



Carbon Emissions – The Consumer View

Companies are fast catching up with consumer sentiment on carbon emissions and the expected impact these will have on climate change in the next few decades. There is an understanding that this is an issue that consumers care about and companies are seeking to align their behaviour and brands with their consumers' values and concerns. The degree to which this will be successful will be determined by how close that alignment is and becomes in the next few years, and the depth of the initiatives and actions taken by companies.

Large brands, Microsoft, British Airways, and Shell have taken the approach that offsetting their emissions either current and historic, as the best way to reassure customers that they can continue to buy their services. This is based upon the idea that consumer purchases from carbon neutral/positive/zero products and brands fully addresses the concerns of consumers. This is only partly true and is consistent with the emerging awareness of what is increasingly being called a "climate emergency". Such initiatives are important and represent a positive shift in corporate engagement, but do they fully reassure consumers?

Consumers can be broadly divided into three main categories in relation to their approach to climate change. The first group, may be referred to as Fully Engaged. These consumers have for much of the last decade been aware of their impact on the environment in general and have responded through lifestyle choices, purchase of organic/environmentally friendly products and actively supporting sustainable brands. The second group are the Disengaged. This group is sceptical about climate change science and/or believe that the scale of the problem cannot be solved by individual and collective action, which will be solved by technology and government if indeed they think action is needed.

The largest group, the Rational Majority, are the main consumer group by volume. This group are increasingly concerned by climate change impacts and/or subscribe to the precautionary principle in relation to emissions and its link to the environment. They are prepared to make positive, albeit often marginal choices in behaviour, more so purchasing and want to make a positive contribution. This group is the key audience for many mainstream brands and their interest in positive outcomes is tempered by a lack of understanding and tools to improve their choices. They may see offset programmes as a positive impact, albeit that over a decade on from their initial popularity, many consumers don't fully understand offsets or how they work. This produces, what could be described as the Coldplay risk, where actions taken in good faith fail to deliver results, as they did in 2006 with Coldplay's support for planting trees in India. These outcomes may be reducing as standards for offsets improve, but where they become reality they are followed by disappointment, or more worryingly brand risk that could alienate consumers.

The Rational Majority want to take some responsibility for emissions, with their preferred route being the active role of brands and suppliers to reduce their impact from purchased goods and services. There is an extent to which this consumer group will change behaviours, beyond gradually rewarding or avoiding brands and products depending upon their level of climate change responsibility. Initial trials undertaken by Carbon Responsible as early as 2009, illustrated how travellers would pay a premium to purchase less polluting airlines. This type of paid premium for

positive results alongside brands paying for consumers impacts through offset, are two key mechanics for positive consumer engagement. More subtly the use of data to label products by emissions impact have a value to consumers, albeit they find these difficult to understand out of context of their annual emissions contribution, about which many consumers are quite vague, but which can easily be used to contextualise consumer impacts.

The Rational Majority expect that they will make some changes through behaviour and purchasing but expect the government to deliver much of the required reductions through policy, technology, investment incentives, tax on pollution etc. In this they may need to beware of what they wish for as lack of consumer engagement, may precipitate more draconian outcomes supported by tax that consumers would dislike.

Engaging the Rational Majority with measurement of impact both through their own purchasing and the reporting of impact and reduction by companies delivering goods and services is a vital first step in engaging consumers. Use of offsets as a primary mechanic to address climate change risk, will not deliver the medium term needs of this group to support informed choice on purchasing.

For more resources on carbon emissions visit: www.carbonresponsible.com