



Conscious Consumers Are Changing the Rules of Marketing. Are You Ready?

Highlights from the BBMG Conscious Consumer Report

Raphael Bemporad and Mitch Baranowski



OVERVIEW

Green. Sustainable. Fair trade. Locally grown. Socially responsible.

We know the words, but what do they really mean to America's families and consumers? With conscious consumers representing an increasing market opportunity in the United States, is being green truly poised to go mainstream? How can socially responsible business leaders build authentic brands for a more sustainable future?

As a growing number of brands aspire to the same values, socially minded business leaders and marketers face the new challenge of distinguishing their companies, products and services in an increasingly crowded green marketplace.

In the first major study to combine field observations with a national survey on purchasing behavior and social values, increasingly conscious consumers are demanding that companies be transparent about their practices and accountable for their impact on people and the planet.

According to the inaugural **BBMG Conscious Consumer Report**, nearly nine in ten Americans say the words "conscious consumer" describe them well and are more likely to buy from companies that manufacture energy efficient products (90%), promote health and safety benefits (88%), support fair labor and trade practices (87%) and commit to environmentally-friendly practices (87%), if products are of equal quality and price.

Conducted by branding and marketing agency BBMG, in conjunction with research partners Global Strategy Group and Bagatto, the report combines ethnographic research in three U.S. markets with a national survey of 2,007 adults to reveal how companies can reach, inspire and motivate today's savvy and values-driven consumers.

"Many companies are honestly looking to engage in sustainable business practices and become more socially responsible," says Raphael Bemporad, founding partner of BBMG. "But in a world of green clutter, conscious consumers expect companies to do more than make eco-friendly claims. They demand transparency and accountability across every level of business practice."

FIVE VALUES DRIVE CONSCIOUS CONSUMERS

From the ethnography — which observed the behaviors, experiences and values behind 24 consumers' purchasing decisions in Lawrence, KS; Long Island, NY; and Livermore, CA — researchers first learned why these Americans are thinking more about the social and environmental impact of their purchases on the world in which they live. Specifically, after analyzing 1,000 photographs and 150+ hours of direct observations, the ethnographers discovered five core values driving the nation's more socially-minded consumers:

Health and Safety. Conscious consumers seek natural, organic and unmodified products that meet their essential health and nutrition needs. They avoid chemicals or pesticides that can harm their health or the planet. They are looking for standards and safeguards to ensure the quality of the products they consume.

Honesty. Conscious consumers insist that companies reliably and accurately detail product features and benefits. They will reward companies that are honest about processes and practices, authentic about products and accountable for their impact on the environment and larger society. Making unsubstantiated green claims or over promising benefits risks breeding cynicism and distrust.

Convenience. Faced with increasing constraints on their time and household budgets, conscious consumers are practical about purchasing decisions, balancing price with needs and desires and demanding quality. These consumers want to do what's easy, what's essential for getting by and make decisions that fit their lifestyles and budget.

Relationships. Who made it? Where does it come from? Am I getting back what I put into it? These consumers want more meaningful relationships with the brands in their lives. They seek out opportunities to support the local economy when given the chance, want to know the source of the products they buy and desire more personal interactions when doing business.

Doing Good. Finally, conscious consumers are concerned about the world and want to do their part to make it a better place. From seeking out environmentally-friendly products to rewarding companies' fair trade and labor practices, they are making purchasing choices that can help others. These consumers want to make a difference, and they want brands to do the same.

"While consumers continue to prioritize personal and practical concerns like health, safety, price and quality, they are also looking to make a difference in the world," said David Lubensky, founder of Bagatto, a San Francisco-based ethnographic research firm. "We see a trend toward 'self-centered consciousness,' whereby consumers want companies to meet their personal needs and positively impact society."

HEALTH AND SAFETY

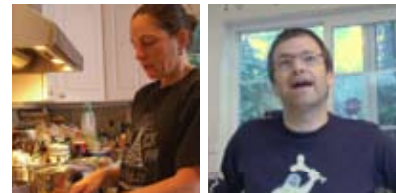
HONESTY

CONVENIENCE

RELATIONSHIPS

DOING GOOD

The five core values driving the nation's socially-minded consumers.



"I really feel good about going to the farmers market. There's something great about connecting with this other person who's responsible for growing your food."

Lisa and Alex, married, 30s, California

MARKETING TO A NATION OF INCREASINGLY CONSCIOUS CONSUMERS

To discover what segment of the larger U.S. population shares these values, the research team then surveyed 2,007 adults nationwide between Sept. 11 and 17, 2007. The key findings shed new light on how companies can more effectively navigate the market opportunity of reaching and involving consumers who care more and more about corporate social responsibility:

The most important issues are the most personal. The most pressing issues by far are those that most directly affect consumers – safe drinking water (90%), clean air (86%) and cures for diseases like cancer, AIDS and Alzheimer’s (84%). By comparison, only 63% of those surveyed described the more abstract issue of global warming as the most or a very important issue.

A conscious boom. The language and labels of the “conscious consumer” have penetrated the marketplace and become part of the consumer culture. Americans readily self-identify as “conscious consumers” (88% well, 37% very well), “socially responsible” (88% well, 39% very well) and “environmentally-friendly” (86% well, 34% very well). There is less traction with the term “green” (65% well, 18% very well), which continues to be viewed as more exclusive and harder to achieve.

Making more informed decisions. Consumers are looking beyond the buzz to make more informed decisions about the products they buy and the companies they support. To understand if a company “does good things for people and the planet,” most use magazines and newspapers (53%), certification seals and labels on products (52%), the Internet (41%) and advertisements (30%). Friends and family members (24%) are certainly influential, but do not appear to be the primary source of information for purchasing decisions.

Moving beyond convenience. Consumers have moved beyond just convenience when shopping for various products. While price (58% very important) and quality (66% very important) are paramount, convenience (34% very important) has been edged out by more socially relevant attributes: where a product is made (44% very important), how energy efficient it is (41% very important) and its health benefits (36% very important) are all integral to consumers’ purchasing decisions.

Rewards for social responsibility. When given a choice between products of equal quality and price, consumers are more likely to buy from a company that manufactures energy efficient appliances and products (90%), promotes consumer health and safety benefits (88%), supports fair labor and trade practices (87%), commits to environmentally-friendly practices (87%) and manufactures its products in the United States (86%).

Is it easier being green? Consumers willingly engage in “easy” behaviors, such as recycling cans, bottles and newspapers (55% always) and using energy efficient appliances (46% always), but they often fail to adopt a plethora of more “demanding” behaviors like carpooling (10% always), using public transportation (9% always) or purchasing carbon offsets (3% always).

“Americans think before they buy. Our poll reveals that many consumers evaluate the social and environmental impact of their purchases on the world in which they live. They tend to prefer to buy from companies that reflect their values and are increasingly likely to buy from companies that demonstrate they are good for people and the planet,” said Jeffrey Pollock, president of Global Strategy Group.



“In my ideal world, everything in my fridge would be organic. To me, it just makes the whole earth a better place.”
Mark, single male, 40, New York

A NEW PRISM: CONSUMER PROFILES FROM INDIFFERENT TO ENLIGHTENED

Finally, a segmentation analysis of the poll findings reveals four profiles of U.S. consumers representing a broad range of attitudes and behaviors, including Enlighteneds (10% of consumers), Aspirational (20%), Practicals (30%) and Indifferents (40%).

Enlightened consumers are the most driven by their values when making purchasing decisions and will go out of their way to reward companies who align with their social goals. **Aspirational** are more likely to balance their ideals with convenience and often switch between social concerns, availability and price when making purchasing decisions. **Practicals** are looking for convenience and prioritize products based on price, quality and energy efficiency. **Indifferents** are the least motivated by social concerns and prioritize price, quality, convenience and products manufactured in the United States.

INSIGHTS FOR MARKETERS

In the end, three lessons for marketers and business leaders emerge from our research into the conscious consumer:

Trust matters. At a time of extreme clutter (messages, labels, products), conscious consumers are prizing transparency, accountability and authenticity more than ever. They are looking for deeper, more meaningful relationships – a chance to participate in brands and be empowered by them. Companies who align their values with their actions will earn enduring loyalty among conscious consumers.

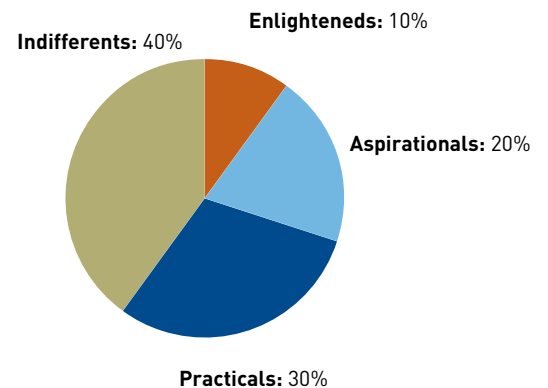
Self-centered consciousness. While conscious consumers care deeply about the world around them, they prioritize issues that affect them directly. Companies offering products and services that deliver quality, affordability and sustainability will do better with conscious consumers than those that do not.

It's a journey. Small steps can make a big difference, both at multinational companies and with conscious consumers. Global businesses understand the market opportunity presented by sustainability, and they recognize they have much more to do. Individuals, even the most enlightened, are also on a journey. Indeed, during the same trip to the grocery store, consumers make a variety of choices that balance health, price, convenience and social benefit.

Smart marketers will meet conscious consumers where they are. They will help companies back their eco-friendly promises with sincere socially responsible actions. They will empower consumers to become brand ambassadors. They will share knowledge across communications platforms, and increasingly, they will see marketing's power to enable deeper, more meaningful and mutually beneficial relationships.

Marketing's next frontier will move beyond transactions to embrace connections and collaboration, as trust, transparency and purpose become the new currency of corporate reputation.

Raphael Bemporad and Mitch Baranowski co-founded BBMG in January 2003.

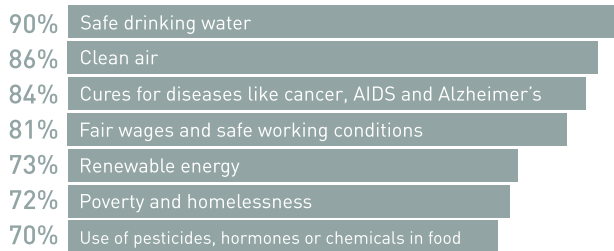


Enlighteneds, the most conscious consumers, represent 10% of the U.S. population.

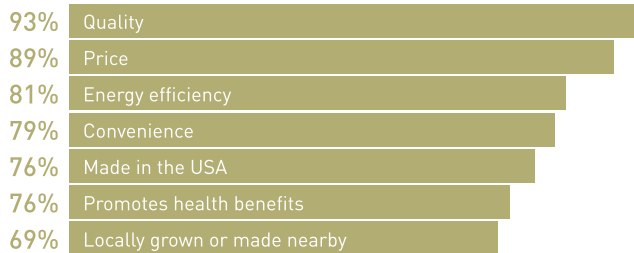
“At a time when consumers have more options than ever, what companies bring to market is less important than how they bring their products and services into the marketplace,” says Mitch Baranowski, founding partner at BBMG. “By aligning their values with their actions, companies can close the trust gap with conscious consumers and reap the rewards of deeper relationships, enduring loyalty and a growing triple bottom line.”

AT-A-GLANCE: AMERICA'S INCREASINGLY CONSCIOUS CONSUMERS

Top Issues:



Most Important Product Attributes:



Self Identification: (% rated as "very well")



Desired Company Practices:



Most Responsible Companies:



Research Methodology:

BBMG designed the conscious consumer study in August 2007. Bagatto, Inc. performed the ethnographic study, which included extensive observations and interviews with 24 consumers in three markets: Lawrence, KS; Long Island, NY; and Livermore, CA. The ethnography focused on single males, single females, married couples with no children, married couples with children and empty nesters. A national online survey of 2,007 adults was conducted by Global Strategy Group from Sept. 11-17, 2007. The margin of error is +/- 2.2 percentage points.

ABOUT BBMG

With offices in New York and San Francisco, BBMG is a branding and integrated marketing agency dedicated to helping values-driven organizations harness the laws of branding to stand out, build relationships, win loyalty and inspire action. Recent clients include CNN, Luna Bar, Bill & Melinda Gates Foundation, Harvard University's JFK School of Government, Library of Congress, and UNICEF, among others. www.bbm.com

ABOUT GLOBAL STRATEGY GROUP

Global Strategy Group is a leading strategic research firm specializing in identifying the underlying factors that impact consumer and voter attitudes and behavior. Global Strategy Group believes that all marketing and communications strategies should be based on an in-depth understanding of the target constituency, and they devise real-time decision roadmaps to help corporations, associations, governments and political candidates realize their goals. www.globalstrategygroup.com

ABOUT BAGATTO

Bagatto is a Customer Insights Consultancy specializing in customer focused business, product, and service design research and strategy. www.bagatto.net



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