

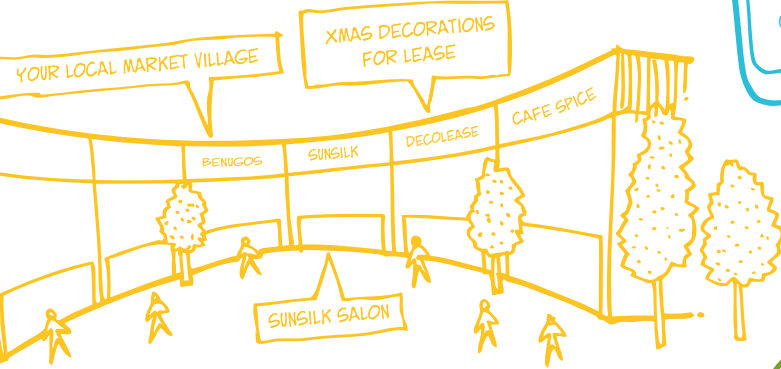
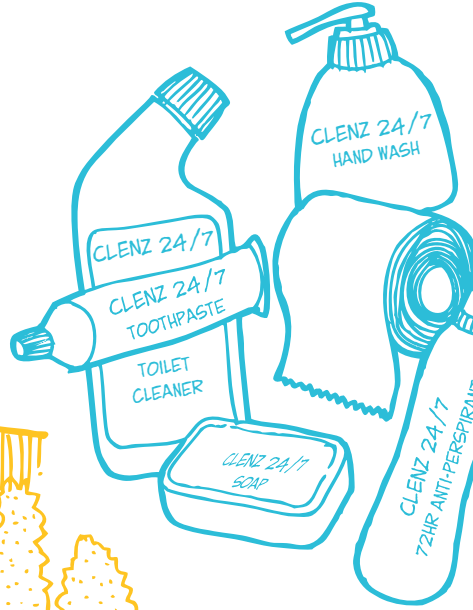


forum for the future

action for a sustainable world

consumer futures 2020

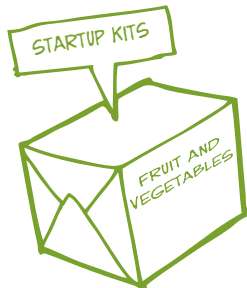
SCENARIOS FOR TOMORROW'S CONSUMERS



Sainsbury's



Unilever®



foreword

We can be sure of one thing about the future: it will be radically different from today. The global recession shows how quickly things can change – and we face much greater challenges to our economy and way of life, such as scarcity of key resources, rapid population growth, climate change and loss of biodiversity. These problems of sustainability affect our consumers and suppliers around the globe and are putting ever-increasing pressure on our business models. They make it essential for us to reorient our global economy around sustainable, low-carbon patterns of consumption.

Over the next 10 years we can expect major changes to the consumer retail sector. Demand for basic resources such as oil, water and staple crops is likely to increase and prices will rise. Consumers' behaviour and expectations will change: we expect growing demand for manufacturers and retailers to operate responsibly and to demonstrate this through transparent value chains. Successful brands will need to innovate to meet challenges like these, develop sustainable products, services and business models, and work with consumers to make them a success.

This represents a huge opportunity for forward-thinking brands to position themselves at the heart of the new, green economy, evolving the market to meet consumer needs in different, sustainable ways. Many brands have built a trusted relationship with millions of consumers, and with it brand loyalty, which can last a lifetime. We believe this gives them both the power and the responsibility to help people lead better, more sustainable lives. In fact, it's hard to see sustainable consumption becoming mainstream unless brands take the lead.

Sainsbury's, Unilever and Forum for the Future have jointly produced Consumer Futures as a practical tool to help organisations throughout the global consumer goods industry to prepare for the future. We want to help them explore how consumer expectations and behaviour will change and use these new insights to take the lead in driving forward sustainable consumption.

We have combined our knowledge of product value chains, consumer demand, behaviour change and sustainability to produce four plausible, provocative scenarios which explore possible patterns of consumption in 2020. Brands are used to drawing on recent market data and near-term market projections to help develop products and services, but this tends to encourage only incremental change. By looking further ahead and understanding what the future may hold, we can identify risks and opportunities and even how we can help shape that future. We plan to use the scenarios and accompanying tools to inspire innovation, inform business strategy and develop sustainable business models. We urge you to do the same.



Justin King,
Chief Executive, J Sainsbury plc



Amanda Sourry,
Chairman, Unilever UK & Ireland



Dr Sally Uren,
Deputy CEO, Forum for the Future

introduction

In developed nations we live in an unprecedented world of super-consumption. Our economy demands that we consume to keep it growing healthily. Marketing campaigns whisper “buy-me, buy-me”, and before we know it our homes are filled with ‘stuff’. We love to consume, and it is firmly engrained as a social norm – a (sometimes) fun, (mostly) daily activity that the majority of us partake in. Globally, we already consume 30% more resources each year than our planet can replenish. But if everyone consumed at European rates we would need three planets, and Americans have a five-planet lifestyle.¹

It’s clear we cannot go on this way. We face unprecedented challenges, such as accelerating climate change, loss of biodiversity, rising social inequalities, rapid population growth, and growing demand for water and key commodities. We must adapt our societies and economies to sustainable patterns of consumption – low if not zero-carbon, resource-efficient and profitable – as soon as we can.

Retail businesses are used to responding to consumer demand, or ‘pull’ – it is their principal business driver – but this will not deliver the radical changes we need to create a prosperous, resource-efficient world. Most consumers don’t have enough information, opportunity or motivation to make sustainable choices about how they buy and use products, so ‘green’ or ‘sustainable’ consumption is still niche, and companies make only incremental improvements. Leading brands need to take the initiative and work together to stimulate consumer pull on sustainability and make ‘sustainable consumption’ mainstream.

Consumer Futures 2020 aims to help businesses do this. It is designed as a practical tool to help organisations throughout the global consumer goods industry plan for the future. It contains four different but entirely plausible scenarios which explore how patterns of consumption and consumer behaviour may have changed by 2020.

The scenarios are not intended to be predictions or visions of desired futures. They look at how global trends may change our world and the consumer goods industry, and how sustainable products, services and business models could become mainstream.

None of the ideas, fictional brands or stories in any of the Consumer Futures materials are predictions of what the future will hold, nor do they represent what Sainsbury’s or Unilever is currently planning to bring to market. They are simply designed to bring the scenarios to life.

Future scenarios are an invaluable tool for forward-thinking businesses to use when planning ahead. They help identify risks and opportunities, inform strategy development, and stimulate innovation. Sainsbury’s and Unilever are already using them to explore new ways of collaborating on initiatives that will deliver sustainability and commercial benefit to both organisations.

The scenarios are accompanied by a toolkit to help you make best use of the scenarios. It includes six sketched-up products and services for each scenario illustrating how brands may meet consumer needs in 2020, and a set of personas which can be used to analyse the scenarios from different consumer perspectives.

¹ Goncalves, E. (2008). *One Planet Lifestyle*, WWF http://assets.panda.org/downloads/opl_ebooklet.pdf

'sell it to me'

'SELL IT TO ME' IS A PERSONALISED CONSUMER WORLD IN A FLOURISHING GLOBAL ECONOMY WHICH IS DOMINATED BY BRANDS. INNOVATIVE PRODUCTS PROVIDE PERSONAL HEALTH SOLUTIONS, FOR EXAMPLE CLOTHES IMPREGNATED WITH VITAMINS OR SHAMPOO LATHER THAT CHANGES COLOUR TO INDICATE MINERAL DEFICIENCIES.

'I'm in your hands'

'I'M IN YOUR HANDS' IS A TIGHTLY REGULATED WORLD IN WHICH CONSUMERS TRUST BRANDS TO PROVIDE INNOVATIVE PRODUCTS.

DOT FOR ME

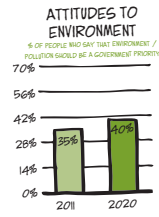
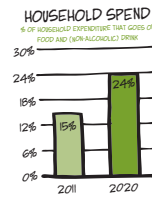
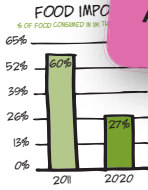
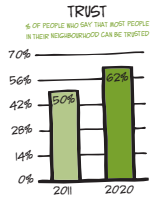
you'

"Companies will have to change the way they do business, to deliver long-term sustainable growth. The old model of ever-greater consumption, with growth at any price, is broken. Companies that succeed in the future will be those that reduce their environmental impact while increasing their social and economic impacts. This will only be possible if we find new ways of doing business, and this is why Unilever introduced its Sustainable Living Plan which sets out a more sustainable business model.

It will become ever-more important for us to anticipate the future needs and expectations of our consumers so that we can drive sustainable growth and ensure our own long term future.

We are pleased to have been able to work with Forum for the Future and Sainsbury's on Consumer Futures to help us in doing this."

Amanda Sourry, Chairman, Unilever UK & Ireland



To find out more and download the Consumer Futures toolkit go to: <http://www.forumforthefuture.org/project/consumer-futures/overview>

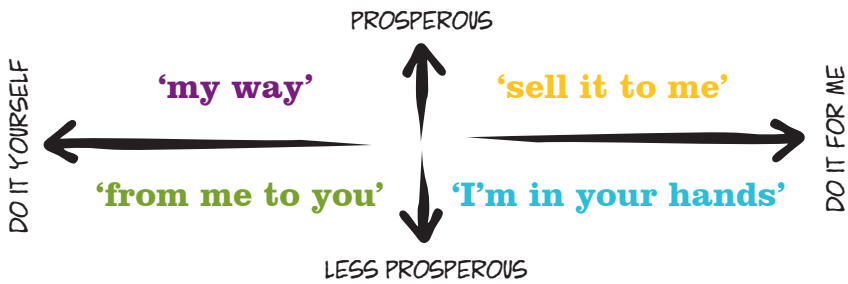
...SIZE CYCLES TO THE LOCAL MARKET TO BUY... LEADS A VERY FAST-PACED AND STRESSFUL... DON'T HAVE TIME DURING THE WEEK TO SHOP... RELATED HEALTH CONDITIONS ARE QUITE... PROLONG THIS BY AN EXTRA WEEK AND THE INTELLECT... PROVIDE A MORE OBJECTIVE MEASURE... TO ENTREPRENEURS...

4. AS THE SHAMPOO IS SO FRESH IT ONLY HAS A 1 WEEK SHELF LIFE. THE SMART 'KEEP-COOL' PACKAGING HELPS TO PROLONG THIS BY AN EXTRA WEEK AND THE INTELLECT... PROVIDE A MORE OBJECTIVE MEASURE... TO ENTREPRENEURS...

5. SIZE LOVES TO RELAX WITH A... END...

EXCLUSIVE AWARDS-WINNING COUNTRY DESIGNER ©

⑥



In order to create our scenarios we took what we see as the two least certain trends with the greatest impact on the future of the consumer goods industry:

Prosperous vs Less prosperous – by 2020 will our economy be flourishing or subdued?
Do-it-yourself vs Do-it-for-me – will consumers take the initiative to satisfy their needs or expect brands to do this for them?

We used these to create a two-by-two matrix, which in turn enabled us to create the scenarios exploring how these trends could play out, as illustrated along the axes.

how sustainable are these futures?

The scenarios help us understand what mainstream sustainable consumption could look like. None of them portray a world where consumption is truly sustainable, but in each scenario, social and environmental pressures have made aspects of it commonplace. But first, what do we mean by sustainable consumption? There are umpteen definitions out there. We think sustainable consumption is characterised by, but not limited to, the following features:

Smart growth, where economic growth is not delivered at the expense of the environment, and where the overall environmental footprint of business has reduced. Smart growth is characterised by ‘decoupling’ commercial success from environmental impact, often by delivering more economic value per unit resource used.

Smart use, where impacts associated with product use and disposal are minimal. It is characterised by closed loops, or even open loops, where someone’s waste is another’s raw material; take-back schemes, where used goods return to the manufacturer; product to service shifts; and different ownership models – consumers don’t need to

possess something just to derive a benefit.

A better choice of choice, where the unsustainable product or service is no longer available and consumers are choosing within a set of sustainable options. The concept of consumer sovereignty – where we all have a free choice – is a fiction. By deciding what to stock, and what to make, retailers and manufacturers have already made choices on behalf of their consumers.

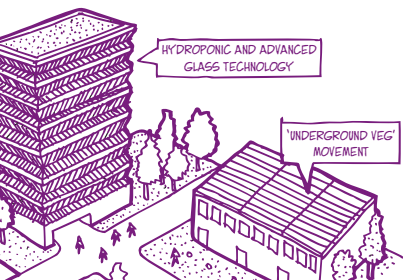
Positive social impact, where what and how we buy promotes well-being in individuals, communities and supply chains. Right now, we know that simply buying more and more ‘stuff’ doesn’t make us any happier, and certainly doesn’t promote community cohesion. In fact, analysis of the recent civil unrest in the UK tells us that the pursuit of shiny ‘stuff’ can be an indication of communities in distress. So, smart consumption involves transactions for goods and services that have a positive social benefit, where novelty and implied personal status are far less important than they are today.

scenario 1

'my way'

- 1. the economy is...** PROSPEROUS, AND CHARACTERISED BY HIGH LEVELS OF ENTREPRENEURIAL ACTIVITY
- 2. government is...** LIMITED IN ITS ROLE AT NATIONAL LEVEL, BUT MORE ACTIVE AT THE LOCAL LEVEL
- 3. our society is...** OPTIMISTIC BUT INDIVIDUALISTIC AND DEEPLY DIVIDED BETWEEN HAVES AND HAVE-NOTS
- 4. business and brands are...** LESS POWERFUL AND FORCED TO INNOVATE CONSTANTLY AND TO ADAPT TO LOCAL NEEDS... COMMUNITY-BASED TRADE DOMINATES - OFTEN BETWEEN COMMUNITIES IN DIFFERENT PARTS OF THE WORLD
- 5. we buy stuff from...** INDIVIDUAL PRODUCERS AROUND THE GLOBE, LOCAL BRANDS AND BUSINESSES, COOPERATIVES AND ONLINE EXCHANGES... WE PARTICULARLY LIKE 'HOME-GROWN' OR LOCALLY PRODUCED PRODUCTS
- 6. our relationship with brands is...** DEMANDING AND UNPREDICTABLE, WEB-BASED, INTERACTIVE, TRANSPARENT AND INFLUENCED BY PEER-TO-PEER RECOMMENDATION
- 7. we use the internet and technology...** TO MAKE OUR LIVES EASIER AND TO SOCIALISE, TRADE AND PROTEST WITH PEOPLE AROUND THE WORLD
- 8. we think that sustainability is...** DESIRABLE IN OUR LOCAL COMMUNITIES, BUT WHEN IT COMES TO GLOBAL ISSUES WE OFTEN PUT THE SATISFACTION OF OUR OWN NEEDS AND WANTS BEFORE THE GREATER GOOD

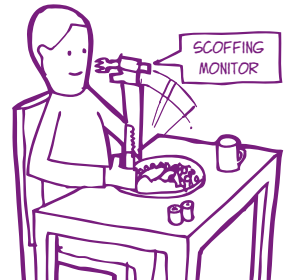
'UNDERGROUND VEG' MOVEMENT
AND HIGH-RISE FARMING



PERSONAL ENERGY MICRO-MANAGER



'SCOFF-OMETER' CUTLERY

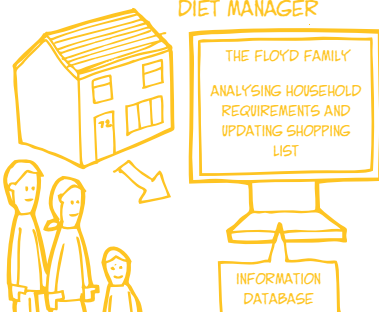


scenario 2

'sell it to me'

- 1. the economy is...** FLOURISHING AND GLOBALLY INTEGRATED... CONSUMER SPENDING AND CREDIT LEVELS ARE HIGH... LARGE COMPANIES DOMINATE
- 2. government is...** STRONG NATIONALLY BUT WEAK AT LOCAL LEVEL... INCREASINGLY BEING REPLACED BY MARKET-BASED MECHANISMS TO DELIVER SOCIAL AND ENVIRONMENTAL GOODS
- 3. our society is...** OVER-RELIANT ON CONSUMERISM AND PLEASURE SEEKING, WITH INCREASING INCOME INEQUALITY AND DECLINING SOCIAL COHESION
- 4. business and brands are...** DOMINANT, TRUSTED AND EXPECTED TO PROVIDE SOLUTIONS TO ENVIRONMENTAL PROBLEMS... INVESTING HEAVILY IN THE SHOPPER EXPERIENCE
- 5. we buy stuff from...** TRUSTED BRANDS, ONE-STOP 'SHOPPER-TAINMENT' VILLAGES AND SMALL SPECIALIST COMPANIES OWNED BY LARGE RETAILERS
- 6. our relationship with brands is...** HIGHLY PERSONALISED, PLEASURE SEEKING, DEMANDING AND BASED ON TRUST
- 7. we use the internet and technology...** LARGELY FOR ENTERTAINMENT AND MAKING OUR LIFESTYLES EASIER... BUT BUSINESSES USE IT TO GATHER LARGE AMOUNTS OF PERSONAL INFORMATION ON US
- 8. we think that sustainability is...** A MAINSTREAM ISSUE, TOGETHER WITH HEALTH OR EFFECTIVE PUBLIC SERVICES, BUT ULTIMATELY WE DON'T FEEL A DUTY TO CHANGE OUR LIFESTYLES AS WE'RE SURE THAT BUSINESSES AND INSTITUTIONS WILL SOLVE THE WORLD'S PROBLEMS

DIET MANAGER



DESIGN YOUR OWN PRODUCTS



BRANDED BABY BONDS



scenario 3

'from me to you'

1. the economy is... SUBDUED AND UNCERTAIN... FEAR ABOUT CLIMATE CHANGE AND SEVERE WEATHER HAS INCREASED... COMMUNITIES ARE TURNING TO ALTERNATIVE ECONOMIC MODELS

2. government is... LOSING THE CONFIDENCE OF THE PUBLIC AND INCREASINGLY NEGLECTING THE WIDER PUBLIC REALM... QUALITY OF LIFE AND THE 'WELLBEING' AGENDA, HOWEVER, ARE DOMINANT CONCERNS

3. our society is... FEELING THE PINCH OF RESOURCE CONSTRAINTS, HIGH PERSONAL DEBT AND LOW PENSIONS BUT BUILDING STRONGER LOCAL COMMUNITY TIES AND HOME-GROWN SOLUTIONS WHERE GOVERNMENT FAILS TO TAKE THE LEAD

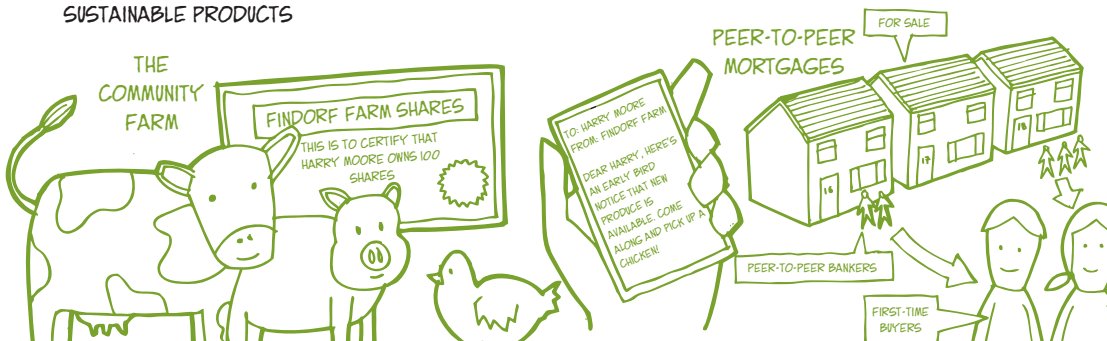
4. business and brands are... SUFFERING FROM A CONTRACTION IN THE RETAIL SECTOR... HAVING TO WORK HARD TO WIN TRUST AS CONSUMERS FEEL THAT BUSINESS IS FAILING TO DELIVER ON THE CHALLENGES FACED BY SOCIETY

5. we buy stuff from... DIRECT AND LOCAL SOURCES, COOPERATIVES AND PEER-TO-PEER SERVICES FOR SWAPPING AND SELLING GOODS... WE LIKE TO GROW OUR OWN PRODUCE IN URBAN FARMS AND MAKE OR REPAIR MORE STUFF OURSELVES

6. our relationship with brands is... LESS LOYAL AND MORE VOLATILE... LESS IMPORTANT THAN WORD-OF-MOUTH RECOMMENDATIONS, PRODUCT QUALITY AND LONGEVITY

7. we use the internet and technology... AS THE HEART OF OUR SOCIAL AND ECONOMIC LIFE AND INDIVIDUAL IDENTITY... TO TRADE OR BUY COLLECTIVELY AND TO INCREASE OUR COOPERATIVE BUYING POWER

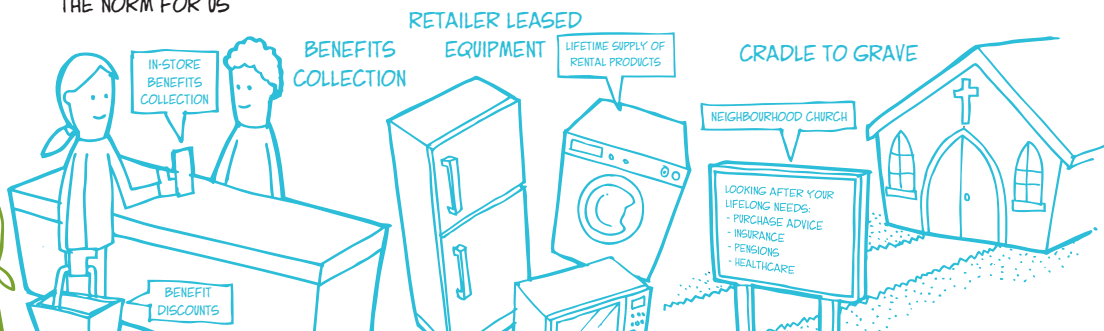
8. we think that sustainability is... SOMETHING LOCAL COMMUNITIES NEED TO TACKLE... GOING TO INVOLVE CUTTING NET CONSUMPTION RATHER THAN SIMPLY CONSUMING MORE SUSTAINABLE PRODUCTS



scenario 4

'I'm in your hands'

- 1. the economy is...** RECOVERING FROM THE RECESSION BUT GROWTH AND CONSUMER CONFIDENCE ARE LOW AND CREDIT IS TIGHTLY REGULATED... THE UK IS LOOKING TO PROMOTE LOCAL MANUFACTURING AND FOOD PRODUCTION TO REDUCE ITS RELIANCE ON A SHAKY WORLD TRADE SYSTEM
- 2. government is...** MORE CENTRALISED AND MORE INTERVENTIONIST, AND WORKS CLOSELY WITH BUSINESSES AND NGOS TO DELIVER ESSENTIAL SERVICES... USING TOUGH REGULATIONS TO ACHIEVE SUSTAINABILITY TARGETS
- 3. our society is...** MORE EGALITARIAN, STRUCTURED AND SUPERVISED, BUT WE WELCOME THIS AND ENJOY A STRONG CONSENSUS, SENSE OF COMMUNITY AND NATIONAL IDENTITY
- 4. business and brands are...** BIG AND DOMINANT YET BOUND BY GOVERNMENT'S STRICT SUSTAINABILITY GUIDELINES... TRUSTED, RELIABLE, PATERNALISTIC BRANDS DO WELL IN THIS WORLD AND ARE THE VEHICLE FOR LONG-TERM RELATIONSHIPS WITH CONSUMERS
- 5. we buy stuff from...** TRUSTED BRANDS AND BUSINESSES, OFTEN COMMITTING TO LONG-TERM CONTRACTS OR HIRE PURCHASE AGREEMENTS TO GET VALUE FOR MONEY... BIG RETAILERS WITH HIGH STREET SHOPS THAT DO HOME DELIVERY FOR ALL THE GOODS
- 6. our relationship with brands is...** LONG-TERM, PERSONAL, LOYAL AND CONSERVATIVE... WE ARE HAPPY TO SHARE LOTS OF PERSONAL DATA WITH BRANDS AND WE TRUST THEM TO PROVIDE WHAT'S BEST FOR US... WE WANT PRODUCTS TO BE EFFECTIVE AND DURABLE
- 7. we use the internet and technology...** HEAVILY... TO FIND THE BEST DEALS AND PURCHASE BASIC SUPPLIES... TO SCRUTINISE THE ORIGIN AND QUALITY OF PRODUCTS
- 8. we think that sustainability is...** CRITICAL... A MATTER ON WHICH GOVERNMENT AND BUSINESS TAKE THE LEAD, WHILE FRUGALITY AND A 'WASTE NOT WANT NOT' ATTITUDE ARE ALREADY THE NORM FOR US



recommendations

Businesses and brands should start taking action now to prepare for a rapidly changing economic, environmental and social climate. Here are our five key recommendations:

Take innovative business models to market

In all of our scenarios, brands and businesses have evolved and adapted their new business models to address challenges such as resource scarcity, changing consumer demands and the need to build resilience into value chains threatened by the accelerating impacts of climate change. Companies should be ready to innovate and to develop, trial and learn from experimenting with new, sustainable business models. The companies that do this today will be the ones profiting tomorrow.

Work with your value chain to find new solutions

Manufacturers and retailers operate in a complex system, and the challenges of shifting to sustainable consumption are too great for any organisation on its own. Companies should collaborate across their value chain, incentivising farmers, suppliers, designers, producers, retailers and others to work with them to find innovative solutions to bringing goods and services to market.

Strengthen local brands and local production

There is no guarantee that global brands will continue to win the hearts and minds of consumers. In two of our scenarios, communities have built up resilient systems to source the products and services they need. Brands that embrace and boost local production and have a local authentic story will resonate with consumers.

Build up long-term trust through transparency

Consumers can find information on the origins of products and services more easily than ever before thanks to social media and advances in information and communication technology (ICT), and this trend is likely to continue. Companies are unable to keep environmental or social skeletons in their closets in any of our scenarios. In this world, 'green' and 'ethical' are no longer niche, and robust standards on environmental and social performance are mainstreamed into everyday products and services.

Companies should prepare for a world where society demands absolute transparency from brands. Businesses which open up their value chains for scrutiny now will earn the most trust from consumers.

Use the power of marketing to accelerate sustainability

Don't wait for consumers to demand more sustainable products and services. Savvy brands will make money by accelerating the transition to a more sustainable world. Companies should use their marketing, communications and innovation skills to create consumer demand for sustainable and profitable products and services. Brands need to understand possible future consumer needs better and to positively influence the things that consumers buy and how they use and dispose of them.

Forum for the Future:
Overseas House
19–23 Ironmonger Row
London, EC1V 3QN
United Kingdom

Registered charity number: 1040519
Company limited by guarantee: 2959712

Date of publication: October 2011

Forum for the Future authors:
Fiona Bennie, Dan Crossley, James Goodman, Jemima Jewell, Hugh Knowles, Sally Uren

Forum for the Future support team:
Ruth Curran, David Mason, Ulrike Stein

Special thanks to the **Sainsbury's** and **Unilever** teams for their contribution to this project.

For more information please contact:
Fiona Bennie f.bennie@forumforthefuture.org
Dan Crossley d.crossley@forumforthefuture.org

Design by: Ian Dera www.iandera.com



Sainsbury's



To find out more and download the Consumer Futures toolkit go to:
<http://www.forumforthefuture.org/project/consumer-futures/overview>

about

Consumer Futures has been led by Forum for the Future in partnership with Sainsbury's and Unilever.

Forum for the Future is a non-profit organisation working globally with business and government to create a sustainable future. We aim to transform the critical systems that we all depend on, such as food, energy and finance, to make them fit for the challenges of the 21st century. We have 15 years' experience inspiring new thinking, building creative partnerships and developing practical innovations to change our world.

www.forumforthefuture.org

J Sainsbury plc was founded in the UK in 1869 and today operates a total of 934 stores comprising 557 supermarkets and 377 convenience stores. Sainsbury's stores have a particular emphasis on fresh food, and we strive to innovate continuously and improve products in line with our customer needs. We now serve over 22 million customers a week and have a market share of over 16 per cent. We employ over 150,000 colleagues.
www.sainsburys.co.uk

Unilever is one of the world's leading suppliers of fast-moving consumer goods. Consumers buy 170 billion Unilever packs around the world every year, and our products are used over two billion times a day. Our portfolio includes some of the world's most loved brands including Knorr, Hellmann's, PG Tips, Lipton, Dove, Vaseline, Persil, Cif, Flora and Marmite. We have around 167,000 employees in over 100 countries, and generated annual sales of €44.3 billion in 2010. For more information please visit www.unilever.com and www.sustainable-living.unilever.com.