

Don't talk about ESG

How businesses and brands should be engaging with UK households on issues related to environmental and social governance in 2022 and beyond

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At a glance

Why we shouldn't talk to consumers about ESG



Thank you for taking the time to open and read this report.

In February 2022, Mustard undertook a survey with a Nationally Representative sample of 1,000 UK consumers aged 18+.

With organisations increasingly investing in Environmental & Social Governance (ESG), we wanted to understand what facets of ESG are considered more important and less important by UK consumers.

Alongside this, we wanted to capture measures of awareness and understanding of the terminology used in ESG messaging, creating a baseline from which to track. Added to that, we wanted our survey respondents to consider their priorities from both a consumer and an employee perspective, and to let us know which organisations and sectors are associated with ESG issues, both positively and negatively.

The headline recommendation, as per the title of the report, is to NOT talk to customers about ESG. They don't really understand what it is and, in the broadest sense, it isn't sufficiently relevant to their lives and circumstances.

To cut through the noise, organisations should talk about these issues from the perspective of *fairness*, both in terms of people and environment, and make efforts to add meaning and relevance through the "so what?" and the "now what?".

For more information on what this means for you and your sector, please get in touch. We would love nothing more to chat you through the insight and implications.



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What we did

and what we covered



An online survey of 1,001 UK Consumers

Quotas set to ensure a **nationally representative sample** according to:

- Age
- Gender
- SEG
- Region
- Ethnicity

Surveys completed between 18th February and 4th March 2022

What we did

10-minute survey including:

Screening and demographics

Awareness and understanding of ESG terminology

Perceived importance of "macro issues" (e.g. diversity & inclusion, climate, sustainability, etc.)

Perceived understanding of "macro issues" (e.g. diversity & inclusion, climate, sustainability, etc.)

Brands / organisations associated positively / negatively with macro issues

Measuring the extent to which people care about each of 26 x "micro issues" from a consumer perspective

Measuring the extent to which people care about each of 26 x "micro issues" from an employee perspective

Impact of ESG "failings" on consumer choices and behaviour

Exploring which sectors are perceived as doing "well" or "badly" on ESG issues

What we covered

Why shouldn't we talk about ESG?

Firstly, because people don't know what it is

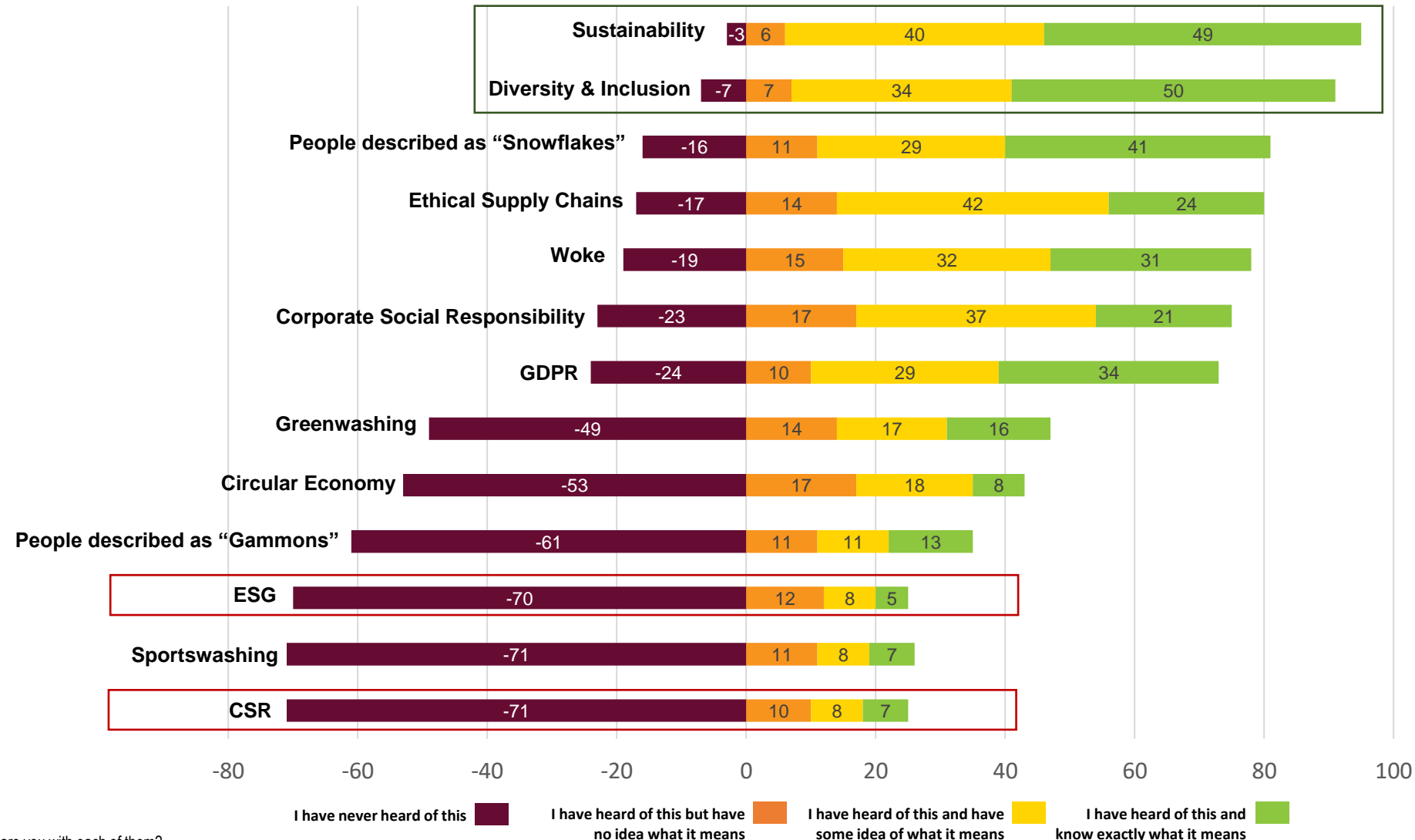


There are a large number of terms used by businesses, media and politicians that are not cutting through in terms of widespread consumer awareness or understanding.

Acronyms, in particular, should be avoided.

More than two-thirds of UK adults say they have never heard of **CSR** (71%) and **ESG** (70%).

Meanwhile, awareness and familiarity of some of the constituent parts of ESG (such as sustainability, diversity & inclusion) are known and more widely understood.



A1. Looking at the following words and terms, how familiar or unfamiliar are you with each of them?

Base = 1,001

Why shouldn't we talk about ESG?

It is competing against a lot of background noise



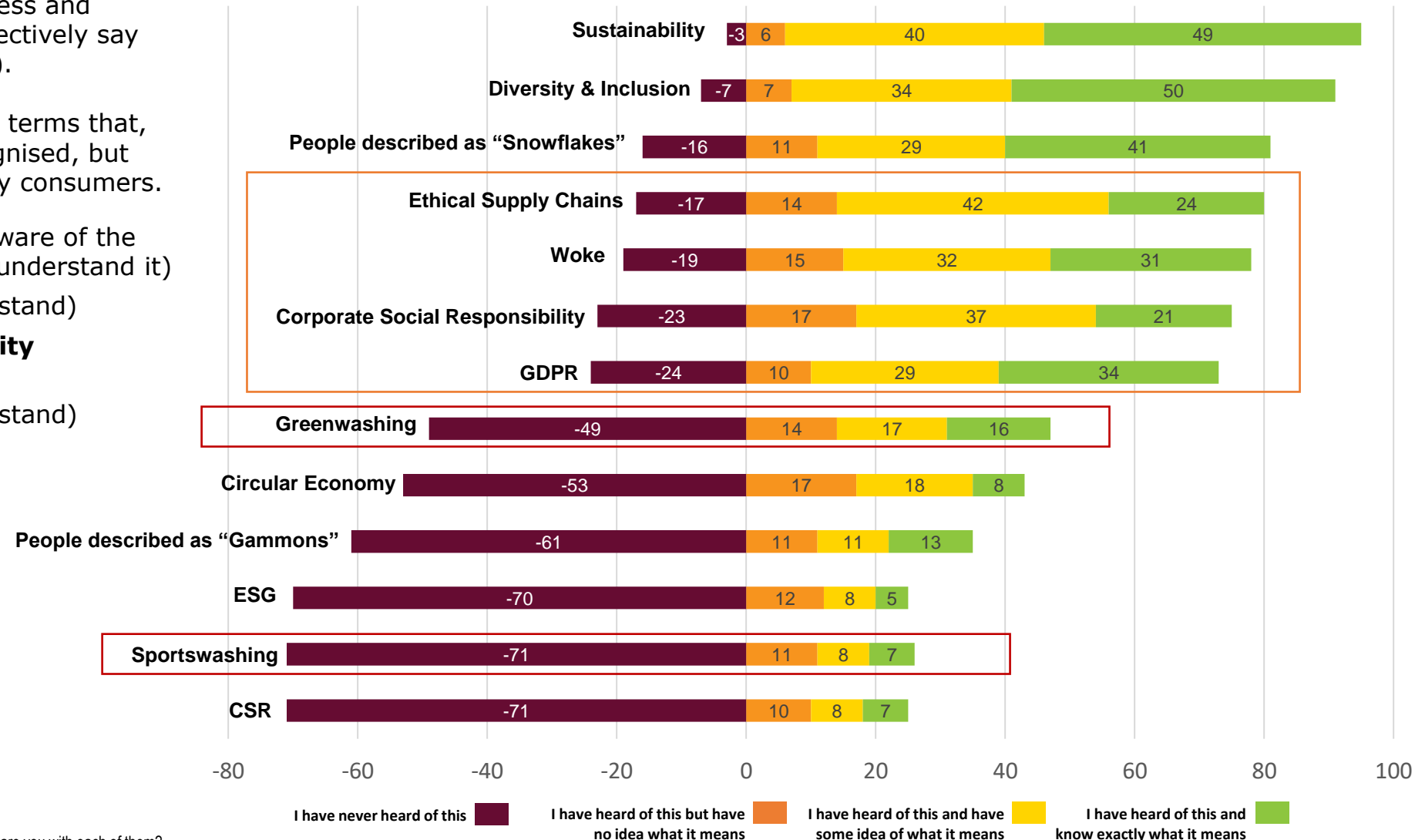
The terms **sportswashing** and **greenwashing** also have very low levels of awareness and understanding (71% and 49% respectively say they have never heard these terms).

There are several other widely used terms that, may have been heard and are recognised, but are by no means fully understood by consumers.

1. **Ethical supply chains** (83% aware of the phrase, but only 24% say they understand it)
2. **Woke** (81% aware, 31% understand)
3. **Corporate Social Responsibility** (77% aware, 21% understand)
4. **GDPR** (76% aware, 34% understand)

Men claim to have a better understanding of issues compared with women – with the exception of **Diversity & Inclusion**.

On the whole, Baby Boomers are least likely to be aware of issues and least likely to claim to have a good understanding of the issues.



Why shouldn't we talk about ESG?

Also, because your customers and prospects don't care about it in the broadest sense



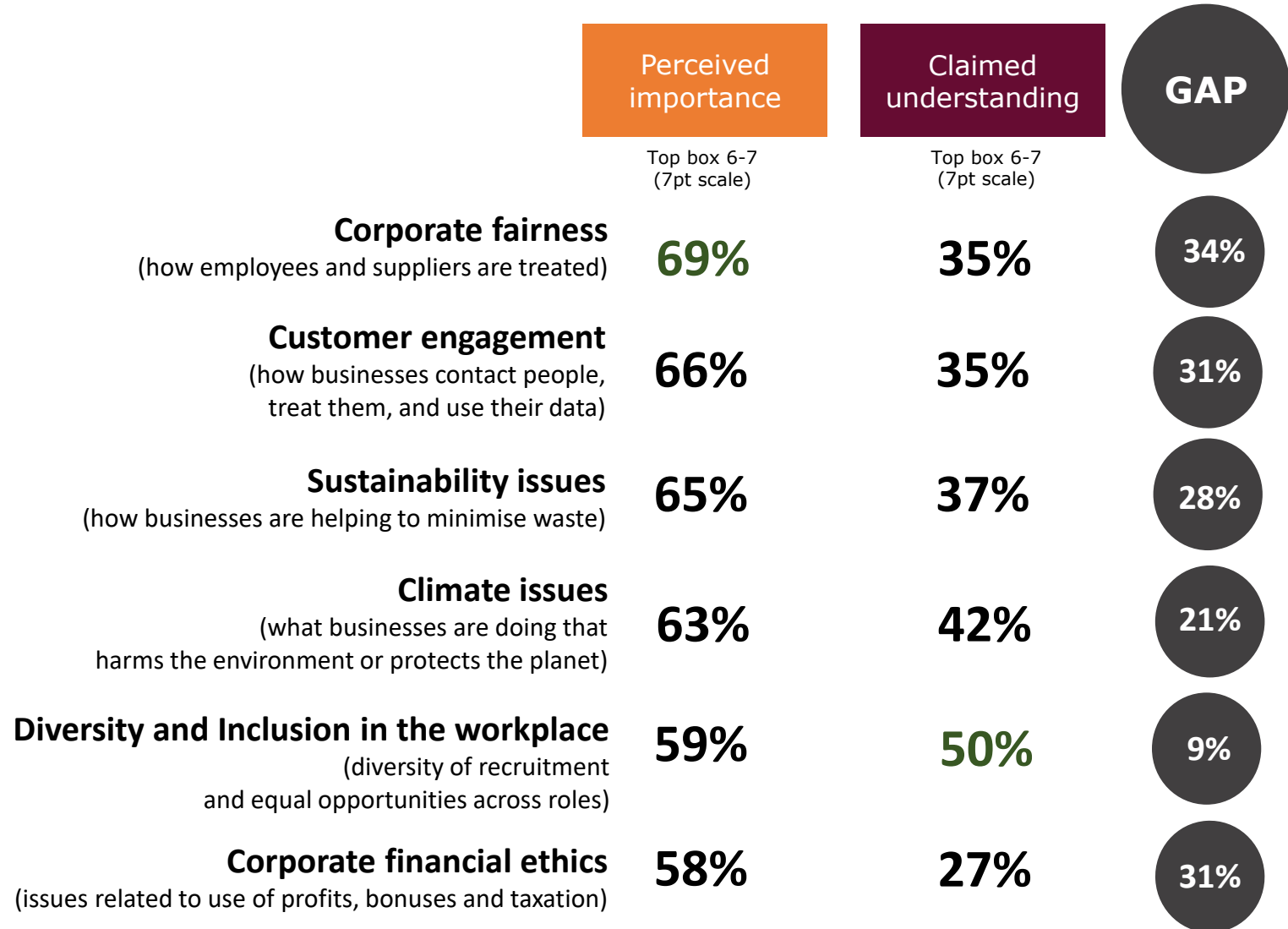
Evidence suggests that consumers are easily bored and tire of issues when discussed too broadly.

At a "macro" level, it is only the issues related to **Corporate Fairness** that are important to more than two-thirds (69%).

Evidence also suggests that fury with "fat cats" has passed, with **Corporate Financial Ethics** seen as the least important ESG issue overall (although this also has the lowest level of consumer understanding).

This data also reiterates that consumers do not necessarily need to fully understand an issue in order to consider it important.

In fact, for all issues, **ratings of perceived importance outscore those of claimed understanding**. It is around the issues of Diversity and Inclusion in the workplace that this gap is smallest, despite half of consumers saying they have a good understanding of the issues, only 59% say Diversity and Inclusion in the workplace is important.



B1. On a scale of 1-7, where 7 means extremely important and 1 means not at all important, how important are the following to you?

Base = 1,001

How should we talk about ESG issues?

UK adults place great importance on the value of FAIRNESS.



UK adults have a strong belief in **the value of fairness**, and this can prove to be a positive way to frame ESG issues.

Regardless of whether they are considering issues as a consumer or employee, they prioritise and care MOST about issues that relate to fairness. This means treating people equally, fairly and properly, and behaving in a fair and responsible way.

People care EVEN MORE about these issues when looked at through the lens of an employee (rather than a consumer).

In particular, issues such as remuneration and health and safety increase in importance when considered from the perspective of an employee or potential employee.

C1. As a CUSTOMER (or a potential customer) to what extent do you care if...
Base = 1,001

C3. As a EMPLOYEE (or a potential future employee) to what extent do you care if...
Base = 670

Top 10 things people care about as CONSUMERS

	Don't Care	Care a Little	Care a LOT
A company says it is committed to treating employees fairly	5%	25%	71%
A company says it is committed to paying its staff (or rewarding them) fairly	4%	28%	68%
A company says it is minimising waste by making things recyclable / easy to recycle	5%	27%	68%
A company says it is using environmentally friendly packaging, minimising plastics or reusing materials	6%	28%	66%
A company says it is paying a fair amount of tax	6%	28%	65%
A company says it is taking action to improve animal welfare	8%	27%	65%
A company says it is taking steps to reduce water pollution	6%	32%	62%
A company says it does not discriminate on either age, gender, ethnicity or sexual orientation	8%	30%	62%
A company says it is taking positive steps to protect the planet	7%	32%	61%
A company says it is committed to equal opportunities regardless of age, gender, ethnicity or sexual orientation	9%	32%	59%

Top 10 things people care about as EMPLOYEES

	Don't Care	Care a Little	Care a LOT
A company says it is committed to paying its staff (or rewarding them) fairly	4%	18%	79%
A company says it is committed to treating employees fairly	4%	18%	78%
A company says it has a strong health & safety record	5%	28%	67%
A company says it does not discriminate on either age, gender, ethnicity or sexual orientation	7%	27%	66%
A company says it is committed to equal opportunities regardless of age, gender, ethnicity or sexual orientation	8%	27%	66%
A company says it is minimising waste by making things recyclable / easy to recycle	6%	31%	64%
A company says it is paying a fair amount of tax	8%	30%	63%
A company says it is taking action to improve animal welfare	9%	28%	63%
A company says it is using environmentally friendly packaging, minimising plastics or reusing materials	6%	32%	62%
A company says it is taking positive steps to protect the planet	7%	32%	61%

What DO we talk about in regards to ESG issues?

It is only when we talk about SPECIFICS that consumers engage and demonstrably care



What is also noticeable, when we talk about specific ESG-related issues (rather than generic terminology) the absolute percentages of people saying they care increases markedly.

In particular, it is when issues have a tangible impact and relevance to the individual that consumers REALLY sit-up, take notice, and begin to care more deeply and sincerely. For example, THEIR OWN recycling and THEIR OWN data security.

The less relevant (to themselves and their own circumstances), the less tangible, and harder to grasp issues are those that consumers tend to care relatively less about.

Top 12 things people care about as CONSUMERS

	Don't Care	Care a Little	Care a LOT
A company says it is committed to treating employees fairly	5%	25%	71%
A company says it is committed to paying its staff (or rewarding them) fairly	4%	28%	68%
A company says it is minimising waste by making things recyclable / easy to recycle	5%	27%	68%
A company says it is using environmentally friendly packaging, minimising plastics or reusing materials	6%	28%	66%
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A company says it is taking positive steps to protect the planet	7%	32%	61%
A company says it is committed to equal opportunities regardless of age, gender, ethnicity or sexual orientation	9%	32%	59%
A company says it has a strong health & safety record	8%	33%	59%
A company says it is investing in data security to combat cyber-crime	7%	35%	58%

Bottom 8 things people care about as CONSUMERS

	Don't Care	Care a Little	Care a LOT
A company says it is committed to planting trees	11%	41%	48%
A company says it is investing in the "circular economy" (so products can be refurbished or re-used)	11%	41%	48%
A company says it is committed to diversity in terms of its recruitment	14%	38%	48%
A company says it is happy to publish its executive pay, bonuses, shareholder dividends and tax records	14%	41%	45%
A company says it is involving employees in key decision making	12%	46%	42%
A company says it has people from minority backgrounds in leadership roles	20%	41%	40%
A company says it is involving customers in key decision making	14%	50%	36%
A company says it is happy to interact with customers through social media	32%	40%	28%

Fairness

(*noun*)

Impartial and just treatment or behaviour without favouritism or discrimination.



UK consumers believe in FAIRNESS, and this vernacular very much resonates with the population. Fairness within the workplace is a priority for many, in terms of opportunity and rewards. Fairness extends into other elements of ESG too, however, including being “fair” to animals, to the environment, etc. At a corporate level, consumers care that corporations pay a “fair” amount of tax. Consumers “get” the concept of fairness and are, on the whole, bought into it. That said, individual definitions of what is “fair” can vary from issue to issue.

Relevance

(noun)

The quality or state of being closely connected or appropriate.



Consumers by instinct “hold a mirror” to what they read and hear. Unsurprisingly, they engage more when the issues feel directly relevant to themselves and their circumstances. Increasingly, issues related to the “big squeeze” are resonating within other studies, outside of ESG. “What do these price rises mean for me, my family and lifestyle?”. Within the realms of ESG, consumers are more likely to take notice if the issues are local to themselves and directly relate to their everyday lives. “How easy is it for me to recycle?”, “how safe is my data?”, etc.

Meaning

(noun)

What is intended to be, or actually is, expressed or indicated.



Not only does the conversation have to be relevant, it has to be framed so that it is measurable and tangible – and with meaning. This is not just about quoting numbers, but framing conversations within contexts that people understand (i.e. definitely not kilograms of CO₂, and in most cases not even percentages). Remember too that consumers often have a degree of “number blindness” – and a meaningful “measure” to your business might not have the same meaning across the customer base.

When businesses get it wrong consumers DO take action

There is lots of evidence to show that ESG failings can prompt behaviour change



Consumers claim that they DO change their purchase behaviour as a result of perceived ESG “failings”.

Again, they will react more severely to issues that impact them as individuals more personally – local pollution incidents, data breaches and “spamming”.

Although they care relatively less about the political views of business leaders and headlines related to huge dividend pay-outs, even these stories still mobilise a majority to consider changing their brand allegiance.

Just 5% of those surveyed said NONE of the ESG-failings listed would impact on their consumer choices and decision making.

Females are more likely than males to say they will change their behaviour as a result of ESG failings.

What HAS stopped (or would stop) people from using a company (or buying products and services from them)?

Top 5 of 16

No impact		Have stopped / Would Stop	Have reduced / Would reduce
11%	If a company has a big pollution incident that impacts on the environment in your local area	48%	29%
12%	If a company has a “ data breach ” that could compromise its customers’ personal details	43%	31%
13%	If a company is found to have an unethical supply chain	42%	34%
13%	If a company is accused of institutional racism or bullying	45%	30%
13%	If a company has a big pollution incident that impacts on the environment elsewhere in the world	41%	33%

Who can we learn from in terms of good practice?

Are there any ESG trail-blazers that we can take inspiration from?



No specific sectors or businesses are anywhere close to “owning” the conversation on ESG issues.

ESG: The Worst performers



33%

PETROL COMPANIES



25%

MINING & MINERAL EXPLORATION

ESG: The Best performers



20%

SUPERMARKETS



18%

CHARITIES

To find out whether YOUR brand or organisation was named by consumers in the “open text” questions related to who is doing “well” and “badly” then please get in touch – theteam@mustard-research.com

B3a. Are there any businesses or companies that spring to mind that you feel POSITIVE about in relation to:?
Base = 1,001

B3b. Are there any businesses or companies that spring to mind that you feel NEGATIVE about in relation to:?
Base = 1,001

D1. Looking at the sectors and different businesses below, which would you say are doing particularly WELL in terms of ESG? Who are the ones setting a good example?
Base = 1,001

D2. Looking at the sectors and different businesses below, which would you say are doing particularly BADLY in terms of ESG? Who are the ones that need to improve?
Base = 1,001

In summary

When talking to UK consumers about ESG-related issues

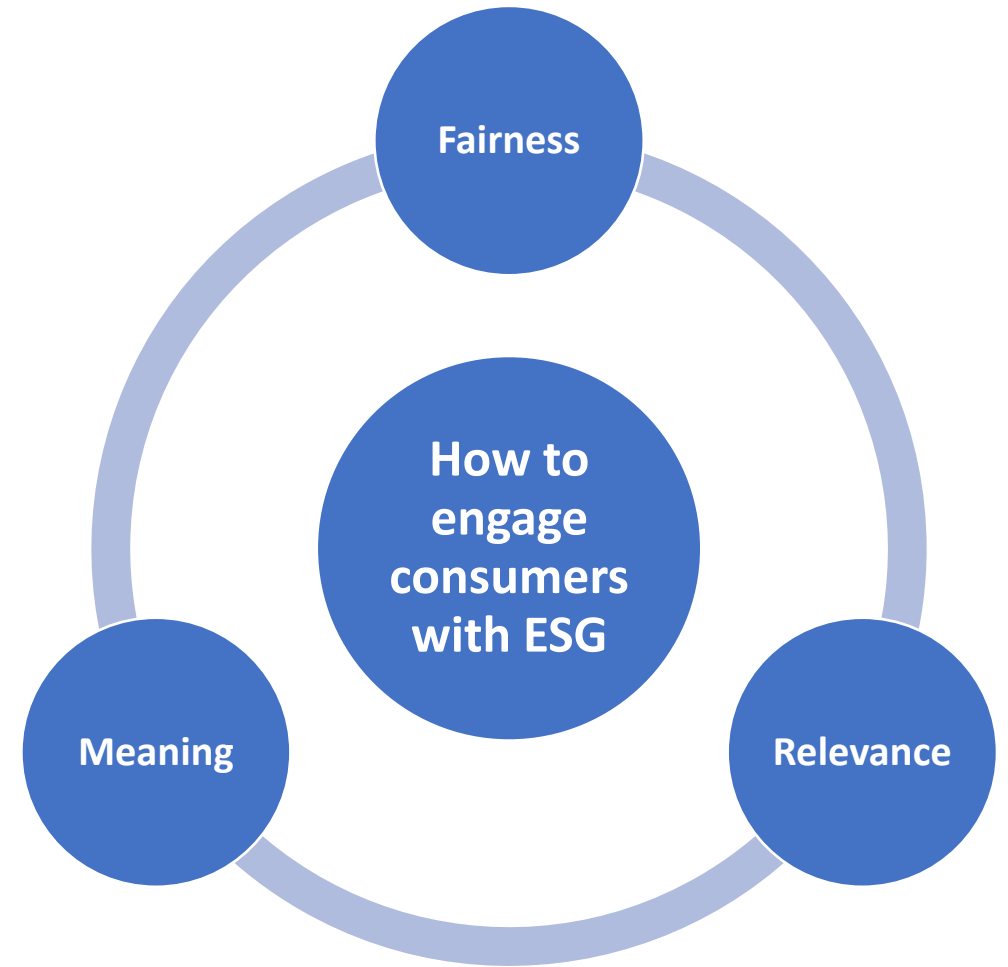


There are 3 fundamental needs to consider when talking to UK consumers about ESG-related issues.

Frame the conversation around **fairness**.
It's a core value, and people get why fairness is important.

Be specific (not generic) and be **relevant** to individual cohorts of consumers. Stay hyper-local with references, and use your segmentation (if you have one).

Be measurable, tangible and have **meaning**, and focus on the "so what" and "now what" within messaging. People can't picture 1,000 acres of planted trees. You and your teams might have discussed and used terms such as "greenwashing" and "sportswashing", but it's unlikely that your customers have. Acronyms in particular cause confusion and "fail" on the core consumer need for meaning.



Any questions?

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