



Sustainable Dairy Products - Northeast Summit:
Why is sustainability important to product marketing
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What?

1. Consumers as a force for food sustainability
2. Retailers as a force for food sustainability



Different Consumer Segments Think About Sustainability Differently

The percent (%) denotes the composition of the segment within the U.S general population



LOHAS®:
22%

Proactively environmental – they set the bar



NATURALITES®:
20%

Environmental strivers with some price sensitivity



DRIFTERS®:
24%

Want to be sustainable but need easy solutions



CONVENTIONALS®:
18%

Practical and conventional – looking for cost and environmental savings



UNCONCERNEDS®:
17%

Not involved with environmental issues



Collectively referred to as “Sustainable Mainstream” (SM)

The Sustainable Mainstream wants to be more involved in sustainability but there also needs to be something in it for them; they are striving behaviorally to do more for the environment and feel somewhat empowered that they can make a difference

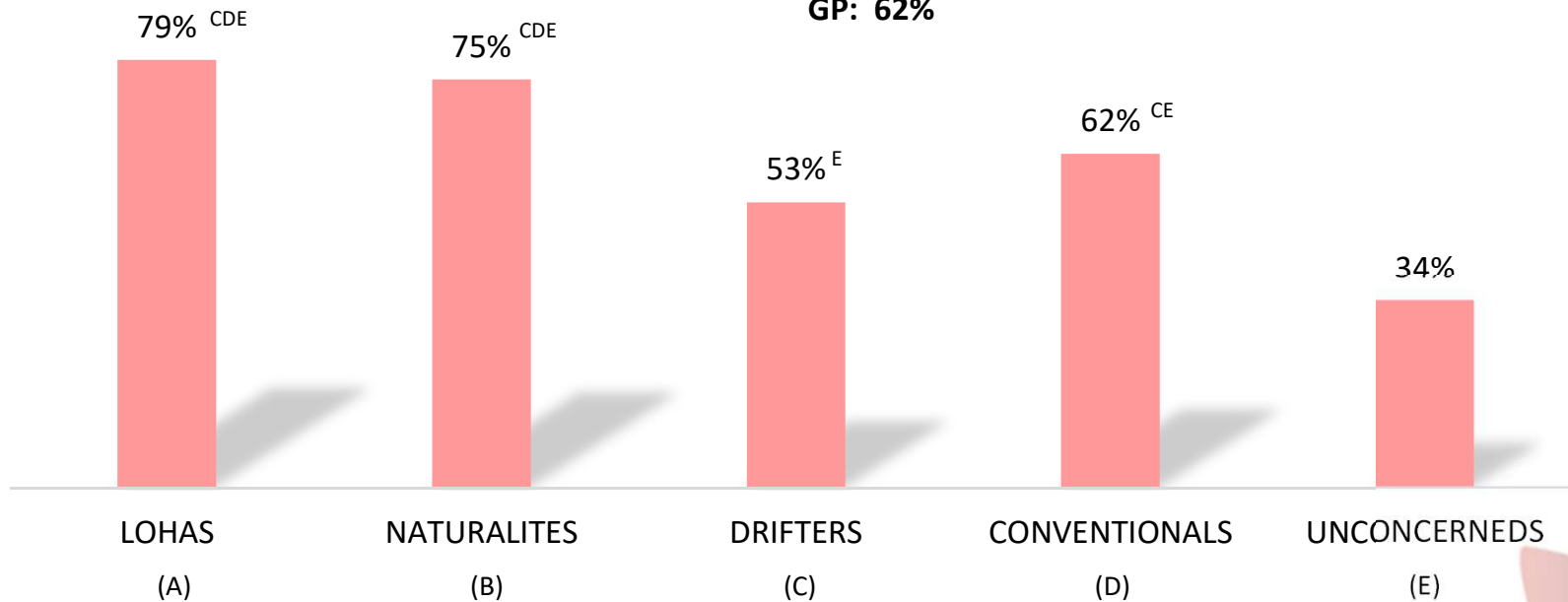
Consumers Are More Likely to Buy Products from Companies Supporting Causes They Believe In



Consumers relate to a range of social programs. However, they are showing an increasing likelihood to show their support by purchasing brands which are aligned with causes they believe in, which still provides them the feeling they are making a contribution and doing the right thing.

% consumers indicating when they see a company supporting a cause they believe in, they are more likely to buy its products

GP: 62%



Capital letters denote where the group is significantly 'greater' than the other groups

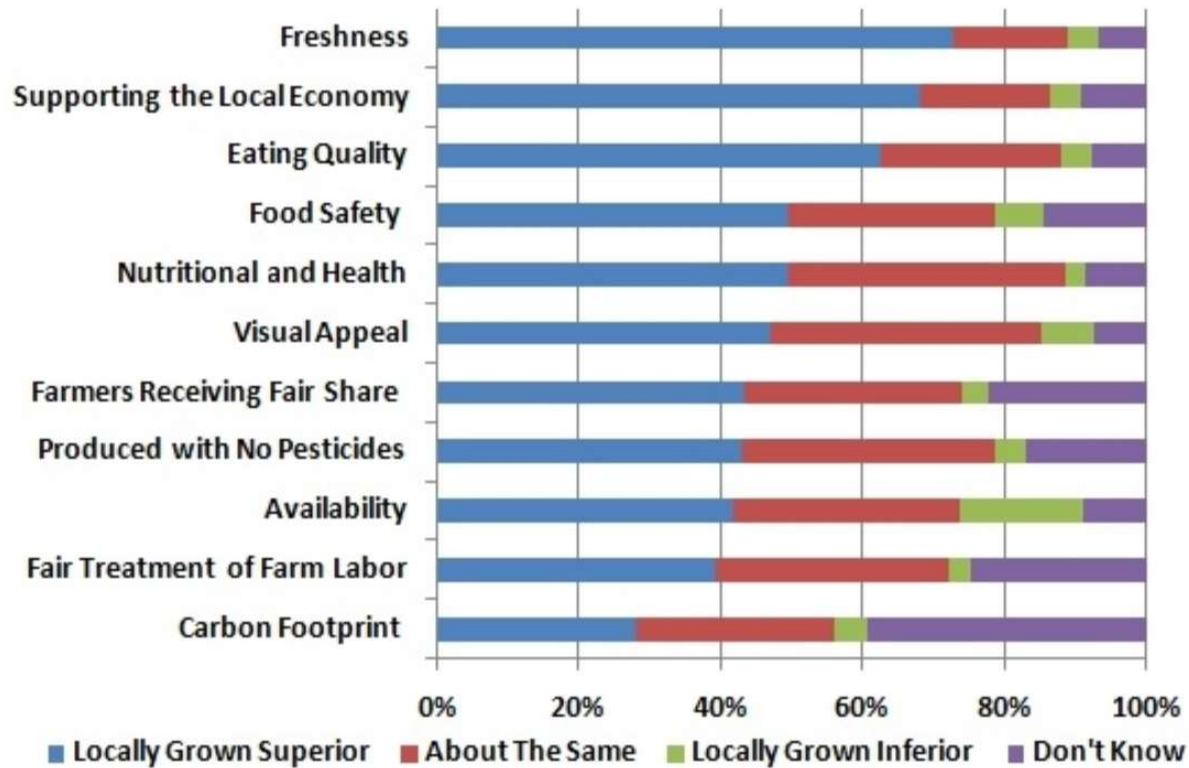
Retail Consumers

Store that use sustainability rating of their food products see an average of 31% increase in sales of the best rated products.



Why do people buy local?

It is not just local.



Enormous Pressure in Industry



RETAILER PRESSURES

Retailers are the ultimate pinch point for NGO campaigns, but they are also under pressure to cut cost and increase sales.



BRAND LEVEL PRESSURES

Big Brands are driving their own sustainability programs and reacting to retail sustainability programs



SUPPLY CHAIN PRESSURES

Questionnaires being driven from the top down the supply chain making it difficult and costly to respond to data requests.

... will this go away?

Walmart



Walmart Driving for Cost Reduction

- ▶ Walmart has been a clear leader in the development of the Sustainability Consortium.
- ▶ Tracking Company Level Sustainability Goals and Objectives
- ▶ Moved to a High Priority List of Chemicals and a Priority List of Chemicals.
- ▶ Better Management of Supply Chains
- ▶ Big Data, Collected a Ton of data
- ▶ Primary Driver is Save Money – Live Better