

Sustainability Outlook

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LOOK FOR THE LABEL: CATALYZING SUSTAINABLE CONSUMER BEHAVIOUR



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Change Fair Trade

I've sat down at a Mumbai café to write a piece on labels and sustainable consumer behaviour. I should have done this several days ago and now the deadline I've been asked to meet is tomorrow. But there was Lakme Fashion Week, where my NGO Shop for Change Fair Trade brought in a cotton farmer from Akola, Maharashtra to do an on-site video interview on fair trade cotton with actor Parvin Dabas. And then the planning for fair trade Diwali gift hampers that several companies will be giving to their employees this year in place of the typical dried fruits and namkeen boxes. Time got away from me to write something 'authoritative', and in any case I'm not so sure I have the authority to do that. But what I can do is share some experiences and observations from my time promoting fair trade in the US and now in India. Perhaps more than any analysis, these anecdotes about how fair trade certification labels motivate consumers to 'vote for sustainable business with their wallets' show the role that sustainable product certification labels can play in shaping the relationship between consumers, farmers, and brands - both in the West and in India.

What is a fair trade label?

To set the context, let me provide a quick primer on fair trade labels (with compliments to the people who have contributed to the Wikipedia entry on fair trade).

The concept of fair trade certification was launched by the Dutch NGO Max Havelaar in 1989 as a way to create positive incentives for companies to source farm crops in a way that helped ensure a better deal for farmers. When companies agreed to follow certain voluntary social and environmental sourcing standards, Max Havelaar conferred on them the right to label certified products with a fair trade certification mark that differentiated products on retail shelves. Twenty-plus years later, fair trade certification is a huge success story, both commercially and for the small scale farmers who benefit from the system.

Fair trade certified products, including coffee, chocolate, cotton textiles, tea, wine, sugar, and fruit juices, are offered by major global brands like Starbucks, Wal-Mart, Tesco, and Nestle. In the UK, it is estimated that 70% of shoppers recognise that country's most prominent fair trade label, and in Switzerland more than one out of two bananas purchased have a fair trade label. This success propelled global sales of fair trade labelled products to an estimated \$US 6 billion in 2010. Here in India, Shop for Change Fair Trade, launched India's first home grown fair trade label in 2010.

The label to educate

Working as an advocate of new opportunities for small and marginal farmers, a fair trade label first and foremost provides a platform to educate consumers about the stories of the farmers behind the food on their breakfast tables or the clothes in their wardrobe. In the US, I worked with colleagues to launch the country's first fair trade label in the late 1990s and early 2000s. The crop we focused on initially was coffee - a timely choice, as prices that coffee farmers were receiving then were the lowest in 30 years (not so unlike my current focus on cotton and the ongoing farmers suicide stories in places like Akola and Amravati in Maharashtra, India). Despite the boom of the café culture, few US consumers had any idea about the struggles facing farmers growing the beans for pricey cappuccinos and lattes. When they found out, a sense of guilt and the inability to make a difference often dampened any interest in learning more. Enter fair trade certified coffee - beans traded in a way that supported farmer groups and ensured that poor farmers got a fairer deal. Those of us promoting better rural livelihoods now had a tool to communicate not only about the challenges facing farmers but a way for an average consumer to make a difference. Consumers listened, and the next time they went for a coffee they asked for one with a fair trade label.

“Choosing fair trade labelled offerings over others, is not just good for farmers and the environment, but also a smart business decision – a true win-win”

The label to empower

As a basic understanding of the plight of farmers behind everyday products took hold in the US, so too did the recognition by enlightened consumers that they were not just silent observers in the process by which their favourite products were produced. Just as consumers chose to patronise companies with tastier, prettier, and better functioning products, conscious consumers realised that by choosing fair trade labelled offerings over others, they were letting companies know that fair trade wasn't just good for farmers and the environment but also a smart business decision – a true win-win. In the time I spent advocating fair trade in the US, perhaps the most poignant example of consumer empowerment catalysed by the fair trade label was the work by a national student organisation, United Students for Fair Trade (USFT). Recognising the opportunity that they had to signal companies that sustainability was an essential part of a brand's USP, student organisations around the US lobbied their universities to make a fair trade label one of the requirements for companies selling coffee to be served in the mess. One by one and then in rapid succession, universities agreed and began rewarding companies that would provide fair trade. As a result, some major brands in the coffee industry began offering coffee with a fair trade certification label, using it as a differentiator to win contracts.

The label to ensure

As sustainable coffee became common place in American cafés, grocery stores, and office canteens, consumers increasingly looked to the fair trade label as a mark of trust. A symbol of adherence to a transparent set of social and environmental standards, a fair trade label conferred by an independent certification agency provided convenient assurance to conscious consumers who didn't have the luxury and ability to do the homework required to determine that the farmers growing their beans were really getting a fairer deal. Farmers and reputable NGOs with a presence on the ground publically backed the label and journalists traced the fair trade coffee audit trail back to the communities that benefited. To the mantra 'look for the label', a tag line was added: 'proof that your coffee was grown responsibly.'

Opportunities for farmers and businesses in India

In the fourteen years since fair trade labelling has become mainstream in the US market, more

than 11,000 fair trade labeled products across 16 product categories are now available in over 1,00,000 American retail outlets. It is often wondered whether this concept will have the same traction among Indian consumers and brands that it has had in the West. The answer: Yes. Why? Research data gathered by firms like Edelman, MasterCard, and IMRB cite findings that the vast majority of Indian consumers surveyed gravitate to brands and products associated with a cause and are even ready to pay more for them. My own belief in the power of labels to promote sustainable consumer behavior lies more in my own experience than in any facts and figures. Typically when consumers learn about the problems and are given a solution as easy as choosing products with a fair trade label they are quick on the uptake. Here in India, a struggling farmer isn't a world away but a train ride away. Mumbaikars, Delhiites, and Kolkatans read about farmer suicides in the paper and every day drive by members of farming families who have flocked to the city because they couldn't earn a living back in their villages. These challenges seem overwhelming. But people do want change, and with a powerful tool like a fair trade label to educate, empower, and ensure, big things are possible in India.

Seth Petchers is the CEO of Shop for Change Fair Trade, an NGO working to build the market and the movement for fair trade in India. Shop for Change was established by Traidcraft Exchange (UK) and International Resources for Fairer Trade (India) and is funded by the European Union, ICCO, Hivos, and NABARD.