



Introduction

It's received wisdom in the fashion industry that the market for 'ethical' fashion is booming. But what do we mean by 'ethical consumerism', and does this trend mean that the fashion industry as a whole is getting more ethical? In this factsheet we'll examine these questions from two sides: demand and supply. First we'll look at the extent to which there really is a demand for ethical clothing from consumers. Next we'll look at what the market is doing to satisfy that demand. Finally, we'll examine whether the market's response to consumer demand is leading to benefits for workers in the supply chain.

The term 'ethical' in fashion encompasses a broad range of concerns. Workers' rights, the origin and transport of a product, types of trading relationships, chemicals used in production and processing, and other social and environmental effects of a product on humans, animals and the natural environment can all affect how ethical¹ a product is perceived to be. It's hard to divide consumers and products into 'ethical' and 'non-ethical', when the term applies to such diverse and sometimes mutually exclusive criteria. The ethical consumer must make judgements about which of these issues are most important, accepting, for example, that a fair trade product will have been transported thousands of miles to reach them. Much research on ethical consumerism uses 'ethical' as a catch-all term. This factsheet uses this broad definition of ethical.

A variety of initiatives are emerging to meet the demand from consumers for ethical products and services. These range from certification bodies such as the Soil Association and Fairtrade Foundation to multi-stakeholder initiatives such as the Ethical Trading Initiative (ETI) in the UK. Set up in response to consumer pressure, the ETI aims to develop ethical trading best practice for high street brands and retailers. Meanwhile, some companies are laying out ethical plans and social and environmental targets on their own. All of these attempts by companies to show themselves as ethical have their critics and their supporters. These different initiatives are explored elsewhere,² so they won't be covered in depth here. Instead we will explore the growth in ethical consumerism to which these initiatives seek, in part, to respond.

¹ Fashioning an Ethical Industry (FEI) focuses on working conditions within the mainstream fashion industry and for FEI a company needs to ensure workers throughout their supply chain can exercise their internationally-agreed labour rights before they can be called ethical. These internationally agreed labour rights include freely chosen employment, payment of a living wage, secure employment, safe and healthy conditions, working hours are not excessive, no sexual harassment, discrimination or verbal and/or physical abuse and most importantly are able to speak out and defend and improve their own labour rights through freedom of association to join a trade union and bargain collectively. Refer to FAQ set 3 for more information on this.

²For more information about what companies are doing, see the following factsheets available at <http://fashioninganethicalindustry.org/resources/factsheets/#>

- **factsheet 9** A brief history of company engagement
- **factsheet 10** Multi-stakeholder initiatives
- **factsheet 14** Alternative, ethical and fair trade clothes
- **factsheet 16** Social audits

Demand side: the depth and breadth of ethical consumerism

Market research tends to point to two apparently contradictory trends in consumer behaviour. On one hand, the proportion of consumers who say that they are concerned about the ethics of the products they buy is growing. Jenny Dawkins (cited in Images 2006), head of corporate responsibility research at Ipsos MORI, reported research showing that around one third of the British public now purchase ethically to some degree, with child labour the top sustainability issue that people want reassurances about.

According to Dawkins, people hold companies responsible for the behaviour of their suppliers, with nine out of ten saying companies have a responsibility to check their suppliers are behaving ethically. Three quarters of respondents say that if they had more information about companies' social, environmental and ethical behaviour – via labels and word-of-mouth – this would influence their purchasing choices. According to a YouGov survey for Marks and Spencer almost 33% of UK consumers said they had decided not to buy an item of clothing because they felt concerned about where it had come from or conditions it had been made in.

The Co-operative Bank (2007) reports that sales of recycled, organic and Fairtrade cotton clothing increased by 79% between 2005 and 2006. In addition, 2006 saw, "the emergence of a significant number of 'low-cost' clothing boycotts. For a number of consumers it would appear that low cost is now a potential indicator of poor labour conditions. Subsequently, overall clothing boycotts grew by 20 per cent in 2006 to reach £338 million."

Yet on the other hand, as decades of social psychological research show, changed attitudes do not always lead to changed behaviours. This inconsistency can be seen at the macro level: the Co-op might report an increase in the number of people boycotting low-cost brands, but cheap, fast fashion continues to gain market share rapidly, despite its clear association in many consumers' minds with poor working conditions.

It can also be seen on the micro level, in individual consumers' responses to questionnaires. While consumers might feel strongly about the impacts of products that they buy, there is a large discrepancy between consumer concern and everyday action: in one survey (Forstater, Oelschaegel, and Sillanpää 2006) 80% of shoppers want to reduce food miles, but only 25% look at country of origin labels. In another (Grande 2007), about a third of respondents told researchers they would pay a 5-10 per cent price premium for many ethical products, yet, though ethical products at comparable prices do exist, in practice they command tiny market shares.

How can this be explained? First, purchasing decisions are complex, and ethics is one factor in a mix which includes many other factors, and which each individual weighs up differently. Chris Davis, from market research firm GfK NOP (cited in Financial Times 2007), explains how, *"the decision to buy an ethical brand over a conventional alternative is also influenced by a number of other factors including (i) brand awareness, (ii) the importance of other product/brand criteria, (iii) the extent to which buying an ethical brand implies an inconvenience or a 'product compromise' - if at all (e.g. in terms of quality, style, range of options available, etc.), and of course, price."*

Second, not all consumers are the same. Most studies of ethical consumerism segment consumers into a series of groups with increasing levels of commitment. For example, Marks & Spencer (2008) segment the consumer market into four:

- 'Green crusaders' (11%): "are already making a significant difference themselves and expect business to take a lead as well."
- 'If it's easy' (27%): "are willing to play their part provided it does not require significant personal change or sacrifice."
- 'What's the point' (38%) – "are increasingly concerned about environmental and social issues but don't believe that they personally can make a difference."
- 'Not my problem' (24%) – "haven't engaged with green issues to date."

M&S says that some of its ethical interventions are aimed at involving the more committed consumers, while others are designed so that the less concerned can rest assured that M&S is doing something.

Third, the current high profile of ethical issues takes place in a particular set of economic and social conditions. There is some debate about whether is specific to these conditions – in which case concern about ethics is a flash in the pan – or a long-lasting shift in consumer attitudes. It has been suggested, for example that consumers' concern about ethics depends on the level of economic growth. Corrado (1997) uses poll data to show that consumer concerns about how British companies treat the environment decreased dramatically, by 17%, when a recession began at the end of the 1980s. As the recession came to an end, these concerns began to increase again.

The present change in attitudes towards ethical consumption can therefore be attributed to many factors. A few possibilities include: backlash against the growth of cheap, fast fashion; public awareness-raising by campaign groups; climate change; rise in disposable income and fall in retail costs; availability of labels offering a more cast-iron guarantee; growth in information technology and travel.

Supply side: how the market has responded to ethical consumerism

Organic and Fairtrade certified cotton, 'wash at 30 degrees' labels, Product (RED), Marks & Spencer's 'Plan A', Estethica @ London Fashion Week: there is no doubt that the fashion industry is attempting to respond to the market demand ("chasing the ethical pound", as some have described it). In fact, there is some evidence that the plethora of responses has confused consumers.

"There have been an increasing number of media reports highlighting the complexities of environmental concerns and the difficulties that operators in the market face," says Angela Hughes, Consumer Research Manager at Mintel (cited in Mintel, nd), "but our research shows that for many consumers too much information and mixed messages are causing them simply to 'switch off'. Although there are no easy solutions to many of the environmental and ethical dilemmas, which face society today, most consumers clearly need to be presented with simpler messages."

This is an understandable state of affairs: how does one say what is ethical and what isn't when choosing between products made in a conventional factory using Fairtrade certified cotton, others made from conventional cotton for a fair trade social enterprise, others made in a conventional factory but in the UK (with fewer transport emissions), or yet more made from recycled materials but sold in an out-of-town supermarket built on the greenbelt? Is it fair to be critical of one partially 'ethical' initiative because it is 'unethical' in other ways? To help sort through the different initiatives, we could approach clothing companies that make ethical claims with two set of distinctions in mind that that are not mutually exclusive:

- **Ethics-led versus demand-led**

There is a difference between brands that manufacture clothes ethically because of a deep-seated commitment, and those that have adopted ethical initiatives in response to consumer demand. Brands in the ethics-led category are often social enterprises, operating to a 'triple bottom line' (performance is measured on environmental and social performance, as well as financial), and many – such as People Tree and Bishopston Trading – existed long before the current major interest in ethical clothing began. For consumer demand-led initiatives, social and environmental performance is a means to better financial results, not an end in itself.

- **Mainstream and niche**

Products and companies that seek to provide an alternative for the ethically-conscious consumer take a different approach to those that seek to transform the whole industry. Mainstream, transformative responses might include M&S' Plan A, Adidas' decision to publish a full list of its supplier locations, a complete switch to organic or Fairtrade cotton, or brands' variously successful attempts to monitor and improve working conditions in supply chains through the ETI. Such responses affect consumers whether they choose to buy ethically or not: they make the more 'ethical' option the rule rather than the exception.

Niche responses can be subdivided into values-led and fashion-led. There are fair trade brands, which are driven by the developmental impact of their operations and there are those that are primarily about producing fashionable clothing, but try to do it in an ethical way. We can also count in this category the niche initiatives of major fashion retailers, such as organic and Fairtrade certified cotton lines in many high street stores. With one or two exceptions, these latter lines are marketed as 'ethical' alternatives for customers: usually they cost more and are available in a limited number of designs, selected based on the customer profile that the brand expects to be attracted by its ethical offering.

There isn't space for a detailed analysis of particular products or issues here. Instead, here are a few points to help you evaluate one ethical issue: garment workers' rights.

- Brands attempting to satisfy the demand for ethical consumerism can offer little or no independent, verifiable guarantee of workers' rights to the consumer, because no such consumer guarantee exists: while many source from suppliers following a fair trade model, they rely on consumers' trust; there are also many 'free-loaders' who use the term 'ethical' while sourcing conventionally.
- There is little evidence that mainstream fashion is adopting the learning from the more pioneering niche brands and managing its supply chains in a more ethical way. Nor does it seem to be losing consumers to the ethical sector, because it is able to keep their custom using partially ethical solutions such as Fairtrade and organic cotton, or charity tie-ins.
- Mainstream retailers stocking such partially ethical products find themselves criticised extra-heavily on workers' rights. This goes for retailers selling products made with organic and Fairtrade cotton, which do not guarantee working conditions in the manufacture of the garments. It also applied to Sainsbury's "I'm not a Plastic Bag" line in 2007, a limited edition cotton bag, designed by Anya Hindmarsh, marketed as a means to reduce consumers' use of plastic bags. Campaigners and media soon picked up that the bag was made conventionally in China using conventional cotton, meaning that its environmental footprint as well as the working conditions in which it was produced were far from 'ethical'. (Mendick 2007)

- High street brands that are taking some steps towards producing all their clothes ethically are frequently criticised and exposed in media reports regardless, partly because such steps require a progressive approach and will not transform workers' rights overnight, and partly because their public communication often overstates the impact of the commitments they have made.

Perspectives on the future of ethical consumerism

From the above it appears that the demand for ethical consumerism has not so far achieved a significant improvement in workers' rights throughout the fashion industry. This would seem to be because, a) much of that demand has been met by small niche initiatives, which are unregulated and whose learning has not been passed on to the mainstream, and b) where the high street has responded, there is a mismatch between the kinds of interventions that provide an easily-marketable solution to meet consumer demand, and those kinds that actually would raise working conditions for workers throughout supply chains.

The question that remains is whether this state of affairs will continue or change: can ethical consumerism deliver an ethical industry? To end with, here are a few perspectives on this question.

The industry commentators: Drapers magazine

"Gradually (and it is only gradually), consumers are starting to question the provenance of their clothes and want to know that whoever made them has been treated fairly. Excessive cheapness will make them suspicious, even if some value retailers have actually helped to improve conditions in the factories in which their clothes are made." (Roberts 2007)

The trade unionist: Neil Kearney, ITGLWF

"If after a dozen years of frantic activity ... the lead player has not rid its supply chain of children, what does this say about C[orporate] S[ocial] R[esponsibility]'s ability to drive change?" (Webb 2008)

The campaigners: War on Want

"As long as consumer demand for bargains keeps the retailers' tills ringing, the only solution is for the British government to take a lead on this issue. Gordon Brown has talked often about the importance of making poverty history. Now he must introduce legally enforceable mechanisms which compel UK companies sourcing from overseas to respect employees' rights and promote decent work that will genuinely help lift people out of poverty." (Mcrae 2008)

The economist (1): Clive Hamilton

"It is perverse to characterize the market as a want-satisfying mechanism when we are exposed everyday to attempts by the market to influence what we want. Consumers' preferences do not develop 'outside the system' they are created and reinforced by the system so consumers sovereignty is a myth. The question is not one of personal consumer choice versus elitist social engineering: it is one of corporate manipulation of consumer behavior versus individuals in society understanding what is in their real interests. Instead of society being populated by free agents rationally maximising their welfare through their consumption choices, it is people as complex beings whose taste to a large degree is manipulated by the very markets that are supposed to serve them." (Porritt 2006: 275)

The economist (2): Milton Friedman

"There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." (Friedman 2002)

The mainstream retailer: Marks & Spencer

"We're convinced that if we want our business to sustain its success in the long term then we must offer exceptional products, services and stores in a way that reflects the expectations of our customers and stakeholders that we are leaders on managing environmental and social issues." (Marks & Spencer 2008)

The fair trade brand: People Tree

"Fair Trade and ethical fashion is growing. It's arrived on the high street because of consumer demand, and in turn consumer demand has been driven by pioneer brands like People Tree who have been working for over 10 years with small scale producers in the developing world, pushing the barriers of Fair Trade." (People Tree, nd)

Questions for further consideration

To evaluate whether the market mechanism has delivered real change in ethics, try answering the following questions:

1. Does the market favour ethics-led approaches or consumer demand-led approaches?
2. Can the market's response to consumers' demands for ethically produced goods bring about real changes to working conditions?
3. Have niche approaches catalysed change in the mainstream, or have they diverted consumer demand away from it?

To evaluate a particular initiative, bearing in mind our earlier description of the diverse issues that come under the 'ethical' umbrella:

4. To what extent are the ethical claims it makes justified?
5. In which areas of ethics does it make no claim to be different to conventional clothing?

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