

BAIN & COMPANY 

Beyond the Basket: US consumers' attitudes, activities & aspirations around environmental sustainability and social responsibility within shopping and beyond

June 2022



Given its ever-increasing global urgency, we conducted our deepest study of US consumers' sustainability attitudes & behaviors to date

INTRO

CONTEXT

1.5°C

52%

~70%

100%

78%

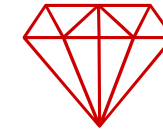
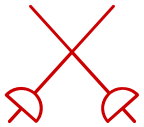
ENVIRONMENTAL
URGENCY

CONSUMER
CONCERN

GOVERNMENT
RESPONSIBILITY

BUSINESS
PRIORITY

FINANCIAL
PRESSURES



We are set to exceed this agreed-upon global warming limit **by more than double** according to the UN Climate Report

This gives consumers cause for alarm; over half of US consumers are **concerned or extremely concerned** about climate change

To tackle climate change, the majority of US consumers believe the **government should pay for carbon reduction** via tax on businesses and the wealthy

Although 100% of CP CEOs have made sustainability a **priority**, ESG products have higher prices which are unlikely to be accepted by consumers during a recession

US consumers have or are planning to reduce spending due to rising living costs, signalling a challenging balancing act between competing shopping priorities

To gain a holistic picture of what US consumers think about ESG, we triangulated data sources to bring to life consumers' everyday actions & tradeoffs

INTRO

APPROACH

6

CONSUMER PRODUCT CATEGORIES

Fresh food
Packaged food
Beverages
Beauty
Household cleaning
Personal care

~4,000

SURVEY RESPONDENTS

Questions focused on lifestyle, sustainability and brand perceptions, purchasing behaviours and willingness to pay

200m+

SOCIAL MEDIA POSTS

Overview of online sentiment for ESG terms

26

ETHNOGRAPHIC RESEARCH PARTICIPANTS

Deep-dive on consumers' actual shopping behaviours and drivers of choice

TO ANSWER 4 QUESTIONS:



- 01 How does the US population segment along ESG lines?
- 02 How are they thinking, feeling and acting today?
- 03 What are their ESG aspirations and the barriers they face to acting more sustainably?
- 04 What might brands do to help consumers realize their aspirations?

Our research uncovered three key themes that have implications for brands to understand the beliefs, motivations and priorities that drive consumer behavior

INTRO

KEY INSIGHTS



Different routes to environmental sustainability

Looking at consumers in the context of their broader lives rather than just through a shopping lens, we see different routes to environmentally sustainable living, as well as differing reasons for considering sustainability when shopping

Crucially, a large proportion of US consumers use **non-consumption as a route to greener habits**, as opposed to purchasing eco-friendly products

ESG brands and retailers are failing to engage a large segment of consumers who actively care about ESG, representing a huge missed opportunity and one to seize



Expectations of DEI & social responsibility

At first glance, it looks like US consumers do not value social responsibility as the majority are unwilling to pay a significant premium for it

However, many consumers will **boycott brands with a poor track record of DEI**, signaling that consumers see this as table stakes

Brands risk losing consumers if they act irresponsibly or attempt to pass on the cost of social responsibility, and therefore must ensure action across their entire value chain



Impossibly complex ESG product landscape

Despite a large proportion of US consumers aspiring to spend a greater share of their wallet on ESG products, they are faced with **impossible-to-gauge trade-offs** preventing them from making informed purchasing decisions

On top of the complexity of understanding the GHG footprint of a product, consumers face tangible barriers like price and availability

Brands and retailers must acknowledge accountability and take immediate action to remove barriers that consumers and shoppers face

Our three key themes and sub-themes highlight consumers' varying and nuanced relationships with ESG

INTRO

EXEC SUMMARY



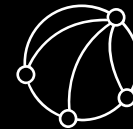
Different routes to environmental sustainability

- **Environmental concern.** Over a quarter of US consumers are extremely concerned about climate change
- **Concern is turning into changes in shopping behaviour.** 44% of US consumers who consider sustainability when shopping began to do so in the last 2 years
- **Sustainable consumption is reduced consumption.** Other US consumers seek to live environmentally sustainably via reduced consumption of everything from clothing (33%) to driving (19%) to animal products (19%)



Expectations of DEI & social responsibility

- **Expected, not sought out.** US consumers do not place social impact high on their list of key purchasing criteria; “treats employees and suppliers well” is the 6th-highest KPC out of 7
- **Little willingness to pay.** Only 4% say they are willing to pay a premium for social impact alone
- **Social responsibility becoming table stakes.** However, about a third of consumers say they will stop buying brands that have a poor DEI track record



Impossibly complex ESG product landscape

- **Significant barriers to change.** Although 43% of US consumers aspire to increase their spending on ESG over the next 3 years, significant barriers will hold them back from doing so
- **Near impossible to make informed decisions.** ~75% unable to identify which of two products has a lower carbon footprint
- **Consumer are looking for more support.** Over half of the barriers are within brands' and retailers' control (i.e., price, availability, variety, quality) and over half of consumers expect brands to help them overcome these barriers

Meet US consumers | Who they are and how we got to know them

01



02



03



04



WHO ARE
THEY?

WHAT DO THEY
FEEL, THINK,
AND DO?

WHAT ARE THEIR
ASPIRATIONS AND
THE BARRIERS TO
ACHIEVING THEM?

THE ROLE
BRANDS CAN PLAY
IN HELPING THEM

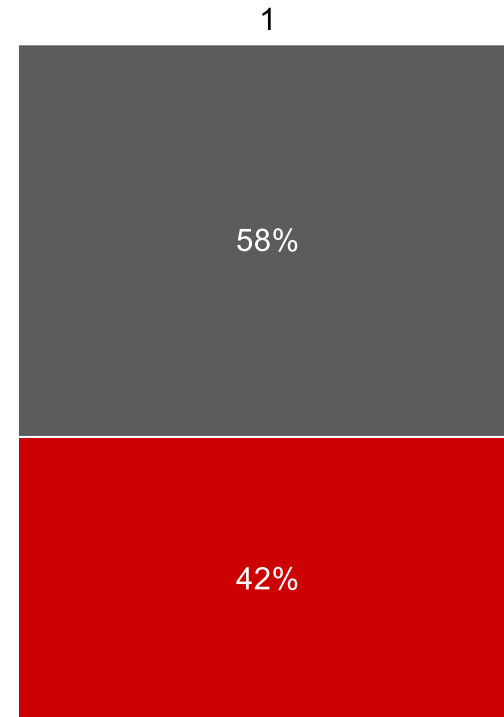
The Bain Consumer Lab used advanced segmentation to go beyond shopping habits alone, revealing the humans behind the data

SEGMENTATION

WHO THEY ARE



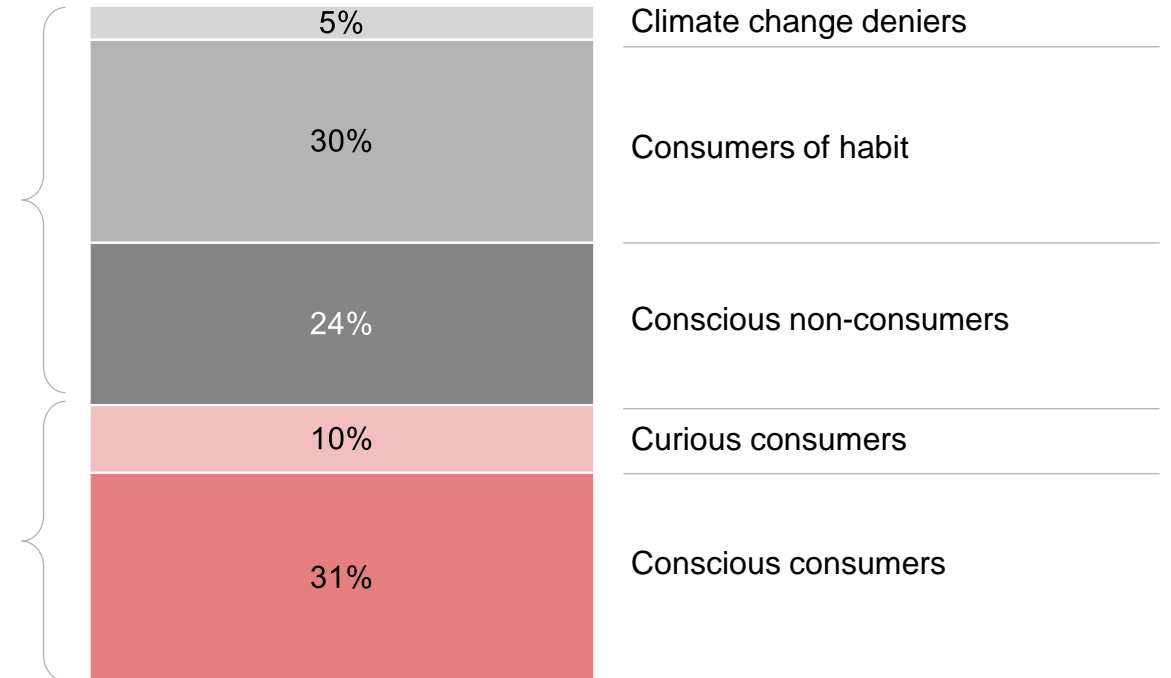
Shopping preferences alone show just one consumer dimension



Overall

- Considers sustainability when shopping
- Does not consider sustainability when shopping

Psychographic segmentation highlights a range of consumer relationships with ESG and reveals new opportunities for brands/retailers

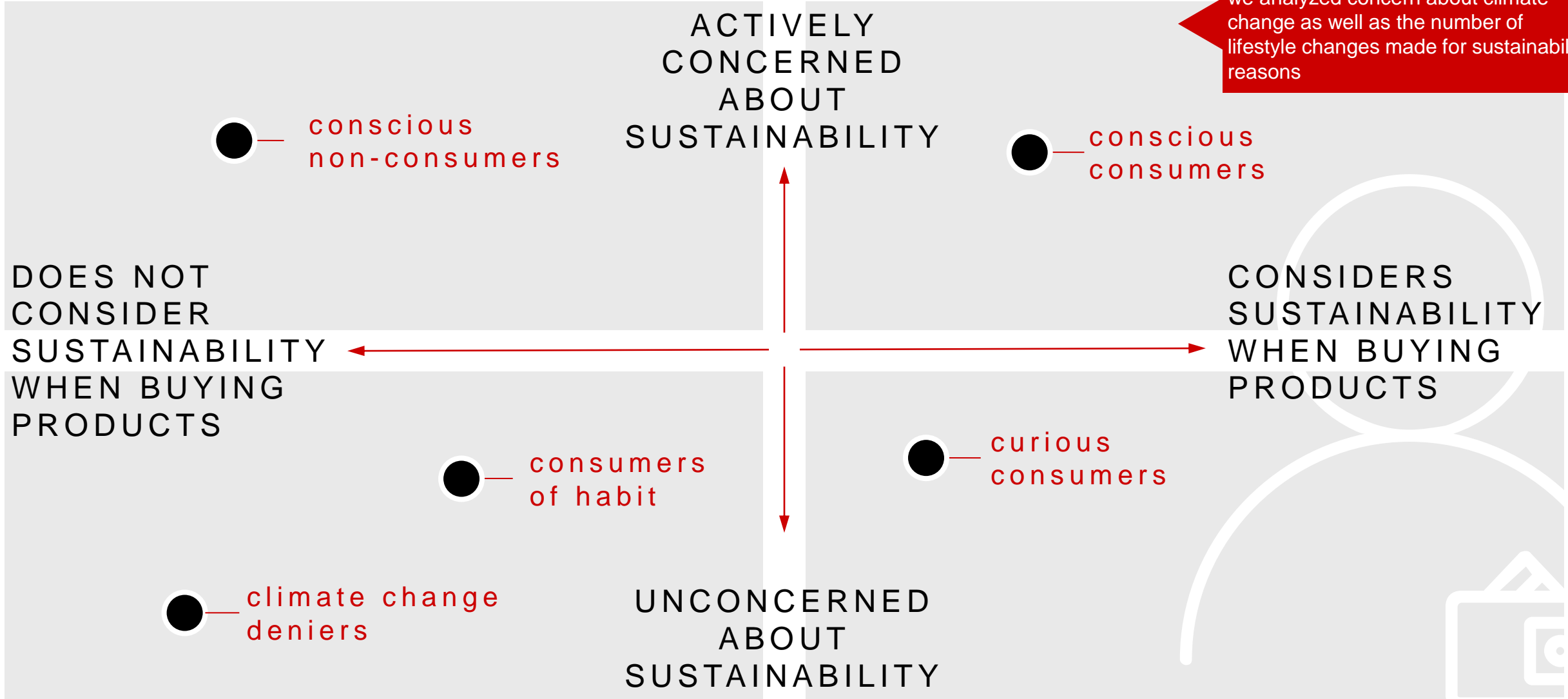


Note: Consumers who consider sustainability when shopping are defined as those who select 'Positive Impact On Environment and/ or Positive Social Impact' as one of their top 4 KPCs in at least 2 categories or less than 50% of categories they shop for (whichever is lower)
Source: Bain US ESG Survey 2022; US (N=3,947)

Our psychographic segmentation uses consumers' lifestyle, shopping habits, and beliefs as a starting point for understanding consumers in a holistic way

SEGMENTATION

APPROACH



Ethnographic research – conducted with a sample of survey respondents to validate declared behaviors – provides an understanding of the “why” behind survey data

SEGMENTATION

APPROACH



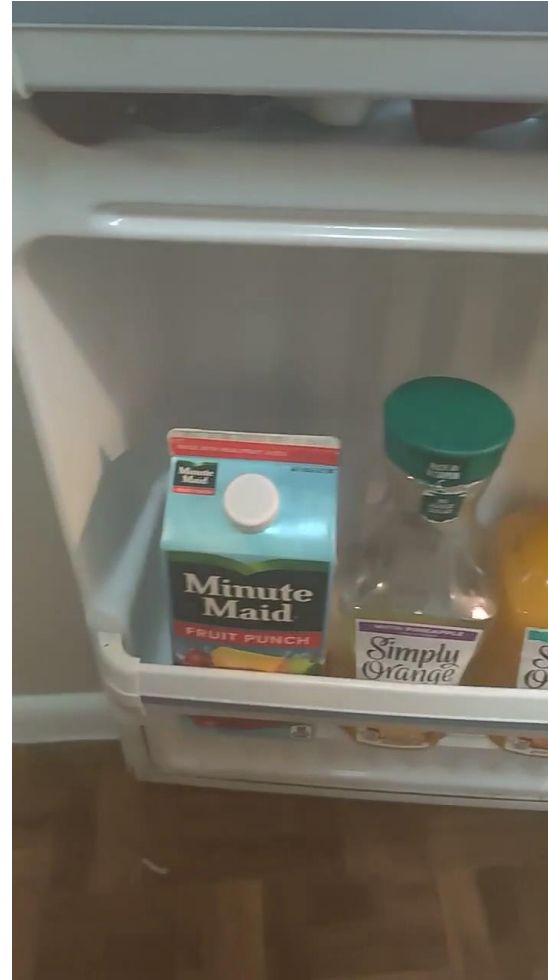
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CONSUMERS

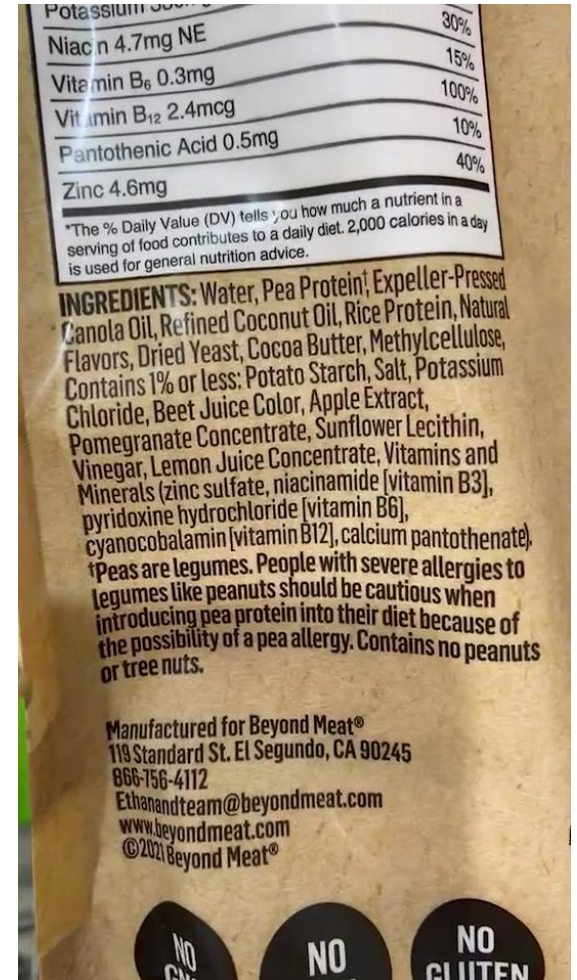
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DAY DIARY STUDY

Fridges, freezers, pantries and cleaning products



Shopping missions to find sustainable products in their local store



Advanced psychographic segmentation deaverages US consumers, uncovering five distinct segments, each exhibiting different ways of engaging with ESG

US CONSUMERS

WHO THEY ARE



CONSCIOUS CONSUMERS



CONSCIOUS NON-CONSUMERS



CURIOUS CONSUMERS

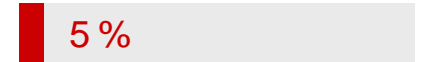
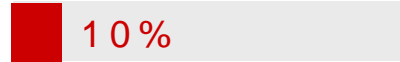
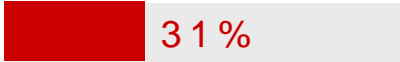


CONSUMERS OF HABIT



CLIMATE CHANGE DENIERS

% of respondents



Concern about sustainability

- **Actively concerned** about climate change
- Purchase ESG products as one **way to live more sustainably**
- KPCs are **environmental sustainability & social responsibility**

- **Actively concerned** about climate change
- Do not shop ESG, but instead **reduce consumption and waste to be more sustainable**
- KPC is **value**, and key barrier to ESG shopping is **price**

- **Not actively concerned** about climate change
- Buy ESG products due to a **curiosity about these products**, which are often branded as **premium**
- KPC is **newness, variety & flavors**

- **Not actively concerned** about climate change
- Do not shop ESG, as they **buy familiar products**
- KPCs are **ease & value**, and key barrier to ESG shopping is **sustainability is not on their mind** when shopping

- **Do not believe in** climate change
- Do not shop ESG and **do not expect to change**
- KPCs are **ease & value**, and key barrier to ESG shopping is **lack of belief in environmental threat**

Shopping behaviors

Characteristic quotes from ethnography

“ [I’m] on this train of sustainability and **wanting to buy more sustainable products** and things like this, with **climate change being so real**.
-F, Kentucky, 37 ”

“ Whenever I go to lunch at work, which I take my lunch every day, I always use **reusable silverware** so you can just wash, rinse and reuse so you’re **not filling up any landfills**.
-M, Minnesota, 47 ”

“ [I use] refillable Dove deodorant. I saw it on the internet, and it was **very interesting to me**, and they were offering a discount price to try it, so I got it.
-M, Ohio, 37 ”

“ Normally when I go to the store, I’m laser focused on buying the **products that I normally buy** for myself and my family. My **tried-and-true products**, I really don’t deviate from.
-F, Texas, 45 ”

“ Sustainable is a word that I’ve heard a lot lately. To tell you the truth, I’m kind of **sick of hearing it**.
-M, Ohio, 55 ”

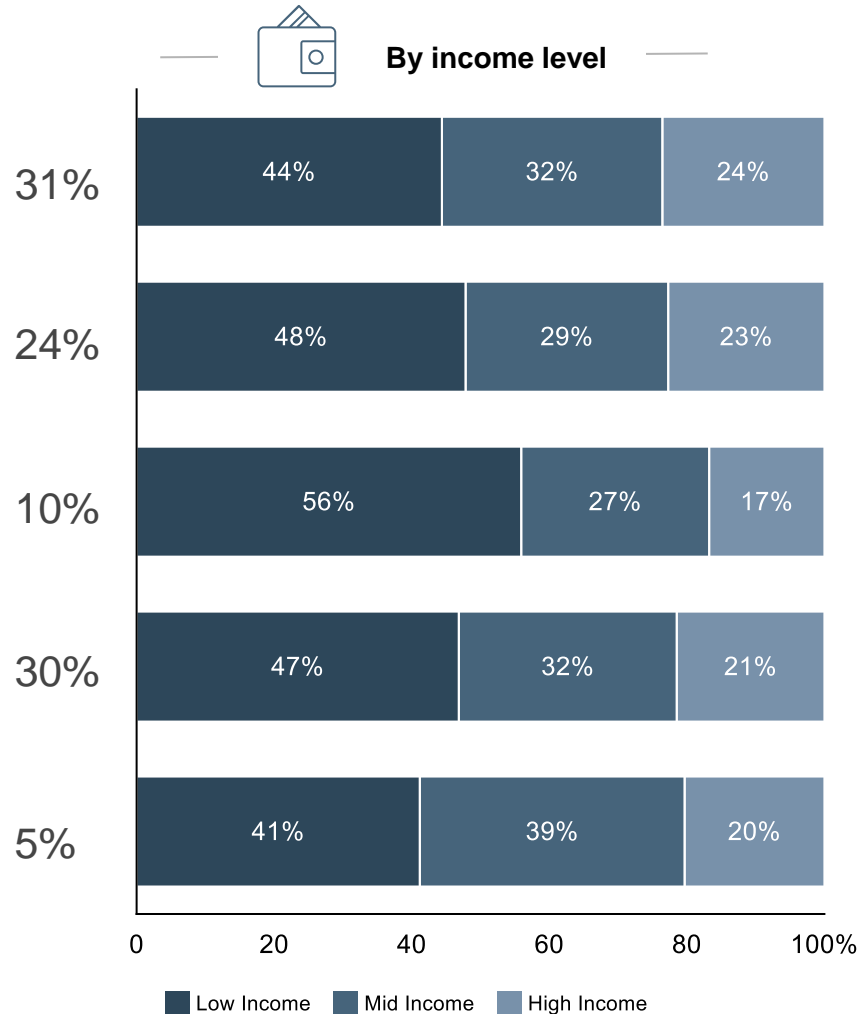
Survey questions: Considering only the features below, which is the most important and which is the least important when deciding which product and /or brand to purchase? What lifestyle habits do you have due to sustainability reasons? How concerned are you about climate change?

Source: Bain US ESG Survey May’22; US (N=3,749) considered for segmentation analysis; Bain US ESG Ethnographic Research May’22 (N=26)

Income levels do not have a bearing on consumer segmentation

SEGMENTATION

WHO THEY ARE



Income level does not always have a bearing on how consumers perceive cost



I'm starting to think that environmentally friendly products aren't as **expensive as I thought they would be** [...]. So given the fact that some of these are actually pretty competitive in terms of the pricing, I would be **willing to switch** a couple of the brands that I normally use.

- M, California, 38 (Mid-Income Conscious Non-Consumer)



It can be **cost-prohibitive** to try to use products that are environmentally safe. [...] It seems like **only rich fancy people use environmentally safe products** because they're expensive

- F, Texas, 45 (High-Income Consumer of Habit)



I found these organic cotton tampons [...] made with recycled plastic. [...] The price is \$7.99 and compared to other tampons it's **kind of on par** so it's **not too expensive**.

- F, Kentucky, 45 (Low-Income Conscious Consumer)



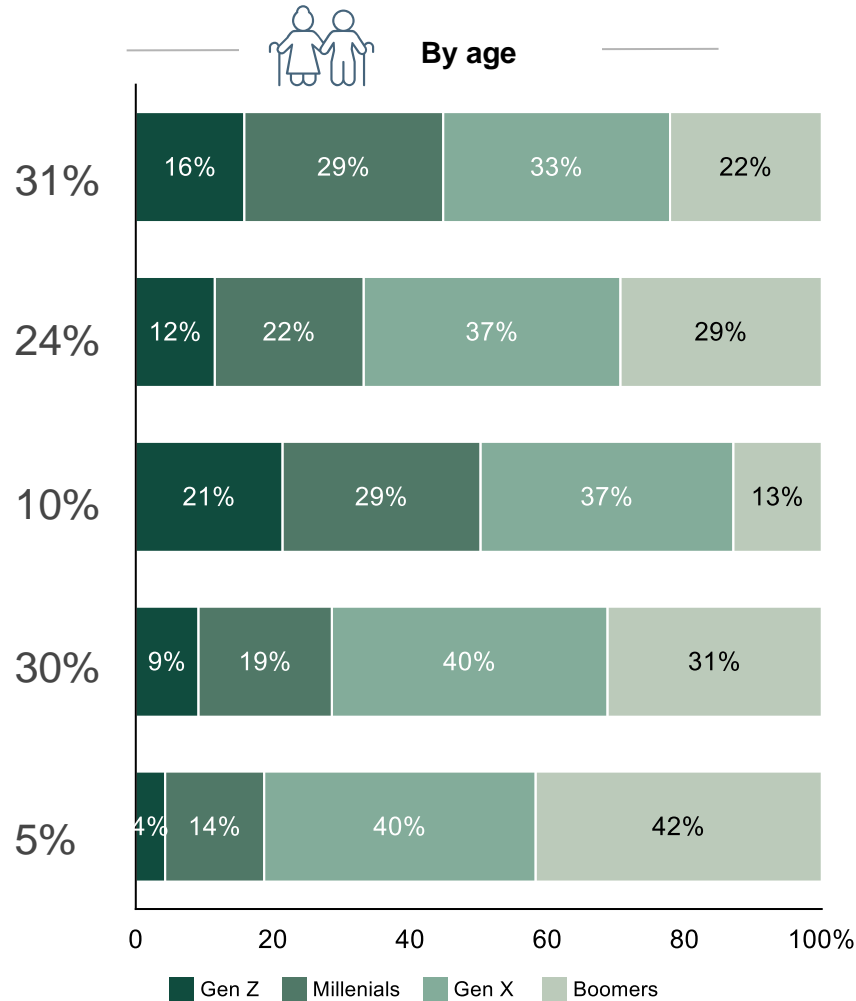
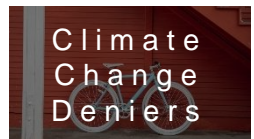
Note: Income groupings as follows: Low: < \$ 25,000, Mid: \$ 25,000 - \$ 99,000, High: \$ 100,000 and above

Source: Bain US ESG Survey 2022; US (N=3,749) considered for segmentation analysis; Bain US ESG Ethnographic Research May'22 (N=26)

Conscious Consumers and Curious Consumers skew toward being younger, while Climate Change Deniers are more likely to be Boomers

SEGMENTATION

WHO THEY ARE



Regardless of age, consumers think about future generations and young cohorts



For sustainability, I think that means being able to meet our needs without compromising the ability of **future generations** to meet their needs.

- M, Ohio, 37 (Curious Consumer)



When I think about sustainability, I think about products that have been produced in a way to where they **don't make as much of an impact**. [...] I try to be mindful to reuse things that I can. [...] **My daughter has been a good motivator for me.**

- F, Indiana, 27 (Consumer of Habit)



Sustainability to me means not over-use things so they're there for the future. [...] I'm thinking of it in terms of nature, our natural resources, trying to **look after what we have so that it's there in the future for other generations.**

- F, Kentucky, 50 (Conscious Non-Consumer)

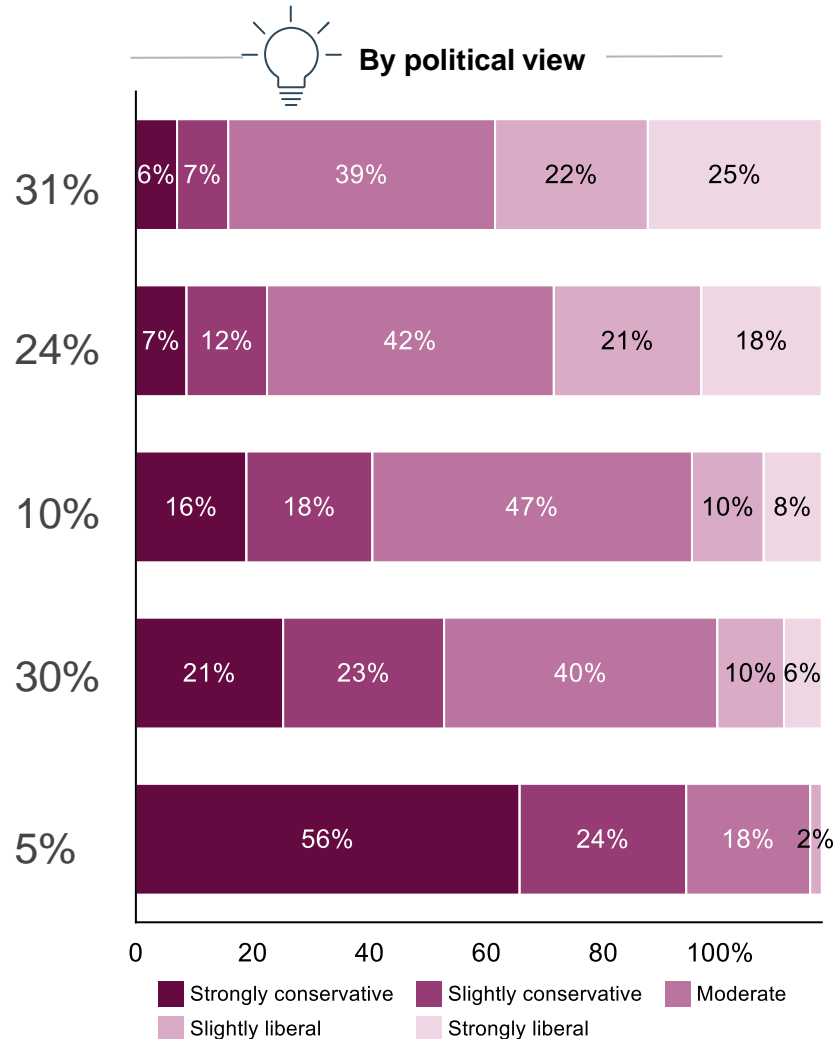


Note: Segments for generation defined as: Gen Z :18-24; Millennials: 25-40; Gen X: 40-60; Boomers: 60+
Source: Bain US ESG Survey 2022; US (N=3,749) considered for segmentation analysis; Bain US ESG Ethnographic Research May'22 (N=26)

The politicization of sustainability in the US is clear; 80% of Climate Change Deniers are conservative, while 47% of Conscious Consumers are liberal

SEGMENTATION

WHO THEY ARE



Across the political spectrum, people are doing their bit for the planet

As far as eco-friendly habits, we do what we can. We **recycle** products that we are able to, we **conserve energy**, and we just try to **avoid single-use products** and throwing away too much and creating too much problems for landfills.

- M, Georgia, 42 (Strongly Liberal Consumer of Habit)

[Products] should be carbon neutral or more positive to the environment in terms of replenishment. [Sustainability] involves totality of things from the supply chain to travel to food you eat, how you live, the resources, the ingredients and everything else. **It's a holistic thing.**

- M, 59, California (Moderate Conscious Consumer)

I'm not real big on sustainability and what all it means. [...] We **recycle** as much as we can. [...] We have a **mulching mower**, which is a little bit more friendly to the environment. We go to the farmers market and **buy locally grown** foods. We're pretty simple people and **try to do our best.**

- M, Kentucky, 70 (Strongly Conservative Consumer of Habit)

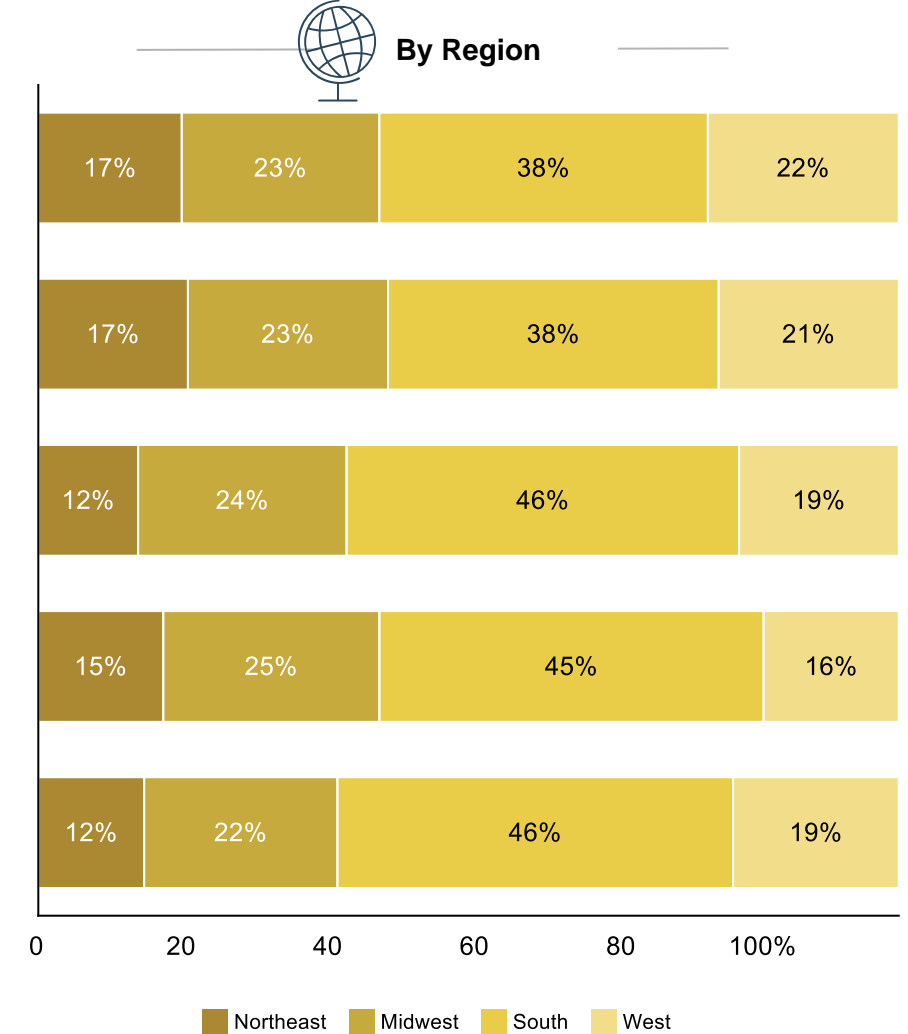
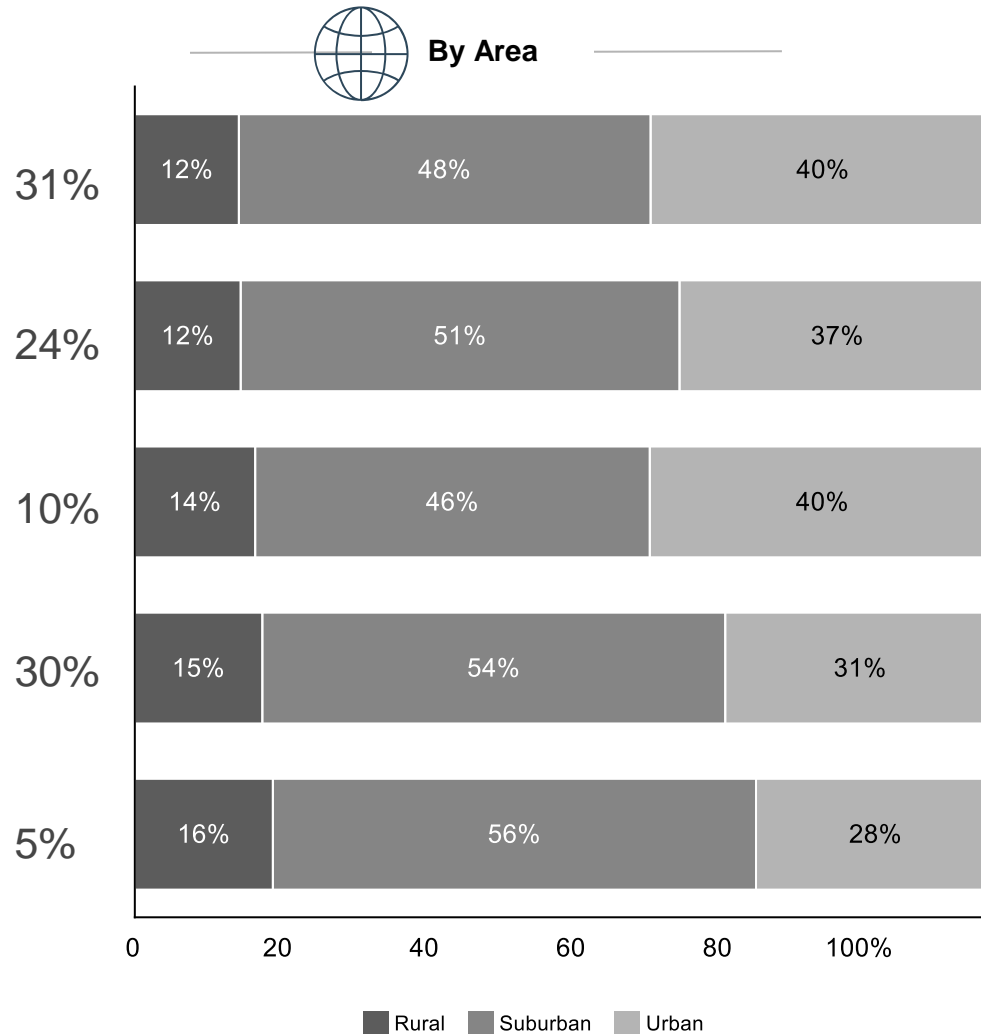
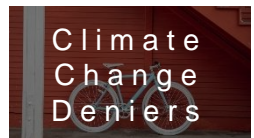
Note: The chart excludes responses of 'prefer not to answer' as political views because of low sample size

Source: Bain US ESG Survey 2022; US (N=3,749) considered for segmentation analysis; Bain US ESG Ethnographic Research May'22 (N=26)

Consumers of Habit & Climate Change Deniers slightly over-index on the rural and suburban areas; Conscious & Curious Consumers slightly over-index on urban areas

SEGMENTATION

WHO THEY ARE



Note: The chart excludes responses of 'N/A' as area because of low sample size
 Source: Bain US ESG Survey 2022; US (N=3,749) considered for segmentation analysis

Ultimately, within the two sustainability-minded consumer circles (Conscious Consumers and Conscious Non-Consumers), there is no “one” demographic profile

SEGMENTATION

WHO THEY ARE

DOING-HER-BIT RETIREE



63-year-old Conscious Consumer from New York



I **recycle** newspapers and plastics. I also try to **conserve electricity and water**. And I use **reusable bags** when I go grocery shopping or any other kind of shopping.

The Seventh Generation all-purpose cleaner, I feel like it's a little **better for the environment** [...] because they're trying to **take out some of the harsh chemicals** that we use for cleaning and substituting them with things that are more gentle.



LOW-WASTE FAMILY MAN



47-year-old Conscious Non-Consumer from Minnesota



When I think about sustainable, I think about things that can be **reused or repurposed** after initial use.

We used **white vinegar diluted with water** in a spray bottle as a cleaning product.

Another hugely environmentally friendly product is a **bicycle**. [...] **I ride to and from work** during the summer when I don't have to take [my kids] to school.



ADAPTING PARENT



37-year-old Conscious Consumer from Kentucky



I started [being more sustainable] a few years ago because **my daughter went vegan** and I started learning a lot about **plant-based products**.

I go to a regular Kroger or Walmart when I'm shopping and there is just **not enough sustainable products available** [...] and it's kind of really sad especially because my child is vegan and **I am trying my best** to look into more of those products so that we are not hurting the environment.



Meet US consumers | What they feel, think and do

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WHO ARE THEY?

WHAT DO
THEY FEEL,
THINK, AND
DO?

WHAT ARE THEIR
ASPIRATIONS AND
THE BARRIERS TO
ACHIEVING THEM?

THE ROLE
BRANDS CAN PLAY
IN HELPING THEM

Sustainability issues are increasingly being surfaced to consumers

US CONSUMERS

CONTEXT



June 2022

The US is Experiencing Record-Breaking Temperatures, And They Could Be Deadly

The temperatures in Houston, Las Vegas and Phoenix are the same or **higher than they have ever been** at this time of year

POLITICO

June 2022

Biden's Environmental Justice Office is Open

The Department of Health and Human Services launched an **environmental justice effort** on Monday, housed inside its still unfunded office of climate change and health equity

FINANCIAL TIMES

June 2022

Ford to invest \$3.7bn in Midwest US manufacturing amid electric vehicle push

The move comes as US states and municipalities have granted some \$5.1bn since 2002 in subsidies [...] **as consumer demand for the vehicles soars amid rising concerns over the environmental impact of traditional engines**

The New York Times

May 2022

Trump Policies Sent U.S. Tumbling in a Climate Ranking

The Environmental Performance Index, published every two years by researchers at Yale and Columbia, found **only Denmark and Britain on sustainable paths to net-zero emissions by 2050**

USA TODAY

June 2022

National Parks Being Threatened by Climate Change

A national park vulnerability assessment completed in 2021 by the Natural Resource Stewardship and Science directorate found that nearly **75% of parks are at risk** from either the gradual effects of climate change or a more high-impact climate event like sea level rise or fire

Bloomberg

June 2022

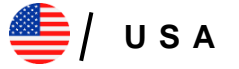
How to Push Wall Street to Ditch Fossil Fuels for Clean Energy

The invasion of Ukraine has put the US and Europe on a wartime **mission to abandon Russian fossil fuels**. [...] It will cost more than the gross domestic product of the entire world to rewire the global economy to run on clean energy

Over half of US consumers are concerned about climate change, mirrored by growth in online searches for “eco anxiety”, defined as “chronic fear of environmental doom”

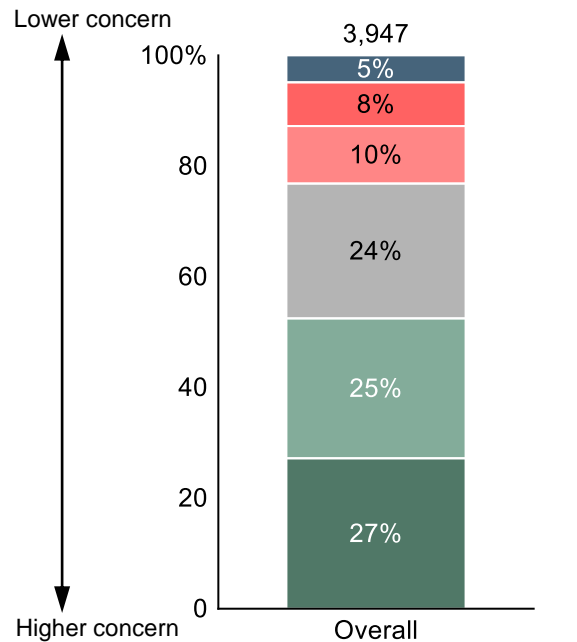
US CONSUMERS

FEELING

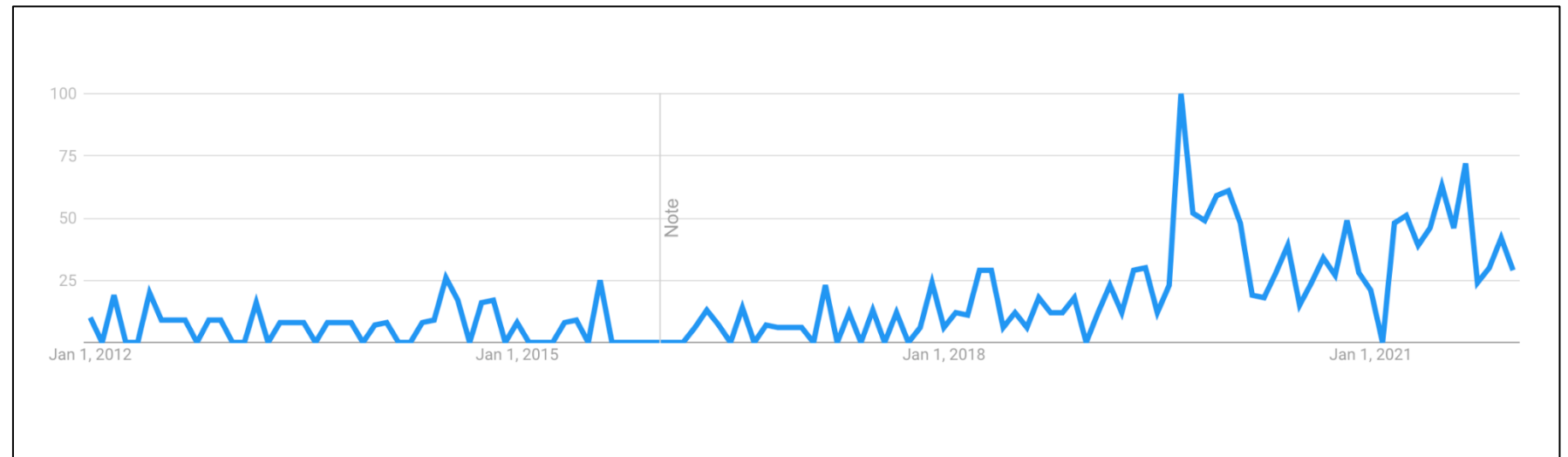


Q: How concerned are you about the impact of climate change?

Level of concern about climate change
(% respondents in US, Apr '22)



Google searches for “eco anxiety”
(interest over time in US, Jan '12– June '22)



Net Impact* 36%

■ 1 - I am not concerned ■ 2 ■ 3 ■ 4 ■ 5 - I am extremely concerned ■ Do not believe in climate change

Note: *Net impact = sum of (% respondents answering significantly concerned (5) and (4)) – sum of (% respondents answering (2) and I am not concerned (1))
Source: Bain US ESG Survey 2022; US (N=3,947); Google Trends

Language used to describe sustainable products reveals an association with reduced consumption and waste

US CONSUMERS

THINKING

Q: In your opinion, what makes a product sustainable?



Source: Bain US ESG Survey 2022; US (N=3,947)

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This perception plays out in consumer behavior; many lifestyle habits aim to reduce consumption (i.e. of clothing, animal products, gas) and waste (i.e. by recycling)

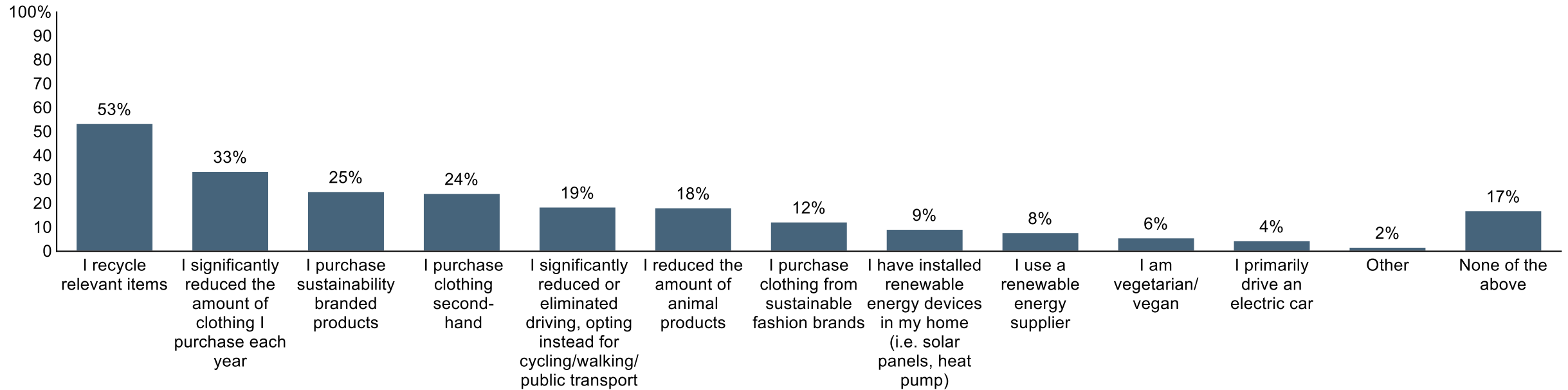
US CONSUMERS

DOING



Q: What lifestyle habits do you have due to sustainability reasons?

Lifestyle habits attributed to sustainability
(% respondents in US, Apr '22)



“ People are amazed at **how little trash** I generate. Instead of using a full size trash bag, I just use like a little grocery bag [...] once a week. ”

- M, Texas, 42 (Conscious Consumer)



“ I like to try to **reuse, repurpose, or recycle** clothing. ”

- F, New York, 33 (Conscious Non-Consumer)



“ I’m an addict about recycling. We don’t recycle at my workplace so I **bring home boxes and bottles and stuff to recycle** in my home. ”

-M, Georgia, 46 (Conscious Consumer)

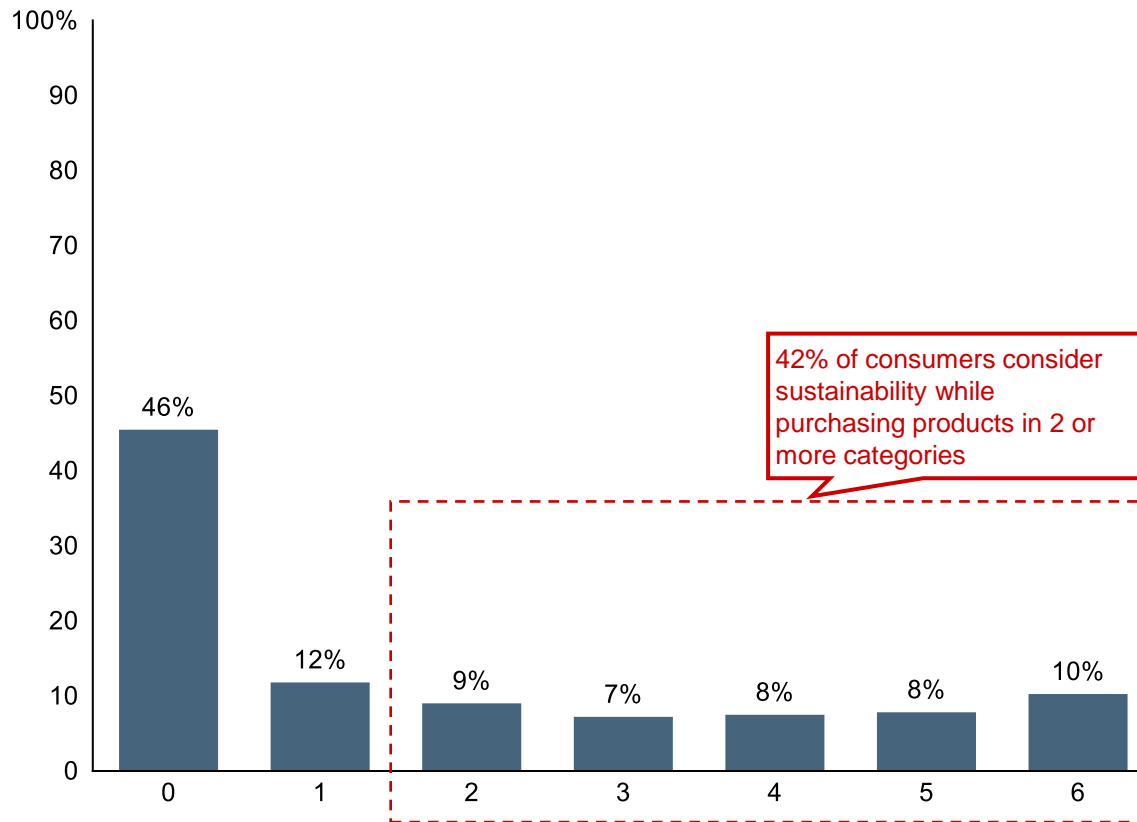
Note: The above percentages have been calculated taking the total N of the entire survey as the base to reflect the affinity of consumers towards each lifestyle habit; Respondents can select multiple options for this question
Source: Bain US ESG Survey 2022; US (N=3,947); Bain US ESG Ethnographic Research May'22 (N=26)

However, the Conscious Consumer segment also sees the purchase of sustainable products as a route to sustainable living

US CONSUMERS

DOING

Consumers selecting sustainability as a top KPC in 'x' number of categories
 (% of sustainable conscious and non-conscious respondents in US, Apr '22)



I would definitely recommend the Seventh Generation laundry detergent. I like that for the fact that it's made from plants and it has real positive environmental impact on the way it's made.

- M, New Jersey, 34 (Conscious Consumer)



Survey question: What are the most important things you consider while purchasing these specific products?
 Source: Bain US ESG Survey 2022; US (N=3,947); Bain US ESG Ethnographic Research May'22 (N=26)

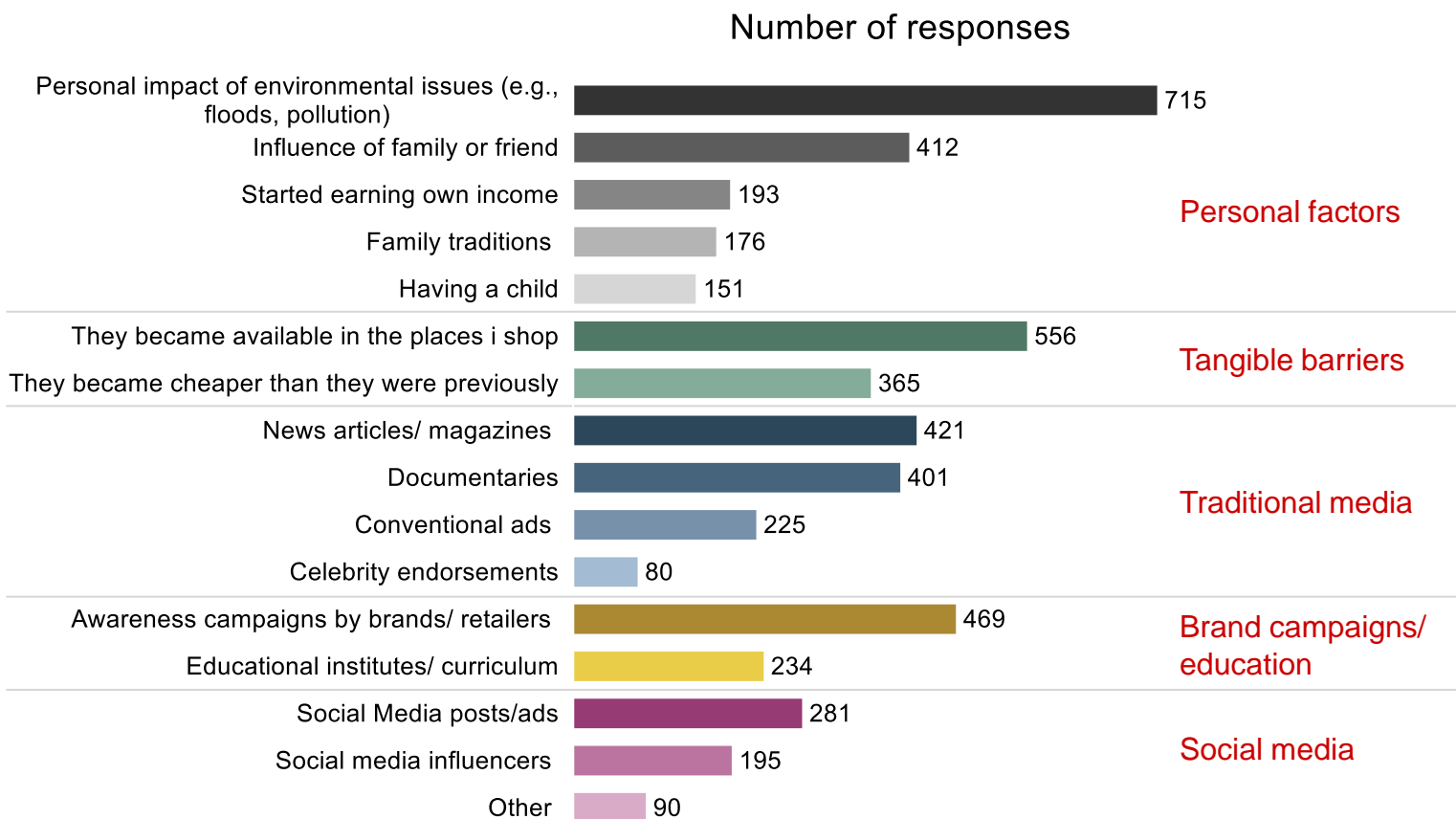
Personal factors are powerful triggers for sustainable purchasing, in addition to increased availability + brand campaigns

US CONSUMERS

DOING

Personal factors are the most powerful trigger

Q: What prompted you to start buying sustainable products?



Survey question: What prompted you to start buying sustainable products?

Note: Respondents could choose up to 3 options for the survey question; The question was asked to respondents who had selected sustainability in top 4 KPC for >= 1 category(s)

Source: Bain US ESG Survey 2022; US (N=3,947); Bain US ESG Ethnographic Research May'22 (N=26)

Quotes



I started [being more sustainable] a few years ago because **my daughter went vegan** and I started learning a lot about **plant-based products**.

- F, Kentucky, 37 (Conscious Consumer)

What made me want to cut back on eating animal products is **I'm a big animal lover** and it makes me feel good that every time I buy something sustainable that I'm **helping save the animal's life**.

- F, North Carolina, 48 (Conscious Consumer)

My daughter has a roommate who feels that paper towels are wasteful and they mainly use washable cloths. [...] I'm not ready to give up paper towels yet, but **I am more conscious** about buying microfiber cloths. I use them more than I used to.

- F, New York, 63 (Conscious Consumer)



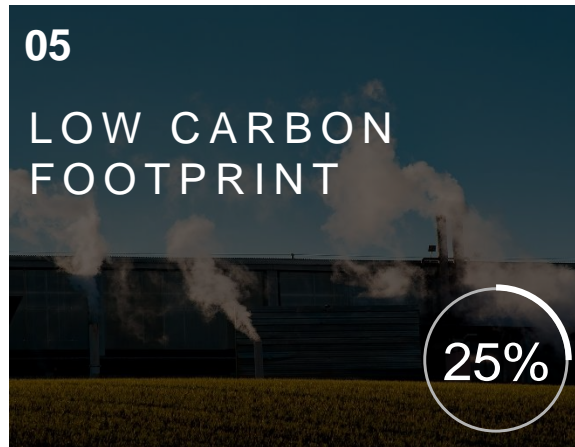
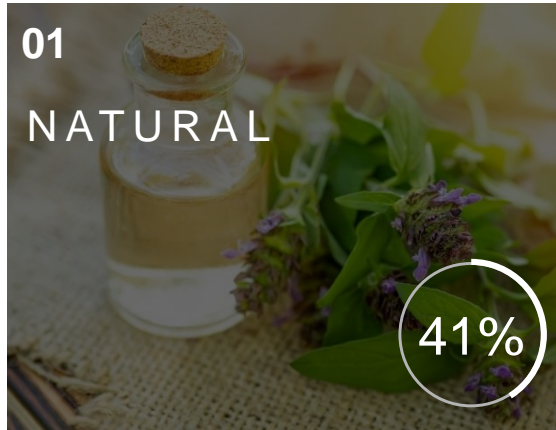
When shoppers seek sustainable products in stores, they are most drawn to seven ESG elements

US CONSUMERS

THINKING

/ TOP 5 PREFERENCES

Q: Please rank the most important elements of sustainability you consider while purchasing products



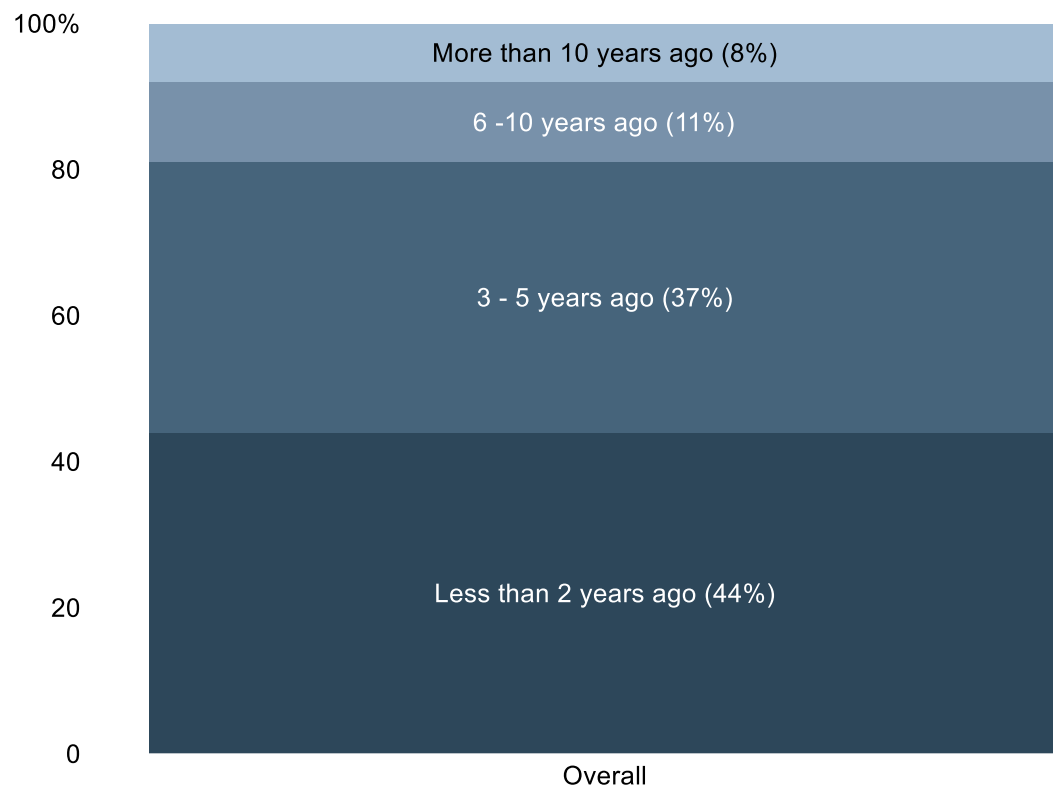
Source: Bain US ESG Survey 2022; US (N=3,947); Bain US ESG Ethnographic Research May'22 (N=26)

Momentum for sustainable shopping is gaining speed as brands increasingly offer products that feature ESG elements that speak to consumers' needs & preferences

US CONSUMERS

DOING

First start time to actively shopping for sustainable products (for US consumers who consider sustainability as a top 4 KPC when shopping)



Survey question: When did you first start actively shopping for sustainable products?

Note: Asked to people who had chosen sustainability in top 4 KPCs for at least 1 category; Data represented shows only consumers who consider sustainability when shopping in 2+ categories

Source: Bain US ESG Survey 2022; US (N=3,947); Bain US ESG Ethnographic Research May'22 (N=26)

Consumers purchase products with ESG features they deem important



I buy [Seventh Generation laundry detergent], but it comes in this **cardboard packaging now** which seems like it would be **a lot better for the environment** than the typical plastic bottle, which is pretty cool, so we'll try this out today.

- M, New Jersey, 34 (Conscious Consumer)

I buy Simple orange juice and lemonade which are **non-GMO** products and use **recycled plastic** for containers.

- F, 72, California (Conscious Consumer)

I found this [Daiya pizza] fascinating because [...] it's dairy-free meaning that **no animal** was involved in the process, meaning that helps reduce **carbon emissions**.

- M, Tennessee, 30 (Conscious Consumer)



At the same time, consumers are personally “divesting” from brands with poor DEI and social track records

US CONSUMERS

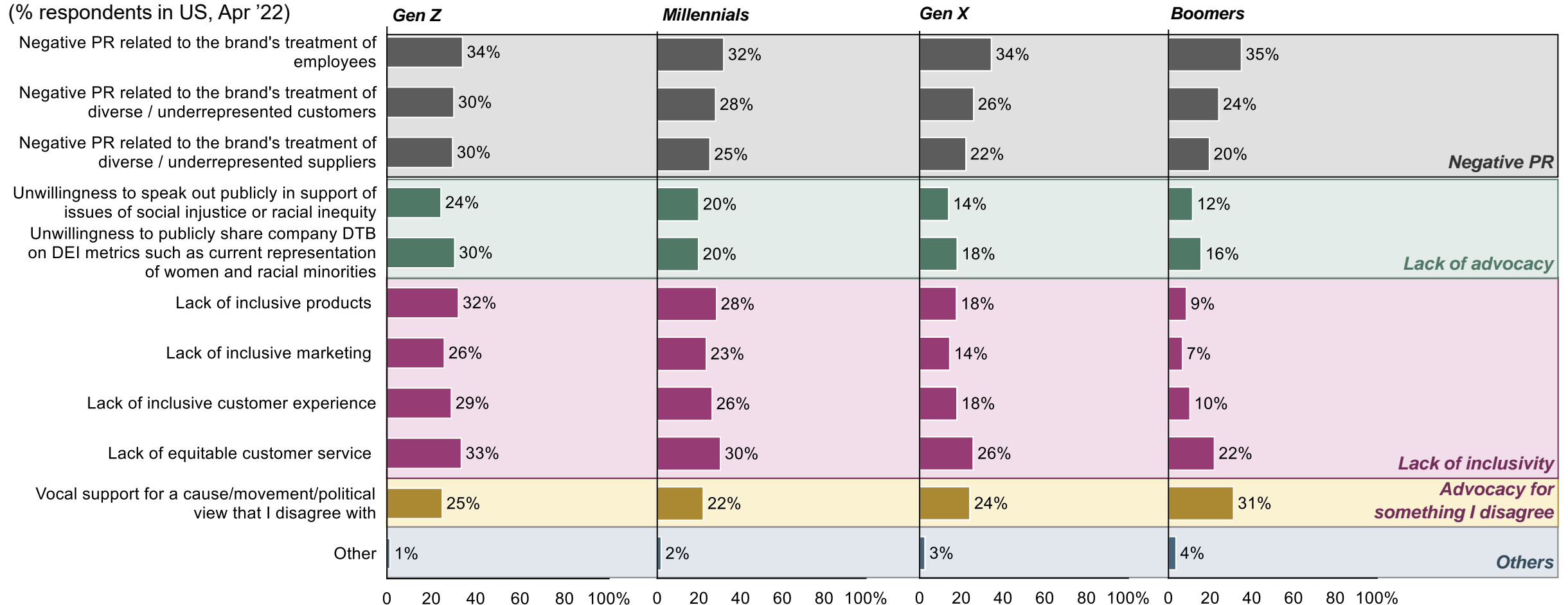
DOING



Q: Would any of the following factors cause you to avoid purchasing from a brand all together?

Cause of avoiding a particular brand purchase

(% respondents in US, Apr '22)



Note: The respondent was asked to choose up to five factors; Segments for generation defined as: Gen Z :18-24; Millennials: 25-40; Gen X: 40-60; Boomers: 60+
 Source: Bain US ESG Survey 2022; US (N=3,947); Gen Z (N=535); Millennials (N=971); Gen X (N=1436); Boomers (N=1005)

Meet US consumers | What are their aspiration and barriers to achieving them

01



02



03



04



WHO ARE THEY?

WHAT DO THEY
FEEL, THINK,
AND DO?

WHAT ARE THEIR
ASPIRATIONS AND
THE BARRIERS TO
ACHIEVING THEM?

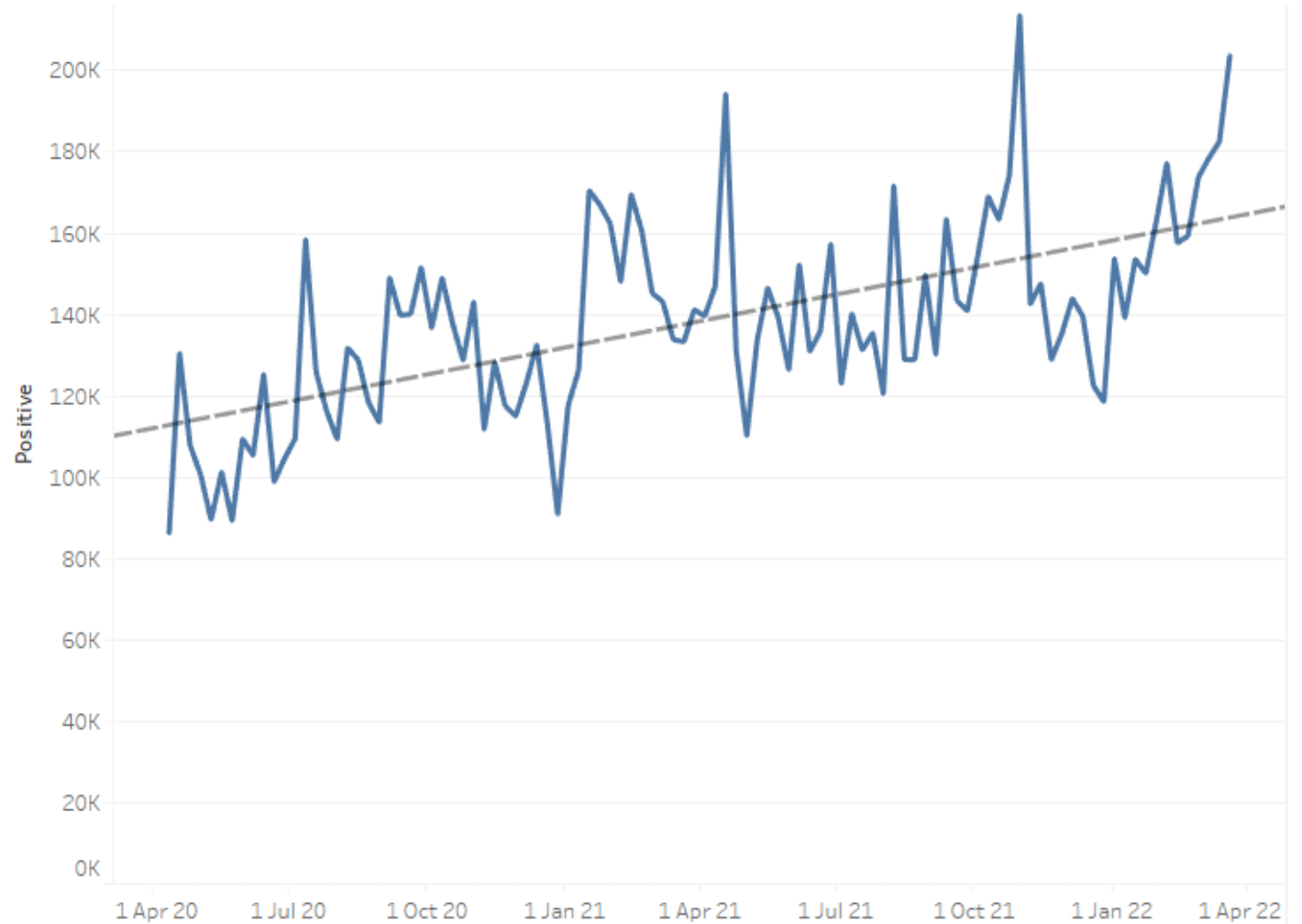
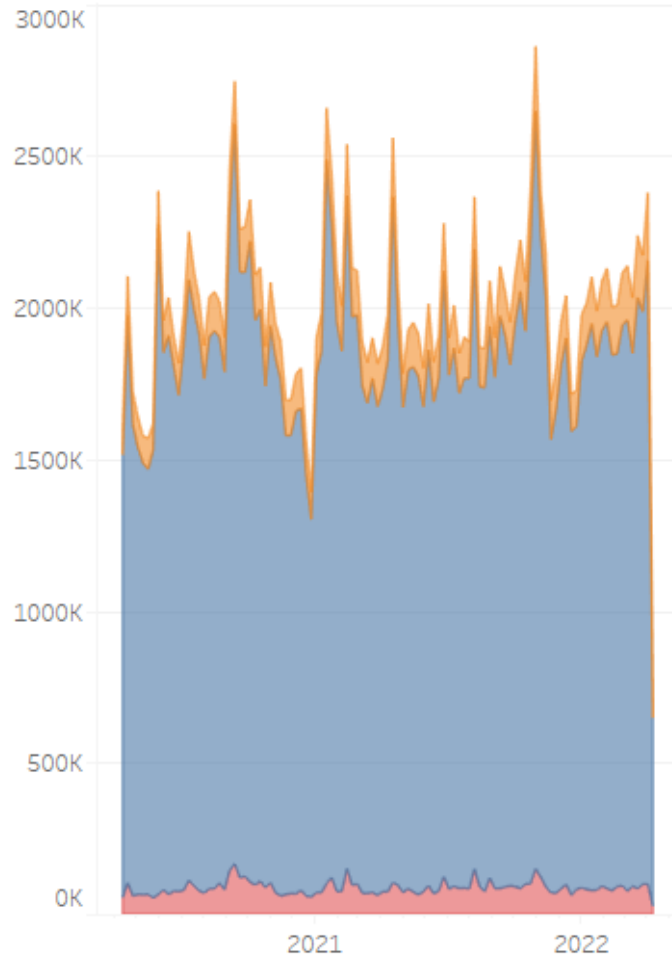
THE ROLE
BRANDS CAN PLAY
IN HELPING THEM

Social sentiment online is showing a positive shift; consumers are increasingly sharing positive stories about environmental sustainability and social responsibility

ASPIRATIONS

ADVOCACY

- Positive sentiment** such as "I like to buy local, it's better for the planet"
- Neutral sentiment** such as "Just like my neighbours, I put out my recycling"
- Negative sentiment** such as "I'm fed up of not getting plastic cutlery with my takeout it's so inconvenient"



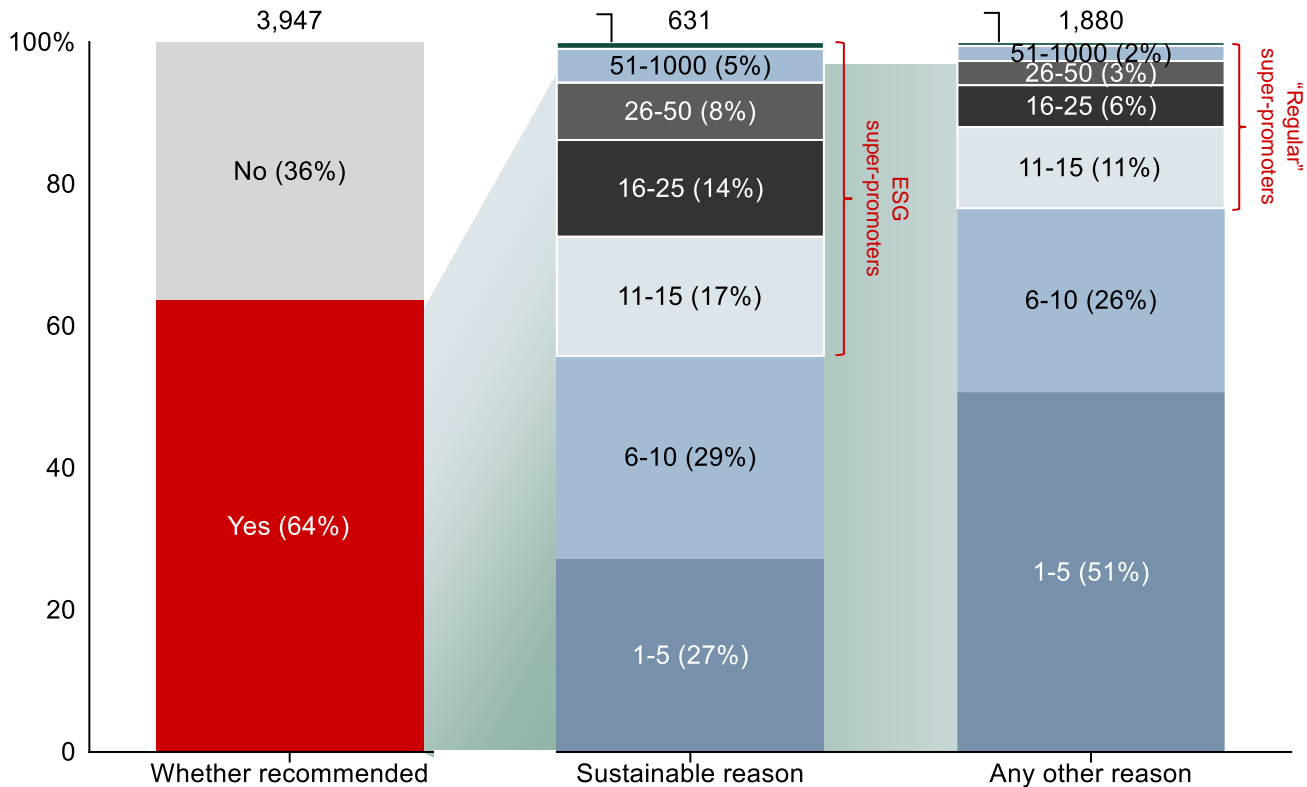
To drive the change they want to see, ESG “super-promoters” proportionally outpace super-promoters who recommend products for another reason by nearly 2x

ASPIRATIONS

ADVOCACY

44% of ESG product recommenders are super-promoters, compared to just 23% of people who recommend for any other reason

% respondents in US actively recommending sustainable products and to how many people, Apr '22



Word-of-mouth recommendation carries weight



My wife suggested this fancy Canadian shampoo: Maple Holistics. [...] This is **cruelty-free** and **vegan**, so that's pretty good, and it's **recyclable**.

- M, Ohio, 37 (Curious Consumer)

All the products that I showed you today, the majority of them, like the Ole and the Ponds cream I have recommended to my friends. A lot of my friends have purchased these items after I recommended them. [...] Both have **natural ingredients** that have been tested to be **safe for the environment**.

- F, North Carolina, 48 (Conscious Consumer)

We haven't been using as much [sustainable cleaning products] as I would love to [...] because I have a **little bit of resistance** from my wife, but **she's getting there**. [...] She just has an impression that they are not effective but **I am slowly introducing them to her**.

- M, California, 59 (Conscious Consumer)

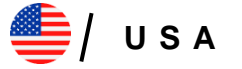


Survey question: What type of products do you tend to actively recommend to others? Approximately how many people would you say you have recommended the products to over the past year?
 Note: The question on recommending the products to how many people was asked to those respondents who didn't choose 'I don't actively recommend these products to others' as an option when asked about the type of products they tend to actively recommend to others; Respondents recommending product and choosing "good for the planet" or "treat their employees and suppliers well" as the reason of recommending in at least one category falls under sustainable reasons bucket; respondents recommending products but choosing any other reason falls in the "Any other reason" bucket
 Source: Bain US ESG Survey 2022; US (N=3,947); Bain US ESG Ethnographic Research May'22 (N=26)

As such, many consumers want to give more of their wallet share to brands that are sustainable; ~42% expect to increase spending on such brands in the next 3 years

ASPIRATIONS

FUTURE SPENDING

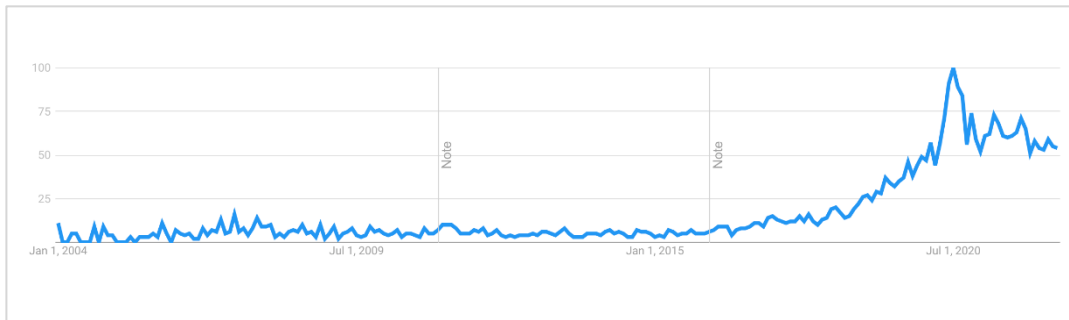


Growing interest in ESG products...

Google searches for “sustainable beauty”
(interest over time in US, 2004 – June '22)

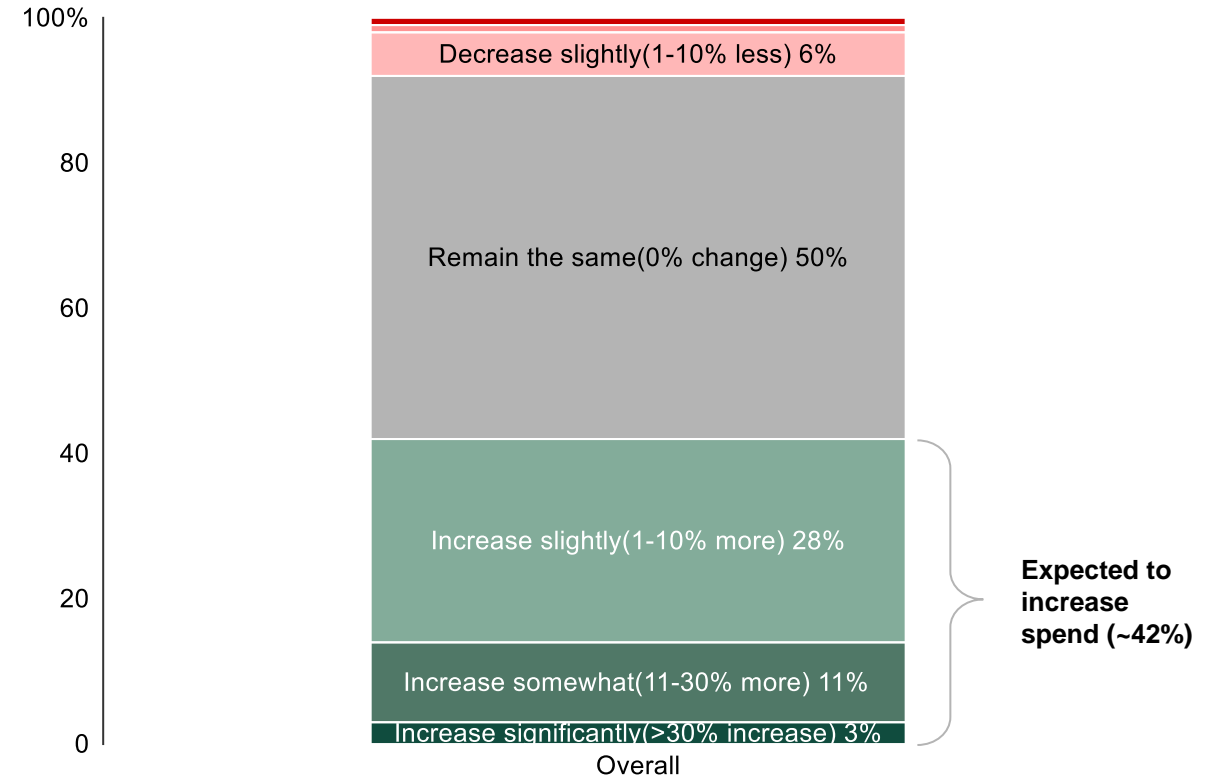


Google searches for “sustainable clothing”
(interest over time in US, 2004 – June '22)



...leads to expected increase in ESG spending

Expectation on spend change on sustainable brands over next 3 years
(% respondents in US, Apr '22)



Survey question: How do you expect your spending on sustainable brands to change over the next 3 years?

Note: For every category, results have been weighted to reflect natural underlying ratio of consumers who prioritize sustainability in their top 4 KPCs to those who do not

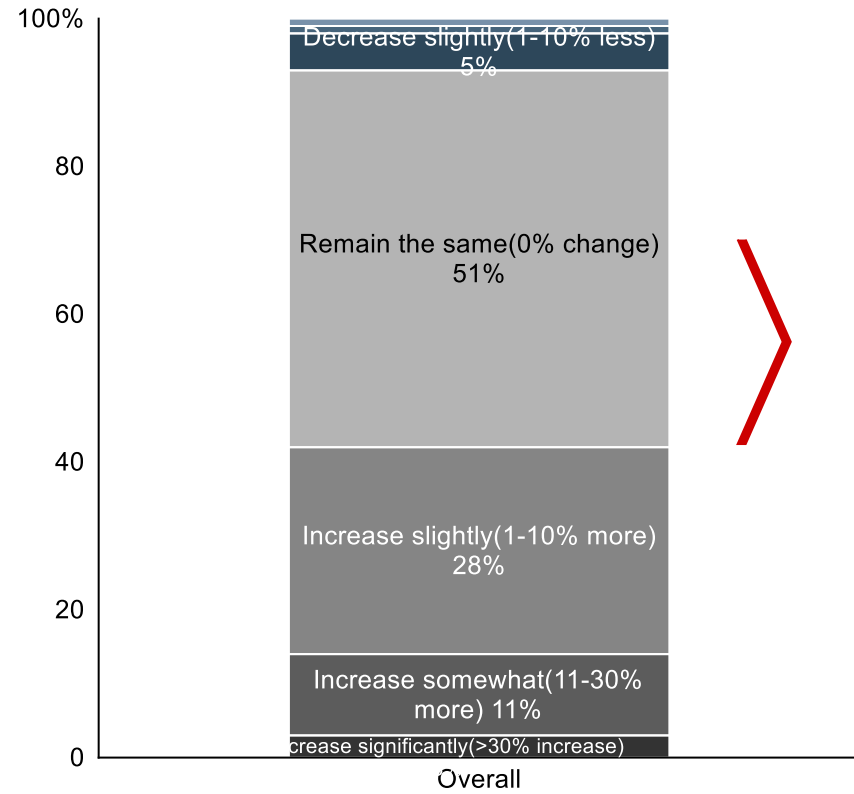
Source: Bain US ESG Survey 2022; US (N=3,947); Google Trends

Within the segments, those who are concerned about climate change (Conscious Consumers & Conscious Non-Consumers) most, want to increase spending on ESG

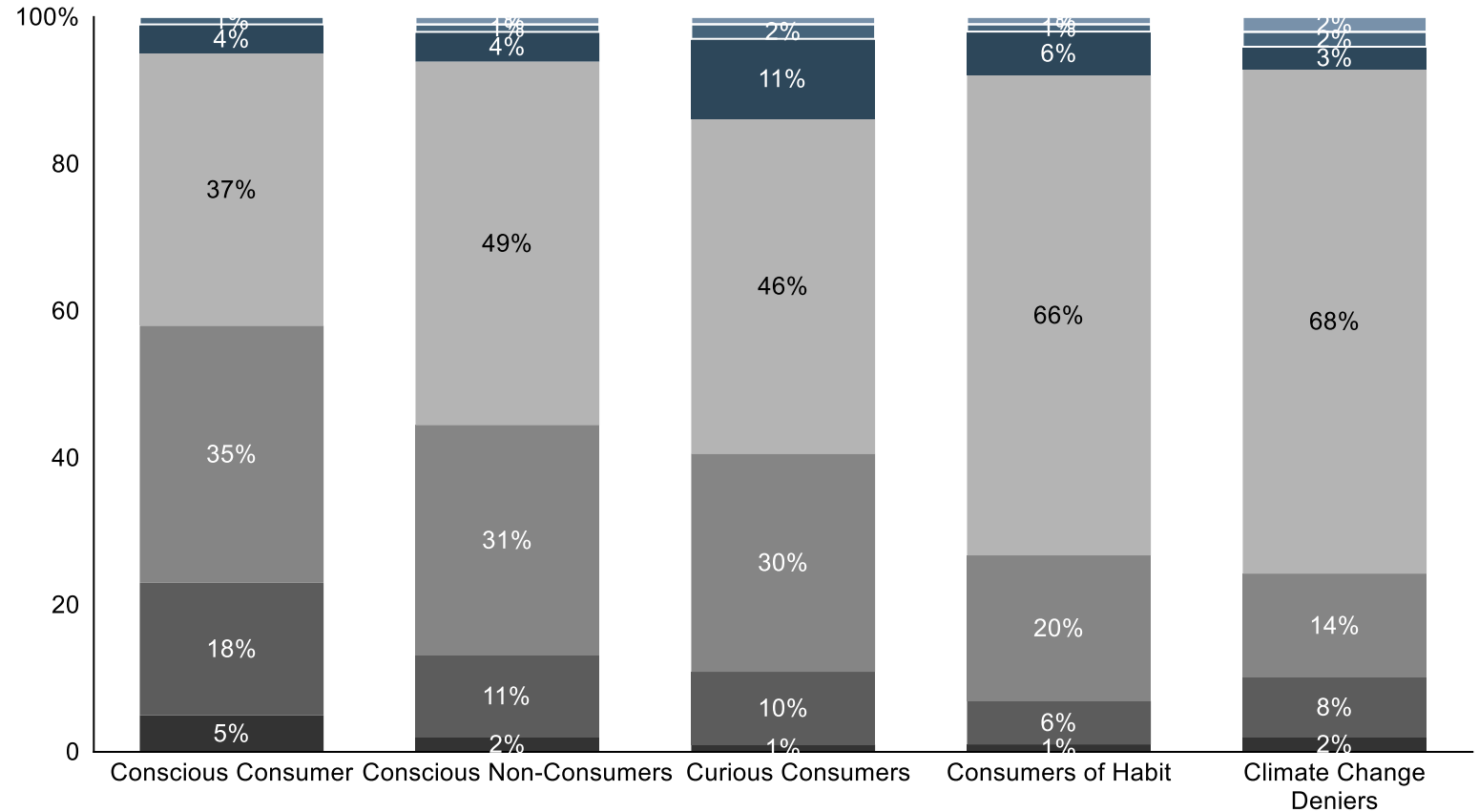
ASPIRATIONS

FUTURE SPENDING

% of respondents expecting to change overall spend on sustainability in next 3 years
 (% respondents in US, Apr '22)



Conscious Consumers & Conscious Non-Consumers have greatest intent to spend. Since the latter do not currently buy ESG products, they present untapped opportunity for brands.



Survey question: How do you expect your spending on sustainable brands to change over the next 3 years?

Note: The bracket for spending results have been calculated by taking averages of the bracket selected by each respondents falling under segmentation for health/ social and environment category

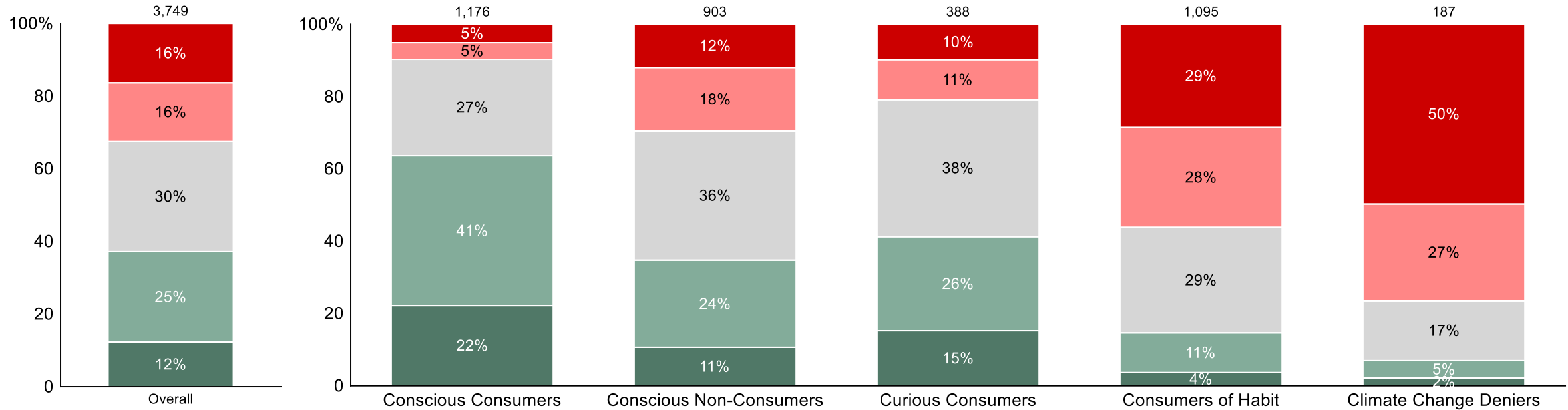
Source: Bain US ESG Survey 2022; US (N=3,749) considered for segmentation analysis

Segments vary in reported willingness to pay a premium; unsurprisingly, those who already buy ESG products (Conscious & Curious Consumers) are more willing

Q: Are you willing to pay more for a product/brand that is environmentally sustainable and/or socially responsible?

Willingness to pay more for sustainable brands

(% respondents in US, Apr '22)



- No, because I don't think these products should cost more
- No, because I will always look for the best value for money
- It depends. I'll only pay more if there is also a direct benefit for me (e.g. healthier, better quality, better taste, more convenient)
- Yes, I will pay more, as long as I'm not compromising on other factors (e.g. taste, quality)
- Yes, I will pay more if I believe it really is better for the planet and/or employees/suppliers, even if the product isn't as good (e.g. doesn't taste as good or work as well)

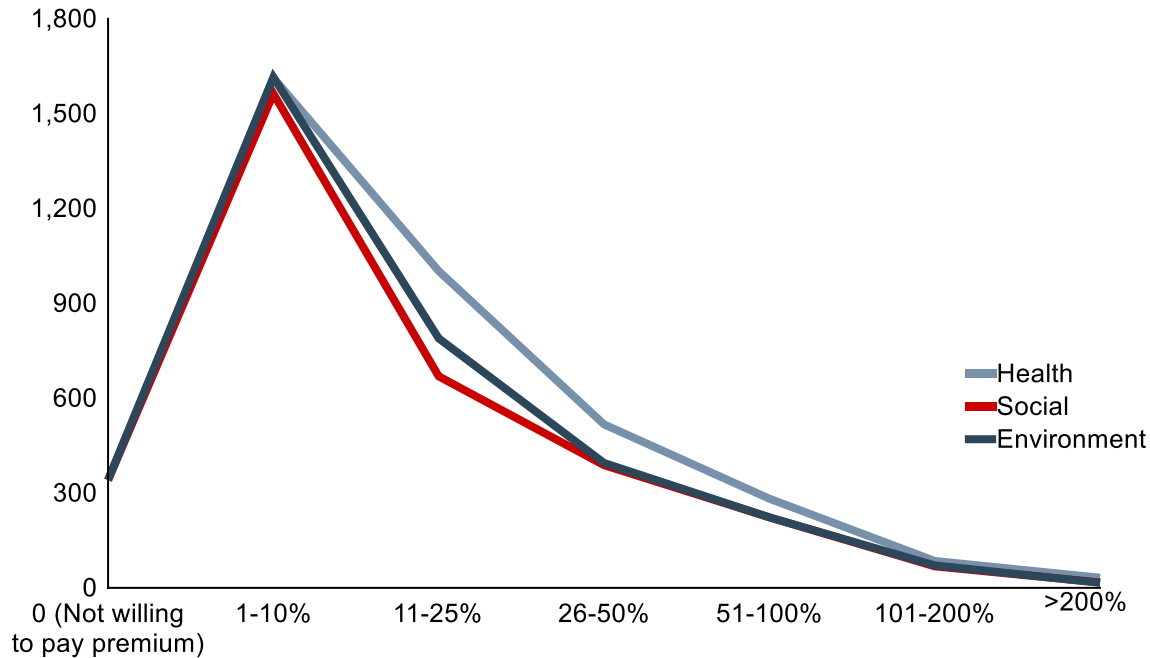
Note: The cumulative N of RHS chart accounts to 3,749 which is the N considered for segmentation
 Source: Bain US ESG Survey 2022; US (N=3,749) considered for segmentation analysis

When we break this down further, consumers are most WTP for the direct benefit of health, while social responsibility is not seen as something that should cost extra

Q: What is the maximum extra price you would be willing to pay for *category* that
 (a. has positive environmental impact b. has a positive social impact c. healthier for you/your family)

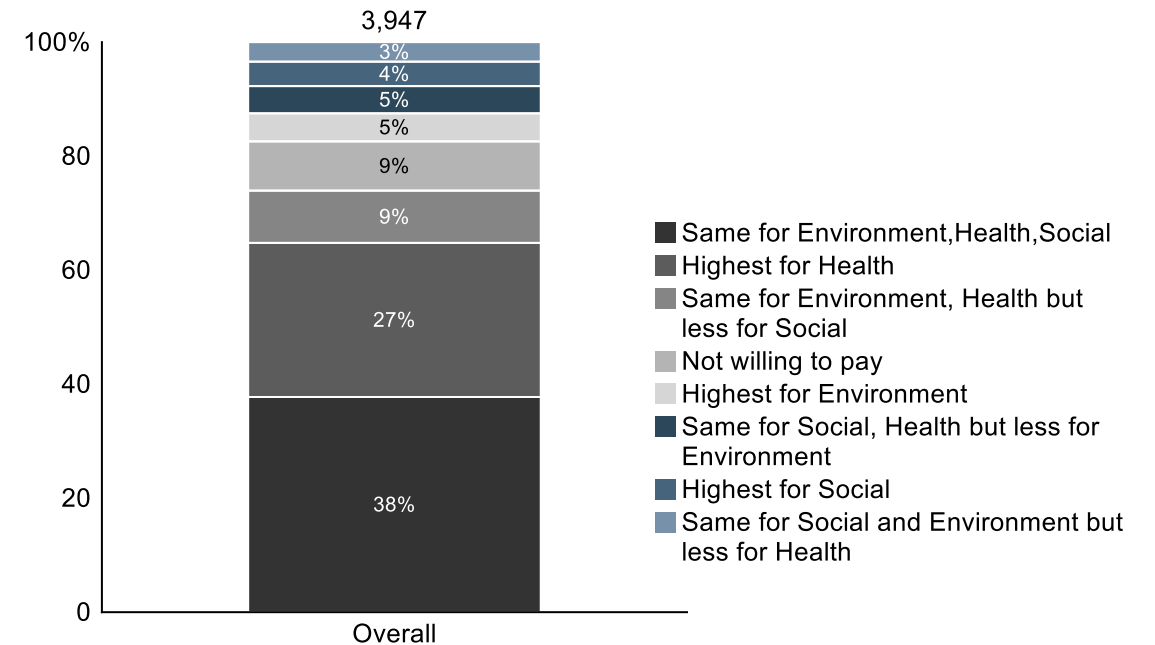
WTP is highest for health; nearly half of the respondents fall under 1-10% bracket for paying extra across all 3 categories

Willingness to pay an extra price for a particular category
 (Number of respondents in US, Apr '22)



While making critical premium payment decisions, consumers are deprioritizing variables connected to social impact

Willingness to pay an extra price for a particular category
 (% of respondents in US, Apr '22)



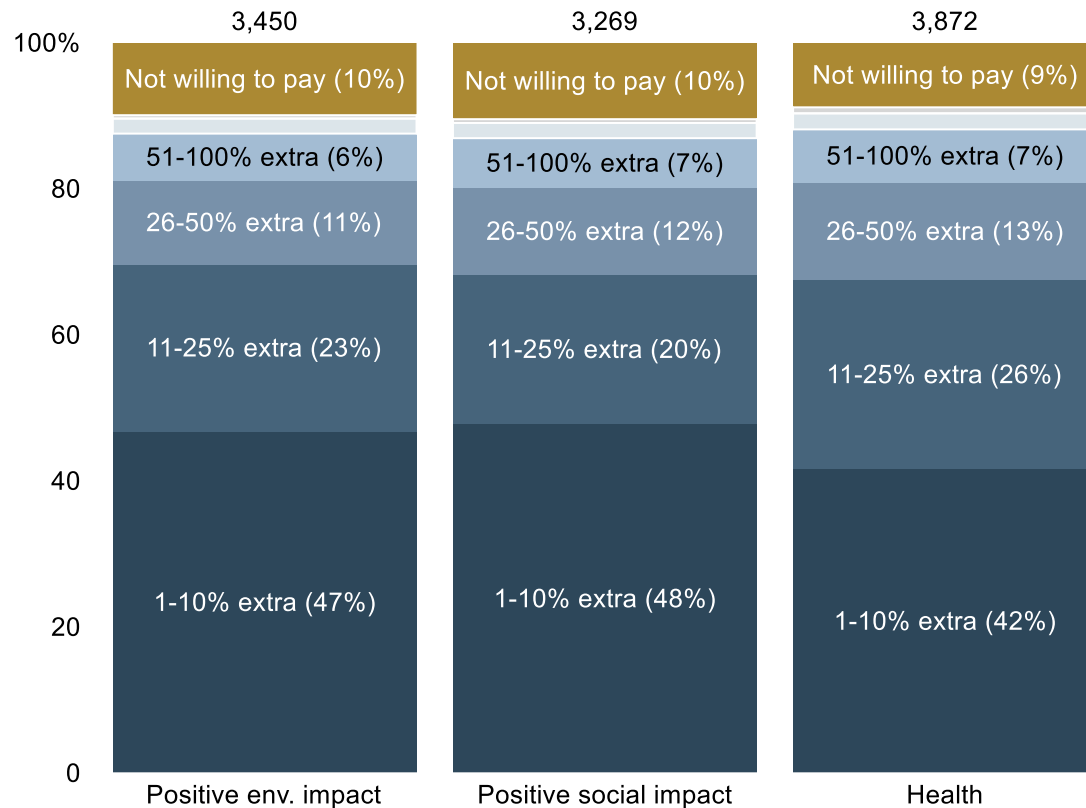
Note: The question was asked for 2-3 categories; Responses where people mentioned that they have not purchased sustainable products in the past six months have been excluded, includes respondents who are willing to pay a premium either for health or environment/ social impact (3, 4 and 5 in likeliness to pay a premium for positive environmental/social/healthier for family). 'Not willing to pay' includes respondents who selected 1 or 2 in likeliness to pay
 Source: Bain US ESG Survey 2022; US (N=3,947)

Of those who say they are in theory WTP extra, about 50% will only pay a minimal amount, and a further 10% change their minds when asked to name their price

ASPIRATIONS

WILLINGNESS TO PAY

% share of respondents willing to pay premium for sustainable products



Consumers are willing to pay for a reasonable premium



Reflecting on the products I saw in the store after I got home, I looked at the prices and thought, **'Oh, that's not that bad.'**

- F, New York, 63 (Conscious Consumer)

They will pay even more if the product also offers a direct benefit



Well, it's a little expensive. As you can see here, \$6.49 is **kind of a lot for a frozen meal, but it's really good** so I'll probably keep buying the Chef Bombay [vegan meal] anyway.

- M, Ohio, 37 (Curious Consumer)

However, if products don't perform, they can't justify the purchase



When it comes to mold and mildew, **I have not found an ESG product that works even close to as well** [as chemical products].

- M, Connecticut, 55 (Conscious Consumer)

Survey question: What is the maximum extra price you would be willing to pay for a sustainable product that (a. has positive environmental/social impact b. healthier for you and your family);

Note: The question was asked to respondents who had selected 3,4,or 5(extremely likely) when asked how likely are they to pay more for the sustainable product that (a. has positive environmental/social impact b. healthier for you and your family)

Source: Bain US ESG Survey 2022; US (N=3,947)

A physical retail environment surfaces a spectrum of reactions to sustainable product pricing, ranging from pleasant surprise to alienation

ASPIRATIONS

WILLINGNESS TO PAY

01 PLEASANT SURPRISE

*“The thing I was really surprised about was **how close, price-wise, the three [sustainable] items I looked were to the normal like non-sustainable products.** I vividly noticed it on the Lysol plant-based wipes, but I also noticed the plant-based butter was not that much more expensive” (M, Georgia, 46, Conscious Consumer).*

02 CONSIDERED ACCEPTANCE

*“Well, it’s a little expensive. As you can see here, \$6.49 is **kind of a lot for a frozen meal, but it’s really good** so I’ll probably keep buying the Chef Bombay [vegan meal] anyway” (M, Ohio, 37, Curious Consumer).*

03 CALCULATED REJECTION

*“It seems to be a good [shower spray], but it’s \$3.58 and the one I usually buy is about \$2.68 [...] And it’s 28oz, so **you don’t even get as much** because the one I usually get is 32oz. [...] **I would be willing to try it, but I’m not sure that I would be willing to spend the extra money,** especially right now with the cost of gas prices” (F, Washington, 50, Conscious Non-Consumer).*

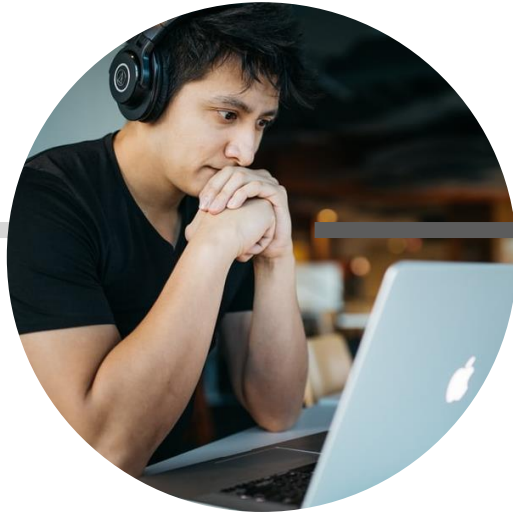
04 ALIENATION

*“It can be **cost-prohibitive** to try to use products that are environmentally safe. [...] It seems like **only rich fancy people use environmentally safe products** because they’re expensive” (F, Texas, 45, Consumer of Habit).*

Regardless of whether they currently buy sustainable products, consumers experience several barriers to ESG shopping, many of which brands could mitigate

SUSTAINABILITY STUDY

BARRIERS

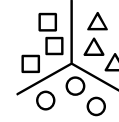


Consumers start with a vague understanding of what makes a product sustainable or not...



In terms of picking out products on the shelf, it's **difficult to really look at a product and know that it's socially responsible.**

-M, Minnesota, 47
(Conscious Non-Consumer)



...are overwhelmed by multiple, potentially conflicting sources of info, leaving them skeptical and confused



I'm not sure how [brands] **back up the claims** listed on the label. It's like there's a plant or leaf on the product, but how do I know that that's really how it's made or how they're really different from other products that don't make those claims?

M, Georgia, 42
(Consumer of Habit)

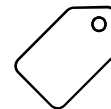


... and with availability and limited range, many are left without meaningful alternative options



My biggest takeaway after leaving the grocery store is **how few products present themselves as sustainable** [...]. I expected to go in there and sort of be bombarded or possibly even have a special section, but instead **I really had to hunt.**

M, Texas, 42
Conscious Consumer



It can be **cost-prohibitive** to try to use products that are environmentally safe. [...] It seems like only rich fancy people use environmentally safe products because they're **expensive.**

F, Texas, 45
(Consumer of Habit)



Finally, higher prices means they have to work harder to justify purchasing

US consumers are both confused about how to identify sustainable products and have misconceptions about what it means for something to be sustainable

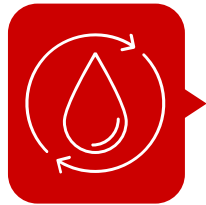
BARRIERS

PERCEPTION



Consumers find it difficult to identify sustainable products

Consumers incorrectly identify products as fully sustainable



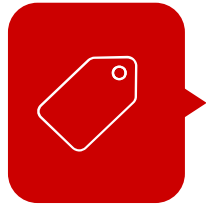
END-TO-END PRODUCT FOOTPRINT

"In terms of picking out products on the shelf, it's difficult to really look at a product and know that it's socially responsible [...] or environmentally viable, unless it's really well labeled as such" (M, Minnesota, 47).



HYPOTHETICAL SOURCING

"I know this shrimp's got to be sustainable because you could, I imagine, fish farm it. Or if not, you can just do it in like big saltwater tanks. I'm sure you could do other fish that way, like tuna or salmon. So yeah, it's got to be sustainable" (M, Iowa, 40).



CREDIBILITY OF LABELS

"I'm not sure how [brands] back up the claims listed on the label. It's like there's a plant or leaf on the product, but how do I know that that's really how it's made or how they're really different from other products that don't make those claims?" (M, Georgia, 42).



PLANTS IN PLASTIC PACKAGING

"This romaine lettuce by Kroger is definitely sustainable and it doesn't have any preservatives" (M, Tennessee, 30).



LACK OF CONFIDENCE WITH TERMINOLOGY

"I'm not real big on sustainability and what it all means" (M, Kentucky, 70).



WELLNESS CONFLATED WITH SUSTAINABILITY

"Regarding eco-friendly products I buy Simple Truth products [...] which are labeled "Free From" which means gluten-free" (F, California, 72).

Even for the most informed, sustainability-conscious consumers, complex trade-offs make it impossible to know whether the right choices are being made

BARRIERS

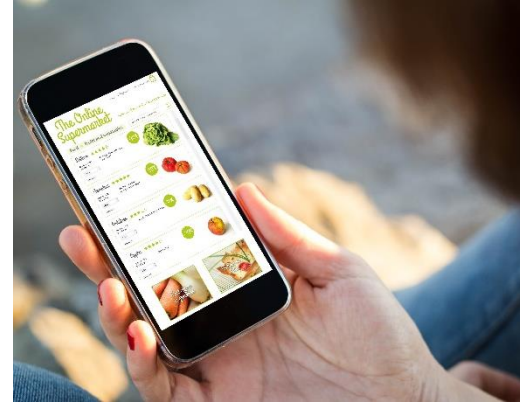
COMPLEXITY



I TRY TO SHOP GREEN
BUT...



I BUY ORGANIC...



I BUY FAIR
TRADE...



I BUY RECYCLABLE
PACKAGING...



...RECEIVE EVERYTHING
IN INDIVIDUALLY
PACKED BOXES



...BUT THIS IS MUCH LESS
LAND/ENERGY EFFICIENT
THAN TRADITIONAL
FARMING



...BUT THE FOOD
MILES CAN BE
CONSIDERABLE



...BUT DO NOT KNOW
IF THEY ARE
RECYCLED

Significant knowledge gaps in ESG means that consumers are unable to make fully informed decisions around what they are buying

BARRIERS

KNOWLEDGE

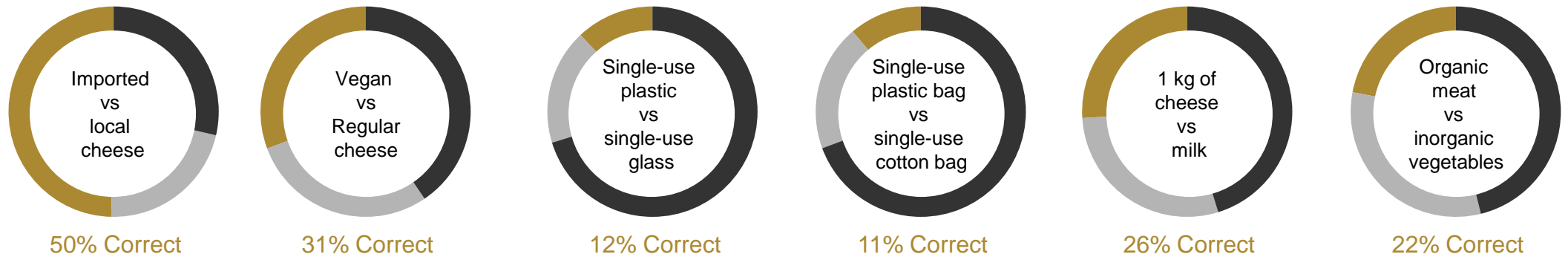
~75% of respondents did not know, or were incorrect when asked to identify which product had a lower carbon footprint

QUESTION

Which has a lower carbon footprint?

RESPONSE SPLIT

● Incorrect ● Do not know ● Correct



CORRECT RESPONSES

local cheese

vegan cheese

single-use plastic jar

single-use plastic bag

1 pint of milk

inorganic vegetables

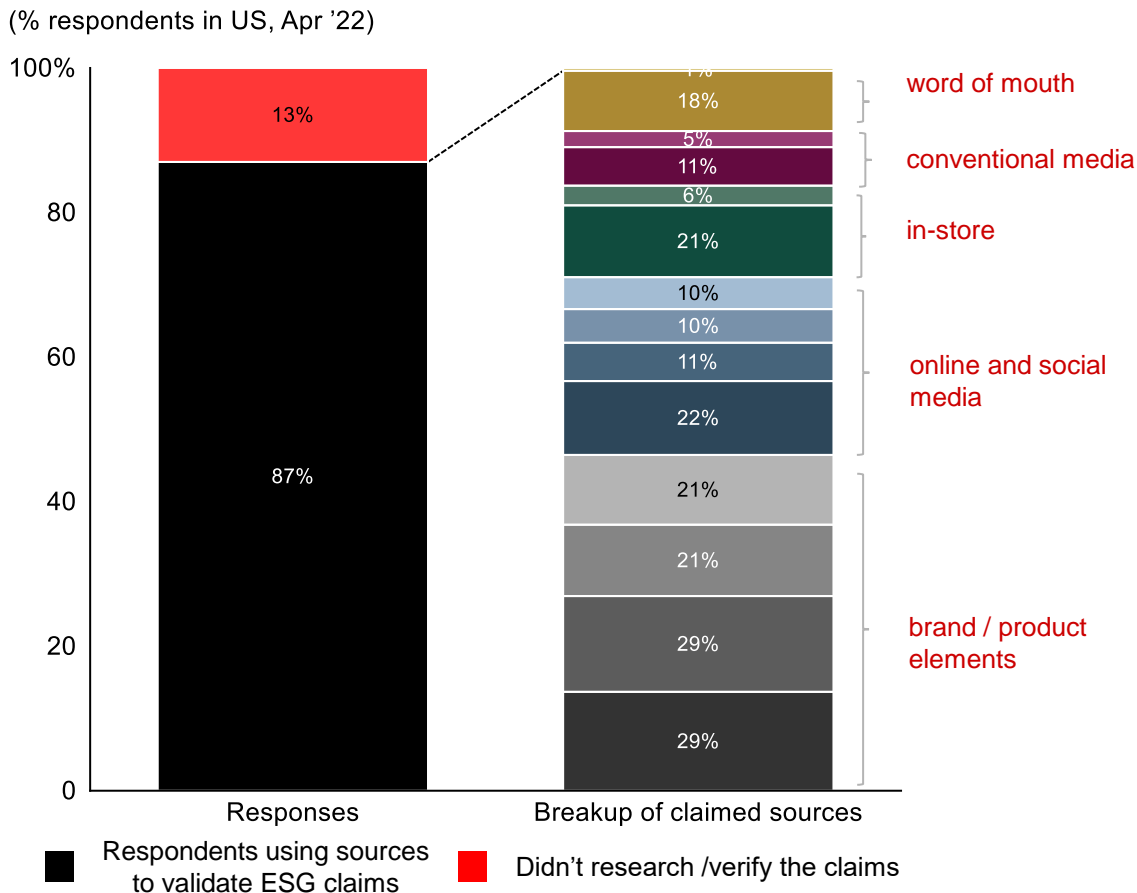
Survey question: For each pair of products shown/ described below, please choose the one you believe has lower carbon footprint (i.e. lower greenhouse gas emission during production, transport, disposal)
Source: Bain US ESG Survey 2022; US (N=3,947)

87% of consumers look to verify a product's sustainability; packaging, brand websites & online reviews are most prominent, but sheer number of sources is overwhelming

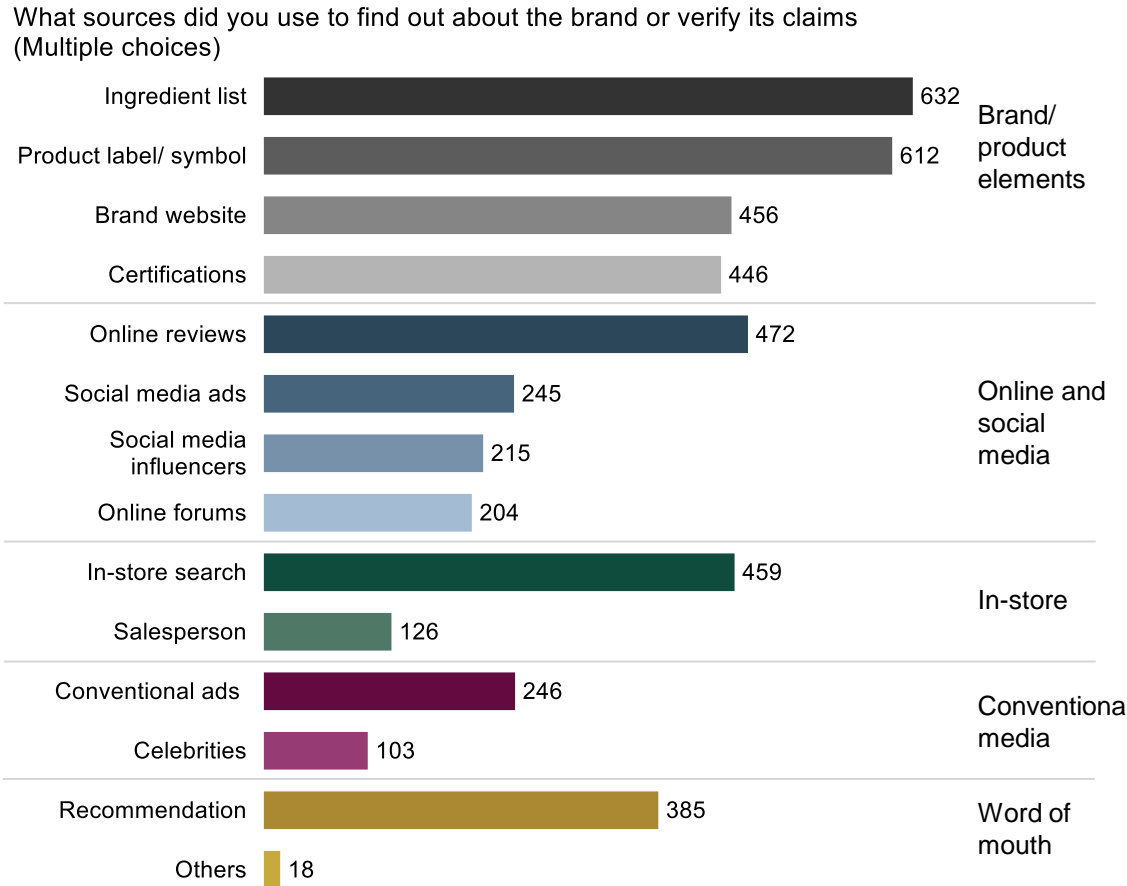
BARRIERS

COMPLEXITY

Brand verification sources for respondents who consider sustainability when shopping



High number of sources to validate ESG claims



Survey question: While purchasing sustainable products in last 6 months what sources did you use to find out about the brand or verify its claims?
 Note: Respondents could fill up to 3 options; Question was asked to respondents who had chosen sustainability as a top KPC for >=2 categories
 Source: Bain US ESG Survey 2022; US (N=3,947)

Even Conscious Consumers face challenges, several of which are within brands' control to improve including price, lack of info and not being entirely sustainable

BARRIERS

SEGMENTATION

 / USA / CONSCIOUS CONSUMERS



The thing that still probably needs to be worked out is the prices are still fairly high. There's not as many choices in terms of affordable pricing. **Especially with inflation**, things are a little bit expensive.

- M, California, 59 (Conscious Consumer)

My biggest takeaway after leaving the grocery store is **how few products present themselves as sustainable** [...]. I expected to go in there and sort of be bombarded or possibly even have a special section, but instead **I really had to hunt**.

- M, Texas, 42 (Conscious Consumer)



Survey question: What are the key challenges you face while shopping sustainably?

Note: The question was asked to respondents who had selected sustainability as a top 4 KPC for at least two categories

Source: Bain US ESG Survey 2022; US (N=3,749) considered for segmentation analysis; Bain US ESG Ethnographic Research May'22 (N=26)

For those in the Curious Consumers segment, price remains key alongside lack of variety, availability and products not being entirely sustainable

BARRIERS

SEGMENTATION

 / USA / CURIOUS CONSUMERS



Just thinking about the prices in general, it'd be cool if this environmentally sustainable organic [...] stuff was **a little bit more affordable**. I think that's what kind of **deters people** from buying it a lot of time. They could potentially lower the price on that kind of stuff to **make it comparable with other products**, and I think more people would buy it.

-- M, Ohio, 37 (Curious Consumer)



Survey question: What are the key challenges you face while shopping sustainably?

Note: The question was asked to respondents who had selected sustainability as a top 4 KPC for at least two categories

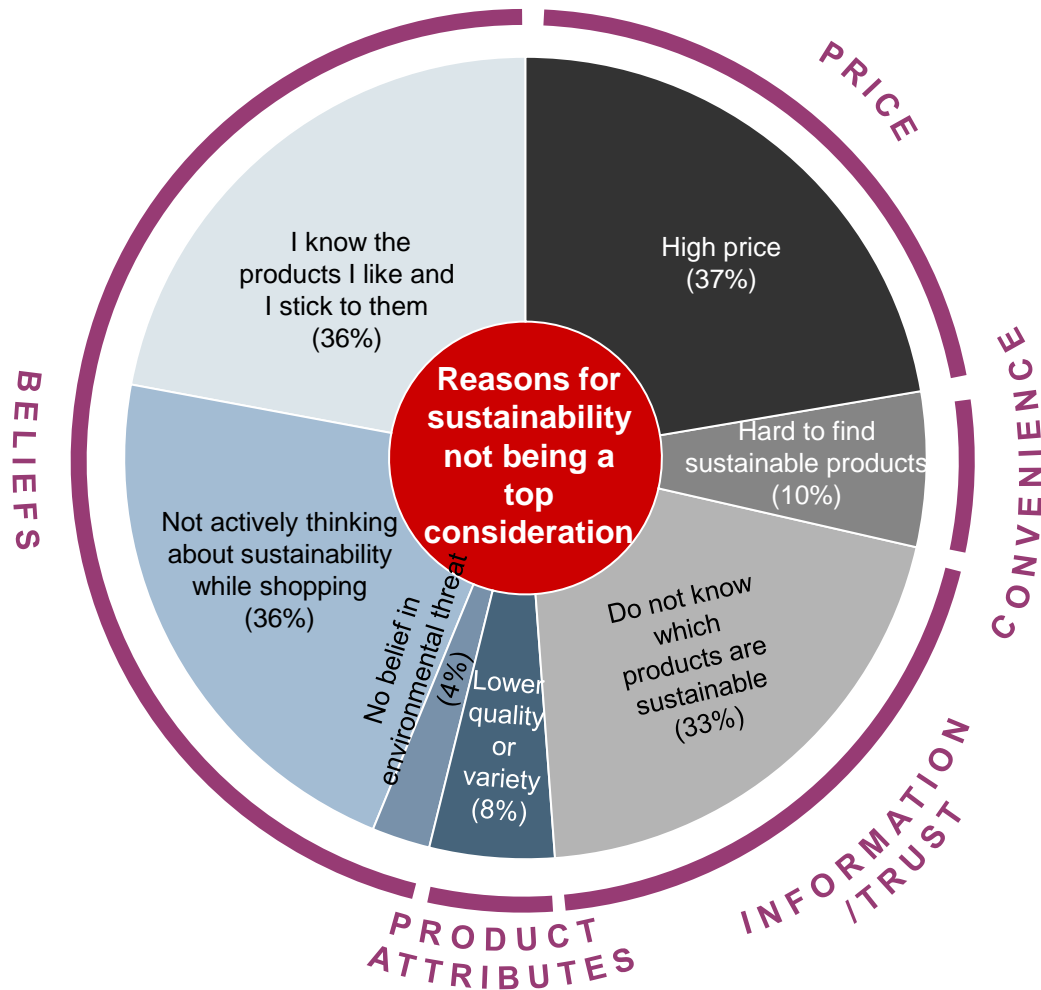
Source: Bain US ESG Survey 2022; US (N=3,749) considered for segmentation analysis; Bain US ESG Ethnographic Research May'22 (N=26)

Conscious Non-Consumers have not made the connection between their sustainable habits & shopping, are unsure which brands to trust, or cannot afford ESG products

BARRIERS

SEGMENTATION

 / USA / CONSCIOUS NON-CONSUMERS



After going grocery shopping, I found many items that were environmentally friendly and sustainable, **but I never thought about until this survey**

- F, New York, 33 (Conscious Non-Consumer)

I feel like there's a lot of products out there that are probably sustainable, but **I'm not quite sure if they are or what they are and if they're really sustainable** and good for the environment. [...] So I still have **a lot to learn.**"

- F, Illinois, 49 (Conscious Non-Consumer)

Is it worth paying more to do the good for the planet? Some people that are on a **tight budget** may not want to do that. And with as I mentioned earlier, **gas prices on the rise**, it's kind of hard.

- F, Washington, 50 (Conscious Non-Consumer)



Survey question: What are the reasons that sustainability is typically not a top consideration for you while shopping?

Note: This question was asked to respondents who had chosen sustainability as a top KPC for <2 categories; respondent can choose up to 2 options; the % calculated above are done using the total number of respondents eligible for this question across each segments;

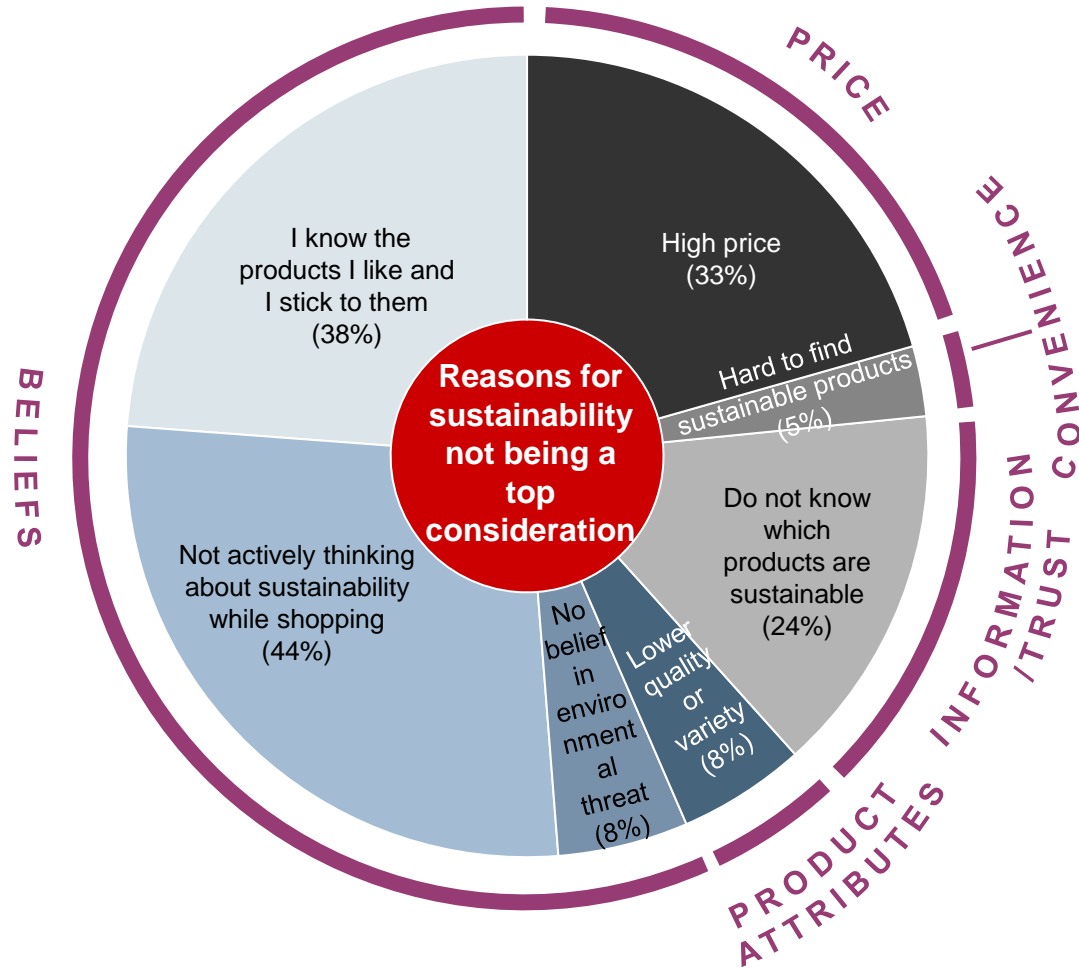
Source: Bain US ESG Survey 2022; US (N=3,749); Bain US ESG Ethnographic Research May'22 (N=26)

Consumers of Habit do not tend to actively think about sustainability and like to stick to the products known to them

BARRIERS

SEGMENTATION

 / USA / CONSUMERS OF HABIT



Normally when I go to the store I'm **laser focused on buying the products that I normally buy** for myself and my family. My **tried-and-true** products, I really **don't deviate** from.

- F, Texas, 45 (Consumer of Habit)

I've actually **never really paid that much attention** to the environmentally friendly products because they just seem so expensive to me and **I'm not familiar with most of the brands.**

- M, Georgia, 42 (Consumer of Habit)



Survey question: What are the reasons that sustainability is typically not a top consideration for you while shopping?

Note: This question was asked to respondents who had chosen sustainability as a top KPC for <2 categories; respondent can choose up to 2 options; the % calculated above are done using the total number of respondents eligible for this question across each segments;

Source: Bain US ESG Survey 2022; US (N=3,749); Bain US ESG Ethnographic Research May'22 (N=26)

Half of US consumers believe brands and retailers are responsible for helping consumers shop sustainably

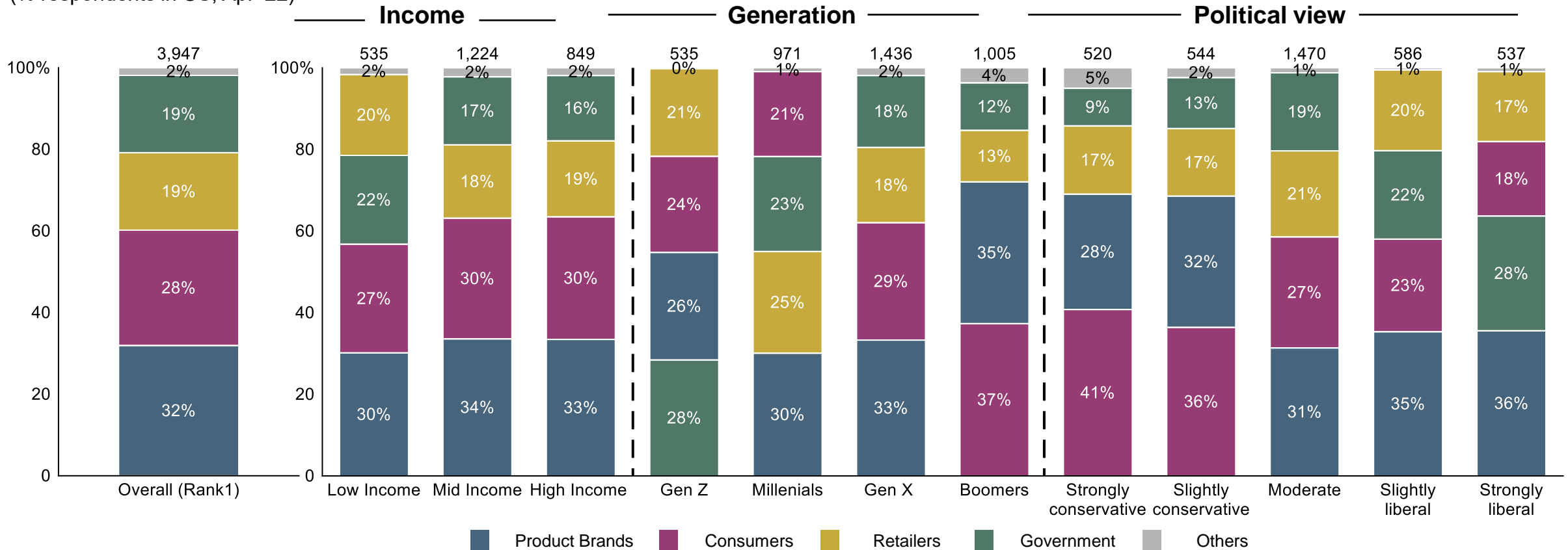
BRAND PERCEPTION



Q: Please rank the following options based on who you believe should be most responsible in helping consumers shop sustainably

Responsibility in helping consumers shop sustainably

(% respondents in US, Apr '22)



Note: The respondent is asked to rank in order of priority all 5 options. The chart in the LHS represent respondents ranking an element as number 1; The chart in RHS are cumulative of the respondents ranking an element as 1,2 and 3; Income groupings as follows: Low: < \$ 25,000, Mid: \$ 25,000 - \$ 99,000, High: \$ 100,000 and above; Segments for generation defined as: Gen Z :18-24; Millennials: 25-40; Gen X: 40-60; Boomers: 60+; the chart excludes responses of 'prefer not to answer' as political views because of low sample size

Source: Bain US ESG Survey 2022; US (N=3,947)

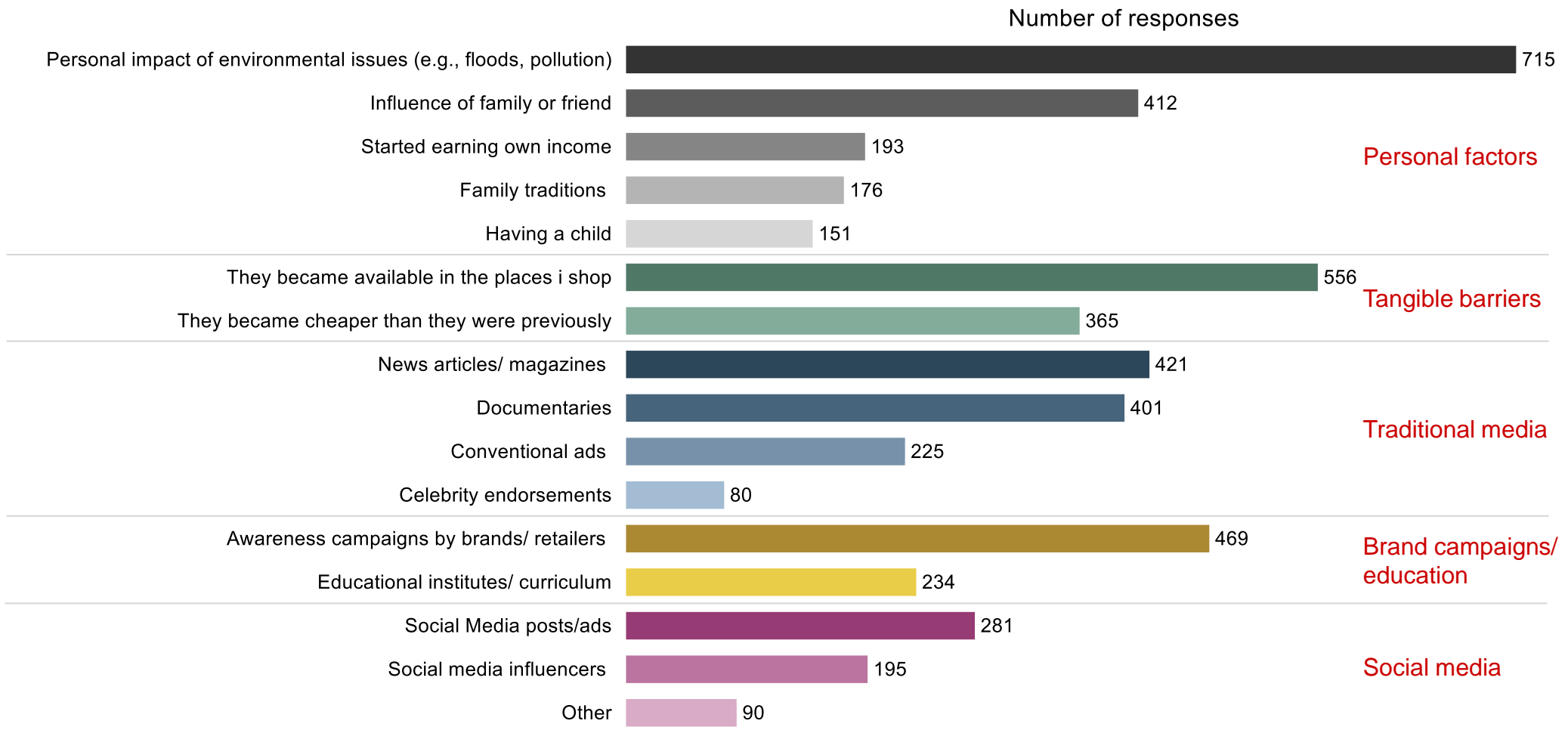
If barriers are removed, consumers are more likely to purchase sustainable products; 43% say that lower prices & better availability prompted new ESG shopping habits

SEGMENTATION

PURCHASING BEHAVIORS

Q: What prompted you to start buying sustainable products?

The removal of tangible barriers can nudge consumers to buy sustainable products



43% say they began buying these products because these tangible barriers were removed

Meet US consumers | The role brands can play in supporting consumers to achieve their aspirations

01



02



03



04



WHO ARE THEY?

WHAT DO THEY
FEEL, THINK,
AND DO?

WHAT ARE THEIR
ASPIRATIONS AND
THE BARRIERS TO
ACHIEVING THEM?

THE ROLE
BRANDS CAN
PLAY IN
HELPING THEM

Three recommendations for all brands, regardless of where they are on their ESG journey

TAKEAWAYS



1 Simplify decision-making

Close the knowledge gap by highlighting clear, **measurable ESG features** that educate consumers while guiding choice.

For example, “60% lower carbon footprint than glass” is **clearer guidance** than “100% recycled plastic bottle”.

This will be especially impactful for Conscious Non-Consumers, who are not yet connecting their sustainability aspirations to their shopping habits.

2 Integrate ESG into existing choice-drivers

Consumers already balance competing priorities of quality, price, health, and convenience; **we cannot add a new dimension.**

Insurgents have proven ESG can be more **convenient** (via plastic-free automated subscriptions like Smol), **affordable** (via durable, reusable products like UpCircle’s make-up removal cotton pads), and **healthy** (via low-GHG plant-based ingredients like Oatly). **Incumbent brands must follow.**

3 Evolve existing brands

Consumers of Habit are unlikely to trust or even notice unfamiliar brands.

However, they are likely to engage with **same-but-better versions** of products they love, provided that this does not come with a significantly higher price tag (i.e. Kraft Heinz’s upcoming wood pulp bottle).

The upside is that, once a product is in a Consumer of Habit’s shopping basket, they are likely to **buy on repeat.**



Getting started: **Three questions for every company to ask**

- 01** How will you take responsibility for informing and guiding consumers to make more sustainable choices?
- 02** How will you enhance your brand proposition with environmental sustainability & social responsibility?
- 03** Which products within your portfolio can you commit to immediate action?