

TEN DIGITAL TRENDS FOR 2020

THE MARKETPLACE ABHORS A VACUUM

The Ethical Leadership of America: An examination of why corporations assumed the responsibility of acting as the country's moral compass.

Remember when brands didn't take stands? When their open-armed "purpose" seemed to be to appeal to as many people as possible while alienating as few as possible? Over the past decade, our industry has witnessed a dramatic uptick in a different kind of purpose: purpose-driven advertising, or the act of companies advertising their beliefs on social issues. Every day, we all come to work with an aim to help our brands follow culture as closely, as tightly, as seamlessly as possible – but should we instead collectively acknowledge that today our brands have the opportunity not to follow but to lead culture? After all, "Femvertising," or advertising that promotes female empowerment, preceded its cultural twin, #MeToo, by three and a half years. Today, the brands we steward have the power to move not just products but people.

With great power, however, comes great responsibility – and, in this case, a concomitant and widespread skepticism about the motives of brands taking a newfound stand. "Pink washing" (breast cancer) begat "rainbow washing" (gay pride) and overall "woke washing," which points a collective finger at advertisers for (over) using issues for commercial gain. Whether the advertising itself is successful – does purpose-driven advertising lead to more substantial revenue gains than product-driven advertising? – is not the topic we'll discuss here; that must be answered ad hoc on a case-by-case basis. Instead, the question of interest to us is: "How did we get here?" How did we go from watching ads about *new product formulations* and *extra absorption* to the *rejection of toxic masculinity* and the *value of a girl's education*?

Why have so many corporations gone all-in on social issues, causes, and that squishiest of words: purpose? We believe it has to do with who holds the responsibility of moral leadership. Historically in America this responsibility has rested squarely and safely on the broad shoulders of three culturally expansive institutions – our government, the church, and academia. But today, trust in our president, our preachers, and our professors is lower than it's ever been. And while this fall from grace might be something that's occurred incrementally and that we now know intuitively, the data is staggering.

For example, Pew Research Center has asked the same question of consumers over the past 61 years and finds that "only 17 percent of Americans today say they can trust the government in Washington to do what is right 'just about always' (3 percent) or 'most of the time' (14 percent)." Our belief that our government will do the right thing is historically low. In fact, with the exception of moments of national crisis – such as the tragedy of 9/11 – trust in government has trended steadily downward since the 1960s.

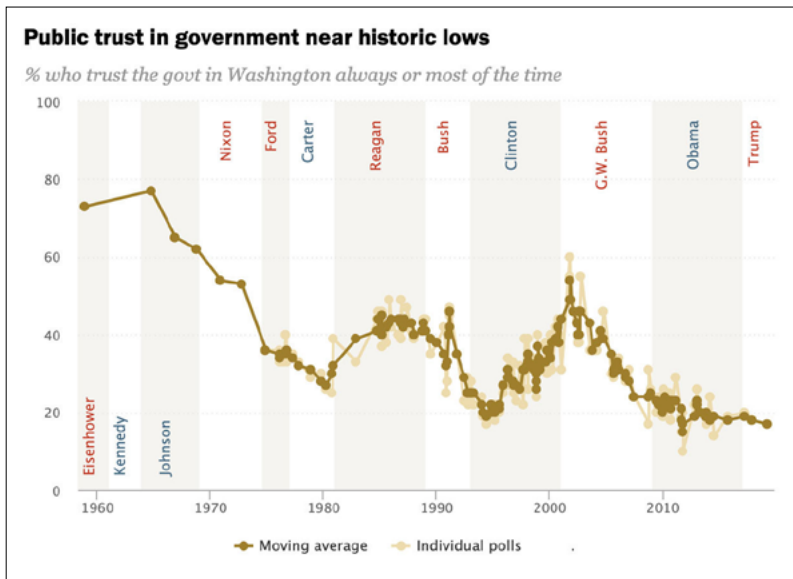


SARAH WALKER-HALL:
Brand Planning Director



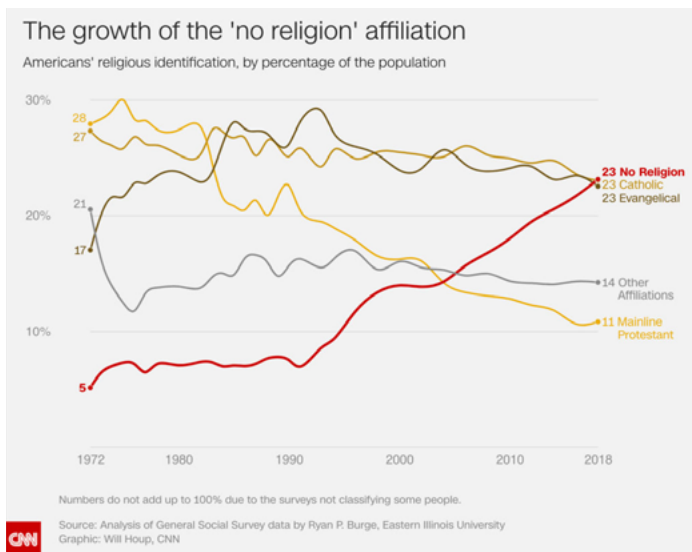
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Source: people-press.org

Another institution that has historically acted as a moral compass for those living in America is the church. Recognizing that we now live in a culture where it is more socially acceptable to do so, the percentage of people who claim no religion has risen consistently for nearly three decades, and for the first time in history there are as many people in the United States who claim no religion (23 percent) as those who claim to be Catholic (23 percent) or Evangelical (23 percent). From our viewpoint, what is most intriguing is that people are not rejecting the spiritual component of faith – they are rejecting the cultural institution of religion. In 2017, 27 percent of Americans identified as “spiritual but not religious,” a 42 percent increase from 2012.

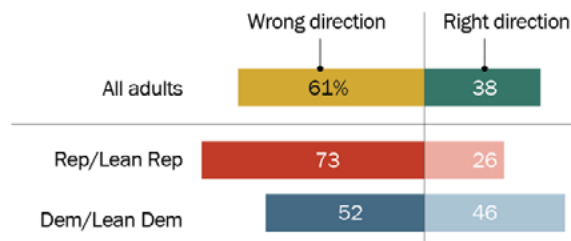


Source: cnn.com

Academia is the third institution that has historically provided ethical and thought leadership. In 2018, for the first time the number of Americans with a four-year degree topped 30 percent; it is inarguable that higher education is more need-to-have than ever before. Ironically, the ubiquity that drives expectation might also be driving resentment. As with government, the percentage of Americans who think our higher education system is headed in the *right* direction is the lowest it's ever been. Much has been made of the partisan divide on perceptions of academia – with those on the right of the ideological spectrum, ironically, most convinced of academia's *wrongs* – but there is bipartisan conviction that the system is troubled. More than half of both Republicans and Democrats agree that higher education doesn't provide students the skills they need to succeed. Pair that perception with sharp increases in tuition, and the result is that a wide swath of the American public no longer trusts academia's once-unassailable leadership position.

Most Americans have doubts about the direction of higher education in the U.S.

% saying the higher education system in the U.S. today is generally going in the ...



Note: Share of respondents who didn't offer an answer not shown.
Source: Pew Research Center survey of U.S. adults conducted online June 19-July 2, 2018.

Source: pewsocialtrends.org

Many people cite widely publicized scandals – with the Catholic Church, this summer's widely mocked "Aunt Becky" higher education fracas, and that pesky presidential impeachment inquiry, among countless others – as the causation for this cross-institutional trust erosion. We would posit, however, that the well-lit publicity of these scandals is actually a result of confirmation bias; trust has been slipping for decades, and these scandals confirmed and validated this newfound lack of respect. The widespread furor around these scandals weren't leading indicators – they were lagging indicators. Indicative, not causal, of a cultural lack of trust in these institutions.

So: If not on the shoulders of these three institutional giants, where then does the responsibility for modeling the moral compass of America lie?

As physics tells us, "Nature abhors a vacuum" – and evidently so does both culture and the marketplace itself. In the absence of leadership, companies have stepped in to fill the void. The annual Business Roundtable with 200 CEOs of some of the country's largest, most staid corporations (JPMorgan Chase, Bank of America, GM, Boeing) took place during the writing of this piece. In a proudly capitalist country, the emergent headline was shocking. In pursuit of "redefining the purpose" – there's that word again – of an organization, the Roundtable declared that shareholder value is no longer the main objective. Larry Fink, CEO of BlackRock, said, "fundamental economic changes and the failure of the U.S. government to provide lasting solutions has forced society to look to companies for guidance on social and economic issues, such as environmental safety and gender and racial equality."

In 2015, Salesforce was among the most vocal companies protesting a proposed Indiana law that would permit discrimination against gay people; their threat to halt corporate expansion in the state actually led to the softening of the 2015 Religious Freedom Restoration Act. It was an epochal moment, and since then many brands have stepped in – and up. Marc Benioff, the CEO of Salesforce, puts it simply: "We're in a world where we need leaders to improve the state of the world, not just the state of the bottom line."

From shareholder primacy to stakeholder advocacy? This potential shift is much more than semantic: It's seismic.

As you might expect in a market economy, this evolution comes at the behest of consumers: According to the 2018 Cone/Porter Novelli Purpose Study, "More than three-quarters (78 percent) of Americans today believe it is no longer acceptable for companies to just make money, they expect companies to positively impact society as well." Interestingly, this expectation of brands is borne of a belief in the power of brands as cultural agents of change. Edelman's Brand Trust Study found that more than half (53 percent) of consumers believe brands can do more to solve social problems than governments, which leads us to conclude that there is an interconnected, perhaps symbiotic, dynamic at play: The less I trust the government and other cultural institutions to provide leadership, the more I, out of necessity, turn to other mechanisms to fill that gap. Brands, *our nation turns its lonely eyes to you*.

In a day and age when culture is more painfully cracked and riven than ever before – when trust in the traditional monoliths and pillars of society is plumbing all-time depths – we still possess an innately human need for leadership. Where will it come from today? Who could – and, more importantly perhaps, should – fill the vacuum nature so vehemently abhors?

So what happens now? Can we predict how successful (or unsuccessful) brands will be at filling this void over the next few years? How will consumers respond? Will they be satisfied with companies filling this void in moral leadership? Will other moral leaders emerge? We can certainly try.

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Conservatively speaking, it's likely that this *leaning in* of corporate America will continue. Consumers will come to expect – and reward – vocal stances of moral leadership; those who abstain may be met with the worst fate consumers can disinterestedly lash upon brands: irrelevance. These expectations and rewards – both a carrot and a stick – will encourage more brands to take part in the ethical dialogue.

Just as Femvertising presaged #MeToo, it's possible that this increased moral awareness will lead to more *actual* engagement and *actual* activism on the part of consumers, contributing to higher voter turnouts among younger groups who have typically eschewed it, as well as an uptick in political candidates from the private sector. Howard Schultz, for example, told *60 Minutes'* Scott Pelley in January 2019, "I am seriously thinking of running for president. I will run as a centrist independent, outside of the two-party system. We're living at a most-fragile time: Not only the fact that this president is not qualified to be the president, but the fact that both parties are consistently not doing what's necessary on behalf of the American people and are engaged, every single day, in revenge politics." Underscoring the idea that our government is failing and corporate America feels the need to *step in*. Schultz has since made clear that he will not make a run for the 2020 presidency.

Probabilistically, there will be a scandal or two that will force a cultural reckoning of the march toward brand-led ethics; can commercial interests altruistically lead morality, or is that cultural double-helix fundamentally flawed? Consumers have already begun sleuthing, in search of companies that don't walk their ethical talk. Today, companies that have jumped on the gay pride bandwagon are regularly vetted to inspect whether their political donations match their rainbow-washed packaging. Consumers will become more skeptical of the motives underpinning stances and will grow more adept at unearthing inconsistencies. When these are aired, consumer trust in the motivations behind ethical leadership will be challenged.

Catastrophically, the ideological canyons that zag left to right throughout the country may prove too deep and too wide for brands to bridge. Advocacy of one position will engender stiff-armed, clenched-fist resistance from the other side; "every action has an equal and opposite reaction" might prove bigger than physics, and brands could get caught in the cultural whipsaw. We already see evidence that support of certain divisive issues can lead to right-left bifurcation within a category; whether you wear Nike or Under Armour, eat at Chick-fil-A or Starbucks, or shop at Target or Walmart could be more a statement of values than your aesthetics or sandwich preference. In this scenario, good intentions on the part of brands – Stand up! Speak truth to power! – could exacerbate the divisions that are, by many counts, worse than they've ever been.

Regardless of how it plays out, we are grateful for the risks America's corporate leadership is willing to take for the good of society and for the responsibility of moral leadership they've assumed.

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Sarah Walker-Hall

Norwegian language instructor. Geographic wanderer. Bassist in an all-girl punk band, baseball umpire, bartender. If curiosity is a brand planner's greatest asset, Sarah was born for this job.

Sarah's career began with a stint at TBWA\Chiat\Day Los Angeles on the famous "Yo quiero Taco Bell" campaign. There, she fell in love with the intricacies of advertising, consumer insights, and messaging strategy. She returned home to Dallas in 2003 and joined The Richards Group, heading up planning efforts for Amstel Light, Kiwi shoe polish, Thomasville, and Atlantis. A stint as strategic planning director at TBWA\Chiat\Day San Francisco saw Sarah oversee planning efforts for Jeep, Levi's, and NVIDIA; then came Publicis West and work on T-Mobile and Aflac. Sarah returned to The Richards Group in 2018 and continues to push boundaries—and grow business—as a senior strategic leader.

A Dartmouth College honors grad in history with a concentration in women's studies, Sarah has served as an adjunct professor at both Southern Methodist University and Miami Ad School in San Francisco. She is a two-time winner of the 4A's Jay Chiat Award for Excellence in Planning.



SARAH WALKER-HALL:
Brand Planning Director

Kelly Piland

On the surface, she sounds like she could be the heroine of a 1940s movie that we'd call *Kelly Piland, All-American*. Youngest of three girls in a happy suburban family. Captain of the cheerleading squad at ivy-walled Southern Methodist University (putting on a brave face and, in a comedic turn, cheering for the worst football team in the land).

Married to her high-school sweetheart and mom to two girls. Considers her parents to be her best friends.

Nice.

Look a little deeper, though, and you find that Kelly, though still unswervingly nice, has definite 21st-century facets to her story. After earning her advertising degree in the creative track at SMU, she followed her interest in the advertising business not into a copywriting or art direction career but into a study of human nature and consumer behavior, earning her master's in account planning and sociology at the University of Texas at Austin. Since becoming a Grouper in 2007, the Plano, Texas, native has delved into the psyche of the marketplace and crafted strategies for clients that include AAA, AMC's *Mad Men*, Auntie Anne's Pretzels, CitySquare Dallas, Famous Footwear, H-E-B, The Home Depot, MetroPCS, Tastykake, Texas Scottish Rite Hospital for Children, and Wonder bread.

As her client list suggests, she's passionate about nonprofit causes and (making her an ideal member of the Home Depot team) about home design and remodeling. She finds particular fascination in learning the history of old homes—the kind of homes, in fact, that might make a good setting for a movie called *Kelly Piland, All-American*.



KELLY PILAND:
Brand Planning Director



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