Bonus Episode 1, The Value of Values, October 19, 2021

Jesse Wolfersberger: Which brand would you pick to buy and how much would you pay? When you find the cause that aligns with that ... that consumer, not only will they pick that brand, they'll pay twice as much, 50% as much. Some say they'll pay any price to support the brand that supports that cause, that ... that they care about.

Kurt Greenbaum: From Olin Business School at Washington University in St. Louis, I'm Kurt Greenbaum, and this is a bonus episode of *On Principle*. We recently finished the first season of *On Principle*, and if you're a regular listener, you know this is where we tell stories behind pivotal business decisions. What led to those decisions? How do leaders make them? And what can we learn from their experience? We're already working on new stories for season two of *On Principle*.

But in the meantime, we'll be sharing a few bonus episodes, a chance to dig more into some of the topics we talked about in our first season. For example, today I'd like to revisit our recent conversation with two people. One is a Washington University scholar in values-based leadership. The other is a St. Louis-based entrepreneur who's made a business out of helping companies measure the effect their values have on their customer relationships. The pair teamed up on some survey research, and in our conversation, we dug into what consumers had to say about companies that wear their values on their sleeve. Does knowing where a brand stands on the issues of the day turn off consumers? Or does it turn them on? Has the pandemic affected consumer attitudes about any of this? Or, when it comes to opening our wallets and passing our money across the counter, does any of this really matter to us as consumers?

Stuart Bunderson: So I'm Stuart Bunderson, I'm the director of the Bauer Leadership Center. I'm a professor of organizational behavior and leadership at the Olin Business School at Washington University in St. Louis.

Kurt Greenbaum: And how about you, Jesse?

Jesse Wolfersberger: My name is Jesse Wolfersberger, I'm the co-founder and CEO of Vrity. It's a company we started about a year ago, and we are a data company focusing on brand values measurement. So we ... we are focused on showing brands the ROI of their values. Our hypothesis is that once companies can attribute revenue to their values the same way they attribute revenue to their display media or their television ads, they will do a lot more of it.

Kurt Greenbaum: So, what is your business model? What ... what do clients come to you for, and what do you say that you'll deliver?

Jesse Wolfersberger: Sure, so our product is called the VRI — the Values Return Index — and so a brand that would come to us, we would measure their values across 20 categories. So, there's ... some categories are things what we call business values. And that's just, is your product priced affordably? Is there quality? Do you give good customer experience? Thinking about a pyramid, sort of the middle of the pyramid is what we call branding values. So those are things like joy, excitement, patriotism, these things. These are the things that typically brands differentiate themselves on.

But the top of the pyramid is kind of the thing that's new here. We call those change values. So those are things like empathy and equality and climate change. So, can you resonate on those? So ... so we will evaluate a brand based on survey research and social listening and actually score brands against these 20 values categories, so that they can see, "Oh, consumers think we're this. They think we are strong on climate change," or "they think we're weak on climate change," or whatever. And then they can actually attribute if they do an ad campaign, let's say, did our score for empathy go up? Did our score for equality go up? That's the kind of data that companies can look at and then, you know, double down on the investment on these things. Whereas, if there's no metric, what gets measured, gets managed, and if there's nothing to measure, then companies are going to do the least amount possible.

Stuart Bunderson: I got to say, I just was so excited to hear what Jesse's doing. I mean, it's very creative. It's very, very timely. And he and his team think about this in a very thoughtful and very nuanced way. And so it was ... it was exciting. And then this sort of evolved into—I helped as they were designing a survey—to ... to look at social values. And then we thought, well, you know, now that we've got these results, let's ... let's put them out there so people can learn from this. From what, from what this research has discovered.

Kurt Greenbaum: Now, as I mentioned earlier, Stuart and Jesse teamed up in January of 2021 to survey a 1,072 people living across America about recent employment changes, personal values and the brand values that matter most to them. They published their findings in a white paper about six months later. What would you say is the headline from that white paper, what's the most important takeaway?

Jesse Wolfersberger: The first one is that through the survey, people showed us loud and clear that they will vote with their wallets in a big way, that there is not ... it's not just a small effect, but there's a large effect that when people value-align with the brand, they then will go out of their way to pick that brand. They will drive farther, they will reach deeper, they will pay more. They will come back more when they value-align with the brand. That's the biggest takeaway for me.

The second thing is the effect of 2020, I think, which was with ... with COVID and job disruptions, we found that the people who had the job disruptions were more likely to reevaluate their personal values. And again, that ... that sort of leads into what we call the values economy, that the idea of, you know, once you realize or once you make the decision that you are only going to support values-oriented brands, well, that's kind of a key tipping point. And I think a lot of people went over that tipping point last year when they were disrupted in their careers.

Stuart Bunderson: In addition to the issues that Jesse just raised. I was ... I was definitely struck by the generational effect. I mean, I think we all know and expect and we often say millennials are very ideological and they're very values-driven. And so we would expect to see that, and we did see that. But I think we also saw pretty consistently in our data that it was also Gen X. They were very values-driven, and Gen Z in our data, not quite as much. Now that ... that we have to be a little careful in over-interpreting because we have a smaller set of Gen Z respondents, and we don't have teenagers. We only had adults.

So we have people who are 18 and older, and so, it may be that what we found is not representative of all Gen Z respondents. And I think there's other research like by Pew and others that would suggest that Gen Z does tend to be very values-driven and ideological. But, so I don't know that we can over-interpret that. But on the whole, what was so interesting is simply that these younger generations, and by younger, you got to include Gen X in there, they're very values-driven in their purchasing behavior and the way they think about companies. So this isn't going away.

Jesse Wolfersberger: I'm not suggesting that every business has to go to one side of the political spectrum or the other. It's about value-aligning with your audience and doing good in the way that you see fit. And if ... if there's an audience for that, they will be supercharged by that message.

Kurt Greenbaum: So it's this idea of authenticity. And essentially, what I hear you saying is, the organization makes some decisions about who ... who and what it is, and then it turns to its consumer base and says, look, man, this is who we are. Take us or leave us. But this is what we are.

Stuart Bunderson: Well, I would change that just a little bit. I mean, you decide who you want to be. You decide what kind of values are important to you, and then you look for those consumers that are going to resonate with those values. And I think that's what Jesse is encouraging people to do. It's, he's saying, you know, I'm going to ... we're going to help you quantify the value you're going to get if you double down on that value. And we're also going to give you a sense for who is likely to respond if you double down on that value. I think that's what they're trying to help you do.

But I think the starting point for that is somebody saying this is important to us. This is who we want to be. And so, let's find a place where who we want to be can also make it and be successful as a business. That's what you should do, is acknowledge that you can be value-driven and profitable at the same time. It's not necessarily that values will always drive profits. You've got to figure out how, when and where.

Kurt Greenbaum: There are risks of standing up and speaking out as a brand on an issue, and I think I'm also hearing you say that there are risks of not standing up and speaking out. Is that fair?

Jesse Wolfersberger: Absolutely, In our research, thirty-nine percent of people said that there are brands they will never purchase from because they were silent on an issue. OK, so that's four in 10 people who say that silence is just as bad as taking a stance they disagree on. The way I look at it is CEOs and CMOs and CFOs across the country, when they look at an issue like voting rights or anything, the kind of hot topics of the day, they go, OK, on one hand, some people are going to get mad at this. And on the other hand, some people are not. Well, that's one for each hand. So it must be 50/50. And as a risk-averse entity, we should probably step away from it.

When you look at the data, it's highly weighted towards people who will support you versus people who you're gonna turn off on just about every issue, just about every major societal issue. So, you know, I would say to the sea-level folks out there, don't just look at it as sort of one-and-one, look at the actual numbers and see that, yeah, you have to be willing to turn off maybe 5% of your audience. But if that supercharges 25% or 30%, who will pay more for your products, come back more often, tell a friend about it—all the ways that people are sort of loyal in that sense—it's going to be worth it from a business perspective.

Kurt Greenbaum: And that closes our first bonus episode of *On Principle*. Many thanks to Stuart Bunderson and Jesse Wolfersberger for their insights on the survey research they produced this year. Please be sure to visit our website at onprinciplepodcast.com for links to Stuart and Jesse's white paper and to Vrity, the company Jesse founded. You'll find that information under the bonus episodes part of the website. On that website, you'll also find links to the first eight episodes from season one of *On Principle*. So I hope you'll go back and give those stories a listen if you missed them. And by the way, please consider subscribing to *On Principle* in your favorite podcasting app. If you have any ideas for season two episodes or just want to share feedback, send an email to Olin podcast at W-U-S-T-L dot E-D-U. That's olinpodcast@wustl.edu.

On Principle is a production of Olin Business School at Washington University in St. Louis and comes to you with creative assistance by Katie Wools, Cathy Myrick and Judy Milanovits. Special thanks to Ray Irving and his team at Olin's Center for Digital Education, including our audio engineer, Austin Alred. Jill Young Miller is our fact checker. Hayden Molinarolo provided original music, sound design and editing. Nate Sprehe provided creative direction, production and editing with production assistance from Angie Winschel. We have website support from Lexie O'Brien and Erik Buschardt. As dean of WashU Olin Business School, Mark Taylor provides support for this podcast, which is the brainchild of Paula Crews, senior associate dean of strategy and marketing for the school. Once again, I'm Kurt Greenbaum, your host for *On Principle*. Thanks for listening.