



Leverage the Rising Sustainability Wave

New Research and Best Practices

Fair Trade USA
October 2016



Who is Fair Trade USA?

3rd Party sustainable and ethical certification



Apparel & Shoes



Quinoa & Rice



Fruits & Vegetables



Herbs & Spices



Tea



Honey and Sugar



Flowers



Coffee



Wine & Spirits



Body Care



Chocolate



Home Goods

The Fair Trade Theory Of Change

Includes all actors

Farmers & Workers



Sustainable Livelihoods

Businesses



Value Creation

Consumers



Activation



What drives consumers?



- Quality
- Price
- Convenience
- Values and lifestyle



Technomic®



Consumers and Sustainability

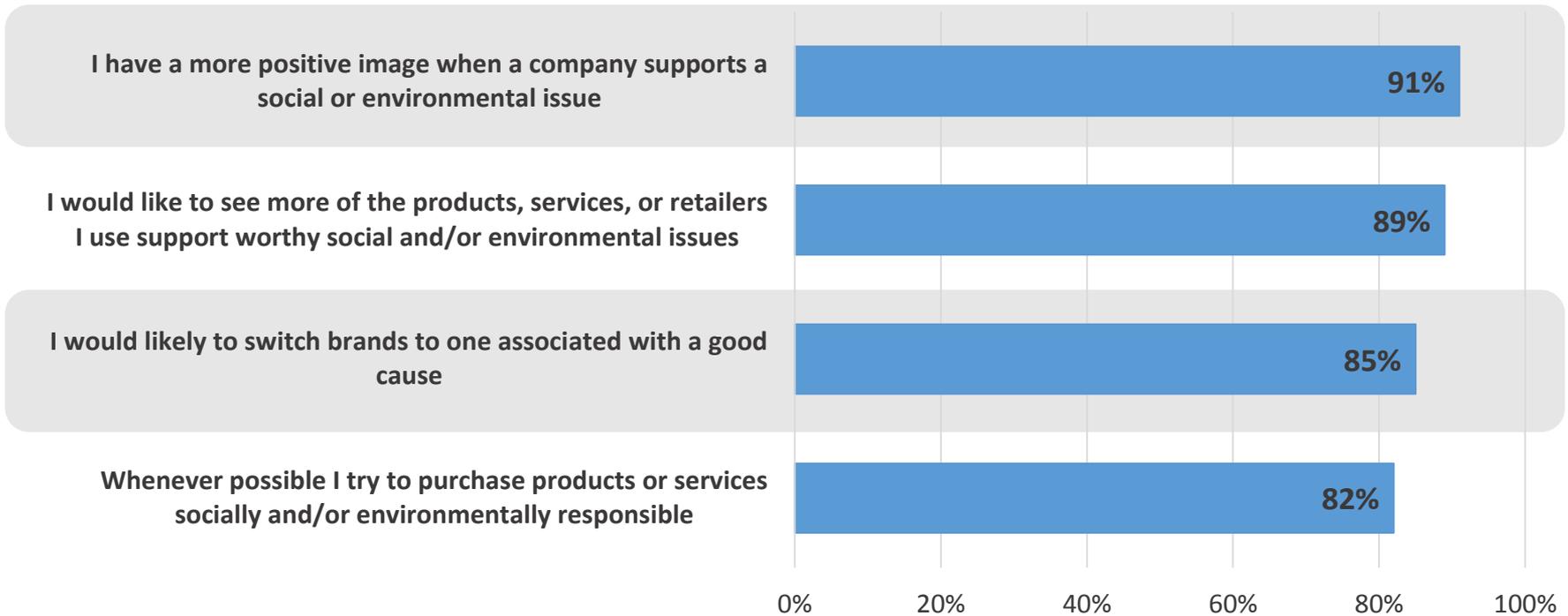


Consumers Prioritize Sustainability



Consumers are demanding sustainably sourced products and are willing to reward companies that make commitments

Percent of Consumers who agree with each statement



Cone Communications (2015)

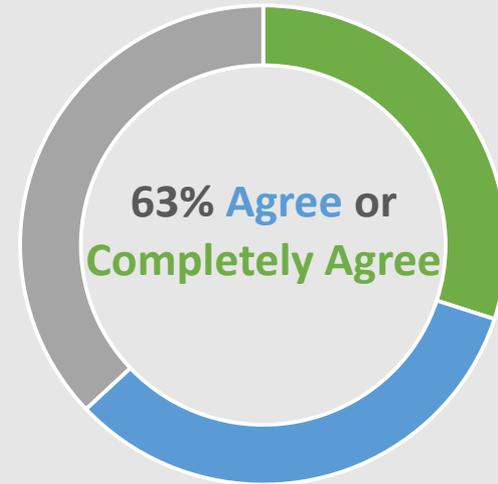


Interest Continues to Grow

Consumers are increasingly engaged with sustainability issues...

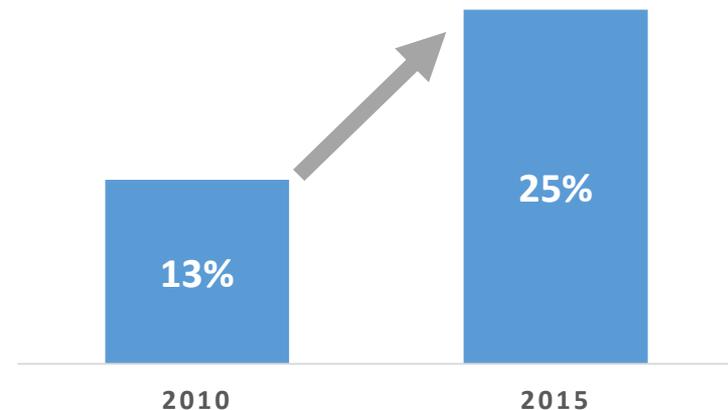
"I am more interested today in how food is grown, raised or produced than I was two years ago..."

The Future of Sourcing in Foodservice | Technomic (2016)



"I research a company's environmental/social responsibility before I buy a product"

Natural Marketing Institute (2015)



Millennials Drive Demand for Sustainability



General Population

Millennials

"I would tell my friends and family about a company's CSR efforts"

Cone Communications (2015)

72%

82%

+10%

"I would be more likely to visit a restaurant offering 'clean label' food"

Technomic (2016)

49%

61%

+12%

"I avoid buying products from companies with poor labor practices"

Hartman Group (2014)

40%

47%

+7%

"I am willing to pay 20% more for products made in an environmentally-friendly and sustainable way"

Natural Marketing Institute (2015)

27%

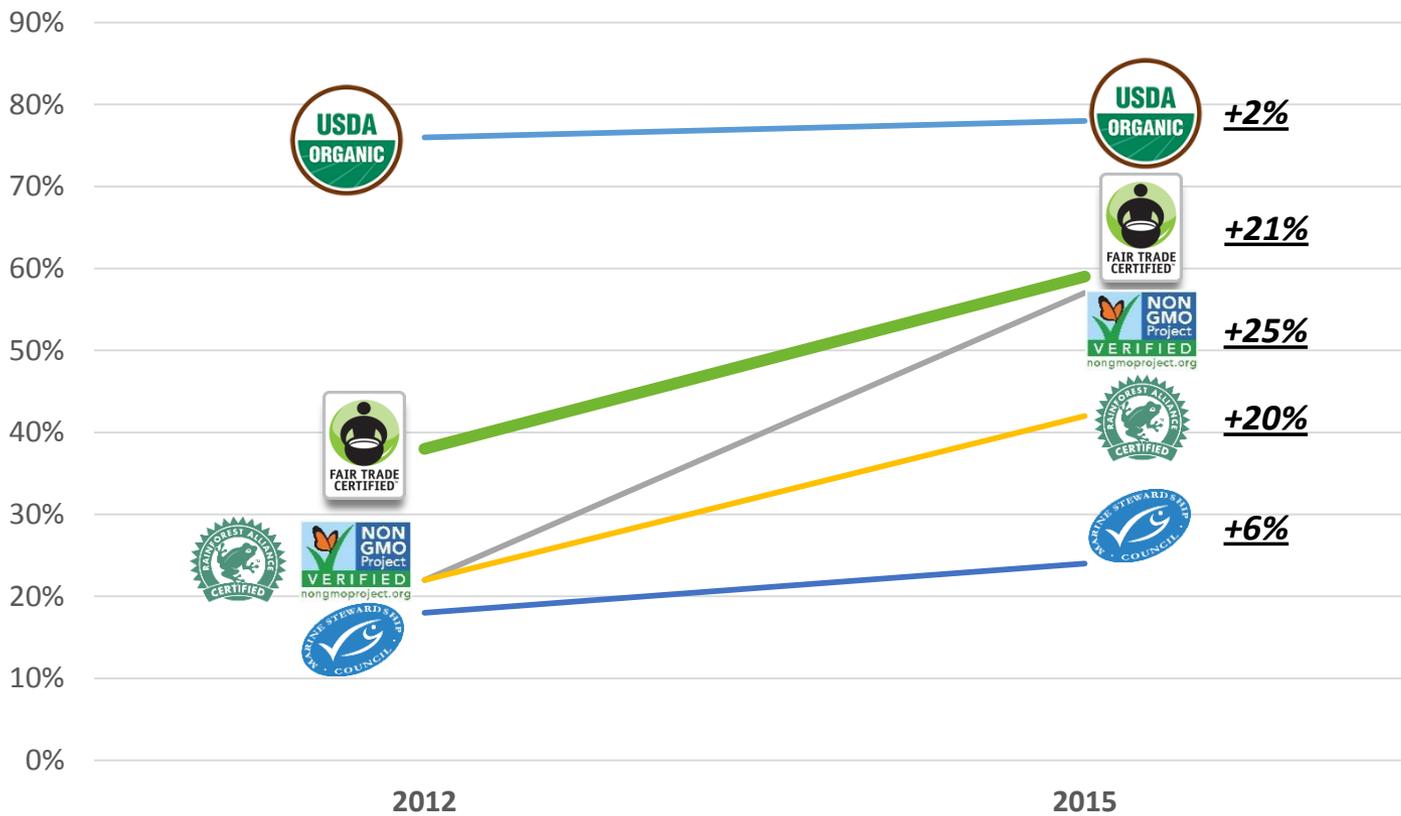
35%

+8%

Awareness of Certifications is Growing



Percent of US Consumers who recognize major sustainability labels



Natural Marketing Institute (2015)



Focus: Food Service



Technomic – *The Future of Sourcing (2016)*



Objective | Explore the sourcing of local, clean-label and origin-specific products in foodservice

- Highlight **opportunities**
- Analyze sourcing **trends**

Methodology: Technomic conducted quantitative, qualitative and secondary research

- **Consumer insights:** quantitative online survey of 2,000 consumers
- **Operator insights:** qualitative online survey with 356 operators

Definition: Clean Label



“**Clean Label** conveys notions of quality, trust and transparency”



Food Service | Patrons Care



Three-quarters of consumers say it is important for **all** foodservice locations to offer “clean label” food

Whether or not offering a “clean label” food is important for all restaurant types

76%

“I think that it is equally important for all types of foodservice locations”

The Future of Sourcing in Foodservice | Technomic (2016)



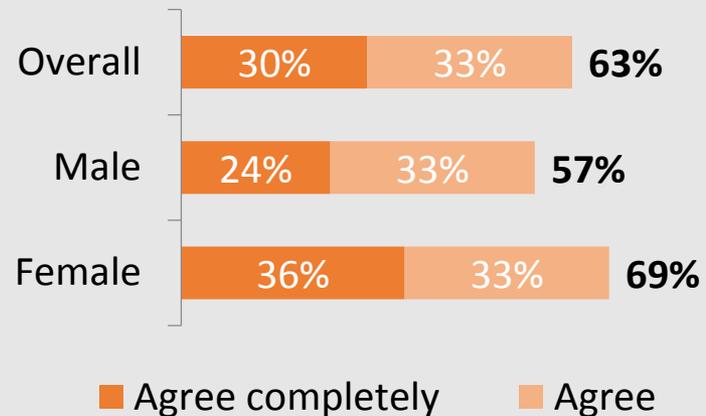
Food Service | Interest is Growing

Consumers and the industry are increasingly interested in sourcing and sustainability.

Consumers

“I am more interested today in how food is grown, raised or produced than I was two years ago...”

Technomic (2016)



Industry

Which current culinary trend will be the hottest menu trend in 10 years?

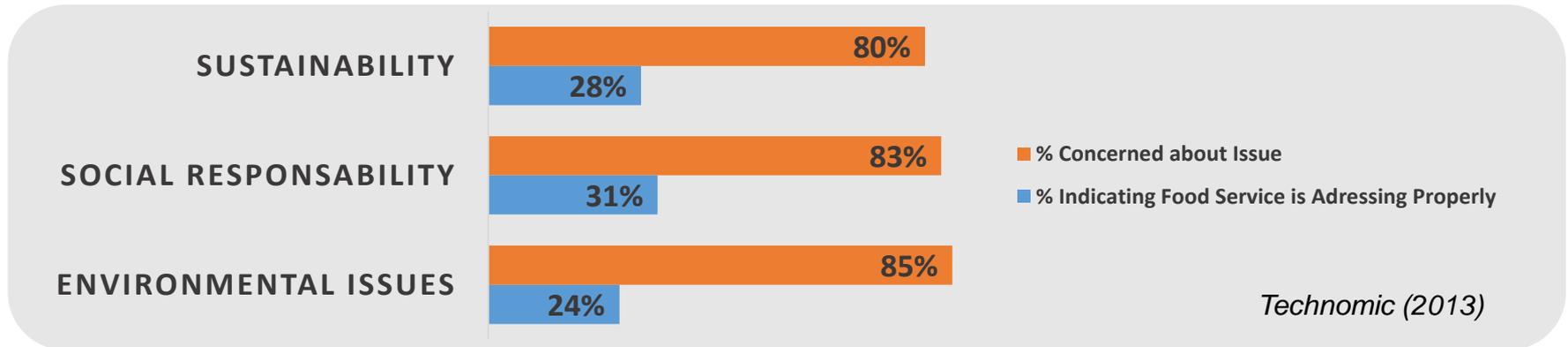


NRA (2015)

Food Service | Expectations

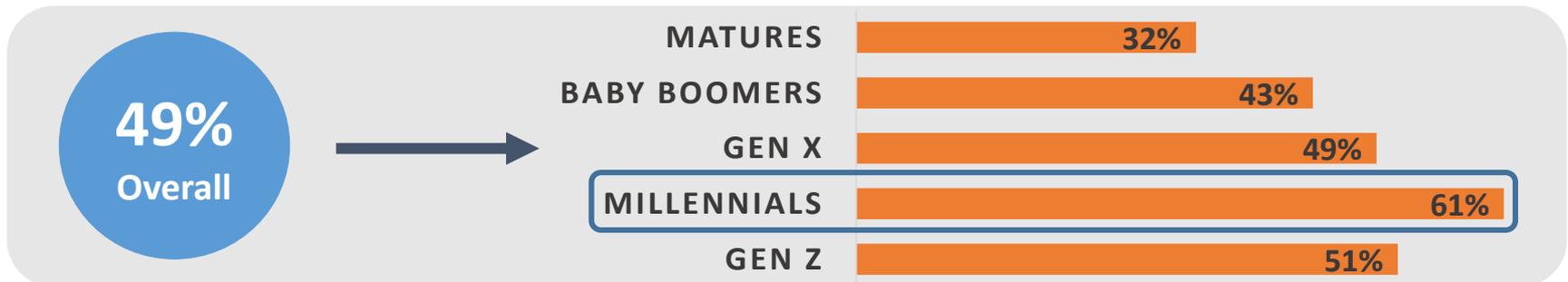


Is the industry meeting consumer expectations?



Nearly **half** of consumers say they would be more likely to visit foodservice establishments if they offered “clean-label” food

Millennials have the highest preference for food service establishments offering ‘Clean-Label’ food.



Technomic (2016)

Food Service | What's Driving Interest

Consumers and the industry are increasingly interested in sourcing and sustainability.



Reasons for Increased Interest in Food Sourcing



The Future of Sourcing in Foodservice | Technomic (2016)

Critical sustainability factors



A **majority** of consumers believe food prepared at restaurants and other food service outlets should be Fair Trade and/or Organic



Importance of “Clean Label” Terms

% Extremely or somewhat important

Recognizable

70%

Fair Trade

55%

Organic

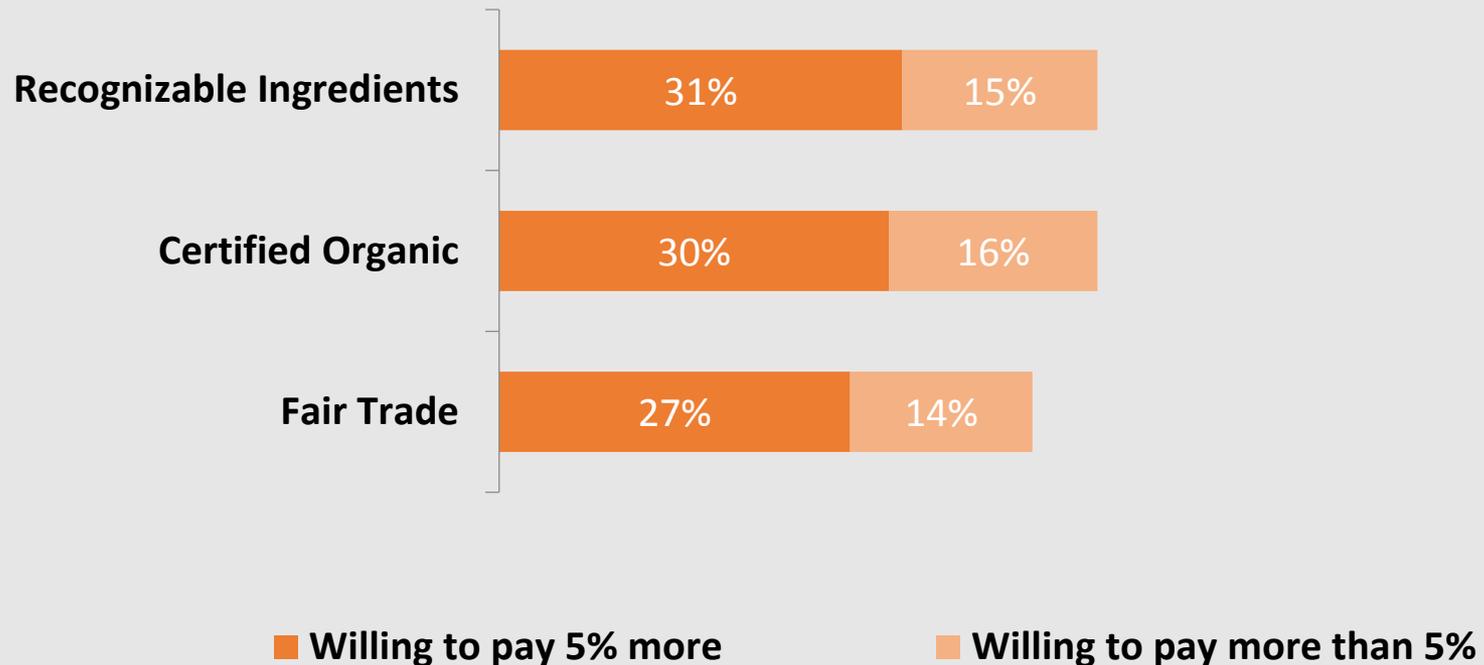
50%

Food Service | Pricing Sustainability



A significant proportion of consumers are willing to pay more for sustainability oriented descriptions

Percent of consumers willing to pay _% more for a product



Food Service | Expectations

Expectations indicate that demand will only grow



"In the future I expect all restaurants and foodservice locations to offer _____ food."

76%

**Recognizable
Ingredients**

65%

Fair Trade

64%

Organic

Technomic (2016)

Adoption is lagging behind expectations...

Food Service | Prepping for Change

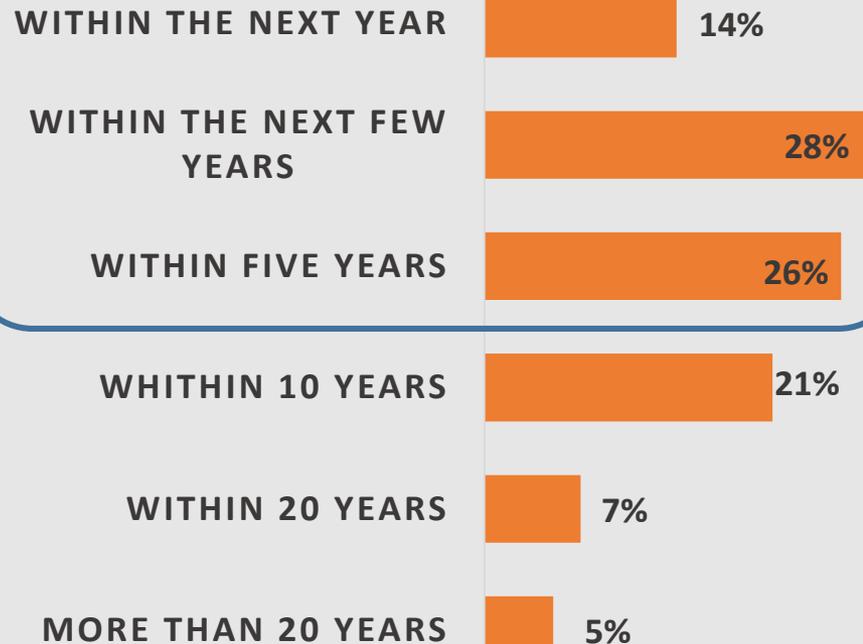


The runaway is short

Two-thirds of consumers expect restaurants and other foodservice locations to offer “clean-label” ingredients **within five years**

56% of Millennials say that foodservice locations should offer “clean-label” ingredients within the next few years.

How Long Before Foodservice Locations Should Offer “Clean-Label” Ingredients...



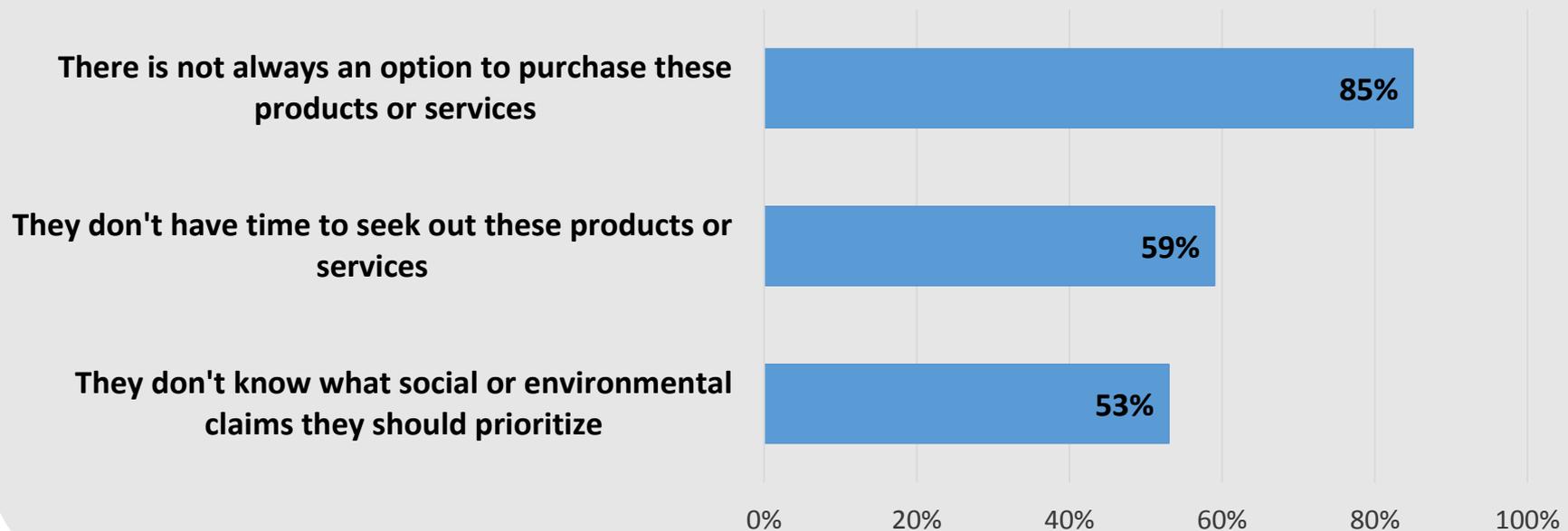
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Despite Strong Consumer Sentiment Barriers Still Exist



Consumers are looking for conveniently accessible sustainable products and services

Barriers to purchasing sustainable products/services



Cone Communications (2015)

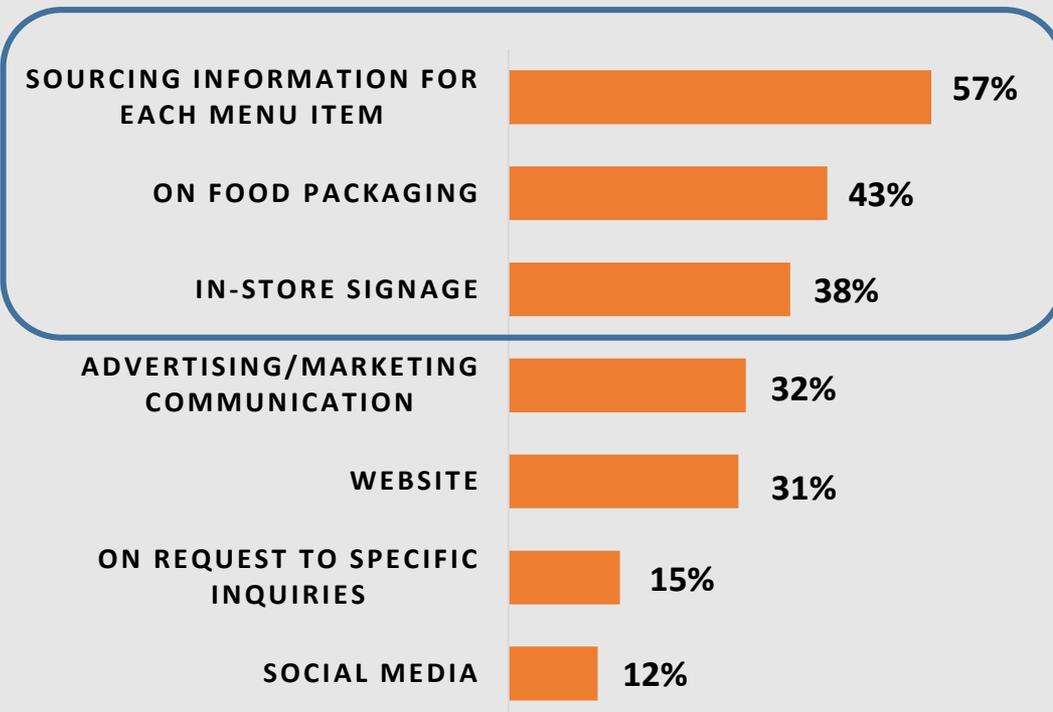
Conclusion: There exists a need for more communication

Food Service | Communicating Sustainability

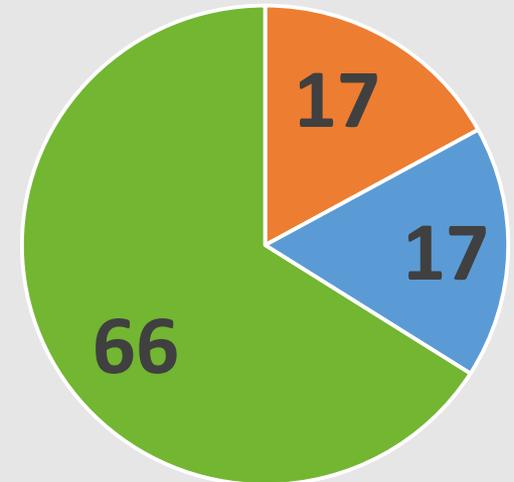


Where are consumers looking for information?

Consumers prefer to learn about ingredients through direct information on the menu



Technomic (2016)



66% of consumers prefer to learn **BOTH** through **stories of impact** and **numbers/data** when hearing of a company's social or environmental commitments or results.

Cone Communications (2015)

Food Service | Sustainability is a Leading Culinary Trend



Sample Menu

Cocida

Appetizers

Salad with walnuts 

Burrata with tomatoes 

Prosciutto, watermelon and parmesan

House specialties

Original tofu burger 

Crab cake sandwich 

Homemade fish and chips 

Beverages and Desserts

Coffee 

Sodas Lemon Pie

Juices Blackberry cheesecake

Glass of wine Ice cream 

Beer

In store signage

Equator Coffee places co-branded signs in cafes and retail locations



Packaging and POS

Sustainability branded cup sleeves and other point-of-sale marketing materials





Transparency is Highly Valued

1) Consumers are skeptical...

Assume companies are striving to be as responsible as possible

49%

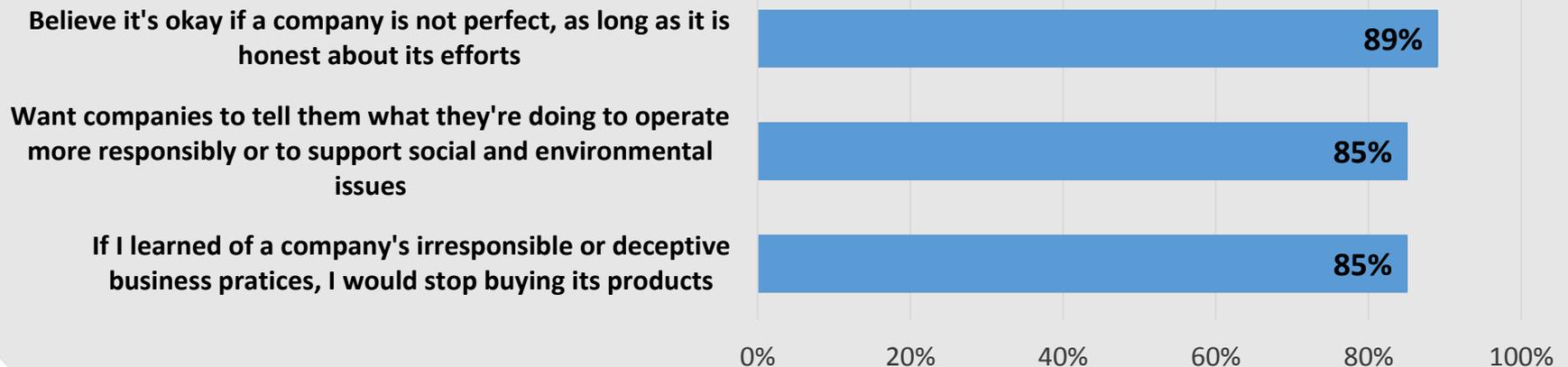
vs

51%

Don't believe companies are striving to be as responsible as possible

2) But are also willing to reward honest companies.

Percent of Consumers who agree with each statement



Questions for Reflection and Discussion



1. Where and how is your organization focusing on sustainability?
2. Who is your audience and what aspects of sustainability resonate with them?
3. How are you communicating your current commitments?

Sustainability and Fair Trade

Fair Trade values resonate with consumers

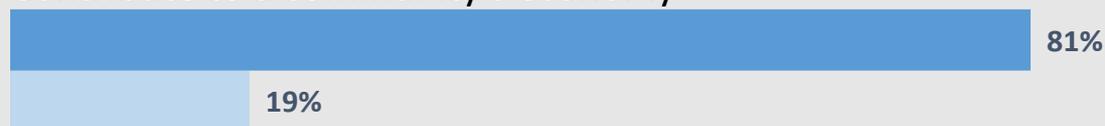


Important Factors for Product Purchase

Provide safe working conditions



Contribute to a community's economy



Protect the environment



Provide fair compensation to farmers



Provide opportunities for kids to go to school



■ Important
■ Not Important

CONE Communications (2013)

Consumers associate Sustainability with the Fair Trade Certified™ Label



Those who recognize the label associate the following statements with the Fair Trade Certified™ Label



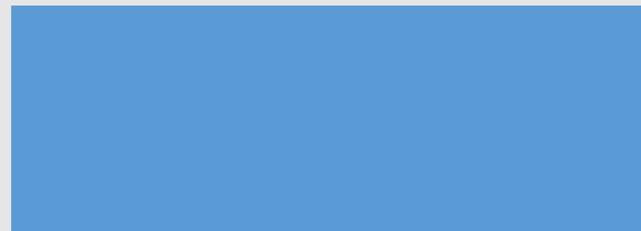
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“Farmers and workers are justly compensated”



65%

“Helping farmers in developing countries build sustainable business that positively influences their communities”



48%

Works Cited



CONE Communications

- *2015 Cone Communications Millennial CSR Study*
- *2013 Fair Trade USA Fairness Factors Survey*

Hartman Group

- *Outlook on the Millennial Consumer 2014*
- *Understanding the Sustainable Consumer – Lessons Learned and Upcoming Research, 2013*

Natural Marketing Institute

- *2016 State of Sustainability in American – 14th Annual Report*
- *2013 - NMI Coffee Consumer Sustainability Insights/Mother Parker Tea & Coffee Inc.*

Technomic

- *The Future of Sourcing in Food Service, 2016*