Why a Standardized Scoring System Is Necessary to Evaluate Brand Purpose

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Of the many buzzwords and phrases that have infiltrated the world of marketing, “brand purpose,” if not leading the pack, is most certainly in the top five. There are plenty of brands that make a compelling case, but understanding a brand’s standing in the world and the impact it has on humanity remains mostly vague.

Some companies like Chobani, Patagonia, Ikea and REI, for example, are often cited as having a clear purpose. For most companies, however, the push to brand purpose is more nuanced and harder to quantify. But could a more standardized, scientific and widely adopted scoring method be the key to unlocking a brand’s purpose?

During Adweek’s 2019 Brandweek in Palm Springs, Jim Stengel, president and CEO of the Jim Stengel Company consultancy, presented a compelling argument that it makes sense to put some science around brand purpose.

While the idea of data around brand purpose sounds good (and perhaps obvious), Stengel shared that at a CMO-only session during the event, marketers graded where the industry may stand on purpose. Finding purpose was rated a B, while activating and measurement were thought to be a C and F, respectively.

“We’ve done a pretty good job as an industry trying to find our purpose, and then we’re doing ok on bringing it to life,” said Stengel, who served as global marketing officer at P&G

from 2001 to 2008.

Yet, based on research findings in the Harvard Business Review in October, the stakes are increasingly high, and the idea of purpose is a surprising driver of growth. The research, which started eight years ago, focused on companies with average compound annual growth rates of 30% of more in the previous five years.

According to the article, discussions with C-suite executives found that purpose played two critical, strategic roles: redefining the playing field and reshaping the value proposition to consumers.

At play was the fact that higher-growing companies didn’t feel they needed to limit themselves to simply chasing share. They opened the scope to find opportunities to connect with stakeholders in many ways. Additionally, in the face of contracting margins and commodification, changing the value proposition through innovation, new products or businesses seemed to be helpful, though it is not a quick, transactional fix and takes time to build.

The long game, according to Stengel, a longtime advocate of connecting purpose with business results, is what’s critical to consider. And, due to advances in tech, it may be the right time to home in on what the data can reveal.

Jim Stengel at Brandweek
Sean T. Smith for Adweek

“It’s early, but people are looking at [brand purpose] from lots of different angles,” Stengel said, noting that this is where a great deal of data can be useful. “We want to look at hard data, behavioral data and financial results, and how consumers see purpose coming to life. We didn’t have the advanced analytics [seven or eight years ago, when Stengel wrote a book on brand purpose]. Our capability to understand things is so much better now.”

Indeed, according to results from an early pilot program, Stengel noted that purpose is “universally important to building brands.” Additionally, multicultural, female, high-

earning (over $100,000 in household income) and millennials are audiences that overindex related to equity and impact among purpose-led brands.

Moreover, in the study, brands with strong purpose and equity have higher return on capital (by almost 3%) and equity (more than 21%), valuation (7x higher on PE multiples) and, perhaps more importantly, total shareholder return (by more than 4%).

Yet, one cautionary tale is that of whether or not brand purpose can actually be connected to results. Stengel noted that it’s still early to connect purpose and causality with financial results, though he pointed to Paul Polman’s tenure as CEO of Unilever as one bright spot.

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