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Ethical Consumers and Ethical Trade:
a review of current literature

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Summary

Ethical consumerism is a growing phenomenon. It is a major driver of a diverse range of ethical approaches to trade. Alternative approaches such as fair-trade, conservation-driven trade and the trade in organic produce began as market niches but are making their presence felt in the commercial mainstream. Social, environmental and animal welfare issues are also being addressed by the mainstream itself with the adoption of a plethora of standards by major retailers and producers of fresh produce, timber, apparel, beverages, fish and other every day consumer items.

But who is the ethical consumer, and what do they mean by ethical consumption? These questions are important for companies wishing to project an ethical dimension to their business operations, and to international development practitioners who want to see trade have positive outcomes for developing countries.

This paper reviews the large number of consumer surveys of ethical consumerism, and describes the different types of ethical consumer, their motivation and concerns, their willingness to pay an ethical premium, and the ways they learn about ethical products. It shows how different survey methodologies affect what we know and don't know about ethical consumerism, and highlights how methodological shortcomings are starting to be addressed.

Current knowledge on ethical consumer is patchy and largely dependent on commercial opinion polls. Trends over time suggest an increased awareness of ethical issues in trade and consumption, but awareness and concern are not directly translated into ethical purchase behaviour. Some steps have been made to understanding the complexity of consumer decision making and the contexts in which these decision are made.

The paper reveals that ethical consumerism is a complex phenomenon, something that those calling for greater consumer awareness of ethical issues need to take on board when promoting different forms of ethical trade. The fair-trade and organic movements have been at the forefront of understanding this phenomenon, and their experiences offer lessons for the commercial mainstream, particularly the importance of information and awareness as a prerequisite for action. These lessons also crucial for international development agencies that need to pay attention to Northern markets if their investment in different approaches to ethical approaches to trade in developing countries is to pay dividends.

Background

The paper is one of a series of publications examining the motivation and behaviour of different stakeholders affecting the development of ethical approaches to trade in developing countries. The publications are the result of work by the Natural Resources and Ethical Trade programme (NRET) managed by the Natural Resources Institute. NRET works with mainstream and alternative business, government and civil society organisations to develop and promote approaches to trade that benefit poor people in developing countries. This paper draws on surveys and questionnaires by a variety of organisations, and on NRET's own experience funded through the British Department for International Development's Forest and Crop Post-harvest Research programmes.

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Introduction: Issues and Concerns of the Paper

An increasing number of people make their consumption decisions on the basis of ethical values such as environmentally friendly products and production methods, labour standards (wage rates and working conditions), human rights and food miles. Ethical consumerism is a growing phenomenon that underpins ethical trade activities.

There are many motivations for ethical business practice, (for instance, the values of the people involved, the belief that ethical business practices, particularly environmental responsibility will produce more effective and efficient results) but the apparent demand from 'ethical consumers' is key. Many businesses adopt ethical practices because this is what they believe the consumer wants. Indeed there is growing evidence that consumers are becoming more discerning as a result of changing tastes and expectations. The globalisation of food sourcing and foreign travel have resulted in more adventurous consumers, and also consumers who ask more questions about the source of their food. Other trends include healthy eating and vegetarianism.

Much of the recent trend towards consuming 'ethical' foods is linked to a loss of consumer confidence in the integrity of the conventional food system (Nicholson-Lord, 1999). This is particularly evident in the hottest consumer issue of the day, GMO products. Thus many ethical consumer concerns are as closely related to food safety issues as to the impacts on the producer or the environment. '*Moral correctness, it seems, can't be underestimated but takes second place, in an age of food controversies, to self-preservation*', notes Nicholson-Lord (1999).

Theories of ethical consumption have been proposed, often with a view to promoting ethical consumer behaviour to prompt change in business practice. However, relatively little is known empirically about the ethical consumer. Surveys suggest that people apply certain values when they are shopping, but there appears to be some disparity between what people say to the person conducting the questionnaire and actual purchases. Moreover, there is little information about what makes ethical consumers behave as they do. What makes them aware of ethical issues and what motivates them to alter their consumption patterns to reflect their values? This paper discusses current knowledge on ethical consumers and identifies research that may be useful to understand ethical behaviour in consumption. Greater understanding of how consumers become aware of ethical issues in trade and the way in which they translate this into ethical purchase behaviour is critical for developing strategies for raising the awareness of consumers in general.

Approach

The paper begins by exploring theories of ethical consumption. Available data on ethical consumers is then summarised, focusing particularly on typologies of consumers that have been developed. Much data tends to be quantitative and based on quantitative market research questionnaires. The limitations of such data collection are discussed and the merit of qualitative research is then explored.[1]

[1] Material for this review originates from a variety of sources, including correspondence through email and letter with key individuals and organisations with an interest in ethical consumption, internet searches and grey and commercial literature was examined (i.e. opinion polls and surveys undertaken by/for companies with a view to development of ethical product lines or brands).

Definitions used in studies of ethical consumerism vary from the very vague ('ethical' is defined by the consumer) to the specific (the questioner is only concerned about certain categories of good, e.g. fair-trade goods or organic foods). Some earlier studies concentrate on environmental values, the 'green consumer', and thus omit ethical issues that have come to the fore in recent years such as child labour or wider social issues. 'Out of This World'[2] identifies five areas of concern: healthy eating (with an emphasis on organic produce); community development (supporting local suppliers); fair-trade (a better deal for Third World suppliers); animal welfare; and environmental sustainability. The company notes that there are areas of potential conflict: locally produced goods with low transport impact compared to vegetables produced organically or according to a code of conduct in a developing country.

This paper uses a wide definition of 'ethical consumer' based on the Natural Resources and Ethical Trade programme (NRET) definition of the scope of ethical trade. NRET defines ethical trade as any form of trade that consciously seeks to be socially and environmentally as well as economically responsible. Ethical consumers would therefore seek to purchase or use goods and services that can demonstrate social and/or environmental responsibility. In the natural resources sector ethical trade includes fair-trade, trade in organic products, trade in products from sustainably managed resources such as forests, and ethical sourcing of fresh and processed produce following ethical codes of conduct. [3]

Theoretical Background

Consumerism is being used by some stakeholders as a force for social change, based on the theory that companies make decisions on the basis of consumer demand. This logic is evidently constrained by the huge power of large companies which influence, if not create, consumer demand through advertising and branding. However, consumer power may be used to ensure that companies are accountable to society: ordinary citizens in their role as consumers can make companies accountable.

For some authors, consumerism is a tool for social change (e.g. Adams, 1989, Ekins 1989). However, as Smith (1990) notes, corporate accountability may be considered too abstract a concept to capture the attention of the majority of the public. In contrast, it can be relatively easy to articulate dissatisfaction with the goods one purchases. Smith talks about 'ethical purchase behaviour' (EPB) mostly in the negative sense of boycotting certain products. However, there is increasing opportunity for positive EPB, i.e. purchase of goods with ethical attributes (see below). Some authors discuss ethical consumerism in a wider sense of 'consumer action'; i.e. activities other than purchasing such as dialogue with retailers and manufacturers or lobbying of government[4]. For example, Bendell (1998) suggests that ethical consumerism has a 'citizen' as well as consumerist element. Figure 1 illustrates these distinctions.

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[2] A nascent chain of ethical grocery shops.

[3] The paper is concerned primarily with consumption of renewable natural resources, so there is little reference to electrical products, vehicles, clothing, toiletries etc., which may be purchased according to ethical principles.

[4] These latter activities may be considered conventional campaigning activities, but here are part of (ethical) consumerism because the campaigners may emphasise their role as consumers.

Ethical consumerism

Positive EPB	Negative EPB	Consumer action
buying goods with ethical characteristics	*Boycotts, avoiding goods with unethical characteristics*	*Lobbying, direct action etc.*

Figure 1: Three types of ethical consumerism

Ethical consumerism may be seen as an evolution from earlier consumerism movements. Lang and Hines (1993) identify three waves of consumerism. The first wave of the consumer movement focuses on value for money, basic product information and labelling (what the product does and how) and consumer choice. The second wave was heralded by investigations into product safety and has been associated with broader questions of corporate accountability.[5] The third wave is described as '*a marriage of environmentalism and citizenship*'. It has two distinct forms: environmental and ethical, say Lang and Hines (1993: 111). Smith however suggests that environmental and ethical consumption are essentially the same and environmental consumerism is just one form of ethical consumerism where the link between '*what is consumed and the social problem is more direct*' (1990: 286). Similarly, Murphy and Bendell's (1997) investigation into third wave environmentalism brings together environmental and social values. Ethical consumerism in its most radical formulations seriously looks at how consumption may be reduced.[6]

The third wave of consumerism -ethical consumerism- has three main components: (a) animal welfare, (b) the environment and (c) human rights/ working conditions and fair-trade. Each of the three headings has positive and negative aspects: those products and practices which are upheld and promoted and those which are deplored and avoided/boycotted.

There has been a further development from ethical consumerism, sustainable consumption. Initiatives to explore the potential for sustainable consumption practices, i.e. going further than the consumption of certain niche products to '*understanding and then managing demand so that social, economic and environmental goals are achieved*' recognising that '*many policies continue to subsidise unsustainable practices and neither consumers or producers face the full environmental costs of consumption*' (Robins and Roberts, 1998). The challenge of developing sustainable consumption policies is critical to sustainable development, but the focus here is to understand the ethical consumer in niche and mainstream markets.

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[5] Organisations associated with the second wave include Charles Medawar's Social Audit Ltd, the Consumers Association, the government funded National Consumers Council and the international umbrella organisation, International Organisation of Consumer Unions.

[6] See New Economics and Ethical Consumer's discussions of 'downshifting', both June 1997, and Nicholson-Lord, 1994.

The Incidence of Ethical Consumption

The emergence of the ethical consumer has been much discussed, but evidence suggests that ethical consumption is more celebrated than practised. Indeed there appears to be a divergence between the opinion polls on green and ethical consumer values and the volume of sales of 'ethical' products.

Much of the data on ethical consumption is in the form of quantitative market research and opinion polls. Some surveys have been undertaken to understand the ethical market in general and issues that consumers may relate to their purchasing habits (e.g. Mintel, 1997). Others are commissioned by particular companies to explore the values of their customers or potential customers (e.g. Co-op Bank) or to identify the level of consumer awareness penetration of particular products (e.g. regular surveys conducted for Cafédirect). Whilst these quantitative surveys may guide marketing strategies for companies selling products with ethical attributes, they are less effective than more qualitative methods at exploring the motivation of consumers. (See Table 1 for a selection of recent surveys.)

Table 1: Opinion Polls

Author/ date	*Client/Source*	*Title / Key questions*
Fair-trade		
Ayglon 1999	Oxfam Fair-trade Co	Aimed to understand what influences purchase behaviour in Oxfam shops: what is bought and how often and why
MORI January 1999	Fairtrade Foundation	Consumer Support for fair-trade
NOP 1994	Christian Aid	Awareness of fair-trade products and their availability
Organic		
Consumers Association 1998	Cited in Nicholson-Lord (1999)	Reasons for buying organic products
Mintel, October 1995		*Vegetarian and Organic Food, Market Intelligence,*
Mintel, November 1997		*Organic and Ethical Foods.* The first 'ethical foods' Mintel market intelligence study
General ethical issues		
Co-op Bank, 1992		Issues Co-op Bank customers were concerned about (that may link with Bank policies)
Gallup, 1995	CWS in MacGowen 1998 (p. 18) Also cited by Mintel, 1997	Reasons for boycotting products
Harris International Marketing, December 1995	as reproduced in Oxfam Campaigns, 1996	"Why people don't buy" Reasons cited for not buying a product
Mintel, 1990	cited in The Guardian 2-5-91 and reproduced in Ethical Consumer, June 1991	What makes people stop buying?

Author/ date	*Client/Source*	*Title / Key questions*
MORI 1997	*CAFOD*	Ethical Shopping; to ascertain the extent to which people take into account ethical issues when shopping, with focus on labour standards
Ogilvy and Mather	cited in Christian Aid, 1996	Consideration of a company's ethical stance when buying a product

Different sets of data are available. First are surveys on specific kinds of ethical consumption, for example fair-trade or organic products or 'green' products. Second is data on less specific ethical values where 'ethical' may be social responsibility or labour standards or at other times includes environmental issues. It is important when using this kind of data to be clear on the definitions used by the surveyors and the respondents, but this is not always possible.

Negative Ethical Purchase Behaviour

With the exception of certain fair-trade products marketed on the basis of solidarity, for many years the main form of ethical consumerism was Negative EPB, or the boycott. Some boycotts are organised by campaign groups [the *Ethical Consumer* gives examples of boycotts that have been relatively successful such as Baby Milk Action's boycott of Nestlé, (issue 50, Dec/ Jan 1997-98)]. However, many avoid the purchase of certain products or try to avoid goods and services associated with certain issues such as animal testing, factory farming or the arms industry on an individual basis.

In some surveys such issues generate high response rates. For example in the Mintel special report 1990, 50% stated that they would not buy a good if it was tested on animals, and 21% if it was from a factory farm (as cited by The Guardian 2-5-91). However, in surveys where such issues are not prompted factors such as the sell-by date are cited by more people when asked for reasons why they do not buy goods, excluding price and quality. For example a Harris International survey in December 1995 found that 17% cited sell by date but 4% stated battery farming and only 1% stated child labour (as reproduced in Oxfam Campaigns, 1996).[7] Higher responses for ethical issues were elicited in this survey when prompts were given (for clothing, child labour reached 26% and for groceries environment issues increased from 1% to 14%). The large difference between the prompted and unprompted responses illustrates the main weakness of this kind of survey: **ethical issues are not always the main concern of consumers until prompted and when certain issues are raised many are keen to demonstrate support for issues they believe the researcher is interested in**.

More recent surveys have sought to identify concerns of consumers rather than issues that would lead to boycott. The Co-operative Bank has commissioned a number of surveys of this kind to help it devise its ethical strategy. Early surveys identified a number of generic issues of concern amongst the Bank's customers such as human rights, armaments exports to oppressive regimes and environmental damage (Co-op Bank, 1992). The Bank began a policy of denying services to companies associated with these issues. Over the 1990s its ethical policy has evolved to complement the negative investment criteria with positive investment criteria, for example it will '*seek to support and encourage the business of organisations which*

[7] Child labour was a more important factor for clothing, but then it only counted for 4% of responses.

promote the concept of Fair-trade'. Ninety-five percent of customers surveyed supported this policy (Co-op Bank, 1999).

Similarly high levels of support were elicited in the 1997 MORI survey for CAFOD on purchasing products from developing countries. There was particularly high support for a minimum agreed standard of labour conditions for workers in the third world: 92% of the sample thought that this should apply to UK companies. The survey's results on factors taken into consideration when buying a product from the third world are shown below in Table 2.

Table 2 Issues taken into account when buying a product from the Third World

	% when prompted
Appearance/fashion/style or trend	31
Availability	16
Brand name	16
Quality	60
That people who had produced it were paid enough to live on	44
That it causes as little damage as possible to the environment and its production processes are environmentally-friendly	36
That the people who produced worked in an environment that did not affect their health	42
That the product had not been tested on animals (or had not used new ingredients tested on animals)	40
The human rights record of the country of origin	28
Your need (for buying it)	40
all/none/don't know	7

Source: CAFOD 1997

A Gallup Poll for the Co-operative Wholesale Society (CWS) in 1995 indicated that 60% of respondents were more concerned about consumer ethics than they were in 1990. A further trend over this period is the increased incidence of positive EPB.

Positive Ethical Purchase Behaviour

In addition to the negative EPB, there appears to be a trend towards positive attempts to purchase goods with positive ethical attributes. There is some difficulty in defining 'ethical products', a fact noted by Mintel (1997). Mintel's market intelligence study on ethical foods relies on data on organic markets and to a lesser extent on statistics on fair-trade marked goods. However, there are many more products with an ethical dimension, but this is not always so clear cut (e.g. ethical tourism, certified timber).

This section briefly discusses the market for specific ethical products that many consumers have attempted to include in their positive purchasing strategies.

Fair-trade

There is little accurate data available on total fair-trade sales. The most accurate information is the sales of fair-trade marked goods. For example, sales of Fairtrade

Mark coffee were worth £6.6 million in 1996, with volume sales increasing by 39% (Mintel, 1997).

A recent survey of awareness of the Cafédirect brand yielded fairly high awareness, especially relative to its advertising expenditure. When prompted, awareness of Cafedirect was similar to that of Taylors of Harrogate (pers. com., 1996). In contrast the survey suggests that there is a low level of awareness of fair-trade as a concept. Over 60% of women aged 18-55 who were aware of the brand did not know how Cafédirect differed from other brands, but of those who had purchased it in the last year 35% knew it as a fair-trade brand and 48% thought that it helped people in the third world make a living.

Awareness of fair-trade differs across Europe. The Eurobarometer (EC, 1997) study concluded that in general there is greater awareness and experience of fair-trade products in northern and central EU countries compared to Mediterranean countries of the EU where the concept is less well known. Highest fair-trade purchases in the European Union were recorded in the Netherlands (49% of the sample) where the availability of fair-trade goods in supermarkets is quite high (57% of those buying fair-trade products had done so in a supermarket). Throughout the EU, 29% knew of the existence of fair-trade products and 11% claimed to have bought at least one fair-trade product (ibid). Nevertheless the market for the fair-trade coffee with the highest profile in the UK -Cafédirect- is only 3.5%.

Despite these relatively low levels of awareness of fair-trade, when re-launching their Ridgeway tea product with the Fair-trade Mark, Premier Brands estimated that up to 42% of the UK market would potentially be interested in the new tea. This included a wide range of consumers with ethical consumption habits from the 'concerned/green consumer' to 'cost conscious sympathisers' to those undertaking boycott activities (Yolanda Jaques, Premier Beverages, pers. com., 12-10-99).

Whilst there has been a small but positive consumer response to fair-trade products and an increasing awareness of fair-trade labels, fair-trade organisations do not understand what motivates consumers to choose their products or the underlying meaning of fair-trade for consumers. The need to understand the link between ethical consumer activities and individuals' other roles as citizens has been highlighted (Phil Wells, pers. com. 15-10-99).

Organic products

The organic market is dominated in the UK by fruit and vegetables, with 44% of the value of organic sales in 1996. Organic meat and dairy foods have become more significant in the wake of recent food scares (Mintel 1997). Mintel reports that the organic sector was worth £250 million in 1996, which accounted for only 0.55% of food sold but was 1.6% for fresh fruit and vegetables. The Soil Association (1999) reports that consumer demand for organic produce increased by 40% in 1998, and the current flood of UK farmers applying for organic conversion grants suggests that the market for organic fresh produce is growing.

According to the Leatherhead Food Research Association there is a hard core of consumers, typically vegetarians, that regularly buy free range eggs or organic produce which is supplemented by a second group of less committed organic consumers whose purchase behaviour is swayed by the latest scare and the cost, and a third group which is sympathetic but apathetic (Mintel, 1999).

Consumers' reasons for purchasing organic produce are many and varied. A survey by the Consumers Association in 1998 suggests 83% buy organic to avoid pesticides, 75% because they believe it to be kinder to the environment, 70% are concerned about intensive rearing of animals, 68% because it tastes better, 40% because they want to support local farmers and 36% because they are worried about BSE (cited in Nicholson-Lord, 1999). The question now is whether organic foods will expand out of their niche, albeit a large niche, especially if organic foods continue to demand high price premiums.[8]

Categories of Ethical Consumer

Whilst the figures cited by surveys may be unreliable, they are useful in terms of classifying the different types of ethical consumer. Table 3 indicates some classifications of green and ethical consumers.

Table 3: Categories of green consumer

Roper/S.C Johnson Segmentation of Green Consumers [a]		
True-Blue Greens	11%	most active green consumers, leaders of the green movement
Greenback Greens	11%	willing to pay higher prices for green goods
Sprouts	26%	middling levels of concern about the environment, green tendencies, but not completely translated to behaviour
Grousers	24%	poor environmental behaviour, lots of excuses and blame others
Basic Browns	28%	do not believe action can make a difference, may be less educated than other groups
UK Green Consumers, National Consumer Council [b]		
Affluent Greens	19%	committed, buy unleaded petrol & recycled products, (more likely to buy) organic products;
Young Greens	17%	similar to above; mainly students and unemployed, mostly with incomes below £10,000[9]
Recyclers & Careful Spenders	38%	act in an environmentally friendly way, but don't buy green
Sceptics	26%	not convinced

Source:
a Cited by Coddington, 1993: 80
b Cited by Cooper 1996b); Ethical Consumer, June 1997

The more abundant US research on green consumers indicates that there is only a small group of people who are willing to make considerable changes to their consumer habits. Moreover, some of those with 'green' ethics have low spending power, e.g. 'young greens'. There is a significant minority who show concern but

[8] Mintel (1997) notes that whilst young consumers are keen to buy organic foods, this tends to diminish when they have a family and associated financial pressures.
[9] Interpreted by the Ethical Consumer to mean that you do not have to be wealthy to shop ethically (June 1997).

have not been sufficiently motivated to take action, do not feel that their action would make any difference, or do not see how they can channel their concern into action. Such groups (the "sprouts" in Roper/SC. Johnson's environmental schema) are akin to the 'semi-ethicals' identified by fair-trade organisations. Fair-trade organisations identify three types of consumer audience:

- *activists* — Core supporters, regular consumers and act as 'persuaders'; they wish to know the actions, in addition to consumption of the products, that they can undertake;[10]
- *ethicals* — Regular consumers; wish to know more about the producers;
- *semi-ethicals* — Characterised as infrequent purchasers of ethical goods who may be persuaded to buy more if the goods were made more attractive or more easily available to them.

Socio-economic Profile

Notwithstanding differing levels of awareness and motivation for ethical purchasing, evidence suggests that there are similarities in the characteristics of consumers of ethical product.

Evidence from the Co-operative Bank (1992) suggests that a wide range of people were concerned about 'big issues' (human rights, the environment and animal welfare), not just those that the Bank described as the "right-ons", but also '*anyone who is relatively altruistic or concerned about moral issues*'. Nevertheless, most people voicing these values were relatively high income earners, which led some commentators to note that it was fortunate for the Bank. This profile of the ethical consumer may act as a spur for business to meet the demands of this segment of the population in order to capture the ethical pound (Halsall, 1995).

Similarly, regular fair-trade buyers are untypical of the population as a whole: they are better educated, wealthier, mostly female, over thirty and tend to work in the public sector or 'caring professions'. Research into Oxfam fair-trade buyers reveals that they are generally: under fifty years of age; a Guardian reader, white/British; married; Labour supporting; undertaken further education (Oxfam Campaigns, 1995). Traidcraft research provides a similar profile: customers are also mainly female, 72% are over 35. They are working professionals (mostly teachers and lecturers), 51% of which have household incomes in excess of £20,000 (Traidcraft, 1996). A CAFOD survey revealed that women are more likely to say that they take ethical issues into account (CAFOD, 1997). Similarly the typical organic consumer is affluent, professional, typically AB social class, aged between 25 and 34 and shopping at the upper end of supermarkets (e.g. Waitrose or Sainsbury) (Nicholson-Lord, 1999).

The Eurobarometer survey found that as educational level increases so does the proportion of consumers who act on awareness and actually purchase fair-trade products, resulting in people with higher education being three times as likely to have bought fair-trade products as those who left school at an early age. However, the link between life experience and purchase seems to be less strong than educational

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[10] May also include NGO campaigners, e.g. those signed up for Christian Aid's Trade for change and Change the Rules campaigns, Oxfam campaign supporters, Traidcraft voluntary representatives (now known as Fair-traders).

attainment and purchase. The income factor seems to be partly related to educational level

As awareness of environmental issues, if not social factors related to trade, has risen, links between the socio-economic profile and ethical purchase behaviour have become more fuzzy (Shaw and Clark, 1999: 4). Another approach is to link personality variables, such as dogmatism or conservatism to ethical purchasing. However, Shaw and Clark note that these factors tend not to explain behaviour very well. They argue that it would perhaps be '*more fruitful to explore the formation of their ethical beliefs, as a fundamental first stage in obtaining a richer understanding of consumer choice*' (ibid: 5). This qualitative research is discussed in more detail below.

The Difference Between Awareness and Action

Awareness of environmental and social, and more recently food, issues does appear to be rising. However there is a disparity between increased awareness and ethical purchase behaviour. Sales of ethically traded products (e.g. fair-trade labelled goods) would be a lot higher if the percentage of people who told pollsters that they see human rights as important in their shopping habits bought fair-trade products rather than competing brands.

Problems with such polls include a lack of workable definitions of ethical or environmental products or consumers,[11] and the common methodological flaw of all surveys: **they do not allow for the difference between what people do and what they say they do**. Ethical surveys are particularly susceptible to people responding according to acceptable norms or aspirations rather than actual behaviour, the '*halo effect*' (Coddington, 1993: 38). Other reasons for the difference between stated concerns and actual ethical consumption practice suggested by Hurtado (1998) include (with specific reference to environmentally preferable goods):

- environmentally preferable products may not meet consumer criteria of price, performance, quality and easy access;
- the information about environmental benefits of products is insufficient;
- on-pack information lacks credibility with consumers;
- there are not enough environmentally good products on the market;
- the depth of knowledge about environmental issues is limited;
- people don't have the time to look for products that are kinder to the environment;
- people feel they can't make much difference; and
- many people have little inclination to pay a premium.

Those promoting the consumption of ethical products recognise the limitations of quantitative surveys. However because of relatively low levels of awareness of concepts such as fair-trade, they have been the only feasible option. When fair-trade was less well known, it was not realistic to get consumers together in focus groups to talk about their views of what fair-trade is about; but it may be more feasible now notes Fairtrade Foundation director Phil Wells (pers. com., 15-10-99). One advantage of quantitative surveys however is that they manage to grab the headlines. Nevertheless, companies such as Cafédirect have done more qualitative work in order to better understand their target markets. Indeed, following on from recent focus groups the Cafédirect has been re-launched, with a new message 'Fresh'.

[11] Is a consumer 'ethical' or 'green' because they once bought recycled toilet paper, as a 1989 MORI poll suggested (Eden 1990)?

More Recent Insights

Much of the consumerist literature seems to rest on a linear understanding of motivation, i.e. awareness leads to concern which leads to action. Similarly work on consumer ethical awareness has tried to explain awareness and action in relation to socio-demographic indicators or has tended to concentrate on single issues. However, argue Shaw and Clarke, the link between awareness and action is much more complex. They particularly highlight the limitations of research focusing on single issues, such as acid rain or global warming, and their relationship to consumer behaviour.

Examining the complexity of the linkage between awareness and action may contribute to understanding the apparent dissonance between the concern about ethical issues and consumer action in the form of EPB demonstrated in the sales figures for fair-trade and other ethical goods.

Newholm (1999) divides the behaviour of ethical consumers into three groups: distancers, integrators, rationalisers (see Box 1). Most ethical consumers tend to favour one of these strategies, although an individual's behaviour may show examples of all three. Newholm analyses his cases in terms of 'coping strategies' whereby his cases attempt to maintain their self-image as ethical consumers in the context of their daily lives.

Box 1 Newholm's Categories

- **Distancers:** Aim to avoid consuming goods and services they consider unethical, sometimes to the extent of limiting their overall consumption. Involves life style change, separating them from the bulk of consumer society. Some require considerable information to enable them to implement their holistic philosophy whilst for others minimising their consumption is sufficient.
- **Integrators**: Attempt to implement their ethical views in all aspects of their life from work, to consumer goods to financial products. Because they spend much time working and campaigning on these ethical issues they may have to limit their engagement in ethical consumption.
- **Rationalisers**: Tend to act on their ethical values in certain limited ways, e.g. consuming particular products with ethical attributes. They accept consumer society and enjoy its pleasure and conveniences. However, they believe they should act in those (few) cases where consumerism creates real problems.

One of the implications of Newholm's analysis for the producers of ethical products is that not all ethical consumers are the same and respond differently to the messages that are sent out by those marketing products with ethical attributes. Langland (1998) studied marketing and communication by Max Havelaar, a fair-trade organisation, in Denmark. She suggests those more aware of fair-trade issues respond to messages highlighting the problems that the product and trading relationship seek to address ('sick baby messages') whereas those who are less aware of fair-trade respond better to messages highlighting the positive impact of their purchase ('well-baby messages').

Recent studies by Deirdre Shaw address the need to understand ethical consumer decision making (Shaw and Clarke, forthcoming and Shaw, Shui. and

Clarke, forthcoming). The first article (Shaw and Clarke) drew on focus groups to explore issues of major concern to a particular group of ethical consumers (those responding to a survey distributed via the magazine *Ethical Consumer*) arguing that there was a need to explore belief formation in more depth if consumer behaviour were to be better understood. To lend greater focus, the study focused on fair-trade as a principal issue. However, at a more general level the focus groups revealed that ethical consumers tend to identify a number of concerns that are central to their decision-making and effectively become a habit (e.g. vegetarianism, recycling). However, having taken action on one issue, ethical consumers tend to become aware of other issues and include them in their decision-making. The importance of reliable information to ethical consumers was highlighted, but so too was the need to avoid information over-load. Information sources included: literature (inevitably *Ethical Consumer* magazine and other consumer guides); interaction with ethical organisations; labels (but these were not always satisfactory where in-depth information was sought); advertising (generally a secondary source) and retailers (some products were first seen on store shelves, but there was a general distrust of information from companies).[12]

The wider context in which ethical purchasing decisions are made was highlighted in the focus groups. Some participants indicated that they received little or no support from friends and family in pursuing their ethical values; they felt isolated. It can be an effort to implement ethical choices, e.g. the time and energy involved. But many of the participants felt driven by a feeling of responsibility to purchase 'ethical' goods and that conscience was an important factor. Some participants adopted a strategic approach to ethical consumption, and used purchasing strategies to enact change: i.e. purchase of fair-trade goods from supermarkets to encourage them to stock the products rather than from preferred 'alternative' outlets

This qualitative study underlines the constraints on making the ideal choice and the complexity of the decision-making process with regard to ethical consumption and in conjunction with Newholm's study stresses the importance of looking at ethical purchase behaviour in a wider context.

Willingness to Pay an Ethical Premium

Many products with ethical characteristics tend to be more expensive than competing products. An 'ethical premium' may be related to a price guarantee for producers or a percentage of the price set aside for development projects in the producer community (as is the case for fair-trade) or due to higher costs of production or costs of certification. There is an issue of the extent to which consumers are willing to pay an ethical premium, particularly in mainstream as opposed to niche markets. For example it is doubted that the market will bear a premium for timber from certified forests.[13] Even among the self-identified ethical consumers, the price of fair-trade goods could outweigh ethical concerns about producers (Shaw and Clark, 1999: 20). However some people on low incomes may have a higher percentage of 'ethically' purchases in relation to overall expenditure than better off people (Newholm, *pers com*, Feb 2000).

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[12] Newholm (*pers com*, Feb 2000) notes that despite the call for information, it is not always used. There are many dusty copies of green consumer guides.

[13] The UK home improvement company B&Q has not charged consumers an ethical premium for wood certified according to Forest Stewardship Council principles.

Whilst income may play a part, there are two more factors that appear to be important in consumers' willingness to pay a premium: awareness of the ethical issue related to the product and market characteristics of the product. Taking market characteristics first, the extent to which a product is considered to be essential or a luxury is important. In the UK consumers have proved relatively willing to pay a premium for fair-trade coffee, particularly for roast and ground as opposed to instant. There was considerable debate within the European fair-trade movement on the premium for tea. Initial suggestions were considered far too high for the UK where tea is considered essential and relatively low grade tea is drunk (interview at Fair-trade Foundation, 23-5-96). The premium achieved on different organic products bears this out: in 1997 Mintel reports a 280% premium for grapes but only 12.5% for baking potatoes.

The Eurobarometer survey indicated that willingness to pay positively correlates with previous experience of fair-trade (EC, 1997: 7). Just over three-quarters of the respondents whom already had considerable experience with fair-trade products said that they would pay 10% more and 19% would be prepared to pay a 30% premium. Of those who are unaware of the concept of fair-trade, 30% would pay 10% more and 3% would be prepared to pay 30%. From 1992-97, as organic products have gained a higher profile, there has been a 3.4% increase in the percentage of people agreeing with the statement 'it's worth paying more for organic fruit and vegetables' (Mintel 1997).

There have been some developments in quantitative methodologies to ascertain market characteristics for goods with ethical attributes. Noting the weaknesses of 'stated preference' (i.e. relying on what respondents say they do), Galarragga and Markandya (1999) have used actual demand for ethical attributes as demonstrated in price and sales data, the hedonic approach. This enables them to '*estimate, ceteris paribus, a proxy of what the consumer pays for a single characteristic of the good*'. Their initial, innovative study of revealed preference for fair-trade and organic labelled coffee indicated that the '*presence of the "green" characteristic will increase the price of an average grade of coffee by 11.26%. For the UK market this average price is 0.025814 Euros per gram. Hence the increase due to the "green" characteristic is 0.003 Euros per gram*' (ibid). In contrast a study on wood products using similar methodology, contingent valuation, indicated that there was a very low willingness to pay an ethical premium, the adjusted price differential was between 0 and1%, depending on the model used, for wood products with a base price of £200 (Veisten, 1999).[14]

Econometric methods that look at actual purchase decisions of consumers offer considerable potential for the learning more about willingness to pay more for ethical products. This approach will be easier to apply if sales data for easily identifiable ethical products is more widely available. Some problems in obtaining accurate sales data for Oxfam's fair-trade sales were reported by Ayglon (1997) because of the limited distribution of electronic point of sale systems in Oxfam shops.

Sources of Information

Ethical consumers rely on a variety of sources of information about the ethical characteristics of the goods that they consume. Sources cited include NGO

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[14] Values from 'raw' data were higher than 1, but Veisten adjusts these figures to account for levels of environmental awareness, and extent to which respondents were sure about their initial response.

campaigns, labels, fair-trade/alternative shops and mainstream retailers, the media or family and friends. However, knowledge of the relative importance of different sources is limited.

In Ayglon's survey, 70% of fair-trade food purchasers had discovered Oxfam Fair-trade foods by visiting Oxfam shops. Very few bought because of a recommendation from friends or advertisement (6% and 3% respectively). Advertising is likely to be of limited importance, as there is very little paid for advertising by fair-trade organisations, with the exception of Cafédirect and more recently Divine (exceptions in the fair-trade market as these products are explicitly aimed at the mainstream market). Even The Body Shop has relied on editorial coverage rather than conventional advertising. Similarly companies adopting corporate responsibility strategies such as B&Q and Premier Beverages do not frequently communicate this in advertising. However, this says nothing about the potential efficacy of the medium to raise awareness.

Some observers doubt the efficacy of product labels. For example Childs and Whiting regard eco-labels as '*little more than symbols: they provide no details of the standards that the product has had to meet....so unless the consumer has been educated about their meaning, they remain a simple picture on the packaging and as such are likely to be ignored*' (1998: 7). Nevertheless it appears that more consumers are learning to look for labels and a Gallup Poll for CWS indicated that 67% of consumers want more information and clearer labelling (cited by Halsall, 1995).

The communication role of a product on a shelf cannot be underestimated. The Eurobarometer survey indicates that consumers with limited experience of fair-trade tended to be introduced to the idea in supermarkets. This was important for consumers who are '*positively disposed towards fair-trade products, but not sufficiently dedicated to search them out in specialist shops*' (1997: 6). Similarly, for 37% of women who had heard of Cafédirect, this was from seeing it in a supermarket (pers com, 1996).

Implications and Future Work

Current knowledge on ethical consumer is patchy and largely dependent on commercial opinion polls. Trends over time suggest an increased awareness of ethical issues in trade and consumption, but awareness and concern are not directly translated into ethical purchase behaviour. Some steps have been made to understanding the complexity of consumer decision making and the contexts in which these decision are made.

Work so far stresses the importance of information and awareness as a prerequisite for action. For example, 93% of those who had already bought fair-trade products said they would buy fair-trade bananas if they were the same quality and price as their usual bananas, whereas only 70% of those not aware of fair-trade would do so (EC, 1997: 6)

There is considerable demand for further, more detailed, research on ethical consumerism, particularly on levels of awareness of ethical issues, their meaning to consumers and the way in which this translates to action. This calls for exploratory research, which probes the meanings of ethical consumption for consumers themselves.

Current research does highlight a wide gap between the committed ethical consumer for whom ethical consumerism is part of a lifestyle - for whom it has become a habit - and ethical consumers who are newer to the concept and for whom the wider context of consumer decisions may be more important.

At a more practical level there is a lot to be learned about where and how consumers learn about ethical products. A related and similarly under-researched question is whether different types of consumer respond to different types of information, different media and which sorts of information are most effective and credible for consumers. It was noted earlier that some of the more dedicated ethical consumers are wary of information provided by companies such as supermarkets, but people who do most of their weekly shop at the local supermarket may not share this hesitancy.

Recent NRET workshops with mainstream and alternative companies have all emphasised the need for greater consumer awareness, not only so consumers buy ethical products but so that consumers understand what companies mean when they say a product is ethically produced. Mainstream companies with thousands of product lines are understandably reluctant to badge their products as socially or environmentally responsible, not only because they do not have the management tools to guarantee this, but also because they realise that definitions of ethical production are always open to challenge. Fair-trade and to an extent organic producers have succeeded in projecting an image of ethical responsibility, but even their definitions are starting to be questioned. The challenge therefore is not simply to improve ethical standards, but to raise consumer awareness about why ethical intentions are not always fulfilled, and to make the case for consumer support for long-term goals rather than immediate achievements.

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