



Millennials and Gen Z want to support purpose driven companies acting sustainably

besmarthead.com, 26 February 2021

Consumer awareness on global environmental and societal issues is increasing and it's changing their spending habits. While quality remains the topmost factor in purchasing decisions, consumers also look for the brand's purpose in developing products and providing services.

5 **The Rise of Purpose-Driven Brands**

A purpose-driven brand is one that's motivated by a strong core mission. This goal is the very reason why the company exists, and it generally revolves around solving a problem in the society and environment. It shapes the story, identity, goals, activities, and decisions that the company takes every step of the way.

10 So, why should companies bother doubling down on their mission when sales and figures are already showing profitability?

15 According to Richard Branson, founder of the Virgin Group, the brands that will continue to thrive are those that have a purpose beyond making money. Proof of this is how millennials and Gen Z customers prefer dealing with companies focused on upholding corporate sustainability over those that put little importance on their societal and environmental impact.

When executed in an authentic and holistic method, purpose can become a competitive advantage that will help create a stronger connection with consumers, especially with the younger Gen Z and millennial generations. [...]

Why Push to Become a Purpose-Driven Company?

20 Here are some statistics from various studies explaining why you should focus on becoming a purpose-driven company:

1) To capture the younger market

According to a report from IBM, nearly 60% of surveyed consumers are willing to improve their shopping habits to reduce any negative impact on the environment.

25 Around 40% of the respondents fall under the category of purpose-driven consumers. These customers seek products from brands that value health and wellness, recycling, sustainability, and fair labour practices.

30 Unsurprisingly, corporate sustainability has become extremely important in purchasing decisions, with 70% of respondents saying they're willing to pay up to a 35% premium on products from sustainable and environmentally responsible companies.

2) To stay relevant

35 Consumers being able to relate to your story makes them more appreciative of your efforts in fulfilling your mission. They'll be willing to support your advocacies by choosing your brand over others that they think are just purely driven by profit. It'll feel better for them to back up a company that values the same things they care for.

3) To meet consumer expectations

40 A study titled The State of Consumer Spending: Gen Z Shoppers Demand Sustainable Retail revealed that 62% of Gen Z and millennial customers prefer to buy from sustainable and purpose-driven brands. Gen Z (73%) and millennial consumers (68%) are also willing to pay more – around 10% of the average market value – for sustainable products. [...]

4) To act on your brand promise

[...] Consumers nowadays do more than just check the label and ingredients. They want to know more about how the products are sourced, processed, and delivered as these factors all connect to sustainability.

45 Commitment to a purpose needs action; it's more than a simple declaration or catchphrase. Customers are smarter now, and with information being highly accessible to them, they'll know if you're acting on your promises or just baiting them with marketing tactics.

50 It's not easy to convince millennial customers through green marketing tactics to promote corporate sustainability. To them, promises will remain empty until they're backed with numbers that match the target. Facts and figures are important to today's customers because they're proof the business is staying true to its pledge. [...]