
Consumer Intelligence Series:

Corporate responsibility/
impact on buying behavior in
an economic turndown



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Discovery sessions conducted on June 30, 2008

Series overview

As part of our global consumer research program PricewaterhouseCoopers Entertainment, Media and Communications practice is holding a series of consumer discovery sessions, which employ creative techniques to elicit candid consumer feedback and gain an understanding of consumer attitudes and behaviors in a rapidly changing media landscape. By exploring both traditional and new media, this research will help identify emerging trends. Below is a summary of what we discovered when talking with consumers, ages 21–49, about the economic downturn and environmental responsibility.

Summary – Cellular service, internet and cable: Still “Must Haves”

As the economy slows, consumers are actively strategizing to cut costs, save money and better manage their budgets. Even in an economic downturn, however, there are still “must haves” that consumers are not willing to sacrifice. Consumers rank cell phones and PDAs, the internet and cable as services they want to preserve, even as they change their driving habits to cope with high gas prices and curb spending on vacation travel, dining out and household goods. As such, cellular services, internet and cable, appear least likely to be significantly affected by budget-driven cutbacks and correlating lifestyle changes.

Still, consumers are taking a hard look at these services in terms of seeking the best value. Strategies include eliminating older technologies, such as land line telephone lines; exploring different providers; and bundling technology and media, such as accessing the internet via cell phones. Providers who offer to bundle the costs of media services for a lower price can meet consumer demands for flexibility, simplicity and cost savings. Additionally, there is a growing expectation that companies will be more empathetic to their customers. In tough economic times, this chiefly involves offering value – defined as good products and services at a good price.

“I combine a lot more trips...now, I’m double thinking (driving): ‘Wait a minute, can I make this trip with this trip? Can I do this with this?’ I’m trying to double up on the trips and on the errands...I’m trying to plan things out more, more of a schedule, more of a routine.”

(Female, age 35–49)

“I think I spend more time at home now...People will tell me something is going on and I’m like, is it really worth the drive getting there? I definitely download more music. I’m spending more time online in general, and maybe watching a little more TV.”

(Male, age 21–34)

To a lesser extent, customer empathy also involves good corporate citizenship – giving back to the community in the form of charitable efforts or becoming more environmentally responsible – although even genuinely interested customers say they're not willing to pay more than a 10–15 percent premium for green products, given the tight economy.

Our key findings are as follows:

1. Mobile communication technology – particularly cell phones – is highest on the “can't live without” list, so is least likely to be affected in an economic downturn. Cell phones are now the primary means of communication; they are considered critical lifelines and consumers find their increasing capabilities and versatility appealing.
 - **Vital communication tool:** Cell phones are considered the essential means of communication for both personal and business life. For many, especially those with PDAs, the cell phone functions as a kind of mini storage cabinet, containing critical information on contacts, dates and appointments.
 - **Safety/emergency aid:** When one needs immediate communication, a cell phone can't be beat.
 - **Internet access:** Consumers are increasingly using or recognizing the potential of cell phones to access the Internet and in turn become mini-laptops; as long as the experience isn't significantly compromised, they are eager to embrace the opportunities.
2. Internet access is consumers' second priority. The internet is seen as a multi-purpose tool used for communications, information, commerce, entertainment and social networking, and is highly valued for both personal and business use.
 - **Looking for deals:** Consumers are willing to consider modifying how they access or purchase the internet access if it means they can save money.
 - **The internet has/will replace print media:** Consumers say they are or will cut back on newspaper and print media subscriptions as the economy tightens, preferring instead to use the internet for news and entertainment.
 - **Modifying internet service:** Some will consider modifications to their type of internet access, such as reducing from broadband to DSL (but never back to dial up). Another consideration would be eliminating access at home if it's readily available at work.
 - **Interest in alternative access:** Consumers are not surprisingly interested in getting the best deals on internet service, particularly wireless. The idea of bundling with a wireless cell phone provider or even using the cell phone for internet access is highly appealing and on the rise.

“So, I'm in that situation right now where I have a handheld that has the internet and cell phone and all my email and I'm beginning to wonder, at home should I just get rid of that router and just drop the whole broadband access? Because when I'm sitting at my house, it's ridiculous...the phone is really becoming a laptop. It does everything. The problem...is they've all figured this out and it costs so much to peel back. All the plans are one year (contracts), three year (contracts) and I'm finding the up front costs of bundling and trying to change this makes it very punitive.”

(Female, age 35–49)

3. Cable TV is third on the list of priorities, but not something consumers want to cut in a downturn.
 - **Entertainment value:** Many consumers see cable as their primary form of entertainment, and say it’s even more important when cutting back on entertainment outside the home – such as movies, concerts and shows.
 - **However, premium packages are first to go:** As the idea of cutting back to “basic cable” becomes an increasingly appealing option in a tight economy, consumers are seeking more flexibility to purchase desired premium channels a la carte.
 - **The convenience of DVR remains highly desired:** The flexibility of watching content at their convenience remains a very important option that consumers consider worth the added expense.
4. Consumers want more empathy and a greater sense of partnership from companies with whom they do business.

“I am actually considering cutting out my land line at home because I have a cell phone and the most (calls) I get at home are telemarketers...The one thing you can’t cut back is the Internet—that’s the ultimate communication.”

(Female, age 35–49)

“If I could hook up my cell phone to a screen and a keyboard, I would definitely cut the internet out at my house. If they made the connection fast enough where I could access a big screen, I wouldn’t have any need. The only thing is storage...”

(Male, age 21–34)

- **More long-term views:** Consumers expect corporations to have a longer view of their businesses and to think beyond short-term gains and immediate gratification to shareholders. This means creating products and services that have greater performance, efficiency and value for the consumer. Car companies also were frequently cited as needing to be more responsible in creating fuel-efficient, more environmentally-sensitive vehicles.
- **Contribution to society:** Good corporate citizenship is desired and manifested by such activities as investment in local communities and education; for example, technology companies can donate their products to schools to engender good will.
- **Sensitivity to the environment:** “Green” is welcome as long as there is no detriment to performance and little impact on cost. Skepticism runs high about the validity of various “green” efforts because the movement is often viewed as “very trendy.” Consumers question how environmentally-friendly certain products really are as well as their efficacy when compared to existing products. This is especially true with technology, as consumers are use to seeing a constant plethora of new products capable of doing more and working faster and with greater functionality than in the past. For example, Nokia’s “Remade” eco-friendly cell phone is interesting as long as there is no sacrifice in form or function and little upward cost.
- **“Green” shouldn’t cost more:** Consumers want to be a part of socially-conscious efforts and want companies to pursue them – but mostly at the company’s expense. There is a prevailing sentiment that many big companies are reaping big profits, and that some of these profits need to be reinvested in the community in the form of social and/or environmental efforts for the greater good. However, consumers seem generally unwilling to accept the costs of these efforts being passed on to their products – at least no more than 10 –15 percent above the standard costs.

Implications to your business

- Strengthen relationships with consumers in these budget-challenged times by offering them the freedom to choose. By offering ways to save money via customized products and services, companies can engender greater loyalty by demonstrably showing empathy for the consumer during this economic turndown; for example, by offering cell phones with more functionality and flexible calling plans that fit the personal needs of the customer. This includes giving consumers the opportunity to bundle services in order to save money or to buy services individually if bundling is not desired.
- Capitalize on the high value placed on communications technologies, especially increased interest in using wireless for access to communications and entertainment vehicles. Because consumers say they don't want to sacrifice their cellular, internet and cable TV services, this provides great opportunity for new product proliferation – so long as there are improvements involved that enhance performance and efficiency. The convenience of wireless technology is increasingly sought for communication and entertainment, and there is considerable interest in having one wireless device that can do it all – that is, one that can be used as both a cell phone and possibly even replace the PC to easily access and use the internet.
- Cable TV companies have an opportunity to market themselves as high - value/low-cost entertainment. To avoid cutbacks by consumers, cable TV companies should reinforce their low-cost entertainment value in marketing communication efforts, while offering more customized – and perhaps less bundled – packages for consumers to choose premium services that are the best fit. The increased appeal and desire for DVR should be leveraged as an enticement.
- Companies should demonstrate good corporate citizenship via charitable acts and by continuing to meaningfully “go green” in order to help engender consumer goodwill. Recognize that the scrutiny about the “green” movement may need to be addressed in various efforts and products, and that consumers are not willing to pay much more for green products or services.

“If it was a genuine effort, I would pay more for it. Not a significant amount more, but 10 to 15 percent more, if it benefited the environment.”

(Female, age 21–34)

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