

KANTAR



SUSTAINABILITY **SECTOR INDEX**

Establish your brand
leadership in sustainability

The pressure is on. Now is the time for shared value creation for brands, people and the planet.

Environmental issues already define the daily life of one in three people globally. When it gets so personal, people's priorities shift very swiftly from an abstract feeling that society needs to change, to a focus on impactful actions.

Globally, when mapping people's concerns against the UN's 17 Sustainable Development Goals (SDGs), we see 70% worrying about 'Climate Action', 64% about 'Responsible Consumption and Production', 58% about 'Good Health' and 55% about 'Reduced Inequalities'.

There is a large gap between the UN's SDGs, and having a relevant and meaningful brand activation plan that addresses these concerns. Consumers are watching and scrutinising how brands behave regarding global and local challenges. Your brand needs to define how to respond to the sustainable revolution and the changing values of consumers, society and the marketplace. Currently, many brands are not relevant to their consumers' environmental and social concerns.

Kantar's Sustainability Sector Index aims to inspire and guide you to put social and environmental sustainability at the heart of your brand strategy. Only those that act meaningfully in the eyes of their consumers will be able to build stronger, more valuable brands.

Read on to discover five things you need to know to build your brand marketing approach to sustainability and to establish your brand leadership in this sphere.



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ABOUT THE SUSTAINABILITY SECTOR INDEX

With data insights taken from 32,000 interviews across 42 sectors in 33 countries, Kantar's Sustainability Sector Index 2023 is a landmark study that empowers you to build the foundations of your brand's sustainability strategy and activation plan in a consumer-relevant way. It identifies what really matters to consumers, how they behave and how they currently perceive your sector.

Opportunities for growth, change and impact differ on a sector-by-sector basis, hence, the Sustainability Sector Index (SSI) is shaped to show you where and how your brand can credibly play. The SSI enables you to unlock engagement and reap commercial rewards, while also connecting your strategy with the UN's Sustainable Development Goals. How will the Sustainability Sector Index guide your decision-making?

- 1 — Shape your marketing guiding principles around sustainability
- 2 — Prioritise the key topics to focus on, to be the most meaningful
- 3 — Focus on the levers that deliver the most impact & difference
- 4 — Identify shifting consumption, unlock more adoption
- 5 — Sharpen your activations to maximise engagement

Given the wealth of rich content in the full SSI, across global markets, sectors and brands, we have derived a few key insights for this booklet – far more is available in the full report.

To see country coverage go to page »

1 PLAN ACCORDING TO YOUR SECTOR'S PERCEIVED EFFORTS

Which sectors are perceived to be leading the change? And which ones are behind?

Knowing where you are starting from is a key building block in understanding what you need to do. Benchmarking your sector against others can enable you to better understand the dynamics at play in your category.

We rank sectors by people's perceptions of the degree to which they drive progress on environmental and social issues. The Index runs from +100, for driving the most positive change, to -100, for having the most negative impact on the world.

If your sector features in the Top 10, this means that your brand has a credible foundation for sustainability, opening opportunities to lead on some of the most high-profile sustainability concerns that people have and

therefore create shared value that benefits your brand, people, and the planet.

In contrast, being in the bottom 10 sectors means that people see your category as environmentally and socially damaging or behind. Poor or negative ratings set out a clear challenge for radical innovation and substantive change in these areas.

Although not as bad, the middle-ranking sectors also have a long way to go to be seen to contribute positively towards the UN's sustainability goals. A focus on building a more meaningful connection to sustainability is required. This is also a great opportunity for a brand to stand out of the pack.





Spotted your sector?

What does your place in the ranking indicate?

 The **top 10** of the ranking...

Foundation to lead the transformation, look for shared value-creation opportunities

Often a case of unlocking further adoption with efforts on activation and differentiation

 The **middle** of the ranking...

Focus on building a more meaningful connection to sustainability

Opportunity to disrupt and stand out of the pack; identify your sector strengths and weaknesses to find your priority levers

 The **bottom 10** of the ranking...

Inherent issues attached to your sector, work on your shields / defensive play focusing on sector-specific issues

Look for stretch opportunities and/or radical innovation

2

FIND YOUR MOST EFFECTIVE LEVERS OF CHANGE

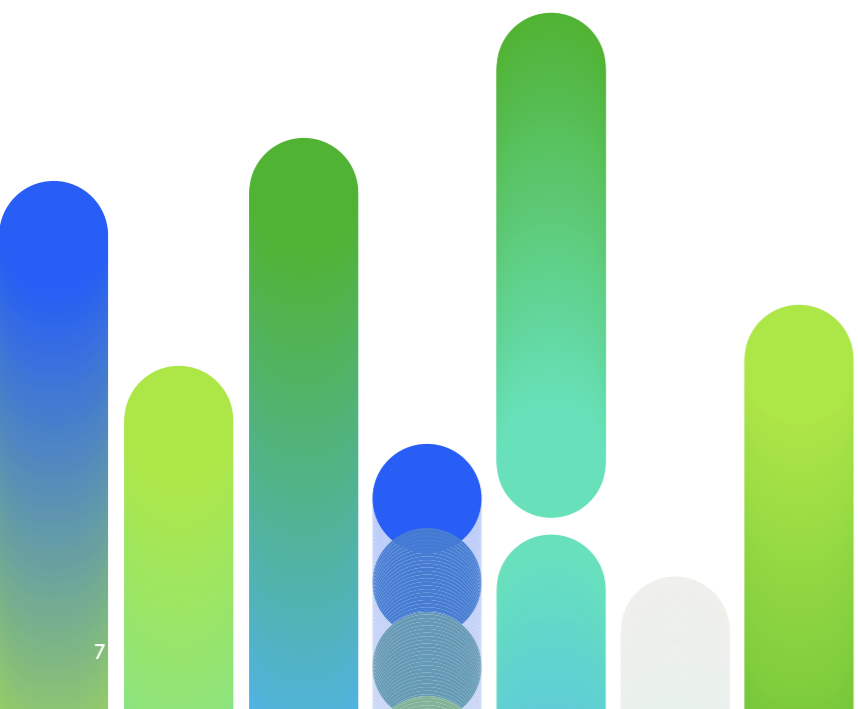
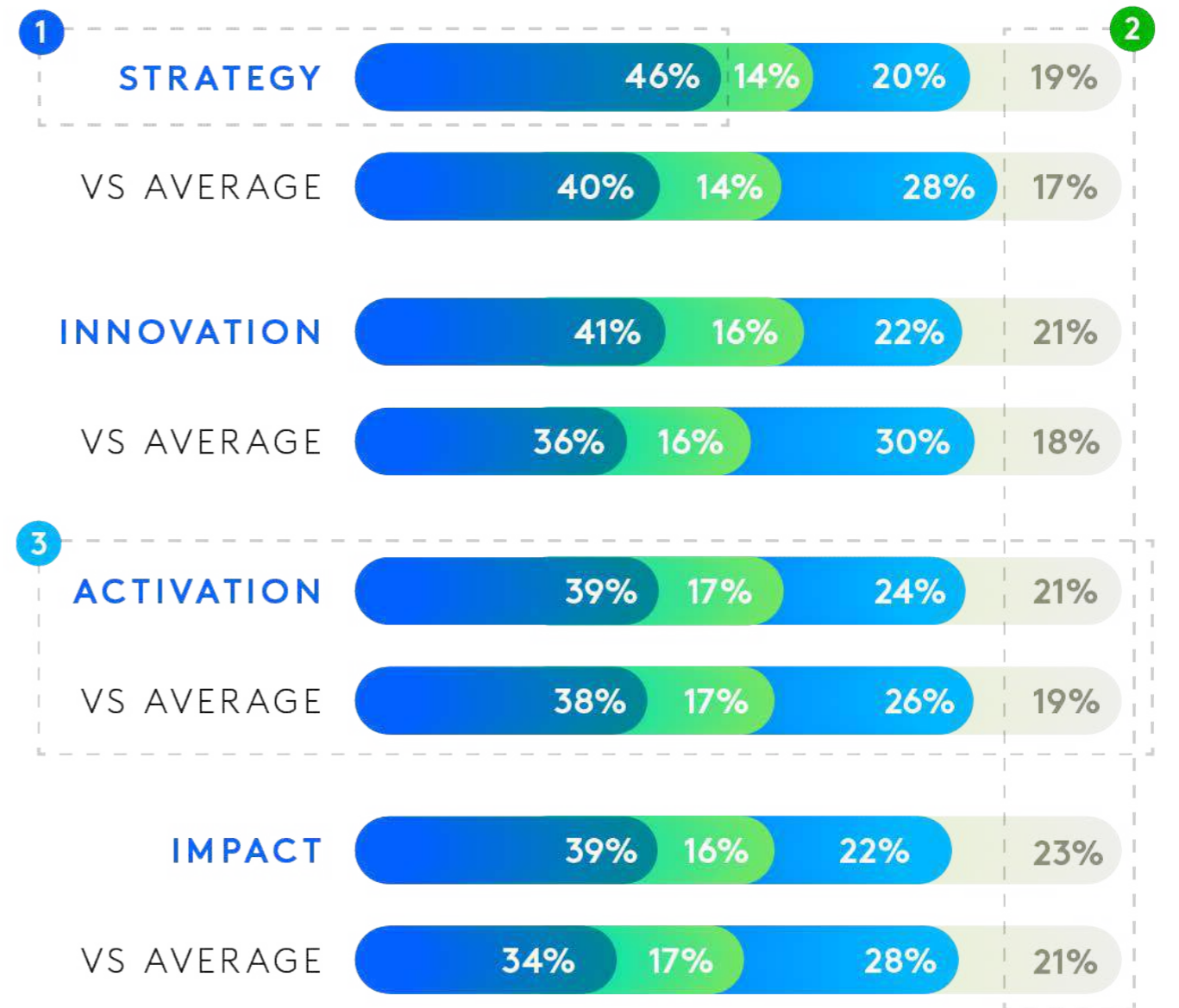
Understanding the perceptions of your sector on specific topics is important in determining where to focus'. Another way to identify your next best move is by looking at your sector's strengths and weaknesses through the lens of marketing levers.

Let's look at Meat-Alternative Protein Products as an example. You can see here on the right, the sector scores against the four key marketing dimensions: Strategy, Innovation, Activation and Impact and how they compare to the cross-sector average.

What should brands in this sector do to further engage consumers?

- 1 Firstly, this sector should continue to play on its strengths – particularly protecting the trust that brands have earned in taking responsibility for addressing issues and bringing meaningful solutions.
- 2 Secondly, we see a notable lack of familiarity compared to other sectors as more people are unaware of this sector than the cross-sector average – there is a need to build further awareness
- 3 And thirdly, activation is the one area where the sector doesn't stand out. An emphasis should be placed on communicating and unlocking value at the point of purchase.

MEAT ALTERNATIVE PROTEIN PRODUCTS 76



3

CONCILIATE GLOBAL AND LOCAL STRATEGIES FROM THE GET-GO

A sector's perceptions can vary dramatically from one country to another. This can create a disconnect between a brand's global strategy and what is needed to engage people in specific countries.

To avoid wasting your efforts, make sure you grasp the similarities and differences between countries to identify country clusters with the same overarching type of sustainability push required.

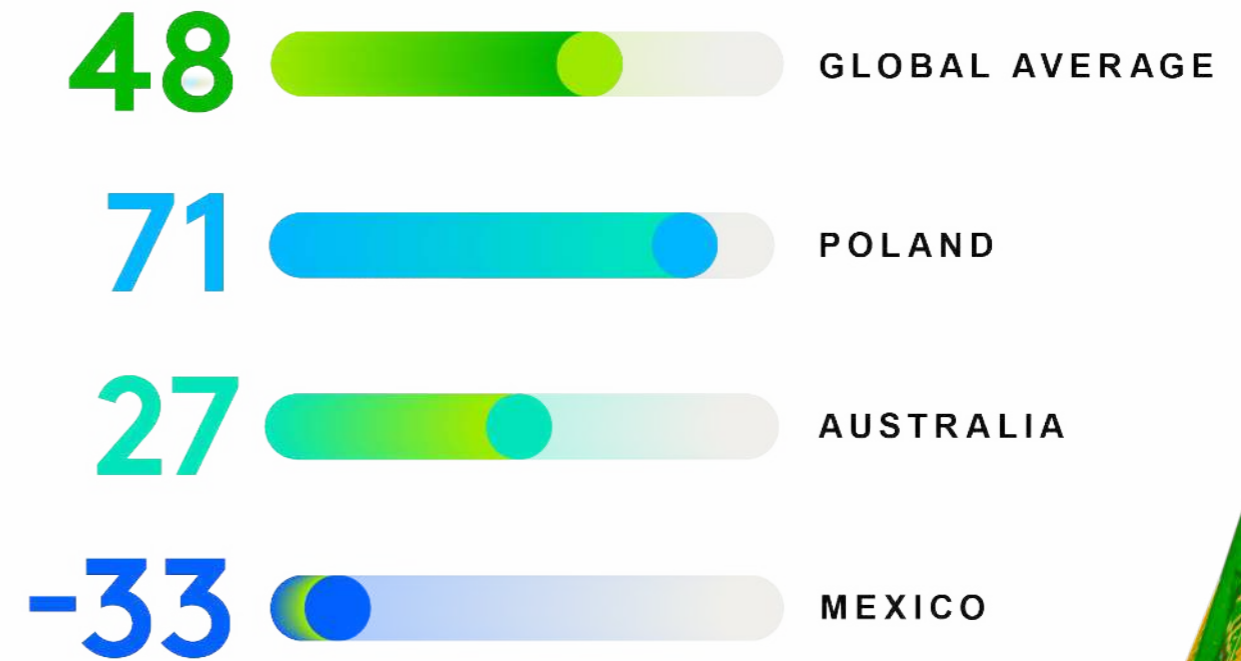
This will enable you to prioritise and drive the global initiatives that will have strong relevance in your key markets and maximise your return on investment. This

will cascade more easily into powerful local applications that will garner the desired consumer engagement. This will also avoid each country reinventing the wheel.

We have highlighted only one sector here, with hugely varying perceptions by country. This demonstrates the value of having a consolidated global overview and specific local dynamics to guide focused action.

Illustration of the differences in Index according to the country for

Financial Services, Banking, Insurance



4

PROACTIVELY ADDRESS THE ISSUE OF GREENWASHING AND SOCIAL WASHING

If your brand deliberately, or unintentionally, makes false or non-credible claims about its sustainability, it may face accusations of **greenwashing** or social washing.

Brands are now facing a crisis of perceived greenwashing and/or social washing across all sectors. Social Media was perceived as the worst culprit with 60% association. However, even though the Pet Food sector has the lowest association, it still scored 42%. Diving into this, our data revealed a troubling finding for brands: as people become more knowledgeable, the more they sense greenwashing, which leads to mistrust and rejection.

On average,

52%

of people globally reported seeing or hearing false or misleading information about brands' sustainable actions.

In 2021, the European Commission and national consumer protection authorities carried out their annual 'sweep' of websites to identify breaches of EU consumer law in online markets. It found that 42% of cases had claims that were exaggerated, false or deceptive and could potentially qualify as unfair commercial practices under EU rules.



Looking at both of these sources we can see a massive problem. How can we encourage people to change their purchase decisions if they don't trust brands' sustainability claims?

To drive the adoption of more sustainable purchases, brands ask people to take a leap of faith in adopting something new and different. In today's disruptive environment, coupled with this crisis of greenwashing/social washing, it is hugely relevant to talk about the importance of trust in enabling change.

One side of the coin is acting with bravery and boldness, developing new models and ways forward. However, to succeed, brands need to demonstrate credible leadership in sustainability. Corporate and consumer-facing brands must have a proactive strategy to inspire trust.

Identification

Connect through a shared set of values and goals.

Integrity

Have clear commitments and do what you say you are going to do.

Inclusion

Make everyone feel that they belong and convey how this is a shared effort to drive impact.



5 EMBRACE SHIFTING BEHAVIOURS IN YOUR SECTOR

Sustainability can influence behaviours sometimes not like we expect – new adoption but also rejection.

REJECTION

In average across sectors

50%

of people say they have either bought less of or stopped buying certain products/services because of their environmental or social negative impact

When talking about sustainable behaviours, the discussion is most often framed around whether people are buying more sustainable options. Indeed, 63% of people globally say they have tried or used brands that have a more positive environmental or social impact, or are open to the idea. So, it's important to look at adoption behaviours and understand what people are pivoting to, or at least trying to.

And yet it's important to point out that a key response people have when concerned about sustainability issues is rejection. What we see is how people have moved away from products they judge to be bad

ADOPTION

In average across sectors

63%

of people say they have tried brands or use brands that have a more positive environmental or social impact or are open to it

environmentally (e.g., plastics) or socially (e.g., fast fashion). On average, 50% of people across sectors say they have bought less of or stopped buying certain products/services because of their negative environmental or social impact.

To some degree, these two types of behaviours will be at play in your category. The more sustainability issues are ignored or addressed ineffectively, the more people might withdraw. That's why we believe the best approach is to embrace and empower the shifting behaviour and show how your brand is leading in this space.

We are experiencing a widening Value-Action gap, a phenomenon whereby people will sometimes act in ways that contradict or are inconsistent with their values.

For example, brands in the Oil and gas (66%), Clothing, footwear (63%) and Packaged biscuits, chips, snacks (62%) categories rank most poorly and present opportunities to close the gap on how consumers need to act on their values.

By delving deep into the values consumers claim to hold true and contrasting them with their actual behaviours, brands gain valuable insights into pinpointing areas of

conflict. Particularly, to drive more adoption it is vital to understand what is holding people back. Armed with this knowledge, brands can craft interventions that pave the way for a seamless shift towards embracing sustainability.

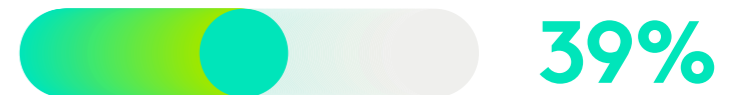
Here are just a few of the practical barriers you can start to action now, to unlock the Value-Action gap and encourage consumers not just to trial your brand's sustainable offer, but to adopt, embrace and champion it.

SIGNAL AND CUE



Feel that it is really hard to tell which products are good or bad ethically or for the environment.

SCALE



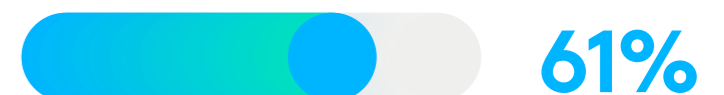
Don't know where to find sustainable/ethical products.

REVIEW PRICING STRATEGY



Say that things better for the environment and/or society are more expensive.

TELL ME WHY



Want clear certification explaining the environmental/ethical benefits that would influence me to buy them.

CONCLUSION

Sustainability isn't an option for brands anymore

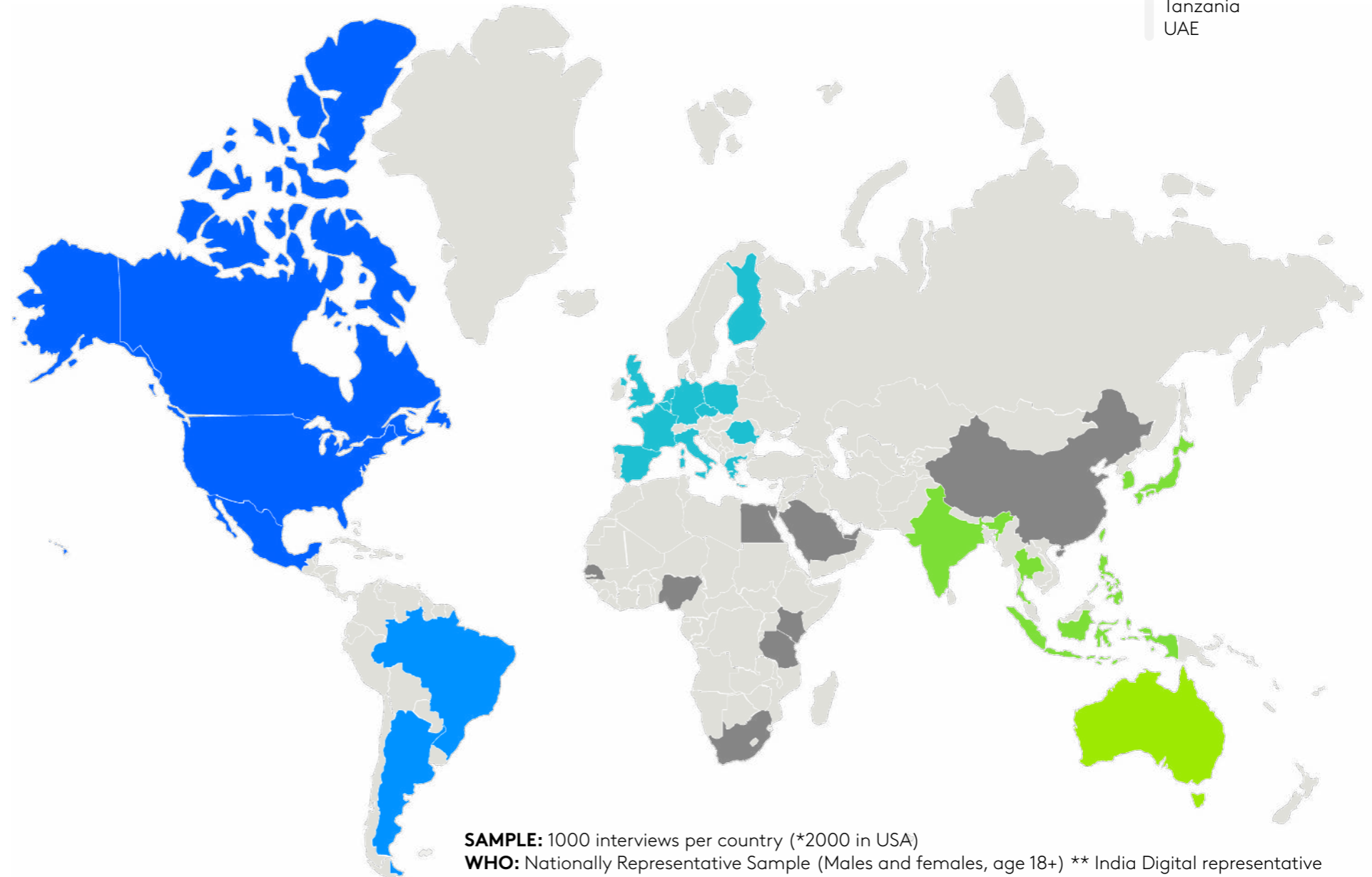
It's a business imperative and a commercial opportunity. Getting this right is crucial. Brands rating highly on the Kantar Sustainability BrandZ Index grew brand value by 31% year on year.

However, many people feel let down when it comes to sustainability. Half of global consumers feel that brands are greenwashing their activities across all sectors. Customers' trust is at the peril of miscommunication and misguided strategies.

Acting with bravery and boldness to lead the way in sustainability is a critical imperative for any sector. Part of the challenge for businesses today is in converting macro corporate ESG strategy into a brand strategy that connects with consumers. This is not easy. Brands need a nuanced understanding of the opportunities to cut through and drive meaningful change. By focusing on shared value creation – what benefits your brand, people and the planet – you can future-proof your business.

SSI covers 42 sectors in 33 countries, supporting powerful global and local strategies

- United States*
- Mexico
- Canada
- Argentina
- Brazil
- Belgium
- Czech Republic
- Finland
- France
- Germany
- Greece
- Italy
- Netherlands
- Poland
- Romania
- Spain
- United Kingdom
- India**
- Indonesia
- Japan
- South Korea
- Philippines
- Taiwan
- Thailand
- Australia
- Available with differences in methodology
- China
- Egypt
- Saudi Arabia
- Kenya
- Nigeria
- South Africa
- Senegal
- Tanzania
- UAE



SAMPLE: 1000 interviews per country (*2000 in USA)
WHO: Nationally Representative Sample (Males and females, age 18+) ** India Digital representative
WHEN: July 2023



HOW CAN KANTAR HELP?

Kantar's Sustainable Transformation Practice works at the intersection of consumers, brands and environmental and social sustainability. In 2022 we worked with over 400 brands to catalyse action across multiple sectors and across the world.

STRATEGIC FRAMING

Develop your 'Sword & Shield' strategy focusing on concerns that fit your category and brand purpose. Understand and prioritise different audiences, including under-represented populations. And define how your brand can deliver it in an authentic, unique and consistent way.

SUSTAINABLE INNOVATION

Put sustainability and underserved high-growth populations at the heart of your innovation development to anticipate disruptive change and develop a relevant portfolio that will enable behaviour change, closing the value-action gap.



MEASURING IMPACT

Ensure your brands' initiatives are making an impact and driving ROI. Benchmarking and brand value metrics provide a strategic feedback loop needed to drive progress across stakeholder audiences.

ENGAGING ACTIVATION

Create engaging communications and executions that will grab people's attention, resonate with people through the right 'human story', convey the right emotions and empower people to act.



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