



## POLICY BRIEF

Mistra Sustainable Consumption is a research programme that aims to stimulate a transition to sustainable consumption by generating in-depth knowledge on how niche sustainable consumption practices can become mainstream in the areas of food, vacation and furnishing. The programme examines sustainable consumption practices and develops roadmaps for how they can be scaled up from niche to mainstream by policy makers, business, civil society organizations and citizen-consumers.

This brief is part of a series that summarizes results from our research in an accessible way. The research is part of Mistra Sustainable Consumption that is funded by Mistra – The Swedish foundation for strategic environmental research. However it is the authors of the brief who are responsible for the content and conclusions.

Read more about Mistra Sustainable Consumption at our webpage:  
<https://www.sustainableconsumption.se/>

# Business Models to Mainstream Sustainable Consumption Practices



## Summary

The future will demand new business models that capture value for consumers, shareholders, and stakeholders, including future generations. Those businesses that engage with today's sustainable consumption niches early increase their chances to be at the forefront of future profitability and growth.

Following the steps set out in this brief can help companies to identify practices that have the potential for profitable growth beyond the niche, and to reduce risk in developing the corresponding business models.

**Businesses have a promising role to play in the process of turning a promising niche into an offer that delivers value to the masses.**

## 4 steps to mainstream sustainable business models

1. Identify consumption niches with potential
2. Understand the value creation process that enables the niche
3. Identify the barriers that can prevent successful mainstreaming
4. Work with stakeholders to overcome these barriers

**Sustainable Business Models** are business models that create significant positive (or significantly reduced negative) impacts for the environment and society, through changes in the way the organisation creates, delivers and captures value. An innovative sustainable business model manages to do so by creating a competitive advantage through superior customer value and contributes to a sustainable society. This type of business model seeks to align the interests of all stakeholders. However, the challenge is to design business models that allow companies to capture the economic value and at the same time to deliver social and environmental benefit.

For a sustainable business model, these innovations in value creation can build on *efficiency-focused improvements* or *sufficiency-based changes*. Value can be captured by deploying organisational competencies in new ways or developing new competencies for creating value propositions that are not only economically viable, but also environmentally and socially beneficial. It is debatable whether a sustainable business model needs only to achieve relative improvements in the consumption it replaces, or absolute improvements in overall impact from consumption patterns and levels are needed.

**Efficiency-focused business models** represent the idea that more can be done with less, i.e. that consumption habits can remain intact as long as society manages to radically improve the efficiency with which we achieve current and future consumption levels.

**Sufficiency-focused business models** are those that facilitate consumption practices that require lower overall consumption levels. They are rare and more difficult to implement successfully. Nevertheless, efforts have been made to achieve proof-of-concept for some ideas developed recently. Some promising sufficiency-focused business models mentioned in literature are premium pricing models<sup>i</sup>, education- and consumer engagement-focused models, or demand reduction services<sup>ii</sup>.

Ultimately, both efficiency- and sufficiency-focused business models will be necessary to achieve consumption levels in the future that are sustainable in the light of all

environmental and social challenges currently faced by society.

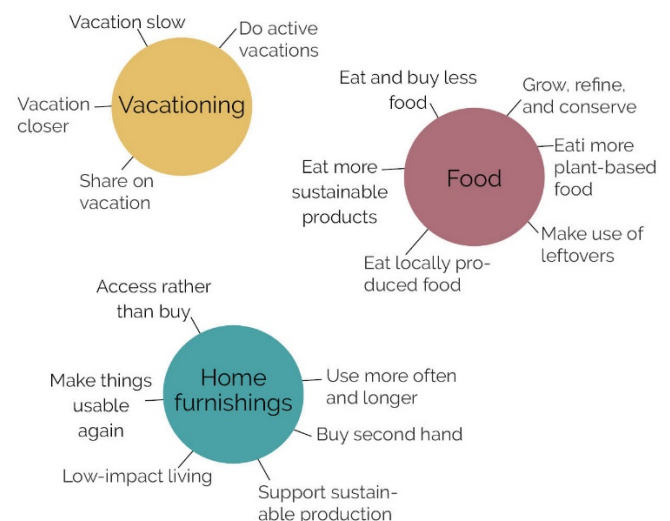
## Mainstreaming of sustainable business models

For a sustainable business model to have an impact on consumption patterns, it either has to be scaled up (i.e. expand the customer base) or to be multiplied (i.e. replicate the business model in different settings). Which of these paths is more fruitful and how the mainstreaming takes place depends on the specific context of the business model. To mainstream a sustainable business model, we have identified four steps to go through.

### Step 1: Identify consumption niches with potential.

Consumption niches most often emerge spontaneously as a result of stakeholders with a similar interest coming together. Often these niches lack efficiency but have high levels of consumer engagement. They offer a test-bed for business models to be developed that not only satisfy the niche demand, but also can prove economically profitable.

The Mistra Sustainable Consumption project has mapped about 700 examples of sustainable consumption practices in the fields of food, vacationing, and home furniture. These practices were analysed and grouped into clusters. Not all of these practices lend themselves equally well to be mainstreamed with the help of a business model, however all provide a case for a business model to create and capture value.



## Step 2: Understand the value creation process that enables the consumption niche

An innovative sustainable business model can either create a new market or allow a company to develop and exploit new opportunities in existing markets. For each sustainable consumption niche to grow into a successful sustainable business model, one, therefore, has to ask:

- What value is provided and to whom?
- How is the value provided?
- How does the company make money and capture other forms of value?

### Value proposition

1. Product/service
2. Customer segments & relationships
3. Value for the customer

*What value is provided and to whom?*

### Value creation and delivery

4. Activities
5. Resources
6. Distribution channels
7. Partners and suppliers
8. Technology and product features

*How is value provided?*

### Value capture

9. Cost structure and revenue streams
10. Value capture for key actors
11. Growth strategy

*How does the company make money and capture other forms of value?*

## Step 3: Identify the barriers that can prevent successful mainstreaming

For a consumption practice to become mainstream, it has to be sufficiently aligned with the mainstream economic and societal system to break through the boundaries of the niche and gain mainstream acceptance. Innovative businesses often play a vital role in this process.

Barriers to mainstreaming can be grouped into five different groups, and each practice needs to be studied individually to identify the primary barriers preventing the practice from being mainstreamed.

| Barriers                    |   |
|-----------------------------|---|
| <b>Cultural</b>             | Attitudes<br>Values<br>Norms<br>Dominant social paradigms               |
| <b>Behavioural</b>          | Routines<br>Habits<br>Cognitive limitations                             |
| <b>Market and financial</b> | Customer acceptance<br>Willingness-to-pay<br>Available loans/investment |
| <b>Regulatory</b>           | Economic incentives<br>Rules and regulations                            |
| <b>Structural</b>           | Infrastructure<br>Institutions  |

## Step 4: Work with stakeholders to overcome these barriers

Collaborating with stakeholders to exchange information, knowledge and experience to facilitate an interactive learning process is crucial for the mainstreaming of sustainable consumption practices. For sustainable business models to thrive in mainstreaming sustainable consumption practices, first they need to prove successful in a niche, and then they need to succeed in mainstreaming the practice.

For a sustainable consumption practice to become mainstream, institutional and cultural changes are often required, necessitating changes both at the niche and mainstream levels. Sufficiency-business models, in particular, need multi-stakeholder agreement and support to be able to develop and survive beyond the niche, as they often challenge the current dominant logic of growth-based economic systems. This often requires the process of developing networks of like-minded actors. It is suggested that a way to move from niche to mainstream is first to identify suitable conditions to replicate the niche in other contexts and thus create multiple niches for the same business model to succeed before it can be adopted in mainstream society.

## Further reading

- Lehner, M., Schoonover, H., Mont, O., Bradley, K., Kamb, A., & Svenfelt, Å. (2019). *Att inreda hållbart? En kartläggning av vad hållbar heminredning kan innebära*. Mistra Sustainable Consumption, Rapport 1:1. Stockholm: KTH.
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- [The Swedish EPA provides interesting information on a related industry; the textile and fashion industry \(in Swedish\).](#)

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## Notes

- <sup>i</sup> Sufficiency-focused premium-pricing models rely on the idea to re-direct disposable income from material to immaterial values, and thus reduce the material impact per unit consumed while preventing income to be spent elsewhere. Premium furniture, for example, will both be more durable and a larger share of the purchase value will be paid for immaterial values such as brand value, status, design, etc.
- <sup>ii</sup> Demand reduction services describe business models building on being paid for helping other businesses or individuals to use resources more efficiently. Obvious cases are being paid to make energy or water use more efficient, but one can even imagine services that help use households to make better use of the items they own rather than to purchase new items.

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