



US Future Consumer Index 7: how to satisfy the sustainable consumer



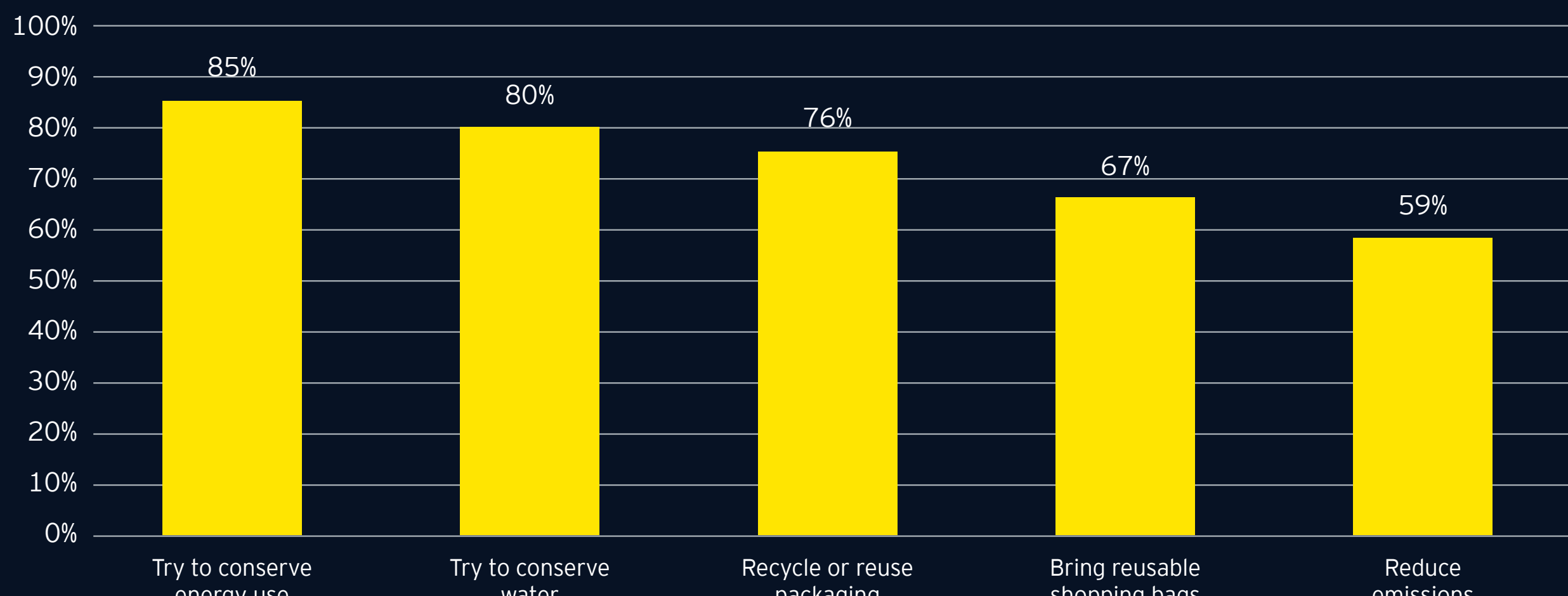
Companies are facing increasing pressure from all sides to become sustainable, but especially from the consumer. This edition of the **US Future Consumer Index** dives into consumer perceptions and expectations around sustainability and how retailers and brands must respond.

Sustainability is now a matter of purchase, trust and loyalty. Retailers and brands must consider its role in every part of the business – from sourcing and packaging to operations, footprint and investments to win the consumer and drive **long-term value**.

The sustainability issues at hand

Consumers desire to live and buy sustainably

Consumers are increasingly taking actions in their everyday lives to be more sustainable. Their personal efforts to live sustainably all or some of the time include the following:

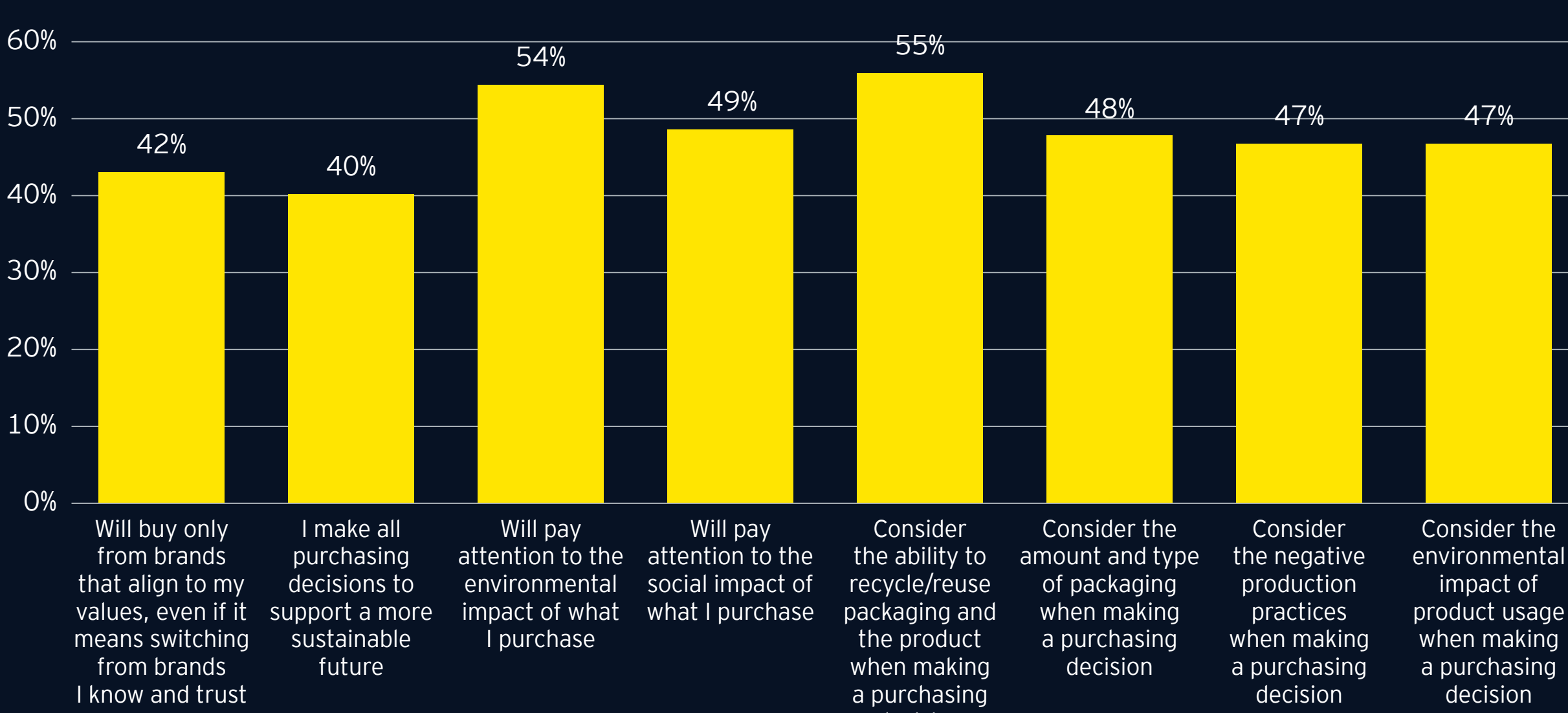


And these actions are coming across in the ways that they shop and buy.

30% are currently spending more on products that are sustainable and better for the environment

31% plan to increase purchasing of sustainable products in the next 12 months

Sustainable preferences drive purchase decisions:



Consumer expectations of companies

It's clear that consumers are eager to do their part, but they also expect companies to operate sustainably – improving their social impact and lessening their environmental one.

66% say companies must behave ethically and in line with community expectations

63% say a company's behavior is as important as what it sells

58% say companies must be transparent about social impact

45% say businesses should provide me with sustainable product choices

US consumers say the top three company priorities should be:

- 33%** responsible production and consumption of goods and services
- 30%** decent work and economic growth
- 25%** investment in industry, innovation and infrastructure

And there's a consequence for the companies that don't. If an organization does something socially or environmentally inappropriate, US consumers will:

31% not purchase their products again

31% purchase fewer of their products/services

24% tell family and friends not to use the organization

On top of that, regulation will only intensify; environmental, social and governance (ESG) factors are shaping how investors allocate capital and industry groups are putting pressure on solving key sustainability issues.

Sustainability at a cost

Though consumers have a desire to live more sustainably, they also believe it is cost-prohibitive.

66% say the high price is a deterrent from purchasing sustainable products

45% say sustainable products cost too much

Many consumers feel priced out when it comes to purchasing sustainable products, and as such, revert to more price-friendly, unsustainable items. It's true that there's a premium on sustainable alternatives to mainstream products; however, retailers and brands must do their part to communicate sustainable value – such as the long-term savings of reusable and higher-quality products on top of the environmental and societal benefits. This will allow retailers and brands to make it easier and more cost-efficient for consumers to live a more sustainable life in the long term.

Sustainability realized

The value proposition for sustainability continues to rise as consumers, regulators and investors drive significant growth opportunities. The opportunity is there. Implementing sustainable practices could drive top- and bottom-line growth.

55% of the total consumer packaged goods (CPG) market growth from 2015 to 2019 came from sustainable products

Though they make up only **16%** of the CPG market's products

Sustainable products command a **39%** price premium compared with conventional products

How can retailers and brands realize this sustainability imperative? Below are the key strategies and core questions to consider.

Build a consumer-centric sustainability strategy.

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| What market imperatives translate into the most valuable sustainability initiatives for your company? | Is your capital allocation process aligned with your sustainability strategy? | Does your strategy address people change and transformation? |
| Have you addressed all parts of ESG – not just environmental? | Are you embracing opportunities and managing risks? | Does your sustainability strategy lead with purpose? |

Transition sustainability out of a siloed, segmented approach to an integrated strategy focused on long-term value creation aligned with purpose.

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| Have you employed sustainable thinking end-to-end, from products and sourcing to operations and reporting all the way to mindset? | Have you developed a holistic view of market demands across product offerings and go-to-market, business functions and ESG enablement and reporting? | How do your incentives, compensation and governance support your sustainability strategy? |
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With the massive shift to e-commerce, optimize digital platforms to support consumers' environmental and societal priorities.

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| How will you revamp your e-commerce platform to allow consumers to see the data that backs your claims? | How have you adapted your supply chain to enable transparency from source to consume? | Have you repackaged your sustainability message to be relevant beyond the boardroom and in spaces where consumers spend time – online? |
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Bring your consumer along on your sustainability journey.

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| Have you aligned your brand with new consumer priorities to build loyalty? | How do you create value propositions against growing sustainability expectations? | How do you effectively communicate your sustainability strategy to internal and external constituents? |
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Kathy Gramling
 EY Americas Consumer Industry Markets Leader
 Twenty-five-year consumer products and retail veteran. Integration and teaming advocate. Passionate mentor and transformative leader. Wine enthusiast.

About the survey

The seventh edition of the EY Future Consumer Index is based on a survey of respondents in the US, Canada, Brazil, the UK, France, Germany, Denmark, Sweden, Finland, Norway, Italy, Australia, UAE, Saudi Arabia, China, Indonesia, Japan, Australia and New Zealand in May 2021. Of those, the article above focuses on the 1,001 US respondents.

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