

2016 Ruby Hutchison Memorial Lecture Can Consumers Buy a Better World?

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Thank you Alan and Delia, and thank you everyone for coming tonight.

I acknowledge the traditional owners of the land on which we meet tonight, the Gadigal people of the Eora nation, and express my respect to their elders past and present.

It is truly a great honor to give this lecture.

I grew up in a home where Choice Magazine was ever-present.

My very young parents were exactly the kind of 1960s consumers who needed CHOICE.

I vividly remember being sent to retrieve copies of CHOICE magazine to help them decide on a purchase or settle a point of discussion.

I suspect in our household CHOICE was more valued than any encyclopedia. Perhaps CHOICE was already warning naive consumers about the dangers of travelling encyclopedia salesmen.

And so it's particularly humbling to give a lecture named after one of the founders of CHOICE - Ruby Hutchison.

These days we talk a lot about innovation and social entrepreneurship.

But for more than 50 years, CHOICE has achieved its mission to inform and advocate for consumers by running a financially successful social business.

So we should recognise Ruby Hutchison as one of our early social entrepreneurs - on top of her other achievements.

I also want to acknowledge John Wood, another forbear of this event.

In the mid 1980s, John was the Director of the Federal Bureau of Consumers Affairs.

The Bureau worked closely with the Australian Federation of Consumer Organisations, the peak consumer body now known as the Consumers Federation of Australia.

Together they were looking for new ways to promote consumer rights.

In particular they wanted to get the backing of the Prime Minister.

They decided to invite Bob Hawke to give Australia's first consumer policy lecture.

John proposed that the lecture be named after Ruby Hutchison – not only was she a founder of CHOICE, she was also believed to be related to Bob.

John was a member of CHOICE's Governing Council when I began working there in 2005.

At CHOICE, one of my first tasks was to assist CEO Peter Kell breathe new life into this very event – which makes it slightly odd to now be standing here as tonight's presenter.

Around this time, Peter also led CHOICE to do more work on sustainable and ethical consumption. We introduced the Green Best Buy and investigated issues like labour conditions in the toy industry and green electricity.

This experience was one stimulus for my decision to get involved with Ethical Consumers Australia.

The purpose of Ethical Consumers Australia is to help consumers make choices that align with their values.

Our major project is a shopping service called Good On You, something that I'll talk about a little later.

I'm delighted that many of the people involved with Good On You are here in the audience tonight.

So now to tonight's question: Can Consumers Buy a Better World?

Can different shopping choices lead to reduced harm to humans, the environment and animals?

Household spending makes up well over 50% of GDP, so consumers certainly have enough market power if they choose to use it.

And survey after survey says that consumers do want to act.

A 60-country survey by Nielsen - reported that "Global consumers are willing to put their money where their heart is when it comes to goods and services from companies committed to social responsibility"

Nielsen backed this up with figures that showed "Increased sales for brands with sustainability claims on packaging, or active marketing of corporate social responsibility efforts."

But are these responsible choices really making a difference?

What about the 20 million people working as modern day slaves?

Last month, surf brand Rip Curl admitted that parts of its winter range were made in North Korea where factory conditions are appalling.

What about the ongoing loss of biodiversity caused by pollution, land clearing and climate change?

What about all the other ways in which the production of goods and services harms people, the planet and animals?

Clearly social responsibility has a long way to go.

Is it hopeless? Or is change just beginning?

I believe we need a new framework for thinking about this problem – one that is based in thinking about consumers' rights separately to our important concern for those of workers, future generations and animals.

But first let's take a quick look at the past and present of what is variously called "ethical", "sustainable" "conscious" or "socially responsible" consumption.

A note in passing - none of these terms is completely satisfactory. What we are talking about are those consumer choices that go beyond the value for money question and take into account our concern for the impact of our choices on others.

Consumers have been voting with their wallets for more than 200 years.

The Atlantic Slave trade was one of the worst atrocities in human history.

Consumer action was an important part of the successful campaign to abolish it.

At least 300,000 English consumers boycotted slave-grown sugar in the 1790s.

Some decades later, the US Free Produce Society was also fighting slavery.

As well as boycotts, they set up alternative distribution systems for freely produced goods.

In 1911, a deadly fire in a New York garment factory galvanised the trade union movement and civil society.

One result was stronger safety laws and better enforcement.

Another was the growth of campaigns to empower consumers to prefer products made with union labour.

In the 1950s, the pioneers of fair trade encouraged people to use their consumer power to combat poverty by choosing fairly produced goods.

In these examples we see different, often complementary strategies to respond to injustice:

- consumer action such as boycotts and positive buying campaigns, and new ways to produce and distribute goods.
- and citizen campaigns for changes to the law and its enforcement.

So let's fast forward to today.

There's no doubt ethical consumption is on the rise.

Ethical spending in the UK has been increasing for 15 years.

There are now more than 3,000 fair trade products sold in 125 countries. Fair Trade sales are growing 15% each year and reached \$7 billion worldwide in 2013.

There are now around 500 labeling schemes that guide consumers towards more responsible products. In 1978 there was only one.

And consumer boycotts are common – one site lists 59 current boycott calls.

Businesses are responding to consumer concern about how our stuff is made.

There are many opportunities for business. Products with ethical claims can command a higher price, and ethical positioning may help increase market share.

And there are also risks. There's no doubt brands fear that ethical scandals may damage sales.

Boycotts are often both embarrassing and effective. In response to boycotts in recent times

- Nestlé adopted a no deforestation policy
- Major US clothing label Fruit of the Loom re-opened a unionised factory in Honduras and paid millions in compensation

- And Zara abandoned the use of animal fur.

In the last few years, many businesses have started working to both avoid risk and to create opportunity.

A number of major retailers are imposing stricter sustainability and ethical requirements on their suppliers.

And some have introduced or announced new ways to provide meaningful information to their customers – examples include Marks and Spencer, Walmart, Whole Foods and in Australia David Jones and Coles.

These initiatives are often genuine and welcome. But when they are simply bolted-on to the company's existing business model they can only go so far. Rarely do companies adopt a fundamental new way of doing business with ethics and sustainability at the core.

And so what about consumers?

While most people say they want to act on their ethical concerns, a much smaller number actually do so.

Collectively our heart is in it, but the gap between what we say, and what we do, is still wide.

The truth is, while the value of ethical purchases is growing rapidly, right now it's still a drop in the ocean.

Fair Trade sales may be \$7 billion each year, but global coffee sales alone are more than 10 times that.

Only 2.5% of Australian investments is put into "core" ethical or responsible funds.

So what's going on? What explains this gap between what consumers say they want to do and their actual behaviour?

Australian specialist research firm Mobium suggests that consumers fall into several groups.

The vast majority of Australians are concerned about sustainability to some degree – Mobium say 90%.

The most engaged group regularly shop according to their values. Mobium say that's now risen to 14% of Australians.

And then there's a much larger group - around 40% of us - who are concerned enough that we feel "conflicted" when we don't act on our ethical impulses.

Let's think about this for a moment. Almost 40% of consumers are not happy about their shopping.

To some extent at least, the market is failing two fifths of the population.

Is this what we want? Can't we do a better job for these consumers?

But, you might say, if consumers feel so "conflicted" about the stuff they buy, why don't they just choose products and services that meet their ethical requirements?

Well, as Kermit the frog once said - It's not that easy being Green.

Complex markets and long supply chains often mean the ethical choice is the hard choice.

Consciously or unconsciously we're always making trade offs between things like performance, style, quality, features, and price. And, as responsible consumers, we also want products to be consistent with our values.

But that's an 'also' not an 'instead'.

It's rare to be faced with a simple choice between a responsibly made product and an equivalent one that is not.

Secondly, we don't always know everything we need to know.

Do we know the ethical issues that actually matter for each different product group we may be interested in? Which company has child labour in its supply chain? Which one is complicit in burning Indonesia's rainforests?

How do we know if Responsible Palm Oil is the right answer or if it's better to avoid palm oil altogether?

But it's not just a question of information.

We hold incorrect beliefs about the effectiveness of responsible options. Many of us believe cleaning products don't work as well just because they're green. Most of us think that sustainable investment options perform worse than the market.

We need help to guard against misconceptions like these.

Thirdly - it's often hard, or at least inconvenient, to find acceptable more responsible alternatives

Where can I buy a product that gets the balance right between my practical needs and my ethical concerns? Why isn't that product as easy to get as others? – For many people, if it's not sold in Woolworths or Coles, it may as well not exist.

Finally, consumers are uncertain if their individual responsible choice will have any impact.

According to research by Paul Burke and others at UTS, it's crucial for ethically inclined consumers to know that a particular choice actually "makes a difference".

So to summarise: you can only make a responsible choice if:

- you are aware of an issue and how important it is.
- you have a way of knowing - and believing - which product or brand is better.
- you have a convenient way of acquiring a responsible product or service that also meets your other needs.
- you have some way to be assured your choice will have a positive impact.

So where does this leave us? What should we do? In particular, what should policy makers and consumer organisations do?

We all know that the purpose of consumer policy is to advance consumers' welfare.

We've seen that a majority of consumers want to do better when they shop – but face steep barriers to do so.

As consumer organisations and consumer agencies, it's our job to knock down those barriers.

But it's not enough to just provide information. It's not enough to only enforce existing laws against misleading claims.

We need to think more broadly about the rights that consumers are entitled to.

As many of you know there are eight consumer rights recognised by the United Nations and by Consumers International, the global peak body for consumer organisations.

They include the right to information, the right to safety, the right to a choose and so on - and they are all important to the responsible consumer.

But in our globalised, information rich world, the eight existing rights don't go far enough.

Canadian philosopher Mark Kingsmill tells us that material purchases have lost their role "as the fount of all fulfilment"- at least in developed countries - to be replaced by psychological wellbeing.

The desire to live a life that minimises harm to others is hardly new; but the number of people with capacity to live that life increases as our other needs are met.

I believe we need a new way of thinking that takes seriously the aspirations of the millions of people who want to consume responsibly.

I believe that we need to recognise a new Consumer Right - the Right to Consume Responsibly.

We need this 9th consumer right to do justice to modern consumers' aspirations. We also need it to help guide the work of the organisations who are responsible for promoting consumer welfare.

The right to consume responsibly offers us a lens to assess policy proposals, to evaluate corporate action and to stimulate the creation of tools to help consumers.

Think about current proposals that would criminalise activists' investigations into systemic cruelty to animals – these are particularly aimed at industries like factory farming.

Or recent proposals to to make it illegal to promote a boycott on environmental grounds.

Both of these policies offend against the right to consume responsibly.

But other laws and policies are designed to promote transparency. These help make the Right to Consume Responsibly a reality.

For example, the UK Modern Slavery Act and the California Transparency in Supply Chains Act require companies to report the action they have taken to avoid slavery in their supply chain.

The right to consume responsibly can also guide corporate action.

We don't stand for companies hiding product defects; we don't stand for companies lying about their compliance with emissions standards; and more and more, we don't stand for companies that won't tell us what's going on in their supply chains.

A corporation that respects the right to consume responsibly is transparent about its suppliers, and ensures good practice in its supply chain.

But where a corporation fails to provide meaningful information to its customers, the right to consume responsibly provides grounds for criticism, or even for regulatory action.

And for consumer organisations, the right to consume responsibly should inspire us to find new ways to help consumers.

CHOICE's current campaign to put the 'free' back into 'free range eggs' is one example.

Another is Good On You – a shopping app designed to help consumers act on their desire to shop responsibly.

Currently limited to clothing, footwear and accessories, Good On You provides users with ethical ratings for 900 brands.

But it's not just a mobile list of naughty and nice brands. The app helps the user find the closest store, suggests better ranked brands that match his or her preferences and empowers them to send a message directly to the brands they care about.

It also helps users find good deals on better rated brands. Remember that consumers like a bargain on their responsible choices too.

At Good On You we believe it should be just as easy to know how a product impacts on the things you care about, as it is to know its price.

But the Right to Consume Responsibly requires us to go further. We need to create a world where consumers have ready access to ethically produced products.

As tools like Good On You help more and more consumers' make choices consistent with their values brands who do better will be rewarded, and those who don't will have strong incentives to change.

As we've seen, using consumer power to create change is nothing new.

But modern technology creates new opportunities to obtain information and share it in ways that empower consumers.

Governments and the UN are now using drones to monitor pollution and deforestation.

Several NGOs have set up systems to empower factory workers to report poor conditions using their mobile phones.

And Good On You is just one of many possible new ways to use new technology to empower shoppers.

We began tonight by posing the question - can consumers buy a better world?

We heard the claim that 55% of consumers around the world will pay more for ethical products.

We looked at research that found a majority of Australians want to consume sustainably.

But we also found out that it's not that simple.

There's a wide gap between consumers' intentions and what they manage to buy.

And there's a large number of consumers who are unhappy about this gap.

Consumers want to make choices that match their values. This desire is closely connected to their search for a fulfilling life.

Consumers have a right to minimize the harm they do and maximize the good they create.

I've called this the right to consume responsibly.

This right provides a framework for organisations to act to help consumers fulfill their aspirations.

If we don't recognise and act on this right, we're not listening to the millions of Australians who expect to be able to shop with a clear conscience.

If we do, each consumer's individual actions will add up to a force that accelerates change and makes the world a better place.

My question for you tonight: what can you do to help consumers exercise their right to consume responsibly?

Thank you.

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