

## The Relationship Among NGOs, Government, Media and Corporate Sector

Proprietary Research by Strategy One and  
Edelman PR Worldwide

Richard Edelman  
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Global Corporate Citizenship  
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## A Very Different Macro Picture

- Perceived failure of government to keep up with globalization of business
- Seattle WTO as wake-up call – networked direct action
- Shell/Brent Spar and Monsanto/GM Foods show failure of old model of persuasion
- Pyramid of authority gives way to circle of cross influence
- Must speak to consumer throughout entire process

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## Tremendous Opportunity In Proper NGO Relationship Management

- Employees – the secret advantage of motivation cross borders
- Customers – assurance they are buying the right product
- Financial community – position as smart company
- Government – seeks reinforcement of regulation positions
- Our experience to date is positive
  - Chiquita – Rainforest Alliance
  - Home Depot – Forest Stewardship Council

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## NGOs: Why They are Winning

- They play offense all the time
- They take their message to the consumer
- They are ingenious at building coalitions
- They always have a clear agenda
- They move at Internet speed
- They speak in the media's tone

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## Methodology

- Survey of 600 European (UK, Germany, and France) and 200 Australian "Thought Leaders" October 2000
- Survey of 500 U.S. "Thought Leaders" July 2000 and January 2001
- Probe trust, favorability, credibility on five key issues

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## Our Research Hypotheses

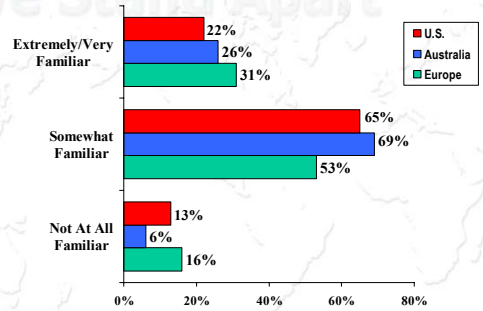
- Low trust/confidence in government and business gives NGOs credibility – NGOs have halo effect
- NGOs skip elite media and go straight to the consumer through web, popular press, TV
- Business is unsuccessful because they talk science rather than human issues

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## There Is Sense of NGO Positive Momentum and High Degree of Awareness of NGOs

- No discernible difference in awareness across continents
- Real feeling of increased influence over the global agenda

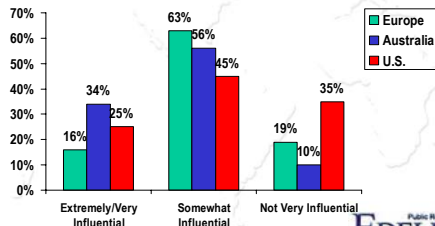
## Familiarity With NGOs



## Increased Influence

*Approximately 75% of Americans, Europeans and Australians feel that NGO influence has increased significantly over the past ten years.*

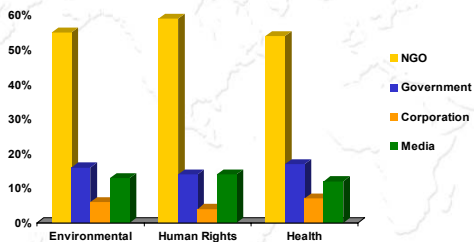
NGO Influence Over Gov't/Business Today



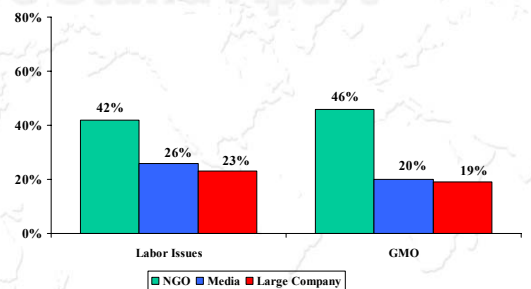
## What the World Agrees On – NGOs Are Most Credible Source On Environmental, Social Issues

- Government, corporations, media lag behind
- Our explanation – NGOs seen as selfless crusaders with specific expertise

## NGOs Dominate Big Issues in Terms of Trust



## Source Credibility: U.S.



## "Trust To Do the Right Thing" – A Real Difference by Continent

	US	Australia	Europe
Business	44	38	32
Government	27	30	36
NGO	36	53	48
Media	20	18	23

Note that NGOs top-rated in trust except in US

## "Trust To Do the Right Thing" – A Brand Evaluation Shows Big Gap

	US	Australia	Europe
Exxon	30	16	17
Greenpeace	40	69	65
Nike	40	30	25
Amnesty International	36	80	75
Microsoft	61	34	44

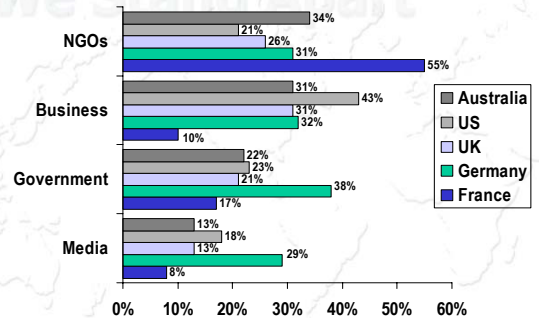
Note that most trusted brand is NGO except in US

## Business, NGOs Have Comparable Favorability Except in US and France, Much Ahead of Government and Media

- Biggest disparity between US and France with business rated highly in US and poorly in France. NGO rating as mirror image
- Government and media lag except in Germany

## Favorability

Strong differences in favorability between markets



## Why the Large Perception Gap

- US generally more conservative and has benefited from unprecedented boom – business has made us wealthy!
- Major European health issues ("mad cow" disease, Coca-Cola recall, dioxin) have negative impact on credibility of government and business
- Role of FDA and trust in regulatory process versus vacuum in Europe

## Major Difference in US Versus Europe/Australia on Brand Favorability

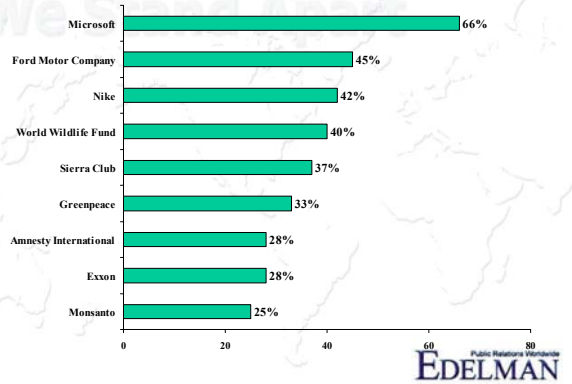
- Corporations are ahead in favorability and trust to leading NGOs in US while in Europe/Australia, NGOs are well ahead
- Top NGO brands much less highly ranked in favorability and trust in US  
(Greenpeace at 33% in US, 59% in Germany)  
(Amnesty International at 28% in US, 67% in Europe)
- Controversial companies do much better in favorability ratings in US than Europe/Australia  
(Monsanto at 25% in US, 4% in Europe)

## Country Differences On NGO Brands

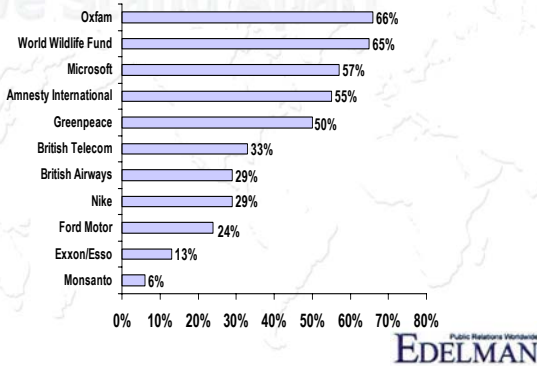
- UK rates Oxfam and WWF most highly
- Amnesty International and WWF have highest ratings in France
- Germany rates Greenpeace and Amnesty International as top "brands"
- US rates WWF and Sierra Club
- Australia rates Amnesty International, Greenpeace

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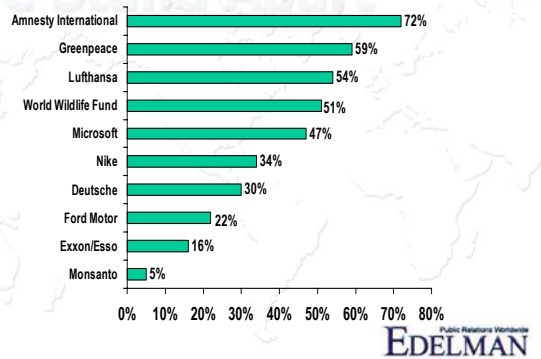
## Favorability: U.S.



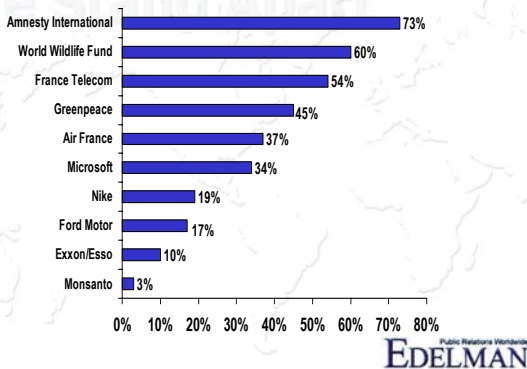
## Favorability: UK



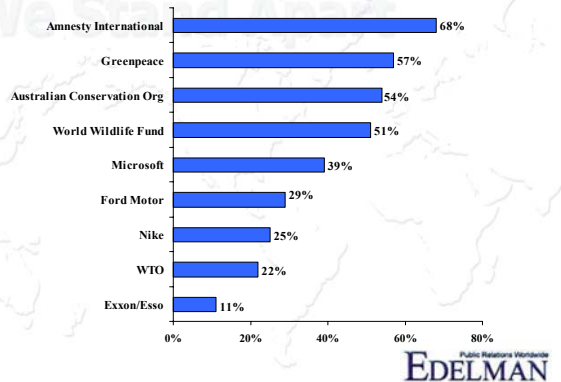
## Favorability: Germany



## Favorability: France



## Favorability: Australia



## NGOs and Media

- New Adage: "He who is most confrontational gets the most coverage."
- International media is looking for a powerful villain; business is playing right into that
- Television drives this debate through effective use of emotion

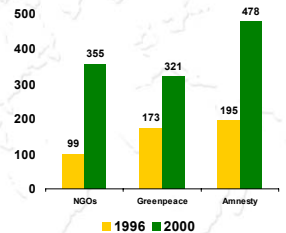
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"owns" the environment for the media

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## NGOs Powered by Media Coverage

- Explosion of media coverage for major NGOs
- Nearly quadrupled coverage since 1996



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## The Situation Could Change Quickly in US

- Bush Administration seen as significantly less responsive to environmental and social agenda
- NGOs have more credibility in US on specific issues (environmental and social)
- Americans tend to be less sympathetic to business in recessions
- Potential "catalytic event"
- But we doubt NGOs will ever have as dominant a position in US as in Europe/Australia

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## NGOs Now Super-Brands

- Globalization provides new markets for 'dominant' NGOs
- NGOs now have to market themselves like any other brand
- Business has to change to win – adopt NGO best practices
- Need custom solutions by region/market – cannot have a simplistic global view
- Will cooperation with business lead to subversion of NGO credibility?
- Which of tomorrow's NGOs should businesses be tracking?
- Will attitudinal gap between US and rest of world be maintained?

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## The Rationale for Cooperation by Business—A Matter of Trust

- Not a matter of legal or financial pressure in most cases
- Deep discomfort on part of employees—key in booming economy
- The Economist, April 20, 2000 " A company that is not trusted by its employees, partners and customers will suffer. In an electronic world where businesses are geographically far from their customers, a reputation for trust is even more important."

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## Implications for Consumer and Trade Stakeholders

- Consumers seek relationships, not simply transactions
- Power of boycotts—Nike, McDonalds—consumers want to know how product is made
- Credibility—requires outside certification of proper behavior
- Consumers must also be informed during approval process—note disaster on GM Seeds with Monsanto
- Now a matter of informing multiple stakeholders simultaneously

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## "Smart Zone" Behavior by Companies

- Tony Long of World Wildlife Fund describes this as operating above the legal compliance curve and higher than the public acceptance curve
- BP now positioned as an energy company, not oil company—agrees that cutting auto emissions is proper policy—BP stock trades at considerable premium to EXXON
- If the minimum level of acceptable behavior is moving, be ahead of regulation so you can appear consistent while gaining consumer confidence

## A More Complex Agenda for Corporate Governance

- Straightforward pursuit of business goals must be first priority—and willingness to point out importance as employer in area
- Conduct business in socially responsible fashion—50 of world's largest companies have signed the UN Global Compact, committing to support of free trade unions, abolition of child labor, environmental protection
- Help to solve community problems—each facility benefits from health, welfare, culture in town—encourage employee participation
- Triple bottom line—profit, people, planet

## Corporate Responsibility as Key Part of Business Strategy

- Bob Hormats, vice-chairman, Goldman Sachs "Establishing the dialogue with NGOs that have issues relevant to your company is a bottom line issue for Wall Street."
- Responsible shareholder value optimization—shareholder interests include social and environmental goals—cannot sit on the sideline
- The value of a code of ethical behavior that is practical and enforceable around the world because different cultures have their own mores – a minimum standard is needed

## What Smart Companies Do

- Have affirmative program to identify NGOs interested in your issues
- Reach out to moderate elements to forge relationships
- Try to have positive agenda that leads your industry
- Be prepared to fight in the event of extremism

## Working With NGOs

- Rainforest Alliance transforms banana industry in Latin America in partnership with Chiquita—pesticide use curtailed, worker safety standards implemented, plastic bags recycled, brand certification
- Leading player in category can change industry practices—note certification of wood products by Forest Stewardship Council for Home Depot
- Clear evidence of compliance—branding—important to consumers, trade

## Other Ways to Work with NGOs

- Consulting—willing to advise on societal trends, discuss values
- Technical Expertise—keep thorough lists of chemicals, side effects
- Recognition—assisting industry in maximizing benefit with employees
- Example—WWF work with Unilever to set up Marine Stewardship Council to guarantee sources of sustainably managed fisheries

## Why NGOs Should Be Challenged

- NGOs do not have a monopoly on virtue or guarantee of accuracy
- Established NGOs are being outmaneuvered by newer, more radical entities which refuse compromise
- Financial Times, Sept. 20, 2000 "In the search for publicity, NGOs risk losing credibility. Their growing power has led to accusations of scaremongering, unaccountability and pursuit of a single issue at the expense of the broader public good."

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## How to Tackle Hostile NGOs

- Use similar tone/tactics as NGOs—use advocacy language
- Bring in technical experts but offer a human face as well
- Use new media aggressively—Internet chat room monitoring, active posting of material
- Make clear to all publics that the company seeks to compromise, that the NGO does not have the moral high ground
- Invite NGOs for discussions—amplify relationships with centrist NGOs—make sure they are part of the solution, that they have a stake in the outcome
- Horst Teltschick, chairman of BMW foundation, "Be proactive as a company in three directions: as a business, in politics and in social life."

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## The NGO Challenge—Ideal Ground for Public Relations

- Failure of Legal Approach—perception that global rules for protecting corporate interests are stronger than those guarding social standards
- We understand how to mobilize credible third parties and to operate in a multiple stakeholder environment
- We can move with necessary speed to market—in a Internet dominated media framework, fast response is critical
- We can forge relationships with NGOs in advance to build level of trust

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## Final Thoughts

- Crisis of confidence in government and corporations provides opening for NGOs
- NGOs are here to stay and are a real force
- Create ways to partner—set gold standard for corporate citizenship before problems arise
- Use transparency as ally—communicate with all stakeholders simultaneously
- You can fight back if ground is properly prepared

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