpose.

In speaking with these Millennial consumers, purpose tended to have a more structured, common meaning, one that aligns more with the definition of Corporate Social Responsibility, covering themes such as:

- Making products with consideration for the environment
- Making products ethically and perhaps locally
- Treating workers well
- Giving back to society and causes

For what is referenced below, we think of purpose as the consumers defined it, aligned more with Corporate Social Responsibility themes, yet also tied to a brand’s positioning and business model.

## **When buying, Purpose matters, but it’s not everything.**

We found that purpose plays a different role across the purchase funnel. In the lower funnel, purpose can essentially move your brand from Awareness to Consideration. It won’t be the ultimate reason why the consumer will buy from a company but will be a strong influence as to why Millennials will consider you and compare your brand against a competitor. This can work in the opposite direction, too, meaning this is especially true if you end up being a brand that misbehaves and provides evidence you don’t have a positive purpose or intent. Think Uber or the electronic cigarette company, Juul. While consumers had a hard time articulating specifically what this negative behavior might be, they seemed to believe they would know it when they saw it and would immediately cut a brand out of their consideration set upon learning of poor behavior that would demonstrate a lack of purpose and values.

In the middle of the funnel, purpose can influence price elasticity. These Millennials understand why a purpose-driven brand might be charging more, and they readily accepted this if the value proposition works in their estimation. In other words, for some brand’s the story, its purpose, the approach to making the product, and the product’s functionality are so strong, there is no wavering on the purchase, no hesitancy, no worry about price – just complete buy-in and purchase. Brands that fell into this camp included Everlane, All Birds, and Warby Parker. Consumers are more than willing to make the price/value trade-off.

Then, later in the funnel, purpose can strengthen engagement and build loyalty. Purpose makes the brand more sticky and more worthy of sharing. Why is this the case? Because consumers believe purchasing from such companies and championing them to friends and family are small, easy actions they can take to give back and contribute to helping solve the world’s problems.

## **Fulfilling a consumer need (meaning delivering a functional benefit) still matters and can close the deal.**

When it comes to the moment of truth, the moment of purchase, what still matters are functional benefits. These consumers want a quality product that is useful and meets their needs. And, realistically, if you deliver on a strong need, purpose won’t matter as much. (Think Amazon or even Uber as noted below.)

We probed on a few different categories to better understand how important purpose and functional benefits were to these consumers. According to those we spoke with:

- In personal care and beauty, functional performance is critical. Or, an element like scent can influence final purchase. Consumers are starting to care more about natural beauty and health factors, yet today’s Mass consumers are influenced less by purpose and perhaps even more by ingredients. This may shift as companies like [Beauty Counter](#) take a proactive stance, build this cause into their brand equity, and educate consumers on toxic beauty products.
- For clothing, functionality like fit and price are still important. But, purpose and how a product is made can play a factor in consumer decision making as you see with companies like Everlane, Patagonia, All Birds, Marine Layer, and Cuyana. For example, one respondent shared his experience with Marine Layer saying that he liked that their shirts were made to be soft and comfy, and it was also nice that the products are good for the environment because they are made from tree pulp. He still prioritized “comfy” above the environmental factors, yet [Marine Layer’s commitment](#) to its purpose definitely factored into his final purchase decision and made it an easier choice despite the shirts’ higher price.
- For food and beverage categories, convenience reigns. Then food quality and price, as has been the case with food for a long time. Purpose plays a role, but less than one might think. Yet some examples of brands where purpose is a factor include Clif Bar, New Belgium Brewing Co., and Patagonia Provisions.
- For the technology industry, function is most important, perhaps not surprisingly—just look at Facebook. But also consider Uber—these Millennial consumers had a love/hate feeling about the brand; the hate spurring from its negative practices and the old CEO and founder, but they couldn’t help themselves from using the service for its convenience and affordability, some still choosing Uber for some reason over Lyft. Amazon was similar; people hated its prowess but still loved the company’s 2-day delivery and the convenience it offers.
- For hospitality, when asked where they’d prefer to stay when traveling, these consumers didn’t immediately select Airbnb, as one might think given their generation and the company’s awareness and ubiquity. Instead, they all said it depended on the travel circumstances. No one brought up Airbnb’s mission around [“Belonging”](#) and none of these respondents were Airbnb loyal. The usage occasion dictated the product consideration set, not company purpose.

The takeaway here is no different than it's ever been—to have a successful business, a brand needs to provide a product that delivers against a consumer need. Purpose is important, but it won't be the only reason people will buy from a company. And, interestingly, a company can deliver function alone and still win, for now, depending on the category and assuming it doesn't make a royal blunder.

### **Yet, Millennials' advice to brands is still—be good.**

To be sure, consumers are not always rational in their purchase decision making, and they were well aware of this and owned it. One very purpose-driven buyer in a few categories admittedly said that she buys from Victoria Secrets, for example, so isn't 100% always following her guidelines for buying “do good” brands. Yet, despite these consumers knowing they weren't always consistent in their purchase behaviors and didn't always hold to their standards, when asked what advice they'd give brands today it was still to “be good.”

They advised brands to care about and be transparent in how their products are made, consider the environment in manufacturing and business practices, treat workers well, and give back to the community. Full stop.

## Close

Purpose goes beyond a buzz word. It can help leaders build authentic businesses and a brand that can do good in the world. When purpose is built into your brand authentically and it’s integrated into the full enterprise and its practices, the proposition just works. Not just for the company, but more importantly for the consumer. In doing so, the company makes it an easy choice for the consumer to buy-in. It makes the consumer feel good about their purchase and feel like they are doing good, too.



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