



From Transparency to Full Disclosure

October 2013

Part of the Authentic
Brands Series

About Cohn & Wolfe

Cohn & Wolfe, a global communications agency, builds brands and corporate reputations through an uncompromising commitment to creativity. The agency's strategic approach unearths fresh, relevant insights leading to communications solutions that deliver measurable business success. Over its 40-year history, Cohn & Wolfe's award-winning brand marketing work and world-class digital media campaigns have attracted top brands around the world. Cohn & Wolfe was named Agency of the Year by PRWeek in 2013 and a Best Place to Work by Advertising Age in 2011 and 2012. The agency has more than 1,100 employees in over 50 offices across North America, EMEA and Asia. Cohn & Wolfe is part of WPP (Nasdaq: WPPGY), the world's largest communications services group.

About this report

From Transparency to Full Disclosure is the second report from the Cohn & Wolfe Corporate Affairs Team in London, as part of our Authentic Brands series.

Based on consumer research of 3,000 adults across the UK, USA and China, conducted online in September 2013 by the research company Toluna, the report explores what consumers in three of the world's biggest markets really think about the honesty, transparency and ethics of today's brands.

This report follows on from the 2012 Authentic Brands report, Transparency & Authenticity: A new communications landscape.

Contributors

Thanks go to the following people for their contribution to this report:

- **Adam Boulton**, Political Editor, Sky News
- **Anthony Hilton**, Financial Editor, The Independent and London Evening Standard
- **Tony Juniper**, Co-founder of the Robertsbridge Group and former Director of Friends of the Earth

- **Geoff Beattie**, Global Head of Corporate Affairs, Cohn & Wolfe
- **Andrew Escott**, Managing Director of Corporate Affairs, Cohn & Wolfe London
- **Lydia Shen**, Managing Director, Cohn & Wolfe China
- **Louise Fernley**, Report Author, Cohn & Wolfe London

Foreword

An international picture...

From the London whale of JP Morgan to the Russian asylum sheltering America's NSA whistle blower Edward Snowden, if there is one thing that the recent string of media revelations affecting multinational businesses has taught us, it's this:

There is now no aspect of business in any corner of the world which can – or should – be considered confidential.

'Transparency' is no longer just a communications buzzword. This is the end of confidentiality and the start of the era of full disclosure – and it has serious implications for major private and public sector organisations.

Whatever you think may be secret, it isn't. No matter how 'private' they may seem, emails, meetings, and even telephone calls must be treated as if they are already in the public domain – there is now a good chance that is where they will end up.

As such, corporations must change the way they view communications completely. As we go on to explore in this report, consumers are fed up of being 'fed a line'. They want the real, authenticated truth and brands that want to survive in the long term can no longer just talk about their good intentions and values; they must deliver on them.

It is time for corporate professionals to realise that 'green wash' is not a long term solution to brand integrity; information can no longer be buried at the back of a protracted annual report in the hope the public won't notice.

In the second report in the Cohn & Wolfe Authentic Brands series, entitled From Transparency to Full Disclosure, we investigate what the era of full disclosure really means to consumers across the world today. We analyse in-depth research of consumers in three of the most dominant economies and societies, the US, China and UK, and explore what these attitudes mean for the future of business.

What we found is surprising, counterintuitive and will shape both the current and future communications landscape. We hope you enjoy this report.

Geoff Beattie
Head of Global Corporate Affairs
Cohn & Wolfe

What this means for businesses operating in the UK

Thanks to the 24/7 nature of social media, the rise of ‘the everyman investigative journalist’ and the confidence of whistle-blowers, the British public is now switched on and tuned into anything that smells like a corporate cover-up. And there have been plenty in recent memory to choose from – both in the public and private sector. What they all had in common was large, powerful organisations woefully equipped to engage or respond.

As we go on to explore in this report, consumers in the UK are now placing more importance than ever before on the role of transparency and honesty in business.

For business leaders building brands in Britain today, they would do well to heed this message: the standard practices of previous years – the confidential memos, the crisis plan and the CSR programme to make it all better – are no longer viable.

Instead, business leaders must be one step ahead and have a system in place to identify and disclose information before involuntary disclosure unravels years of hard-earned trust.

Andrew Escott
Managing Director, Corporate Affairs
Cohn & Wolfe London

Introduction

The collapse of Lehman Brothers in 2008 sent a big chill across the globe and the impact is still being felt – nearly six years on. How could investors and consumers ever trust bankers again?

Banking became the focus of all that was ‘bad’ and regulators and governments tightened their reins to try to ensure this couldn’t be repeated.

We are still ‘freezing’ from what began to unravel... Not only were bankers ‘bad’ but everyone was ‘in rogue mode’, from the tax departments of big corporates who paid minimal tax (despite ballooning profits), to the organisations accused of spying and corruption.

This latest research into consumer attitudes shows that corporates still have a long way to go before a thaw even starts. Based on online research of 3,000 UK adults across the US, the UK and China, we explore how consumers are becoming more demanding than ever.

We question whether the CEO now has to be the moral compass of a company; and we examine best practice case studies – which companies are passing the transparency and authenticity test and what we can learn from them.

From the Cohn & Wolfe Corporate Affairs: Authentic Brands platform, we look at how companies can communicate better – in the good times, as well as the bad – and discover what radical changes need to be made now for global corporations to emerge from the Ice Age.

Executive Summary

Transparency has become more important in the past year, and now stands alongside quality and price in the decision-making process for consumers. In the past year, the amount of UK consumers rating transparency as an important factor in their purchasing decisions has jumped from 53% to 66%. Moreover, amongst Chinese consumers the transparency and honesty of a business is now even more important than price (79% vs 65%).

Mistrust in companies' transparency remains. More than a third (37%) of consumers in the UK, US and China think that companies only disclose what they need to for legal reasons and over a fifth (22%) think companies only divulge the information that portrays the business in the best light. Underlining this mistrust, nearly one in six (14%) of consumers think big businesses deliberately lack transparency and honesty in order to make more money.

There are some companies getting it right. Out of the most transparent companies ranked by UK consumers, everyday brands such as retailers Marks & Spencer, The Co-operative, John Lewis and Tesco dominate the top of the list. For US consumers, technology giants such as Microsoft score well in terms of their transparency and honesty. It was a similar story in China, with consumer electronics and technology brands Haier, Lenovo and Huawei dominating.

Chinese consumers are the most demanding of businesses. While 61% of global consumers think it is important that companies they purchase from reflect their values as a person, this rises to 69% amongst consumers in China. Moreover, Chinese consumers are also more likely to follow business issues than their Western counterparts (88% compared to 68% of consumers in the US and 67% in UK) and be angrier about scandals affecting companies.

Consumers don't just vote with their feet, but with their friends, families and influence. Half of consumers would stop buying a product or a service if they found out the company did not reflect their personal values, whilst 30% would encourage their friends and families to do the same. A quarter would go even further and support a boycott of the company.

Issues affecting food quality and safety top the consumer 'anger meter'. Nearly two thirds of consumers would be extremely angry if companies produced food in an unsafe or unsanitary way, while half would be extremely angry if a company failed to report some of the ingredients used in its food products, which could be traced back to the fall-out from the horsemeat scandal affecting the UK earlier this year.

CEO = Chief Ethics Officer

84% of UK and US consumers and 90% of Chinese consumers believe that if you are the leader of a company you cannot claim ignorance about something bad happening in your business, showing that there are no excuses for today's leader.

Part one: The transition from transparency to full disclosure

A year ago when we first published research on transparency in business, the term was only just beginning to enter the public consciousness and lexicon.

Business leaders were beginning to wake up to the realisation that the 24-hour aspect of new media and the heightened scrutiny of the regulatory environment meant that the timeworn rug used to sweep bad stories under was rapidly being rolled up.

And consumers? As scandals rose to the surface with alarming regularity – from the abuse of MPs expenses to the aftermath of the banking crisis and the beginning of the ongoing corporate tax avoidance debate – there was a mixture of shock, anger and a degree of resignation. It transpired that certain corners of the business world had been just as unclean as had been suspected.

Since then there have been calls to get the collective corporate house in order. The need for transparency – and not just paying lip service to transparency – but to real, open-plan full disclosure can be plainly demonstrated by the large-scale fall-out of corporate cover-ups online and across international media, but has it also become more important to consumers in day-to-day purchasing decisions?

Last year, our research of 1,000 UK adults conducted by ICM found that transparency and honesty was important to just over half (53%) of consumers when dealing with, or buying from, a company or brand. This made it the most significant factor after quality (86%) and price (83%) for consumers. One year on, and the value of transparency to consumers has jumped to 66%. Moreover, the worth attributed to another intangible element of business –

brand status – has plummeted from 43% to 27%.

This could be due to a savvier consumer audience, according to Tony Juniper, the renowned environmental campaigner and co-founder of the sustainability consultancy, the Robertsbridge Group: “The public are becoming more aware of how their choices have an impact on far-flung areas of the world. Clothes bought

“The public are becoming more aware of how their choices have an impact on far-flung areas of the world. Clothes bought from the high street may have originated from child labour or in a sweatshop, and the domestic products they buy could have contributed to the disruption of the tropical rainforest,”

Tony Juniper, environmental campaigner and co-founder of the sustainability consultancy, the Robertsbridge Group

from the high street may have originated from child labour or in a sweatshop, and the domestic products they buy could have contributed to the disruption of the tropical rainforest,” he says.

This is a growing cause of concern for consumers. “In many cases, consumers are discovering that a brand's status or values don't stack up in practice,” Juniper adds.

When we look at these considerations on a global scale, an even more interesting picture emerges on the distinctions between the East and the West. While the US and UK hold broadly similar values in

their decision-making processes when engaging with brands, China bucks the trend completely – with the newly-dubbed ‘super economy’ choosing transparency and honesty over price (79% vs 65%).

According to Lydia Shen, Managing Director of Cohn & Wolfe China, this shift is in line with the increased affluence of Chinese consumers. “Not only do consumers have more spending power, even amongst lower-income consumers there is now a real desire to know exactly what you are buying,” she says.

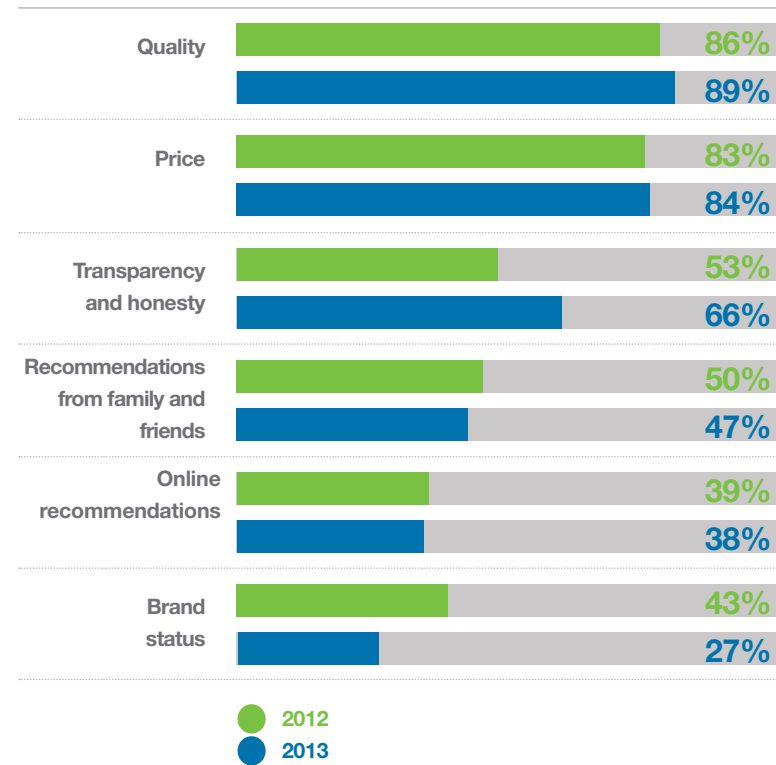
“Although there is still a degree of price sensitivity, there is also a greater focus on wanting to know what you get for the money you spend. With increased choice, as many brands are now imported, Chinese consumers are keener than ever to make an informed decision,” Shen added.

As we can see here, even in a still uncertain economic climate, consumers are more demanding than ever when it comes to the perceived transparency and honesty of the brands and businesses around them. But what are the touch points of transparency to consumers?

From accurate reporting of earnings to where a company sources its ingredients and materials and who it aligns itself with politically, as the chart on page 13 shows, consumers in some of the biggest markets now expect to see every aspect of a business in order to deem them honest and transparent.

According to Anthony Hilton, Financial Editor of The Independent and London Evening Standard, the global banking crisis and subsequent reports of wrongdoings in large financial organisations has led to a “heart on sleeve” reaction amongst consumers. “People tend to get quite agitated by businesses reporting profits, which could be seen as a lack of understanding around these figures and what they actually mean, but more emotionally, this agitation stems from a lack of trust and a feeling of being ripped off,” he says.

UK consumers who consider transparency and honesty important when dealing with a business or buying from a brand – 2012 vs 2013:



“People tend to get quite agitated by businesses reporting profits, which could be seen as a lack of understanding around these figures and what they actually mean, but more emotionally, this agitation stems from a lack of trust and a feeling of being ripped off.”

Anthony Hilton, Financial Editor of The Independent and London Evening Standard

Adam Boulton, Political Editor of Sky News, adds that companies’ political alignment is often seen in a negative light, hence the scrutiny. “It is still generally thought that there is something wrong in giving money to political parties.

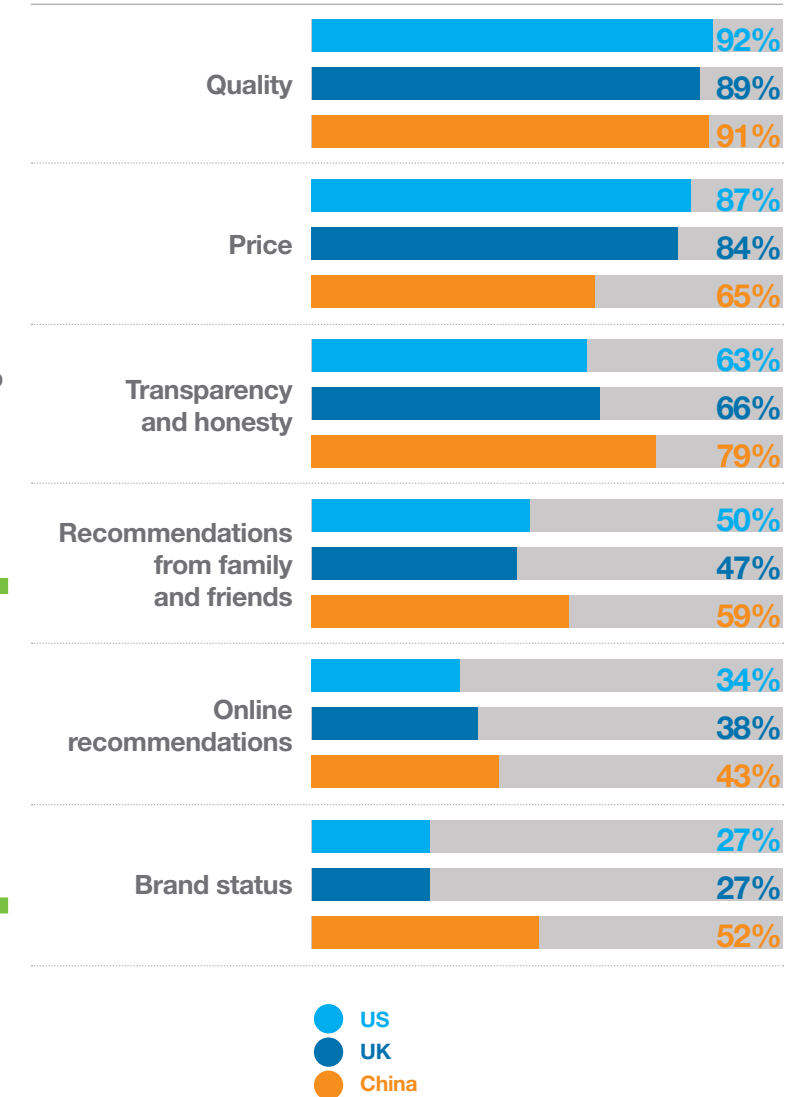
“For any company that still wants to be involved in this area, they now need to be absolutely transparent about it, to avoid fall-out from their stakeholders and the media,” he adds. “While it may not stop consumers buying a company’s products, if you try and hide something it will have worse consequences than if you choose to be open.”

For businesses unwilling to disclose or shed light on any of the below areas, the reputational impact can be significant.

“If you try and hide something it will have worse consequences than if you choose to be open.”

Adam Boulton, Political Editor of Sky News

A global picture



The most transparent companies

These touch points of transparency can be traced when we look at the companies that global consumers have ranked as the most transparent by UK, US and Chinese consumers.

Most Transparent UK Companies

- 01 Marks & Spencer
- 02 The Co-operative
- 03 John Lewis
- 04 Virgin
- 05 Tesco
- 06 ASDA
- 07 Sainsburys
- 08 The Body Shop
- 09 Waitrose
- 10 Morrisons

Most Transparent US Companies

- 01 Apple
- 02 Microsoft
- 03 Target
- 04 Walmart
- 05 Amazon
- 06 Google
- 07 Coca-Cola
- 08 Ford
- 09 Johnson & Johnson
- 10 Proctor & Gamble

Most Transparent Chinese Companies

- 01 Haier
- 02 Lenovo
- 03 Huawei
- 04 Gree
- 05 Yili
- 06 Mengniu
- 07 China Mobile
- 08 China National Petroleum Corporation
- 09 China Life
- 10 Alibaba Group

For consumers, it is the household names and everyday brands, such as retailers and technology giants that dominate this list (see *Most Transparent companies*).

What is notable is that in most cases, behind these brands sits a high-profile leadership team, which has a strong and open relationship with the press. In the case of the UK retailer, Marks & Spencer, Tony Juniper attributes the brand's position as most transparent company to the strides it has made in aligning corporate social responsibility with its core business strategy.

"Companies like Marks & Spencer have put two and two together," Juniper notes. "They assess their environmental and social models as part of their core business drivers and understand that the environment plays a huge part in their long term business strategy. In short, delivery on these issues is not a bolt-on; it's a key part of their business: environmental damage is also damaging to their business model. It's no longer just CSR [Corporate Social Responsibility]; it's a business strategy."

"Many of these companies, such as Marks & Spencer, The Co-operative and John Lewis, bring with them a general feel good feeling. Due to the strength and longevity of the brand, they may appear transparent but that doesn't mean they have not, or will not, be embroiled in supplier, staff or financial issues,"

Anthony Hilton, Financial Editor of The Independent and London Evening Standard

However, Anthony Hilton remarks on the 'brand halo effect' of these companies. "Many of these companies, such as Marks & Spencer, The Co-operative and John Lewis, bring with them a general feel good feeling. Due to the strength and longevity of the brand, they may appear transparent but that doesn't mean they have not, or will not, be embroiled in supplier, staff or financial issues," he warns.

Are today's brands making enough progress?

An established truth in the retail business is that it can take many years and much effort to change consumer perceptions. The same appears to be true in the reputational business.

In light of numerous corporate scandals moving out of the business section and into the main headlines in recent months, it is plain to see that consumers all over the world are disillusioned with big businesses – especially in the US and UK.

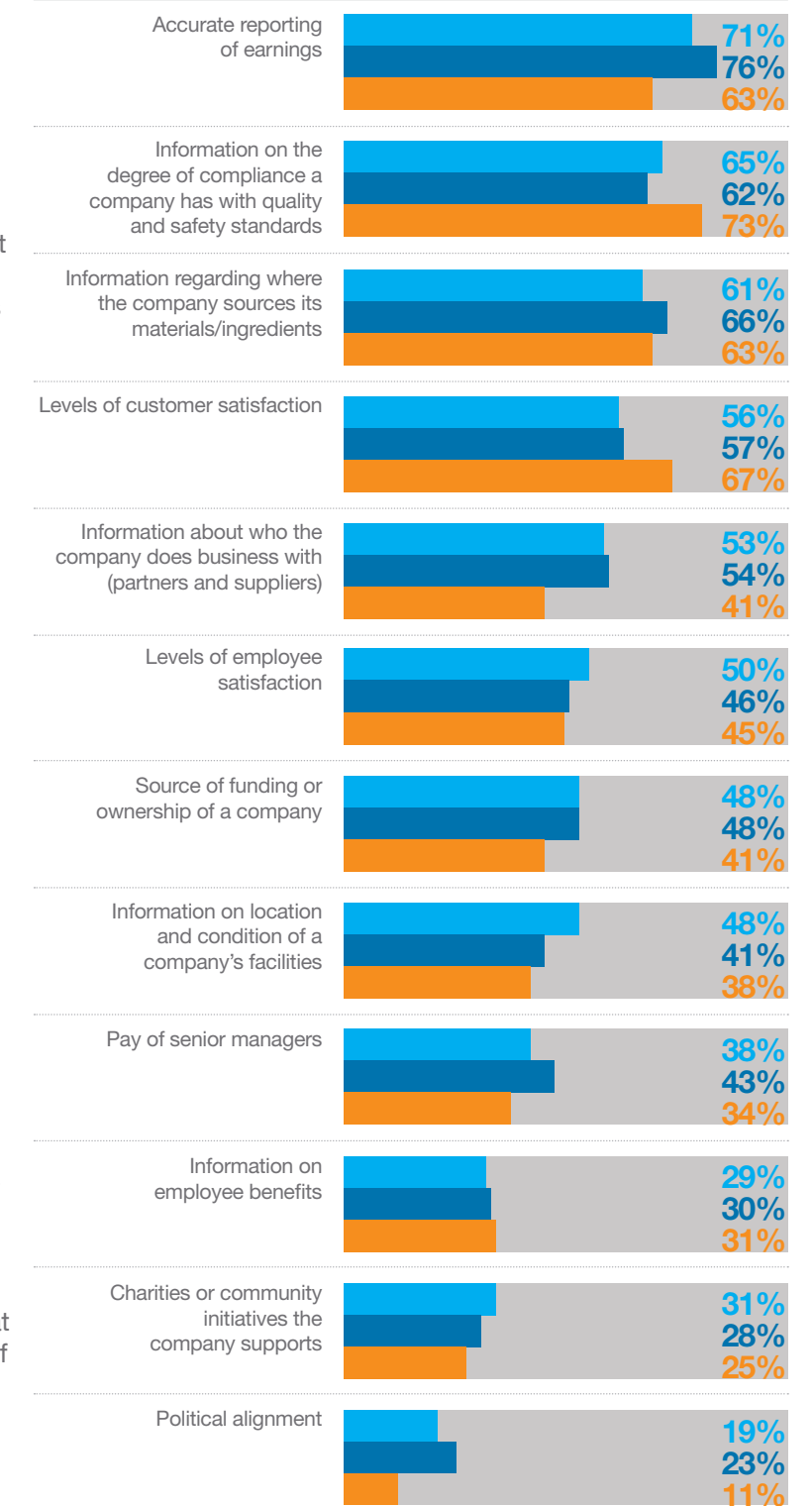
Over a third of consumers (37%) think big businesses only divulge what they need to for legal reasons, whilst a fifth (22%) more cynically believe businesses only disclose information that portrays their practices in the best light.

With the intense glare from governments, NGOs, the media and consumers, it could be expected that many organisations have been prompted to disclose more information about their corporate structures, practices and values than previously. However, this research tells us that today's businesses and brands have a sizeable battle on their hands in winning back the trust of consumers.

Winning back this trust is no easy task, according to Tony Juniper, and will involve businesses making wholesale changes to the way they operate, not just the way they communicate. "There appears to be a growing chasm between what many multinational companies are saying and what they are doing." He says. "It throws up big questions in how vulnerable brands can be when their communications are undermined by their social and environmental credentials."

In the next section, we take a closer look at the attitudes, actions and characteristics of consumers in dealing with businesses.

What consumers expect to see from a company in order to deem them transparent:



Consumer attitudes to transparency in big business



Part two: Cynical, curious and campaigning – today’s consumer

As the first part of the report showed us, the transparency and willingness of a business or brand to disclose information about itself is a key consideration for today’s consumers – but what else do we know about the values, characteristics and concerns today’s consumers have?

Our research found that across the US, UK and China, consumers are now more informed about business issues, more demanding of businesses’ values and, crucially, more disillusioned with businesses’ behaviour than ever before.

The Informed Consumer

In a world that now offers not just 51 flavours of ice cream at Baskin Robbins, but 87,000 different drink combinations at Starbucks, consumers could be forgiven for being overwhelmed with the sheer number of choices they face on a daily basis. This ‘information obesity’, as it has been dubbed by astute marketers, could be the reason for consumers now doing their homework before they make decisions about which businesses to deal with and which brands to buy from.

As discussed in section one, consumers now understand the far-reaching impact their purchasing decisions have and are aware of the pressure on them to choose the ‘best’ and most ethical companies. In some cases, this pressure can become too much, Tony Juniper explains: “We are sensing a kind of weariness from today’s consumer. They don’t always want to have to search the aisles of the specialist, organic, free-range, fair-trade section of the supermarket. They are time-pressured and want brands to take on these moral decisions for them.”

However, with many consumers feeling this moral compass currently rests on them, two thirds (66%) of global consumers say they make an effort to research and learn about the companies they use, and as we can see in the chart overleaf, the methods they use are exhaustive.

The tendency for consumers to Google a new company as a first port of call could have repercussions for businesses, Adam Boulton opines: “As we all know, the

“As we all know, the Internet and social media platforms are nearly wholly unmediated, and this poses a big risk for companies. The best policy now seems to be for businesses to be as open and straight forward about offering up information about themselves online.”

Adam Boulton, Political Editor, Sky News

Internet and social media platforms are nearly wholly unmediated, and this poses a big risk for companies. As consumers make selective searches, which often yield the most extreme views left by reviewers, commentators and bloggers, many companies struggle to counter this. The best policy now seems to be for businesses to be as open and straight forward about offering up information about themselves online.”

In addition to researching companies before they use them, thanks to the all-encompassing and real-time aspects of today’s news and new media, consumers can’t help but stay close to the news

What methods consumers in the US, UK and China use to learn about brands

agenda. 68% of US and 67% of UK consumers say that they follow business issues closely, while the figure rises to 88% amongst Chinese consumers.

This is an interesting trend to emerge: Chinese consumers appear to be the hungriest for information about companies. Having experienced an influx of Western brands launching in China, hoping to ride the upward curve of the Chinese economy, consumers there now have to be discerning about which of these companies and brands they give their support and loyalty to.

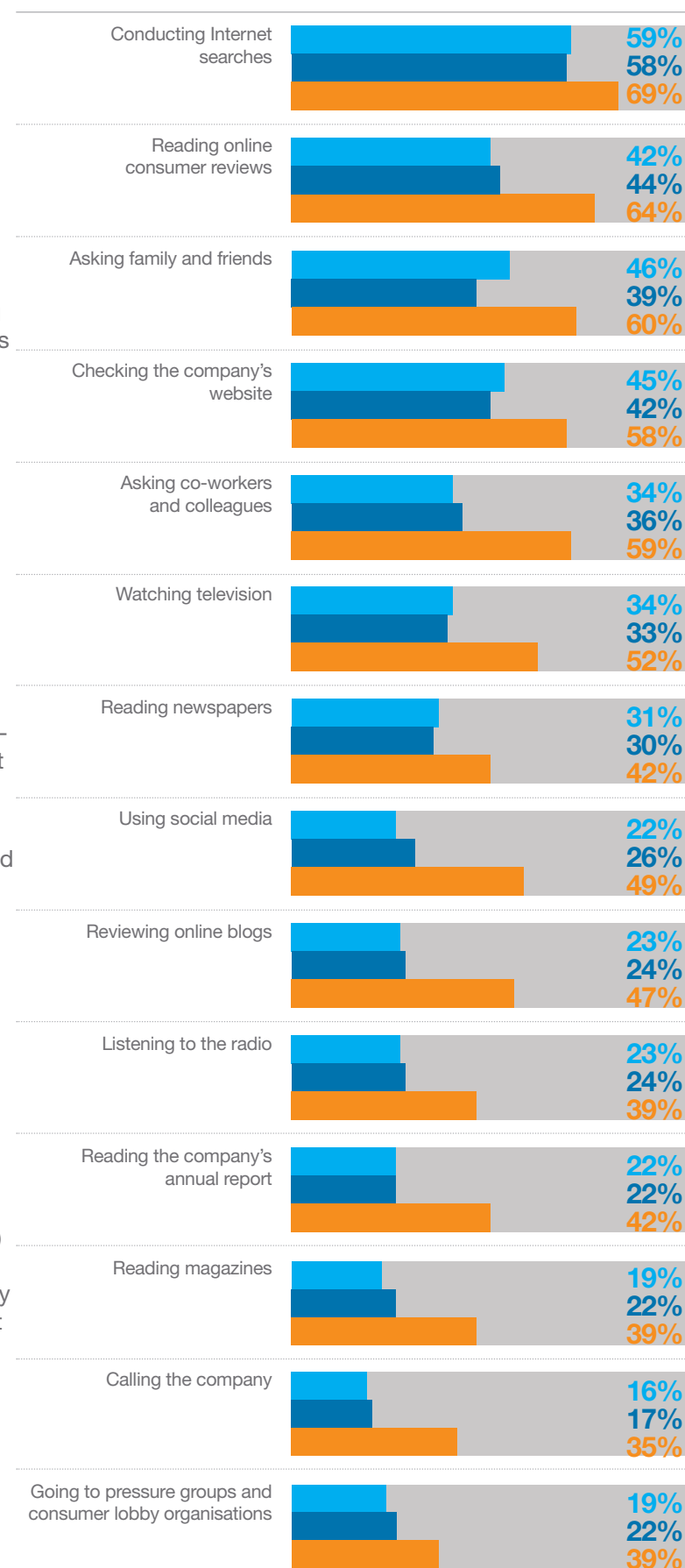
“Chinese consumers have learnt to be self-reliant,” Lydia Shen notes. “In the wake of recent scandals, businesses have lost their trust and many now feel that they need to do their own research before making a judgement or a decision about which companies or brands to engage with, or which products to buy.”

The Demanding Consumer

The word ‘values’ tends to be overused in marketing speak. Corporate values, brand values, “our business is based on good, old-fashioned family values” values. What about consumers’ values?

Instead of consumers resonating and aligning with a company’s values, they would prefer it to be the other way around. Our research found that the majority (61%) of global consumers think it’s important that the companies they do business with and buy products from reflect their values as a person. This rises to 69% in China.

And if a consumer has any doubt about these values, they no longer just vote with their feet, but with their friends, families and networks too. Half of consumers would stop buying a product or a service if they found out a company did not reflect their own values. Meanwhile, nearly a third (30%) would encourage friends and family to stop buying products or services from a company and a quarter would even support a boycott of the company.



● US
● UK
● China

Consumer beliefs

I believe companies always act in an ethical manner and are socially responsible

7% US
5% UK
23% China

I think companies are only sometimes accountable for their actions

43% US
47% UK
29% China

Companies are only sometimes open and honest

48% US
45% UK
26% China

The Disillusioned Consumer

“Eighty three per cent of global consumers think companies today are very clever in how they try to mislead or hide information from the public.”

This stark finding speaks volumes about the impact that continued corporate scandals and cover-ups have had on consumer trust. It also shows us that poor consumer trust is no longer just a problem for those businesses that have been caught up in scandal, but for those that have been tarred with the same opaque brush as their industry peers.

Anthony Hilton argues that although the main purpose of a business is never to mislead consumers, it can be a by-product of certain business practices: “The financial services industry may have been pulled up on using confusing jargon in their materials, and concealing charges in the small print of the back pages, but this is changing due to the new regulatory environment and emphasis on treating customers fairly.”

Exploring this issue of consumer distrust further, it becomes apparent just how disillusioned and cynical today’s

consumers have become towards the corporate world. Although Chinese consumers still hold a more optimistic view of businesses than their Western counterparts, just how many more exposés of hush-ups or allegations of corruption will it take to dissipate this trust?

Informed + Demanding + Disillusioned = The age of anger and the time for action

The cumulative effect of greater access to information, greater demand for transparency and a sense of disillusionment that this honesty is not being delivered has created anger amongst consumers – as well as a desire for action.

83% of global consumers think companies today are very clever in how they try to mislead or hide information from the public.

As fresh scandals reach the light (and the world's headlines) with worrying regularity, many have been left wondering if all companies have skeletons in the proverbial corporate closet and when – note, not if – they will fall out.

Here, we track the areas and issues that are making consumers in the US, UK and China angriest, and explore the consequences for businesses (see *Consumer Anger Meter*).

Following the revelation that traces of horsemeat had been found in the beef products of many UK supermarkets and fast food chains earlier this year, questions around the quality, safety and transparency of what is in our food ricocheted around the world. As a result, factors affecting food topped the list of issues angering consumers, but interestingly, consumers in China are now just as, if not more, concerned about the quality of their food than those in the UK directly affected by the horsemeat scandal.

“This is a direct backlash against a number of Chinese companies who have been accused of using low quality ingredients, or concealing ingredients, in their food products in recent years.” Lydia Shen explains. “The rise of people sharing and discussing these issues on social media platforms like Weibo has only added to the sense of anger.”

In one extreme case, the ‘Sanlu milk incident’ of 2008 attracted global media attention, after Sanlu Group, the largest producer of milk powder in China, reported that its infant formula had been contaminated with the toxic chemical melamine. The revelation led to further Chinese dairy manufacturers testing positive for melamine. As a result of consuming these contaminated products, 56,000 infants were reported to have fallen ill and four babies died. In the following weeks, Chinese dairy sales slumped and worldwide bans were placed on Chinese dairy products.

In addition to the highly sensitive subject of food safety and quality, issues affecting the privacy and protection of customer information also rate highly on the consumer anger meter. These could be attributed to the universal concerns around online hacking and a string of high-profile incidents where companies have failed to safeguard sensitive or valuable data from their customers.

Similarly, with the majority of markets only just beginning to emerge from the global downturn, how companies price their products and even arrange their tax affairs have riled consumers across the UK, US and China.

When it comes to environmental matters, the research found that consumers are beginning to see through the lip service

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Lydia Shen, Managing Director, Cohn & Wolfe China

many multinationals pay to sustainability. Nearly half (47%) of consumers said they would be extremely angry if they were to find companies they were dealing with had been harming the environment. This rises to 56% amongst Chinese consumers, proving that despite the economic and industrial boom the country has experienced in recent years, consumers are now even more environmentally conscious than their Western counterparts.

This finding could be attributed to the more immediate effect environmental damage has on those in China, Tony Juniper notes. “In the West there are very few people who are directly and

Consumer Anger Meter

Food

65% of UK and US consumers would be extremely angry if companies produced food in an unsafe or unsanitary way



51% would be extremely angry if companies used low quality ingredients in food products



50% of consumers would be extremely angry if a company failed to report some of the ingredients used in its food products



Customer information

57% of consumers would be extremely angry if companies failed to adequately safeguard customers' personal information



Tax arrangements

46% of consumers would be extremely angry if companies failed to pay tax



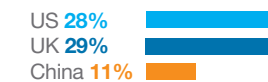
Environment

47% of consumers would be extremely angry if companies harmed the environment



Pricing

23% of consumers think companies often overcharge for their products/services



49% of consumers would be extremely angry if companies charged more for goods/services when they are scarce



40% of consumers would be extremely angry if companies were found to be passing off costs to customers to maintain profits



Staff welfare

44% of consumers would be extremely angry if companies were found to be treating employees unfairly



46% of consumers would be extremely angry if companies fostered unsafe work environments for employees



Supply chain

36% of consumers would be extremely angry if companies were unaccountable for vendors/suppliers' business practices



immediately impacted by environmental damage; they see it in the papers and feel frustrated by it, but in places like China, people live with the consequences of this damage every day. Air pollution and toxic water supplies are huge problems facing Chinese individuals, so it is no surprise that the majority of consumers in this region are taking a stand against it.”

This is a sentiment that Lydia Shen also agrees with. “Consumers in China are definitely more environmentally conscious than ever before,” she adds. “After all, they have realised the direct link between companies’ impact on the environment and their own – and their families’ – health.”

Internal matters and operations are also now an area of intense interest for consumers. Our research found that nearly half of consumers would be extremely angry about companies’ failure to protect staff, provide safe working conditions or have governance over their supply chain. This finding could be related to recent disasters, such as the collapse of the Rana Plaza building in Bangladesh earlier this year, when 1,000 factory workers, making clothes for many Western retailers, were killed and over 2,500 were seriously injured after factory bosses ignored concerns about the safety standards of the building.

Turning anger into action

If the consumer sentiment on these issues appears strong, consumer actions are even more decisive. Over half of the consumers who expressed extreme anger about these disputes said they would stop buying the company’s products or services immediately. A third would encourage their friends and families to follow suit and 28% would even support a boycott of the company, reflecting the true damage a reputational crisis can have in the eyes of the consumer, and the bottom line for businesses.

“In the West there are very few people who are directly and immediately impacted by environmental damage; they see it in the papers and feel frustrated by it, but in places like China, people live with the consequences of this damage every day. Air pollution and toxic water supplies are huge problems facing Chinese individuals, so it is no surprise that the majority of consumers in this region are taking a stand against it.”

Tony Juniper, environmental campaigner and co-founder of the sustainability consultancy, the Robertsbridge Group

Part three: Full disclosure in practice and four fundamental truths

As we have gleaned from this latest research, transparency is now a crucial form of currency for companies looking to gain the trust of today’s consumers. Across three key markets, consumers are becoming increasingly cynical about the honesty and values of businesses and are rallying for a large-scale clean up of the old corporate environment, littered with cover-ups.

The problem is clear: consumers want absolute honesty, transparency and full disclosure from businesses and don’t feel they are obtaining it. As a result, they are becoming angrier, more cynical and more militant in their reactions. The backlash is beginning on a global scale.

So what do businesses – many who have simply been smeared by association with their industry peers and competitors – need to do now to turn this tide of negative sentiment and prove their true values and credentials to an already jaded audience?

The answer is simple: be authentic, be open and be prepared to tell the whole truth and nothing but the truth.

In short, we must now enter the era of full disclosure.

If this sounds daunting, below are four fundamental truths today’s business and communications leaders will need to take stock of in order to transition from talking about transparency to surviving and thriving in the era of full disclosure:

- 1. The brand halo effect will only take you so far**
- 2. CEO = Chief Ethics Officer**
- 3. The whistle blower must be welcomed**
- 4. The time to embrace full disclosure is now**

1. The brand halo effect will only take you so far

As we have witnessed from the declining power of brand status against transparency in consumers’ decision-making process, the brand halo effect will only carry you so far in an environment of total transparency.

As some of the world’s most iconic brands such as Facebook and Starbucks have experienced, legions of brand advocates for your products do not detract from scrutiny of the other, less visible parts of the business. If anything, they can amplify it.

As such, even the world’s biggest and best-loved brands must pay attention to the need for full disclosure by putting as much personality, innovation and zeal into talking about their business practices and social responsibility as they do in talking about their latest invention.

2. CEO = Chief Ethics Officer

“There are no excuses – if you are the leader of a company, you cannot claim you do not know about something bad going on in your business.”

A resounding 84% of UK and US consumers and 90% of Chinese consumers agreed with this statement, sending an unambiguous message to the business leaders who have attempted to shirk responsibility and shield themselves from blame by finger-pointing and head-rolling. This method no longer cuts it. As BP’s Tony Hayward found out only too well after the Deepwater Horizon oil spill, a CEO can’t just ask for his life back in the eye of the storm.

This opinion of accountability is likely to have been borne out of the financial crisis, Tony Juniper counteracts: “When the bottom fell out of the finance industry a few years ago, there was no single person that could be pinpointed for negligence – instead it was an endemic problem that stretched the length and breadth of every institution, lender and trading floor. This has undoubtedly coloured public mood and led to this new focus on accountability.”

Indeed, CEOs today and of the future must now be prepared to stand up, face up and own up to any wrongdoing in their company – no matter how big or complex its structure is. It can be a frightening position but ultimately, an incredibly powerful one.

The ability for a leader to be accountable, as well as authentic, will be a potent defence in times of crisis. As Tony Juniper adds: “There is a positive side to this accountability: CEOs as individuals can be a huge asset to their brand. They are ultimately the reason an organisation moves in the right direction and can be stewards of change. After all, if a CEO is not accountable, who is?”

3. The whistle blower must be welcomed

Employees should never have the sense that they work for an organisation which is deliberately ‘covering up’ information. HR policies can be modernised to encourage all stakeholders within the business to express their concerns on issues of confidentiality, disclosure and the ‘public interest’. Internal whistle-blowing should be encouraged. Even one or two individuals who feel disaffected and ignored can cause tremendous damage to the organisation, if they feel the only channel for expressing their anxieties is to leak information to the outside world.

In the case of Edward Snowden, the former CIA and NSA contractor, whistleblowing about details of several top-secret United States and British government mass surveillance programs to the press caused a scandal that

rocked the world. Conversely, any measure that gives staff a safe outlet for their concerns and enables a business to address and rectify an issue before it snowballs out of control can only be a positive change.

4. The time to embrace full disclosure is now

Imagine that every aspect of your business – every P&L sheet, internal memo, corridor conversation – was public property. In the era of full disclosure, it practically is. For business leaders who adapt to this inevitable truth now and run their organisations in a way that they would feel comfortable talking about on the 10 o’clock news, the rewards will be high-returning and long-lasting.

Welcome to the era of full disclosure.

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