



FROM SOURCE TO TABLE:

Understanding the Sustainable Consumer

Sustainability. It is a broad, overarching term that means many things to many people, from locally sourced or label-friendly ingredients, to organically grown and environmentally friendly products... or potentially all of the above. The concept has become so common that research firm Nielsen called 2018 the “year of the influential sustainable consumer” and predicts we are entering the decade of the sustainable shopper.¹

There is no disputing that there has been a palpable consumer shift. Nearly three in four consumers now say they would definitely or probably change their consumption habits to reduce their environmental impact.² Consumers are now increasingly making product choices based on these attitudes and values.

Nielsen data shows that U.S. consumers spent

\$128.5 billion

on sustainable, fast-moving consumer goods in the 52 weeks ending October 20, 2018, and estimates that the segment will reach \$150 billion by 2021.³

But how did these attitudes evolve, and why does the idea of sustainability now seem so important to consumers?

For one thing, our scientific understanding is more clearly linking our consumption to human and planetary health. The statistics are eye-opening. For example, the World Health Organization (WHO) says that 91% of the world's population lives in places where air quality conditions do not meet WHO standards, and estimates indicate that more than 12 million people die from environmental health risks annually.⁴

Environmental issues are receiving widespread media coverage and are capturing consumer attention. The impact of plastic use, for instance, is prompting broad concern among consumers, and countries around the world are establishing regulations to ban or tax single-use plastics.⁵

Moreover, recent studies linking what we eat to the long-term health of both humans and the planet are likely to give these ideas more traction. A new report from an international team of researchers, the EAT-Lancet Commission, released in early 2019, suggests that unhealthy diets are a leading cause of poor health worldwide, and that feeding the growing global population (which is expected to reach 10 billion by 2050) will be impossible without changing eating habits and reducing food waste.⁶

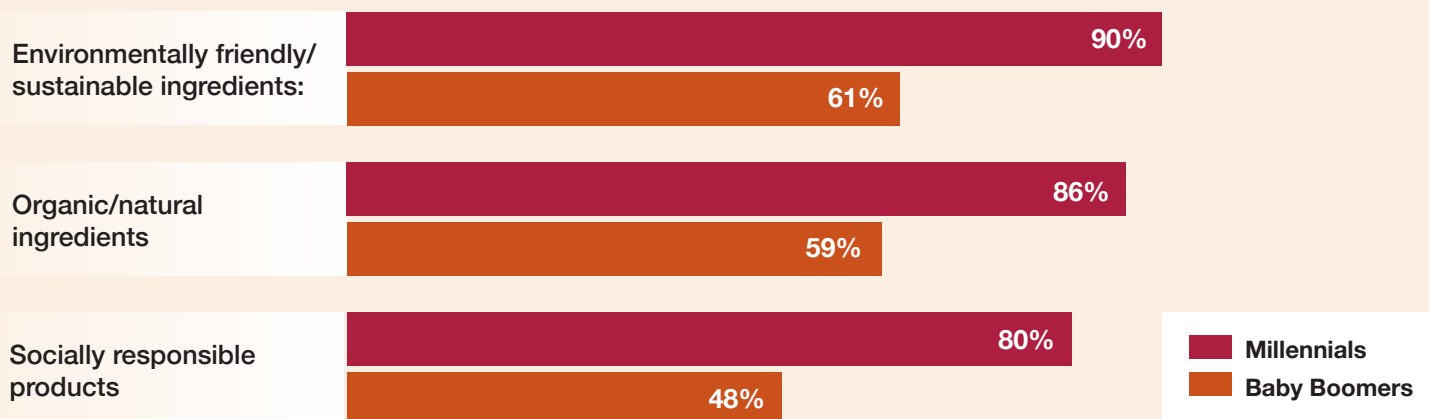
Consumers are looking more closely at what they eat, where it comes from, and how it's produced. As a result, about 22% of products in the store now claim some sustainable attributes, and this number is expected to reach 25% by 2021.⁷



So who is the sustainable consumer?

According to Nielsen data, millennial consumers are driving interest in sustainability. They are about twice as likely as the Baby Boomer generation to say they would definitely or probably change their buying choices to reduce environmental impact; they are also more willing to pay for products that are environmentally friendly or sustainable and say they are open to switching brands in support of products they perceive as more sustainable.⁸

Willingness to pay more for:



Source: Nielsen. Was 2018 the Year of the Sustainable Consumer?

Views on sustainability, however, are not necessarily all about age. Sustainability has now reached the mainstream, according to data from both the Natural Marketing Institute and the International Food Information Council Foundation. Both research firms note that nearly 60% of consumers now see sustainability as something that is important in food products and here to stay.^{9,10} The NMI report suggests that while LOHAS consumers (or Lifestyle of Health and Sustainability) are the most common sustainability consumers, they are influencing the mainstream consumer to become more aware of these ideals and prompting further notice of sustainably produced products and market impact.

This cascade effect into the mainstream is also being charged by technology. Nielsen notes, for example, that sustainable shoppers are 67% more likely to be digitally savvy, using their electronic devices to help them make purchasing decisions simply and easily at their fingertips.¹¹



Reaching the sustainable consumer

In this new era, brands will need to understand the importance of sustainable attitudes and the level of attention consumers are paying to how their ingredients are sourced and the value they provide. Nielsen suggests that consumers are now looking at products for their convenience, price and awareness, but theorizes that the sweet spot may be with products portraying both a “healthy for me and healthy for the planet” image.¹²

Upping the sustainability and transparency of a brand does appear to have growing value for consumers. Providing these qualities conveys a sense of trust and responsiveness to consumers. Nearly half of global consumers now express a willingness to pay more for products that offer high quality and safety standards, and almost as many are now willing to pay a premium for products that are organic (41%), made with sustainable materials (38%) or claim socially responsible practices (30%).¹³

But to gain the most benefit of adding these qualities to their products, brands will have to do more than provide lip service to sustainable ideals. Success in sustainability will likely involve a more subtle approach than simply adding an organic certification or offering detail on your supply chain. Nielsen analysts recommend that brands develop an approach to corporate responsibility and sustainability that considers both how these factors impact consumer mindsets, as well as the overall sophistication of these concepts in each market – which will present unique challenges and opportunities. Companies looking to win in this space will have to make a substantial commitment to sustainability that covers all aspects of their business.

References

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- ³ Nielsen Product Insider, powered by Label Insight, Week ending 10/20/2018. Cited in “Was 2018 the Year of the Sustainable Consumer?” <https://www.nielsen.com/us/en/insights/news/2018/was-2018-the-year-of-the-influential-sustainable-consumer.html>
- ⁴ World Health Organization. Air Pollution and Health. <https://www.who.int/airpollution/en/>
- ⁵ United Nations Environment Program. “Legal Limits on Single-use Plastics and Microplastics: A Global Review of National Laws and Regulations.” https://wedocs.unep.org/bitstream/handle/20.500.11822/27113/plastics_limits.pdf?sequence=1&isAllowed=y
- ⁶ Willett, W; Rockström, J; Loken, B; et al. “Food in the Anthropocene: The EAT-Lancet Commission on Healthy Diets from Sustainable Food Systems.” *The Lancet*, January 16, 2019. Vol. 393; Issue 10170; 447-492. [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(18\)31788-4/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(18)31788-4/fulltext)
- ⁷ Nielsen. Ibid.
- ⁸ Ibid.
- ⁹ International Food Information Council Foundation (IFIC). 2018 Food and Health Survey. <https://foodinsight.org/wp-content/uploads/2018/05/2018-FHS-Report-FINAL.pdf>
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- ¹¹ Nielsen. Ibid.
- ¹² Ibid.
- ¹³ Ibid.