Issue 1 | July 2021

Forces of Change

CONSCIOUS CONSUMERISM

Hearts & Science

FOREWORD

Garrett O'Reilly,

Managing Director,
Hearts & Science UK

Hearts & Science exists to help clients navigate the incredibly complex, volatile and challenging media and marketing landscape.

One of the many ways we do this is through our Forces of Change thought-leadership series where we identify and explore new and emerging trends that are fundamentally changing the relationship among brands, media, and people.

In this the fifth edition of Forces of Change we focus on how the Global Climate Crisis – the most significant force of change in generations – is shaping the UK population's attitude towards sustainability and their buying habits.

With mounting evidence that underlines the severity of the global climate crisis, and high-profile activists like Greta Thunberg and Sir David Attenborough championing the issue globally, consumers are increasingly both aware of the climate crisis and importantly adjusting their behaviours as a result.

The impetus for brands to adjust their behaviours and operations to play their part in addressing the climate crisis is not simply about being responsible citizens of our planet. Mark Carney, former Governor of the Bank of England, has gone on record to say that firms ignoring the climate crisis will go bust. UN-funded research shows that carbon-intensive firms are likely to lose 43% of their value thanks to policies designed to combat climate change. The same research predicts progressive companies will gain 33% of their value due to the tailwinds in this area.

Recent evidence shows that if anything the global COVID pandemic has focussed the world's attention on the climate crisis. A 2020 global survey by Accenture said 60% of consumers were making more environmentally friendly, sustainable, or ethical purchases since the start of the pandemic. Nine out of ten said they'd continue in that vein.

55% of consumers believe brands play a more important role than governments in creating a better future and so we believe brands have a huge role to play in pushing the sustainability agenda and driving real behaviour change in consumers.

Using our research, we have designed an actionable toolkit for marketers to keep their brands in tune with wider sustainability sentiment and use communications to deliver sustainable growth.

We hope that you enjoy what you read and invite you to share your thoughts and builds with us using #forcesofchange.

EXECUTIVE SUMMARY

Simon Carr,

Chief Strategy Officer,
Hearts & Science UK

Hearts & Science conducted an in-depth survey of 2,000 UK adults to gain a greater insight into the drivers and barriers of purchasing sustainable, eco-friendly products and the most influential factors that impact consumers when making eco-conscious purchases.

We also analysed purchase behaviours across a range of product categories, from food & drink and home electronics to furniture and fashion. Key findings included:

The main barriers to conscious consumerism aren't surprising:

Higher pricing **(55%)** and lack of variety **(27%)** are the main culprits, while **18%** think eco-friendly products are worse quality. However, nearly a fifth **(18%)** cite lack of availability as a barrier

52%

Just over half (52%) of consumers take a brand's eco-credentials into consideration when choosing products and a fifth (21%) have stopped buying from brands due to their lack of those same eco-credentials

3/4

Nearly three-quarters of consumers choose eco-friendly/sustainable options and a third suggest they will increase their spend on sustainable food & drink and home essentials next year

The reasons people are choosing eco products are clear: **55%** are influenced by environmental concerns; **49%** want to play a part in a more sustainable future; while for nearly a quarter **(23%)** it's the feel-good factor

Consumers are more likely to learn about a brand's eco-credentials from friends and family and review websites than from the media or influencers

96%

The vast majority of consumers (96%) now say they take their carbon footprint into account when choosing where to purchase, with one in ten saying they buy local produce to reduce food miles and 9% using zero-waste/refill stores

1/7

One in seven consumers (14%) suggest lack of knowledge holds them back from buying sustainable options, suggesting there is an education job to do for brands to better communicate the availability and differentiators of their eco-options

Food & drink and household essentials are the sectors most strongly driven by a brand's sustainability credentials, but they apply to every category, not just those with frequent purchases: 59% of respondents said that eco-friendly credentials are important for car/motoring acquisitions, 56% for home appliance purchases and 50% for furniture

Through our observations and insight from the survey findings, we have identified seven 'eco-nudges' that brands can employ to take their messaging beyond conscious consumerism and into 'subconscious consumerism', where non-sustainability benefits are promoted - without necessarily promoting sustainability

INTRODUCTION

This fifth edition of the Forces of Change research by Hearts & Science focuses on how the UK's buying and consumption habits have shifted over the period of the Covid-19 pandemic – and particularly on the rise of 'conscious consumerism'.

The pandemic is undoubtedly the biggest force of change on people's behaviour over the past 15 months, with significant shifts in media behaviour and consumption. The UK has seen particular jumps in our use of streamed video and our online shopping[1].

But it has also brought the choices we make as consumers to the forefront.

A 2020 global survey by management consultancy firm Accenture noted consumers "have dramatically evolved", and 60% were making more environmentally friendly, sustainable, or ethical purchases since the start of the pandemic. Nine out of ten said they'd continue in that vein[2].

Meanwhile, Kantar research reported that since Covid-19 sustainability was more of a concern for consumers than before the outbreak[3], while two-thirds (65%) of global consumers told a survey by Ipsos Mori that "it is important that climate change is prioritised in the economic recovery after coronavirus".

We wanted to dig into this in more detail, to understand the movement towards 'conscious consumerism', and importantly, establish what brands, marketers and agencies can do to benefit from this shift.

To do this, we conducted an in-depth survey of UK adults in order to gain a greater insight into the drivers and barriers of purchasing sustainable, eco-friendly products and the most influential factors for people when making eco-conscious purchases. We also analysed purchase behaviours in a number of distinct product categories, ranging from food & drink and home electronics to furniture and fashion.

The results were illuminating.

Consumers are more likely than ever to choose eco-friendly products and take a brand's sustainability credentials into account when choosing products – and many even admit they've stopped buying a particular brand because they were concerned about a lack of eco-credentials.

Why do they buy these eco-friendly products? The findings weren't hugely surprising: environmental concerns, to play a part in a more sustainable future, or simply the feel-good factor ('doing it to feel good').

[1] YouGov International Media Consumption Report 2021, [2] Accenture COVID-19 Consumer Pulse Research: Wave 7, [3] Kantar Who Cares, Who Does? 2020

As for the barriers stopping them buying more eco-friendly options, consumers cited higher pricing, lack of variety and a perception of worse quality. Although curiously, many also saw the lack of availability as a barrier.

There is clearly an education job ahead, as many respondents suggested that a lack of knowledge holds them back from buying eco-friendly products, highlighting that many brands may need to better communicate the availability and differentiators of their eco-options.

As marketers, we face a challenge ahead to shift gears on the products and services that brands create, as well as the choices we make on which ones are marketed and promoted. Ultimately, it's also down to our industry to ensure a balance between profitability and environmental impact.

To that end, we also worked with acclaimed behavioural scientist Richard Shotton to create a toolkit of seven 'eco-nudges' that equip brands to truly help people make better consumer choices. We looked at how brands could make it easy, popular and 'normal' to buy more eco-friendly options.

These are the areas we will tackle in this report, with the help of leading voices from across the industry. We hope you find what you read useful and invite you to share your thoughts and feedback with us using **#forcesofchange.**

Methodology

Hearts & Science conducted a quantitative, nationally-representative survey with YouGov among more than 2,000 UK adults. The research ran in June 2021.

If you'd like to know more about Hearts & Science's own thinking regarding sustainability and the growth of conscious consumerism, **please get in touch with us at london@hearts-science.com.**

UNDERSTANDING CONSCIOUS CONSUMERISM'S DRIVERS AND BLOCKERS

Right now, everybody's talking about sustainability.

As a result, the non-financial metrics of Environmental, Social and Governance (ESG) have become key drivers behind investment and commercial decisions, helping businesses identify risks and opportunities across a wide range of industries.

Bodies such as the UK Sustainable Investment and Finance Association (UKSIF) are promoting a more sustainable approach to financial services. Meanwhile, our own marketing services sector saw the Advertising Association, in partnership with the IPA and ISBA, launch Ad Net Zero in November 2020 as "an industry-wide initiative to help UK advertising respond to the climate crisis". In addition, Garrett O'Reilly, of Hearts & Science, was part of an intense AdWeek Europe 2021 debate asking if "every ad should be a green ad".

Yet in spite of many businesses and industries being clear on the value of sustainability, there isn't a consensus among the public on its importance, and a 'green gap' exists between beliefs and actions.

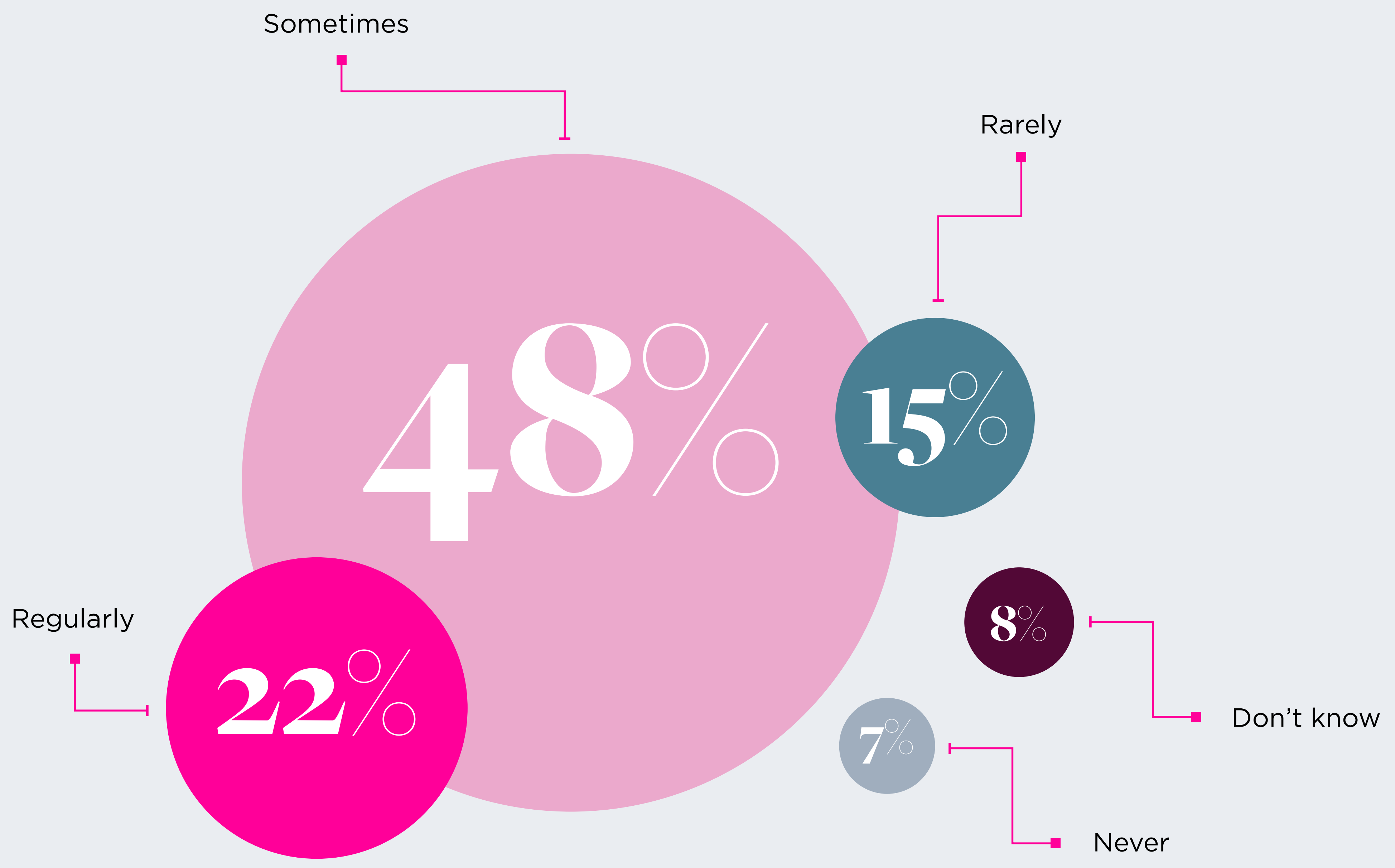
The research is designed to bridge this green gap by analysing the thinking of consumers – identifying how brands can drive behaviour change and make it easier and more compelling to choose eco-friendly options. We examined what's driving the change in consumer behaviour, what could be blocking it, and what brands can and should be doing to take advantage of this new reality of conscious consumerism.

It will also come as little surprise that 'rich left-wingers' are at the forefront of many of these trends. Those in higher income brackets (ABC1) are significantly more likely to be buying eco-friendly/sustainable options vs. C2DE. And those who vote Labour are far more likely than Conservative voters to purchase those products.

Drivers of conscious consumerism

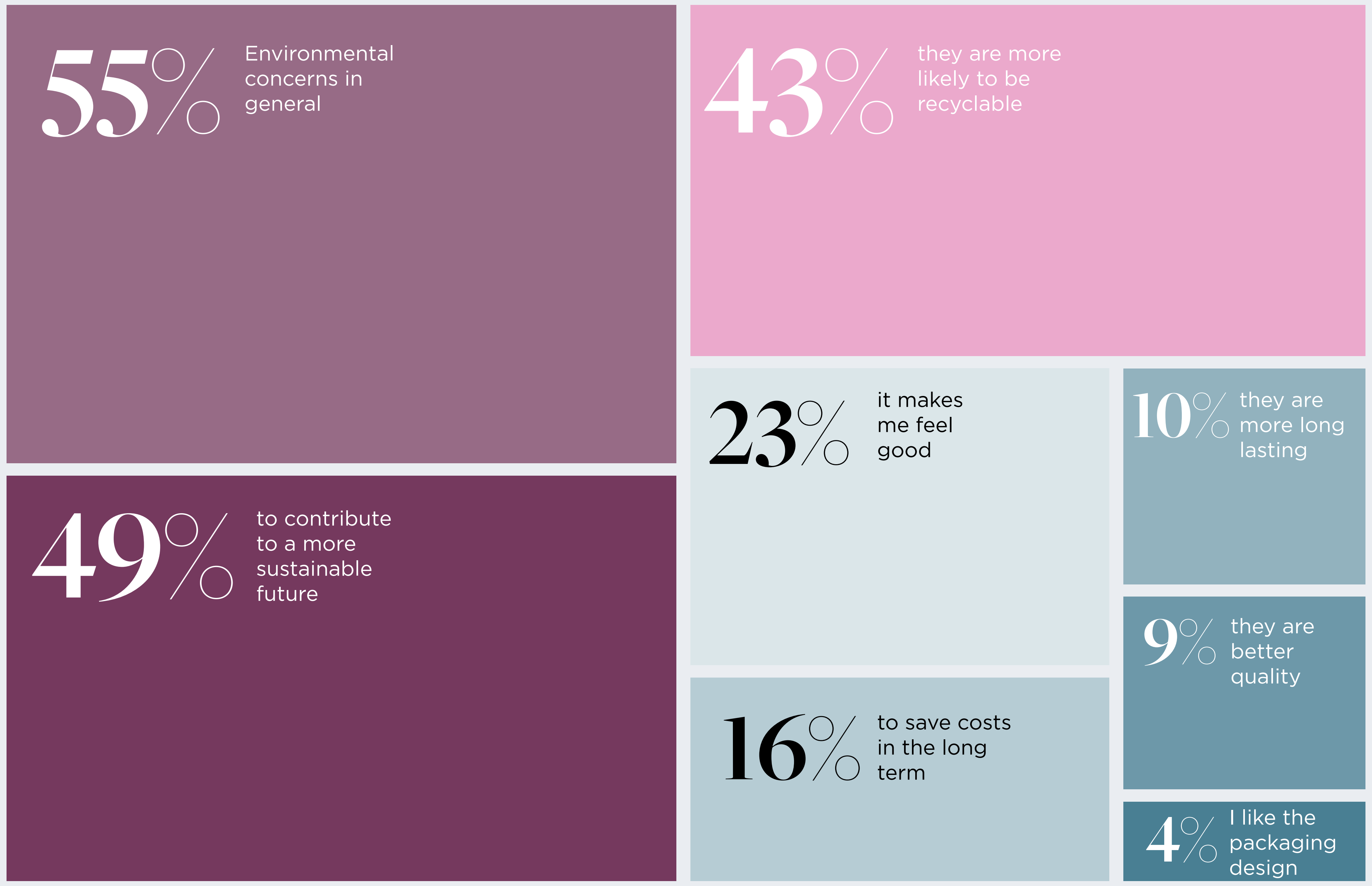
The research found that nearly three-quarters of consumers (70%) buy sustainable, eco-friendly products, of whom 22% do so regularly and 48% sometimes. In addition, around a third suggest they will increase their spend on sustainable food & drink (32%) and home essentials (31%) next year – two categories that seem to be driving the uptake of sustainable products.

How often do you purchase sustainable, eco-friendly products?



YouGov Forces of Change Survey 2021
"How often, if at all, would you say you currently choose to buy ANY sustainable, eco-friendly products instead of buying an equivalent product that is not sustainable or eco-friendly?"

Reasons for buying sustainable, eco-friendly products



YouGov Forces of Change Survey 2021
HHF_Q2. As a reminder, by 'sustainable, eco-friendly products', we mean products that are designed to have little or no damaging effect on the environment
"Which, if any, of the following are reasons that you have ever bought a sustainable, eco-friendly product instead of buying an equivalent product that is not sustainable or eco-friendly? Please select all that apply"

The reasons people are choosing eco-friendly products aren't perhaps surprising: 55% do so over environmental concerns and 49% want to play a part in a more sustainable future, while for nearly a quarter (23%) it's the feel-good factor ('doing it to feel good').

It's interesting that parents of children aged 5-11, and especially those with one child, are more likely to choose eco-friendly products than those with kids four and under, or aged 12-18. This might suggest 'pester power' has a part to play and the green syllabus at primary schools is hitting home – or it could be that having children triggers parents to focus more on the future and the quality of lives of their children, which triggers the importance of sustainability in their purchasing.

Without doubt, sustainability is becoming a greater behavioural driver. We found that more than half of consumers (52%) take a brand's eco-credentials into consideration when choosing which products to buy – rising to 65% for household essentials and 62% for food & drink.

Perhaps most notably, however, a fifth of consumers (21%) admit that they have stopped buying from certain brands due to concerns over those companies' environmental impact. These are most pronounced when it comes to the weekly shop, with 36% of shoppers making buying decisions based on food and drink brands' lack of eco-credentials, and 33% doing so for household essentials.

That said, even 15% of shoppers have stopped buying home electronics over these concerns, while one in eight (12%) have stopped buying from a particular sportswear or furniture brand. No category is now free from the considering eye of the conscious consumer, and even those that wouldn't necessarily have thought that sustainability was front of mind for their customers are having to adapt.

The survey also highlighted how sustainability is not only affecting what people buy, but where they buy it. The vast majority of consumers (96%) now say they take their carbon footprint into account when choosing where to purchase, with more than half (55%) choosing to shop on their local high street rather than going further afield; a quarter (23%) use click & collect services, and one in ten saying they buy local produce to reduce food miles.

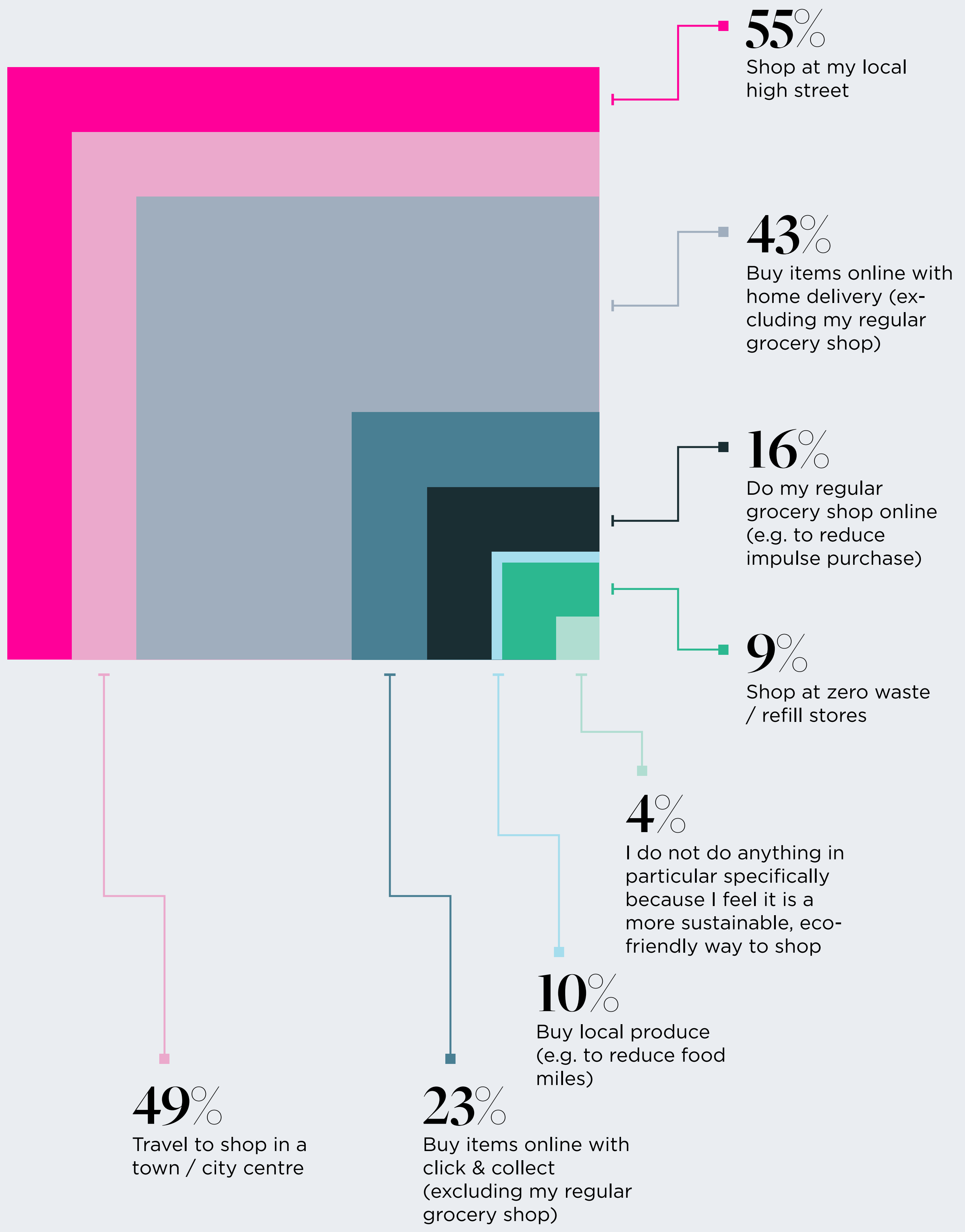
Yet at the same time, 65% of people with an Amazon Prime Membership also say they like to shop local. There is a tension between people's claimed ethics and their actual behaviours, with even the most ardent principled consumers not being ethical all of the time.

Zero-waste/refill stores that sell package-free groceries and other products are another big winner from the shift to conscious consumerism. Practically unknown ten years ago, around one in ten shoppers (9%) now say they use them. This format has become much more accessible thanks to plenty of innovative, internet-based brands that mean you don't have to rely on living near a refill store.

Ecover is one brand that exemplifies this with its call to join the #refillution. It offers a refill store locator on its website, making it easy to find a local option, but also does a wide range of bulk refill-size boxes that can be delivered to your door. Once you're done with your bulk box or bottle, the packaging can largely be recycled.

Perhaps most notably, however, a fifth of consumers (21%) admit that they have stopped buying from certain brands due to concerns over those companies' environmental impact.

Efforts made to shop sustainably



YouGov Forces of Change Survey 2021 "Which, if any of the following do you ever do specifically because you feel it is a more sustainable, eco-friendly way to shop? (Please select all that apply)"

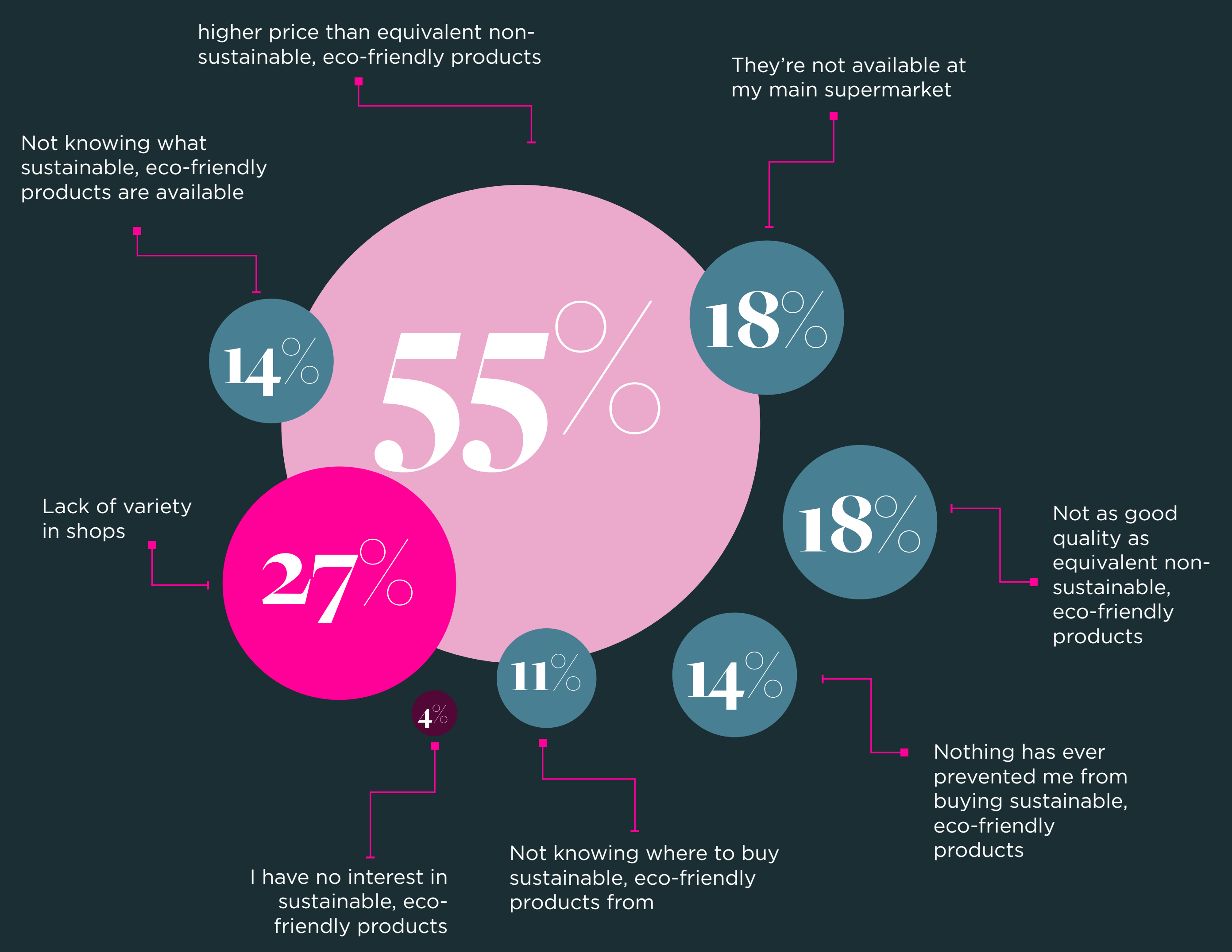
Blockers of conscious consumerism

The research highlighted several key barriers to conscious consumerism that are probably not that surprising: higher pricing (55%), lack of variety (27%), thinking eco-products are worse quality (18%).

However, nearly a fifth (18%) cite lack of availability as a barrier. This begs the question, if only 9% of shoppers use zero-waste/refill stores, is that simply that there aren't enough around?

Given that people want to choose sustainability and the lower-cost categories such as food/drink and household essentials are those that people are most likely to buy into, are the grocers and supermarkets missing a trick here – in terms of revenues, as well as brand perception?

Price is by far the number one barrier to switching to sustainable alternatives. With other key issues putting the onus on retailers to sell more variety and make eco-friendly options more available.



YouGov Forces of Change Survey 2021
HHF_Q2. As a reminder, by 'sustainable, eco-friendly products', we mean products that are designed to have little or no damaging effect on the environment.

"Which, if any, of the following are reasons that you have ever bought a sustainable, eco-friendly product instead of buying an equivalent product that is not sustainable or eco-friendly? Please select all that apply"

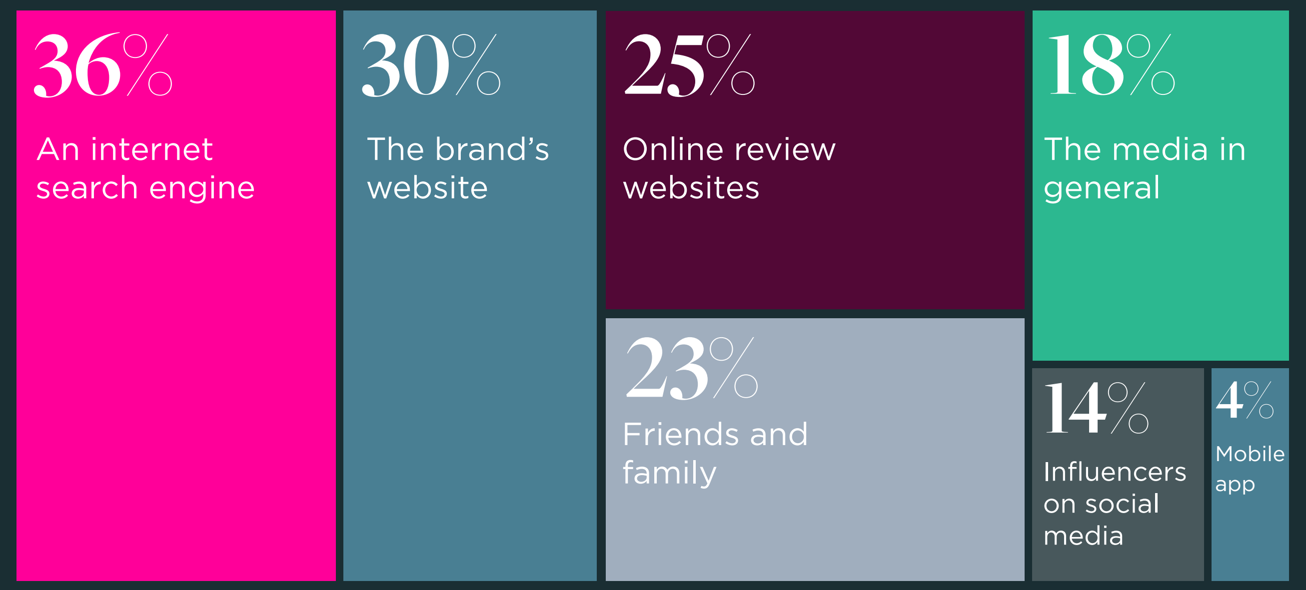
In addition, 14% of consumers suggest 'lack of knowledge' holds them back from buying eco-friendly options, which suggests that there is an education job for brands and they need to better communicate the availability and differentiators of their eco-options.

The question then becomes how brands should get those messages across. There are challenges and perceptions around trust, as we found when we asked consumers which sources they use to find out about brands' eco-credentials.

Although Google and the like clearly come out on top, followed closely by brand websites, the numbers of consumers looking to third-party review websites (25%) and word-of-mouth through friends and family (23%) are significantly higher than those looking at 'the media in general' (18%) and – particularly – social media influencers (8%).

We do note that the nationally-representative sample skews towards older demographics. However, there is an argument that if traditional channels score lower, then brands would be advised to focus on grass-roots strategies to get their sustainability story across. However, authenticity is key and brands need genuine eco-credentials behind their words - 'greenwashing' is not an accusation any brand wants to face.

Brands should ensure their eco-credentials are easily available through internet search engines and their website, as these are the top places consumers will check when seeking out this information. Influencers and dedicated apps are less sought after.



YouGov Forces of Change Survey 2021
"Which, if any, of the following are reasons that you have ever bought a sustainable, eco-friendly product instead of buying an equivalent product that is not sustainable or eco-friendly? Please select all that apply"

Category-specific findings

Analysing consumer thinking and behaviours across a range of different product categories, our survey found that food & drink and household essentials are the top categories for conscious purchasing. Frequent purchasing is a continuous reminder to shoppers of their own consumption, and retailers in these categories should accelerate their sustainable product ranges to meet the demand for these products.

When we look at what people predict their behaviour will be in the future – and clearly this comes with caveats – the only categories where people say they will spend more are household essentials and food & drink. The frequency of purchase, the amount of packaging and these categories being more overt with their environmental and sustainable credentials all mean that these are sectors where conscious consumerism is fast becoming table stakes.

This also means there is work to do for the beauty, fashion and home décor categories to change existing behaviours.

In the fashion space, luxury retail platform Farfetch has integrated 'conscious' into its search UX. It has launched 'Positively Farfetch' to donate clothes to be recycled and get store credit and 'Second Life' for selling designer bags.

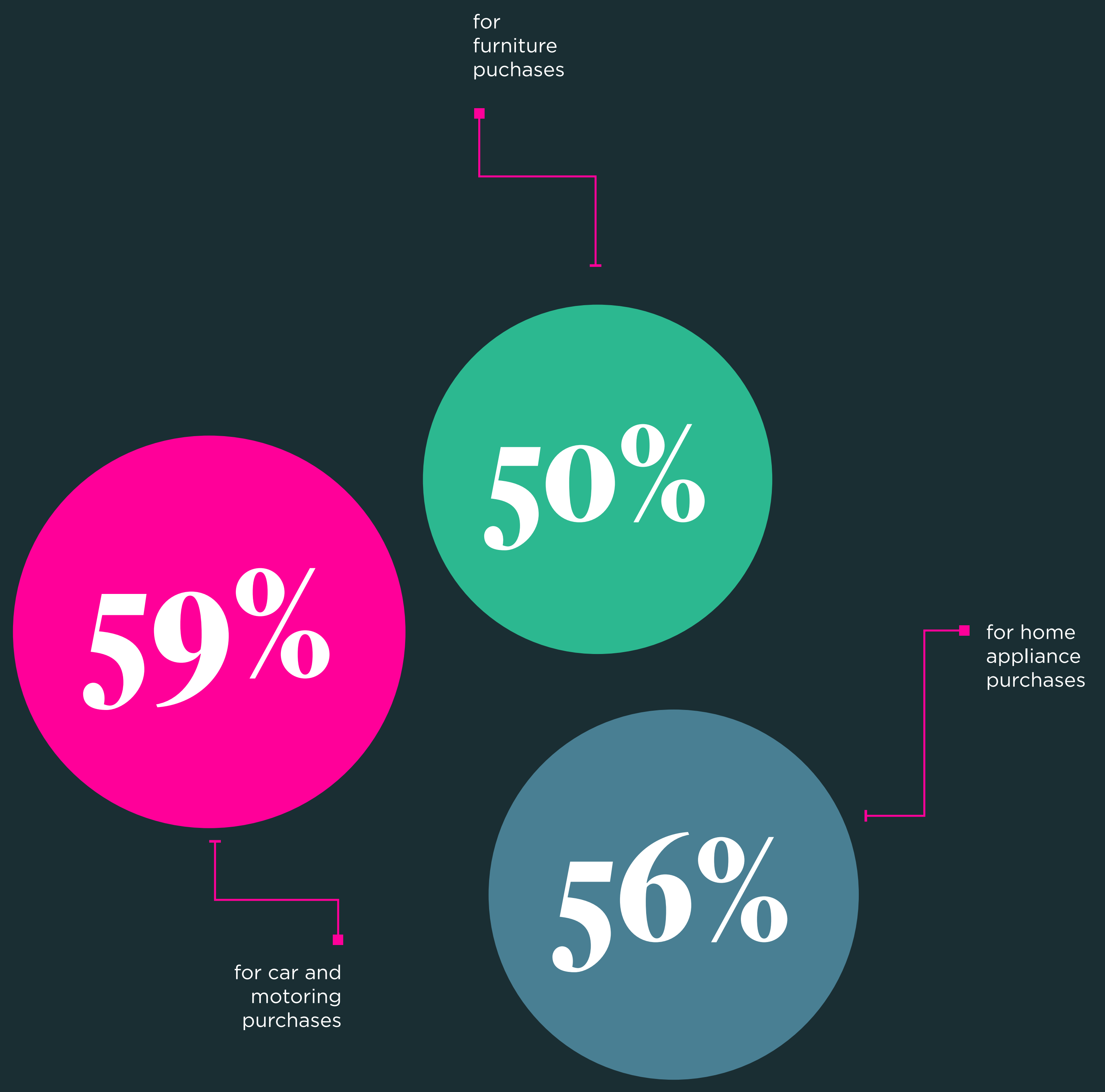
In addition, high street brands have launched initiatives like H&M's 'Conscious' range, while boutique retailers targeting middle market audiences are also deeply involved. Baujken, for example, makes a point of telling its customers that its whole supply chain is carbon negative.

However, communicating these offerings more loudly, and to a wider audience, needs to take place to lead and change attitudes, motivations and behaviours.

The study additionally revealed that consumers don't just want to buy sustainable products from brands in frequently purchased categories: 59% of respondents said that eco-friendly credentials are important for car/motoring purchases, 56% for home appliance purchases and 50% for furniture.

Electric vehicles, for example, are clearly becoming more prevalent. In 2020, sales increased 180% year-on-year and rose from 1.6% of the overall UK car market to 6.6%, meaning that eco-friendly credentials are clearly starting to resonate in the car/motoring market and there is intent from people too.

And in the home décor space, in 2020 IKEA launched its scheme to buy back unwanted furniture. It is hoped the initiative will help its customers take a stand against excessive consumption and cement its eco-credentials as it aims to be "a circular business" and "climate positive by 2030."[4]



YouGov Forces of Change Survey 2021
For the following question, please imagine that you wanted to buy a new product from each of the following categories...
"How important or unimportant would the sustainable, eco-friendly credentials of a brand be to you when choosing a product to buy from each of the following categories?"

[4] https://about.ikea.com/en/sustainability/becoming-climate-positive/what-is-climate-positive

WHAT CAN MARKETERS DO? USING THE SEVEN ECO-NUDGES

How can marketers better focus their efforts with what we've learnt about the 'green gap' between beliefs and actions, and the barriers and drivers that currently exist around conscious consumerism? The willingness is there among many people, but pockets of resistance remain.

To bridge that gap, and create effective marketing that is good for both the planet and the bottom line, requires a deep understanding of consumer attitudes, behaviours and motivations. This is where powerful weapons like behavioural economics, or 'nudge theory', come in. The latter is based on the idea that little things can make a big difference, and employs heuristics and an understanding of neuroscience to 'nudge' consumers at various points of the shopper journey.

Neither concept is new - in fact, the UK Government has already set up an environmental 'nudge unit', the Behavioural Insights Team, to encourage us to adopt more environmentally-friendly behaviours.

This potentially involves taking the message beyond conscious consumerism and into what OMG calls 'subconscious consumerism', where non-sustainability benefits are promoted without necessarily promoting sustainability[5].

Working with acclaimed behavioural scientist Richard Shotton, Hearts & Science has identified seven eco-nudges that marketers can utilise as their primary methods of changing people's behaviour:

We'll go through each in turn highlighting evidence of the eco-nudge in practice and then how to apply it.

[5] OMG Futures – Hit the Switch: The Future of Sustainable Business, 2021

1 Make it Attractive

It is often more effective to encourage conscious consumerism by positioning the behaviour as desirable rather than ethical.

A 2017 study by Bradley Turnwald, Danielle Boles and Alia Crum from Stanford University[6] found that sales of healthy food can be boosted by focusing on their taste rather than healthiness. For example, 'twisted citrus-glazed carrots' and 'dynamite chilli and tangy lime-seasoned beets' boosted sales by 41% compared to when the same dish was labelled with health phrasing such as 'carrots with sugar-free citrus dressing' and 'lighter-choice beets with no added sugar'.

Implication: In some situations, marketers should avoid overtly prosocial or pro-environmental language. It is often more effective to promote a behaviour in terms of what makes it attractive rather than what makes it ethical.

[6] Association Between Indulgent Descriptions and Vegetable Consumption: Twisted Carrots and Dynamite Beets, August 2017

2

Make it Easy

Small, seemingly inconsequential barriers can have a disproportionate effect on behaviour.

In 2012, the Government's Behavioural Insights Team investigated whether removing barriers from installing loft insulation would increase uptake. They found when a loft clearance service was offered alongside the installation (£369), the number of household installations increased by over 5x versus the control.

Implication: It's often more effective to focus on ease rather than motivation. To encourage conscious consumerism, brands must simplify the complexity of acting pro-socially. One tactic is to create simple rules of thumb which consumers can easily memorise and act upon: e.g., 'five a day', 'meat-free Mondays'.

3 Make it the default

One way to address the issue of ease is to change the default option.

In 2015, Felix Ebeling from the University of Cologne and Sebastian Lotz from Stanford[7] conducted a study on the effect of defaults on green energy preferences. When the default choice on an energy firm's website was green energy, purchases increased nearly tenfold (0.62% vs 5.58%).

Implication: The 'default' option can therefore be used to guide people towards conscious consumerism because people stick with the easiest option and believe it represents the best choice. This could manifest in many ways whether through brands making the most environmentally friendly or carbon neutral services the default option or ensuring the default product choice – whether through communications or availability – is the most environmentally friendly one.

[7] Domestic uptake of green energy promoted by opt-out tariffs, June 2015

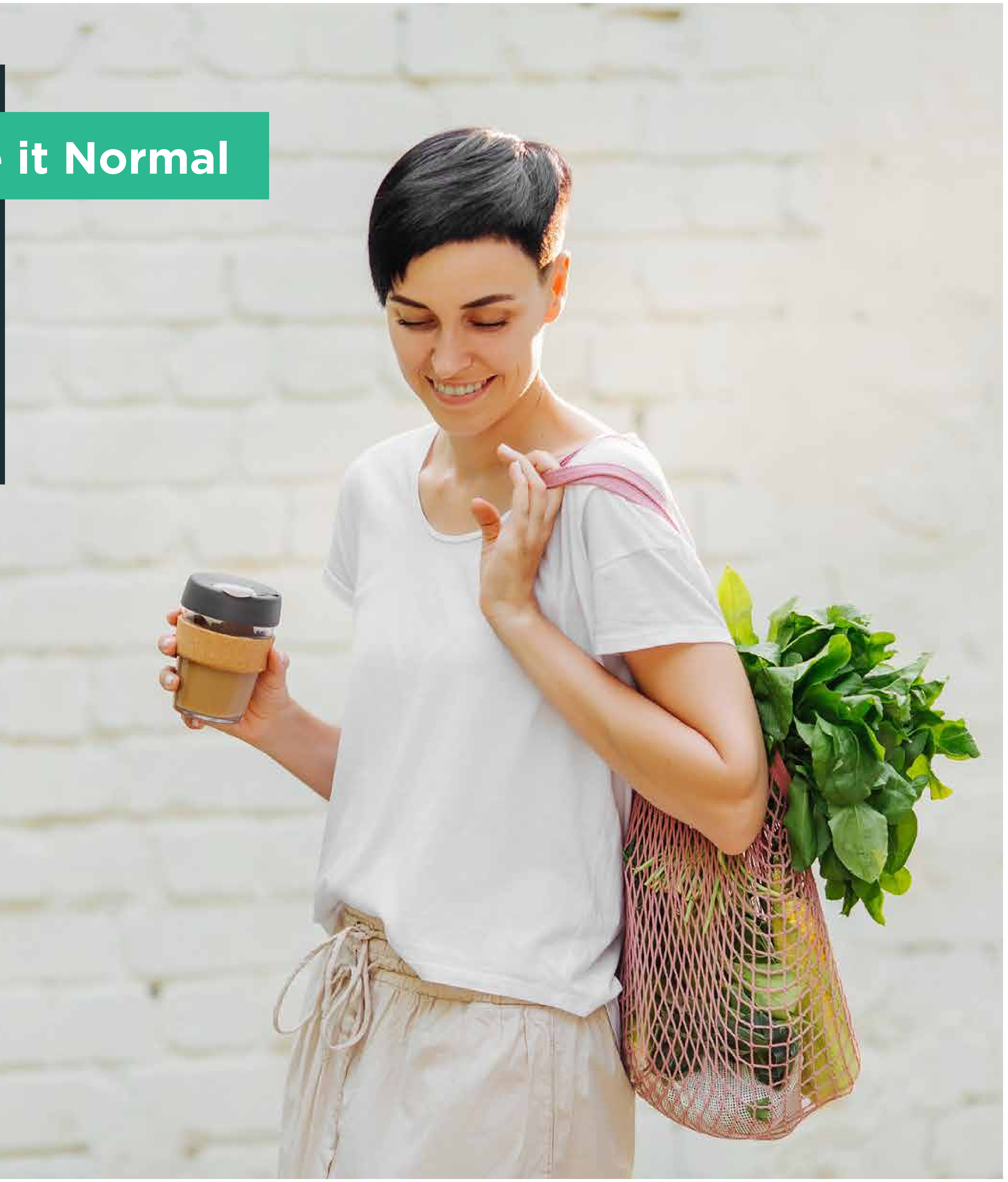
4 Make it Normal

People shy away from extreme options which they perceive as over-priced or poor quality, and instead pick the middle option.

Mountainview has demonstrated that the popularity of an option is partly determined by its relative position. They tested this using four beer brands; when drinkers were offered Carling (£1) or Budvar (£2), two thirds (67%) selected Budvar and one third selected Carling (33%).

However, when an inferior Tesco value option (20p) was introduced, even though no-one bought Tesco, the appeal of Carling (47%) increased, with only 53% still opting for Budvar.

In a third scenario, Tesco Value was removed from sale and instead drinkers were offered a Kronenbourg Blanc option (£4). In this scenario, only 10% chose Blanc, 90% selected Budvar and no-one bought Carling.



Implication: Making it normal could therefore be used to encourage conscious consumerism by introducing a 'normal' choice, an 'eco' choice and an 'eco+' choice. The high-cost option (e.g., the 'eco+' choice) won't necessarily be popular as will potentially be perceived as expensive but adding it will increase the normalisation and proportion of people picking the middle 'eco' option.

5 Reframe it

Individuals have a tendency to remain consistent with their beliefs and past behaviours.

The 'don't mess with Texas' anti-littering campaign aimed to harness a positive and proud social identity of no-nonsense, tough Texans. By aligning anti-littering motivations with people's social identity, the campaign reduced littering on highways by up to 72% between 1986 and 1990.

Implication: Reframing could therefore be used to increase conscious consumerism by aligning it to existing beliefs and past behaviours. Mainstream consumers are increasingly expressing concerns about the ethicality of their consumption choices yet there is a 'gap' between intentions and the extent to which these are expressed by their behaviour. For example, with electric vehicles people feel that they limit freedom, add complexity and look like future spaceships pushing intent away rather than closer. Reframing could therefore be about relative price, what you can do over how far you can go and time gained rather than lost to help close the gap.

Loss aversion, discovered by the Israeli psychologists Amos Tversky and Daniel Kahneman, shows that losses loom larger than equivalent gains.

Harvard psychologist Elliot Aronson conducted a study in 1988 into the effects of loss aversion on energy conservation in the US. An official from a local energy company offered homeowners an energy audit. Half were told that if they insulated their homes, they would be able to save $0.75 a day. The other half were told that if they failed to insulate their homes, they would lose $0.75 a day.

Homeowners told how much money they could lose from inadequate insulation were 36% more likely to insulate their homes than those told how much money they could save.

Similarly sales of single-use plastic carrier bags have dropped by more than 95% in England's main supermarkets since the 5p charge was introduced in October 2015.

6

Make it about loss

Implication: Loss aversion can significantly affect people's decision making and even a relatively small 5p charge for plastic bags has had a huge effect on mass behaviour. For brands this means specifically looking at how marketing messages can focus on loss over gain whether this be flipping messaging from 'this will save you...' to 'this will stop you wasting...' or from "£2 for a coffee (£1.70 with your cup)" to "£1.70 (£2 with a disposable cup)". Simple tweaks that can make a huge difference.

7

Make it popular

Social proof is the idea that when people make a decision, they are influenced by what they think the common course of behaviour is. If a behaviour is made to appear popular, it will become more popular still.

In 2015 Christophe Demarque at the University of Toulouse led a study into the effects of social proof on environmentally friendly purchases[8]. Participants were shown a fabricated online grocery store with a selection of 84 products, 24 of which had an ecological label. They were also were shown one of four messages:

1. **Control:** “This shop sells several daily usage products”
2. **Weak norm:** “9% of previous participants purchased one ecological product”
3. **Strong norm 1:** “70% of previous participants purchased at least one ecological product”
4. **Strong norm 2:** “on average, previous participants purchased at least two ecological products”

The results revealed when participants read the strong norms, the proportion of shoppers buying at least one ecological product increased by up to 65% compared to the control condition. The amount of money spent on ecological products also increased by up to 80% compared to the control condition when participants read the strong norms.

Implication: Highlighting the popularity of conscious consumerism in marketing and advertising is often more effective than emphasising the objective benefits.

[8] Nudging sustainable consumption: The use of descriptive norms to promote a minority behavior in a realistic online shopping environment, June 2015

KEEPING A FOCUS ON SUSTAINABILITY WHILST BEING THE FASTEST GROWING BRITISH GROCER

Q&A

Our research has shown that consumers are more strongly influenced by sustainability credentials when purchasing Food & Drink and household essentials than any other category.

This places a huge focus on the grocery industry to ensure that it is offering a wide variety of options for consumers.

We caught up with Laura Harricks, Chief Customer Officer at Ocado Retail, Britain's fastest growing online grocer, to understand Ocado's approach to the role of sustainability in its consumer communications as well as predictions for the future.

1. Our research found that purchase of food & drink and household essentials are the two sectors most strongly driven by a brand's sustainability credentials. How have you seen demand for more sustainable products increase over the past few years?

We certainly have. Many Ocado customers take a real interest in the green credentials of the products they purchase, not to mention the supermarket they choose. In a recent survey we conducted, results showed that 81% of Ocado customers said that sustainability was important to them when shopping for grocery products.

In response to the growing demand from our customers to make it easier to make sustainable choices, we launched a dedicated B-Corp aisle on ocado.com earlier this year. Our aisle features a huge 1,100 products from 35 B-Corp certified brands which is the largest selection of any supermarket. We want to make it as easy as we can for our customers to choose products that positively contribute to creating a more sustainable future. The aisle sits within our Eco Shop and continues to attract lots of visitors as more and more customers look to make greener choices.

2. Tell us a little more about Ocado's commitment to sustainability?

As part of our ambition to cement our position as the UK's most sustainable grocer, we're proud of our commitment to our five focus areas: eliminating food waste, sourcing with integrity (inc. packaging reduction), tackling food poverty, increasing diversity & inclusion and reducing our carbon impact, including our commitment to becoming Carbon Net Zero by 2040. We try to factor these into everything we do.

Ocado has the lowest food waste in the industry, thanks to our incredibly short supply chain, which is powered by AI and helps us work with stock efficiently. Alongside that, our predictive models help identify areas where we have food that we can distribute through our charity partners. At just 0.4%, our food waste is a fraction of the industry average of between 2-4%. We donate any food that is edible and within its use by date to one of our brilliant charity partners; The Community Shop, The Felix Project and Fare Share who ensure that the best products are given to those most in need. We donate any food that is not quite right for human consumption to our friends at Paradise Wildlife Park - a zoo local to our HQ in Hertfordshire. Any totally inedible food gets converted into reusable energy - some of which helps to power our CFC in Dordon, Warwickshire.

We are constantly reviewing our Ocado Own Range value products to remove any unnecessary packaging. To date, the review has resulted in 40 tonnes less plastic packaging used, 640,000 plastic nets taken away and at least 10 million non-essential packaging components completely removed. We've also introduced clever modifications to reduce packaging further. For example, instead of an adhesive label on Ocado own-range egg boxes, our new design has product information printed directly onto the box, which has in itself saved 10 tonnes of paper per year, and the colour has changed from green to white - both changes making the packaging easier to recycle.

Ocado is also a founding member of the UK Plastics Pact and we have a very popular closed loop recycling scheme for our plastic bags. Customers can hand back all their carrier bags to the driver, each bag is then taken to Echo Packaging, a specialist UK-based recycling centre. There, the bags are reduced down to pellets which are processed into new bags, and given back to Ocado to use in future orders. The vast majority of customers hand back bags in this way. Customers are refunded 10p for every plastic bag they return. We call it the bag's circle of life!

"To date, the review has resulted in 40 tonnes less plastic packaging used, 640,000 plastic nets taken away and at least 10 million non-essential packaging components completely removed."

We're really committed to ensuring that we are, in every sense, the UK's most sustainable grocer.

3. This year you ran the Rising Stars Event and Awards, encouraging customers to vote for their favourite small and independent suppliers on Ocado. You received a quarter of a million votes. Are you seeing an increase in popularity for these types of brands and products?

Yes, Ocado is a long-time champion of small and independent brands (we were a start-up once!) and is proud to offer so many that crucial first route to market. Many new and emerging brands have sustainability and CSR at the top of their agenda so are a great fit for Ocado. During this year's awards, we crowned 20 winners in total, one from each category spanning food, drink and household products. One of our winners, Jude's Ice Cream, is a brilliant example of a small and independent brand that puts sustainability first. The family-run business is busy making their products carbon negative as well as teaming up with a carbon-footprint expert to reduce and offset emissions. They're also involved in wildlife-enhancing schemes - delicious ice creams with a conscience! Another winner, Beeswax Food Wraps by Tala, shows just how popular plastic-alternatives are in the kitchen. This innovative product reduces the need for cling film to cover food and uses reusable beeswax wraps instead. The fact this sustainability-focused brand and product won the Best Lifestyle Product category by popular vote speaks for itself.

4. How do you currently approach incorporating sustainability messaging into your marketing and customer communications, and what are your aspirations for the future in this space?

Sustainability is one of our core values and we know our customers care deeply about it and want to know what we are doing as a company and also how they can do their bit.

We have a regular drumbeat of sustainability focussed comms across all our channels – from zero-waste recipes to features on our sustainable charity partners such as FoodCycle in OcadoLife, to recycling tips and tricks on the blog. We also send an email to all our customers every two months to update them on our sustainability initiatives.

Last year, we launched MyOcado2020 - personalised, animated short films which provided frequent customers with an overview of their 2020 shopping year with Ocado (think Spotify Year in Review but for your groceries). As well as films unique to each customer, our manifesto film showed Ocado was able to keep its food waste to almost 0%, plant 100,000 new trees and switch 120 suppliers to reusable packaging food trays, eliminating more supply chain packaging. We run a matched donation scheme with our customers and in 2020, through this scheme, over £8 million in food and cash was donated to local food banks and charities.

The films were so popular with consumers that we're planning on launching MyOcado2021 this year with extra surprises that we think our customers will love - so watch this space!

> **"Many new and emerging brands have sustainability and CSR at the top of their agenda so are a great fit for Ocado"**

CONCLUSION AND BEST PRACTICE

Many consumers want to buy eco-friendly products, but will not buy those where they have concerns. They also make decisions on where and how they buy based on these factors, not just what they buy.

Our research identified just how ingrained many of these behaviours have become among UK consumers.

Nearly three-quarters choose eco-friendly/sustainable options and a third suggest they will increase their spend on sustainable food & drink and home essentials next year.

The reasons people are choosing eco products aren't surprising:

55%

over environmental concerns

49%

want to play a part in a more sustainable future,

23%

it's the feel-good factor.

CONCLUSION AND BEST PRACTICE

The main barriers to conscious consumerism also aren't surprising:

55%
higher pricing

27%
lack of variety are the main culprits

18%
think eco-friendly products are worse quality.

18%
nearly a fifth cite lack of availability as a barrier

When we looked at category-specific attitudes and behaviours, we saw that the only categories where people say they will spend more are household essentials and food & drink. This does mean there is work to do for the beauty, fashion and home décor categories to change existing behaviours.

CONCLUSION AND BEST PRACTICE

Additionally, our research revealed that consumers don't just want to buy sustainable products from brands in frequently purchased categories: 59% of respondents said that eco-friendly credentials are important for car/motoring purchases, 56% for home appliance purchases and 50% for furniture.

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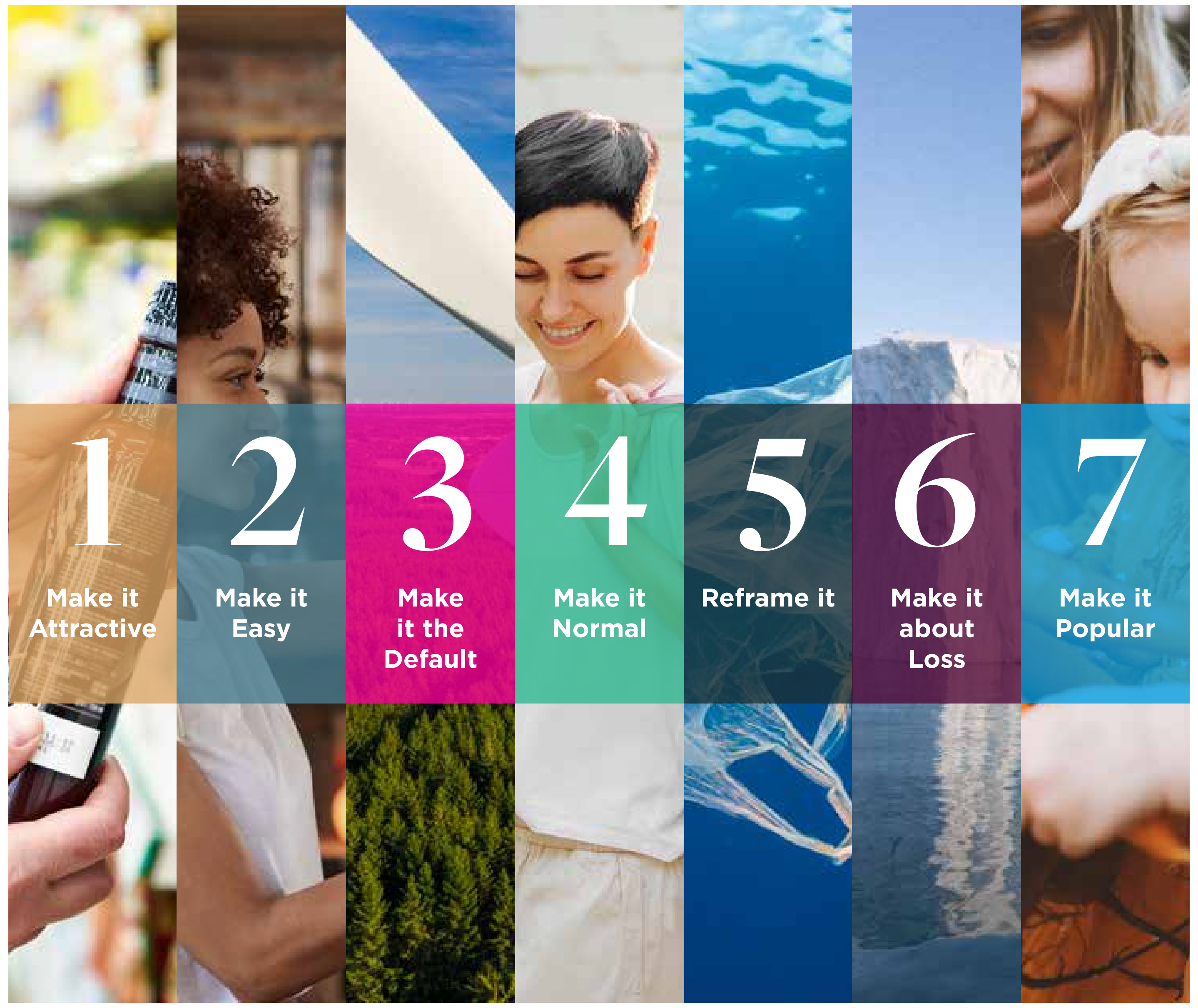
So, how can marketers better focus their efforts with what we've learnt about the 'green gap' between beliefs and actions, those categories where people want to buy more environmentally-friendly products and currently aren't doing so, and the barriers and drivers that exist around conscious consumerism?

To bridge that gap, and create effective marketing that is good for both the planet and the bottom line, requires a deep understanding of consumer attitudes, behaviours and motivations.

This is where powerful weapons like behavioural economics, or 'nudge theory', come in.

Using the result of the research and the behavioural science insight of Richard Schotton, we created the seven eco-nudges that marketers can use to help change consumer behaviour. Adopting even one of them could impact brand perception and therefore purchase behaviours in the growing demographic of conscious consumerism.

They are:



We are starting to see the conscious consumerism force of change gather momentum already in 2021, with initiatives such as Mattel announcing a new Barbie made from 90% recycled ocean-bound plastic parts. Businesses like Unilever have also repeatedly shown that sustainable products can be good for the bottom line.

But as marketers we need to go faster and further. Hopefully this research and our guidance pushes the tempo across the world.

To learn more about our
Forces of Change: Conscious Consumerism research
please get in touch via london@hearts-science.com

Hearts & Science