

Sustainability Perceptions

Key Findings Summary

Prepared for ENWL
Prepared by **Steve Morley, Dawn Mulvey and Kayte Ashton**

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Project No: 1089



Background

IMPACT

FROM INSIGHT TO INFLUENCE

Background and methodology

Electricity North West are supporting businesses and consumers in their region to move towards decarbonisation. It is likely that when brands take measures towards increasing their sustainability and decarbonisation credentials it has a **positive impact on their reputation and encourages purchase or brand loyalty**.

Electricity North West would like to understand what impact an organisation's sustainability credentials has on consumers' response to that brand, to ultimately encourage brands and organisations in their region to **adopt low carbon measures and behaviours**.

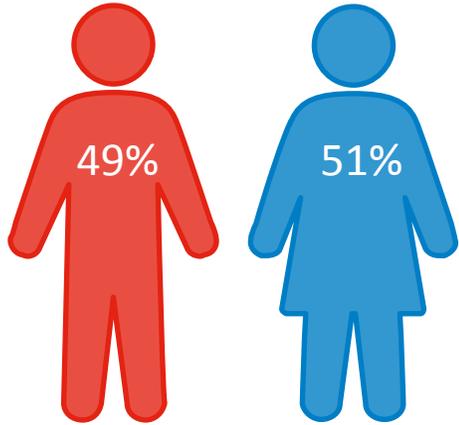
As part of this, **4 online focus groups** were carried out to provide an **in depth exploration of consumers perceptions of sustainability** and help shape the next stage of the research – a quantitative survey. Specifically, the groups concentrated on drivers of sustainability among different industry categories (retail and hospitality, leisure, supermarkets, and hotels), confirming the categories are appropriate for the next stage, and understanding what sustainability means to consumers.

In additional, an **online consumer survey** was conducted to understand what is a **priority for customers** when choosing which shop/business they visit and whether or not they would be **willing to pay extra** for a shop that has decarbonisation or sustainability measures in place.

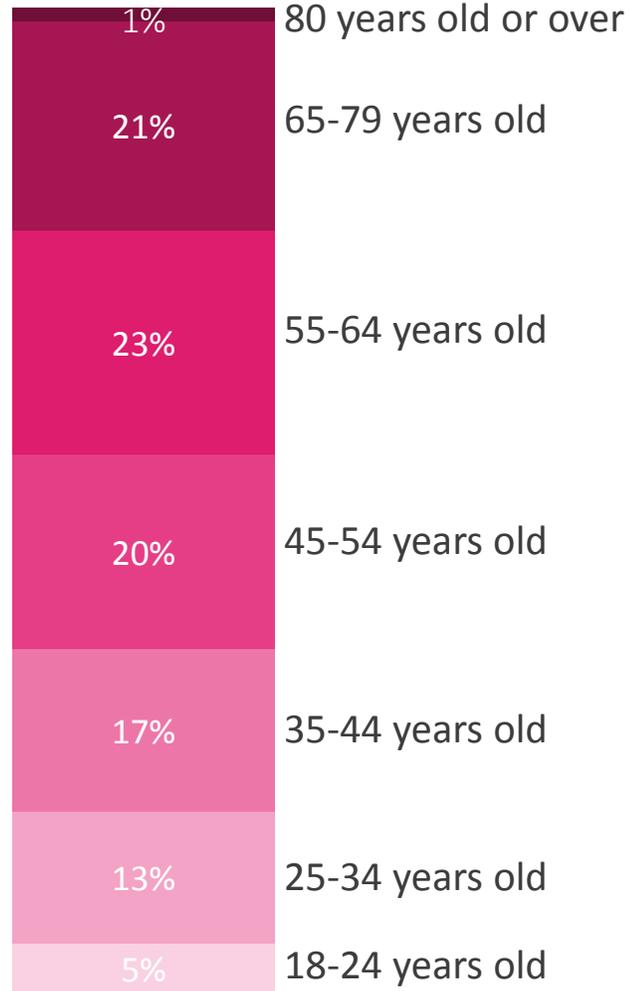


Sample

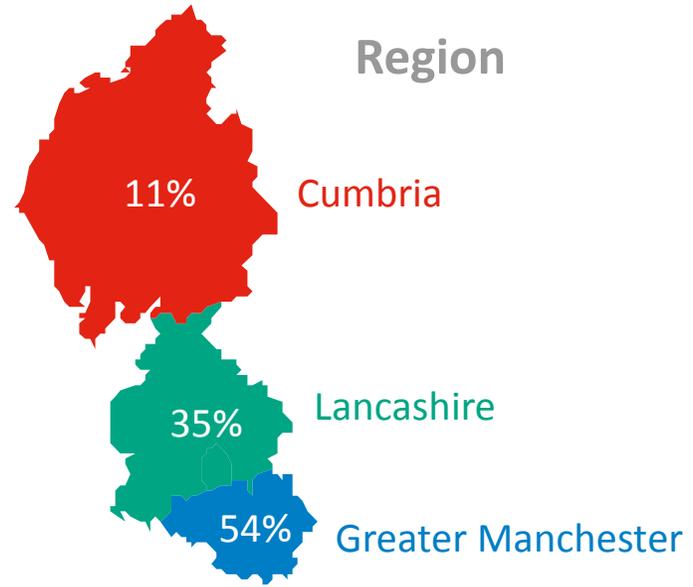
Gender



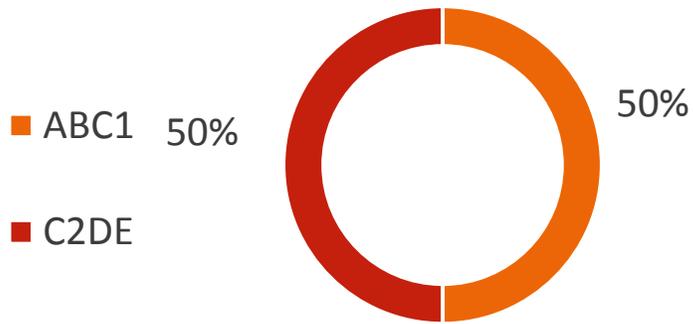
Age



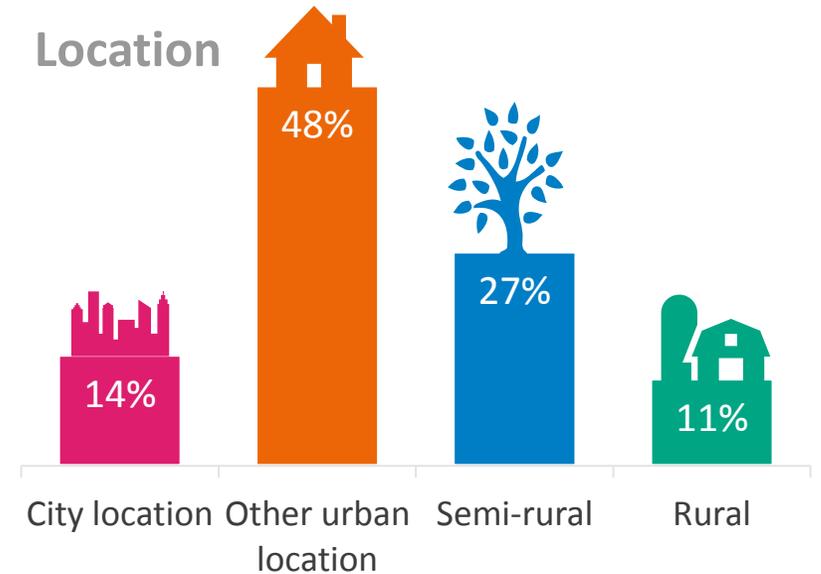
Region



Socioeconomic Grade



Location



S3 Which of the following best describes the area you live? Base (All)= 2,018. S4 Which of the following best describes the area where you live? Base (All)= 2,018. S5 What is your age? Base (All)= 2,018. S6 Which of the following categories best describes the employment status of the highest income earner in your household? Base (All)= 2,018. S7 Please select your gender. Base (All)= 2,018.

Sample per Sector

Customers were asked about sectors that they have visited recently, on rotation, with each customers rating two sectors

Sector	Total N	Gender		Age			Socioeconomic Grade	
		Male	Female	18-34	35-54	55+	ABC1	C2DE
Restaurants	512	48%	51%	15%	32%	52%	49%	51%
Fashion retailers	510	36%	64%	20%	40%	40%	50%	50%
Coffee shops	509	44%	55%	20%	34%	46%	51%	49%
Department stores	512	46%	54%	20%	36%	44%	48%	52%
Gym	458	52%	48%	28%	41%	31%	63%	37%
Pub/bar	511	59%	41%	18%	34%	48%	51%	49%
Supermarkets	514	51%	49%	12%	36%	52%	42%	58%
Hotels	510	55%	44%	16%	37%	47%	48%	52%

Exploration phase key findings

IMPACT

FROM INSIGHT TO INFLUENCE

Exploration phase: Key findings summary



KNOWLEDGE

- There is low customer awareness of sustainability practices adopted by businesses
- Consumers have not seen companies share their sustainability measures.
- Partly due to lack of knowledge, this aspect does not factor into consumer's decision making.
- Consumers want sustainability information on company websites / in shop windows / on product labels.
- Consumers do not proactively look for this information, but if it was obvious it could factor into their choices.



RECOGNITION OF SUSTAINABILITY STEPS TAKEN

- Consumers were most aware of the efforts supermarkets are making to be more sustainable.
 - The co-op was recognized as leading the way forward.
- The most commonly mentioned sustainability steps businesses could take were: using local food sources, using less plastic packaging, not using plastic bags, using better insulation, using LED lights, going paperless



THE ROLE OF SUSTAINABILITY IN COMPANY CHOICE

- No respondents factored in sustainability credentials when choosing where to shop / visit.
 - This was an especially alien concept when thinking about pubs / bars.
- **Price, quality and convenience** were the main driving factors behind consumer choice.
- Consumers struggled to understand why sustainable goods and services should cost more, however some were willing to pay more for **certain** products / services so long as they understood what they were paying for.

The groups were split by environmental attitudes and Impact's 'LIFE' segments



Light Contributors



Inactive Sceptics



Focused Achievers



Educated Non-Doers

- They have knowledge of the simple things, but lack more complex knowledge.
- Their environmental behaviours revolve around easy actions.
- Environmental behaviours are more about saving money.

- Environment is a low priority and they are less likely to want to do more to help the environment.
- They have low levels of knowledge and do little for the environment.
- Focused on saving money and convenience.

- Very strong, positive environmental attitudes with high levels of knowledge.
- They do the most for the environment.
- Still feel they could and want to do more to help the environment.

- They're knowledgeable, but environment is less of a priority.
- They have fewer environmental behaviours.
- Reasons behind any environmental behaviours are focused on convenience.

Awareness of current sustainability efforts low

- > Most common understanding 'sustainability': **something consistent that will last**
- > **Term 'Decarbonisation' known by most**
 - > Those in the inactive sceptics group much less aware of the term and what it means
 - > Most were only able to talk about decarbonisation as a concept, they knew little specifics and had **low awareness of steps being taken by businesses currently**
- > Current knowledge of sustainability efforts is based on their own actions and the steps that their employers endorse / enforce
 - > Those in **construction, engineering, farming**, waste management or HGV driving most likely to be most aware of initiatives
- > **None aware of the 2050 net zero carbon emissions target**
- > **Limited easily accessible sources of information on sustainability**



Sustainability practices in each sector

Retail & hospitality

Consumers know this is currently being done

- Not using plastic bags or plastic straws
- Reusable cups / bring your own containers (reduces waste and packaging)
- Reusing clothes hangers
- EV points
- Sourcing local products
- Electronic receipts
- Using recycled materials in clothing / packaging
- Reducing packaging, recycled packaging

What else could be done?

- Solar panels
- Selling wonky veg
- Using EV delivery vans
- Efficient eco-friendly appliances
- Installing LEDs
- Reducing heating / air-con
- Self-closing doors

Leisure

- Walk / cycle to the gym
- LED lights
- Reducing heating / air-con
- EV ports and bike racks to encourage alternative travel
- Green gym membership – cheaper for certain hours / limitations
- Power down equipment as much as possible
- Showers on timer

- Connect power to gym equipment so it is self-generated
- Carbon offset – tree planting schemes
- Efficient eco-friendly appliances
- Motion sensor lighting

Hotels

- Only washing towels when necessary
- Only providing toiletries on request
- Reduce food waste
- EV charger points
- Solar panels
- No single use items
- More insulating and sustainable building materials used in construction

- System which allows for only used hotel rooms to be using electricity / heating
- Efficient eco-friendly appliances
- Motion sensor lighting

There are multiple barriers to making sustainable choices

- ❑ Consumers do not actively look for sustainable products /services
- ❑ Consumers are unaware of company sustainability credentials
- ❑ Decarbonization can be expensive. Need for incentives & subsidies

- **Sustainability is not a key driver of consumer choice.** Sustainability is only factored in if price, quality and convenience meet expectations
 - Consumers reluctant to be inconvenienced (time / travel)
 - Consumers reluctant to spend more on products / services
 - **Consumers struggle to understand why sustainable products / services might cost more when they should save companies money**
 - Consumers are willing to pay a more for better quality items / services, however they do not typically equate sustainability with quality
 - Brand loyalty plays a large role in retail & leisure



Consumers are willing to pay up to 10% more for services such as hotel rooms or gym memberships, occasional treats such as dining out, or items such as sustainably packaged foodstuffs or shows made of sustainable materials

Consumers want to understand more about sustainability and see this in practice

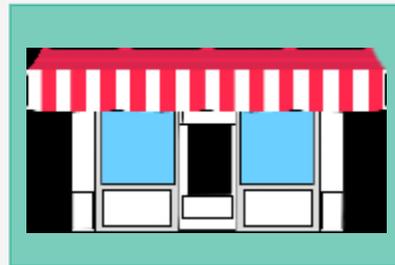
- > **Majority interested in learning more** about companies' sustainability efforts
 - > Specifically, consumers are interested in understanding **how** companies are reducing their carbon emissions and **how** consumer's money is being put to use (if products / services cost more)

Labelling equivalent to the FSA food labelling

Consumers want to learn more about sustainability from:



COMPANY WEBSITES



SHOP WINDOWS



GOVERNMENT CAMPAIGNS



PRODUCT LABELS

- > It is **key that information is shared in an understandable way** (they need to know **the output and the consequence**)
 - > e.g. changes to our packaging result in 15,000 tons less of packaging waste going to landfill every year

Quantitative findings – overall

IMPACT

FROM INSIGHT TO INFLUENCE

Approach

Over 2000 consumers from ENWLs region completed an online survey which covered:

Background information to define sustainability and decarbonisation practices

Frequency of use and average spend at 8 different types of business (below)

For 2 different business categories:

- Awareness of sustainability and decarbonisation practices
- Factors which drive purchase decision making
- A tailored trade off exercise incorporating high and low sustainability and decarbonisation practices and price (see example on next slide)

Throughout the survey consumers we asked to focus on local business as opposed to national chains

Food and Drink



Restaurants



Coffee Shops



Pubs and bars

Retail



Fashion retail



Department Stores



Supermarkets

Leisure



Gyms



Hotels

How we measured willingness to pay for sustainable and low carbon practices

Using a choice experiment, we recreated a 'real life' decision making process that consumers may be faced with, if outlets offered sustainable and decarbonisation practices

The most important aspects are still value, quality, locally sourced and price (outlet dependent) and these are still fundamental to the decision process.

However, **willingness to pay conjoint** shows the **value** respondents place on sustainability and low carbon, when other conditions are met.

For each choice experiment, consumers were shown 3 different options, with variations in price, sustainability levels and low carbon levels. They were given 10 tasks to do and were asked to make a choice each time from the 3 available.

Using the responses from this 'trade-off' exercise, we can estimate the 'worth' of each level (ie. Sustainability Low v Med v High).

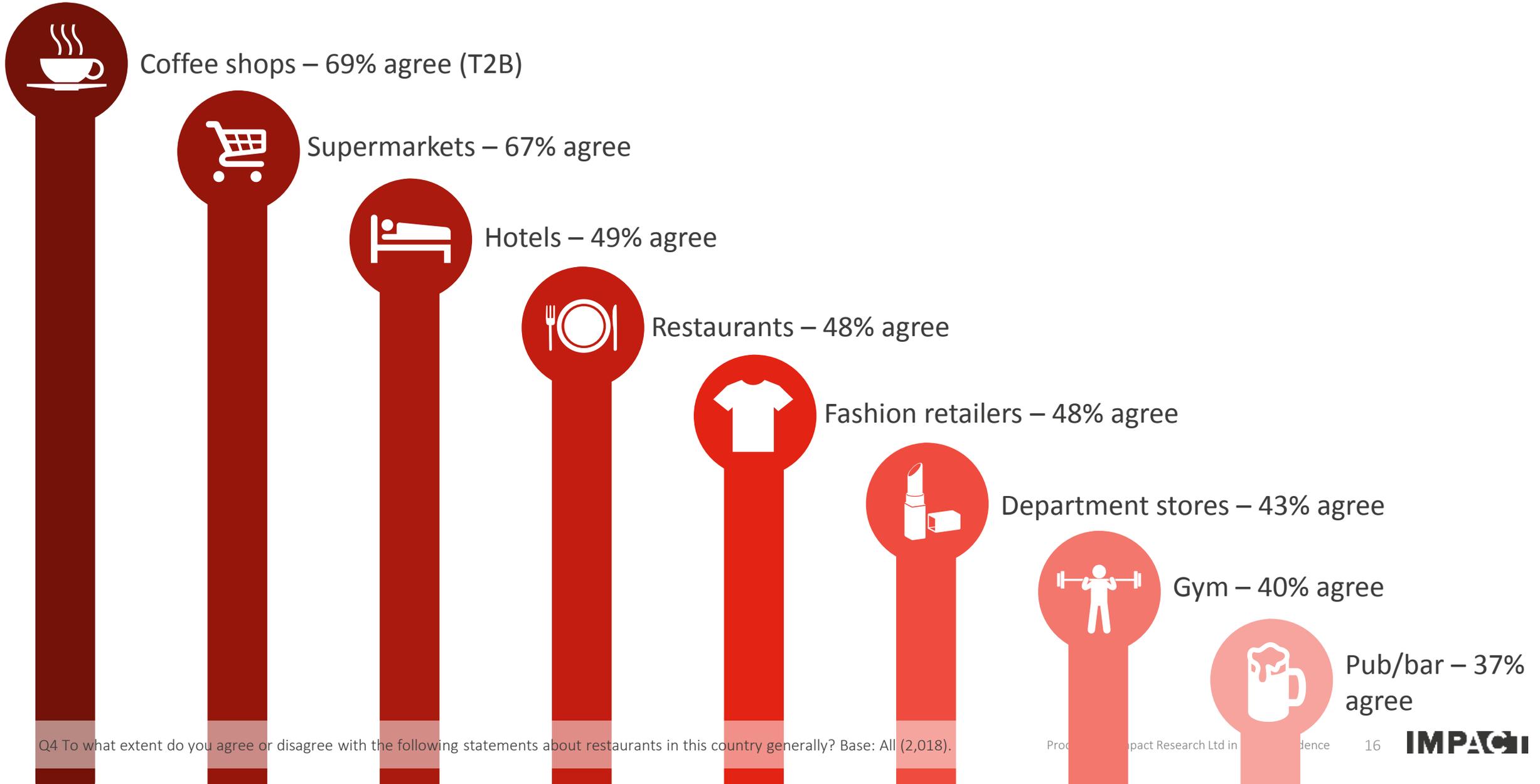
When the relative increase in these levels are aligned with the relative change in price, this produces a 'willingness to pay' for each level

EXAMPLE CHOICE EXPERIMENTS

	Visited most recently	Next best	Another alternative
Sustainability	MEDIUM Recyclable packaging	HIGH Recyclable packaging Donating left over clothes Eco friendly equipment	LOW Minimal sustainability measures
Decarbonisation	HIGH Self closing doors Low energy lighting Solar panels to capture energy Electric delivery vehicles	LOW Minimal decarbonisation measures	MEDIUM Self closing doors Low energy lighting
Price	£52.00	£48.00	£50.00
CHOICE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Visited most recently	Next best	Another alternative
Sustainability	HIGH Recyclable packaging Donating left over clothes Eco friendly equipment	MEDIUM Recyclable packaging	LOW Minimal sustainability measures
Decarbonisation	LOW Minimal decarbonisation measures	HIGH Self closing doors Low energy lighting Solar panels to capture energy Electric delivery vehicles	MEDIUM Self closing doors Low energy lighting
Price	£45.00	£57.00	£52.00
CHOICE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

“They are currently working hard to be more sustainable”

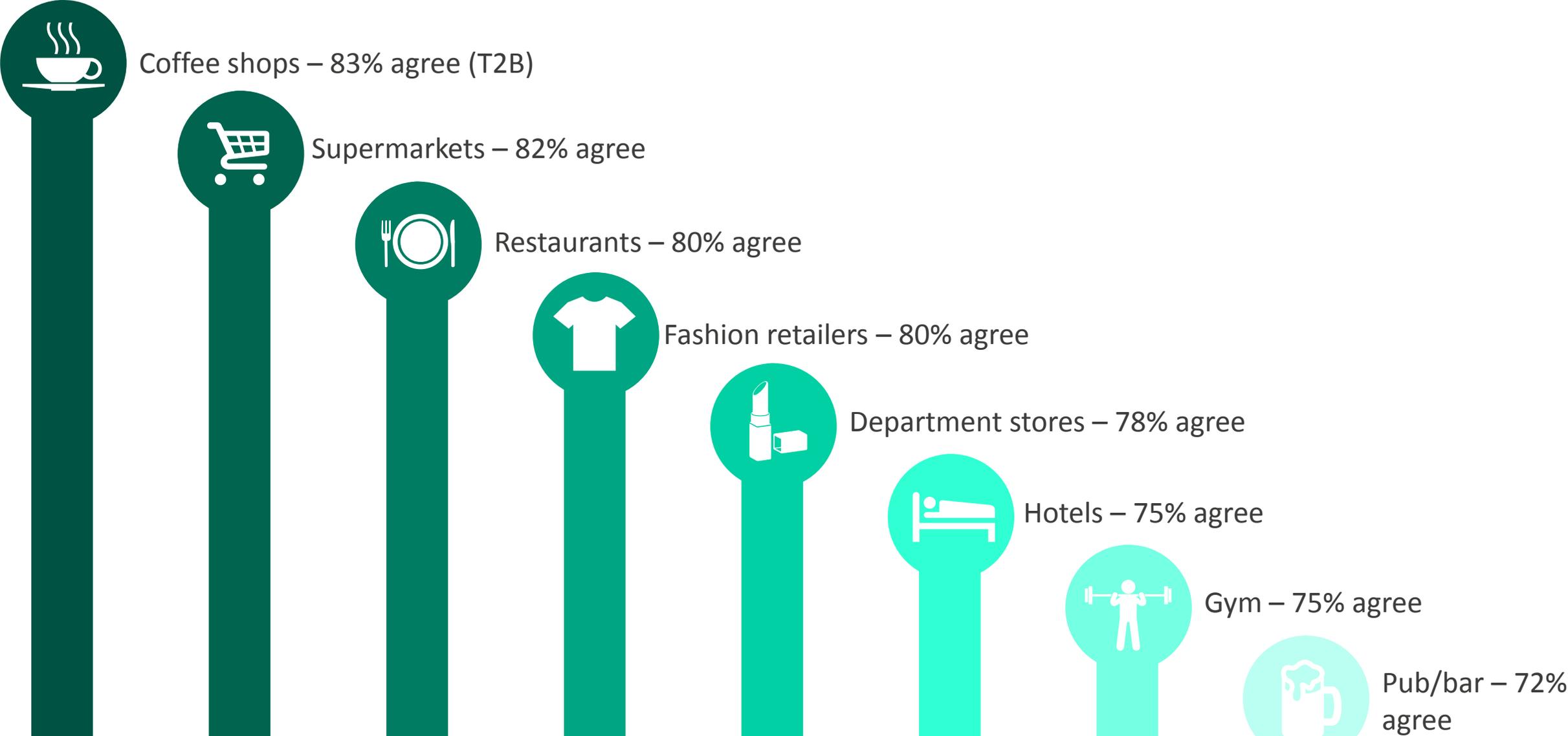


Q4 To what extent do you agree or disagree with the following statements about restaurants in this country generally? Base: All (2,018).

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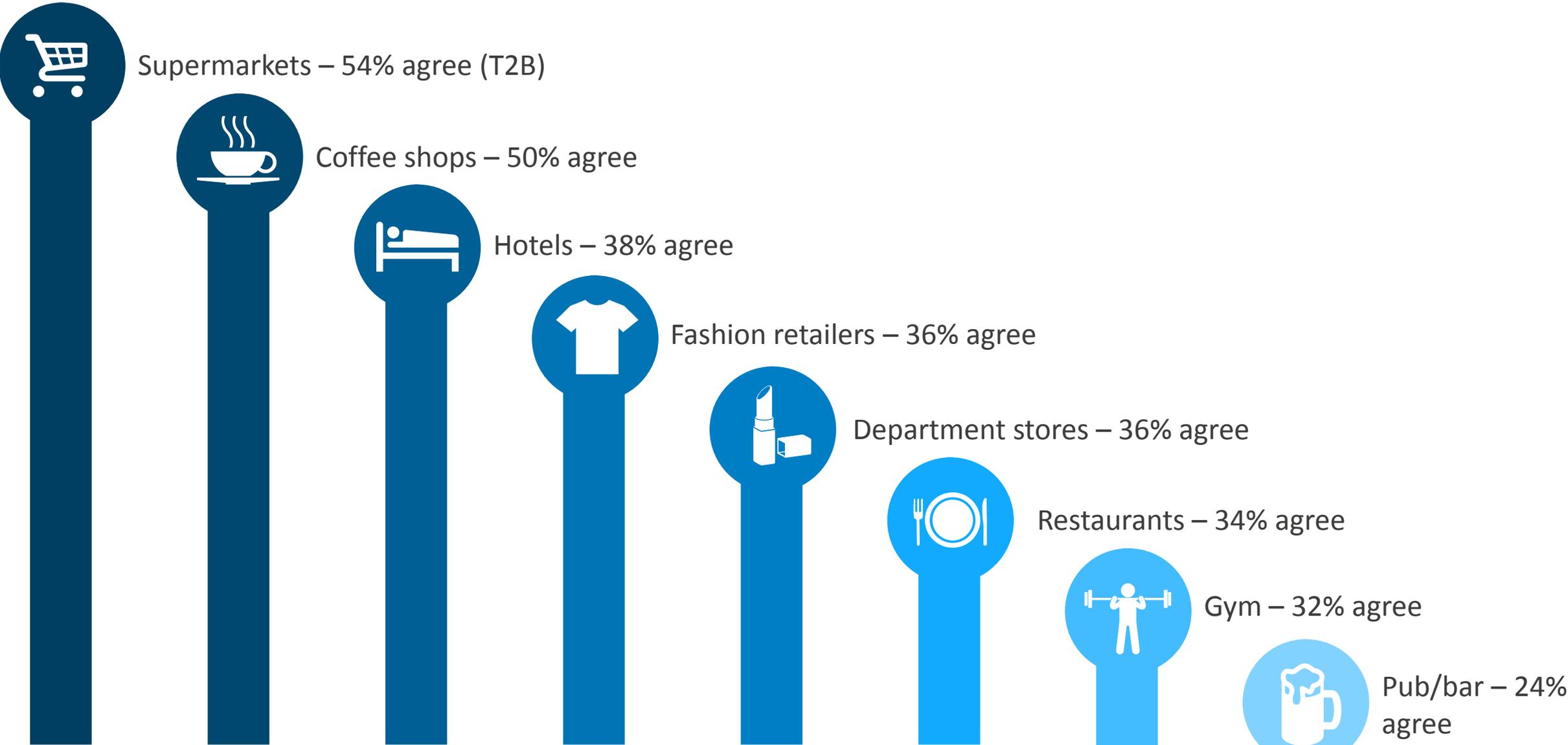
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“In the next 5 years they should place more importance on being sustainable”



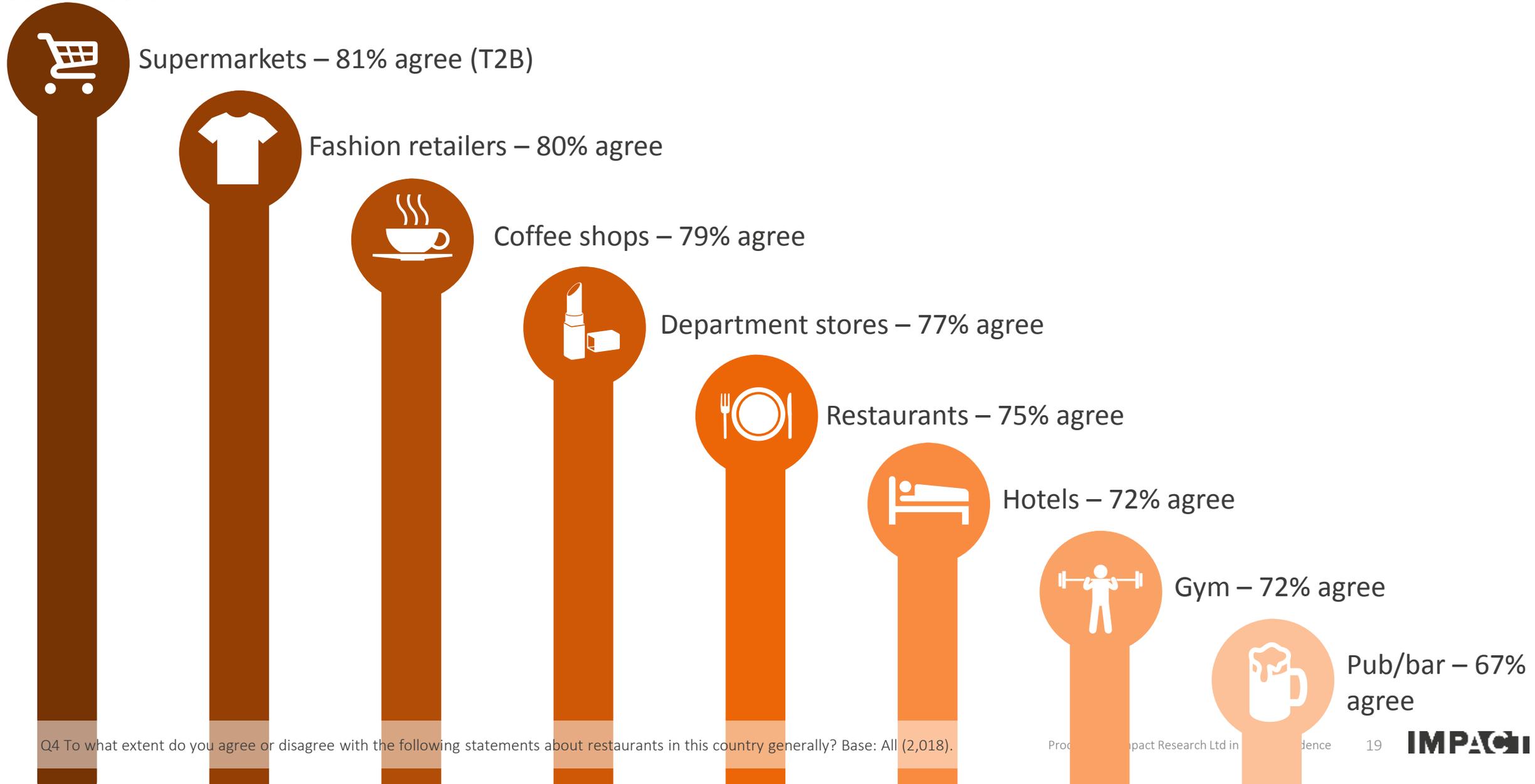
Q4 To what extent do you agree or disagree with the following statements about restaurants in this country generally? Base: All (2,018).

“They are currently working hard to reduce their carbon emissions”



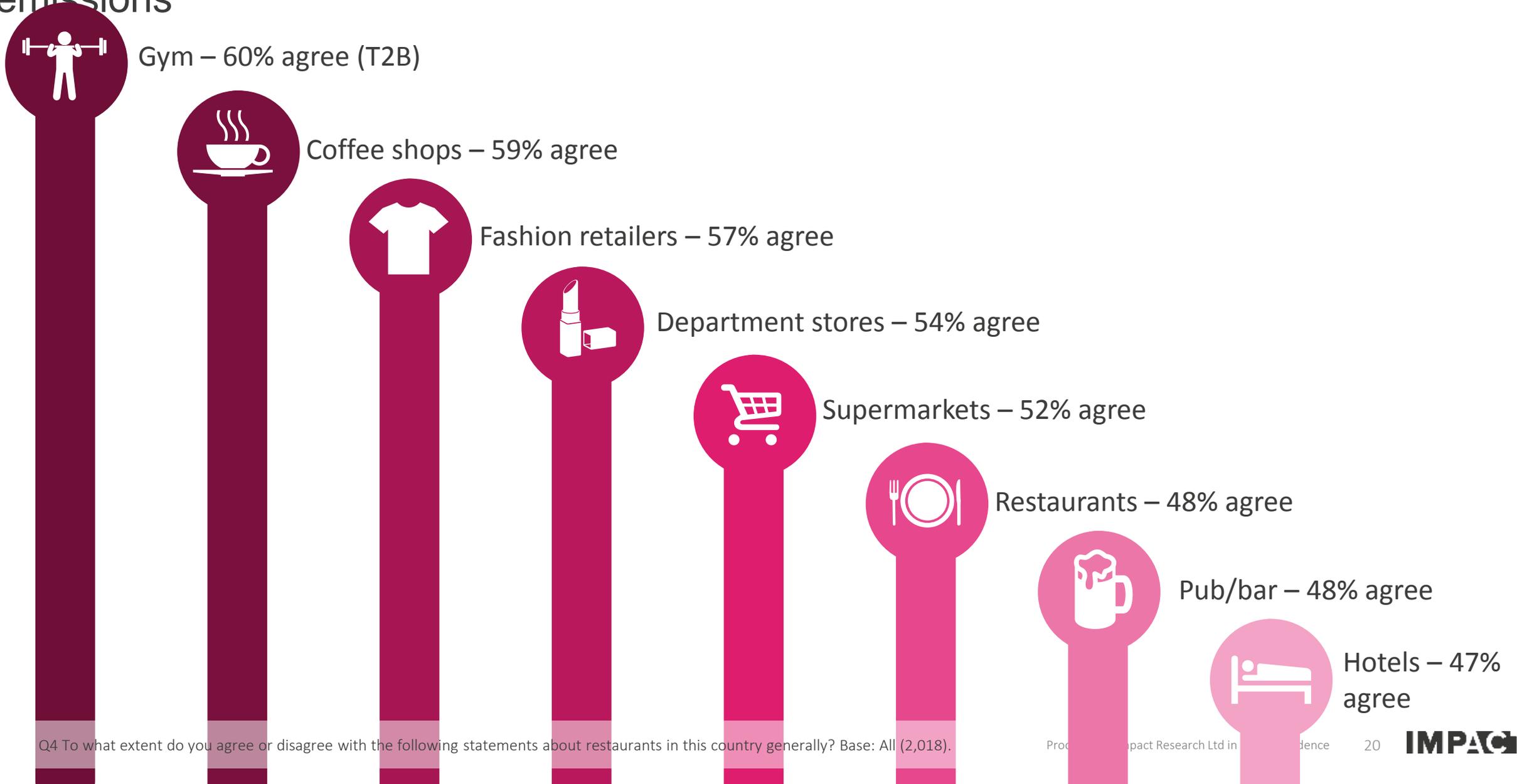
Q4 To what extent do you agree or disagree with the following statements about restaurants in this country generally? Base: All (2,018).

“In the next 5 years they should place more importance on reducing their carbon emissions”



Q4 To what extent do you agree or disagree with the following statements about restaurants in this country generally? Base: All (2,018).

“I would like to hear more information about how they are reducing their carbon emissions”



Q4 To what extent do you agree or disagree with the following statements about restaurants in this country generally? Base: All (2,018).

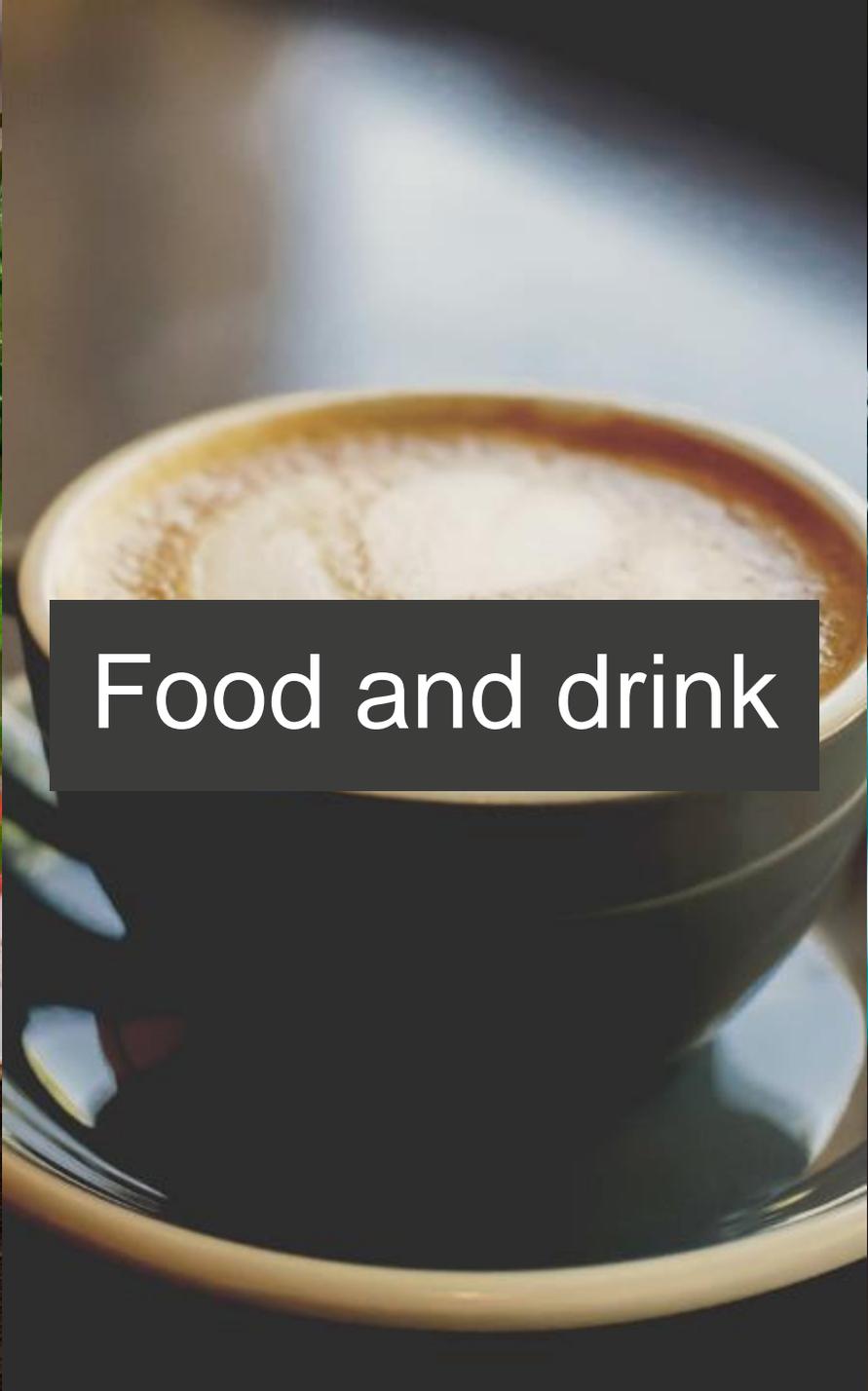
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Quantitative findings – sector specific

IMPACT

FROM INSIGHT TO INFLUENCE



Food and drink



Food and Drink summary



Current performance

- Coffee shops are perceived as working hard to be more sustainable (69% agree) and reduce their carbon emissions (50%). Pubs/bars perceived as much lower on both (37% and 24%)
- There is strong agreement that coffee shops, restaurants and pubs/bars should be doing more in the next 5 years to improve their sustainability measures (over ¾ agree) and reduce their carbon emissions (over 2/3 agree)



Importance

- Quality, value and price are the most important factors which influence choice of restaurant, coffee shop and pub/bar, so it is crucial that these are correct. Locally sourced products was also important
- Other factors around sustainability and decarbonisation can still be a differentiation, if quality, value and price are expectations are met.



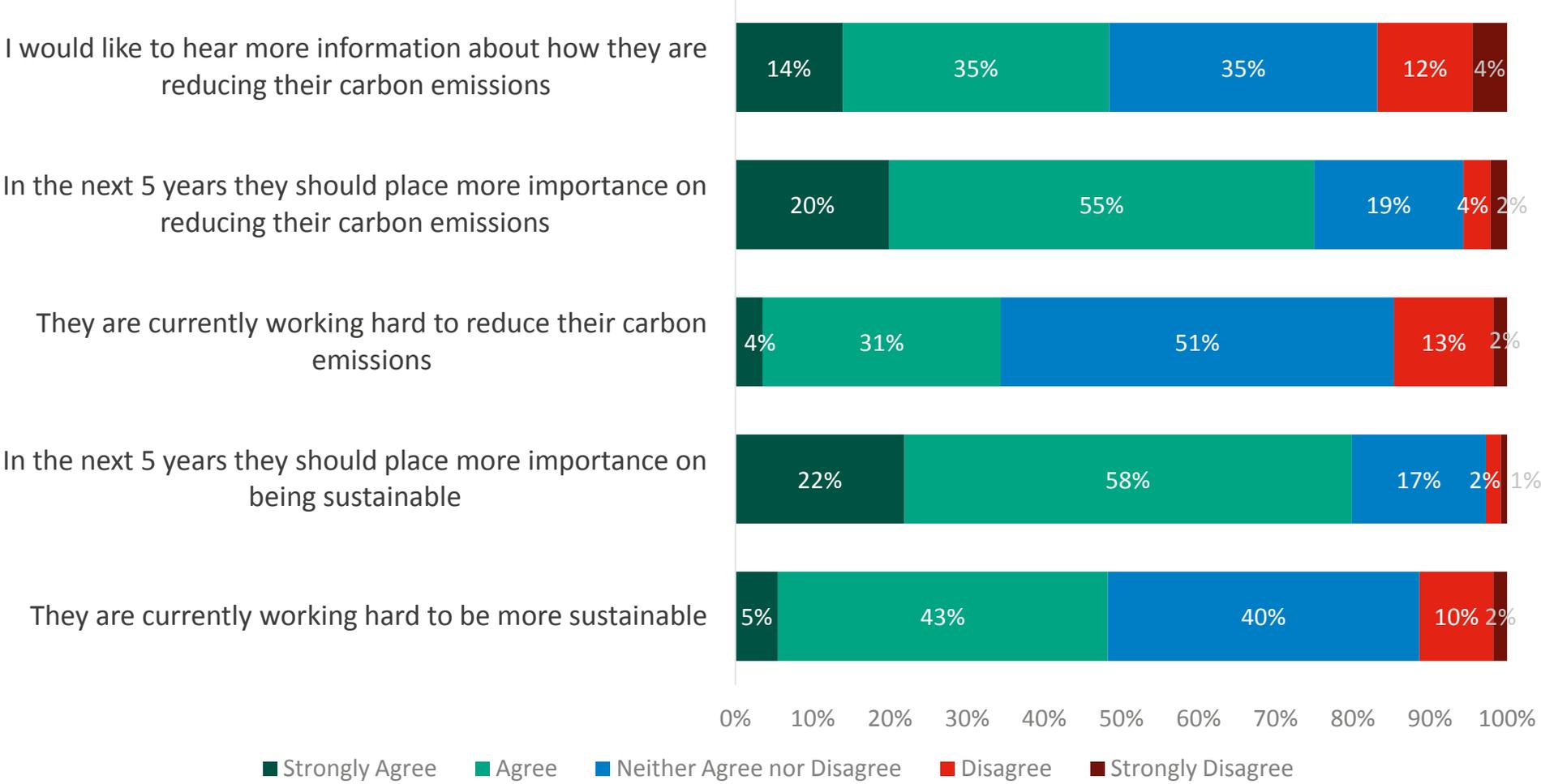
Payment elasticity

- Customers will pay up to **25%** on top of the average restaurant bill if they feel the restaurant is highly sustainable (assuming perceived quality, value and price remains high). This is the largest amount of all categories tested. An additional **7%** would be paid for a restaurant with high decarbonisation practices
- The average bar/pub and coffee shop spend both could increase by **15%** if its highly sustainable, and **6%** if focusses on decarbonisation

Restaurants

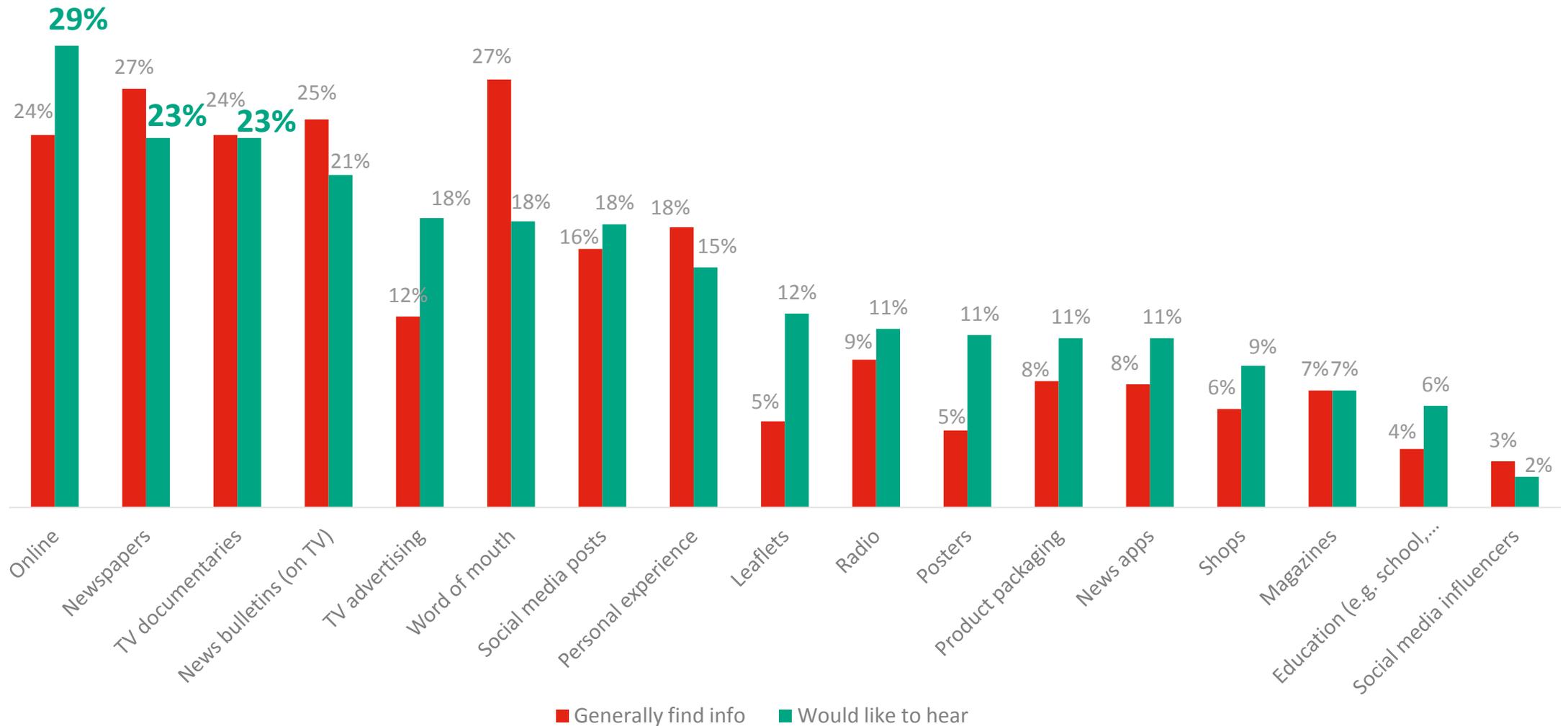


1/3 think restaurants are working hard to reduce carbon emissions but almost 1/2 think they are working hard to be more sustainable. The majority believe the importance of both of these should increase in the next 5 years



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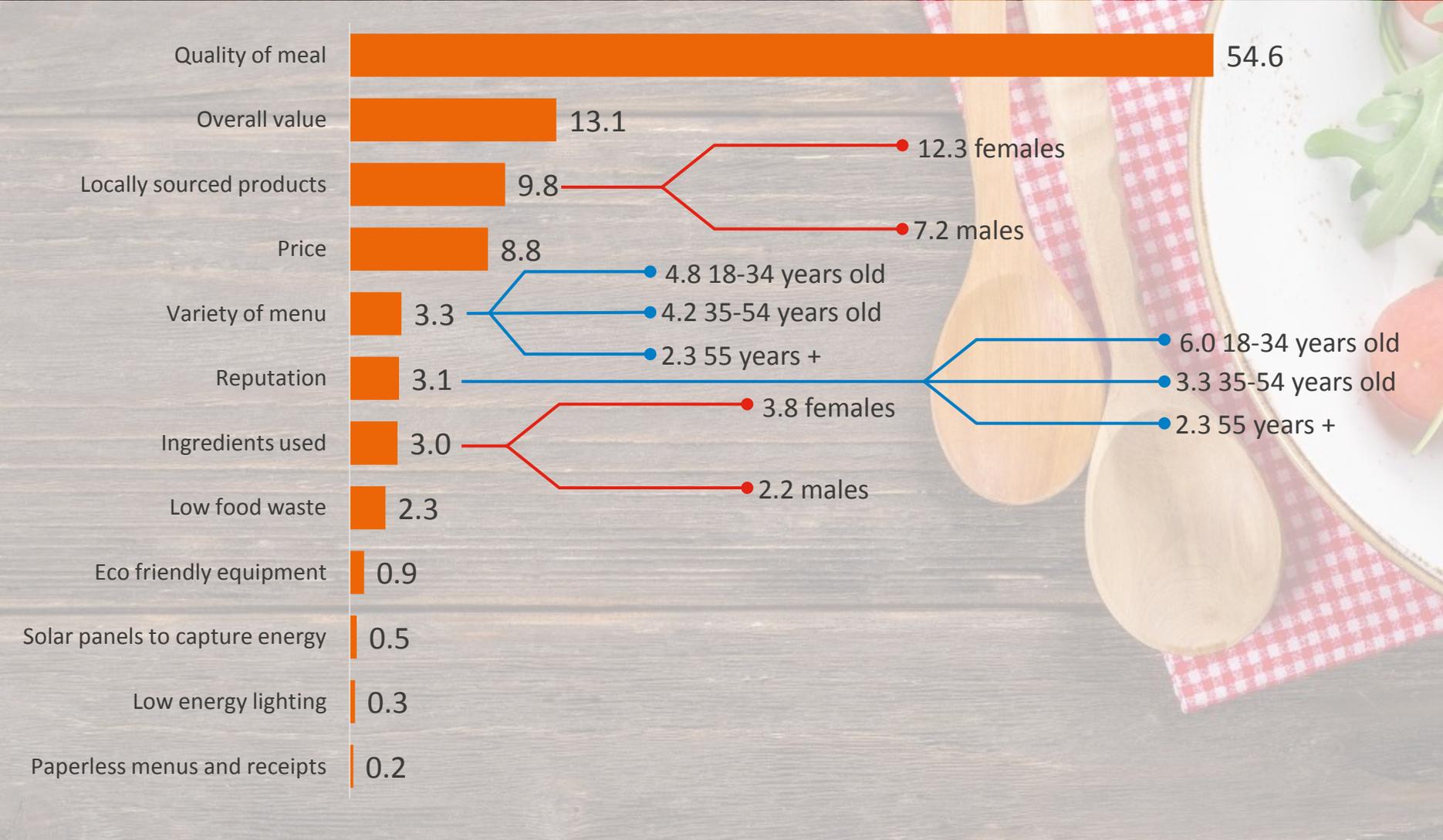
Customers would prefer to hear about sustainability and decarbonisation issues facing restaurants online, on TV documentaries and in newspapers



Q5a Where do/ did you generally find information about sustainability and decarbonization issues regarding restaurants?
 Q5b How would you like to hear about information on about sustainability and decarbonization issues regarding restaurants?
 Base: Restaurant category (512)

Quality of meal was the top priority for the majority of customers, with overall value, using locally sourced products and price also being

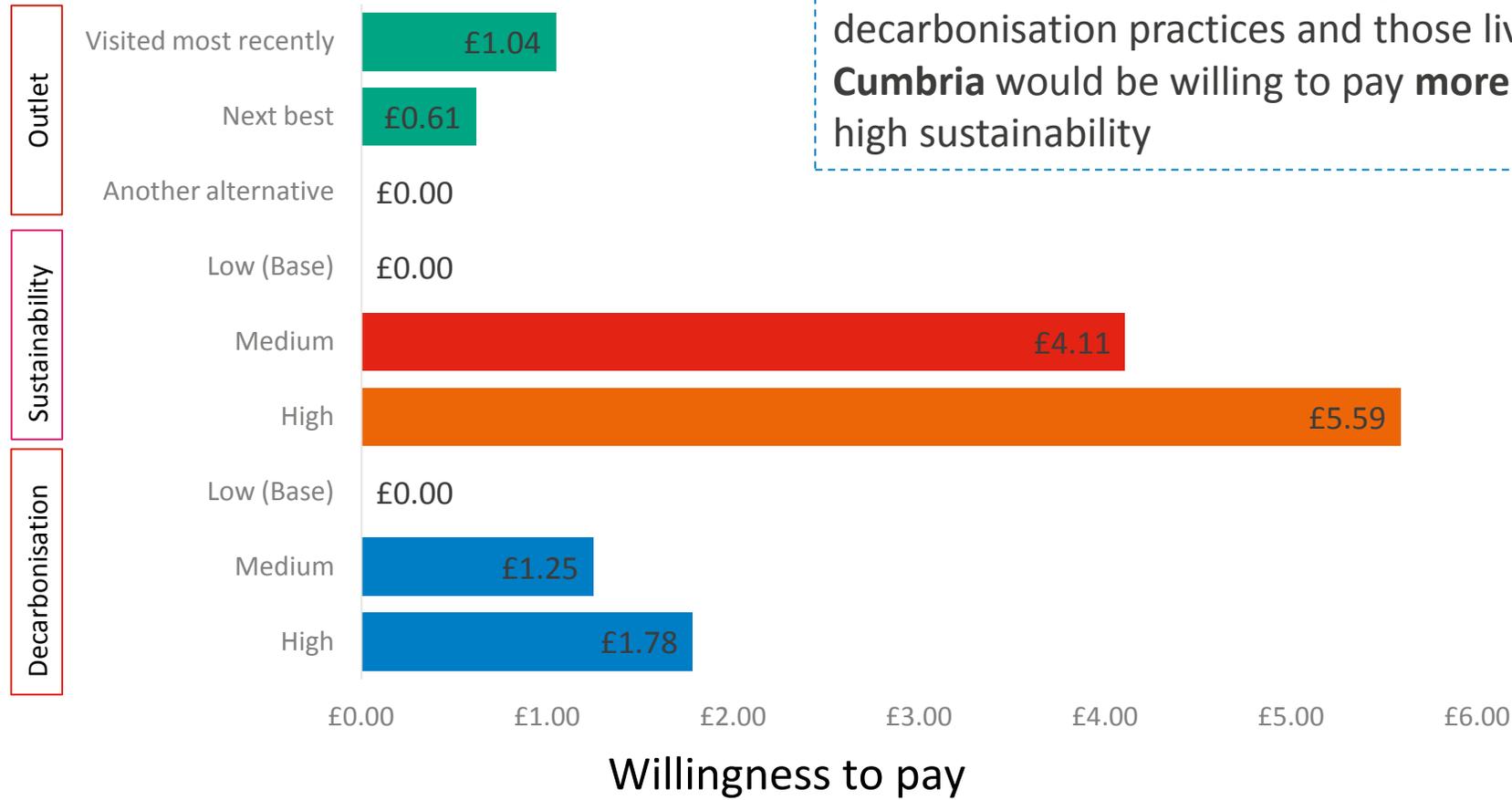
Important



The average restaurant spend increased by £5.59 for a restaurant with high sustainable credentials

Restaurant average spend £23.20

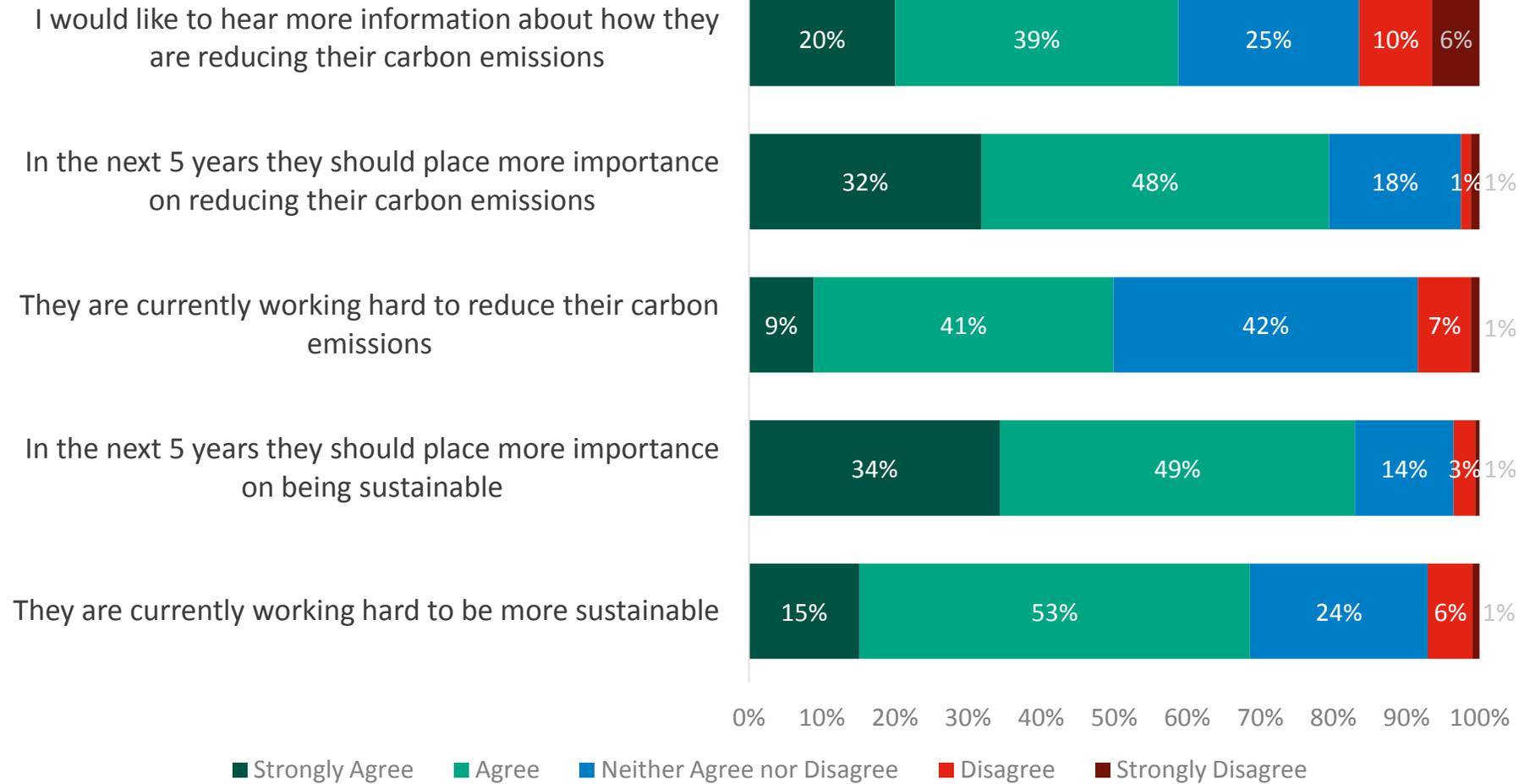
Customers aged **18-34** would be willing to pay **more** in a restaurant for higher decarbonisation practices and those living in **Cumbria** would be willing to pay **more** for high sustainability



Coffee shop

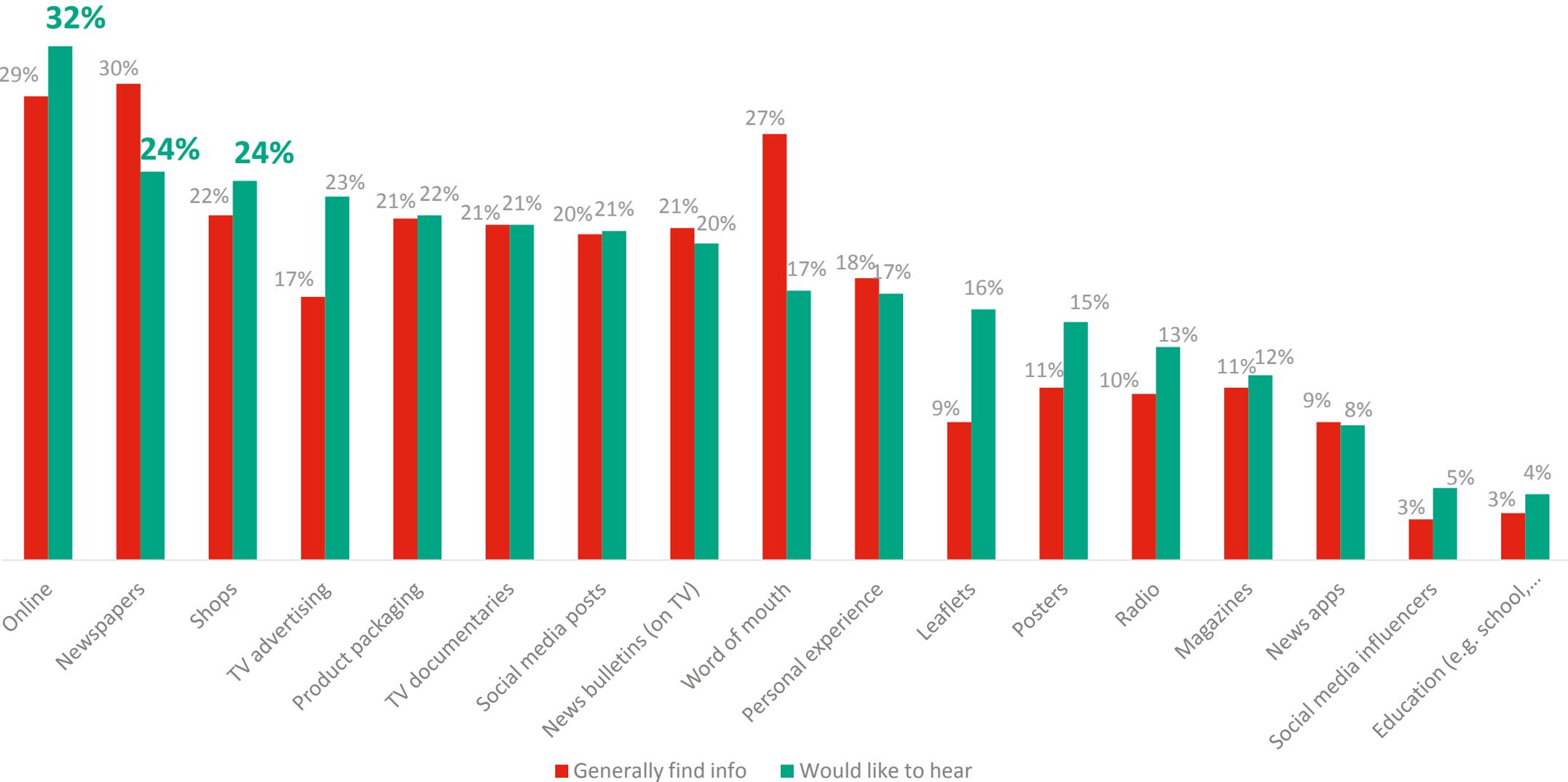


Around 2/3 of customers think coffee shops are working hard to become more sustainable and 1/2 think they are working hard to reduce their carbon emissions



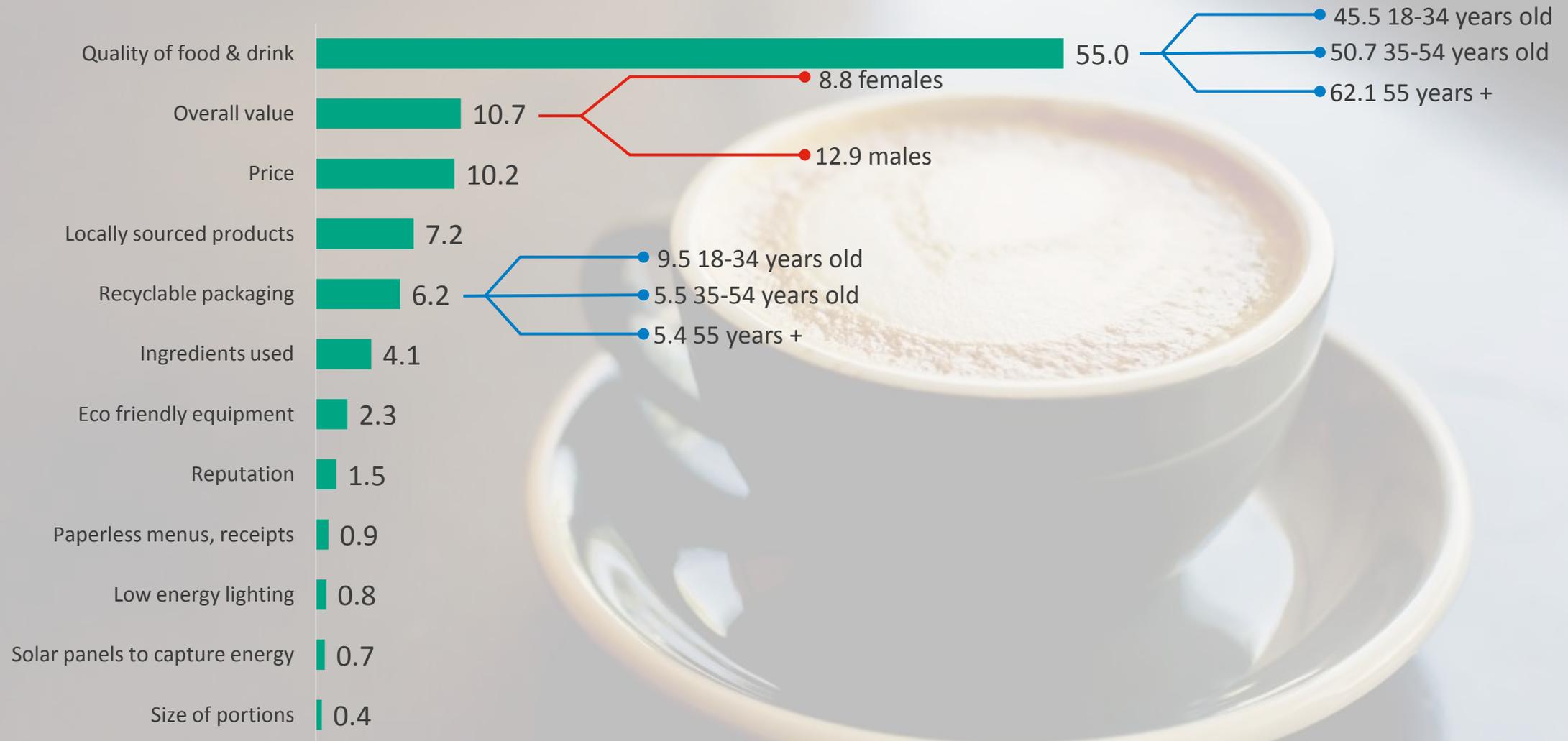
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Online is again where customers would like to hear about sustainability and decarbonisation issues, along with in newspapers, on TV and in shops



Q5a Where do/ did you generally find information about sustainability and decarbonization issues regarding coffee shops?
 Q5b How would you like to hear about information on about sustainability and decarbonization issues regarding coffee shops?
 Base: Coffee shop category (509)

Quality of food and drink is the overriding priority for customers in coffee shops



The average coffee shop spend increased by 95p with high sustainability credentials and 39p for high decarbonisation

Coffee shop average spend £6.10

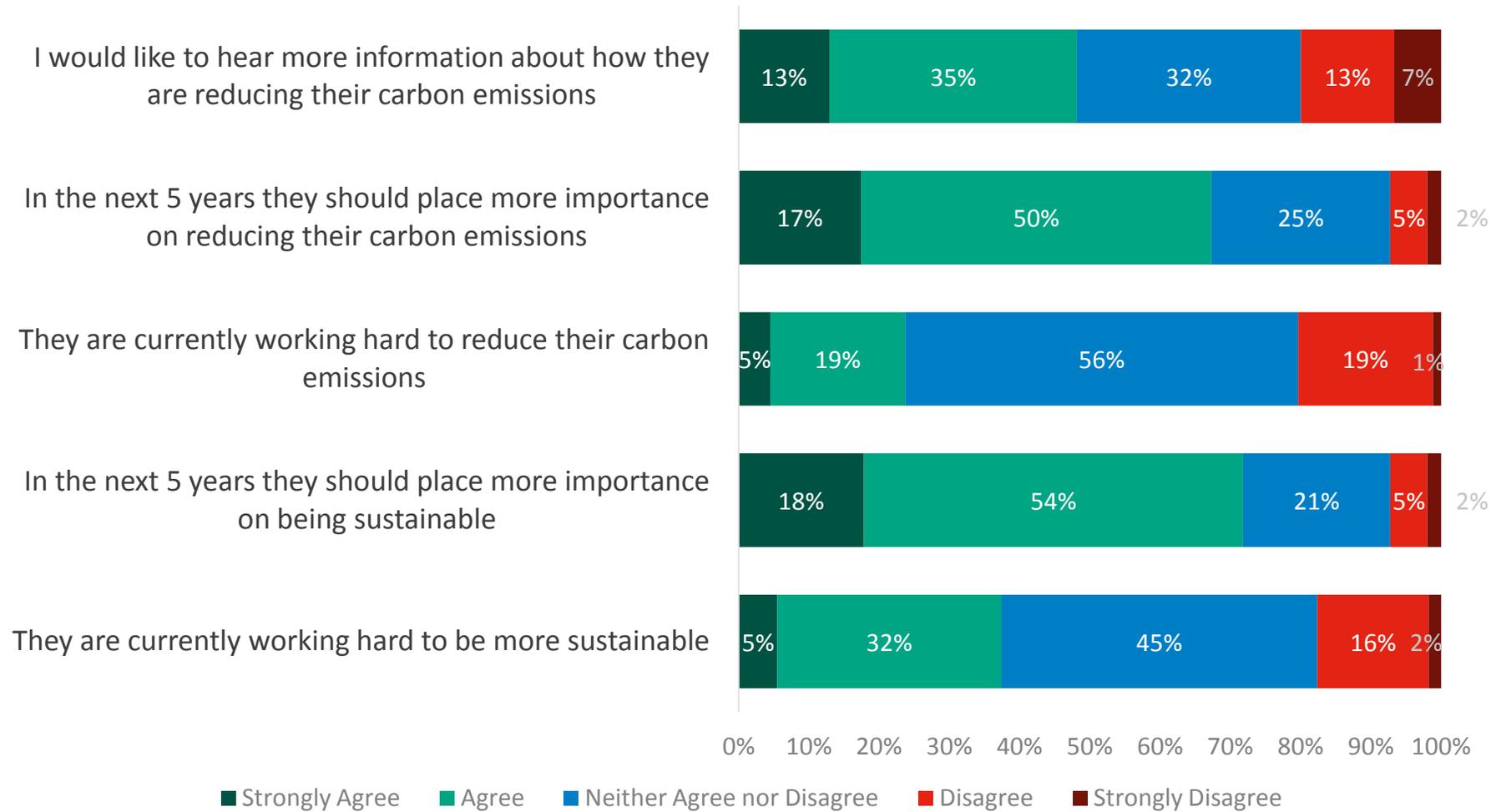
Customers living in the **city** would be **less** willing to pay more in a coffee shop with higher sustainability practices but those aged **18-44** would be willing to pay **more** for increased sustainability practices



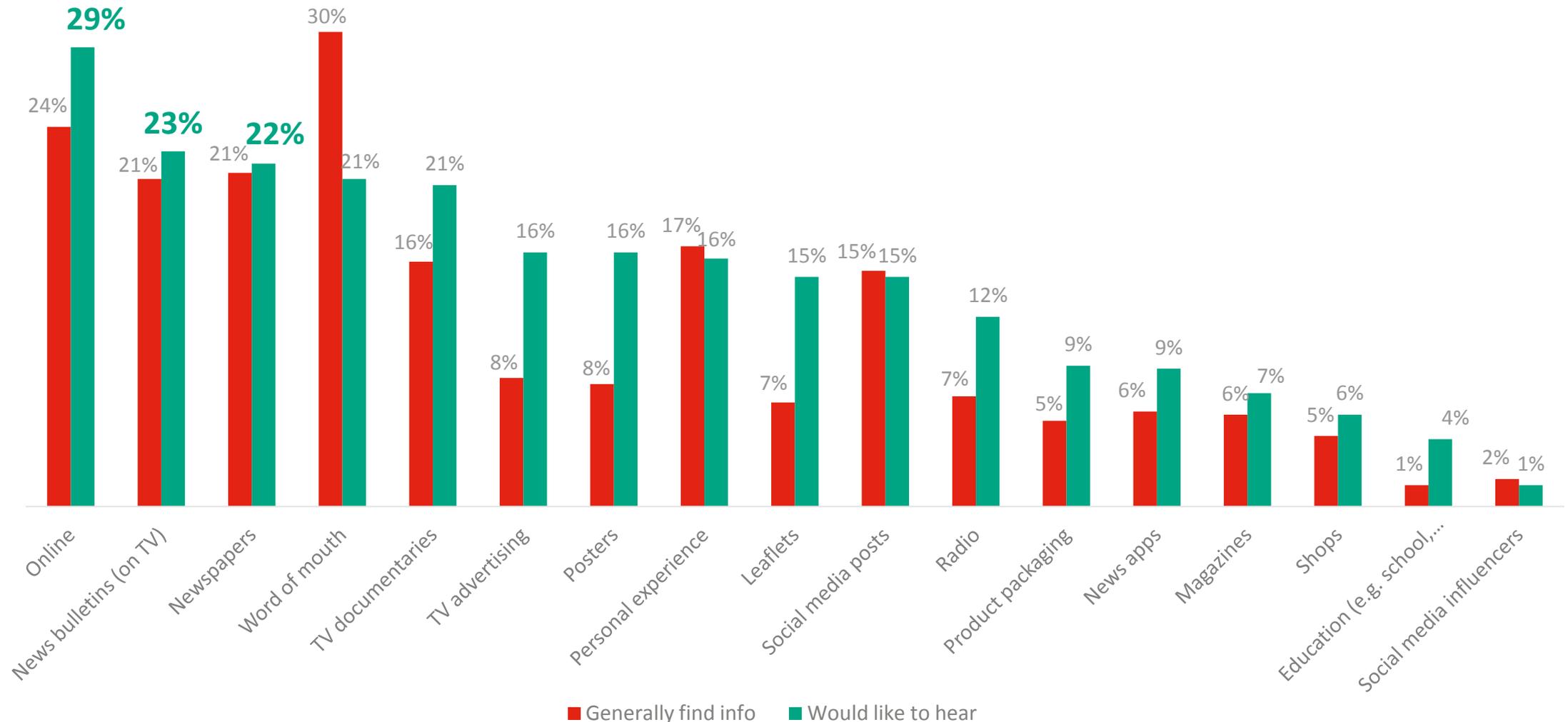
Pub/bar



Less than 1/4 of customers think pubs/bars are working hard to reduce carbon emissions and only around a 1/3 think they are working hard to be more sustainable

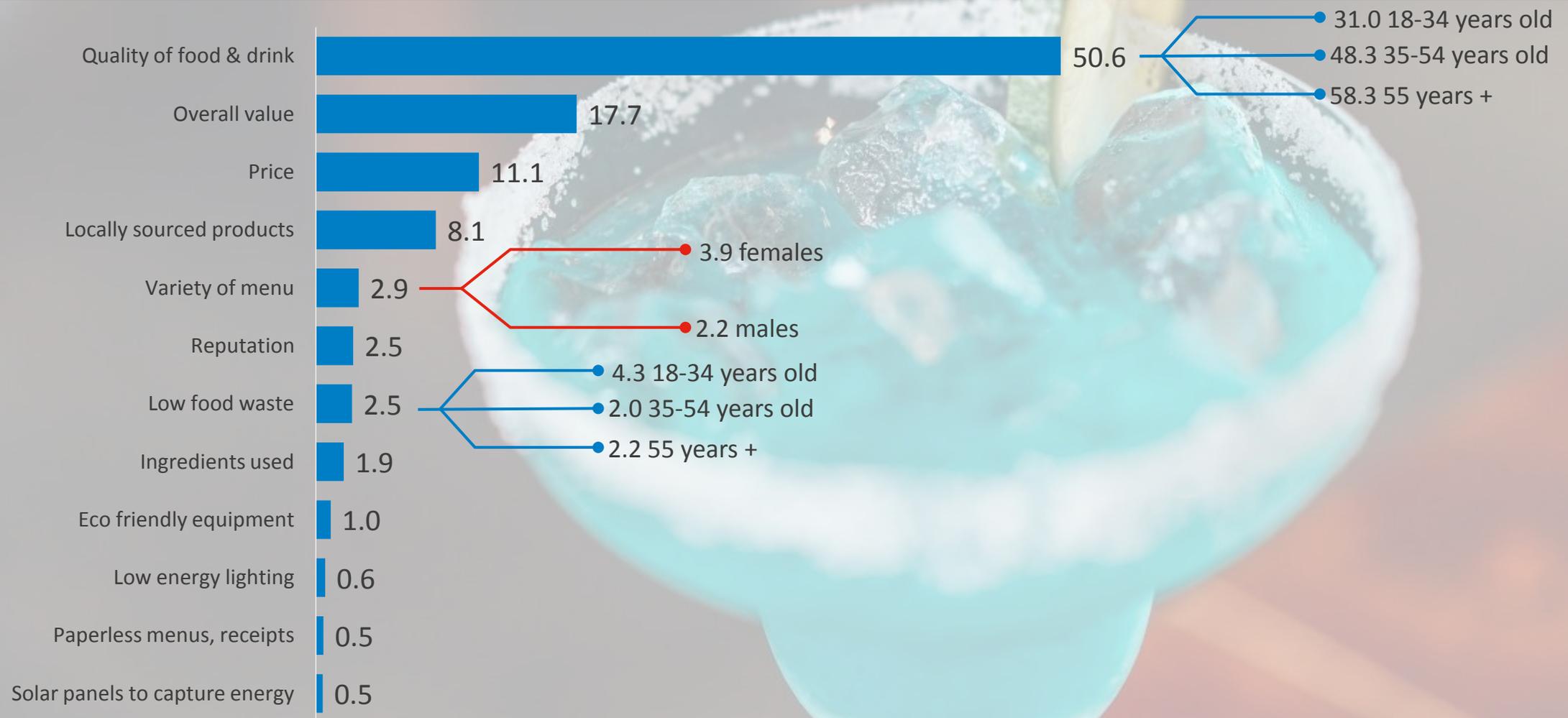


Online, on TV and in newspapers were the main ways customers find out about sustainability and decarbonisation issues facing pubs/bars



Q5a Where do/ did you generally find information about sustainability and decarbonization issues regarding pubs/bar?
 Q5b How would you like to hear about information on about sustainability and decarbonization issues regarding pubs/bars?
 Base: Pub/bar category (511)

Quality of food and drink was the overriding priority for customers in pubs/bars, followed by overall value and price



The average spend increased by almost £3 for a pub/bar with high sustainable credentials and £1.28 for high decarbonisation

Pub/bar average spend £19.90





Retail

Retail summary



Current performance

- Supermarkets are perceived as working hard to be reduce their carbon emissions (54% agree) and to be more sustainable (67%). Fashion retailers and department stores were perceived as substantially lower on both.
- There is strong agreement that supermarkets, fashion retailers and department stores should be doing more in the next 5 years to improve their sustainability measures and place more importance on reducing their carbon emissions (over $\frac{3}{4}$ agree).



Importance

- Quality of product, value and price are the most important factors which influence choice of supermarket, fashion retailer or department store, so it is crucial that these are correct. Recyclable packaging was also important
- Other factors around sustainability and decarbonisation can still be a differentiation, if product quality is present.



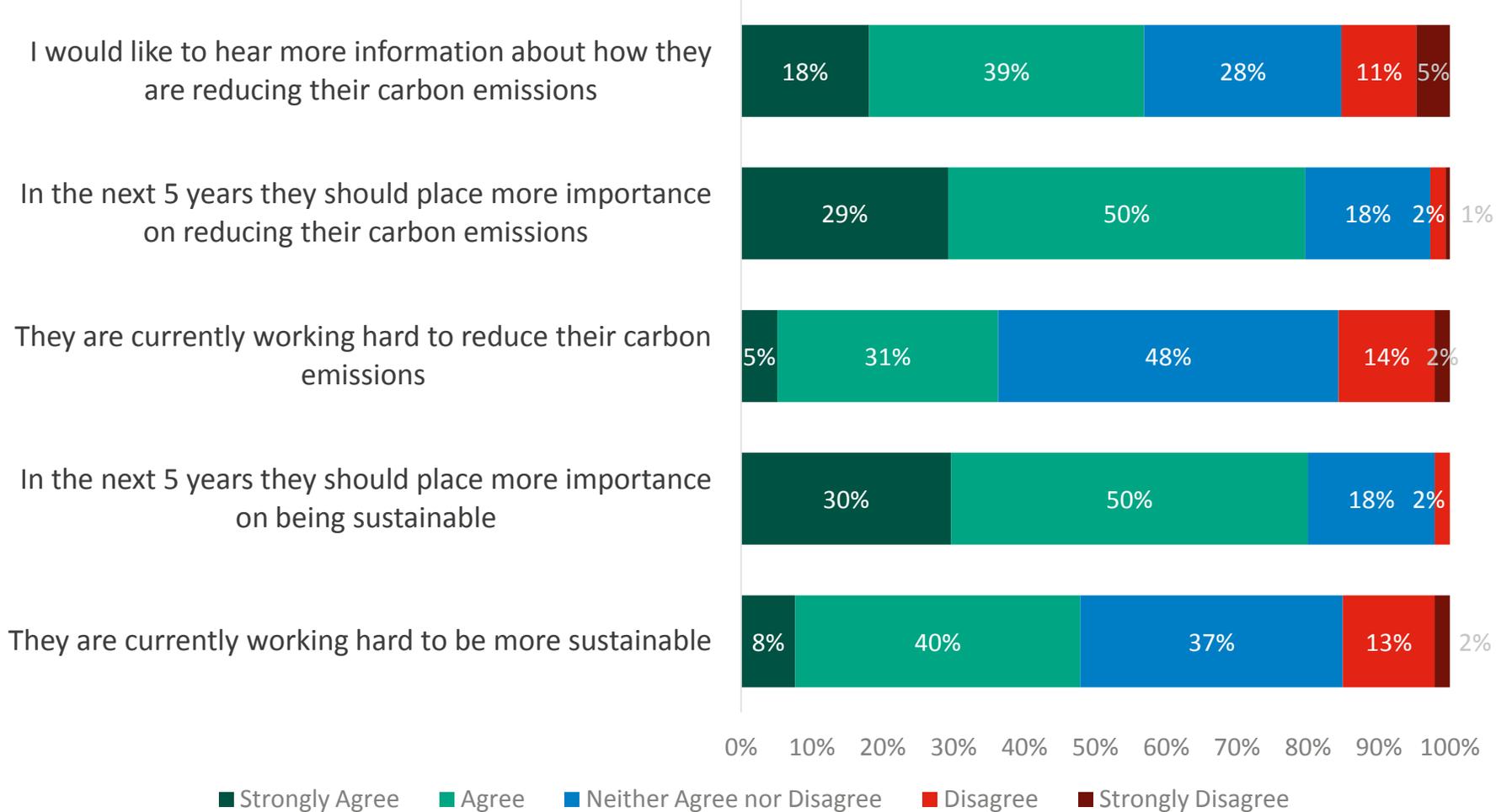
Payment elasticity

- Customers will pay up to **8-10%** on top of the what they paid last time in either a supermarket, fashion retailer or department store (again, assuming perceived quality, value and price remains appropriate) if they feel they are highly sustainable.
- An additional **5-8%** could also be charged on top of a typical spend in a supermarket, fashion retailer or department store, if them have implemented high decarbonisation practices.

Fashion retailers

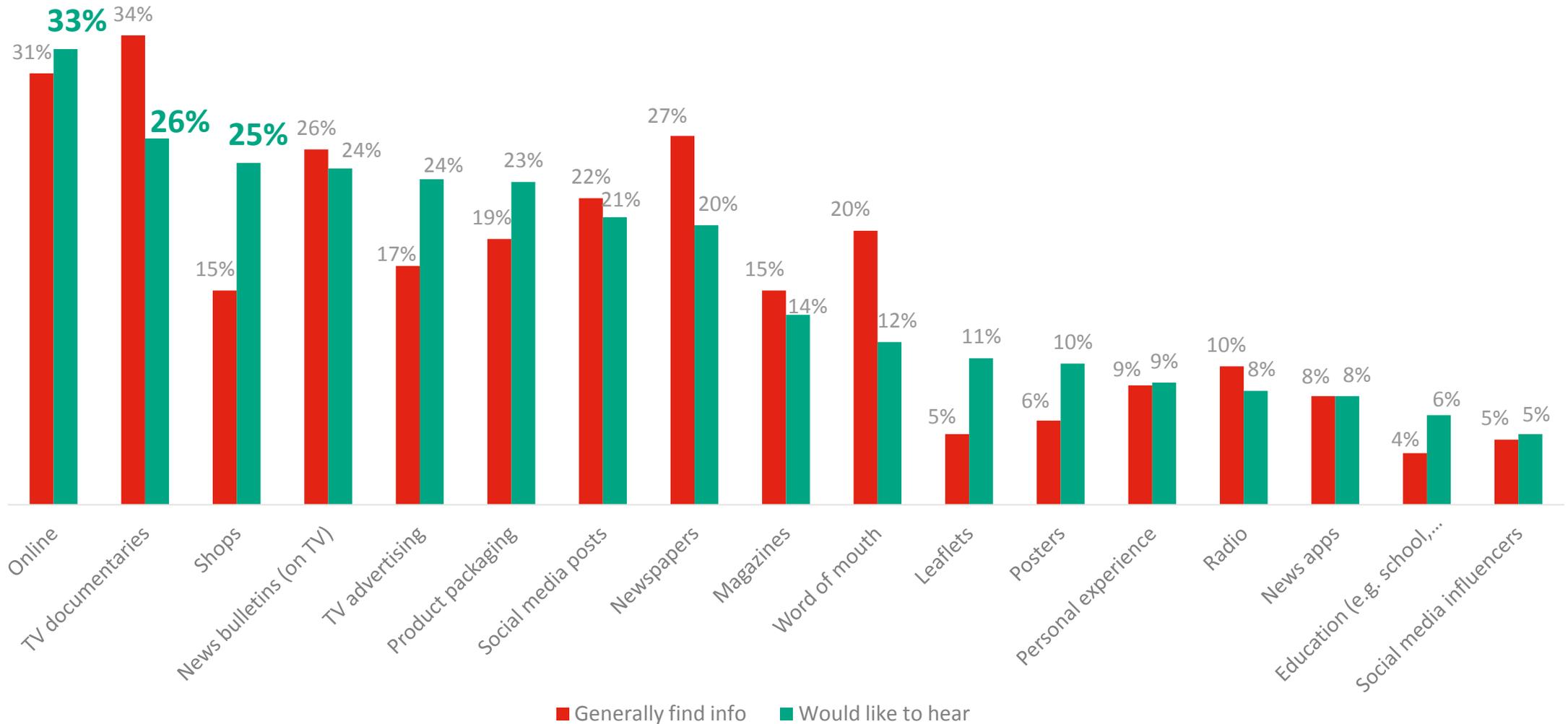


Less than 1/2 of customers think fashion retailers are working hard to become more sustainable and to reduce their carbon emissions. The majority believe the importance of both of these should increase in the next 5 years



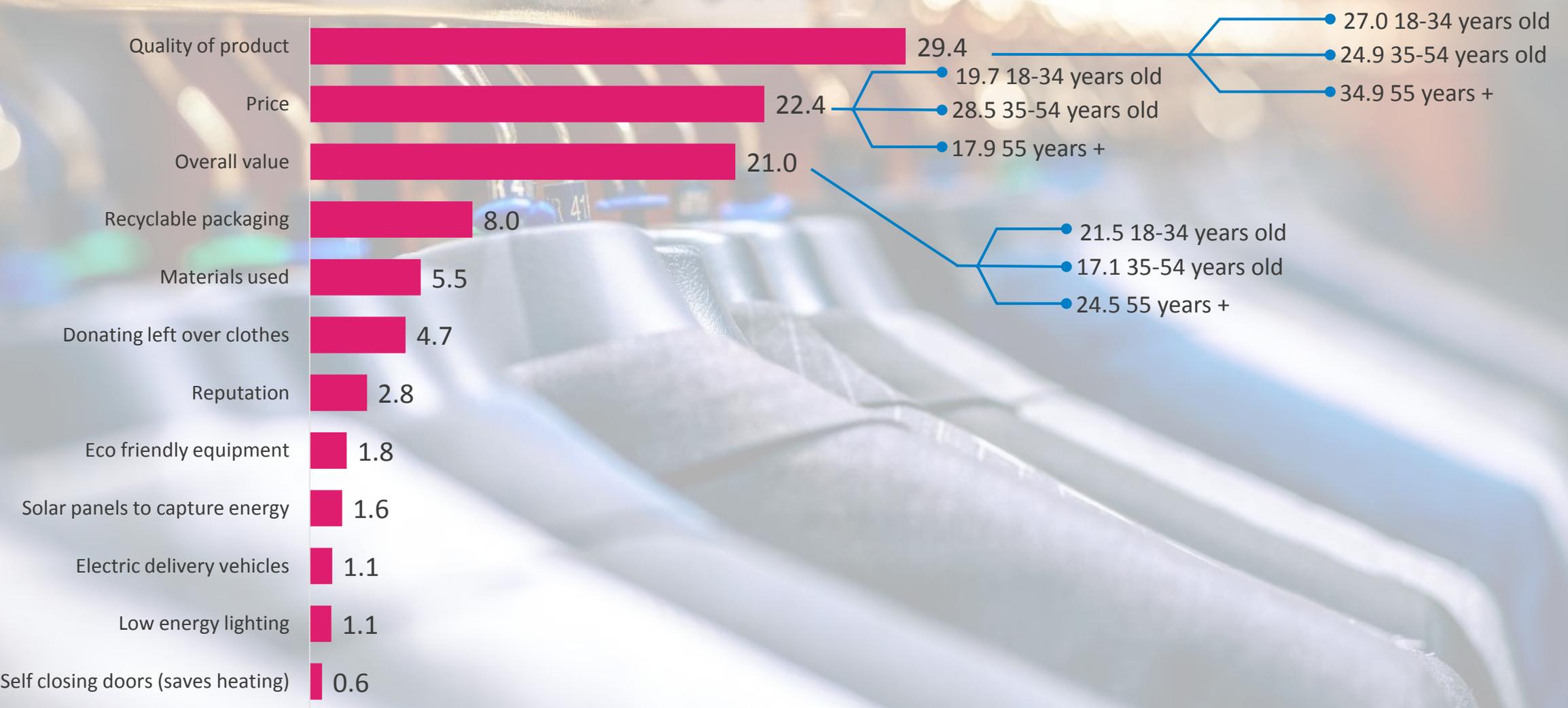
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Again, they would like to hear about sustainability online and in documentaries but also in the shops themselves and on their product packaging



Q5a Where do/ did you generally find information about sustainability and decarbonization issues regarding fashion retailers?
 Q5b How would you like to hear about information on about sustainability and decarbonization issues regarding fashion retailers?
 Base: Fashion retailers category (510)

Quality of products was the top priority for customers in fashion retailers, closely followed by price and overall value



The average spend increased by £4.58 for a fashion retailer with high sustainable credentials and £3.97 for high decarbonisation

Fashion retailer average spend £56.30



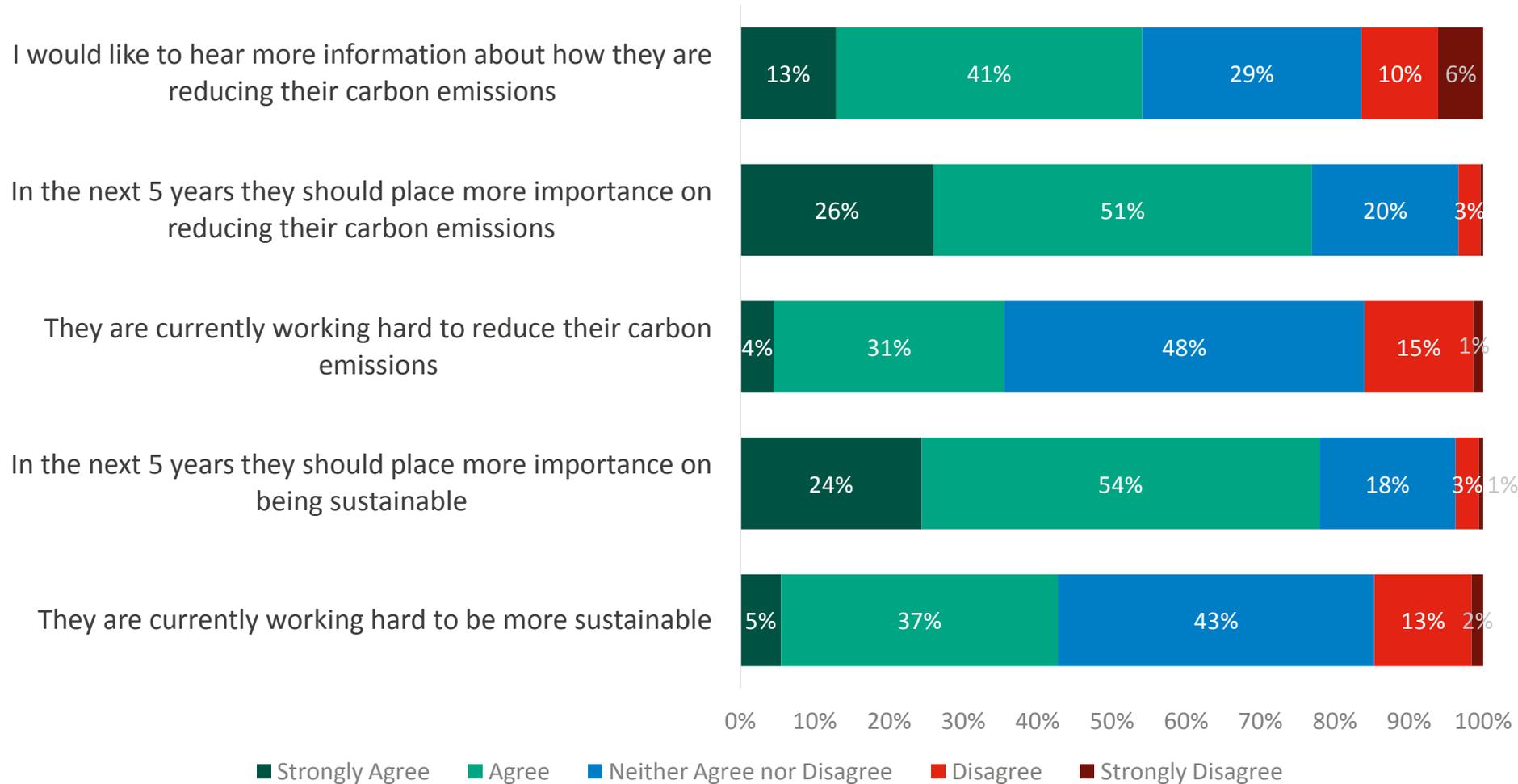
Customers aged **18-34** would be **less** willing to pay more in a fashion retailer for high levels of sustainability or decarbonisation practices, however those aged **25-34** would be willing to pay **more** for some improvements. **Female** customers, however, would also be willing to pay **more** for medium and high levels of both.



Department store



Similar to department stores, less than 1/2 of customers think fashion retailers are working hard to become more sustainable and to reduce their carbon emissions. Again, the majority believe the importance of both of these should increase in the next 5 years

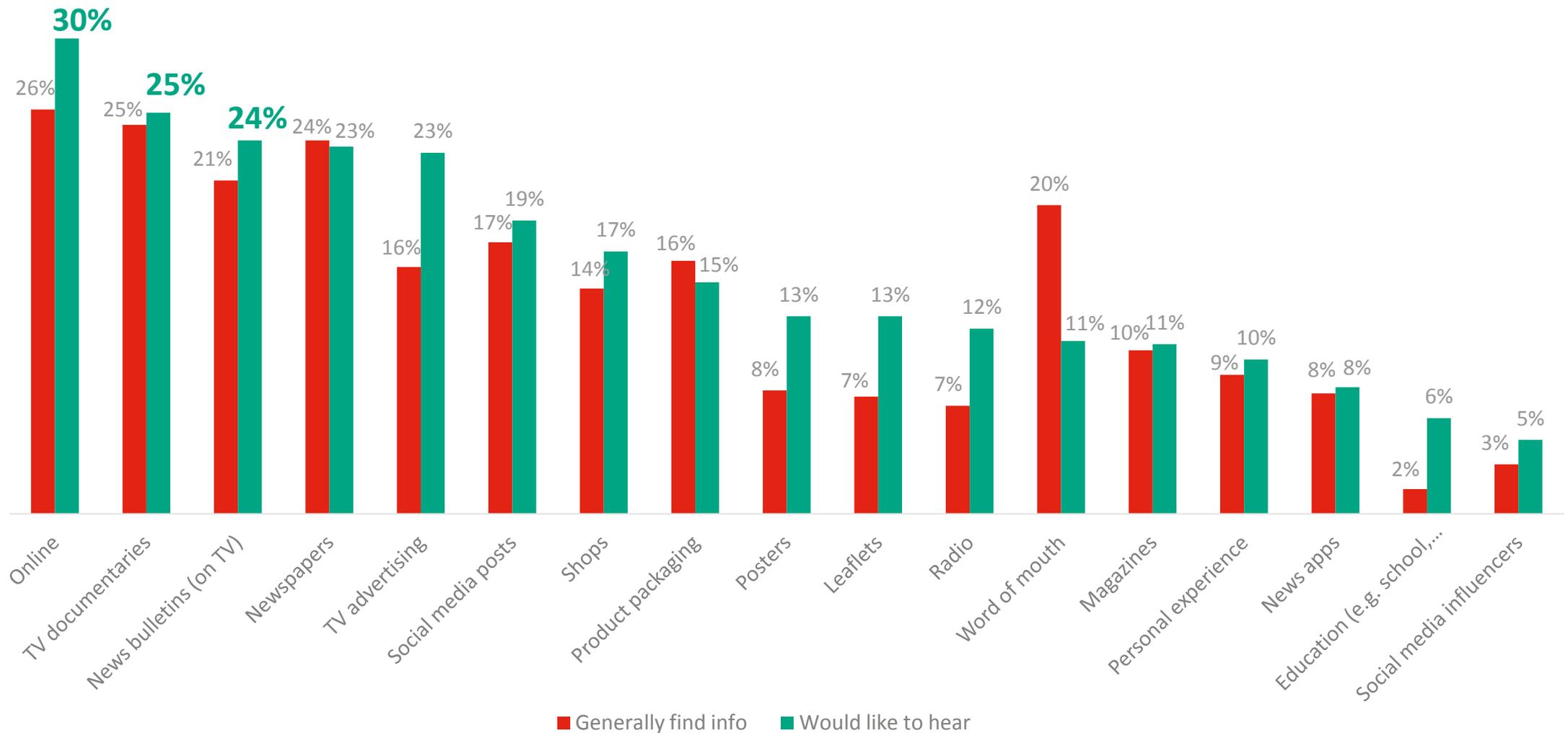


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Q4 To what extent do you agree or disagree with the following statements about restaurants in this country generally? Base: Department store category (512)

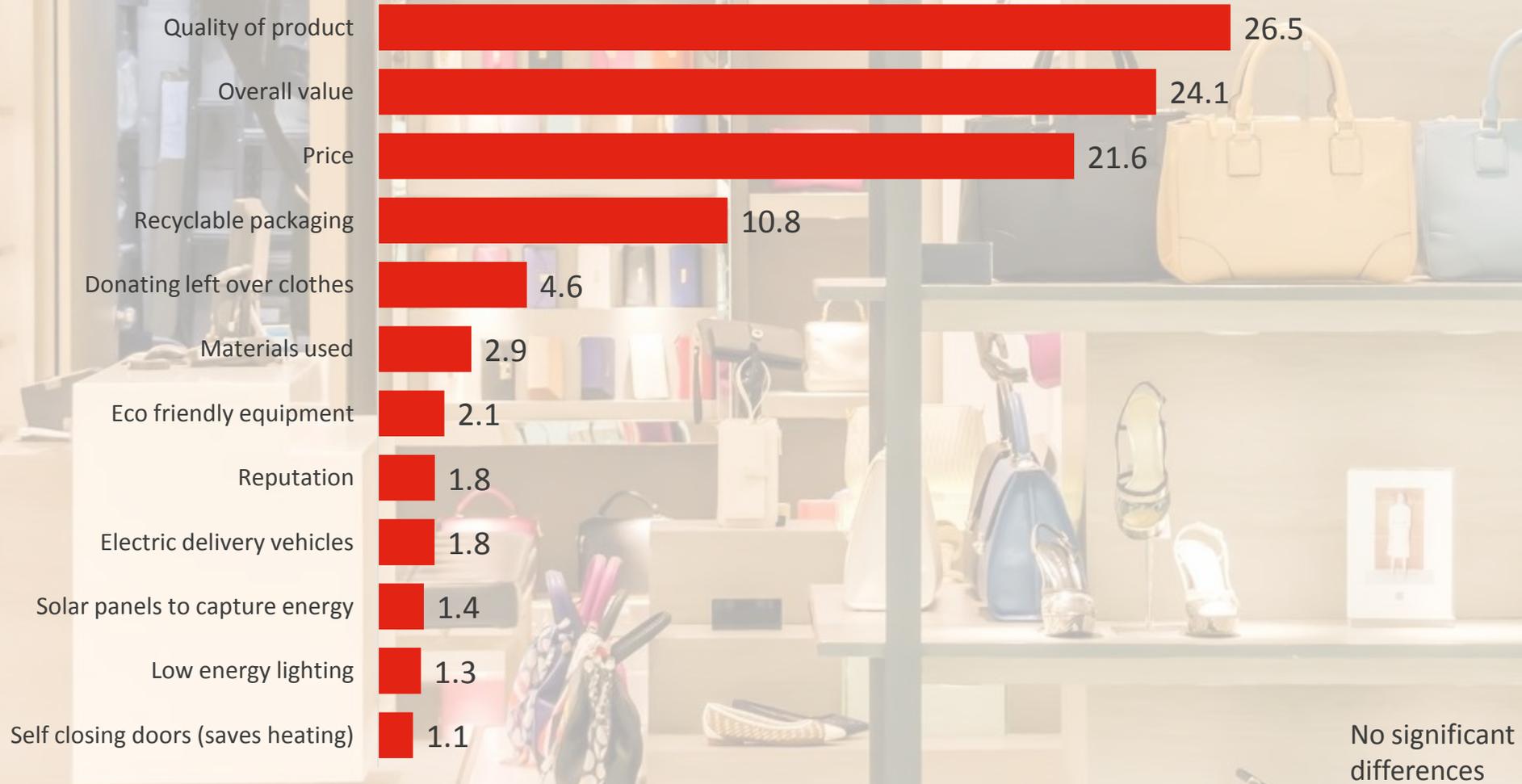


Online was again the place the most customers would like to hear about decarbonisation and sustainability issues facing department stores, followed by TV documents, bulletins and adverts



Q5a Where do/ did you generally find information about sustainability and decarbonization issues regarding department stores?
 Q5b How would you like to hear about information on about sustainability and decarbonization issues regarding department stores?
 Base: Department store category (510)

Quality of product was the top priority for customers in department stores, followed by value and price



The average spend increased by £4.75 for a fashion retailer with high sustainable credentials and £3.95 for high decarbonisation

Department store average spend £47.60



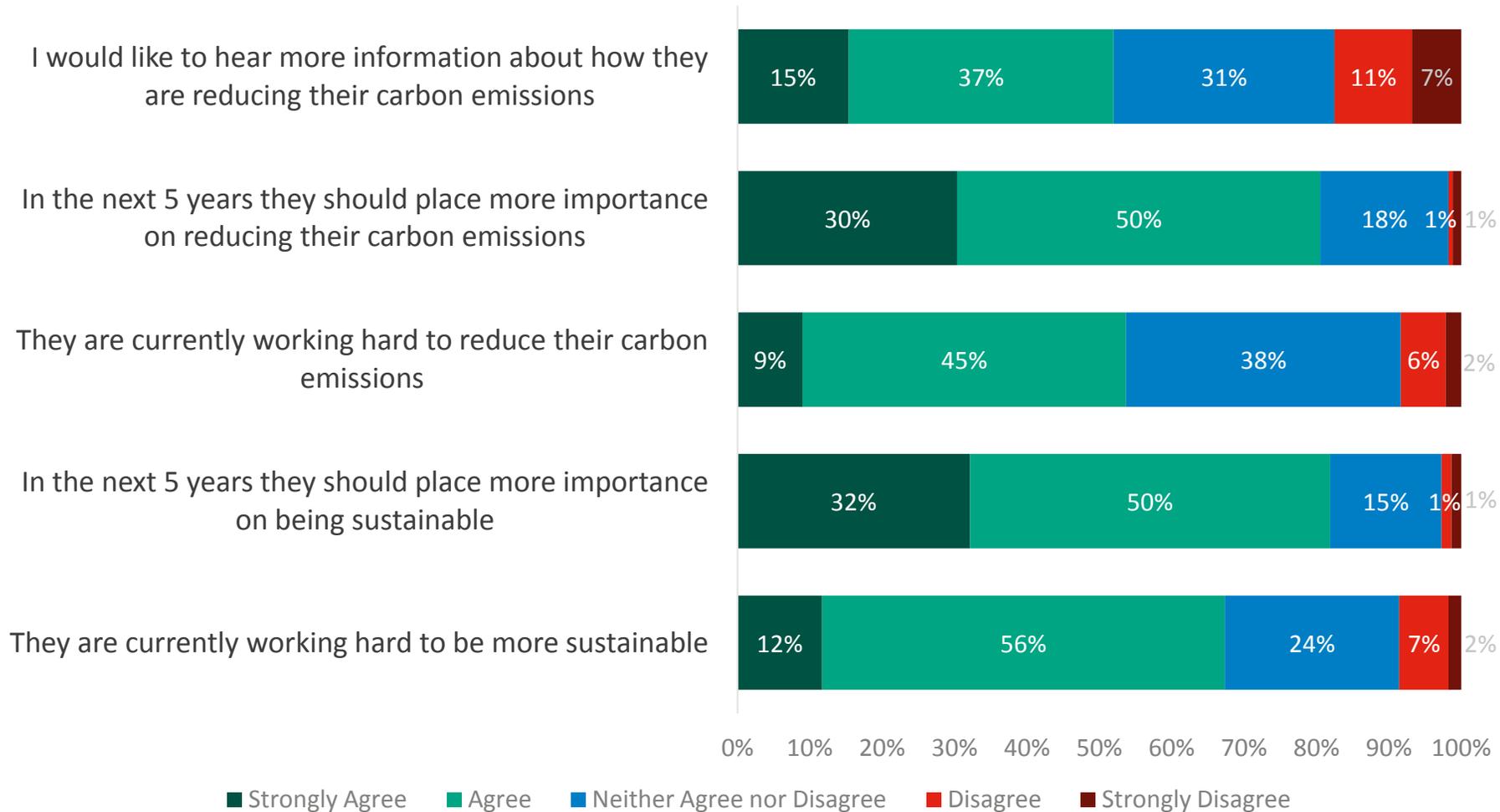
Customers aged **25-34** would be **less** willing to pay more in a fashion retailer for high levels of sustainability or decarbonisation practices. However, those aged **18-24** would be willing to pay **more** for both sustainability and decarbonisation.



Supermarket



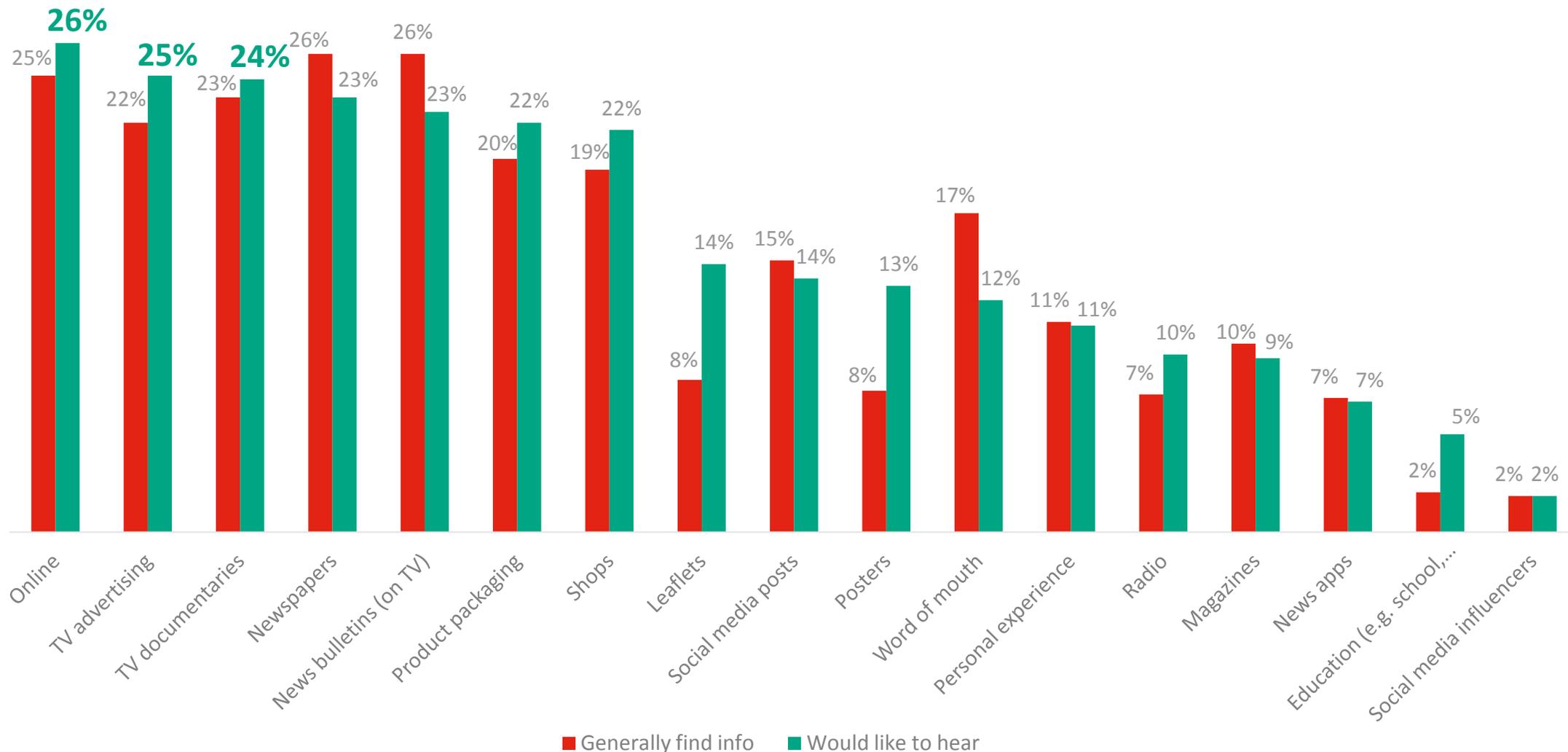
Over 1/2 of consumers think supermarkets they are working hard to reduce their carbon emissions and around 2/3 of consumers think supermarkets are working hard to become more sustainable



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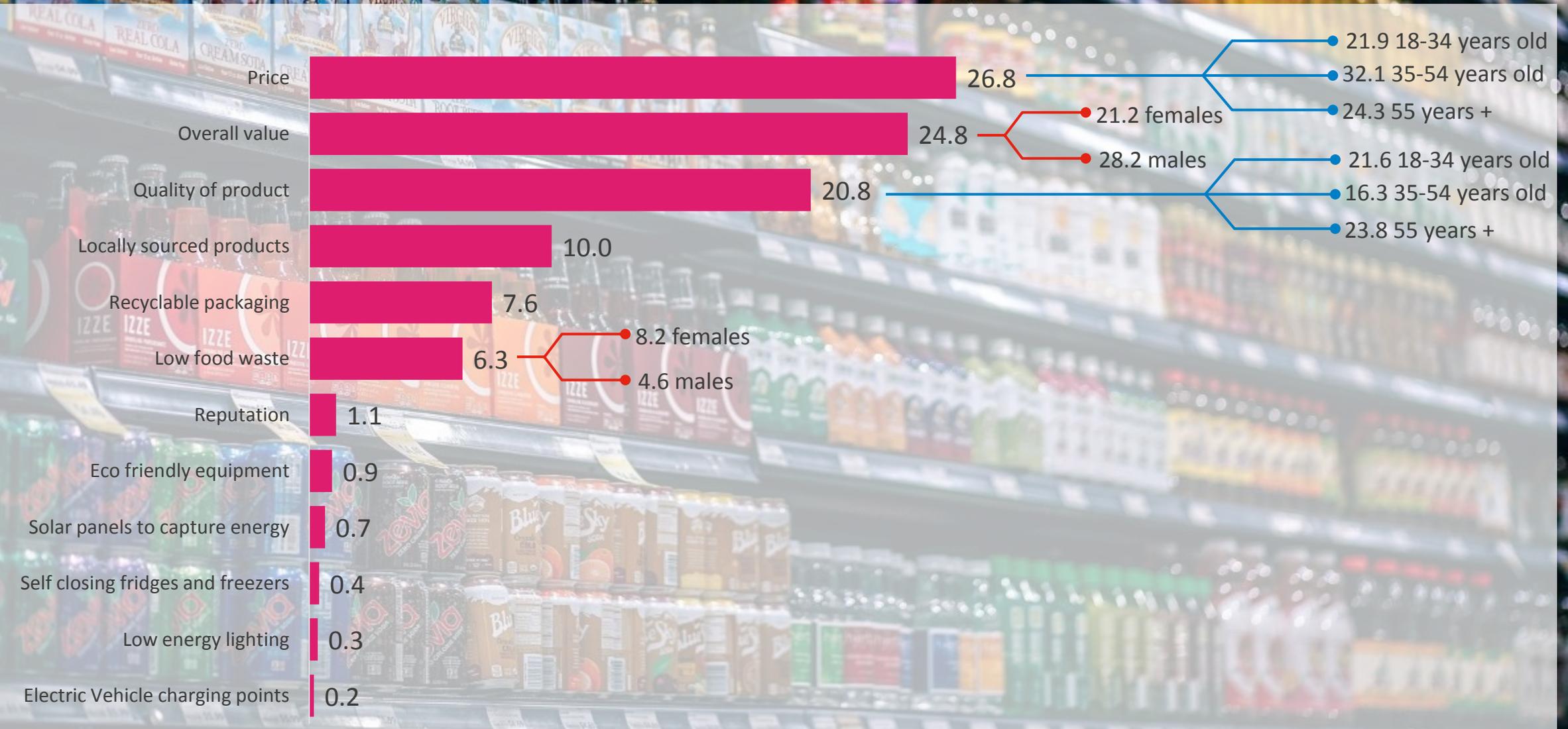


Online and TV advertising were again the main ways customers would like to hear about decarbonisation and sustainability issues facing supermarkets



Q5a Where do/ did you generally find information about sustainability and decarbonization issues regarding supermarkets?
 Q5b How would you like to hear about information on about sustainability and decarbonization issues regarding supermarkets?
 Base: Supermarket category (514)

Price was the highest priority for customers when choosing a supermarket, closely followed by overall value then quality of product



The average spend increased by £4.90 for a supermarket with high sustainable credentials and £2.71 for high decarbonisation

Supermarket average spend £59.90





Leisure

Leisure summary



Current performance

- Hotels are perceived as working hard to be more sustainable by around half of their customers (49% agree) and reduce their carbon emissions (38%). Gyms are perceived as lower on both (40% and 32%)
- There is strong agreement that both hotels and gyms should be doing more in the next 5 years to improve their sustainability measures and to reduce their carbon emissions (approx. $\frac{3}{4}$ agree on both)



Importance

- Price and overall value are the most important factors which influence choice of hotel or gym, so, again, it is crucial that these are correct. Quality of room was also important for hotels and variety of equipment in gyms.
- Other factors around sustainability and decarbonisation can still be a differentiation, if value and price are correct.



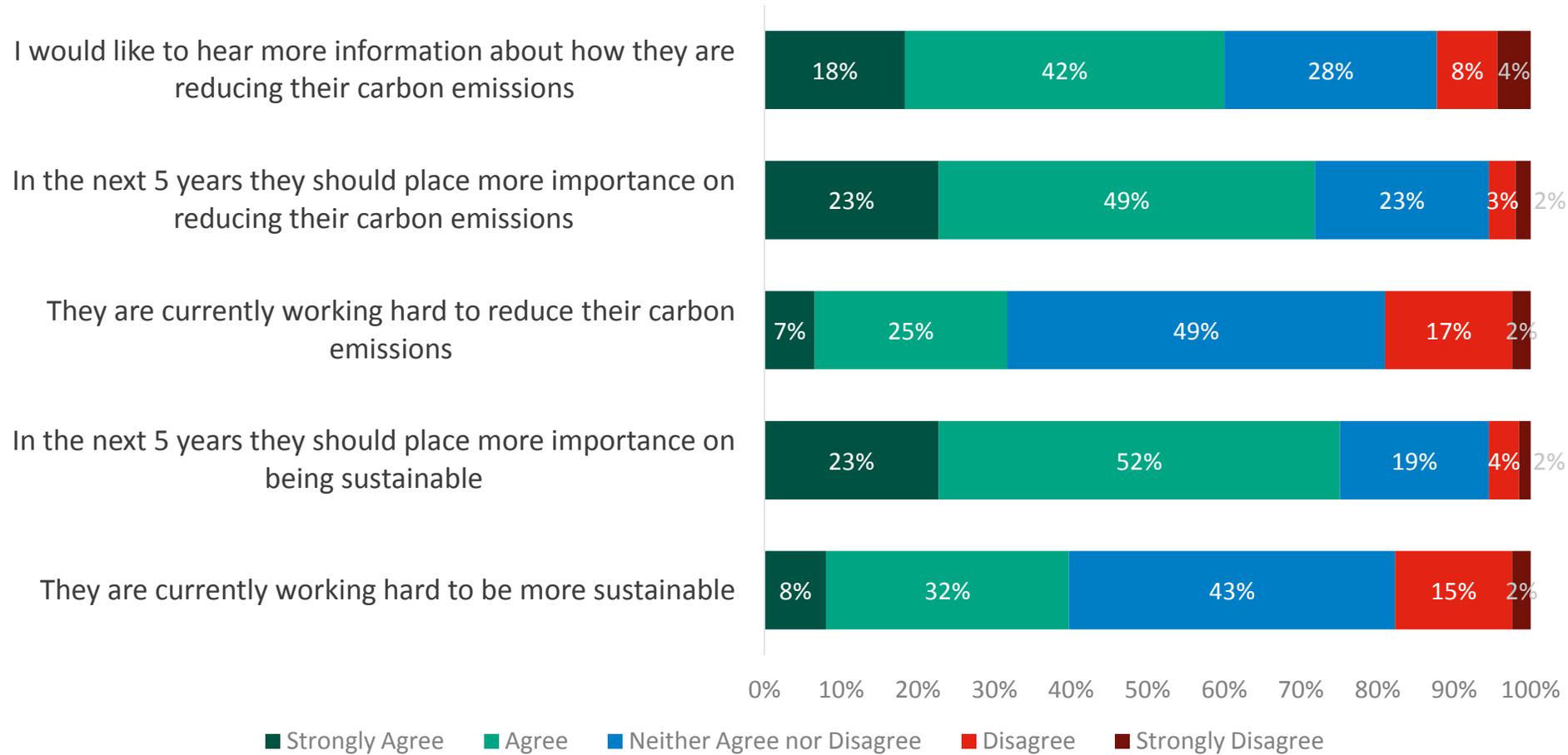
Payment elasticity

- Customers will pay on average **6%** on top of the average hotel price or gym membership for increased sustainability (assuming perceived quality, value and price remains high)
- However, in the case of leisure, decarbonisation practices have a higher willingness to pay than sustainability, seeing on average an additional **8%** potentially paid for a hotel or gym with high decarbonisation practices

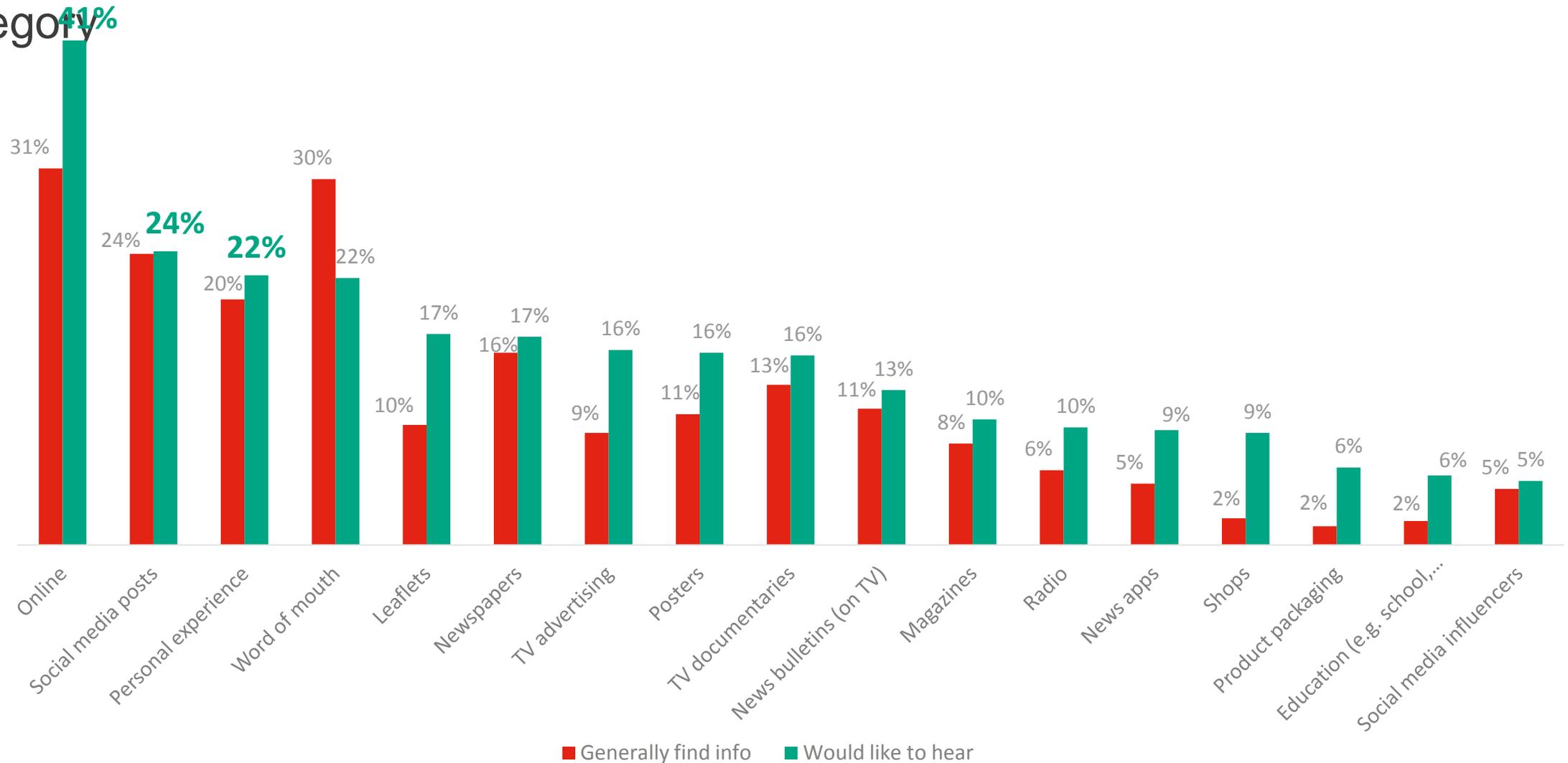
Gym



Less than 1/2 of customers think gyms are working hard to become more sustainable and to reduce their carbon emissions. As with other local businesses, the majority believe the importance of both of these should increase in the next 5 years

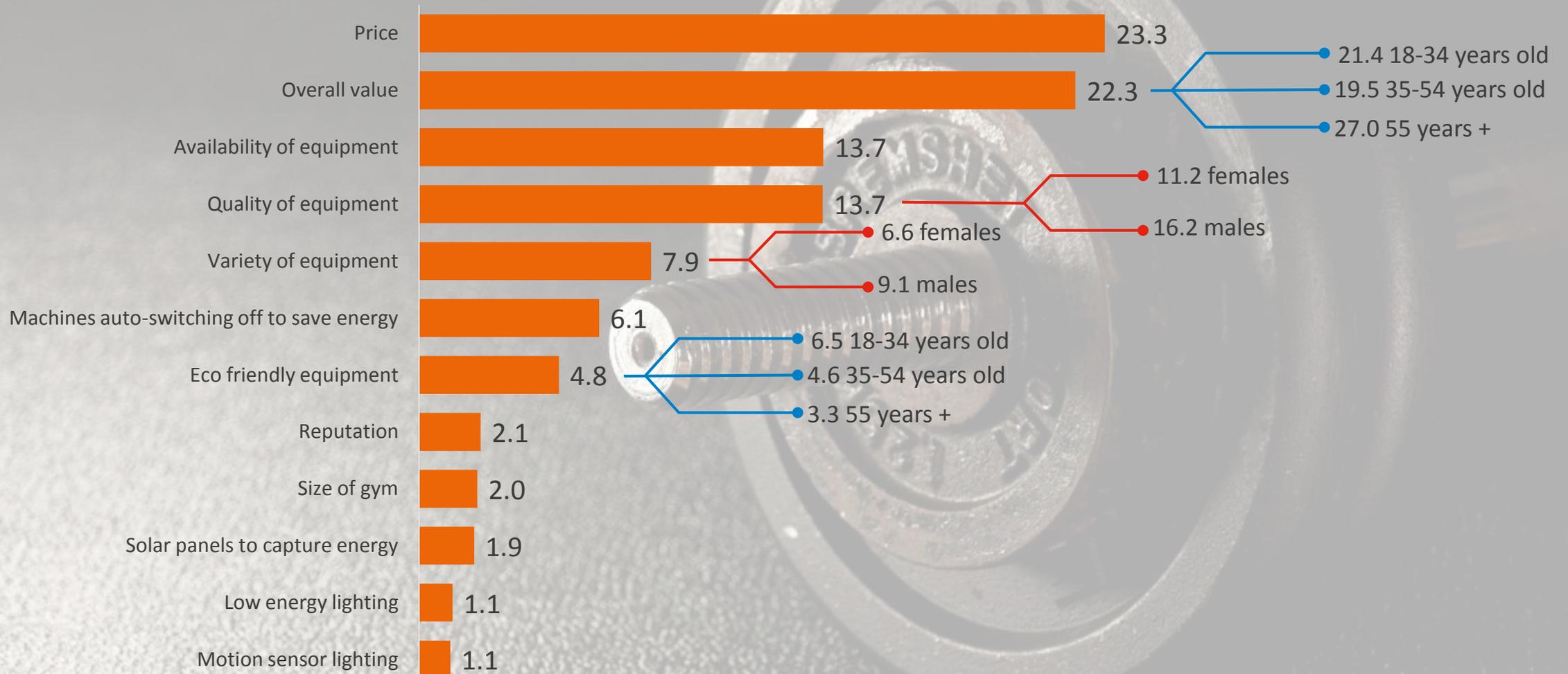


The place most customers would like to hear about decarbonisation and sustainability was online, and it was higher for gyms than it was for any other category



Q5a Where do/ did you generally find information about sustainability and decarbonization issues regarding gyms?
 Q5b How would you like to hear about information on about sustainability and decarbonization issues regarding gyms?
 Base: Gym category (458)

Price and overall value were the top priority for customers when choosing a gym



The average monthly spend increased by £1.69 for a supermarket with high sustainable credentials and £2.32 for high decarbonisation.

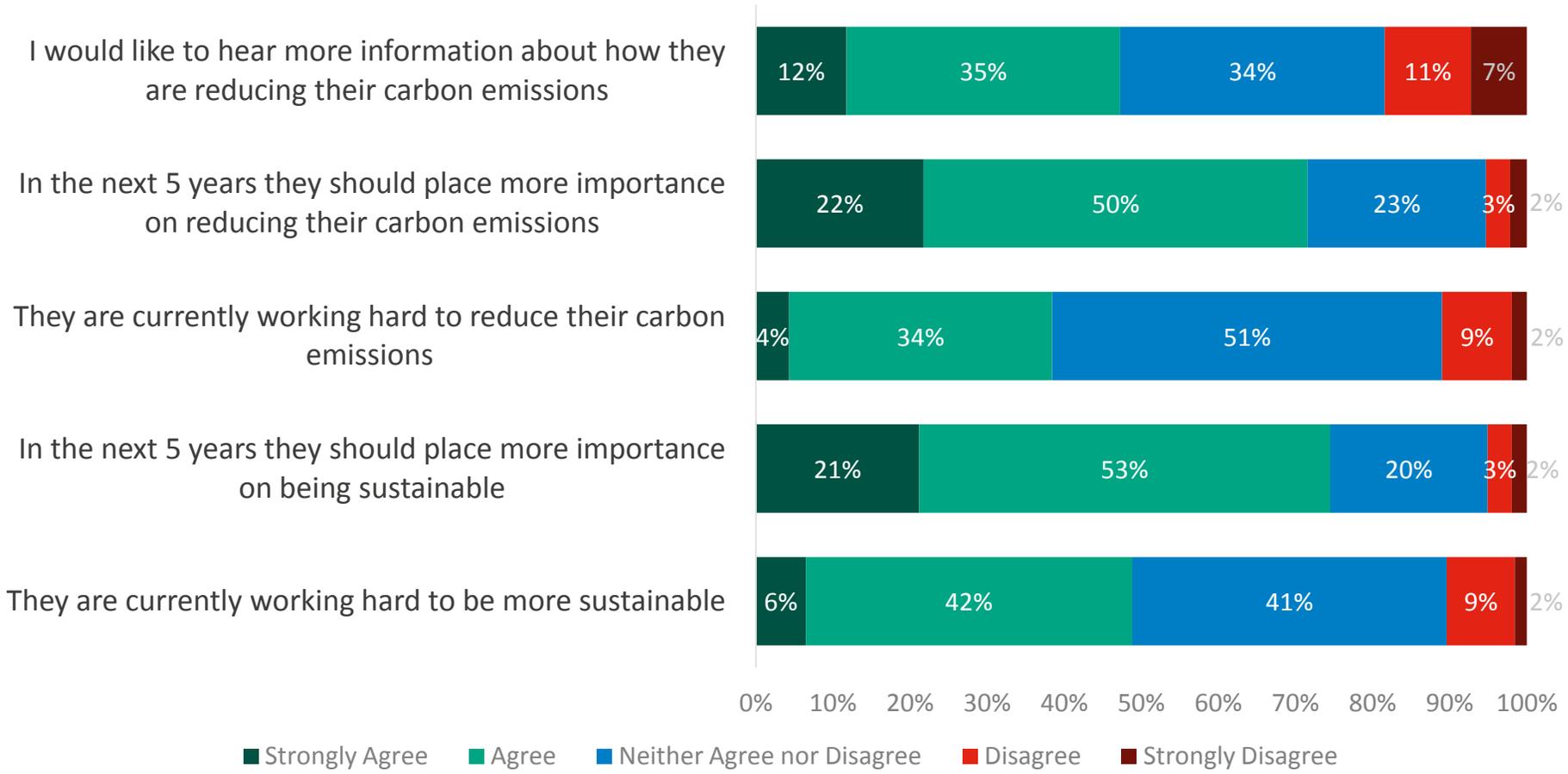
Decarbonisation spend £29.50



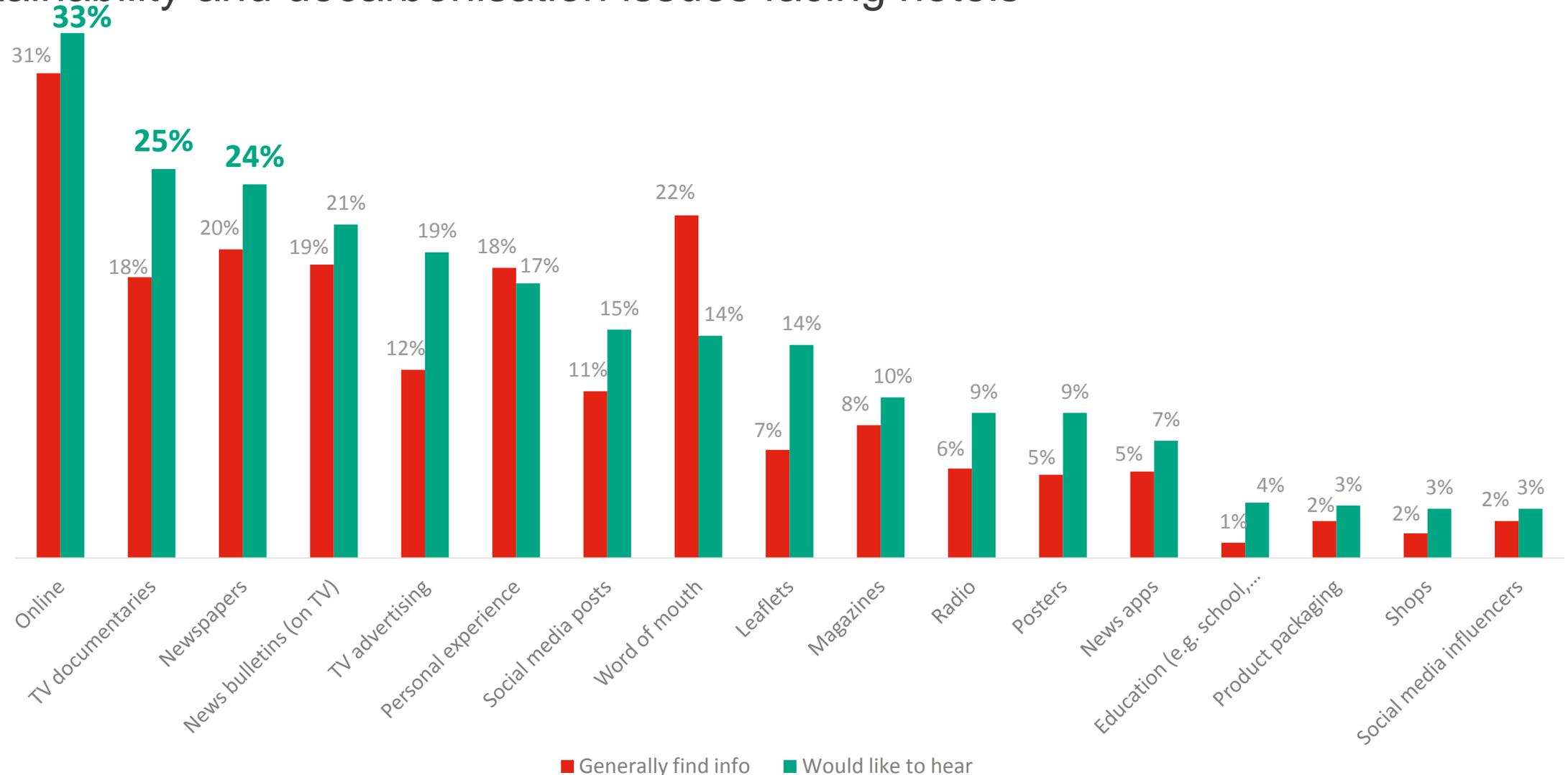
Hotels



Similarly to other with business types, less than 1/2 of customers think hotels are working hard to become more sustainable and to reduce their carbon emissions. Again, the majority believe the importance of both of these should increase in the next 5 years

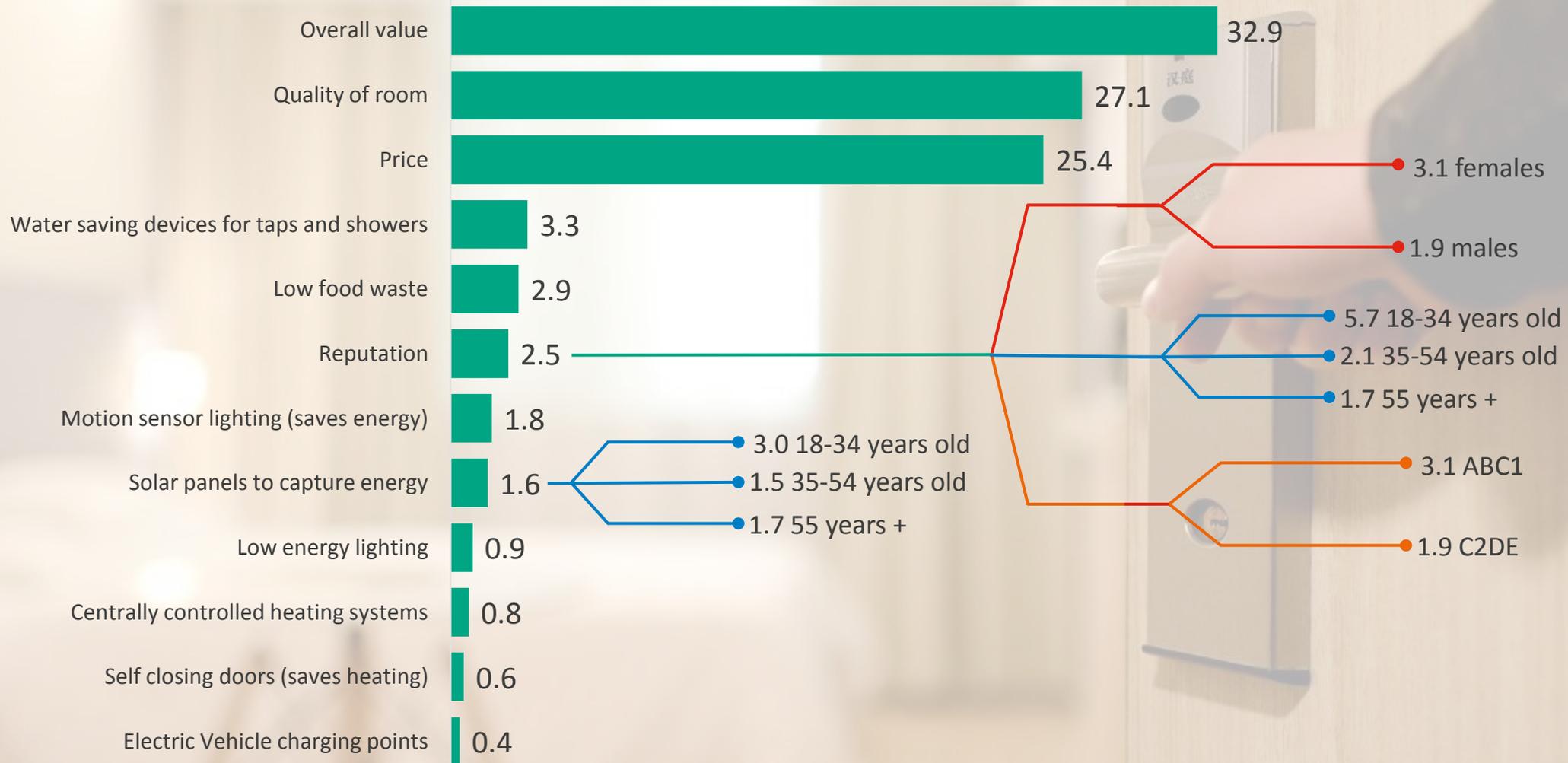


As will all others, online was the place most customers would like to hear info on sustainability and decarbonisation issues facing hotels



Q5a Where do/ did you generally find information about sustainability and decarbonization issues regarding hotels?
 Q5b How would you like to hear about information on about sustainability and decarbonization issues regarding hotels?
 Base: Hotel category (510)

The main priority for customers when choosing a hotel was overall value, followed by quality of room and price



The average hotel spend increased by £5.90 for a supermarket with high sustainable credentials and £6.76 for high decarbonisation

Hotels average spend £87.30

