











CommBank Consumer Insights

The power of moving with purpose.

March 2022



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Foreword

Consumer behaviour has changed over the past two years. An increasing awareness about the impact of climate change coupled with the effect of restrictions placed not only on consumers but on the businesses with which they interact, has led to a social shift that is having a visible flow through to consumer spending.

CommBank's inaugural Consumer Insights report, released last year, found that consumers were redefining what matters to them. We saw more consumers wanting to shop locally, to spend more time with family and friends, and to strengthen community bonds. There was a sense of wanting to do the right thing.

In this second edition of the report, we examined that shift in attitude and looked for insights into how consumers' view the role, value and impact of social purpose in businesses and organisations. We then analysed how that is reflected in their shopping habits and how they connect with brands.

We found that a third of consumers are now more conscious of purchasing from purpose-led brands than they were pre-pandemic. We know that as humans we like to connect with others who share our values and so it follows that purpose can influence shoppers' future decision-making.

We also found that a majority of consumers engage with communications about a brand's social purpose. More than one in ten actively seek out this information and significantly, most of these shoppers are willing to pay extra to support purpose-led organisations.

That increasing level of interest in and connection with a brand that demonstrates social purpose gives rise to greater loyalty, advocacy and enhances the customer experience. However, authenticity is paramount and so we also examined the behavioural and emotional responses shoppers have to social purpose.

We hope these insights will help consumer businesses navigate shifting consumer expectations and better understand their mindset, behaviour and preferences.

Jerry Macey

Executive Manager
Consumer and Diversified Industries
Business Banking, Commonwealth Bank

About CommBank Consumer Insights

CommBank Consumer Insights is an exclusive, wide-ranging analysis of the Australian consumer. This edition examines the role of purpose in consumers' shopping behaviour and is based on an online quantitative survey conducted by ACA Research on behalf of the Commonwealth Bank. The survey was conducted in July and August 2021 and was completed by 5,639 consumers of goods and services, with each respondent answering questions based on one of the following categories: groceries (n=354), liquor (n=352), fashion (n=352), homewares and household appliances (n=353), DIY, building, garden supplies and hardware (n=350), consumer electronics (n=351), motor vehicle parts and accessories (n=351), health and beauty (n=355), books, gaming, music and media (n=354), recreational goods (n=354), fast food and quick service restaurants (n=355), pubs (n=349), clubs (n=350), accommodation (n=351) and personal care services (n=355). Survey participants were segmented by generation as follows: Gen Z, aged 16-24 years (14%), Gen Y, aged 25-40 years (25%), Gen X, aged 41-56 years (26%), Baby Boomers, aged 57-75 years (27%) and Pre-Boomers, aged 76 years and over (8%). The sample was selected to ensure the results are nationally representative. All statistics and references to consumers in this report are based on the responses to the survey unless otherwise stated.

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The power of purpose

This edition of CommBank Consumer Insights examines the role of social purpose and consumers' expectations of purpose-led businesses. While a strong social purpose is not a rational driver of choice for most consumers, it matters to many Australians and can strongly influence shoppers' attitudes, loyalty and purchasing behaviour. To align with consumers' values, businesses must demonstrate that they genuinely want to do good, as well as communicate this effectively.

Purpose gains importance

The pandemic caused consumers to reset their priorities, with spending time around friends and family, and shopping locally, becoming more important. When it comes to alignment with brands on the social causes that matter to consumers, many are now increasingly deliberate in where they shop and what they buy.

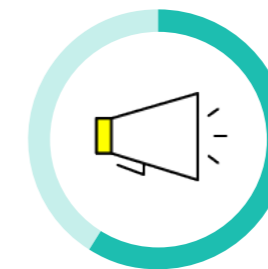


33%

of consumers are more conscious of purchasing from purpose-led brands than before the pandemic.

Younger generations at the forefront

Most consumers engage with content on social purpose, including 14% who actively seek out this information. It is noteworthy that the proportion of consumers is far higher among younger shoppers, suggesting that as this population segment ages, purpose may feature more prominently.



59%

of consumers engage with brands' messaging about social purpose, including 77% of Generation Z and 70% of Generation Y.

The value of purpose

Value for money may be the primary driver of consumers' shopping behaviour; however, nearly one in five consumers are willing to pay over 10% more to purchase products and services from purpose-led businesses. Businesses need to be conscious though that there is a price point beyond which value comes back into focus.

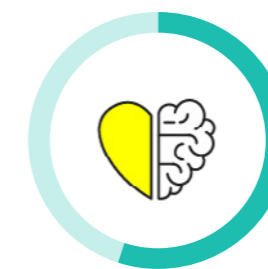


53%

of consumers are willing to pay more to purchase from a purpose-led business.

The authenticity imperative

Some doubts linger over purpose-led businesses' intentions to do good, and consumers report their relationship with certain brands has been negatively affected by inappropriate business practices. To realise the connection and loyalty that genuine purpose can create, businesses must take an all-encompassing approach when making a long-term commitment to a cause. Being authentic and relevant is critical, as is effective messaging.



55%

of consumers believe purpose-led firms are intent on making money rather than advancing a genuine purpose.

How does purpose influence consumers?

Building deeper connections

When consumers purchase goods and services, value for money, product quality, and convenience are front-of-mind. However, humans' innate need for connections draws them to businesses and brands that share their values.





Consumer values and priorities reset

Over the past two years, Australians have endured the pandemic, severe bushfires and floods, and an escalating global climate crisis. These and other life-changing events may help explain why consumers have a heightened focus on environmental and social causes and supporting the local economy.

Last year, the inaugural edition of CommBank's Consumer Insights report confirmed that the pandemic forced people to spend their time differently and consider what is truly important. As a result, priorities and values have been rebalanced. For example, consumers increasingly want to support Australian online retailers and manufacturers, as well as local suburban shopping centres and neighbourhood stores. The research underlying this edition found that has persisted.

Although foundational, it is no longer enough for brands to deliver competitively priced, quality products through convenient channels. Today's consumers expect brands to actively demonstrate their role in society, to support communities and to take meaningful action on issues that matter to them. As Jana Bowden, Associate Professor of Marketing and Consumer Behaviour at Macquarie University, said in our previous edition, "Consumers, particularly younger generations, such as Generation Z and Millennials are prioritising the 'why' of brands over the 'what' of brands". To understand the implications of this shift for consumer businesses, this edition of Consumer Insights examines the role and value of social purpose.

What is social purpose?

A business with a social purpose is a company whose enduring reason for being is to create a better world. It is an engine for good, creating societal benefits by the very act of conducting business. Its growth is a positive force in society.¹

United Way Social Purpose Institute

Shifting mindsets and preferences



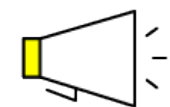
52%

of consumers now purchase more from Australian-based retailers.



1 in 3

Consumers actively seek out brands that share their values.



42%

of consumers believe businesses are becoming more conscientious about their contribution to society.

The impact of purpose

The first edition of CommBank’s Consumer Insights Report found that Australians re-evaluated their priorities during the pandemic. In the latest survey, a third of consumers say they are more conscientious about purchasing from purpose-led brands than they were pre-pandemic. The percentage is even higher among Generations Z and Y (40%).

We know from previous CommBank research¹ that the fundamentals of being a successful retailer involve competitive prices, quality and range of products, and convenient channels. It is critical to get these basics right. It has again been confirmed in this edition that these are front-of-mind for shoppers and rank as the top three most important considerations when deciding where to shop.

However, there is more to our behaviour than solely rational decision-making. Almost six in ten consumers engage with brands messaging on their social purpose, including 14% who actively search for such information. And while a strong social purpose is the single most important factor for only a small number of consumers, we will see shortly that the majority of consumers will compromise on price for a stronger purpose.

Moreover, when asked what one factor would enhance a brand’s reputation, almost one in ten consumers nominate a focus on social purpose. Again, the percentage is higher among Generations Z and Y, suggesting that expectations around purpose will grow as this cohort of the population expands, and brands should be paying closer attention.

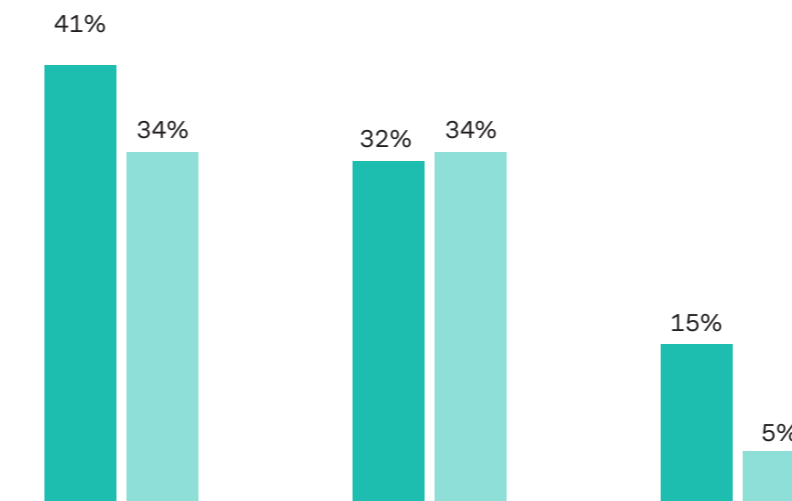
¹ CommBank Retail Insights Edition 6, June 2018. Page 14.



Factors influencing consumer perceptions

Consumers rank rational factors more highly when deciding where to shop.

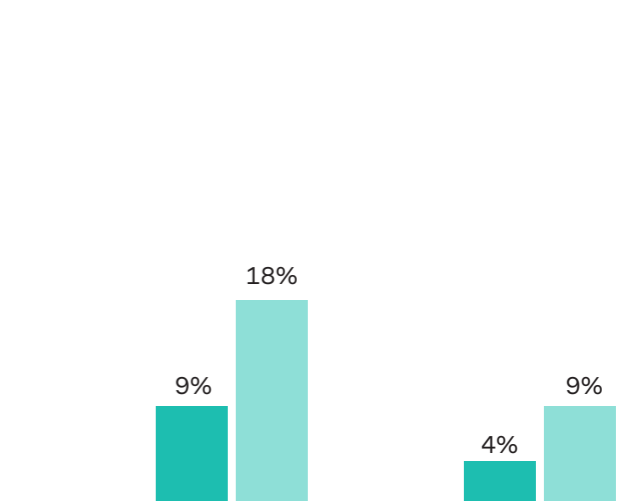
Most important factors when decided where to shop.



Focus for reputational enhancement

While not the top purchasing drivers, more consumers believe social purpose and service can enhance a brand’s reputation.

Where businesses should focus to enhance reputation.



“The value of having a strong social purpose underpinning your business should not be underestimated. Although it may not figure prominently in consumers’ rational decision-making, it operates in the background by influencing how consumers think and feel about a business or brand.”

Jerry Macey



How consumers respond to purpose

For consumer-facing businesses, the value of purpose lies in facilitating emotional connections that potentially lead to greater customer loyalty and support. More than four in ten consumers say they are proud to be associated with brands that share their values and say they support brands that adopted initiatives to help the community during the pandemic.

More than a third of consumers are more forgiving towards businesses with a strong and authentic social purpose and regularly shop from brands solely because they believe in their purpose. A similar proportion believes that purpose-led businesses are more likely to care about their customers than other companies.

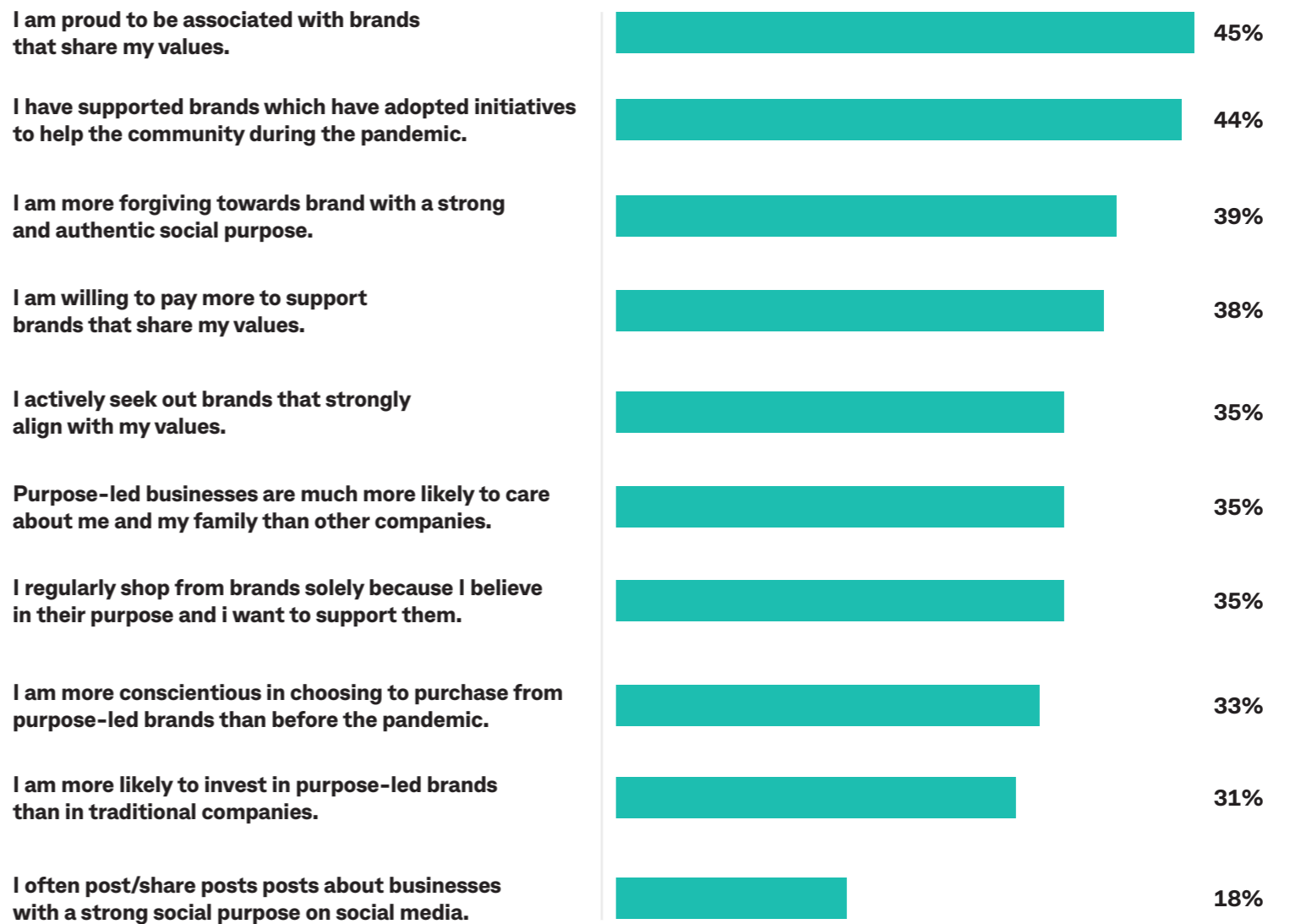
More than 40% agree that businesses are increasingly conscientious about their contribution to society. According to consumers, grocery retailers, along with cafes and restaurants, are leaders here. On the other hand, motor vehicle parts and accessories and liquor retailers are seen as lagging.

The opportunity to connect emotionally through a brand's social purpose exists across categories. Of note, consumers are more open to connecting with purpose-led businesses offering hospitality and personal care services than they are with retailers. Quick service and fast-food outlets, however, may find it more difficult to form such connections.

Consumer attitudes and behaviours

Consumers' affinity with purpose-led businesses can influence purchasing behaviours and loyalty.

Percentage of people who agree.



Consumer attitudes and behaviours by category





Balancing willingness and value

Although four in ten consumers say that value for money is the most important consideration when making a purchase, they acknowledge that there can be a cost associated with advancing a social or environmental cause and are accepting of that. Hence, 53% say they are willing to pay more to buy from purpose-led businesses. Within this group, 31% indicated that they are likely to pay premiums in excess of 10%. These findings underline the powerful influence of purpose operating in the background.

The percentage of consumers willing to pay more to purchase from a purpose-led business declines sharply with age, ranging from 71% among Generation Z to 38% of Pre-Boomers. Likewise, the value of purpose

varies by category and is highest for food and beverage services, recreational goods and personal care services and products.

However, consumers' willingness to pay a premium to support purpose-led businesses has limits. Almost four in ten consumers often don't buy from purpose-led businesses because the goods are too expensive.

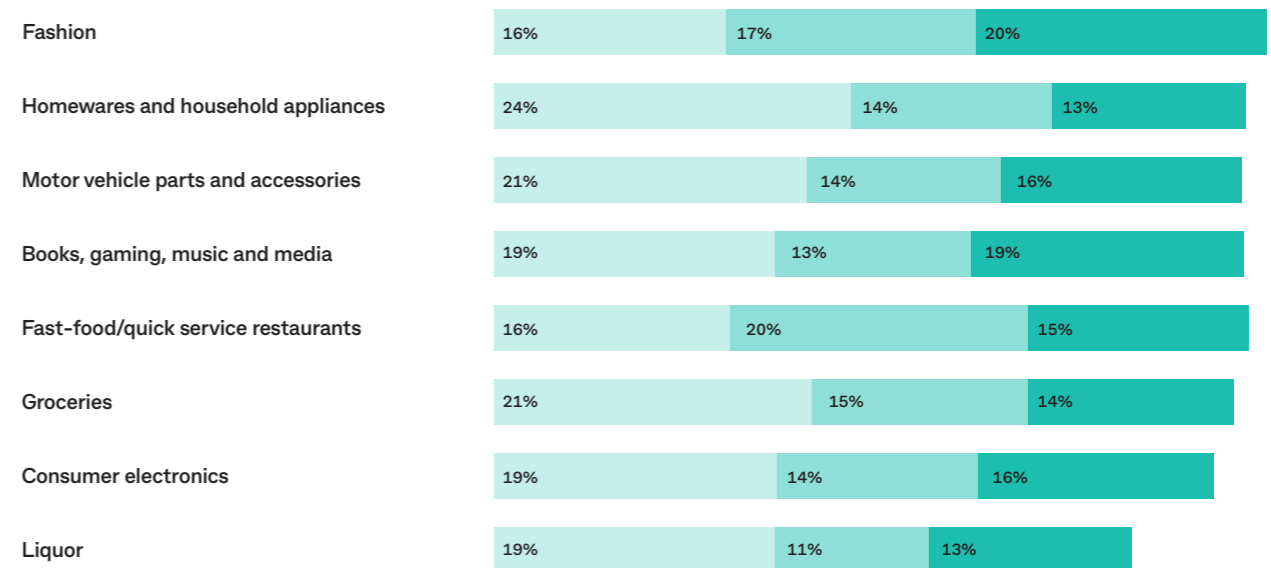
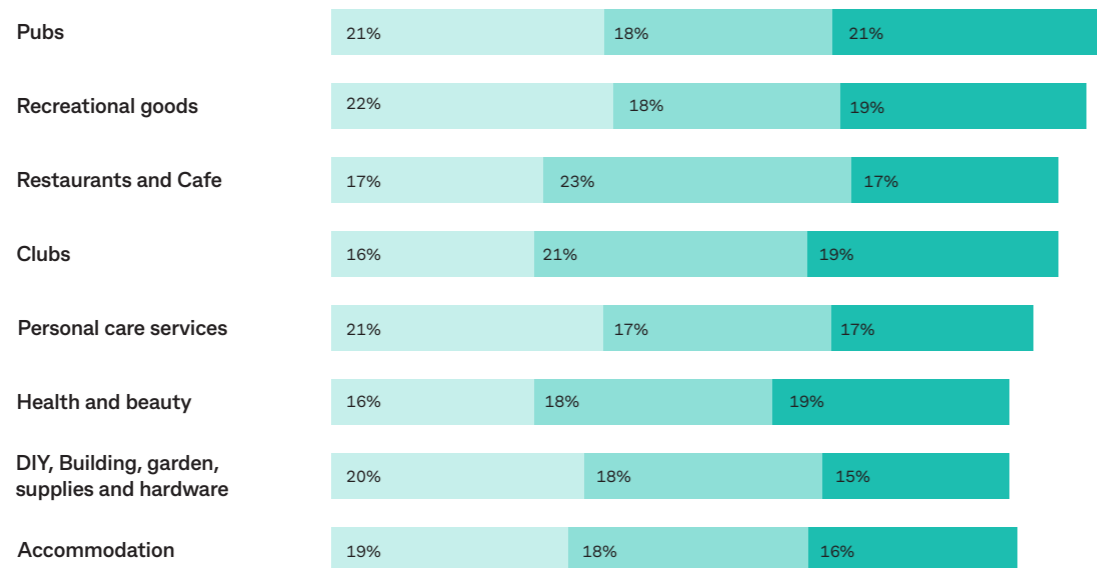
As we explore shortly, the opportunity and challenge for consumer-facing businesses is to recognise that while consumers see the value in supporting a brand's purpose and are willing to share in the associated costs, they also expect it to be genuine.

“Almost one in five consumers are willing to pay more than 10% extra for goods and services from purpose-led businesses. However, every consumer has their own limit at which point value considerations may come back into play or cynicism about a brand’s intentions can creep in.”

Jerry Macey

The value of social purpose to consumers

Many consumers are willing to pay more to purchase from a purpose-led business.





Case Study – Pablo & Rusty's Coffee Roasters

Making a positive impact through coffee

Passionate about sustainability and climate change, Saxon Wright founded Pablo & Rusty's to positively impact people and the environment through coffee. Both Saxon and Chief Executive Officer Abdullah Ramay greatly admire Yvon Chouinard, founder of outdoor clothing brand Patagonia and a leader in purpose-led business. Abdullah's vision is for Pablo & Rusty's to become known as the Patagonia of coffee.

While Pablo & Rusty's started by operating cafes, the business now predominantly sells sustainably and ethically sourced coffee to cafes and direct to consumers. This shift in commercial strategy was undertaken expressly to maximise the business' positive impact.

Purpose, profit and growth

As a purpose-led business, Abdullah says that Pablo & Rusty's fails if it does not fulfil its purpose, regardless of its profitability. "It isn't profit or the environment. You can have both," Abdullah says. "Let's not feel guilty about growth but do it in an alternative way so you are doing good."

With 26% of Pablo & Rusty's customers buying from it because of its purpose, Abdullah sees the benefits of growing the business to rally more consumers behind the cause. "As the business grows and achieves greater scale, making a sustainable choice becomes easier and more accessible for customers," Abdullah says.

Business fundamentals still apply

As Abdullah points out, being purpose-led does not magically attract customers. Every product or service in the market has benefits, and people buy them at the right price.

"The consumer makes a judgment call," says Abdullah. "If they like our product and the sustainability benefits, and the price lines up, they will buy it. These consumers are very invested in the brand, very sticky and more forgiving, which is very powerful for growing businesses."

Abdullah also believes that being purpose-led is not a substitute for being a good business operator. He says that everyone has their micro-economic curve – the price at which they will buy sustainably – so price and context matter.

“For example, sometimes speed and convenience become higher priorities,” Abdullah says. “The need to provide easy options in a sustainable manner and at relevant price points requires greater business acumen than otherwise.”

“As the impact of climate change in our lives grows, it will increasingly matter to consumers. Again though, if people do not have the money, they cannot buy the product. Purpose is just one criterion for consumers. Its priority varies by consumer, their socio-economic circumstances, and the context.”

Purpose on the ascent

Abdullah believes businesses have to change at a core level. He says younger people are tired of the way that companies have been run in decades past and angry that their future is being shaped by how businesses operate today. As a result, business practices will increasingly be questioned. “These trends may not matter at first, but eventually they will, so you are future-proofing your business by adapting,” he says.

“Being purpose-led is a medium-to-long-term journey that brings clarity and easier decision-making,” Abdullah says. “Simply running two marketing campaigns will not suffice, and businesses that make empty claims will lose customers. You can fake it for a while, but people who really care will find out if you are not genuine.” Abdullah believes this leads to disillusionment which can set back the movement.

Hence Pablo & Rusty’s would like to see more certification to bring transparency and integrity to purpose led organisations, where Abdullah says the temptation to greenwash is common. Pablo & Rusty’s is a certified Carbon Neutral Organisation, a 1% for the Planet member, and has BCorp certification, all of which Abdullah says keep it on its toes, on track and prevent it from drifting from its vision.

“The initial return on investment of being purpose-led may be small, but it builds over time,” Abdullah says. “Purpose-led is a wide-open space. Go for it. It will be financially viable, and employee and customer engagement will grow.”

Abdullah Ramay
Chief Executive Officer, Pablo & Rusty’s Coffee Roasters

Pablo & Rusty’s
COFFEE ROASTERS

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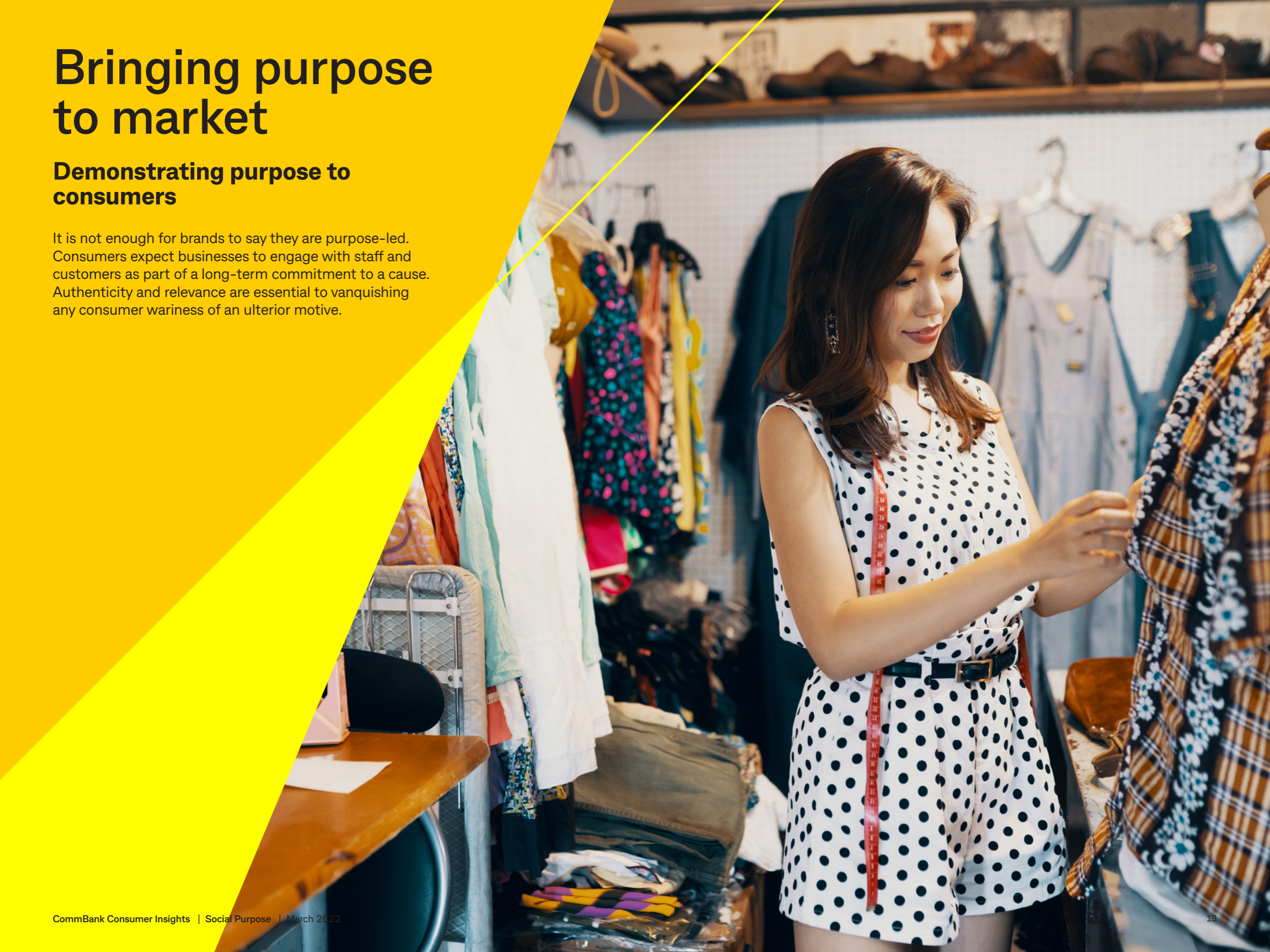
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Bringing purpose to market

Demonstrating purpose to consumers

It is not enough for brands to say they are purpose-led. Consumers expect businesses to engage with staff and customers as part of a long-term commitment to a cause. Authenticity and relevance are essential to vanquishing any consumer wariness of an ulterior motive.





Purpose cannot be manufactured

While purpose matters to the majority of consumers, there is also considerable wariness around businesses' stated intentions to do good. In part, this reflects shoppers' own observations and interactions, with more than four in ten consumers claiming their relationship with certain brands has been negatively impacted after experiencing inappropriate business practices. The percentage is higher among those consumers who engage with brands messaging about social purpose. Unethical behaviour and unfair employment practices top the list of potential stumbling blocks for brands.

Consequently, more than half of consumers question how genuine businesses are about acting for the greater good. In an even starker assessment, only 11% actually disagree that the main focus of most purpose-led businesses is to make more money and not to genuinely make a difference.

These findings help our understanding of the behaviours and communications that consumers perceive to be inconsistent with strong social purpose. As we will see next, they also provide pointers to how businesses should act and position themselves to build the credibility around purpose needed to connect with consumers in a more meaningful way.

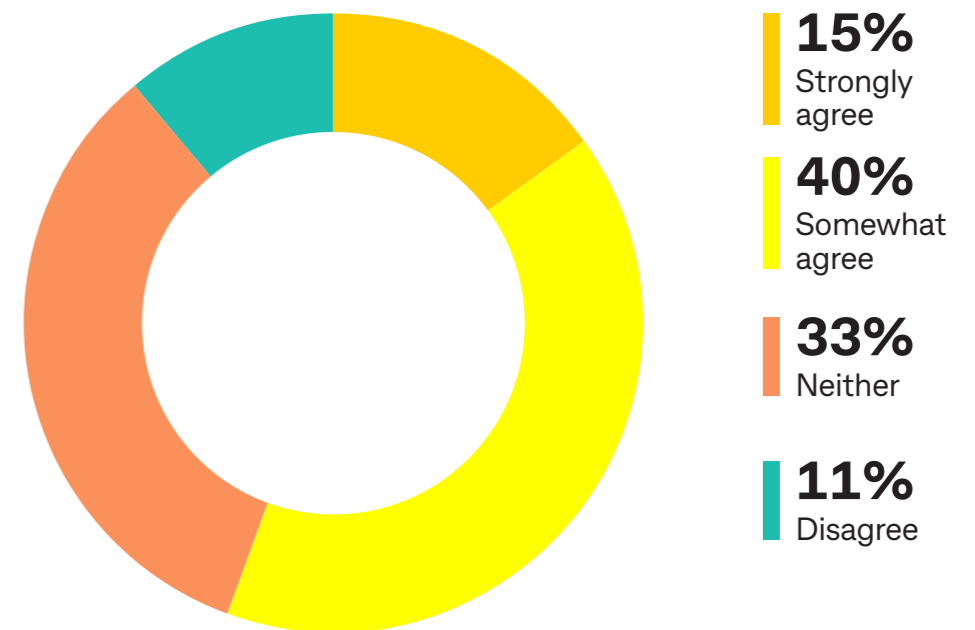
“Given the emotional connection consumers have with the underlying causes advanced by the businesses they shop with, it is not surprising there is an equally visceral response when they believe brands have failed them.”

Jerry Macey

Some distrust among consumers

Most consumers believe that the main focus of purpose-led businesses is to make money and not genuinely make a difference.

55%
of consumers believe purpose-led organisations are not genuine.



Factors that negatively impact consumers

A range of factors can negatively impact relationships between consumers and brands.

44%
of consumers experienced factors that negatively impacted their relationship with brands.



Authenticity and relevance are paramount

Consumers demand an all-encompassing approach from purpose-led businesses. This includes engaging employees to embrace the cause across the organisation and seeking input from customers.

The commitment must be long-term, not fleeting, and supported by regular customer communications about social purpose.

The purpose must also be relevant to the business. Causes that are commonly perceived as relevant to consumer-facing businesses include fair employment practices, reduced packaging and use of plastic, supporting local communities, and initiatives that support action to address climate change.

Delving deeper, relevance varies with category. Promoting healthy living is seen pertinent to retailers of groceries, but not to the motor vehicle parts and accessories category. Likewise, fashion retailers and brands can legitimately adopt addressing child exploitation as an appropriate cause, but not working to combat fake news.

In the services sector, promoting healthy body image and positivity is acceptable for providers of personal care services, whereas reducing food waste is seen as a more fitting cause for restaurants and cafes.

There is a wide range of causes that consumers perceive to be relevant, with authenticity underpinning the credibility of a business' purpose.



Consumers' views on demonstrating social purpose

Percentage of people who agree.

Many consumers agree that businesses need to support category-relevant causes and consult staff and customers.



Consumers' top five most relevant causes

Percentage of people who agree.

Consumers believe that some social and environmental causes are more relevant than others.



Consumer views on relevant social and environmental causes by category



	Retail							Hospitality							Personal care	
	Groceries	Liquor	Fashion	Homewares & household appliances	DIY, building, garden supplies & hardware	Consumer electronics	Motor vehicle parts & accessories	Health & beauty	Books, gaming, music, and media	Recreational goods	Fast-food quick service restaurants	Restaurants & cafes	Pubs	Clubs	Accommodation	Personal care services
Fair employment practices	87%	79%	88%	82%	86%	82%	85%	79%	76%	79%	90%	90%	88%	88%	89%	91%
Reduction of packaging/ use of plastic	88%	82%	83%	88%	87%	85%	78%	90%	78%	84%	89%	90%	84%	79%	77%	83%
Support local communities	86%	72%	71%	74%	81%	68%	75%	65%	71%	81%	82%	83%	89%	89%	84%	83%
Sustainable energy/ emissions reduction	77%	60%	68%	80%	73%	77%	83%	62%	62%	73%	72%	69%	66%	73%	82%	67%
Data security and privacy	65%	54%	67%	70%	59%	85%	71%	57%	76%	66%	57%	58%	59%	73%	83%	71%
Protecting our natural environment	76%	53%	62%	72%	72%	60%	60%	68%	64%	77%	68%	61%	55%	57%	69%	66%
Healthy living	83%	71%	55%	50%	38%	45%	29%	79%	62%	79%	82%	78%	69%	73%	63%	74%
Food waste reduction/ food security	88%	58%	41%	53%	41%	40%	26%	40%	45%	55%	91%	92%	89%	86%	83%	56%
Addressing discrimination & racism	55%	50%	64%	52%	51%	51%	55%	59%	73%	58%	65%	65%	74%	74%	68%	68%
Healthy body image/ positivity	64%	64%	79%	44%	33%	42%	28%	84%	66%	73%	78%	64%	51%	58%	48%	82%
Women's rights & equality	54%	50%	69%	52%	52%	50%	51%	66%	66%	55%	59%	57%	64%	70%	60%	68%
Human rights	56%	43%	70%	57%	46%	61%	50%	57%	66%	58%	59%	54%	60%	61%	60%	62%
Water security/ quality	60%	54%	47%	59%	66%	44%	46%	52%	40%	64%	63%	67%	60%	60%	77%	62%
Access/ equal opportunity to education	48%	42%	57%	47%	50%	59%	50%	48%	71%	55%	52%	46%	48%	56%	48%	64%
Animal protection/elimination of animal cruelty	67%	34%	67%	43%	43%	40%	35%	80%	49%	67%	64%	53%	39%	47%	44%	65%
Addressing child exploitation	46%	38%	68%	53%	36%	61%	36%	57%	64%	53%	53%	41%	35%	48%	46%	51%
Addressing poverty	65%	44%	53%	46%	39%	48%	36%	45%	53%	49%	52%	48%	46%	54%	48%	47%
LGBTQ rights & equality	36%	35%	51%	35%	36%	34%	35%	46%	52%	39%	43%	44%	58%	58%	50%	55%
Finding ways to combat fake news	35%	33%	38%	36%	31%	56%	35%	39%	67%	38%	35%	31%	29%	39%	38%	44%

Not at all Important Very Important

Getting the message out effectively

Consumers expect genuine purpose-led businesses to regularly communicate on progress, but without intruding on their lives. So, what are the channels, the type of spokespeople, and the formats for social purpose messaging that consumers are most responsive to?

Consumers regard the brand's website as the most appropriate channel for such communications, followed by advertising and social media in general. However, for the 14% of consumers who proactively look for brands messaging on social purpose, online searches are their most common starting point. Other channels such as podcasts, YouTube and events are viewed less favourably by consumers.

Underlining the importance of authenticity and relevance, consumers rate existing customers as the most credible spokespeople for a business' communications around purpose. Current employees and experts in a relevant field also rank highly. However, paid actors in advertising and celebrities such as singers and influencers, do not.

As in all business-to-consumer communications, messaging about social purpose should be engaging, preferably through storytelling and examples of what has been achieved. It must be relevant to the reader and easy to digest, namely, snappy and visually appealing.

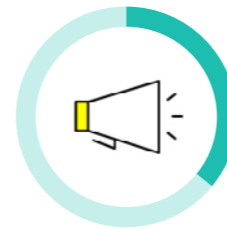


How consumers want to receive purpose-led messages

Top channels



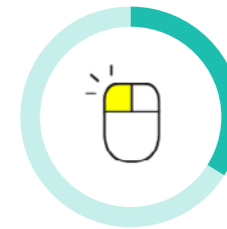
45%
Website of business or brand



36%
Advertising



35%
Social media generally



34%
Online search or Google results

Most credible spokespeople



53%
Existing customers



44%
Current employees



39%
Subject matter experts



26%
Business owners or partners

Top formats for engagement



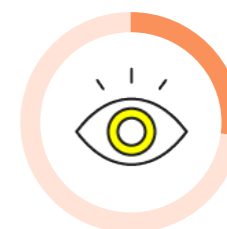
32%
Showcasing and telling stories about what they have achieved



31%
More interesting content that is relevant to me (e.g. my work, industry, life-stage)



30%
Easier to consume content (e.g. infographics, shorter length, style it's written)



27%
More visually appealing content

Expert View – B Lab Australia and New Zealand

Business as a force for good

Certified B Corporations (or “B Corps”) are businesses that meet the highest standards of social and environmental performance. B Corps measure and manage their impact on environment, community, workers, and suppliers, plus adopt governance models to hold themselves to account. B Corps are certified by B Lab, where their performance is verified against our standards through a rigorous process to check that their practice matches their promises.

B Lab started in the USA in 2007 and began in our region in 2013. We operate as a global network, whereby each B Lab is an independent entity focussed on its region.

Demanding more of business

B Lab’s vision is for an inclusive, equitable and regenerative economic system for all people and the planet. We start with the proposition that the current economic system, driven by business as one of its key actors, is not meeting its enormous promise to create positive impact and is creating significant negative impacts. There is much supporting evidence, from environmental harm to rising inequality.

What we’re also seeing though is the rise of new business models designed for positive impact. It’s increasingly clear that for a business to thrive in the long term, it needs to think about its impact on, and relationship with, the stakeholders that it relies on to be successful: not just its shareholders but its customers, employees, the environment and local communities in which it operates.

We see changing expectations coming from all angles: from customers who want businesses to solve real problems and be accountable for product life cycles, and from employees who want to work for businesses that have a clear purpose and focus on impact. Increasingly, investors have an ethical focus, while we see companies with strong ESG (environment, social, governance) practices being more resilient through economic cycles.





Communicating about purpose

To succeed in this paradigm and articulate a credible social purpose alongside profit, a business must be authentic, transparent and humble. Authenticity means being consistent over time and focussing on something you can achieve. Not all businesses can save the planet, but all can do better and focus on specific outcomes. Transparency is vital in a hyper-connected world where there is no hiding from engaged consumers. Lastly, humility means acknowledging where you are doing well, as well as where you're not doing well enough.

Once you have made some changes with these principles in mind, holding yourself accountable is the next step. Whether this is through a certification (like B Corp), reporting frameworks, or other mechanisms, accountability is what differentiates the leaders in a world demanding more of business.

Fundamental, enduring change

The pandemic has accelerated a pre-existing trend towards businesses being held more accountable by consumers. It has also challenged orthodoxies such as long supply chains. We now see the value in strong supplier relationships, over low-cost contract-based sourcing.

Thus, there is growing demand for B Corp certification. Through 2020, we saw a 60% increase in the users of our impact assessment platform. It took us 15 years to reach 4,000 certified B Corps globally, a mark passed in 2021. In just 15 months through 2020 and 2021, more than 4,000 companies submitted their assessments to become certified B Corps.

As for consumer sentiment, there are complex drivers at play, including the huge government support provided to businesses, and the fact that at times of crisis people look to employers to play a key role in providing security. This in turn drives people as consumers to re-evaluate the businesses they're supporting. It's not just about product. People want to spend their hard-earned dollars with businesses that support workers' wellbeing, invest in their local communities, and contribute to society in all aspects of their value chain.

As more businesses demonstrate what is possible – whether it is developing new products that avoid waste and use fewer or recycled inputs or designing business models that contribute directly to in-need communities – the pressure builds on other businesses to follow.

This is the essence of our capitalist economy: businesses will thrive where they meet a need, and what we define as success in business is shifting. On this basis we see the changes as fundamental and enduring, particularly given the effects of the pandemic will merge into growing challenges brought by climate change.

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Conclusion

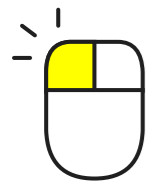
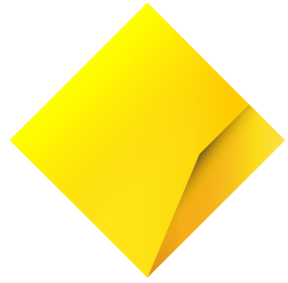
Social purpose matters to consumers, and amid the pandemic and growing urgency around tackling climate change, it is increasingly influencing their shopping behaviour. A majority of consumers engage with brands' messaging about purpose, 14% of whom actively seek out this information. The percentages are higher among Generations Z and Y, suggesting that the expectation for businesses to have a social purpose may figure more prominently in the future.

Today's consumers are also very well informed and can quickly determine whether or not a brand is genuine about the causes they support. While 42% of consumers recognise that businesses are becoming more conscious of their contribution to society, 55% believe that purpose-led organisations are not genuine, and 44% claim their relationship with certain brands has been negatively impacted after experiencing inappropriate business practices.

Purpose elicits both emotional and behavioural responses. More than four in ten consumers say they feel proud to be associated with a brand that shares their values and more than half are willing to pay more to support a purpose-led business, recognising that it can involve additional cost for a business to deliver on purpose. Even 27% of those consumers who do not engage with social purpose communications are willing to pay a premium to support purpose-led businesses.

Brands and businesses that are genuinely driven by a cause and want to make a difference have an opportunity to connect emotionally with consumers to increase their loyalty, advocacy, and spending. To realise this opportunity, consumer-facing businesses must demonstrate an embedded and long-term commitment to a cause that is relevant to the sector in which they operate and that resonates with their employees and customers.





Learn more about how we can support consumer businesses

Visit:

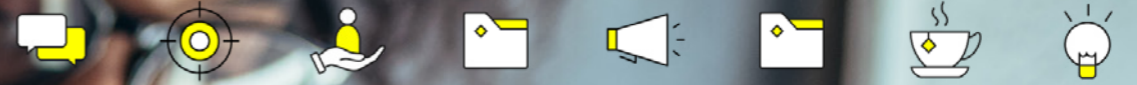
commbank.com.au/retailers

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Things you should know: ¹The social purpose definition used in report sourced from the United Way Social Purpose Institute - <https://socialpurpose.ca/faqs/>

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