

Are emerging market consumers engaging with the green bandwagon?

Contributed by Euromonitor International
Friday, 15 February 2008
Last Updated Friday, 11 July 2008

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Emerging markets are not associated with 'ethicals', or consumers demanding the greening of brands. This is a 'privilege' of developed economy consumers, satiated by consumption levels, and guilt-driven to spend on greener products. Significantly, with the environment perhaps the best example of globalization, growing consumer concerns now embedded in the greener business plans of multinationals, are cascading onto emerging market turfs. This promises to open up possibilities for these consumers. Also, in emerging markets, it is the new 'affluentials' that show the most 'green potential'.

Key trends

Sightings of a new green consumer mentality; Model combos of international and local drives. Commercial opportunities

Growing number of young 'affluentials', 'urbs' and visiting 'eco-tourists' are the consumer groups in emerging markets to target with green product USPs; Young 'creative class' consumers are positive about purchasing locally-sourced goods with a traditional element such as organic food/clothing and designer re-worked indigenous artisan crafts; Commercial collaborations with urban-centred, outward-looking hubs such as shopping malls, caf  s, tourist resorts, clubs, entertainment complexes etc. are likely to lure the greenest emerging market consumers with high disposable incomes. Background

Green is a multi-hued concept. Concern over the world's finite natural resources takes in a rainbow of issues and processes responding to them including: conservation; recycling; greenhouse gas emissions; eco-tourism; climate change; water preservation; solar and wind power; and ethical consumption. It also takes in sustainable development – the green-powered umbrella slogan that is most typically used to draw attention to green-minded business development but is broad enough to encompass drives to narrow the gap between rich and poor, developed and developing nations.

A key issue that has caught the sentiment of millions of consumers worldwide is the truly global aspect of the environment. There were Live Earth concerts in Shanghai and Rio (watched by 37% of all Brazilian households). Environmental problems have no problem with national borders and other languages and cultures. International 'emergency' conventions at Kyoto and elsewhere, bolstered by efficient NGO consumer-impacting activity, prove that environmental issues won't disappear, and keep them in the public eye. Consumer concerns in developed markets, therefore, have kick-started multinational companies in particular, into adding a green element into their business plans.

With developing countries poorer than developed ones, greener consumers and even greener companies may not be the priority for now – and concern for scarce resources like water has more to do with traditional frugality. Moreover, with the consumer acquisition of more white goods and other development perks, many commentators challenge green flag bearers: 'you industrialize, you pollute, now you judge' claiming that these countries fear stringent green product standards will add barriers to healthy exports.

International company policies e.g. free-trade goods, and standard-setting, mean that some greening of developing markets is occurring, 'from above', however. The extensive outsourcing of production to cheaper developing nation locations (facilitated too by consumer pressure-driven bestseller business manuals that rank companies environmentally, like – The Black Book of Outsourcing –), also play a part.

Significantly, more new affluentials in emerging markets are showing embryonic signs of a green consumer consciousness. Sightings of a new green consumer mentality

Stirrings rather than waves characterize the green consciousness of developing market consumers. As in the West, where hyper-consumerism is passé, wealthier, globally-networked emerging market consumers are becoming more concerned about the consequences of their own and global consumption.

A new global poll by Harris Interactive on sustainability and global trends found that customers and the government are seen by companies in India as the most important influencers on sustainability and environmental decisions. Perhaps reflecting the lag between India and China, one of every two Indian managers consider these factors crucial, significantly higher than their Chinese counterparts (26%).

A study out in the May 2007 issue of the International Journal of Consumer Studies reports that Egyptian men out-green

local females, showing a more positive outlook towards making green purchases.

The Times of India, in a September 17th 2007 article, 'How green is my wardrobe?' reports that eco-friendly fashion is no longer considered dull and boring among Indian consumers, but has made the leap from hippy to hip. "Buyers are willing to spend big bucks on these ranges," says designer Karunesh Vohra. "Most people wouldn't mind the difference in price because they'd feel they are saving the environment in some way," he adds. Organic fashion designer Deepika Govind sees sensitivity towards the environment as a fashionable trend in itself.

Bangkok's The Nation newspaper, in a September 15th article on the staying power of the environmentally friendly trend, is subtitled "picking up on global trends without having any concern or idea about their core meaning is part of Thai culture!" It claims that consumers see through misguided efforts by business to appeal to 'trendy environmentalism'. These include malls spending millions of Baht on cloth bags when plastic bags are still the norm among consumers and the Emporium shopping complex's huge budget for bringing in thousands of tropical plants to 'cool' the mall, a move criticised by local environmentalists. The article does detect a sea change among Thai 'creative consumers': "Arty types and environmentalists see the beauty in traditional [cloth] bags. Rare ethnic-style examples have become collectors' items" while young Thai textile designers are profiting from creating stylish fabric bags. There's evidence of a type of 'still made here' consumer trend too: "Mae Fah Luang combines modern designs with the craftsmanship of hill tribe weavers from northern Thailand".

There's also a growing youth following for innovative environmental campaigning such as the move by the capital's Al-Gore-style governor, Apirak Kosayothin, to decorate 'green' bus stops, and collaborate with local Greenpeace on a mobile 'climate change clinic in a recycled, solar-powered shipping container. The Thai-Craft Association invites consumers to donate supermarket bags for recycling into 'knitted plastic' creations too.

China's health and wellness packaged food industry has grown rapidly, with sales totalling nearly US\$ 4.7 billion in 2006. BioFach China 2007, the first Sino-foreign fair for organic food, took place in Shanghai recently to promote longer term cooperation between Chinese and overseas organic food entrepreneurs and create conditions for the market expansion of organic food in China.

CScout.com reports that sustainability is cool among high-end Chinese urban consumers "there are signs that lifestyles of health and sustainability are starting to be lead in Beijing, albeit by those on above-average incomes". Sales of natural health products continue to boom in China "with shops for LOHAS (consumers who love organic lifestyle, natural health etc.) open in Beijing and Shanghai. However, "Chinese society is still at the stage where making money is the primary objective" health, wellness and the environment come second" reports CScout. "It will be at least another generation before sustainability becomes a major consideration for the average Chinese consumer". Model international and local drives combos

Business does drive progress, as C.K. Prahalad argues in "The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits". For him, big business has ignored the significant combined buying power of poor consumers in emerging markets.

Some green-minded foreign companies are working to this concept. It also helps that the Clean Development mechanism, part of the Kyoto Mechanisms, allows industrialised countries to

offset their own emission reduction targets through green collaborations with poorer nations.

Sunlabob is a German-led company for renewable energy headquartered in Vientiane, Laos. Their rechargeable solar lamp lets rural users recharge at village stations operating as a franchise! Consumers are pleased as the cost is lower than kerosene.

More than 110 regional hotels in less developed Asian economies are now accredited or benchmarked by 'Green Globe', the world certification programme for the travel and tourism industry. According to Don Birch of travel company, Abacus International, "Environmental awareness in Asia's travel industry is likely to be consumer-led, with regulators chiming in to reflect the concerns of consumers". Outlook

Expect consumers in emerging markets to gradually up their interest in things green, in line with their developed market precursors.

In the next five years, the value of China's organic food sector is expected to increase by 30% annually.

Global car industry participants at the recent Frankfurt car fair were in agreement that future consumers would be found in emerging, particularly BRIC markets. They are aware that some of their local partner companies may in future become formidable competitors once Chinese and Indian firms, especially, are able to meet EU, American and Japanese emissions standards.

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