



China's Push for Sustainability

Collaboration between companies and consumers is the key if true sustainability is to be achieved in China. Peggy Liu, a Criticaleye Thought Leader and Chairperson of JUCCCE explains how it can be done

In today's global marketplace, with its ever-diminishing resource stocks, one thing is obvious: demand is outstripping supply. And here's the conundrum: increases in living standards are tightly coupled with growth in resource consumption.

We have all heard the dramatic statistic that if all seven billion people on Earth lived like the average American, we would need five planets to support us. But as the consumer class in developing nations explodes, with China alone forecasted to add the equivalent of another one and a half United States to its middle class over the next 13 years, we are going to need to update that statistic soon. We must eliminate the link between the rise of the developing nations' consumer classes and resource devastation (let's call it what it is). It starts with re-imagining prosperity for sustainable consumerism.

The box-out below describes strategies for encouraging sustainable consumerism. In the first four categories, major progress has been made, mainly by a few corporate leaders. But we have a long way to go. In 2008, Caroline Savery, a consultant at Keystone Development Center, tried to lead a 100 per cent environmentally sustainable lifestyle within urban Pittsburgh. She concluded that "it is functionally impossible to live environmentally sustainably today because corporations do not yet serve ... sustainable business practices". This is still true in 2012.

JOINT EFFORT

But the burden can't be on companies alone to create sustainable consumerism. Only by vastly increasing customer purchases of sustainable products can

economies of scale allow retailers to offer green goods at the same prices as (resource) greedy ones.

To do this, we need an actionable way to address the fifth and most elusive category: creating well-behaved sustainable consumers. We need a social movement that changes society's attitudes toward consumption.

Getting into the heads of consumers and increasing their desire for sustainable products will require cross-sector collaboration to deploy a mix of hard and soft power tactics (ie government nudges and savvy marketing), activated in parallel.

Any alternative green lifestyle needs to compellingly compete with the lifestyles presented in the Paris Hilton- and Kardashian- style reality TV shows –

those shrines of conspicuous consumption that are the nails in the coffin of environmentalism. Fashion icon and eco-advocate Alexa Chung sums up the problem nicely in British Vogue: “Ethical Fashion: surely the least sexy words in fashion. Sustainable, ecological, organic ... The language of conscience-free shopping is a clunky vocabulary that instantly brings to mind images of hemp kaftans, recycled tin-can bags, and other things I’d rather not swathe my body in, thanks.”

People don’t want green – they want green gilded. To offer a compelling alternative to ‘the American Dream’, we need a sustainable lifestyle that excites people. It shouldn’t ignore alarming statistics or the need for sacrifice, but it shouldn’t make these statistics the centre of its marketing campaign. A

green-gilded movement is not a moral-imperative campaign for energy savings, waste reduction, or dealing with the water crisis; it’s a buzz-worthy lifestyle that taps into consumers’ desires and aspirations. It is a campaign that taps into people’s deepest fears of not fitting in – showing what’s cool, but also what’s not. It speaks in a currency that the average person can understand – whether it’s sex, health, jobs, or iPads.

AN EMERGING MIDDLE CLASS

The real hope of sustainable consumerism is that China, India and the other gargantuan developing nations will actively choose a different path than the industrialised countries. This is where dreams have not been cemented and people are eager to absorb new ideas.

The change required will not be easy, but history points to other places – such as Japan, Taiwan, and Germany – that have successfully decoupled rising gross domestic product (GDP) and energy use.

For China, the moment for such change is upon us. According to Helen Wang, author of *The Chinese Dream*, the country’s middle class will grow to 800 million by 2025. As the media and investment manager GroupM’s YouTube video, *Unholdable China*, says: “China is shifting from ‘made in China’ to ‘consumed in China’ and it is changing the world. Every three days, two new Starbucks open in China. In Beijing the sales at one shopping mall reached RMB 6B [about US \$1 billion] in 2011.” And China’s emissions are on track to equal those of the US by 2017.

The good news is that China’s central government understands the need to find a new, greener path. Xie Zhenhua, China’s Minister for climate policy, rightly notes that “if we allow China’s per capita carbon emissions to rise to US levels, it will be a disaster for the world”. China is continually improving its energy and environmental policies and is actively searching internationally for best practices. And China’s 12th Five-Year Plan has ambitious targets for resource and environmental protection. City officials’ careers are tied to their ability to meet these targets, so they are extremely motivated to try consumption-shaping policies that can be implemented locally.

Are China’s efforts to increase domestic consumption at odds with sustainability goals? Not necessarily, says Vijay Vaitheeswaran, the Economist’s Shanghai bureau chief and China business editor. He contends: “In macroeconomic terms, it is uncontroversial to observe that China ▶

Difficulty of implementation is tied to collaboration required	Requirement for sustainable consumerism	Stakeholders driving change
Easiest	Heavy-handed choice editing by retailers to guide consumption rather than relying on consumers’ values to drive them to purchase green (eg Whole Foods grocery stores)	Retailers
Easier	Innovations in the way products are sold, including shifting customer value from “products” to “experiences” (eg Haworth Office Furniture)	Sellers
Hard	More sustainable product offerings (eg Marks & Spencer department store)	Sellers, manufacturers
Harder	Better resource management in the supply chain, including circular economy loops between production and consumption (eg Interface/FLOR carpet company)	Supply-chain companies, consumers, waste handlers
Hardest	Activating new social norms around consumption and fulfillment	Government, mass and social media, advertisers, friends

grossly overinvests [in infrastructure] and [its citizens] under-consume, so increasing consumption per se is not bad. What matters is the quality of the consumption.” As Chinese consumers start to spend more money, we need to ensure that they avoid the trap of cheap disposables, resource-greedy goods, and wasteful splurging and instead buy higher-value sustainable products and services.

The window of opportunity for a new lifestyle to take hold won't last forever. If we wait too long, the emerging middle class will have already developed their tastes and habits. It will be too late to steer the masses to greener pastures.

THE MASTER PLAN

I lead the Joint US-China Collaboration on Clean Energy (JUCCCE), a non-profit whose mission is to accelerate the greening of China. The China Dream framework is a collaborative effort between JUCCCE, Marks & Spencer, the World Economic Forum's New Energy Architecture Global Agenda Council, the Urban China Initiative, Shanghai Jiaotong University, Real Pegasus (Edelman China), WPP, Saatchi & Saatchi, and other experts. The bulk of the initiative will take place over three years, starting in late 2012.

The China Dream seeks to change the social context of consumer decisions. It will involve developing and seeding imagery for a new lifestyle, leveraging mass media and mobile technology. In retail speak, this is 'choice influencing'. But instead of marketers acting individually to sell products, the China Dream will require companies, ad agency creatives and planners, scriptwriters, bloggers, role models, and the press to work in unison to champion sustainable consumerism.

First, JUCCCE will work with creative directors to gather a visual lexicon to define the China Dream. This carefully edited imagery will express a better China – in the way that Norman Rockwell's iconic Saturday Evening Post images evoked the hopes and aspirations of America. The consistency of Rockwell's images over four decades created visual stories that led filmmaker Steven Spielberg to praise the artist for painting the American Dream “better than anyone”.

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China is ripe for this imagery. The Cultural Revolution broke up much of China's social fabric and the Chinese have been soaking in foreign advertising images of luxury for the last two decades. Today, the China Dream is a vision that doesn't yet exist, but it is a matter of pride for China to define its own vision for its future. Qiu Baoxing, the vice minister of China's Ministry of Housing and Urban Rural Development, opened a mayoral training session on sustainable urbanization by saying: “We cannot continue to blindly follow the American Dream. This is simply unsustainable for China and the world.” The new China Dream can tap into traditional Chinese values that are closely aligned with sustainability—personal health, face (respect), harmony with nature, and avoiding waste.

SWITCHED ON

Technology enables us to quickly mobilise the masses around new concepts. What we need is a revolution – not just awareness – and recent history shows us that social media is a major enabler of change. At a dinner at Davos, Thomas Friedman of The New York Times pointed out that it has only been a short six years in which we have seen the rise of Facebook, Twitter, Sina Weibo and other massive online digital platforms. It's not uncommon for bloggers in China to have 1 to 3 million followers. The top user on Sina Weibo – China's version of Twitter – has 18 million followers.

The strength of this for shaping social norms and spreading new concepts can't be underestimated: Twitter took four years to reach 100 million users. It took Sina Weibo 1.5 years to reach that milestone. Social media in China - if used effectively to recruit these mega-bloggers - could play a significant role in ensuring the success of the China Dream project.

LEARNING FROM HOLLYWOOD

The second lever to incorporate imagery into the fabric of mainstream society consists of entertainment programs made for TV and online portals. For this stage, we at JUCCCE will take a page from Hollywood, Health & Society (HHS), a joint project of the Norman Lear Center at University of Southern California-Annenberg and the Centers for Disease Control and Prevention. HHS works with experts from government, academia, and non-profits to consult with TV writers on health issues in storylines.

“Every day millions of viewers worldwide learn something new about health from TV storylines and take action on what ▶

they've learned," says director Sandra de Castro Buffington. "Recognising the profound impact of TV storylines on health knowledge, attitudes and behavior," she says, HHS works with writers and producers to weave accurate health messages into their storytelling. In a similar way, the China Dream project can work with TV writers and top web portals in China to weave imagery about sustainable consumerism into entertainment.

BEHAVIOUR AND POLICIES

Desire alone won't create sustainable behavior. Studies show that consumers need institutional guidance in order to make sustainable choices. In the absence of a strong government push, public-service marketing campaigns can fall largely on deaf ears.

The China Dream effort will introduce local government policies that shape consumer behavior toward sustainable choices at the point of purchase or during product use. The concept of 'nudges', introduced to me at the Harvard Kennedy School by Professor Iris Bohnet, inspired me to look at policies such as refunds for bringing your own cup to the coffee shop, green office-procurement policies, and unit-pricing programs for residential waste collection. Culturally specific policies, such as mandating mooncake gifts to be in the form of gift certificates rather than heavily regifted packages, are particularly ripe for exploration (small changes, enacted on a large scale, add up).

China's nimble government structure is an advantage in that cities are able to quickly pilot policies that get scaled up to the national level if they are effective. Witness China's banning of free plastic

bags at grocery stores. This was initially tried in a couple of cities before being introduced nationwide in 2008. In the first three years after that, China reduced usage by 24 billion bags.

JUCCCE is working with researchers to come up with consumption-shaping policy recommendations that make sense for China and that are easy to implement within the average three- to four-year time frame of one mayor's tenure. We will leverage our mayoral training arm, which is based on mandatory annual retraining for government officials, to distribute these recommendations across the country and to identify pilot cities. China's mayors are motivated to experiment with local policies in order to meet their local 12th Five-Year Plan targets and, possibly, to obtain one of a variety of 'sustainable model city' designations by the national government.

TO CHINA AND BEYOND

The truth is, few sustainable-consumerism campaigns have succeeded to date. But the elements that can enable societal change are now aligning. For one thing, people are more open than ever to a lifestyle change. The current economic squeeze leaves consumers eager for alternatives to conspicuous consumption. As a result, governments are working with NGOs to look beyond GDP growth to 'sustainability indices' and 'happiness indices'.

And, second, consumer-facing CEOs are getting more earnest about working together on driving consumer demand for sustainable products. I presented the China Dream project at a series of World Economic Forum sessions in Abu Dhabi

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and Davos to company titans from Marks & Spencer, Kingfisher, Tesco, DESSO, Nike, and others, and I noticed a clear expansion in corporate talk from supply-chain sustainability to how best to engage consumers in social change.

These two factors, together with the rise in social media and the unique conditions in China that prime that country for a change, mean that this is our moment. In the year of Rio+20, we have for the first time an opportunity to activate sustainable consumerism on a large scale. ■

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Peggy Liu
Chairperson
JUCCCE

Peggy, Chairperson and co-founder of JUCCCE, is an internationally recognised expert on China's energy landscape. Prior to JUCCCE, Peggy was a venture capitalist in Shanghai.

Contact Peggy through:
www.criticaleye.net