

Making good: the money in ethics

Avoiding consumer boycotts is one thing, but on the other side, there's money to be made in the ethical consumer market, writes **Katherine Teh-White**.

THE AGE, 14/2/06, p.14

IF SOMEONE is trying to organise a boycott of your product you've already got a problem. You've probably had one for a long time and you've probably ignored it for a long time. You may argue it's not a big problem because it's not affecting sales much.

The bad news is that doesn't mean you are winning. Indeed, not even the activists are aiming for the boycott to have much impact on sales.

The doyen of consumer activists, Ralph Nader, believes a boycott is successful if it affects 2 to 5 per cent of sales. In his estimation, that is all that is needed to bring you to heel, create an opportunity for a competitor to wipe you out or just do some plain old reputation damage.

Boycotts have traditionally been viewed as an effective weapon for the "weak". The first boycott happened 126 years ago in Britain as a result of Charles Cunningham Boycott's maltreatment of his tenants. Their campaign to socially and economically ostracise him became known as a "boycott", an act where the weak can inflict financial pain to create change.

The financial pain these days appears to be considerable. We don't have figures for Australia as no one has bothered counting the cost.

But Britain, the boycott's birthplace, does bother and reports that the cost of boycotts climbed 7.5 per cent in 2004 alone to £3.44 billion.

However, while all companies can focus on reducing the risk or impact of a boycott, smart companies are trying to position themselves as the competition to the boycotted.

In Britain, sales of ethical products and services increased by 15 per cent in 2004 to £25.8 billion.

Globally, there's a queue of organisations trying to tap into this rapidly growing market. There are:

- Fashion labels who promote their accreditation as "No Sweat" brands that don't use exploitative labour practices;
- Coffee distributors who are marketing "fair trade coffee" that pays fair wages to growers;

- Chocolatiers who are selling "responsible chocolate" produced without cocoa picked by slave-labour;

- Foresters who are growing "sustainable timber";

- Fishers who are reeling in "sustainable fish"; and most recently,

- Jewellers who are selling "responsible jewellery."

Three factors have led to the rapid growth of Britain's ethical products market: consumer awareness, changing values and a belief that the consumer dollar can improve outcomes.

It's not a trend that Australians seem to have picked-up as fast as the mobile phone.

Fairwear promotes a handful of companies such as Yakka and Collette Dinnigan. Both have signed the code that aims to wipe out exploitative labour practices, although Yakka doesn't display a "No Sweat" label because there is little consumer awareness of it here.

There is only one fashion label — Hunter Gatherer (owned by the Brotherhood of St Laurence) — that displays the "No Sweat" endorsement but it doesn't spend on building consumer awareness.

An outstanding example of an Australian company prepared to invest in the ethical consumer market is the publicly listed forester, ITC, which launched its Goodwood sustainable timber brand last November.

The brand is attempting to create a competitive edge for ITC by building better relations with end users. They are backing it with a \$500,000 marketing campaign this financial year. Goodwood is being used to produce window frames and doors and soon, furniture.

In response to emerging consumer preferences here and overseas, more Australian companies need to get ahead of the game, reducing the risk of boycott and capitalising on opportunities in the ethical consumer market.

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