



Sounding Off On Sustainability with highlights from 2010 Consumer Food & Beverage Survey

Lori Colman, Co-CEO and President

What You'll Learn

- How consumers interpret your “green” messaging
- Demographic differences in attitudes and behaviors
- Why stretching your “green” credentials is a bad idea

Dear Executive,



What does the term sustainable mean to you as you peruse the myriad food and beverage choices vying for your attention?

At CBD, we've conducted consumer research over the past few years and have noticed an increase in the selection of sustainability as a key criterion in an individual's purchase of food and beverage.

This year, we dug deeper in order to identify what people think a company means when talking about its sustainable or green credentials ... and to see if that meshes with what's most important to consumers. It doesn't.

We also wanted to find out if basic age and gender demographics have any bearing on one's green sensibilities. They do.

It seems that every major CPG company has some sort of sustainability initiative, no doubt driven in large part by Wal-Mart's mandate to their suppliers. If a company wants more of their product on Wal-Mart's shelves, they need to prove that they're serious about minimizing negative environmental impact of inputs, processing and post-consumer waste.

Wal-Mart isn't the only one paying attention. Company's sustainability initiatives are ranked and reported across multiple investor-community indices. Advocacy groups have become more creative in "outing" green-washers and evaluating supply chains. The FTC and FDA now have teeth, and are much more aggressive in vetting messaging. And with technology at everyone's fingertips, consumers have a ready platform for spreading opinions through product review sites and social media.

As you'll see in this Purple Paper, Millennial consumers – those just beginning to purchase food and beverages for themselves and their young families – are looking at the world through a greener lens. We also know from previous surveys that brand name just isn't all that important to this emerging audience.

Consumers define "sustainability" in a very personal manner. Still, they are often confused by claims made by CPG companies. The terms "natural" and even "organic" are largely white-noise, as their definition is ambiguous. We believe that CPG companies will benefit by being very specific in messaging, recognizing the emerging shopper sensibility regarding "green," and their demands for authenticity.

Warm regards,

A handwritten signature in black ink that reads "Lori Colman". The signature is fluid and cursive, with the first name "Lori" being larger and more prominent than the last name "Colman".

Lori Colman
Co-CEO and Founder

Everyone's on the green train.

If your company has a sustainability initiative – and seemingly everyone does these days – how do you, as a marketer, successfully leverage these investments throughout your communications? Is “green” to be imbedded in your brand? Does having a sustainability policy or offering green products facilitate lead generation? Is it a customer message? An investor message? Both?

Consumer Packaged Goods (CPG) companies are decidedly on the green bandwagon, with some articulating their positions better than others. Many issue Sustainability Reports that are separate from their Annual Reports. Some have dedicated micro-sites to showcase and quantify their initiatives.

A snapshot of CPG sustainability themes



Kraft Foods is “Working to Build a Better World” while “Making Sustainability a Way of Doing Business.”



Unilever is “Creating a Better Future Every Day,” measuring water use, sustainable sourcing, greenhouse gas emissions and nutrition, and has been included in the Dow Jones Sustainability Index for over ten years.



Coca-Cola also ranks on the Dow Jones Sustainability Index. Their “Live Positively” campaign includes a micro-site just for employees and a separate consumer site on how their products impact people and the planet.

Nestle is “Creating Shared Value,” reporting on water use, nutrition and rural development.

Pepsi talks about Human, Environmental and Talent Sustainability in their “Performance for Purpose” initiative.

Wal-Mart: the birth of an industry

Many CPG companies have jumped on the green bandwagon as a directive from Wal-Mart, often their largest customer. It seems that an entire industry has cropped up to support the company’s sustainability mandate and to answer the 15-question assessment that’s been shared with all suppliers.

Lee Scott, Wal-Mart’s chairman and former CEO was interviewed at Fortune’s “Brainstorm Green” in April of 2010. He spoke about cost-cutting as the primary reason for their sustainability initiative, but also mentioned that Wal-Mart believes that at some point, the world will hold corporations responsible for their impact on the environment.

Most interesting to me was his admission that, “we were not meeting the expectations of people, particularly the 25 – 35 year old buyers” with their business-as-usual approach. The results of our survey substantiate his point.

What do consumers think about “sustainability?”

Over the past several years, CBD has conducted annual proprietary consumer research to understand attitudes and behaviors surrounding the foods and beverages people choose for themselves and their families.

We’ve asked participants to rank “what matters most when making a food or beverage purchase”... and have watched as *sustainability* shot up the ladder, surpassing organic, shelf life, packaging, fair trade and brand name in importance.

Most syndicated research talks about varying shades of green that denote consumer sensibilities. Those who go out of their way to buy sustainable products are “Super Green.” Those who never give it a thought are “Never Green.” According to Mintel, fewer than 20% of Americans fall into those groups combined, with the majority of Americans being a shade of “Light” or “True” green.

But what are the demographics behind the psychographics? Are there age or gender differences in how people define the word and what they look for in a food or a beverage? We set out to get some answers.

We conducted an online survey in August, 2010, structured to obtain responses from 500 participants with a 50/50 gender split and divided equally into four age groupings:

- 65+ (the Silent Generation)
- 46 – 64 (Boomers)
- 29 – 45 (Gen X)
- 18 – 28 (Millennials)

One thing that **Gen X’ers** and **Millennials** have in common is their fluency with technology. They invented – and came of age in the world of social networks, resulting in little concern for privacy, a great respect for transparency, and an “on demand” approach to life.

A quick generational overview

Generational values absolutely impact purchase behavior. What do we know about our four age subsets?



For the **Silent Generation**, key descriptors are “conformity” and “respect for authority.” The modern food movement was born under their watch. This is not a group that asks too many questions or rocks the boat.



Boomers shook up that complacency and in the process brought about multiple cultural shifts, including the Ecology Movement. Self-actualization is paramount to Boomers.



Relatively smaller in number, **Gen X’ers** were raised by their “me first” parents ... necessitating independence and unleashing a godly amount of entrepreneurship.



Millennials are much more social as a group and share a desire to make an impact on the world. Surveys of Millennials suggest that they not only have an elevated degree of environmental awareness, but a heightened sense of environmental responsibility.

Consumers notice “green” messaging... and the meaning is personal.

Across all age categories and genders, consumers have noticed food/beverage companies talking the green talk. More than 85% of our survey participants said that they’re seeing more products carrying a “green” or “sustainable” message and noticed more companies talking about their “green” or “sustainable” business practices.

What do people think a company means by “green” or “sustainable?” It appears that the industry has done a great job emphasizing packaging reduction and recyclability, as the biggest response was just that. Here’s a breakdown:

What do you think a company means when talking about “green” or “sustainable”?	Agree	Disagree	Not Sure
Product packaging, like using recycled materials or not using plastic	85%	8%	7%
Farming practices, like not using pesticides and/or humane animal treatment	81%	9%	10%
Manufacturing – saving energy/water, reducing pollutants	78%	9%	13%
How food or ingredients are harvested	67%	16%	17%
Transportation – getting items to stores	57%	23%	21%
How unprocessed a product is	56%	21%	23%
Which country the food or ingredients come from	35%	42%	23%

Yet when asked about the personal importance of these topics, packaging oddly ranked last amongst all groups.

What is most important to you personally when choosing a food or beverage:		
<ul style="list-style-type: none"> 1) How processed a food is 2) Humane treatment of livestock/poultry 3) Reduction of pollution and energy in the manufacturing process 	<p>The top three are within two percentage points of one another.</p>	<ul style="list-style-type: none"> 4) Agriculture/farming practices 5) Country of origin for food or ingredients 6) Renewable energy use in processing 7) Harvesting practices 8) A product’s packaging

Generational attitudes that will impact the food and beverage industry

Dramatic differences emerge across generations – and by gender – when queried about actual purchase habits.

Starting with the simple question, “Do you regularly buy food or beverages claiming to be “green” or “sustainable”? Our Millennials answered overwhelmingly in the positive, at 78%, whereas our Silent Generation respondents were only 37% likely. Women are slightly more inclined to do so than men.

The number one and two reasons are:

- 1) green products are better for the environment
- 2) green products are healthier for me and my family.



Other reasons cited include perception of higher quality and safety.

Younger demographics are more likely to reach out to companies and voice opinions. When asked about taking action, the answers quite frankly surprised us. And men were a bit more prone to activity than women.

Have you ever taken action to encourage a company to develop better sustainability business practices?			
<p>Ages 18 – 34 Yes: 83%</p> <p>Biggest users of social media</p> <p>Write letters and send emails directly to a company</p> <p>Attend live demos/rallies</p> <p>Participate in offline and online boycotts</p>	<p>Ages 35 – 49 Yes: 67%</p> <p>Most likely to post online review or comment</p> <p>Sign petitions online and offline</p> <p>Send emails to companies</p>	<p>Ages 50 – 64 Yes: 47%</p> <p>Most likely to donate money to advocacy groups</p> <p>Sign petitions online and offline</p> <p>Comment or post to social media groups</p> <p>Not likely to attend a live demo or rally</p>	<p>Ages 65+ Yes: 29%</p> <p>Least likely to take any action at all</p>

Why stretching your green credentials is a really bad idea.

Most of our responders want to believe that a sustainability claim made by a company, product or brand is either credible or somewhat credible. Yet the younger the demographic, the more likely someone is to do some fact-checking on the validity of these claims. And interestingly, men did more substantiating than women.

Have you ever verified the “green” or “sustainable” claims of a food or beverage product?”		
Age 65+:	Yes: 9%	No: 91%
Ages 50 – 64:	Yes: 15%	No: 85%
Ages 35 – 49:	Yes: 32%	No: 68%
Ages 18 – 34:	Yes: 63%	No: 37%



Among multiple sites scrutinizing “green” claims are **Tree Hugger** (the #1 green site online, from Discovery) and the **Green-washing Index**, a site run by University of Oregon that allows anyone to submit marketing materials professing a green claim for the “green or green-washing” vote of panelists.

Here are some of the favorite places online that Millennial consumers visit to find out about green products:



In addition to myriad online resources for “fact checking” a product’s credentials, many sites such as **Fooducate** and **Good Guide** offer Smart Phone apps that allow consumers to vet products right at the point of sale. A simple photo of a bar code provides easy information on a product’s nutritional value. Good Guide takes it a big step forward by divulging the realities of a company’s environmental and social responsibility actions.



Advocacy groups, such as **Greenpeace** and **Cornucopia Institute** have

become very creative in their “outing” of companies and brands that they believe are green-washing or have compromised sustainability practices. Greenpeace’s “**Traitor Joe’s**” and “**Nestle Killer**” campaigns represent two phenomenal – and game-changing – approaches that combined social media, search functionality and dedicated micro-sites toward encouraging companies to evaluate their practices around seafood sourcing and palm oil procurement, respectively.



Financial indices have cropped up to help investors analyze a company’s sustainability record ... such as the **Dow Jones Sustainability Index** (domestic and global), **Standard & Poor’s Carbon Efficiency Index**, and **NASDAQ’s Global Sustainability 50**



which was launched in 2009 to “make sustainability more investable.” Only a handful of CPG companies have been deemed worthy of inclusion.



Finally, the **FTC** is also putting teeth into defining and verifying environmental claims. A recent rewrite of the **Guide for Use of Environmental Marketing Claims** (first revision in fifteen years), leaves little doubt what is and isn’t acceptable.

What's a brand to do?

First of all, no “green-washing”

Everybody, at least intellectually, understands that running a totally, truly sustainable enterprise isn't possible. But the days of promoting a green message and living a not-so-green corporate life are over. Much of the “credit” for that goes to BP, the most egregious example of empty promises. The millions of dollars in advertising and promotions spent to position the company as an environmental champion went “out to sea” in the spring of 2010. At the same time, the incident completely changed consumer's perceptions not only of the company but about green messaging in general.



Be real

But there are a few things that companies and their brands can do to become more authentic.

One is to make sure that all employees understand the sustainability promises you're making to investors and to consumers, and behave accordingly. Had BP as an organization actually embraced their marketing promises, perhaps the situation in the Gulf would have been different.



A good example of living the promise is **Patagonia**. With a mission statement that incorporates sustainable values and an online tool that tracks their clothing from fabric source to store, Patagonia has emerged as a poster-child in doing “green” the right way. One major benefit to the company, according to Bloomberg Business Week is Patagonia's ability to attract young, smart talent who want to work for a company in tune with their values.

Another is to be honest about your green practices. Let people know where you're strong and where you still have some distance to cover. **Sun Chips** is a good case study for this. Much of their marketing surrounds the brand elements that are green ... a solar-powered plant and great use of social media to promote a person's own “green journey.” Yet they are right up front that only their Modesto plant (one of five) is solar-powered. And hey, give them credit for a compostable bag. It's too bad consumers ran from the loud noise the bag makes upon opening, forcing Sun Chips to revert to packaging that's less environmentally friendly.

Opportunities for defining your green messaging

There's a lot of discussion regarding how consumers are befuddled by the concept of sustainability. It is our belief that consumers are only confused about how CPG companies are defining the term ... yet their personal values are fairly clear. A Mintel report found that consumers don't purchase food and beverages with sustainability claims because they aren't aware of the claims.

Interesting ... could it also be that some declarations such as "earth-friendly," "natural" or even "organic" have become white noise? With no official definition, manufacturers have been quite liberal in using such claims to the point that many folks simply tune out. Then there are claims that seem rather ambiguous in CPG-land ... like "carbon neutral" or "carbon free."

So, if you've done something really good to make your product or brand greener – and can substantiate its impact – our recommendation is to talk about it in very specific terms. Third party endorsements – as long as they're from a certified organization – can be powerful.



Make your claims proudly on your packaging ... talk about them in social media ... consider a micro-site to deliver further proof points and set your brand apart. Anything that provides consumers the transparency they demand.





About CBD Marketing

CBD is a B2C and B2B marketing services agency that clarifies and articulates what's most meaningful about your brand, product or service and helps you build more intimate and profitable relationships with your customers.

At the heart of everything we do is a deep understanding of the rational and emotional drivers that inspire your customers' choices. At CBD, "market what's meaningful" is our mission, guiding all disciplines from brand development to media strategy, from public relations to creative..

Let's Talk!

To talk about how CBD can help you create moments that matter to your audience and better connect them to your brand, product or service, please contact Doug Davila, Director of Business Development at 312.661.1050 or ddavila@cbdmarketing.com.

About the Author

Lori Colman, Co-CEO and Founder

As the Co-CEO and Founder of CBD Marketing, Lori's expertise in brand development is focused on keeping brands relevant in the consumer-controlled future. She is also a noted expert on preventing the commoditization of brands, and the work needed to prevent the debilitating slide down that path. Lori speaks globally on these topics, including at the premier international venues.

She has spearheaded brand-changing marketing initiatives on behalf of Lodders Croklaan, Lipid Nutrition, Janssen Pharmaceutica, CF Industries, Experian, and Heidrick & Struggles, among others. Prior to starting her own firm in 1988, Lori was an executive with agencies Cramer-Krasselt, DraftFCB, and with Colgate-Palmolive. She is a graduate of University of Michigan's School of Business.