



# Conscious Consumerism

**Executive Summary**



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### The rise of conscious consumerism

Consumer behaviour changes rapidly, and often in unexpected ways. In order to make successful strategic business decisions, companies need to anticipate and respond to these shifts in consumer needs. Recently, we have seen the rise of Conscious Consumerism: consumers are making conscious choices about what, why and how to buy products and services. How does this translate to the Dutch market? Are Dutch consumers truly making more conscious choices — or are they just saying that they are? To what extent are they willing to pay extra for healthier or more sustainable products, and what do they expect from other parties – manufacturers, retailers, government, regulators – to enable them to make more conscious decisions?

### Consumer survey

In November 2022, we commissioned a consumer research among more than 2,000 Dutch consumers of age 18 and up, representing e.g., four age groups and various levels of income. The results show that Dutch consumers are clearly facing a dilemma. A vast majority is worried about

topics such as climate change and believes that consumption reduction is key to protecting the environment. However, they are even more concerned about inflation and a looming recession. Zooming in on the various sectors within the consumer industry, a few observations stand out.

### Retail: affordability comes first

Although younger generations usually consider themselves to be more eco-friendly, this does not always translate into their buying behaviour. In fact, almost 80% of Millennials and Gen Z will buy the cheapest product, even if it's not sustainably produced or sourced. In general, the purchasing decisions of Dutch consumers are driven by individual interests (affordability, health) rather than by common interests (sustainability). What do the survey results mean for retailers? Consumers do care about sustainability, but affordability and health matter more to them, so retailers need to balance and temper their messaging around sustainability. They might consider to focus more on value and health than on the sustainability of their products.

### Consumer products: honest communication and messaging

Consumers believe that companies need to step up to enable conscious consumerism. For instance, they would like CPGs to adopt a more circular business model view, extending the product life cycle through repair, resale, refurbishment, and recycling. Also, in order to make conscious choices about what they buy, consumers need to be able to trust brands and companies. This in turn requires full transparency about the sourcing and supply chain of these products, with easily available information and truthful communication, and showing consumers that as a company, you understand the dilemmas they are facing. Messaging is key. Is what a company is doing, important to consumers, and do they tell their consumers about their values and programmes? More and more companies are trying to adhere to new policies and regulations around sustainability (including ESG reporting), but they should not only share the results with regulators, but also with the public.







### **Transportation, hospitality & services: how to engage with every consumer?**

The willingness to pay additional fees for delivery and return of packages is low in the Netherlands, but when it comes to more sustainable transport of goods, a majority of Dutch consumers want companies to invest heavily, and are willing to pay extra for sustainable delivery. And even in the current economic climate, more than half of the respondents (54%) said they would consider hotels and restaurants that are more sustainable. When it comes to travelling, almost half (46%) of Dutch consumers would consider sustainability when making leisure travel choices (44% for business trips), even if the more sustainable options take longer or are more expensive. Food for thought for the sector: how can the hospitality business that invests in sustainability engage with the remaining 46% who presently would not consider sustainability when they are booking hotels or restaurants? They are still a significant part of the target group. And also, how can travel companies accelerate their journey toward more sustainability, and potentially create value while doing so?

### **Automotive: dealbreakers and opportunities**

In automotive, convenience is still key. For instance, car ownership is a “must” for the vast majority, and EV adoption is relatively slow. Price is less of an issue here: only 39% of respondents will buy an EV if these become more affordable (i.e., below €30,000), while more than half (52%) will consider purchasing an EV once the charging infrastructure is further improved. Apparently, charging rather than price is a dealbreaker for Dutch consumers in switching from ICEs to EVs. The findings raise a number of questions that are worth investigating. For instance, what do the results regarding car ownership mean for mobility concepts offered by both platform players and OEMs? Are supply issues also adding to slower adoption of EVs? And how are OEMs going to adopt circularity?

### **The role of the government**

In all sectors of the consumer industry, consumers indicate that the role of the government is key to solving their dilemmas – choosing between affordability (and in some cases, convenience) and

sustainability. For instance, almost 70% of Dutch consumers believe that government should subsidise organically produced or sourced goods to make them more affordable. More than 60% claim that government should tax airlines proportionately, based on their actual levels of emissions, and encourage eco-friendly commuting. And almost half of them would like to have the amount of gasoline/diesel fuelled vehicles in the streets reduced in order to cut down emissions. However, when it comes to “rekeningrijden” (road pricing), there are more opponents than proponents (41% vs. 31%).

Based on the above, we feel that the government will have to be the driving force behind conscious consumerism. Not per se by mandating unsustainable behaviour alone, but also simply by encouraging the right behaviour through more diversified taxation, and by facilitating easy access to sustainable solutions – e.g., for charging EVs near apartment homes.

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