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NEW FRONTIERS

Winning the Eco-Driven Consumer

Concern over the environment is making headlines…

Young People Worldwide Are Extremely Anxious About The Climate Crisis: Survey

Nearly 60% of young people are "very" or "extremely" worried about the climate crisis, and 45% say this negatively affects their daily life and functioning.

Traffic pollution linked to nearly 2 million new cases of childhood asthma a year, study finds

Climate change destroying homes across the Arctic

The world's oceans saw record warming in 2021 as climate change continues apace

The 6 sustainable packaging trends we'll be watching in 2022

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Source: Huffpost, Chicago Sun Times, BBC, Yahoo News, Greenbiz

Over 1/3 of US households are Eco-Driven

These consumers hold over $1 trillion dollars in spending power, making it crucial for brands and retailers to win Eco-Driven shoppers now

34%

US households that identify as Eco-Driven

44MM

Projected US households

$1.3T

Total projected spending power of Eco-Driven HHs

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Source: Numerator Insights, People Scorecard, Eco-Driven Consumers, L52WE 11/21/21

To consumers, eco-friendly means…

In our **survey** research, respondents self-identified an "eco-friendly lifestyle" as:

Purchasing and using products that have been manufactured using **sustainable methods** thereby **protecting the environment**.

Being **conscious of the products I purchase and use** on a daily basis to do as little or no harm to myself and the planet. **To leave as little trace of myself behind**.

Sustainable, **recyclable** and **reusable**. Making the earth a **cleaner** and better place.

Source: Numerator Instant Survey, December 2021, Eco-Driven consumers n=308, Mainstream consumers n=306
Q1_What does an eco-friendly lifestyle mean to you in your own words?

Who are Eco-Driven consumers and how can they be reached?

Eco-Driven shoppers are ethnically diverse, well-educated urbanites

These shoppers can be reached while **volunteering**, **in the arts** (museums or live theater), or **outdoors** (running, hiking, biking)

Demographics

(%, Index vs Mainstream Consumers)

High Income City-Dwellers

Urban Affluent (11%, 123)
Urban Middle Class (18%, 123)

Younger + Older

18-34 (19%, 105)
65+ (21%, 112)

Ethnically Diverse

African American (14%,121)
Asian (7%, 114)
Hispanic (13%, 104)

Well-Educated

4-year College Degree (27%,123)
Graduate School/Degree (20%, 116)

Psychographics

(%, Index vs Mainstream Consumers)

Artistic Volunteers

Volunteering/Charity Events (21%, 197)
Painting/Drawing (14%, 190)
Visit Museums (40%, 188)
See Live Theater (28%, 185)

Love the Outdoors

Yoga/Pilates (14%,228)
Running (12%, 186)
Hiking (23%, 168)
Biking (Road, Mountain) (16%, 165)
Canoeing/Kayaking/Rafting (13%, 159)

Eco-Transporters

Any Public Transit (11%, 196)
Walking or Biking (23%, 188)
Hybrid or Electric Vehicle (10%, 163)

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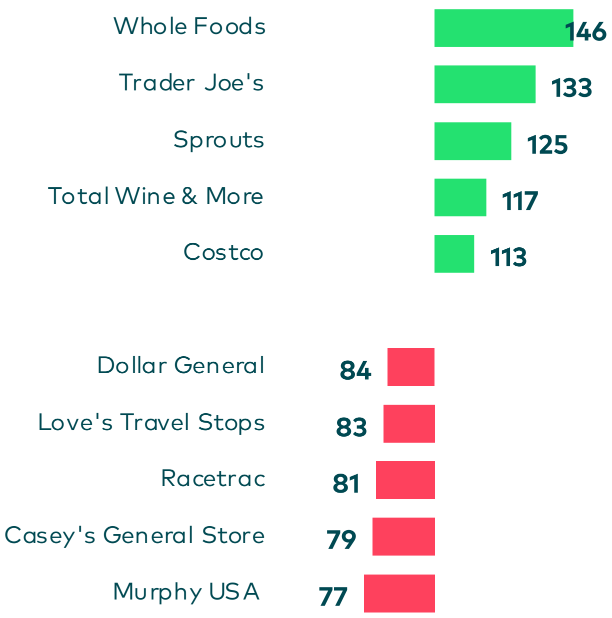
Source: Numerator Insights, Shopper Profile & Psychographics, Eco-Driven Consumers vs. Mainstream Consumers, L52WE 11/21/21

Meet Eco-Driven consumers where they shop

Albertsons, Costco, Target, and Amazon resonate across product sectors, and health-focused retailers are key within Grocery. Walmart, Sam's Club, and Dollar & Convenience retailers need to better reach eco-driven shoppers.

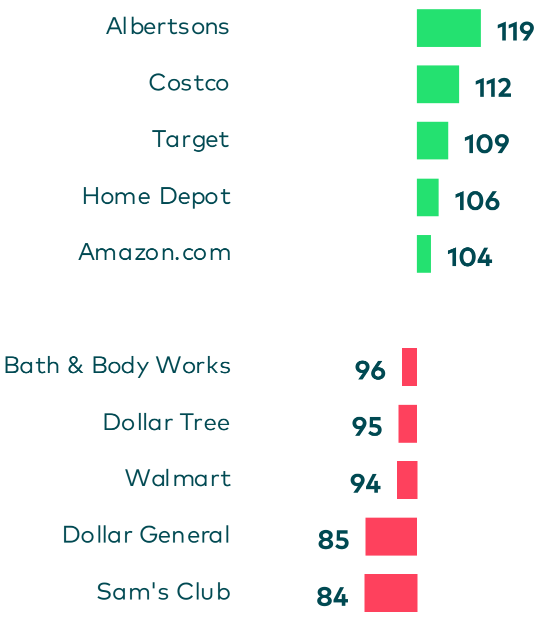
Grocery

Index: % Eco-Driven Shopper vs. % Mainstream Shopper



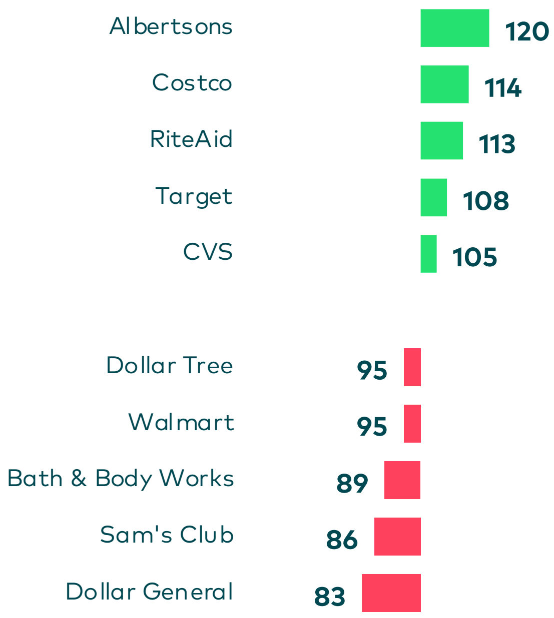
Household

Index: % Eco-Driven Shopper vs. % Mainstream Shopper



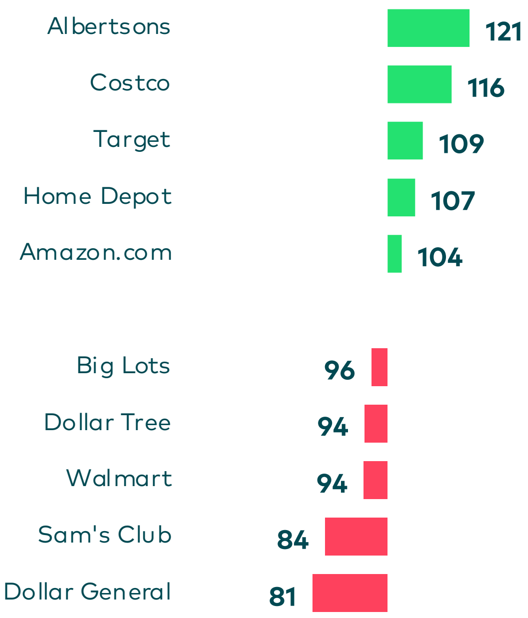
Health & Beauty

Index: % Eco-Driven Shopper vs. % Mainstream Shopper



Home & Garden

Index: % Eco-Driven Shopper vs. % Mainstream Shopper



Source: Numerator Insights, People Scorecard & Psychographics, Eco-Driven Consumers vs. Mainstream Consumers, L52WE 11/21/21

Retailers with >10% reach among Eco-Driven shoppers and >2-points higher/lower vs. Mainstream

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Eco-Driven consumers tend to purchase more healthy food, water filtration and gardening items

Brands will need to address potential barriers for the future of one-time use categories, and explore opportunities in reusable or eco-friendly categories

More likely to be purchased by Eco-Driven Consumers

Category	(% of Eco-Driven Consumers, Index)
Kombucha	(23%, 141)
Fresh Meat Alternatives	(21%, 141)
Pea/Bean/ Vegetable Snacks	(28%, 123)
Herbal Supplements	(26%, 115)
Water Coolers & Filters	(18%, 114)
Fish	(56%, 112)
Plant Food	(24%, 110)

Less likely to be purchased by Eco-Driven Consumers

Category	(% of Eco-Driven Consumers, Index)
Cooking Bags	(14%, 81)
Meal Combo - Kids	(38%, 86)
Straws, Stirrers & Picks	(20%, 86)
(Foam) Containers & Trays	(15%, 87)
Automotive Air Fresheners	(42%, 87)
Snack Variety Packs	(42%, 89)
Air Freshener Candles & Waxes	(17%, 89)

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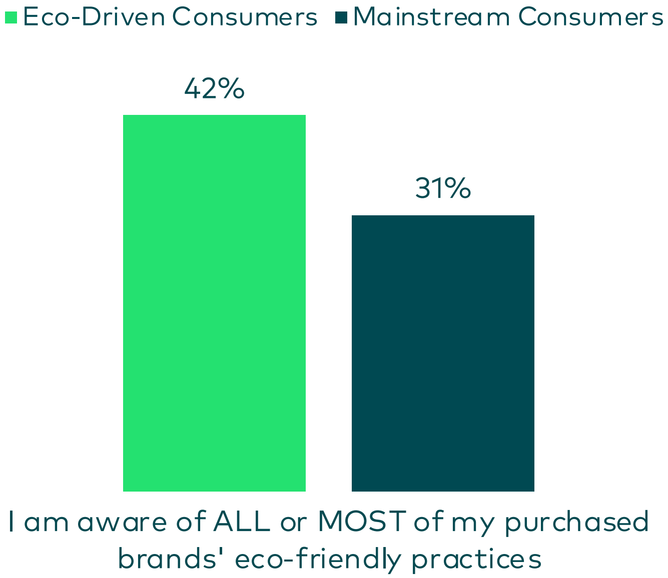
Source: Numerator Insights, People Scorecard, Eco-Driven Consumers vs. Mainstream Consumers, L52WE 11/21/21
Note: *Major Categories with >10% of Eco-Driven Consumers; Selected from Top 20 Index and Bottom 20 Index Major Categories*

Eco-Driven consumers prefer eco-friendly / organic branding, but half are *unaware* of purchased brands' eco practices

34% of Eco-Driven consumers would consider buying organic because they consider it **better for the environment** vs 12% Mainstream

How aware are consumers of purchased brands' eco-friendly practices?



54% of Eco-Driven consumers are "somewhat" to "very committed" to **organic** foods & beverages vs 34% Mainstream

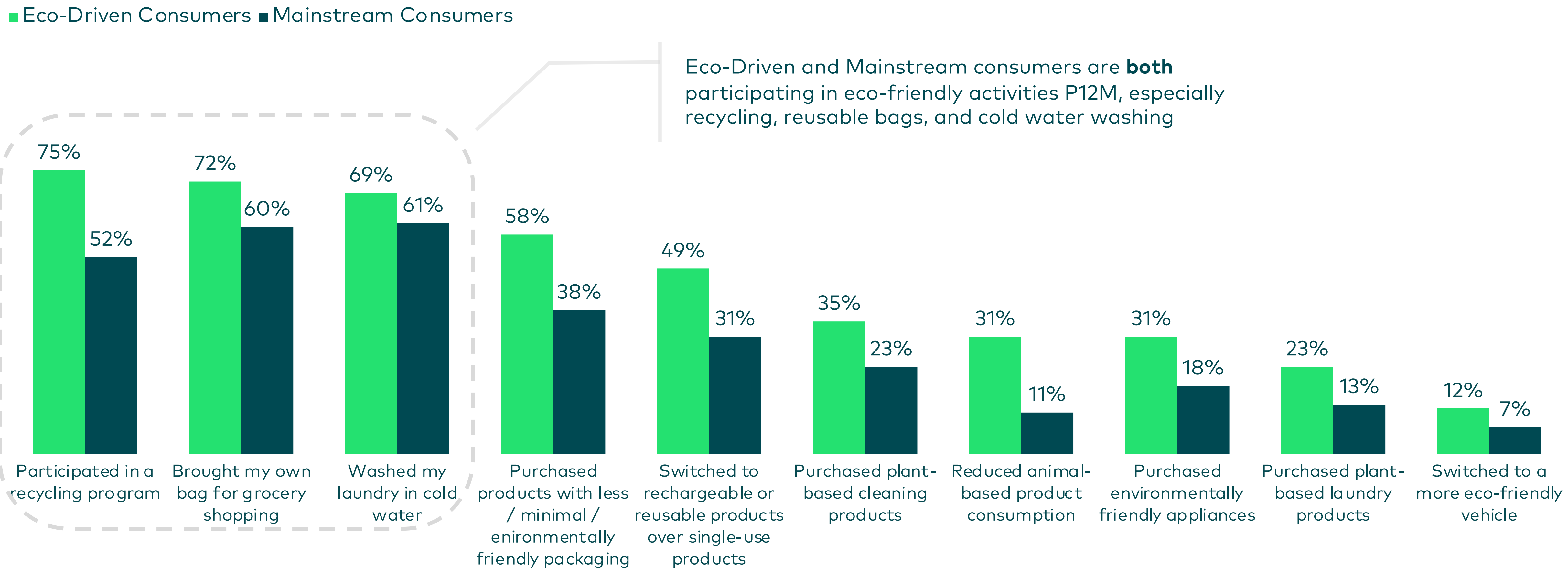
Sector	Top Brands among Eco-Driven Consumers
Grocery	
Household	
Health & Beauty	

Source: Numerator Insights, People Scorecard & Psychographics, Eco-Driven Consumers vs. Mainstream Consumers, L52WE 11/21/21
Numerator Instant Survey, December 2021, Eco-Driven consumers n=308, Mainstream consumers n=306; Q3_How aware are you of your purchased brands' eco-friendly practices?
Top Brands = >10% reach among Eco-Driven Shoppers AND >2 points higher than mainstream shoppers

What is being done today to meet the needs of Eco-Driven consumers?

Eco-Driven consumers are active in their efforts to reduce carbon footprints, and companies need to meet them in these areas

Activities completed in P12M to reduce carbon footprint



Source: Numerator Instant Survey, December 2021, Eco-Driven consumers n=308, Mainstream consumers n=306;
Q2_Have you done any of the following activities to reduce your carbon footprint in the past 12 months? (Select all that apply)

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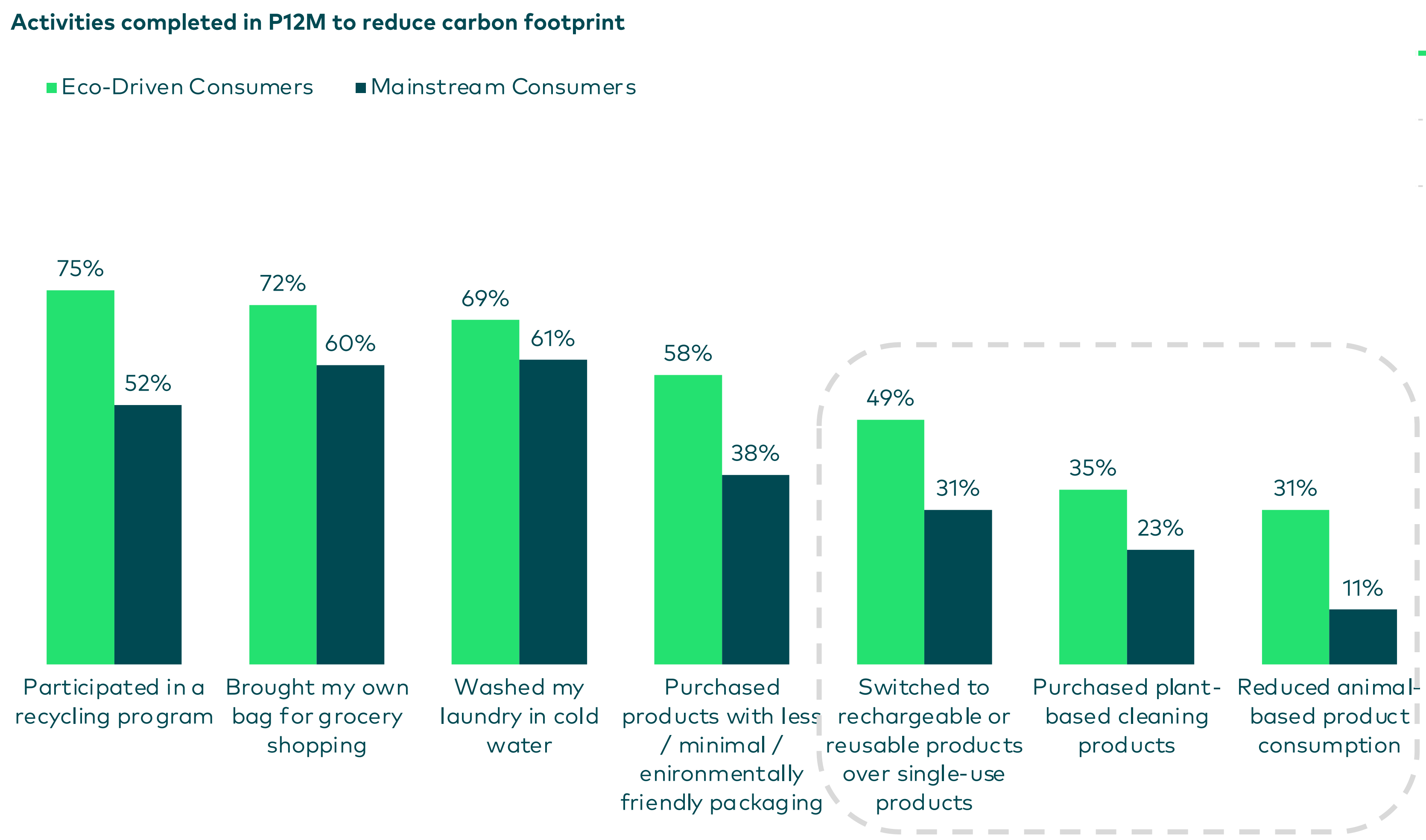
Focusing on these three eco-friendly initiatives, we can further investigate emerging Eco-Driven categories



Case Studies Explored

Meat Alternatives

Eco-friendly laundry detergents

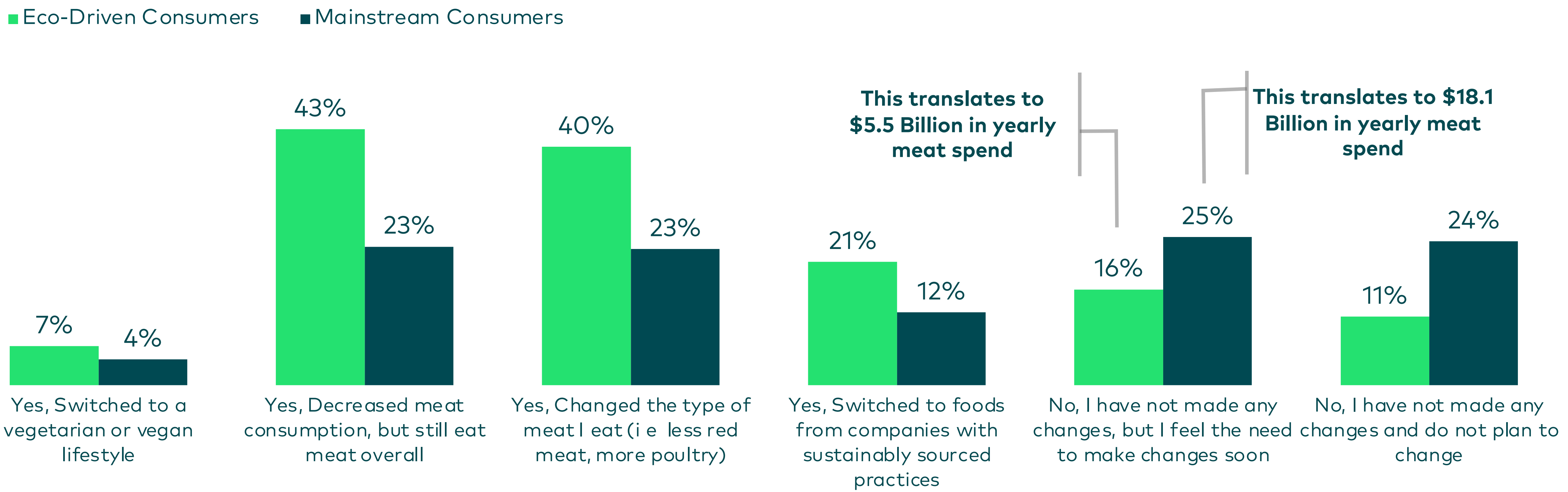
Cloth diapers (reusable diapers)

Source: Numerator Instant Survey, December 2021, Eco-Driven consumers n=308, Mainstream consumers n=306;
Q2_Have you done any of the following activities to reduce your carbon footprint in the past 12 months? (Select all that apply)

Many consumers claim to have reduced their meat consumption, switched the meat type consumed, or both in the past 2-3 years

Over half of shoppers who have **not** changed their meat consumption say they plan to do so in the future;
$23.6 Billion of worth of yearly meat spending could start to see major shifts

Have consumers made eating habit changes to be more eco-friendly in the past 2-3 years? (Select all that apply)



Source: Numerator Instant Survey, December 2021, Eco-Driven consumers n=308, Mainstream consumers n=306; Q6_Have you made any of the following changes to your eating habits to be more eco-friendly in the past 2-3 years? (Select all that apply) The American Journal of Clinical Nutrition

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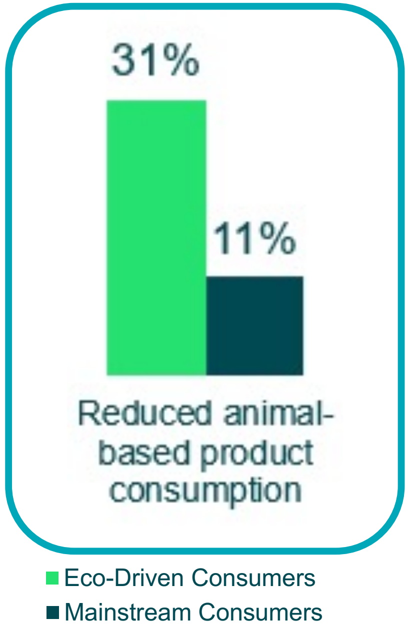
CASE STUDY: Eco-Friendly Meat Alternatives

Total Meat consumption $ may look similar between Eco-Driven and Mainstream HHs, but alternative meat spend is growing quickly



	Eco-Driven Shoppers	Mainstream Shoppers
Annual Buy Rate on **Total Meats***	$819.37	$855.85
Annual Buy Rate on **Meat Alternatives**	$54.09 **+16%** vs 2019	$39.44 **+10%** vs 2019

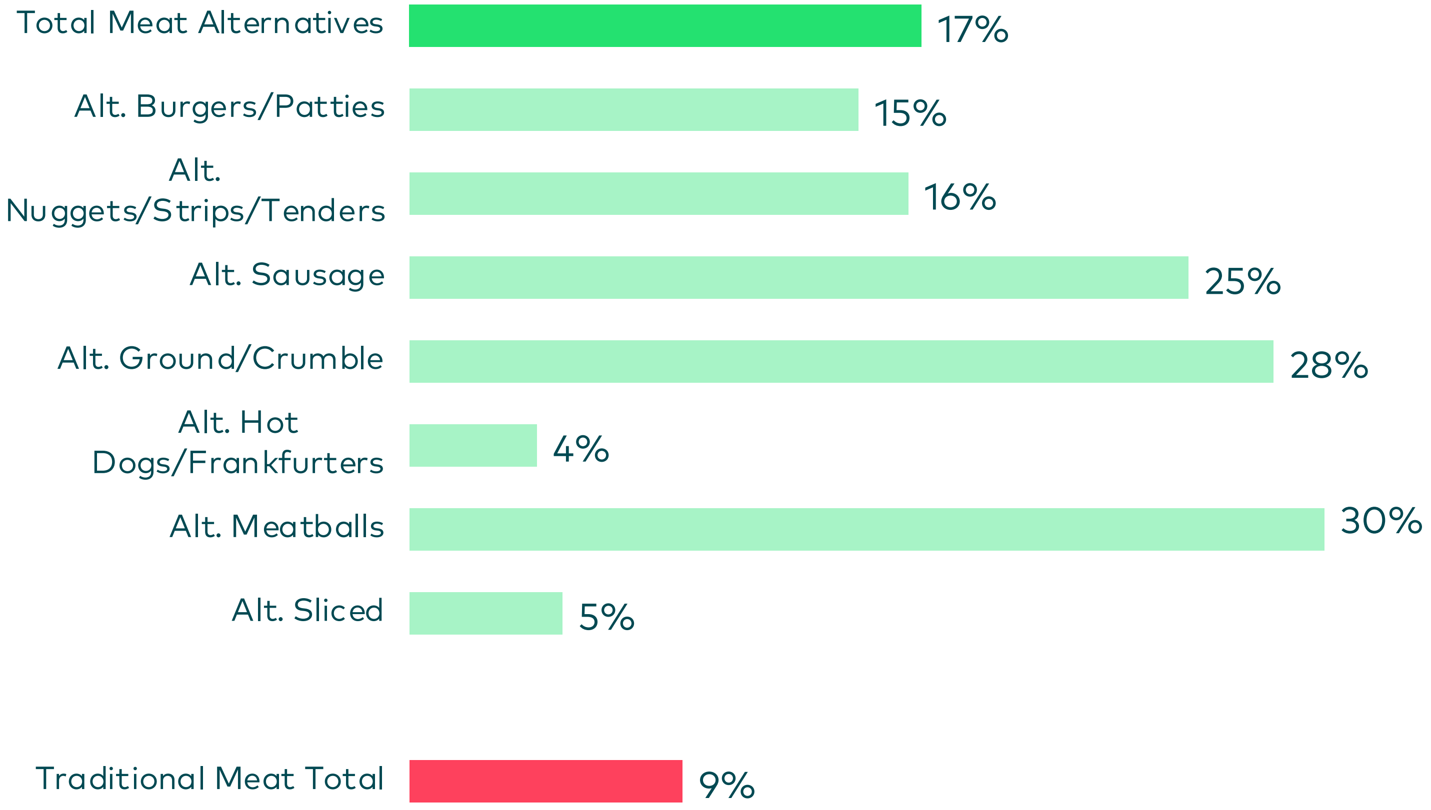
*Meats includes "Alternative Meat" products; Meats includes both frozen and non-frozen products
Source: Numerator Insights, Data Explorer, L52WE 11/21/21

Over half of Alternative Meat sales are sourced from shoppers switching from traditional meat products

Meat Alternatives are still small, but most forms are growing significantly faster than traditional meats

Total Meat Alternative Categories Projected $ Sales – 2-Year CAGR

Ranked by 2021 Projected Spending



2021 Projected Spending

$1,784M
$619M
$296M
$272M
$272M
$64M
$59M
$54M

$106,960M

Meat Alternatives Source of Volume: % of $ Growth	
New Entrants	2%
Category Expansion	46%
Shifting Within Category	51%

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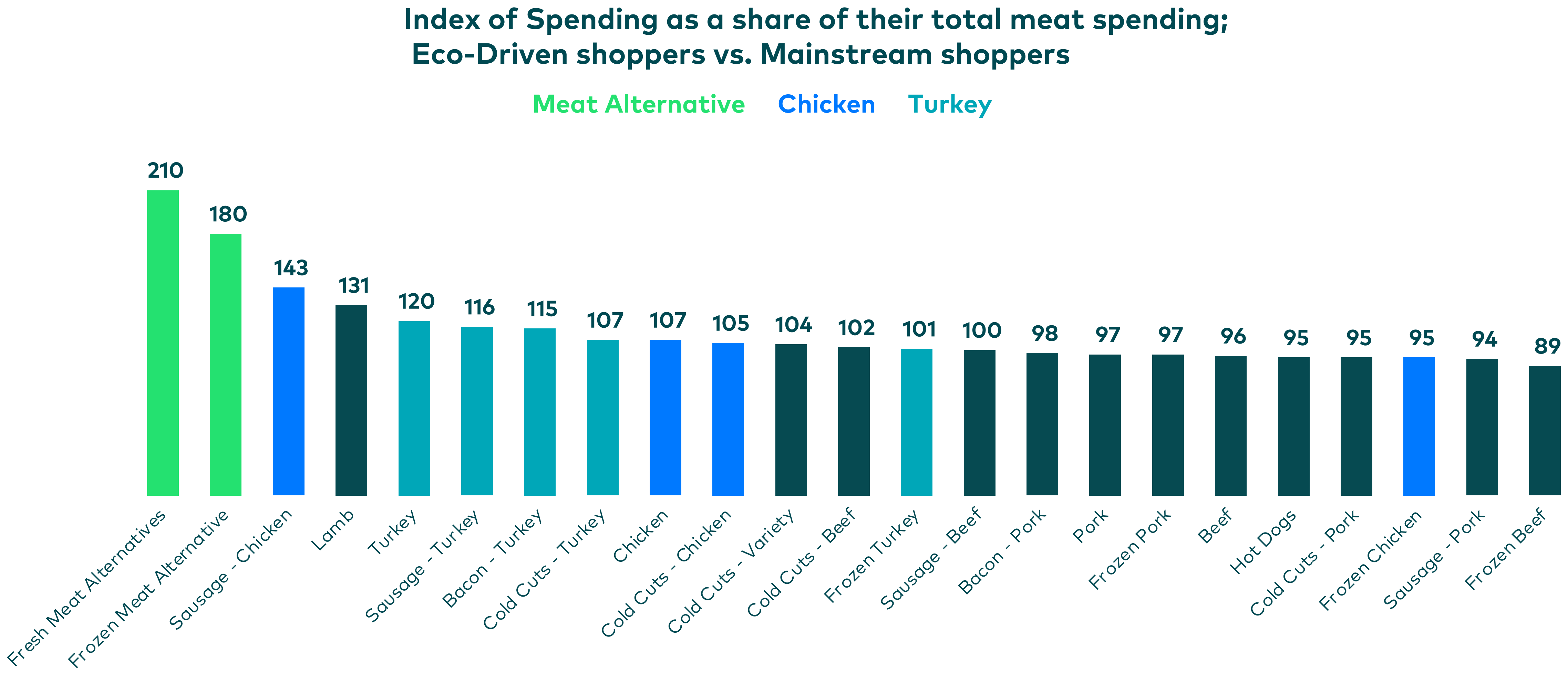
Source: Numerator Insights, Trended Metrics Scorecard, L52WE 11/21/21 vs. 2 Years Ago; Existing Brand Source of Volume, L52WE 11/21/21 vs. Year Ago

Eco-Driven shoppers are much more likely to buy Alternative Meat products or poultry versions of red meats



*Meats includes "Alternative Meat" products; Meats includes both frozen and non-frozen products
Source: Numerator Insights, Data Explorer L52WE 11/21/21

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CASE STUDY: Eco-Friendly Laundry Detergents

For Laundry Detergents, promotional support for eco-friendly laundry detergent has doubled 2X vs YA

Opportunity still exists to reach more of these Eco-Driven shoppers within the eco-friendly laundry detergent segment

Total number of promotions increased **2X** vs YAG

34%

of US Households are Eco-Driven

11%

of US Households purchased Eco-Friendly Laundry Detergents

Source: Numerator Insights, Data Explorer, L52WE 11/21/21 / Numerator Promotions Intel; Promo Search, L52WE 11/21/21 vs. YAG
Numerator Survey, December 2021, Eco-Driven consumers n=308, Mainstream consumers n=306;
Q2_Have you done any of the following activities to reduce your carbon footprint in the past 12 months? (Select all that apply)

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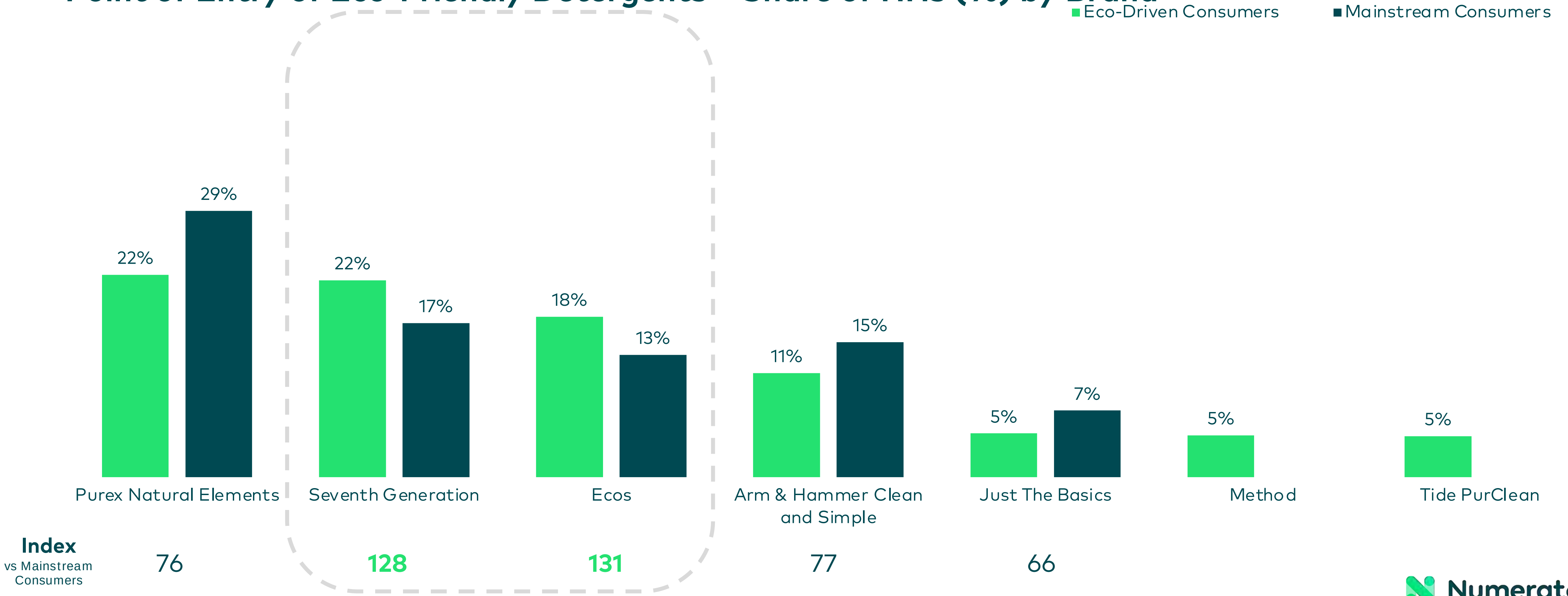
Eco-Driven consumers are more likely to enter eco-friendly products through new brands that live and breathe those messages

Meanwhile, Mainstream consumers tend to enter via eco-friendly innovations of the pre-existing laundry detergent brands, so be sure to **highlight the environmental impact on the packaging** to help alleviate the trust gap with non eco-branded products

Point of Entry of Eco-Friendly Detergents – Share of HHs (%) by Brand

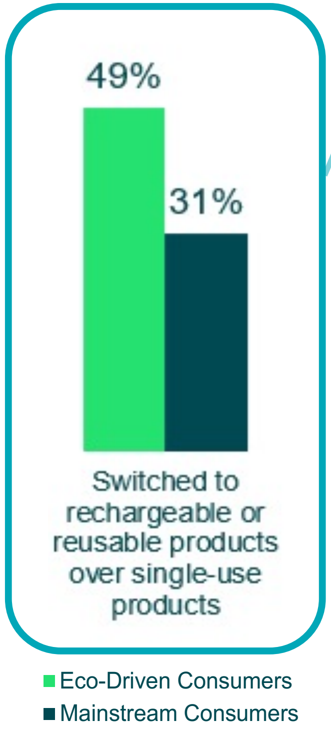


Source: Numerator Insights, Point of Entry, 5/25/20 - 11/21/21, Eco-Driven Point of Entry Buyers n=1,473, Mainstream Point of Entry Buyers n=1,954
Point of Entry Buyer is defined as any household that made their first purchase of Eco-Friendly Laundry Detergent (from 11/23/20 to 5/23/21).

CASE STUDY: Eco-Friendly Cloth Diapers

Even in a mature category like diapers, disruptive eco-friendly products can be introduced to reach the Eco-Driven user base

Baby diapers (cloth + disposable) are a ~$4B industry, and cloth buyers show **an emerging line of revenue** in the category



Across all categories, both Eco-Driven and Mainstream consumers **switched to reusable products P12M** – cloth diapers are just one example of reusable categories available

+10%
CAGR in cloth diaper sales over past two years

Compared to Disposable, Cloth Diaper shoppers are…

Younger
5% Gen Z (143 index vs disposable diaper buyers)
47% Millennials (127 index)

More Ethnically Diverse
20% Hispanic or Latino (123 index)
8% Asian (130 index)

Larger Family
38% Large Younger Family Lifestage (124 index)

Higher Income
59% $80k+ (127 index)

Spending more online
49% of cloth diaper spend is online (169 index)

Source: Numerator Instant Survey, December 2021, Eco-Driven consumers n=308 , Mainstream consumers n=306;
Q2_Have you done any of the following activities to reduce your carbon footprint in the past 12 months? (Select all that apply)
Numerator Insights, Data Explorer, Shopper Profile, L52WE 11/21/21; n=877 cloth diaper buyers, n=30k disposable diaper buyers

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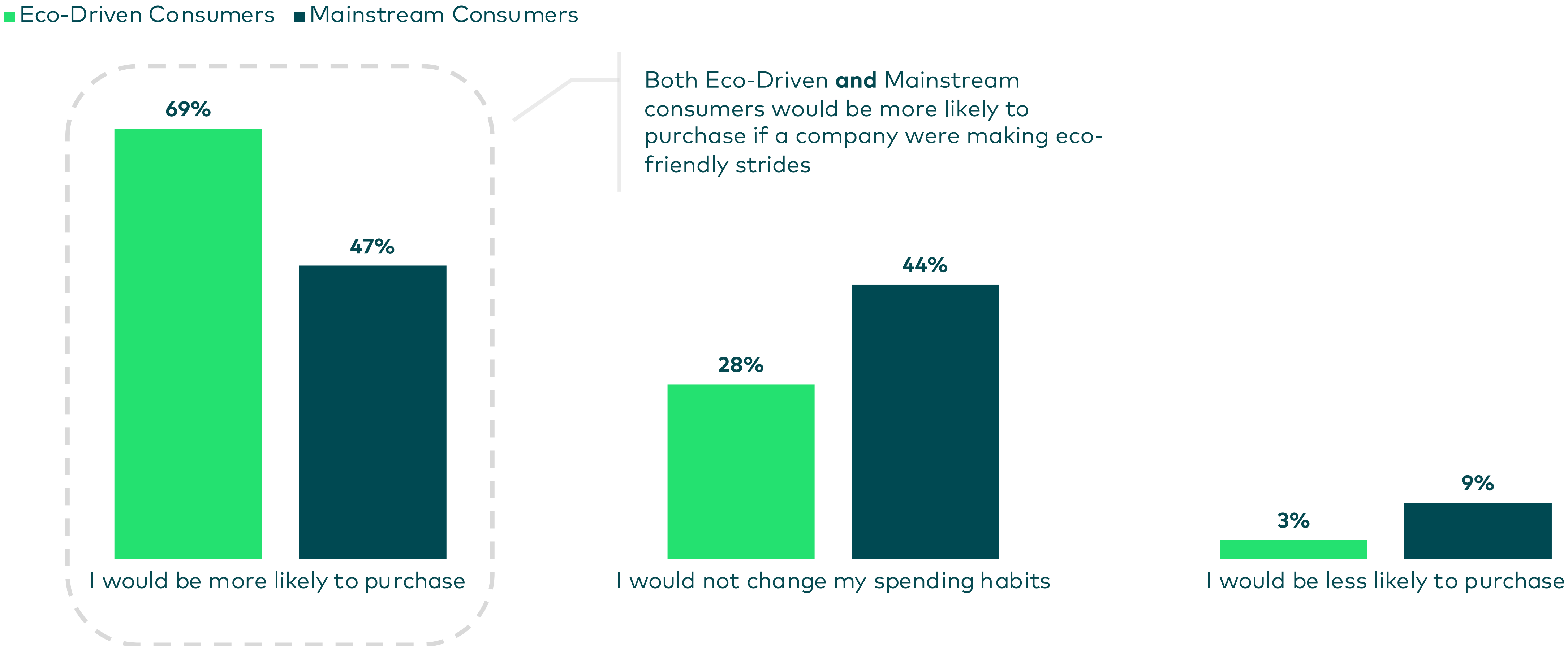
How can companies win Eco-Driven consumers moving forward?

2/3 Eco-Driven and 1/2 Mainstream shoppers would be more likely to purchase if they knew a brand were making eco-friendly strides

If a company was making strides to be eco-friendly, how would that impact purchasing?



Both Eco-Driven **and** Mainstream consumers would be more likely to purchase if a company were making eco-friendly strides

Source: Numerator Instant Survey, December 2021, Eco-Driven consumers n=308 , Mainstream consumers n=306;
Q12_If you knew a company was making strides toward becoming eco-friendly, how much of an impact would that have on buying that brand?

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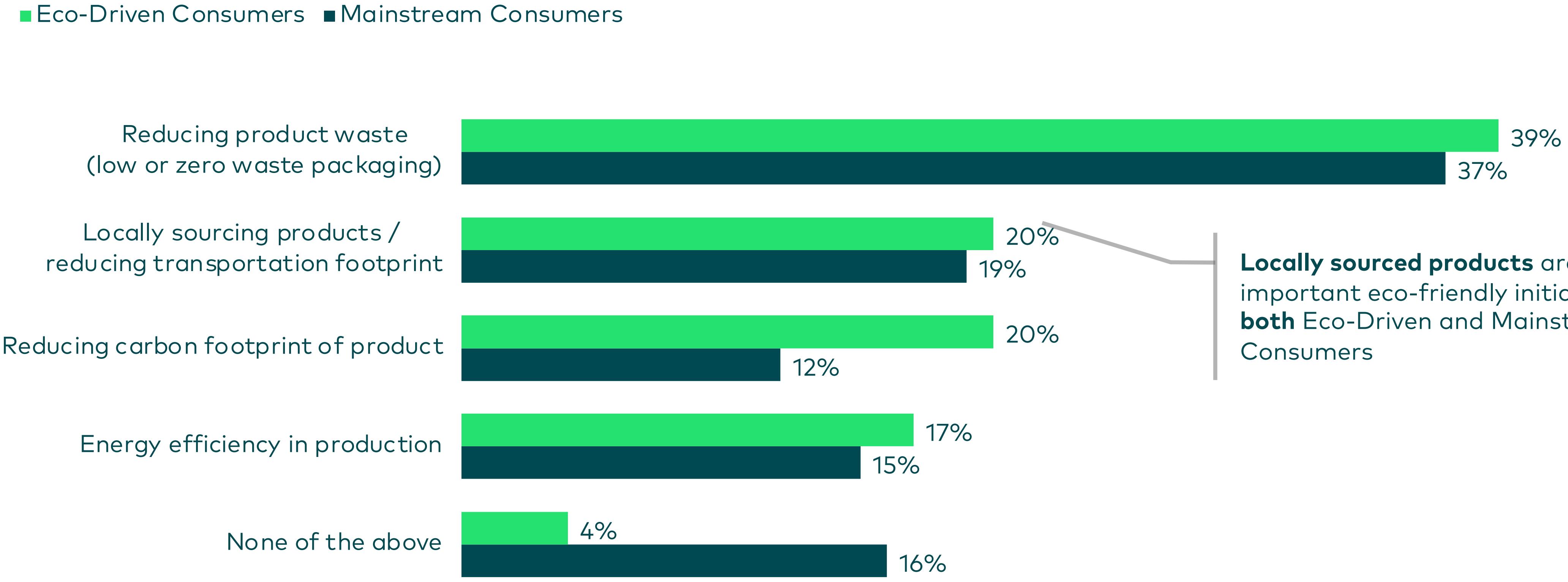
After reducing product waste, locally sourced products have the most appeal among Eco-Driven and Mainstream consumers

Which eco-friendly initiative is most important?



Locally sourced products are an important eco-friendly initiative to **both** Eco-Driven and Mainstream Consumers

Source: Numerator Instant Survey, December 2021, Eco-Driven consumers n=308, Mainstream consumers n=306; Q13_Which of the following eco-friendly brand initiatives do you think is most important?

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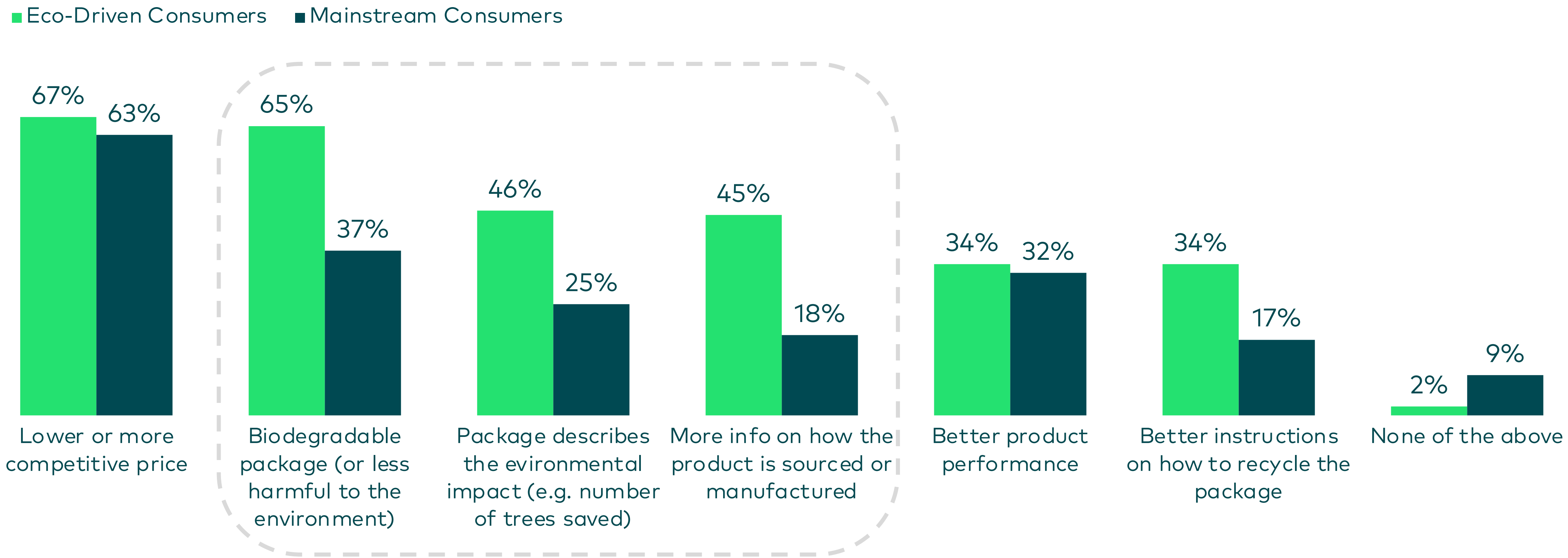
Investing in eco-friendly packaging and highlighting sustainability efforts are key initiatives for Eco-Driven consumers

What would encourage you to purchase eco-friendly products? (Select all that apply)



Source: Numerator Instant Survey, December 2021, Eco-Driven consumers n=308 , Mainstream consumers n=306;
Q15_What would encourage you to purchase eco-friendly products in the future? (Select all that apply)?

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What we are seeing

- Nearly **1/3 of US consumers are considered Eco-Driven**, and this segment is only expected to grow in the future.
- These shoppers are both younger and older; ethnically diverse; well-educated; and live in urban areas.
- 9/10 of Eco-Driven consumers and 8/10 of Mainstream consumers are aware of at least *some* of their brands eco-friendly practices.

Why it matters to you

- With over **$1 trillion in spending power,** companies cannot afford to miss the opportunity to win Eco-Driven shoppers.
- Nearly 70% of Eco-Driven shoppers and 50% of *Mainstream* consumers are **more likely to purchase from a brand making eco-friendly strides;** investing in eco-friendly and eco-branded packaging highlighting brand sustainability efforts will drive this loyalty.
- Eco-friendly disruptors are entering a multitude of categories, staking a claim on your shoppers' spending; ensure your brand is ahead of the curve.

How you can take action

- Numerator's **Premium People Groups** are ready for use in the platform. Speak with your consultant about how you can utilize these groups to dive deeper into category whitespace.
- Consider testing new eco-friendly packaging concepts with a **Numerator Instant Survey** to explore consumer perceptions and gather feedback.
- Ask your consultant about more ways to **win Eco-Driven consumers**, and how to better market your brand to satisfy this growing segment of consumers.

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What's Covered

- We combined Numerator OmniPanel, Survey, and Promotions Intel data to better understand how to win Eco-Driven consumers.
- In our **panel** research we defined Eco-Driven consumers as anyone in the following Corporate Social Responsibility **Premium People Groups** (Key Causes/ Issues*):
  - Carbon footprint/Emissions
  - Renewable energy
  - Eco-Friendly Packaging
  - Transparency/Ethical sourcing
- Mainstream consumers are defined as anyone not falling within the Eco-Driven consumer definition.
- **Premium People Groups** are an exclusive Numerator offering which help brands and retailers gain insights into their most valuable customers. These groups are created based on MicroSurveys fielded to our panelists issued every 3 months.

Source: Numerator Insights **Premium People Groups**, L52W Ending 11/21/21, Eco-Driven Consumers n=35,761, Mainstream Consumers n= 69,239

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