Companies in search of the green consumer: Sustainable consumption and production strategies of companies and intermediary organizations in Thailand

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\section*{ABSTRACT}

Over the past two decades, Thailand, as an emerging economy, has developed sustainable consumption and production (SCP) policies and strategies to a considerable extent. While the first phase of SCP policy development has primarily focused on upstream actors and production processes, the second phase has extended company SCP policies and strategies to downstream actors and consumption processes. Through a desk study and interviews, we examine how appliance and dairy companies in Thailand have been involved in the shift from sustainable production to (also) sustainable consumption, from upstream to (also) downstream orientations, and from green supply to (also) green demand. Our analysis shows that carefully framing the role of citizen-consumers as change agents is required for the successful enrollment of Thai consumers in emerging markets for sustainable products and services. In making the shift towards consumers, companies can be assisted by so-called intermediary organizations that claim to hold specific knowledge on and access to Thai consumers.

\section*{1. Introduction}

The United Nations Stockholm Conference on the Human Environment in 1972 marked the beginning of environmental policies on sustainable consumption and production (SCP). Over the last four decades, SCP policy development has evolved over two phases (Murphy, 2001; Murphy and Cohen, 2001). The first phase (phase I), running from the mid-1970s to the 1990s, involved the formation of production-focused environmental policies based on the premise that new technologies and sciences would improve environmental performance and production efficiency levels while minimize environmental pollution and health risks (Murphy and Cohen, 2001). During this phase, consumption and consumer-related issues hardly appeared in the discourse. It was not until the 1992 Earth Summit in Rio de Janeiro occurred that the second phase (phase II) of policy discourse on SCP began. During this phase, specific topics on sustainable consumption and roles of “green consumers” began to penetrate the policy discourse. This enhanced focus on consumption highlighted the key role of social aspects and dynamics of environmental issues on SCP policies and strategies (Murphy and Cohen, 2001). As a result, questions concerning environmental behaviors and lifestyles of citizen-consumers have been featured prominently in the agendas of policymakers, practitioners, and scholars (Jackson, 2005; Spaargaren, 2003; Spaargaren and Oosterveer, 2010; Sustainable Consumption Roundtable, 2005).

Over the last two decades, social science research have shown that citizen-consumers of OECD countries have begun to think and act along sustainable lines in various consumption domains, and especially with respect to housing, food, and transport (Spaargaren et al., 2007; Davies et al., 2014; Doyle and Davies, 2013; Evans and Abrahamse, 2009; Spaargaren et al., 2013). Some studies reported that citizens have started doing their bits for the environment, assisted in this endeavor by (nudging) strategies of the providers (companies and retailers). Several scholars also note that citizen-consumers no longer view themselves as consumers who solely satisfy their individual needs by consuming (sustainable) products (Spaargaren and Oosterveer, 2010; Clarke et al., 2007; Johnston, 2008; Martens and Spaargaren, 2005; Trentmann, 2007), and organized citizen-consumers have begun to act as “political consumers” who feel responsible for SCP issues that extend beyond their individual needs (Micheletti, 2003; Micheletti et al., 2004; Stolle et al., 2005). By engaging with upstream processes and actors, consumers have become politically organized stakeholders that place pressure on companies and retailers operating in upstream segments of production-consumption chains. These activities can involve negative forms of unsustainable product, service, and company boycotting and
positive forms of boycotting (Micheletti, 2003; Micheletti et al., 2004).

The emergence of organized groups of politically active citizen-consumers has challenged governments, societal organizations, and social movements alike. The key question from them is how to further mobilize, support, and organize the (buying) power of citizen-consumers in ways that contribute to the development of transparent and trustworthy markets for sustainable products and services. For companies, it raises the practical question of how they should respond and strategically react to demanding and politically organized green consumers. As Spaargaren and Van Koppen (Spaargaren and Van Koppen, 2009) have noted, a wide range of consumer-oriented strategies have been employed by companies and retailers. Defensive strategies function based on the premise that consumers and their organized buying power remain insignificant. Proactive company strategies recognize consumers as “agents of change” and promote not only a spectrum of sustainable products and services, but also green information (eco-labels), images and frames that can help consumers engage in sustainable lifestyles and consumption patterns (Spaargaren and Van Koppen, 2009; Boström and Klintman, 2008; Dauvergne and Lister, 2012; Dauvergne and Lister, 2013; Esty and Winston, 2009). In addition to adopting proactive consumer orientations, companies have sought ways to promote the development of a “level playing field” for green products and services by asking governments to impose stricter environmental regulations and by partnering with other actors and organizations with special knowledge on and relations with citizen-consumers (Esty and Winston, 2009; Winsemius, 2013). Such intermediary organizations, particularly environmental and consumer NGOs are understood to help companies develop markets for green products by engaging with citizen-consumers in novel ways (Austin, 2007; Nicholls, 2002; Spaargaren and Mol, 2008).

While SCP policies and strategies have become truly global phenomena, the engagement of citizen-consumers with green products and markets vary regionally, with OECD consumers and civil society actors being more active and visible on the political scene compared to, for instance, their Asian counterparts (Micheletti, 2003; Kumar et al., 2009). Most social science studies on the role of citizen-consumers as change agents for SCP focused on OECD countries. Thailand and its emerging economy can be regarded as an interesting case that is reflective of similar Asian countries characterized by rapidly growing middle class populations, sustained economic growth, and export-oriented production. As an emerging economy, Thailand has developed SCP strategies to a considerable degree, and the country’s environmental policy discourse recognizes the key role of clean technologies, sustainable products, and eco-labeling and the need for a proactive attitude towards environmental issues on the part of governments and industries (e.g., IGES (Institute for Global Environmental Strategies), 2010; Zhao and Schroeder, 2010). As in most Asian societies, however, Thailand’s efforts to realize the ecological modernization of production and consumption have been shaped primarily by production, technologies, and industrial actors (e.g., Mol, 2006; Mol et al., 2009) and much less so by citizen-consumers, households, and civil society organizations (IGES (Institute for Global Environmental Strategies), 2010). Companies and other major actors involved in greening industries in Thailand have been successful at gradually expanding the quantity and selection of green products and services entering the market. However, they have not substantively engaged Thai citizen-consumers in emerging markets for green products and services. This situation is partly attributable to specific political and socio-culture conditions in Asia that differ from those of OECD countries in several respects. Environmental NGOs are less prominent and powerful, citizen-consumers are not as well organized and are less represented in SCP decision-making bodies, and governmental agencies remain distant for organizing green consumers and domestic green market (Kantamaturapoj, 2012; Thongplew et al., 2014a).

Against this backdrop, we examine the feasibility of assigning Thai green consumers a more prominent role in future SCP policy and strategies. While recognizing differences between Asian and OECD countries, we explore roles that companies and governmental agencies can play in engaging with green consumers. We explore potential intermediary organization roles that may prove instrumental to companies while developing more “consumer inclusive” SCP strategies. In the following section, we present the theoretical framework, research questions and methods employed this study (Section 2). Empirical findings are presented as six case studies on consumer inclusive SCP initiative (Section 3). We conclude with a discussion of these findings and answer the research questions in Section 4.

2. Theoretical framework and methodology

We seek to develop a theoretical framework that allows for a detailed analysis of the role of companies in engaging citizen-consumers in green markets and sustainable products. The framework focuses on the following three elements: company CSR strategies (2.1), intermediary organization roles (2.2), and ways in which companies and intermediaries define potential roles of citizen-consumers in developing green markets (2.3). After discussing the three elements of our framework, we present the central research questions and methods.

2.1. CSR company strategies: extending from production to consumption

In pursuit of environmental sustainability, companies worldwide have formulated environmental corporate social responsibility (CSR) strategies. These strategies aim to contribute to the greening of production and consumption while showing society at large each company’s willingness to contribute to sustainable development. By engaging in CSR and similar strategies that prioritize environmental performance, companies earn their “license to produce” from governments and societal actors.

In initial phases of their development, (strategic) environmental CSR strategies mostly involve improving production processes and upstream segments of production-consumption chains through the use of process-integrated clean technologies, thereby reducing environmental impacts of production processes while producing greener products. For the organization, monitoring, and management of relevant processes, environmental management systems (EMS), life cycle analysis (LCA), and integrated chain management (ICM) strategies are employed as important instruments. Important drivers behind ecological modernization of production in Thailand involve adherence to environmental regulations, the reduction of production costs via eco-efficiency improvements, and the retention of access to (international) markets with higher environmental requirements (Thongplew et al., 2014a,b).

In OECD countries, the first phase of the greening of production is typically followed by a second phase, wherein company strategies are extended to include (green) consumer orientations. Consumers are addressed as green or ethical citizen-consumers that contribute to the development of green markets by buying greener products and services and by consuming them in more sustainable ways. Companies engaged in this second phase aim to sell consumers greener products and services by providing environmental information, including green labels on products, and by employing (nudging) strategies that facilitate consumers access to green products and services (Reisch et al., 2013; Thaler and Sunstein, 2008). These consumer-oriented strategies are regarded by some authors as a manifestation of more advanced CSR strategies, as they combine various goals to simultaneously improve economic and environmental company performance through the creation of new green markets that extend beyond the scope and control of individual companies (Zadek et al., 2003).

Not all companies operating in markets are sensitive to (green) consumer demands. Companies vary with respect to the strategic importance of consumers and their involvement in green markets. Companies have been categorized based on their level of consumer.
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