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79% of consumers are changing their purchase preferences based on social responsibility, inclusiveness, or environmental impact

Capgemini research highlights a strong connection between sustainability and core-business benefits including increased customer loyalty and brand revenue

Paris, July 8, 2020 – A new report from the [Capgemini Research Institute](#) examines the impact sustainability has on consumer purchasing patterns and how well consumer product and retail (CPR) organizations understand consumer expectations. The report, "[Consumer Products and Retail: How sustainability is fundamentally changing consumer preferences](#)", finds that sustainability has risen up the customer's agenda: **79% of consumers are changing their purchase preferences based on social responsibility, inclusiveness, or environmental impact. Moreover, COVID-19 has increased consumer awareness and commitment to buying sustainably: 67% of consumers said that they will be more cautious about the scarcity of natural resources due to the COVID-19 crisis, and 65% said that they will be more mindful about the impact of their overall consumption in the "new normal".**

Sustainability concerns are now influencing consumer behavior among more than half the population: 53% of consumers overall and 57% in the 18-24 age group have switched to lesser known brands because they were sustainable. More than half of consumers (52%) say that they share an emotional connection with products or organizations that they perceive as sustainable. 64% say that buying sustainable products makes them feel happy about their purchases (this reaches 72% in the 25-35 age group).

CPR organizations also understand the benefits sustainability has on their relationships with customers: 77% indicate sustainability leads to increases in customer loyalty, while 63% say it increases brand revenue.

Both consumers and enterprises have a lot more to learn about sustainability

Despite intentions to be sustainable, there is a gap between what consumers think they know, and what they actually know, about sustainability: 78% of consumers are not aware that it takes 1,000 liters of water to produce a chocolate bar and 68% are not aware that an average burger results in more emissions than driving 15km in a large car. Nearly 68% of consumers who purchased these products were willing to purchase a more sustainable product once they were made aware of the sustainability issues. This highlights the need for more sustainability-related information to be available for consumers and reinforces the importance of brands driving the sustainability agenda.

However, a knowledge gap also exists among retailers and manufacturers who think their shoppers know more than they do. 65% of executives say their consumers are very much aware of their sustainability initiatives, but 49% of consumers say they do not have any information to verify the sustainability claims of products, and 44% say they do not trust product sustainability claims.



Most organizations are just scratching the surface of sustainability

Nearly 80% of organizations mention the impact on margins or cost overruns as a challenge in scaling sustainability initiatives and for almost three in four organizations, other issues take priority.

Three out of four (75%) of CPR organizations say they have a strategy, infrastructure, and resources in place to drive sustainability and circular economy efforts. However, when it comes to deploying company-wide initiatives that have impact, less than one quarter of organizations have managed this. Moreover, different facets of operations are seeing different levels of success. The most commonly scaled initiatives are fair labor policies and safe working conditions with 48% of organizations claiming to have achieved scale in these areas. In contrast, sustainable IT, which involves reducing the impact of the digital footprint (such as energy efficiency in data centers), is being scaled by just 18%.

Moreover, despite the pandemic bringing a renewed focus on the circular economy, just 18% of executives have invested in circular economy initiatives and only 35% plan to invest in this area in the next three years.

Pia Heidenmark Cook, Chief Sustainability Officer at [Ingka Group](#) says, *"I think a challenge that many organizations face is change management. A perception many organizations have is that sustainability is more expensive. However, they do not realize that initiatives like waste reduction or energy efficiency will reduce your operational costs. So, I would say the key challenge that stands in the way of sustainability is change management – showing the business case, why it makes sense, and influencing and inspiring people to understand why it makes a difference."*

Capgemini's report identifies four best practices for accelerating sustainability that organizations can emulate to drive sustainability programs in the long run:

- **Educate consumers and empower employees to embed sustainable practices:** Organizations must play a key role in highlighting the sustainability footprint of their products, because consumer awareness of the environmental impact of many products is low
- **Position technology at the core of sustainability initiatives:** It is important that organizations map technology use cases back to the broader sustainability goals of the organization, to ensure measurable return on investment
- **Bring in robust governance for sustainability:** Robust governance helps an organization to scale its sustainability strategy across business units, oversee the objective-setting and reporting processes, and strengthen relations with external stakeholders
- **Collaborate with the broader ecosystem for a larger impact:** Sustainability-led collaborations within the internal network helps to create shared commitments across networks and alleviate the environmental and social impacts deeply embedded in the supply chains of the sector

"So far, many organizations have viewed sustainability as a bolt-on," says Kees Jacobs, Vice President, Consumer Goods and Retail at Capgemini. "However, when baked into an organization's mission and purpose, sustainability has the potential to entirely change an organization's relationship with its customers and partners. The pandemic has heightened global desire for authenticity and responsibility, particularly from large organizations. As businesses focus on transformation in the wake of the pandemic, they should put sustainability at the heart of their efforts."



To read a full copy of the report, click [here](#).

Research methodology

The Capgemini Research Institute surveyed 7,500 consumers globally to understand their preferences, behaviors and expectations on sustainability. The Institute also surveyed 750 senior executives in various sub-sectors of CPR to gain more insights on maturity, priorities and outlook of sustainability.

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