

# Consumers with a Conscience: Is there a Mass Market for Ending Sweatshops?

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# Introduction

- National surveys conducted over last decade suggest large majorities of US consumers
  - Care about the process by which the products they buy are made
  - Are willing to pay significantly more for goods made by ethically acceptable conditions
- We term these people “conscientious consumers” (CCs)
- So far, very little market response to CC preferences
  - Very difficult for would-be CCs to distinguish and obtain GWC products
- As well, very little response to these data in the scholarly research community

# Structure of Talk

1. National Survey Evidence (1995-2004)
2. Our Experiment
  - Round 1
  - Round 2
  - Round 3
4. Limitations and Implications of our findings

# 1. National Surveys

- a. What are our moral obligations, as consumers, to workers in other countries?

Some people say that if people in other countries are making products that we use, this creates a moral obligation for us to make efforts to ensure that they do not have to work in harsh or unsafe conditions. Others say that it is not for us to judge what the working conditions should be in another country. Do you feel that we do or do not have a moral obligation to make efforts to ensure that workers in other countries who make products we use are not required to work in harsh or unsafe conditions?

- |                                   |        |
|-----------------------------------|--------|
| • Yes, have moral obligation      | 74.1 % |
| • No, don't have moral obligation | 22.7   |
| • Don't Know                      | 2.4    |
| • Refused                         | .8     |

***-- University of Maryland Program on Intl Policy Attitudes (Oct 1999)***

## 1. b. What underpins this sense of obligation?

As you may know, many countries in the world have entered into an agreement to jointly lower the barriers to trade between them. There is some discussion about whether countries who are part of this agreement should be required to maintain certain standards for working conditions, such as minimum health and safety standards and the right to organize into unions. I'm now going to read you positions **IN FAVOR** of the idea that countries who are part of trade agreements should maintain certain standards for working conditions. Please tell me whether you find them convincing or unconvincing.

- Countries who do not maintain minimum standards have an unfair advantage because they can exploit workers and produce goods for less. This threatens jobs for American workers.

• Convincing	74.2
• Not convincing	23.9
• Don't Know	1.3
• Refused	.7

- Countries should be required to meet minimum standards because it is immoral for workers to be subject to harsh and unsafe conditions in the workplace.

• Convincing	82.9
• Not convincing	16.6
• Don't Know	.5
• Refused	-

***-- University of Maryland Program on Intl Policy Attitudes (Oct 1999)***

# 1. c. What price premium will we pay for “sweat-free” apparel?

## 5% Price Premium:

Would you be willing to pay up to \$1 more for a \$20 garment guaranteed to be made in a legitimate shop?

	<u>1995</u>	<u>1996</u>	<u>1999</u>
Yes	84%	83%	86%
No	14%	14%	12%
DK	2%	3%	2%

-- Marymount University Center for Ethical Concern

# 20% Price Premium

Some factories in countries that produce clothing for the American market place their workers in harsh and unsafe conditions, sometimes called sweatshops, to keep their costs low. Presently there is a proposal to have an international organization that would check the conditions in a factory and, if acceptable, give them the right to label their products as not made in a sweatshop. However, this may mean that the price of those products will be higher than those made in sweatshops. If you had to choose between buying a piece of clothing that costs \$20 and you are not sure how it was made, and one that is certified as not made in a sweatshop, but costs \$25, which one would you buy?

	<u>1999</u>	<u>2004</u>
Not made in sweatshop for \$25	76%	61%
Unsure how it is made for \$20	20%	33%
Don't Know/Refused	4%	7%

*-- University of Maryland Program on Intnl Policy Attitudes*

## 2. Our Experiment: Research Site

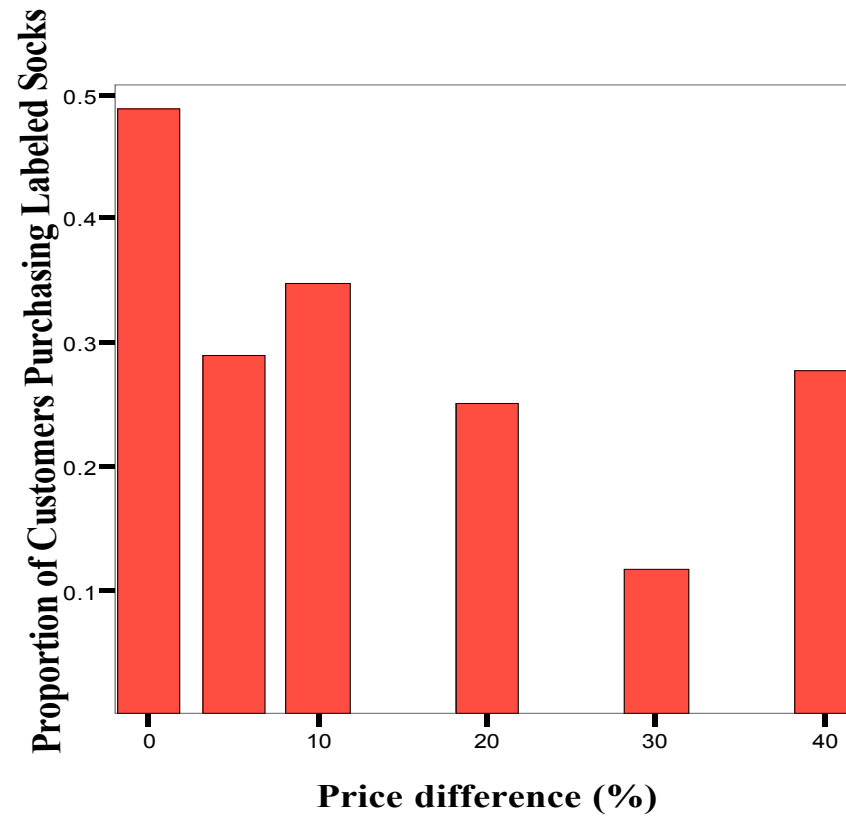
- Branch of well-known department store
- Located on edge of Detroit
- Tough case for “post-materialist” (e.g., Inglehart) accounts of conscientious consumerism:
  - Per capita income slightly below national mean
  - Only 7% of population have BA or higher degree (compared w/ 25% of US population)
  - Occupation: predominantly blue collar, semi-skilled
  - Predominantly white, though some Latino/a, African-American and Arab customers & interviewees
  - Unusually high level of union organization by national standards
  - Upshot: if any bias, probably heavily socialized into what Inglehart would call “materialist” values

# Research Design: Round 1

- Identical sport socks on two towers
- GWC sticker on socks on one tower; none on the other
- GWC defined on sign
  - No Child Labor
  - No Sweatshops
  - Safe Workplaces
- Baseline price for non-GWC: \$1
- GWC varied from \$1 to \$1.40, starting at \$1



# Round 1 Results



Bars show Means

## Round 2: Very Similar Socks, Rotating which has GWC Label

Price Difference (%)	(a) Round One (%)	(b) Round Two (%)	(c) Round One-Two Difference	(d) Rounds One + Two Mean (%)
0	48.8	51.4	-2.6	50.0
5	28.9	43.5	-14.6	36.9
10	34.8	37.8	-3.0	35.9
20	25.0	27.5	-2.5	26.6
30	11.6	32.3	-20.7	23.8
40	27.8	39.0	-12.8	33.8
50	---	24.4	---	24.4
<b>Mean (5-50)</b>	25.6	34.1	-10.7	30.2
<b>N</b>	254	319	---	573

# Questions Unanswered by Rounds 1 & 2

- Was everyone who purchased GWC socks a “conscientious consumer”? Conversely, was everyone who failed to purchase GWC socks an... un-conscientious consumer?
- Clearly not. To be a CC, four conditions must be satisfied:
  - Three cognitive preconditions:
    - Must notice the price difference
    - Must notice GWC sticker
    - Must understand GWC sticker
  - AND one substantive ethical condition: the GWC claim must have been an important part of the decision to purchase GWC
    - Does it need to be “decisive”? Good question.

# Round 3 Design

- GWC socks at \$1.20; non-GWC at \$1
- Short interview requested by student-observer after customer has made sock selection
- Customer paid \$5 for participation in short interview
- At end of interview, asked if willing to do longer follow-up interview on phone; offered \$20 if complete

# Round 3 Results (n=28)

- 28 short interviews conducted to date
  - 18 (64%) failed to meet all three cognitive preconditions for CC
    - w/in this group, 4 of the 5 asked indicated that GWC was important to them, and all said willing to pay more for it – how much more? Mean: \$1.56
  - 10 (36%) met all three conditions
    - Of these, 5 (50%) buy the GWC socks
    - All 5 of these customers said GWC was important to their decision; decisive for all but one
    - All 5 willing to pay more than the 20% -- Mean: 4 would pay \$1.50; 1 would pay \$4.

# Key Implication

- Gap between national survey and average result for 20% from Rounds 1 & 2 of our experiment:
  - $68\% - 27\% = 41$  percentage points
- Gap once we subtract those who do not meet cognitive preconditions:
  - $68\% - 50\% = 18$  percentage points
- So the national surveys look like a more accurate representation of \*behavior\* than we had originally thought

# Interpretation

- Very small N – how reliable?
- Compare % of GWC sock buyers in Round 3 w/ data from Rounds 1 & 2
  - In Round 3, 36% meet cog precons, and of these, 50% are CCs who buy GWC socks
    - That is  $.36 \times .5 = 18\%$  of all customers
    - Add to this the 32% who bought GWC socks for other reasons (e.g., perceived style, price, quality differences)
    - Total: **50%** of customers buy GWC
  - In Rounds 1 & 2, at 20% price premium, only **26.6%** of customers bought GWC socks
- So substantial discrepancy – need to collect more data to better know why this difference.

- Even so, now more confident that:
  - The number of CCs is substantially higher than Rounds 1 and 2 suggested, once correct for failure of many to meet cog precons
  - People who meet the cog precons AND buy GWC almost always do so because they are CCs
  - Therefore, the gap in % CCs between national survey data and our experimental data much smaller than might appear
  - CCs willing to pay well above the 20% premium in the Round 3 trials – median was \$1.50
  - Significant number of those who failed cog precons in our trial are also CCs who would have bought GWC and paid more if they had been aware

# Wider Implications

- Let's talk!