

# ICEBERG #3: CONSUMERISM

*“What we acquire too cheaply,  
we value too lightly.”*

Let's take another journey back through the mists of time, right back to the age of the cave dwellers, our primeval ancestors ...

Back then, there was no international trade, and nor was there money to trade with. People's experience of the world was limited to their immediate environment and the community they lived in. Everything they possessed was either made by them or foraged from the surrounding area. So their consumption was based entirely on things they'd either made themselves, or swapped with someone else who'd made them.

The upshot of this was that everyone was very closely connected to the point of production. There was a direct link between production and consumption.

Fast forward to the present day and we see a very different picture. We consume products that have been made by some faceless individual somewhere on the other side of the globe. We feel no sense of connection with these people, and treat what we buy as a disposable commodity. We ignore the very real human effort that's gone into producing that item for our ultimate consumption and benefit, often consigning it to the bin once we no longer want it.

In short, we blindly consume products, completely unconscious of where they've come from, or where they're going once we've finished with them.

This is a very recent thing. The immediate post-WW2 boom produced a lot more than just babies! It was fuelled by the production of consumer goods. Production that happened in factories right in our own back yards. That meant we knew where things came from and, even if we didn't know who made them, we nearly all had friends or family who worked in factories, so we knew what was involved. We not only valued the things we bought, but also the effort – the labour – that went into making them.

And because money was still not so plentiful in those post-war years, we looked after what we had. We actually got things repaired if they broke instead of chucking them out and replacing them with a newer model. We also considered our purchases carefully and didn't buy things we didn't need.

Then two things happened. More people working to satisfy the demand of the baby boom generation created more wealth and more money to spend, fuelling a drive to consume more stuff.

And then, with some of this extra cash, people started to travel further afield leading to a rapid increase in the extent of the international transport infrastructure. This greatly facilitated the international movement of goods. By the late 'seventies, larger businesses with labour-intensive products were starting to discover they could save way more money by getting their goods made in low-labour cost counties in the Far East, than the extra cost of transporting them halfway around the globe. They could make more profit, and sell their products cheaper at the same time.

As the relative costs of fuel and transport fell dramatically over the following decades, it became viable to source more and more products from overseas – even heavy engineering goods.

The age of globalization had begun.

### **What is Consumerism?**

Before we go on, let's get clear about what we mean by "Consumerism."

When the term was first used in the 1960's, I believe, it actually meant something completely different from our current understanding of the term. At that time modern-day marketing was in its infancy and businesses were predominantly structured around a production-oriented model of make -> sell. That is, a mindset of, "Selling what we make," rather than "Making what we can sell."

Production was king. It was boom time and factories struggled to keep up with demand. In this environment, companies often cut corners on quality and service on the basis of, "Like it, or lump it." Marketers would make exaggerated claims and promise things the products could not deliver, or that were of sub-standard quality.

Inevitably there was going to be a consumer backlash, something visionary President John F Kennedy foresaw in 1962 when he outlined his support for a Consumer Bill of Rights.

Things really kicked off in 1965 with the publication of "*Unsafe at Any Speed*," by Ralph Nader, who was to become known as "The most hated man in corporate America." He asserted that automobile manufacturers were knowingly producing vehicles that were unsafe, because they considered the

cost of re-designing and re-tooling too great. They were putting profit before safety.

Because this was such a high profile issue, it raised consumers' awareness of their power to demand change, and it didn't take the media long to realize there was mileage to be had here too. TV programmes championing the consumer's cause became a further thorn in the side of unscrupulous businesses.

Of course, these days consumer rights are taken for granted, and since 1985 have been enshrined in the United Nations Guidelines for Consumer Protection.

### **Modern Consumerism**

The production-led market model hit the buffers in the recessions of the late '70s and early '80s. Economists – and political economic advisers in particular – realized that constant growth required stimulation of consumer demand. Regan and Thatcher both extolled the virtues of “Every man for himself,” and the concept of working for self-gain as a primary driver, putting years of social convergence decisively into reverse gear.

Banks were encouraged to offer easy credit to consumers to keep fuelling the demand and keep our economies growing. Spending became our new civic duty.

This political ideology led to the Gordon Gekko mantra of “Greed is good.” And even though Gekko was a totally satirical character, a huge number of people didn't get it and still followed his greed creed.

The consumer-led economy was born!

### **The Drive to Consume**

But why do we feel this compulsion to consume? Why are we so obliging at getting our credit cards out to buy things we don't even need?

I believe it comes back to this issue of individualism, lack of community and our need to belong. Living as individuals, we feel that something is missing and look for ways of filling the void. It's so tempting and oh-so-easy to fall into the trap of “If I have that shiny new object, I'll be complete.”

So we buy. And guess what? We're still no different; we feel no better off for making our purchase. In fact we may feel worse because we expected to feel better so there's the added factor of disappointment.

But why don't we learn? Simply because the act of making a decision to buy releases a chemical called dopamine into the brain that temporarily make us

feel better. We get an immediate hit and experience a brief 'high' in exactly the same way as if we were gambling. And in a sense we are. We're gambling that this latest gizmo will actually do it for us, despite all rational evidence to the contrary.

And these days we have the double whammy of easy access to credit, and 24-hour shopping online. How can we resist?

This is another issue. With the constant bombardment of our senses with advertising messages, our willpower is eventually worn down. Sophisticated advertising strategies like retargeting mean that once we've viewed a product we are repeatedly presented with its image until we finally give in.

Even if we are strong-willed and manage to hold out, we'll often congratulate ourselves by making a smaller purchase instead: "Didn't I do well!"

On top of that, there's perhaps the ultimate motivation: social proof. This plays to the heart of that Maslovian belonging need. We identify with our 'tribe' and will tend subconsciously to adopt their uniform. If people like me are wearing those clothes, buying that phone, driving that car, then I want to too.

I DON'T WANT TO BE LEFT OUT! I DON'T WANT TO BE ALONE!

### **Quality vs Quantity Consumption**

Back in the 1930's the great economist John Maynard Keynes suggested there would come a time when increasing prosperity would mean everyone would have their own home, complete with indoor plumbing, and everything the needed. This, he felt could have catastrophic consequences for the economy as demand, once satisfied, would plummet.

Of course, in this instance he was wrong. When people have something, they want more of it. First two bathrooms, then an en suite in every bedroom, a second home for vacations, more clothes, more choice, more everything.

According to Nielsen Research, we've got to the stage where we now have more TVs than people. In 2010 the average US home had 2.93 TV sets compared to 2.59 people, and it's a similar story in the UK. Do we really need more than 1 TV set each?

But what happens when we've got enough of everything? That's when quality demand kicks in: we want to replace what we've already got with something better. And then we want more and more of the better product. Next we look at everything else we've got and it starts to look shabby compared to our new stuff. It need replacing with more and more of the better stuff.

If more and more isn't doing it for us, then what will?

What I find works for me is 'less and more'. That is, less stuff but much, much better quality. And way more expensive. Remember the quote at the start of this chapter: "What we acquire too cheaply we value too lightly." Paying more and buying things I actually value and will cherish, that will enrich my life and be a pleasure to use or wear.

There's a price value equation where the cheaper something becomes, the less we value it.

Here's something to prove the point. The more I charge the more successful my clients become. When I started out consulting I was way too cheap and no-one took any notice of my advice. Now I charge top dollar and my clients listen – they actually get better value by paying more!

There's another important factor at play here, and that's provenance – where the things we buy actually come from.

### **Understanding Provenance**

There's a myth – a complete misconception – that when we hand over our cash we are paying for a product. But once we understand what we're really paying for, it makes us much more aware of the impact our consumption has across the globe.

A few years back, Asda opened up a new supermarket in my home town of Frome, Somerset. *[As an aside, it was built against local wishes, and was located on the flood plain and soak meadows upstream of the town centre. After being continually denied permission, they ultimately appealed to the House of Lords and forced the development through. See the chapter on politics for more thoughts on this.]* Anyway, one of my daughters went to the store shortly after it opened and came back enthusing: "Dad, it's amazing! They've got jeans for only £4 a pair!" When I asked her to reflect on how amazing the person who made them might feel, how little they must have been paid to produce them so cheaply, it gave her a very different perspective.

So let's get this clear: when we buy a product, what we're actually paying for is the collective lifestyles of everyone who is connected to designing, producing, shipping, marketing and distributing it.

When we under-pay, we're squeezing those people's pay and lifestyles. In some cases we may think they're getting quite enough already, but everyone in the supply chain needs their cut and the ones who ultimately suffer are the people at the beginning – the farmers, factory workers or other producers.

That's why Fairtrade and other similar schemes are great. They guarantee producers a decent price – enough to live on and provide a contribution to local development such as schools, healthcare, irrigation schemes and so forth.

When left to market forces, producers often end up getting paid less than the cost of production, causing hardship and impoverishment.

Here's why that happens...

### **The Drive for Ever Cheaper Products**

In the West, we generally have reasonable standard of living. We've mostly been able to afford to pay our food bills each week or month without too many worries.

Consumers have not been taking to the streets protesting and demanding cheaper prices. Price is not really a problem.

So what's happening?

There's an over-capacity in the retail sector, and a structural over-supply of goods in the market. Most companies have ambitions to increase market share and base their buying decisions on forecasts that expect growth. If you add up all the forecasts virtually any sector, they will come out at significantly more than 100% of underlying demand.

Everyone's fighting each other to increase their 'share of wallet'. They want to get their hands on YOUR money. So, even though you're not actually expecting to get things cheaper, the pressure is on to lure you with promotions and price incentives.

We get cheaper prices not because we need them, but because companies are carving each other up in a constant quest for increased market share.

And to deliver cheaper prices, retailers have to squeeze their supply chains, leading to many situations where the prices they're demanding from producers are less than the actual cost of production. They actually expect producers to sell to them at a loss so they can entice you away from their competitors.

The end result is a zero sum game. They're all at it so they cancel each other out, making a lose-lose-lose.

In the UK, even the consumers are no better off because of the limited housing supply. If people have more spare cash as a result of lower prices, they can afford to pay more to try to outbid others in the housing market. House prices go up to take up the slack in people's disposable income.

### **Cradle to Grave**

So far we've looked at consumption from the perspective of buying things but there's also another consideration, and that's 'end of life', or what happens when we've finished with it.

Most of us are aware of issues on the supply side such as child labour, sweatshop factory conditions and so on. But when something's no longer of any use to us, we simply toss it in the bin, often without too much thought to any subsequent impact.

We can be hugely wasteful. The average UK household throws away around £500 worth of food each year. Shockingly, the environmental impact of stopping this waste would be the equivalent of taking 1 in 4 cars off the road.

According to Dana Gunders in her 2012 report for the National Resources Defense Council, 40% of food produced in the US gets wasted. All this rotting food is the biggest single contributor to US methane emissions. And if food waste could be reduced by just 15%, it would be enough to feed 25 million people.

But there's more to it than that. The resource implications are huge. Processing food that eventually just gets thrown away accounts for roughly one-third of the total US consumption of fresh water. Then there's all the agrichemicals used, the energy and emissions from the farming operations, the wasted transport and its related resource and pollution costs.

And that's just food.

Every time we discard something – electrical goods, clothes, toys etc. – if it's not been fully used we're guilty of wasting resources. If I throw away a shirt that's not getting worn out, I'm wasting a proportion of all the resources involved in its production, distribution and subsequent disposal.

In modern-day society we tend to discard things well before the end of their useful life. Probably our total waste from our consumption comes to well over the 40% indicated for food. We're forever replacing phones, clothes, shoes, fridges, cars and TVs in favour of newer models. We don't bother repairing things unless the replacement cost is prohibitive.

## **Conscious Consumption**

If all this consumption isn't actually improving the quality of our lives, what will?

Perhaps the reason we're not feeling any better is because we're not taking sufficient time to actually enjoy what we've already got, to really appreciate it. If we did that, we'd probably not be so attracted by the lure of the new.

There's a good reason this should be the case. When we're fully present and mindful, when we're grateful for everything we have – both the material and the intangible things like our relationships, health and our successes – what happens is we feel complete in that moment. We don't need anything else, we already have everything we need.

When that happens, we make our buying decisions based on what we need to maintain our wellbeing, or on how things will positively benefit our lives. As William Morris, the founder of the 19<sup>th</sup> Century Arts and Crafts movement put it, “Have nothing in your house that you do not know to be useful, or believe to be beautiful.” I would change that to read “Have nothing in you life...”

As well as being conscious of all the environmental and resource impacts of our consumption, we should also be aware of the human element. Some people believe that objects contain energy or ‘karma’. The idea is that a product made in a factory where the conditions are poor and the workers are miserable will have a negative energy, whereas something made with love and attention will contain positive karma.

Whether you buy into that or not, consider these two scenarios for making a cup of tea:

1. You put a tea bag in a cheap mass-produced mug, add boiling water, pour in milk straight from the carton and add some sugar out of the packet;
2. You make the tea in a hand-made pottery tea-pot, pour it into a unique hand-crafted mug (or bone china cup, depending on your preference) and add sugar and milk to taste from a beautiful sugar bowl and a jug that feels perfectly balanced in your hand.

The end result is the same. Or is it?

In the first, you’ve made a cup of tea to get down your neck. You’ve satisfied your basic physiological requirement and quenched your thirst.

But in the second the act of making the tea is transformed from a process to a pleasure as you connect to all these lovingly made crockery items. And when you drink holding that mug, you can feel its weight in your hand and admire its aesthetic quality as you savour the taste of your drink. Here we’re doing a lot more than simply nourishing our bodies.

We can treat life as a process and go through it mindlessly consuming our days until we drop off the other end. Or we can choose to savour it and be conscious, enjoying our moments by making good quality decisions that improve our lives without creating massive negative side effects for others.

When we become more conscious consumers, our lives – and the lives of those around us – begin to improve immeasurably.