

# **LIVING MORE SUSTAINABLY: AN OVERVIEW OF GLOBAL CONSUMPTION ISSUES AND A PROPOSED NEW ZEALAND CONSUMER INSTITUTE INITIATIVE TO FOSTER MORE SUSTAINABLE CONSUMER CHOICES**

Susie Wood (Environment and Business Group)  
Allan Goddard (Auckland Regional Council)

## **ABSTRACT**

International information highlights consumption to be one of the main priorities of sustainable development. Consumption worldwide is currently outpacing the gains that continue to be made through the greater eco-efficiency of products and services, with concurrent adverse effects on the environment and human wellbeing.

Household consumers are essential stakeholders in achieving more sustainable consumption patterns. Research shows that a significant percentage of household consumers would like to make a contribution to more sustainable consumption, and yet most of them do not know what actions to take or which ones are important.

The paper provides an overview of international consumption issues and briefly highlights some of the policy frameworks and instruments that are being implemented internationally and comparative developments in New Zealand. It explores why household consumers find it difficult to implement more sustainable consumption choices and what the key barriers and solutions are. It also briefly discusses a proposed initiative in partnership with the New Zealand Consumers' Institute to introduce a test method on the comparative sustainability of household products and services available in New Zealand.

## **1. INTRODUCTION**

Consumption contributes to the quality and wealth of human society, and plays an essential role in the ecosystem cycles of the earth. However, either too little or too much consumption can have negative effects on human wellbeing and the environment. On one hand, it is necessary to increase levels of consumption for the 2.8 billion people in the world who live on less than US\$2 per day (Worldwatch Institute, 2004). On the other hand, it is vital to reduce the rising levels of consumption and associated adverse human and environmental effects in developed countries.

In many countries of the world, consumption is no longer driven by people's basic need for food and shelter, but has become an end in its own right. Our consumer society spends an increasing amount of money on luxury goods such as cars, electronic goods, fast food, garments and personal products. Consumption has become central to the human psyche, driven by perceived gains in personal happiness, image and status.

Historically, much focus has been placed on managing the effects of industrial production processes through better resource efficiency, cleaner production processes and innovative product design. However, the significant gains that have been made are now being outstripped by increasing consumption levels and population growth (UNEP, 2002).

Sustainable consumption is now accepted to be one of the key priorities to achieve a sustainable future. The Plan of Implementation promulgated by the World Summit of Sustainable

Development (WSSD) in Johannesburg, South Africa (United Nations, 2002a) states: *“Fundamental changes to the way societies produce and consume are indispensable for achieving global sustainable development”*.

A number of players hold the key to more sustainable consumption patterns, including governments, the private sector, non-governmental organisations, as well as individual household consumers. The latter play a significant role in changing consumption patterns through their influence on the demand-side of the economy. However, to be effective, household consumers need to operate in a coordinated manner.

Overseas surveys indicate that a significant percentage of private household consumers would like to have better access to useful information on the sustainability of consumer products and services, to help them make more informed purchasing decisions (Social Marketing Foundation 2003, OECD 2002a). However, even though a significant amount of information is already available, few consumers are able to use this efficiently due to its fragmentation, dispersion and difficulties of access.

Further, many consumers are becoming increasingly cynical about greenwash – misleading commercial claims on the sustainability of products and services. Consumers find it difficult to distinguish between genuine and misleading claims, leading to an undermining of consumer trust that is difficult to restore.

New Zealand is a relatively minor player in terms of overall world consumption levels. Nonetheless, increasing evidence of resource shortages (such as water and electricity) and growing volumes of by-products, emissions and waste are a clear signal of rising consumption levels. This not only results in a continuing degradation of our human and natural environment, but also tarnishes the “clean and green” image New Zealand enjoys overseas, and threatens significant overseas income.

There is good reason for New Zealand to become a leader in sustainable consumption – and not only for the gains that can be achieved at the national level. The WSSD in Johannesburg recognised that *“much of the responsibility for bringing our consumer society into balance with the planet falls onto the richer nations, not simply because they are responsible for most global consumption, but because they can help developing countries leapfrog some of the unsustainable choices that industrial nations are now exporting”* (Worldwatch Institute, 2004).

## **2. WHAT IS SUSTAINABLE CONSUMPTION?**

The term “sustainable consumption” has been formally defined along the lines of the Brundtland definition of sustainable development as: *“The use of goods and services that respond to basic needs and bring a better quality of life, while minimising the use of natural resources, toxic materials and emissions of waste and pollutants over the life-cycle, so as not to jeopardise the needs of future generations”* (Norwegian Ministry of Environment 1994). In more recent times, it has also been interpreted as follows: *“Sustainable consumption is not about consuming less, it is about consuming differently, consuming efficiently, and promoting an improved quality of life to the benefit of all”* (Jacqueline Aloisi de Lauderel, quoted in UNEP 2000).

Household consumers affect the economy, and the social fabric and the environment through their day-to-day decisions on what goods and services to buy, and how they use them. This includes choices such as where to live and work, the type of accommodation, what foods and other goods and services to buy, how to manage waste, how to travel, and so on.

The effects of consumption of individual households are minor compared to those of the public and private sectors. However, the combined impact of all households is a major contributor to key issues such as resource depletion, air and water pollution, waste generation, habitat modification and climate change, and therefore the sustainability of the planet.

### 3. THE WORLD'S STATE OF CONSUMPTION

International information documents the state of world consumption in terms of the share of spending and population by region (Table 1).

**TABLE 1 CONSUMER SPENDING AND POPULATION, BY REGION**

<b>Region</b>	<b>Share of world private consumption expenditures</b>	<b>Share of world population</b>
	<i>%</i>	<i>%</i>
United States and Canada	31.5	5.2
Western Europe	28.7	6.4
East Asia and Pacific	21.4	32.9
Latin America and the Caribbean	6.7	8.5
Eastern Europe and Central Asia	3.3	7.9
South Asia	2.0	22.4
Australia and New Zealand	1.5	0.4
Middle East and North Africa	1.4	4.1
Sub-Saharan Africa	1.2	10.9

Source: Worldwatch Institute 2004

The world's population is expected to grow to approximately nine billion in 2050 (Worldwatch Institute 2004). Concurrently, the share of the consumer class as a percentage of the world's population is expected to increase sharply, as both population and economic growth increase. The "consumer class" comprises approximately one quarter of the world's population (1.7 billion or 27%). It includes people with incomes over US \$7,000 per year of "purchasing power parity" - an income measure adjusted for the buying power in local currency (Worldwatch Institute 2004). Of this class, about 270 million people are in the United States and Canada, 350 million in Western Europe and 120 million in Japan.

Nearly half of the world's consumer class today lives in developing countries – including 240 million in China and 120 million in India. The proportion of the consumer class in these countries is expected to increase significantly as a result of population and economic growth, and as expanding globalisation and wealth improve the access to and the affordability of consumer products and services.

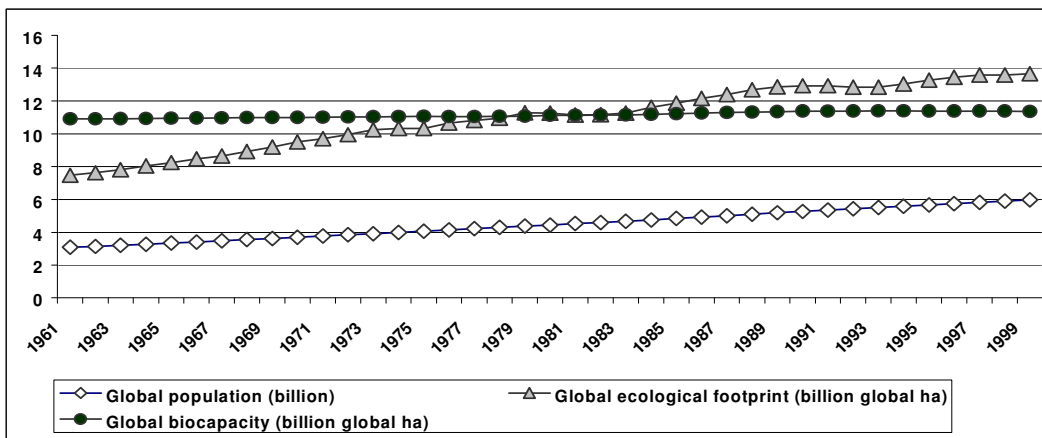
#### 4. THE EFFECT OF CONSUMPTION

A number of indicators are used to measure the effect of human activity, including consumption, on the planet's resources. Two indicators are discussed below, including the "ecological footprint" and the "green" GDP.

The ecological footprint is a quantitative estimate of the biologically productive areas required to produce the food, energy and materials and to absorb the waste of an individual, region or country (Redefining Progress 2004a and World Wide Fund for Nature 2002). It is expressed as global hectares (equivalent to one hectare of average biological productivity) per capita. An ecological footprint in keeping with nature's capacity for renewal and regeneration is deemed to be sustainable. However, if the ecological footprint exceeds nature's capacity, the "overshoot" results in a cumulative deficit – the planet becomes unsustainable. Such an overshoot can go on for some time, but the ongoing exceedance will eventually have serious consequences.

Figure 1 shows that the world's ecological footprint has grown steadily from the 1960s as a result of population growth, increasing consumption levels, and associated social and environmental effects. It crossed the planet's capacity around 1980 and has been in exceedance ever since. Based on current consumption patterns, the world's nine billion people expected for 2050 would require between 1.8 and 2.2 earth-sized planets to support their needs (World Wide Fund for Nature 2002). It is noted that the methodology used for the ecological footprint is under some debate; but it is nonetheless a meaningful indicator for change.

**FIGURE 1 WORLD POPULATION AND ECOLOGICAL FOOTPRINT**

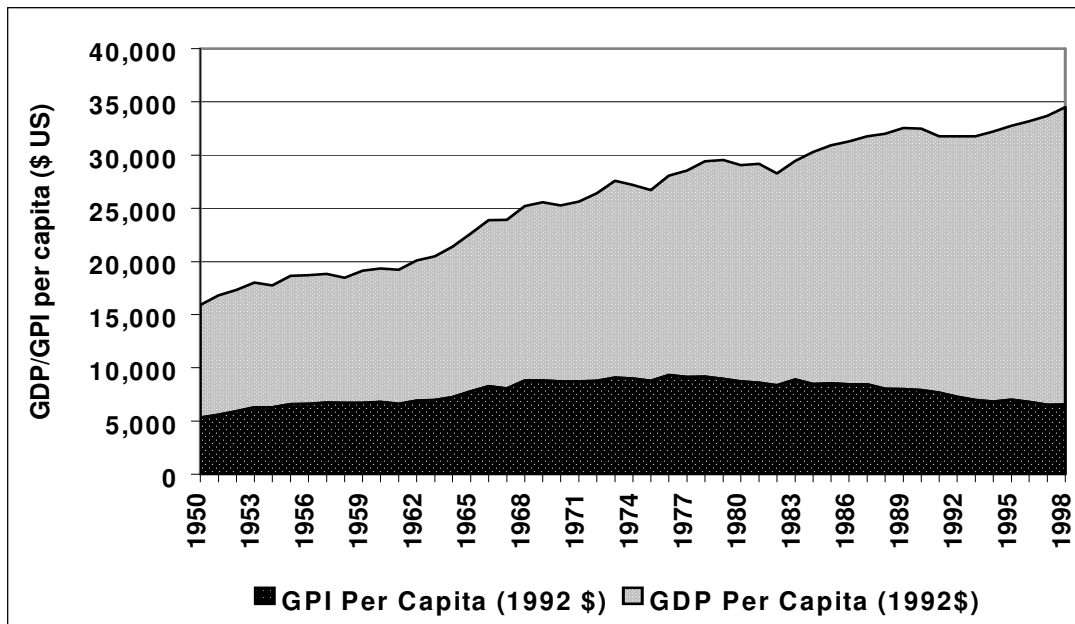


Source: World Wide Fund for Nature (2002)

The GDP or Gross Domestic Product is used as a measure of the total products and services produced in a given country. It is a good indicator of consumption and used commonly as a barometer to measure a nation's economic wellbeing. However, the GDP only accounts for monetary transactions and does not distinguish between economic transactions that add to or diminish our wellbeing (Redefining Progress 2004b). The "Genuine Progress Indicator" or "GPI" (Redefining Progress 2004b) is a "green" GDP based on over 20 positive and negative aspects of an economy. Positive aspects include factors such as unpaid work and the value of service of consumer durables (such a cars and roads), while negative aspects include "defensive" expenditures such as the loss of natural resources, or the social costs of divorce, crime or preventative costs to combat environmental pollution or crime.

Figure 2 shows that once the real social and environmental costs are taken into account, the GPI for the United States has remained largely stagnant, while GDP has increased significantly. GPI data is not yet available for New Zealand, but is currently being developed by the New Zealand Centre of Ecological Economics of the Massey University. However, the data for the US provide useful information about the relationship between GDP and GPI in an industrialised nation.

**FIGURE 2 GDP VERSUS GPI (GENUINE PROGRESS INDICATOR) IN THE UNITED STATES**



Source: Redefining Progress (2004b)

## 5. INTERNATIONAL INITIATIVES TOWARDS MORE SUSTAINABLE CONSUMPTION

Developed nations, especially those in the OECD (Organisation for Economic Co-operation and Development), carry a significant responsibility to lead the way towards more sustainable consumption patterns. This includes helping developing nations address the issues of consumption in a sustainable way and leapfrogging some of the potential pitfalls of western consumerism.

International guidance to achieve more sustainable pattern of consumption and production is well advanced. The United Nations, through its Agenda 21 (UNCED, 1992) and Johannesburg Plan of Implementation (United Nations 2002), provides a framework to help its member countries develop policies and tools to promote more sustainable consumption patterns. Similarly, the OECD has developed a model policy framework and instruments for achieving more sustainable consumption patterns. These frameworks are now being implemented throughout the world, with a leading role taken by the European Union and its member countries.

In a global status report on sustainable consumption, the UN highlighted the fact that progress towards sustainable consumption had to emerge from industrialised nations where the dominant models and aspirations for patterns of consumption are generated (UNEP 2002). It also raised the issues of quality of life and ideas about prosperity, indicating that consumption is not an end in itself but a means to improved existence and quality of life.

Chapter III of the Johannesburg Plan of Implementation (United Nations, 2002) calls for the development of a “10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production”, including:

- a) *identify suitable measuring and monitoring tools including life-cycle analysis and national indicators*
- b) *implement policies and measures aimed at promoting sustainable patterns of production and consumption*
- c) *develop production and consumption policies to improve products and services, while reducing environmental and health impacts, using science-based approaches such as life-cycle analysis*
- d) *develop awareness-raising programmes on the importance of sustainable production and consumption patterns through education, public and consumer information, advertising and other media*
- e) *develop and adopt consumer information tools to provide information relating to sustainable consumption and production (these tools cannot be disguised as trade barriers)*
- f) *increase eco-efficiency, with financial support from all sources for capacity building, technology transfer and exchange of technology with developing countries and countries with economies in transition.*

The United Nations outlined its ideas on the core issues on sustainable consumption and associated tools, policies and actions for delivering sustainable consumption in a report on “Consumption Opportunities” (UNEP 2001). This report outlined a core strategic approach to managing progress towards more sustainable patterns of consumption (Table 2).

**TABLE 2 STRATEGIC FRAMEWORK FOR SUSTAINABLE CONSUMPTION**

<b>Strategic elements (in order of priority)</b>	<b>Priority stakeholders</b>
<b>1. Dematerialisation - Efficient Consumption:</b> What factor of increased resource efficiency can we achieve in each product and service, and across each sector?	1. Industry
	2. Government
	3. Consumers
<b>2. Optimisation - Different Consumption:</b> What changes in choices and infrastructure will satisfy consumer demand more sustainably?	1. Government
	2. Industry
	3. Consumers
<b>3. Optimisation - Conscious consumption:</b> How can consumers increase their quality of life by choosing and using more wisely?	1. Consumers
	2. Industry
	3. Government
<b>4. Optimisation - Appropriate consumption:</b> Are consumption levels sustainable? Is consumption the best way to achieve every quality of life?	1. Society at large
	2. Communities
	3. Citizens

Source: UNEP (2001)

Overall, it is widely acknowledged that no single policy or tool will achieve more sustainable patterns of consumption and production in isolation, but that an integrated toolbox of mandatory and voluntary policies and instruments is required. In addition, a wide range of stakeholders need to be involved, from government agencies, to business and non-governmental organisations, as well as individual consumers and citizens.

Among the tools listed, consumer education and information are essential and form the basis to motivate and enable consumer action towards more sustainable patterns of consumption. Wherever possible, new information tools need to be developed in partnership with other stakeholders and integrated with other information tools, to ensure consistency and to maximise their effectiveness. Education is highlighted as an important adjunct to consumer information, as without the necessary skills and knowledge, consumers are not able to understand and use it effectively.

## **6. THE NEW ZEALAND CONTEXT**

There is presently no formal sustainable development strategy for New Zealand. However, there is a government programme of action for sustainable development (Department of the Prime Minister and Cabinet 2003), and a number of existing laws, strategies, policies and programmes that contribute in various degrees to more sustainable patterns of production and consumption. However, the lack of effective integration of these strategies and programmes means there is considerable fragmentation of implementation.

It is perhaps the absence of a formal national strategic framework for sustainable development that has led to the proliferation of different sustainability-related programmes and initiatives in New Zealand at the level of central and local government, the private sector, and non-governmental and community organisations. A significant amount of information has been generated through these various initiatives, with some contributing specifically to sustainable household consumption. These include in particular the New Zealand Sustainable Household Programme and the Sustainable Living Programme.

Overall, the information disseminated through the many initiatives present in New Zealand is highly dispersed and fragmented. This creates what is generally known as the “information dilemma”. For individual consumers, it is almost impossible to access this wealth of information, assess its reliability and relevance, and to translate it into actions that make a difference.

An example of this is the eco-label issue in New Zealand. The government-endorsed eco-label Environmental Choice is used to assess the environmental sustainability of products. So far, it has had limited uptake for a number of reasons, even though the validity of the label or the products certified by it are not in question. There is also a range of other product labels that consumers are exposed to, including eco-labels or fair trade labels on imported products, organic labels, energy efficiency labels, the Forest Stewardship Council label, and many more. This increases the difficulties for consumers to recognise those labels that matter or understand their meaning and significance.

Overall, it is concluded that while there is significant amount of consumer information available in New Zealand, only a small portion is directly focused on promoting more sustainable patterns of consumption. The information that is available is highly fragmented and dispersed, and it is very difficult for New Zealand consumers to use this information effectively to make more sustainable purchasing choices.

## **7. CONSUMER INFORMATION AND RELATED ISSUES**

Information on consumer choices relating to the sustainability of products and services is conflicting. On one hand, research carried out at the retail level suggests that consumers do not often take into account environmental or sustainability-based criteria in their day-to-day decision-making. On the other hand, research suggests that the number of green consumers is increasing. For example, between 75% - 95% of consumers in the OECD indicate that they deeply care about the environment and see themselves as part of the solution (OECD 2002b).

Enviro-nics (1999) comments on the fact that there is an apparent fatigue with so-called “green products” as a result of market opportunism, “green wash” and a number of earlier inferior green products. Consumers were found to report a declining faith in almost all sources of environmental information, confusion about actions that will count the most, or which environmental problem should be given the highest priority. Of prime importance to consumers is therefore the need to know that the information source they are using is reliable and trustworthy.

Further, living in an information-rich world, most consumers find it difficult to find relevant information making environmentally aware decisions. Every day, consumers are surrounded by a large amount of information aimed at influencing their decision making – and very little of this is directed at generating more sustainable consumption patterns.

Lastly, even if relevant and reliable information is available, consumers have powerful barriers to changing habits or translating awareness and knowledge into actions that count. Consumer information tools therefore need to be carefully planned, designed and targeted to achieve the desired effect, taking into account likely barriers and opportunities. Wherever possible, new information tools should be provided in partnership with other stakeholders and tools, to ensure consistency and maximise their effectiveness. Consumer information also needs to be delivered as an adjunct to major policy pushes as means of reinforcement.

Education is highlighted as an important adjunct to consumer information. Without the necessary skills and knowledge, consumers are not able to understand and use this information effectively. It is therefore important that an appropriate framework for consumer education is put into place.

## **9. AVAILABLE CONSUMER INFORMATION TOOLS**

There is a range of possible tools to inform consumers about the sustainability of products and services, including:

- sustainability indexes and indicators (for example, the ecological footprint or Genuine Progress Indicator)
- product labels and claims
- company sustainability reports
- green advertising and marketing
- retailer information
- public information campaigns
- green consumer guides
- product testing
- incentive schemes for customer loyalty (for example, sustainability cards).



Information reaches the consumer via a number of channels, including market-based information (product labels and claims, advertising), the mass media (TV, newspapers, magazines, etc), as well as other channels used by government and non-government agencies (newsletters, guides, leaflets, internet websites) etc. With the advent of new technology and the internet for information dissemination, there is increasing scope for reducing cost, enabling innovation and the creation of “virtual communities”. At the same time, the effort of consumers to access and evaluate such information becomes greater.

## **8. CONCLUSIONS AND RECOMMENDATIONS**

An important conclusion of the study was that consumers are keen to do “their bit” for the environment, but that a number of barriers need to be overcome, including:

- an overabundance and fragmentation of information available through a wide range of media
- existing marketing and advertising initiatives that mostly focus on aspects other than the sustainability of products and services
- the lack of trust of consumers in available information in light of perceived “greenwash”
- lack of knowledge and education of consumers on sustainability-related matters
- difficulties of changing relevant behaviours.

It was concluded that to succeed, a successful consumer information tool had to meet some key criteria, including:

- able to reach a critical audience
- reliable, credible and transparent, and devoid of “greenwash”
- easily accessible with minimum effort
- focused on products and services known to have significant sustainability issues
- independent of political and commercial interests
- able to give key signals to New Zealand manufacturers, distributors and service providers
- cost effective
- easily upgradable
- able to be linked to key policies and instruments linked to sustainable consumption
- based on simple, no-technical language
- able to be integrated with consumer education on key sustainability-related issues.

Two information tools were evaluated based on the above criteria:

1. A “Green Guide” or similar to inform household consumers about sustainable consumption and to provide guidance on the sustainability of products and services.
2. A sustainability assessment tool for consumer products and services, to be applied by an independent consumer organisation such as the New Zealand Consumers’ Institute, to compare the sustainability of consumer products and services on behalf of household consumers.

The results of this evaluation indicated that an independent test method applied by the New Zealand Consumers' Institute was going to be of greater benefit to New Zealand's household consumers. The New Zealand Consumers' Institute plays an important role in educating consumers and assessing the quality of products and services on behalf of its members. The Institute enjoys a high level of trust both by the public and the media, and is widely respected for its impartiality and independence. The Institute disseminates this information to an established membership through its monthly magazine and its website. The information is generally widely read also through a second-hand readership and spread through other media.

Internationally, consumer organisations are a key stakeholder in fostering more sustainable consumption patterns, and influencing the behaviour and performance of industry. Several overseas consumer organisations are already carrying out a significant amount of work on the sustainability of products and services, with great success among their membership. This information is readily available and can be translated to fit New Zealand consumer needs.

It is important to note that the proposed information tool does not pre-empt the purpose and relevance of other information tools potentially used by New Zealand consumers, such as the Environmental Choice label or information/training provided through the Sustainable Households Programme. In fact, in some cases, these would become part of the criteria incorporated into assessment of products and services or referred to as part of consumer education. Similarly, the New Zealand Consumers' Institute information tool is complementary to other tools available in New Zealand.

The main purpose of the tool would be to provide a comparative evaluation of either key industries, or specific products and services in terms of their sustainability. The Auckland Regional Council is currently funding further research into developing a concept and methodology in partnership with the New Zealand Consumers' Institute to enable testing the sustainability of products and services, and also educating New Zealand consumers.

## 9. REFERENCES

Auckland Regional Council 2004	Sustainability-based information tools for household consumers. Background paper for feedback. Auckland Regional Council, Auckland.
Department of the Prime Minister and Cabinet 2003	Sustainable development for New Zealand: Programme of action. Department of the Prime Minister and Cabinet 2003, Wellington.
Environics, 1999	The millenium poll on corporate social responsibility. Environics International, Toronto.
Norwegian Ministry for the Environment 1994	Report on the symposium on sustainable consumption. Oslo, Norway.
OECD 2002a	Towards sustainable household consumption? Trends and policies in OECD countries. OECD Observer Policy Brief, July 2002.
OECD 2002b	Towards sustainable household consumption? Trends

	and policies in OECD countries. OECD, Paris.
Redefining Progress 2004a	Ecological Footprint of Nations 2004. www.redefining.progress.org.
Redefining Progress 2004b	Genuine Progress Indicator (GPI). Measuring the real state of our economy. The Genuine Progress Indicator 1950 – 2002 (2004 Update). www.redefining.progress.org.
Social Market Foundation 2003	Race to the top: How government, business and consumers can drive CSR. UK Social Marketing Foundation.
UNCED (United Nations Commission on Environment and Development) 1992.	Agenda 21. United Nations, Paris. <a href="http://www.un.org/esa/sustdev/documents/agenda21/english/agenda21toc.htm">http://www.un.org/esa/sustdev/documents/agenda21/english/agenda21toc.htm</a>
UNEP (United Nations Environment Programme) 2000	Advertising industry and UNEP in discussion on promotion of sustainable consumption. Quote by Jacqueline Aloisi de Lauderel, Director of the United Nations Environment Programme, Division of Technology, Industry and Economics (UNEP DTIE). UNEP Information Note 00/34.
UNEP (United Nations Environment Programme) 2001	Consumption opportunities. Strategies for change. A report for decision-makers. UNEP, Geneva.
UNEP (United Nations Environment Programme) 2002	Sustainable consumption. A global status report April 2002. UNEP, Division of Technology, Industry and Economics.
United Nations 2002	World summit on sustainable development Johannesburg 2002. Plan of implementation. Status 23 September 2002. <a href="http://www.johannesburgsummit.org/html/documents/summit_docs/2309_planfinal.htm">http://www.johannesburgsummit.org/html/documents/summit_docs/2309_planfinal.htm</a> (10 November 2004)
Worldwatch Institute 2004	State of the world. Special focus: The consumer society. A Worldwatch Institute report on progress towards a sustainable society. W. W. Norton & Company, New York and London.
World Wide Fund for Nature 2002	Living planet report 2002. Editor: Jonathan Loh. Prepared by WWF International, UNEP World Conservation Centre, Redefining Progress, Centro de Estudios para la Sustentabilidad and Norwegian School of Management. WWF, Gland, Switzerland.