

PART 2 CONSUMERS' ATTITUDES ABOUT SUSTAINABILITY

How Sustainability Features Influence Consumers' Choices



How Sustainability Features Influence Consumers' Choices

by Denise Dahlhoff, PhD

3	Executive Summary
5	Sustainability Criteria That Influence Buyers' Brand Choices
6	Barriers to Buying Sustainable Brands
7	Why consumers don't buy environmentally sustainable brands
9	Why consumers don't buy brands with fair labor practices
10	Why consumers don't buy brands that take a stance on social issues
14	Switching Brands for Sustainability Considerations
14	Sustainability initiatives can generate important switching effects—both positive and negative
15	Consumers are more willing to accept brands' support of social causes they don't like than unethical labor practices
15	Support of social causes is a tightrope walk that can motivate purchases—or attrition
17	Where Consumers Rank Sustainability among Their Buying Criteria
17	How much does sustainability matter at checkout?
22	How sustainability features play into two consumption decisions: home appliances and daily transportation
23	Where sustainability falls in the Hierarchy of Consumer Needs
25	Our Methodology
26	About the Author
	Acknowledgments
	Related Resources from The Conference Board

Discover more about consumers' mindset

This report is part of a two-part series on consumers' attitudes about sustainability. The research is based on *The Conference Board® Global Consumer Confidence Survey*, an online survey of more than 30,000 consumers in 64 markets, conducted in collaboration with Nielsen in February 2019. Part 1 describes what consumers around the world mean by sustainability and how they view business sectors' and policy makers' sustainability efforts. Part 2 explores which sustainability features attract consumers to sustainable brands, reasons for them to not buy brands with sustainable features, and where they rank sustainability features among their buying criteria.

Executive Summary

While consumers increasingly express interest in sustainability, many may not be ready to put their money where their mouth is.

Our global survey of more than 30,000 consumers in 64 markets confirms that the price premium for sustainable features can often be a deal breaker for shoppers. Conducted in collaboration with Nielsen, our research generated additional insights on consumers' subjective perceptions, attitudes, preferences, and buying behaviors related to sustainability. Insights include how consumers define it, how they view companies' and policy makers' efforts to achieve it, which features attract consumers to sustainable brands or turn them away, and where they rank sustainability features among their buying criteria.

Despite growing interest in sustainability, consumers generally don't prioritize sustainability among their buying criteria. Price, function, performance, quality, and convenience remain their primary considerations. Our research found that, for example, when purchasing major home appliances and choosing a daily mode of transportation, consumers generally prioritize utilitarian, functional features over energy efficiency, country of production, and environmental impact.

However, sustainability features can be a meaningful brand differentiator for buyers once their core purchasing criteria, which include an acceptable price and decent quality, have been met. Hence, through sustainable offerings that also satisfy consumers' core buying criteria, companies can better society while also supporting their business objectives: their sustainability-mindedness helps customers and employees to align with values they identify with, thus also creating long-term value for owners and investors.

Most consumers across the world associate sustainability with recycling and other environmental issues. They place it ahead of issues including fair price and fair labor conditions. However, there is significant geographic variation in how consumers understand sustainability. Given the nuanced associations, brands might want to consider which is more effective: differentiated labels for their array of sustainability initiatives or universal labels such as "sustainable."

Globally, environmentally friendly production is the sustainability feature with the biggest impact on consumers' brand choices. In comparison, social issues such as fair labor/wages and a ban on child labor, as well as policy aspects such as intellectual property rights, equal pay, and free speech, are less likely to inspire purchases. Given that protecting the environment resonates broadly with consumers, it can be a gateway for brands to reach new customers interested in sustainability, especially considering the recent attention on climate issues.

Lack of fair labor conditions can cause consumers to switch brands. At the same time, the top reason for consumers to not buy brands with fair labor conditions is that they do not know which brands are more fair. This suggests an underused potential for brands to communicate their socially responsible labor conditions and build positive brand associations.

Communications about labor aspects, along with certifications, can enhance brands' appeal to consumers. Looking ahead, social aspects like fair labor and fair trade may play a bigger role for consumers, particularly in light of the discussions about income inequality, minimum wage, and gender pay gap.

Premium price is the leading reason for consumers not to buy brands with environmentally friendly practices or strong positions on social issues. Four potential ways brands can overcome this resistance are: (1) focus on cost efficiency to minimize price premiums; (2) offer sustainable goods and services that are superior in some way to unsustainable alternatives (such as natural products that are less harmful and taste or smell better or unique upcycled apparel and furniture lines) and may increase consumers' willingness to pay a slight premium; (3) educate customers on the sustainability benefits their brand offers and create emotional attachment, which can help reduce price sensitivity; (4) introduce pricing schemes that reward repeat purchases of sustainable products.

In the long run, potential carbon and other taxes similar to those on single-use plastic bags in some countries might help level the playing field, reducing sustainable brands' price premium over regular brands.

Consumers often don't know about, are confused about, or don't trust companies' sustainability initiatives and claims. And this can affect purchasing. Brands have an opportunity to clearly communicate the sustainability benefits of their customers' buying choices in meaningful, concrete terms such as the amount of packaging saved or the enhancement of certain labor conditions. To strengthen awareness and trust, companies can seek certification from independent organizations and inclusion in app-based directories that provide information about products' sustainability features.

Brands' taking a position on social causes can attract new customers, but it can also deter them. Endorsing social causes that appeal to consumers seems to drive a greater gain of purchases than supporting social beliefs that don't appeal to consumers generates a loss. Still, almost half of all consumers say they refrain from buying brands that take strong positions on social causes for one of three reasons: they don't think brands should take positions at all, they don't agree with the position taken, or they don't want their purchases to be perceived as political statements.

Hence, brands should know their customers well and tread carefully, focusing on causes that authentically fit the brand's positioning and aligning their own actions accordingly. Knowing employees is equally important, considering how [their expectations for their employer have been changing to address social and political issues](#).

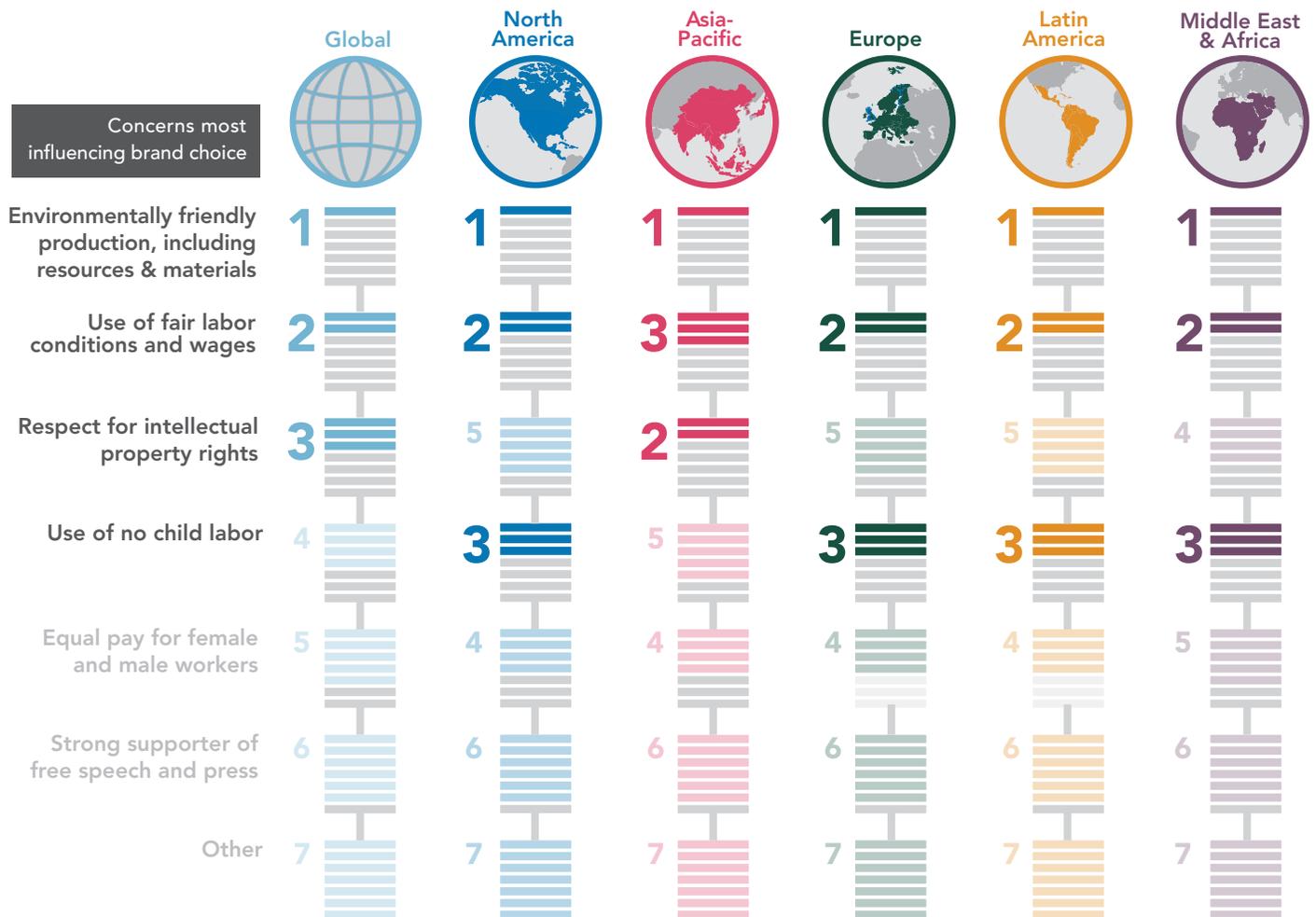
At a global level, consumers believe governments—ahead of tech companies and other policy and business organizations—should care the most about sustainability, but governments aren't living up to those expectations. Consumers therefore look more to companies to fill the void, which is an opportunity for brands to innovate, differentiate themselves, and delight consumers with initiatives around sustainability, thus fostering emotional attachment, willingness to pay, and word-of-mouth promotion to ultimately create financial value. Our research shows that tech companies, utility providers, home appliance makers, financial institutions, retailers, and hotels exceed consumers' expectations regarding their sustainability efforts compared to other sectors, indicating valuable reputational benefits from these sectors' sustainability efforts.

Companies don't have to go it alone when innovating; they can create cost efficiencies and leverage the power of a larger network by collaborating on industry-wide programs to, for example, develop novel sustainable materials or recycling technologies.

Sustainability Criteria That Influence Buyers' Brand Choices

Among sustainability criteria, **environmental aspects** influence buying decisions the most across the world—ahead of **social and legal/policy** reasons; in Asia-Pacific, respect for intellectual property rights ranks considerably higher than in other regions

SURVEY QUESTION:
Thinking about your buying preferences, in general, which of the following **concerns might most influence** which brands you purchase?



Rank your top 3. Sample size: 500 per market (64 markets)

Source: The Conference Board® Global Consumer Confidence Survey, conducted in collaboration with Nielsen

Barriers to Buying Sustainable Brands

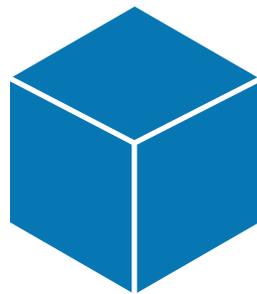
Overall, price is the leading reason for consumers to *not* buy brands with certain responsible practices.

Lack of awareness of or education about sustainability claims, especially when it comes to fair labor practices, also ranks highly as an impediment to buying. Consistent with this finding about lack of awareness, almost 50 percent of consumer-facing businesses in fact feel that their sustainability communications are ineffective or nonexistent, according to a recent survey of executives.¹

While product performance of sustainable brands is a potential purchasing barrier for consumers, it only ranks third overall.

The figure below summarizes the findings from our global consumer survey about the barriers to buying brands with three different types of sustainability features: *better environmental practices*, *fair labor conditions/wages*, and *strong positions on social causes*.

Premium price and lack of awareness are leading barriers



for consumers to buy sustainable brands—ahead of performance issues



Source: *Consumers' Attitudes about Sustainability*, The Conference Board

1 *The State of Sustainable Business 2018*, BSR, 2018: 22.

Why consumers don't buy environmentally sustainable brands

Price premium is the biggest impediment

Price is the leading reason for consumers *not* to buy brands with environmentally friendly practices. Therefore, it is important for companies to focus on cost efficiency when providing sustainable features so they can keep price premiums low. One way to make this happen is through operational adjustments such as manufacturing on demand to avoid overstock or optimizing IT operations to enhance energy efficiency. For example, insole brand OrthoLite added recycled scraps to its products—without increasing the cost for its customers.²

Another way to realize cost efficiencies is through partnerships and collaborations across the industry, leveraging the expertise and scale of a larger network for the benefit of all participants. Initiatives can include industry-wide programs; for example, to develop sustainable materials together or agree on certain production standards that facilitate recycling. It can also entail making newly developed technologies available to other companies. For example, P&G-developed PureCycle provides its technology of separating and recycling plastics for reuse to brands such as Nestlé and L'Oréal. Colgate-Palmolive invented a new, first-of-its kind recyclable toothpaste tube and offered the technology to other companies to foster the recycling of toothpaste tubes.³

Apart from containing cost, companies can try to decrease customers' price sensitivity by communicating about sustainability features and creating emotional associations around sustainability. In addition, pricing models that incentivize customer loyalty to programs that foster sustainable consumption can make sustainable products price competitive. For example, Adidas suggested the idea of a "looping" subscription program in which shoppers pay a slight premium for a pair of shoes—a sort of deposit—and receive a portion of the paid price back when they return the worn shoes for recycling. Buyers can then put this money toward a new pair.⁴

Companies can also overcome customer resistance to paying a price premium by developing products and services whose sustainability features are coupled with—or the reason for—superior performance; for example, natural products that taste or smell better than their chemical alternatives or unique upcycled apparel and furniture lines.

In the long run, sustainable brands' price premium over regular brands might shrink not only thanks to companies' efficiency efforts but also because governments might introduce carbon or other taxes similar to those on single-use plastic bags.

2 Hilary George-Parkin, "How Brands Should Sell Sustainability to Consumers," *Footwear News*, June 14, 2019.

3 "Colgate-Palmolive Ships First Tube Recognized as Recyclable and Freely Shares Its Breakthrough Technology," *BusinessWire*, November 20, 2019.

4 Dennis Green, "Here's Why Sneakers Are Leading the Charge to Make Clothes More Sustainable," *Business Insider*, August 1, 2019.

SURVEY QUESTION:

*What most keeps you from buying brands with **better environmental practices**?*

For consumers in North America and Europe, a markup for environmentally sustainable features is a particularly big hurdle to buying brands with “**better environmental practices**”



	GLOBAL	North America	Asia-Pacific	Europe	Latin America	Middle East & Africa
Extra cost	29%	41%	25%	37%	25%	29%
Too time consuming to research which brands are truly better	15	12	14	16	22	20
I do not trust companies' environmental claims	14	13	13	17	16	12
I find companies' environmental claims confusing	13	8	15	9	11	12
Not applicable	9	15	7	11	12	8
Do not perform as well	9	4	12	4	5	7
Less convenient to buy/get customer service	8	6	11	3	5	8
Other	3	2	2	3	5	4

Please select one only. Sample size: 500 per market (64 markets)

Source: The Conference Board® Global Consumer Confidence Survey, conducted in collaboration with Nielsen

Consumers may not know about, understand, or trust claims of environmental impact

A brand’s true environmental impact is often unclear to consumers: they may lack awareness or understanding of it, or they may distrust the brand’s claims about it. Companies thus have an opportunity to more clearly communicate the environmental benefits of their offerings. They can partner with independent, trustworthy intermediaries that provide sustainability information and certify brands for sustainability. Potential partners could be consumer tools like the apps SmartLabel or CosmEthics, which reveal information about the manufacturer when a potential buyer scans an item’s barcode, or established sustainability assessment tools such as the Higg Index, which evaluates

supply chains' social and environmental performance and can also support corporate planning. For example, outdoor shoe brand Merrell uses the index to make product development decisions, including which materials to use and what to do with materials at the end of their product life cycle.⁵ Government-sponsored certifications such as the EU Ecolabel, North America's Energy Star, Germany's new government-managed "Green Button" textile mark, and India Organic are another way to communicate sustainability commitment and help consumers with their brand choices.

Buyers won't sacrifice product performance

Globally, only 9 percent of respondents cite product performance of "environmentally better" brands as a primary barrier to buying such brands. The concern is highest (12 percent) in Asia-Pacific, where consumers are most likely to indicate that sustainable products and services don't sufficiently deliver on performance, convenience of buying, or customer service. Certainly, product quality is a core necessity for sustainable products to gain mass market traction. A green product needs to be comparable to regular products in quality and performance so consumers don't have to give up on core benefits; otherwise, it "just becomes philanthropy," says Eric Liedtke, Head of Global Brands, Adidas.⁶

Why consumers don't buy brands with fair labor practices

Consumers' top reasons for *not* buying brands with fair labor and wage conditions, the standards and specifics of which vary across regions, are similar to those for not buying environmentally friendly products: lack of awareness, price premium, and poor product performance, in order of concern. However, compared to the barriers for not buying environmentally friendly brands, lack of awareness is a much more dominant reason for *not* buying fairly produced ones, possibly because companies' sourcing and labor practices are much less transparent and less communicated than the environmental benefits of products.

Our results show that awareness is a particular issue in Latin America, Europe, and North America and slightly less of one in Asia-Pacific and the Middle East & Africa.

As with environmentally friendly brands, product performance is a particular concern in Asia-Pacific but also in the Middle East & Africa. For example, more than a quarter of Chinese respondents have performance concerns with brands that have fair labor conditions/wages.

5 George-Parkin, "How Brands Should Sell Sustainability to Consumers."

6 Green, "Here's Why Sneakers Are Leading the Charge to Make Clothes More Sustainable."

SURVEY QUESTION:

What most keeps you from buying brands with **fair labor conditions / wages**?

Brands have untapped potential for communicating their **fair labor practices** to global consumers



	GLOBAL	North America	Asia-Pacific	Europe	Latin America	Middle East & Africa
I do not know which brands are more fair	55%	50%	44%	55%	56%	47%
Extra cost	20	21	21	21	15	23
Not applicable	14	20	12	15	14	12
Do not perform as well	7	6	18	5	9	11
Other	5	3	4	4	6	7

Please select one only. Sample size: 500 per market (64 markets)

Source: The Conference Board® Global Consumer Confidence Survey, conducted in collaboration with Nielsen

Why consumers don't buy brands that take a stance on social issues

Elevated prices are the main reason consumers don't buy brands that take strong positions on social causes, especially in North America, Europe, and the Middle East & Africa. Note that 18 percent of consumers say the issue isn't applicable to them, potentially because brands in their countries are not particularly activist or because brand support for social causes has no effect on these consumers' willingness to patronize them.

A substantial segment of consumers—over 40 percent globally and over 50 percent in Asia-Pacific—dislikes brands' taking strong positions on social issues. This segment's number one reason for not buying such brands is that they don't think brands should take social positions, period. The extent to which consumers don't think brands should take social positions differs greatly by market, ranging from 5 percent in Germany to 35 percent in Hungary. Other reasons are that consumers don't want to appear to support causes with their purchases and that they often disagree with brands' social positions. These responses suggest that it's risky for brands to endorse social causes—doing so could turn away current and potential customers.

“Everyday acts like grabbing a fried chicken sandwich from Chick-Fil-A or a pint of Ben & Jerry’s are now political statements and social action. And young people are the vanguard of this change.”⁷

Meredith Ferguson Managing Director, DoSomething Strategic

SURVEY QUESTION:

What most keeps you from buying brands that take **strong positions on social causes**?

A significant segment of consumers dislikes **brands’ taking positions on social causes**, posing a barrier to purchasing



	GLOBAL	North America	Asia-Pacific	Europe	Latin America	Middle East & Africa
Not willing to pay more for a brand to support their social position	21%	22%	14%	23%	17%	20%
Not applicable	18	21	12	23	21	12
I do not believe brands should take social positions	15	13	12	14	15	17
I do not want to appear to be endorsing a brand’s social position by my purchases	14	14	24	11	17	17
I often disagree with the social positions brands take	14	15	17	12	13	15
Not willing to sacrifice performance to support their social position	9	10	16	9	8	11
Other	8	7	5	8	11	8

Please select one only. Sample size: 500 per market (64 markets)

Source: The Conference Board® Global Consumer Confidence Survey, conducted in collaboration with Nielsen

7 Meredith Ferguson, “Dollars & Change: Young People Tap Brands as Agents of Social Change,” Medium, May 13, 2018.

When brands take positions on social issues

There is no dearth of brands, especially in the US, that have taken a stance on social or political topics, yielding sometimes polarized and quite emotional responses. One of the pioneering brands to use its advertising as a global platform for social activism was fashion brand Benetton. With its “United Colors of Benetton” campaigns starting in the 1980s, the brand spotlighted social issues such as HIV, hunger, race relations, and capital punishment.

“This is the birth of Brand Democracy; as consumers are electing brands as their change agents, brands are now being pushed to go beyond their classic business interests to become advocates.”⁸

Richard Edelman President and CEO, Edelman

More recently, social activism campaigns that have stimulated controversy include Gillette’s 2019 “toxic masculinity” campaign, which aimed to encourage men to promote anti-bullying and anti-harassment initiatives; Starbucks’ and Airbnb’s support of immigrants with jobs and accommodation, respectively, in response to the US’ temporary immigration ban in 2017; and Nike’s response to the concerns of one of its sponsored athletes, NFL quarterback and activist Colin Kaepernick, by taking a shoe that featured a historical US flag off the market right before Independence Day 2019. Various automakers and other brands celebrated Saudi Arabia’s 2017 lifting of its ban on women driving cars, and Germany’s grocery chain Edeka ran a commercial in 2017 featuring store shelves emptied of foreign-made items to demonstrate the impact of foreigners on people’s daily lives—receiving both praise and critical responses.

Still, many CMOs seem reluctant to have their brand take a stance on a politically charged issue. A recent survey found that only a fifth of marketers considers this appropriate.⁹

Recent research by The Conference Board shows that people have a range of opinions as to whether their employer should address social and political topics such as unemployment, nationalism, sizeism, drug usage, and gun control at all; only internally or only publicly; or both. Depending on the issue, they may not want their company to address the topic at all, or to do so only internally.¹⁰ These varied responses show how tricky it is to address current societal topics—as an employer or a consumer brand.

The issues that a brand takes a stance on need to authentically fit the brand and align with the preferences of its customers and employees, and any positions the brand takes need to be consistent with its actions.

8 “Two-Thirds of Consumers Worldwide Now Buy on Belief,” Edelman, October 2, 2018.

9 Christine Moorman and Lauren Kirby, *The CMO Survey: Top Marketing Trends of the Decade*, American Marketing Association, 2019: 10.

10 Robin Erickson and Amanda Popiela, *Higher Expectations: How Organizations Engage with Social Change Issues*, The Conference Board, August 2019.

Employees have wide-ranging opinions on how their companies should address social and political issues

How do you think your organization should respond to the following issues?

	Organization Response			
	Both Publicly and Internally	Publicly Only	Internally Only	Should Not Respond
Gender (e.g., female leadership, #MeToo movement, pay equity)	73%	6%	16%	5%
Disabilities (e.g., ADA accommodations)	71	6	21	2
LGBTQ (e.g., marriage equality, violence)	64	6	19	11
Well-being (e.g., physical and mental health, mindfulness)	62	5	30	3
Ageism (e.g., employment of people over 40)	57	4	33	6
Poverty (e.g., hunger, homelessness, shrinking middle class)	57	8	12	23
Veterans (e.g., PTSD, services, substance abuse)	56	6	20	18
Race Relations (e.g., racism, violence, #BlackLivesMatter movement)	56	6	20	18
Unemployment (e.g., joblessness, underemployment)	45	9	14	32
Immigration (e.g., refugee crisis, undocumented workers)	35	6	19	40
Religion (e.g., freedom, attire, violence)	33	5	29	33
Drug Usage (e.g., opioid epidemic, marijuana legalization)	31	4	41	24
Nationalism (e.g., representative democracy, violence)	30	6	17	47
Sizeism (e.g., weight bias)	26	4	29	41
Gun Control (e.g., legislation, rights)	22	6	15	57

N=513 (Americas-84%, Europe-13%, Asia-3%)

Note: Dark blue shading indicates the highest ranked response, lighter blue shading indicates the second highest.

Source: Robin Erickson and Amanda Popiela, *Higher Expectations: How Organizations Engage with Social Change Issues*, The Conference Board, August 2019, p. 4.

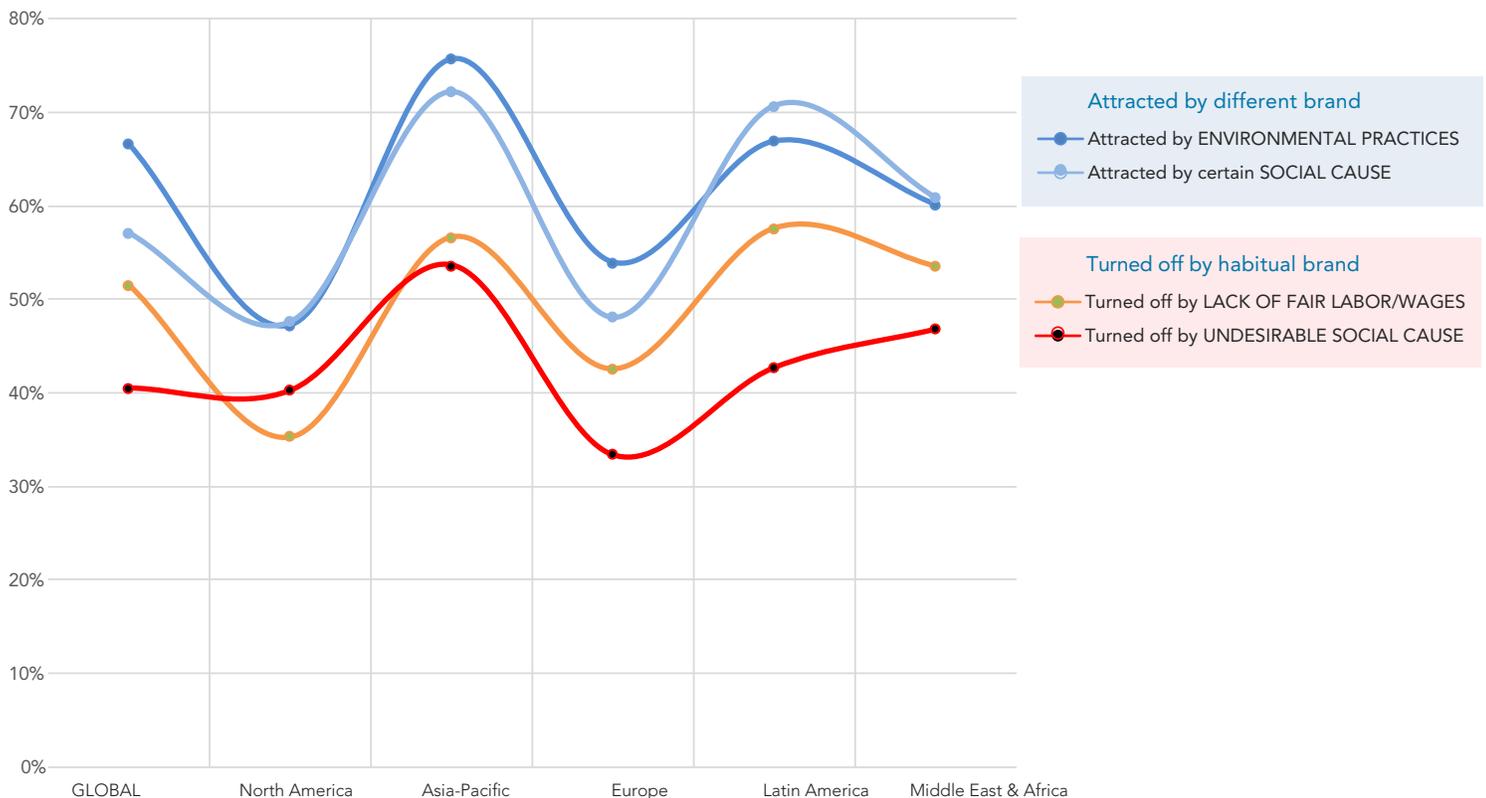
Switching Brands for Sustainability Considerations

Sustainability initiatives can generate important switching effects—both positive and negative

A large share of consumers has at some point switched brands because of a company’s sustainability practices or lack thereof: at the highest end, 76 percent of consumers in Asia-Pacific have switched to brands because of “better environmental practices”; and at the lowest end, 33 percent of consumers in Europe have switched away from brands that supported social causes they didn’t agree with.

Generally, consumers are more inclined to switch brands for sustainability features that *attract* them, such as environmental practices or the brand’s support of certain social causes they believe in, than for practices that *turn them off*, such as lack of fair labor practices or support of social causes they don’t believe in. In Europe and Asia-Pacific,

Consumers are more inclined to switch brands for sustainability features that attract them than for practices that turn them off



Survey questions: Have you ever bought a different brand that has better environmental practices? Have you ever bought a different product because of the different brand’s support for a social cause you believe in? Have you ever bought a different product because your preferred brand supported a social cause you do NOT believe in? Have you ever bought a different brand upon learning that your current brand did not have fair labor conditions/wages?

Graphs show percentage of respondents who have switched brands for the indicated reasons. Sample size: 500 per market, 64 markets

Source: *The Conference Board® Global Consumer Confidence Survey*, conducted in collaboration with Nielsen

“better environmental practices” have caused the strongest brand switching among the various sustainability initiatives. In contrast, in the other regions, it is brands’ support of certain locally favored social causes that has inspired slightly more than or about the same switching as environmental initiatives.

Overall, Asia-Pacific and Latin American consumers are most likely to vote with their wallets, while European and North American consumers are least likely to switch brands because of certain sustainable business practices. One reason for these regional discrepancies might be that the sustainability price premium is generally a bigger concern in North America and Europe, especially for environmental features and endorsement of social causes.

Consumers are more willing to accept brands’ support of social causes they don’t like than unethical labor practices

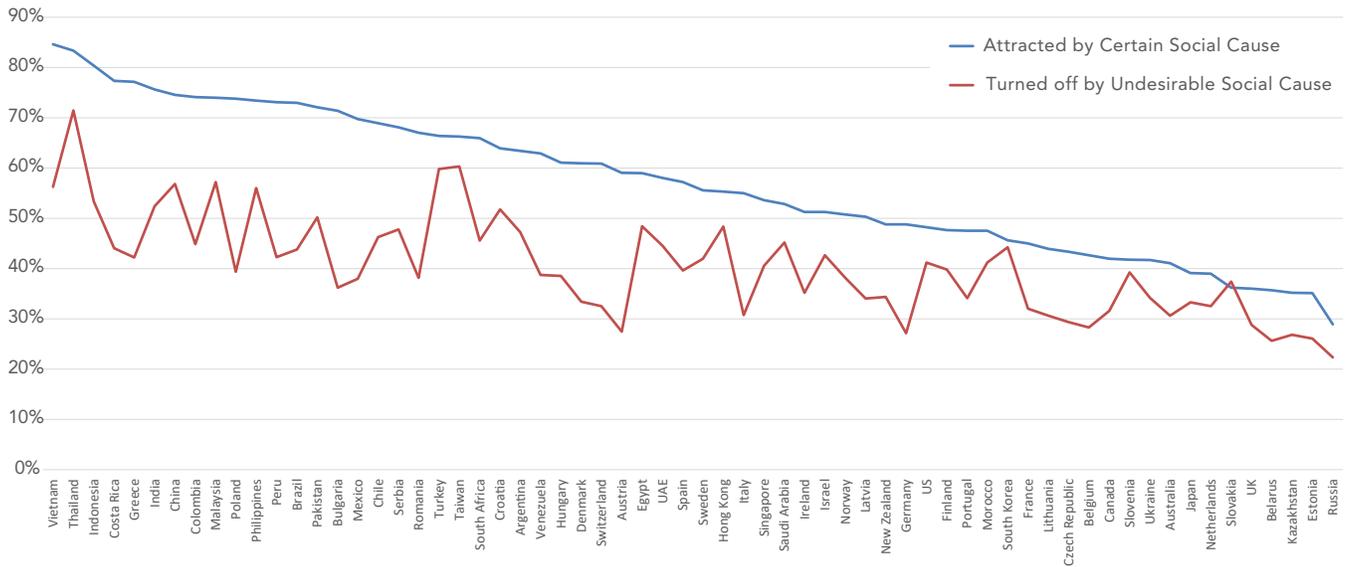
Lack of fair labor/wage conditions is generally a stronger driver of brand attrition than a specific brand-supported social cause that consumers don’t like, indicating that consumers have certain requirements for brands’ labor ethics. The only exception is North America, where consumers are more likely to turn away from brands whose social values they don’t support than to switch from a brand with unfair labor practices. North American consumers’ relatively strong inclination to switch from brands that support causes they disagree with might be a reflection of their greater willingness to express their disagreement with causes that don’t align with their values, as well as a higher occurrence in this region of brands taking social positions.

Support of social causes is a tightrope walk that can motivate purchases—or attrition

Across the world, brands’ endorsement of social causes that appeal to consumers seems to drive a greater gain of purchases than their support of social stances customers don’t like generates a loss (Slovakia is the only exception). Consumers in some markets (e.g., Thailand, Taiwan, and Turkey) have been almost equally activist in supporting and rejecting social causes with their choice of brands.

If brands choose to endorse social causes, they should support those that fit the brand authentically, be mindful of the views of their customers and employees to prevent attrition and ill will, and ensure that their actions reflect their stated values.

Consumers are more likely to switch to brands that support social causes they agree with than to turn away from brands that support causes they don't appreciate



Survey question: Have you ever bought a different product because of your preferred brand's support for a social cause you believe in/you do NOT believe in?

Graphs show percentage of respondents that have switched brands for the indicated reasons. Sample size: 500 per market, 64 markets

Source: *The Conference Board® Global Consumer Confidence Survey*, conducted in collaboration with Nielsen

Where Consumers Rank Sustainability among Their Buying Criteria

How much does sustainability matter at checkout?

Multiple studies, including this current research, indicate that while consumers appreciate and have a growing interest in sustainability features, they still consider other product characteristics, including price, more important. A survey of 2,000 US and UK consumers found that less than 30 percent would be open to paying a sustainability premium compared to the price of an item's regular version, even though more than half the respondents said they wanted to see more sustainable practices from the fashion industry.¹¹ Another study showed that significantly more shoppers are inclined to pay full price for clothes that fit well or provide a great look than for items that are made in a sustainable or environmentally friendly manner.¹² Still another survey about what factors influence fashion purchases found only about a third of millennials saying that they buy apparel items or accessories for their eco-friendliness and sustainable production. Other core buying criteria such as price/value, uniqueness, and brand are vastly more common.¹³ Continuing the theme, yet another survey of young shoppers showed a brand's or company's values/reputation ranked only fifth—after quality, price, customer reviews, and recommendations by one's social circle.¹⁴

Neil Blumenthal, cofounder and co-CEO of Warby Parker, which had mission baked into its DNA when it launched, confirms this, acknowledging that style and fit, value/price, and customer experience are the leading buying criteria for the brand's customers and that its "do good" mission is secondary: "While customers certainly love the fact that we give back, at the end of the day, it's not a critical factor in deciding whether to buy a pair of glasses."¹⁵

How sustainability features play into two consumption decisions: home appliances and daily transportation

Our own research in two distinct spending categories, home appliances and daily transportation, bears out the point that sustainability is a secondary purchasing criterion for consumers. Sustainability features such as energy efficiency, environmental impact, and country of production generally rank lower in these two product and service categories than price, performance/function features, and convenience.

11 George-Parkin, "How Brands Should Sell Sustainability to Consumers."

12 Catherine Salfino, "Why It's Imperative to Connect with Gen Z on Social, Sustainability Issues," *Sourcing Journal*, March 7, 2019.

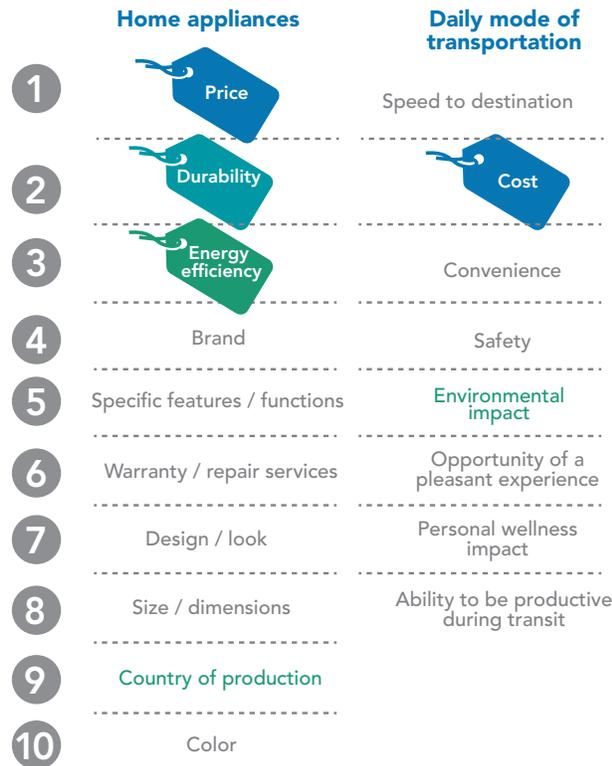
13 "LIM College Study Reveals That When It Comes to Buying, Millennials Are Not Eco-Fashionistas," PR Newswire, February 13, 2018.

14 Ferguson, "Dollars & Change."

15 Christine Lagorio-Chafkin, "Warby Parker Had a Mission. Its Customers Didn't Care. Here's How the Company Changed Its Message," *Inc.*, April 11, 2019.



Consumers' decision criteria for selecting **home appliances** and **daily mode of transportation**: practical criteria such as price and utilitarian features dominate globally, while sustainability-oriented ones are a lower priority



Survey questions: Now we would like you to think back to when you last purchased a major home appliance. Which factors did you consider? Please rank your top 3. When you have a choice between different transportation options, what most influences which you choose? Rank the top 3. Sample size: 500 per market (64 markets).

Source: *Consumers' Attitudes about Sustainability*, The Conference Board

When consumers buy home appliances, financial criteria matter most to them

When it comes to buying major home appliances, price is the leading decision criterion worldwide. Durability (essentially price amortized over years of use) is second overall, while energy efficiency ranks third. Price being more important to consumers than energy efficiency is consistent with other research that shows that appliance and electronics shoppers usually don't consider energy efficiency, and even when they do, they care more about the price of the item than about future energy savings.¹⁶

16 Katherine White, David J. Hardisty, and Rishad Habib, "The Elusive Green Consumer," *Harvard Business Review*, July-August 2019.

Durability and energy efficiency can be considered both environmental and financial features. However, the financial benefits of energy efficiency may matter more to consumers than the environmental ones: a set of studies found that consumers respond better to information stated in dollar terms than in energy terms (e.g., fuel savings), especially when the financial implications are expressed as cost (losses) rather than savings (gains).¹⁷ Similarly, durability might make consumers think more of the price of a big-ticket item such as a major home appliance, as well as the effort required to replace an appliance, than the environmental benefits of longer-lasting appliances.



Durability and energy efficiency can be considered **both environmental and financial features**, but the latter might still be the more dominant consideration



	GLOBAL	North America	Asia-Pacific	Europe	Latin America	Middle East & Africa
Price	1	1	1	1	1	1
Durability	2	2	2	4	2	2
Energy efficiency	3	3	3	2	5	5
Brand	4	4	4	5	3	4
Specific features/ functions	5	5	5	3	4	6
Warranty/ repair services	6	8	6	6	6	3
Design/ look	7	7	7	8	7	8
Size/ dimensions	8	6	8	7	8	9
Country of production	9	10	9	9	9	7
Color	10	9	10	10	10	10

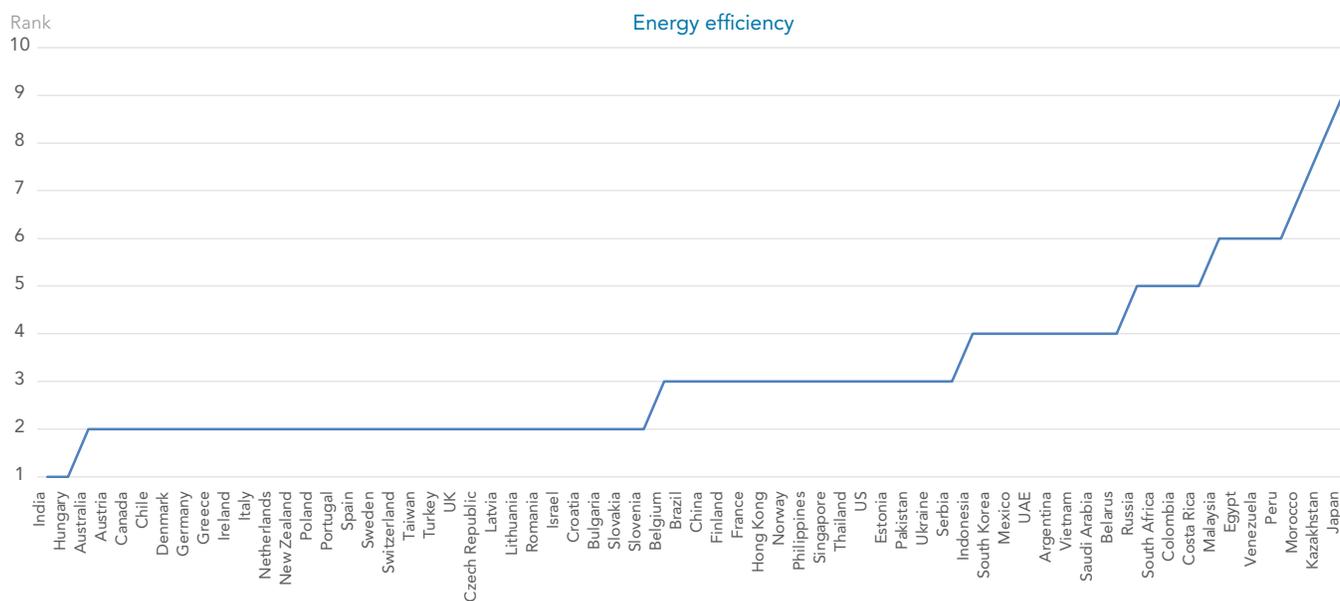
Please rank your top 3. Sample size: 500 per market (64 markets)

Source: *The Conference Board® Global Consumer Confidence Survey*, conducted in collaboration with Nielsen

17 David J. Hardisty, Yoonji Shim, Daniel Sun, and Dale Griffin, “Encouraging Energy Efficiency: Product Labels Activate Temporal Trade-Offs,” working paper, pp. 3, 7, and 34–35.

While energy efficiency places higher in Europe, namely in second place, this might also be driven by the generally pricier energy there and thus people’s greater focus on cost. Average electricity prices are comparatively higher in Germany, Spain, Italy, Denmark, and the UK than in many other parts of the world.¹⁸ In the past, several European countries also offered financial incentives for purchasing energy-efficient appliances, suggesting that the higher upfront expense for energy efficiency may play into people’s purchasing decision and that the government wants to foster the use of energy-efficient appliances; for example, tax credits in France, Italy, and Sweden; a rebate program in the Netherlands; and sales tax reduction on energy-efficient appliances in the UK.¹⁹ All of these programs essentially reduced an appliance’s price, which is the number one feature that European shoppers consider when buying appliances. Today, governmental support for purchases of environmentally friendly, investment-type items has moved to financial incentives for home solar panels or electric cars, for example. Europe’s concern with the environment, encapsulated in the European Parliament’s recent declaration of a “climate and environmental emergency,”²⁰ may also have contributed to energy efficiency’s placing higher there than in other regions.

Unlike in other regions, in almost all European markets, energy efficiency ranks among the top 3 factors consumers consider when buying a home appliance, reflecting consumers’ concerns about both energy cost and the environment



Survey question: Now we would like you to think back to when you last purchased a major home appliance. Which factors did you consider? Please rank your top 3.
 Sample size: 500 per market, 64 markets

Source: *The Conference Board® Global Consumer Confidence Survey*, conducted in collaboration with Nielsen

18 “Average Electricity Prices around the World: \$/kWh,” Ovo Energy.
 19 Stephane de la Rue du Can, Amol Phadke, Greg Leventis, and Anand Gopal, *A Global Review of Incentive Programs to Accelerate Energy-Efficient Appliances and Equipment*, Super-efficient Equipment and Appliance Deployment, August 2013, pp. 12–16.
 20 Jennifer Rankin, “Our House Is on Fire: EU Parliament Declares Climate Emergency,” *Guardian*, November 28, 2019.

The country where home appliances are produced can be interpreted as both a quality signifier and a sustainability feature due to the environmental impact of transportation and potentially weaker labor conditions in the manufacturing country. With only a handful of exceptions, consumers seem largely uninterested in where their appliances are made. Only in five of the 64 markets included in this research does *country of production* rank among the top five of the 10 purchasing criteria surveyed.

Environment and health are secondary considerations for commuters

Practical criteria and requirements reign in consumers' choice of their means of daily transportation. Speed to destination, cost, and convenience are the leading criteria. The environment is a minor consideration, and consumers' own health even less of one, when it comes to deciding between transportation options. These findings may partly reflect the unfeasibility of certain transportation options given real-world considerations (e.g., distance between home and work, street conditions).

SURVEY QUESTION:

When you have a choice between different transportation options, what most influences which you choose?

What influences transportation choices: **environmental and health considerations** are only an afterthought



	GLOBAL	North America	Asia-Pacific	Europe	Latin America	Middle East & Africa
Speed to get to your destination	1	3	1	1	2	2
Cost	2	2	3	2	1	1
Convenience	3	1	2	3	4	3
Safety	4	4	4	4	3	4
Environmental impact	5	5	5	5	5	5
Opportunity of a pleasant experience	6	6	6	7	7	7
Personal wellness impact	7	7	7	6	6	6
Ability to be productive during transit	8	8	8	8	8	8
Other	9	9	9	9	9	9

Rank the top 3. Sample size: 500 per market (64 markets)

Source: The Conference Board® Global Consumer Confidence Survey, conducted in collaboration with Nielsen

How the world commutes

As might have been expected, globally the top two modes of daily transportation are personal vehicles and public transportation. The most sustainability friendly of the options, *bike/walk*, ranks third, consistent with the finding that practical decision criteria trump sustainability considerations in the choice of daily transportation mode.

While public transportation is the number three transportation mode in North America (no surprise given the vast distances and low density of public transit infrastructure), biking/walking ranks higher in this region than elsewhere. North American cities' and companies' initiatives and communication efforts to encourage environmentally friendly, healthy ways of commuting may have contributed to this high ranking. For example, many North American cities have established bike-sharing programs and participate in Bike-to-Work Day to promote commuting by bike. Some employers also provide financial incentives for commutes that double as physical exercise for employees.

SURVEY QUESTION:

*Thinking about your average **daily transportation**, which **options** do you use the most?*

Most people use **personal vehicles and public transit** for their daily commutes



	GLOBAL	North America	Asia-Pacific	Europe	Latin America	Middle East & Africa
Personal vehicle (e.g., car, truck, SUV, motorcycle, moped)	1	1	2	1	2	1
Public transportation (e.g., bus, subway, train)	2	3	1	2	1	2
Bike/ walk	3	2	3	3	3	4
Taxi (Lyft, Uber, Careem, Taxi)	4	4	4	4	4	3
Other	5	5	5	5	5	5

Rank the top 3. Sample size: 500 per market (64 markets)

Source: *The Conference Board® Global Consumer Confidence Survey*, conducted in collaboration with Nielsen

Where sustainability falls in the Hierarchy of Consumer Needs

While consumers value and seek sustainable features in the brands they patronize, their consumption decisions still demand that certain basic criteria such as product and service function, performance, quality, price, brand, and customer experience be satisfied first.

One can illustrate these different consumer needs with an adapted version of Abraham Maslow's "Hierarchy of Needs" framework. This framework posits that people first satisfy their basic lower-level or "deficiency" needs (physiological, safety, love and belonging, esteem) before attending to their higher-level, or "growth" needs (self-actualization), which represent more sophisticated desires.

The "Hierarchy of Consumer Needs" pyramid illustrates consumers' decision criteria, where sustainability benefits can be considered growth needs at the top of the pyramid. These benefits are generally additional attractive features that enhance an offering after basic buying or usage requirements have been met. Core attributes (deficiency needs) include the features of the product or service, price and promotions, branding and communications, customer experience, and distribution channels.

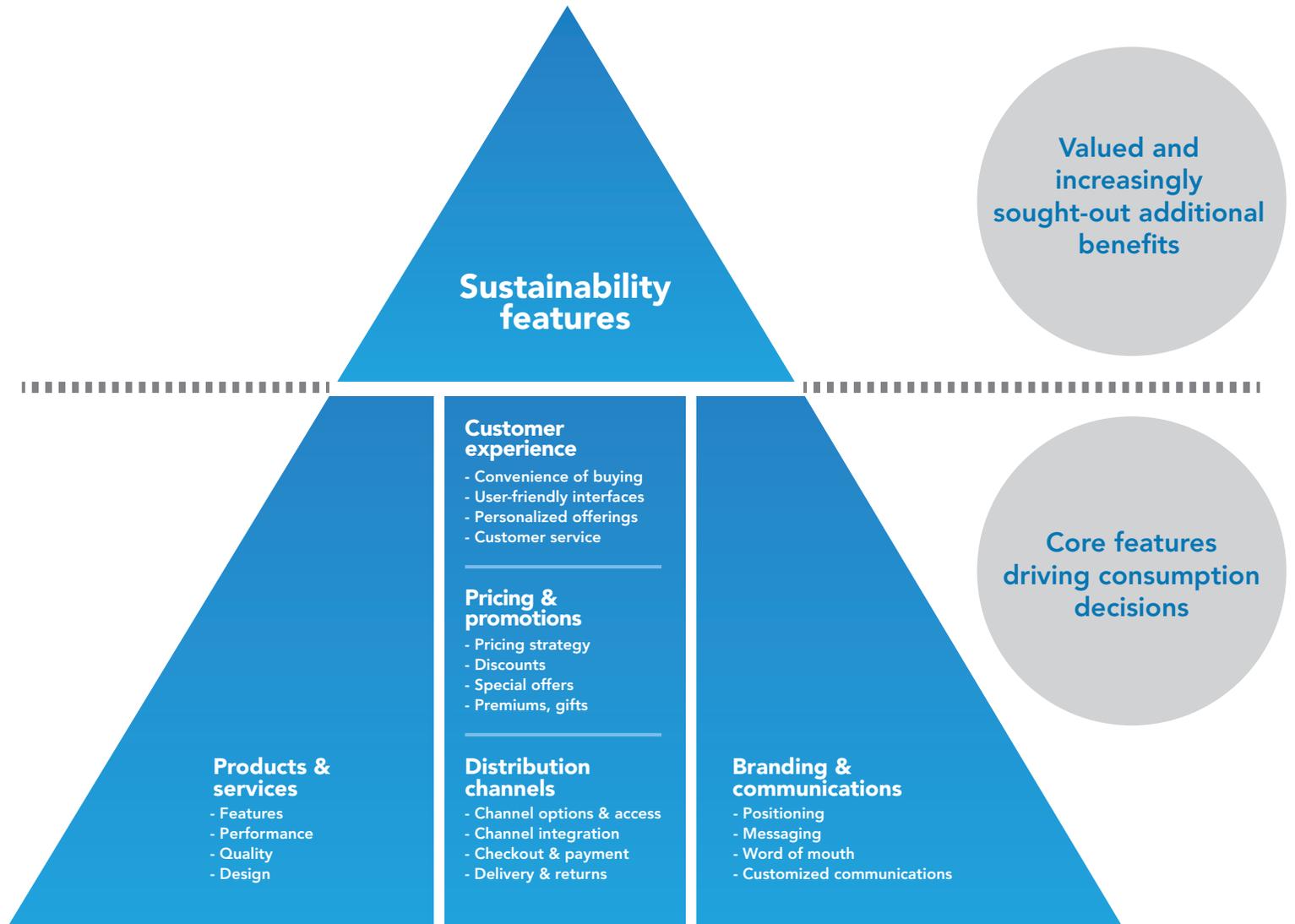
To be sure, some brands such as US-based Ben & Jerry's ice cream, France's sustainable footwear pioneer Veja, or Malaysia's Buds Cherished Organics skincare for babies and mothers have sustainability orientation in their DNA. In these cases, sustainability is not an add-on but constitutes the core of the brand—and the pyramid—and thus is a primary criterion. In addition, valued sustainability features can make up for weaknesses on basic criteria; for example, shoppers might more willingly accept an offline-only store, limited hours, and slightly higher prices from a local organic grocery store than from a regular one.

Excellence in product and service quality, customer experience, price, and other core purchasing criteria remains paramount for companies, whereas catering to consumers' growing interest in sustainability features is an added requirement to stay relevant and competitive. As Richard Slater, Chief Research and Development Officer at Unilever, says: "The onus is on us as consumer companies to innovate and come up with solutions that are great for people. [...] I think we've got to offer fantastic solutions that are convenient at the right price."²¹

21 Tonya Mosley and Allison Hagan, "Unilever, Maker of Dove and Lipton, Pledges to Cut Non-Recycled Plastic Use in Half by 2025," WBUR, October 21, 2019.

Hierarchy of Consumer Needs

Sustainability features can be a differentiator once consumers' core criteria such as **product features, quality, price, branding, customer experience, and distribution channels** have been met



Source: *Consumers' Attitudes about Sustainability*, The Conference Board

Our methodology

This research is based on *The Conference Board® Global Consumer Confidence Survey*, an online survey of more than 30,000 consumers in 64 markets, conducted in collaboration with Nielsen in February 2019.

It describes **consumers' subjective perceptions, interpretations, attitudes, preferences, and behavior regarding corporate sustainability initiatives and their own consumption choices**. Because one of our research objectives was to find out how consumers define "sustainability," we did not provide a definition in the survey.

That said, **what we consider corporate sustainability initiatives in this research are corporate plans, actions, practices, and statements aimed at producing or promoting environmental or social protections and benefits**—regardless of these activities' objective sustainability outcomes. Corporate sustainability programs include environmentally friendly product features and production standards, fair labor conditions, and fair trade prices, as well as the support and promotion of certain social values.

Our focus in this research on **environmental and social aspects of sustainability** is in line with the United Nations' attention to these two dimensions of sustainability: "Environmental and Social Sustainability (ESS) is the adaption and integration of precautionary environmental and social principles and considerations into decision making processes." They also correspond to two of the three aspects of the [Triple Bottom Line](#) concept that are most relevant from consumers' perspective; namely, companies' social and environmental performance, which together with companies' financial results make up the Triple Bottom Line.

The survey sample includes 500 respondents per market, representative of each market's online population by age and gender. The markets represented in this study have at least 60 percent online penetration or 10 million online users. The 64 markets are:

Asia-Pacific	Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam
Europe	Austria, Belarus, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Kazakhstan, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, UK, Ukraine
Latin America	Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru, Venezuela
Middle East & Africa	Egypt, Morocco, Pakistan, Saudi Arabia, South Africa, United Arab Emirates
North America	Canada, US

About the Author



Denise Dahlhoff is Senior Researcher, Consumer Research at The Conference Board and a Senior Fellow at the Wharton School's Lauder Institute for Management and International Studies. Previously, she was the Research Director of the Wharton School's Baker Retailing Center and also held positions with Wharton Executive Education, Nielsen's Marketing Analytics team, and global pricing consultancy Simon, Kucher & Partners.

Denise's experience includes quantitative and qualitative marketing-related research for academic and consulting projects, and she has written publications on retail, consumer, and marketing topics for business and academic audiences. Her academic work includes her [dissertation](#) on marketing-related motives of M&As in the food industry and [coauthored research](#) on the intangible value of different kinds of branding strategies, which won the Marketing Science Institute's Robert D. Buzzell MSI Best Paper Award.

Denise has taught marketing courses at the University of Pennsylvania, Cornell University, and the Indian School of Business. She holds a PhD in marketing from the University of Jena, Germany; a diploma in business administration from the University of Mainz, Germany; and a Master of Liberal Arts and a Master of Philosophy in Liberal Arts, both from the University of Pennsylvania.

Acknowledgments

The author would like to thank all the colleagues who have in some way contributed to this project, including Chiqui Cartagena, John Forsyth, Lynn Franco, Allen Li, Chuck Mitchell, Steve Odland, Alex Parkinson, Anuj Saush, Sumair Sayani, Anke Schrader, Uwe Schulte, Thomas Singer, Deanie Sultana, Paul Washington, Bart van Ark, Minji Xie, and the publishing team credited separately on this page.

Related Resources from The Conference Board

Consumers' Attitudes about Sustainability, Part 1: How Consumers Define Sustainability and View Organizations' Sustainability Efforts, February 2020

Higher Expectations: How Organizations Engage with Social Change Issues, August 2019

THE CONFERENCE BOARD is the member-driven think tank that delivers trusted insights for what's ahead. Founded in 1916, we are a nonpartisan, not-for-profit entity holding 501(c)(3) tax-exempt status in the United States.

THE CONFERENCE BOARD, INC. | www.conferenceboard.org
AMERICAS | +1 212 759 0900 | customer.service@conferenceboard.org
ASIA | +65 8298 3403 | service.ap@conferenceboard.org
EUROPE, MIDDLE EAST, AFRICA | +32 2 675 54 05 | brussels@conferenceboard.org
COMMITTEE FOR ECONOMIC DEVELOPMENT
OF THE CONFERENCE BOARD | +1 202 469 7286 | www.ced.org
THE CONFERENCE BOARD OF CANADA | +1 613 526 3280 | www.conferenceboard.ca

PUBLISHING TEAM
Sara Churchville, Peter Drubin,
Rita Jones, Pam Seenaraine, Ray Vella

R-1711-19
ISBN: 978-0-8237-1405-6
© 2020 The Conference Board, Inc. All rights reserved.