
1.9

Exploring Business

Impact of Consumer Choices (Resources)

Learning Outcome Notes

LO 1.9 - Debate the ethical and sustainability issues that arise from their consumption of goods and services and evaluate how they can contribute to sustainable development through consumer behaviour.

CHAPTER QUESTIONS

By the end of this chapter, you should be able to answer the following questions -

1. Understand the role of the consumer?
2. Examine consumer behaviour on others?
3. Describe how consumer choice can influence others?
4. Define the term sustainability?
5. Explain the term ethical consumer?
6. Outline how you can contribute to sustainable development?

RESOURCES

There are different types of Resources (We would have covered these in LO 1.1)

1. Natural (Oil and Gas)
2. Capital (Fixed Assets)
3. Human (Labour)
4. Financial (Money)

These resources give us the four factors of production - which are -

1. Land (in return we get Rent)
2. Capital (In return we get interest)
3. Labour (in return we get wages)
4. Enterprise (In return we get profit)

THE ROLE OF THE CONSUMER

Consumers play a crucial role in any business. They are the end-users of goods and services, and without them, there would be no need for businesses to exist. Therefore, understanding consumer behaviour is essential for businesses to succeed in the market.

The role of the consumer can be broken down into three main areas: demand, feedback, and loyalty.

1. Demand

Consumers create demand for products and services by expressing their needs and wants in the market. Businesses must understand the demand of their target audience to develop products and services that meet their needs and wants. By monitoring consumer demand, businesses can also identify market trends and adapt their offerings accordingly.

2. Feedback

Consumers provide feedback on the products and services they use. Feedback is essential for businesses to improve their offerings and stay competitive. Positive feedback can reinforce a business's marketing message and encourage others to try the product or service, while negative feedback can highlight areas for improvement and help businesses avoid future mistakes.

3. Loyalty

Consumers can exhibit brand loyalty, which is when they consistently choose one brand over others. Brand loyalty is essential for businesses as it can lead to repeat purchases and positive word-of-mouth advertising. Companies that successfully build brand loyalty often do so by delivering high-quality products and services, providing excellent customer service, and engaging with their customers through marketing and advertising.

The goods and service that we buy will have an impact on these resources. Our spending will also have an impact of other people lives (Workers, Consumers)

THE CONSUMERS BEHAVIOUR ON OTHERS

Consumer behaviour can have a significant impact on others in different ways, such as social influence, environmental impact, and ethical considerations.

1. Social Influence

Consumers often make purchasing decisions based on the opinions and recommendations of others, such as family, friends, or online influencers. This phenomenon is known as social influence or word-of-mouth marketing. The influence of others can also impact consumer behaviour in terms of conformity to social norms, cultural values, and peer pressure.

2. Environmental Impact

Consumers' behaviour can also impact the environment, as their choices and actions can contribute to issues such as climate change, pollution, and resource depletion. Businesses are becoming increasingly aware of the importance of sustainable practices, and consumers have the power to influence their behaviour.

For example, consumers can choose to purchase products from companies that prioritize environmentally friendly production processes or use recycled materials.

3. Ethical Considerations

Consumer behaviour can also have ethical implications. Consumers can choose to support or boycott companies based on their ethical values, such as those related to labour practices, animal welfare, or social justice.

For example, some consumers may choose to avoid purchasing products from companies that use sweatshop labour or engage in discriminatory practices.

In conclusion, consumer behaviour can have a significant impact on others in terms of social influence, environmental impact, and ethical considerations. It is essential for businesses to consider the potential impact of their products and services on consumers and society as a whole, as well as for consumers to make informed and responsible purchasing decisions.

HOW CONSUMER CHOICE CAN INFLUENCE OTHERS

Consumer choice can influence others in various ways. Here are a few examples:

1. Social Influence

Consumer choice can influence others through social influence. People are often influenced by the opinions and recommendations of their family, friends, or acquaintances.

For example, if a group of friends recommends a particular brand of clothing or restaurant, others in the group may be more likely to try it out.

2. Environmental Impact

Consumer choice can also influence others by promoting environmentally friendly practices.

For example, if a consumer chooses to purchase a hybrid car or use a reusable water bottle, it can influence others to do the same. This can lead to a collective impact on the environment and contribute to a more sustainable future.

3. Ethical Considerations

Consumer choice can also influence others through ethical considerations. If consumers choose to boycott companies that engage in unethical practices, it can influence others to do the same.

For example, if a company is found to use sweatshop labour or engage in discriminatory

practices, consumers may choose to avoid purchasing their products. This can lead to a decline in sales and prompt the company to change its practices.

4. Brand Loyalty

Consumer choice can also influence others through brand loyalty. If a consumer consistently chooses one brand over others, it can influence others to do the same.

For example, if a consumer always buys Nike shoes, it can influence others to try Nike shoes as well.

In conclusion, consumer choice can influence others through social influence, environmental impact, ethical considerations, and brand loyalty. It is essential for consumers to make informed and responsible purchasing decisions, as their choices can have a significant impact on others and the world around them.

Non-Renewable resources

Non-Renewable ^{Def} These are resources that are in limited supply and can't be replaced. For example, Oil, Coal. They will eventually run out.

Renewable Resources

Renewable ^{Def} These are resource that are not in limited supply and won't run out. They can be regrown or recycled. Examples include Wind, Trees

SUSTAINALBE CONSUMPTION

Sustainability	^{Def} This is the process of balancing the social (people), economic (Profit) and environmental (Planet) systems for wellbeing of individuals now and in the future.
Sustainability Development	^{Def} This means meeting the needs of the present without compromising future generation's needs.
Sustainability use	^{Def} This means using resource that meet our current needs but also persevering these resources for future generations
Sustainability Consumption	^{Def} This means buying goods and services that don't harm society, the environment or economy.

THE ETHICAL CONSUMER

Ethical Consumer ^{Def} This is the person ability to do the right thing and make good decisions. Ethical consumer chooses goods that meet their needs, but they also think about how this affects their moral values. They buy goods that are produced in an ethical manner

An ethical consumer is an individual who takes into account ethical considerations when making purchasing decisions. Ethical consumers are concerned with the impact that their choices have on society and the environment and often choose to support businesses that align with their values.

Ethical consumption involves making purchasing decisions based on considerations such as fair trade, organic, environmentally friendly, and socially responsible products. Ethical consumers may also choose to boycott products or companies that engage in practices that they find unethical or harmful. For example

1. The consumer purchasing products made from sustainable materials,
2. choosing products from companies that support fair trade or animal welfare and supporting local businesses.
3. Considering the labour practices of companies and may choose to avoid purchasing products made in sweatshops or by companies with poor labour practices.

To be an ethical consumer you need to be informed about the company, how the product is made, how stakeholders are treated.

Ethical Goods ^{Def} These are produced in a manner that is kind to the environment and to the people who produce them.

Ethical consumer does the following when buying goods and services -

1. Make careful and consider choices.
2. That responsibility for their buying decisions.
3. Avoid product and service that have a negative impact on society and the environment.

Boycott ^{Def} This is when a consumer makes a choice not to buy a particular product , brand or from a certain company.

In conclusion, ethical consumers are individuals who take into account ethical considerations when making purchasing decisions. Ethical consumption involves making choices that align with personal values and can have a significant impact on society and the environment.

COOPERATE SOCIAL RESPONSIBILITY

The rise of ethical consumption has led to an increase in transparency from businesses about their practices and the origins of their products. Many companies are now making efforts to be more environmentally and socially responsible to appeal to ethical consumers. Because of this boycotting and protesting by consumers it has resulted in the CRS (Corporate Social Responsibility)

CRS ^{Def} This stand for Corporate Social Responsibility an refers o organisations acting to benefit society and the environment.

CSR refers to a company's commitment to conducting its business in an ethical and sustainable manner. It involves taking responsibility for the impact of a company's operations on society and the environment and actively working to improve this impact.

The concept of CSR is based on the idea that companies have a responsibility beyond maximizing profits and should consider their impact on stakeholders, including employees, customers, suppliers, communities, and the environment. CSR can take many forms, including sustainability initiatives, ethical sourcing, and community involvement.

Examples of CSR activities include:

1. **Sustainability Initiatives:** Companies may implement environmentally friendly practices, such as reducing waste, conserving energy, and using renewable resources.
2. **Ethical Sourcing:** Companies may ensure that their products are made in factories that meet certain labour standards or use sustainable materials.
3. **Community Involvement:** Companies may engage in community service, volunteer work, or support local businesses.

The benefits of CSR for companies include -

1. Improved brand reputation, increased customer loyalty, and attracting and retaining employees.
2. CSR can also have a positive impact on society and the environment by promoting ethical and sustainable business practices.

In conclusion, CSR refers to a company's commitment to conducting its business in an ethical and sustainable manner, taking responsibility for its impact on society and the environment. It can take many forms, including philanthropy, sustainability initiatives, ethical sourcing, and community involvement.

THE IMPACT OF ETHICAL CONSUMERISM

Ethical consumerism has an impact on the following -

1. Ethics

Ethical consumerism can have a positive impact on ethics by promoting fair and ethical practices in business. Consumers who prioritise ethical consumption can help to discourage unethical practices such as child labour, forced labour, and other exploitative practices. Ethical consumerism can also help promote transparency and accountability in business practices, which can lead to increased trust and ethical behaviour.

2. Society

Ethical consumerism can have a positive impact on society by promoting social responsibility and accountability. By supporting businesses that prioritise sustainable and ethical practices, consumers can contribute to positive social outcomes, such as fair labour practices, community engagement, and social justice initiatives.

3. Environment

Ethical consumerism can have a positive impact on the environment by promoting sustainable and environmentally friendly practices. By choosing products that are sustainably produced, recycled, or biodegradable, consumers can help reduce waste, pollution, their carbon footprint, conserve natural resources, and protect the environment - Reduce, Reuse and Recycle.

4. Sustainability

Ethical consumerism can have a positive impact on sustainability by promoting sustainable business practices. By supporting businesses that prioritise sustainability, consumers can help promote long-term sustainability of natural resources, reduce waste and pollution, and promote environmentally friendly practices.

5. Economy

Ethical consumerism can have a positive impact on the economy by promoting responsible and sustainable economic practices. By supporting businesses that prioritize sustainability and ethical practices, consumers can contribute to a more sustainable and resilient economy, which can lead to long-term economic growth and prosperity.

In conclusion, ethical consumerism can have a positive impact on ethics, society, the environment, sustainability, and the economy. By promoting fair and ethical practices in business, supporting sustainable and environmentally friendly products and practices, and contributing to positive social outcomes, ethical consumerism can help build a more responsible, sustainable, and prosperous future.

HOW THE CONSUMER CAN CONTRIBUTE TO SUSTAINABILITY

Here are some ways that a consumer can contribute to sustainable development through their behaviour:

1. Choose Sustainable Products

Consumers can choose products that are sustainably produced, eco-friendly, and energy-efficient. This includes products made from renewable resources, products that are biodegradable or recyclable, and products that have a low environmental impact throughout their lifecycle.

2. Reduce, Reuse, Recycle

Consumers can contribute to sustainable development by reducing waste, reusing products, and recycling materials. This helps to conserve natural resources, reduce pollution, and minimize the impact of waste on the environment.

3. Shop local and Support Ethical Businesses

Consumers can support businesses that prioritize sustainability and ethical business practices. This includes businesses that use renewable energy, support fair labour practices, and have a commitment to social and environmental responsibility.

4. Conserve Energy

Consumers can conserve energy by using energy-efficient appliances, turning off lights and electronics when not in use, and using public transportation or carpooling to reduce their carbon footprint.

5. Eat Sustainable Food

Consumers can choose to eat sustainably by choosing foods that are locally sourced, organic, and free from harmful chemicals. This supports sustainable agriculture and reduces the impact of food production on the environment.

6. Educate Others

Consumers can help promote sustainable development by educating others about the importance of sustainability and the impact of consumer behaviour on the environment. This can include sharing information on social media, participating in community events, or starting a sustainability group.

By making conscious choices in their consumer behaviour, individuals can make a significant contribution to sustainable development. By supporting sustainable products and businesses, conserving energy, and promoting sustainable practices, consumers can help to create a more sustainable and equitable world for future generations.

Here are some questions that a consumer can ask themselves before buying a product to be more sustainable:

1. Is this product made from sustainable or eco-friendly materials?

Consumers should look for products made from natural and renewable resources, recycled materials, or materials that have a low environmental impact throughout their lifecycle.

2. Has the product been produced using ethical and sustainable manufacturing processes?

Consumers should look for products that have been produced using sustainable and ethical practices, such as fair labour practices and responsible sourcing of materials.

3. How much energy and resources were used in the production and transportation of this product?

Consumers should consider the environmental impact of the production and transportation of the product and look for products that have a low carbon footprint.

4. Can the product be reused, recycled, or repurposed after use?

Consumers should look for products that can be easily reused, recycled, or repurposed after use, to reduce waste and minimize their impact on the environment.

5. Has the company that produces this product demonstrated a commitment to sustainability and social responsibility?

Consumers should look for companies that have a demonstrated commitment to sustainability and social responsibility, such as a commitment to reducing their carbon footprint, supporting fair labour practices, or contributing to social and environmental causes.

By asking these questions before making a purchase, consumers can make more informed decisions and choose products that are more sustainable and environmentally friendly.

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Past Exam Questions and Answers

NOTE - Very Important

It is very important when answering exams question that you use the following steps -

1. That you know the information for the learning outcome
2. That you understand the information form the learning outcome
3. That you can apply the information form the learning outcome to the question
4. Be able to give at least two full sentences for your answer (Fill up the space)

Questions are changing from rote learning to applying the knowledge to the Question

QUESTIONS

2019 - Question 16 - Part C

New chapter has decided to diversify and start selling take away coffee which is very much in demand by their consumers and would also entice passers-bys into the bookstore. They are concerned about a new proposal outlined below which appears in a newspaper.

A proposed latte levy could reduce disposable coffee cups by 25,000 a day. The Government has proposed a new 15 cent levy on disposable coffee cups

(i) Outline two benefits of the proposed Latte Levy.

1.
2.

(ii) Consumers can act ethically by purchasing a reusable coffee cup. Explain one other step a consumer could take to be more ethical in their purchasing decisions.

SUGGESTED SOLUTIONS

2019 - Question 16 - Part C

New chapter has decided to diversify and start selling take away coffee which is very much in demand by their consumers and would also entice passers-bys into the bookstore. They are concerned about a new proposal outlined below which appears in a newspaper.

A proposed latte levy could reduce disposable coffee cups by 25,000 a day. The Government has proposed a new 15 cent levy on disposable coffee cups.

(i) Outline two benefits of the proposed Latte Levy.

1. Increase Revenue - There will be increase revenue for the Government. This is because
They will get more income - 15 cents on every cup of coffee that is bought. This money can
Be use for essential services such as transport and redistributed to the help who need it
Money in society - such social welfare payments
2. The environment - The environment may benefit more. Customer might purchase a
Reusable cup to get their cup of coffee in. This means they will not need to purchase a cup
That when it is used goes to land fill which is bad for our environment

(ii) Consumers can act ethically by purchasing a reusable coffee cup. Explain one other step a consumer could take to be more ethical in their purchasing decisions.

Choose Sustainable Products - Consumers can choose products that are sustainably produced,
eco-friendly, and energy efficient. This includes products made from renewable resources,
products that are biodegradable or recyclable, and products that have a low environmental
impact throughout their lifecycle