

August 10-12, 2016 • New Orleans, LA
New Orleans Marriott

Global **Sustainability** Summit



THE SUSTAINABILITY IMPERATIVE
INSIGHTS ON CONSUMER EXPECTATIONS

TODAY'S DISCUSSION

The Sustainability Imperative

1

**Business and Reputation
Depends On It**

2

**Consumers Willing
To Pay More**

3

**Sustainable Brands
Outperform**


An abstract graphic on the left side of the slide. It features a series of concentric, overlapping lines in various colors (red, yellow, green, blue, purple) that form a curved, funnel-like shape. Several colored dots (yellow, pink, red) are placed at various points along these lines, with thin lines extending from them towards the right side of the frame.

THE SUSTAINABILITY IMPERATIVE


Q&A:

OVER THE PAST COUPLE OF YEARS, WOULD YOU SAY THAT SUSTAINABILITY HAS INCREASINGLY BECOME A BUSINESS IMPERATIVE FOR YOUR COMPANY?

SUSTAINABILITY AND PROFITABILITY ARE NOT MUTUALLY EXCLUSIVE



The success of your business is directly related to the health of the communities in which you operate



Sustainability is a leading factor in the relevance, viability and growth of your organization



Integrating sustainability into your strategy enables responsible growth



HOW DO WE KNOW SUSTAINABILITY AND PROFITABILITY ARE NOT MUTUALLY EXCLUSIVE?



Sustainability is a supporting and influential factor for corporate reputation for companies



> 4% greater sales in brands with a demonstrated commitment to sustainability, while those without grew less than 1%



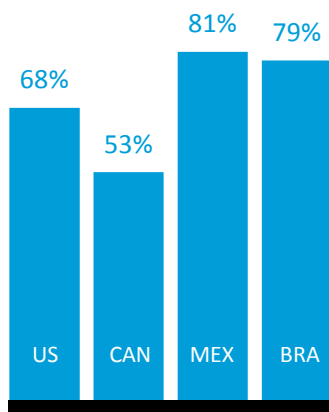
66% of consumers say they are willing to pay more for brands with a commitment to sustainability

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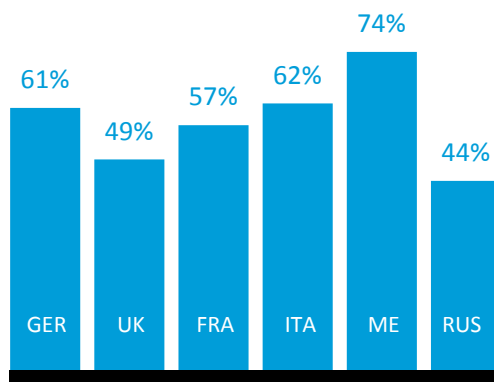
YOUR BUSINESS – AND REPUTATION –
DEPEND ON IT

BUSINESS CASE FOR TELLING A CORPORATE STORY - BEYOND PRODUCTS & SERVICES - IS VERY CLEAR

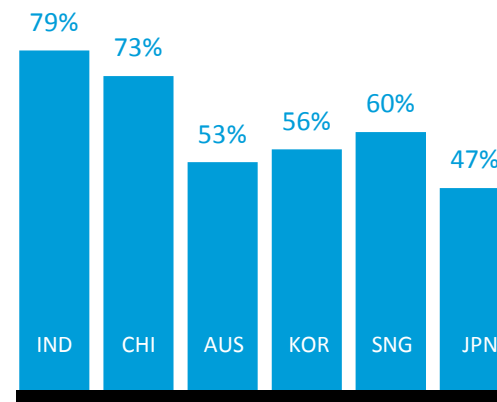
“I pro-actively try to learn more about the companies I hear about or do business with”



AMERICAS



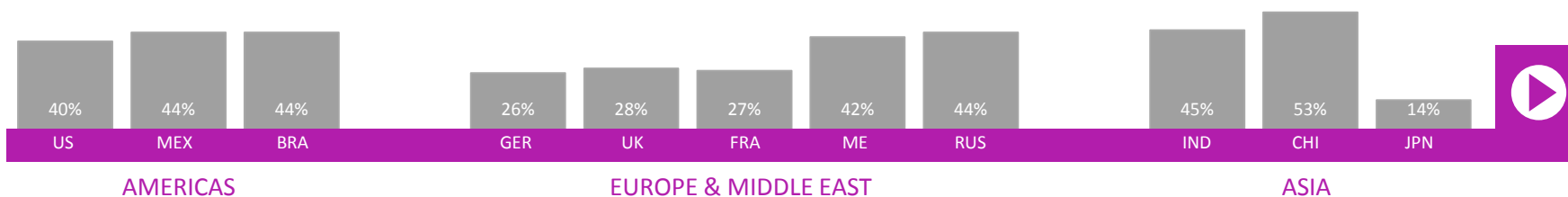
EUROPE & MIDDLE EAST



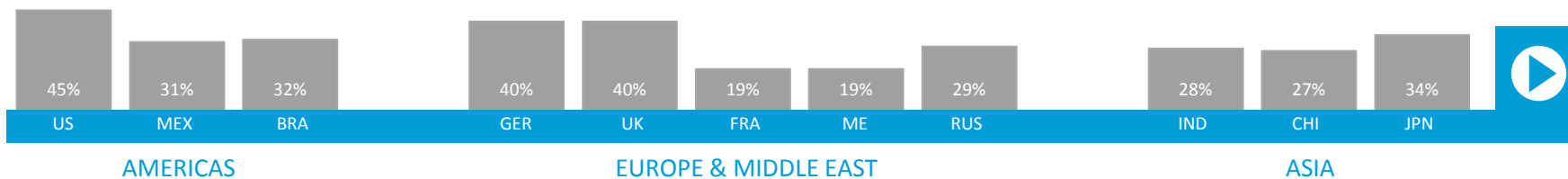
ASIA

PEOPLE ARE TALKING WITH OTHERS AND MAKING CHOICES ABOUT WHAT THEY LEARN

Proactively tried to influence friends or family...



Decided not to do business with a company because of what I learned...



BEING A SOCIALLY RESPONSIBLE COMPANY IS CRITICAL TO ATTRACTING TALENT... EVERYWHERE

It is important that the company I work for behaves in a socially responsible way

It is important that the company I work for has a good reputation in the community where I live.



AMERICAS



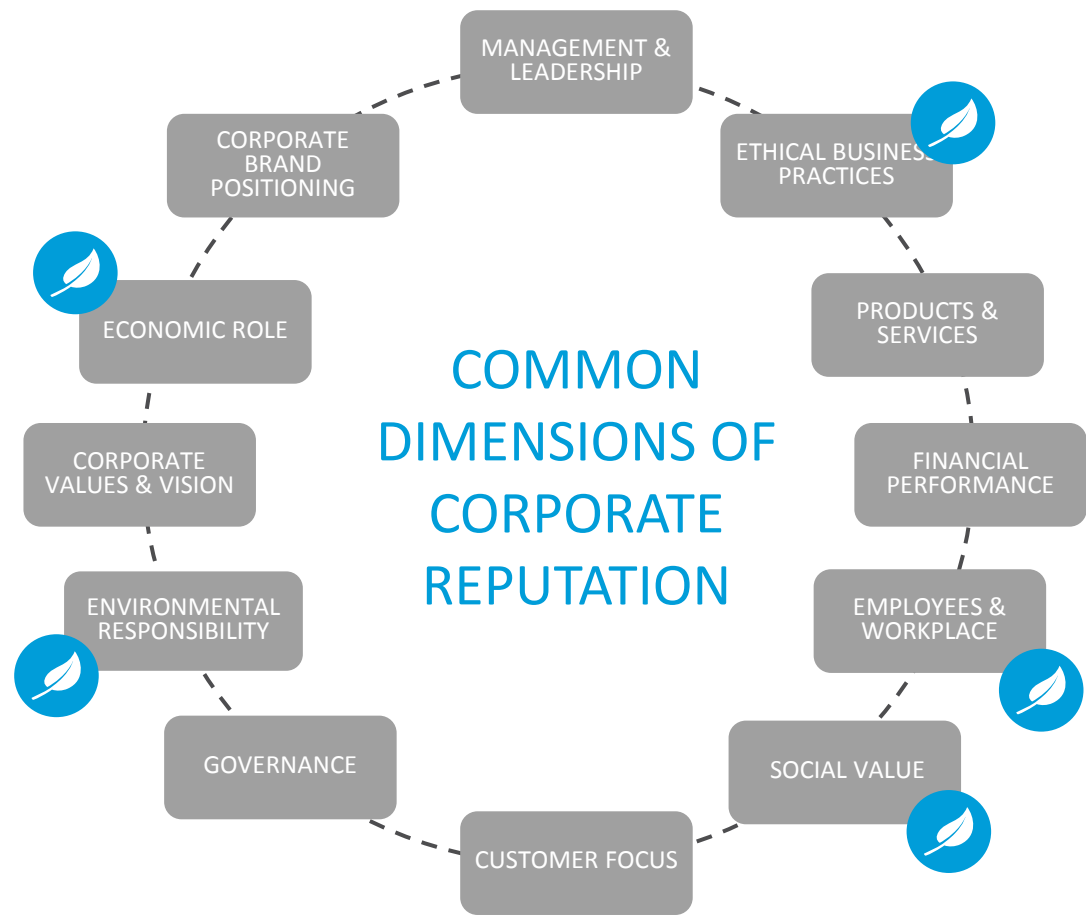
EUROPE & MIDDLE EAST



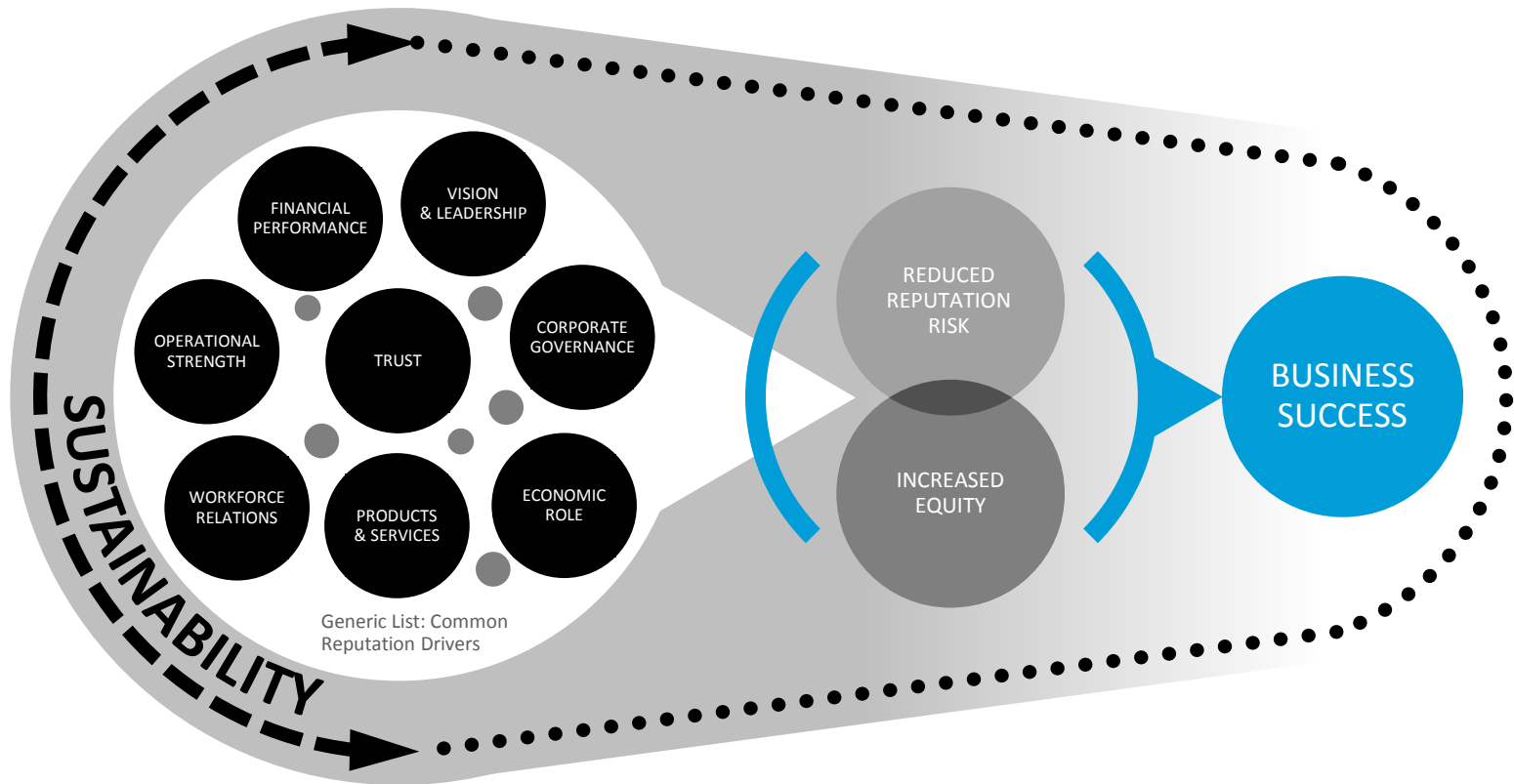
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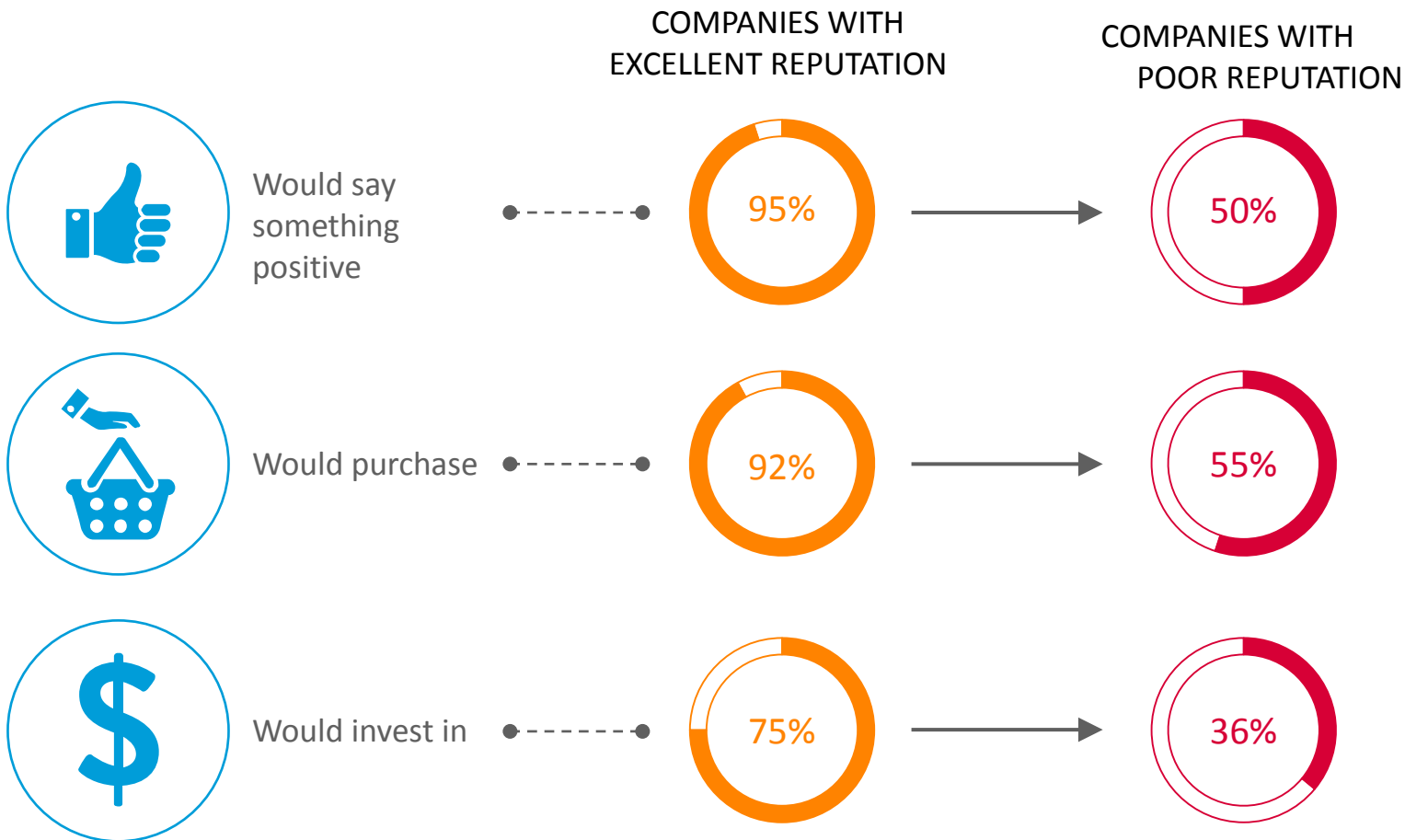
SUSTAINABILITY TOUCHES MANY ASPECTS OF REPUTATION



LINK EFFORTS TO REPUTATION DRIVERS FOR STRONG IMPACT



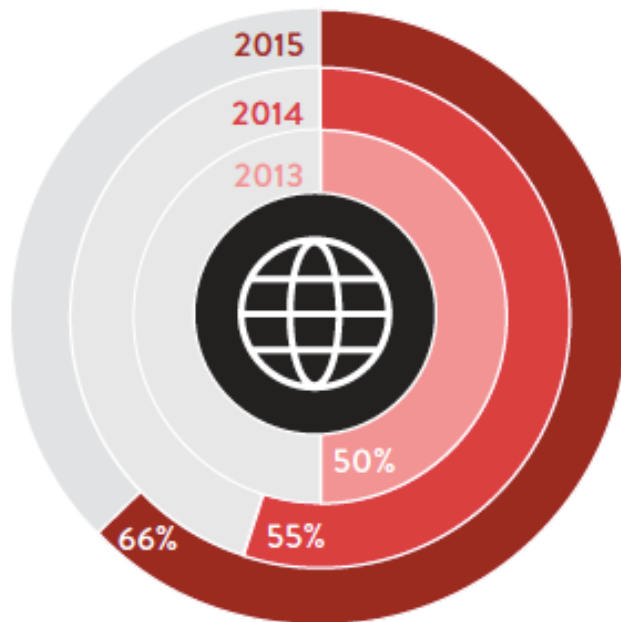
REPUTATION MATTERS: UNLOCKING BUSINESS VALUE



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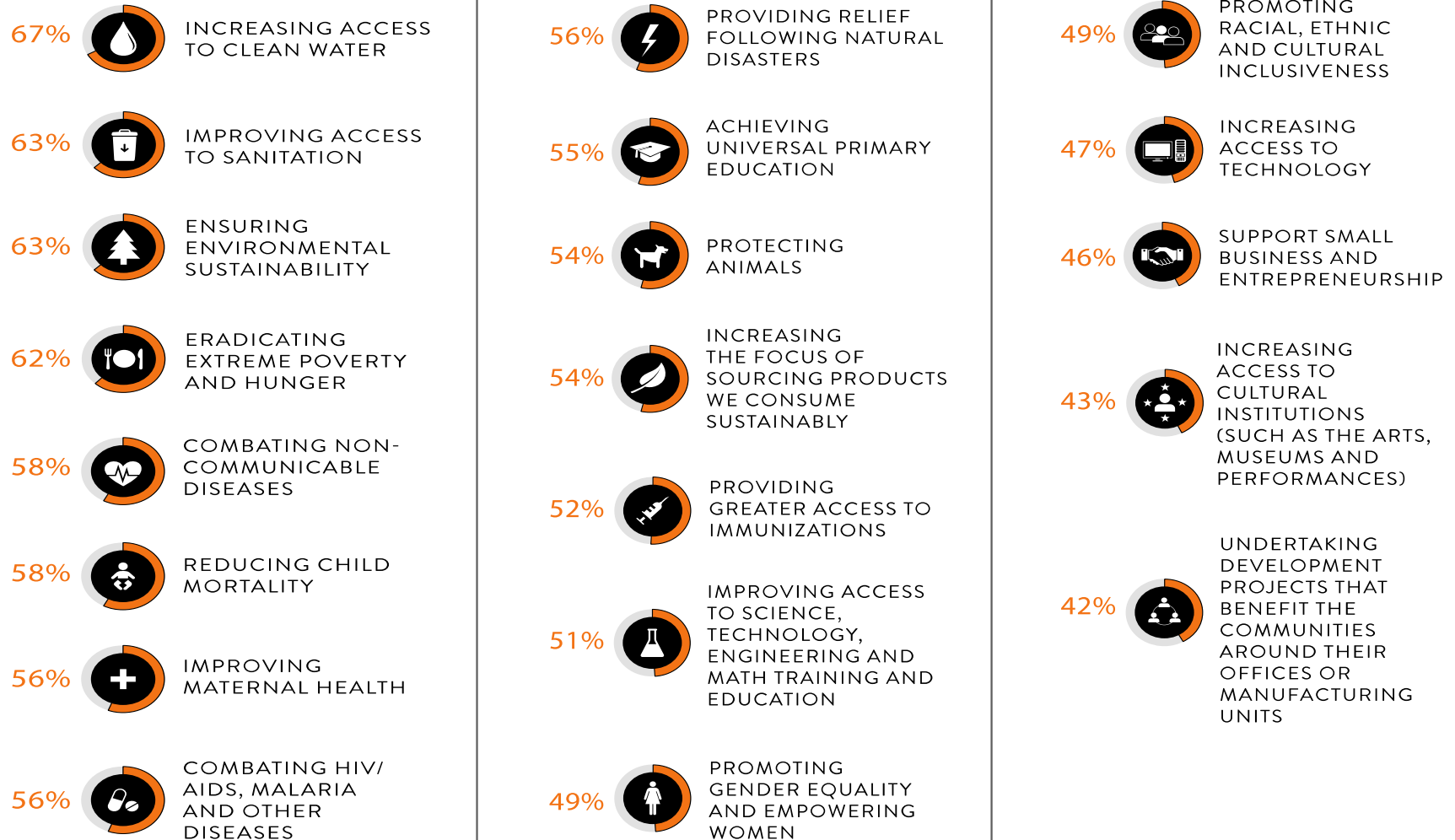
CONSUMERS ARE WILLING TO PAY MORE

THE NUMBER OF CONSUMERS WILLING TO PAY MORE CONTINUES TO RISE



SIXTY-SIX PERCENT OF GLOBAL RESPONDENTS ARE WILLING TO PAY MORE FOR SUSTAINABLE GOODS, UP FROM 55% IN 2014 (AND 50% IN 2013).

CAUSES GLOBAL CONSUMERS CARE ABOUT



Q&A: GLOBALLY, WHAT IS THE KEY SUSTAINABILITY PURCHASING DRIVER FOR CONSUMERS?



TRUST & REPUTATION



FRESH, ORGANIC
NATURAL PRODUCT



HEALTH &
WELLNESS



ENVIRONMENT
FRIENDLY

THIS IS EVEN TRUE ACROSS GENERATIONS

Drivers*	Overall	Gen Z	Millennials
The products are made by a brand/company that I trust	62%	63%	65%
The product is known for its health & wellness benefits	59%	58%	64%
The product is made from fresh, natural and/or organic ingredients	57%	56%	61%
The product is from a company known for being environmentally friendly	45%	46%	51%
The product is from a company known for its commitment to social value	43%	46%	50%
The product's packaging is environmentally friendly	41%	41%	46%
The product is from a company known for its commitment to my community	41%	38%	47%
I saw an ad on TV about the social and/or environmental good the product's company is doing	34%	38%	41%

* Key sustainability purchasing drivers were categorized as either "Very Heavy Influence" or "Heavy Influence" by the percentage of respondents

COMMITMENT TO SOCIAL AND ENVIRONMENTAL SUSTAINABILITY IS OF UTMOST IMPORTANCE

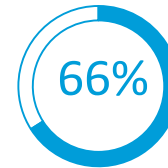
Drivers*	Overall	Premium
The products are made by a brand/company that I trust	62%	72%
The product is known for its health & wellness benefits	59%	70%
The product is made from fresh, natural and/or organic ingredients	57%	69%
The product is from a company known for being environmentally friendly	45%	58%
The product is from a company known for its commitment to social value	43%	56%
The product's packaging is environmentally friendly	41%	53%
The product is from a company known for its commitment to my community	41%	53%
I saw an ad on TV about the social and/or environmental good the product's company is doing	34%	45%

For those **willing to pay more**, the importance of these factors **increased the most**

CONSUMERS CARE AND PAY EXTRA FOR SUSTAINABILITY

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

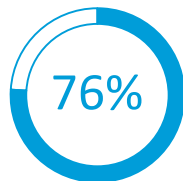
**GLOBAL
AVERAGE**



YOY Point
Change

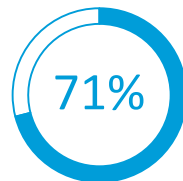
+11

ASIA-PACIFIC



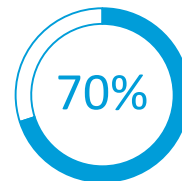
+12

LATIN AMERICA



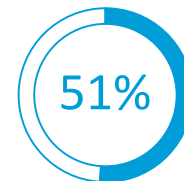
+8

**MIDDLE
EAST/AFRICA**



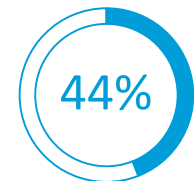
+7

EUROPE



+11

NORTH AMERICA



+2

PARTICULARLY IN GROWING MARKETS

DEVELOPED

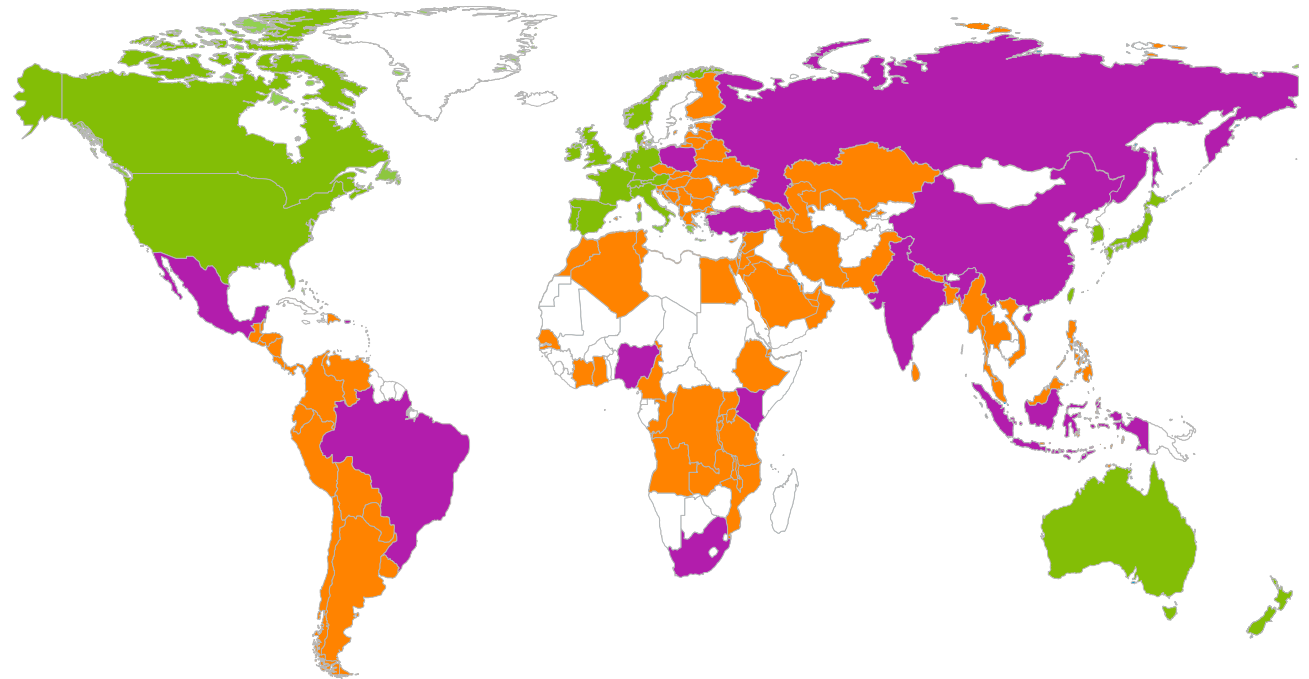
25 COUNTRIES, **11%** OF
GLOBAL POPULATION

EMERGING

70 COUNTRIES, **28%** OF
GLOBAL POPULATION

EMERGING PRIORITY

11 COUNTRIES, **50%** OF
GLOBAL POPULATION



Q&A:

WHICH AGE GROUP IS MORE WILLING TO PAY MORE FOR BRANDS THAT COMMIT TO SUSTAINABILITY?

MILLENNIALS (21 – 34)

GENERATION Z (15 – 20)

OTHER GENERATIONS WILLING TO PAY MORE AS WELL

GROWING:
GENERATION Z

72%



MOST LIKELY TO
BUY:
MILLENNIALS

73%



DON'T FORGET:
BABY BOOMERS

51%



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SUSTAINABLE BRANDS OUTPERFORM

ON AVERAGE, PRODUCTS WITH SUSTAINABILITY EFFORTS CONTRIBUTED TO...



OVER 4%
GREATER SALES



1,300+ brands

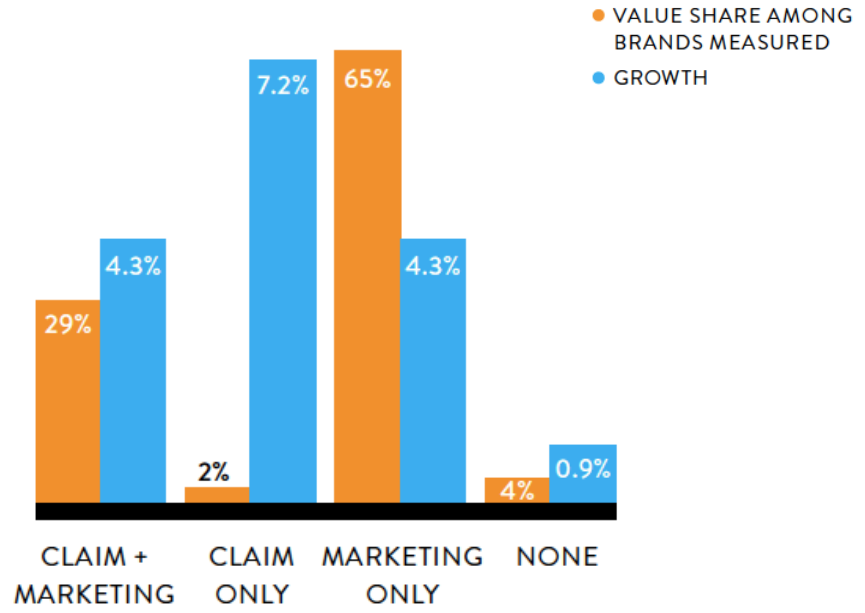
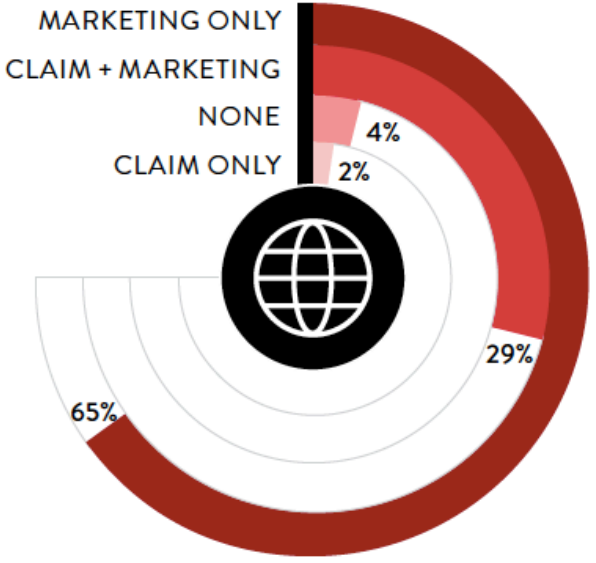


13 categories



13 markets

MARKETING-ONLY PROMOTION TACTICS ARE THE MOST PREVALENT



*As a percentage of total sales measured globally
 Source: Nielsen Sustainability Imperative Report, 2015

Q&A:
**WHICH REGION USES THE MOST MARKETING-
ONLY PROMOTION TACTICS AS A LEAD-IN
STRATEGY?**

LATIN
AMERICA

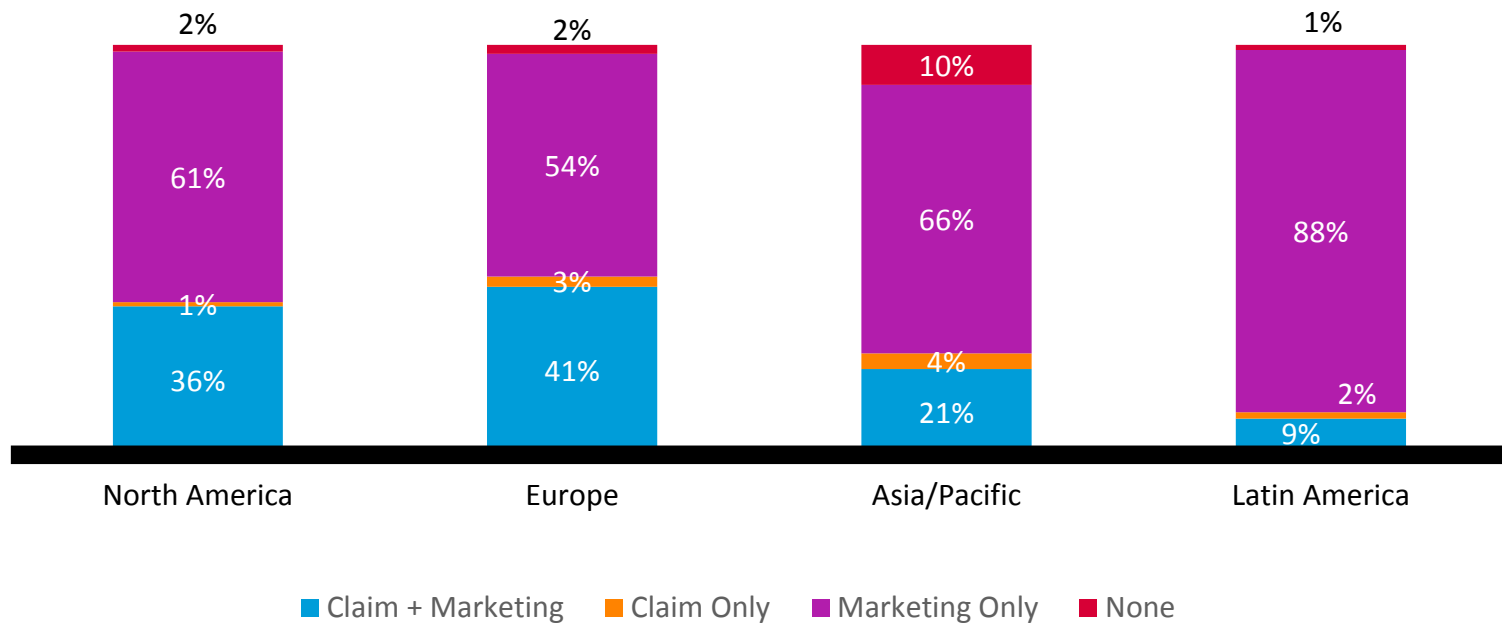
ASIA
PACIFIC

EUROPE

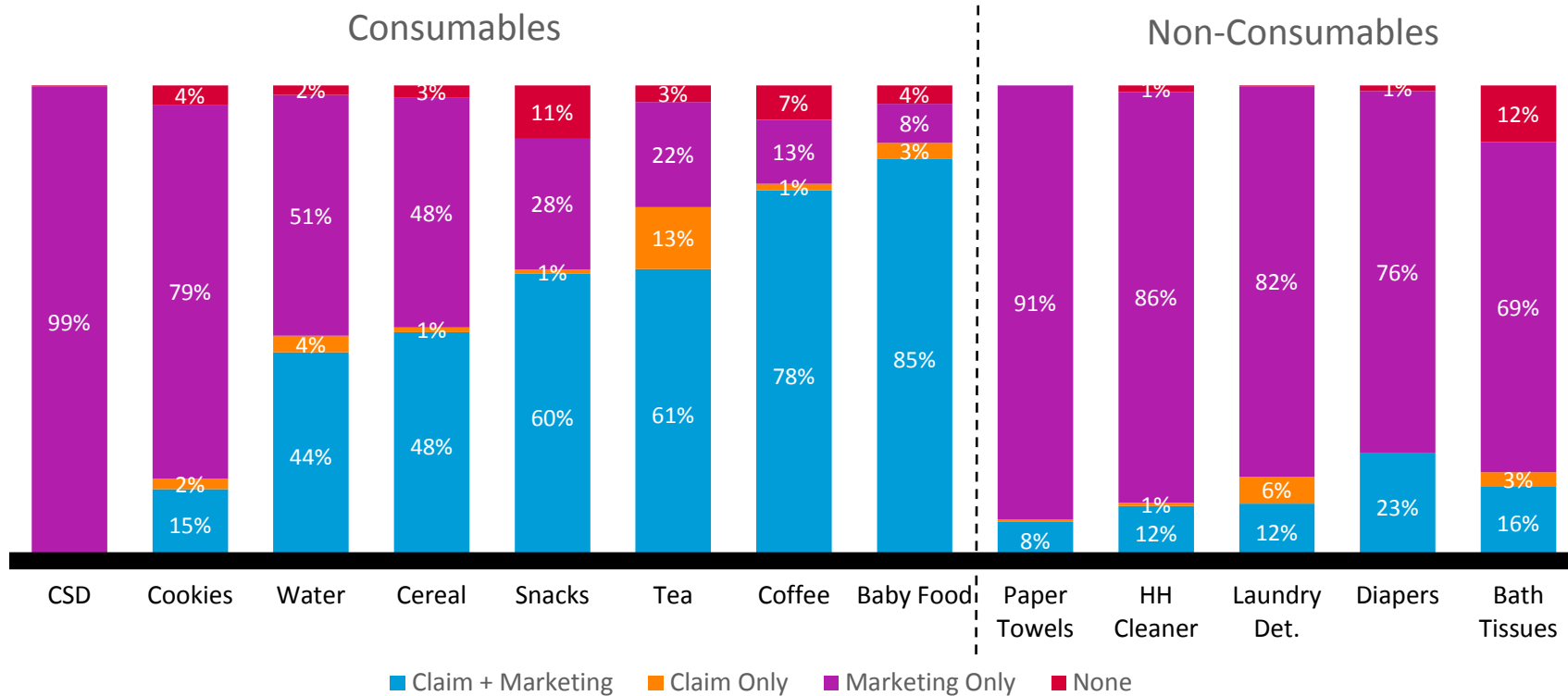
NORTH
AMERICA

BRANDS IN DEVELOPED MARKETS USING MULTIPLE SUSTAINABILITY TACTICS TO ATTRACT CONSUMERS

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



CURRENT CATEGORY LANDSCAPE PRIMARILY FOCUS ON MARKETING

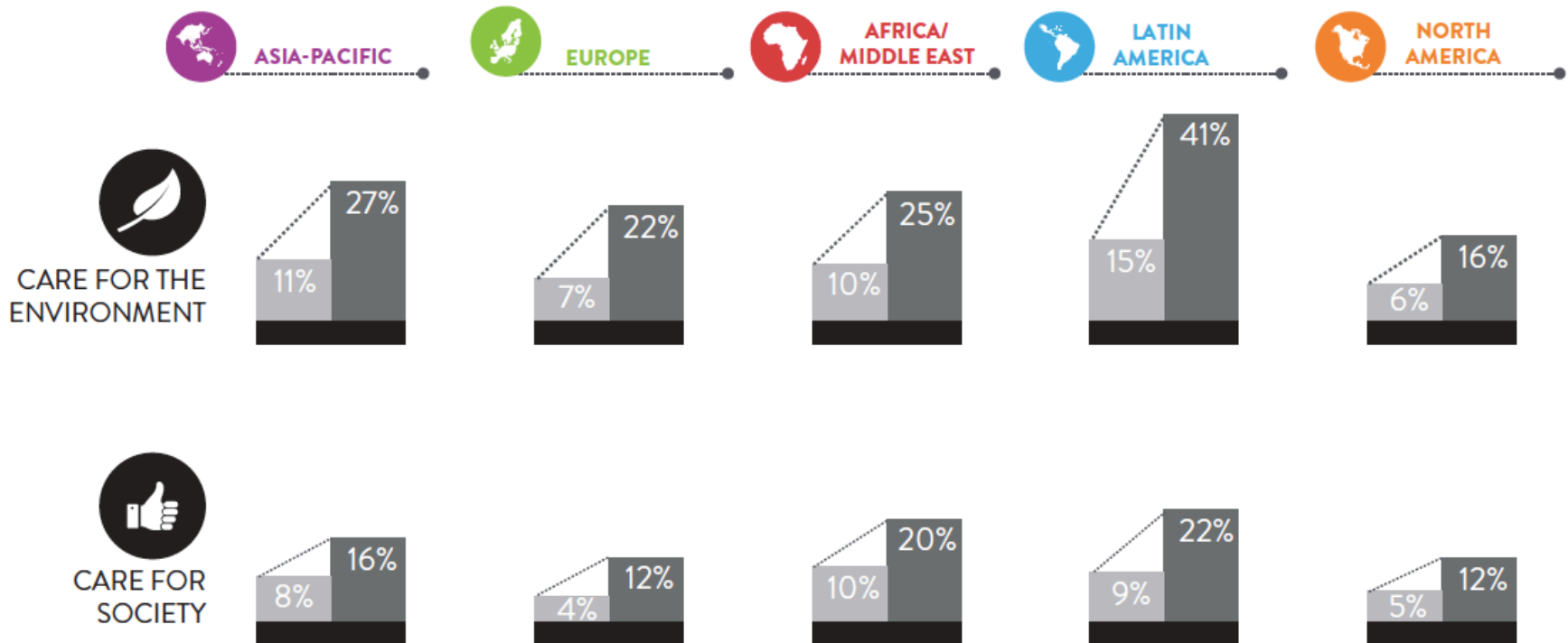




42% OF GLOBAL CONSUMERS WANT
MORE NEW PRODUCTS IN THE
MARKET THAT ARE **SOCIALLY**
RESPONSIBLE AND
ENVIRONMENTALLY
FRIENDLY

OPPORTUNITY EXISTS TO MEET CONSUMER DEMAND FOR SUSTAINABLE PRODUCTS

● REASON FOR BUYING PRODUCT ● WISH THERE WERE MORE PRODUCTS



COMPANIES ARE RESPONDING

Globally, Number of Concepts with Sustainable Claims Tested is Growing;
7% of all concepts tested have sustainable positioning (up 3%)

% OF CONCEPTS INCLUDING THE MESSAGE/SUSTAINABLE POSITIONING



ALL NATURAL

2.3% ▲ 4.8%



ENVIRONMENTALLY
FRIENDLY

0.8% ▲ 1.3%



ORGANIC

0.7% ▼ 0.5%

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Q&A:

**WHAT IS THE BIGGEST CHALLENGE YOU FACE
WHEN IMPLEMENTING A SUSTAINABILITY
STRATEGY?**

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SUMMARY

FIVE WAYS TO WIN WITH SUSTAINABILITY



1. FOCUS ON THE GROWING INTEREST FROM MILLENNIALS AND GENERATION Z



2. HIGHLIGHT BRAND TRUST AND COMMITMENT TO SOCIAL AND ENVIRONMENTAL IMPACT TO DRIVE PURCHASES



3. HAVE A DISCERNING SUSTAINABILITY STRATEGY



4. SUPPORT YOUR EFFORTS WITH MARKETING



5. KEEP REGIONAL, CATEGORY AND DEMOGRAPHICS IN MIND

An abstract graphic on the left side of the slide. It features a series of concentric, overlapping lines in various colors (red, yellow, green, blue, purple) that form a curved, funnel-like shape. Several lines extend from the inner part of this shape towards the right, each ending in a small colored dot (yellow, green, purple, red) that matches the color of the line it originates from.

THANK YOU