



# Closing the Gap in Sustainability

A Hartman Group White Paper | April 2022

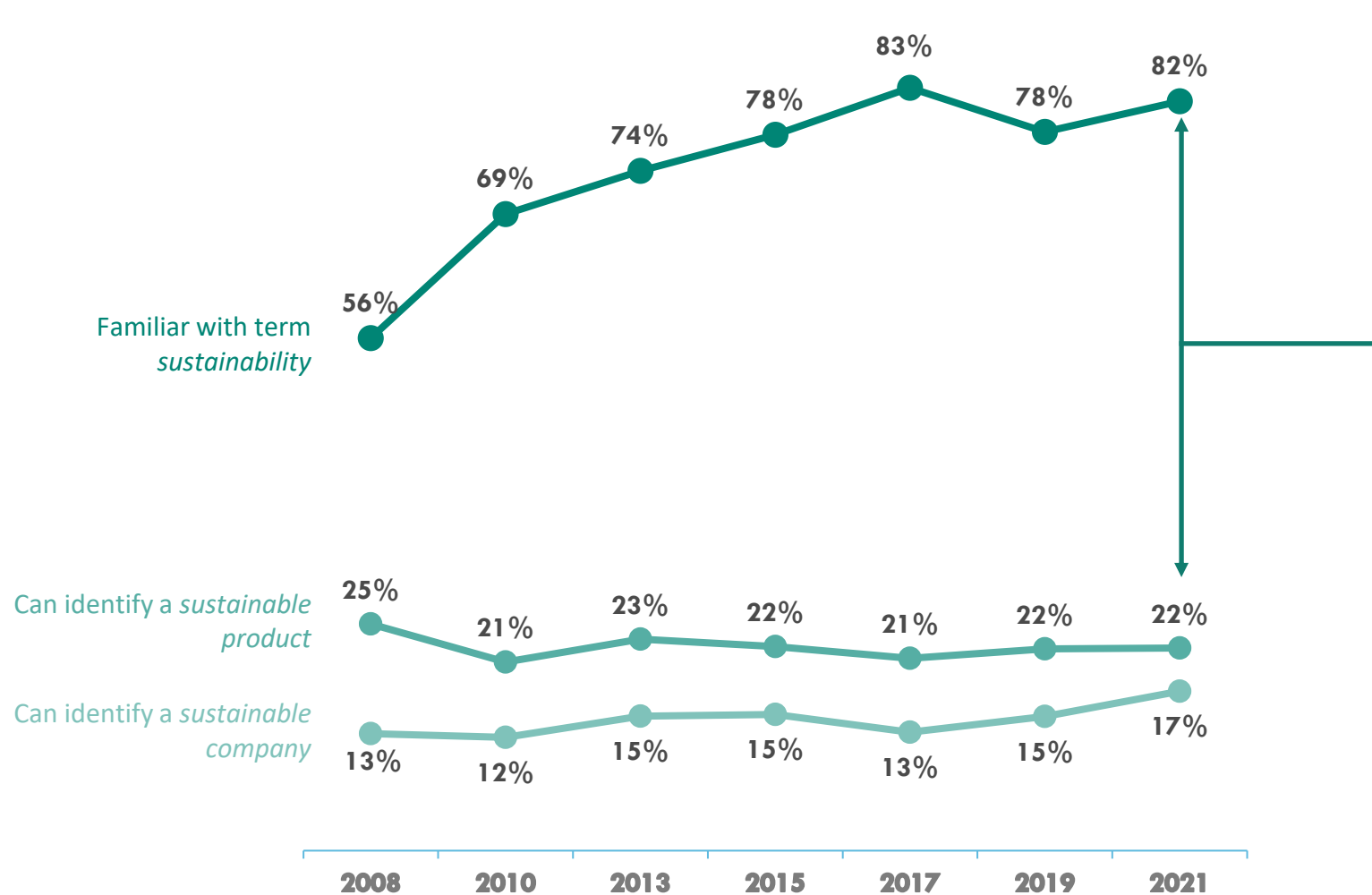


Familiarity with the term “sustainability” has grown steadily in recent years, but consumer confidence in identifying sustainable products and companies lags behind.

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## Familiarity with Sustainability and Sustainable Companies and Products

Among total



Consumer familiarity with the term “sustainability” is up almost 1.5 times from 2008, yet most consumers remain unsure which products and companies support sustainability goals.

This gap represents a significant opportunity for companies to stand out from the crowd and clearly communicate their specific sustainable practices and product attributes.



Sustainability’s importance as a purchase criterion has grown over time.

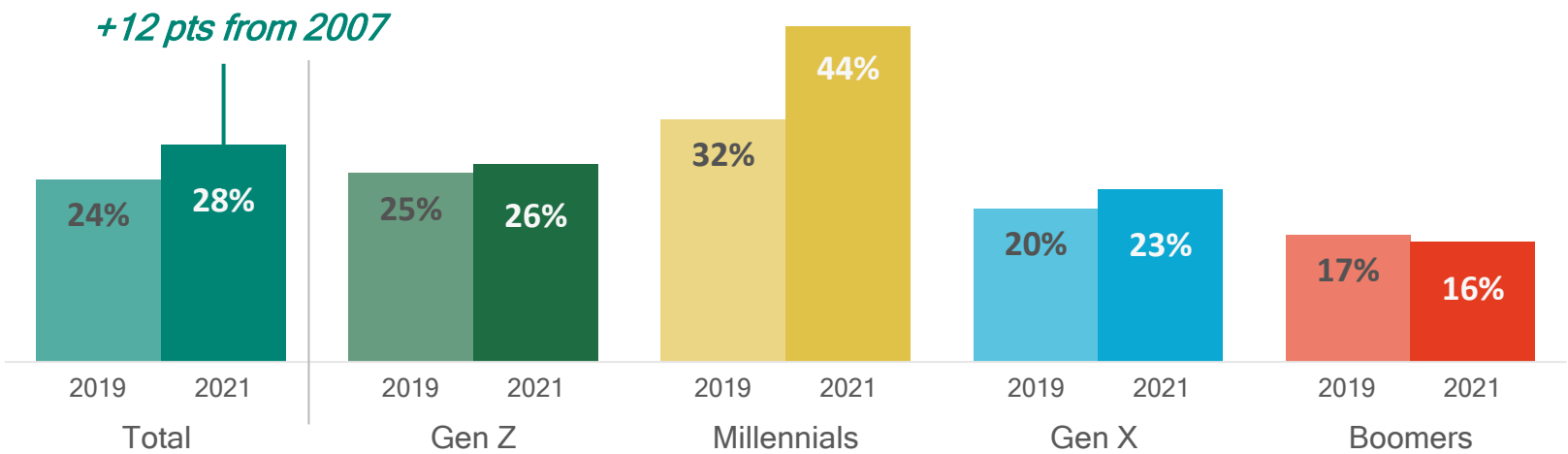
If younger consumers are an indicator of future trends, sustainable purchasing will continue to rise as their buying power increases.

As the opportunity gap closes, sustainable purchasing will also increase.

Companies can help consumers live in accordance with their values by taking a loud and clear stand in this arena.

### Consumers Who Consistently Base Purchasing on Sustainability

Among trended total, Showing % always/usually



*Sustainability is one of the first things I think about when shopping in store and online. It can be a little more expensive, and sparse in quantity at times, but it’s completely worth it.*

*- Lancing, F, Millennial*



**CARE**

The strategy needed to close the gap has evolved.

Sustainable products no longer combat inferior quality expectations so no need to spend energies convincing consumers of your merit.

Quality and sustainability are mutually reinforcing attributes in the minds of consumers with both noting a product crafted with greater care and attention taken by your company.

However, focus is essential. Sustainability is a broad and nuanced multi-dimensional construct, and consumer expect activation in areas that are most relevant for your brand, categories, and company.

**Sustainability**

**Quality, Health  
& Taste**

**ATTENTION**

## Key Environmental Issues

## Key Social Issues



### Packaging & Plastics

- Tangible and top-of-mind
- Risks to human health & the environment



### Economic Vulnerability

- COVID-19 pandemic and natural disasters spotlight economic instability
- Recognition of environmental and economic pressures on communities



### Pollution, Resource Use & Climate Change

- Pollution, climate change & resource use linked in consumers' minds
- Top three environmental challenges for companies to address



### Labor

- Food system workers seen as essential and vulnerable
- Support for fair compensation, fair treatment and safe working conditions



### Agriculture

- Growing recognition of agriculture's role in environmental problems
- Expanding interest in regenerative agriculture



### Social Justice

- Racial justice movement is increasing mainstream understanding of race as a pressing systemic challenge
- Consumers are asking companies to step up their efforts in this area

Focus on the intersecting issues that consumers care about most, and where your business and brands can meaningfully make a difference. More engaged consumers even see connections among environmental and social issues so business actions in one arena may allow you to have impacts in other areas where consumers perceive relevance.



## Packaging & Plastics

Consumers feel they can make a tangible impact through recycling but hold companies responsible for making it possible. After protecting the product, recyclability is the most important packaging consideration. Many consumers admit that this consideration comes into play primarily at the moment of disposal rather than the time of purchase. Still, with recyclability important to a majority of consumers, it is worth making recyclable packaging a priority to ensure that consumers will continue purchasing a given product. Importantly, an increasing percentage of consumers want companies to rethink the need for packaging in the first place.

**63%**

**of consumers consider themselves avid recyclers**

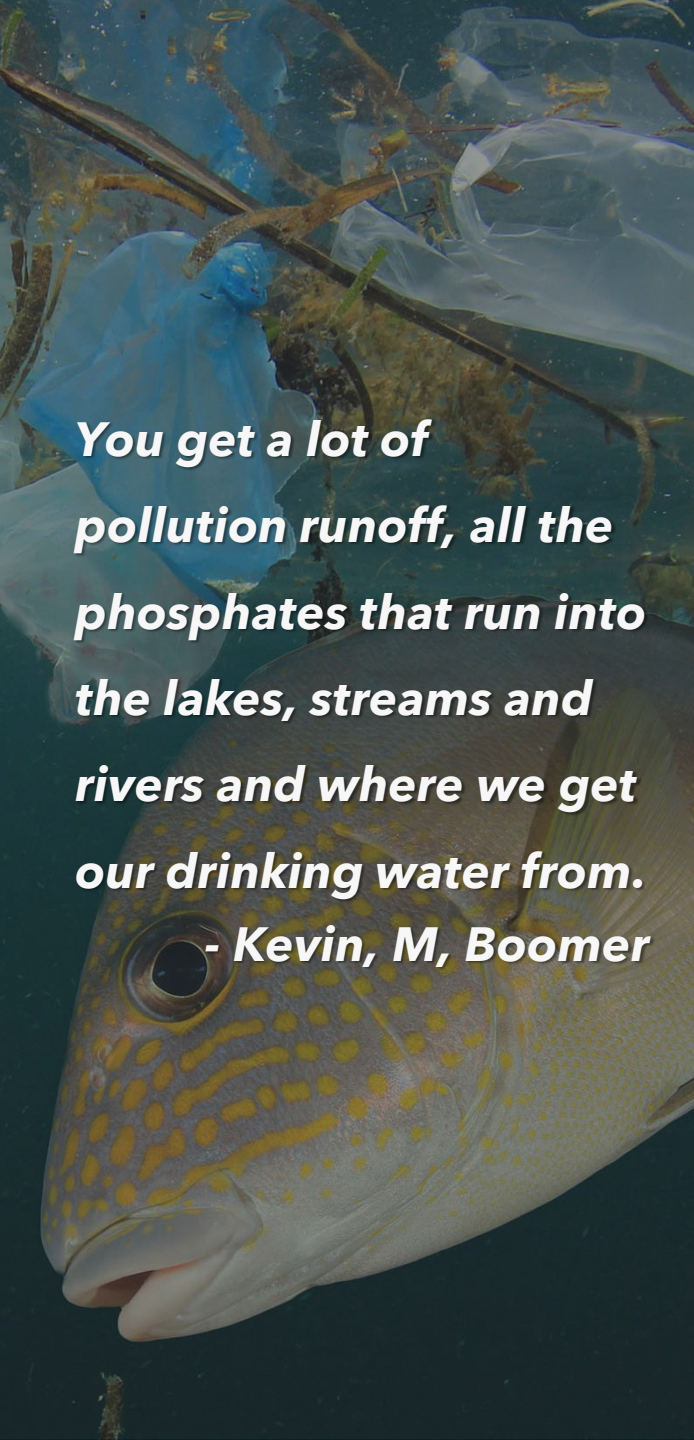
**83%**

**of consumers are very concerned about how much single-use plastic is used daily**

***It [recyclable packaging] makes a difference. I prefer that. I'll just think ugly thoughts about a company if it doesn't have anything—like if it's not recyclable, boy, I don't even know if I'd buy it.***

***- Susie, F, Boomer***





***You get a lot of pollution runoff, all the phosphates that run into the lakes, streams and rivers and where we get our drinking water from.***

***- Kevin, M, Boomer***



## Pollution, Resource Use & Climate Change

Awareness of environmental issues related to pollution and resource use is widespread, but the level of nuance and alignment with action is predicted by consumers' degree of involvement in the World of Sustainability. For example, consumers who are at the bleeding edge of sustainability tend to have a deeper understanding of the complex, systemic interactions between these issues and are more likely to tease out some of the details related to specific pollutants or processes. Importantly, they have a stronger tendency to engage in behaviors that align with their views about these issues, while it is less of a priority for mainstream consumers who may not know what actions to take.

**Pollution  
Climate change  
Natural resources**

**are 3 of the top 4 issues  
consumers want companies  
to tackle**

**41%**

**of consumers think climate  
change is one of the most  
important sustainability issues  
for companies/business to focus  
on right now**





## Agriculture

*How is it [regenerative agriculture] different from organic? It seems like there is extra processes in place to regenerate. This tells me there must be a lot of care going into this product.*

*- Kelli, F, Gen X*

Awareness of the sustainability challenges of modern agriculture is spreading, spurring consumers to consider the alternatives. While still a key area, more “natural” farming methods are not the only form of alternative agriculture that consumers think about today. They are also beginning to understand technologies like vertical farms and cellular agriculture. Regenerative agriculture is of growing interest to consumers, particularly when it is framed in terms of bigger-picture advantages like slowing climate change and improving soil fertility. Consumers are much less aware of the detailed practices involved but tend to view the term in a positive light and see it as an agricultural method that goes beyond organic in terms of sustainability and care.

**57%**

**of consumers are aware of regenerative agriculture (+10 points from 2019)**

**43%**

**are very/somewhat interested or concerned**



## Economic Vulnerability

***Whenever we have the opportunity, we support our local people here, and we actually get in the car and go out and hopefully financially support [local farmers] ... it's just more direct way of supporting those folks who grow it and produce it.***

***- April, F, Boomer***

Support for farmer livelihoods is a key driver behind local purchasing. More than a third of consumers connect their food and beverage purchasing directly to providing financial support for farmers. Food insecurity is a major societal concern with many consumers not only concerned in the abstract, but who could even be facing a situation where they have insufficient access to food themselves, with an estimated 42 million — or 1 in 8 Americans — at risk of experiencing food insecurity in 2021. This is an important issue to consumers, and one that has received significant media attention during the COVID-19 pandemic. The severity of this issue, combined with its direct link to the food industry, makes it an important and relevant issue for food and beverage companies to consider.

# 73%

**of consumers are aware of food insecurity as a major societal concern**

# 59%

**of consumers are very/somewhat interested or concerned**





## Labor

***I then took on a very serious commitment to never buy chocolate from any company that didn't prove that their chocolate was grown by farmers who were fairly paid, that it was organic, and it was slave-free.***

***- Susie, F, Boomer***

Labor issues in the food industry are gaining mainstream attention, particularly as the pandemic has shed light on the indispensable nature of these workers. More than 4 in 5 consumers are aware of issues around providing a living wage for workers in food retail and food service, and 2 in 3 are interested in/concerned about this issue, rendering it fully mainstream.

Certifications like Fair Trade and Fair for Life can signal good labor practices to consumers, but so can company transparency around how workers are treated throughout the production process, from growing raw materials to the cashier at the checkout stand.

# 39%

**of consumers say that safe working conditions for the company's employees is an important purchase criterion for food and beverages**

# 36%

**say that good wages and benefits for employees is an important food and beverage purchase criterion**





## Social Justice

***A lot of sustainability practices are ones that require economic privilege to carry out regularly and it has been proven that systemic racial issues have prevented minority groups from having access to the same wealth and power as white people... Social injustices are the job of everyone to try and combat though.***

***- Cortlyn, F, Gen Z***

While consumers see social justice as largely separate from environmental sustainability, they are concerned about — and increasingly committed to — addressing social inequalities. Younger consumers are particularly attuned to social justice. Gen Zs and Millennials pay more attention to it than older consumers when buying foods and beverages. Gen Zs especially emphasize sourcing from suppliers from underprivileged groups and want companies to focus on hiring for diversity. But interest in social justice is present more broadly across the population; for instance, 4 in 10 Boomers look for products from companies that support social justice causes.

**61%**

**of consumers look for products from companies that support social justice causes**

**63%**

**have boycotted companies or brands for environmental, social, or labor reasons (+7pts from 2019)**

**79%**  
of consumers are willing  
to trust a company's  
claims related to  
sustainability

### Trust in Company Sustainability Claims

Among total



The majority of consumers are willing to trust companies' claims about sustainability efforts, though younger generations express more cynicism.

Consumers do not expect perfection, as they recognize that like their own sustainability journeys, companies have goals and are at different points toward achieving them. Consumers do require transparency, however.

Be honest and open about all your practices, even the ones that don't currently reflect your ambitions. Admitting imperfections along with your plans for achieving goals only builds authenticity and trust.

# To begin to close the gap, you should...

- 1 Address any packaging transgressions immediately.** Consumers use packaging as a short-cut to judge not only your product's sustainability, but your company's sustainability too.
- 2 Determine where you can have the biggest impacts, environmentally or socially.** Focus your efforts there but take actions in adjacent arenas to demonstrate your understanding of sustainability as a web of interconnected issues.
- 3 Audit your portfolio of brands, products, and company practices for consistent compliance with your sustainability commitments.** Misalignments will undermine the good work you are doing.
- 4 Embrace your role as a significant actor in sustainability arena which will vary depending on the scale of your business.** Bigger players will need to be prepared to shoulder bigger commitments and create partnerships with government, NGOs, and non-profits to fulfill on the leadership that consumers expect of you.
- 5 Be loud and proud of your sustainability practices by sharing information on pack, at shelf, through traditional and social media, and beyond.** Consumers generally are willing to trust companies when they communicate about sustainable actions, but many will seek to verify such claims themselves. Offer transparency to facilitate their due diligence.







**Getting sustainability right is as essential to future relevance and consumer loyalty as innovation.**

**And with today's consumer inaction can speak just as loudly as your actions.**

**The time to act is now.**

**Not sure where to start or how you can make the most impact?**

**We are here to help.**

**1**

**Sustainability Activation Session:** Our half-day facilitated work sessions will inform and inspire participants. We custom design sessions depending on your needs, whether exploratory and generative or purposeful and evaluative. We are happy to work within existing sustainability frameworks and priorities or suggest a starting point for activation.

**2**

**Consulting:** Hartman Group consultants will use our intellectual capital, including our proprietary World of Sustainability consumer segmentation model, to help you identify and communicate with your consumer targets. We will also leverage our deep well of insights on sustainability to focus your efforts in areas that are most appropriate and impactful for your brands, products, and business practices. Finally, our acute sense of foresight and ongoing trends work will future proof your sustainability activations.

**3**

**Primary Research:** As more companies aim to close the sustainability opportunity gap, it will become more important to have category and brand-level insights for activation. Our quantitative and qualitative research expertise builds on a deep foundation of syndicated research to bring you rich insights and actionable recommendations most efficiently.



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## ABOUT THE HARTMAN GROUP

The Hartman Group is the premier food and beverage consultancy. Our mission is to translate consumer behavior and food culture into strategic growth opportunities for our clients.

Since 1989, The Hartman Group's anthropologists, social scientists and business analysts have been immersed in the study of American food and beverage culture, using ethnographic observation, quantitative tracking surveys and deep study of trends. What we have learned and continue to uncover allows us to upend many notions of our traditional American eating and drinking patterns, thereby identifying unique opportunities and winning strategies for our clients.

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