

## Creating Consumer-Driven Social Change

Understanding how seals of approval and certification can promote social and environmental progress in a global economy

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## Overview

- Full Disclosure
- Problems and Ultimate Causes
- Consumer-Driven Social Change
- A Seal of Approval: How?
- Concluding Remarks and a Request for Assistance

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## Full Disclosure

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- Co-founder, Good Company (Eugene, Oregon)
- M.A., Economics (UCB)

Good Company

- *Long-term goal:* a social and environmental seal of approval for products and services
- *Current project:* social and environmental evaluation (and certification) for universities and colleges

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## The Problems

### Health and Environment

- Habitat loss
- Biodiversity
- Climate change
- Point-source pollution
- Persistent pollutants (carcinogens, endocrine disruptors)

### Society and Politics

- Democracy and participation
- Gender
- Violence
- Economic equity

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## Ultimate causes

- Lack of transparency
- Insufficient mechanisms of accountability
- Weak *civil market society*

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## Mechanisms of continuing social change

- Consumer-driven change
- Citizen-driven change
- Corporate initiatives
- Public-sector mandate
- Hitting the wall

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## Corporate Initiatives

- Interface
- Collins Pine & CollinsWood
- IKEA
- Norm Thompson
- Nike

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## Why focus on consumer-driven change?

- Consumption by the end-user is presumably the reason for production
- Consumer buying is something that can be manipulated
- "Citizen" means "consumer" in a market economy

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- *Assumption:* No one *wants* to buy stuff that hurts people or trashes the planet.
- *Corollary:* Most people, *ceteris paribus* and if given the choice, will make socially and environmentally friendly purchases  
*OR* With the relevant information, consumers will change their purchasing decisions based on social and environmental concerns..

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• *Widely quoted market research:* the rise of the “cultural creatives” – 50 million Americans who make purchasing decisions based on social and environmental concerns.

• *Evidence* that people care enough to change behavior is skimpy.

• *Evidence* that firms think that people care is slightly less skimpy.

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Essential hope (or truth?):

“The tie goes to the dolphin.”

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As a consumer, how do you make socially and environmentally informed choices?

The challenges:

- The global economy is complex
- The typical consumption bundle has many products and services.
- Information isn't available.
- People lie.

So how do you do it? You don't.

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Three necessary components  
of a successful seal of approval

- Create a *framework of credible knowing*
- Build a *brand* presence
- Secure *resources* for creation and on-going autonomy

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Framework of credible knowing  
(based on Dlott, 2000)

- *Principles*: a guiding sense of the requirements and obligations of right conduct
- *Criteria*: rules for evaluating or testing
- *Metrics or Indicators*: measures of conditions, operations, and/or management practices
- *Standards*: performance considered by an authority or by general consent as the basis for comparison
- *Chain of custody*: Mechanism for insuring integrity of standard or meaning of indicator throughout the supply chain

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A strong "brand"

Why?

- Reach the consumer
- Convenience

Challenges:

- Communicate trust and knowledge
- Overcome existing market "noise"

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## Resources for creation and on-going autonomy

### Why?

- Framework of credible-knowing costs money
- Brand-building costs money

### Challenges:

- Revenue model that addresses potential for conflict of interest (COI)
- Non-profit model: restricts capital access, not a solution to COI, not a guarantee of credibility

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## Limitations of seal of approval approach

- Reinforces “natural” protection(ism)
- DANGER: May encourage consumers to buy less of certain goods!
- Too slow to make change within existing time frame
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## Non-governmental initiatives

- Forest Stewardship Council
- Marine Stewardship Council
- ISO 14000
- Organic foods (CCOF, Oregon Tilth, QAI, various states, et al)
- Eco-OK
- Fair-trade coffee (TransFair)
- Global Reporting Initiative (*not* certification)

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### Public sector initiatives

- Blue Angel
- Energy Star
- Extended Producer Responsibility (EPR)
- Dolphin Safe – NOT

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### Barriers to effective public-sector certification

- Trade agreements
- Credibility
- Lack of consensus
- Inefficiency
- Influence peddling

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### Civil market society

- Globalization means complexity
- Consumer sophistication (in a global market economy) means stronger global civil society.
- Currently, consumers are ignorant – therefore, global civil society is weak.

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### For further reflection

- How can private citizens act responsibly given the opportunities and demands of a global economy? [from the mission statement of this conference]
- How can we measure the "development" of a global society?

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