



UNION
WEBSTER

In Good Company: The Value of Conscious Consumers

*A Union+Webster research report, commissioned by Zendesk
January 2017*

A man with glasses is looking at a 3D molecular model. The model is composed of white spheres connected by orange and red rods, representing a complex chemical structure. The background is blurred, showing what appears to be a laboratory or office setting.

Executive Summary

How do consumers feel about companies that stand up for the common good? Do they prefer them over other companies not invested in social, labor, and sustainability issues? And might such preferences vary by geographic region? To answer these questions, Union+Webster conducted a multinational survey to investigate the current state of relationships between consumers and businesses, with a focus on community responsibility.

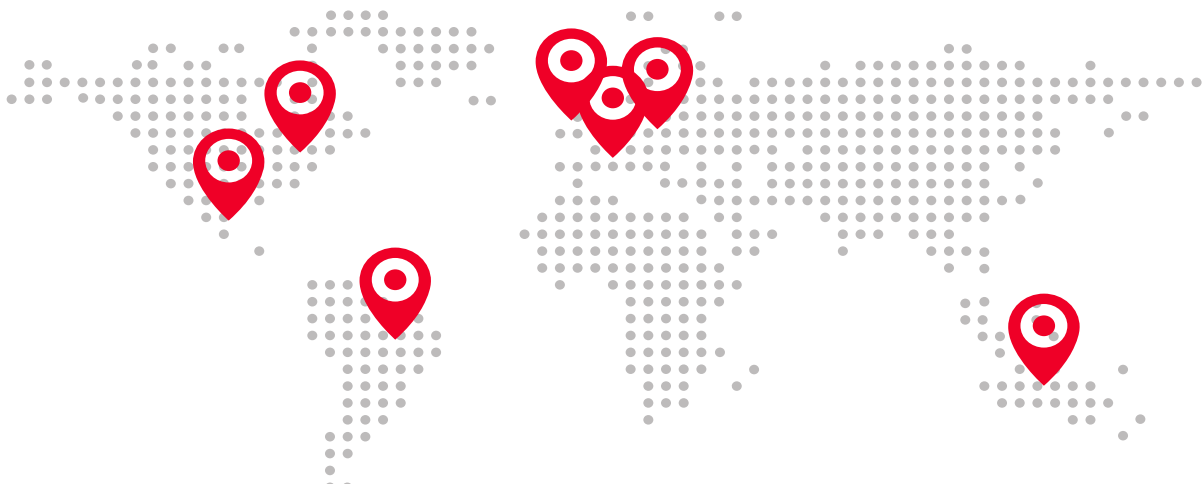
The survey discovered that 77% of consumers prefer to purchase from companies that demonstrate community responsibility. What's more, it found these consumers are willing to pay 5% or 10% more to purchase from these companies over others.

Say hello to your Conscious Consumers. To establish a relationship with them, you should be prepared to meet the Conscious Consumers where they are, focusing on their sensitivity to social, labor, and sustainability issues. Simply put: Do the right thing. Improve the communities where you operate (and promote the practices you use to do it), and the Conscious Consumers will notice. You'll do a good deed — and give a boost to your top line while you're at it.

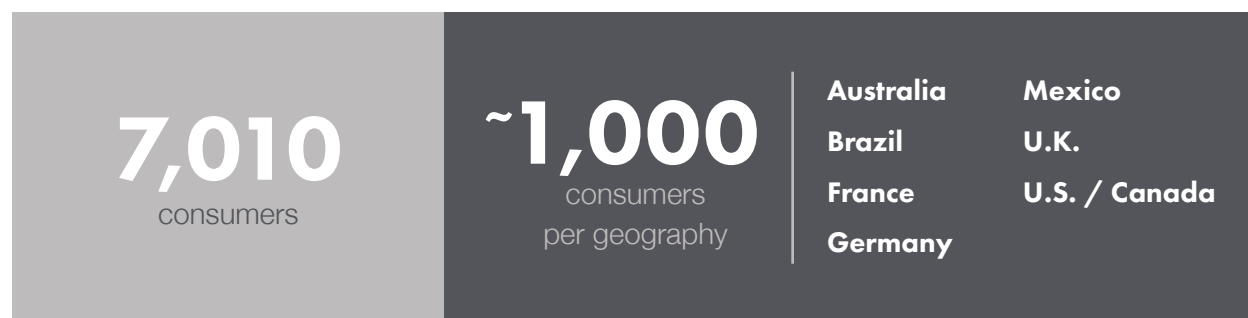


Findings

This analysis is based on a multinational survey of 7,010 individuals, with an average of 1,000 consumer respondents in each of the following geographic regions: Australia (1,009), Brazil (997), France (995), Germany (1,006), Mexico (1,004), the U.K. (997), and U.S./Canada (1,002).



Multinational Survey



In the survey, consumers were asked to identify the cost of a recent purchase for either business or personal use. Then they were asked to imagine purchasing the same item again, this time from a choice of two possible companies. One of these imagined companies offered its product at the original price. The other was designated as having earned one of three randomly selected, fictional community responsibility awards. Its product price was then randomly uplifted either 5% or 10%. These awards and their given descriptions are listed below.

AWARD	DESCRIPTION
Global Social Responsibility Award	Earned for improvements to human health and welfare
Global Environmental Sustainability Award	Earned for improvements to air, water, and soil quality
Global Fair Labor Award	Earned for improvements to working conditions and wages

For example, some consumers were told that Company B had won the Global Social Responsibility Award, an award recognizing its efforts to improve human health and welfare in the community where it operates. Company A did not win an award. The price tag on Company B's product was then randomly uplifted either 5% or 10%, but consumers were told the products from the two companies were otherwise the same.

The difference in consumer purchase preferences between these companies is shown in Figure 1.

Conscious Consumers

choose to pay more to purchase from companies that demonstrate community responsibility over other companies (77% of consumers).

Indifferent Consumers

are unwilling to pay more to purchase from companies recognized for their community responsibility efforts over other companies. Community responsibility is not a concern.

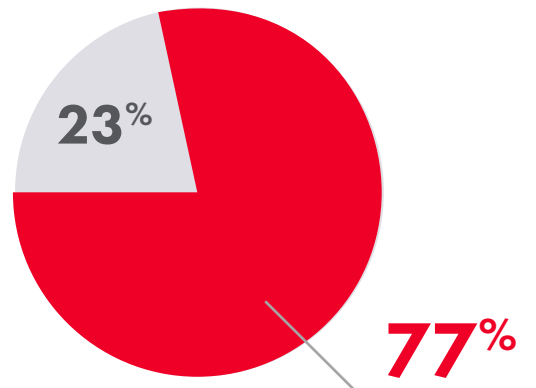


Figure 1: Conscious Consumers' Willingness to Pay More

Seventy-seven percent of consumers — the Conscious Consumers — choose to pay more to purchase from companies demonstrating community responsibility. Their counterparts, the Indifferent Consumers, do not share this preference.

Conscious Consumer results by country show similar patterns. See Figure 2.

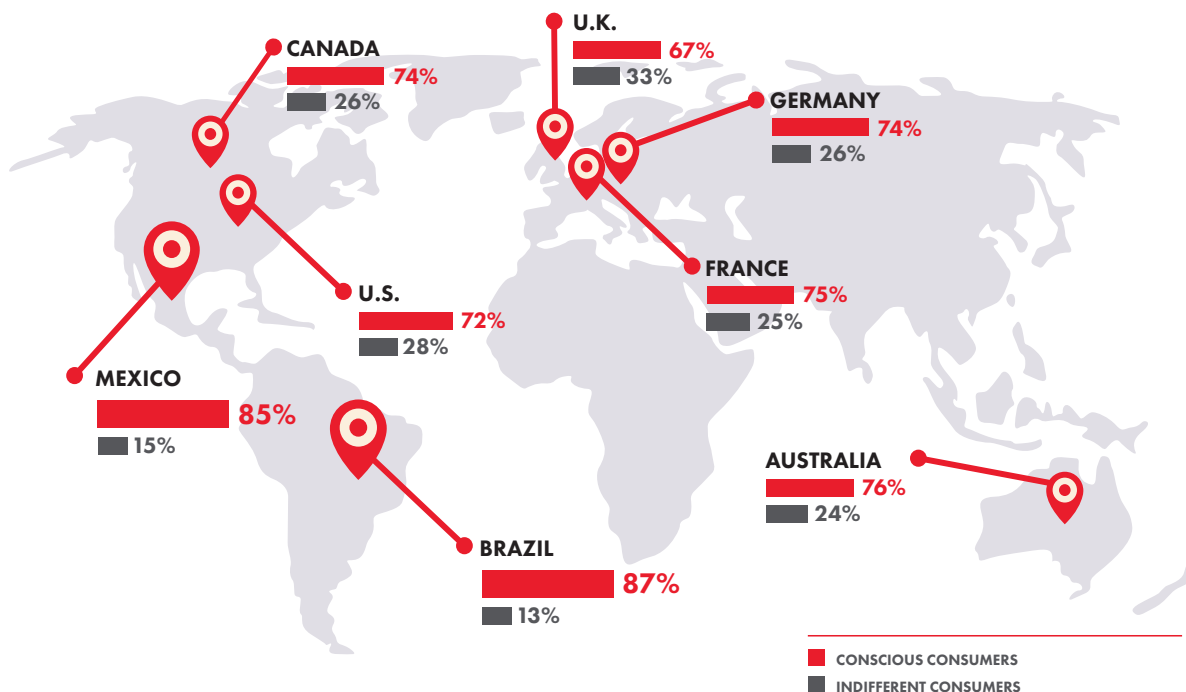


Figure 2: Similar Proportions of Conscious Consumers and Indifferent Consumers Across Countries

While the patterns are similar, there are some notable exceptions. For example, Conscious Consumers are especially prominent in both Brazil and Mexico, making up 87% and 85% of all consumers, respectively. They are less common in the U.K., at 67% of consumers.

Willingness to pay more decreases as product costs are increased by 10%, as compared to 5%. This holds true whether the product is purchased for business or personal use. But among Conscious Consumers, nearly as many will purchase at the 10% uplift. This relative price insensitivity is displayed in Figure 3 below.

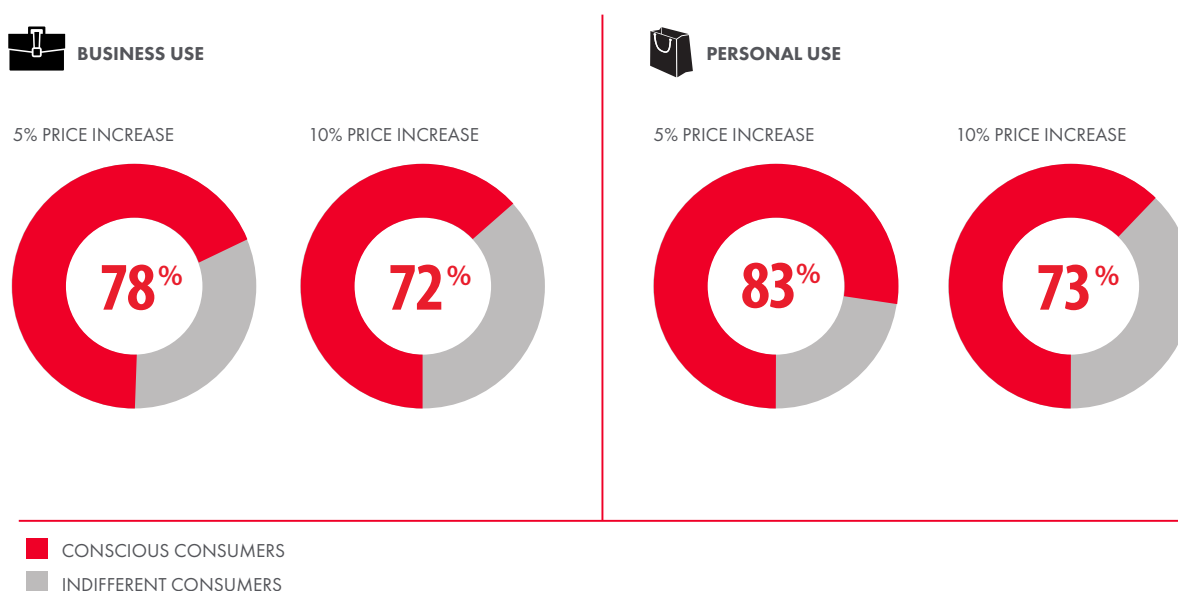


Figure 3: Conscious Consumers' Relative Insensitivity to Increases in Prices of Products from Companies Demonstrating Community Responsibility

This discovery suggests there is a substantial revenue return opportunity for companies prepared to both invest in and promote awards recognizing their community responsibility.

And many Conscious Consumers aren't just paying more to companies that contribute to the common good. They're also encouraging others to embrace their purchasing preferences. In the survey, consumers reported how frequently they leave business recommendations on several key websites, including Facebook, Twitter, and Amazon. Half overall, the Social Activators, say they leave positive reviews on these sites at least occasionally — reviews they want others to act on.

The findings show that many Conscious Consumers are pulling double duty, a full 74% of them likely to be Social Activators, as seen in Figure 4 below. In fact, nearly 60% of all consumers can likely claim both titles: They're willing to pay more to do business with common good companies — and they're also putting in a kind word for them on social media.

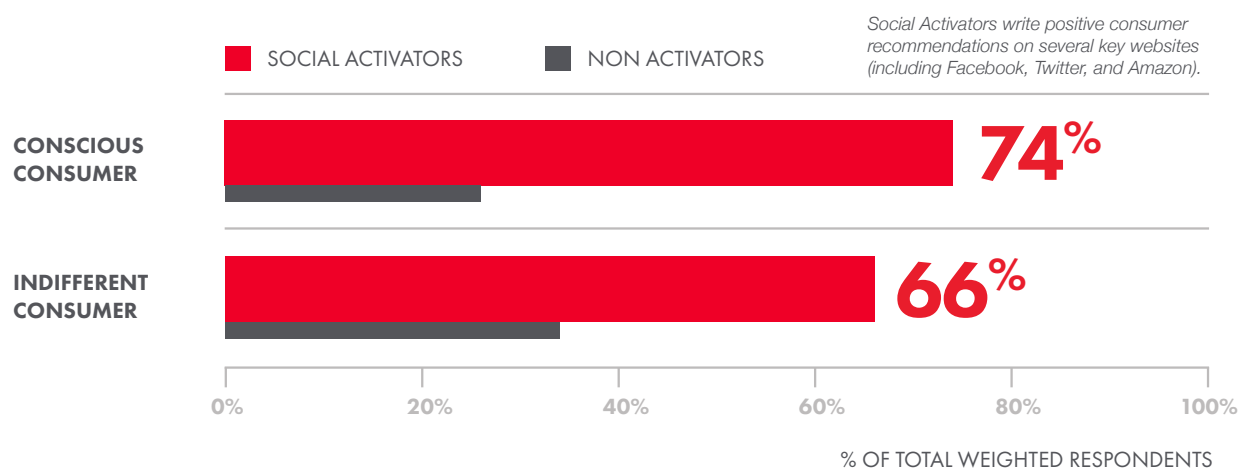


Figure 4: Conscious Consumers More Likely Than Indifferent Consumers to be Social Activators

Further unpacking the research reveals that the overlap between Conscious Consumers and Social Activators persists across purchase types — whether the purchase is for business or personal use. For example, 63% percent of Conscious Consumers who make purchases for personal use are Social Activators; among those purchasing for business use, the corresponding result rises to 88%. See Figure 5 below.

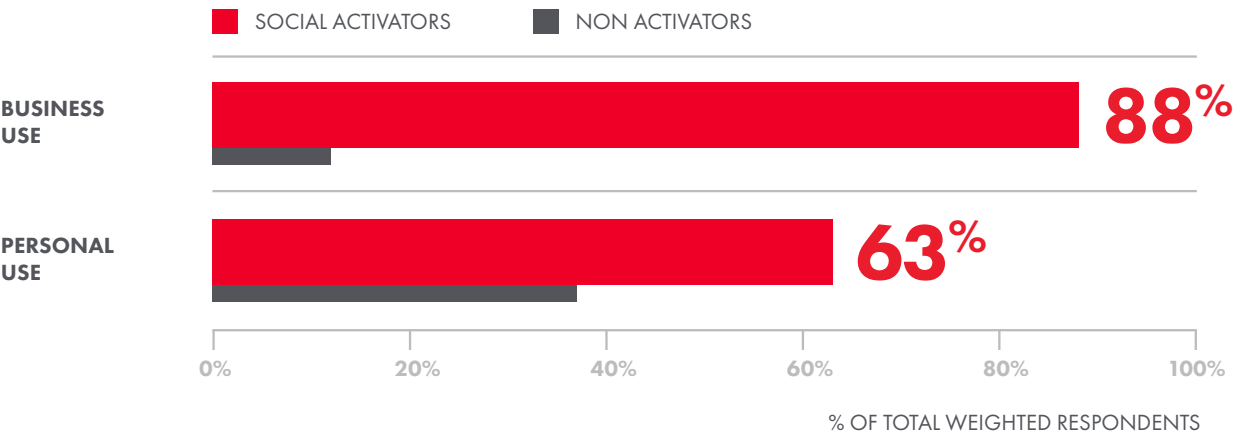


Figure 5: Conscious Consumers Who are Social Activators Willing to Spend More for Business Use vs Personal Use

As most (77%) consumers choose to pay more to purchase from companies that act in the public interest, being a good business can lead to doing good business. Those companies that work to improve the social, labor, and sustainability conditions of the communities where they operate — and that promote their efforts in doing so — get to enjoy the warm, fuzzy feeling of doing what’s right (and the extra revenue that follows).

This study was conducted by Union+Webster, using a survey from Decipher by FocusVision. FocusVision is the global leader in market research technology, allowing research professionals to engage with respondents in any place, at any time.

Union+Webster is an integrated advertising agency where we place the client at the center of everything we do. Our +minded experts conduct qualitative and quantitative research focused on audience, market, competition, products, behavior, and trends for clients who appreciate that effective marketing begins with deep understanding.

For more information, contact research@unionandwebster.com