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# Sustainability:

Exploring what sustainability means to consumers and how brands can navigate their journey

European story

# How your brands can activate successful sustainable transformation strategies

1. Systemic disruption: risk and opportunity
2. What are the major concerns in Europe?
3. What issues matter more by sector?
4. Designing interventions to close the Value-Action Gap

# 1
# Systemic disruption: risk and opportunity

# Sustainability is a subject of “opposing forces”

## There are three forces at play

1. Government regulation


2. Investor pressure

3. Our moral obligation to take action for societies benefit

# And the commercial case is clear

## From risk to opportunity

**“If some companies and industries fail to adjust to this new world, they will fail to exist.”**

***Mark Carney***
*Governor of Bank of England*

***François Villeroy***
*Governor of Banque de France*

***Frank Elderson***
*Chair of the Network for Greening the Financial Services*

## And there are trillions of dollars of potential revenue sitting in untapped opportunities

**$382 billion**

Spending power of the most sustainably engaged in the FMCG sector alone

**Kantar’s #WhoCaresWhoDoes, 2020**

**$630 billion**

In net material cost savings if circular economy adopted in manufacturing sectors

**Ellen McArthur Foundation, 2013**

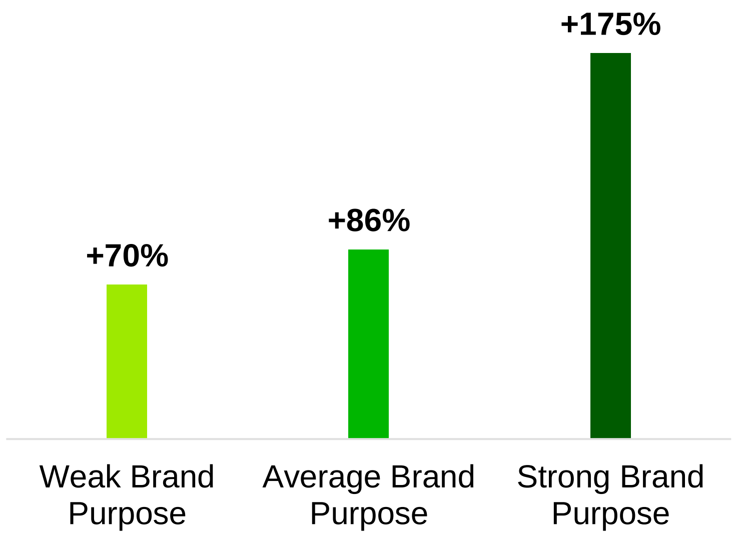
**$12 trillion**

In four key economic areas by 2030

**Better Business, Better World WBCSD, 2017**

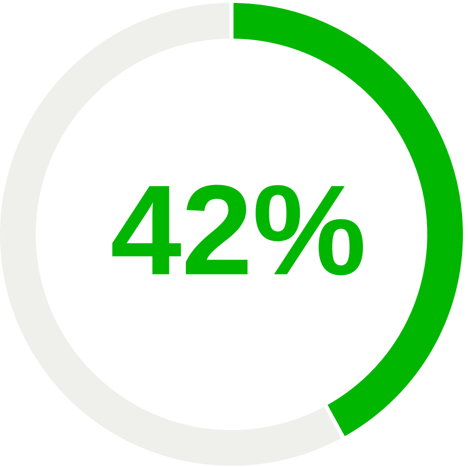
## Progressive purposeful businesses reap bigger commercial rewards

**12 years Brand Value growth**

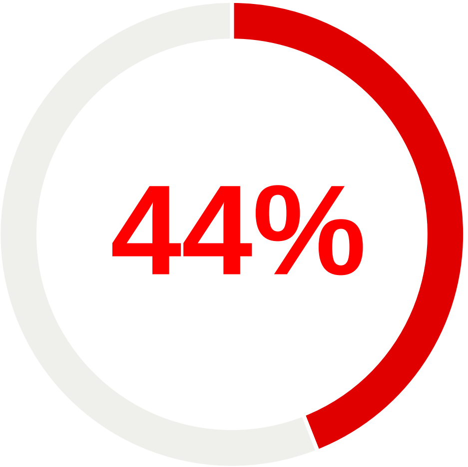



*BRANDZ™ Top 100 Most Valuable Global Brands: 94 common brands. Appearing in the Top 100 in all years from 2006 - 2018*

# There is a tension between what consumers say and how they behave in real life




Have stopped buying products/services that have a negative impact on the environment and society




Buy something without checking if it used animal testing

# Organisations face huge challenges in developing sustainability strategy

### Where to Start?

"My CEO asked me to execute our aligned strategy, but I don't know where to start"

### Fear of Doing Wrong

"I'm worried about consumers, investors and NGO's calling us out, this might do more harm than good"

### Internal challenges

"Internal stakeholders resist the moves because the P&L and bonus will be challenged"

### Organisational Silos

"Sustainability straddles corporate, marketing and operations all with different objectives"

# Where to start?

**Identify where to play**

**Develop your purpose and get communication right**

**Put sustainability at the heart of the innovation process**

**Close the Value-Action Gap**

**Embed sustainability within employee culture**

**Monitor your sustainability impact**

# Consumers will not be leading the transformation

## It’s not on them

**82%**

think that when people shop, their mind is on saving money more than saving the planet

**75%**

think that the sustainable/ ethical products are always more expensive

**70%**

think that people don’t have enough information about how ethical/sustainable different products are

**51%**

I want to do more to be more mindful of the planet and the environment, but my day-to-day priorities get in the way



*Source: Kantar Europe Sustainability Foundational Study 2021 Figures based on Q82 & Q15a Agreement NET*

# It's on us

## Businesses and brands need to (and are expected to) take leadership

**61%**

of consumers feel like sustainability isn't their responsibility…it's up to businesses/producers

**60%**

agree that companies must make sacrifices to end racism, xenophobia and other forms of hate even if that means losing a brand name, advertising icons, or business from some customers

**51%**

think that brands have an important part to play in the social conversation about issues like gender equality and race or immigrant relations

**Sustainable investment** assets **grew 15%** over the past **2 years** to reach **£35T** equal to **36%** of all **professionally managed** assets.

*Global Sustainable Investment Review*

For the **world's largest companies,** "nearly 100%" of **CEOs** believe **Sustainability** is **critical** to their **companies' future success.**

*UNGC-Accenture*

**75%** of **Millennials** look at a **company's Sustainability strategy** when considering where to work; **77%** of **GenZers** want to work for **organisations** whose **values align** with their **own.**

*Globescan* | *Deloitte*

# In a world of hyper-cynicism, brands need to be forensic about where and how they have a right to play

# 65%

worry **brands are involved in social issues just for commercial reasons**

# 43%

believe **brands have contributed to discrimination and/or racism and other forms of hate by using stereotypes** in their communications and advertising

# 42%

have **stopped buying certain products/services because of their impact on the environment** or society

What to believe anymore?
All sides make it difficult to know

*MSN*

Justice Secretary Michael Gove said the people had ‘had enough‘ of experts during the EU referendum debate

*The Independent*



*Source: Kantar Europe Sustainability Foundational Study 2021*

# A simple framework to make brand building part of the sustainable transformation

# 2.
# What are the major concerns in Europe?

# About Kantar's European Sustainability foundational study

**Total sample:** n = 12,091

**Who:** Males and females, age 18+

**When:** July 2021

| | |
|---|---|
| **Belgium** | n = 1005 |
| **Czech Republic** | n = 1007 |
| **France** | n = 1003 |
| **Germany** | n = 1005 |
| **Greece** | n = 1019 |
| **Italy** | n = 1004 |
| **Netherlands** | n = 1015 |
| **Poland** | n = 1010 |
| **Romania** | n = 1009 |
| **Spain** | n = 1003 |
| **Sweden** | n = 1007 |
| **UK** | n = 1004 |


1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS
SUSTAINABLE DEVELOPMENT GOALS

# Europeans show most concern in eight areas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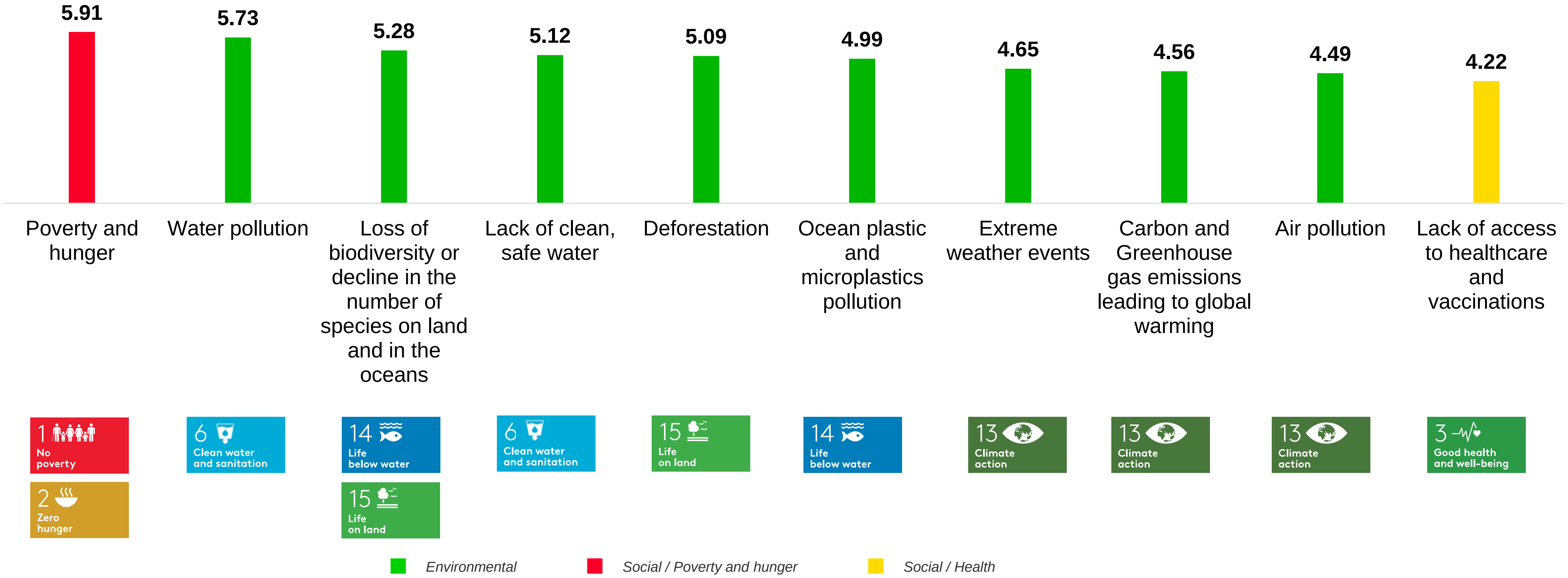
Source: Kantar Europe Sustainability Foundational Study 2021

# Overall, key concerns overwhelmingly linked to the environment

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*Note: Figures represent Mean Score derived from Most Concern to Least Concern (MaxDiff)*
*Source: Kantar Europe Sustainability Foundational Study 2021 | Question: There are a lot of issues which impact on creating a better and more sustainable future for our planet and all the people and species that live on it; Which of these issues are you most concerned about and which are you least concerned about? List of 32 issues*

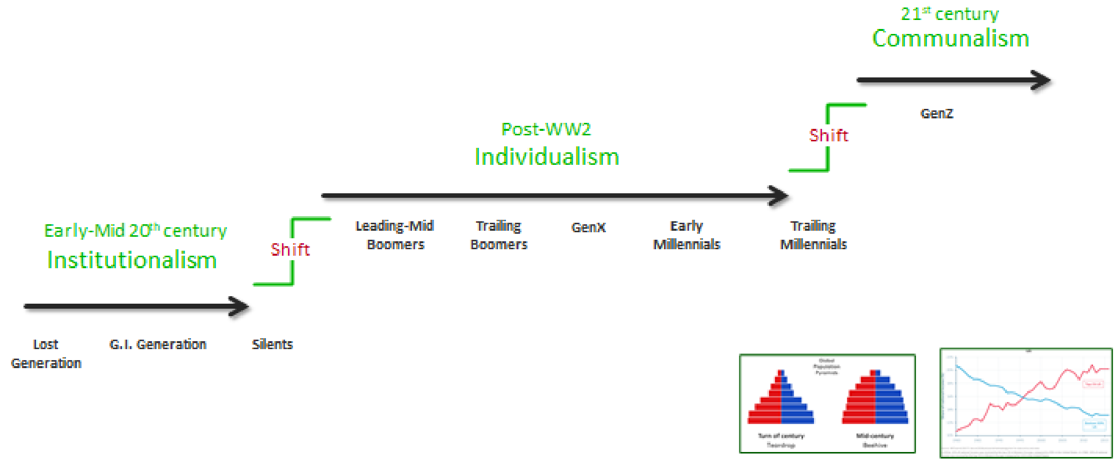
# And yet, we are witnessing fundamental generational shifts

## Sustainability concerns ranked on difference between generations

| 18-34 years old  | 55+ years old  |
|---|---|
| SOCIAL | ENVIRONMENT |
| Mental health | Water pollution |
| Discrimination, harassment, lack of opportunity based on gender, race, religion, disability, LGBTQ | Intensive farming and over-use of pesticides |
| Gender inequality/ gender pay gap | Extreme weather events |
| Marginalised people's rights | Deforestation |



### Generational change is powering discontinuities



# At a country level, there is a continuum from countries where social issues are more pressing versus those with more environmental focus

**More Social Orientation** ⟷ **More Environmental Orientation**

| Rank | Greece | Spain | Romania | Belgium | United Kingdom | Italy | Poland | Czech Republic | France | Germany | Netherlands | Sweden |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Poverty and hunger | Poverty and hunger | Poverty and hunger | Poverty and hunger | Poverty and hunger | Water pollution | Lack of clean, safe water | Water pollution | Loss of biodiversity or decline in the number of species on land and in the oceans | Loss of biodiversity or decline in the number of species on land and in the oceans | Ocean plastic and microplastics pollution | Loss of biodiversity or decline in the number of species on land and in the oceans |
| 2 | Overwork and worker exploitation, including adult and child labour | Water pollution | Water pollution | Water pollution | Loss of biodiversity or decline in the number of species on land and in the oceans | Poverty and hunger | Water pollution | Lack of clean, safe water | Water pollution | Ocean plastic and microplastics pollution | Deforestation | Lack of clean, safe water |
| 3 | Lack of clean, safe water | Lack of access to healthcare and vaccinations | Deforestation | Deforestation | Deforestation | Air pollution | Poverty and hunger | Deforestation | Deforestation | Water pollution | Loss of biodiversity or decline in the number of species on land and in the oceans | Water pollution |

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Source: Kantar Europe Sustainability Foundational Study 2021

# Faced with numerous local issues, those closest to home take precedence

**Experience of social and environmental issues are coming ever closer to home – to Me and My World**

**Global issues become most relevant when framed in local context**

**Less notion of abstract 'sustainability', more focus on specifics**

# 3. What issues matter more by sector?

# Build your ‘sword and shield’ strategy against issues that matter to consumers

## 1
## Shields

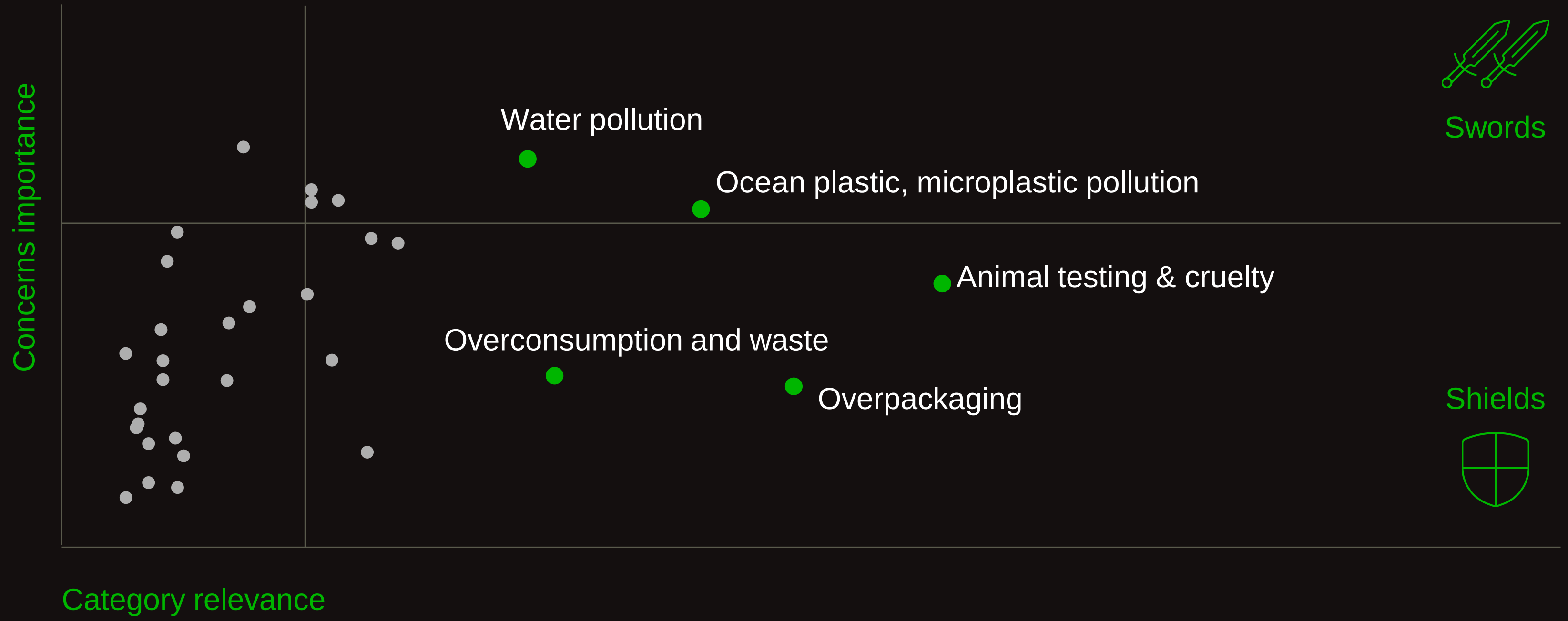
Without these, the brand does not meet fundamental consumer expectations.

## 2
## Swords

Once the shields are there, Swords can be leveraged to develop a brand’s competitive advantage.

**‘Sword & shield’ strategy:**

## Personal Care



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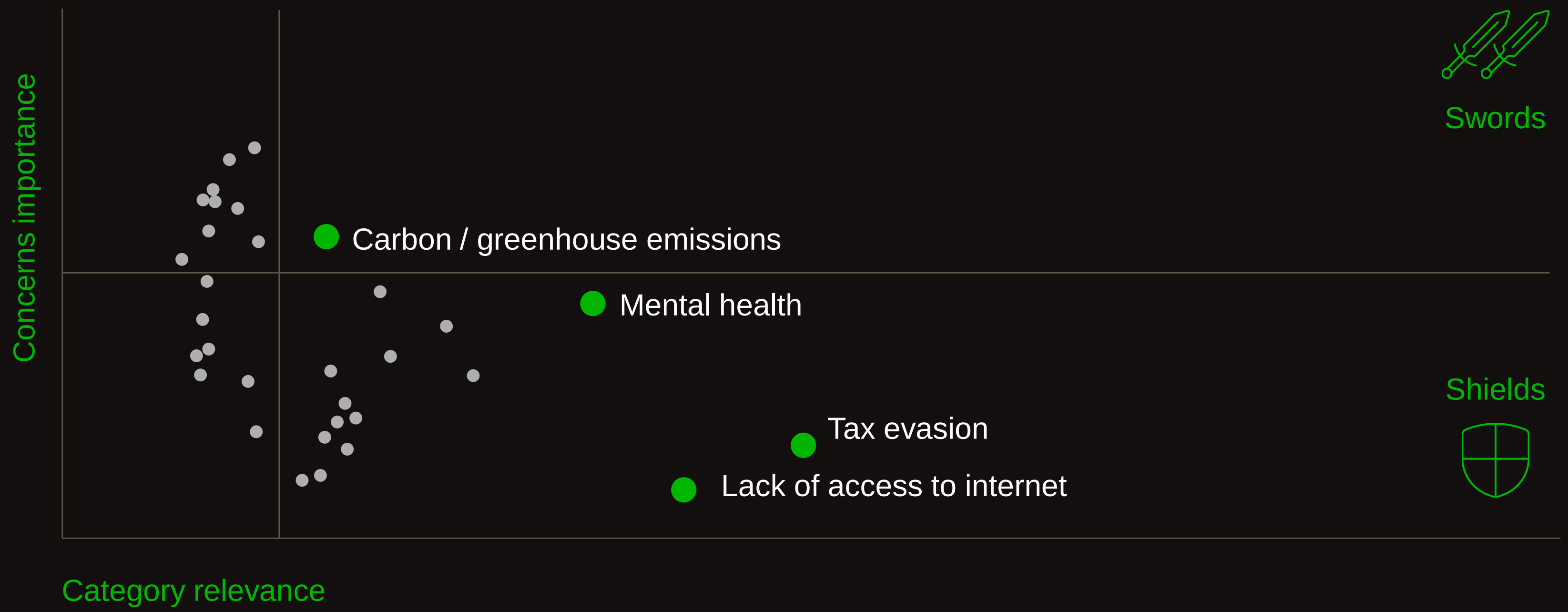
**‘Sword & shield’ strategy:**

## Technology & Social Media






Source: Kantar Europe Sustainability Foundational Study 2021
Note: 35 industries were covered in total

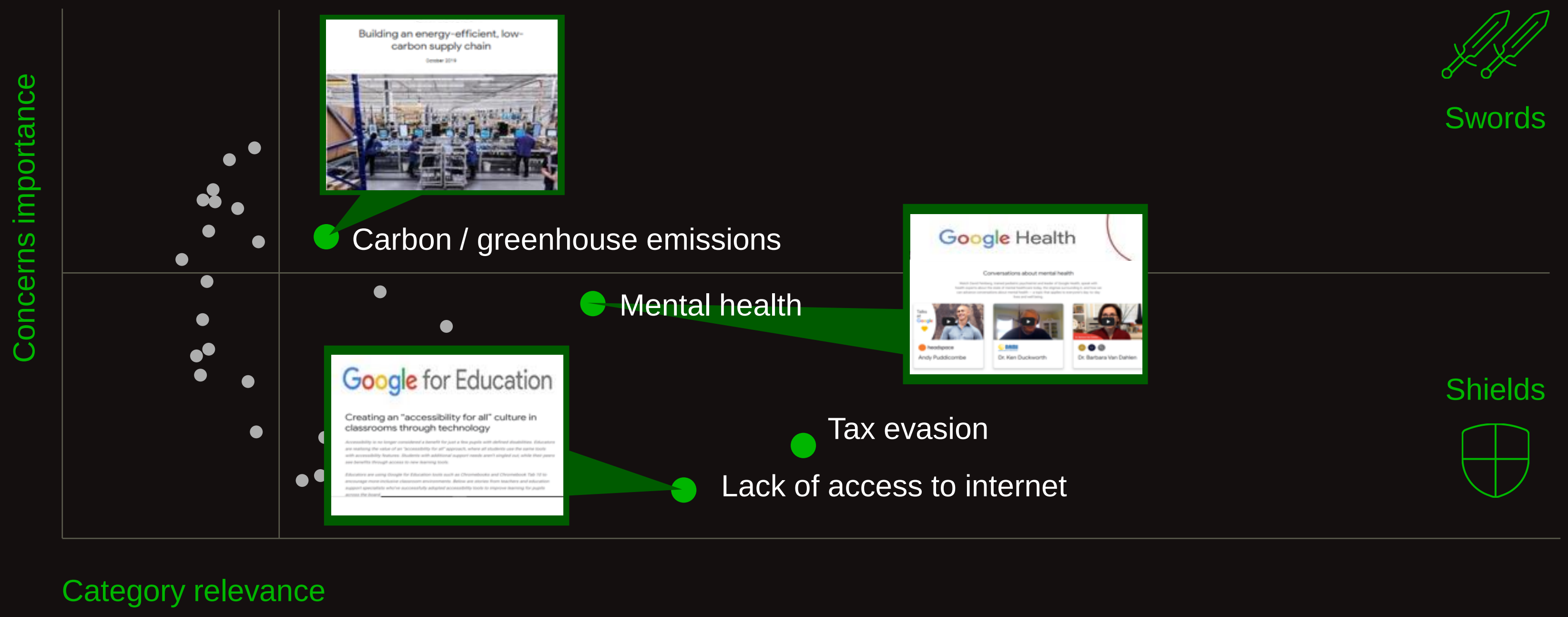
# Build your 'sword and shield' strategy against issues that matter to consumers

Google

| Brand Power Index | Brand Purpose Index | Corporate Rep Index |
|---|---|---|
| 321 | 133 | 127 |

**'Sword & shield' strategy:**

## Technology & Social Media






Source: Kantar Europe Sustainability Foundational Study 2021
Note: 35 industries were covered in total

# 4.
# Designing interventions to close the Value-Action Gap

# The Value-Action Gap is still very real

## Taking the right action is not so easy

| | |
|---|---|
| 73% | Buy brand new things, not second hand |
| 75% | Choose meat over the vegetarian option |
| 71% | Buy pre-packed products, rather than refilling |
| 65% | Go by car, instead of walking or public transport |

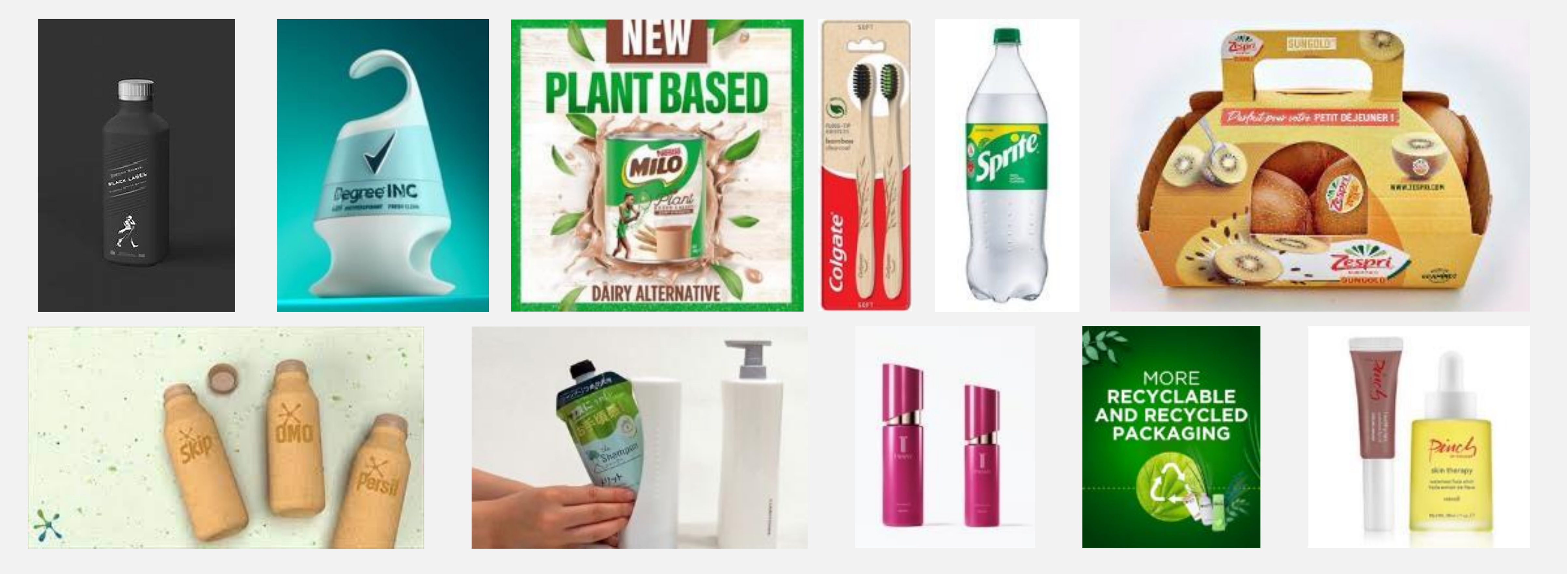


Source: Kantar Europe Sustainability Foundational Study 2021

Q23a We are going to show you some things that other people have admitted that they do, but we recognise can be hard to personally confess to. How often do you also... Showring Top 3 box, I confess I do that all the time, I often do that, Sometimes do that

# There is a lot of positive momentum in the industry but will it drive adoption?

Many innovative solutions and initiatives, offering the benefit of improved sustainability – but is that enough to drive adoption?



# Getting to know your segments

## Actives are driven by more by their values around sustainability whilst Believers are more driven by social factors

### Actives

The Actives are **much more likely to believe that they can make a real difference** through their actions and think they are personally **affected by social and environmental issues**.

Their actions match their values, they want to do more, and they are willing to invest their time and money to support companies that try to do good like offsetting their impact

### Believers

Believers are **heavily influenced by social factors,** thinking their choices show others who they are and what they believe in.

Similar to the Actives, this group **believe they can make a difference**.

However, their **actions don't match their beliefs** – they aren't seeking out brands that offset their impact, and haven't stopped using brands because of their impact on the environment or society.

### Considerers

Considerers **are on the fence about if they can make a difference** through their choices.

They have taken action to try to make a difference – they have stopped buying certain products/services because of their impact on the environment or society.

### Dismissers

Dismissers are characterised by their **apathy to all things sustainable**.

Whilst some Dismissers do engage on the basics, want to do more, and try to buy products packaged more sustainably, they aren't interested in investing their time or money to actually change their behaviours.



*Source: Kantar Europe Sustainability Foundational Study 2021*
*Actives n=3720, Believers n=2790, Considerers n=3665, Dismissers n=1916*

# Segment sizes in Europe are very similar to those in the Americas region

| | Actives | Believers | Considerers | Dismissers |
|---|---|---|---|---|
| Europe | 31% | 23% | 30% | 16% |
| Americas | 33% | 23% | 29% | 15% |

In Europe, **53%** of the consumers at the tipping point of sustainable action

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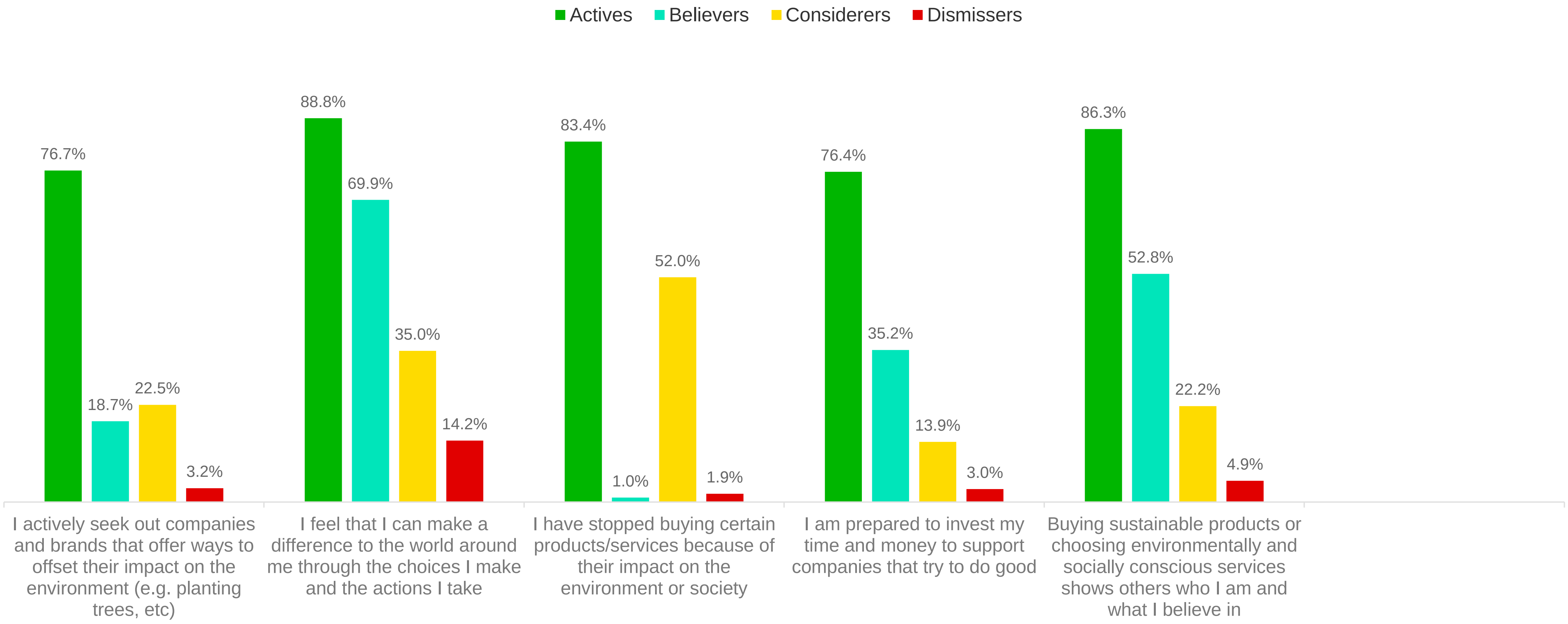
*Source: Kantar Sustainability Foundational Study 2021*
*Europe n* = 12,091. *Actives n=3720, Believers n=2790, Considerers n=3665, Dismissers n=1916*
Americas *n = 6,045.* Actives n=1,963, Believers n=1,417, Considerers n=1,743, Dismissers n=922

# The Actives are most engaged in all sustainability related attitudes and behaviours. Believers and Considerers are in the middle on engagement, separated by Believers' social motivation, feeling they can make a difference, but not actually stopping using some products/services

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Source: Kantar Sustainability Foundational Study 2021
Q82. To what extent do you agree with the following statements? (Top 2 Box Strongly agree/agree)
*Europe Total n=12091, Actives n=3720, Believers n=2790, Considerers n=3665, Dismissers n=1916*

# Drive impact by focusing on important issues people are still not actioning

Thinking (values)

### Opportunities to lead change

- Buy items with less plastic packaging or with reusable/refillable packaging
- Buy products that use no animal testing/ respect animal welfare
- Buy more locally produced products
- Use public transport, bike, or walk
- Buy free range / organic products

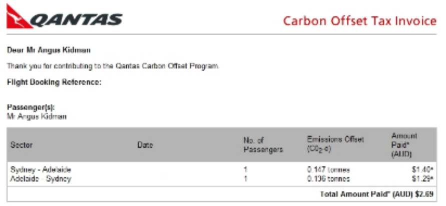
### Immediate need to address

### Future opportunities

Doing (action)

Source: Kantar Europe Sustainability Foundational Study 2021

# And take leadership on the future opportunities


QANTAS Carbon Offset Tax Invoice

Dear Mr Angus Kidman

Thank you for contributing to the Qantas Carbon Offset Program.

Flight Booking Reference:

Passenger(s):
Mr Angus Kidman

| Sector | Date | No. of Passengers | Emissions Offset ($CO_2$-e) | Amount Paid* (AUD) |
|---|---|---|---|---|
| Sydney - Adelaide | | 1 | 0.147 tonnes | $1.40* |
| Adelaide - Sydney | | 1 | 0.136 tonnes | $1.29* |
| | | | | Total Amount Paid* (AUD) $2.69 |


octopus energy

Thinking (values)

## Opportunities to lead change

## Immediate need to address

## Future opportunities

- Take fewer flights
- Take refillable containers when shopping
- Reduce the amount of meat I eat / become vegan or vegetarian
- Buy second hand goods / upcycling
- Buy Fair Trade / sustainable products
- Reduce use of products that use lots of water in their production
- Buy green energy
- Replace my diesel car with a hybrid

Doing (action)

# A few factors persistently undermine even the most well-intentioned initiatives

**82%**

prioritise saving money over saving the planet

**70%**

don’t have enough information about how ethical/ sustainable different products are

**67%**

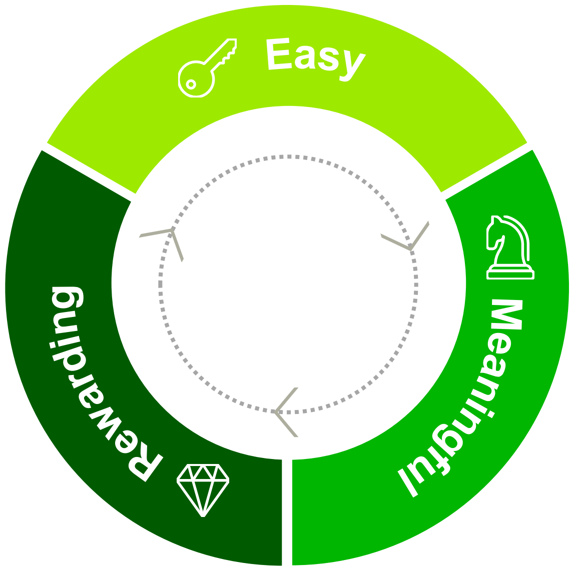
are in such a rush when they are shopping that they don’t think about it



Source: Kantar Europe Sustainability Foundational Study 2021

# In reality, sustainability alone is rarely a compelling enough benefit

# You need to do more to drive adoption.
# Remove the frictions and drive the fuels. Reframe the meaning in the category




## Easy

**Remove the frictions:**

- Cost
- Hassle/ Inconvenience
- Compromised product / solution

**Be:**

- Mental availability - top of mind at moment of decision making
- Physical availability - easy to find at moment of purchase

## Meaningful

**To be motivated to fuel the change:**

- Deliver different or superior benefit
- Align to beliefs and values
- Be socially desirable
- Builds positive associations linked to the brand
- Create trust in the brand and message

## Rewarding

**To cement the new behaviour:**

- Deliver on the promise i.e. alternative or superior benefit
- A positive product experience that helps form positive mental associations and memory structures

# Examples of interventions designed to drive adoption for the different groups

Actives are driven by more by their values around sustainability whilst believers are more driven by social factors

### Actives

- Drive mental and physical availability
- Make meaningful through connecting with their personal values


### Believers

- Focus on the social factors that will drive engagement


### Considerers

- Focus on making it easy for them to see how they can make a difference


### Dismissers

- Make it effortless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The first steps to support you in your journey

## If you remember one thing from today...

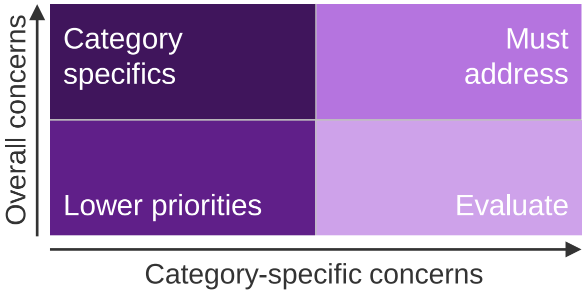
## 5 key building blocks

# Kantar’s Global Foundation Study is the fuel to ignite your journey

We help you realise commercial opportunity and navigate where to begin in Sustainability

## 1. Burning platforms

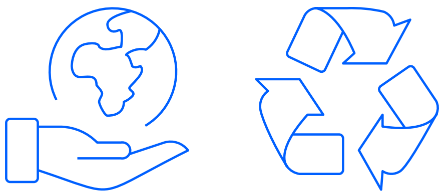
**Snapshot of the sustainability landscape in your category**




- What are consumers’ top sustainability issues facing your sector ?
- How do you build competitive advantage by tackling sustainability issues ?
- Which areas of the 17 SDGs should you be focusing on to engage consumers ?

## 2. Consumer actions

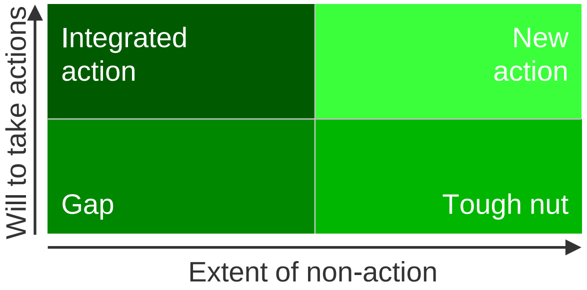
**Spotlight emerging behaviours toward sustainable living**



- What do the emerging sustainable behaviours mean for your business ?
- How will these behaviours evolve and which ones are at a tipping point ?

## 3. Unpack value-action-gap

**Deep dive into the value-action gap and tension areas**




- Where are the biggest value-action gaps – the tension between what consumers want to do and what they actually do ?
- How can you address these barriers to unlock opportunity for your business ?

## 4. Segment to win

**Behavioural segmentation drives clear understanding**

 Actives
 Considerers
 Believers
 Dismissers

- Who should you target, how and with what messages to succeed?
- How can you link to activation through efficient media targeting ?
- What does it mean for our growth strategy? Communication, Portfolio planning, Innovation, Behaviour change and measurement ?

# Idea eValuate helps you to quickly identify ideas that resonate, so you can innovate at the speed your market demands

## Overview

**Which idea does my target audience find most appealing?**

**How well do people understand and respond to my ideas?**

**How can I improve upon my ideas to maximise their business potential?**

Idea eValuate is designed to help you identify the most promising ideas, based on reliable indicators of which idea will drive sales and brand equity.

Understand both explicit and subconscious response to your ideas. Dig deeper to understand peoples' intuitive preferences and see how well your ideas fit your brand positioning.

## Key Benefits

- It balances intuitive Type 1 and rational Type 2 thinking to evaluate true appeal
- Actionable direction on how to improve your ideas for the right audiences
- Test's ideas in any format: product / service ideas, names, claims, logos, promotional schemes, memes / social media posts
- Supported by a global network of over 1,000 innovation experts
- Will be available in over 50 markets by the end of 2021

## Key Metrics

- Screening/Paired Tradeoffs
- Reviews
- Rating
- Usefulness
- Uniqueness
- Brand Fit
- Brand Equity
  - Affinity
  - Differentiation
- Recommend
- Imagery

## Design Snapshot

Test up to 24 ideas with a max of 16 ideas shown per respondent

Mínimum of N =  100 sample for 3 ideas and up to N = 600 for 24 ideas

10-12 min online mobile-friendly survey

From 24 hour turnaround

## Deliverables

Online interactive dashboard at no extra cost
(with Excel export capabilities)

Analysis through the lenses of the sustainability segmentation

# Aim for the stars!

allbirds
TONY'S CHOCOLONELY
Dove
always
THE ORIGINAL OATLY!
Google
patagonia
natura
Microsoft
Interface
method
IKEA
TESLA
STELLA McCARTNEY
VEJA

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# Thank you

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