

GREENCOMMERCE

SNAPSHOT OF A REVIEW OF LITERATURE AND POLICIES

This document summarises key findings from the project's first two research stages, conducted by the International Institute for Sustainable Development: (i) a review of literature analysing consumer attitudes, needs, and behaviours regarding product sustainability information in e-commerce and (ii) a review of literature and policies concerning consumer protection, product sustainability information, and digital policies, with focus on the European Union (EU), Chile, China, India, Republic of Korea, Morocco, and South Africa.

SUMMARY

E-commerce has grown significantly in recent years, reshaping how retail operates worldwide. This growth is due largely to growing technological awareness among customers, faster Internet connectivity through 4G and 5G technology, and increased mobile phone usage. The coronavirus pandemic has also spurred a dramatic increase in e-commerce globally over the past 2 years, which is a shift that is likely to become permanent.

Some of the products most sold through e-commerce channels have a high environmental impact throughout their life cycles. These products fall into categories such as foods and beverages, housing, mobility, household appliances, clothes, electronics, and personal care and hygiene.

E-commerce in the global retail market has a vast potential to influence consumption behaviours, given that e-commerce platforms sell a wide variety of products and reach consumers from all age groups. These marketplaces can make sustainable choices easier for consumers, namely by making product sustainability information more transparent and accessible.

While definitions vary, "product sustainability information" can be understood as scientifically proven information related to product attributes, such as origin, production methods, and characteristics. This term can also refer to the product's main impacts throughout its life cycle from economic, social, and environmental sustainability perspectives. Consumers can access this product's sustainability information through different channels and touchpoints. They can find this information online, including through social media, through television or radio advertisements and other forms of marketing, or in instruction manuals.

There are various methods to measure, assess, and communicate product sustainability information. Nevertheless, these tools are diverse and fragmented. There is no common agreement on which methods or tools are the most appropriate for measuring, assessing, and communicating product sustainability information to consumers in a standard way. For example, sustainability labelling schemes differ greatly in terms of covered products, criteria used, assurance systems, and reliability of claims. As a result, the United Nations One Planet network has developed related [guidelines](#) that set out five "fundamental" principles to convey product sustainability information to consumers: reliability, relevance, clarity, transparency, and accessibility.

On the consumer side, research shows that while consumers are becoming more sensitive to prices and prefer personalisation, they are increasingly willing to purchase more sustainable products. Nevertheless, many consumers have been unable to make the changes to shop more sustainably in practice. In turn, e-commerce marketplaces have tried different methods to communicate product

sustainability information and give consumers greater incentives to choose sustainable options. These initiatives are in their early stages and could evolve. However, they do not necessarily respond to consumer preferences and may not currently integrate the UN principles.

On the policy side, several factors point to the need for governments to become more involved in this area. For example, consumers have the right to know about the product's intrinsic properties. By definition, sellers have access to information that consumers lack. Several countries have consumer laws in place to address this information asymmetry, such as information requirements and warnings, which in turn influence consumer behaviour. In theory, that would imply that if sellers are required to provide sustainability information, then consumers would have an incentive to make sustainable choices. However, the literature shows that having access to this information is not enough to change consumer behaviour, implying that other policy tools and different practices from non-public actors may be needed.

To understand why this is the case and what policy tools could work, work was undertaken to review literature on consumer information and policies involving product sustainability information, consumer protection, and digital policies. This analysis was not meant to be exhaustive but was designed to give a clear sense of the trends and issues at play. In this context, the review looked more closely at policies in selected jurisdictions. The main region covered was the European Union, especially given the legislative proposals under discussion, as well as France's recent climate and resilience and anti-waste laws, which have provisions on product sustainability information. The review also covered relevant developments in Chile, China, India, Morocco, South Africa, and the Republic of Korea.

One trend that emerged from this analysis was that certain jurisdictions implement or are moving toward the principles of transparency, accessibility, and reliability in the area of online product sustainability information. Examples include the Republic of Korea's Framework Act on Consumers, France's anti-waste and climate and resilience laws, and Chile's regulations on e-commerce.

The review also looked at the EU's guidance on the Unfair Commercial Practices Directive (UCPD) from December 2021, which provides additional legal interpretation on questions such as the relationship between the UCPD and other EU legislation on topics such as environmental claims and planned obsolescence. The guidance also looks at the obligations that online platforms and marketplaces have to act with professional diligence and not mislead consumers through action or inaction. Other key topics that the guidance covers include enforcement and penalties.

Lastly, the review considered government initiatives to train traders on consumer protection and strengthen international cooperation, drawing from examples in the EU and the Republic of Korea, respectively.

In addition to identifying new policy developments in selected jurisdictions, the review also identified core elements, best practices, lessons learned, and gaps at a broader geographical level. It revealed fragmented policies and approaches globally, with significant differences between jurisdictions and consistent gaps that need to be addressed. Overall, eight key findings emerged:

1. More laws and policies have been developed worldwide to address sustainable production compared to sustainable consumption.
2. There is no horizontal legislation imposing mandatory requirements to disclose product sustainability information in a cross-cutting manner (integrating economic, environmental, and social elements).
3. The number of green claims made to consumers online has reached unprecedented levels, with studies suggesting that a proportion of these claims lack evidence.

4. Information policies have limits: other tools, such as legislation to regulate green nudging online, have yet to be developed in a systematic way.
5. It is often very difficult for consumers to know who they are dealing with in online environments: legislation that better allocates responsibilities and liabilities between traders and platforms on information provision is needed, and those that exist are at a rather early stage of development.
6. Today's legislative frameworks do not appear to be fit for purpose to address online consumer issues linked to artificial intelligence and big data, such as personalised advertisements, recommendations, and rankings.
7. In the absence of harmonised and standardised rules, terms, and methods to measure, assess, and communicate product sustainability information at the international level, policy-makers worldwide face challenges when protecting consumers, pursuing sustainability objectives, and regulating private sector actors that increasingly function across multiple jurisdictions.
8. Enforcing consumer rights remains a significant challenge due to a lack of adequate resources and prioritization of consumer rights.

This review will help to determine the optimal type and level of sustainability information that could steer online consumers toward more sustainable products, as well as provide preliminary options for policy pathways and stakeholder commitments that could help achieve this objective. The outcome of this research – more details of which will be shared in the final report – will inform the project's next phase, where global stakeholders of different types will weigh in on the issues described.