You are what you buy: "Belief-based consumption" changing face of retail

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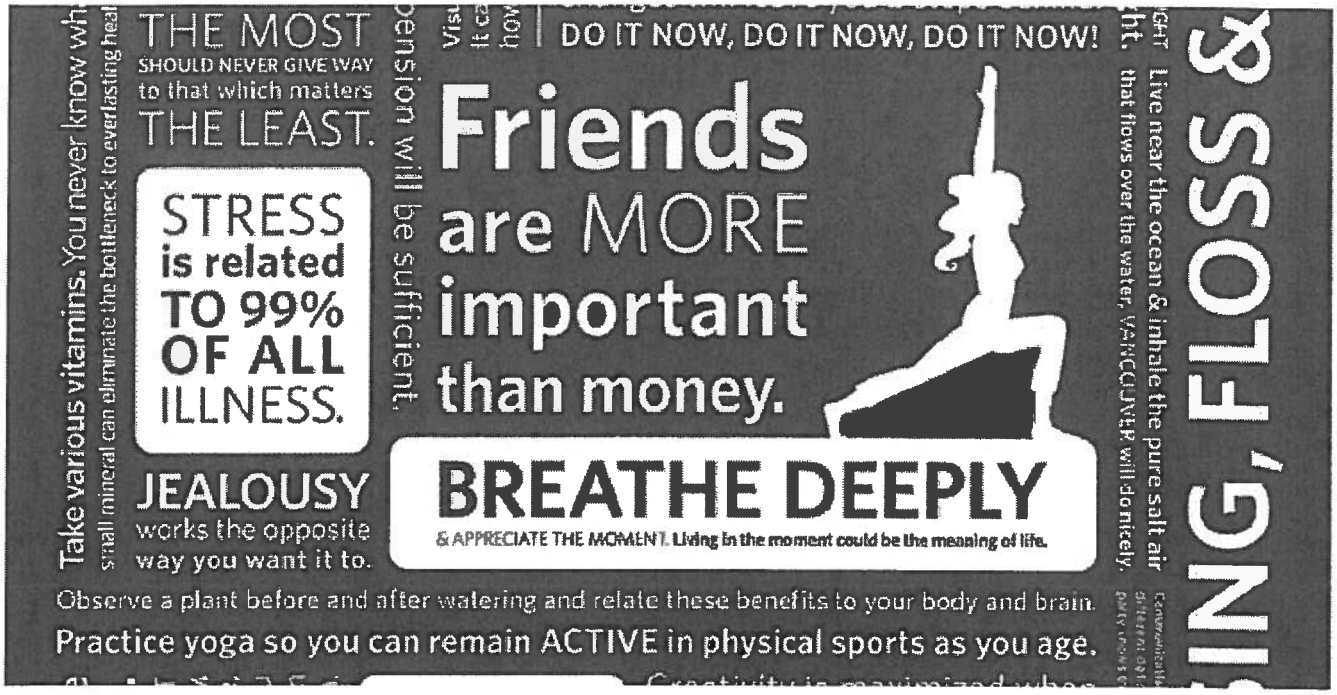

A snapshot of a Lululemon shopping bag.

Just as digital life has encouraged the sharing of private information with brands, it's now seeing consumers expect that same transparency in return (ask not if a hotel's beds are comfortable but whether you're comfortable with the causes with which the hotel is in bed).

Experts say "belief-based consumption" is the reason WestJet, Lululemon, Google, Kashi, Whole Foods, Mountain Equipment Co-op, Toms, Fairmont and countless other companies are wearing their values on their sleeves – not to mention their web pages. Design anthropologist Ujwal Arkalgud believes the phenomenon is a response to media savvy consumers seeing through traditional marketing messages and looking behind the corporate curtain.

"People want to do business with companies that believe what they believe," said Arkalgud, a marketer with Sonic Boom in Toronto. "Brands that are honest about who they are will get a competitive advantage because it will allow them to create an authentic connection with their audience."

Take Toms. The company's one for one concept, in which each pair of shoes sold prompts a pair being sent to an impoverished child, has won over even the most skeptical consumers.

Mountain Equipment Co-op publicly posts its stance on ethical sourcing, accountability and greening efforts, along with disclosure of its partnerships and affiliations. Ben & Jerry's has a long history of using ice cream as a platform for raising support and awareness for social causes.

And at Lululemon, customers have been indoctrinated with the company's crunchy granola philosophies – a kind of "let them eat wheatgrass" perspective – via the stores' shopping bags, printed with phrases extolling everything from green cleaning products to the importance of fresh water.

"If you can make a connection not just on the basis of what your product does but on what your product stands for, then you're creating the opportunity to have stronger loyalty," said Americus Reed, professor of marketing at the University of Pennsylvania's Wharton School.

Indeed, in a recent 10-year growth study of 50,000 brands, Prof. Jim Stengel discovered that the most successful 50 businesses were the ones built on strongly communicated ideals that connected with human emotion.

This bears out in a 2011 poll of 1,000 people in which 91 per cent of consumers agreed that the way a company behaved affected their purchasing decisions. And three-quarters wanted to know more about an organization's behaviour before doing business with them.

"Seeing what happened on Wall Street, in terms of all the wealth that disappeared because of greed, has been a wake-up call to consumers to look inwardly," said Reed, a brand identity theorist. "This is a reaction to a need to recalibrate themselves in relation to the marketplace."

Lindsay Meredith, a professor of marketing strategy at Simon Fraser University, traces the trend's roots even further, to the early environmental activism of such groups as Sierra Club and Greenpeace.

"Back then, it was a shame game: Pick a target and show the world how evil they are," said Meredith.

Flash forward to the current landscape and he said companies are getting ahead of any potential backlash by being honest – or at least appearing so – about who they are, what they do, and their responsibility to the community at large.

"Now it's a matter of real corporate participation," said Meredith. "Not just a wolf looking to grab a sheep and then jump back out."

But just as transparency can foster relationships, it can also be a tap dance in a minefield. For instance, when GoDaddy.com came out in support of the Stop Online Privacy Act, so many customers transferred domains in protest that the company publicly back-pedalled on its position.

Similarly, when Chick-fil-A's president made public statements against same-sex marriage, the polarization of customers was as fast as it was severe: Though they saw a reported 30 per cent rise in sales on an "Appreciation Day" aimed at people who shared the same views, the fast-food chain was also the target of massive nationwide boycotts.

Wharton's Reed says the take-home message is that if brands are going to go public with their values, those values should be related to what they do – say, ethical sourcing or a living wage – and not how they vote.

"Choosing to alienate people who'd normally be attracted to your brand just doesn't make sense," said Reed. "If you want to do good, do good. You don't necessarily have to use it as a marketing strategy."

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Is your wardrobe killing Bangladeshis, or saving them?

By DOUG SAUNDERS
Posted with permission from The Globe and Mail

Would the world be better off if we didn't buy clothes made in Bangladesh? The question is understandable, but it misses the larger context

Inside the garment factory, hundreds of poor women sewed the clothes that filled our shops. The factory's owners had been warned that the place was hazardous; they ignored the warnings. When disaster struck, the death toll was horrendous.

That describes the 1911 Triangle Shirtwaist Factory fire, in which 146 Jewish and Italian immigrants, many under 18, roasted or plunged to their deaths after the owner of the Manhattan clothing factory ignored fire-safety warnings and locked workers inside.

It also seems to be what happened this week on the outskirts of Dhaka when an eight-storey complex collapsed after its owners had reportedly ignored government warnings about dangerous fractures in the building. The death toll has topped 300. Many of the clothes they were sewing were for European and North American consumers, including some being made for Joe Fresh, owned by grocery giant Loblaw Cos. Ltd.

That leads to uncomfortable questions: If you're wearing Joe Fresh, do you have hundreds of deaths on your hands? Are our clothing bargains creating poverty, misery and death in poor countries? Would the world be better off if we didn't buy clothes made in Bangladesh?

Those questions are understandable, but they miss the larger context. Garment-factory w [No available link text][1]orkers in Bangladesh, China, India, Mexico and other corners of the developing world are not victims. They have sought out this work, and they want to be agents of their own fate. They often get a raw deal, but they're enduring these jobs because the jobs are an improvement over any other alternative – and their engagement with the West's consumer markets can be the vehicle to greater empowerment.

We shouldn't forget our own experience. The Triangle fire changed the shape of North American cities, factories and working lives: It's the reason why fire-escape stairs and sprinklers are now ubiquitous; it's also part of the reason why blue-collar wages, working conditions and child-labour laws improved in the decades that followed, creating the last great period of upward mobility.

There's good reason to hope for a similar transformation in Bangladesh – especially if consumers demand high standards from their brands, as they have done with considerable success in China.

I've spent time in Dhaka's garment mills (always uninvited), and they're crude, raw-cement caverns of tightly packed labour where the hours are very long and the wages are very low. They're nowhere near the worst needle-trade shops I've visited – those would be in China's interior, where clothes are made for Asian markets – but they're among the cheapest for foreign manufacturers.

Bangladesh has boomed because workers and consumers have demanded higher standards from the world's largest manufacturing district, China's Pearl River region. As Chinese living standards have risen and internal rural-to-urban migrants there became less readily available, that region has raised its minimum wage by 5 per cent to 15 per cent every year for the past five years. Western companies no longer go to China because they want the cheapest labour – those seeking the lowest prices have shifted to Bangladesh.

But Bangladesh is changing. The garment boom has propelled millions of people to the cities, raising living standards and lowering family sizes. Studies show the garment boom has reduced poverty sharply and raised the status of women[2]. This has coincided with a five-year period of democratic stability. But the cities are corrupt and virtually ungoverned – almost certainly the root cause of the building collapse. Changes to building codes, safety standards and hygiene are unlikely to happen unless pressure comes from outside.

We know it can work. In 2010, Dhaka's garment workers held huge protests: They won[3] a historic minimum-wage increase of 80 per cent, to around $50 a month. And pressure from North American companies, chastened and embarrassed by events such as last year's lethal fire, has increased safety and working standards in factories that sell to the West. Similar pressure can force companies to pay workers fairly[4] and keep them safe from disaster and abuse.

The garment boom has helped reduce poverty in the West (by reducing clothing costs) and in the East (by providing wages far higher than subsistence farming or casual labour). The next step is to remain connected, and to demand the sort of workplace standards that should be universal. Bangladeshi workers should have the same protections that our own workers won, through tragedy and horror, a century ago.

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