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# TÜV SÜD Green Gauge 2010

A study to investigate and compare consumer and corporate attitudes to Green issues in China, India and Singapore

TÜV SÜD Asia Pacific

TUV®

## Research findings commentary



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**Eight out of ten consumers on average in China, Singapore and India are willing to pay a premium of 27 percent for products and services certified as Green.**

**In contrast, business estimate that less than half (43 percent) of consumers to be willing to pay more for Green credentials and those who are willing, would only pay a premium of 14 percent.**

### **What can businesses learn from the TÜV SÜD Green Gauge 2010?**

- The results of this research clearly demonstrate that we have reached an era where Green products and services not only help tackle pertinent environmental issues but make genuine business sense. Over the next five years, this is only going to intensify. With a comparably limited number of Green products and services currently on the market, firms that act quickly to capitalise on this growing trend will reap significant rewards.
- Businesses who currently do offer Green products or are planning to do are well advised to communicate the benefits of their impact their customer not just on “greenness” but also emphasise on quality and benefits such as health and safety.
- Ensure your Green product or services meets independent certified standards, as consumers are aware of green certifications and place importance on independent certification. TÜV SÜD can provide support in choosing a suitable Green certification scheme and testing and certification to which that will document ongoing commitment to sustainable products and process practices to your customer.

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# I Executive summary

The study, the first to investigate consumer and corporate attitudes to Green products, services, policies and certifications in Asia, revealed that businesses appear to be unaware of the intensity of consumer interest in Green products and how this translates into demand for Green products and the willingness to pay premiums of almost 30 percent for them. This shows a large and potentially lucrative opportunity for businesses.

The research named TÜV SÜD Green Gauge 2010 was conducted by an independent research institute. Undertaken in top-tier cities in China, India and Singapore, it included individual interviews with over 460 management-level employees in businesses that operate the home electronics, food and beverage, and clothing and footwear industries. A survey of more than 2,600 consumers, which act as their household's key decision maker in the purchase of products and services in these sectors, was conducted across these countries.

## Key findings

**Consumer demand for Green products and services in China, India and Singapore appears to be outstripping supply.**

### **Opportunity set to increase**

Whilst consumer interest in Green products and services in the three researched markets is already high, the vast majority of respondents believe Green issues will become increasingly prominent in the next five years.

### **Consumers willing to pay a premium for Green products**

The vast majority of consumers (84 percent) are prepared to pay a considerable premium (27 percent on average) for products clearly certified as Green.

### **Independent Green certifications influence purchasing behaviour**

96 percent of consumers in India stated that independent Green certifications are of importance when deciding which product to buy, followed by 94 percent in China and 90 percent in Singapore. The primary reason for these beliefs in all countries was that Green certifications provide independent accreditation, and therefore add credibility.

### **Differing opinions on who should take the lead on solving Green issues**

When asked who should take the lead on Green issues, businesses firmly pointed the finger at Governments, whilst consumers took responsibility themselves.

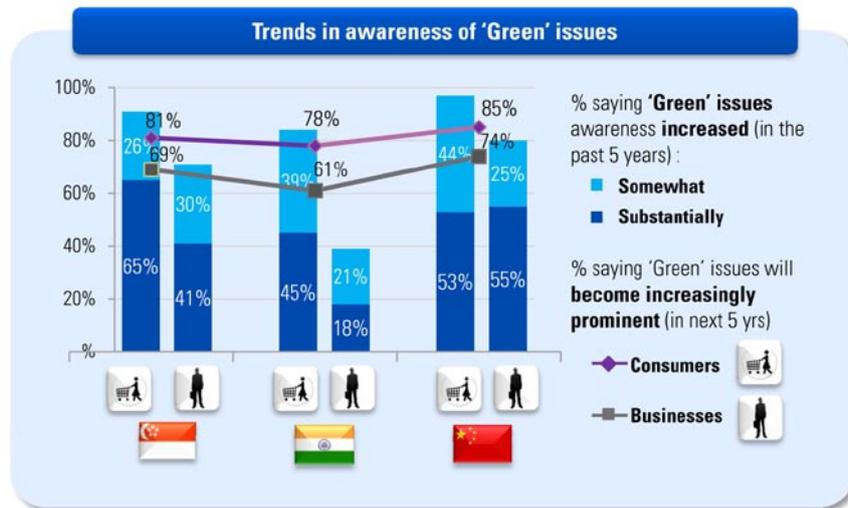


## II Regional highlights

### Opportunity set to increase

Whilst consumer interest in Green products and services in the three researched markets is already high, especially in China and India, the vast majority of

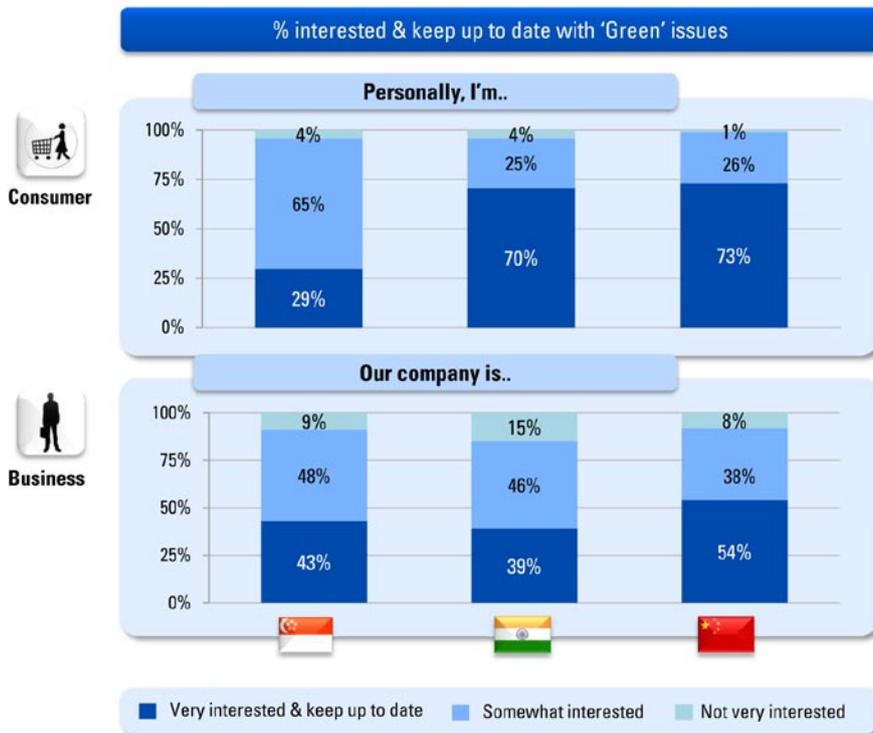
respondents believe Green issues will become increasingly prominent in the next five years.



### Interest in Green issues

Both businesses and consumers demonstrate a keen interest in Green products and services. On average, 96 percent of consumers and 89 percent of businesses said they were somewhat or

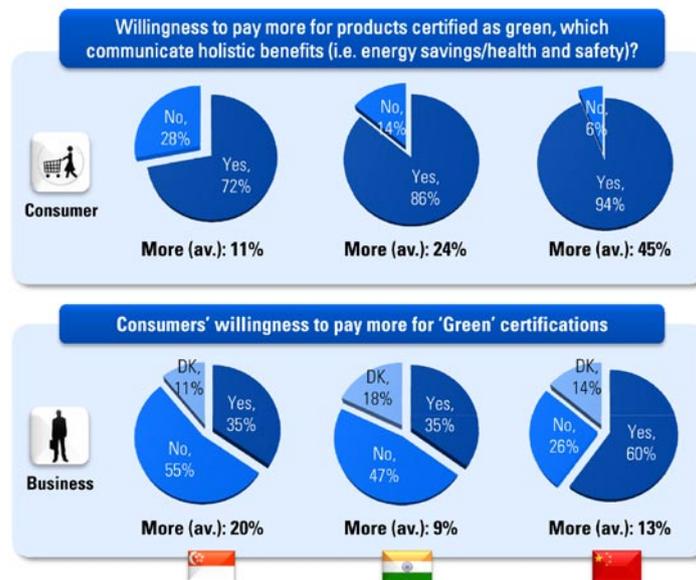
very interested in Green issues. However, businesses appear not to be aware of the intensity of interest among consumers and how this translates into demand for Green products.



## Independent certifications influence purchasing behaviour

The vast majority of consumers (84 percent) are prepared to pay a considerable premium (27 percent on average) to get their hands on products and services that are clearly certified as green and 74 percent claim to purchase such items.

In contrast, businesses expect less than half (43 percent) of consumers to be willing to pay more for Green credentials and those who are willing, would only pay a premium of 14 percent

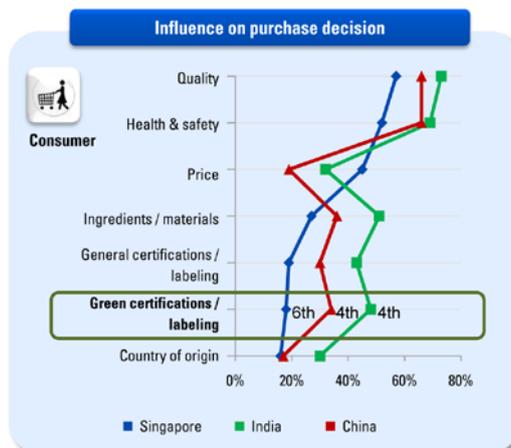
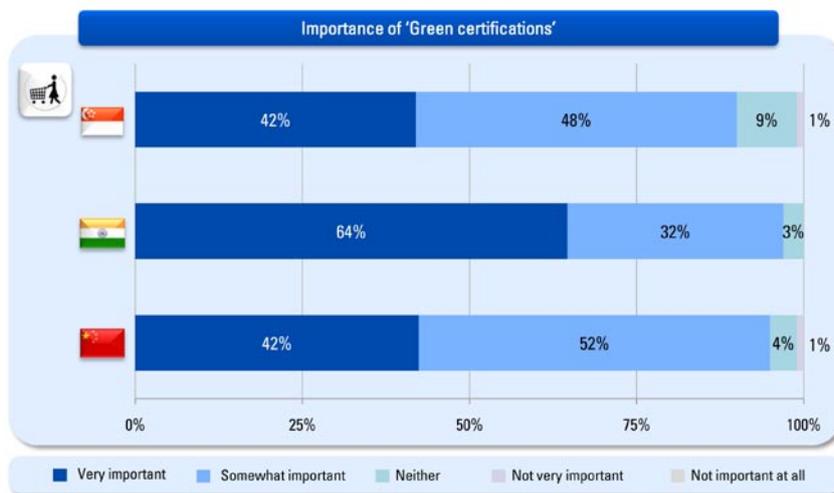


## Independent Green certifications important to consumers

96 percent of consumers in India stated that independent Green certifications are either “very important” or “somewhat important” when deciding which product to buy, followed by 94 percent in China and 90 percent in Singapore. In India and China, consumers even claimed such standards

play a greater role in their purchasing decisions than price.

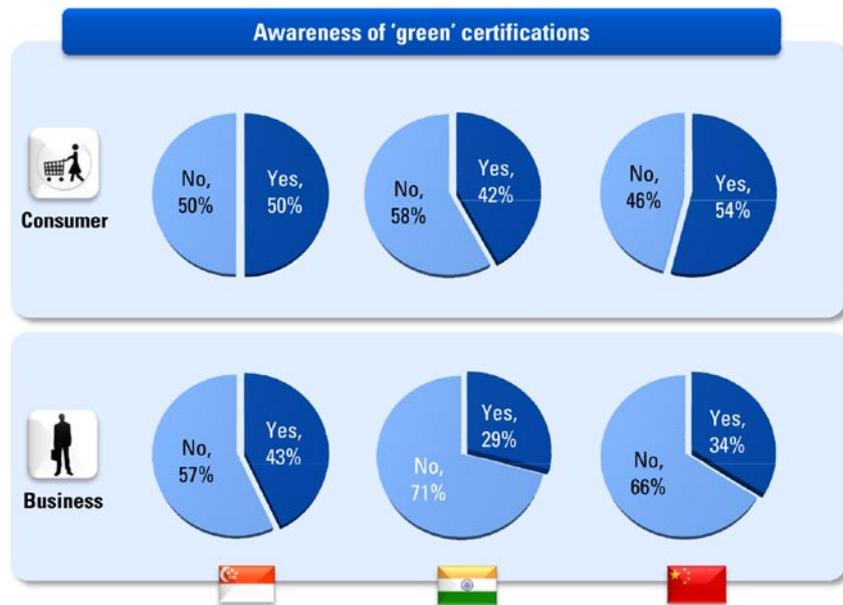
The primary reason for these beliefs in all countries was that Green certifications provide independent accreditation, and therefore add credibility.



### Awareness of independent Green certifications

Surprisingly, the results also demonstrated that consumers are more aware of independent Green certifications than businesses.

Around half of consumers in Singapore, India and China recognise such standards compared to just a third (35 percent) of corporate entities.



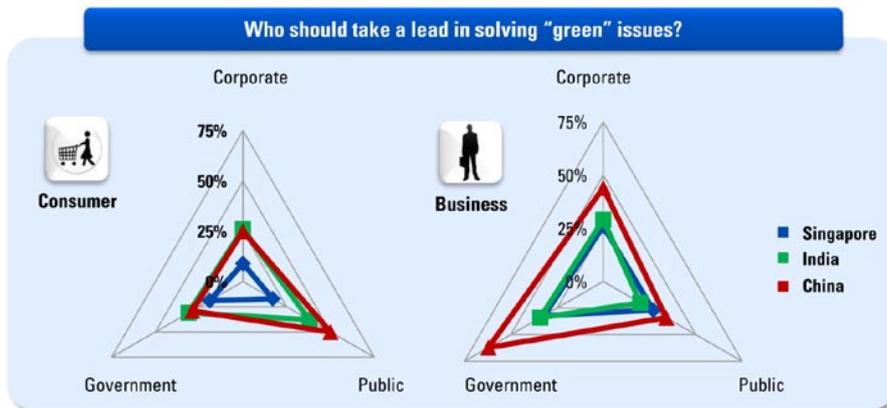
## Differing opinion on who should take the lead on solving Green issues

When asked who should take the lead on solving Green issues, businesses firmly pointed the finger at Governments, whilst consumers took responsibility themselves.

In China, for example, 50 percent of consumers felt that they should take the responsibility themselves, whilst 62 percent of corporate organisations stated that

Governments should drive sustainability and CSR (Corporate Social Responsibility) initiatives.

The vast majority of corporate respondents also claimed that Industry and Government regulations are the main reason why they would implement CSR and sustainability policies and guidelines.

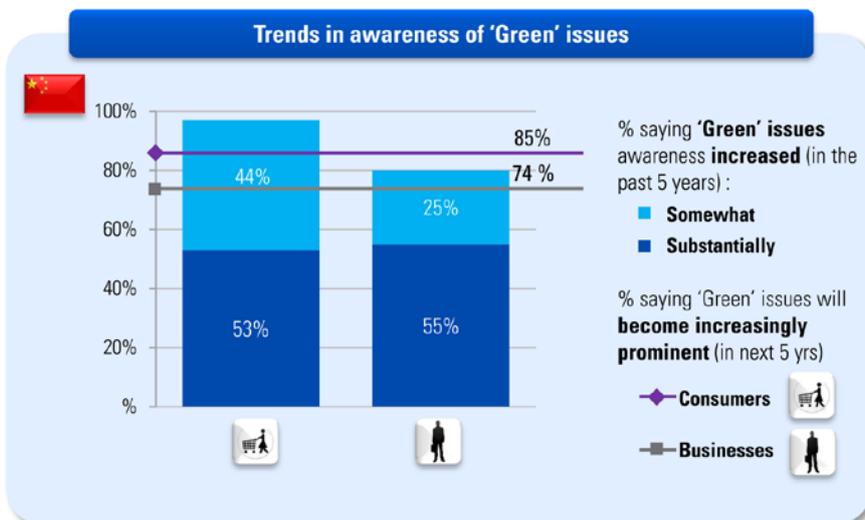
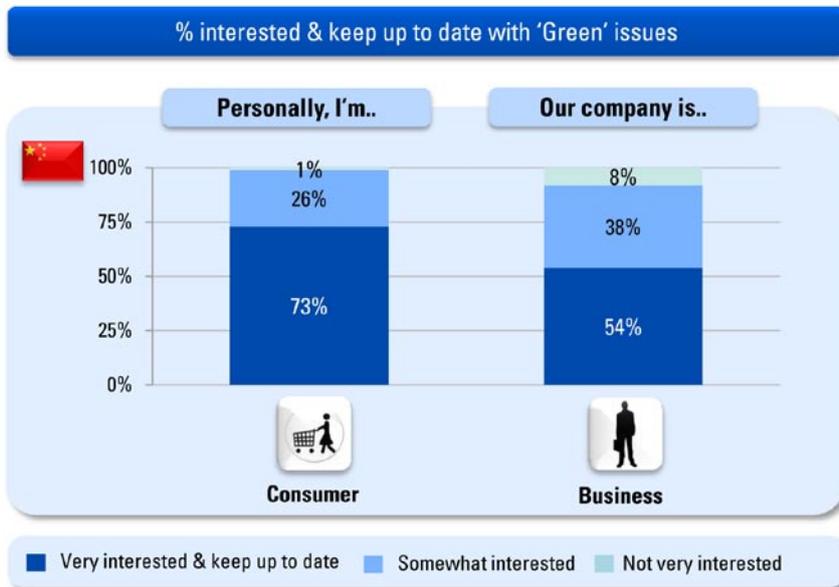


### III Local highlights China

#### Opportunity set to increase

Whilst urban consumer (99 percent) and business (92 percent) interest in green products / services in China is already high, 85 percent and 74 percent respectively believe that green issues will become even more prominent in the next five years. This shows that there is generally a high level of

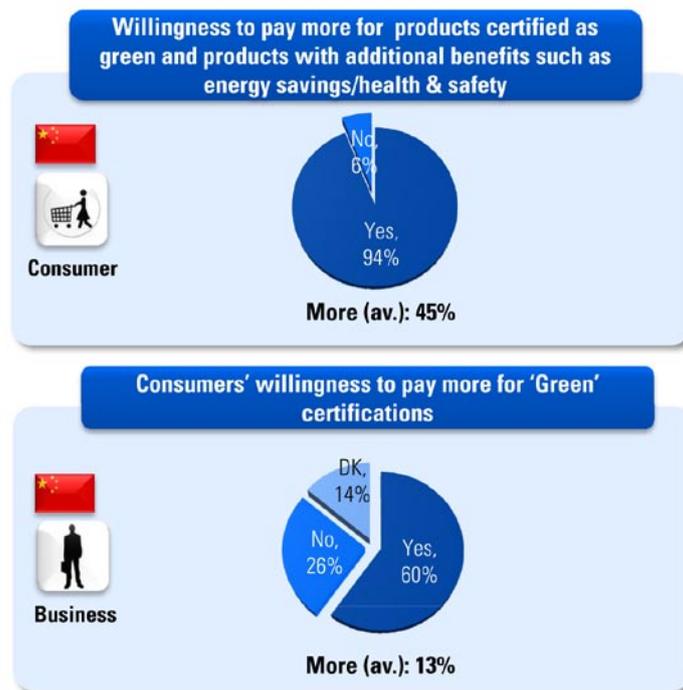
interest in Green issues by both businesses and urban consumers. However businesses appear to not be aware of the intensity of interest among urban consumers and how this translates into demand for Green products and the willingness to pay premiums of almost 50 percent for them.



### Chinese urban consumers willing to pay premium for Green products

The research demonstrated that the vast majority of the surveyed urban Chinese consumers (94 percent) are prepared to pay a considerable premium (45 percent on average) to get their hands on products and services that are clearly certified as green. Furthermore, 83 percent of respondents claim to purchase such items, making China the country with the highest interest and demand for Green products

when compared to India and Singapore. Businesses, on the other hand, were revealed to expect just 60 percent of urban consumers to be willing to pay more for Green credentials and that those who are willing would only pay a premium of 13 percent. Businesses in China are therefore significantly underestimating consumer interest and awareness in Green issues.



### Businesses underestimating demand

Even though an average of 59 percent of businesses in China in the surveyed industries are already producing or trading

Green products, the study showed that they are still misjudging the intensity of urban Chinese consumer demand.



### Independent Green certifications are important to consumers

94 percent of urban consumers in China stated that independent Green Certifications are important when deciding which product to buy. Some even claimed such standards play a greater role in their purchasing decisions than price. The primary reason for these beliefs, which were consistent among all three countries, was that Green Certifications provide independent accreditation and thus enhance a company's credibility.



### Consumers more aware of Green certifications than businesses

Surprisingly, the results also demonstrated that consumers are more aware of independent Green certifications than businesses in China. More than half

(54 percent) of consumers on average recognise such standards, compared to just a third (34 percent) of corporate organisations.



The research suggests that consumers in China have become increasingly sophisticated when it comes to Green issues. They understand the importance of

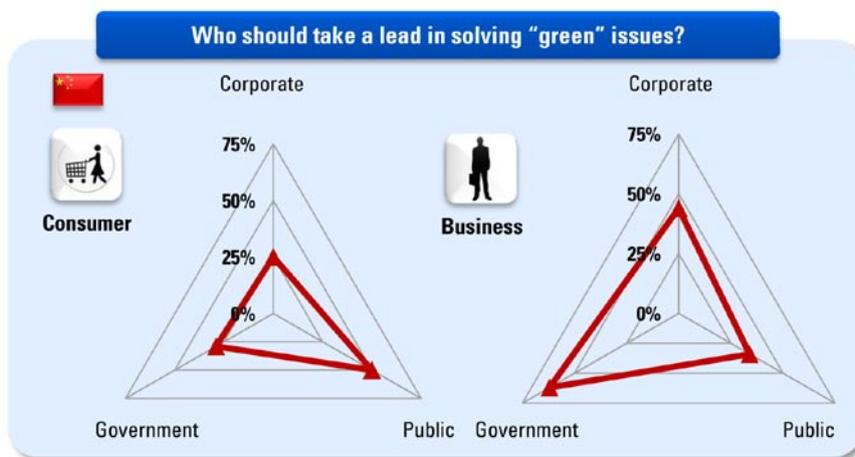
action, and therefore only look to purchase Green products and services that are independently certified to Green standards.



## Businesses believe Government should take the lead

When asked who should take the lead on solving Green issues, 62 percent of corporate organisations stated that Governments should drive sustainability and CSR initiatives. The vast majority of

business respondents also claimed that Industry and Government regulations are the main reason why they would implement CSR and sustainability policies and guidelines.



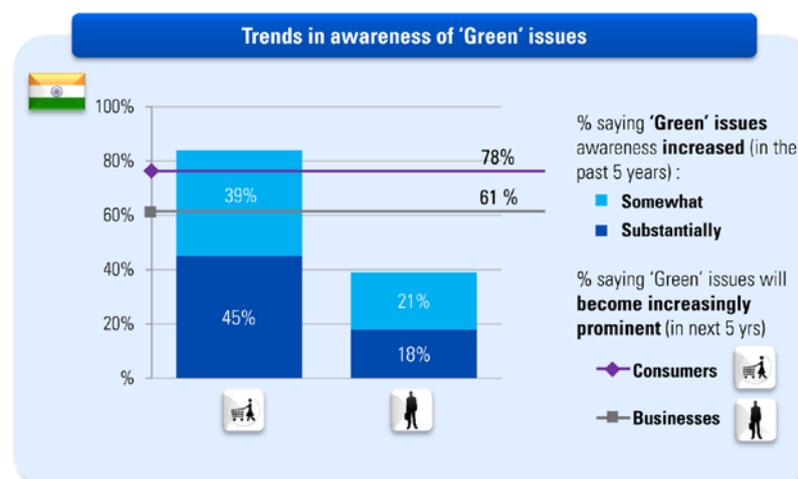
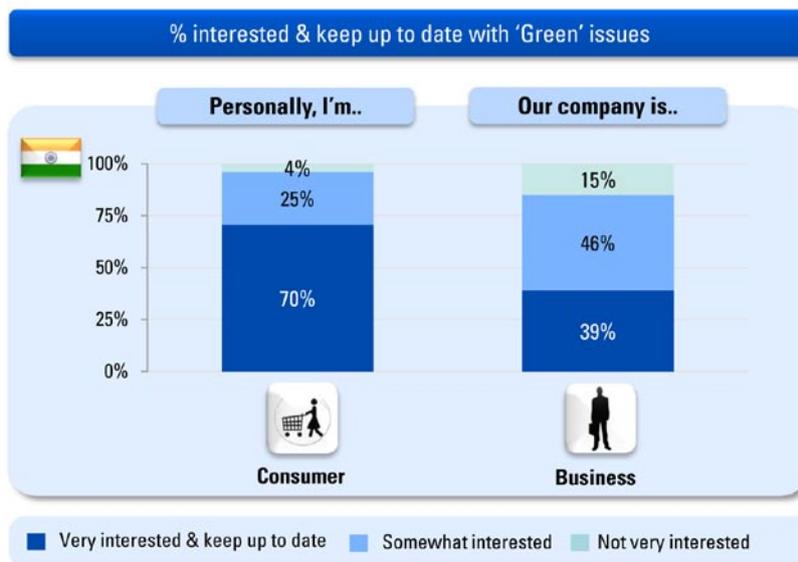
### III Local highlights: India

#### Opportunity set to increase

There is generally a high level of interest in Green issues by both businesses and consumers. Whilst consumers (95 percent) and business (85 percent) interest in Green products/ services in India is already high, 96 percent and 82 percent respectively believed Green issues will become even more prominent in the next five years. However, only 16 percent of businesses in the food and beverage sector and 18

percent in the clothing and footwear industries produce or trade Green products. The home electronics segment, however, clocks a more impressive 60 percent.

The vast majority (76 percent) of businesses either do not have a policy or guideline to minimise their impact in place or are failing to communicate they have one.



### Consumer willingness to pay a premium for green products

86 percent of consumers stated that they are willing to pay a premium of 24 percent on average for a product that is certified Green and communicates holistic benefits such as energy savings and additional

health and safety. In contrast, businesses estimate only 35 percent of consumers are willing to pay an average of 9 percent more for products certified as Green.



### Green certifications more important than price

96 percent of consumers in India stated that Green Certifications are important.

In India and China, consumers even claimed such standards play a greater role in their purchasing decisions than price.



The results also demonstrated that consumers are more aware of independent Green Certifications than businesses. Around half (42 percent) of Indian consumers on average recognise such

standards compared to just a 29 percent of corporate organisations in India, demonstrating that consumers in India are becoming increasingly discerning when it comes to Green issues.

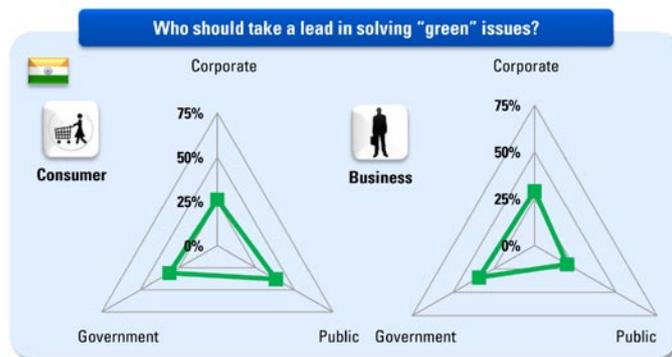


## Differing opinions on who should take the lead on solving Green issues

When asked who should take the lead in solving Green issues, businesses firmly pointed the finger at Government while consumers took the responsibility themselves.

43 percent of corporate organisations in India stated that Governments should drive sustainability and CSR initiatives.

In contrast, the study showed that businesses underestimate consumer demand and subsequently CSR and sustainability rank relatively low on the corporate agenda. Only one third of Indian businesses have some form of CSR or sustainability policy or guidelines, led primarily by industry regulations and least by the CEO/senior management.

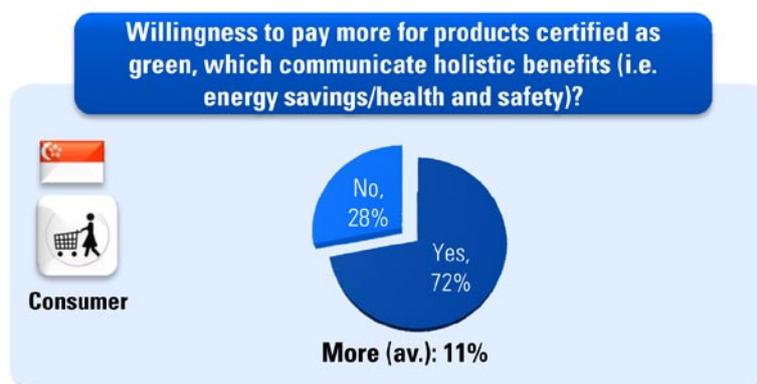
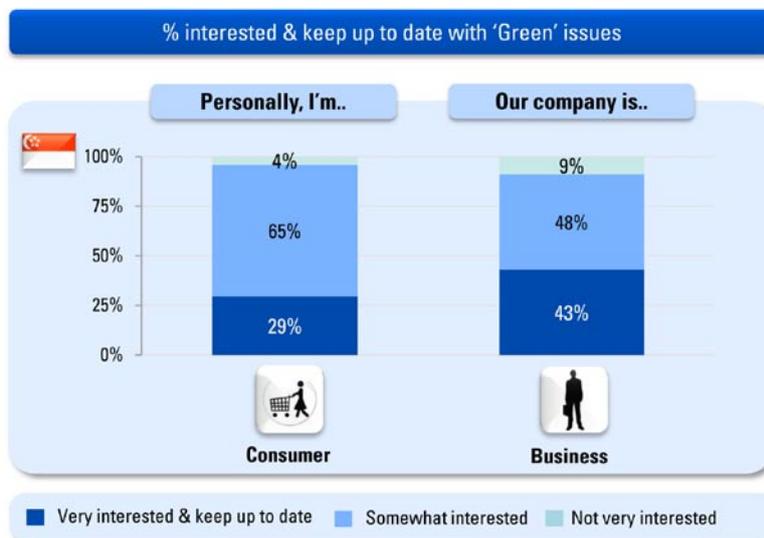


### III Local highlights Singapore

#### Opportunity set to increase

The research revealed that escalating consumer demand for Green products and services in Singapore, driven by concerns about climate change and air pollution, has left local businesses with significant untapped opportunities. The study found

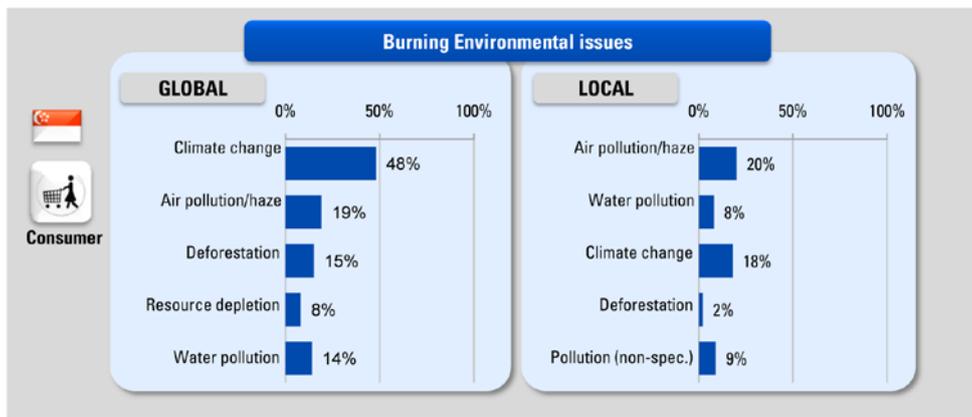
that 94 percent of consumers in Singapore are interested in Green issues; 72 percent are willing to pay a premium (11 percent on average) for Green certified items, and 62 percent claim to purchase Green products and services.



## Climate change driving demand

The research reveals that concerns about climate change are fuelling the rising demand for Green products and services in Singapore. Locally, air pollution was cited as the most pressing environmental

problem, with one in five respondents claiming it is a “burning issue”, closely followed by climate change (18 percent), and pollution (9 percent).



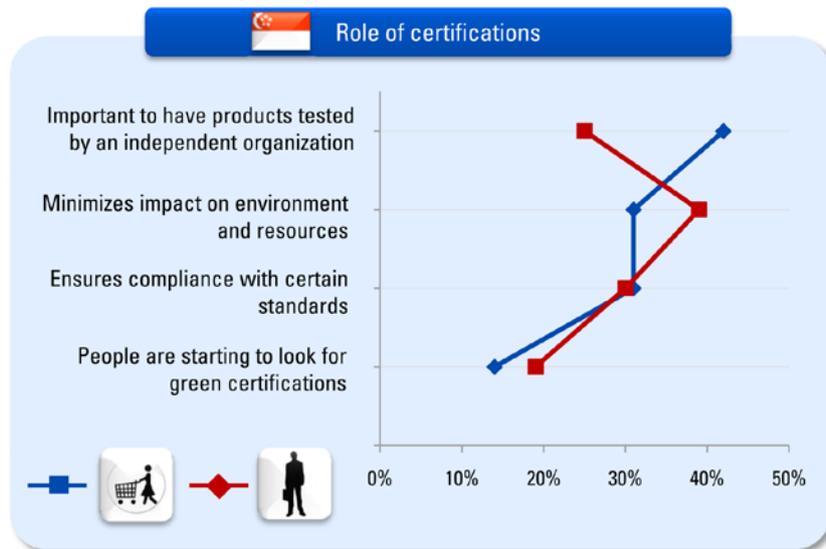
## Green certification is important to consumers

The study demonstrates that, consumers in Singapore are more aware of Green certifications than businesses and have a greater understanding of their importance.

Half of consumers polled were aware of such standards and 42 percent said they are “very important”, compared to 43 percent and 15 percent of businesses respectively.

Independent accreditation was shown to be the main reason behind consumer insistence on Green certifications, as they add credibility and clarity.

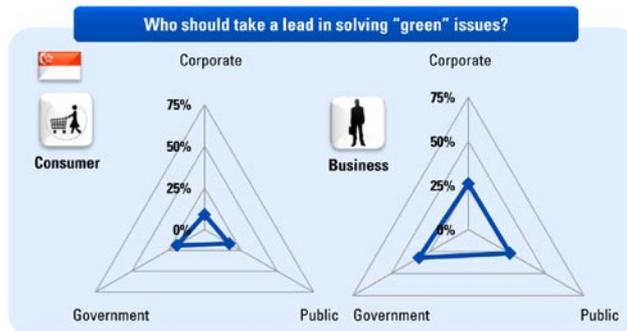
The study also revealed that consumers place higher importance on testing by independent organizations than businesses.



## Businesses want Government to take the lead

When asked who should take the lead on Green issues, 32 percent of businesses in Singapore suggested the Government.

The remaining 26 percent said that businesses should take the lead, whilst 27 percent felt the public should.



The vast majority of business respondents also claimed that Industry and Government regulations are the main reason why they

would implement CSR and sustainability policies and guidelines.



## IV About TÜV SÜD Green Gauge 2010

This white paper is based on results from a research commissioned by TÜV SÜD. The study was carried out by independent market research agency Kadence International.

The study gives valuable insights into trends in the uptake of Green products in Asia. A 'Green' product is defined as a product that is produced in a way that minimises the impact on environment and resources.

The study also aims to establish whether consumers or corporate organisations are more actively tackling environmental issues by investigating the levels of usage and awareness of Green products/services in each.

The methodology used to carry out this research includes a web-based survey of

more than 2,600 consumers and telephone interviews with more than 460 businesses in China, India and Singapore.

The consumer sample is nationally representative of consumers between 18-50 years of age and covers three segments of decision makers purchasing home electronics, food & beverages and clothing & footwear.

The business sample includes management-level employees that are in position to comment on 'Green' issues of their organization. The businesses interviewed are from home electronics, food & beverages and clothing & footwear sectors.

The survey was conducted between November and December 2010.





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## About TÜV SÜD



TÜV SÜD is a leading international service organization catering to the business segments INDUSTRY, MOBILITY and CERTIFICATION. It is a leading one-stop global solution provider for product quality and safety testing & inspections, engineering support, management system certification and training solutions.

With over 16,000 employees, TÜV SÜD operates worldwide at more than 600 locations. As partners in our customers' processes, our specialist teams ensure that technology, systems and know-how are optimized, thus strengthening our customers' global competitiveness.

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