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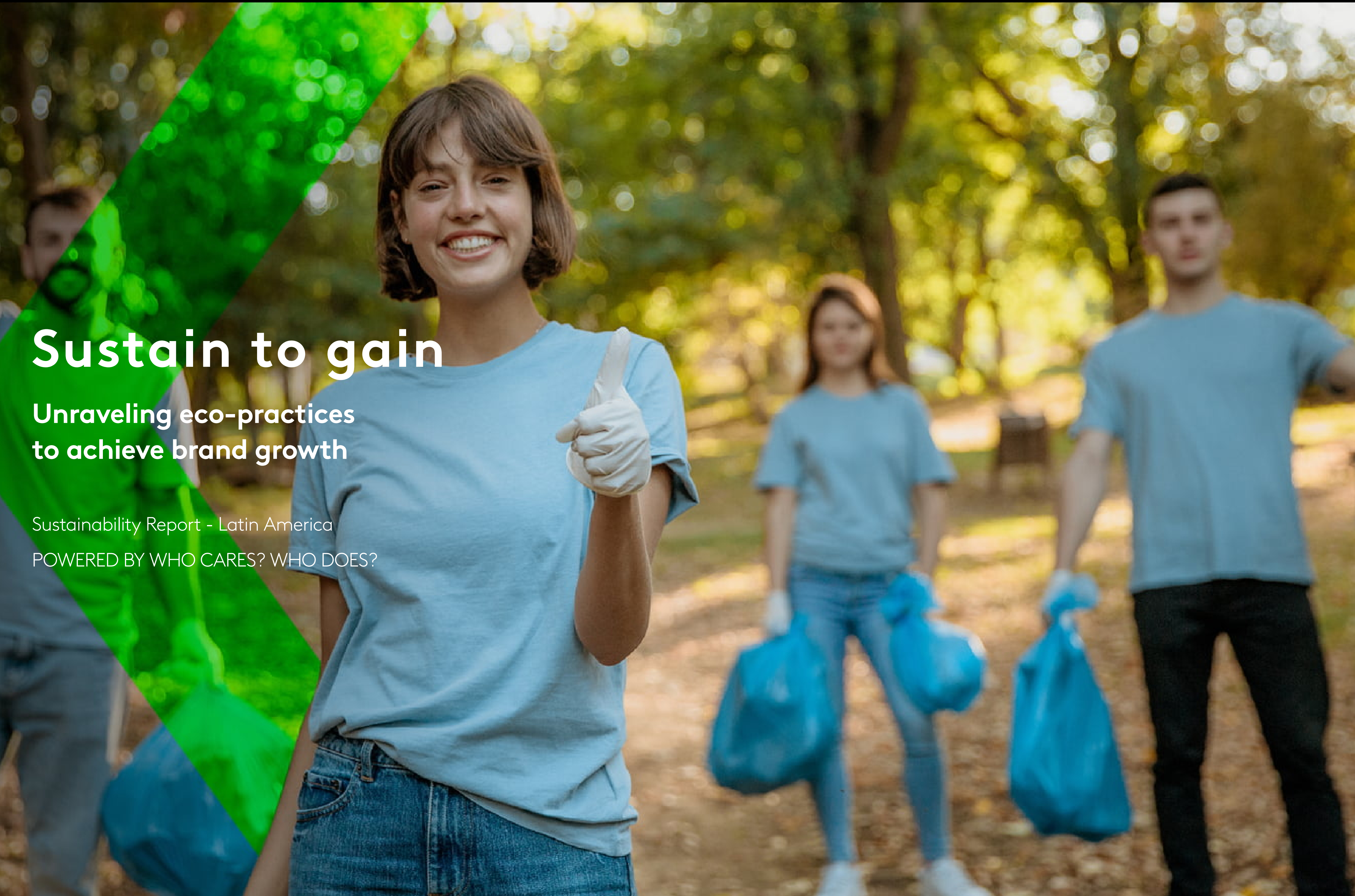


Sustain to gain

Unraveling eco-practices to achieve brand growth

Sustainability Report - Latin America

POWERED BY WHO CARES? WHO DOES?

KANTAR

Horizon of Hope

An urgent shift for a sustainable future

In Kantar, we are committed to transforming data into actionable insights that can empower companies to not just adapt but lead.
We want to be an active participant of the market, aiming to ensure that our wealth of information becomes a catalyst for meaningful, sustainable transformation.

Sustainability conversations in Latin America are as palpable as the soil beneath our feet and the air we breathe. They're real and typically very close to home. Consequently, we believe it's critical to provide a narrative that merges human choices and intentions with unequivocal signals from the Earth itself. Whether it's the retreat of the Andean glaciers, or Brazil's disappearing rainforests, each element is a chapter in a story that demands our attention.

In this report, we've gone well beyond the data to bring context to the disparate voices and break through the desperate noise that can sometimes surround such conversations. **We want to provide clear actions and navigation beacons.** To achieve this, we went to thousands of people across Latin America and asked questions of them with the intention of making businesses and governments smarter with the answers they gave and the analysis we introduced. Those human voices amplified what the planet has been signalling, illuminating the relationship between individual actions, corporate responsibility, and the broader environmental impact.

Sustainability means business

This matters because today's consumer is not just a shopper but a stakeholder in our planet's future. What we found was that they're not merely choosing a product; they're choosing a vision, one that reverberates beyond the checkout aisle. This is the pulse that resonates through our findings. **The message is unambiguous: sustainability is not a 'nice-to-have'; it's a cornerstone of brand trust and economic vitality. As you'll see, we now have a clear view of their expectations.**

To that end, we don't offer mere data in this report; we offer a key to unlock transformational change. We also provide a "to-do" list to translate sustainability from buzzword to action plan.

We have identified what consumers believe are the priorities for the planet and who needs to take action. They have demands for the FMCG industry, retailers, governments, and others.

Heeding their calls will undoubtedly alter business models and set off sustainable practices that could help turn the tide on issues as pressing as water scarcity and deforestation.

In this pan-regional research on this topic, we've engaged over 15,000 individuals in Latin America. We think this approach positions us well to guide this critical conversation with hard facts from real people.

After all, when the Earth speaks, it speaks not just through the whisper of leaves or the roar of rivers but through the choices and voices of every individual who calls it home.

Sustainability standoff?

A society at tipping point

Consumer awakenings

To understand the Latin American consumer is to grasp the nuances of a society standing on the precipice of change. In Colombia alone, a staggering 75% of the population believes their consumer choices have a profound impact on the environment.

This is not a statistic to be glossed over; it's a significant revelation, especially when considered against the backdrop of high unemployment rates, economic uncertainty, and widespread social unrest in the country. In other words, even in the toughest of circumstances, people are demonstrating understandings of their impact on the world and a willingness to make changes.

Eco-Tribes

Unsurprisingly, the Latin American population doesn't fit neatly into a monolithic category. Consequently, we've done our best to look at them through three lenses helpful to discussions around consumption, the Earth, and sustainability.

They look like this

Make no mistake, as you'll see, these aren't mere labels. They are valuable market segments with divergent spending patterns and contrasting attitudes towards sustainability.

Our Eco Segmentation

Eco Actives

Highly concerned about the environment and plastic waste.

Taking the most actions to reduce their waste.

They feel an intrinsic responsibility to be more sustainable, follow the topic more actively and have a greater awareness of the different elements that make something sustainable.

Consistently buy brands and categories without plastic packaging, local, natural ingredients, meat free and fresh

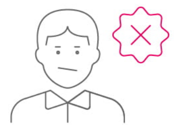
Eco Considerers

Worried about the environment and plastic waste.

Not taking many actions to reduce their waste.

Their biggest barriers are convenience and price.

Interested in products with healthy ingredients and recyclable packaging



Eco Dismissers

Shoppers who have little or no interest in the environment and making no steps to reduce waste.

They do not think they make a difference.

The topic rarely features amongst friends and family and they are lacking awareness of environmental concerns.

More likely to be young and with families therefore many of the key brands are lower tier or aimed at children

Spending power

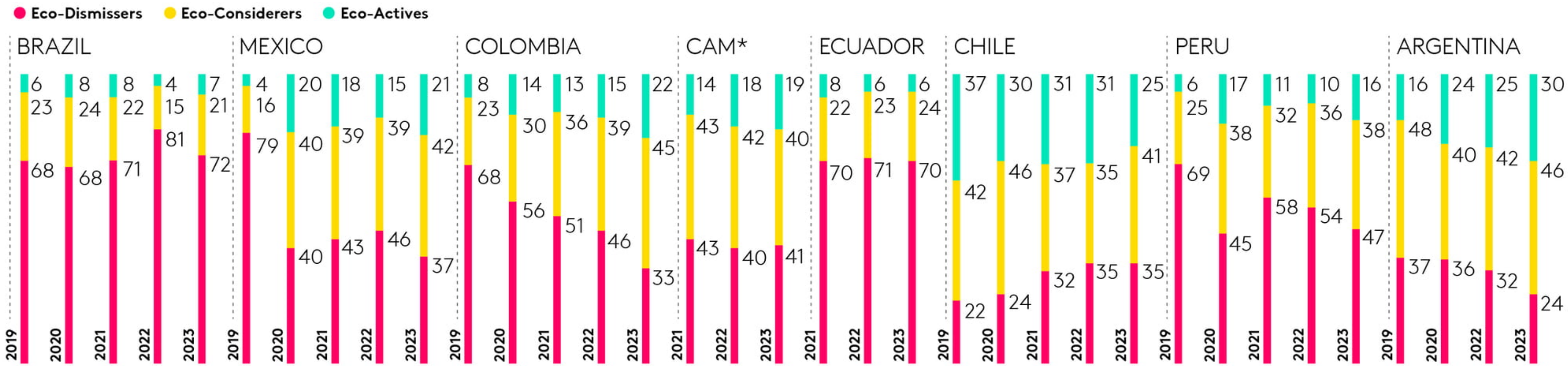
The combined spending of Eco-Actives and Eco-Considerers in the FMCG sector amounts to a staggering $46.2 billion. They also shop less often but spend more, indicative of a certain level of financial security and rationality. Conversely, Eco-Dismissers, despite their frequent shopping habits, contribute less to overall spending on a per-capita basis.

This is important because once upon a time, one might have been tempted to assume that economic constraints would dilute eco-friendly habits, turning Eco-Actives into mere sidelines in the marketplace. But the data heralds a different tale. While the Eco-Considerers have held their ground, remaining steady at 38% across the region, it's the Eco-Dismissers whose numbers are dwindling—from 44% in 2022 to 40% in 2023 across the region. Important context.

This isn't just a shift; it's a breakthrough. It starkly challenges the assumption that economic factors have derailed eco-conscious consumer practices. More than that, it underscores the resurgence of the Eco-Actives, whose population share is a compelling 22%, up from 18% the previous year. At country level, things can look even better. In Argentina, the numbers top out at 30% of the population.

As these trends progress, it's important to recognise that when we talk about Eco-Actives and Eco-

Population household segment share



Source: Worldpanel Division Kantar, 2023
*includes Costa Rica, Panama, Guatemala

Considerers, we're not merely discussing a demographic niche; we're now talking about a financial powerhouse.

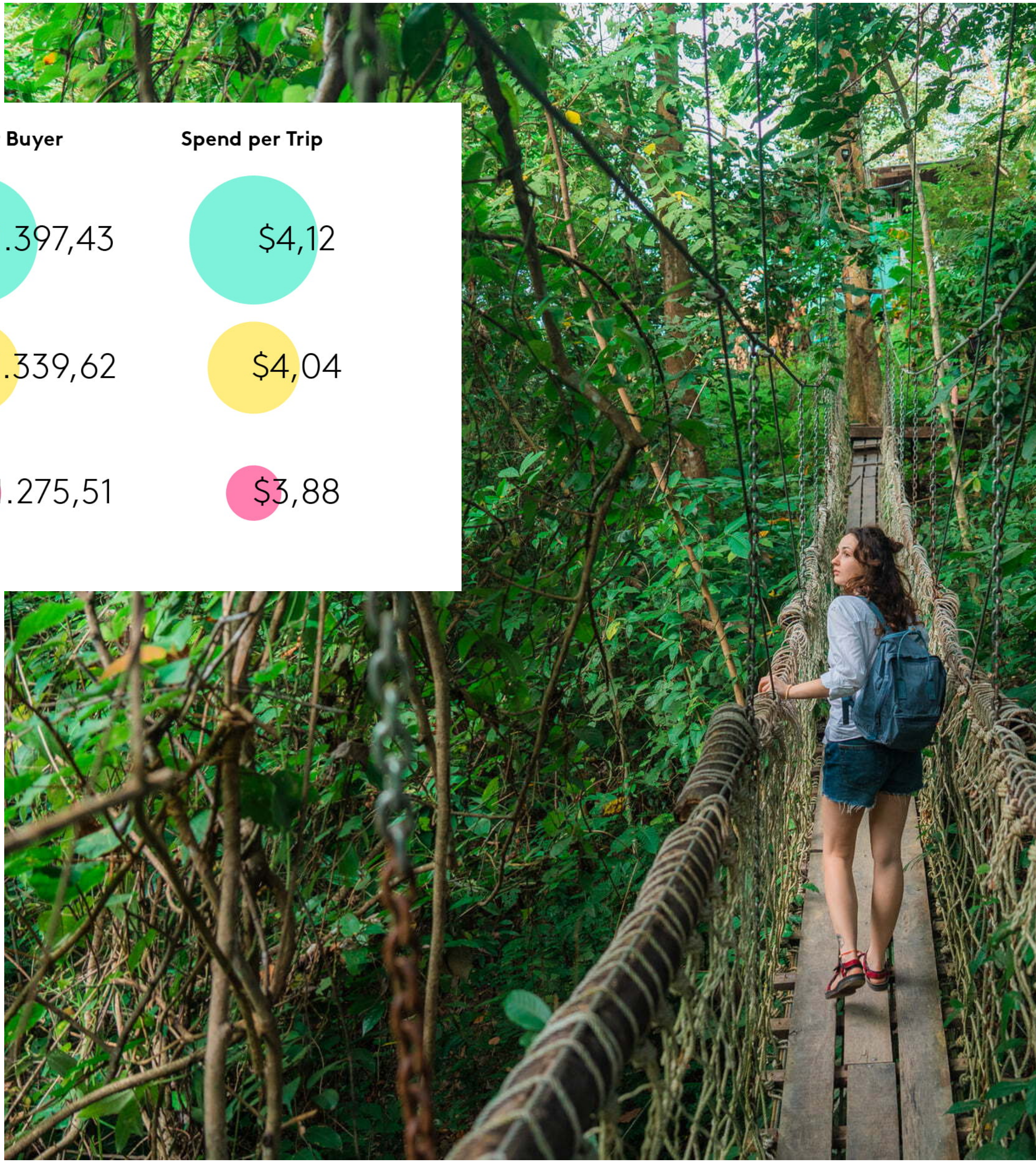
Let's break down the numbers in a way that speaks volumes: It's tempting to think the 40% population share of Eco-Dismissers would naturally translate into 40% of FMCG spending. But let's disabuse ourselves of that notion. Far from being a one-to-one correlation, the Eco-Dismissers are lower contributors of spend. (see table) It's an understanding that defies face-value assumptions, reminding us that the devil is in the details.

Factors such as cash flow, educational levels, and spending power come into play, adding layers of complexity to the narrative.

	Frequency (trips)	Spend per Buyer	Spend per Trip
Eco-Actives	308,2	$1.397,43	$4,12
Eco-Considerers	310,8	$1.339,62	$4,04
Eco-Dismissers	316,8	$1.275,51	$3,88

Inequality paradox

But let's not lose sight of the potential paradox that lurks beneath these numbers. The individuals who can most afford to make sustainable choices are often those who feel the least economic pressure. Here, then, lies a conundrum that businesses and policymakers must urgently address — a growing divide between those who can afford to be eco-conscious and those who cannot.



Trust and transformation

Twin pillars of eco-progress

The sustainability conundrum

We might expect the government to be the primary agent of change for the better when it comes to the environment. Indeed, on a global basis the expectations of governments is highest (40%), followed by manufacturers (34%) and consumers (19%). However, in Latin America, that expectation of governments is notably more subdued — (34%, down from 37% in 2022). It's not that the government is absolved of its role; rather, it finds itself sharing the stage of expectation with other key players — most prominently, manufacturers and (increasingly) retailers. The people we talked to across the region are expecting accountability and rebalancing how they think about it.

And it is retailers who find themselves at the epicentre of a shift expectations. They face escalating pressures to lead substantive change.

Let's put some country-level numbers to this narrative to give it the weight it deserves:

- In Peru, the percentage of people seeing retailers as key players in sustainability has risen from 9% in 2022 to 11% in 2023—a 2 percentage point increase.
- In Central America, it's a more dramatic shift—from 9% to 14% within a year, a sharp 5 percentage point uptick across these markets.
- Brazil shows a similar trend, moving from 11% to 16%, another 5 percentage point rise.

Amidst the rising demands on retailers to do more, it appears consumers have become more circumspect regarding the role they play. Consumers, who once shouldered a hefty portion of self-imposed responsibilities, appear to be easing off the pedal. It's not apathy setting in, but perhaps a realisation that the onus of change doesn't rest solely on their individual actions but is a collective endeavour.

What we're witnessing here is not just a reshuffling of responsibilities but a profound transformation in consumer expectations and pressures.

Governments remain on the hook, but the spotlight is intensifying on manufacturers and, most interestingly, on retailers. And we're not talking marginal shifts; these are significant changes across the region that signal a broader trend.

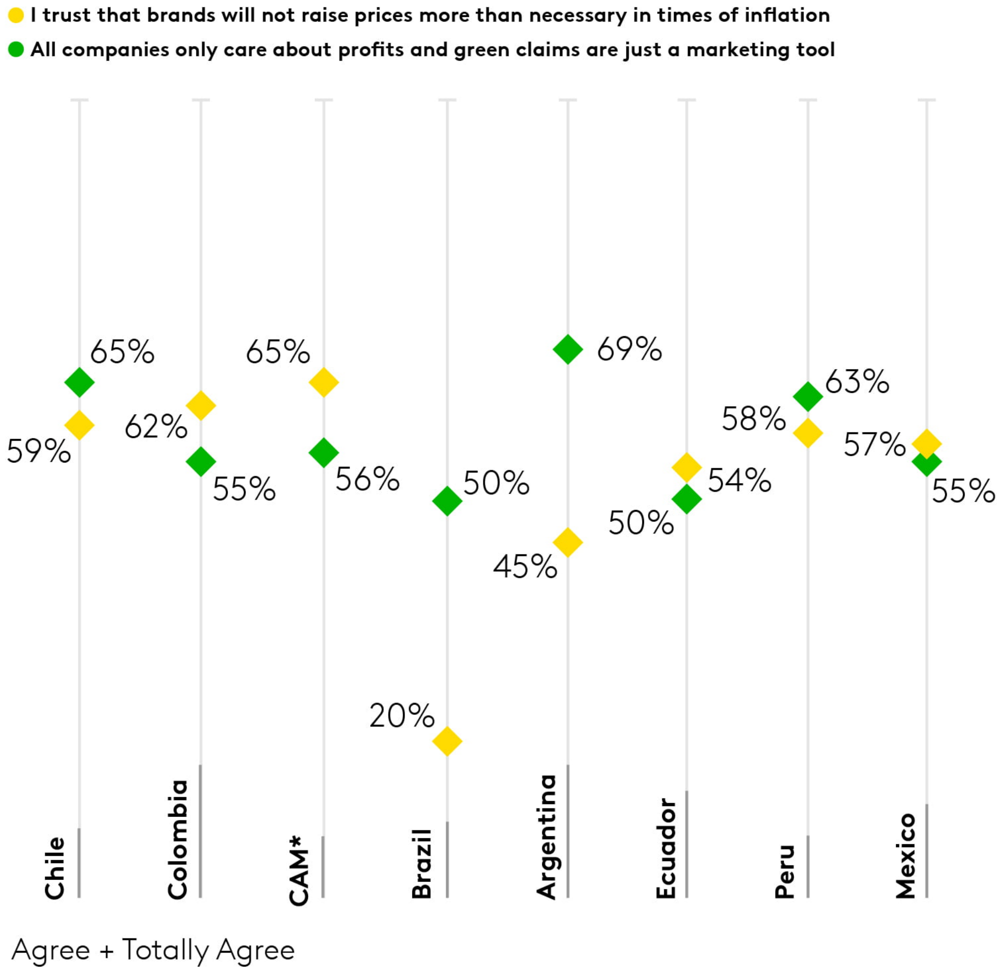
So, as we navigate the complex maze of sustainability pressures, let's not lose sight of the evolving dynamics. It's a tale of shared responsibilities.

Currency of trust

Let's go deeper into those roles and responsibilities. As in many industry segments, trust matters in the FMCG space. In the world of FMCG, where choices abound and decisions are made in the blink of an eye, trust isn't just a value; it's the currency that fuels brand loyalty. **When a consumer reaches for a product on a crowded shelf, they're not just choosing convenience; they're investing in a promise.** A promise that the product is what it claims to be, that it meets the standards they've set, and that it delivers on the quality the brand has vowed to uphold.

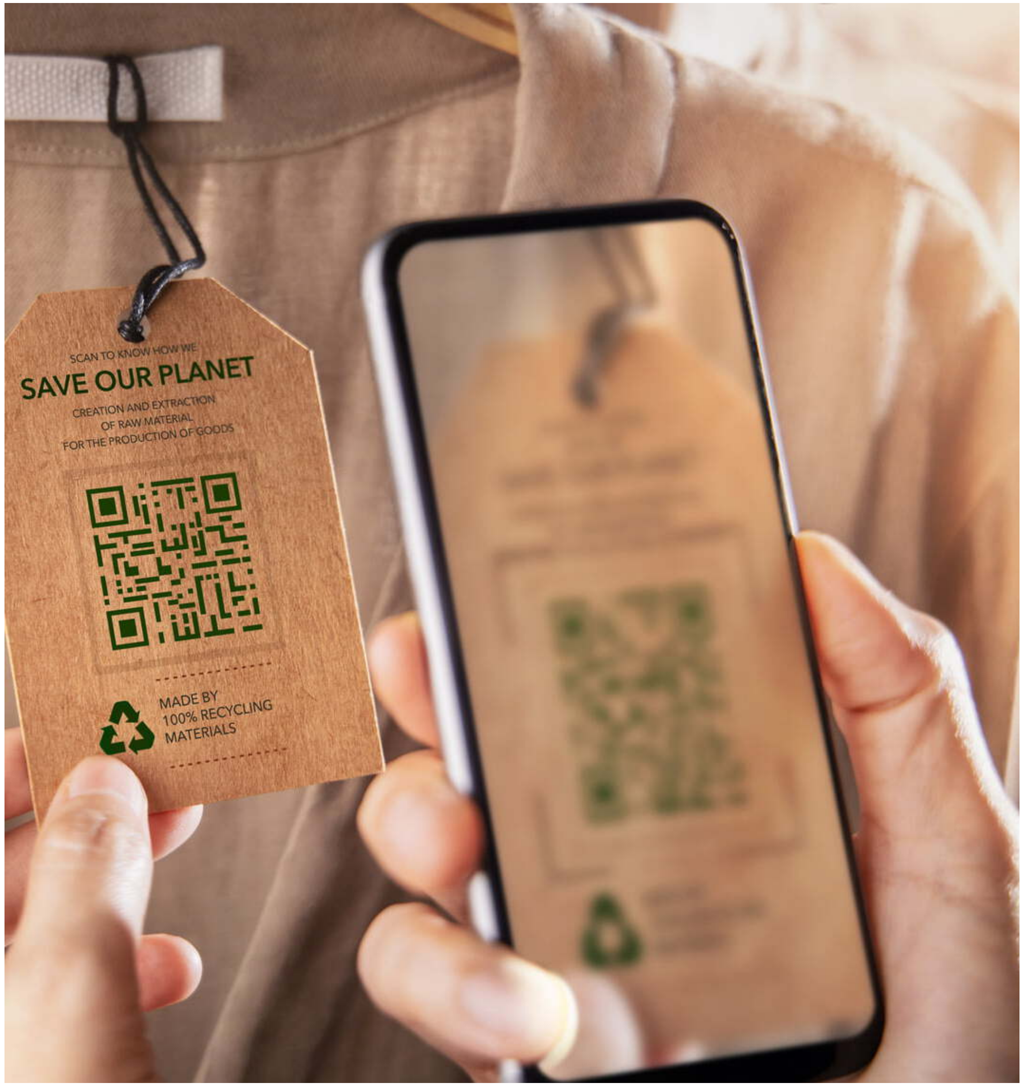
This isn't just about transactions; it's about relationships. In a marketplace increasingly concerned with sustainability and ethical practices, the trust between a brand and its consumers becomes the cornerstone for long-term success. Lose that trust, and you're not just losing sales; you're losing your place in the community of socially-conscious shoppers.
If we accept this is true, here is what the region looks like when it comes to trust. It's certainly a mixed bag, but there is clearly runway in all markets to find improvement. In Brazil, these numbers are particularly worrying when it comes to trusting brands not to unnecessarily raise prices.

Population household share



Source: Worldpanel Division Kantar 2023

To take the notion of trust a step further, consumers are also trusting brands to do the right thing. When they don't, they walk away. We found that **44% of people stopped buying products due to their impact on the environment**. And 50% expected companies and brands to offset their environmental impact. In an age where every choice carries ethical weight, this trust becomes the cornerstone for long-term success.



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From cart to conscience

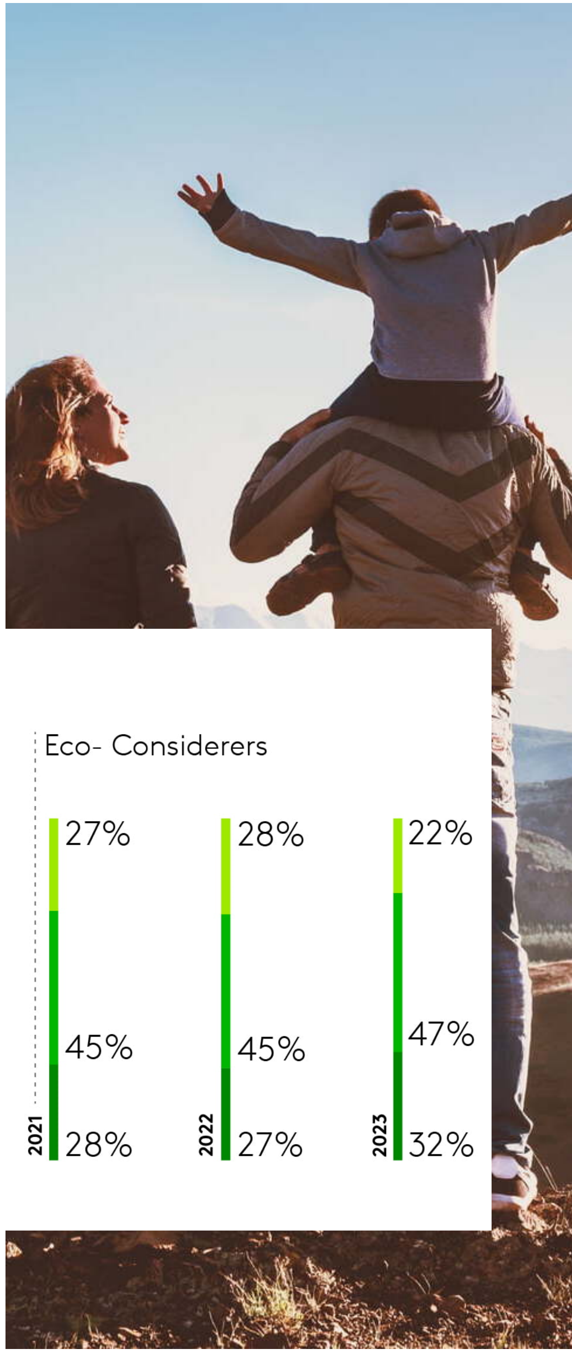
The deliberate shopper's dilemmas

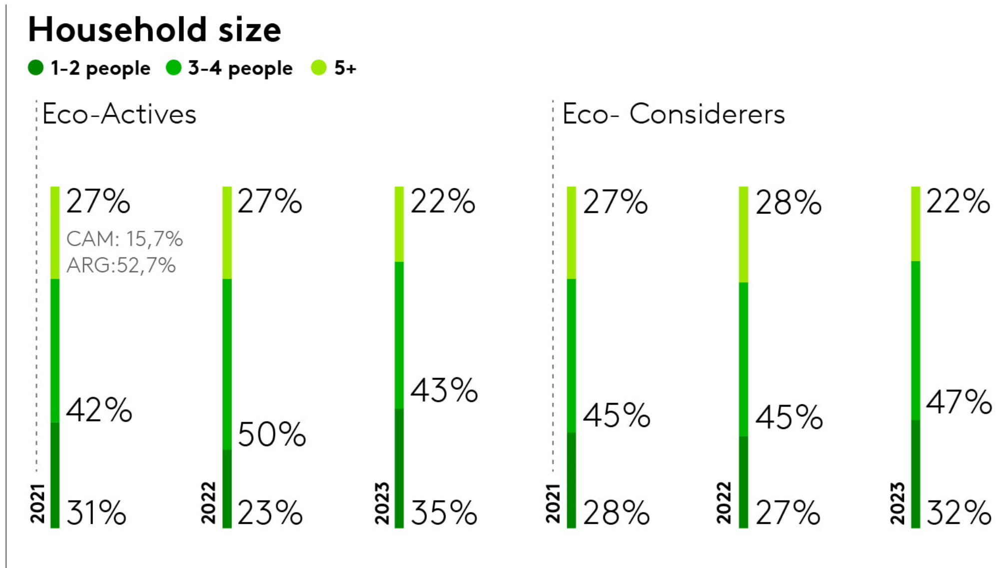
More than just a number

The data tells us even Eco-Actives, the most sustainably conscious of the eco-tribes, have concerns about price. This is not just an economic barrier; it's a significant obstacle on the path to sustainability that demands immediate attention.

So how should we think about such buying sensitivities? Our findings unearthed a couple of clear navigation beacons. The first is an area to focus: smaller households, particularly in Argentina, are outpacing their larger counterparts in eco-friendly practices. **A hefty 35% of households comprising of just 1-2 people identify as Eco-Actives.** This isn't merely an intriguing statistic; it's a reminder that smaller households, though they may not buy in quantities relative to larger households, are powerful drivers of eco-conscious behaviour, particularly when we recognise that Eco-Considerers make up a further 43% with this segment size.

Such numbers should challenge our thinking for the future. In markets like Argentina, where the undercurrents of this trend are strongest, this statistic has a tangible impact on everything from pack sizes to pricing strategies. Why? Because those smaller households are often less-impacted by cost pressures that come with larger families. This points to the possibility that smaller households, particularly those made up of young couples, may continue their sustainable practices as the household expands over time. And if the household remains small, as it would for retirees or empty nesters, sustainable purchasing is likely to become even stronger in better economic times.





Source: Worldpanel Division Kantar 2023

Capitalizing on eco-opportunities
Case Brazil E-commerce

We also spotted another opportunity. It seems **those who prioritise the planet are not just casual shoppers; they're the epitome of the conscious consumer.** This discerning group brings an intentional and purposeful approach to their shopping experience. This isn't just a characteristic to be noted; it's a significant clue for retailers and brands. It points to an action item that goes beyond mere acknowledgment — it demands strategic alteration of the shopping experience.

How? Simplify their journey. This is a group of listmakers. These consumers are not just picking items off the shelf; they're choosing a lifestyle, one where every product must align with their broader vision for the planet. Make it effortless for them. Whether it's bundling eco-friendly products for easy purchase or refining the user interface on e-commerce platforms, the directive is clear.

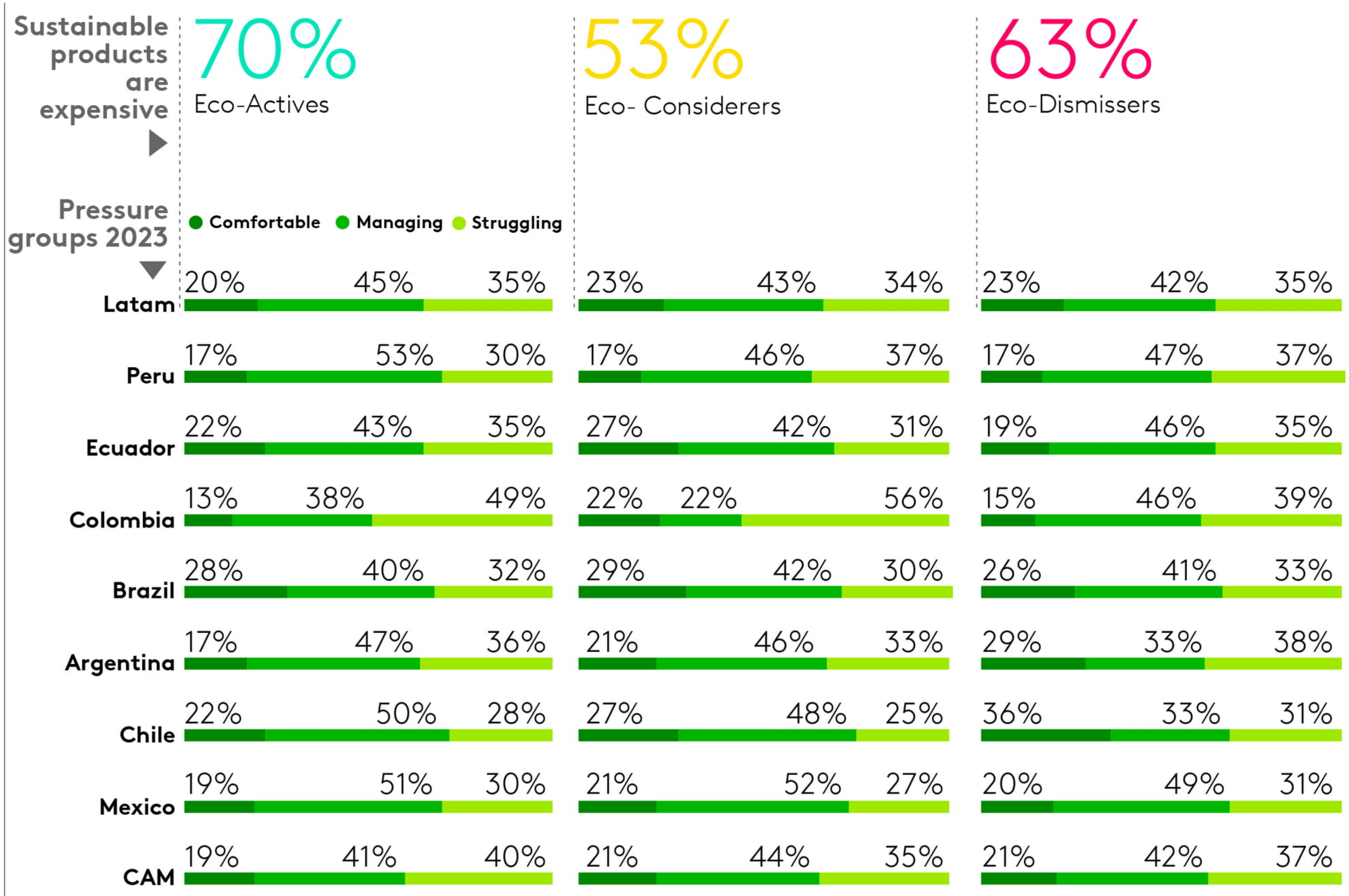
Consider even integrating smart appliances that can help these consumers make sustainable choices effortlessly. In other words, further facilitate the shopping experience for these purpose-driven consumers. This is not just about convenience; it's about creating an ecosystem that encourages and sustains conscious consumerism.

Here, we took another step to understand the impact of price. We introduced the household pressure groups that we capture across many of our markets on a regular basis. The households describe themselves as "comfortable", "managing" and "struggling" and their spending tends to reflect these feelings.

As we can see, the polarisation story plays out once again. And we must recognise pricing is still front and centre as a potential barrier.

It's also worth being mindful that purchase frequency has rebounded to pre-COVID-19 levels for the first time, marking a significant milestone in the return to a semblance of normalcy.

While the number of consumer channels remains stable from the previous recent periods, the increase in purchase frequency has led to a more fragmented buying landscape, characterised by smaller but more frequent shopping baskets. This heightened frequency offers increased touchpoints and engagement opportunities with shoppers, but also hints a residual consumer caution.



Source: Worldpanel Division Kantar 2023

Hide and peek

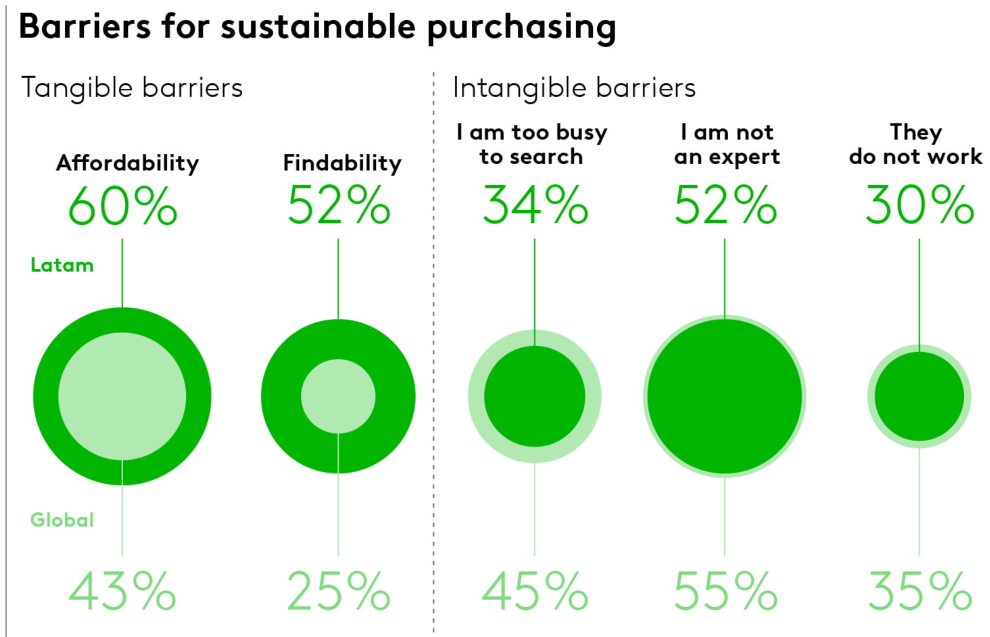
The elusive quest for eco-friendly finds

More than meets the eye

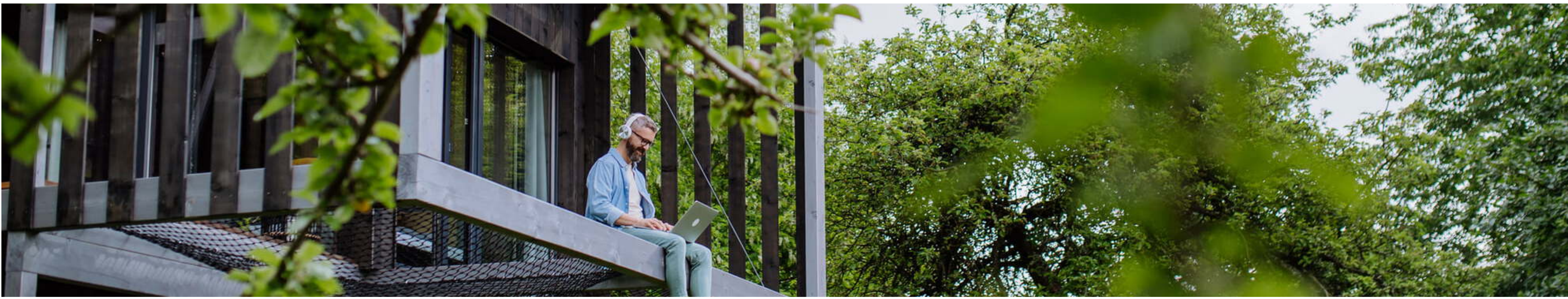
Simplification appears to be a theme in our findings. In the labyrinthine aisles of consumer choice, buying blockers are everywhere. And they don't merely serve as stumbling blocks; they are formidable walls that disrupt the alignment between consumers and brands.

Consider this: when a sought-after eco-friendly product plays an elusive game of hide-and-seek on your shelves, the issue isn't merely logistical. It's a profound, missed opportunity to connect with a consumer who could have been a brand ambassador.

When a price tag seems obtuse, you're not just grappling with cost; you're battling common sense. And let's talk about ambiguity in product offers or efficacy. In such cases, consumers don't merely scratch their heads; they turn on their heels when it gets too hard. They leave not just confused but disillusioned.



Source: Worldpanel Division Kantar 2023



These blockers do far more than erode quarterly sales figures; they erode something far more valuable — the fragile trust (there's that word again) that you've laboured to build with consumers. In a marketplace saturated with options but starved for time, these blockers are not trivial hindrances. They are relationship breakers.

While some blockers might be beyond immediate control, let's focus on what we can fix today, starting with making products easier to find. **The call here isn't just for adjustments or tweaks; it's for a strategic overhaul that prioritises accessibility.**

When looking at our data, we realize there is demand from conscious consumers to purchase niche product categories. By overcoming the communication barrier, some categories have managed to connect with consumers' values and now stand out among Eco-Actives. We can help you find out how your brands and categories are performing so you can tailor your strategies to those consumers

Eco-Active impact

Over-penetrating non-commodity markets

118%
Ready Tea
Peru

127%
Plant-Based
Ecuador

110%
Sun care
Colombia

162%
Insecticides
Brazil

115%
Mouth Wash
Chile

Source: Worldpanel Division Kantar 2023

Clear as mud

Welcome to the quest for transparency

Translucent tales

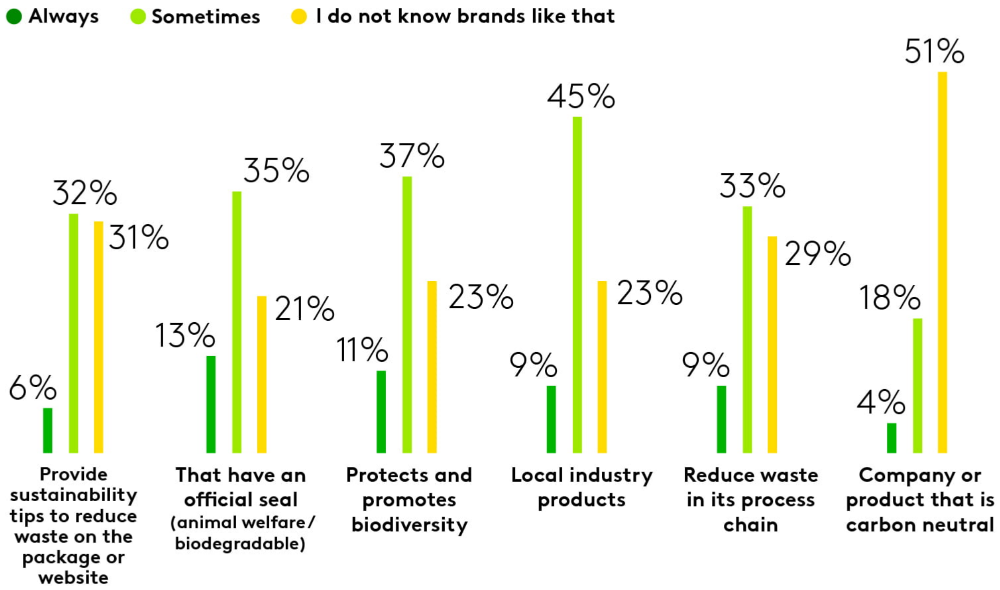
As people streamline their lives and refocus priorities on sustainability, their expectations of brands have undergone a profound transformation. No longer are we content to simply know what's inside a product; we desire to understand the ethos of the company that made it.

This is not a vague, idealistic sentiment; it's a quantifiable demand. A substantial 54% of consumers articulate a clear expectation: they want their chosen brands to be torchbearers of diversity and inclusion, both within the corporate structure and in the broader societal context. This isn't just corporate social responsibility; it's corporate social necessity. And in a society awash with data but starved for meaning, clarity in communication isn't just a courtesy; it's a commandment.

But let's delve deeper. The concept of corporate responsibility has branched out. Take packaging, for instance. Once a functional afterthought, it has evolved into a canvas where a brand's commitment to sustainability is either boldly illustrated or conspicuously absent. Whether it's tips on minimising waste or seals of approval for ethical practices, the packaging is now a manifesto of intent, not merely a wrapper to be discarded.

In the lexicon of today's consumer, 'local' has also transcended its status as a buzzword to become a binding pledge — a promise to enrich the communities that feed the corporate ecosystem. And let's not sideline the operational aspects. Reducing waste in the supply chain isn't just a cost-cutting measure; it's a litmus test of a brand's ethical compass.

Population household share

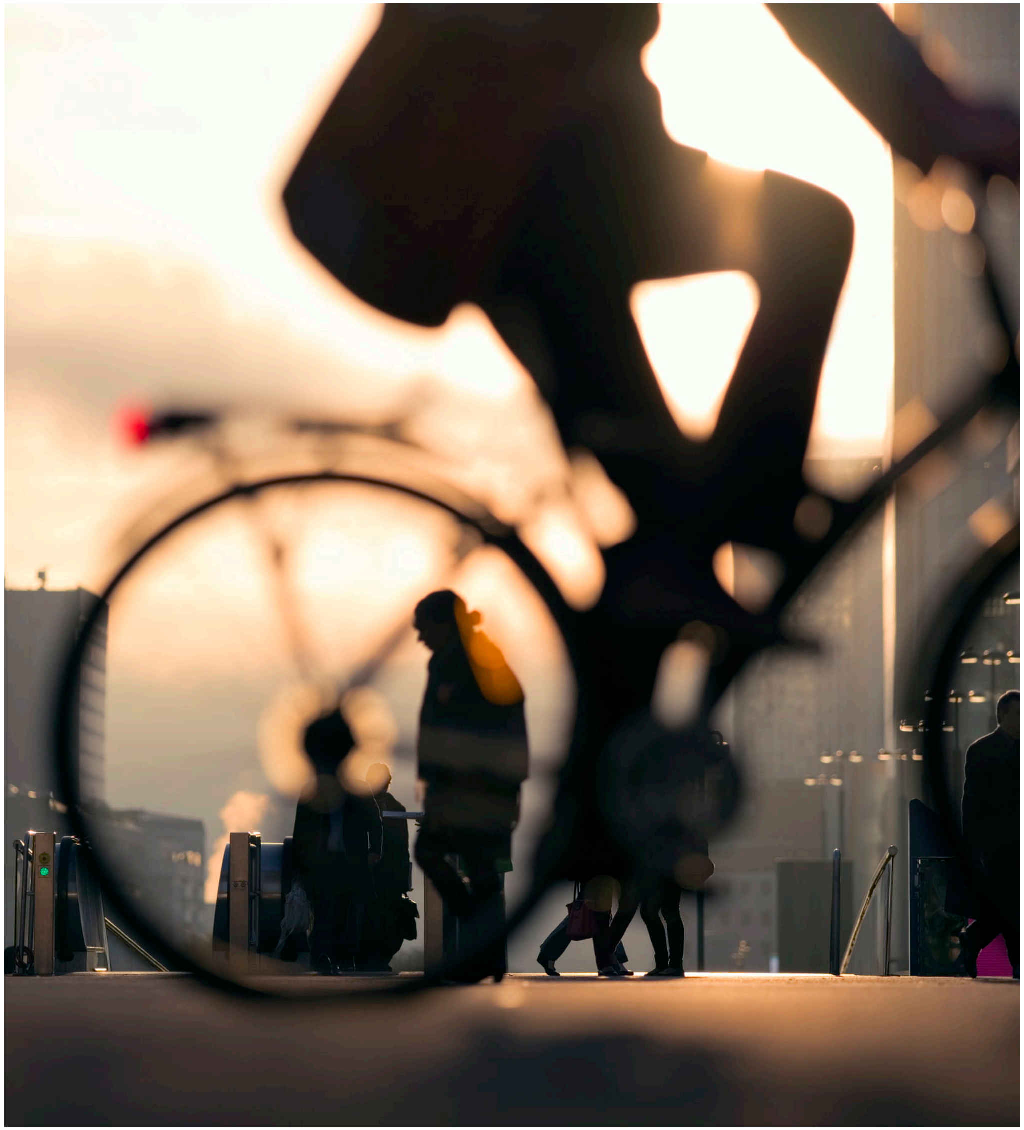


Source: Worldpanel Division Kantar 2023

Purveyors of provenance

In a marketplace where every swipe of the credit card is a vote cast in the ballot box of societal values, coming up short isn't an option. Brands aren't just expected to meet these multifaceted expectations; they're expected to exceed them, to pioneer new norms that will shape the industry's ethical and operational landscapes. For this to happen, it will be necessary to educate Latin American consumers on what matters such as carbon neutrality could mean now and in the future.

There is a long way to go for people to understand that what does not seem very tangible today should be entry-level criteria for corporate citizenship. Industry communication should go from there.



They also need to understand the broader movement towards transparency and provenance can have tangible benefits. We already know **consumers, armed with an arsenal of information, are seeking more than labels; they're seeking narratives.** They want to know the origin stories of their chosen products, whether it's a journey of ethical sourcing or a tale of sustainable production. With even more information becoming available, we should expect this movement to accelerate.

We know this because our respondents across the region are asking for leadership, for the kind of groundbreaking innovation that doesn't just respond to their expectations but anticipates them. It's a tall order, but in the face of our planet's existential challenges, can we afford to aim for anything less?

Action items

After delving into the dynamics of shifting responsibilities, the profound transformation in consumer expectations, and the non-negotiable demand for transparency, it's clear that standing on the sidelines isn't an option. So here's a simplified set of actions to get things started!

Consumer Powerhouse

Eco-Actives and Eco-Considerers aren't just a demographic; they're a financial force. Tailor your strategies to tap into their $46.2 billion FMCG spending.

Streamline the Shopping Experience

Consumers who prioritise the planet are also meticulous shoppers. Simplify their journey through bundling and user-friendly platforms.

Break Down Buying Barriers

Obstacles like hard-to-find products aren't just logistical challenges; they erode brand trust. Prioritise accessibility in your store layouts and online platforms.

Trust as Currency

Trust isn't just a value; it's essential for brand loyalty. Build and maintain it by aligning your brand with consumer values on sustainability.

Inclusive Packaging

Packaging is more than just a wrapper; it's a statement of brand values. Adopt sustainable and informative packaging to meet rising consumer expectations.

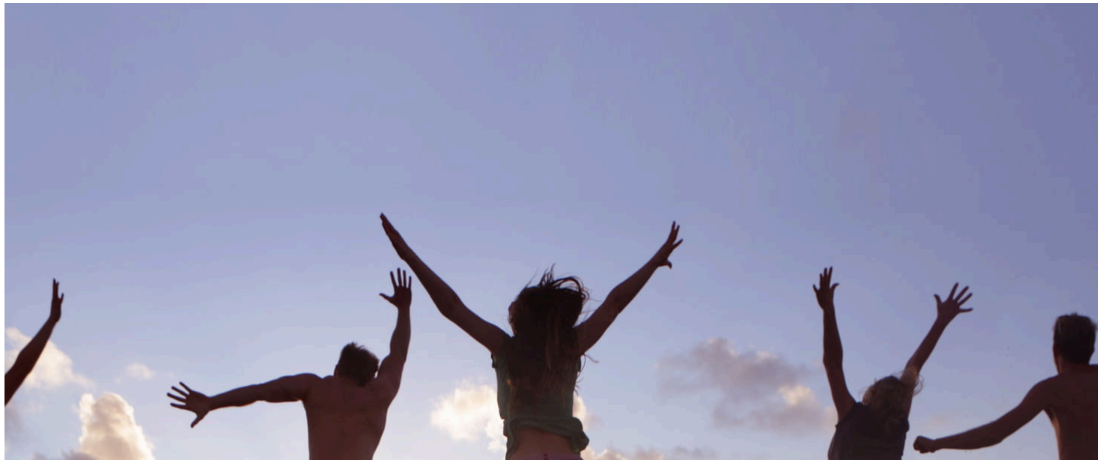
Price Sensitivity as Opportunity

The concern over pricing isn't just an economic barrier; it's a call to innovate. Offer scaled pricing strategies to make sustainability accessible to all.

Crack the Transparency Code

Consumers aren't just scanning labels; they're seeking narratives. Adopt full transparency in sourcing and production to build trust and loyalty.

Green Gaps



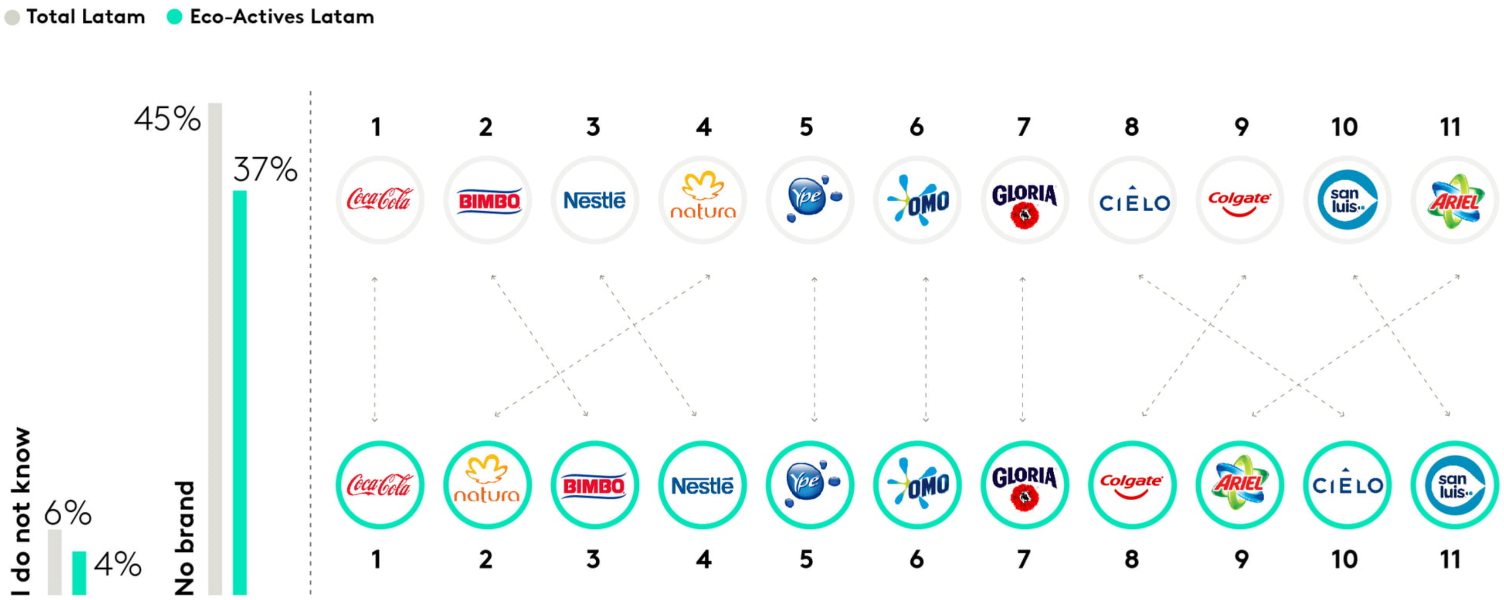
Unclaimed terrain for eco-branding

Brands across the spectrum, especially in the FMCG sector, find themselves at a crossroads. On one hand, they have the unique ability to influence mass behaviour and drive real change; on the other, they grapple with the challenges of implementing sustainable practices while maintaining profitability.

Our recent survey reveals an intriguing paradox: when asked to list brands that genuinely care for the environment, many respondents draw a blank or offer hesitant answers. This isn't just a gap in perception; it's a glaring opportunity. **Brands have a remarkable, yet mostly untapped, potential to not only elevate their environmental initiatives but also to carve a niche in the public consciousness as stewards of the planet.**

Latam's Green Grades

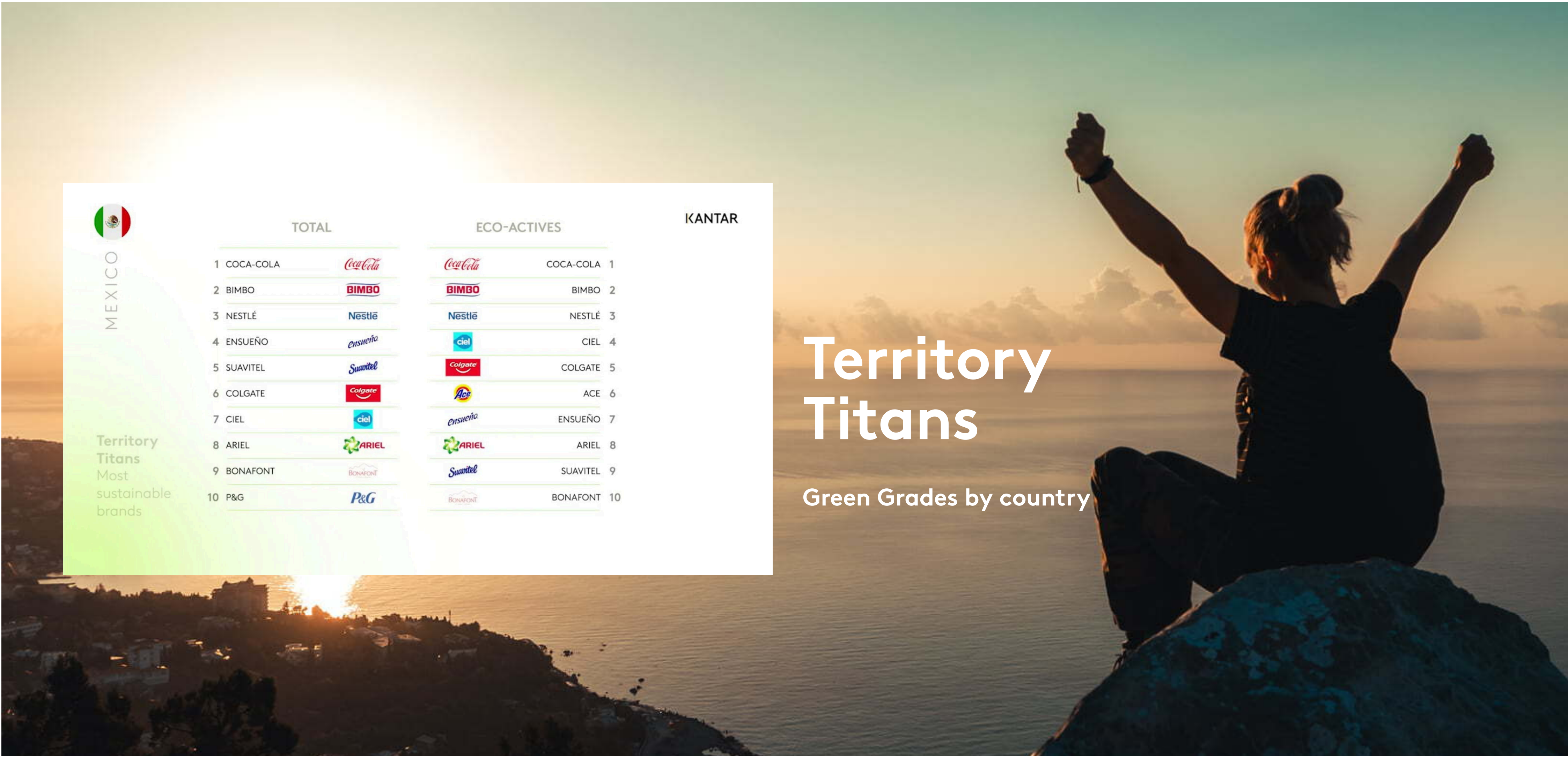
The Best of the Best



Source: Worldpanel Division Kantar, 2023

Territory Titans

Green Grades by country



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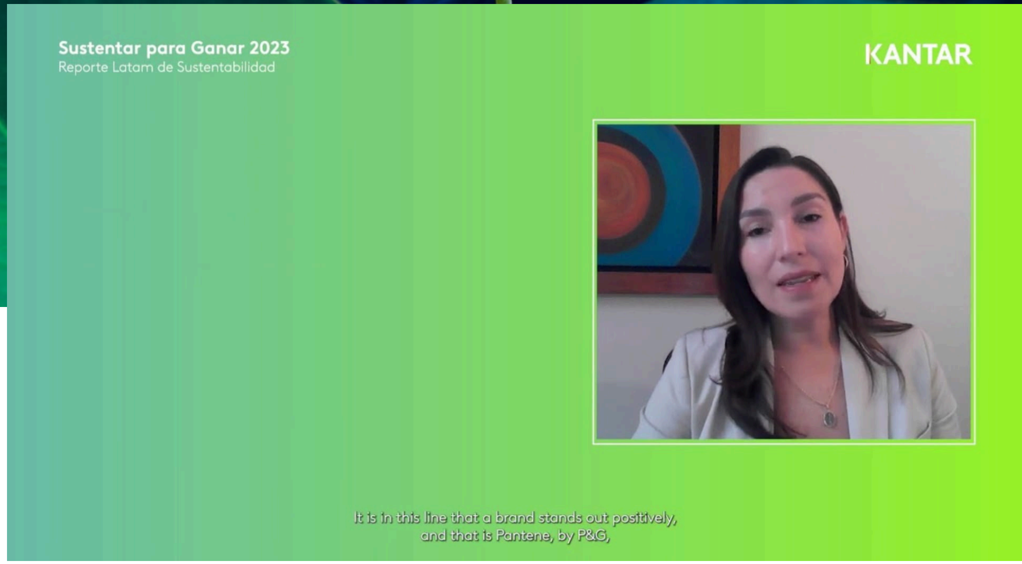
MEXICO

Territory Titans
Most sustainable brands

	TOTAL	ECO-ACTIVES	
1	COCA-COLA	COCA-COLA	1
2	BIMBO	BIMBO	2
3	NESTLÉ	NESTLÉ	3
4	ENSUEÑO	CIEL	4
5	SUAVITEL	COLGATE	5
6	COLGATE	ACE	6
7	CIEL	ENSUEÑO	7
8	ARIEL	ARIEL	8
9	BONAFONT	SUAVITEL	9
10	P&G	BONAFONT	10

Capitalizing on eco-opportunities

Case Quilmes Argentina



Case Pantene Perú

KANTAR

Echoes of urgency

Latin America's call to action

Prosper or peril

In the fertile lands and sprawling cities of Latin America, the call for sustainable action has never been more urgent. This is not an abstract plea; it's the voice of our people.

We are a region of untold beauty and unmatched potential, yet we stand on the precipice of irreversible change. Our glaciers are not just receding; they're sending a signal we can no longer ignore. The canopies of our forests are not just thinning; they're crying for help.

The time for platitudes and half-measures has long passed. The stakes are incalculably high, but so too are the rewards.

We have the opportunity to be the authors of a new narrative that speaks not of loss and compromise but of renewal and endless possibility.

It's easy to feel dwarfed by the scale of the task at hand. Yet, we must remember: change is not the province of the few, but the collective mission of the many. Each choice we make, each resource we conserve, each voice we add to the chorus, reverberates.

This is not the burden of a single nation or sector but the shared responsibility of us all — manufacturers, retailers, consumers, governments...and Kantar. Together, we have the power not just to stem the tide of environmental decay but to inaugurate a new era of sustainable prosperity.

Kantar stands unwaveringly beside you, armed with trusted data and actionable insights. We don't just offer numbers; we offer a compass — a guiding light in the complex maze of choices and challenges that lie ahead.

In a world awash with information but parched for wisdom, you can trust us to illuminate the path towards a sustainable future.

So, let us rally behind this common cause with a fervour that matches the urgency of our plight. The future is not some distant horizon; it's a story we write today. And it's a story that, together, we can make extraordinary.

Our
ESG
strategy

Shaping who we are and how we operate as a business

Our key commitments

Our clients
Applying our validated insights, evidence and advice for the development of sustainable futures.

Our people
Creating a culture of inclusion is critical for us to deliver quality and innovation to our clients, and for our people to grow.

Our planet
Starting a journey towards becoming a net-zero company.

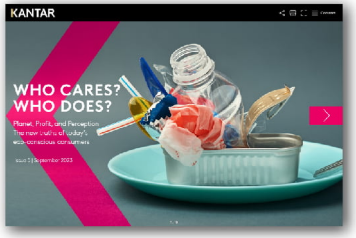
Our partenship
Using the power of our spending to help create a more inclusive and diverse supplier base for our industry.

KANTAR

Food for thought

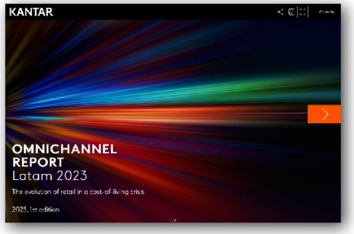
Explore our publications
and discover our offer to find out
how do we help brands grow

Food for Thought



Who Cares? Who Does? 2023
Global report

Brand Footprint 2023
Global report
Latam report
Brazil report



Omnichannel Latam 2023
Global report
Latam report
Brazil report
Chile report
Peru report
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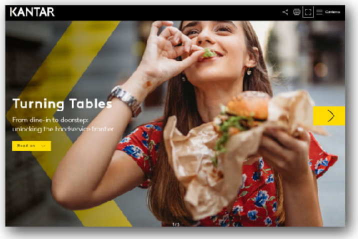
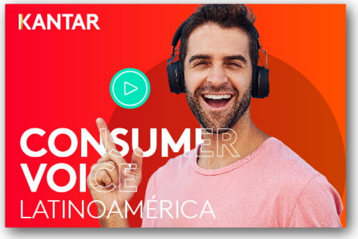
Who Cares? Who Does? 2022
Global report
Latam report



Turning tables
Unlocking Foodservice frontiers



Consumer Voice Latin America Podcast

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For additional information

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