From Labels to Loyalty: Understanding What Resonates with Consumers
From Labels to Loyalty: Understanding What Resonates With Consumers

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Labels to Loyalty

How and where to message your sustainability efforts
Nielsen IQ and New Hope Network marketplace sustainability messaging insights

- Elements of tension and confusion in the marketplace (Sherry Frey VP of Total Wellness at Nielsen IQ)

- The importance of collaborative, multi-pronged story telling to communicate your sustainability goals (Amanda Hartt, Senior Manager of Data & Insights at New Hope Network)

- Sustainability is a journey: a panel will help illustrate the best practices and strategies that should be in your toolkit (CCOF, INFRA, Nielsen IQ)
Expo East Labels and Certifications

Sherry Frey
VP of Total Wellness

September 2023
Consumer view of wellness *includes* the planet and the wellness of others

- **Protective**
  - **Urgent care**
    - Protecting myself and/or my family members from immediate health threats.

- **Preservation**
  - **Self care**
    - Improving my and/or my family’s *current* physical or emotional well-being and connections.
  - **Preventative care**
    - Proactive actions to achieve & maintain specific health goals, or helping to avoid ailments in the *long-term*.

- **Aspirational**
  - **Innovative care**
    - Seeking out the latest alternatives or developments to continuously meet my and/or my family’s health & wellness goals.

- **Evolving**
  - **Selfless care**
    - Improving the world around me by advocating for environmental, ethical, humanitarian, and/or philanthropic causes.

- **Altruistic**

**2023 research found increase in importance**

**61%**
- Agree *environmental issues* are having an *adverse impact* on their current and future health

**64%**
- Will *pay more* for products supporting communities and vulnerable groups
The Business Case

Retail sales growth rate
CAGR Latest 52 weeks vs 4 years ago

+184bps

<table>
<thead>
<tr>
<th>Products without claims</th>
<th>Products with claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.8</td>
<td>6.7</td>
</tr>
</tbody>
</table>

Source: NielsenIQ Retail Measurement Services, NIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 07/15/23

Retail unit growth rate last four years

- Total Store
- Environmental Sustainability
- Sustainable Packaging
- Animal Welfare
- Social Responsibility

Source: NielsenIQ Retail Measurement Services, NIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 07/15/23
Products (branded and private label) with a higher degree of sustainability-related claims enjoy higher loyalty

Brand repeat rate by sustainability-brand groups, % of households buying 3+ times

Brands with >50% of sales from products with sustainability-related claims achieve repeat rates of up to 34%

% of a brand sales coming from products with sustainability-related claims

“Sustainability” includes environmental, social, packaging, animal welfare claims, organic and plant-based

+2% differential CAGR for products with 40%+ prevalence over those without claims, +5% for products with 10-40% prevalence; Brands with a higher % of sales from products with claims enjoy greater loyalty (higher repeat rates)
Future looks strong for sustainability based on young consumers

Number of environmentally-conscious 18 to 34-year-olds is greater than all other age groups

All Environmental attribute purchases by low-usage households

| Age Group | % HH Penetration | Total $ per 100 HHs Index | Environmental attribute purchases
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 24</td>
<td>55%</td>
<td>149</td>
<td>100</td>
</tr>
<tr>
<td>25 - 34</td>
<td>41%</td>
<td>122</td>
<td>86</td>
</tr>
<tr>
<td>35 - 44</td>
<td>32%</td>
<td>100</td>
<td>85</td>
</tr>
<tr>
<td>45 - 54</td>
<td>28%</td>
<td>86</td>
<td>85</td>
</tr>
<tr>
<td>55 - 64</td>
<td>29%</td>
<td>85</td>
<td>92</td>
</tr>
<tr>
<td>65 - 74</td>
<td>30%</td>
<td>92</td>
<td>113</td>
</tr>
<tr>
<td>75+</td>
<td>39%</td>
<td>113</td>
<td></td>
</tr>
</tbody>
</table>

Source: NielsenIQ Spectra Homescan Panel; Consumer Profile by Demographics; Total US; $ per 100 HHs Index –May 2022 YTD Sales and 2021 Census
Sustainability means *different things to people* around the world.
Explosion of claims across the store enabling consumer action

- Environmental Sustainability
- Sustainable Packaging
- Animal Welfare
- Social Responsibility
- Organic

Bubble size denotes total sales in L52 week. All attributes represent claims STATED on package unless indicated by an * symbol.

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 05/20/23 vs 4YA.
Consumer engagement with sustainability varies

**Say**
How important is sustainability?

- **34%** Skeptics
  - Low awareness and priority

- **14%** Idealists
  - Passionate but struggle to put into practice

- **22%** Minimalists
  - Basic awareness of sustainability but no strong motivation

- **11%** Healthy ‘me’ & ‘planet’
  - Embrace importance with a focus on health and take some action

- **19%** Evangelists
  - “Walk the talk”

**Do**
What actions do they take?

- **34%** Skeptics
  - Low association to any aspect

- **14%** Idealists
  - Better conditions for farmers
  - Giving back to society
  - Support of minorities

- **22%** Minimalists
  - Reduced pollution

- **11%** Healthy ‘me’ & ‘planet’
  - Almost all aspects from planet to people

- **19%** Evangelists
  - All aspects from planet to people

**Meaning**
What sustainability means to them

Index highest for natural channel
As demand for transparency increases, getting claims right and providing access to verification will be critical to Evangelists, Healthy Me & Planet and Idealists.

Greenwashing alienates core consumer groups from brands.

% who will stop purchasing a brand if found guilty of greenwashing:
- Total: 66%
- Skeptics: 33%
- Idealists: 94%
- Minimalists: 70%
- Healthy Me & Planet: 91%
- Evangelists: 85%

"We are entering a new era of transparency where companies will need to recalibrate their pack and brand communications and ensure that any claims made are accurate, transparent and can be validated, or else face both the financial and consumer repercussions."

Nicole Corbett, Vice President of Global Thought Leadership.

Source: NIQ 2023 Sustainability Report - How unlikely or likely are you to take following actions, when choosing a particular grocery brand?
**Cost, access and lack of clarity** are biggest barriers overall but understanding specific hurdles can trigger opportunity

**Sustaining options are too expensive**
- 37% Skeptics
- 30% Idealists
- 23% Minimalists

**Limited sustainable product availability/choice**
- 30% Skeptics
- 20% Idealists
- 16% Minimalists

**Confusing, information unclear/ unavailable**
- 23% Skeptics
- 20% Idealists
- 14% Minimalists

**Too difficult to do/inconvenient**
- 20% Skeptics
- 16% Idealists
- 14% Minimalists

**Time consuming eg sorting recycling/composting**
- 16% Skeptics
- 14% Idealists
- 14% Minimalists

**Not a priority right now**
- 14% Skeptics
- 14% Idealists
- 14% Minimalists

**Unreliable/bad quality/inferior to unsustainable options**
- 14% Skeptics
- 14% Idealists
- 14% Minimalists

**Don't trust sustainable claims**
- 14% Skeptics
- 14% Idealists
- 14% Minimalists

**Don't believe it makes a difference**
- 11% Skeptics
- 11% Idealists
- 10% Minimalists

**Influence from family/friends/peers**
- 10% Skeptics
- 10% Idealists
- 10% Minimalists

Source: NIQ 2023 Sustainability Report – Q: What are the barriers that stop you from living a more sustainable life
Consumers are very likely to choose **Retailers** taking the following actions:

- Gives rewards/incentives for recycling, reducing food waste: 36%
- Offer a wide assortment of sustainable products: 31%
- Only stocks brands with legitimate sustainable credentials: 24%
- Based on their public sustainability target or pledge: 25%

Retailers can drive store choice via incentives for more price sensitive and greater assortment for more engaged groups.

Source: NIQ 2023 Sustainability Report - How unlikely or likely are you to take following actions, when choosing a particular retailer?
Today I will share some of our key learnings

- Adopt a multi-channel messaging strategy to meet consumers on their journey from product discovery to purchase.

- Use social media as a platform to share your sustainability efforts.

- Sustainability is a journey. Share where you are in your journey, not just where you want to be or hope to be.
Insights are drawn from

- New Hope’s Sustainability Marketing Report: How to amplify your brand’s commitment
- Synthesized from:
  - a nationally-representative survey of 1,000 consumers aged 18 and over, collected December 2022
  - Segmented by generation, and natural channel shopper
  - Qualitative interviews from marketing, PR, branding experts in the natural products industry

Get the full report at store.newhope.com/products/sustainability-marketing
Adopt a multi-channel messaging strategy to meet consumers on their journey from product discovery to purchase.
Grocery stores, social media, and WOM are top information sources

Community-oriented venues serve up introductions to new brands

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022

Question: Where do you see communications/ads/social posts from smaller or younger grocery brands/products?

<table>
<thead>
<tr>
<th>Source of information</th>
<th>Percent of consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery stores</td>
<td>53%</td>
</tr>
<tr>
<td>Social media</td>
<td>49%</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>43%</td>
</tr>
<tr>
<td>Online advertising</td>
<td>34%</td>
</tr>
<tr>
<td>TV or print advertising</td>
<td>34%</td>
</tr>
<tr>
<td>Product packaging</td>
<td>19%</td>
</tr>
<tr>
<td>Websites, blogs, etc.</td>
<td>18%</td>
</tr>
<tr>
<td>Self-guided research</td>
<td>18%</td>
</tr>
<tr>
<td>News</td>
<td>17%</td>
</tr>
<tr>
<td>Company websites</td>
<td>15%</td>
</tr>
<tr>
<td>Product reviews/ratings</td>
<td>15%</td>
</tr>
<tr>
<td>Professional online resources</td>
<td>6%</td>
</tr>
<tr>
<td>Health professionals</td>
<td>6%</td>
</tr>
<tr>
<td>Third-party certifications</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022
Packaging plays a much stronger role in decision-making

Consumers investigate and vet the new products for criteria that meets their need

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022
Question: Among consumers who bought new brands for the first time in the last twelve months; how did they learn about these brands/products?
Social media is playing a crucial role in new product discovery AND purchase.

As younger generations shop, social media is becoming more relevant to product discovery and as a reliable resource when purchasing new brands for the first time.
Use social media as a platform to share your sustainability efforts
While sustainability can impact product trial, it isn’t a primary purchase driver

Reasons consumers bought new brands for the first time

<table>
<thead>
<tr>
<th>Rank Order</th>
<th>Reason</th>
<th>Natural Channel Shoppers</th>
<th>Total Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Availability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Taste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Ingredients</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Nutrition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Health Claims</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Brand Familiarity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td><strong>Sustainability Values</strong></td>
<td><strong>30%</strong></td>
<td><strong>14%</strong></td>
</tr>
</tbody>
</table>

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022

Question: Among consumers who bought new brands for the first time in the last 12 months; what are the reasons they bought these brands?
Sustainability is more important to younger shoppers

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022
Question: Among consumers who bought new brands for the first time in the last 12 months; what are the reasons they bought these brands?
Social media as a source of sustainability information increases with each younger generation

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022
Question: Among consumers who bought new brands for the first time in the last 12 months; how did they learn that the new brands were also sustainable?
Sustainability is a journey. Share where you are in your journey, not just where you want to be or hope to be.
We know sustainability is important to certain segments and it is growing in importance.

Willing to pay more for sustainable products: Top 2 box agree/strongly agree

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022.
Question: How well does this statement describe you? "I am willing to pay more for products that demonstrate sustainability practices."
Ensure your sustainability messaging is accurate as consumers are curious and take steps to learn more.

Younger generations are doing more research.

50% of natural shoppers do more research.

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022

Question: In a typical week, how often do you take extra steps to learn more about something you saw in social media communications (e.g., ads, posts, videos) from smaller or younger grocery brands/products?
The importance of retail partnerships are likely playing a role in generating trust among consumers

Natural channel shoppers trust certifications and claims more

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of December 16, 2022
Question: In general, how often do you trust statements that brands make about their sustainability efforts? How often do you trust certifications to be good indicators of a brand’s sustainability efforts? Using a 5-point scale (1/Never trust - 5/Always trust).
Opportunity to message benefits of organic on climate

Qualities that consumers attribute to organic and regenerative agriculture

<table>
<thead>
<tr>
<th>Qualities and attributes</th>
<th>Organic</th>
<th>Regenerative Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy</td>
<td>30%</td>
<td>74%</td>
</tr>
<tr>
<td>Expensive</td>
<td>36%</td>
<td>71%</td>
</tr>
<tr>
<td>Better for you</td>
<td>28%</td>
<td>71%</td>
</tr>
<tr>
<td>High quality</td>
<td>30%</td>
<td>68%</td>
</tr>
<tr>
<td>Better ingredients</td>
<td>29%</td>
<td>68%</td>
</tr>
<tr>
<td>Pesticide, fertilizer, and insecticide free</td>
<td>34%</td>
<td>65%</td>
</tr>
<tr>
<td>Minimally processed</td>
<td>33%</td>
<td>63%</td>
</tr>
<tr>
<td>Trustworthy</td>
<td>34%</td>
<td>59%</td>
</tr>
<tr>
<td>Humane</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>Climate mitigating</td>
<td>37%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: New Hope Network NEXT Data & Insights, powered by the Suzy survey platform; N=1,000 collected week of May 24, 2023
Question: "Please identify the statements most associated with how you think about organic and regeneratively produced products."
Thank You!
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Michael Recco
CCOF
INFRA B2C Certification Marketing Examples
USDA Organic and non-GMO Project logos on display stopper (floatie) and in the recipe featured in our INFRA flyer.
EO + EVERYONE CONSUMER CAMPAIGN  APRIL 2023
EWG, B-CORP

In-Store Endcap

Shelf Signs

Information Classification: General
SEPTEMBER 2022 – ORGANIC MONTH

Supporting Organic month with USDA organic education and a seal on all organic items within the flyer.
Non-GMO Social Video

Look for the official Non-GMO Project seal!

Non-GMO Project verification requires testing of ingredients, not finished products, to ensure purity.

Did you know the USDA Organic seal also means non-GMO?

USDA Organic is a comprehensive certification that includes non-GMO.

INFRA Flyer Secondary Ad

Licking the spoon is better with the Butterfly.

Choosing Non-GMO Project Verified products means supporting our diverse food and seed supply. Every time you shop you can help be the change that builds a better food system.

Dr. Greenbar's Organic Chocolate Bar
2/$7
2.99 oz

Endangered Species Chocolate Bar (selected varieties)
2/$5
3 oz

Lily's Chocolate Bar (selected varieties)
$3.29
2.03 oz

Four Sigma Nutrition Organic Ground Mushroom Coffee (selected varieties)
$11.49
12 oz

Celestial Seasonings Tea (selected varieties)
$2.99
29 ct

The Mountain Valley Spring Water
2/$4
1 lt

Nixie Sparkling Water Organic Sparkling Water (selected varieties)
$4.49
8 ct
Fairtrade Social Video

To get FairTrade certified and use the seal, a company’s supply chain must be rigorously vetted.

Look for this seal and read more at fairtradeamerica.org.

What is Fairtrade?
Fairtrade is a way of shopping and doing business differently. It is a way of co-creating a world that prioritizes people and the planet.

When you choose Fairtrade, you are putting more bargaining power back into the hands of farmers and investing in a global system built to make fair trade the norm.
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