



# Consumer Demand for Sustainable Products in Asia: Successes and challenges

September 21, 2021



# Evidensia is an ambitious effort to inform sustainability action and policy with credible evidence.



**Global**



**Growing**



**Trusted**



**Research-led**



**User-friendly**

- Users from across 170 countries
- 23000+ users in the last 18 months with 20% return users
- 950+ resources sharing credible evidence on impacts of market-based sustainability approaches
- Trusted by researchers and users
- 8 / 10 users say Evidensia meets all their needs
- 9/10 users say they recommend Evidensia to their networks

Evidensia supports evidence-based learning to inform sustainability practice and policy.

It has a growing number of partners working to put evidence and science at the heart of sustainability practice and policy.

- [www.evidensia.eco](http://www.evidensia.eco)
- Evidensia learning events
- Evidensia newsletter
- Evidensia on twitter @evidensianews
- Evidence research tracking, systematic mapping and reviews
- Partnerships



# Global Consumption Trends: VSS-compliant products



Findings from IISD's commodity series reports: “*Sustainable Commodity Marketplace Series 2019*” ([iisd.org/ssi/market-coverage/](https://iisd.org/ssi/market-coverage/)); ITC's State of Sustainable Markets 2020/2021; and ongoing research on consumer preferences in emerging economies 2021

Since 2018, trends show an increase in global consumption of VSS-compliant products being the major drivers of growth:

- **End-consumer preferences** for more healthy and sustainable products
- **Business demand:** Market demand; reputational and supply risks; due diligence mechanisms; reporting commitments/practices
- **Regulatory frameworks and export promotion measures** in producing and consuming countries (e.g., EU-RED for palm oil; BCI in Mozambique); VSSs as proof of compliance

# COVID-19 Effects on VSS-Compliant Consumption

## Global demand for VSS-compliant products

- **Production and consumption patterns have been impacted** by the pandemic, as global disposable incomes decreased by 5% in 2020. Many households continue to reduce spending on non-essential products and services, which can include VSS-compliant products.
- However, there is a growing **demand for more nutritious, healthier, and safer products** that protect the environment and animal and human welfare. VSSs can act as a tool for actors in supply chains to assure consumers and governments that they comply with safety, quality, and environmental safeguarding.
- These trends vary by regions and commodity sectors.



# Global Consumption Trends: VSS-compliant products

## Differences by regions and commodity sectors

Traditional markets (Europe and North-America) drive consumption of VSS-compliant products

- This benefits commodities that are largely consumed in these markets: “Pull effect”
- **Cocoa, cotton, coffee, and bananas**

However, overall, emerging and developing countries, particularly in Asia, are the largest consumers of some of these commodities: **Tea, bananas, soybean, palm oil, sugarcane**

- Initial/emerging consumption of VSS-compliant commodities in some countries (middle-income class; disposable incomes, health concerns)
- However, consumption of VSS-compliant commodities remains low
  - **Price sensitivity**
  - **Lack of awareness** of consumers, buyers, and manufacturers on sustainable issues in value chains
  - **Hidden commodities** (soybean, palm oil, sugar)

# Coffee: VSS-compliant consumption trends

## Some key facts...

### VSS-compliant consumption:

- Europe and North America still dominate the demand for VSS-compliant coffee
- However, **the higher rate of growth of coffee consumption in Asia** can offer potential to increase VSS-compliant coffee consumption and balance the existing oversupply for VSS-compliant coffee
- This could be very promising, as 67-80% of coffee is produced by small-scale farmers in developing countries-including farmers in countries such as **Vietnam, Indonesia, and Thailand**

### Increase potential in Asia:

- **Countries:** China, Indonesia, Vietnam (younger population, higher disposable incomes and emergence of coffee shops)
- **New markets:** Retail options, RTD coffee and e-commerce has gained momentum in the region
- **Initiatives** are emerging to boost local consumption for more sustainable coffee (institutional or by the private sector, e.g., SCOPI - Indonesia)
- **Buyers, roasters and traders:** There is still room for growth - buy and offer more sustainable coffee; accountability with their sustainable sourcing commitments



# Tea: VSS-compliant consumption trends

## Some key facts...

### VSS-compliant consumption:

- Demand concentrated in Europe and North America; COVID-19 boost in demand for organic tea in US
- There is **still potential to boost sustainable consumption**, only 15% of hot beverages sold are certified
- In Asia, demand for VSS-compliant tea is still low as **consumers prefer cheaper, conventionally grown tea** in key consuming countries such as Turkey and Indonesia
- VSS-compliant tea **must be affordable** for local populations as well as cost-effective for tea producers

### Increase potential in Asia:

- **Countries:** China and India are key, as they are the main producing and consuming countries. Enabling factors: demographic growth, faster urbanization, and rising incomes (FAO, 2019)
- **Development of local sustainability schemes:** Trustea in India and Lestari in Indonesia can help boost local consumption
- **Tea companies and multinationals are key** to expand consumption as the sector is vertically integrated. Sourcing commitments and transparency from tea brands and multinationals also selling in the region is crucial.





# Palm Oil: VSS-compliant consumption trends

## Some key facts...

### VSS-compliant consumption:

- **Consumers and governments** are driving growth in VSS-compliant consumption to address the sector's socio-environmental impacts
- **Goods and food manufacturers** are also driving demand due to reputational risk, compliance with regulations, etc.
- Demand for VSS-compliant palm oil is lower than supply and concentrated in Europe and North America
- The Asian market is key but is very **fragmented** and **price sensitive** as palm oil is critical in diets and used in everyday cooking in the region

### Increase potential in Asia:

- There has been an **increase of public awareness** of VSSs such as RSPO in China, from 5% in 2015 to 21% in 2020; meaning there have been efforts to educate the population in the region on the sustainability issues in the sector (also I-SPOC in India)
- **Policy support** in consuming and producing countries in Asia can help increase sustainable consumption, affordability, and support farmers to adopt more sustainable production practices
- **Industry actors** must play a role, as palm oil is mainly used as an ingredient in food and cosmetic products



# Cotton: VSS-compliant consumption trends

## Some key facts...

### VSS-compliant consumption:

- Demand for VSS-compliant cotton has increased mainly in Europe and North America (apparel brands and textile manufacturers seeking to respond to consumer preferences)
- Globally, among VSSs in the sector, **organic** has registered significant growth in sales. Research suggests that demand for organic cotton will outpace supply in the coming years
- Some **challenges persist** to boost consumption in Asia, such as competition from cheaper synthetic fibres, fast fashion, etc.

### Increase potential in Asia:

- **Emerging economies:** Forecast to rise consumption in sustainable apparel. Key countries: **India and China** (baby clothes market)
- **Young shoppers** in Asia are increasingly seeking sustainable brands and have expressed willingness to pay for more environmentally friendly fashion. Consumers are also making lifestyle changes **since the pandemic** towards more sustainable clothing shopping
- **Brand commitments:** Re-evaluation of sustainability practices post-covid; efforts to improve on innovation and traceability in the supply chain



# Consumption Trends for VSS-Compliant Products in Asia

Limiting factors to increasing the consumption of VSS-compliant coffee, cotton, palm oil and tea in the region

- **Limited end-consumer demand** and still concentrated in traditional markets (EU and North America)
  - Driven by export demand
  - COVID-19 effects on disposable incomes in Asia
- **Price sensitivity** in emerging economies and developing countries
- Emergence of other sustainability initiatives (i.e. corporate schemes, due diligence requirements)
- **Proliferation** of VSSs (confusion among consumers)
- Lack of **knowledge on the socio-economic and environmental issues** in production (what is sustainable coffee; cotton, palm oil, tea?)

# Consumption Trends for VSS-Compliant Products in Asia

Enabling factors to increasing the consumption of VSS-compliant coffee, cotton, palm oil and tea in the region

- COVID-19 **positive effects** on consumer preferences (health, food safety; environmental considerations)
- **Millennials**: Young consumers with interest in sustainability and increasing disposable incomes in the region
- Emergence of sustainability initiatives **adapted to local conditions** (e.g., Trustea in India; Lestari Tea; SCOPI Indonesia)
- **Policy initiatives**: Education campaigns and workshops on sustainable consumption (e.g., Indonesia - technical workshops for the government and private sectors on labelling; Vietnam - VIRI)

# Going Forward...

## How to boost sustainable consumption in Asia?

### By incentivizing VSS-compliant consumption in the region

- Education and awareness campaigns, especially for price-sensitive products such as coffee and tea (i.e., guidelines for consumer information)
- Monetary incentives for sustainable consumption (in sectors such as palm oil)
- More ambitious sustainable sourcing of buyer's commitments and transparency
- Role of regulation? Including environmental and human rights due diligence provisions for businesses
- Boost local demand by targeting the use of VSSs by local brands (i.e., coffee roasters, food manufacturers)

### By making VSS-compliant production viable and universal

- Support farmers to be commercial-ready and certification-ready; there is a perception amongst Asian farmers about the certification process being challenging and dependent on foreign intermediaries
- Monetary incentives upon positive performance?
- Accounting the true cost of externalities and reflecting it in the price?
- To reduce the costs of certification: Recognition systems (between VSSs; or by public sector actors?) and locally defined standards

# The One Planet Network: Consumer Information Programme



Founded to address **Sustainable Development Goal 12**, the One Planet network is a global commitment to accelerate the shift towards **sustainable consumption and production**.

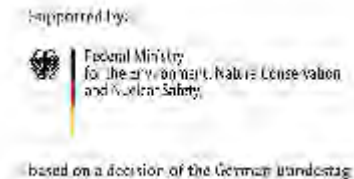
The One Planet network operates through six programmes for action, one of them being the **Consumer Information Programme**

More information:

<https://www.oneplanetnetwork.org/consumer-information-scp>

Send an e-mail to [ciscp@un.org](mailto:ciscp@un.org) to join our network or sign up to our newsletter!

The programme is co-led by **Consumers International**, the **German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety** and the **Indonesian Ministry of Environment and Forestry**



- Supports the provision of credible sustainability information on goods and services
- Develops effective strategies to engage consumers in sustainable consumption

# Project Example: Promoting Sustainable Consumption and Production in Sri Lanka Through Facilitating Access to Information

- **Objective:** Improve sustainability in the food and agriculture sector in Sri Lanka



- **Implementation:** UNEP and Consumer Information Programme in collaboration with the National Cleaner Product Centre in Sri Lanka



- **Impacts and results:**

01

A national Life Cycle Inventory database development for agri-food products (rice, tea and dairy)

02

Certification scheme with green product criteria for selected agri-food products (dairy, tea)

03

Increased consumer awareness of sustainable consumption and certified sustainable products

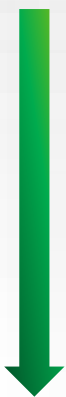
# Sustainable Consumption and Production: Trends, Opportunities and Challenges



Unsustainable patterns of  
consumption and production



Climate change



Nature loss



Pollution

Need for  
transformative  
socio-economic  
changes

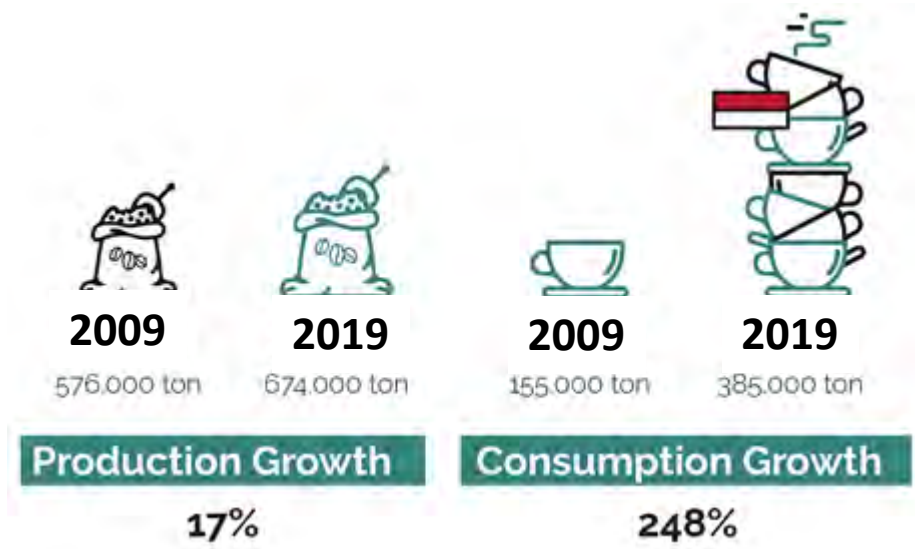
From awareness  
and information  
to action

Digitalization as  
opportunity and  
challenge

Social equity  
and inclusion



# More Actions Toward Sustainable Coffee in Indonesia



**Multi-cultural & Inclusive Coffee Economy**

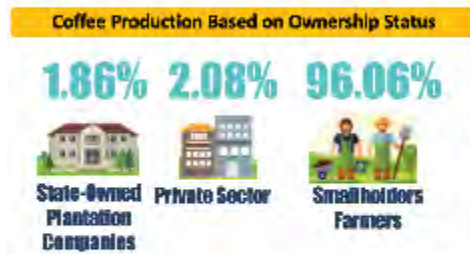
**A Multi-Stakeholder Platform for better Economic Opportunities**



**190 Master Trainers (75 active)  
23,453 farmers (6,977 female)  
13 provinces**

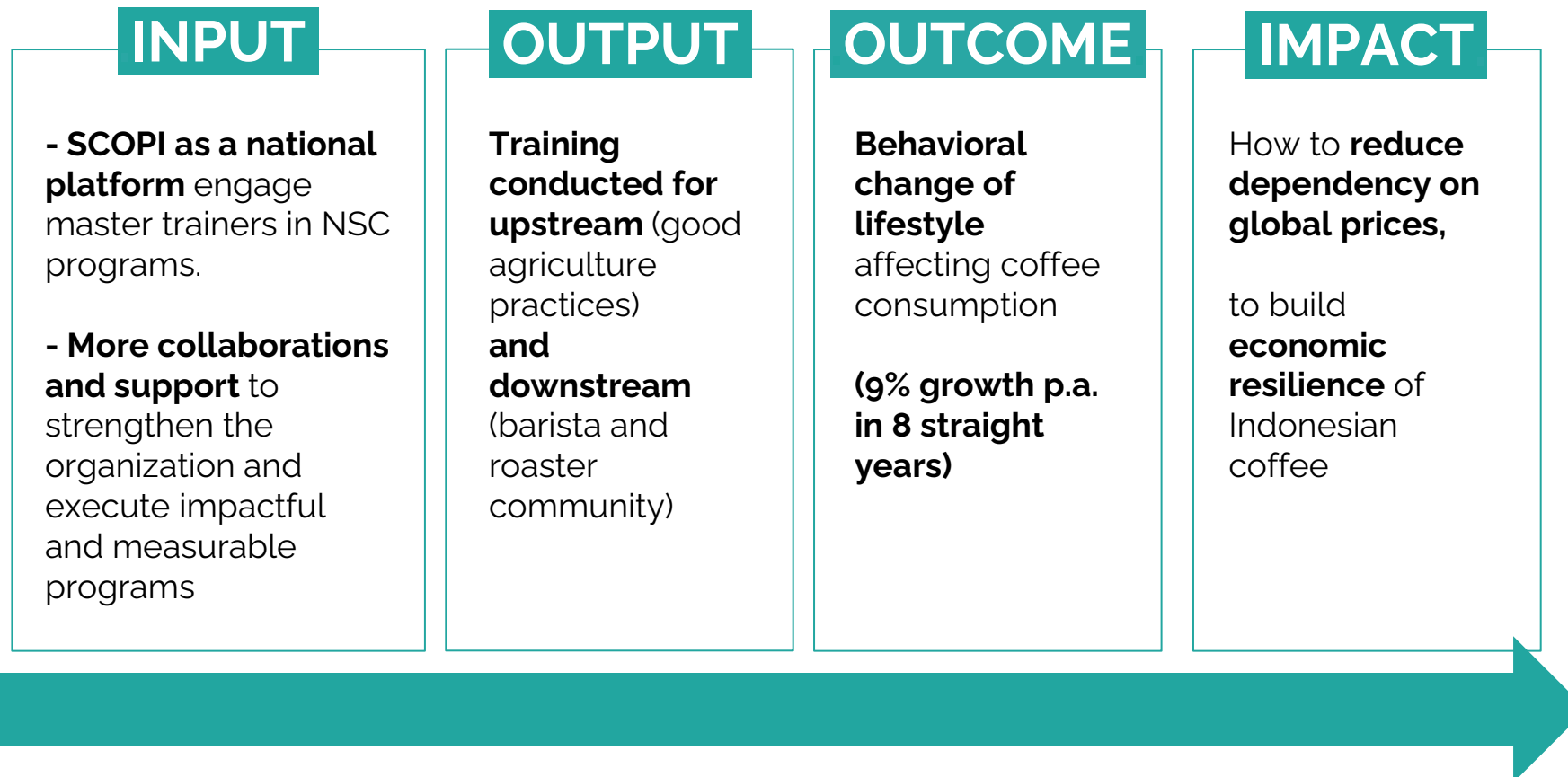


## Indonesia's Coffee Climate



Source: Indonesian Central Bureau of Statistics (2018)

# THEORY OF CHANGE



## Facts!

1. Traditionally **based on exports.**
2. **Now national consumption rises** to help sustainability of coffee industry.
3. Potentially **reduce exports.**



## **Sustainable tea in India: Present scenario and the pathway to the future**

### **The *trustea* sustainable tea program**

- ❖ **The case for sustainability in the Indian tea industry**
- ❖ **Overall consumption pattern and consumer behavior**
- ❖ **Inception of the trustea program**
- ❖ **Unique features and innovations that boosted the scale up**
- ❖ **Impact on the ground**
- ❖ **Pathway to the future**



***Our vision is that organic textiles will become a significant part of everyday life, enhancing people's lives and the environment.***





## GOTS is recognised by international organisations and governments





### Four founding organisations developed GOTS and its quality assurance system

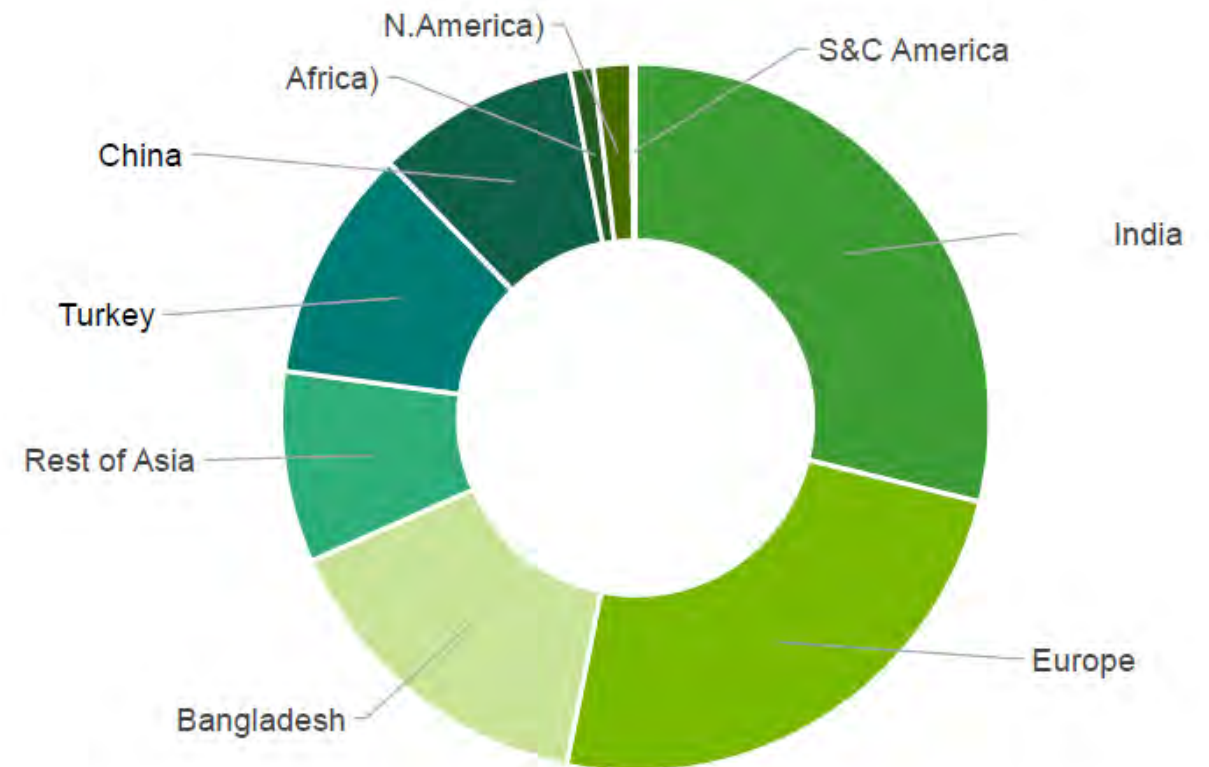
- International Association Natural Textile Industry (IVN), Germany
- Soil Association (SA), England
- Organic Trade Association (OTA), USA
- Japan Organic Cotton Association (JOCA), Japan





## 2020: 16 Certification Bodies certified 10.388 facilities in 72 countries

Top 10 countries	2020	2019
India (IN)	2.994	2.411
Bangladesh (BD)	1.584	1.194
Turkey (TR)	1.107	858
China (CN)	961	448
Germany (DE)	684	565
Italy (IT)	585	444
Portugal (PT)	449	301
Pakistan (PK)	391	276
United States (US)	167	147
Sri Lanka (LK)	126	62





**GOTS ecological & social criteria must be met by all processors, manufacturers and traders**





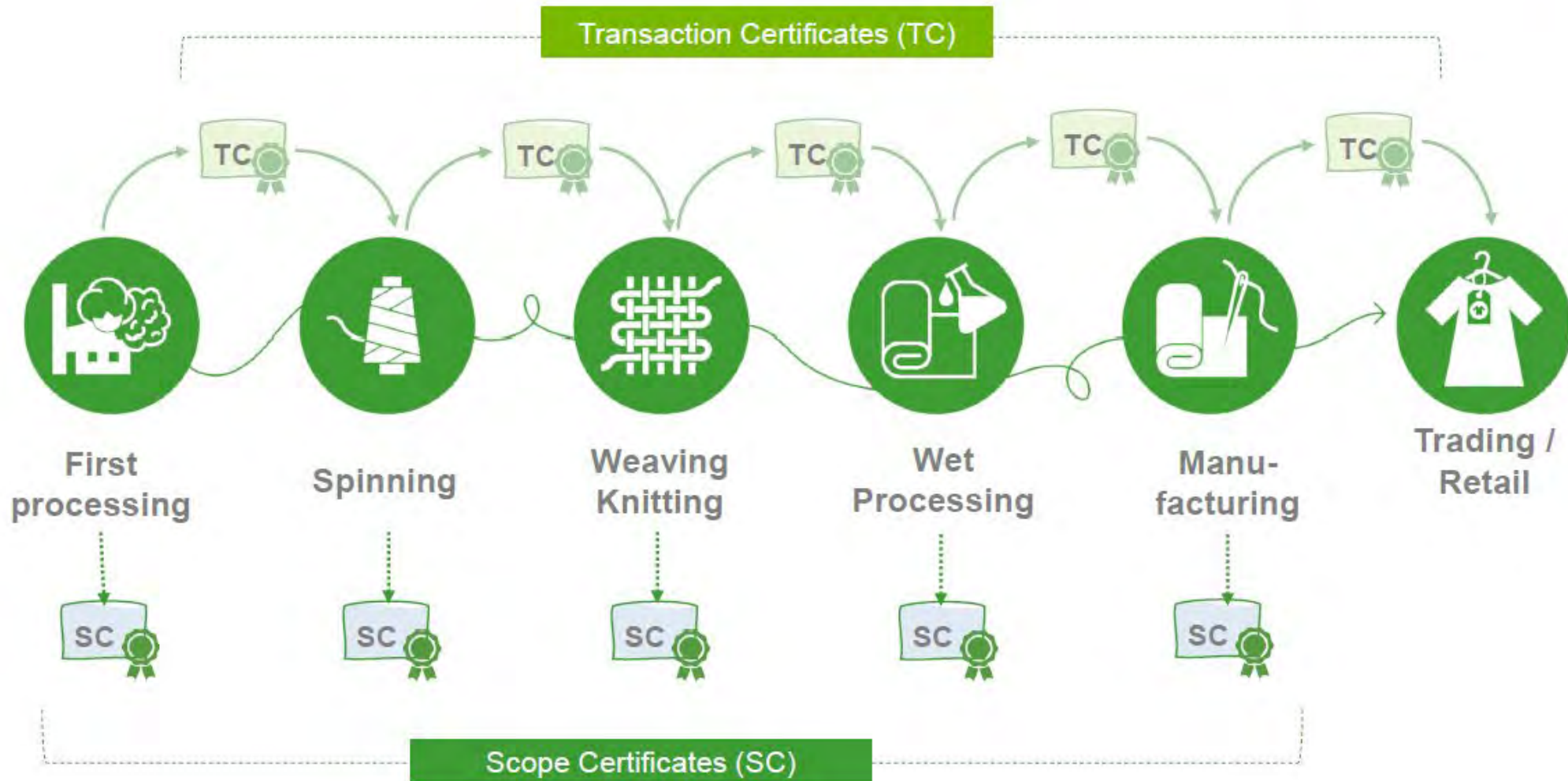


## GOTS Social Criteria are based on key international norms

- UNGPs on Business and Human Rights
- ILO Conventions and
- OECD Guidelines



## Scope- and Transaction Certificates are one pillar of traceability in GOTS



# LABELLING – A VISIBLE COMMITMENT TO THE CONSUMER



**'organic'**  
Certified by [certifier's ref.]  
[license number]

GLOBAL ORGANIC TEXTILE STANDARD  
ECOLOGY & SOCIAL RESPONSIBILITY

SEARCH

This search form is available to search through all data sets contained in the GOTS public database. In order to narrow down the search results, search filters can (or cannot) be used (or not used) fields of the same type. To understand the functionality of the data base it is proposed to first read through the section "How to use it".

Free text:

Product categories:

Field of operation:

Country:



# **GOTS sustainability program is the most effective risk assessment tool for the textile industry.**

- The program is highly effective for :
  - risk assessment
  - credibility
  - efficiency and production
  - Innovation and differentiation
  - Sustainable market development.

The project is funded by the European Commission



Associated partners



Lead organization



Co-partners



## Promotion of supply and demand of Eco-fair Agri-Food processing products in Vietnam

**Funded** under the EU SWITCH-Asia Programme

**Lead partner:** Vietnam Rural Industries Research and Development Institute (VIRI)

**Partners:**

- Center for Creativity and Sustainability (CCS)-
- FUNZILIFE OY LTD. (FUNZI)
- Vietnam Cleaner Production Center (VNCPC)

### Overall objectives

To promote sustainable production and consumption of eco-fair agri-food processing products in Vietnam, to contribute to economic prosperity and poverty reduction and the development of sustainable livelihoods and a green economy for a transition toward a low-carbon, resource-efficient and circular economy in Vietnam.

[www.ecofair.vn](http://www.ecofair.vn)

 **1.000** MSMEs  
được đào tạo trực tuyến  
are trained online

**200** MSMEs được  
đánh giá nhanh về RECP  **200** sản phẩm  
sinh thái - công bằng  
được thương mại hoá  
eco-fair products are commercialized 

 **500.000** người tiêu dùng  
nâng cao nhận thức về các hành vi  
tiêu dùng bền vững  
consumers are reached with awareness  
raising courses

**100** MSMEs được hỗ trợ trong các lĩnh vực tiếp cận  
tài chính xanh, phát triển sản phẩm mới, công nghệ  
sạch và chứng nhận sinh thái - công bằng   
are supported in accessing green finance, new product  
development, clean technology and Eco-Fair certification



The project is funded by the European Commission



Associated partners



Lead organization



Co-partners



## INTRODUCTION: SUSTAINABLE CONSUMPTION ONLINE COURSE

### Change your consumption habits for a sustainable future

- The impacts of consumption habits on the environment
- Suggesting practical ways to reduce negative effects, such as cutting down on wastes or recognizing sustainable labels and products.
- The course has 3 topics and 41 learning cards with 6 activities.

### The best practices to bring the courses to consumers include:

- Nationwide digital campaigns that target those who are living in Vietnam, especially interested in the topic.
- Frequent reliable, practical, and appealing content on the Eco-Fair Facebook page
- Compelling marketing messages with a clear set of benefits for learners
- Promotion support from relevant organizations and clubs
- Press releases to mass media that have wide coverage
- Most importantly, the courses themselves have to be useful and easy to use for learners

### Demographics

- 55% of learners age 18 - 25
- 21.5% of learners age 26 - 30
- The other age groups: 36 - 55 > under 18 > over 50
- 33.5% of learners are from Ho Chi Minh city, 20.6% from Hanoi, 1.4% from Hue, and the remaining are from other cities
- 58% of learners are female and 42% are male