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德勤

The "Sustainability" Difference  
between China and the West from  
Consumers' Perspective





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# 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.



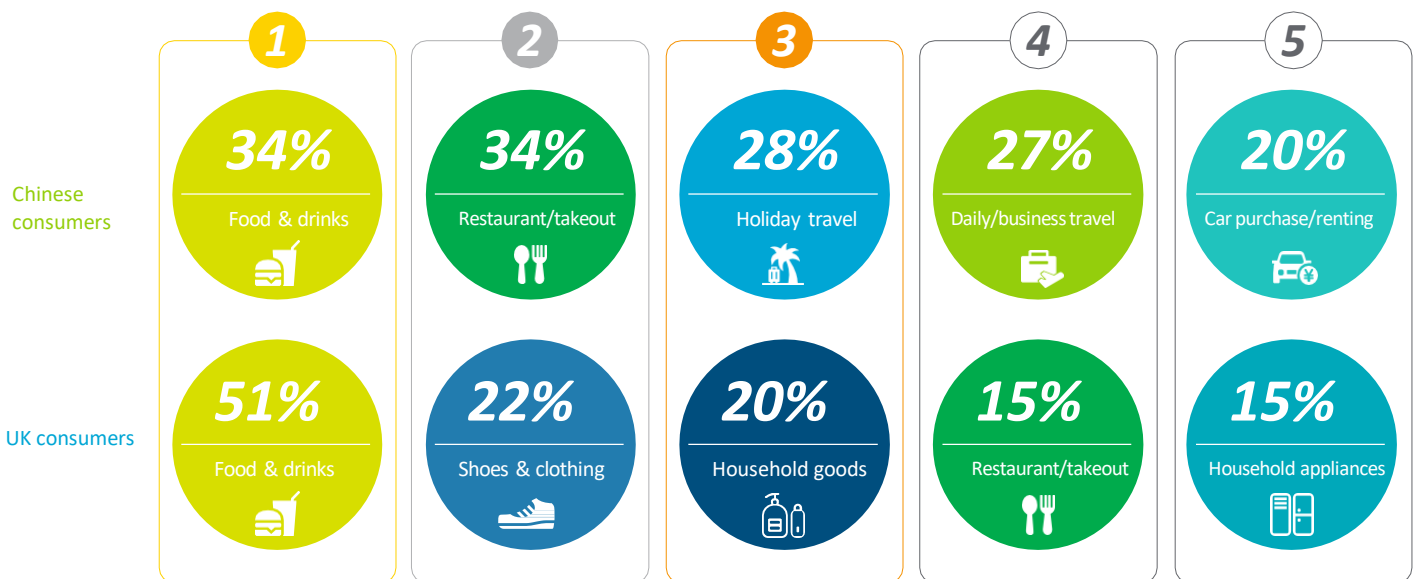
Source: Deloitte's quantitative research on consumers' sustainability knowledge and actions

## 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.

## ? What kinds of daily consumption demonstrated your sustainable lifestyle in the past?



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.

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

>55%

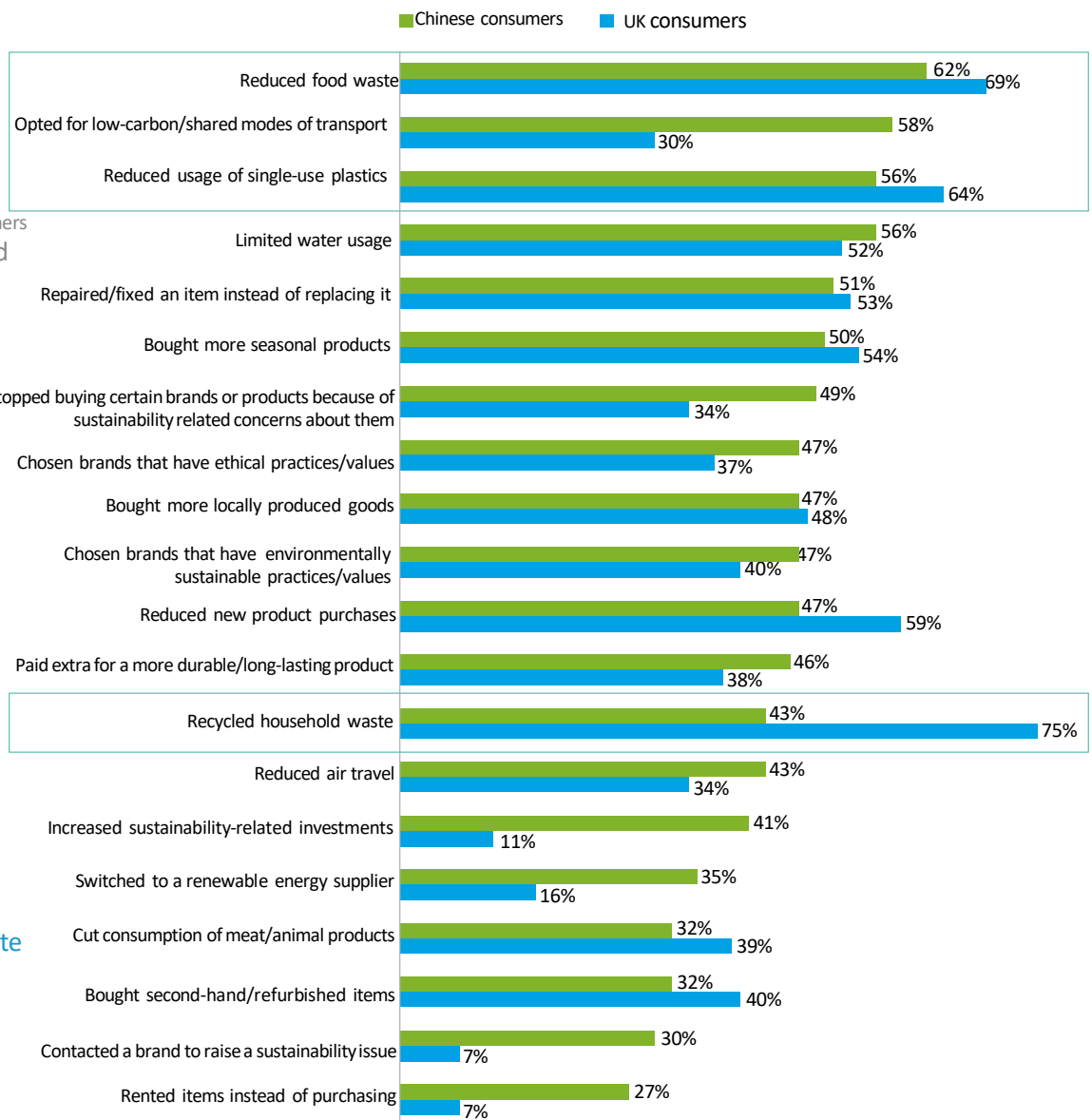
Chinese and Western consumers take reducing waste and recycling items seriously

58%

Chinese consumers focus on low-carbon mobility

75%

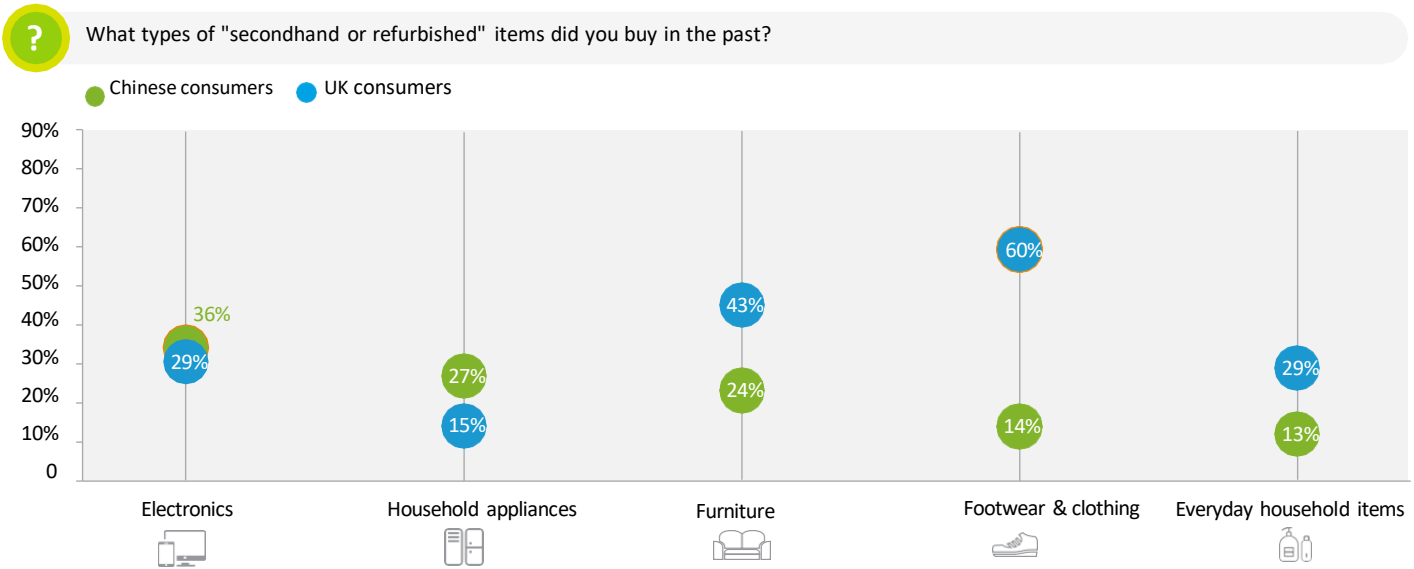
UK consumers focus on recycling household waste



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

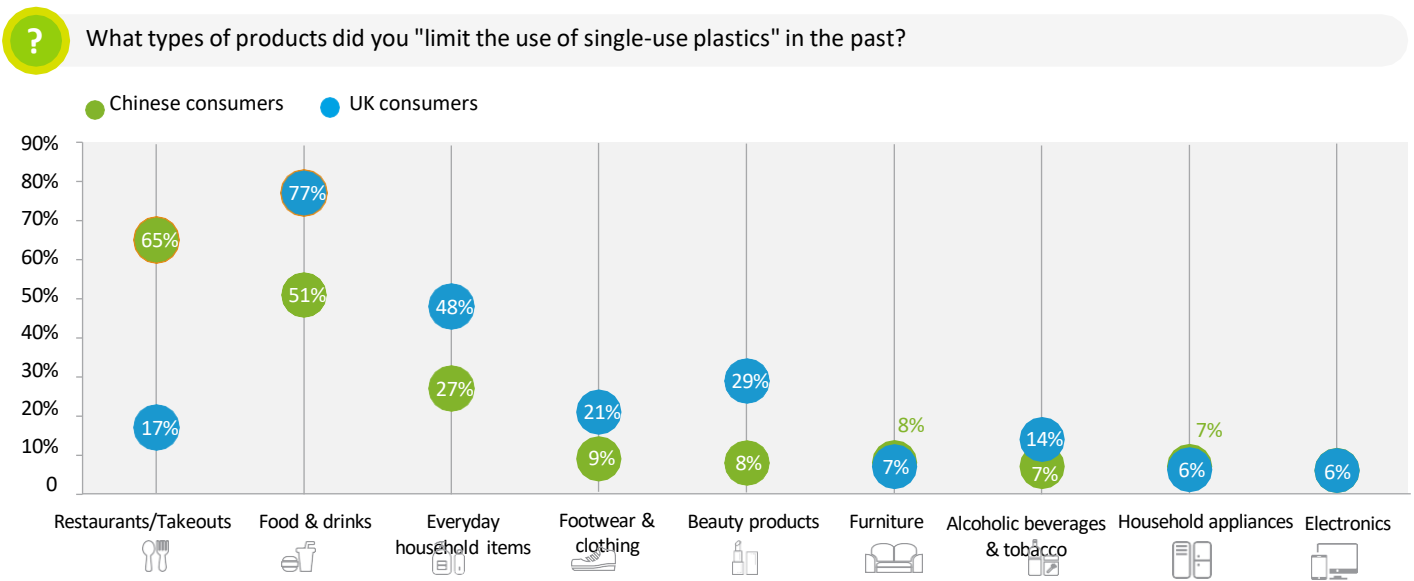
and household appliances; In the UK, the second-hand consumer goods industry is highly mature—the second-hand footwear and clothing stores and furniture market are particularly active, so UK consumers tend to buy more second-hand footwear, clothing and furniture.



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

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.



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

### 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.

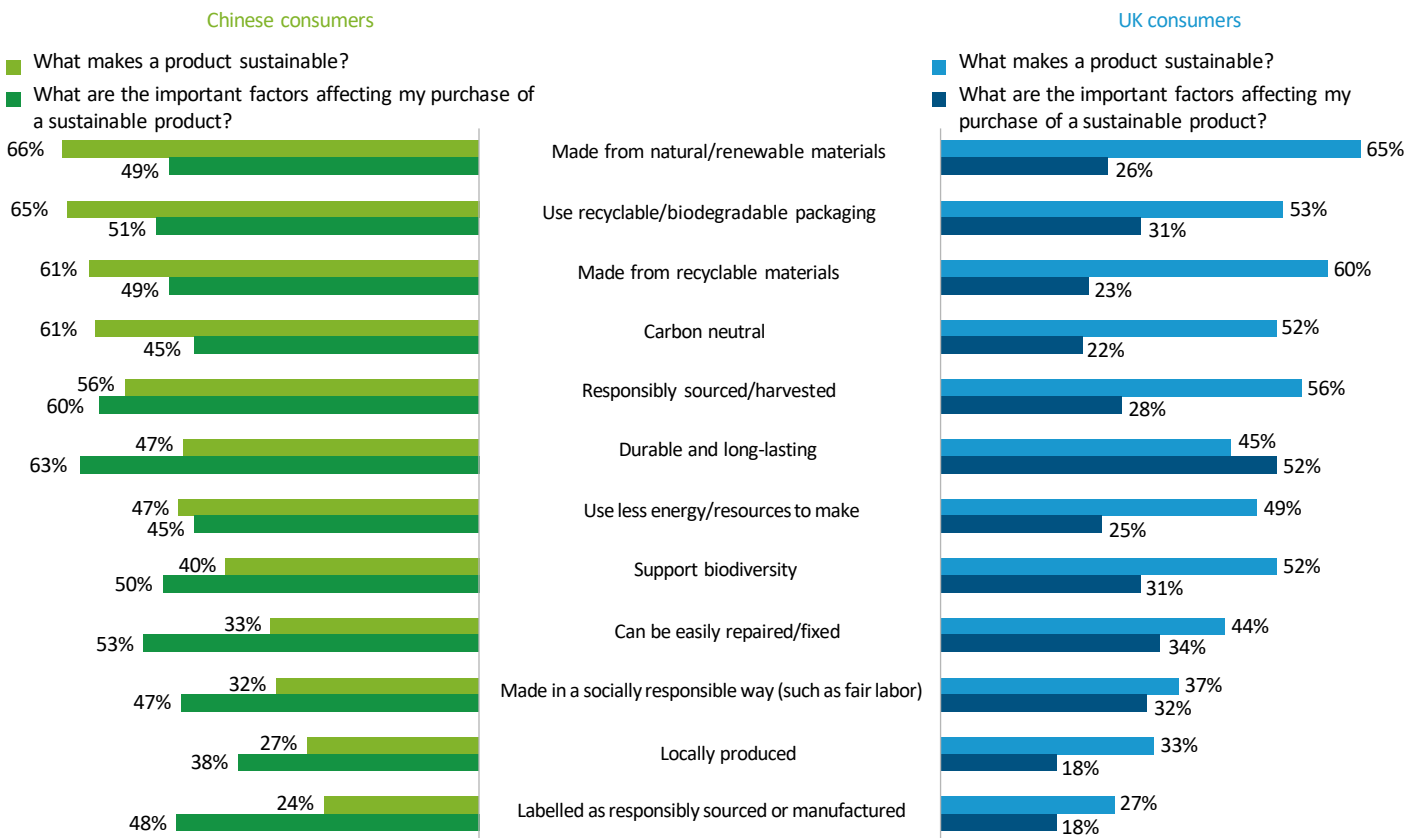
Chinese consumers value the products' sustainable attributes more than Western consumers when buying a sustainable product. Research data show that in China, more consumers consider sustainable attributes as decisive factors in selecting a sustainable product.

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?



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%

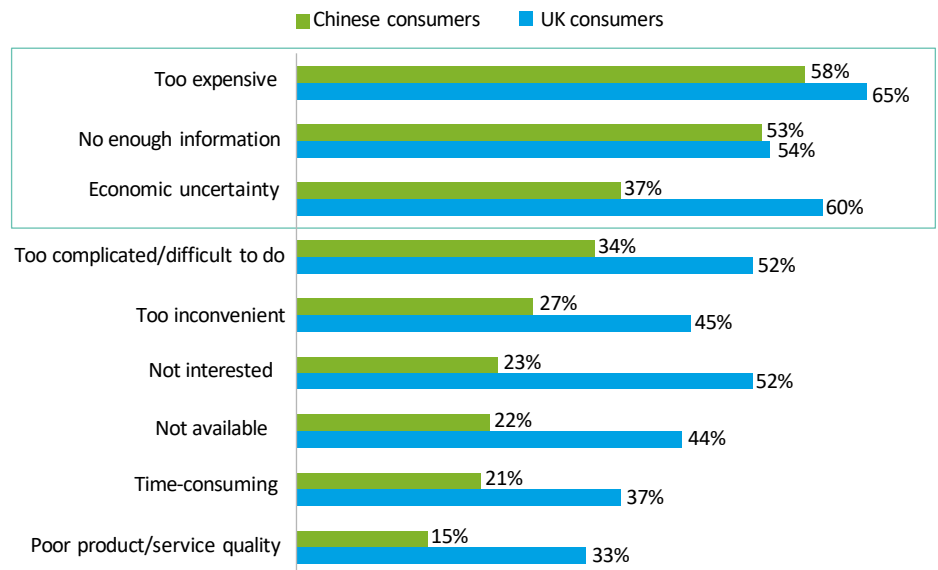
Chinese and Western consumers indicate sustainable products/services as "too expensive"

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%

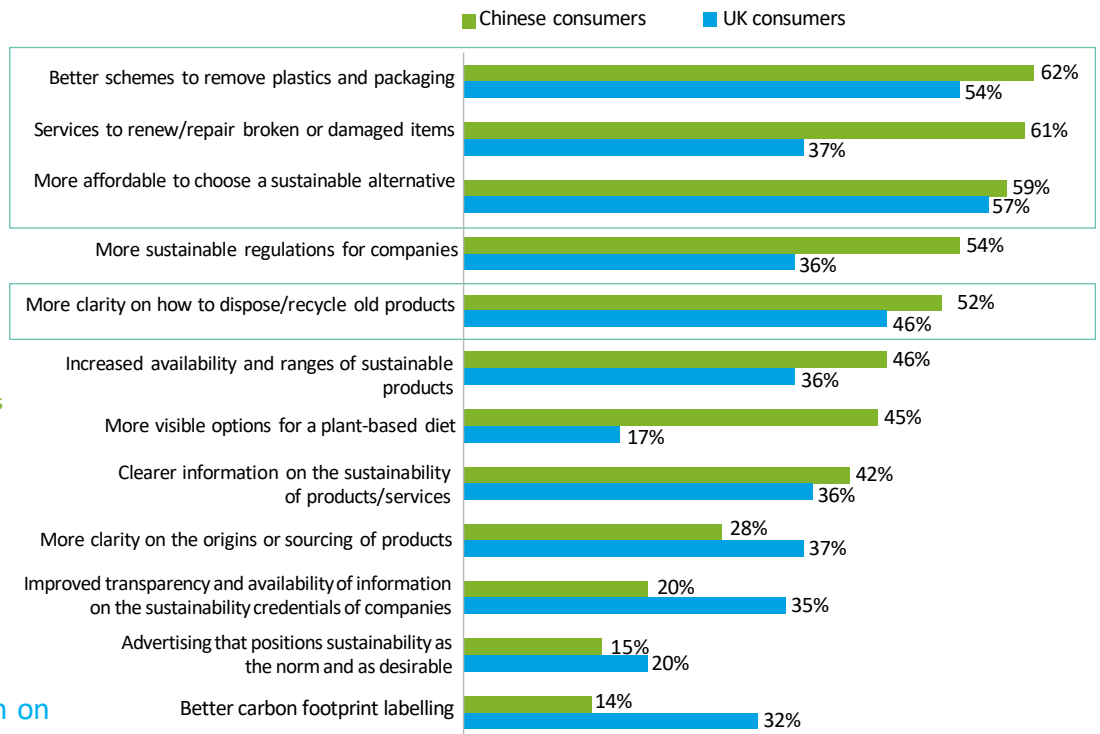
Chinese and Western consumers expect removing plastics and packaging and more affordable prices

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



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%

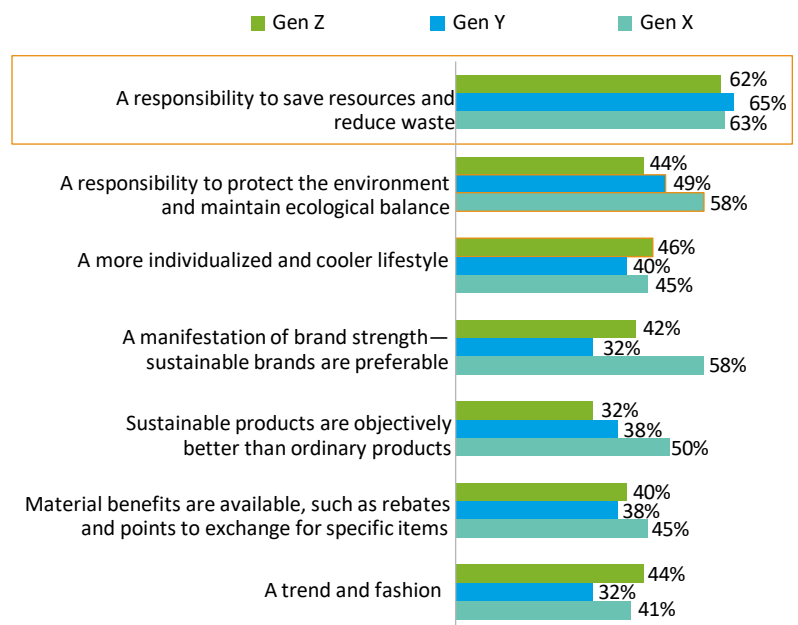
Chinese consumers of all ages think that **saving resources and reducing waste** are at the core of sustainable consumption

46%

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

49% and 58%

49% Gen 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.

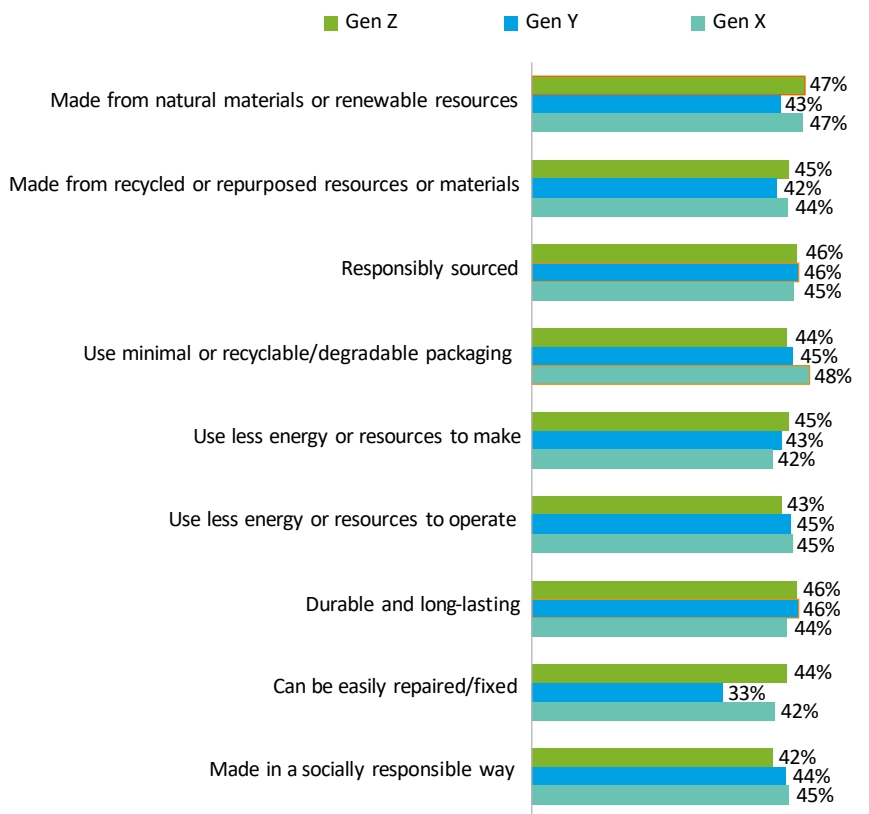
For example, 46% of Generation Y indicate that reliable sources and good durability are the key drivers for sustainable consumption, and 47% of Generation Z value products' sustainable materials the most. In contrast, Generation X is more concerned about intuitive sustainability, such as sustainable packaging.

**?** Which of the following are important considerations when you purchase a sustainable product/service?

**47%**  
Generation Z appreciate sustainable products made from natural materials or renewable resources most

**46%**  
Generation Y appreciate responsibly-sourced and durable sustainable products most

**48%**  
Generation X appreciate sustainable products with recyclable or degradable packaging most



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

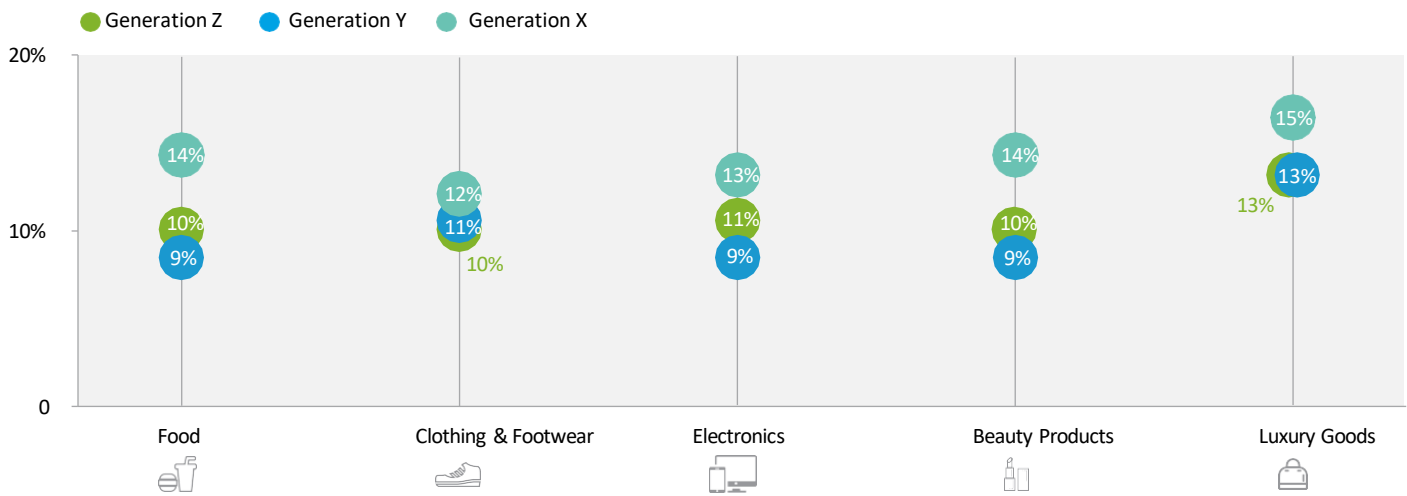


## 2. The premium that Chinese consumers are willing to pay for sustainable products

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.

### ? What premium are you willing to pay for the sustainable products/services of the following categories?



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

### ? How much do you acknowledge the sustainable consumption concept and practices?

# 37%

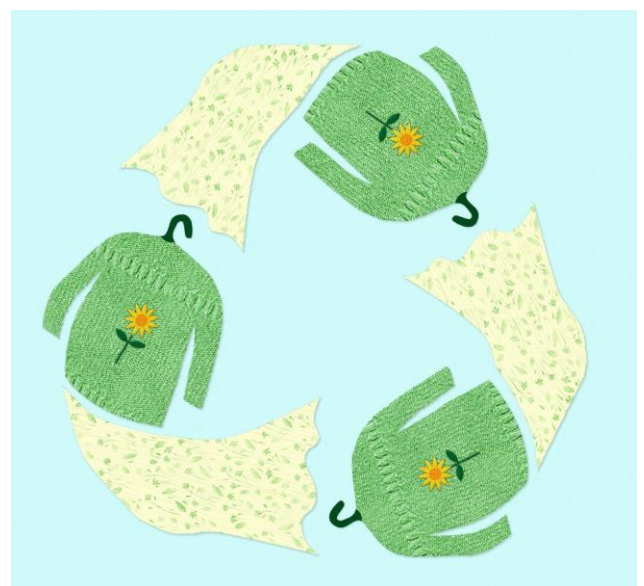
Generation Z **strongly acknowledge** sustainability concepts and are willing to take practical actions

# 34%

Generation X **strongly acknowledge** sustainability concepts and are willing to take practical actions

# 19%

Generation Y **strongly acknowledge** sustainability concepts and are willing to take practical actions



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

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".



**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.

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 does through using sustainable products and services and participating in sustainability-related activities.



...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 ATCRR (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 Lvxin") 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 CO<sub>2</sub>e, 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.



SATINE in SIG Terra Alu-free package

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 CO<sub>2</sub>e and a whole box (containing 24 cartons) is expected to reduce 266.88g CO<sub>2</sub>e. 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.



Yili pure milk in SIG Terra Alu-free package

### 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'Oreal

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.



L'ORÉAL green parcels



L'ORÉAL green parcels

With the extensive application of green parcels, L'Oréal 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'Oréal 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.



L'ORÉAL's Yichang Tianmei Plant



L'ORÉAL's Suzhou BeautyCos Plant



### 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.



Helena Rubinstein Re-Plasty Age Recovery



La Roche-Posay Cicaplast B5 Baume

### 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



L'ORÉAL's "Good Planet, See U" program



L'ORÉAL's "Youth Bang" entrepreneurship camp

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.

### Sustainable development insights



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.



The Project Return—recycled coffee cups



The Project Return—gifts

### Sustainable development practice 2: ATERESSO®—coffee grounds recycling system

Saturnbird researched recycling coffee grounds and launched the ATERESSO® 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 ATERESSO® 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.



ATERESSO® boomerangs



ATERESSO® 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?



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.


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


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


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

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.
- 

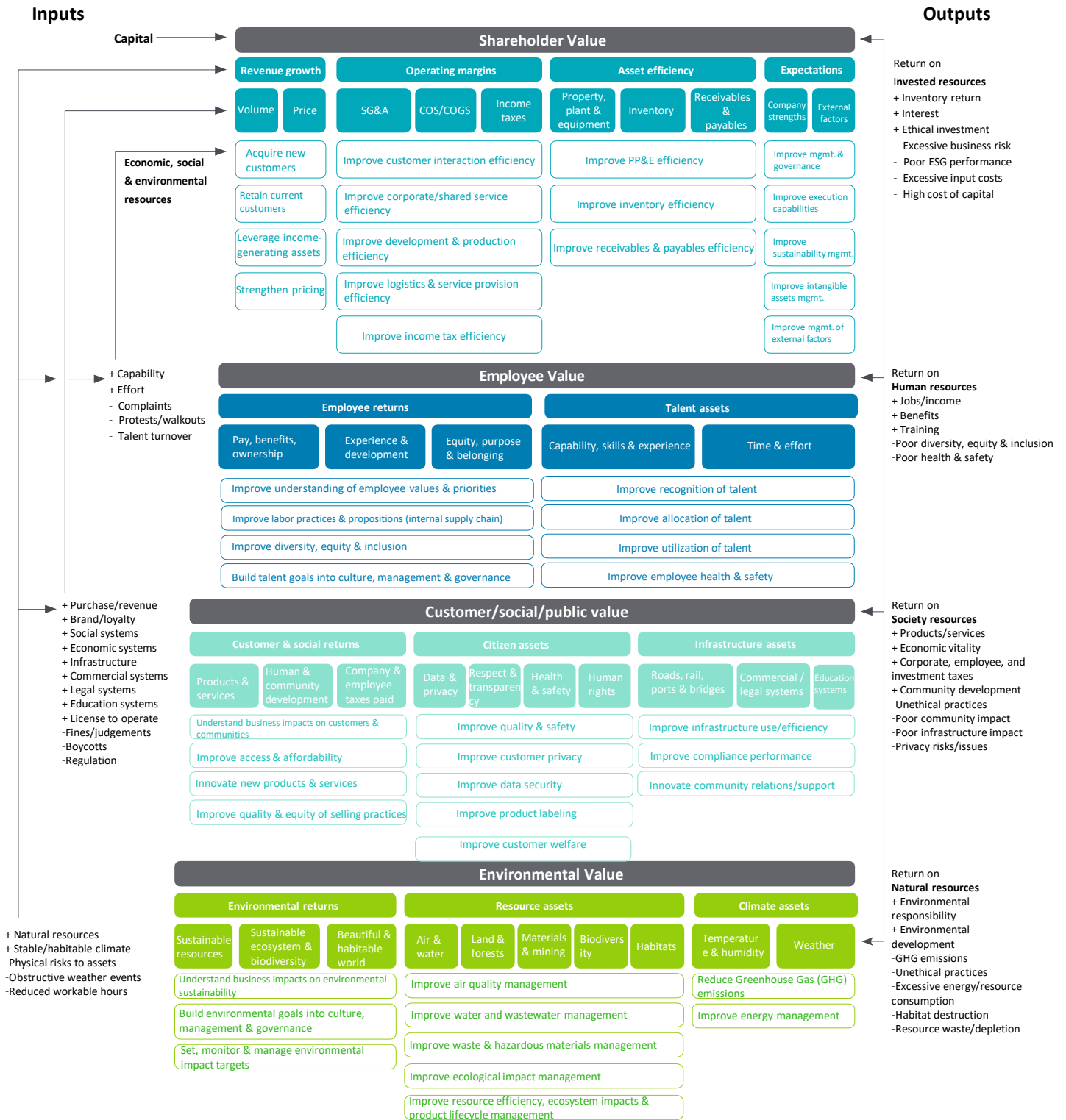
**Employee value:** examples of the resources employees provide to the company and the outcomes they expect in return. It can help highlight the value-creation elements for the company's employees and those of partner organizations across its value chain.
- 

**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.



## Deloitte Sustainable Value Map



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.

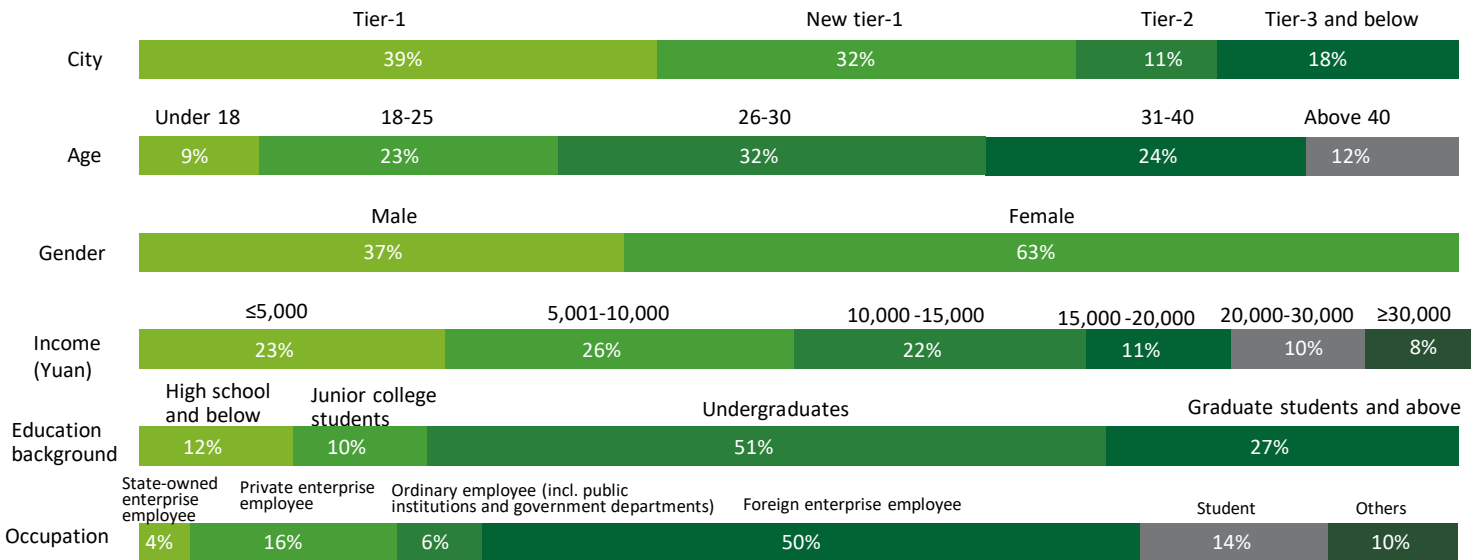
**Deloitte believes that as sustainability concepts gradually take deeper roots in people's hearts, consumer goods companies with earlier sustainable strategic layouts for their supply chains, products, and marketing will embrace more market opportunities. During the global sustainable reform, multinational 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.





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