

Engaging Tomorrow's Consumer Project Report 2014

Introduction

Business leaders worldwide recognize that changing consumer attitudes and behaviour around sustainability within a rapidly evolving marketplace presents considerable challenges. In 2012, the World Economic Forum and its Partner companies began to address this challenge by researching 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?”

There were two key findings (“Sustainability needs a makeover” and “Millennials are the opportunity”) and six recommended strategies for engaging consumers as shown to the right.

On presentation of the key research findings and recommendations at the World Economic Forum Annual Meeting 2013 in Davos-Klosters, business leaders were unified in a call to action, suggesting pilot initiatives that would test strategies to engage millennials (ages 18 to 34) in sustainable lifestyles. Responding to this mandate, the Forum and its Partner companies collaborated to explore the following three initiatives in 2013:

- **Engage Marketers:** To incentivize brand marketers to embed sustainability in their marketing campaigns.
- **Build the Consumer Case:** To understand what language will motivate millennial consumers to engage in sustainable lifestyles.
- **Digital Platform for Consumer Collaboration:** To create a non-branded, collaborative social media platform that will raise awareness and engagement of millennial consumers around sustainable consumption.

These initiatives are discussed in more detail in the subsequent sections.

Figure 1: Six strategies for engaging consumers in sustainable lifestyles



1. Engage Marketers



Background: The Forum, its Partners and Effie Worldwide are proud to announce a new Effie award focused on campaigns and efforts that promote sustainability. The idea for this award arose from lively discussions among Partner companies at the 2013 Annual Meeting about how to engage marketers in promoting sustainability, because if the marketers are not engaged in the issue, then they will not engage consumers. The rationale for the award is supported by research showing that 72% of brand managers are aware of their companies' sustainability agendas, but the majority feel that they are not incented to prioritize sustainability in their work (Source: Millward Brown Corporate, December 2012). This award gives marketers that incentive and is a step toward changing the existing dynamic.

Award Description: The goal of the new award is to reward marketers for tackling sustainability. As such, the award will recognize the most effective marketing campaigns or efforts that have measurably shifted consumer behaviour toward more sustainable choices, and/or grown demand for more sustainable products and services. The award defines behaviour change in four ways, which will be considered in the judging:

- **Awareness:** Making consumers aware of a sustainable product, service, or action. While awareness does not constitute a behaviour change, it is an important precursor
- **Trial:** Trying the sustainable product or service for the first time
- **Product Substitution:** Switching to a more sustainable product or service
- **Change in Use:** Using a product/service more sustainably than before

Award Timeline

- **September 2013 – August 2014:** Campaigns that run during this timeframe are eligible to submit an entry for the 2015 award
- **January 2014:** Soft launch of the new specialty award in Davos
- **February 2014:** Official award launch
- **September - November 2014:** Submissions accepted for entry
- **May - June 2015:** First winner for the new award announced

2. Build the Consumer Case



Background: In 2012, the Forum conducted research with Partner companies, and one of the main outcomes was that “sustainability needs a makeover”. Sustainability, as currently framed, is often perceived as irrelevant, confusing and demotivating. To address this, businesses want to develop and use a lexicon that is contextual, relevant, inspirational and aspirational to engage people in sustainable lifestyles.

Based on this, we tested messages with millennials in China and India, as these are the markets which present the greatest opportunity for engagement. Millennials in the United Kingdom formed the control group for the testing. Four response measures – message rankings, eye movements, brain activity, and open-ended interview responses – were used to understand underlying attitudes and behaviour around sustainability. In addition to these tests, in-store exploratory research was conducted at Marks & Spencer stores in London and Mumbai.

For the first time, we have multilevel scientific validation of what kinds of sustainability messages resonate with millennial consumers.

Key Insights – What Is Motivating

- ✓ **“Less is More”:** Companies Need to Simplify, Simplify, Simplify

The test message that laid out a world where companies create great products with less environmental impact resonated strongly across all geographies and test measures. On average, respondents (henceforth referred to as “Millennials”) declared that this message would increase the likelihood that they will choose the product, pay more for it if required, improve their overall perception of the company, and adopt more sustainable lifestyles.

Test Message: “When we consume products with life cycles that start in the Earth and end in the Earth, we create less waste. So we keep our products pure, with all natural materials and no added chemicals. It’s time to create a simplified world. One where we use what we need, reuse what we can, and return to the Earth what we are finished with. It’s time to live life by the idea that less is more.”

To Millennials, creating “less waste” or a more “simplified” world does not necessarily mean consuming fewer products. Rather, they want the products they consume to have minimal impact on the environment. This could mean a product that uses less material, or lasts longer than its predecessor. Longevity and durability of a product is a good motivator to purchase the product at a premium. Millennials also appreciate “simplicity” in the sense that they want it to be as easy as possible to adopt the sustainable behaviour - and appreciate companies that make the first effort to create better products before asking the consumer to change their habits. In essence, Millennials expect brands to take the lead on the work, allowing them to “consume smarter” without much effort on their part.

✓ **The Next Generation is More Important than Today's Generation**

Messages that emphasize how actions today impact the future ranked highly on declarative and physiological measures across all markets. The “think of the next generation” message had particularly strong emotional appeal, and ranked higher than messages using “your generation” or “our generation”. Millennials reported that they would be motivated to adopt sustainable lifestyles based on this message. While all markets responded well to the message about the future generation, markets responded differently for the message which talked about the past generation. India and UK Millennials had a positive association with the past, favouring the message “enjoying the same quality of life with your kids that your parents did with you”, whereas Chinese Millennials did not favour the message.

Test Message: “When we choose what to buy, what to wear, and what to eat, we tend to think only about today. But these choices don't just matter in the moment. They matter for the future. We need to think beyond today, this week, this month; we need to think about who else we want to have these same choices. The drastic effects of climate change are closer than you think. It's not 100 years down the road, or even 50, it's the next generation. By thinking and acting beyond the now, your actions can set the next generation on the right track.”

✓ **Sustainability Doesn't Just Mean “Green”**

Based on in-store exploratory research in the UK and India, consumers equated sustainability with a “long-lasting” product, not necessarily with the process or materials the company used to make the product. For example, in the food and beverage category, meat wrapped in plastic was considered sustainable, because the packaging would make the product “last for months” in the refrigerator. In the apparel category, clothes which would “last for a long while” were considered sustainable. Thus, instead of focusing on the environmental benefits of the product, companies could focus their messaging on the utility derived in terms of quality and durability.

Key Insights – What Is Not Motivating

✗ **Sustainability as a Trend**

Messages which frame Millennials as “trendsetters” do not resonate at all. Talking about “trend-setting” takes the focus away from the product itself. Without some connection to the product and how it will benefit them and others, Millennials lost interest in making a purchase.

✗ **Making Corporate Claims**

If a company advocates itself as a pioneer and forward thinker in the area of sustainability, it produces a negative connotation for Millennials.

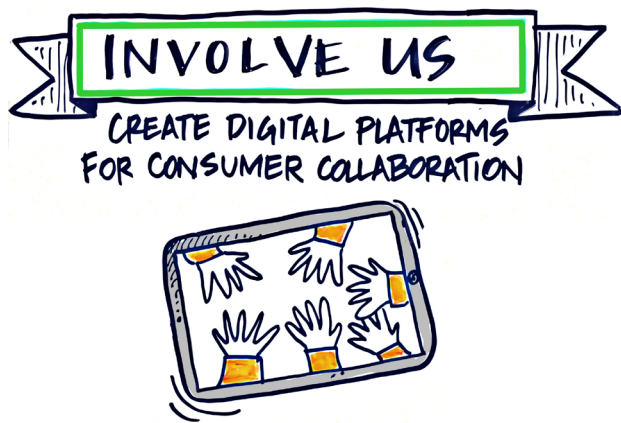


Recommendations

Based on the insights, we have the following recommendations to companies:

- 1. Sustainability messaging requires sustainable products:** The challenge of engaging millennial consumers is not just a matter of communication. Millennials want brands to deliver products which use less material, have innovative designs, and are durable. When brands use messaging that highlight these benefits, millennial consumers are more likely to purchase these products.
- 2. Simplify messaging:** Many millennial consumers still do not understand the meaning of “sustainability”. Instead, they understand simple messages that break down the concept of “sustainability” into elements they make sense of, such as saving energy and water, and reducing waste – which makes it easier to connect to their daily lives and take action.
- 3. Appeal to the social conscience:** Millennials like messages which make them feel socially inclusive and positive about the future. Millennials will choose more sustainable options if brands contextualize their consumption habits in terms of leaving more for the future generations.

3. Digital Platform for Consumer Collaboration



Background: A defining characteristic of millennials is the way technology shapes their lives. They see social media as a force for change and use it to share experiences and opinions that shape behaviour. Millennials also want to digitally connect with brands to make a difference. The Forum and its Partners have collaborated to create a new digital platform with the overarching objective of creating incremental behavioural change towards a more sustainable future through inspiring content about what that future can be.

Concept: The platform will present stories, whether brand or non-brand led, that inspire millennials to think differently, infusing sustainability into youth interest areas such as art, music, film, technology, celebrity and sports to make it a part of their everyday lives. It will be positive, empowering, focused on storytelling, and avoid preaching. We currently have several of the world's leading companies on board and look forward to engaging more companies in 2014. In Davos, we will have a prototype of the platform to bring the concept to life for other companies who are interested in becoming involved.

Content: The platform will drive greater engagement through a variety of content areas, which may include

- **Trends:** A frequently updated feed on the latest news and stories of interest
- **Spaces:** A look at the future of the living environment – cities, farms, interiors, and the materials we use to make them
- **Art + Design:** A showcase of the work of artists and designers who are using creativity to influence the future of the earth
- **Projects + People:** Featuring both homebrew and innovative global projects that relate to a better future. It will also celebrate the inspiring people behind these projects, turning them, and potentially in the future, their projects, into household names.

The Path Forward

What we achieved in 2013 is a small step in the journey of taking sustainable lifestyles to scale. We will continue discussing the insights, business implications and recommendations for taking the initiatives to scale at the World Economic Forum's Annual Meeting in Davos this year. Coming out of those discussions, we will have direction from stakeholders on how to keep the momentum going, and make 2014 a year of impactful action with tangible results.

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