



Policy Recommendations Brief

Financing Our Sustainable Future Roundtable Series: Influencing Arab Youth Consumer Behaviours

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INTRODUCTION

The rise of consumerism is a global phenomenon characterised by the excessive purchasing, consumption, and disposal of goods and services. Thought to stimulate economic growth and development and maximise profits, consumerist behaviours have been encouraged to drive individuals to spend. These habits have now become normalised across both developed and emerging economies, creating consumerist-based economies and impacting all engaged individuals – including youth. In fact, a report by YPulse estimates that millennial and Generation-Z consumers had a combined purchasing power of almost \$3 trillion in 2020¹, with the bulk of this spending volume attributed to millennials – those born during the early 1980s and mid-1990s.

This statistic becomes particularly interesting when discussing Arab youth. The Arab World is one of the youngest regions of the world, with over half of its population of almost 450 million – around 55% – aged under 30 years². These 200 million Arab youth have needs and wants and are naturally mass contributors to the Arab World's economy and its consumer demographic, both today and in the future. While these 'consumers' may be enablers of the region's economic activity, the consequences of consumerism pose a threat to the region's sustainability goals and targets. Effects on the environment, its biodiversity, and its ability to propel climate change are a few causes of concern for the climate-vulnerable Arab World.



This challenge, and the tug-of-war between the need for economic growth, youth consumerist habits, and the sustainability impact was the central focus of this policy roundtable which included attendance from the UAE Ministry of Climate Change and Environment, the Abu Dhabi National Oil Company (ADNOC), HSBC, Alshaya Group, Apparel Group, Chalhoub Group, Rotana Hotels Group, Microsoft, Americana Group, and Majid Al Futtaim – Carrefour, and start-ups including Rawan Maki Design House, and intergovernmental organizations including the UN Resident Coordinator Office.

1. (January 09, 2020). Millennials & Gen Z Teens' Combined Spending Power is Nearly \$3 Trillion in 2020. YPulse.

<https://www.ypulse.com/article/202009/01/millennials-gen-z-teens-combined-spending-power-is-nearly-3-trillion-in-2020/>

2. 'Young people in MENA. Coming of age in a context of structural challenges and global trends'. <https://www.oecd-ilibrary.org/sites/3ced02bf-en/index.html?itemId=/content/component/3ced02bf-en>

ROUNDTABLE KEY DISCUSSION POINTS

The main question that the roundtable discussion focused on was:

How can we influence Arab youth to become more sustainable consumers?

The main points that were discussed during the roundtable were the following:

1. Awareness of sustainability issues is a critical predecessor to focus on the market availability of sustainable products

Prior to addressing the availability and production of sustainable products, Arab youth must be made aware and educated on the principle, benefits, and necessities of sustainable consumption. Given that demand fuels supply, this is critical to creating sustainable markets and incentivising the private sector by influencing and redirecting the sizable buying power of the region's youth.

2. Awareness and knowledge must be integrated into youth's learning journeys (mainstream education)

Raising awareness and instilling sustainable consumption habits (including reducing consumption and promoting recycling) among youth must be implemented throughout their academic journeys. It is too important, and indeed too complex, to be left to civil society and social media influencers to deliver this knowledge and content. Eco-literacy should be part of the skills the youth learn alongside STEM, Arts, and Physical Education.

3. Alliances and private sector platforms should be leveraged by the private sector to develop youth-dedicated pledges and commitments

With COP28 coming to the UAE in 2023, and with various private sector groups such as the Net-Zero Alliance for the Sustainable Development Goals, private-sector companies could capitalise on these platforms to announce long-term and cross-border strategies and plans that create a more proactive role and presence for Arab youth during the decision-making processes

4. The issue of sustainable consumption cannot be isolated and solved on its own, it is a complex system

When addressing challenges to sustainable consumption, especially in the context of Arab youth consumers, a systems-thinking approach must be adopted such that issues from all sides including demand, supply, and regulation are communicated – micro-solutions (small interventions, moving bottom up, and targeting a specific aspect of consumption) have been proven time and time again to be ineffective in driving behavioural change.

5. Regional start-ups and SMEs that focus on sustainable consumption need to be empowered and supported

There is a general lack of regional start-ups and SMEs whose production and retail goals align with sustainable consumption, thus more of these entities must be encouraged and enabled, and those which exist (that focus on producing goods locally or producing sustainable consumer goods such as clothing or furniture) must be supported. This support must come from both government (in terms of incentives) and the private sector (in terms of venture and growth capital).

6. Investment in infrastructure and greater transparency are needed to build trust

Building trust between companies and young Arab consumers is essential to promoting a sustainable economy. Thus, greater transparency in product sourcing, manufacturing, and even disposal processes could help foster a culture of sustainable consumption, while developing the necessary infrastructure could help young consumers overcome their scepticism and recognise the influence of their decisions. This trust is key for designing certifications that distinguish sustainable companies or retailers from others. This would include a set of criteria that may entail details such as the availability of sustainable products, transparency in the supply and value chains, disposal methods, and many other factors that could be developed to provide retailers with a certification or standard that would deem them as "sustainable" – this should also include a concrete and unanimous agreement on the definition of sustainability

7. Circular and sharing economies with sufficient regulation are a must

Catalysing circular economies (which depend on principles of reusing and recycling materials) and sharing economies (P2P economic models – mostly guided by individuals within a community for instance thrift shopping) and making them "trendy" are essential in boosting sustainable consumption amongst Arab youth. This could also include reputable and well-regulated repair markets. Systems that offer licensing to ensure the genuineness of spare parts and products, the credibility of the repair entity, and the capacity of the skilled labour to conduct the repair must be put in place to build consumer trust with repair entities.

8. Leveraging influencers and social media are key to maximising outreach and delivering the message of the need for sustainable consumption

When discussing Arab youth, one of the most effective tools to influence their behaviours is the use of social media and influencers to actually drive that change. There are many 'hidden' young champions of sustainability in the region who should be provided with a platform to raise more awareness on such issues.

POLICY CONSIDERATIONS

1. Creating programmes for behavioural change

It is clear that the single most important factor is educating Arab youth on sustainable consumption, and it is essential that instilling these values starts early – particularly during a student’s K through 12 academic journey.

2. Reducing green premiums and making sustainable products more affordable to youth consumers

It necessary to promote the growth of venture-capital funds directed to climate-tech start-ups from leading investors. This will only happen if there is a clear and concerted effort (possibly led by a partnership between governments and banks) to ‘educate the money’ and create programs to appeal to and pique the interests of high net-worth individuals, philanthropists, and venture capital limited partners (VC LPs) such that they are keen to invest in the climate change agenda.

3. Promoting “sustainability as a second language”

Arab youth no longer have the luxury of neglecting climate change. Campaigns in partnership with the public and private sectors are needed to ensure that sustainability and climate action become a ‘second nature’ to young Arabs across the entire region.

4. Designing a ‘shared economy strategy’

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5. Create a dedicated initiative for sustainable goods and services

A ‘Green Co-op’ Initiative could boost sustainable consumption from both the producer’s and the consumer’s sides. Consumers would be more encouraged to purchase goods and services at a discounted rate in a single allocated space or through collecting reward points. Producers (or retailers) would also be more encouraged to comply with ‘Green Coop’ requirements to attract a wider consumer base and potentially increase bottom lines.



This document has been prepared by Posterity Institute as the knowledge partner for the Arab Youth Council for Climate Change.

Posterity Institute is a think tank based in the United Kingdom and the United Arab Emirates that focuses on fostering partnerships between the public and private sectors through designing initiatives that drive sustainability, enabling the regional climate-tech ecosystem, and creating a hub for ground-breaking research in economic inclusion, climate change, and leveraging technology for intergenerational wellbeing, the Institute’s three core pillars.