**Ethical Consumption**

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**Citizen Consumer**
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This article is part of Citizen Consumer, a forum on using ethical consumption for social change

June 29, 2007 I waited in line for hours-something I hadn't done since college rock-concert days-for the privilege of purchasing a first-generation iPhone. From the increasingly frenzied media coverage, I knew everything about the phone's specs: its processor, memory, screen size, camera resolution, software. But I knew virtually nothing about the story behind the phone. I didn't know where it was made, by whom, or with what effects on the environment, workers, communities, even my health.

My ignorance began to change as Greenpeace and other nongovernmental organizations (NGOs) launched campaigns highlighting Apple's use of toxic chemicals and the iPhone's contribution to the growing problem of "e-waste." By August 2009 reports started to surface in China about worker illnesses at a factory owned by Wintek, one of the contractors producing iPod and iPhone screens. In January 2010 Wintek employees went on strike over poor conditions, exposure to toxic chemicals, and resulting illnesses. Later that spring Chinese newspapers reported a spate of worker suicides at the Shenzhen factory of one of the main suppliers for iPhones, Foxconn.

Apple, revered as one of the world's most innovative consumer-products companies, almost overnight became a symbol of worker exploitation. Apple's core customers, usually unwavering in their loyalty, debated the scandals on blogs such as Apple Insider and Mac Rumors. After the Foxconn suicides, the technology critic Joel Johnson concluded in Wired:

    I can no longer look at the material world as a collection of objects but instead see interfaces, histories, and materials. . . . When 17 people take their lives, I ask myself, did I in my desire hurt them? Even just a little? And of course the answer, inevitable and immeasurable as the fluttering silence of our sun, is yes.

Apple was forced to respond to these concerns. In June 2010 Tim Cook-then the company's chief operating officer and now its CEO-was dispatched to China to inspect Foxconn with a team of auditors. Foxconn quickly announced a 30 percent pay raise for their workers, which Apple partly funded out of reduced profits on iPads and iPhones. In February Apple released a "Supplier Responsibility Progress Report" that documented rates of noncompliance in their supplier factories, admitted worker illnesses at Wintek, acknowledged that Apple had been forced to terminate contracts with three suppliers, and discussed the company's response to the suicides at Foxconn. Past reports had not so much as acknowledged the names of suppliers. In August, in what the Financial Times called a "highly unusual move for Apple," the company agreed to sit down with environmental critics in China to talk about pollution from its suppliers.

In the past, scandals such as these would probably not have reached the public's attention. Few outside of the byzantine world of global supply chains had ever even heard of Foxconn, despite its position as the world's largest manufacturer of electronics. But today a global network of labor and environmental activists helps to bring such stories to the mainstream. And as consumers become aware of labor and environmental issues, they seem to care more.

It is tempting to write off such avowed interest. Survey after survey shows that 30-70 percent of consumers want to buy greener, healthier, more socially responsible products, but there is a massive gap between what consumers say they care about and what they actually buy. Yet it would be an error to disregard consumers as agents in creating more just and green manufacturing and supply chains. In the United States almost 70 percent of GDP is driven by what the government calls "personal consumption expenditures," a sizable portion of which is consumer products.

Not only do consumers have clout, but traditional state and intergovernmental regulation has failed to ensure ethical manufacturing. Global production systems continue to challenge the capacities of states, international organizations such as the United Nations, and NGOs to curb labor and environmental exploitation and human rights violations. Complex cross-border transactions, rapid movement between suppliers, and limited transparency have made it virtually impossible for national governments to regulate global production. The U.S. government does not regulate the production methods of U.S. firms operating in other countries (in part because of WTO rules), and the Chinese government has shown little inclination and even less capacity to regulate companies such as Foxconn, which is now China's largest private employer. NGOs, which are effective in advancing transparency and alerting consumers to problems in supply chains, are less able to monitor and enforce compliance with global standards and, aside from the threat of public exposure, lack mechanisms with which to incentivize supply-chain improvements.

Even in low-tech industries such as apparel, the supply chains linking the cotton fields of Uzbekistan to weavers in Southeast Asia to cut-and-sew operations in China have been more effectively influenced by consumer-focused campaigns than by national governments and international organizations. Consumers have directly targeted global brands, including Nike, Gap, and Levi's. Similarly, in electronics, consumer campaigns in the United States and Europe have done more to focus attention on resource conflicts in Africa (particularly those surrounding tungsten, tin, and tantalum coming from the Congo), water pollution, and labor rights in China than have government initiatives. Even when governments regulate-as the U.S. government has via new reporting requirements for conflict minerals-they often do so only after the launch of consumer-focused campaigns.

Consumer campaigns have more effectively influenced manufacturing than has government regulation.

Consumers thus emerge as a crucial point of leverage: they can provide muscle for NGOs by generating feedback that can harm sales of global brands, pressure companies to change suppliers or to demand improvements, and create market opportunities for "better" products. Roberta Sassatelli paraphrases fellow sociologist Ulrich Beck, who has argued:

    If modernity is a democracy oriented to producers, late modernity is a democracy oriented to consumers: a pragmatic and cosmopolitan democracy where the sleepy giant of the 'sovereign citizen-consumer' is becoming a counterweight to big transnational corporations.

Consumers, however, are mostly still sleeping and are rarely truly sovereign. We are often irrational and driven by habit, fear, and concern for status. But while consumers may not be the all-powerful citizens voting with their dollars that Beck and others hope for, we do have agency. And under certain conditions and given certain decisions, we can be reflective and sometimes even political.

The critical question is how big a role do consumers actually play, and can we do more?

What Is Ethical Consumption?

Calls for ethical consumption have existed since the early days of capitalism. The patriots who organized and participated in the original Tea Party boycotted British goods and encouraged coordinated consumer action. In the 1890s consumers leagues-which would in 1899 coalesce as the National Consumers League-issued "white lists" to help consumers identify companies that treated their workers fairly. A continent away Gandhi's Swadeshi movement called for Indians to buy Indian-made rather than British products.

Ethical consumption today covers a wide range of issues and agendas. Fair trade and organics are the two most prominent areas of concern, but ethical consumers also care about sweat-free, locally made, union-made, and environmentally friendly products; artisan production; collaborative consumption-sharing instead of buying; slow food; farmers' markets; do-it-yourself manufacturing; non-genetically modified (GMO) food; humane animal treatment; and voluntary simplicity.

Some of these approaches have rightly been criticized. Jo Littler, author of Radical Consumption, summarizes the complaint against ethical consumption as a panacea for middle-class guilt . . . an individualistic form of politics, a means through which neoliberal governments encourage consumers to become 'responsibilised' amidst the atrophying of wider social safety nets.

But ethical consumption can also be an arena of political action and contestation, a place for politics to occur where they normally do not or where traditional politics have failed.

Ethical consumption initiatives ask consumers to take a stand on big issues such as global trade relations, poverty in developing countries, local economic self-sufficiency, environmental sustainability, workers' rights, and animal rights. Ethical consumption may mean buying different products-greener, healthier, more socially responsible-and it may mean lifestyle changes, such as consuming less, producing one's own goods, and sharing goods. These can be status-oriented, eco-chic consumer choices, or part of larger efforts to transform consumer cultures for the benefit of workers and the environment.

Health promotion is often a component within the broader rubric of ethical consumption, as personal health is connected to environmental issues and is an entry point for consumers into larger debates about consumption. NGOs increasingly focus on personal health as a means to achieve community and eventually planetary health. Organics are just one example. Many consumers think of organic certification as an indication that a product will be healthier because it does not contain synthetic pesticides and fertilizers. This may be true, but organic certification has more to do with farming practices, ecological impacts, and worker exposures than with consumer health.

A Booming Market

By almost any measure, the last five years have seen a staggering growth in ethical consumption.

U.S. sales of organic food and beverages rose from $12.6 billion in 2005 to $21.4 billion in 2009, growing more than 10 percent per year while conventional food and beverage sales were flat. Sales of ethical personal-care products grew from $5.3 billion in 2005 to $8.1 billion in 2009. In 1992 935,450 acres of U.S. farmland were planted with organics, rising to 4,815,959 acres in 2008. As of 2010 there were 6,132 farmers' markets operating in the United States; in 1994 there were 1,755. In Europe sales of fair trade-certified products grew from ¤220 million in 2000 to ¤3.4 billion in 2010. Sales of local food, which travels less than 150 miles from source to table, rose from $4 billion in 2002 to $7 billion in 2011.

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Overall sales of ethical products are expected to reach $57 billion by the end of 2011, sustainable apparel will hit $11 billion, and green cleaners $600 million. The U.S. market for LOHAS (lifestyle of health and sustainability) products is estimated at more than $200 billion.

Major corporations have watched this growth closely and jumped into the green, natural, sustainable, socially responsible space. Toyota Prius sales rose from 3,000 cars in 1997 to 28,000 in 2002 to more than 400,000 in 2010. Whole Foods sales grew from $90 million across ten stores in 1991 to $9 billion across 300 stores in 2010. Clorox Green Works went from zero to $100 million in sales in 2008 alone, Burt's Bees from $190 million in 2006 to $310 million in 2008, and Kashi cereal from $25 million in 2000 to $600 million in 2009.

New-product introductions are growing even faster than sales. In 2010 there were 72 percent more introductions of green packaged foods than in the previous year and 78 percent more introductions of green beverages.

Demand for ethical products is spawning entirely new brands, such as Product (RED), and business models. The apparel industry has been shrinking in many developing countries since the end of the Multi-Fibre Arrangement in 2005, yet in just its first year of operation, 2010, one new sweatshop-free company went from zero sales to distribution at 350 universities.

Alta Gracia, which was built on years of organizing by the anti-sweatshop community, focuses on ethics and transparency. As John M. Kline, an international business expert at Georgetown University, describes it, Alta Gracia seeks to "help workers escape poverty rather than just avoid exploitation." All of the company's apparel-which is targeted at the collegiate logo market-is produced in a single factory in the Dominican Republic. The company pays its workers a living wage-more than three times the legal minimum-has encouraged the formation of a union, and meets the highest health and safety standards in the country. The factory is also regularly monitored by the Workers Rights Consortium, a leading labor rights organization. Alta Gracia interacts directly with consumers, who have a chance to monitor the company's work. For example, students in the United States can Skype with workers in the factory, interview them live about their conditions, and learn about the effects of these jobs and wages on the community of Villa Altagracia. This takes Alta Gracia beyond even fair trade initiatives in connecting consumers and producers.

U.S. college students, their families, and collegiate athletics boosters are the key to Alta Gracia's model. These consumers have to care about, believe in, and act on their values by buying Alta Gracia T-shirts and sweatshirts, which cost more than comparable products, or the brand won't survive and thrive.

Creating Ethical Consumers

While the sales numbers and brand growth are impressive, surveys indicate that there is significant room for growth in ethical consumption. Even the most popular ethically produced goods-such as organic milk and fair trade coffee-still only represent 1-5 percent of their wider markets.

Consumers report a much higher propensity to purchase healthy, green, and socially responsible products than sales show. When the Hartman Group, a survey research firm, asked U.S. consumers how often they base purchasing decisions on "concerns for issues such as the environment and social well-being," 76 percent indicated that they consider these issues at least "sometimes." In a survey by market researchers Mintel, 73 percent of respondents asserted that they are willing to pay a premium for green products, 44 percent said they consider the "greenness" of supermarkets, 31 percent of dry cleaners, and 29 percent of hotels and restaurants. In 2005 Datamonitor, another market research firm, found, "67 percent of consumers in the US and Europe claim to have boycotted a food, drinks, or personal care company's goods on ethical grounds."

With roughly two-thirds of consumers saying they care, why is ethical consumption so minimal and so rarely transformative?

David Vogel, a skeptic of ethical consumption, argues that beyond the narrow range of the population who really care and are already buying the products that match their values, consumers can't be counted on. In The Market For Virtue, he cites a study suggesting that consumers will only buy a greener product [if] it doesn't cost more, comes from a brand they know and trust, can be purchased at stores where they already shop, doesn't require a significant change in habits to use, and has the same level of quality, performance, and endurance as the less-green alternative.

This might indicate that the people who say they care are, to put it bluntly, lying. People don't want to admit to survey researchers that they don't care about climate change or workers, so they exaggerate their concerns. But there are other reasons consumers do not act even when they have strong ethical beliefs.

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A significant portion of consumption is more or less automatic; people just buy what they have always bought. Habits, routines, social cues, and heuristics are all critical to getting us through our busy and information-overloaded days. Consumers often accept the "default" option available in their local retailer, which usually isn't the most ethical.

Consumers are also influenced by sophisticated brand and retail marketing that might induce non-ethical purchases. Through new tracking mechanisms such as browser fingerprinting, location-based identifiers, behavioral tracking, and supercookies (an advance on the common strategy whereby Web sites follow users' activities online by installing small files called cookies on their computers), online marketers use both consumers' real-time actions on Web pages and their detailed personal data to figure out which products they're most likely to buy. Retailers then put those products in front of them on their screens.

With loyalty programs, brick-and-mortar retailers, too, monitor what you buy, when you buy it, and how much you are willing to pay. These retailers are now experimenting with high-tech tracking and behavioral targeting in the aisles. A company called Video Mining helps grocery stores install systems that use more than a hundred ceiling-mounted video cameras to track and analyze customers' precise movements, how they navigate the store, what they pick up, whether displays attract them, how long they spend in each section, how a change in packaging influences them, and what they ultimately purchase.

Even when consumers can ignore this direct manipulation, they rarely have the information they need to act on their ethical preferences. Consumers regularly report feeling simultaneously overwhelmed with too much information (a thousand shampoos to choose from), and limited by not having access to critical information (what hazardous chemicals might be in the shampoos).

Advancing more ethical consumption means taking on the constraints of habit, status, manipulative marketing, and information deficits. Progressive companies have a large role here. Just as retailers might manipulate consumers away from ethical purchases, progressive companies, along with NGOs, might promote them by marketing the value of ethical behavior.

One response to consumer habit is to offer default products that match peoples' interests and are better for the environment and workers. In a sense, retailers such as Whole Foods seek to offer this improved default and to convince consumers that everything in their stores is healthy and sustainable, although that isn't always the case. Companies are also increasingly selling ethical products by emphasizing the qualities that people already value in their purchases. Organic and local food have come to stand for healthfulness and better taste. The Toyota Prius offers reliability, energy (and cost) savings, and status. Patagonia jackets are well-made, stylish, and, again, high-status.

Using status concerns to promote ethical over conventional products works particularly well when people are shopping "in public"-that is, for products that other people can see, such as the Prius. These public products actually sell better when they cost more, a component of the status effect. Marketing and NGO educational campaigns use these dynamics when they feature a movie star such as Leonardo di Caprio driving a Prius, helping to create desires that include ethical attributes.

The primary response to manipulation is to arm consumers with tools that help them affirm and act on their values in the marketplace. NGOs can take the lead here. The authors of The Myth of the Ethical Consumer (2010) find that "individuals who can recall the social features of their last purchase are more likely to utilize social features in their decision model." This suggests that consumers can be held accountable to their own stated values and preferences. Simply reminding consumers of their self-proclaimed commitments can be a powerful counterweight to conventional marketing messages.

NGOs have also been successful in combating the worst forms of manipulation and "greenwash," whereby claims of sustainability are used to market unsustainable products. Web sites and YouTube channels regularly mock the most egregious assertions of global brands. The threat of a viral video takedown has raised the cost of direct manipulation.

Finally, social influence is also incredibly powerful in determining shopping decisions, and might be harnessed to positive effect. People are more likely to buy ethical products if others around them are. And this arrangement need not be limited to the physical environment of a farmers' market or Whole Foods: the lonelier confines of online shopping might also become an arena of beneficial social influence if social-networking tools can be brought into the online shopping experience.

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NGOs and progressive companies should be involved in all of these methods of advancing ethical consumption: giving consumers information on the effects of their purchasing decisions, showing them that people like them care about these issues, offering ethical alternatives that match their values, and showing them the direct outcomes of their purchasing decisions, as Alta Gracia does with its Web-based links between individual consumers and factory workers. People are more likely to buy ethical products if they believe their choices have an impact.

A Way Forward

Serious work is required to scale up the most promising forms of ethical consumption and block greenwash. A number of initiatives-Evo, Alonovo, Skin Deep, Greenopia, ShopWell, Ethical Consumer, Project Label, KnowMore, Zumer, Climate Counts, Better World Shopper, SustainLane, Ethiscore, and BuyGreen, to name a few-have launched over the last several years to take on these challenges in different ways.

GoodGuide.com is just one example of these experiments, but one that I know intimately, as one of the co-founders.

GoodGuide began at U.C. Berkeley in 2005 as a research project aimed at understanding consumer decision-making. The goal was to go beyond surveys and focus groups to get a sense of what really matters to consumers-not what they say, but what they actually do while shopping. We gathered detailed data on what people searched for online and in stores, what issues they "filtered" for, and which products they ended up purchasing. In particular, we wanted to understand trade-offs in consumer preferences for health, environmental, and social attributes, versus preferences for price, quality, design, etc. In 2007 GoodGuide became a standalone social enterprise to help consumers see the full effects of the products they buy and the companies they buy from. With this information consumers can shop their values in the marketplace.

GoodGuide's staff of 25-including chemists, toxicologists, nutritionists, sociologists, lifecycle-assessment experts, computer scientists, and business and marketing experts-has rated more than 120,000 food, personal-care, and household-chemical products, as well as toys, appliances, automobiles, and electronic devices. The ratings combine product- and company-level evaluations to tell a consumer if there are hazardous chemicals in a product, whether it was tested on animals, whether the company has been fined by the EPA for pollution violations, whether the company donates more to Democrats or Republicans, etc.

All of this information-derived from more than a thousand data sources-is turned into a simple score from zero to ten (ten being the best), which consumers can personalize by using filters that reflect what matters most to them. One person can say they are opposed to animal testing and concerned about climate change, while another might say their primary concerns are labor rights and toxic chemicals, and these preferences are then used to determine whether a product passes or fails.

The rating is delivered at the moment a consumer is making a decision. GoodGuide provides iPhone and Android apps that allow consumers to scan barcodes with their cell phones and instantly receive product ratings while standing in a store. GoodGuide also recently launched a "Transparency Toolbar" that lets people shop on Amazon.com, Drugstore.com, Walmart.com, etc. and see ratings filtered through their personal preferences right on those companies' Web sites.

The first lesson of GoodGuide has been that changing consumer behavior is hard. More than 10 million people have used GoodGuide.com and GoodGuide's mobile apps since they launched. However, this is still a small percentage of the consumers who say they want to shop with their values in mind. And even consumers who say they care are often busy, overwhelmed, and distracted. It has thus been a challenge to bring GoodGuide's tools to a large-scale user base.

From GoodGuide's users we've learned that information-based strategies work best when they are contextually relevant; the information is delivered at the moment of decision, easy to act on, credible, and used by "people like you"; and the consumer is shown that a decision actually has an impact. GoodGuide's newest tool-the "Shopping Advisor"-moves beyond providing product information at point of sale in order to stress this last factor: impact. The Analyzer shows people the effects of their past product choices and suggests steps to change their consumption habits over time.

We have also learned that personal-health issues are by far the most compelling for American consumers. Concerns about toxins in household products, contaminants in food, lead in toys, etc. increase with each scandal reported in the press. And, as mentioned, personal-health concerns can be a first step toward thinking about broader community and ecological issues. Providing information about health effects is therefore critical to developing ethical consumption.

However, detailed scientific information, even on health issues, is not enough to change most consumers. Early on GoodGuide erred on the side of too much data and not enough advice. We learned that people sometimes want to dig into the detailed information, but they primarily want straightforward recommendations tailored to their preferences.

In order to really have an impact, projects such as GoodGuide need to help consumers overcome entrenched habits by showing that there are realistic and affordable alternatives. Helping individuals make small changes has the potential to add up.

Voting With Your Dollars

Many of the world's most pressing problems-climate change, biodiversity loss, industrial pollution, labor-rights violations, the obesity crisis-are driven at least in part by consumption practices. The bad news is that some of these problems are getting worse. The good news is that we are on the cusp of changes in the marketplace that may enable consumers to see better how their choices affect these problems and how changes in their consumption can make a difference.

Transparency is essential to changes in consumer behavior. This is an area where government policies could be playing a much bigger role. Governments can force companies to track supply chains and disclose ingredients and their origins, shining a light on the anatomy of global production. Governments also can regulate deceptive marketing and greenwash.

However, the goal should not just be for consumers to see production networks, but to have the opportunity to transform them: to send signals in the marketplace, to tell companies what they want in products, and to demand more sustainable and equitable systems of consumption and production.

A small percentage of consumers have already moved a portion of the market toward more ethical and sustainable practices. But the larger promise of ethical consumption remains unmet: to empower consumers to express their values-whatever they are-in the marketplace. If people could walk into a retailer or click on a shopping site and get instant information about which products best match their personal values, they could truly vote with their dollars. The big question is whether NGOs, governments, and progressive companies will work collectively to drive the market toward this more sustainable future.
Multimedia

The Promise of Ethical Consumption, our Ideas Matter forum with Dara O'Rourke, Richard M. Locke, Scott Nova, Archon Fung, and Jens Hainmueller.

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