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Understanding and Shaping Consumer Behaviour in the Next Normal

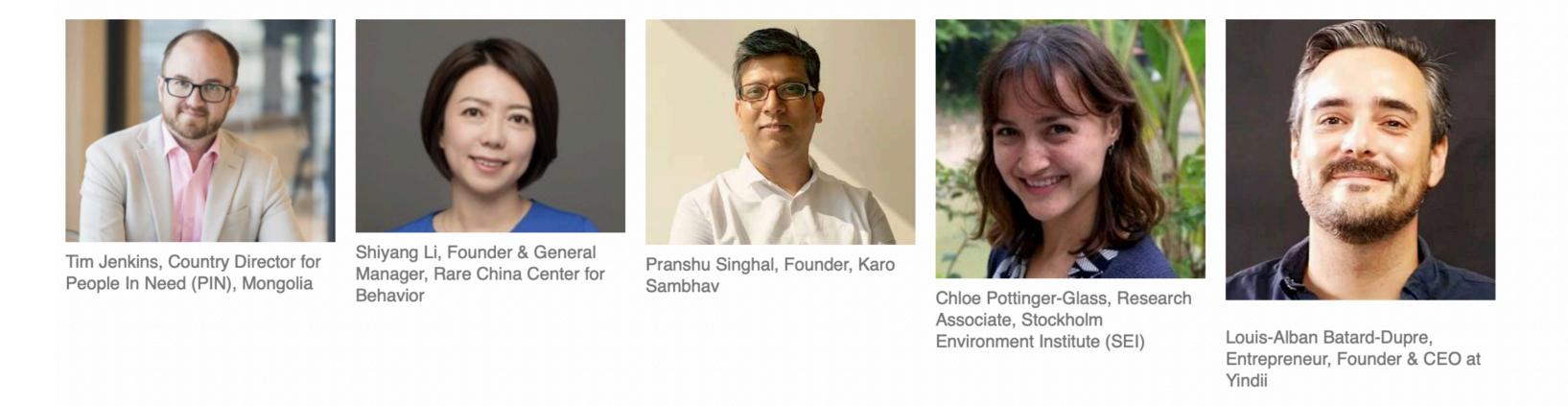**Voices from the experts**

Introduction

The COVID-19 pandemic deeply disrupted global economic and social systems, imposing heavy burdens on many countries in the Asian region. Global supply chains were fractured and, in some cases, broken, significantly impacting livelihoods. As countries develop and implement post-pandemic recovery strategies and seek to place buffers against future crises, the promotion of sustainable consumption and production (SCP) patterns must be a central pillar of government and corporate policies, as well as civic action. Similarly, developing sustainable and secure systems of local resiliency must become a priority, recognising that pandemics are by no means the only crises faced by communities in the Asian region regularly, as evidenced by the concurrent crises experienced across the region today.

Each crisis experienced by a community or country, whether stemming from extreme weather, economic shocks, political turmoil, or viral pathogens, has revealed an uneven burden of impact on those least able to bear the cost. The prolonged pandemic experience from 2020 to 2022 revealed these disparities as never before – at the global scale and across all countries – and deepened many inequalities in secure access to vital products and services, especially for geographically disadvantaged nations, the economically poor, minorities, marginalised groups, and women and children. These impacts deeply impeded the ability of individuals, families, and communities to realise sustainable lifestyles and livelihoods. As such, the pandemic experience has served as a wake-up call to focus our attention on the need to reconsider resource and waste flows, and people's connected livelihoods.

In response to the pandemic's impact on lives and livelihoods, many governments, businesses and communities innovated locally to meet basic needs and maintain livelihoods for workers across multiple sectors. Through these experiences, many lessons were learned about the importance of local resilience in the context of disasters and ensuring that access to resources and a secure livelihood is extended to everyone regardless of social or economic position. The post-pandemic recovery thus presents a unique opportunity to apply these lessons and advance SCP in the context of local livelihoods and resilience, as well as national actions to address climate change.

For crisis recovery to result in substantive progress toward SCP and local resilience, it must start from the central promise of the sustainable development goals (SDGs) to "leave no one behind". This approach emphasises eradicating poverty, ending exclusion and discrimination, and reducing the vulnerabilities and inequalities that undermine human flourishing and capabilities. Such an inclusive and holistic approach places more agency in the hands of local actors, empowering individuals and communities to play an active role in charting their locally relevant and responsive pathway to sustainable resiliency.

Against this backdrop, the workshop-webinar entitled *Understanding and Shaping Consumer Behaviour in the Next Normal* was organised by the SWITCH-Asia SCP Facility on 26 October 2022. The webinar brought together Asian and global sustainability experts from government, business and civil society to exchange perspectives, experiences and learnings that can support the creation of a sustainable and resilient 'next normal'. Four speakers joined the session.

Tim Jenkins, Country Director for People In Need (PIN), Mongolia

Shiyang Li, Founder & General Manager, Rare China Center for Behavior

Pranshu Singhal, Founder, Karo Sambhav

Chloe Pottinger-Glass, Research Associate, Stockholm Environment Institute (SEI)

Louis-Albam Batard-Dupre, Entrepreneur, Founder & CEO at Yoidi

Background of the Current Situation: The COVID-19 Pandemic

The COVID-19 pandemic has impacted almost every facet of life, from workplaces to schools and households to transportation and healthcare systems. Countries worldwide have engaged in diverse responses to try to contain and mitigate the negative impacts of the pandemic and the resulting responses across society.

Due to the lockdown in many countries during the pandemic, specific lifestyle options like work-from-home and distanced education models were adopted. Such sudden changes resulted in some positive impacts on the environment, such as a temporary reduction in greenhouse gas (GHG) and air pollution due to reduced travel, but also caused some negative consequences, such as the massive amount of medical waste generated in many communities. The pandemic has also brought to attention structural inequalities already present in society, particularly those centred on race, ethnicity and gender, resulting in the uneven distribution of resources and opportunities. Exacerbation of structural inequalities was particularly evident in some cases where COVID-induced changes were introduced without careful assessment of the potential for rebound effects with significant negative impacts for vulnerable people.

Two years have passed since the onset of the pandemic. Some of the emergent measures, such as closures of schools and workplaces, and travel restrictions, have been relaxed or lifted already, while some of the new practices, such as working from home and online shopping, remain in society. This indicates that at least some of the socio-technical infrastructure supporting essential services have gone through irreversible changes.

Furthermore, we are already aware that the COVID-19 pandemic was neither the largest nor the last crisis threatening our societies. A global shipping crisis set in during the pandemic, exacerbating the challenge of access to essential goods for populations around the world and further constricting global economic activity. The war in Ukraine, which began while the effects of the pandemic were still present, once again shocked the supply chains for food, energy and mineral resources, leading to a sharp rise in prices unparalleled in the past 20 years or so. We have experienced climate-related disasters and prolonged crises such as extremely high temperatures and droughts in some regions, and high rainfall and historic flooding in others. As climate change continues to progress, these extreme weather events will increase in their intensity and are expected to affect food production especially hard. Moreover, one of our vital efforts to mitigate climate change, namely, the energy transition, may cause significant and differing impacts on societies through massive job losses and increasing energy prices. Whatever the next major shock is, it will likely impose further threats to those involved in essential sectors, and those living with insecurity in access to employment, essential goods and resources.

Bearing in mind that societies around the world will continuously face crises, we must carefully reflect on what we have learned through the ongoing (pandemic) and emerging (extreme weather, war, economic shocks, etc.) crises. **We must ask ourselves what opportunities can be found in our current situation that can be leveraged to create more sustainable, resilient systems of SCP that result in greater equity, security, and stability.**

To this end, the experts who participated in this session discussed **three core questions**.

1. What are the challenges and opportunities for enabling sustainable living and livelihoods in the context of post-pandemic recovery?
2. What are the key opportunities that have emerged and are emerging to leverage the recovery to advance SCP and local resilience?
3. What role can be played by various stakeholders and instruments (e.g. national, provincial and local government policies; business models and policies; formal and informal education; community initiatives)?

From the discussion, a number of **key insights** emerged centred on four themes of vulnerability and the informal sector, sustainable livelihoods and the circular economy, local resilience and SCP, and stakeholders and instruments driving resilient innovation.

1. Vulnerability and the informal sector

During a crisis this COVID-19, informal workers are doubly vulnerable to losses of income and increased exposure to medical waste.

We should not overlook that the shock of the pandemic and other crises is experienced unequally by different demographics. For example, during the pandemic, 136 million workers in human health and social work faced a serious risk of contracting COVID-19 in the workplace, while 1.25 billion workers in sectors such as manufacturing, wholesale, food and accommodation services experienced deeper economic shocks than those in other sectors. Furthermore, job and income losses were far more severe for women and young workers, regardless of sector.

The experts who participated in the webinar pointed out that informal workers in some sectors had been more seriously impacted by the pandemic and the restrictive measures. Informal workers engaging in restaurants, hotels, and small and micro-scale manufacturers lost their job opportunities immediately due to the lockdown. Those working in other sectors, such as food provision, delivery, and, most notably, waste management, needed to continue working while facing infection risks. The workforce in these sectors is disproportionately comprised of women, immigrants and other minority groups. Most of these workers are engaged in informal work and are therefore not registered with national, social safety nets, a fact that deepens the impact of crises that affect employment and access to necessary resources for these vulnerable populations.

It is no coincidence that those working in the vital service sectors (e.g. health care, food provision, waste management) and female workers and minority groups, such as immigrants, experience the most significant challenges when crises emerge. Recent crises have underlined that fact that these populations are the most at risk in every society, regardless of income or geographic context.

Since the late 20th century, supply chains of many products and services have been expanded globally in search of cheaper, vulnerable labour sources. Almost all of our daily activities, such as eating, living, commuting, communicating, caring for health, lighting, heating and cooling, need products that were produced somewhere on the other side of the world by low-cost and informal workers. Millions of workers are engaged in production in the industrial sectors in developing and emerging economies, and millions support the industrial production and growth either by producing materials and components at small- and micro-scale businesses, including cottage industries and the informal sector, or providing services supporting the factories or workers, such as food, cleaning and waste management. Additionally, even growing industries are associated with ever-intensifying resource extraction, land exploitation, pollution and GHG emissions, resulting in irreversible impacts on the climate and ecosystems at both local and global scales. In the meantime, the mega-cities of developed and emerging economies have attracted high-skill service sectors, such as management services for global supply chains, finance, legal services and so on, which are in turn supported by low-cost service sectors such as food, cleaning, waste and childcare provided by workers in precarious positions, including women and immigrants.

Increasing resource use, GHG emissions and the vulnerability of low-cost and informal workers are deeply the products of the expansion of unsustainable global supply chains over the past half-century. As a result, the lifestyles of affluent people have been underpinned by the vulnerability of those with fewer economic and social resources, as well as the long-term stability of the environment. The pandemic and the concurrent crises we are experiencing shed light on the essential service sectors, which critically include a large number of workers in the informal sector in many countries, as they continue to provide vital services in conditions that put them at increased risk of harm and distress. Yet, the conditions of vulnerability that essential services workers face also jeopardise the framework of socio-technical infrastructure for all. For example, the sharp increase in the amount of solid waste (often medical waste) during the pandemic) made clear the weakness of the waste management systems across Asian cities stemming from their reliance on informal work and workers existing outside of social safety nets. Unless we take practical measures to improve the resilience of the informal workers, we will face more severe challenges in the systems providing essential services for all. Therefore, empowering these workers is among the urgent matters to address in the post-pandemic recovery.

2. Sustainable livelihoods and circular economy

The informal sector manages most of the waste in many countries. During the pandemic, informal workers migrated out of cities, creating spaces and opportunities for the formal economy to focus on circularity. Proper working conditions, governance and investment in the sector are a start.

How, then, can we support informal and vulnerable workers in improving their resilience to the shocks presented by crises? Should we formalise the informal sectors? What are the costs and benefits associated with formalisation? Is this what workers in the informal sector want? This is a challenging set of questions.
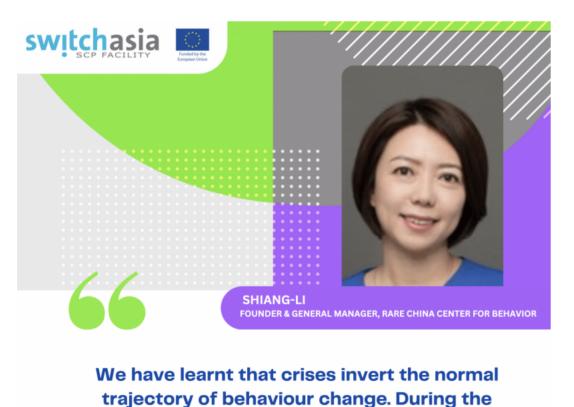
According to **Pranshu Singhal**, one of the panellists, operating in the informal sector has some benefits. Pranshu Singhal is the founder of **Karo Sambhav**, a start-up company offering circular solutions for waste streams in India in partnership with producers and brands. Based on his experience working with informal waste workers, he learned that they are afraid of formalisation as this may force them to lose their current benefits, such as being free from tax and not being obliged to follow strict regulations or orders by the authorities. Moreover, many informal workers are unsure whether formalisation may help them escape some of the factors that result in their current insecure state – such as the low income associated with their current work. **Chloe Pottinger-Glass**, a research associate at the **Stockholm Environment Institute (SEI)** working on the issues of inclusive transitions toward a circular economy, added that what is more urgently needed is support for upskilling and reskilling to help them access job opportunities with a higher and more secure income. Support for collective bargaining power, with trade unions or workers' collectives, may also be needed as it could help them secure more resilient livelihood options.

Ultimately, the societal shift toward circular economy models should be designed in a way that makes it possible for informal workers to take advantage of new employment opportunities and capacity building. A circular economy requires a lot of new employment to make material circulation work on the ground, such as those who collect, sort out and clean used products and materials, and produce new values through repurposing or remanufacturing. The sectors that are currently considered marginal in the linear economy become the pivotal spots to create value and opportunity in the circular economy. Therefore, support for informal and vulnerable workers in these sectors for upskilling, reskilling and capacity building can become a strong driver for the global shift toward a circular economy. Such support will create more resilient and sustainable systems for the provision of essential services, such as food, consumer products, waste management and health, benefiting the whole of society to become more sustainable and resilient.

In other words, through these efforts, society could address the structural issues behind the vulnerability of currently marginal sectors and facilitate the systemic transformation toward a circular economy in which everyone can access sustainable and more resilient options for livelihoods and consumption.

3. Advancing SCP and local resilience

We have learnt that crises from the normal trajectory of behaviour change. During the pandemic, people changed first their behaviour because they were forced to do so. Change in attitudes eventually followed.

Some of these changes generated positive consequences for sustainability, such as the short-term reduction of air pollution and greenhouse gases deriving from the lockdown of factories and the spread of teleworking, while adverse effects were also observed, such as a sharp increase in plastic waste and increased energy use in households. However, these short-term effects represent only a fraction of the impact that the pandemic could have on our efforts to transition to SCP. The initial GHG reductions from the pandemic impacts shrank significantly in just a few months as factories reopened. It was also estimated that only one-third of the world's population could telework regularly. Long-term thinking in our recovery planning is needed, paying more attention to more profound changes with impacts on people's mindsets and socio-technical and institutional arrangements, rather than short-term behavioural changes.

The panel discussed promising opportunities for societies to move beyond crisis response into a model of crisis recovery that focuses on sustainable consumption and resilient livelihoods. The first opportunity is that presented by changes in people's attitudes, mindsets and behaviours. **Shiyang Li**, the founder and general manager of the Rare China Center for Behavior, also an implementing partner in the **SWITCH-Asia Pride On Our Plates** project in China, made the critical point that crises reverse the standard direction of behaviour change mechanisms. Rather than mindsets changing first, resulting in behaviour change, a crisis imposes behaviour change due to extreme circumstances. What Rare found in China is that this forced change in behaviours eventually resulted in changes to mindsets. For example, Rare introduced a mid-pandemic survey in China, which revealed that 90% of respondents were now willing to pay 10% more for sustainable products, while 80% responded that they could spend 30% more. Chloe Pottinger-Glass, citing the case of Sweden, reinforced this point. Recent surveys have suggested that an increasing number of people in Sweden will now accept a reduction in consumer options if the reduction benefits environmental sustainability.

This experience casts doubt on the relevance of popular interventions for behaviour change, such as awareness raising campaigns, and lead us to pay more attention to the effectiveness of addressing behaviours through changing the choice architectures. This learning offers meaningful hints toward our future efforts to promote sustainable consumption and societies. Indeed, we can promote positive attitudes toward sustainable behaviours by redesigning the available set of behavioural options without making people feel that their choices have been narrowed. Chloe Pottinger-Glass also mentioned that consumers can and will accept the reduced consumer options if given a compelling reason.

Emerging business models were highlighted as the second opportunity for advancing SCP and local resilience. There are numerous cases of new, locally relevant and responsive business models emerging during the pandemic period. While food delivery services are widespread, food providers innovated further to introduce "smart portions" for a single person, and restaurants offered 'cook at home' meals. This contributed to the reduction of food waste while helping to ensure quality nutrition for those who could afford the service.

Some new business models, centred on reusing and repurposing collected products and materials, also emerged. **Louis-Alban Batard-Dupre**, the founder of Yoidi, a company allowing shops, restaurants and hotels to reduce food waste by offering their unsold food at a discount, shared his opinion that it is now more common than ever for companies to offer support to people experiencing food insecurity, as is illustrated by the recent trend of supermarkets donating surplus food or packaging them for sale at a minimal price. Consumers also support such new actions on the part of companies, rewarding their apparent locally-minded social enterprise work. That said, business models that emerged or grew during the pandemic have also have some negative consequences for a sustainable or circular economy, as was illustrated in the example of the increase in plastic packaging associated with the spread of food and consumer goods delivery services. To take advantage of these emerging business models to drive further innovations toward sustainable societies, it is vital to control their negative impacts.

New business models offer alternative connections between businesses and consumers/users. These alternative connections can be nominated as the third opportunity to drive the shift toward a sustainable society and local resilience. For instance, sharing and subscription services enable consumers/users to consume functions instead of products. Furthermore, they create more reliable connections between businesses and consumers/users for medium- to long-term subscriptions. In such services, it is more evident that consumers/users have critical roles in helping businesses continue their service provision through their continued payment and use. Gamified engagement is another interesting example. Louis-Alban Batard-Dupre introduced a compelling case in this regard. If businesses try to collaborate with consumers to build trust and consider providing financial incentives, they may not be able to offer an attractive amount. However, businesses can offer a game, such as a lottery, to offer a sense of enjoyment and participation. Here, it is vital to gain a deeper understanding of what motivates consumers/users. A key insight here is that while we tend to equate money with incentives (people behave others are motivated primarily by money), people often asked you that they are motivated by a sense of achievement, pride and belonging. Therefore, emotional and social factors could be explored to engage with consumers/users.

That said, price matters both for consumers and producers. On the one hand, sustainable services and products are not affordable for many consumers, including the marginalised and vulnerable people mentioned earlier. Safe and sustainable food may not be offered at a price that is affordable for everyone. For people in the informal sector, cheap food sold by street vendors is necessary. However, since the health and sustainability of collected food, Informal vendors, such as food vendors, use mobile payments to reduce costs. Digital technologies can help business to measure the current state of food waste, GHG emissions or resource use, identify hotspots for eco-innovation, and introduce solutions in collaboration with partners.

4. Stakeholders and instruments driving innovation

Government have a strong role to play in creating incentives for sustainable behaviour for businesses and consumers, as well as disincentives.

The final topic of the webinar is about the roles of diverse stakeholders, such as governments, businesses, civil society and educators, and the creative use of instruments such as policy, business models, community actions and so on. The experts stressed the significance of actions emerging from crisis responses in promoting sustainable practices. However, the shift to sustainable societies and local resilience requires changes in the systems providing various essential services and livelihood options. Thus, more than one innovation (or one set of innovations) is required for the purpose. More funds are needed to support the innovation ecosystem – the entrepreneurs, NGOs and community practitioners – that make these responses possible and sustainable.

Single innovators have their limits – they can provide creative solutions but cannot help people eliminate their unsustainable consumer behaviours, shift societal mindsets or assist companies in abandoning unsustainable business practices. Although there are thousands of start-up entrepreneurs working on sustainability, they alone will not be able to innovate the socioeconomic systems, especially in the context of multiple, concurrent crises. They require a supportive fundraising, technology adoption, gaining market recognition, and gaps in the policy landscape. Thus, more strategic support for the innovation ecosystem is necessary.

Governments, investors and incubators have crucial roles in this regard. Big businesses can also help start-ups to test innovative ideas at a small scale, and then upscale to a larger market. Louis-Alban Batard-Dupre noted that many cities have ecosystems of innovators in specific sectors, such as sustainable food provision; however, what is missing is the framework to connect these ecosystems to enable their mutual learning and support to accelerate growth and bring about deeper, more resilient systems at the local level.

The informal and vulnerable sectors can also play a crucial role in innovation. Sustainable consumption and local resilience require changes in socio-technical systems. The changes in the socio-technical contexts, such as a shift to circularity, will come into play through the introduction of individual behaviours, collective actions, new business models, formal and informal institutional arrangements, and technologies. People currently engaged in the informal and marginalised sectors can be enabled to provide the necessary workforce for alternative socio-technical arrangements. To this end, we should strengthen the support for upskilling and reskilling of informal workers to enable access to green job opportunities. We could also help them organise toward securing more bargaining powers. They can then innovate and secure more livelihoods while playing more vital roles in the driving of a shift to resilience. We can integrate our efforts to promote sustainable lifestyles, reliable livelihoods and local resilience.

Finally, digital technologies could offer new opportunities for innovators. For example, sustainable food can benefit from mobile technologies to reach out to a more significant number of businesses having surplus and users potentially needing food. Informal workers, such as food vendors, use mobile payments to reduce costs. Digital technologies can help business to measure the current state of food waste, GHG emissions or resource use, identify hotspots for eco-innovation, and introduce solutions in collaboration with partners.

Conclusion

Sustainable Consumption and Production, whether it's at the national policy level or consumer centred, is one way for us to rebound from the current crises.

The pandemic and the crises that have followed give us a clear reminder that the world is uncertain. We will continue to face new and emergent crises. On this basis, we must aim to develop sustainable and resilient societies and lifestyles, leveraging recovery efforts to nudge this transition along.

The social and economic vulnerabilities revealed in the last two years and the emerging opportunities for new business and community activities have guided us to review our opportunities in promoting sustainable production. We now have come to realise that it is one thing to try and persuade to people to reduce their unsustainable consumption, but it is quite another to help people to accept more sustainable consumption. However, the emerging opportunities of business and community actions we have witnessed during the two years tell us that it is practical to convert the two axes in the contexts of the post-pandemic recovery and further reshaping sustainable and resilient local economies.

We can help vulnerable people and small and medium entrepreneurs to play a crucial role in social and economic innovation. We must create an inclusive, innovation ecosystem in communities, cities and countries. To this end, governments, large companies, investors, educators and civil society must together become innovators to beyond these existing crises.

Acknowledgment