

## The Hartman Group, Inc.

A full-service strategic consultancy and market insights provider.

- **Founded** 1989
- **Headquarters:** Bellevue, WA
- **Staff Composition:** Anthropologists, sociologists and psychologists (15 full-time PhDs), visual analysts and linguists, MBAs, marketers and innovators
- **Tinderbox:** Dedicated to culture, innovation and trends

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## Sustainability Study Research Methods

**Qualitative Consumer Immersion**

- Over 150 hours of consumer interviews
  - In-depth interviews in homes
  - Social network parties
  - Observation of sustainability activities
  - Consumer photo journaling
  - Language Map
- Field locations: Chicago, Raleigh, Boston, Newark, Los Angeles, Seattle

**Quantitative National Survey**

- Custom online survey; sample size 1,600
- Nationally representative survey of the US population
- Conducted January 2007

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## Sizing Sustainability

The Hartman Group analyzes consumers according to their lifestyle orientation within a given "world" of activity—here the "World of Sustainability & Organics"

Segments vary according to the **intensity** of involvement in that world.

- **The Periphery:** Consumers begin their journey at the Periphery of the World, and move toward the Core as they gain experience and knowledge
- **The Mid-level:** The majority of consumers are in the Mid-Level
- **The Core:** The Core is the smallest segment and most intensely involved - early adopters, trendsetters and evangelists

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## Sustainability is NOT New

"Report Says Global Warming Poses Threat to Public Health"  
—*The New York Times*

"Most Consumers Say They Would Like More Green Products"  
—*The Financial Times*

"More New Alternative Fuel Vehicles Continue to Roll Off US Automaker Assembly Lines"  
—*The Oil & Gas Journal*

"Tomorrow's Shade of Green: Environmentally Oriented Construction Materials for the 21st Century"  
—*Home Improvement Market*

"Can Retailers Turn Green This Year?"  
—*Marketing*

*These headlines all occurred between 1996 and 1997*

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## "Sustainability" is NOT a Household Word

Though widely used in business circles, the term "sustainability" is little used in consumer circles.

- Just over half (54%) of consumers claim any familiarity at all with the term "sustainability" (and most of these consumers cannot define it appropriately upon probing)
  - Only 5% indicate they know which companies support sustainability values
  - 12% indicate they know where to buy products from such companies
- As a marketing term, "sustainability" has limited traction; it is not household word

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## Sustainability Awareness

Though the term "sustainability" is limited in usage, most people operate with varying degrees of "sustainability consciousness."

- Sustainability awareness refers to the way people link everyday life to "big" problems (e.g., food, water and air quality)
- Sustainability consciousness is not just about "eco-conscious consumers" and the environment
  - It's everyday people and broadly distributed across society
- Sustainability awareness emerges as consumers gain experience dealing with risks in everyday life



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## Risk in Everyday Life

Most consumers believe that daily life requires practical adaptations to risks if potentially harmful outcomes are to be avoided.


- Some adaptations to risk are firmly established habits
  - Avoiding unfiltered tap water whenever possible
  - Wearing sunglasses and sunscreens to "block out harmful UV rays"
  - Fastening vehicle safety belts "in case" an accident happens
- Some adaptations to risk are only now emerging
  - Using sanitary wipes to wipe down grocery carts
  - Routinely using air filters in our living rooms
  - Questioning the purity of water in plastic bottles



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## Dimensions of Sustainable Lifestyles

Core, Mid-level and Periphery Sustainability Consumers are drawn to different attributes of products, settings and services.



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## Sustainability Awareness Works from the Inside Out

It centers on circumstances and events that draw people outside of themselves.


- The ability and tendency to look "beyond the personal" is a marker of systems thinking, which leads to global awareness.

Health and safety in the home drive purchases.

- Home products that clearly have a direct personal benefit to health and well-being are the gateway to purchasing sustainable products.

Food is the primary gateway, but other categories are starting to gain traction.

- Energy-efficient light bulbs, anti-bacterial products, water filters, water-efficient devices, natural household cleaning products.




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## Measuring Consumers Involvement in the World of Sustainability

**Periphery Consumers (17%)** tend to concentrate their awareness of risks on their personal lives and bodies

**Mid-level Consumers (65%)** tend to focus on the body, but also include their surroundings at home and immediate community

**Core Consumers (18%)** tend to extend their risk awareness outward from the body to broader environments.




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## Who is the Periphery Consumer?

Meet Linda.

- Wants gas prices to rise even higher so she has a "good reason" to trade-in her SUV
- Drinks water from the tap unless it smells and/or tastes "bad"
- Does not believe "the hype" about organic food
- Believes climate change might be happening but defers to the experts
- Travels with a waterless hand sanitizer because she thinks other peoples' germs are gross
- Just bought an energy efficient dishwasher because of a rebate
- Curbside recycles because "it's just what you do"



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### Who is the Mid-Level Consumer?

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Meet John.

- Lacks deep knowledge of organic farming, but buys organic because it makes him feel "safer"
- Wears sunscreen because the "hole in the ozone layer makes it more dangerous to be in the sun"
- Uses a water filter on the kitchen tap but not in the shower
- Recycles out of an ambiguous sense of moral duty
- Ponders the possibility of buying a hybrid vehicle someday
- Monitors and evaluates the hand hygiene practices of his colleagues
- Enjoys buying brands that symbolically align with his identity and values




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### Who is the Core Consumer?

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Meet Kim.

- Pays premium prices for items produced by companies who treat their workers fairly
- Avoids plastic packaging and containers due to concerns about "leaching" and landfills
- Strategically plans errand trips so that she can minimize her gas consumption
- Recently purchased sustainable cotton bed sheets for her home
- "Follows" some of the products she buys throughout their lifecycle
- Buys only cruelty-free personal care products
- Believes her purchase decisions are a form of direct democracy



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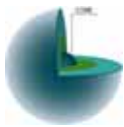
### The Core is Leading the Charge

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Core consumers are helping the rest of us decide whether and how to participate in Sustainability, creating the language, parameters and rituals that pave the way for adoption.

Early signs of Core adoption are primarily related to food production (organic, local and origin narratives) and packaging (minimal or unpackaged).

Consumers will pay more for Sustainability products when their value is clearly defined through communications, packaging, brand narratives or experiences.



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### Current Perceptions are Reactive and Global

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- Activist and political
- Fear-based
- Global
- Broad focus on alternatives such as energy resources, farming practices and economies

Niche, Core Understandings = Little Mainstream Participation

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### They're Evolving to be More Proactive and Local

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- Flexible and personal
- Optimistic and hopeful
- Narrow focus on daily alternatives such as seeking local food, recycling at home and energy-efficient light bulbs


Mainstream, Common Understandings = Mass Participation

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### Consumer Perceptions of Sustainability Organize Around 4 Key Themes

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- Control.** "Voting with my wallet."
- Responsibility.** "Companies should do the right thing, and I'll try to do my part."
- Local.** "It's about community and connecting with people and places."
- Health.** "Safety, freshness and from nature are things that are important for me and my family."



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**Key Triggers to Participating in Sustainability**

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- CHANGING NATURE**
  - Climate changes
  - Cloning
  - Nanotechnology
  - Biorenewing
- HEALTH RISK**
  - Low-quality water
  - Additives in food
  - UV rays
  - Low-quality air
  - Spread of germs
- DISASTERS**
  - Hurricane Katrina
  - Chernobyl
  - Exxon Valdez
  - September 11
  - Indian Ocean Tsunami
- FORCED CHANGES**
  - New laws & regulations
  - Unwanted development
  - Change in the region
- TRAVELING & MOBILITY**
  - Seeing how other people live firsthand
  - Moving from one city to another
- MEDIA PRODUCTION**
  - Nuclear holocaust
  - World wars
  - Global pandemics
  - Super-volcano eruption
  - Wildfire energy crisis

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**Sustainability is a Larger Cultural Context**

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Sustainability, in a sense, is about preserving a certain condition or way of life – the ability to control one's surroundings.

Before attributes of Health & Wellness and Sustainability can resonate with consumers, the experience must first qualify as a quality experience.

The pursuit of authentic quality experiences has subsumed what were once major trends (healthy, organic and local) and transformed them into more minor experiential attributes.

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**Consumer Behavior is More Pragmatic than it is Idealistic or Extremist**

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- Health concerns** first and foremost continue to drive consumer engagement with organic products.
  - Absence of pesticides and hormones is the number one value associated with organic foods and the primary reason to buy
- There are **three key barriers** to regular participation in globally conscious behaviors.
  - Price, Convenience, Personal Tangibility
  - Increasingly, local food sources are thought to be the healthiest, most authentic, most sustainable, and the highest quality

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**Key Purchase Criteria: Periphery**

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**Convenience.**

- Availability in stores; ease and efficacy of use
- "If it's hard to find or I can't figure out how to use it, forget it."

**Price.**

- Consumer perception vs. actual price; how added value is conveyed
- "Why would I pay 10 bucks for a light bulb?"

**Personal Benefits.**

- Health is typically the primary benefit; Peace of mind
- "I'm trying to do the right thing for myself and my family"

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**Key Purchase Criteria: Mid-Level**

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**Expert Opinion.**

- Weighing options; seeking direction; reinforcing choices
- Ambivalent reliance on science (subject to change)
- Derived from friends, family and colleagues: "My sister knows all about this, she's hard core."

**Experience.**

- Meaningful interactions with products and companies
- Relevant product design and use
- Opportunities to connect through stories about people, places and processes

**Knowledge.**

- About benefits (for self and others), company values, resonance to way of living and goals

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**Key Purchase Criteria: Core**

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**Greater Good.**

- Expanded consciousness; holistic thinking about how we live and interact with each other and the world
- "The decisions I make and the things I do impact more than just myself"

**Partnership.**

- Striving for similar goals and ideals; like-minded; equal participation and effort
- "We're in this together"

**Transparency.**

- Access to company values, policies, and practices; open communications
- "Nothing to hide"

**Authenticity.**

- True and consistent; values driven
- The "real deal," "grassroots," "the way things should be"

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## Globally Conscious Consumers Believe Purchase Decisions are At Least as Important as Votes

### Business Practices Influencing Purchase Behavior

- 67% of consumers say they at least sometimes buy products based on concerns about the environment or social well-being.
- Consumers tell us their purchase decisions have a greater impact on society than their voting decisions.
- 70% of consumers say they already own energy efficient light bulbs.
- 80% say they're at least interested in owning a car that runs on alternative fuels.

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## Cues by Category

CATEGORY	SUSTAINABILITY CUES
Produce	local, organic
Chocolate	organic, fair trade, donation to charity
Coffee	local, organic, fair trade, shade grown
Salad dressing	natural, organic, donation to charity (e.g., Newman's Own)
Seafood	wild
Cereal	organic, environment cues (e.g., EnviroKidz)
Juice	organic, indigenous support (e.g., Goji and Acai)
Eggs	local, natural, free-range
Bottled water	natural sources, donation to charity (e.g., Athena)
Grains	local, organic, environment cues (e.g., Lundberg)
Meat and poultry	local, natural, organic, free-range
Wine	local, organic, land preservation
Bread	local, organic
Tee	organic, fair trade
Cheese	local, organic

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## Sustainability Adoption Pathways

### Established Habits.

- Avoiding unfiltered tap water whenever possible
- Wearing sunglasses and sunscreens to "block out harmful UV rays"
- Using seatbelts and car seats, "just in case"

### Emerging Behaviors.

- Using sanitary wipes on grocery shopping carts
- Using air filters in our living spaces
- Questioning the purity of water bottled in plastic

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## Currently Adoption is Tempered with Uncertainty

Many consumers are making **incremental individual changes**, but primarily in activities that are low-sacrifice and low-risk, require little to no monetary investment and need no significant change in behavior (e.g., turning off the water faucet while brushing teeth).

Changes toward a sustainable lifestyle are more about making conscious decisions and choices and **investments of time rather than purchasing products**.

Most consumers are unlikely to think of their purchases as being sustainable because their focus is typically on health and safety.

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## Currently Adoption is Tempered with Uncertainty

Most say they're likely to **pay up to 10 percent more** for Sustainability products, but qualitative observation reveals that only Core consumers actively and consistently seek out environmentally friendly products.

**Consumers will pay more** for Sustainability products when their value is clearly defined through communications, packaging, brand narratives or experiences.

**Personal benefits** must be clearly indicated to engage less engaged consumers who are most likely to feel that Sustainability is not as important as other issues in life.

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## Consumers Believe Businesses Should Provide Leadership in Social and Environmental Aspects of Sustainability

**For environmental concerns, waste and pollution** are the most important issues to address across industries; while excessive packaging, local and organic processes are areas of specific concern within consumer packaged goods.

More important than environmentally responsible business practices are **human ethics and social responsibility**. Consumers expect and want to know that businesses treat employees well in terms of safety and fairness.

**Communications and messaging about product information and community connections** are fundamental to consumers' perceptions about a company's involvement in sustainable practices.

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## 31 Consumers Believe Businesses Should Provide Leadership in Social and Environmental Aspects of Sustainability

**Consumers associate four broad characteristics with sustainability companies.**

- Companies are not solely concerned about "the bottom line" (selected by **59% of all consumers**)
- They offer extensive information on their products (**59%**)
- They maintain supportive relations with their local community (**55%**)
- They represent principles consumers agree with (**54%**)

Local narratives create a sustainability halo regardless of a company's actual or specific elements of sustainability behaviors.

Sustainability initiatives based on improving employee and work-related issues create as much or more positive company image than eco-friendly practices and giving to charity

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## 32 Strategic Guidelines Around Sustainability

1. **Focus on a select (basic) areas** tied to products driven by people's desire to be involved in health and wellness, and that resonate with them on their shopping occasions.
2. Orient company innovation, communication and experiences toward **consumer definitions**, not industry definitions, of sustainability.
3. **Address key barriers** to regular participation: price, convenience and tangibility.
4. Create **opportunities for consumers to connect** and share their experiences and opinions.
5. **Stay cognizant of where products and services fall on the Sustainability adoption pathway** to determine which dimensions of consumption to address and what key benefits, language and visual cues to leverage.
6. **Participation in products, services and retail experiences must be flexible** and occur in the course of a consumer's everyday behavior (i.e., shopping at the grocery store, dining out, at a social event).
7. **Follow Core consumers** to identify possible future trends in Sustainability.

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## 33 Guidelines for Marketing and Communications

- Sustainability" is an umbrella term for six key values:
  - » Healthier
  - » Local
  - » Social responsibility
  - » Environmental responsibility
  - » Simple living
  - » Control

Leverage these values in communications, both linguistically and visually, to tap into consumer desires and the more emotional aspects of Sustainability.

- **Health and wellness involvement is the most significant connection point** consumers have as they enter the World of Sustainability. Link personal health and/or wellness benefits to sustainable products and services wherever possible.



- Utilize language related to notions of safety, products from nature, and ideals of fresh to **Periphery consumers**. **Mid-level consumers** will respond best to local and community language, and **Core consumers** will respond strongest to language surrounding social and environmental issues.

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## 34 Guidelines for Marketing and Communications

- **Communicate brand and company narratives** that connect consumers to the people, places and processes that epitomize your company. Show them how the company is part of a community, and stay inclusive.



- **Meaningful product and brand narratives** and the ability to truly connect with people and places (particularly "local") figure predominantly in whether or not consumers will participate in sustainable products and activities beyond personal physical health benefits.

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## 35 Guidelines for Marketing and Communications

- Sustainability imagery analysis reveals predominant themes of:
  - » Hope
  - » Connection
  - » Responsibility
  - » Reliability
  - » Care/Nurturing
  - » Control
  - » Authenticity
  - » Simplicity
  - » Efficiency

These symbols are most relevant and meaningful to connect with consumers and elicit long-term behavioral change within Sustainability.

- **Open up" the business for direct consumer input** as well as transparency about company processes, values, etc. Consumers will continue to seek (and otherwise discover) information about companies, and they'll orient their purchase decisions based on the ones that align with their personal values about health and wellness, local issues and community.



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## 36 Guidelines for Marketing and Communications

- **Local narratives and emphasis often create a sustainability halo** regardless of a company's actual or specific elements of sustainability behaviors. Local has less to do with physical geography than it does with actual places, people and traditions.



- **Communicate your Sustainability by emphasizing one or all of the following:**
  - » You're not solely concerned about "the bottom line"
  - » You offer extensive information on your products
  - » You maintain supportive relations with the local community
  - » You represent principles consumers agree with

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