Savanta:

Q3 | 2023 REPORT

Grocery Eye

Focus on sustainability in the grocery space

savanta.com

Classification: Private

Note from the Editor

The initial shock of the cost-of-living crisis in the last 12 months left shoppers more exclusively focused on prices, however it feels as though sustainability is now back on the agenda.

Sustainability remains a complex topic both for shoppers and brands, and it is really difficult to navigate between shoppers' positive attitude and claimed willingness to buy more sustainably with behaviours which are not quite matching all the good intentions. Our data suggests the tide might be turning, albeit slowly, driven by an increased interest from shoppers and increased activities from brands and retailers.

In the short term, 'affordable sustainability', allowing consumers to get more for their money and minimise waste will help drive engagement, especially at point of sale.

Longer term, initiatives and campaigns that educate about the sustainability credentials of brand and products; link to product quality and explain why sustainability might come at a premium will also allow shoppers to better understand the added-value sustainability brings.

This is an area where we have seen a lot of activity both from brands and retailers lately, across touchpoints both in and out of store and something we are very excited about.

We are working with our clients to help them grow their categories by navigating food & drink trends and identifying and leveraging key needs, decision drivers and influences at point of sale and beyond, from communications to NPD.

Background

The Grocery Eye has been running **since 2014**, surveying around **500 people UK Nat Rep Shoppers** each quarter, and covering grocery shopping behaviour with a focus on 4 key topics: healthy eating (Q1), plant based/meat reduction (Q2), **sustainability (Q3),** shopping missions and occasions (Q4)

We also track the progress of four resilience groups – defined by socio-economic attitudes – to go further than demographics to understand consumer resilience to economic downturns

16%

Insulated

I'm aware of the problems in the wider economy but it has not really affected me much personally

36%

Cautious

I'm just a bit more cautious about how much I spend and saving a bit more

26%

Squeezed

I'm taking action to buy cheaper brands and/or going to less expensive shops

20%

Sufferers

I've cut all of the expenditure that I can because I'm really worried about the future

48%

of UK Consumers
are concerned about the potential negative impacts of climate change on them and their family

Yet, they are less likely than their European counterparts to take action to promote sustainability
(read about the topic, sign a petition, boycott brands etc.)

And this **dissonance** applies to sustainable shopping behaviours too

QECO7. To what extent are you concerned about the following? QECO_8. Have you ever done any of the following when it comes to promoting sustainability? Base: Total (500)

2022,

and the cost-of-living crisis, saw sustainability taking a step back when it comes to grocery.

But it is back on the agenda!

This is reflected in the uplift in importance seen for sustainability related factors, with levels returning to that of 2021, prior to the cost-of-living crisis

Purchase drivers of grocery (% Important 8-10)

Sustainability

45%

Change vs Q3 ‘22

+18% ↑

Locally sourced

41%

+15% ↑

Packaging

37%

+12% ↑

Production process

34%

+11% ↑

Fairtrade

34%

+13% ↑

Ethical

33%

+12% ↑

Organic

27%

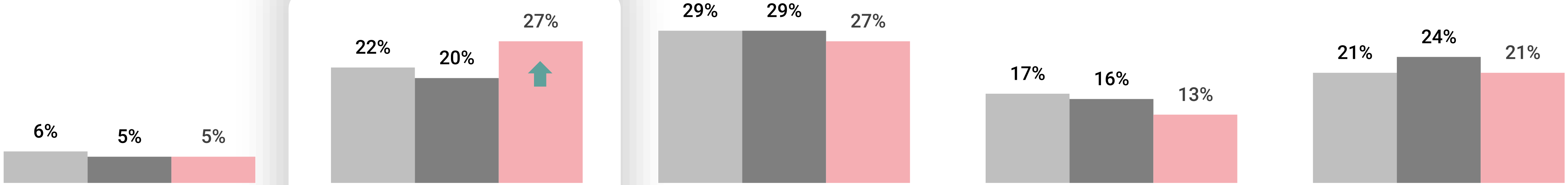
+11% ↑

QGEVQ3_1. How important are each of the following when purchasing grocery items on a scale of 1 to 10? Base: Total (500)

Sig different at 95% confidence vs. Q3 2022

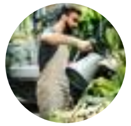
And UK Consumers are significantly more likely to see themselves as early adopters on sustainability issues, so could the tide be turning?

Attitudes to sustainability



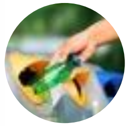
Trend setters

I am always the first among my friends and family to pick up on the latest issues and adopt new habits that are sustainable



Early Adopters

I am maybe not the first, but feel I am earlier than most picking up on the latest issues and adopting new habits that are sustainable

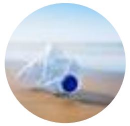


Second Steppers

I pick up on the latest issues and adopt new habits slowly and step-by-step

Late Bloomers

I am usually the last among my friends and family to pick up on the latest sustainable issues and habits



Disengaged

I don't pay any attention to sustainability issues

Q3 2021 Q3 2022 Q3 2023

QGEVQ3_2. When it comes to sustainability issues, which of the following statements best describes you? Base: Total (500)

Sig different at 95% confidence vs. Q3 2022

Grocery remains the leading sector where sustainability influences purchases, and also the one consumers are most willing to spend more to be more environmentally friendly

Purchase decisions influenced by sustainability considerations (always / sometimes)

Grocery	Toiletries	Fashion	Eating Out
71%	63%	57%	47%

Willingness to spend more to be more environmentally friendly (agree)

Grocery	Toiletries	Fashion	Eating Out
50%	43%	40%	37%

QGEVQ3_4. In these different areas of your life, can you please indicate how often, if at all, the purchasing decisions you make now are influenced by the desire to be environmentally sustainable?
QGEVQ3_5. If being more environmentally sustainable came at a direct financial cost to you, would you be willing to spend more money than you currently do in the following areas? Base: Total (500)

But with higher awareness comes higher scrutiny. Education and clear communications remain key to cut through and engage: what is really sustainable? And how does it all work together?

Packaging remains the biggest sustainability shortcut in store

Sustainability cues in Grocery

48% Recyclable packaging

44% Minimal packaging

42% Packaging from recycled materials

But is not always well received by shoppers…

Sainsbury’s switch to soft vacuum pack plastic offered freshness for longer from its airtight casing, and easily freezable, all plastic of which could be recycled at the end.

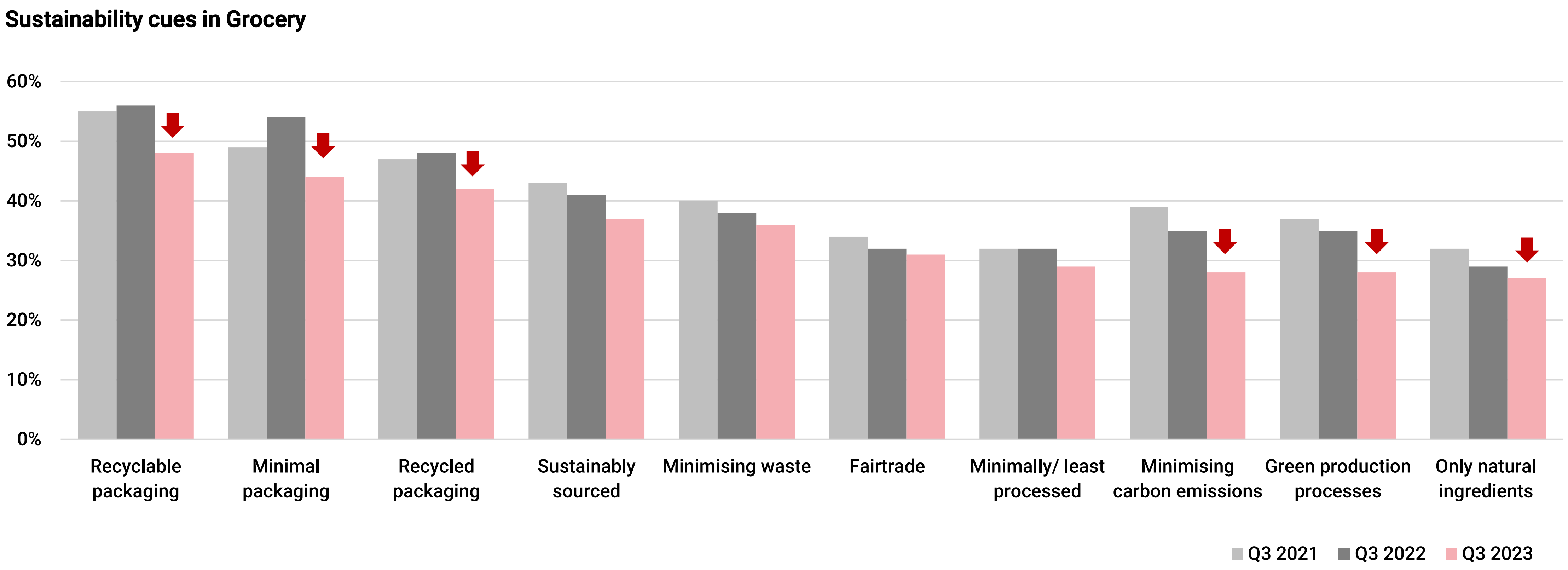
All in all, a much more sustainable pack, but some shoppers were taken aback by this new looking pack.

It is hard to break habits and expectations. Consumers want more sustainable packs but also dislike change

Sainsbury’s first UK retailer to vacuum pack all beef mince saving 450 tonnes of plastic each year

QGEVQ3. Which of the following makes a grocery product, or other item you could buy from the supermarket, more sustainable? Base: Total (500)

And sustainability cues are possibly less obvious as they used to be. As awareness and understanding increase, is assessing sustainability getting more difficult?

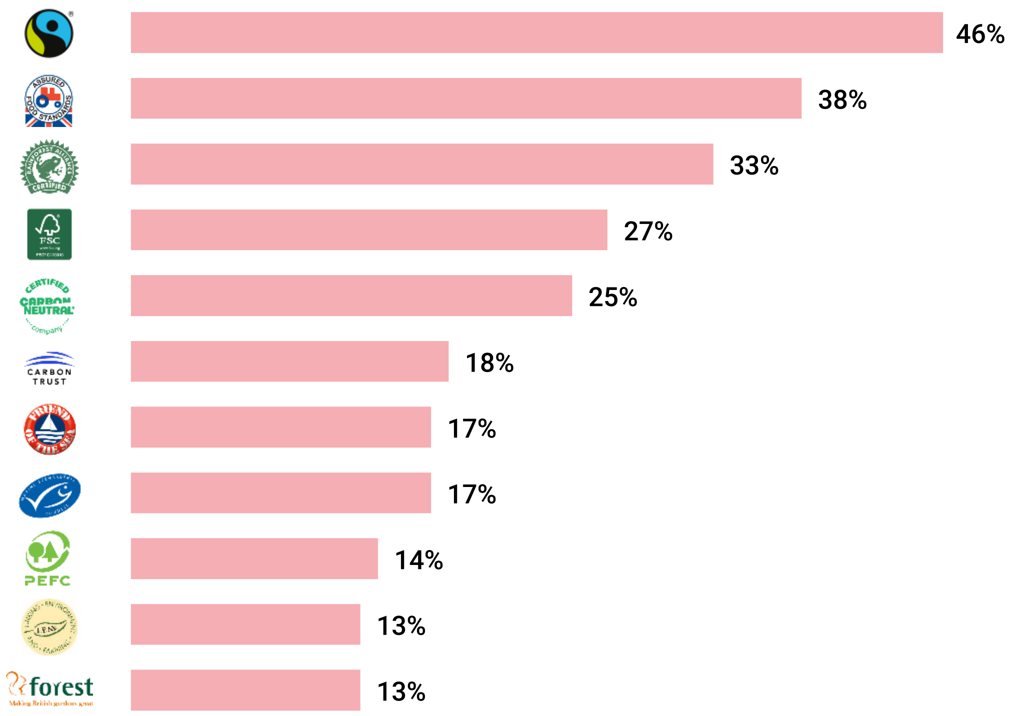


QGEVQ3_8. Which of the following makes a grocery product more sustainable?
Base: Nat Re 2021, 2022 (n.2,000), Q3 2023 (500)

Sig different at 95% confidence vs. Q3 2022

Labels and certification are a strong cue, but are too many labels ultimately confusing?

Labels & certifications perceived to demonstrate sustainability

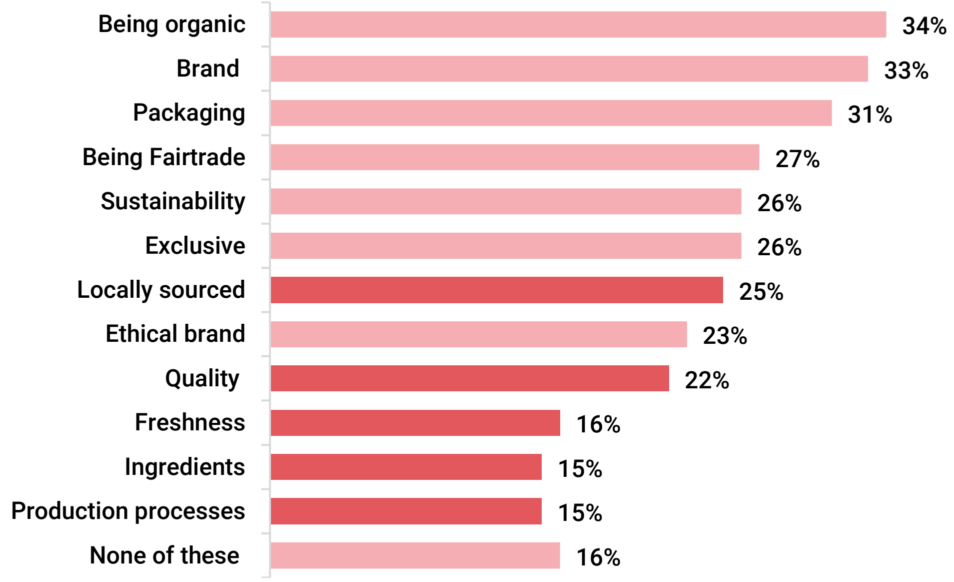


QGEVQ3_11. If seen on a grocery item, which, if any, of the following would convince you this item is sustainable? Base: Total (500)

Can we link sustainability and quality messages?

As shoppers are less willing to compromise on quality than on sustainability, fresh, local and minimally processed should be leveraged

Factors willing to compromise on

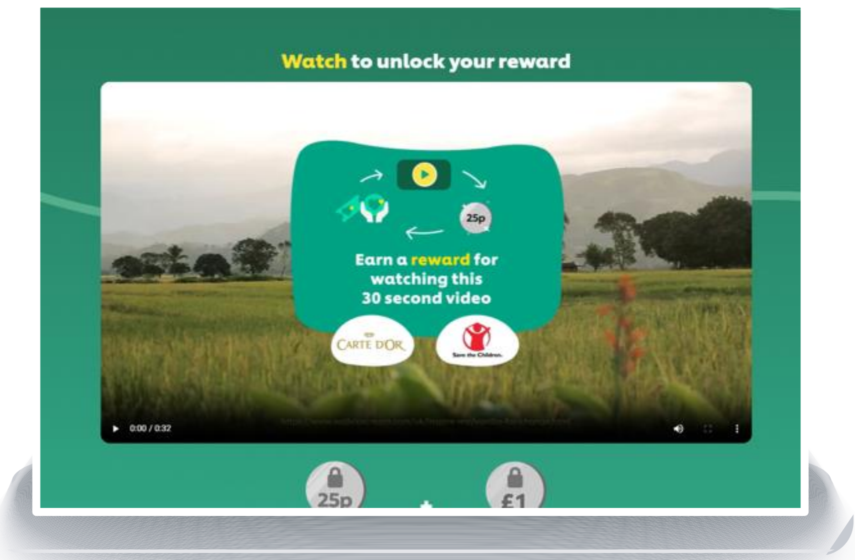


QGEVQ3_1b. And which would you be willing to compromise on to help you through the high inflation and cost of living crisis? Base: Total (500)

So, where should brands and retailers best communicate about sustainability?

At fixture, shoppers still rely heavily on packs rather than POS

But some brands are starting to test stronger sustainability activation



While others, like Unilever, are targeting consumers out of store

With their **View Good, Do Good campaign,** their new reward-based marketing programme, **Unilever** target consumers on social media and educate them on sustainability in return for unlocking a reward

QGEVQ3_13. When you're shopping for grocery items in store or online, what helps you decide which grocery items to buy? Base: Total (500)

https://www.marketing-beat.co.uk/2023/05/02/unilever-sustainability-ads/
https://www.viewgooddogood.com/

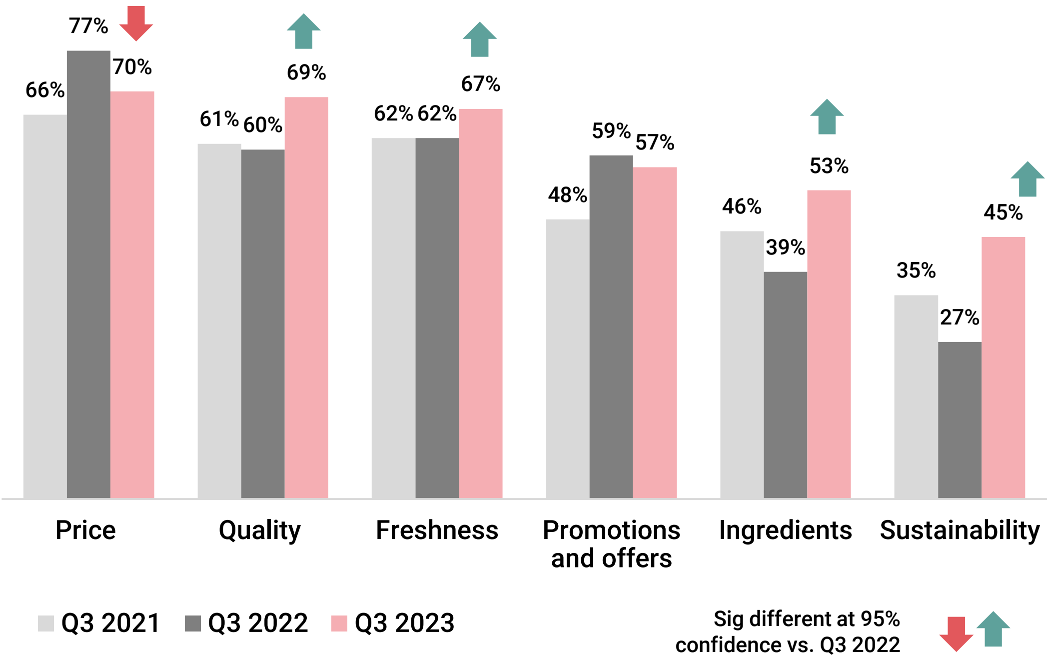
But let's not forget budgets remain tight

Sustainability behaviours remain more likely to be undertaken if there is a cost benefit.

If attitudes might be starting to shift, behaviours haven't quite yet.

Although price has declined in importance as inflation eases, it remains the most important factor when it comes to grocery

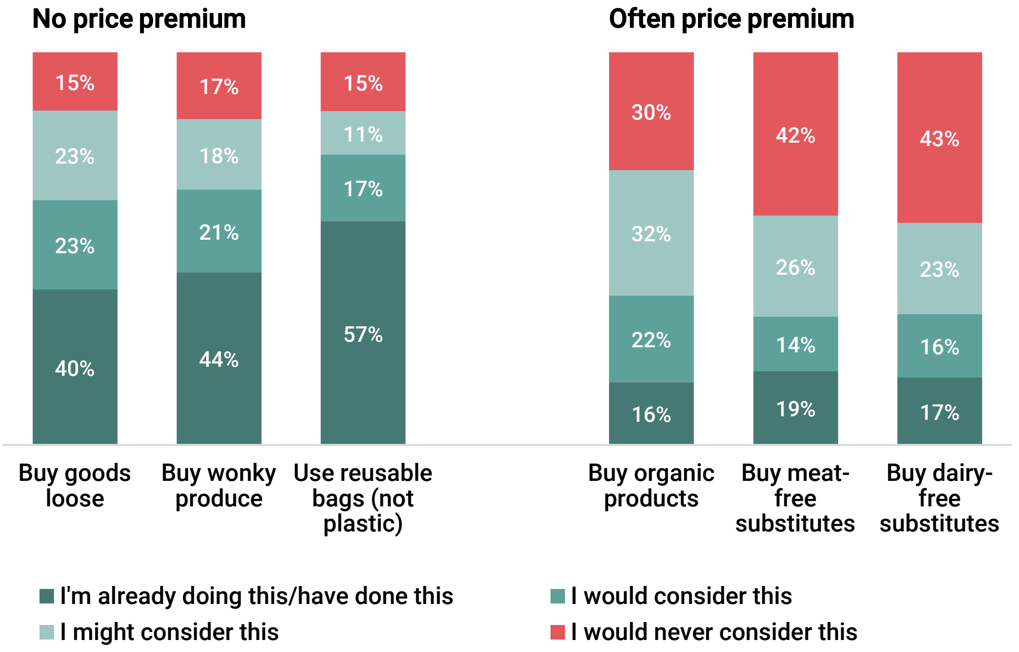
Purchase drivers of grocery (% Important 8-10)



QGEVQ3_1: How important are each of the following when purchasing grocery items on a scale of 1 to 10 Base total: Q3 2022 (2000), Q3 2023 (500)

Hence, sustainable behaviours are still more likely to be undertaken if there is a cost benefit, rather than a cost premium

Sustainable behaviours (% T3B – top 3 & bottom 3)



QGEVQ3_6. Which of the following, if any, would you consider doing to make your grocery purchases more sustainable? Base: Total (500)

But engagement is not necessarily linked to disposable income and grocery budgets

33% of Insulated consumers say that they **'don't pay attention to sustainability issues'** (the highest proportion of all resilience groups)

23% of Insulated shoppers would be **willing to pay a lot more for environmentally friendly groceries** (the highest proportion of all resilience groups)

Demonstrating the opportunities to 'crack' this less engaged but higher spending group

QGEVQ3_2. When it comes to sustainability issues, which of the following statements best describes you? QGEVQ3_5: If being more environmentally sustainable came at a direct financial cost to you, would you be willing to spend more money than you currently do, to purchase the following products or services Base: Insulated (80).

Abel & Cole's recent advert is a good example of educating through disruption

Abel & Cole educate consumers through their clear, simple and direct marketing

Explains the numerous reasons for higher food costs from growth to delivery

Outlines the benefit to the environment

Outlines the benefit to the consumer
"Difficult tastes better"

Whilst this approach isn't for everyone, and may not appeal to lower income consumers, it does educate consumers whether they decide to shop with Abel & Cole or not

Squeezed and Sufferers are more engaged but also looking for cost-effective solutions, creating opportunities to strengthen brand connections and loyalty among these groups

01

Help me get more for my money

- Buying in-season
- Buying wonky produce
- Buying in bulk

02

Help me minimise waste

- Meal planning
- Buying loose produce
- Buying fresh
- Minimal / recycled / recyclable packaging

03

Help me support others

- Buying local
- Buying fairtrade

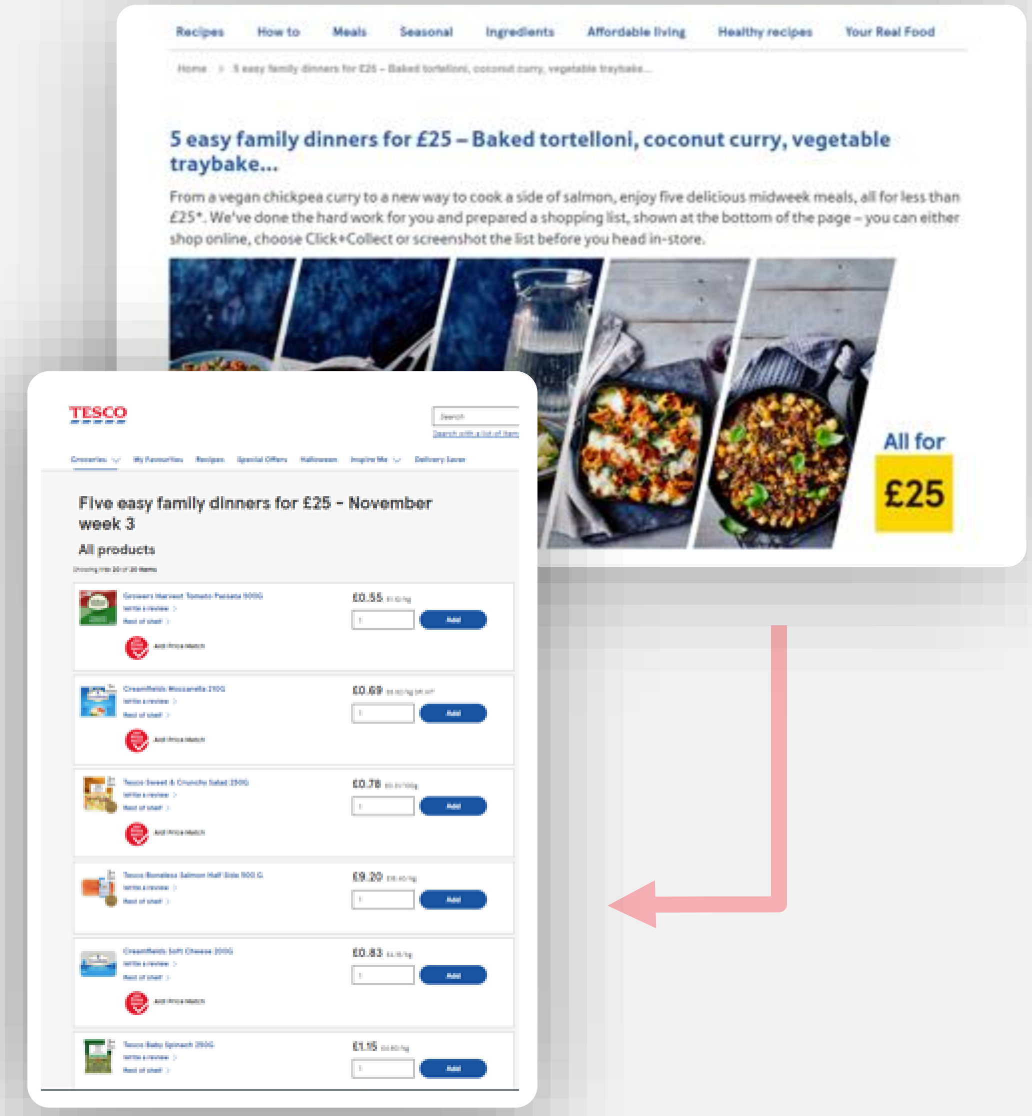
QGEVQ3_2. When it comes to sustainability issues, which of the following statements best describes you? QGEVQ3_5: If being more environmentally sustainable came at a direct financial cost to you, would you be willing to spend more money than you currently do, to purchase the following products or services. QGEVQ3_6. Which of the following, if any, would you consider doing to make your grocery purchases more sustainable? Base: Squeezed (138), Sufferers (104).

For example, inspiring with a simple, no-waste meal plan with ingredients at the click of a button

Tesco’s ‘Easy family dinners for £25’ ticks all boxes for many families

Affordable **Quick & Easy** **No Waste** **Inspiring**

And the option to add all the ingredients directly to your online shopping removes one of the main barriers to convert by making it possible at the click of a button



And the option to add all the ingredients directly to your online shopping removes one of the main barriers to convert by making it possible at the click of a button

Summary

Key findings

01

Grocery key to sustainable shopping

Grocery is the main sector shoppers are already considering in terms of sustainability and they are willing to pay a premium for more sustainable products, offering an opportunity for both brands and retailers

02

Sustainability is moving up the agenda

Following a dip in 2022, sustainability has increased in importance when shopping for groceries and we are seeing shoppers make small steps to be more sustainable in the grocery aisle

03

Price continues to drive behaviours

Price still holds the most weight in the grocery aisle due to the ongoing financial challenges shoppers are facing, hence it is key for retailers and brands to think about how to meet sustainability needs in a budget-friendly manner

04

Desire for quality can be capitalised on

Shoppers are not willing to compromise on quality and other related factors i.e. freshness, minimally processed, even if it means higher prices, presenting an opportunity to link sustainability and quality to justify premium prices

05

There is a gap in consumer knowledge

But price is not the only factor. A large group of consumers still feel disengaged with sustainability and maybe a little bit confused as the different aspects of sustainability can be contradictory and the variety of labels and certifications confusing

06

Education through disruption is needed

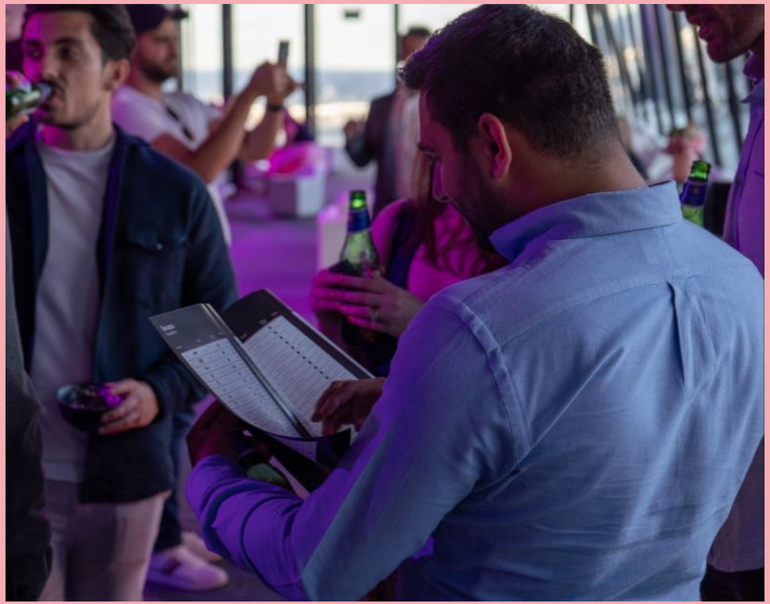
Education is needed to bridge this gap. Being clear and direct with the consumer is the easiest way to get this message across, and there are some clear examples of brands starting to do this and disrupt the grocery space both at fixture and outside

Want to learn more?

We're a fast-growing data, market research and advisory company who sets out to inform and inspire our clients through powerful data, empowering technology and high-impact consulting. Our bespoke research is informed by extensive tracking data, designed to help you make better decisions and accelerate your progress.

- Research & consulting
- Audience & panels
- Data collection & analysis
- Products & technology

Find out more



Savanta:

Make better decisions

Savanta is a full service global market research and data insight company that helps businesses make better decisions.

To find out more about the Grocery Eye and Sustainability, contact our Consumer Team

Shopper & Customer
Julie Vigne
julie.vigne@savanta.com

Brand & Comms
Louise Edwards
louise.edwards@savanta.com

Innovation
Robyn McKane
robynmckane@savanta.com