



Esparza 2021

Thought Leadership Research



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— INTRODUCTION

In the summer of 2021, Esparza Digital + Advertising partnered with Inclusive Market Research Group (IMRG) to conduct a survey of 693 American consumers to understand better their expectations concerning brands taking public positions on social issues, their support for local businesses, or those with owners who are Black, Indigenous, or are people of color (BIPOC), and how the COVID-19 pandemic has impacted their shopping behavior.

— STUDY GOALS

One of our goals was to compare data between generations and different racial groups; we decided to work alongside a qualified third-party panel provider. The panel included a diverse representation of survey respondents. The data collection, analysis, and visualization of the results required approximately 6-months to complete.

This study investigated the seemingly significant shifts among multiculturally diverse consumers regarding changes in their shopping behavior and attitudes due to “safer at home” and “work from home” mandates during the pandemic and recent social justice movements sparked by such events as the tragic murder of George Floyd. We also sought to understand how brands and companies could create inclusive strategies across generations and different racial groups.

We also wanted to assess how consumers felt toward brands if they made a misstep related to social justice issues. And if a misstep was made — what could be done by a brand in the short- and long-term to address the situation, recover, and regain consumer’s trust.

And — would we have the opportunity through our analysis to determine how brands could connect and engage with different people and different perspectives to demonstrate that the brand values the same things as its consumers, especially younger generations. Because as the younger generation matriculates and gets more earning power and more decision power, they will decide what brands and organizations are the leading brands and organizations in whatever industry. We believe the findings from our study provide leaders of brands with the insights they need to position themselves properly now and into the future.

— CONCLUSION

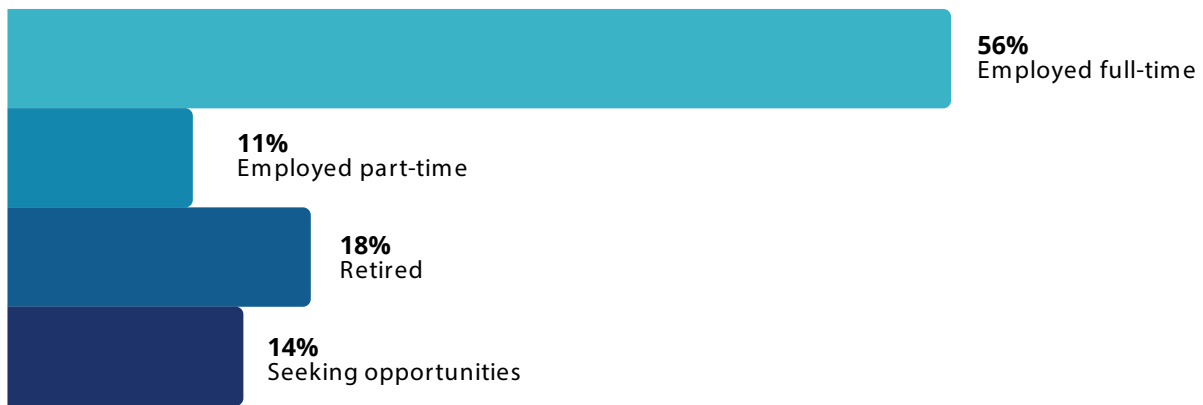
Companies that take an open, candid, and honest stance about social injustice, about embracing diversity and inclusion, and about communicating their perspective through social channels, through marketing automation, through their website, and demonstrate how they expect to be held accountable — those brands will take more market share from brands that just stick their heads in the ground hoping all of this will go away.



RESPONDENT CHARACTERISTICS

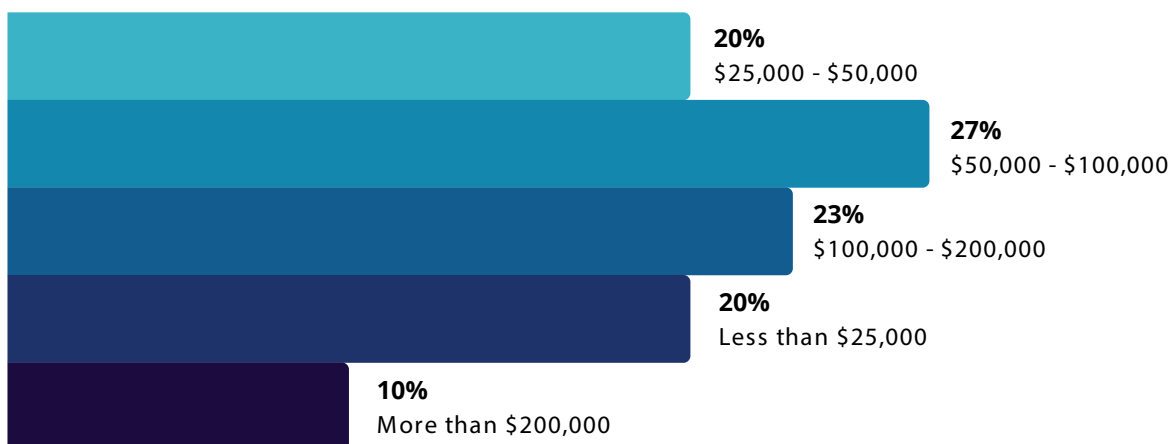
56 percent of survey respondents are female, 43 percent are male, and 1 percent identify as another gender. Respondents range from age 18 to over 75. 54 percent are age 40 or younger, and 45 percent are over age 40. 56 percent are employed full-time. 18 percent are retired.

EMPLOYMENT TYPE



Annual household income levels range from \$25,000 to more than \$200,000.

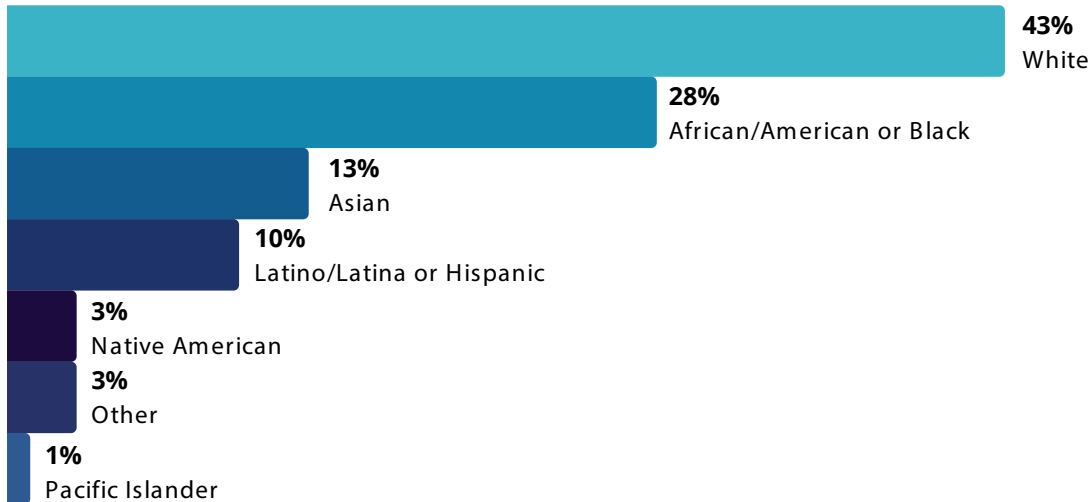
HOUSEHOLD INCOME



RESPONDENT CHARACTERISTICS

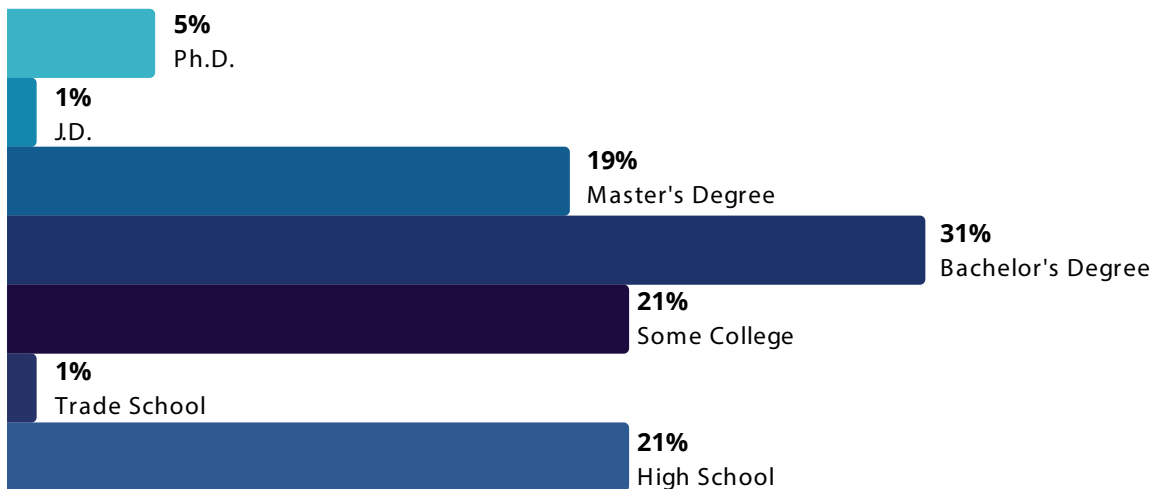
43 percent of respondents are White and 28 percent African-American or Black.

ETHNICITY



Respondents reflect a range of education levels, with 21 percent saying “high school” was their highest level of education completed and 56 percent with a Bachelor’s degree or higher.

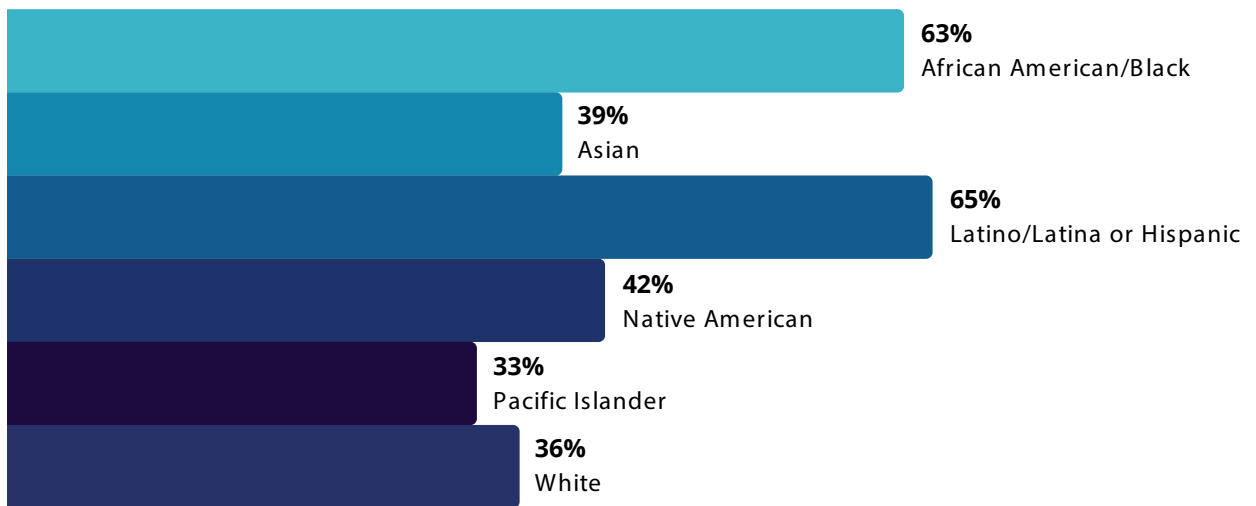
EDUCATION



— EXPECTATION OF BRANDS

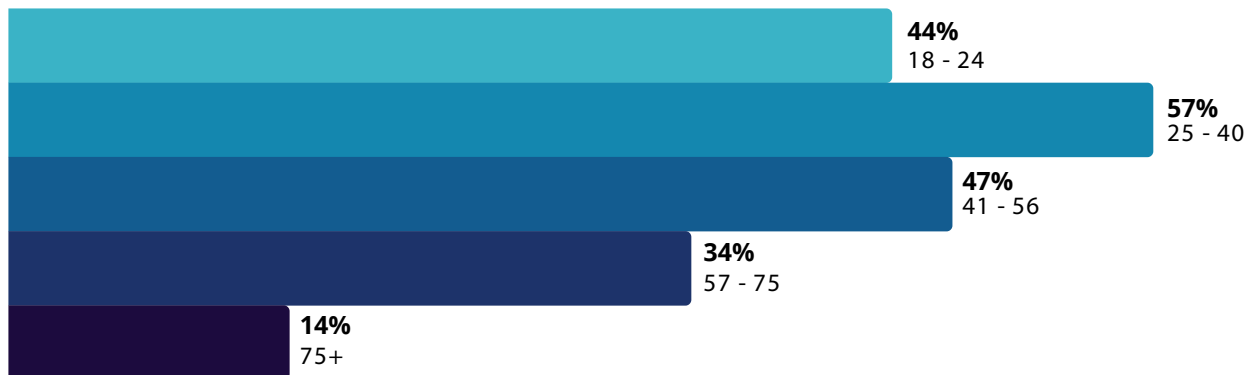
Respondents were asked whether they expect their preferred brands or organizations to take a public stance against social issues such as police brutality and racism. 48 percent of all respondents say they do, and Black and Latinx respondents are significantly more likely than White respondents to say so.

EXPECT BRANDS TO TAKE A STANCE - Yes



Respondents 40 or younger are significantly more likely to expect brands to take a public stance than respondents 57 or older.

EXPECT BRANDS TO TAKE A STANCE - Yes

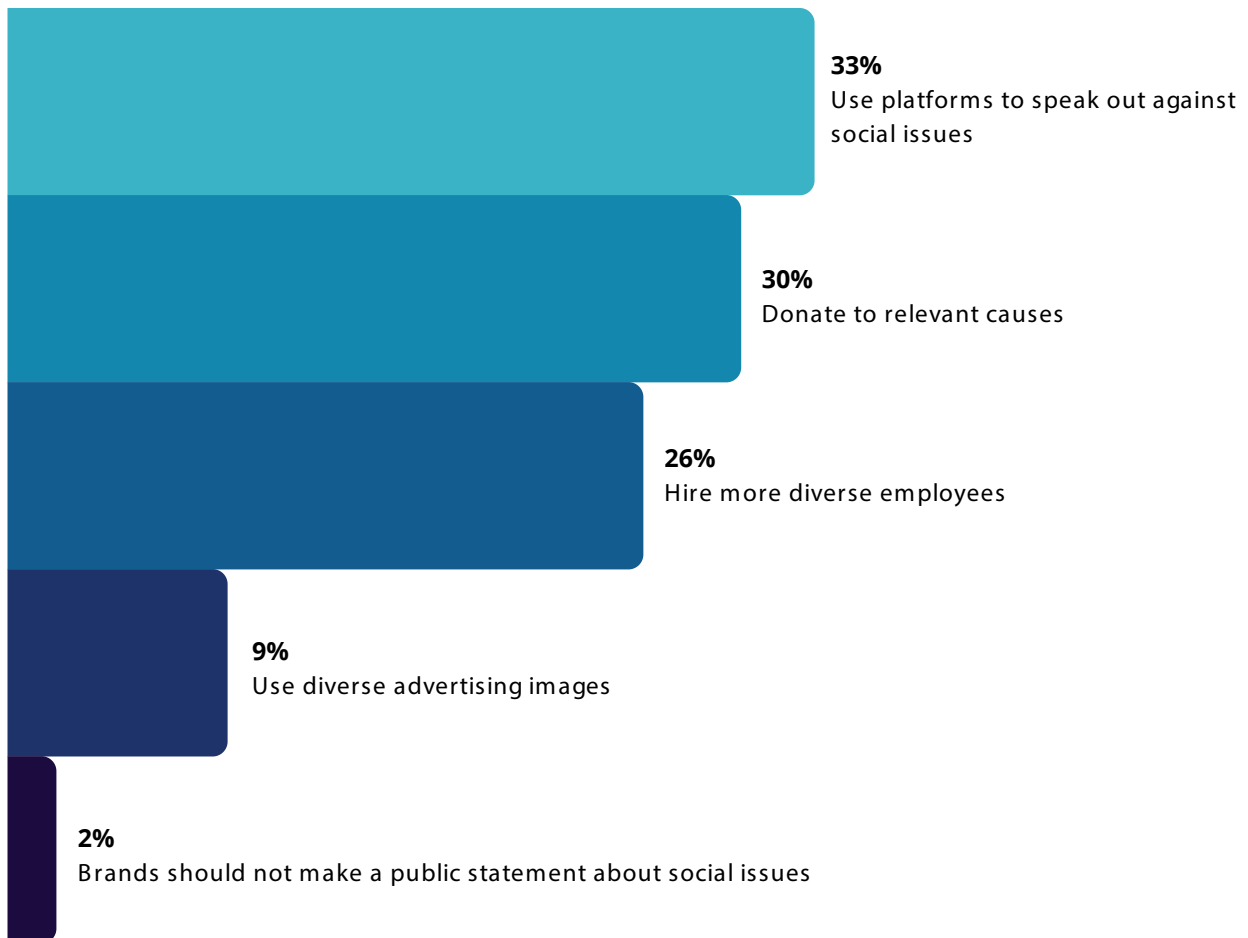


— EXPECTATION OF BRANDS

When asked to choose a single approach that brands should take to respond to social issues, respondents were split between saying brands should use their platforms to speak out, saying they should donate to relevant causes, and hiring more diverse employees.

While White respondents are slightly more likely to choose donations and less likely to choose diverse hiring relative to Black respondents, there is no significant difference in choosing these approaches by gender or age.

HOW SHOULD BRANDS RESPOND



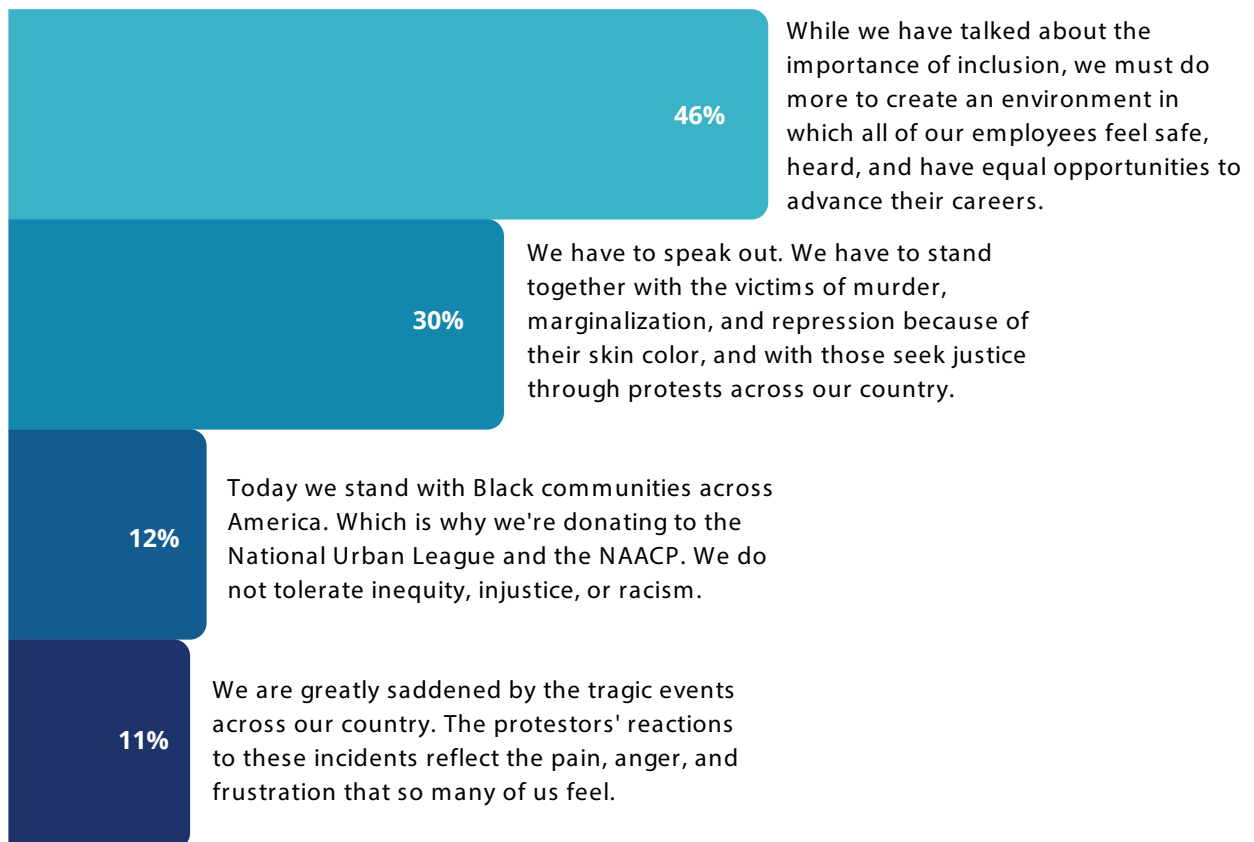
— EXPECTATION OF BRANDS

When asked to choose from a list of four brand statements the one they feel is the most genuine response to social issues in America, 46 percent chose the following:

“While we have talked about the importance of inclusion, we must do more to create an environment in which all of our employees feel safe, heard, and have equal opportunities to advance their careers.”

There is no statistically significant difference by race or age.

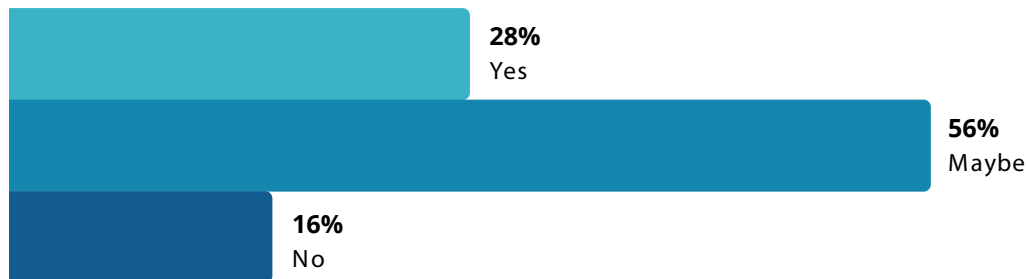
MOST GENUINE RESPONSE FROM A BRAND



— EXPECTATION OF BRANDS

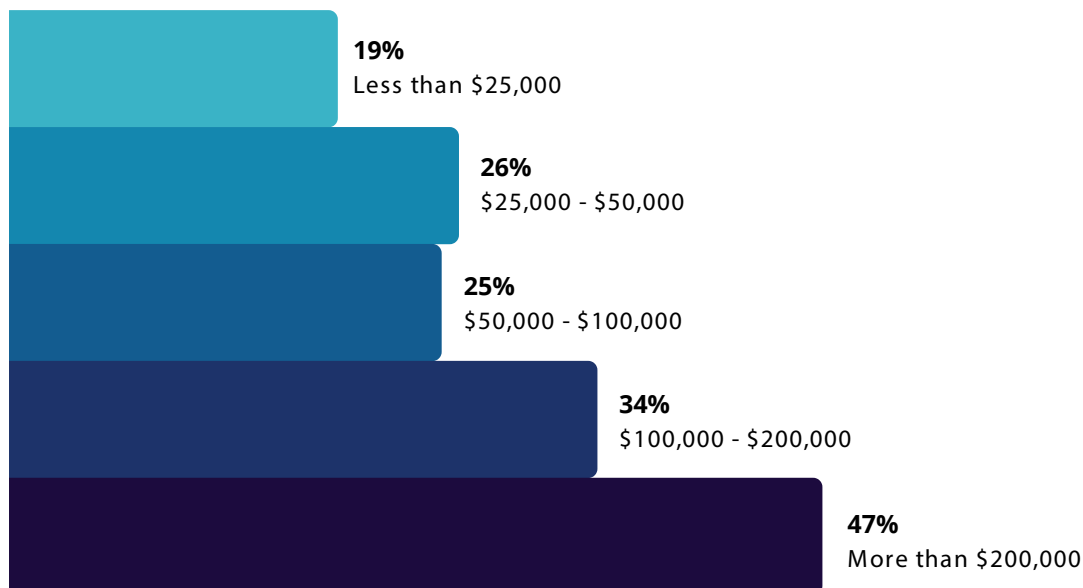
28 percent say they would stop purchasing from a brand or company that made a public misstep.

WOULD YOU "CANCEL" A BRAND



While there are no statistically significant differences based on race, gender, or age, those with household incomes of more than \$200K are significantly more likely to say they'll stop purchasing (47 percent) than those with an income of \$50K or less (23 percent).

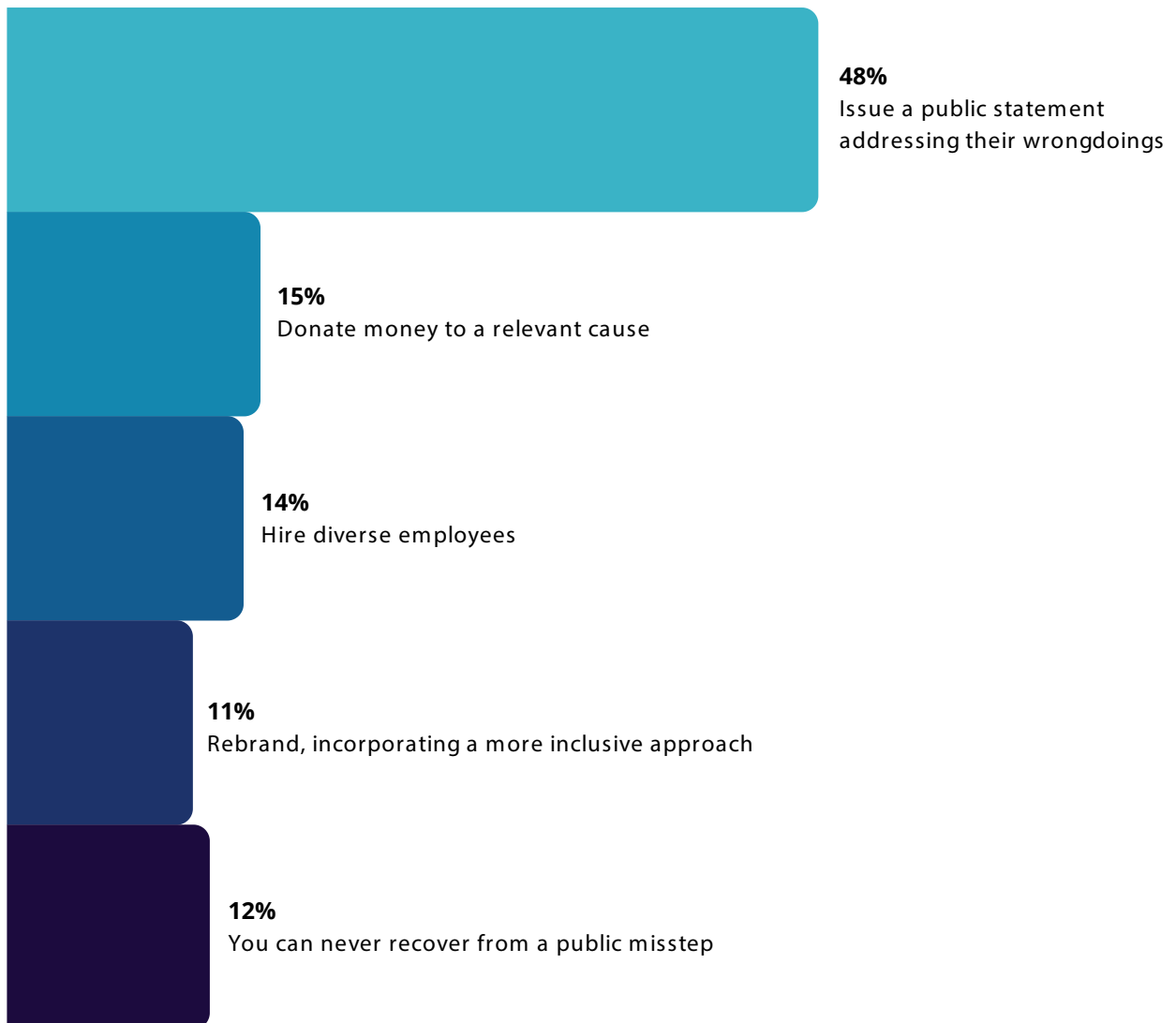
WOULD YOU "CANCEL" A BRAND - Yes



— EXPECTATION OF BRANDS

When forced to choose a single response a brand should take to recover from a public misstep, 48 percent of respondents say they should issue a public statement addressing their wrongdoings. 65 percent of those who prefer a public statement say it should include a genuine understanding of social issues.

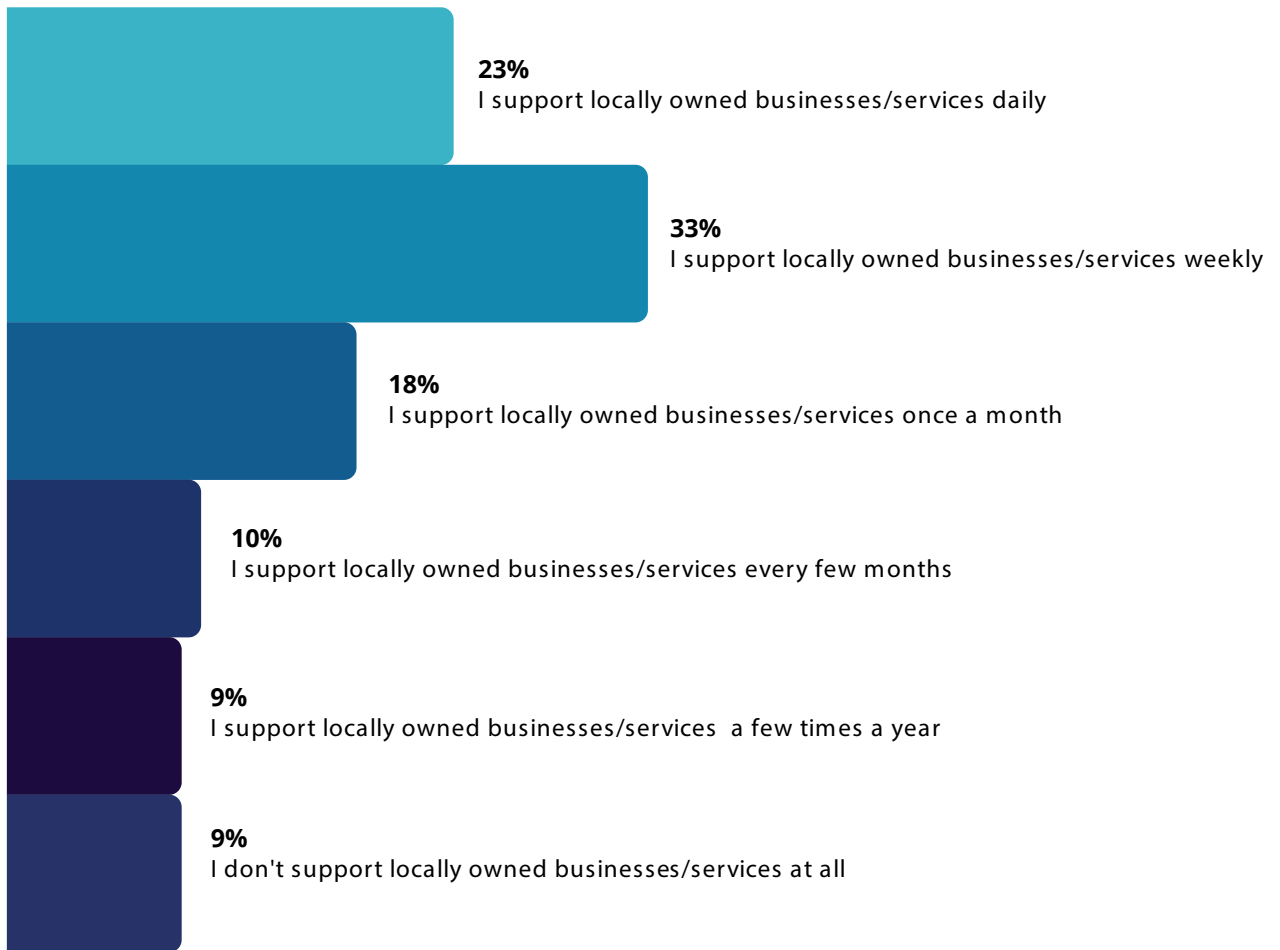
BEST WAY TO RECOVER FROM A MISSTEP



SUPPORTING LOCAL AND BIPOC-OWNED BUSINESSES

46 percent of respondents say they support local businesses at least once a week. Based on age, gender, income, or race, there is no difference between those who expect brands to take a public stance on social issues vs. those who don't.

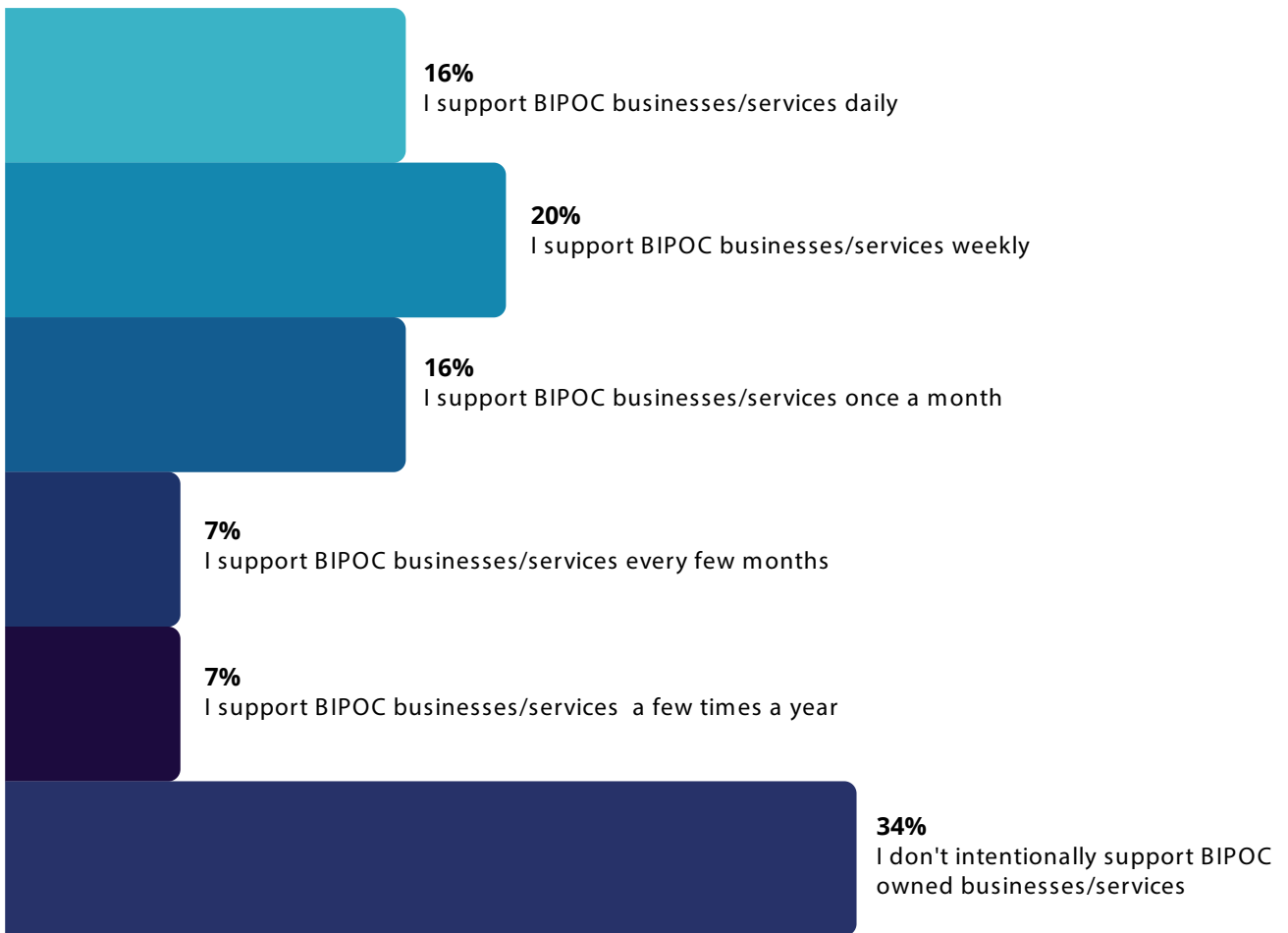
HOW OFTEN SUPPORT LOCAL BUSINESSES



SUPPORTING LOCAL AND BIPOC-OWNED BUSINESSES

In comparison, only 36 percent of respondents say they support BIPOC businesses at least once a week, and 34 percent say they don't intentionally support them at all -- more than 3x the number who say they don't support local businesses.

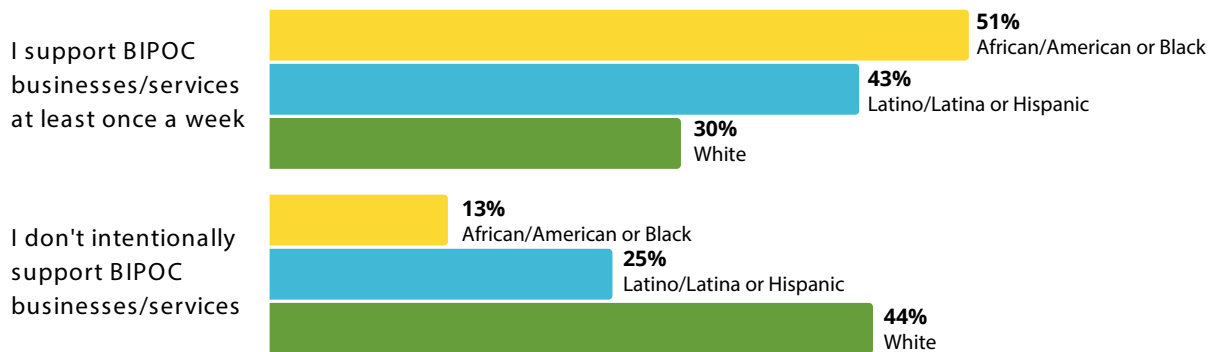
RELATIONSHIP WITH BIPOC BUSINESSES



SUPPORTING LOCAL AND BIPOC-OWNED BUSINESSES

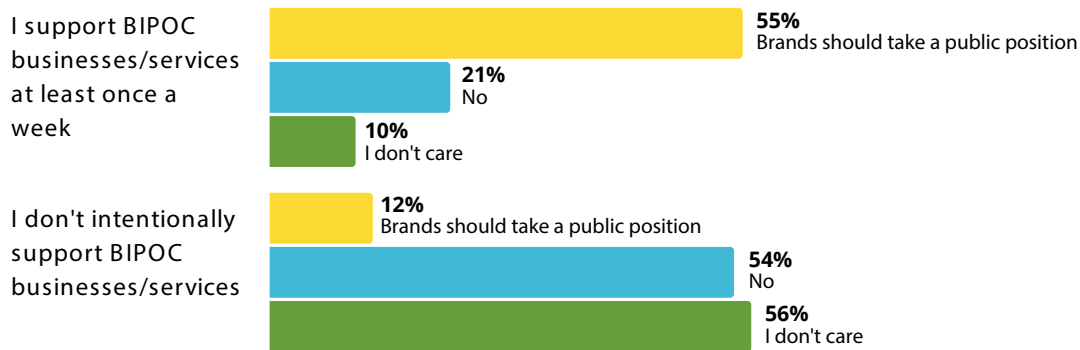
Black respondents are statistically more likely to support BIPOC business than White respondents. Only 13 percent of Black respondents say they don't intentionally support these businesses.

RELATIONSHIP WITH BIPOC BUSINESSES



Those who expect brands to take a public stand on social issues are significantly more likely to support BIPOC businesses -- and support them often -- than those who don't have that expectation.

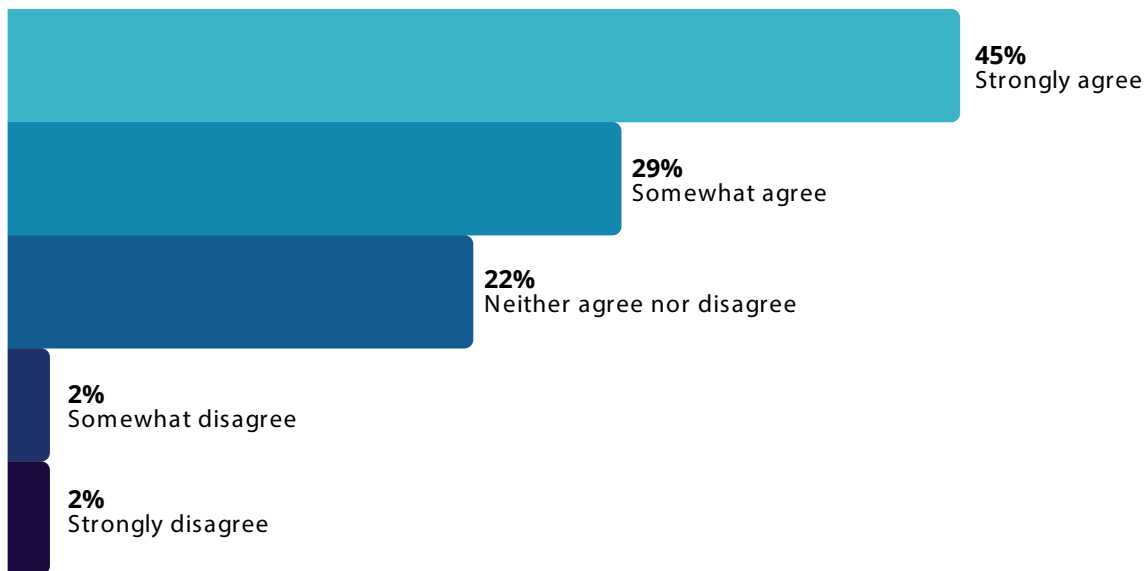
RELATIONSHIP WITH BIPOC BUSINESSES



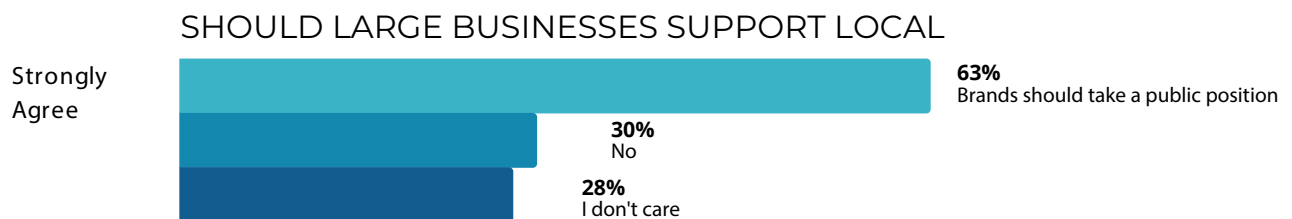
SUPPORTING LOCAL AND BIPOC-OWNED BUSINESSES

45 percent of respondents strongly agree that large businesses should support locally-owned businesses.

SHOULD LARGE BUSINESSES SUPPORT LOCAL

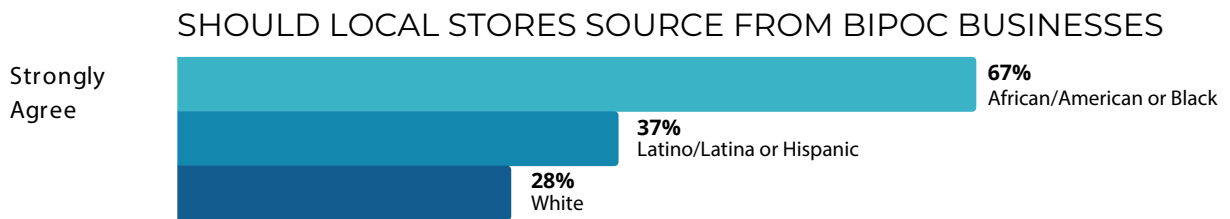


Those who believe brands should take a public position on social issues are more likely to strongly agree.

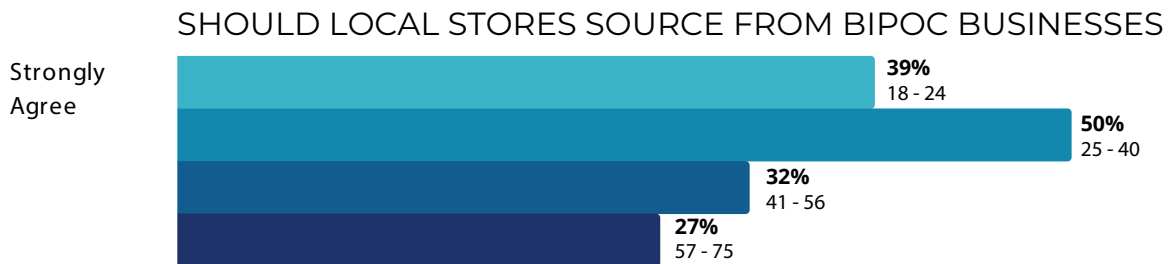


SUPPORTING LOCAL AND BIPOC-OWNED BUSINESSES

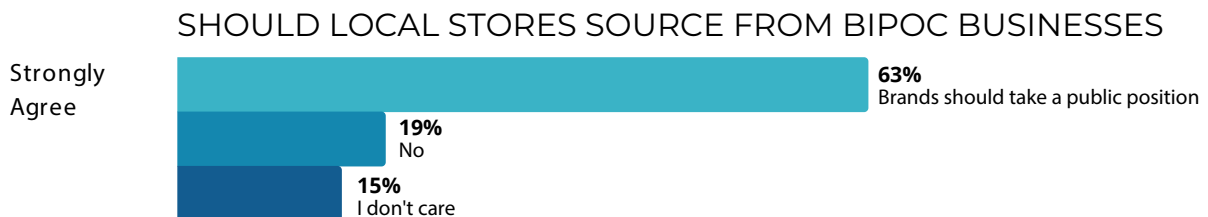
Black respondents are more likely to strongly agree than White or Latino respondents.



Respondents 40 and younger are more likely to strongly agree than respondents 57 or older.



Those who feel brands should take a public stance on social issues are much more likely to strongly agree.



SUMMARY OF IMPLICATIONS

- The findings are relevant for all brands with consuming-facing products or services. But — the larger the brand, the more consumers expect of the brand.
- Consumers expect a brand and a company they follow to have aligned values, a shared values system, and openly communicate the shared values system.
- Some consumers still value the experience of in-person shopping at brick-and-mortar establishments despite the surge in e-commerce activity during the height of the pandemic.
- Grocers expect up to 35 percent of their sales will come through delivery apps or pick-up by customers, which accelerated during the pandemic.
- The adoption of e-commerce accelerated by approximately five years due to shifts in customer demand during the pandemic.

"The LARGER the brand, the MORE consumers expect of the brand."

- The tragic murder of George Floyd was a catalytic event that fostered the need for conversation and dialogue around social injustice.
- Millennials and Generation Z have a greater expectation of "their brands" to align with their values and vote with their purchasing power.
- 66 percent of Black millennials want brands to speak out against social justice issues.
- Black audiences are disheartened and skeptical that genuine, lasting change is possible.
- Consumers want their brands to be transparent and accountable.
- Consumers want brands to be open, candid, transparent, and willing to be held accountable by posting an "Accountability Tree" on their public website.

SUMMARY OF IMPLICATIONS

- Consumers want brands to have people of color in leadership positions in the company. And if the brand doesn't currently, they need to recognize it, put together a strategy to fix the situation, and openly communicate to consumers about how the brand will get there.
- The data showed the disparity and polarization between people of color and White respondents and what they expect of their brands.
- Loyalty has eroded since the start of the pandemic.

*"Consumers want brands to have
PEOPLE OF COLOR
in leadership positions in the company."*



Esparza is a 22-year old, award-winning, full-service marketing agency offering a wide range of services to help grow clients' businesses. We're focused on

"DELIVERING CERTAINTY,"

— and it's more than our tagline. It's a charge every Esparzan is given. In an unpredictable industry, we work with clients to define their certainty and create a roadmap to reaching it. That certainty is always a quantifiable goal so we can measure success. It holds us accountable for meeting your goals.



— IMRG

IMRG, Inclusive Market Research Group, is a Black woman-led, full-service research firm connecting brands and organizations with insights from BIPOC (Black, Indigenous, People of Color) audiences to create culturally sensitive branding, communications strategies, and engagement.

We help organizations and brands with social media engagement, media outreach, and overall message development. Our public relations and communications expertise combined with research experience create a foundation for authentic communications and audience engagement.