

Report

The New Sustainable Consumer

— and her search for truth



Scandinavian MIND

Stockholm, October 2020

Over recent months we've researched a large number of reports focusing on a post-pandemic world, behaviour changes, and the next normal. Throughout this research, we've been uncomfortable with claiming that we should already be in a post-COVID situation. We aren't, and we won't be for a long while. The pandemic will have a huge transformative impact on us as society. Where economic, social, and psychological effects will be felt for generations. But we've at least arrived at a point where we are past the shock phase and now can plan for the future.

Most of the changes we're seeing right now are actually major transformations into new lifestyle behaviours rather than shorter trends in the market. To keep track of or even participate in and influence these changes, brands need more than ever to create a strategic approach to what is happening.

You've probably heard the phrase, "The Next Normal" several times in the last few months. But the very essence of it is rarely glimpsed. How do we define what the next normal really means? And how it affects us as consumers, brands, and society at large?

We have to future-proof our business with new and innovative strategies for branding and sustainability. It's almost irrelevant how strong you've been in the past. Resting on your old loyalty base is not an option when preparing for a future where loyalty is elusive, and consumers make seismic changes on demand.

When we conducted this culture mapping and research using our network of contribu-

tors, cultural influencers, field experts, and existing reports we could see large transformations in attitude towards sustainability as a holistic perspective, with different approaches to adaptation, a change in value creation for the consumer, and how brands approach the idea of serving a larger purpose.

The New Sustainable Consumer report is an exploratory foresight report. Our purpose with understanding the New Sustainable Consumer is to create a better understanding for why and how consumers do or do not incorporate sustainability issues into their consumption behavior. We've researched a large amount of existing quantitative consumer reports from around the world and selected reports that have been conducted both before and during the COVID-crisis, in order to get a broader view on how preferences are transforming, rather than just how they are at the moment. To get even wider perspectives of these changes we've also conducted a wide range of interviews with industry experts. These experts have acted as our advisors, they are individuals dedicated to sustainability and add different perspectives to their approach.

FREDRIK EKSTRÖM
Editor-At-Large
Scandinavian MIND

The research was conducted September – October 2020

4. A troubled world
– Pandemics, Profits, and Presidents
5. A New Beginning After the Storm
8. The Great Online Migration
9. The Great Online Leap
10. Finding Your Purpose
12. Gen-Z-sustainability
14. Brand Activism
16. Five Stages of Adaptation
18. Dedicated Pioneers
19. The Doers
20. Eco-Swingers
21. Spectators
21. Sleepers

A troubled world – pandemics, profits and presidents

“There are decades where nothing happens and there are weeks where decades happen”

—Lenin

The world hasn't been in so much distress since the World Wars. We have a pandemic that accelerates a rampant global recession, far right white supremacists are preparing for civil war in the US, anti-racism protests are challenging state-controlled police powers, presidents are focusing on power and profits while the sway of global power appears to be shifting from the US to China. Around the globe, world leaders follow this trend and try to seize more power for their own benefits, causing even more uncertainty and instability. And all of this is happening alongside one of the largest climate crises in history. A crisis that some leaders still deny.

Since generations get influenced by the crises they face, the current socio-political climate has produced multiple scenarios in a matter of months. The stability of previous years can no longer be guaranteed, creating

a mindset of uncertainty in many consumers, who long for security, calmness, health, and trust. When institutions fail to provide this, consumers instead turn to brands, and expect them to act as individuals and contributors to a better world.

“In the gaping voids exposed by the fracturing of trust in institutions, brands, perhaps, have never had more responsibility and opportunity.”

— Rebecca Robins,
Global chief learning and culture officer at brand agency, Interbrand.

Source: Business of Fashion

A new beginning after the storm

The decisions we make now have the power to rebuild and reshape brands long after the influence of the pandemic. One key action is to integrate sustainability within all business functions and find new opportunities to create value for the consumer, employees, and investors. Sustainability is quickly finding its way to the strategic board rooms and is no longer viewed upon as a feel-good project, highlighting selective actions and showcasing employees rolling up their sleeves while doing volunteer work.

Source: Accenture

“Sustainability was once a department with some people in it who said, ‘this is what you should do,’ Sustainability is now central to our thinking and our ambitions and I would go so far as to say sustainability is our business plan.”

— Anne Pitcher,
Managing director Selfridges

Source: BusinessGreen

“After the crisis, however, the time will come to rebuild. This moment of recovery will be an opportunity to rethink our industry and, even if not overnight, build a new model of value and growth. And this is where I see our sustainability strategy and vision being more important than ever.”

— Anna Gedda,
Head Of Sustainability H&M

Source: Sustainable Apparel Coalition

“The best thing to come out of this very painful time is that we as individuals understand that our individual actions have societal consequences, so while the virus is not directly related to sustainability, it's going to increase the focus on it.”

— Sarah Willersdorf,
BCG's partner and global head of luxury
Source: Sustainable Apparel Coalition



The great online migration

75 %

of US consumers have ventured off and tested new online stores and brands during the COVID-19 crisis.

Source: McKinsey Insight

60 %

of these consumers expect to integrate these new brands and stores in their post-COVID-19 lives. Source: McKinsey Insight

43 %

of surveyed consumers who didn't purchase fashion online before the crisis have started using online channels during the crisis.

Source: McKinsey Insight

The trend toward online channels is even more pronounced in younger segments, who have started using online channels for fashion purchases since start of COVID-19 crisis.

Source: McKinsey Insight

84 %

Gen Zers (aged 18–23)

76 %

Millennials (aged 24–39)

36 %

Gen Xers (aged 40–55)

19 %

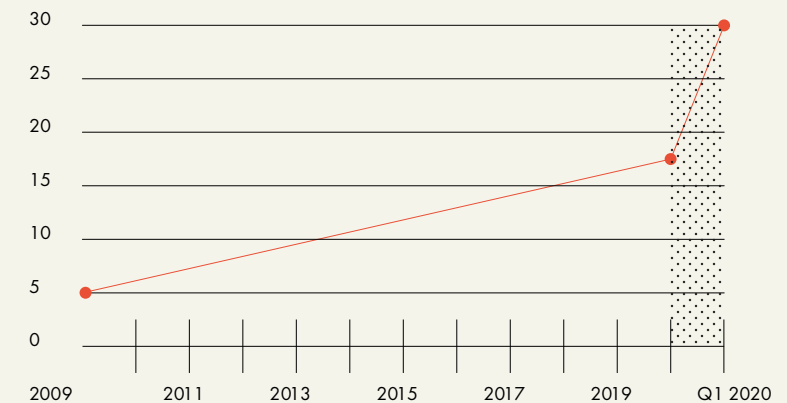
Baby boomers (aged 56–75)

... and the great online leap

In recent months, we've been forced to undergo various stages of maturation in digitisation, retail, and communication. This development has been something that we'd normally see happen within five to ten years, but which has now instead been pushed through in a window of a few months. Of course, it creates friction but also opportunities.

When McKinsey examines the behaviour of US shopping consumers, the evidence be-

comes clear about how fast change is happening. Over a period of three months, US e-retail grew as much as it had done in the last ten years together. And the same tendencies follow in Europe. The European Fashion Industry registered the equivalent of six years' growth in Online shopping penetration during the period of January to August 2020.



As the consumer matures and adapts to a world in e-retail, new channels are also being added to collect and evaluate information before a purchase and it opens up new doors in trying new things. 75% state that they have tested new brands instead of the usual go-to brands they usually consume and 60% state that they plan to stay with the new brands after we have entered the next normal.

These major and rapid changes in consumption and brand loyalty will, of course, have devastating consequences for some brands. But it also opens up new windows of opportunities for brands to reach out to consumers who are changing their online behaviour and searching for new brands, products, and experiences.

Community vs Commerce

– Finding your purpose

People's values are becoming more infused in their shopping habits. Consumers are more environmentally and socially conscious, turning to brands and e-retailers that not only talk about responsibility—but demonstrate it by inviting the consumer to their community.

"We try to build a community where our customers can engage with Grandpa in the same way they would when investing time in a real friend. We're afraid of what is happening with the environment and feel that our community is as well. However, we know that we're not perfect so we can't offer a perfect solution to the problem but we can offer to join and share our values and do as good as we can.

— Jonas Pelz,
Founder of Responsible Retailer, Grandpa

As we start to look beyond the pandemic we can see these values and behaviours being even more reinforced. According to Accenture, 61% of consumers are making more environmentally friendly, sustainable, or ethical purchases – a huge 89% of these are likely to continue with this behaviour post-outbreak. And 67% think that brands that invest in longer term, sustainable, and fair solutions will build back better after the crisis. In this complex post pandemic scenario, defined by consumer distress and uncertainty, sustainability and brand purpose emerge as critical factors to rebuilding a brand.

What is your purpose for being here?

67%

think that brands that invest in longer term, sustainable, and fair solutions will build back better after the crisis. Source: Accenture COVID-19 pulse research 2–8 June 2020

70%

of UK and German consumers stick with a brand that they trust, during the crisis. The strongest factor to minimise consumer migration from your brand is to build trust and community.

Source: McKinsey Consumer-sentiment-on-sustainability-in-fashion

66%

state it has become more important to limit impacts on climate change.

Source: McKinsey Consumer-sentiment-on-sustainability-in-fashion

57%

have, as a result of the COVID-19 crisis, made significant changes to their lifestyle to lessen their own environmental impact.

Source: McKinsey Consumer-sentiment-on-sustainability-in-fashion

88%

believe that more attention should be paid to reducing pollution.

Source: McKinsey Consumer-sentiment-on-sustainability-in-fashion

Gen Z-sustainability

Before every generational consumer shift we tend to, in equal parts, both overrate and underestimate the importance of the next generation.

There is a lot at stake when trying to understand the generational shift. The Gen Z will be the largest consumer group in spending power worldwide in 2030. Gen Z could also come to play a more important role in setting future behaviour than what socio-economic trends do. Young people have an influence on people of all ages and incomes, as well as on the way those people consume and build relations with brands. When approaching Gen Z we need to see through our preconceptions and learn what to pay attention to.

What we can see is that some trends that started with millennials, are being transformed by Gen Z and then pushed even further, accelerating behaviours while demanding a higher level of brand activism, value driven purpose and being told the transparent truth.

"We see a clear link between sustainability and continued commercial success. Our sustainability ambitions will help us stay ahead of customer demand after this crisis caused by the coronavirus. Both our current and future customer bases are calling for more sustainable choices in fashion. Nine out of ten Generation Z consumers believe companies have a responsibility

to address environmental and social issues. By committing to sustainability we can secure our long-term growth, stay relevant to our customers, and establish market-leading differentiation against our competitors."

— Kate Heiny,
Director Sustainability, Zalando SE

There's a real genuineness to the Gen Z generation in saying they want to recreate what corporate responsibility looks like. One of the biggest elements that's come out of a Gen Z McKinsey research in the last few years has been the focus on values and finding the truth.

"They're looking beyond tangible products and actually trying to understand what is it that makes the company tick. What's its mission? What's its purpose? And what is it actually trying to build for us as a society?"

— Bo Finneman, McKinsey

Nine out of 10

Gen Z consumers believe brands should detail their beliefs on environmental and social issues. Those expectations often involve a highly-personalised approach to communication and messaging that brands may have previously avoided.

Source: Business of Fashion and McKinsey, State of Fashion Report 2019.

48%

of Gen Z state they believe the economy is getting worse and, when asked for causes they cared about, the coronavirus ranked second after the environment. Source: Piper Sandler's (formerly Jaffray's) Fall 2020 survey

One important implication for fashion companies is that Gen Zers are not only concerned with a brand's values but also with the value proposition that their products provide.

"Gen Z is looking to brands that listen and learn from their consumers, to brands that are leading with real purpose, and that act on their values,"

— Rebecca Robins,
Global chief learning and culture officer at brand consultancy, Interbrand.

Source: Business of Fashion

Brand activism

“Gen Z wants to see brands tap into activism, absurdity, and aesthetics all in one place.”

Cassandra Napoli, trend forecasting, WGSN Insight.

Source: Business of Fashion

“As a brand with a clear purpose we believe that it’s important to take a stand and help drive change with problems facing our planet – Climate activism is here to stay and it’s based on values that we find important to support.”

Johan Graffner,

Founder of the sustainable casualwear brand, Dedicated

Brand Activism is here to stay. As it has become more important for consumers to find brands that share their own values, it has also become more important for brands to show what they stand for.

Brand activism is growing fast as a way for brands to connect with consumers and show that they are progressive in taking a stand based on their own beliefs, purpose and values to create a better world.



Patagonia

2020 US election – Vote the Assholes Out Campaign



Sneakers N Stuff

2020 US Election — Vote Campaign

SNS NYC utilized the wall above the shop in Meatpacking to commission artist Kunle Martin's of NYC's IRAK graffiti crew, to explore the most important message of our lifetime – to register and VOTE. The campaign was photographed by Alessandro Simonetti.

Five stages of sustainability adaptation

THE GREEN SHIFT

During the crisis the shift towards making more environmentally friendly, sustainable, or ethical purchases has accelerated, and consumers have made a green leap as individuals to adopt the ideas of sustainability. They are moving from Spectators of sustainability to Eco-Swingers, Doers and Dedicated Pioneers.



Dedicated pioneers

They feel that ethics and sustainability are the real deal!

This group has great knowledge about the environment. They feel enthusiastic about the possibilities there is to create change for the better and passionate about finding new ways to solve old problems. They are at the forefront and have a holistic perspective to globalisation, gender equality, health, and sustainability.

They believe that the solution to the environmental crisis is a two-way path of sustainability and being innovative at the same time.

They strongly believe that we need to consume slower, buy fewer products, and products that last longer. That we need new technology for both fabric manufacturing and product distributing.

They believe that values are critical and are culturally driven.

Shopping behaviour is slower than average – products should last long and be free from bad stuff.

They are enthusiasts who want to spend time outdoors – healthy lifestyles – nature lovers – slow tech, slow consumption supporters.



"Sustainable" is the word of our time. Logically enough along with "climate anxiety". But contrary to what some say, buying new things all the time, and recycling them when the color is out of fashion, isn't at all sustainable. Our way of keeping up with Mother Earth is about making products that are really durable – items that don't become untrendy but are made to be maintained and repaired, again and again. It comes natural to us, and has always done.

— Sara Wiksten,
Product Development Manager

The doers

They are afraid and worried about what is happening to us, the planet, and our society at large.

The Doers really feel that the world is in distress, they have a desire to find a way to save themselves and protect their kids, the next generation on the planet, but they worry about the health of the planet and about structural problems in society.

They view the global structural distress as proof that the world is scary right now. There's a feeling of hopelessness. They feel that we all need to do something now and that it needs to be something drastic to guarantee results.

The doers are often more connected to brands than they are to institutions and political parties. They expect brands to take a leading role in activism and take actions that show results and engage with them to join or buy in to their brands values.

The results are critical when engaging with a sustainable doer.

Shopping behaviour is active but consciously evaluated, products can be responsible in various degree but need a clear reason for existence.

They share a love of nature but live with an urban purpose – believers in clean tech and innovation – support mindfulness and activism – and engage in community before commerce.



Recycled — Tretorn X Nigel Cabourn.
Made of Fishing Net Nylon, Ocean Waste, PET, Polyester



Plant based — Reebok Floatride Grow.
Made of Bloom Algae, Eucalyptus bark, Castor beans

Eco-swingers

They want to look good in front of others and show that she is 'in-the-know' about sustainability.

Eco-swingers know that sustainability is for real and something they should take very seriously. But they have an underlying feeling that no matter what they do, their actions disappear in a black hole of collective actions that doesn't create any major impact, neither for the better nor for the worse. They want to do good but need help to swing in the right direction.

While they swing back and forth with their consumption, they also see sustainability as a strong opportunity to include when building their personal image. They don't feel that helping the world and building their image is contrary. They see themselves as being supporters of each other, wanting to change the world in style while building their own image with a cleaner conscience.

The swingers need easy actions to follow. They like to engage in communicative storytelling projects like Ocean Waste, Left Over projects, small- and local-farmers' initiatives that are easy to understand and curate the story for them to look good when retelling it to their peers. Even though the projects, by their own nature, don't solve the full sustainability problem, they work in the same way as the old Meatless Monday projects. It's a way for the swingers to try, learn, and engage in more responsible products.

Symbols and storytelling are critical for the Eco-Swingers



Gant REMAKE shirt

Is sown uniquely in leftover fabric and no two shirts will look alike. It is GANT's way to encourage people to see the worth in giving your old clothes a second chance. REMAKE is the sixth stage of the brand's sustainability initiative 7 Rules.

Spectators

They just want a convenient solution. They are not actively seeking responsible, ethical or sustainable solutions when consuming. However, they also do not take an active stand against ethics, responsibility and sustainability. They believe that the debate is not really speaking to her. She is interested and listens but needs a good argument to break a habitual pattern. She will continue to look for the same products at the same price points so to convince her sustainability need to be a factor that doesn't involve a matter of thoughts. It should just be incorporated in the product.

For the spectator to engage it is important that convenience, price and facts are making the choice easy.

Sleepers

They are unmotivated by the whole topic of sustainability and believe that the climate and sustainability issues are nothing to worry about. They think everyone is lying anyway so why would this be true.

For a Sleeper to consciously choose to buy something sustainable, it must be cheaper than a conventional product.

Published by Scandinavian MIND © 2020
Editor-in-Chief & Publisher KONRAD OLSSON
Creative Director ERIK OLOFSSON
Distributed as a supplement to Scandinavian MIND Issue 1
www.scandinavianmind.com



FREDRIK EKSTRÖM

is Editor-at-Large for Scandinavian MIND, focusing on sustainability and branding. He's also Advisor for Scandinavian MIND Trend Insights. He has over 15 year's experience working with brand insights, strategies, and development. He has a background in PR and has worked for leading lifestyle brands and award-winning agencies. For the last six years he's been responsible for the brand direction of Tretorn and established a consumer-centric approach to sustainability and international collaborations.

fredrik.ekstrom@scandinavianmind.com

Scandinavian MIND

Our digital universe features a mix of daily news and intelligence, expert opinion and views, and in-depth reporting from the worlds of art, fashion, design, science, technology, mobility, and more. Sign up to our newsletter to get early access to exclusive content and invites.

Newsletter

1. NEWS & VOICES

Be informed with daily updates from the worlds of lifestyle and technology. Expert opinions from industry insiders.

2. PODCASTS & FEATURES

Learn and gain advantage by consuming to our podcast interviews and other long-form content.

3. EXCLUSIVE INVITES

Readers get early access to our live events, conferences, and product launches together with our partners.

Sign up!

www.scandinavianmind.com/newsletter

"When sustainability, purpose, and trust are growing demands from the consumer, then understanding The New Sustainable Consumer and her behaviours, attitudes and triggers, to do or do not incorporate sustainability issues into their consumption behavior is also a growing concern. To win in a world of shifting values and accelerating disruptions, you have to be the fastest learner and the fastest in applying your understanding of the consumer to deliver business outcomes."

..