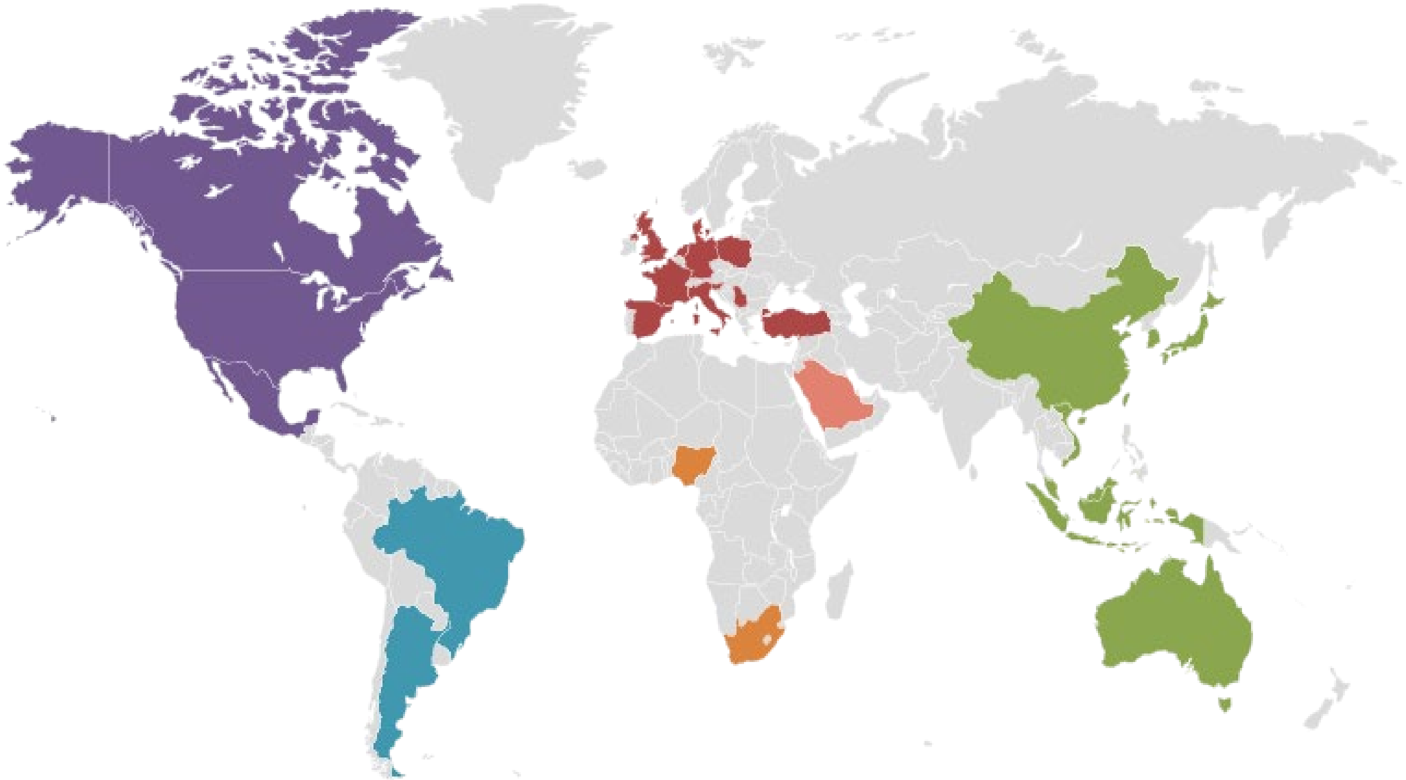
FMCG GURUS: Sustainability: Developing effective strategies to target ethical and environmentally orientated consumers

July 2020

Introduction

This report is based on the following FMCG Gurus survey series: FMCG Gurus COVID-19 survey series April 2020-July 2020, FMCG Gurus Sustainability survey series Q3 2019, FMCG Gurus Blockchain survey series Q3 2019

Global Coverage



Europe

Denmark
France
Germany
Italy
Netherlands
Poland
Serbia
Slovenia
Spain
Turkey
UK

South America

Argentina
Brazil

Asia-Pacific

Australia
China
Indonesia
Japan
Malaysia
South Korea
Vietnam

Africa/Middle East

Nigeria
Saudi Arabia
South Africa

North America

Canada
Mexico
USA

Good for Me, Good for the Earth has been identified as a top trend by FMCG Gurus

Good for Me, Good for the Earth is one of FMCG Gurus Top Ten Trends for 2020

FMCG Gurus has identified Ten Top Trends for 2020

Good for Me, Good for the Earth examines how consumers believe that the issues of health and sustainability are interlinked and consists of four sub-trends

- **Green and Clean**: consumers want brands to demonstrate a proactive and holistic approach to sustainability across the whole of the supply chain
- **Back-to-Basics**: Consumers want products that they deem to be 100% natural and free from ingredients detrimental to them or the environment
- **Earth Aware**: Consumers want brands and individuals to take a collective approach when it comes to issues such as climate change
- **Sustainable Living**: Consumers are adjusting their dietary habits to behave in a more environmentally-friendly manner

Our Top Trends for 2021 will be available in Q4 2020

The issue of Corporate and Social Responsibility from a brand perspective has evolved the last couple of decades

Covid-19 will result in consumers placing more importance on environmental issues than ever before

1980<

Niche and differentiated

The Body Shop

Corporate and Social Responsibility claims are seen as something of a niche that create genuine differentiation within the market place

1980s-2000

Expected but not influential

Innocent Smoothies

Corporate and Social Responsibility becomes more of a requirement, but genuine influence on purchasing remains a niche

2000-2020

Collective and expressionist

Protecting the environment seen as a collective effort amongst business and retailers, sustainable living is seen as a form of self-expression

>2020

Renewed corporate emphasis

Environmental protection remains a collective effort, but renewed emphasis placed on brands to taking a leading role in addressing issues

COVID-19 can act as the catalyst for emerging trends that will become mainstream in the next two decades

Inspiration can be taken from the vegan, vegetarian, and flexitarian trend

The vegan, vegetarian, and flexitarian trend has taken two-to-three decades to become fully mainstream

- Regular meat eater: **60%**
- Pescatarian: **5%**
- Vegetarian: **8%**
- Vegan: **3%**
- Flexitarian: **25%**

Whilst much attention is given to the rise of dietary habits based around animal produce moderation and avoidance, it is not a new trend.

It has simply evolved from a niche to a mainstream trend over the period of a couple of decades

2003: Meatless Monday

1995: Quorn – Ryan Giggs campaign

What opportunities exist for brands as a result of 2020

Australian Bush Fires

Natural Resources Replenishing

Is there an opportunity for brands to launch new initiatives as a result of 2020, such as schemes based around halting production on certain days of the year to help natural resources replenish themselves.

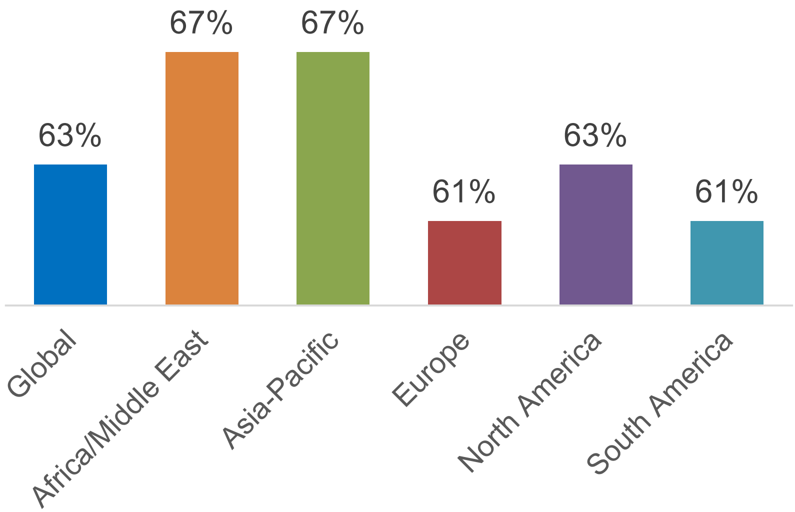
Consumers are concerned about the state of the environment and attribute damage done to big businesses

Consumers feel that globalization and industrialization has left the environment at a tipping point

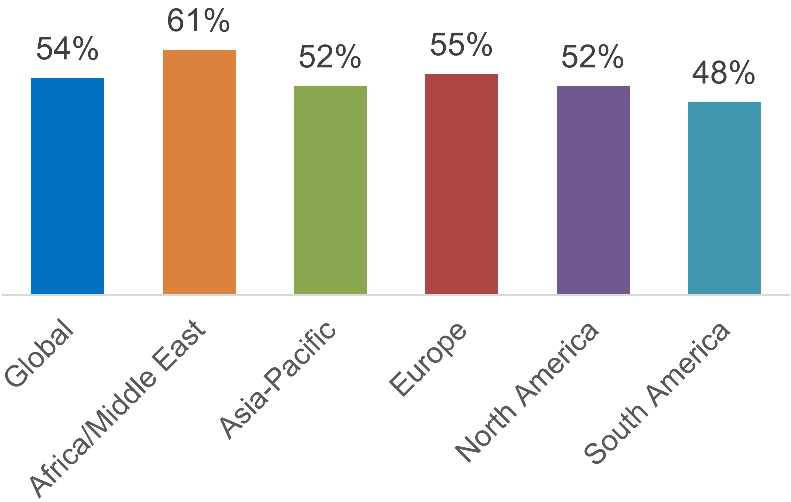
Consumers believe that the environment is at a tipping point, something that will have health implications for themselves and future generations

Consumers believe that the environment has worsened in the last two decades, something they will attribute to industrialization and globalization

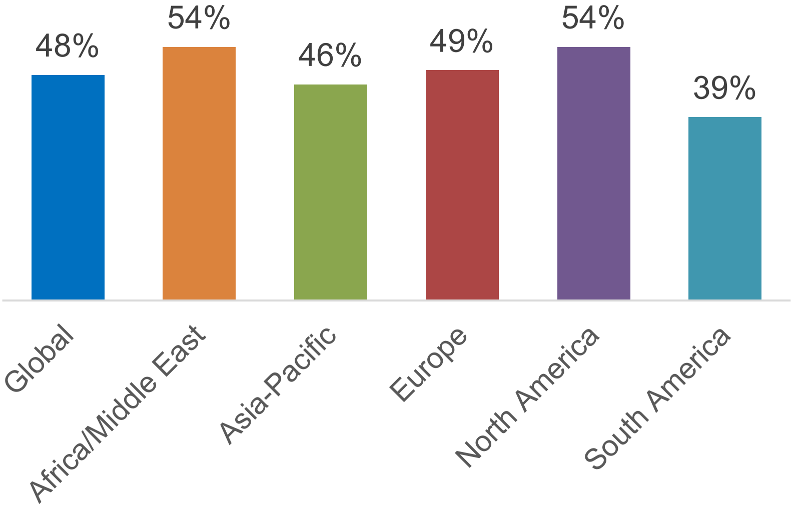
Proportion of consumers concerned about the state of the environment



Proportion of consumers who believe the state of the environment has worsened the last two decades



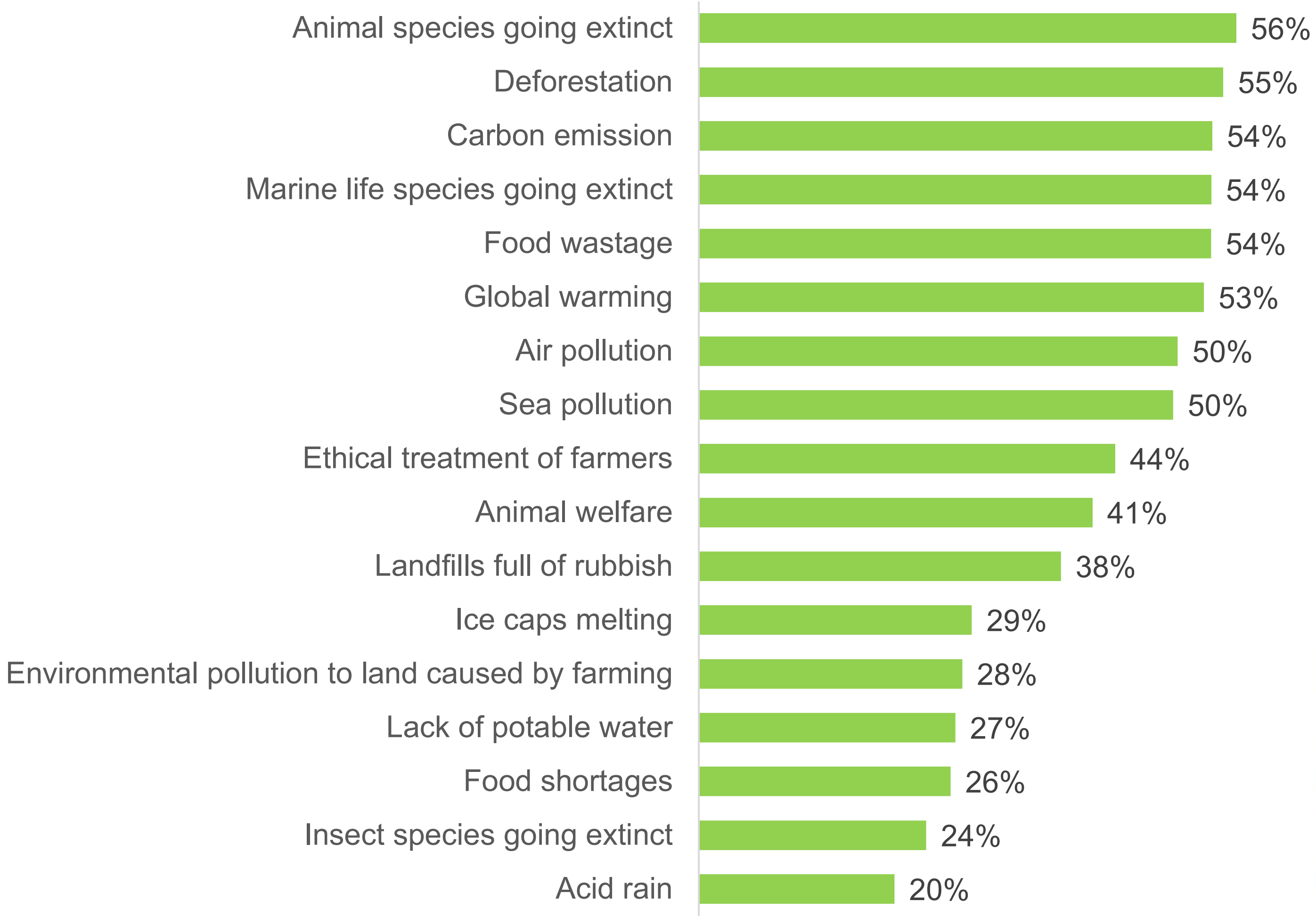
Proportion of consumers who believe damage done to the environment is irreversible



Consumers demonstrate a variety of concerns when it comes to the environment

Animal extinction and deforestation are the two biggest concerns for consumers

Proportion of consumers who say that they are concerned about the following issues



Firsthand exposure to an array of environmental and ecological systems being damaged is causing concern to consumers

When addressing ethical and environmental issues, it is important for brands to try and look for a niche and own it

Windex

Finding a niche when it comes to ethical and environmental claims and becoming synonymous with it can help create genuine differentiation within the market

Stella Artois

Taking a proactive approach to the environment can help reinvigorate a brand and category, helping eliminate brand strategies and marketing that is often seen as outdated

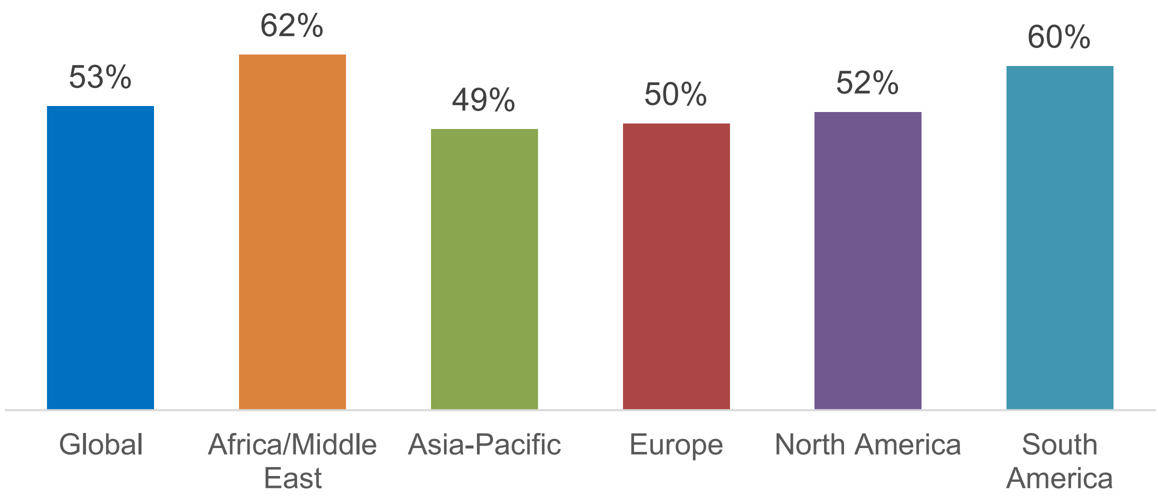
Consumers believe that brands and retailers should be doing more to protect the environment

Consumers can often feel that brands and retailers do not act in the best interests of the individual or wider community

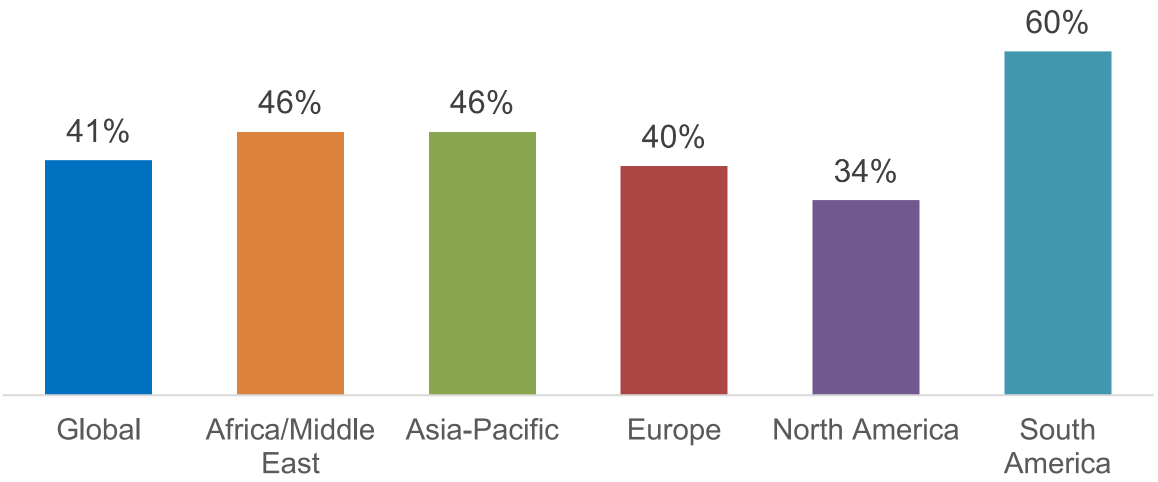
Consumers feel that brands are often engaging in unethical behavior that is damaging to the environment in the pursuit of corporate greed

In times of uncertainty, consumers are likely to be even more skeptical of the practices and policies of brands, meaning that demonstrating a commitment to doing the right thing is critical

Proportion of consumers who feel that brands should be doing more to protect the environment



Proportion of consumers who feel that retailers should be doing more to protect the environment



Trust is deteriorating when it comes to food and drink brands, linked to high profile events of greenwashing

Consumers will become even more skeptical of the practices and policies of brands in times of uncertainty

Proportion of consumers who say that they are not fully trusting of food brands

Global: 31%	Africa/ME: 36%	Asia-Pacific: 30%	Europe: 32%	North America: 26%	South America: 34%

Proportion of consumers who say that they are not fully trusting of soft drink brands

Global: 32%	Africa/ME: 35%	Asia-Pacific: 30%	Europe: 33%	North America: 36%	South America: 32%

39% of global consumers say that they do not trust brands because of the damage they believe they have done to the environment

42% of global consumers are not trusting of brands because they feel they make misleading claims in order to charge a premium price

51% of global consumers say that it is important that brands monitor the supply chains of their suppliers to ensure that they are acting in an ethical and environmentally-friendly manner

Blockchain technology is a way of offer maximum transparency when it comes to sustainability claims

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Brands should look to be early adopters of such technology

Blockchain is a source of information that is centrally stored that allows food, drink and supplement manufacturers and brands to store all product information onto a database that can be accessed by consumers for research purposes. Such information includes information on farming and treatment of animals, factory information around production, expiry dates and how products are transported. This technology allows to add information by anyone and no one can further delete or change anything without permission from all participants

Brands should target tech-savvy consumers with new and innovative ways to offer maximum transparency

Early adopters will be seen to be taking a proactive approach to the environment, especially as such technology becomes more mainstream

Budweiser

In 2020, Anheuser-Busch InBev announced that it was using blockchain technology to monitor its supply chain on a global scale, with a focus on Africa, to ensure responsible sourcing and distribution.

Proportion of consumers who say that they have heard of blockchain technology

Global	Africa/ME	Asia-Pacific	Europe	North America	South America
18%	12%	18%	19%	21%	18%

Proportion of consumers who say that they would likely use such technology when given a definition

Global	Africa/ME	Asia-Pacific	Europe	North America	South America
50%	51%	55%	47%	60%	31%

Consumers say that they would use blockchain technology to investigate a variety of issues

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The key takeout is that consumers want transparency along the whole of the supply chain

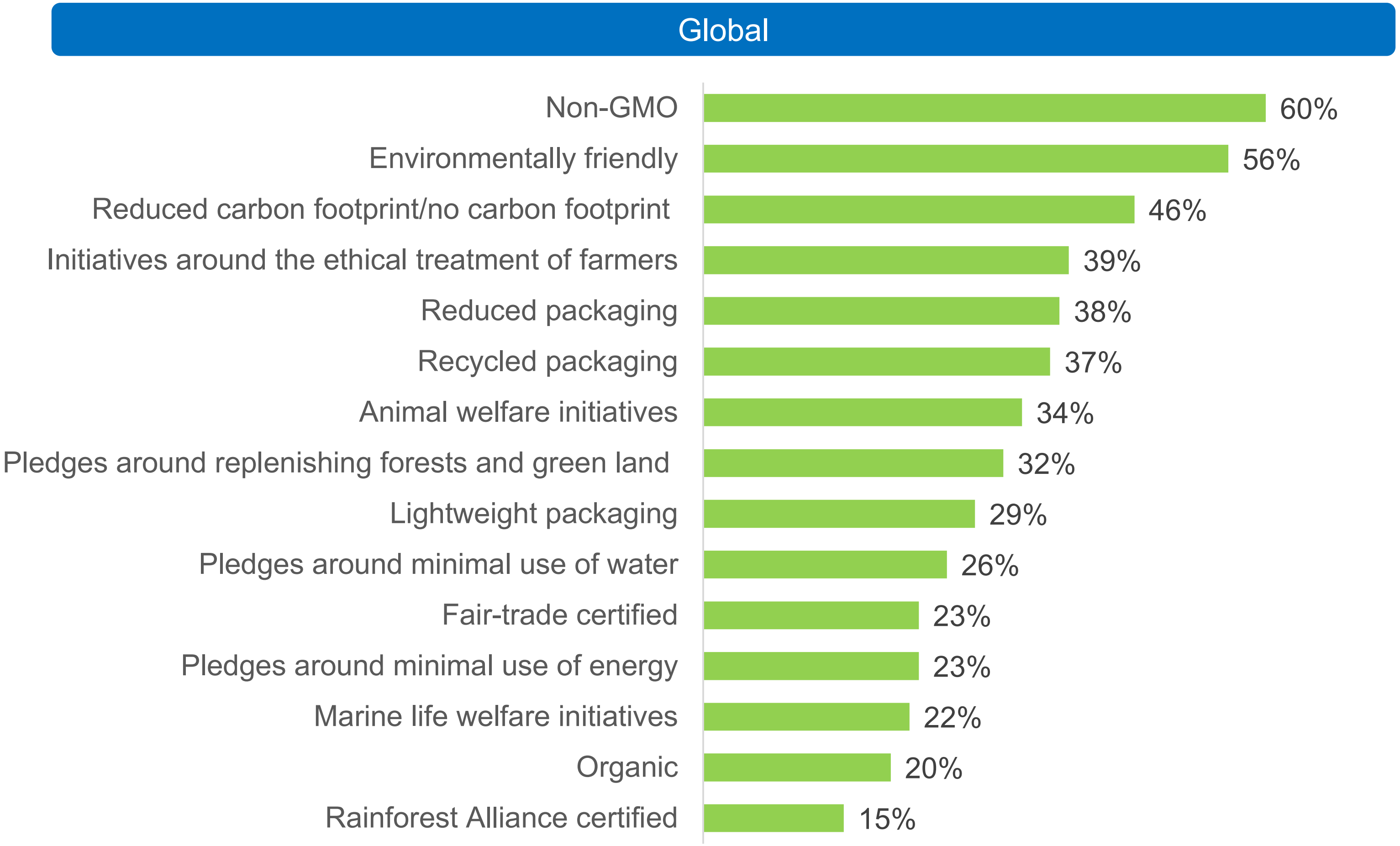
You state that you would be likely to use such a database. What kind of information would you want to see?
Consumers who would be likely to use blockchain technology

	Global	Africa/ME	Asia-Pacific	Europe	North America	South America
Ethical treatment of animals/marine life in production	53%	41%	56%	55%	55%	30%
Ingredient origins	50%	36%	50%	44%	62%	62%
Where the product is produced	47%	39%	44%	46%	60%	56%
Standard of farms and holding areas for animals used in production	54%	72%	54%	56%	40%	50%
Levels of deforestation/ damage to green land caused by product manufacturing	55%	**75%**	51%	51%	59%	65%
Levels of water used in the manufacturing of products	49%	56%	50%	44%	55%	48%
Levels of energy used in the manufacturing of products	49%	47%	48%	47%	65%	52%
Initiatives around forest/ green land conservation by products/brands	51%	41%	52%	50%	47%	**68%**
Initiatives around replacing water used by products/brands	55%	54%	54%	54%	64%	44%
Initiatives around energy saving/replacing energy by products/brands	51%	50%	58%	46%	56%	50%
Initiatives around not using plastic	47%	37%	40%	56%	49%	36%
Locality of where products are produced	55%	68%	53%	52%	47%	65%
Carbon footprint omitted in distribution of products	**58%**	46%	58%	**60%**	**73%**	42%
Initiatives made by brands to eliminate carbon footprint of products	56%	61%	54%	59%	49%	44%
When the product was made/how many days ago the product was produced	37%	40%	38%	35%	37%	40%
Reassurance that packaging used by products is sustainable	49%	43%	54%	48%	36%	65%
Environmental initiatives of products and brands around packaging	54%	40%	51%	58%	51%	51%
Commitments by brands and manufacturers to ensure the ethical and environmental certifications of suppliers	56%	62%	**59%**	53%	49%	61%
Other	25%	33%	30%	21%	25%	19%

Consumers find environmental claims appealing when it comes to food and drink products

This is especially true when it comes to claims that link health and sustainability

Do you look out for any of the following claims/pledges when buying food, drinks or supplements?



Consumers indicate that they look out for a variety of environmental claims when seeking out food, drink and supplement products

Consumers are attentive to Non-GMO claims because they want to avoid chemicals that they believe are detrimental to them and the wider environment

The tendency to check for carbon footprint claims relates to consumers wanting local products that they deem to be healthier, better quality, safer and tastier

Consumers also want reassurances that brands are treating local suppliers and farmers in an ethical manner

Consumers have also made changes to their diets in order to lead a more sustainable lifestyle

Resourcefulness and local sourcing are the actions most likely to be taken by consumers

Proportion of consumers who say that they have changed their eating and drinking habits in the last two years in order to lead a more sustainable lifestyle.

Global:	Africa/ME:	Asia-Pacific:	Europe:	North America:	South America:
45%	65%	47%	38%	36%	57%

What changes have you made?
Consumers who have made changes

	Global	Africa/ME	Asia-Pacific	Europe	North America	South America
Reduced/eliminated eating meat	33%	29%	33%	35%	31%	29%
Reduced/eliminated eating/drinking dairy	42%	41%	38%	48%	37%	38%
Reduced/eliminated eating fish	14%	15%	13%	13%	16%	15%
Followed a vegetarian diet	22%	27%	22%	19%	28%	21%
Followed a vegan diet	10%	14%	10%	10%	10%	10%
Turned to more local food and drink	46%	**47%**	**44%**	47%	**54%**	38%
Made greater attempts to reduce food waste	**48%**	28%	42%	**57%**	53%	41%
Eaten less processed food	22%	37%	23%	18%	23%	14%
Eaten more fresh food and drink	42%	39%	36%	43%	**54%**	**45%**
Made greater attempts to check out the environmental credentials of products	30%	28%	28%	31%	46%	21%
Other	9%	7%	10%	9%	8%	8%

Consumers are taking a collective approach to addressing the environment, something that can be linked to self-expression and consumers wanting products and brands that match their attitudes and outlook on life

Whilst much attention is given to changing dietary habits, consumers are most likely to say that they are trying to act in a more sustainable manner by attempting to reduce food waste and seek out local food and drink

The appeal of plant-based diets is something that will intensify as a result of COVID-19

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Such dietary habits are associated with being natural and nutritious

COVID-19 is resulting in consumers re-evaluating their eating and drink habits as they look to minimize their vulnerability to disease and illness

Plant-based products will appeal to consumers because they are deemed natural, nutritious and sustainable – however the issues of cost and sensory appeal need to be addressed

Proportion of consumers who plan to include more plant-based food and drink in their diets as a result of COVID-19

Global: 23%

Africa/ME: 24%

Asia-Pacific: 27%

Europe: 17%

North America: 23%

South America: 30%

What are the reasons for including more plant-based foods in your diet after COVID-19?

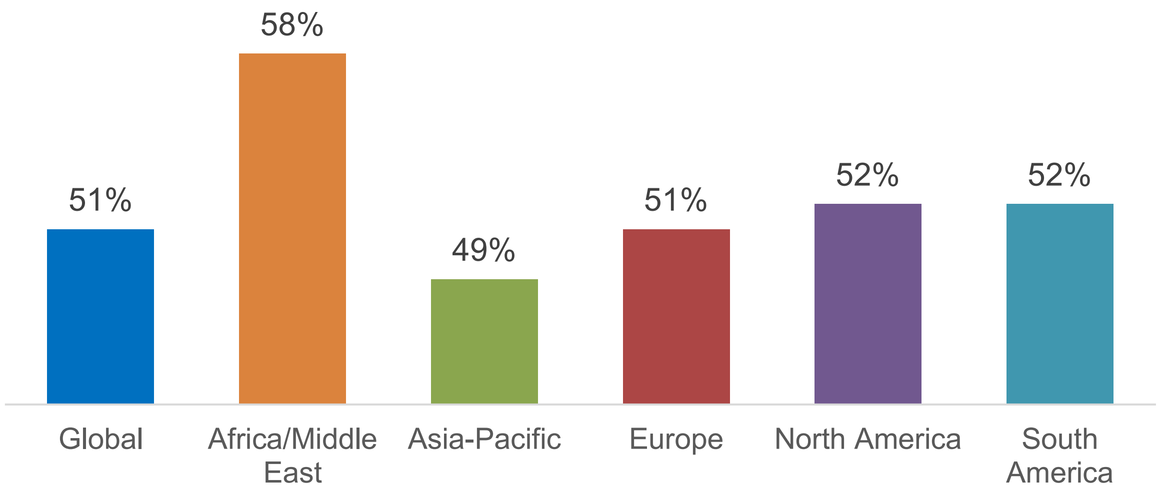
Consumers who plan to include more plant-based food and drink in their diets

	Global	Africa/ME	Asia-Pacific	Europe	North America	South America
I am attempting to improve my nutritional intake	57%	55%	58%	57%	54%	59%
I am concerned about the welfare and treatment of animals	20%	20%	20%	21%	22%	14%
I believe plant-based diets are better for the environment	54%	64%	53%	51%	59%	47%
I believe that plant-based diets are better for society overall (i.e. less resources being used)	23%	24%	23%	20%	24%	35%
I believe that plant-based food is healthier	56%	50%	61%	53%	59%	48%
I think plant-based food can be stored for longer	10%	9%	11%	9%	11%	11%
I view plant-based food to be safer than animal-based food	19%	15%	23%	14%	21%	31%
I want to avoid eating animal-based food	13%	12%	15%	11%	13%	15%
I want to buy more processed food	1%	1%	2%	1%	2%	1%
I want to keep my hands clean when cooking	9%	18%	13%	5%	7%	12%
Other	10%	8%	9%	11%	9%	10%

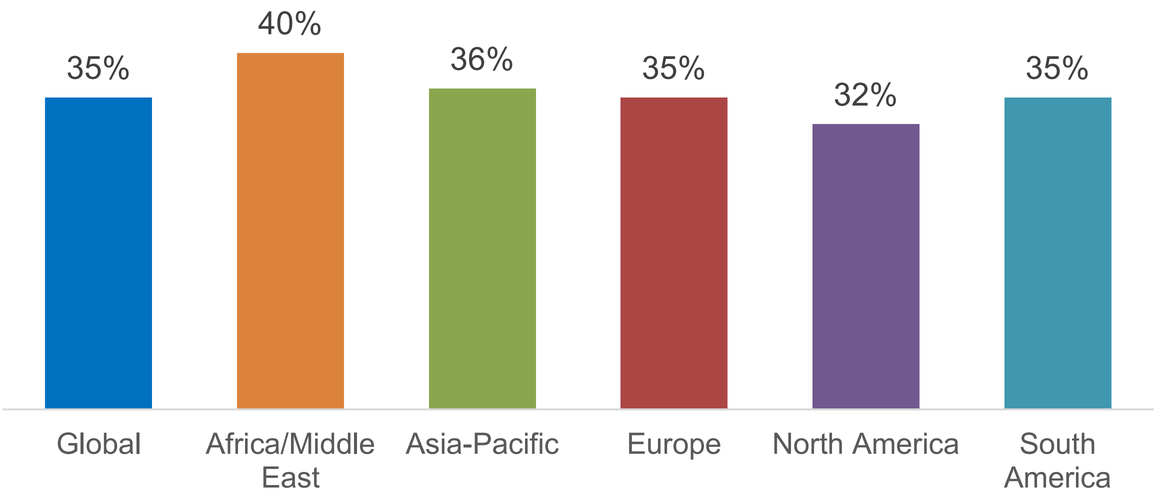
However, it is important not to over-estimate the extent that consumers will stick to such dietary plans

Consumers can find it difficult to abstain from certain food and drink categories in the long-term

Proportion of consumers who admit that they would struggle to give up meat in the long-term



Proportion of consumers who admit that they would struggle to give up dairy in the long-term



Irrespective of the environmental or health concerns that they have, consumers also have high levels of self-entitlement and are unwilling to compromise on indulgent products. This is something that will be especially true in 2020 and beyond because of high feelings of uncertainty meaning they want moments of comfort

Whilst there are some genuinely altruistic consumers and those who can stick to non-animal-based diets in the long-term for various reasons, a high proportion of consumers who turn to vegan, vegetarian, and flexitarian diets tend to do so short-term

The tendency to interlink health and sustainability is something that will drive demand for natural products as a result of COVID-19

Consumers want products that they deem to be green and clean

The demand for products that contain real and authentic ingredients that offer nutritional value will intensify in 2020 and beyond. Related to this, consumers will want products that they deem to be natural, sustainable, and local, especially as these traits are interlinked

Given the subjectivity that can exist around claims such as natural, sustainable and local, validation and transparency is crucial

Proportion of consumers who say that they are being more attentive to natural ingredient claims as a result of COVID-19

Global	Africa/ME	Asia-Pacific	Europe	North America	South America
56%	67%	56%	53%	57%	64%

Proportion of consumers who say that they are being more attentive to locality claims as a result of COVID-19

Global	Africa/ME	Asia-Pacific	Europe	North America	South America
50%	54%	51%	50%	47%	51%

Proportion of consumers who say that they are being more attentive to sustainability claims as a result of COVID-19

Global	Africa/ME	Asia-Pacific	Europe	North America	South America
41%	42%	43%	37%	42%	51%

When it comes to sustainability, it is important to remember the attitude/behavior gap that exists

Consumers deem recycling to be important, but do not always engage in such activity

Proportion of consumers who say that people not recycling is a major barrier when it comes to protecting the environment

Global:	Africa/ME:	Asia-Pacific:	Europe:	North America:	South America:
64%	70%	69%	63%	56%	56%

Proportion of consumers who say that they find recycling time consuming

Global:	Africa/ME:	Asia-Pacific:	Europe:	North America:	South America:
52%	60%	53%	51%	51%	50%

Proportion of consumers who say that recycling is difficult

Global:	Africa/ME:	Asia-Pacific:	Europe:	North America:	South America:
48%	59%	51%	45%	54%	35%

Consumers recognize that recycling is vital when it comes to protecting the environment

At the same time, the tendency to recycle is something that is impacted by consumers not wanting to spend time or effort on the process

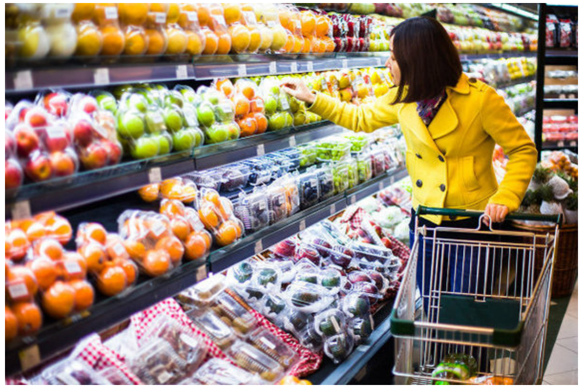
It is also important to remember that consumers prioritize their own need states ahead of the environment

Consumers will not buy a product simply because it is environmentally-friendly

Consumers are more likely to accept a product is not sustainable, as opposed to actively boycott the product

38% of global consumers regularly say that they regularly purchase products even though they deem them to be less environmentally-friendly, because they are cheaper

22% of global consumers say that they have actively sought out alternative brands that they deem to be more environmentally-friendly



38% of global consumers regularly say that they regularly purchase products even though they deem them to be less environmentally-friendly, because they are tastier

17% of global consumers regularly say that they have made a conscious decision to boycott a product or brand because of concerns about environmental activities

Cost and sensory appeal are product traits that are especially important to consumers in a recessionary environment

Sustainability benefits need to be positioned around being beneficial for the environment and individual

Consumers want environmental claims that they deem to be "win-win". There are four ways in which this can be done

Luxury	Brands should make the direct link between sustainable practices and artisan production methods
Cost	Brands should look to push any financial savings made from more sustainable practices on to the end consumer
Health	Brands should make the direct link of how sustainable practice can improve physical and mental wellbeing
Expression	Ethical and environmental claims should be linked to self expression, with products positioned as a form of ethical elitism

In recent years, consumers have had negative attitudes towards the environment

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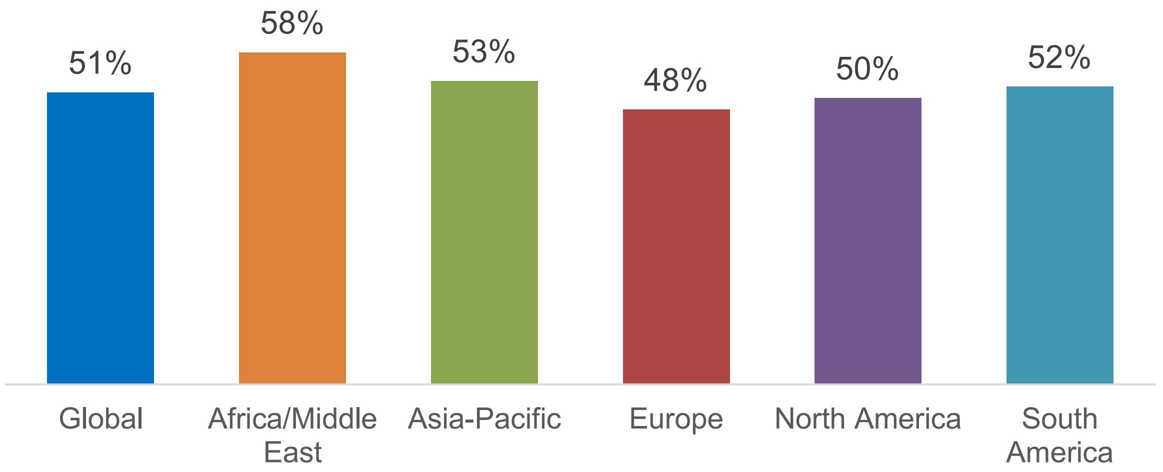
Packaging is often seen as unnecessarily excessive and something that is difficult to recycle

In recent years, packaging has found itself subject to negative sentiment amongst consumers, with many feeling that products often have too much packaging – something that is not only less environmentally-friendly but also drives up the cost

This has resulted in consumers placing greater demand on solutions such as lightweight packaging, wanting brands to make commitments to help address issues such as landfills

Proportion of consumers who say that there is often too much packaging on products



However, consumer attitudes are evolving as a result of COVID-19 when it comes to packaging

Packaging is seen as crucial when it comes to food safety

Proportion of consumers who believe that packaging keeps food safe

Global	Africa/ME	Asia-Pacific	Europe	North America	South America
67%	67%	74%	61%	65%	76%

Proportion of consumers who say that their attitudes to packaging have changed as a result of COVID-19

Global	Africa/ME	Asia-Pacific	Europe	North America	South America
49%	54%	55%	42%	42%	68%

Proportion of consumers who say their attitude towards packaging has changed in a positive way
Consumers who say that their attitude towards packaging has changed

Global	Africa/ME	Asia-Pacific	Europe	North America	South America
67%	65%	72%	63%	67%	72%

As a result of COVID-19, consumers have re-evaluated the role of packaging as they remain fearful of contamination

Changing attitudes means that packaging innovations based around safety and sustainability will be particularly appealing to consumers

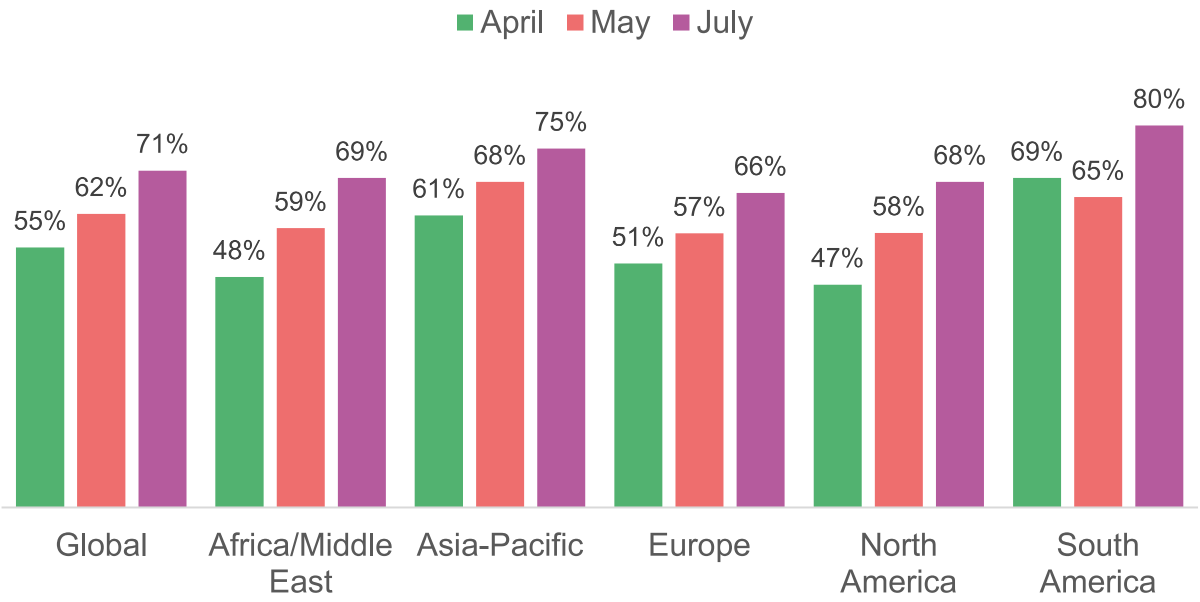
As a result of COVID-19, consumers will want brands to be more proactive than ever before when it comes to the environment

Consumers feel a renewed sense of optimism when it comes to the state of the environment

As a result of COVID-19, consumers have seen natural resources replenish themselves due to lockdowns and restrictions on movement. At the same time, consumers are also questioning whether vulnerability to the disease is being shaped by environmental factors

As such, 2020 will see the next chapter on the topic of sustainability, with brands being expected to take a more proactive approach than ever before to addressing the environment

Proportion of consumers who say that they will be more concerned about environmental issues after COVID-19 passed



Actionable Recommendations

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Key conclusions

Attitudes towards sustainability continue to evolve. Whilst consumers are happy to take a collective approach to sustainable living, they expect brands to take the lead

Addressing the environment is something that will be increasingly important in the wake of COVID-19, as consumers become more health conscious and optimistic towards the environment

When it comes to ethical and environmental practices, it is crucial that brands offer maximum transparency and validations around claims to enhance consumer trust

Brands need to ensure responsibility for ethical and environmental behavior along the supply chain

Brands need to take a holistic and proactive approach to addressing the environment, doing this can help reinvigorate a category

Consumers want products that they deem to be green and clean – meaning it is important to promote the message of Good for Me, Good for the Earth

If brands are to make sustainability claims truly influential, they need to ensure such claims also offer some immediate consumer-orientated benefit

Brands also need to consider attitude/behavior gaps when it comes to sustainable practices and not overestimate how long more environmentally-friendly dietary plans may be followed for

Dedicated to providing the latest consumer, shopper, and category insights across the globe.

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