

SGD 12.

The power of consumers

ASUFIN

October 2023



· FINANCIAL AND DIGITAL EDUCATION 2023 ·



About **ASUFIN**

ASUFIN, the association of financial users, was founded in 2009 for the defense and protection of the financial consumer. Registered in **REACU**, it is a member of the **CCU** (Council of Consumers and Users), **BEUC** (Bureau Européen des Unions de Consommateurs), the largest European organization of consumer associations, and **Finance Watch**.

ASUFIN is present, through its president Patricia Suárez, in the Advisory Council (**BSG**) of the **EBA** (European Banking Authority), the Investor Protection Committee (**IPISC**) of the **ESMA** (European Securities and Markets Authority) and the Financial Services Users Group (**FSUG**) of **DG FISMA** of the European Commission where she holds the vice presidency. She is also Vice President of **Finance Watch**.

At the national level, **ASUFIN** is actively involved in promoting green finance, through **Spainsif**.

It is part of the **Finance for All** program coordinated by the **Bank of Spain** and the **CNMV**. Within this framework, the association develops, among others, financial and digital education programs, as well education on over-indebtedness and responsible lending, housing, insurance, investment and sustainable finance, within the framework of the 2030 Agenda. That is why it received the **2021 Financial Education Lifetime Achievement Award** from the Finance for All program.

About **the author**

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Introduction

Close to halfway to achieving the **Sustainable Development Goals (SDGs)**, this study aims to reflect on the potential and limitations of consumers in achieving them. And, more specifically, according to SDGs 12, which **is formulated as “responsible production and consumption”, “driving forces of the world economy”**. And it is that the scope of consumption is decisive, while production in the real economy is absolutely dependent on available resources.

It is already unquestionable that these resources are limited and, therefore, new forms of production emerge that are more efficient or based on circular or regenerative economy systems. **However, the world continues to produce and consume at a rate that distances us from meeting these goals.** It is also important to highlight the potential impact that its achievement would have on other SDGs, as the United Nations points out, specifically on poverty alleviation (SDG1) in a transition to a low-carbon economy (SDG13).

It is worth asking, therefore, if on the production side the efforts are sufficient. However, in this study we want to reflect on the role of consumers, where we increasingly hear about concepts such as “responsible consumer”, “conscious consumer”, “sustainable consumption”... In regulation, in commercial campaigns, in political discourses at all levels: **responsible consumption is an open concept that, used abstractly, may mean nothing**, yet may have many implications.

Some of these implications, on which we reflect here, are whether it is fair to hold citizens responsible for their consumption decisions and thus transfer the “burden” of promoting major changes in production models; **how realistic and how idealistic the idea is that the power of consumers could change the production system towards a more sustainable one**; what tools and what limitations consumers have when it comes to facing that responsibility in their consumption habits.

The SDGs represent a global challenge that, as a society, we must face, assuming responsibilities and commitments at different levels, but from all areas. However, we must reflect on the different capacities; **enhance the strengths and combat the weaknesses of each of the actors for the common benefit.**



Five main keys

1

Production and consumption are two sides of the same coin **whose relationship can benefit or limit the contribution to the achievement of the SDGs as a whole.**

2

The concepts “conscious”, “responsible” and “sustainable” consumption may not respond to the same logic depending on what factors we analyze. For the purposes of the SDGs, we can understand that responsible consumption is one that consciously incorporates sustainability elements into its consumption decisions.

3

There are limits to the ability of consumers to contribute to sustainability goals through their consumption habits: information, purchasing power, time, the available supply and the perception of their “power”.

4

There are consumption strategies that allow optimizing and prioritizing sustainability objectives in purchasing decisions: the “exclusion” of certain products or brands or the reduction of consumption needs.

5

Identifying the limitations on consumers’ power to achieve the SDGs allows us to address, from different perspectives, **solutions that facilitate carrying out a greater role.**

What is meant by “responsible consumption”

As already mentioned, the concept of “responsible consumption” is an abstract reference, often interchangeable with another, that of “sustainable consumption”, and almost always based on a more concrete and real concept: “conscious consumption”.

conscious

From the lat. *consciens, -entis*, part. pres. act. de *conscīre* “to know perfectly”.

1. **adj.** Said of a person: Who has knowledge of something or is aware of it, especially of one’s own acts and their consequences. *Conscious of their mistake.*
2. **adj.** Of a conscious person. *Conscious acts.*
3. **adj.** With the awareness or ability to recognize reality. *He hit his head hard, but he is conscious.*

According to the Collins dictionary, “conscious” refers to noticing or realizing something is happening. But the **level of consumer consciousness about their own consumption habits is not an isolated element**, but will be determined by many others that, materially and probably with greater weight, will affect their final consumption.

A further example of this idea: a consumer can be perfectly aware of the situation in relation to the environmental impact of their consumption, however, the accessibility of more or less sustainable alternatives will be what ultimately determines their decision. **This accessibility refers, of course, to the variety in the offer, but also to the economic aspect:** the most sustainable production models have, comparatively and as a rule, a higher price than others¹.

In this sense, **although the three concepts referred to (responsible, sustainable and conscious) are often used interchangeably, the truth is that they do not respond to the same reality:** being informed and being aware does not necessarily imply adopting the most sustainable consumption decision. For this reason and because it is used in the conceptualization of the SDG, the concept that concerns and worries us is that of “responsible”: what is the responsibility that the consumer can or should assume? How far does their capacity to decide go?

¹ This point is developed in the **ASUFIN** study on “[The real cost of sustainable consumption](#)” (September 2023), which analyzes the difference between the cost of a typical shopping basket versus one of organic products.

Returning to where we are now, almost halfway through the deadline for achieving the SDGs and still quite far from achieving them, **the different interest groups begin to “demand results” from each other and greater efforts from everyone.** Can consumers be held accountable at the same level as public and private agents in their commitments to this specific goal?

There is no single answer, if we address the existing inequality at the global level, or within each country. However, beyond this aspect, that of economic or purchasing power inequality, which is decisive in the terms that have already been pointed out, there is another fundamental element: **the information and training that allow for this “consciousness”.**

Without losing sight of the fact that these factors (education and access to information) are themselves determined by economic inequality, **here we propose the perspective of the possible scope of responsibility of an average consumer in a Western economy.**

In a country like Spain, where more than 94% of the population between 16 and 74 years old has and uses the Internet on a daily basis², **it is difficult to imagine that there is an absolute ignorance in the average population about issues such as climate change, or industries’ impact on the environment, with a greater or lesser level of detail and with the opinion that this may arouse.** Could we say, then, that this mere general knowledge makes the consumption decision conscious? Even if it does, we would not necessarily be facing responsible and/or sustainable consumption.

² INE 2022 data.

Limitations on Consumer Power

As noted in the previous section, **mere general knowledge of the impact on the environment or on the people within the productive activity could be considered conscious consumption.** However, in order for this awareness to translate into a responsible consumption decision, there are limitations that go beyond the will of the consumer:



Accessibility of the information

Sustainability is perceived and is probably a business opportunity for companies. This can be seen in the data of [the study that the European Commission](#) carried out in 2020, in which it warned that **more than 50% of the environmental claims examined could be classified as “vague, misleading or unfounded”** and almost 40% had no evidence to support them. On the other hand, almost half of the “green labels” examined did not have any verification. This reduces consumer confidence and produces at least two clear negative effects:

■ The loss of value of labels or references to the sustainability of brands and products.

It ends up assuming that, for practical purposes, the average consumer gives the same value or credibility to the declarations or labels that refer to the sustainability aspects of the products, impacting in one way or another in their ecological consumption decisions.

■ The loss of confidence of the private sector and its responsibility towards the SDGs.

Derived from the previous point. This has an additional perverse effect that distances citizens from the capacities and possibilities of carrying out a just transition on the part of all the agents involved (public and private, but also from their own capacity as consumers).

Therefore, **access to reliable information is essential to activate the power of consumers who,** with their consumption decisions, can truly contribute and modify the supply in a way that results in an improvement of yields in terms of sustainability of production systems.

The European Commission itself, based on an analysis of the reality of misleading advertising in terms of sustainability, **has advanced in the proposal of two directives that seek, precisely, to protect and improve consumer confidence:** on the one hand, the 2022 proposal, [for a directive to improve consumer empowerment for the ecological transition through better protection against unfair practices and better information](#); on the other hand, the 2023 proposal [for a directive on new rules to substantiate environmental claims](#) (better known as the greenwashing directive).



Purchasing power

Although it is worth questioning, from a more global point of view, what is the true cost of products if we incorporate the non-economic but ethical, social and environmental cost, as a general rule, sustainably produced products are more expensive than those not sustainably produced. This, in addition, in a context of high inflation and uncertainty (both derived from the wars in Europe and the Middle East), necessarily modifies consumption decisions. Therefore, we return to the difference between the concepts of conscious, responsible or sustainable: for consumers whose purchasing power is low or their level of uncertainty is high, **the most responsible consumption decision will be the one that entails the lowest economic cost**, which most likely will not be the most sustainable option, no matter how much consciousness there is behind it.

Once again, we find an element of frustration precisely in the most conscious consumers who see their capacity for advocacy and contribution to the SDGs limited. And this supposes, in more extreme cases, **a greater distrust towards the involvement of all agents**: the greater burden is borne by the consumer who, ultimately, is the one who pays more to be able to consider his “consumption responsible”.

The complex reality behind all this is again **to consider the cost of production beyond the price of the product itself**. These costs, mainly in social and environmental terms, are externalities that we cannot see or are intangible in acts of consumption. However, we increasingly more evidence that this cost, the intangible, can not be assumed in the medium term.



The available time

Associated with the availability of economic resources, we find the availability of time. As already pointed out in a previous study by **ASUFIN**³, there is no doubt that the possibility of organizing and diversifying consumption needs allows access to options that can be considered more responsible from a sustainability perspective. **However, time is limited and also determines a lot of consumption options**: the ability to compare, to analyze information (accessible and not so accessible), to optimize resources from the diversification of the purchase... Moreover, the scarcity of this resource is proportional to a person's economic level, so it results in the same consequences (for material and perception purposes) as those indicated in the previous point: placing the most vulnerable people in a situation of greater difficulty to contribute, through their consumption habits, to the achievement of the SDGs, without involving their conscience or lack of will.

³ “The real cost of sustainable consumption”, September 2023.



The available supply

Although below we discuss aspects more related to supply, in terms of production, we cannot fail to point out limitations on the ability of consumers to decide their consumption habits: the diversity of options in the market. The trend is clear: there **is a proliferation of brands and products that highlight their sustainability aspects, mainly in environmental terms**. However, as we have already seen, this is not always real and we must develop additional criteria to properly discriminate our consumption choices (as long as the regulation is not helpful and even when it is). Accessibility to a truly diverse offer is interrelated with economic and time factors, but they are less decisive, at least in Western societies and in general terms, as the options are both physical and online, advertising has more and more channels, etc.



Self-perception as an agent of change

Citizens in general and in their role as consumers in particular, can feel far from the SDGs or the goals that, at a global level, have been set in terms of sustainability. This may be due to a disaffection with respect to public and private institutions with greater involvement in the design of that sustainability agenda and how they are contributing to its achievement. Another contributing element is **the increasing ideological burden that some voices want to give to the 2030 Agenda and that polarize arguments both in its defense and against market logic**. Finally, it should be noted that the rest of the limitations mentioned here can also influence this self-perception as an active agent in the achievement of the SDGs. In other words, the greater the external limitations, the greater the self-perception of lack of ability to decide to contribute to higher objectives and, it could even be said, resulting in less interest (while there are circumstances that make them prioritize other aspects of responsibility in their consumption decisions).

Responsible production: the other side of the coin

SDG 12 is formulated alluding to both aspects of the market: responsible production and consumption. And, undoubtedly, as has already been pointed out, the actions of some determine the scope and possibilities of contributing to the sustainability goals of others, and vice versa.

Of course, the 2030 Agenda and the SDGs have marked the way for the strategy at the European level in terms of sustainability, which has resulted in an **important regulatory framework that seeks to align production and financing systems** with this agenda and achieve a socially and environmentally just economic transition.

Thus, we have been hearing for years about a “regulatory tsunami” within the framework of sustainability that has led to a notable increase in corporate obligations in terms of reporting, transparency, governance and increasing scope in terms of material and detail of information and measurements... Ultimately, they seek to redirect financing flows towards productive activities and practices identified as more sustainable. **In addition, we must add to this framework of sustainable finance, the general framework of regulation on responsibility, misleading advertising and consumer protection.** And yet, as we have already pointed out, the European Commission has yet to address eco-laundering or greenwashing practices in a more concrete way.

Therefore, there is no doubt that **sustainability is seen by the private sector as business.** And it probably is, as the consumer demand, even with all the limitations discussed above, calls for an improvement in the sustainability of companies and products.

However, the scope of the requirements of the sustainability regulation differs depending on the sector and has a lot to do with the production models of a globalized world, where **corporate obligations and commitments can be diluted if we analyze the entire value chain.**

In this regard, there are also community initiatives aimed at improving the accountability not only of the product but of its entire value chain, such as the European Circular Economy Strategy or the Due Diligence Directive which, at the date of writing of this report, is in the process of being negotiated. Complementary to the fight against greenwashing, it is **a regulation that allows identifying which industries are really committed and modifying their production models to align them with the SDGs**, both in the way they are implemented, wherever the entire chain operates, and in the way in which the final product is presented.

Only in this way will we be able to match demand and supply and align both with the achievement of the SDGs.

Responsible consumption **strategies**

Despite the limitations analyzed and aware of the obstacles that consumers encounter when selecting and deciding their purchasing habits aimed at this goal of “responsible consumption”, we can see some strategies that can contribute:

Exclusion criteria

It is what, traditionally, has been called a **“boycott” of certain products or brands that consumers may decide to exclude from their consumption habits** for reasons related to their alignment with the SDGs. This will depend on the sector and how it is articulated in each economy, the greater or lesser difficulty that this implies for the consumer in order to completely eliminate the consumption needs identified so far, or their replacement by other types of products or brands.

In the food sector, for example, there is a growing trend towards a reduction in the consumption of red meat, supported by the [World Health Organization](#), but also closely linked to the current mode of production of the intensive beef industry and its effects, among others, on the environment.

Reduction of consumption needs

The current production system is partly designed on the basis of an unsustainable logic: use and discard, programmed obsolescence, speed, accumulation, etc. However, more and more people are joining the philosophy aimed at **reducing our consumption needs and not in accumulating, or investment in durability instead of spending on more ephemeral goods with a shorter useful life**. Supply is also being guided, in part, either by principles (emergence of new business models based on circularity), or by regulation (circularity strategies that incorporate obligations to limit food waste or the conditions of planned obsolescence).

In the textile sector, one of those identified as having the greatest social and environmental impact, **more alternatives based on circular production are emerging and activism against fast fashion is proliferating**, promoting the purchase of a reasonable and limited number of garments that can guarantee greater durability and a lower environmental impact.

A PARTICULARITY: ON INVESTMENT STRATEGIES

To the extent that it was already pointed out, within the framework of sustainable finance aimed at redirecting financial and investment flows to the most sustainable activities and aligned with a just transition, **we find specific regulation that, in fact, allows for the classification of investment strategies and products according to their ambition in terms of environmental, social and governance aspects (ESG).** From the least ambitious, such as negative screening or exclusion strategy (which seeks not to incorporate certain sectors or companies whose activity has a high impact or is controversial), to impact investing, which is one that seeks to generate a direct benefit from the activity in environmental or social aspects⁴.

⁴ The market study "Sustainable and Responsible Investment in Spain 2023" by Spainsif explains in greater detail the range of specific SRI strategies and the growing evolution they are having in our country. **ASUFIN** has been a member of Spainsif's Board of Directors since June 2023.

Conclusions

The main conclusion of this study, as almost always when we talk about consumers, is that the real power lies in information accessibility and availability.

SDG 12 recognizes the true power of consumers as a driver of change and transformation through their consumption habits on the path to a just transition. It is the only reference in the Objectives that directly appeals to citizens, as consumers, since consumer relations are the economic engine.

However, it is not fair to “burden” consumers with the weight or responsibility of contributing to the achievement of the SDG through, though redundant, their responsible consumption.

We are not saying that this is the case, but it is important to be clear about the limitations or obstacles that affect consumption decisions, in order to address, in this way, solutions that allow them to develop a truly transformative role. In this sense, some regulatory initiatives have been highlighted and, also, the appearance of some good practices from the other party involved, that of the supply from production models.

In short, one of the greatest advances of the SDGs was to involve the private sector in common ambitions and in the roadmap for a just transition (compared to previous strategies that focused only on public institutions). We want to vindicate, in this halfway point towards the fulfillment of these objectives, the need to empower citizens so that, in the exercise of the power that they can truly develop in their role as consumers, to force the transformations and accelerate the necessary changes in production models.

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