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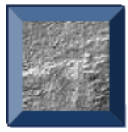
Consumer Product **Red List**

Competitive advantage by decoupling resource misuse from development

A discussion paper by Philip Monaghan

April 2012

Author and acknowledgements



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Infrangilis' mission is *'to infuse resiliency thinking into all aspects of public policy and corporate responsibility practices to help create more sustainable societies.'* **Infrangilis** is part think-tank and part consultancy. We are a values-driven enterprise based in the UK, and we work globally with multi-lateral agencies, the public sector, businesses, NGOs and academia to instigate or accelerate innovative solutions on the interface between the green economy and sustainable urban development. And the story to our name? **Infrangilis** is Latin for 'unbreakable'. We believe that empowering people to identify and utilise key leverage points in complex systems – economic, social and environmental – is the primary route to a resilient planet. A resilient planet that can withstand shocks and surprises such as climate chaos and over population, learn and transform as needed, and which can ultimately be built to win.

It is important to thank a number of people who have contributed to this discussion paper. First, thank you to the author Philip Monaghan and Eve Sadler (Infrangilis) who supported the writing and editing process. For feeding back on the draft discussion paper thanks go to the following reviewers: Kirsi Sormunen (Nokia), Rowland Hill (Marks & Spencer), Simon Osborn (Which? Ltd), Jodie Thorpe (Oxfam GB), Michele Wucker (World Policy Institute), Wataru Suzuki (Ministry of the Environment, Japan), and Terence Jeyaretnam (Net Balance).

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Introduction

The developed world has been living beyond its means for more than two decades. This is bad news for everyone, but especially the poor who bear the brunt of the scramble for ever more resources by the wealthy in the form of higher food prices, loss of access to land or climate chaos. Efforts to control population growth in the developing world, reign in the spending patterns of affluent consumers, or technological advancements are all either politically contentious or insufficient to reverse consumption trends. This discussion paper prepared by Infrangilis proposes that what is also needed is a new and radical form of national supply side intervention – a **Consumer Product Red List** – which ultimately removes unhelpful products from being made available to shoppers in the first place at the country level. Such a list will play a fundamental role in helping to decouple misuse of natural resources from development so we can have prosperity without the adverse environmental or social impacts. More than this, it would also unleash a new era of industrial innovation, whereby early movers of product removal in favour of sustainable consumption secure competitive advantage.

Unsustainable consumption: the story so far

The statistics make bleak reading. Humankind has been exceeding the Earth's ability to support our lifestyles for over 20 years (Oxfam, 2011; WWF, 2006). UNEP's International Resource Panel (IRP) (2011) shows that by 2050 the level of resources used by each person each year would need to fall dramatically in parts of the world such as Canada by fivefold (to between 5 and 6 tonnes) for humans to live within environmental limits. At the same time, in other places (such as India) consumption by many people is below a level which allows them to live well, and so greater access to basic services is required (i.e. the poorest need to consume more and the wealthiest need to consume less) (WBCSD, 2010).



Global consumption levels and patterns are driven, at the most fundamental level, by a combination of rapid global population growth, the rise in affluence amongst middle and lower income consumers globally, and a culture of 'consumerism' amongst higher income groups. World population is projected to rise by about a third by 2050 (reaching 9 billion) and world GDP is expected to grow by 325% during this time (with an average of 60% of this to be spent on consumer goods).

According to the IRP, consumption levels vary wildly - some developing countries are still below the 5-6 tonne level (such as India at 4 tonnes per capita) whilst some developed economies are as high as 25 tonnes per capita (namely, Canada). Moreover, even in countries that are making explicit efforts at decoupling human well-being from resource consumption, namely Germany's National Strategy for Sustainable Development and the Japanese Sustainable Society Policy, further analysis shows that many goods contain parts that have been produced overseas often using major amounts of energy, water and minerals. That is, where it would appear domestic resource consumption shows stabilisation or even a slight decline it would seem that some countries are 'managing' the problem of high resource intensity by exporting the problem elsewhere.

Yet, given this inherent contradiction, the debate about practical solutions to unsustainable consumption tends to centre on the often contentious debates concerning population control versus reduced consumption by affluent individuals (or some combination of both approaches).

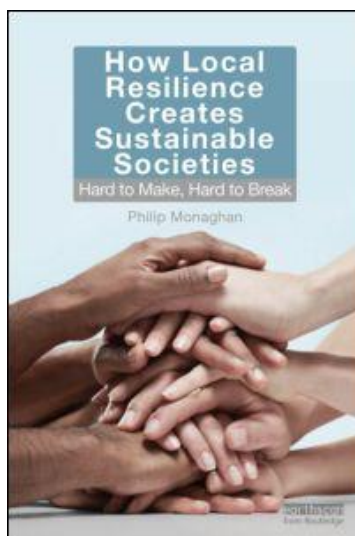
Porritt (2007) states that the promotion of reproductive control is *the* most progressive form of intervention. Porritt argues that had there been no 'one child family' policy in China there would have been 400 million additional Chinese citizens. Further to this, a cost-benefit analysis by Wire (2009) claims that family planning is the cheapest way to reduce carbon emissions. Every £4 spent on contraception, Wire says, saves one tonne of carbon dioxide being released, whereas a similar reduction in emissions would require higher investment - £8 through tree planting, £15 by wind power, £31 through solar energy, and £56 via hybrid vehicle technology.

In contrast, Monbiot (2006) takes a very different position, stating that humankind should not anticipate a positive consumption transition from radical family planning. People might populate less as they become richer, but they do not consume less; rather, they consume more. Research by Satterthwaite (2009) appears to support Monbiot's line of argument. As an example, between 1980 and 2005, Sub-Saharan Africa produced 18.5% of the world's population growth and just 2.4% of the growth in carbon dioxide, whereas North America produced 4% of the world's population growth, but a staggering 14% of the growth in carbon dioxide. Satterthwaite goes on to suggest that the old formula of development $I = PAT$ - whereby total environment impact (I) equals population (P) times affluence (A) times technology (T) - is flawed. Instead, he argues that environmental impact should be measured as $I = CAT$ - consumers (C) times affluence (A) times technology (T). Many of the world's people use so little technology that they would not figure in this equation, yet they are the ones who have most children.

The IRP (2011) also points out that rapid urbanisation offers an historic opportunity to reduce the consumption intensity. That is, it is not just about how many people are born, or their level of affluence, but *where* they are born on the basis that people living in compact cities (i.e. smart densification which avoids urban sprawl) have lower footprints than their rural cousins (e.g. they often occupy more energy efficient buildings or tend to drive less/use public transport more).

Referring to the $I = PAT$ equation Alcott (2008) argues that any single strategy on population (P), affluence (A) or technology (T) cannot guarantee to affect environmental impact (I) anyway. For instance, changing the personal behaviour of wealthy people so that they consume less will not sufficiently tackle unsustainable environmental impacts, because lower demand by wealthier consumers will lower price, which will lead to higher demand by poor consumers. Alcott concludes that because of this 'rebound effect' such indirect attacks on impact should be avoided in favour of international political solutions related to supply and emissions quotas – citing the UNFFC's attempt to set global greenhouse gas emissions caps as a one example where such strategies already exist. Here country caps are politically allocated, leaving each nation to decide on the most desirable or economically efficient combination of population, affluence and technological interventions.

By contrast, Kelly and Day (2007) set out that the "march of folly" of uncontrolled growth can only be ended by a mix of measures in relation to: the information base (so that sustainability stories are not drowned about the mass media); collective value systems (whereby we have a more universal set of ethical values which address sustainability); leadership (in terms of leaders with the moral courage to avoid the consuming power of money); and energy use and eco-technology (with a sustainable ecological framework that values all types of capital including natural, social and built that beings these together to restore the biosphere).



In short, altering the consumption patterns of both the wealthy and the poor in a socially just way to prevent the misuse of natural resources is one of several key approaches to reversing unsustainable living and instead create more resilient societies (Monaghan, 2012). To be effective within a complex system though, national-level supply side interventions must be made. Doing this will require leaders with the moral courage to think the unthinkable - decoupling the use of environmental resources from development.

This is where a **Consumer Product Red List** will play a game changing role as part of any national supply side strategy on sustainable consumption.

The Consumer Product Red List

Promoting 'eco-friendly' consumer products alone will not solve the problem of unhelpful consumer decision-making. Choice editing - whereby the number of unhelpful consumer purchasing options are reduced - is often cited as one panacea (National Consumer Council and Sustainable Development

Commission, 2009), but historically national governments have been reluctant to remove consumer choice. Bans on energy inefficient light bulbs in Europe and smoking in public places in parts of the USA are rare examples, with reasons cited for this intransience being that such bans are technically difficult to enforce, because consumers will not accept the restrictions, or that they are considered as anti-business and therefore hampering national competitiveness. Instead it is argued that it is better to *educate* customers and industries alike through better product labelling and complimentary information campaigns – i.e. ‘nudging’ people and business in the right direction. However, decades of such information-based policy approaches have at best slowed the march to market failure and at worst added to the delusion that we are on the path to recovery.

Yet, paradoxically, there are notable examples of corporations taking a different route to those who argue against choice editing. The US apparel retailer Patagonia operates a ‘buy less’ approach that shows its customers how to repair or recycle and, ultimately, sell them on to others, so the life of their products is extended (Lowitt, 2011). Other such examples from the UK include the grocery chain The Cooperative which as part of its ethical policy has voluntarily removed all energy inefficient white goods (such as freezers and washing machines) from all its product lines (Forstater *et al*, 2007) and The John Lewis Partnership (another leading retailer) which only stocks fish and furniture that have been certified as sustainably sourced. Why so? Well, these forward thinking and responsible companies believe that by decoupling misuse of natural resources from development gives them a competitive advantage in the marketplace, be it in terms of brand differentiation, customer loyalty or through future proofing against legislative changes such as punitive carbon taxes on resource flows.

Case for a Consumer Product Red List

In the pursuit of a more successful path to sustainability, perhaps such practices suggest that a more robust approach to choice is not only possible, but can also be desirable. Therefore, an approach by which consumers, public officials and NGO activists can, respectively, understand/determine which products are helpful, damaging, or somewhere in between, is crucial to guiding the development of real and lasting change. By collaborating in such a scheme, forward-looking companies will be well placed to benefit from new competitive advantage, especially given less well adapted rivals will be wrong-footed (as has been proven in the past in terms of supply chain labour standards e.g. Nike leading the way collaborative approaches to eradicating child or forced labour in the garments industry) or sustainability reporting e.g. Novo Nordisk’s awarding winning approach to ‘dilemma reporting’ on access to drugs in the biotechnology industry and so on). In turn, this will help usher in a new era of industrial innovation with regard to sustainable product development and ensuing support from national strategists and politicians in the belief that it will secure inward investment and jobs.

Based on the success of a ‘red list’ for controlling trade in hazardous chemicals (established by the Basel Convention in 1989) and another for prioritising conservation efforts on the most threatened species (initiated by the IUCN in 1963), the research proposes the development of a **Consumer Product Red List** that would comprise of a ‘traffic light warning’ system to inform and guide more

responsible consumption internationally. A high level global list, it will then be used to shape more detailed national level lists that would allow increased awareness of 'positive' products, encourage the 'retirement' of more harmful products and support innovative product development (noting that each country will have different contexts in terms of consumer laws and public awareness, etc).

Case against a Consumer Product Red List

The case against such a list could be one or combination of: that consumers may not respond to any negative messaging; that national labelling or product standards are driving out unhelpful choices anyway (e.g. the EU paper industry unveiling a low carbon road map (ENDS, 2011)); that life cycle data of products is not available; that it may lead to protectionism by governments if key national industries are threatened; or that it is unclear what is 'bad' and 'good' when it comes to resource use.

Whilst these are all reasonable points they are not insurmountable or substantive objections. In terms of negative messaging, the idea of the list is that the public are shown positive, as well as less positive, choices (for instance, by combining an absolute rating with a relative rating, to show how one product compares with others of its type will help customers to differentiate when shopping). As a result of this, over time all bad choices will be phased out all together (that is, to communicate what they 'can only' do rather what they 'cannot'). With regard to the quality of life cycle data, the list would stimulate a new age of industrial competition that would result in more information to be forthcoming. As to protectionism fears, and what is 'good' or 'bad', this could be decided on a national level, aided by a global critique on universally desirable outcomes through the development of this list. (A number of these points are explored in more detail in the next section).

Research methodology of development and application for the List

Through this discussion paper, Infrangilis wishes to open up a dialogue with like minded partners to determine what the best way is to take forward the concept of the list.

One proposed methodology, for instance, is to develop a diagnostic 'traffic light warning system' (i.e. red, amber, green for a product's sustainability rating), which is then tested against a sample of leading national or international consumer product lines. To derive the test group, an approach could be to use a list of the world's leading brands and then map this against the major footprint areas for households (e.g. food, travel, electricity, clothes and leisure goods etc). Priority areas would vary according to country context, such as the receptiveness of consumers to sustainability messages (e.g. groundswell of public support for sustainable sourced fish and furniture in the UK), the complexity of certain supply chains in terms of information quality, and an ability to engage manufacturers (e.g. food might be simpler than handheld technologies such as mobiles or tablets). From this, a few leading products from each respective company's portfolio would be analysed.

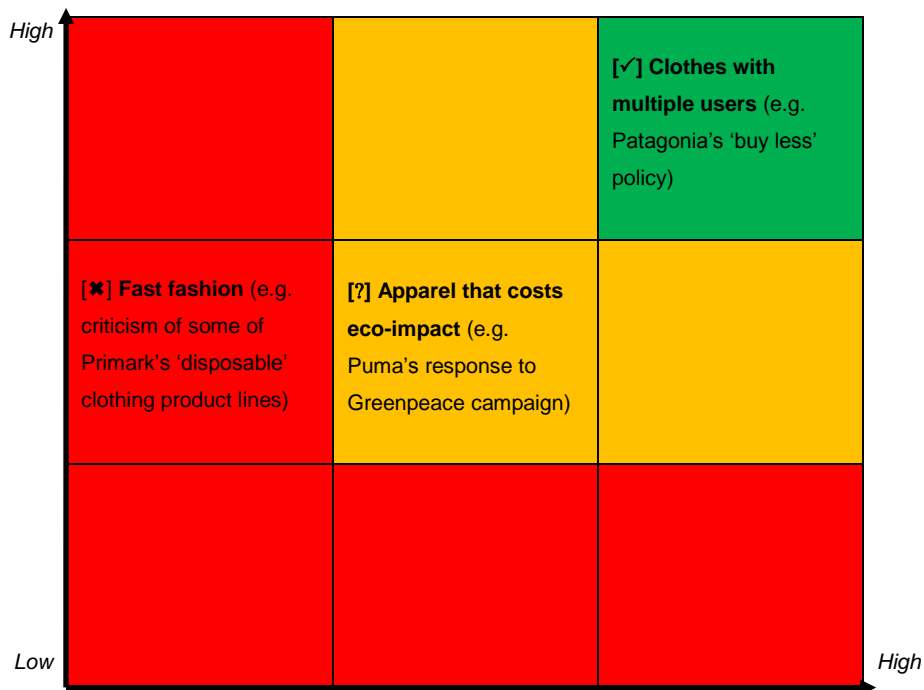
A key element of the **Consumer Product Red List** would be that products are assessed along economic as well as social and environmental aspects. That is, to map their contribution to well-being against the stewardship of natural resources. Here 'contribution to wellbeing' is a function of happiness, respect for future generations or pro-labour; whilst 'stewardship of natural resources' is a function of product durability through collaborative consumption, design eco-efficiency or carbon neutrality. So for instance, to avoid the purchase of a consumer product whose marketing outstrips the product's usefulness which has built-in obsolescence in favour of those that look to lasting use, or is manufactured using sweatshop labour instead of being ethically sourced from a unionised workplace.

Taking this a step further, an example of how the **Consumer Product Red List** works for the apparel industry is depicted crudely in figure 1 below (noting that the list is intended to be a product rating not a corporate rating and so this is a generic illustration only).

Figure 1: The 'traffic light warning' system

Contribution to wellbeing

(e.g. happiness, equitable to future generations, pro-labour)



Stewardship of resource flows

(e.g. durability via collaborative consumption, eco-efficiency, carbon neutrality)

In this example of the **Consumer Product Red List**, products by Patagonia perform comparatively well against the products of other companies as it attempts to manufacture its outdoor equipment clothing in an environmentally efficient way, and also advises customers on how these products can have further use once they have finished using it.

In contrast, products by the German sports gear company Puma score moderately well, as whilst it issues an environmental profit and loss statement (calculated on the cost their operations imposed on the natural environment) it could be argued that this statement is produced mostly in response to the Greenpeace 'Detox' campaign and that it is less clear how this affects product durability (CSRwire, 2011).

Finally, certain product lines by clothes retailer Primark are likely to score least well given accusations they promote a culture of 'fast fashion', whereby some of its cheap products may end up as landfill waste after only a few months (The Guardian, 2008).

The **Consumer Product Red List** would be informed by a combination of using existing data sets on product impacts, case study interviews and international practitioner workshops with consumer groups, businesses, NGOs and government agencies; as well as a literature review. Importantly, the research would place the list in the wider context of other efforts to reverse unsustainable consumption, ranging from impact assessment techniques (e.g. lifecycle analysis versus ecological footprinting); product labelling standards development (e.g. an 'omni-label' across a basket of sustainability impacts (Randerson, 2008) versus switching the focus to outcomes not standards (SustainAbility, 2012); public education campaigns and behaviour change initiatives to encourage less consumption; and macro-planning prevention instruments (e.g. family planning, carbon taxes to internalise the cost of environmental impacts, and integrated rapid surface transport systems to discourage car use or other compact city policies).

The primary deliverable could be a user-friendly and web-based tool, accompanied by a publication to guide policy makers and practitioners in their work. Most importantly it would feed into the latest technological innovations to inform customers in real time whilst they shop, such as the advent of mobile phone apps that promise instant in-store details of a product's sustainability credentials (e.g. GoodGuide).

Next steps

This discussion paper by Infrangilis will be shared with interested practitioners in academia, NGOs and the business community through a series of roundtable debates and a dedicated website. (People can also share their thoughts and help spread the word amongst their networks by tweeting

@Infrangilis_ltd with the hash tag #ConsumerRedList). The intention is to determine how this **Consumer Product Red List** project proposal could be refined and developed to the next stage with interested partners during 2012. Any such project may simply mean, for instance, building up the evidence base for proof of concept and transferring it to an existing work platform given the plethora of organisations already advancing the field of sustainable consumption (e.g. wiki product LCA sharing by Earthster, and Profit Through Ethics' product mark scheme). This could be done collaboratively through a creative commons license.

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