Sustainable consumption of Chinese consumers: today and beyond

A generational, gender and city-tier analysis

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Contents

Foreword

Following the study "Chinese consumers in 2021: how priorities in lifestyle consumption are changing", Mazars, an international, integrated audit, tax and advisory firm, once again teamed up with its media partner "Noblesse" and four leading global brands - Hyatt, McLaren, Moët Hennessy Diageo (MHD) and Tiffany & Co. to embark on a new survey among Chinese consumers.

At the end of 2022, the Council of the European Union greenlit the Corporate Sustainability Reporting Directive (CSRD), mandating eligible companies to publish sustainability reports from 2024 onwards. This Directive, which encompasses the entire supply chain, will undoubtedly have a profound impact on both international companies investing in China and relevant Chinese companies. Meanwhile, the Chinese government has been proactively addressing sustainability issues, evidenced by its emphasis on green development goals within the framework of its 14th Five-Year Plan. It is abundantly clear that sustainability has well and truly arrived across China and is becoming the focal point in a whole host of sectors.

Mazars' report 'Chinese cconsumers in 2021' revealed that the consumption concepts had once again evolved further, with the desire for spiritual consumption gradually overtaking more material pursuits. This observation, along with other findings from the 2021 report, led us to explore the following questions:

- How do Chinese consumers understand sustainability?
- What factors contribute to their understanding of sustainability?
- What is their level of awareness about sustainability, and how does it influence their consumption behaviours?
- What are their expectations for brands regarding sustainable development?
- How do they envision the future of sustainable development, and what actions will they take?
- What valuable insights can brands draw from the survey results to shape their strategies?

Our latest research aims at finding answers to these questions and exploring Chinese consumers' perception of sustainability.

The Chinese market presents a highly complex landscape due to its diverse economic and social development stages, which have given rise to significant generational gaps among Chinese consumers. In addition to this, the wide disparities in urban development throughout the country, the growing presence of women in the workplace, and the major technological advancements have also played a pivotal role in shaping consumer behaviours in recent years.

Drawing from the findings of Mazars' two previous research reports, it was revealed that distinct generations, genders and cities exhibit markedly different values and consumer behaviours. In our latest research, we remain dedicated to exploring the generational, gender, and city divergence in China, offering insights and perspectives to our clients, partners, stakeholders, and industry practitioners.

Leveraging its extensive experience and expertise in the consumer goods and luxury sector, Mazars has published this report on Chinese consumers' perception of sustainability, spanning all age groups, with an in-depth analysis of the survey results in order to provide valuable insights on this key subject.

Julie Laulusa

Member of the Group Executive Board, Managing Partner of Mainland China

Executive Summary

Based on the results of the Q1 2023 survey, this research report takes a detailed look at Chinese consumers' views on sustainability across generations, genders and cities, covering their definition of sustainability, current behaviours, expectations for brands' sustainable development and the future of sustainable consumption.

1. Chinese consumers' definitions of sustainability

1.1 As for all generations, the **six most popular responses to define sustainability** are:

① reducing pollution and optimizing the living environment,
② good health and well-being,
③ reduced disparities in wealth and common prosperity,
④ quality education and lifelong learning opportunities,
⑤ gender equality and reduced inequalities, and
⑥ eradicating poverty and hunger.

- Among the Gen Z respondents, a more diverse range of answers surface when posed the same query. A significantly higher proportion of this group emphasizes education and learning opportunities, gender equality, and embracing diversity. Particularly, Gen Z females are strongly vocal about gender equality.
- In the context of different cities, a distinct pattern emerges: as the city tier advances, so does consumers' emphasis on diversity and corporate transparency.

1.2 The results show that consumers construct these **definitions mainly based on the current development landscape in China, their personal values, and the common interests of humanity.**

- Baby boomers and Gen Xers, especially males, see China's current development situation as the main driving factor in shaping their perception of sustainability, which was also widely the case in Tier 3 and below cities.
- Gen Xers and Millennials are more influenced by work and public welfare organisations, whereas Gen Zers are chiefly impacted by their educational institutions.

1.3 Chinese consumers collectively hold the view that **government agencies bear primary responsibility for implementing sustainability initiatives**, while stating that international organisations and public welfare organisations should also play their part.

- Baby Boomers and Gen Xers in particular value the importance of governmental involvement, with even higher expectations evident in Tier 3 and below cities.
- Baby Boomers and Gen Zers express strong support for the involvement of international organisations, while Gen Xers and Millennials advocate for greater engagement from public welfare organisations.
- Gen Zers believe that schools have a higher responsibility, while other generations underscore the role of businesses in executing sustainability initiatives.

1.4 Regarding the promotion of sustainable development, **Chinese consumers prioritize policy formulation and regulation establishment**, followed by identifying development goals, strengthening sustainability education, and enhancing regulatory actions.

- Gen Xers are the most ardent supporters of businesses practising sustainability.

2. Awareness of sustainability and current behaviours

2.1 The survey reveals that **three-quarters of Chinese consumers are proactive in learning about brands' sustainability initiatives**.

- Millennials are the group most interested in understanding brands' sustainability initiatives.
- Conversely, Gen Zers and women in new Tier 1 cities are the least concerned about brands' sustainable practices.

2.2 The **main channels through which Chinese consumers learn about a brand's sustainability initiatives** are, in descending order of preference: mass media, brand's website, and various social media platforms.

Executive Summary

- Gen Xers display a preference for sourcing information directly from a brand's website.
- Millennials, especially females, demonstrate a notable preference for leveraging social media channels.
- A high percentage of Gen Xers, females, and Tier 1 city residents learn about a brand's sustainability initiatives through its events.

2.3 Whether or not a brand has **a sustainability strategy in place has a great impact on Chinese consumers' consumption decisions**.

- This impact is greater on males than on females.
- The consumption decisions of Gen Xers and Millennials are most influenced by brand sustainability initiatives, compared with other generations.

2.4 **Three-quarters of Chinese consumers have engaged in sustainable consumption**.

- Baby Boomers, Gen Xers, and Millennials demonstrate a markedly higher likelihood to partake in such practices compared to their Gen Z counterparts.
- The engagement of respondents in Tier 1 and Tier 3 cities and more pronounced.

2.5 **The primary driving force** behind consumers' engagement in sustainability **lies in the aspiration to actively contribute to sustainable development through their own efforts**, which is in line with their own values and lifestyle.

- Baby Boomers and Gen Xers are most likely to contribute in this manner.
- Millennials and Gen Zers exhibit a greater susceptibility to external factors such as friends, family, celebrities, and pricing considerations.

2.6 **The main reasons preventing consumers from engaging in sustainable consumption** include limited product categories, high prices, and product functionality concerns.

- For baby boomers, the main hindering factor is high price, whereas for other generations, especially Gen Xers and Gen Zers, it is more to do with limited product categories.
- A higher percentage of Millennials and respondents in new Tier 1 cities believe that sustainable consumption 'is just a marketing tool', 'is not in line with their values', or that they 'disagree with the concept of sustainable consumption'.

2.7 **The preferred sustainable consumption categories among Chinese consumers** are clothing and footwear, food and wine, hotels and travel, furniture and home furnishings, and electronics, with the consumption of food and wine, hotels and travel being more experience-based.

- Gender-wise disparities emerge in sustainable consumption habits. Women spend more than men on clothing, footwear and hats, luggage and leather goods, and perfume and cosmetics. Men exhibit higher expenditures than women on hotels and travel, electronics, outdoor sports products, and automobiles.
- Sustainable consumption for hotels and travel demonstrates a gradual upward curve, with elder generations and those in higher tier cities consuming more compared with lower tier cities.
- Respondents in Tier 3 and below cities, particularly males, spend more on sustainable electronics than those in higher tier cities.
- Baby Boomers, Gen Xers, and Millennials spend significantly more on sustainable vehicles than Gen Zers.

2.8 Statistic reveals that **nearly 90% of consumers are willing to burden the additional cost for sustainable goods**.

- The highest increase in spending was pinpointed among Millennials and consumers in Tier 1 cities.
- Male consumers demonstrate a more pronounced surge in their spending on sustainable products than females. Among them, Gen Z and millennial males increased their spending the most.

2.9 **The most supported sustainable concepts among Chinese consumers** are environmental protection, carbon emission reduction, and animal protection.

- Out of all generations, baby boomers stand out as the most avid supporters of environmental protection and carbon emission reduction.
- Women display a heightened concern for animal protection than men, especially Gen Z women.

- Millennials and Gen Zers are increasingly embracing novel sustainable concepts, such as advocating for diversity and inclusiveness, championing labour rights, and favouring the notion of renting over purchasing.

3. Chinese consumers' expectations for brands' sustainable development

3.1 **Consumers would expect brands to prioritize the following sustainable actions**: using environmentally-friendly or innovative materials and green and recyclable packaging, reducing carbon emissions during manufacturing operations, avoiding using raw materials that harm animals, and practising product recycling.

- It is noteworthy that a shared expectation among Baby Boomers, Gen Xers, and Millennials centres around the implementation of recycling programs by brands.
- Gen Zers expect brands to promote diversity, and respect gender equality.
- Millennials and consumers in new Tier 1 cities welcome cooperation between brands and celebrities / KOLs.

3.2 When brands cause serious environmental pollution, inflict harm on animals, or engage in excessive packaging practices, these **actions greatly affect consumers' purchasing decisions**.

- Baby Boomers and Gen Xers are most averse to behaviours that cause serious environmental pollution and harm to animals.
- Women display a strong aversion to brands that cause harm to animals, particularly Gen Z women.
- Millennials and Gen Zers express concerns that encompass a wider range of issues, and when brands involve clear discrimination, deliberate misinformation of the public, or the endorsement of controversial political views, these actions have more of an effect on them compared with the two elder generations.

3.3 **Over 80% of consumers believe that their loyalty to a brand will increase if sustainability measures are in place**.

- Notably, the implementation of these measures engenders a discernible surge in consumer loyalty, a trend that is especially pronounced among the older generations.
- The impact of a brand's sustainability initiatives on consumer loyalty exhibits a more significant sway over male consumers.
- Consumers in Tier 1 and Tier 3 and below cities display more receptivity to such initiatives, compared with those in other cities.

4. The future of sustainable consumption.

4.1 Chinese consumers consider **eliminating the gap between the rich and the poor, and achieving common prosperity to be the most urgent sustainable development issues in China**, followed by reducing pollution and optimizing the living environment, good health and well-being, access to quality education and lifelong learning opportunities, and gender equality, as well as minimizing inequality.

- As the age of respondents increases, the proportion of those who align themselves with the goal of 'eliminating the gap between the rich and the poor and achieving common prosperity' also escalates. Consumers in Tier 3 cities and below are more inclined to concur with this aspiration compared with those in other cities.

4.2 Chinese consumers will primarily **support sustainable development by protecting the environment, reducing carbon emissions, saving energy, and practising sustainable lifestyles**.

- Baby boomers and Gen Xers, as well as respondents in Tier 3 cities and below, are particularly focused on the first two actions, while a higher percentage of them would like to play their part by educating the next generation.
- Millennials and Gen Zers exhibit a more pronounced endorsement of recycling, embracing rental-based consumption models, valuing diversity, and actively seeking out careers in the context of sustainability compared with the two elder generations.

4.3 **Chinese consumers prefer to learn about sustainability through** mass media/social media, government publications, as well as active engagement in public welfare organisations.

- Baby Boomers and Gen Xers have a higher preference for obtaining information from mass media/social media and government publications compared with the two younger generations.

- Millennials and Gen Zers' preferred ways to learn about sustainability are school education and visiting exhibitions/museums.
- Gender-wise, males are more likely to learn through government publications and participate in corporate sustainability practices compared with females.

4.4 Chinese consumers have articulated **a collective vision for the forthcoming three years**, expressing their intent **to embrace a spectrum of sustainable consumption practices**, such as buying goods with sustainable concepts, avoiding over-packaging, and participating in product recycling initiatives.

- Baby boomers are the most supportive of these three actions.
- Millennials and consumers in Tier 1 cities are keen to engage in brand-driven sustainability endeavours and **promote** sustainable brands or products.
- Millennials and Gen Zers stand as pioneers in sustainable consumption, exhibiting a heightened propensity to purchase second-hand goods and rent items as opposed to purchasing.

4.5 **Nearly 90% of consumers express a willingness to amplify their commitment to sustainable choices** in the days to come.

- Consumers in Tier 1, Tier 3 and below cities are the most enthusiastic about sustainable consumption.
- Gen Z males are the least likely to increase their sustainable consumption, signifying potential areas of focus for outreach and education.

4.6 **More than 80% of respondents anticipate that sustainable consumption will account for over half of their total spending in the future**.

- Millennials are slightly more inclined towards this belief than other generations in this regard.
- As the city tier rises, the commitment to sustainable consumption grows among consumers.

4.7 The results show that there has been **a significant increase in the number of consumers willing to spend more on sustainability in the future**.

- Gen X and Millennials are notably more inclined to augment their expenditures towards sustainable options compared with other generations.
- Consumers in Tier 1, Tier 3 and below cities state that they will increase their spending more sharply compared with consumers from other cities.

4.8 When asked about **the ways in which they will consume sustainable goods in the future**, respondents indicated a sustained focus on clothing and footwear, along with food and wine. Furniture and home furnishings, electronics, as well as hotels and travel closely followed in priority.

- Furniture and home furnishings, electronics, and vehicles have all increased in popularity.
- Baby Boomers and Gen Xers are the most willing to consume food and wine, furniture and home furnishings, as well as hotels and travel with sustainable concepts in the future.
- Gen Zers are more likely to increase their spending on pet products, outpacing other generational cohorts.

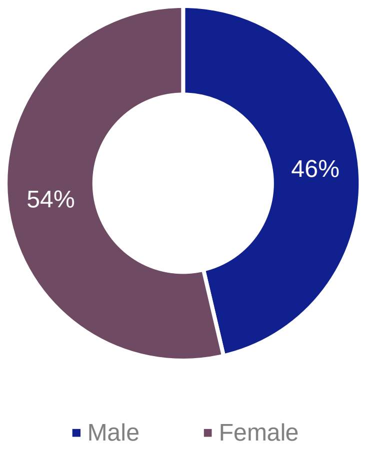
Research object structure

A total of 4,428 valid responses were collected in this survey. The composition and distribution of the sample population are outlined below:

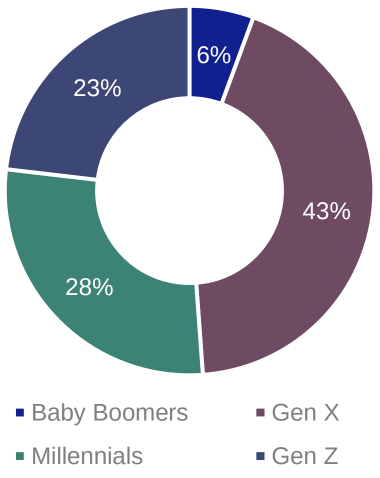
- We divided the Chinese consumers into four age groups - Baby Boomers (aged 58-76), Generation X (aged 41-57), Millennials (aged 28-40), and Generation Z (aged under 27). By conducting an online survey, we investigated and analysed the sustainability outlook of Chinese consumers across different generations, genders, and cities.

- Through an online questionnaire, the survey investigated Chinese consumers' definition of sustainability, current sustainable consumption behaviours, expectations for sustainable consumption, and future plans for sustainable consumption. The in-depth questions were designed to further explore the reasons, categories and extent of sustainable consumption supported by consumers.

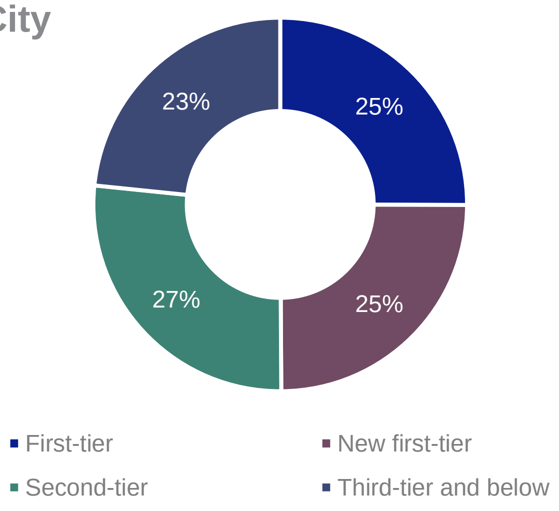
Gender



Generation



City



Chapter 1

Chinese consumers' definition of sustainability

1. Chinese consumers' definition of sustainability

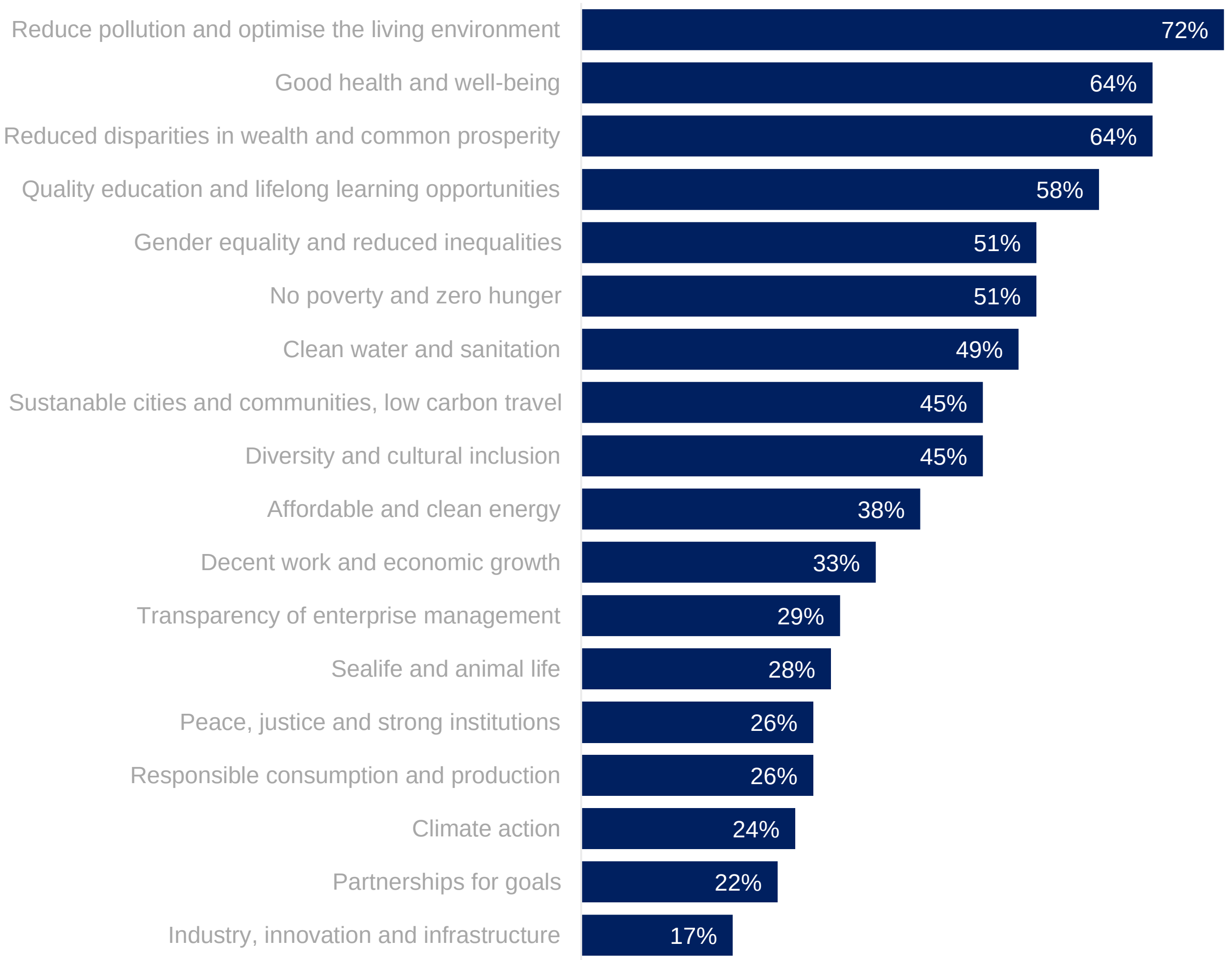
1.1 Definition of sustainability

Reducing pollution and optimizing the living environment are the most important sustainability definitions

The survey shows that more than 70% of Chinese consumers believe that sustainability must include reducing pollution and optimising the living environment, which ranked first among all sustainability definitions. More than half of respondents also chose the following sustainability definitions: good health and well-being; reduced disparities in wealth distribution and common prosperity; quality education and lifelong learning opportunities; gender equality and reduced inequalities; and no poverty, and zero hunger.

The rankings show that sustainability in the minds of Chinese consumers is mainly about focusing on improving people's living environment, and achieving social equity, both of which are related to day-to-day life. Chinese consumers pay relatively little attention to sustainability definitions that are directly related to business interests, such as transparency in business management, responsible consumption and production, industry innovation, and infrastructure. At the same time, there is relatively limited concern for long-term development goals for society at large and nature, such as protecting animals and sea life, taking action to protect the climate, and building partnerships that promote sustainability goals.

Figure: Chinese consumers' definition of sustainability (Percentage of respondents)



1. Chinese consumers' definition of sustainability

1.1 Definition of sustainability

Baby Boomers and Gen Xers focus on environmental protection and social welfare, while Gen Zers focus on equality

Among the top three options, Baby Boomers and Gen Xers expressed more support than Millennials and Gen Zers, indicating that Baby Boomers and Gen Xers are more concerned about environmental protection and social welfare. As a result of its economic development and population growth, China's environmental problems have become increasingly prominent in the past few decades, and the government is fully aware of the seriousness of the problem. Since the 1970s, a series of measures have been taken to protect the environment, such as the launch of various education campaigns. These measures have ensured that the concept of environmental protection remains deeply ingrained in the minds of Chinese citizens, naturally making it the first option for Baby Boomers and Gen Xers when asked to define what sustainability is.

Gen Zers' understanding of sustainability is more about diversity, equality and inclusion (DEI). For example, Gen Zers have higher than average support for topics such as education, gender and diversity and inclusion. With the overall improvement of China's environment in recent years, Gen Zers are less likely to personally feel the negative effects of environmental pollution. At the same time, as they have lived their entire lives in the Internet era, they tend to focus on equality and diversity due to learning about international issues much more quickly compared with other generations.

Figure: Top 3 definitions of sustainability - Generational comparison (Percentage of respondents)

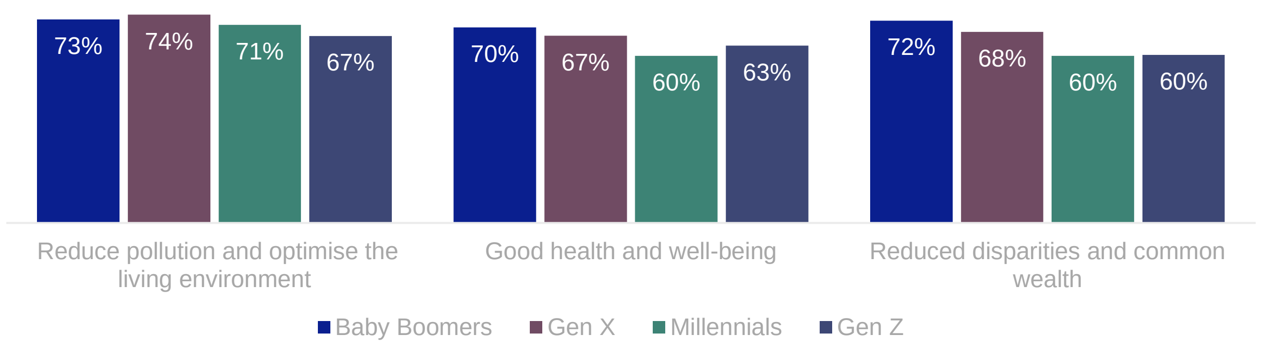
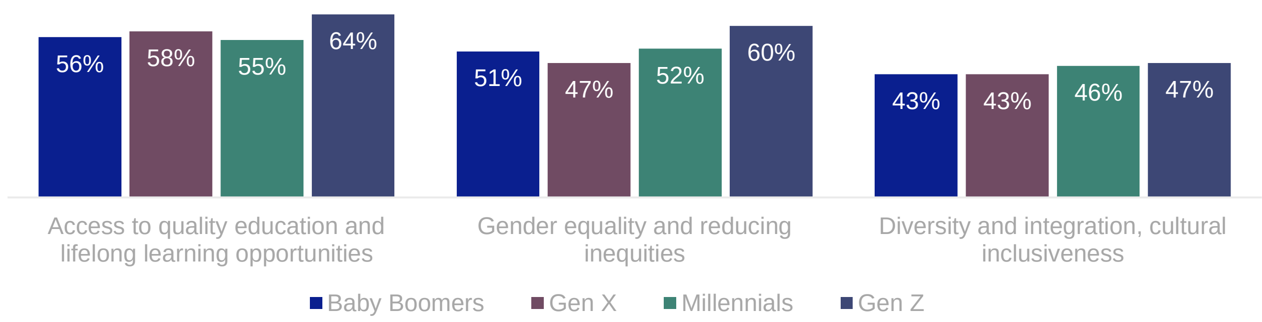


Figure: Sustainability in relation to "Equality, Diversity and Inclusion" - Generational comparison (Percentage of respondents)



1. Chinese consumers' definition of sustainability
1.1 Definition of sustainability

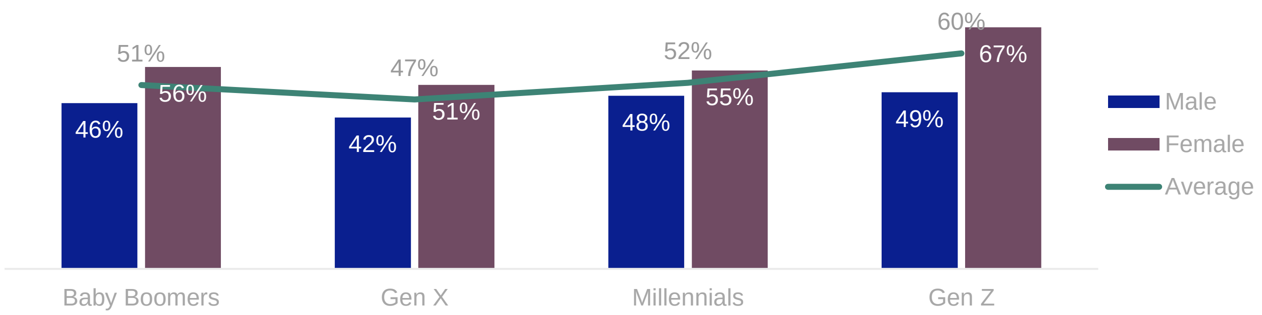
Women, particularly from Gen Z, advocate for gender equality

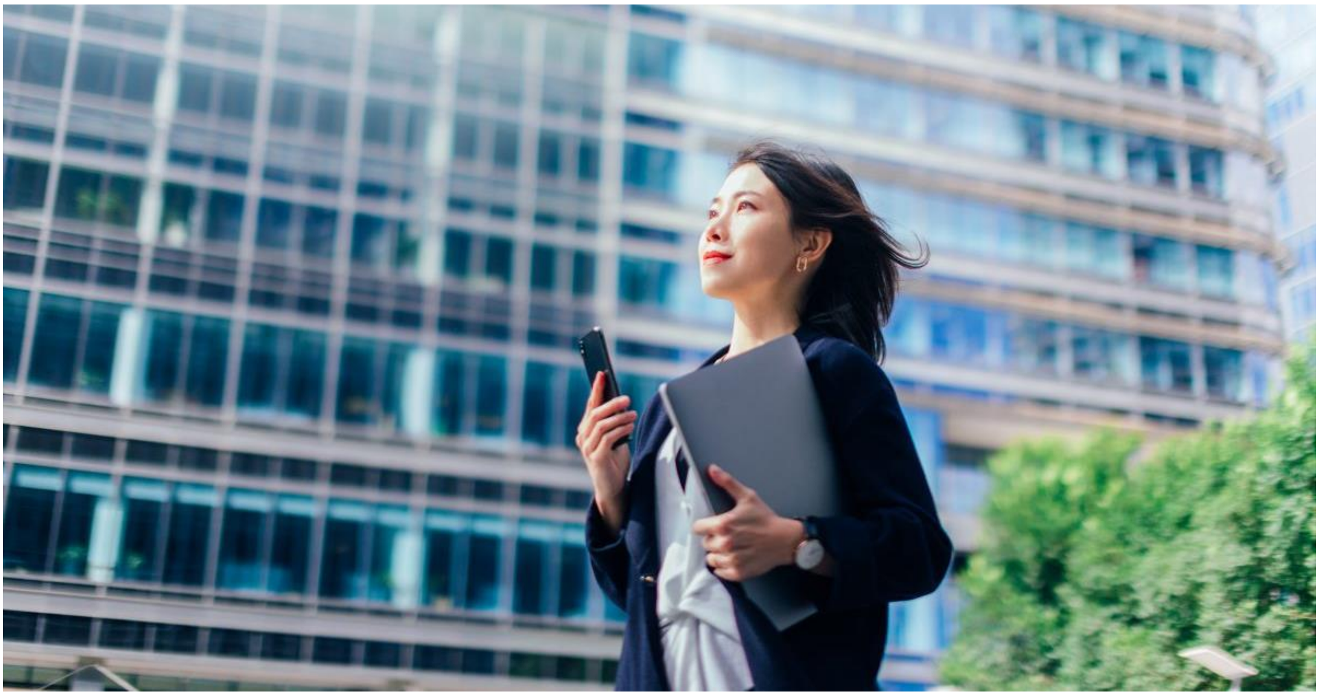
There is a large gap between the genders on the subject of "gender equality and inequality reduction", with women as a whole being 11% more concerned than men.

For Gen Z women, gender equality ranks second only to "reducing pollution and improving the living environment" when asked to define what sustainability is. The proportion of Gen Z women concerned about gender equality not only exceeds that of men as a whole by 21%, but it is also 10% higher than average for all women.

It can be seen that women are eager to improve inequalities caused by gender, and Gen Z women in particular are more aware of this aspect.

Figure: Gender equality, inequality reduction - Generational and gender comparisons
(Percentage of respondents)





1. Chinese consumers' definition of sustainability

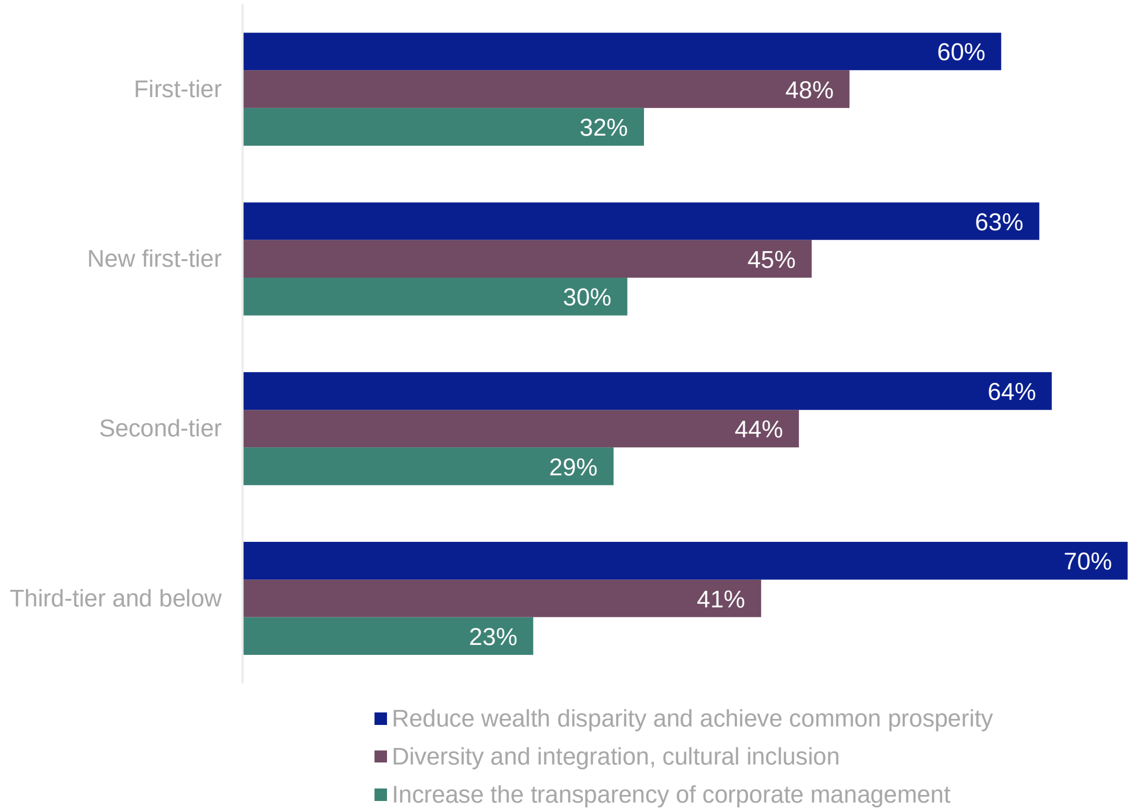
1.1 Definition of sustainability

Respondents in lower-tier cities want to reduce wealth disparity, while those in first-tier cities focus more on diversity and inclusion

The most varied understanding of sustainability among cities is "reduce wealth disparity and achieve common prosperity". The lower the tier of city, the higher the proportion of people choosing this option is, with respondents in third-tier cities and below being the most vocal about shared prosperity.

On the contrary, respondents in first-tier cities recognised "diversity and cultural inclusion" the most. In addition, the importance of corporate management transparency increases in line with city tier, and consumers in first-tier cities are the most concerned with enterprises' ESG performance.

Figure: Wealth disparity, diversity and inclusion – City-tier comparison (Percentage of respondents)



1. Chinese consumers' definition of sustainability

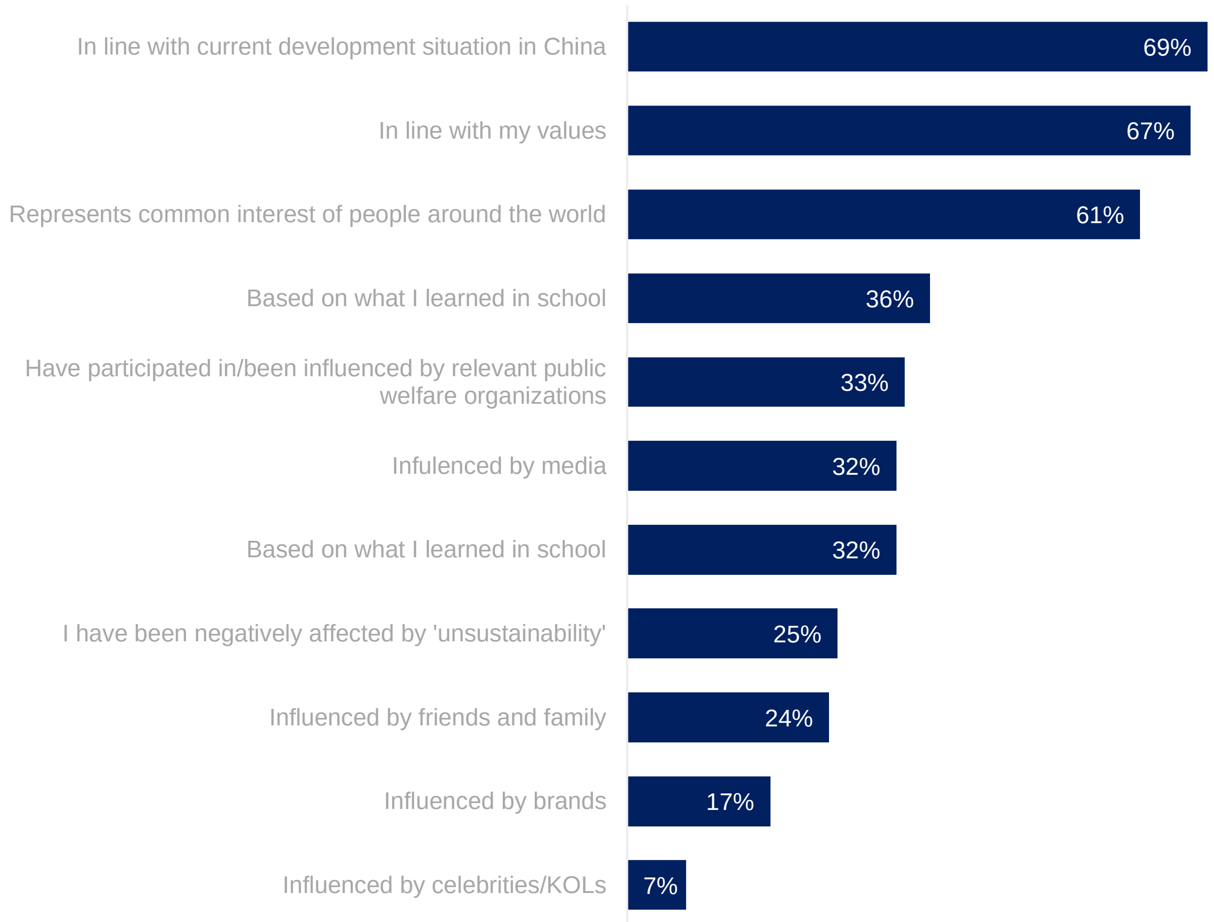
1.2 Factors determining the definition of sustainability for Chinese consumers

Chinese consumers define sustainability most in the context of China's development situation

Chinese consumers' definition of sustainability is mainly based on China's current development situation, the respondents' own values, and the common interests of people around the world. Secondly, their definition is influenced by work, public welfare organisations, media, and school. It is less influenced by brands, celebrities, and KOLs.

Baby Boomers and Gen Xers are significantly more likely to define sustainability as being "in line with China's current development situation" than the two younger generations, especially the male groups, with Baby Boomer males outpacing their female counterparts by 10%. In this option, the proportion of respondents in third-tier cities and below is higher than that in first-tier, new first-tier and second-tier cities.

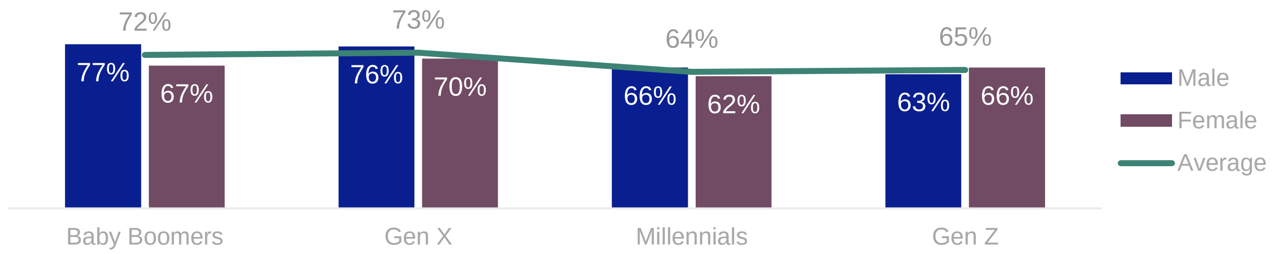
Figure: Factors determining the definition of sustainability for Chinese consumers
(Percentage of respondents)

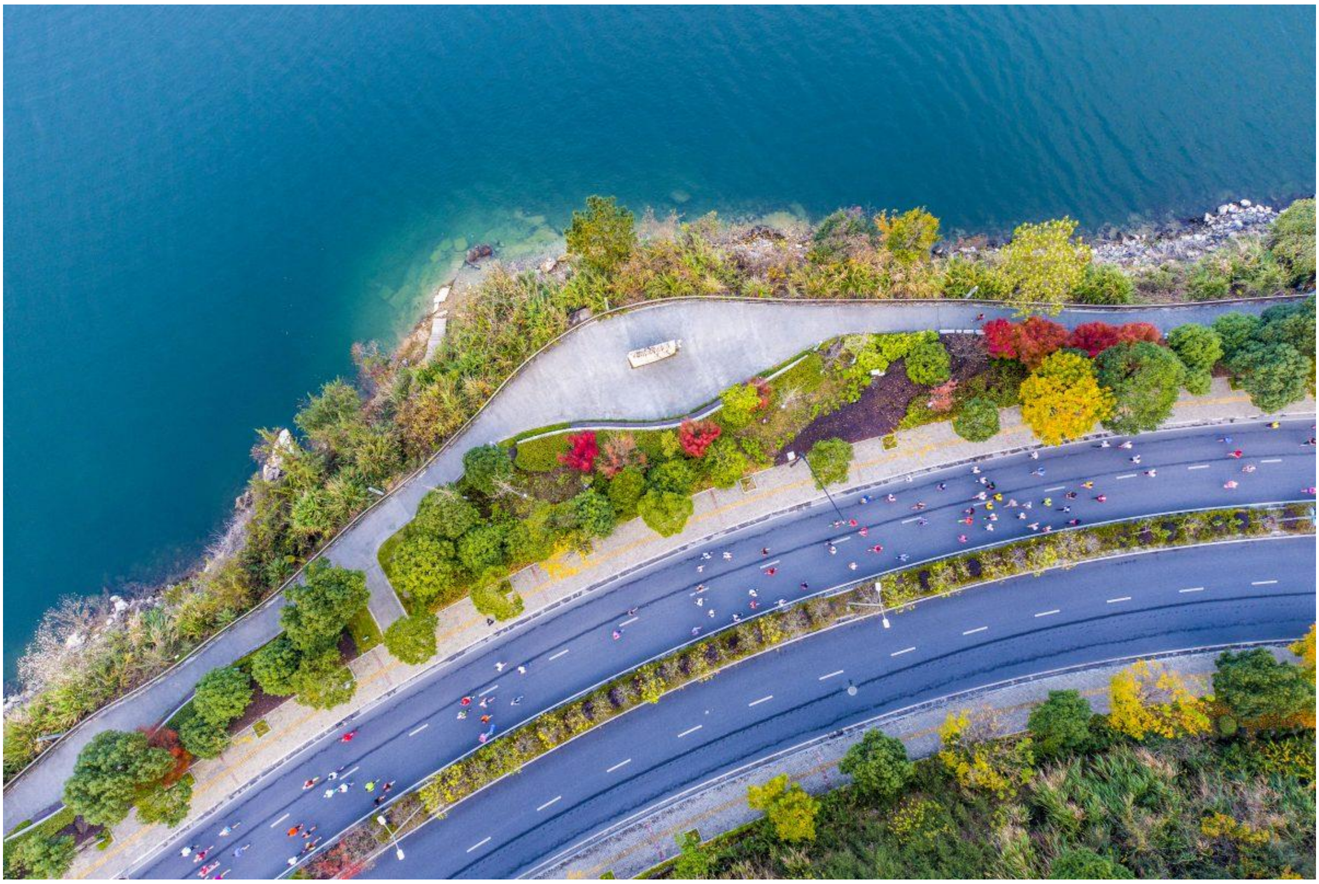


1. Chinese consumers' definition of sustainability

1.2 Factors determining the definition of sustainability for Chinese consumers

Figure: In line with the current development trends in China - Generational and gender comparisons (Percentage of respondents)





1.2 Factors determining the definition of sustainability for Chinese consumers

Gen Xers and Millennials are most influenced by work and non-profit organisations, while Gen Zers are most influenced by school

More than a third of respondents say their understanding of sustainability is influenced by work, particularly Gen Xers and Millennials, while Gen Zers are most influenced by school. The proportion of respondents influenced by work is also slightly higher in first-tier cities than in other cities.

The proportion of respondents influenced by public welfare organisations is slightly lower compared with work, but the result across the generations was similar, with Gen Xers and Millennials, and respondents in first-tier cities being the most influenced.

Figure: Influence from work and public welfare organisations - Generational comparison
(Percentage of respondents)

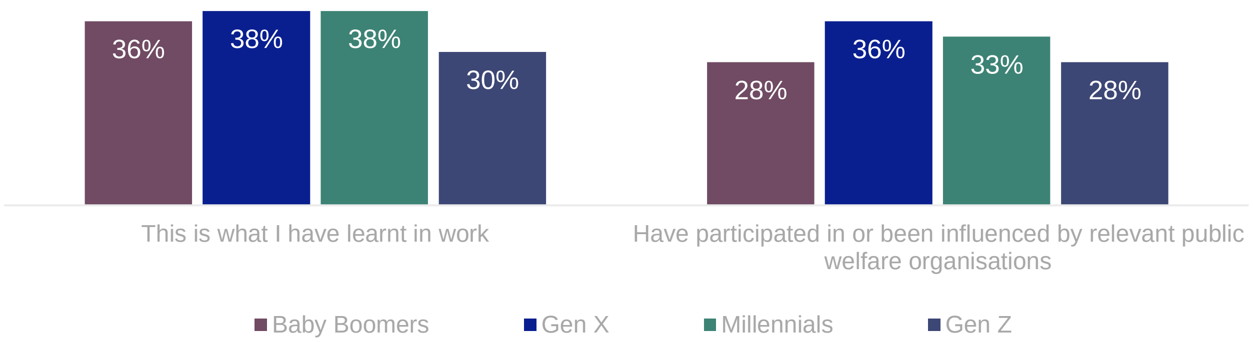
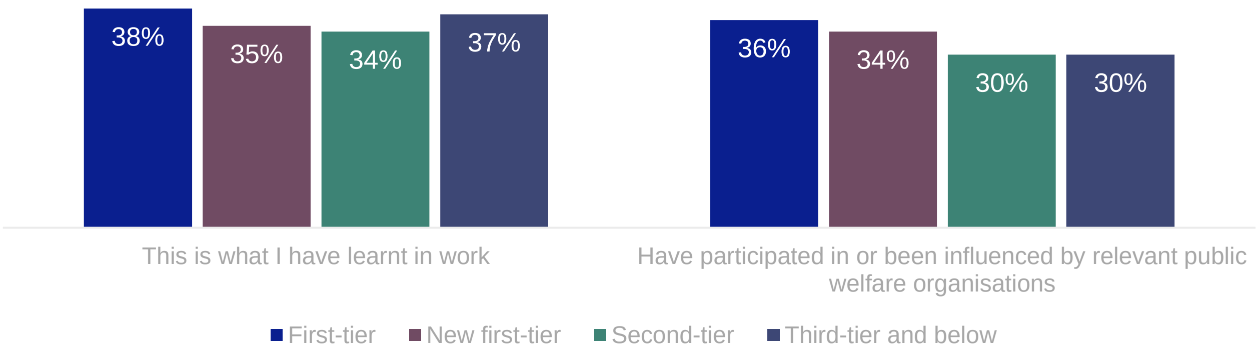


Figure: Influence from work and public welfare organisations – City-tier comparison
(Percentage of respondents)

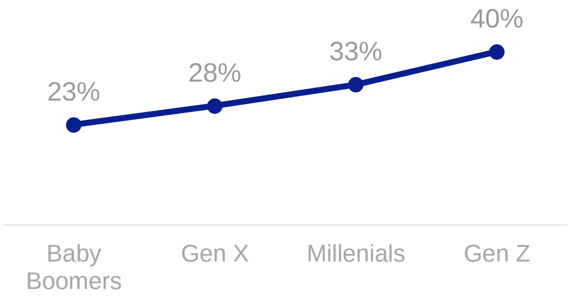


1. Chinese consumers' definition of sustainability

1.2 Factors determining the definition of sustainability for Chinese consumers

It is worth noting that 40 percent of Gen Zers say they define sustainability based on what they learnt at school, which is much higher than other age groups, highlighting China's increasing emphasis on "sustainability" in the field of education in recent years.

Figure: Influence from school - Generational comparison (Percentage of respondents)



1. Chinese consumers' definition of sustainability
1.3 Implementers of sustainability

According to Chinese consumers, particularly Baby Boomers and Gen Xers, government agencies are primarily responsible for sustainability

Chinese consumers perceive that the main implementers of sustainability are government agencies, international organisations and public welfare organisations. This finding is consistent across ages, genders, and cities.

Over 80% of respondents believe that government agencies are the main implementers of sustainability, followed by international organisations, public welfare organisations and enterprises, and then individuals. According to Chinese consumers' definition of "sustainability", the formulation, implementation and regulation of sustainable policies in various fields such as economy, society, ecological environment, education and healthcare should be coordinated and developed first and foremost by the government, while individuals are relatively limited in terms of their participation and impact.

Nearly 90% of Baby Boomers and Gen Xers chose government agencies as being the main implementers of sustainability, which was much higher compared with the two younger generations. Except for Gen Z males, a higher proportion of male respondents in all generations believe that the government is responsible. When comparing different cities, we also find that respondents in third-tier cities and below have higher expectations of government than those in other cities.

Figure: Implementers of sustainability
(Percentage of respondents)

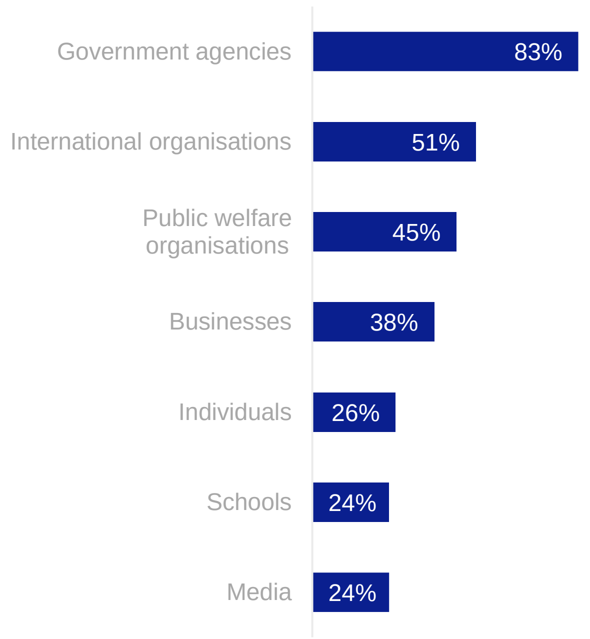
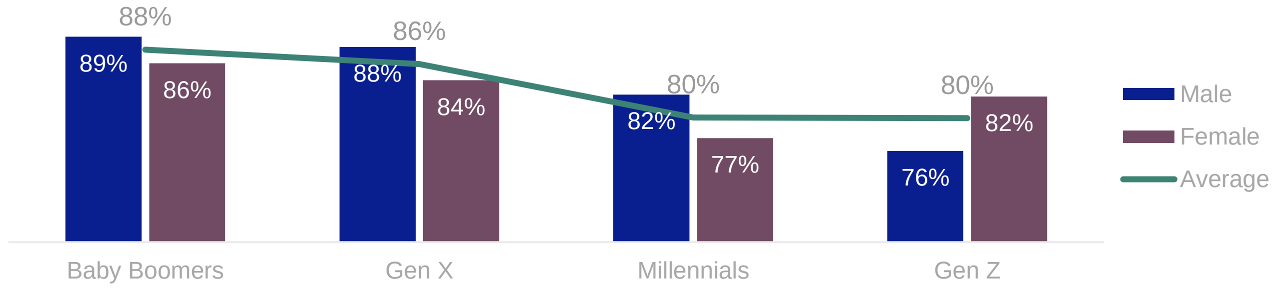


Figure: Government agencies as implementers of sustainability - Generational and gender comparisons (Percentage of respondents)



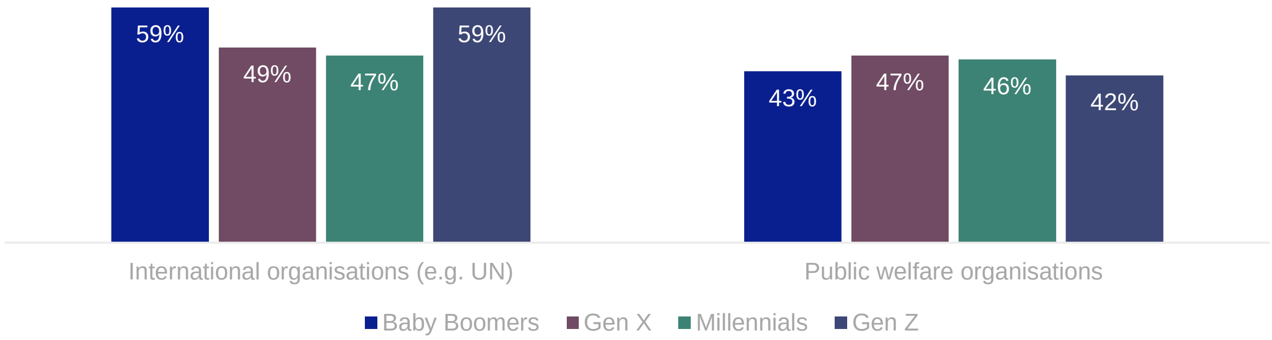
1.3 Implementers of sustainability

Baby Boomers and Gen Zers value the importance of international organisations, while Gen Xers and Millennials recognize public welfare organisations

Our survey shows that a higher proportion of Baby Boomers and Gen Zers believe that international organisations should act as sustainability implementers compared with the two generations in between, with Baby Boomer women feeling the strongest on this point.

Among the respondents choosing public welfare organisations, the proportion of Gen Xers and Millennials is slightly higher than that of Baby Boomers and Gen Zers, and women are slightly more trusting of them.

Figure: International organisations and public welfare organisations as implementers of sustainability - Generational and gender comparisons (Percentage of respondents)



1. Chinese consumers' definition of sustainability
1.3 Implementers of sustainability

The responsibility of enterprises to implement sustainable practices is highlighted, with Gen Zers indicating that schools have a greater responsibility

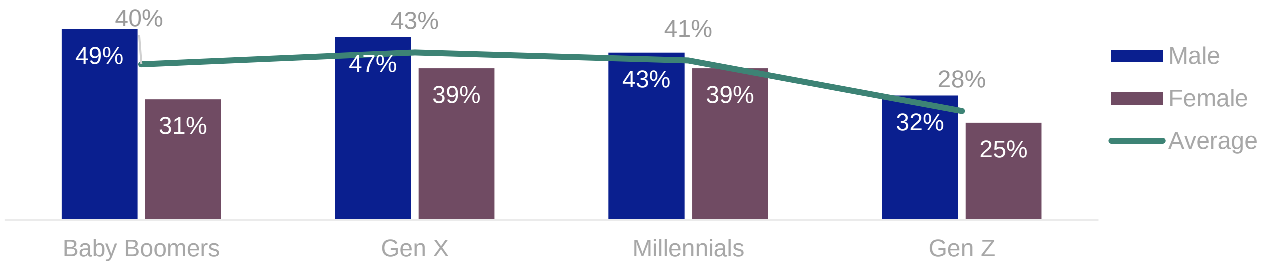
The degree of responsibility that enterprises, individuals, schools and media have to implement sustainability differed significantly across populations. In the minds of Baby Boomers, Gen Xers and Millennials, enterprises are second only to public welfare organisations in terms of their importance as sustainability implementers, and far more men than women share this view.

However, among Gen Zers, schools are seen as having higher responsibility than enterprises. It is worth noting that as age decreases, respondents believe it is more important for schools to implement sustainability, which may be attributed its gradual inclusion in the Chinese education system, and the fact that a considerable proportion of Gen Z respondents are still in school and are therefore naturally more influenced.

Table: Enterprises, individuals, schools and media as implementers of sustainability - Generational sequencing

	Baby Boomers	Gen X	Millennials	Gen Z
4	Enterprises	Enterprises	Enterprises	Schools
5	Individuals	Individuals	Media	Enterprises
6	Media	Schools	Schools	Individuals
7	Schools	Media	Individuals	Media

Figure: Enterprises as implementers of sustainability - Generational and gender comparisons
(Percentage of respondents)



1. Chinese consumers' definition of sustainability
1.4 Priorities for driving sustainability

Policies and regulations come first, and corporate responsibility should also be on the agenda

Chinese consumers rank the promotion of sustainability, in order of priority, as the formulation of policies and regulations, the identification of development goals, the strengthening of sustainability education and the improvement of regulatory efforts. Personal involvement and increased publicity are at the bottom of the list. China's sustainability is still in its early stages, and Chinese consumers expect the government to take the lead in developing a framework and educating the public on this issue. At the same time, the government needs to improve regulation, urge enterprises to effectively implement sustainable development, and develop more public welfare organisations to mobilise social forces, thus driving sustainability. The public perceives that media and individuals have limited influence until a culture of sustainability is developed throughout society.

Baby Boomers consider it extremely important to develop policies and regulations, identify development goals and improve regulation, which is in line with their push for sustainability to be implemented by government agencies.

Notably, over 60% of respondents mention the promotion of business practices, particularly Gen Xers, which may be related to the fact that their view of sustainability is heavily influenced by their work.

Figure: Priorities for driving sustainability
(Percentage of respondents)

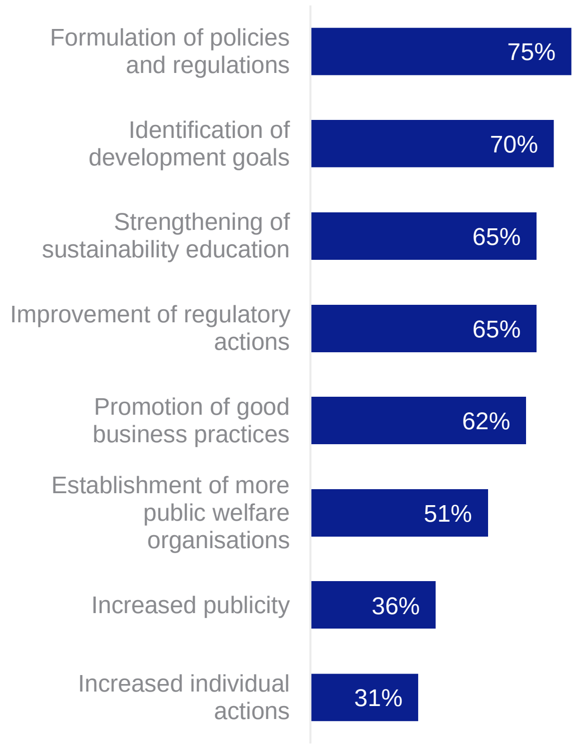
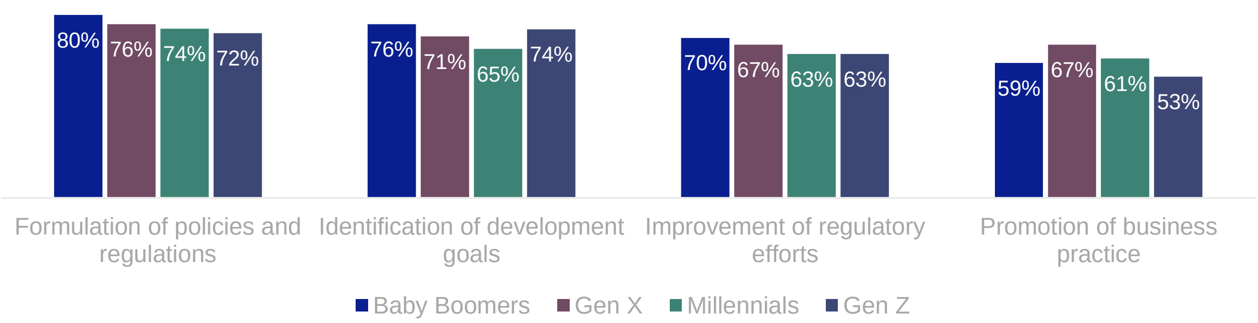


Figure: Priorities for driving sustainability (Percentage of respondents)



Chapter 2

Awareness of sustainability and current behaviour

2. Awareness of sustainability and current behaviour

2.1 Consumers' concern about the sustainable behaviour of brands

Most Chinese consumers have some level of knowledge of sustainability, with males being slightly more aware than females

Nearly 90% of Chinese consumers are somewhat aware of sustainability, with about 20% of them saying they are very aware, over 70% saying they are generally aware, and only 12% choosing 'not very aware' or 'not aware at all'.

Data shows that the proportion of Baby Boomers is highest among those who are aware of sustainability (both very and generally aware), and as age decreases, the proportion of people who understand sustainability decreases. Among those who are very aware, Millennials lead the way. Males are somewhat more knowledgeable about sustainability than females, particularly among Gen Zers, with a significantly higher proportion of males than females being very aware.

Figure: Chinese consumers' knowledge of sustainability (Percentage of respondents)

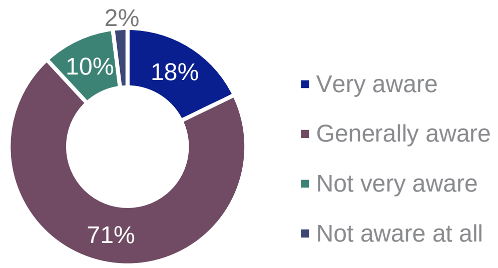
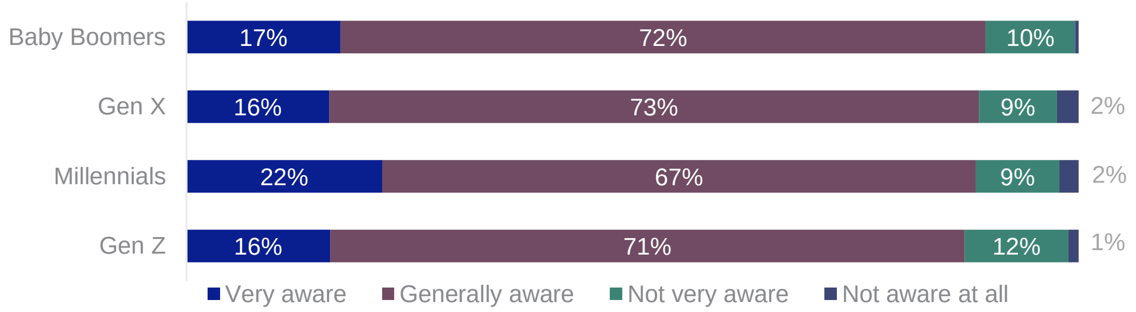
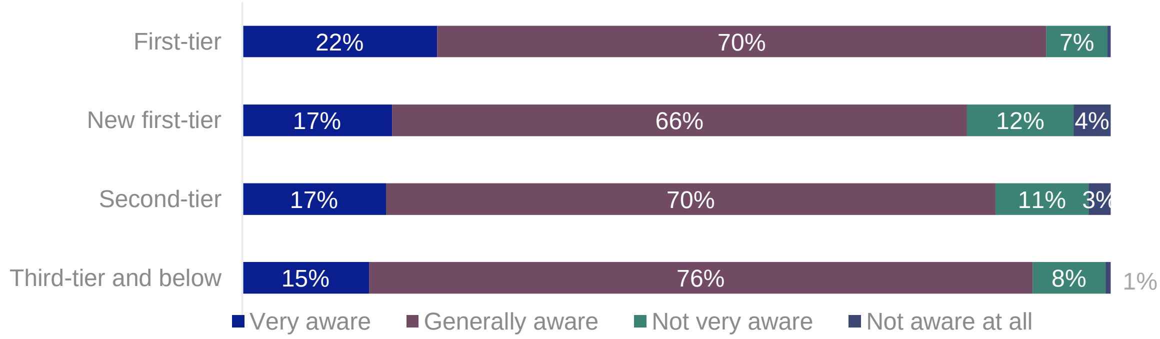


Figure: Chinese consumers' knowledge of sustainability - Generational comparison (Percentage of respondents)



When making comparisons between cities, it was discovered that respondents in first-tier cities have the highest proportion of knowledge about sustainability, and their understanding of it is also the deepest. Residents of first-tier cities, due to these cities' economic development level and status advantages, have greater access to advanced sustainability concepts and various sustainable practices, and therefore a higher proportion of people in these cities are aware of sustainability, and to a greater extent.

Figure: Chinese consumers' knowledge of sustainability – City-tier comparison (Percentage of respondents)



2. Awareness of sustainability and current behaviour

2.1 Consumers' concern about the sustainable behaviour of brands

Most consumers are willing to proactively learn about brands' sustainable practices, with Millennials being the most active

Three quarters of respondents say they would be willing to learn about a brand's strategies, actions or products in relation to sustainability. Millennials are the most likely to actively seek out such information, especially women, followed by Gen Xers. Gen Zers is the group least concerned with brands' sustainable behaviour.

We also find that consumers in first-tier cities, third-tier cities and below have the highest proportion of behaviour relating to actively learning about brands' sustainability, while consumers in new first-tier cities have the lowest proportion, especially women in new first-tier cities, who, out of all groups, are the least aware of brand sustainability.

Figure: Likelihood of being proactive in learning about a brand's performance in terms of sustainability (Percentage of respondents)

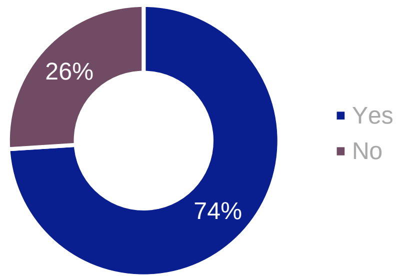


Figure: Level of proactivity in learning about a brand's performance in terms of sustainability -Generational comparison (Percentage of respondents)

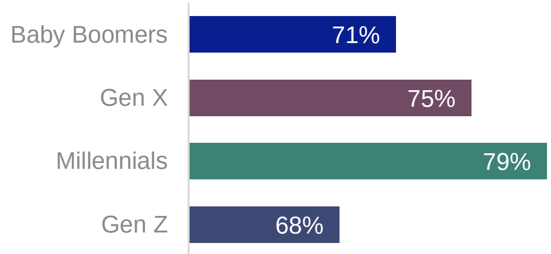
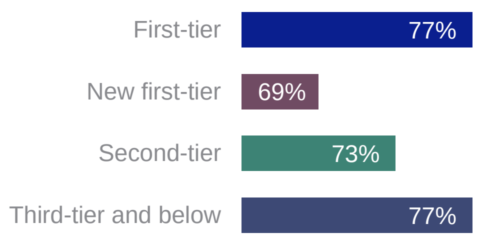
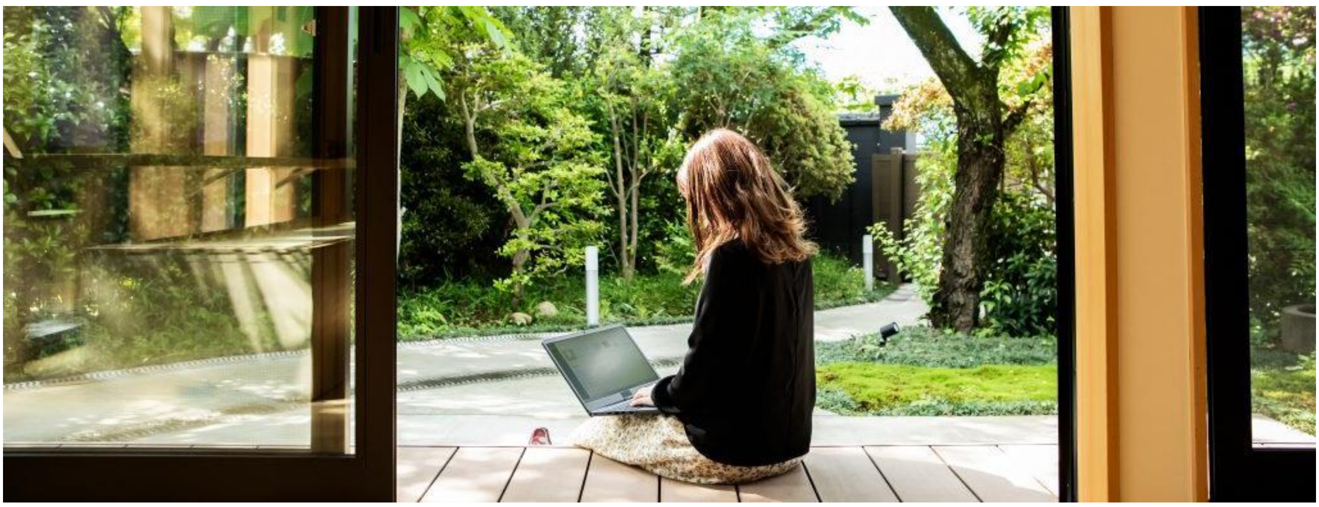


Figure: Level of proactivity in learning about a brand's performance in terms of sustainability - City-tier comparison (Percentage of respondents)





2. Awareness of sustainability and current behaviour
2.1 Consumers' concern about the sustainable behaviour of brands

Among those who have not actively learnt about brands' sustainable behaviour, respondents from Baby Boomers and First-tier cities are the most receptive to brands' sustainability messages

Among respondents who have not yet taken the initiative to learn about brands' sustainable measures, nearly 60% say they are willing to receive such information, of which less than 10% are very willing, 30% are not very willing to receive it, and 13% explicitly express their unwillingness to receive it.

Baby Boomers are the most willing to receive brands' sustainability messages, with a higher proportion of them choosing 'very willing' and 'willing' than any other age group, and Baby Boomer men are more willing to learn about sustainability messages than women. This is followed by Gen Zers, with Gen Xers and Millennials being relatively less willing to receive such information.

A comparison between cities shows that first-tier cities have the highest percentage of consumers willing to accept brands' sustainability messages, followed by third-tier cities and below, with consumers in new first-tier cities being the least willing.

Figure: Level of willingness to accept brands' sustainability messages (Percentage of respondents)

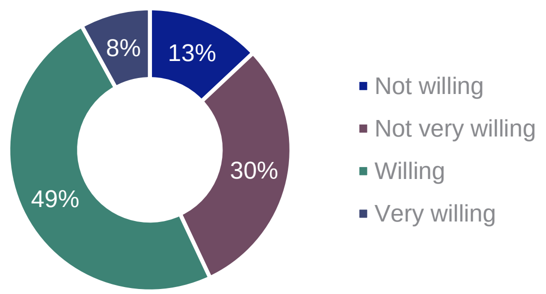
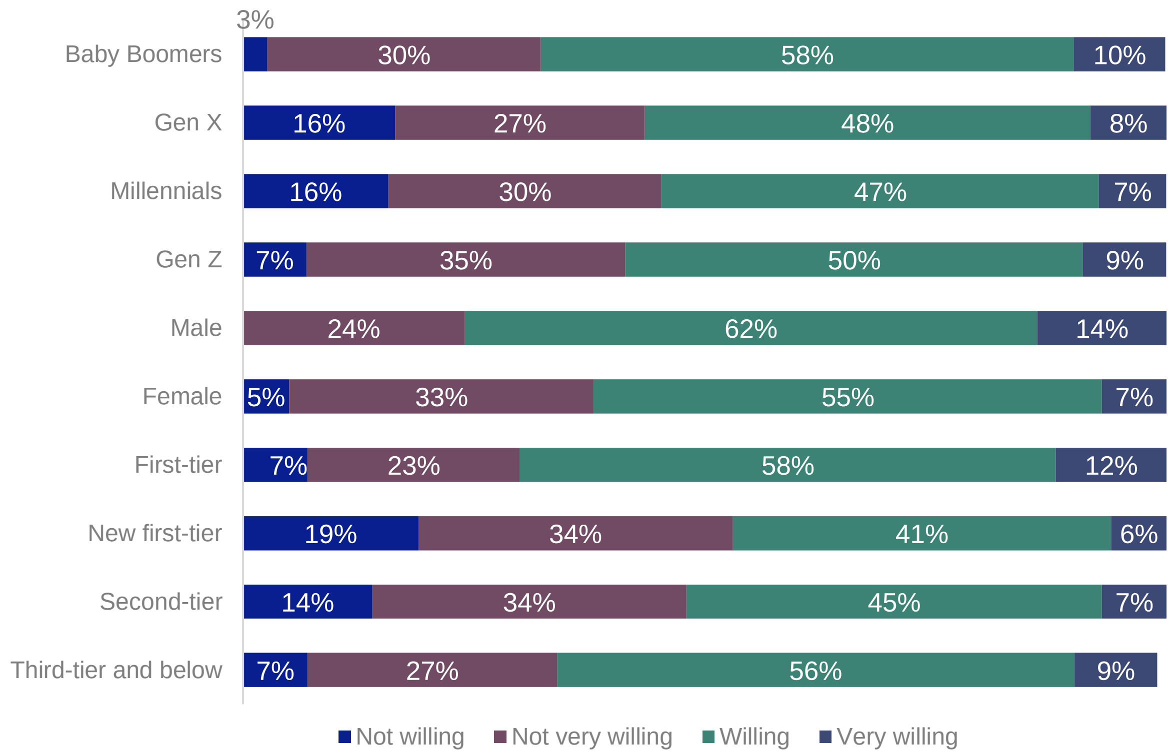


Figure: Level of willingness to accept brands' sustainability messages – Generational, gender, and city-tier comparison (Percentage of respondents)



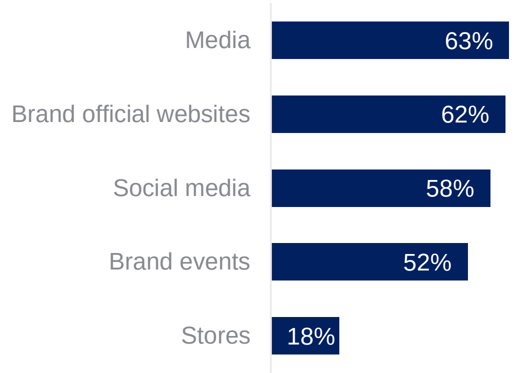
2. Awareness of sustainability and current behaviour
2.2 Main channels when learning about brands’ sustainability initiatives

Media and official websites of brands are the main channels for most consumers when learning about brands' sustainability initiatives

The main channels for Chinese consumers to learn about the sustainability initiatives of brands are, in descending order, mass media, a brand’s official web site, social media, brand events, and stores. It is worth noting that media is not the first channel for consumers across all generations and cities. For example, the top channel through which Gen Xers learn about a brand’s sustainability initiatives is the brand's official website, and both men and women show the same preference on this point. The same trend can also be seen with consumers in first-tier cities, and third-tier cities and below.

Data shows that there is only a 1% difference in the percentage of people who choose a brand's official website and those who choose traditional media to learn about a brand's sustainability initiatives, which highlights the importance of a brand's official website to convey the brand's values and sustainable measures. For example, in this mobile internet age, where social media has almost replaced traditional websites, brands have never given up on operating and investing in their official websites. In addition to presenting a logical and comprehensive product range and personalized services, brand websites are increasingly becoming an authoritative medium for such brands to showcase their achievements in areas such as cultural history, values, corporate social responsibility and sustainable development, suggesting that professional, well-produced brand websites are unlikely to be replaced anytime soon by more fleeting forms of communication such as traditional media, We media or social media.

Figure: Channels for learning about brands' sustainability initiatives (Percentage of respondents)



2. Awareness of sustainability and current behaviour

2.2 Main channels when learning about brands' sustainability initiatives

Table: Channels for learning about brands' sustainability initiatives – Generational and city-tier ranking

	Generational comparison				City-tier comparison			
	Baby Boomers	Gen Xers	Millennials	Gen Zers	First-tier	New first-tier	Second-tier	Third-tier and below
1	Mass media	Brand's official website	Mass media	Mass media	Brand's official website	Mass media	Mass media	Brand's official website
2	Brand's official website	Mass media	Social Media	Brand's official website	Mass media	Brand's official website	Brand's official website	Mass media
3	Social Media	Social Media	Brand's official website	Social Media	Social Media	Social Media	Social Media	Social Media
4	Brand events	Brand events	Brand events	Brand events	Brand events	Brand events	Brand events	Brand events
5	Stores	Stores	Stores	Stores	Stores	Stores	Stores	Stores

Millennials are keener than any other generations to learn about brands' sustainable measures through social media, especially Millennial women, who use social media more than mass media and brand websites, making social media the top ranked information channel. Social media is also second only to mass media among Millennial men.

The proportion of respondents from Generation X and first-tier cities who learn about brands' sustainable measures through brand events is higher than that of other groups. Except for Baby Boomers, a higher proportion of women than men in all age groups learn about brands' sustainable measures through brand events and stores.

2. Awareness of sustainability and current behaviour

2.2 Main channels when learning about brands' sustainability initiatives

Figure: Channels through which Millennials learn about brands' sustainability initiatives - Gender comparison (Percentage of respondents)

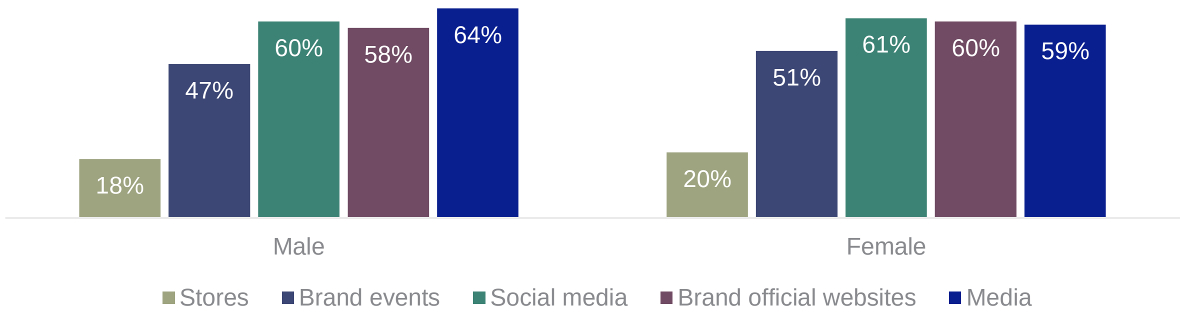
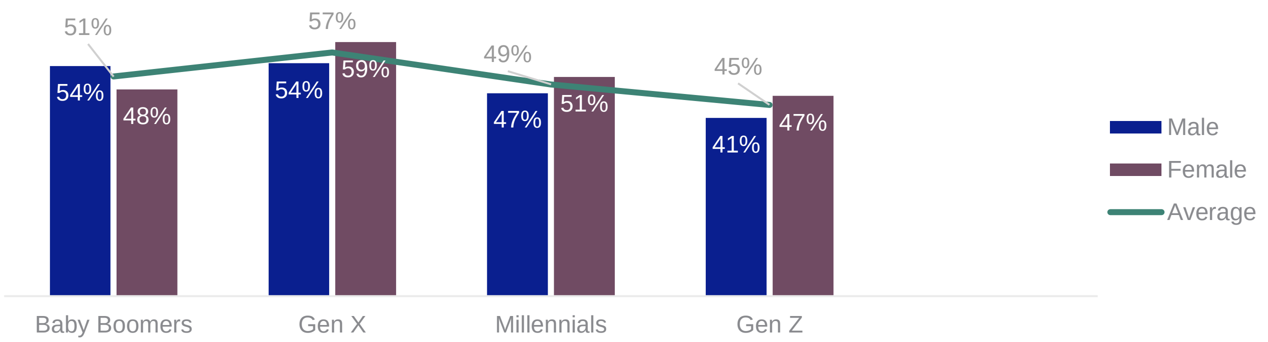


Figure: Learning about brands' sustainability initiatives through brand events – Generational and gender comparisons (Percentage of respondents)



2. Awareness of sustainability and current behaviour

2.3 Impact on consumers as to brands' sustainable development strategies

Male consumers are more likely to be influenced by brands' sustainable strategies, with Gen Xers and Millennials being the most influenced

Whether or not a brand has a sustainability strategy in place has a great impact on nearly 80% of consumers' consumption decision, with nearly 20% of respondents saying that it has a significant impact. Only 21% of respondents believe that it has little or no impact, and the impact that brand sustainability has on men is slightly higher compared to women.

The adoption of sustainable behaviour by brands has the widest impact on Generation X, while the proportion of Millennials who chose 'significant impact' is the highest.

In terms of cities, the adoption of sustainable behaviour by brands has the greatest impact on consumers in first-tier, third-tier and below cities, and the least impact on consumers in new first-tier cities, especially women.

Figure: Impact on consumers as to whether a brand adopts sustainable behaviours (Percentage of respondents)

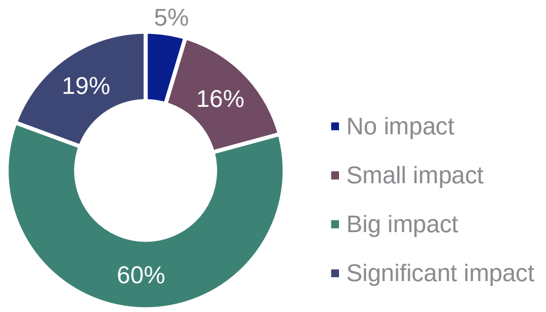
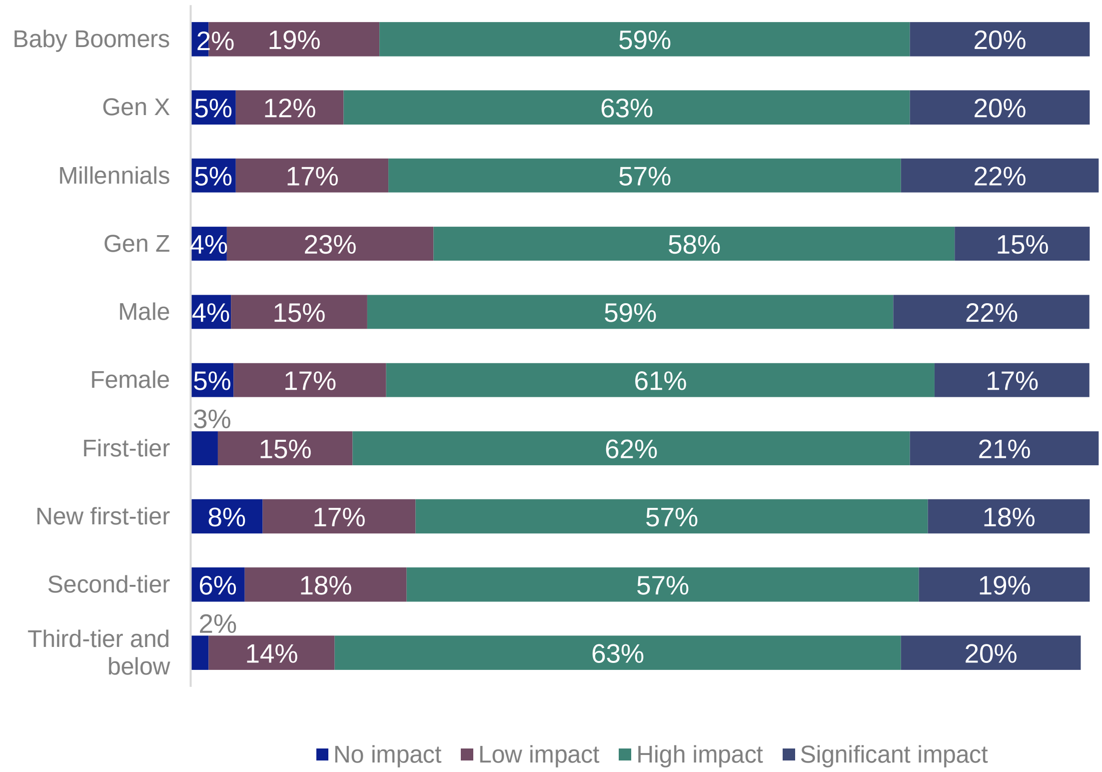


Figure: Impact of whether a brand adopts sustainable behaviours – Generational, gender, and city-tier comparison (Percentage of respondents)



2.4 Participation in sustainable consumption

Three quarters of Chinese consumers have participated in sustainable consumption, with Gen Z participating the least

The survey shows that three quarters of consumers have participated in sustainable consumption, with Generation Z participating much less than the elder three generations. In terms of cities, the number of people participating in sustainable consumption in first-tier, third-tier and below cities is significantly larger than in new first-tier and second-tier cities.

Figure: Participation in sustainable consumption (Percentage of respondents)

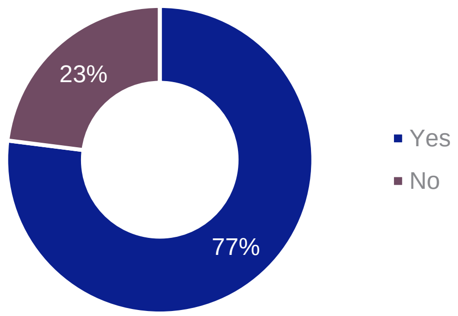


Figure: Participation in sustainable consumption – Generational comparison (Percentage of respondents)

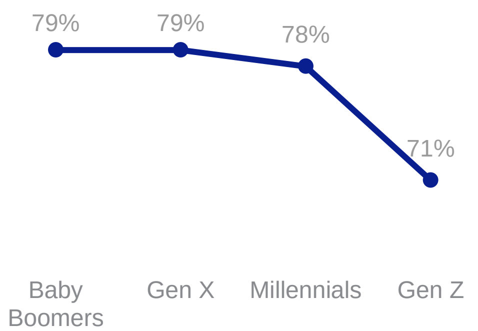
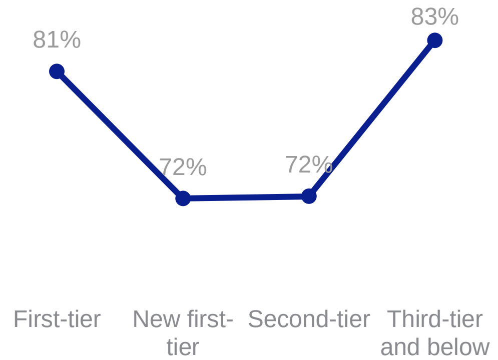


Figure: Participation in sustainable consumption – City-tier comparison (Percentage of respondents)



2. Awareness of sustainability and current behaviour
2.4 Participation in sustainable consumption

Consumers engage in sustainable consumption mainly due to subjective perceptions, and young people are more conservative in their sustainable consumption behaviour

The survey shows that the top three reasons for consumers to engage in sustainable consumption are: the desire to contribute to sustainability through their own efforts, it is in line with their values, and their lifestyle. A relatively small proportion of consumers are motivated by external influences.

It is worth noting that the proportion of respondents who engage in sustainable consumption for subjective reasons is higher among Baby Boomers and Gen Xers than Millennials and Gen Zers. This shows that the two elder generations not only have a higher level of sustainability awareness, but are also more willing to practise sustainable consumption. In contrast, the two younger generations are more conservative when it comes to putting sustainable ideas into practice.

They are more influenced by friends and family or celebrities and KOLs than the two elder generations, suggesting that celebrities and KOLs are more likely to win over younger generations, especially Millennials, in terms of switching to more sustainable consumption. In addition, price has a greater impact on the two younger generations of consumers.

Figure: Reasons for participating in sustainable consumption (Percentage of respondents)

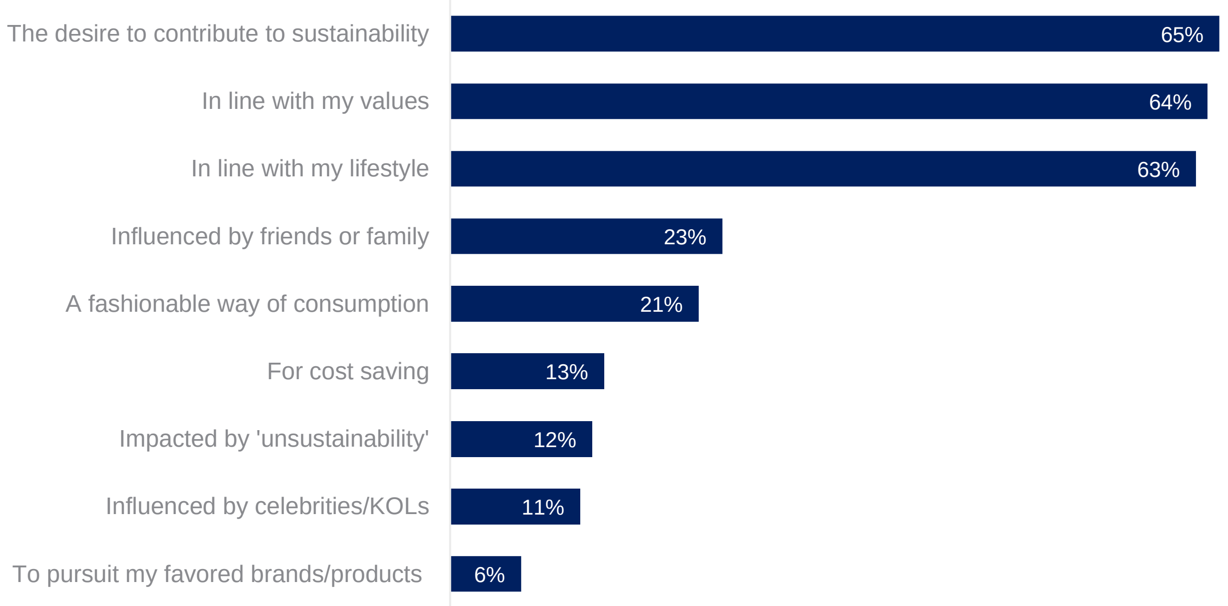
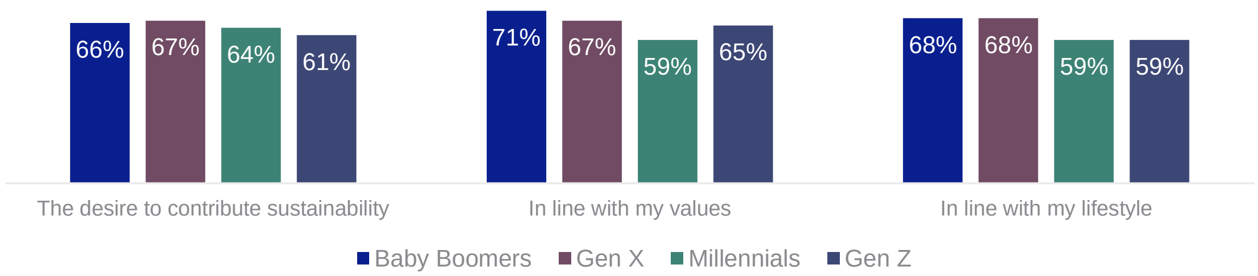


Figure: Subjective reasons for participating in sustainable consumption - Generational comparison (Percentage of respondents)



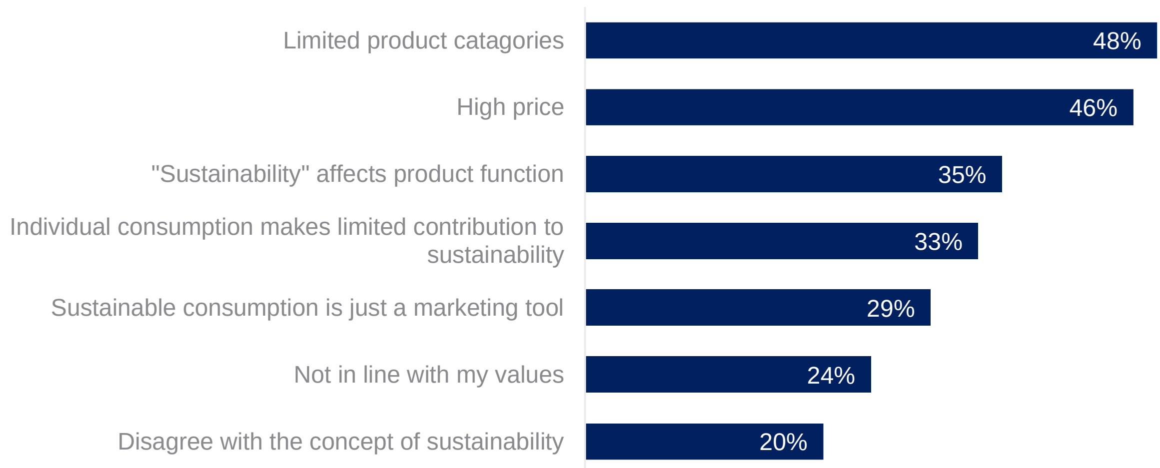
2.4 Participation in sustainable consumption

Lack of participation in sustainable consumption is mainly attributed to objective reasons such as limited product categories, prices, and restricted function

When asked about the reasons for not participating in sustainable consumption, nearly half of respondents say that they are unable to find suitable products due to limited products categories, followed by high price and the fact that the concept of "sustainability" affects the original function of the products.

It is clear that the main reason why most consumers do not participate in sustainable consumption is not because they do not agree with the concept of sustainability or that it is not in line with their own values, but rather for objective reasons such as limited categories, high prices and restricted function. When these issues improve, it is likely that more consumers will become involved in sustainable consumption.

Figure: Reasons for not participating in sustainable consumption (Percentage of respondents)



The primary reason for Baby Boomers not engaging in sustainable consumption is high price, and the main one among other generations is limited categories, especially Gen Xers and Gen Zers.

It is worth noting that although the options "not in line with their values" and "don't agree with the concept of sustainability" are the two lowest ranked, Millennials are far more likely than other generations to choose these two options, and to say that "sustainable consumption is just a marketing tool", "not in line with their values" and "don't agree with the concept of sustainable consumption".

It is clear that Millennials - the mainstream consumers of today and the consumers who know a great deal about sustainability, are not easily convinced by the existing "sustainable consumption" concept in the marketplace. If brands want to gain access to these sustainable consumers, they need to truly improve the sustainability of their products and services, rather than merely shaping a superficial image of sustainability.

When comparing cities, it was discovered that the proportion of respondents in new first-tier cities who do not participate in sustainable consumption for subjective reasons is higher than that in other cities.

2. Awareness of sustainability and current behaviour

2.4 Participation in sustainable consumption

Figure: Reasons for not participating in sustainable consumption - Generational comparison (Percentage of respondents)

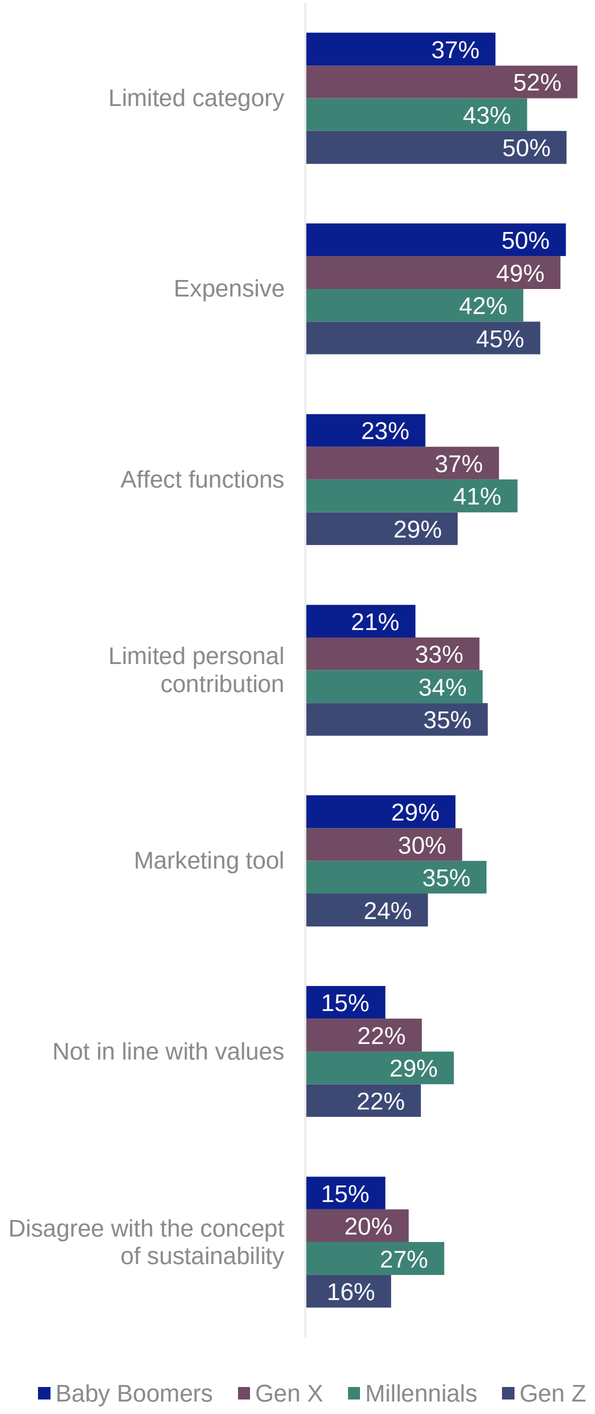
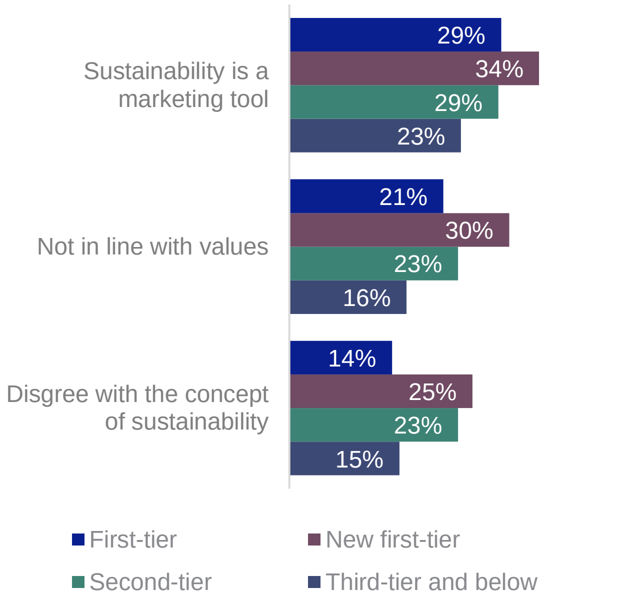


Figure: Subjective reasons for not participating in sustainable consumption - City-tier comparison (Percentage of respondents)



2.5 Sustainable consumption categories

Sustainable consumption of clothing and food ranks among the top, and experience-oriented sustainable consumption has also become mainstream

The most popular sustainable consumption categories among Chinese consumers consist mainly of clothing, footwear and hats, food and wine, hotel and travel, furniture and home furnishings, and electronic products.

Among the top five consumption categories, experiential consumption occupies two spots, namely food and wine in second place, and hotel and travel in third, indicating that experiential consumption has become a mainstay of sustainable consumption, especially food and wine, where there is almost no difference in consumption across different genders, generations and cities.

On the other hand, sustainable consumption of hotel and travel varies from group to group, with elder generations consuming the most, and those in high-tier cities consuming more than those in low-tier cities.

Figure: Ranking of sustainable consumption categories (Percentage of respondents)

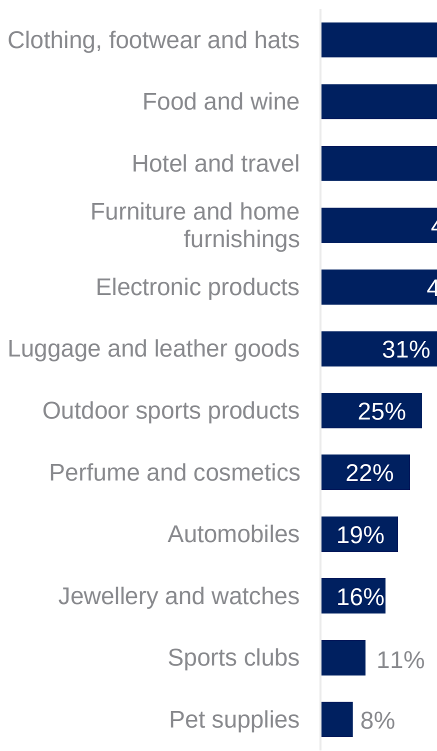


Figure: Hotel and travel - Generational comparison (Percentage of respondents)

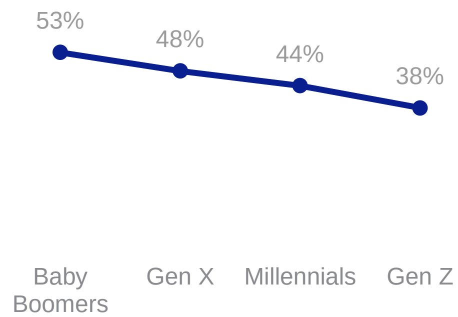
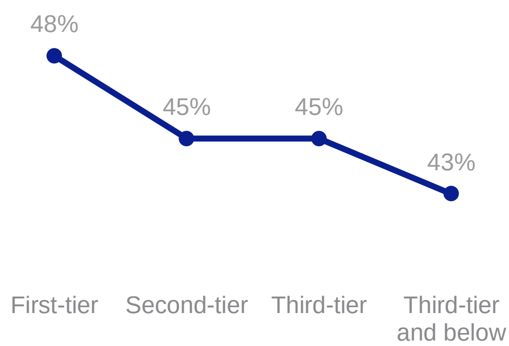


Figure: Hotel and travel - City-tier comparison (Percentage of respondents)



The differences between the two genders in terms of sustainable consumption categories are significant, with women consuming more than men in clothing and footwear, bags and leather goods, perfume and cosmetics, and men consuming more than women in hotel and travel, electronic products, outdoor sports and cars.

It is worth noting that in previous research, Gen Zers tend to have a higher preference for electronic products than other generations, but in terms of sustainable consumption, the proportion of Gen Zers choosing such products does not stand out.

2.5 Sustainable consumption categories

This may have something to do with the lower level of sustainable consumption among Gen Zers as a whole, and the fact that elder Chinese consumers have been actively embracing digitalization in recent years, which may explain the high proportion of electronic product consumption among the two elder groups. Overall, men generally consume more sustainable electronic products than women, with Gen X men being the main consumers in this category.

When comparing the different city tiers, we found that respondents in third-tier cities and below spend more on sustainable electronic products than their counterparts in higher-tier cities, with their male counterparts spending the most.

The more the age of respondents increases, the more they spend on sustainable vehicles, with Baby Boomers and Gen Xers tied at the top, and Gen Zers at the bottom, spending less than half the proportion of the first three generations.

Figure: Sustainable electronic products - Generational and gender comparisons (Percentage of respondents)

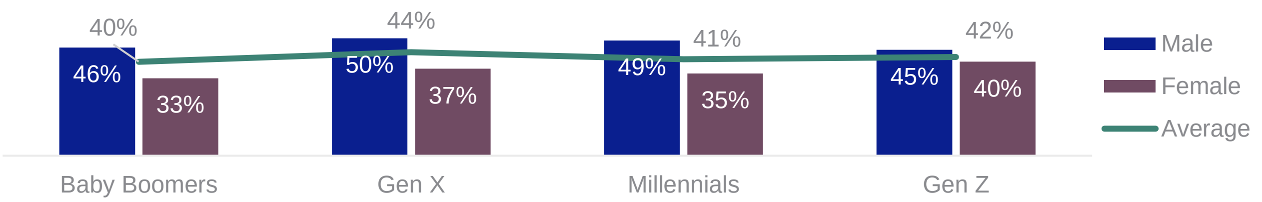


Figure: Sustainable electronic products – City-tier and gender comparisons (Percentage of respondents)

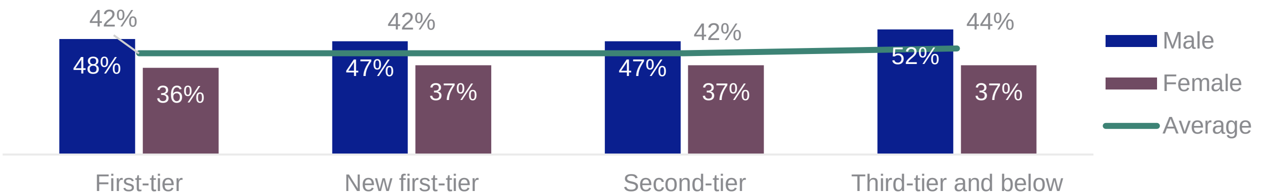
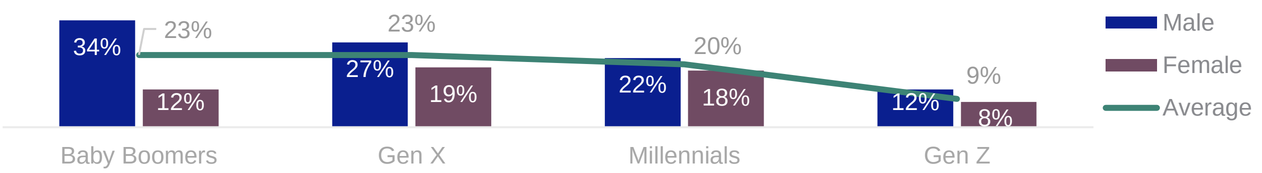


Figure: Sustainable Vehicles - Generational and gender comparisons (Percentage of respondents)



2. Awareness of sustainability and current behaviour
2.6 Increased spending on sustainable goods

Most consumers have increased their spending on sustainable goods, with Gen Z men seeing the highest increase

Nearly 90% of consumers increased their spending on sustainable goods, with over half of consumers increasing spending by less than 20% and only 6% willing to increase it by more than 50%.

Gen Xers and Millennials are more likely to have increased their spending than Baby Boomers and Gen Zers, and Millennials in particular are also the most likely to be willing to increase their spending by more than 50% on sustainable products.

Overall, men across all generations increase their spending more than women. This is particularly true of Millennial and Gen Z men, as the proportion of them willing to increase spending on sustainable goods by 50% has reached around 10%.

Figure: Increased spending on sustainable goods (Percentage of respondents)

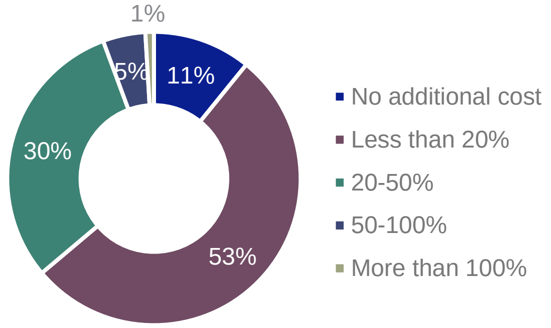


Figure: Increased spending for sustainable goods - Generational comparison (Percentage of respondents)

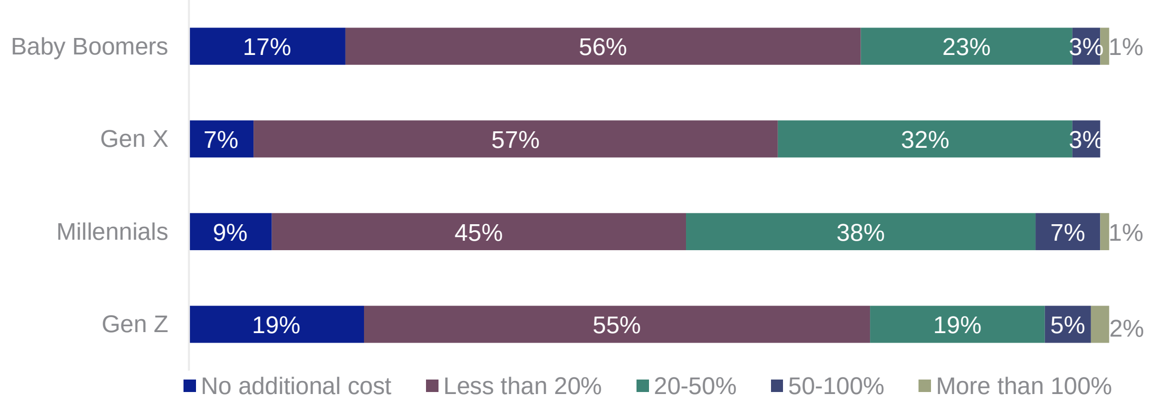
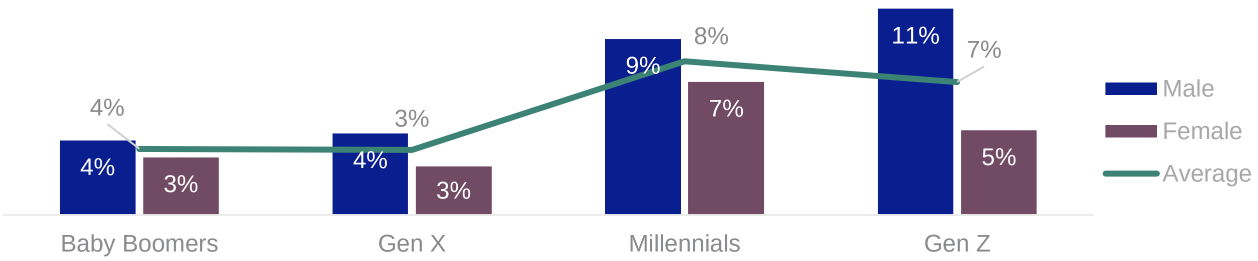


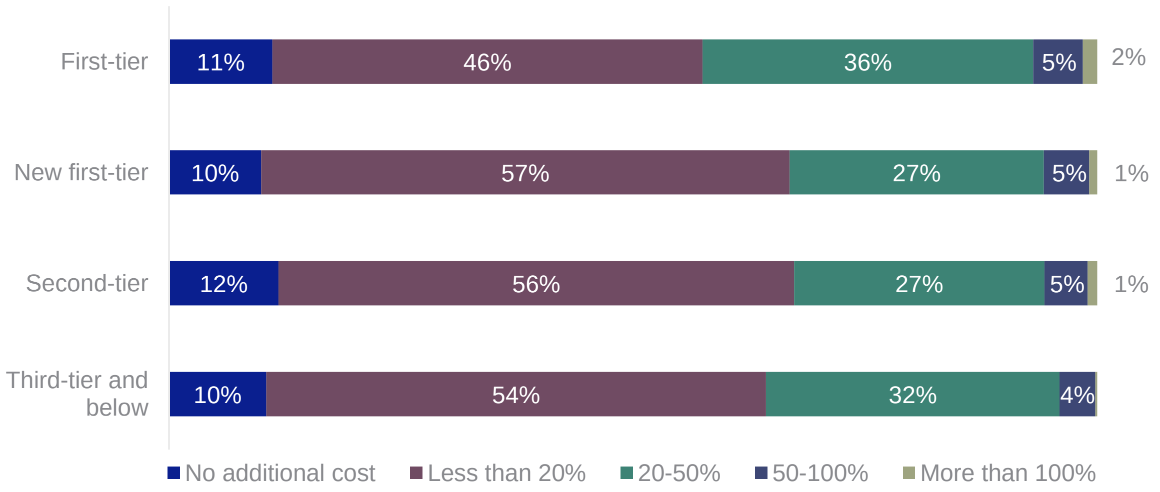
Figure: Increase in spending by more than 50% for sustainable goods - Generational and gender comparisons (Percentage of respondents)

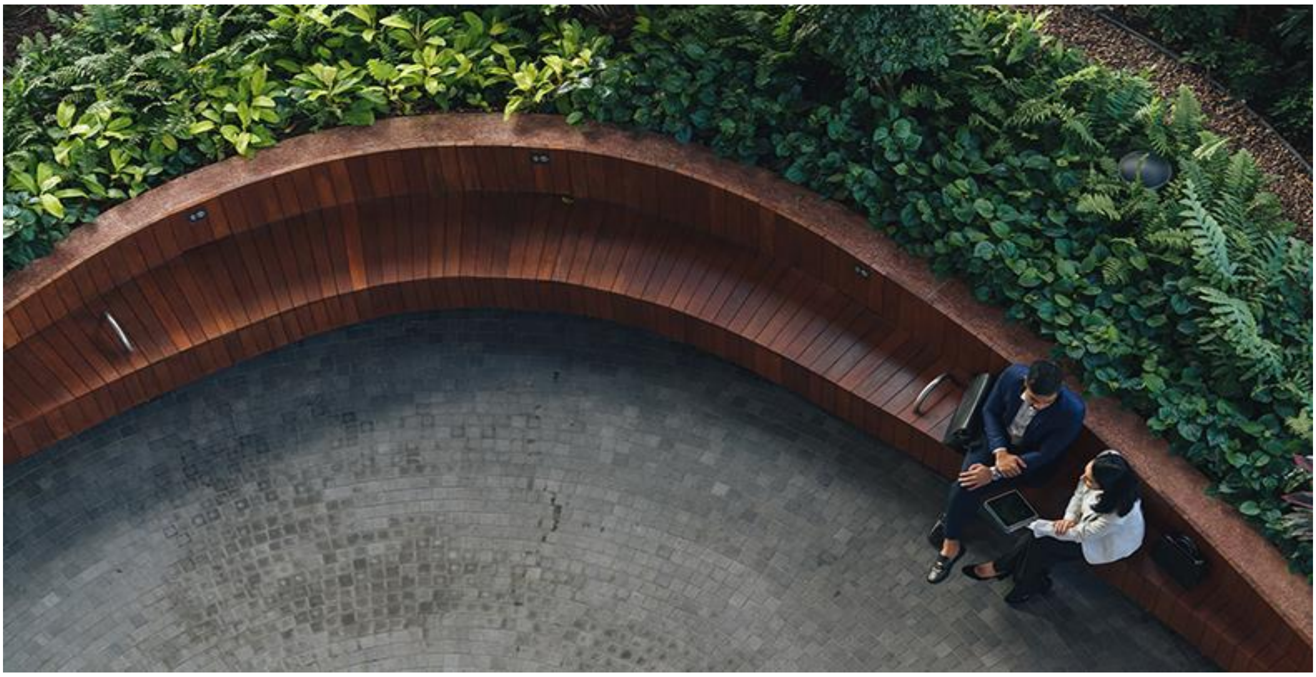


2. Awareness of sustainability and current behaviour
2.6 Increased spending on sustainable goods

Among all city tiers, the proportion of consumers in first-tier cities who increased their spending by more than 50% is the highest, while the proportion of consumers in second-tier cities who increased their sustainable consumption spending is the lowest.

Figure: Increased spending on sustainable goods – City-tier comparison (Percentage of respondents)





2. Awareness of sustainability and current behaviour
2.7 Sustainable consumption concepts supported by Chinese consumers

Sustainable consumption concepts related to the protection of natural environments are attracting attention from Chinese consumers, with the two younger generations gradually embracing emerging sustainability concepts

The top three sustainable consumption concepts among consumers are environmental protection, carbon emission reduction, and animal protection, indicating that Chinese consumers are keen to protect the natural environment.

The findings show that Baby Boomers are the most supportive of environmental protection and carbon emission reduction, and that women are far more aware of animal protection than men, especially Gen Z women.

In addition, Baby Boomers opted for "extending product life cycle" more than any other group, reflecting their frugal consumption habits and spending within their means. The number of people choosing this option decreases with age.

Generation X is more concerned with "physical and mental health" and "efficient use of energy" than any other generation. Millennials pay more attention to "innovative materials or technologies" and "diverse and inclusive culture".

Generation Z is the group most concerned with "labour rights", "respect and equality", "animal protection" and "charity". They have a stronger sense of individuality, are less receptive to "inequality", are bold in defending their rights and want to be treated with equal respect. Although they have limited financial means, they are the most enthusiastic about charitable causes and are adept at contributing to them in more diverse ways. It is worth noting that the two younger generations choose the option of "renting instead of buying" much more than the two elder generations, showing that young people are more receptive to emerging sustainability concepts.

Figure: Most supported sustainable consumption concepts (Percentage of respondents)

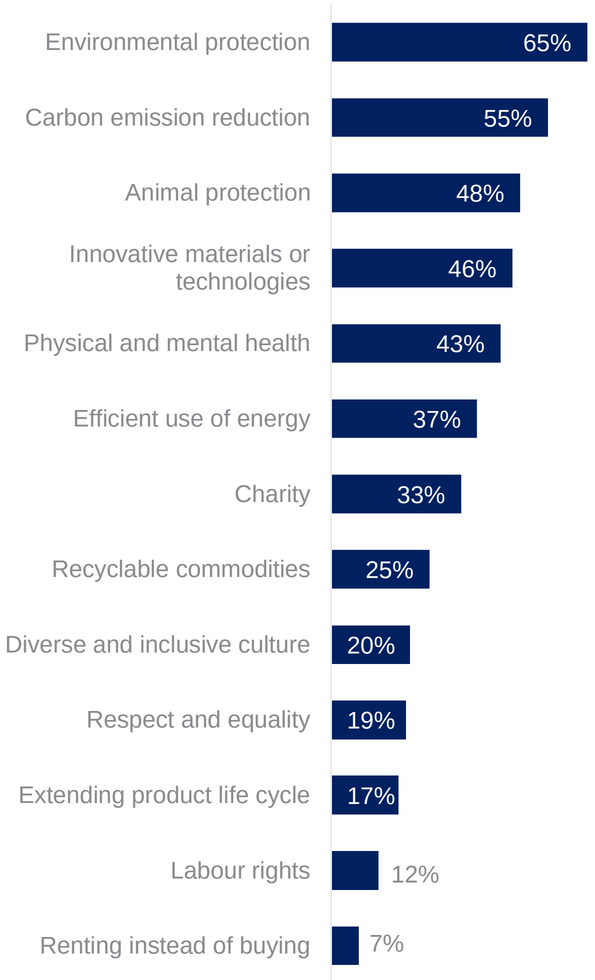
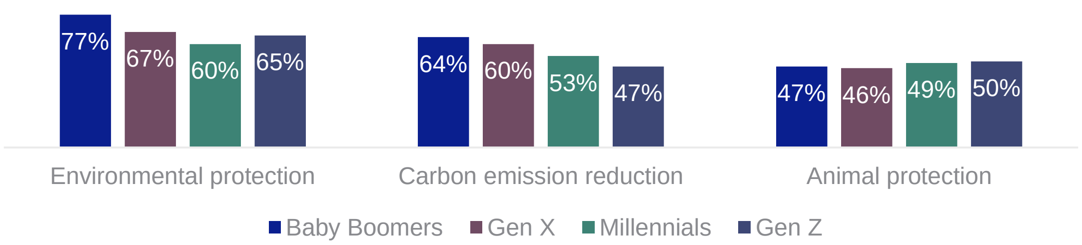


Figure: Environmental protection, carbon emission reduction, animal protection - Generational comparison (Percentage of respondents)



2. Awareness of sustainability and current behaviour

2.7 Sustainable consumption concepts supported by Chinese consumers

Figure: Animal protection – Generational and gender comparisons (Percentage of respondents)

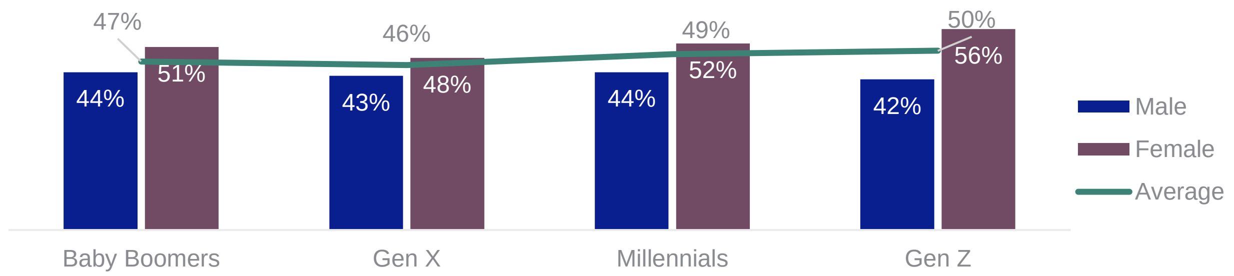
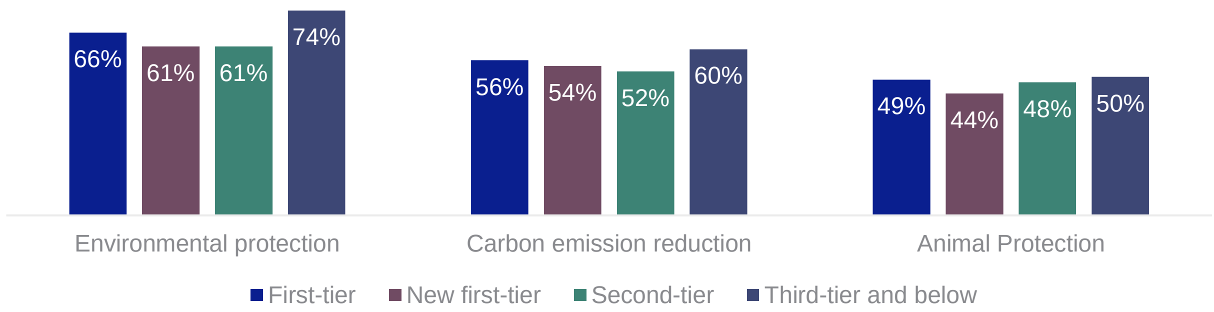


Figure: Environmental protection, carbon emission reduction, animal protection – City-tier comparison (Percentage of respondents)



Chapter 3

Expectations for brands' sustainable development

3. Expectations for brands' sustainable development

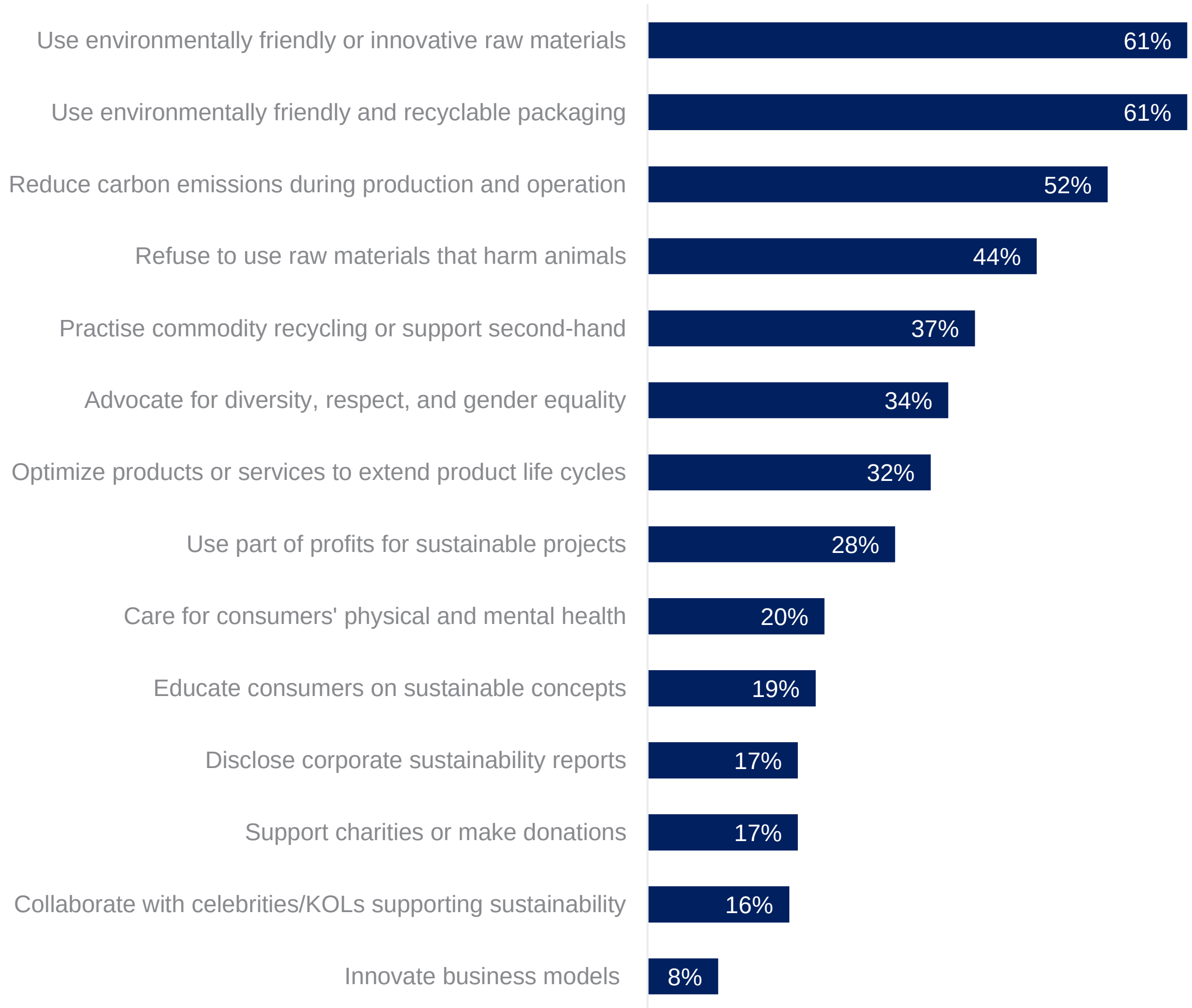
3.1 Initiatives Chinese consumers expect brands to take on practicing sustainability

Consumers want brands to prioritise initiatives to protect the natural environment and Gen Zers expect brands to promote equality

Consumers' expectations for how brands practise sustainability are largely aligned with the sustainability concepts they support, with the top four all being related to the protection of natural environments: use environmentally friendly or innovative raw materials, use environmentally friendly or recyclable packaging, reduce carbon emissions during production, and refuse to use raw materials that harm animals.

It is worth noting that consumers' expectations for brands to practise commodity recycling are second only to protecting the natural environment, with Baby Boomers, Gen Xers and Millennials all expressing high levels of enthusiasm on this point. Gen Xers are most supportive of companies reducing carbon emissions in their operations, using profits for sustainable projects, and making donations. Millennials want most of all that companies disclose their sustainability reports and educate consumers on sustainability concepts in their branding, while Gen Zers prefer to advocate for diversity, respect and gender equality in brand culture.

Figure: Initiatives Chinese consumers expect brands to take on practicing sustainability to practice sustainability (Percentage of respondents)



3. Expectations for brands' sustainable development

3.1 Initiatives Chinese consumers expect brands to take on practicing sustainability to practice sustainability

Data shows that collaborating with celebrities or KOLs is more effective among Millennials and consumers in new first-tier cities, with Baby Boomers and consumers in third-tier cities and below being the least influenced.

Figure: Collaboration with celebrities/ KOLs who support sustainability concepts – Generational comparison (Percentage of respondents)

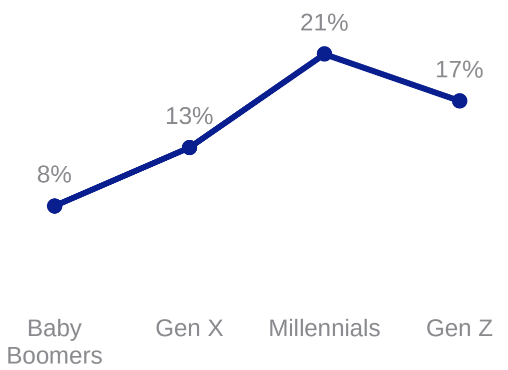
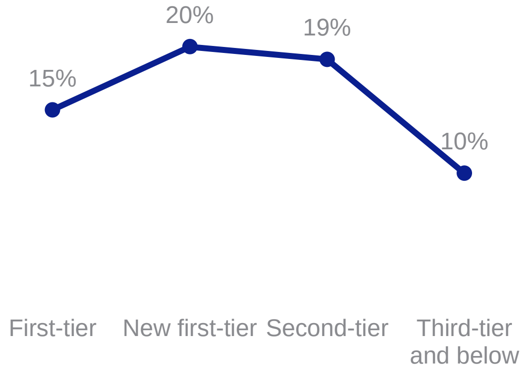


Figure: Collaboration with celebrities/ KOLs who support sustainability concepts – City-tier comparison (Percentage of respondents)



3.2 "Unsustainable" behaviours influencing consumer purchases

Brands that damage the natural environment are the most likely to influence consumers' purchasing decisions, and women are particularly averse to harming animals

When brands damage the natural environment, such as causing severe pollution, harming animals, using non-environmentally friendly materials, and releasing products with excessive packaging or quality problems, consumers' purchasing behaviour will be seriously affected.

Brands that engage in issues such as labour rights violations, discrimination, and cooperation with questionable third parties or political stances, will cause resentment among some consumers, but not to the same extent as environment-related behaviour.

Brands causing serious pollution in their production and operations is the most objectionable "unsustainable" behaviour for Chinese consumers, with two thirds of Baby Boomers and Gen Xers saying it affects their purchasing behaviour. Women generally believe that harming animals should not be tolerated, with Millennials and Gen Zers being less likely to tolerate it compared with the two elder generations, and Gen Z women being the staunchest opponents, 65% of whom would reconsider their purchase if a brand harms animals.

Ideology-related "unsustainable" behaviours have a higher impact on the consumption of Millennials and Gen Zers compared with the two elder generations, such as brands that display clear discrimination, mislead the public and have controversial political stances.

Figure: "Unsustainable" behaviours influencing consumer purchases (Percentage of respondents)

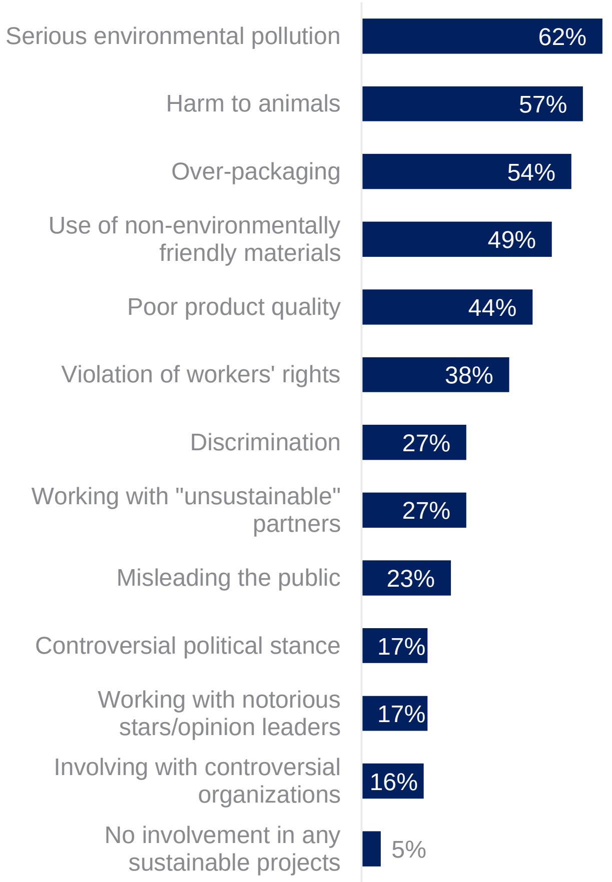
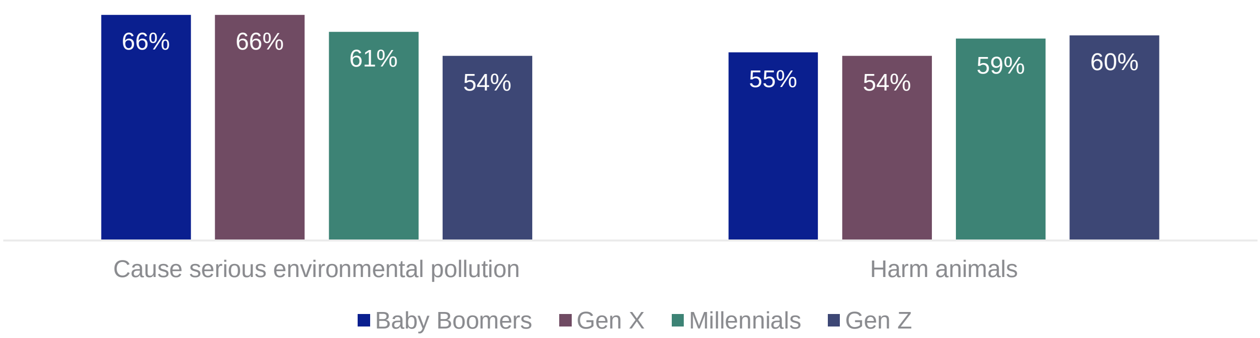


Figure: Harm to animals - Gender and generational comparisons (Percentage of respondents)



3. Expectations for brands' sustainable development

3.2 "Unsustainable" behaviours influencing consumer purchases

Figure: Cause environmental pollution and harm animals - Generational comparison
(Percentage of respondents)

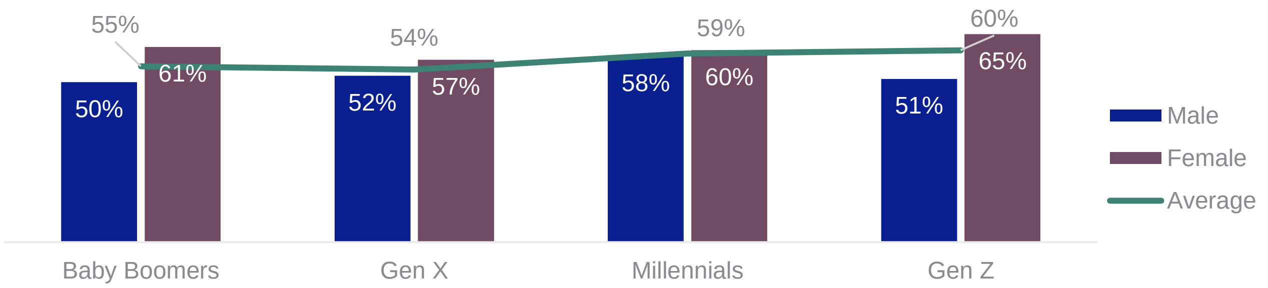
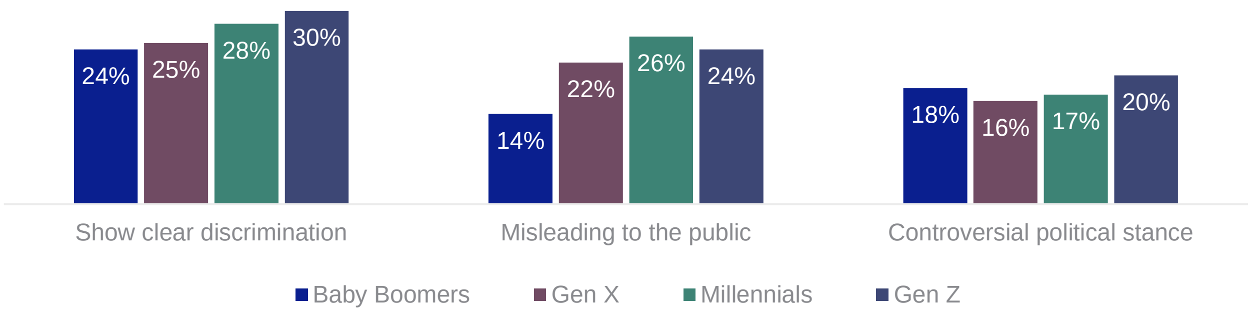


Figure: Show clear discrimination, mislead the public, have controversial political stance - Generational comparison (Percentage of respondents)



3.3 Impact of sustainability initiatives on brand loyalty

The sustainable behaviour of a brand will affect consumer loyalty to a large extent, and its importance increases with age

Brands practising sustainability is critical to consumer loyalty. Nearly a quarter of respondents believe that whether or not a brand practises sustainability initiatives has a significant impact on their loyalty to the brand, and nearly 60% of respondents says it has a high impact. Only 16% of respondents feel that it is less important.

Overall, the older the age, the higher the impact a brand's sustainable behaviour has on consumers' brand loyalty. Men are more likely to have their brand loyalty influenced by sustainability compared to women, and respondents in first-tier, third-tier and below cities are more likely to be influenced compared to respondents in new first-tier and second-tier cities.

Figure: Impact of sustainability initiatives on brand loyalty (Percentage of respondents)

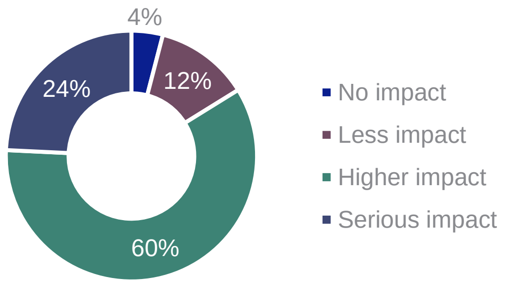
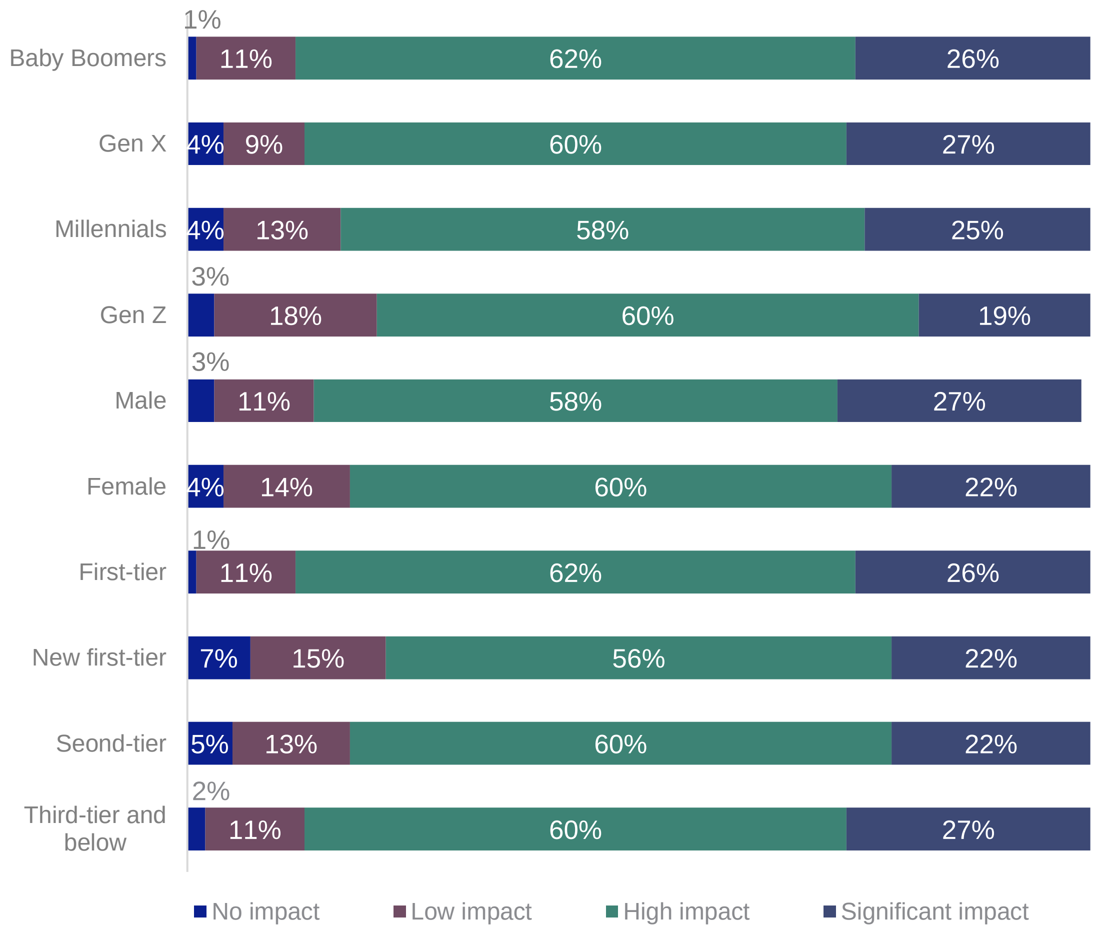


Figure: Impact of sustainability initiatives on brand loyalty –Generational, Gender, and City-tier comparison (Percentage of respondents)



Chapter 4
The future of sustainable consumption

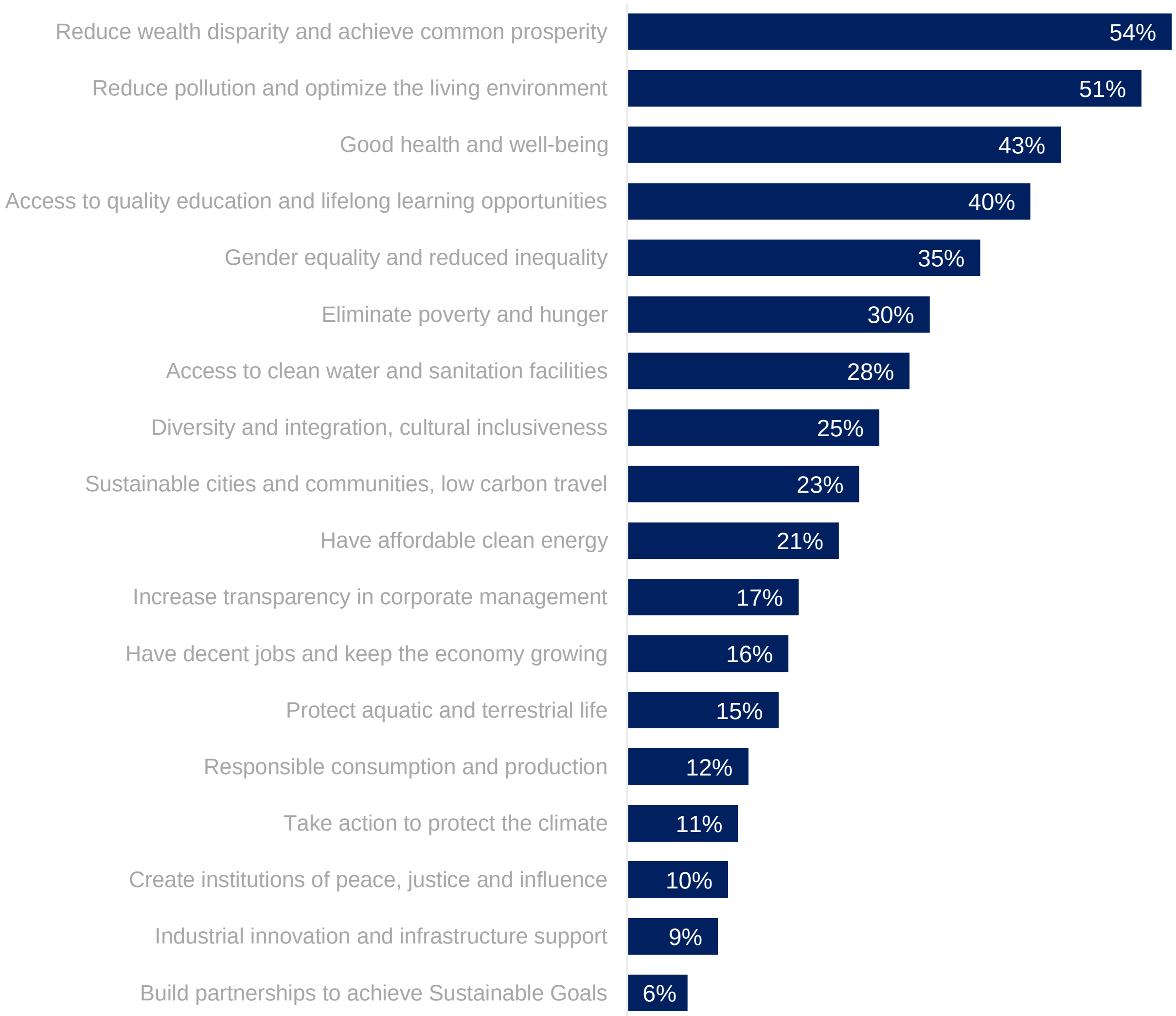
4. The future of sustainable consumption
4.1 Priorities for sustainable development

Reducing wealth disparity and achieving common prosperity is currently the most urgent sustainability action for China

Although reducing wealth disparity and achieving common prosperity ranks third in Chinese consumers' definition of sustainability, more than half of respondents chose sustainability as the most urgent issue for China, lifting it to the top. The proportion of respondents choosing this goal increases with age, and the proportion of respondents in third-tier cities and below agreeing with it is higher compared with other cities.

The other sustainability goals are largely in line with the ranking of Chinese consumers' definition of sustainability, with some minor differences, such as an increase in scores for diversity and inclusion, corporate transparency, responsible consumption and production.

Figure: China's most urgent sustainability need to implement (Percentage of respondents)



4. The future of sustainable consumption

4.1 Priorities for sustainable development

Figure: Reduce wealth disparity and achieve common prosperity - Generational comparison (Percentage of respondents)

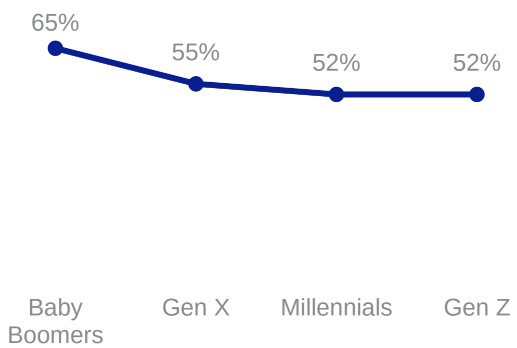
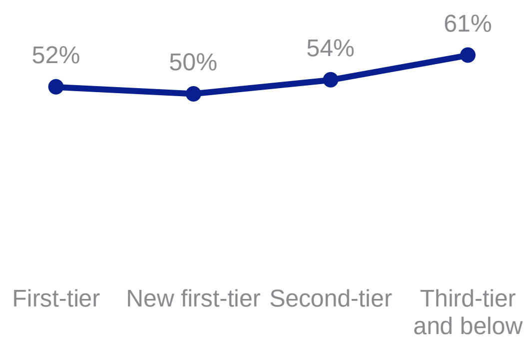


Figure: Reduce wealth disparity and achieve common prosperity - City-tier comparison (Percentage of respondents)



4.2 Ways to support sustainability

Chinese consumers will support sustainable development primarily by protecting the environment, reducing carbon emissions, saving energy and practising sustainable lifestyles.

More than half of respondents said they would support sustainability by protecting the environment, reducing carbon emissions, saving energy and practising sustainable lifestyles. Other ways include recycling or renting goods, educating the next generation on sustainability concepts, buying fewer short-cycle goods, and respecting diversity (occupation, gender, culture).

Baby Boomers and Gen Xers support sustainability by protecting the environment and reducing carbon emissions, saving energy and educating the next generation on sustainability concepts at a higher rate compared with the two younger generations. Interestingly, a similar trend was seen among consumers in third-tier cities and below, with a much higher proportion supporting sustainability through these three approaches compared with respondents in higher-tier cities.

Figure: Ways to support sustainability in the next three years (Percentage of respondents)

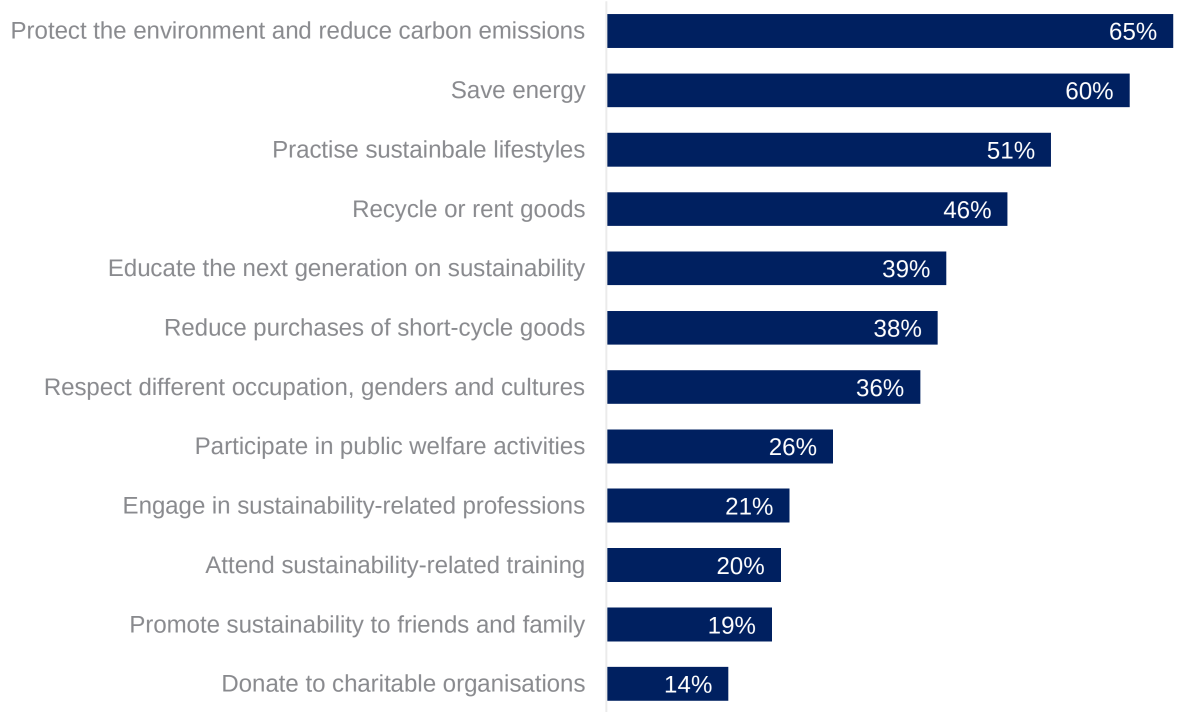
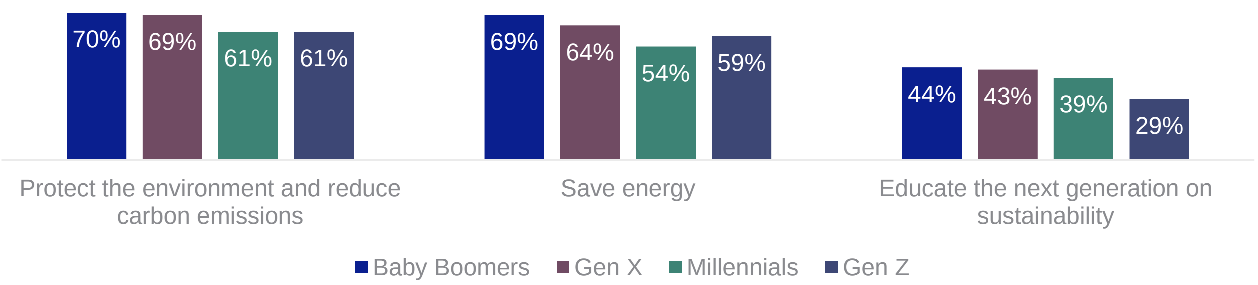


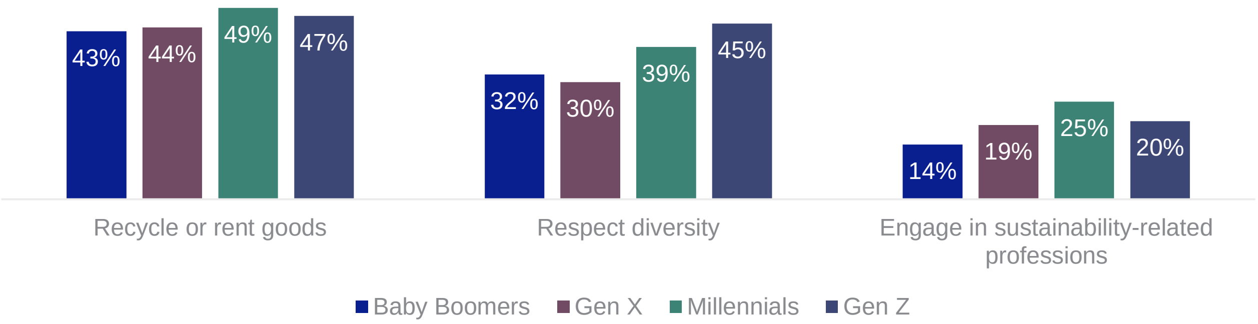
Figure: Protect the environment and reduce carbon emissions, save energy and educate the next generation on sustainability concepts – Generational comparison (Percentage of respondents)

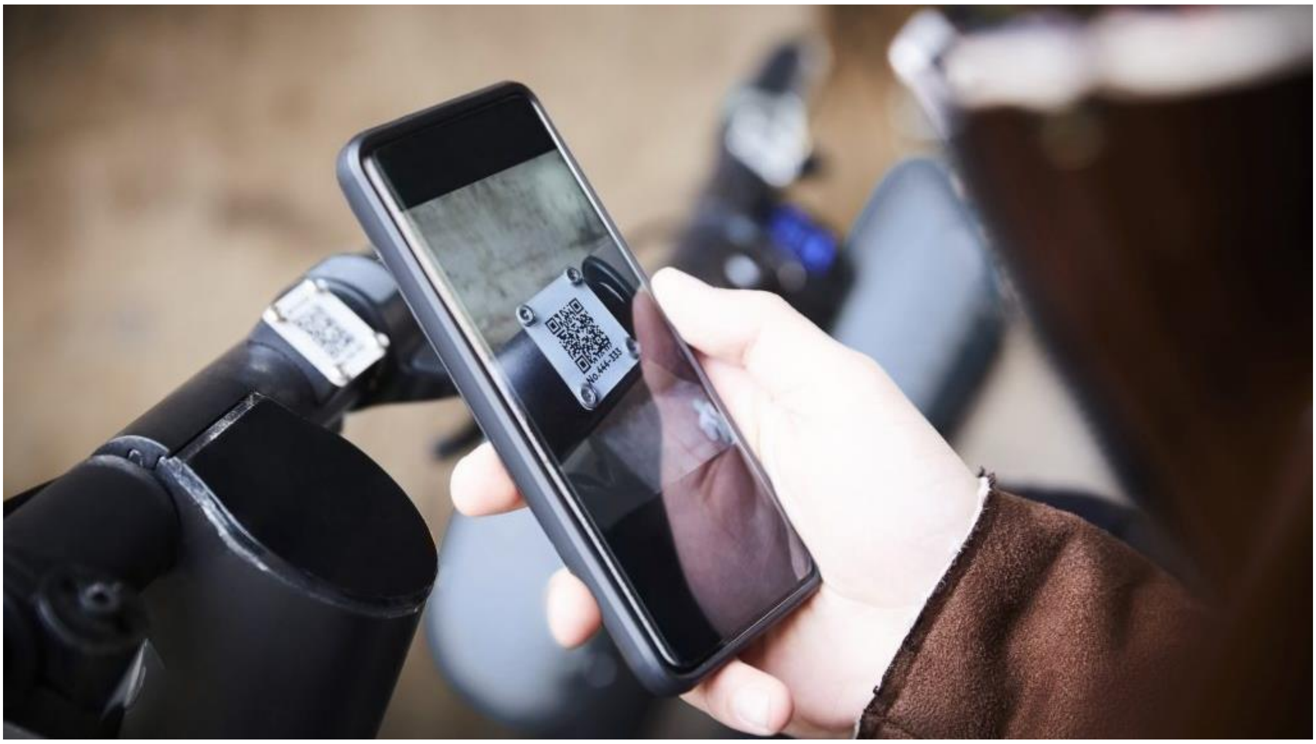


4. The future of sustainable consumption
4.2 Ways to support sustainability

Millennials and Gen Zers are more likely than the two elder generations to participate in recycling or renting goods, to respect diversity, and to engage in sustainability-related professions. In addition, Millennials are more willing to reduce their purchases of short-cycle goods, participate in sustainability-related training and engage in public welfare activities and charity donations.

Figure: Recycle or rent goods, respect diversity and engage in sustainability-related professions – Generational comparison (Percentage of respondents)





4. The future of sustainable consumption
4.2 Ways to support sustainability

Chinese consumers are most interested in learning about sustainability through mass media and social media

The channels through which consumers are most inclined to learn about sustainability are mass media and social media, followed by government publicity, participation in activities run by public welfare organisations, participation in sustainable practices of enterprises, and school education.

The proportion of Baby Boomers and Gen Xers is significantly higher compared with the younger generations in terms of preference for mass media/ social media and government publicity. Millennials and Gen Zers are more interested in school education and visiting exhibitions/museums. Among them, Gen Zers are the most likely to learn about sustainability through school education, while Millennials are significantly ahead of other generations in terms of exhibition/museum visits and professional/vocational training.

Figure: Channels through which consumers want to learn about sustainability (Percentage of respondents)

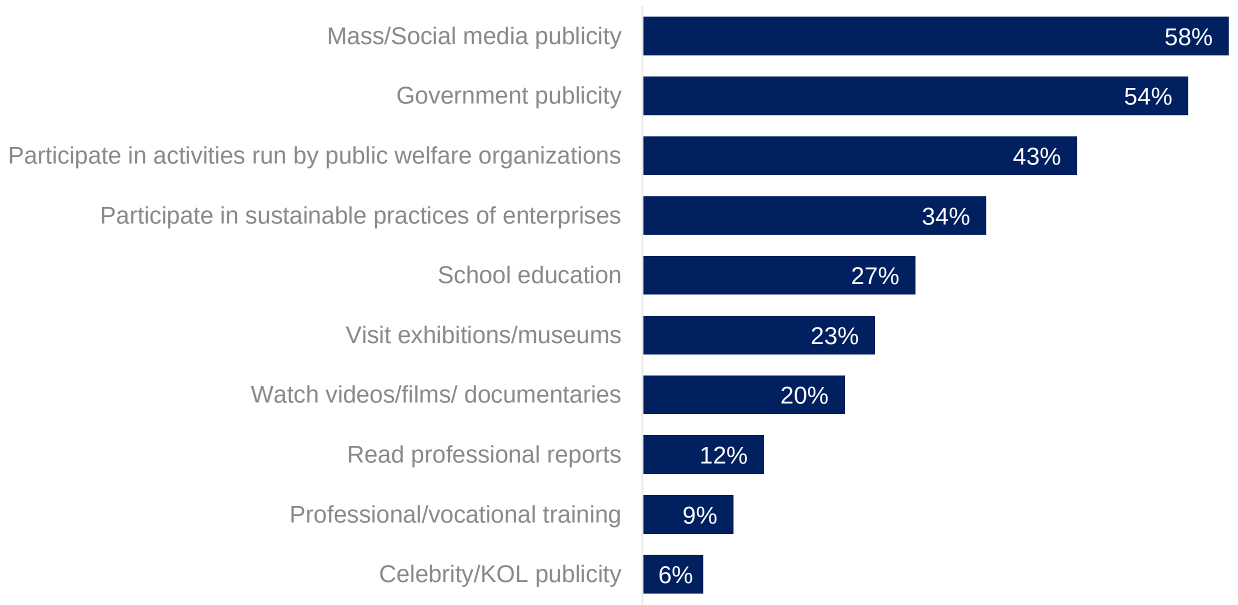
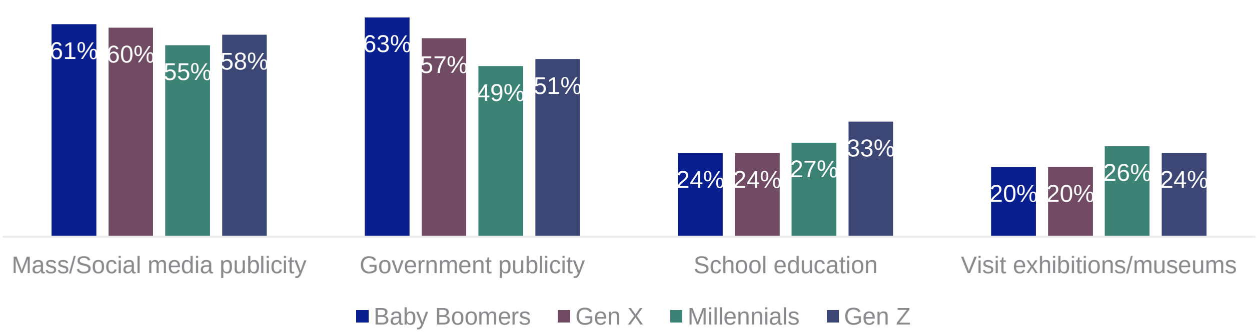


Figure: Mass/social media publicity, government publicity, school education, visit exhibitions/museums – Generational comparison (Percentage of respondents)



4.2 Ways to support sustainability

Men are more likely than women to prefer learning through government publicity and participating in sustainable practices of enterprises. In terms of government publicity, third-tier cities and below pay more attention compared with other cities. Gen Xers and Millennials in the workforce show a significant preference for engaging in corporate sustainable practices compared with the other two generations.

Figure: Government publicity - Generational comparison (Percentage of respondents)

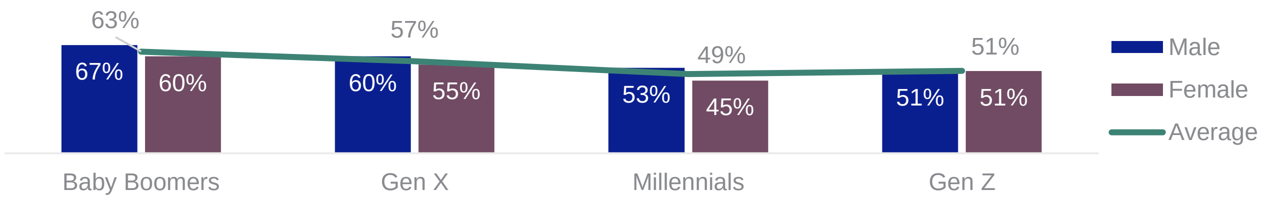
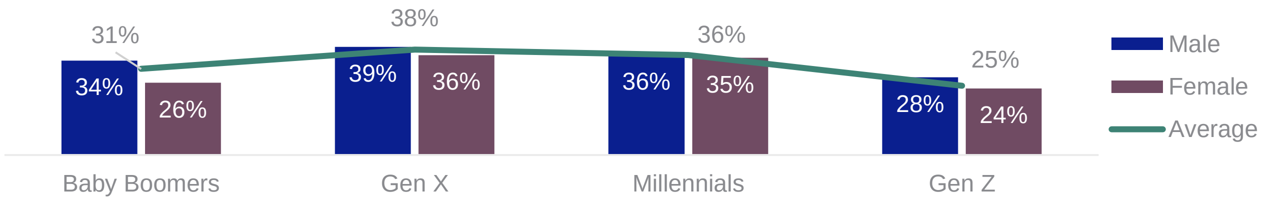


Figure: Participate in sustainable practices of enterprises - Generational comparison (Percentage of respondents)



4.3 Sustainable consumption plans for the next three years

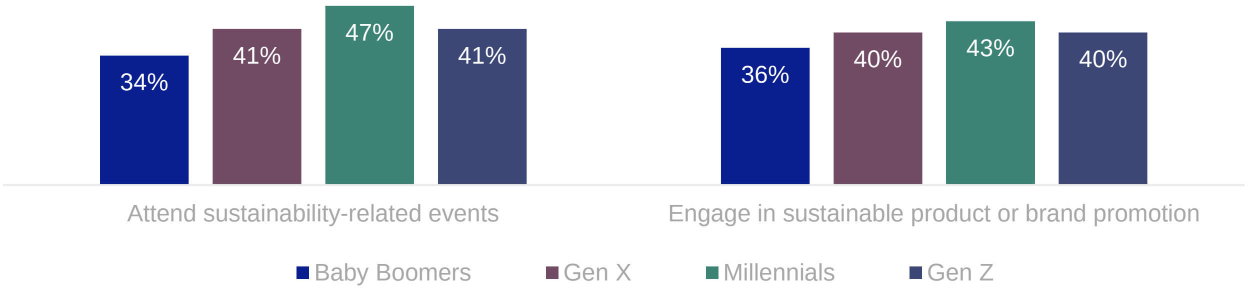
Over 60% of consumers plan to buy more sustainable goods, and younger consumers are starting to embrace buying second-hand goods

When it comes to the ways in which respondents will support sustainable consumption in the future, over 60% of them plan to buy products with sustainability concepts, which is the most popular way of supporting sustainability, followed by refusing over-packaging, and participating in product recycling. Baby Boomers are more supportive of all three of the above compared other generations.

Millennials are the most enthusiastic about attending sustainability-related events and engaging in sustainable product or brand promotion. It is also worth noting that although the concept of buying second-hand goods is still in its infancy, a quarter of Chinese consumers already plan to buy them in the future. The younger the group, the more receptive they are to second-hand goods, and the same trend is reflected in rented goods.

Figure: Ways to support sustainable consumption in the next three years (Percentage of respondents)

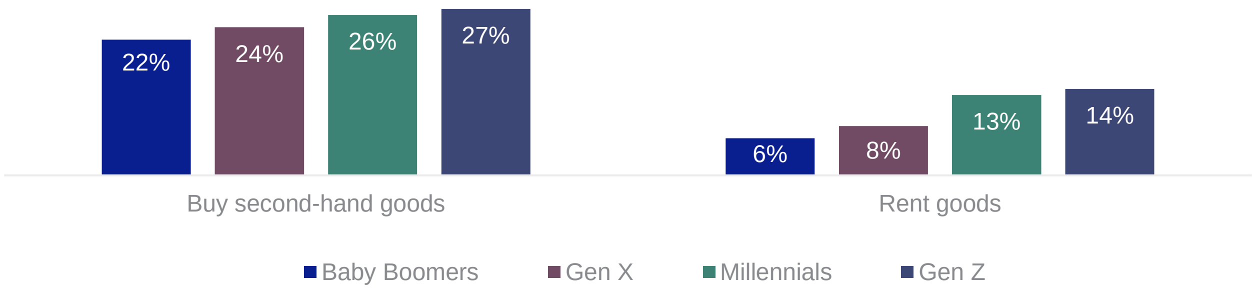
Figure: Participation in sustainability-related events and engaging in sustainable product or brand promotion - Generational comparison (Percentage of respondents)



4. The future of sustainable consumption

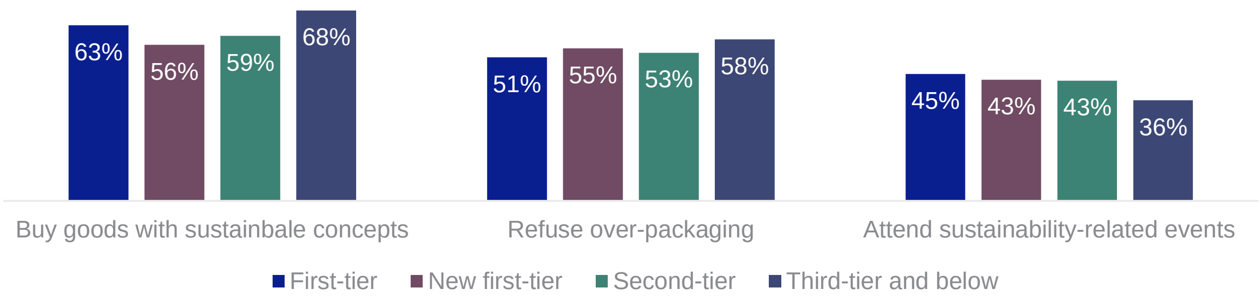
4.3 Sustainable consumption plans for the next three years

Figure: Buying second-hand goods or renting goods - Generational comparison (Percentage of respondents)



When comparing cities from different tiers, it was revealed that consumers in first-tier cities are most active in attending brand sustainability-related events and promoting sustainable products or brands. Consumers in new first-tier cities are most receptive to recycling products and buying second-hand goods, and consumers in second-tier cities are most interested in renting goods. Consumers in third-tier cities and below are the most engaged in buying goods with sustainability concepts and refusing over-packaging. However, their engagement in brand sustainability-related activities is relatively limited compared to consumers in other cities.

Figure: Buying goods with sustainability concepts, refusing over-packaging and attending sustainability-related events - Generational comparison (Percentage of respondents)



4. The future of sustainable consumption

4.3 Sustainable consumption plans for the next three years

Chinese consumers are very willing to increase their sustainable consumption in the future, with enthusiasm being the highest in first-tier, third-tier and below cities

Nearly 90% of consumers plan to increase their sustainable consumption in the future. Interestingly, consumers in first-tier, third-tier and below cities are significantly more enthusiastic about sustainable consumption than in new first-tier and second-tier cities.

Baby Boomers and Millennials have the highest proportion of people planning to increase their sustainable consumption in the future. A simultaneous comparison by generation and gender reveals that Gen Z males are the least willing to consume in a sustainable manner more often.

Figure: Intention of increasing sustainable consumption in the next three years (Percentage of respondents)

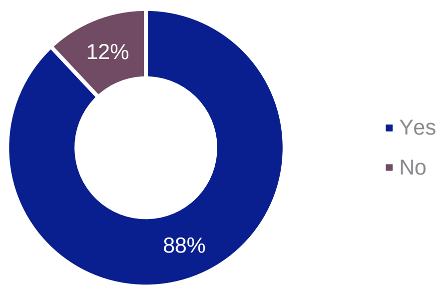


Figure: Intention of increasing sustainable consumption in the next three years – City-tier comparison (Percentage of respondents)

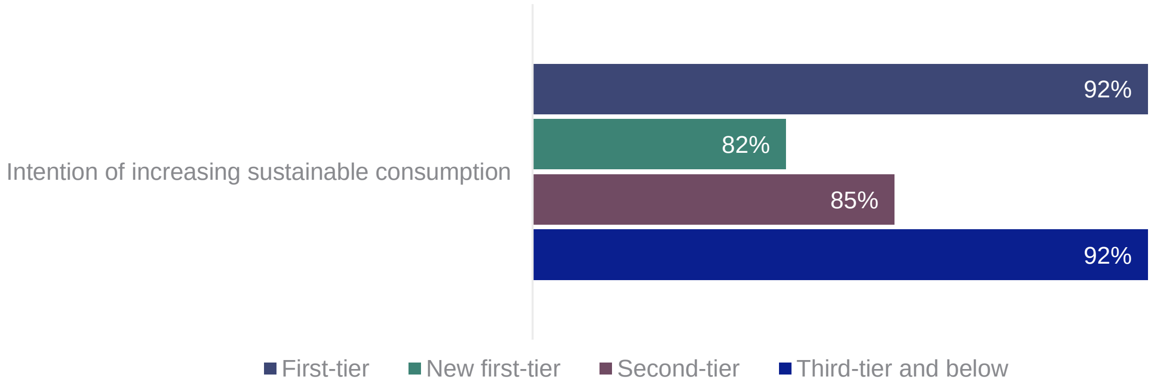
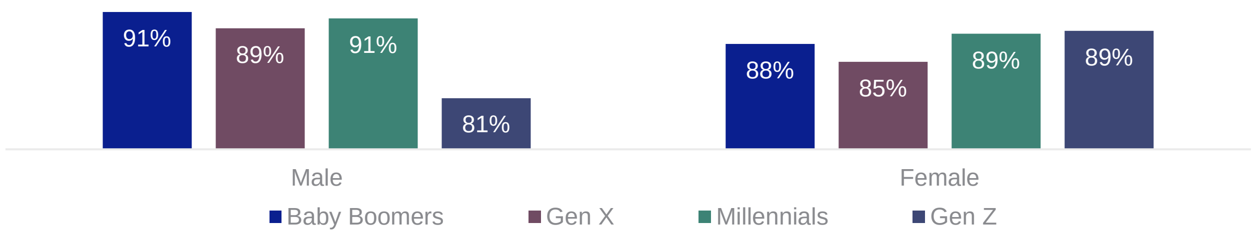


Figure: Intention of increasing sustainable consumption in the next three years – Generational and gender comparisons (Percentage of respondents)



4. The future of sustainable consumption
4.3 Sustainable consumption plans for the next three years

Over 80% of respondents believe that sustainable consumption will account for more than half of their total spending in the future

Among those who plan to increase their sustainable consumption in the future, over 80% of respondents believe that it will account for 50% or more of their total consumption, and nearly 40% plan to increase it to over 80% of their total consumption, indicating that consumers are highly motivated in this regard.

A generational comparison reveals that Millennials have a slightly higher share of sustainable consumption planned for the future compared with other generations, stating that 80% of what they consume will come from sustainable sources. From a city-tier perspective, the proportion of sustainable consumption among consumers increases with city tier.

Figure: Proportion of sustainable consumption in all consumption in the future
(Percentage of respondents)

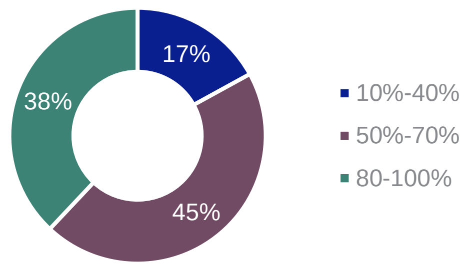
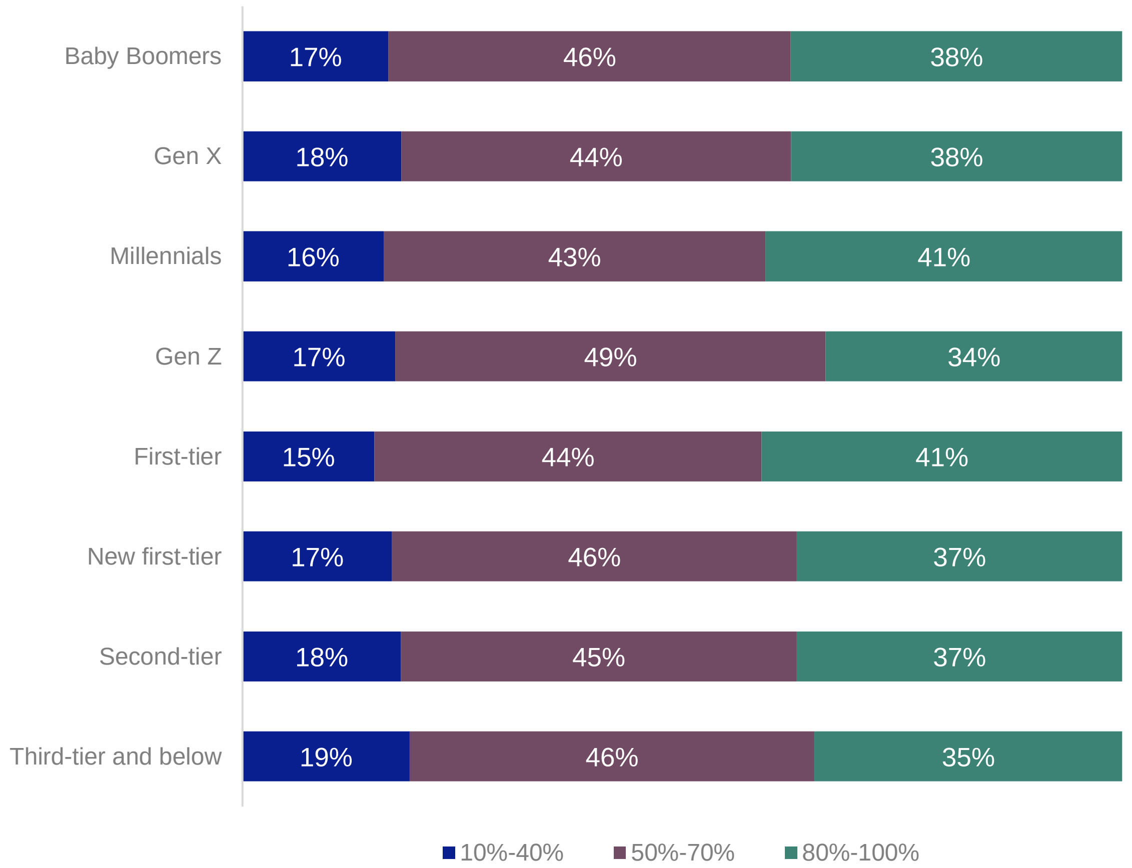


Figure: Proportion of sustainable consumption in all consumption in the future – Generational and city-tier comparison (Percentage of respondents)



4. The future of sustainable consumption

4.3 Sustainable consumption plans for the next three years

In the future, consumers will be significantly more willing to pay more for sustainability

There has been a significant increase in the number of people who are willing to pay more for sustainability in the future compared to present. Nearly half of consumers are willing to increase their spending by 20% or more - an increase of 10% compared to previous figures. There is also a small increase in the proportion of those willing to increase spending by 50% or more.

In line with those who have increased their sustainability spending at present, Gen Xers and Millennials are also the ones who will be more willing to increase it in the future, with Millennials being the most willing by more than 50%. In terms of cities, consumers in first-tier, third-tier and below cities will spend more on sustainability than consumers in new first-tier and second-tier cities.

Figure: How much more would you be willing to spend to support sustainability in the future (Percentage of respondents)

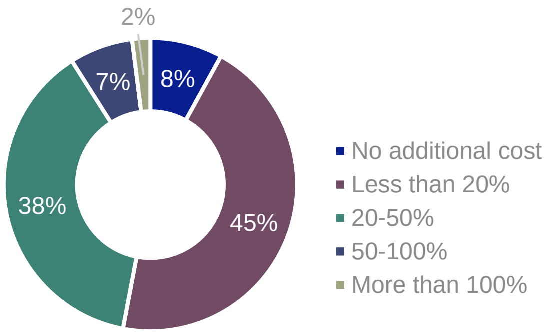


Figure: How much more would you be willing to spend to support sustainability – Future & present comparison (Percentage of respondents)

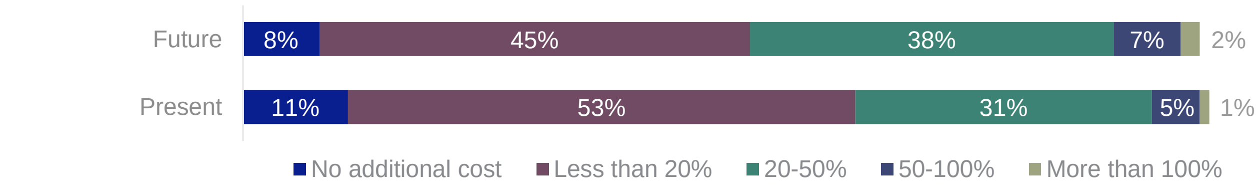
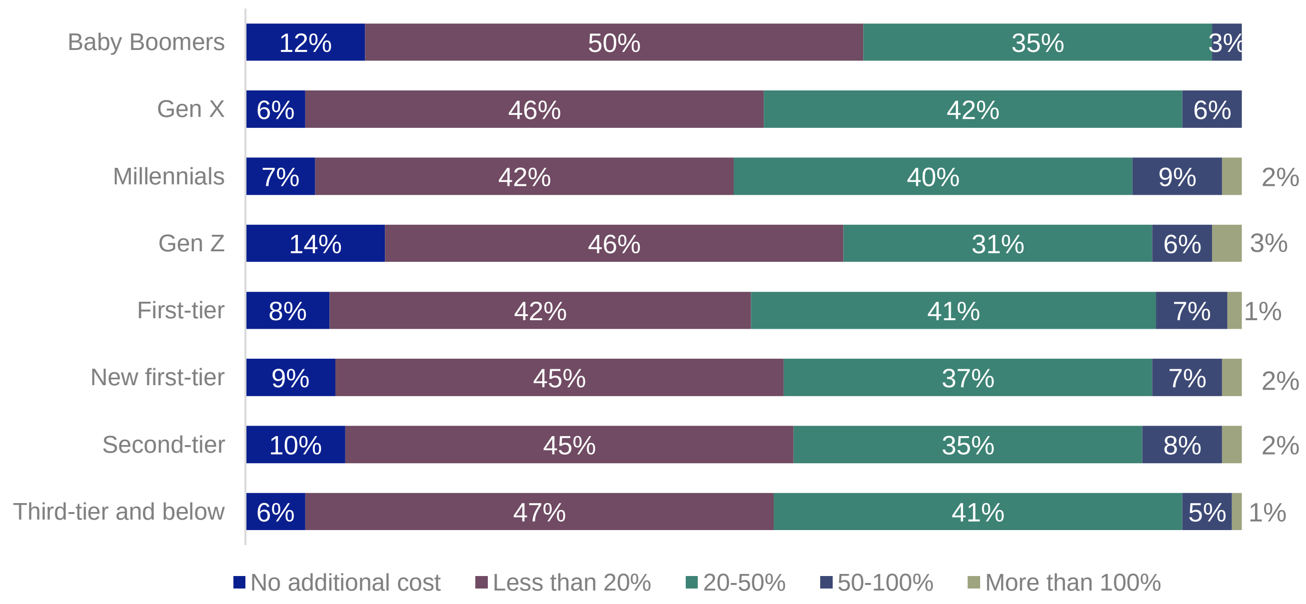


Figure: How much more would you be willing to spend to support sustainability in the future – Generational comparison (Percentage of respondents)



4.3 Sustainable consumption plans for the next three years

Clothing, footwear and hats together with food and wine remain in the top two sustainable consumption categories, with furniture and home furnishings, electronic products and automobiles set to move up the rankings in the future

When it comes to sustainable consumption categories that will be supported in the future, clothing, footwear and hats together with food and wine remain in the top two categories for all generations. Other categories have changed in ranking compared with past figures. Furniture and home furnishings and electronic products have overtaken hotel and travel, moving up to third and fourth place respectively, while hotel and travel has dropped from third to fifth place. In addition, a quarter of consumers chose automobiles, moving them ahead of perfume and cosmetics.

From a generational perspective, Baby Boomers continue to lead other generations in their willingness to spend on clothing and footwear, food and wine, and hotel and travel. Gen Xers are most interested in furniture and home furnishings. Millennials have made it clear that they are willing to spend on bags and leather goods, jewellery and watches, perfume and cosmetics, cars and sports clubs, and Gen Zers spend more on pet supplies compared with other generations.

Figure: Sustainable consumption categories that will be supported in the future (Percentage of respondents)

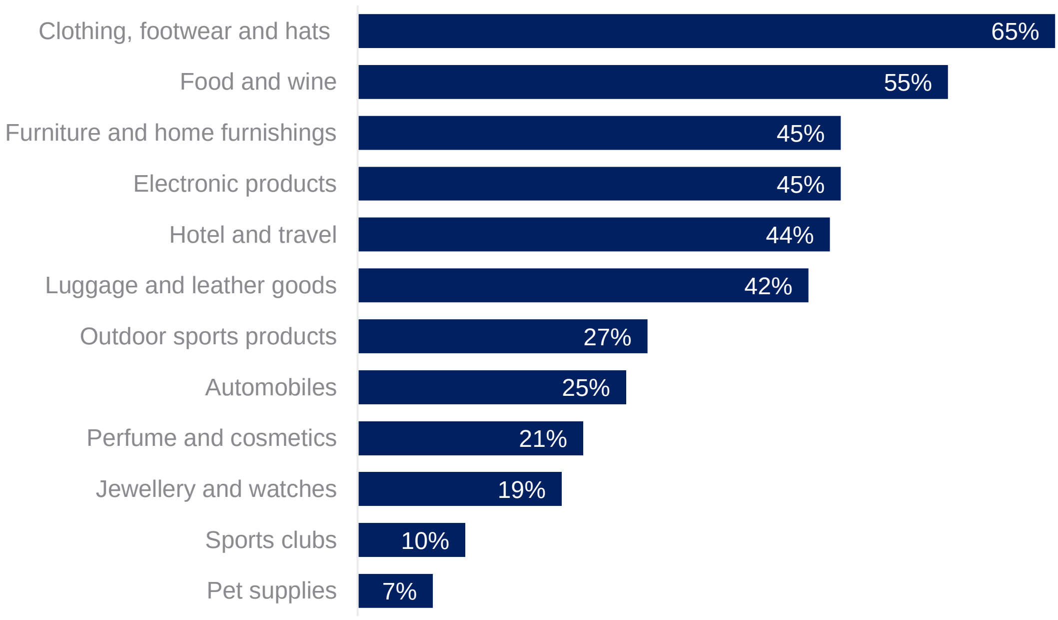
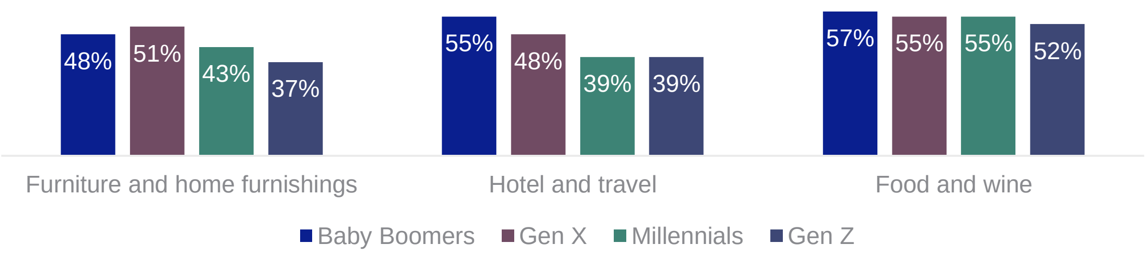


Figure: Furniture and home furnishings, hotel and travel, and food and wine – Generational comparison (Percentage of respondents)



4. The future of sustainable consumption

4.3 Sustainable consumption plans for the next three years

When it comes to sustainable consumption of furniture and home furnishings, Baby Boomers and Gen Xers are the main consumers of the future, with Gen X women and Baby Boomer men in particular showing lots of interest. From a city-tier perspective, third-tier cities and below have more enthusiastic consumers than higher-tier cities, particularly among male groups.

In the future, support for sustainable vehicles has increased across all age groups. Millennials will replace Gen Xers as the main consumers of sustainable vehicles, and Gen Zers, who used to be the most conservative in terms of sustainable vehicle consumption, will also significantly increase their willingness to consume in the future, with consumption rates gradually approaching those of the other three generations, especially male Gen Z consumers.

Figure: Furniture and home furnishings – Generational and gender comparisons (Percentage of respondents)

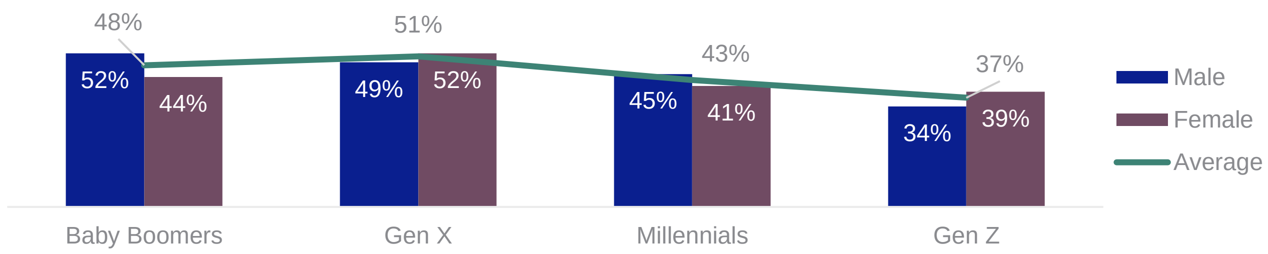
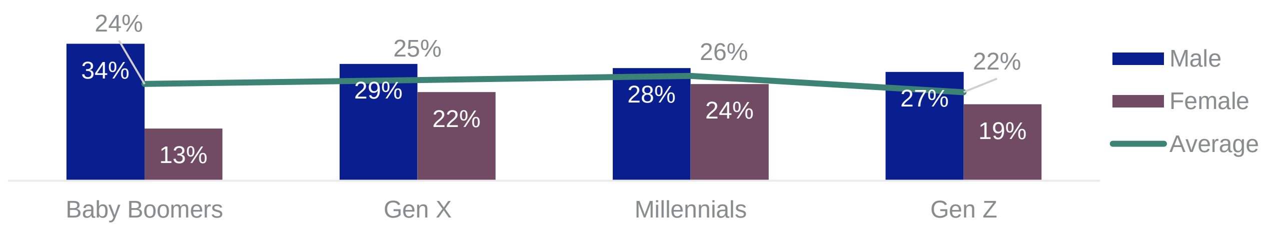


Figure: Automobiles – Generational and gender comparisons (Percentage of respondents)



Conclusion

Chinese consumers' values exhibit distinct attributes, revealing notable disparities in their perspectives on sustainability compared with other nations.

The findings in this survey report include a detailed analysis of Chinese consumers by generation, gender, and city tier, unveiling the substantial divergence in perspectives and anticipations concerning sustainability across these segments.

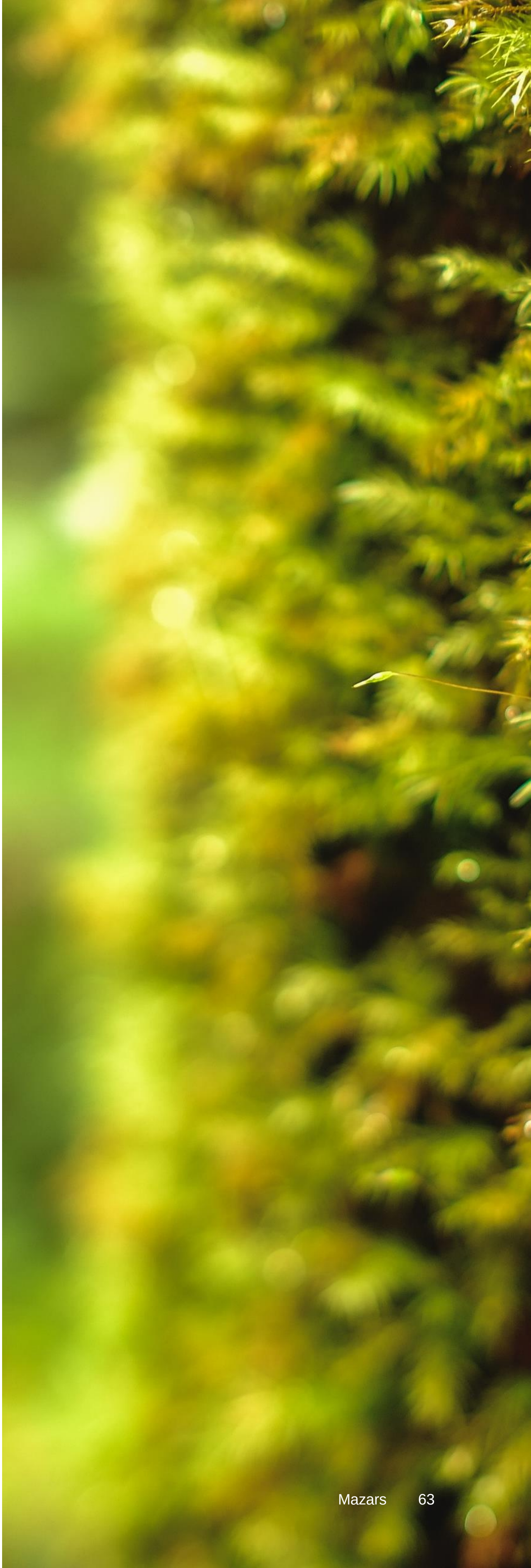
Conclusion

Since its endorsement of The Paris Agreement in 2016, China has been stepping up its efforts to foster an ecological civilisation and drive forward sustainable development. In 2020, it set the ambitious goal of ‘reaching peak carbon emissions by 2030’ and ‘attaining carbon neutrality by 2060’. Aligned with these ambitious aims, China is rapidly cultivating a green and low-carbon economy, elevating it to one of the country’s main priorities for the foreseeable future. As a result, sustainable development is gaining great popularity in China.

Consumers’ perceptions of sustainability intertwine with a country's economic landscape, social development, and individual values. The findings of this survey substantiate some of our observations. After more than 40 years of reform and opening-up, China's socio-economic development has been approaching global benchmarks. Nevertheless, Chinese consumers' values exhibit distinct attributes, revealing notable disparities in their perspectives on sustainability compared with other nations. Those sustainability goals most widely embraced worldwide might not hold the same precedence for Chinese consumers, which is worthy of consideration by all brands within the Chinese market. When implementing their own sustainable development initiatives, brands would be ill-advised to simply replicate the strategies that have thrived in overseas markets, assuming identical success in China.

It is imperative for brands to discern the distinct characteristics of China’ s sustainable development, and formulate relevant plans and strategies tailored to local conditions.

Our report includes a detailed analysis of consumers by generation, gender, and city tier, unveiling the substantial divergence in perspectives and anticipations concerning sustainability across these segments. Sustainability will be a strategic priority for every enterprise’s future development, as it will become an integral part of their corporate culture and values. Therefore, we believe our report has great relevance and significance for any brand wishing to foster sustainable development in China.



Conclusion

1. Understanding sustainability with 'Chinese characteristics'

In 1987, the UN Brundtland Commission defined sustainability as 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'. Sustainable development is built on three fundamental pillars: **social**, **economic**, and **environmental**. Our survey shows that Chinese consumers not only take into account the globally recognized facets of sustainable development, but also exhibit distinctive 'Chinese characteristics'.

The top three definitions of sustainability among Chinese consumers are: reducing pollution and optimising the living environment; good health and well-being; narrowing the gap between rich and poor; and achieving common prosperity. Remarkably, the pursuit of common prosperity is considered by consumers to be the most urgent sustainable development goal in China, aligning with the long-term objectives proposed by the Chinese government in its 14th Five-Year Plan.

Chinese consumers associate sustainable development closely with governmental involvement.

Not only do they define sustainability based on China's current development situation, but they also perceive government bodies as the principal agents responsible for its execution. They attribute paramount importance to government in crafting policies and regulations, viewing these actions as the cornerstone of sustainable development.

Chinese consumers' understanding of sustainability, along with the underlying factors, has been delicately shaped by governmental influence. Prior to developing a sustainable strategy tailored to the Chinese market, brands must fully understand consumer values. Moreover, they should remain attuned to the ongoing evolution of Chinese society, take note of the Chinese government's planning statement, and demonstrate deference towards the most up-to-date policies and regulations whilst acknowledging mainstream media trends, instead of simply replicating successful experience from overseas markets.

2. Differentiated perspectives towards sustainability per generation, gender, and city tier

The rapid progression of Chinese society and its economy over the past four decades has witnessed the differences in consumer values across generations, genders, and cities. Different consumer groups have their own understanding, expectations, and outlook for sustainability. For example, consumers from the two elder generations tend to have a conventional perspective of sustainability, emphasizing environmental protection, health and well-being, and economic development. In contrast, Millennials and Gen Zers, shaped by their international living environment and the ubiquity of the internet, manifest a more multifaceted understanding of sustainability. Consequently, their concepts of sustainability are more closely aligned with international benchmarks. Therefore, brands should ensure that sustainable strategies targeting these two generations differ from those directed at Gen Xers and Baby Boomers.

It can be observed that some industry-leading brands have recognised the importance of sustainability to Chinese consumers and the uniqueness and diversity of the Chinese market. Many have set up dedicated sustainability departments in China to focus on researching Chinese consumers' preferences on sustainability. Some brands have successfully implemented sustainable initiatives adapted to younger consumers and have effectively increased engagement through interesting online and offline interactions, helping them gain a high level of recognition and putting them at an advantage over their competitors.

Generational differences represent merely one of the dimensions of our analysis in this report.

Conclusion

The Chinese market is diverse and multifaceted, and both gender dynamics and the developmental status of cities in which consumers are located have a profound influence on their perceptions of sustainability.

This in turn exerts more pressure on brands to embrace sustainability practices in the Chinese market. Brands need to consider the concerns of different consumers and adopt varied initiatives to meet their distinctive expectations. For instance, when crafting a sustainable blueprint tailored to Gen Zers, in addition to environmental and economic aspects, brands also need to extend their consideration on factors such as education, gender, as well as diversity and inclusion. Moreover, brands can explore partnerships with educational institutions to augment their reach. As for female consumers, an effective approach could involve highlighting the brand's commitment to animal welfare. For those aiming their efforts at Gen Z women, a heightened focus on gender equality could substantially enhance their resonance. It is worth noting that if a company has firmly committed itself to corporate transparency, its influence becomes notably more profound, particularly in Tier 1 and new Tier 1 cities.

3. Taking solid sustainable actions and integrating sustainability into the soul of brands

Numerous domestic fashion brands in China are swiftly advancing their sustainability endeavours, by paying close attention to the materials used, the design and product development, and by taking inspiration from traditional Chinese textile craftsmanship. Furthermore, some are also incorporating traceability management into their production and work processes, and are actively engaging consumers by sharing their sustainable development initiatives. In contrast, international brands are placing a pronounced emphasis on attaining carbon neutrality. Industry leaders even extend their scope to the indirect environmental impact exerted by both supply chain and end-consumers, fostering an encompassing ecosystem of sustainable consumption and practices on all fronts.

Millennials and Gen Zers will continue to be the main consumer groups in the forthcoming decades. Nevertheless, our report underscores a noteworthy shift that these two generations are no longer swayed by the current forms of sustainability marketing tactics. Instead, Millennials and Gen Zers expect brands to take a more substantive approach to tangibly implement sustainability practices, rather than merely projecting a surface-level sustainability image.

Authentic sustainable development should be integrated into the soul of a brand.

From product design, selection of materials, production processes, logo, brand culture, and communication tools employed, to the way employees and suppliers are treated, the concept of sustainability should play an integral role. This holistic approach ensures that consumers encounter the essence of sustainability at every touch point. Anticipations are high for more brands to seamlessly adopt sustainability as an inherent facet of their identity. Consumers will not only witness a brand's commitment to sustainable practices but will also recognize it as driven by sustainability values at its very core.

4. Exploring new and diverse ideas for sustainable consumption development

In our previous report '*Chinese consumers in 2021: how priorities in lifestyle consumption are changing*', we revealed a significant transition among Chinese consumers – from materialistic pursuits to more

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spiritual consumption. This paradigm shift has ushered experiential consumption to the forefront of mainstream trends. In this survey, an impressive 80% of respondents expressed their anticipation that their sustainable consumption will account for more than half of their overall consumption in the days to come.

Experiential consumption, such as fine dining, hotel and travelling, has emerged as a pivotal component of sustainable consumption.

Baby boomers and Gen Xers, in particular, are poised to engage more in experiential consumption with sustainable concepts in the future. This is a golden opportunity for brands to actively promote experiential consumption, and their contribution to sustainable development.

In light of the growing recognition of experiential consumption's role in fostering sustainable development, the market has also reacted positively. Experiential consumption brands have started to proactively embrace the concept of green development. An illustrative instance can be found that a few international F&B (Food and Beverage) companies have incorporated low carbon / decarbonisation into their operational framework. These forward-looking entities are not only adopting eco-conscious practices in their culinary processes, packaging endeavours, logistics management, and supply chain operations, but are also actively establishing zero-carbon restaurants. Within the hospitality sector, hotels have embarked on a series of sustainability initiatives, including recycling coffee powder capsules, reducing the use of disposable items, applying intelligent temperature control systems, optimizing electricity consumption, and obtaining third-party green certification. These sustainable actions inevitably give rise to challenges, yet they also pave the way for unparalleled opportunities to provide an extraordinary experience for customers.

In addition to experiential consumption, with

the rise of emerging sustainable concepts such as commodity recycling and renting models notably embraced by Millennials and Gen Zers,

brands can also increase their sustainability actions by delving into and cultivating the potential of such models. This proactive approach enables brands to align with the evolving aspirations of young consumers and effectively fulfil their expectations for sustainable consumption in the years ahead.

Taking second-hand luxury goods as an example, the Chinese market is blossoming, with second-hand luxury goods and vintage stores moving from street-side boutiques to large malls and outlets. Moreover, a substantial surge in second-hand transactions is being observed on digital platforms, including e-commerce channels and social media platforms. Data shows that the value of the domestic second-hand luxury market is projected to reach RMB 38.4 billion by 2025, with a compound annual growth rate of 15%. Nevertheless, the current scale of China's second-hand luxury goods market remains a fraction (less than one-sixth) of the US market*. As luxury goods appraisers become increasingly professional, and the market turns more regulated, coupled with the maturation of second-hand e-commerce platforms, there is still huge potential for this market to grow in China.

Sustainable development in China presents a formidable journey for brands.

Conclusion

Only those brands that possess a genuine understanding of the Chinese market and its multifaceted consumers can forge ahead with effective sustainable development strategies.

Within this context, our report highlights the characteristics of consumers across generations, genders, and city tiers, and we expect it to serve as a useful reference guide for our clients and industry practitioners.

The era of sustainability confronting China's consumer goods industry has arrived. With the insights garnered from our report, we anticipate a surge in visionary brands to understand the diverse perspectives of China's various consumer groups towards sustainable consumption.

This concerted effort is set to propel the sustainable development movement, give rise to the concept of '**truly sustainable brands**', as well as lay the foundation for a thriving and prosperous sustainable consumer market in China.

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Contact

Julie Laulusa
Member of the Group Executive Board
Managing Partner of Mainland China
+86 21 6168 1088
julie.laulusa@mazars.cn

Website:
www.mazars.cn

WeChat Subscription:
ID: Mazars

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