

Recent Study Reveals More Than a Third of Global Consumers Are Willing to Pay More for Sustainability as Demand Grows for Environmentally-Friendly Alternatives

While attitudes vary across generations, countries, and industries, 85% of consumers have become 'greener' in their purchasing in recent years. Companies must act now to avoid obsolescence in the future.

October 14, 2021, 11:33 AM EDT

BOSTON--([BUSINESS WIRE](#))--With COP26, the 2021 United Nations Climate Change Conference, just weeks away, a major study of more than 10,000 people across 17 countries shows that sustainability is becoming increasingly important in consumers' purchasing decisions, especially as consumers see themselves, along with for profit companies, as the primary catalysts for change. The Global Sustainability Study 2021*, conducted by global strategy and pricing consultancy [Simon-Kucher & Partners](#), reveals significant global paradigm shifts in how consumers view sustainability and the associated generational differences in willingness to pay for sustainable products and services. This creates both future challenges and opportunities for all companies as the

world becomes more sustainable. Consumers also see themselves as the agents of change, implying that the call to action for companies to adapt has never been more urgent.

The Generational Gap: Younger consumers are more actively taking steps towards being more sustainable

Globally, 85 percent of people indicate that they have shifted their purchase behavior towards being more sustainable in the past five years -- however, we observe meaningful generational differences in attitude. When looking at both Baby Boomers and Generation X, 24 percent across each have significantly changed their behavior towards being more sustainable -- this figure climbs to 32 percent for Millennials. Additionally, one third of Millennials will choose a sustainable alternative when available, whereas older generations are less likely to actively choose sustainable alternatives (24-29 percent).

While attitudes towards sustainability vary between generations, they also vary across countries -- when looking at consumers who have either made significant changes to their purchasing behavior or completely changed their way of living to be more sustainable, Austria leads the way (42 percent), followed by Italy (41 percent), Spain (35 percent) and Germany (34 percent). For the US, 22 percent of consumers indicate major changes to the behavior, but that number jumps to 55 percent when including those who say they've at least made some modest changes.

“Millennials and Gen Z are becoming a force to be reckoned with as they continue to represent a larger share of the consumer demographic. Companies that don't have

sustainability as part of their core value proposition need to act now to protect against future reputational impacts and loss of market share,” said Shikha Jain, author of the study and Partner at Simon-Kucher & Partners. “We’ve been on this journey for a while, but the clock is ticking and failure to think through the implications could have long-term consequences for traditional firms.”

**Across industries and countries, sustainability is a significant purchase criterion -
- though price and quality continue to dominate**

Globally, sustainability is rated as an important purchase criterion for 60 percent of consumers. In the US, this number is just over the global average at 61 percent.

Attitudes towards sustainability also vary by industry when measuring its importance as a purchase criterion, from 74 percent in Energy/utilities to 44 percent in Financial services. Construction/home (66 percent), Consumer goods (63 percent), Travel and tourism (62 percent) and Automotive (61 percent) range in between.

“The relative importance of sustainability during the purchase process will continue to increase. Today, 50 percent of consumers rank sustainability as a top five value driver,” said Dr. Andreas von der Gathen, co-CEO of Simon-Kucher. “As expectations around sustainability climb, companies will face significant pressure to prove their sustainability credentials and continue to make it a central part of their value proposition.”

One third of consumers are willing to pay a premium for sustainable products, and companies should prepare for sustainability to become the expectation and not the exception in the future

On average, more than a one third (34 percent) of the population is willing to pay more for sustainable products or services, and those willing to pay more would accept a 25 percent premium on average. Again, younger generations lead the way as higher shares of Generation Z (39 percent) and Millennials (42 percent) are willing to pay for sustainability compared to Gen. X (31 percent) and Baby Boomers (26 percent). In terms of how much, Gen. Z (32 percent premium) and Millennials (31 percent premium) are willing to pay more than twice as big a premium as Baby Boomers (14 percent premium) and a third more relative to Gen. X (21 percent premium).

Globally, willingness to pay for sustainable products or services is highest in US (42 percent), with these the US also representing the highest average premium (37 percent premium).

Across industries, willingness to pay for sustainability is highest in Consumer goods (38 percent), and lowest for Energy/utilities (31 percent). Interestingly, of the people that are willing to pay a sustainability premium, the premium amount is lowest for Consumer goods (22 percent premium on average) – it is highest for Financial services (27 percent premium on average).

“A substantial portion of consumers are currently willing to pay for sustainability, demonstrating that there is a market for ‘mission-driven green’ companies and why we see a rise in sustainable companies around the world. However, as demand grows for

sustainable products and they become the expectation rather than the exception, sustainability will become table stakes and hygiene factors,” said Jain. “Companies must invest, innovate and transform their business models now to protect their long-term profitability and viability. The rise of sustainable disruptors and increasing consumer awareness will all serve to drive the expectation for affordable sustainable alternatives.”

Complete study findings are available upon request, including country splits.

****About the Study:***

The Global Sustainability Study 2021 survey was conducted in July 2021 by Simon-Kucher & Partners, fielding through panel data provided by Dynata, an independent market research agency. The study surveyed 10,281 consumers across 17 countries: USA (N=1,062), Germany (N=1,022), Denmark (N=771), Sweden (N=757), Brazil (N=539), China (N=516), Japan (N=516), Spain (N=515), Switzerland (N=514), UK (N=513), Australia (N=510), Austria (N=510), France (N=510), the Netherlands (N=510), Norway (N=506), Italy (N=506), UAE (N=504), including representative quotas set for age, gender, living area, education level, employment status & income level. The study, which was designed to measure consumer attitudes towards sustainability, importance of sustainability and willingness-to-pay for sustainability, also focused on 17 different product/service categories of the following sectors: Consumer Goods & Retail; Automotive; Travel & Tourism; Energy/Utilities; Financial Services; and Construction/Home.