

Green New Deals: Can ethical products bear fruit for brands and consumers alike?





Introduction

Issues relating to ethical consumerism seem to be ever-present: sustainability, veganism and worker rights are just a few of the topics demanding shoppers' attention.

Campaigns and products that tap into these concerns are increasingly prevalent. The 2018 Christmas advert by supermarket Iceland highlighted the devastation caused by dirty palm oil and was viewed 65 million times.¹ According to company reports, this exposure saw an uptick in sales and significant reputational boost. Similar success was achieved by Greggs with its launch of a vegan sausage roll, which helped push the bakery chain's sales past the £1 billion barrier for the first time.²

At a wider societal level, people appear to be highly engaged with ethical and sustainable issues.

The so-called 'Attenborough effect'³ has heightened people's consciousness of the impact that their lifestyle has on the planet. Consumer awareness of the need to be responsible in everything from travel behaviours to eating habits has arguably never been higher.

Many brands are responding to this growth in ethical consumerism. Significant resources are being directed at developing new sustainable products, establishing ethically robust supply chains and rolling out marketing and advertising campaigns that emphasise their clean, green soul.

Yet important questions remain: Are ethics a genuine purchase driver? And, if so, are brands targeting conscientious consumers as well as they could?

This report answers these questions and provides a unique insight into how consumers actually behave, rather than what they say they do. Using innovative research methods, we find that reports detailing the inexorable rise of the conscientious consumer may well be greatly exaggerated. However, there exists significant potential value for brands that incorporate select ethical features into their propositions.



Executive Summary

More and more shoppers seem to be making purchase decisions based on their value judgements about ethical issues⁴. Concomitantly, there has been a sharp rise in the number of brands pushing ethics to the forefront of their propositions. It's fair to say then that brands are responding to the drivers behind consumer purchasing behaviour. Or are they? We ran a range of randomised control trials to find out.

Our headline finding is that people exaggerate how ethical they are. This is especially true for those behaviours that are topical and require a considerable amount of effort. For example, more than 1 in 3 consumers exaggerate their recycling behaviour. Our research found that almost nine in ten (87%) people claim to have recycled in the last week, but only just over half of people actually did recycle (52%). Consumers also overstate their sustainable travel behaviour, with one in four people falsely claiming that they choose to travel by bike or on foot instead of taking the car or public transport in the last month.

Across the vast majority of demographics, people overstate behaviours that they think fit with social norms.

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Such ‘social boasting’ is highest when it comes to recycling, travel behaviour and avoiding products with palm oil. All of these behaviours are prevalent in today's society, with many media reports and campaigns focusing on their impact on the environment. But when it comes to ‘Keeping up with the Attenboroughs’, it appears to be shoppers’ words, not deeds, which are adding to the ethical consumerism hype.

The second part of our research corroborates this finding, suggesting that ethical consumerism is not currently a purchase driver. Consumers are not moved to purchase a brand's ethical product by virtue of it having an ethical image. Instead, how much consumers like a brand and consider it affordable are much stronger purchase drivers. So, not only do consumers behave less ethically than they claim to, they don't generally care if a company is ethical or not.

However, there are exceptions to this general rule, with specific ethical levers available to brands that can help boost sales. In the Health and Beauty industry, consumers are willing to pay the greatest premium for products that aren't tested on animals (17%). And further analysis that we conducted looking at brands from all sectors suggests that there is some £82 billion in value available to those that successfully incorporate select ethical levers.

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Key to unlocking this potential value is modelling consumer data. Our research finds that there are a number of demographics that stood apart from the crowd as more likely to make ethical purchase decisions: females, people living in Scotland, those with a degree and people with higher than average financial literacy scores.

However, none of the findings in this report would be reliable had we relied on self-reporting. People are not good at introspection, so brands should not rely on standard research approaches, like qualitative interviews and focus groups. Instead, methods like the unmatched count technique⁵ and randomised control trials help elicit true behaviours and uncover real insights. To illustrate this point, the research discovers a substantial disconnect between those people who rated themselves as an extremely unethical shopper or an extremely ethical shopper, with both having a 30% propensity to purchase ethical products.

Based on our findings, we recommend brands do five things to realise potential gains from ethical consumerism:

- 1. Ensure your business case is proportional to your target market**
Brands should ensure that any changes to their proposition, targeting and communications correspond to the size of their addressable market.
- 2. Explore online and offline tools to uncover new consumer insights**
There is no single best approach for brands to reach their audience; utilising digital channels may reveal just as powerful audience insights as traditional methods.
- 3. Identify the specific ethical features with the greatest sales leverage in your specific market**
Brands should conduct objective, mixed-method research and econometric analysis in order to establish the most valuable ethical features and gauge potential profitability.
- 4. Educate consumers to improve the environment, society and your balance sheet**
Companies should invest in education campaigns to bring ethical considerations front of mind. An increase in ethical purchases may well benefit brands, consumers and the wider world.
- 5. Don't rely on self-reporting to identify relevant ethical levers**
Introspection is notoriously unreliable. Experimental research carried out in a controlled environment is more likely to yield robust insights and help brands identify the right ethical levers for their market.



Photo: Shutterstock.com

Chapter One:

He, who shouts the loudest

People often claim to act in ways they think conforms with the rest of society. Of course, these claims do not always map onto the truth. So in order to determine how ethical consumers actually are, we used the unmatched count technique to elicit real behaviours. The main finding is revealing: consumers often exaggerate how ethical they are.

Methodology

Unmatched count is a technique used to improve the reliability of responses to sensitive or possibly embarrassing questions by providing the respondent with anonymity. It was introduced by statisticians Raghavarao and Federer in 1979⁶. We used it in this research to more accurately find out how people actually behave, rather than relying on self-reporting.

As social creatures, we care about what other people think of us. When the majority of our friends, family and colleagues act in a certain way, or share a similar set of values, our default is to fall in line. Therefore, we used the unmatched count technique (see methodology box out) to provide respondents with a veil of anonymity and encourage them to answer more truthfully.

Overstated actions, undervalued ethics

Using the UCT, we split the consumers into three groups. One group was asked which of eight ethical statements were true for them. The second sample was asked how many statements were true from a fixed list of four uncontroversial statements (e.g. I have been to America), but not asked to indicate which of the statements were true. The third group were presented with another list of uncontroversial statements, but which also included an additional ethical behaviour included at random. This group was also asked to detail how many of the statements were true, but not which specific ones.

By comparing the results for those that did and did not see an ethical statement, we were able to determine the actual prevalence of each ethical behaviour. The results (see Graphic A) show that people tend to overstate the occurrence of seven of these behaviours, but to varying

extents. This is especially true of behaviours that are more topical – such as recycling – and those that require a considerable amount of effort – such as sustainable travel.

“*Consumers’ biggest ethical exaggeration relates to their recycling behaviour”*

Consumers biggest ethical exaggeration relates to their recycling behaviour, with more than one in three people overstating their recycling behaviour in the past week (35% difference between stated and actual behaviour). Similarly, the research finds that while three in five consumers claim to have engaged in sustainable travel behaviour in the past month (60%), just over one-third of people actually do walk or cycle instead of taking the car or public transport (35%). This means that one in four consumers exaggerate their travel behaviour.

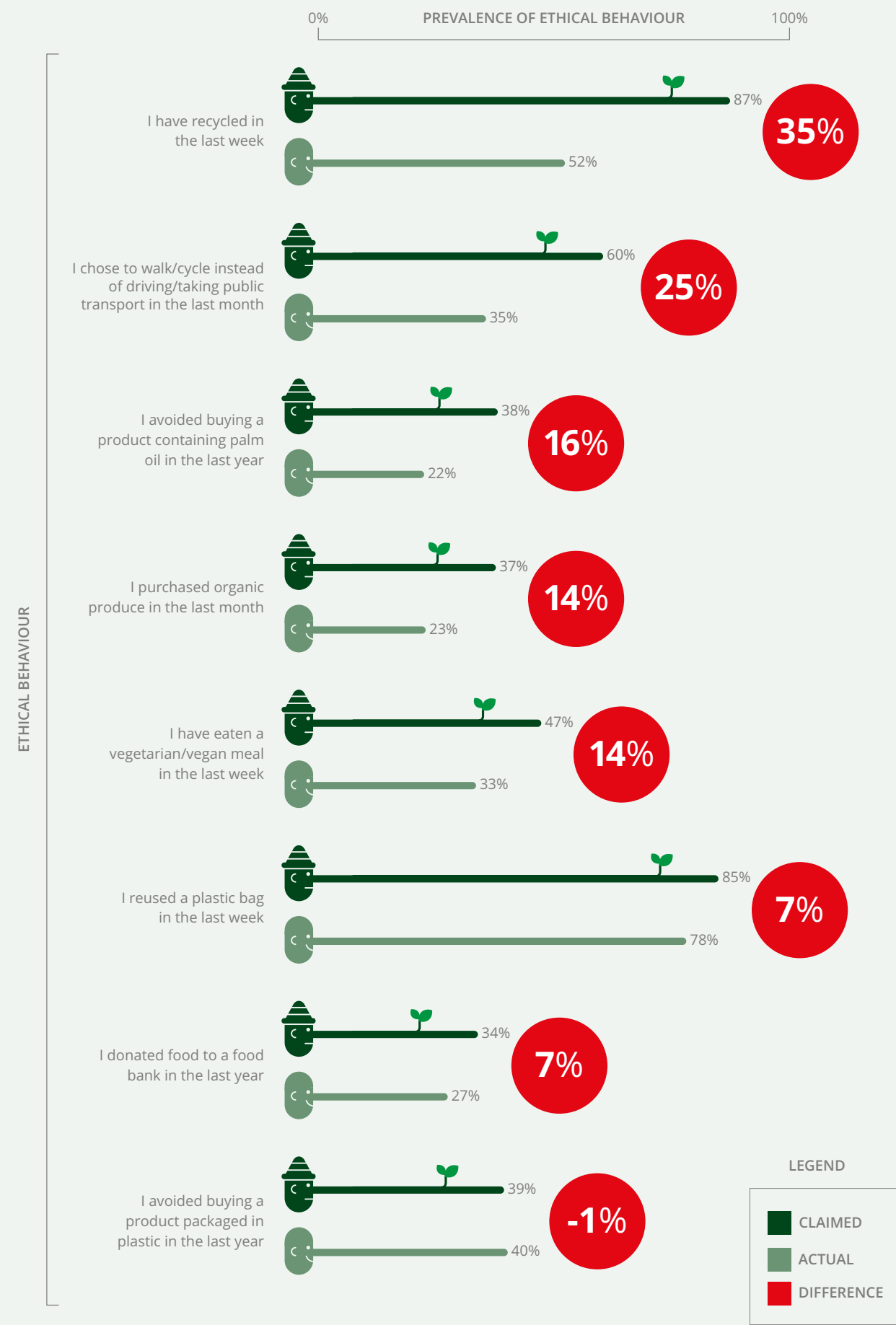
However, if an ethical behaviour is not particularly prominent and does not involve a significant amount of effort, consumers exaggerate their actions much less. This is most clearly seen with the finding that almost 50% fewer people claim that they donated to a food bank in the last year, compared to claims about sustainable travelling. And where ethical behaviour is less intensive and provides a direct benefit to the consumer – as with the case of reusing a plastic bag – consumers overstate their actions to a far lesser degree.

Listen, I’m like you

Underpinning consumers’ exaggeration of their own ethical behaviour is the phenomenon of social boasting. **This captures people’s tendency to over-report behaviours that are deemed to fit in with social ideals.** According to the research, it appears that the general consensus and overall salience of these ethical behaviours contributed most to consumers’ responses.

With significant amounts of coverage relaying the benefits of sustainable travel to the environment and individuals’ health, as well as widely-circulated videos portraying the plight of some orangutans, consumers are compelled to exaggerate their behaviour in order to conform to perceived social expectations.

Graphic A: Comparison of claimed consumer behaviour vs actual consumer behaviour



Chapter Two:

Is being liked more important than being ethical?

From Audi’s latest E-tron vehicle to the latest single-plastic pledge, brands everywhere seem to be responding to consumer concerns and incorporating new ethical features into their propositions. We wanted to find out whether being perceived as an ethical company persuades consumers to purchase ethical products. The answer is it depends.

Methodology

We ran a factor analysis on an inventory of 16 brand perception statements. By looking at respondents’ ratings of brands across five industries and comparing ratings for those they are aware of but do not consider with those they are aware of and consider, we identified which perceptions have a significant impact on purchase consideration decisions.

Our research focuses on what persuades consumers to move from the awareness stage to the purchase consideration stage. And across five major industries, the extent to which consumers find a brand Likeable and Competent are the most significant drivers when it comes to brand consideration.

“The ethical perception of a brand is not a major purchase driver”

By modelling how brand perceptions affect consumer purchases, we discover that consumers don’t particularly consider the ethics of a company when deciding where to purchase. This finding is a challenge to brands that have made wholesale changes to their offer in response to a perceived increase in demand for ethical products.



In fact, while ethical considerations make up one of the six distinct and differentiating dimensions uncovered by the research (see Guide to perception dimensions box out), consumers are more persuaded by their trust and affinity with a brand (Likeable). In fact, how much consumers like a brand is over two-times more persuasive for deciding where to purchase compared to ethical considerations (8% vs 3%). Furthermore, consumers that think a brand delivers good quality goods and services (Competent) and offers good value compared to the market (Affordable) are also more influential factors than a brand’s perceived ethics.

Guide to perception dimensions

Likeable: encompasses affinity and trust towards a brand

Competent: involves a range of perceptions around customer experience and a brand’s range, service and expertise

Affordable: represents how cheap a brand’s price is relative to the market

Ethical: covers a range of perceptions around sustainability, equity and morality

Reliable: indicates how dependable a brand is

Reputable: represents how familiar and respected a brand is

Graphic B: Impact of brand perceptions on purchase consideration

PERCEPTION	ACROSS INDUSTRY	FASHION	ENERGY	HEALTH AND BEAUTY	FOOD DELIVERY	SUPERMARKETS
Likeable	8%	14%	16%	13%	9%	0%
Competent	5%	4%	6%	4%	6%	1%
Affordable	3%	7%	4%	5%	2%	1%
Ethical	3%	7%	7%	6%	3%	0%
Reliable	2%	2%	4%	2%	3%	0%
Reputable	1%	0%	5%	1%	4%	-1%

[Note: The proportions in the table indicate the size and direction of impact on purchase consideration, for example, if people think a fashion label’s prices are better than other brands, they are 7% more likely to consider that label when making a purchase. Numbers in bold indicate perceptions that have a statistically significant impact on brand consideration (95% confidence level).]

Ethical perceptions do matter

There are some industries where being perceived as an ethical brand can add value. **For instance, brands that are perceived as ethical have some pull in converting shoppers in the Fashion and Health & Beauty sectors.** The research reveals that the second biggest influence on consumers’ purchase decisions in the Health & Beauty sector is the Ethical perception dimension (6%). And in the case of the Fashion industry, consumers’ views of a brand’s ethics have the joint second biggest impact on purchase decisions, alongside Affordability (both 7%).

It is worth noting that Health & Beauty brands have engaged in conversations about broad ethical considerations since at least the 1970s⁷. By and large, this has left today’s consumer aware of how some product testing involves animal testing and the environmental harm caused by some ingredients and the wider supply chain.

Consumer considerations for animal welfare have also impacted the fashion industry. Since 2017, a number of consumers across the globe have protested outside Canada Goose shops, taking exception to the alleged animal cruelty involved in making the fashion label’s famous down jackets. And leading industry figures, like Stella McCartney⁸, and respected journalists at renowned publications, such as Vogue⁹, have also helped drive ethical consumerism to the fore.

Are ethics a luxury?

However, consumer awareness of relevant ethical issues is not the only explanation as to why brands in these two industries stand to gain the most from catering to ethical consumers. Purchases in both areas tend to be more of a luxury than a necessity. Therefore, consumers may be more willing to spend more on a product that is deemed more ethical (see Chapter Three).



In contrast, consumers do not value their ethical judgements as highly when it comes to deciding on products that are considered necessities. For example, ethical considerations have no effect on purchase decisions for supermarkets (0%). As such, there is space for brands in the Fashion and Health & Beauty industries to tap into the increased ethical consumerism and likely boost their top-lines.

Chapter Three:

Pulling the right lever for an ethical jackpot

If ethical considerations are not at the forefront of most consumers’ minds when they make a purchase decision, brands might wonder whether there is value in ethical propositions. But our research uncovers industry-specific ethical levers can yield price premiums for companies that successfully target ethical consumers.

Although the first two chapters of this report are revealing, they do not tell the whole story. Broadly speaking consumers’ ethical considerations do not significantly affect purchase decisions, however there are notable exceptions. **These ethical levers provide opportunities to generate value for both consumers and companies.**

In this part of the research, we employed a between-subject randomised controlled trial (RCT) methodology. This allowed us to eliminate any inherent preferences for a particular brand and focus on whether respondents chose a proposition with an ethical feature. Binomial regression was used to model the estimated premium brands can charge by adding a select ethical feature to a product proposition.

Industry-specific levers

Across five industries, the research finds a range of ethical levers that consumers are willing to pay a premium for.

“*The highest average ethical feature premium is in the Health and Beauty sector*”

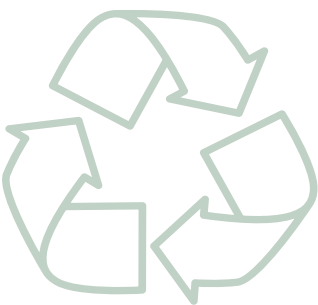
The highest average premium is 11.5% in the Health and Beauty sector, which also contains the highest ethical feature premium across all industries for products that have not involved animal testing (17.0%). Interestingly, the second highest average ethical price premium is available to Food

Delivery Platforms (7.9%), which shares a similar premium to Supermarkets relating to sustainable packaging (see Graphic C).

While there are a number of reasons why some ethical feature premiums rank higher than others, **there are two factors that seem to have the most impact: how salient an issue is and how long it’s been around.** In the case of the sustainable packaging premium, many recent marketing campaigns and initiatives have raised consumer awareness about the peril that plastic poses to the environment and wildlife. And regarding the animal testing premium, this issue has been covered since the 1970s, when the Body Shop was one of the first high street brands to highlight the harm done to animals during production.

Arguably, the potential premiums on offer for Supermarket and Fashion brands in the case of local goods are also a result of growing consumer awareness (6.0% and 8.9% respectively). This interest in where clothes are sourced, how they are made and in what working conditions, has contributed to the commercial success of labels like Private White V.C.. Acknowledging this consumer interest, high street brands have tapped into this ethical consumerism and specially mark some of their clothes as made in Britain¹⁰.

But having previously found that Fashion brands that are perceived as ethical can persuade consumers to purchase, the relatively low average premium for the sector (6.6%) can be explained by the poor score of the clothes recycling scheme (3.3%). While H&M Group has laudably done its best to push its clothes recycling scheme through its subsidiary brands, it has not found much traction among consumers. Consequently, this relatively new initiative has not reached the mainstream and does not offer brands much of a price premium. Fashion brands should bear this in mind when reflecting on the potential ethical premiums available to them.



Graphic C: A cross-industry assessment of the premium a brand can charge through implementing ethical features into proposition

INDUSTRY	OVERALL PREMIUM	ETHICAL FEATURE PREMIUMS	SPECIFIC ETHICAL PREMIUM
Health and Beauty	11.5%	Feature 1: Not tested on animals Feature 2: 100% natural ingredients Feature 3: Suitable for vegans	17.0% 8.6% 8.2%
Food Delivery	7.9%	Feature 1: Recyclable packaging Feature 2: No zero-hour contracts Feature 3: Carbon neutral delivery	10.8% 6.5% 6.0%
Supermarkets	6.6%	Feature 1: Plastic-free packaging Feature 2: Sourced from British farmers Feature 3: Fairtrade	8.7% 6.0% 5.6%
Fashion	6.6%	Feature 1: Made in Britain Feature 2 : Fairtrade Feature 3: Clothes recycling scheme	8.9% 7.8% 3.3%
Energy	2.2%	Feature 1: 100% renewable electricity & carbon neutral gas Feature 2: Switch and we'll donate £10 to charity Feature 3: Reduce energy consumption by 20%	2.7% 1.9% 1.9%

[Note: Numbers in bold reflect statistical significance at 95% confidence level. Ethical feature’s premium reflects the relative premium a brand can charge on average for a product with the respective ethical feature, for example, customers are willing to pay an additional 2.7% for a renewable energy tariff.]

A potential windfall

Further analysis we conducted suggests there is £82 billion worth of value in ethical premiums across all UK sectors¹¹. Using the latest ONS data on household weekly expenditure and the number of UK households, we worked out the annual market figure to be approximately £810 billion.

And our analysis finds a 10.1% ethical premium available to brands from all sectors, which equates to a potential annual revenue figure from ethical features of £82 billion. Although there is no data to confirm how much of this has already been realised, and the revenue figure does not account for the costs of implementing the ethical features, it’s clear that brands have an opportunity to capitalise on ethical consumerism.

One prominent example includes Supermarket brands, which could stand to gain as much as £5 billion in revenues if they were to successfully incorporate the ethical levers used in this research into their proposition. As the table above shows, one of the most valuable premiums that Supermarkets could leverage is the removal of plastic packaging. Morrisons has recently done just this, becoming the first Supermarket chain to remove packaging from its fruit and vegetables¹².

Elsewhere, and as supported by other research in this report, our analysis finds a real opportunity for Fashion and Health and Beauty brands. By catering their propositions to ethical consumers, brands in these industries could boost their top lines by around £2 billion.



Graphic D: Estimation of the potential value added from incorporating an ethical feature into proposition in different industries

INDUSTRY	ETHICAL PREMIUM	ANNUAL MARKET REVENUE (£BILLIONS)	POTENTIAL ANNUAL REVENUE FROM ETHICAL (£BILLIONS)
Supermarkets	6.6%	£78	£5.2
Health and Beauty	11.5%	£18	£2.0
Fashion	6.6%	£28	£1.8
Energy	2.2%	£28	£0.53
Food delivery	7.9%	£0.85	£0.067

[Note: Average annual spend for all industries, but food delivery is per household. For food delivery the average annual spend is per customer. all revenue figures are in billions.]

Opening the minds of the consumers

Key to unlocking this potential windfall is tailored, well-targeted communication that stimulates consumers’ more deliberative ways of thinking. By themselves, shoppers are unlikely to change their consumption habits.

“It is up to brands to persuade consumers to make more ethical purchases”

It is up to brands to engage people in such a way that persuades them to make more ethically considered purchases. Because, while we have found that there are ethical consumers that brands can target, their purchasing habits do not represent that of the majority.

In order to persuade more shoppers to buy ethically, brands need to engage and educate consumers on the value of ethical consumerism. By adopting this approach, companies will help secure a better future for the earth and its inhabitants, while likely boosting the available premiums for ethical features and subsequently increasing their own revenues.

Chapter Four: Targeting ethical shoppers

Although there may not be as many ethical consumers as is widely thought, how can brands reach those who do consistently make ethical purchases and boost company revenues? The solution lies in modelling consumer data.

With our research finding that certain industries stand to benefit from targeting ethical shoppers more than others, brands need to know who to target and how to reach them. **Through modelling consumer data, it’s possible for companies to target specific customer types** based on whether or not they made an ethical purchase choice in an experiment such as this one.

Ethical profiling

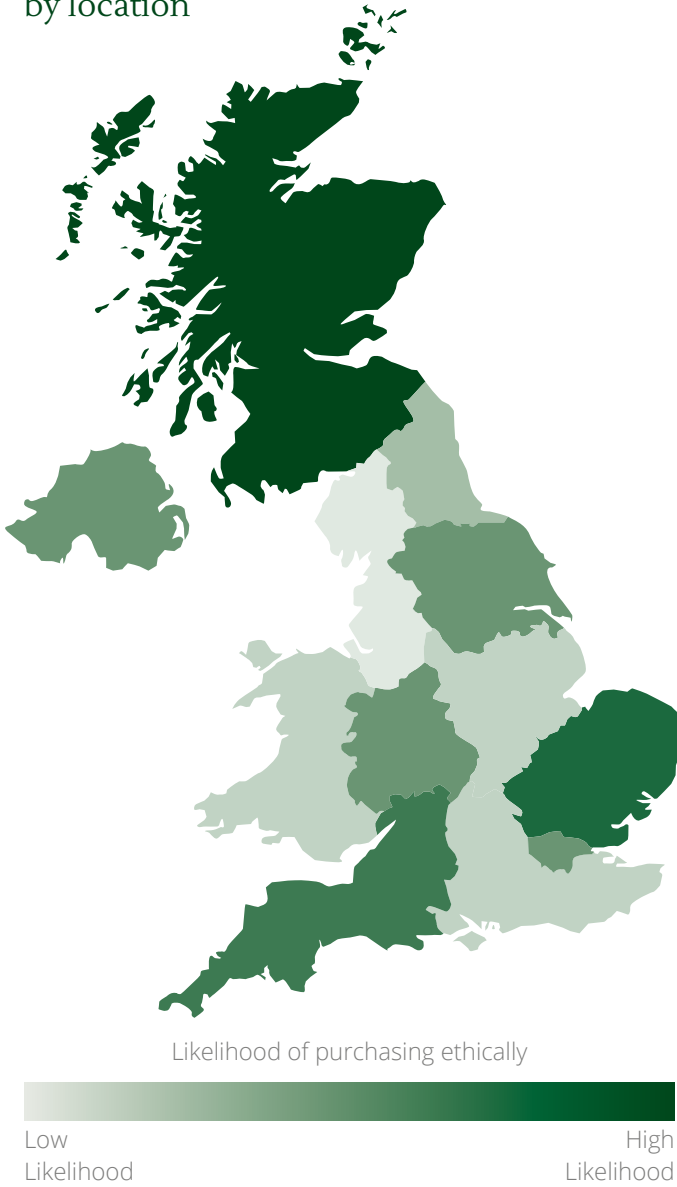
Modelling consumer data for this experiment did yield some interesting predictors of the profile of an ethical shopper. **Females, those with a degree and people with higher financial literacy scores, are more likely to make ethical purchases.**

Breaking this down across sectors reveals a further opportunity for Fashion and Health & Beauty brands to target ethical consumers, namely female ethical shoppers. As they are responsible for the majority of purchases in these industries, brands can tap into the values of female consumers and gain more income from their ethical shopping habits.

Elsewhere, our consumer modelling finds that geographic region also affects whether a consumer shops ethically. For example, people in Scotland are more likely to purchase ethical products, while consumers living in the North West of England are less likely to do so.

By modelling consumer data, brands can identify the types of people who are more likely to make an ethical choice in real life purchases, who can then be subject to concentrated marketing efforts. Consequently, companies can optimise their marketing spend and maximise the value of their investment.

Graphic E: Map of UK indicating differences in ethical purchase behaviour by location



Chapter Five:

The limits of self-reporting

Research findings are often only as good as the research methodologies that sit behind them. If companies choose an inappropriate methodology for their research, then it's likely that the results will be misleading at best and erroneous at worst.

Self-reporting is not a good way of understanding why customers make purchase decisions. On the whole, people are not good at introspection; they often don't know why they made a certain choice and many people post-justify their decision to make themselves feel better.

If introspection provided a good prediction of ethical consumer behaviour, then there would be a positive relationship between consumer purchase decisions and their self-rating of how ethical they are.



Yet in reality, **those who rate themselves as either extremely unethical or extremely ethical are equally as likely to actually purchase ethically** (both 30%). The research also finds that females tend to rate themselves significantly less ethically than males and yet are significantly more likely to purchase ethically.

Graphic G: Comparison of self-rated ethical purchase behaviour against actual propensity to purchase ethically



Instead of relying on qualitative and focus group research, brands should employ an experimental method.

This approach is well attuned to assessing consumer preferences that relate to socially desirable ends, such as with ethical consumerism. A number of experimental methods were used in this research to more robustly test hypotheses in a controlled environment. Consequently, the findings detailed in this report provide reliable insights that brands can use to improve their business propositions.

Recommendations

for retailers

Ensure your business case is proportional to your target market

There are consumers who will pay significantly more than the average person for ethical products. But brands should exercise due diligence in identifying this market and adapt their business strategy accordingly. Any changes to propositions, targeting and communications must be proportional to the size of the addressable market.

Currently, whether consumers like a brand and perceive it to be competent is a more influential purchase driver. So given that ethical consumerism is not yet top-of-mind for the majority of shoppers, efforts to enhance a brand's ethics may be best used to increase brand awareness rather than targeted at boosting conversion.

Explore online and offline tools to uncover new consumer insights

Companies should use consumer insights to more accurately identify ethical consumers and reach them through the most relevant channels. The most successful approaches will involve quantitative research. But brands shouldn't just rely on traditional methods that explore consumer demographics and other socio-economic factors. Social media channels and other digital tools offer potential avenues for brands to uncover previously unknown audience insights.

By arming themselves with focused insights, brands can be confident that they are focusing their communication efforts on converting consumers who are open to buying ethical propositions at higher premiums. A dual approach will reveal otherwise hidden nuggets of information, such as potential biases and channel preferences, and enable brands to optimise their marketing spend and maximise their impact.

Identify the specific ethical features with the greatest sales leverage in your market

Brands should target consumers who place additional value on particular ethical features. And for those brands that pull the right ethical levers, they can generate additional value for the business and consumers. However, these levers differ between industries and the size of their impact is dependent on the specifics.

Therefore, brands need to identify the features that meet the needs of their target market and research whether the levers are cost effective to implement. As part of this, brands should carry out further research that tests a wide range of levers, as well as conducting econometric analysis that assesses profitability.

Educate consumers to improve the environment, society and your balance sheet

Brands shouldn't rely on consumers educating themselves about all the various ethical issues involved in business. Instead, companies should invest in education campaigns to increase consumer awareness and bring ethical considerations front of mind. As part of this, brands should also draw attention to how their product or service is ethical.

And while the research finds that being perceived as an ethical company isn't a key purchase driver at present, it doesn't mean that it won't be in future. With very real climate dangers on the horizon, in addition to a growing concern for animal welfare and numerous other ethical debates, brands should recognise their impact on the wider world. By helping consumers make more ethical choices, brands may help establish ethical considerations as the primary sales lever. Companies that are authentic, ethical and educational will most likely benefit the most in the future.

Don't rely on self-reporting to identify relevant ethical levers

Consumers are not good at identifying and explaining why they make certain purchase decisions. Therefore, brands should not rely on introspection to determine what ethical propositions would most likely increase their purchase probability. Answers from focus groups and qualitative research are unreliable.

Brands should carefully consider a range of ethical levers and robustly test them in a controlled environment, like the one used in this report, where behaviour is measured rather than introspected. Those companies that adopt this approach will yield more reliable and relevant insights that can improve returns on investment.

Detailed methodology

Sampling

The primary research undertaken for this report was conducted online from 18th April 2019 to 24th April 2019 with a nationally representative sample of 2,497 UK consumers aged 18 and over.

Paradigm





The research involved taking participants through a realistic simulation of purchasing a product through a price comparison website. Each participant was required to make two purchases for two different products selected at random from the following five sectors explored: utilities, supermarkets, fashion, health and beauty, and online food delivery.

Each experiment presented participants with three fixed, control propositions that were exactly the same for every participant, and one test proposition that varied between-subject. All participants were shown the same four brands within each product area, with the propositions replicating real life offers and the brands chosen typically representing

the most established in that industry (see example in Figure 1). There were some exceptions to this, in which brands that currently offer ethical products could be included to assess congruence to brand. The propositions were always ordered from lowest price to highest price as is typical of a price comparison website, but the order in which brands were presented to a participant varied between-subject, so that each brand was randomly assigned to a proposition. The test proposition could vary in two ways; (1) the price was randomly chosen between a range that stretched below and above the control offers with fixed increments, and (2) an ethical feature from a possible three could be shown at random or not at all. The ethical features tested for each industry were designed in order to be topical and impactful.

By keeping the propositions consistent between participants, the impact of brand desirability was isolated ensuring a clean test of the impact of including an ethical feature in a proposition. The key outcome measure was product choice, specifically whether a product with an ethical feature was chosen, and this was statistically modelled.

Figure 1. Example PCW paradigm for utilities

BRAND	DETAILS	ESTIMATED ANNUAL COST	BUY NOW
	Unit Rate: 4.15p Standing Charge: 25.20p Early Exit Fee: £30 Duration: 18 months We promise to help reduce your energy consumption by 20%	£590	<input type="checkbox"/>
	Unit Rate: 4.37p Standing Charge: 19.14p Early Exit Fee: £40 Duration: 12 months	£594	<input type="checkbox"/>
	Unit Rate: 3.95p Standing Charge: 35.14p Early Exit Fee: £0 Duration: 24 months	£602	<input type="checkbox"/>
	Unit Rate: 4.19p Standing Charge: 29.20p Early Exit Fee: £25 Duration: 18 months	£609	<input type="checkbox"/>

Modelling

A binary logistic regression was used to model perceptions on real world consumer purchase journeys for survey questions on existing product categories to understand how important ethical drivers are. For the experimental task, a binary logistic regression was used to model consumer choice. Choices were modelled across industry as well as separate models generated for each individual product category.

The purpose of modelling is to determine the impact of other information (such as consumers’ age) and control for these factors, thereby allowing us to isolate and estimate the impact of ethical features net of these exogenous factors. The set of controlling factors were:

- Behavioural biases
- Financial literacy
- Age
- Gender
- Employment status
- Personal income
- Education
- Marital status
- Number of children
- House location
- UK region
- Social media usage
- Self-rated ethical purchase behaviour

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About Decision Technology

Decision Technology specialises in helping businesses and policymakers understand and manage customer decision making, from acquisition through to retention and all the points in between. We are members of the Market Research Society and Management Consultancies Association.

We seek to define a new category of insight that is both market research agency and strategy consultancy. We deliver field research and customer insights alongside financial analysis and business advice. We believe in this hybrid approach because it marries a necessary focus on commercial results with a practical understanding of what drives human behaviour. In practice, this means we are differentiated by three methodological pillars: we are experimental, behavioural, and statistical.

Founders' Bios



Nick Chater

Nick is a Professor of Behavioural Science at Warwick Business School and has held chairs in psychology at Warwick and UCL. He has written or edited 10 books, 250 papers, and has won 4 national awards for his research. Nick is a member of the UK Committee on Climate Change and he is a Fellow of the Cognitive Science Society and the British Academy. His popular book, *The Mind is Flat* (Penguin, 2018) won an Association of American Publisher's PROSE Award.



Henry Stott

Henry co-founded Dectech in 2002 and continues to lead the firm. He also runs their start-up investment programme and is a non-executive Director at Solomonik and Wearisma. Henry has a BA in Maths and a PhD in Cognitive Science. Prior to Dectech he was a Director at Oliver Wyman, a strategy consultancy which he joined when they formed in the late 80s. He was co-author of the Times' Fink Tank football column for over a decade.



Find Out More

For more information, visit our website at www.dectech.co.uk, email us at enquiries@dectech.co.uk, or call +44 (0)20 7193 9812.

