

the *silk* initiative

JUNE 2021

# The TSI Navigator™ Compass



# Building Better

TSI's Approach to  
Sustainable Development and Design



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## FOREWORD

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When you think about the people on the front lines of building a more sustainable world, you probably imagine eco-warriors attacking whaling ships or hanging banners from polluting factories. But, there are plenty of folks working diligently behind the scenes to build better. They might not be as vocal, but their impact is certainly just as big.

Take our work at TSI, for example. Sustainability is something we've been passionate about since day one and is intimately wrapped up in our creation. While the work we do for clients is largely commercial, underlying everything is a need to feed and care for a growing population in the world's fastest developing market. Our methodologies incorporate design-centred thinking, circularity, and future-focused insights to address these issues. I'm also proud that we have three of the world's brightest sustainability minds all on one team, further testament to how important this is in our work.

This edition of the TSI Navigator™ Compass looks at one of the most important topics of our day: sustainability. How do we ideate, develop, and build products that not only address commercial demands but also ensure security for a growing population? Now, we're happy to share our approach.

**Andrew Kuiler**  
**Founder & CEO**

# TSI: YOUR BRIDGE TO 3 BILLION APAC CONSUMERS

Asia-Pacific, home to 60% of the world's consumers, is rapidly changing. Keeping up with these changes, and then making sense of them, is what the TSI team does each day. What's our secret?

**TSI's dynamic data-intelligence platform, Navigator™, collects, analyses, and visualises the F&B landscape in multiple Asian markets.**

The industry's first and only dynamic data-intelligence platform, the TSI Navigator™, has been delivering real-time quantitative insights on Chinese consumers for well over a year. We're very excited to announce expansion of the Navigator™ into three additional markets: Indonesia, Japan, and Thailand. With this expansion, we're able to go even deeper into what's shaping consumer behaviour in Asia's fastest-growing markets.

**We're based in Shanghai, APAC's new R&D centre, with touchpoints throughout the region.**

TSI started with a simple premise: to understand Asian consumers, you have to be in Asia. That's why we set up our headquarter offices in APAC's new regional hub: Shanghai. Over the past several years, we've also developed an extensive network of partners across the region to truly understand consumer trends and market dynamics.

**We've answered key questions for brands in our work across Asia-Pacific.**

TSI's completed work in most major Asian markets, including Australia, China, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan, and Thailand. From bringing an Australian live lobster brand to China, through to identifying what the ideal sun care brand looks like for Japan, our regional experience is second to none.



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## TSI CONTRIBUTORS

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### **TIM BINNION**

With a passion for sustainability and circular design, Tim is an integral part of TSI's design and innovation work. He also has a diverse background across product design and branding, working to expertly distil user insights into concrete design recommendations that help brands and products connect with customers. Tim's focus is on thinking of newer, better design methodologies that are suited to the world's future challenges.



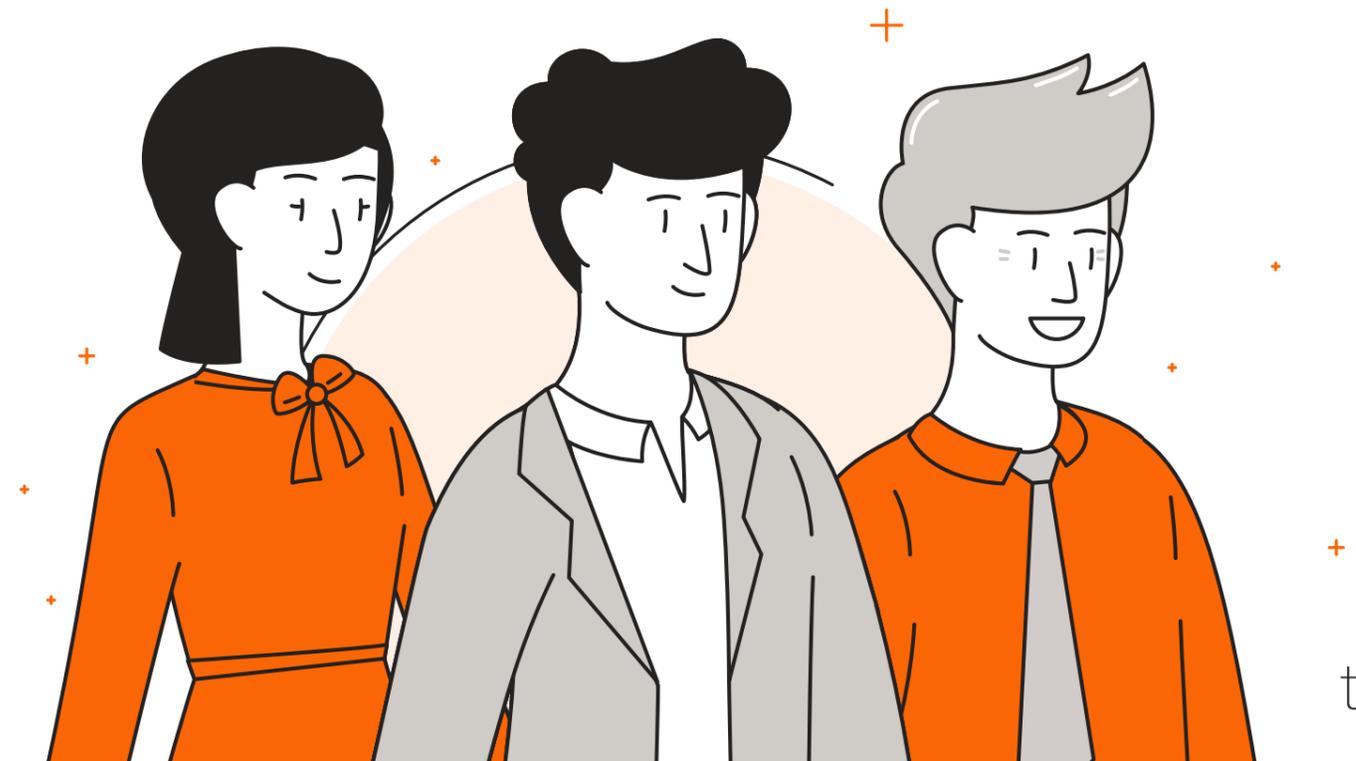
### **JOHN PABON**

John leads TSI's marketing and communication work, but is also one of the world's leading voices on private-sector sustainability. His previous work includes posts with the United Nations, McKinsey, A.C. Nielsen, and as a consultant with BSR, the world's largest sustainability-focused business network. John advises the U.S. Green Chamber of Commerce and is the author of "Sustainability for the Rest of Us: Your No-Bullshit, Five-Point Plan for Saving the Planet."



### **EVELYN HUSSAIN**

Evelyn heads TSI's innovation practice – focusing on transforming data and human-led insights into tangible executions that are methodological, meaningful, and measurable. Her academic background in Sustainability Design, and an MBA that focuses on building businesses for good, means she easily straddles the creative, sustainability, and commercial divides. Her hearty love for food, and ears on the ground, put her in prime position to help future-proof F&B brands in Asia.





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# THE TSI ORIGIN STORY

The world is on the verge of having 10 billion people in the not-so-distant future. For companies in the consumer space, the question becomes how to produce enough to go around in a way that not only meets the needs of humanity but also makes commercial sense. This is even more pronounced in Asia, where by 2030 consumers will make up 64% of the world's middle class. With more disposable income, they will be looking for quality products from trusted global brands, tailored to their unique needs.

The Silk Initiative was born out of the idea of bringing better foods and services to people across the world, especially developing nations in Asia-Pacific. We are also inspired by, and help inspire, businesses to achieve their commercial goals. That's why we've embraced the moth as not only our logo, but also representative of our mission: to support businesses and individuals to spread their wings, innovate,

and be better. The metamorphosis of the silk moth, and the rich silk it produces, embodies the TSI belief that with a good amount of initiative nothing is impossible.

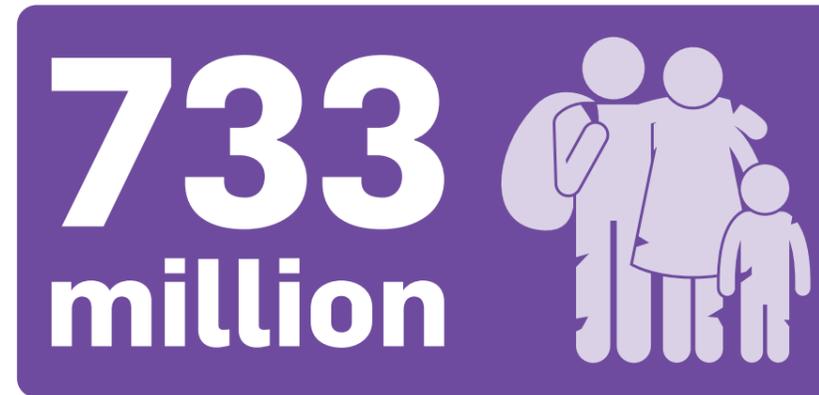
As one of the world's few consumer goods brand consultancies sitting at the intersection of foresight, strategy, innovation, and creative development, we believe it's our duty to ensure commercial brands keep food security, wellness, and human-centred design front-of-mind. With their access to capital, and drive for innovation, the private sector is perfectly placed to address these major global issues. Helping them navigate how and why is where we come in.

***“The public sector can facilitate [sustainable] transformation, but, amid rapid commercialisation of agriculture in Asia, the private sector will lead it.”***

**Food Security in Asia Report**  
OECD

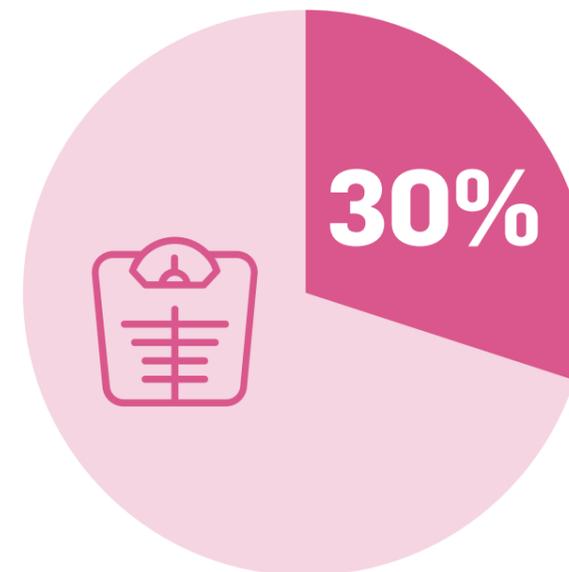
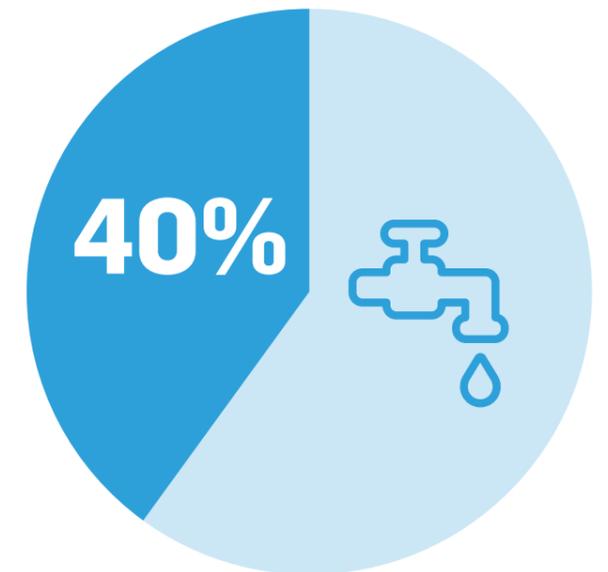


## ASIA-PACIFIC AT A GLANCE



**Number of people in Asia who live in absolute poverty, based on ADB figures.**

**Percentage of developing Asia which will face water shortages by 2030 (OECD).**



**Percentage of children under five in Asia-Pacific that are underweight, the highest in the world, according to the United Nations.**

# WHERE TO FOR SUSTAINABILITY ACROSS ASIA-PACIFIC?



But, we don't believe altruism alone will drive commercial adaptation of more sustainable product development. For private-sector companies to really incorporate these ideals, things have to make commercial sense for the business. If they are going to invest time, effort, and money into new product development, it's important to know the market is ready.

Which begs the question: are Asian consumers ready for sustainable products?

In a word: yes.

Thanks to Covid-19, consumers have become hyper-aware of the need for better products, companies, and ways forward. There is now an **expectation** for brands to be ethical, with 90% of consumers in Asia Pacific wanting brands to stand for something. Beyond this, a recent **GlobalData report** shows, "...almost 38% Australians, 52% Chinese and 56% Indians..." are influenced by the environmental, ethical, or social responsibility records of a company. Nearly 2/3 of consumers in The Philippines and Indonesia place plastic pollution high on their list of concerns. Across the region, poverty alleviation, food security, and wellness round out the most pressing issues for APAC consumers.

***"Consumer attitudes are changing in Asia...Brands have a huge opportunity to contribute to sustainable lifestyles by creating markets for more sustainable products, and all of our data says your customers will thank you."***

**Anna Lungley**

Dentsu International

Using TSI Navigator™, and reflecting on our extensive client work in this space, we explored attitudes towards sustainability across several Asian markets.

- Selfish sustainability. One of the major insights we've found in our work, especially around ethical farming, is that APAC consumers are only keen on sustainability if it has a direct benefit to their consumption needs. For example, ethical cattle slaughter resonates not because it's ethical, but because consumers view happier cows as having low cortisol levels and more tender meat.
- Perception is king. While plant-based proteins are taking off across several Asian markets, including **Beyond Meat** in China, our research shows a difference of perception with these products. In places like the U.S., these proteins are a great way to do one's part to save the Earth. In Asia, though, the altruistic aspects of these products are not as important. Instead, consumers in this region have adopted alternative proteins because they are seen as healthier products.

- An educated consumer. In more developed Asia-Pacific markets, like Australia and New Zealand, there is a willingness to try new things. Consumers, though, still want what they try to be somewhat familiar. Adding onto this is a dive into the social responsibility behind what they're purchasing. Is a brand a good corporate citizen or are they a bit dubious in their presentation? Consumers are much more savvy today than ever before.

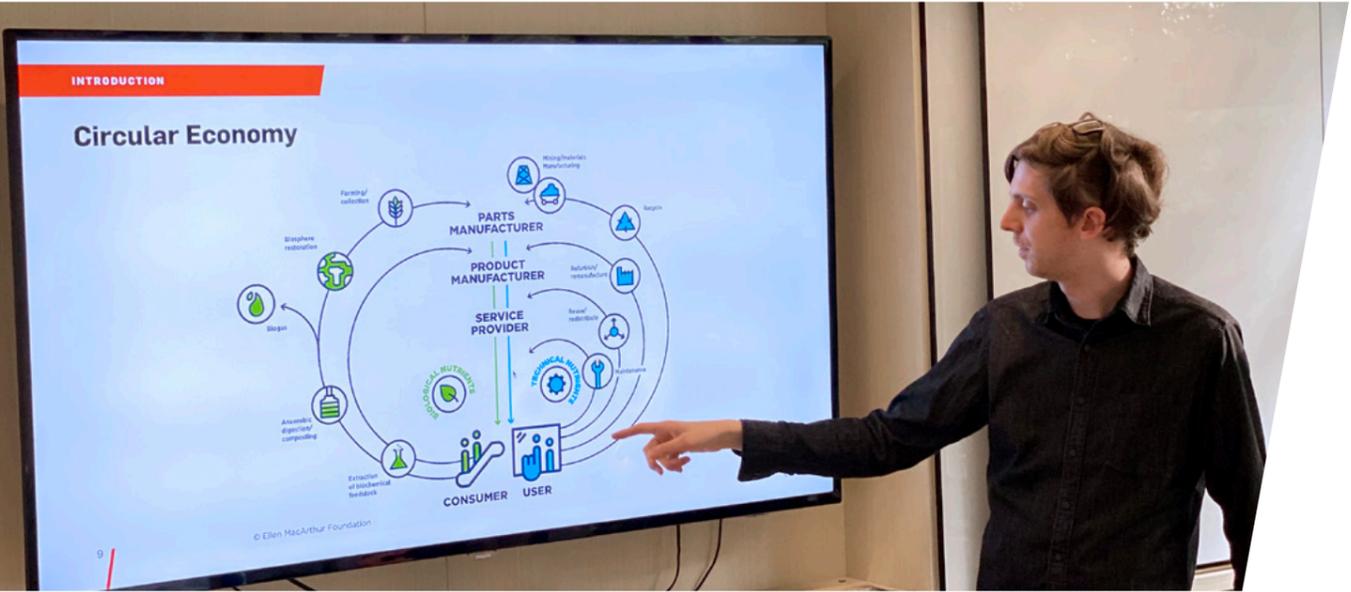
***In APAC, we're seeing "...continuous consumer learning and greater expectations about what they're eating, where it's coming from, and how ethical a product it actually is."***

**Kim Palmer Berry**

Editor for Australia-based Food & Drink Business



# SUSTAINABILITY AT TSI



At TSI, sustainable product development and design underlies all our engagements. This isn't greenwashing. It's getting our clients to really understand what's sustainable long-term, what consumers actually want, and future-proofing products through innovation.

## BUILDING A CULTURE OF SUSTAINABILITY

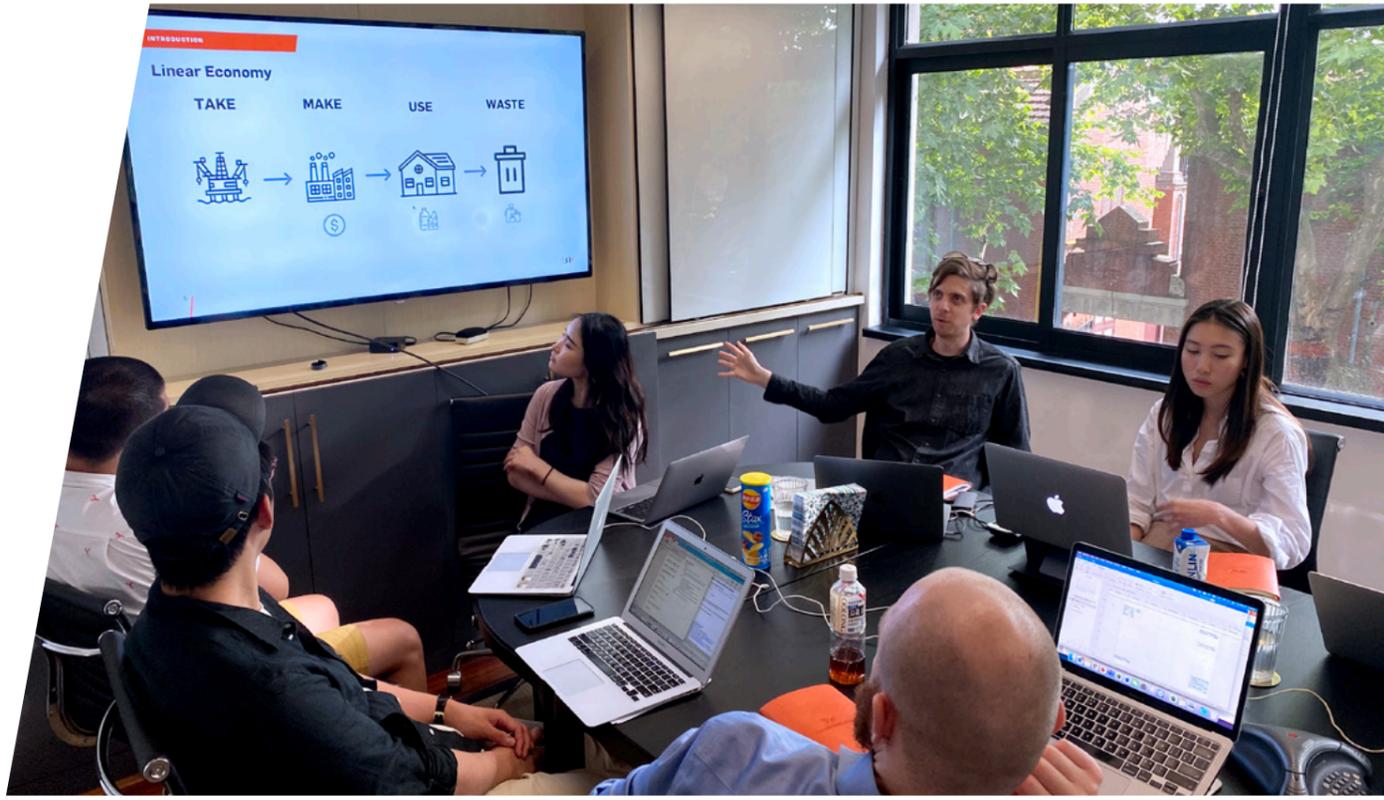
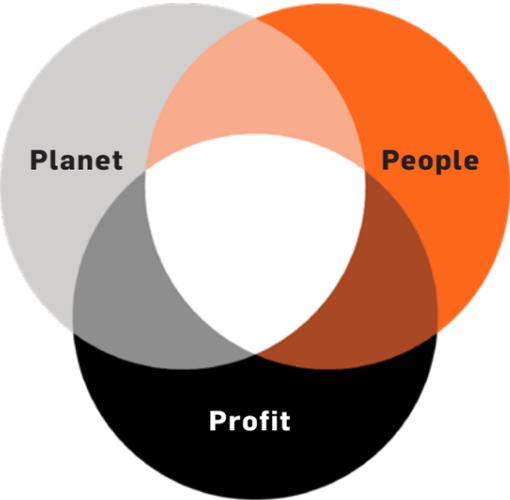
While we do have experts in the field, it's important all our people understand the ins and outs of sustainability. To get there, TSI offers continuous learning opportunities that dive deep into subject matter. Recent trainings included workshops on planned obsolescence, carbon footprints, and circularity. TSI is also undergoing our B-Corps Certification.

**B-Corporation Certification of social and environmental performance assesses a company on the following five criteria:**

-  **Environment**
-  **Workers**
-  **Customers**
-  **Community**
-  **Governance**

## THINKING WITH THE CONSUMER IN MIND

Our Design Thinking approach put clients in the shoes of their consumers. Our Circular Economy approach drives us to look at NPD through the lens of zero waste so that ideas help in decoupling products from natural resources. TSI incorporates these into many of our new product development and innovation engagements. That way the NPD process builds products the world needs, versus just more stuff.



## CONTINUOUS INSPIRATION

Here are a few ideas we've recently found inspiring:

### Replenish

By incorporating a reusable bottle directly with a concentrate refill pod, Replenish 3.0 positions itself as a "universal packaging platform" that helps eliminate plastic waste and pollution. From cleaning and personal care to beverages, the system can be used in most packaged liquid goods. It works by delivering the concentrate straight from the refill pod directly into a measuring cup contained within the reusable bottle. Simply fill the measuring cup by squeezing the refill pod, flip the bottle over and add water. Replenish's products are 99% derived from plants and work with any collaborating brand's refill systems.



### Ecovative

Using mycelium grown in their Mycelium Foundry, which uses agricultural by-products of low economic yield, Ecovative offers fully compostable packaging products of all shapes. Their innovative use of mycelium, which is the root structure of mushrooms, creates a new class of materials that help bind organic materials together in much the same way as plastic does. The big difference being that Ecovative products are completely biodegradable and compostable at the end of their lives.



### Loop Platform

By joining forces with some of the world's largest FMCG brands such as Body Shop, Unilever, Ultra Beauty and Haagen-Dazs, Loop is able to offer a waste-free shopping experience through an easy-to-use order and return process, ensuring that used packaging and bottles do not end up in landfills and oceans.



### Duo Zhua Yu

Duo Zhua Yu is a Chinese platform selling secondhand books and recycled durable consumer goods. Users can sell unneeded books, clothes, and electronic products to Duo Zhua Yu through their online platform, and in exchange can receive coupons to purchase secondhand products which have been refurbished and cleaned in Duo Zhua Yu's online and offline stores. By 2020, Duo Zhua Yu's annual revenue had passed the 100 million RMB mark.

# INCORPORATING SUSTAINABILITY INTO OUR WORK: A CASE STUDY

Millennial and Gen-Z consumers are increasingly making conscious product choices aligned with their personal values on environmental and social issues. Recognising this trend, a personal care brand came to TSI looking to develop a new product targeted at these consumers, while also addressing social needs through the lens of the Circular Economy. They engaged TSI to help them, through the use of our NPD Sprint process.

## PREPARING FOR IDEATION

TSI kicked off research guided by the principles of Circular Economy to develop a product meeting the triple bottom line of sustainability. Our primary focus looked into the use of waste as a resource, and waste streams which could feed into the

manufacture of personal care products. As part of this research we identified bagasse, a sugar cane by-product material which showed potential for use.

While exploring social needs and issues in China, we also identified period poverty as a prevalent issue in rural regions of China. Stemming from relatively high prices of sanitary products in low income areas, women are often forced to use whatever materials they have on hand as makeshift menstrual products, frequently putting their health at risk. Additionally, many girls avoid school due to period shame when they are unable to access sanitary products, greatly affecting their education.

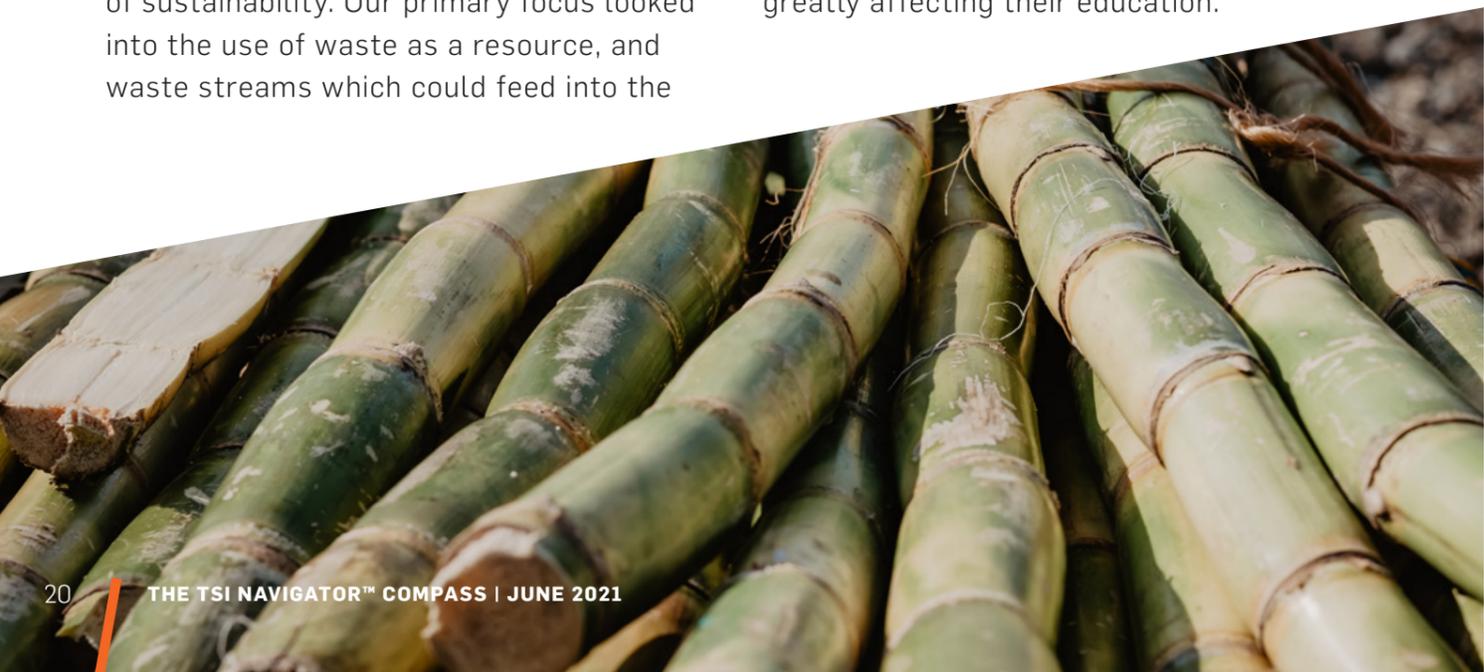
## NPD DEVELOPMENT

Beginning with a research phase, we explored analogous products and identified bagasse as a sugar cane by-product that is viable for the production of in sanitary pads. TSI then ran an internal workshop utilising the Circular Economy framework by the Ellen MacArthur Foundation to develop ideas using smart material choices and closing the loop of material flows. As a result of utilising these strategies we introduced the Internet of Things (IoT) to the concept through smart prediction of period timing and automatic monthly product purchasing to reduce the amount of product waste.

Expanding on the business model, we explored ways to address the social issues of period poverty through a buy-one/donate-one business model, to provide access to sanitary products for women and girls in low-income rural areas, and as a purchase driver.

## CONSUMER VALIDATION

We brought the concept to life for consumer testing with the target audience. This validated the use of sustainable materials and the donation of products to rural areas as being standout key purchase drivers when compared with existing products, indicating viability for development.



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## ABOUT THE TSI NAVIGATOR™ COMPASS

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TSI strongly believes in the importance of quantitative data when analysing and determining consumer trends. Qualitative insights are good, but only go so far. Numbers, however, speak volumes. That's why we created TSI Navigator™, the industry's first and only dynamic data intelligence platform that collects, analyses, and visualises the food and beverage landscape across various Asia-Pacific markets. Navigator™ explores 10 F&B categories across 8 of the most important cities in China, as well as in Indonesia, Japan, and Thailand. These are all markets where companies are looking to for growth.

The monthly TSI Navigator™ Compass is based on TSI Navigator™ trend analysis, quantitative analysis, literature reviews, and qualitative interviews with industry leaders. It also draws on TSI's industry expertise in flavour profiling, snacking, consumer products, food and beverage, and wellness.

This research is part of The Silk Initiative's continued examination of consumer trends throughout the region. With this report, The Silk Initiative (TSI) aims to educate foreign and domestic brands on the latest topics prevalent to business success in the food and beverage, consumer packaged goods, fast moving consumer goods, and wellness sectors.

This edition was written by John Pabon, with contributions from members of the TSI China team. The authors wish to thank external interviewees and other TSI colleagues who provided feedback. Any errors that remain are those of the authors. Please direct comments or questions to John Pabon at [john@thesilkinitiative.com](mailto:john@thesilkinitiative.com).

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## DISCLAIMER

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The Silk Initiative publishes occasional special reports as a contribution to the wider understanding of various business sectors. Through this work, however, TSI is not endorsing, supporting, or representing any brand, company, or organisation. The views expressed in this publication are those of its authors and do not reflect those of TSI's current or previous clients. Special reports contain preliminary research, analysis, findings, and recommendations. They are circulated to stimulate a timely discussion and critical feedback and to influence ongoing debates on emerging topics relevant to business success.

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## FORWARD-LOOKING STATEMENTS

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Certain information set forth in this presentation contains "forward-looking information." Although forward-looking statements contained in this presentation are based upon what management of the company believes are reasonable assumptions, there can be no assurance forward-looking statements will prove to be accurate. The company undertakes no obligation to update forward-looking statements except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.



## ABOUT TSI

### DATA IN. ASSETS OUT. MEASURABLE RESULTS.

At The Silk Initiative, we use data-led foresight to future-proof ambitious consumer brands. Our business is to create and validate data-driven brand strategy solutions for our clients' future ambitions.

TSI is one of the world's few consumer goods brand consultancies sitting at the intersection of foresight, strategy, innovation, and creative development. We work with partners across research and development, marketing, consumer insights, and futures. From our base in Shanghai, we help clients around the world make smarter brand and product decisions by combining our tools and services, excellent advisory, future-focused thinking and tangible, actionable assets.

We do this through three distinct practice areas to help companies discover, innovate, and scale their market opportunities.



**Discover.** Whether it's short-term brand diagnostic work or comprehensive brand positioning, we take a comprehensive look at your category, consumers, and competitors to provide a complete assessment of opportunities and future risks, helping you feel informed and competent as a brand owner.

**Innovate.** Our proprietary innovation development and visual design approaches bring brand, product, pack, and communication platform ideas to life. This gives your business culturally inspired, relevant solutions that will get noticed in the market today and in the future.

**Scale.** Our rigorous brand validation techniques help our clients understand the measurable future return on investment of their brand strategies. This ensures you have the confidence, excitement, and motivation to maximise your market potential.



In addition, our proprietary tool, **Navigator™**, is the industry's first dynamic data intelligence platform that collects, analyses, and visualises the food and beverage landscape across markets in Asia-Pacific. Navigator™ looks at 12 major F&B categories from consumers across 8 key cities in China, as well as in Indonesia, Japan, and Thailand, to understand drivers and trends in real time. The tool is designed to help companies make smarter decisions in food and beverage across the region, particularly when it comes to innovation.



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