How Ethical is Ethical Shopping?

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Abstract

From December 2014, EU Regulation 1169/2011 will require products containing palm oil to be labelled explicitly mentioning the same. It is a move that has been welcomed by NGOs, who were previously calling for a boycott, but widely criticised by producers, manufacturers, and those NGOs, which favour greater engagement with the palm oil industry.

As with much of the confusion that surrounds consumers’ understanding of food labelling, shoppers can only act upon the information that they are given. In the case of palm oil, that information ranges from the unnecessarily scientific to the deliberately misleading. Smartphone apps designed by single-issue campaigns often fail to take into account the needs of multiple stakeholders. The new labelling, having identified that a product contains palm oil, requires the consumer to make an ‘ethical’ decision based on this inadequate information.

Ethical consumers want to know that their choices are part of the solution and don’t have unintended consequences. In a debate dominated by sensational images which appeal to the emotions but don’t inform, more (and more reliable) information would be of benefit both to the consumer and the palm oil industry.

1. Introduction

In order to make ethical shopping decisions, consumers need to be better informed about palm oil.

A trip to the supermarket requires a heart-warming degree of faith in our fellow man. When picking up our groceries we are happy to assume that whoever stamped the batch with sell-by dates had their mind on the job; that the Fair Trade people did their research; and that everyone involved washed their hands properly. We’ll compare prices, see if there are any special offers, and then – maybe – we’ll check the ingredients.

Key words

Ethical Consumerism, EU Reg 1169/2011, Food Labelling

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The average consumer’s knowledge of what goes into our food ranges from knowing exactly how much sodium they should have in their diet, to thinking carrots make them see in the dark. By the time the average shopping basket reaches the checkout, it is equal parts necessity, desire, price-consciousness, and trust. For all the magazine articles about diets and exercise regimes, most of us can’t decipher the nutritional information on the back of the packet (the only shoppers who have any knowledge of the biochemistry behind their purchases are acne-prone teenagers). We tend to accept that if the labels are there they will probably say the right thing. We do like the fact that they are there though. We think that food labels are important, even if we don’t read them. They suggest that someone is keeping an eye on the manufacturer for us.

In December of this year an EU regulation comes into effect which requires manufacturers to clearly state whether palm oil has been used as an ingredient. Whereas the label currently says ‘vegetable oils’, it will now say which vegetable oils (soybean, cottonseed, palm etc.)¹. This move has been welcomed by anti-palm oil NGOs, but criticised by palm oil producers. The NGOs say the consumer needs to know what is in their shopping basket. The palm oil producers say that the anti-palm oil messages that consumers have been bombarded with often leave them less informed about the issues rather than more.

Various anti-palm oil campaigners and NGOs are also getting very excited about new smartphone apps that will help shoppers identify which products contain an offending ingredient. Being able to scan a barcode and be given accurate information about specific ingredients would appear to be a slam-dunk for those campaigners who would like consumers to boycott certain products or manufacturers. However, this technology may pose a greater risk to the campaigners’ messages than to the producers they are trying to put out of business.

2. The font of all wisdom

For centuries the shopper was on first name terms with the farmer who had taken his pigs to market. As supply chains lengthened the shopper could no longer be sure of the pig’s nationality but they could still see if the butcher leant on the scales. Industrial production put an end to any personal relationship we had with the producer, and canning meant the shopper could no longer be sure whether their purchase contained any of the farmer’s pigs at all.

There were laws concerning weights and measures but the first labelling regulations (in the US) stated only that a list of contents – if used – must be ‘truthful’. It wasn’t until the 1950s that laws were passed requiring all ingredients to have been tested for safety before they could be used in food, drugs or cosmetics.

Today there is a plethora of information available and the biggest headache for legislators is how little space there is on the packet to tell us about it (and they can’t just go cramming everything in because there is a legal minimum font size).

There is also only so much detail that can be communicated to a consumer before the number of variables they have to consider requires higher education qualifications. Simplicity is what’s needed, but one-size-fits-all nutritional information doesn’t take into account the diversity of the label’s readership. Recommended daily intake will differ depending on age and gender, whether you are at risk from heart disease, are pregnant, have diabetes, or are in training for the Olympics.

Given how frequently laws, labels and food fads change it is sometimes difficult for the consumer to keep up. Saccharine was banned as an additive in the US until 1977, then it was everywhere, but the average shopper may not have known why (or even have noticed). More attention is paid to what is written in large colourful lettering on the front of the box than what is written in 8pt Helvetica on the back.

Food manufacturers are aware of this and have added their own colour-coded, star-rated, percentage-based nutritional advice. The resulting technicolour confusion hasn’t been that popular with the authorities. In 2009 various food manufacturers including Kraft,
Pepsi Co, Sara Lee and Coca-Cola joined forces to launch the Smart Choices label. Within a year the FDA had sent them a letter stating its concern that the label had the potential to mislead customers. (The FDA’s concern was understandable given that Froot Loops, the kind of sugary breakfast cereal that chews your teeth, carried ‘nutritional information’. The companies immediately suspended the programme.)

Packaging has also gone from stating what the product contains, to what it doesn’t contain; to what it will do for us, or stop happening to us; to how it was or wasn’t manufactured (and by implication how its rivals’ products should be manufactured); to how much of the wholesale price went to the farmer and how much of the retail price is going to charity.

Some of these more politically-motivated labels have struck a chord with consumers. Shoppers understood why their can of hairspray shouldn’t contain CFCs, and why their can of tuna shouldn’t contain traces of dolphin. Today many would rather care if the tomatoes weren’t GM, t-shirts weren’t made in Bangladeshi sweatshops, shopping bags were biodegradable, and that no animals were harmed in the making of this film. We care.

In recent years we have been asked to care about palm oil, and the palm oil debate is a particularly tricky one to navigate. One side of the argument maintains that palm oil is responsible for deforestation, degradation of the environment, and that it threatens the habitats of orangutans, tigers and other wildlife. The other side tells us that palm oil is a healthy alternative to trans fats, requires less land for cultivation than any other vegetable oil, and is an ideal cash crop for developing nations.

Each side plays to its strengths. The palm oil industry promotes the health benefits of palm oil over other vegetable oils, but is careful about discussing its sustainable production because the anti-palm oil campaigners will reply that palm oil plantations are responsible for deforestation. However, the anti-palm oil groups won’t admit that not all palm oil plantations encroach upon rainforest because that would dilute their message. Between claim and counter-claim the consumer could be forgiven for being a little confused.

When two products are largely identical, especially if they are next to each other on the shelf (Lavazza or Illy) or on the high street (Zara or H&M), the consumer can make simple decisions about which company or product they prefer. When the product is an ingredient however, precise information might be difficult to find, and would be as long as Facebook’s Terms and Conditions. It would also be nearly impossible to expect the consumer to read it all (especially when multiplied by the number of items in the average weekly shop), which is why anti-palm oil campaigners are so keen on photos of dead orangutans. The language use by campaigners is also designed to do a quicker job of swaying the consumer on an emotional level than detailed arguments will.

3. It’s not what you say
Frank Luntz is a US pollster loved by Republicans and loathed by Democrats. Political and corporate clients come to him with a policy they want to promote, and his consultancy, LuntzGlobal, focus tests language to determine which words and phrases will resonate with voters. Luntz then ‘sells’ those words to the client. He told one of his corporate clients to stop talking about ‘drilling for oil’ (which was deemed negative by the focus groups), and instead use ‘exploration for energy’ (which was seen as positive).

It was Luntz who encouraged Republican policy makers to stop saying ‘Global Warming’, and instead talk about ‘Climate Change’. A warming planet sounds bad, went the thinking, while ‘climate change’ doesn’t sound inherently threatening. He also urged Republican climate-deniers to stop talking about ‘Environmental Standards’, which everyone wanted, and instead say ‘Government Regulations’, which Americans aren’t keen on. The government regulations the GOP could then do away with - supported now by the voters - concerned environmental standards.

The left may loathe him (particularly since he was one of the authors of Newt Gingrich’s ‘Contract with America’), but they are not averse to using his focus testing techniques. Luntz himself says the language the Democrats chose for Obama’s re-election campaign in 2012 was “so effective that the election wasn’t even close”.

The language used to discuss palm oil is crucial to the consumer’s understanding of the
debate, but as with many politicised campaigns, most of what’s written about it is designed to be persuasive, rather than informative. The media often supports the campaigners because they provide instant headlines (celebrities and politicians also don’t want to appear to be on the other side of a position that has a baby orangutan as its mascot), but the language used to present the issues can be disingenuous. One article written in support of the boycott stated that:

“The vast majority of [palm oil production] – over 85% – is in Malaysia and Indonesia, in zones inhabited by wild orangutans.”

Malaysia and Indonesia cover a little over 2.2 million sq km between them, which is roughly the combined landmass of Spain, France, the UK, Germany, Italy, Greece, Switzerland and the Bahamas. The sight of an orangutan in downtown Kuala Lumpur is as likely as seeing a gondola in downtown Berlin. But the image the sentence creates for any reader who hasn’t visited Southeast Asia is that there are orangutans everywhere: swinging through the trees in the public parks; wandering around the streets; in the queue at McDonald’s. 56% of Malaysia is forested (almost double that of Europe) but not all of it is rainforest (not that the average consumer is aware there are different types of forest in Malaysia – one of the campaigners’ successes). Pristine rainforest makes up just 12% of Malaysia’s landmass. Nothing about the article’s statement can be said to be untrue: yes, palm oil is produced in the region, and yes, orangutans live there, but neither plantations nor orangutans inhabit every inch of it.

The images used for articles like these are equally vague. Every year Southern Peninsula Malaysia and Singapore are shrouded in the ‘haze’ created by land being burned in Indonesia (this writer lives in Kuala Lumpur). This makes the news in the ‘West’, and is seized upon by campaigners, but the stock photos of deforestation on campaigners’ websites are rarely dated and rarely state where the photo was taken. Malaysia and Indonesia are two separate nations with different laws governing land use (Malaysia has set limits on how much land can be used for agriculture), but the two countries are often mentioned in the same sentence.

This is not to say that Greenpeace, WWF et al are wrong in their aims, but while the areas used for palm oil cultivation and the areas inhabited by orangutans may overlap where they shouldn’t, there are also places where they never meet. It is understandable why the campaigners should choose these tactics: they face the same problem nutritional labels do over space and attention spans. Information has to be simplified and easily digestible.

Consumers would benefit from a debate that wasn’t so mired in hyperbole. As one of the anti-palm oil websites puts it:

“While a large proportion of palm oil production causes a great deal of harm, the oil itself is not bad and in some respects has positive attributes. For example, palm oil yields significantly more oil per hectare than other vegetable oil crops. It is for this reason that avoiding all palm oil is not the answer, and focusing on growing the crop using more ethical and sustainable methods is a viable solution to part of this complex issue.”

This kind of rational approach would be of great benefit to consumers. The website goes on to say that a ‘balanced, holistic approach is necessary’. Unfortunately, this sentiment is buried deep in the recesses of the site while the majority of the site refers to ‘Conflict Palm Oil’, which is not particularly holistic. The website is also called ‘SayNoToPalmOil’ - a URL lacking in the kind of balance its creator says the debate needs.

Luntz would applaud the use of the term ‘Conflict Palm Oil’, but to compare the plight of the rainforests with the plight of those caught up in the civil war for control of the diamond trade in Sierra Leone in the 1990s leaves that campaigner on some fairly questionable ground ethically.

The site also has an interesting approach to grammar. It states that ‘Palm oil is grown throughout Africa, Asia, North America and South America’. Compare that sentence to ‘Beer is sold throughout Britain’. Palm oil is produced in five African countries. Oil palms couldn’t be cultivated north of Burkina Faso or south of the Democratic Republic of Congo, and certainly not in Canada or Siberia. This may be a petty gripe for grammarians, but that paragraph is repeated verbatim on twenty-two different websites.
Whether the language used on some (though by no means all) of the anti-palm oil campaigners’ websites is deliberate, an oversight, or just bad grammar, it doesn’t help the consumer make informed decisions.

4. Collateral damage
As the industry has shifted to the developing world, Western consumers are increasingly concerned about the practices involved in the manufacture of consumer durables. The fact that there are ‘suicide nets’ attached to the exterior walls of Apple’s Chinese manufacturer Foxconn is pause for thought when buying a new iPhone.

Boycotts over the years have included Nike for its Indonesian sweatshops, holiday companies visiting Burma, and any company that has anything to do with fur. Boycotts have been aimed at animal testing for cosmetics, airlines who transport animals destined for vivisection, and one car company which used live pigs as crash test dummies. Current boycotts in the UK focus on those companies who it is felt aren’t paying the correct amount of corporation tax.

On those products where the consumer has a high emotional investment, for example—horsemeat in your children’s burgers or antibiotics in their milk – purchasing decisions are made very carefully. Even on those products where there is a greater distance between the purchaser and its potential impact, consumers say they would be willing to spend more on ethically sourced or Fair Trade products.

However, what we say about our ethical shopping habits when asked (because we would all say we care), and what we do in the supermarket, are two very different things. One study compared shopping habits using two brands of coffee, one of which was labelled ‘Fair Trade’. As the researchers tested shoppers’ responses to different price points for both brands, they discovered that while well-heeled customers opted for the more expensive Fair Trade option, “More price-sensitive shoppers weren’t willing to pay significantly more for the Fair Trade-certified product.” Divenney, Auger & Eckhardt, the authors of The Myth of the Ethical Consumer, found similar results in a 10-year research project covering eight countries. Respondents were well aware of the issues, “but most did not consider such issues to be relevant to them personally”. Consumers, they found, are also reticent to sacrifice function for ethics. Even the colour of a running shoe was more important to shoppers than how it was made.

As with anything written on the label, the shopper has to assume that someone knows why it is there, and that the reason is a good one. If the consumer agrees with the principle of Fair Trade, Max Havelaar and the Fair Trade Labelling Organisation act as third-party endorsement of the consumer’s decision to trust the label. By opting in to the concept of Fair Trade, the consumer no longer has to think in ethical terms about their purchase and is absolved of responsibility should the product be found in breach of the label’s standards.

The same thinking would apply to a ‘contains palm oil’ label, but at the moment it isn’t clear who the consumer is placing their trust in. Campaigners would have to take on the responsibility of being the third-party endorsement that such a label would require. The cost of monitoring the industry, and regulating the use of the label would be significant. Greenpeace or the World Wildlife Fund would have to be willing to allocate cash and resources to it. Of the many Facebook groups calling for a boycott of palm oil, which of their creators would be willing to contribute to that cost?

A major problem for the consumer is that campaigns of this sort are motivated by a single-issue and are instigated by an organisation focused on that one issue. Some boycotts target a specific company or product (such as the recent campaign to force Starbucks to pay its UK tax bill), but where there are multiple stakeholders, for instance if the boycott is aimed at a country or - as is the case with palm oil, an ingredient - an apparently ethical shopping decision can have consequences far beyond that particular concern.

Malaysia’s gas gauge is trickling empty, and the government is rightly concerned about how a palm oil boycott would affect its development goals. The Malaysian palm oil industry employs 850,000 people and provides livelihoods for a further million. It is unlikely
that a shopper who believes in taking an ethical stance on their purchases would want the preservation of the region’s rainforests to come at the expense of the people who live there.

In order for consumers to make decisions which take into account all stakeholders, they need more information about where the palm oil in their products comes from. Technology, aided by the ubiquity of smartphones, could give them access to that information.

5. Information Technology
A variety of new smartphone apps are available to the ethical shopper. One app, called Buycott, tells the user which company ultimately stands to gain from their purchase. If the shopper scans the barcode on a packet of McVitie’s Digestive biscuits, the app will tell them that the company is a subsidiary of United Biscuits, which in turn is owned by the Blackstone private equity group. The consumer can register their displeasure at a Blackstone policy by not buying the biscuits (they can also tweet their displeasure from the app). The result is no different from boycotts that have been organised using more hand-cranked methods. The difference is that the research is being done at point of sale.

Campaigners are keen to promote these apps as a high-tech weapon in their fight against injustice, but as the technology develops, the apps may prove of greater benefit to palm oil producers than anti-palm oil campaigners, especially if those producers have sustainable policies in place, or planned. The more the settings on these apps can be tweaked, the easier it will be for those consumers who want to make shopping decisions based on specific ethical concerns, and which also minimise unforeseen consequences. Rather than just asking the app if the product ‘contains palm oil’, the consumer can ask whether the product ‘contains palm oil from a sustainable source’. This would be of benefit both to the palm oil industry and to those groups which want the industry to become more sustainable. If the consumer was unsure about the impact of an immediate blanket boycott on other stakeholders, and instead supported a more gradual move towards sustainability, they could specify that the app identify palm oil from companies that have made a commitment to become sustainable within 5 or 10 years. This would encourage producers to promote their sustainable credentials so as to avoid being caught in an ‘all palm oil is bad’ dragnet.

While the apps are still in their infancy, the settings can already be fine-tuned. An anti-GMO group, Demand GMO Labelling, launched an app that states whether the product came from any of the 36 companies which donated more than $150,000 to oppose the mandatory labelling of genetically-modified food, which is a specific set of variables. An ethical consumer may want to avoid unsustainable palm oil, but won’t want to risk damaging smallholders’ incomes (Indonesia’s palm oil industry includes around 3 million smallholders, Malaysia’s 150,000), while also not wanting to punish one country’s agricultural industry for the actions of another. An app would enable them to do that.

The call for palm oil labelling doesn’t clarify the issues for the consumer. Opting out of palm oil altogether involves the risk of collateral damage. Opting in to sustainable palm oil - with help from a little hand-held technology - could benefit all parties.

One of the criticisms aimed at the anti-palm oil NGOs is that they don’t offer producers, buyers or food manufacturers much incentive to become sustainable. The NGOs create ‘voluntary’ schemes for palm oil companies to follow, then publically criticise those companies that don’t follow the schemes (which one commentator in a trade publication described as ‘extortion’). Having signed up to the schemes, the producers are sadly aware that the overwhelming message the consumer receives from the NGOs is still ‘SayNoToPalmOil’.

This oversimplified approach is deliberate. Giving the consumer more information about palm oil carries greater risk for the campaigners than it does for the producers. The NGOs limit the amount of information the consumer receives, because if the consumer was aware that the issue is more nuanced, they would be less likely to accept the NGO’s one-size-fits-all approach, and palm oil labelling would be less effective as a result.

By being told simply to boycott palm oil, the ethical consumer is left with two unattractive choices: opt out of palm oil completely, and risk their decision to boycott having a negative knock-on effect; or opt in completely, in which
case their ethical concerns aren’t being met. By limiting the message to ‘Orangutans are fluffy, don’t buy palm oil’, campaigners are leaving behind the very people who would most readily listen to them.

The authors of The Myth of the Ethical Consumer may have found that ethical shopping habits were not quite what consumers said they were, but they still felt that, “Social consumption may have the potential to become a mass-market phenomenon”. In order for that to happen however, the consumer would require far more information than the NGOs are currently giving them. “For more ethically oriented consumption to really take hold,” Divenney, Augur & Eckhardt suggest, “the consumer needs to become a knowledgeable participant, not a reader of labels.”

Ironically, by becoming the clearing house for the information the consumer needs, the palm oil industry may well be able to steal the initiative from the NGOs.

References
2. For more on Frank Luntz see “Words that Work”, at http://youtu.be/vbP55N9trdM