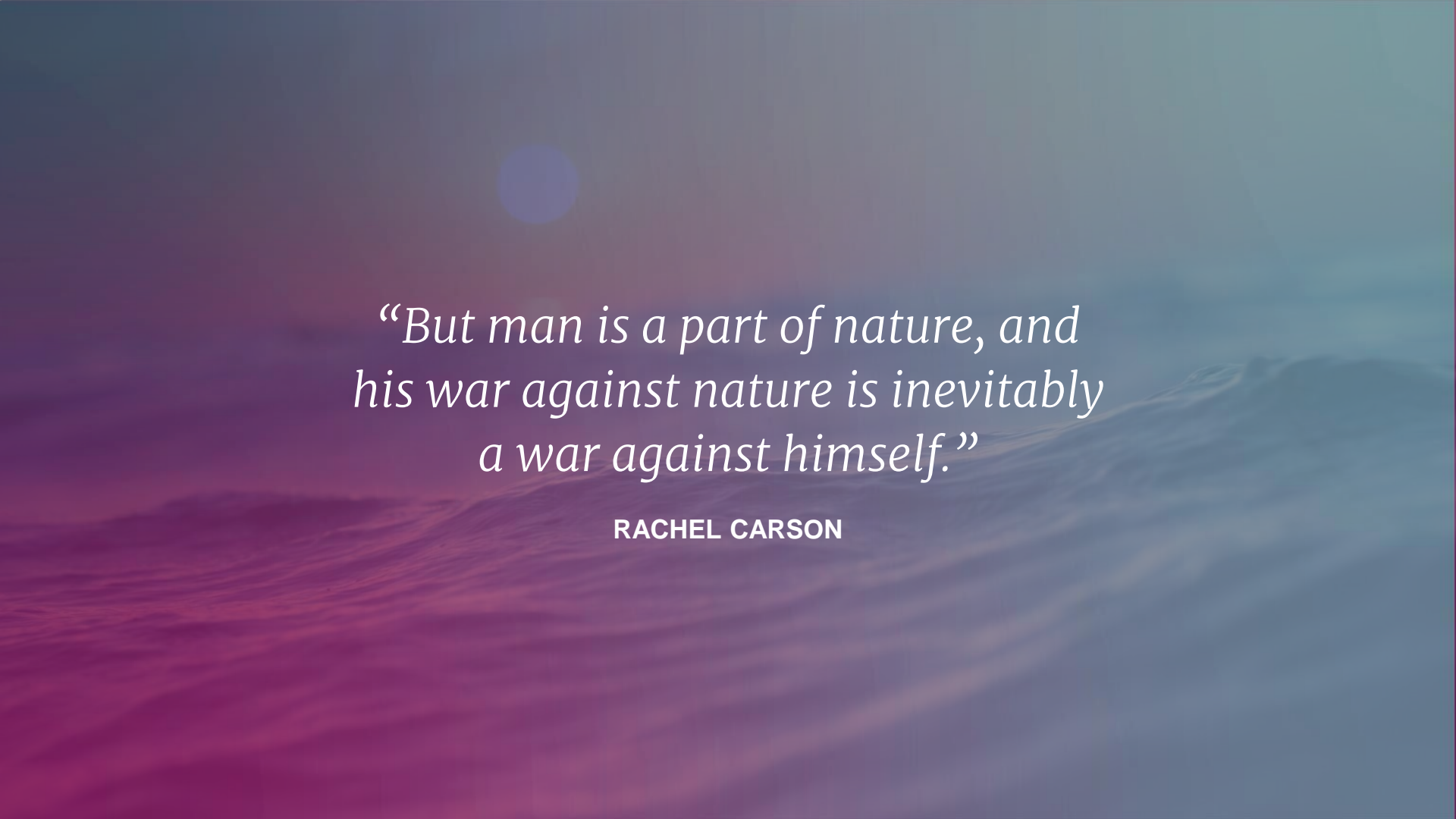




Innovating for the sustainably-minded consumer

INSIGHTS FROM FOOD SHOPPERS

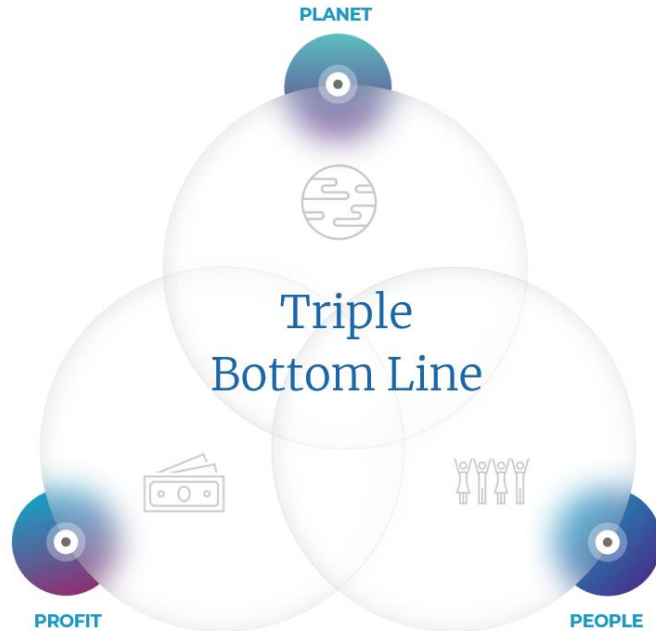


*“But man is a part of nature, and
his war against nature is inevitably
a war against himself.”*

RACHEL CARSON



In the past 150 years, humans have had a substantial impact on the global environment – stressing the oceans, warming the planet, and overextending almost every natural resource.



What does sustainability mean to consumers?

How do they think about it in their daily lives and what is their appetite for sustainable production and consumption?

**CONTEXT: FOOD AND GROCERY**

Agriculture and food retail are large contributors to pollution, climate change, degradation of ecosystems.

Food is pervasive and complex – biologically necessary; strongly linked to people’s personal and cultural identities.

**OBJECTIVE**

Gain insights into consumer attitudes and behaviors related to sustainability of food

METHODOLOGY

12-minute online survey on the aytm platform

TARGET AUDIENCE

N|1,000 US Gen Pop, Ages 18+ with at least some involvement with HH grocery shopping

Sample balanced by gender, age, region, ethnicity, and household income to reflect total US population



Consumer understanding of sustainability, importance to daily life



Sustainable food purchase and other activities; motivations & barriers to sustainable food purchase



Consumer Segmentation based on motivations and barriers



Certifications and Brand Initiatives – Awareness, Appeal, Willingness to Pay



Learnings & Key Takeaways



Implications for Innovation and Brand Communications

A woman with long blonde hair, wearing a green long-sleeved shirt and dark pants, is standing at a desk in a modern office. She is looking at a laptop screen and has her hand on the keyboard. The desk is cluttered with papers, a coffee cup, and other office supplies. In the background, there are large windows, potted plants, and office furniture. The entire image has a blue-green tint.

How do consumers think
about sustainability?



Environmental impact is at the heart of consumer understanding of sustainable foods. Consumers also associate sustainability with efficient production, healthy or natural foods, and eco-friendly packaging.

IN CONSUMERS' WORDS... WHAT MAKES FOOD "SUSTAINABLE"?



"Food that is produced in a way that is **healthy for the environment** and for the planet."

"Food is "sustainable" when it is produced using ingredients and methods that **do not harm the environment.**"

"Something where you are not depleting or destroying other resources to produce it. Something that can be produced with a **minimal negative environmental impact** over a long span of time."



"If it is sourced in a way that is a net gain or status quo and **doesn't endanger the product from disappearing.**"

"The food is produced using renewable energy sources and will not have any scarcity issues but **will be able to be made indefinitely into the future.**"

"The way it's grown, where it's grown, **making sure there's enough to go around now and many years from now.**"



"Something filling and **healthy for you.**"

"Food that is **safe and healthy.** Produced without hazardous **pesticides and chemicals.**"

"Consistently edible and safe to eat; **good for one's health.**"

"The ingredients are **organic, natural no artificial flavors or colors.**"

"Locally **farmed.**"



"Packaged/made with **renewable sources.**"

"Packaged with **environmentally friendly materials.**"

"Packages that **produce minimum waste.**"

"Packaging that **does not harm the environment.**"



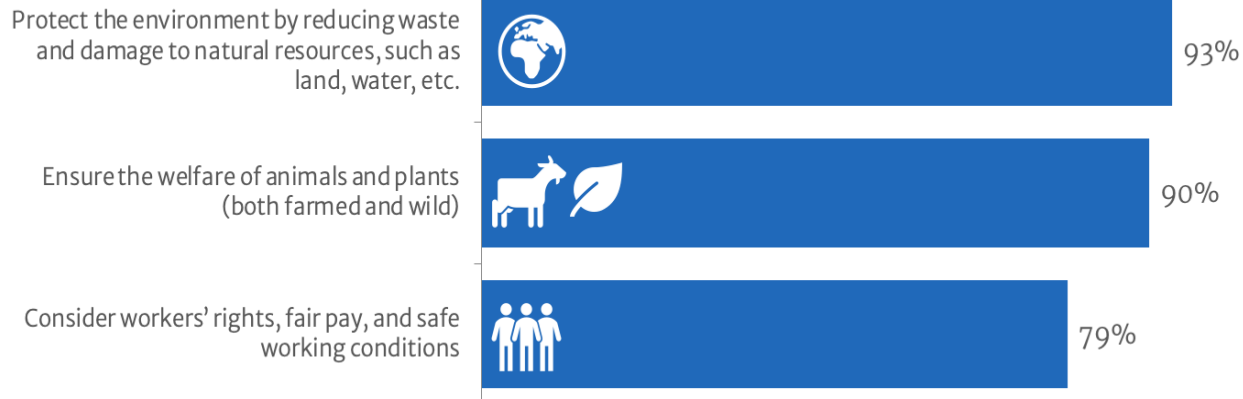
Protecting the environment and ensuring the welfare of animals aligns strongly with consumers' personal understanding of "sustainable foods." Focus on workers' safety and fair pay is an emerging definition.

DEFINITION SHOWN

Food that is produced, processed, distributed, and/or disposed of in ways that protect workers, animals, plants, and/or the environment.

ALIGNMENT WITH PERSONAL UNDERSTANDING OF "SUSTAINABLE FOODS"

(% Aligns Extremely/Very/Somewhat Well)



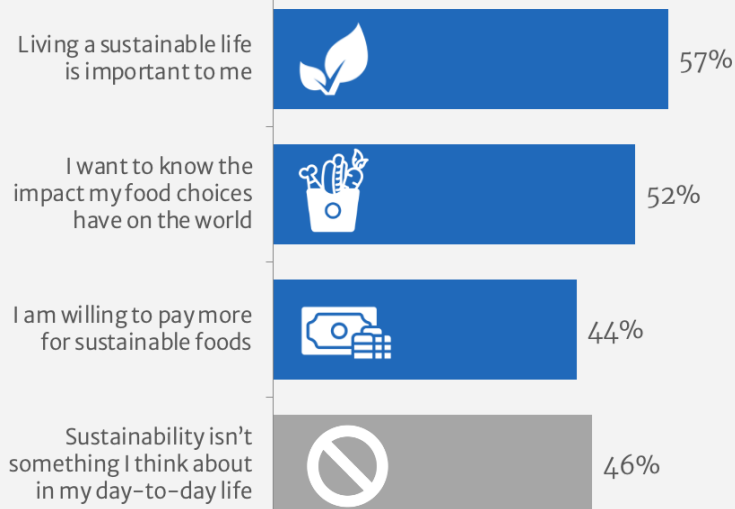
Generation: Gen Z and Millennials are more likely to think of workers than older generations.



The market is bifurcated: Just over half say that living a sustainable life is important to them, and just under half indicate that it's not something they think about in their daily lives.

SUSTAINABILITY IN DAILY LIFE

(Top 2 Box – Strongly/Somewhat Agree)



Importance: Parents and consumers with higher education are more likely to say a sustainable life is important to them.

Impact of food choices: Consumers with higher education are more likely to want to know the global impact of their food choices; Boomers are less likely than younger generations to care.

Willingness to pay: Consumers with higher income are more willing to pay for sustainably produced foods. Boomers are less likely than younger generations to agree they will pay more.



Sustainable food purchase



Top behaviors related sustainability are reducing waste and recycling. Three in 10 consumers currently purchase what they consider to be “sustainable foods.”

Generation: *Reduce, Reuse, Recycle* – Gen Z is the least engaged, Millennials are middle-of-the-road, and Gen X and Boomers are the most committed.

Gender: Women are more likely than men to be ‘green.’

Income: Some sustainability actions increase with household income.

Parental Status: Parents are more likely than non-parents to buy sustainable foods, budget more for purchases.

ACTIONS TAKEN TO LEAD A SUSTAINABLE LIFE

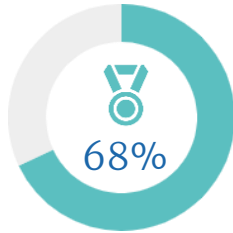




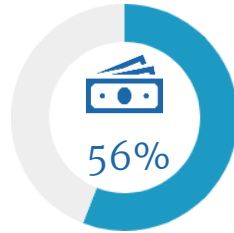
When forced to prioritize against other important purchase factors, sustainability falls below important purchase factors such as quality, price, ingredients, nutritional value, and brand.

RELATIVE IMPORTANCE OF FACTORS WHEN PURCHASING FOOD

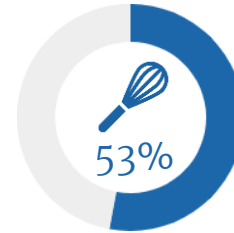
(Preference Likelihood based on MaxDiff Exercise)



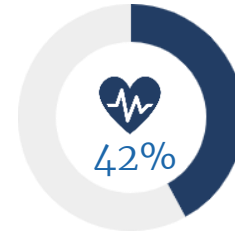
Quality



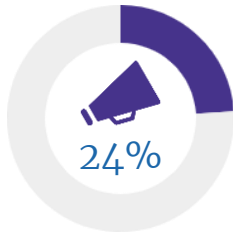
Price



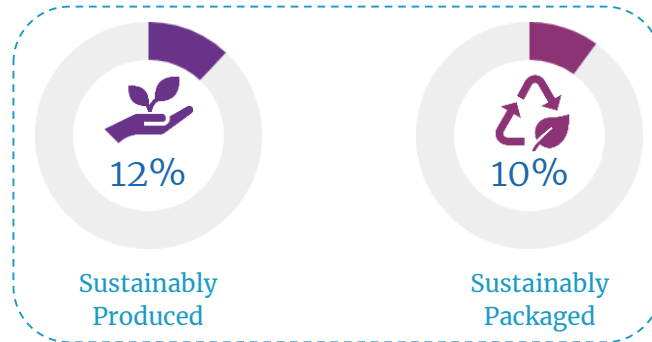
Ingredients



Nutrition
Facts



Brand



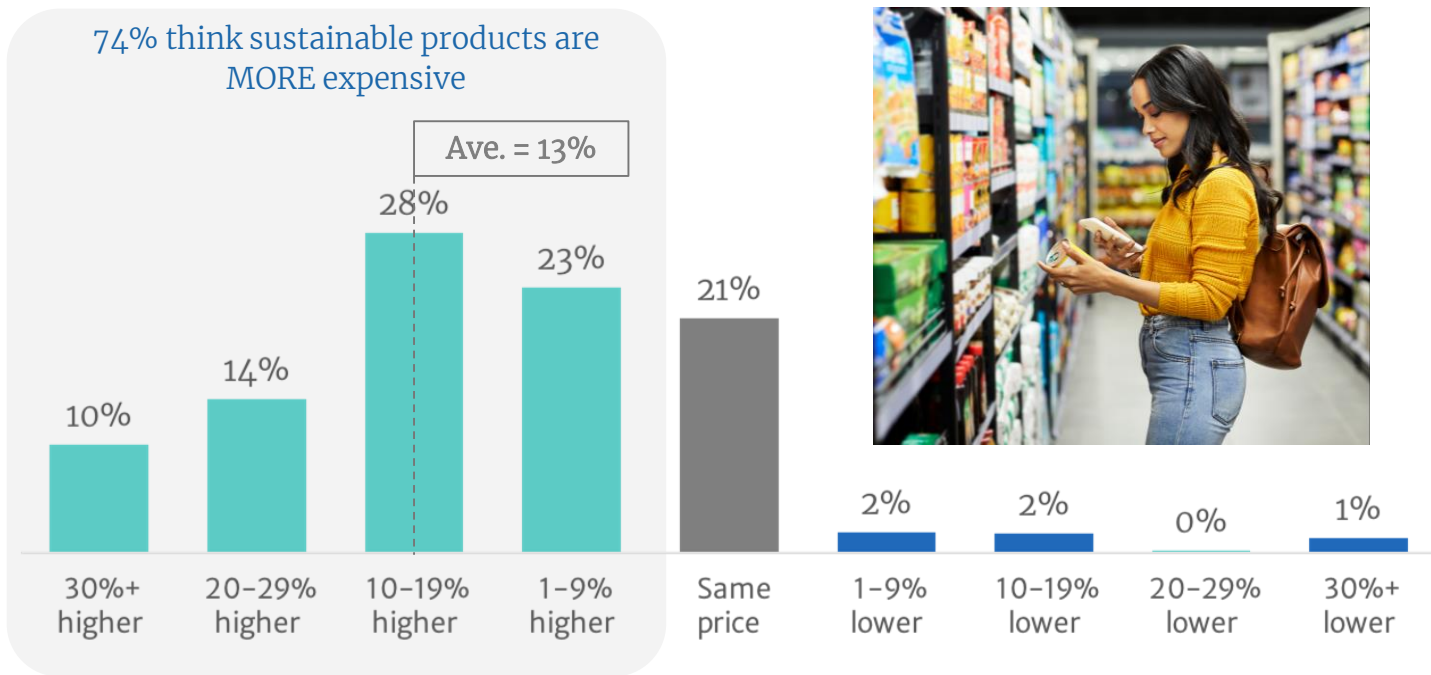
Sustainably
Produced

Sustainably
Packaged

Sustainably produced and packaged are more important to Gen Z (30% & 27%) and Millennials (25% & 23%) than Gen X and Boomers

Consumers expect sustainable foods to be more expensive, though most believe the price will be within 20% of non-sustainable alternatives.

PRICE PERCEPTIONS FOR SUSTAINABLE FOODS VS. NON-SUSTAINABLE FOODS

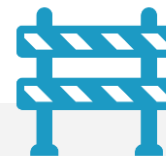




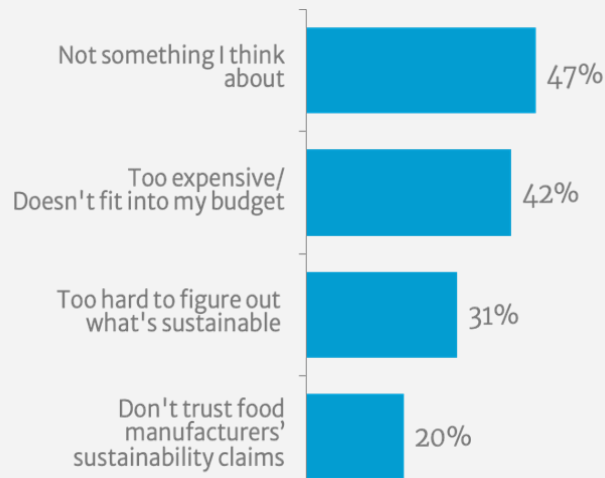
Protecting the environment is the top motivator for sustainable food purchase, followed by personal/family health. Primary barriers awareness, priority and the cost of purchasing sustainable foods.



MOTIVATIONS



BARRIERS



The background of the slide is an abstract, 3D-rendered landscape of wavy, layered bands in shades of blue and purple. The bands create a sense of depth and movement, resembling a topographical map or a series of overlapping sheets of paper. The colors transition from a deep blue on the left to a lighter, more cyan-like blue on the right, with purple tones interspersed throughout the folds and valleys.

Consumer Segmentation



SUSTAINABILITY ENTHUSIASTS

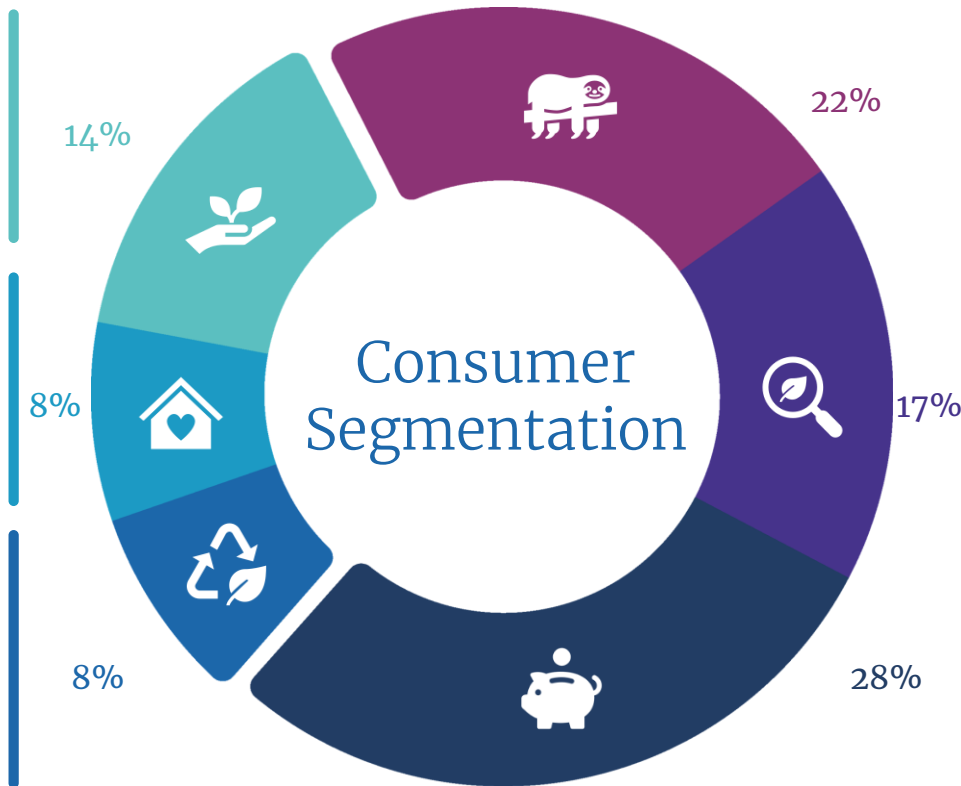
- Holistic Sustainability Lens
- Least Price Sensitive
- Skew Female, West

HEALTHY HOME ADVOCATES

- Personal/Family Health Lens
- Skew Female, Young
- Kids in Household

WASTE REDUCTION CHAMPIONS

- Environmental Lens
- Focus on Recycle & Waste Reduction
- Skew Male, West



UNCONCERNED CONSUMERS

- Lack of Awareness, Priority
- Skew Older, No Kids in HH
- Focus on Education, Relevance

SUSTAINABILITY SKEPTICS

- Suspicious of Greenwashing
- Do Support Recycle & Waste Reduction
- Focus on Trust Building

BUDGET CONSTRAINED

- Price Sensitive
- Support Recycle & Waste Reduction
- Focus on Lower Cost Initiatives



Certifications and Brand Initiatives

AWARENESS AND PERCEPTIONS

Consumers struggle to name sustainable food companies. Most cannot think of one; those who can are split between retailers (Whole Foods, Trader Joe's) and packaged foods (Clif Bar, Nature's Path, Good Catch).

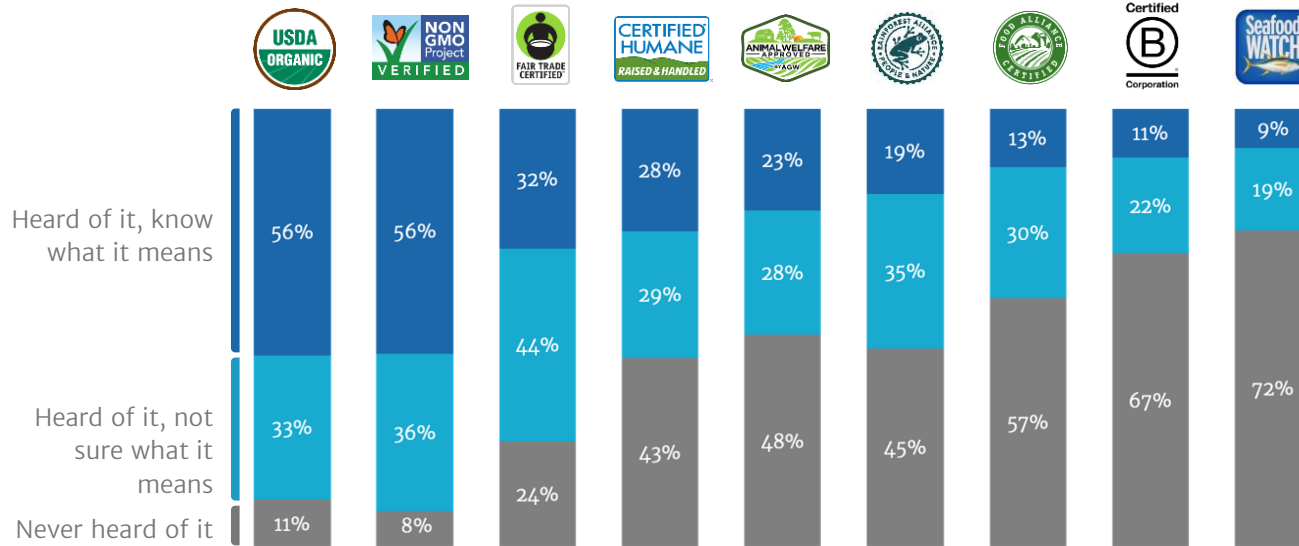
**TOP-OF-MIND COMPANIES WHEN
THINKING OF SUSTAINABLE FOODS**





Consumer awareness of sustainability certifications is stronger – they are most likely to be aware of the Organic and Non GMO labels, followed by Fair Trade.

FAMILIARITY WITH SUSTAINABLE CERTIFICATION/LABELS



BESIDES ORGANIC AND NON GMO...

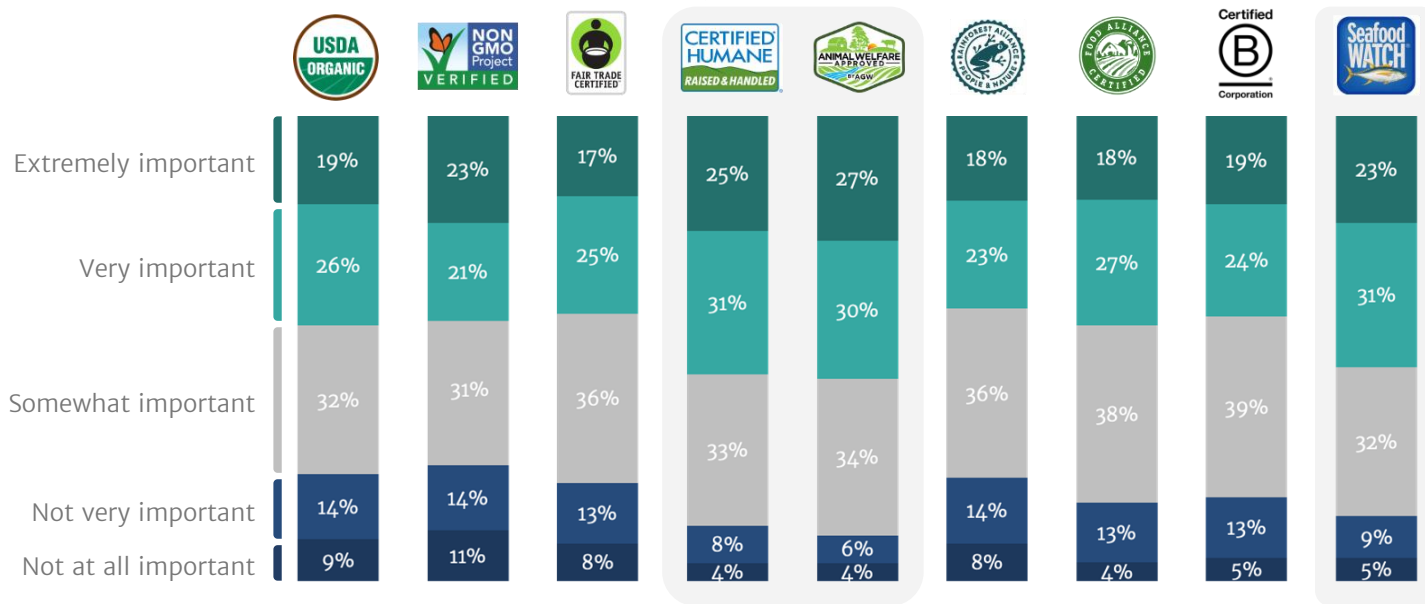
- Generation:** Gen Z and Millennials are more familiar with certifications.
- Parental Status:** Parents are more familiar with certifications.



Once a consumer becomes familiar with a certification, it is more likely to play a role in their purchase decision. Those aware of animal welfare certifications find them particularly important to purchase decision.

IMPORTANCE OF CERTIFICATIONS IN MAKING A FOOD PURCHASE

Among those familiar with certification

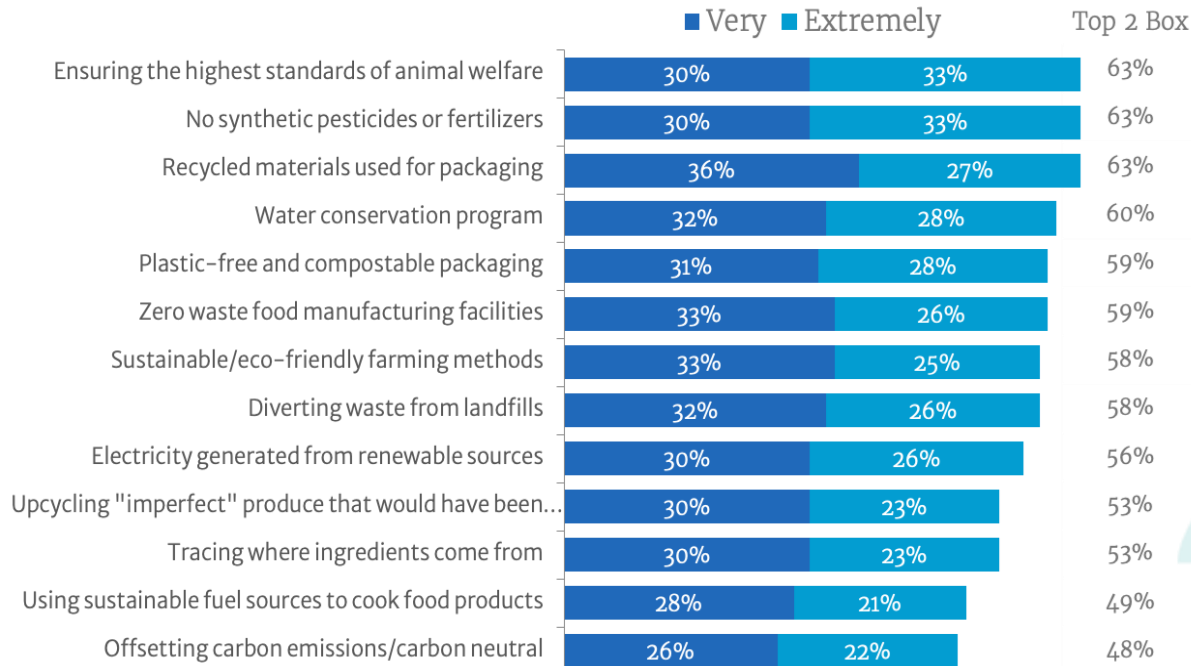


Parental Status:
 Certifications are generally more important to parents than non-parents.



Consumers gravitate toward initiatives that are focused on animal welfare, organic farming/food production, and eco-friendly packaging. Sustainable fuel use and carbon offsets/neutrality hold relatively less appeal.

APPEAL OF SUSTAINABILITY INITIATIVES



Gender: Women find most sustainability initiatives more appealing than men.

Generation: Millennials, GenXers, and even younger Boomers find initiatives more appealing than Gen Z and older Boomers.

Parental Status: Parents find initiatives around sustainable farming and fuel, and eco-friendly packaging more appealing.

Income: Higher income consumers find eco-friendly packaging initiatives more appealing. Lower income consumers favor zero-waste production.



When viewed in the context of revenue potential, these broadly appealing initiatives have the most potential to command higher pricing:



Animal welfare initiatives



Use of organic (natural) fertilizers, pesticides



Use of sustainable farming methods

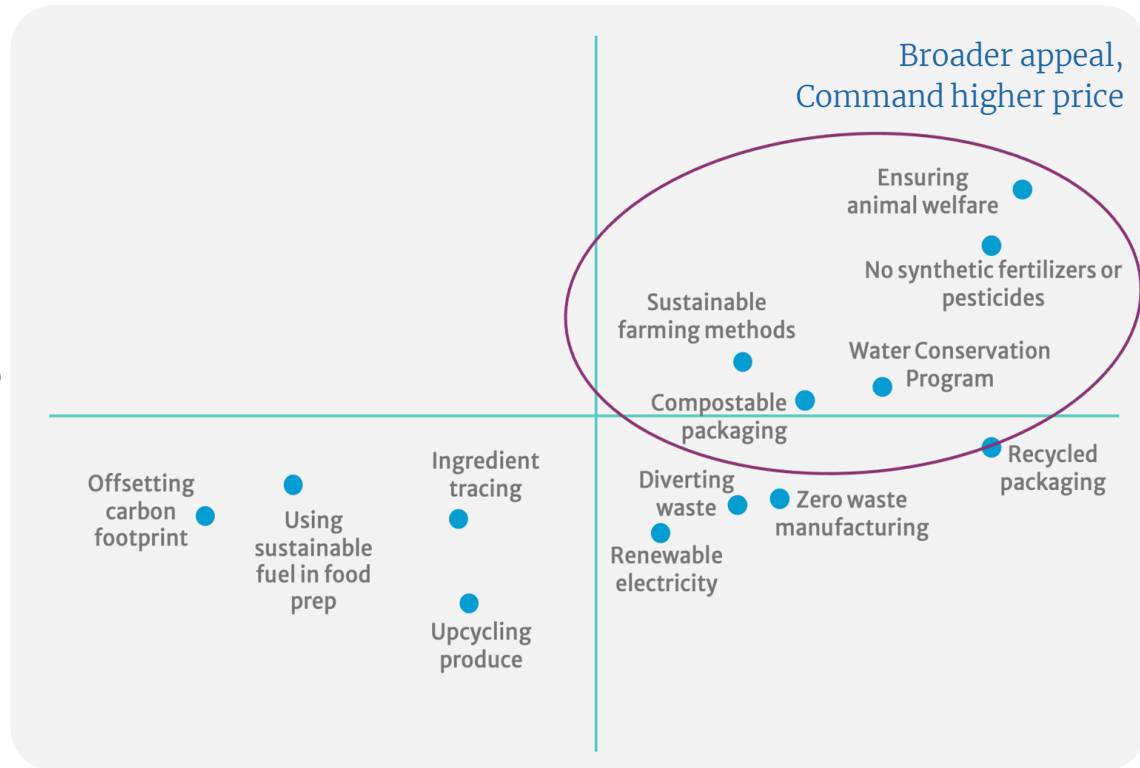


Water conservation programs



Eco-friendly packaging (compostable, recycled)

WILLING TO PAY MORE
Average: 43%



VERY/EXTREMELY APPEALING

Average: 57%



Implications for food brands



To consumers,
sustainability = protecting
the environment above all else.



Consumers care about
sustainable food production,
but it is not paramount.



Generation /life stage differences
in appetite for sustainability
are complex.



The market for sustainable foods is
not monolithic - consumers have
different motivations and barriers.



There is an opportunity
for brand ownership of
sustainability.



Packaging is a
strong signal of sustainability.



1 **Innovation:** If new to sustainability, **start with packaging**: Appealing, noticeable (FMOT), less costly than some other high appeal initiatives

2 **Comms:** If engaging in sustainability initiatives, communicate about them to your customer; do it in ways that **align with their motivations**.

3 **Innovation:** Do not trade off other key purchase factors to produce sustainably. Price is a trade off that many consumers expect to make, but **quality, ingredients, and nutritional value are not**.

4 **Comms:** Seek to identify **terminology and communications** that resonate, reinforce, and **expand Boomers' strong behavioral orientation** toward sustainability. Build brand trust.

5 **Innovation & Comms:** Be judicious with lesser-known certifications. In order to be effective marketing tools, **you may need to educate on the purpose and value of certifications**.

6 **Comms:** Bring the rest of the market into the fold.



Reach **Sustainability Skeptics** through trust building



Reach **Budget Constrained** through lower cost initiatives and communication



Reach **Unconcerned** consumers through perceptions of quality



Q & A

