



WORLD EXPORT DEVELOPMENT FORUM – W·E·D·F 2008

PLENARY: CONSUMER CONSCIENCE: HYPE OR HIGH POTENTIAL

The Issue:

Many impressive statistics quantify the boom of conscientious consumerism. For example, Research and Markets predicts that organic food will be around 30% of the U.K.'s total food market by 2010. Ethical fashion has annual sales surpassing millions of pounds in the U.K. alone. Fair trade sales in Australia soared by more than 8000% from \$146,000 in 2003 to \$11.7 million in 2007, and are expected to top \$20 million this year. Market Analysts DataMonitor reports that consumers in Italy, Spain, New Zealand and Japan all spent less than 50p (60.2 centimes) per capita on fair-trade goods. However, some of these countries experienced the fastest growth rates in sales of fair trade goods between 2002 and 2007, with markets in Spain and New Zealand growing 184.3 per cent and 83.4 per cent respectively.

Nevertheless, the jury is still out on conscientious consumerism. Sceptics exist, and they argue that one must take these figures with a grain of salt. For example, some growth rates appear high, but they reflect a change from a very low base. Indeed, such growth may seem meagre when one considers the bigger picture. Similarly, the fact that conscientious consumerism still occupies only a small portion of the world market sometimes dilutes the significance of these statistics.

Given this state of affairs, it is not immediately clear whether the consumer conscience movement is based on hype or whether it has high potential.

The Proposition:

Decision makers in developing countries seeking to take advantage of changing consumer preferences need to better understand the conscientious consumer market before they can make decisions. What is needed is clarity in the analysis. There may be misinformation, even disinformation, floating around that clouds the true picture.

But the writing is on the wall. According to the 2007 BBMG Conscious Consumer Report, almost nine in ten Americans say they are more likely to buy from ethical companies, if the products are of equal quality and price.

This offers a glimpse into the market's possibility; what was once hype may actually become high-potential if steps are taken to ensure that ethical goods have the right quality, standards, have been produced in a sustainable manner and ultimately are sold at the right price. But to achieve this, costs must be incurred. To outlay these costs, businesses need to have the confidence that the size of the market guarantees a return.

Sorting through the facts will give a clearer picture of where the opportunities lie. If so many consumers say that they are more likely to buy from ethical companies given equal quality and price (or even a higher price), then it is clear that developing countries need to heed the voice of the consumer and rise to the challenges associated with change.

Focus of the debate:

The debate will address the following questions:

1. What information do enterprises and decision-makers in developing countries and economies in transition need before they can take action? How do they separate fact from fiction?
2. Isn't the information flow a two-way street: what do enterprises in developed markets expect from their suppliers in developing countries – what guarantees and information do they need from producers and exporters?
3. Is the momentum behind conscientious consumerism built upon tangible economic substance? Or is it driven by fickle consumer trends, which are subject to change?
4. While global warming and environmental concerns drove consumers towards more ethical buying behaviours in the past few years, will the current global financial crisis and high energy prices, start to drive consumers away from conscious, ethical buying in their day to day life? When money is tight in the household, is ethical consumerism the first thing to go?