

A woman in silhouette is shown from the chest up, looking out over a sunset. The sky is filled with orange and yellow clouds, and the sun is low on the horizon. In the background, there are silhouettes of industrial buildings and structures. The overall mood is contemplative and forward-looking.

Generation P(urpose)

From fidelity to future value

Accenture Strategy



About the authors



Rachel Barton

Senior Managing Director,
Accenture Strategy, Europe Lead

Rachel leads Accenture Strategy in Europe. She advises business leaders on how they can transform and create new growth. Rachel has developed transformation strategies to support the reinvention of some of the most well-known global brands. With a passion for social responsibility, she also sits on Accenture's global Corporate Citizenship Council. Rachel is based in London.



Jürgen Morath

Managing Director,
Accenture Strategy

Jürgen leads the Accenture Strategy Customer Insight & Growth Strategy practice in Austria, Switzerland, Germany and Russia. He leads organizational growth strategies across a variety of industries and provides specialized expertise to the C-suite on how to leverage technologies to accelerate customer benefits. Jürgen is based in Kronberg.



Kevin Quiring

Managing Director,
Accenture Strategy, North America
Customer Sales & Service Lead

Kevin advises organizations across a variety of industries on the design and development of customer strategies and leads initiatives focused on driving profitable growth through customer acquisition, development and retention. He is based in Minneapolis.



Bill Theofilou

Senior Managing Director,
Accenture Strategy, CEO &
Enterprise Strategy Global Lead

Bill focuses on helping CEOs become more competitive by addressing their companies' growth and cost challenges concurrently. Bill has more than 20 years of experience restructuring companies for profitable growth, developing new go-to-market models and growth strategies, and aligning organizational and cost structures to support.

Generations Y and Z are making their move.

Now representing nearly two-thirds of the world's population,¹ their influence and spending power is huge. Their preferences and expectations will dominate for decades to come. Executives must stand up and take notice. Generation Y and Z consumers aren't like earlier generations: They place greater importance on a company's purpose and are more likely to vocalize their opinions and turn their backs on companies that falter.² Generations Y and Z have ascended to Generation P(urpose).

In response, companies should step up their purpose game. Simply having purpose isn't enough for the Generation P(urpose) crowd. They demand that companies infuse purpose across their organizations, via all touch points, and through their words, actions, products, services and ways of doing business.

Generation P(urpose) demands fidelity.

How should companies react? By bringing clarity to what they value and believe in. By attracting consumers not just by the strengths of their brands but by the strength and fidelity of their actions. And by applying a purpose-led mindset to drive innovation to all parts of their organizations and to achieve sustained competitiveness.

4.8 billion reasons to get purpose right

Consumers' expectations around experience continue to be at an all-time high. But those have become table stakes.

As Accenture Strategy found in its watershed 2018 report, [From me to we: The rise of the purpose-led brand](#), a company's purpose, or lack of one, is an important driver of consumer behavior—and revenue. Purpose, which influences many consumers' decisions to switch or keep spending with current brands, puts an estimated US\$5 trillion of revenue potential at play globally.³ That's an opportunity—and risk—too great for companies to ignore.

Certain consumer segments are more prone to be influenced by purpose. Our **2019 Global Consumer Pulse Research** revealed that Generations Y and Z, which make up nearly 5 billion of the world's population, have a more acute understanding of authenticity of purpose—and of the power they possess—than all other generations. We call this generation: Generation P(urpose).

Nearly three quarters (74%) of Gens Y and Z consumers want companies to take a stand on issues close to their hearts, compared to 59% of other consumers. More importantly, Gens Y and Z put their money where their purpose is. More than 50% of Gen Y and Z consumers, compared to 37% of other consumers, say they have shifted a portion of their spend away from their current service provider when a company disappointed them due to its words or actions on a social issue. A third of them will pay more to companies that stand for issues they care about or clearly articulate core values that align with their own. While this represents a relatively small percentage of consumers, it's larger than the 18% of other generations willing to pay a premium for purpose.

And while the overall wealth of Gens Y and Z is significantly smaller than previous generations, it's important to note that what they currently lack in wealth, they make up in influence. One study found that 87% of Generation Z parents say their children influence their purchasing decisions.⁴ And then there's the estimated \$68 trillion Generation Y will be inheriting from their Baby Boomer parents by 2030.⁵ The values and power of these generations should not be underestimated.

Globally, up to a quarter of consumer spending is influenced by purpose. An estimated US\$5 trillion risk or opportunity hangs in the balance.³

Live out loud with fidelity of purpose



Companies can only compete on purpose when purpose permeates the organization. It must be present and identifiable in every product, service, action or word. In building fidelity of purpose, companies make their commitments tangible.

It also positively impacts their growth and profitability. Those companies that demonstrate purpose have been shown to outperform the market by 5%–7% per year.⁶

Communicating and living one's purpose are two different things. The recent backlash against well-known tech players over issues of political advertising, privacy protections and treatment of workers confirms that consumers judge companies on a host of factors—anywhere from the transparency of their operations to their use of plastics. Gen Y and Z consumers are more keenly sensitive to these factors than other consumers (see Figure 1). Companies that look at purpose holistically and build fidelity authentically, in multiple ways, are more likely to attract Gen Y and Z advocates for the long run.

Fidelity of purpose is the manner in which a company manifests its core essence in all it does and proves its purpose is real every day.

Gens Y and Z demand fidelity of purpose more than all other generations

Figure 1: % of consumers who believe these fidelity factors make doing business with companies that exhibit them more relevant and attractive.

Fidelity factors (a select list)	Consumers ages 18–39	Consumers ages 40+
Sourcing services and materials in highly ethical ways	63%	58%
Supporting and acting upon societal and cultural causes I believe in	57%	45%
Providing credible “green” credentials, minimizing harm on environment, investing in sustainability	53%	46%
Proactively sharing information about how they do business	49%	41%
Having leaders that proactively take stands on issues	46%	39%
Making me feel part of something bigger and connecting people around common causes or beliefs	46%	34%
Regularly reporting on actions to deliver against their promises	46%	38%
Taking political stances on issues	45%	32%

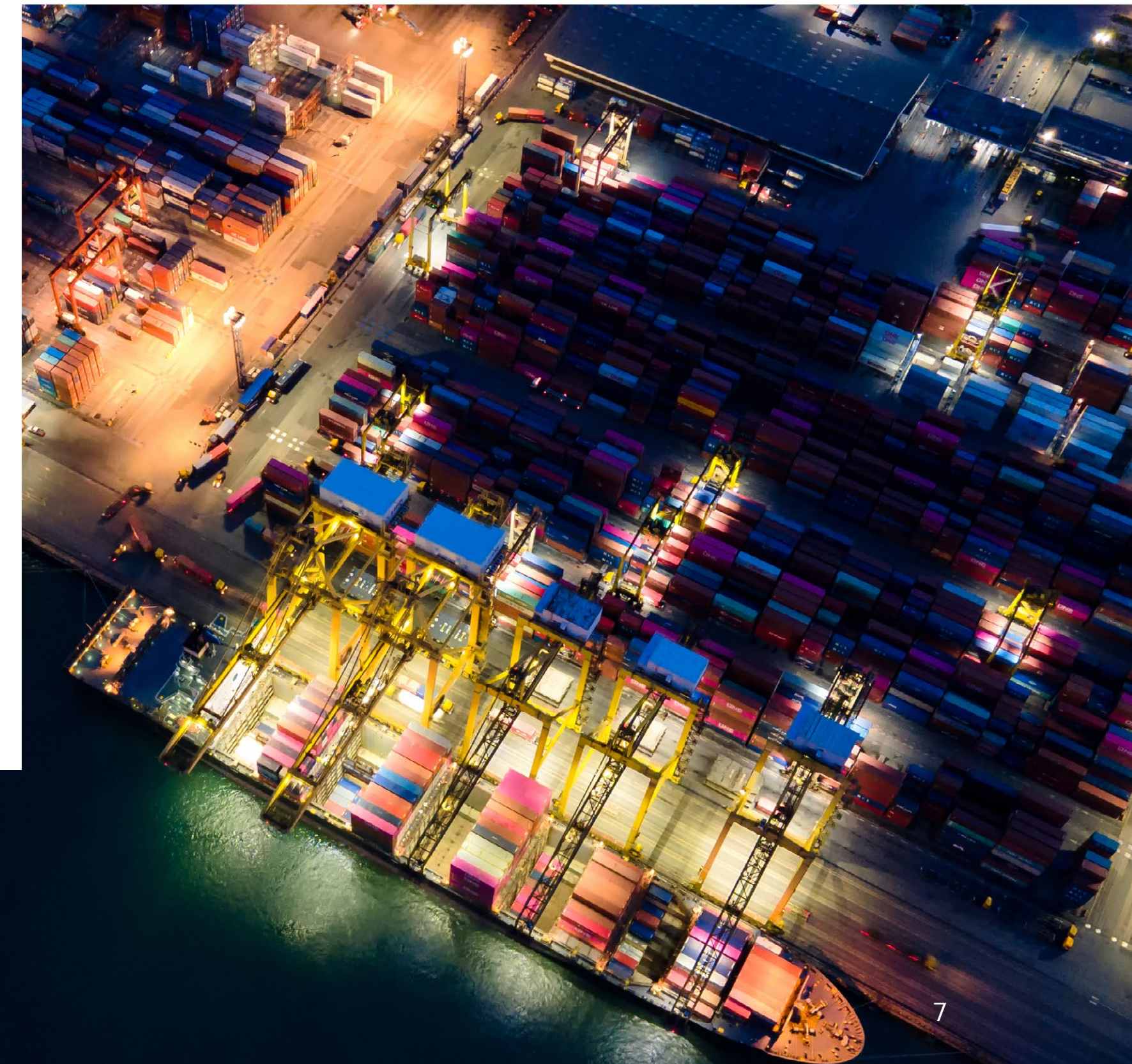
Beware the industry impunity illusion

It would seem that some industries have a bigger purpose hill to climb, but the reality is that some industries have a lot directly at stake and some have a lot indirectly at stake. All industries, however, have significant skin in the purpose game.

Consider direct-to-consumer industries in which consumers have abundance of choice. Industries such as consumer goods are typically fastest to experience the financial impact of purpose-driven consumer sentiment. A company has a preventable misstep, consumers take to social media, some consumers switch, and the company pays the price.

On the other hand, direct-to-consumer industries in which consumers have little to no choice, such as utilities, might feel like they have less at stake with regard to purpose primarily due to consumers' inability to switch. But the court of public opinion has more power than ever, so this is less and less the case.

What consumers lack in power of choice, they make up for in power of voice. Who listens to their voice? Weighty and influential stakeholder groups like regulators and investors, the latter of which has decidedly taken a front seat at the purpose table. A recent article reported that a growth of sustainable funds and socially responsible investors is lifting share prices for U.S. water utilities as investors seek to inject more money into socially responsible companies.⁷ But what the purpose-led investor community giveth, the purpose-led investor community can taketh away.






Innovate your way to fidelity

One of the most important ways companies can prove their authenticity is through purpose-led innovation.

Many think about innovation in terms of R&D initiatives and the introduction of new products and services. But innovation should be applied in a number of other ways to demonstrate a company's commitment to purpose. Each of the fidelity factors presented in Figure 1, as well as many others, can be made real with purpose-led innovation.

Consider **environmental sustainability**, a cause that more than half of Gen Y and Z embrace. Industries that were once not customer-centric are suddenly faced with learning the customer centricity ropes—the hard way.



Utilities are one such industry in which purpose-led innovation in the area of environmental sustainability has become their gateway to purpose and to a customer focus.

No better example exists than with Enel, Europe's largest utility company, that took purpose-led innovation head-on with its wholesale shift to a new positioning and strategy squarely aimed at consumers and that promises to deliver the fidelity of purpose consumers demand. At its core are two principles of sustainability and innovation, the latter of which is uniquely anchored in culture rather than technology. And they boldly put their commitment to their new Open Power⁸ purpose out front: "Innovation must be cultural, rather than technological, and that means being open to ideas that come from both inside and outside the company. It is a process of co creativity which promotes value that will be shared in the long term."⁹

Other companies use purpose-led innovation to create **a sense of belonging** for customers. Tony's Chocolonely, a Dutch confectionery company, invites its consumers to be part of its purpose and rally behind its anti-slavery cause—and provides them information and opportunities to do just that.¹⁰

Gen Y and Z consumers are drawn to brands that put purpose before profits and stand for something bigger than what they sell. Such brands take intentional risks. Their actions are driven by authenticity, not financial performance. Boston Tea Party, an independent coffee chain in the United Kingdom, took the innovative action of banning single-use coffee cups. Customers now need to bring their own reusable cups—or buy one at the store.

Ten months after implementing this policy, Boston Tea Party had kept 125,000 single-use cups from landfills. It also lost £250K (US\$327K) in sales. But the company had factored this loss into its planning. As owner Sam Roberts put it, "We felt this was a financial loss we had to take and we want this to be a call to action to other companies....We are 100% committed and there's no going back."¹¹

The bottom line is that virtually everything a company does—and everything on which it can be judged—can be innovated through the lens of purpose. This includes products and services, certainly, but also supply chains, processes, organizational models, customer and employee experiences and more.


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Innovation for consumers, with consumers

Gen Y and Z consumers welcome the chance to participate in co-creation activities. And they reward companies that solicit their ideas.

Purpose-led innovation translates the promises a brand stands for into actions and tangible outcomes. This type of innovation lends credibility and authenticity to purpose. It aligns brands with consumers' deeply held beliefs. And it creates a sense of belonging that consumers crave.

51%



are likely to respond when a company asks them to submit suggestions for a product or service.

65%



are more likely to buy something from the company that asks for their input.

Innovate for purpose, with purpose

A majority of consumers—and especially those in the Gen Y and Z cohort—expect brands to be rooted in a greater purpose and companies to make their commitments known in multiple ways. As companies look to build fidelity, three innovation actions are worth considering.

01

Innovate products and services

More than half (51%) of Gen Y and Z consumers are attracted to brands that translate their values into new and innovative products and services. Moving forward, every new product or service innovation must be firmly and clearly aligned to purpose. Companies that have purpose might consider acquiring brands that are aligned to their—and their customers'—values. An acquired brand that excels at purpose-led innovation can help strengthen the fidelity of purpose that already exists. But what about existing brands in the portfolio? Companies have several options. They can, for example, take advantage of emerging technologies. Coca-Cola and AB InBev are doing that with KeelClip, a recyclable paperboard product that replaces traditional shrink-wrapped plastic.¹² Companies might also consider co-sourcing innovation to achieve fidelity of purpose—either with other companies or even their consumers.

02

Innovate supply chains

Nearly two-thirds (63%) of Gen Y and Z consumers are more attracted to brands that source services and materials in highly ethical ways. Innovations to create ethical supply chains (and bolster purpose's fidelity) may not change the end product at all—just the manner in which its contents are sourced. Blockchain and digital mapping technologies have emerged as crucial tools for proving that supply chains are sustainable and use materials from reputable, ethical sources. Food companies One Degree Organic¹³ and Mondelez¹⁴ enable consumers to trace their product ingredients back to their origins. Intel has established a responsible minerals sourcing program and also works with 50 strategic suppliers to combat forced and bonded labor.¹⁵

03

Innovate employee experiences

Sixty-four percent of Gen Y and Z consumers are attracted to buy from companies that treat their employees well, in accordance with the values they promote. There are a lot of innovative things companies can do to ensure their purpose is reflected in employee experiences—from ensuring pay parity to creating policies that enable all workers to achieve a healthy work-life balance. Grocery chain Wegmans attributes the passion and devotion of its customers to its exceptional investment in the training, development and happiness of its employees.¹⁶ For example, it sends its deli workers to France to learn about cheese and its butchers to Argentina to learn about beef.¹⁷ For companies in which purpose-led innovation is aligned to respect for the individual, the returns on investment can be huge—not only in terms of more engaged workers, but also consumers who appreciate and reward the companies that treat their employees the way they deserve.

Walk the talk

To increase fidelity of purpose, incumbent companies must ensure their products and services, processes, image, experiences and any other characteristic on which consumers and investors might judge them reflect the essence of who they are as a company and align with the aspirations and values of their customers and employees. Fidelity requires innovative thinking, demonstrable convictions and, above all, authentic actions that bring purpose to life every day.



Contact our authors to learn how to use innovation to bring fidelity to your company's purpose.

[Get in touch](#)

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About the research

Accenture Strategy conducted its 15th annual Global Consumer Pulse Research study to gain an understanding of global consumers’ preferences, beliefs and behaviors. The survey of 25,308 consumers in 36 countries was designed to identify how consumer expectations are evolving—and how companies can capitalize on that evolution to achieve new levels of growth and competitive agility.

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Contributors

Sandhiti Kale

Principal, Accenture Strategy

Michael Malinoski

Senior Principal, Accenture Research

Anna Marszalik

Manager, Accenture Research

Olivier Schunck

Principal Director, Accenture Strategy

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