

Ethical consumer and fair trade

[Business](#), [Marketing](#)



Choose one of the theoretical approaches considered during the module, apply it to a particular issue or text and discuss how useful that approach is in analyzing, evaluating or questioning your chosen topic. Ethical Consumer and Fair Trade Introduction: Social responsibility and marketing ethics are naturally controversial, continues research in this area represents conflicts and challenges addressed to marketers in respect to socially responsible approach to marketing activities.

The aim of the essay is to explain arising phenomenon of Ethical consumption by the use of related theoretical frameworks, as well as explaining Fair Trade and paradoxes of ethical consumption in respect to the use of child labour by western MNC's. The essay will be structured as follows: the rise of ethical consumption, theoretical approaches and critics, business aspect of ethical consumption, explaining Fair Trade, paradox of child labour.

Escalation of ethical concerns about the influence of modern consumption culture on society and the environment, the rising importance of these environmental and social issues within mainstream media, the emergence of organised consumer activist groups and the growing availability of ethical products, have all led to a rising awareness by consumers of the impact of their purchasing and consumption behaviour.

In addition (Rob Harrison, 2005) provide external factors which have attributed to the rise of ethical consumption: the globalisation of market combined with the weakening role of the state, the rise of MNC's and brands, rise of campaigning groups, environment as well as social effects of technological advance, shift in market power to consumers, and the growth

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of a wider corporate responsibility. Rise of Ethical consumption A new category of consumer - the 'ethical consumer' - has arisen.

Ethical consumerism can be viewed as a process which contributes to an ecologically sustainable future through development of sustainable lifestyles. Characteristics of ethical consumer includes both 'fairness' in the sense of support for producers as well as environmental sustainability. Thus rise of the 'ethical consumer' and 'ethical shopping' via recycling and boycotts over the past decade displays concern for sustainable consumption and social responsibility. Consumers, as a concerned party, can orient their choice and exercise purchaser power to buy the products which were made with the least harm to the environment.

Furthermore this process the consumer becomes connected to, and an active participant in, global social and environmental issues. Ethics will contain different expressions, concerns and issues for each individual. Examples of ethical concerns for the ethically conscious include environmental/green issues, sustainability concerns, labours' rights, country of origin, arms trade, fair trade and animal welfare. 'Green' consumerism, it should be noted, is subsumed within the broader category of ethical consumerism.

The wider range of issues (including environmentalism) integrated within ethical consumerism produces complex decision-making processes for ethically minded consumers (Freestone and McGoldrick, 2008). Theoretical Approach: Baumhart (1961) and Tzalikis and Frizsche (1989) propose that the morale issues in marketing are crucial, as marketing is expected to detect, anticipate and satisfy customer desires profitably, thus forming and

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sustaining the interface between consumer needs and companies market aspirations.

There are problems in achieving a general agreement on the ethics in marketing stem resulted from the lack of uniform philosophical arguments of what is “ good” and whereas “ good” and “ ethical” have matching meaning. Kant’s (1788) had an utilitarian and deontological views on ethics based on reason, intention and duty. He states that duties cannot be connected with self-interest expressed in expected payoffs or rewards. Hence businesses should not exist to satisfy the needs of the society and companies have a responsibility, a moral obligation to deliver benefits to the society..

Using Kant’s ethical theory as a reference point it can be argued that it pay off for companies to appear ethical : their expectations of enlarged sales , market share and profitability to appear as motivated by objective other than self-interest(Yeo, 1988) In contrast John Mills (1998) , has utilitarian view based on the outcome indicating that business ethics should maximize the total amount of pleasure worldwide and minimise the total amount of pain consequently enhancing the scope of beneficiaries.

Mills associate ethics with the common “ good” rather than self-interest. Nantel and Weeks(1996) argues that the use of ethics in marketing is a paradox in itself as the meaning of marketing, which is predominantly utilitarian , provides marketing managers with the justification for ethical behaviour when they ensure that the consequences of their behaviour are moral. In addition, in international marketing the problem becomes even more complex and important as the common “ good” should transcend country borders.

Crane and Matten (2004) stresses the fact that there is no moral absolutes and hence the implication of what is moral is based on the social context of the society in which they are practised. Hence in marketing terms ethical relativism can justify diverse ethical standards applied to various countries and evolve over time. Besides, this forms a need for marketing adaptation within a particular market over time as the social culture, knowledge and technology change across markets at a given time. Business aspect of Ethical Consumption: In order to support ethical behaviour companies and industry organisations have adopted codes of ethics or relied on self-regulation, consumer watchdogs, or external audit. Yet, these efforts alone are not enough to abolish unethical conduct. Businesses have been relatively passive in investigate their in marketing ethics and are still operating according to traditional business models and process that do not reflect consumer interests and ethical implications of their activity often continue afterthought and are yet to be thoroughly incorporated into management decision-making.

The contingency framework can accelerate this pre-emptive approach to ethical decision-making. To embed ethics into firms planning and strategy formulation process, marketers should learn from consumers ethical evaluation of their marketing techniques (Smith and Cooper-Martin 1997). An "ethical execution of the marketing program. In addition to financial, market, and competitive objectives, marketers should include consumer concerns and ethical integrity as important criteria for management decision making.

Furthermore, ethics must be matched throughout the marketing planning process from product development, market selection, advertising and promotion execution. Fair Trade: The fair trade concept, based on the idea of both economic activity and social development, is replete with ethical and sustainable echoes. Ransom (2002 p 20) asks, 'can the process of production be democratized, ownership shared, organized labor encouraged, child labor made unnecessary, environmental sustainability and human rights promoted? This is likely to happen through the established process of consumerism, the normal working process of the market changed only slightly to make sure that a greater share of the profit is repaid to the original producers. Fair Trade is a new approach to the buyer-supplier transactions which aims at quality of exchange within a partnership approach. It recognizes the power discrepancy between the developing and developed worlds (Strong, 1996). The business focus is on the producer, rather than the consumer, has been central to Fair Trade.

Although there is controversy about Fair Trade with the large corporations like Cadbury, Tesco's, Tate and many more entering the market for Fair Trade. The market for fairly traded products. The market for fairly traded products reached sales of ? 576m a year, one out of five worldwide Fair Trade products are sold in the UK. Dr Iain Davies states that initial principles of the movement are being diluted by MNC's entering market as well as the fact that consumers might not be paying attention to the fact that how much in percentages this product is Fair traded exactly.

Fair trade has become a trendy brand itself. Research is not about blaming corporations, but is about making sure that people know that buying Fair

trade-marked products from corporations is not the same as buying from companies that are 100 percent dedicated such as Traidcraft, Divine or Cafedirect. However, Dr. Iain Daviess also confirms that consumers can rest assured that, everywhere the Fairtrade mark appears on a product, the producers co-op have received the Fair trade price and premium which they use for social schemes like healthcare and education, or business developments.

The rise of fair trade goods in retail and on the Internet can be said to have created decisively, in the sense that it was promoted through co-operation and campaigning events of social groups such as charities, small businesses, and community groups. The market in contrast has grown throughout consumer decisions based on individual ethics. Child Labour: Today, there are around 215 million children full-time employed throughout the world. In order to explain the issue of child labour, theoretical framework described earlier in the essay will be applied.

Deontologist might reject to buy product made by child labour on principle, reasoning that this is violet a fundamental moral rule against the exploitation of children. However the paradox arise when one is faced with the argument that the fate of children is worsened by this action as the vital source offamilyincome may be reduced. In respect to utilitarian approach, consumer might buy products made by the use of child labour, since not to do so would cause more damage than good. it might be incorrect to force corporations to dismiss their child workers.

The main cause for children doing work is poverty. Earning money is an inevitable necessity for them. If they must give up their work in Western

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companies, they are forced to interchange them for something else, and this might not be to their benefit. For example when the U. S. government banned the import of clothing made by children labour under 14 in Bangladesh, around 50. 000 of them went from their works in the comparatively clean textile factories to collecting garbage, braking bricks and getting into prostitution.

Moreover, economics models in certain conditions (where demand is assumed to be an elastic variable) product boycotts even can cause child labour to rise rather than decline. Conclusion It is difficult to draw specific conclusions about the merit of ethical behavior, nor the imperfections of unethical behavior given the contradictory research evidence. Consumers do seem to need more information to allow them to make better ethical judgments, and there is a role for firms to communicate this more efficiently through the media. Similarly, consumers need to more easily be able to compare and contrast the ethical ehavior of different businesses and their products if ethical values are to enter into their purchase decisions.

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