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

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

Sustainability is NOT New


“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

“Sustainability” is NOT a Household Word

Though widely used in business circles, the term “sustainability” is little used in consumer circles.
- Just over half (56%) of consumers claim any familiarity at all with the term “sustainability” (and most of those 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
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

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

Dimensions of Sustainable Lifestyles

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

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 mark 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.

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"
- Doesn't 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 people's germs are gross
- Just bought an energy efficient dishwasher because it's a rebate
- Curbside recycles because "it's just what you do"
Who is the Mid-Level Consumer?

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

Who is the Core Consumer?

Meet Kim.

- Pays premium prices for items produced by companies who treat their workers fairly
- Avoids plastic packaging and containers due to concerns about “leeching” 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

The Core is Leading the Charge

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.

Current Perceptions are Reactive and Global

Niche, Core Understandings = Little Mainstream Participation

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

They’re Evolving to be More Proactive and Local

Mainstream, Common Understandings = Mass Participation

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

Consumer Perceptions of Sustainability Organize Around 4 Key Themes

1. Control.
   “Voting with my wallet.”
2. Responsibility.
   “Companies should do the right thing, and I’ll try to do my part.”
3. Local.
   “It’s about community and connecting with people and places.”
   “Safety, freshness and from nature are things that are important for me and my family.”
Key Triggers to Participating in Sustainability

Sustainability is a Larger Cultural Context

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.

Consumer Behavior is More Pragmatic than it is Idealistic or Extremist

- 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.

Key Purchase Criteria: Periphery

- **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"

Key Purchase Criteria: Mid-Level

- **Expert Opinion:**
  - Weighting 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

Key Purchase Criteria: Core

- **Greater Good:**
  - Expanded consciousness; holistically 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"
Globally Conscious Consumers Believe Purchase Decisions Are At Least as Important as Votes

- 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.

Cues by Category

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SUSTAINABILITY CUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produce</td>
<td>local, organic</td>
</tr>
<tr>
<td>Chocolate</td>
<td>organic, fair trade, donation to charity</td>
</tr>
<tr>
<td>Coffee</td>
<td>local, organic, for trade, shade grown</td>
</tr>
<tr>
<td>Salad dressing</td>
<td>natural, organic, donation to charity (e.g., Newman’s Own)</td>
</tr>
<tr>
<td>Seafood</td>
<td>wild</td>
</tr>
<tr>
<td>Cereal</td>
<td>organic, environment cues (e.g., EnviroKidz)</td>
</tr>
<tr>
<td>Juice</td>
<td>organic, indigenous support (e.g., Goji and Acai)</td>
</tr>
<tr>
<td>Eggs</td>
<td>local, natural, free range</td>
</tr>
<tr>
<td>Bottled water</td>
<td>natural source, donation to charity (e.g., Athena)</td>
</tr>
<tr>
<td>Grains</td>
<td>local, organic, environment cues (e.g., Lundberg)</td>
</tr>
<tr>
<td>Meat and poultry</td>
<td>local, organic, free range</td>
</tr>
<tr>
<td>Wine</td>
<td>organic, land preservation</td>
</tr>
<tr>
<td>Bread</td>
<td>local, organic</td>
</tr>
<tr>
<td>Tea</td>
<td>local, organic</td>
</tr>
<tr>
<td>Cheese</td>
<td>local, organic</td>
</tr>
</tbody>
</table>

Sustainability Adoption Pathways

Established Habits.
- Avoiding unfiltered tap water whenever possible
- Wearing sunglasses and sunscreen 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

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.

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.
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 (59%)
- 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.

Strategic Guidelines Around Sustainability

1. Focus on a select (basic) areas led 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 sustainability, 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 feasible 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.

Guidelines for Marketing and Communications

- Sustainability is an umbrella term for six key values:
  - Health
  - Social responsibility
  - Simplicity
  - Local
  - Environmental responsibility
  - 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 wellness benefits to sustainable products and services whenever possible.
- Utilize language related to notions of health and safety, products from nature, and ideas 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.

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.

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 people, places and processes that connect consumers to the people, places and processes that align with their personal values and beliefs.
- 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.