

SUSTAINABILITY IN RETAIL – US – 2023

Consumers want to shop more sustainably and expect brands to take the lead in procuring environmentally-friendly shopping options.



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Sustainability In Retail - US - 2023

This report looks at the following areas:

- Consumers' knowledge and awareness of brands' sustainability initiatives
- Reasons for lack of sustainability knowledge
- Sustainability factors influencing purchase habits
- Sources of information for learning about sustainability
- Consumer interest in sustainable features and services
- Consumers' view on brand's role in sustainability



Consumers want to shop more sustainably and expect brands to take the lead in procuring environmentally-friendly shopping options.

Overview

The majority of consumers (65%) have at least some knowledge about the sustainability practices from the companies they shop, showing how shoppers are paying attention to brands' actions. Brands and retailers should continue to create and promote content that explains their environmental projects and commitment to the planet. All communications need to be authentic as consumers are savvy and will see through any attempted greenwashing.

Of course, as consumer prices stay elevated, shoppers will look for ways to make the most of their shrinking dollar power, meaning sustainability will remain secondary to other purchase factors. In fact, consumers continue to prioritize price and quality over sustainability alone. Brands will need to prove to shoppers that products offer value in terms of quality, durability and functionality in addition to being sustainable.

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The good news is that consumers believe their actions can make a difference and brands can tap into this positivity to promote engagement with their sustainability initiatives. One of the key opportunities for brands in this space is to **show how a consumer's individual behaviors make an impact**. Consumers have an easier time relating to concepts on a smaller scale rather than large, global initiatives. The more personalized the result, the more connected the consumer will feel.

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Report Content

EXECUTIVE SUMMARY

- What you need to know
- Consumer trends: key takeaways
- Market predictions
- Opportunities

THE MARKET

Market drivers

- Consumers remain cautious about where they spend as stubborn inflation hangs around
 - Graph 1: consumer price index change from previous year, 2021-23
- Elevated inflation leads to tough decision making
- Growing younger generations increase need for actionable sustainable business practices
 - Graph 2: population by generation, 2023

Market landscape

- Increased retail activities contribute to increased waste, pollution and unfriendly environmental activities
- The retail dilemma: convenience isn't easy on the planet
- The bright side: consumers, brands are taking note and making changes

CONSUMER INSIGHTS

Consumer fast facts

Sustainability awareness and knowledge

- Consumers have some sustainability knowledge, showing brands the need to create, promote content around their sustainable initiatives
- Consumers admit to limited sustainability knowledge
- Younger consumers keep a pulse on companies' sustainability efforts
 - Graph 3: sustainability awareness, by gender and age, 2023
- Multicultural consumers stay up to date on companies' sustainability processes more than the general population
 - Graph 4: sustainability awareness, by race, 2023
- Consumers feel they know a fair amount on sustainability with room for brands to offer educational opportunities
 - Graph 5: sustainability knowledge and interest, 2023
- Brands should provide greater clarity around what happens to items post-return
- Older consumers are a receptive target market for information on how to shop more sustainably

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- Graph 6: sustainability knowledge and interest, by gender and age, 2023

Reasons for lack of sustainability awareness

- Consumers don't usually prioritize sustainability when shopping
 - Graph 7: reasons for lack of sustainability awareness, 2023

Attitudes towards sustainability

- Consumers want more action and transparency from brands
 - Graph 8: attitudes toward sustainability, 2023
- Reward consumers for shopping sustainably to help maximize their constrained budgets
 - Graph 9: attitudes toward sustainability, 2023
- Younger generations look for straightforward, rewarding ways to get involved with sustainability
 - Graph 10: attitudes toward sustainability, by generation, any agree, 2023
- Older consumers need proof that sustainable products will live up to their expectations
- Refillable products become more mainstream

Purchase influences

- Sustainability is a nice addition to shopping but not a main purchase driver
 - Graph 11: sustainability importance against other purchase factors, 2023
- Consumers aren't loyal to one brand, even the sustainable ones
- Younger generations are a prime target for new, sustainable products
 - Graph 12: sustainability importance against other purchase factors, by generation, 2023
- Budget constraints hamper consumers' ability to purchase environmentally-friendly items
 - Graph 13: sustainability importance against other purchase factors, by generation, 2023
- Brands need to make sustainability tangible for consumers to understand, connect with
 - Graph 14: sustainability factors influencing purchase, 2023
- Parents care more about sustainability in order to leave a better environment for their children
 - Graph 15: sustainability factors influencing purchase, by parental status, 2023

Important claims

- Tangible, understandable claims continue to win with consumers
 - Graph 16: important claims, 2023
- With a greater sense of sustainability issues, younger consumers keep an eye out for a wider variety of claims
 - Graph 17: important claims, by generation, 2023
- Brands must remember to define claims, educate consumers

Sources of information on sustainability

- Consumers aren't sure when they can trust brands' sustainability efforts
 - Graph 18: attitudes toward sustainability, 2023
- Consumers typically go straight to the product's source to learn about sustainability information

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- Graph 19: sources of learning about sustainability, 2023
- Younger consumers seek out social media, brand websites directly for sustainability information
 - Graph 20: sources of learning about sustainability, by gender and age, 2023
- Most consumers are willing to spend at least some time learning about sustainability
 - Graph 21: amount of time willing to invest in learning about sustainability, 2023
- Patagonia Films spotlights sustainability issues in an entertaining, engaging format
- Men will engage longer if the content is entertaining
 - Graph 22: time willing to invest in learning about sustainability, by gender, 2023

Willingness to pay for sustainable products

- Consumers remain willing to pay (some) more for sustainable products
- Consumers state they are somewhat open to spending more, but still place responsibility on brands and retailers
- Sustainable products with longer lifecycles see biggest potential for incremental price increases
 - Graph 23: willingness to pay more, by category, 2023
- What consumers say they'll do compared to what they actually do differs
- Don't assume consumers with higher household incomes are willing to pay more for sustainable products
 - Graph 24: willingness to pay more, by household income, 2023

Interest in sustainable features and services

- Consumers will do their part to support brands' sustainability efforts if it's convenient to do so
 - Graph 25: interest in sustainable features and services, 2023
- Show added benefits of sustainable services to encourage consumers to participate
- Younger consumers are open to a variety of sustainable services
 - Graph 26: interest in sustainable features and services, by generation, 2023
- Brands need to integrate sustainable features and services to create a cohesive, environmentally-friendly shopping experience

Brands' roles in sustainability

- Consumers place the responsibility of sustainability on brands and companies
 - Graph 27: attitudes toward sustainability, 2023
- Responsibility lies on companies to be sustainable and transparent in their efforts
- Gen Z, Millennials factor in sustainability efforts when deciding where to shop
 - Graph 28: attitudes toward sustainability, by generation, 2023
- Brands should focus efforts where consumers first interact with a product
 - Graph 29: where consumers think companies should focus their sustainability efforts, 2023
- Older consumers want companies to focus on waste, younger consumers are interested in all aspects of sustainability
 - Graph 30: companies' sustainability focus, by gender and age, 2023

COMPETITIVE STRATEGIES

Marketing and advertising

- Small entrepreneurs show up at New York Fashion Week to highlight attainable sustainable practices
- Companies such as H&M, Amazon charge consumers for returns to help cut down on waste
- Patagonia takes resale to physical retail
- Start-up brands like Archive see big investment as retailers hone in on sustainability help

Opportunities

- Brands should look for partnerships to enhance sustainability opportunities
- Make resale relevant to physical retail
- Implement tactics, tools to help consumers reduce the need to purchase multiple items and make returns

APPENDIX

- Market context
- Market definition
- Consumer research methodology
- Consumer qualitative research
- Generations
- Abbreviations and terms

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