TECH SUSTAINABILITY—ACTIVATING CONSUMER DESIRE TO MAKE A DIFFERENCE

An Ipsos Point of View

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KEY TAKEAWAYS

- It is important to know your corporate ESG objectives and your competitors as well as how they influence decision making in Tech purchases.

- Tech leaders should build brand trust through consistent messaging and high-level policies, as well as via tangible policies that consumers can see/feel (such as less packaging or local impact).

- Consumers hold governments and companies responsible for progress on sustainability—but they recognize the responsibilities of citizens as well.

- Consumers want to contribute to solutions. Brands should employ a Behavioral Science framework which can help their customers bridge the "say-do" gap.

A landmark United Nations report published August, 2021 warned that the world is speeding toward runaway climate change and raises major questions about what companies—including in the tech world—are doing in response.

From carbon footprints to supply chains, tech companies face particular challenges in reassuring worried consumers that they are committed to sustainability. Many of tech's customers want to contribute to a solution, but are challenged by not knowing what to do, which brands to trust or whether their small contributions matter. Larger efforts from tech giants are needed to reassure consumers that their purchases from companies contribute to a broader effort, whether it's Apple pledging to become carbon neutral by 2030 or Amazon creating a $2 billion sustainable tech fund.

Here's what Tech leaders should ask themselves:

- Which sustainability initiatives and policies are relevant and appealing to our customers?
- What are consumers' expectations of the tech industry in the sustainability space? What role do consumers feel they can play?
- How do we communicate the benefits of sustainable practices and get consumers to act on their good intentions?

Sustainability Initiatives

As sustainability concerns grow, consumers are increasingly seeking out brands that clearly communicate their policies and steadily build brand trust. Within this context, Ipsos breaks down what you need to know, the actions technology brands can take to bridge the "say-do" gap and how they can get customers to act and invest in sustainability.

Step One: Know your Sustainable Development Goals

As technology leaders, it is important to know what your company and competitors are doing to deliver against the United Nations' Sustainable Development Goals (SDGs) as seen in the most recent Sustainability Impact reports. Here's a sampling of tech leaders, their SDGs and their progress. You will note that a common theme is carbon-neutrality; however, there is great variability in approach, programming and measurement (or lack thereof). This results in consumer confusion and lack of understanding about how their personal tech choices link to these goals.

Microsoft

Microsoft has four commitments that will guide their sustainability work for the next decade: Carbon Negative by 2030, Water Positive by 2030, Zero Waste by 2030, and Build the Planetary Computer.

HP

To date, HP has activated SDG programs against 11 of the 17 SDGs. They have earned many awards for their efforts including being named as one of the 2021 World's Most Ethical Companies and they ranked among the top 3 ICT (information and communications technology) companies on the 2020 Corporate Human Rights Benchmark.

Apple

Apple's Sustainability report reveals the three pillars of their strategy: climate change, resources and smarter chemistry. Their comprehensive carbon footprint informs the work they do to address our climate impact, including the roadmap to carbon neutrality. Within their resources pillar, data on environmental, social and supply impacts prioritize materials they transition to recycled and renewable sources. All the work they do aims to improve environmental health, not just for their customers, suppliers and employees, but also for broader global communities.

Amazon

Amazon has committed to building a sustainable business for their employees, customers, and communities. They are driving toward a netzero carbon future where the people that support their entire value chain are treated with dignity and respect. Amazon's 2020 Sustainability Report highlights their sustainability progress over the last decade—particularly since 2019, when they co-founded The Climate Pledge and announced their commitment to achieve net-zero carbon emissions across our business by 2040.
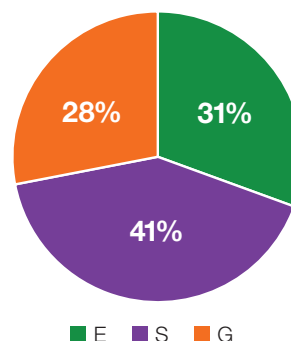
Consumer Expectations

In March 2021, Ipsos conducted a Global Sustainability study across 28 markets to determine the role of **multi-national companies** in corporate responsibility. We measured the importance of ESG components among global consumers: **Protecting the environment (E), Improving Society (S)** and **Practicing good governance (G).**

When it comes to the role of multi-national companies in corporate responsibility how important are each of the following areas?

Improving society is the top priority for multi-national companies among consumers globally in March 2021.

Global Top Choice

E   **Protecting the environment:** including protecting and caring for our natural environment, focusing on waste and pollution, resource depletion, greenhouse gas emission, deforestation, and climate change.

S   **Improving society:** including treatment of employees & diversity, working conditions, including child labor and slavery, local communities. Seeks explicitly to fund projects or institutions that will serve poor and underserved communities globally, and health and safety.

G   **Practicing good governance:** including tax strategy, executive remuneration, donations and political lobbying, corruption and bribery, board diversity, and structure.
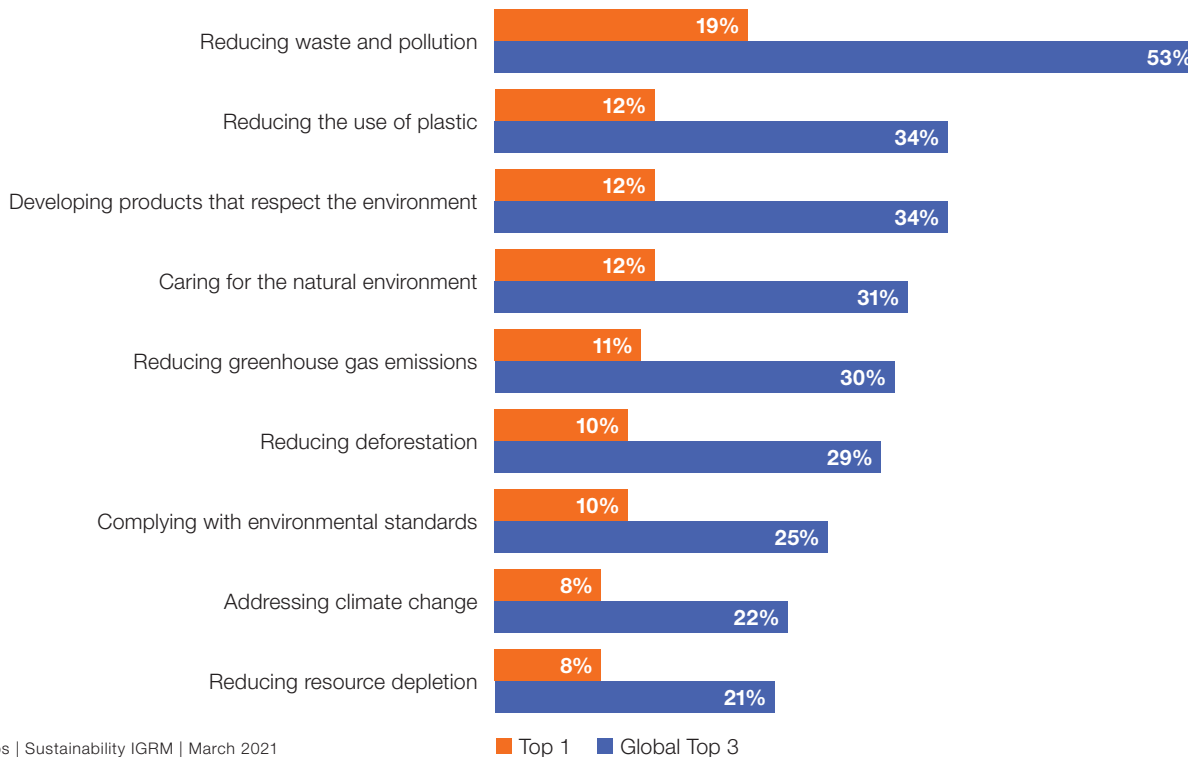
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Pie chart values: 31% (E, green), 41% (S, purple), 28% (G, orange)

Legend: ■ E ■ S ■ G

When it comes to **protecting the environment,** globally, companies can take these leading actions: reducing waste, reducing the use of plastic, developing more environmental products, overall caring for the environment, and reducing greenhouse gas emissions.
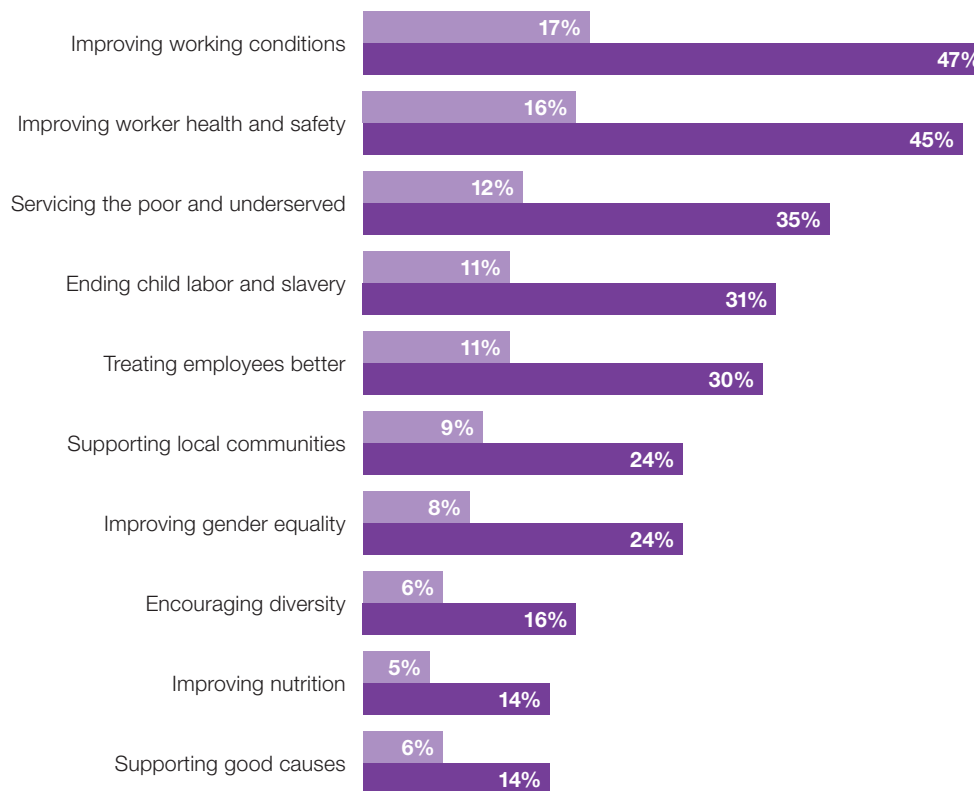
Being known as a brand that cares about the environment is especially relevant in today's marketplace since younger generations are buying brands that align with their values, including planet and personal sustainability. People may feel overwhelmed, but continuous focus provides heuristics, drives brand affinity, and builds trust that the brand will "make good decisions for the environment."

When it comes to protecting the environment, which two or three of the following do you believe is most important for multi-national companies to address?

Category	Top 1	Global Top 3
Reducing waste and pollution	19%	53%
Reducing the use of plastic	12%	34%
Developing products that respect the environment	12%	34%
Caring for the natural environment	12%	31%
Reducing greenhouse gas emissions	11%	30%
Reducing deforestation	10%	29%
Complying with environmental standards	10%	25%
Addressing climate change	8%	22%
Reducing resource depletion	8%	21%

© Ipsos | Sustainability IGRM | March 2021   ■ Top 1 ■ Global Top 3

Improving Society is a top consumer priority for multi-national companies, particularly in Spain, Poland, Japan, and Korea. Specifically, Citizen consumers want multi-national companies to make a difference by improving working conditions and worker health/safety. Citizen consumers then want companies to address broader concerns like servicing the poor and ending child labor and slavery. Of note, **Improving society** includes: treatment of employees & diversity, working conditions, including child labor and slavery, local communities, seeks explicitly to fund projects or institutions that will serve poor and underserved communities globally, and health and safety.
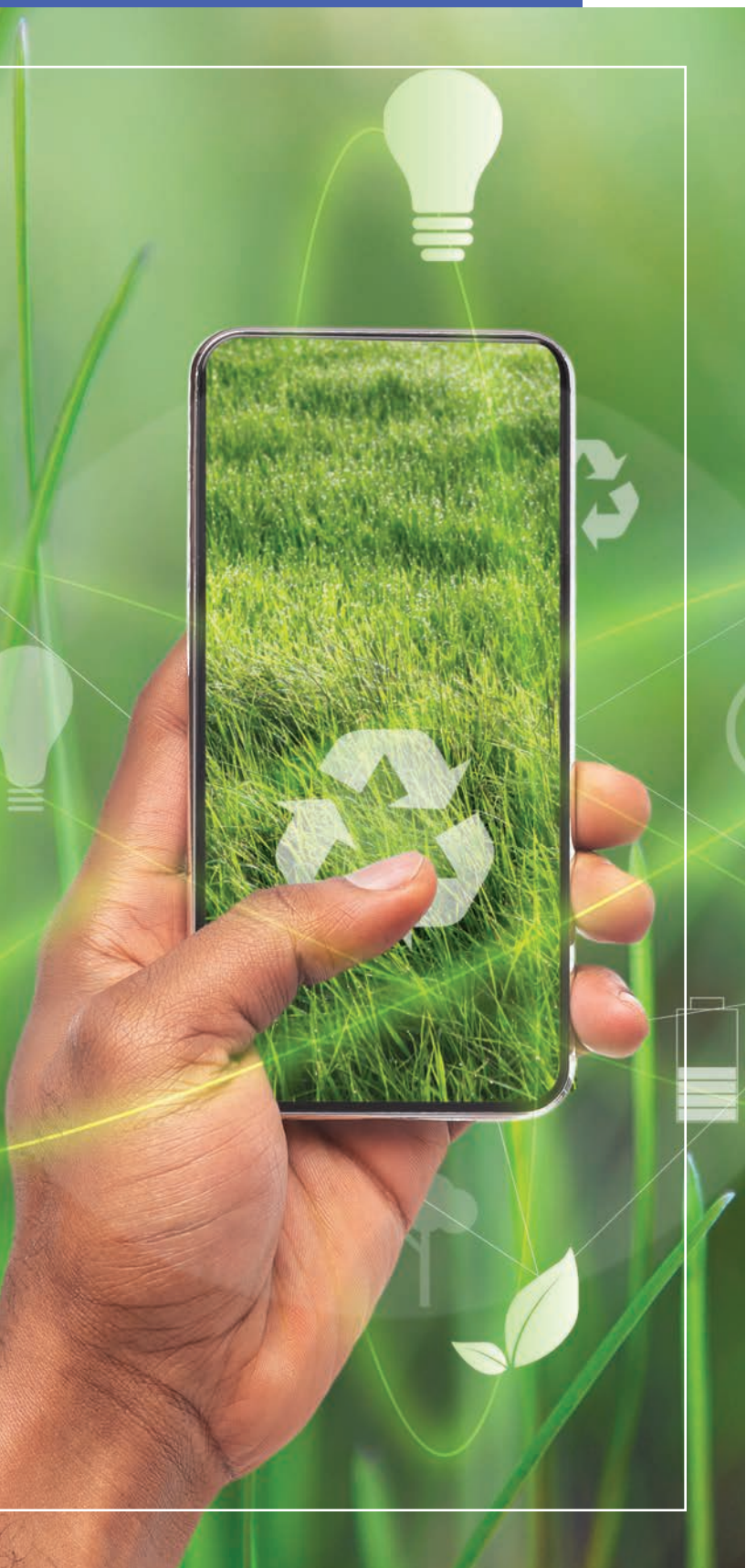
When it comes to improving society, which two or three of the following do you believe is most important for multi-national companies to address?

Category	Top 1	Global Top 3
Improving working conditions	17%	47%
Improving worker health and safety	16%	45%
Servicing the poor and underserved	12%	35%
Ending child labor and slavery	11%	31%
Treating employees better	11%	30%
Supporting local communities	9%	24%
Improving gender equality	8%	24%
Encouraging diversity	6%	16%
Improving nutrition	5%	14%
Supporting good causes	6%	14%

■ Top 1   ■ Global Top 3

Communicating the Benefits

Overall, citizen-consumers tend to think that Government carries the most responsibility for each of E, S, and G. However, they assign less prominence to government on the environment with companies and citizens/consumers splitting the duty.

When it comes to **improving society**, government is seen by far as the most important actor with companies and citizens/consumers sharing the responsibility.
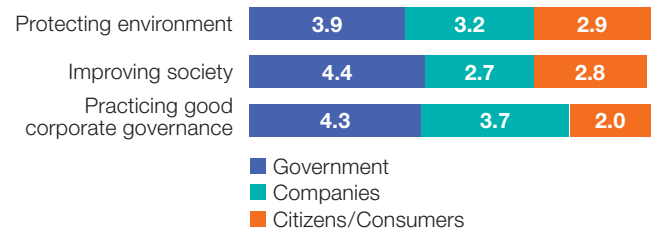
Citizen-consumers do not see a role for themselves in corporate governance.

> *We all have a responsibility to be doing our part; although as consumers we are dependent on big business to review their practices. Therefore, acting in a more sustainable way— they need to be encouraged, incentivized or 'penalized' if they don't behave in a more responsible and environmentally kinder and sustainable manner. Businesses need to be more accountable."*
> —Ipsos Community Member

When it comes to the following, how much responsibility does each have? Assign 10 points across the three.

	Government	Companies	Citizens/Consumers
Protecting environment	3.9	3.2	2.9
Improving society	4.4	2.7	2.8
Practicing good corporate governance	4.3	3.7	2.0

■ Government
■ Companies
■ Citizens/Consumers
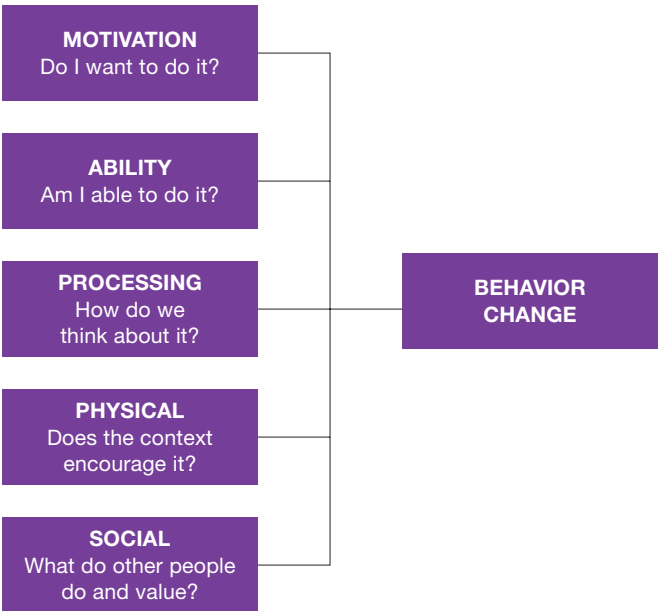
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Consumer-citizens believe that if the government and businesses do not act now, they are failing their employees and customers.

Having policies that consumers say are important to them isn't enough. Getting consumers to know them, care about them and/or be willing to pay more for, are definite challenges. Technology brands need to understand human motivations and how to influence them.

Although consumers say they are concerned about the environment, there is both a "say-do gap" as well as a "believe-true gap." Largely, consumers don't fully understand the ramifications of their action or inaction. Many are not all ready to pay significantly for products that could make a difference. The burden lies with government and businesses to educate consumers and align their business practices with behaviors and activity supporting their corporate ESG goals.

In a separate Ipsos Point of View—click here to learn more—our Behavioral Science experts outline how enabling actions that people are already inclined to take facilitates the adoption of sustainable behaviors. We discuss how you can leverage our MAPPS (Motivation-Ability-Processing-Physical-Social) structure to drive action.

MAPPS Behavior Change Framework

MOTIVATION Do I want to do it?	
ABILITY Am I able to do it?	
PROCESSING How do we think about it?	**BEHAVIOR CHANGE**
PHYSICAL Does the context encourage it?	
SOCIAL What do other people do and value?	

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Another Behavioral Science Framework that can be leveraged to influence consumer behavior is Regulatory Fit theory. Stated simply, there are vast differences in what motivates people—and these differences can be characterized by whether individuals are in a Prevention or Promotion mindset.

When consumers have a Prevention mindset, they tend to focus on needs, duties, obligations and being safe ("how can I not make things worse?") These consumers will respond positively to messaging that matches their mindset via appeals of "at least doing their part." Conversely, when consumers have a Promotion mindset, they pay attention to things that will help them feel good about themselves, achieve goals, and improve their lives.

Leveraging a consumer behavioral change framework will help segment customers and customize messaging and sustainability policies to have the most impact.

What's Next

Sustainability is the new business imperative, and the tech industry has a mandate to act. There is an opportunity to raise industry standards and become industry leaders by highlighting the huge impact technology has on the planet and what your brand is specifically doing. Key actions you can take now:

- Define a communication plan so your Tech customers know your ESG actions—if customers don't know about your efforts, they will not influence their tech purchase behavior. Measure the ROI of these communications.
- Keep building trust in your brand so consumers know you are doing the right thing. Learn the drivers of trust for your brand.
- Ensure you understand the core segments and their most salient messaging.
- Ensure you're not putting blame or responsibility on consumers. Help them navigate the landscape whilst demonstrating your own commitment.
- Take inventory of the product and packaging requirements that align with consumer expectations.
- Dig into what will deliver the highest ROI (recyclable, cause donations, etc.) for tech customers.

If you are interested in speaking with Ipsos about conducting a Sustainability Clinic, please contact your existing Ipsos contacts or reach out to: Mike.Bellmont@ipsos.com or Kristy.Click@ipsos.com.

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