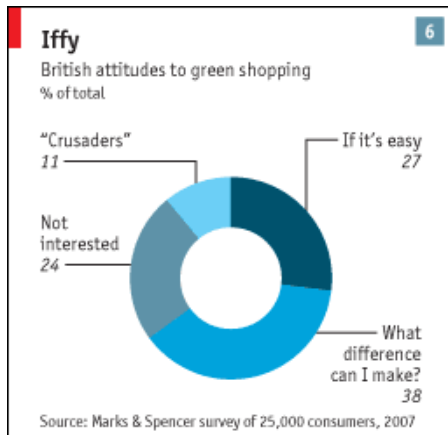


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### Buying Ethical is Not as Straightforward as it Seems

WHAT'S a label worth? A lot, it seems, when it comes to towels in an upmarket New York shop. In 2005 ABC Home Furnishings allowed two Harvard University researchers, Michael Hiscox and Nicholas Smyth, to conduct an experiment on two sets of towels. One lot carried a label with the logo "Fair and Square" and the following message: These towels have been made under fair labour conditions, in a safe and healthy working environment which is free of discrimination, and where management has committed to respecting the rights and dignity of workers.

The other set had no such label. Over five months, the researchers observed the impact of making various changes such as switching the label to the other set of towels and raising prices. The results were striking: not only did sales of towels increase when they carried the Fair and Square label, they carried on increasing each time the price was raised. No wonder companies are keen to appeal to ethically minded consumers, whether on labour standards or green credentials. Timberland, a New Hampshire outdoor-gear company, is introducing detailed "Green Index" labels on its shoes. Sainsbury's, a British supermarket, now sells only Fairtrade bananas, with the assurance that poor farmers have received a decent price, and all its own-brand paper products come from sources approved by the Forest Stewardship Council. Tesco, M&S and Wal-Mart have all launched initiatives that bet on the rise of the ethical consumer.

On greenery, M&S reckons that British consumers divide into four broad groups. About one in ten is passionately green and will go out of their way to shop accordingly. At the other end of the spectrum one-quarter are not interested. In-between are those who care but want green consumption to be easy, and those who are vaguely concerned but don't see how they can make a difference (see chart 6). In M&S's view, that represents an opportunity: three-quarters of British consumers are interested in the green theme in some way. But even the keenest ethical consumer faces complicated trade-offs, and sometimes the apparently obvious ethical choice turns out to be the wrong one. Surely it must be greener for Britons to buy roses from the Netherlands than ones air-freighted from Kenya? In fact, a study at Cranfield University showed the carbon footprint of the Dutch roses to be six times as large because they had to be grown in heated greenhouses.

Consumers are right to be suspicious of the ethical claims made for many products. A recent study of the labels of 1,018 products in big stores in North America by TerraChoice, an environmental marketing agency, found that almost all of them were guilty of some form of “greenwashing”. They did not tell outright lies, but nor did they tell the whole truth.

### **A Conditional Shade of Green**

Joel Makower, the executive editor of [GreenBiz.com](http://GreenBiz.com), says that, given a choice, most consumers will be happy to choose the greener product—provided it does not cost any more, comes from a trusted maker, requires no special effort to buy or use and is at least as good as the alternative. “That’s a high hurdle for any product,” he notes.

So shoppers will still flock to shops that sell cheap products of decent quality, without asking how these are made. They will often buy more if a product is attractively presented, never mind that the packaging may be wasteful. And when companies try to do the right thing, consumers will not always go along with them. Airlines that invite their customers to buy carbon offsets have seen only minimal uptake. The lesson for companies is that selling green is hard work. And it is no good getting too far ahead of the customer. Half a step ahead is about right, according to Stuart Rose, the chief executive of M&S. Much more, and you won’t sell. Any less, and you won’t lead.