

- We believe ret

important because it opens mind

The transparency disconnect

Kearney Consumer Institute
Q2 2023

KEARNEY

With growing optionality, consumers determine trade-offs they want to make across categories—and the product qualities that take center stage.

Brand transparency is a potential differentiator to consumers, but poses complications.

Transparency is assumed to be inherently beneficial to consumers.

91%

of consumers want transparency from brands.



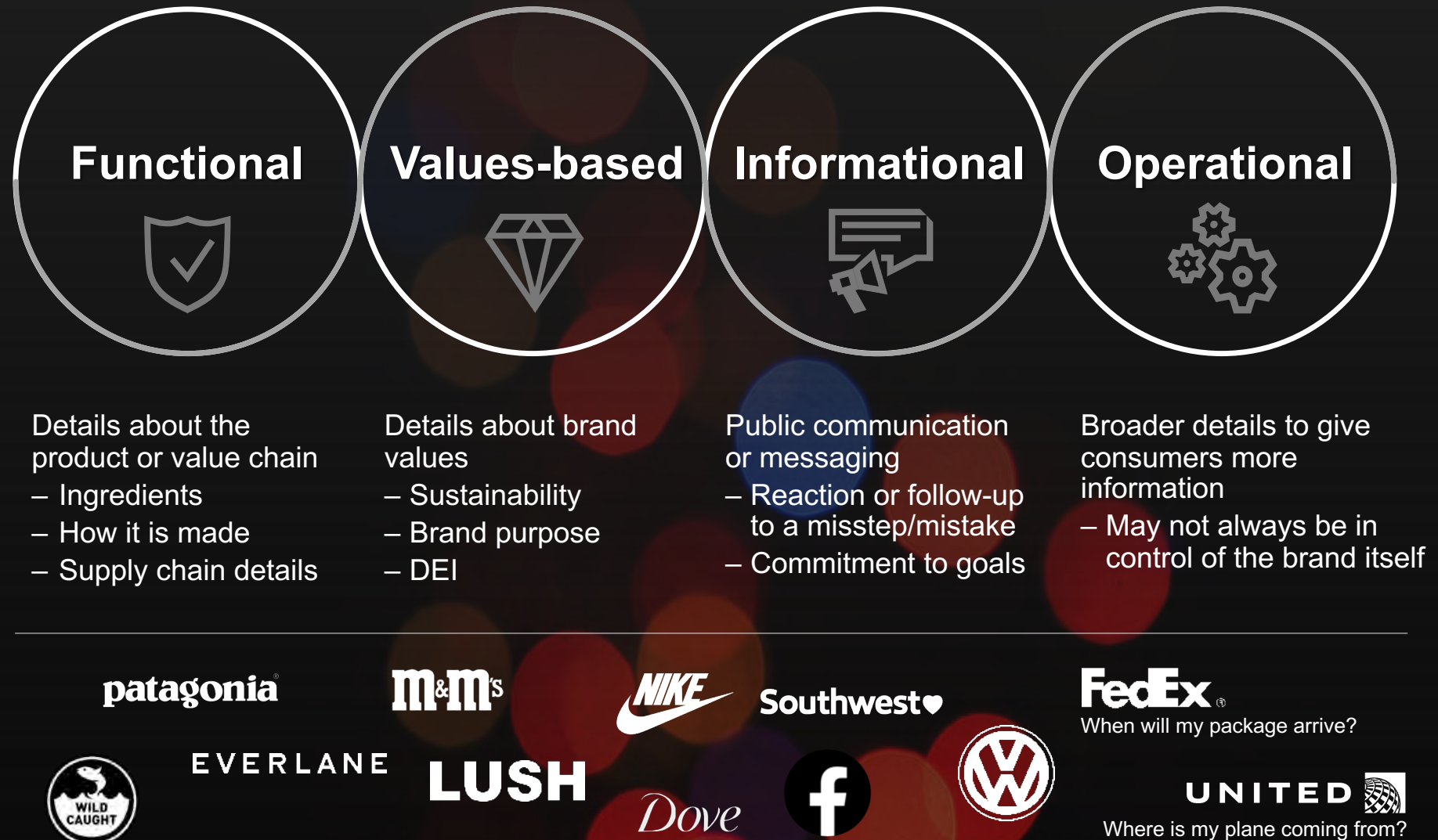
48%

of consumers want more transparency than they currently get.

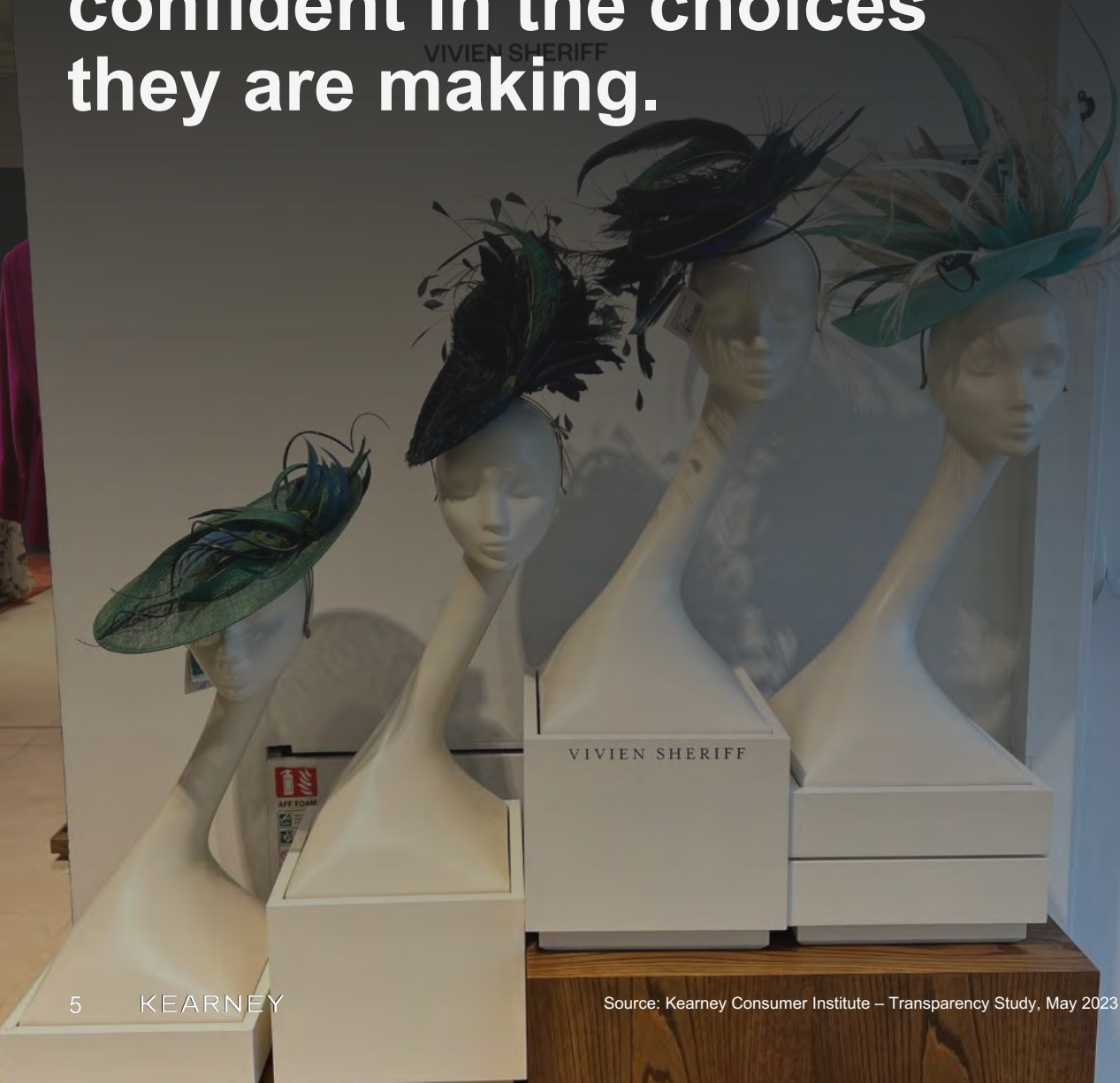
Broad transparency is sometimes disconnected from information consumers want.

This nuance can benefit both consumers and brands.

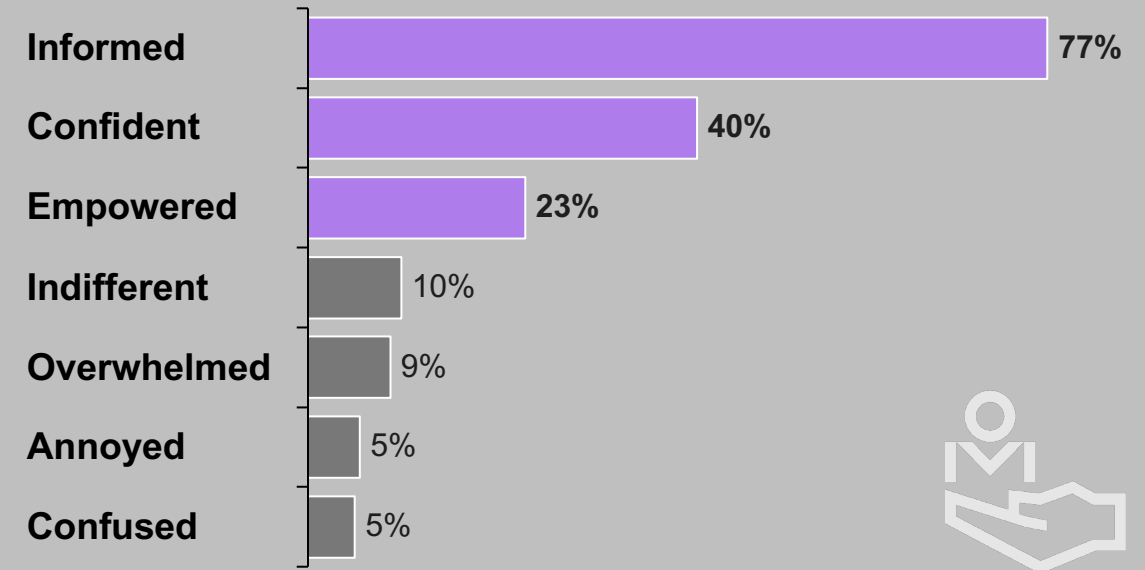
Transparency can be multi-dimensional.



Consumers want to feel confident in the choices they are making.



Brand transparency makes consumers feel:



Consumers are sensitive to deception; key themes emerge regarding brands being honest, not lying, and not hiding things.



*They are **not trying to lie to consumers**. It makes me feel better about what I buy and what's going on in the company with my hard-earned dollars.*

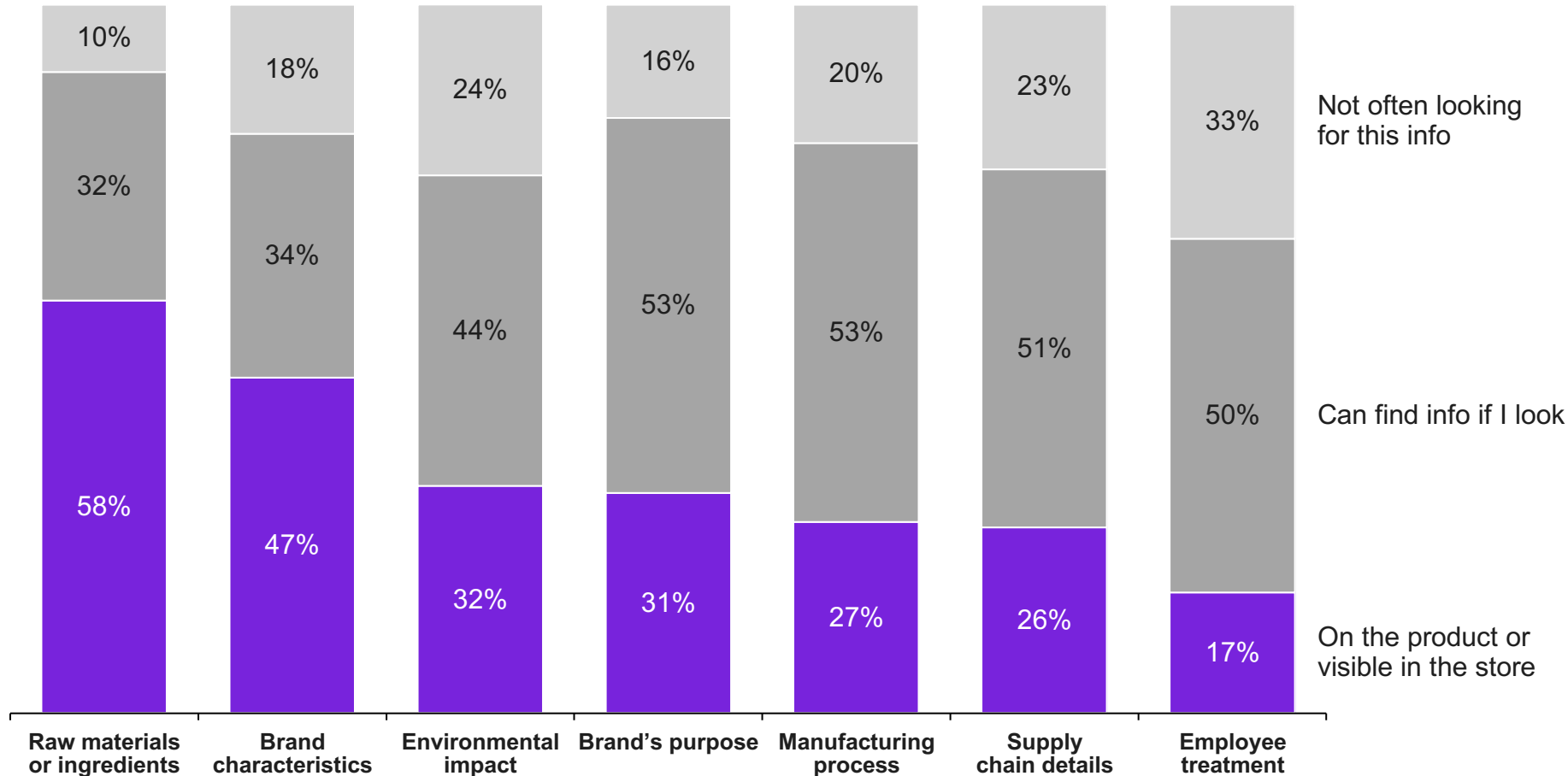
*When a brand is transparent, it tells me that they believe in their brand and don't mind being **honest** to their customers.*

*It means that they **shouldn't be hiding information** or just using flashy words. I want to know where and how products are sourced.*



Access to information often outweighs a barrage of details.

Where would you prefer to receive information from brands?



Consumers dictate what needs to be available where.

Consumers
may choose to
be blissfully
ignorant.

Some consumers turn a blind eye to fast fashion...

46%

I typically do
not look at the
supply chain



19%

I regularly look into
my clothes' supply chain

35%

I know some brands may not have
best practices, but I buy them anyway

.... and animal welfare or quality of ingredients

Some meat companies give consumers more information about how the product is made, including animal treatment and processing. Would you rather:

50%

Have some
general info,
but not the
specifics



50%

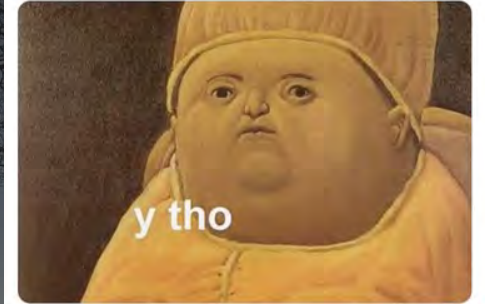
Get all information
possible, including
how the animal is
treated and processed
in the plant

Source: Kearney Consumer Institute – Transparency Study, May 2023



The Daily Struggle
@dailystruggleuk

When a restaurant puts calories on the menu



Waxou
@maxoupial

"i acknowledge that i have read and
agree to the above terms and
conditions"



This seeming inconsistency on consumers' parts
leads to a burning question:

Can consumers see the benefit of a brand's transparency?

Does transparency help consumers? Does it make them feel good?

Beware the transparency trap.

It is hard to be selectively transparent.

Consider the conflict the pursuit of transparency brings: putting some information out there sets the expectations that consumers can ask about anything.



For instance...

- If women's equality is supported publicly, does the internal organization reflect this commitment?
- If supply chain transparency is publicly promoted, is the organization prepared to answer other transparent questions?
- If a brand admits to making a mistake and shares a plan of how they will do better, are they ready to share updates to or tracking of the plan?



**Artificial transparency
risks frustrating or
confusing consumers.**

2 out of 5



consumers don't know
what general "clean"
beauty labels mean.

72%



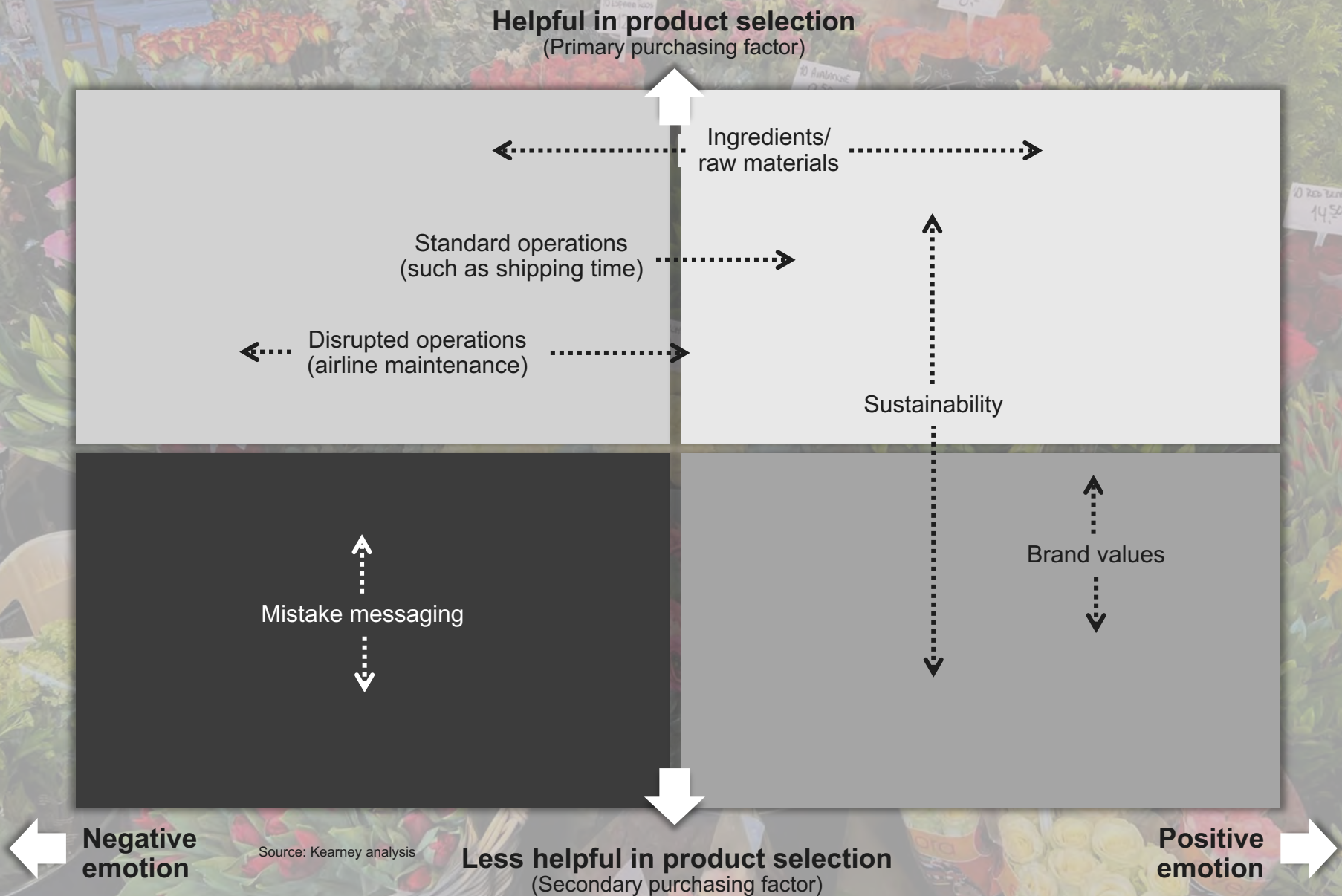
of consumers prefer that extra
fees be included in the price,
rather than unexpected fees
added to the final bill.

**Transparency for transparency's sake can
read as hollow, forced, or overdone.**

Consumers do not seek theoretical transparency,
but rather the outcome transparency provides.

Understanding the interplay between information and emotion sets the boundary for transparency.

Consider what consumers find helpful, what makes them feel good about the choices they are making, and what is realistic to execute on the brand side.



Shift from
selective
transparency to
thoughtful
transparency.



Some general questions apply:

Do consumers care?

Does **transparency** make consumers **feel good**?

Is the reward of **transparency** **greater** than the **risk**?

Intent can be broken down to define a path forward.

Inform/educate

Most common with:
product or supply chain
details

Marketing





Most common with:
brand or consumer
values

Coverage

Most common with:
informational messages
or brand missteps

Source: Kearney analysis

Acknowledge the intent of the transparency and plan accordingly.

	Inform or educate	Marketing	Coverage (lip service)
What to remember 	<ul style="list-style-type: none">– Consumers get educated about products/services on their own terms	<ul style="list-style-type: none">– Transparency is not a push tactic	<ul style="list-style-type: none">– Messaging to consumers without follow through will erode trust
Watch-outs (what can go wrong) 	<ul style="list-style-type: none">– Information in the wrong place– Providing too much information or info the consumer does not want	<ul style="list-style-type: none">– Gap between external messaging and internal realities– Alienating core consumers	<ul style="list-style-type: none">– Gap between stated intention/action plan and execution
Key Questions 	<ul style="list-style-type: none">– Does it need to be proactively communicated?– Where does the information need to be available?	<ul style="list-style-type: none">– Does the organization reflect the values being communicated to consumers?– Is there risk with core consumers?	<ul style="list-style-type: none">– Is there a clear plan in place to meet the communicated action plan or commitment?– What is its likelihood of success?
Considerations 	<ul style="list-style-type: none">– Avoid bombarding with information; instead, make it accessible in the right places	<ul style="list-style-type: none">– Build a conversation and relationship with consumers to answer questions– Set up to receive it	<ul style="list-style-type: none">– Be realistic about communicated commitments on what can be done– Avoid purposefully obscuring the situation

Source: Kearney analysis

Recent examples demonstrate where brands rank on transparency.

Brands can move within the grid depending on their follow through over time.

Helpful in product selection
(Primary purchasing factor)



Compensated consumers after mass formula recall due to bacteria contamination

Offered free credit monitoring after data of 500 million guests was hacked



US organic baby food producer; provides tracing of farms and ingredients



L:A BRUKET

Swedish beauty company; uses only clean ingredients, listed on front of pack

After holiday delays, sent an action plan of how they will do better

Southwest♥



After graphic footage surfaced of slaughter, released statements to try to explain the process

SUGI
MOTO
TEA

Japanese tea producer committed to sustainable farming and supporting agriculture workers

Canadian telco focused on creating dialogue about mental health

Bell

Negative emotion

Less helpful in product selection
(Secondary purchasing factor)

Positive emotion

Looking forward



What we're watching

From bankruptcies and store closures to layoffs, retailers have had some challenging months. While we were anticipating this “death of the middle” mid-COVID, stimulus checks and industry-wide issues (e.g., supply chain) gave retailers more time to work through their challenges.

Growing optionality and access to products, along with the ease of price comparison, has given consumers more choices than ever. A lack of clear positioning or an inability to evolve as consumers evolve has been detrimental to even storied brands.



What comes next

Building trust is complicated. Consumers typically trust humans first and institutions second. So what does that mean for artificial intelligence? Where do conversational bots fall on the trust spectrum?

While consumers enjoy experimenting with newer AI tools, they also have a healthy dose of skepticism, with concerns ranging from misinformation to data privacy to job loss. We are looking into how this ladders up to consumers' trust in brands.



**Next KCI
quarterly
briefing:**

August 15, 2023

Kearney Consumer Institute (KCI)



What is it?

Kearney think tank creating thoughtful, consumer-first content and perspectives, assessing existing and evolving consumer behaviors, needs, and decision-making



What does it do?

Advocates for the consumer

Challenges existing assumptions

Reframes to ask different questions

Generates conversation

Translates into action

KEARNEY

For further discussion, please contact:

Katie Thomas

Lead, Kearney Consumer Institute

katie.thomas@kearney.com

Twitter: [@katiethomaskci](https://twitter.com/katiethomaskci)

Tanya Moryoussef

Manager, Kearney Consumer Institute

[Kearney Consumer Institute](https://www.kearney.com/consumer-institute)