

Sustainable Consumption: The Retailing Paradox

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Understanding the Paradox

For a global retailer like Kingfisher, with over 600 home improvement stores in 12 countries and sales last year of over £7 billion, actively promoting consumption is what we do. We need to ensure the forward progression and growth of the business, and that means persuading more people to go into more of our shops and buy more products, more often.

So an acknowledgement that present rates of consumption, both globally and in particular the developed Western World, need to slow down - even decrease - if we are to sustain our available natural resources, does not immediately sit easily with a business like ours: given the obvious solution to many people is to reduce consumption and persuade our customers to buy fewer products, less often.

This is the apparent paradox facing responsible retailers - how to continue to promote consumption while also promoting sustainability. But it is crucial that we face up to it and seek to find workable and retail-friendly solutions. Sustainable consumption is a huge debate, one we are only just being to scratch the surface of, but one that retailers must engage with fully if meaningful decisions are to be made.

The ACCPE Report

Alongside my work as Head of Social Responsibility at Kingfisher, I have been trying to influence this debate over the past couple of years by serving as Chair of the Government's Advisory Committee on Consumer Products and the Environment.

ACCPE was set up to contribute to Government thinking on these issues as they formulated their Strategy on Sustainable Consumption and Production, promised in turn as a direct result of the 2002 World Summit on Sustainable Development in Johannesburg.

Our advice - published in a final report in February this year - centred on the development and coordination of policies to reduce the environmental impacts associated with the production and consumption of goods and services, and what the priority areas for future research and action should be. Specifically we focused on:

- Strategies for tackling the major environmental impacts of products across their lifecycle
- Mechanisms for implementing these strategies in the UK market, and the coordination and promotion of these measures
- Best practice in the environmental information and advice given to consumers (so-called 'green claims') and measures to promote them in the market
- Proposals for new forms of environmental information or awards in the UK market, to stimulate take-up and use of products with reduced environmental impacts.

What drove our thinking, and what sits at the heart of resolving the paradox mentioned above, is the recognition that consumer products - from the laptop I am writing this on to the chair you are sitting on to read it - form the great unspoken agenda of sustainability. I would like to take some time in this article explaining why.

Some issues have always held centre stage in the CSR debate: water supply, global warming or pollution for example. Rarely do individual household products get mentioned in the same context. But they should. According to the World Wildlife Fund's Living Planet Report published in 2002, the global average of consumption of our natural resources – what's known as our ecological footprint – is 2.3 hectares per person. In the developed countries of the Western World, this figure rises to around 5 hectares.

As a result, the WWF states: "if everyone around the world consumed natural resources at the rate that we currently do in the UK, we would need three planets to support us."

I find this analogy extremely useful when articulating the challenge retailers therefore face. No commercial company would ever be run on this basis. Present the environmental concerns as a supply chain issue and retailers start to get it. If a supplier is using resources at three times the rate it can replace them, then it's probably time to source a new supplier...

If a little glib, stating the problem in terms of the earth's available resources paints a suitably stark picture. Over time we will be faced by the problem of our supply chains breaking down. And, ironically, I believe that it is quite possible that it will not be the USA and Europe but China that will begin to lead the debate as to how we can resolve it.

The Chinese Way

The Chinese Government sees the whole argument, with all its tensions, happening within its own borders. There is currently massive economic growth on their East coast and, as a result, they are increasingly dealing with significant environmental challenges.

Take the single issue of the Three Gorges Dam. A means of supplying the prosperous East with safe, green electricity, but also the cause of flooding, resulting in millions of citizens – who will never enjoy the benefit of the resource – having to leave their homes, uproot their families and move.

So what the Chinese are seeing is a greater need to concentrate on the social and environmental impacts of high growth – because it is all happening within their borders. They do not perhaps see the debate in the same grand terms as we do in the West – trying to grapple with and understand the concept of sustainable consumption. They are merely trying to run a country. But the impact and the lessons learned are significant.

For us in the West, we still have to take forward a serious debate on sustainable consumption. It is hugely problematic for some. Research commissioned by ACCPE shows clearly that UK retailers, for example, lack experience in addressing the strategic impact that their products have. And that they need good practical guidance to help them take sensible decisions about product-focused issues in their supply chain.

Bearing this in mind, draconian measures merely banning the use of certain materials and resources are unlikely to be popular or successful. What is needed before legislation is education. We do need a serious debate: knocking the issues around for a while, deconstructing the different elements and working out which organisations have responsibility for which areas of activity.

For retailers, I believe a good place to start is with our existing products. We can all work to make our everyday products 'greener', and seek to change behaviour in a way that minimises the impact of our supply chain more effectively than legislation could ever hope to do.

Let me explain by way of a personal anecdote. My house is on the South Coast, and everyday from my back garden I see huge container ships chugging up and down in Southampton Water. Each one carries upwards of four thousand 40 foot containers stuffed full of products from all over the world. I am not complaining, far from it. These products in the containers most probably help pay my wages after all. B&Q, which Kingfisher owns, has more than 300 stores in the UK employing 25,000 people. It imports more products in containers than most companies in the UK.

I also rely on this trade in a more basic way. The products crammed into those containers contribute to my overall quality of life. Things would be a little less comfortable without my £10 pine toilet seat made in China, and I could not have installed it without my £2 screwdriver from Taiwan.

The buying and selling of these products fuels our quality of life and our prosperity. But when I see the container ships I am struck by one thing. As a result of these individual products, we are clearly consuming vast amounts of raw materials and energy, creating masses of potential waste in the process, and this cannot be sustainable.

Which is where the 'greening' of products comes in. It will take a lot to make my Chinese loo seat truly sustainable, but (for example) using timber certified by the Forest Stewardship Council, ensuring the factory in China looks after its employees and strips out over-packaging, will make a substantial difference. Given the sheer volume of loo seats sold each year in the UK, that adds up.

Developing a Policy 'Toolbox'

The greening of products is a sophisticated job, and like all jobs it will need a variety of tools if it is to be done properly. With so many different issues and products, a one-size-fits-all approach is not going to work. We need a variety of tools that can drive improvements and genuinely shape behaviour.

One of the key areas of work for ACCPE in shaping this approach is the development of a policy 'toolbox'. This approach encapsulates integrated product policy by providing a highly targeted method in which key sustainability issues are tackled by using the appropriate measure, based on consideration of environmental impacts across the whole of the product life cycle.

It is a targeted and flexible approach that now underpins much of the thinking in the Government's Framework for Sustainable Consumption and Production.

Initially ACCPE's toolbox focused largely on product information, and especially on tools such as eco-labelling, and intervening to eliminate misleading 'green' claims through guidelines or the threat of regulation. This remains important, and much of our effort has dealt with developing a 'family' of green labels for products such as homes, cars and domestic equipment - making the information provided as useful to consumers as possible.

I also believe that more could and should be done to tighten the regulatory framework on misleading claims, or to provide and promote voluntary codes of behaviour at the very least.

But in many ways that debate has moved on to encapsulate issues wider than simple product information. A more sophisticated tool needs to be developed to consider the impact on the environment of all aspects of the product lifecycle, including the procurement policy of retailers.

Environmental Impact Assessments for Products

One good place to start should be the introduction of 'Environmental Impact Assessments' (EIA) for products. To explain, let me take you back to my home.

As our prosperity grows so does our drive to buy more products, with the end result that we need to import more. I see this impact directly – a new container port is now required in Southampton.

One site considered was an important wildlife habitat – and this started a strong debate about the trade off between job creation and nature conservation. And the tool that the debate revolved around is an EIA on the proposed port. The fact is, as a result of the report, the site was declined. An important decision, but in recognising it, I am struck by one thing – has anyone done an equivalent exercise on the products that this port will handle? Such as the several million loo seats a year that require over 3,000 containers, lots of wood and packaging, not to mention the energy expended in the making and distribution of them?

The answer is almost certainly no. Retailers launch whole new product ranges – cars, drinks, washing machines - without ever doing any sort of EIA. If they did, they would undoubtedly realise some significant changes to reduce their environmental impact, which would not only improve sustainability but potentially offer the consumer additional benefits (such as identifying lower running or replacement costs).

The first step to such an EIA would be to develop a simple, pragmatic methodology: helping both buyers and sellers to conduct an environmental and social review so they can demonstrate an element of due diligence in their procurement and product range planning.

Due diligence always applies to the way companies handle cash and look after people; it increasingly applies to the health and safety implications of products and services. So why not the social and environmental criteria? This could sensibly lead to environmental reporting that centres on what a company makes, rather than merely how it operates.

Ensuring Government Commitment

After this initial step, there needs to be a more formal structure put in place to ensure a consistent focus on developing sustainable products in the UK. This includes greater Government commitment to driving a product-focused agenda in terms of developing policy. The Environment Agency currently has teams built around issues and regions, why not one around products?

Indeed why not create a Government-backed organisation specifically for this purpose, assuming accountability for all product-related policy and action? They could perform the serious study required in this area, developing both the science and the politics for product creation. The output could be the start of some form of legislative framework in this country, which at the moment would be difficult to write and almost certainly divisive to implement.

Solving the Paradox

Ultimately, the responsibility for creating sustainable consumption cannot rest easily with one particular group. There is no silver bullet solution: if there were, if I had thought of it, I wouldn't be writing this article today. Consumers need to recognise their responsibility to the supply chain. What we consume, how we consume, and the sheer volume of our consumption are all critical to the pressures currently on our planet. 'Fair Trade' tea bags are only great if we actually buy them.

Government needs to recognise its role in creating the environment for change: being more creative in its approach to green consumerism, inspiring many more shoppers to think about the issues and, in some cases, removing some of the pressure on consumers by introducing laws and voluntary changes to the product policy framework.

And retailers need to recognise how vital their actions are to the whole debate, and engage with it rather than resist. Ultimately the natural resources on the planet at our disposal are our supply chain for our products. Ignoring their sustainability is bad business practice. It is not about merely reducing consumption, it is about finding ways to manage and change it to reduce the impact of the products we are seeking to sell.

If we can do that, and I hope that this article has outlined some of the arguments that have to be considered to set such a debate underway, then we can go a long way to solving the paradox that sustainable consumption at first sight presents to a retailer. We can sell more, better.

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