FDRA
FOOTWEAR DISTRIBUTORS & RETAILERS OF AMERICA

FIRSTINSIGHT

CONSUMER SUSTAINABILITY SURVEY 2021

Enhance Targeted Marketing

•

Refine Messaging That Connects

•

Prioritize Issues and Processes

FOOTWEAR DISTRIBUTORS
& RETAILERS OF AMERICA

The footwear industry's business and trade association. At over 95% of the entire industry, the Footwear Distributors and Retailers of America (FDRA) is the largest and most respected footwear trade association in the U.S. It represents and serves the entire footwear industry from small family owned footwear businesses to global footwear companies, as well as domestic manufactures, importers, and retailers. In all, it supports more than 250 companies and over 500 brands designing, producing, and selling great footwear to consumers all over the globe.

First Insight is one of the world's leading Experience Management (XM) platforms that empowers companies to incorporate the Voice of the Customer into the design, pricing, planning and marketing of products and service offerings. Through the use of online consumer engagement tools, the First Insight platform gathers real-time consumer data and applies predictive analytic models to create actionable insights, which drive measurable value. Customers include some of world's leading vertically integrated brands, sporting goods companies, department stores, consumer products companies, mass merchant retailers and wholesalers. For more information, please visit **www.FirstInsight.com**.

Contents

Looking for more information on the footwear industry?

Visit FDRA.org to find a range of stats, data and analysis and subscribe to Shoe-in Show to hear industry leaders discuss business insights and trends!

METHODOLOGY AND MORE

The first industry-wide consumer survey on shoe sustainability

Sustainability is the hottest topic in footwear. It is also the most challenging. Shoe companies must not only transform operations, processes and products to be more environmentally friendly—they must also clearly communicate that to consumers. Too often, much of the language and phrases used in marketing today on sustainability are vague or overly exotic and may unintentionally mislead consumers who may not understand what brands and retailers are trying to communicate.

This industry-wide survey aims to create a critical baseline that brands and retailers can use to ensure they understand what consumers actually comprehend, what terms and phrases best resonate, and what areas they should prioritize when it comes to actual sales. These results provide companies with intelligence to build strategic marketing campaigns around and better focus operational efforts. It can also be used for more clear legal guidance and support on marketing sustainability products or processes to comply with the FTC Green Guides.

This survey was built with input from 100 shoe companies

FDRA took a range of questions from over 100 shoe brands and retailers and refined them in order to scope this information directly to industry needs. The survey was developed with First Insight's help to learn as much as possible from consumers on a wide range of sustainable topics without guiding their answers.

A special thanks

To all the companies who sent in questions and thoughts to build out this important survey and to First Insight for their partnership in running this survey to benefit the footwear industry. To Anne W. Glazer and Bao Vu of Stoel Rives, for their continued legal guidance on proper green marketing and for their encouragement in getting this survey out to better guide the industry. And especially to Wolverine Worldwide's Ashley Stiefel-Knorr, Consumer Insights Analyst, and Erin Augustine, Director of Responsible Sourcing, for helping us wordsmith the survey questions in order to address the technical aspects in an understandable format for the consumer so that we could gather honest, real results.

Methodology

First Insight's findings are based on the results of a U.S. consumer survey of a targeted sample of more than 1,000 respondents, balanced by gender, geography, and generation, fielded from April 27–May 3, 2021. The survey was completed through proprietary sample sources amongst panels who participate in online surveys.

Thanks to our annual shoe sustainability program sponsors for their support in this and other key projects.

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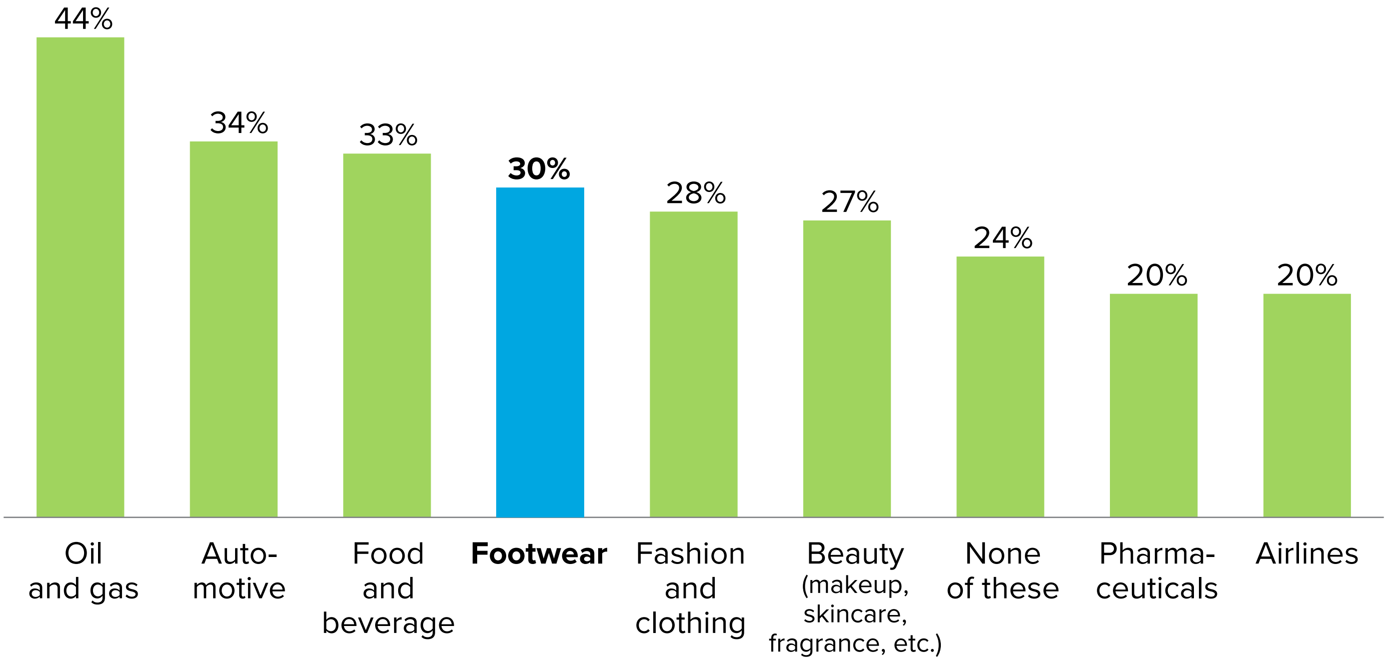
Material Exchange

SURVEY QUESTIONS AND RESULTS

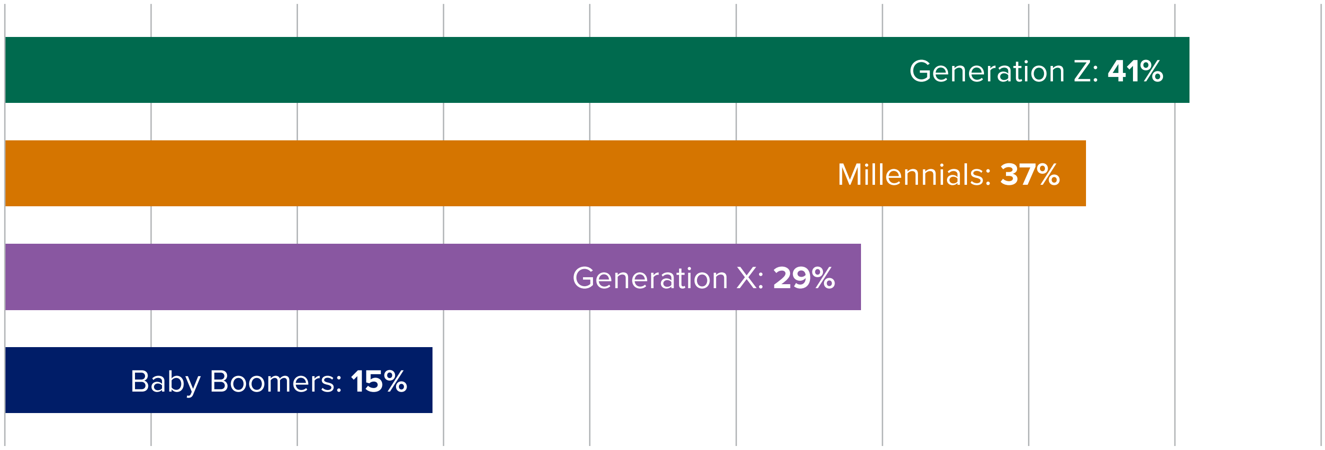
Of all industries, which have you seen on the news, TV, or online talking about their impact on the environment and their work to remedy it?



Analysis

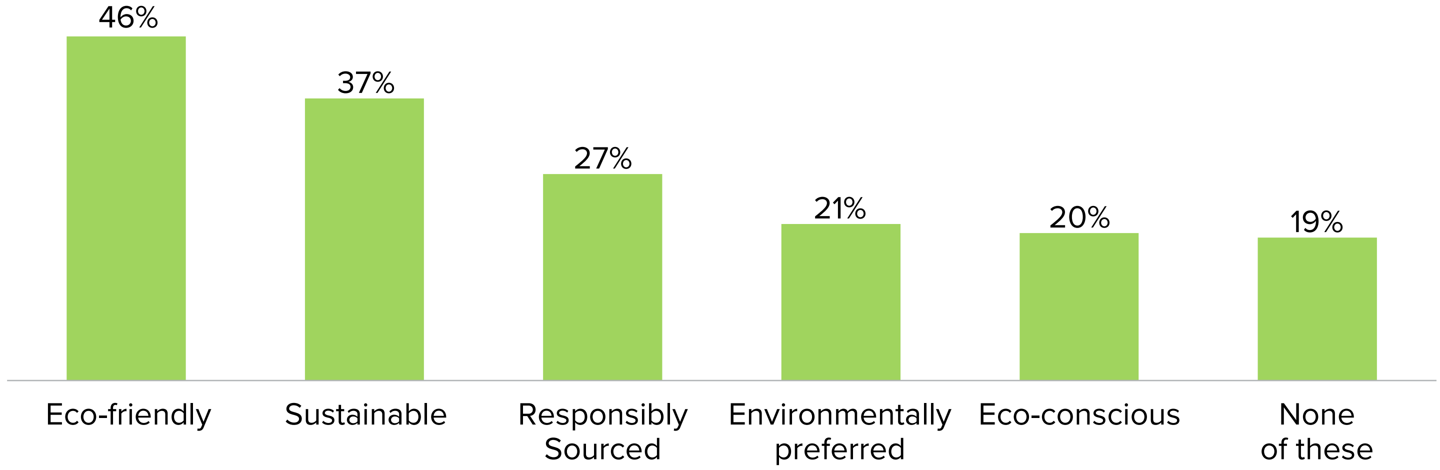
- Footwear is in line with other similar retail categories (like fashion and beauty) when it comes to consumers seeing brand or retail marketing around the environment/sustainability.
- At 30% of recognition, there is still room to grow in the area of sustainability for shoe companies if they choose, since 75% of respondents report seeing environmental messaging from companies in other industries more broadly.
- The attention and recognition of environmental messaging is highest among younger respondents, as expected.

RECOGNITION OF SHOE SUSTAINABILITY MESSAGING BY AGE



SURVEY QUESTIONS AND RESULTS

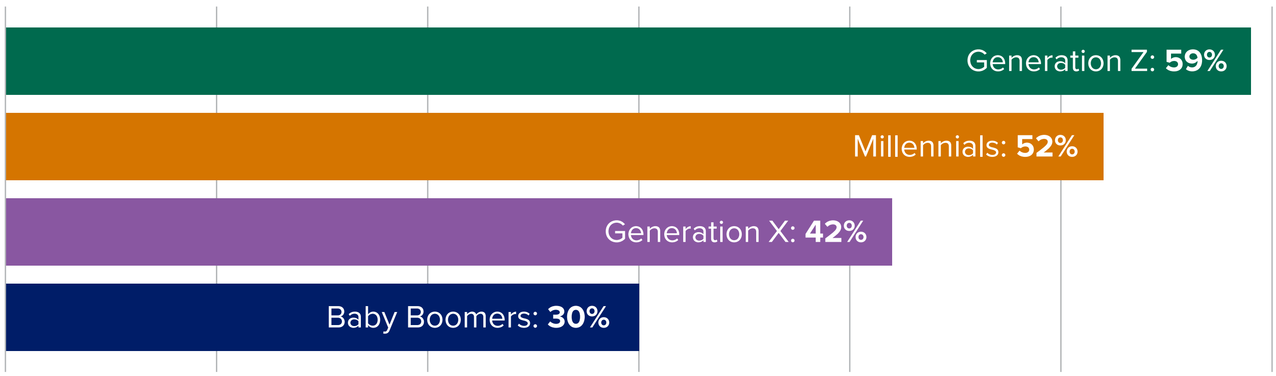
The footwear industry is working to reduce its environmental footprint by reducing waste, using better materials, and leveraging improved manufacturing processes. When a shoe company uses marketing language to describe their work, which phrase(s) do you prefer? Please select all that apply.



Analysis

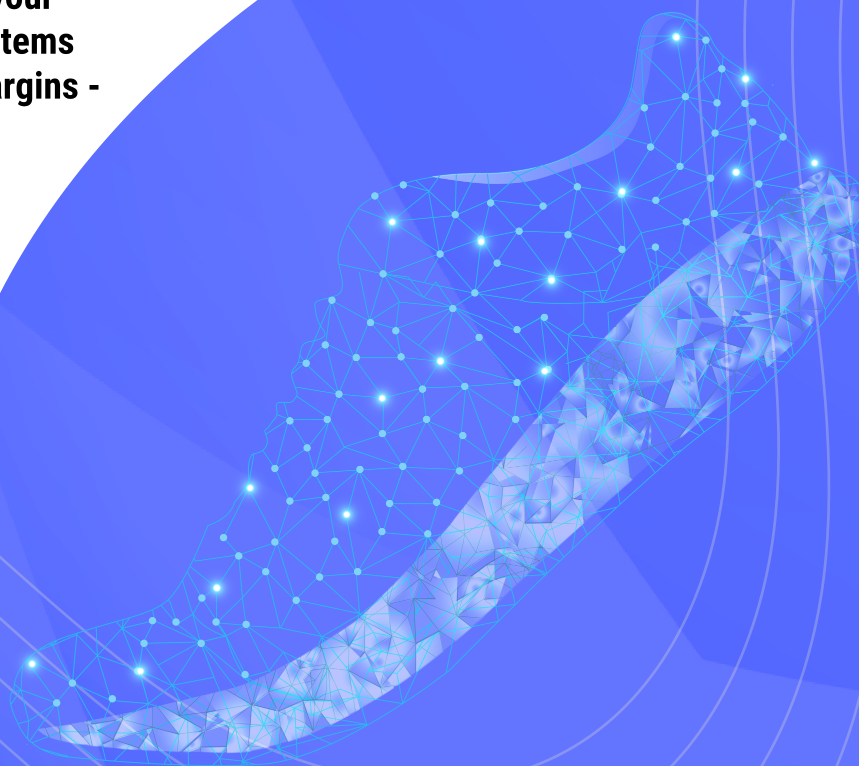
- Respondents were given the option for multiple choice on this question because there are many ways companies are marketing their work today, and in order to glean as much insight as possible.
- *Eco-friendly* is perhaps the most-used marketing term across all industries, likely explaining the top choice here. This leads us to the question of whether "sustainable" is too large or saturated a term for consumers versus the use of "eco." Caution is needed on any term used—per FTC Green Guidelines—as you must ensure clarity and outline any "eco" claims so that consumers can easily understand them. Do not merely use the term "eco" without explanation on providing any reasoning behind the claim.
- Almost half (46%) are attracted to marketing language that includes "eco-friendly."
  - 43% of males prefer eco-friendly as do 48% of females.
  - "Eco-friendly" was heavily chosen by Gen X, Millennials and Gen Z.
- Baby Boomers chose the "None of these" option at the highest percent age group.

ATTRACTION TO "ECO-FRIENDLY" FOOTWEAR MARKETING MESSAGING BY AGE



YOUR SUSTAINABLE FUTURE STARTS WITH FIRST INSIGHT

From concept to cart, First Insight's predictive analytics platform brings the Voice of the Customer into your product development cycle. Find out how much your customers value sustainable options and which items can bear a higher price to help you raise your margins - and lower your carbon footprint.



Reduce inventory 40% while increasing sales by 6%

Reduce sample production cost by 70% through digital product testing

Eliminate 10-30% of low-valued brand portfolio, saving space and inventory

Visit www.firstinsight.com/sustainability to learn more about how First Insight can support your sustainability initiatives and business objectives.

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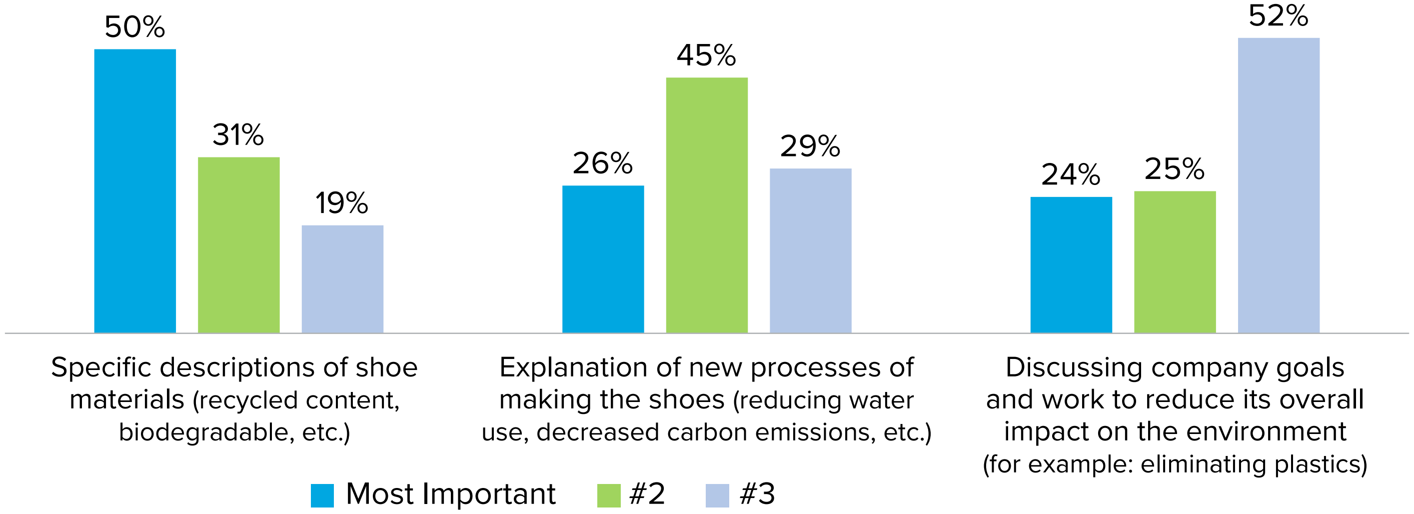
FIRSTINSIGHT

SURVEY QUESTIONS AND RESULTS

Please rank in order of importance: When shoe shopping, which of the following is most important for you to determine if a brand is truly sustainable? What should a company focus on communicating?



Analysis

- Product is king for consumers as they judge a brand's sustainability by shoe materials and production processes. Directly marketing product matters and processes for increased sales over company targets is encouraged.
- Company goals and targets are important—24% of respondents ranked it #1—but overall falls behind materials (half ranked it #1 and a further 31% ranked it #2) when it comes to information the consumer seeks to influence purchasing.

Which of the following best describes how you think about sustainability or environmental impact claims when shoe shopping? Please select all that apply.

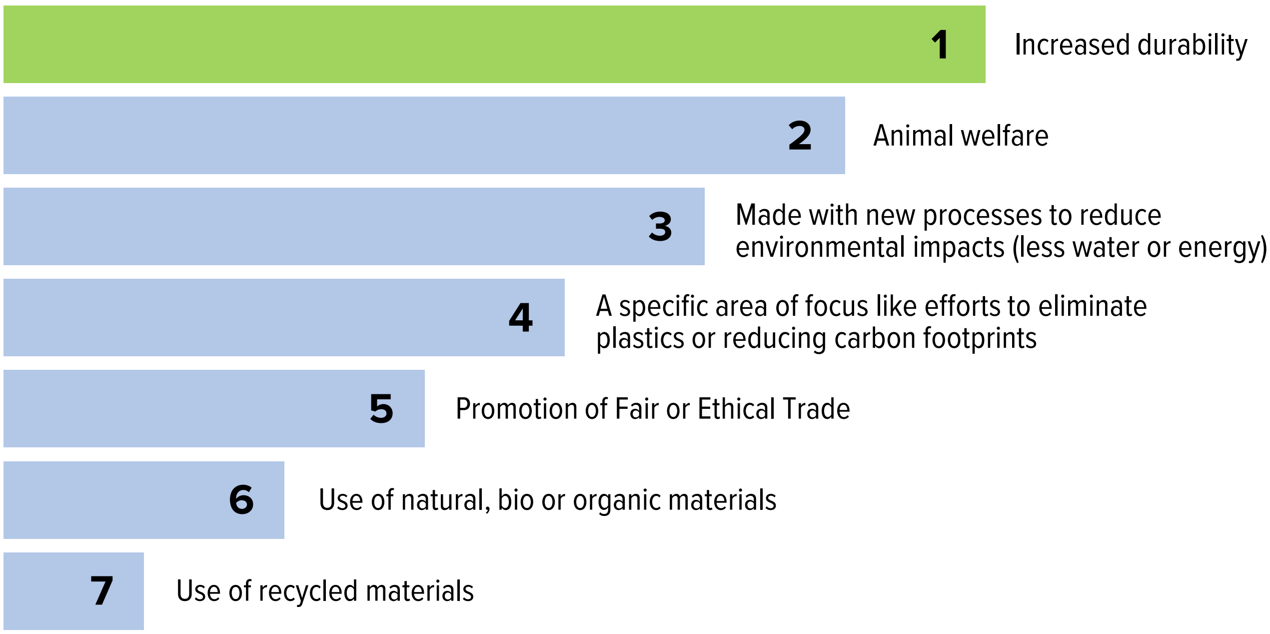
	Baby Boomers	Generation X	Millennials	Generation Z
I often Google sustainability or environmental claims to learn more	11%	26%	36%	37%
I visit the footwear company's website to learn more about their work on these issues	14%	28%	33%	32%
Sometimes I'll try to learn more, but I usually don't investigate further	31%	32%	35%	38%
I don't see sustainability or environmental claims when shoe shopping	60%	39%	24%	25%

Analysis

- Baby Boomers and Gen X are less likely to see marketing on sustainability, or seek it out, compared to younger shoppers. The shift is noticeable from 60% of boomers not seeing sustainable messaging and/or marketing compared to just 24% of Millennials.
- The younger shoppers are in one sense better at informing themselves by googling shoe sustainability claims and/or going to a company's site to learn more; in another sense, others in this age group lack the drive to investigate further.
- That none of the options for more information gathering reached above 37% speaks to the need for as much sustainable information focused on specific products as possible rather than secondary links to ensure a fully-informed consumer.

SURVEY QUESTIONS AND RESULTS

How important are the below items to you when a brand or retailer talks about <u>the sustainability of a pair of shoes</u> you are interested in purchasing? Please rate the importance from highest to lowest priority.



**Please note these data were combined and weighted by ranking.*

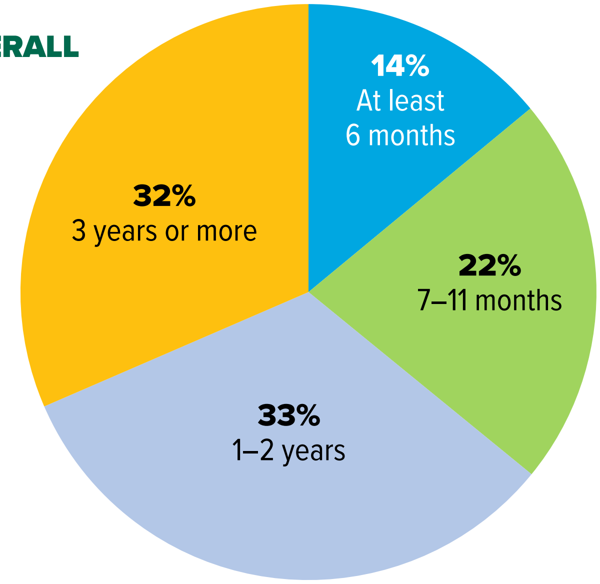
Analysis

- When you talk about sustainability, consumers want to hear about durability… durability… durability. The rankings speak to the overall value proposition of the purchase, but it is striking that every demographic ranked durability as the highest priority for shoe companies.
- Animal welfare was listed as the second highest priority. In recent years, there have been major marketing campaigns around animal welfare and the meat industry's impact on the environment, which may be the reason for this jump above other issues like recycled or bio materials. We know recycling and bio materials are super sustainable, but consumers may not know why—consumer education campaigns around why shoe companies are focused on bio materials in particular may be needed.
- If a company were to add animal welfare to their marketing efforts, the focus should be on females and Generations X and Z, who ranked it as second highest priority, versus males and Millennials, who ranked it fifth in importance.
- Millennials, Gen Z'ers and females ranked new processes to reduce environmental impacts as their third priority and fair trade as their fourth highest priority.
- Millennials as a group ranked a company-specific area of focus like carbon reduction or eliminating plastics as their second highest priority. Companies focused on these issues will find targeted messaging resonates best with this group.
- Promotion of fair or ethical trade was Gen X and males' third highest priority.

SURVEY QUESTIONS AND RESULTS

When a brand markets the longevity or durability of shoes as part of its sustainability, how long do you think you should be able to wear the shoe to truly market it as durable?

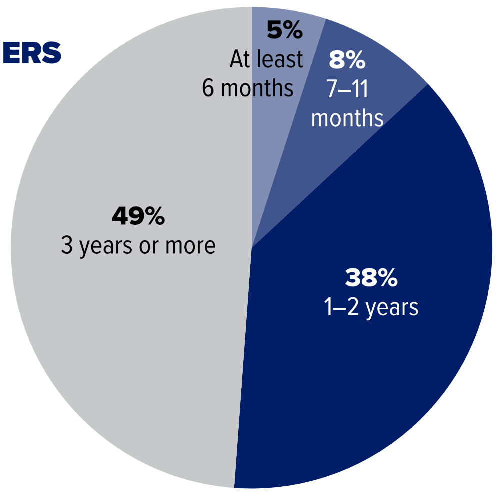
OVERALL



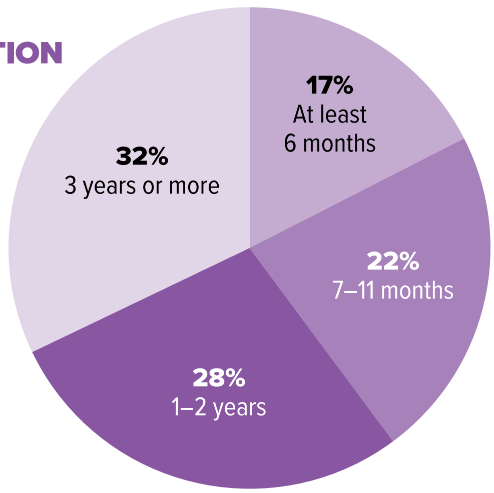
Analysis

- Durability is the term most consumers choose when we ask what comes to mind when they hear shoe sustainability. So this data is important to what durability means for our industry.
- 65% of those surveyed said shoes must last more than one year to be considered “durable.”
- The interesting thing is seeing nearly half of all Baby Boomers say shoes need to last three years or more to be considered “durable” versus 22% of Gen Z.
- Further, 28% of Gen Z thought shoes would be considered “durable if they lasted less than one year versus just 8% of Baby Boomers. Is this the impact of fast fashion changing expectations, and/or the casualization of fashion to casual lifestyle/sneakers conditioning new attitudes?

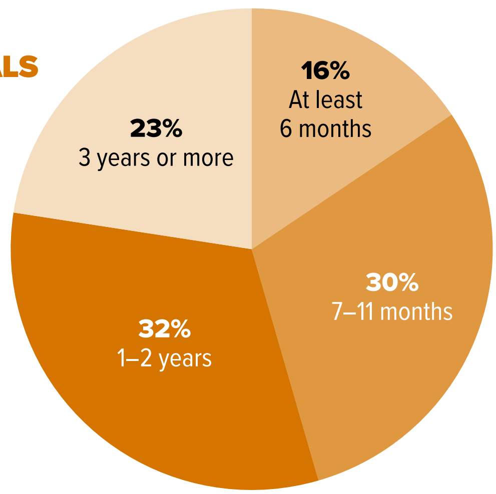
BABY BOOMERS



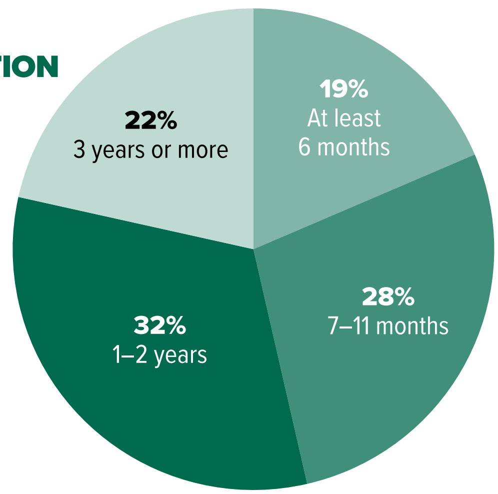
GENERATION X



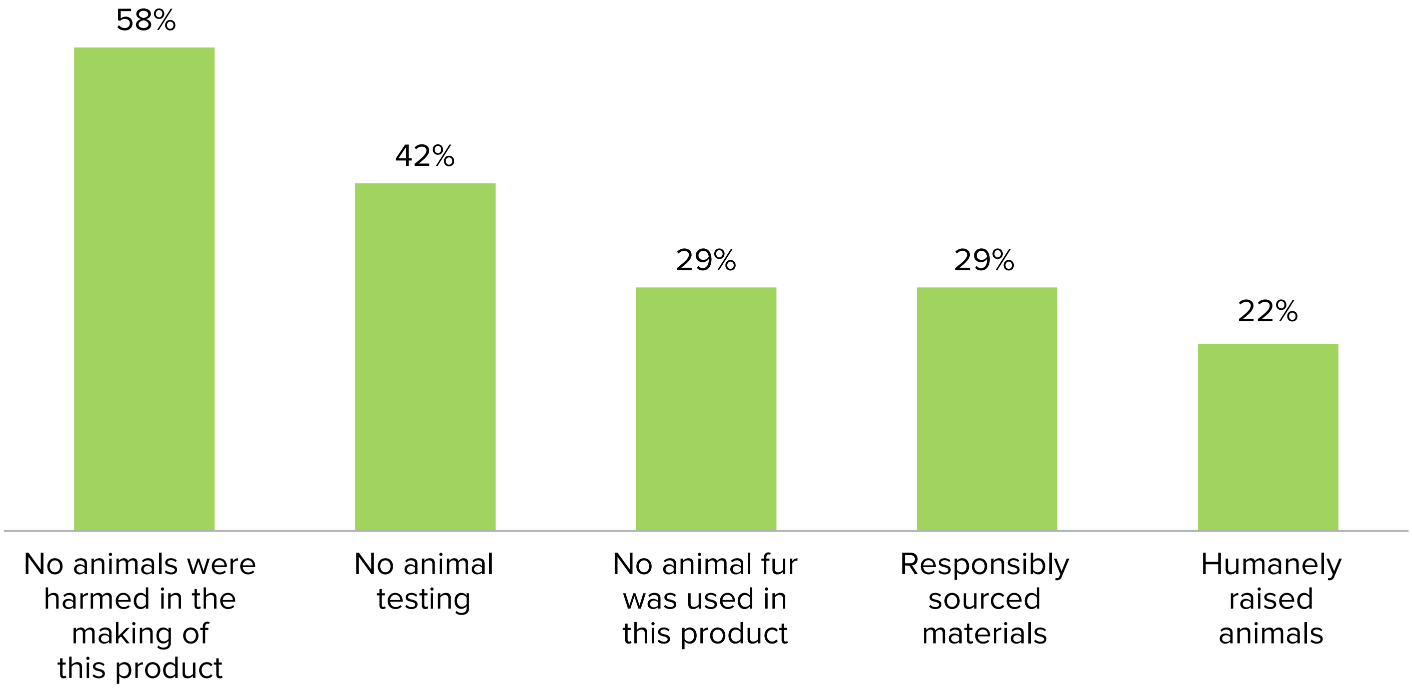
MILLENNIALS



GENERATION Z



Animal welfare is a growing issue around footwear production. Which of the below phrases do you find demonstrate that a company cares about this issue without getting too political? Please select all that apply.

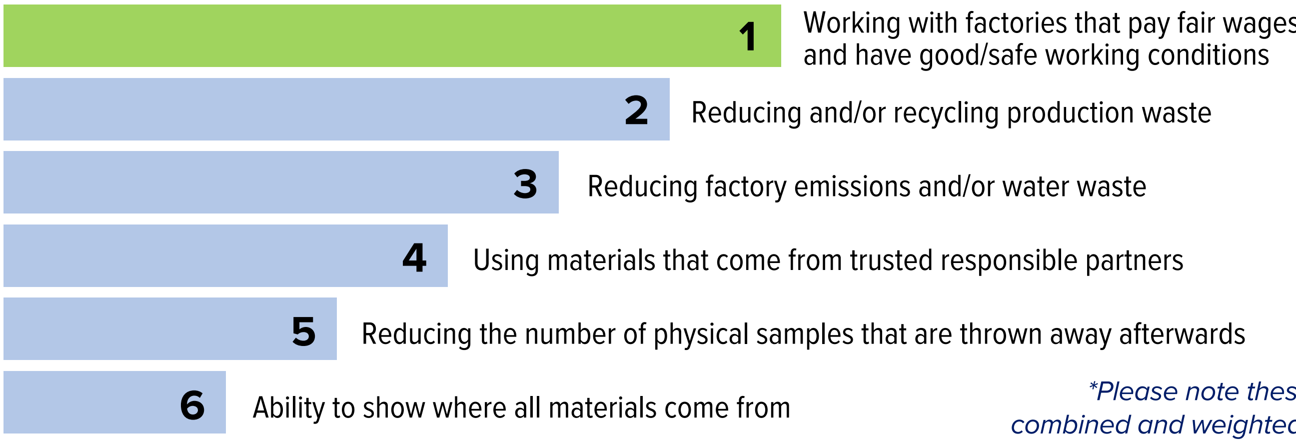


Analysis

- Animal welfare was the second most chosen phrase by consumers when they think about or see sustainable shoes, so this is an important data point.
- When talking about animal welfare, 66% of females wanted to hear there was no harm to animals while 50% of females also selected no animal testing.
- 64% of Gen Z choose no harm to animals as their top verbiage.
- Other phrases may not be well known to consumers, but there is still interest in hearing about them.
- Under animal welfare, males perhaps view "vegan" as a more political term than others, with only 14% selecting it along with only 23% of females.

SURVEY QUESTIONS AND RESULTS

How important are the below items to you when a brand or retailer talks about <u>the sustainability around how they make shoes</u> you're interested in purchasing? Please rate the importance from highest to lowest priority.

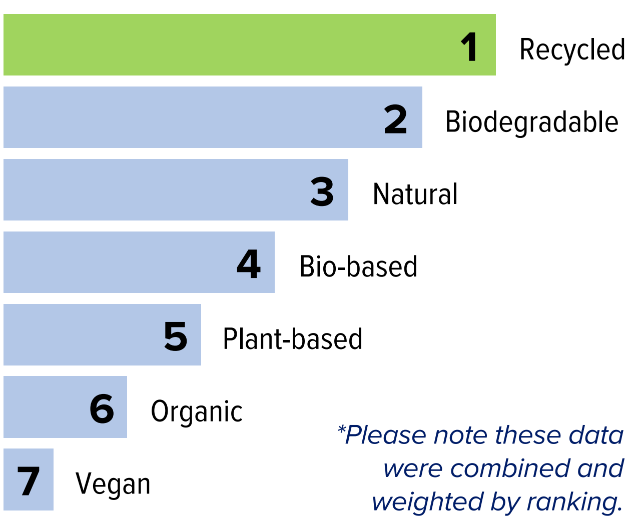


**Please note these data were combined and weighted by ranking.*

Analysis

- Every age group but Gen Z ranked factory wages and working conditions as the highest importance when it comes to sustainability production issues.
- Males and specifically Millennials said their second highest priority is reducing and recycling factory waste. Gen Z listed it as their top priority.
- Females overall said their second highest priority would be reducing factory emissions. This was Gen X's second choice as well.
- While our industry continues to focus on traceability in the supply chain—and should do so for many important ESG reasons—consumers do not focus their priority on hearing about it in marketing product. Nearly all respondents listed traceability choices near the bottom.

Companies use a variety of terms to <u>describe sustainable materials</u>. From the list below, which of these terms do you think are the MOST and LEAST sustainable?



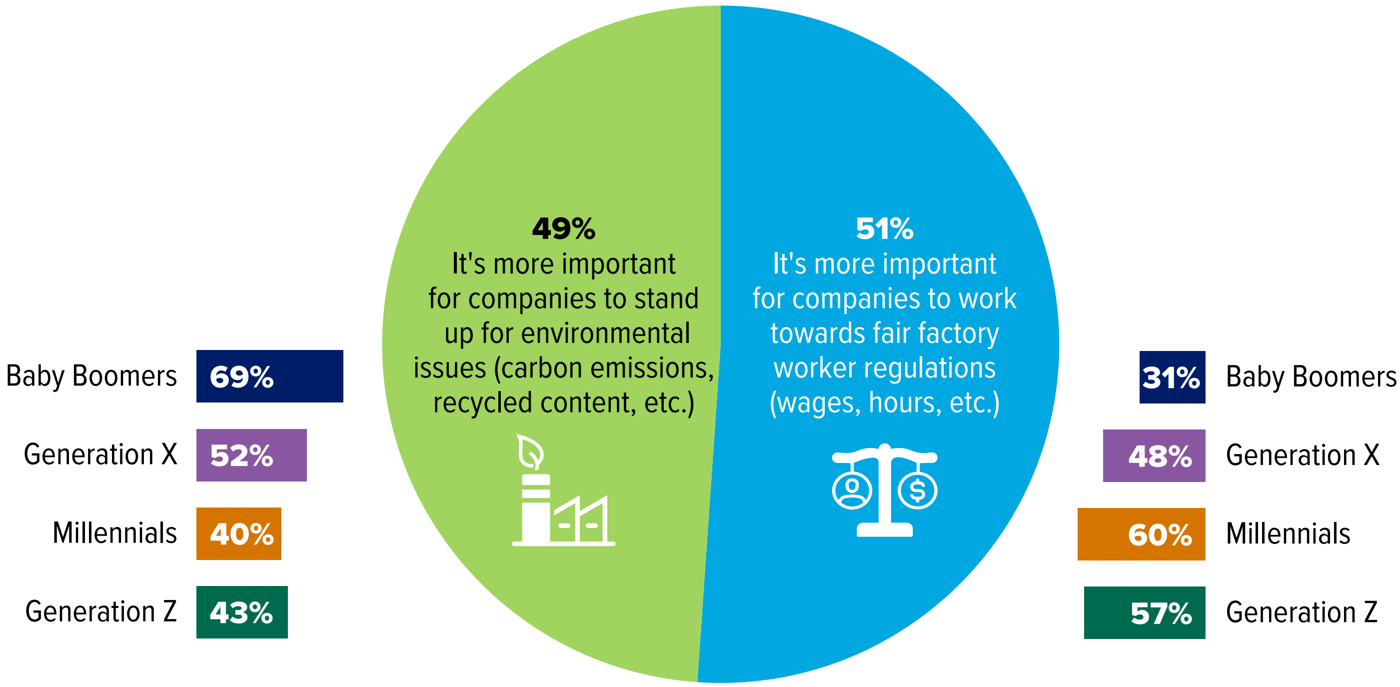
**Please note these data were combined and weighted by ranking.*

Analysis

- Any company marketing sustainable materials should highlight recycled content. This was ranked by consumers to be the most sustainable material across all categories.
- Biodegradable materials came in second across the board, and natural was third for all groups except Millennials, who listed natural as their fourth choice.
- Millennials deviated most from other age groups and listed plant-based materials as their third top choice.
- Vegan came in last for this group, doing best with Millennials. With so much marketing around "vegan" and "organic", we expected they would rank higher. It's possible these terms have lost their weight with many consumers, or that "vegan" feels like activist language and therefore doesn't appeal to a broader consumer base.

SURVEY QUESTIONS AND RESULTS

If you had to prioritize, which is more important?



Analysis

- We wanted to see how consumers might prioritize environmental versus factory compliance issues, and it is a pretty even split.
- The biggest divide is generational, with Baby Boomers choosing environmental issues over factory compliance, and Millennials and Gen Z leaning towards factory compliance.

SURVEY QUESTIONS AND RESULTS

Companies promoting sustainable shoes often try to list and communicate all sustainable material used as well descriptions of new environmentally-friendly production processes. Do you feel that is sufficient? Or should there be more certified specifications that include the use of logos or symbols that certify these claims?

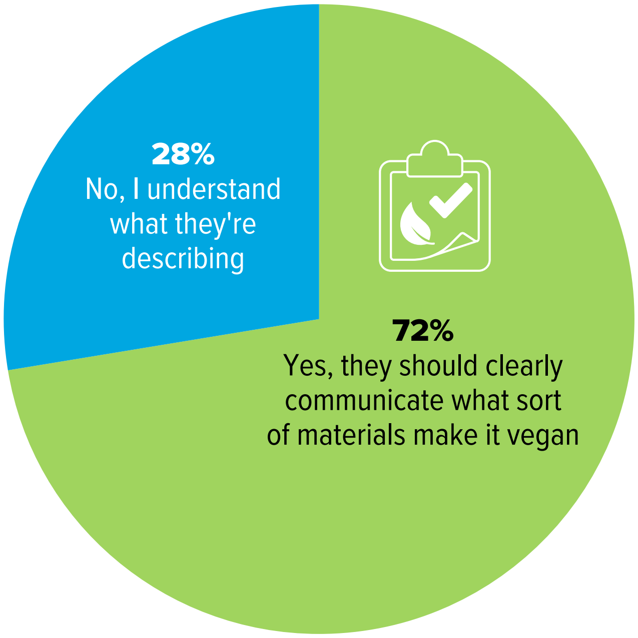
Analysis

- Both males and females overwhelmingly say certification logos or symbols help give them confidence to a brands sustainable claims.
- Most brands are moving to certifications of materials to ensure they are choosing EPMs, which are increasingly desired by consumers for transparency.
- At 63%, Millennials were the highest generation to say certifications are needed.

When a company says they are using vegan leather, that means the materials are not made from cowhides of real leather but alternatives like plastics or plants. When you hear products described as vegan leather, do you think companies should explain further and define what they mean?

Analysis

- Vegan what? That is what consumers really want to know. It is not enough to say the product is vegan—which can often mean synthetics —consumers want to know the material makeup.
- The highest category who wanted to know what sort of material the vegan product contained were females, at nearly 75%. Also at 75% were Gen Z, who wanted more clear communication on vegan shoes.



SURVEY QUESTIONS AND RESULTS

Would you prefer retailers and brands to offer special sustainability collection areas on their websites or within their stores highlighting sustainable shoes?

Analysis

- 68% of respondents think brands and retailers should have sustainability collection areas they can search/filter online or in a designated area in stores. Still, 32% are shopping for other reasons. Something to note is that if we had asked about ranking sustainability along with price, fit, style, and comfort, it would have been important but perhaps ancillary to an actual purchase because only 36% said they would definitely shop in these designated areas.
- If a company were to set up a sustainability section, they should target Generation X (38%) and Millennials (46%), who seemed most enthused by this opportunity. Gen Z was interested but perhaps not as enthused with 40% saying they would like an area established but they may not start looking there for shoes. 52% of Baby Boomers said a special sustainability collection wasn't a priority for their shopping needs.

Would you be willing to pay more for sustainable shoes?

Analysis

- If marketed correctly, 51% of consumers are willing to pay a bit more for sustainable shoes ($1–10 more).
- $1–5 was the highest percent of any level. As it went up to $6–10, Millennials and Gen Z were the age groups willing to pay more at 19% and 22%, respectively.
- 22% of Gen Z would be willing to pay $10 or more for sustainable shoes, the highest age group.
- Females (37%) are more likely than males (31%) to pay more for sustainable shoes, at $1–5 more.

TOTAL RESULTS

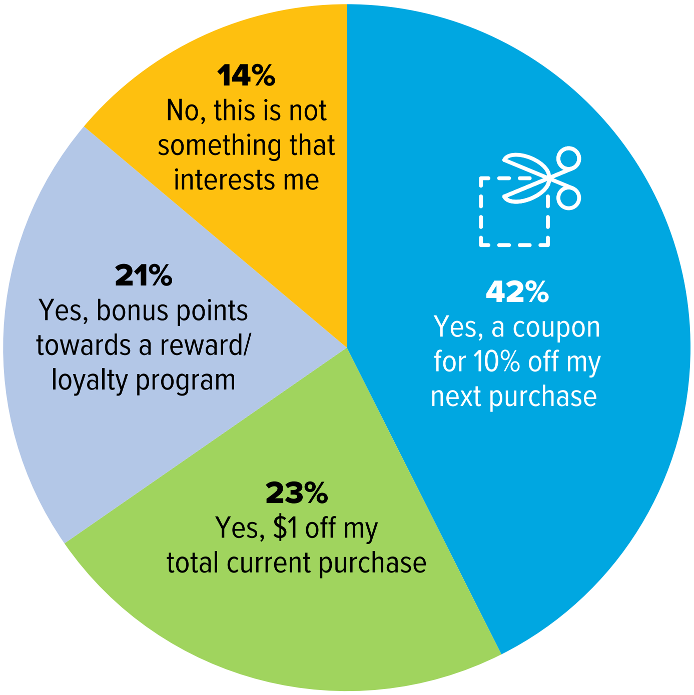
MIDDLE CLASS HOUSEHOLD RESULTS
($35,000 – 149,000 range)

If you purchase shoes online for home delivery, would any of the below incentives entice you to choose a longer (3 or more days), more eco-conscious shipping method?

	Overall Results
Yes, a coupon for 10% off my next purchase	**41%**
Yes, $1 off my total current purchase	**19%**
Yes, bonus points towards a reward/loyalty program	**20%**
No, this is not something that interests me	20%

MIDDLE CLASS HOUSEHOLD INCOME
($35,000–$149,000)

UPPER INCOME
($150,000+)

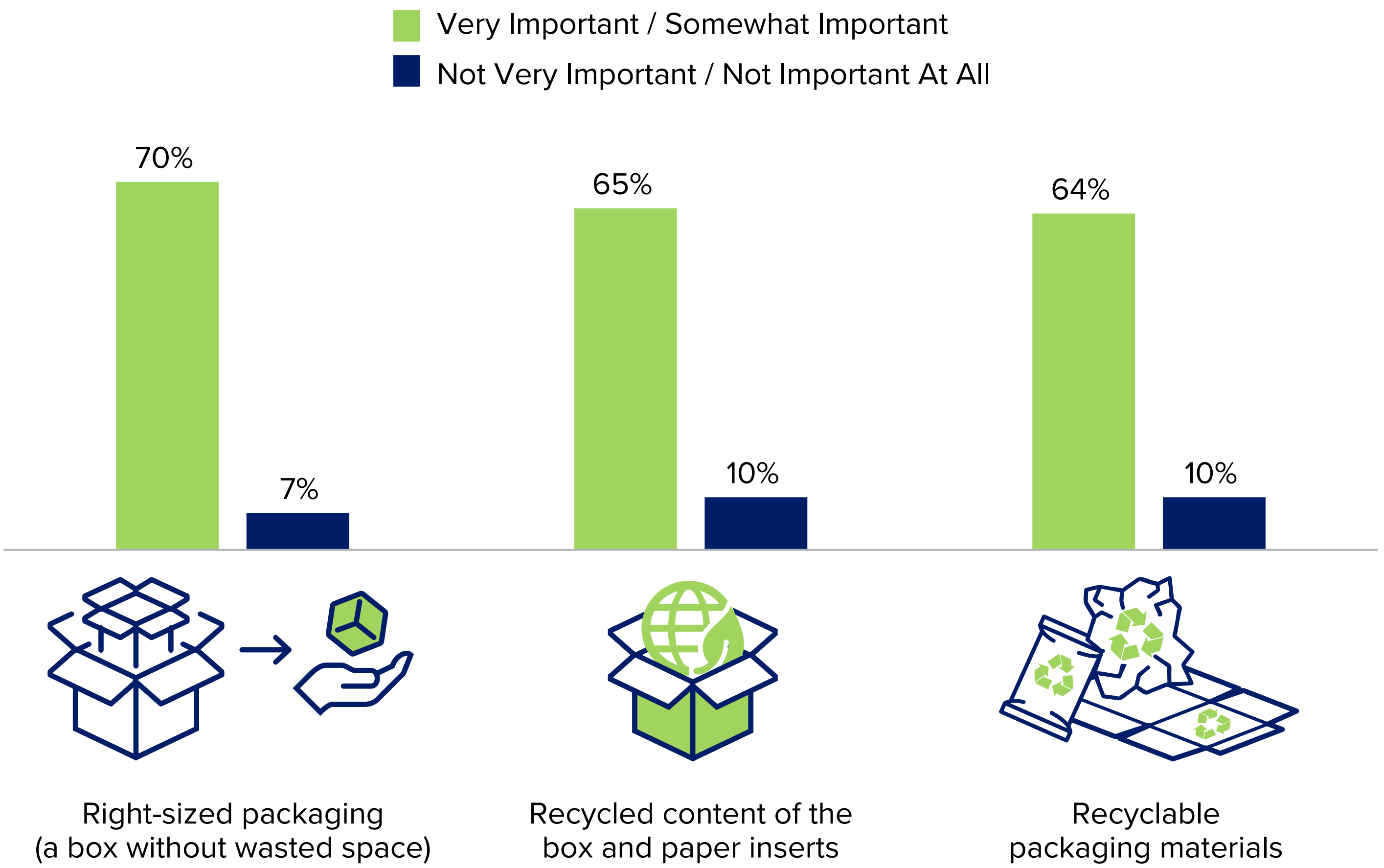


Analysis

- With the growing possibility that shoe companies will be shipping 40–50% of their shoes to consumers' homes in the next few years, this question is important. Are consumers conditioned to 2-day shipping, which isn't that sustainable, or can we incentivize them to select longer shipping times to provide companies with the ability to ship more sustainably?
- Only 20% said they were not interested in choosing more eco-conscious shipping methods. This provides a chance for brands to at least present the option at checkout.
- 41% of consumers are willing to take a future discount to reduce delivery times; over half of Gen Z are saying they would choose this option!
- Incentives for longer shipping times were split fairly evenly between $1 off or loyalty rewards at 20%. 23% of higher income shoppers would take $1 off for a few extra days, which would save shipping costs for companies and increase sustainability.
- 86% of upper income consumers are interested in some incentive in return for longer delivery times.

SURVEY QUESTIONS AND RESULTS

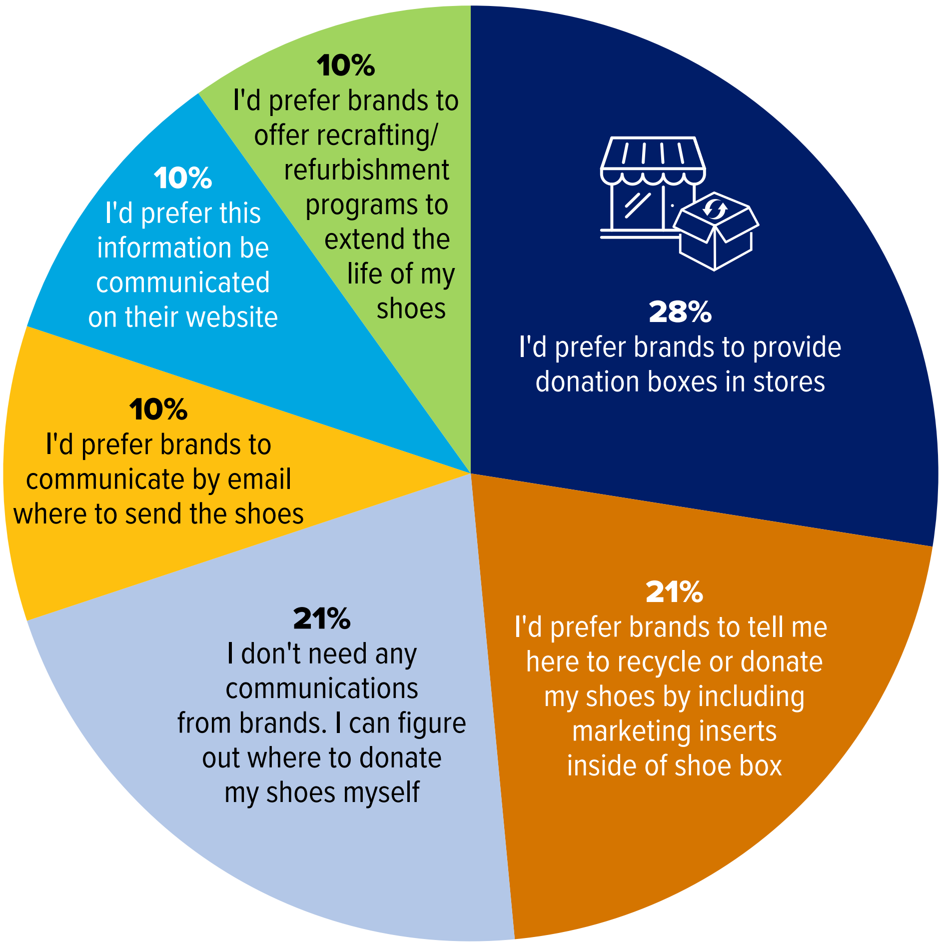
If you purchase shoes online for home delivery, how important are the following regarding packaging?



Analysis

- It's obvious that it's physically obvious.
- 70% of consumers want to get their shoes in right sized packaging—no one likes to get shoes in a box more than twice the size of the shoe box. If it is the consumer's first engagement with the product, you don't want them to think "why did they box it this way, what a waste."
- Consumers also clearly value recycled content in packaging, and companies can do more to highlight that on the box.

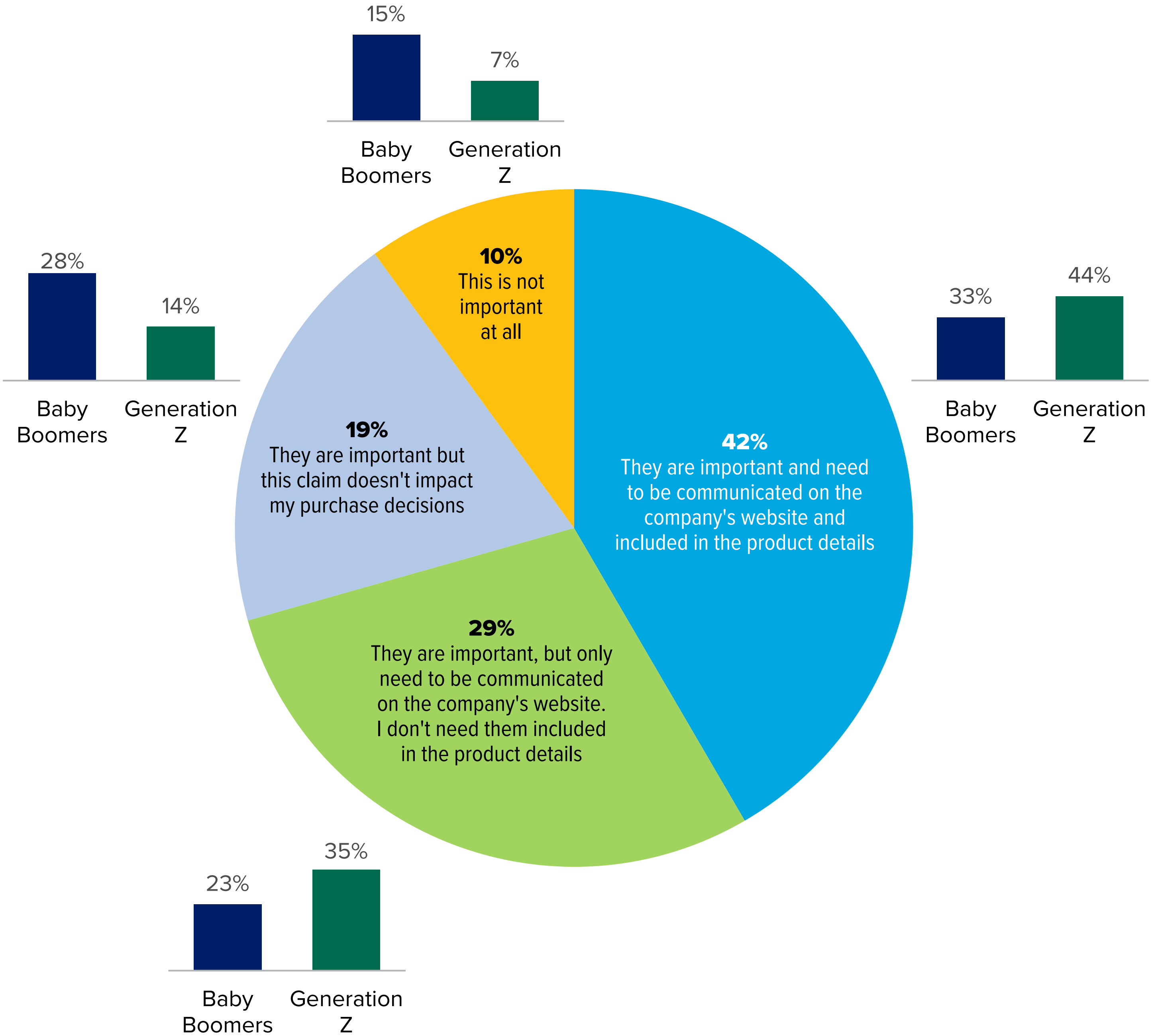
When you're done wearing a pair of shoes and you want to get rid of them, which of the following would be helpful for you?



Analysis

- Consumers are looking for messaging on what to do with shoes at the end of their life, but they are looking for passive communication.
- Nearly all age categories want in-store drop off options and prefer inserts on donation options or recycling included in new shoe boxes versus emails. The marketing, therefore, may be less about the current shoes than it is the shoes they are replacing.
- 21% of all respondents said they didn't care for any marketing on recycling or donations—they can figure it out on their own.

How important are pollution reduction claims when reading about company efforts and mission statements?



Analysis

- 71% of respondents said a company's website should include information on their efforts to reduce pollution.
- 42% said they would like to see information on this at the product detail level.
- Gen Z is the highest age category wishing to see this information.

RESPONDENT DEMOGRAPHICS

What is your gender?

- **48%** Male
- **50%** Female
- **2%** Prefer not to answer

Which generation are you?

- **26%** Baby Boomers (1946–1964)
- **25%** Generation X (1965–1979)
- **26%** Millennials (1980–1994)
- **24%** Generation Z (1995–2012)

In what region of the country do you reside?

- **24%** Midwest (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)
- **25%** Northeast (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)
- **26%** South (Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)
- **24%** West (Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming)

Which of the following ranges includes your household's income?

- **13%** Less than $15,000
- **17%** $15,000 to $34,999
- **13%** $35,000 to $49,999
- **17%** $50,000 to $74,999
- **21%** $75,000 to $149,999
- **6%** $150,000 to $199,999
- **2%** $200,000 to $249,999
- **2%** $250,000 or more
- **10%** Decline to answer