

Responsible consumption: Shall we change the model?

RESPONSIBLE CONSUMPTION: WHAT, WHY AND HOW?

If all of humanity consumed like Swiss citizens, the yearly planetary resources would be exhausted as early as May 11th. From that day on we have been living on credit, borrowing from the next generation. Changing our consumption patterns is key to living within these limits. Technological changes alone will not be sufficient. **A sustainable economy requires a sustainable consumption.**

A socially responsible consumer is someone “who takes into account the public consequences of his or her private consumption or who attempts to use his or her purchasing power to bring about social change” (Webster, 1975)

A consumption that leads to production trespassing the planetary limits cannot be viewed as responsible. While responsibility in consumption may extend beyond the notion of compatibility with planetary resources, we propose to focus on this necessary condition.

Ideally, a sustainable consumption would be the emanation of responsible consumers - who adjust their aspirations and behaviors to their perceptions of what is responsible. Under the hypothesis that consumers are fully sovereign, the way to a sustainable consumption then consists in working on their aspirations. Probably inevitable but very demanding! Information is another important vector, i.e., making sure that consumers are aware and take into account all the consequences of their decisions.

1 Awareness of the existence of social and environmental issues

2 Belief that these issues can be addressed through behavior change

3 Feeling to be part of a community and interested in social matters

Prendergast and Tsang, 2019

The notion of consumer sovereignty is to be qualified, however. Consumers are not always rational: they are not always perceptive of what ultimately makes them better off, e.g. in the case of addictive products, and they are sometimes indifferent or misinformed. In this context they are subject to all sorts of influences. So, reaching a sustainable or responsible consumption certainly involves a collective process, with the state “guiding” consumers through incentives, prescriptions and regulations and with producers aligning their modus operandi (including their offer) to the ultimate goal of sustainable consumption and production.

WHAT ARE THE DETERMINANTS OF A RESPONSIBLE CONSUMER?

Consumers' willingness to consume responsibly is thus the result of a combination of internal factors (sensitivity to environmental issues, sense of impact, etc.) and external factors (social climate, promotion of responsible consumption, product availability and price structure, etc.). **Internal factors are important but difficult to modulate - this must be a collective process where the state should play a leading role, producers/retailers have more control over external factors.**

CAN COMPANIES FAVOR RESPONSIBLE CONSUMPTION?

Producers play an important role in guiding consumers as they have a direct influence on the supply and visibility of products. The ambition of promoting a responsible consumption therefore entails the questioning of existing business models as well as marketing practices. A central question is whether the profit motive can be reconciled with the goal of sustainability. Or whether a change in the general conditions or in the legal framework is needed. The rise of *corporate social responsibility* provides part of the answer: the goal must be that firms only sell goods and services that fully informed consumers would indeed want to purchase. In this context, marketing practices also need to be redefined. **How can we make sure that marketing and responsible consumption are not incompatible?**

WHICH POLICIES ENCOURAGE RESPONSIBLE CONSUMPTION?

As regulator, the government can take steps to ensure that consumption is responsible by addressing both consumers and producers. Since exhausting the planetary limits is in itself an *externality*, public authorities are legitimate in ensuring that this *externality* is *internalized*, for example by making sure that the related costs are borne by those who generate them. This can take a financial dimension by taxing non-responsible activities (CO2 emissions, for example), or encouraging responsible decisions through subsidies (energy-efficient vehicles, green energy, etc.), or more broadly through regulations and prescriptions.

But consumers do not only react to incentives and working on consumers' values and aspirations can sometimes be a better route! Certificates, labels, and even *nudges* have proved their success in incentivizing more responsible behaviors. **The choice of the most appropriate instruments, bearing in mind the necessity to keep all actors on board, is an integral part of the discussion.**

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Glossary

Corporate social responsibility: concept stating that “[...] companies are responsible for the effects of their activities on society and the environment” (SECO).

Externality: “[...] situations when the effect of production or consumption of goods and services imposes costs or benefits on others which are not reflected in the prices charged for the goods and services being provided” (OECD Glossary of Statistics).

Internalization: “the act of including something when calculating the cost of a product or activity” (Cambridge Dictionary).

Nudge: an intervention that “alters people’s behaviour in a predictable way without forbidding any options or significantly changing their economic incentives” (Thaler and Sunstein, 2008).

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E4S is dedicated to helping society overcome its challenges and to spearheading the transition towards a more resilient, environmentally responsible and inclusive economy.