QANTAS FUTURE PLANET INSIGHTS REPORT 2019

A study of Australian behaviours and attitudes towards sustainable goods and services
The Qantas Future Planet Insights Report is a study of Australian consumer attitudes relating to the environment, and sustainable goods and services. It’s a natural pulse check on the environmental issues that matter, consumer expectations of business, and market demand for sustainable choices. Repeated annually, the longitudinal study is in its second year.

The study is undertaken by Qantas Future Planet’s research partner, Red Planet, with analysis by consumer strategy house Ergo Strategy. It combines insights from eleven years of behavioural data from Qantas’ Fly Carbon Neutral customer program, with a new survey of more than 1500 Australians.

The study is unique in Australia, as it matches analysis of attitudes and intent, with observed consumer behaviour (carbon offsetting a flight).

The survey sample size is 1590. It includes 1100 Qantas Frequent Flyers who have not offset a flight with Qantas (referred to hereafter as ‘non-offsetters’), and 490 ‘offsetters’ - Qantas customers who have chosen to carbon offset a flight for a nominal fee, in the last two years.

**KEY:**
- ‘non-offsetters’ are Qantas Frequent Flyers who have not carbon offset a flight in the last two years
- ‘offsetters’ are Qantas Frequent Flyers who have chosen to carbon offset a flight in the last two years

Photo: Dambimangari Native Title land, Kimberley WA
The backdrop to consumer attitudes in 2018

For Australians in 2018, reminders of the environmental challenges facing our planet were constant. Extreme weather events dominated the news headlines and our social media feeds. The drought in eastern states dragged into another year, “unprecedented” bushfires ravaged the Queensland coast1 and burned out-of-control in Tasmania, and giant hail and thunderstorms pummelled Sydney in the first weeks of summer. Season two of the TV series “War on Waste” was another ratings hit, and saw environmental issues like plastic bottles, food waste and e-waste return as water cooler chat around Australia. Thousands of kids striking from school to join climate change protest marches also made headlines and sparked conversation in the community.

These general attitudes toward the need for action are reflected in buying behaviour insights. In 2018, there was a strengthening in preference for sustainable goods and services. In 2017, 35% of non-offsetters rated their preference as “strong” and in 2018, this grew to 42%. Similarly among offsetters, there was strengthened preference.

Demand for carbon neutral products continued to transcend industries, with a significant lift in demand for carbon neutral shipping, and nearly half of consumers stated demand for carbon neutral energy/electricity.

Attitudes remained stable and preference strengthened

In this context, it’s no surprise that public awareness of environmental challenges was so high. Over 70% of Australians said that they were “very aware of environmental issues”, and the breadth of issues of concern was wide – more than half of those identified plastic waste, air pollution, water pollution, species extinction and extreme weather as concerns.

There was a strong view that multiple actors have a collective responsibility (and ability) to tackle climate change and environmental issues. Two in three people said their individual impact on the environment was top-of-mind, and 88% said that we can all do something to reduce the impacts of climate change.

When it comes to the role of business, it’s clear that people expect businesses to act. There was a growing view that government is not doing enough to tackle climate change, while the view that businesses have a key role to play remained strong.

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The spotlight on environmental challenges was strong in 2018, matched by Australian’s awareness of the issues. Against a backdrop of extreme weather news headlines, a second season of “War on Waste” on our screens, and school kids striking over climate change, it’s no surprise that two-thirds of respondents said that they were “very aware of environmental issues,” up slightly from 2017. Further to this, 80% of people agreed that climate change is caused by human activity.

Our impact on the environment as individuals can be of tremendous consequence. Two-thirds said they always think about how their actions impact the environment, with carbon offsetters paying particular attention (78%).

**CONSUMERS ARE ASKING: WHAT’S MY ROLE IN THIS?**

Consider how you’re addressing the needs of the two-thirds of Australians who always think about their impact on the environment. What relevant choices or information do you provide about your product/service? What’s the timing of your communication? Is the ‘tangible’ impact they’re making clear?
In 2018, questions on “plastic waste” were added to the survey, and it emerged as the highest rating environmental issue among respondents: 87% identified it as a concern. This aligns with the scale and reach of the issue, and with the strong belief in the importance and agency of individuals to address environmental issues.

There was also breadth in the concerns identified, with more than two in three stating that they were also concerned about issues ranging from air pollution, species extinction and extreme weather events.

Many environmental initiatives produce co-benefits that address more than one issue. Consider how you communicate the breadth of your impact.

87% were concerned about plastic waste.
78% were concerned about water pollution.
78% were concerned about species extinction.
77% were concerned about air pollution.
64% were concerned about extreme weather events caused by climate change.

PLASTIC, POLLUTION AND EXTREME WEATHER: THE ISSUES OF CONCERN ARE VARIED
There’s a very strong view that as individuals, we all have the ability to reduce the effect of climate change. This sentiment is strongest with carbon offsetters and increased slightly in 2018. Among non-offsetters, the view is also still held by the vast majority (83%), though it dropped from 2017 (87%). When it comes to the role of businesses, it’s clear that people expect businesses to act. This view was stable among non-offsetters, and grew slightly among offsetters. This increase could be driven by the slight increase in the view that Government is not doing enough to tackle climate change - held by 83% of offsetters and more than two thirds of non-offsetters.

There’s (still) a strong view that business has a key role to play

We can all do something to reduce the effect of climate change.

Business plays a key role in combating environmental issues.

The Government is not doing enough to tackle climate change.

ACTION
Consider consumer expectations of business with a wide lens, beyond just consumers. What could this mean from an employee, investor, collaborator perspective?
Taking action on environmental issues continues to drive brand differentiation, and is backed by consumer’s willingness to pay a premium for environmentally friendly products and services.

More than three quarters of consumers said they prefer to buy from businesses that show they care about the environment, and two in three said they would be willing to pay a premium for products and services if they were environmentally friendly.

These numbers are stable against 2017 results, though the ‘strength’ of preference grew in 2018. In 2017, on a scale of 0-10 (0 being no preference and 10 being strong preference), 35% of non-offsetters noted their preference as 8 or above. In 2018, this grew to 42%.

Similarly among offsetters, there was a shift in scores at the strong preference end of the scale.

There’s a stronger consumer preference for businesses that address environmental issues.

Preference for purchasing sustainable/environmentally friendly products & services (%)

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76% in 2017
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69% in 2017

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Carbon offsetting is known as a product feature attached to flights, though strong and stable demand exists across industries. There was a spike in demand for carbon neutral shipping for online purchases, and energy retained strongest demand for a carbon neutral choice.

### DEMAND FOR ENVIRONMENTALLY FRIENDLY PRODUCT FEATURES TRANSCENDS INDUSTRIES

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<th>Product Feature</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Energy consumption/electricity bill</td>
<td>47.5%</td>
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</tr>
<tr>
<td>Personal car use</td>
<td>38.9%</td>
<td>38.5%</td>
</tr>
<tr>
<td>Shipping for my online purchases</td>
<td>33.5%</td>
<td>34.4%</td>
</tr>
<tr>
<td>Car hire</td>
<td>38.0%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Tourism packages or tours</td>
<td>37.2%</td>
<td>37.3%</td>
</tr>
<tr>
<td>Holiday cruises</td>
<td>37.2%</td>
<td>36.6%</td>
</tr>
<tr>
<td>Taxis, Uber</td>
<td>30.0%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Hotels, Airbnb</td>
<td>28.4%</td>
<td>35.5%</td>
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Strong signals of purchase propensity exist across product categories and industries.

Where a customer has carbon offset a flight, they are twice as likely to purchase renewable energy / Greenpower than non-offsetters, and similarly offsetters are nearly twice as likely to purchase certified sustainable, recycled or fair trade products.

This provides an opportunity to identify new target audiences and segments, for customer acquisition and retention marketing.

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<th>Purchased environmentally friendly products &amp; services in the last 12 months (%)</th>
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<tr>
<td>Local/locally sourced food products</td>
<td>60</td>
</tr>
<tr>
<td>Certified sustainable, recycled or fair trade products</td>
<td>34</td>
</tr>
<tr>
<td>Organic food &amp; beverage</td>
<td>37</td>
</tr>
<tr>
<td>Carbon offsets of flights</td>
<td>100</td>
</tr>
<tr>
<td>Sustainable health &amp; beauty products</td>
<td>29</td>
</tr>
<tr>
<td>Chlorine/halogen-free products</td>
<td>7</td>
</tr>
<tr>
<td>Biodegradable non-packaging</td>
<td>7</td>
</tr>
<tr>
<td>Ethically &amp; sustainably sourced holiday activities</td>
<td>5</td>
</tr>
<tr>
<td>Above and beyond purchased goods products in the last 12 months</td>
<td>14</td>
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The UN Sustainable Development Goals (SDGs) are an increasing focus in many Australian corporates, and are being used as a framework to communicate impact. The research shows that while offsetters are more likely to be aware of the SDGs, more than half of the community have not heard of them. Among the respondents who said that they had “heard a lot about them”, ‘climate action’ was identified as the leading initiative Australia should be contributing towards. This issue was particularly strong among carbon offsetters.

Priority SDGs Australia should contribute towards

Of those who “knew a lot about” the SDGs, proportion who selected each goal as a top three initiative.
“This 2019 report is a reminder of just how mainstream consumer consideration of sustainability has become. It influences our expectations of the businesses we buy from, invest in and work for. For leaders, there’s reward too. Our research at Harvard University’s STAR Lab shows when companies differentiate with improved sustainability, they attract more customers and lift sales.”

Michael Hiscox, Founding Director - Harvard University STAR Lab
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