

GATEONE



Sustainable shopping habits

HOW CAN RETAILERS HELP CONSUMERS
MAKE MORE SUSTAINABLE CHOICES?

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FOREWORD

Our latest research reveals that, while sustainability is increasingly important to consumers, other concerns such as the cost-of-living crisis are making it harder for them to shop sustainably. There is a noticeable gap between consumers' intentions and their actual buying decisions. As a result, retailers need to rethink how they encourage more sustainable consumer behaviours. In fact, our findings show that consumers believe retailers have a responsibility and a key role to play in helping them adopt more sustainable shopping habits.

Time for radical change

The world is increasingly focusing on how to better manage and preserve global resources in an effort to mitigate some of the big issues facing society and the planet. However, many would argue that not enough is being done to make a real difference. Radical changes in behaviour are needed to successfully – and sustainably – manage supply and demand.

From the retailer's perspective, being sustainable goes beyond just doing 'the right thing' for the planet. It is now seen as a growing imperative for all stakeholders, and key to most companies' resilience, longevity and financial success. By investing in sustainability, retail businesses should also be able to capitalise on better brand reputation and deepen customer relationships.

In fact, as we discussed in our recently published report, 'Keeping customers close: Customer-centricity in a rapidly changing world'¹, sustainability comes out as the top strategic imperative in which businesses across all sectors are currently investing.

Yet while consumers are concerned about sustainability, the actual picture, as we uncover in this report, is more nuanced. In fact, even where consumers are concerned about sustainability, this doesn't always translate into actual buying behaviour. Consumers' notions of sustainability and social purpose within their purchasing decisions are evolving, with some still seeing it as a nice-to-have rather than a must-have.



DAVID FORDE
CLIENT DIRECTOR, GATE ONE

To further explore these trends, we partnered with Virtual Store Trials, a specialist retail agency, to survey UK consumers to better understand their attitudes, behaviours and decision-making when it comes to sustainable shopping.

This most recent research supports the findings from our previous report, that consumers have many other equally pressing worries alongside sustainability – notably the increasing cost of living – weighing on their minds and influencing their decisions. Other factors, including price, lack of information, and different interpretations of what sustainability means, are also acting as significant barriers to consumers making more sustainable choices.

That said, it's very encouraging to see so many consumers either already behaving sustainably in one way or another or aspiring to do so – particularly if it's easy or convenient for them.

¹ Gate One, [Keeping customers close: Customer-centricity in a rapidly changing world](#), December 2021

FROM THE RETAILER'S PERSPECTIVE, BEING SUSTAINABLE GOES BEYOND JUST DOING 'THE RIGHT THING' FOR THE PLANET. IT IS NOW SEEN AS A GROWING IMPERATIVE FOR ALL STAKEHOLDERS, AND KEY TO MOST COMPANIES' RESILIENCE, LONGEVITY AND FINANCIAL SUCCESS.

A key role for retailers

Our research suggests that fast-moving consumer goods (FMCG) retailers, such as supermarkets, can play a major role in championing and supporting more sustainable shopping habits. Even where this only influences shoppers' choices for a small number of items among their weekly shop, this can still have a major impact in driving positive change.

Not only do retailers have considerable influence over both consumers and suppliers, but their business operations also have significant environmental and social impacts.² From an environmental perspective alone, food production and purchasing accounts for approximately 60% of the world's loss of natural habitats and contributes to more than 30% of all greenhouse gas emissions.³

Indeed, our findings show that consumers believe retailers have a pressing responsibility to help people adopt more sustainable behaviours. This report sheds light on the many ways in which we believe retailers can help drive change and enable people to make more sustainable shopping decisions.

These include:

- taking a data-driven approach to understanding what motivates consumers to shop sustainably – and what stops them from doing so – to help retailers define their different 'sustainable consumer' segments and build more effective approaches to target them appropriately
- making it as easy, convenient, appealing and affordable as possible for consumers to adopt more sustainable behaviours throughout their buying journey, irrespective of channel or touchpoint
- working together with other retailers to drive industry-wide change to help educate consumers, improve their awareness and understanding, and, ultimately, encourage them to adopt more sustainable shopping behaviours.

² Which?, [What are supermarkets doing about the environment?](#) February 2022

³ WWF, [Leading supermarkets join WWF in pledge to make UK weekly food shop 'greener' and help tackle climate crisis](#), November 2021

EXECUTIVE SUMMARY

1 SUSTAINABILITY IS IMPORTANT TO CONSUMERS BUT OTHER CONCERNS ARE AFFECTING THEIR DAY-TO-DAY SHOPPING CHOICES

UK CONSUMERS SAY THEY'RE INTERESTED IN:



61%
HEALTH AND
WELLNESS



48%
SUSTAINABILITY



45%
POLITICAL NEWS
AND LEGISLATION



40%
SOCIAL
PURPOSE

BUT THEY HAVE MANY OTHER COMPETING WORRIES LIKELY TO INFLUENCE THEIR BUYING BEHAVIOURS:



84%
COST OF LIVING



48%
THE ECONOMY



47%
INFLATION



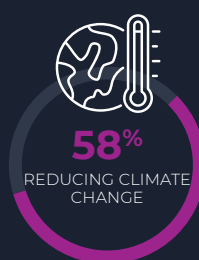
47%
GLOBAL
SECURITY
/WAR

2 HELPING CONSUMERS UNDERSTAND SUSTAINABILITY AND MAKING SUSTAINABLE OPTIONS EASIER TO IDENTIFY IS KEY TO CHANGING SHOPPING BEHAVIOUR

SUSTAINABILITY MEANS A MYRIAD OF THINGS TO CONSUMERS, BUT MOST PEOPLE ASSOCIATE IT WITH:



68%
PROTECTING THE
ENVIRONMENT



58%
REDUCING CLIMATE
CHANGE

BUT THEY FACE MANY BARRIERS, INCLUDING:



48%
SUSTAINABLE
OPTIONS COST
TOO MUCH



31%
DIFFICULTY
FINDING
SUSTAINABLE
OPTIONS



20%
LACK OF
AWARENESS ABOUT
WHAT IS AND ISN'T
SUSTAINABLE

CONSUMERS ARE MOST MOTIVATED TO BUY SUSTAINABLE PRODUCTS WHEN:



47% THE PACKAGING IS SUSTAINABLE
(BIODEGRADABLE, PLASTIC-FREE,
RECYCLABLE, NO PACKAGING)



37% THE PRODUCT IS THE SAME PRICE
AS A NON-SUSTAINABLE PRODUCT



35% THE PRODUCT IS LOCALLY SOURCED



35% THE PRODUCT IS PRODUCED IN A
RESOURCE AND ENVIRONMENTALLY
FRIENDLY WAY



ONLY **44%** OF CONSUMERS
ARE AWARE OF THE
ENVIRONMENTAL IMPACT
OF WHAT THEY BUY

3 AFFORDABILITY PLAYS A KEY ROLE IN DETERMINING CONSUMERS' SUSTAINABLE PURCHASES AND WHERE THEY SHOP

DECIDING WHERE TO BUY GROCERIES IS BASED PRIMARILY ON:



81%
PRICE/VALUE



61%
QUALITY



41%
CONVENIENCE

81% OF CONSUMERS SAY THEY MAKE DECISIONS ON WHERE TO SHOP BASED ON PRICE AND VALUE, WITH **44%** SAYING THEY WOULD LIKE RETAILERS TO OFFER MORE PROMOTIONS ON SUSTAINABLE PRODUCTS. COST IS THE MAIN REASON FOR CONSUMERS NOT BUYING SUSTAINABLE PRODUCTS, WITH NEARLY **HALF** CITING THIS AS A FACTOR.

4 RETAILERS CAN DO MORE TO ENCOURAGE SUSTAINABLE BEHAVIOURS – AND CONSUMERS WANT THEM TO TAKE ACTION

CONSUMERS WANT RETAILERS TO DO MORE:



50% CLEAR INDICATION OF WHAT IS SUSTAINABLE



44% PROMOTIONS ON SUSTAINABLE PRODUCTS



36% RECYCLING SCHEME/ ZERO-WASTE OFFERING

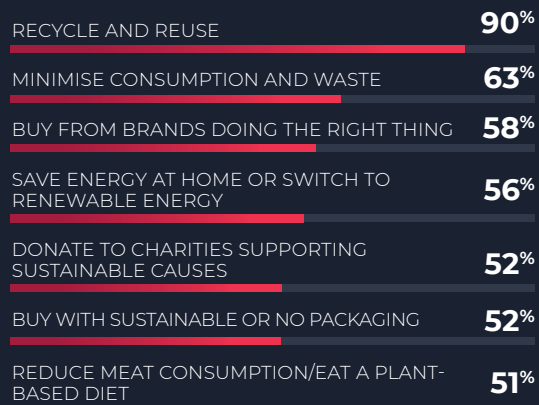


35% SIGNPOSTING IN-STORE AND ONLINE ON WHERE TO FIND SUSTAINABLE PRODUCTS

CONSUMERS BELIEVE RETAILERS (**30%**) AND BRANDS (**24%**) ARE RESPONSIBLE FOR PROMOTING SUSTAINABLE SHOPPING

5 48% OF CONSUMERS ARE INTERESTED IN SUSTAINABILITY; 36% SAY THEY'RE NEUTRAL, YET MOST HAVE ALREADY ADOPTED AT LEAST ONE SUSTAINABLE BEHAVIOUR

OVER HALF OF CONSUMERS EITHER ALREADY DO OR ASPIRE TO:



6 SOCIAL PURPOSE IS IMPORTANT TO CONSUMERS' DECISION-MAKING

40% OF CONSUMERS SAY SOCIAL PURPOSE MATTERS TO THEM

39% THINK IT'S IMPORTANT TO BUY FROM COMPANIES WITH A SOCIAL PURPOSE

CONSUMERS MAINLY FIND OUT ABOUT SOCIAL PURPOSE FROM:



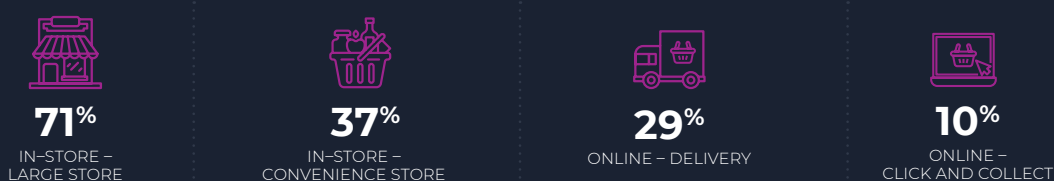
54%
THE COMPANY
THEMSELVES



42%
ONLINE
RESEARCH

7 CONSUMERS PREFER TO SHOP FOR THEIR GROCERIES IN-STORE AND FEEL THIS GIVES THEM GREATER ACCESS TO SUSTAINABLE OPTIONS

CONSUMERS SHOP ACROSS A RANGE OF CHANNELS FOR THEIR GROCERIES:



LARGE STORES (60%), CONVENIENCE STORES (24%) AND ONLINE (21%) PROVIDE THE BEST ACCESS TO SUSTAINABLE PRODUCTS

STRATEGIC RECOMMENDATIONS FOR RETAILERS

RETAILERS SHOULD FOCUS ON THREE CORE ELEMENTS TO DRIVE SUSTAINABLE BEHAVIOURS AMONG CONSUMERS:



CAPTURE KEY DATA TO DRIVE DECISIONS AND MARKETING STRATEGIES

Gather the right consumer data to build more informative and effective sustainability strategies, tailored to specific consumer segments depending on their attitudes to sustainability.

CREATE A SUSTAINABLE BRAND EXPERIENCE

Make it as easy, convenient and appealing as possible for consumers to adopt more sustainable behaviours across the end-to-end shopping experience.

IMPROVE AND INSPIRE AWARENESS THROUGH INDUSTRY COLLABORATION

Help shift consumer perceptions by providing more information on sustainability, either through home-grown initiatives or industry partnerships, and support them in assessing different sustainability criteria to compare their options.

CONSIDER OTHER KEY CONCERNS INFLUENCING CONSUMER DECISIONS

Be mindful of wider considerations impacting consumer decisions beyond sustainability – affordability, convenience and quality – to inform the nudges and prompts required to encourage sustainable shopping behaviours.

CREATE A MINDSET THAT ENCOURAGES EXPERIMENTATION AND INNOVATION THROUGH ITERATION

Apply a test-and-learn approach to quickly evaluate new ideas and accelerate the sustainability journey.

FOCUS ON INTERNAL CULTURE AND EMPLOYEE VOICE

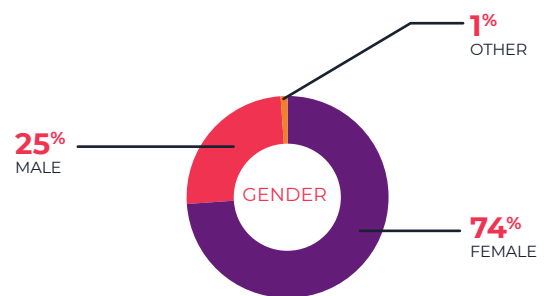
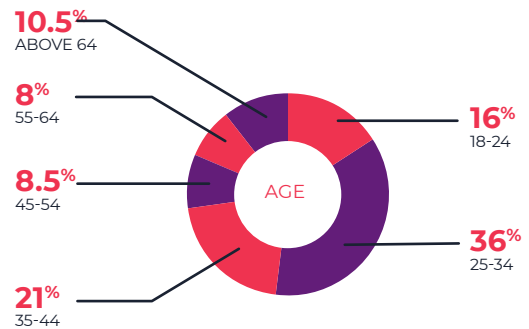
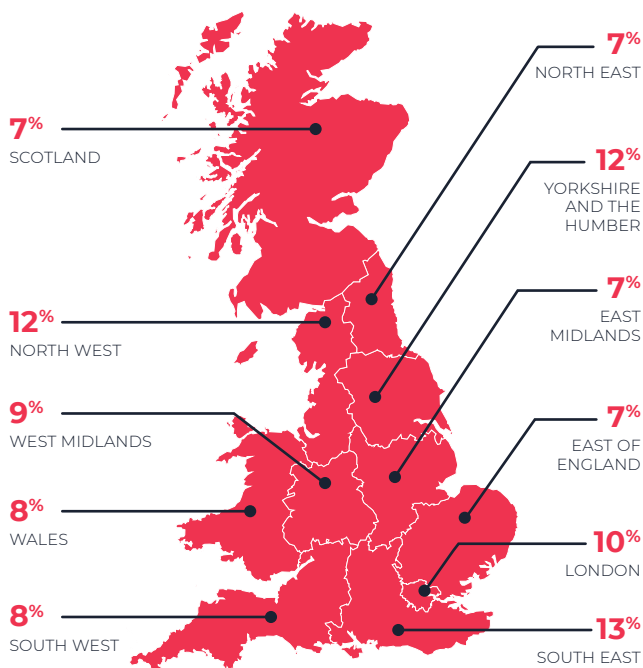
Understand employees' values and attitudes towards sustainability and create a collective responsibility across the business to ensure sustainability is central to company culture, vision and values.

METHODOLOGY

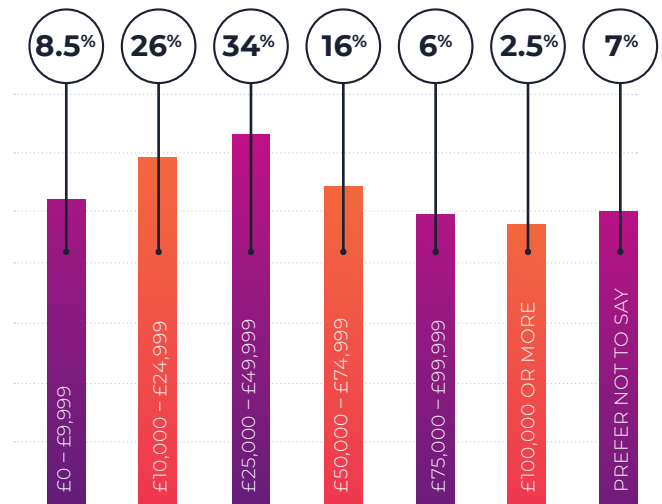
We partnered with Virtual Store Trials, a specialist FMCG and consumer packaged goods retail agency, to help us explore and better understand UK consumer attitudes and behaviours towards sustainable grocery shopping.

The findings contained in this report are based on an online quantitative survey of 452 UK consumers with the following demographics:

LOCATION OF CONSUMERS

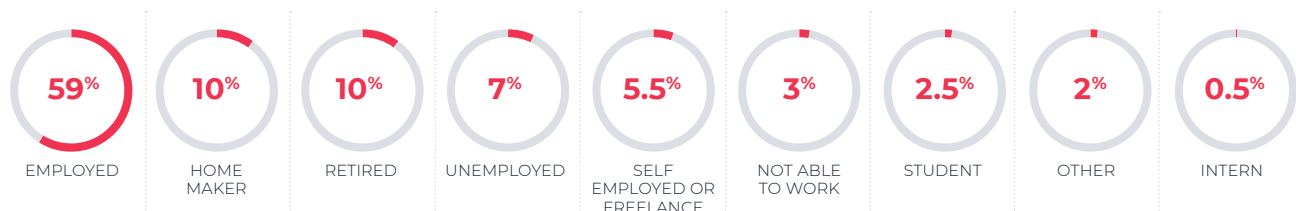


ANNUAL HOUSEHOLD INCOME



59% OF RESPONDENTS HAVE CHILDREN OR DEPENDANTS, 41% DO NOT.

EMPLOYMENT STATUS



HOW IMPORTANT IS SUSTAINABILITY TO UK CONSUMERS?

Our survey shows that while sustainability is increasingly important to UK consumers, they have many other competing concerns, such as the cost of living, that are influencing their shopping behaviours.

Sustainability and social purpose are increasingly important influences on consumers' shopping behaviour, but other issues are competing for their attention, according to our survey.

Our consumer sample are more interested in health and wellness than sustainability, for example. This perhaps reflects a heightened focus on health issues, on both a personal and global level, as a result of the Covid-19 pandemic. Clearly, the health of individual citizens is intrinsically linked to wider environmental and societal factors facing the world. In fact, health and wellness may form part of some consumers' perceptions of sustainability. At the same time, these results perhaps suggest that, when push comes to shove, the issues that consumers are most likely to be concerned about are those that impact them directly.

Very few consumers (16%) show no interest at all in sustainability, but a substantial proportion (36%) demonstrate a neutral attitude when it comes to making shopping decisions. This latter subset may represent a significant opportunity for retailers – targeting this group with the right messaging could help increase their awareness of, and interest in, sustainability.

THESE FINDINGS HIGHLIGHT THE ONGOING TRADE-OFF BETWEEN PRINCIPLES AND PRICE.

Retailers must work hard to keep sustainability front of mind

Digging a little deeper into what is worrying UK consumers, our survey reveals a broad mix of concerns, with the most significant being the cost of living, the economy, inflation and global security/war. The cost of living is increasingly weighing on people's minds, with 84% of survey respondents worried about it in May 2022. In an earlier survey undertaken in February, the figure was just 52%. This suggests that these concerns are currently overshadowing an interest in sustainability and are more likely to influence how they shop for groceries and other goods, with the dramatic increase in the cost of living likely to have the biggest impact on purchasing decisions.

When asked about specific issues relating to sustainability, less than a third of consumers surveyed say they are worried about the climate emergency (29%) and housing (31%), with an even smaller number citing pollution (21%) and equality (19%) as concerns. That's not to say that people aren't concerned about these sustainability related issues, but simply that we're living in a time where there is a lot vying for consumers' attention. Most of us have a multitude of factors that worry us on a daily basis, so retailers need to work hard to keep sustainability front of mind.

These findings highlight the ongoing trade-off between principles and price – consumers generally appear to want to do 'the right thing' but may believe that they simply can't afford to make sustainable choices across their weekly shop. This suggests that retailers have an opportunity to make sustainable shopping more accessible and affordable.

KEY FINDINGS

UK CONSUMERS SAY THEY'RE BROADLY INTERESTED IN:



61%

HEALTH AND
WELLNESS



48%

SUSTAINABILITY



45%

POLITICAL NEWS
AND LEGISLATION



40%

SOCIAL
PURPOSE

ONLY **16%** OF CONSUMERS ARE NOT AT ALL INTERESTED
IN SUSTAINABILITY

WHAT IS WORRYING UK CONSUMERS AT THE MOMENT?



84%

THE COST OF
LIVING



48%

THE ECONOMY



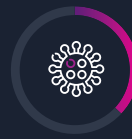
47%

INFLATION



47%

GLOBAL SECURITY/
WAR



37%

COVID



31%

HOUSING



29%

THE CLIMATE
EMERGENCY



21%

POLLUTION



20%

BREXIT



19%

EQUALITY

52%

FEB 2022

THE COST OF LIVING IS INCREASINGLY WEIGHING ON
PEOPLE'S MINDS, WITH **84%** OF PEOPLE WORRIED ABOUT IT
IN MAY 2022, COMPARED TO **52%** IN FEBRUARY.

84%

MAY 2022



WHAT DOES SUSTAINABILITY MEAN TO CONSUMERS?

With sustainability meaning a myriad of different things to different people, it's unsurprising that consumers are motivated to buy sustainable products for many different reasons. At the same time, a pervasive lack of information acts as a key barrier to choosing sustainable products.

The majority of our survey respondents associate the term sustainability most closely with 'protecting the environment' and 'reducing climate change', but our research shows that it also means many other things to people. Perceptions of sustainability are often quite narrowly defined and specific to individual consumers and their circumstances. This may suggest that consumers tend to be more interested in those elements of sustainability that most directly affect their lives.

This presents retailers with both a challenge and an opportunity in terms of how they communicate with their target audiences: understanding what sustainability means to consumers should be key to shaping retailers' strategies.





Helping consumers understand sustainability criteria is key

In the same way that people define sustainability in different ways, our survey indicates that consumers are motivated to buy sustainable products for a variety of reasons.

Sustainable packaging is the single most important factor influencing buying behaviour, according to our consumer sample, with nearly half (47%) citing this as a motivating factor, perhaps because it's the most visible indication of a product's sustainable credentials. It may also reflect the media focus on the impact of plastics and non-biodegradable packaging material on the environment over the last few years, which is likely to be front of mind for many shoppers.

The focus on packaging has led a number of retailers to look at packaging-free zones in their stores – for example, Waitrose' 'Unpacked' trial aimed at making it easier for customers to reduce, reuse and refill to help eliminate use of plastic.

The significant proportion of consumers who say they are motivated by whether a product is locally sourced (35%) or produced in an environmentally friendly way (35%) suggests these are also important motivating factors in their purchasing decisions.

So, while it's important to continue to give consumers the choice of sustainable packaging, retailers may want to consider communicating more about the ways in which sustainable products are sourced and produced through the supply chain, to help empower consumers. For example, this could include promoting more locally sourced products or those involving sustainable solutions in the face of specific local challenges, such as the threats facing the fishing industry.

ALTHOUGH SOME OF THESE FACTORS MAY BE BEYOND THE RETAILER'S CONTROL, RETAILERS AND BRANDS HAVE A SHARED RESPONSIBILITY TO WORK TOGETHER TO ADDRESS THESE ISSUES.

Sustainable options need to be easy to understand and easy to see

Lack of awareness about the sustainability of products also plays an important role: almost a third (31%) of our consumer sample say it's difficult to find these products where they shop, and a fifth say they aren't aware of what is and isn't sustainable. In addition, 21% say they currently don't think about sustainability at all when they do their grocery shopping.

Similarly, more than half of consumers (55%) are either unaware or unsure of the environmental impact of what they buy. Given that most people (68%) define sustainability, at least in part, as protecting the environment, it's clear that significantly more could be done to communicate the environmental impact of producing a particular product and disposing of it after use. In the same way, there's an opportunity to educate consumers about the societal elements of sustainability and the social impact of brands.

Based on these findings, making it easier for shoppers to find sustainable options – as well as improving their understanding of sustainability more broadly – should be part of every retailer's strategy.

Although some of these factors may be beyond the retailer's control, retailers and brands have a shared responsibility to work together to address these issues, and retailers may need to use their influence to ensure brands help get the message across to consumers. Needless to say, consumers also have a personal responsibility for what they buy. But retailers can help to make the consumer's choice as informed as possible without them having to go out of their way to understand the impact of the products they consume. After all, all these things may appear to be important to consumers, but perhaps only up to the point where a level of effort is required to find out more about them.

For example, Tesco's omni-channel 'Better Baskets' campaign aims to tackle the barriers that customers face when shopping for better choices. Focused primarily on supporting healthy living and healthy eating, the campaign also promotes reducing consumption, reusing and recycling. Tesco is using multi-channel advertising, along with in-store and online signposting, to direct consumers to better choices at affordable prices.

KEY FINDINGS

CONSUMERS ARE MOTIVATED TO BUY SUSTAINABLE PRODUCTS FOR A MIX OF REASONS:



47%
THE PACKAGING IS SUSTAINABLE
(BIODEGRADABLE, PLASTIC-FREE,
RECYCLABLE, NO PACKAGING)



37%
THE PRODUCT IS THE
SAME PRICE AS A NON-
SUSTAINABLE PRODUCT



35%
THE PRODUCT IS
LOCALLY SOURCED



35%
THE PRODUCT IS PRODUCED
IN A RESOURCE AND
ENVIRONMENTALLY
FRIENDLY WAY



27%
THE PRODUCT IS ETHICALLY
SOURCED AND PRODUCED



21%
I DON'T THINK ABOUT
SUSTAINABILITY WHEN I DO
MY GROCERY SHOPPING



16%
THE PRODUCT IS PRODUCED
BY A COMPANY/BRAND WITH
SOCIAL PURPOSE

ASIDE FROM PRICE (48%), THE THREE MAIN BARRIERS TO BUYING SUSTAINABLE PRODUCTS ARE:



31%
DIFFICULTY FINDING
SUSTAINABLE OPTIONS



20%
LACK OF AWARENESS
ABOUT WHAT IS AND
ISN'T SUSTAINABLE



19%
INFERIOR TASTE
AND FLAVOUR

AWARE

AREN'T

UNSURE

44% OF CONSUMERS SAY THEY ARE AWARE OF THE ENVIRONMENTAL IMPACT OF WHAT THEY BUY, BUT **30%** AREN'T AND **26%** ARE UNSURE.

WHAT STOPS CONSUMERS MAKING SUSTAINABLE CHOICES?

Predictably, in an inflationary environment, affordability plays the biggest role in determining what people buy – and where they choose to shop. To help more consumers buy sustainably, retailers may need to review their pricing and promotion strategies.

In the current economic climate of soaring prices and the ever-increasing squeeze on the cost of living, it's perhaps no great surprise that 'price' is the primary barrier to consumers making more sustainable purchasing decisions, according to our survey. Price is also the most significant factor when people are deciding where to shop.

The cost of living is weighing heavily on the minds of UK consumers at the moment and is, therefore, understandably influencing their grocery shopping behaviours.

Despite this, consumers still express a willingness to buy affordably priced sustainable options: over a third (37%) say they are likely to purchase a sustainable product if it is the same price as the non-sustainable alternative, while close to half (44%) would like to see retailers offer more promotions on sustainable products. This suggests that where retailers make it easier for people to make sustainable choices – for example, by ensuring price points are similar – consumers are more likely to add those options to their basket.

Furthermore, although 'choice of products' and 'sustainability' influence some consumers' choice of where to shop, these factors play a lesser role compared to 'price', 'quality' and 'convenience'. These findings match those of our 'Keeping customers close: Customer-centricity in a rapidly changing world' survey, in which just over 2,000 global consumers cited price, quality and convenience as the three most important factors driving their purchasing decisions. This appears to validate the strategies of those retailers that are currently removing more expensive



items, including more sustainable options, from their shelves, to meet the needs of cash-strapped customers. However, again, we see an opportunity for retailers to encourage incremental changes to consumers' weekly shopping habits by clearly promoting more sustainable, and affordable, product choices.

These price and value pressures nonetheless present a major challenge for retailers as they strive to balance doing the right thing for their customers and the environment, with keeping their prices competitive.

WHAT DO CONSUMERS EXPECT FROM RETAILERS?

Our research shows that retailers have an important role to play in helping consumers adopt more sustainable behaviours. Furthermore, obvious and visual displays of sustainability can influence decision-making at the point of purchase, presenting retailers with a significant opportunity.

Despite the various hurdles that consumers face when attempting to be more sustainable, our research confirms that retailers can have significant influence over consumer behaviour.

The majority of consumers (54%) believe the responsibility for promoting sustainable shopping behaviour lies with retailers or brands, with only a minority (18%) feeling they are solely accountable for their sustainable decisions. Interestingly, only 10% suggest the government has a role to play, which may simply reflect a lack of faith in the government to effect meaningful change or a perception that retailers and other businesses are potentially able to achieve change more rapidly.

That said, consumers feel retailers aren't doing enough to promote sustainability. This is perhaps unsurprising given that 31% say it's difficult to find or identify sustainable options. Half of our survey sample want retailers to provide a clear indication of what is sustainable and 35% want more signposting on where to find sustainable products, both in-store and online.

Furthermore, only 31% of those surveyed say their retailers are offering a recycling or zero-waste scheme and less than half (46%) of our respondents believe retailers are doing a good job with plant-based, vegetarian or vegan offerings, for example.

THERE IS CLEARLY AN OPPORTUNITY HERE FOR RETAILERS TO DO MORE TO PROMOTE SUSTAINABLE OPTIONS – AND CONSUMERS EXPECT THEM TO TAKE A LEAD ON THIS.

Retailers can do more to encourage consumers to choose sustainable options

Visible indications of sustainability, in particular, can drive behaviour change. For example, 48% of consumers say they have changed the products they buy based on sustainable packaging. This highlights the importance of clear and obvious sustainability 'markers' at the point of decision in bringing about behaviour change.

Similarly, our survey indicates that sustainability labelling helps to influence consumer behaviour, with 55% of consumers saying they have either already switched or are considering switching products based on these labels. But the huge range of labels covering different aspects of sustainability may make it difficult for consumers to decide what to buy: awareness of sustainability labels was very low among our consumer sample, with only 3 out of 23 labels being recognised by more than 10%.

There is clearly an opportunity here for retailers to do more to promote sustainable options – and consumers expect them to take a lead on this. Making sustainability easy to understand and readily apparent at the point of purchase, as well as directing consumers towards these options, is likely to have the most impact.

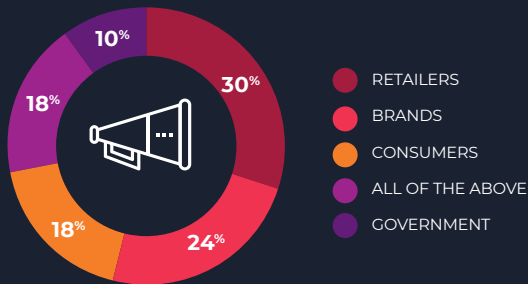
In particular, there is huge scope for retailers to educate consumers about sustainability claims, provide clear and relevant information, display sustainable products more prominently, and use more consistent labelling and certification to aid buying decisions.

This is an area on which some retailers are already placing a lot of emphasis. For example, Tesco, Sainsbury's, Morrisons and the Co-op are working together to develop and trial a new range of eco-footprint labels as part of an effort to move towards an industry standard for environmental labelling.⁴

⁴ Grocery Gazette, [UK supermarkets trial eco-footprint labels](#), May 2022

KEY FINDINGS

WHO IS MOST RESPONSIBLE FOR PROMOTING SUSTAINABLE SHOPPING?



48% OF CONSUMERS HAVE CHOSEN TO BUY A DIFFERENT PRODUCT BASED ON THE SUSTAINABILITY OF ITS PACKAGING.

WHICH OF THESE LABELS ARE YOU AWARE OF, AND UNDERSTAND?



HOW DO CONSUMERS RANK RETAILERS' SUSTAINABILITY INITIATIVES?



PLANT-BASED, VEGETARIAN OR VEGAN OPTIONS



RECYCLING SCHEME/ZERO-WASTE OFFERING



CLEAR INDICATION OF WHAT IS SUSTAINABLE



DONATING TO CHARITIES SUPPORTING SUSTAINABLE CAUSES



PROMOTIONS ON SUSTAINABLE PRODUCTS



SIGNPOSTING IN-STORE AND ONLINE ON WHERE TO FIND SUSTAINABLE PRODUCTS



PROVIDING INFORMATION ABOUT THEIR OWN SUSTAINABILITY EFFORTS (E.G. EMAIL COMMUNICATIONS, IN-STORE/ONLINE SIGNS)



COMMUNICATING PACKAGING THAT'S BETTER FOR THE ENVIRONMENT



COMMUNICATING LOCALLY SOURCED PRODUCTS



SHOWING FOOD MILES FROM DISTRIBUTION/SUPPLY CHAINS

- RETAILERS ARE DOING WELL IN A FEW AREAS
- BUT SOME CONSUMERS WANT THEM TO DO MORE

WHAT ENCOURAGES CONSUMERS TO BEHAVE MORE SUSTAINABLY?

A large majority of consumers are either already behaving sustainably in some way or aspire to do so – particularly if it's easy or convenient – whereas only around half of consumers say they're actively interested in sustainability topics and a third are 'neutral'. This surely presents a major opportunity for retailers.

An overwhelming majority of people say they are engaged in one or more activities that lead to them living a more sustainable life, according to our research.

For example, 77% of our consumer sample say they are recycling or reusing. This may reflect long-running initiatives to promote these behaviours – and the fact that recycling is well understood, accessible and relatively easy to do on a daily basis. However, more than a third of consumers (36%) suggest retailers could be doing more in relation to their recycling schemes and zero-waste offerings.

Similarly, half of consumers say they are actively trying to minimise their consumption and waste. This may be primarily driven by cost-of-living concerns rather than a conscious effort to live sustainably. Nevertheless, retailers may want to use this opportunity to influence shopping behaviours in the way that, for example, Waitrose has attempted to do by trialling plastic recycling through in-store drop-off points. Similarly, Sainsbury's has trialled dedicated dish washing and laundry detergent refill stations to cut plastic usage, and M&S and Asda have introduced refillable own-brand cleaning and laundry products, which provide customers with a refunded deposit when they return empty bottles.

By promoting products that are both affordable and sustainable, alongside helpful tips on reducing consumption and waste, retailers should by default encourage more sustainable behaviours.

AN OVERWHELMING MAJORITY OF PEOPLE SAY THEY ARE ENGAGED IN ONE OR MORE ACTIVITIES THAT LEAD TO THEM LIVING A MORE SUSTAINABLE LIFE, ACCORDING TO OUR RESEARCH.

Retailers can support consumers' sustainability efforts

A significant proportion of consumers are also either already engaged in, or aspiring to, behaviours over which retailers can have some influence, including buying from brands they think are doing the right thing (58%), donating to charities supporting sustainable causes (52%), buying products with sustainable packaging or no packaging (52%), or either reducing meat consumption or changing to a plant-based diet (51%).

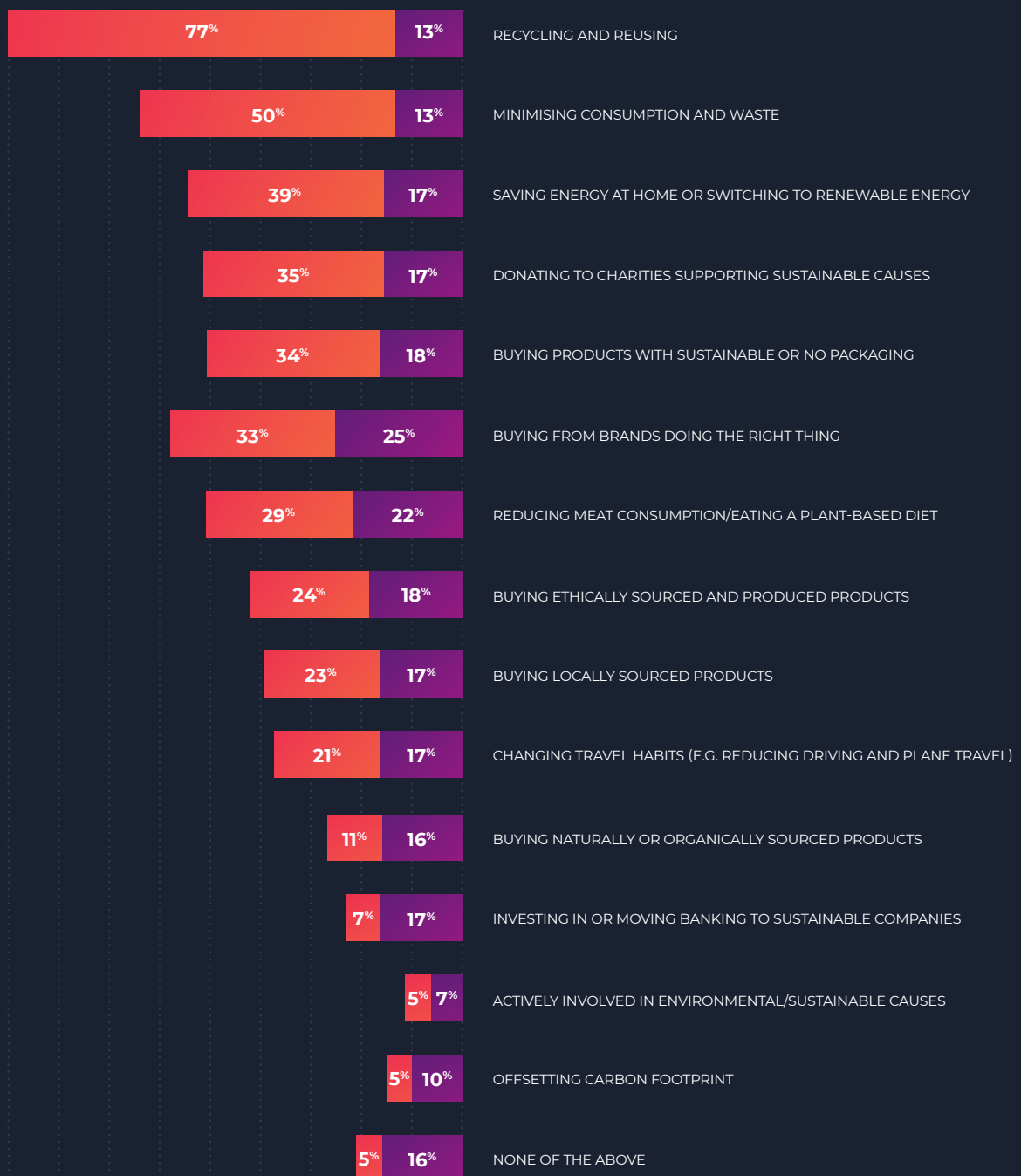
Furthermore, a large minority want to, or are already, buying products that are either ethically (42%) or locally (40%) sourced and produced. Once again, even though these actions may be motivated by other factors, there is an opportunity for retailers to help consumers behave more sustainably – with the right messaging and interventions.

By contrast, fewer consumers already are, or are considering, changing their travel habits (38%), offsetting their carbon footprint (15%), switching their banking arrangements to more sustainable providers (24%), or getting involved in environmental/sustainable causes (12%). This suggests that personal aspirations, as well as the effort required to change ingrained behaviours, often override the desire to act more sustainably. For example, it's much easier and more convenient for most consumers to recycle their coffee cups than to choose to stop flying and miss out on exciting trips abroad. The apparently underwhelming consumer response to in-store refills serves to demonstrate the barriers to behaviour change, with Asda, for example, reporting "price, fear and hygiene" as the primary reasons shoppers aren't using eco-refills and suggesting that "consumers have 70 years of shopping to unlearn". That said, retailers could do more to help consumers change these behaviours, for example, by placing refills more prominently in-store, perhaps making them cheaper, providing a free container with the first use, and offering other ongoing incentives.

KEY FINDINGS

BEHAVIOURS CONSUMERS ARE...

● CURRENTLY DOING ● ASPIRE TO DO



HOW IMPORTANT IS SOCIAL PURPOSE TO CONSUMERS?

Well over a third of consumers say they care about a company's social purpose and are either already buying or would like to buy products from brands that they feel do the right thing.

Nearly half of consumers (40%) say social purpose is important to them, and 39% say buying from companies with a social purpose matters to them. Most of these consumers say they find out about a brand's social purpose from the companies themselves (54%) or through online research (42%) – very few seem to rely on the government (20%) or regulators (10%) as sources of this information.

Although concerns over social purpose are slightly less prevalent than concerns over sustainability more broadly, in terms of sustainable behaviours, a third of consumers are nonetheless already buying from brands which they think are doing the right thing – and a further 25% say they would like to do so.

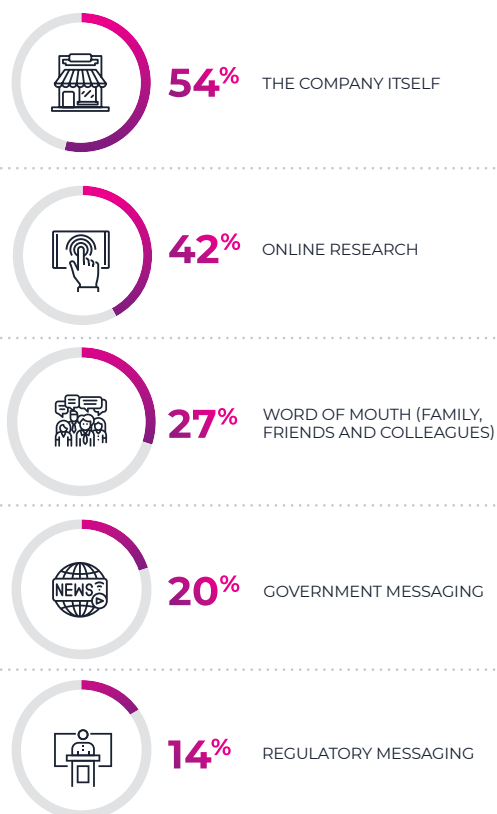
So, while social purpose may be more challenging to communicate, consumers increasingly have a desire to buy from companies that are seen to be doing the right thing. Does this represent a significant opportunity for retailers and brands alike?

Given that over half of consumers (54%) rely on the companies themselves as sources of information, retailers may want to consider how they present their social purpose, along with those of the brands they work with. Our survey findings suggest that retailers need to ensure that a clear articulation of their social purpose is front and centre in their brand positioning and easily accessible to consumers, for example through ad campaigns and their online presence.

KEY FINDINGS

40% OF CONSUMERS SAY SOCIAL PURPOSE MATTERS TO THEM AND **39%** THINK IT'S IMPORTANT TO BUY FROM COMPANIES WITH A SOCIAL PURPOSE.

THESE CONSUMERS PREFER TO SOURCE INFORMATION ABOUT SOCIAL PURPOSE FROM:



IN AN EFFORT TO LIVE A MORE SUSTAINABLE LIFE, **33%** OF CONSUMERS ARE BUYING FROM BRANDS WHICH THEY THINK ARE DOING THE RIGHT THING – AND **25%** ASPIRE TO DO SO.

DO CONSUMERS SHOP MORE SUSTAINABLY IN-STORE OR ONLINE?

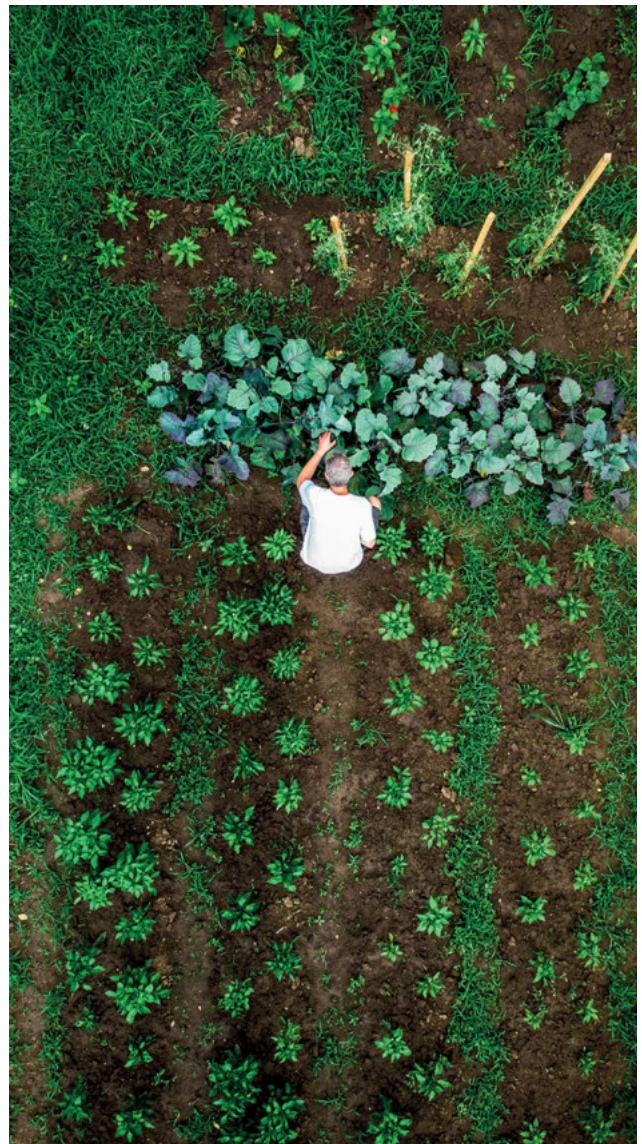
Consumers prefer to shop for their groceries in-store and feel this gives them greater access to sustainable options. Our survey suggests retailers may need to do more to help shoppers make sustainable choices, irrespective of channel.

Our research indicates that most consumers prefer to shop in-store for their groceries, preferably in large supermarkets (71%). Channel choice is driven primarily by convenience (74%) and price (59%), with few consumers (15%) suggesting that sustainability influences where they shop.

In addition, consumers feel that shopping in-store gives them access to more sustainable options (60%), compared to shopping online (24%). This suggests that in-store browsing and easier access to a wider range of products, compared to online, may play an important role in encouraging consumers to make sustainable choices.

Interestingly, nearly a third of our consumer sample (29%) say they have more time to explore sustainable options online and 22% believe promotions for sustainable products are also better online.

This slightly mixed picture indicates that retailers need to ensure their communications around sustainability are simple and clear across all channels, and focus on making sustainable options easy to understand, convenient to access, and as affordable as possible as part of the end-to-end customer experience, regardless of where consumers start on that journey. Retailers will also want to ensure they are able to provide the right, joined-up, multi-channel educational content about sustainability to consumers at the right times through the channel that works best for each individual.



KEY FINDINGS

CONSUMERS SHOP ACROSS A RANGE OF CHANNELS FOR THEIR GROCERIES, BUT MAINLY IN-STORE



71%

IN-STORE – LARGE STORE



37%

IN-STORE – CONVENIENCE STORE



29%

ONLINE – DELIVERY



10%

ONLINE – CLICK AND COLLECT



5%


RAPID DELIVERY – E.G. DELIVEROO, GETIR, UBER EATS



4%

SUBSCRIPTION – E.G. VEGETABLE BOXES, RECIPE BOXES

VARIOUS FACTORS INFLUENCE HOW CONSUMERS CHOOSE WHERE TO SHOP:

	 CONVENIENCE	 SIMPLICITY	 PRICE	 EFFORT	 QUALITY	 SUSTAINABILITY
71% IN-STORE (LARGE STORE)	72%	34%	62%	19%	37%	14%
37% IN-STORE (CONVENIENCE STORE)	71%	36%	57%	22%	36%	13%
29% ONLINE – DELIVERY	80%	33%	45%	24%	31%	14%
10% ONLINE – CLICK AND COLLECT	72%	39%	57%	35%	37%	15%
5% RAPID DELIVERY, E.G. DELIVEROO, GETIR, UBER EATS	54%	42%	63%	38%	42%	25%
4% SUBSCRIPTION, E.G. VEGETABLE BOXES, RECIPE BOXES	30%	30%	55%	40%	40%	25%

WHICH CHANNELS GIVE YOU THE BEST ACCESS TO SUSTAINABLE PRODUCTS?



WHAT HELPS YOUR DECISION TO BUY SUSTAINABLE PRODUCTS IN THE DIFFERENT CHANNELS?



EASIER IN-STORE



NEUTRAL



EASIER ONLINE

98	274	75
	SUSTAINABLE OPTIONS ARE EASIER TO FIND	
91	284	74
	SUSTAINABLE OPTIONS ARE CLEARLY LABELLED	
81	268	101
	SUSTAINABLE OPTIONS ARE PROMOTED	
116	250	84
	SUSTAINABLE PRODUCTS ARE MORE VISIBLE	
109	213	129
	I HAVE MORE TIME TO EXPLORE AND FIND SUSTAINABLE PRODUCTS	
129	206	109
	I TEND TO BROWSE MORE	

SUSTAINABILITY STRATEGIES FOR RETAILERS

Tackling the issues surrounding more sustainable consumption is, of course enormously complex, and not something retailers can do alone. But for those that aren't already doing so, adopting some or all of the following strategies should enable retailers to play their part in driving change and helping consumers to adopt more sustainable behaviours – and make more sustainable purchasing decisions.

These strategies fall into three broad areas: how retailers tailor the customer experience depending on different attitudes to sustainability; how they drive behaviour change through communications and messaging; and how they leverage internal culture and talent to influence consumer choices.



1. TAILOR THE CUSTOMER EXPERIENCE TO MAKE IT SIMPLE FOR YOUR CONSUMERS



2. BE DATA AND INSIGHT LED TO GET YOUR MESSAGING AND COMMUNICATIONS RIGHT



3. FOSTER A CULTURE OF CONTINUOUS TESTING AND LEARNING

PRICING AND PROMOTION STRATEGIES AIMED AT ENCOURAGING SUSTAINABLE BEHAVIOURS SHOULD FOCUS ON MAKING CONSUMERS FEEL GOOD AND ELICITING POSITIVE EMOTIONS.



1. TAILOR THE CUSTOMER EXPERIENCE TO MAKE IT SIMPLE FOR YOUR CONSUMERS

CAPTURE KEY DATA TO DRIVE DECISIONS AND MARKETING STRATEGIES

Retailers and brands need to have a clear picture of what their consumers need and expect from them.

Gathering, analysing and interpreting customer data effectively allows retailers to gain insights on those consumers' attitudes, lifestyles and consumption patterns. By understanding what motivates consumers to shop sustainably, as well as the barriers they face, retailers are better placed to define and quantify their different consumer segments and build more effective targeting strategies.

But it doesn't stop there. Methodologies need to be in place to constantly enrich the dataset available, ensuring the consumers' changing behaviours are captured and analysed. A continuous cycle of measuring success is crucial in driving the right decisions, leading towards a more sustainable future.

Consumers already actively involved in shopping sustainably require a different approach compared to those who are interested in sustainability and willing to change, but who have not yet altered their shopping behaviours.

Retailers have a key role to play in driving consumer behaviour change, particularly among consumer groups with neutral or ambivalent attitudes to sustainability, and should focus on overcoming the barriers to change for these groups. It's equally important to understand the motivations of consumers who are not engaged in sustainability issues, as this will also influence a retailer's products and offerings. Data is vital in making this happen.

Create a sustainable brand experience

Consumers expect retailers to help them make more sustainable choices by making it as easy, convenient and appealing as possible. This requires a consistent, personalised approach throughout the customer journey, irrespective of channel or touchpoint, to make it easier for consumers to find sustainable options and assess different sustainability criteria.

Using shelves or bays to feature sustainable alternatives within the same categories as regular purchases will also help shoppers compare products and choose sustainable options. In addition, providing signposting and suggestions on how consumers can make their groceries go further (such as recipes for leftovers or tips on how to reduce food waste) may resonate with the more cost-conscious shoppers, and even with those apparently less interested in sustainability.

Pricing and promotion strategies aimed at encouraging sustainable behaviours should focus on making consumers feel good and eliciting positive emotions. Research shows that feelings such as hope and pride are more likely to drive sustainable consumption.



2. BE DATA AND INSIGHT LED TO GET YOUR MESSAGING AND COMMUNICATIONS RIGHT

Improve and inspire awareness through industry collaboration

Retailers have an important role to play in educating consumers about sustainability, whether through providing more information on what sustainability means, raising awareness of sustainability product labelling or clearly demonstrating the impact of different products so that shoppers can understand the trade-offs. Communicating their own social purpose and sustainability initiatives, or leveraging high-profile external initiatives such as Earth Day, can give retailers greater credibility and help shift consumer perceptions, for example, in the way Tesco talks about its health partnership with the British Heart Foundation to help in the adoption of healthier lifestyles and shopping habits, while raising money for initiatives focusing on prevention and research.

By working together towards an industry-wide definition and common standards of sustainability, retailers will make it easier for consumers to understand its component parts, assess different sustainability criteria, and compare their options. For example, this could involve a catch-all definition incorporating a variety of sustainability metrics, or a 'traffic-light' system for individual sustainability criteria, such as carbon dioxide miles, plastics and reusability. Retailers need to continue to come together to develop industry-standard environmental labelling, which could go a long way to improving consumers' awareness of the impact of their choices.

Consider other key concerns influencing consumer decisions

Approaches to sustainability should align with the values and concerns of each consumer segment, built based on rich data. Crucially, retailers need to take account of consumers' other key decision factors beyond sustainability: affordability, convenience and quality. All of these should inform the various prompts and nudges that retailers use to encourage sustainable shopping behaviours in the current cost-conscious environment.

This can be as simple as providing easy price comparisons between sustainable and non-sustainable options, such as meat and plant-based proteins. Other tactics, such as Sainsbury's recent promotion featuring more sustainable products with better packaging and refill stations, can also have a positive impact. This aligns with our research finding that 52% of our consumer sample either have, or would, switch to a sustainable product based on the packaging.



3. FOSTER A CULTURE OF CONTINUOUS TESTING AND LEARNING

Focus on internal culture and employee voice

Every organisation's approach to sustainability needs to be supported by strong and committed leadership to be successful – but it also needs to be the collective responsibility of the business. Research⁵ shows that employees care about sustainability and social purpose, and that it's important for them to feel involved in their employer's sustainability efforts. Retailers should focus on understanding their employees' values and attitudes towards sustainability and ensure they align with the organisation's corporate values.

Clear communications will help employees appreciate how the work they do every day can contribute to the longevity of the business, but also help society and the planet. Messaging that promotes a retailer's sustainability ambitions will help raise awareness among employees, who can in turn use their voices to drive awareness and educate consumers.

Create a mindset that encourages experimentation and innovation through iteration

In an ever-changing environment, where social, economic and environmental aspects are equally important to our sustainability journey, it is essential that we constantly iterate. Retailers and brands need to embed a form of flexibility into their culture to enable them to respond to consumer behaviours and test new ideas quickly. Coupled with the right mindset and skills in the workforce, there are endless benefits to continuously evolving and learning while moving towards a more sustainable future. They need to look at the end-to-end experience across all key channel interactions, from the physical to the digital, to determine the right nudges and interventions across the whole shopping experience.

⁵ YouGov Employee Survey, May 2022, n=1000

ACKNOWLEDGEMENTS

We would like to thank everyone who took part in this research and helped to produce this report. We hope you find the contents insightful.

About Gate One

Gate One is a leading digital and business transformation consultancy focused on designing and delivering meaningful change for some of the world's most interesting, innovative and influential organisations.

We work closely with the C-suite and extended leadership teams across blue-chip companies, private businesses and major government departments to conceive and deliver the big ideas that will transform their organisations.

Our extensive experience of working on complex transformations means we know how to create the conditions that will drive success, deliver value and help you meet your most challenging goals.

We work in close collaboration with you to design a solution that's customised to your needs, building your ownership and capability as we go along. This creates a ripple effect and ensures the changes we implement together are meaningful and sustainable.

About Virtual Store Trials

Virtual Store Trials is a retail technology company using technology, research methodologies, data science, and machine learning that help grocery brands and retailers win with shoppers at the physical and digital shelf.

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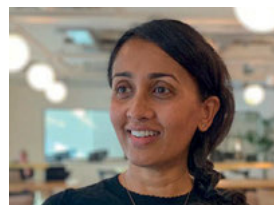
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