

A photograph of a man with a beard, wearing a light blue t-shirt and a striped scarf, holding a young child in a denim jacket. They are in a kitchen, with the man looking down at fresh green vegetables on a counter. In the background, there is a refrigerator with magnets, a white pendant light, and a vase with dried flowers.

Long-term sustainability:

Building a healthy brand to last



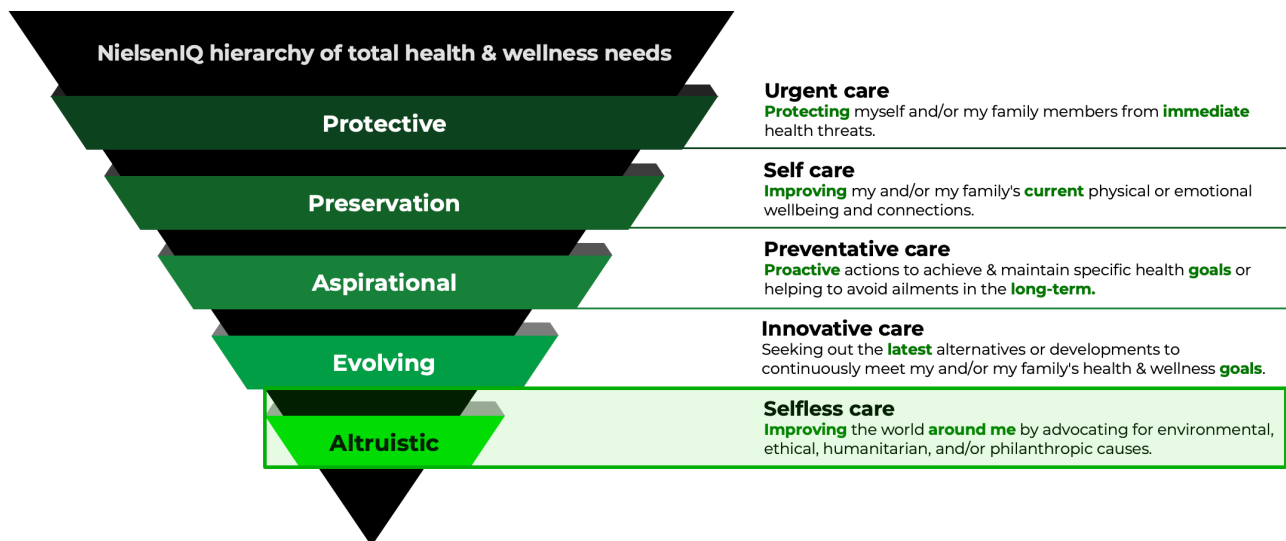
Overview

Every brand wants to be “sustainable,” but that goal can mean a lot of different things. A sustainable brand builds a foundation of loyal customers to ensure success for years to come, but the word now holds double the weight for today’s conscious consumers that care about health, wellness, and environmental sustainability.

Green initiatives are nothing new for consumer brands, but common practices like recyclable packaging aren’t enough anymore. Recyclable materials have become the baseline for consumers. They are looking for the manufacturers and retailers they love to make an even bigger impact on not just the environment, but on people and communities. Attention to environmental sustainability is now a direct indicator of whether a brand will succeed and sustain loyalty over time.

Sustainable, long-term growth is possible for brands that prioritize a healthy, more equitable world if they have the right tools.

Consumers’ health and wellness needs have evolved beyond the basics of physical wellbeing



Decoding total wellness

Consumers care about total wellness, which goes far beyond the health of the individual. **Total wellness** encompasses the person, the planet, and others. It is how we take care of and think about each other.

More consumers than ever are taking a greater interest in the health of the planet and of others, but they do not consider it to be solely a personal responsibility. They are also looking to manufacturers, retailers and government entities to prioritize sustainable practices, both environmentally and socially.

In NielsenIQ’s Global Health & Wellness Study of 17 markets, we found that 64% of U.S. consumers are willing to pay more for products that support communities and vulnerable groups,

61% agree environmental issues are having an adverse impact on their current and future health, 69% want retailer regulation for fresh and healthy food availability and affordability for citizens in all locations, and 30% are more likely to buy products with sustainable credentials.¹



Changes will shape and guide consumer choice

78%

say a sustainable lifestyle is important to them

61%

agree environmental issues are having an adverse impact on their current and future health

30%

are more likely to buy products with sustainable credentials



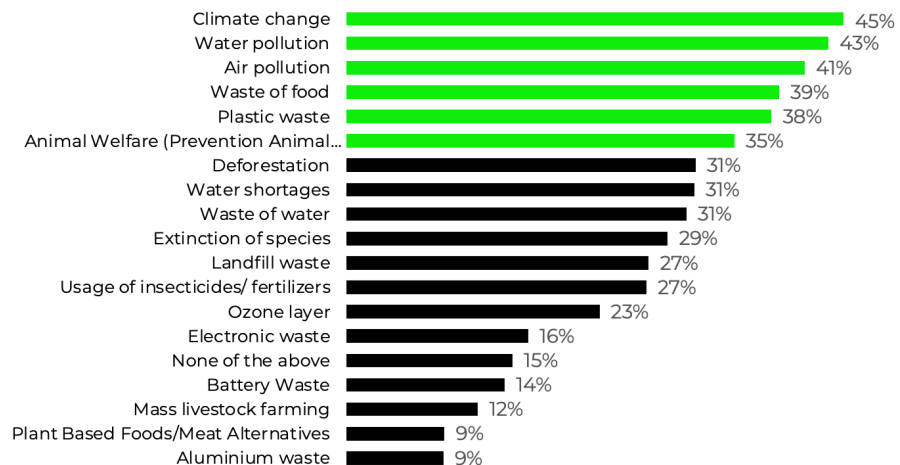
1 Source: NielsenIQ Global Health & Wellness Study of 17 markets, September 2021, US results; NielsenIQ Omnibus Survey, Dec 2021

Our December 2021 Omnibus Survey shows that consumers are concerned with an array of environmental issues, primarily climate change, followed closely by water and air pollution, food waste, plastic waste and animal welfare.



Climate change tops consumer concerns

Which are you most concerned about?



NielsenIQ Omnibus Survey, Dec 2021, Q1. Which of these topics are you personally most concerned about? Please select all that apply? Q2. Overall speaking, how important is a sustainable lifestyle to you?

The total wellness consumer proactively searches for key terms on brand websites and product packaging that align with their lifestyle and goals. Their priorities often shift, flowing into the decision they make on the products and services they will buy and use and the companies that want to support.






Each of these variables play an important role in how consumers want to shape their lives moving forward.

- **Affordability is critical which comes as no surprise when we consider the circumstances so many consumers have faced over the last 2 years**
- **Fresh produce and foods with enhanced nutritional benefits enable consumers to be more proactive and take charge of their physical well being. A fundamental need for hygiene and safety will drive behaviors moving forward.**
- **Understanding that the role we play in the world is much bigger than ourselves – seeking out sustainable options; looking out for more vulnerable members of society and ensuring companies are transparent in their supply chains and authentic in what they stand for.**
- **Local origin has become increasingly important – both as a security against availability issues but also to support local economies and protect communities.**
- **Ongoing at home lifestyles means consumers seek alternative food, household and personal care products that make it easier for them to balance work and life priorities.**



Focus on attributes that matter most to consumers now

More like to buy: Purchase preference change over the last 2 years (More – less likely to buy)

 Health & hygiene	 Social and sustainable	 Cost and quality	 Convenience and time saving	 Origin and experience
Fresh produce	+26 Supported consumers during COVID	+22 Affordable/lower prices	+32 Makes working at home easier	+14 Known & trusted
Nutritional benefits	+18 Environmental/Sustainable	+17 Private Label/Store Brands	+16 Makes household chores easier	+13 From my local neighbourhood
Hygiene/safety claims	+17 Socially responsible	+16 Guarantees - safety/quality	+11	+24
Healthier options	+17 Ingredient/supply chain transparency	+14		+17

Source: NielsenIQ 2022 Consumer Outlook Survey, Dec 2021, US
 Q. How have your brand and product purchasing preferences changed over the last 2 years (since COVID-19)?

To effectively plan for long-term growth, CPG brands need to understand, quantify, and act on these consumer priorities like they would with basic demographic information. Knowing that a target consumer is more likely to purchase items with a specific claim or ingredient, is just as important as knowing their average age and income level.

NielsenIQ tracks more than 90 product attributes across six sustainability pillars

to better understand consumer interests in the wellness space:

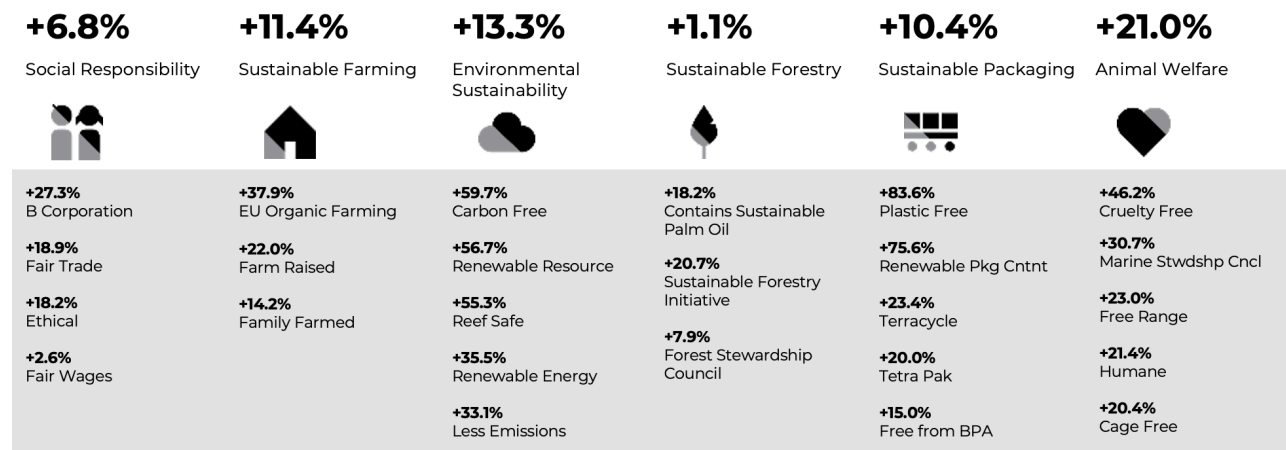
- 1. **Social Responsibility**
- 2. **Sustainable Farming**
- 3. **Environmental Sustainability**
- 4. **Sustainable Forestry**
- 5. **Sustainable Packaging**
- 6. **Animal Welfare**

We are seeing consumers demonstrate that they care most about others, animals, and the environment. Animal welfare, environmental sustainability, and sustainable farming are some of the top claims and certifications that consumers like to see on product packaging.² In personal care, consumer searches for "plastic-free" products are up by 94%, "refillable packaging" is up by 74%, and "disposable" has dropped by 11%.³



Across 90+ attributes illustrate care for environment, others and animals all important

\$ Volume
Total Store Chg. vs 2YA



Claims/Certifications that are stated on package

2. Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight., powered by Label Insight, Total Store; Total US xAOC; Latest 52 weeks W/E 03/26/22 vs 2YA

With access to data that helps you keep track of metrics like these brands can uncover crucial insights and category trends on the horizon and make smarter decisions when it comes to growth and investment plans.



KEY TAKEAWAY

To find the product attributes that will make your brand stand out, you first need access to broad market coverage.

Sustainable packaging is an area of opportunity across store

Recyclable is becoming baseline

		\$ % C2YA	\$ Volume
Proven trends	Total Store	+14%	
	Sustainable Packaging	+13%	\$51.6B
	Recyclable**	+17%	\$269.2B
	Recycled Packaging	+8%	\$36.2B
	Recycled Packaging Content	+8%	\$26.8B
Growing trends	100% recycled paperboard	+8%	\$15.2B
	Biodegradable	+5%	\$7.5B
	Terracycle	+25%	\$7.1B
Developing trends	Tetra pak certified	+22%	\$1.9B
	Renewable Packaging Content	+78%	\$295.4M
	Plastic-Free	+96%	\$185.4M





Packaging search trends*

- + 94% Plastic free Personal Care
- +74% Refillable Packaging Personal Care
- 11% Disposable Personal Care

*Stated claims on package

3 Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; Year end 2021 - 52 weeks W/E 01/01/22 vs 2YA
 *Label Insight search data, annual searches, from Amazon, Shipt, Target, Walmart, Kroger
 **Recyclable is not included in the "Sustainable Packaging" total attribute

Top performing categories for carbon claims

+5% Carbon Zero	+5% Carbon Footprint	+15% Carbon Neutral	+60% Carbon Free
DY – Eggs HB – Hair care FZ – Fruit GR – Beverages HB – Bath & Shower	DY – Eggs FZ – Fruit HB – Hair Care HB – Bath & Shower DY – Beverages	HB – Sexual Health GR – Beverages HB – Vitamins & Supps	GR – Sugar & Sweeteners GR – Beverages GR – Packaged Tea GR – Cookies / Crackers
			

DL = Deli, DY = Dairy, FZ = Frozen, GR = Grocery, HB = Health & Beauty Care

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; Latest 52 weeks W/E 03/26/22 vs 2YA

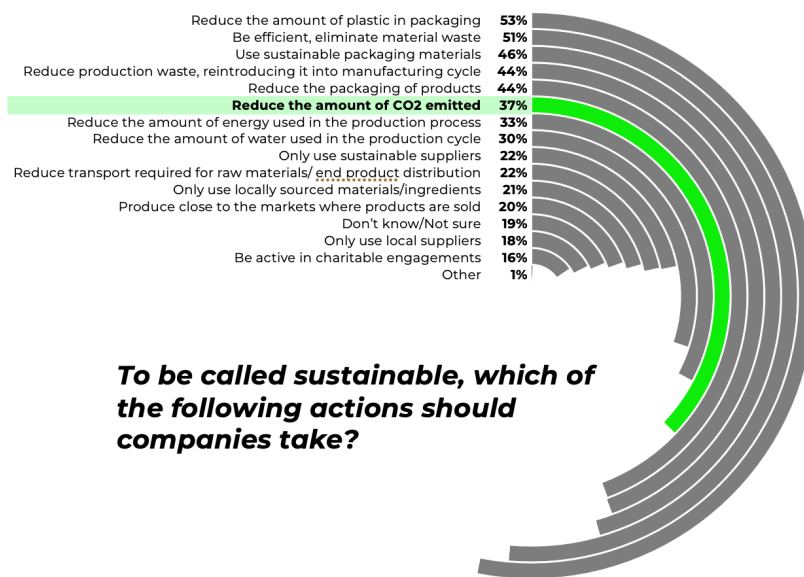
Authenticity and transparency matter

Determining what products and attributes your customers want is only half the battle, however. Consumer skepticism is at an all-time high. Consumers are educated, internet-savvy, and willing to dig deep to research a brand's background. It is not sufficient to put recycling labels on your

products, or vague, low-calorie claims. In addition, brands must not only back up claims, but also understand that when making a purchasing decision, consumers not only weigh whether wellness claims are true, but also whether the product and brand are equitable or elitist.

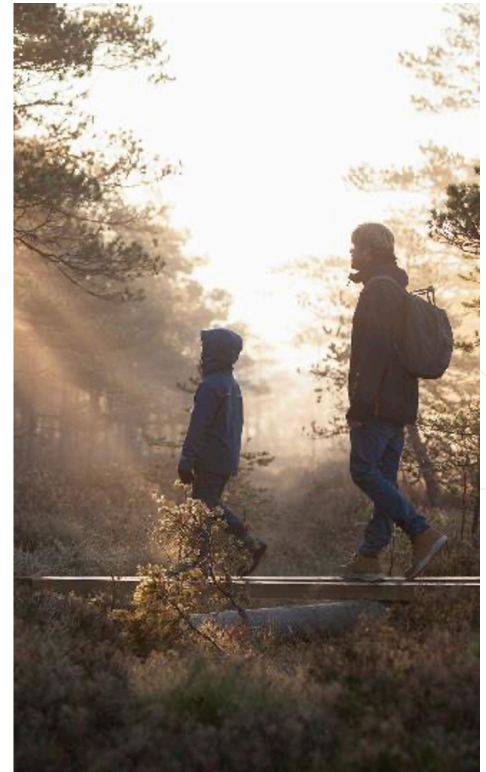
They want to know every detail, such as the working conditions of the people who made the product, or how product residues impact water supplies. Transparency is critically important, and that must include a wide range of factors, like ingredients, nutrition, product sourcing, and production methods.

Consumers want companies to take action



To be called sustainable, which of the following actions should companies take?

NielsenIQ Omnibus Survey, Dec 2021, Q4. To be called sustainable, which of the following actions should companies take? Please select all that apply.



In 2021, food and beverage consumers' interest in social responsibility increased by 27.6% compared to 2019. Their interest in environmental sustainability was up by 19.1% and their interest in sustainable farming increased by 14.8% during the same period.⁴

Businesses deeply committed to the cause are paying attention to this shift and are practicing regeneration to try and correct the ways humans have damaged the planet. Regenerative agriculture has been adopted by many large CPG manufacturers with the aim to offset their environmental impact and reverse climate change.

PepsiCo **plans to expand** its regenerative farming programs to seven million acres and reduce at least three million tons of greenhouse gas emissions by 2030. Nestle is **investing \$1.29 billion** to accelerate its transition to regenerative agriculture throughout its supply chain, which it said entails protecting and restoring the environment, and improving the livelihoods of farmers.



Consumers are demonstrating more interest in sustainability in Food & Beverage categories

\$ % Chg. vs 2YA – Total Store

Department	Social Responsibility	Sustainable Farming	Environmental Sustainability	Sustainable Packaging	Animal Welfare
Total Store	+6.8%	+11.4%	+13.3%	+10.4%	+21.0%
Total Food & Beverage	+22.4%	+12.7%	+16.8%	+12.8%	+18.9%
BevAI	+15.5%	-2.2%	+1.8%	+9.5%	+8.2%
Vitamins/OTC	+44.2%	+14.1%	+15.8%	+3.4%	+15.9%
Beauty/Personal Care	+14.4%	-71.1%	+16.0%	+11.9%	+33.7%
Household Care	-30.5%	+42.4%	+4.3%	+4.7%	+6.9%
Pet Care	-27.0%	+90.9%*	+6.9%	+49.9%	+3.0%

4 Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; Latest 52 weeks W/E 03/26/22 vs 2YA
*Sustainable farming in Pet Care = low volume

How NielsenIQ can help

NielsenIQ is invested in helping emerging and scaling brands succeed and achieve long-term sustainable growth. Sustainability is one of our guiding pillars, and our definition is broad, to encompass consumers' altruistic needs around selfless consumption and the desire to live in a healthy world.

We are trusted experts in measuring the total wellness market, including the most comprehensive view of conventional retail plus Whole Foods Market. We code over 5M products with attributes across categories, including more than 90 sustainability attributes, so you can see where to place your next bet. We can offer strategic guidance to support your growth strategy. We recently launched Byzzzer, an easy-to-use platform specifically created to meet the needs and budgets of small brands who don't have dedicated time and resources to staff an analytics team.

Bring us your growth challenge and we'll help you solve it. Let's talk about creative data solutions for your total wellness challenges.

Book your consult



Who is NielsenIQ?

NielsenIQ is the leader in providing the most complete, unbiased view of consumer behavior, globally. Powered by a groundbreaking consumer data platform and fueled by rich analytic capabilities, NielsenIQ enables bold, confident decision-making for the world's leading consumer goods companies and retailers.

Using comprehensive data sets and measuring all transactions equally, NielsenIQ gives clients a forward-looking view into consumer behavior in order to optimize performance across all retail platforms. Our open philosophy on data integration enables the most influential consumer data sets on the planet. NielsenIQ delivers the complete truth.

NielsenIQ, an Advent International portfolio company, has operations in nearly 100 markets, covering more than 90% of the world's population. For more information, visit nielseniq.com.