

# Towards a policy of sustainable consumption in France

There is a currently widespread agreement on the unsustainable nature of our consumption model, which is excessive both in terms of the resources it uses and the waste it generates, and destructive to the climate and to the biodiversity. Faced with this issue, governments have until now attempted to “green up” the economy by promoting production methods that are more respectful of social and environmental standards. This approach has proved inadequate: although technological progress is necessary, it will not be sufficient on its own to counterbalance the global population increase and the changes in consumption patterns. As consumers, we must likewise change our behaviour to strive for truly “sustainable consumption”. The Centre d’analyse stratégique recommends to define sustainable consumption not only in terms of sustainable development, but above all as a fundamental

change in those habits that have arisen from the spread of modern consumer societies.

A sustainable consumption model implies that people's needs will be met by goods and services that use far fewer resources, are less polluting and contribute to social progress. Consumers will also utilize dematerialized types of exchange (renting, sharing, bartering). This model will lead to a change in culture and lifestyles, where materialism will recede in favour of other aspects of human existence (family ties, culture, art, sports). This transformation implies the political vision of a society in which material consumption is no longer the central factor determining well-being and quality of life; in other words, it requires abandoning the concept of a consumption-centred society. This will necessarily entail progressive changes to the French economy, which must remain compatible with the critical elements of growth and with business competitiveness. ■

## PROPOSALS

The Centre d’analyse stratégique proposes to lay the foundations for a national sustainable consumption policy, which will later be transposed sector by sector. Such a policy implies to:

- 1 Set-up education initiatives which teach people how to consume in a more sustainable manner, from a very early age and raise consumers’ awareness through target groups and key life events such as child birth.
- 2 Encourage pioneering local initiatives such as “farm-to-fork” distribution networks, eco-districts...
- 3 Support innovation, both technological and organisational, to promote sustainable consumption, notably by integrating sustainable development requirements with the existing “Made in France” label, and by encouraging ecological design.
- 4 Implement the necessary economic tools and “price signals”: environmental taxes [climate-energy contribution], non-linear pricing for water and electricity, eco-labels financed by businesses that do not produce environmentally-friendly products.
- 5 Reinforce and expand upon the sustainable policies adopted by the government and local authorities for consumption and public purchasing.
- 6 Mandate an organization dedicated to ensuring long-term monitoring of the national sustainable consumption policy.

**➤ MAIN ISSUES** The current model of consumption is in need of profound change. It has proved unsatisfactory to the equal distribution of global economic growth as well as natural resources, it generates dangerous pressures on the environment and it is furthermore unable to guarantee human prosperity. Sustainable consumption has recently become a subject of interest for policymakers. However, it has yet to become a policy priority in its own right, treated, separately from production policy. This concept cannot be assimilated to a society entering a phase of “degrowth.” On the contrary, it must be compatible with economic prosperity, by finding an alternative growth model that does not involve the depletion of our resources. It should be noted that sustainable consumption does not merely involve guiding consumers towards more sustainable products, whose beneficial effects may be cancelled out by changes in behaviour and an increase in the volumes consumed. From today onward, we need to reduce the pressures on ecosystems that are created by our consumption habits, such as greenhouse gas emissions caused by the consumption of hydrocarbons. In order to tackle this challenge, we need to lift the access constraints and routine mental blocks among consumers and to diminish their distrust of *greenwashing*<sup>(1)</sup>. Above all, the status that consumption has acquired in our societies must evolve so that our purchasing behaviour and daily consumption habits reflect our awareness of sustainable development goals.

This note first addresses the state of sustainable consumption in France. It goes on to analyse the barriers that explain why most consumers find it hard to translate good intentions into virtuous practice. Finally, it makes proposals for a national sustainable consumption policy.

## 🔗 SUSTAINABLE CONSUMPTION: AN EMERGING REVOLUTION

### 1. The case for taking up the challenge of sustainable consumption

Three recurring criticisms of the current consumption model justify the launch of a French sustainable consumption policy.

The first argument is linked to the environmental pressures caused by the current model. Too many indicators are raising red flags – climate change, pollution of water tables and destruction of biodiversity – giving rise to fears of a sixth extinction of species. Even if these indicators are far from perfect calculations, the global ecological footprint<sup>(2)</sup> shows that we use resources equivalent to 1.5 times planet Earth, a figure that has doubled since the 1960s. Moreover, according to the International Energy Agency (IEA), only by changing our lifestyle and behaviour can we achieve the global objective of reducing greenhouse gases by half.

Another argument is that, despite the promises engendered by the mass consumer society, which was expected to democratize material comfort, global inequalities in access to resources still remain. In Europe, each person consumes daily on average four times more resources than people in Africa, but two times fewer than people in North America<sup>(3)</sup>.

Finally, although controversial, the Easterlin<sup>(4)</sup> paradox reminds us that beyond a certain threshold, happiness does not increase as we acquire more. Tim Jackson<sup>(5)</sup> advocates a new social model, one that can reduce our impact on the environment and, beyond that, maximize the positive ecological, social and economic effects of human activity.

[1] “Greenwashing” is the use of fallacious ecological advertising in business communications.

[2] *Global Footprint Network Estimate Based on the Year 2007 in WWF (2010), Living Planet Report 2010*. The ecological footprint accounts for the incidences of global human activity and relates them to the ability of the earth to regenerate (bio-capacity). It takes into account the volume of water and surface areas used to meet the demand for resources (crops, forests, pasture and fishing stocks), support infrastructure and absorb CO<sub>2</sub> emissions, in stocks. This indicator has been the subject of criticism. See David M., Dormoy C., Hays E. and Tréguët B. (2010), *Une expertise de l’empreinte écologique ?*, Collection Études et Documents du CGDD, n° 16, January.

[3] Average estimates for the year 2000 for renewable resources (farming, fish stocks, forestry) and non-renewable (fossil energy, metals, minerals). SERI, GLOBAL 2000, Friends of the Earth Europe (2009), *Overconsumption? Our Use of the World's Natural Resources*, September.

[4] Richard Easterlin refers to a stagnation in the level of satisfaction declared by populations of post war, industrialised countries, hence experiencing a moment in time when their wealth is increasingly considerably. Easterlin R. (1974), “Does economic growth improve the human lot? Some empirical evidence”, in David P.A. and Reder M. W. (eds), *Nations and Households in Economic Growth*, New York, Academic Press, 1974, p. 89-125. See also criticisms by Deaton A. (2008), “Income, health and well-being around the world: Evidence from the Gallup World Poll” *Journal of Economic Perspectives* 22 (2), p. 53-72.

[5] Jackson T. (2009), *Prosperity Without Growth?*, UK Sustainable Development Commission, March.

## 2. Why policies that solely target sustainable production are not enough

Public authorities are reluctant to try to reorient consumption practices in order to move society towards sustainable development. However, policies that look only to redirect production methods are not enough on their own, and bring unwanted effects.

First, any increase in the productivity level of resources is partially cancelled out by the change in consumer behaviour due to the so-called “rebound effect”<sup>(6)</sup>.

### Why does the rebound effect undermine improvements in energy efficiency?

The rebound effect is difficult to evaluate at a national level and is rarely taken into account when public policy results are evaluated. However, this effect explains why improving energy efficiency is not enough on its own to reduce global pressure on the environment<sup>(7)</sup>. Improvements to the energy efficiency of goods and services delivers budget savings, causing in turn different types of rebound effects<sup>(8)</sup> on the economy as a whole, which can be analysed on three distinct levels.

The first effect concerns consumers: price reductions<sup>(9)</sup> lead them to use the part of their budget they have saved to consume more (whether the same goods and services question or alternative ones). The increase in the amount of appliances in households and the changes in certain consuming practices (frequently replacing devices, purchasing “energy-hungry” ones, leaving equipment on standby mode)<sup>(10)</sup> have largely cancelled out recent improvements in the energy efficiency of household appliances.

The second effect concerns producers: improved energy efficiency leads to a reduced demand for certain resources. This leads to a cost reduction, and ultimately translates to an increase in the production of goods and services. In the telephone sector, for example, the benefits of an

improvement in the energy efficiency of equipment has been more than cancelled out by such an increase in production. Analysed jointly from a long-term, macro-economic perspective, these two effects account for a third “transformation” effect, corresponding to the change in society brought by technology innovations. Thus, in France, we can observe a decoupling effect between the energy consumption and the overall production level: this is partly explained by an increase in energy efficiency since the 1970s, but mainly by the growing importance of the tertiary sector, which uses less energy.

Secondly, offering more sustainable products and services does not instill good practices beyond a restricted circle of enthusiastic eco-citizens who actually put their good intentions into practice. In spite of the increasing awareness of sustainable development issues, mainly in the form of environmental concerns<sup>(11)</sup>, these “activists- consumer” still represent only a fifth of the French population<sup>(12)</sup>. Most consumers have adopted an ambiguous, almost “schizophrenic” behaviour: they stick to the values of sustainable development, but fail to apply these principles when purchasing. 79% of French people may say that they are prepared to consume in a responsible manner – an indication that sustainable consumption is becoming the social norm – but only 4% of them put their intentions into practice by choosing fair trade, organic, and locally or regionally-produced products, or even by staging boycotts<sup>(13)</sup>. In spite of government efforts at raising awareness, over 32% of waste is apparently still improperly disposed of by households<sup>(14)</sup>. More worryingly, younger generations, although better informed, seem to be more attracted by the lures of commercialism. Although those under age 35 demonstrate an above-average awareness of the concept of “sustainable development”<sup>(15)</sup>, they are at the same time prone to “hyper-consumption,” characterized by the habit of replacing items more quickly – especially energy-hungry and rapidly obsolete high-tech products – or by neglecting the life expectancy or the environmental footprint of a product or service as a criteria for choice<sup>(16)</sup>. It is also true that sus-

[6] Madlener R. and Alcott B. (2009), “Energy rebound and economic growth: A review of the main issues and research needs”, *Energy*, vol. 34, n° 3.

[7] *Ibidem*.

[8] Herring H. and Roy C. (2007), “Technological innovation, energy efficient design and rebound effect”, *Technovation*, vol. 27, n° 4, p. 194-203.

[9] The rebound effect is linked to the elasticity of substitution.

[10] Enertech (2008), *Mesure de la consommation des usages domestiques de l'audiovisuel et de l'informatique*, Final report for the Remodece Project (ADEME/EDF/European Union), July.

[11] ADEME/CREDOC (2010), *Enquête sur les attitudes et comportements des Français en matière d'environnement*, June.

[12] Ethicity/ADEME (2010), *Les Français et la consommation responsable. Retour au vivant*, February-March.

[13] *Assises de la consommation 2009*. For more recent estimates, see Ethicity/ADEME (2010), *op. cit.*

[14] IPSOS Public Affairs/ADEME (2009), *Enquête sur les attitudes et comportements des Français face à l'environnement*, September.

[15] LH2 study, April 2009, for the 21 Committee: “Les Français et le développement durable : entre désir d'y croire et volonté de faire”. 39 % of French people declare that they have a precise awareness of the notion of “sustainable development”; the best levels of awareness (definition): 42% of under- 35s.

[16] For current and future spending on electronic equipment by generation, see Desvaux G. et Regout B. (2010), *Older, smarter, poorer: The French consumer transformation*, McKinsey Quarterly, June. See also Martin M. (2003), *Téléphone portable chez les jeunes adolescents et leurs parents : quelle légitimation des usages ?*, M@rsouin.

tainable products and services are still quite scarce and hardly visible on most markets, which doesn't help consumers to act and also explains their apparent apathy.

### 3. Only three OECD countries have implemented a sustainable consumption policy

Faced with the need for a sustainable development policy, most governments have undertaken to change the selection of goods and services offered by making them “greener” or by reducing their externalities, by increasing the productivity of resources, by developing “green” technology as well as ecological design, and by encouraging businesses to be more responsible in terms of their social and environmental impact. The 2010-2013 French National Sustainability Strategy<sup>(17)</sup> follows this direction, as does the European Commission Action Plan addressing the same subject<sup>(18)</sup>. Amongst OECD countries, only three have set up a national policy specifically devoted to sustainable consumption: the United Kingdom, Sweden and Finland. This quasi-absence can be explained by strong institutional and cultural taboos.

**On one hand, sustainable consumption is subject to political controversy.** In the beginning, the Agenda 21 formulated as a result of the Rio Summit (1992) recommended that consumption habits needed to be changed in order to prevent the complete exhaustion of our resources, a fear raised by the Club of Rome<sup>(19)</sup>. But in subsequent years, debate has focused on the less controversial subject of technology efficiency and sustainable products and services.

**On the other hand, policymakers often assume a certain degree of socio-cultural resistance from consumers.** There is no way to know if this resistance is overestimated, but it influences the way policymakers approach the challenge of sustainable consumption. Consumption is undoubtedly linked to the concepts of

identity and social status, which explains why any political desire to change behaviour in this area may be seen as an attempt to undermine individual freedom. According to certain sociologists, consumerism<sup>(20)</sup> has become a tool for “consolation”<sup>(21)</sup> where social interaction is wanting, and can go as far as addiction and hyper-consumption<sup>(22)</sup>. It is therefore difficult in political terms to encourage individuals to change their consumption habits. The famous statement by President Bush that the American way of life was “non-negotiable,” summarises a way of thinking that is widely shared in the United States, of course, but also in all developed countries.

### 4. Devising a sustainable consumption policy in France

We need to create a new consumption model that is more respectful of our planet and its people. The challenge consists not only of minimizing the negative impacts of our current growth model, also of triggering an evolution in our behaviour and a progressive change in terms of our growth model. As far as France is concerned, such a sustainable consumption policy could focus on spreading the adoption of virtuous behaviour across the whole of society by 2030, well beyond the core of committed consumers who are already on board<sup>(23)</sup>.

#### An opportunity to capitalize on fledgling sustainable consumption reflexes

The sales of most “sustainable” products has not been impacted by the economic crisis. Though still only accounting for 1.6% of household food purchases, the consumption of organic products increased by 19% in terms of sales in 2009, a variation due to sales volume and not to price increases<sup>(24)</sup>. Certain types of “sustainable” products and services are now widely and immediately recognized by the French, especially products with “Organically Farmed” and “Fair Trade” labels<sup>(25)</sup>.

[17] [www.developpement-durable.gouv.fr/SNDD-2010-2013-vers-une-economie.html](http://www.developpement-durable.gouv.fr/SNDD-2010-2013-vers-une-economie.html).

[18] Communication dated 25 June 2008, Action Plan for sustainable consumption and production for a sustainable industry policy: <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008DC0397:FR:NOT>.

[19] Scenarios from the Meadows Report predicting that the growth in the needs of the human population will ultimately lead to outstripping the ecological capacities of the earth. See Meadows D. H et al. (1972), *The Limits of Growth. A Report for The Club of Rome's Project on the Predicament of Mankind*, New York, Universe Books, updated in 2004.

[20] British economist Paul Ekins defines consumerism as: “The possession and use of a growing number and variety of goods and services is the main cultural aspiration and seen to be the surest route to individual happiness, social status and national progress”.

[21] Rochefort R. (2001), *La Société des consommateurs*, Paris, Odile Jacob.

[22] See the characteristics of the system of hyper-consumption in Lipovetsky G. (2006), *Le Bonheur paradoxal. Essai sur la société d'hyperconsommation*, Paris, Gallimard.

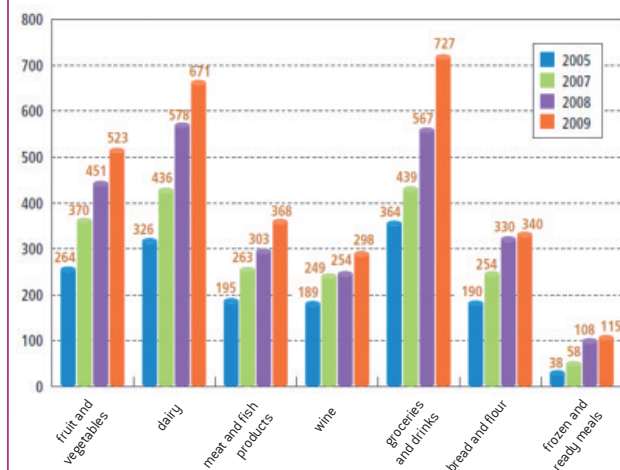
[23] Thus, “cultural creatives” or LOHAS (*Lifestyle of Health and Sustainability*) consumers represent 19% of the US population. Europeans have a stronger propensity to adopt comparable behaviour [sorting/recycling, buying eco-products, recommending to friends and family] but are less disposed to pay to acquire goods or services known for their ecological qualities. Source: Natural Marketing Institute (2007), *Understanding the European LOHAS Market*.

[24] Agence Bio (2010).

[25] In 2009, products with organically farmed and fair trade labels were identified the most, by 69% and 57% of consumers respectively. See ADEME (2009), *Enquête sur les attitudes et comportements des Français face à l'environnement*, Sondage IPSOS Public Affairs, June, in Lipovetsky G. (2006), *Le Bonheur paradoxal. Essai sur la société d'hyperconsommation*, Paris, Gallimard.



▼ **Sales of “organic” food products have increased in spite of the crisis**



Source : Agence Bio, 2009

By making people think about saving on their household budgets, the crisis has produced a consensus amongst consumers on the need to focus not only on cheaper items, but also on products and services that are essential, sustainable or repairable, and of better quality, as well as produced locally and distributed directly by farms or citizens’ associations (such as AMAP<sup>(26)</sup> in France). Instead of buying, consumers are now aware they can resort to alternative exchanges such as resale and second-hand markets, sharing, exchanging, renting...

Virtuous behaviour among the French is still essentially motivated by the search for personal benefits in terms of health and budget. It can also arise when they become parents, their new responsibilities leading them to question their consumption habits<sup>(27)</sup>.

**Our definition of sustainable consumption: a new model leading to a triple change in consumer society**

Taking into account the many long-term objectives of sustainable development, we need to see sustainable consumption above all as an alternative to over-consumption, which is by definition unsustainable. Indeed, this model is excessive in terms of demands on resources and waste levels and very often fails to give fair access to resources and wealth. Thus, sustainable consumption can be defined as a combination of three changes:

► **a change to the purpose of consumption**, which should no longer appear as the most certain route to well-being, or as a major status-symbol in social relations. The spread of the current mode of consumption across all of human society is incompatible with the finite nature of the earth’s resources. Consumption in developed countries must therefore change progressively in order to provide the necessary elements required for the existence of all, whilst also guaranteeing their existence for future generations;

► **a change in practices and behaviour**, pushing people towards meeting their needs through a consumption model that is more respectful of people and the planet i.e. more resource-aware, operates on the principle of the “virtuous circle” (reduce, reuse and recycle), produces less pollution, contributes to social progress more actively and increases adoption of less materialistic consumption modes (renting, sharing, exchanging...);

► **a change in culture and lifestyle**, which, due to the time and resources saved when less time is dedicated to consumption, could enable people to explore or rediscover alternative facets of lifestyle and to reevaluate the value of non-material exchanges (culture, art, sport, leisure, social life, etc.).

**The lessons of pioneer sustainable consumption policies**

In the wake of the Johannesburg Conference<sup>(28)</sup>, only Sweden, the United Kingdom and Finland have to date developed a policy of sustainable consumption as part of their national sustainable development policy. Faced with the two major obstacles to the spread of sustainable consumption – namely the rebound effect and the wide gap between act and intent – the behaviour-related policies proposed in these countries take into account the psycho-social aspects and the value systems associated with consumption, as well as of the difficulty of rechanneling routine habits.

These pragmatic strategies operate in stages, the first one consisting of defining an action plan. The plans contain few quantitative objectives: those are meant to be fleshed out at a later stage in the areas that have been identified as priorities. An institution dedicated to coordi-



[26] Associations pour le maintien d’une agriculture paysanne (AMAP) aim to reduce the distance “from farm-to-fork”: consumers who use this system buy part of the seasonal harvest from local farms in advance, and are involved in the distribution, and sometimes in the harvest.

[27] Utilitarian preoccupations that are particularly strong where food is concerned. Mathé T. (2009), *Comment les consommateurs définissent-ils l’alimentation durable ?*, CREDOC, Cahier de recherche n° 270, December.

[28] In 2002, the Conference concluded that countries needed to launch national ten-year programmes to promote sustainable production and consumption, in response to the non-sustainable nature of the current model of consumption.

nating national policy and organizing participatory processes (commissions of experts, round table discussions and consumer focus groups) usually facilitates the dialogue between the different stakeholders at a very early planning stage. Progress is evaluated and published on a regular and constant basis. Projects are developed as part of a long-term vision, without evading ideological debates: for instance, the authorities explicitly say that re-designing the economic model may result in winners and losers, especially in the production sector. The major challenge is therefore to provide support to actors that do not benefit from this transition.

## ➤ KEY FACTORS TO TAKE INTO ACCOUNT WHEN CONSIDERING A SUSTAINABLE CONSUMPTION POLICY

Although there is now a widespread consensus in public opinion about the need to change our lifestyle, the institutional, economic, cultural, social and psychological barriers to such a change remain strong. Financial disincentives, a lack of truly substitutable “green” offers, the inability to see the immediate benefits of a change in consumption modes, a feeling of powerlessness experienced by the individual, a lack of social pressure, the unsatisfied expectations of seeing virtuous institutions or companies leading the way, a certain degree of behavioural inertia and the difficulty to determine key objectives, are all obstacles to the popularisation of sustainable consumption.

### 1. The budget problem

Consumption is first and foremost a reflection of real disposable household income<sup>(29)</sup>. Thus, the first step is to remove the constraints preventing access to sustainable goods and services, by incorporating environmental externalities into the prices and setting up direct or indi-

rect financial incentives (in particular bonus-malus mechanisms). In order to ensure the equality of access, the solvency of demand will be a crucial aspect in designing such tools, especially in a period of economic crisis and increase in unavoidable expenditures<sup>(30)</sup>. Furthermore, a policy that aims solely to substitute goods and services with their “sustainable” equivalent, without inducing a change in the general behaviour (less waste, eating less meat, changing to a service economy, etc.), will eventually become more expensive for consumers in a certain number of areas<sup>(31)</sup>.

### 2. The information problem

Consumers are still ill-informed about the practices of companies and also about the total costs of goods and services over their whole life cycles, including the external factors resulting from their production, use (i.e. the cost of a car and its fuel, the cost of a refrigerator and its energy consumption) and end of life. In addition, too much<sup>(32)</sup>, or even misleading (greenwashing), information can lead to a psychological bias in their judgement, as it may encourage them to take less thoughtful decisions or choose the simplest proposal<sup>(33)</sup>. Labelling can reduce this information imbalance, particularly when taxation is not suitable: the carbon label<sup>(34)</sup> is a first step towards taking external environmental factors into account but its effectiveness still depends on the type and cost of the information given. It is particularly effective if it links the private and public benefits of the goods or services (health, budget, local environment), as in the case of the the energy label, which has proved successful<sup>(35)</sup>. However, at a time when self-awarded corporate labels and logos are proliferating, we urgently need to regulate them<sup>(36)</sup>, especially by making transparency of the specifications obligatory, and to encourage the display of the “complete cost”, or even “total cost”<sup>(37)</sup>, of goods and services.

[29] Estimate of households permanent income depending on their current disposable income, initial wealth and their discounted future incomes: a consumer would find it easier to consider buying a property if he or she had substantial savings and a stable job.

[30] The unavoidable part of the household expenses has constantly increased over the last half-century, from 20% in 1960 to 36% in 2006. See Centre d'analyse stratégique (2009), *Sortie de crise : vers l'émergence de nouveaux modèles de croissance ?*, Report of the workgroup chaired by Daniel Cohen.

[31] Organic food is still 23% more expensive when comparing the same basket of goods (average calculated in mass catering), Agence Bio (2009), *L'agriculture biologique, chiffres clés*, Édition 2009.

[32] The number of advertising messages referring to an environmental argument increased fivefold from 2006 to 2009. ARPP/ADEME (2009), *Bilan 2009, Publicité et environnement*, study report, December.

[33] See the three main heuristic biases in Tversky A. et Kahneman D. (1981), “The framing of decisions and the psychology of choice”, *Science*, vol. 211, n° 4481, p. 453-458.

[34] The carbon label, a Grenelle II measur, will be set up an experimental form in July 2011.

[35] A result of the 1992 European directive, this label displaying the energy efficiency of white goods has improved the energy performances of domestic equipment.

[36] In 2010, only 31% of consumers thought that the information on the most environmentally friendly products was scientifically proven. ADEME/CREDOC (2010), *Enquête sur les attitudes et comportements des Français en matière d'environnement*, June.

[37] The “complete cost” takes into account the purchase price, the cost of use and durability of goods and services. The “total cost” aims to take into account the complete cost of a good or service but also the ecological and social externalities generated over its whole life-cycle.

Finally, companies, including those most committed to corporate social responsibility (CSR), do not present their performance outside the financial category in a uniform and comparable manner. To go further than the process resulting from the French law on the new economic regulations<sup>(38)</sup>, they could improve the transparency of their reports by publishing simple and uniform indicators on a shared website. In addition, CSR regulation should encompass marketing strategies, especially those that encourage overconsumption.

### 3. The behavioural problem

If consumption is to cease to be a social marker, and if we are to change our routine behaviour, a cultural revolution will be necessary<sup>(39)</sup>. This could be a matter of pragmatic learning, integrated within the school curriculum and present throughout life, backed up by social and cultural communities and other vectors influencing public opinion<sup>(40)</sup>. In addition, consumer cognitive bias and behavioural failings will have to be taken into account when formulating new incentive policies.

#### Can libertarian paternalism improve people's well-being without limiting their choices?

Behavioural economics, psycho-sociology and marketing techniques have revealed three types of consumer deviations from economic rationality: limited rationality ("rather than study the range of choices and information I try to find a "reasonable" solution on my own"), limited willpower ("How I behave today is totally different from how I will behave tomorrow") and limited individualism (a tendency towards altruism). Libertarian paternalism or "nudging"<sup>(41)</sup> consists of using these failings in order to convince people to rely on their underlying rationality, without forcing them to do so. The aim of these innovative practices is to combat inertia, making the most virtuous choice a default one in a series of options, using peer pressure by creating lists of unsustainable companies or products ("naming and shaming"), and informing consumers about the virtuous behaviour of comparable households<sup>(42)</sup>.

### 4. Taking the collective into account

Household consumption cannot be likened to the sum of individual modes of consumption, but rather consists of a set of shared practices related to social rules and to the existing production systems. This means that effective incentive policies will take into account different populations of consumers and not a supposedly uniform public.

Policymakers can profit from collective emulation and the group dynamics by capitalising on local initiatives and addressing people in community living spaces (districts, businesses, voluntary groups, etc.). The results of individual acts when they are adopted by the majority should also be highlighted in order to reduce the feeling of insignificance that people may feel when they make an isolated gesture for the environment. Finally, the State and local authorities must lead businesses and citizens by example. Public purchasing should enable a certain number of sustainable products to more quickly reach the profitability threshold at an affordable price for the consumer, and thus help such products to develop beyond niche markets.

### 5. Towards a new relationship with consumption?

Information technology has provided new areas for interaction with consumers and businesses that can be used to consider different forms of consumption; for instance, renting, financing, leasing or sharing goods (like cars), or the products and services that prioritize use over purchase.

#### Beyond the promises of the service economy

A transition from product to service and then to "the experience beyond service" has been made by some companies trying to create value by developing relational marketing (loyalty building). The development of bundles, then the provision of services (telephony, self-service bicycles, etc.) forced them to think again about the sustainability and use of resources, because profitability no longer depended on increased sales. Although still largely theoretical, the functionality economy mainly aims to place use at the centre of a buying relationship in which



[38] The law n° 2001-420 of the 15th of May 2001 concerning the new economic regulations obliges quoted companies to report on their understanding of the environmental and social consequences of their activities in their annual report. Article 83 of the Grenelle II law, adopted in June 2010, expands this obligation and makes it more restrictive.

[39] Sanne C. (2002), "Willing consumers – or locked in? Policies for a sustainable consumption", *Ecological Economics*, vol. 42, n° 1-2, p. 273-287.

[40] Information sources (teachers, educators and trainers), voluntary groups, opinion leaders, advertisers, etc.

[41] Thaler R. H. et Susteijn C. R. (2008), *Nudge, Improving Decisions about Health, Wealth and Happiness*, Yale University Press.

[42] Experience in California, where households were sent a bill along with a comparison of their energy consumption (electricity and natural gas) with that of similar households in the neighbourhood, led to a significant reduction in their consumption, everything else being equal. Ayres I., Raseman S. and Shih A. (2009), "Evidence from two large field experiments that peer comparison feedback can reduce residential energy usage", *NBER Working Paper*, n° 15386.

the qualitative replaces the quantitative aspect. Beyond this, the service economy has mainly resulted in certain sectors with rapid obsolescence (telephony, ICT) being made responsible for the whole life-cycle; displaying the guarantee period of certain products being extended and in the total costs of goods and services for which the consumer finds it difficult to anticipate costs of use (cars and white goods).

In the same way, social or “*low tech*” innovations take the form of collective virtuous practices at local level (housing co-ops, shared gardens, etc.).

## ➤ RECOMMENDATIONS

Before formulating any sustainable consumption policy, we must determine to what extent an alternative to the “consumption – accumulation” model is possible. There is no question of advocating the emergence of a society based on “degrowth”, which would be incompatible with the prosperity of the French economic model and the necessity of dealing with its national debt. Although a transition towards a sustainable society must be embarked upon as soon as possible, it must not be imposed in a brutal fashion. It should be sufficiently attractive to provide motivation for changes in behaviour and be designed in collaboration with the stakeholders, as pointed out in the recent book by Dominique Bourg and Kerry Whiteside, which advocates “rethinking democracy” to meet the ecological challenge<sup>(43)</sup>. A sustainable consumption policy can only be considered insofar as it forms part of a shared vision of a society that gives a newfound importance to consumption, social relationships and culture in our lives.

From now on, we must start to reduce our environmental impact, our greenhouse gas emissions and the extraction of natural resources across certain sectors. At the same time, we must urgently explore the opportunities for growth presented by the consumption of innovative and sustainable products and services (service economy, eco-design, low food miles, etc.). In this way, we could lay the foundations of a specific sustainable consumption policy in the form of simple objectives aimed at reducing the impact of French modes of consumption, in consultation with stakeholders. This strategy should then be implemented in a number of priority sectors with a high ecological impact (essentially food, housing, including electronics,

and transport, including tourism). The involvement of all stakeholders, especially low-income households, is crucial and involves designing differentiated approaches so that they do not remain isolated from this policy.

Several factors must be taken into account to ensure that it is effective:

- ▶ recognising sustainable consumption as a policy matter in itself,
- ▶ considering the entire life cycle of products and services,
- ▶ setting-up a system of governance that combines the traditional top-down approach (regulation, inspection, information, incentive, etc.) with an approach that is more bottom-up, voluntary, participative, sensitive to original initiatives, supportive of pioneer social groups that are already on board, and which can have an influential effect,
- ▶ transforming our model of consumption by relying on cultural conductors,
- ▶ adapting this strategy to social and technological developments,
- ▶ aiming to redirect producers’ and consumers’ behaviours in the long-term.

## PROPOSAL 1

**Set-up education initiatives which teach people how to consume in a more sustainable manner, from a very early age and raise consumers’ awareness through target groups and key life events such as child birth.**

Education about consumption should lead citizens of all ages to include sustainable development in their consumption reflexes and habits. One challenge will be to find the right content and tone. The messages used must avoid the pitfall of authoritarian orders and encourage instead a voluntary change in behaviour. This policy will mean a change in both early and continuous education. Early learning about practical knowledge (managing a budget, the basics of nutrition, understanding advertising and marketing strategies, etc.) should enable people to adopt a rational consumption behaviour. There is also a need to further the development of vocational training started by the National Sustainable Development Strategy.



[43] *Vers une démocratie écologique. Le citoyen, le savant et le politique*. Paris, Seuil/La République des idées, 2010.



Information and awareness campaigns would benefit from mobilising those who influence public opinion: the education system, media, businesses and marketing professionals, advertisers, etc. Individuals tend to consume like their peers: playing on imitative practices with innovative incentives (or “nudges”) and suitable communication messages targeting priority social groups and collective living spaces (cultural and sport clubs, neighbourhoods, works councils, etc.) will be more effective than sending out communications to consumers in a generic way. Such a strategy presupposes that the communities targeted are able to inform their members about their progress and avoid the feeling of insignificance of efforts. It will also be a good idea to capitalise on the “life events” during which individuals are particularly sensitive to the issues of sustainable development (especially the individual health and quality-of-life benefits) to drive home the messages about sustainable consumption: the time leading up to and following the birth of a new baby, holidays, etc. predispose consumers to changing their way of life<sup>(44)</sup>.

- 1 ■ Integrate the basics of (sustainable) consumption in curriculums from the earliest years and in vocational training.
- 2 ■ Design awareness campaigns that target well-defined priority audiences and that take consumers’ behaviour into account.
- 3 ■ Raise the awareness of individuals at key events in their lives, when they are more receptive to the issues of sustainable consumption.
- 4 ■ Play on the encouraging effect of collective approaches.
- 5 ■ Identify the groups that have already adopted sustainable consumption modes and encourage them to spread the culture of sustainable consumption.
- 6 ■ Clarify Corporate Social Responsibility practices and integrate marketing strategies in the CSR framework.
- 7 ■ Improve the transparency of the social and environmental impacts of financial savings products and encourage socially responsible investment.
- 8 ■ Involve the media and commercial communication channels in the sustainable consumption policy.
  - Involve media professionals.
  - Limit advertising strategies promoting waste and overconsumption.
  - Prevent the proliferation of messages encouraging hyper-consumption.
- 9 ■ Regulate the profusion of labels associated with sustainable development.
- 10 ■ Develop the service economy and eco-design practices by delivering information on the total cost of goods and services.

## PROPOSAL 2

### Encourage pioneering local initiatives such as “farm-to-fork” distribution networks, eco-districts...

In order to identify and “test” viable solutions to be deployed at a national level, the State should encourage sustainable consumption experiments already set-up by local authorities and communities: AMAP-type distribution systems that rebuild a direct link between producers and consumers, eco-districts, etc. An hybrid policy of responsiveness to and support for local initiatives is needed in addition to the subsidies currently granted by the Agency for the environment and energy control (ADEME) and regional authorities. It should remove the regulatory obstacles to the most beneficial experiments and provide a large number of new support systems outside the financial sphere. Structures offering free support and business strategy advice or legal help also seem to be indicated. Finally, finding ways to recognize the best practices in a competitive spirit (“sustainable consumption” awards) could encourage the imitation of the most fruitful initiatives.

- 11 ■ Support local sustainable consumption experiments.
- 12 ■ Strengthen the processes of learning about, swapping and spreading the best practices.



[44] Mathé T. (2009), *Comment les consommateurs définissent-ils l'alimentation durable ?* CREDOC, op. cit.

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**PROPOSAL 3**

**Support innovation, both technological and organisational, to promote sustainable consumption, notably by integrating sustainable development requirements to the existing “Made in France” label, and by encouraging ecological design.**

The basis for the success of a sustainable consumption policy is the existence of a supply of sustainable goods and services: therefore, this should immediately start to grow in a substantial way. To preserve its economic competitiveness at world level, France must endeavour to place itself at the forefront of a sustainable growth tendency not only based on technological innovations but also on innovations in organisation and services. The latter types of innovations, known as “low tech”, can rarely be patented and have little chance of benefiting from financing, like the practice of microbiology in agricultural soils (which resort to ancient techniques to reduce the use of chemical products and pesticides). So, these innovations should be encouraged by means of public financial and technological support and adapted regulations.

- 13 ■ Invest in technological as well as in social “low tech” innovation, in the service of sustainable consumption.
- 14 ■ Combine environmental requirements – especially official eco-labels – with the guarantee of local manufacture in case of the introduction of a “Made in France” label.
- 15 ■ Encourage the development of innovatory voluntary groups and businesses with social and ecological roles, in particular by clarifying their legal status.

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**PROPOSAL 4**

**Implement the necessary economic tools and “price signals”: environmental taxes (climate-energy contribution), non-linear pricing for water and electricity, eco-labels financed by businesses that do not produce environmentally-friendly products.**

Just like fighting against climate change, the transition to a sustainable and more mutually supportive society will become more and more costly the longer we wait to tackle it<sup>(45)</sup>. In order to optimise the total cost incurred for the community, the government, in cooperation with the local authorities, should implement the appropriate economic instruments in each of the concerned fields along with adapting redistribution measures. The aim is to reintroduce the value of environmental and social externalities into the prices of goods and services and to develop an ecological taxation system that encourages sustainable consumption. We must thus pay for the carbon we emit, whilst taking care to ensure that this cost is acceptable for disadvantaged households. A fair approach would be to set-up a tax, a quotas market, a standard, a bonus-malus mechanism or a reduced VAT rate for eco-products (as envisaged in the 2010-2013 National Sustainable Development Strategy), depending on the sectors, or to remodel the collective financing mechanisms based on the “polluter pays principle” if they are deficient.

- 16 ■ Put a price on the carbon emitted and state the value projected over the long term in order to send a strong signal to all of the players concerned.
- 17 ■ Advantage sustainable goods and services by setting-up strong price signals and financial incentives (taxation, bonus-malus, standardisation, subsidies, etc.).
- 18 ■ Study a revision of water and electricity prices in order to encourage consumers to use these resources more efficiently.
- 19 ■ Require uncertified businesses to finance the eco-labels by implementing a “polluter pays” principle.

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**PROPOSAL 5**

**Boost the sustainable policies adopted by the government and the local authorities for consumption and public purchasing.**

Being consumers themselves, service operators and employers, the State and regional authorities can contribute to popularising sustainable consumption at national level.



[45] See Stern N. [2007], *The Economics of Climate Change : The Stern Review*, Cambridge et New York, Cambridge University Press.

If public contracts comply with the purchasing policy formalised in the National Sustainable Public Purchasing Plan<sup>(46)</sup>, public contracts can have an incentive effect on businesses, to which they will signal that there is a substantial demand for sustainable goods and services, and on consumers, whom they will familiarise with virtuous practices and green products in mass catering, health services, the civil service, etc. The financial mechanism formally created in 2010 should be made permanent: this "bonus-malus" mechanism, financed by a contribution automatically levied on the ministry budgets, should encourage them to comply with or exceed their commitments because they are reimbursed according to the levels of the objectives achieved.

- 20 ■ Ensure that public policies in the matter of sustainable consumption are consistent.
- 21 ■ Systematise "cost/benefit" approaches in public policies and issue regular communications on them.
- 22 ■ Speed up the implementation of the sustainable public purchase strategy and mobilise the related public structures around it.
- 23 ■ Back European coordination of sustainable consumption policies.

## PROPOSAL 6

### Mandate an organization dedicated to ensuring long-term monitoring of the national sustainable consumption policy.

The sustainable consumption policy can only be viewed as a long-term strategy: therefore, we must set-up a system of governance and assessment tools that can be modified according to results obtained and social and technological developments. This issue should be included in the mandate of an administrative body such as the General Commission on Sustainable Development or another dedicated body. The monitoring of this policy should be based on a national set of indicators that can be used to assess changes in behaviours, similar to the indicators of the 2010-2013 National Sustainable Development strategy<sup>(47)</sup>.

- 24 ■ Mandate an organization dedicated to ensuring long-term monitoring of the national sustainable consumption policy.
- 25 ■ Set-up explicit indicators for communicating the progress made to all of the stakeholders.



Dominique Auverlot, Blandine Barreau,  
Caroline Le Moign, Centre d'analyse stratégique,  
Sustainable Development Department

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This note is a summary of the work of the members of the "Sustainable consumption" mission set-up by the Centre d'analyse stratégique and chaired by Elisabeth Laville. Ms Laville is the founder and director of Utopies, a sustainable development consultancy.



[46] Circular from the Prime Minister n° 5351/SG dated the 3rd of December 2008.

[47] [www.developpement-durable.gouv.fr/IMG/pdf/11\\_IndicateurDD\\_derniereversion.pdf](http://www.developpement-durable.gouv.fr/IMG/pdf/11_IndicateurDD_derniereversion.pdf)

**“Pour une consommation durable”  
Report of the mission chaired by Elisabeth Laville,  
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Press office:  
Jean-Michel Roullé,  
Communication manager  
01 42 75 61 37 / 06 46 55 38 38  
jean-michel.roulle@strategie.gouv.fr

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