



Global Sustainability Summit 2015

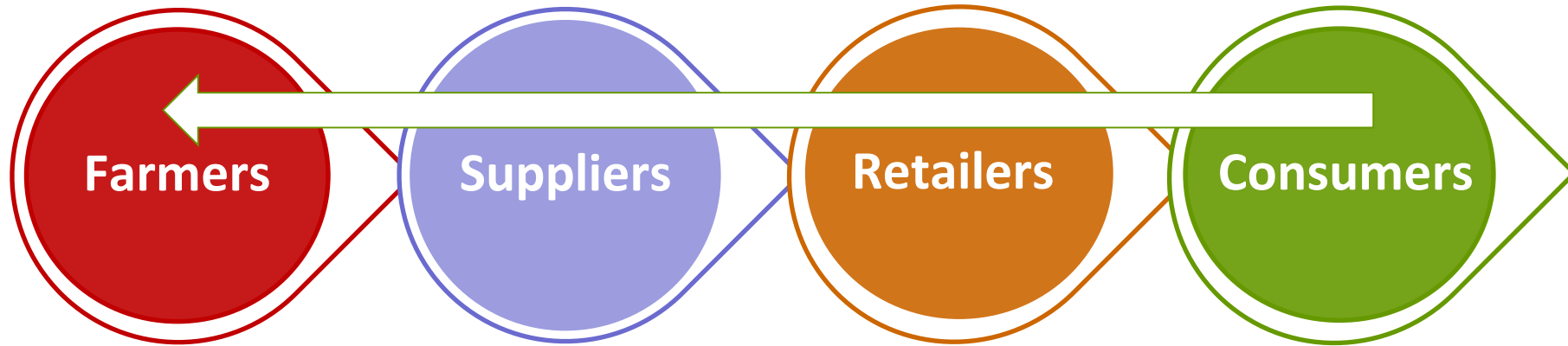
Sustainable Food: Whose problem is it anyway?

The roles and responsibilities of farmers, suppliers, retailers and consumers

***Steve French, NMI Managing Partner
9 November 2015***



Turning problems into strategies and solutions... a consumer-based perspective.



The more information consumers have, the more responsible their decisions tend to be – and greater transparency creates demand on the entire supply chain to become more responsible corporate citizens.



In many consumers' minds, sustainability is increasingly becoming more meaningful, relevant and necessary – a global cultural shift impacting their entire lifestyle.



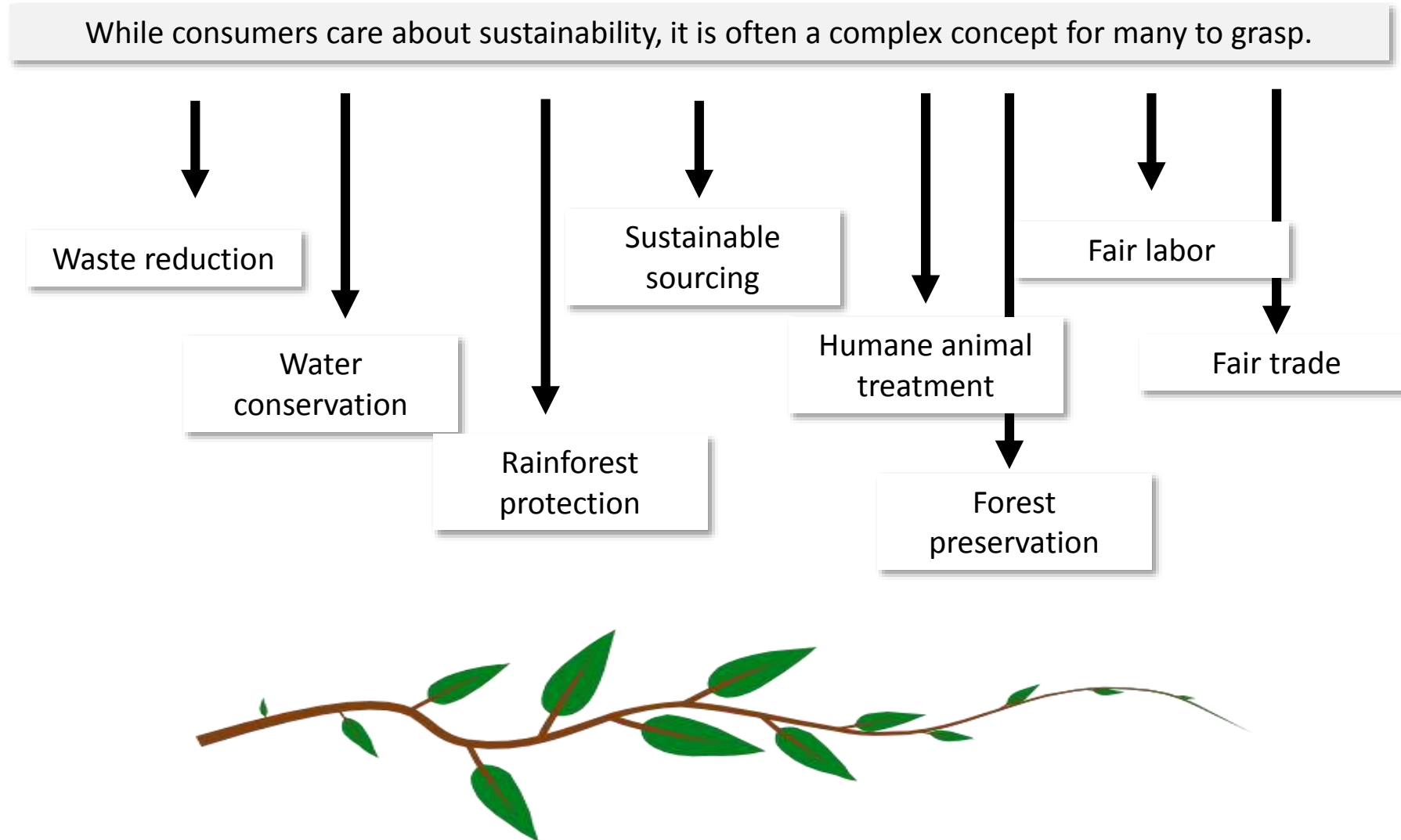
“When the winds of change blow, some people build walls, others build windmills”

- Chinese proverb

And the sustainable consumer economy is exploding: U.S. to represent \$1.5 trillion by 2020.

	2005 (US\$ MM)	2012 (US\$ MM)	2020 (US\$ MM)
Alternative Energy	\$607	\$700	\$820
Alternative Transportation	\$6,121	\$185,045	\$572,440
Green Building	\$35,401	\$55,722	\$116,684
Natural Lifestyles	\$5,394	\$6,394	\$8,913
Organic Cotton/Natural Fiber & Textile	\$4,018	\$7,545	\$8,756
Personal Health	\$25,140	\$36,980	\$47,148
Ecotourism	\$24,200	\$144,200	\$416,929
Electronics/ Appliances	\$39,902	\$119,491	\$161,648
Consumer Packaged Goods	\$57,271	\$104,664	\$191,087
Grand Total	\$198,054	\$660,740	\$1,524,425

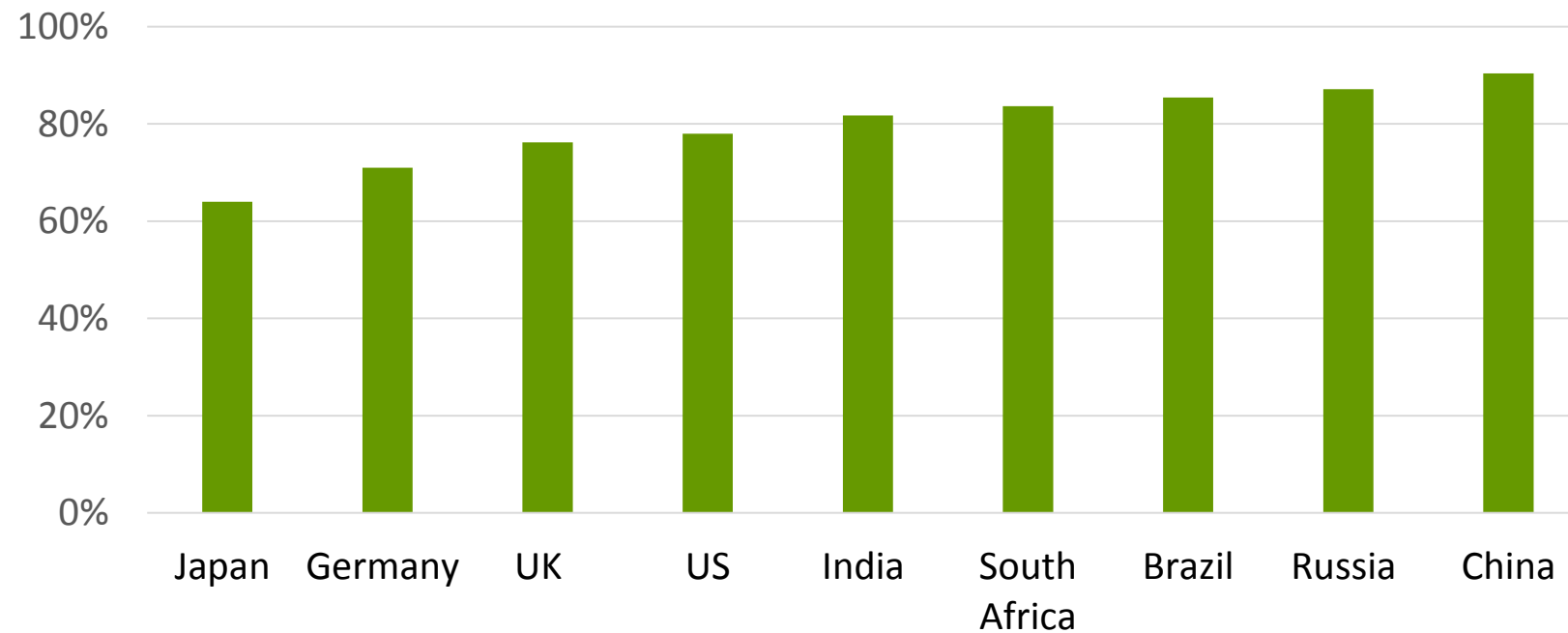
Sustainability dimensionality to consumers means many different things.



Global consumers show strong orientation toward eco-friendliness and sustainability.

% consumers indicating

“It is important for companies to not just be profitable, but to be mindful of their impact on the environment and society.”



UK: 47%

"I think the country can have strong economic growth by focusing on “green” industries”

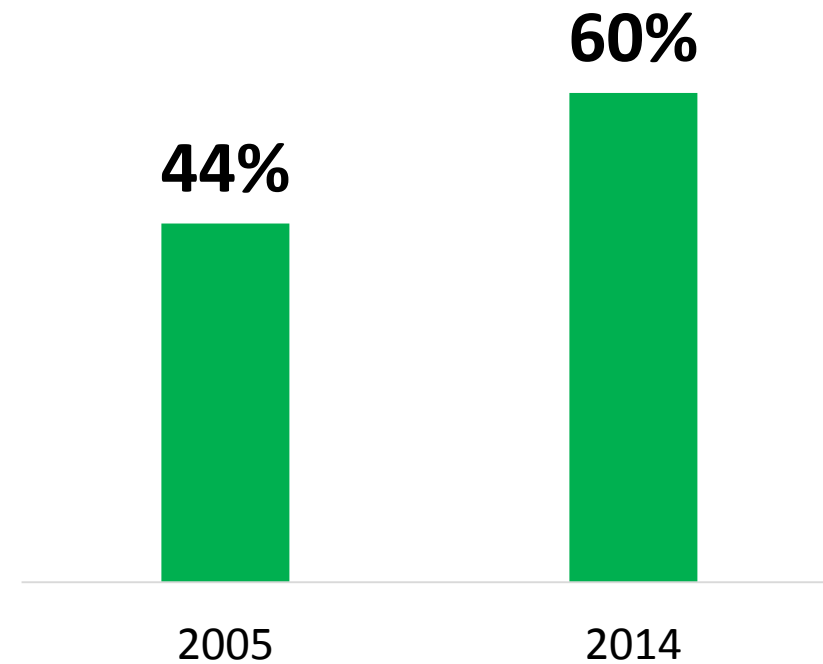
McDonald's of Ireland recognizes their responsibility to protect and preserve the environment for future generations.



"We at McDonald's recognise our responsibility to protect and preserve the environment for future generations. All of our activities are centred around reducing our impact on the environment. Every day we serve over 150,000 customers in Ireland and our actions can be really positive. Our goals are to minimise water and energy consumption, continuously increase recycling rates and work in our local communities to have a positive effect on the environment."

The importance of sustainably grown food continues to grow among the U.S. population.

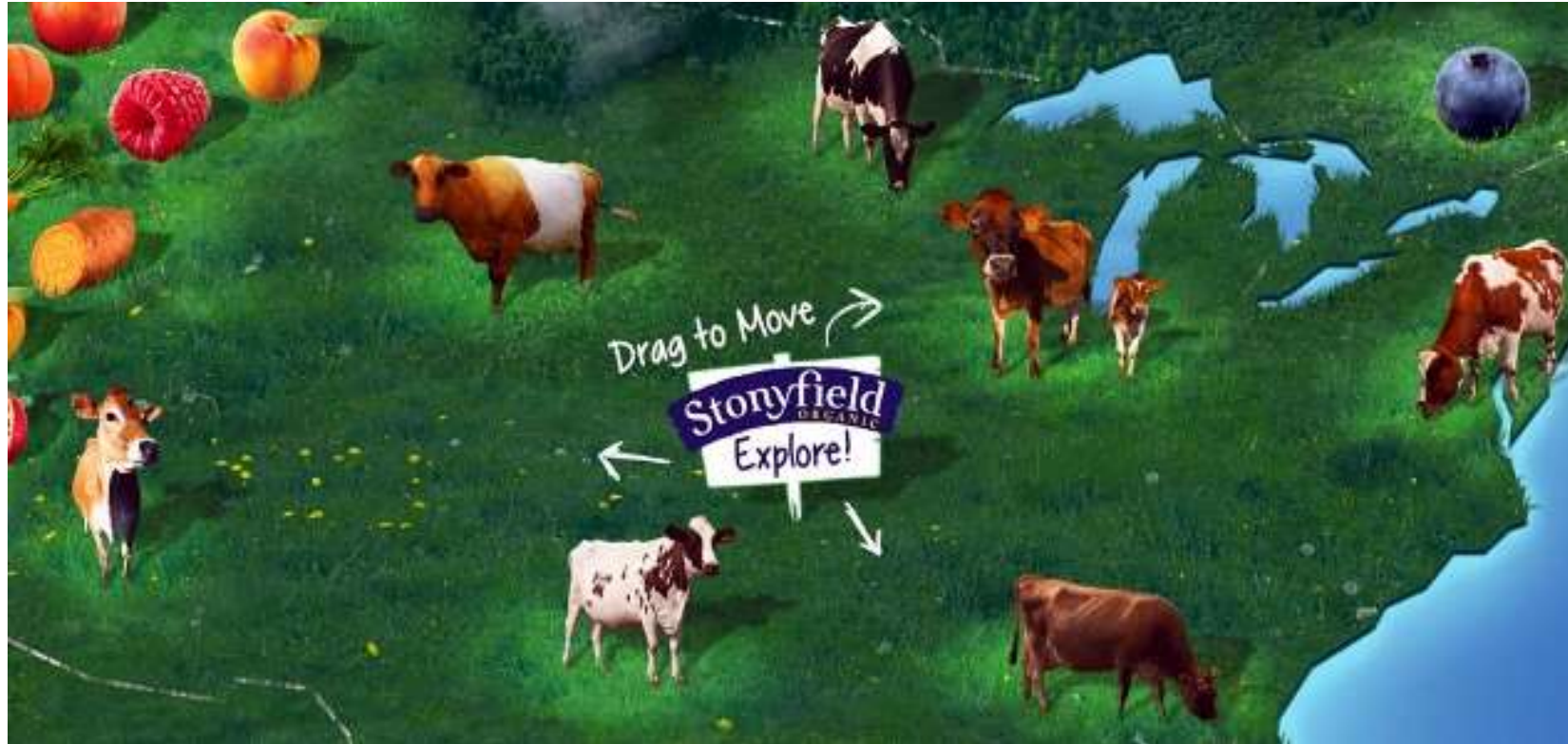
“It’s important for my store to have foods grown on farms that practice sustainable agriculture”



Stonyfield Farm continues to drive transparency with its source map.

“I will choose products from sustainable sources over other conventional products”

% U.S. change, 2010-2014: **+29%**

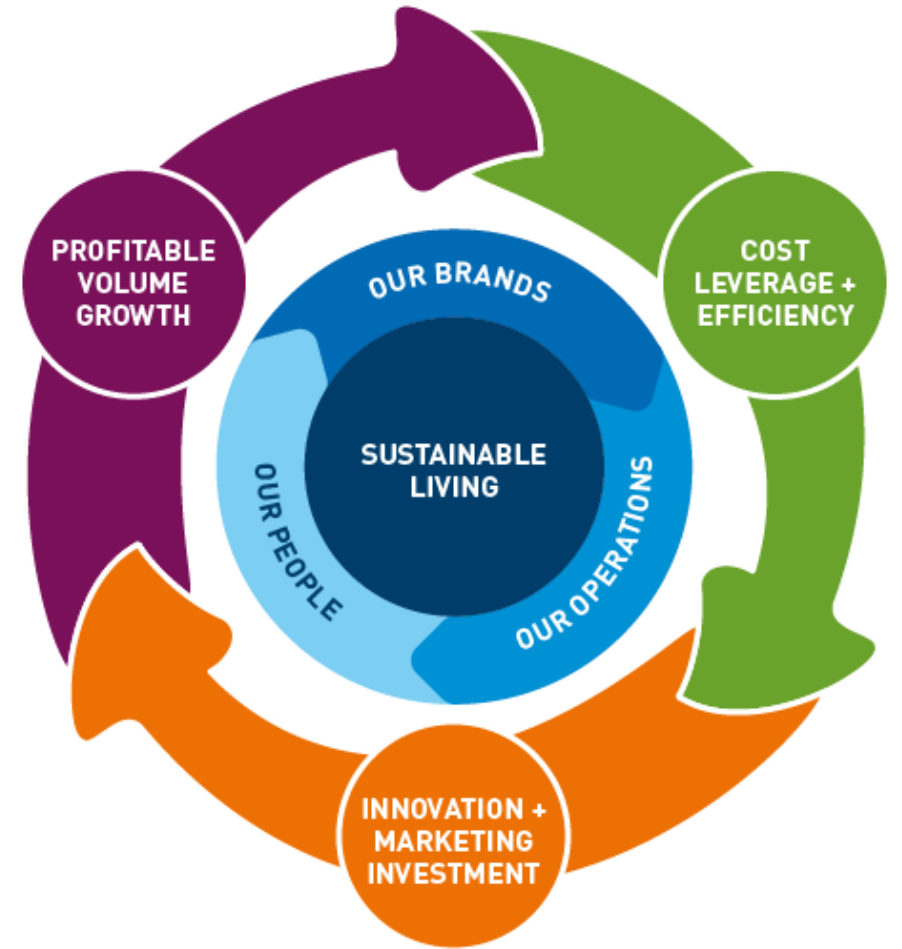


The New Hampshire-based organic dairy brand worked with SourceMap to create a map detailing the location, farm conditions and history for each of its ingredients, ranging from the dairy farms that supply its milk to the peaches, pears and raspberries that flavor its products.



Unilever's Global Sustainability Initiatives

"We are integrating sustainability into our strategy, brands and innovation to help drive business growth. We are working with our customers and suppliers, engaging employees and forging new partnerships."



But not all sustainability initiatives are successful:
→ Focus is key. Start small. Increase involvement over time.



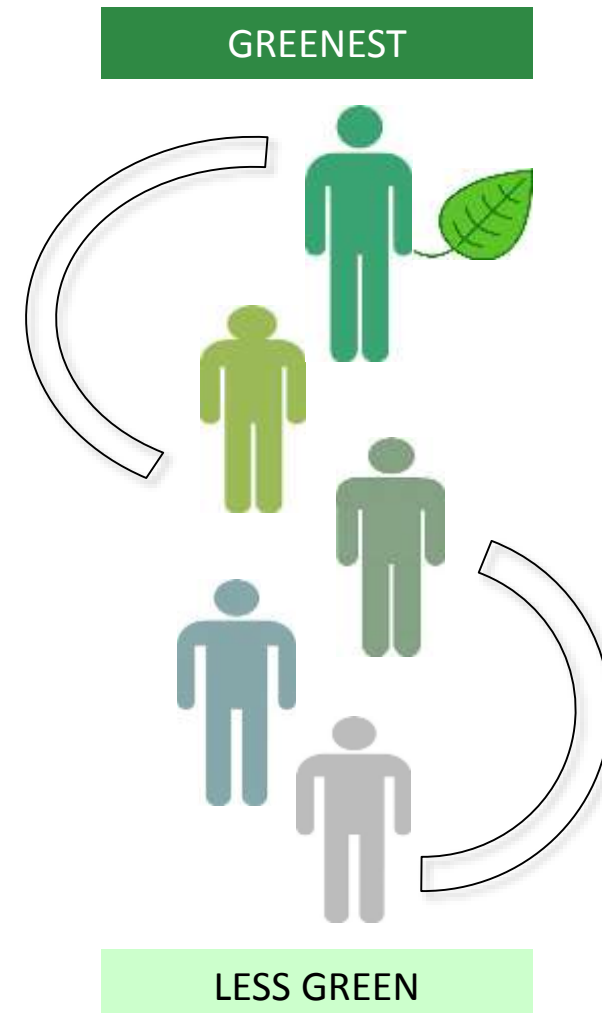
5 ways in which London 2012 failed to be 'The Green Olympics'

1. 3.4 million tons of CO2
2. The failure of carbon offsets
3. The embarrassing PR gaffes
4. Transportation chaos
5. The aftermath

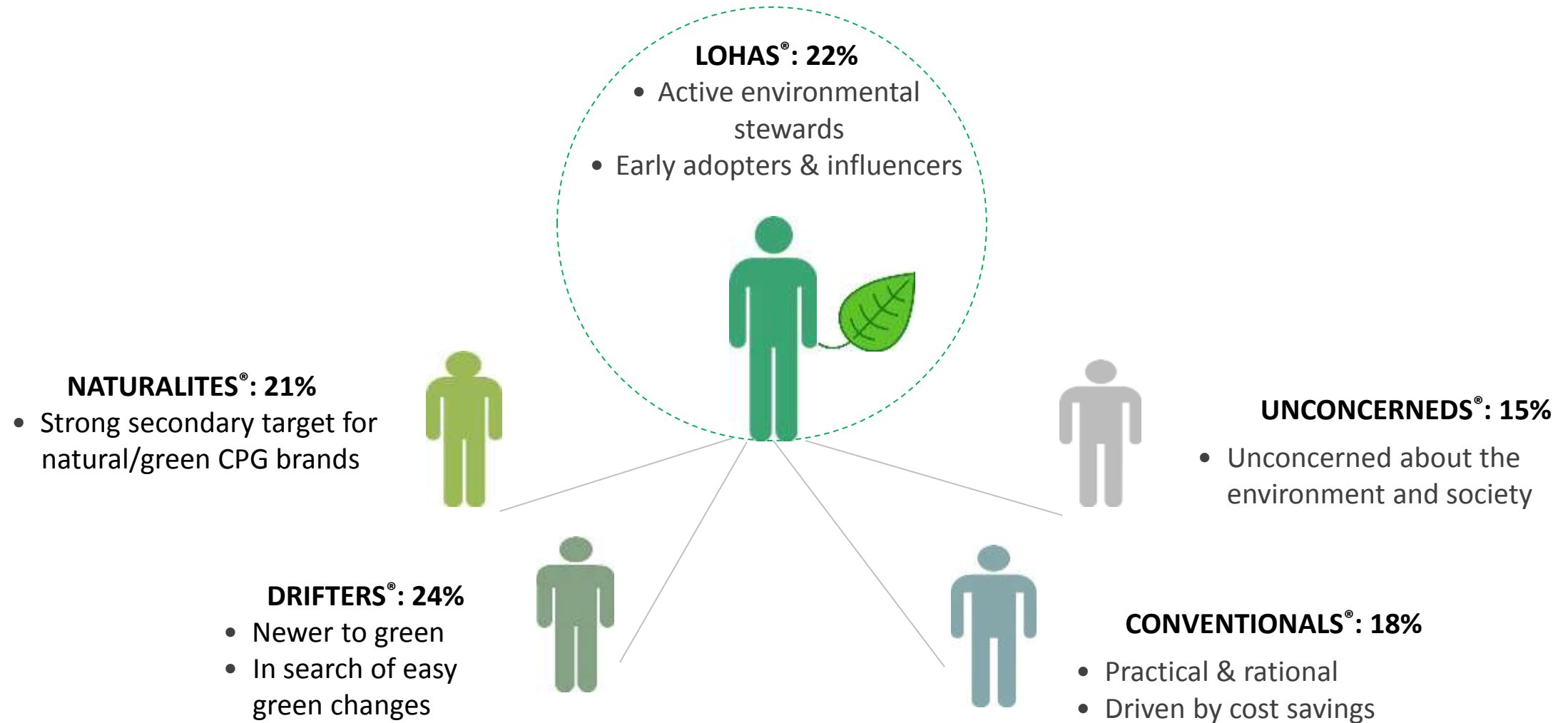
Consumer segments in any country exhibit various shades of 'green'.

- While some consumers have 'deep green' consciousness, there are varying levels of consumers within any geographic population.
- The 'greenest' segment drives sustainability to the mainstream.
- The more mainstream segments have varying motivations, but are vital to creating scale to the supply chain.

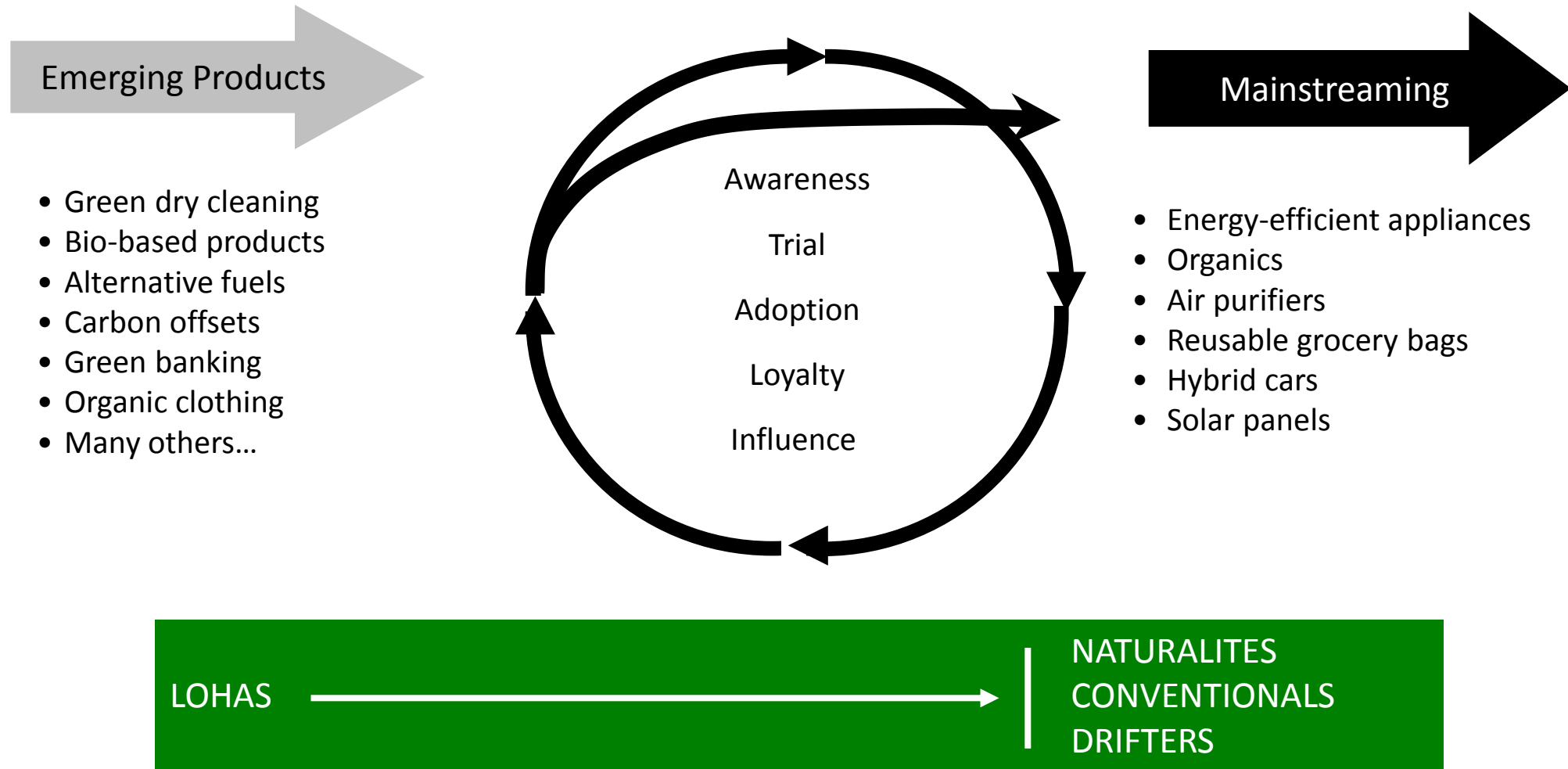
Therefore, eco and social consumer-facing initiatives will appeal differently to different segments of consumers.



Not all consumers are created equal: NMI's global consumer segmentation model.



The “sustainability product lifecycle” dictates that critical mass be generated.



How does sustainability link to Millennials?

Millennials....

- ✓ Demand **genuineness and transparency** from companies
- ✓ Are early adopters with solutions that **align with their values**
- ✓ Are **highly influential** (good news travels fast, but bad news even faster)
- ✓ Expect everything to be **technologically-friendly**
- ✓ They link personal sustainability to the **world, its environment, and people**
- ✓ And 'green' is not just about the environment; the **social side** is imperative



Sustainable attitudes are driving consumers' purchase behavior....



“Seeing that a product is environmentally friendly makes me think that it is higher quality”

“Knowing that a company is mindful of its impact on the environment and society makes me more likely to try their products”

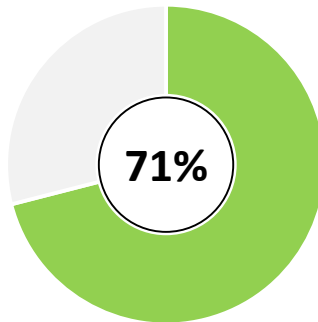
“When given the choice to buy a product or service, I make my decisions with an understanding of the effect they will have on the health and sustainability of the world, its environment, and people”

But consumers are not willing to sacrifice...

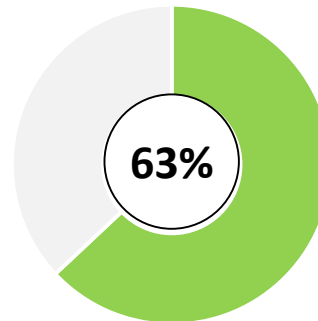


“I do not want to sacrifice “-----” when buying environmentally-friendly products.”

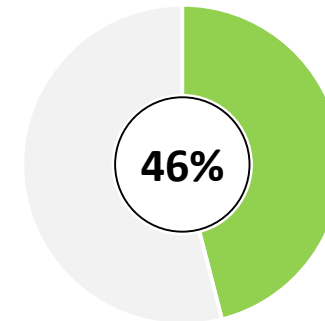
“Quality”



“Price”



“Convenience”



Over half of global consumers (54%) indicate they do not want to sacrifice “*anything*” when buying e-friendly products.

Global environmental concerns can provide supply chain focus.

EMERGING COUNTRIES

Top Environmental Concerns

- 1 Food safety
- 2 Water conservation/quality
- 3 Global warming
- 4 Deforestation
- 5 Hazardous, toxic, and nuclear waste
- 6 Pollution



DEVELOPED COUNTRIES

Top Environmental Concerns

- 1 Food safety
- 2 Global warming
- 3 Deforestation
- 4 Hazardous, toxic, and nuclear waste
- 5 Water conservation/quality
- 6 Overfishing

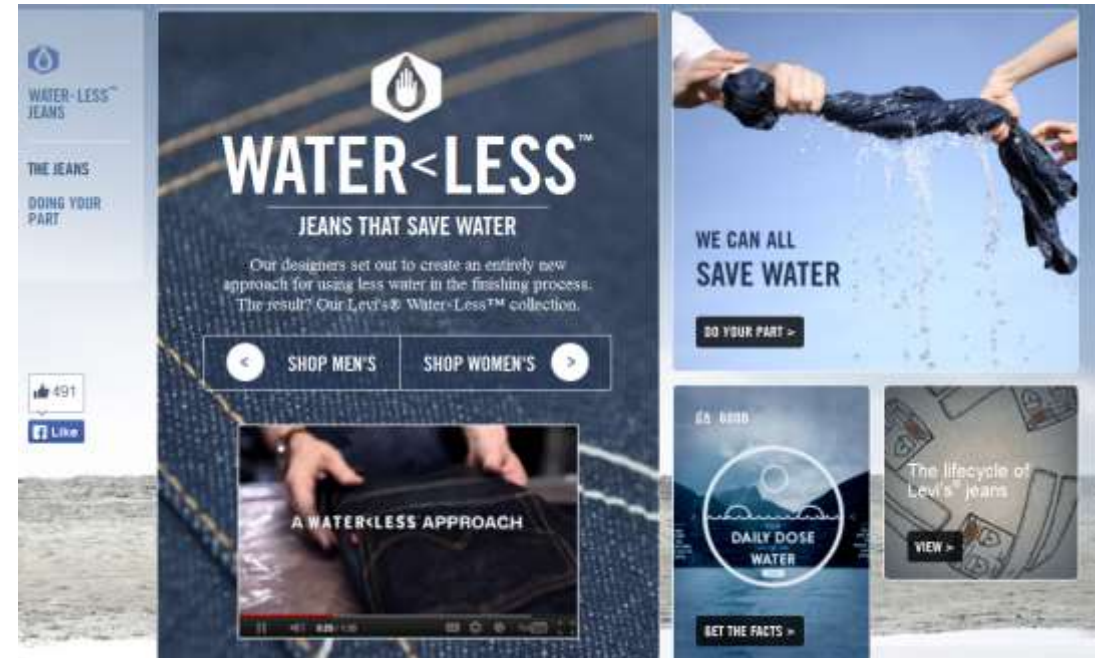
Cross-industry learnings can provide thought transfer.

Levi's is the first major retailer to include end of life messaging on their clothing products.



This initiative is aimed at diverting some of the 23.8 billion pounds of clothing and textiles that end up in U.S. landfills every year.

When our CEO Chip Bergh shared how often he doesn't wash his jeans the world took notice.



- Up to 96% less water used to make Water<Less™ jeans
- 172 million liters of water saved so far using Water<Less™ finishing
- 13 million products in Levi's® Spring '12 collection made with Water<Less™ finishing

Global warming is one such issue which is so relevant to consumers that they are changing their own behavior to lessen global impact.

Consumers are aware that more has to be done to stem the tide of global warming and are not only trying to change their own behavior but look to corporations to also do the right thing.

% U.S. general population indicating...

“Global warming is a major problem that needs to be addressed quickly”



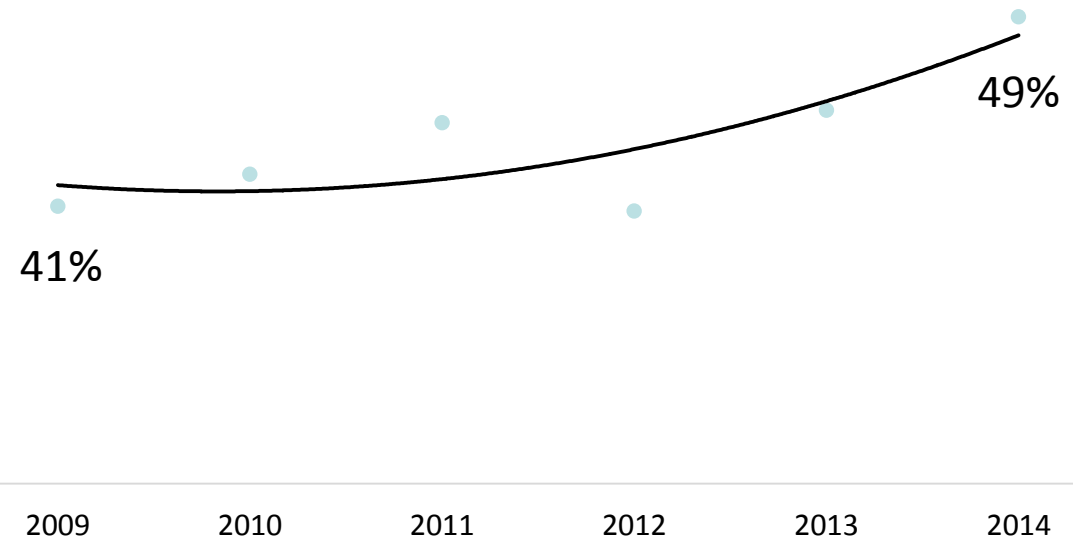
2014: 60%



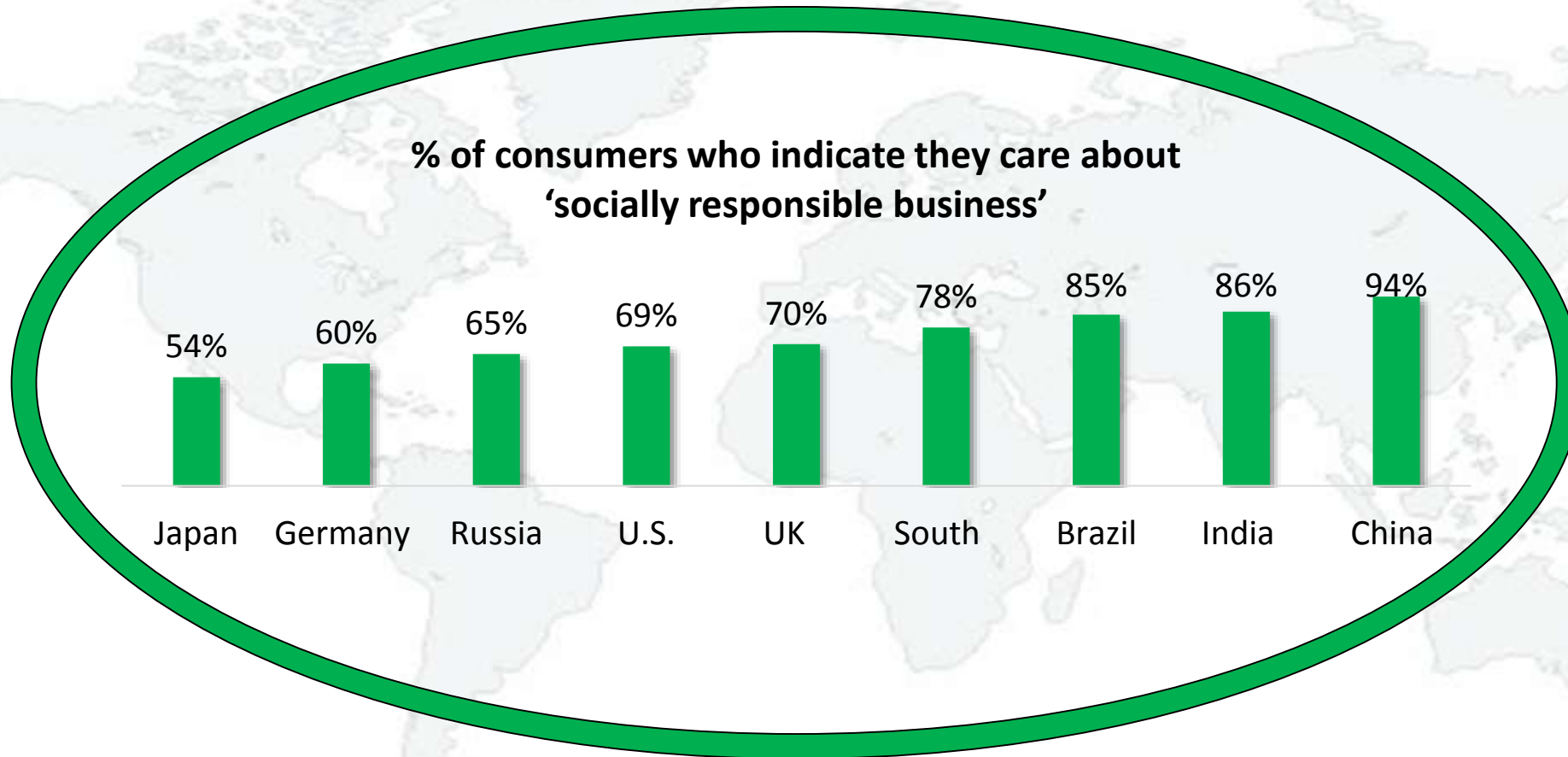
2013: 57%

% U.S. general population indicating...

“I have personally changed my behavior to minimize my effect on global warming”



Across the globe, consumer concern is very high regarding socially responsible business.



Consumers are also showing increased engagement in global environmental and social seals/certifications.

Consumers are more likely to purchase a food/beverage product if it had the following label...



*Global protection of
farmers and farm
workers*



*Protecting global
ecosystems, people, and
wildlife*



*Protecting marine life
globally*

Specific environmentally-friendly product attributes are showing growth in importance toward consumers' food and beverage purchase.

Ranked in descending order by U.S. growth in importance (2007-2014)

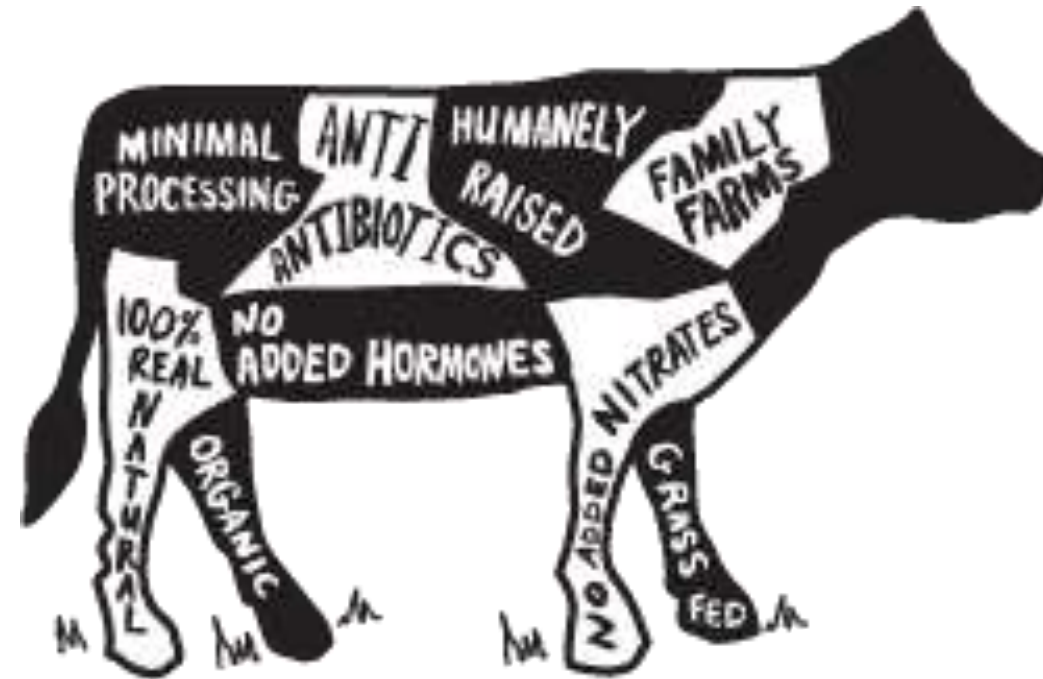


- ❖ Free-range/cage free
- ❖ USDA certified organic
- ❖ Organically grown
- ❖ Grass-fed (for meat)
- ❖ Fair Trade certified ingredients
- ❖ From farms that practice sustainable agriculture
- ❖ No genetically modified organisms (GMOs)
- ❖ Grown without pesticides
- ❖ Locally grown
- ❖ Environmentally friendly packaging materials

Applegate Farms provides a code so consumers know exactly where their product originated.

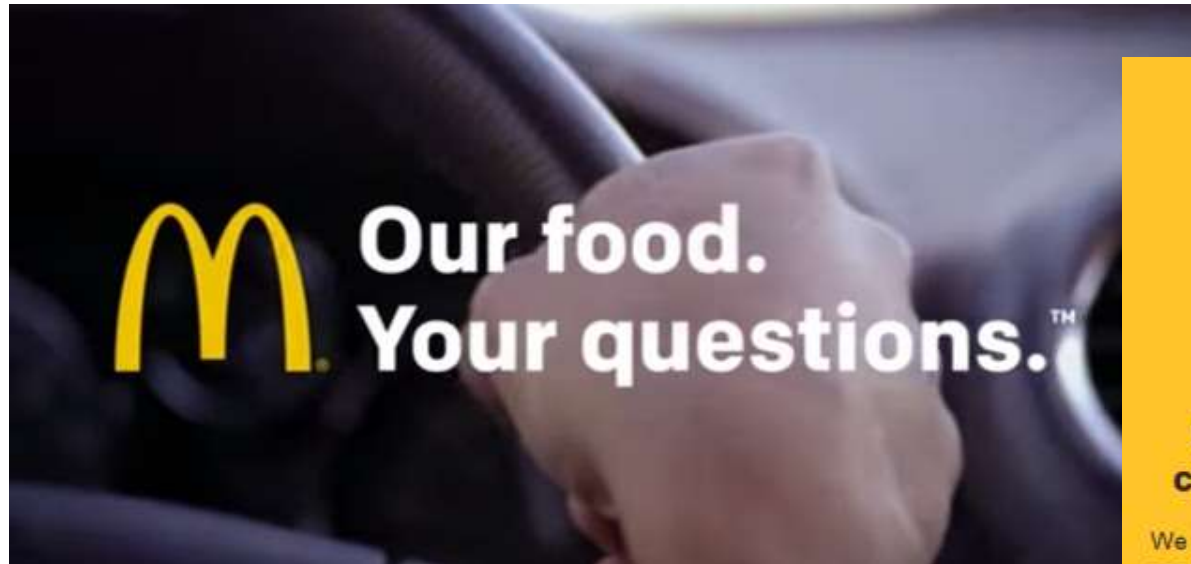


The “Barn Code” shows from what state or country the meat is sourced.



In addition to its origin, Applegate Farms also shows other attributes.

Corporate transparency is vital. McDonalds understands this.



Through the campaign, McDonald's is indeed allowing the public's prying eyes into many of the places where critics have raised questions — and its performance and products hold up pretty well under the glare.

Cracking the code on our Egg McMuffin®.

Made from a freshly cracked egg? You bet.

We use a freshly cracked, USDA Grade A egg for our savory Egg McMuffin breakfast sandwich. Now, that's a way to start the day off right.

[See how we prepare the Egg McMuffin. »](#)

A screenshot of a YouTube video player. The video title is "Cracking the code on our Egg McMuffin®." The video description is "Made from a freshly cracked egg? You bet." The video content shows a person cracking an egg into a bowl. The video player interface includes a play button, a progress bar showing 0:00 / 4:50, and a settings icon. The YouTube logo is in the bottom right corner, along with the text "198K".

Top 10 companies/brands perceived as “good corporate citizens” when it comes to environmental or social issues.

1. Whole Foods Market

2. General Mills

3. McDonald's

4. Johnson & Johnson

5. Dove

6. Trader Joe's

7. Kellogg

8. SC Johnson, A Family Company

9. Seventh Generation

10. Walmart



Ranked in descending order by U.S. general population consumers

Consumers prefer to use the *package label* in order to gain information about eco-friendly products – more than media, articles, websites or ads.

- ❖ Package label
- ❖ Something I read in an article
- ❖ Websites
- ❖ In-store signs
- ❖ Ads in a newspaper or magazine
- ❖ Ads on radio or TV
- ❖ Direct mail



Ranked in descending order by U.S. general population consumers

And Ben & Jerry's appears to have it covered!

Business has a responsibility to
give back to the community."

-Ben Cohen

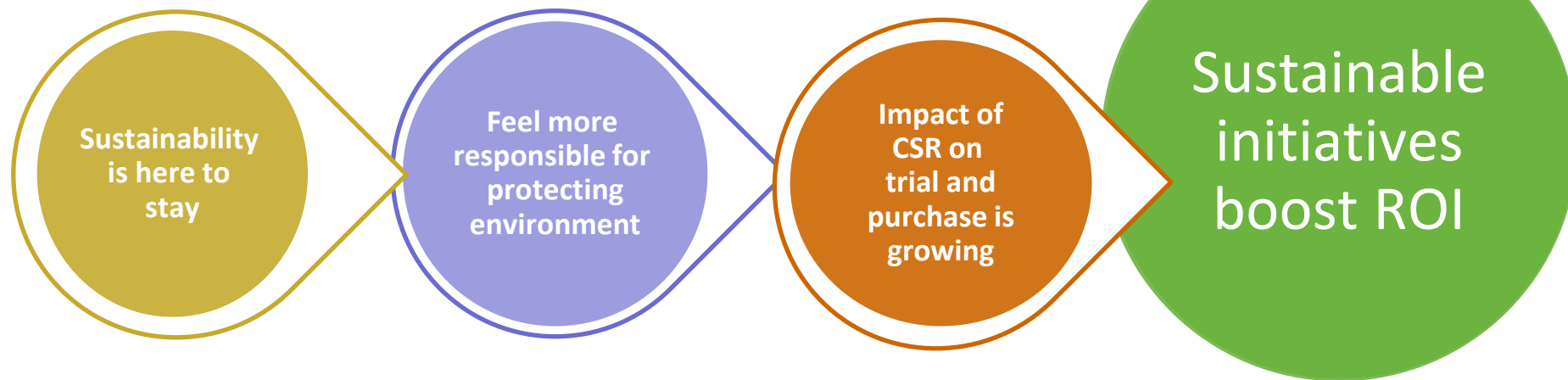


**Ben & Jerry's Joins the
B Corp Movement!**



In the end, need to balance people, planet and profits.

Consumers' "green" consciousness is growing.....



Closing Thoughts



- ✓ Sustainability is not just a fad, but a global shift that's here to stay
- ✓ Sustainability has broad impact across brand appeal and CSR
- ✓ Sustainability has a multifaceted return on investment
- ✓ Many consumers want products manufactured in a sustainable manner – but “no sacrifice” exists
- ✓ Sustainable action can no longer be considered a nice to have – globally, consumers expect and demand it
- ✓ Bord Bia is to be commended on its efforts – a global best practice



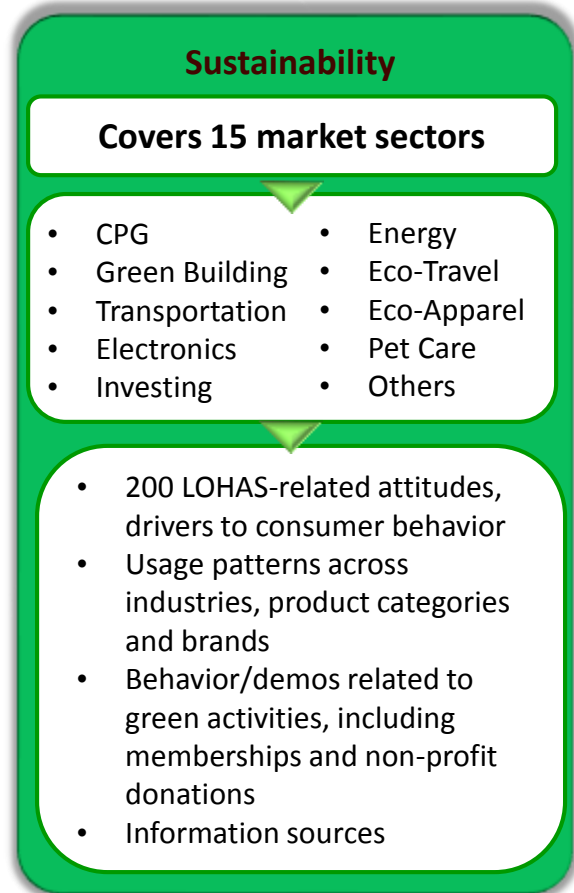
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Data Source: NMI's Global LOHAS Consumer Trends Database®



LOHAS Consumer Trends Database®
Since 2002

Scope:

- Annual tracking study in **U.S. since 2002** and **globally since 2005**
- Quantifies the **size of the consumer market** for environmentally and socially responsible products and services
- Measures the importance of **environmental and societal issues** as well as corporate social responsibility
- **Explores the “why’s”** behind environmentally conscious behavior
- Determines **consumer usage** of sustainable products and services

Methodology:

- Conducted in **23 countries**
- Based on **150,000+ consumer interviews**
- **Nationally representative** in each country