

LiveArea



PFS

PFS and LiveArea Research Report

Retail Repercussions

Communicating Ethical Initiatives to the
Conscious Consumer

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Introduction

The relationship between commerce and ethics has become intrinsically linked over the past few years. Responsible trading, treatment of employees and suppliers, and brand authenticity all play a big part in shaping buying behaviour. Consumers today expect online retailers and brands to not only have clear and transparent corporate social responsibility (CSR) strategies, but to communicate and implement them effectively before they decide where to spend their money.

The COVID-19 pandemic has become a catalyst in the continued eCommerce trend, which has resulted in more shoppers migrating online than ever before. Many are actively seeking out online retailers and brands who promote their ethical initiatives and credentials, taking this into account in their purchasing decisions. This heightened awareness has put the spotlight upon online retailers and brands who are making inroads when it comes to ethical trading and their obligations to protect, conserve and benefit the environment. However, the pandemic and increased consciousness has also highlighted those whose supply chain ethics and treatment of staff could be called into question.

To understand the role of ethical initiatives on shopping behaviour online, and the impact that the belief-driven buyer has on online retailers' and brands' ability to trade responsibly and profitably, PFS and LiveArea asked consumers in the UK, Republic of Ireland and France for their ethical retailing expectations.

Methodology

PFS and LiveArea commissioned research agency, Arlington Research, to survey 2,500 consumers about their current shopping habits, environmental and ethical expectations from online retailers and brands, and how their buying behaviour has changed during the Coronavirus pandemic.

Nationally representative interviews were carried out with adults aged 18 and over, with quotas set on gender, age and region at a country-wide level. Respondents came from the UK (1,500 respondents), Republic of Ireland (500 respondents) and France (500 respondents). Fieldwork took place between 28th May and 4th June, 2020.

Age groups referred to throughout the report are broken down as follows:



Generation Z

Respondents born between 1994 – 2001



Millennials

Respondents born between 1980 – 1993



Generation X

Respondents born between 1965 – 1979



Baby Boomers

Respondents born between 1946 – 1964



Silent Generation

Respondents born before 1946

Key Research Findings

76%

Over three quarters (76%) of consumers feel that online retailers and brands have an obligation to protect, conserve and benefit the environment

39%

39% of people would be willing to pay more to support online retailers' and brands' corporate social responsibility initiatives

44%

44% of respondents have not been made aware of corporate social responsibility initiatives or their impact by their preferred retailers, but the same percentage (44%) would like to know about them

16%

Of those who are aware of corporate social responsibility initiatives, only 16% were made aware via a brand's website and 36% were made aware through online communications (including email and social media)

64%

64% of shoppers look for ethical or sustainable features when making a purchase

28%

28% actively seek out online retailers' and brands' corporate social responsibility, sustainability and returns policy webpages



1

Ethical Expectations

Ethical Expectations

Online retailers and brands are no longer just providers of goods. For consumers, they embody ideals. The impact of brands' products on the environment, and the way they work with people and communities, all play a key part in the consumer conscience in relation to their buying journey.

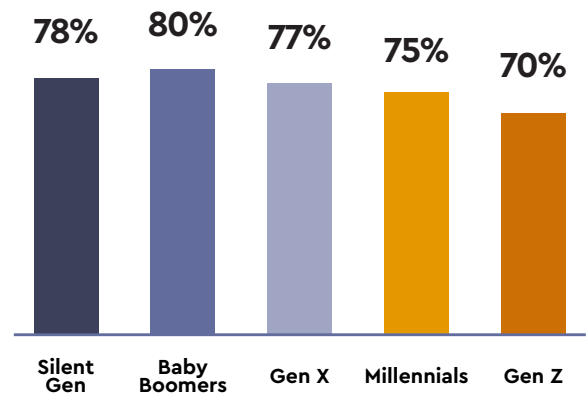
In the (almost) 45 years since ethical retailing pioneer Anita Roddick launched The Body Shop, many brands have followed, building their proposition and beliefs around responsible retailing – but there is still a long way to go for all links in the chain to join up and meet the demands of today's conscious consumers. Most importantly, what Roddick did was demonstrate a brand's ability to be mindful and give back to the environment, whilst being successful and profitable – a challenging balancing act and art yet to be mastered by many.

An overwhelming **76%** of consumers feel that online retailers and brands have an obligation to protect, conserve and benefit the environment. For consumers in the UK and Republic of Ireland, this rises slightly to **77%**, compared to **73%** in France. Interestingly however, there is a difference of opinion between age groups. Four in five (**80%**) baby boomers think brands have an obligation, compared to seven in 10 (**70%**) of those in Generation Z. This slight variation could be a result of older generations growing up with The Body Shop ideals, and the establishment of the Fairtrade Foundation in 1992, bringing more prominence to the ethical authenticity of products.

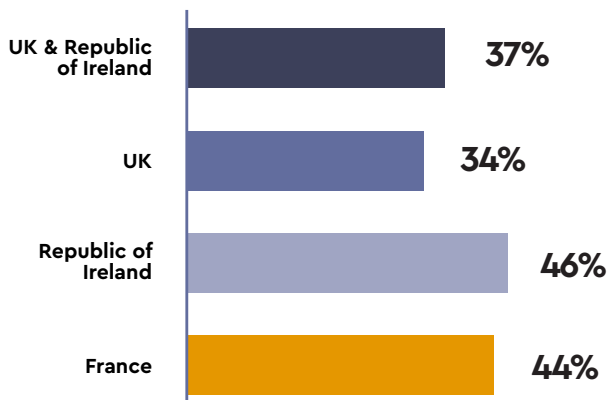
76%

**of consumers feel that
online retailers and brands
have an obligation to
protect, conserve and
benefit the environment**

It is clear that perceptions of brands are not just formed on the basis of quality and price, but increasingly on their environmental and ethical credentials and actions. Responsible retailing has gathered pace in recent years with brands like footwear and apparel retailer TOMS established on a culture of community and embodying the mentality of giving back. The brand's ethos is built on working with the consumer to make a difference to people and communities across the globe. By visiting the TOMS website, buyers are immediately drawn to the 'Your Impact' section, which involves the consumer in the ethics and beliefs of the brand. There is no doubt that when you buy from TOMS, you are supporting the lives of others.



Do you agree that online retailers and brands have an obligation to protect, conserve and benefit the environment?



Would you be willing to pay a little extra to support online retailers' and brands' CSR initiatives?

Ethics and transparency have been at the heart of beauty brand L'Oréal since day one. A dedicated team and Chief Ethics Officer ensure that these beliefs are not just concepts but are tangible actions that run through every part of the business. Ethical principles of integrity, respect, courage and transparency are clearly communicated and carried out. 'Doing the right thing' is also a core value at Pret a Manger, with every food and beverage purchase contributing to the food outlet's commitment to sustainability – with a zero landfill policy – and financial support for community action programmes.

With many brands making positive moves to support the environment, people and communities, our research found that there is appetite among consumers for this to go further. Two in five (39%) people would be willing to pay more to support online retailers' and brands' corporate social responsibility initiatives – rising to 44% in France. When broken down by age, half of Generation Z (52%) would pay more to support carbon neutral delivery and other ethical initiatives adopted by online retailers and brands, compared to just a third (33%) of the silent generation.



Sustainability and Profitability

Brands can be ethically responsible and profitable by reacting to changing consumer preferences and aligning their products with the customer experience and purpose. Those that manage to achieve this will thrive not only in terms of product demand but also brand advocacy and loyalty.

Sustainability is a catalyst for growth, but businesses have to find the right balance between sustainability practices and profitability to ensure long-term stakeholder buy-in. Implementing an ethical policy ensures a positive impact on all stakeholders – from investors to employees and consumers. Companies that lay the framework for business ethics across all facets of operations are more likely to become and remain profitable than those that conduct business in an unethical manner.

Benoit Soucaret

Creative Director at LiveArea

39%

CSR Initiatives

39% of people would be willing to pay more to support online retailers' and brands' CSR initiatives. While cost is still the ultimate deciding factor for making a purchase, environmental impact is important to the consumer. In the end, brands who enable customers to be conscious consumers while meeting their financial needs will win. It's no easy feat though. For brands just getting started with a CSR initiative, it can feel like standing at the base of a mountain. The trick is to start with what you have. Leverage your existing store footprint as a central part of the order process.

Christophe Pecoraro

Managing Director at PFS Europe



PENDLETON®

Mens ▾ Womens Blankets & Pillows ▾ Towels ▾ Accessories ▾ Pre-Order Sale

Heritage

A tradition of American craftsmanship started by one family over 100 years ago. In 1865 a young English weaver named Thomas Kay had a vision of raising sheep in America. With no suitable land of his own, Kay set sail down the Atlantic seaboard and set up the Pacific coast in search of the ideal location. After four-months at sea, he stopped in America's newest state and set up a family-operated mill, teaching his eldest daughter to spin wool.

From the creation of Pendleton's first woolen mill in 1893, to establishing trade connections with America's Indigenous communities, Fannie helped build upon her father's legacy. As her father did for her, Fannie passed on the family tradition to her three sons in 1898. Less than a year later, a new wool finishing department was operational and the first finished wool products were produced. Today, the tradition of wool and textile innovation established by Thomas Kay and his family underlies all Pendleton products.

Communicating to the Conscious Consumer

2

Communicating to the Conscious Consumer

Meeting expectations and supporting consumers' ethically-driven beliefs is one thing, but how online retailers and brands communicate and respond is equally important in keeping them engaged. The very essence of corporate social responsibility is for companies to be open and transparent about how they are responding to the social and environmental impact of their work, and what specific actions they are taking to mitigate it.

We have already seen how brands including L'Oréal, Pret and TOMS consider transparency a key part of their ethical ethos – keeping the consumer updated and involved in every purchase – but that is not the case for every brand. The will of the consumer is undoubtedly there, to support brands who actively drive and engage in environmental initiatives, but what is less clear is how aware consumers actually are about what brands are doing and how it is communicated to them.

Our research found that more than two in five **(44%)** respondents have not been made aware of corporate social responsibility initiatives or the impact of these by their preferred retailers. However, the same percentage **(44%)** is keen to know about them, rising to **48%** in France. When we delve into generational differences, **57%** of the silent generation and **55%** of baby boomers say they are not aware of CSR initiatives and their impact by online retailers and brands. Half of the silent generation **(50%)** want to know more, but only just over a third **(36%)** of millennials agreed.

44%

of respondents have not been made aware of corporate social responsibility initiatives by their preferred retailers

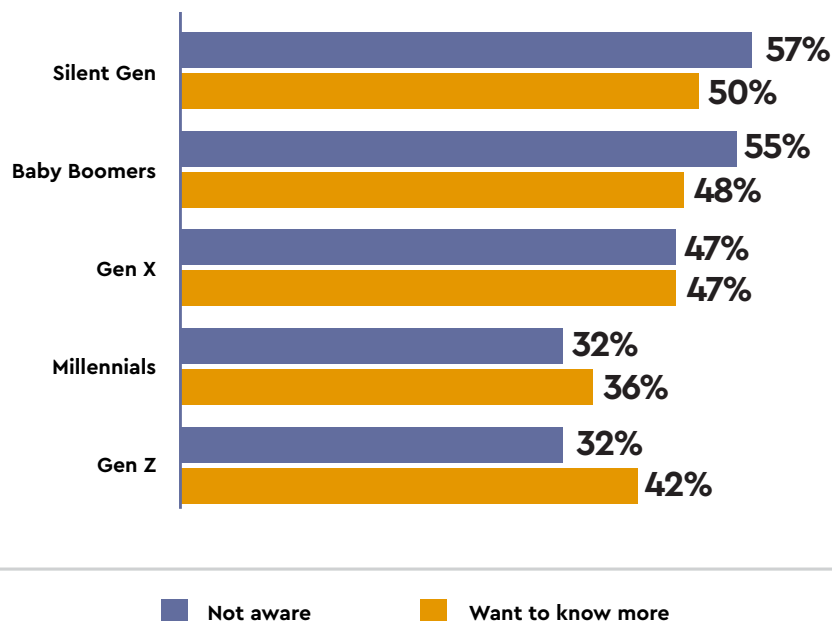
This begs the question, are online retailers and brands being transparent enough when it comes to their corporate social responsibility strategy and using effective communication methods to keep consumers informed? The research suggests that the silent generation are potentially slipping through the cracks and are the least informed but are the age group who want to know more. Is there more that retailers can do to further tailor their communication methods to reach and engage with different audiences?

When consumers are made aware of initiatives, surprisingly, only **16%** say it is via a brand's website. In France this figure rises to a quarter (**25%**) of respondents. A third (**36%**) say they hear through online communications, including email and social media. Awareness of initiatives via packaging is highest in France (**19%**), with only **14%** of UK consumers agreeing they are updated this way. One in five (**20%**) millennials are made aware via packaging, but only one in ten (**10%**) of the silent generation report the same.

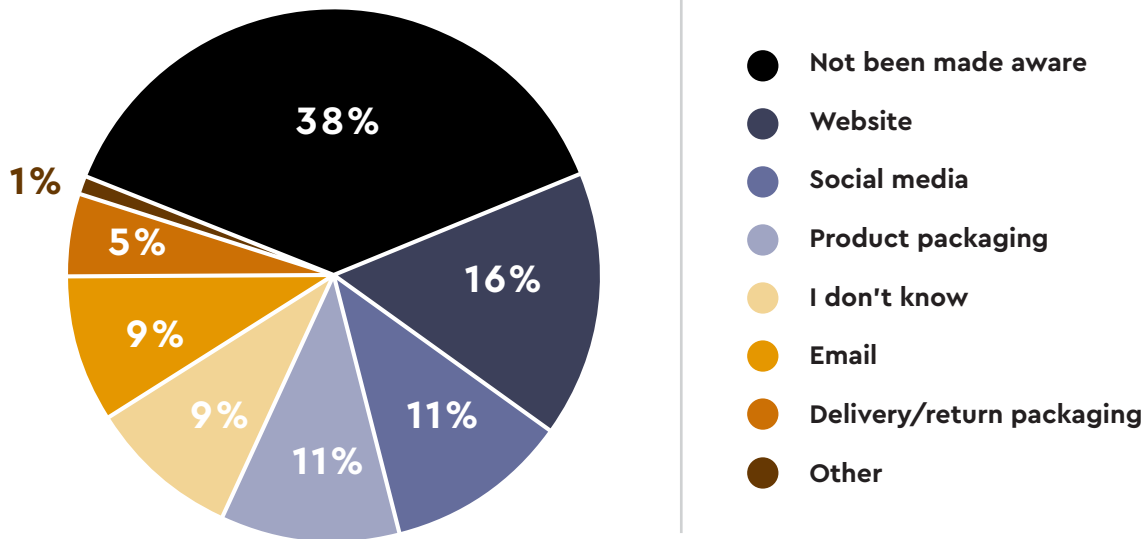
16%

Surprisingly, only 16% of consumers say they are made aware of a brand's CSR initiatives via their website

Have your preferred online retailers and brands made you aware of their corporate social responsibility initiatives and the impact?



How have you been made aware about online retailers' and brands' corporate social responsibility initiatives and their impact?



It is clear that no single method of communication is leading the way, but that there needs to be a consistent and clear approach to letting consumers know what initiatives online retailers and brands are supporting. Those that signpost at various points along the customer journey will be the ones which remain relevant and memorable.

H&M, for example, does a good job of alerting customers to ethical initiatives when they are browsing – such as the labelling of its 'Conscious' clothing collection – via a dedicated sustainability section on its website, and through the sustainability messaging used front and centre of its social media profiles and posts. Clothing brand Everlane takes a truly transparent approach to communicating ethical practices on its website, by telling customers exactly where each garment is manufactured and showing images of the individual factory.

No single method of communication is leading the way, but there needs to be a consistent and clear approach to letting consumers know what initiatives online retailers and brands are supporting

44%

Not Aware

44% of consumers have not been made aware of CSR initiatives by their preferred brands, but the same percentage would like to know about them. Brands must find more creative ways to highlight their CSR initiatives for consumers.

Packaging was one of the lowest rated ways consumers are notified of initiatives. This can easily be improved by labelling packaging materials as being recyclable, including inserts detailing your CSR initiatives within each shipment, or maybe even putting a sustainability slogan on the tape used to seal packages. The unboxing experience is one of the most powerful interactions you can have with your customers, especially with eCommerce. Make the most of the experience and leverage it as a means to communicate with your customers.

Christophe Pecoraro

Managing Director at PFS Europe



Genuine Message

It's not just about personalising communication strategies around CSR to reach different audiences. It's about what your company stands for and having the right intent. Consumers – from any demographic age group – as well as stakeholders, including employees, suppliers, partners and investors, will buy into your message as long as it's genuine, believable and an integral part of the company's principles and DNA. It's about aligning products, customer experience and brand purpose. If brands manage to achieve this, they will thrive.

Benoit Soucaret

Creative Director at LiveArea

A woman with dark curly hair, wearing a brown textured sweater, is smiling and holding a small woven basket. Inside the basket, she holds a stack of three bars of soap: a yellow bar on top, a blue speckled bar in the middle, and a pink bar at the bottom. The background is a soft, out-of-focus teal color.

3

Ethical Buying Behaviour

Ethical Buying Behaviour

When it comes to parting with their cash online, cost is still the deciding factor for consumers, but ethical considerations are close behind. Brands that successfully merge cost-effective products with an ethical heritage are onto a winning combination. Our research demonstrates there is not only an appetite to shop with online retailers and brands who live and breathe ethical initiatives, but also to potentially pay extra to help them achieve their goals.

This is great news for online retailers and brands who are grappling with the issue of putting corporate social responsibility initiatives in place at the expense of profitability. Models like The Body Shop and countless others show that responsible retailing and raising revenues can go hand-in-hand and in fact boost a brand's profits and reputation.

With price still the highest deciding factor in purchases (**68%**), ethics play a key part in the consumer's decision to shop with a particular brand. Almost two thirds (**64%**) of shoppers look for ethical or sustainable features when making a purchase. **71%** of millennials look for ethical or sustainable features in the products they buy – the highest agreement among all age groups. Consumers in France seem to place more weight on ethical features when purchasing a new product (**78%**) compared to only **60%** of those in the UK and Republic of Ireland.

If they had to choose between price and ethics, though, over half (**54%**) of consumers would purchase products based on cost. This reduces to **48%** in France. Agreement is highest in the UK and Republic of Ireland with over half (**56%**) agreeing, whilst in France this is under half (**48%**). Six in ten millennials choose cost over ethical factors (**59%**), closely followed by the silent generation (**57%**).

54%

Between price and ethics, over half of consumers purchase products based on cost

Price and ethics are intrinsically linked in the mind of the consumer, so making it as easy as possible for them to know what online retailers and brands are doing and how they can support ethical initiatives is vital. Over a quarter (28%) of shoppers actively seek out online retailers' and brands' ethical credentials, sustainability and returns policy webpages – rising to 40% of millennials who agree and 30% of Generation Z.

People want to know more, but this can only be achieved through prominent and effective forms of communication. Much like the H&M and Everlane examples, ensuring this happens at every touch point – from browsing to buying, and everything in between – will help a brand become synonymous with being a reputable and responsible retailer.

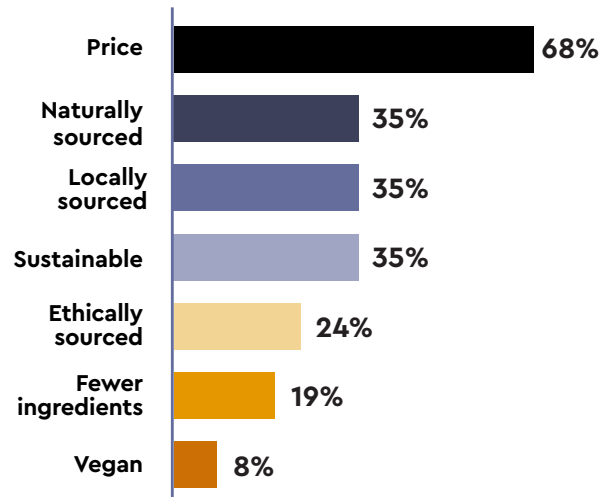
Meeting the needs of the belief-driven buyer

Corporate social responsibility is not just a buzzword for online retailers and brands, but a belief and ethos to stand by and one that consumers increasingly measure them on.

Shoppers expect retailers to clearly and decisively respond to what is going on in the world around them, by trading and communicating responsibly. Whilst there are pockets of proactive communications on corporate social responsibility initiatives and ethical approaches, more needs to be done to engage and inform all online shoppers who are eager to know more and support brands who make the right moves.

Initiatives must have a clear communication strategy that is actionable and effective. Pledges and commitments need to reach different audiences via different means and be supported by sustainability strategies that consider the impact on the environment, such as reducing unnecessary waste.

What features do you look for when purchasing a new product?



Corporate social responsibility is not just a buzzword for online retailers and brands, but a belief and ethos to stand by and one that consumers increasingly measure them on

There is more that online retailers and brands can do to make their ethical initiatives and intentions prominent – whether it's a dedicated webpage, messaging during the browsing process, email communications, social media posts or messaging on packages. While costs associated with these approaches might be a barrier to ethical trading, it is good news that there is an appetite among consumers to pay a little extra in support of corporate social responsibility initiatives.

This is encouraging, especially as the cost of goods is still a key decision-making factor for consumers. It suggests that the will is there to support retailers and that ethical and sustainable features are becoming increasingly important, alongside the cost of items. Despite slightly lower expectations around brands' corporate social responsibility obligations, a higher proportion of the younger generation would be willing to pay a little extra to support these initiatives.

The key to success for online retailers and brands will be those who can embody ethical ideals and act responsibly, while growing brand reputation and revenues. In the long term, the benefits of ethical trading will far outweigh any costs, as consumers start to value both price and proactivity in supporting the future of our planet.





Sustainability Investment

Rather than view sustainability and ethics as a cost, brands should see these initiatives as an investment. One thing that is going to set companies apart moving forward is the ability to balance sustainability and profitability. Finding that balance will depend on businesses' ability to be innovative.

Benoit Soucaret

Creative Director at LiveArea

64%

Ethical and Sustainable Features

64% of shoppers look for ethical or sustainable features when making a purchase. The most successful brands are those who have made CSR practices inherent to their own company culture and standard operating procedures.

In addition to being able to put these measures in writing, your CSR initiatives should be apparent to the consumer when they interact with your brand. In other words, your customers should be able to experience your CSR initiatives in tangible ways.

Christophe Pecoraro

Managing Director at PFS Europe

Conclusion – Taking Communications to the Next Level

As retailers begin to open their doors once again and engage with consumers face-to-face – as well as online – expectations for brands will remain high. It is clear that consumers today expect much more from retailers, in terms of both the buying experience and ethical credentials. This means creating the right perception at every stage of engagement – from the products purchased through to how brands treat their employees.

For many consumers, the switch to online shopping will be a permanent move which gives retailers and brands the perfect opportunity to communicate their ethical initiatives and corporate social responsibility strategies to a new breed of belief-driven buyers. But our research makes it clear that there is currently a disconnect between what consumers expect from brands and how brands fulfil the needs of the conscious consumer. Websites provide an immersive platform to take consumers on a brand's ethical journey and demonstrate responsible retail credentials. However, this is just the first step in the process and one of many touchpoints to engage and inform the consumer.

Consistent and clear communication is vital and, if the pandemic has taught the retail sector anything, it is the need to be adaptable and agile in the face of changing consumer demands and operational challenges that will set successful retailers apart. There are a number of ways in which online retailers and brands can enhance the way they communicate with consumers across the entire purchase process. Reinforcing brand values at key times will help shape perceptions and ensure that buyers come back time and time again.

This includes widening the reach of customer communications through non-traditional methods, such as using packaging as a platform for CSR values or using packing inserts to inform customers and reinforce ethical initiatives. Insights into the provenance of products and being transparent about supply chains and manufacturing processes when browsing will give consumers a better idea of a brand's working practices and values before making the decision to buy.

Price will always be a key factor for the consumer, but the rise of the belief-driven buyer has shown the importance now placed by many on ethical initiatives and brands with a social conscience. Online retailers and brands who make the right moves to proactively present their CSR credentials to an aware audience with an appetite to shop ethically will be the ones to create long-term advocates and ambassadors.

Beyond the Website

Consumer behaviour and expectations have been evolving more rapidly in recent years, but the onset of the COVID-19 pandemic has accelerated that momentum even further in 2020. More than ever, brands must pay attention to consumer expectations and transparently communicate to them how those expectations are being met. Brands who are able to make it clear that their values and concerns are in line with that of their customers will inspire the most loyal followings.

However, based on our research, many brands are not communicating CSR initiatives effectively. It's time for brands to look beyond the website and consider ways to communicate these priorities to consumers through other avenues they use to interact with consumers. Consider printing your company values on packing supplies. Create a company slogan that incorporates your CSR initiatives. Include packing inserts that detail your brand's CSR initiatives. Leverage customer service recordings to tell customers how they can responsibly dispose of packages.

There are so many non-traditional ways you can communicate this message to your customers. Those brands who put forth the effort only stand to gain as their customer loyalty grows stronger with these practices.

Christophe Pecoraro

Managing Director at PFS Europe

Credibility and Loyalty

Consumers now expect brands to be making a stand when it comes to sustainability. But to make a positive impact, brands must be genuine and authentic – they should focus on intent with CSR promises at the core of every business decision. Educate customers honestly on your brand's sustainability initiatives and be realistic about what you can achieve – by doing this you are placing the consumer at the centre of your sustainability experience and this will build credibility and loyalty with your customer.

Consumers are more aware of their purchasing habits and our research shows that over three-quarters will continue with the changes they have made to their online shopping habits during the pandemic. Now, more than ever, the goal for brands should be for sustainability to be price-friendly and accessible to their consumers.

Benoit Soucaret

Creative Director at LiveArea

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