



# Walking the Talk on Sustainability with Consumers



A Roadmap for India's FMCD  
(Fast Moving Consumer Durables)  
Sector

February 2022



# Our context today: The Intersection of the FMCD Sector & Sustainability

The Sector: Poised for growth but with some headwinds

- Appliances and consumer electronics industry to touch Rs 2 trillion worth in next 5-6 years: CEAMA
- Achieve cumulative foreign exchange inflows worth US\$ 75 billion by 2025
- Generate investments of >US\$ 1 billion by 2025
- Create 5 lakh employment opportunities

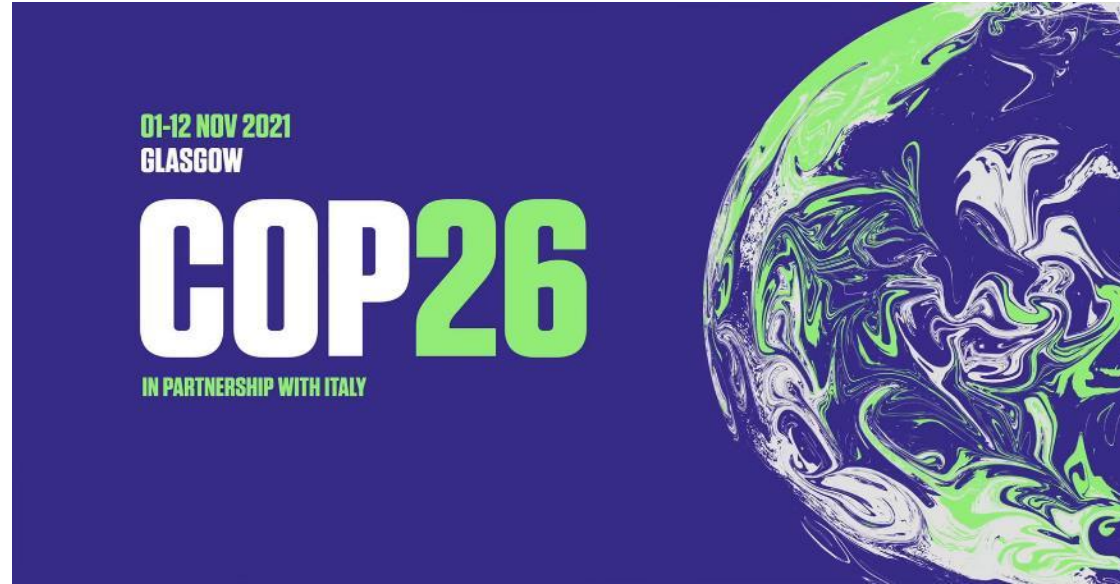


## The Headwinds:

- Covid-2nd wave dampened summer sales
- Component shortages
- Logistics bottlenecks
- Inflationary pressures - raw material and logistics
- Regulatory compliances and potential price challenges – BEE Star Ratings, EPR (Extended Producer Responsibility) Mandates

# Sustainability:

The world, and India, is at an inflection point



# And this is translating into behavior as consumers actively engage with sustainability



**77%** are prepared to invest time and money in companies that try to do good

**76%** pay lot of attention to environmental and societal issues in the news

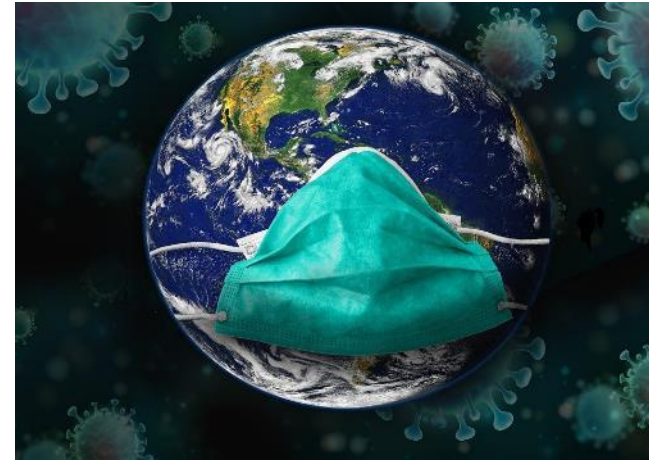
**74%** Buying sustainable products shows others who I am and what I believe in



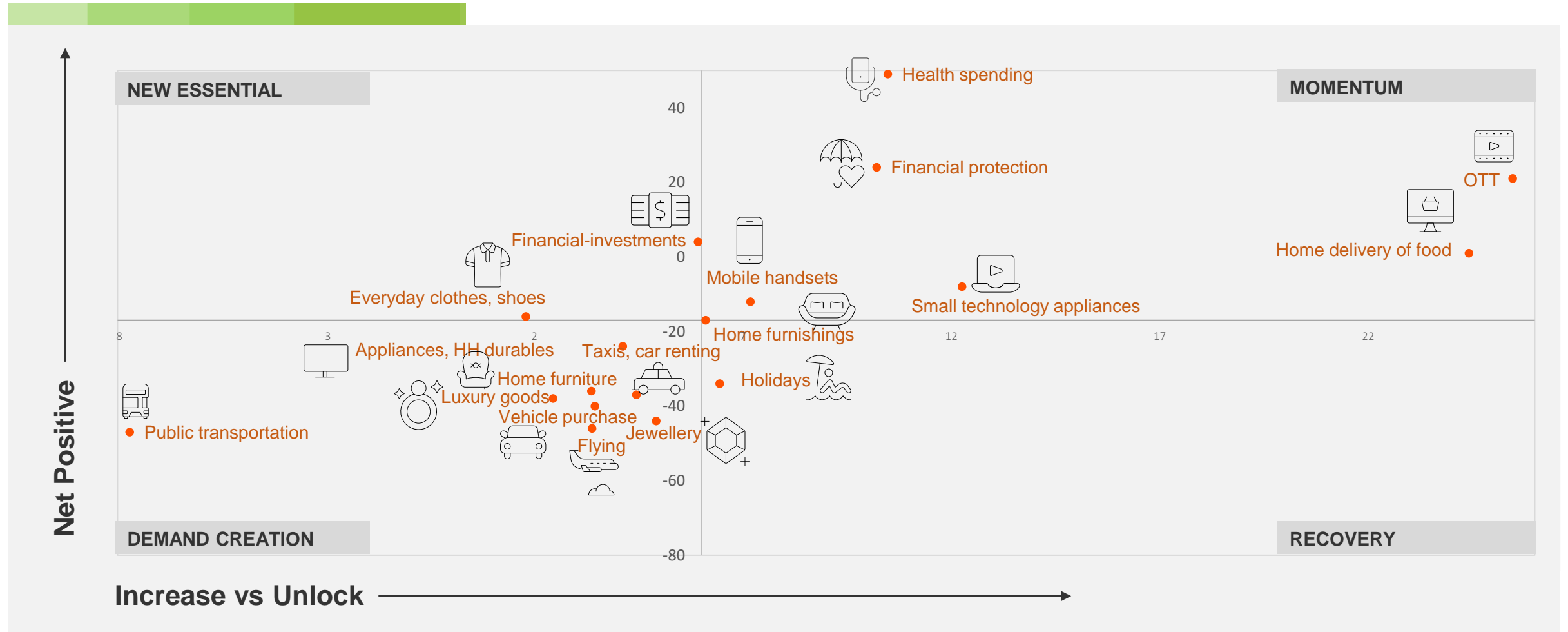
# The India Story

Post-pandemic Consumer  
Attitudes and Behavior

# Alarm and panic as new COVID variant emerges



# Consumer behaviour influenced heavily by the context (vs habit); cautious consumption is the norm - mostly linked to convergence of life at home post-Covid



NET = Spend more – Spend less

# Hygiene, Health & Wellness - key consumer concerns

## General concerns - % Agree

**56%** *I am worried about falling sick*

**83%** *Worried that similar period (pandemic) will come back*



**91%**

Indian households washing hands more often now



**47%**

Indian households claim increased toilet cleaning, more so in rural (49%) vs urban (43%)

## Nutrition & hygiene part of new basket essentials

### Momentum

Nett positive on purchase, more than LY

### New Essentials

Nett positive on purchase, similar to LY

### Recovery

Increased purchase vs LY

### Demand Creation

Reduced purchase vs LY



Nutritional products

Personal Hygiene

Home Hygiene

Antiseptic Liquids

Staples

Household Insecticide

Beverage-Tea, Coffee

Packaged Foods

Personal Grooming

Cosmetics

Confectionery

Non Alcoholic Bevs

Alcoholic Bevs

Tetrapak

Air Freshener

RTC

# And demand creation happening apace in the FMCD Health & Wellness space

## New markets/segments



- Air purifier/ACs with purification filters market gaining ground beyond the traditional smog-led Northern markets
- Institutional Sales of Air purifiers

## New sub-categories



- Home concentrators/portable oxygen
- UVC Desk lamps
- UVC Disinfection categories

## Growth of Personal Health Tech



- Smart watches
- Fitness monitors

# Home is the new Haven



**65+ Million**

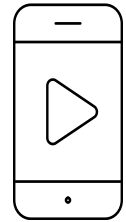
Indian are using internet for online education



**177 Million**

Indian are using internet for work related purpose

**Changing education and work codes**



**94%**

Access online videos at home

*“For the first time, people took work from home as a legit format of working. Earlier, it was considered a hobby to work from home, and ‘serious work’ could be done only at the office”.*

– Seema Chaturvedi AWE Funds; in TechSparks 2021 \*

*Work ecosystem being reshaped by digital transformation, says LinkedIn report*

– The Hindu, July 6, 2021

2020 saw the mainstreaming of online education. People had looked at online as somewhat inferior to classroom education across categories. 2020 busted that myth forever.

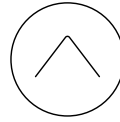
– Ashwin Damera Eruditus Executive Education\*

With accelerated Digital Adoption, this is well set up for the emergence of the Smart Home

## Growth in 2020

**21%**

Average duration



Average Duration (107 mins per day) for Internet access

**42%**

Heavy users



Daily1+ hours user

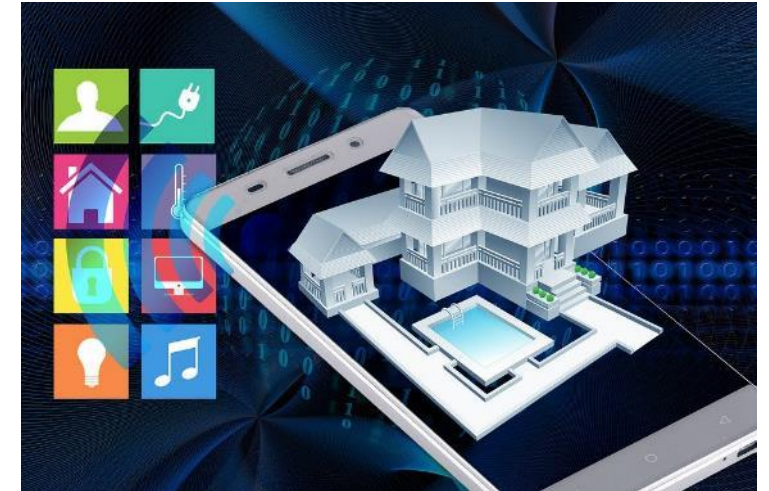
**125%**

Smart devices\*



Growth in usage of smart device amongst inter users

\* Include Streaming Device, Smart Speaker, Smart TV etc.



- Smart Lights
- Smart Speakers
- Smart Display
- Smart Home Entertainment
- Smart Air Purifiers
- Smart Cleaning



But value becomes even more important as financial concerns are amplified



**73%** COVID has already impacted my household income

**74%** The situation demands us to be more proactive about financial planning

**67%** Greater attention to prices while shopping

And so, **62%**



will wait for “**sale days**” to make any high value purchases



Personal grooming devices **70%**



Consumer durables **69%**



Digital and Smart devices **66%**



Large furniture **69%**

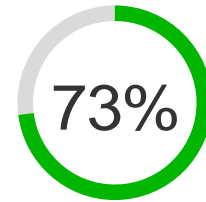


# Collective Accountability gains ground

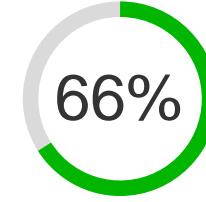
Consumers will do their part but definitely expect others including businesses to do theirs!



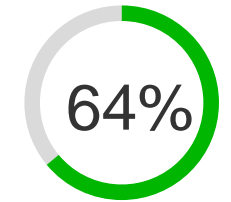
Very careful to adhere to all health and safety measures- % Agree



Get very angry when someone else not adhering to government guidelines- % Agree



Think there should be fines imposed when people do not adhere to government guidelines- % Agree



Deals fairly with suppliers  
**14%**

Deal fairly with Employees  
**21%**

Elements of Corporate Responsibility

Environment  
**34%**

Society  
**31%**

# Key takeaways for India



**01**

Cautious consumption the norm

**02**

Hygiene, health and wellness – overriding concerns

**03**

Home is the new haven

**04**

Value concerns amplified

**05**

Collective accountability

# Sustainability in the FMCD context

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Emerging Consumer Themes:

1. Top Overall Concerns in India
2. The Burning Platforms
3. Consumer Segments in Focus
4. The Values vs Value Struggle
5. Knowledge Barriers
6. Great Expectations

# 1.

Indians are showing concern in 8 areas of the SDGs framework



Even as a developing nation, like Asian counterparts - India looks at issues beyond poverty and hunger

The image displays six distinct sustainability issues, each represented by a small square photograph. The background of the entire grid is a light green, semi-transparent leaf vein pattern. The issues are arranged in two rows of three. The top row includes: 1) Water pollution (a plastic bottle floating in blue water), 2) Poverty and hunger (two hands cupped together), 3) Deforestation (a stack of cut logs in a forest), 4) Lack of access to healthcare and vaccination (a hand holding a stethoscope), 5) Air pollution (a factory with a large plume of smoke), and 6) Carbon and greenhouse emissions (the chemical formula CO<sub>2</sub> next to a white smoke plume). Below each photograph is a bold, black text label.

**WATER POLLUTION**

**POVERTY AND HUNGER**

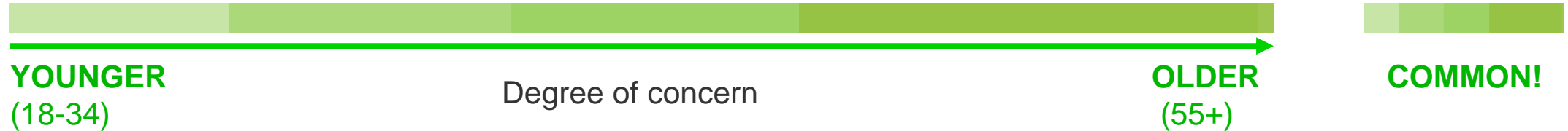
**DEFORESTATION**

**LACK OF ACCESS TO HEALTHCARE AND VACCINATION**

**AIR POLLUTION**

**CARBON AND GREENHOUSE EMISSIONS**

# There is a clear shift from macro environment for the younger cohort to socio economic issues as one gets older



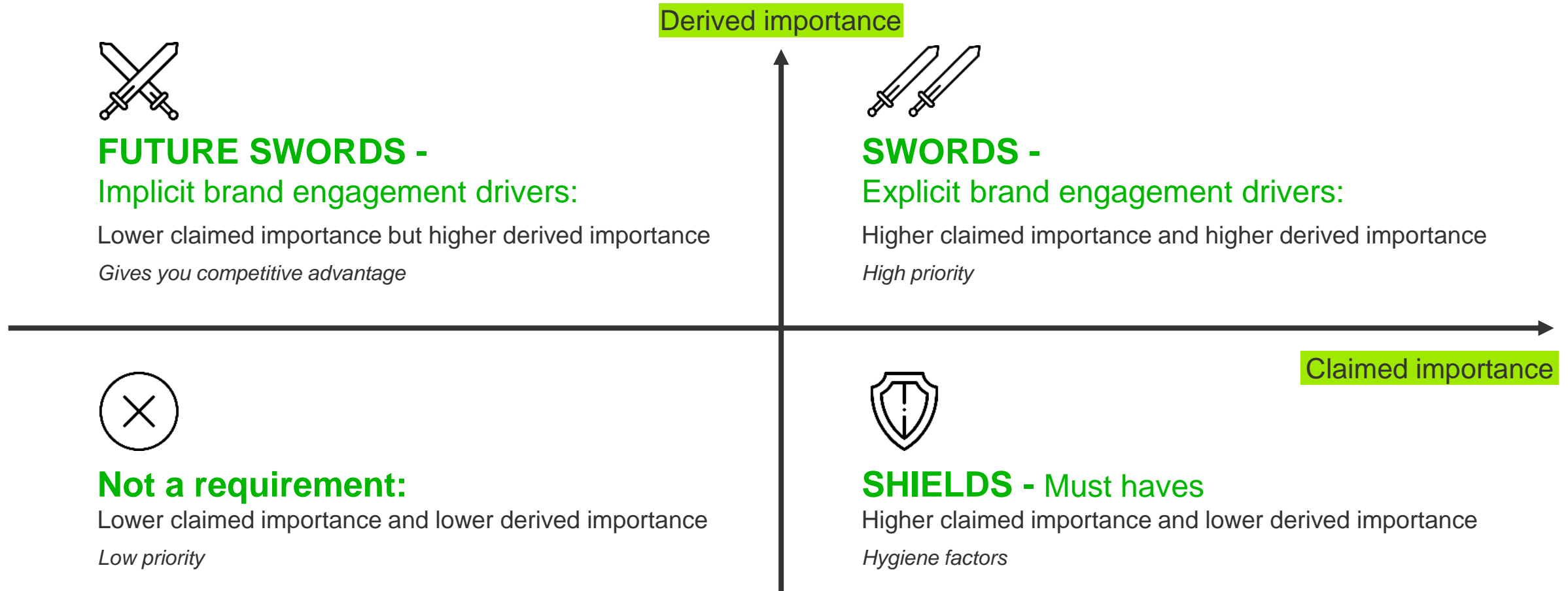
2.

While these are the overall concerns, the Burning Platforms vary with each category;  
**consumers will hold brands more accountable in these areas**

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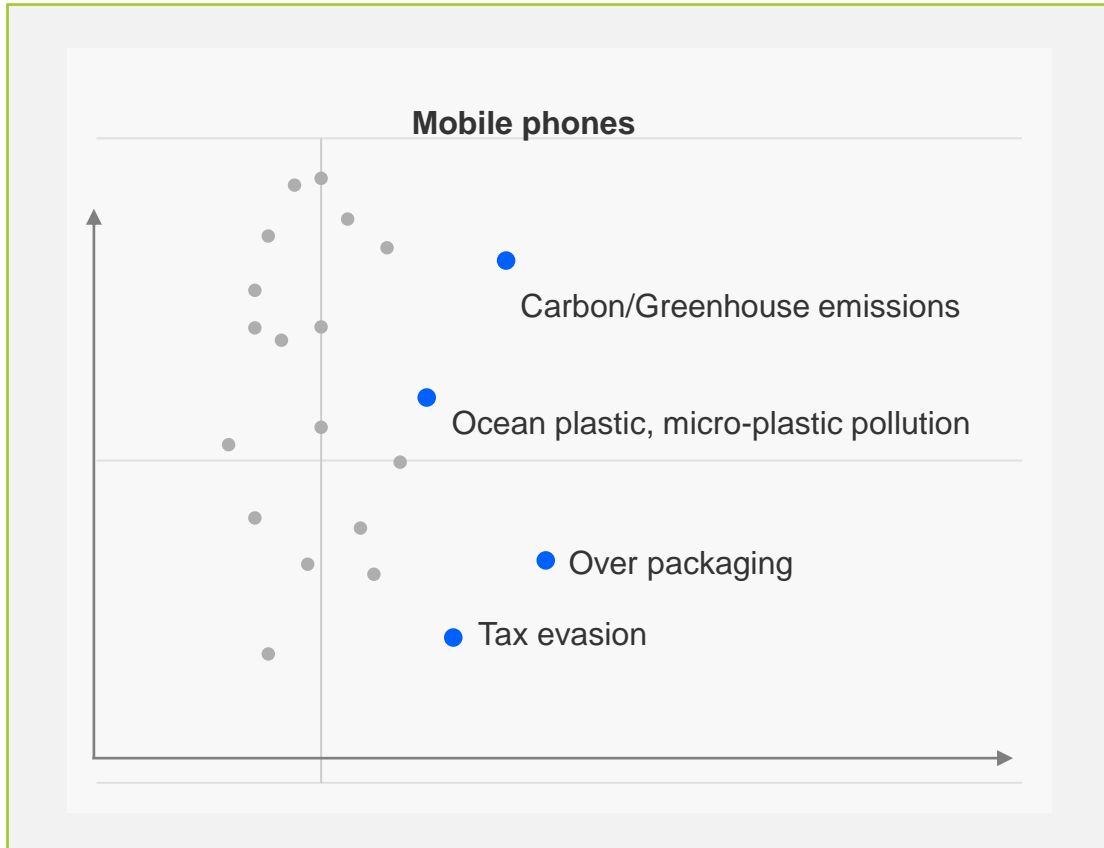


# Mapping sustainability issues by stated importance and brand management

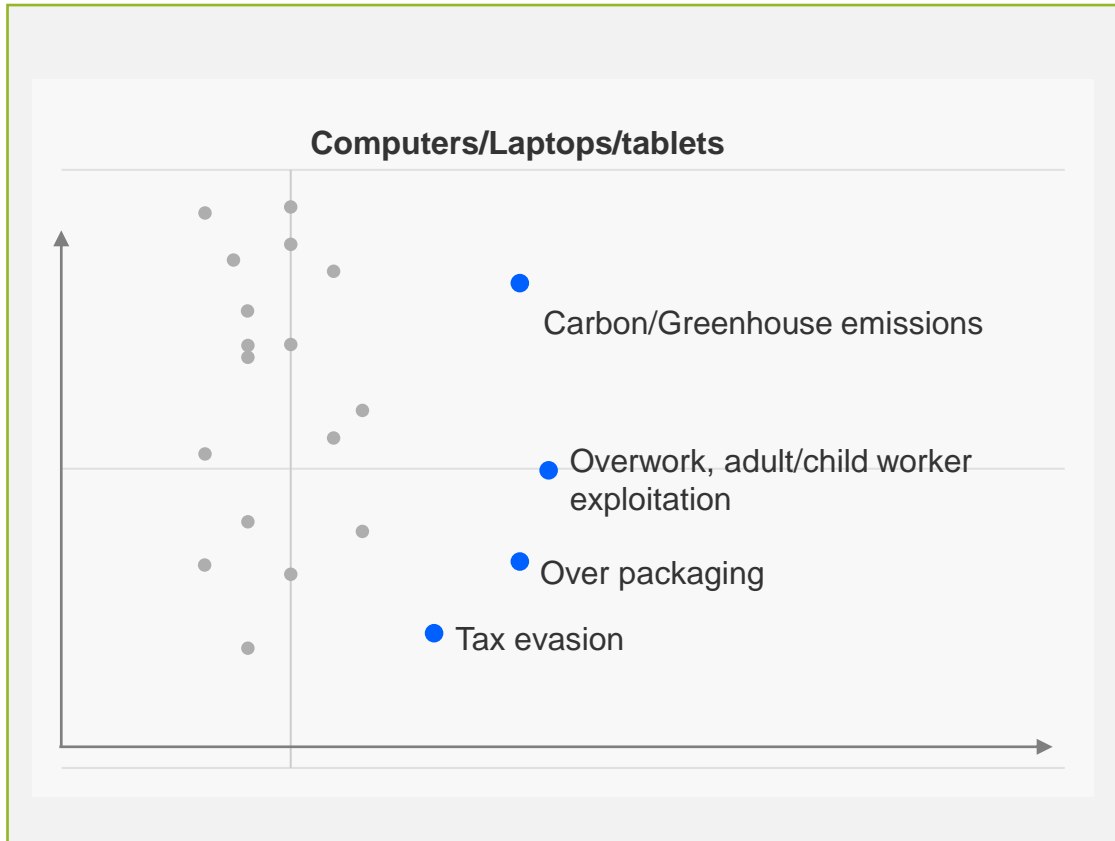


# In the mobile phones category, consumers expect brands to contribute to macro environment issues of carbon emissions and plastic pollution

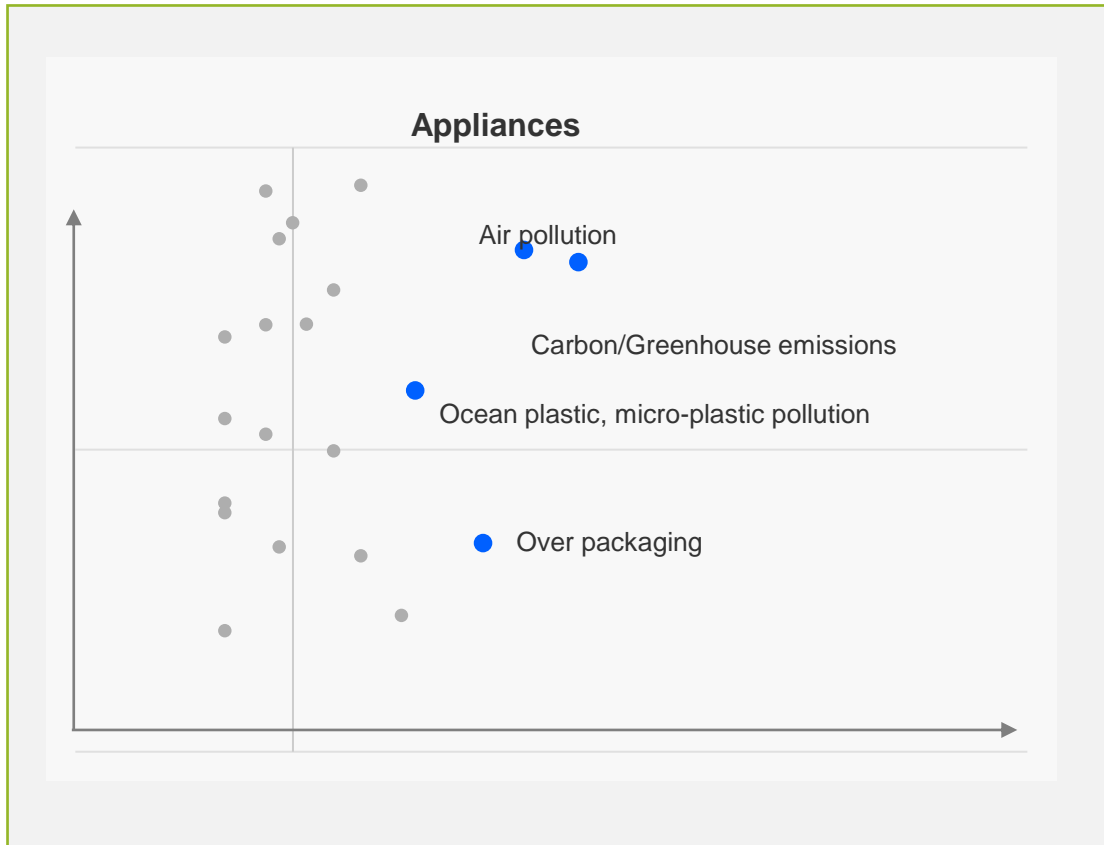
Over-packaging, tax evasion are hygiene factors - brands are expected to have addressed them



# In the computing category, while key issues are similar to mobile phones – carbon emissions, packaging and tax evasion, there is palpable concern on worker-wellbeing

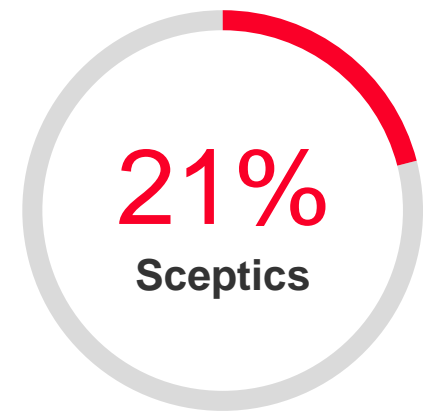
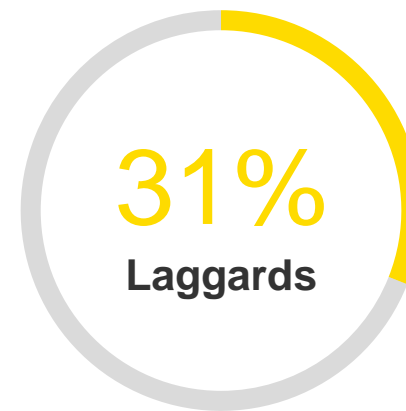
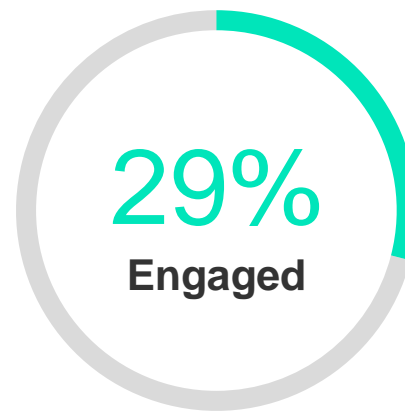
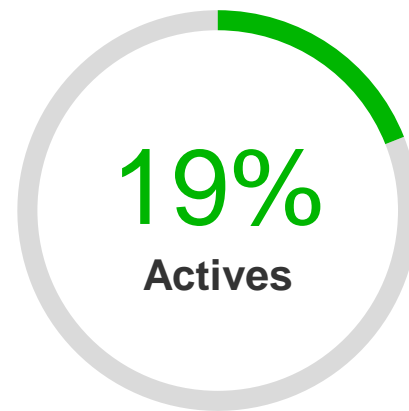


# Concerns in the appliances category focus very specifically on pollution (air and plastic) and emissions besides packaging (which is common across categories)



### 3.

Not everyone is equally passionate – reach out to the Actives and the Engaged to lead the change



# Consumer Segments in Focus and relevance of FMCD burning platforms



## Actives

The Actives are **more likely to believe that they can make a real difference** through their actions.

They also expect the brands they buy to demonstrate a high sense of responsibility.

- Air Pollution
- Carbon/greenhouse emissions
- Over packaging

## Engaged

Similar to Actives, their claimed intent is to be good and do good for the environment.

But they **require more motivation** to convert this to real action which means that brands need to step up and demonstrate value and action.

- Air Pollution
- Carbon/greenhouse emissions

## Laggards

They appreciate the need to be sustainable but do not sense either urgency or personal skin in the game.

They are also much **more likely to believe that brands put on a show rather than believe and deliver on sustainability**

- Poverty & hunger
- Water pollution

## Sceptics

They are characterized by their apathy to sustainability issues and don't feel the need to take any action

They are **much less likely to invest time or money** in companies trying to do good.

- Overwork, worker/labor exploitation
- Over packaging
- Tax evasion

## 4.

### The Values vs 'Value' Struggle

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Many are concerned

# 77%

are prepared to invest time & money to support companies that do good



But, there are definite barriers to adoption of sustainable behaviors

Key amongst these are **Price and Value barriers** that stand in the way of sustainable consumer actions.

**84%** – ‘when shopping, their mind is on saving money more than saving the planet’

**75%** – ‘they don't think much about sustainability as they are primarily focused on the challenges of living under poor economic conditions’

**71%** – ‘the sustainable / ethical products are always more expensive’

## 5. Knowledge Barriers are real – even amongst the more aware segments

76%

'they don't have enough information about how ethical/ sustainable different products are'

71%

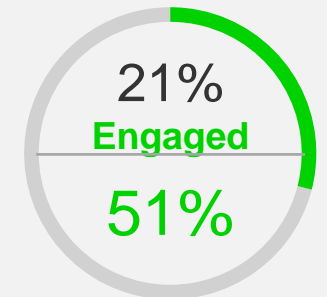
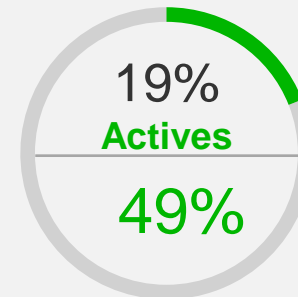
'Buying ethical /sustainable is a fashion/trend rather than a serious matter'

71%

'it is really hard to tell which products are good or bad ethically, for the environment or for sustainability'



*I am not sure what to do to become more environmentally friendly  
(% Who Agree)*



# 6. Great Expectations

Consumers have greater expectation from companies than from themselves; this is likely to be amplified in FMCD where personal behaviors post-purchase is lead primarily by the policies/features of the product and company they use

**70%**

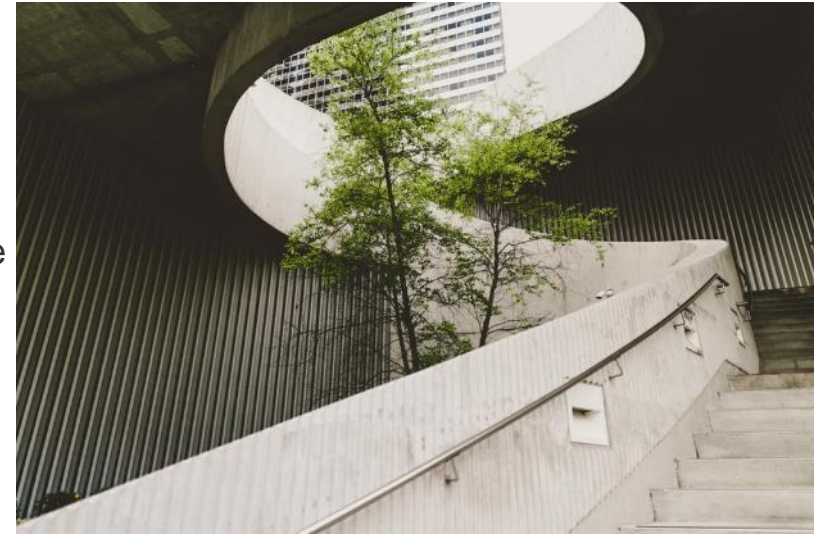
'they don't feel like it's their responsibility... it's up to businesses'

**64%**

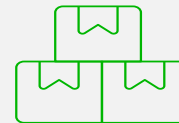
'they don't care very much for the environment or for sustainability'

**63%**

'the companies don't seem to be trying hard enough - why should they?'



*And in the post-Covid times, consumers want tangible and reassuring support from brands*



**56%**

Be **practical and realistic** and help consumers in their everyday life



**51%**

Be a **trusted source** of **accurate information**

# Summary

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**01**

Indians are showing concern



**02**

Consumers will hold brands more accountable



**03**

Not everyone is equally passionate



**04**

The Values vs 'Value' Struggle



**05**

Knowledge Barriers are real



**06**

Greater expectation from companies

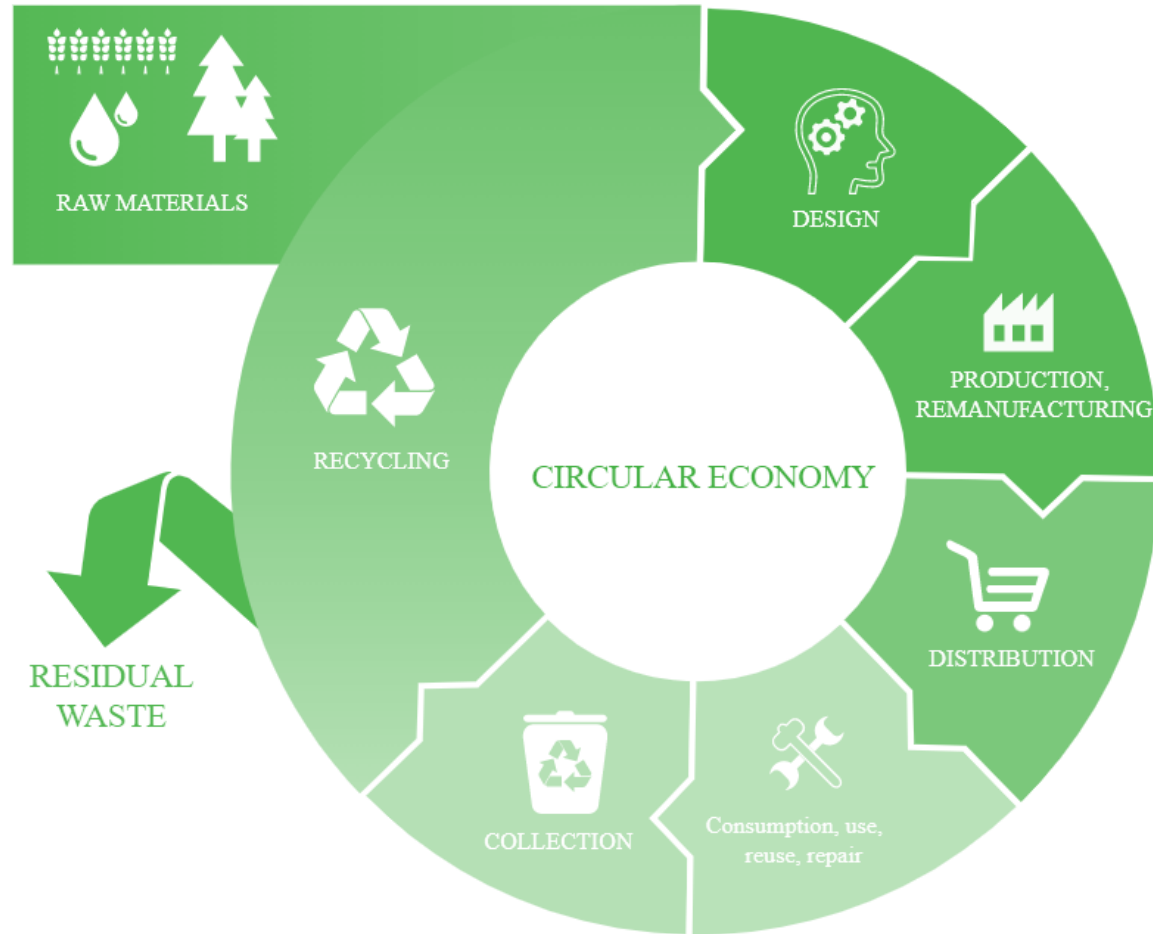


# Addressing Key Sustainability Themes

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Principles, Activation strategies and Case Studies to help navigate against what is relevant to consumers

# 1. Embedding Green Lifecycle - Think across portfolio and processes



## The Starting Point: A company-wide commitment

Move from a siloed approach (focusing only on energy efficient products and waste reduction) to a full-circle (i.e.. products and processes) adoption of sustainability thinking.

## 2.

# Connect the environment and the everyday

Solve customer tensions with sustainable solutions



### Example: Electrolux 'Make it Last' Laundry Solutions

- Lower wash temperature with UltraMix technology; saving energy by 35% and **prevents color fading**
- Vapour Refresh program to save water and reduce climate impact while **extending life of clothes and treat creases so it is easy to iron**
- AutoDose program recommends correct detergent dosage to prevent wastage and **early aging of clothes**



### Example: Lenovo ThinkPad Packaging

- The new ThinkPad box design uses a self-locking structure that eliminates plastic tape for box closure while ensuring **product safety**.
- Packaging is also designed to be **thin and lightweight** by using materials like sugar cane and bamboo, which are significantly lighter than other alternatives

### 3.

## Address Knowledge Barriers



Godrej Appliances' multiple awareness campaigns on sustainable choices:

- #HumSabKaGhar on World Environment Day
- #IssRaavanKoMatJalao around burning e-waste during Dussehra
- 'E-waste Superhero Rohan' to urge youngsters to join the cause
- #Diwalikisafai for responsible disposal of e-waste
- Special IVR provision on toll-free number



Luminous India used the celebrity power of Sachin Tendulkar for their campaign on World Environment Day

#### Additional measures can include

- Energy information labelling on the product translated into estimated cost savings
- Lifespan labelling – which will also serve to emphasize long-term value for consumers
- Apps/smart technology solutions to help consumers track their carbon footprints
- Community mobilisation/challenges that can help build momentum

# 4.

## Mainstream PLM Strategies around the following:

- a. Repairability
- b. Access-based service models
- c. Packaging
- d. Return & Recycling

### Repairability



### Access-based service models



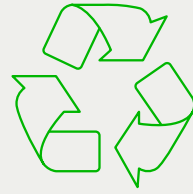
### Packaging



### Return & Recycling



## 4a. Repairability



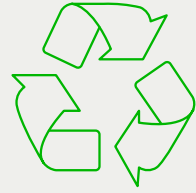
Production phase accounts for a large proportion of the lifetime emissions of electronics: around 80% for mobile devices, 57% for washing machines and one-third for TVs\*. **Repairability strategies** mitigate this by extending product life

- The **Right to Repair** movement for electronics is gaining ground; already in play in the EU, UK, US and other countries.
- Notwithstanding preparing for legislation, brands that are serious about their sustainability goals must seek to extend life-cycle of their products and reduce waste by:
  - Designing products for easy repair, disassembly and reuse
  - Lifespan labelling, repairability indexes
  - Providing spare parts, user manuals, tools
  - Tie-ups with local repair services for easy maintenance
  - Providing extended warranties, software update support



## 4b.

# Access-based service models



**Circularity as a service** - adapt circular economy principles, rethink the product as a service and redesign business service models for greater sustainability.

### Circular Service Models

- Product-leasing with lifetime extension
- Pay-per-use
- Pay-per-service

#### Example: Furlenco India

- Offers furniture, appliances and electronics on a monthly subscription model

Furnish your entire home in one go

Subscription plans starting from ₹2999/- per mo\*

Know more

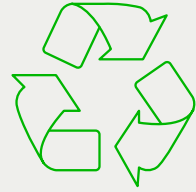
UNLMTD  
BY FURLENCO



#### Example: Signify (Philips) Lighting

- End-to-end circular lighting service model including end-of-contract management.
- Signify (Philips) Lighting installs, maintains and manages the lighting throughout its lifecycle making it possible for commercial customers to purchase light as a service rather than invest in new hardware upfront

# 4c. Packaging



**Sustainable Packaging** – a key hygiene platform across FMCD categories; leads to reduced waste, less hazardous material and landfill; Also a tangible and key touchpoint at point of sale!

**A Nature-Friendly Galaxy S10**

Box and Packaging

**100% PLASTIC-FREE PACKAGING**

BOX & MANUAL

- RECYCLED PAPER
- PRINTED WITH SOY INK

last pieces

Phone Adapter

USB-C to USB-A Connector

USB-C to USB-C Cable

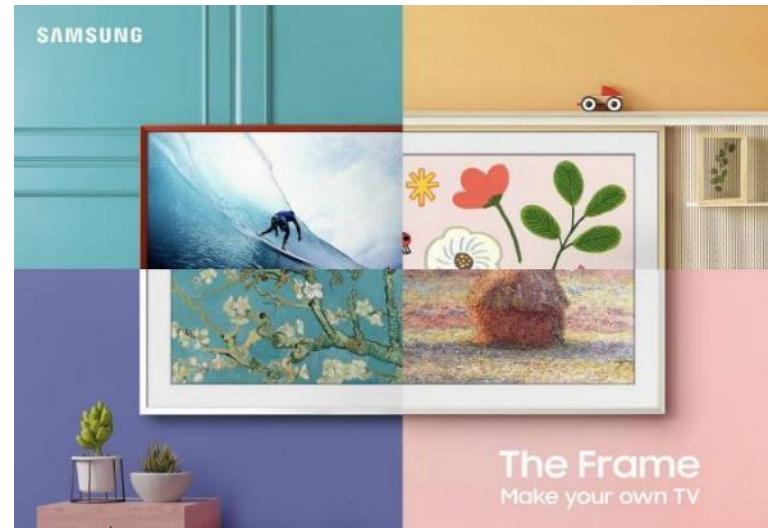
Energy Efficiency

- Charging efficiency is 86%
- The charger is energy efficient with a 5 star rating in European Commission Integrated Product Policy Program
- The no-load power is 0.02W

Certifications

- Carbon Trust certified in the UK
- EPEAT-UL certified in the US
- Vitality Leaf certified in Russia
- Selo Celiber certified in Brazil

SAMSUNG



**Samsung's Eco-Packaging is an innovative way for creative and easy upcycling of the cardboard packaging of TVs. It comes with instructions to take apart and the box and make book shelves, frames etc.**



**Dell's packaging:** Bamboo cushion instead of foam, mushroom spores and agricultural wastes, like cottonseed and rice hulls instead of Styrofoam

## 4d. Returns & Recycling



**Return & recycling strategies** directly address two of the burning platforms for FMCD – reduction in carbon footprint and pollution from waste; it also targets the stigma of planned obsolescence associated with the FMCD category

### Example: Samsung Electronics

- Is recycling its old Galaxy smartphones into healthcare equipment for underserved people in India, Morocco, Vietnam and Papua New Guinea.
- Old phones will be remodeled as eyecare equipment to screen patients with eye diseases

### Example: HP Planet Partners Return & Recycling

- Implemented in 45+ countries
- Customers can send their used HP equipment (printer cartridges, servers, storage networking products, etc.) back to the company for recycling.
- They can also trade in their used IT equipment (of any brand and quantity) for credit towards new HP products.

### Example: Oppo Trade-In Service

- In China, Oppo has developed a set of guidelines for recycling of old phones
- Phones with good/average performance (70-85% of total trade-ins) will be refurbished and sold again
- The other phones will be dismantled and reusable components harvested and used again

### Example: Whirlpool India's Green Sense Program

- A take-back and recycling initiative
- Covering air-conditioners, washing machines and refrigerators

## 5. Meeting accountability expectations

Way forward for brands:

Do it; do it consistently; then communicate with transparency and authenticity across all touchpoints



- HP has been on its sustainability journey with razor focus for over 20 years and is ahead of many of its own sustainability targets - from 100% zero deforestation with HP-branded paper to reducing its carbon footprint by one-third.
- Its sustainability mission is expansive – covers human rights and digital equity
- HP leverages multiple touchpoints, particularly its digital assets to convey this focus with great impact.



**Samsung's Planet First** is a long-running, consistent global campaign of eco-friendly activities on climate change, resource depletion and environment protection

# Summary



**01**

Embedding Green Lifecycle



**02**

Connect the environment



**03**

Address Knowledge Barriers



**04**

Mainstream PLM Strategies



**05**

Meeting accountability expectations

# KANTAR

## Sustainable Transformation Practice

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