KANTAR

Better Futures

2024

Sustainable Business Council

WBCSD Global Network

01

The state of play of Sustainability

02

Sustainability reputation

03

Greenwashing

Methodology Details

MAIN SAMPLE

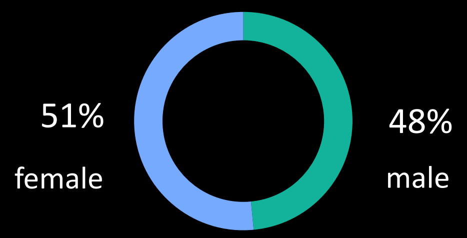
Fieldwork dates:
2nd Feb – 19th Feb

Sample Size:

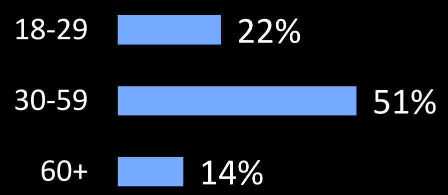
997

Nationally Representative

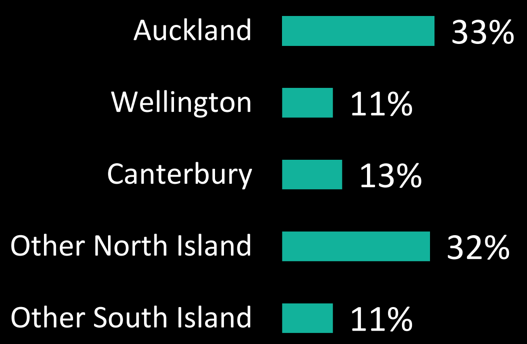
Gender



Age



Region



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An overview of the Better Futures findings from 2023 reminds us of the primary limiting role that the cost of living was having upon NZ'ers' ability to lead a 'better' life

2023 saw a continued rise in the size of the EcoActive segment within the NZ consumer population, as more NZ'ers aspired to play their role within a more sustainable & ethical lifestyle. One impact of this is that, unlike its origins, the EcoActive segment is now becoming increasingly mainstream in its profile and it's purchasing patterns

However, last year also saw the starkest impact of cost of living upon these evolving aspirations

The notable decline in sustainable lifestyle commitment was found in all but the most financially comfortable households, and in all but the 65+ age group. At the same time, the cost of living came through clearly as the primary issue impacting NZ consumers lives and purchasing behaviours

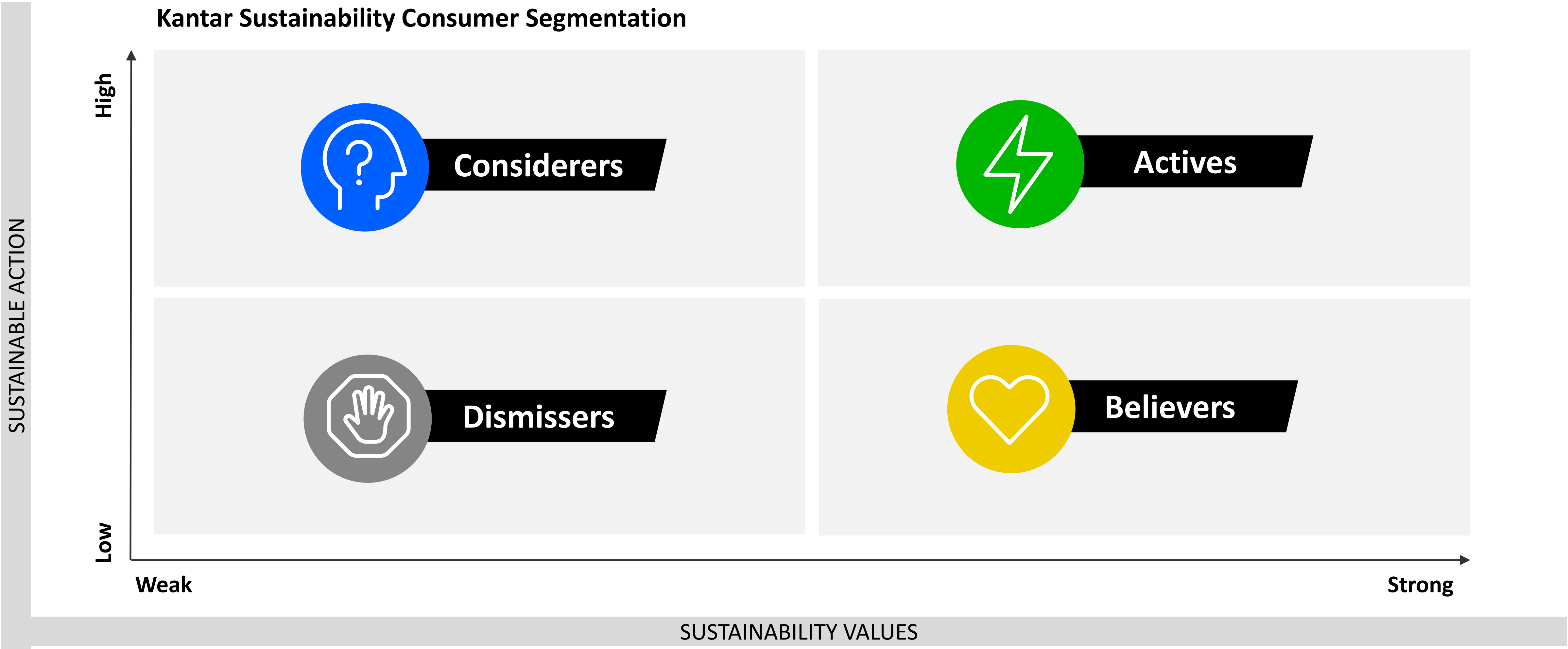
We also learned that the 2023 summer's extreme weather appeared to have a negligible impact upon sustainability views and perceptions, and that this was not the 'silver bullet' that some in the sustainability professional's community may have wished for

Against this backdrop, there are still significant perceived challenges in terms of how NZ consumers view businesses, with a consistent 2/3 of NZ consumers questioning the consistency between a company's claims and behaviours, and also questioning the clarity with which businesses were communicating

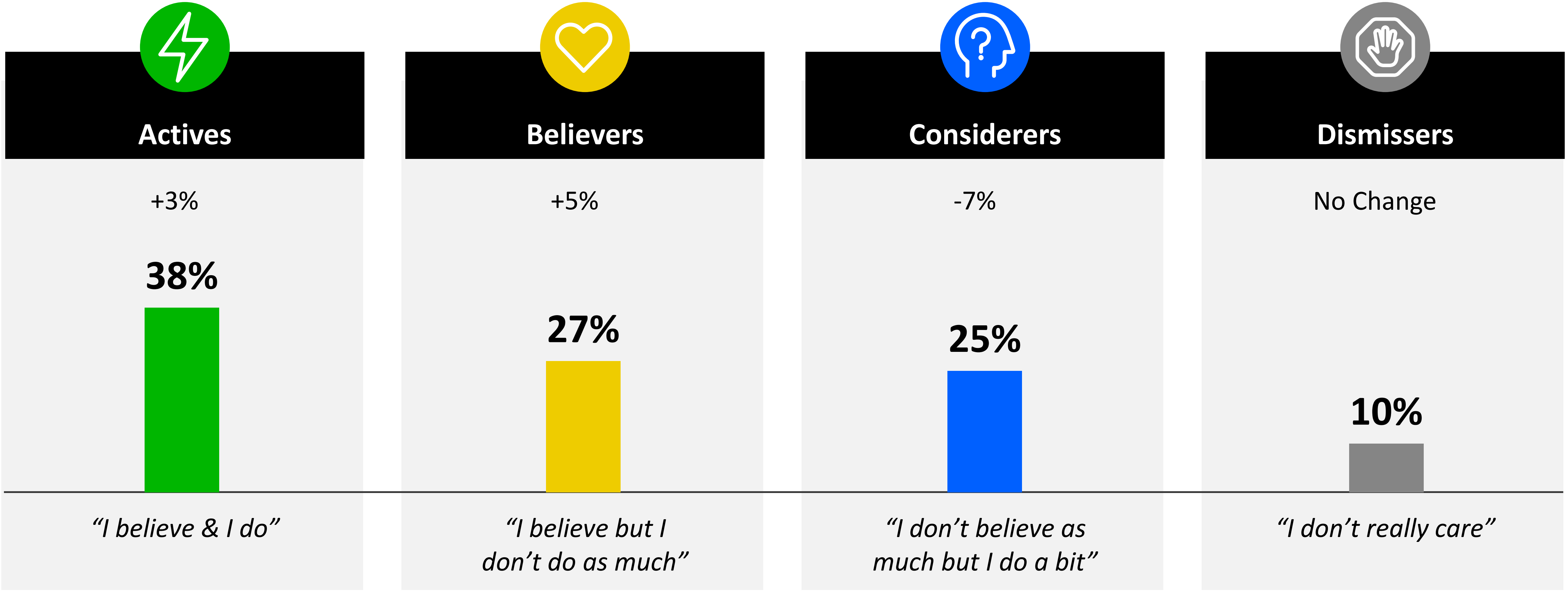
01

The state of play of Sustainability

We can understand the four sustainability segments in New Zealand via a combination of their values and their actions



An increasing alignment with sustainable & ethical aspirations among NZ consumers has helped to drive the ongoing rise of the EcoActive segment, this year up 3% to 38% of consumers



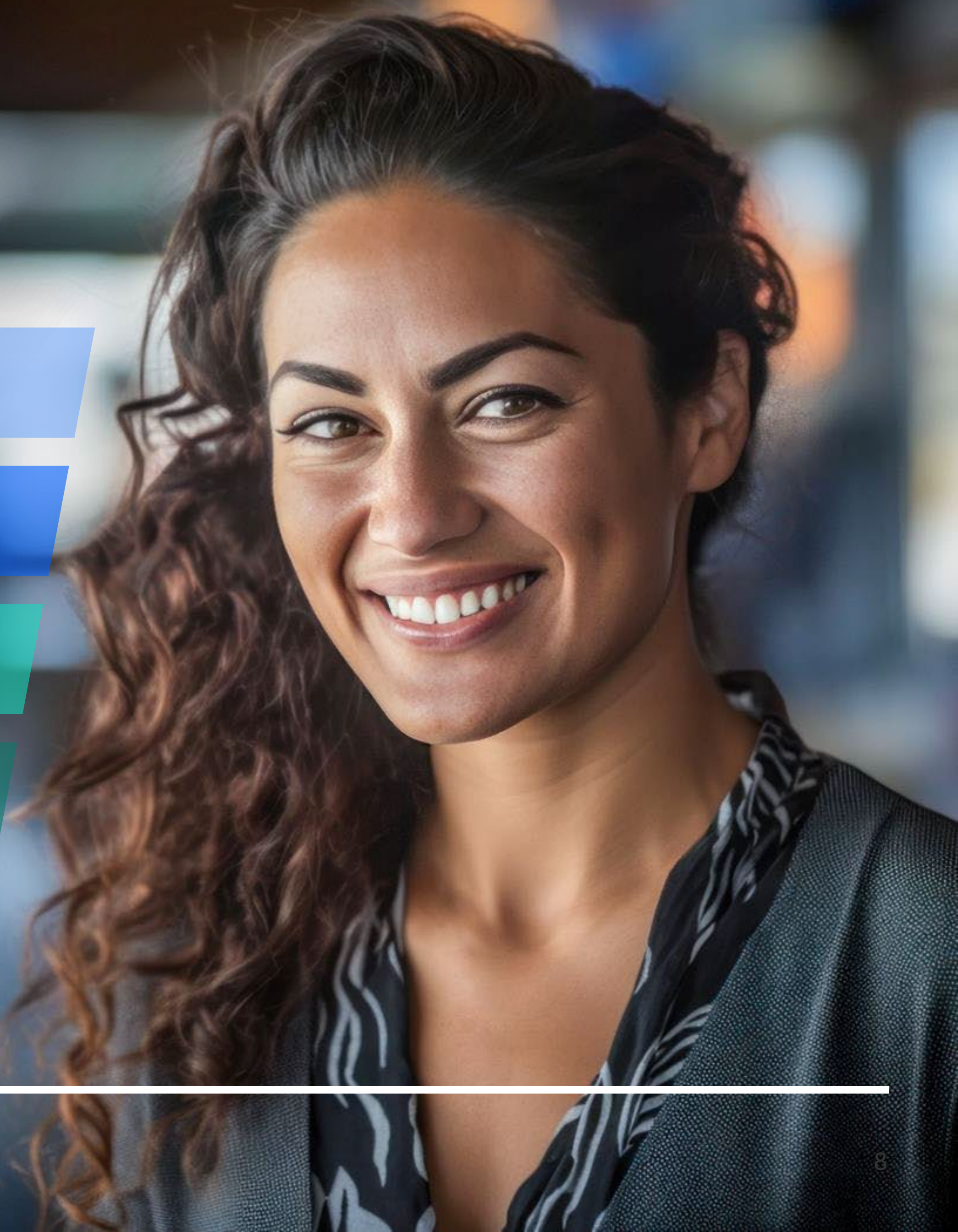
Segmentation was created from Q: To what extent do you agree with these statements? Base: 997
Change relative to previous year (Jan23 vs Jan24)

As this segment continues to grow, they become increasingly less distinct as a group

Our EcoActives are becoming increasingly mainstream e.g. they are found across all ages, incomes, education levels and locations

However, there are some skews remaining.
Eco Actives are more likely to be...

- Financially comfortable
- Female
- Highly educated
- From Wellington



In terms of sustainable behaviours, the new frugality has seen premium priced sustainable & ethical offers experiencing some decline

	2023	2024	Change v 2023
Minimise the number of car journeys you take	35%	40%	+5%
Make use of off-peak energy pricing	28%	33%	+5%
Buy free range / organic / non-intensively farmed products	37%	32%	-5%
Choose home appliances based on energy star ratings	62%	54% ▼	-8%

▲▼ Significantly higher / lower than previous period

■ 2023 ■ 2024

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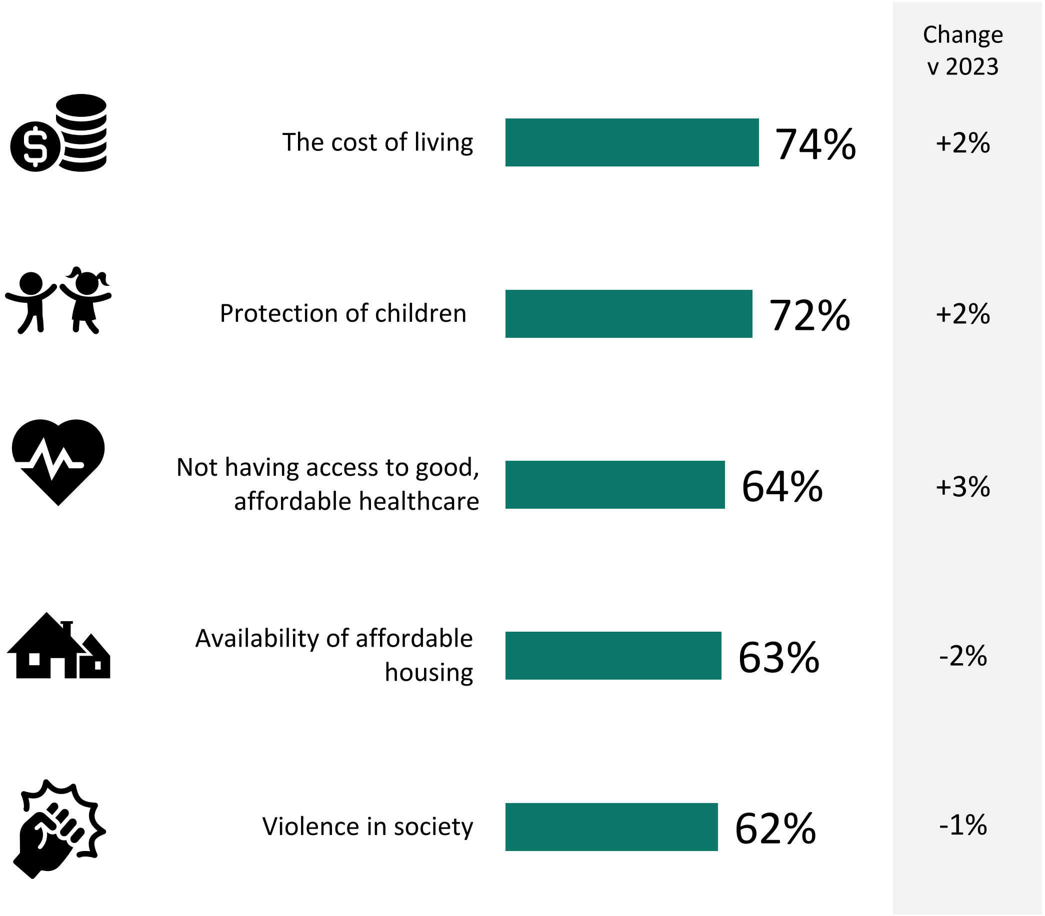
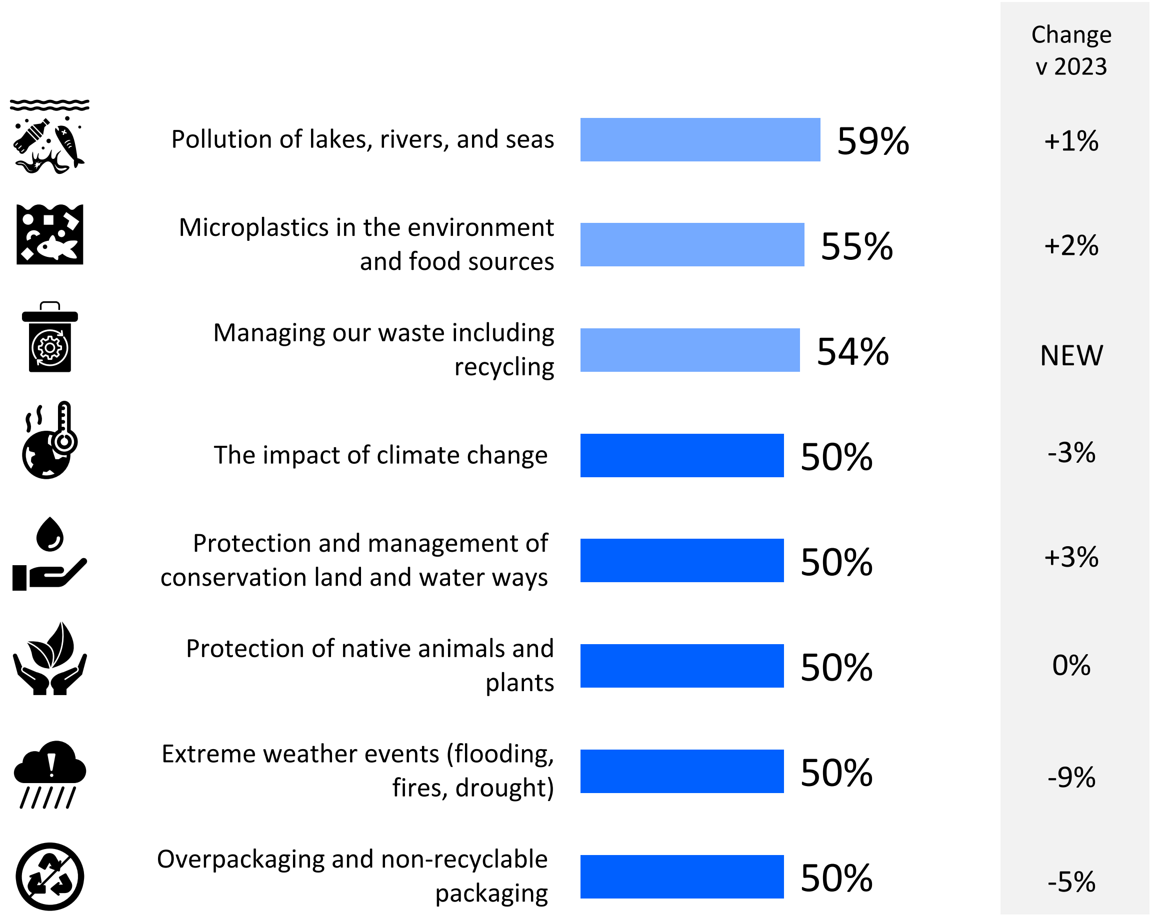
Q: When you have the opportunity, how often do you personally…?
(Top 2 Box Aways and Mostly do this) Base: 433

In terms of the key issues to NZ'ers, **the cost of living** remains primary, while the key environmental issues are waterways, microplastics and managing our wastestream

TOP 5 OVERALL CONCERNS



TOP 5 SUSTAINABILITY CONCERNS



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Q: How concerned or not are you about the following issues in New Zealand? (Top 3 box 8-10) Base: effective reach 513
NB. Each respondent was shown 20 out of 40 concerns at random

And even among the Eco Actives we see microplastics and waterways as priority issues

		Actives	Believers	Considerers	Dismissers
TOP 5 overall	1	Protection of children	The cost of living	Protection of children	The cost of living
	2	The cost of living	Protection of children	The cost of living	Not having access to good, affordable healthcare
	3	Availability of affordable housing	Violence in society	Violence in society	Protection of children
	4	Microplastics in the environment and food sources	Availability of affordable housing	The impact of Social Media	Crime levels
	5	Managing our waste including recycling	The level and treatment of mental health issues	Not having access to good, affordable healthcare	The state of the economy
TOP 5 environmental	1	Microplastics in the environment and food sources	Pollution of lakes, rivers, and seas	Pollution of lakes, rivers, and seas	Pollution of lakes, rivers, and seas
	2	Managing our waste including recycling	Extreme weather events	Managing our waste including recycling	Microplastics in the environment and food sources
	3	Protection and management of conservation land and water ways	Protection of native animals and plants	Protection of native animals and plants	Managing our waste including recycling
	4	Pollution of lakes, rivers, and seas	The impact of climate change	Overpackaging and non-recyclable packaging	Loss of biodiversity on land and in marine environments
	5	Overpackaging and non-recyclable packaging	Managing our waste including recycling	The impact of climate change	Overpackaging and non-recyclable packaging

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Q: How concerned or not are you about the following issues in New Zealand? (Top 3 box 8-10)
NB. Each respondent was shown 20 out of 40 concerns at random

Although Climate change retains strong top of mind recall…

Climate change / global warming

FIRST MENTION =

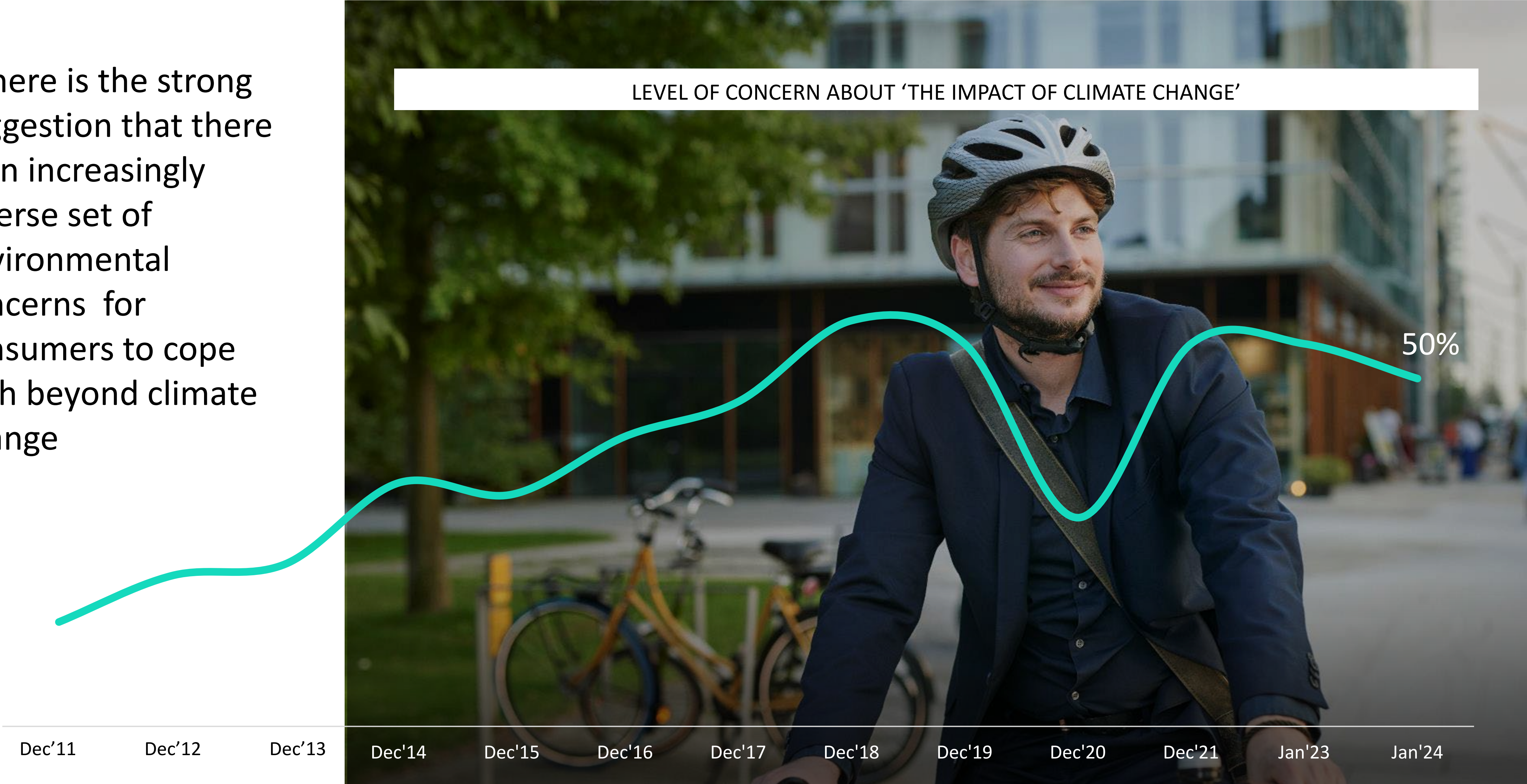
14%

OVERALL =

22%

Q: Can you tell us 3 big sustainability and social impact issues that you think something needs to be done about?
Base: 997

…there is the strong suggestion that there is an increasingly diverse set of environmental concerns for consumers to cope with beyond climate change



Q: How concerned or not are you about the following issues in New Zealand? (Top 3 box 8-10) Base: 543
NB. Each respondent was shown 20 out of 40 concerns at random

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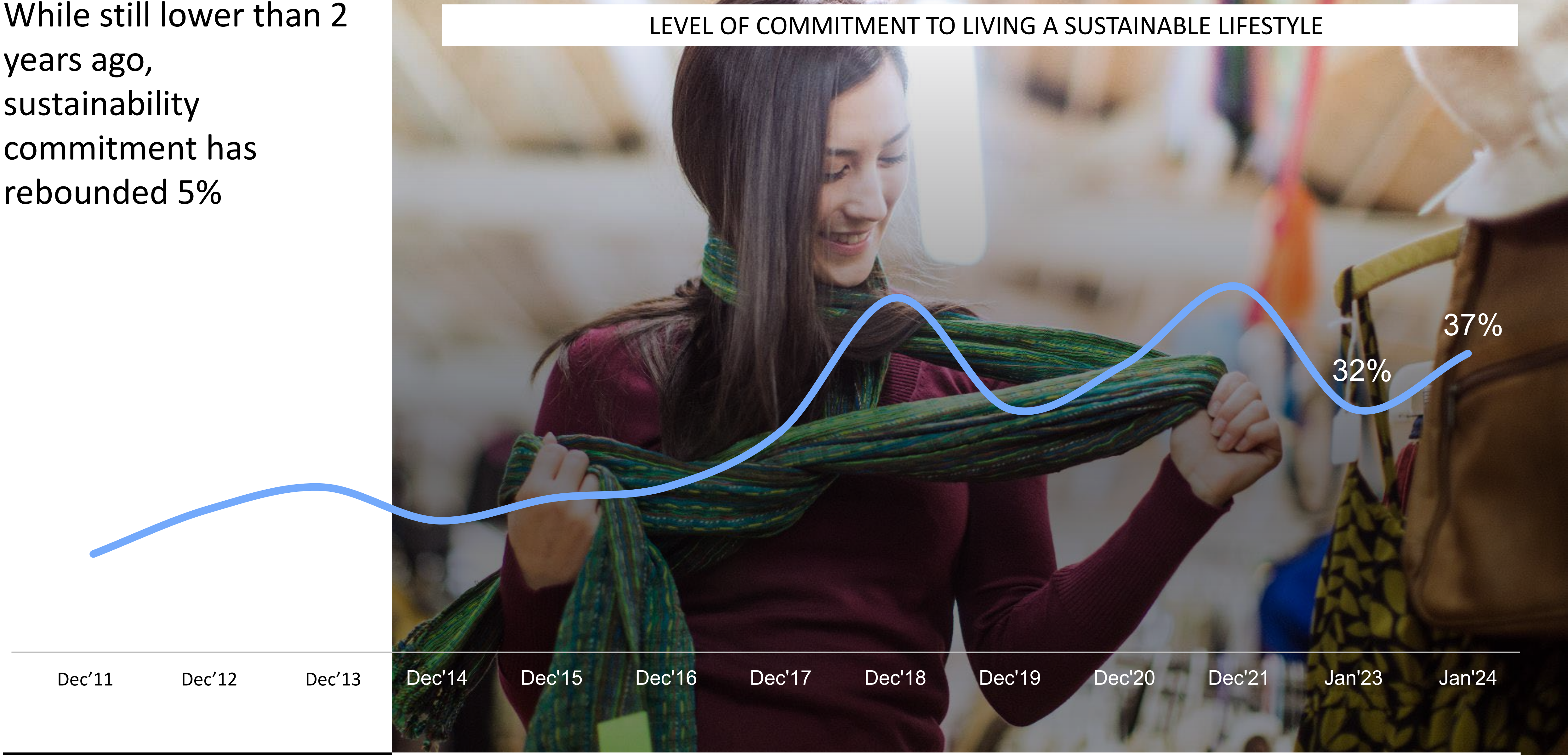
While still lower than 2 years ago, sustainability commitment has rebounded 5%



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Q: Where would you place yourself on our scale in terms of how committed you are to living a sustainable lifestyle?
(Top 3 box, ranked self 8-10) Base: 997

However, commitment is both a state of mind and a behaviour, and this shows the points of greatest opportunity for NZ and NZ's business community

	Base	Passionate about it	Quite interested in it	Can take it or leave it	Fairly uninterested in it	Not at all interested in it
		10%	61%	22%	5%	1%
I do everything I can	8%	2%	4%	1%		
I do a lot of things, but there are some things I could improve on	36%	5%	26%	5%		
I do a few things, but there is a lot more I could do	46%	3%	29%	11%	2%	
I do very little, only when easily available	9%		2%	5%	2%	1%
I don't do anything by choice	1%					

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Q: What is the intensity of your feelings towards your commitment to living a sustainable lifestyle?
Q: How would you best describe how sustainable your lifestyle actually is in practice?
Base: 997

And importantly, this is still true among our EcoActives where 93% are quite interested or passionate but the vast majority are not converting that commitment into action

	Base	Passionate about it	Quite interested in it	Can take it or leave it	Fairly uninterested in it	Not at all interested in it
		21%	**72%**	**6%**	**1%**	
I do everything I can	**12%**	4%	6%	1%		
I do a lot of things, but there are some things I could improve on	**50%**	11%	36%	2%		
I do a few things, but there is a lot more I could do	**37%**	5%	29%	2%	1%	
I do very little, only when easily available	**1%**			1%		
I don’t do anything by choice						

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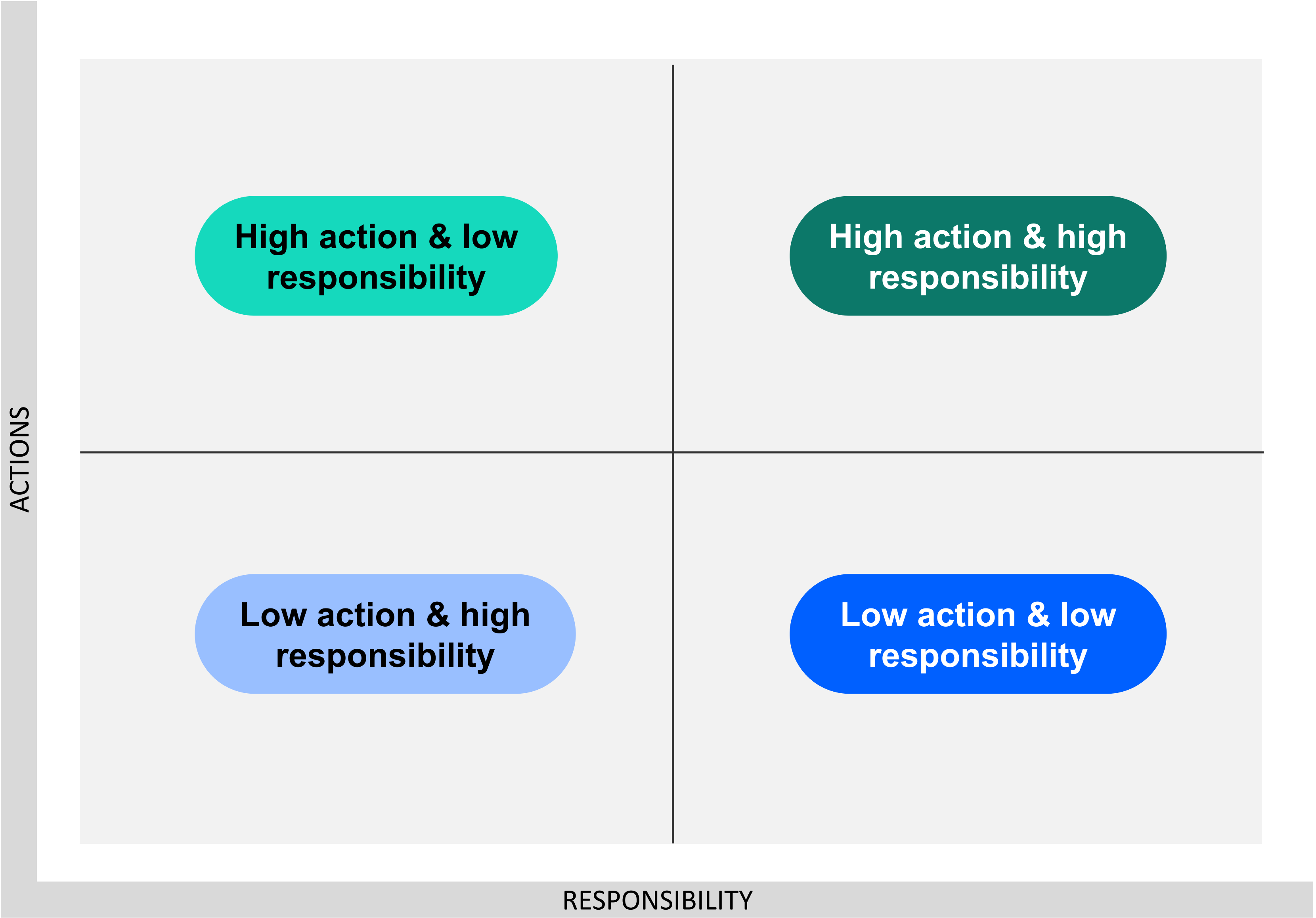
Q: What is the intensity of your feelings towards your commitment to living a sustainable lifestyle?
Q: How would you best describe how sustainable your lifestyle actually is in practice?
Base: EcoActives 387

02

Sustainability reputation

By understanding consumer perceptions of the level of actions of business relative to their responsibility, we can understand
if businesses are reputationally under or over performing



The actions of businesses in tackling environmental issues are seen by consumers as falling significantly short of their responsibilities...

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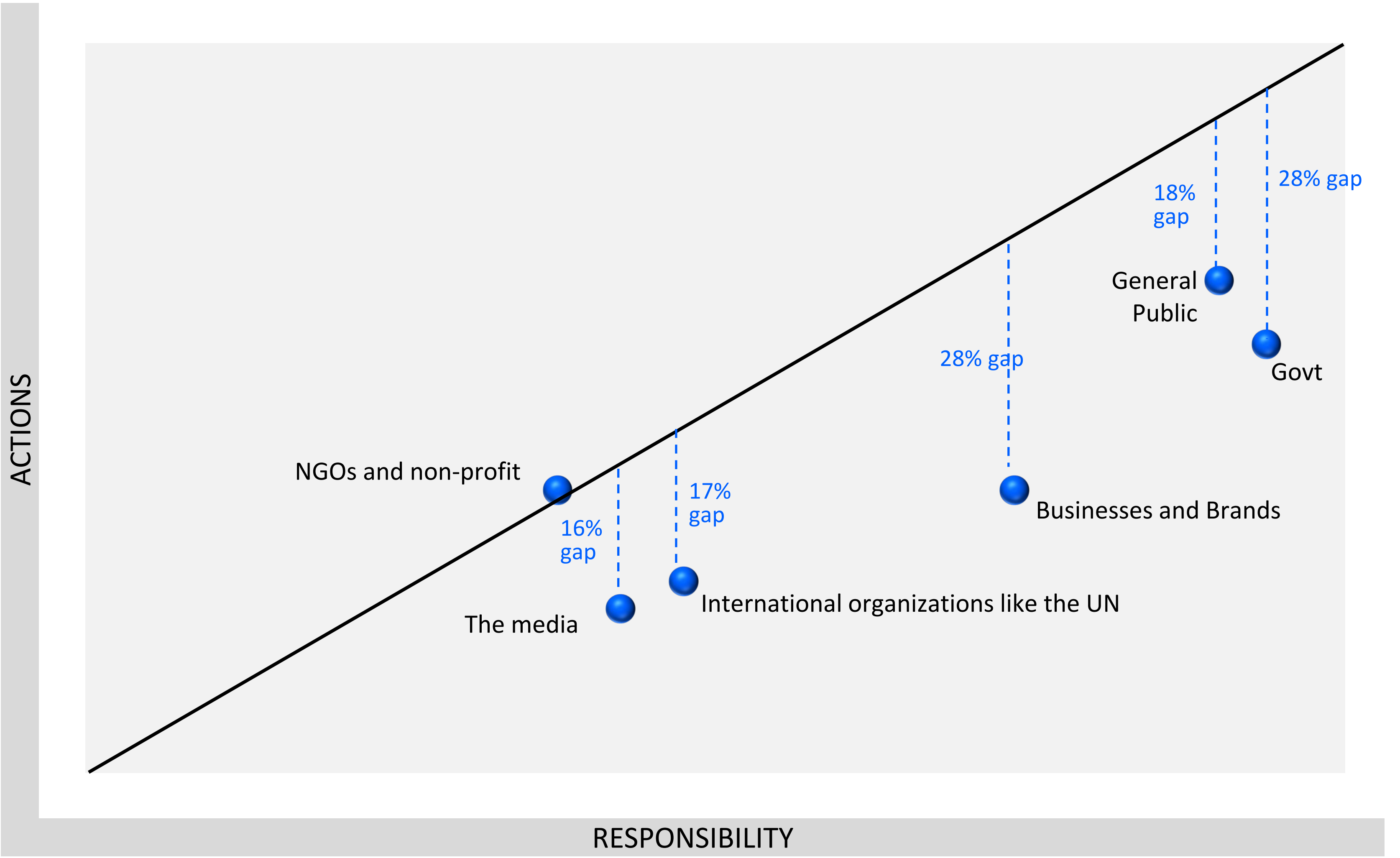
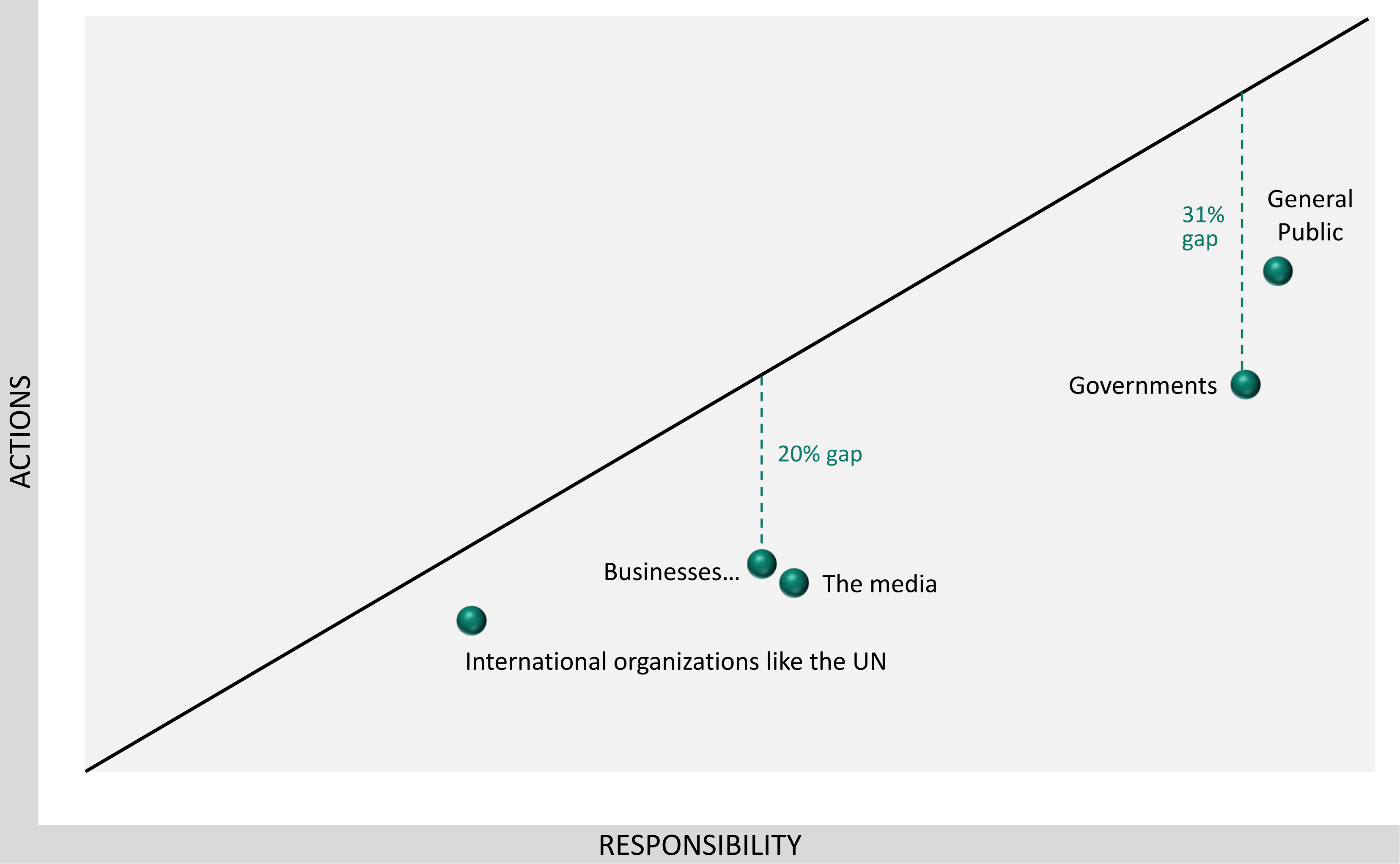
CLIMATE CHANGE AND ENVIRONMENTAL ISSUES IN NEW ZEALAND



Q: Whose responsibility is it to help solve/tackle ...
Q: And who do you think is taking significant actions to help solve/tackle ...
Base: 997

...and the same is true for community and social issues, although the gap at 20% is slightly lower

COMMUNITY AND SOCIAL CHALLENGES INCLUDING INEQUALITY, DISCRIMINATION AND RESILIENCE IN NEW ZEALAND



Q: Whose responsibility is it to help solve/tackle ...
Q: And who do you think is taking significant actions to help solve/tackle ...
Base: 997

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However, we know that some NZ businesses and brands are more positively perceived than others…

…so why?

60%+ AGREE

FAIRTRADE
ecostore
Meridian.
trade aid
Whittaker's
genesis
Kathmandu
earthwise caring for your world
SILVER FERN FARMS

50 – 59% AGREE

Mercury
AIR NEW ZEALAND
contact.
Waste Management
EnviroNZ
New Zealand Post
THE BODY SHOP
TESLA
Sanitarium The Health Food Company
Fonterra Dairy for life
PAKnSAVE

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Q: How much do you agree that each of the following businesses are leaders in any area of sustainability? Base: average reach 272
NB. Each respondent was shown 15 out of 55 brands at random

To answer this, we have investigated perceptions of 20 major NZ brands / businesses on 8 different criteria to understand which of these are having the greatest impact upon overall consumer perceptions

AA Insurance	AIR NEW ZEALAND	Fonterra Dairy for life	LION	Meridian.
bnz	Coca-Cola	MITRE 10	UNIVERSITY OF AUCKLAND Waipapa Taumata Rau NEW ZEALAND	Southern Cross Health Society
Woolworths	dbreweries	THE WAREHOUSE GROUP	NW NEW WORLD	TOYOTA
ecostore	SILVER FERN FARMS	OfficeMax	one.nz	Z ENERGY

Higher Impact

Their products or services value the environment and / or society

Is transparent on their sustainability performance

Actively speaks up on issues relating to the environment and / or society

Aligns with me and my values

Treat their employees fairly & with respect

Gives back and supports where it matters

Represents people similar to me or my community

Communicates the good things that they do

Lower Impact

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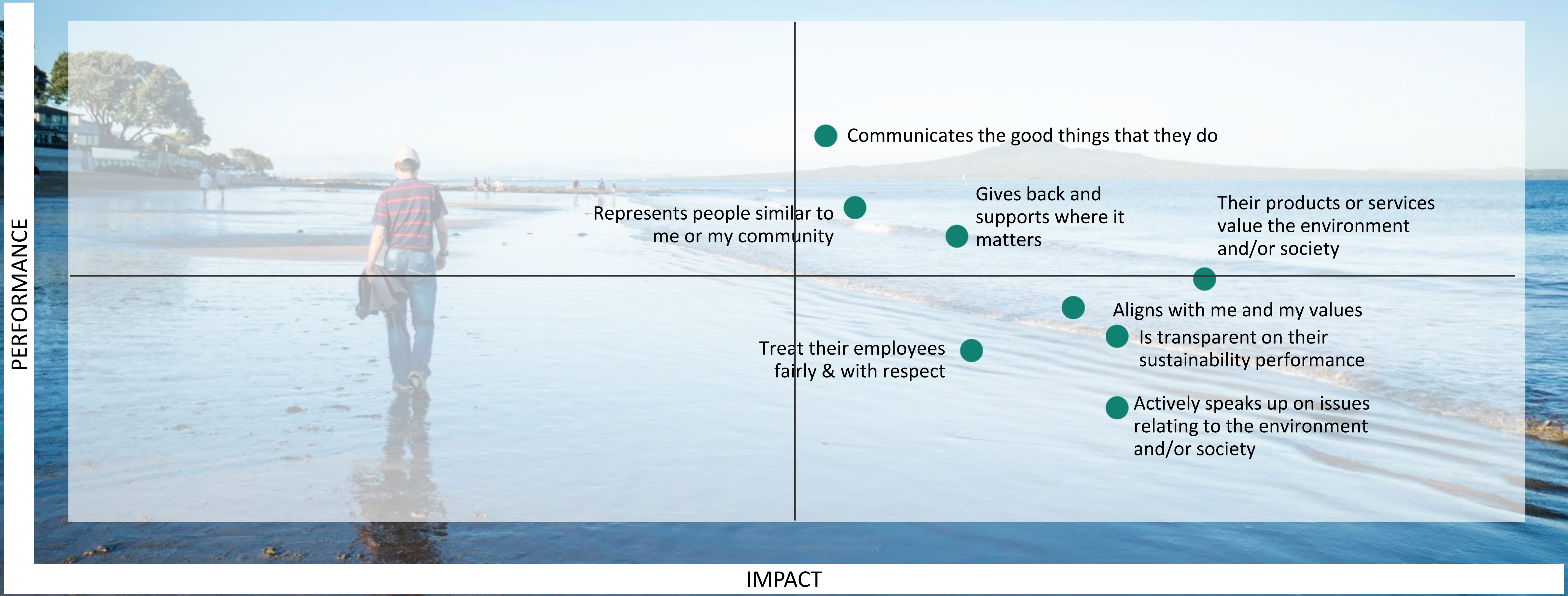
Q: Please think about BRAND, what they sell, what they communicate and how they operate. Based on what you have seen, heard, or experienced, how much would you agree or disagree with the following ...

Overall, NZ businesses are under-performing relative to importance on having an active voice, transparency of performance, aligning with consumer values and employee treatment



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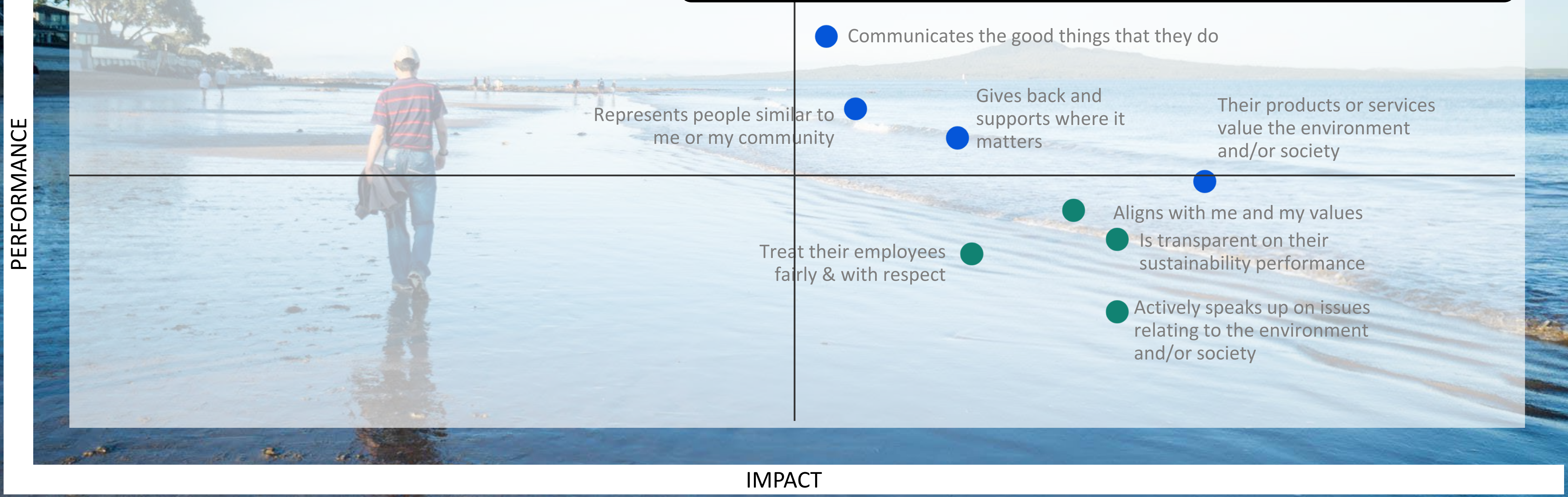
Q: Please think about BRAND, what they sell, what they communicate and how they operate. Based on what you have seen, heard, or experienced, how much would you agree or disagree with the following ...

There are also important instances of positive performances by NZ businesses / brands

We have examples of NZ businesses performing highly on:

- Communicating the good things they do
- Having products and services that value the environment/society
- Giving back and supporting where it matters
- Representing people similar to consumers and their community



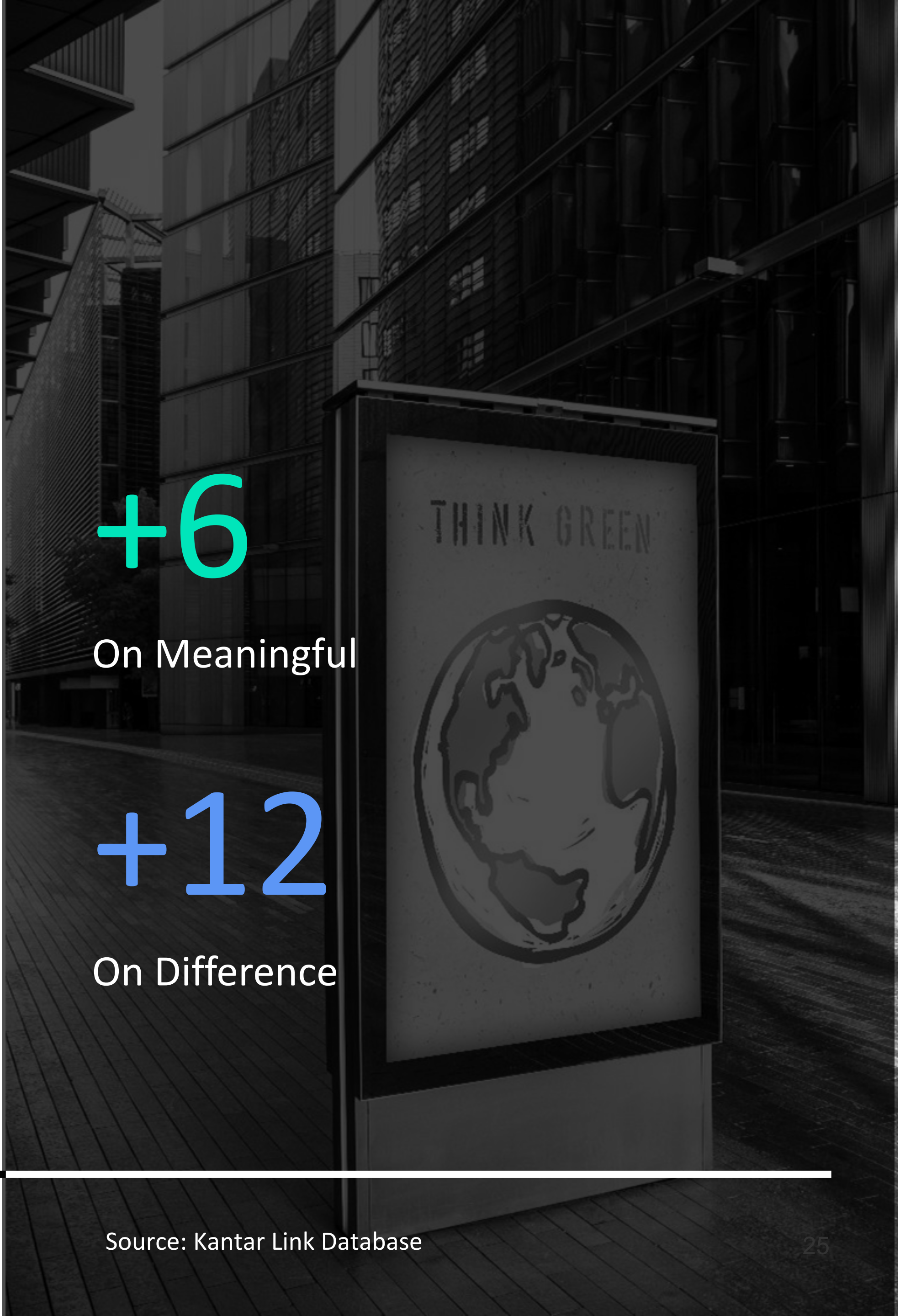
So, consumers want to know more, and we know that it works when we talk to them

It's clear that consumers are telling us they want to hear more in terms of…

having an active voice and speaking up

being transparent

And we know that effective branded communications with a sustainability message has a greater potential to contribute to brand-equity



+6

On Meaningful

+12

On Difference

Source: Kantar Link Database

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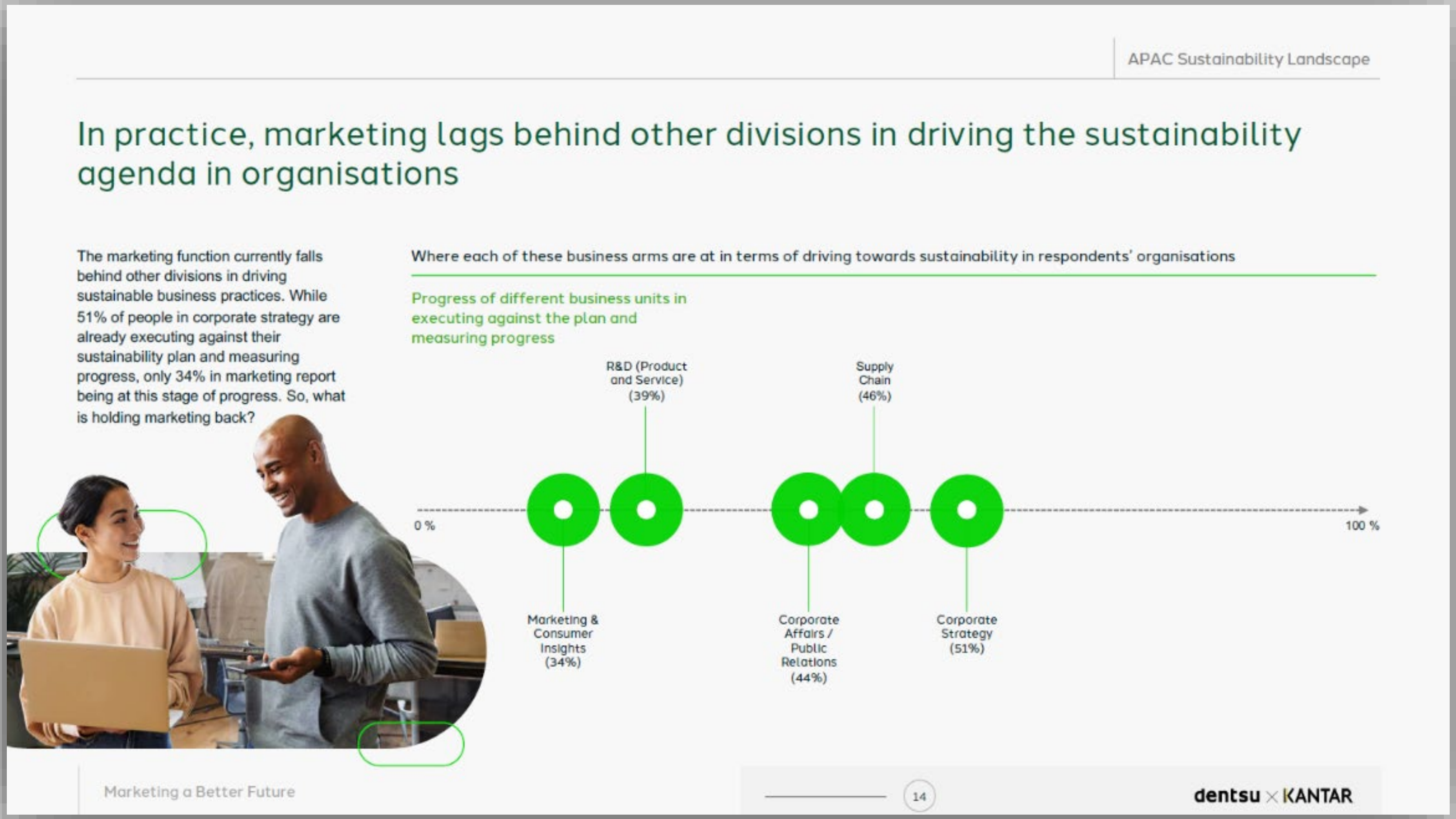
03

Greenwashing

Sustainable Business Council | WBCSD Global Network

We know that while consumers are consistently asking for more, regionally it can be the messengers themselves, who are the least evolved in driving sustainable business practices



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Source: Marketing a Better Future Asia Pacific Dentsu x Kantar January 2023

And locally, we know that fear of greenwashing is holding businesses back

There is significant fear of action, particularly as it relates to both the court of public opinion and the legalities of greenwashing

Businesses have become fearful and so, perfect has become the enemy of good.

Fear of doing the wrong thing in the court of public opinion is a primary motivator

There is so much internal friction caused by the fear of greenwashing

Progress requires risk taking but safety rules in the New Zealand business community regarding sustainability

The law society recommendations have actually increased the hesitancy about making claims - so it will be hindering progress as there is fear of saying the wrong thing

It is about being seen to do the right thing as opposed to doing the right thing

Yes, that fear has definitely led to greenhushing. We are not telling people about some of the transformational things that we are doing

We are really afraid to talk about carbon offsetting, although we know that's absolutely going to be necessary [as part of the solution]

Source: Understanding the opportunities in the NZ corporate sector for KPMG Impact October 2023

And there is good reason for that fear, given the level of doubt and cynicism regarding the motivations and actions of businesses among NZ consumers

	Total	Actives
I worry businesses are involved in social / environmental issues just for commercial reasons	73%	79%
The way businesses talk about their social and environmental commitments is confusing	63%	69%
The way businesses talk about their social and environmental commitments is dishonest	49%	56%
I feel that it is really hard to tell which products or services are good or bad ethically, or for the environment	71%	74%

Global data....

67%

I worry brands are involved in social issues just for commercial reasons

57%

Feel that it is really hard to tell which products are good or bad ethically or for the environment

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Q: Thinking about businesses and brands in general, how much do you agree or disagree with the following statements? (Strongly agree and Somewhat agree) Base: 997

Source: Kantar Sustainability Sector Index 2023

In fact, on average globally 52% of consumers claim to have been exposed to greenwashing

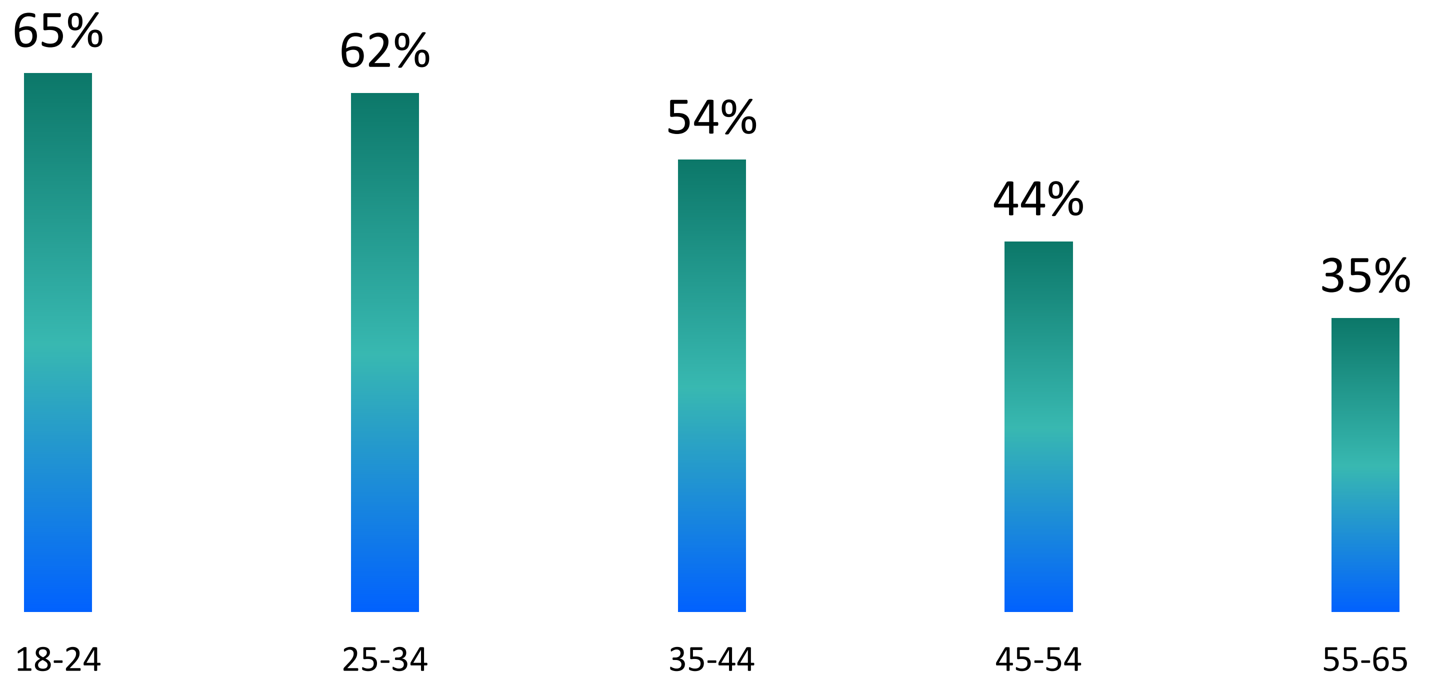
On average, across sectors…

52%

of people say they have seen, or heard, false or misleading information about sustainable actions taken by brands.

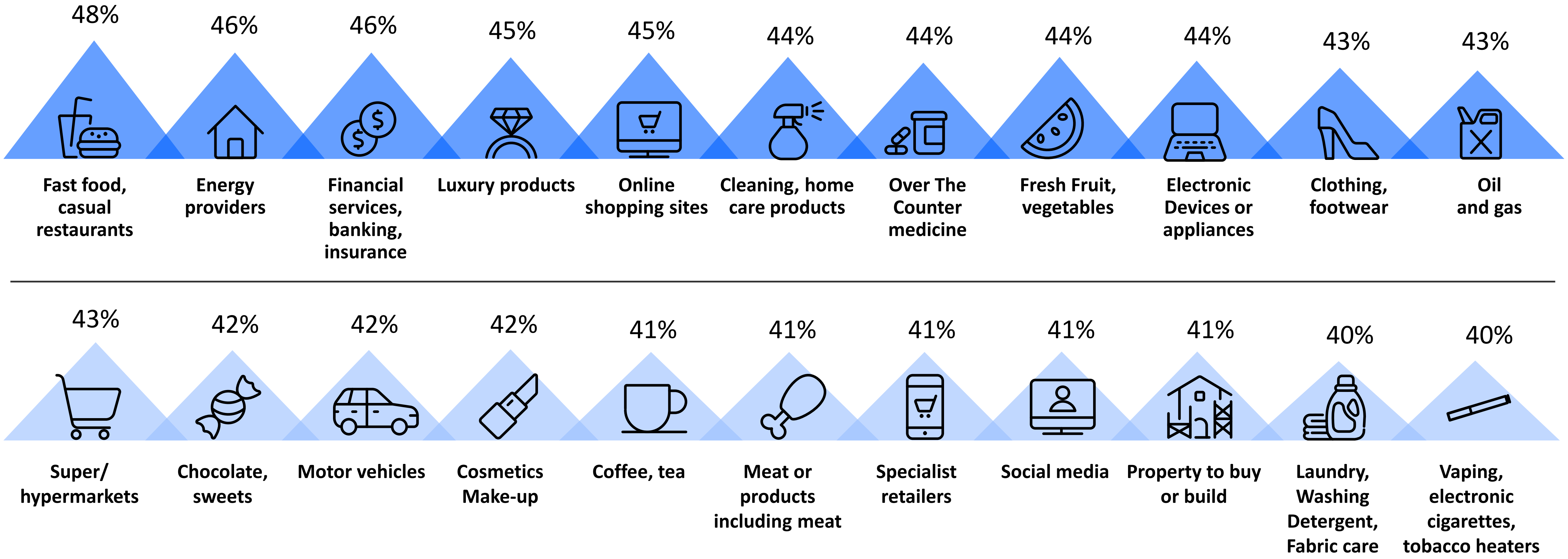
And this culture of consumer doubt is only going to worsen as the youth of today evolve into the consumers of tomorrow

LEVELS OF GREENWASHING PERCEIVED ACROSS SECTORS BY AGE



Source: Kantar Sustainability Sector Index 2023

Below is an Australian study showing the proportion of consumers that had seen or heard false or misleading information in each of the below categories – and these findings have been repeated globally in multiple markets



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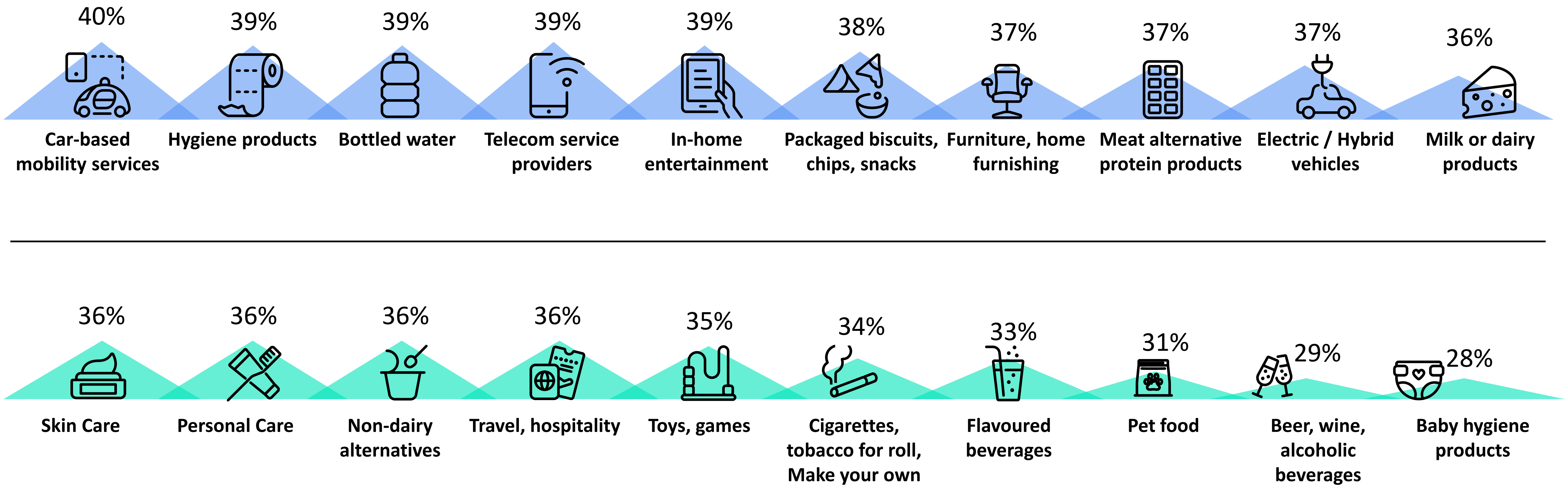
Source: Kantar Sustainability Sector Index 2023
Q: Have you seen, or heard, false or misleading information about sustainable actions taken by brands in the [category] sector? (Yes, often or sometimes or rarely) Base: 140 per category

Greenwashing is a topic to address across all categories – with nearly 1 in 3 consumers still seeing greenwashing from even the best performing industry



Source: Kantar Sustainability Sector Index 2023
Q: Have you seen, or heard, false or misleading information about sustainable actions taken by brands in the [category] sector? (Yes, often or sometimes or rarely) Base: 140 per category

And at the same time, there is increasing regulatory oversight

ACCC
AUSTRALIAN COMPETITION & CONSUMER COMMISSION

In March 2023, the ACCC announced that they will be investigating a number of businesses for potential ‘greenwashing’, following an internet sweep which found more than half of the businesses reviewed made concerning claims about their environmental or sustainability practices.

Of the 247 businesses reviewed during the sweep,

57%

were identified as having **made concerning claims about their environmental credentials**

(particularly the cosmetic, clothing and footwear and food and drink sectors)

Source: Authors based on CCLW and Sabin Centre data

Arguably the reputational risk is at least as high in the court of public opinion

THE RISK OF LEGAL ACTION

There were 117 CommComm complaints relating to environmental sustainability from Jan 2021 to Jan 2024...

...and none of these have resulted in fines (alongside 2 compliance meetings and 2 investigations ongoing)

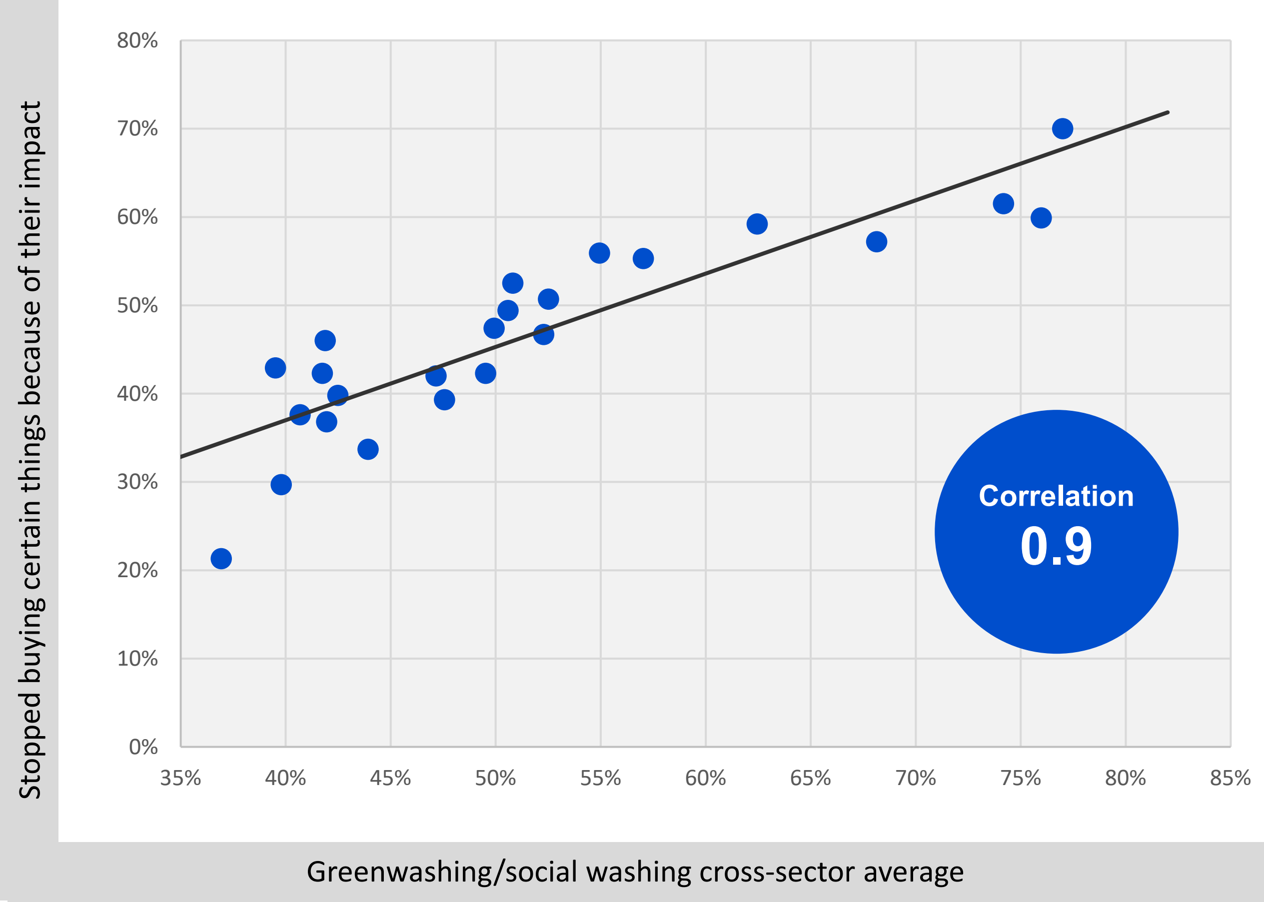
2/3 of these related to only two categories:

a. Organic

b. The ability to recycle-compost-biodegrade

The two most recent fines were $162K in 2020 and $310K in 2017

THE RISK OF POOR CONSUMER PERCEPTIONS



When we define greenwashing from a consumers' perspective, we need to understand different perspectives from a purely legal classification

LEGAL CLASSIFICATIONS

At its simplest the Fair Trading Act says that environmental claims must not be firstly misleading or deceptive or secondly unsubstantiated.

The CommComm also provides further advice here…

- Be truthful & accurate
- Be specific
- Substantiate your claims
- Use plain language
- Do not exaggerate
- Take care when relying on tests or surveys
- Consider the overall impression

CONSUMER SIGNIFIERS OF INTEGRITY

- Claiming it's sustainable when it's just less bad
- Referencing milestones that are so distant as to be meaningless
- Claiming something that simply isn't true
- Comparing things to...nothing
- Using misleading imagery
- Using words which are ambiguous

We can provide some examples of these different forms of what consumers claim are false or misleading claims

Less bad = sustainable

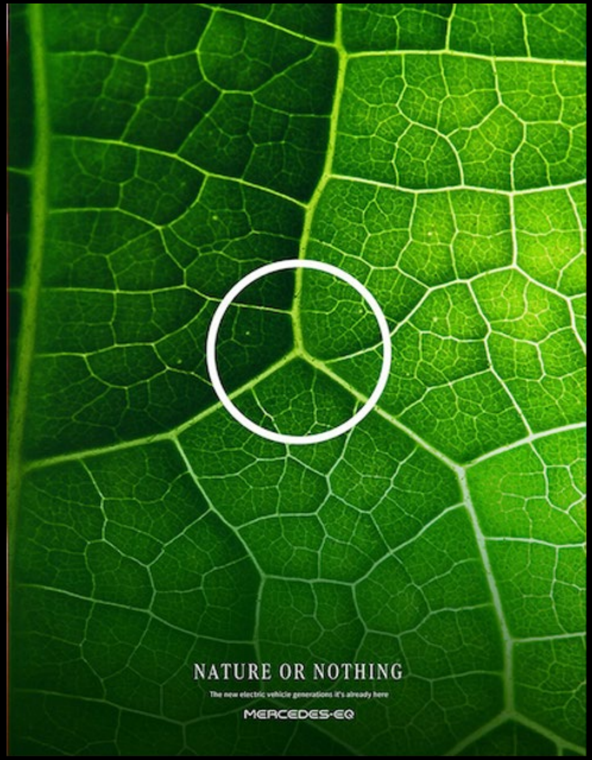
Accountable Milestones

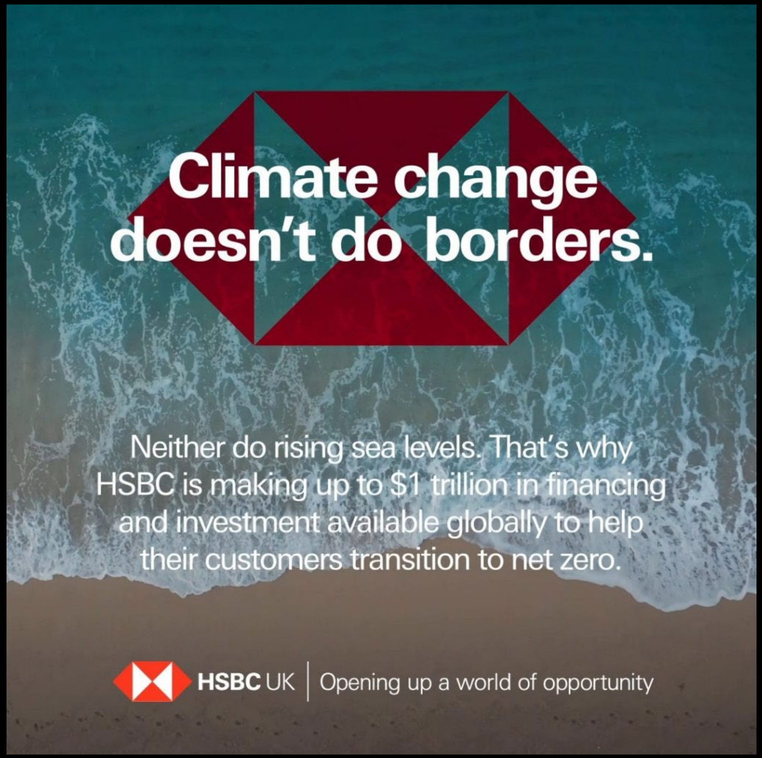
Be Honest

We can provide some examples of these different forms of what consumers claim are false or misleading claims (cont'd)

Apples with Apples

Misleading Imagery





A final consumer integrity issue is the predictably variable consumer understanding of some common environmental terms e.g. Compostable which is assumed to be home compostable or biodegradable

IF A PRODUCT'S PACKAGING IS LABELLED WITH 'COMPOSTABLE', IS YOUR IMPRESSION THAT

	TOTAL	ACTIVES	CONSIDERERS	BELIEVERS	DISMISSERS
It can be composted in your home compost	69%	69%	67%	67%	**78%**
It requires industrial composting	12%	13%	15%	10%	8%
It is the same as biodegradable	30%	29%	28%	32%	29%
It can be recycled kerbside	8%	8%	6%	10%	4%
It can be recycled in soft plastic recycling	4%	6%	3%	3%	2%
It is suitable for throwing in regular landfill waste	19%	16%	23%	17%	26%

Source: Kantar Omnijet, January 2024
Base: 1000

xx% significantly higher / lower than total

In comparison, there is no commonly agreed understanding of what Net Zero actually means

IF A PRODUCT'S PACKAGING IS LABELLED WITH 'NET ZERO', IS YOUR IMPRESSION THAT

	TOTAL	ACTIVES	CONSIDERERS	BELIEVERS	DISMISSERS
No carbon is produced in making, transporting or selling the product	12%	**16%**	10%	13%	8%
Any carbon produced in making, transporting or selling the product is offset	30%	34%	27%	31%	26%
Only carbon produced in making the product is offset	11%	13%	10%	9%	12%
No carbon is produced in making the product	16%	15%	14%	19%	15%
Carbon produced across the whole business is offset	12%	12%	11%	12%	13%
I don't know	30%	**23%**	**40%**	26%	34%

Source: Kantar Omnijet, January 2024
Base: 1000

xx% significantly higher / lower than total

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And we can see that comparative statements e.g. greener or environmentally friendlier, without a comparate is effectively meaningless

IF A PRODUCT IS DESCRIBED AS 'GREENER' OR 'ENVIRONMENTALLY FRIENDLIER', WHICH OF THE FOLLOWING WOULD YOU EXPECT WAS MEANT?

	TOTAL	ACTIVES	CONSIDERERS	BELIEVERS	DISMISSERS
The product has less impact on the environment than competitors	46%	47%	43%	50%	46%
The product has less impact on the environment than earlier versions of the same product	54%	53%	57%	50%	54%

Source: Kantar Omnijet January 2024
Base: 1000

xx% significantly higher / lower than total

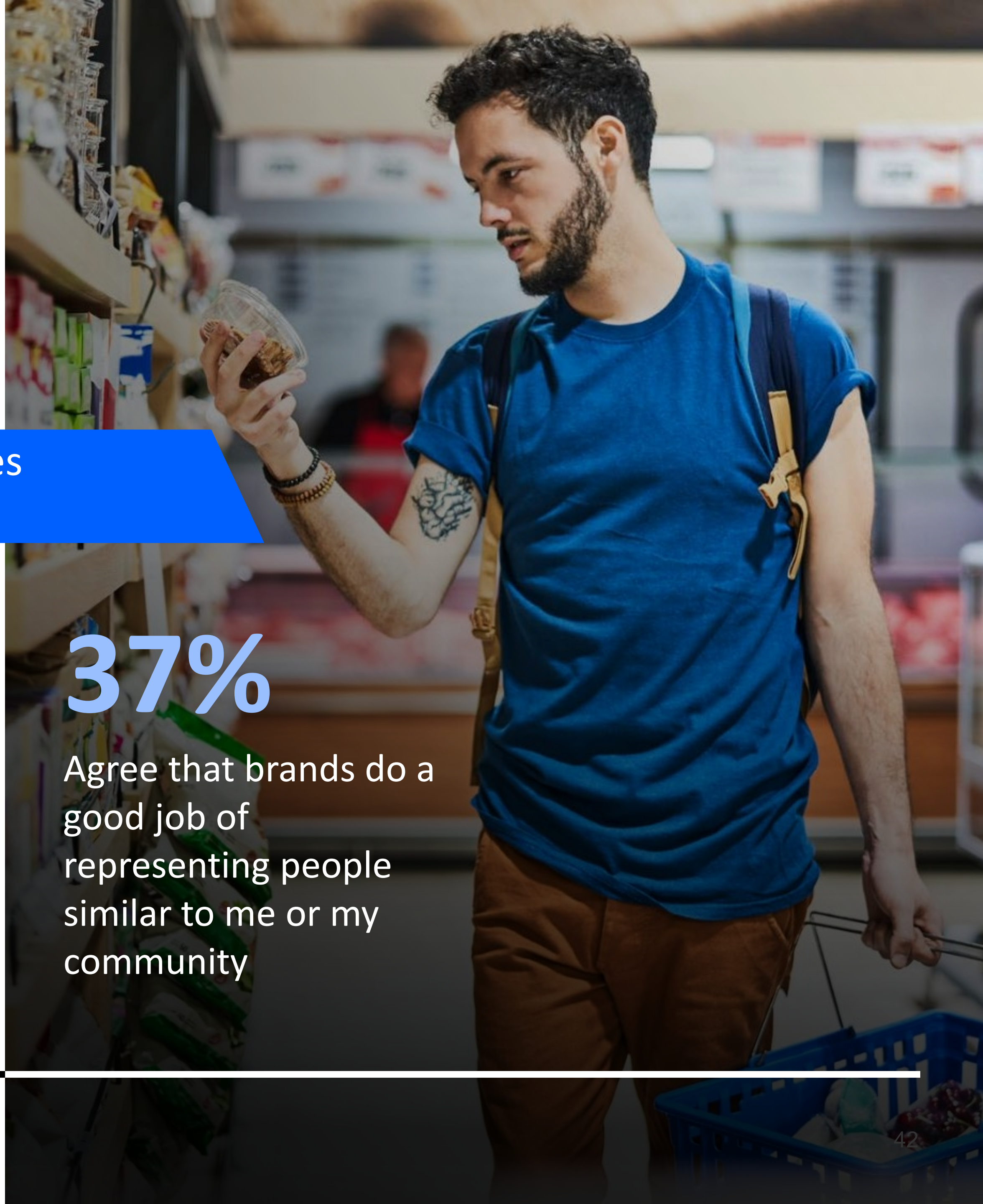
And finally, in addition to the Integrity related Issues, there are also issues of Identification & Inclusion which can act as meaningful supports for well-intentioned brands to communicate their messages

An authentic sense of belonging and representation reduces cynicism and mistrust, so...

Align with where you have a right to play

Don't jump on the bandwagon i.e. short-term support of causes

Don't pretend to be perfect – it's ok to be on a journey. Make consumers feel like they are contributing and empowered alongside you



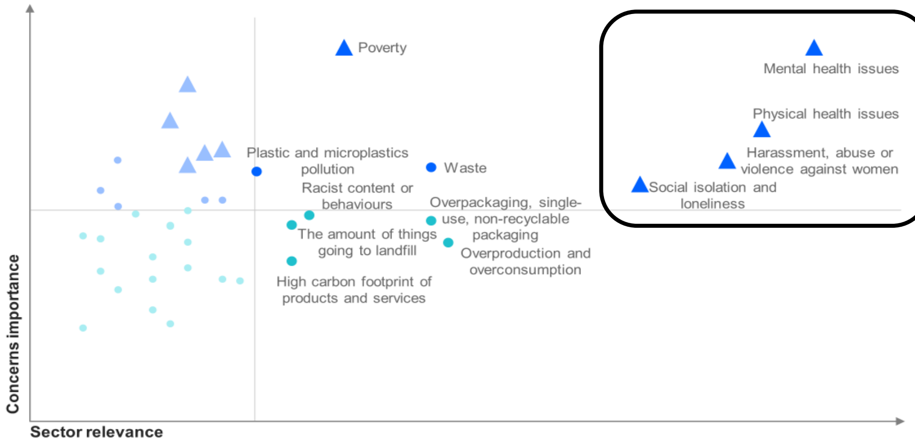
37%

Agree that brands do a good job of representing people similar to me or my community

Aligning your chosen cause with what is not natural within your category can really hinder the acceptability of a message

The craft brewer BrewDog says it launched a repackaged Pink IPA to highlight gender pay inequality - with a pledge to sell it a fifth cheaper in its bars to reflect the 18.1% average gender pay gap between men and women in the UK. While this is admirable, it's not the priority issues that people associate with the alcohol category

BEER, WINE, ALCOHOLIC BEVERAGES

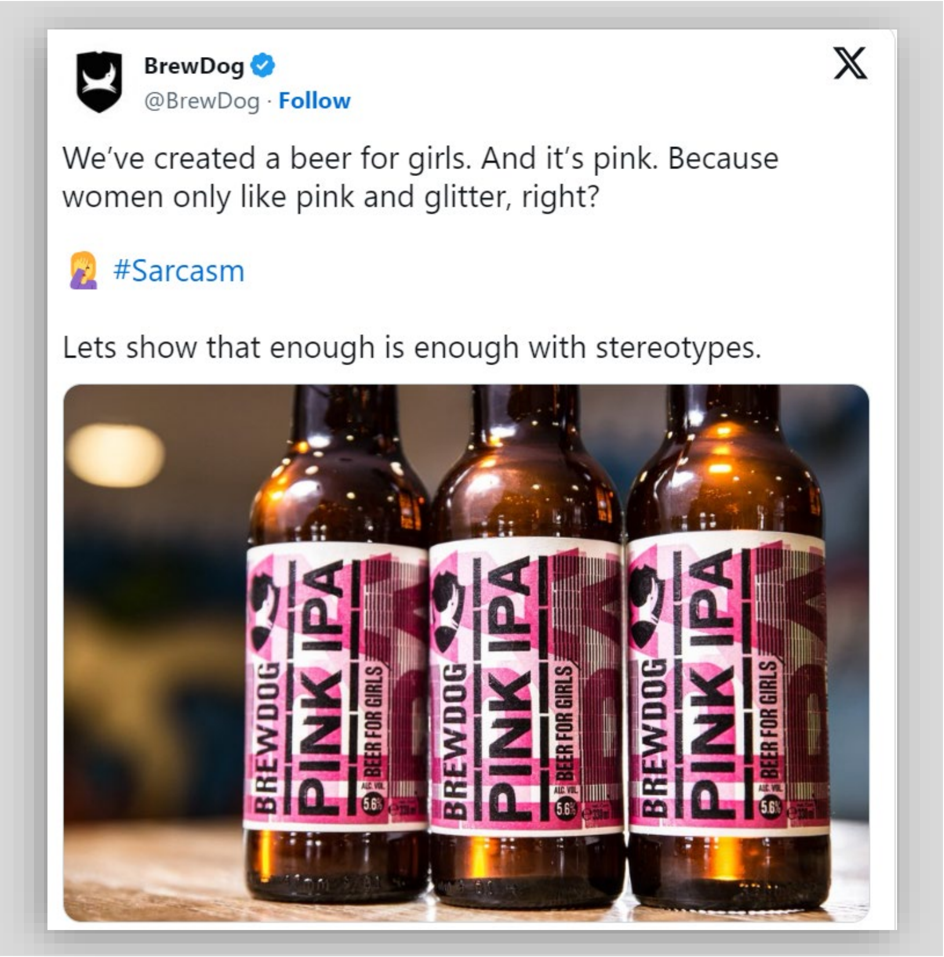


Mental health

Physical Health

Harassment, abuse or violence against women

Social isolation



Below is a one-pager checklist to avoid perceived [redacted]ashing through driving trust

INTEGRITY

- Less bad ≠ sustainable
- Meaningful milestones
- Be Honest
- Apples to apples comparison
- No misleading ‘natural’ imagery
- Use words which everyone agrees on

IDENTIFICATION | INCLUSION

- Align with where you have a right to play
- Don’t jump on the bandwagon
- Don’t pretend to be perfect – It’s ok to be on a journey.

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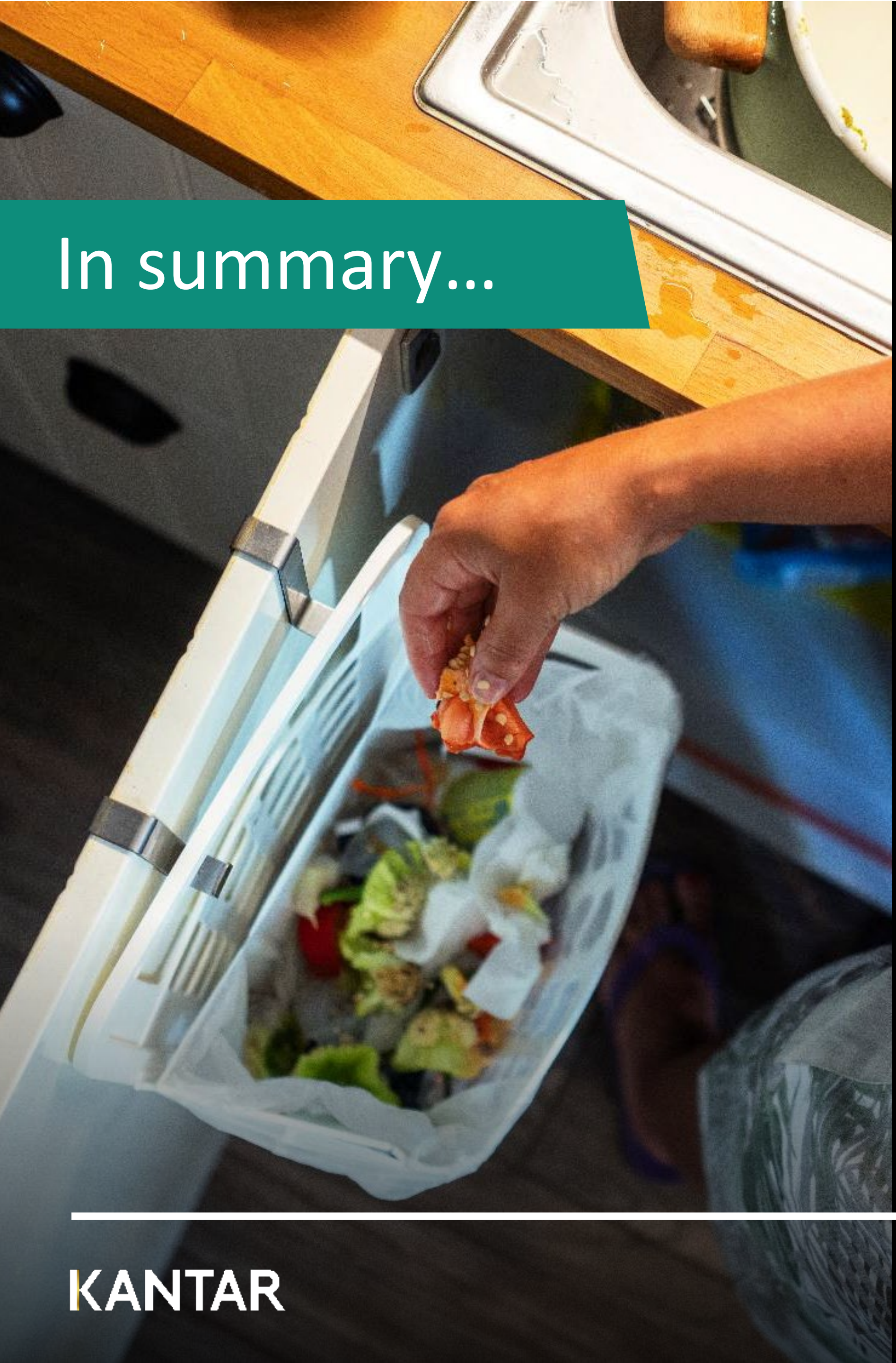
In summary…



Target as if the EcoActive is your mainstream consumer because if they're not now they will soon be

The need to balance values with value remains a central challenge for both businesses and consumers – seek to do what is possible within costs and support consumers to do the same

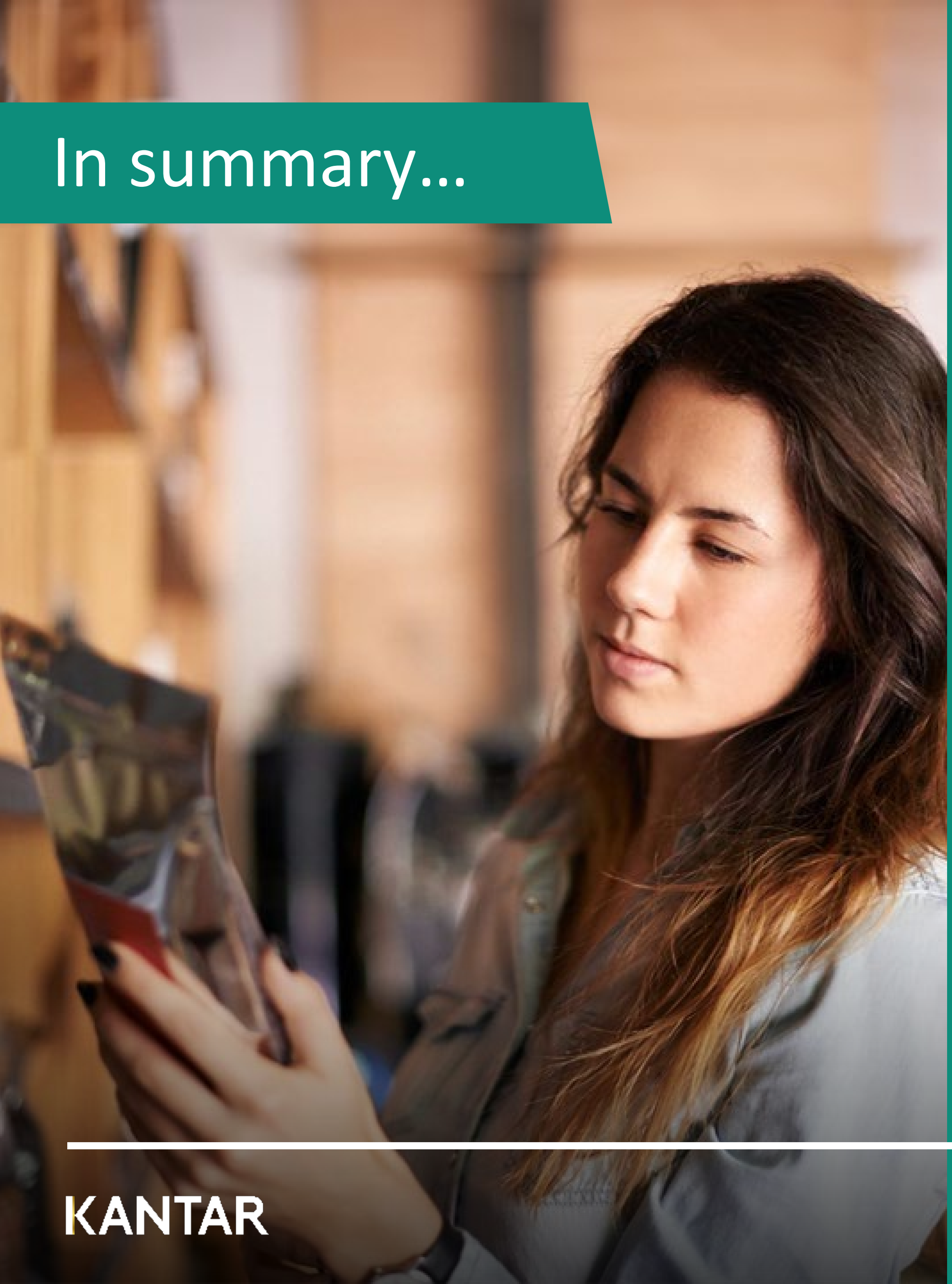
Remind yourself and your business every day that doing the right thing is also an opportunity to grow

In summary…

Understand that as a baseline, consumers increasingly expect you to be transparent, have an active voice, treat your staff well, and balance what is important to you with what is important to them

Assume that cynicism is the starting point for talking to your consumers, but also remember that when you do it well your brand's reputation will be enhanced

In summary…



Ensure that everyone in your messaging chain is informed and articulate regarding what you need to communicate and how it is best done. The commercial, reputational and the legal risk combined is just too high otherwise

Remember some basic rules of consumer psychology. Only claim meaningful, honest, positive actions and impacts. Don't be clever or lazy with comparisons, common phrases or imagery that tarnish your integrity

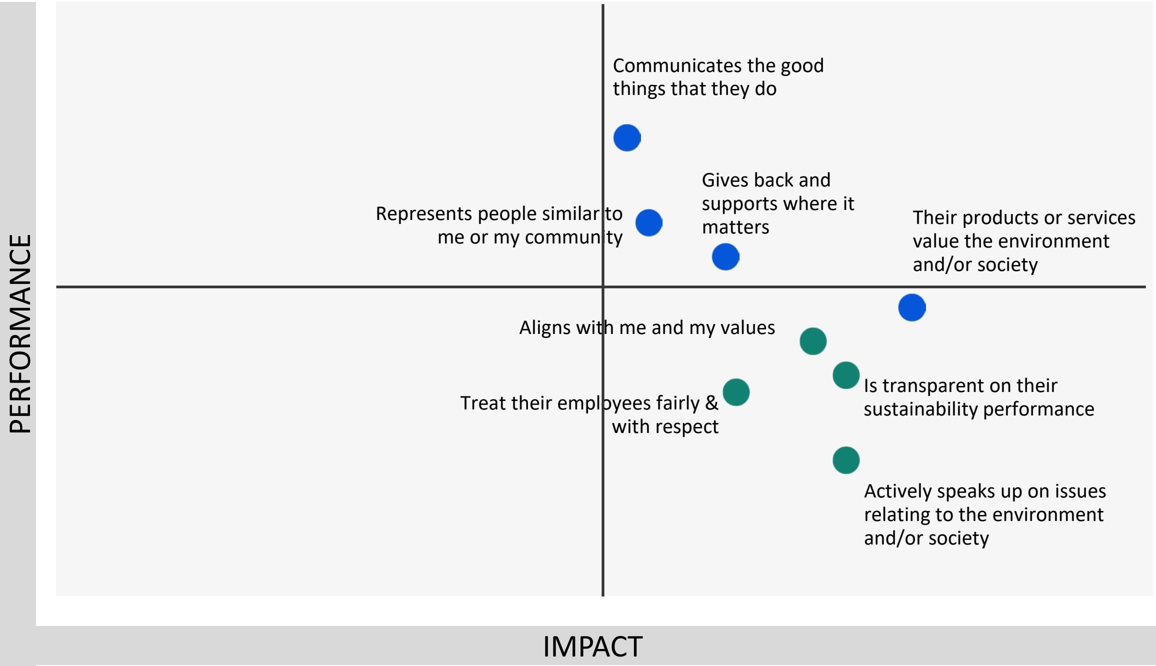
Also be consistent and don't feel the pressure to be perfect. Either way consumers will find out you're not, so own that message before
it owns you

There are three further Better Futures workstreams of interest in 2024, firstly the brand deep-dives from this report

Better Futures Brand Reports

For any of the 20 businesses we investigated in Better Futures, then individual deep-dive reports detailing your performance can be prepared

Contact your Kantar rep for further details



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And in addition, Better Futures 2.0 will return to inform specific sales strategies, while Better Futures Thrive will be exploring how brands are responding to the social sustainability challenge

Better Futures 2.0

As we did in 2023, we are running an extension study for businesses further along in their sustainability journey

This is a syndicated study, together with other NZ clients, which focuses on identifying...

a. The key opportunities for closing the value-action gap in your category

b. The sustainability persona & tone that will most effectively align with your masterbrand

Better Futures Thrive

Again, partnering with the SBC, this is a NZ-first study which focuses on understanding the impact that NZ businesses and brands are having upon social sustainability

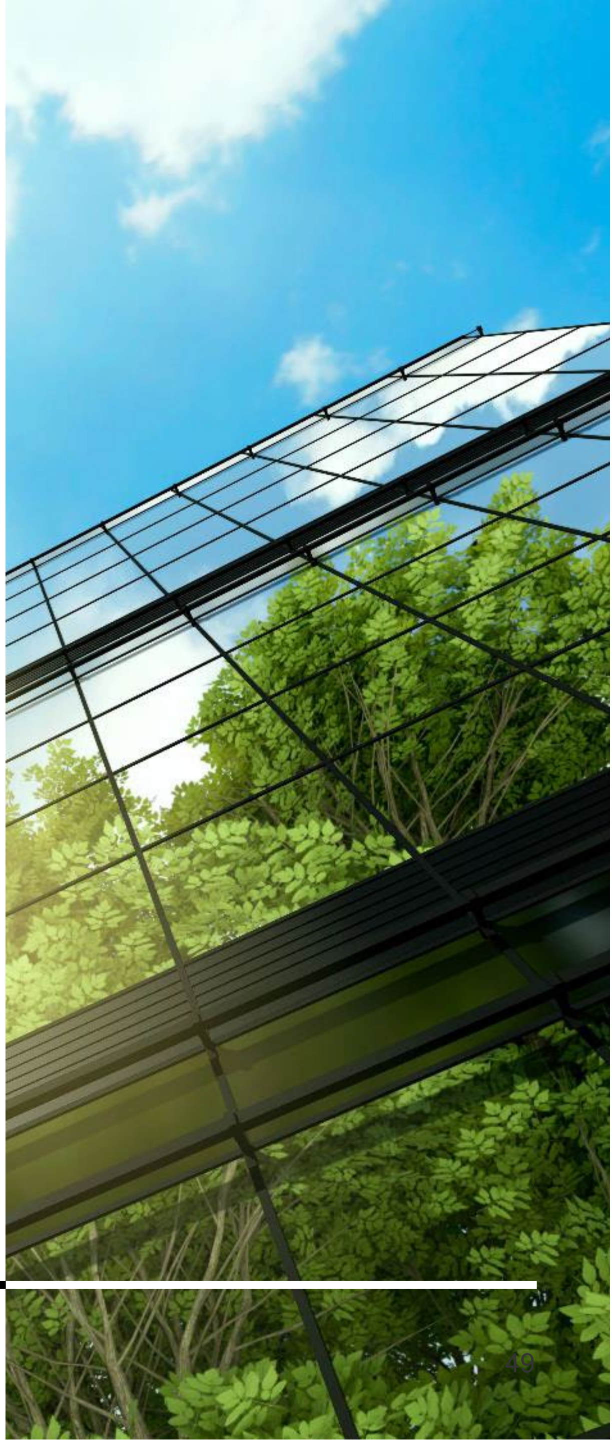
The study will understand the performance of major NZ brands & businesses on ‘The S in ESG’ through a number of different lenses...

a. As an employer

b. As a brand marketer

c. As a purchaser and seller of goods & services

d. As a community supporter



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Better Futures

2024

Sustainable Business Council

WBCSD Global Network

Acknowledgements

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WRIGHT COMMUNICATIONS