THE SUSTAINABILITY IMPERATIVE
CONSUMER EXPECTATIONS & HOW TO GROW WITH SUSTAINABILITY

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The Nielsen Company
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DEFINING SUSTAINABILITY

ENVIRONMENTAL

SOCIAL

GOVERNANCE
INCREASING GLOBAL EMPHASIS & POLITICAL IMPERATIVE

Take a look at the video https://www.youtube.com/watch?v=RpqVmvMCmp0
WHAT DO WE KNOW?
BRANDS THAT COMMIT TO SUSTAINABILITY HAVE GROWN MORE THAN 4% GLOBALLY IN THE PAST YEAR. *

*Across 1300+ brands in 13 categories in an average of 13 countries.
Source: The Sustainability Imperative, Nielsen Report 2015
THE NUMBER OF CONSUMERS WILLING TO PAY MORE FOR BRANDS COMMITTED TO POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT CONTINUES TO RISE—REACHING 66% IN 2015 (UP 11% FROM 2014)

Source: The Sustainability Imperative, Nielsen Report 2015
IN EU HALF OF CONSUMERS SAY THEY’RE WILLING TO PAY MORE FOR SUSTAINABLE PRODUCTS & ITS GROWING!

**Percentage of Consumers Willing to Pay More for Sustainable Products**

- Asia-Pacific: 76%
- Latin America: 71%
- Middle East/Africa: 70%
- Europe: 51%
- North America: 44%

**Growth in Consumers Willing to Pay More for Sustainable Products (YoY Point Change)**

- Asia-Pacific: +12 ppts
- Europe: +11 ppts
- Latin America: +8 ppts
- Middle East/Africa: +7 ppts
- North America: +2 ppts

Source: The Sustainability Imperative, Nielsen Report 2015
THIS TRANSLATES INTO THE MARKETS

Q1 2015 Percent willing to pay extra for products & services that come from companies who are committed to positive social and environmental impact

Source: The Sustainability Imperative, Nielsen Report 2015
WHERE DOES THE INTEREST LIE?
CONSUMERS UNDER 34 ARE WILLING TO PAY MORE

GROWING: GENERATION Z
72%

MOST LIKELY TO BUY: MILLENNIALS
73%

DON’T FORGET: BABY BOOMERS
51%

Source: The Sustainability Imperative, Nielsen Report 2015
MULTIPLE DRIVERS ARE FUELING INTEREST IN SUSTAINABLE PRODUCTS—ESPECIALLY FOR YOUNGER GENERATIONS

Top Global Purchasing Drivers for Sustainable Products

- Made by a company I trust: Overall 62%, Gen Z 63%, Millennials 65%
- Known for its health and wellness benefits: Overall 59%, Gen Z 58%, Millennials 64%
- Made from fresh, natural and/or organic ingredients: Overall 57%, Gen Z 56%, Millennials 61%
- Made by a company known for being eco-friendly: Overall 45%, Gen Z 46%, Millennials 51%
- Made by a company known for its commitment to social value: Overall 43%, Gen Z 46%, Millennials 50%

Source: The Sustainability Imperative, Nielsen Report 2015
MARKETS VARY ON TRUST HIGHLIGHTING THE NEED TO UNDERSTAND COUNTRY SPECIFICITIES

Source: The Sustainability Imperative, Nielsen Report 2015
WHAT IS THE KEY SUSTAINABILITY PURCHASING DRIVER FOR EUROPEAN CONSUMERS?

FRESH, NATURAL, ORGANIC INGREDIENTS ARE PARAMOUNT TO 52% OF EUROPEAN RESPONDENTS.

Source: The Sustainability Imperative, Nielsen Report 2015
NATURAL INGREDIENTS KEY ACROSS MARKETS

Source: The Sustainability Imperative, Nielsen Report 2015
THE CURRENT STATE OF “SUSTAINABLE” COMMUNICATION
OVER HALF OF BRANDS IN EU USE ON PACK & MARKETING IN SUSTAINABILITY COMMUNICATION

Percentage of Total Sales by Brands Using Each Strategy (by Region)

- On-pack communication only
- Marketing + on-pack communications
- Marketing only
- None

Source: The Sustainability Imperative, Nielsen Report 2015
CURRENT CATEGORY LANDSCAPE PRIMARILY FOCUS ON MARKETING

Source: The Sustainability Imperative, Nielsen Report 2015
75% OF RESPONDENTS READ PACKAGING LABELS CAREFULLY

Source: Nielsen Global Health and Wellness report January 2015 / We are what we eat
CONSUMERS LOOK FOR GREATER TRANSPARENCY ABOUT HEALTH/WELLNESS CLAIMS

% respondents who trust health claims on food packages

Source: Nielsen Global Health and Wellness report January 2015 / We are what we eat
AMONG THE FOLLOWING HEALTH ATTRIBUTES, WHICH IS MOST IMPORTANT TO MILLENNIALS WHEN MAKING A PURCHASE?

38% SAY FAIR TRADE IS VERY IMPORTANT, FOLLOWED BY:

ORGANIC 36%
HIGH PROTEIN 34%
FORTIFICATION 31%

CONSUMERS ARE PACK-SAVVY, SO MESSAGING ON SUSTAINABILITY WILL BECOME INCREASINGLY IMPORTANT

52% of consumers globally report checking the product packaging for sustainability claims before making a purchase.

1 IN 3 Consumers in EU report checking the product packaging for sustainability claims before making a purchase.

Source: The Sustainability Imperative, Nielsen Report 2015
GROWTH AREAS FOR SUSTAINABILITY
42% OF GLOBAL CONSUMERS WANT
MORE NEW PRODUCTS IN THE
MARKET THAT ARE SOCIA LLY
RESPONSIBLE AND
ENVIRONMENTALLY FRIENDLY

THERE’S AN OPPORTUNITY TO MEET DEMAND FOR SUSTAINABLE PRODUCTS IN EU

OUR TESTING HISTORY SHOWS THAT THIS AREA HAS NOT BEEN WELL SERVED – ITS IMPROVING, SLOWLY

7% of all concepts tested include a sustainability message (up 3ppt)

Percentage of concepts including specific sustainable benefits

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<thead>
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<th></th>
<th>All Natural</th>
<th>Environmentally Friendly</th>
<th>Organic</th>
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<tbody>
<tr>
<td>Within the past 5 years</td>
<td>4.8%</td>
<td>1.3%</td>
<td>.5%</td>
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<tr>
<td>5 – 10 years ago</td>
<td>2.3%</td>
<td>.8%</td>
<td>.7%</td>
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Source: BASES Line Extension DATABASE Past 10 years (2003-2008 vs. 2009-2013) All Categories and Countries
YOUR BUSINESS – AND REPUTATION – DEPEND ON IT
SOCIAL RESPONSIBILITY IS ONE OF THE TOP MOST INFLUENTIAL FACTORS FOR REPUTATION

EFFECTIVE SUSTAINABILITY = IMPROVED REPUTATION = POSITIVE BUSINESS OUTCOMES

67% of global consumers want to work for companies that are giving back to society.

Source: Global Shopper survey - Nielsen Report Q1 - 2015
• Products with sustainability benefits drive sales by 4%: **Clearly define your brands sustainable benefit**

• Consumers are willing to pay more for sustainable products; price optimization is essential: **Establish the optimum price for your brand**

• Millennial and Gen Z are leading the way: **Develop a plan to drive awareness and communicate**

• Don’t underestimate the value of on-pack communication to drive decisions at shelf: **Ensure clarity on how best to message sustainability on pack & execute**

• Opportunity to meet demand for sustainable products: **Determine which creative combination is most compelling to communicate your brands sustainability commitment**
THANK YOU

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HTTPS://WWW.YOUTUBE.COM/WATCH?V=EF6IOXR-SJU&FEATURE=YOUTU.BE
FINALLY SUSTAINABILITY IS IMPORTANT TO US....