



DOING WELL BY DOING GOOD

**INCREASINGLY, CONSUMERS CARE ABOUT
CORPORATE SOCIAL RESPONSIBILITY,
BUT DOES CONCERN CONVERT
TO CONSUMPTION?**

JUNE 2014



nielsen
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AN UNCOMMON SENSE
OF THE CONSUMER™

CONSUMERS SAY THEY CARE, BUT DO THEIR ACTIONS FOLLOW?

AROUND THE WORLD



- 67% prefer to work for socially responsible companies
- 55% will pay extra for products and services from companies committed to positive social and environmental impact
- 52% made at least one purchase in the past six months from one or more socially responsible companies
- 52% check product packaging to ensure sustainable impact
- 49% volunteer and/or donate to organizations engaged in social and environmental programs

Walk instead of drive. Reuse rather than discard. Buy local rather than shop two towns over. These are simple but effective ways people can reduce their carbon footprint and contribute to a greener planet. Today, it's widely regarded as everyone's responsibility to protect the environment and give back socially. And consumers think that corporations are no exception.

Corporate social responsibility, also referred to as corporate citizenship or conscious capitalism, is practiced by companies dedicated to making a positive social or environmental impact on society. More and more, consumers expect companies to do one or the other or both. If it's not using recycled materials in one's products, consumers want to hear that a company is working to increase access to clean water, or working to eradicate extreme poverty and hunger. Companies have come a long way since the idea of 'shared value' was introduced by Michael E. Porter and Mark R. Kramer back in 2011.

Many companies today are making a conscious effort to put sustainable practices into action. They are well aware that doing so not only helps the environment and society, it can also create goodwill for their reputations and contribute positively to their brands' health and performance. Green initiatives can also save money. Reducing packaging materials, minimizing transportation costs and installing energy-efficient lighting are just some of the ways environmentally savvy companies are cutting costs. But the bottom line is not just about profitability—it is also about a culture change.

Many companies have been involved in socially responsible causes for years, but the growing consciousness of environmental and societal issues is driving up the number of people interested in corporate social responsibility: More than two-thirds (67%) of respondents in Nielsen's third annual global online survey on corporate social responsibility say they prefer to work for a socially responsible company.

But do consumers really care about conscious capitalism when it comes to buying decisions? Are they willing to pay more for products and services that come from companies that engage in actions that further some social good?

Nielsen polled 30,000 consumers in 60 countries via the Internet to take a pulse on:

- How passionate consumers are about sustainable practices when it comes to purchase considerations.
- Which consumer segments are most supportive of ecological or other socially responsible efforts.
- The social issues/causes that are attracting the most concern.

This kind of information is enormously important for companies. "As companies drive to create greater shared value, linking their business strategy to societal outcomes, they have to put consumers at the center and understand their expectations," said Amy Fenton, global leader of public development and sustainability, Nielsen. "By identifying the hierarchy of social and traditional brand drivers and the white space opportunities available, you can develop clear and actionable sustainability strategies for your brand that will generate loyalty and improve performance."

ABOUT THE GLOBAL SURVEY METHODOLOGY

The findings in this survey are based on respondents with online access in 60 countries. While an online survey methodology allows for tremendous scale and global reach, it provides a perspective only on the habits of existing Internet users, not total populations. In developing markets where online penetration is still growing, audiences may be younger and more affluent than the general population of that country. In addition, survey responses are based on claimed behavior rather than actual metered data.



WILL CONSUMERS CARE WITH THEIR WALLETS?

You'd be hard-pressed to find a consumer who said he or she didn't care about the environment, or extreme poverty around the world. But does care convert to action when it comes to buying decisions? Assuming a positive ratio between a stated willingness to pay and an actual willingness to open one's wallet, the survey found that the answer is yes for a growing number of consumers around the world.

More than half (55%) of global respondents in Nielsen's survey say they are willing to pay extra for products and services from companies that are committed to positive social and environmental impact—an increase from 50 percent in 2012 and 45 percent in 2011. Regionally, respondents in Asia-Pacific (64%), Latin America (63%) and Middle East/Africa (63%) exceed the global average and have increased 9, 13 and 10 percentage points, respectively, since 2011.

While a willingness to pay extra for sustainable products is comparatively lower in North America (42%) and Europe (40%), both regions show an increase in purchasing sentiment from 2011, rising 7 and 8 percentage points, respectively.

Similar responses are reported for stated past purchases of sustainable products. More than half of global respondents (52%) say they have purchased at least one product or service in the past six months from a socially responsible company, with respondents in Latin America (65%), Asia-Pacific (59%) and Middle East/Africa (59%) exceeding the global average. Four in 10 respondents in North America and Europe say they have made a sustainable purchase in the past six months.

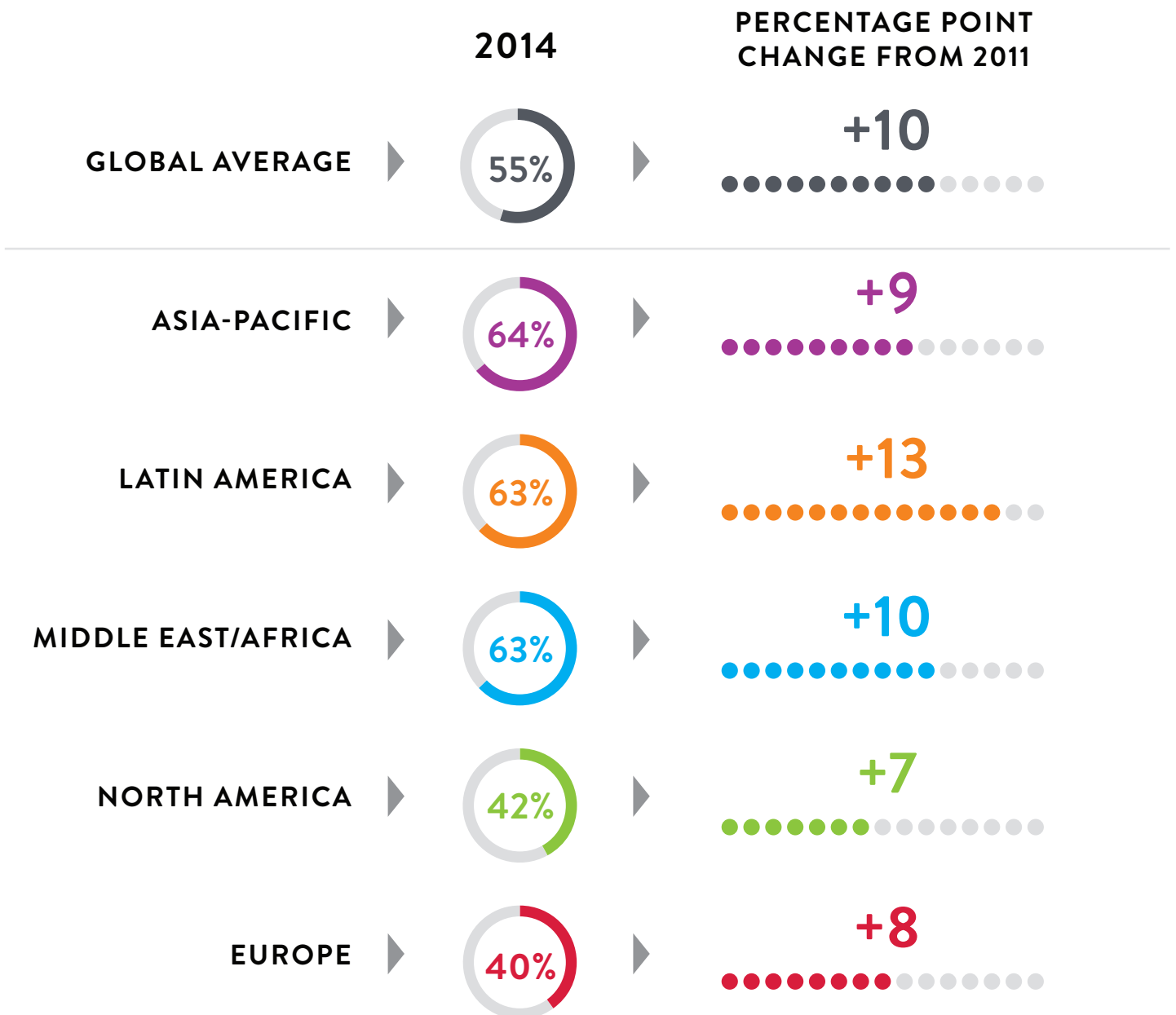
To determine if these sentiments are supported by actual retail performance, we reviewed retail sales data for a cross-section of both consumable and non-consumable categories across 20 brands in nine countries. These brands included either sustainability claims on packaging or actively-promoted sustainability actions through marketing efforts. The results from a March 2014 year-over-year analysis show an average annual sales increase of 2 percent for products with sustainability claims on the packaging and a rise of 5 percent for products that promoted sustainability actions through marketing programs. A review of 14 other brands without sustainability claims or marketing shows a sales rise of only 1 percent.

“At the moment of truth—in store, online and elsewhere—consumers are making a choice and a choice that is heavily influenced by brands with a social purpose,” said Fenton. “This behavior is on the rise and we are seeing this manifest into positive impact in our communities as well as share growth for brands.”

INCREASINGLY, CONSUMERS CARE AND WILL PAY EXTRA FROM SUSTAINABLE COMPANIES



PERCENT WILLING TO PAY EXTRA FOR PRODUCTS AND SERVICES FROM COMPANIES COMMITTED TO POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT



Source: Nielsen Global Survey of Corporate Social Responsibility, Q1 2014

REACHING THE RIGHT CONSUMERS

To separate the passive eco-friendly consumer from the passionate, Natural Marketing Institute (NMI), a strategic business collaborator of Nielsen, conducted a nine-country online study to understand how global attitudes and behaviors are changing with regard to sustainability engagement. Consumers were clustered into five segments to quantify what attracts them to sustainability actions.

The findings reveal that two-thirds of the “sustainable mainstream” population (a cluster of three of the five segments) will choose products from sustainable sources over other conventional products. They will buy as many eco-friendly products as they can. They have personally changed their behavior to minimize their effect on global warming. And they will be more likely to buy products repeatedly from a company if they know the company is mindful of its impact on the environment and society.

Age matters, too. Among global respondents in Nielsen’s survey who are responsive to sustainability actions, half are Millennials: they represent 51 percent of those who will pay extra for sustainable products, 51 percent of those who check the packaging for sustainable labeling and 49 percent of those who prefer to work for a sustainable company. The average of these numbers is more than double the three-statement sentiment average for Generation X (age 35-49) respondents (25%) and more than quadruple the sentiment average for Baby Boomer (age 50-64) respondents (12%).

Regionally, age variations are notable. There are wide gaps between younger and older respondents in the Asia-Pacific and Middle East/Africa regions. In these largely developing regions, Millennial respondents in favor of sustainability actions are three times more agreeable, on average, than Generation X respondents and 12 times more agreeable, on average, than Baby Boomer respondents. In North America, Europe and Latin America, however, differences in sustainability sentiment between Millennial and Generation X respondents are largely negligible and only about two times greater than Baby Boomer respondents.

These differences matter to companies that want to do well by doing good—something that will be necessary in the long term if corporate social responsibility is itself to be sustainable. “Precision marketing and knowing your consumers intimately will yield the greatest results,” said Fenton. “It’s no longer a question if consumers care about social impact. Consumers do care and show they do through their actions. The question is ‘how is your brand effectively creating shared value by marrying the appropriate social cause and consumer segments?’.”

MILLENNIALS ARE MOST RESPONSIVE TO SUSTAINABILITY ACTIONS

AMONG GLOBAL RESPONDENTS RESPONSIVE TO SUSTAINABILITY ACTIONS



Source: Nielsen Global Survey of Corporate Social Responsibility, Q1 2014
Due to rounding, percentages may not add to 100%

POSITIVE INFLUENCERS WITH THE POWER TO SWAY DECISIONS

On the retail store shelf, where hundreds (or even thousands) of products compete for our attention, it's not always easy to stand out. Making your social commitment clearly visible in your product packaging can be the difference between a purchase and a pass for many consumers.

In fact, for more than half of global respondents (52%) in Nielsen's survey, purchase decisions are dependent on the packaging, as these respondents say they check the labeling first before buying to ensure the brand is committed to positive social and environmental impact. Sustainable purchase considerations are most influenced by the packaging in Asia-Pacific (63%), Latin America (62%) and Middle East/Africa (62%) and to a lesser extent in Europe (36%) and North America (32%).

Family and friends also have the power to influence our sustainable purchase decisions. Globally, 47 percent rely on social circles before choosing a brand to ensure that it has eco-friendly attributes or that it contributes to a social good. Respondents in the Middle East/Africa (62%) and Asia-Pacific (59%) are most influenced by family and friends, while those in Latin America (45%), North America (29%) and Europe (28%) are not as reliant on these sources.

"With significant percentages of consumers stating their willingness to participate in socially responsible actions, an eager and passionate audience is at the ready, expanding the cause opportunity for brands," said Fenton. "But success will depend on the ability to connect sustainable benefits effectively with consumers' wants and wallets through clearly communicated and readily available brand positioning."

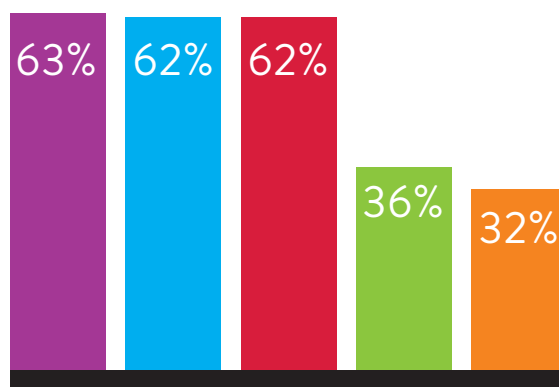
INFLUENCERS ON THE PATH TO PURCHASE

PERCENTAGE USING THE FOLLOWING SOURCES TO ENSURE A BRAND IS COMMITTED TO POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT

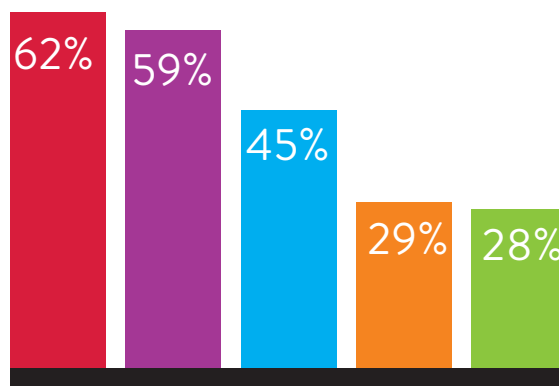
● ASIA-PACIFIC ● LATIN AMERICA ● MIDDLE EAST/AFRICA ● EUROPE ● NORTH AMERICA



I CHECK THE PRODUCT PACKAGING



I RELY ON FAMILY AND FRIENDS



Source: Nielsen Global Survey of Corporate Social Responsibility, Q1 2014

CONNECTING WITH THE CAUSES CONSUMERS CARE ABOUT

The world needs helping hearts and hands to improve the quality of life—and there are many who give selflessly to altruistic activities.

Half of respondents around the world (49%) say they actively engage in volunteer work and/or donate monetarily to organizations involved in social and environmental programs, with participation highest in the largely developing regions of the Middle East/Africa (59%), Asia-Pacific (58%) and Latin America (46%). Participation is comparatively lower in North America (40%) and Europe (33%).

With many viable causes in need of support, caring consumers can choose from a long list to find the ones they are most passionate about. The top causes (of the 20 included in the study), for which 50 percent or more global respondents indicate extreme concern, include: increasing access to clean water, improving access to sanitation, eradicating extreme poverty and hunger, combating non-communicable diseases, ensuring environmental sustainability and reducing child mortality.

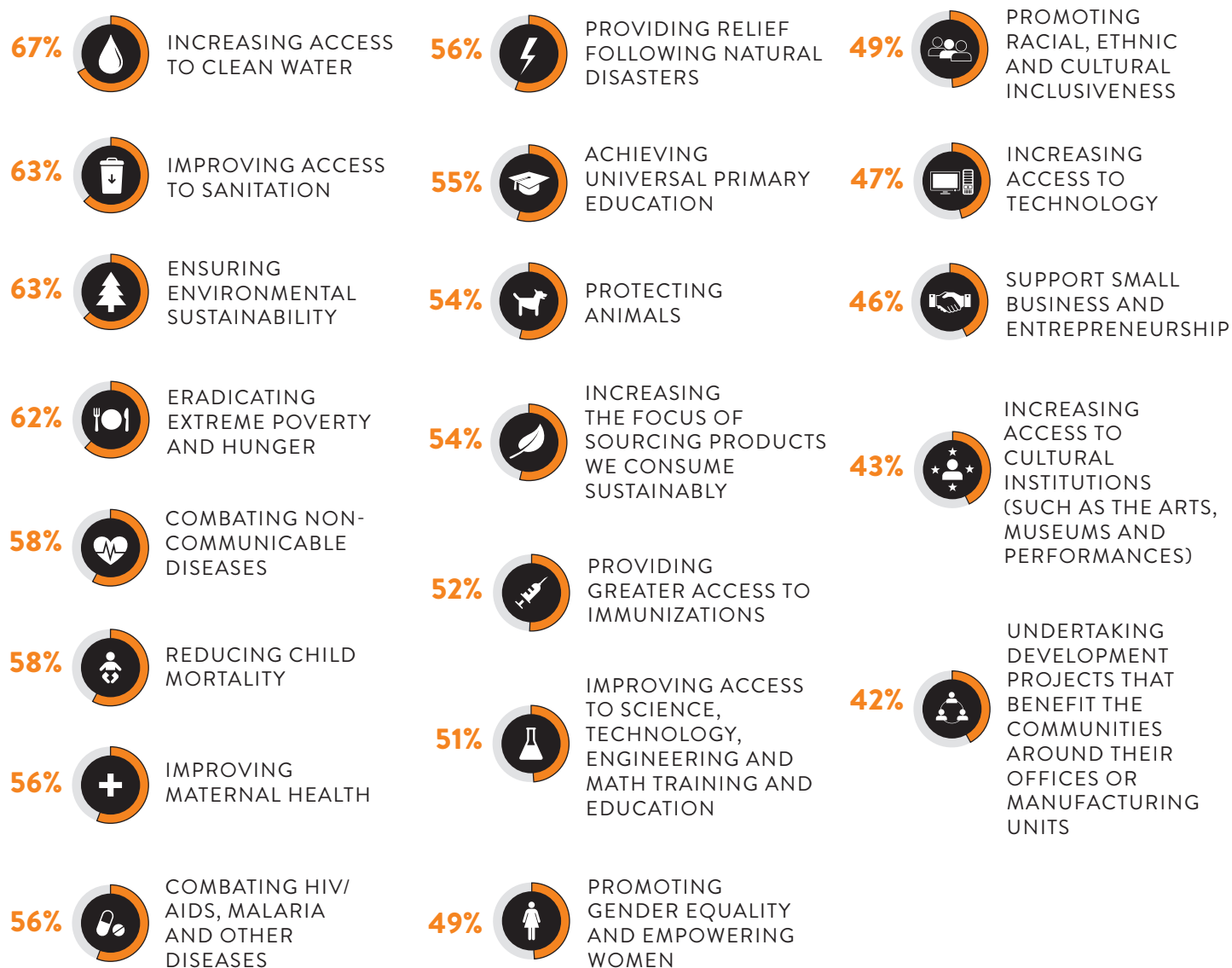
While the high general levels of extreme concern for causes among global respondents are noteworthy, these percentages rise by nearly 10 percentage points, on average, when we connect with those who are most passionate about social and environmental programs, as indicated by their willingness to either pay extra for sustainable products or through their active engagement in volunteer activities.

TOP CAUSES OF EXTREME CONCERN	GLOBAL RESPONDENTS	GLOBAL RESPONDENTS WILLING TO PAY EXTRA	GLOBAL RESPONDENTS ACTIVE VOLUNTEERS
INCREASING ACCESS TO CLEAN WATER	59%	67%	66%
IMPROVING ACCESS TO SANITATION	53%	63%	64%
ERADICATING EXTREME POVERTY AND HUNGER	53%	62%	60%
COMBATING NON-COMMUNICABLE DISEASES	51%	58%	57%
ENSURING ENVIRONMENTAL SUSTAINABILITY	50%	63%	61%
REDUCING CHILD MORTALITY	50%	58%	56%

THE CAUSES CONSUMERS CARE ABOUT

AMONG GLOBAL RESPONDENTS WILLING TO PAY EXTRA FOR PRODUCTS FROM COMPANIES COMMITTED TO POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT

PERCENT THAT INDICATE EXTREME CONCERN



Source: Nielsen Global Survey of Corporate Social Responsibility, Q1 2014

WINNING AT SUSTAINABILITY

PRINCIPLES IN ACTION

“Companies that are doing well by doing good place an outward, rather than inward, focus on their efforts,” said Fenton. “Strategies need to be built in harmony with consumer expectations and the social drivers that matter most to them and not solely based on what a company thinks they should do.”

There are many great examples of sustainable corporate actions having a real impact on the lives of people around the world. Some companies are returning as much clean water back into the environment as the unpurified water they used in their manufacturing production plants, which is leading to a healthier water supply, and in turn, less disease. Other companies are finding suitable sustainable ingredient alternatives, which is helping the problem of deforestation.

A five-part approach is required for succeeding at sustainability through brand strategies:

1. **VISION.** Be clear, actionable and global.
2. **ENDORSEMENT.** Get adoption and action from senior leadership.
3. **STRATEGY.** Focus on outward messaging and consistent cause messaging.
4. **ACCOUNTABILITY.** Use key performance indicators, internally and externally.
5. **MEASUREMENT.** Quantify program outcomes and return on investment consistently across markets.

Opportunities to “go green” or indeed “go social” exist in any category, but you need to understand your brand’s core equity to determine how far you can credibly stretch into the space. The best initiatives are those that appeal to a heterogeneous group of buyers, but a keen focus on your most passionate (and profitable) consumer segments is also vital. While many consumers may perceive sustainable products to cost more, you need to understand your optimal price point and the impact on volume and profit.

Lastly, most consumers are not willing to make efficacy or taste trade-offs as they aspire to go green. Standards for the basic cost of entry in a category cannot be compromised.

COUNTRIES INCLUDED IN THIS STUDY

EUROPE

MARKET	INTERNET PENETRATION
Austria	80%
Belgium	81%
Bulgaria	51%
Croatia	71%
Czech Republic	73%
Denmark	90%
Estonia	78%
Finland	89%
France	80%
Germany	83%
Greece	53%
Hungary	65%
Ireland	77%
Israel	70%
Italy	58%
Latvia	72%
Lithuania	65%
Netherlands	93%
Norway	97%
Poland	65%
Portugal	55%
Romania	44%
Russia	48%
Serbia	56%
Slovakia	79%
Slovenia	72%
Spain	67%
Sweden	93%
Switzerland	82%
Turkey	46%
United Kingdom	84%
Ukraine	34%

ASIA-PACIFIC

MARKET	INTERNET PENETRATION
Australia	89%
China	40%
Hong Kong	75%
India	11%
Indonesia	22%
Japan	80%
Malaysia	61%
New Zealand	88%
Philippines	32%
Singapore	75%
South Korea	83%
Taiwan	75%
Thailand	30%
Vietnam	34%

LATIN AMERICA

MARKET	INTERNET PENETRATION
Argentina	66%
Brazil	46%
Chile	59%
Colombia	60%
Mexico	37%
Peru	37%
Venezuela	41%

MIDDLE EAST / AFRICA

MARKET	INTERNET PENETRATION
Egypt	36%
Pakistan	15%
Saudi Arabia	49%
South Africa	17%
United Arab Emirates	71%

NORTH AMERICA

MARKET	INTERNET PENETRATION
Canada	83%
United States	78%

Source: Internet World Stats, June 30, 2012

ABOUT THE NIELSEN GLOBAL SURVEY

The Nielsen Global Survey of Corporate Social Responsibility was conducted between Feb. 17 and March 7, 2014, and polled more than 30,000 consumers in 60 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on its Internet users, and is weighted to be representative of Internet consumers. It has a margin of error of ± 0.6 percent. This Nielsen survey is based only on the behavior of respondents with online access. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or an online population of 10 million for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

OTHER SOURCES:

NATURAL MARKETING INSTITUTE STUDY

The findings from the Natural Marketing Institute (NMI) study included in this report are based on an online survey conducted June 2013 in nine countries: Brazil, China, India, Germany, Japan, Russia, U.K., South Africa and the U.S. Data was collected from approximately 1,000 respondents in each country, with the exception of India and South Africa, which included 1,500 respondents. The data was weighted to represent the age and gender of each country.

NIELSEN RETAIL MEASUREMENT ANALYSIS

The findings from the retail sales information included in this report are collected from stores using electronic point-of-sale technology and/or teams of local field auditors. The data represents a cross-section of both consumable and non-consumable categories across 34 brands in nine countries for the year ending March 2014. The nine countries include: Canada, France, Hungary, Netherlands, Pakistan, Russia, South Africa, Thailand, and the U.K. Stores within Nielsen's worldwide retail network include grocery, drug, convenience and discount retailers, who, through various cooperation arrangements, share their sales data with Nielsen.

ABOUT NMI

Natural Marketing Institute (NMI) is an international strategic consulting and market research company specializing in health & wellness, sustainability and healthy aging. As a leading business consulting and market research firm, NMI assists a range of Fortune 500 and start-up companies across many types of industries. By utilizing a diverse mix of proprietary methodologies and comprehensive syndicated data, NMI provides its clients with insightful market analysis and strategic planning. For more information, visit www.NMIsolutions.com.

ABOUT NIELSEN

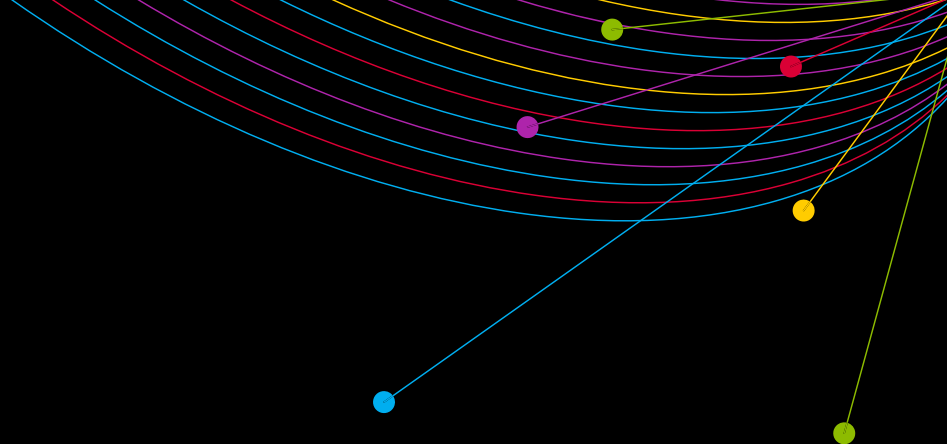
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