

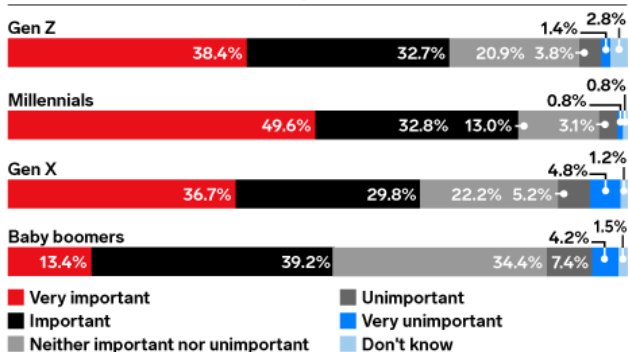
A sustainability strategy will be a need-to-have for retailers

Article

Sustainability, no longer merely a buzzword, will be critical to how brands and retailers respond to changing consumer expectations about product sourcing, packaging, and delivery.

Importance of Sustainability When US Internet Users Shop for Beauty, Clothes, and Travel Experiences, by Generation, March 2021

% of respondents in each group



Note: numbers may not add up to 100% due to rounding

Source: Composed and MaCher, "Sustainability & Consumerism: U.S. Consumer Behaviors and Preferences," May 6, 2021

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Sustainability is a primary brand consideration for millennial and Gen Z consumers. Younger generations not only have enormous influence on brand perceptions, but increasingly wield the power of the wallet. Millennials now represent **\$600 billion** in spending power, while Gen Z chips in another **\$140 billion**. With younger consumers' sky-high expectations of brands to exhibit social and environmental responsibility, brands that are perceived as being behind-the-times will quickly fall out of favor with these cohorts.

Rental and resale fashion are a win-win-win for consumers, retailers, and the environment. Fast fashion is out, sustainable fashion is in. It's too soon to announce "the end of ownership," but borrow-don't-own propositions like Rent the Runway have cultivated strong customer bases and will gain momentum in 2022. Resale marketplaces TheRealReal, Poshmark, and Depop are also on the ascent, while established retailers like Lululemon, Ikea, and Urban Outfitters recently launched their own resale initiatives.

Sustainable direct-to-consumer (D2C) brands are moving center stage. Digitally native D2C brands Warby Parker and Allbirds, which have built their brands on sustainability and corporate responsibility, are now under a bigger spotlight as recently publicly listed companies. As they and other D2C brands grow through portfolio extensions, channel expansions, and new revenue streams, their challenge will be to increase profits while remaining true to their core.

Retailers are adopting more sustainable packaging practices. Amazon's introduction of "Amazon Day" to consolidate orders into a single weekly delivery and recent investments in electric vehicle manufacturers and clean tech companies suggests the ecommerce giant is

evolving to be more environmentally conscious. Walmart aims to achieve **100%** recyclable, reusable, or compostable packaging in its private brands by 2025, and is also pushing on suppliers to significantly reduce carbon emissions as part of Project Gigaton.

Ultimately, sustainability is all about gain, not pain. Adjustments are difficult, but retailers that adopt sustainable supply chain, packaging, and revenue models will be positioned for growth —especially as younger shoppers wield more influence on consumer spending.

[Read the full report.](#)