An exploration of ethical consumers' response to social labelling of wool apparel

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Abstract

This paper explores ethical consumers' response to social labelling of wool apparel. Focus groups were used to elicit their beliefs and attitudes towards five wool apparel social labels. The discussions examined how familiarity with social labels and beliefs about them, in terms of perceived credibility, transparency and relevance of the label to the product, influences attitude towards the label and subsequent preferences. It was apparent that consumer beliefs about the ethical issue(s) articulated by social labels, in terms of awareness and knowledge and the perceived importance of the focal ethical issue(s), influence attitudes and preferences. Participants differed in their attitudes towards the labels, reflecting diverse views about the importance of issues expressed in the labels.

Keywords: social labelling, wool apparel, ethical consumerism

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Introduction and Literature Review

Consumer concerns about the negative effects of the industrialised agriculture, such as environmental degradation and the exploitation and abuse of workers and farm animals, are increasing (Rollin 2004; Rollin 1990). This may reduce the sustainability of industries that are dependent on natural, human and animal resources, such as food and fibre, potentially resulting in market failure (World Resources Institute 2004). However, regulatory and protectionist approaches to market failure have constrained our understanding of the role consumer and entrepreneurial action might play. Although the entrepreneurship literature has addressed the exploitation of market gaps (Shane and Venkataraman 2000; Shane and Eckhardt 2003), it has largely ignored how entrepreneurial action might overcome market failures that are related to consumer concerns about social, ethical and environmental issues. According to Dean and McMullen (2007, p. 66), imperfect information about "the nature of present and future markets and productive resources and methods" is a form of market failure that can provide opportunities for entrepreneurial action. When consumers have imperfect knowledge about the nature of goods or services, opportunities are created for entrepreneurial actions that "enhance customer information regarding product or service attributes" (Dean and McMullen 2007, p. 68).

The use of social labelling to communicate information about the social, ethical or environmental conditions under which goods or services are produced is increasing across a range of product categories (Hiscox and Smyth 2008). Social labelling initiatives are largely independent standards with which organisations seek to comply to attain the right to use the label or mark on their goods or services (Hiscox and Smyth 2008). In the food and fibre industry, social labelling has been widely used to inform and educate consumers about products' social, ethical and environmental attributes. For example, Margaret River Organic Creameries in Western Australia uses independent organic certification to communicate the ethical and environmental attributes of their dairy products.

Social labelling has a long history in the apparel industry. As far back as 1899, the *White Label* was introduced for women's wear by the National Consumers' League to indicate garments were not produced in sweatshops or by child labourers (Kuik 2004). More recently, enterprising apparel brands, such as Patagonia, have used social labelling to market their environmental credentials to the ethical consumer market (Dickson, Loker and Eckman 2009). Today, there are more than 200 social labels for clothing and textiles (Baumgarn 2008) that tend to focus on single ethical issues, such as labour exploitation (e.g., Rudell 2006) or environmental sustainability (e.g., Hustvedt and Bernard 2008). However, it is evident consumers have numerous and complex social, ethical and environmental concerns about apparel (Sneddon, Lee and Soutar 2009), creating a need to better understand how they respond to social labelling.

The current paper examines ethical consumers' responses to five social labels that have been developed for wool apparel.[i] Wool apparel was selected as an appropriate product because the industry is facing increasing social concerns about animal welfare, labour rights and environmental sustainability, which may influence demand (Sneddon, Lee and Soutar 2009). In response to these concerns the Australian wool industry announced its intention to target consumers seeking natural and sustainable products and suggested that appropriate social labels would be required to communicate the ethical attributes of wool apparel (Australian Wool Innovation 2008). Entrepreneurial retailers, such as Icebreaker and SmartWool,[ii]

currently use social labelling to communicate the social, ethical and environmental attributes of their products to consumers, but little information is available on ethical consumers' response to social labels applied to wool apparel. Given the growing interest of the Australian wool industry and entrepreneurial retailers in the ethical consumer market, an exploratory study of ethical consumers' response to such labels was warranted. Therefore, the present study explored ethical consumers' response to social labelling of wool apparel.

The Present Study

Focus groups were seen as an appropriate exploratory approach as prior research has not examined these issues in detail and this technique has been successfully used previously in apparel social labelling research (Rudell 2006). In the current study, thirty-nine female consumers participated in five focus groups in Perth, Western Australia. Ethical consumers, those "concerned with the effects that a purchasing choice has, not only on themselves, but also on the external world around them" (Harrison, Newholm and Shaw 2005, p. 2), were targeted in this study as they are the primary target market for social labelling schemes in the apparel industry. Participants were purposely selected on the basis of a positive response to an invitation to contribute to the study as an ethical consumer (e.g., Newholm 2005). The self-identification as an ethical consumer approach was used to ensure a broad view of ethical consumption was accepted (Newholm 2005) and demographics, such as age, have been found to be poor predictors of ethical consumer behavior (Dickinson and Carsky 2005). Participants were aged between 18 and 62 years, with a median age of 34. The average household income of participants was $60,684 per annum and 74% held a bachelors or higher degree.

The focus group interviews addressed a range of issues, including consumers' responses to social labels, which is the focus of the current study. After a discussion about the social, ethical and environmental concerns related to wool apparel in general, ethical consumers were presented with five identical wool garments[iii] with different labels. They were asked to rank the labels in order of purchase preference and to explain why they made that ranking (see Gordon and Langmaid 1988). The following labels were used, representing a range of product, social, ethical and environmental and social attributes:

1) *Woolmark* – wool industry certification for pure, natural wool fibre;
2) *Global Organic Textile Standard* – supply chain certification for organic textiles:
3) *Fairtrade* – certification for organisations employing Fairtrade principles;
4) *Certified Humane* – U.S.-based certification for animal products meeting the Humane Farm Animal Care program standards; and
5) *Zque* – New Zealand wool fibre accreditation scheme.

Each focus group ran for approximately two hours and was facilitated by the same person to ensure consistency between the groups. Interview summary sheets outlining salient points and impressions of each label were prepared following the interviews. A database of the transcribed focus groups discussions was created in NVIVO qualitative data analysis software (Welsh 2002). The interviews were analysed and coded for themes which emerged from the data (Glaser and Strauss 1967). These themes were then developed into a conceptual model of ethical consumers' response to social labelling (see Figure 1).

Label preferences. The rank order of the five wool garment labels in each focus group is shown in Table 1. Overall, the Zque and Certified Humane labels appeared to be most preferred, whereas the Global Organic Textile Standard appeared to be least preferred.

Participants' beliefs and attitudes towards the labels are described in subsequent sub-sections, in order of label preference.

Table 1 - The rank order of social labels for wool apparel

Label	Group 1	Group 2	Group 3	Group 4	Group 5	*Mean*	*Mode*
Zque	1	2	1	1	5	*2*	*1*
Certified Humane (CH)	4	1	2	2	2	*2.2*	*2*
Fair Trade Certified (FT)	3	4	3	4	1	*3*	*3*
Woolmark	2	3	5	3	3	*3.2*	*3*
Global Organic Textile Standard (GOTS)	5	5	4	5	4	*4.6*	*5*

Rank (1 = most preferred, 5 = least preferred)

Zque. Although the majority of participants ranked Zque relatively highly (modal rank = 1), concerns were raised in all of the groups about the validity of the label and the transparency of the accreditation process. Participants also suggested the Zque label should incorporate the Woolmark label as an assurance of wool quality. Groups 1 to 4 participants expressed positive attitudes towards the broad social, animal and environmental scope of the Zque label (e.g., "what's not to like? It's got it all, people, environment, animals"). However, participants in group 5 argued the multiple claims made on the Zque label amounted to 'buzzwords' and 'green-washing'. They also criticised the amount of information provided on the label and its design (e.g., "The fussiness of the label…the way that it was written and everything, it looked as though it wasn't official, it was unprofessional…It obviously didn't have that much credibility for me even though it may be true"). The most divisive attribute of the Zque label was the 'non-mulesed' wool claim. The majority of participants responded positively to this claim; however, participants with a farming background reacted negatively to it (e.g., "I found a negative the fact that it was non-mulesed, coming from a farming background to not mules is cruel").

Certified Humane. Although the majority of groups ranked the CH label relatively highly (modal rank = 2), participants' responses to this label tended to be polarised. Participants for whom animal welfare was a major ethical concern reacted positively to the label (e.g., "I'm a vegetarian and with animal rights and all that but I would have picked [CH]"). However, a number of participants with farming backgrounds reacted negatively to the CH label, arguing that it is not relevant for the Australian sheep industry. The majority of participants expressed positive attitudes towards content of the label in terms of its specificity and transparency of the certification (e.g., "the fact that they mention a standard for me is positive, 'cos that tells me that there is somebody independent who has certified it…I found that reassuring"). The relevance of the CH label to wool apparel was a contentious issue, as some participants argued CH was more appropriate for food than clothing.

Fair Trade. Most participants were familiar with and expressed positive attitudes towards the FT label. Familiarity with the FT label reflected relatively high levels of trust in this certification (e.g., "I just felt that I could trust it, that it was definitely fair trade"). However, a small number of participants in each group questioned the authenticity of the label in light of negative press about FT. Participants described FT certification as a way to reduce the exploitation of agricultural workers in developing countries as certification guarantees a 'fair' price for producers and the protection of workers along the supply chain (e.g., "I liked that it kind of covered taking care of the workers…there is not going to be a sweatshop, there's not going to be kids"). However, most participants questioned the relevance of FT certification for wool produced in developed countries, such as Australia.

Woolmark. All of the participants recognised the Woolmark label. Participants trusted the Woolmark label because it is recognisable (e.g., "[other labels are] unknown and un-trusted…I saw the woolmark one and I know that's a good logo") and has been around for a long time. Participants expressed a belief that Woolmark guarantees the product is made of wool, is high quality and is produced in Australia. Despite participants' familiarity with Woolmark, the label was not ranked as the most preferred in any of groups (modal rank = 3). Participants agreed the Woolmark does not represent social, ethical and environmental attributes of wool apparel. However, participants argued the value of the Woolmark should be exploited by combining it with social labels that address ethical consumers' informational needs. Some participants suggested the Woolmark could be extended to include social, ethical and environmental attributes in order to build on existing brand equity (e.g., "maybe they need to bring in a 'green wool'…they need to do more than just show that they're quality, they need to show us their other side").

Global Organic Textile Standard. The consistently low ranking of the GOTS label across the groups (modal rank = 5) reflected participants' negative perceptions of organic certification for wool clothing. GOTS was criticised for not providing sufficient information for consumers to make informed decisions about what it represents. Participants largely reacted negatively to the design of the GOTS logo, describing it as industrial, unappealing and unwelcoming. Participants also expressed the belief that organic certification is more relevant to food products than clothing (e.g., "I don't necessarily worry about organic unless I'm actually eating food…but I wouldn't worry about organic clothes"). Participants also suggested organic certification is not relevant for wool apparel, as wool is organic. Further, a small number of participants were openly hostile to organic certification of animal products, such as wool, because of potentially negative animal welfare outcomes resulting from an inability to use antibiotics and chemicals to treat sick animals.

It is clear that social labelling is a complex issue for wool apparel. Ethical consumers differed in their opinions, in terms of the amount of information desired, the relevance of information and the valence of their evaluation of social labels. For instance, some consumers were information seekers, reacting positively to labels that addressed a comprehensive set of concerns and, in some cases, suggesting websites be added as sources of further information about standards and the accreditation process, whereas others indicated scepticism toward labels that addressed comprehensive sets of concerns (i.e., green-washing). Further, ethical consumers appeared to differ in the importance of a range of social concerns, which was consistent with prior research (Sneddon, Lee and Soutar 2009). For some, animal welfare was the sole concern, whereas for others the environmental impact of wool production and processing was also important, while some felt all of the issues were important. Finally, some participants reacted positively to specific concerns articulated in labels, such as "non-mulesed", whereas others who were more knowledgeable about the "unintended consequences" of not mulesing sheep reacted negatively to this attribute.

It is important for marketers to understand their target market, to ensure the relevance of the social concern(s) articulated to their consumers through social labelling. While some issues were important across product categories, many were less important for wool apparel than for other product categories. For instance, some respondents felt organic and fair trade attributes were irrelevant to Australian wool production. Some participants argued the FT attribute would be of concern for less developed country production and the organic attribute would be relevant for other product categories, such as food. In this case, the potential negative side of organic wool production (e.g., no antibiotics for sick animals) was seen to be offset in food

production (i.e., secondary human consumption of antibiotics), but not in wool production. Not surprisingly, participants tended to trust labels with which they were familiar, such as Woolmark and FT. However, familiarity and trust did not translate directly into label preferences, nor did they necessarily reflect accurate consumer knowledge about these labels.

Discussion and Implications

Because of exploratory nature of the study, it is not possible to generalise freely from the focus group findings. However, the analysis revealed beliefs and attitudes that may be applied more broadly to ethical consumers' responses to social labelling. The conceptual model of ethical consumers' response to social labelling presented in Figure 1 reflects the influence ethical consumers' beliefs and attitudes towards the social label and the focal ethical issue(s) articulated on the label have on consumer preferences.

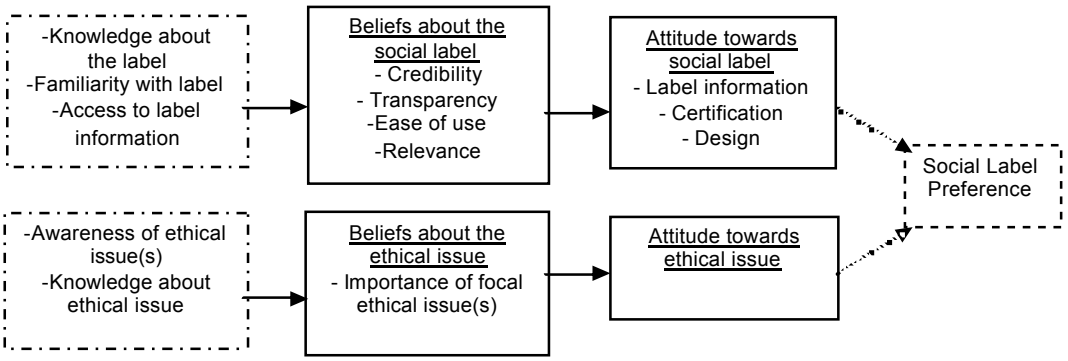

Figure 1- A conceptual model of ethical consumers' response to social labelling

The conceptual model suggests ethical consumer' beliefs about a social label (e.g., perceived credibility, transparency of the accreditation or certification process, and relevance of the label to the product) and their beliefs about the ethical issue(s) articulated on the social label both influence their attitude towards the label and label preferences. The relationships between beliefs, attitudes and preferences reflect those seen in models such as the Theory of Reasoned Action (Ajzen and Fishbein 1980) and the Theory of Planed Behaviour (Ajzen 1991) and suggest salient beliefs and attitudes that may influence ethical consumers purchase preferences towards apparel with social labels. Further, it recognises that knowledge and familiarity influenced their beliefs about the label and the focal ethical issues; however, for the social labels, beliefs about the credibility and transparency of the label and the underlying certification processes were central themes across groups.

The findings have important implications for the wool industry. Despite stated concerns about the social, ethical and environmental impact of wool apparel (Sneddon, Lee and Soutar 2009) and a desire for informative social labelling for wool apparel, participants' responses to the social labels suggested ethical consumer response to social labels is complex. Judging from the positive responses relating to the broad range of social, ethical and environmental attributes described on the Zque label and the negative responses towards the limited scope of the GOTS and CH labels, a broad range of ethical issued should be addressed. This might require combining existing, credible certifications that incorporate animal welfare, environmental sustainability and labour rights in a single label. However, the provision of additional information has an element of risk as, although people want more information on which to base their purchase decisions, they are often too busy to read such labels and make sense of this information. Wool apparel marketers need to balance the provision of easy to use and transparent explanations about the ethical attributes of their products with the need to rapidly engage busy consumers.

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[i] Woolmark and Zque are current wool apparel labels. Fairtrade, Certified Humane and Global Organic Textile Standards were developed for other product categories and have been used in some apparel labelling.
[ii] SmartWool® produces high performance wool socks and apparel made from New Zealand wool. Products are accredited through the Zque™ program that ensures environmentnal, social and economic sustainability, animal welfare and product traceability. Source: http://www.zque.co.nz/
[iii] 100% wool, plain knit, skivies