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Strategy & Marketing Consultants

Global Sustainability Study 2021

Consumers are key players for a sustainable future

Africa
Cairo

Americas
Atlanta, Boston, Chicago, Houston, Mexico City, New York, San Francisco, Santiago de Chile, São Paulo, Silicon Valley, Toronto

Asia-Pacific/the Middle East
Beijing, Dubai, Hong Kong, Shanghai, Singapore, Sydney, Tokyo

Europe
Amsterdam, Barcelona, Berlin, Bonn, Brussels, Cologne, Copenhagen, Frankfurt, Geneva, Hamburg, Istanbul, London, Luxembourg, Madrid, Milan, Munich, Oslo, Paris, Stockholm, Vienna, Warsaw, Zurich

October 2021

www.simon-kucher.com

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Simon-Kucher & Partners at a glance

Executive summary

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1 Attitudes towards sustainability

1.1 Across the globe, there is no difference in importance across the UN Sustainability Development Goals. Goals across social and environmental causes are equally important (77-78%).

1.2 Overall, 63% of consumers have made modest to significant shifts towards being more sustainable in the past five years (counting consumers that have also made minor changes, 85% have become 'greener' in their purchasing). However, this shift is not uniform across generations. 41% of Baby Boomers and 38% of Gen. X have not or have only made minor changes to their behavior whereas 32% of Millennials have significantly changed their behavior towards being more sustainable.

1.3 We see differences in how sustainability affects purchase decisions across generations. 33% of Millennials choose a sustainable alternative when available, whereas older generations are less likely to actively choose sustainable alternatives (24-29%).

1.4 Consumers see themselves as the number one actor towards bringing positive environmental change (29%), closely followed by for-profit companies (22%) and international political actors (22%), all of which play key roles in advancing sustainability. To win with consumers, for-profit companies will need to act on growing sustainable trends if they have not done so already.

2 Importance of sustainability

2.1 In a vacuum, sustainability is an important purchase criterion for: 1) Energy/utilities (74%); followed by 2) Construction/home (66%), Consumer goods (63%), Travel and tourism (62%), Automotive (61%); and 3) Financial services (44%).

2.2 50% of consumers rank sustainability as a top 5 value driver, which demonstrates its increasing relative importance during the purchase process and the role it plays as a key differentiator in the overall value proposition. Furthermore, those consumers that see themselves as drivers for change, rank the importance of sustainability even higher than those who do not.

2.3 A lack of in-depth education causes consumers to use defaults or proxies when making sustainable decisions. For example, consumers use the lifespan or durability of a product as a proxy for sustainability within consumer goods, automotive and construction/home. Similarly, they draw parallels to sustainability through raw materials used and emissions generated for energy/utilities, and the offsetting of emissions for travel and tourism.

3 Willingness-to-pay for sustainability

3.1 While the majority of consumers are not willing to pay more for sustainability, there is still a sizeable group where 34% of consumers self-reported that they are willing to pay more for sustainable products/services.

- A higher share of Gen. Z (39%) and Millennials (42%) are willing to pay for sustainability compared to Gen. X (31%) and Baby Boomers (26%).
- This ranges form 29-39% depending on the industry.

3.2 In terms of how much, Gen. Z (32%) and Millennials (31%) are willing to pay over twice as large of a premium for sustainability in their products/services relative to Baby Boomers (14%) and a third more relative to Gen. X (21%).

Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281)

TODAY

Consumers send a clear signal: Sustainability will continue to become the expectation rather than the exception

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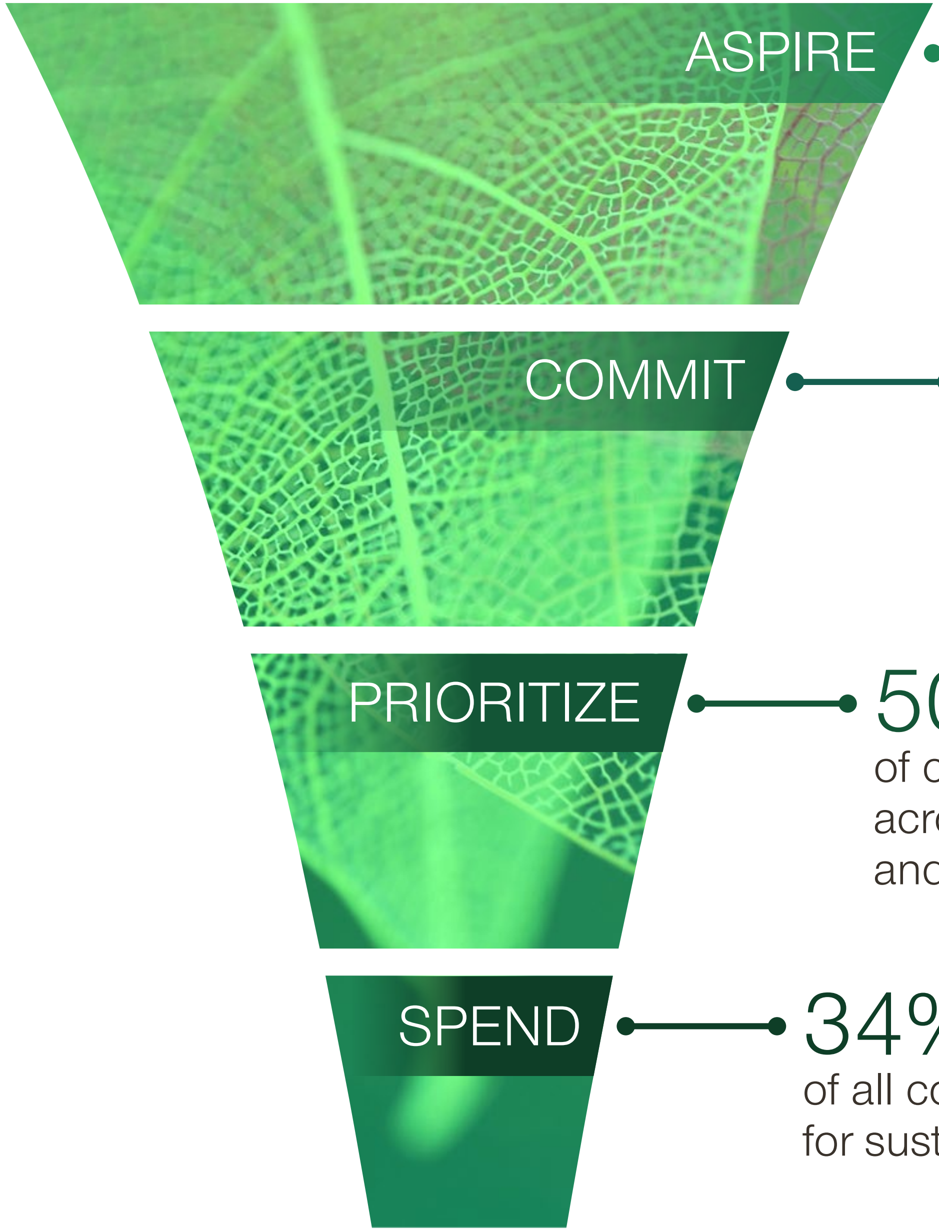

78%
of global consumers feel that environmental sustainability is important, they like the idea of being sustainable, and want to live more sustainable lives

63%
of global consumers have made modest to significant changes to their consumption behaviors over time in an effort to live more sustainably

However, counting consumers that have also made minor changes, 85% have become 'greener' in their purchasing.

50%
of consumers rank sustainability as a top 5 value driver on average across categories, which means it is an important purchase criteria and is a key differentiator in the overall value proposition

34%
of all consumers self-reported that they are willing to pay more for sustainable products/services while the remainder are not

Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281) | Image: COLOURBOX/-

Commercial implications: Companies must transform their businesses NOW in order to stay relevant for the future

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1 Today INFLECTION POINT

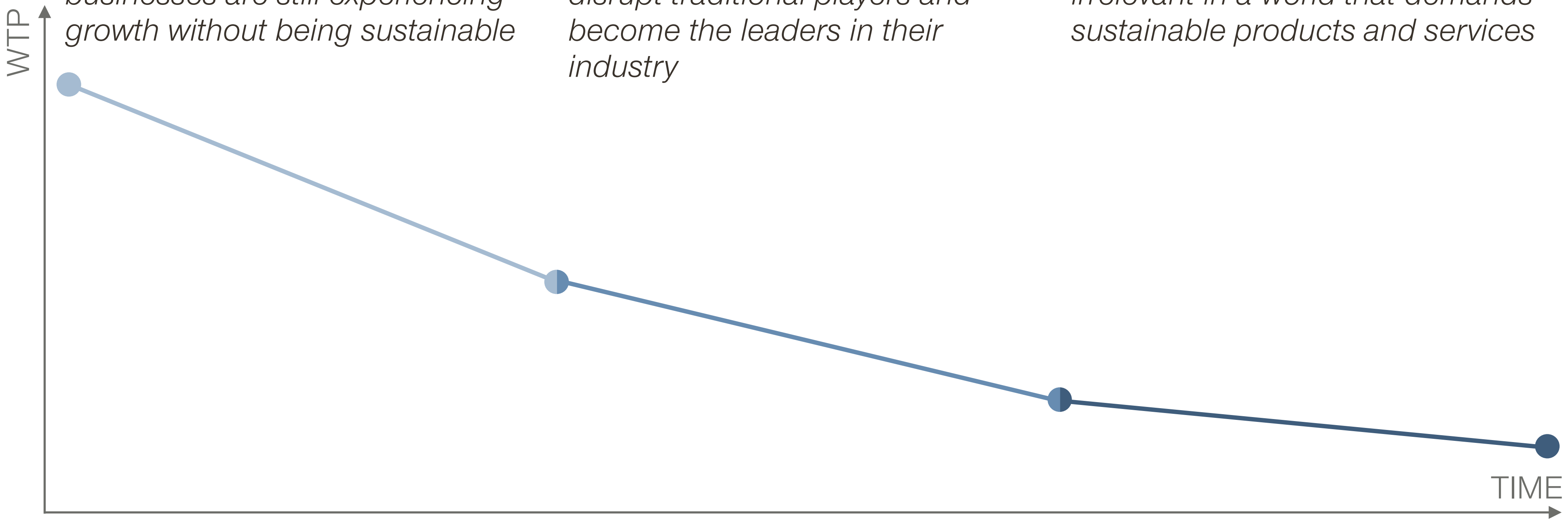
Mission-driven, "green" companies continue to thrive but traditional businesses are still experiencing growth without being sustainable

2 Mid-term DIFFERENTIATION

Companies that offer sustainable products/services will continue to disrupt traditional players and become the leaders in their industry

3 Long-term TABLESTAKES

Businesses that do not transform to be sustainable will likely become irrelevant in a world that demands sustainable products and services



Although the number of consumers who care about sustainability continues to grow, there is a downward trend in the number of consumers that are willing to pay more for sustainable goods

Sustainability will continue to become a primary purchase driver especially as the consumers shift towards younger generations. Companies with sustainable offerings at competitive prices will be at an advantage and will continue to steal market share

Over time, sustainability will become table stakes as consumers will see it as an expectation rather than the exception in the products and services they purchase

CONCLUSION

For companies to survive, they must innovate and transform their business practices to become sustainable now rather than later as the speed of change will continue to accelerate

Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281)

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Methodology and sample of this study

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Willingness-to-pay for sustainability

- Online survey conducted by Simon-Kucher & Partners, fielding through panel data provided by Dynata, independent market research agency
- Survey consisted of three sets of questions: 1) Demographics; 2) General questions per practice; 3) Industry specific questions
- Questions on 17 different product/service categories of the following industries: Consumer goods, Automotive, Travel & tourism, Energy/utilities, Financial services and Construction/home
- Research topics included: Attitude towards sustainability, importance of sustainability and willingness-to-pay for sustainability

Sample

- Global set of consumers/customers from 17 countries
- Representative quotas set for age, gender, living area, education level, employment status & income level

Timing

- Fielding from 07/12/2021 to 07/25/2021

Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281)

Demographics: Globally surveyed 10,281 consumers across all generations on attitude, importance and willingness-to-pay for sustainability (1/2)

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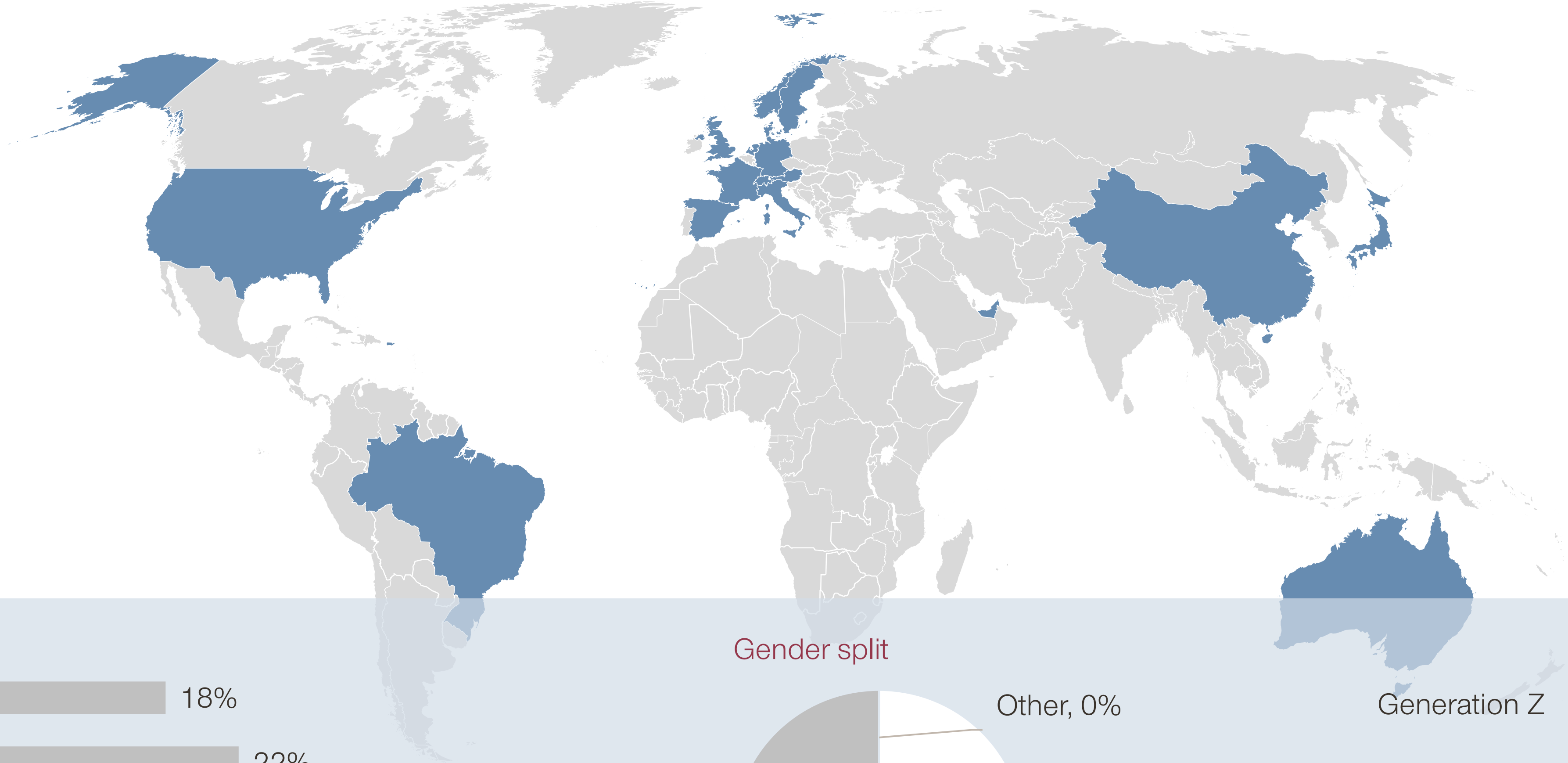
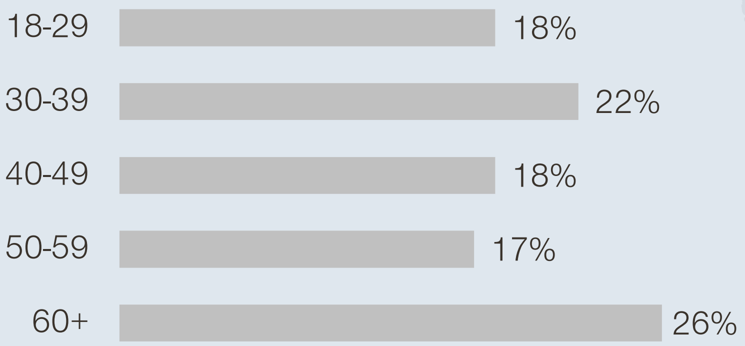
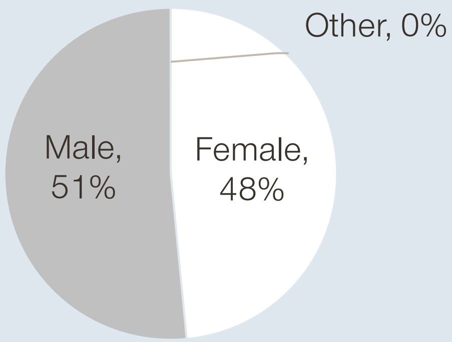


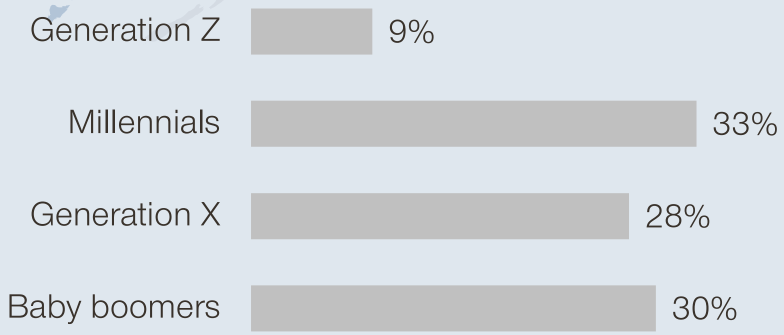
Age split



Gender split



Generation split



Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281); USA (N=1,062), Germany (N=1,022), Denmark (N=771), Sweden (N=757), Brazil (N=539), China (N=516), Japan (N=516), Spain (N=515), Switzerland (N=514), UK (N=513), Australia (N=510), Austria (N=510), France (N=510), the Netherlands (N=510), Norway (N=506), Italy (N=506), UAE (N=504)

Demographics: Globally surveyed 10,281 consumers across all generations on attitude, importance and willingness-to-pay for sustainability (2/2)

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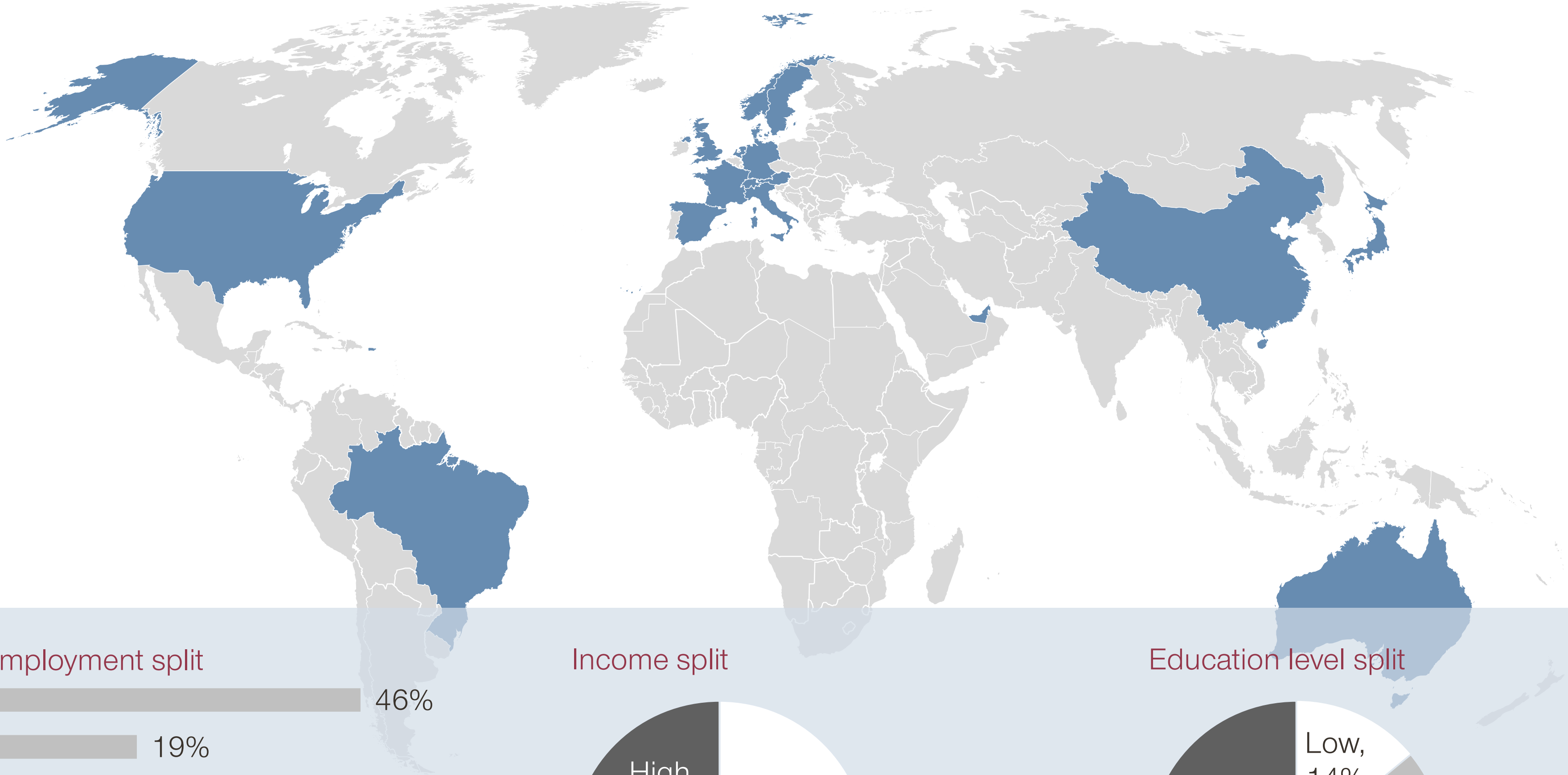
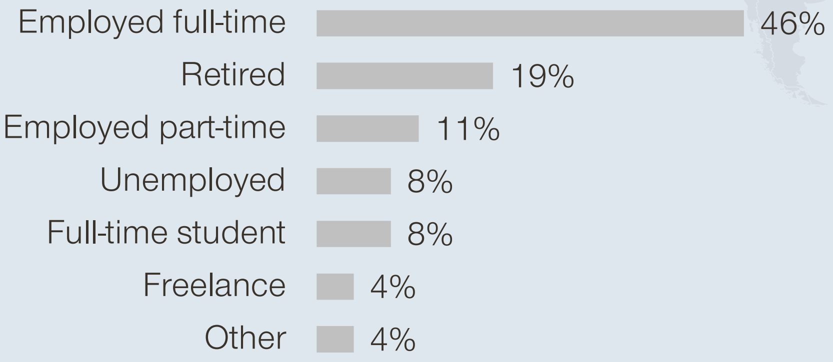
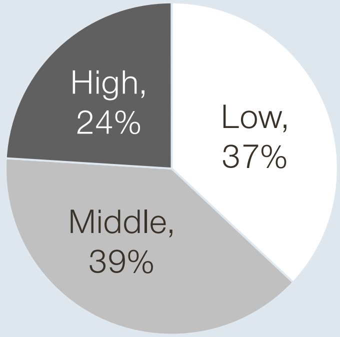


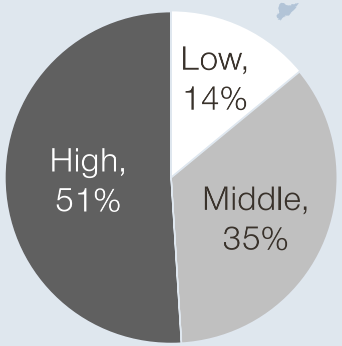
Employment split



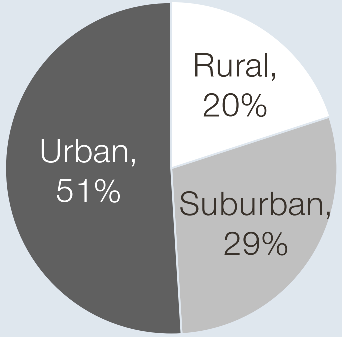
Income split



Education level split



Living area split



Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281); Income split: Low: <$50k, Middle: 50k to <150k, High: ≥$150k; Education level split: Low: Incomplete Secondary (high school) Education, Middle: Secondary (high school) Education, High: Some College, University, Technical School or Further Education

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Importance of the UN Sustainability Development Goals (per category)

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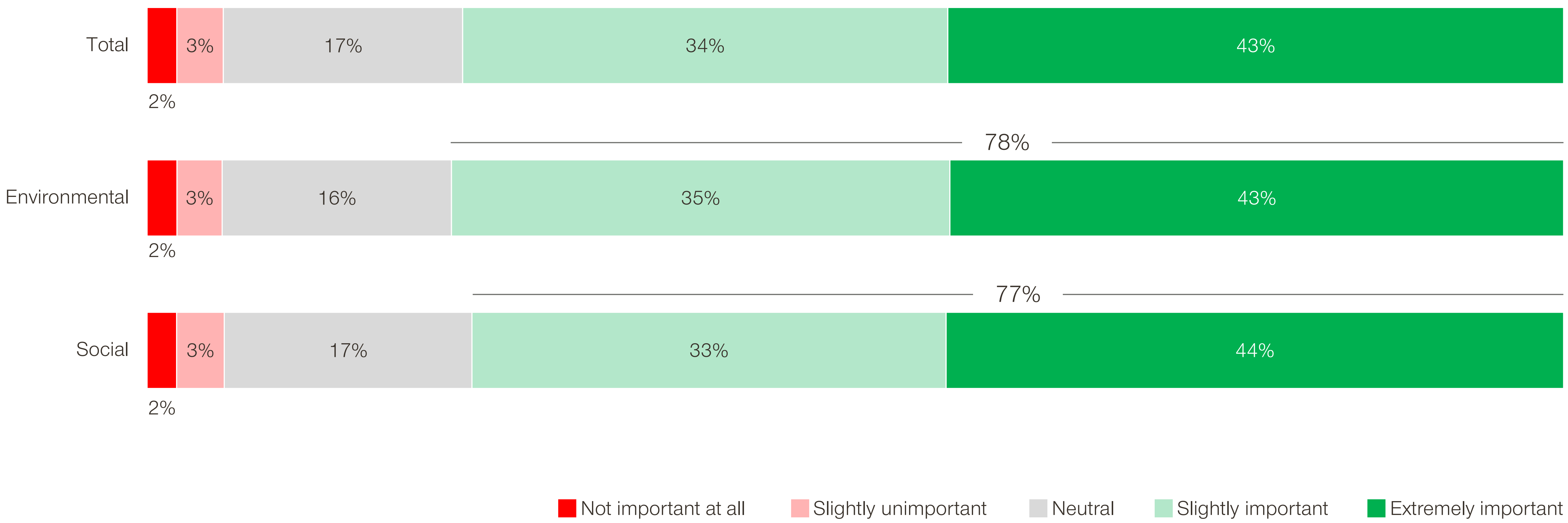
Across the globe, there is no difference in importance across the UN Sustainability Development Goals. Goals across social and environmental causes are equally important (77-78%).



Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281); Aggregation of answers to Q: In 2015, the United Nations established 17 Sustainable Development Goals for countries to strive toward in an effort to create a better future. Please evaluate a selection of these sustainable development goals on how important they are to you

Importance of the UN Sustainability Development Goals (detailed)

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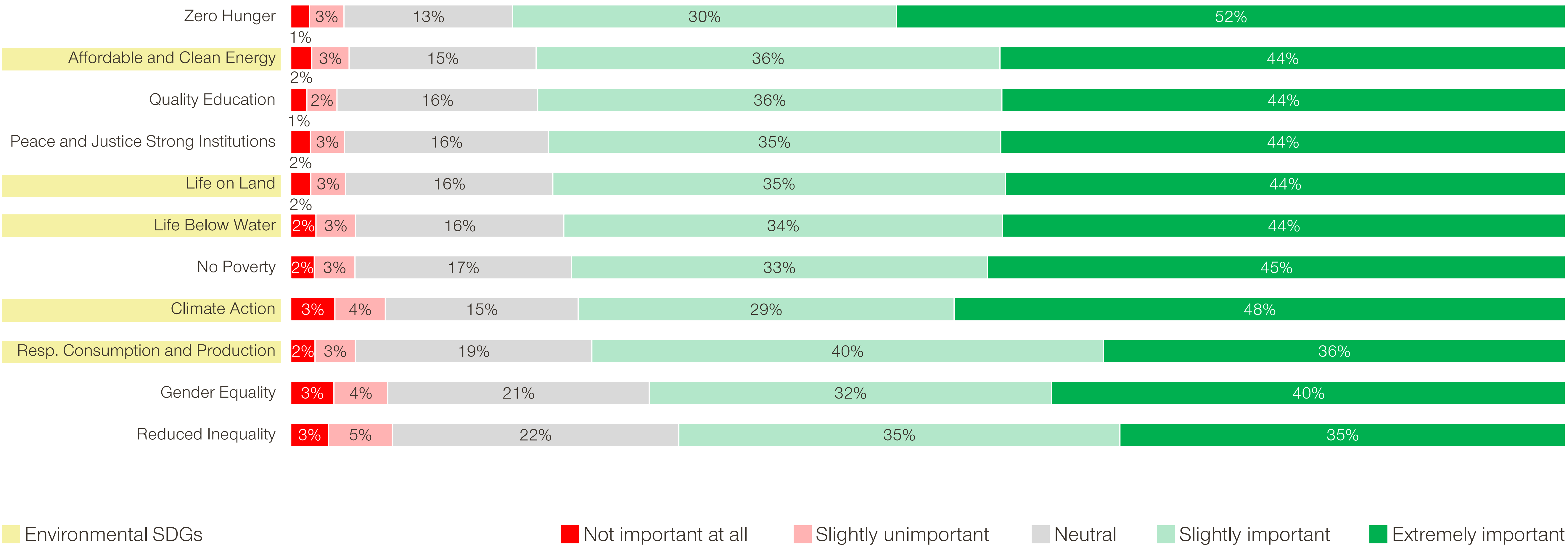
Across the globe, there is no difference in importance across the UN Sustainability Development Goals. Goals across social and environmental causes are equally important (77-78%).



Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281); Q: In 2015, the United Nations established 17 Sustainable Development Goals for countries to strive toward in an effort to create a better future. Please evaluate a selection of these sustainable development goals on how important they are to you

Shift in purchase behavior past 5 years

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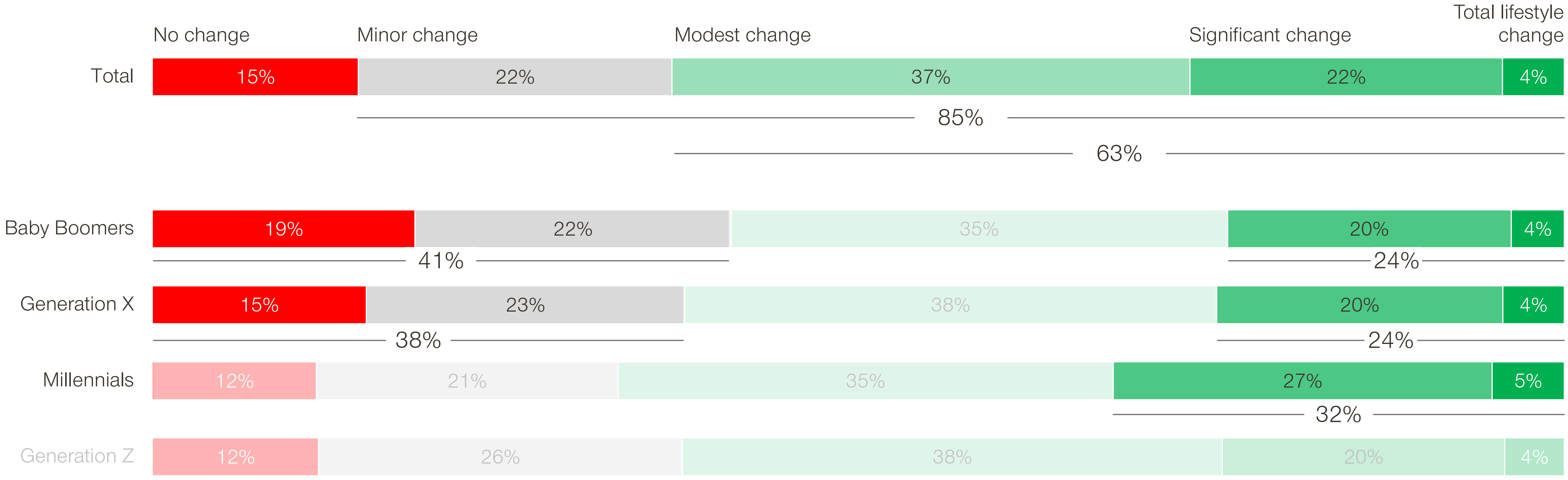
Overall, 63% of consumers have made modest to significant shifts towards being more sustainable in the past five years (counting consumers that have also made minor changes, 85% have become 'greener' in their purchasing).

This shift is not uniform across generations. 41% of Baby Boomers and 38% of Gen. X have not or have only made minor changes to their behavior whereas 32% of Millennials have significantly changed their behavior towards being more sustainable



Gen. Z not considered because of lower purchase possibilities past 5 years vs. other generations

Source: Simon-Kucher & Partners; Global Sustainability Study 2021 (N=10,281); Q: To what degree have your purchasing behavior and choices shifted towards buying more products over the past 5 years?

Shift in purchase behavior past 5 years (across countries)

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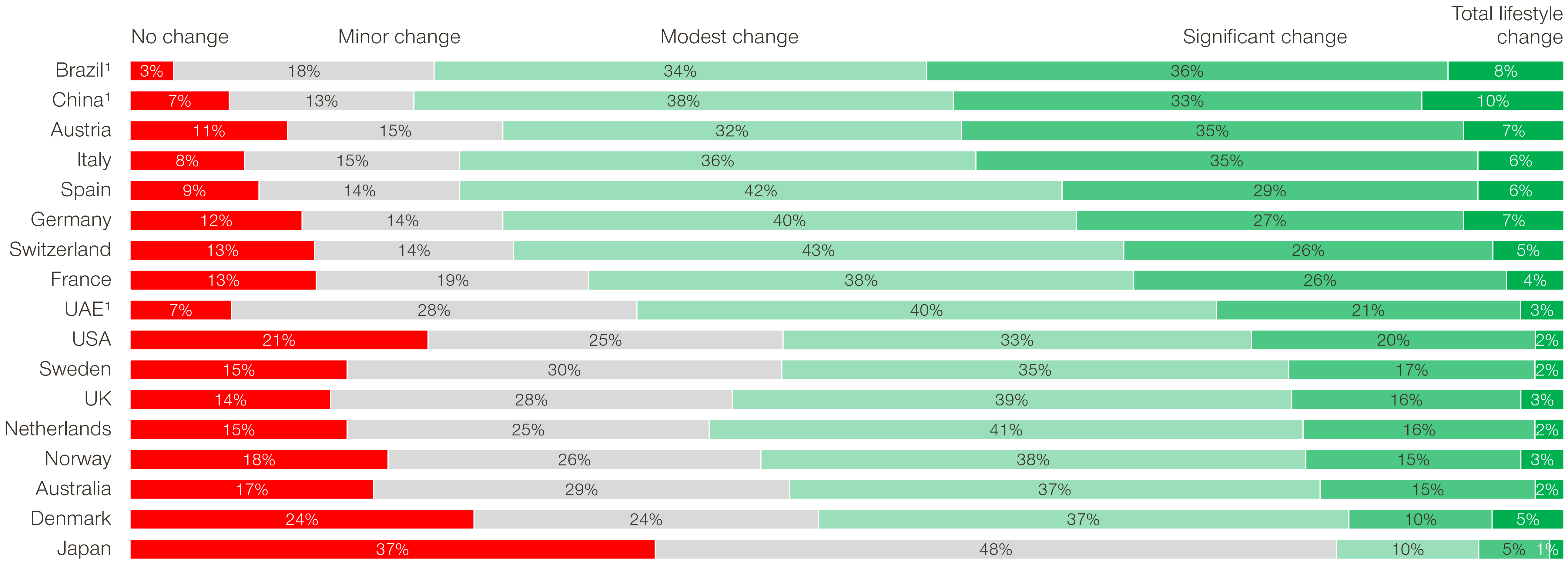
Respondents indicating they have turned their way of living around to be sustainable form a small minority in all countries (1-10%). However, the degree of shift in purchasing behavior varies significantly by country.

Purchasing behavior has most significantly changed in Austria (42%), Italy (41%), Spain (35%) and Germany (34%). The least change indicated was in Japan (83%) followed by Denmark (48%), Australia and USA (46%) and Sweden (45%).



Note: 1) High share of younger generations with high education and/or income levels. Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: To what degree have your purchasing behavior and choices shifted towards buying more products over the past 5 years?; (N=10,281).

Current purchasing behavior

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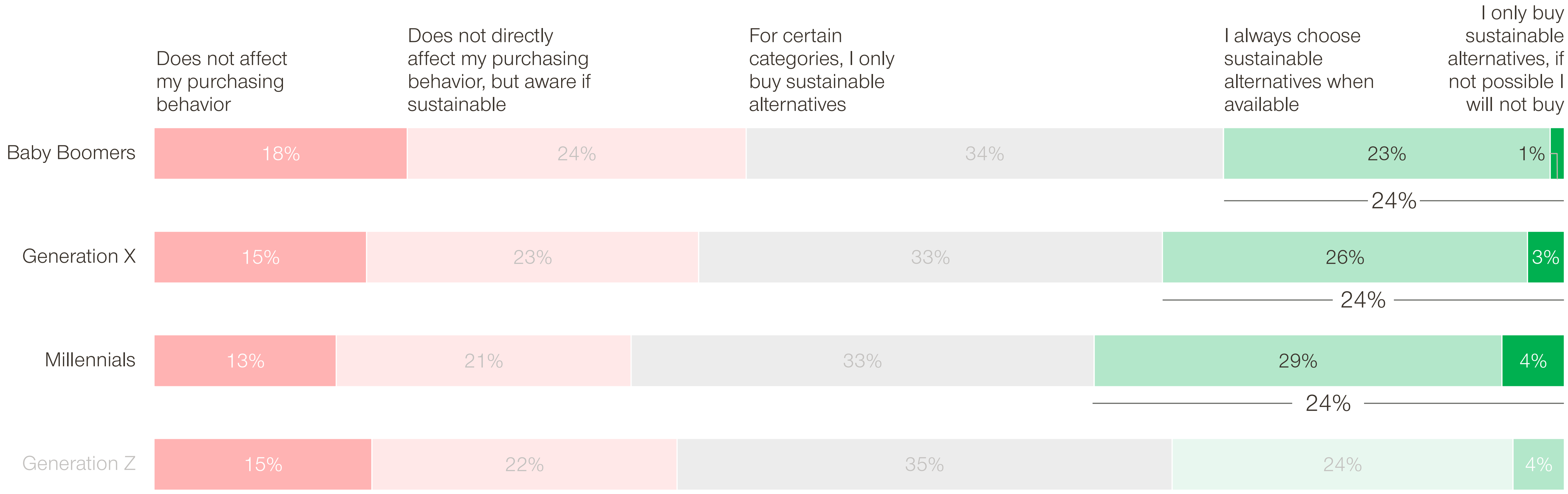
We see differences in how sustainability affects purchase decisions across generations. 33% of Millennials choose a sustainable alternative when available, whereas older generations are less likely to actively choose sustainable alternatives (24-29%).



Assumption: Gen. Z not yet able to live up to sustainable attitude due to limited purchasing power

Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: To what degree does affect your current purchasing behavior and choices?; (N=10,281).

Current purchasing behavior (across countries)

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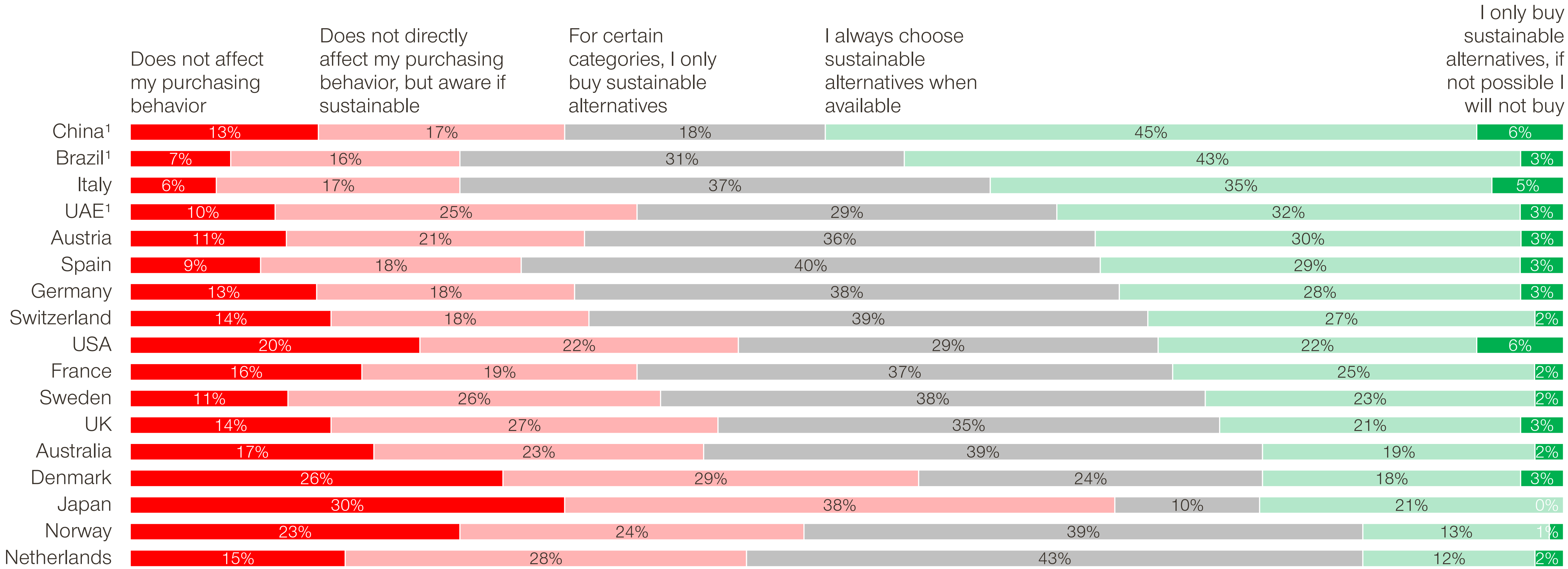
Consistently, the numbers of respondents saying they only buy sustainable products and services is small (0-6%). However, this increases substantially when factoring in those that buy sustainable alternatives whenever possible.

Many Italian (40%) respondents indicate they always choose a sustainable product or service when available. A high share of Japanese (68%) and Danish (55%) respondents indicate that sustainability does not affect their purchasing behavior.



Note: 1) High share of younger generations with high education and/or income levels. Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: To what degree does affect your current purchasing behavior and choices?; (N=10,281).

Actors for positive change (towards sustainability)

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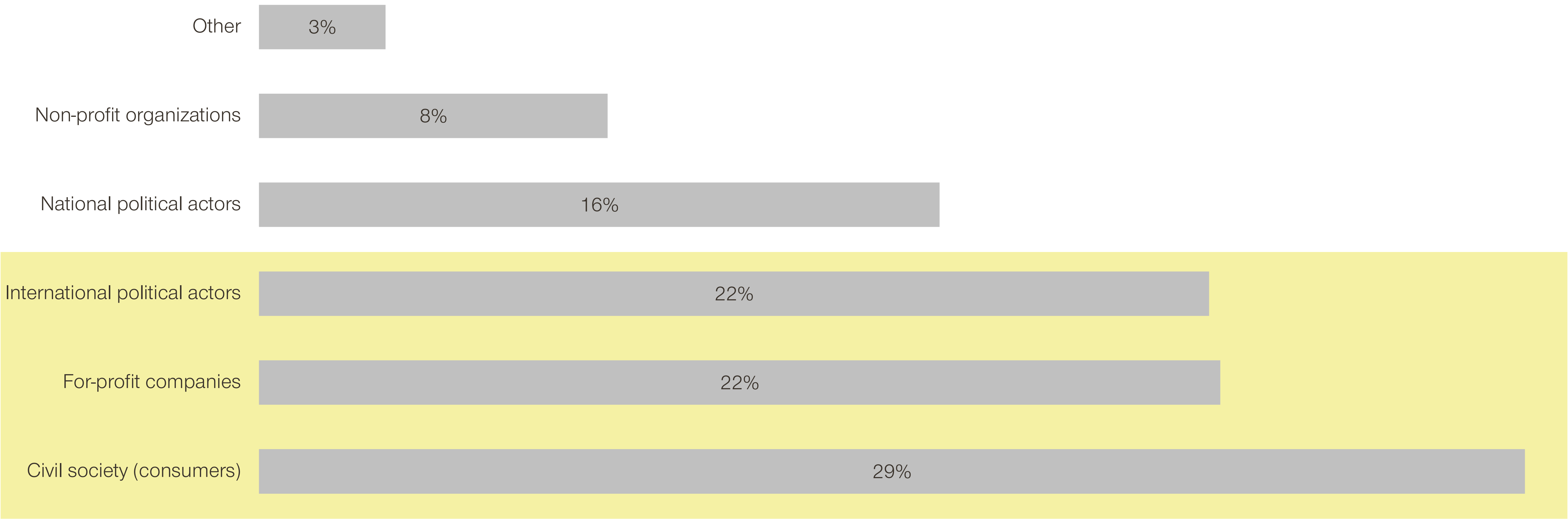
Consumers see themselves as the number one actor towards bringing positive environmental change (29%), closely followed by for-profit companies (22%) and international political actors (22%), all of which play key roles in advancing sustainability.

To win with consumers, for-profit companies will need to act on growing sustainable trends while international political actors will set the global guidelines to establish a level playing field



Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: Who ado you believe are the most important actors to realize positive changes?; (N=10,281).

Actors for positive change (across countries)

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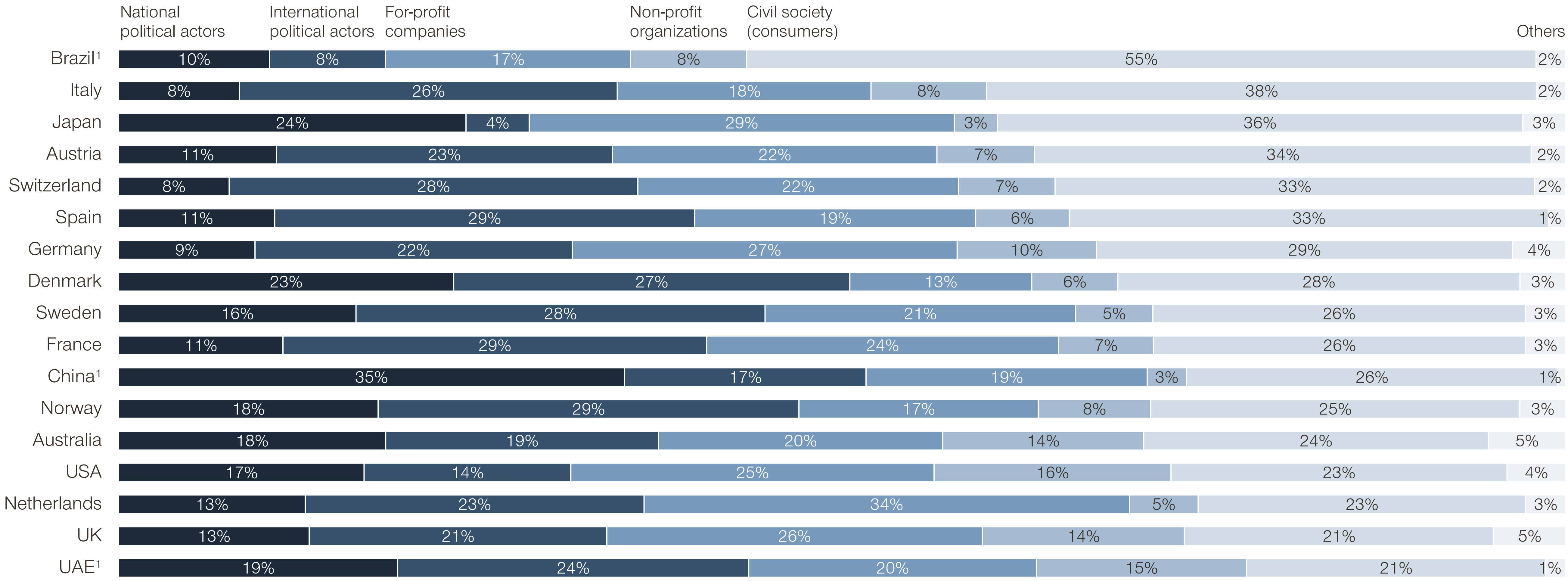
Results vary across countries and regions.

In Asia, consumers (31%) and national political actors (30%) are seen as most important actors. In North America these are for-profit companies (25%) and consumers (23%), whereas in Europe these are consumers (29%) and international political actors (26%).



Note: 1) High share of younger generations with high education and/or income levels. Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: Who do you believe are the most important actors to realize positive changes to ? (N=10,281).

Importance of sustainability as purchase criterion

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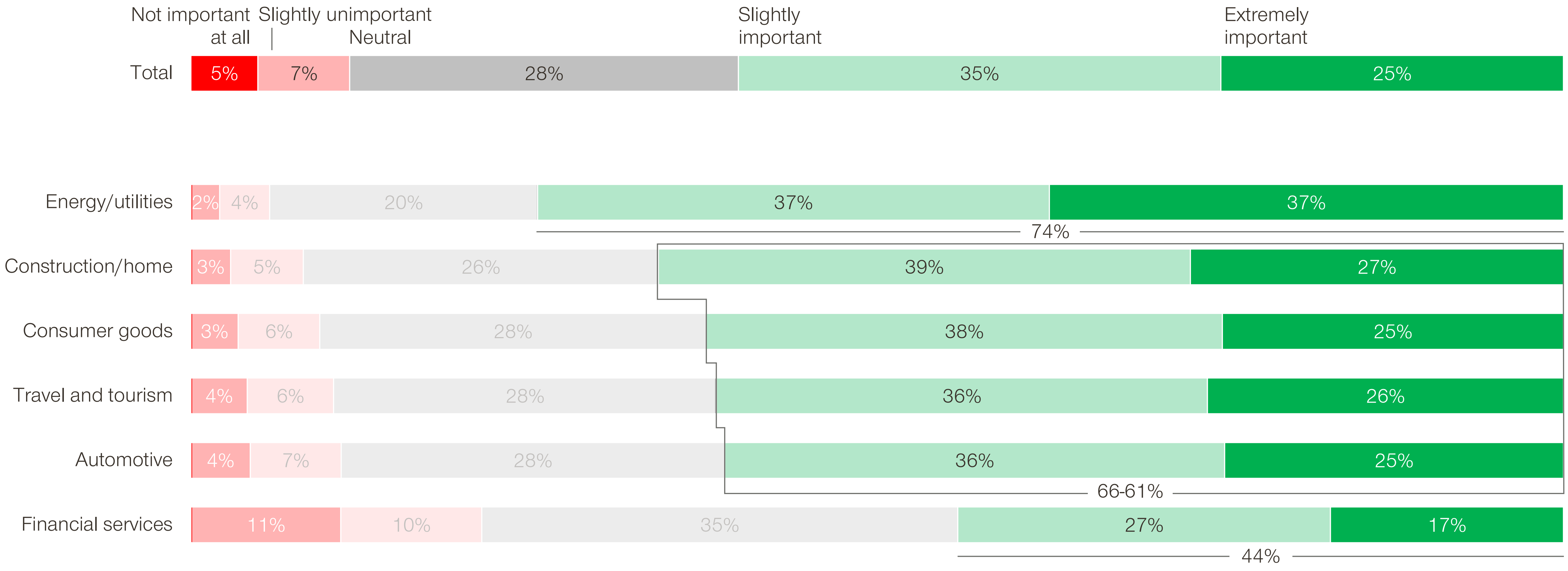
In a vacuum, sustainability is an important purchase criterion for: 1) Energy/utilities (74%); followed by 2) Construction/home (66%), Consumer goods (63%), Travel and tourism (62%), Automotive (61%); and 3) Financial services (44%).



Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Aggregation of answers to Q: How important is sustainability to you when making purchasing decisions for the following?; (N=10,281).

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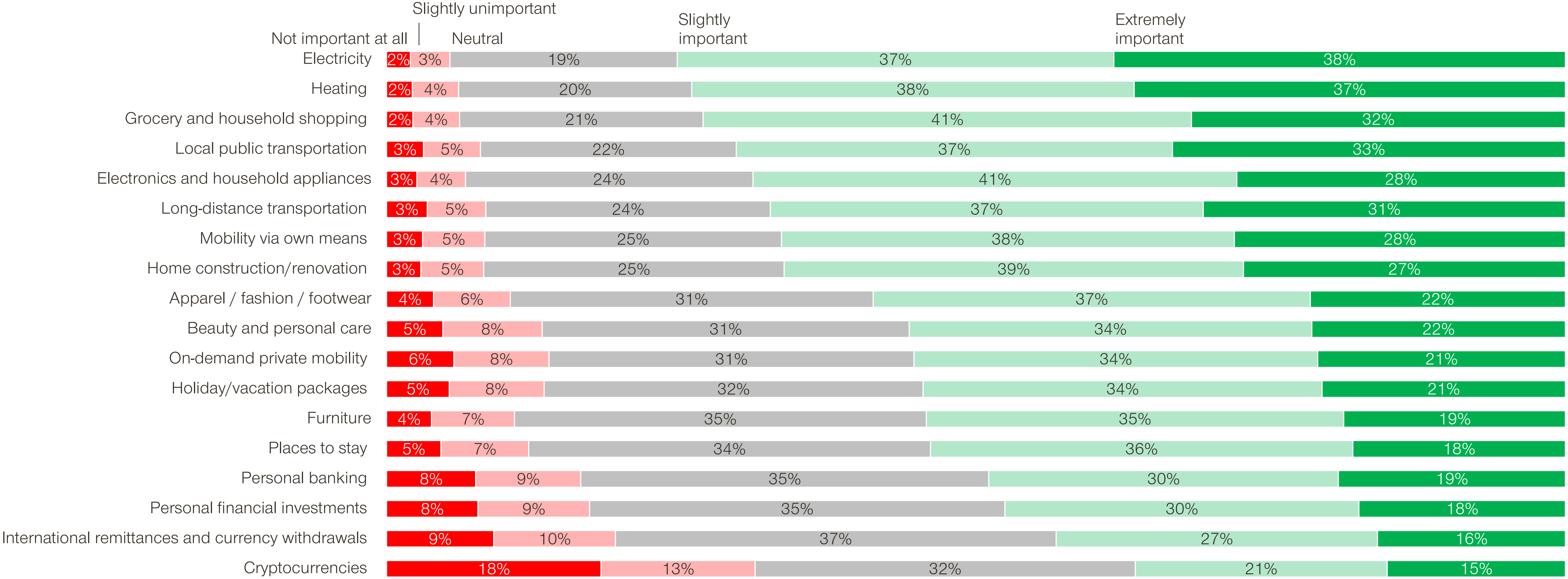
Importance of sustainability as purchase criterion (across sub-industries)

In a vacuum, sustainability is an important purchase criterion for: 1) Energy/utilities (74%); followed by 2) Construction/home (66%), Consumer goods (63%), Travel and tourism (62%), Automotive (61%); and 3) Financial services (44%).



Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: How important is sustainability to you when making purchasing decisions for the following?; (N=10,281).

Importance of sustainability as purchase criterion (across countries)

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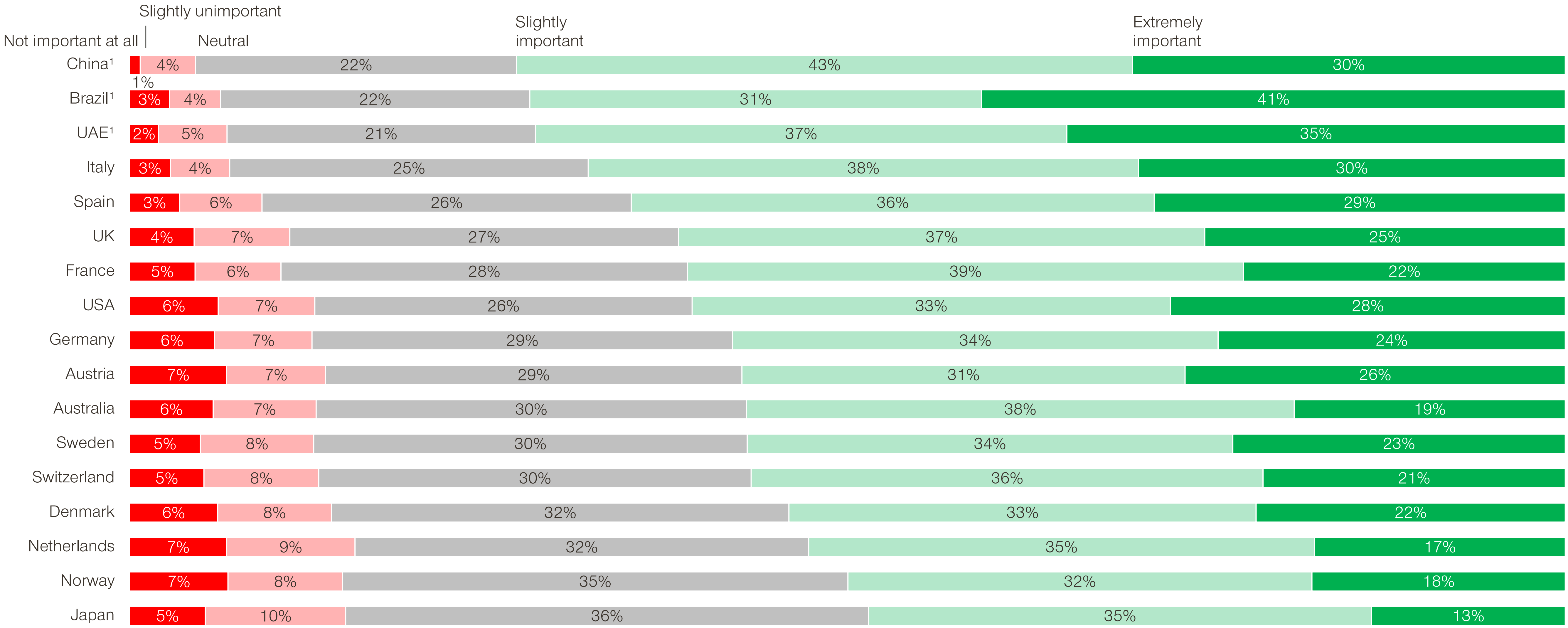

Note: 1) High share of younger generations with high education and/or income levels. Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Aggregation of answers to Q: How important is sustainability to you when making purchasing decisions for the following?; (N=10,281).

Relative importance of sustainability versus other purchase drivers

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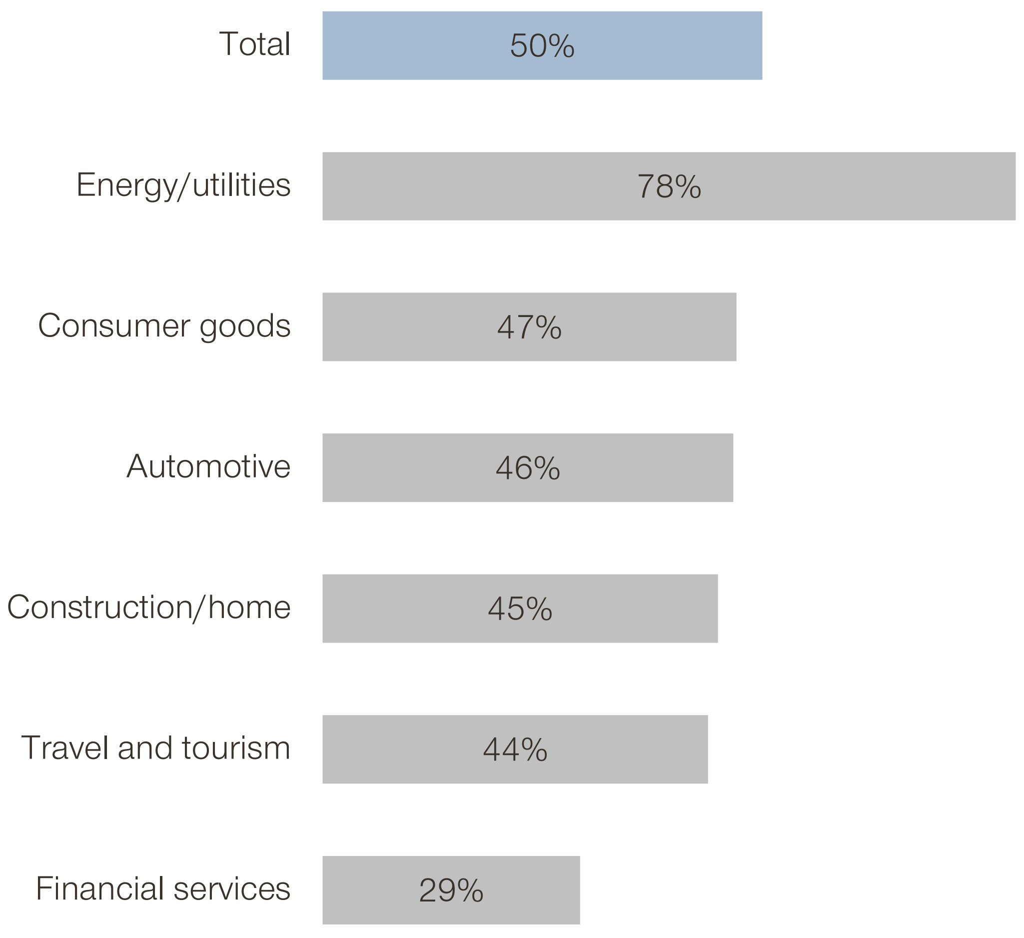
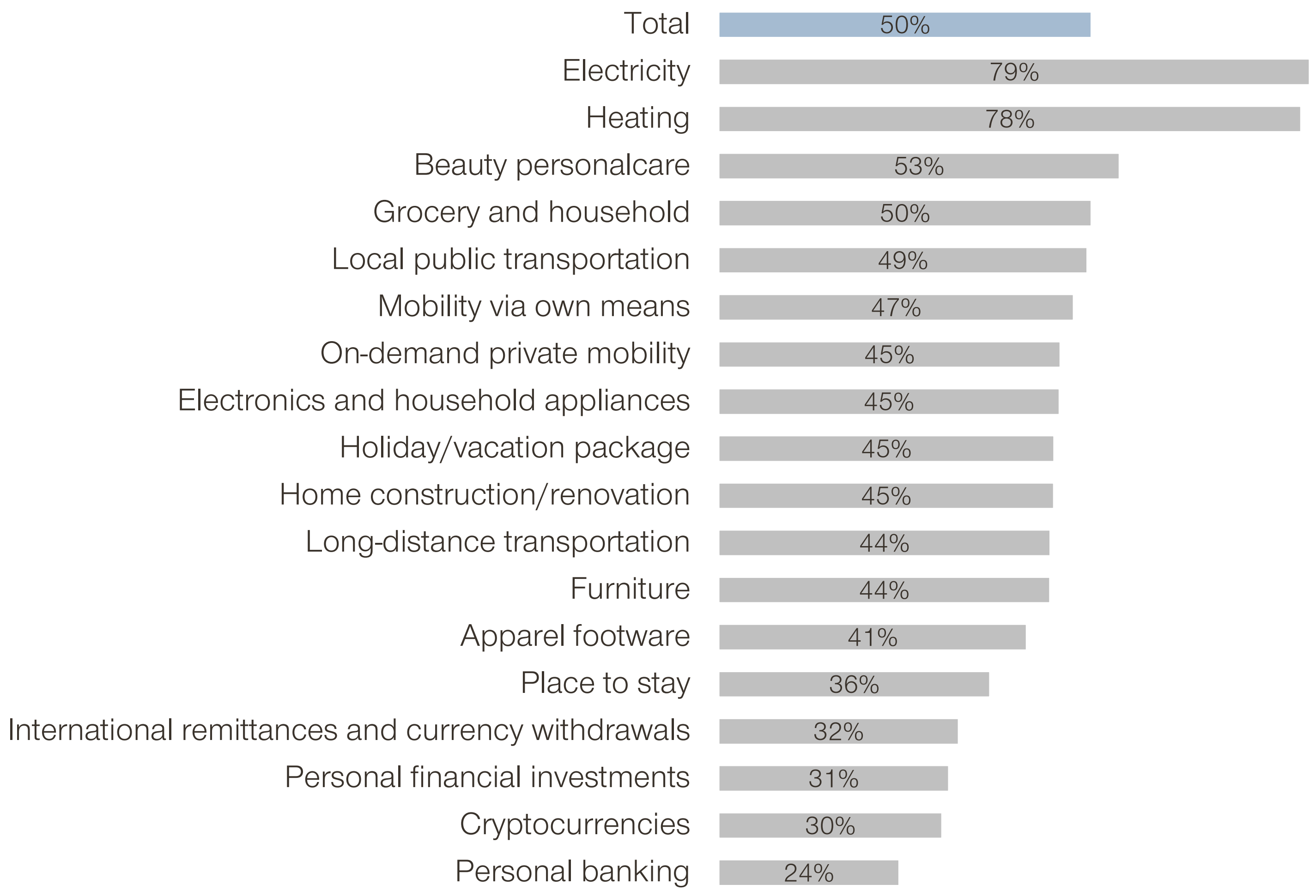
50% of consumers rank sustainability as a top 5 value driver which demonstrates its increasing relative importance during the purchase process and the role it plays as a key differentiator in the overall value proposition.





Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: Imagine you are purchasing an item within the [Pipe: Category]. Please rank up to 5 of the following factors in order of importance.; (N=10,281).

Importance of defaults or proxies for sustainability

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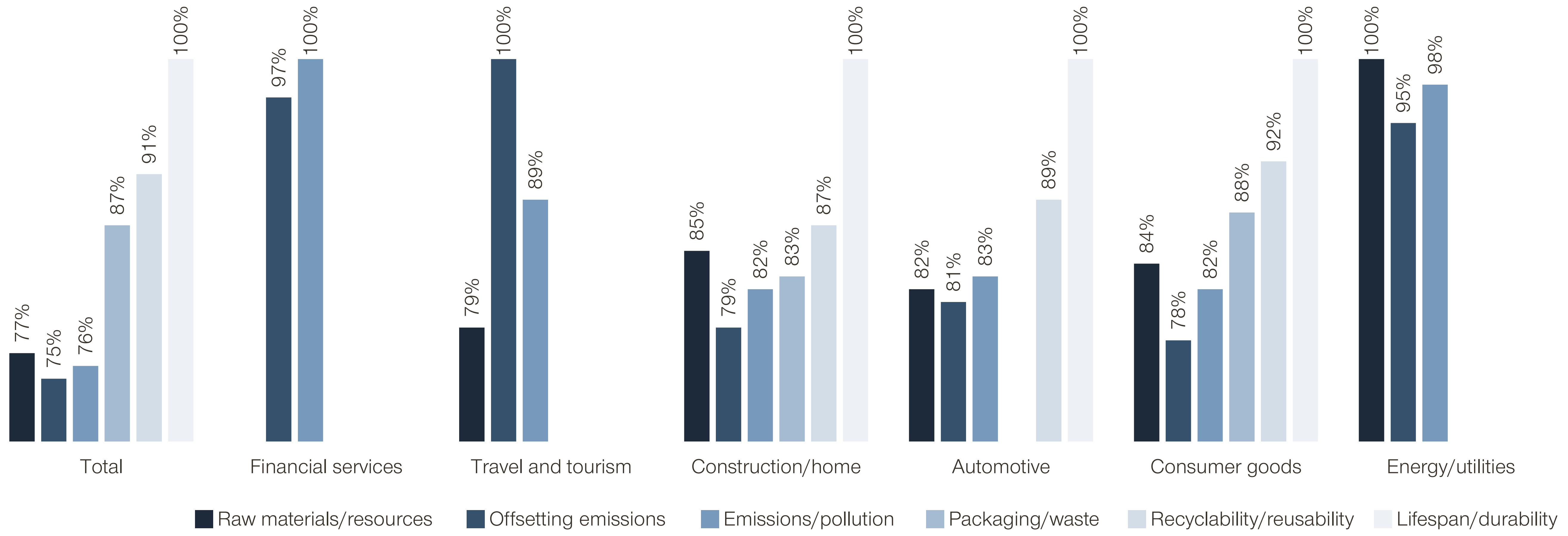
A lack of in-depth education causes consumers to use defaults or proxies when making sustainable decisions.

For example, consumers use the lifespan or durability of a product as a proxy for sustainability within consumer goods, automotive and construction/home. Similarly, they draw parallels to sustainability through raw materials used and emissions generated for energy/utilities, and the offsetting of emissions for travel and tourism.



Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: When considering purchasing an item within Category, which elements of environmental sustainability are most important to you?; For illustrative purposes, following subcategories were used: Goods (construction/home), consumables (grocery/household shopping), energy/utilities (electricity), travel and tourism (long distance transportation), automotive (mobility via own means).; (N=10,281).

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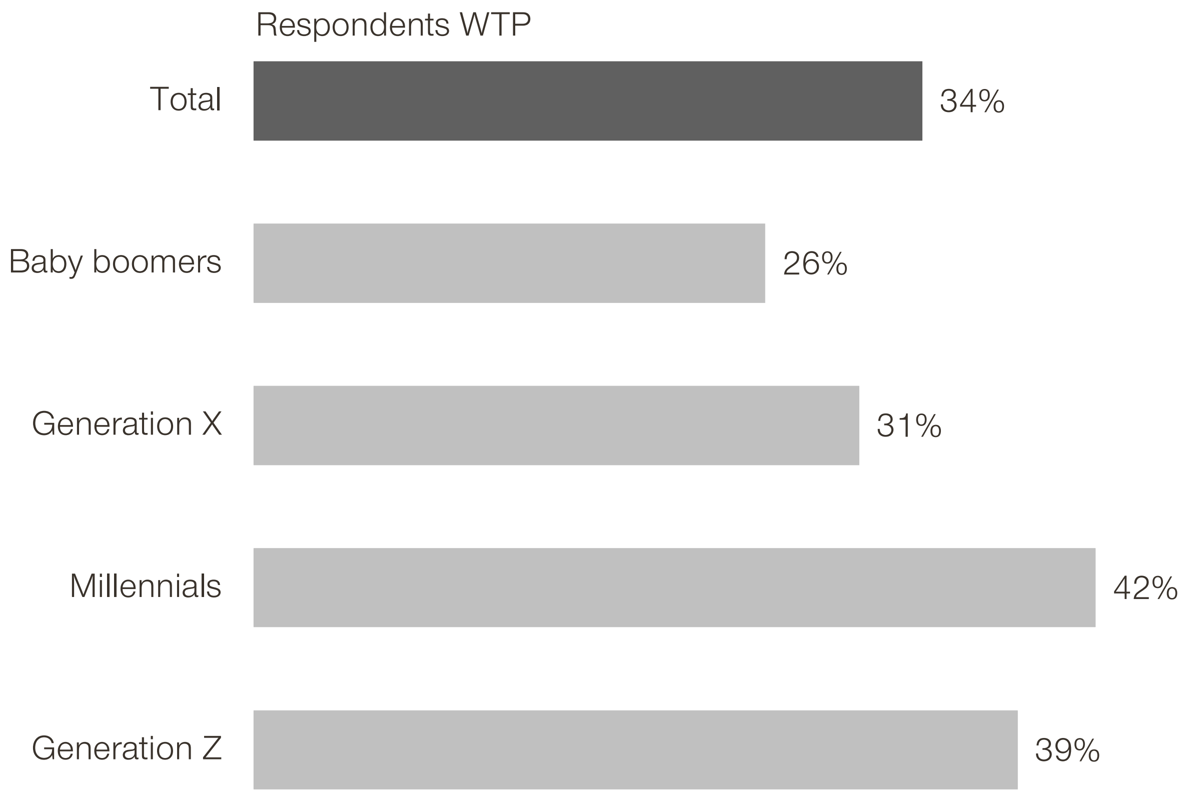
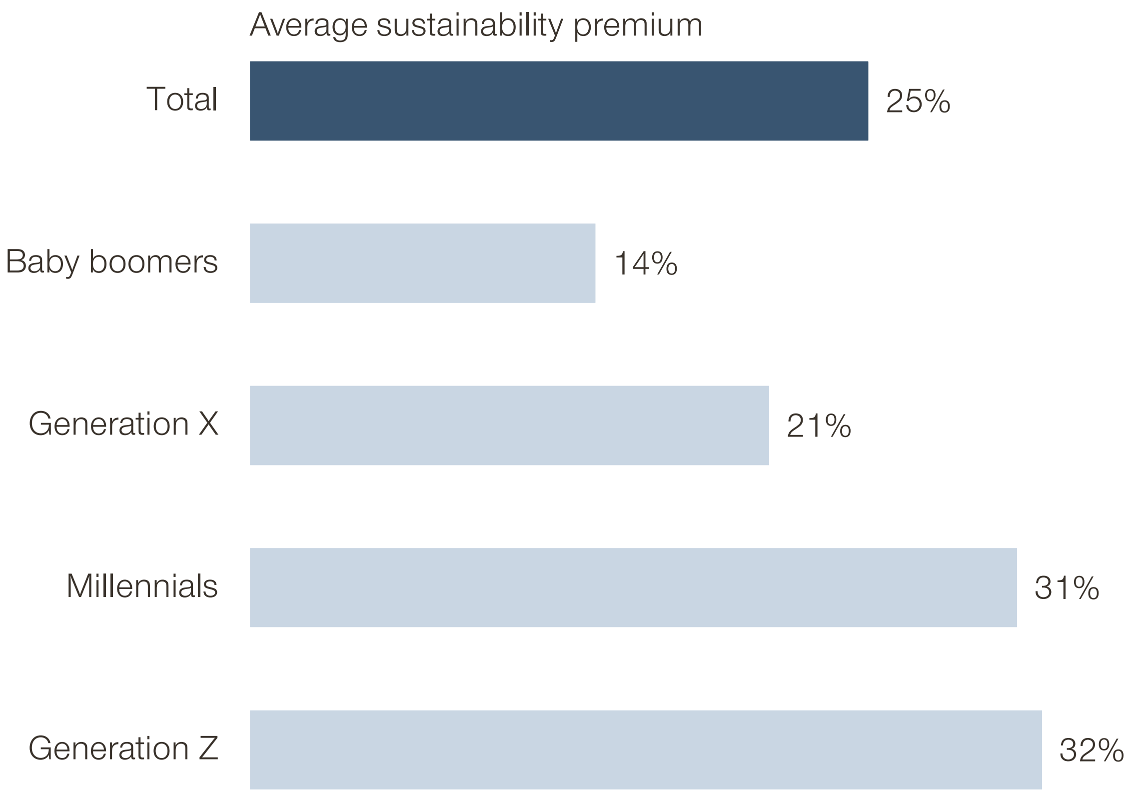
Share of respondents willing to pay (WTP) and average sustainability premium

A higher share of Generation Z (39%) and Millennials (42%) are willing to pay for sustainability compared to Generation X (31%) and Baby Boomers (26%).



In terms of how much, Gen. Z (32%) and Millennials (31%) are willing to pay over twice as large of a premium for sustainability in their products/services relative to Baby Boomers (14%) and a third more relative to Gen. X (21%).



Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: Imagine you are purchasing an item within [Pipe: Category] hat meets the environmental sustainability expectations that are most important to you. Which of the following best describes your willingness-to-pay for this item?; Q: Imagine you are purchasing an item within [Pipe: Category] hat meets the environmental sustainability expectations that are most important to you. Which of the following best describes your willingness-to-pay for this item?; N=10,281).

Share of respondents WTP and sustainability premium (across industries)

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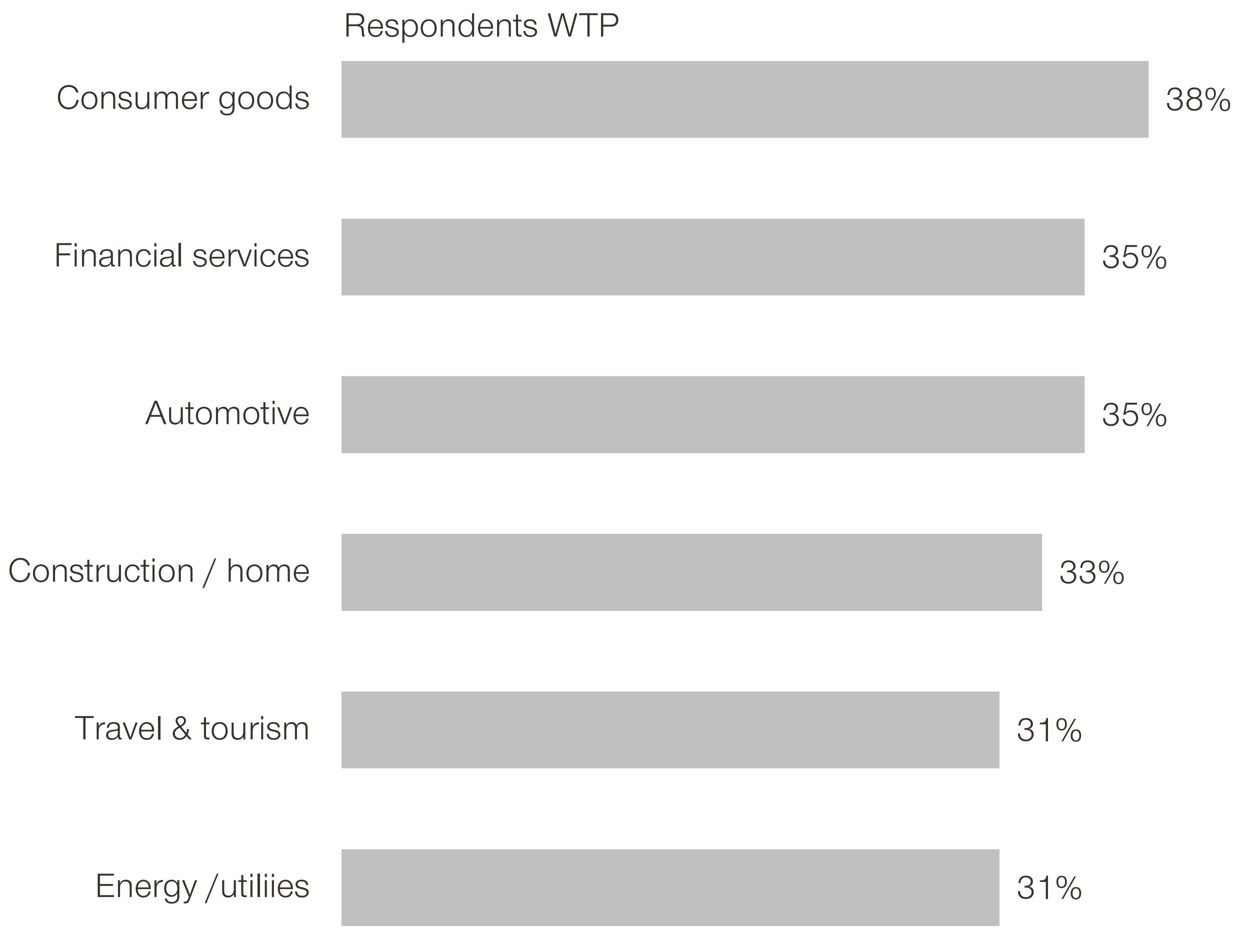
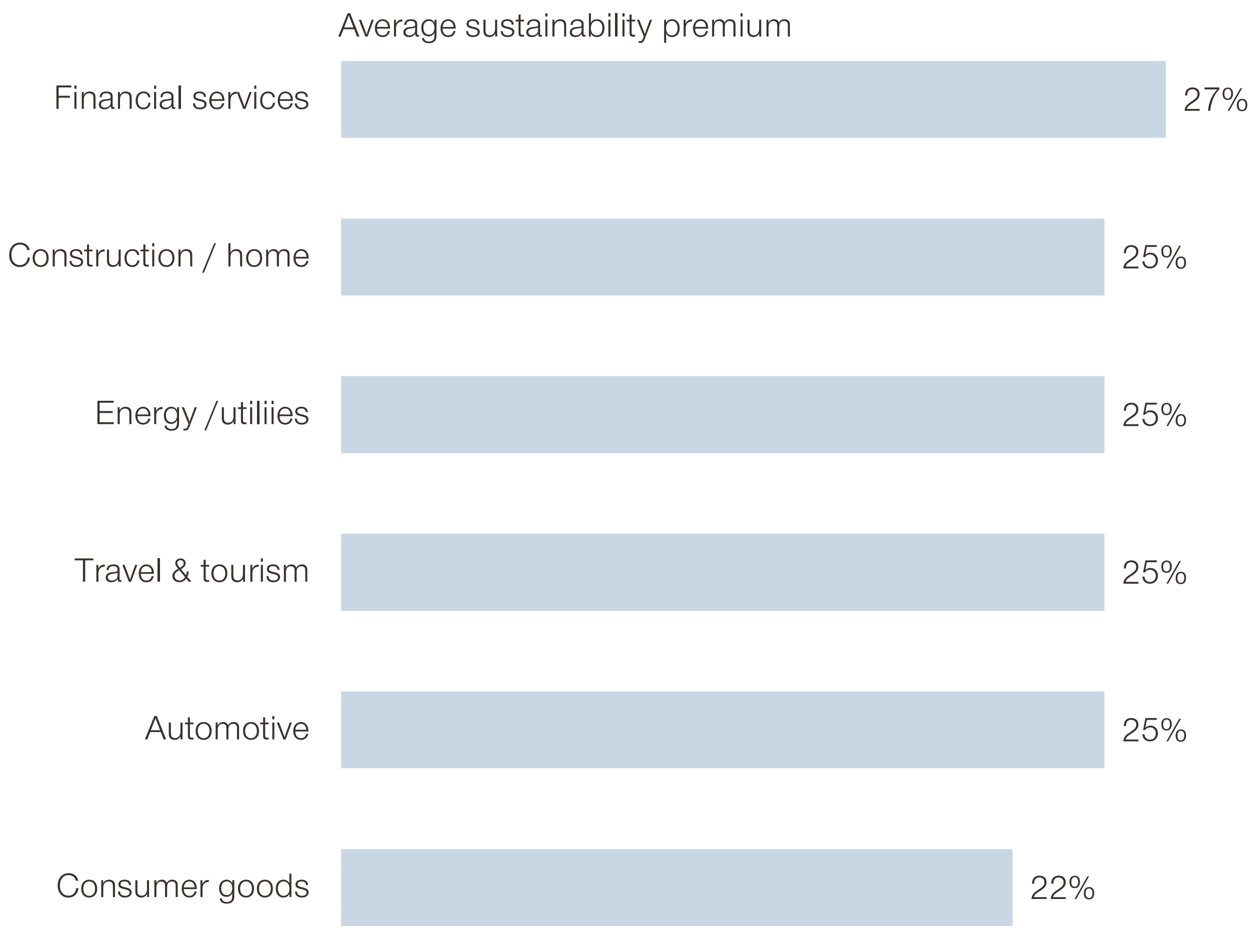
Willingness to pay a premium for sustainability is highest in consumer goods (38%), though the premium amount is lowest (22% premium). Of the people that are willing to pay a sustainability premium, WTP is highest for financial services (27% premium).





Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: Imagine you are purchasing an item within [Pipe: Category] hat meets the environmental sustainability expectations that are most important to you. Which of the following best describes your willingness-to-pay for this item?; Q: Imagine you are purchasing an item within [Pipe: Category] hat meets the environmental sustainability expectations that are most important to you. Which of the following best describes your willingness-to-pay for this item?; N=10,281).

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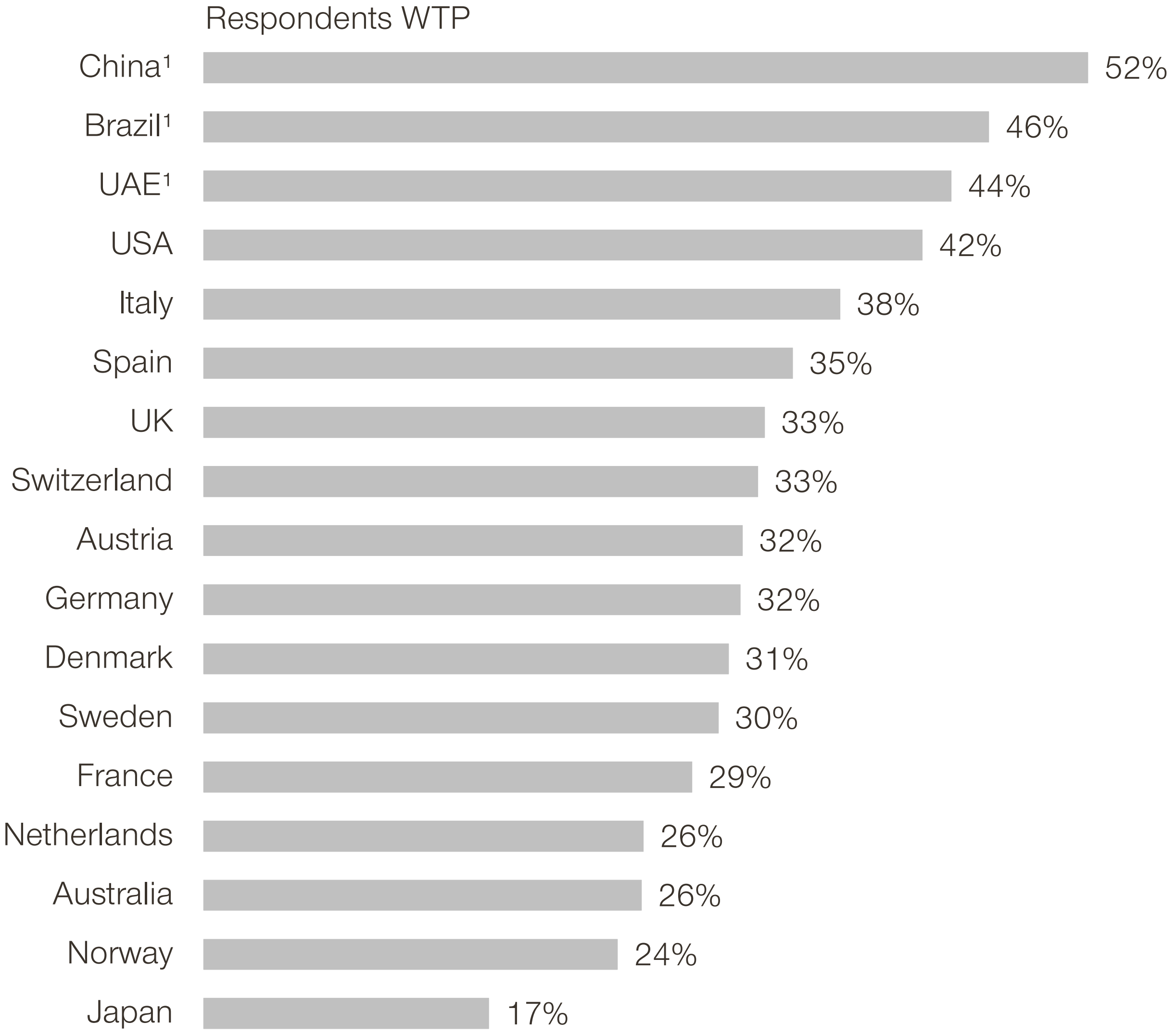
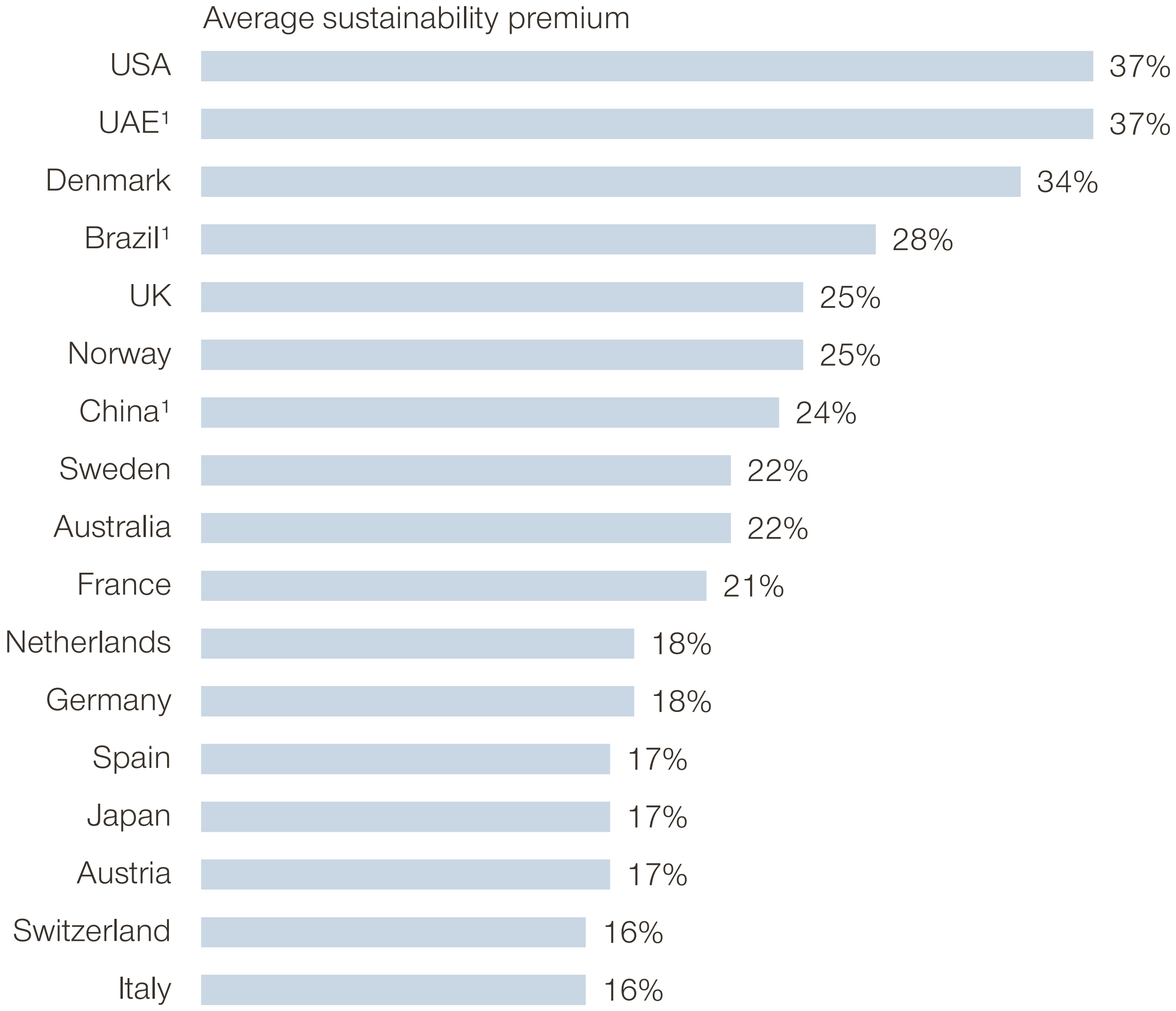
Share of respondents WTP and sustainability premium (across countries)





Note: 1) High share of younger generations with high education and/or income levels. Source: Simon-Kucher & Partners; Global Sustainability Study 2021; Q: Imagine you are purchasing an item within [Pipe: Category] hat meets the environmental sustainability expectations that are most important to you. Which of the following best describes your willingness-to-pay for this item?; Q: Imagine you are purchasing an item within [Pipe: Category] hat meets the environmental sustainability expectations that are most important to you. Which of the following best describes your willingness-to-pay for this item?; N=10,281).

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Simon-Kucher & Partners

Globally renowned consultancy for top-line improvement

Financial Times **Marketing, Brand, Pricing** 2018 1	*brand eins/Statista* **Marketing, Sales, Pricing** 2021 1	*Capital* **Marketing, Sales, Pricing** 2018 1
Finanz und Wirtschaft **Marketing, Sales** 2021 1	*MT Magazine* **Strategy Consulting** 2018 1	*Forbes* **Marketing, Brand, Pricing, Sales** 2018 ★★★

What others say about us

No one knows more about pricing than Simon-Kucher.

Philip Kotler, marketing guru

Simon-Kucher is a down-to-earth consultancy, highly committed and trustworthy. They deliver what they promise.

Member of the executive board, Bank Julius Baer & Co. Ltd.

Simon-Kucher was a great partner during our research phase. We appreciated their support, expertise, and partnership throughout the process of developing Uber Rewards.

Barney Harford, former COO, Uber

Pricing strategy specialists.

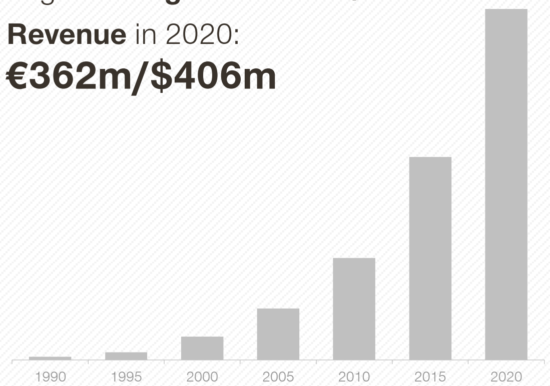
The Wall Street Journal

Facts and figures

Global locations:
41 offices in **26** countries,
>1,400 employees

Number of projects per year **>1,300**

Avg. annual **growth**: **+17%**
Revenue in 2020:
€362m/$406m



Simon-Kucher profile

TopLine Power®	This is what Simon-Kucher is all about. We boost our clients' revenue and profits by optimizing their pricing, sales, marketing, and strategy.
Simon-Kucher Digital	We advise clients on how to improve their top lines with digital technologies, from big data analytics, machine learning, and artificial intelligence to tailor-made pricing and sales tools.
THE unicorn advisors	We have worked for over 30 unicorns, such as Asana, Stripe, and Uber.

Source: Simon-Kucher & Partners

Clear focus: TopLine Power®

TopLine Power®

Pricing

Pricing excellence programs // Pricing strategies for products, business units, and companies // Innovative price and revenue models // Launch and post-launch pricing // Pricing organization and processes // Data-driven pricing // Digital pricing // Dynamic pricing // AI and ML in pricing // Pricing for digital businesses //

Sales

Sales organization and efficiency // Omnichannel strategies // Sales force effectiveness // Key account management // Channel management // Discount/ bonus systems // Digital sales force optimization // Digital sales tools and solutions // Incentive structures // Customer-centric sales organizations // Cross- and upselling strategies and tools //

Marketing

Market/customer segmentation // Portfolio design // Branding and value communication // Customer lifetime value in a digital world // Marketing efficiency and effectiveness // Digital loyalty programs // Personalization strategies in a digital world // CRM strategies // Optimizing online marketing //

Strategy

Growth strategies // Scenario planning // Digital business models // Digital monetization strategies // Competition strategies // Market due diligence //
Go-to-market strategies // Effective and sustainable strategy implementation // Monetizing innovations // Subscriptionization strategies //

Thank you to everyone who contributed to this research

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Source: Simon-Kucher & Partners

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