

KANTAR

**S U S T A I N A B L E
T R A N S F O R M A T I O N**



Designing for a waste free future

Understanding the impact of waste on people, planet and the economy and how disruptive innovation can drive consumer behaviour.

The great waste challenge

Global waste is projected to hit 3.4 billion tonnes by 2050. Business needs to step up to the great waste challenges and the business opportunities it presents by helping people adopt new behaviours.

The world's waste mountain is growing, particularly in emerging markets.

The good news is that many people want things to be different. They know that the current levels of waste are bad news, and they think that much of it could be put to better use. In India, for example, our Planet Pulse research has found that 64% think food waste could feed people in need or discarded clothes could dress people in need.

They want brand owners, the people who supply them with the goods and services they use every day, to help them with this challenge. 24 of the 38 categories we track in the Sustainability Sector Index are strongly associated with overpackaging, non-recyclable packaging, landfill, overconsumption and waste.

Consumers are looking for businesses to prioritise waste reduction. They want brands to solve the overconsumption and waste issue by supporting sustainable purchase behaviours, using of alternative sustainable materials, not promoting disposable products, for example.

We think there's a huge opportunity for brands that get this right. It's time to step up and help tackle the big waste challenge.

In this booklet, we'll look at the scale of the challenge, how brands can meet consumer demands for a life with less waste, why different groups need specific messages, and the power of smarter design and partnerships to deliver real change.

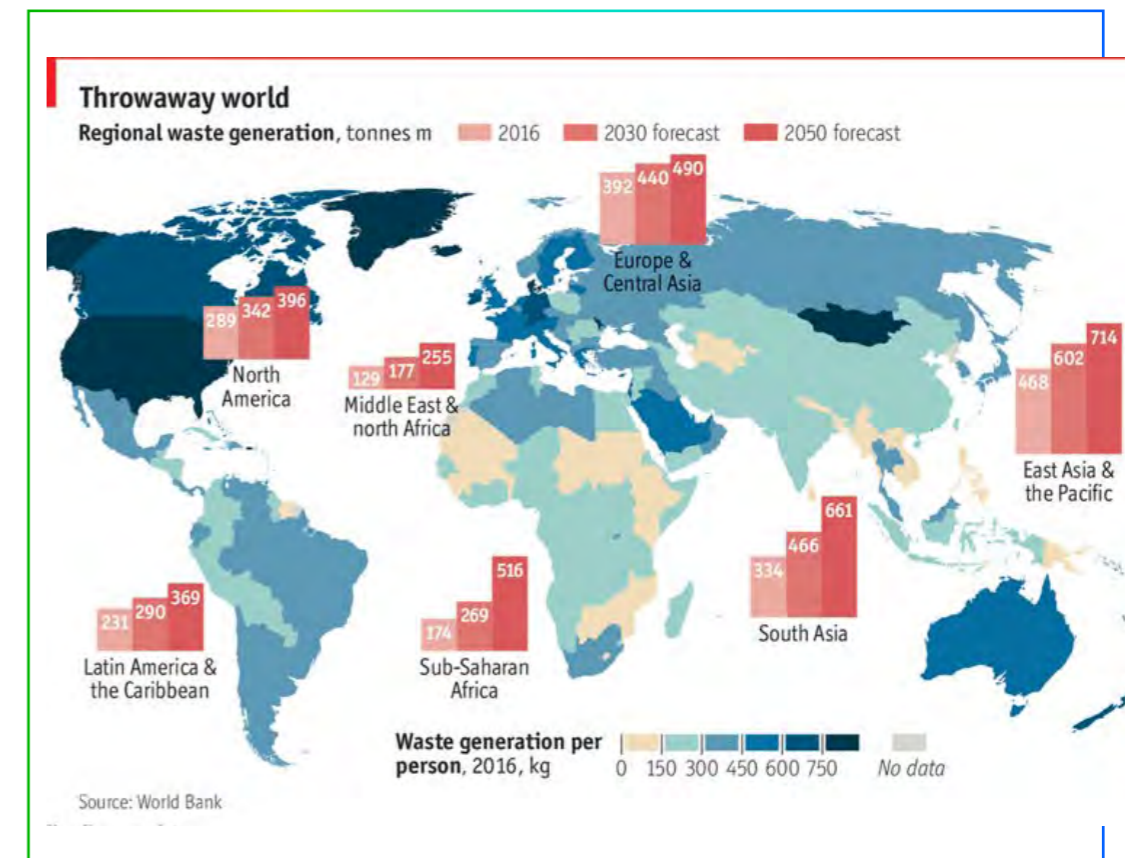
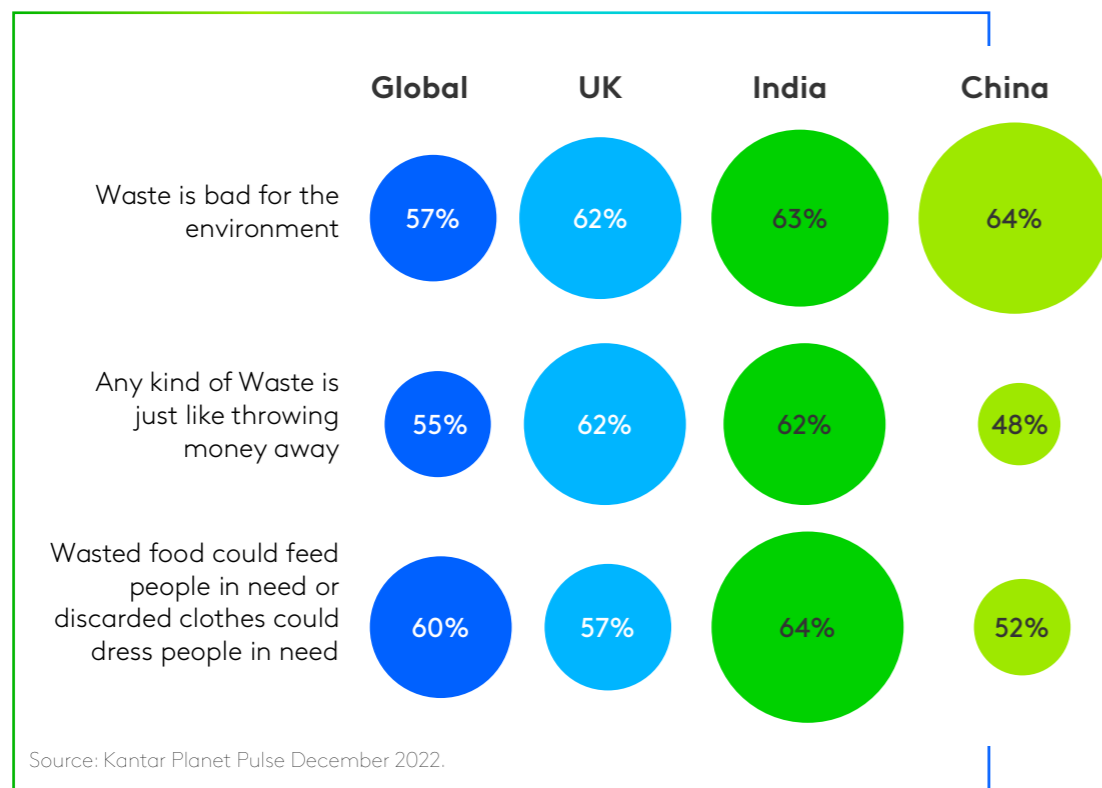


1 Waste is a major issue

Consumers expect progressive businesses to tackle their contribution to the waste crisis as well as encouraging positive behaviours such as 'reduce, reuse, recycle'.

Consumers expect brands to tackle waste. It's one of the five key UN Social Development Goals that consumers want progressive businesses to tackle, sitting alongside climate, biodiversity, human rights and healthcare, according to our Sustainability Sector Index 2022.

They demand that companies dispose of hazardous waste properly, use sustainable materials in production, do not promote disposable lifestyles, nor pollute water and the air.



Unlike some of the other global sustainability challenges, consumers feel they have some agency in this area. Many are already taking their own actions to reduce food waste, such as taking their own bags for shopping as well as recycling what they can.

Brands can inspire further action and change. The collective goal must be to decouple waste generation from economic growth and rising living standards. That means shifting mindsets and behaviours from take, make and dispose to reduce, reuse and recycle.

Globally, up to a third of all food, with an estimated value of \$1 trillion, is lost or wasted, each year, for example. There is a huge opportunity for brands to help turn the tide by creating value for people, planet and the economy.

— Data from Kantar's Who Cares, Who Does study shows that those **people who are actively taking actions to reduce their waste footprint are spending more than \$1.1 trillion annually in FMCG alone.**

— Electronic waste could be worth \$57 billion annually but only 20% is currently being recycled and being used to help build new products, according to the World Economic Forum.

— **Waste is a hot topic for 24 out of the 38 business sectors covered in Kantar's Sustainability Sector Index 2022.** Brands need to address these negative associations or potentially lose consumer relevance.

In short, there is a huge opportunity for brands to make it easier and more rewarding to live waste free.

CASE STUDY: Regenize offers cash for recyclables

South-Africa-based Regenize collects separated rubbish directly from users offering Remali – a virtual currency that can be spent with Regenize partners – in return.

Users track their recycling and Remali rewards on an easy-to-use app. For those who don't have access to a smartphone, Regenize also offers 'Simplified Remali' that can be redeemed in participating shops such as South African supermarket Pick n Pay instead of online, which further helps to boost the local economy.

Though currently only available in certain parts of South Africa, Regenize has plans to go national within five years, and then expand across Africa.

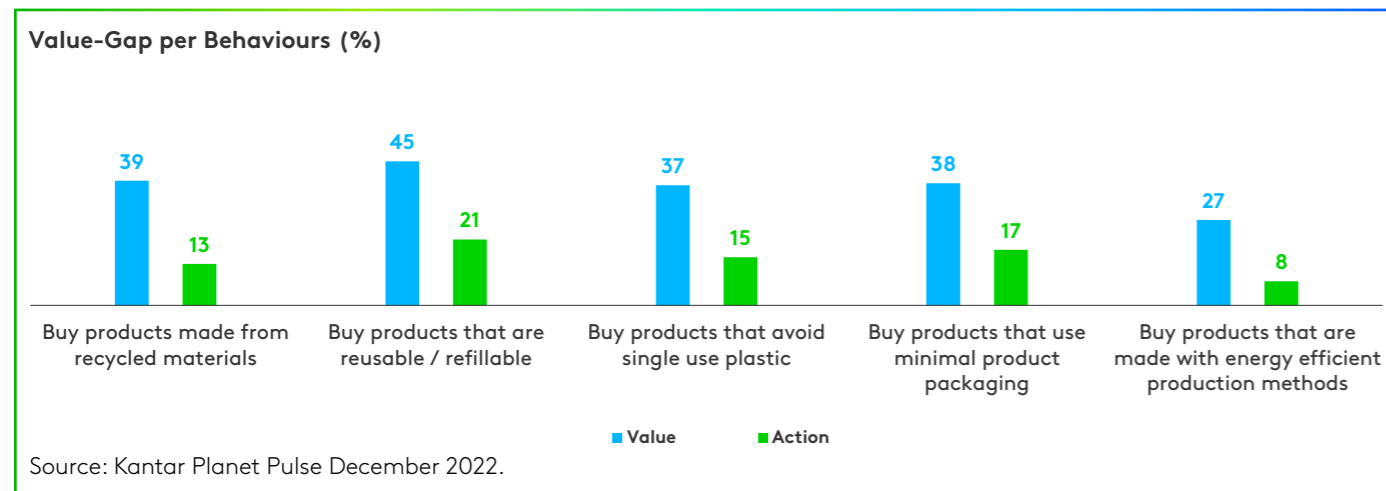


2 Design for the mainstream

Smart design can dramatically minimise household waste. Brands can help by designing minimal waste into their products and services.

We can all see the volume of waste coming in and out our homes. After all, we are responsible for putting it in the bin or the recycling.

Some consumers are taking action but there's still a value action gap. Whilst people say one thing, far fewer actually do it. Think about people buying products that are reusable or refillable, for example, 45% of consumers tell us they want to use them but only 21% buy them, according to data from the Sustainability Sector Index 2022.



This creates an opportunity to design solutions that will drive change, close the value action gap and unlock the business opportunities. **The opportunity in environmentally friendly packaged FMCG products alone stands at \$991 billion.**

Consumers say they don't buy products that use minimal packaging, for example, because 'they are too expensive', 'they don't exist' or 'they require the consumer to compromise on quality'. But they would alter that approach if brands used minimal packaging that delivered an even better experience, actively encouraged change, and the decision didn't require any compromise on quality.'

Less packaging has become a hygiene factor in most categories today. The removal of excess packaging in the product and its delivery materials is common sense and high up the consumer wish list.



CASE STUDY: CauliBoxes make takeaway packaging reusable

CauliBox seeks to help UK restaurateurs make the most of slim business margins while also improving sustainability practices.

The company provides food businesses with recyclable takeaway food boxes and coordinates the pick-up, cleaning, and redelivery processes that make it possible to switch from single-use to reusables.

Boxes and cups are made from BPA-free polypropylene, and each piece of packaging is usable at least 400 times before being recycled. Smart return kiosks track every piece of packaging, and consumers use an app to record their returns. Loyalty points reward regular customers, and boxes can be dropped at any return location.

CauliBoxes are used by organisations in the UK such as Age UK, Morrisons, and Westminster (London) City Council.



3 Make sustainability easy, meaningful and rewarding

By designing products and services that make it easier to behave sustainably, brands can bring more people on the journey.

People will change faster when they see the benefits. Brands need to make the sustainable choice the easiest, most meaningful and most rewarding option.



— **EASY** means overcoming existing frictions. For example, helping people find and understand information or making these options more affordable;



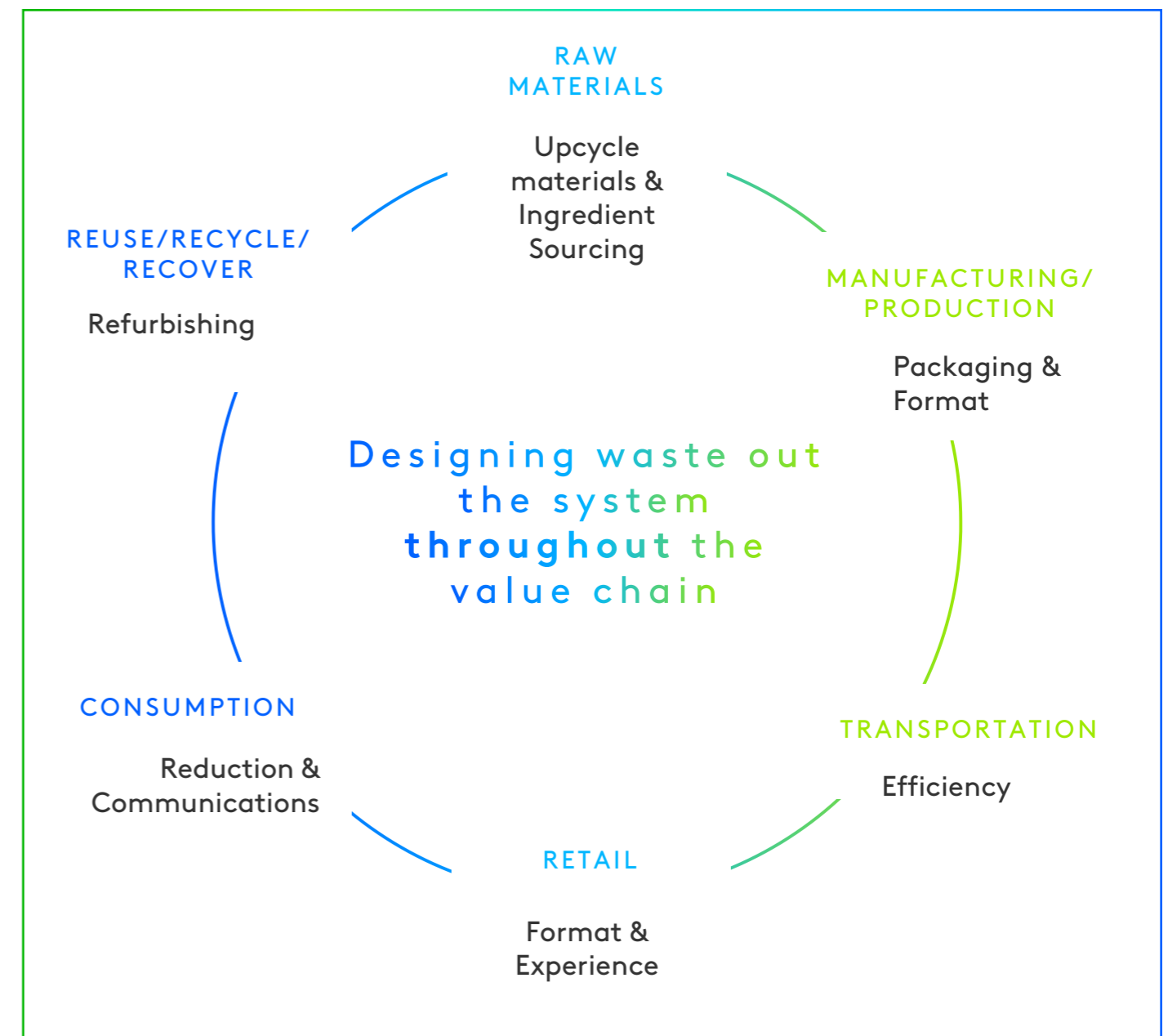
— **MEANINGFUL** means communicating the personal benefits in a way that connects – for example, motivating people by making sustainability socially desirable;



— **REWARDING** means encouraging a new behaviour by delivering an even better experience or providing incentives.

Packaging offers businesses an opportunity to deliver in all these areas and the reduction and removal of excess packaging is one way to deliver. In Quick Service Retail, for example, Burger King has banned straws and no cutlery is provided as 'standard'.

Offering services that enable sustainable purchase behaviours, such as recycling or refurbishing is also critical. This is the number one global action that consumers think brands should address when it comes to overconsumption and waste.



CASE STUDY: Ikea launches upcycling scheme

Global home furnishing giant IKEA has created a service that makes it possible to give unwanted furniture a second life. It has launched an upcycling initiative to encourage shoppers to return their unwanted items in exchange for IKEA credits.

In Australia, the scheme was piloted in 2020 before returning in 2021, attracting 3x times as many buybacks.

In 2022, the programme was made permanent and has since partnered with the domestic violence charity RizeUp to support those in need.

CASE STUDY: BMW rethinks car construction

BMW's iVision Circular concept car is designed to solve the problem of working car parts going to landfill because they are too hard to remove.

Instead, the car has been optimised for 'closed material cycles' with the long-term ambition of building a car that is 100% recyclable. Key components are detachable so updates can be made to prolong the life of the car, as well as providing the capacity to dismantle parts and repurpose materials.



4 Context and outcomes are key to design

Identifying the key groups and designing local interventions that reflect the cultural context and everyday realities of critical audiences will make a greater impact.

Not everyone will respond in the same way to the same message or product option. Our research indicates there are broadly four groups of consumers globally:

- Actives are much more likely to believe that they can make a real difference through their actions. They will go out of their way to make a difference if they believe in it.
- Considerers are on the fence about whether they can make a difference through their choices.
- Believers are heavily influenced by social factors, thinking their choices show others who they are and what they believe in.
- Dismissers are characterised by their apathy to all things sustainable. They will not change unless forced.

Brands also have to factor in differences by geography. When we look at what fuels people to buy sustainable products as well as what hinders them, the top friction in the UK is 'Too Expensive', but in India it is 'Requires a Compromise in Quality'.



Some brands are already building connections with these core groups. Oatly, for example, over-indexes significantly amongst Actives.

Its company mission to boldly address climate change through plant-based alternative to dairy, a transparent food chain and packaging made from renewable paper material originating from responsibly managed forests that can be recycled ticks many boxes for this group.

Milo by Nestle is a household chocolate-flavoured malted drink that has appealed to Considerers by moving to paper straws. The brand launched with a campaign revolving around the idea of "Just one plastic straw—it

may cause more harm than you might think."

For Believers, Swell has managed to drive success of its stylish steel water bottles through the social badge that the brand and product choice brings to the people who use it.

Dismissers are unlikely to change unless presented with more sustainable options, such as Burger King's decision to remove cutlery altogether.

The different levels of consumer engagement with social and environmental issues require different interventions. Marketers need to explore how to guide their brand through this matrix in order to help consumers on their journey.

CASE STUDY: Burger King makes meat a more conscious choice

Burger King in Austria turned the tables on the traditional burger by making the vegetarian choice, the 'go-to' choice.

In Summer 2022, customers who came into its stores were asked if they wanted "regular or meat", with the new choice promoted on menus in store and by staff at ordering points. The Quick Service Restaurant now offers a good variety of plant-based options. The aim was to challenge consumers to think about what is 'normal' and encourage people to try an alternative they might not have before.



5 Partnerships drive innovation

Real sustainability means addressing fundamental issues and exploring new, low waste ways of doing business that will drive behaviour change.

Solving sustainability issues requires us all to think big and differently. Brands may need to rethink many of their current business practices, from design to transportation to marketing and activation.

It's challenging but it's also a huge opportunity if brands are willing to see beyond the short term.

When brands start thinking holistically and systematically about the root causes of waste in their business, there may be hundreds of legacy issues. Partnerships offer a way to create new business models and amplify the pace of transformation outside current ways of working.

Which action(s) should **businesses prioritise** to solve for overconsumption and Waste – Global %



Source: Kantar Sustainability Sector Index 2022.

Reckitt has partnered with start-up Siklus in Indonesia to drive the adoption of refills through effective e-commerce and delivery systems, for example. In Japan, retailers work with the government to incentivise green behaviour through loyalty points. Consumers who buy energy efficient appliances or opt for more eco-friendly packaging are rewarded with points that can be put towards other purchases.

People want brands to adopt models that are more in line with circular economy principles – that means looking at areas such as refurbishment, repair, sharing and the use of alternative high-quality sustainable materials in production.

They also want brands to play their part in driving wider societal change through the role they play in culture. By not promoting a disposable product lifestyle, brands have the power to reframe the narrative and change the norm.



CASE STUDY: Waste-free vending machines in Indonesia

Nestlé is piloting refillable vending machines for brands Milo and Koko Krunch as part of its efforts to explore novel solutions that help to eliminate the need for disposable packaging.

Working in partnership with the start-up Qyos by Algramo, the machines will be available at two local retailers in Indonesia for a four-to-six-month trial period. Consumers can bring their own containers or they can buy provided containers that are available at each of the locations.

QR codes allow them to access product information that is typically found on packaging, such as ingredients, nutritional values and shelf life. The company has previously run more than 20 pilot tests for reuse and refill systems in 12 countries.



Five steps to a reduced waste world

- 1. Designing for success**
Focus on the ultimate outcome. If the ultimate outcome is a net positive impact on the world, then incremental innovation on packaging is a positive step; however, it's just the start.
- 2. Take everyone on the journey**
The biggest opportunity will be designing products that bring as many people on the sustainability journey as possible. Waste is a topic that touches many people and is a real opportunity to design for mass adoption, even if different segments need to be activated in different ways.
- 3. Make it easy, meaningful and rewarding**
Brands have a role to play in helping people make more sustainable choices. Think about the value chain in totality. Embrace behaviour change principles and rethink processes for design and execution.
- 4. Context is king**
Identify the global issues but design local interventions that reflect the cultural context and everyday realities of the target audience.
- 5. Seek holistic solutions**
Don't just paper over the cracks. Transformative change means addressing the root issues, rather than the symptoms – but in a genuine and effective way, for example, through partnerships. It may even be time to see competitors as collaborators.



How can Kantar help

We have a specialised Sustainable Transformation Practice to guide your brand through the shaping of strong ambitions and actions.

Our approach to sustainable brand-building stretches from strategic framing through innovation and comms activation to measurement programmes.

STRATEGIC FRAMING

Develop your 'Sword & Shield' strategy focusing on concerns that fit your category and brand purpose. Understand and prioritise different audiences, including under-represented populations. And define how your brand can deliver it in an authentic, unique and consistent way.

SUSTAINABLE INNOVATION

Put sustainability and underserved high-growth populations at the heart of your innovation development to anticipate disruptive change and develop a relevant portfolio that will enable behaviour change, closing the value-action gap.



MEASURING IMPACT

Ensure your brands' initiatives are making an impact and driving ROI. Benchmarking and brand value metrics provide a strategic feedback loop needed to drive progress across stakeholder audiences.

ENGAGING ACTIVATION

Create engaging communications and executions that will grab people's attention, resonate with people through the right 'human story', convey the right emotions and empower people to act.



Kantar's Sustainable Transformation Practice works at the intersection of consumers, brands and environmental & social sustainability. In 2022 we worked with over 400 brands to catalyse action across multiple sectors and across the world.

Get in touch

To know more about how we can help you in your sustainability journey contact our experts.

And visit www.kantar.com/sustainability



TREZELENE CHAN
APAC Sustainable Transformation Lead
trezelene.chan@kantar.com



EMILY SIMONS
Global Sustainable Innovation Lead
emily.simons@kantar.com