HOW CAN SUSTAINABILITY ENHANCE YOUR VALUE PROPOSITION?
Consumers today are more and more aware of the social and environmental impact of the products, packs and services they buy and use. We know through our research that consumers care about the environment. They worry about the planet. They look for sustainable options in the products and packs they choose to buy.

But how does this concern towards the environment translate into making purchasing decisions? To what extent do consumers make their purchase choices based on sustainability? Can sustainability enhance your value proposition to consumers? What are the best practices to bear in mind when you design and develop sustainable products and packs? This report makes an attempt to understand consumer preference for sustainable products and tries to answer some of these above stated questions.

The report leverages primary consumer research conducted in France, together with analysis of products, concepts and packs evaluated by BASES in the past years across the globe.

In this report we share our learnings and best practices on how manufacturers could think of sustainability in their innovation development. Understanding what types of sustainability attributes are gaining momentum with consumers and why, can help make your value proposition more powerful.

We have leveraged a few examples from France to bring these learnings to life. Combined with additional research from other parts of the world, we will provide our point of view on how manufacturers can develop consumer centric innovations that are also good for the planet.
THE SUSTAINABILITY IMPERATIVE

In today's business landscape, sustainable innovation is gaining a lot of importance. In a recent global online survey, a whopping 81% of global respondents feel strongly that companies should help improve the environment. This passion for corporate responsibility is shared across gender lines and generations. Millennials, Gen Z and Gen X are the most supportive, but their older counterparts aren't far behind*.

*Source: The Conference Board® Global Consumer Confidence Survey, conducted in collaboration with Nielsen Q2 2017
In a recent research we conducted in France, 89% of the respondents we spoke with said that when they go shopping they carry their own bag and do not take the plastic one that is offered at the store**. Consumers care about protecting the environment.

**Sustainable packaging research – France 2018**

79% of French consumers we spoke with said that are open to buying re-fillable packs, and 63% of them said that they are open to using returnable packs**.

**Sustainable packaging research – France 2018**
When consumers were asked to choose between sustainable and non-sustainable alternatives, 3 times out of 4 they chose to go with the one that is more eco-friendly.

We evaluated four different products in the French market**:

- **Kleenex tissues**: Older non-compact pack vs. Newer compact pack
- **Skip Lessives**: Older non-concentrated liquid vs. Newer concentrated liquid
- **Dove deodorants**: Older non-compressed vs. Newer compressed
- **Crystaline Water**: Older regular bottle vs. Newer with reduced amount of plastic in the bottle and the cap

Unsurprisingly consumers preferred the sustainable alternative over the non-sustainable one.

The above phenomenon where consumers prefer a sustainable product over a non-sustainable one is not limited to France or Europe. In a recent research conducted in the US cross three different categories (coffee, chocolate and bath products) we learnt that sales of products with certain sustainability claims across all three categories grew faster than the total category***.

**Sustainable packaging research – France 2018
***Sustainability Sells 2018 US Report
BASES data tells us that on an average a brand can expect approximately 5% uplift in shopper base for sustainable vs. non sustainable initiatives****.

This clearly shows that brands have a lot to gain by integrating the sustainability angle into their value proposition for consumers.

### SUSTAINABILITY SELLS

<table>
<thead>
<tr>
<th></th>
<th><strong>OVERALL CATEGORY SALES GROWTH</strong></th>
<th><strong>SUSTAINABLE PRODUCTS SALES GROWTH</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>WEIGHTED AVERAGE OF 3 CATEGORIES</td>
<td>+2%</td>
<td>+5%</td>
</tr>
<tr>
<td>CHOCOLATE</td>
<td>+5%</td>
<td>+16%</td>
</tr>
<tr>
<td>COFFEE</td>
<td>-1%</td>
<td>+1%</td>
</tr>
<tr>
<td>BATH PRODUCTS</td>
<td>+1%</td>
<td>+14%</td>
</tr>
</tbody>
</table>

Source: Nielsen Answers on Demand (Health & Wellness Characteristics) & Nielsen Product Insider, powered by Label Insight | Total US FDMx | 52 Weeks Period Ending 03/24/2018 vs Year Ago

****BASES Line Extension DATABASE Past 10 years (2003-2013) All Categories and Countries
The index is a weighted measure of all 5 boxes of purchase intent, representing the interested universe of an initiative, adjusted for overstatement.
WHAT CAN YOU DO ABOUT SUSTAINABILITY?

ASSOCIATE THE SUSTAINABLE PRODUCT/PACK WITH RELEVANT BENEFITS

Adding a sustainability dimension to your value proposition can make it more appealing to consumers. However the overall appeal of your products can be enhanced much more – by up to 3 times, if that sustainability benefit is coupled together with other relevant benefits. Consumers are much more likely to purchase your sustainable product if it comes with additional benefits such as: smaller so easy to store, takes less space, more practical, more compact etc. Communicate these benefits to consumers.

Take the example of Kleenex which was relaunched in a smaller, more compact box.

Consumers appreciate that this is a more eco-friendly pack, however what makes this most attractive to them is the fact that it is compact, while being environmentally friendly.
Another example is the concentrated lessive – laundry detergent Skip. While consumers appreciate that the new pack is more eco-friendly, what makes the product attractive to consumers is that you can use less product and still get effective results. The key to note here is that this product is “ECO” – eco-friendly and eco-nomical at the same time – and this is what makes it more preferable to the older less concentrated version of the product.

The compressed deodorants have a similar story to tell. The smaller sized product uses less packaging, and so there is less trash, but what makes it more attractive is that it uses less space, is easy to handle and carry around.
In a global research we conducted we found that consumers appreciate products and packs that are good for them, and for the world – Healthy for Me and Healthy for WE. They are also willing to pay more for such products.

**Willingness to Pay a Premium (More than Average Price) Products that Provide the Following Attributes or Benefits**

With healthy for me & the world examples

- **Has High-Quality / Safety Standards**
  - Organic, Antibiotic Free, Hormone Free, Non-GMO
  - 49%

- **Provides Superior Function or Performance**
  - Sulfate-free, Hormone-free, Minerals
  - 46%

- **Contains Organic / All-Natural Ingredients**
  - Organic, All-Natural, No artificial ingredients, Preservative-free, Paraben-Free
  - 41%

- **Contains Environmentally Friendly / Sustainable Materials**
  - BPA-Free, Terracycle certified, Compostable or Plantable packaging, Reusable
  - 38%

- **Offers / Does Something No Other Product on Market Provides**
  - Upcycled, Made from waste / Recycled products, Edible packaging
  - 37%

- **Delivers on Social Responsibility Claims**
  - Free-range, Pasture-raise, Humane
  - 30%

Source: The Conference Board® Global Consumer Confidence Survey conducted in collaboration with Nielsen Q2 2018
CONVINCE CONSUMERS THAT A SUSTAINABLE PRODUCT/PACK IS NOT LESS EFFECTIVE

Every product performs a service for consumers – a job that needs to be done. If a product is not effective enough at providing this service, it will not be preferred for purchase, whether it is sustainable or not. In our research, consumers told us that while sustainability is important to them, it is equally (in most cases even more) important that the product or pack performs its function well. While consumers care about the environment, the utility and practical benefits of the product or pack take priority over the sustainability benefit.

QUESTION:
HOW IMPORTANT ARE EACH OF THE FOLLOWING PACKAGE FEATURES TO YOU WHEN CHOOSING WHICH PRODUCT TO PURCHASE?
(Please rank 1 to 8, 1 for the most and 8 for the least important.)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The packaging protects the product well</td>
<td>63%</td>
</tr>
<tr>
<td>The packaging is easy to open</td>
<td>57%</td>
</tr>
<tr>
<td>The packaging is recyclable / eco-friendly</td>
<td>57%</td>
</tr>
<tr>
<td>The packaging is portable / easy to carry</td>
<td>52%</td>
</tr>
<tr>
<td>Is lightweight / easy to store</td>
<td>51%</td>
</tr>
<tr>
<td>The packaging is reusable / re-purposable</td>
<td>47%</td>
</tr>
<tr>
<td>The packaging uses less material</td>
<td>40%</td>
</tr>
<tr>
<td>The packaging is visually appealing to me</td>
<td>33%</td>
</tr>
</tbody>
</table>

Based on research conducted in France Oct 2018

When we asked consumers to rank the attributes of a pack that are most important to them, they said that the recyclable/eco-friendly pack is important only if it protects the product well enough.
So in general, a sustainable product or pack will need to convince consumers that it is just as effective and practical as the one that was not sustainable.

Crystaline Water is an example of a pack from our research that was perceived by consumers as more sustainable than its predecessor but not as effective in protecting the product inside.

“IMPractical cap; I like the older system better

the cap isn’t sturdy and breaks; not mention it leaking in my purse (from experience)

not at all practical; and I used to keep the caps to give them to organizations that collect them”

It is important to remember that a pack needs to be opened. A poor opening can lead to a bad consumer experience overall.
LEVERAGE YOUR PACK TO TELL YOUR STORY

We know that a large number of purchase decisions (close to 60%) happen in front of the shelf. Millennial consumers in particular are more likely to make their choices for purchase at shelf. Millennials also report that they check pack labels for sustainability claims.

Irrespective of the role the pack plays in communicating with consumers, 65% of total sales on sustainable products measured globally were from brands that used marketing-only tactics in 2014***.

Packs that communicate the sustainability benefit to consumers well are more likely to be preferred than those that don’t.

The eco-friendly compact claim on the Kleenex pack was one of the most liked elements of this pack. Consumers could connect this communication with the fact that the pack was more eco-friendly, and that it took less space to store.

“SEEMS MORE ECO-FRIENDLY TO ME
TAKES UP LESS SPACE SO IT’S EASIER TO CARRY
IT TAKES LESS SPACE; I LIKE THAT FOR MY SMALL BATHROOM”

Dove compressed deodorants are another good example, where the pack clearly communicates its sustainability benefit. Consumers notice the claim and connect it to the fact that this is good for the environment – less packaging and less waste.

“IT’S IMPORTANT AND BETTER FOR THE ENVIRONMENT
THE FACT THAT IT’S COMPRESSED AND SO MORE ECO-FRIENDLY
LESS PACKAGING SO THERE IS LESS WASTE”

*****Nielsen Global Sustainability Report, October 2015
The “Nitrate Free” claim was the most liked element of the Crystalline water bottle.

A VERY GOOD THING – NITRATE FREE
NITRATES ARE BAD FOR YOUR HEALTH
IT IS GOOD FOR MY HEALTH
REFUSAL OF NITRATES IS GOOD

The effectiveness and concentration of the Skip product received a large number of positive comments from consumers.

EFFECTIVE AND CONCENTRATED, YOU CAN DO MORE WASHES AND THAT MAKES ME WANT TO BUY IT
ECO-FRIENDLY
IF IT’S MORE CONCENTRATED LESS PACKAGING IS GOOD

While on pack communication is important, it is equally necessary that this communication is clear and understandable to consumers.

I DONT UNDERSTAND THIS LOGO
I DONT GET THIS PICTOGRAM
THIS IS TOO SMALL
Below are a few generic guidelines that can be followed to communicate claims on pack –

- Claims should be easy to read in terms of **font, size** and **color (& contrasts)**
- Claims should be de-cluttered
- If possible, place them away from the logo
- If possible, place them on the bottom half of the bottle
- Where applicable, include an endorsement

**DON’T TRY TO BE EVERYTHING; PICK 1 OR 2 KEY PERSONALITY TRAITS, AND OWN THEM IN YOUR CONTEXT**

In general products/packs that look natural are often perceived as ONLY natural, sometimes at the expense of other desirable attributes such as innovative, effective, glamorous etc.

A sustainable pack very often has to work a lot harder to communicate key personality traits that make the product desirable to consumers.

It is important for these packs/products to pick one or two key personality traits, and own them entirely.

**WEETABIX CEREAL**

Based on research in the UK in 2016
This is a good example of how a pack can own just a couple of important personality traits in a category. Weetabix in the category of cold cereals stood out as being the most natural and nutritious pack.

The elements of this pack that were liked most by consumers are the health claims and the product visual.

Of all the tested packs in the UK, this pack received the maximum consumer approval rate for any nutritional element with 2-in-5 consumers registering their approval.
CONCLUSION

In conclusion, consumers want more sustainable products. They are willing to reward manufacturers for developing products that are more ecologically friendly.

A few sustainability expressions that are likely to drive growth in the future are –

- **More with less** - Eg: more number of washes with the concentrated liquid
- **Safety** - Eg: Aluminium free, Nitrate free
- **Less Packaging** - Compact, compressed products
- **Eco-friendly, Environment Friendly** - Less plastic, recyclable, reusable
- **Natural products** - Particularly for food and personal care products

With new rules and regulations that place mandates on manufacturers to develop more sustainable products and packs, the brands that will emerge out as winners will be those that are able to achieve sustainable benefits together with other relevant advantages (eg, compactness, space saving etc.) without compromising on the key utility the product needs to offer. “Good for Me and Good for We”, “ECO – ecological and economical” and similar themes will be successful with consumers.

In our social-media age it is important for brands to maintain transparency with consumers. Sustainability claims have to be credible and must connect with buyers throughout their shopping experience (from the zeroth moment of truth when they are exploring products on the screen, to the second and third moments of truth when the product is purchased and evaluated for repurchase).

Sustainability must be treated as an opportunity to innovate and grow. Addressing unmet consumer needs (jobs to be done!) in a sustainable manner that is good for the planet will play a critical role in driving growth for brands.
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