

Eight key trends in Carbon consumption.

Give your business strategy the competitive edge.

Hugh Jones, Managing Director, Business Advice, investigates the trends impacting your business

Regulatory pressures, the need to improve efficiency and save money, and the promise of reputational gain have driven many large organisations to look at how they can measure and reduce carbon in their own business. As carbon reduction becomes co-opted into business strategy, organisations seeking competitive advantage in the low carbon economy should start thinking now about how consumption habits amongst their suppliers, partners and customers will develop over the next decade, with collaboration likely to be at the forefront. Here are eight key trends Carbon Trust [Business Advice](#) experts predict will have an impact over 2013 and beyond:

1. Demand outstrips supply.

Demand for certain products will exceed supply and force prices further upwards for some commodities. For example at current rates, the world supply of phosphorus (used in fertilisers and steel production) will run out within 30 years and helium (used in cryogenics) within 15 years. Companies which creatively use alternative resources and redesigned products are more likely to be commercially successful in the long run.

2. The move from production-based accounting to consumption-based accounting.

Today, the majority of countries take a national view of their carbon and use a production-based method of accounting, which attributes embodied emissions on imported goods to the exporting rather than importing country. A [consumption-based approach](#) which attributes emissions to the importing country would encourage developed countries and importing organisations to consider the planet's resources as a whole and their impact on the developing world. Over the next few years, expect big business to be increasingly proactive about choosing suppliers who can demonstrate lower carbon emissions and to factor in carbon when making purchasing and sourcing decisions.

3. A global crash diet?

Rapid population growth is eroding the soil and increased demand for meat is also carbon intensive. Over the next few years, we'll see new approaches to food production and farming, and innovation in the ingredients being used.

4. More sophisticated technology.

Advances in modelling and automation will evolve to help organisations pinpoint use of specific resources and carbon. Prior to regulation such as the [CRC Energy Efficiency Scheme](#) in the UK,

organisations lacked effective tools for footprinting their carbon, but with increased focus on software development, expert tools will become increasingly available to help track emissions of individual products.

5. More efficient production.

Production techniques will inevitably become more efficient as embodied carbon becomes more important. Companies such as GlaxoSmithKline are already making capital investments to [adapt pharmaceutical production techniques](#) to make better use of ingredients, reduce wastage, improve energy consumption and reduce carbon impact.

6. Collaboration with suppliers.

Organisations will increasingly recognise the need to work with suppliers, not just to cut carbon from the supply chain, but to discover new ways of working, to enable more efficient use of resources, and uncover potential cost savings. Organisations that are willing to co-invest with their suppliers, e.g. in new machinery, staff training, and who take a proactive approach to supplier engagement, will reap the rewards.

7. Collaborative Consumption.

There is resurgence in interest at a grassroots level for the community wide sharing of products and skills, rather than their specific ownership. This emerging trend, together with the current increased interest in resource efficiency, is encouraging organisations to examine their own business models to consider how they can capitalise effectively on this evolving relationship with consumers.

8. Waste not, want not.

With increasing resource costs, companies are looking to re-use materials, increase [resource efficiency](#) and minimise waste, both during production, and also by reclaiming products at the end of life stage. Entrepreneurial thinkers will examine how they can build a business out of reusing natural resources and products. The market for refurbished, reusable consumer products will also grow, necessitating a new approach to the way business models are designed. There will be increased emphasis on designing products that last longer - clothing company Patagonia has introduced its 'Common Threads Initiative' which actively encourages customers to repair, reuse and recycle its products.

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