

Sustainable Market Share Index™ 2024 Report



Sustainable Market Share Index™: Research Questions

Consumer packaged goods (CPG) companies are responding to changing consumer expectations, including for more sustainable products. NYU Stern CSB is the only organization conducting an annual analysis of consumer purchasing data to assess the performance of sustainable products in the evolving market.

NYU Stern Center for Sustainable Business partnered with Circana, to assess the following:

1. How have sustainable products fared over time?
2. What is the price premium of sustainable products?
3. What is the sustainable market share in Germany and the U.K.?
4. What is the demographic profile of the sustainable purchaser? (2023 analysis)
5. How important is sustainability in new product development? (2021 analysis)

Sustainable Market Share Index™: Executive Summary

We reviewed consumer purchasing of products marketed as sustainable in 34+ consumer packaged goods (CPG) categories that comprises ~40% of the total CPG market* (\$).

Sustainable Products Share Performance

- Products marketed as sustainable now hold a **23.8%** market share of branded players, **up +9.2 ppts** vs 2013, and **up 2.6 ppts** vs. prior year **despite continued inflation** (Pg. 7)
- Both **sustainable share** and **store brand share grew vs. prior year** (+ 2.6ppts and 0.4ppts respectively) at the expense of conventionally marketed products (Pg. 8)
- Products marketed as sustainable grew **2.3X** faster than products not marketed as sustainable and achieved a **5-YR CAGR of 12.4%** vs **5.4%** for its conventional counterparts (Pg. 9)
- **More than half** of all categories analyzed have grown over **10+ ppts increase in market share** of sustainability marketed products since 2013 (Pg. 10)

Price Premiums

- Branded products marketed as sustainable enjoy an **average price premium of 26.6%**** vs. conventionally marketed branded counterparts, but the **differential has stabilized** since declining from its peak in 2018 (Pg. 13) and varies significantly by category (Pg. 14)

European Markets *(preliminary report)*

- Sustainable shares in the European markets examined exceed that of the U.S.
- Branded products marketed as sustainable account for **36.7% of the market share in the U.K.** and **42.1% of the market share in Germany** (Pg. 16)

*Excluding alcohol and tobacco. **Weighted by \$ Sustainable Sales of categories examined

Sustainable Market Share Index™: Executive Summary (Page 2 of 2)

Demographics (2023 report)

- **Upper income, millennials, college-educated and urban** consumers are more likely to buy sustainability- marketed products. In addition, Middle Income, Baby Boomers and Gen Xers contribute a significant percent of sustainable sales (Pgs. 18-21)

Innovation (2021 report)

- The **percentage of new products** that incorporate sustainability benefits have **increased** every year since 2017 (Pg. 23)

Sustainable Market Share Index™: Research Question 1

Research Question: Have branded products marketed as sustainable delivered growth and how have they performed relative to conventionally marketed products?

Research Result: Products marketed as sustainable have grown every year since 2013, with a significant share increase during the pandemic and recent inflation. Moreover, they are contributing to a disproportionate share of the CPG category growth.

Sustainable Market Share Index™: Methodology



Partnered with Circana (formerly IRI) to access Point of Sale (POS) data



POS data in the US examined to date:

- 36 categories excluding alcohol and tobacco
- 12 years: January 2013 through December 2024
- Reviewed over 250,000 products

POS data in Europe examined:

- 34 categories in Germany; 34 categories in the UK, excluding alcohol and tobacco
- 1 year, January 2024 through December 2024
- Reviewed 67,000+ products in Germany; 71,000+ products in the UK

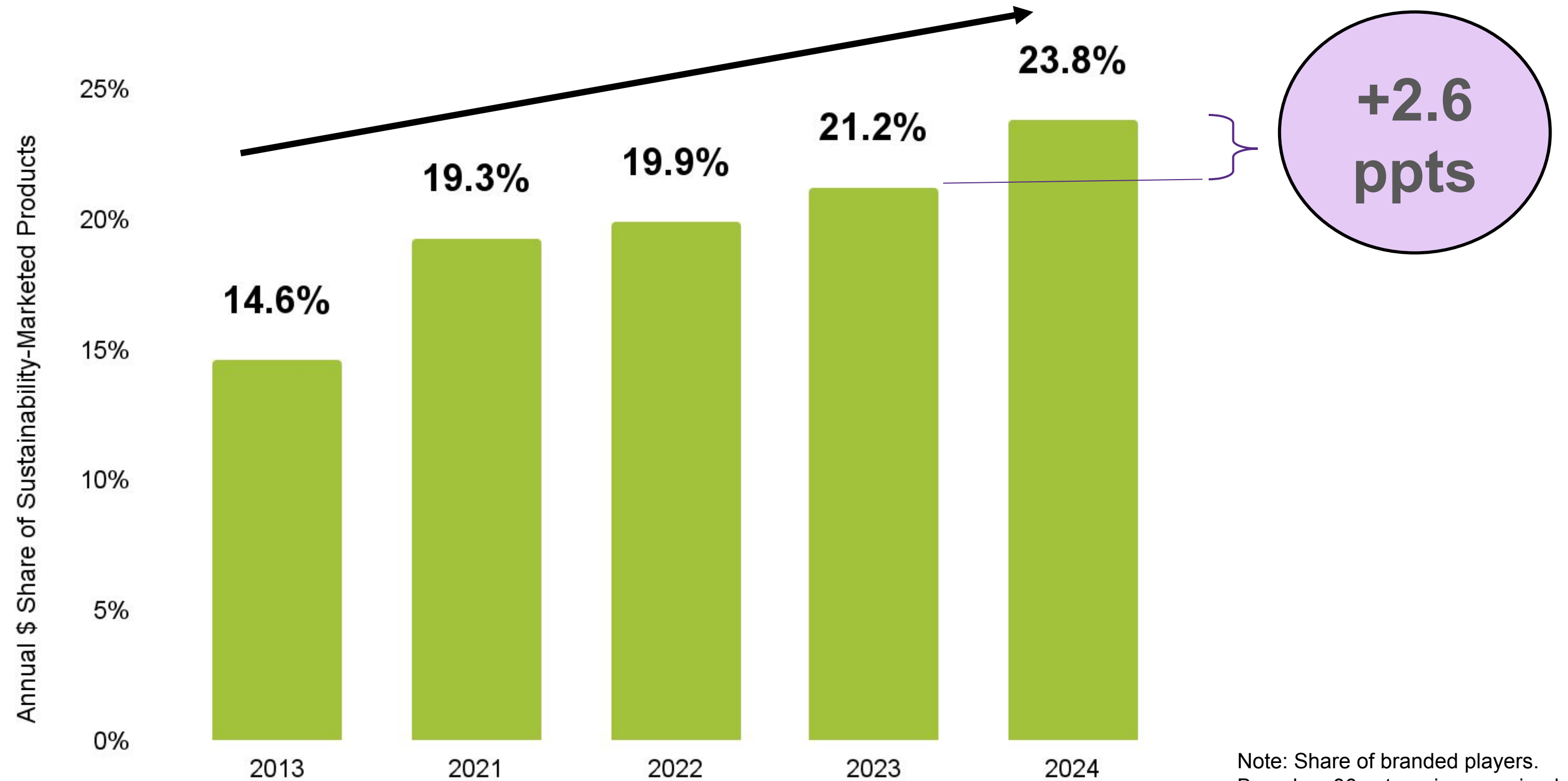


Identified all SKUs for each category marketed as sustainable with on-package communication (e.g., third-party certification, USDA Organic, no phosphates, plant-based, no-phthalates, FSC)

Note: All estimates and analysis in this presentation based on Circana data are by the authors and not by Circana, formerly Information Resources, Inc.

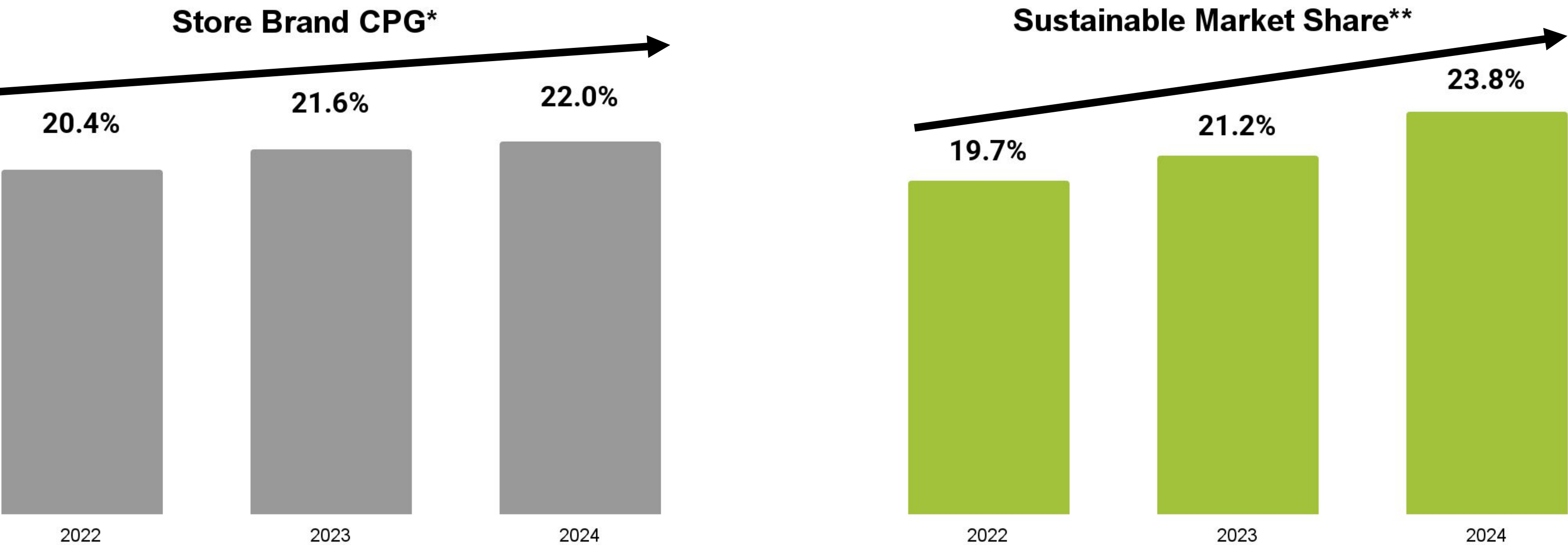
Sustainable Market Share Index™: 2024 Market Share

Products marketed as sustainable continue to **grow share despite high inflation**



Sustainable Market Share Index™: CPG Growth Segments

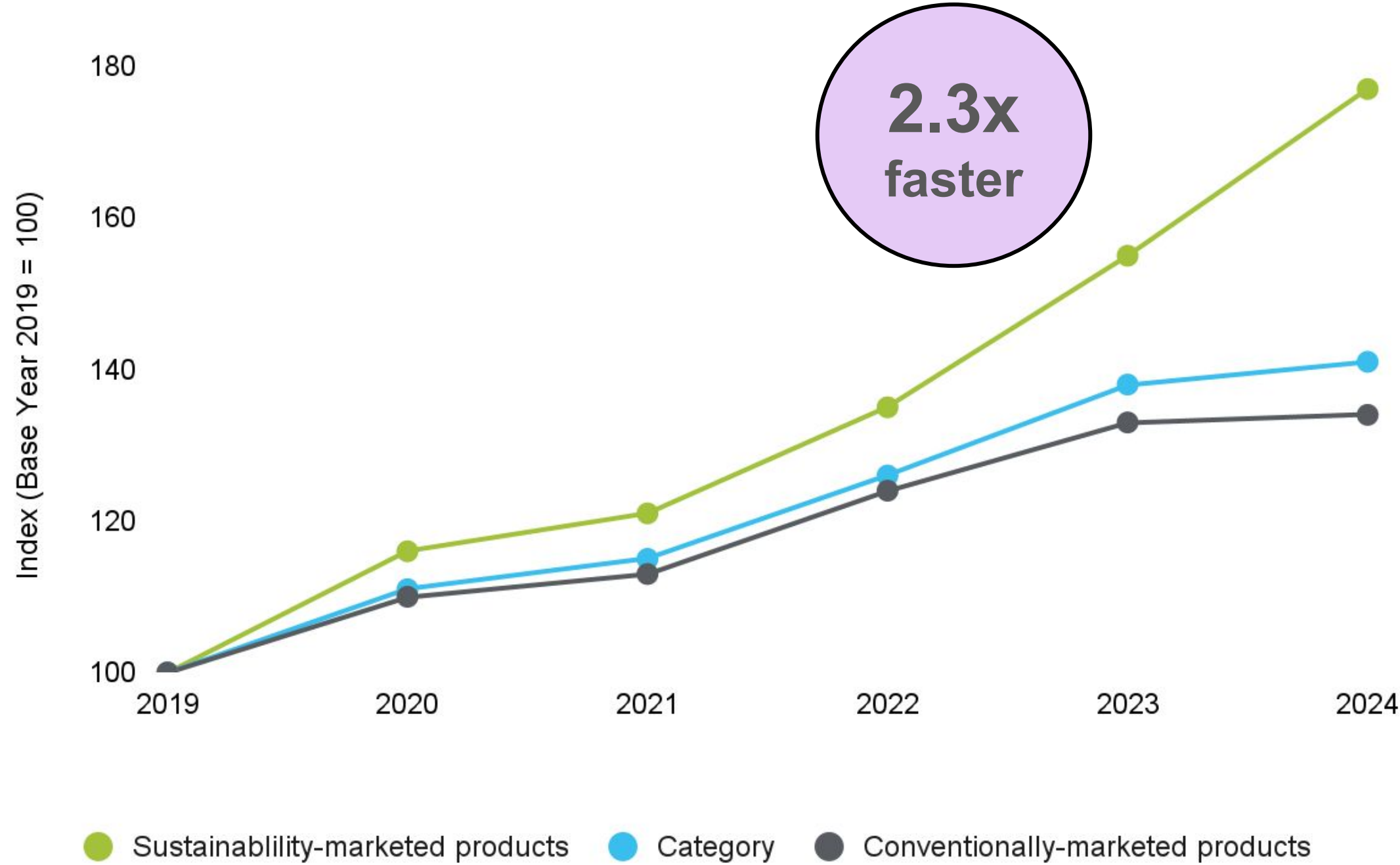
Store brand share of market was 22.0%, up +0.4% from 2023, suggesting branded **sustainable products** are **more insulated** from inflation-driven moves to store brands



* From Circana private label report
**36 categories examined

Sustainable Market Share Index™: Growth Rate 5-YR CAGR

At a **12.4% 5-year CAGR**, sustainability marketed products grew 2.3X faster than conventionally marketed products



Sustainability-marketed
5-yr CAGR:

+12.4%

Total Market
5-yr CAGR:

+6.8%

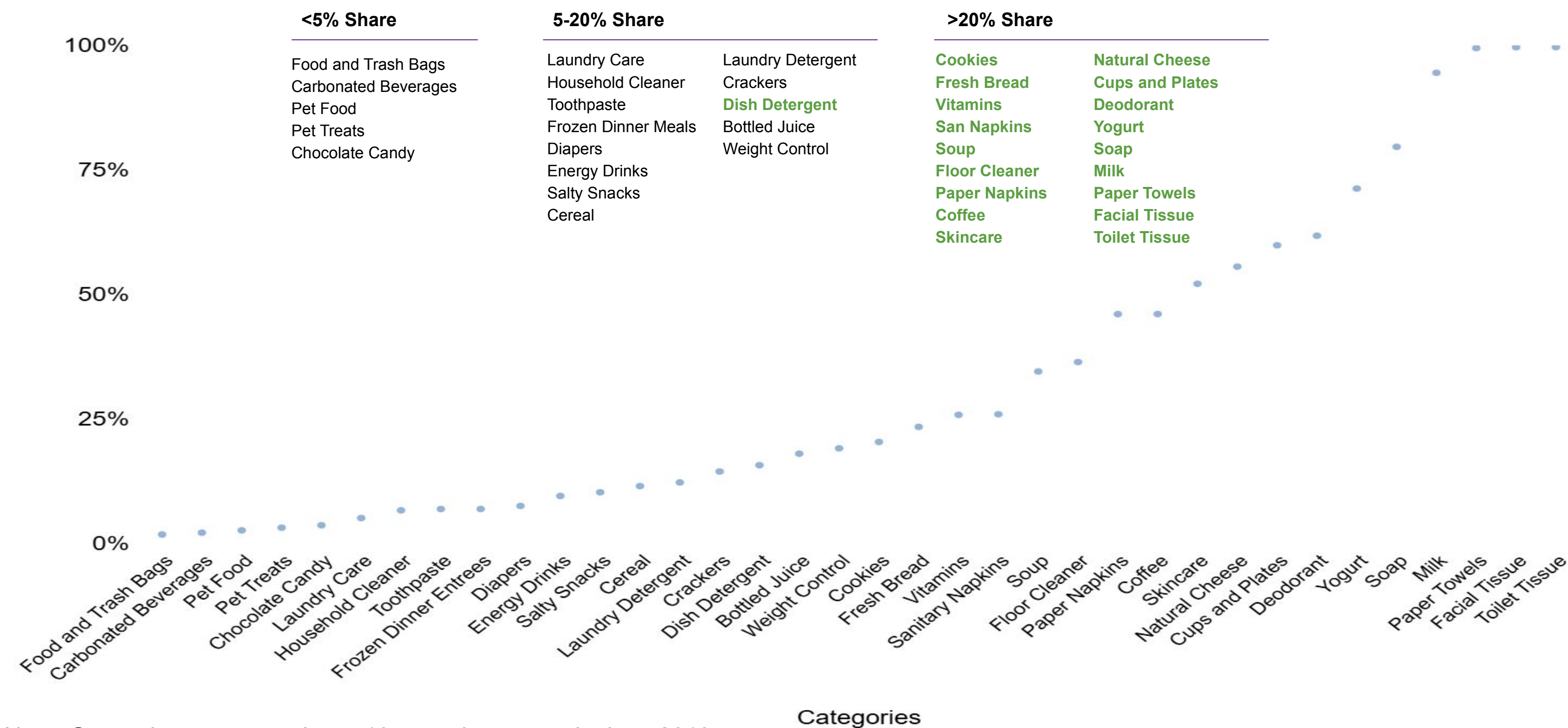
Conventionally marketed
5-yr CAGR:

+5.4%

Note: Share of branded players.
Based on 36 categories examined

Sustainable Market Share Index™: Category Performance

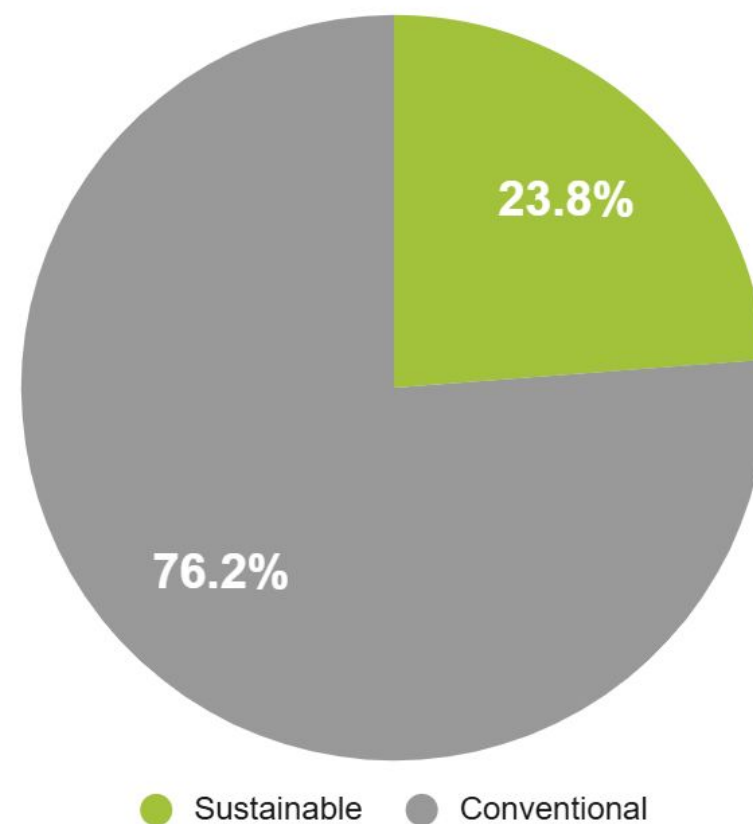
19 of the 36 categories have seen **10+ percentage point growth** in share since 2013



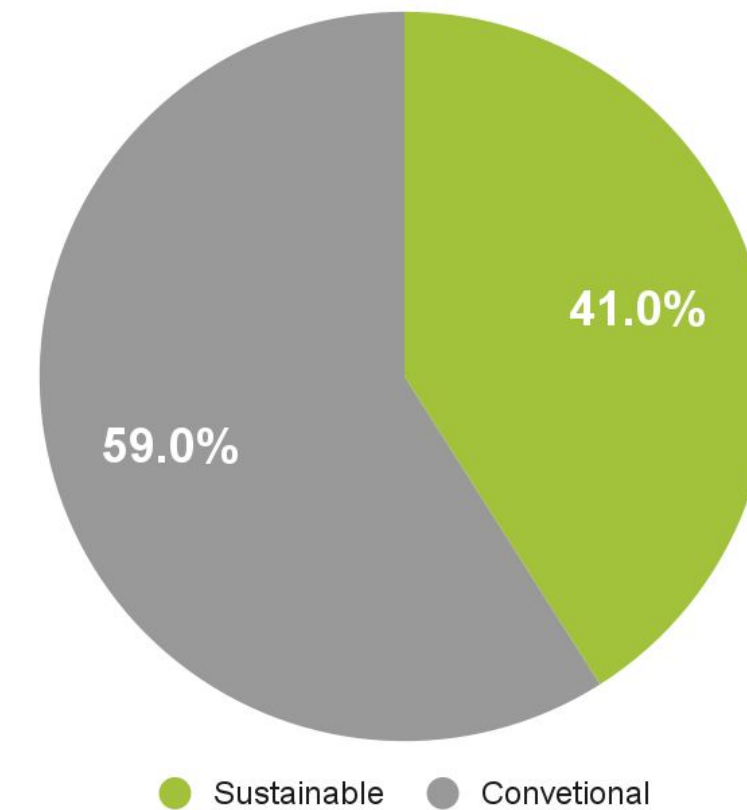
Sustainable Market Share Index™: Contribution to Growth

Despite being 23.8% of the market, branded products marketed as sustainable delivered **41% of the CPG market growth (2013-2024)**

\$ Share of Market (2024)



\$ Share of Market Growth (2013-2024)



Note: Share of branded players.
Based on 36 categories examined

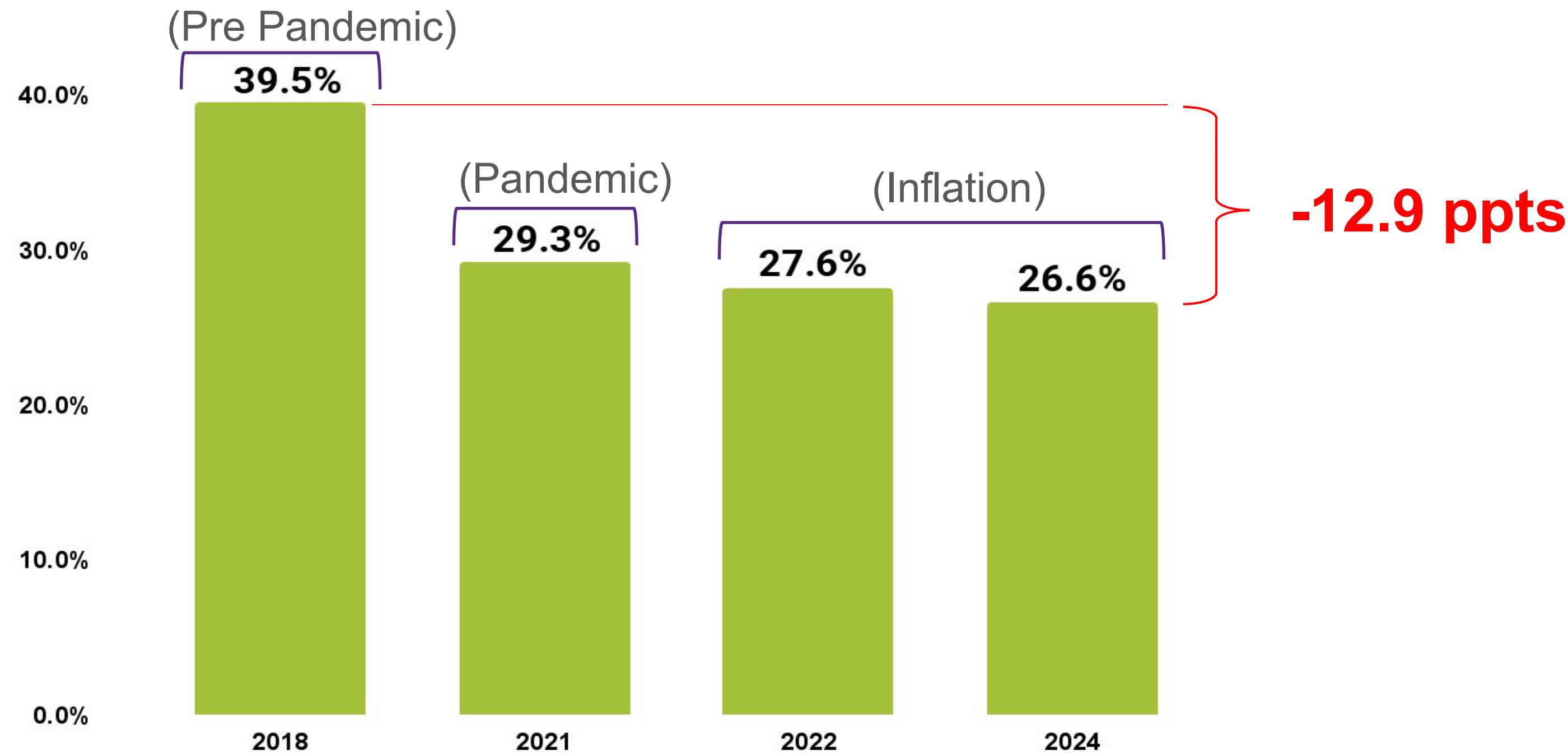
Sustainable Market Share Index™: Research Question 2

Research Question: What is the price premium of sustainable products?

Research Result: Products marketed as sustainable still enjoy a sizeable premium vs. their conventional counterparts, but that gap has shrunk substantially since its peak and stabilized in recent years. Conventional product price increases significantly outpaced their sustainable counterparts.

Sustainable Market Share Index™: Price Premiums over Time

Products marketed as sustainable enjoy a **26.6% price premium** over conventional counterparts, but the rate has **decreased and stabilized** in recent years.

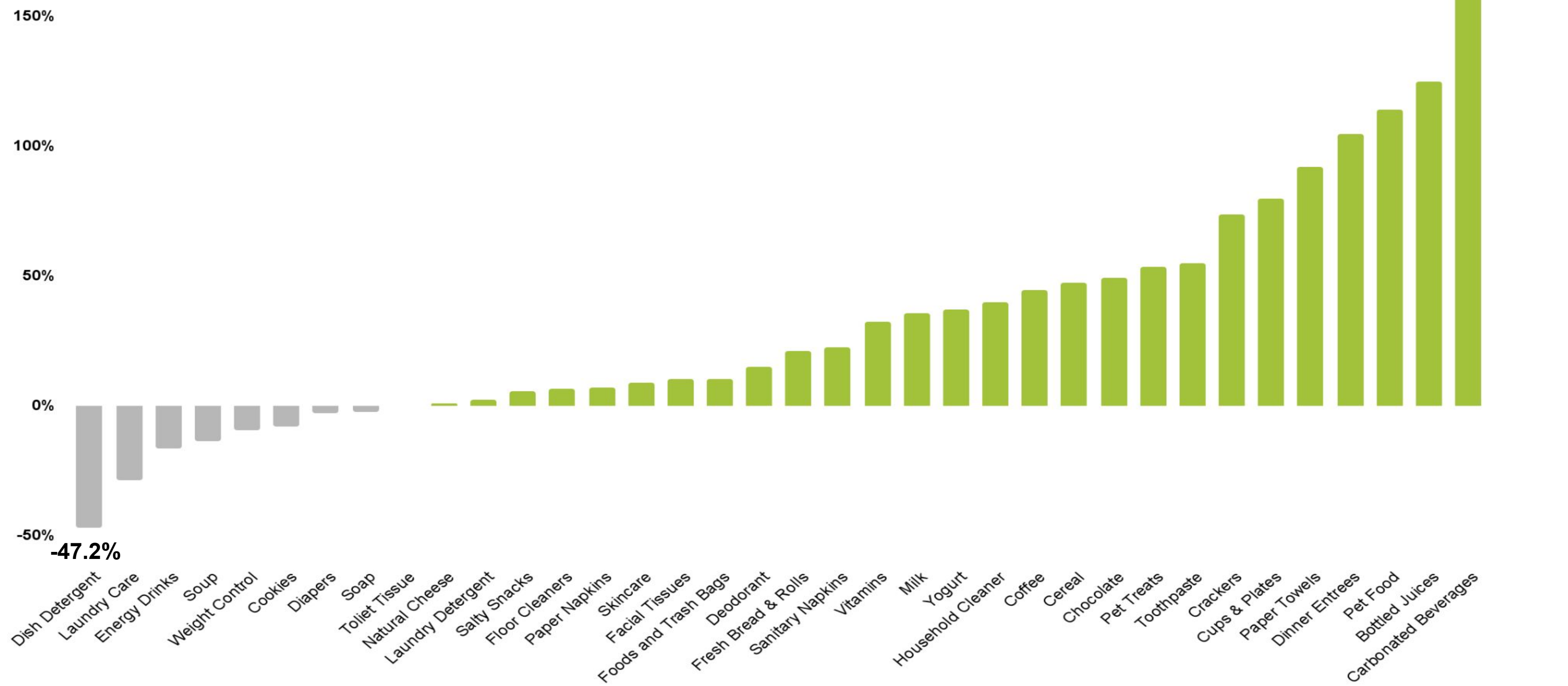


*Weighted by \$ Sustainable Sales of categories examined; analysis excluded store brand/private label

Note: Share of branded players.
Based on 36 categories examined

Sustainable Market Share Index™: 2024 Price Premium by Category

In majority of categories, sustainable products **still command price premium** ranging from 1% to 167%. A few categories have price discounts versus conventional products.

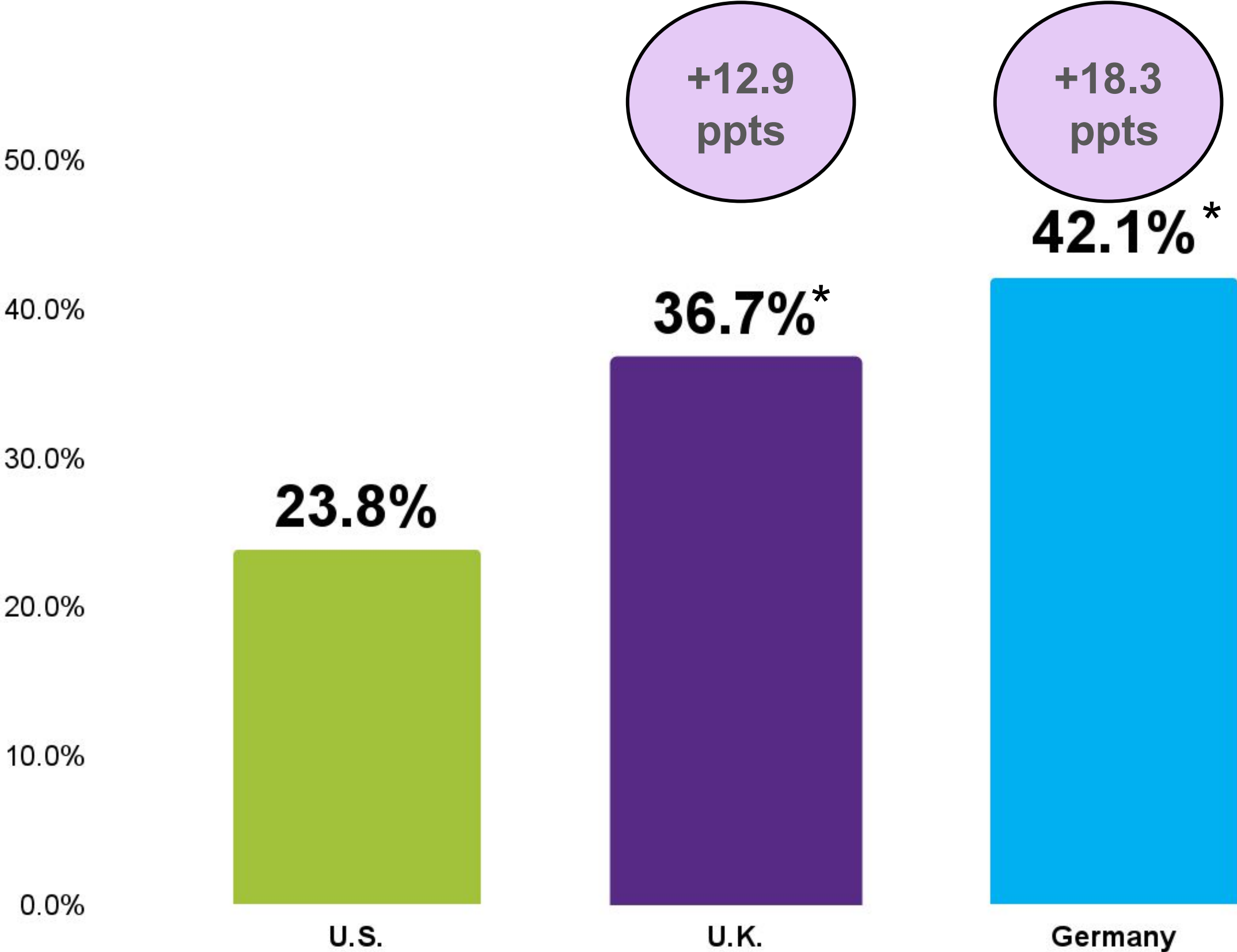


Sustainable Market Share Index™: Research Question 3

Research Question: How does U.S. performance compare to countries in Europe?

Research Result: UK and Germany have a significantly higher share of branded products marketed as sustainable compared to the US, with some sustainability claims specific to each region.

Sustainable Market Share Index™: U.K. and Germany



*Preliminary findings. Final report to come.

Sustainable Market Share Index™: Research Question 4 (2023 report)

Research Question: What is the demographic profile of the sustainable purchaser?

Research Result: Millennials, upper income, college- educated and more urban cohorts are more likely to buy sustainability-marketed products. Baby Boomers, Gen Xers, upper and middle income, college educated and urban cohorts account for the bulk of the sustainable dollars spent.

▪ Analysis conducted using IRI HH panel data; based on 35 categories examined

Sustainability Purchase Index – Generational Cohorts (2023)

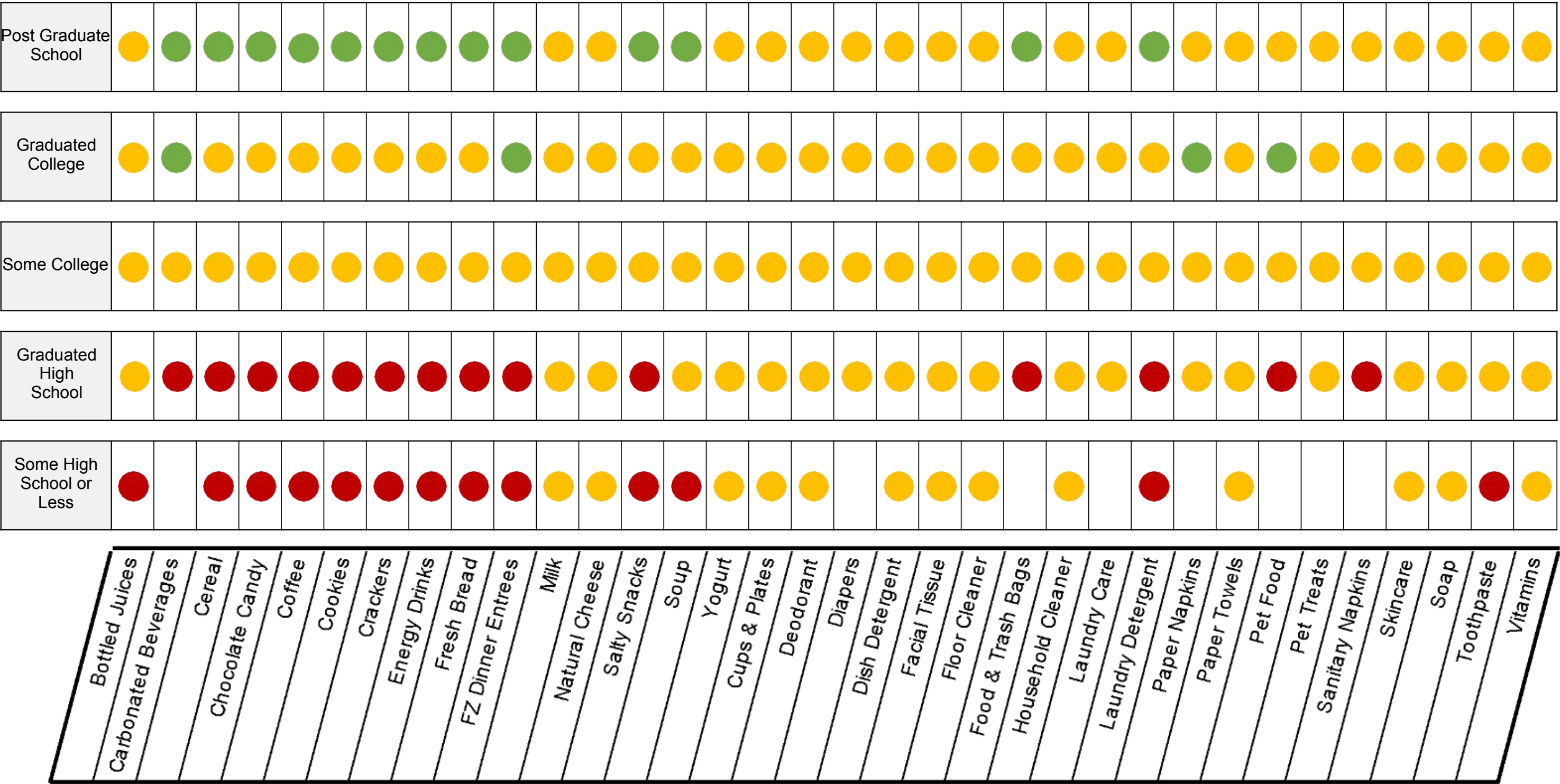
In general, the **younger the HH**, the **more likely** they are to purchase sustainable products



Chart read as: Millennials purchased a significantly higher percent (>1.2x) of their Coffee purchases on Sustainable Products, than did Average HHs.

Sustainability Purchase Index – Education (2023)

The **more educated** the consumer, the **more likely** they are to buy sustainable products



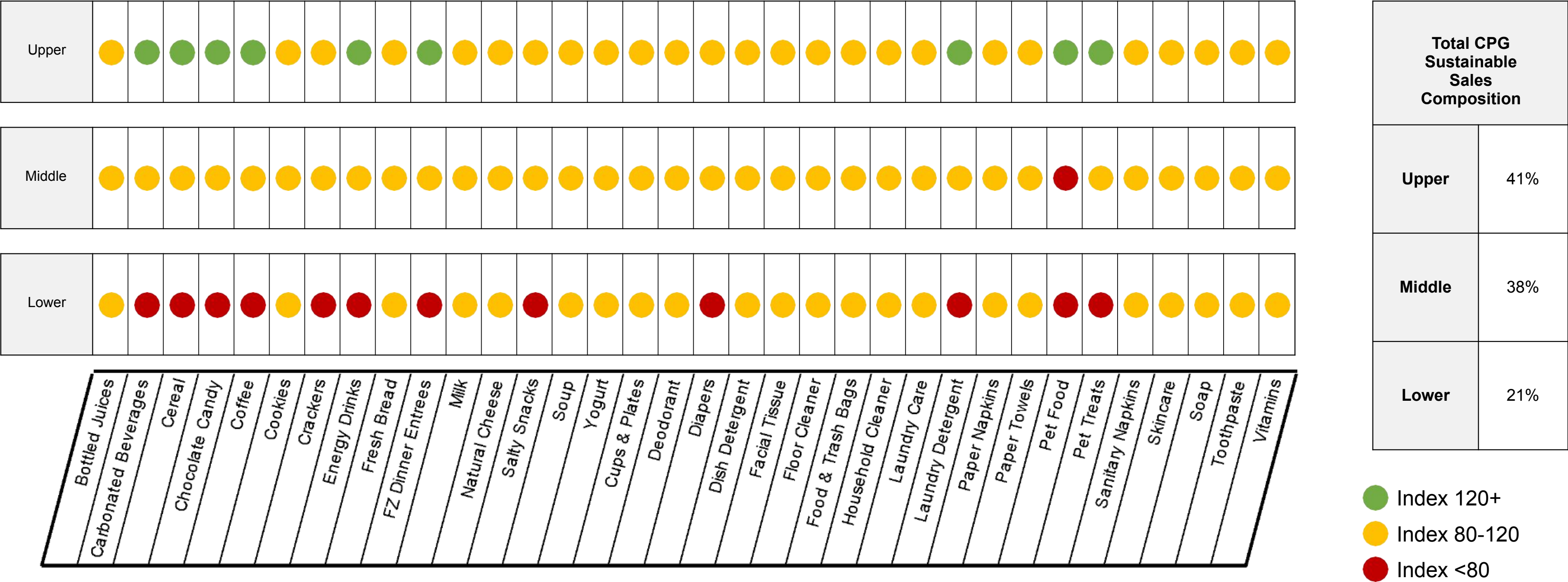
Total CPG Sustainable Sales Composition	
Post Graduate School	18%
Graduated College	36%
Some College	27%
Graduated High School	17%
Some High School or Less	2%

- Index 120+
- Index 80-120
- Index <80

Chart read as: Female HHs who attended Post Graduate School purchased a significantly higher percent (>1.2x) of their Carbonated Beverage purchases on Sustainable Products, than did Average HHs.

Sustainability Purchase Index – Income Tiers (2023)

The **more affluent** the consumer, the **more likely** they are to buy sustainable products



Income Classification: Upper ($\geq \$70k$ 1P + $\$30k$ all others), Middle ($\$30-70k$ 1P + $\$5k$ per add'l Person), Lower ($< \$30k$ 1P + $\$5k$ per add'l Person)

Chart read as: Upper Income HHs purchased a significantly higher percent ($>1.2x$) of their Carbonated Beverage purchases on Sustainable Products, than did Average HHs.

Sustainability Purchase Index – Urbanicity (2023)

The **more urban** the consumer, the **more likely** they are to buy sustainable products

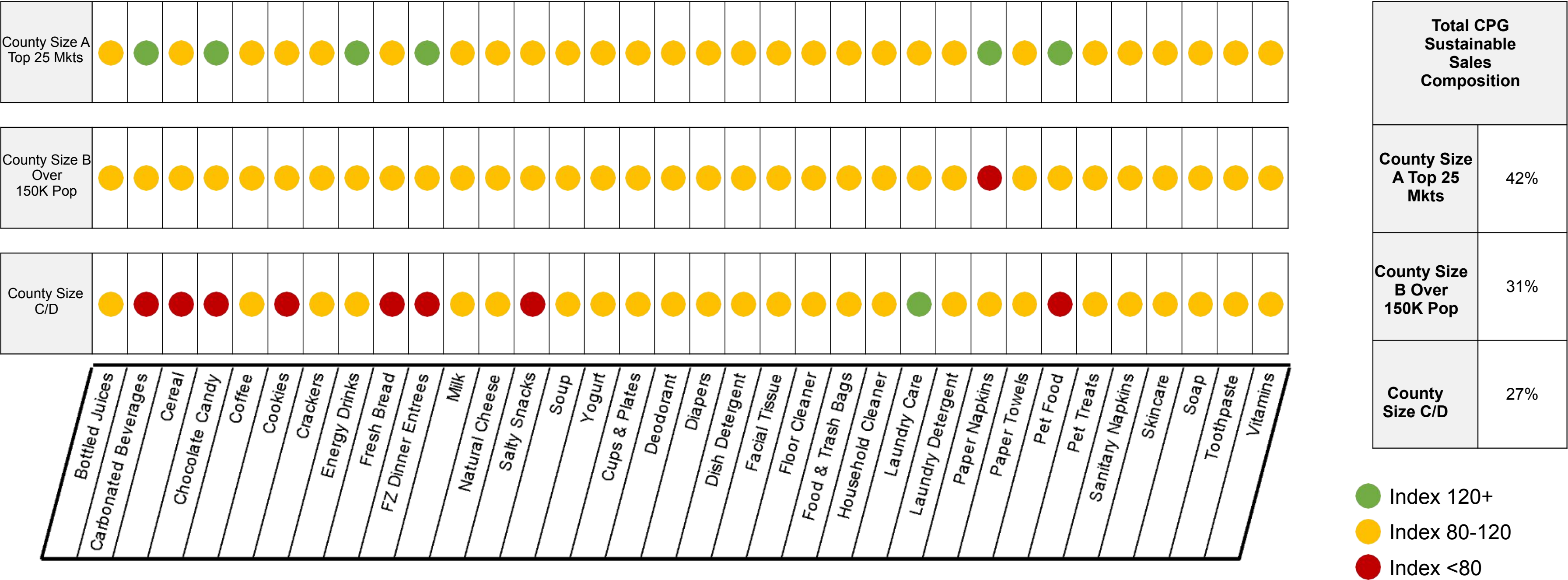


Chart read as: Households in County Size A purchased a significantly higher percent (>1.2x) of their Carbonated Beverage purchases on Sustainable Products, than did Average HHs.

Sustainable Market Share Index™: Research Question 5 (2021 report)

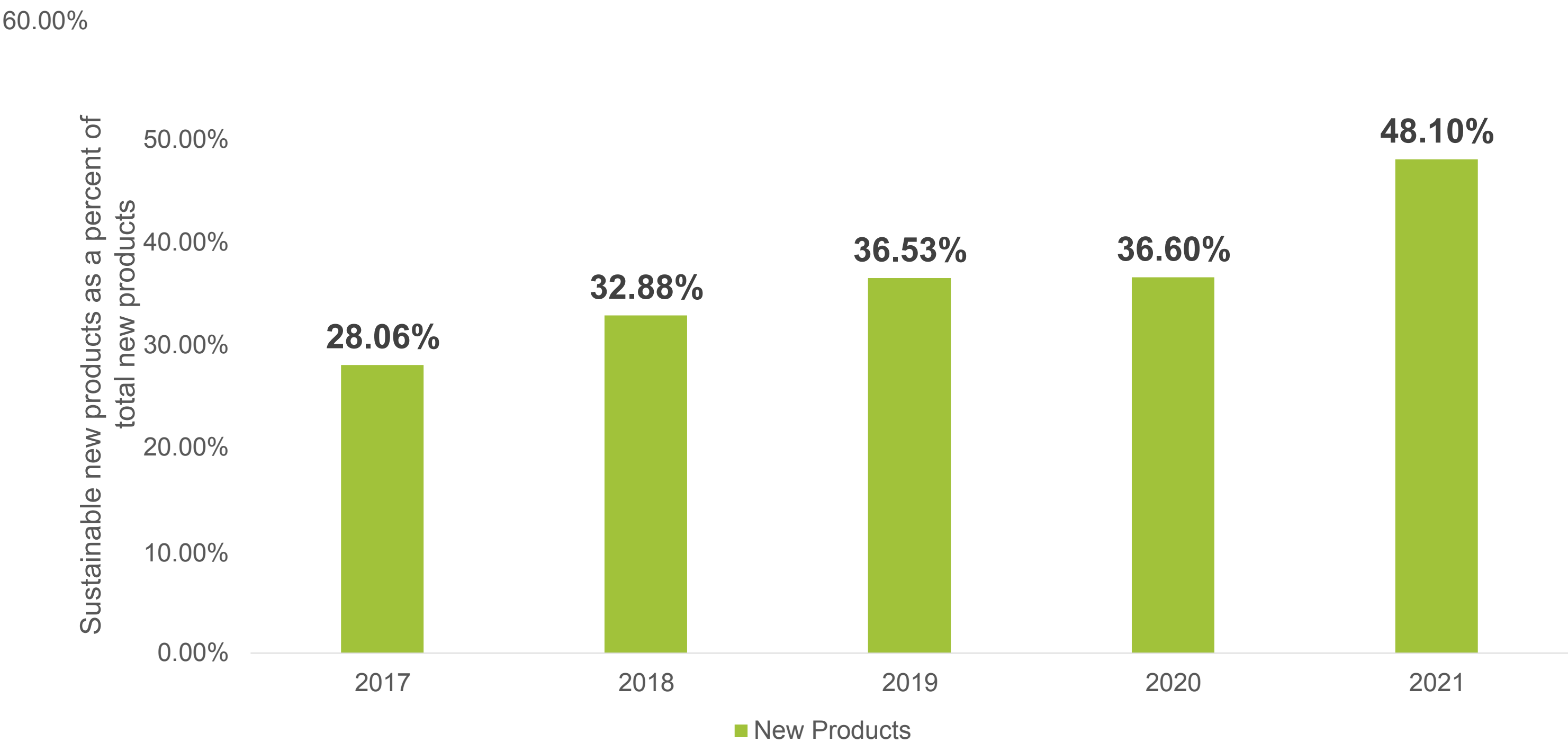
Research Question: How important has sustainability become in new product development?

Research Result: The percentage of new products with sustainable attributes have increased every year since 2017. In 2021, approximately one out of every two new products introduced had a sustainable benefit.



Sustainable Market Share Index: New Products (2021)

The percentage of new products that incorporate and communicate sustainability benefits have **increased every year** from 2017 to 2021



Note: Based on 32 categories examined

Appendix

Methodology

Data

- Circana Point of Sale, HH panel data in all measured channels in U.S.; Point of Sale data used in the European analysis

Selection Criteria

- 36 categories examined held the largest dollar volume; in a few cases, smaller categories were included to ensure fair representation of all major CPG segments. 34 categories examined in the UK and 34 categories examined in Germany
- Over 250,000 products reviewed in the U.S.; 67,000 in Germany; 71,000 in the UK.
- Previous SMSI reports recorded private label/store brand products as conventional due to lack of visibility (Circana is unable to share retail store brand data). This was a conservative approach, as many store brands are marked as sustainable. Given the increase in private label share in recent years, this practice was depressing the sustainable share results. Thus, we've recalculated all previous years and moving forward will only report the sustainable product share of branded players (~80% of the market).

Sustainability-Marketed Products Determination

- Identified all SKUs for each category marketed as sustainable with on-package communication, e.g. 3rd party certification (e.g. USDA Organic), containing organic ingredients, no phosphates, no phthalates, etc.
- Sustainability determination focused on the product itself, not the recyclability of the package.
- A very conservative approach was adopted. For example, the following was not considered sustainable:
 - Natural with no other sustainable identification
 - Recyclable packaging

Other Assumptions/Information

- Products that were deemed sustainability-marketed in 2018 were considered sustainability-marketed in 2013. This likely depressed the growth numbers in the earlier years.
- We made no attempt to assess if products marketed as sustainable were, in fact, sustainable. Instead, we focused on whether the marketing of a product as sustainable would drive purchase.

All estimates and analysis in this paper based on Circana data are by the authors and not by Circana, formerly Information Resources, Inc.

Sustainable Market Share: Acknowledgements

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