



Upping the bar on sustainability

Sustainability has grown in importance in food and beverage product development and production for more than a decade. But the term has evolved substantially over the years, as consumers have become more sophisticated in their understanding of sustainability concepts and more mindful about how they support brands aligned with their values and ideals.

For companies that can deliver upon those values, there is significant return on investment, but it all comes down to knowing what resonates with their customers.

Though the landscape remains variable, sustainability is emerging as a defining concern for today's consumers. According to a 2019 report from the Hartman Group, sentiment around sustainability has shifted in the past few years, with growing urgency to take action for the world's collective problems – not just for the future, but also for the present.¹

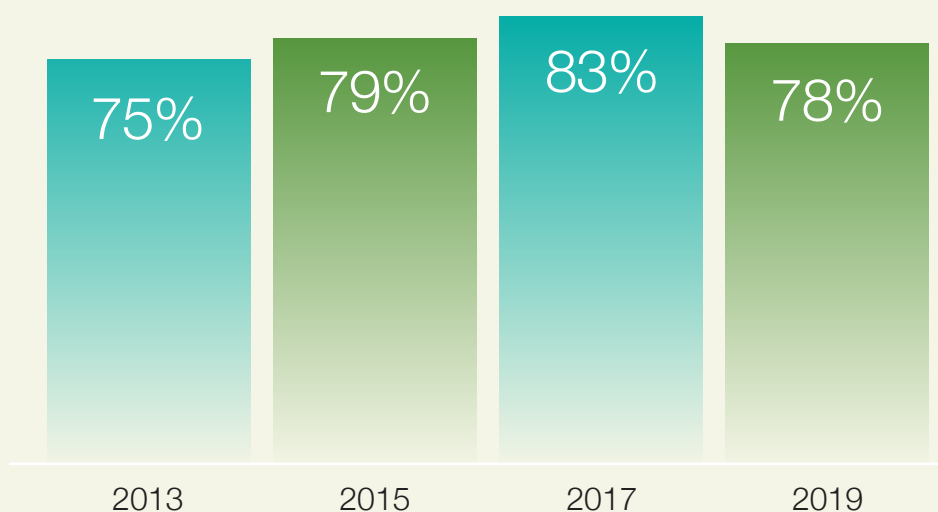
This means that consumers are now beginning to think more holistically about their product purchases. According to a 2019 global report from HealthFocus International on “clean conscience” eating, consumers

have shifted from the idea in which they choose to eat what is good for them and also good for the planet, to a new paradigm in which they believe what is good for the planet is also good for them.²

In the eyes of consumers, sustainability is tied to concepts ranging from eco-friendly energy use to ethical treatment of animals, as well as health and nutrition. Given that the overriding sustainability challenge is effective use of resources to feed a population of nearly 10 billion by 2050, nutrient density will also be critical.

Familiarity with these concepts overall is strong, with at least three in four U.S. consumers noting awareness of sustainability since 2013:

Awareness of sustainability



Source: The Hartman Group.
“Sustainability 2019: Beyond
Business as Usual.”

Consumers now view the purchase of products and services that align with their goals as a reliable way to align their money with their sustainability values. Nevertheless, the market for products with sustainability claims is still a highly fragmented landscape. In the U.S., clean conscience eating is most often associated with issues of health, quality ingredients, and food safety, whereas environmental issues only resonate for less than one in five consumers.³

Research from The Hartman Group sheds more light on sustainable values as a purchase driver. About one in four consumers say they are increasing their purchase of sustainable products, while 68% say they buy these products at about the same rate, but the importance of individual concepts remain relatively niche.

Millennials have long been considered the most engaged generation with regard to sustainability, and the 2019 Hartman study suggests this is truer than ever. The researchers noted a palpable sense of fear and apprehension among this generation in 2019 as compared to 2017, with one respondent noting “We cannot keep kicking the environment down the road. We may have to sacrifice money and comfort.”⁴

These issues do tend to resonate strongly among younger consumers, who are more likely to factor sustainability concerns into their product purchases.

One in three said they almost always/usually base purchase decisions on sustainability, compared to 20% of Gen X and 17% of baby boomers.⁵

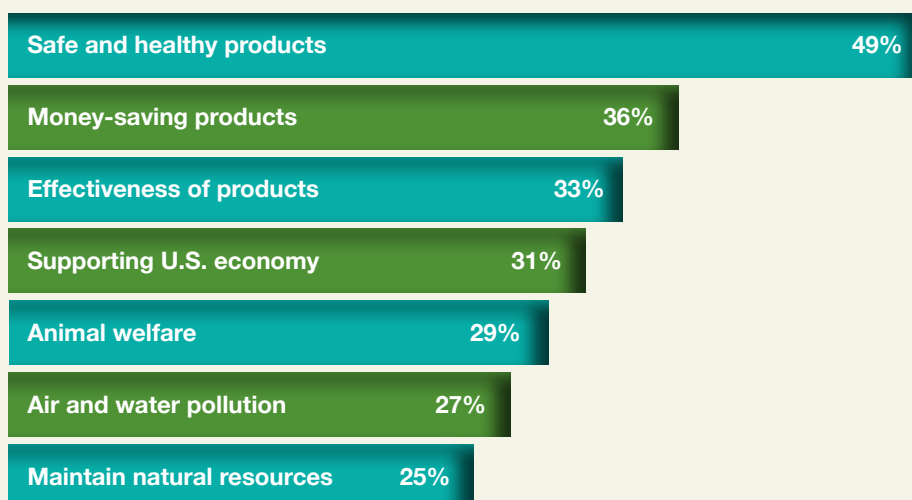
Knowing and understanding consumers who prioritize sustainability is just a first step. Following are several ways brands are pushing the envelope to align with these consumer values:

Focus on supply chains

These changing attitudes have been a game-changer for food and beverage companies, with the potential to impact every level of sourcing and production. Sustainable production is defined using processes and systems that are non-polluting, conserve non-renewable energy and natural resources, are economically efficient, safe for workers, communities and consumers, and do not compromise the needs of future generations.⁶

As this consumer tide places more scrutiny on company practices, many big food and beverage players have jumped in to address environmental impacts by looking at their use of land and water, as well as their impacts on deforestation, food waste and climate.

Top attributes when deciding which foods and beverages to purchase:



Source: The Hartman Group.
“Sustainability 2019: Beyond
Business as Usual.”

Many manufacturers and brands now see their sustainability story as a vital part of their branding, and this has prompted suppliers to up their game as well. Cargill, for example, has been a leading force in reducing its environmental impacts across supply chains around the world by setting science-based targets for greenhouse gas reductions and water, as well as targets for land use and farmer prosperity. In 2018, the company created a sustainability hub to develop programs to meet the corporate sustainability goals while collaborating with farmers, customers and other stakeholders along the value chain.

Some experts believe that a regenerative system of agriculture may provide a next wave of progress in sustainable farming and production. This is a system of farming principles and practices that increases biodiversity, enriches soils, improves watersheds and maintains ecosystem services – all of which address the current depletion of topsoil.⁷ A number of major food brands, such as General Mills, Nestlé, Danone and Annie's, are giving support to the advancement of regenerative systems. Soil health is also a big priority for Cargill. The company believes that farmers who are focused on soil health will be able to create more efficiency in water use and reduce greenhouse gas emissions, while building more resilient agricultural supply chains and economically viable farming operations.

Investigating new ingredients

Part of supporting soil health is investigating the use of new crops that provide greater sustainability. This has prompted rising use of plant-based proteins, such as soy and pea protein, in a number of products. As consumers embrace the idea of plant-based eating, these ingredients are proving to be efficient and versatile, as well as sustainable. Peas, for example, are packed with protein and provide various sustainability advantages: they are also a cover crop that prevent soil erosion, as well as a natural nitrogen fixer, which naturally adds nitrogen back into the soil.

Packaging progress

Consumers have long paid attention to the full lifecycle of a product beyond just its sustainable sourcing and production. These days, they may be even more aware, especially as the impact of plastic packaging on the environment becomes a growing concern.

Packaging waste from beverages, particularly plastics, has been a flashpoint, so the beverage segment has been on the front lines of this effort and has had a big impact on creation and growth of new packaging materials, such as rPET and reusable bottles.⁹

New technologies and trends are also emerging in categories beyond beverages. They include minimizing unnecessary waste or using waste products to create packaging, producing sustainable and fully recyclable paper packaging, reducing the size and bulk of packing materials and even creating edible packaging.¹⁰

While it may take longer for some of these innovations to see widespread use due to increasing concerns about food safety in the wake of the coronavirus outbreak, packaging is one of the most visible ways to show an environmental commitment, so foods and beverage brands will continue to see increased scrutiny for their use of any disposable plastics in packaging.



Be true to your brand

While it isn't always associated with sustainability, doing good or giving back in the communities in which they operate is now a given for many brands. Certain companies in the natural products industry have supported nonprofits in their local communities or within their supply chain that align with their mission, providing volunteers, energy and even a share of the profits. Others have taken a step further to achieve certain designations, such as Certified B Corporations, which provides an independent measure of how they perform across a number of sustainability measures, from supply chain transparency to worker treatment.

Whatever sustainability efforts a company chooses to pursue, it is important to look for connections to its products and at what resonates most strongly for key customers. Brands should be clear about what they stand for and then listen to customers. It's also okay to change course if it's not working. Ultimately, consumers may accept varying levels of sustainability commitments, but they'll also be on the lookout for companies that overpromise and under-deliver.

References

- ¹ The Hartman Group. "Sustainability 2019: Beyond Business as Usual." <https://www.hartman-group.com/infographics/1481309250/sustainability-today-moral-imperative-cultural-value-and-defining-concern-for-todays-consumer>
- ² HealthFocus International. "2019 Global Clean Conscience Report." <https://www.healthfocus.com/lpage/clean-conscience-eating/>
- ³ Ibid.
- ⁴ Ibid, Hartman Group 2019.
- ⁵ Ibid.
- ⁶ Foresight. "The Future of Food and Farming: Challenges and Choices for Global Sustainability." Final project report. London. Government Office for Science. 2011. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/288329/11-546-future-of-food-and-farming-report.pdf
- ⁷ Ecoenclose. "Sustainability Trends That will Shape the 2020's." Oct. 21, 2019. <https://www.ecoenclose.com/blog/sustainability-trends-that-will-shape-the-2020s/>
- ⁸ Wozniaka, G. "Big Food is Betting on Regenerative Agriculture to Thwart Climate Change." Civil Eats. Oct. 29, 2019. <https://civileats.com/2019/10/29/big-food-is-betting-on-regenerative-agriculture-to-thwart-climate-change/>
- ⁹ Euromonitor International. "Examining Sustainability Challenges in the Non-Alcoholic Drinks Industry," 2019.
- ¹⁰ "Sustainable Packaging Trends – How Brands and Companies Must Adapt." Sustainable Business Tool Kit. Feb. 26, 2018. <https://www.sustainablebusinesstoolkit.com/sustainable-packaging-trends/>