

Business: Is it possible to reconcile the cost-of-living crisis consumers are experiencing with the need for sustainable consumption?

Challenges of the cost-of-living crisis and environmental issues pressure consumers today. While consumers struggle for the essentials like food, shelter, and clothes, the urgency of environmental problems increases. The existing perception of sustainable consumption being expensive does not help during the cost-of-living crisis. However, experts believe sustainable consumption is good for the environment and saves money in the long term (Pierre-Olivier Brial).

The phenomenon where daily spending is higher than income is called a cost-of-living crisis. The UK was greatly affected by the crisis in late 2021. One of the leading causes is Covid-19, as it put consumer spending on hold. When the lockdown lifted, some firms faced a sudden growth in demand, which caused the prices to surge. The rise in demand also disrupted the supply chain as the companies could not cope with a sudden increase in demand. When the lockdown lifted, the firms were left with a smaller workforce, making it harder to supply their goods and services at a faster pace. Then, the Russia-Ukraine war commenced in early 2022. An immediate effect was that many businesses ceased operations in that region. That resulted in rising prices for imported goods and services from that region. The effects of these events spread across a wide range of areas ('Where did the Cost of Living Come From').

In addition, one of the main economic factors contributing to a cost of living crisis is inflation. The two components of inflation (demand-push inflation and cost-push inflation¹) were both causes of the sudden increase in the inflation rate ('Where did the Cost of Living Come From'). The inflation rate in 2021 was 7.92%, and the inflation rate in 2022 was 9.07% (Office for National Statistics). The dramatic increase in the inflation rate was the first time it

¹ Demand-push inflation: Inflation due to exceeding demand
Cost-push inflation: Inflation due to the increase in cost on the supply side

had happened in 40 years (the inflation rate shot up to 18%). The inflation rate is almost double the wage increase, making it harder to balance out the economy (Office for National Statistics). Moreover, the tax burden has increased for the public. The council tax has exceeded £2000 over the financial year 2023/2024. It was the first time the council tax rose by 5.1% (Council Tax levels). All these factors contribute to the cost-of-living crisis by reducing the consumer's buying power.

A crisis is occurring, which is usually defined when people are leading a life below an acceptable minimum according to well-being standards. It is hard to think about the environment when the meals in the day are not guaranteed. However, consumers still need to recognize sustainable consumption. According to the United Nations'² reports, if the population increases to 9.8 billion people by 2050 and we take no action, we will consume the amount of resources equivalent to three Earths in coming years. We disperse about 8 million tons of plastic into the ocean yearly, dramatically impacting 66% of marine life. In addition, if the average temperature crosses 1.5 degrees Celsius over time, some things could be irreversible. We waste 931 million tonnes of food every year. The global crisis (like COVID-19 and the Russia-Ukraine war) triggered the consumption of fossil fuels to double from 2021 to 2022(United Nations). Future generations will be unable to lead healthy lives if the trends continue.

According to some experts, the cost-of-living crisis is the best time for people to start sustainable consumption (Kenny Lawal). Firstly, if the products they buy have a longer life span, they would need to buy a new product less frequently, therefore more efficiently saving money and reducing waste. Reducing waste contributes to a sustainable environment. Furthermore, a plant-based diet is crucial as it will benefit the environment and prove to be a cheaper alternative (Goyens, Monique). It will also be beneficial if the consumers start to save

² Organization whose purpose is to maintain international peace, equality, harmonization and security.

energy because energy prices are quite high, which might reduce their spending power. Saving energy will help to protect the environment while lowering their bills, thus allowing them to afford other essentials like food (“Reduce Costs by Improving Your Environmental Performance”). Buying second-hand items also reduces cost and carbon footprint. All of these steps are realistic and cost-saving. However, products with a longer shelf life are usually more expensive, discouraging people during the cost-of-living crisis.

Globally, 68% of people think that the cost of a greener lifestyle is too high, which is why they fear the pivot (Pizzol, Sophie). 48% cannot afford a greener lifestyle (Pizzol, Sophie). Businesses need to contribute to solving the problem as well. Sustainable options in firms always have a high selling price due to expensive raw materials and low demand. Finance plays a significant role when purchasing a particular product and drives many people to buy goods according to the price tags. Only 8% of people tend to make choices in favor of climate change while purchasing goods(Pizzol, Sophie). Another reason people are less likely to buy is because of the need for more trust in the company regarding whether they are actually sustainable. Around 35% of people said that they would gain more faith in the companies if the supply chain were transparent so they could see if it is ethical or not and when a third party recognizes brands as environmentally friendly (B corp³) (Barrass, Katy). Especially during the cost-of-living crisis, people want to spend carefully and wisely, so they wish for a trade with perfect information.

Patagonia is an outdoor clothing brand that contributes to making the world a better place to live in. Consequently, due to the extensive time and resources spent on making the manufacturing process more sustainable, the prices of the products are above average. However, they have made their motto of being sustainable clear and strong. Due to the transparency of their motives and the process, people trust their claims about long-lasting

³ B corporation is certification for business if it has a positive impact on the environment and transparency on factors like supply chain.

products. The company has also been granted fair trade⁴ and is a certified B corporation (Patagonia). They also increase sales by stating that their products will last longer, which is a good option during the cost-of-living crisis (Spivey, Sara). Consumers will benefit more from an item that lasts longer than a quickly-replaceable item. They even encourage consumers to buy less, as consuming more than necessary harms the environment. They conveyed the message by publishing a statement in the New York Times, which was ‘Don’t Buy This Jacket’ above a picture of their jacket (The Success of Patagonia’s Marketing Strategy). To reduce the amount of waste their clothes make up in the landfill, they provide an option to repurchase the product and sell it as second-hand gear to other people who might need it (Patagonia). Considering all these factors, some people might feel better about investing long-term while doing something for the environment. The rising revenues for the business are also evidence that to be successful, the primary focus on sales is not necessary to earn profit (Aratani, Lauren). Sometimes, people will agree to buy products if it has a good cause and quality. This business strategy helps the consumers as well as the business, especially at the time of a cost-of-living crisis.

Most businesses that own a sustainable aim have expensive products, but they all try to make their products last long so that consumers don’t need to buy them again and again. Apart from clothing brands, companies like Seventh Generation (cleaning and personal care products), Pela (phone cases), and Avocado (mattresses), etc., all aim for sustainable production through a circular economy but sell products with high prices (Ames, Cory). Even though they all produce different products, they share the same passion for protecting the environment. Nonetheless, they are still making a lot of profit. This business strategy should inspire businesses that think that only one thing can be achieved: profit or sustainability. Even though the price of a single good is expensive, it eliminates the need to buy more products

⁴ Fair trade is an arrangement designed to ensure that producers have equitable trade relationships.

quickly. Eventually, the cost of one item will be lower than the cost of all the other items that were initially considered as alternatives.

While the cost-of-living crisis is a tragedy, sustainable consumption is a need. If done correctly, then sustainable consumption will help consumers to save money in the long run. As we progress into the era of modern technology, we need to consider our impact on the environment. It is crucial to make sustainable consumption a priority. Even though scientists are exploring other planets where life is possible, a perfect planet has yet to be found. The Earth is capable of healing itself over the years like it has done in the past⁵. But humans have little option to build another civilization in a place different from Earth. Together, as a community, we need to start taking action. As an individual going through a crisis, even small actions (as mentioned above) like changing diet and saving energy can positively impact saving money and the environment. As George Herbert⁶ once said, “If there is a will, there is a way.” Considering all the ideas, it is possible to reconcile the cost-of-living crisis that consumers are facing through sustainable consumption and little reason to avoid it.

⁵ For example, when the earth was hit by an asteroid which caused the dinosaurs to go extinct, it was able to heal itself again over a few years and develop a more complex ecosystem.

⁶ An English poet

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