

Is the Blue Planet Truly "Going Green"?

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CI SUMMARY: Thanks to the consciousness-raising film *An Inconvenient Truth* and the Live Earth concert series, global awareness of environmental issues has increased, prompting attitudinal changes, but consumer behavior at retail is changing more slowly. In many cases, "green" concerns are the unwitting beneficiaries of tough financial times as people drive less and rediscover the versatility of leftovers.

There's not much that's convenient about climate change and its impact on the food chain. Unfortunately, environmental concerns are taking a backseat to more immediate and pressing financial concerns during this recession. Just one year ago, issues like the environment, health and work/life balance ranked as the primary or secondary concern for consumers. In an April 2009 Nielsen Global Online Survey covering more than 50 countries, it's the economy and job security that are keeping people awake at night, with global warming falling to 14th place on the list of "biggest and second biggest concerns".

Environmental concerns are taking a backseat...

- ▶ **Walmart Unveils Sustainable Product Index**
Walmart made good on its intentions to develop a worldwide sustainable product index, as revealed during a meeting with 1,500 of its suppliers, associates and sustainability leaders this week at its home office. The index will establish a single source of data for evaluating the sustainability of products.
- ▶ **Growth in Green Building Materials to Continue**
The already substantial market for green building materials for both the commercial and residential properties will continue to grow, per NextGen Research. The global green building materials market valued at \$455.3 billion last year is expected to reach \$571 billion by 2013, per its new report "Green Building Materials: Making Cement, Insulation and Wood Products Increasingly Environmentally Friendly."
- ▶ **Energy Trends-Highlights on Consumer Energy Usage**
The current momentum surrounding green initiatives and reduced energy consumption has presented the industry with a golden opportunity. Simple lifestyle changes, like using Compact Fluorescent Lights (CFLs), can pay huge dividends. To track the ebb and flow of the energy sector and its impact on consumer behavior, Nielsen highlights some of the more notable trends that emerged in 2008.

The Economy and Job Security Are Biggest Concerns

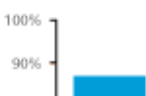
Biggest and second biggest concerns

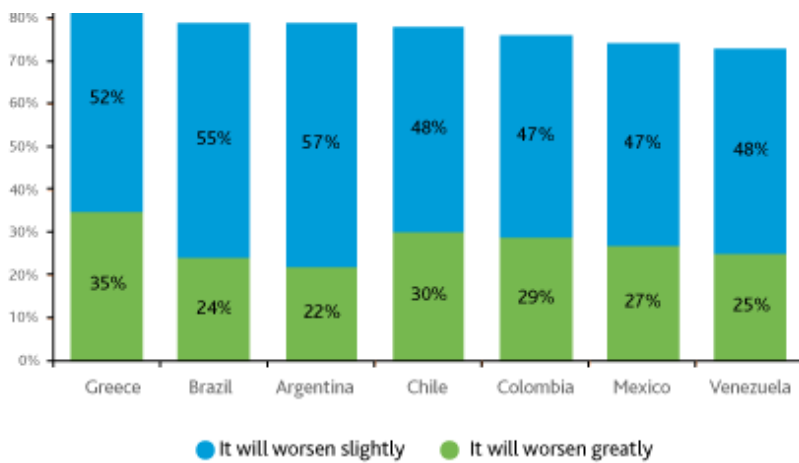
The economy	39%
Job security	33%
Work/life balance	17%
Health	15%
Debt	13%
Increasing food prices	13%
Increasing utility bills	13%
Childrens education/welfare	11%
Parents welfare/happiness	8%
Crime	5%
Political stability	5%
Increasing fuel prices	5%
Other concern	5%
Global warming	4%
Terrorism	3%
No concerns	2%

Source: The Nielsen Company, Global Online Survey April 2009

Half of respondents felt that, over the next ten years, their lives would be negatively affected by climate change, while one-third anticipated little difference. On a country-by-country basis, six of the top seven "most concerned" populations resided in the Latin American countries of Brazil, Argentina, Chile, Colombia, Mexico and Venezuela. The sole European exception—and most concerned country overall—was Greece.

Countries Most Concerned With Climate Change on Quality of Life





Source: The Nielsen Company, Global Online Survey April 2009

Prudent practices

Forced to review spending habits in an attempt to hold the line on costs, green concerns are emerging as an inadvertent winner. For example, lower new car sales translate into fewer cars on the road and lower exhaust emissions, with a positive impact on global warming. In rosier times, households tended to waste up to 30% of food—today, families are searching recipe web sites for ways to re-purpose leftovers.

Green concerns are emerging as an inadvertent winner...

Even as consumers are adopting more environmentally-prudent practices, a disparity remains between the percentage of people who claim to be “concerned about the global environment” (80%) and those who state they have proactively changed their daily behavior in the last six months to address climate change (51%).

Measuring miles

A great debate rages as to the appropriate way to measure the costs of sustainability efforts. Some tout the value of food miles—promoting the benefits of buying locally and limiting transportation costs. Others prefer carbon emissions, because mode of transport and time of year can actually make imported products less damaging to the environment.

The carbon emissions method takes into account the energy required to grow and process a product, which can outweigh the cost of transportation. Examples of cost-effective imports to Europe include New Zealand lamb, Spanish tomatoes, New Zealand winter apples and Kenyan roses.

Trailblazing initiative

Consumers want retailers to step up and bring clarity to the sustainability issue, as they have with food labeling. In mid-July 2009, Walmart Stores made the bold move of announcing an environmental labeling program that would require every vendor—no exceptions—to calculate the full environmental impact and cost of their products.

Consumers want retailers to step up...

Based on this input, Walmart would then assign a green rating to every product in the store. The actual rating system may take as long as five years to implement, but represents a landmark moment for the sustainability movement.

Consumer contribution

The Nielsen Global Online Survey findings suggest that shoppers are trying to make a contribution to the sustainability movement in a number of ways. More than half of consumers purchase energy-efficient products and appliances as well as locally-made items. More than 40% of shoppers choose products in recyclable packaging or buy at a farmer’s market.

Shoppers are Making a Contribution to the Sustainability Movement

Which of these products do you actively try to buy?

Energy efficient products or appliances	53%
Locally made products	51%
Products in recyclable packaging	45%

Products in recyclable packaging	42%
Products bought from a Farmer's Market	42%
Organic products	35%
Products with little or no packaging	31%
Fairtrade products	27%
Products that haven't travelled long distances to get to the store	27%
Ethically produced or grown products	25%
Products that have not been tested on animals	23%

Source: The Nielsen Company, Global Online Survey April 2009

More than 30% seek out products with little or no packaging and opt for organics where available. More than one-quarter prefer fair trade products, those that are ethically produced or grown and locally-sourced alternatives.

Gone fishy

One example of an environmentally-sensitive program has been introduced by the seafood industry. Demand for seafood is on the rise thanks to the combined impact of publicity campaigns touting the health benefits of Omega 3 and 6 fatty acids found in fish, and the negative health and environmental aspects of bringing red meat to the table. Fully 92% of people around the world reported eating fish in the last year.

The downside of increased demand for seafood has been a related upswing in over-fishing, leading to the depletion of many species at world fisheries. In response, the Marine Stewardship Council (<http://www.msc.com>) developed a logo now featured on millions of products that tells consumers the producing company employs sustainable fishing practices. Seven in ten survey respondents felt that the on-pack accreditation stamp for sustainably-sourced fish was important to their purchase decision.

The on-pack accreditation stamp was important...

Among the countries most heavily influenced by the fish sustainability label were Vietnam, Philippines, Brazil, Columbia, Saudi Arabia, Mexico, India, Chile, Indonesia and United Arab Emirates.

Tackling responsibility

When asked where responsibility rested for monitoring fishing practices and protecting the sea's fish stocks, survey respondents voted for country governments (67%), the fishing industry itself (46%), fish manufacturers and processors (28%), people who buy or eat fish (19%), non-government organizations (18%) and fish product retailers (16%).

Table stakes

While many see the move by major player Walmart as a way to differentiate itself from the competition and build consumer loyalty, others believe that in the future, aggressive sustainability programs will become table stakes, simply the price of entry at retail. The ultimate goal is to achieve a triple play where the people, planet and profits all benefit from environmental activism.

Contact us to learn more.