

# Encouraging sustainability in retail through behavioural economics

**Five behavioural principles to shift customer and employee behaviour**



# 79 major retailers have set an ambitious goal to reach Net Zero by 2040,

and nearly a third of the UK's largest businesses have pledged to eliminate their contribution to carbon emissions by 2050.<sup>ab</sup> Behavioural change is a key enabler to the significant value chain transformations required to reduce emissions. Achieving this requires **all employees to play a role in encouraging more sustainable behaviours in their customers and colleagues.**



## We have set out **five broad principles that retailers can use to encourage sustainable behaviours.**

These principles **underpin the top tips outlined in the practical guide for retailers on 'Helping Customers Live Low-Carbon Lifestyles'** (download [here](#)), produced as part of the BRC's Climate Action Roadmap (see mapping on page 8).<sup>1</sup> However, our principles are designed to target a broader audience. They **can be used by all employees in the retail space for both customer facing and internal employee initiatives.** These principles can provide valuable insights irrespective of which department employees sit in, whether they are junior staff or marketing executives, the size of the retailer they work for, or which part of the supply chain they belong to. Many are relatively easy to implement, but have the potential to drive significant behavioural change. They can be used as a guide and to spark imagination, but it is up to the reader to choose what is most relevant for them.

The principles are **informed by Behavioural Economics and Behavioural Science research**, which:



**Aim to understand human behaviour** and decision making, namely **'why we do what we do.'**



Unlike standard economic theory, **recognise that people use mental shortcuts** in their everyday decisions, which lead to biased, irrational, yet predictable behavioural patterns.



**Help us to identify the problem, but also to design behaviourally informed interventions** – or 'nudges' – to guide people into making better decisions.

<sup>a</sup> [Link](#)

<sup>b</sup> This figure is based on the number of retailers who have officially signed up as signatories to the BRC Climate Action Roadmap – committing to take action to reach the Roadmap Net Zero Targets

<sup>1</sup> In particular, this links to the section **'what are the best practices for changing behaviour'**

# Connect

to your customer  
or colleague

1

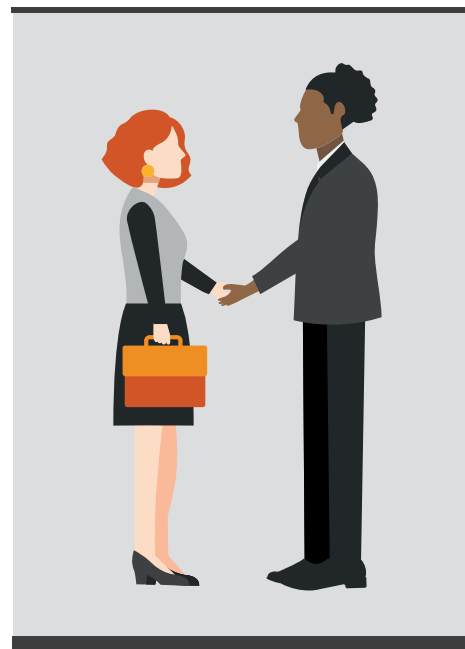


## Theory

Humans are social creatures that rely on their emotions to make decisions. Their group of friends, their identity and their culture are important to them. Connecting to people by presenting information in a way that matters to them, is key for encouraging sustainability.

## In practice:

- **Tailor communication:** Develop an understanding of who your customer or colleague is – their beliefs, drivers and preferences – or the segment which they represent. Use this to tailor the way you communicate with them. For example, when speaking to local audiences, consider communicating the impacts of climate change on their local area, or highlighting the actions they can take to make a difference locally.<sup>2</sup> You can also change who delivers your message depending on what your customer or colleague likes. The use of non standard communication channels such as social media influencers can be very effective for some.
- **Use social influence:** Understand which social group your customer or colleague is part of and use this information when presenting information to them. For example, highlight that a majority of people similar to them (e.g. 80% or more) purchased a sustainable product or took a sustainable action. This could be as simple as putting signs near the lifts saying most people take the stairs, encouraging others to do the same.<sup>3</sup>



<sup>2</sup> [Link](#)

<sup>3</sup> [Link](#)

# Create sustainable Habits



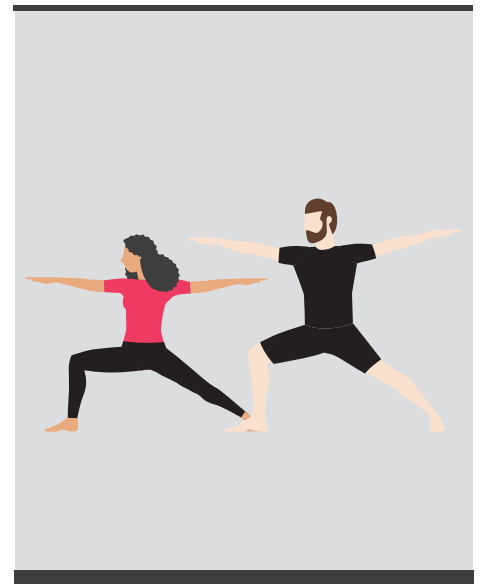
2

## Theory

Humans stick to their habits and like routines. Breaking bad habits and replacing them with more sustainable ones can be difficult. However, the anticipation of a 'fresh start' is a powerful way to change behaviour. This requires achievable goals, reminders and timely feedback as we know people can get distracted and are often time poor.

## In practice:

- **Provide opportunities for a fresh start:** Consider new moments of change, such as the start of a new year or week, to transform bad habits into more sustainable ones. For example, encourage your customers to set a new year's resolution and take a bike to your store, to bring in their own bags, or to pre-order more sustainable products ahead of important dates.<sup>4</sup>
- **Encouraging goal-setting and giving feedback:** Help your customer or colleague to set easily achievable goals or 'milestones'. Send them reminders, check in on their progress and give them immediate feedback (especially if they are doing well). Try to encourage them to pre-commit to their actions, such as by getting them to sign up to challenges.

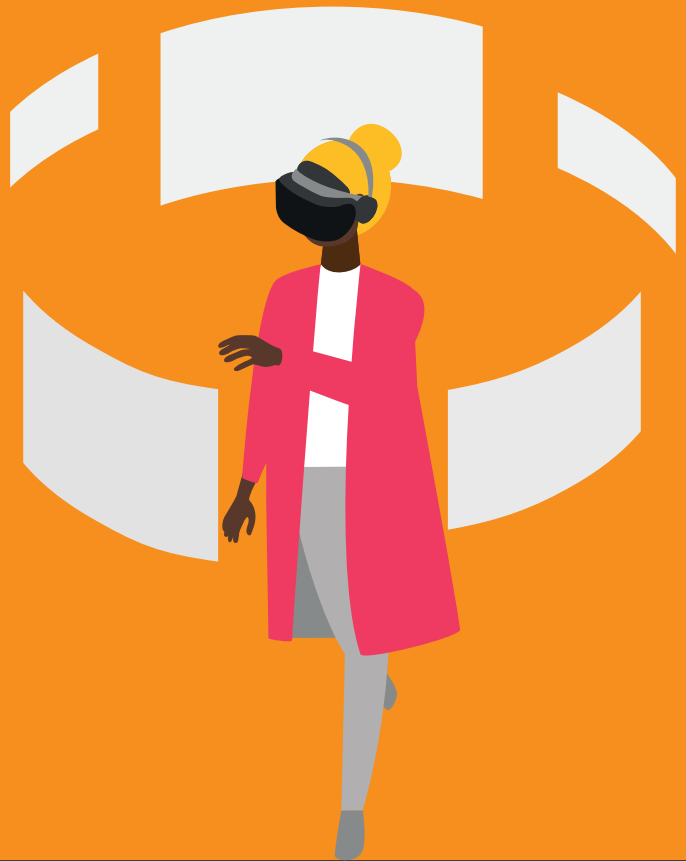


<sup>4</sup> Link

# Make things Playful



3



## Theory

Humans like to have fun and to compete with others. Many have a 'fear of missing out' and don't want to be left out of exciting experiences. Making things playful and using gamification are great ways to promote sustainable actions.

## In practice:

- **Create opportunities for fun competitive goals:** Make sustainability fun and competitive to boost interest. Set up competitions with leaderboards, give people points, rewards or prizes and pick an 'eco-champion of the month' (employee or customer). For example, a competition could be showcasing low-carbon behaviours on social media and sharing this with others, or it could be about bringing in the most second-hand clothes for recycling.
- **Create opportunities for fun personal goals:** You can also make sustainability fun through personal incentives. For example, give customers rewards, points or discounts for every time they bring back an old item to store, travel in by bike, or bring their own containers. Recognise and treat your colleagues regularly when they make low-carbon choices, which could be as simple as organising a fun activity or taking them out for a delicious veggie meal.





# Make sustainable choices and benefits Stand out



4

## Theory

Humans notice items which are visual and stand out. They also tend to ignore things that don't immediately capture their attention. Making things eye-catching – such as sustainable products, information or benefits – can be a great way to shift behaviours.

## In practice:

- **Make things visual:** Make sustainable choices stand out. Give them bold colours, and make them look good. For example, intuitive stickers have been used to draw attention to recycling bins and guiding people to put waste in the right categories.<sup>5</sup> You can also arrange the shop floor (or website) so that sustainable options are at eye level, near the front of the store (or top of the website page), or near the check-out.
- **Make benefits clear:** Make sustainable products attractive, desirable and appealing. Give people a reason to really want the product, even if sustainability is not their priority. For example, highlight their quality, taste, style or convenience (e.g. 'Parents #1 choice') instead of focusing on what they lack (e.g. 'meat free').<sup>6</sup> You could even consider releasing limited edition products and branding them as such, to create a heightened sense of desire, scarcity and fear of missing out.



<sup>5</sup> Link

<sup>6</sup> Link

# Make things Easy

5

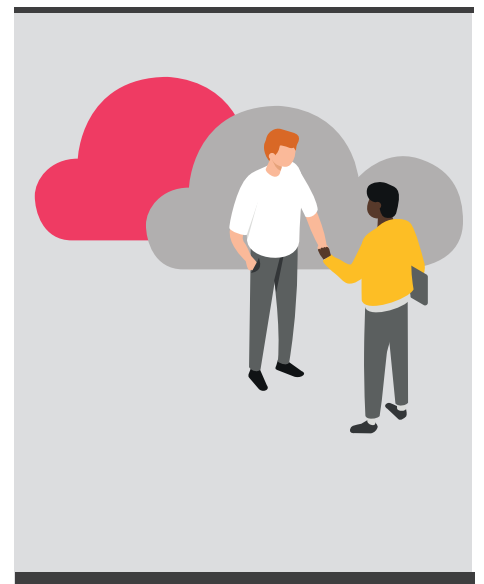


## Theory

Humans are far more likely to follow through on good intentions when things are easy and don't require a high 'cognitive load'. People are time-strapped and take shortcuts where they can to make our lives easier. Making a low-carbon choice should be made as easy as possible to increase the chance of engagement.

## In practice:

- **Use defaults:** Make the sustainable choice or action the automatic, or 'default' option. Switching away from this would require more effort than sticking to it. For example, set double-sided printing as the default, or make 'green' delivery the automatic option.<sup>7</sup>
- **Remove the 'frictions' that prevent sustainable choices:** Make it as easy as possible for your customers and colleagues to make sustainable choices, removing any frictions that make action more difficult. For example, set up bicycle racks and electric vehicle charging stations as close as possible to the store. This will have the added benefit of increasing visibility (see principle #4). You should also ensure it is easy for people to understand what the most sustainable option is, through clear markers, signs or visual cues.



<sup>7</sup> Link

# How can we help?



**PwC's behavioural economics (BE)** team works with organisations to help **nudge customers, employees and citizens to better outcomes**. Our solutions are win-win: we help people to unblock frictions that prevent them from following through on good intentions; and, we support organisations in **encouraging sustainable behaviours, adopting technology, improving customer experience**, and more! Our solutions are rapidly scalable and typically involve **simple but powerful tweaks** to the way in which choices are presented, **driving rapid transformative impact**.

**Reach out to the team** to see if behavioural insights can solve your challenges. If you want to find out more about our BE team, visit our **website** or listen to our podcast on **iTunes** or **Spotify**.



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# Appendix:

It's all connected! How our five behavioural principles map to the top tips from 'Helping customers live low-carbon lifestyles' – the guide PwC developed with the British Retail Consortium (BRC).



## Our five BE principles



### Connect

to your customer or colleague



Create sustainable  
**Habits**



Make things **Playful**



Make sustainable choices  
and benefits **Stand Out**



Make things **Easy**

## Top tips from the BRC guide 'Helping customers to live low-carbon lifestyles'

1. Connect with the causes your customers care about
2. Talk to the head or the heart
3. Choose the right voices to deliver your message and use social influence
4. Harness life events to change habits for the better
5. Make your receipt talk
6. Help consumers make usage comparisons
7. Show the possibilities at the product's end of life
8. Make it playful
9. Make key information stand out
10. Highlight other benefits to make low carbon choices attractive
11. Use incentives to encourage low carbon choices
12. Highlight the benefits of using products and services in low carbon ways
13. Talk about usage impacts
14. Make recycling easy and fun
15. Make Net Zero the default
16. Sustainability = easy, unsustainability = hard
17. Remember that all parts of the shopping experience count
18. Build in sustainability
19. Promote repairs
20. Enable a sharing economy
21. Second-hand markets can work



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