INSIGHTS, BIG DATA AND THE FUTURE OF SUSTAINABILITY

By Amanda Jaeger

Ipsos

Introduction

> **" 68% of consumers around the world agree that corporations have a responsibility to act now to combat climate change "**

Concern for the environment remains at an all-time high globally. Our Ipsos Global Trends survey across markets revealed that in 2019 the climate emergency was the top priority that united the world.[1] Since then, concern continues to rise to unprecedented levels despite the COVID-19 pandemic and resulting recession. In the UK for instance, this is supported by Google search data which showed a marked increase in searches on sustainability issues over a one-year period, including a 92% rise in searches on carbon neutrality. [2]

Things get slightly more complicated when looking at this through a consumer lens. Citizen and consumer demands can differ – and consumers are less likely to pay more for sustainable goods as they feel they are largely pulling their own weight.[3] What they want is government and industry to pull theirs. According to our Ipsos Earth Day survey, 68% of consumers around the world agree that corporations

have a responsibility to act now to combat climate change.[4] Notably, this expectation is higher for industries than it is for governments at 65%. It can be hypothesised that public sector mishandling of the pandemic has created a trust vacuum for industry leadership during times of crises.

In addition to consumer expectations, businesses are acutely aware that their investors and shareholders are more engaged on sustainability than ever and consider a company's Environmental, Social, and Governance (ESG) record when evaluating investments. This was the sentiment with the majority of senior corporate affairs professionals that we interviewed in the latest sitting of our Ipsos Reputation Council, which affirmed that ESG remains important for investors (76%) and other stakeholders (80%).[5]

This backdrop, along with increasing regulatory pressure and awareness of the proven

benefits of a robust sustainability programme, has spurred companies to recognise that sustainability is the new business imperative. Sustainability initiatives are no longer relegated to the side-lines as a PR tagline or mentioned in an annual report, but rather are being incorporated into the core business strategy for many companies.

With the widespread acknowledgement that the sustainability agenda is here to stay, leading businesses are turning to their Consumer and Market Insight functions (hereafter referred to as 'Insights' or 'CMI') for data-driven decision making on where to focus sustainability efforts, as well as how to help achieve their goals.

---

[1] Ipsos Global Trends Survey
[2] 2019 & 2020 Think with Google
[3] EDF & Ipsos study, 2020

[4] Ipsos Earth Day survey, 2021
[5] Ipsos Reputation Council

How can data and analytics inform sustainability initiatives?

The 'say-do' gap, where individuals say one thing but behave differently, is a principal industry concern in corporate sustainability strategy.

While people say they care more than ever about the environment, it is widely acknowledged that few are willing to pay more for sustainable products or services. Furthermore, as shown in our Ipsos Earth Day survey, individuals' willingness to change their behaviour has largely remained unchanged in the last seven years.

This is not to say that sustainable products and services do not translate to financial results. According to a study by New York University Center for Sustainable Business (CSB), sustainability-marketed products delivered more than 50% of market growth for FMCGs from 2015-2019 despite representing less than one-fifth of the category.[6] This underscores the need and opportunity for insights functions to guide decision making so organisations invest in designing and marketing sustainable products, services and packaging that resonate with consumers.

This is where big data comes in. Whilst traditional market research sheds light on what customers say matters to them, organisations that have had success with integrating sustainability into their business strategy, recognise they must complement this by turning to behavioural data like sales, CRM, and social media to understand consumer behaviour.

Our Ipsos Data Advisory Practice engagements with our large multinational clients has given us unique insight into data initiatives in insights functions. We have selected the most compelling use cases where market research teams can harness big data to drive sustainability initiatives.

❝ Whilst traditional market research sheds light on what customers say matters to them, organisations that have had success with integrating sustainability into their business strategy, recognise they must complement this by turning to behavioural data like sales, CRM, and social media to understand consumer behaviour. **❞**

1. Inform Product Innovation

Companies can tap into big data such as social media, search, and customer reviews to glean insights on consumers' attitudes and pain points to light the way for identifying and developing sustainable products that appeal to consumers. Beyond driving sustainability initiatives, focusing on ecological products and services also makes business sense as evidenced by the previously referenced New York University CSB study. [7]

At Ipsos, we are using our Social Intelligence Analytics (SIA) solutions to inform sustainable product innovation goals for a global consumer goods company. We are working with this company to examine large consumer generated data including social, search, and behavioural data through both a consumer-driven (bottom-up) lens and a corporation-driven (top-down) lens to maximise the potential for insights. The AI[1]driven outputs are humanised through robust in-depth analysis and predictive modelling to define a set of key

territories where trends exist today to supplement it with trend foresight so our client can decide which areas to pursue for their product innovation.

We have seen that ambitious clients that are progressive in this space are exploring extending this approach to use market data to uncover innovation spaces and future growth territories around sustainability from emerging unmet consumer needs.

In addition to identifying innovation spaces, big data can also inform the right messaging of new eco-conscious products or features. Search data analysed by Google in 2020 revealed that while consumers showed interest in environmentally friendly products, they were not willing to forgo other benefits for sustainability.[8] This underscores the importance in using data to understand what matters most to customers in both the product design and messaging.

❝ We have seen that ambitious clients that are progressive in this space are exploring extending this approach to use market data to uncover innovation spaces and future growth territories around sustainability from emerging unmet consumer needs. **❞**

[7] Ibid

[8] Think with Google

2. Reduce Packaging Waste

The waste and pollution generated from plastic has captured the public attention. In the UK, research from Wrap in 2019 revealed that public concern over packaging almost doubled from 16% to 28% in the past six years.[9] Despite this, action from consumers remains largely static as shown in our Ipsos Earth Day study where the percentage of consumers who indicated they avoid products due to excess packaging increased by just 2% to 56% from 2014 to 2021.[10] While consumers stated behaviour is largely unchanged, it is still apparent that most consumers consider packaging when making purchasing decisions. Thus, it is incumbent upon businesses - particularly FMCGs and retailers – to do their part and provide customers with more ecological and convenient packaging options.

In addition to providing this benefit to consumers, increasing regulatory pressure is prompting more businesses to action. For instance, the UK,[11] Germany and France have set aggressive targets and fines for use of non-recyclable packaging. While in the US, eight states have variations of single-use plastic bag bans;[12] and Oregon[13] and Maine[14] enacted new laws that will make companies that create consumer packaging responsible for their recycling and disposal.

So what can businesses do to respond to this imperative for sustinable packaging?

Forward-looking CMI teams that we work with at Ipsos are identifying core use cases to focus on based on emerging trends around packaging identified through surveys and qualitative research. These use cases can then be examined through social listening and/ or other digital intelligence to monitor for signals and vet which spaces to explore further by innovation teams.

The pressure to act is also driving experimentation with circular delivery models such as subscription-like services with reusable containers. Vesta Smart Packaging is a start-up that provides smart containers for a variety of products including home care, personal care and food & beverage. Vesta's smart containers use IoT technology to monitor levels and automatically order refills for the container's contents, providing time-starved consumers with a convenient and greener option for receiving their products. This direct-to-consumer model reduces plastic packaging by reducing the time-in-transit for refill packaging; opening the door for the increasing range of short-life and biodegradable materials already available in market.

Alongside the chance to reduce the waste and cost from single-use plastic packaging, Vesta's business customers get access to the data and analytics collected as a part of the service. This provides a virtuous cycle where companies can glean insights on consumers and their behaviours. It also provides FMCG product companies the chance to operate as a service provider - including the insights needed to compete and to innovate.

As an example, Vesta recently worked with a food manufacturer that sells herbs and spices to trial a subscription service. The food manufacturer was able to use the data from the service to understand customers' preferences and provide personalised recommendations of what to cook next, creating a stickier service to its customers.

[9] Wrap, 2019
[10] Ipsos Earth Day study, 2021
[11] Gov.uk
[12] National Conference of State Legislatures
[13] Oregon Legislature
[14] Maine Department of Environmental Protection

3. Inform Marketing Decisions

Data driven businesses turn to big data to inform how they advertise their sustainable products and services.

First-party data such as sales, CRM, web analytics and company social media accounts, as well as second-party and third-party data from loyalty programmes, passive metering and social media services can provide a wealth of insight into consumer behaviour. These datasets can be combined in one data warehouse, known as a Customer Data Platform (CDP) or a Data Management Platform (DMP), and stitched together using data fusion to create customer profiles and/ or audience segments. Primary market research such as surveys can provide the core demographic, psychographic and lifestyle parameters needed to build these segments, giving depth to the to the data collected through passive behavioural techniques.

Over the past two decades, deterministic signals like cookies, IP address, DeviceID/

Fingerprint and Mobile Ad IDs have been captured (with consent) from the data subjects and used as 'seed' audiences in CDPs or DMPs to create look-alike audiences or suppression audiences for media activation. Brands and their agencies can use these fused datasets to personalise advertising messaging and target specific consumers for sustainable products or services.

For instance, a company could use this data to create an 'Eco-Conscious' segment based on attitudes around climate change and other environmental issues. The advertising that this

segment receives could either reinforce ecological friendly messaging or suppress it with the thinking that this cohort is already definitively 'green'. On the other hand, these data can be used to try and acquire new customers that resemble the 'Eco-Conscious' segment using look-alike modelling to identify the most correlated characteristics. The data from CDPs or DMPs also enables companies to tailor the customer journeys for their sustainability focused customers so they receive consistent and relevant product recommendations and messaging throughout their journey.

> **" The data from CDPs or DMPs also enables companies to tailor the customer journeys for their sustainability focused customers so they receive consistent and relevant product recommendations and messaging throughout their journey "**

With the pending demise of the third-party cookie and stricter GDPR and other data protection regulations, the deterministic data signals discussed earlier will soon no longer be able to be used in this way. First party data matching or orchestration is thus ever more important. This process uses data 'clean-rooms' to share data between brands and vendors with attention to compliance of all data production regulations. These data collaboration platforms are built 'privacy-first' and give a company the control of their data and who can use it. The whole data ecosystem will need to create unique IDs that can be tracked across the different media platforms to allow for proper measurement and attribution. Server-to-server data integrations will become the norm in the coming years. These data fusions will allow brands to measure the full customer journey and customer lifetime value.

4. Risk and Reputation Management

According to our Ipsos Reputation Council,[15] sustainability generally and ESG specifically,

remain a hot topic for corporations. In the latest sitting of the Council, 87% say that they are speaking more to stakeholders about reputational issues in their supply chain now compared to five years ago.

Businesses increasingly look to big data solutions using digital intelligence to help to inform decision-making to manage their reputational risk related to ESG topics. Digital intelligence can provide companies with real-time monitoring of digital observable indicators around their company and products through the lens of key ESG topics. When analysed with survey data and other primary market research, companies can make sense of the noise and glean insights into what is most important and actionable.

The sustainability focused, data-driven businesses we work with have had success using our integrated digital intelligence solution to monitor the effectiveness of their sustainability initiatives, while also providing red alerts for risks associated with sustainability topics. The digital intelligence gathered through this solution is organised into the most

important themes through a combination of machine learning and AI. The results are contextualised with primary market research to identify signals that impact consumer and/or stakeholder perceptions of a company's reputation. This allows a company to make data-driven decisions on the best course of action to address or pre-empt the specific areas that affect its reputation with its consumers, partners, and shareholders.

"Digital intelligence can provide companies with real-time monitoring of digital observable indicators around their company and products through the lens of key ESG topics"

[15] Ipsos Reputation Council

We have also worked with FMCG companies using our digital intelligence solution to maintain a constant stream of data for key opinion former audiences that is not possible by relying solely on survey data. This enabled these companies to monitor how policymakers, key opinion formers, and their constituents react to environmental regulation and the industry's attempts to address environmental issues through actions like package waste reduction, recycling efforts, and rethinking single use consumables.

Trade Offs

We can't discuss how big data can supercharge sustainability initiatives without acknowledging the ecological toll that comes with the always-on data centres required to store and process rapidly accelerating volumes of data. Whilst this may not be something that CMI functions directly influence, the organisations they serve are increasingly recognising the environmental imperative to offset their footprint data has

and are turning to greener energy to power their data centres.

This can be achieved by changes to a company's own operations to shift to renewable energy sources. For instance, Apple announced their data centres in Reno, Nevada now run on 100% renewable energy from three different solar farms.[16]

This can also come in the form of companies moving to cloud based solutions, which can help reduce their carbon footprint by shifting in-house data centres to shared and more optimised services. According to research by Google and Lawrence Berkeley National Laboratory, moving applications to the cloud can reduce the energy use for an organisation by up to 87%.[17] This is also backed up by research by Microsoft Azure and WSP Consulting which found that using Azure can be up to 98% more carbon efficient than on-premises solutions.[18]

The fact that many of the major cloud providers are shifting to renewable energy means there will be even further ecological benefit down the road. Amazon's

AWS and Microsoft's Azure made commitments to transition all operations to renewable energy by 2025, while Google's Cloud Platform committed to running carbon free by 2030.[19]

---

[16] Apple 2018 press release

[17] Google and Lawrence Berkeley National Laboratory

[18] Microsoft Azure and WSP Consulting research

[19] Amazon AWS, Microsoft's Azure, and Google's Cloud Platform

Conclusion

The Sustainability Agenda is here to stay. Regulatory pressures, as well as expectations from consumers, shareholders, and partners show signs of increasing despite economic, health, and social disturbances. The companies that will thrive are the ones that integrate sustainability into their business strategy and extend it through their entire ecosystem. The companies that succeed will be those that use data and the latest technology to turn their ambitions into reality and scale their initiatives.

Insights functions have a critical role to play as the connectors and translators of attitudinal data from primary market research data and behavioural data from big data sources. It thereby becomes increasingly imperative for insights teams to build a robust data and analytics capability to keep up with the ever-changing world of data to exploit its full potential.

This is an exciting opportunity for Insights functions to be a part of shaping how their companies respond to this existential need for the businesses they serve as well as our planet.

"Insights functions have a critical role to play as the connectors and translators of attitudinal data from primary market research data and behavioural data from big data sources"

INSIGHTS, BIG DATA AND THE FUTURE OF SUSTAINABILITY

Ipsos are committed to helping clients design and deliver data-driven sustainability strategies that create long-term value. With access to the latest global research and world-leading experts, the team is uniquely placed to answer the most pressing sustainability challenges.

Ipsos MORI's Data Advisory Practice

• We carry out Data Strategy work to assess, benchmark and optimise organisations and functions' data readiness.

• Our Data Capability programs upskill teams to become more data driven.

• We partner with clients to leverage their (and other) data to build data tools and integrate them into business processes.

Contributors

• Jessica Long – Head of Sustainability, Ipsos UK

• Laura Hurst – Associate Partner, Strategy3 UK

• Alan Morrissey – Client Solutions Lead – Audience Measurement, Ipsos UK

• Trent Ross – Chief Research Officer Corporate Reputation –Ipsos

• Duncan Fergusson – Director Social Intelligence Analytics –Ipsos UK

Amanda Jaeger Director of Data Consulting, Ipsos MORI UK

Amanda leads data consulting in our UK Data Advisory Practice, which is focused on helping our clients define or refine their data strategy and build their data capability to drive innovation and growth. Amanda has thirteen years of combined management and data consulting experience, having worked for Accenture and boutique management consulting firms advising Microsoft and other Fortune 500 companies in North America, Europe, and Australia.

www.ipsos-mori.com
@IpsosMORI

GAME CHANGERS