Consumer Barometer

Focus topic:
Sustainability

Issue
02/22

Preface

Dear readers,

We encounter the need for sustainability every day as we witness wildfires, record temperatures, melting glaciers and dry riverbeds. We should also mention dwindling resources, increasing inequality in living conditions, and degrading work conditions.

When we use the term 'sustainable,' it actually entails a whole new way of living. Looking at our consumption behavior, packaging, how we discard things that are still useful, we all know society cannot go on like this. The steps towards getting better in our everyday lives will not be giant revolutionary leaps, rather smaller, yet consistent improvements.

It is therefore important to determine the status quo. What are customers able and willing to do when it comes to sustainability? What changes are they willing to make? What are they willing to get behind? The KPMG Consumer Barometer shows that awareness for sustainability has become commonplace. In addition, consumers demand transparency about the sustainability of products. However, price is and remains the critical variable; if sustainability results in a higher price, good intentions often will not translate into buying a sustainable product.

We wish you an insightful, stimulating read and lots of ideas. If you have any observations or questions, we look forward to your feedback.

Warm regards,

Linda Ellett
Head of Consumer Markets,
Leisure & Retail
KPMG in the UK

Stephane Nusbaumer
Head of Consumer Markets
KPMG in Switzerland

Vincenzo Martinese
Head of Consumer Goods
& Retail
KPMG in Italy

Stephan Fetsch
EMA Region Head of
Retail & Consumer Goods
KPMG in Germany

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The most important results

96 % of respondents say recycling is an important or very important aspect of sustainability for them. Switzerland is the country with the highest value (98 percent).

86 % of respondents state that the topics of sustainability and sustainable consumption are important or very important to them.

86 % of respondents, at least occasionally, are mindful of the durability and service life of a product when making their everyday purchases.

75 % of respondents who do not consider sustainability important cite long product life as the most important aspect of sustainability.

66 % of respondents are willing to pay a premium for locally sourced meat, dairy, and fruits and vegetables.

66 % of respondents fully agree or tend to agree that they should not buy foods that are out of season for the sake of sustainability. Consumers from Switzerland agree at higher than average rates (72 percent).

61 %

of respondents who find sustainability rather or very important state that paying higher prices for sustainable products is a challenge or an obstacle. Germany is the country with the highest score for this statement (71 percent).

57 %

of respondents who consider sustainability to be not very important or unimportant say that they are not willing to pay more money for sustainable products. Among the surveyed countries, Germany achieves the highest score on this question (62 percent).

54 %

of respondents engage with the topic of sustainability because they want to contribute to maintaining and creating a better climate balance for future generations. The UK is the country with the highest value on this aspect (59 percent).

48 %

of respondents would like to find out more about the sustainability of a brand from test reports or seals awarded to the company by sustainability associations. Germany is the country with the highest level of agreement with this statement (57 percent).

48 %

of respondents believe that companies should publish information about their own resource consumption in order to increase customer trust. The UK agrees most strongly with this statement (52 percent).

Source: KPMG in Germany, 2022

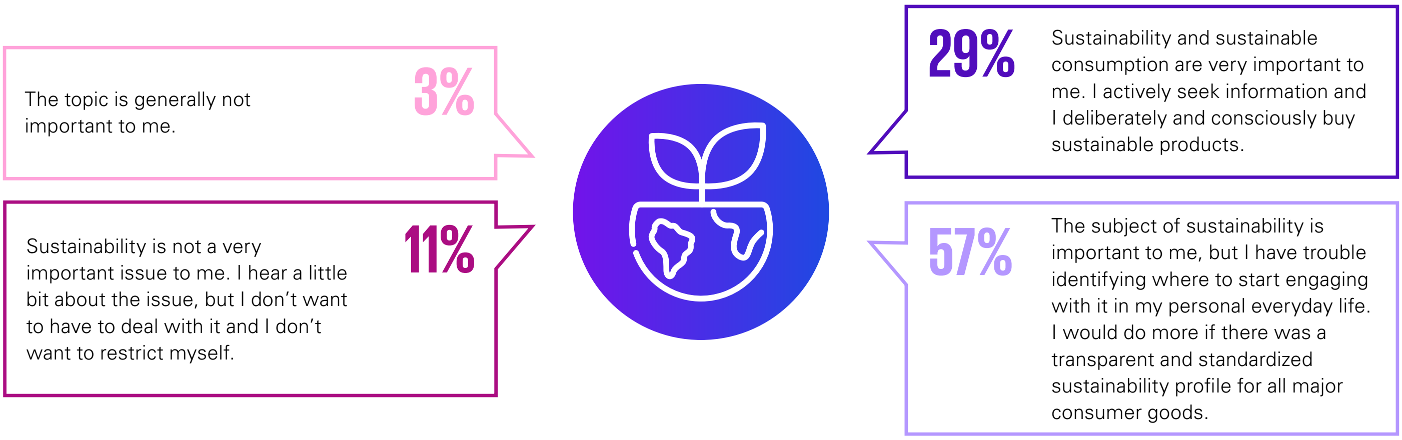
01

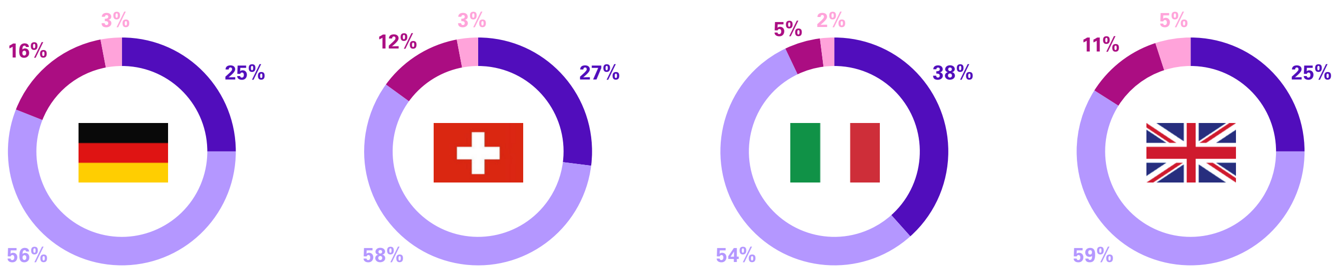
Widespread agreement

Relevance of sustainability

To get started, we surveyed and analysed attitudes about the topic of sustainability, including its economic, ecological and social dimensions. We found that across the surveyed countries, more than a quarter of respondents (29 percent) find sustainability and sustainable consumption very important. This sentiment is particularly strong in Italy, where more than a third of all respondents responded this way (38 percent). An average of 3 percent of respondents find that the topic has no personal relevance to them at all. This sentiment is strongest in the UK with 5 percent.

General relevance of the topic of sustainability





Question: Which statement do you most agree with?
Info: 500 ≤ n ≤ 2,000; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

A demographic observation: Slightly more men than women consider sustainability and sustainable consumption to be very important (29 percent versus 28 percent).

Almost a third (32 percent) of households with child(ren) state that sustainability is very important. Other households average 5 percentage points lower, which means that families think and act more sustainably.

Younger participants, in particular, consider the issue of sustainability to be highly relevant. The age group of the 30 to 39-year-olds scores highest with 31 percent, followed by the 40 to 49-year-olds with 30 percent. The group of under 29-year-olds scores similarly at 29 percent.

Sustainability profile

29%

of men find sustainability very important. For women, the score is 28 percent.

32%

of consumers with children in the household consider sustainability to be very important. For households without children, the figure is 27 percent.

31%

of 30 to 39-year-olds find sustainability very important.

Question: Which statement do you most agree with? What is your gender? Are there children living in your household? How old are you?
Info: 388 ≤ n ≤ 2,000; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

Those who generally consider the topic to be relevant were asked about their reasons for engaging with the topic.

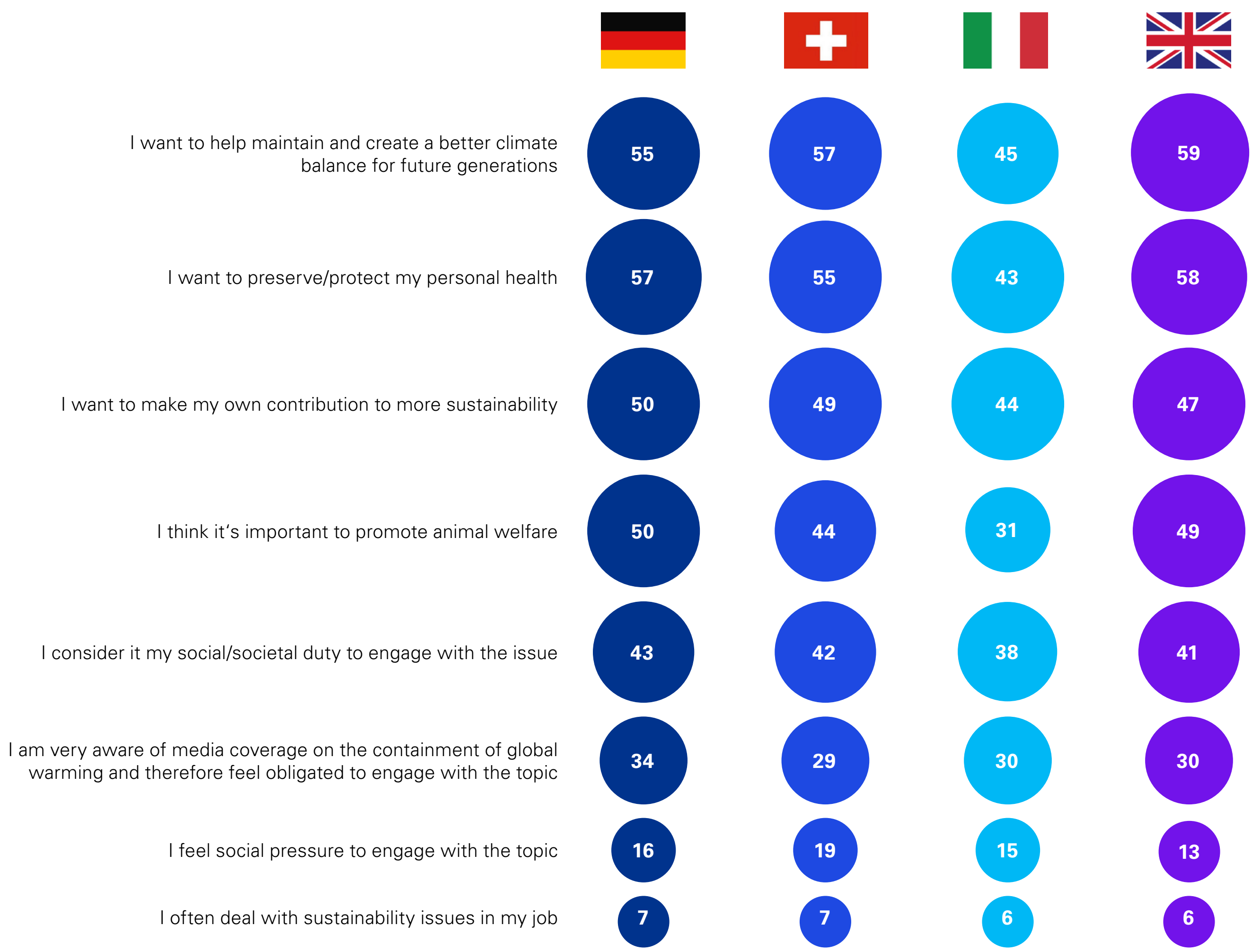
More than half (54 percent) said they want to help maintain the climate balance for future generations, or at least prevent a deterioration. More than half (53 percent) of respondents cite personal health as a factor. UK respondents score highest on both aspects.

Respondents under the age of 30 find it especially important to protect their own health and to make their own contribution to sustainability.

Consumers are firmly aware of the relevance of sustainability, as only 15 percent of respondents stated that they engage with the issue due to social pressures. The Swiss state this more often than respondents from the other 3 countries (Germany, Italy, UK).

Reasons for engaging with the issue of sustainability

Primary reasons for respondents to engage with sustainability are the preservation and protection of their own health as well as a better climate balance for future generations.



Question: Why do you engage with the topic of sustainability?
Info: 474 ≤ n ≤ 1,932 (consumers who indicated that sustainability is not very important to them); multiple answers were possible; sorted by average across all countries; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

"From carbon reduction, to health benefit, to animal welfare - there are a number of consumer motivations behind the rise of sustainability as a purchasing consideration. Consumers are searching for businesses and products that meet these beliefs and companies need to ensure that their ESG strategy is walking the walk, not just talking the talk."

Linda Ellett
Head of Consumer Markets, Leisure & Retail, KPMG in the UK

Consumers who consider sustainability to be important or very important were also asked what they consider to be the greatest challenges or obstacles to leading a sustainable lifestyle. The focus here was clearly on the additional financial burden. In all countries, higher prices were mentioned as the major factor. This aspect was mentioned by 71 percent of German respondents and 'only' 52 percent of participants from Italy.

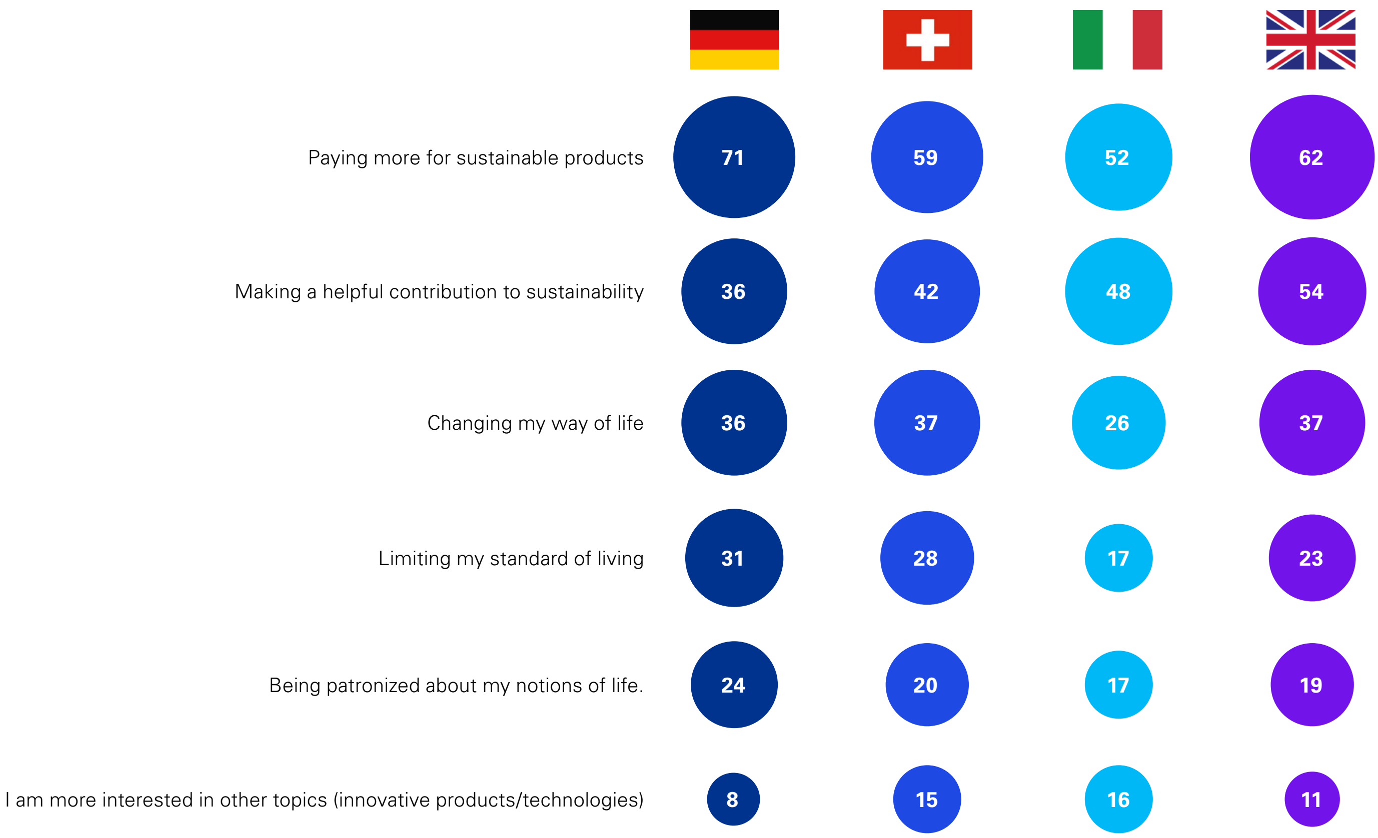
Approximately 45 percent pointed out that they find it difficult to make a contribution to sustainability. In the UK, more than half of the participants mentioned this aspect (54 percent); in Germany, it was slightly over one-third (36 percent). This may be due to differences in education and communication about sustainable consumption.

Respondents from Switzerland, in particular, consider it a challenge to make their own lives more sustainable and to adapt accordingly.

Even among consumers who find sustainability hardly relevant or irrelevant to themselves, one reason clearly stands out. More than half of respondents are simply unwilling to pay more money for such products (57 percent).

The greatest challenge of a sustainable lifestyle

Obstacles are, in particular, the additional financial cost of sustainable products and uncertainty as to how to make helpful contributions to sustainability.



Question: You indicated that sustainability is important to you. What do you consider the biggest challenges or obstacles?
nfo: 403 ≤ n ≤ 1,710 (consumers to whom sustainability is important or very important); multiple answers were possible; sorted by average across all countries; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

Here, too, Germany scored highest, with almost two-thirds of respondents agreeing with that statement, which indicates that German consumers are particularly price-sensitive.

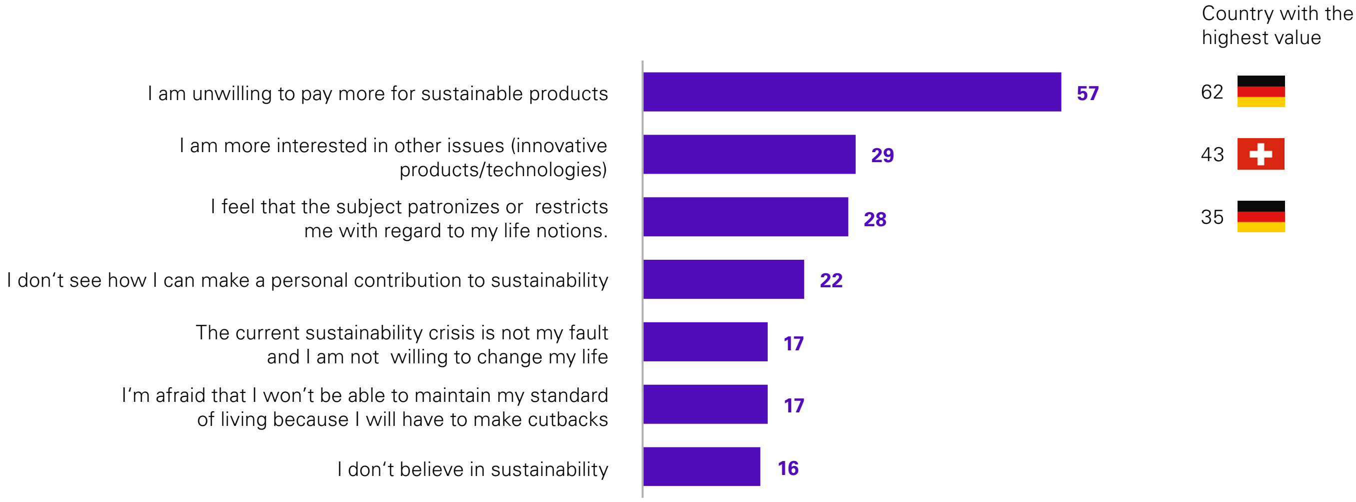
It can generally be assumed that price considerations will continue to gain importance, especially in times of rising interest rates and inflation. This may also be the reason why the response "I am unwilling to pay more for sustainable products" scored so highly.

In second place — 28 percentage points behind — was the response "I am more interested in other topics". The Swiss gave this reason significantly more often than respondents from other countries.

Only 28 percent stated that they felt patronized about their own life notions and were therefore less inclined to consume more sustainably. In Germany, just over a third (35 percent) of respondents expressed this sentiment.

Reasons for low(er) relevance of sustainability

A perceived price premium for sustainable products and a greater interest in other subjects were the main reasons why respondents consider sustainability an issue of lower relevance.



Question: You stated that sustainability plays only a minor or no role for you. Why?
Info: 75 ≤ n ≤ 290 (consumers for whom sustainability is not very important or unimportant); multiple answers were possible; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

"Consumers are increasingly sensitive to greenwashing and the inflationary use of the term "sustainable" by companies. They are not willing to pay more just because a product has been tagged as ESG friendly. They will do so only if companies are able to credibly communicate the social, ecological and economic aspects of their products."

Stephane Nusbaumer
Head of Consumer Markets, KPMG in Switzerland

When asked about the importance of individual sustainability aspects, participants agreed strongly with all options, but especially with recycling: Almost all respondents (96 percent) considered it important or very important. Switzerland is the country with the highest scores on this option, with approximately 98 percent of Swiss respondents stating that recycling is important or very important to them.

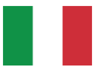
Around 93 percent of respondents consider fair working conditions, ensuring animal welfare and prohibiting child labor to be important or very important aspects. Women agree to all three aspects significantly more strongly.

Responses vary regarding the seasonality and regional origin of food: While the over 40-year-olds, in particular, attach great importance to the seasonality of food, regional origin is most important to the over 30-year-olds.

It is also worth noting that Italians (both men and women) assign a much higher priority to many of these aspects than the other countries in this survey.

Importance of individual aspects of sustainability

High relevance is ascribed to all aspects of sustainability, but recycling is considered the most important topic across all surveyed nations.

	Recycling	Fair working conditions (e.g. equality, fair pay)	Ensuring animal welfare	No child labor	Long product life	Use of renewable energies	Low resource consumption (e.g. water consumption)	Measures for climate protection	Seasonality of food	Regional origin of food	Low-emission transport routes	Boosting innovation
	95	92	93	93	94	87	92	88	86	87	83	81
	98	94	92	94	90	93	94	89	90	88	86	81
	96	92	94	92	91	96	95	96	92	90	93	92
	95	95	93	93	91	91	86	88	84	84	86	82

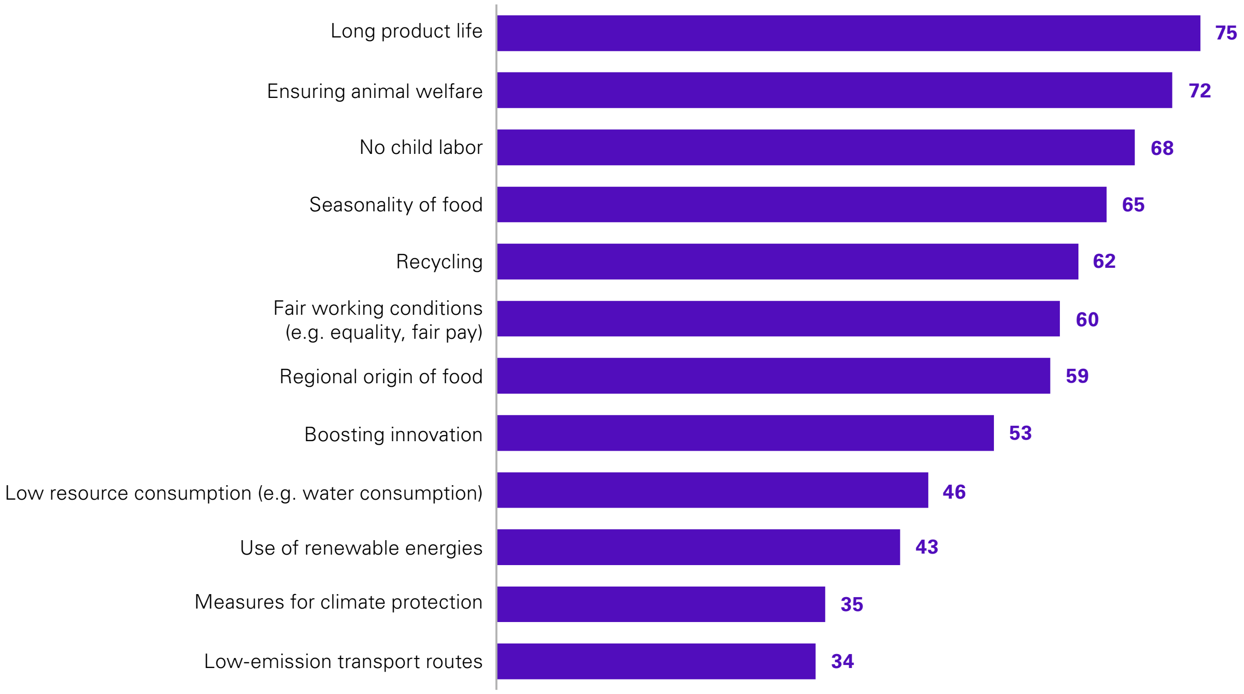
Question: How important are the following aspects of sustainability to you?
Info: 500 ≤ n ≤ 2,000 top 2 boxes (very important + important); multiple were answers possible, sorted by average across all countries; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

Looking at consumers who are not concerned about sustainability as such, it is clear that certain preferences do become evident. In particular, they chose the options long product life (75 percent), ensuring animal welfare (72 percent) and elimination of child labor (68 percent).

As could be expected, climate protection measures and low-emission transport have a significantly lower priority for them (35 percent and 34 percent respectively).

Focus on rejecting participants: Which aspects of sustainability do matter?

For consumers who are not concerned with the topic of sustainability, the most relevant aspect is a long product service life.



Question: How important are the following aspects of sustainability to you?
Info: n=68 (consumers who consider sustainability unimportant); top 2 boxes (very important + important); multiple answers were possible; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

"Consumers in all countries surveyed are mindful of ecological, economic, and social sustainability aspects, which are increasingly becoming a competitive factor for companies. In order to make sustainability more than just a buzzword in your own company, it is important to communicate openly, seriously, and transparently about your corporation's efforts. Consumers reward reliable information, ideally stemming from neutral associations, with a high level of trust, as we are seeing in Germany and Switzerland, in particular."

Dr. Kai Hudetz
Managing Director, IFH KÖLN

02

Start small while keeping your eye on the larger goal

Sustainability in everyday life

When asked what respondents look for in their everyday shopping, durability and a long service life are the outstanding aspects across all countries. More than half of those surveyed stated that their purchase decisions are guided by these aspects on a regular basis, and more than a third consider it at least occasionally.

Eighty percent pay attention to product recyclability, which was previously cited as the most important aspect of sustainability, on a regular basis or occasionally.
High importance seems to be attributed to aspects of the circular economy.

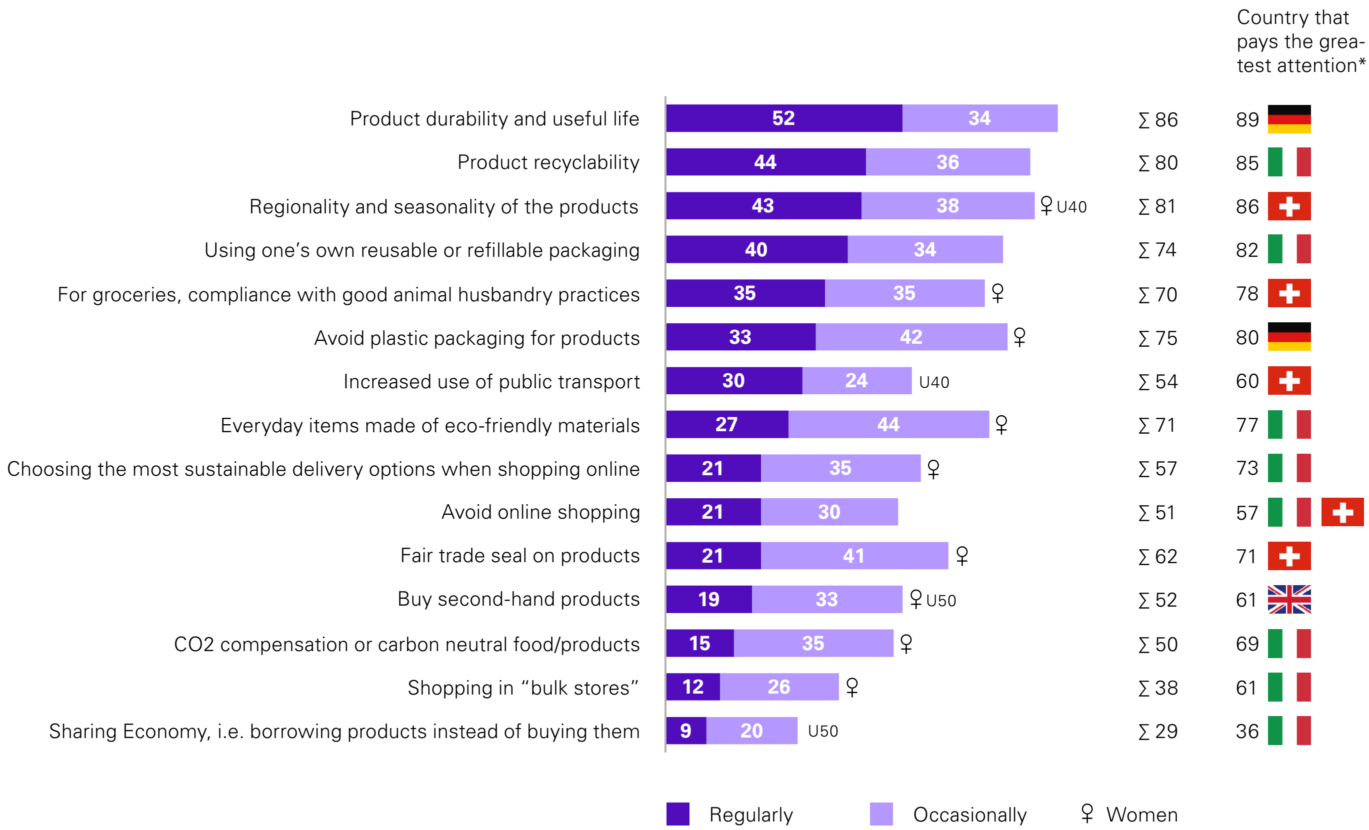
So far, “bulk stores” (38 percent overall) and the sharing economy have been the least popular options (29 percent overall), which is partly due to the fact that these options are not yet widely available or consumers are still unaware of them. Consequently, these areas hold potential for innovative approaches.

It is evident that women and younger consumers, in particular, claim to be especially mindful of many of the aspects mentioned.

In a country comparison, Italy and Switzerland stand out with regard to consumers being mindful of certain aspects most often.

Sustainable actions in everyday life and sustainable shopping

Across the surveyed countries, the durability and useful life of a product are particularly important in everyday life, as is recyclability, as well as regionality and seasonality.



Question: Which sustainability aspects are you already mindful of when making purchases?
*Info: 500 ≤ n ≤ 2,000; *top 2 boxes (regularly + occasionally); figures in percent*
Source: KPMG/IFH KÖLN GmbH, 2022

Even though consumers are predominantly critical of the prices of sustainable products, they are more willing to pay premiums for regional products.

This is most evident with regard to meat and dairy products and fruits and vegetables: Around two-thirds of respondents said they were willing to pay a premium. Most respondents mentioned a possible premium of up to 15 percent.

More than a third of respondents, on the other hand, are unwilling to pay a premium for local meat, milk, fruit and vegetable products (34 percent each). For clothing and cosmetics, 42 percent and 47 percent (respectively) are unwilling or unable to pay a premium for regional products.

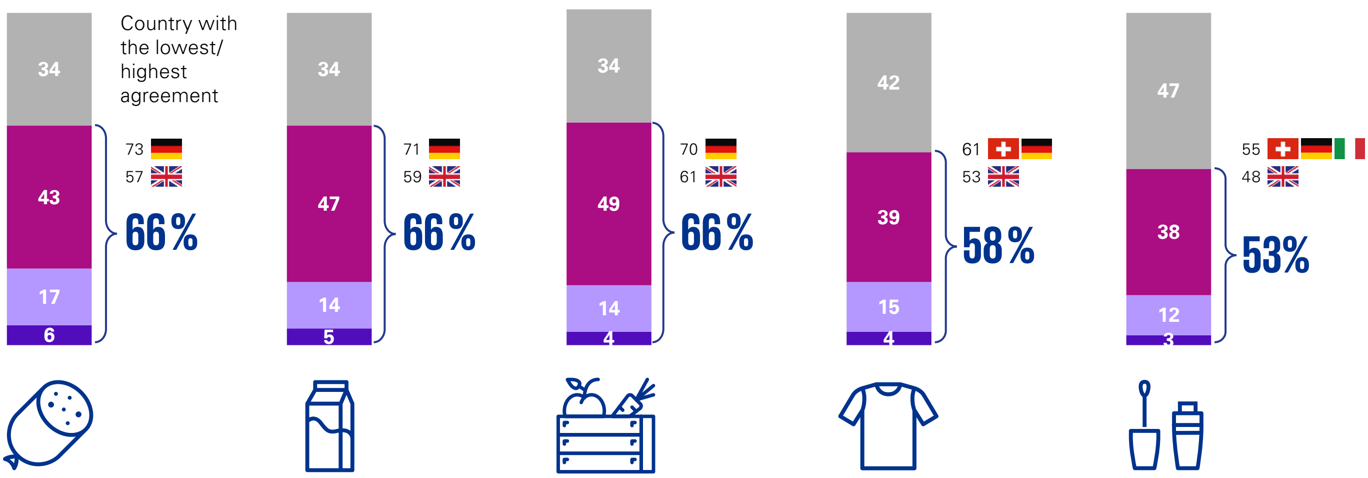
Consumers under the age of 40 are the most willing to pay a premium. German consumers are the most willing to pay more for regional products. The British are generally below average in this regard.

Willingness to pay premiums for local products

For local products, a premium of up to 15 percent is accepted in most categories. For clothing and cosmetics, consumers are less willing to pay more.

The willingness to pay more for regional products is higher among consumers under the age of 40 than among older consumers.

25-50%
15-25%
10-15%
Unwilling to pay a premium



Question: Would you be willing to spend more for products from your area/state/canton?
How much do you think a product from your area/your state would cost more in percent?
Info: 500 ≤ n ≤ 2,000; results exceeding 100 percent are due to rounding; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

When asked about their willingness to change their consumption habits, most respondents say they would be willing to avoid non-seasonal foods. Also, more than 50 percent of surveyed consumers could see themselves buying B-stock products (factory second) and reducing their meat consumption. On the other hand, respondents are not very positive towards a blanket price increase for products due to their (unspecified) sustainability (7 percent).

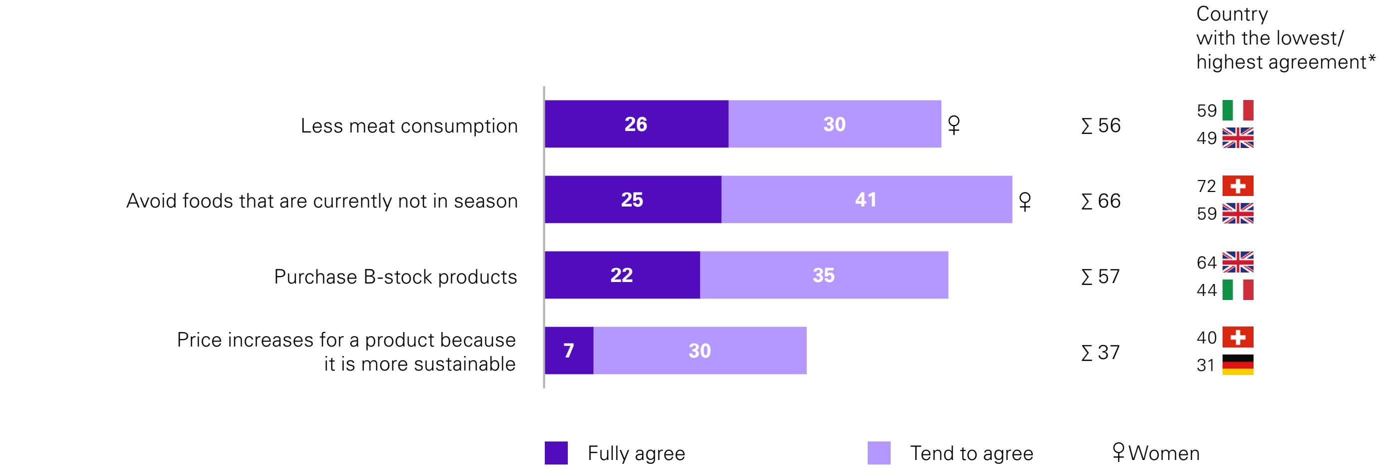
A look at demographic details reveals that it is primarily women who are willing to limit their meat consumption and avoid off-season foods.

A comparison of countries reveals interesting differences:

Swiss consumers, in particular, would be willing to accept a general price increase in favor of more sustainability, while German consumers strongly reject it. According to the responses, curbing one's own meat consumption and avoiding non-seasonal foods are most likely options in Switzerland and Italy, but are barely favoured in the UK. The picture is different, however, regarding buying B-stock products. The British are more open to this option than the other nations, while Italians are the least willing to buy B-stock.

Willingness to change consumption habits

Reducing meat consumption and avoiding off-season foods are promising avenues for a change in consumption habits.



Question: Which aspects of your personal shopping behaviour would you be willing to change for the sake of sustainability?
*Info: 500 ≤ n ≤ 2,000; *top 2 boxes (fully agree + tend to agree); figures in percent*
Source: KPMG/IFH KÖLN GmbH, 2022

"Sustainability is getting a central aspect of Consumer choices, more and more people want sustainable products, but higher prices, poor product transparency and not effective communication are limiting consumer to massively change their consumption habits. Companies need to bridge the gap between consumer expectations and current offering deeply reshaping their operating model (e.g. new production standards, increased circularity, "real" supply chain transparency) while taking the opportunity to reduce wastes and inefficiencies to contain costs."

Vincenzo Martinese
Head of Consumer Goods & Retail, KPMG in Italy

03

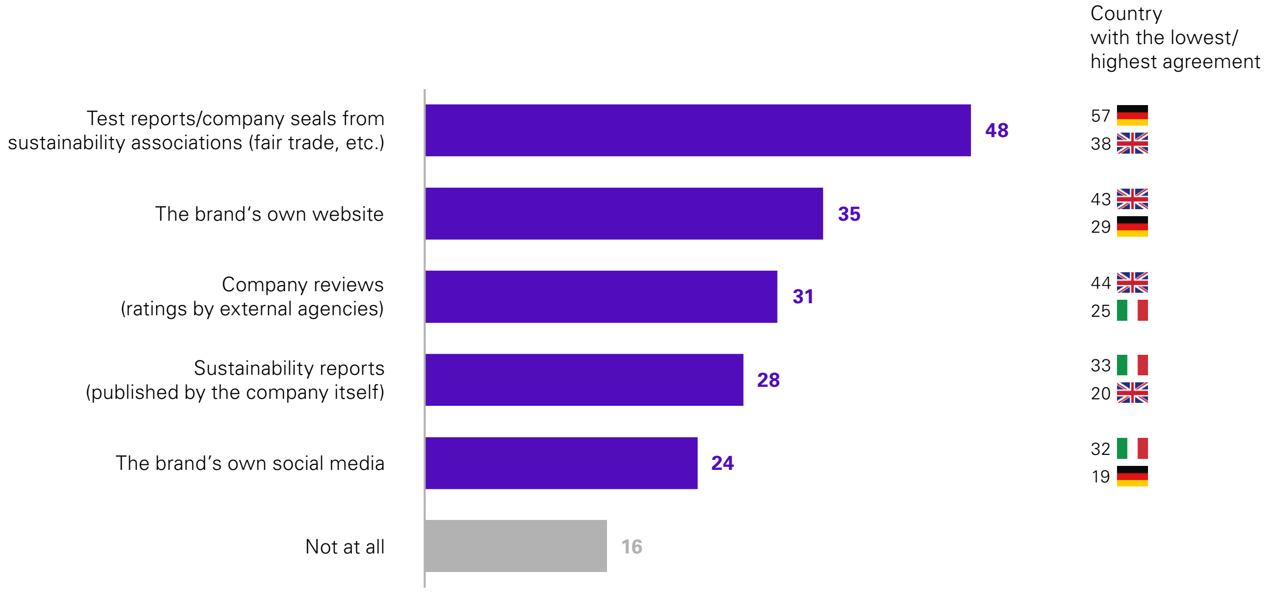
Companies must prove themselves

Communication about sustainability

With regard to the sustainability communication of brands, the surveyed countries show major differences. Brits prefer to inform themselves about brands based on ratings awarded by rating agencies and brand websites. Germans, on the other hand, prefer test reports or sustainability seals. For German consumers, social media channels are the least preferred option to obtain information about a brand. Italians, on the other hand, would have above-average willingness to use social media as a source of information. About 16 percent of respondents say they have no interest in finding out more information about brands.

Information about the sustainability of a brand

Trustworthy corporate communication about a company's own sustainability efforts should be verified and channeled via sustainability associations, in particular.



Question: How would you like to obtain information about the sustainability performance of a brand?
Info: 500 ≤ n ≤ 2,000; multiple answers were possible; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

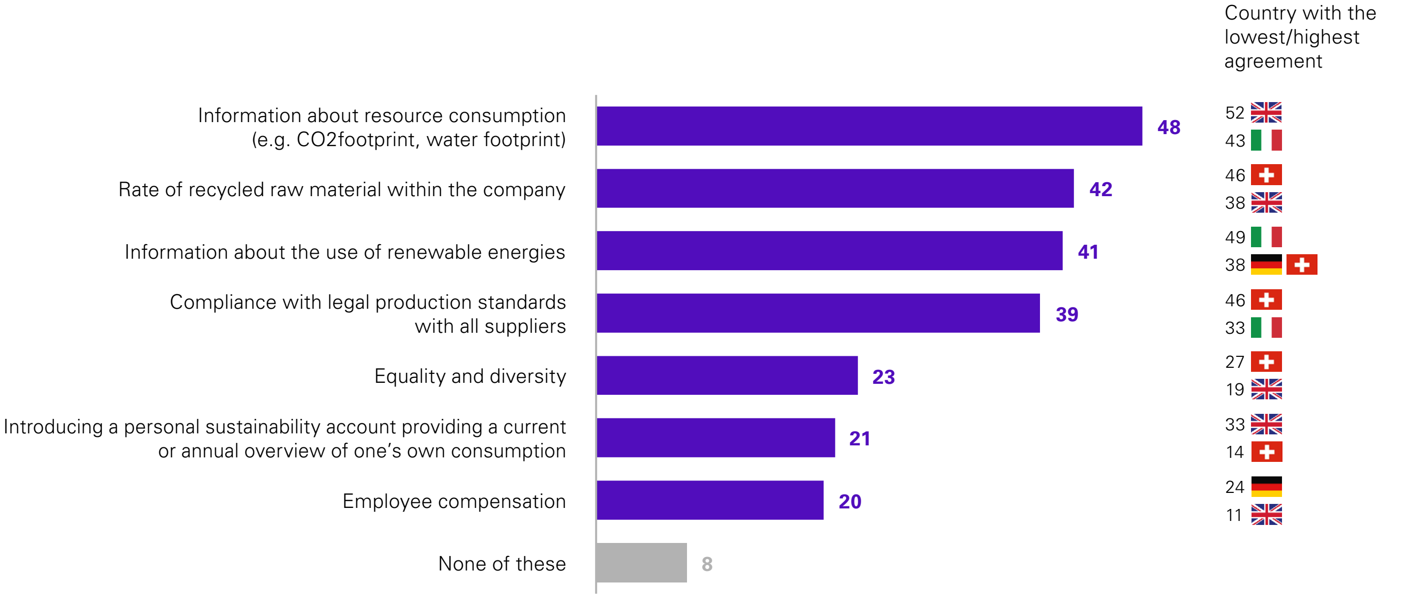
"Being able to assess sustainability is a big issue. Without standards, even the best intentions may remain ineffective. Consumers are very aware of this, which is why they demand transparency of sustainability attributes by means of a regulated standard. They want clear, verified messages."

Stephan Fetsch
EMA Region Head of Consumer Goods & Retail, KPMG in Germany

When asked which sustainability topics companies should address to ensure transparency, 48 percent of respondents mentioned resource consumption. Respondents attached somewhat less importance to a company's internal recycling of raw materials (42 percent), its use of renewable energies (41 percent), and its compliance with legal standards in the supply chain (39 percent). There is significantly less interest in social aspects such as equality and diversity (23 percent), and also in employee remuneration (20 percent). Generally, information about resource consumption enjoys above-average popularity with British respondents, whereas Italians found it less important than the average.

Transparency requirements

Consumers are particularly interested in resource consumption, the rate of recycled raw materials, and the use of renewable energies.

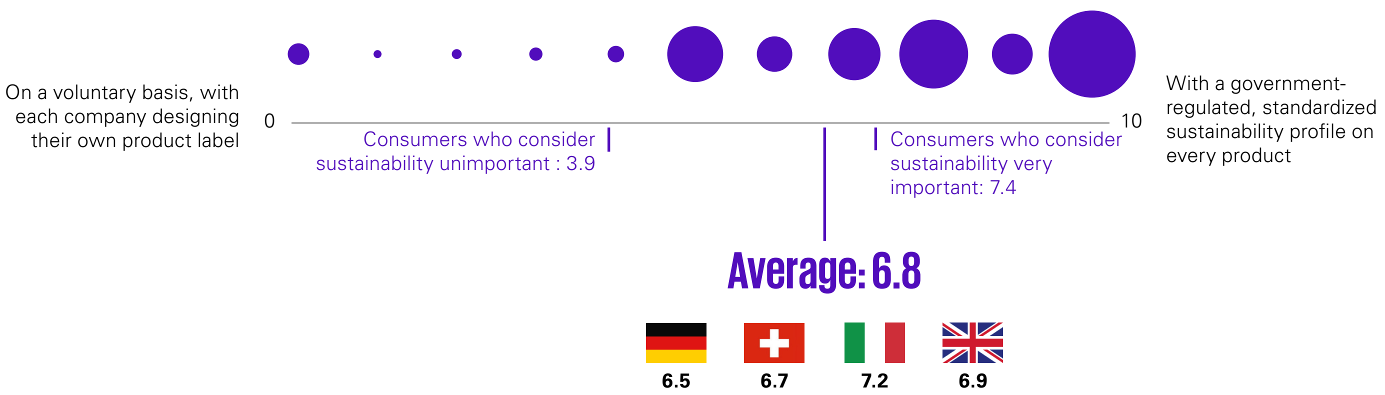


Question: Which are the sustainability topics that companies should communicate transparently in order to boost customer confidence? Select up to three aspects.
Info: 500 ≤ n ≤ 2,000; multiple answers were possible; figures in percent
Source: KPMG/IFH KÖLN GmbH, 2022

Finally, participants were asked how information about the sustainability of a product should be conveyed on its packaging: on a voluntary basis by each supplier individually, or based on a state-regulated, uniform profile? On average, respondents tend to favor a government-specified format. Italian consumers are most inclined towards a regulatory solution with an average of 7.2. Regardless of country, consumers to whom sustainability is very important also have a relatively strong preference for standardized product information (with an average of 7.4). For consumers who do not care about sustainability, the mean value is 3.9; this group prefers to let companies design their own formats.

Communicating sustainability at product level

When it comes to presenting the sustainability aspects of products, consumers tend to favor a state-regulated solution: a standardized sustainability profile.



Question: In your opinion, how should information and sustainability aspects of products be presented on individual products in the future?
Info: 68 ≤ n ≤ 2,000; indication of a mean value on a scale from 0 to 10.
Source: KPMG/IFH KÖLN GmbH, 2022

04

Conclusion

Don’t make it cheap — make it worth its price

Across countries, respondents generally attribute high relevance to sustainability. This is particularly pronounced among Italian participants, who are significantly more likely to state that the topics of sustainability and sustainable consumption are important or very important to them. It is therefore unsurprising that Italian responses differ from those of the other countries surveyed. On average, they find a sustainable lifestyle far less challenging and attribute far greater importance to the sustainability aspects mentioned in our survey. These differences can be attributed to the fact that the topic of sustainability already seems firmly anchored in society and politics. Italy invests heavily, in particular, in making the country climate-friendly. It was the first country in the world to introduce the school subject “Climate Change and Sustainable Development.”

Other than Italy, Switzerland also stands out when it comes to sustainable actions in everyday life. At the same time, the Swiss are more likely than average to change their consumption habits and willing to accept a general price increase for the sake of greater sustainability. Switzerland is considered to be less price-sensitive, especially compared to the UK and Germany. According to German respondents, the greatest challenge of a sustainable lifestyle is the additional financial burden. At the same time, however, they are the most willing to pay a premium for local products.

German consumers appear to be particularly compelled by the case for regional and local products. The British, on the other hand, are the least willing to pay a premium for local products and show an above-average preference for buying B-stock or second-hand products. In both cases, there are opportunities for companies to adjust both their offers and the purchase arguments accordingly.

In general, the sustainability of the product or the manufacturing company must be communicated credibly and, above all, seriously. Companies have various options here: They can determine how they inform consumers and about which aspects. The majority of consumers across all countries also favor state-regulated, standardized sustainability profiles on products, providing information at a glance and showing which product is actually the most sustainable alternative. Companies should leverage the possibilities described to specifically address their customers and convey targeted information.

The online survey took place in spring 2022. Five hundred consumers were surveyed in each country (Germany, UK, Switzerland, Italy). They had been selected to be representative of the population (according to age, gender, and place of residence).

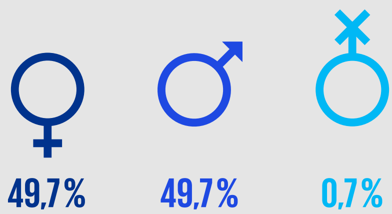
Study profile total

SAMPLE 2022: = 500 per country, representative of the population according to age, sex, and place of residence

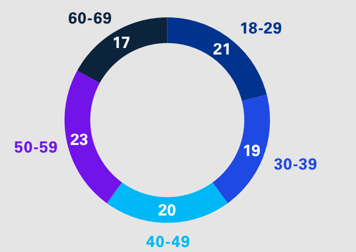
METHOD: Online survey

FIELD TIME CALENDAR WEEK 21 – 22, 2022

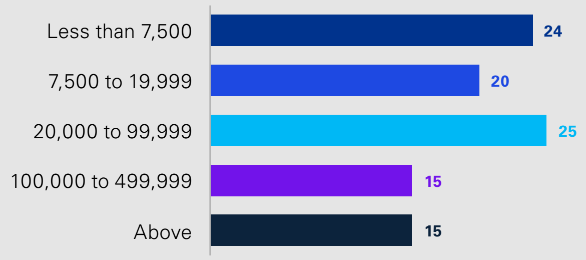
GENDER



AGE



COMMUNITY SIZE



Info: 500 ≤ n ≤ 2.000; figures in percent
KPMG/IFH KÖLN GmbH, 2022

Publisher

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