



UNITED STATES – NEWS SCAN

Who Cares About Sustainability? Your customers do – 2008/06

US consumers

- 20% (40 million people) of the US population is considered sustainability-conscious and buy environmentally friendly products.
- 92% of US consumers consider important that the US food industry – both processors and supermarkets- be more proactive about addressing environmental concerns.
- 43% of Americans think that they will be extremely green in the next five years while only 11% consider themselves as extremely green now.
- Products these consumers will buy constitute a \$209 billion market today, and should reach more than \$400 billion by 2010.
- 81% of the households that are “green sensitive” spend almost four times as much as consumers who do not profess concern over the environment. They tend to spend the most money in warehouse clubs.
- 66% of Americans consider a company’s commitment to social issues when deciding which stocks to invest in.

US retailers:

- Going Green and focusing on fresh and natural/organic products are among the top 10 trends in retailing altering shifts in retail food channels.
- The average basket size is 3 times larger when eco-friendly or green products are in the basket.
- Of the top 100 largest retailers, 83% are involved in green practices. Wal-Mart, Safeway, Albertson’s, Costco, Whole Foods, Harris Teeter, Supervalu, Kroger, Fresh & Easy and Trader Joes among others are cited for the extensive selection of organic/natural and “green” food at affordable prices, truck efficiency initiatives, use of recycled materials, use of solar/wind energy and efforts to remove plastic bags in stores.
- Green and organic shoppers are 59% loyal to their chain (share of grocery wallet) and more than 2 times loyal than the average consumer.
- Being Green=Making Green: several major retailers are focusing on “green” as the driving strategy behind new store development.

Substantial opportunity exists to expand current green followers across categories. Consumers express their philosophy of life in food choices. Food has become the latest expression of environmental consciousness. Sustainability creates opportunities for companies to grow market share, build customer loyalty, differentiate a product, position a brand, and increase productivity and competitive advantage. It also helps reduce operating costs, secure a supply chain, avoid negative image and prepare for future regulations.

Sustainability is more complex than any other market trends past or present: it affects all aspects of business, involves those in the value chain and beyond i.e. suppliers, processors, employees, distributors, consumers, shareholders etc. The most effective strategies are those that deliver financial value for the company rather than single public relations impact. 25% (58 million consumers) of the US population have good intentions and follow trends when it's easy and affordable; these consumers are not willing to pay a higher premium for a green product: mass appeal must mean competitive pricing.

Ways producers/processors can incorporate green values into their company include focusing efforts on green products, greener production, greener packaging, greener workplace and/or giving green. Green products are eco friendly products replacing standard product versions. Greener production means finding new ways to produce products with less resources and footprint on the environment. Greener packaging evolves around minimized and recyclable packaging. Giving green means supporting sustainable organizations or causes.

"Green consumerism will be a huge driver of innovation and product change in the food retail sector...the biggest consumer trend of all". Lucy Neville-Rolfe, Tesco Voluntary actions are becoming new standards and environmental and social issues will become central to the brand value. How individual companies respond to these trends will influence their profitability and longevity.

Sources and links of interest:

FMI-Harris Poll, Food Marketing Institute.

Wal-Mart Live Better Index 2007.

2007 Cone Cause Evolution.

Catalina Marketing September 2007.

US Environmental Protection Agency.

Progressive Grocer, "The Future of Food Retailing in the US".

List of most ethical companies: <http://ethisphere.com/WME2008/>

Target Corp., Trader Joe's, Dole Food Co., General Mills, Kellogg Co., PepsiCo, and Stonyfield Farm are just a few of the companies that have been named to the World's Most Ethical Companies list, which recognizes companies for their outstanding ethical leadership.