

DOMESTIC GOODS ISSUES

Consumers increasingly demand 'new' products in order to replace the 'old', in response to aesthetics, fashion, convenience, and the increased technological appeal. The total consumption expenditure for industrialised countries (not including E. Europe and CIS) was US\$ 8.3 trillion in 1970 and grew to US\$ 16.5 trillion by 1995 (1995 prices). The growth in consumerism has therefore almost doubled in 25 years. In the UK, strong economic growth coupled with low unemployment has assisted in the continued high levels of expenditure in the domestic goods market.

In line with the steady increase in consumer purchasing there is growing consumer awareness of product, brand and company, the integrity of production as well as other elements of the value chain. Consumers are becoming increasingly more conscious in their purchasing, employing a role of citizens rather than consumers, and this can be no more clearly represented than in organic foods and environmental and social investments.

- Social investing has doubled in just the last two years and now represents over \$1.2 trillion
- The Lifestyles of Health and Sustainability (LOHAS) market is growing and today represents a \$230 billion US market and a \$500 billion global market. National Business Communications

Retailers and producers can see the change in consumer purchasing decisions and are trying to respond to them but it appears they are not entirely certain about the actual process of change.

"We have to make an effort to promote the 'win-win' spirit, so that we act in the most beneficial way for society, the economy and the environment." Business delegate of Working Group

KEY ISSUES CONSIDERED:

1. Consumer attitudes on domestic goods

D1. RECOMMENDATION

A new consumer communications mechanism is needed which helps make the link between personal behaviour and the consequences of current actions and decision making.

Understandably when buying domestic products, many consumers focus on the point of sale price and not the cost per unit of its service life. Advertising campaigns rarely say "this will cost you more than the other brands but it will last twice as long", although there have been exceptions that have focussed upon the relationship between quality and price, for example Stella Artois and to a certain extent BMW. The majority of consumers want cheap products and they want them now. This has been seen in the development of energy efficient light bulbs – people are still buying the old style for the sole reason that they are cheaper. It was suggested that there is a need for a tax reform initially, as most

market research states that price is the primary influence upon product choice. Such a tax will give sustainable products a clear market advantage and influence consumer choice towards more sustainable products. This is discussed later in the chapter.

The mentality of consumer decision-making needs to evolve, for example durables should be treated as long term investments. Consumer attitude appears to be met by an inappropriate strategy. It was emphasised that facts about the sustainability of a product need to be widely disseminated.

INCPEN's report, "Towards greener households, products, packaging and energy" [<http://www.incpen.org/>] illustrates that public perception of their environmental impact is misconceived. The report illustrates that if a household owning a 'fashionable' four-wheel drive car exchanged it for a 'standard' family saloon with a fuel consumption of 40 miles to the gallon, this would save in one year the same amount of energy as recycling all the family's glass bottles for 400 years!

However, it is vital that recognition and awareness of sustainability is achieved and if recycling bottles is the catalyst for more active participation by individual citizens then it should perhaps be encouraged. The problem is that people may become disillusioned if they discover subsequently that actions they had been encouraged to take were not in fact making a positive contribution to improvement.

Practical Action

At point of sale all foods have to be normalised to the cost per 100g so that consumers are not confused by a proliferation of different pack sizes. In the same vein this should be initiated for cost per hour of operation. For example light bulbs: an economy non-energy efficient light bulb may cost £1 for 100 hours of operation i.e. 1p/hour whereas an energy efficient one costs £3 for 600 hours i.e. 0.5p/hr.

2. Information to consumers – accessibility and understanding information

D2. RECOMMENDATION

The UK Government should continually promote 'responsible choices' through accurate and sufficient knowledge regarding 'concerned consumer' issues. This could be supported through various fiscal measures and the full support and development of independent eco-labels.

There is a great deal of environmental product information available to business and industries, although unfortunately this is not always accessible to civil society when making conscious purchasing decisions. Consumer awareness is increasing and in order to promote 'responsible choices' accurate and sufficient knowledge about the issues of concern is required.

Consumers today are faced with a large amount of information about products, including country of origin, efficiency, promotions, and possibly environmental and social issues. There is 'information overload' on certain products, to an extent that it has become unappealing to consumers and subsequently retailers/producers. Emphasis was therefore placed on consolidating existing information and improving its accessibility and credibility.

Consumers have to deal with a lot of information and yet they are poorly informed. It is apparent that changes in personal purchasing behaviour through current information will not be achieved unless there is better and clearer product labelling and/or indirect access to more detailed information via other media.

2.1 Government support and fiscal incentives

There is a need for incentives to encourage industry to change, particularly through support from the UK Government. Workshop delegates felt that the Government had not been sufficiently supportive, as stated in the DETR Select Committee's 1999 Eleventh report 'Reducing The Environmental Impact Of Consumer Products': 'the Government has failed to provide the necessary leadership in attempts to reduce the environmental impact of consumer products, particularly through the "Are You Doing Your Bit" campaign'.

The report called for a coherent framework of policy measures to encourage responsible actions from consumers, retailers and manufacturers. The report also pushed for a significant increase in resources and political backing in order to tackle the major problems of public understanding of environmental issues and,

critically, the impact of people's actions upon those environmental problems.

In creating a more comprehensive response from all stakeholders the Government's main function should be in promoting information about products via eco-labels and other more innovative information systems.

2.2 Eco-labels

Eco-labels have not had the up-take that many had anticipated at their inception. The eco-revolution of the nineties promised so much in terms of greater sustainability of products and information, but unfortunately it never did truly deliver.

Geoffrey A. Fowler, "'Green' Sales Pitch Isn't Moving Many Products," Wall Street Journal, March 6, 2002.

"Environmentalists blame consumers' waning demand for green products on confusion engendered by inconsistent eco-labelling."

"Philips 'ditched' the environmental angle on its light bulbs and pushed the economic side of it – EarthLight to Marathon."

EU ECO-LABEL – INTEGRATED PRODUCT POLICY (IPP)

The new EU Eco-label scheme aims to create a positive trend in sustainable consumption patterns by delivering a new vibrant campaign to a potential 375 million consumers. Although the EU Eco-label Flower had a shaky start there are hopes that the EU's Integrated Product Policy (IPP) will help address its low profile – the Commission states that the eco-label had not gained "satisfactory visibility on the market" due to lack of policy support.

The Commission also anticipates that IPP will provide new opportunities for the label, possibly including reductions in tax for products carrying the flower therefore stimulating demand for more ecologically sound products.



EU Flower – 'consumer's assurance of European green authenticity'.

It is important that consumers are not overwhelmed with false 'green claims'. The advantage of only one label that encompasses wide ecological criteria for product groups is that it will reduce the information overload that currently exists with the many other labels.

The Commission's overall aim for the promotion of the voluntary scheme is to help the label gain a "minimum level of visibility" across the EU, and in the medium term to achieve a presence in between 1% and 30% of the market, depending on the type of product.

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Although the EU eco-label has only a limited presence in the UK, it does offer opportunities to businesses with good environmental standards and policies to create and expand their customer base.

SUCCESSFUL SCHEMES

Well-defined labels such as 'Fair-trade', Forestry Stewardship Council, Marine Stewardship Council (See food chapter) and Recyclable Product labels (See boxes) have had good resonance with the consumer. In most cases they have been initiated independently with NGO support informing consumers of how the product was produced. However, with the exception of the Energy Star label, very few are related to product performance.



Practical Action

UK Government should provide further support for independent eco-labels, in particular industry-specific labels, such as FSC and MSC. However support should also be given to IPP although ensuring that the factors for which they are graded are clear to all stakeholders.

Encouragement should be seen through public sector procurement of goods and also promoting labels through the media and in local authorities.

2.3 Continual Consumer Dialogue

D3. RECOMMENDATION

In order to encourage change in consumer behaviour all information should be fully accessible, in the right place at the right time.

In order to inform the consumer correctly it is crucial to provide consistent information. This should be tailored to meet individual consumer's concerns and not just according to the 'average' approach of the IPP.

To avoid 'information overload' when increasing the quantity and quality of information of a product, innovative interactive forms of communication between the consumer and the retailer should be considered. This would enable direct access to product information

via emerging technologies both at home and at retail outlets. By incorporating these new technologies and 'tiering' information from simple to detailed and technical, all consumers will be provided with varying levels of education and interest and will be able to obtain data appropriate to their requirements. The information would be independently validated and have the ability to be updated by a variety of independent actors. To facilitate such innovations both business and the government should ensure full promotion.

This approach suggests the information provider will have to move away from a single 'catch-all' logo to a process which offers more information as the consumer becomes more aware and therefore more concerned about environmental and social issues. This strategy would necessitate the retailer and producer becoming more transparent.

Practical Action

Development of a product index

The UK Government should implement and oversee the development of a Product Index

Consumers are becoming increasingly aware of the producer behind a brand and consequentially seeing beyond a product. For example, consumers aggrieved with Nestlé's production of powdered baby milk expanded their power to boycott other Nestle products. Using the information created from transparent information or possibly the criteria for the EU Eco-label, a 'Product Index' could be produced, administered initially by the UK Government. This would be a list of products within sectors that would be rated against one another to represent a league table. This could be compiled in the same way as brand editors identify companies, for example, Christian Aid's report, "Taking Stock, How the Supermarkets stack up on Ethical Trading". Consumers could then utilise the Product Index to focus their action on the company and possibly the retailer.

3. Role of the retailer

D4. RECOMMENDATION

Retailers should look at innovative approaches to achieve more sustainable consumption patterns, for example, giving extra reward points to people who buy sustainable products.

The common impression is that environmentally less damaging products, including more durable goods, are often more expensive than their more damaging short-lived alternatives. It is therefore

essential that the above recommendation addresses the problem of 'poorer' consumers who are not able to afford these products, which means that environmentally sound products are currently unable to compete with 'conventional' products in the market.

The 'price' of a product should include its full environmental and social costs and this may need consumer incentives to encourage widespread acceptance. Consumer incentive schemes are not widely used in retail in the UK. Although where schemes exist, the majority of the incentives concentrate on energy efficiency of a product. For example in the UK the Energy Saving Trust has committed significant investment to stimulate the up-take of Compact Fluorescent Lighting (CFL) through retailer and consumer incentive schemes.

4. Role of the Local Authority

D5. RECOMMENDATION

Local Authorities should increase awareness about sustainable development through public service advertising. They should also consider initiatives such as giving awards or council tax breaks as incentives for environmental improvements (e.g. recycling).

A report by Greengage Consulting for DEFRA (www.defra.gov.uk/environment/sustainable/research/leadership/pdf/sd_leadership.pdf) showed that by educating the public (consumers) and working with them to develop the capacity of the community in making informed decisions and choices, it assisted communities to participate in decisions and it helped engage them in finding solutions to the challenges they face. Through awareness raising campaigns such as citizenship programmes, demonstration and showcase projects the awareness of the community and therefore the consumer rapidly grows.

Although the working group has promoted the use of incentives to change consumer behaviour it is apparent from the Greengage report that Local Authorities are in need of support and guidance themselves on sustainable development. Authorities are receiving conflicting information from central government, and therefore either the Local Government Association or the UK Government should provide full and consistent training on sustainable development and in particular sustainable consumption.

A number of practical actions by Local Authorities were presented to encourage responsible purchasing behaviour and raise awareness.

Practical Actions

Public Service Advertising

Promotion of sustainable consumption could include social advertising on issues such as the 'need' to buy, sustainable products and more importantly on learning by doing. For example a marketing campaign in the local press on products which are durable, recyclable, efficient, and provide good performance throughout the life cycle should be encouraged. This could be developed in association with local retailers promoting sales of 'sustainable' products.

Tax Breaks

Create awareness through fiscal incentives such as awarding tax breaks to community members who are creating less waste than the average person. The policy framework of this method would need thorough research, although a more simple method such as an economic incentive for recycling (tins, bottles, plastics) would be relatively straightforward to implement, and could be achieved through a modification to the Recycling Credit Scheme.

Competitions

Encourage more sustainable lifestyles by creating healthy competition within communities. This could be achieved through a competition for the most sustainable street in the community. Initially this could be implemented with a brief introduction on sustainable products, including food and recycling. The 'competition' could be the amount of average waste per person that goes to landfill (a simple calculation of the overall weight divided by occupants of the street). The objective of the competition would be that the households would feel responsible for the street's success or failure and therefore recycle more and possibly modify their purchasing behaviour, for example less packaging or more durable goods.

5. Shift from product to service

D6. RECOMMENDATION

Further research is required to assess the viability of shifting from buying products to accessing 'product-based services'.

Significant product developments have reduced the environmental impacts in the production and use phases of a single product. However, the sheer increase in sales has offset the developments and kept the overall impacts constant. Overall environmental gain could be achieved by moving away from consumption through product ownership to purchasing the function of its services. These new 'product-based services' have the potential of forming the basis of a more sustainable 'functional economy'. The change from

product to service would involve the promotion of the utility of a product rather than ownership. For example in business-to-business document services (Xerox), cleaning services (Electrolux), carpet hire, Ford – mobility service providers, computer and other electrical goods hire.

There are many advantages to the environment in adopting this strategy; the most obvious would be greater resource efficiency, including energy and water. There are however a number of barriers to the introduction of such a policy. Changing consumer behaviour will be a central issue as a fundamental shift in society is necessary from one focused on 'me' to one focused on 'us'. This could be seen as a return to the past where 'things were done better'. Marketing of the cultural change from product to services must be seen as moving toward a higher standard of living and not backwards. The main factor will be consumer acceptance and overcoming cultural hurdles before progress can be made.

There may also be resistance from suppliers and manufacturers but fiscal measures should help to encourage progress. Indirect policies such as Waste Electrical and Electronic Equipment Directive (WEEE) and Producer Responsibility would drive changes in behaviour.

6. Sustainable design of domestic products

D7. RECOMMENDATION

There should be better definition and promotion of more 'sustainable' consumer products. A product should optimise the following:

- Recognising any 'replacements' are equal or better in terms of price, quality, service, lifetime, attractiveness.
- Recycled content of raw materials used
- Recyclability of product at end of life
- Service life and 'fashion life' extension
- Durability,
- Upgradeability,
- Fair trade/production issues (social/ethical).

Defining sustainability for different products can be a very complex issue. As one workshop delegate pointed out, "If we do not have a comprehensive answer then the people to whom we are aiming this initiative will smile gently as they throw it in the bin as another environmentalist 'crackpot' poorly thought out idea." Take for example 100% recycled paper. To the average consumer this is seen as being the epitome of environmental purchasing. However, are we really sure that this is the best environmental option?

There are a number of benefits both to the consumer and the retailer/producer in following sustainable product guidelines. There

will be a greater chance of success by not always 'preaching' to consumers with limited information, but giving them sound information on which to base their own decisions. As with the example of the 100% recycled paper, although it was never seen as being equal in quality to non-recycled paper, it was thought to be a 'sustainable' product. The reason that it succeeded in the market was that it offered a 'feel good' factor to consumers, principally through participation in a key issue. The consumer had to change very little in purchasing behaviour and thus better acceptance and take-up were achieved.

6.1 Reparability

Many products cannot be repaired either because the retailer will not accept them for repair or the necessary service parts are not made available.

Although there may be some resistance from primary producer countries to return to a 'mend it' rather 'replace it' culture, the environmental benefits are expected to be greater. Research may be required to see how such a strategy impacts socially, particularly in developing countries.

Cost may also be an issue, as it is now becoming cheaper and easier to throw away used products than to go through the 'hassle' of having it repaired. An alternative would be to take the onus off consumers, let them dispose of disused items as 'waste' but then send the collected 'waste' to a central repair facility where those items which can be salvaged and repaired are subsequently sold through 'nearly new' shops operated by charities/local authorities. 'Repair centres' could then be used as a way of employing long term unemployed, see for example the organisation Create. www.create.org.uk

In the longer term, Government should introduce statutory requirements for manufacturers to make spare parts more easily available which allow people to carry out repairs to faulty products. Of course this would not be such an issue in the service supply rather than product supply scenario, where the supplier of the product would have control over replace/repair. Even so suppliers should be encouraged to repair wherever possible and whenever this is the best environmental/social option.

6.2 Design Policy considerations

D8. RECOMMENDATION

Sustainability concerns should be addressed as early as possible in the design stage of products.

Sustainable development policies are now emerging in the workshops of many corporate designers. Regulatory and corporate policy measures are creating an ever increasing demand for designers to include more sustainable designs in products both to comply with company policy and also to compete in the market for more sustainable products.

Unfortunately Britain appears to be lagging behind EU competitors in eco-design, many commentators believing that we are not a proactive but a reactive nation when it comes to consumers needs. Harry Rich, Business Director of the Design Council states, "For the UK manufacturing sector to match our more forward-thinking European competitors, the government needs to take the issue of sustainability more seriously and recognise that designing products and services with the environment in mind does not have to be a business straitjacket." (Design Council, 2001)

Although sustainable development is slowly being appreciated by designers, it is not given sufficient priority. A survey of manufacturing companies' attitudes towards design for sustainability by the Design Council showed that 74% of manufacturers believed the UK government should be doing more to promote sustainable design and 72% responded by saying they are not being influenced in their approach by the Government.

It is crucial that designers stay one step ahead of legislation instead of waiting for it to happen because it provides the company with a strategy that encourages innovation and thus greater competition. However, if designers are not anticipating legislation for the reason that there is little action by UK Government then there is no real challenge for them to make sustainable products. It is therefore imperative for the government to encourage early acknowledgement of sustainability of a product, whether it is through fiscal or regulatory measures.

SUSTAINABLE DESIGN NETWORK

The network has the mission to; "Provide an exchange of knowledge and experience in the field of Sustainable Design between industry and academia via the collaboration, structured discussion and dissemination of key research topics and industry need." The network seeks to stimulate debate, encourage research definition and execution, co-ordinate existing research, and ensure effective dissemination to industry. The network will comprise membership from industry, academia and public/government bodies, and include all levels of research. The network will meet three times annually and host other meetings and workshops as required. For further information and joining the network, please contact the Principal Investigator, Dr Tracy Bhamra, or the Network Co-ordinator Dr Mark Smith at the International Ecotechnology Research Centre, Cranfield University, Cranfield, Beds MK43 0AL Tel: 01234 754108 Fax: 01234 750163 Email: sustainabledesignnet@cranfield.ac.uk

7. Knowledge Transfer

D9. RECOMMENDATION

The UK Government should establish knowledge transfer schemes in the areas of business sustainability and design, particularly for small and medium enterprises (SMEs).

Partnerships were identified as a means of facilitating information exchange, equal access and simply keeping up-to-date with key issues and trends. But many previous partnership initiatives have not worked and a number of questions were raised:

- How can partnerships work at an international level with different standards that may apply?
- At what scale?
- How do businesses know with which businesses they should form partnerships?

The Sustainable Design Network is an excellent example where sustainable product designers can learn from one another, whether it is through industry or academia.

EDEN

The Ecological Design Education Network, similar to the Design Network, offers an interactive transfer of ecological design knowledge between design schools and the design profession. Its mission is to promote ecological design in higher education, facilitate opportunities to test and apply this knowledge in a professional context, and support a network for exchanging knowledge of best practices between the academy and the profession. www.ecodesign.org/edi/eden/

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The compilation and dissemination of information about sustainable production to and between organisations offers substantial benefits to competition and the environment. Finding a partner however is not easy. An original initiative put forward by the Working Group is to create a "Business Partnership Dating Agency".

PRACTICAL ACTION

Business Partnership Dating Agency

The establishment of the scheme will ensure equity between all organisations and ensure that information communicated via the appropriate personnel and technologies. The scheme could be set up by organisations such as the International Chamber of Commerce or academic research centres such as the Centre for Business Relationships, Accountability, Sustainability and Society (BRASS - www.brass.cf.ac.uk/), Ecological Design Education Network (EDEN) in the US, and C-SanD (construction industry www.c-sand.org.uk/index.htm). These organisations will allow the flow of knowledge tools, best practice, and project experience in the sharing of knowledge between companies.

7.1 The role of information transfer from big business to small and medium enterprises

D10. RECOMMENDATION

Large companies should establish partnerships to transfer knowledge to SMEs to help them achieve greater sustainability, particularly in the production phase.

Concern was raised over the lack of training and support given to designers, managers and staff of small and medium sized enterprises (SMEs). Statistics from the Small Business Service showed that 99% of UK businesses are SMEs and employ up to 56% of the workforce. Although statistical data is lacking it is thought that SMEs may account for substantial levels of pollution (Hillary, 2000)². However, SMEs are not ignorant to the environment or sustainability. Data from Australia shows that a significant number of SMEs see environmental sustainability as important or vital to their business, yet it is time and cost that are barriers in driving the agenda forward.

(www.ecobusiness.com.au/sme/project_outline.htm)

7.2 Where can such progress be made?

The obvious 'space' for this kind of interaction would be either within government (or at least part funded by government) or

universities. There are also a number of programmes or organisations that currently engage business in an educational and training sense. They should be encouraged to widen the scope of their programmes to incorporate these activities, with little disruption to existing work. Two such ongoing programmes are highlighted below. To further the recommendation from the Working Group a similar programme or possibly an extension of these programmes to incorporate knowledge transfer in areas of design, supply chain management, material use and manufacture could be employed.

Cambridge Programme For Industry

The Cambridge Programme For Industry (CPI) is an integral part of Cambridge University's learning provision and forges closer links with business, industry and the professions. The CPI uses the expertise and scholarship of the university to bring together knowledge from institutions in delivering its learning programmes. Current work included short technical briefings, to extended seminars, online networks and University-accredited programmes extending over a full academic year. Its offerings are business-focused, yet targeted at learners from business, government and civil society. They are practical in outlook, and draw increasingly on web-based technologies to enable interaction at a distance.

Sustainability Learning Network

In partnership with Forum for the Future, CPI runs an eight-month accredited programme on sustainable development in association with the World Business Council for Sustainable Development (WBCSD). The programme is designed for mid-career and senior managers in business. A mix of individual study, intensive workshops and group project work provides participants with a clear structure in which to study, while allowing them to explore issues relevant to themselves and to their business. The programme employs the latest theories of collaborative learning, and makes use of Internet technologies to allow participation from the workplace.

For more information: <http://www.cpi.cam.ac.uk>

Project Acorn

The DTI part-funded programme Project Acorn brings together large organisations with their suppliers to develop mutually beneficial environmental management programmes such as ISO14001 and EMAS.

The programme presents larger organisations the opportunities to integrate the Project Acorn model into a supply chain strategy to engage their suppliers in environmental performance enhancement, thereby relieving time consuming second-hand, and heavy handed, audits. The staged and partnership approach ensures good relations and a 'powerful way to make an EMS really work' (Gascoigne, 2002).

For more information on Project Acorn:

www.emea.bsi-global.com/Environment/Projects/Acorn.xalter

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Janet Gascoigne