

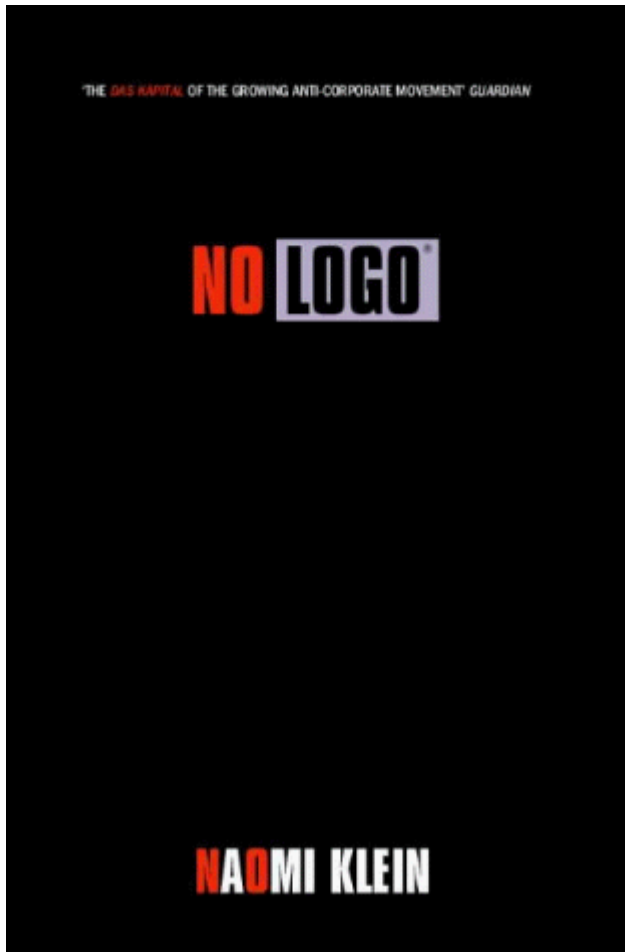
Do consumers really care about corporate ethics?

Karen Fraser
Fraser Consultancy UK Ltd.

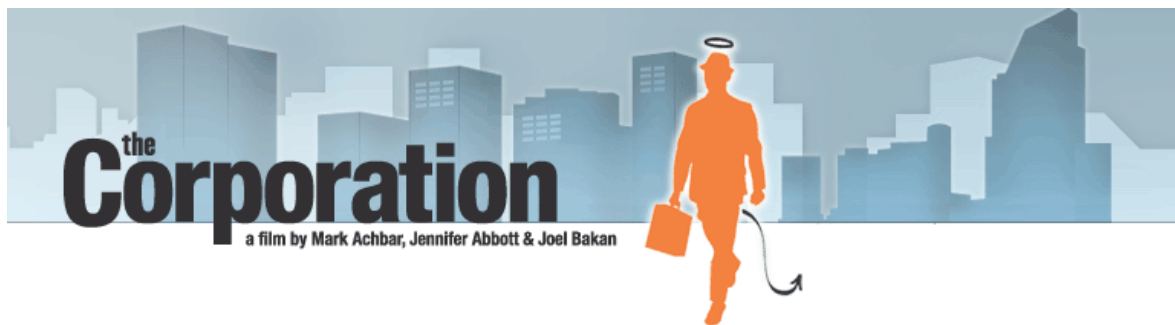
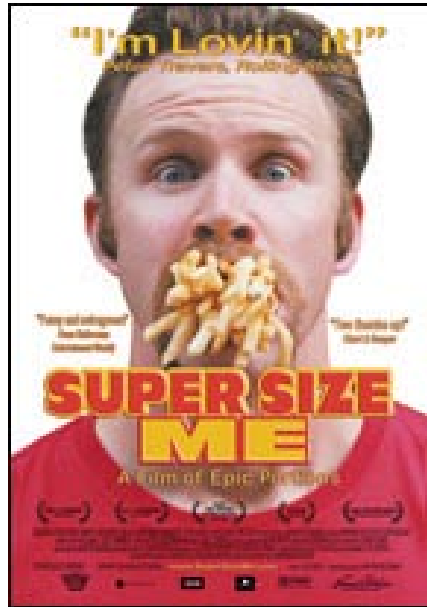
Agenda

1. Ethical concerns have entered mainstream awareness
2. Ethical concerns are a substantial business opportunity
3. There is a gap between what consumers say and do:
the conflicted consumer
4. Why conflicted consumers buy from companies they
believe unethical
5. What shapes consumer opinion?
6. What should businesses do about conflicted consumers
to make them satisfied consumers?

Ethical concerns enter mainstream



Ethical concerns enter mainstream



"Surprisingly rational."
The Economist

Substantial business opportunity

- Market worth £24.7 billion per year
- 30% say they care about companies policies and record on social responsibility
- But ethical products rarely achieve more than 3% market share
- So, why the 'ethical gap'?

Study of corporate ethical reputations



Conflicted Consumers

47%

bought from companies they
considered unethical

Base: All respondents (369)

Source: Fraser Consultancy Ethical Study conducted by ID Factor May 2005

Conflicted Consumers

What makes a company unethical?

“The company doesn’t care enough about the environment”.

Base: All respondents (369)

Source: Fraser Consultancy Ethical Study conducted by ID Factor May 2005

Conflicted Consumers

What makes a company unethical?

“The company exploits its workforce”.

Why do conflicted consumers buy?

“There is no alternative”.

Why do conflicted consumers buy?

“Convenience”.

Why do conflicted consumers buy?

“Because my kids like their products”.

Why do conflicted consumers buy?

“I think their competitors behave just the same”.

What shapes consumer opinion?

Advertising or promotion for the product or service



The company's shops or outlets



A news item on television



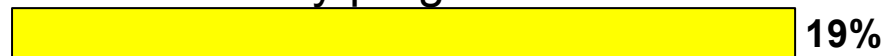
An article in a newspaper or journal or magazine



A film at the cinema or on DVD



A documentary programme on television



Something a friend or colleague has told you about the company



Base: All respondents (369)

Source: Fraser Consultancy Ethical Study conducted by ID Factor May 2005

What shapes consumer opinion?

28% had discussed the ethics of their worst offending company in last month...

...61% were left with a worse opinion, 14% with a better one.

What shapes consumer opinion?

“If the company was honest about their past behaviour, and made visible attempts to change for the better”.

What shapes consumer opinion?

“If the company spent money directly on the problems it has helped to create”.

What should business do?

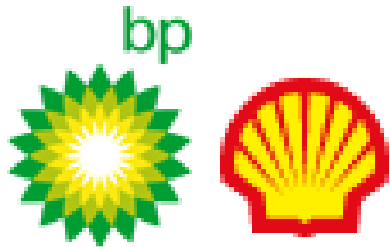
1. Research
2. Be honest
3. Stick at it
4. Be able to justify
5. Indentify influentials

We've been burning the midnight natural gas.

By switching from coal to natural gas, carbon dioxide emissions in new power generation can be reduced by up to 50%. That's why, since 1997, we've been working to grow natural gas to about 40% of our energy portfolio.



beyond petroleum®



37% thought Shell didn't care
enough about the environment
versus 17% for BP.

Thank you