

Engaging Tomorrow's Consumer Executive Summary

A report by the World Economic Forum's Sustainable Consumption initiative
Prepared in collaboration with Accenture



(The full report can be found at: <http://www.weforum.org/issues/sustainable-consumption>)

At the World Economic Forum Annual Meeting 2012 in Davos-Klostern, business leaders provided the direction that, to achieve sustainable consumption, business must engage consumers by redesigning products and services, reshaping demand, and leveraging innovative communications to drive transparency and engagement.

The challenge of growing sustainable consumption to scale in a rapidly evolving marketplace raised the key question: "How can companies engage consumers to trigger simple behavioural shifts that enable more sustainable lifestyles, grow demand for more sustainable products and create business value?"

Partner Companies

Aegis Media

Best Buy Co. Inc.

The Coca-Cola Company

Henkel AG & Co. KGaA

Kingfisher Plc

Lenovo

Marks & Spencer Plc

Omnicom Group Inc.

Unilever

WPP Plc

During 2012, the World Economic Forum and its Partner companies collaborated to explore three areas of work derived from this key question:

- How are companies engaging consumers in behaviour change?
- Who are tomorrow's key consumers?
- What are the implications for how companies should engage tomorrow's consumers differently to enable sustainable lifestyles?

Our research, interviews and project workshops revealed three key findings:

1. Sustainability needs a makeover

Consumers need to be excited and motivated by sustainability in order to engage. Today four messages are commonly heard from consumers:

"I'm confused about sustainability"

Consumers are confused by the language of sustainability and don't see sustainability as relevant to their daily lives. Corporate marketers have not effectively leveraged their complete toolkit to enable sustainable lifestyles.

"I do what I can, but it isn't easy"

Consumers are discouraged from more sustainable products because they are often seen as more expensive, less effective, or difficult to find. Companies have also failed to engage consumers with the appropriate levers and triggers to stimulate action and bring about behaviour change.

"Excite me and I will follow!"

Consumers can more easily adopt sustainable consumption if they are encouraged to reimagine what personal success and status look like. Making consumers feel part of a larger brand community often helps them become more engaged and loyal. Consumers can also become more engaged through media attention and the endorsement of a celebrity sponsor that makes sustainability 'cool'.

"Listen to me, listen to us"

Companies can collaborate with their consumers using digital platforms to increase consumer engagement with their brands, driving both scalable change and long-term business opportunity.

2. Millennials are the opportunity

Millennials are receptive to global issues. They enjoy influence and growing incomes. Urban Asian millennials present the greatest opportunity.

“I’m young and powerful”

Millennials are 25% of the global population. They are starting their careers and will be the world’s wealthiest generation. Millennials are also the world’s most influential shoppers, influencing the opinions and behaviour of many stakeholders.

“I live in urban Asia”

Millennials in India and China present the greatest opportunity because of their emerging wealth, attitudes and behaviour. We estimate that the urban, Asian, middle-class millennial consumer segment represents a US\$ 6 trillion - US\$ 7 trillion opportunity for scaling sustainable consumption by 2030.

“I want to change the world”

Millennials believe in their power to be agents of change; they are climate-conscious and committed to sustainability. Millennials are action-oriented and willing to act on behalf of brands they trust.

“I’m a digital native”

The defining characteristic of millennials is the way technology shapes their lives. Millennials see social media as a force for change and use social media to share experiences and opinions that shape behaviour. Millennials also want to digitally connect with brands to make a difference.

3. Six recommended strategies to seize the consumer opportunity for sustainability

Companies can use six strategies to seize the opportunity and enable sustainable lifestyles:

“What’s in it for me?” – Build the consumer case

Brands can align their sustainability programmes with the broader corporate agenda and consumer expectations.

“Get with the programme” – Engage marketers

To make sustainability relevant to millennial consumers, marketers need to be convinced of sustainability’s value and make it part of their core marketing activities.

“Innovate better” – Integrate sustainability into R&D

Identify key sustainability performance criteria (e.g. energy efficiency, water efficiency) and evaluate the performance of new product and service ideas against those criteria during product development.

“Involve us” – Create digital platforms for consumer collaboration

Use digital platforms to engage and collaborate more directly with the millennial consumer. Leverage social media to crowd-source ideas and innovations to fuel product development. Leverage millennials’ digital comfort to change behaviour and activate large-scale consumption models.

“We believe” – Activate employee advocates

Companies can harness the influence of employees on family and friends by sharing the company’s commitment to sustainability and sharing new innovations. In addition, companies can tap the creativity of their millennial employees to drive sustainable innovation.

“Count it” – Set targets and quantify outcomes

The success of individual sustainability initiatives is rarely quantified. If brands are going to treat sustainability as a serious part of their marketing and innovation efforts, it needs to be measured like any other activity. When establishing behaviour-change initiatives, consider the desired outcomes and quantitative indicators of success at the outset, and set quantitative goals for both behavioural change and business impact.

4. The path forward

We will continue discussing these insights and implications in Davos at the Annual Meeting 2013. After that session, we will have direction from stakeholders on how to push forward in the coming year. Among the questions we could pursue are:

- How do we get people to see sustainability as a benefit rather than a sacrifice?
- How do we shift our definitions of success so that consuming no longer equals status?
- How do we change business models so companies can profit while encouraging people to consume differently?
- How can companies work together to meet the challenge of sustainable consumption.

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