

/// CMO Outlook

Report

Data, Decisions, and Optimism:
How CMOs are driving change in
an evolving world

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Head in the sand: Are marketers falling out of step with consumers on sustainability?

Pressure is increasing on brands to act on climate change and sustainability. Consumers, business leaders, and shareholders expect marketers to make decisions that will influence the world in positive ways.

But our research suggests that fatigue is setting in for marketers, and they risk falling out of step with consumers and wider business opinion on the issue.

Less than half (42%) of CMOs list sustainability and environmental protection as an important part of their organization's brand identity. Around one-in-three (30%) global CMOs believe their customers expect their brand to address sustainability issues. Yet, wider GfK studies, however, show that almost three-quarters (73%) of global consumers say it's important that companies take environmentally responsible actions. It's a shocking perception gap.

“This finding represents a wider mental debate among marketing leaders,” says Garcia Villaneuva. “There are many consumer markets that put their money where their mouth is - they say they care about sustainability, and they buy sustainably - but there are a lot of big markets where this is less true. Marketing leaders know they have a finite budget and I suspect too many question themselves about putting the majority of it into sustainability-focussed activity.”

Liz Caselli-Mechael, global head of digital and content for Nestlé corporate, says that marketers are “a critical part of bringing companies’ sustainability work to life and being able to drive, share or command a premium for some products.” She notes that this is “one component that marketing can impact, which ensures sustainability is core to business strategy and consumer relationships, and not seen as an extracurricular that could be cut year to year.”

Long-term commitment requires brands to be authentic; to mean what they say, and show responsible behavior.

“Consumers want brands to be actively involved and to care for society,” says a senior marketing decision-maker at Vodafone. “They expect brands to behave sustainably, even if there is a cost - because it’s inappropriate not to. However, they need to continue to be authentic

and ensure what they do has impact and meaning.”

Half of the global population is expected to be ‘eco-active’ by 2030. This segment of customers is projected to deliver more than \$1bn of value to FMCG brands before the end of the decade, and a further \$700bn to businesses in the technical consumer goods vertical.

A substantial percentage of the global population are willing to pay more for sustainable products. This can mean paying upwards of 25% more, according to GfK’s Who Cares? Who Does? 2022 report. Marketers must embrace such trends.

“Engaging with sustainability also presents a massive opportunity for CMOs to actually capture and show off the real purpose of their company,” concludes Garcia Villaneuva. “People care about purpose, so show off the elements that make you unique when it comes to sustainability and how you behave as a diverse and inclusive organization. It’s an important way of winning round consumers, current employees and prospective talent.”

Sense and sustainability

Our research shows that European CMOs appear to be those least invested in sustainability. They are also the least likely to see it as

an opportunity, especially compared with counterparts in MENA and APAC.

But our Green Gauge Report shows that consumers in Europe's big four markets are willing to pay more for consumer purchases if they are sustainably produced.

"For longer-term success, brands must make room to participate in sustainability and the circular economy," says Tim Kenyon, vice-president, consulting, at GfK Consumer Life. "This includes building buybacks, product leases, robust repair programs and value-add services into their growth, brand and marketing strategies."

In consumer technology and durables, product quality and value can be a strong partner to existing sustainability messaging; the premium upfront cost reduces spend in the long term.

"Brands must educate and communicate about their products' total cost of ownership," adds Bernard Kin, Head of APAC T&D Global Clients.

"Since sustainability is becoming more about 'reducing' and 'saving' – whether it's using less energy or water, reducing wasteful consumption, or recycling – these kinds of attributes can be highlighted to demonstrate true affordability and value."

Senior marketers must engage stakeholders across the company to gain support for marketing initiatives that reflect the sustainability agenda. Building understanding at board-level is key. CMOs need to reinforce that sustainable activity ties together multiple threads, including AI-powered prescriptive market insights and long-term brand equity. Going forward, sustainability is a non-negotiable element of consumer trust and long-term profitability.

Brand sustainability in action

Dell Technologies: delivering sustainable value for customers

The tech company delivers product recycling and reuse programs that support sustainability and save consumers money. According to Dell's 2022 ESG report, it expanded its trade-in initiative to include technology from other brands for instant credit towards new Dell products.

In the US, Dell collaborated with Google, Apple, Amazon and Microsoft to launch a year-long citywide doorstep electronics recycling pilot for consumers from Denver, Colorado. Developed with recycling start-up Retrievr, this initiative collected customer insights into the critical factors affecting consumer behavior and used them to improve electronic waste recycling processes.

Dell said in its ESG report: "We are committed to engaging with customers, suppliers, peers and even competitors to identify best practices, remove barriers and support industry-wide initiatives – all with the ambition to redesign, reuse and recycle our end-to-end technology."

Unilever: brand values in hand with nature

The FMCG company focuses on sustainability via several green initiatives. Dove's new reforestation project in south-east Asia is one example that involved buy-in across the business and from the boardroom.

Based on the Dove brand values, the initiative aims to protect and restore 123,000 acres of rainforest. To achieve this, Unilever partnered with Rimba Collective, a collaboration between leading consumer goods manufacturers connected to the agricultural commodities industry.

The Dove nature regeneration project was possible due to Unilever's investment in a €1bn fund that will be spent on climate and nature projects by 2030.

Firdaous El Honsali, Dove's global vice-president, external communications and sustainability, explains: "The beauty of nature is under attack, and climate change remains one of the biggest threats we face. ... Our scale demands we act urgently to protect nature – and play a critical role in the effort to stop climate change."

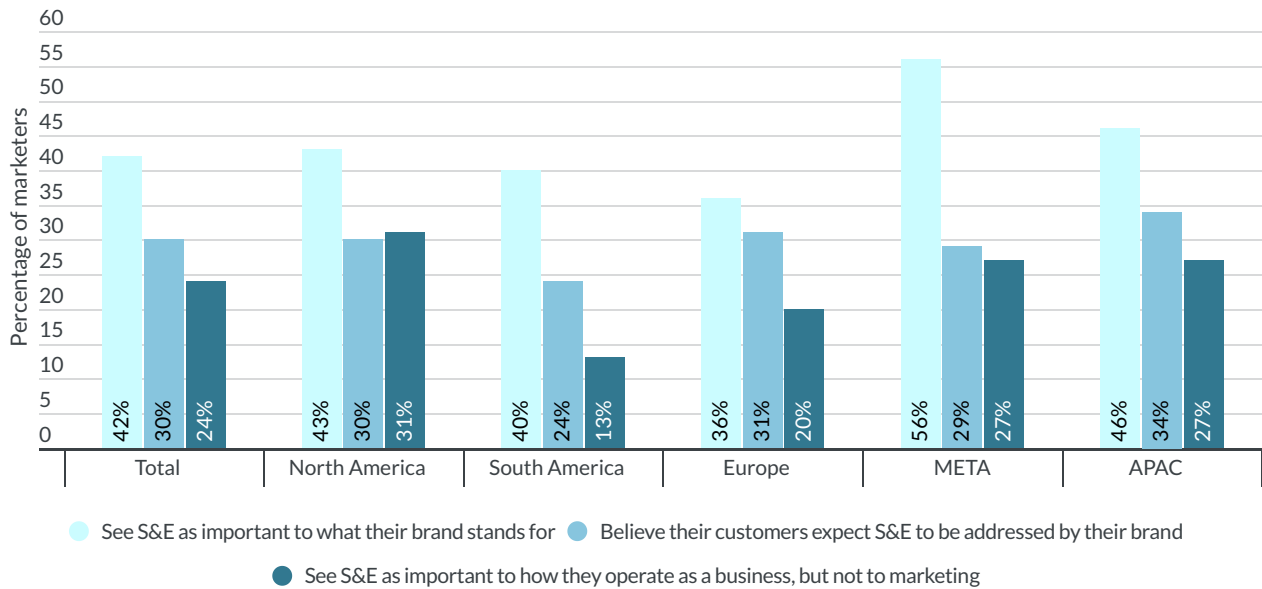
Nestlé: blending consumers and purpose

Nestlé has invested in the Nescafé Plan and Nestlé Cocoa Plan, which are long-term sustainability initiatives for cocoa-producing smallholder farmers.

Nestlé also acted to tackle the impact of its production from seed to cup. The income accelerator program in West Africa, for instance, pays farmers for their sustainability and social impact actions, not only their crop. These small producers receive incentive payments for decisions such as sending their children to school and updating their growing methods.

Liz Caselli-Michael, global head of content and digital for the Nestlé corporate brand, says that the company's sustainability work is important on many levels. Building credibility and trust with consumers and business partners while ensuring supply in the face of climate change. She adds: "Our leadership has made major investments because the impact is business-critical, both to reduce our risk and to connect with an increasingly purpose-driven consumer."

Perceptions of sustainability and environmental (S&E) protection (by region)



Perceptions of sustainability and environmental (S&E) protection (by annual revenue)

	Is an important part of what our brand stands for	Will be more important in the future	We are ahead of our competitors on this topic	Our customers expect us to address this issue	Is a commercial opportunity for us as a brand	Is an area where we can differentiate vs. competitors	Important to how we operate as a business, but not to our marketing	Is a topic for politicians, not brands
Total	42%	35%	31%	30%	30%	26%	24%	15%
Up to \$500 million	45%	29%	31%	27%	29%	24%	24%	12%
\$501 to \$1 billion	40%	37%	29%	30%	25%	25%	26%	15%
Greater than \$1 billion	43%	37%	34%	33%	36%	30%	24%	16%

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