



# **Sustainable Consumption for a Better Future – A Study on Consumer Behaviour and Business Reporting**

22 February 2016



## 1 Sustainable Consumption (SC) & Council's Vision

## 2 Council's 1<sup>st</sup> SC Study

- Consumer Behaviour Study
- Reporting of Environmental Sustainability by Business
- Overseas Consumer Organisations' Initiatives

## 3 Way Forward



# UN Definition of Sustainable Consumption & Production (SCP)

**SCP is a holistic approach to minimising the negative environmental impacts from consumption & production systems while promoting quality of life for ALL**

## Key Principles

- Improving quality of life without increasing negative environmental impact
- Decoupling economic growth from environmental degradation
  - Applying life-cycle thinking
  - Guarding against re-bound effect

## Our VISION

**Be the trusted voice in striving for consumer betterment towards safe & sustainable consumption in fair & just market**





# Sustainable Consumption Study

## CONSUMER Behaviour Study

- Awareness & Attitude
- Current Behaviour
- Readiness to Support

## BUSINESS Reporting of Environmental Sustainability

- Gauge Degree, Quality & Transparency in Listed Companies' Reports

## OVERSEAS CONSUMER ORGANISATIONS Initiatives

- Desktop Research / Phone Interviews with Selected Markets







# Consumer Behaviour Study

- Awareness & Attitude
- Behaviour
- Readiness
- Sustainable Consumption Index



# Study on Consumers' Attitude & Behaviour towards SC

## Objective

- Develop **baseline picture** of HK consumers' awareness & priorities
- Understand which aspects influence consumers' purchasing decisions & behaviour

## Methodology

- **Questionnaire Survey**
  - 1,000 telephone interviews
  - Cantonese-speaking HK people aged 15-64
- **Focus Group Discussion**

### Awareness & Attitude

- Concerns over environment & products with adverse impact
- Understanding on concept
- Connection with related issues
- Impact on consumption behaviour to environment
- Preference on sustainable products

### Behaviour

- Habits being practiced
- Conservation
- Recycling

### Readiness

- Willingness to pay extra for eco-friendly products
- Motive & commitment

## Sustainable Consumption Index



# Consumer Awareness & Attitude

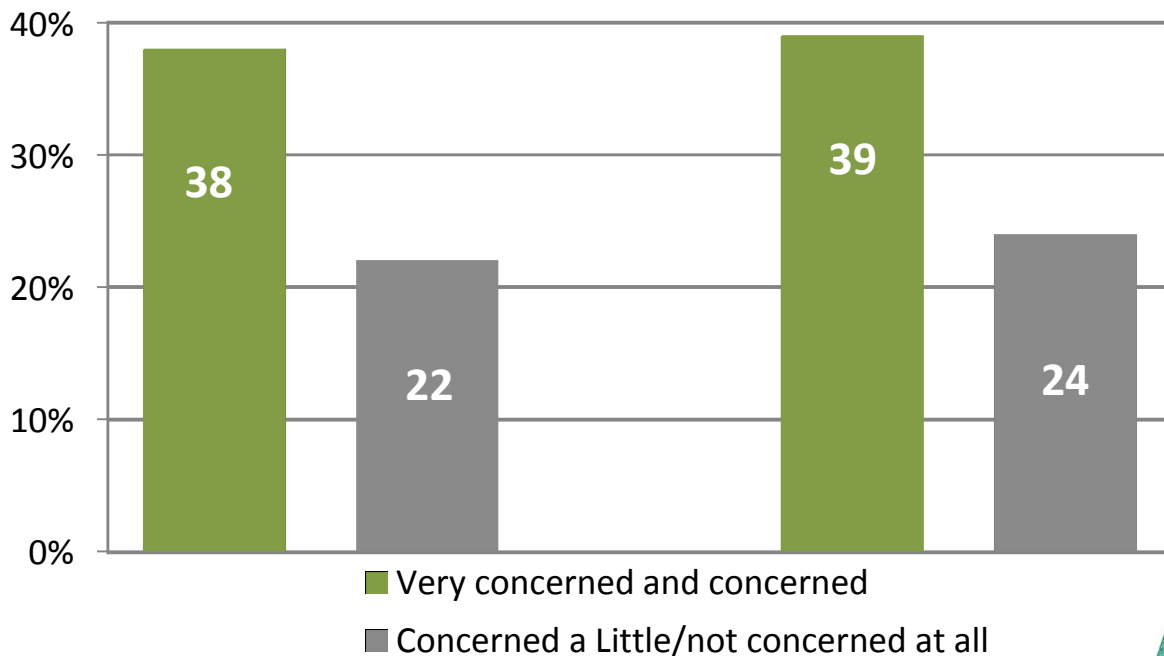


**Young & medium  
age groups are more  
concerned the  
environment**

**Higher income  
group thought their  
consumption had  
bigger impact**

**38% Concerned  
over the Environment**

**39% Concerned Impact of  
their Consumption  
on the Environment**

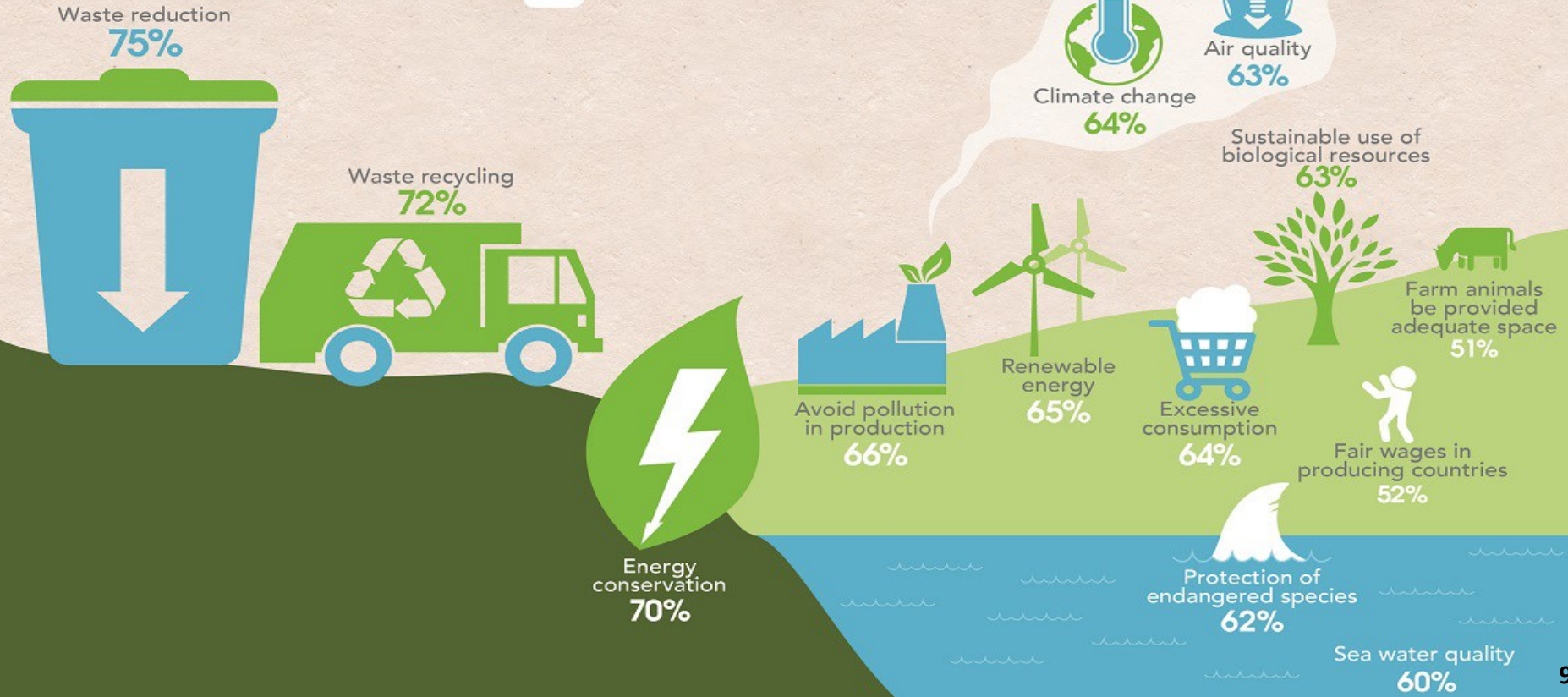


Do you think that "Sustainable Consumption" is related to the following issues?

## Strong consumers' intuitive understanding of SC

Stronger support for issues they face everyday

Less concerned with remote issues e.g. fair trade, animal welfares





# Consumer Behaviour







## Higher support

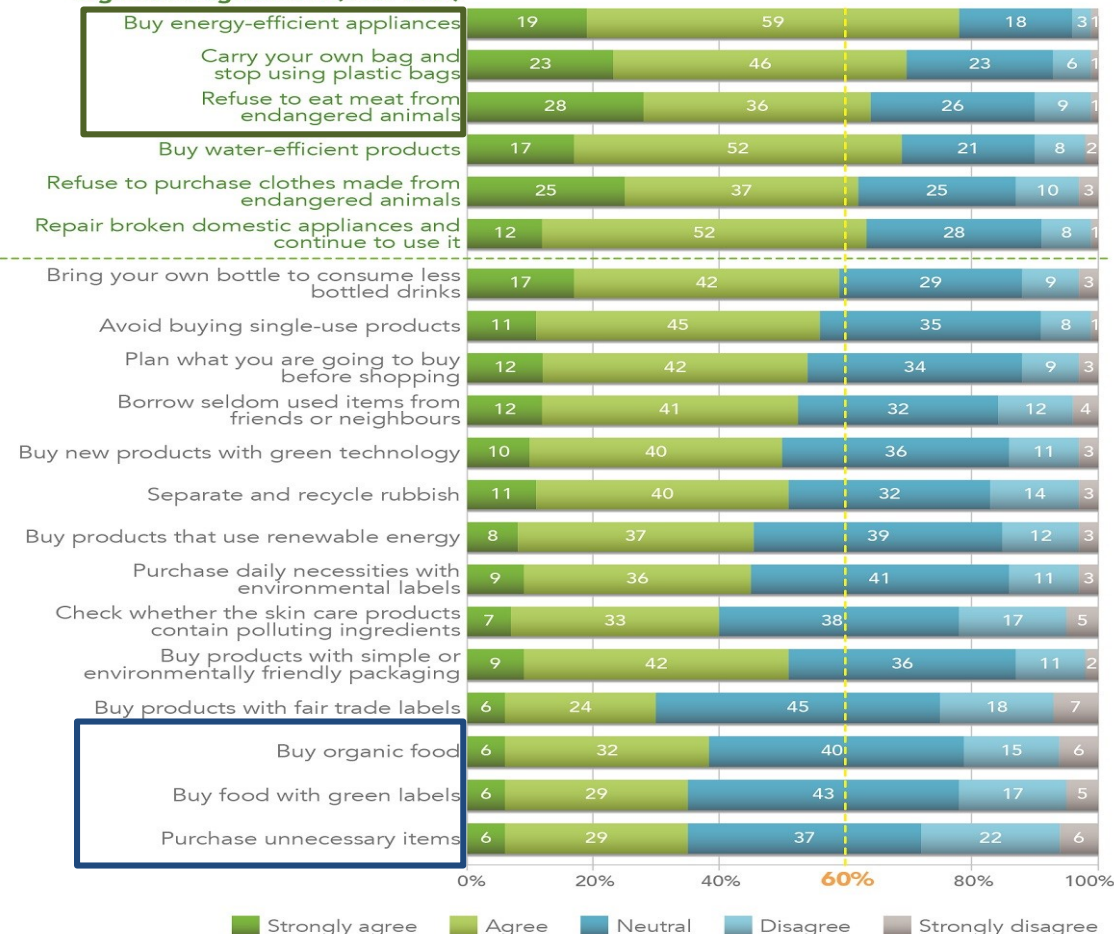
- Purchase/behaviour which bring about economic efficiency (e.g. buy energy-efficient appliances, 78%)
- Credible information
- Simple to execute

## Lower support

- More expensive
- Require behaviour/lifestyle change
- Take more effort/planning

To what extent do you agree with the following statements about your purchasing behaviour?

### Significant agreement (over 60%)



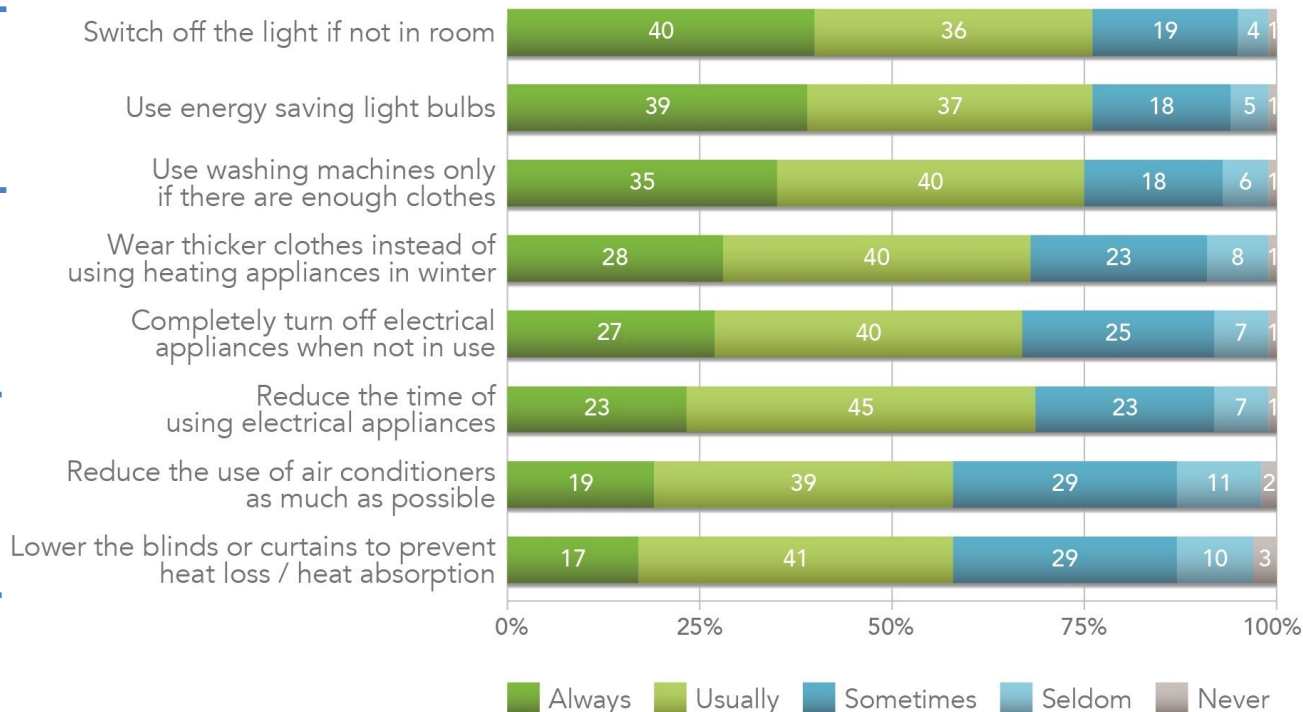
Remarks: The sum of the percentages may not equal to 100 due to rounding



Behaviour  
practised more

Less practised  
for those  
require more  
efforts

Do you usually practice the following habits?



Remarks: The sum of the percentages may not equal to 100 due to rounding

Rooms to intensify  
SC behaviour

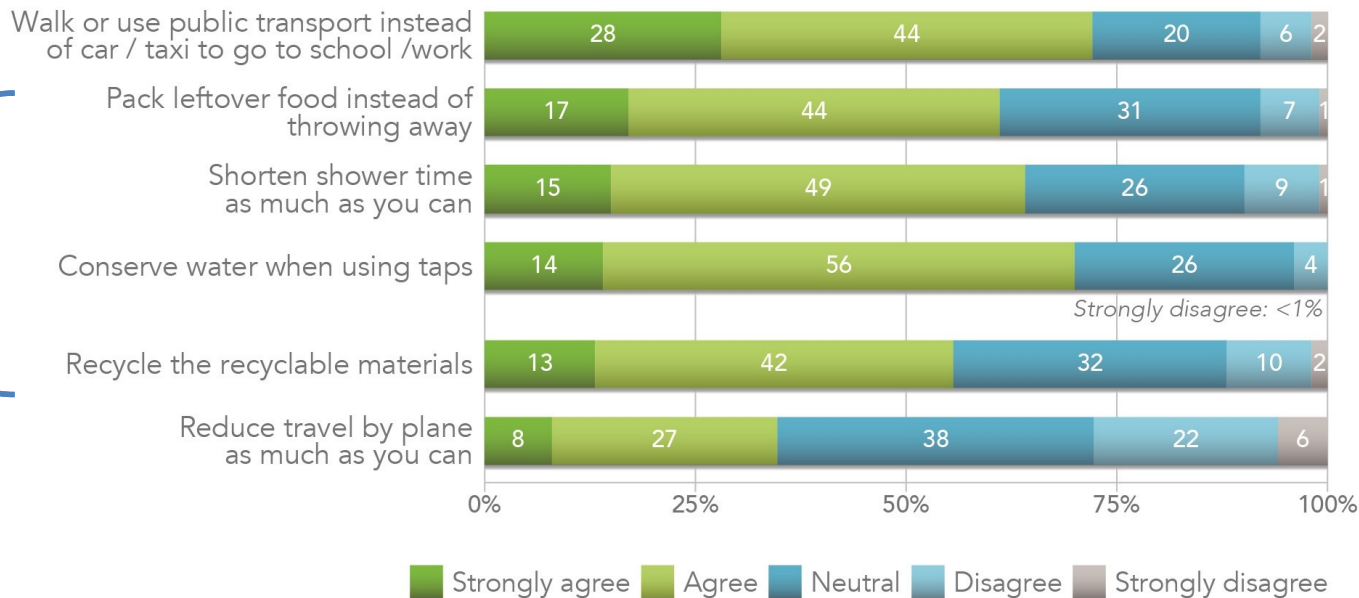


## “Conservation” Behaviour

- Conserve water
- Pack uneaten food
- Recycle recyclable

**Older people** although  
less concerned with the  
environment,  
more likely to recycle &  
pack uneaten food  
than **younger** one

### Water, traffic / waste reduction habits



Remarks: The sum of the percentages may not equal to 100 due to rounding

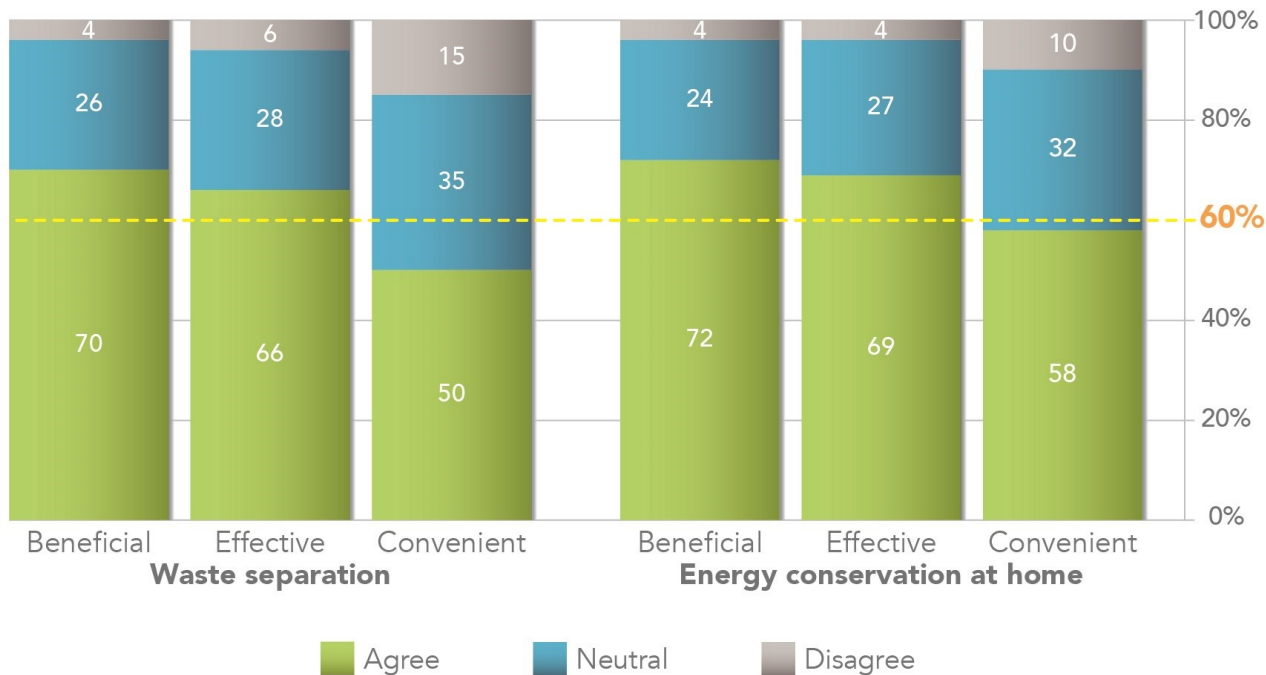


## Attitudes towards energy conservation & waste separation

😊 **Benefits & Effectiveness**

😐 **Convenience to support actions**

**Need Help to Convert  
Belief  
into Action**



## How much are you concerned about product information on the following?

### Highly concerned (over 60%)



Remarks: The sum of the percentages may not equal to 100 due to rounding

**2/3**  
**Respondents**  
**keen to know**  
**more about**  
**product hidden**  
**attributes**



# Consumer Readiness



## 75% Large Majority

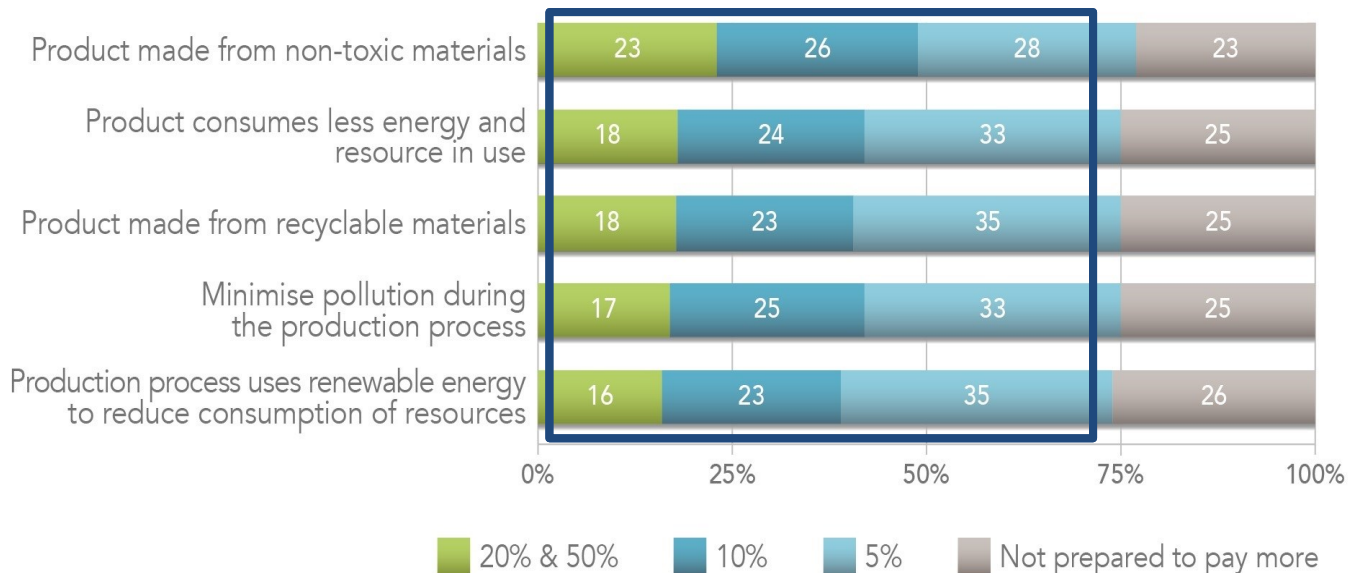


prepared to pay price premium for more sustainable products

➤ **Most true** for consumers earning **>\$20,000**

➤ **Least true** for **older & retired consumers**

If the SC alternative has the same performance, how much more would you be prepared to pay for the following products?



Remarks: The sum of the percentages may not equal to 100 due to rounding

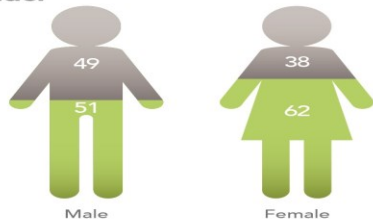


Whether the respondents usually purchase products or services that are produced in an environmentally friendly or sustainable way (%)

### Overall



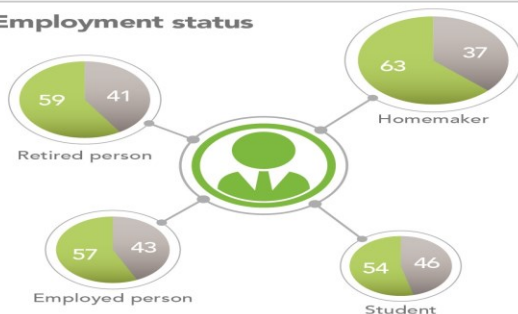
### Gender



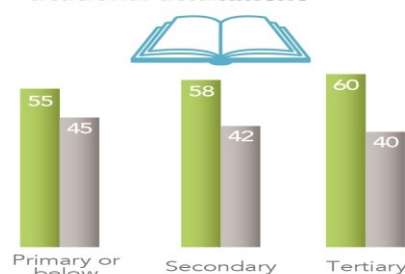
### Age group



### Employment status



### Educational attainment



### Have children or not?



### Marital status



Yes

No

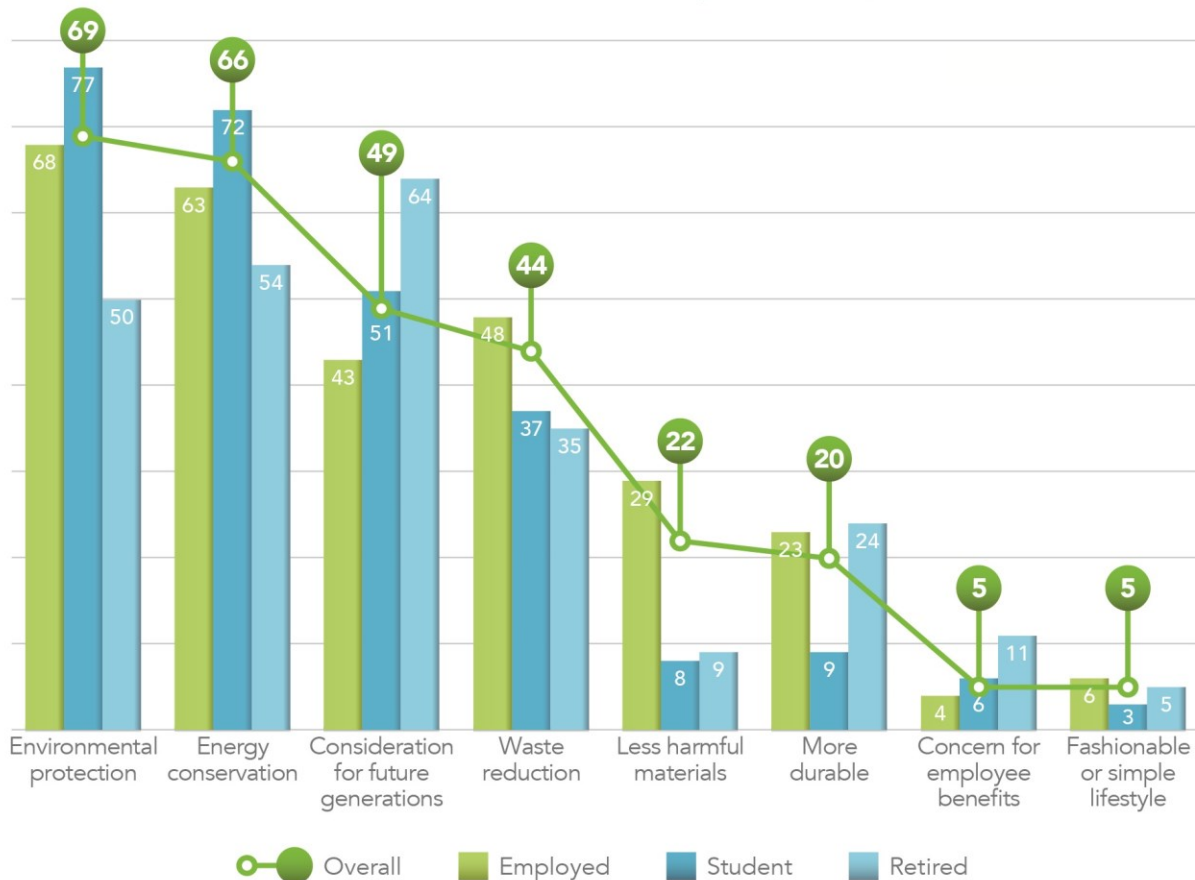
**1/2** Respondents usually purchased sustainable goods

Except for **younger consumers** - they claimed they would pay more but **LESS** action taken





Reasons given by respondents who usually make  
environmental or sustainable purchases (%)



Top 3 Reasons for Action

1. Environment protection (69%)
2. Energy conservation (66%)
3. Future generation (49%)

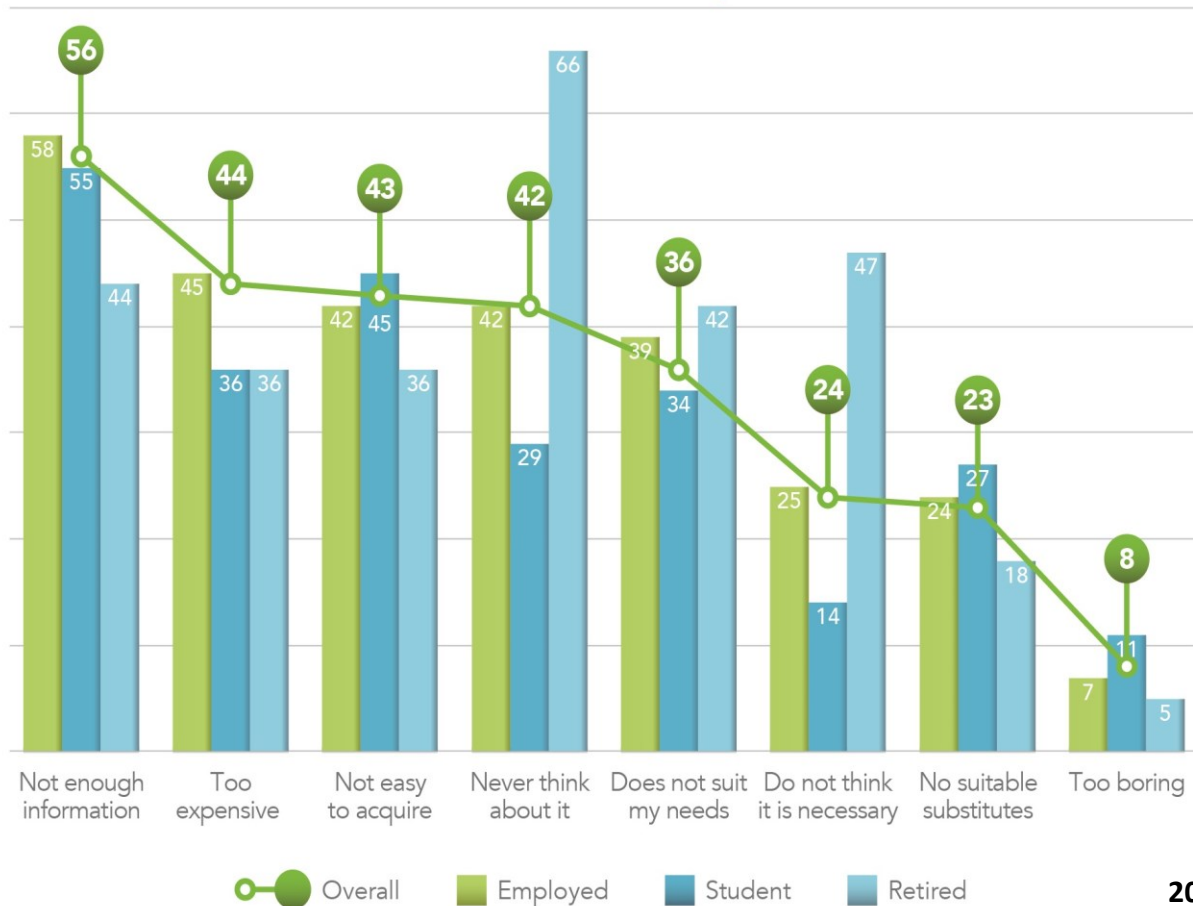


## Reasons given by respondents who do not usually make environmental or sustainable purchases (%)

### Top 3 Reasons for No Action

1. Not enough info (56%)
2. Too expensive (44%)
3. Not easy to acquire (43%)

Mainly concern  
Supply-side Factors

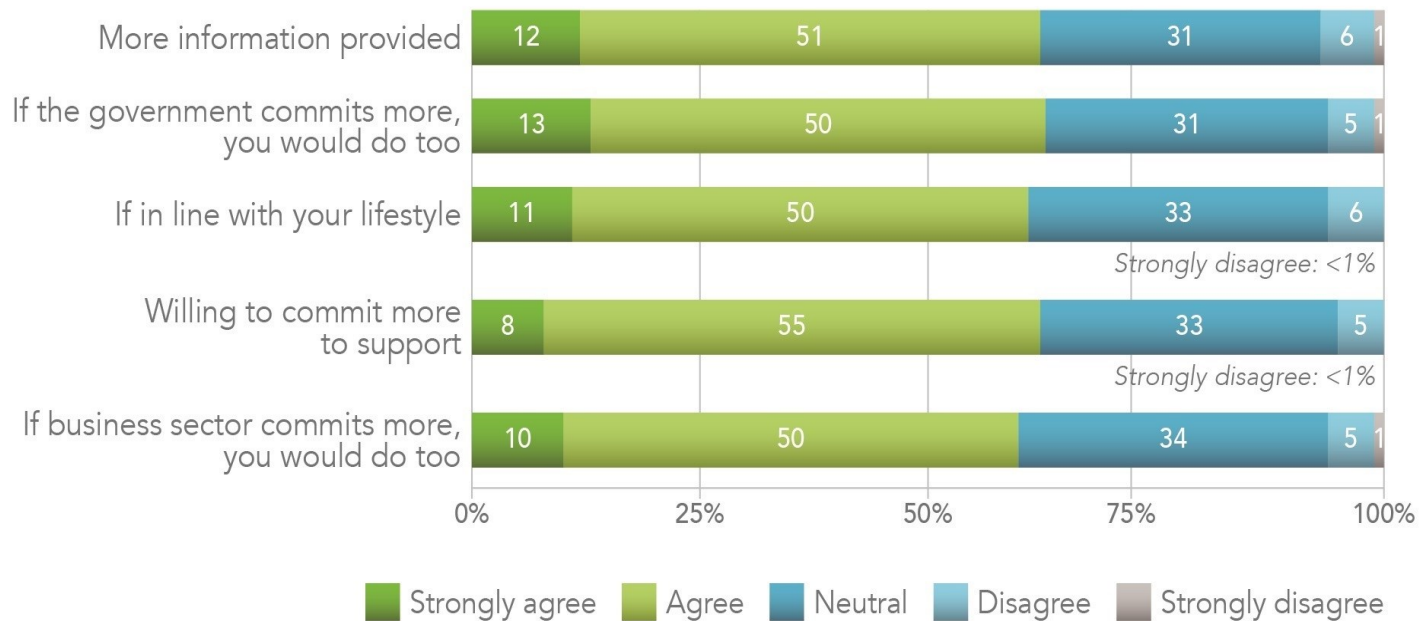




**High**  
proportion of  
respondents  
are prepared  
to support SC,  
**BUT** require

- More information
- Government to drive
- In line with lifestyle

## Under what circumstances you are willing to do more to support sustainable consumption



Remarks: The sum of the percentages may not equal to 100 due to rounding

# Sustainable Consumption Index (SCI) and Sub-index Score of Hong Kong

SCI

High level of awareness of SC amongst HK people  
High intention, but low in action

Score (0-100)

100  
90  
80  
70  
60  
50  
40  
0





# Focus Groups – Consumer Opinions

「要客人換新的。商家須負上責任，」

「雖然知道某一產品會影響環境，但認為購買了對整體沒有影響；就」

「雖然知道某一產品會影響環境，但認為購買了對整體沒有影響；就」

「轉產品很快，沒有實際想是否符合自己需要就購買」

「政府如強制把環保訂成為法律的話，可以使大家強制跟隨，慢慢形成一種社會風氣...環保亦可是一個潮流，而不是限制...」

「回收的方便程度影響。我不會提著一袋垃圾走10分鐘路程找回收箱。」

「經濟能力較好時就會選購較好的產品；經濟能力不好，如何考慮呢？」

「堆填區快飽和...，沒有人會理會；在購買時，人們都不會考慮到這問題。」

「人們都是較為自私的，始終以自己的利益先行，好像電子垃圾，有研究指，電子垃圾遺棄後都不會留在香港，...」

「現在提倡電動車，電動車較一般車貴，雖然用電比燃油便宜，二十年後可回本，但問題是大家都比較短視，不會買一些環保產品」

「在購物時常見到綠色選擇不多」

「我們將來的影響...」

「開空調的話，會多花電費及能源。除了環保、節省金錢外，也要考慮睡覺時是否舒適...考慮環保時，應在各方面取得平衡。」

「每個人多付出一點的話便能積少成多。」

「我是想維修但想做也不能。跌壞了的舊產品，我很想去維修，但生產商說不能維修。在沒有支持的情況，是不能做維修的，只有被迫更換...」

「自己能做多多少少。用膳...吃剩的飯包拿走。雖然不能令其都跟從...但都會盡量去...」

「標籤制度，如政府認為公司達到某個標準，...」

「如果要去做的話，就...需要大家一起去。只得1、2個人去做的話沒有什麼力」

「生產者責任制，以電腦為例，政府對生產者收取費用作為日後人們處理。」

「教育是最重要的。改變，他們才...」

「宣傳」

「先清洗膠樽才回收...沒有人作宣傳，人們都會就這樣喝完後直接丟到回收箱。」

「商界不一定支持可持續消費的，好像智能電話般，他每年都更新，這樣他賺更多錢，去使他可持續消費呢？」

「現行法則要執行得更好，而不應像一些局方互相推卸責任，例如3色回收筒，有新聞揭發原來回收後...回收與否都沒有分別...」







# Reporting of Environmental Sustainability by Business



# Study on HK Companies Reporting on Environmental Sustainability

**Objective:** To gauge the quality of reporting on environmental sustainability from selected listed companies

**100**

Sampled  
listed companies  
in HK  
(6% of total)

- **Industry:** **69** from “**Consumer Goods**” & **31** from “**Consumer Services**” (HSICS )
- **Sampling method:** Proportionated stratified random sampling (by industry & market capitalisation)

Source of  
Information

- Annual report, CSR report, ESG report, sustainability report
- HKEx, companies website, Carbon Footprint Repository for Listed Companies

**Consumers interested in**

- Selecting goods on basis of their SC characteristics
- Overall SC performance of enterprises
- Degree of business values SC

**HSICS** – Hang Seng Industry Classification System; **CSR** – Corporate Social Responsibility ; **ESG** – Environmental, Social and Governance

**Consumer Goods:** Automobiles, Household Goods & Electronics, Textiles, Clothing & Personal Care, Food & Beverages, Healthcare, Agricultural Products

**Consumer Services:** Retailers, Hotels, Casinos, Restaurants & Leisure Facilities, Media & Entertainment, Transportation, Support Services



# Of 100 sampled companies...

## Environmental Reporting

**41** reported some sort of environmental info  
**BUT** some only gave broad statement

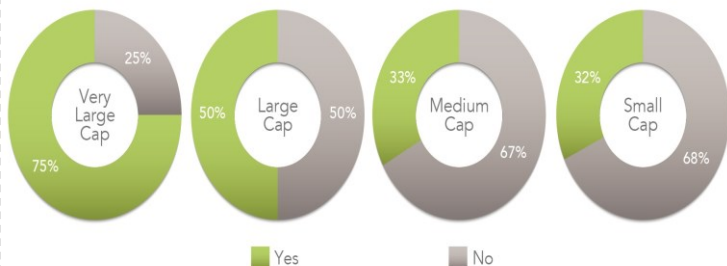
## Aspects to Report

**30** gave specific environmental policies / measures

## Environmental Goods & Services

**18** produced / supplied environmental products

Percentage of Sampled Companies with Environmental Information by Size



- E.g. policy on energy consumption, impact of company operation on environment
- 5 gave general remarks only

- 5 have not reported on any info related to environmental sustainability



# Trends in Sustainability Reporting

**Mandatory Reporting** becomes Global Trend, from 58% in 2006 to 72% in 2013

Reporting Initiatives	2006	2010	2013
Mandatory	35 (58%)	94 (62%)	134 (72%)
Voluntary	25 (42%)	57 (38%)	53 (28%)
Total	60	151	180



At present HK adopts a voluntary approach BUT will change to “**comply or explain**”



# Observations on Current Reporting Situation

## Quality & Usability

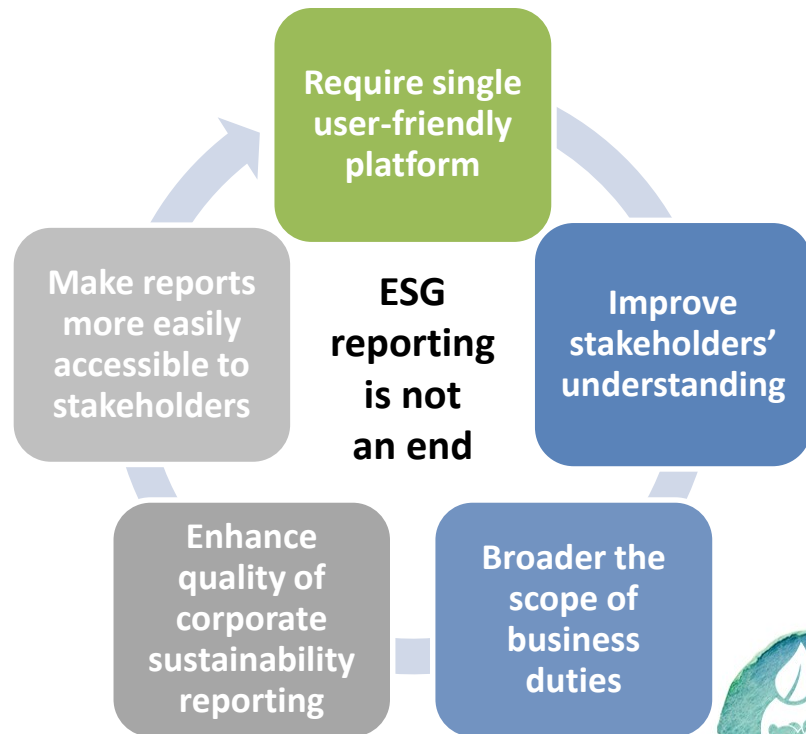
- Most companies reported non-quantifiable info / general policies
- Information not up-to-date

## Comprehensiveness

- Reported info is fragmented & diverse
- Voluntary reporting

## Convenience & Accessibility

- Different reporting formats
- Not all reports available (2 not found)
- Lack of centralised platform





# The Future of ESG Reporting

- Over **60%** consumers expressed preference to buy from companies with good ESG performance
- Overall quality & level of disclosure could be improved by following international/statutory requirements
- KPI setting & performance tracking to drive commitments
- Establish a single, user-friendly platform to archive & compare the related reports



# Overseas Consumer Organisations' Initiatives



# Initiatives of Overseas Consumer Organisations

**Objective:** To review work of Consumer Groups by taking stock of the breadth of SC topics covered

Topics	Europe (10)	Asia (6)	Others (2)
Building energy efficiency	2	1	
Decentralised energy & microgeneration	1		
Appliance energy efficiency and lighting	3	1	1
Transport choices including vehicle energy efficiency	1		
Food: ethical & environmental aspects	4	3	1
Waste & recycling	3	1	1
Finance & savings	2		
Voluntary eco-labelling schemes	3	1	1
Green products	3		1
Product durability	1		
Green lifestyles	2	3	1

Consumer  
Groups  
played an  
Influential  
Role

Total **18 territories' websites** were reviewed including USA & Australia  
( ) no. of territories websites reviewed for each region





# Examples of SC Initiatives

## Good reference for the Council to establish priorities & focuses

### ➤ Energy Efficiency

- In **EU & USA: Energy Efficiency Obligations** – Mandate energy suppliers to install energy efficient appliances in customers' homes
- In **Europe: Calibration of EU's A – G scale** - EU commission introduced new categories A+, A++ and A+++ to discriminate within the A band level of appliance attainment

### ➤ Sustainability of Food

- In **UK: 9 Organic Certification Schemes**, e.g. the Soil Association

### ➤ Recycle & Waste

- Made use of **EU's Eco-design legislation** covering 40 different product groups - Lobby for better energy efficiency in product design





# Way Forward





# Challenges for ...



- **Citizen Responsibility**: Make themselves informed of consumption impact on environment
- **Take Action**: Make purchases & take actions consistent with beliefs
- **Lifestyle Change**: Not merely simple & minor changes but take on more challenging changes



# Challenges for ...



- **Behaviour Change:** Use communication channels to influence & educate SC behaviour of consumers
- **International Coordination:** Engage with consumer organisations to monitor global measures & to explore collaboration
- **Communicate Consumer Viewpoint:** Understand consumer priorities & concerns on SC issues & feed into stakeholders
- **Alignment:** Play as a partner to work jointly, or to support initiatives

# Challenges for ...

- **Synchronised Action:** Require close actions amongst bureaux & statutory bodies
- **Effective Planning:** Scale up efforts in collecting, analysing & disclosing data
- **Waste Disposal Infrastructure:** Enable more easy deposit & collection of recyclable waste
- **Targeted Product Charges or Subsidies:** Influence consumer purchases through carefully targeted product charges or subsidies to drive SC choices
- **Incentivising More Energy-Efficient Purchases:** Consider incentive or support schemes to encourage take-up of energy-efficient products
- **School Curriculum:** Encourage experiential learning & provision of information





## Challenges for ...



- **Sustainability Performance of Products:** Provide high-quality, pertinent & trustworthy information; use of sustainability certification schemes
- **Anticipation of Consumer Demand:** Take proactive action to bring sustainable products to local market
- **ESG reporting:** Improve quality & level of disclosure to provide meaningful data on business performance





# *Sustainable Consumption for a Better Future*

