WHO CARES? WHO DOES?

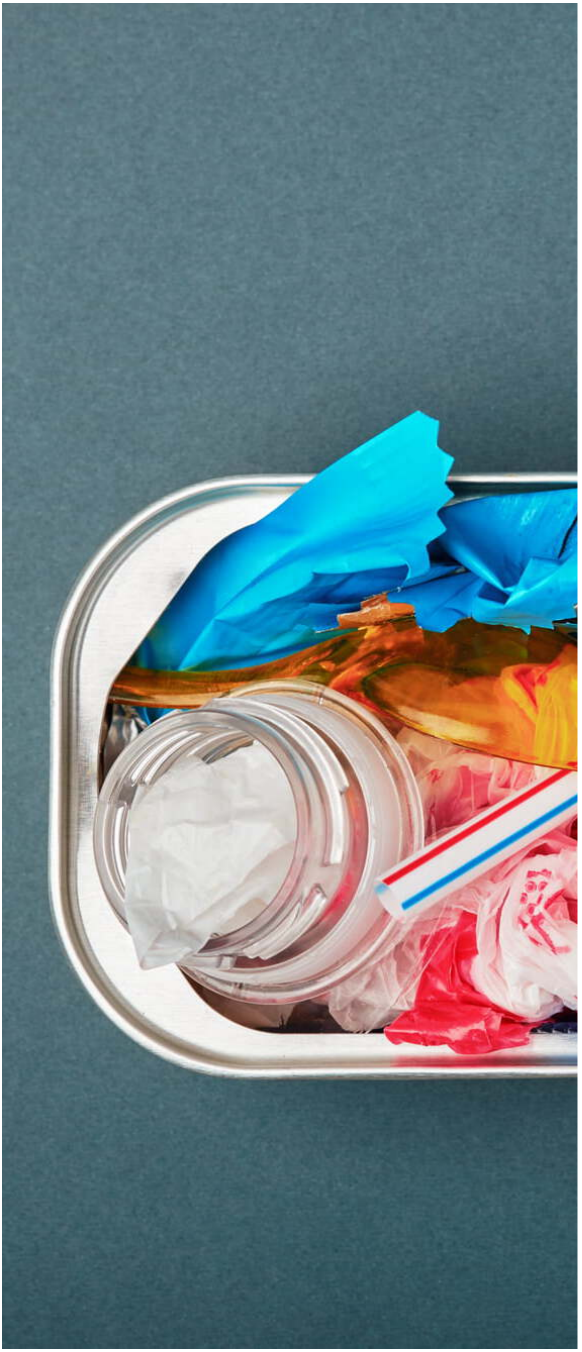
Planet, Profit, and Perception
The new truths of today's eco-conscious consumers

Issue 5 | September 2023

KANTAR

Planet, Perception, and Purchasing

The new truths of today's eco-conscious consumers



Beyond buzz words

It has been an interesting journey tracking the path of eco-conscious consumers over the last five years of this study. Beyond the realm of buzz words, the landscape of sustainability is evolving. We see important changes, some obvious, some less so. But the story evolves differently for different consumers and countries as they move towards what our research shows is broad hope for a more sustainable tomorrow.

And for those consumer goods brands and retailers committed to the journey, we are seeing a new sign of hope in our latest findings. This is our biggest ever year as we have longer trends and have added Canada and a number of other countries in Asia and Africa this year. This matters because it allows global and local calibrations using the largest and most accurate data set of its kind. This year, the topline takeaway is clear: Eco-Actives, the torchbearers of conscious consumption, are on the rise once again. These are a group worth $456bn. The dip experienced in 2022, may have been a hiccup rather than a complete reversal of habits and foreshadowing of the enduring nature of this movement. We also found a large number of people conscious of all their household waste including food and water.

Natalie Babbage

Global LinkQ Director

Worldpanel Division | Kantar

How we can help you

We expect the trajectory to look (directionally) like this:

Over the past five years of our research, profound shifts have rippled through our understanding of the environment and the relationship between consumers and products. We are also seeing a new pattern emerge

There has been a surge in people looking towards governments, rather than FMCG manufacturers, to champion the cause of our planet.

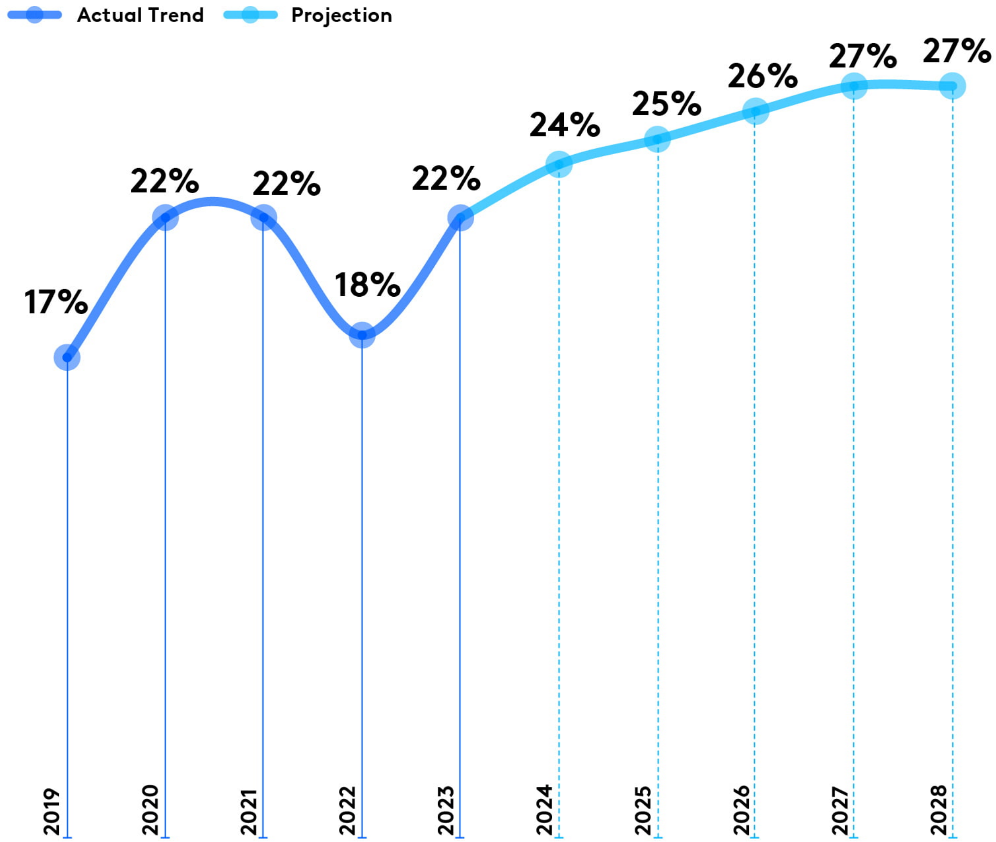
Yet, amidst the striving for sustainability, the shadow of the cost-of-living crisis continues to impact decision-making as inflation holds its grip in most countries. This grip makes the pursuit of eco-friendly choices a challenge for many people and it harder for a brand in this space to grow. And as these challenges persist, heat waves ripple across the world, serving as a physical reminder of the interconnectedness between our lives and the environment.

Amidst climate tension, retailer and brand tensions are also on the rise as consumers expect more action on environmental, social, and governance (ESG) efforts. This comes as trust in brands is eroding, giving consumers another reason to opt for private label products as price pressures continue. Responding appropriately should be a priority.

Eco-Actives Household Population share

Projection based on 2019-2023 trend

Global average



Source: Who Cares? Who Does? 2022, Worldpanel Division, Kantar, Europanel, CPS GfK

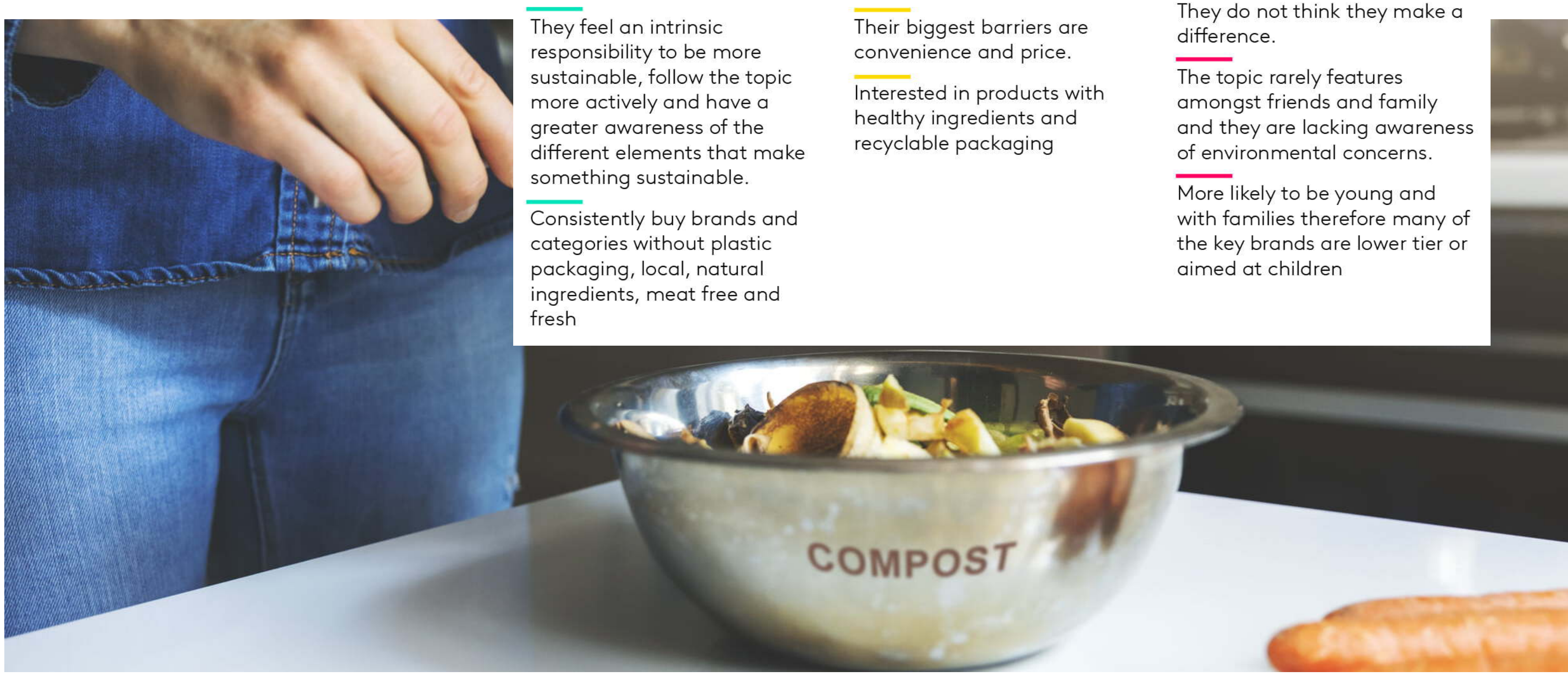
Methodology

The *Who Cares? Who Does?* survey is the largest, most globally consistent of its kind, reaching

112,000 respondents across 35 countries over the last five years.

By connecting attitudes and actions to in-depth shopping behaviour across all FMCG categories, the study provides insights into the relationship between consumers and brands in the context of the environment.

The core of the study is our eco-segmentation, which is based on the actions people take to reduce their plastic waste footprint. These actions include everyday activities like using a refillable water bottle or avoiding fruit and vegetables wrapped in plastic. While plastic is only one factor in the overall sustainability picture, it is well correlated with other areas, such as eating less meat, buying second-hand, and looking for natural and organic products.



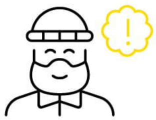
Eco Actives

Highly concerned about the environment and plastic waste.

Taking the most actions to reduce their waste.

They feel an intrinsic responsibility to be more sustainable, follow the topic more actively and have a greater awareness of the different elements that make something sustainable.

Consistently buy brands and categories without plastic packaging, local, natural ingredients, meat free and fresh



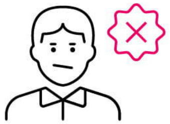
Eco Considerers

Worried about the environment and plastic waste.

Not taking many actions to reduce their waste.

Their biggest barriers are convenience and price.

Interested in products with healthy ingredients and recyclable packaging



Eco Dismissers

Shoppers who have little or no interest in the environment and making no steps to reduce waste.

They do not think they make a difference.

The topic rarely features amongst friends and family and they are lacking awareness of environmental concerns.

More likely to be young and with families therefore many of the key brands are lower tier or aimed at children

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Green dreams

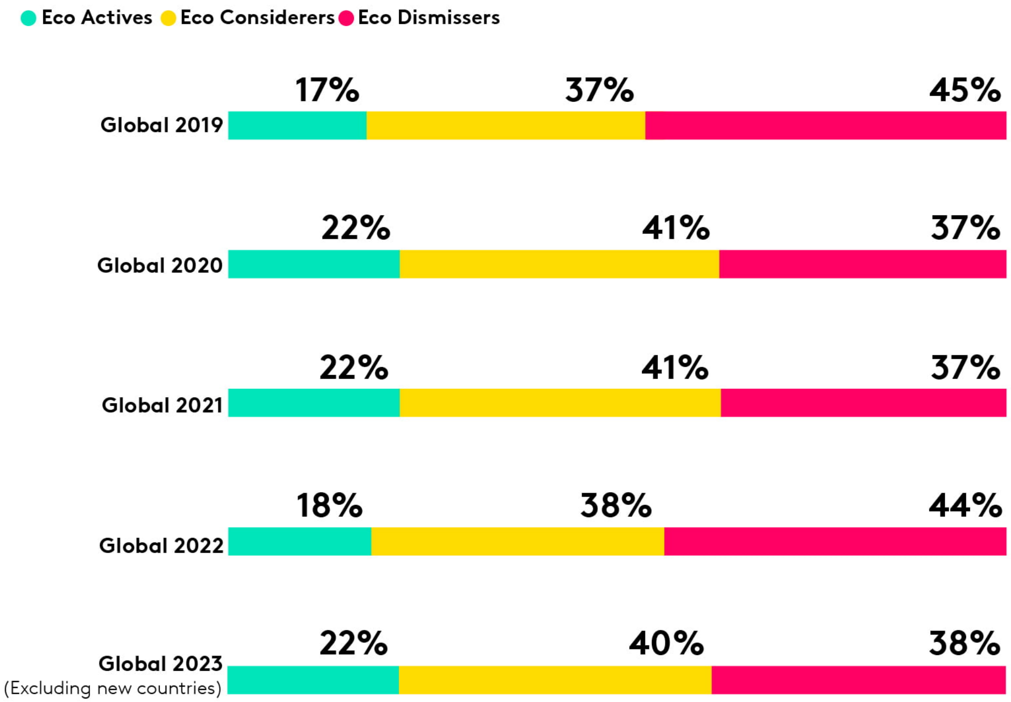
The rise, fall and resurgence of Eco-Actives

Eco-Actives are back

Last year's headline revealed a surprising twist for the Eco-Actives consumer segment. After three years of consistent growth, their numbers dropped, a development we attributed to concerns over widespread inflation and the Ukraine conflict dominating the headlines. This shift in focus, accompanied by rising gas and fuel prices, temporarily eclipsed the previously steady rise in eco-conscious respondents.

The return of Eco-Actives this year is good news for brands that have invested in sustainability initiatives, as Eco-Actives represent a significant portion of spending in the FMCG sector. A like-for-like comparison of countries shows Eco-Actives at 22% of the population, globally, up from 18%. Eco-Considerers, a group ripe for conversion to Eco-Actives, are also back this year.

Household Population share



Source: Worldpanel Division, Kantar, Europanel, CPS GfK - Who Cares? Who Does? 2023 I FMCG spending in year ending 2022
Global 2023 excluding is based on 24 countries

So, if Eco-Actives are back this year, what does this mean? It would be easy for brands to think shifting away from offerings targeted at Eco-Actives, especially in the face of economic challenges and rising costs of living, is the right approach. Indeed, common thinking — and realities — are that more eco-friendly products tend to cost more. And this is generally true. But that doesn't mean they should be abandoned in the face of rising pressures on households.

Eco-Actives represent a substantial market, accounting for $456 billion in spending, globally.

Doing so could be a mistake. Eco-Actives represent 20% of the total population, accounting for $456 billion in spending, globally. Moreover, projections indicate that the Eco-Actives segment will continue to grow in size and could be worth $1 trillion by 2028.

The resurgence of Eco-Actives is not confined to specific demographics or income levels, but we know asking people to “trade up” to more eco-friendly products will be difficult when 43% told us it would be harder to act sustainably due to financial or social constraints. Interestingly, this number hasn’t changed year-over-year meaning it’s challenge that persists no matter what the economic climate.

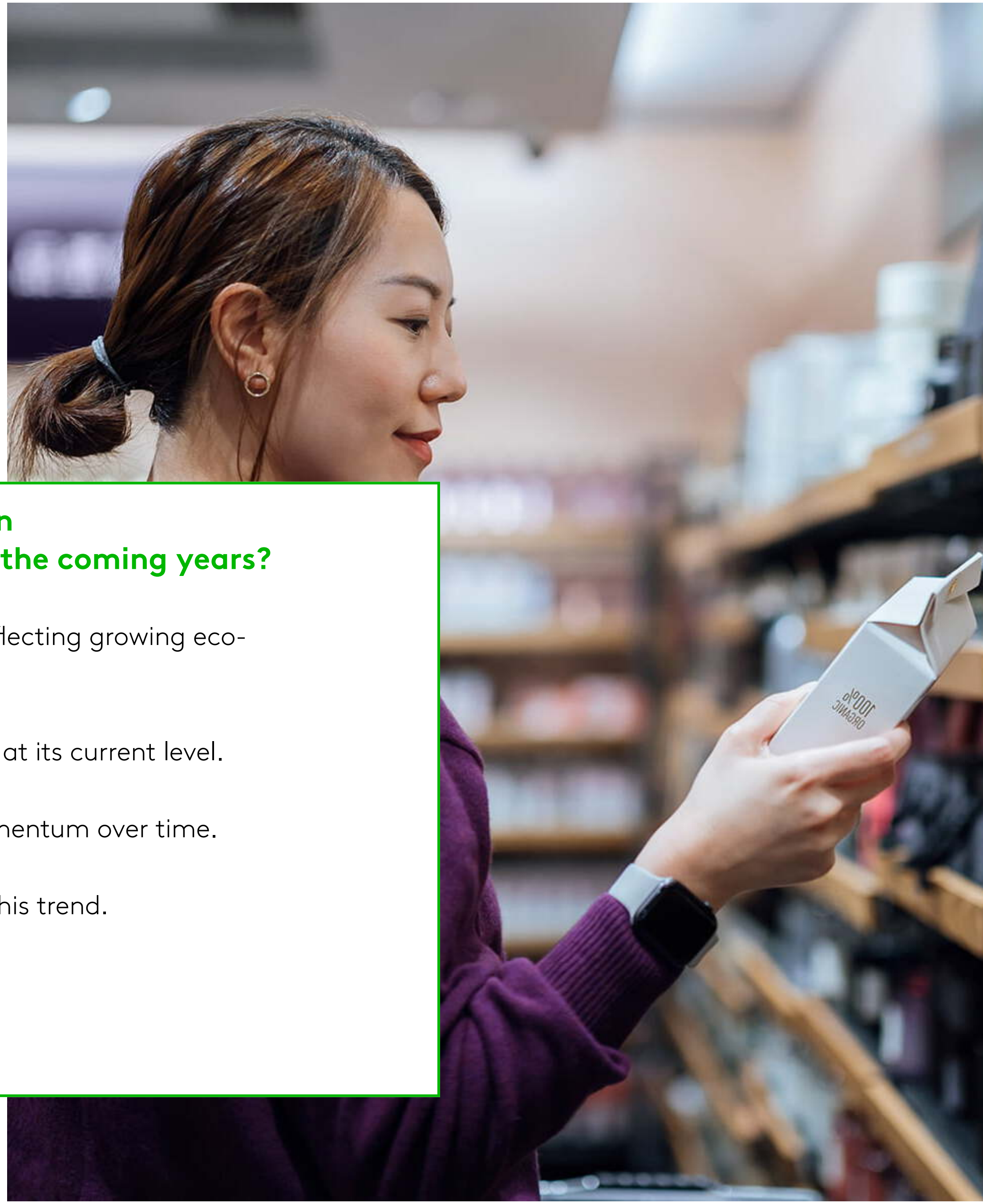
Considerations

It’s also worth recognising people are demanding more of brands. They want to trust the brands they use. Consequently, brands should view investment in sustainability as an investment in gaining trust, denoting quality, health, and taste. Eco-Actives consistently over-trade on eco products, with brands offering non-plastic packaging, local credentials, natural ingredients, and fairtrade practices performing best. By understanding the needs and desires of Eco-Actives and offering sustainable options that align with their values, brands can further tap into a growing and lucrative market segment.

What do you think will happen to the trend of Eco-Actives in the coming years?

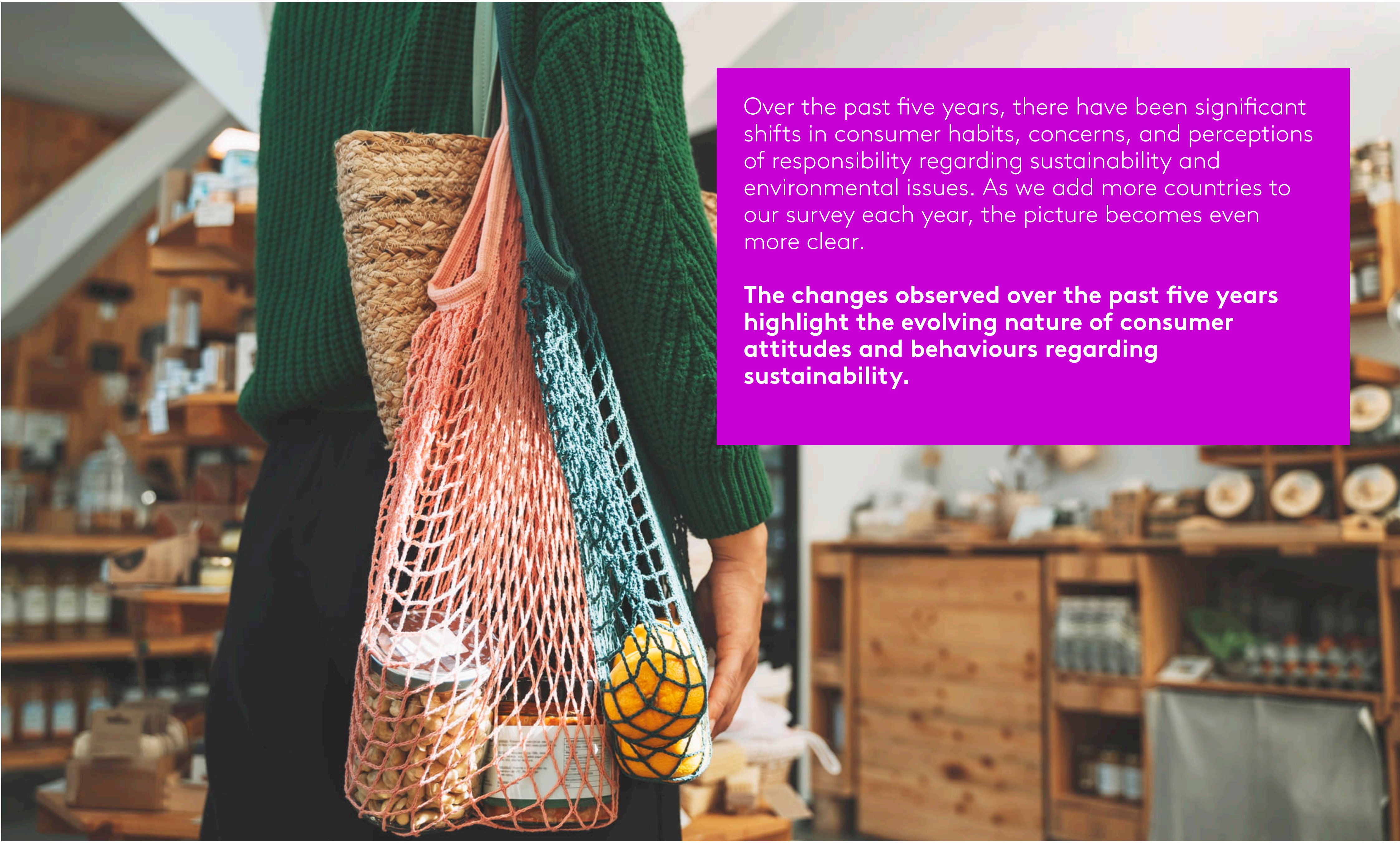
- ○ The trend will continue to rise, reflecting growing eco-consciousness.
- ○ The trend will plateau, stabilising at its current level.
- ○ The trend will decline, losing momentum over time.
- ○ I'm not sure about the future of this trend.

Post answer



Charting changes

Mapping the eco-journey



Over the past five years, there have been significant shifts in consumer habits, concerns, and perceptions of responsibility regarding sustainability and environmental issues. As we add more countries to our survey each year, the picture becomes even more clear.

The changes observed over the past five years highlight the evolving nature of consumer attitudes and behaviours regarding sustainability.

Habits

Consumer habits have evolved, with some behaviours growing faster than others since we started the survey in 2019. The practice of bringing one's own bags (+3%) and choosing loose fruit and vegetables and packing them in paper or fabric bags has increased (+12%), reflecting the influence that retailers can have on consumer behaviour. The use of "go cups" for hot drinks has also risen (+6%), likely due to increased availability and price or loyalty benefits.

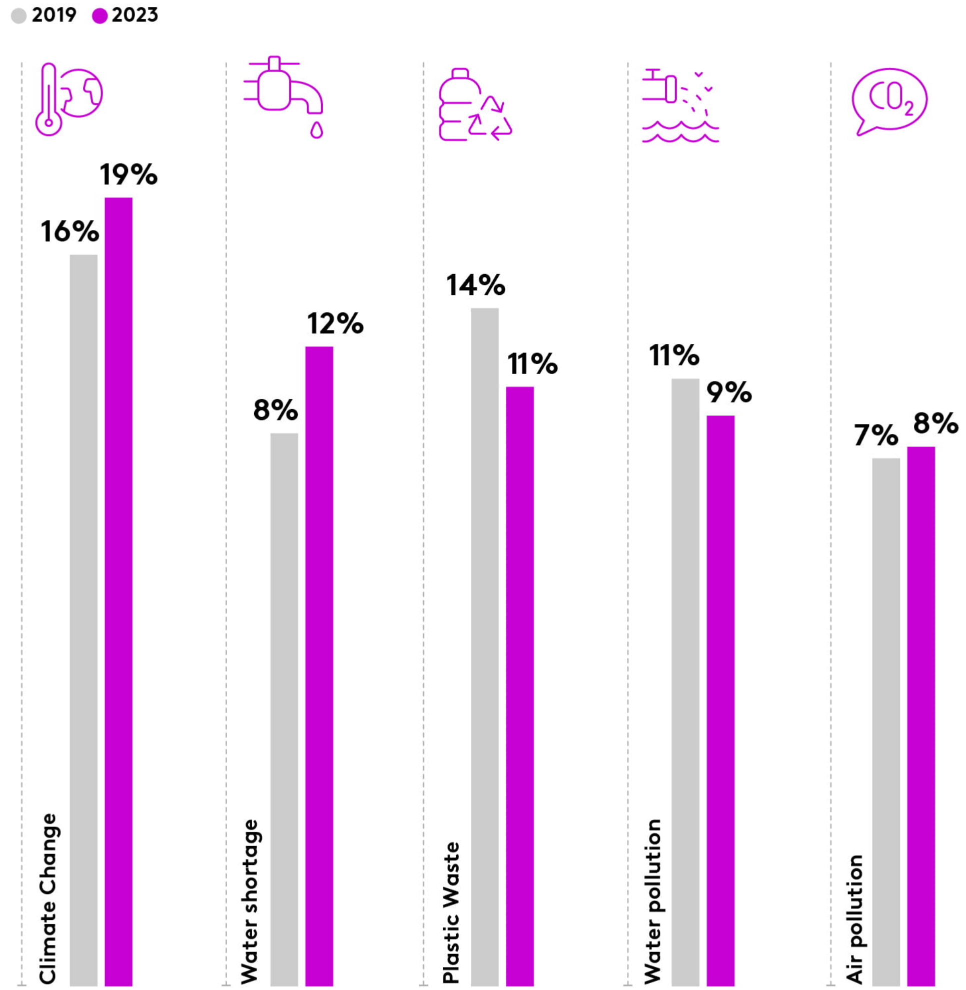
However, there has been no meaningful change in the use of refills and avoidance of plastic bottles by shoppers; though we should acknowledge some improvement in this area has come from many manufacturers using more recycled plastic in their packaging. That said, the much-vaunted "refill revolution" is yet to happen, with most categories lacking options and pilot schemes not being expanded beyond ad hoc installations. These efforts may be helpful on the brand-building front, but less so on building scalable refill models.

Concerns

In the light of heatwaves around the world, it may be no surprise that global warming remains atop the list of peoples' most pressing environmental concern. The difference is that this year, even more people promoted it to the top of their worry list. Water shortages, have overtaken plastic waste as a primary concern driven by countries facing this now such as Spain, Portugal and South Africa. Plastic waste remains the biggest worry for many, especially in Asia where South Korea, Indonesia and India show more than half the population have it in their top 3 concerns.

Number 1 Environmental Concern

Global



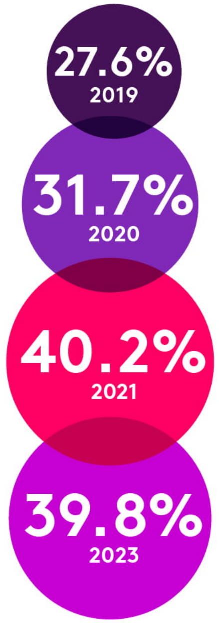
Source: Worldpanel Division, Kantar, Europanel, CPS GfK - Who Cares? Who Does? 2023

Responsibility

There has been a significant shift in people who believe governments should be responsible for addressing environmental issues. Over the past five years, there has been a big increase (28% to 40%) in those looking to governments rather than FMCG manufacturers to lead action. This shift could be due to growing awareness of the scale of global warming and the need for systemic solutions. The greater role of governments during the pandemic may also have brought it to the forefront of thinking, given the big increases in 2020 and 2021.

The changes observed over the past five years highlight the evolving nature of consumer attitudes and behaviours regarding sustainability. Retailers and brands can influence consumer habits by offering sustainable options and incentivising eco-friendly behaviours. Governments are increasingly seen as responsible for addressing environmental issues.

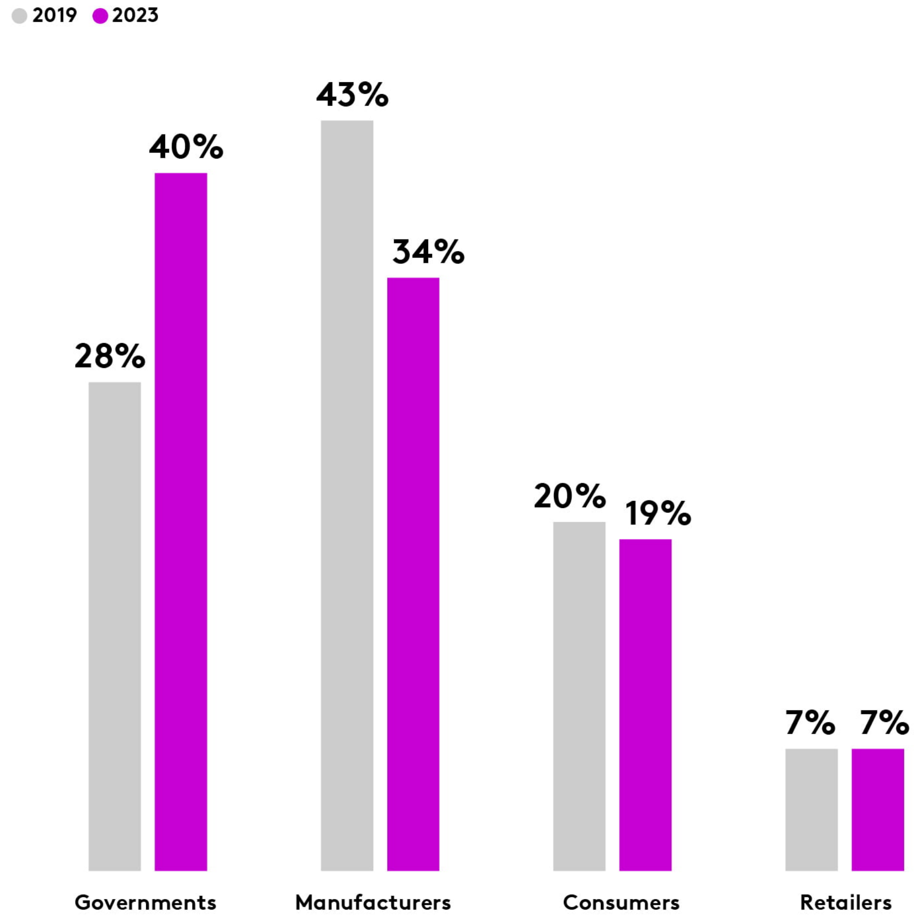
Governments should be responsible for addressing environmental issues



Source: Worldpanel Division, Kantar, Europanel, CPS GfK - Who Cares? Who Does? 2023

Who could make the biggest difference to control and limit damage?

Global



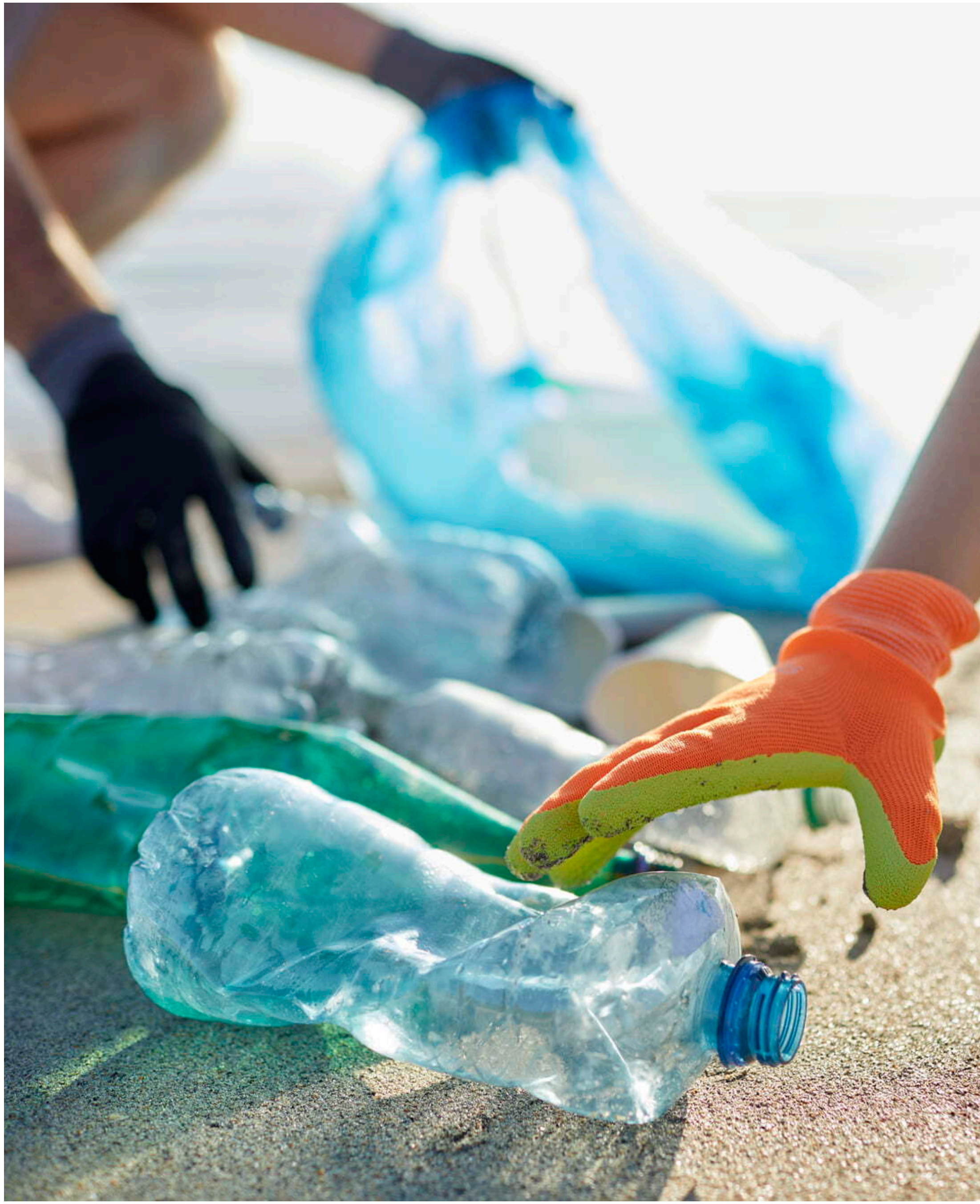
Source: Worldpanel Division, Kantar, Europanel, CPS GfK - Who Cares? Who Does? 2023

As the world grapples with the challenges of global warming, water shortages, and plastic waste, understanding the changing habits, concerns, and perceptions of consumers is crucial for brands, retailers, and policymakers. By aligning their actions with the evolving needs and desires of eco-conscious consumers, they can contribute to a more sustainable and environmentally friendly future.

With the increasing global focus on sustainability, understanding where efforts are being directed is key. Which environmental concern does your company or organisation have a specific action plan against?

- Global warming and climate change.
- Water shortages and conservation.
- Plastic waste and recycling.
- No specific actions planned.

Post answer



The price of progress

Living costs meet environmental passions

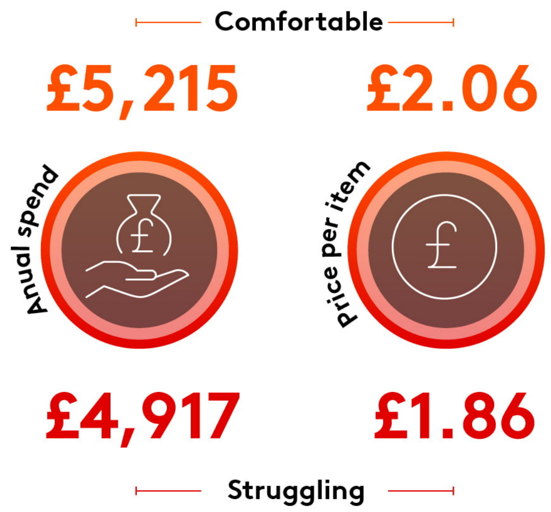
The cost-of-living crisis has had a significant impact on eco-conscious consumers, affecting their ability to make sustainable choices and putting pressure on brands. For some, that has meant forsaking the more sustainable for the more economical. This trade-off is no minor matter. Products under the green banner tend to sit within premium price tiers, rendering them less accessible to the masses.

Pressure on people

Eco-Actives are hardly insulated from these economic pressures. Whilst they desire eco-friendly products they are often lacking the financial flexibility to afford them.

And this is not a plight confined to one locale. From Argentina, where 36% fall into this category, to Brazil (32%), Colombia (49%), Peru (30%), and the United Kingdom (23%), a significant portion of Eco-Actives say they are "struggling" to make ends meet. Those who say they are "comfortable" have more spending power.

Eco Actives



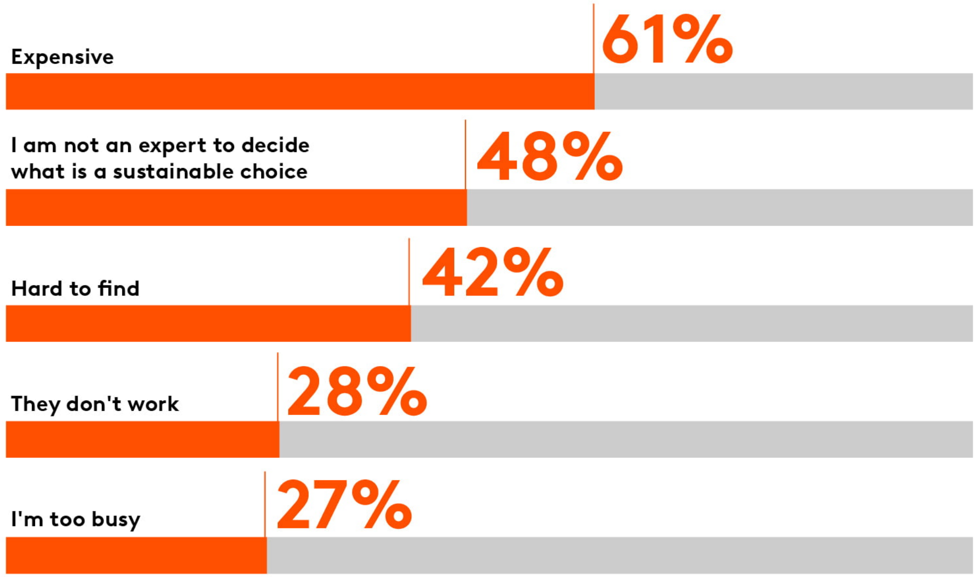
Source: UK, 52 w/e 6 August 2023, Worldpanel Division, Kantar

Those struggling have less to spend and less ability to trade up to 'Eco' brands

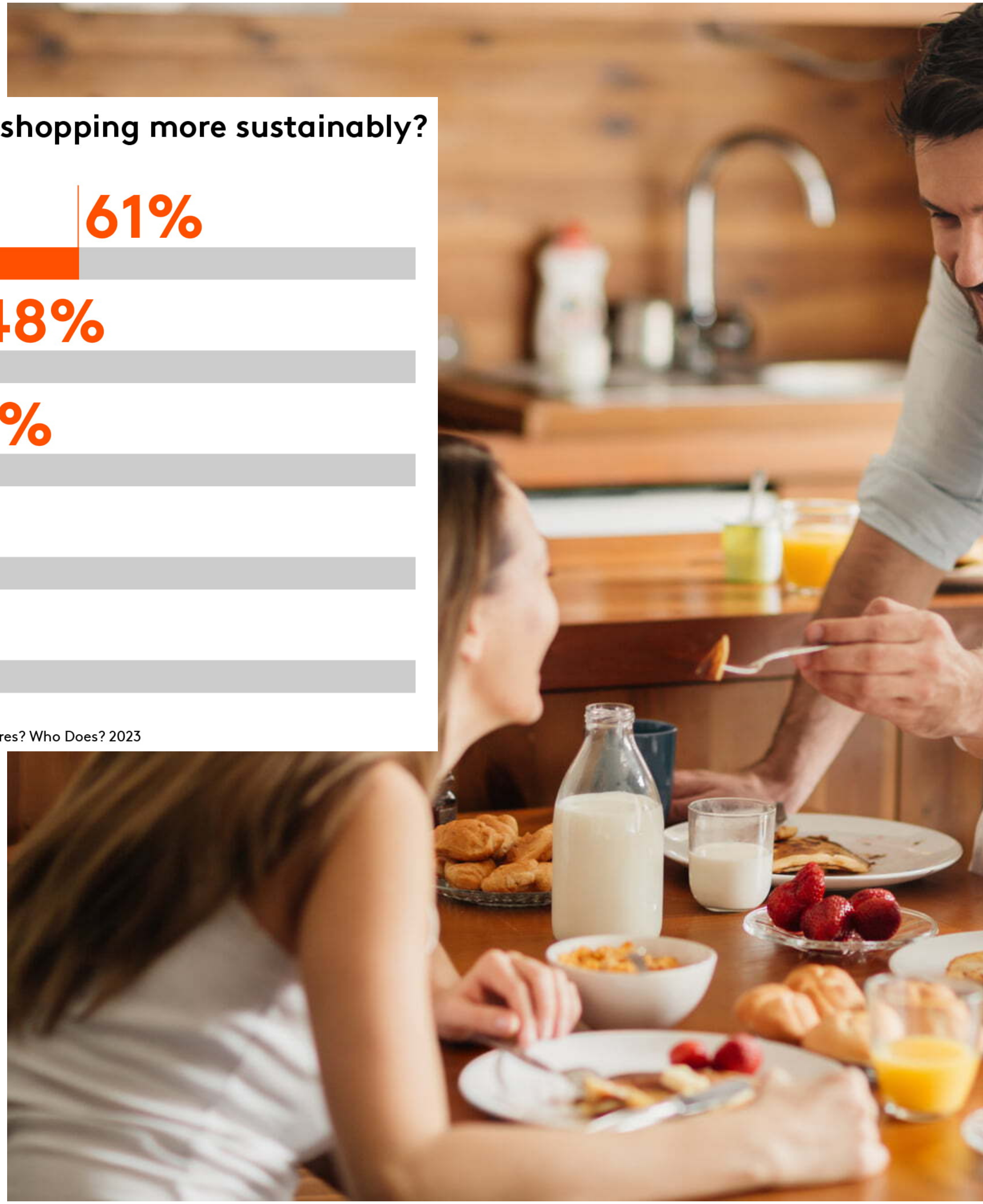
Pressure on brands

Brands are facing increasing tensions as they navigate the cost-of-living crisis and sustainability expectations. On one hand, they are expected to demonstrate more action on their Environmental, Social, and Governance (ESG) efforts to institutional investors. On the other hand, they are pressured by consumers who want more sustainable and environmentally friendly products but are unwilling or able to pay more. Trust in brands is declining, giving consumers another reason to buy private label products as price pressures continue. Only 42% of people globally trust brands not to unnecessarily raise their prices. Alongside this, the value-action gap remains, with the perceived expense of green options being the number one barrier to making more sustainable choices. This is true across regions with 60.9% saying this was a barrier to buying sustainably. The biggest difference across regions was that the products were hard to find with more than 50% saying this in Latin America and Asia, and only 32% in Europe.

What barriers do you face to shopping more sustainably?
Global



Source: Worldpanel Division, Kantar, Europanel, CPS GfK - Who Cares? Who Does? 2023



Pressure on retailers

Retailers are also facing pressure from consumers. Respondents told us they wanted retailers to take more action to remove excess packaging from their own products. 55.1% of people said they wanted retailers to make this a priority. Given the growth trajectory of private label product sales across Europe — more than half of shoppers are now buying private label, according to Europanel's Barometer — a retailer response on this front could have a meaningful impact on waste reduction. Another demand of retailers was to reduce waste in their supply chain (46.9%).

To make managing the market conditions even more complex, there is still a strong desire for sustainable products and practices, despite financial constraints.

Brands and retailers have an opportunity to support consumers in making sustainable choices by offering affordable eco-friendly options, providing promotions on sustainable products, and reducing excess packaging.

55.1% of respondents want retailers to take more action to remove excess packaging from their own products.

Do you find your conversations with retailers are getting tougher around sustainability issues over the past two years?

- The level of requests and accountability has gone up considerably.
- It's part of discussions but not more so than before
- It has taken a back seat to pricing pressures compared to before.
- Sustainability does not feature in my conversations with retailers.

Post answer

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Sustainable Priorities

Understanding the eco-consumer's compass

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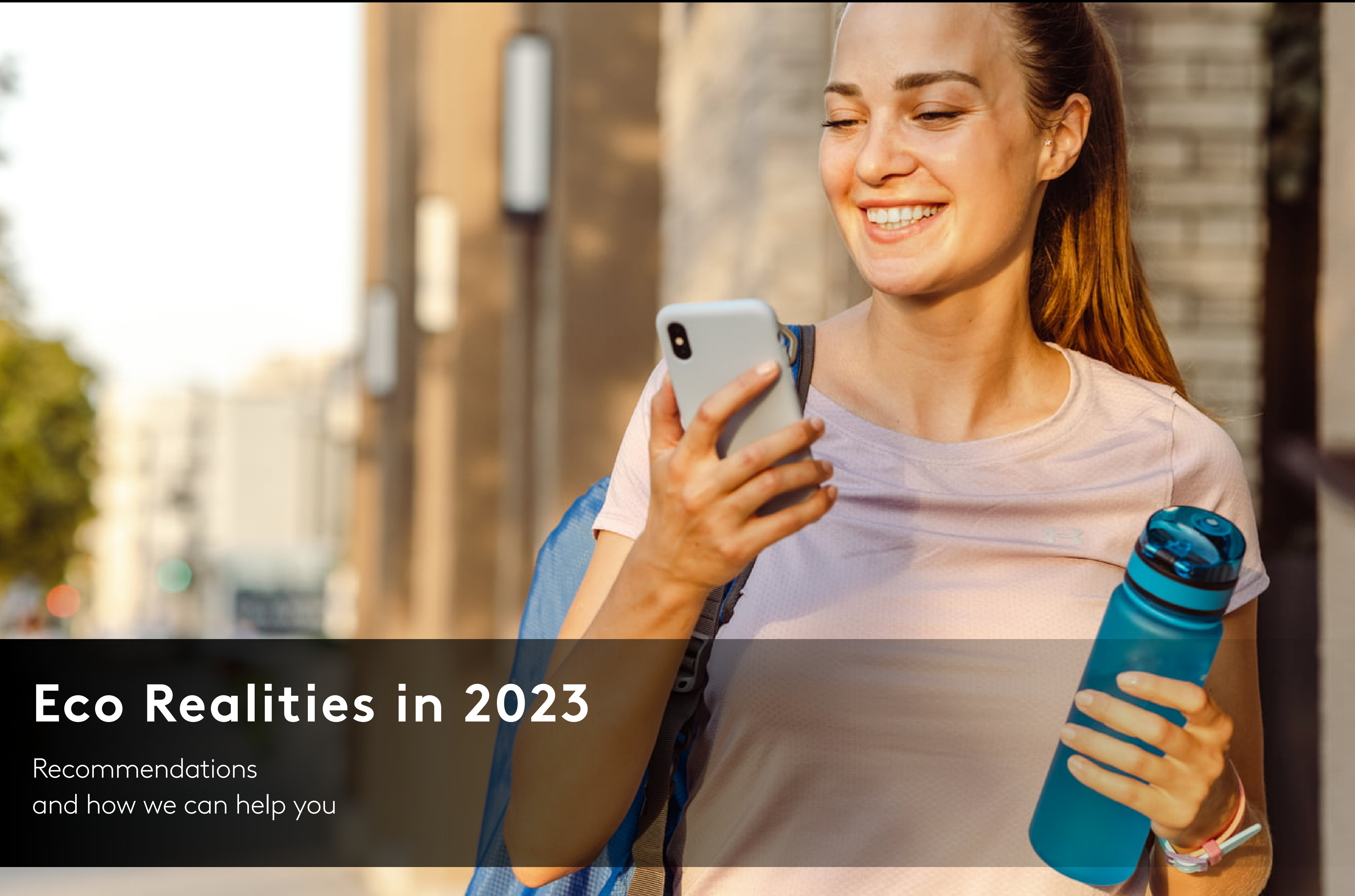
Waste not, want not

The art of planet-friendly living

KANTAR



Eco Realities in 2023

Recommendations
and how we can help you

Eco Realities in 2023

1.
Engagement is driven by media and personal conversations, but a top down approach drives faster change as even small changes by governments have a halo effect in making people more aware of their actions.

2.
The desire to have better products and make less of an impact and reduce waste is there, but it's not a primary driver of choice on a day-by-day basis for most people, so brands should be seeing investment in sustainability as an investment in gaining trust, denoting quality, health and taste.

3.
Eco-Actives consistently over trade on eco products with brands with non-plastic packaging, local credentials, natural ingredients performing best.

4.
Actions to reduce plastic waste are not confined to the rich and nor should your strategy.Innovate with value in mind.

5.
No increase in those who want to avoid plastic bottles, possibly due to changes in communication and on-shelf offerings suggesting a clear strategy can protect category volumes.

Watch the webinar on demand
Eco-insights 2023: what consumers (really) want

Our Offer

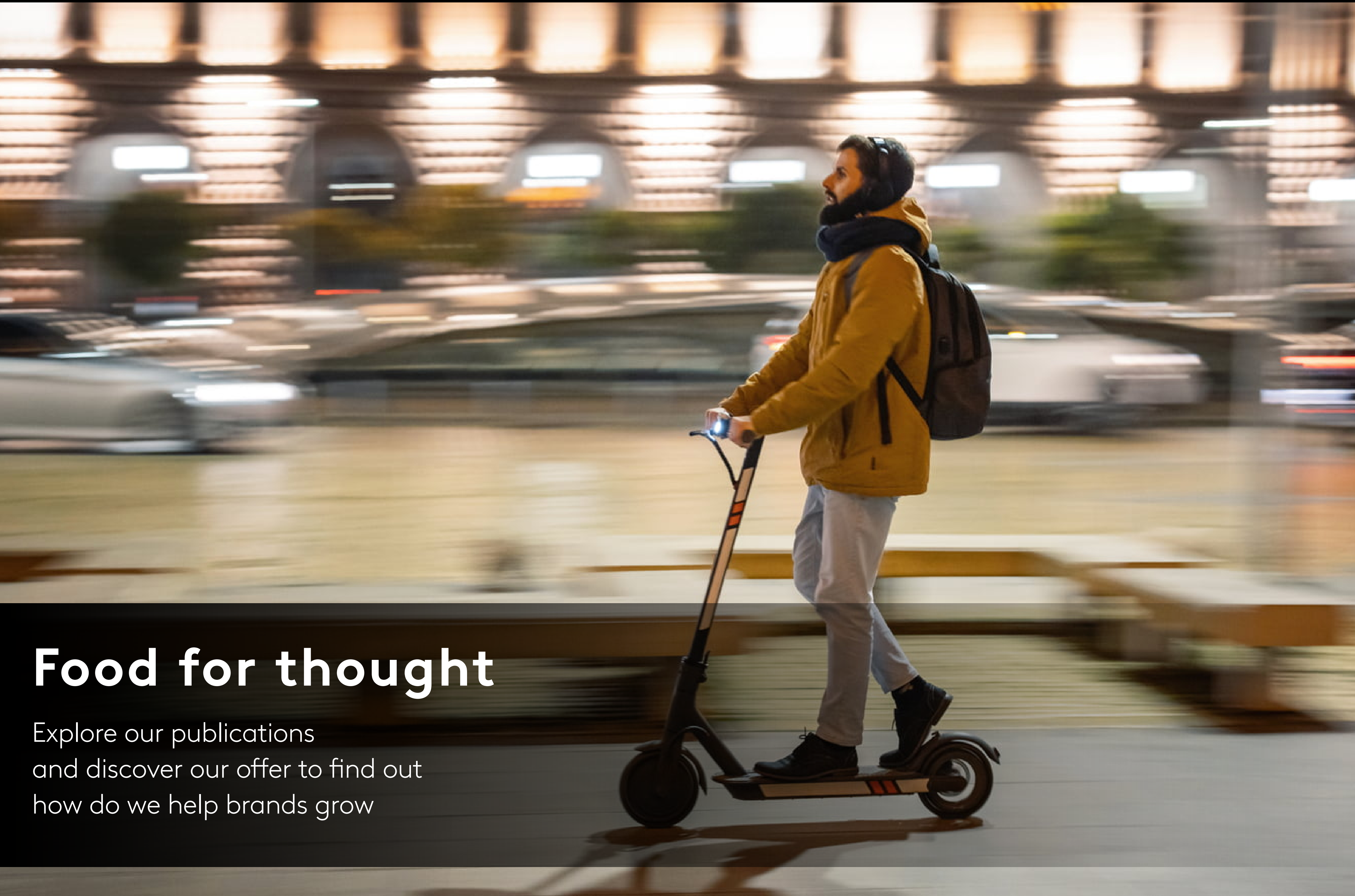
Country Level reports
Get an in-depth summary on the attitudes and marketing sizing of your country overall and by eco-segment.

Category dive
Size the opportunity in your category and for your brand by understanding what the Eco-segments are purchasing.

Global brand scorecard
Understand your over and under trades for your brand by country in one view.

Audience targeting
Push our eco segments into your platforms for your TV, CRM and digital activations.

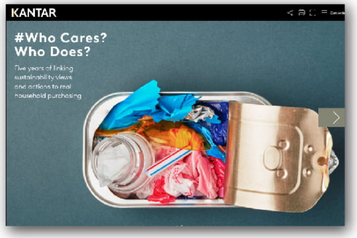
How we can help you



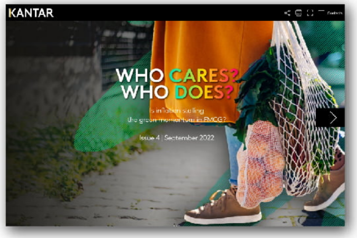
Food for thought

Explore our publications
and discover our offer to find out
how do we help brands grow

Food for Thought

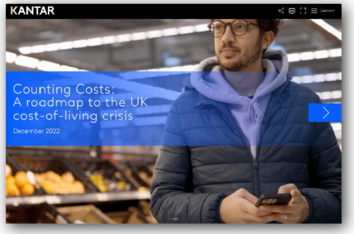


Who Cares? Who Does?
Benefits and Purchase



Who Cares? Who Does?
2022 report

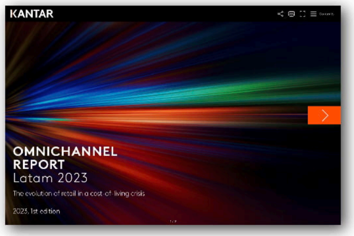
Brand Footprint 2023,
watch the webinar



UK's cost-of-living crisis

Designing for a waste free future
2023, booklet

Omnichannel 2023
Inflated expectations – the FMCG mirage unmasked



Omnichannel Latam, 2023
English | Spanish

Europanel’s FMCG Barometer

For more information, including local market or category-specific data, please contact

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