

# What China's growing sustainability awareness means for brands

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Sustainability is increasingly top of mind for consumers in China. Many are making lifestyle changes to address the issue, spurred by the country's many environmental catastrophes, as well as by the government's recent pledge to reduce emissions. And more than ever, shoppers expect brands to offer products and services with eco-friendliness in mind—and for the right price.

It seemed only a matter of time before environmental awareness picked up steam, given the severe air pollution and other crises people in China have had to suffer—a costly price for being the world’s factory. A February 2021 poll by Wunderman Thompson serves as a yardstick for consumers’ fervor to fight climate change. In China, 86% of adult internet users said they were willing to contribute at least 0.5% of their annual salary to the cause, compared with 64% of those in the UK and 62% in the US.

**Internet Users in China, the UK, and US Who Are Willing to Contribute\* Financially to Solve Climate Change, Feb 2021**

% of respondents in each group



Note: ages 18+; \*at least 0.5% of annual salary

Source: Wunderman Thompson, "Regeneration Rising: Sustainability Futures," June 8, 2021

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The survey also asked respondents about regeneration, the idea of not just minimizing human impact on the environment, but also proactively giving back to the ecosystem. Those in China surpassed their UK and US counterparts in both their awareness of and optimism about the concept.

In addition, more respondents in China than in the other two countries believed businesses must drive regeneration for such efforts to succeed. Among all respondents to the survey, 86% said they “expect businesses to play their part in solving big challenges like climate change or social justice.”

“Consumers under the age of 35, who account for more than half of the population, are showing more awareness of sustainability,” said Isabel Nepstad, founder and chief strategist at Beijing-based BellaTerra Consulting. “Young consumers in particular, especially those in affluent cities in China, are showing more care toward the environment.”

For brands, the implications are huge in the world’s **second-biggest** retail market. Lifestyle brand consumers in China are pursuing some of the same sustainability measures as their counterparts in Western Europe, and at similar rates, per an April 2021 study by Stifel and Morning Consult. These measures include improving their day-to-day practices and caring more about the environmental impact of the products they buy.

# Ways that Lifestyle Brand Consumers\* in Select Countries Try to Live More Sustainably, April 2021

% of respondents in each group

- 1** Try to be more sustainable in my day-to-day life
- 2** Care more now about the sustainability of products I buy than I did a year ago
- 3** Purchased a new brand/product specifically because of its sustainability practices
- 4** Try to learn about a brand's sustainability practices before I buy it for the first time
- 5** Intend to purchase fewer products for the sake of sustainability
- 6** Regularly opt for more expensive brands or products because they are more sustainable
- 7** Boycotted or stopped buying brand/product specifically because of its sustainability (or lack thereof)

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
China	86%	78%	66%	71%	69%	42%	57%
France	83%	76%	71%	67%	70%	58%	58%
Germany	81%	71%	54%	57%	64%	49%	50%
Italy	89%	78%	67%	68%	63%	46%	53%
UK	84%	77%	57%	59%	70%	51%	48%
US	79%	71%	61%	59%	58%	52%	46%

*Note: ages 18-55; respondents who strongly agree or somewhat agree; \*those who purchased athletic or activewear clothing or footwear brands; casual lifestyle clothing or footwear brands; outdoor clothing or footwear brands (i.e., for hiking, skiing, etc.); or sporting goods or outdoor recreation equipment brands within the past 6 months*  
 Source: Stifel and Morning Consult, "2021 Sustainable Lifestyle Brands Index," May 25, 2021

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Notably, nearly two-thirds of respondents in China said they have purchased a new brand or product specifically because of its sustainability practices, but only 42% said they regularly opt for pricier alternatives that are more eco-friendly.

The Wunderman Thompson survey also found that price was a factor. Among respondents who said they did nothing or could do more to live sustainably, the top two challenges cited were that it took too much effort and that it was not convenient. The No. 3 reason was that it was too expensive.

Even so, sustainability is here to stay, though the idea of doing good, in and of itself, will not be enough to get consumers through the door. When asked what was at least somewhat important for brands to prioritize, the vast majority of lifestyle consumers in China said the quality and reliability of products or services (98%) and convenience and customer experience (94%), according to the Stifel and Morning Consult poll. These were followed by putting out new products, services, or features (86%), offering lower prices (85%), and operating sustainably (78%).

Emerging trends lend themselves to eco-friendly brands. “There is a growing market for plant-based protein products. Consumers are recognizing that plant-based diets are key to addressing climate change and biodiversity loss, which are hot topics in China this year,” Nepstad said.

Led by younger generations, China’s fast-rising middle class is also eager to upgrade its standard of living. This often translates to a willingness to pay more for higher-quality products, better experiences, and the feeling that they’re doing good—a trend that green brands can ride to offset their more costly supply chains.

In a command economy such as China, the government could be the single biggest reason why consumption may eventually take a turn for the greener. The Chinese government has pledged to achieve carbon neutrality by 2060, and in January, it banned stores in major cities from providing plastic shopping bags, piloted recycling programs, and put a stop to single-use plastic straws throughout the country.

What’s more, green financing is skyrocketing. In Q1 2021, issuers in China sold RMB 108.4 billion (\$15.7 billion) in bonds to fund green projects, according to Refinitiv data, making China the largest market for such bonds.

Many of China's leading internet companies—including the Alibaba-affiliated Ant Group, Baidu, JD.com, and Suning—have already announced goals and implemented programs to cut emissions.

Brands may soon be in the hot seat themselves. To convert mindful shoppers into buyers, brands should make their environmental initiatives clear and easy to understand, according to a March 2021 Mintel poll covering 16 countries, including China.

Nearly half of internet users surveyed said information on the direct impact (e.g., one tree planted per item sold) and the environmental cost involved would encourage them to make a purchase. More than 40% said so for measurements of impact that are easy to understand (e.g., liters of water consumed) and environmental certification by third-party auditors.