DATA HELPS COMPANIES REALIZE THE VALUE OF DELIVERING **SOCIAL BENEFITS**

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For consumer-facing businesses like restaurants, grocery stores and automotive manufacturers, fierce competition on price, quality and convenience leaves little space for differentiation. Yet, even in this parity market, companies like Chipotle, Whole Foods and Tesla have defied the odds and achieved spectacular growth. So, what is different about how these companies position themselves?

These companies are capitalizing on emerging consumer demand for products and services that deliver positive social change. To better understand how companies in fiercely competitive industries grow, our company, Mission Measurement, developed a methodology that predicts how various factors will drive consumer behavior.

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The goal of our research is to quantify shifts in consumer demand and forecast the impact of those shifts for businesses by understanding what consumers do, rather than what they say they prefer in self-reporting. In a recent study of the quick service restaurant (QSR) category, we examined how consumers make decisions regarding where to grab a fast meal.

Our representative sample consisted of 1,200 U.S. consumers ages 16-64 who had purchased fast food at least four times in the past four weeks. We tested an exhaustive list of traditional benefits (such as low prices, taste and convenient location) and what we termed "social benefits" (including healthy options, community involvement and improvement, and environmental impact) to examine how these factors affect consumer choice. The results revealed which product attributes really matter to the market, which companies deliver them well, and the potential monetary impact of providing these benefits.

Our findings challenge conventional wisdom about consumer behavior. For instance, we learned that fresh ingredients were 42 percent more important to consumers than value and 57 percent more important than restaurant location. Interestingly, high performance on providing traditional benefits did not predict sales growth. In fact, almost all restaurants scored similarly on traditional benefits. However, there was wide variation in how consumers rated restaurants on social benefits.

The battle to differentiate and win customers' hearts and wallets has shifted from providing traditional benefits to delivering social value. This is especially apparent when analyzing how consumers rate brands on their delivery of social benefits. In our research, the restaurants that performed in the top quartile for their delivery of social benefits averaged 14 percent sales growth over the past three years, while the rest of the restaurants averaged only two percent growth. While some of this difference can be attributed to restaurant size and other factors, as much as 15 percent of it can be explained by social factors analyzed in our rankings.

The research also provided insights into unexpected growth successes. For instance, although Chick-fil-A has generated controversial headlines, it has performed strongly, while chains like Burger King have shown stagnant growth. Both Chick-fil-A and Burger King perform within five percent of industry averages on traditional benefits like having a broad menu of options. However, when we look at each company's use of natural ingredients, Burger King performs 15 percent below industry averages and Chick-fil-A is rated at almost 15 percent above the industry average.

Data provides insight into why different companies thrive. For restaurant consumers, using additive-free ingredients is 89 percent more influential in a purchase decision than a company being perceived as ethical. Data also helps us uncover how consumer concern for social issues evolves over time. As an example, food safety was a key issue in the past, but as all companies began delivering this benefit, the concern has decreased. As noted, a key concern today is whether or not the restaurant is using natural ingredients.

There is an emerging trend of consumers demanding products and services that deliver positive social change. Companies that are capitalizing on this trend are seeing spectacular growth. As this trend continues and social value becomes increasingly more important to consumers, the companies that innovate the most will experience the greatest success. [END]

As the founder and CEO of Mission Measurement, **Jason Saul** advises corporations, nonprofits and public sector clients on how to measure and improve their social impact. Jason is also a lecturer of corporate social responsibility and nonprofit management at Northwestern's Kellogg School of Management. He is the author of numerous books and articles on social strategy and measurement, including "Social Innovation, Inc." and "The End of Fundraising."