



**An essential event for
consumers, producers and
retailers who care about
the future of shopping**

**5th December 2007,
British Library Conference**

Ethical Shopping at the crossroads – out of the niche and into the mainstream

**5th December
British Library Conference Centre, London**

A conference organised by Co-operatives^{UK} with the Co-operative College, the Co-operative Bank and *Ethical Consumer*

Conference theme:

'Conscious' shopping has been gaining ground over the past five years. Climate change – "the most important challenge humankind has had to face" – at last influencing our behaviour, while the scourge of poverty underpins much of what we all consume. Fair trade sales are at all time high, the shopper looks for organic foods or those of local provenance, energy from 'green' suppliers, and seeks out clothing that we hope is fairly produced – free from exploitative labour practices or made by children. Ethical trade is high on the agenda, and not just of the politically correct. Ethical shopping is set to go mainstream.

What are the implications of going mainstream? Is the adoption of ethical trading by the corporates a great success or selling out? And is it making a difference? Can we expect to see a backlash? Is the type of organisation we buy from or trade with important? Should we be consuming less, not just differently?

Who is jumping on the ethical bandwagon and why?

Chair: Ed Mayo, chief executive, The National Consumer Council
Introduction to the issues above.

The Co-operative Bank's 2007 Ethical Consumerism Report – David Anderson, chief executive, Co-operative Financial Services

www.co-operativebank.co.uk/ethicalconsumerismreport

[Link to speech](#)

Are we at a cross roads and what is the future?

Speakers:

Harriet Lamb, Fairtrade Foundation

Harriet talked about the recent growth in sales of fair trade products. She reported that after the Co-op switched all of its chocolate to fair trade, they saw a 50% rise in sales. Four out of every ten bananas in the UK are now fair trade and fair trade cotton sold out within 3 months. The popularity of fair trade is making companies look right down the whole supply chain, not just the very top level.

However the penetration of fair trade goods into the range of retail offer was still very small:

Fairtrade products present across range- but low retail penetration: 1-3%		
Fairtrade Share of Sales in UK Grocery Multiples, by category		
Cocoa 20%	Avocado/Chicory 1%	Liquor 0%
Bananas 12 %	Remaining fruit 1%	Sweet biscuits 0%
Coffee 8%	Sugar 1%	Sauces 0%
Pineapple 5%	Nuts 1%	Grapes 0%
Tea 3%	Clementines 1%	Fruit juices 0%
Oranges 3%	Lemons 1%	Beans 0%
Mango 3%	Ice Cream 1%	Herbal/fruit tea 0%
Drinking chocolate 3%	Wine 1%	Plums 0%
Tropical Fruit 2%	Alcoholic drinks 1%	Sugar confectionary 0%
Cakes 2%	Cereals 1%	Pears 0%
Jam/Marmalade 2%	Beer 1%	Dairy 0%
Satsumas 2%	Rice 0%	Peppers 0%
DIY 2%	Herbs & Spices 0%	Apples 0%
Honey 1%	Dried fruit 0%	Balls 0%
Chocolate 1%	Salted peanuts 0%	

Tim Lang, Professor of Food Policy, City University

Tim proposed the idea that choice as a core ideology is flawed and that ethics are posed as morale dilemmas that get dumped on individuals, who cannot respond to the enormity of what has to be done. We confuse choice with selection and buyers make the real choices at the very top. We are locked into value for money capitalism, where we need *values* for money. He asked the question that now we are stuck in this ethical movement, do we mainstream or just grow the niches? We should have omni standards (see below), and there are competing ethical standards in different niches. How do we bridge the gap between intention, attitude and behaviours? Choice editing and choice driven. Tim commented that no one in government has a clue how to design a food system that is sustainable and that the government has become a neo-

liberalist hollow shell. He talked about how we need to inject values into the food system and how to eat less so that the poor can eat more, perhaps with rationing and limitation of choice. In the UK, the footprint is 6 worlds – we are throwing away ¼ of our food!

The emergence of Omni-Standards: Single issues? Cascade? or ‘big bang’?

- **Nutrition**
- **Carbon / GHGs**
- **NO₂ cycle**
- **Water**
- **Land**
- **Biodiversity**
- **Animal welfare**
- **Seasonality**
- **Fair trade**
- **Working conditions**
- **Localness**

Patrick Holden, Soil Association

Patrick questioned whether or not environmental sustainability is possible? He proposed that tackling the climate impacts of food is the best way to reduce carbon emissions. There are several issues surrounding this. The nitrogen content of a product is never mentioned but it is a very important greenhouse gas. After food is grown, our distribution system is terrible, meaning more carbon emissions. We are on a resources 'binge' in that it takes 10 calories of energy to make 1 calorie of food. The challenge is as big in scope as the Industrial Revolution. We need to move to carbon neutral food growing. The market can help, but will only act as pioneers- we need government to affect real change. Patrick also commented that air freighted food will soon price itself out of the market.

Rachel English, Women Working Worldwide

Rachel asked the question, 'Are women bearing the brunt of international trading systems?'. She stated that gender is not a niche issue. Globalisation has had some benefits but problems still remain- work is often informal and does not encompass any basic rights, it is difficult for many women to balance work and home, and women often can't get promoted and are seen as not wanting to progress. General problems of casual labour, low wages, overtime, no unions, health and safety also have gender implications. For example, overtime means that women leave children unattended. Need to change buyers' behaviour in order to tackle the problem.

Rob Harrison, Ethical Consumer

Rob asked the question 'Does ownership matter?' For example, if a product is organic, does it matter that if it is made by Nestle. He talked about how we get out of the niche and make all markets ethical. What we don't want is business as usual in the rest of the company then one ethical product sold at a premium. The change to the degree we need cannot be achieved if we leave it in the hands of the corporates.

Chair: Dame Pauline Green, chief executive, Co-operatives^{UK}

THE FUTURE OF SHOPPING – Sara Parkin, founder director, Forum for the Future

Sarah Parkin described the damaging impact that hyper-consumption is having on the environment, and the inability of ethical trade alone to meet current levels of demand. Sarah presented a three step response to the current unsustainable development crisis:

1. Consume less: we have the technology to reduce consumption, but the current economic set-up does not allow us to change.
2. Socialise more: the link between shopping and well-being is well established, and the social aspect of shopping can grow indefinitely without environmental impact.
3. Promote resilience: shopping relationships are strongest where a consumer has relationships with many different outlets, and the loss of one will not sufficiently affect them. Ideally, shoppers should have many relationships with shops close to them, and few with those that are far away.

Gareth Thomas MP, Minister of State at the Department for International Development

Gareth Thomas launched the Food Retail Industry Challenge Fund, £2m "to help African farmers come up with innovative business ideas to compete in our globalised world" and promote fair trade. Gareth highlighted that trade is one of the key factors in prosperity: without imports, the UK would not be able to produce enough food for its citizens, and poverty is rooted in being unable to trade. Therefore, the important move for the future is in encouraging trade in ethical and fair ways. Gareth also highlighted the work of the Ethical Trade Initiative (ETI), and called on major businesses such as the John Lewis Partnership to join up.

The main discussion in the plenary session revolved around the differences of opinion between Sarah and Gareth. There was discussion regarding preventing small economies being damaged by Western trading demands that highlighted the importance of investing in whole communities, rather than using them to provide a single good or product and leaving them vulnerable if the product fails or is no longer required. However, Sarah stressed the importance of a general reduction in Western levels of consumption, whilst Gareth was of the opinion that current levels of consumerism and trade could be maintained providing that what was being consumed was changed to make it ethically and environmentally suitable.

WHAT IS THE FUTURE OF ETHICAL SHOPPING?

Garments and clothing

Dan Rees, Director, the Ethical Trading Initiative

Linda Shaw, The Co-operative College, chair Women Working Worldwide

Key points

How clean are our clothes? ETI monitoring of the 30,000 suppliers covered by its code indicates that conditions for some workers are improving, especially in the areas of safety and health. However low wages, unpaid overtime, long working hours, lack of independent trade unions, discrimination and harassment are the norm.

What is the reality of cheap clothing? There is a relationship between the retail price of clothing and working conditions, however this isn't absolute. Factory workers' wages represent such a small proportion of the cost of a garment (possibly around 1%) that paying a living wage should not be incompatible with selling cheap clothes.

What should we do as consumers? Consumers can take a number of steps, including joining campaigns, asking searching questions of retailers, buying from companies that demonstrate ethical practice and learning more about the issues. However, at present, consumers are disempowered due to weak availability of information.

What are the lessons for decision-makers? Labeling is unlikely to be an effective strategy for mainstreaming ethical clothing and is likely to lead to an island of good practice in a sea of low commitment. Focusing on wages, union rights and retailers' purchasing practices (e.g. provision of realistic lead times) can have the most impact.

What is the future of ethical shopping? The business case for ethics is likely to move from protection (brand risk) towards brand benefit. DR predicts a race to be the first retailer to implement a credible living wage policy. However we shouldn't get carried away with ethical shopping. We need a situation where governments implement and enforce the law, and employers obey the law, and ethical shopping is not the key to bringing this about.

Food and ethical consumption

Andrew Macintosh, Head of Customer Services, Suma Foods

Andrew started by introducing SUMA. They are a 30 year old worker co-op with around 150 staff who are all paid the same hourly rate. Their annual turnover is £30 million. They work with a business model that considers ethical and environmental matters. Transparency is key to this. Their customers range from community purchasing groups (eg single mothers) to public sector organisations. Ownership matters to SUMA. They delisted a company when they discovered it advertised baby milk, despite the fact that £1.6m of SUMA's turnover was coming from that company.

Dan Keech, New Economics Foundation

Dan talked about how the focus of food is shifting from local, healthy, options, etc to Sustainable Food. Sustainable Food is food that takes into account human well-being, social health and social justice. He posed the question 'How can we make the Food System and the Food Culture fairer?' Dan theorised that to change the outcomes, we

must change the Food System and the Food Culture. We need a more integrated approach. Assumptions about associated characteristics (eg local food contains less carbon dioxide than air freighted food) can be wrong and year round availability is having an impact.

Dan then went on to talk about legislation. Retailers have asked for clearer government guidance as voluntary approaches have led to disagreement. The idea that we can consume our way out of this problem is hard to achieve – the issues are complicated and people's position on different issues is not consistent (eg climate change, fairtrade, etc). We need legislation to help conquer these complexities.

Consumers and climate change

Paul Monaghan, Head of Ethics and Sustainable Development, The Co-operative
Paul Begley, AccountAbility

- **The role of the ethical consumer.** Paul Monaghan from the Co-operative Group put forward that data shows that ethical consumers make up only 5-7% of the product markets. Innovation from business is needed to get ethical products to market, but governmental interventionist policies are needed to reach the mainstream. The Climate Change Bill was criticised for its 5 yearly targets, where as annual or 3 yearly targets were needed in order to keep government accountable. Experiments with ethical choice editing at Co-operative stores had led to loss of business. Response from the room was more positive, feeling was that more than one in ten people did care and that consumers could be moved along the spectrum.
- **Localism.** Paul Monaghan proposed the view that buying local was a poor choice for carbon emissions, the environment and Third World producers. Response from the room was that localism had its role and place and was not purely about climate change issues. It might be the case that products sold as local in supermarkets may have limited benefits (depending on the definition of local), but that farm shops and farmers markets were successful and had their place. It was put forward that there was a responsibility for supermarkets to make local products a positive climate choice for consumers, as consumers identified with localism.
- **Consumer education.** The Co-operative Movement with 2.5million members is uniquely placed for the education of consumers. AccountAbility's research found that only 9% of consumers trust business statements on climate change and that in the UK consumers identified no one leader (individual or organisation) that they most admired for leadership on climate change. 75% of consumers were concerned about global warming, but were challenged to see how their actions could make a difference The Co-operative College could take a lead on consumer education and empowerment on climate conscious lifestyles.
- **The role of business.** There was discussion of the need for business to re-evaluate what it was to the consumer. Climate change was seen as both a challenge and opportunity to business. There was some discussion over whether business had a role in encouraging reduced consumption and consumer thrift. A direction such as this could be used to generate customer loyalty. There was a need for businesses not just to provide ethical ranges in store, but also to offer promotions and discounts on them as with any other product range.

The views of the plcs

Jan Buckingham, Director of Values, The Bodyshop

This primarily focused on the work and set-up of the Body Shop – acknowledged by the facilitator as being “not the average PLC” – and how their environmental and ethical stance had moved into the mainstream since its inception. The Body Shop’s stance on many issues came initially from its founder’s views rather than from a strict business philosophy, and the company’s marketing has found that whilst there is a strong desire amongst some shoppers to identify themselves with an ethical brand or a particular campaign, customer priorities tend to put a good product and good customer service above ethical and environmental work.

The main points of the plenary discussion were:

1. *The Body Shop’s ethical and environmental stance is unaffected by their takeover by L’Oreal.*

Since French company L’Oreal bought the Body Shop from its founder, the company has been put into a separate division of its parent and been allowed to maintain its own management structure. L’Oreal have not sought to override any of The Body Shop’s decisions made on an ethical basis, and the two companies remain on the whole separate entities.

2. *Customers don’t object to businesses getting involved in campaigning.*

The Body Shop has always involved itself in campaigning, often putting posters in the front window of its shops, without pushing away its customer base. Campaigning has worked best where the business has gone to where the customer is and tailored its message to the medium used: this is similar to the current thinking of creating successful marketing campaigns. There has been a decrease in the number of businesses that involve themselves in campaigning, possibly because of a number of lobbying and donation scandals giving a “sleazy” feel to the idea of businesses engaging with politicians to try and achieve change.

3. *The creation of numerous different accreditation marks may not be for the best.*

There is the potential for increasing confusion over the multitude of accreditation marks, with customers not understanding what each means. However, the various accreditation marks would be very difficult to condense into a small number of marks, due to the high number of different things each informs on. Possibly there is a role for trade associations to begin ranking businesses on a variety of ethical and environmental criteria, to remove the need for multiple accreditations. At present, it appears that many companies are rushing to put new and varied logos on their product to boast its best features, without considering where this trend may lead in the future. Problems could develop, and there is a need for some expert consideration of the issue.

Labour standards versus cheap shopping

Annie Watson, Trade Union officer at the Ethical Trading Initiative

Annie talked about how there is an important difference between ethical and fair trade that often gets overlooked, not only by the public but also specialists. Fair trade does not refer to fairness running through the whole production process – from growing, through manufacturing and shipping to sales – whereas ethical trade does. She pointed out that it is also important to distinguish between organic and ethical as not all organic produce is ethically produced and traded – organic produce can just as easily be picked by badly paid workers as non-organic produce. Overall, it is important to note that ethical trade refers to the whole production process.

Ethical shopping at the crossroads: Out of the niche and into the mainstream

Annie then went on to introduce the Ethical Trading Initiative as an organisation that monitors labour standards, and has both corporations and unions as members. When companies join they give a commitment to increase their labour standards and to pay a living wage. The ETI has a code of conduct in line with the International Labour Organisation. Companies who are part of the ETI must complete an annual audit to show how far they comply with these standards.

Issues raised and discussed

In talking about standards and cheap labour it is critical not to assume that cheap goods necessarily have low standards, whereas more expensive goods have higher standards. Often the same goods are sold by different retailers at different prices. Moreover, many garments are expensive but the profit simply goes to shareholders, not to the producers.

Consumer must not be made to feel guilty for spending earned money. Instead it is important to put pressure on companies to sign up to a minimum level of labour standards and to provide workers a living wage.

It is interesting that many of the lowest paid workers are female, and many of the consumers are female. Is it possible to use this link – to demonstrate to female consumers the effect they are having on female workers? Rachel English explained that this is something that WWW are considering, but that it is a difficult connection to use.

Annie Watson explained that one of the major problems in the clothing industry is that buyers for companies lack awareness about labour standards and so need to have an increased awareness and shop more responsibly. ETI are providing training to buyers on these issues now.

There is a need to educate the public on labour standards, and to highlight which companies and brands adhere to strict labour standards. This could be done through government action, through the clearer labelling of companies and garments as meeting minimum labour standards. It is also what Ethical Consumer magazine tries to do.

It is also interesting to note that often the worst treatment of workers is in the shipping industry, when goods are shipped over for retail. However, no shipping companies are a part of the ETI.

In fact, this highlights one of the main problems for raising labour standards. There are so many different sets of workers involved in the production of any garment – production, manufacturing, shipping and retailing – that it is hard to see how the whole process can be successfully monitored.

Action points

1. Companies adhering to higher labour standards needs to be made clear to the public so that it is easier for consumers to make an ethical choice.
2. There needs to be more clarity about what it means for a company to be ethical or fair trade.

Final plenary – Chair – David Button, Chair UK Co-operative Forum

The following speakers took part in the final plenary discussion:

- Jan Buckingham

Ethical shopping at the crossroads: Out of the niche and into the mainstream

- Dan Keech
- Andrew Macintosh
- Paul Monaghan
- Dan Rees
- Annie Watson

Labour conditions, pay, the sustainability of food production, localism and the prospect of climate change were all proposed as being key to the future of ethical shopping. The complexity of the issues was emphasised. Other key points made were that choice editing, rationing, and a reduction in consumption all need to be a part of the mix, and the raft of standards set out by Tim Lang need to be addressed. There was discussion surrounding the relationship between fair trade and ethical trade, including the issue of joint labelling between fair trade and other ethical initiatives. It was agreed that the plethora of kite marks is not always helpful and there were also questions regarding the potential of and limitations to ethical labelling. Dan Rees argued that there would be a shift in the future to seeing ethical trade as not just being about brand protection, but as focusing on brand enhancement. The brand rather than the individual product is key to ethical shopping in the future.

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