Sustainable Consumption

CONSUMER TRENDS

INTESA SANPAOLO INNOVATION CENTER

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SUSTAINABLE CONSUMPTION
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Introduction

Research carried out at European level in 2023 by Eurobarometer shows that EU citizens are highly concerned about climate change: 93% consider it a serious problem at global level and 58% would like to accelerate the transition to a green economy.
Such widespread concern translates into concrete actions, not only those requested from governments and companies on the continent, but often those implemented in person by individual citizens who use their purchasing power as a lever to exert pressure on companies providing goods and services.

A quantitative survey by Intesa Sanpaolo in January 2024 on a sample of over 1000 Italian citizens confirmed the widespread awareness of the problems generated by climate change. The survey found that mitigating behaviours were enacted by two out of three respondents. These included the purchase of environmentally friendly products, the modification of diets, and the dissemination of information on eco-sustainable behaviours to be implemented in their own circles.

The share of people who implement repair, reuse, and recycling practices was high - 74%. A similar percentage reported that they applied energy-saving behaviours, and as many as 8 out of 10 people said they were careful to reduce food waste.
On a systemic scale, these behaviours have led to the spread of **Sustainable Consumption**, which profoundly influences the choices and practices of companies working in the consumer goods market for concrete results.
This report analyses the multiple aspects and behaviours that fall within the broad perimeter of Sustainable Consumption.

Consumers want to be able to verify a product's real sustainability throughout its entire life cycle and thank **End2End Accountability** for orienting their choice towards products that show high **Durability** and repairability over time. They also take care to minimise scrap and waste by implementing the virtuous **Zero-Waste Living** model and pay close attention to **Plastic-free Packaging**.

Consumers also require online sellers to implement eco-sustainable practices such as **Green Last-Mile** delivery, and online marketplaces are always ideal for implementing the **Digital Second Hand**; the communicative power of online content also sees the role of **Greenfluencers** increasingly decisive.

The last issue examined in the report is **Sustainable Urban Mobility** which even if it is not closely linked to purchasing issues extends the approach of sustainable consumption also to the demand for transport services that play such a leading role in the production of greenhouse gases.

End2End Accountability

Chapter 1

1. End2End Accountability

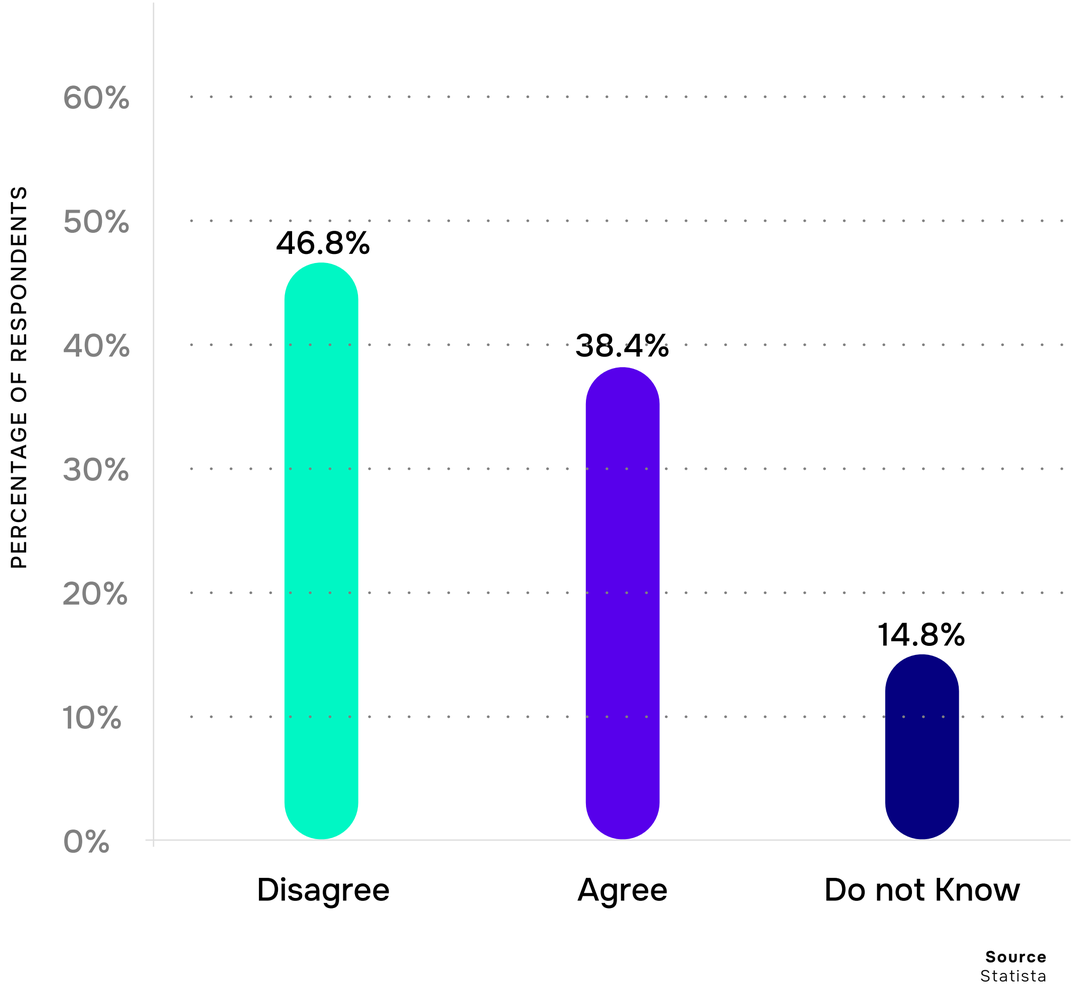
End2End Accountability - E2EA means the search by consumers for understandable, traceable and verifiable information concerning the sustainability of a product throughout its entire life cycle, starting from the materials used for its production to end-of-life management.

Consumers are progressively more aware of the impacts generated by the products they buy. However, cases of **Greenwashing** – inconsistent or misleading claims about the environmental or social merits of a product, service or company – fuel scepticism about the environmental positions of companies and their products.

In 2020, 53.3% of companies' green claims in Europe were vague, misleading or unfounded (Source: European Commission).
In addition, the wide variety of labels reporting ecological practices that differ from one another in terms of reliability and comparability, makes it difficult for consumers to distinguish truly sustainable products.

Consumers demand transparency about the sustainability of products, production and processing processes and the origin of the raw materials used. Information on initiatives in support of sustainability and indications on how to minimize the environmental impacts of products, both during their use and for disposal, also contributes to increasing confidence in producers.

Share of consumers worldwide who trust the sustainability claims that brands make about their clothing 2021



Source
Statista

The Search for Durability

Chapter 2

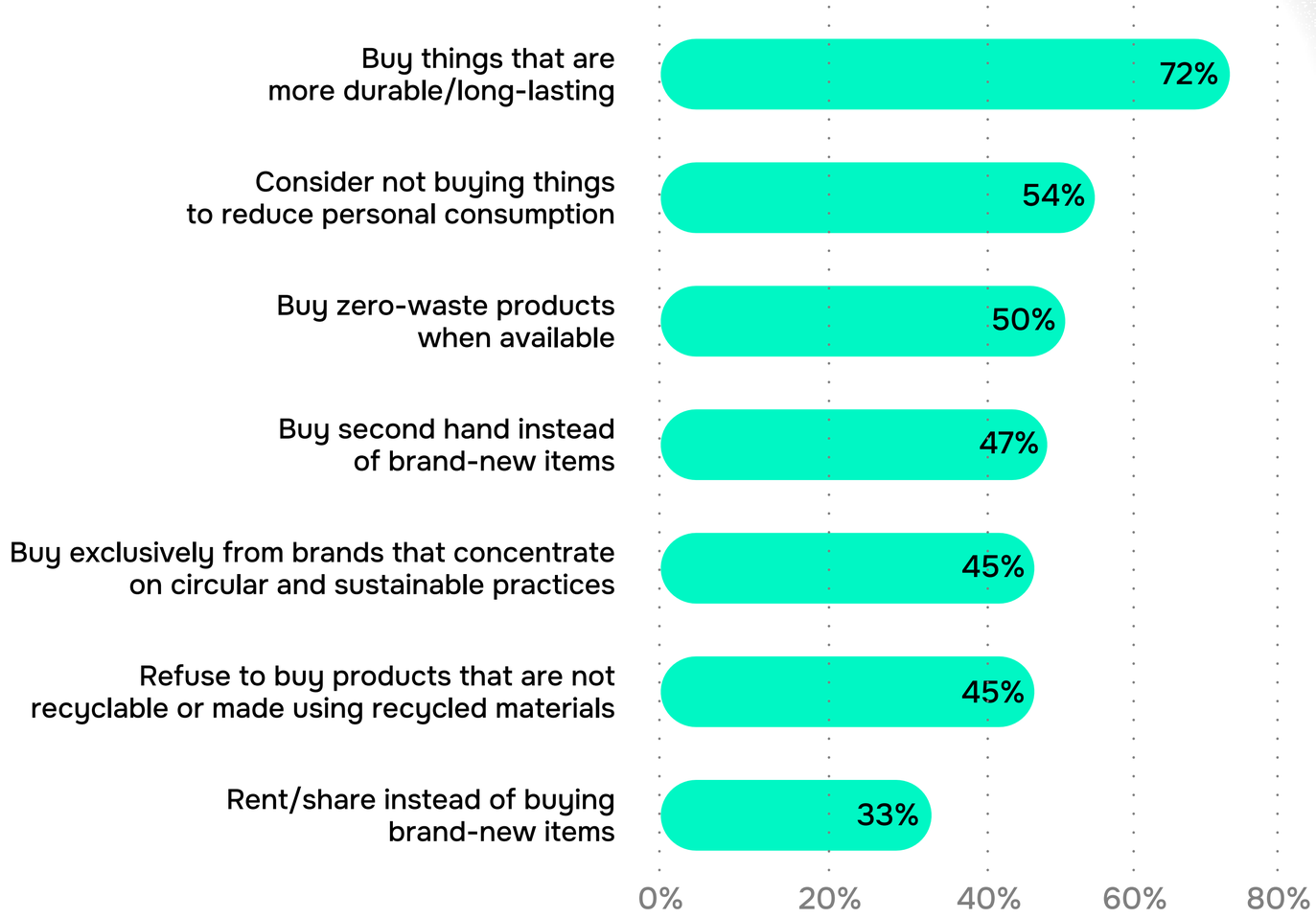
2. The Search for Durability

The search for durability regards the consumer's preference for products that **maintain their functionality and integrity for as long as possible**. This preference is especially important in goods that are not depleted in a single use, such as vehicles, electronics, and clothing. The search for greater regards the purchase of goods designed to withstand everyday wear and tear longer, thus reducing the need to replace and repair them.

The consumer's search for durability is based on a preference for products made with **high-quality materials**. Consumers pay close attention to both customer product **reviews**, the **guarantee** offered by the manufacturer, and the information provided on **maintenance** activities. **Brand reputation** can also be linked to the perception of a product's durability.

For sustainability-conscious consumers, durability reflects a conscious choice of ecological responsibility. **In 2023, 63% of Dutch consumers viewed durability and longevity as being a part of sustainability**. (Source: Deloitte)

Consumer interest in circular practices - Worldwide 2021



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Zero-Waste Living

Chapter 3

3. Zero-Waste Living

Zero-Waste Living – ZWL is a trend based on a lifestyle aimed at minimising waste and maximising the use of resources. The trend partially traces the consumption model proposed by the **Circular Economy** applied to individual consumer behaviour.

ZWL is implemented through a series of attitudes and behaviours.

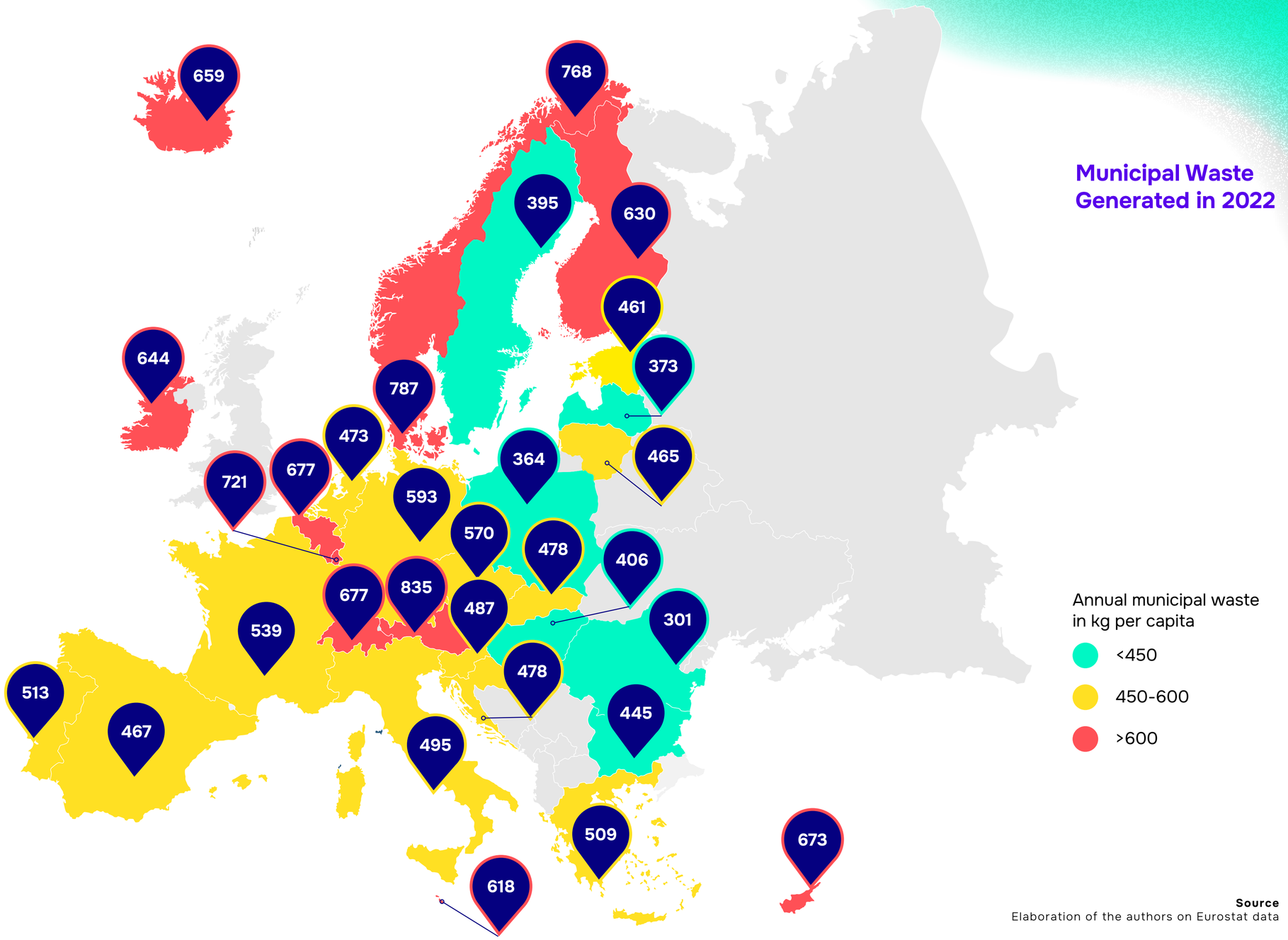
The first is **avoiding the purchase of products** that generate a lot of waste or impactful waste, such as plastic, and preferring the purchase of bulk products and biodegradable packaging.

The second behavior implemented is **reducing purchases**, selecting only those products that will certainly be consumed, and avoiding impulsive purchases.

A third ZWL element is **reuse**, avoiding single-use products, preferring those that can be used several times (shopping bags, water bottles, etc.) and, where possible, trying to **repair** damaged products when they are potentially still usable.

A fourth aspect is **recycling**, not only by carrying out effective separate collection but also by imagining a second life with other uses for objects that would otherwise become waste. This area also includes **composting** organic waste to produce fertiliser.

The Zero-Waste approach envisions consumers adapting to new, more conscious and sustainable lifestyles, encouraging environmentally-friendly business practices and active participation in their community in order to promote change.



Source
Elaboration of the authors on Eurostat data

Plastic-free Packaging

Chapter 4

4. Plastic-free Packaging

Plastic-free packaging involves consumers' search for products packaged in **eco-sustainable plastic materials** that minimize environmental impacts.

Sustainable packaging is achieved through two main practices:

Reducing the amount of packaging material used for the same product

Replacing non-biodegradable plastic materials with recyclable, biodegradable materials that use renewable sources in their production and recycling phases.

The theme of sustainable packaging has been recognised as a powerful influencer of purchasing choices and creating added value for consumers. During the COVID-19 pandemic, the issue was given less attention because single-use plastic packaging was perceived as being more hygienic. After the pandemic, sustainability became the priority of most European consumers: in 2023, 57% of European consumers were willing to ↗ pay a premium for a product with ecological packaging.

Plastic packaging waste generated and recycled in the EU, 2011-2021

Source
Eurostat

The Green Last-Mile

Chapter 5

5. The Green Last-Mile

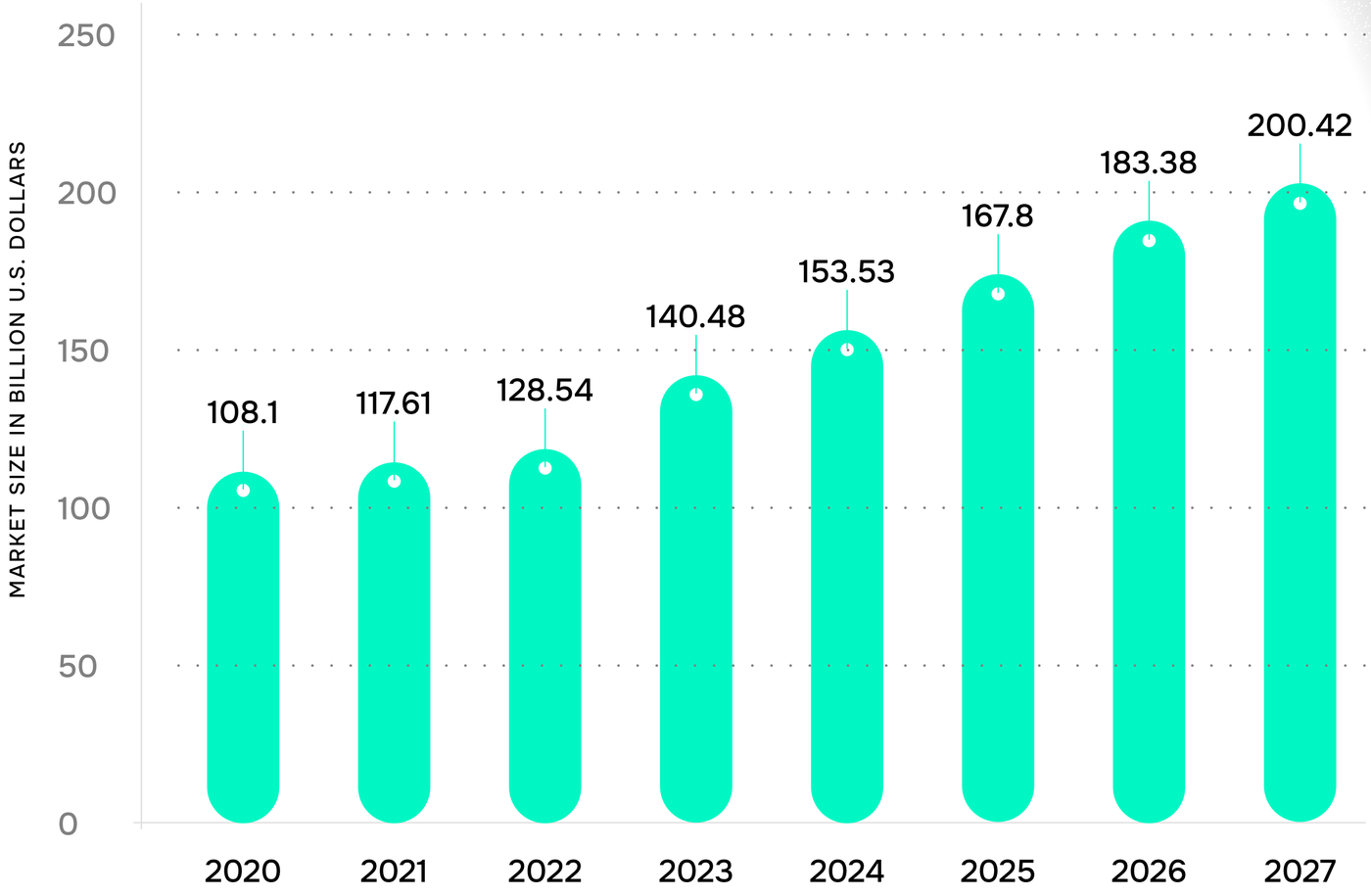
The **Green Last-Mile - GLAM** identifies the consumer's preference for more sustainable delivery methods for shipments of online purchases.

The main solutions that reduce the environmental impact of last-mile delivery are:

Personalising delivery by the consumer in both date and time, with the possibility of **combining** several orders into a single delivery.
Proposing consumers **the most temporarily sustainable delivery** option, allowing the courier to optimise deliveries in the same area (green delivery slots).
Withdrawing purchases **at pick-up points or stores** to minimise courier travel.
Choosing carriers or platforms that use **sustainable means** of delivery (electric, hybrid or muscle-powered vehicles).
Offsetting delivery-related **emissions** by paying a moderate surcharge.

Last-mile delivery has grown with the spread of e-commerce. Globally, ↗ in 2024 about 20% of retail purchases were made online, a value that will reach 27% in 2027.

Size of the global last mile delivery market from 2020 to 2027 (in billion U.S. dollars)



Source
Statista

Digital Second Hand

Chapter 6

6. Digital Second Hand

Digital Second Hand – D2ndH consists of the purchase and sale through digital platforms of products already used or owned by another person and can take place in two ways:

By fostering the direct meeting between supply and demand, through a **Consumer 2 Consumer** model, in which the platform may or may not act as guarantor of the transaction.

Through purchase and possible reconditioning of the products by the platform and subsequent return to the market, implementing a **Business 2 Consumer** model that may provide additional services (warranty, return possibility, etc.).

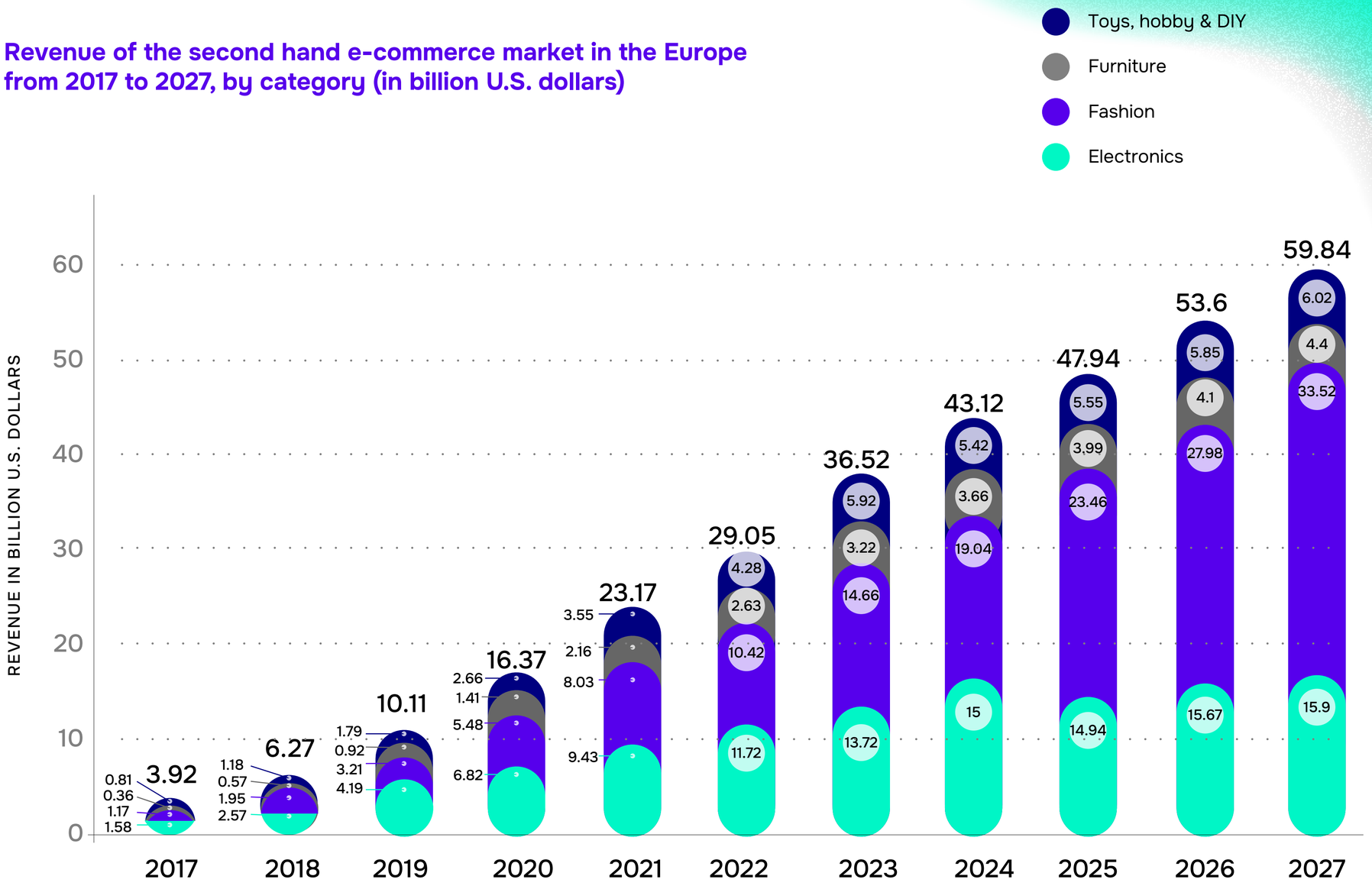
Among second hand items, **in addition to electronics, clothing is the most traded category of goods through D2ndH** in Europe.

This phenomenon is not entirely new, as it appeared at the dawn of electronic commerce in the early 2000s, but it began to spread rapidly during the Covid-19 pandemic period, both globally and in Europe.

According to Statista, the number of consumers using the second hand market has grown consistently in Europe, reaching around half of the respondents in 2023.

Total D2ndH turnover in Italy in 2022 reached €11.9 billion, accounting for nearly 48% of the total market for used products.

Revenue of the second hand e-commerce market in the Europe from 2017 to 2027, by category (in billion U.S. dollars)



Source
Statista

Greenfluencing

Chapter 7

7. Greenfluencing

Greenfluencing consists in guiding consumers towards purchasing choices and environmentally sustainable behaviours by means of opinions of popular influencers on social media.

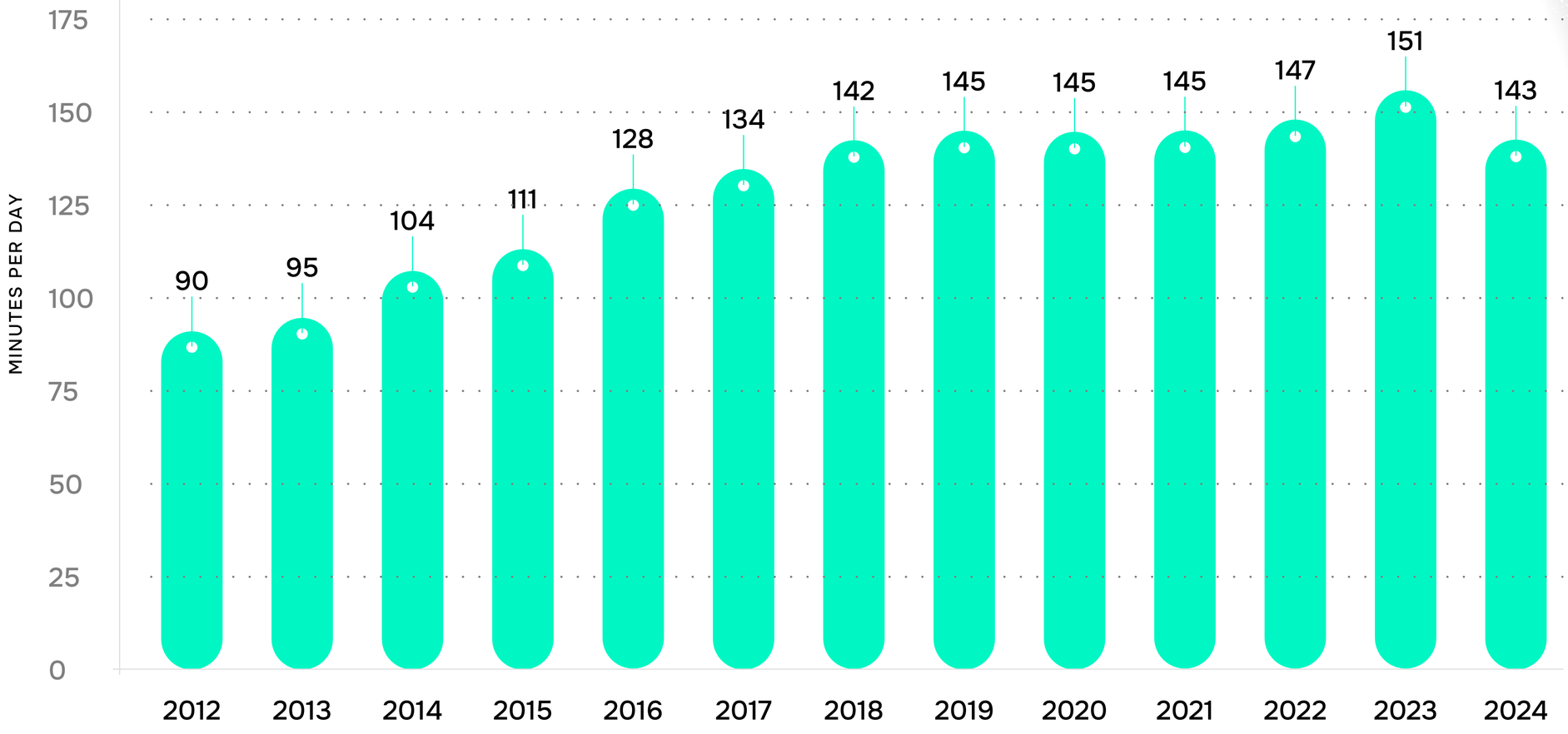
With the ability to reach a wide audience and engage the personal sphere, social channels are highly effective in orienting a community's opinions. The influencer market has exceeded the value of 30 billion dollars (source: Il Sole 24 Ore) around the world, and ↗ in 2023, 59% of European citizens regularly used social networks.

Since its birth in the 2010s, the influencer marketing has focused on generating desire and promoting emotional consumption. Through the continuous creation of trends, the consumers' willingness to emulate has contributed to creating a dependence on consumption that has led to environmentally unsustainable hyper-consumerism.

Since 2018, with the attention the media has given to the ↗ Fridays For Future movement, a change in which brands and influencers are more committed to promot-

ing eco-friendly business practices has been underway. Globally, the search for the term **#sustainability** on the YouTube social network increased in the interest index from a value of 22 in June 2019 to 86 in June 2024.

Daily time spent on social networking by internet users worldwide from 2012 to 2024 (in minutes)



Source
Statista

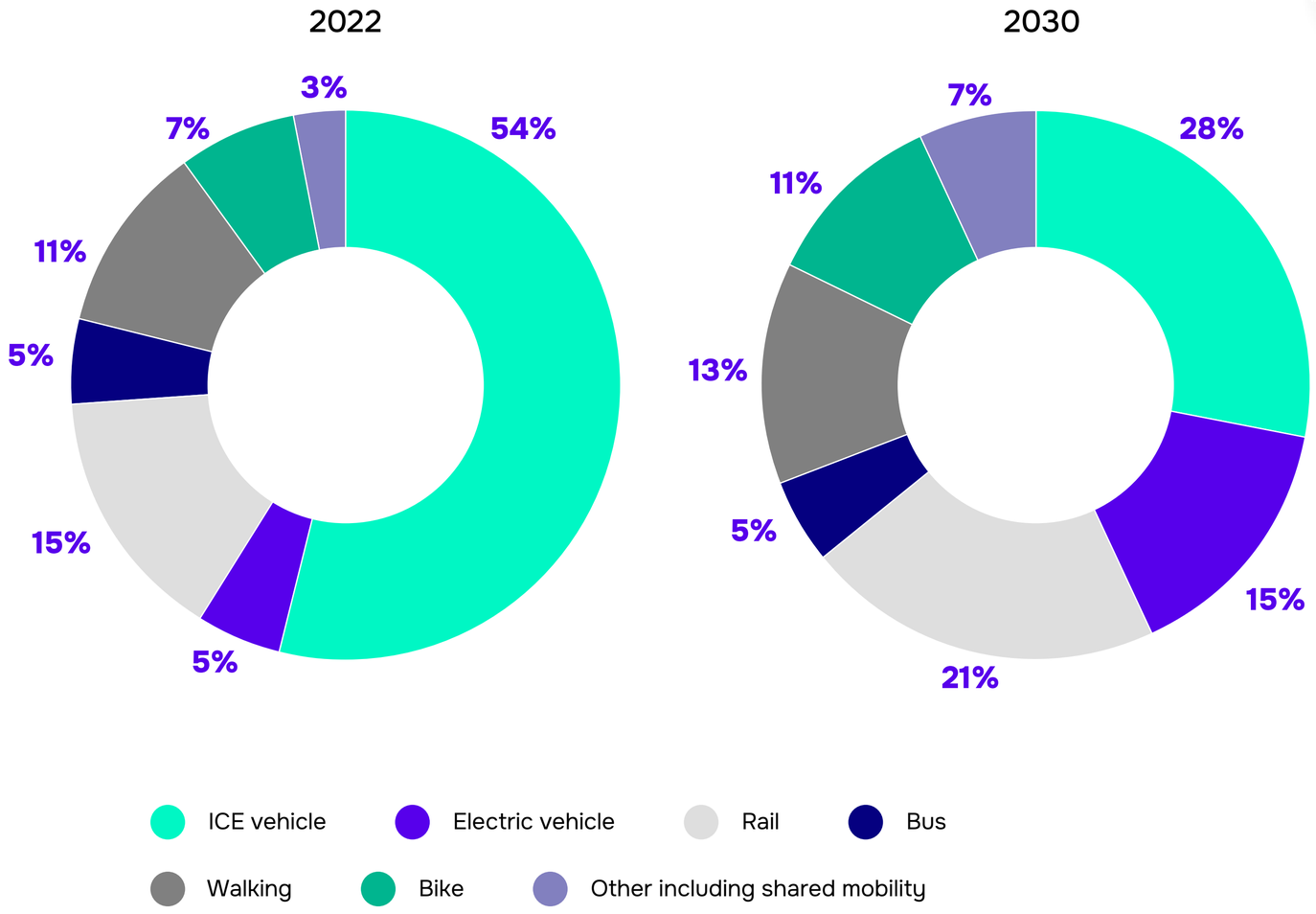
Sustainable Urban Mobility

Chapter 8

8. Sustainable Urban Mobility

Sustainable Urban Mobility consists of pursuing mobility choices aimed at minimising environmental impacts.
This approach is implemented using **private vehicles with low environmental impact**, such as electric and hybrid cars and scooters, electric micromobility vehicles, or **active mobility**: the use of non-motorized vehicles that requires physical activity.
Environmental impacts can also be contained by adopting **shared mobility**: using **public transport** allows many people to move with a single vehicle, sometimes with low emissions, and helps limit traffic congestion in urban areas.
For these reasons, sharing public and private vehicles for similar journeys (**pooling**) and sharing vehicles (**sharing**) thanks to digital technologies offer mobility solutions that favour intermodality and reduced emissions.

Modal split in passenger transport worldwide in 2022 with a forecast for 2030



ICE = Internal Combustion Engine

Source
Statista

Methodology

The goal of a Consumer Trend Report is to identify significant changes in consumer habits, analyze their causes, quantify their intensity, and consider future implications.

The process begins with a literature review, which consists of a qualitative analysis of third-party reports containing information on social and market trends, with a constant focus on sustainability aspects where applicable.

These reports are analyzed by experts and integrated with additional sources (sector studies, reports, and statistical analyses) to ensure the consistency of the data and substantiate the identified trends.

For each identified trend, recent data are gathered to assess its size, growth rate, and impact.

As a result, a subset of the initial collection is selected to develop a more in-depth and comprehensive analysis, ensuring a uniform level of detail for each selected trend.

The collected data can optionally be integrated with primary research based on an ad hoc survey.

Finally, a rigorous effort is made to select a list of valuable real-world use cases that most broadly represent how the specific trend manifests itself.

A second team of analysts performs in-depth review and validation at all stages of the process.

Direct links to external sources are provided to encourage further exploration of the topics covered.

About Intesa Sanpaolo Innovation Center

Intesa Sanpaolo Innovation Center is the company of Intesa Sanpaolo Group dedicated to innovation: it explores the world of cutting-edge innovation, invests in applied research projects and high-potential startups and accelerates the implementation of the circular economy criteria, to make Intesa Sanpaolo the driving force behind a new economy that is socially and environmentally aware.

Based in the Turin skyscraper designed by Renzo Piano, with its national and international network of hubs and laboratories, the Innovation Center is an enabler of relations with other stakeholders of the innovation ecosystem - such as tech companies, start-ups, incubators, research centres and universities - and a promoter of new forms of entrepreneurship in accessing venture capital.

Intesa Sanpaolo Innovation Center focuses mainly on circular economy, development of the most promising start-ups, venture capital investments of the management company Neva SGR and applied research.

About Fondazione LINKS

Fondazione LINKS is an operating entity of Fondazione Compagnia di San Paolo and Politecnico di Torino. LINKS was established with the goal of combining the best practices and expertise built over the past 20 years at national and international level in the fields of applied research, innovation, and technology transfer.

LINKS aims at contributing to an ecosystem-driven vision of progress based on the acknowledgement of the deep interdependence between society, nature, and technology. This approach makes it possible to address today's challenges by exploiting the resources of the ecosystem within a frame of sustainability, fairness, development of local territories, and the greater good.

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