

# PRADA GROUP & YALE CENTER FOR CUSTOMER INSIGHTS

## The nature and impact of ethical considerations among U.S. consumers

“Consumers today are not only expecting products or services to delight, but also expects that the **company’s value to align with their values**, and how the brand makes a **positive contribution to the society** in which it operates.”

*Ravi Dhar, Director Yale Center for Customer Insights*

### STUDY OVERVIEW AND PURPOSE OF THE RESEARCH

The **Yale Center for Customer Insights** (YCCI) is an academic center at the Yale School of Management that brings together the most innovative and successful companies in partnership with the world’s leading-edge academics, to **understand the evolving dynamics of consumer behavior**.

2019 will mark the 3rd consecutive year that Yale has partnered with the Prada Group.

This year’s research aims to investigate how people think about and **prioritize social issues**, with a particular focus on how **ethical considerations impact consumer choice**.

YCCI developed a **consumer survey to generate insights into consumer behavior** and to better understand how they evaluate dimensions of social sustainability including: **diversity, human rights, environmental sustainability and fair treatment of stakeholders** (customers, employees and suppliers).

## THE PARTICIPANTS

The representative sample for the survey was composed by **1,170 U.S. consumers**, among which **52% were female and 48% were male**, who have made a “premium” purchase in the past 12 months in at least one of the following industries: **Luxury, Automotive, Hotel & Travel and Consumer Tech**.

The age of participants was in a range of 18 to 88 with an **average age of 47**.

Participants were targeted to serve **the purpose of determining consumers’ evaluations** of various social responsibility dimensions from the largest perspective possible, thus covering different industries and making **an intergenerational analysis of consumer behaviors**, for example between Young Generations and the others’ purchasing habits.

### HOW IMPORTANT ARE SOCIAL ISSUES?

% who say it is “**somewhat important**” or “**extremely important**”  
for companies to address social issues

**63.1%**

Luxury



Purchased a single apparel, accessory, or footwear item costing over \$500

**61.7%**

Automotive



Purchased a car for more than \$40K, or have lease of more than \$600/mo

**66.7%**

Hotel  
& Travel



Spent more than \$300 per night on a hotel room.

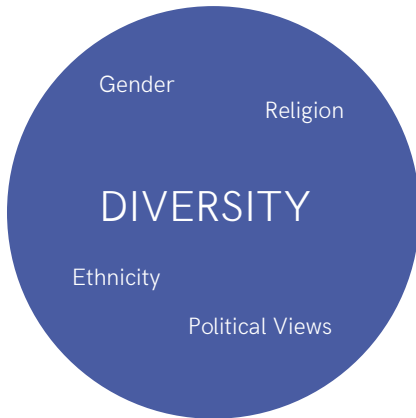
**65.3%**

Consumer  
Tech



Purchased a personal computer for more than \$1000.

## THE SOCIAL ISSUES



### MOST IMPORTANT DOMAINS FOR LUXURY

% who said "somewhat important" or "extremely important"

**72%**

Equality

**66%**

Environmental  
Issues

**62%**

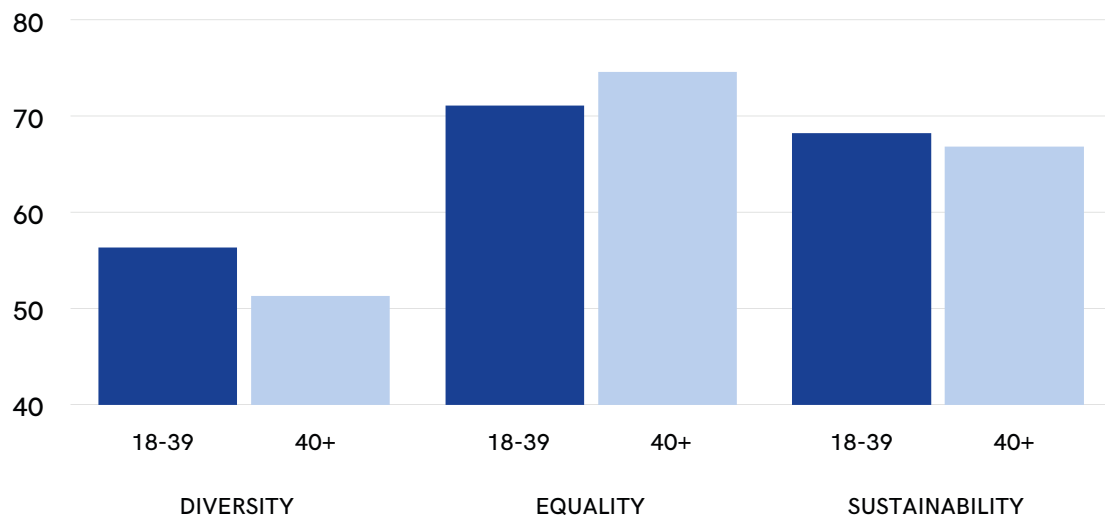
Ethnic Diversity

**59%**

Gender  
Diversity

### WHAT ISSUES DO CONSUMERS SEE AS MOST IMPORTANT?

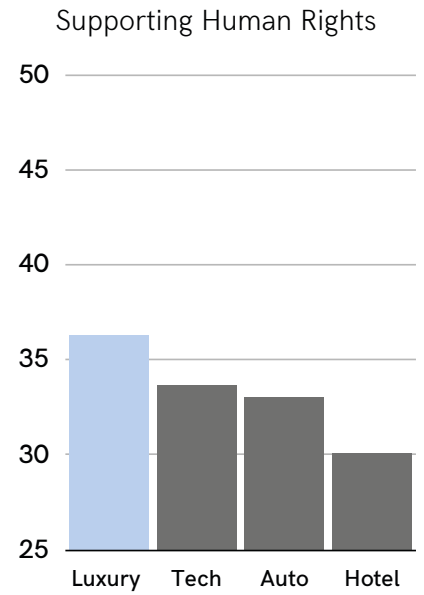
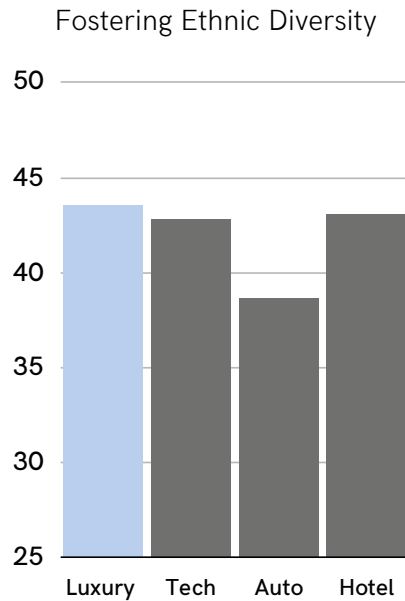
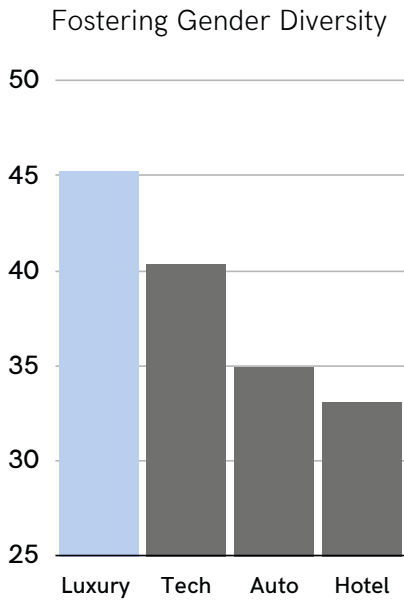
% who say "somewhat important" or "extremely important"



Young Generations place more importance on diversity in luxury

## HOW IS LUXURY PERFORMING RELATIVE TO OTHER INDUSTRIES?

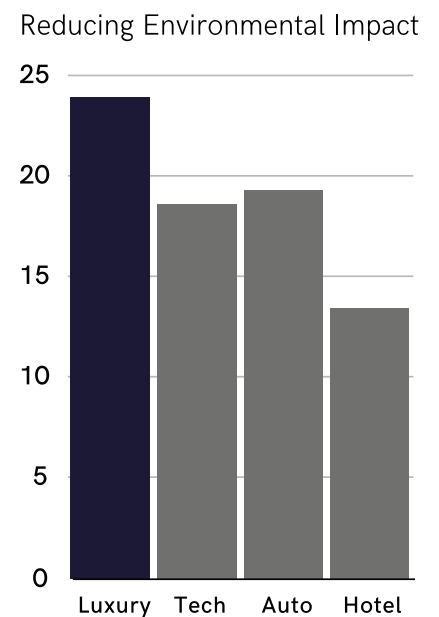
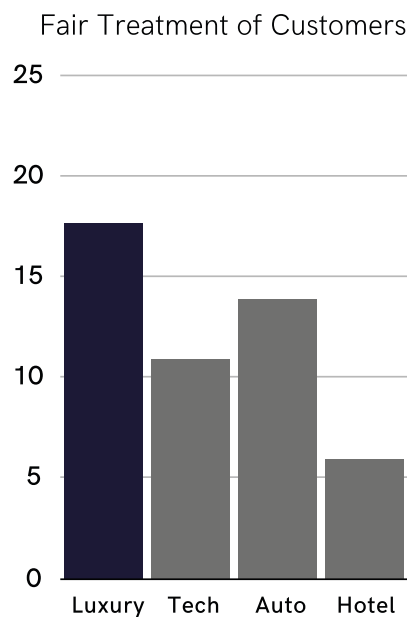
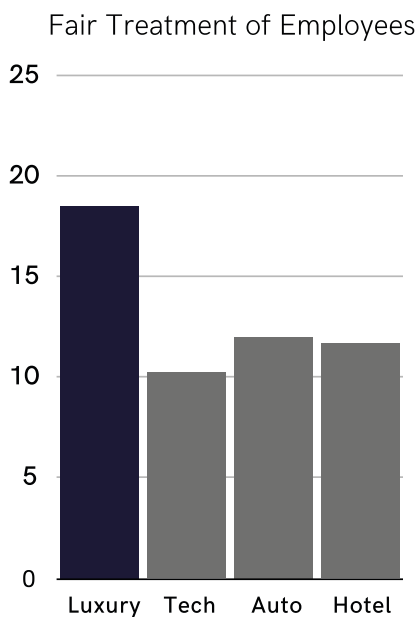
% who say performing "well" or "very well"



Luxury performs better than every other sector  
in gender diversity

## WHERE COULD LUXURY DO BETTER?

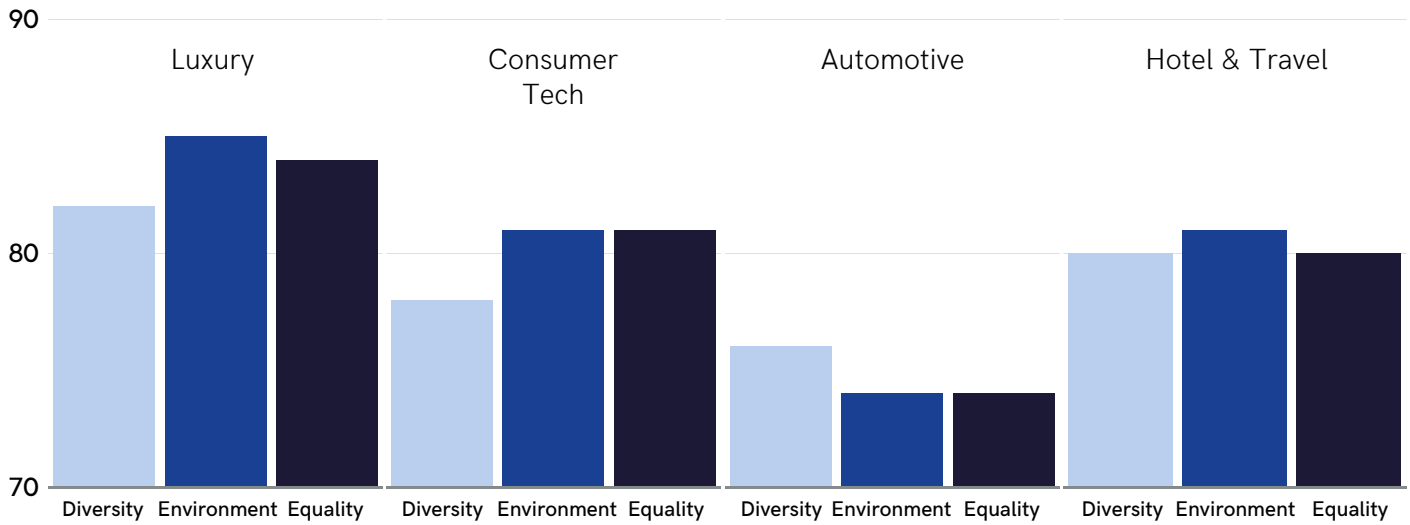
% who say performing "poorly" or "very poorly"



Luxury needs to do better on equality and environment

## IS THERE CONSUMER DEMAND FOR MORE INFORMATION REGARDING LUXURY?

% who say don't have enough information



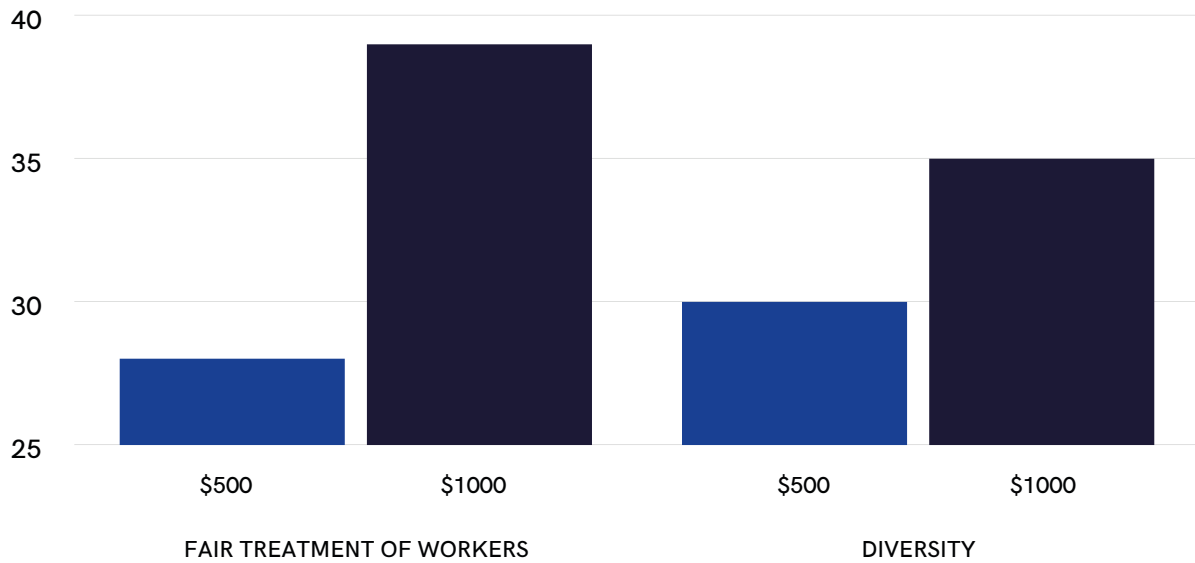
Consumers want more information about luxury's engagement with social issues

## WHERE ARE CONSUMERS MOST RESPONSIVE TO IMPROVEMENTS IN EQUALITY?

	Luxury		Other industries	
	18-39	40+	18-39	40+
<b>SUPPLIERS</b>	29.8%	29.2%	36.6%	24.9%
<b>MANUFACTURING</b>	39.7%	39.8%	31.2%	32.0%
<b>RETAIL</b>	30.5%	31.1%	32.3%	43.2%

## HIGH-PAYING CONSUMERS EXPECT MORE ON SOCIAL ISSUES

% who prioritize diversity and equality at the supplier level



## EXPERIMENT

COMPANY "A" RAISED THE PRICE OF ITS BEST-SELLING JEANS, DUE TO...

1

Increased popularity

2

Increase wages at its  
manufacturing plants

3

Increase wages in its  
retail stores

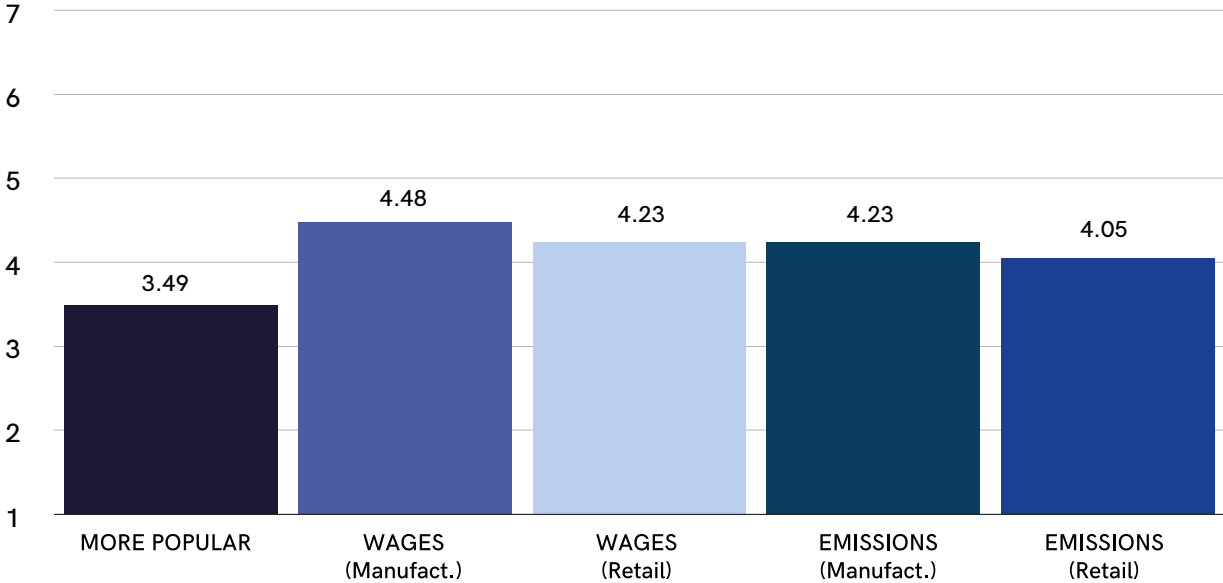
4

Reduced emissions in  
its retail stores

5

Reduced emissions at its  
manufacturing plants

**HOW FAVORABLE IS YOUR OPINION OF COMPANY "A"?  
(1 - 7)**



Our experiment's findings were consistent with the previous graph (page n. 6). Respondents favored the company improving conditions for workers.