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Intro

Climate change is an ever-present challenge, and calling it a "defining issue of our time" does not seem to cut it anymore. As residents of this shared home, we have arrived at a precipice on which we no longer have the luxury to choose to be sustainable—it is now an absolute necessity.

This push toward sustainability is largely helmed by consumers; opinionated and eco-conscious shoppers are pushing back against companies whose business practices don't align with their beliefs about sustainability.

Consumers are more likely to patron and trust companies with ethical and sustainable practices

87%

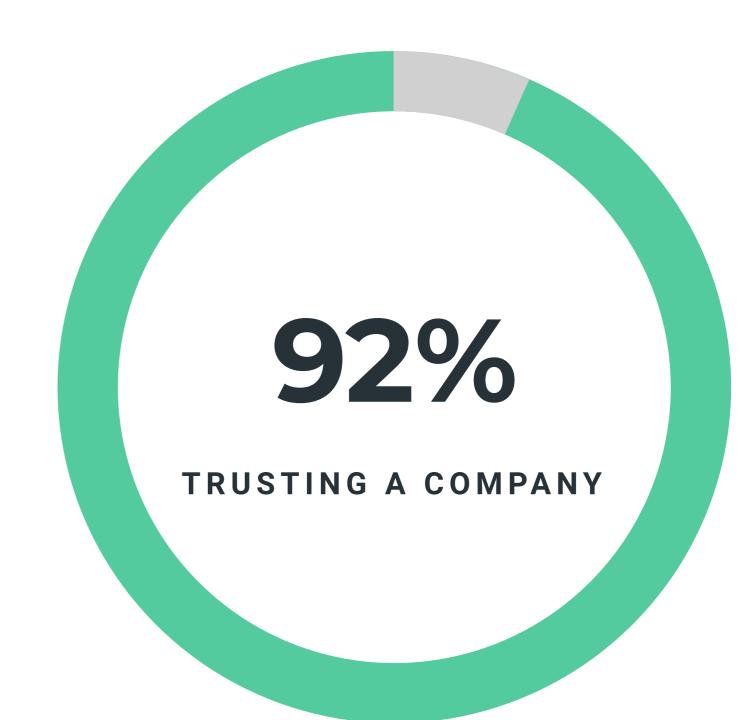
of consumers are more likely to buy a product with ethical and sustainable practices 92%

of consumers are more likely to trust companies with ethical and sustainable practices¹



Taking a stance on sustainability is no longer an option when it comes to reaching the modern consumer.







Sustainability matters to Millennials and Gen Z

Sustainable business practices are crucial to attract young millennials and Gen Z as these generations become more environmentally conscious of where they invest their money. In a 2017 survey by Deloitte, 67.1% of millennials surveyed either sometimes or always check a brand's sustainability and ethics practices before deciding to purchase from them.² This number is only expected to have grown since this survey was conducted. These younger consumers want to feel good about their purchase's positive impact by researching and becoming more educated on environmentally-friendly business practices. According to Business Insider, people feel proud knowing that they're offsetting potential environmental impacts while shopping.³

67.1%

of millennials surveyed either sometimes or always check a brand's sustainability and ethics practices before deciding to purchase from them

Before purchasing from a brand, do you make sure it is a sustainable and ethical brand?

Always 18.8%

Sometimes

48.3%

²ParcelLab, https://parcellab.com/e-commerce/sustainability-online-retail/



As retail trends digital, brands that own and address the impact their operations have on the planet will come out on top.

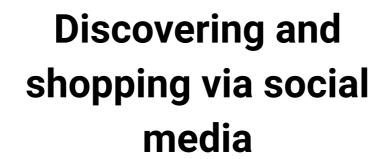
3

And there are 3 main things this group values4

This group of younger consumers has different motivations than other generations.

The top 3 factors that influence a purchasing decision are:







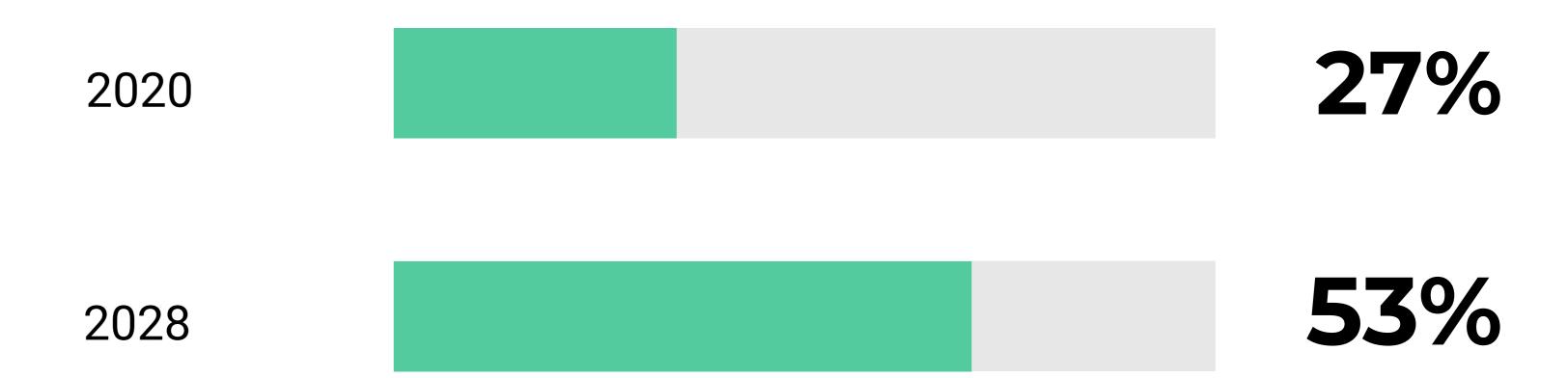
Preferring to shop for sustainable and green products



Shopping to have an impact

This movement toward sustainability comes at a time when, as a nation, we are shopping online more than ever. It is predicted that within the decade, 2028 to be precise, half of all sales will be made online. The percentage will be even higher for the fashion industry. Not surprising, this push to online shopping is being spearheaded by the younger generations, as younger age groups are less likely to shop locally than people over 55.

Percentage of UK Retail Sales as Online vs. Brick and Mortar



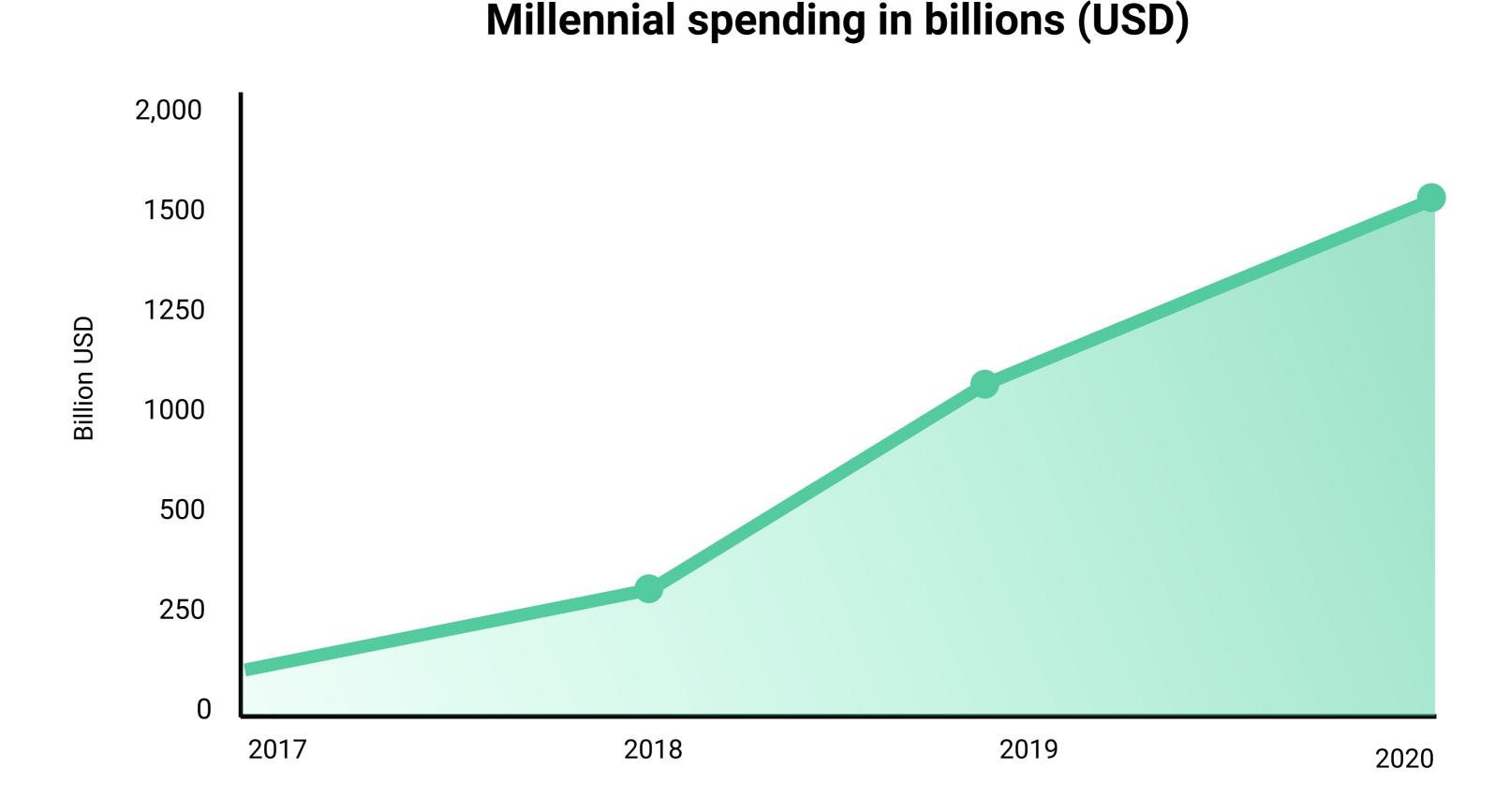


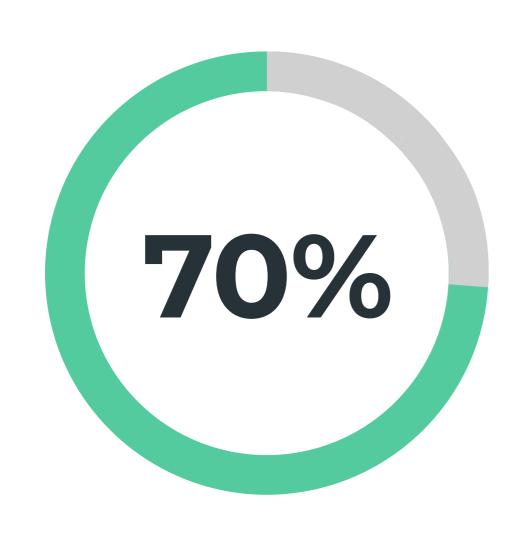
E-commerce needs to take note of eco-conscious consumer sentiment

Millennials are an attractive target group for many e-commerce brands since their purchasing power is continuously increasing. In 2019, they spent almost \$600 billion, and researchers expect this to have grown to \$1.4 trillion in 2020.⁶

\$600B Annual spending attributed to

millennials in 2019





of millennials say that a company's environmental focus influences their purchase decisions

If you want to win this large group of young people as customers, being outwardly eco-friendly plays an important role in attracting this audience. A recent survey found out that 70% of millennials say that a company's environmental focus influences their purchase decisions.⁷

In order to capture this audience, a company has to consider these shoppers' values, which in recent years has increased focus on sustainability.

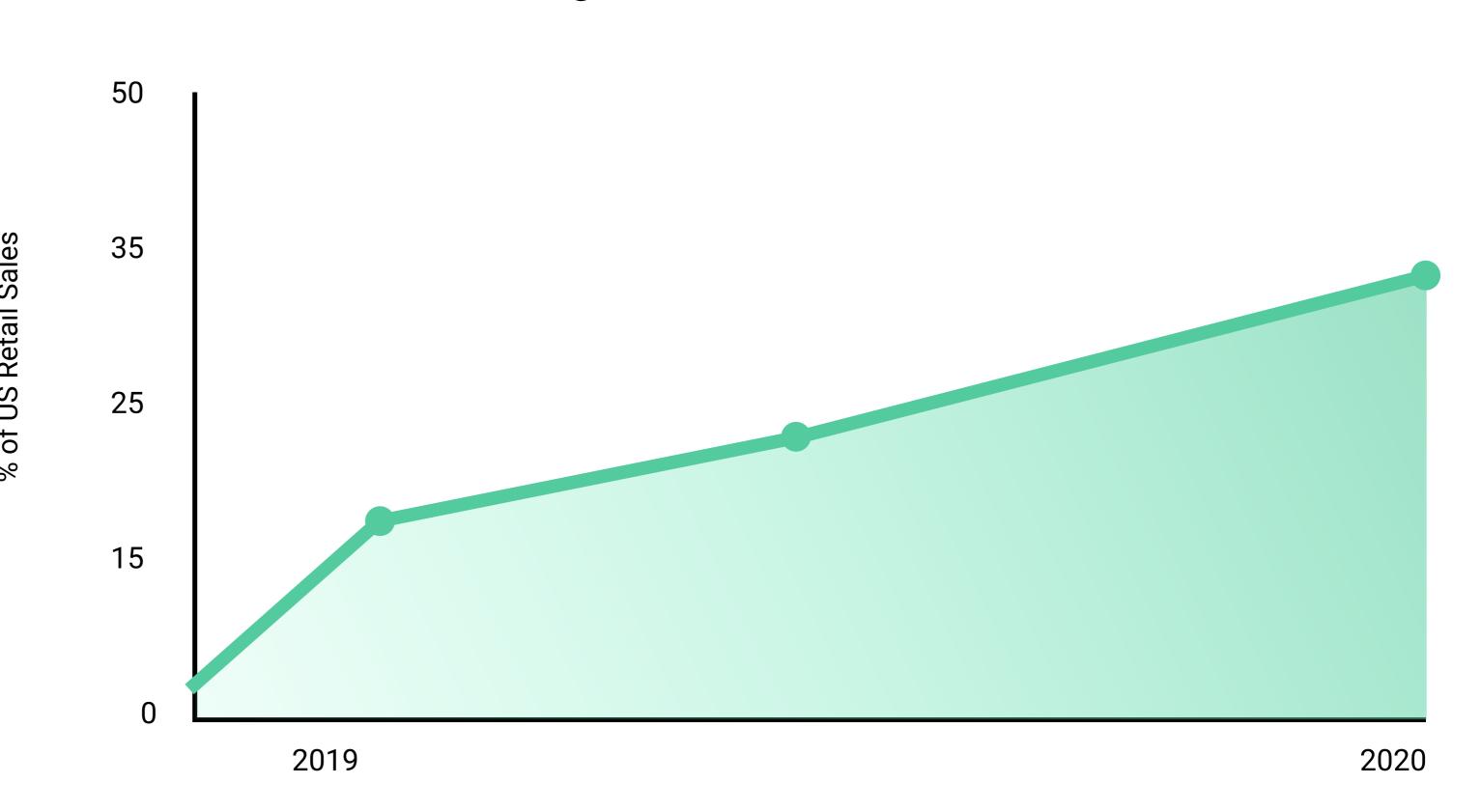
⁶Accenture, https://www.accenture.com/us-en/insights/retail/coronavirus-consumer-habits

E-commerce specifically has seen immense growth due to the COVID-19 pandemic. For many, the initial stay-at-home orders began in March of 2020, and within one month e-commerce grew to 27% of all retail sales, up from 19% at the end of 2019. This massive increase further highlighted the faults of the e-commerce industry while permanently altering how consumers think about what they could buy online. Despite experiencing massive delays and issues with their online orders, buyers have turned turn to online shopping to obtain products they historically have bought in a store.

E-commerce growth due to COVID-19 lockdowns

127%

E-commerce grew to account for 27% of retail sales due to COVID-19





our pleasure shopping, and our non-essential shopping, now has a layer of ethical complexity." With this shift in consumer behavior came guilt around shopping online versus shopping locally. According to I/O Psychology researchers at the University of Utah, many consumers experienced heightened guilt shopping during the pandemic because "our pleasure shopping, and our non-essential shopping, now has a layer of ethical complexity." ⁹ Consumers were fed mixed messages around doing their part by pumping cash into the economy but also to do so from the comfort of their own homes while delivery people and warehouse workers continued to work through a deadly pandemic.

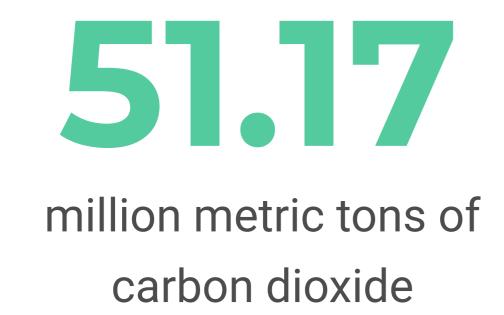
⁸ The GA Agency, https://www.ga.agency/en/blog/ecommerce-sales-growth-retail-united-states-2020

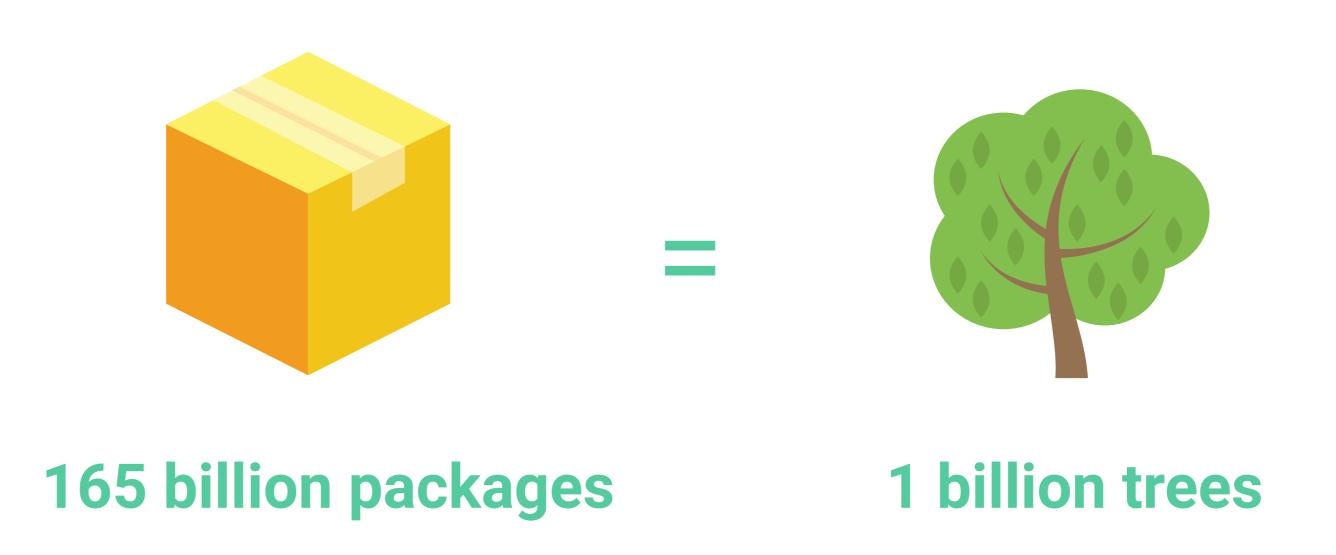
⁹Input, https://www.inputmag.com/style/online-shopping-coronavirus-covid-19-sneakers-groceries-toilet-paper



The dark side of e-commerce

With e-commerce sales expected to double over the next decade, the negative impact on the planet that follows in its wake will be drastic. ¹⁰ Every step on the e-commerce supply chain has some sort of negative effect on the Earth—from packaging production, to emissions from delivery vehicles. Each year enough cardboard is used in packages that equates to 1 billion trees, and that statistic alone fails to account for other types of packaging, like plastic, that is even less eco-friendly than cardboard. ¹¹





When it comes to e-commerce compared to brick and mortar shopping, only massive retailers are more sustainable with the e-commerce division of their company as opposed to their brick and mortar sectors. 12 Small e-commerce retailers struggle to be more sustainable than the large retailers since they tend to lack many of the tools and processes required for operational efficiency that results in a lower carbon footprint.

Retail giants are not off the hook completely, not even close. Recent reports show that Amazon emits nearly as much carbon dioxide as a small country and nearly a third of the solid waste in America comes from e-commerce packaging.¹³

¹⁰ Bloomberg Law, https://news.bloomberglaw.com/environment-and-energy/overboxing-becomes-enemy-no-1-in-amazon-led-web-shopping-boom

¹¹Forbes, https://www.forbes.com/sites/blakemorgan/2019/11/05/does-e-commerce-care-about-sustainability/?sh=1aace40812c8

¹²E+E Leader, https://www.environmentalleader.com/2020/03/e-commerce-retailers-carbon-efficient/

¹³ParcelLab, https://parcellab.com/e-commerce/sustainability-online-retail/

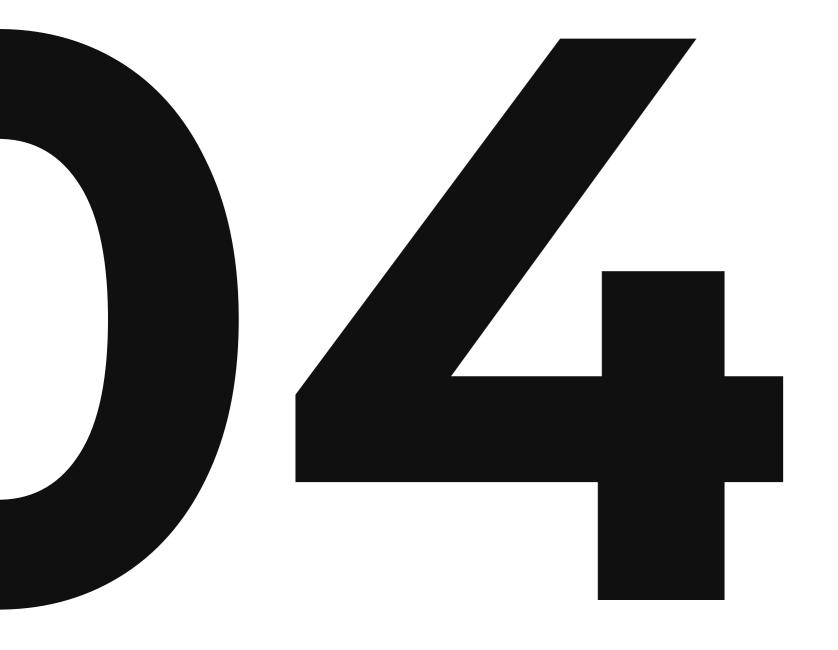


Many consumers have become accustomed to fast delivery and expect their packages to arrive in only a few days. This lightning delivery comes at a steep price. Freight movement is not only the fastest-growing source of greenhouse gas emissions; last-mile freight is a major contributor to local air pollution, often in disadvantaged communities. As a result, last-mile delivery is projected to increase carbon emissions by 30% by 2030.¹⁴



Fast delivery is one of the broad appeals of e-commerce, but it is also a significant contributor to climate change.

¹⁴Freight Waves, https://www.freightwaves.com/news/todays-pickup-last-mile-delivery-growth-will-increase-carbon-emissions-by-30-by-2030



Turning the e-commerce landscape green

Adopting more sustainable and ethical practices is often complicated and expensive—after all, it is cheaper to make new plastic than to recycle an already existing piece. Many brands fear losing their target customers if they have to increase their prices to compensate for more sustainable practices.

Customers also provide resistance to change, whether or not they realize it. They want their products to arrive faster and faster, even if that means fasting shipping with higher carbon emissions, or shipping in multiple packages which double the carbon footprint of shipping an order. In the era of "cancel culture," companies also have to be wary of greenwashing. If they are going to implement sustainable practices they better be doing what they are saying and actually affecting real, impactful, change within their business model.

How you can become a more sustainable e-commerce brand

More sustainable manufacturing

Another way to focus on implementing more sustainable practices into manufacturing is by hiring consultants on ethical and fair trade. Companies can also leverage Platforms like Common Objective, which help connect people with manufacturers, suppliers, buyers, and other resources to build a more sustainable business. Sewport is another impactful site that connects fashion brands to sustainable manufacturers. Attending trade shows and expos (whether virtual or in-person) like The Greener Manufacturing Show to seek out sustainable manufacturers and suppliers is another great way to focus your manufacturing efforts on being more sustainable.

As a company, you can also establish a DIY approach to making your manufacturing more sustainable. Set up a set of standards that are important to your brand and your consumers, interview suppliers and manufacturers according to said standards, and ask for proof that they're doing what they say they are. Familiarize yourself with some of the prominent sustainability credentials and certifications that businesses can earn if they choose to. You're probably familiar with and may even already look for partners who follow LEED building standards. But you can look for other "trust signals" as well, like TRUE Zero Waste certification and B Lab certification for social and environmental performance.

An additional resource is the <u>Green Business Bureau</u> which you can search to see if your potential partners are listed as members. Membership could indicate that they have made investments in greener material choices, greener transportation practices, cleaner energy portfolios and low- or zero-waste commitments.

If a company manufactures their products themselves, there are many tools and resources available to improve sustainability in their facility. <u>EPEAT</u> is a searchable global registry for greener electronics, intended for use by purchasers, manufacturers, resellers and others wanting to find and promote environmentally preferable products. The <u>ENERGY</u> STAR Energy Tracking Tool (ETT) provides manufacturers with a simple means to track energy use, set baselines, establish energy and emissions reduction goals, and evaluate progress towards achieving goals. It is intended for mid- to small-sized manufacturing companies that may have limited resources and are unable to invest in a custom data tracking system.

<u>Lean</u> is a business model and collection of methods that help eliminate waste while delivering quality products on time and at least cost. The EPA has developed several toolkits that show how manufacturers can use Lean methods to reduce environmental wastes while also meeting other goals such as improving product quality, reducing costs, and



One of the benefits of adopting modern sustainability practices is the variety of organizations, programs, and standards that are now available for companies to leverage.

enhancing customer responsiveness. Manufacturers can also focus on the building itself, and retrofit it to be more environmentally friendly and efficient. Proper insulation, using renewable energy to power manufacturing processes, and updating machinery all reduce a building's carbon footprint.

More sustainable shipping practices

The actual movement of product from warehouses to fulfillment centers to their final destination is a small percentage of an item's total carbon footprint. However, that does not mean a brand should turn a blind eye to this aspect of their products' environmental impact. Here is a quick checklist of updates you can make when considering how your brand ships goods.



1. Package and ship entire orders in the same parcel.

You can offer to bundle orders if a customer places multiple orders in a short time-frame. If your products ship from multiple warehouses or multiple fulfillment centers, you can also consider offering small discounts if customers fill their carts with items from the same distribution location.

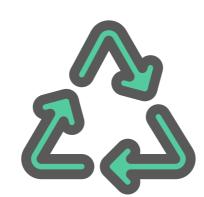


2.Consider the lifespan of your products. Some products, such as food items or beauty products,

inevitably have short life cycles and end up in landfills sooner than goods like clothing, electronics, or furniture. If your products have a shorter life cycle, consider how you can take over the recycling or disposal of your products. Not only will you find ways to offer more sustainable products, you will be able to be more transparent with your customers about your supply chain so that they can be confident you have the planet in mind when considering all aspects of your business.



You may be surprised to see how willing customers are to wait an extra few days for a package if you promise them a good with a lower carbon footprint because of it.



3.Opt for sustainable packing materials. There is an increasing supply of compostable, recycled, or post-consumer material mailers and boxes that your brand can use to get your products to their destination. Even small switches to compostable labels or biodegradable packing peanuts can make a big difference, especially if you are sending out a high volume of orders.



4.Avoid unnecessary added packaging. Unless you can find a sustainable alternative, most decorative or branded packaging materials like confetti and tissue paper should be avoided altogether. More concretely, too-big boxes, individual plastic bags, marketing collateral, paper invoices, and other common items shipped alongside items can add up to unnecessary waste and an unnecessarily large carbon footprint.

Leverage carbon offsetting to reduce inevitable operational emissions

Carbon offsetting is one of the most popular and proven methods for reducing an organization's carbon footprint without having to sacrifice integral aspects of the business. Companies of all sizes can lack the fiscal and logistical ability to overhaul their supply chain, or completely phase out other carbon-emitting activities, but they can leverage carbon offsets to ameliorate their organization's impact on the planet.

Carbon offsetting is a strategy used to reduce the negative effects of a specific carbon-emitting activity through funding projects and ventures designed to soak up the resultant emissions, give back to severely impacted communities, and even reduce future emissions. Carbon offsetting is an acknowledgment that while a business may not be able to cut out certain activities entirely, (e.g., fossil fuels required to move

goods from a warehouse to a regional post office) or revamp entire processes to reduce emissions, they can minimize the effects of those emissions and still help contribute to a more sustainable future. For example, shipping goods inevitably involves burning fossil fuels in transportation, and with the current state of innovation and supply chain technology, this is unavoidable. To compensate, a business can offset this by contributing a proportional amount of money to fund a project that helps reduce carbon emissions.

The cost of an offset is generally determined by measuring the amount of carbon emitted by a certain activity and comparing this measurement against the amount of carbon removed by the project being funded. A dollar value is assigned to the share of carbon the business or individual needs to pay to "cancel out" the emissions. The price tag on an offset can vary depending on the location and overall cost of the project being funded. For example, planting trees in a deforested part of Indonesia is much cheaper than building a wind farm in Southern California. Thus, the cost of the offset would be less expensive regardless of the amount of carbon emitted by your activity.

Why does carbon offsetting matter for e-commerce brands?

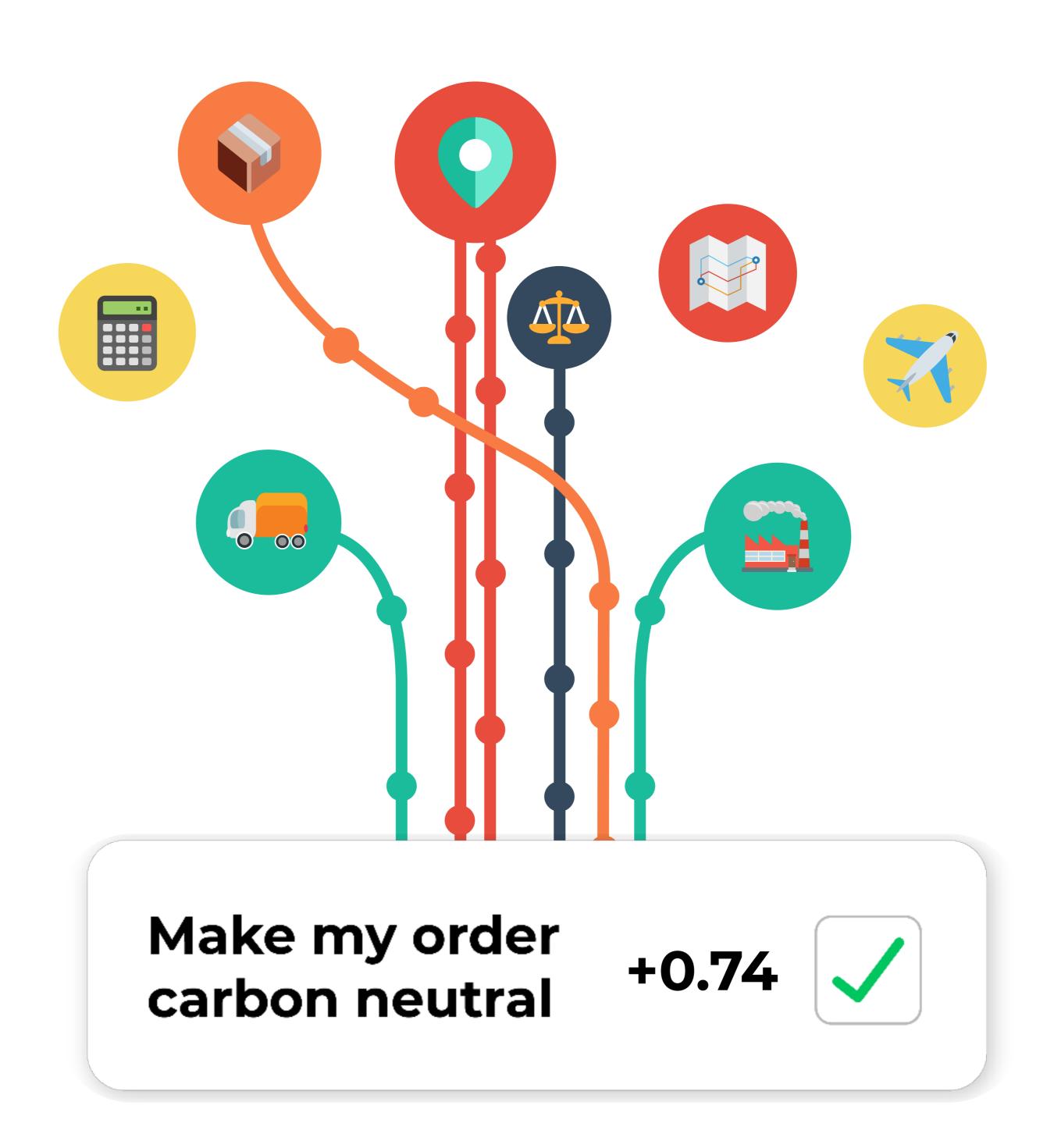
Carbon offsetting is the simplest way to incorporate sustainability into your brand's operations while minimizing upfront investment and simultaneously maximizing positive impact on the planet.

There are a variety of solutions that e-commerce companies can leverage to empower their customers to make their orders carbon neutral at checkout. Over two-thirds of purpose-driven shoppers will pay an added premium of 35% or more for sustainable purchases, such as recycled or eco-friendly goods. EcoCart, which offers a carbon neutral cart plugin for stores on Shopify, BigCommerce, and other major e-commerce platforms, sees an average of 28% of shoppers opting in to make their orders carbon neutral when checking out.

EcoCart uses a <u>proprietary algorithm</u> and database of thousands of products, materials, and variants to calculate the carbon emissions of both the shipping and manufacturing of thousands of goods sold online. The algorithm also takes various shipping factors into account when calculating the cost to offset an order, including shipping distance, package weight, package route, what percentage of the route involves freight vs. air vs. delivery truck, etc.

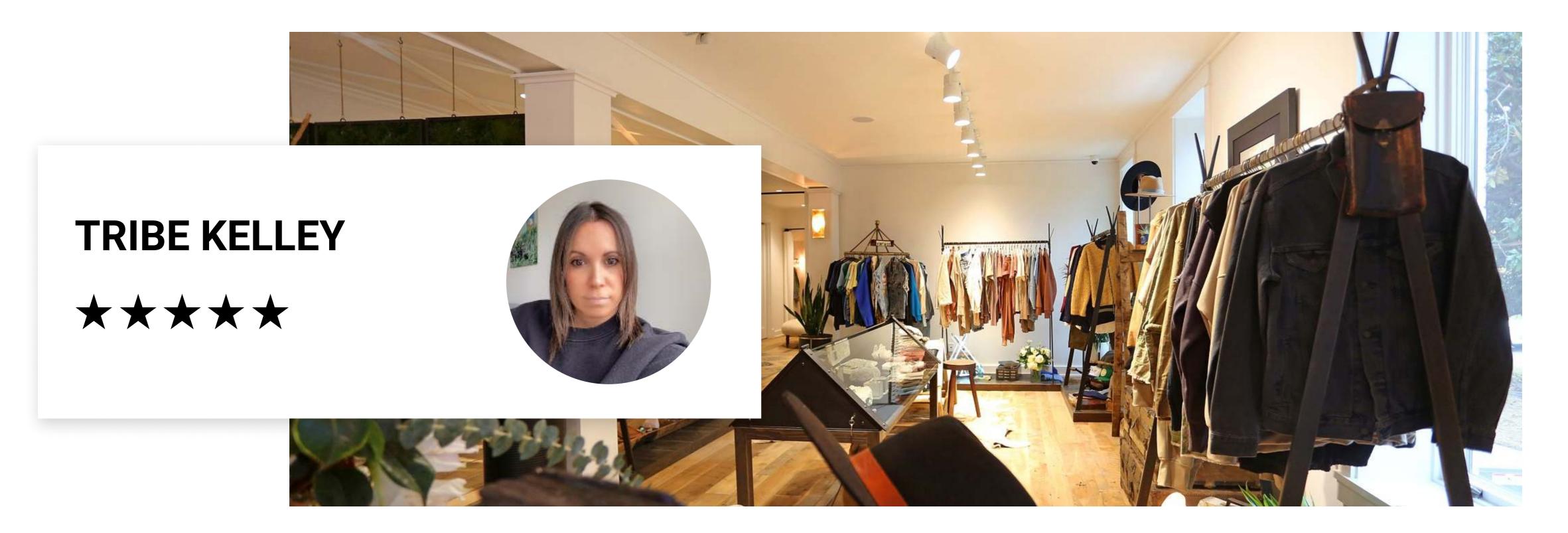


EcoCart worked with experts in climatology from premier universities, alongside research from top institutions, to develop an algorithm for determining the carbon emissions created from shipping and manufacturing online orders.



When a store adds EcoCart to their checkout experience, customers are prompted to make their purchases carbon neutral with one-click by simply checking a box and adding a few extra cents to their order total—typically 1-2% of their order total. Alternatively, brands can also work with EcoCart to offset the carbon footprint of orders on behalf of their customers, further demonstrating a commitment to sustainability while not asking customers to absorb the cost associated with being more environmentally friendly.

EcoCart adds a transparent carbon offsetting option at the point of purchase

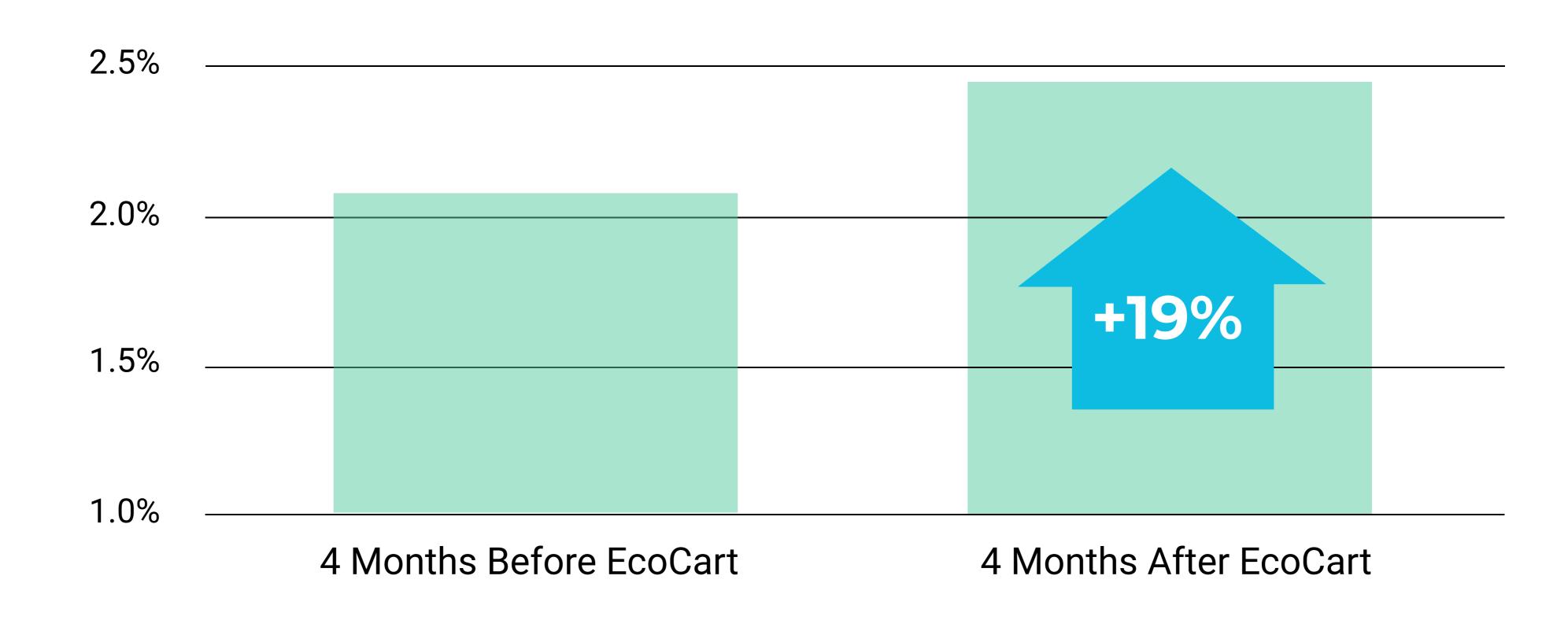


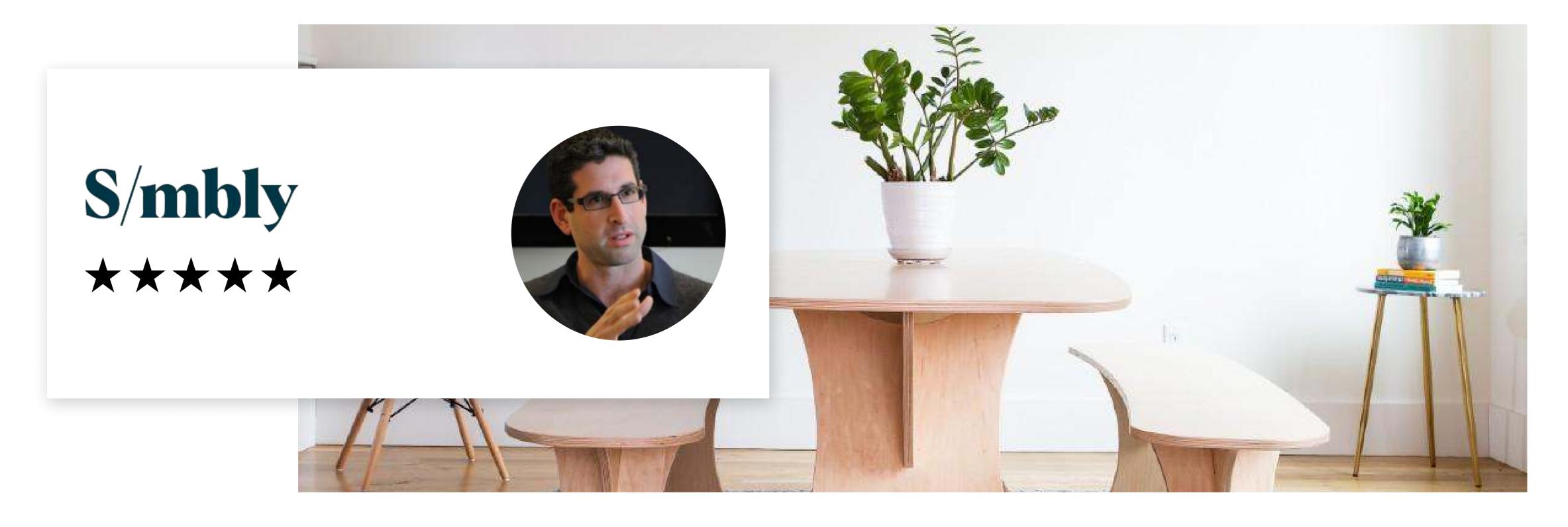


This app was actually requested by some of our customers and now that we have it, so many more of **our customers have commented on how happy and excited they are that we have it**. Definitely makes our brand image look stronger with supporting sustainable efforts. The app install was easy. Our site doesn't have the easiest theme, but Ecocart's team worked on it until they got it to work smoothly. It was a very easy transition for us- we didn't have to do anything. Their team is super helpful, supportive, knowledgeable and great to work with! Highly recommend this app...plus it's free!

Chantale Riolo, Director of Operations

TRIBE KELLEY Cart Conversion Rate



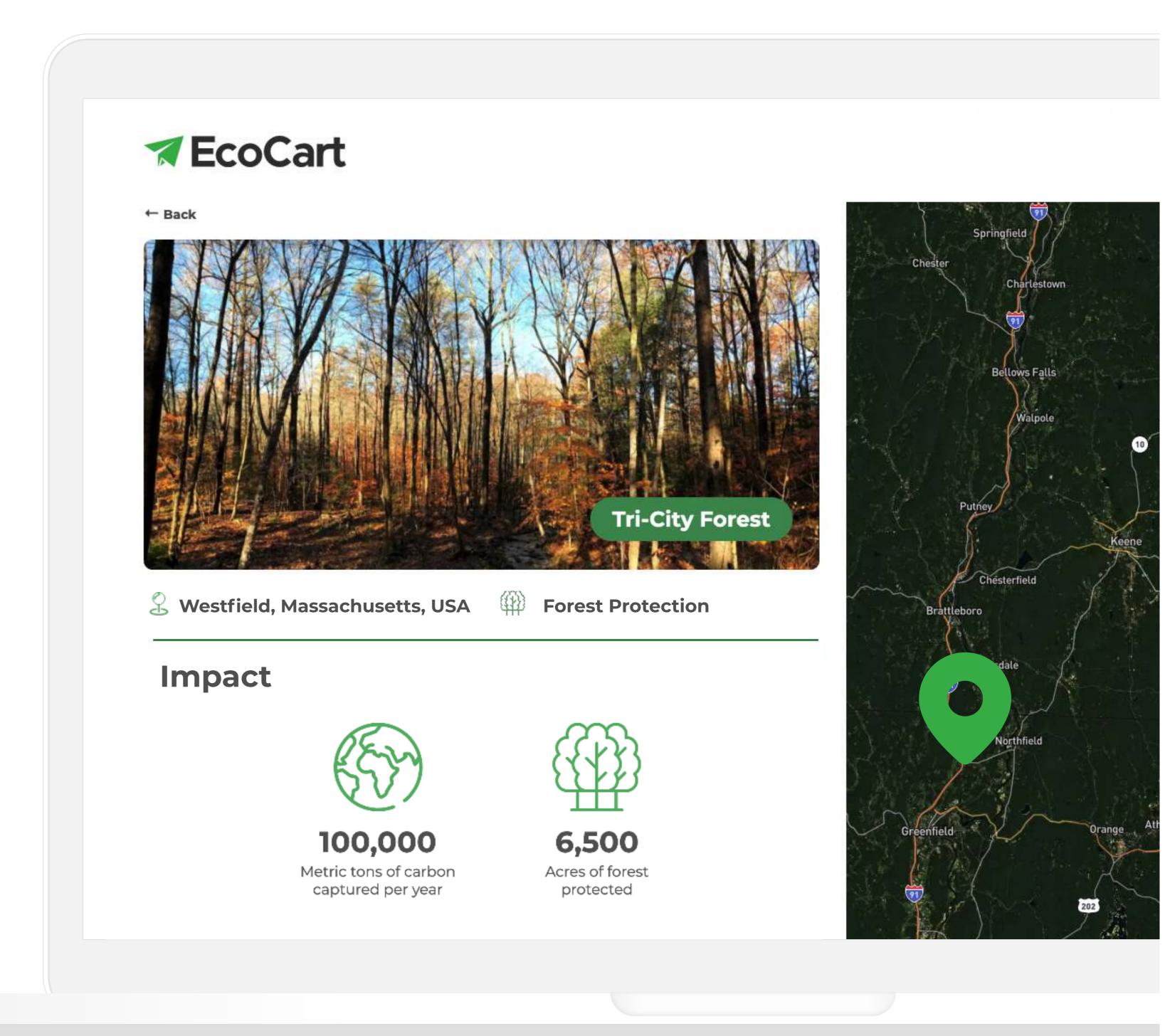




EcoCart is amazingly easy to implement and much loved by our customers (on Simbly.com). The messaging that appears in the shopping cart about carbon neutral shipping has **improved our conversion rates**, **enabling us to grow our business and reduce our impact on the planet**. Implement this immediately. You'll be glad you did.

– Josh Dorfman, Co-founder & CEO

After a shopper decides to make their order carbon neutral, EcoCart uses the funds to donate to certified carbon offsetting projects. EcoCart offers a robust portfolio of carbon offsetting projects to choose from. While other organizations opt for offsets that protect the planet in expected ways-think planting trees or protecting forests—EcoCart offers a wide breadth of projects that address climate change in unique and innovative ways. The company intentionally seeks out projects that also have a layer of social good, such as providing clean water or adding jobs for nearby communities.



Case Study: financial benefits of becoming a more sustainable brand

Brands that offer the option for customers to make their orders carbon neutral—or choose to show that they work with EcoCart to offset on behalf of their customers—see **up to a 22% increase in cart conversion**.



With a focus on "Nutrition for Life," Nuzest designs a range of supplements and nutrition products that are plant-based and give customers the foundation they need for a truly healthy diet. Nuzest's line of lean protein powders stand out from others due to the product's probiotic ingredients that also offer digestive support.

Nuzest is a brand with a clear affinity for sustainability, which is what initially attracted them to a software solution for sustainability like EcoCart. Nuzest's protein powders use a pea protein isolate sourced from Belgium. Pea protein is a more sustainable form of vegan protein than other protein-rich crops that can be damaging to soil or require an inordinate amount of water to grow successfully.

"We had already begun making small eco-friendly changes here and there at Nuzest, but I wanted to do more," Kayla, Nuzest's Controller, explained.

Nuzest sells its goods in canisters made from HDPE, which is a type of plastic that is easiest to be recycled and most widely accepted in most places by recycling centers. Kayla and the Nuzest team are continually looking for ways to improve the overall carbon footprint of the company wherever and whenever possible. They recently moved manufacturing of their product from Australia to the USA for that reason. Additionally, the team has been looking into removing the plastic scoop that comes with each protein powder canister. While a common practice in the health industry, Kayla pointed out that most folks who purchase protein powder have done so in the past, so more often than not, they already have a plastic scoop.

When she first came across EcoCart, Kayla noted, "I thought to myself, 'Why would any brand not want to add carbon offsets as an option to their website?' We looked at a few similar options but EcoCart's CEO, Dane, was particularly proactive, helpful, and responsive, and that's ultimately why we decided to go with EcoCart."

Since adding EcoCart to their Shopify store

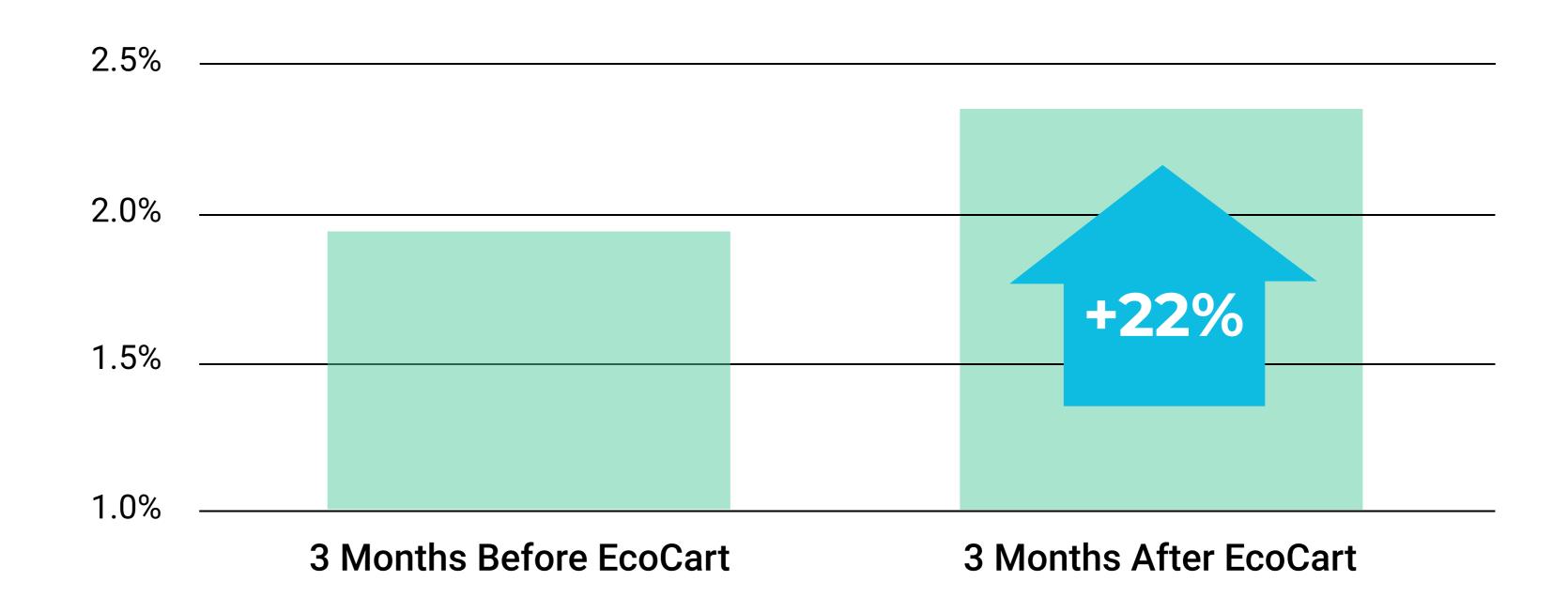




1596
of all their orders ship carbon neutral with EcoCart

Nuzest aims to change how the nutrition industry approaches sustainable business practices, starting with small changes like eliminating excess plastic in their products and adding EcoCart to their store.

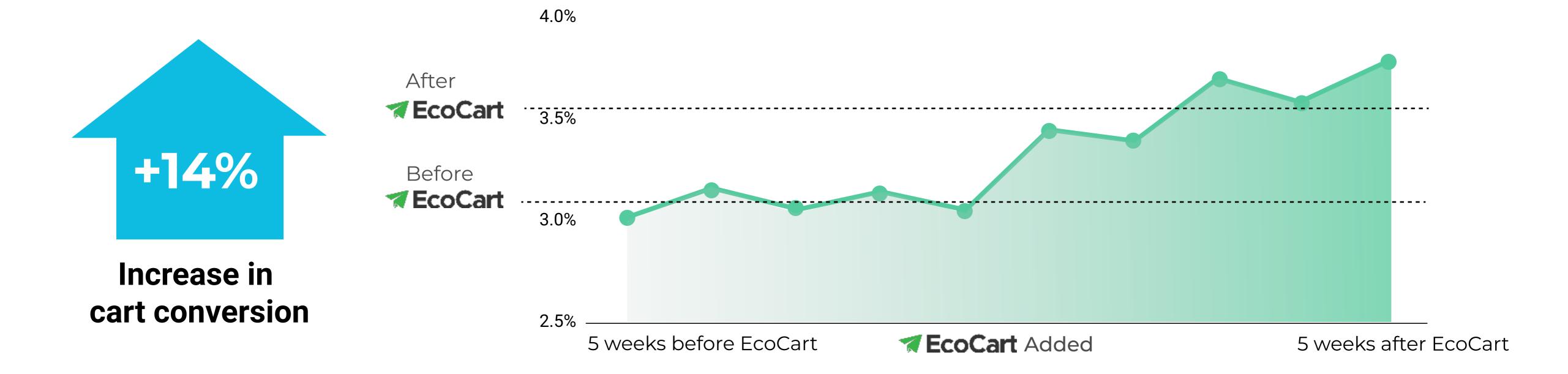
nuzest Cart Conversion Rate



It pays to be an eco-friendly brand

Nuzest's story is not unique. Hundreds of brands trust EcoCart to boost cart conversion and increase average order value. On average, **brands** that use EcoCart to offer carbon neutral orders see a 14% lift in cart conversion, meaning customers are more likely to complete checkout when they see that the brand they are shopping with cares about their carbon impact.

Average cart conversion across brands using EcoCart



When you are upfront with your commitment to the planet and sustainability, your customers take notice and are more likely to check out or spend more with your brand.



Great support for installation and configuration with a bunch of visual assets to adapt to my store or inspire us in the right direction. Flawless customer service and **every single purchase in the last 3 days since installation added the carbon neutral option and increased my conversion rate** at the same time. 5/5 Highly recommend.

Antoine Galdes, Consultant



Within minutes of my Instagram post today announcing our joining EcoCart, I received an order from across the country and the buyer gave \$0.63 toward Carbon Neutrality. I have no doubt that this will increase daily. We are thrilled to be part of EcoCart's efforts to make the world a better place for everyone and to appreciate and heal the earth.

Jnelle Holland, Founder

Turn your customers into advocates for your brand

In addition to an increase in cart conversion and AOV, with EcoCart, you'll see your customers become loyal advocates for your brand. Check out an example of organic, user generated content luxury shoe brand APL saw after adding EcoCart to their store:

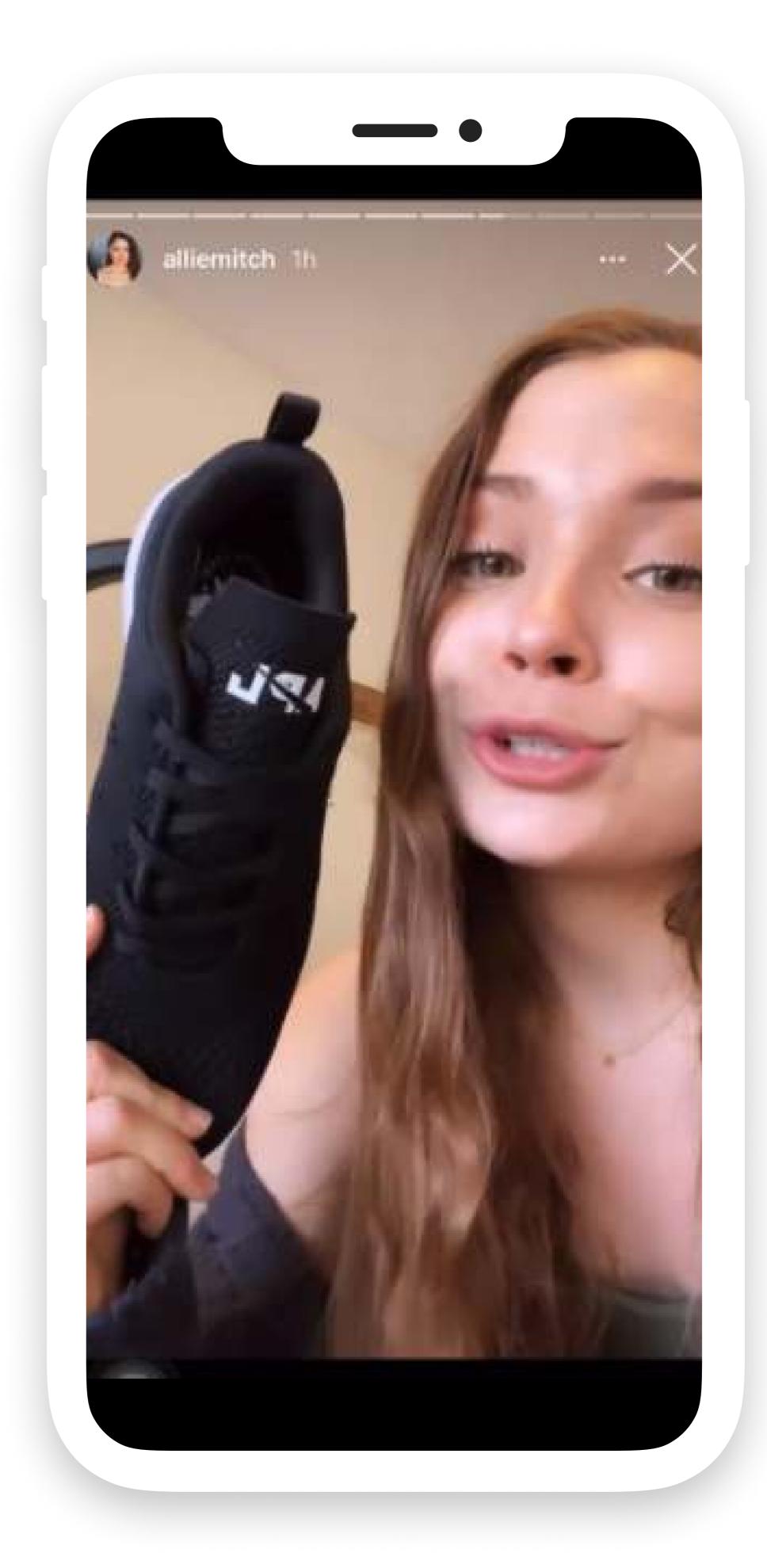


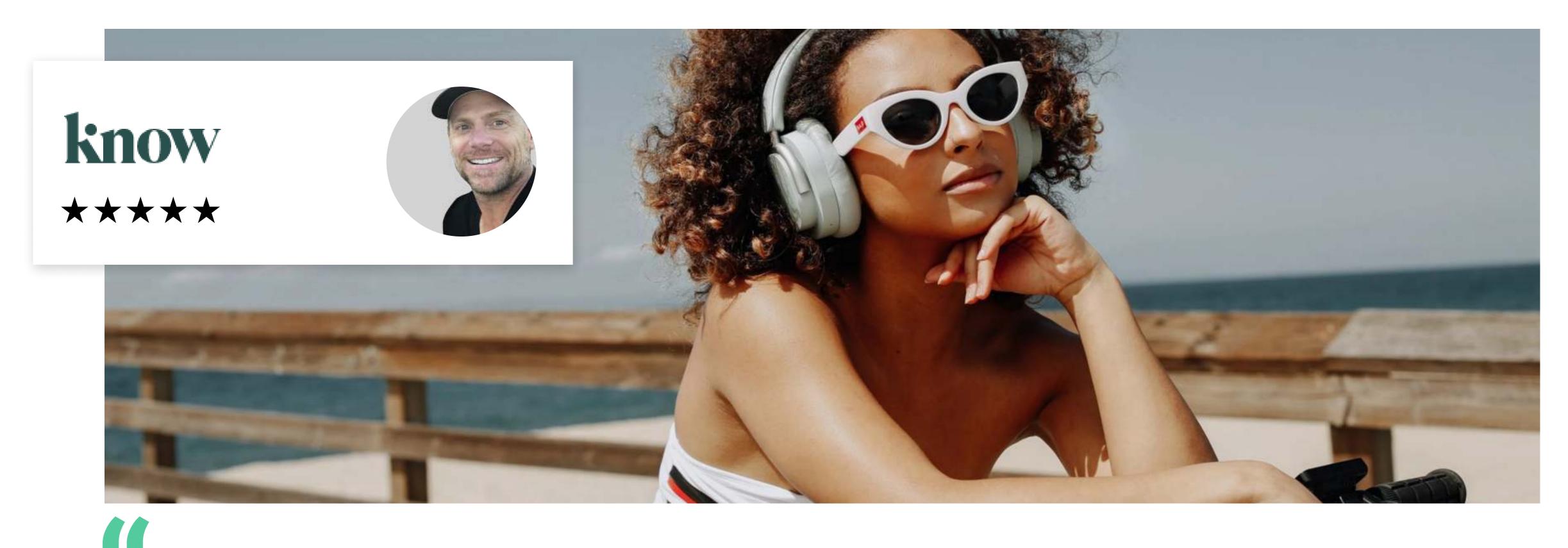
...On your shipment you have the option to check a box to make it a carbon neutral shipment. So they make up for the carbon emissions from this package by working with organizations. So for me the cost was \$1.16 and it went to the Tri-City Forest project that plants trees in Massachusetts."

-Allie Mitchell, APL customer



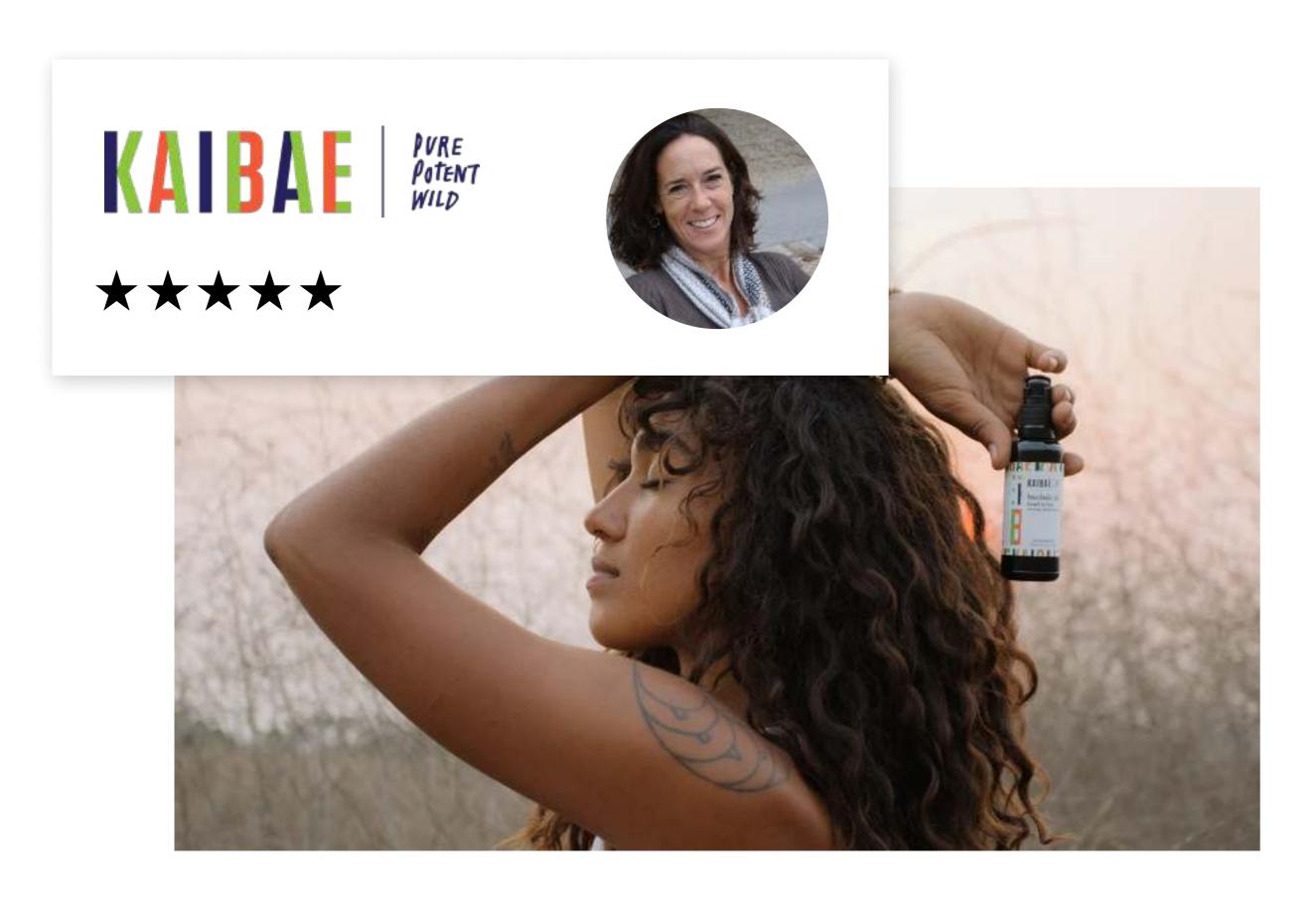
Aligning your brand with sustainability can lead to an increase in user-generated content.

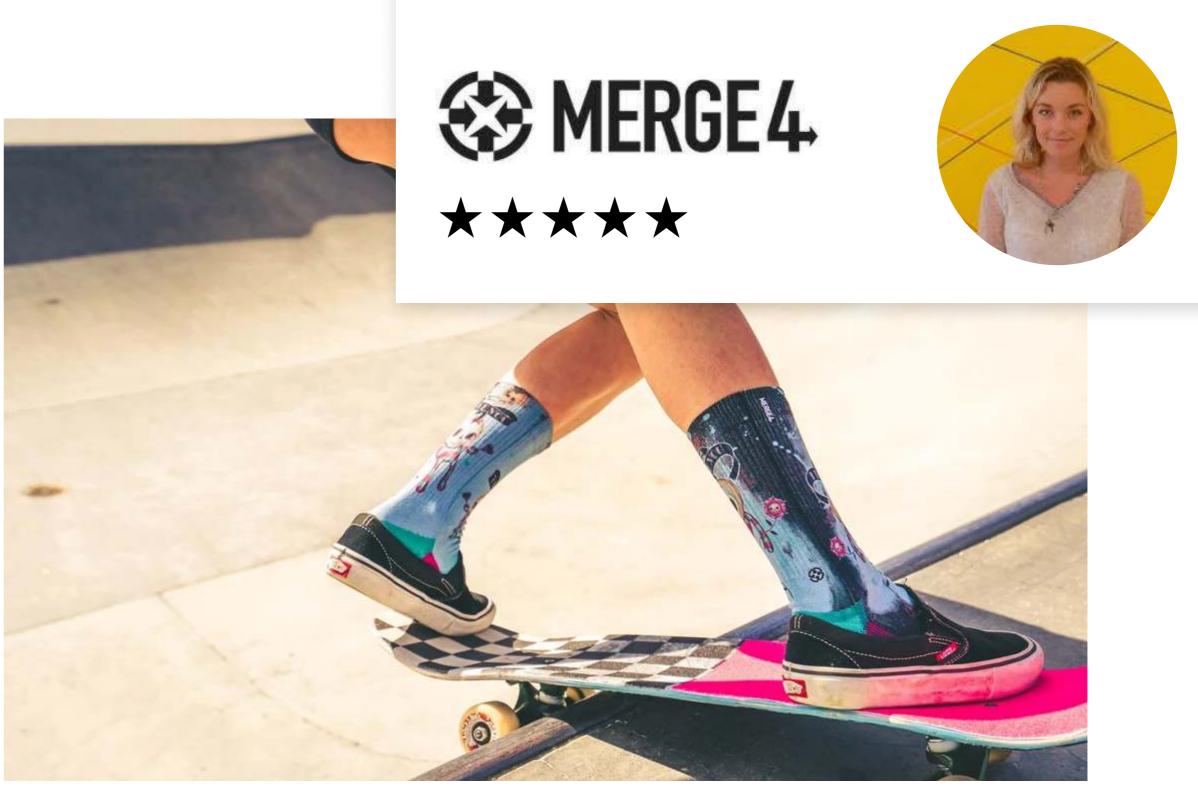




"Super easy to install, and a no-brainer for most of our customers. Since installing, **the majority of our buyers have been adding the Carbon Neutral option** to cart, and we've had great feedback from folks that love that we have this option available to them. It's really a no-brainer for any company that is aiming to be more sustainable!"

Pete, Founder and CPO





"Our customers LOVE EcoCart! We see that most of our shoppers opt in for EcoCart! It makes them feel good to offset their carbon footprint and to be able to give back."

-Barbara Maes, Co-Founder

"We love this app! **Our customers have left product reviews** mentioning how much
they liked the carbon neutral feature. 5/5"

-Haley Turner, Co-Founder

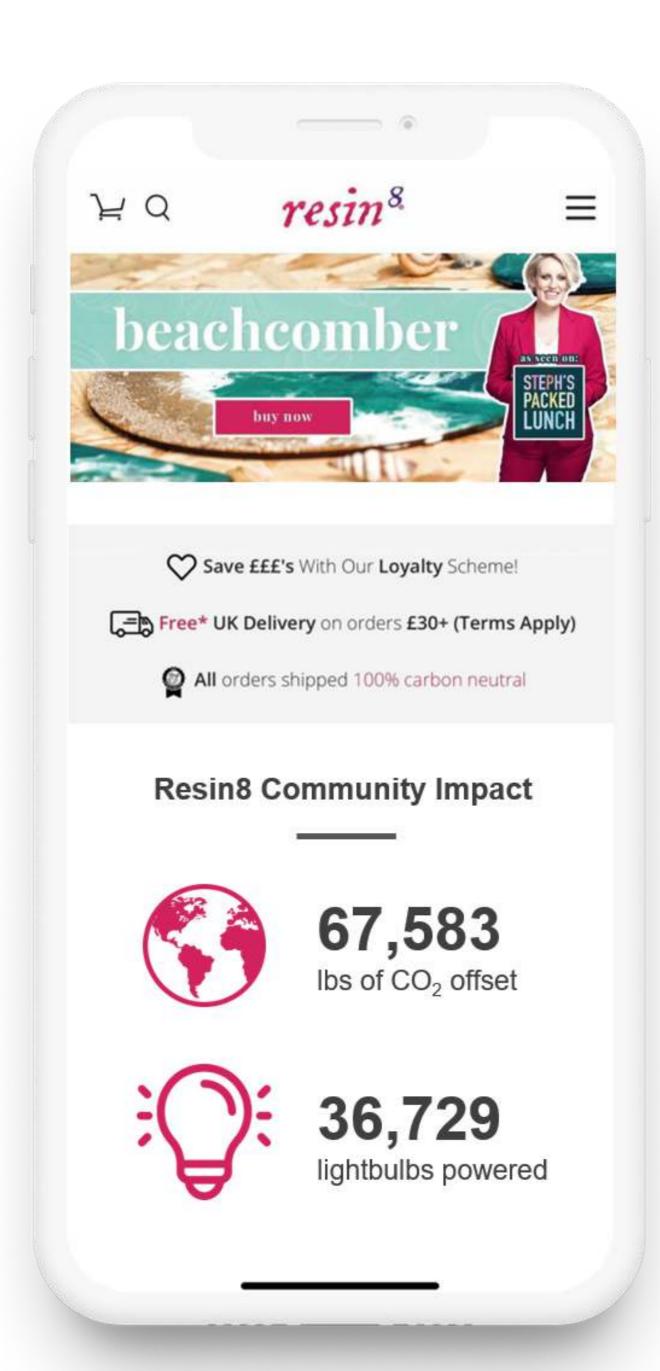
How to communicate sustainability initiatives to build a loyal customer base

It's no longer the thought that counts. The modern day consumer is like a detective and only real, verifiable actions actually cut it! 79% of all customers said it is important for brands to provide full transparency and authenticity, like sustainability certifications, when they're purchasing goods.

This is why it's important to do good and also talk about it. To act according to this motto is not reprehensible. On the contrary, it has a clear signal effect to the outside world. Roughly nine out of ten (91.2%) consumers appreciate the online retailer's honest communication with regard to sustainable offers. However, they also presume a trustworthiness of the supplier for not making misleading advertising promises (90.9%). Accordingly, providers should only communicate to the outside world the sustainable aspects of their online shop that they observe and monitor at all times.



It is critical that when you do decide to adopt more sustainable practices, you communicate your commitment at all steps of the customer journey.



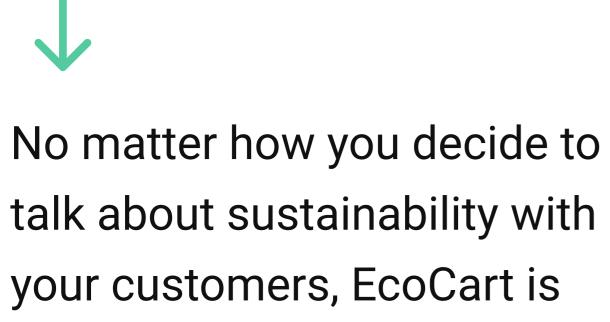
It is therefore critical that when you do decide to adopt more sustainable practices, such as adding a carbon neutral ordering option with EcoCart, you communicate this at all steps of the customer journey.

Here are a few examples of how EcoCart customers have communicated their sustainability practices to legitimize their impact to their end customers.

Resin8, Resin & Pigments for Jewellery & Art

modkat

Modkat, Luxury pet products

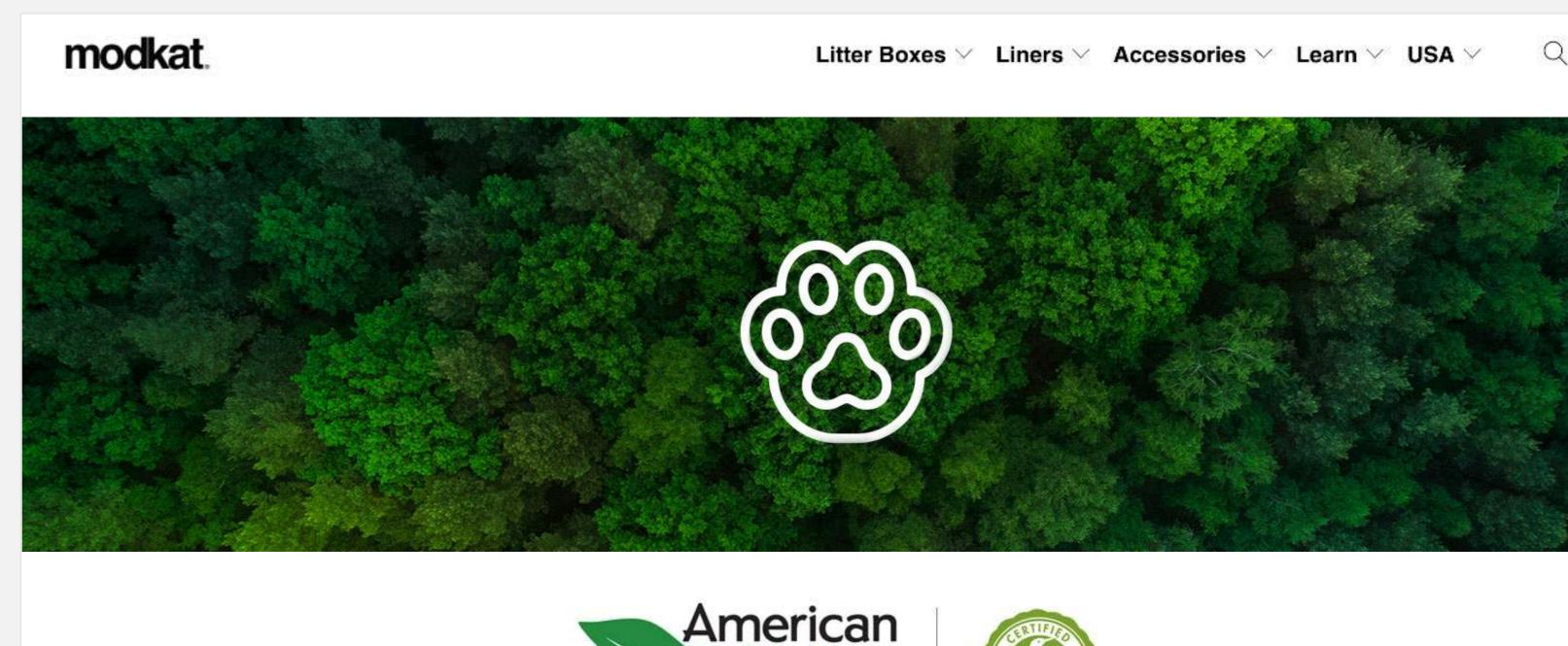


here to support you, with easily-adaptable collateral that will seamlessly meet

your brand's needs.



Sietefoods,
Mexican-American
food brand

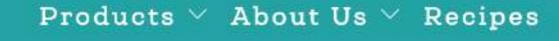






Neutralizing our pawprint.

For every product Modkat ships, we purchase carbon offsets through our partner Ecocart. Our contributions go directly to the Tri-City Forest Project which protects a spruce forest in massachusetrts that captures over 100,000 tonnes of harmful carbon dioxcide each year.





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EJIDO FOREST PROTECTION PROJECT



Project Overview

The Puebla Project reinvests carbon revenue generated through online sales and shipping (this is reflected in the extra, optional expense shown at checkout) into the Puebla community. This small contribution means increased access to clean water, education, health care, and improved standards of living for our familia in Puebla.







down by the banks

Down By The Banks, Children's clothing designer

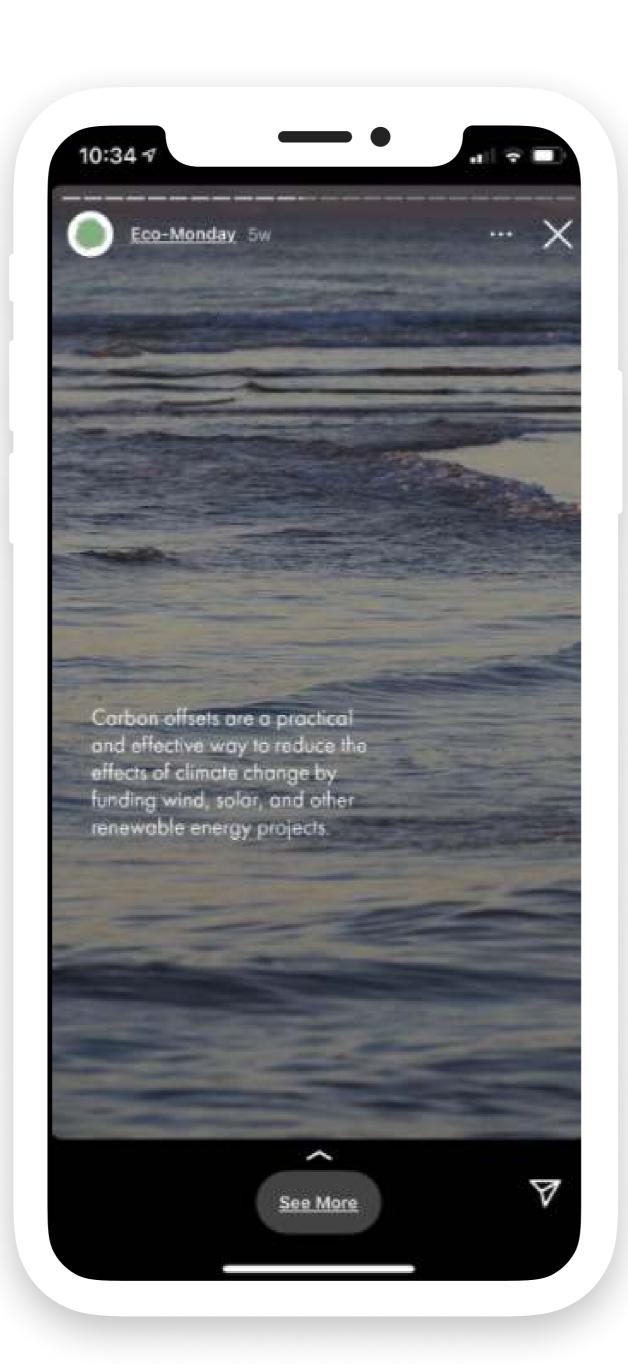


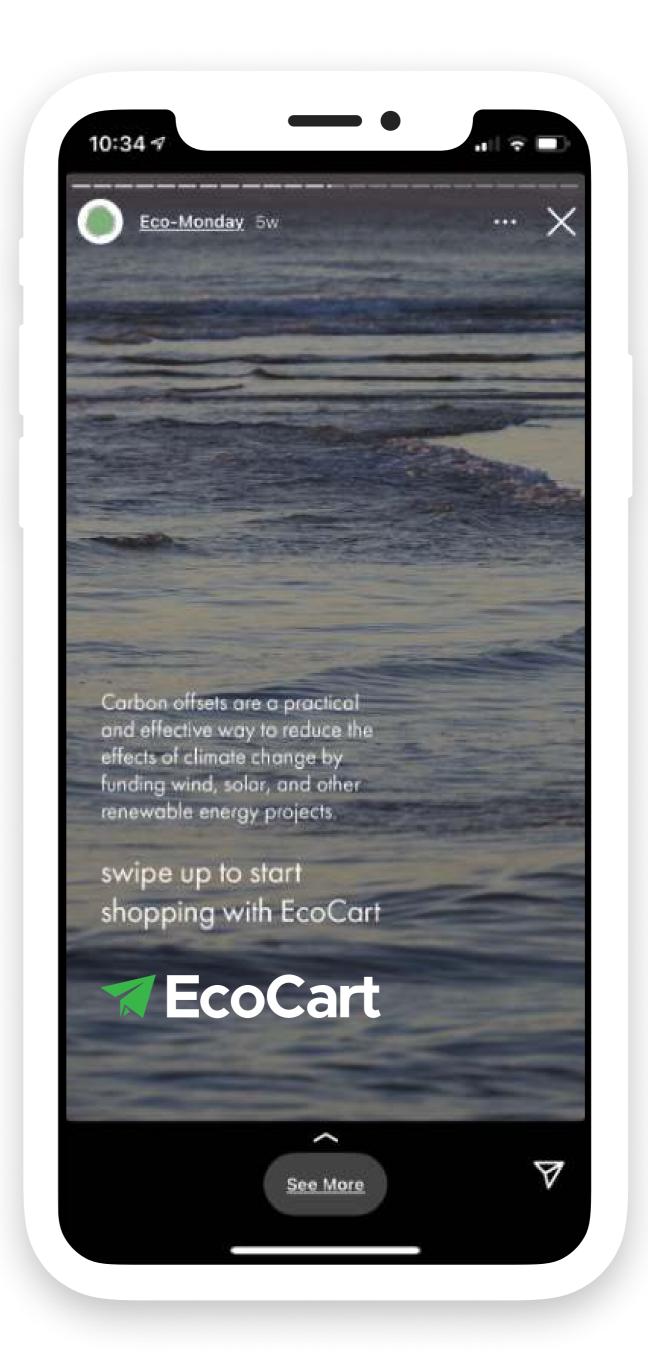
Your customers will take note of your bold stance and reward you with increased engagement and loyalty.

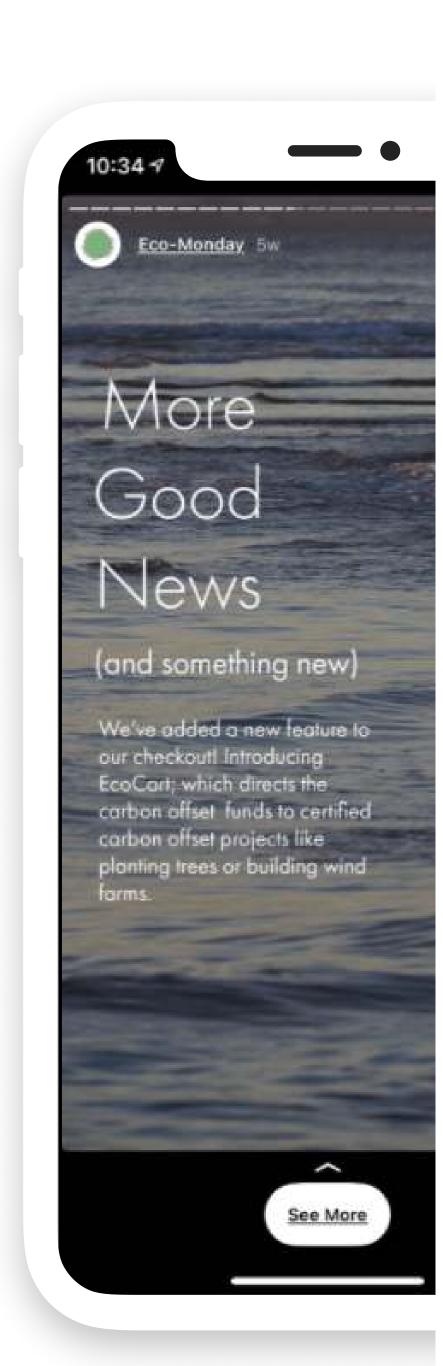


MONDAY SWIMWEAR

Monday Swimwear,Premium swimwear









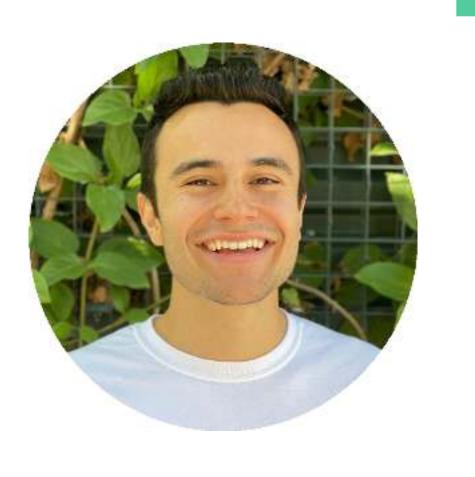
Conclusion

Establishing your brand as a champion of sustainability is table stakes, especially for e-commerce companies. As consumers become more and more aware of their individual carbon impact, online shopping is fast-becoming a clear contributor to climate change, along the ranks of travel, waste, and excessive energy use.

Fortunately, e-commerce brands that are able to successfully implement sustainability initiatives and communicate these at multiple touchpoints of the customer journey are seeing increases in cart conversion, average order value, and customer loyalty as a result.

With EcoCart, brands of all sizes can quickly and easily provide a sustainable shopping experience. Your customers will feel good about their purchases while you can feel good about doing good for the planet—and that's something we all can celebrate.

Schedule 15-minutes with Dane to chat about your sustainability goals



Hi, I'm Dane with EcoCart!
Let's chat about how
EcoCart can support your
brand's sustainability goals.



805.312.6069

Book a demo with Dane

About EcoCart EcoCart is on a mission to make fighting climate change simple, cost-effective, and accessible for everyone. EcoCart integrates with Shopify, BigCommerce, and other major platforms to give merchants the ability to offer carbon neutral orders to their customers at checkout. From plug-and-play designs to fully customizable themes, EcoCart allows you to seamlessly bring sustainable shopping to your customers. EcoCart uses these

funds from your customers to donate to carefully vetted, ethically proven, and scientifically verified carbon

offsetting projects that comply with the world's major carbon standards.

Get started at ecocart.io/business.