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RESEARCH

DUTCH CONSUMERS AND THE BANGLADESHI GARMENT INDUSTRY

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Almost all items of clothing sold in the Netherlands are produced in the developing countries. This is because the production costs are far lower in those countries, so the finished product can be offered to the consumer at a more attractive price. However, it appears that the desire to minimize costs is placing the safety of production workers at risk. Within the Bangladeshi garment industry, unsafe working conditions are rife. There have been several serious incidents. On 24 November 2012, for example, fire destroyed the premises of Tazreen Fashion Ltd, just northwest of Dhaka, claiming 112 lives. Exactly five months later, on 24 April 2013, the Bangladeshi garment industry suffered its worst disaster to date: the collapse of the Rana Plaza, a nine-storey building which housed five garment factories. The incident claimed over seven hundred lives and the death toll may rise yet further. Are Dutch consumers willing to pay more for their clothes in order to ensure a safe working environment for workers in developing countries?

Three in four Dutch consumers willing to pay more for clothing produced in safe conditions

Dutch consumers are willing to pay more for their

clothes if doing so helps to create a safer working environment for the people who produce them. On average, people consider a 9% price increase acceptable, (€4.50 on a pair of trousers costing €50) provided the difference is indeed used to improve working conditions. Over half (56%) would be prepared to pay 10% more (5 euros) if this would ensure that the garment is produced in safe working conditions. Fewer than one in five (17%) say that they would not be willing to pay more to guarantee safety. The same number (17%) would be willing to pay more than 5 euros extra, and 5% say that they would be happy to pay 25 euros more (a 50% increase on the original price) if this ensures that the garment is made under safe working conditions. In terms of overall working conditions, safety is an important consideration but not the most important (see Figure 1). Dutch consumers would be most inclined to pay more for their clothing if there was a guarantee that it had not been produced by children under 12. People are willing to pay an average of 13% more (€6.50 over and above the original price of 50 euros) for this assurance. By contrast, the acceptable price increase in return for a guarantee that workers are entitled to join a union is just €3.35.

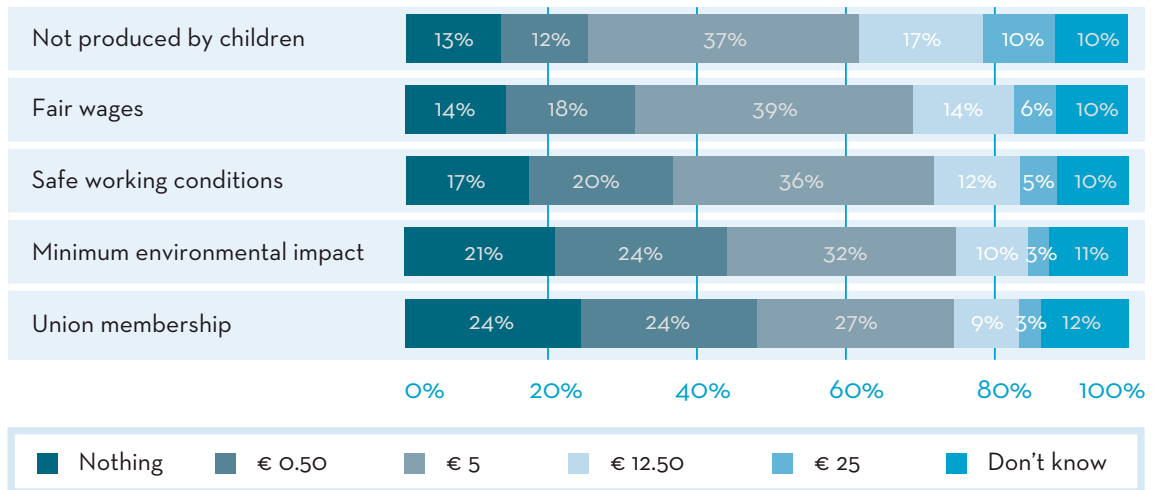


Figure 1. How much extra would you be prepared to pay for a pair of trousers currently priced at 50 euros in return for a guarantee of...

Willingness to pay more is proportional to income

Those who say that they would not be willing to pay a higher price for clothing in order to guarantee safe working conditions are generally younger, lower educated consumers (under 35). Members of this group are less likely to have purchased any fair-trade products in the past twelve months or to have deliberately sought out products which are environmentally friendly. People who are concerned about their own financial situation are also less inclined to pay more in return for the guarantee of safe working conditions for factory workers. Willingness to do so appears to rise in direct proportion to personal income: the higher the income, the more acceptable some price increase (of at least 50 cents) becomes. The consumer's own financial situation is therefore an important factor in his or her willingness to pay a higher price for clothes. A number of respondents expressly state that they are unable to afford fair-trade garments, which are generally more expensive than high street equivalents.

"I would be willing to pay more for clothes but because I am unemployed we have to watch every cent. We have to go for the cheapest or we can't make ends meet."

'Aware' consumers most willing to pay significantly more

Interestingly, personal income does not appear to be a major consideration for those who would be willing to pay significantly more (at least 25%) for clothing which comes with a guarantee that it has been produced in safe working conditions. Consumers who are already 'aware' (inclined to purchase fair-trade products even before the situation in Bangladesh came to general attention), show greatest willingness to pay a relatively large price increase. Women and consumers over 55 are also statistically over-represented within this group.

Over one in four people feel some responsibility for the safety of factory workers in Bangladesh

The majority of respondents (61%) believe that responsibility for the safety of factory workers in Bangladesh rests mainly with the factory owners and the Bangladeshi government. Although Dutch consumers do not accept prime responsibility for worker safety, almost a third (28%) believe that responsibility is shared by the government and manufacturers in Bangladesh, and the importers and consumers here in the Netherlands. Almost a third of the Dutch public can therefore be said to be aware that individual consumer choices influence working conditions elsewhere.

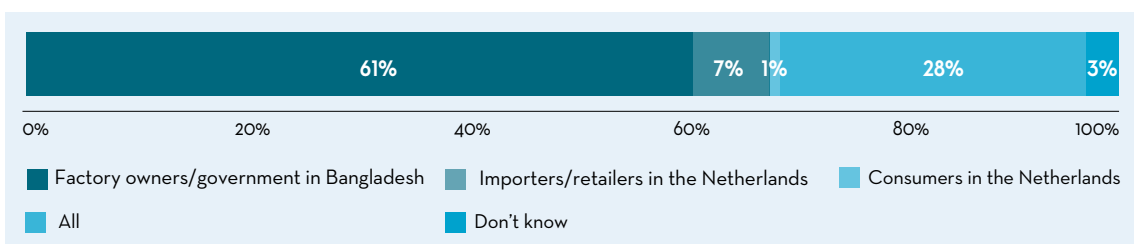


Figure 2. In your opinion, who is responsible for the safety of garment factory workers in Bangladesh?

The garment industry in Bangladesh

The garment industry is extremely important to Bangladesh, accounting for over 78% of the country's export volume in 2012 and some 17% of national income (BKMEA, 2013). Bangladesh is the world's second largest clothing producer, the largest being China. The economic research agency McKinsey has forecast that Bangladesh will overtake China before the end of 2013 (McKinsey, 2011).

The Bangladeshi garment industry has seen sustained and substantial growth since the early 1980s. An increasing number of brands in both Europe and the United States outsourced production of T-shirts, dresses, trousers and other garments to Bangladesh, primarily for reasons of cost. Local entrepreneurs were quick to spot a business opportunity and set up small factories, often in buildings which were far from suitable for the purpose. Workers sit at their sewing machines in rickety, near-derelect buildings with no proper mains electricity supply, emergency exits or working fire extinguishers. While there is indeed employment and safety legislation on the statute books, it is often ignored and rarely enforced. Just thirty inspectors are expected to oversee some five thousand factories. The people who work in the Bangladeshi garment industry are paid an average monthly wage of less than 30 euros, and are therefore the lowest paid textile workers anywhere in the world. Many are required to work eleven hours a day, some up to fourteen hours. Because retailers now introduce new collections with even greater frequency, the workload is high and it is not unusual for production staff to work seven days a week (SOMO, 2013)¹.

¹ Contribution by Annemiek Huijerman.

The Rana Plaza disaster: a turning point?

The Rana Plaza disaster attracted much media attention throughout the world. As a result, several major brands came under pressure as the calls for the reform of the industry became even louder. The Primark chain has since offered to pay compensation to the victims' families. The disaster also featured prominently in the news in the Netherlands. Was it a turning point, prompting the Dutch public to be more selective when buying clothes?

Apparently not. Almost half of the respondents in our survey say that they would be unlikely to take greater notice of where the clothes they buy are actually made. A third are undecided, and only a quarter say that they will indeed take greater heed of an item's origins in future. These are the people who already show a higher level of awareness and are more likely to seek out fair-trade or environmentally responsible products. It therefore seems that the disaster in Bangladesh has had the greatest impact on those people who were already responsible consumers.

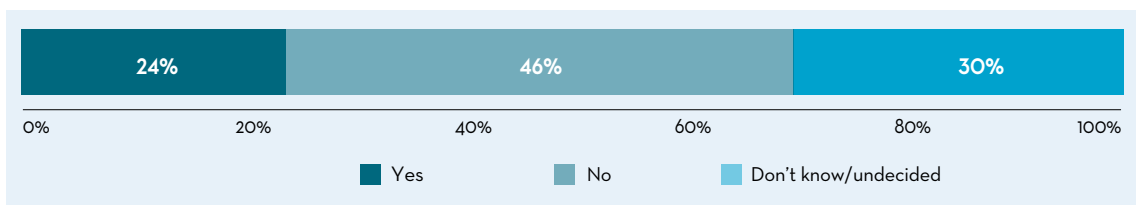


Figure 3. Have the news reports about working conditions in the Bangladeshi clothing industry prompted you to take more notice of where the items you buy were made?

Lack of information about garment production

Some respondents suggest that there should be a logo, vignette or other means of identifying garments which have been produced in a fair and responsible manner. For most consumers, the clothing industry is complex and lacks transparency. There is nothing to say that paying extra for an item will actually guarantee better working conditions for the people who make it.

“Even if the label says ‘Made in Bangladesh’, I can’t tell what sort of factory produced the garment. What’s more the ‘Made in’ system is out of date. Even if the label says that a suit is ‘Made in Italy’, 98% of the work was probably done in China. A system which allows a product to be traced back to its exact point of origin – like that used for eggs – would be far preferable.”

In general, the Dutch public are not adequately familiar with fair-trade or environmentally responsible clothing. They do not know where to find it. Although almost half of respondents state that they have purchased some form of fair-trade food product within the past year, only 20% have purchased a fair-trade garment. The same number – 20% – state that they do not know whether the garments they have bought are responsibly produced or not.

“I do not take particular notice of where a garment comes from because I don’t know where is good and where is bad. I don’t know what I’m supposed to be looking for. If I did, I would certainly make a more considered choice.”

The lack of knowledge and information among Dutch consumers about the conditions in which garments are manufactured is a major obstacle to the market penetration of clothing that is indeed fair and responsible.

What is the solution?

Increasing consumer awareness and introducing a logo or vignette are ways in which to increase the market share of clothing which has been produced in a fair and responsible manner. However, there may be an alternative solution which is even more effective. It calls for action on the part of the brands and retail chains themselves.

If they substantially increase the number of environmentally and socially responsible garments they offer in their stores, the consumer is likely to buy more such garments. Precisely the same effect was seen in fair-trade food products. The number of households which deliberately select fair-trade products has risen significantly in recent years, from 46% in 2009 to 60% in 2012 (De Goede, 2013). This is not so much due to greater awareness on the part of the Dutch consumer, but because a greater number of fair-trade products are now available on supermarket shelves. If the large clothing retailers expand their selection of fair-trade garments, it is likely that a similar mechanism will be seen. However, this is subject to there being no massive increase in prices. As noted above, most consumers are prepared to pay extra in return for a guarantee of fair production practices, but there are limits.

The survey

The survey on which this factsheet is based was conducted during the first week of May 2013 by NCDO in association with TNS NIPO. The researchers invited 1,400 members of the TNS NIPO ‘Consumerbase’ panel to take part, of whom 1,016 did so (response rate: 73%). To ensure a fully representative sample, quotas were set in respect of gender, age, educational qualifications, region, size of household and political affiliations. The survey took the form of computer-assisted online interviews.

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