

<Env. and social governance beyond org. boundaries>

Consumer and Business interaction about the environment in Japan

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Abstract:

Based on our survey in 1998(Consumers in Japan), 1999 (Industries in Japan), we would like to discuss about Consumer- Industries interaction in Japan. Our survey reveals there are significant perception gaps between them: consumers perception and wants are somewhat "visible" to consumers, e.g. recycling, collection of used cans and bottles, while Industries emphasizes energy-saving, resources saving measures.

1. Introduction

Many people claim that the main cause of temporary environmental issues is "mass production and mass consumption." Consumers complain about industries not produce truly environmentally friendly products, while industries complain about consumers do not buy environmentally friendly products. In Japan, we cannot observe a phenomena of changing sales by shopping store's taking environmental measures, which reported in some European countries such as Great Britain or Sweden. Rather, people in industries' environmental sections are accused by people in other sections not to contribute company's sales.

We focused of this problem: the consumers' perception on industries' environmental measures and the industries' perception on consumers' attitudes. We did three surveys: 1998(Consumers in Japan), 1999(Business in Japan), and refer some brand-new results from more focusing on environmental communication issues to reveal communication gaps between consumers and industries in Japan.

Our basic ides is that environmental communication should be "**Mutual understanding of environmental issues among stakeholders**", not only disclosure of the information. From this point of view, we planned and investigated those above surveys.

2. The surveys

1) Survey on the Environmental measures of Japanese industry

This survey was done in 1999, based on the Japanese company list of 30 employees(100 persons in manufactures) and over, by Teikoku Data Bank. Our sample includes all section of industries (from agriculture to services), but not government and other public sectors. The details of sample is:

- a) All listed companies at Tokyo, Osaka and other stock markets (sample=2441, effective sample returned =978, completion rate=40.1%),
- b) Samples by random sampling from non-listed large companies(employees 500 persons and over: sample=1352, effective sample returned =445, completion rate =32.9%) and non-listed small companies (employees 30 persons and over or 100 persons and over in manufactures: sample=2207, effective sample returned 800, completion rate=36.2%).

Overall sample size was 6,000, effective sample returned was 2223, thus completion rate was 37.1%. Questionnaires were sent by regular mail in October 1999. This 1999 survey was second phase: The first was done in 1997 in same framework.

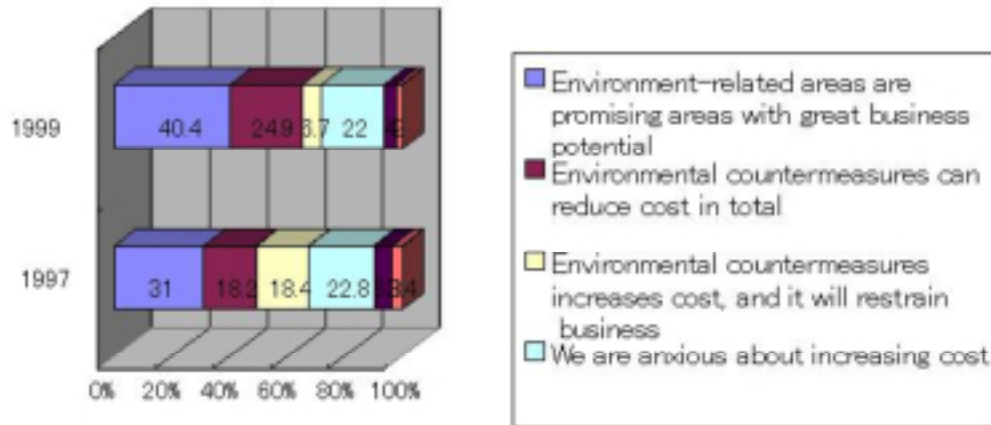


Fig.1 Industries' raising awareness of the environmental issues

2) Survey on the Green consumers in Japan

This survey was done in September 1998, by regular mail. Our randomly sampled consumer sample was 4986, and effective response returned was 2551, thus completion rate was 51.2%. Our respondents are from 20 years old to 74 years old. This 1998 Japanese survey was planned for comparison analysis with German consumers (done in January 1998), and also industry survey above written.

3.Results

1)Industries' raising awareness of the environmental issues

Fig.1 shows the raising awareness of environmental issues by industries. Compare to 1997, 1999 results show 10% increase in "Environment-related areas are promising with great business potential", 7% increase in "Environmental countermeasures can reduce cost in total", 12% decrease in "Environmental countermeasures increase cost, and it will restrain business." Actually from 1997 and on, Japanese companies have been making great efforts to show their environmentally sound business, as a result the number of the ISO14001 certified sites are the world #1.

Their problem is how this certification can contribute increasing sales.

2)Consumers perception towards industries' environmental measures- case of manufactures

Fig.2 shows the comparison of "Consumers expectation(result of consumer survey)" and "Actual activities(result of industry survey)" of manufacturers' environmental measures taken. This shows a) consumers were expecting manufacturers to take those actions such as "collecting used products", "developing environmentally friendly products", "pollution control", "establishing repairing system.", b)while manufacturers took actions such as , "developing environmentally friendly products", "pollution control", "developing long lasting goods". The largest gap is about "collecting used products," which is legislated in 2001 Law on Recycling household electric appliances (TV, Refrigerator, clothes washer, air conditioner). Although both consumers and

manufacturers see “developing environmentally friendly products” important, actual sales of environmentally friendly products are not reported as increasing sales. In another survey done in

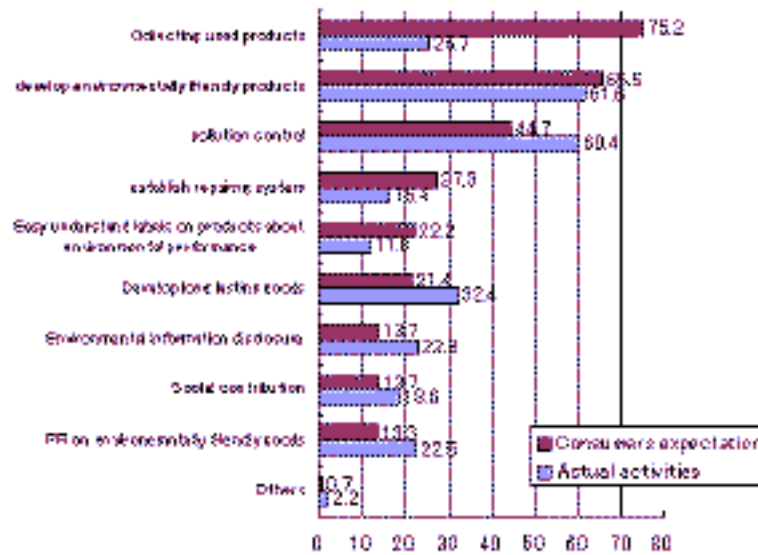


Fig.2 Consumers perception towards industries’ environmental measures- case of manufactures

October 2001 by Tokyo metropolitan government (actually I joined to plan and investigate surveys with members of think-tank), the meaning of “Environmentally friendly” seems to differ between manufactures and consumers. Manufactures consider “low carbon-dioxide” products as “environmentally friendly”, whereas consumers consider “Healthy, free from toxic chemical products” are so.

3) Consumers perception towards industries’ environmental measures- case of retailers

Fig.3 shows the case of retailers. Consumers expect “having stock in wide range of environmental friendly products”, “reducing wrapping or packaging”, “Collecting bottles and cans”, “Do not sell environmentally bad products” are top four choices, while retailers took actions like “reducing wrapping or packaging”, “Saving energy”, “Collecting bottles and cans”, “Do not sell environmentally bad products”. The second is saving energy. It can reduce running cost of retail shops. But consumers can not recognize it. Consumers expect retailers to sell environmentally friendly products, whereas retailers are trying not to sell environmentally bad products.

4) Information exchange

Fig.4 shows the status of the industries’ information exchange. With business partners, information exchange about the ISO14001 and other environmental issues are dramatically increased. With any pattern of “with business partner”, “among industry group”, and “among affiliated group(Keiretsu)”, information exchange about the consumer behavior on the environment is very low and decreased.

4. Conclusion and Discussion

Our survey results show the perception gap between consumers and industries, and even this gap, industry do not try to exchange information about the consumer behavior about the environment. Thus, our next phase will be analyzing this gap.

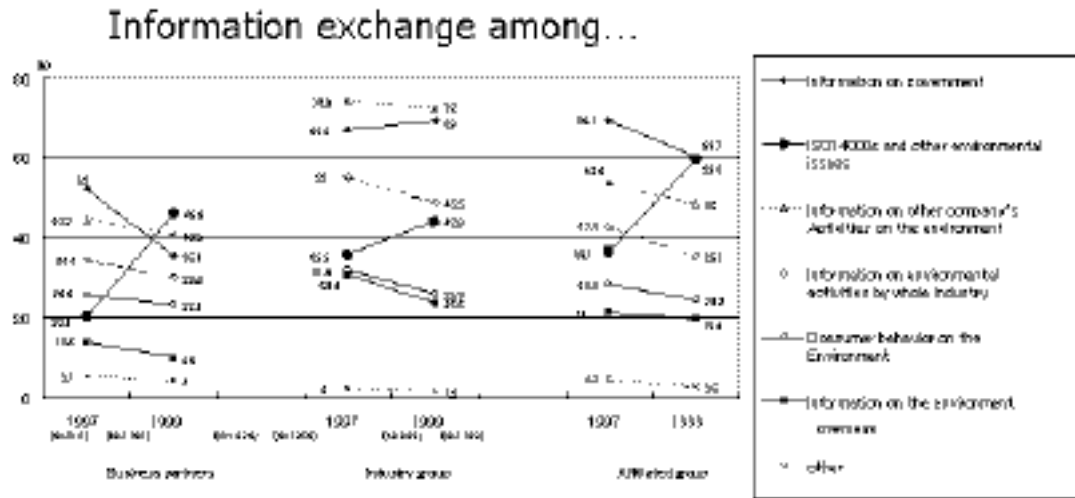


Fig.4 Information exchange

Actually, our 2001-2002 Japan-German environmental communication comparison project shows us that environmental countermeasures of Japanese companies are still marginal, while German companies' environmental countermeasures is substantial. Substantial here means that "the environment" is one of the keywords of company's management strategies. In the case of Japanese industry, "The environment" is still a decoration, which can make good impression on people.

<references>

- National Institute for Environmental Studies,(March,1999) Report of consumer behavior and business strategies (consumers), report to the Ministry of the environment
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<Acknowledgement>

This research was funded by the Ministry of the environment, the Japan Government.