

THINKING OUTSIDE THE BOX, BAG AND WRAPPER

Why now is the moment for
sustainable packaging in Japan

by Deanna Elstrom and Rinlpa (Nunu) Sirathanantchai | July 2019

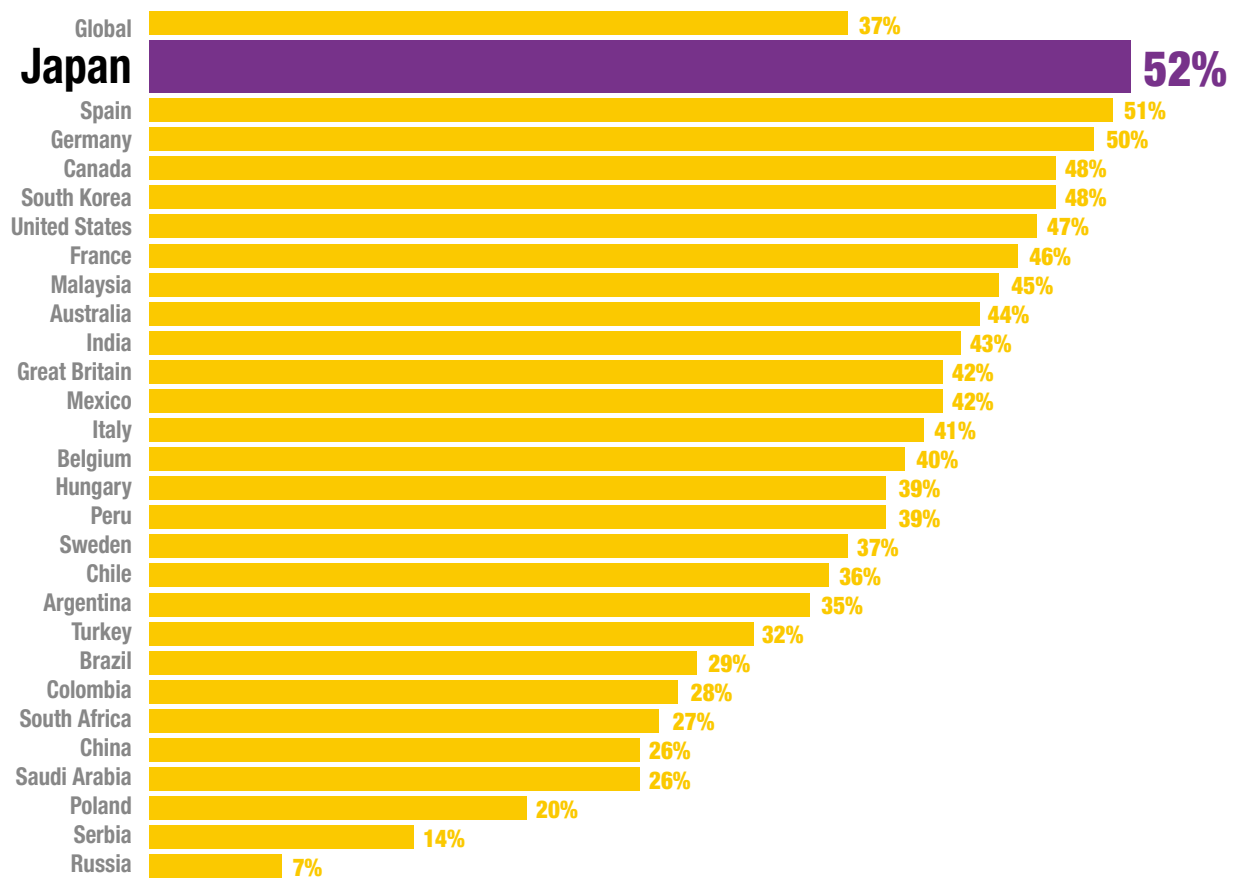


GROWING CONCERN AROUND CLIMATE CHANGE

In Japan, the summer of 2018 was brutally punishing. With record-breaking heatwaves, typhoons, heavy rains and subsequent mudslides, as well as strong earthquakes in Osaka and Hokkaido, one natural disaster after another pummelled the country. In Japan, there is consensus on the existence of climate change and the fact that global warming is directly

related to human activity. In this context, from the 27 countries that Ipsos surveyed for Earth Day 2019¹, Japan ranks first in terms of concern about global warming and climate change: 52% of Japanese citizens surveyed think this is one of the top three environmental issues facing the nation, compared to the global average of 37%.

Figure 1 Global warming or climate change is a top three environmental issue



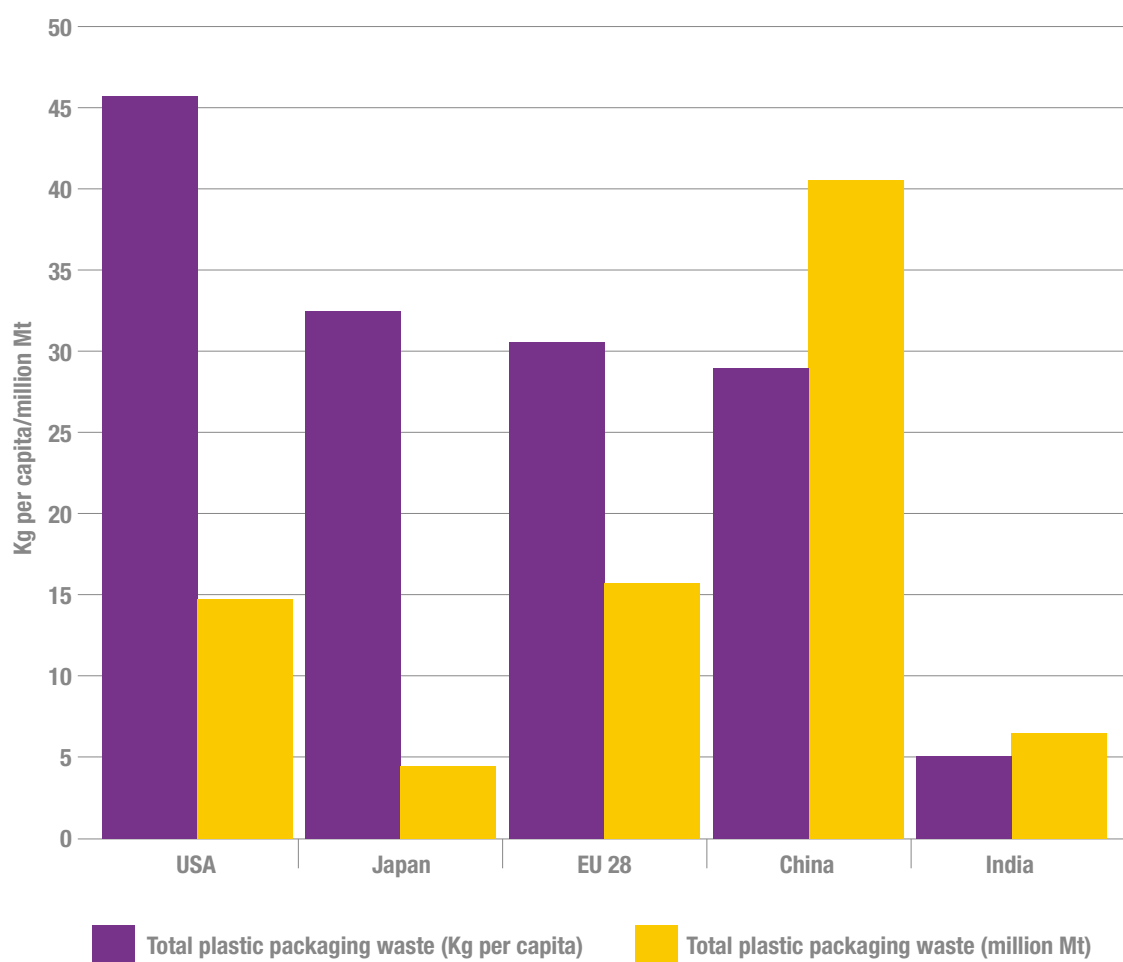
Source: Ipsos Global Advisor "Earth Day 2019" survey. Base: 19,519 online adults aged 16-74 across 27 countries.



After global warming and/or climate change, the Japanese also consider “future energy sources and supplies” and “dealing with the amount of waste we generate” as top environmental concerns. As the world’s second biggest

single-use plastic waste producer per capita after the U.S., shifting Japan towards more sustainable plastic consumption would significantly contribute to the reduction of global waste.

Figure 2 Plastic waste generation, 2014



Source: “Single-Use Plastics: A Roadmap for Sustainability”, United Nations Environment Programme, 2018.

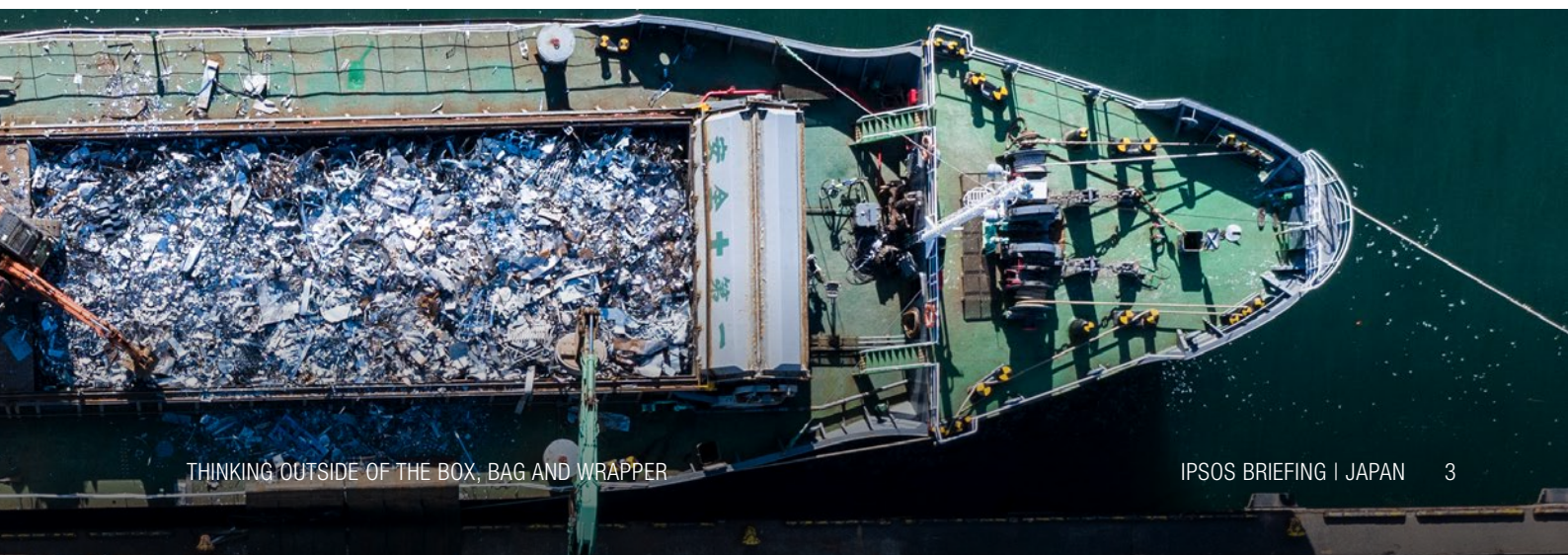
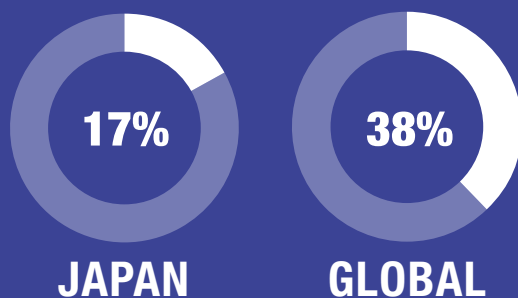
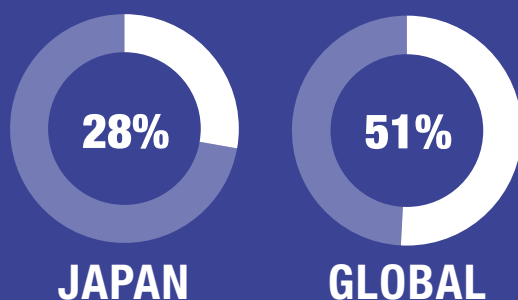


Figure 3 Actions that individuals are willing to take to reduce the problems caused by unnecessary/non-recyclable plastic and packaging

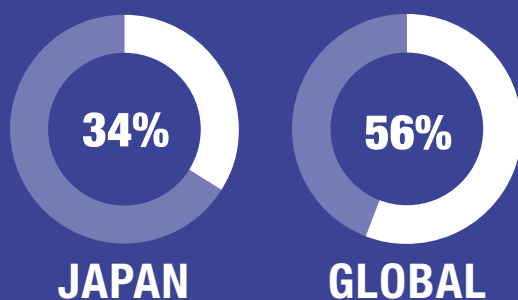
Stop buying goods that have non-recyclable packaging



Buy products made from recycled materials



Reuse disposable items



Source: Ipsos Global Advisor "Earth Day 2019" survey.
Base: 19,519 adults aged 16-74 across 27 countries.

Awareness of the problem of single-use plastic waste and subsequent ocean pollution is likely to build in Japan as international forums continue to push for international cooperation and tangible measures to be taken by member countries. Prime Minister Abe signalled Japan's intentions towards tackling the problems of waste generation and disposal at the January 2019 World Economic Forum in Davos: "I would like to build a shared sense that it takes a world-wide commitment...to reduce plastics flowing in the seas." And at the recent G20 summit hosted in Japan, leaders adopted the 'Osaka Blue Ocean Vision', which commits to reducing additional marine plastic waste to zero by 2050.

Given this concern around plastic waste generation and disposal from both Japanese society and leadership, we might expect a high level of readiness to act by Japanese citizens. However, survey results reveal that Japanese consumers express the least willingness to take personal actions towards sustainable plastic consumption. When asked about what they would personally do to reduce the problems caused by 'unnecessary use of plastic and packaging that cannot be recycled', there appears to be a surprising lack of motivation from the Japanese compared to the average global citizen (see figure 3).

This leads us to ask:

- **Why do attitudes in Japan lag behind most other industrialized countries?**
- **What does it take to motivate and inspire Japanese consumers to change their behaviour towards sustainable consumption?**
- **What are the implications for brands?**

Japanese consumers express the least willingness to take personal actions towards sustainable plastic consumption.

SUSTAINABLE CONSUMPTION AND THE JAPANESE CONSUMER

What may appear from an outside perspective as cold indifference towards sustainable consumption by Japanese individuals can be understood differently if we consider the cultural context and realities of daily life in Japan.

HEIGHTENED ATTENTION TO CLEANLINESS

Japanese culture puts great emphasis on cleanliness. The clear distinction between the inner, sacred and pure vs. the outer, profane and polluted has origins in Shinto beliefs and rituals. The throwing of salt inside the inner sumo circle before bouts is to purify the sacred space of the ring, just as the salt outside doorways is intended to maintain the purity of what lies within. Entranceways within homes, at schools, offices and doctors' offices all feature a *genkan* entrance at which you remove your shoes and step up into clean slippers,

thus maintaining the purity of the inner space. Today, most Japanese change into "room clothes" upon returning home.

When it comes to consumer goods, plastic packaging is a cheap, lightweight and impermeable means of maintaining the purity and freshness of the contents. Multiple layers of plastic wrapping provide extra protection; the unclean outer wrapping can be removed prior to being placed in the kitchen cupboard. Wrapping things separately to preserve their cleanliness and freshness is a part of the thoughtfulness that goes into the *omotenashi* (hospitality) that Japanese services are so famous for. In this way, hotel slippers are wrapped in plastic, as well as individual rice crackers, towels and robes. At the bakery, different types of rolls will be put in separate plastic bags in order to prevent unwanted mingling of flavours or smells.



OUT-OF-SIGHT, OUT OF MIND

Visitors to Japan often remark upon the exceptional cleanliness of public spaces. Efficient infrastructure and social cooperation make possible the spotlessness of streets and public transport, despite the absence of public waste bins. PET bottles and other recycling, cleaned and separated, are put on the curb and promptly whisked away. Even in the heart of Tokyo, with its raised expressways crisscrossing overhead, both noise and air pollution are minimal. While other Asian cities grow ever more smog-covered, over the past 30 years, environmental quality in Japan's cities has been on an upward trend.²

In this context, the problem of global waste may seem distant and intangible to the Japanese citizen. Thanks to media coverage, there is some level of awareness around the issue of microplastics filling the ocean, but the average Japanese citizen is likely unaware that five huge garbage patches - the largest of which has a surface area three times the size of France - are floating in the ocean.³

With the assumption that it will be recycled, Japanese take extraordinary care to diligently sort and recycle their trash every day. Once the drink in the PET bottle is finished, the bottle is rinsed out and the label and cap are removed then deposited into the appropriate recycling bins. With this level of effort, it would be understandable if, at this point, the individual felt that they had fulfilled their share of responsibility.

Only 23% of Japan's plastic waste was recycled in 2017

However, the reality is that, of the 9 million tons of plastic waste Japan created in 2017, only 23% was recycled.⁴ The remainder was incinerated, used in power and fuel generation or put into landfill. Around 40% of recycled plastic waste was processed domestically, with the remainder shipped to other countries in Asia with lower processing and recycling costs, such as China.

WAITING FOR LEADERSHIP

Rather than indifference towards sustainable consumption or a refusal to act, the Japanese citizen is likely waiting to be shown the way forward. Our survey results reveal that 23% of Japanese citizens feel the government has the greatest responsibility to reduce the amount of unnecessary packaging sold (vs. 6% global average). By contrast, not much is expected of sellers and producers of packaged goods when it comes to addressing the problem of plastic waste (see figure 4).

Interestingly, Japanese place more responsibility with consumers for finding a way to reduce the amount of unnecessary packaging sold. This suggests some level of willingness to accept responsibility by consumers and, therefore, to take personal action. So, what is preventing them from doing so?

Figure 4 "Who, if anybody, do you believe should take most responsibility for finding a way to reduce the amount of unnecessary packaging which is sold?"

	Japan	Global average
Government	23%	6%
Consumers	16%	14%
Producers of packaged goods	9%	20%
Sellers of packaged goods	8%	9%
Nobody	23%	39%

Source: Ipsos Global Advisor "Earth Day 2019" survey. Base: 19,519 adults aged 16-74 across 27 countries.

LACK OF ALTERNATIVES

In a 2017 survey by Japan's Eco Value Interchange⁵, while nearly 40% of Japanese consumers agree that “purchasing or using products and services with ties to environmental conservation activities” is a doable (できそう) action for them, less than half of these individuals have actually done so. The largest barrier preventing Japanese consumers from taking personal action is likely the lack of availability of these environmentally-friendly products and services. In other words, it is not a lack of interest or motivation that leads to inaction by Japanese consumers. Rather, alternatives are not available in the marketplace. This is evidenced by a stroll in the local supermarket or convenience store. From individual fruits and vegetables packaged in multiple layers of plastic to individually-wrapped tiny candies, Japanese consumers have little option but to buy hyper-packaged products. This lack of sustainable options available to consumers suggests a sense of indifference towards sustainability from brands and retailers.

Consumers want to feel that they are “doing the right thing”. By failing to offer consumers sustainable options in product packaging, brands and retailers are missing an opportunity to address an unmet consumer need that is likely to grow dramatically and increasingly quickly. As consumers continue to gain awareness of global problems such as climate change, global warming and ocean plastic pollution, feelings of guilt will likely arise when purchasing products made of and packaged in plastic that they fear will end up in the ocean or contribute to global warming when incinerated.

Brands that help consumers to avoid these negative feelings and instead delivers the positive emotion of “doing the right thing” both at the point of purchase and the point of disposal will gain, not just in sales but in brand equity. For example, following Starbucks’ announcement to remove plastic straws by 2020, 48% of U.S. adults stated a more favourable impression of the company.⁶ But this boost to brand equity will only be enjoyed by those brands and retailers who act first, not those who follow.

LACK OF BRAND COMMUNICATION

The failure of brands to make a clear link between personal consumption choices and environmental impact likely contributes to the ambivalence that our survey results show around Japanese willingness to take individual actions on sustainable consumption. Because Japanese corporations tend to regard sustainability as primarily an aspect of Corporate Social Responsibility (CSR), they fail to leverage it as part of a brand’s marketing strategy. Even when a brand creates a more environmentally-friendly product or package, little effort is made to call it out to consumers as a point-of-difference or product benefit.

For example, Suntory’s Tennensui drink bottle is Japan’s lightest 500-600ml water bottle and uses the thinnest label⁷ yet doesn’t call it out beyond a CSR mention on the company’s website. According to a study done by Kao Corporation, many Japanese consumers agree that the lack of such information makes them doubt the ability of personal action to make a real difference.⁸

“We must consider the degree to which the pack can communicate higher order meanings, such as brand purpose and packaging’s role in the complete product lifecycle.”

**IAN PAYNE AND COLIN STRONG,
THE THIRD MOMENT OF TRUTH,
FEBRUARY 2019.**

THE MOMENT IS NOW FOR BRANDS IN JAPAN

Given Japanese consumers' low expectation for producers and retailers of packaged goods to lead on sustainability in packaging, brands may be lulled into believing that investing in sustainable packaging is a low priority. However, **the moment to act on sustainability in packing is now**. Continuing to stand by and wait for outside pressures to force change would not just be a missed opportunity to gain first-mover advantage, but likely a serious threat to long-term brand equity and share.

The ever-increasing attention towards improving the problem of global plastic waste and disposal shown by the world's governmental organisations, NPOs, watchdogs, companies and consumers is putting pressure upon the Japanese government to respond. The recent G20 Summit has made sustainability a key focus, with increasing pressure on member countries to ban single-use plastic bags. According to Japan's Minister for Economy, Trade and Industry, Japan will aim to require all stores to charge customers for plastic bags by April 2020.⁹

The necessity of strengthening domestic plastic recycling and disposal capacities, as well as stepping up efforts to reduce plastic consumption, has become impossible to ignore. As China is no longer willing to take in plastic waste from foreign

countries, Japan has raced to find alternatives. With a recent amendment to the Basel Convention tightening regulations around cross-border movement of plastic waste by early 2021⁴, the need to reduce the amount of plastic waste generated becomes ever more urgent. The Japanese government has announced a plan to reduce plastic waste by 25% by 2030, potentially being implemented as early as 2020. As the Japanese government and international organisations create an ever-more constrained environment, sustainability in packaging will no longer be an option for brands, but a necessity.

Sustainability in packaging will no longer be an option for brands in Japan, but a necessity.



EMERGING CONSUMER EXPECTATIONS

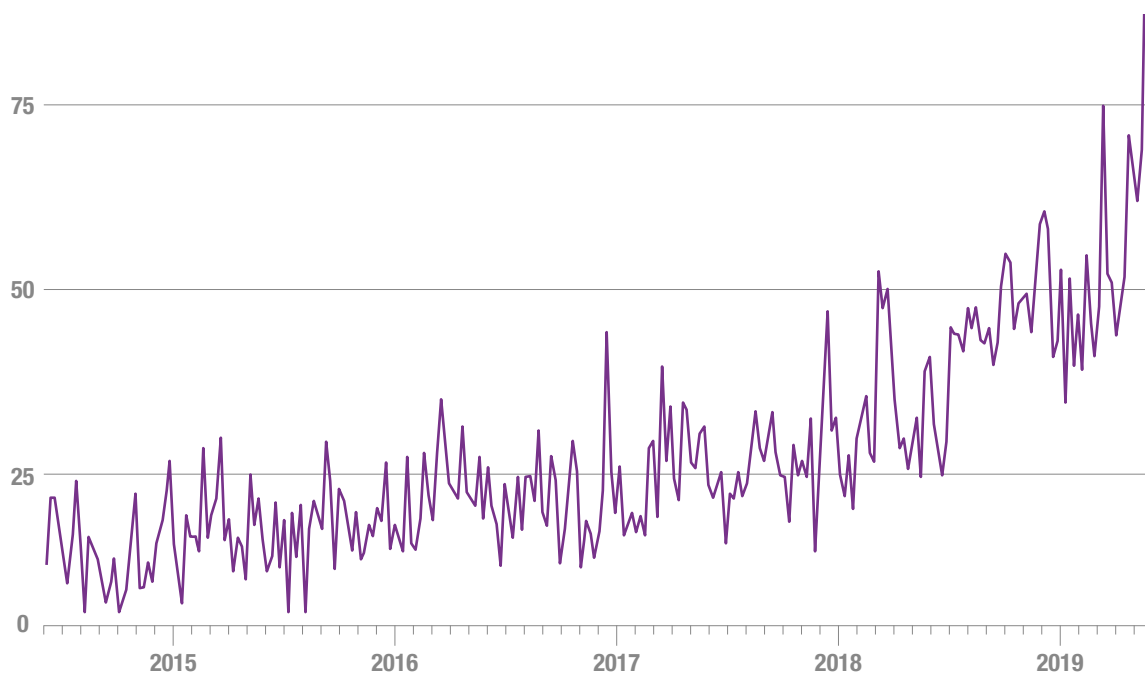
As the rest of the world innovates around sustainable packaging and consumption, Japanese consumer expectations will shift. The recent explosion in international visitors to Japan from 6 million in 2013 to 31 million in 2018¹⁰ brings outside perspectives and influences. And, as global brands extend sustainability initiatives to Japan, Japanese consumers will increasingly expect and seek out products and brands that support sustainable consumption.

The Google search frequency of プラスチックごみ (plastic waste) over the past 5 years has steadily increased (see figure 5), with momentum growing since Starbucks' plastic straw ban announcement in July 2018. This drew wide attention domestically across Japanese national news and social media outlets.

GAINING COMPETITIVE ADVANTAGE

In Japan, over half of those surveyed express favourability towards companies adopting activities that help protect the environment.⁵ Leading the way on creating sustainable product and packaging alternatives is not just a matter of making consumers feel good about themselves. It is an opportunity for brands to differentiate themselves from competitors in an emotionally meaningful way for consumers, boosting brand equity and contributing to brand loyalty.

Figure 5 Google five-year search trend for プラスチックごみ (plastic waste)



Source: trends.google.com

MAXIMIZING THE VALUE OF SUSTAINABLE PACKAGING TO YOUR BRAND

With external pressures and customer expectations changing rapidly, brands that lead in packaging sustainability, rather than react to these forces, will seize an opportunity to differentiate themselves, build brand awareness and equity, and give consumers a compelling reason to choose their brand over others.

Here, we outline four aspects that can help brands to maximize the impact and value of their sustainable packaging efforts.

1 EDUCATE AND EMPOWER CONSUMERS

A lack of consumer awareness of the environmental impact of consumption choices, coupled with a lack of alternatives, is the root cause of ambivalence in Japan towards plastic waste. However, alternatives without awareness are just as useless as awareness without alternatives. Brands have a critical role to play in educating consumers about the impact of their consumption choices, while offering tangible alternatives that enable consumers to make choices that they can feel good about.

Chiding and negativity do not sell, so it is important to ensure communication is made in a spirit of optimism and expresses the “opportunity” for each of us to make a positive difference through our consumption choices.

2 INTERNALISE SUSTAINABILITY

Of fundamental importance is to reframe the way that companies and brands perceive environmental sustainability: from issue to opportunity, and from CSR activity mentioned in a vision statement to something that is integral to brand identity. Leadership in sustainability can serve as a powerful tool to strengthen brand equity and create competitive advantage, but must be done in a holistic, consistent way throughout the organization, the production process and the final product. Consumers are extremely sensitive to authenticity, so a perceived lack of sincerity in sustainability efforts can quickly damage brand image.

3 SHOUT ABOUT IT

In the current vacuum of leadership on packaging sustainability in Japan, now is the time to get credit for being bold and taking the lead on doing the right thing. Communicate to consumers about your actions clearly and loudly. Provide simple, concrete information about the positive impact on the environment that will result from the consumer's choice to buy your product. QR codes can be a simple, accessible way to help consumers make purchase choices that do minimal harm to the environment.

4 MAKE IT SHAREABLE

While social media is used by 75% of the population, studies show that only 10% of Japanese consumers receive information about sustainability through this channel.¹¹ Leverage social media to communicate where consumers are most likely to see and spread your message. Create content that has the potential to go viral, such as a video showing the life-cycle of packaging and highlights the critical role of the consumer in making sure that the packaging of the products they buy does not end up around the neck of a sea turtle.

Remember the “Ice Bucket Challenge”? People want to show themselves doing good. As consumers' awareness of the global problem of plastics waste grows, so too will the desire to do the right thing in choosing and consuming products... and get credit for it. In an era of social lives lived largely online, consumption choices communicate values and aspirational lifestyles. As a brand, create opportunities for your consumer to show off her good choices and sustainable values.

FROM JAPANESE CONSUMERS TO GLOBAL CITIZENS

While the Japanese government has ambitious intentions to reduce plastic waste, global companies are making sustainability a core part of their processes and products. Unilever, L'Oréal and Coca-Cola, for example, are among the 250 signatories who have pledged to eliminate “problematic or unnecessary” plastic packaging and move from single-use to reusable packaging by 2025. This aims to ensure all plastic packaging can be “easily and safely” recycled or composted and to increase the amounts of plastics that are reused or recycled into new packaging or products.¹² Spurred on by the international spotlight shined on plastics waste through the G20 Summit, Japanese convenience stores are starting to show real leadership on the issue. In June, Seven-Eleven Japan announced that it will start selling onigiri rice balls in plant-based wrapping from as early as July, and will also replace all plastic shopping bags with paper by 2030 and all plastic packaging with paper, biodegradable and other reusable materials. Meanwhile, Family Mart is already using recycled plastic on its cold noodle products.¹³

Though Japanese consumers today may not be taking much action to minimize plastic waste, this is likely due to the lack

of leadership on the part of the government and companies that produce and sell consumer products, which results in a lack of awareness and alternatives. Japanese society functions with a level of social cooperation and dedication to the common good unimaginable in most other countries. So, once shown the way forward and given viable alternatives, Japanese consumers will undoubtedly do their part in making consumption choices that minimize plastic waste. The companies that act fastest to meet consumers' growing need for sustainably-packaged products will have the most to gain.

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GAME CHANGERS

