The "Sustainability" Difference between China and the West from Consumers' Perspective
从消费者看“可持续”的中西差异
# Contents

Foreword 1  

**Comparison of Chinese and Western consumers' sustainability knowledge and actions** 2  
1. Chinese and Western consumers' sustainability concepts 2  
2. Chinese and Western Consumers' sustainable behavior 2  
3. Sustainable products in Chinese and Western consumers' minds 5  
4. Chinese and Western consumers' pain points and demands in sustainable consumption 6  

**Chinese consumers’ views on ESG driving brand value enhancement** 8  
1. Chinese consumers' understanding of sustainable values 10  
2. The premium that Chinese consumers are willing to pay for sustainable products 12  

**Best practices of sustainability in China’s consumer goods industry** 12  
1. Consumer goods supply chain company: SIG Group 13  
2. Leading MNC beauty group: L’Oreal 15  
3. Emerging Chinese consumer goods company: Saturnbird 17  

**Insights for consumer brands**  

Conclusion 20  
Appendix 21  
Contact us 22
The "Sustainability" Difference between China and the West from Consumers' Perspective

Foreword

Although sustainable development is a modern theory—ESG, in the broader sense of the word, was officially coined in 2004. In China, the thought of sustainability has existed for thousands of years. One passage in the Analects (in Chinese, the Lunyu) states, "Confucius fished, but never with a net; he shot, but not at a roosting bird". This is an example of early sustainable development thought. In modern China, especially after China’s official announcement of the carbon peaking and carbon neutrality goals in 2020, sustainability concepts are flourishing, attracting wide attention from all sectors of society.

Sustainability concepts will profoundly impact all industries in China, and the consumer market will bear the brunt. China is the world's second largest consumer goods market and is expected to take the United States' first place over the next few years. In addition, Chinese consumers, especially the younger generation, have a growing awareness of sustainability concepts, and some have taken relevant actions. Therefore, for international and local brands striving to gain market share, it is crucial to understand Chinese consumers' preferences for sustainability and capture the minds of younger consumers.

Combining Deloitte Global’s research experience on consumer sustainability preferences with the actual situation of the Chinese consumer goods market, Deloitte China conducted a questionnaire survey on Chinese consumers in 2023 to thoroughly analyze their preferences regarding sustainability concepts. We hope this will help global and local brands better understand Chinese consumers, inspiring them to attain their sustainability goals while gaining popularity.
Comparison of Chinese and Western consumers' sustainability knowledge and actions

1. Chinese and Western consumers' sustainability concepts
With the gradual publicity and education of sustainable consumption, more Chinese consumers understand and accept sustainability concepts. However, Chinese consumers' understanding of the concept is confined to environmental sustainability, while Western consumers incorporate social and governance. The consumer survey results show that Chinese and Western consumers care about producing sustainable packaging and products, reducing their carbon footprint, and minimizing waste during production. In addition, Western consumers emphasize human rights and ethical work practices, while Chinese consumers pay more attention to natural resource conservation and recycling.

2. Chinese and Western Consumers' sustainable behavior
More than 70 percent of Chinese consumers accept sustainability concepts, among which over 70 percent have taken sustainable actions. However, noticeable differences exist between Chinese and Western consumers' sustainable behavior. For instance, Chinese consumers' sustainable practices in daily consumption are primarily restaurant takeout and low-carbon mobility, while Western consumers' sustainable practices in daily consumption concentrate on shoes, clothing and daily household goods. This is mainly due to the different sustainable consumption environments in China and the West and consumers' varied understanding of sustainability concepts.

Source: Deloitte's quantitative research on consumers' sustainability knowledge and actions
In addition, Chinese and Western consumers agree that reducing waste and recycling items are necessary. Therefore, "reducing food waste" and "reducing single-use plastics" are Chinese and UK consumers’ foremost sustainable practices. The difference is that UK consumers attach great importance to recycling domestic waste, cutting consumption, purchasing items nearby, and observing the laws of nature, including the tendency to "reduce the purchase of new products", "buy local products", and "buy seasonal products"—adoption of such sustainable lifestyles continued to grow over the past two years; however, Chinese consumers are more concerned about green and low-carbon mobility, including reducing travel by private car and air travel and adopting shared mobility, and exceptionally trust brands actively engaging in environmentally sustainable and ethical practices.

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions

In the last 12 months; what have you done expressly to adopt a more sustainable lifestyle?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Chinese consumers (%)</th>
<th>UK consumers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced food waste</td>
<td>62%</td>
<td>69%</td>
</tr>
<tr>
<td>Opted for low-carbon/shared modes of transport</td>
<td>30%</td>
<td>56%</td>
</tr>
<tr>
<td>Reduced usage of single-use plastics</td>
<td></td>
<td>64%</td>
</tr>
<tr>
<td>Limited water usage</td>
<td>56%</td>
<td>52%</td>
</tr>
<tr>
<td>Repaired/fixed an item instead of replacing it</td>
<td>51%</td>
<td>53%</td>
</tr>
<tr>
<td>Bought more seasonal products</td>
<td>50%</td>
<td>54%</td>
</tr>
<tr>
<td>Stopped buying certain brands or products because of sustainability-related concerns about them</td>
<td>34%</td>
<td>49%</td>
</tr>
<tr>
<td>Chosen brands that have ethical practices/values</td>
<td>37%</td>
<td>47%</td>
</tr>
<tr>
<td>Bought more locally produced goods</td>
<td>47%</td>
<td>48%</td>
</tr>
<tr>
<td>Chosen brands that have environmentally sustainable practices/values</td>
<td>40%</td>
<td>47%</td>
</tr>
<tr>
<td>Reduced new product purchases</td>
<td>47%</td>
<td>59%</td>
</tr>
<tr>
<td>Paid extra for a more durable/long-lasting product</td>
<td>38%</td>
<td>46%</td>
</tr>
<tr>
<td>Recycled household waste</td>
<td></td>
<td>75%</td>
</tr>
<tr>
<td>Reduced air travel</td>
<td>34%</td>
<td>43%</td>
</tr>
<tr>
<td>Increased sustainability-related investments</td>
<td></td>
<td>41%</td>
</tr>
<tr>
<td>Switched to a renewable energy supplier</td>
<td>16%</td>
<td>35%</td>
</tr>
<tr>
<td>Cut consumption of meat/animal products</td>
<td>32%</td>
<td>39%</td>
</tr>
<tr>
<td>Bought second-hand/refurbished items</td>
<td>32%</td>
<td>40%</td>
</tr>
<tr>
<td>Contacted a brand to raise a sustainability issue</td>
<td>7%</td>
<td>30%</td>
</tr>
<tr>
<td>Rented items instead of purchasing</td>
<td>7%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions
Chinese and Western consumers buy distinctly different second-hand products. With extensive penetration of second-hand electronic device trading platforms and electrical appliances markets in China, Chinese consumers are accustomed to buying second-hand electronics and household appliances; in the UK, the second-hand consumer goods industry is highly mature—the second-hand footwear and clothing stores and furniture market are particularly active, so UK consumers tend to buy more second-hand footwear, clothing and furniture.

Chinese and Western consumers also differ significantly in reducing the use of single-use plastics. Chinese consumers' primary single-use plastic reduction is in the food delivery area. The rapid development of the Internet and urban delivery services have accelerated the penetration of takeout in Chinese cities. China has banned non-degradable plastic packaging and straws in the food takeout area. Some local governments also introduced policies and plans to reduce and recycle single-use, non-degradable plastic cutlery. However, England has banned a range of plastics in various industries in 2023. China is still trying to reduce the use of plastics and has not implemented a comprehensive ban. Currently, single-use non-degradable plastic takeout cutlery in China is much higher than in the UK. UK consumers tend to reduce the use of single-use plastics in traditional daily necessities such as food & drinks, beauty products and footwear & clothing.
3. Sustainable products in Chinese and Western consumers’ minds

Chinese and Western consumers give almost the same answers when asked what makes a product sustainable. The most significant sustainable feature is that the raw materials, the product and the packaging comply with the Three R’s (Reduce, Reuse, Recycle) principle. Other features include reducing carbon emissions and supporting biodiversity.

Chinese consumers value the products’ sustainable attributes more than Western consumers when buying a sustainable product. Research data show that in China, more consumers consider sustainable attributes as decisive factors in selecting a sustainable product.

For both Chinese and Western consumers, the practical benefit attributes of a sustainable product, such as good durability and easy-to-repair, are critical factors affecting decision-making. Research data shows that in both China and the West, consumers value durability and repairability when considering a purchase because fewer item replacements facilitate cost-effective consumption experiences and a sustainable lifestyle. In addition, Chinese consumers attach more importance to the reliability of products and their certified sources. Data show that compared with the West, a larger percentage of Chinese consumers consider "it is responsibly sourced or harvested" and "it is labeled as responsibly sourced or manufactured" essential factors affecting their decision to buy a sustainable product.

Although Chinese consumers’ awareness of sustainable development is generally confined to environmental sustainability, some have incorporated social and governance sustainability in their understanding and attached importance to products’ social and governance sustainability during consumption. According to the research data, 32 percent of Chinese consumers believe sustainable products mean "made in a socially responsible way (such as fair labor), " and 38 percent value this attribute highly when purchasing a sustainable product.

What features affect your decision when considering purchasing a sustainable product or service?

<table>
<thead>
<tr>
<th>Chinese consumers</th>
<th>UK consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>What makes a product sustainable?</td>
<td>Made from natural/renewable materials (66%)</td>
</tr>
<tr>
<td>What are the important factors affecting my purchase of a sustainable product?</td>
<td>Use recyclable/biodegradable packaging (65%)</td>
</tr>
<tr>
<td></td>
<td>Made from recyclable materials (61%)</td>
</tr>
<tr>
<td></td>
<td>Carbon neutral (61%)</td>
</tr>
<tr>
<td></td>
<td>Responsibly sourced/harvested (56%)</td>
</tr>
<tr>
<td></td>
<td>Durable and long-lasting (60%)</td>
</tr>
<tr>
<td></td>
<td>Use less energy/resources to make (63%)</td>
</tr>
<tr>
<td></td>
<td>Support biodiversity (55%)</td>
</tr>
<tr>
<td></td>
<td>Can be easily repaired/ fixed (50%)</td>
</tr>
<tr>
<td></td>
<td>Made in a socially responsible way (such as fair labor) (53%)</td>
</tr>
<tr>
<td></td>
<td>Locally produced (47%)</td>
</tr>
<tr>
<td></td>
<td>Labelled as responsibly sourced or manufactured (40%)</td>
</tr>
</tbody>
</table>

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions
4. Chinese and Western consumers’ pain points and needs in sustainable consumption

The higher cost of sustainable consumption is a common pain point for Chinese and Western consumers. The uncertainty in economic development undermines consumers’ willingness to consume, so they are more conservative in purchasing a sustainable product, which is a distinct reason for not adopting a more sustainable lifestyle among UK consumers. In addition to the cost issue, Chinese consumers mentioned that the limited access to relevant information impacts their sustainable consumption.

What are the main reasons why you have not adopted a more sustainable lifestyle?

>55%

Chinese and Western consumers indicate sustainable products/services as "too expensive"

53%

Chinese consumers indicate that sustainable product/service "information is insufficient"

60%

UK consumers indicate that the "current economic uncertainty" affects their purchase of sustainable products/services

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions
Chinese and Western consumers indicate that reducing plastic packaging is the first thing they will support in consumption, based on their understanding of environmental sustainability. Secondly, they are willing to repair and recycle used items. UK consumers hope there is precise information on how to recycle old products, and Chinese consumers hope suppliers provide services to repair broken or damaged items.

In addition, due to the differences in dietary habits between China and the West and the increasing popularity of plant-based drinks, Chinese consumers indicate that their sustainable consumption willingness will heighten with more plant-based food options.

Which of the following do you think would help you to adopt a more sustainable lifestyle?

**>50%**
Chinese and Western consumers expect removing plastics and packaging and more affordable prices.

**61%**
Chinese consumers expect suppliers to provide services to renew/repair broken or damaged items.

**46%**
UK consumers expect suppliers to provide clear information on how to recycle old products.

![Image of a sustainable lifestyle](image-url)

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions.
Chinese consumers’ views on ESG driving brand value enhancement

Guided and driven by the global sustainable trend, Chinese consumers have gained a preliminary understanding of sustainable values and taken relevant actions. Consumers of different ages have distinctive understandings and practices due to their varied life experiences. For example, under the influence of traditional ideas, Generation X and Y are more pragmatic and conservative. On the contrary, Generation Z, born and grew up in the internet information age, enjoy cutting-edge technologies’ convenience and free experience, so they value personal experience and emotional value. In addition, the analysis of the internal reasons for Chinese consumers to pay a sustainability premium shows that Chinese consumers are willing to pay a premium for sustainable values, quality products and the emotional value brought by the sustainability concepts, but the premium levels vary among different product categories.

1. Chinese consumers’ understanding of sustainable values
Chinese consumers of all ages unanimously care about saving resources and reducing waste; more than 60% acknowledge the value of saving resources and reducing waste during consumption. However, as they grew up in different times and obtained information in disparate ways, they focused on different core values of sustainable consumption. Specifically, influenced by traditional culture and education ideas, Generation X and Y tend to act based on rational analysis and judgment, so they are more concerned about the core value of environmental and ecological conservation. For Generation Z, advanced network technologies have given rise to various social media platforms where they can access and express fresh and personalized topics and opinions, so they are open to new things and value more personal experiences during sustainable consumption—they primarily recognize the emotional value brought by the trend attributes and personalized labels of sustainable consumption.

What do you think are the core values of sustainable consumption compared to regular consumption?

>60%

Chinese consumers of all ages think that saving resources and reducing waste are at the core of sustainable consumption.

46%

Generation Z think that a cool and individualized lifestyle is at the core of sustainable consumption.

49% and 58%

49% Gene Y and 58% Gen X think that protecting the environment and maintaining ecological balance are the at core of sustainable consumption.

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions
In addition, the core drivers of sustainable consumption for Chinese consumers of different ages vary. In the new era, with easy access to information and the dissemination of cultural diversity, the younger generation generally responds to emerging topics more proactively with a broader vision. The survey shows that young consumers focus on the product’s sustainability. For example, 46% of Generation Y indicate that reliable sources and good durability are the key drivers for sustainable consumption, and 47% of Generation Z value products’ sustainable materials the most. In contrast, Generation X is more concerned about intuitive sustainability, such as sustainable packaging.

<table>
<thead>
<tr>
<th>Consideration</th>
<th>Gen Z</th>
<th>Gen Y</th>
<th>Gen X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made from natural materials or renewable resources</td>
<td></td>
<td></td>
<td>47%</td>
</tr>
<tr>
<td>Made from recycled or repurposed resources or materials</td>
<td>43%</td>
<td>45%</td>
<td>42%</td>
</tr>
<tr>
<td>Responsibly sourced</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>Use minimal or recyclable/degradable packaging</td>
<td></td>
<td></td>
<td>44%</td>
</tr>
<tr>
<td>Use less energy or resources to make</td>
<td></td>
<td></td>
<td>45%</td>
</tr>
<tr>
<td>Use less energy or resources to operate</td>
<td></td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>Durable and long-lasting</td>
<td></td>
<td></td>
<td>46%</td>
</tr>
<tr>
<td>Can be easily repaired/fixed</td>
<td></td>
<td>33%</td>
<td>34%</td>
</tr>
<tr>
<td>Made in a socially responsible way</td>
<td></td>
<td>42%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions
2. The premium that Chinese consumers are willing to pay for sustainable products

Chinese consumers are willing to pay a premium for sustainability concepts, better quality products, and the emotional value of sustainability concepts. According to the survey, Chinese consumers are willing to pay a 9-15 percent premium, with the highest premium from Generation X due to their higher income. When comparing the three generations under the same income level, the premium from Generation Z will be the highest because they are more supportive and ready to take action for sustainability concepts. From the perspective of product categories, all three generations are willing to pay a higher premium for sustainable luxury goods. Generation X is willing to pay a higher premium for sustainable food, electronics and beauty products than Generation Y and Z.
According to in-depth consumer interviews, Chinese consumers pay a premium for sustainable products and brands for different reasons.

**Electronics:** Consumers generally agree that electronics should be energy-efficient and available for trade-in to be sustainable. Consumers are willing to pay a premium for electronics with cutting-edge technologies, smarter functions, and longer service lives because they can facilitate consumers’ “long-term” and “minimalist” lifestyles while bringing a fresh experience of advanced technologies.

**Beauty products:** Consumers prefer natural and biodegradable beauty products and are willing to pay a premium for healthier and safer products, demonstrating their “nude makeup” and “minimalist skincare” lifestyles.

**Clothing & Footwear:** Consumers appreciate products made from eco-friendly materials that can be recycled. They also pay a premium for more comfortable and well-designed clothing and footwear. Sustainable fashion integrates fashion and environmental protection and labels consumers as "eco-chic" and "natural beauty".

Furthermore, brands that have sustainable values and practices provide an emotional value for consumers with a strong sense of social responsibility and align with their "higher-end" lifestyle or "more distinctive" personality.

Consumers can experience a sustainable lifestyle and obtain a sense of satisfaction and fulfillment as ESG doers through using sustainable products and services and participating in sustainability-related activities.

**Food:** Consumers generally acknowledge the sustainability concept of avoiding pollution and saving food and are willing to pay a premium for organic, healthy and additive-free food. They pursue the healthy “Vegetarianism” and "Low-Carb Anti-Inflammatory Diet" lifestyles.

**Luxury goods:** Consumers support the sustainability concept of recycling waste materials. For example, At Hermes, PETIT H upcycles excess or waste materials to create ingenious items such as bento boxes, storage boxes, and key chains. Consumers are willing to buy such unique and practical items and appreciate luxury brands’ creative sustainability concepts. Sustainable luxury goods appeal to consumers who pursue a personalized and practical lifestyle.

Meanwhile, according to the consumer survey and the analysis of why Chinese consumers pay a premium, sustainability concepts are the primary reason and better product quality is the core driver. The survey shows that more than 30 percent of Chinese consumers believe sustainable products are safer, healthier and of higher quality. Chinese consumers’ expectations for sustainable products are better healthfulness, safety, durability and quality.

...I’m a big fan of Patagonia. Patagonia is not engaged in any environmentally harmful business. Its founder, Yvon Chouinard, left the company to a climate change nonprofit organization. I’m deeply touched by the brand’s sustainable practices and willing to pay a premium for it...

—A post-90s female consumer

...Quality is still my top consideration for a sustainable brand. For example, Allbirds is one of my favorite brands. Its products adopt comfortable natural wool materials, have simple designs, and have no logo, appealing to elites who pursue minimalism.

—A post-85 male consumer

... I often buy Saturnbird coffee because it recycles empty coffee containers. This way, I participated in environmental protection and sustainable practices...

—A post-00s female consumer
Best practices of sustainability in China's consumer goods industry

With the popularization of sustainability concepts, sustainable strategy has gradually become crucial for developing Chinese companies. As sustainability is a global consensus, players in the domestic consumer goods industry, including upstream packaging companies, leading international consumer brands and emerging domestic brands, are actively expanding their sustainable layout. For instance, SIG launched innovative recyclable packaging; L’Oreal has been implementing sustainability concepts for many years and is committed to exploring carbon-neutral supply chain, recyclable packaging, and innovative sustainable products in China; Adhering to sustainable development since its establishment, Saturnbird continued to recycle empty coffee containers and created a professional brand in reusing coffee grounds.

1. Consumer goods supply chain company: SIG Group

As a leading global provider of packaging solutions, SIG’s carton packaging products are widely applied in various consumption scenarios. SIG has continuously worked on its strategic priority areas of sustainable development: Climate*, Forest*, Resources*, and Food*, i.e., reducing carbon to combat climate warming, preserving and restoring forests, recycling all packaging, and providing safe and nutritious food for consumers through packaging.

SIG actively develops innovative technologies and products, such as the aluminum-free solution, to reduce its carbon footprint. In addition, SIG recycles paper-based composite packaging and participated in the activities of the ATCCR (the Alliance of Technological Innovation In Compulsory Resources Recycling Industry) to work with the government, recycling and other enterprises to recycle milk cartons. SIG persistently pursues a sustainable closed loop from research and development to production and recycling for sustainable development.

Sustainable development practices: SIG Terra Alu-free low carbon packaging innovation

SIG launched a low-carbon packaging R&D program and rolled out the aseptic paper-based aluminium-free packaging (known in Chinese as "Kangmei Lyxin") in 2021. SIG used a new full barrier to replace the aluminum layer, so the packaging had a simpler composition, with only recyclable plastic and cardboard. The packaging recycling process is simplified and uses fewer chemicals as it skips the step of separating aluminum foil as in traditional Al-PE-Pa complex packaging, significantly improving recycling efficiency. SIG Terra effectively reduces products' carbon footprint. It is estimated that 100 cartons in SIG Terra (carton/250ml) can reduce carbon footprint of 1.29kg CO2e, equivalent to the carbon emissions absorbed by 6.19 square meters of forest in 12 months, or the carbon emissions generated by a lighted 15w bulb in nearly 148.02 hours.

At the end of 2021, SIG Terra cooperated with Yili’s premium SATINE to develop the SATINE pure milk in aluminum-free packaging*. This innovative packaging reduced the carbon footprint of the SATINE product and strengthened the brand’s sustainability image. In this way, the packaging helped the downstream company to achieve its carbon reduction target by offering innovative, sustainable products.

In September 2023, SIG Terra partnered with Yili to launch the aluminum-free packaging for 200ml pure milk—each carton is expected to reduce the carbon footprint by 11.12g CO2e and a whole box (containing 24 cartons) is expected to reduce 266.88g CO2e. As the exclusive supplier of official dairy products for the Hangzhou Asian Games, Yili customized an eco-friendly package to fit the “Green Asian Games” concept.

Sustainable development insights

Sustainability concepts have placed higher demands on the consumer goods supply chain and given injected a new impetus to the development of the industry, continuously driving the "green transformation" of the supply chain system. Packaging, which plays an important role in the entire supply chain system, has gradually become a focus area of supply chain sustainability. Packaging companies need to focus on green packaging, eco-friendly materials, low-carbon technology, innovative design, and recycling to promote the sustainable development of the entire packaging industry chain. They need to upgrade traditional packaging products into green and recyclable products and refine the single product model into sustainable solutions to meet the sustainable packaging requirements of downstream consumer goods companies.
2. Leading MNC beauty group: L’Oréal

L’ORÉAL has adopted a holistic approach to sustainable development. In 2009, L’ORÉAL set its 2015 targets for greenhouse gas emissions, water consumption, and waste management. In 2013, L’ORÉAL launched the sustainable program, titled “Sharing Beauty with All”; in 2020, the new sustainable program, “L’ORÉAL for the Future”.

L’ORÉAL Group is the only company in the world to have received a triple "A" rating from the CDP for the 7th consecutive year for its achievements in the fight against climate change, water management and forest preservation. L’ORÉAL China adheres to the Group’s strategic framework for sustainable development, and leverages its strengths in brand influence, channels, supply chain and product innovation to promote sustainable products and fulfill its social responsibility. L’Oréal is a forerunner in sustainable development. It was the only international beauty company attending the Shanghai International Carbon Neutrality Expo 2023, and was selected, as one of the top ten cases, for Xinhua News Agency’s 2023 Shanghai International Carbon Neutrality Expo—Green and Low Carbon Casebook.

Sustainable development practice 1: promote the use of green parcel

E-commerce has a significant commercial impact in the Chinese market, serving as a crucial bridge between consumer brands and consumers. Therefore, L’ORÉAL China strives to promote the use of more environment-friendly parcel solutions in e-commerce logistics. In 2018, L’ORÉAL China joined hands with Alibaba Group to launch tape-free and easily tearable green parcels and promoted their application across 24 brands. By the end of 2022, L’ORÉAL China had delivered 149 million green parcels. With the extensive application of green parcels, L’Oreal continued to explore better solutions. The same year, L’Oréal’s brand Maybelline and Cainiao launched the “circular parcel” pilot in Hangzhou. Compared with traditional disposable parcels, recyclable parcels can be reused up to 40 times. During the initial stage of the program, 75% of the consumers chose the recyclable parcels. L’Oreal China will closely follow the program’s implementation to promote this solution thoroughly in the future.

Sustainable development practice 2: build a carbon-neutral supply chain comprehensively

L’ORÉAL China is committed to achieving supply chain carbon neutrality. After achieving carbon neutrality in its Yichang Tianmei Plant and Suzhou BeautyCos Plant, L’Oréal China shifted to the use of green electricity in its distribution centers, research and innovation center and offices, becoming the first market to reach carbon neutrality across all of its operating sites covering factories, research and innovation center, distribution centers and offices, six years ahead of the Group commitment.
Sustainable development practice 3: develop eco-friendly products
L’ORÉAL adopts green technologies in product research and development. L’ORÉAL quickly tests and promotes innovative products by capitalizing on the large consumer base and broad geographic coverage advantages in the China mainland market, contributing to spreading sustainable consumption. For example: the centella asiatica leaf extract and madecassoside of Madagascar asiatica leaf are used in products like La Roche-Posay Cicaplast B5 Baume for its soothing, repairing, and anti-mark effects. For Helena Rubinstein Re-Plasty Age Recovery, L’Oréal’s patented active ingredient, ProXylane, is a product of green chemistry. This sugar molecule extracted from beech wood helps accelerate cell renewal, improve skin elasticity, and mitigate signs of aging. Helena Rubinstein Re-Plasty Age Recovery contains 30% ProXylane in its formula.

Sustainable development practice 4: fulfill social responsibility
L’ORÉAL China cares about fulfilling its social responsibilities. In 2020, L’ORÉAL China launched a green consumption advocacy program - "Good Planet, See U", which mobilized all its brands to launch various online and offline activities to spread the green consumption concept and encourage people to act. In addition, L’ORÉAL China carried out a series of youth empowerment activities guided by the Group’s "L’ORÉAL for Youth" program. In 2003, it launched the “Youth Fun” campus charity program to link and empower Chinese youth through iterative and evolving public benefit activities. 2022 was the second year of transforming and upgrading the “Youth Fun” program. It provides real-world business practice opportunities for college students, where they play to their strengths, learn, and grow, empowering young people through innovative ways. In addition, in 2022, L’ORÉAL China launched the “YOUTH BANG” entrepreneurship program, aiming to empower young Chinese entrepreneurs under 30 and create the beauty of the future with the younger generation. The company also worked with celebrities to popularize biodiversity knowledge, and beauty bloggers to launch the creative “Do Make-Up for the Planet” activity, calling for efforts to protect the earth and publicize sustainability issues.

Multinational consumer brands are often leading the way in sustainable development practices. To implement sustainable development in China, multinational companies must consider the characteristics of the Chinese market while adhering to the Group’s sustainable framework. They must understand the mind of Chinese consumers and focus on green e-commerce logistics, carbon-neutral supply chain and product innovation. They should cooperate with green supply chain partners and continue to develop and promote eco-friendly products. In addition, fulfilling social responsibilities is a critical part of multinationals’ sustainable development practices in China. They may promote sustainable development concepts through public benefit activities, contributing to society while demonstrating their brand value and enhancing the brand influence.
3. Emerging Chinese consumer goods company: Saturnbird

As an emerging high-end coffee brand, Saturnbird follows a new brand philosophy and upholds the "explore", “link” and “loop” brand values. It strives to create new coffee scenarios through unique and superior-quality products and deliver a “fresh” and “natural” user experience by integrating sustainability elements.

**Sustainable development practice 1: “Project Return” — recycle mini coffee cups**

Saturnbird realized that it was a significant waste of resources to dump the empty mini coffee cups initially. Saturnbird wanted to recycle discarded materials and enhance interactions with consumers offline. Therefore, it launched the Project Return.

The Project Return is a long-term program to recycle empty coffee cups. Consumers are encouraged to return empty cups for gifts. The used cups will be repurposed to be other items. Consumers can make a reservation through the Saturnbird mini program "Travelers' World" and return the cups at specific sites on open days in exchange for small gifts such as coffee and souvenirs. The project return's interaction and sustainability concepts align with consumers' cultural pursuits and social needs, thus gaining trust and support from the core consumer group. Leveraging the social attributes of different coffee categories, the boutique coffee shop resources brought by Project Return, and the diversified life scenarios, Saturnbird has successfully connected and mobilized its core consumer group to engage in sustainable practices.

Saturnbird had launched eight seasons of the Project Return since the first campaign in 2019. After the eighth season, Open Day will be held regularly on the 10th of each month to support Saturnbird’s long-term user experience system. As Saturnbird constantly innovates the way it holds the campaign and provides new gifts, the project has expanded to 79 cities from 17 in the first campaign, with sites for returning the cups increasing from 29 to 248. More than 210,000 users have participated in the Project Return and over 29 million empty cups have been recycled. In addition, Project Return has racked up considerable user views on Weibo, XiaoHongShu and other popular social media platforms, continually enhancing Saturnbird’s brand popularity and reputation.

The Project Return also serves as a content carrier to connect Saturnbird and its users. As the project aligns with consumers' values and satisfies their emotional needs, it deepens the connection between the brand and the core user group, shifting from participants to volunteers. As of the eighth season, approximately 20,000 users have signed up as volunteers of Project Return. Among all the users who attended the eighth season, more than 45% of them have participated in Project Return more than once.

Unlike many consumer goods companies that only have empty words, Saturnbird is sincerely practicing sustainability through Project Return and has integrated it into the brand. Saturnbird wins consumers’ trust and brand reputation through earnest actions.
Sustainable development practice 2: AFTERESSO®—coffee grounds recycling system

Saturnbird researched recycling coffee grounds and launched the AFTERESSO® coffee grounds recycling system. It also works with partners to motivate more consumers to be part of the coffee grounds recycling.

Saturnbird has long considered the possibility of reusing coffee grounds and found that most materials contain only about 15% coffee grounds and mostly ABS plastic. Against this background, Saturnbird launched the recycling system AFTERESSO® to transform the coffee grounds into highly crafted and extendable recycled materials through a unique solidification technology and ensure more than 65% coffee ground content and no plastic. In 2021, Saturnbird joined hands with its partner Bentu to try reusing high-purity coffee grounds. With the help of 214 coffee shops of the Project Return, Saturnbird recycled 736 kilograms of coffee grounds. Saturnbird and Bentu developed high-purity coffee grounds recycled materials with different specifications, textures and applications based on 214 different coffee grounds samples and has successfully launched two products: boomerangs and table tennis rackets.

AFTERESSO® boomerangs
AFTERESSO® table tennis rackets

Sustainable development insights

Emerging consumer brands connect consumers with sustainability concepts in more exciting and innovative ways, relying on their distinctive brand positioning and product forms, which enables more people to see the value of sustainability concepts. Emerging consumer brands can gradually integrate sustainability concepts into consumers' lives through various online and offline interactions. In the meantime, they can explore the possibility of sustainability on the industry chain, such as repurposing raw materials and production waste. In addition, as sustainable practices often require support from partners, emerging consumer brands can connect with more partners in different industries to achieve a more efficient and effective sustainable layout.
Insights for consumer brands

The rise of sustainability concepts brings opportunities and challenges for consumer goods companies. Their focus should be building a sustainable brand image, creating sustainable brand values, and converting consumers’ sustainable demands into a higher willingness to pay.

Brands should focus more on building a positive image of caring for environmental protection and performing social responsibilities, such as constantly releasing annual reports, ESG reports and other sustainability-related documents, and integrating sustainability concepts into their brand culture innovation to win consumers’ trust.

Which of the following sustainability-related commitments boost your trust in a brand/company?

- 61% Transparent and responsible supply chain
- 69% Public reports and commitments around sustainability
- 53% Companies meeting high standards of sustainability
- 32% Partnership with sustainability non-governmental organizations (NGOs) and charities
- 57% Good public reputation around sustainability
- 32% Receiving net zero commitment verification (e.g., SBTi verified)

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions

However, the critical issue is applying sustainability concepts and standards to enhance companies’ innovation capabilities. Consumer companies must first consider the “products-centered” core competitiveness. In addition to achieving sustainable production processes and supply chains, they must incorporate sustainability into product performance, value proposition and cost-effectiveness, which are crucial strategic directions. Brands should continuously develop innovative and quality sustainable products to attract consumers to pay a premium, such as developing more durable materials, building transparent, efficient and traceable supply chains, developing more diversified functions, and creating more distinctive designs.

Creating sustainability and product values and integrating sustainability concepts into the brand story to substantially reach target customers are not simply “practicing to advertise sustainability” but embedding sustainability in the brand and corporate values. For instance, in the best practice cases, the brands organized social and interactive activities around sustainability, such as ESG community activities, offline green stores, and NGO activities, to promote a sustainable lifestyle, label consumers as “ESG doers”, and accommodate their preference of emotional value, thus enhancing the brand influence and value.
Companies’ ultimate goal is to transform the implementation of sustainability concepts and ESG standards into their corporate values, rather than treating sustainability as a mandatory and cost item for corporate compliance. Therefore, Deloitte designed a new enterprise value evaluation system with sustainable values. Our sustainable value map contains the following four parts.

**Shareholder value:** highlighting how the company performs from top and bottom-line financial standpoints and how efficiently it utilizes resources provided by capital providers.

**Employee value:** examples of the resources employees provide to the company and the outcomes they expect in return. It can help highlight the value-creation elements for the company’s employees and those of partner organizations across its value chain.

**Customer/social/public value:** examples of the resources customers and society provide to companies and the potential outcomes companies generate for both. This view helps highlight the positive and negative impacts of a company’s products and services and the impacts generated for these stakeholders in delivering those offerings.

**Environmental value:** providing examples of the natural and climate resources provided by environmental systems and of the outcomes business activity can have on them. It can help companies better account for their reliance on these types of resources and clarify the impacts of their products and services on their continued availability. It can also help companies consider their exposure to risks around resource availability and costs and their climate-related risks to operations and assets.

---

**What types of activities will draw your attention to brands’ sustainable products?**

<table>
<thead>
<tr>
<th>No.</th>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO.1</td>
<td>Open offline green/low-carbon/sustainable stores</td>
<td>59%</td>
</tr>
<tr>
<td>NO.2</td>
<td>Launch packaging recycling and other special initiatives</td>
<td>56%</td>
</tr>
<tr>
<td>NO.3</td>
<td>Give points for exchanging for gifts or other benefits</td>
<td>52%</td>
</tr>
<tr>
<td>NO.4</td>
<td>Launch limited editions of sustainable products</td>
<td>42%</td>
</tr>
<tr>
<td>NO.5</td>
<td>Provide personal carbon footprint, carbon label, etc.</td>
<td>39%</td>
</tr>
<tr>
<td>NO.6</td>
<td>Invite consumers to sustainable charity activities</td>
<td>38%</td>
</tr>
<tr>
<td>NO.7</td>
<td>Issue exclusive digital certificates for sustainable consumption</td>
<td>33%</td>
</tr>
<tr>
<td>NO.8</td>
<td>Purchase products to receive cloud tree planting and other services</td>
<td>30%</td>
</tr>
<tr>
<td>NO.9</td>
<td>Join forces with authoritative sustainability organizations to hold charitable events</td>
<td>27%</td>
</tr>
<tr>
<td>NO.10</td>
<td>Hold sustainable consumption-related activities through social media</td>
<td>18%</td>
</tr>
<tr>
<td>NO.11</td>
<td>Curate sustainability-themed exhibitions</td>
<td>15%</td>
</tr>
<tr>
<td>NO.12</td>
<td>Open offline sustainability pop-up stores</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Deloitte’s quantitative research on consumers’ sustainability knowledge and actions
Based on the Deloitte Sustainable Value Map, enterprises can observe what value creation looks like for each stakeholder using the baseline ROI frameworks, further understanding the potential resource and impact flows across stakeholder groups, and consider how their value systems currently work and how they should work in the future to accelerate the progress on multi-stakeholder value creation.
Conclusion

Guided by the global sustainable development trend and China's "dual carbon" goal, Chinese consumers' understanding of sustainability continues to deepen, and their practices around sustainability are expanding progressively. Young Chinese consumers tend to trust companies actively engaging in sustainable practices. They are willing to participate in social and interactive sustainable practices and pay a premium for sustainable concepts, products, and emotional value.

Therefore, consumer goods companies must identify the key drivers of people's sustainable consumption and transform that enthusiasm into a higher willingness to pay. Consumer goods companies must consider China's national conditions, the characteristics of the Chinese consumer goods industry, and Chinese consumers' preferences and focus on brand building, product upgrading, emotional value delivery, and other vital links to enhance their brands' sustainable value.

Deloitte believes that as sustainability concepts gradually take deeper roots in people’s hearts, consumer goods companies with earlier sustainable strategic layouts for their supply chains, products, and marketing will embrace more market opportunities. During the global sustainable reform, multinational and emerging domestic consumer goods companies should grasp the sustainability engine and stimulate new circulation momentum to create a green future.
Appendix

The 2023 Deloitte survey on Chinese consumers’ preferences for sustainability concepts aims to explore their understanding of sustainability and practices and analyze the sustainable development directions for consumer goods companies.

This quantitative survey was conducted online in July 2023 covering various age groups, including people under 18 and above 40. The questionnaire covered consumer background, sustainability understanding and practices, and willingness to pay a premium for sustainable products. The survey had a sample size of 1,098 people from tier-1, new tier-1, tier-2, tier-3 cities and below. Deloitte designed the questionnaire but did not directly contact and collect consumers’ personal information and data. A qualified market research agency conducted the survey on behalf of Deloitte.
Contact us

Zhang, Tian Bing  
Leader  
Deloitte AP Consumer Products and Retail  
Tel: +86 21 61412230  
Email: tbzhang@deloitte.com.cn

Crystal Wang  
Leader  
Deloitte China FA-Consumer Products and Retail  
Tel: +86 21 61411683  
Email: cryswang@deloitte.com.cn

Zhang, Guo Xiong  
Managing Director  
Deloitte China Economic Advisory  
Tel: +86 21 61411002  
Email: guoxizhang@deloitte.com.cn

Lily Li  
Leader  
Deloitte China Sustainability & Climate Change  
Tel: +86 21 61411099  
Email: lilyxcli@deloitte.com.cn

Michael Yu  
Leader  
Deloitte AP FA-Sustainability & Climate Change  
Tel: +86 21 61411613  
Email: micyu@deloitte.com.cn

Amandy Wu  
Partner  
Deloitte China FA-Sustainability & Climate Change  
Tel: +86 21 61412988  
Email: ytwu@deloitte.com.cn
Office locations

Beijing
12/F, China Life Financial Center
No. 23, Zhenzhi Road
Chaoyang District, Beijing
Beijing 100026, PRC
Tel: +86 10 8520 7788
Fax: +86 10 6508 8781

Changsha
20/F Tower 3, IC International Plaza
No. 109 Furong Road North
Kai Fu District
Changsha 410008, PRC
Tel: +86 731 8522 8790
Fax: +86 731 8522 8230

Chengdu
17/F China Overseas International Center
No. 365 Jiaozi Avenue, High-tech District
Chengdu 610041, PRC
Tel: +86 28 6789 8188
Fax: +86 28 6317 3500

Chongqing
43/F World Financial Center
188 Minzu Road, Yuzhong District
Chongqing 400010, PRC
Tel: +86 23 8823 1888
Fax: +86 23 8857 0978

Dalian
Room 1503 Senmao Building
147 Zhongshan Road
Dalian 116011, PRC
Tel: +86 411 8371 2888
Fax: +86 411 8360 3297

Guanhzhou
26/F Yuexue Financial Tower
28 Pearl River East Road
Guangzhou 510623, PRC
Tel: +86 20 8396 9228
Fax: +86 20 3888 0121

Hangzhou
Room 1206, East Building
Central Plaza, No.9 Feiyunjiang Road,
Shangcheng District,
Hangzhou 310008, PRC
Tel: +86 571 8972 7688
Fax: +86 571 8779 7915

Harbin
Room 1618, Development Zone Mansion
368 Changjiang Road
Nangang District
Harbin 150090, PRC
Tel: +86 451 8586 0060
Fax: +86 451 8586 0056

Hefei
Room 1506 Tower A, China Resource Building
No.111 Qian Shan Road
Shu Shan District
He Fei 230022, An Hui Province, PRC
Tel: +86 551 6585 5927
Fax: +86 551 6585 5687

Hong Kong
35/F One Pacific Place
83 Queensway
Hong Kong
Tel: + 852 2852 1600
Fax: + 852 2541 1911

Jinan
Units 2802, 2803 & 2804, 28/F, China Overseas Plaza Office No. 6636, 2nd Ring South Road, Shizhong District,
Jinan, 250000, PRC
Tel: +86 531 8973 5800
Fax: +86 531 8973 5811

Macau
19/F The Macau Square Apartment H-L 43-53A Av. do Infante D. Henrique
Macau
Tel: +853 2871 2998
Fax: +853 2871 3033

Nanchang
Unit 08-09, 41/F Lianfa Plaza
No.129 Lv Yin Road
Honggutan District
Nanchang 330038, PRC
Tel: +86 791 8381 8800
Fax: +86 791 8381 8800

Nanjing
40/F, Nanjing One IFC
347 Jiangdong Middle Road
Jianye District
Nanjing 210019, PRC
Tel: +86 25 8790 8880
Fax: +86 25 5790 8880

Ningbo
Room 1702 Marriott Center
No.168 Heyi Road
Haishu District
Ningbo, 315000, PRC
Tel: +86 574 8768 3928
Fax: +86 574 8707 4131

Qingdao
Room 1006-1008, Block 9, Shanghai Industrial Investment Center
195 Hong Kong East Road, Laoshan District,
Qingdao, 266001 PRC
Tel: +86 532 8896 1938

Sanya
Floor 16, LanHai Plaza (Sanya Huaxia Insurance Center) No. 279, Xinfeng street
Jiyang District
Sanya 572099, PRC
Tel: +898 8861 5558
Fax: +86 898 8861 0723

Shanghai
30/F Bund Center
222 Yan An Road East
Shanghai 200002, PRC
Tel: +86 21 6141 8888
Fax: +86 21 6335 0003

Shenyang
Unit 3605-3606, Forum 66 Office
Tower 1 No. 1-1 Qinqian Avenue,
Shenhe District
Shenyang 110063, PRC
Tel: +86 24 6785 4068
Fax: +86 24 6785 4067

Shenzhen
9/F China Resources Building
5001 Shennan Road East
Shenzhen 518010, PRC
Tel: +86 755 8246 3255
Fax: +86 755 8246 3186

Suzhou
24/F Office Tower A, Building 58
Suzhou Center
58 Su Xiu Road, Industrial Park
Suzhou 215021, PRC
Tel: +86 512 6289 1238
Fax: +86 512 6762 3338 / 3318

Tianjin
45/F Metropolitan Tower
183 Nanjing Road
Heping District
Tianjin 300051, PRC
Tel: +86 22 2320 6688
Fax: +86 22 8312 6099

Wuhan
Unit 1, 49/F New World International Trade Tower
568 Jianshe Avenue
Wuhan 430000, PRC
Tel: +86 27 8538 2222
Fax: +86 27 8526 7032

Xiamen
Unit E, 26/F International Plaza
8 Lujiang Road, Siming District
Xiamen 361001, PRC
Tel: +86 592 2107 298
Fax: +86 592 2107 259

Xi’an
Unit 3003, 30/F China Life Finance Centre
11 Tangyan Road, High-tech Zone
Xi’an 710075, PRC
Tel: +86 29 8114 0201
Fax: +86 29 8114 0205

Zhengzhou
Unit 5A10, Block 8, Kineer Center
51 Jinshui East Road
Zhengzhou 450000, PRC
Tel: +86 371 8897 3700
Fax: +86 371 8897 3710
About Deloitte

Deloitte China provides integrated professional services, with our long-term commitment to be a leading contributor to China’s reform, opening-up and economic development. We are a globally connected firm with deep roots locally, owned by our partners in China. With over 20,000 professionals across 31 Chinese cities, we provide our clients with a one-stop shop offering world-leading audit & assurance, consulting, financial advisory, risk advisory, tax and business advisory services.

We serve with integrity, uphold quality and strive to innovate. With our professional excellence, insight across industries, and intelligent technology solutions, we help clients and partners from many sectors seize opportunities, tackle challenges and attain world-class, high-quality development goals.

The Deloitte brand originated in 1845, and its name in Chinese (德勤) denotes integrity, diligence and excellence. Deloitte's global professional network of member firms now spans more than 150 countries and territories. Through our mission to make an impact that matters, we help reinforce public trust in capital markets, enable clients to transform and thrive, empower talents to be future-ready, and lead the way toward a stronger economy, a more equitable society and a sustainable world.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ( "DTTL" ), its global network of member firms, and their related entities (collectively, the "Deloitte organization" ); DTTL (also referred to as "Deloitte Global" ) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.

© 2024. For Information, please contact Deloitte China.

This is printed on environmentally friendly paper