

BRIDGING PURPOSE WITH PACKAGED GOODS

An Ipsos Point of View

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GAME CHANGERS



Recent Ipsos research finds 71% of U.S. adults claim that sustainability and ethical practices are at least as important as traditional factors such as price, size, and quality when purchasing food products. 56% claim to have purchased a food product labeled as sustainable or ethically sourced in the past three months, which is notably higher than in any other category (the second highest being household products at 37%). It should come as no surprise, then, that many CPG manufacturers are debating the role that sustainability, eco-friendly and healthy ingredients, and all-natural packaging should play in their businesses.

Ipsos data shows that while sustainability is clearly an important topic to consumers, [many feel limited in their ability to have a major impact](#). Instead, they believe that large companies are better equipped to affect change. This creates an opportunity for brands to meet their users' needs through commitment to initiatives with a higher social purpose, such as the use of eco-friendly ingredients and sustainable product packaging. To do this properly, companies will need to take a step back and focus on answering three important questions:

1. Is there a broader purpose-driven initiative our product can get behind authentically?
2. Do we know the market and our competition when it comes to purpose-driven initiatives?
3. Should we set different expectations for purpose-driven initiatives?





Finding a Purpose Beyond the Moment of Usage

Companies today are not only being asked to deliver against profitability and sales targets set by the C-suite; they are also being tasked with establishing sustainability objectives for 2030 and beyond. One way for companies to do this is to adopt a purpose-driven initiative that goes beyond delivering a positive experience when using their product. To be truly purposeful, the initiative should demonstrate that the product or brand is also having a positive impact on people's quality of life, their communities, or the world at large.

Typically, these larger purpose-led initiatives fall into one of three ESG (environmental, social and governance) groupings:

- **Environmental:** Initiatives focused on preserving the world (stopping climate change, pollution, deforestation, etc.), i.e., our product is less detrimental to the environment
- **Social:** Initiatives focused on bettering society (mental health awareness, gender and diversity inclusion, etc.), i.e., our product is more inclusive or raises social awareness
- **Governance:** Initiatives focused on ethical production practices (diverse workforces, equitable hiring practices, etc.), i.e., our product is made by a company whose practices are just and equitable

Let's look at meat substitutes as an example of how a product might align itself with a higher purpose. While health benefits are the number one reason people are interested in buying plant- and vegetable-protein-based foods (cited by 61% of people interested in such products), ESG topics also have a vital role to play as motivators of trial. 40% of people call out environmental benefits meat substitutes offer, and 34% cite animal welfare as a reason for wanting to try such products (i.e., the Environmental and Governance buckets of ESG come into play).

Once a brand has identified a purpose-driven initiative to pursue, it will need to think carefully about how to craft communications that will drive awareness and set appropriate consumer expectations around the product versus the competition. Again, the goal is to show that the product is not only good, but that it also satisfies a higher purpose.

Who Competes On Purpose?

When purpose-driven innovations are developed or new purpose-forward messaging around existing products is crafted, companies often get tunnel vision and focus exclusively on direct competitors as they think about how to differentiate themselves and better compete. For example, a company producing a new plant-based meat patty might be tempted to only look at other plant-based meat products as competitors. But competition doesn't come from close-in players only, and limiting your focus to direct competition means you risk leaving volume on the table.

The good news is that everyday people tend to have a much wider—and more accurate—view of the competition than manufacturers do and can easily tell us who that competition is. In the case of plant-based meat products, an innovation might compete with other plant-based meats, a “traditional” meat product like beef patties, or a different type of protein altogether. For this reason, Ipsos is a firm believer in letting consumers define the competitive set for new products based on personal behavior instead of defining the competition on their behalf.

This consumer-centric approach to determining your competition and market composition is not only more realistic but is also inherently inclusive since it captures the reality of each individual's experience no matter who they are. Ultimately, relying on people's actual behaviors delivers a more accurate view of the market you'll be competing in and makes it easier to determine the type of communications and channel strategy you will need to support your product when it launches.





Setting Expectations, Purposefully

Finally, manufacturers will need to carefully consider how the purpose-driven elements of their product—be that a dessert using fair-trade ingredients, or a yogurt delivered in eco-friendly containers—might affect the product experience itself.

Products with purpose-driven benefits are unique in that you typically do want the consumer to be aware of the change, but don't want them to experience any negative impact from the change. The rise of health-based claims can be used as an analogy. When making claims about natural ingredients, fewer additives, or healthier manufacturing, the objective is generally to convince the consumer that the ingredient change offers an inherent benefit without compromising the product experience (*"new healthy ingredients, same great taste!"*). If the experience worsens, the trade-off needs to be acceptable given the greater health benefit.

Similarly, a purpose-driven product generally should raise awareness of its greater-purpose benefit, but only if there will be no (or minimal) negative impact on product experience (versus both previous iterations and actual competitors). Assessment of a product's ability to successfully deliver against people's expectations is an important step prior to launch since no amount of purpose will drive in-market success if the product experience itself is unsatisfying.



WHAT'S NEXT?

In the past, manufacturers could focus solely on near-in benefits a product could offer, such as great flavor or price. But as consumers become increasingly savvy and socially aware, products are expected to demonstrate how they can also have a positive impact on people's lives, communities and the world. Companies that understand this—and respond by focusing on purpose-driven initiatives, defining the competition and setting the right expectations—will be the ones to succeed.

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