

CONSUMER DEMAND FOR FAIR LABOR STANDARDS:
EVIDENCE FROM A FIELD EXPERIMENT ON eBAY

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ABSTRACT

Surveys indicate that a majority of consumers would prefer to buy products made in workplaces with fair labor standards rather than alternatives and would be willing to pay a higher price for such products. There is no clear evidence, however, that many people would actually behave in this fashion when shopping. We provide new evidence on consumer behavior from experiments conducted on eBay. We find that labels with information about certified fair labor standards in factories making polo shirts had a substantial positive effect on bidding. On average, shoppers paid a 45% premium for ethically labeled versus unlabeled shirts.

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I. INTRODUCTION

Consumers are being offered a growing variety of products with labels linking them to support for social and environmental causes. These labels often call attention to particular aspects of the way goods have been made (e.g., labor and environmental standards, the treatment of animals) and traded (e.g., prices paid to farmers), and to particular causes that stand to benefit when the goods are purchased (e.g., research on HIV/AIDs and cancer, provision of clean drinking water in developing countries). The prominent Fair Trade labeling initiative aims to raise incomes among poor farmers in developing countries. The Goodweave (formerly Rugmark) initiative is focused on eliminating the worst forms of child labor in the hand-woven rug industry. Other prominent certification and labeling programs, such as those managed by the Rainforest Alliance, the Forest Stewardship Council (FSC), and the Marine Stewardship Council (MSC), emphasize environmental causes. These various types of labels are now a common sight in cafes, stores, and supermarkets across the United States and Europe.

Ethical product certification and labeling allows for a new, mainstream form of politicized consumption. Unlike consumer boycotts organized by activist groups, aimed at punishing businesses for unethical behavior of one form or another, ethical labels promote a more stable form of politicized consumption that rewards companies for promoting social and environmental causes. Ethical labeling initiatives, like Fair Trade, Goodweave, Rainforest Alliance, FSC and MSC, encourage citizen-consumers to vote with their shopping dollar every day to influence the behavior of firms and bring about political and social change.

But the potential impact of this new type of politicized consumption, in terms of the size of the market and the associated effects on businesses and outcomes, depends critically upon the strength of latent consumer demand for ethically labeled and cause-related products. Though

growing rapidly, sales of ethically labeled products still represent a small segment of the markets in which they have a presence. There is much debate about the potential for continued growth and long-term impact. Skeptics tend to dismiss ethical labeling as a passing fad, a niche approach, or as cheap public relations stunts by big-name brands (e.g., Vogel 2005, 2008). Supporters argue that politicized consumption could have a large impact on firm behavior if the market continues to grow at the current rate, and they point to the evidence showing that a majority of surveyed consumers say they would prefer, and would be willing to pay extra for, products they could identify as being made in ethical ways (e.g., Elliott and Freeman 2003). At present, however, there is no clear evidence that consumers will actually support ethically labeled products when it comes to spending their own money and thereby give more firms an incentive to change their behavior and invest in ethical labeling programs.

We report new evidence on consumer demand for ethical certification and labeling from a field experiment conducted on eBay. We investigate consumer response to product labeling that contains information about SA8000 certification of fair labor standards in factories making polo shirts (SA8000 standards prohibit child labor, forced labor, and discrimination, and require that workers be allowed to organize, and be granted minimum health, safety and pay standards). We find that a label conveying information about SA8000 certification had a substantial positive effect on bidding for the shirts in auctions. On average, shoppers paid a 45% premium for labeled versus unlabeled shirts. The findings suggest that there is substantial consumer support for fair labor standards, even among price-sensitive eBay shoppers.

This is one of the first papers to report results from a field experiment in which the researchers manipulate important product attributes to estimate demand effects among real buyers in an online retail setting and, to our knowledge, it is the first study of the kind dealing

with a manufactured product and ethical labeling. Previous research has relied almost exclusively upon estimating models of demand using observational data with a variety of statistical techniques applied to account for the endogeneity of the distribution and marketing approaches used by firms (Nevo, 2010). Our test helps to demonstrate the advantages of using a field experimental approach in this area of research. Finally, study provides an empirical complement to the growing body of theoretical scholarship on altruism in markets (e.g., Fehr and Schmidt, 1999; Andreoni, 2006; Benabou and Tirole, 2006) and provides new evidence of a specific type of altruistic behavior among consumers that is central to debates about corporate social responsibility (Baron 2003; Baron and Diermeier, 2007; Besley and Ghatak 2007).

II. SA8000 CERTIFICATION AND CONSUMER DEMAND FOR ETHICALLY LABELED PRODUCTS

The SA8000 is a registered International Standards Organization (ISO) code for workplace standards developed by Social Accountability International (SAI), a nonprofit humanitarian organization that aims to promote human rights for workers by improving conditions in workplaces around the world.¹ The code incorporates the core covenants of the International Labor Organization, prohibiting the use of child labor and forced labor and discrimination based on race, gender, and religion, and mandating that workers be allowed to organize and bargain collectively with their employers. The SA8000 code also requires that workplaces satisfy minimum health and safety standards, pay minimum (living) wages, and that overtime work is voluntary, limited, and paid at a premium.²

SAI oversees the SA8000 certification program and trains and accredits independent

¹ SAI (initially known as the Council of Economic Priorities), has received funding from USAID and the Department of State, the European Union, and several foundations, including the Rockefeller and Ford Foundations. SAI's governing board is comprised of business and labor leaders, along with human rights activists.

² See http://www.sa-intl.org/data/n_0001/resources/live/2008StdEnglishFinal.pdf

auditing organizations working in various parts of the world so that they can inspect and certify factories according to SA8000 standards. Owners of the factories pay a certification inspection fee (which varies depending on the size of each facility) and are licensed to use the SA8000 trademark in marketing communications. The certification program began in 1997 and has grown rapidly in recent years. There are now some 2,500 SA8000-certified facilities employing over 1.4 million workers in 65 countries and 65 industrial sectors.³ Over 1,000 new certifications have been issued in the past four years alone. SAI also provides training courses for companies seeking SA8000 certification and corporate training programs to help large firms develop management systems to implement improvements in workplace standards via certification throughout their supply chain – members of the program include Gap Inc., Timberland, Eileen Fisher, Chiquita Brands International, General Mills, The Walt Disney Company, and Hewlett Packard.

Advocates promote SA8000 as a tool to improve workplace conditions in countries with poor (or poorly enforced) labor standards. It offers a mechanism for companies to address complaints raised by activist groups, and concerns among consumers, about labor practices and working conditions in such countries by having facilities assessed and certified independently. The SA8000 code aims to safeguard the basic rights of workers (as defined by the ILO's core covenants) and protects against the most common abuses involving poor health and safety standards, violations of minimum wage laws, and mandatory and unpaid overtime. It is a voluntary program, so companies can opt in or out of certification depending on whether they

³ See <http://www.saasaccreditation.org/certifacilitieslist.htm>. The distribution of certifications covers most regions of the developing world, including large numbers of facilities in India, China, and Brazil. Certified workplaces include facilities producing manufactured goods and services, with a high concentration in the apparel and textile sectors.

think it will benefit them by improving their reputations and sales.⁴ But detractors worry that this type of approach requires scrupulous monitoring by a reliable and credible auditing organizations that often face enormous challenges.⁵ There are real concerns that SA8000 – and other similar types of standards and code – might be adding substantially to the costs of doing business for companies in developing countries without markedly improving social outcomes.⁶

How one assesses the potential impact of ethical certification programs like SA8000 hangs, to a large degree, on how they affect sales, which depends on how one evaluates the strength of support for ethically certified goods among consumers. SAI has not yet developed a consumer-facing SA8000 certification label that could be applied to products and services supplied by certified facilities. Companies with SA8000 certified facilities can and do advertise their certification in their marketing materials, as large firms that have joined the SA8000 corporate program typically emphasize this in their annual reports and other public communications about commitments to corporate social responsibility. But to date there is no way to gauge latent consumer support for SA8000 certification.

Some insights may be drawn from the experience of the Fair Trade program, the worlds' most prominent ethical certification and labeling initiative. The Fair Trade program was

⁴ As with other types of third-party certification, the SA8000 program can be seen as a way to remove a market inefficiency that exists due to incomplete information on the part of consumers about the manner in which goods are produced (Elliott and Freeman 2003, 47-48). In the simplest models, lack of information about the ethical quality of goods available to consumers leads to welfare losses, as consumers who prefer goods with high ethical quality cannot identify (and thus adequately reward) high-quality producers, and the latter are driven from the market by low-quality producers who face lower costs (Bonroy and Constantatos 2003, 2008). Ethical product certification can also be modeled as product differentiation that increases consumer welfare by introducing more variety (e.g., Becchetti and Solferino 2005).

⁵ For concerns raised about the auditing organizations accredited for SA8000, see Labour Rights in China (1999), Ehrlich (2000), Applebaum (2005). General concerns about auditing of voluntary labor standards are discussed by O'Rourke (2000).

⁶ The impacts of SA8000 and similar standards and codes have yet to be subjected to systematic evaluation (see O'Rourke 2003; Esbenshade 2004; Vogel 2005). Very little empirical evidence is available to indicate whether those companies that have adopted SA8000 or similar codes offer significantly better working environments in terms of safety, health, freedom of association, and pay, and whether these programs have any marked effects on business performance (Hiscox et al. 2009).

developed by a group of humanitarian organizations aiming to alleviate poverty and promote sustainable development among poor farmers in developing countries. Fair Trade certified farmers receive a guaranteed minimum price for their crops and a price premium (above the minimum or the current market price for the commodity, whichever is higher). In addition, Fair Trade certified importers must agree to long-term contracts with farmers and must make available pre-harvest credit. Fair Trade certification also addresses labor standards on farms: it prohibits forced and child labor, along with ethnic and other forms of discrimination, and restricts the use of potentially hazardous chemicals.⁷ A group of non-profit Fairtrade Labelling Organizations (FLO) oversees Fair Trade certification and licenses the use of the trademark in each national market. FLO has developed certification standards for a range of agricultural products, including coffee, tea, cocoa, bananas, sugar, rice, and cotton. As of 2009, annual global sales of Fair Trade certified products exceeded \$4 billion and, in the United States, there were over 800 licensees selling Fair Trade certified products in over 50,000 retail locations in 2009. Fair Trade coffee, the largest selling certified product, accounts for close to 20 percent of the market for specialty coffees, and is available in major coffee and food retailers such as Starbucks Coffee, Dunkin' Donuts, and McDonald's, and in many large supermarket chains, including Walmart, Target, and Safeway (TransFair USA 2009a, 2009b). The average annual rate of growth in total U.S. sales of Fair Trade products has been impressive – close to 40% between 1999 and 2008.

It is not clear, however, whether ethical labeling initiatives like Fair Trade and SA8000 can survive a sustained recession and ever reach a market size that is large enough to have a substantial impact in developing nations. Total sales of Fair Trade goods in the United States in

⁷ Certification is generally restricted to small, family-owned farms and requires that farmers organize into cooperatives that decide democratically how to distribute or invest the fair trade premium paid on each contract. See: http://www.fairtrade.net/generic_standards.html

2008 amounted to roughly \$1.1 billion. This represents only about one fortieth of the U.S. market for certified organic products and less than \$4 per person annually. To the skeptics, this evidence supports their view that ethical labeling is a market niche or a fad, limited to a small segment of consumers and vulnerable to recession and fickle consumer fashions. Most consumers, according to this view, will continue to make their purchasing decisions only on the basis of price, quality, and convenience (Vogel 2008, 16). The same critics suggest that firms regard ethical product labeling simply as a cheap way to burnish their public image – a type of “greenwashing” or “fairwashing” – and as part of a core business model.

That a large market for something does not currently exist is not by itself a clear indicator of an absence of demand. Survey data indicate that a majority of consumers say they prefer, and are willing to pay substantially more for, products they can identify as being made in an ethical way. For example, a survey administered in 1999 by the Program on International Policy Attitudes found that 76% of respondents indicated they were willing to pay \$25 for a \$20 garment that was certified as not being made in a sweatshop (PIPA 2000). A poll conducted in the same year by the National Bureau of Economic Research found that roughly 80% of surveyed individuals said they were willing to pay more for an item if assured it was made under good working conditions (see Elliott and Freeman 2003, 29-35). A growing number of survey studies have provided additional evidence of consumers’ willingness to pay for ethical qualities of products and ethical behavior by firms (e.g., Auger et al. 2003, 2008; Dickson 2001; Mohr and Webb 2005; Loureiro and Lotade 2005; De Pelsmacker et al. 2005; Hertel et al. 2009).

Of course, the stated preferences of consumers may be very different from the preferences they reveal in a real market setting. The survey findings most likely reflect some degree of social desirability bias. What is required is direct evidence on how consumers actually behave when

they encounter ethical labels while shopping and deciding how to spend their own money. A small set of empirical studies have examined relationships between observed sales and/or prices of goods and their ethical characteristics. For instance, Teisl, Roe, and Hicks (2002) examined scanner data on U.S. retail sales of canned tuna and found that market share (relative to other canned seafood and meat) rose substantially after the introduction of the “dolphin-safe” label in April 1990. Elfenbein and McManus (2010) found a price premium for items sold in eBay’s “Giving Works” program (in which sellers direct a portion of the sale price to charity) compared with prices for similar items sold on eBay, and the premium was increasing in the amount donated to charity. On the Fair Trade label and coffee, specifically, Galarraga and Markandya (2004) gathered data on retail prices of coffee sold in major supermarkets in Britain and estimated that an average premium of around 11% was charged for coffee with a “green” label (they combined Fair Trade, organic, and shade-grown labels in this category). While such studies are suggestive of consumer support for ethical labeling, because the observed outcomes reflect pricing and distribution decisions by sellers as well as consumer behavior, it is difficult for this type of approach to provide clear inferences about consumer responses to the labels.

A small number of field experiments have addressed whether and how consumers alter their spending behavior when given the opportunity to distinguish ethically labeled products from alternatives. Kimeldorf et al. (2004) placed two identical groups of athletic socks in a department store and labeled one group as being made under “Good Working Conditions.” The findings were mixed: when the two types of socks were sold at the same price, only 43% of customers bought the labeled socks; when the labeled socks were sold at prices higher than the non-labeled socks, about 25 percent of consumers bought the labeled type. In another experiment conducted in a retail store in New York City, researchers employed a “Fair and Square” label describing

ethical labor standards in facilities making a brand of towels and a brand of candles (Hiscox and Smyth 2006). Compared with similar brands of towels and candles sold in the store, sales of the labeled brands rose when the labels were put in place, and sales rose further with price increases of 10-20% above pre-test levels. Arnot, Boxall, and Cash (2006) conducted tests with a university coffee vendor, adjusting prices for a fresh-brewed Fair Trade certified coffee and a similar tasting alternative. Examining sales on different days, the researchers concluded that demand for Fair Trade coffee was less sensitive to price than was demand for the other alternative coffee.

These field experiments had design limitations that made it impossible for the researchers to isolate the effects of the ethical labels from potential time-variant and other confounding factors. The experiment we report below was designed specifically to overcome these problems and to gather new, direct evidence on how price-sensitive shoppers behave when encountering an ethical label – referring to SA8000 certification of manufacturing facilities – and making real spending decisions in an online retail setting.

III. RESEARCH DESIGN

A. UNDERLYING MODEL OF CONSUMER BEHAVIOR

To ground the empirical work in a theoretical model, we introduce a standard model of consumer behavior in which individuals may derive utility from a variety of characteristics of goods (see Lancaster 1971; Gorman 1980). We assume consumers maximize their utility when choosing from a set of alternative products (e.g., types of polo shirts) available in a particular market. Each consumer's utility from buying a particular good depends on the observed product characteristics, which may include SA8000 certification. In general notation, consumer i 's utility

from buying the j th good in market t is given by:

$$U_{ijt} = U(x_{jt}, \xi_{jt}, v_{it}; \theta)$$

where x_{jt} is a vector of observed product characteristics, ξ_{jt} indicates product characteristics that are unobserved by the researchers, v_{it} are unobserved differences in consumer tastes, and θ is a vector of model parameters that includes how sensitive consumers are to each of the observed product characteristics. Consumers may differ in how they evaluate the different product characteristics. Our test is designed to measure average responses among consumers to one key product characteristic – SA8000 certification. Bidding by consumers in eBay auctions for identical products labeled as SA8000 certified (or not), and the resulting endogenously determined market prices for those products, provide us with our measure of consumer response. Different consumers may place different values on SA8000 certification and thus some may be willing to pay more (or less) for certified goods than for otherwise identical alternatives.

We make no specific assumptions about the motives of any consumers who may be willing to pay more for SA8000 certification. Perhaps the simplest type of assumption would be that these consumers derive a “warm glow” satisfaction from supporting a program that is helping workers – this type of assumption is adopted in existing models of markets for ethically labeled goods (e.g., Richardson and Stahler 2007; Baron 2009a). There are other motives that could generate a preference for purchasing ethically labeled products, however, some of them much less altruistic than others, and our tests are not designed to assess the relative importance of alternative motivations.

The labor standards under which a good is made can be classified generally as “credence” attributes and are distinct from other types of product characteristics in that they cannot be directly assessed by the consumer examining or using the item. Other product characteristics,

such as price, size, and color, can be evaluated by consumers before they purchase the good – these are sometimes called “search” attributes. Still other characteristics, including quality, durability, and taste, can be assessed by consumers after they have purchased the good and begun to use it – and are known as “experience” attributes.⁸ Although these experience attributes are not known to consumers at the point of purchase, since they will be revealed to them by use of the product, firms can use a variety of methods to send credible signals about them, including guarantees, warranties, and advertising to develop brand reputations. The information asymmetry problem is also partly alleviated because consumers can punish firms for poor quality by making no further purchases of their products (see Akerlof 1970; Shapiro 1983; Palfrey and Romer, 1983). In the case of credence attributes, however, which are never directly observed by consumers before or after purchasing the product, firms find it much more difficult to make credible assurances. Firms that have incurred higher costs to produce goods with these characteristics can make claims about them to consumers, but competing firms can incur no additional costs and make similar claims.

This problem can be mitigated by certification and labeling of specific credence attributes of goods (e.g., SA8000 standards) by an independent third party (e.g., SAI), which effectively transforms the credence attributes into search attributes (Caswell and Mojduszka 1996). The value of these labels to firms and consumers will depend in part on the degree to which consumers regard the particular third party certifier as trustworthy. Our tests were not designed to assess the importance of third-party certification per se, however, or the trustworthiness of

⁸ For discussions of these different types of attributes, see Nelson (1970, 1974), Darby and Karni (1973), and Roe and Sheldon (2007). Besides SA8000 standards for workplaces, other familiar examples of credence attributes include Fair Trade standards for farmers, organic standards for production of food and fiber, exclusion of genetically modified organisms from foods, dolphin safe methods for catching tuna, humane treatment of animals on farms, and various forms of environmental management standards adopted by firms to help to sustain forests and fisheries, including FSC and MSC.

SAI, specifically, in the eyes of consumers.

B. THE SETTING

We examined consumer demand for the SA8000 label by conducting an experiment on eBay.com. The eBay website is the world's largest online marketplace, attracting over 90 million active users in 2009, and accounting for total sales of merchandise of just over \$57 billion. It has a reputation for attracting price-sensitive customers searching for bargains. It is the equivalent of the flea market for online shoppers, with most items selling at a 30-50 percent discount on retail prices (Bettis 2006). As one e-commerce professional has noted, "The eBay buyer is your cheapest kind and the most deal-oriented buyer out there."⁹ We discuss the consequences of these features of the setting for external validity in Section V below.

We conducted the tests between August 2007 and August 2008, selling men's polo golf shirts in three-day auctions. There is thriving market on eBay for sports apparel of various kinds, including golf shirts, with sellers offering items from many well-known brands (e.g., Nike, Adidas, Reebok, and IZOD). On February 26, 2008, for example, a total of 3,782 golf polo shirts were currently being offered for sale in eBay auctions in the men's clothing (shirts) category. In 2008 in total, over 180,000 items fitting this description were listed for sale on eBay. On average brand-name shirts sell at a price (including shipping) that represents a discount of approximately 60 percent on the in-store retail price for the same items. For example, in eBay auctions in February 2008, new Lacoste polo shirts sold for \$31 (including shipping) on average, while the same shirts were priced at \$72 (recommended retail price) in Macy's and other department stores.

A growing body of research has examined online commerce and eBay auctions in particular

⁹ Scott Wingo, CEO of ChannelAdvisor.com, quoted in Bettis (2006).

(e.g., Roth and Ockenfels 2002; Ariely and Simonson 2003; Bajari and Hortseesu 2003, 2004). Recent studies have reported the results from experiments conducted on eBay to explore the effects of auction formats (e.g., Lucking-Reiley 1999), seller reputation (e.g., Resnick et al. 2006), shipping costs (e.g., Hossain and Morgan 2006), and public versus secret reserve prices (e.g., Katkar and Reiley 2006). To our knowledge, ours is the first experiment to examine ethical or politicized consumption among eBay shoppers.

C. THE PRODUCT

For the experiment we selected men's golf polo shirts manufactured for the brand Cutter & Buck, a U.S. designer and marketer of upscale golf and sports apparel, and sold primarily by golf and specialty retailers.¹⁰ SAI identified Cutter & Buck, a member of its corporate partners program, as a company that owned and sourced apparel products from a number of SA8000-certified supplier facilities. Cutter & Buck assisted us by verifying that popular line of its golf polo shirts was manufactured in SA8000-certified factories in Honduras and supplying us with a large number of these shirts in three sizes (men's M, L, XL) in a large variety of colors at wholesale prices.

D. THE AUCTIONS

We listed Cutter & Buck golf shirts for sale in concurrent 3-day auctions under treatment (ethical label) and control (no ethical label) conditions. This allows us to compare the market clearing prices (the winning bids) paid for the ethically labeled shirts and the alternative unlabeled shirts offered for sale under the same brand, by the same seller, at exactly the same time. Each treatment-control action pair provides an observation of the price premium eBay

¹⁰ Cutter & Buck Inc. was acquired by New Wave Group AB in April 2007. New Wave Group AB is a Swedish apparel company that operates number of brands and sells through a large network of distributors in Europe and China.

shoppers are willing to pay for SA8000 certification of fair labor standards.¹¹ We typically ran two auction pairs each week, the first beginning on Tuesday and ending on Thursday at 8pm (Eastern), the second beginning on Friday and ending on Sunday at 8pm (Eastern). The auctions began in August 2007 and continued, with breaks in the winter of 2007-2008, into the summer of 2008. Figure 1 shows the end-dates for the auction pairs: in total, we ran 42 auction pairs (i.e., 84 individual auctions) during this period.

Each auction was for one shirt, under the treatment or control condition. Winning bidders in each auction were permitted to choose their preferred size (men's M, L, or XL) and color. We offered a slightly different choice of shirt color options in the treatment and control auctions, to help establish a noticeable and credible differentiation between the auctions and the shirts sold in each collection. Initially, the color options listed for shirts in the treatment auctions were White, Sea Blue, Lotus, Sport, and Black; the options for the control auctions were White, Hampstead Blue, Putting Green, Golden, and Portofino Blue. To ensure that the different color options did not confound the effect of the ethical label treatment, we switched the color options three times over the course of the 12-month experiment. After the first 10 auctions pairs (roughly 12 weeks) we paused the auctions for two weeks, then restarted them with the color choices switched. We suspended the auctions again after the next 10 auction pairs, and then once more after another set of 11 auction pairs before implementing a final set of 11 pairs. At the end we had implemented 21 auction pairs with each allocation of color options among the treatment and control

¹¹ Besides true auctions, products can be also listed for sale on eBay in fixed-price listings, in which the seller sets a price and a period for which the product is available at that price, or a hybrid form of auction listing that includes a "buy-it-now" price which a shopper can pay to end the auction immediately. We limited the tests to the true auction format (in which the listed items are always sold) in order to make simple comparisons between the prices shoppers were willing to pay for ethically labeled items versus unlabeled alternatives. An alternative approach would be to use fixed-price listings and compare the quantities of each type of item sold when listed at the same price over a set period of time.

auctions.¹²

An auction listing on eBay consists of several components provided by the seller. Each auction has a title and subtitle (which provide a brief description of the item for sale), a detailed description of the item (which may include photographs), an auction starting price or minimum bid, a reserve price, shipping costs, and payment methods. Figures 2-3 display the listings for the auctions under the treatment (labeled as SA8000 certified) and control (unlabeled) conditions, respectively. The listings were identical except for the information about SA8000 certification included in the treatment condition. Specifically, in the treatment condition, the words “ETHICALLY MADE” were appended in the title and the phrase “From CERTIFIED Fair Workplaces” was added in the subtitle. The detailed description under the treatment condition included the text:

These shirts are made in facilities certified to SA8000, a world-recognized code for ethical workplace standards. SA8000 certification ensures that all workers enjoy fair and humane working conditions. For more information on SA8000 and Social Accountability International (SAI), the nonprofit organization which developed the SA8000 system, go to: www.sa-intl.org.¹³

Additionally, the photographs included for the treatment condition include an image of the SA8000 logo – a full-sized version of the SA8000 logo is shown in Figure 4. In all other ways the listings under the treatment and control labels were identical. The minimum bid was set to \$1

¹² Unbeknownst to us at the time, this type of listing actually violates official eBay rules requiring that auctions must list specific items for sale and should not allow winning bidders choices among options. The rule is aimed at preventing sellers from generating competition among buyers who are actually interested in purchasing different items (e.g., similar items of different size or color). We were interested in generating this kind of competition, of course, not in order to raise profits but in order ensure that bidders were induced (by competition with other bidders) to reveal more information about their willingness to pay for shirts under treatment and control conditions. Near the end of our experiment, we received a notice from eBay asking us to alter our listings and auction single items (one shirt of one size and color). Instead we completed our last scheduled auctions and ended the experiment.

¹³ The text was suggested by SAI. The assumption here is that shoppers would have no prior knowledge about SAI or the SA8000 code.

in all the auctions, with no reserve price, the shipping cost was set to \$4.60 for anywhere in the United States, and the only accepted payment method listed was PayPal.¹⁴

For each treatment-control auction pair, the eBay “Scheduled Listing” feature was used to ensure that both auctions began at exactly the same time, but the order in which they were officially listed on eBay (treatment first or second) was randomized. Thus, for each auction pair, on the list of current auctions within the “men’s clothing (shirts)” eBay category, the treatment and control auctions always appeared together (one after the other) in random order. When shoppers search items in a category, eBay displays a list of current auctions showing the title, subtitle, starting price, and a single photo for each. (The titles displayed in the list provide links to the specific auction listings, which the consumer can simply click on to see additional details for any item). Figure 5 shows how our shirt auctions appeared on a list of current auctions for men’s golf polo shirts.

To conduct the auctions we created a new eBay seller, “mmgoodsonline,” with corresponding PayPal and Gmail accounts to handle payments and correspondence in a way that avoided linking the seller with the researchers and their institutions. To allow buyers to assess the reliability of sellers, eBay maintains a feedback scoring system via which buyers can record their assessment of their experience with a seller after a transaction, posting comments and either adding a point for a seller to indicate a positive experience or subtracting a point for a negative experience (a neutral assessment, with no change in points, is also possible). A seller’s cumulative feedback score and the proportion of positive vs. negative feedback entries are the key indicators of seller experience and reliability (see Resnick and Zeckhauser 2002; Resnick et al 2006). The feedback score for “mmgoodsonline” rose steadily over the course of the

¹⁴ To help attract bidders, every auction carried a “no hassle” 14-day money-back return guarantee.

experiment.¹⁵

IV. RESULTS

A. SUMMARY STATISTICS

Table 1 reports summary statistics for the auctions under treatment (A) and control (B) labels. The average winning bid price in the treatment (labeled as SA8000 certified) auctions was \$11.86 compared to \$10.86 in the control (unlabeled) auctions – if the flat rate shipping fees are included, the average total price was \$16.45 and \$15.45, respectively. Overall, the treatment auctions generated total revenues of \$497.91 (or \$691.01 with shipping included), while the control auctions yielded \$455.96 (or \$649.06). The simple difference in means (and in total sales) between the groups corresponds to an overall premium of 9.2 percent for the SA8000 certified label (or 6.46 percent with flat shipping fees included) – this can be interpreted as the dollar-weighted average premium for SA8000 certification across all 42 auction pairs, and it is not statistically significant at standard levels when assessed using a two-sample *t*-test (two-tailed) with unequal variances. But note that focusing on the overall difference in means between groups in this fashion is inappropriate here – it assumes independence between observations in each group and fails to account for the pairing built into the test design (see section B below).

It is notable that the amount of bidding activity was very similar for the treatment and control groups: the median number of bids in was 6 in the treatment auctions and 5 in the control auctions, and the median number of unique bidders was 3 in both groups; the total number of bids in all auctions was approximately 220 for each of the groups, with about 140 unique bidders in each case. Many bidders participated in both the treatment and control auctions and in

¹⁵ As of August, 31, 2008, the feedback score for “mmgoodsonline” was 268.

auctions at different periods in time: the total number of unique bidders for all auctions combined was approximately 210.¹⁶ In total there were 53 unique auction winners, located in 21 different states in the U.S.

B. ANALYSIS OF MATCHED AUCTION PAIRS

Table 2 reports the key results for the auction pairs, the critical units of observation for our test in which shoppers, at any moment in time, could choose between labeled and unlabeled offerings). Across all the auction pairs (A) the average premium for SA8000 certification was 45.3 percent (or 12.8 percent with shipping costs included). This was considerably larger than the dollar-weighted average premium (9.2 percent, as noted above), and clearly statistical significant when we apply a two-sample paired *t*-test. The SA8000 certified label earned a positive premium in 52 percent of the auction pairs (in 64% of the auction pairs the premium was non-negative). Figure 7 plots the premiums for all the auction pairs over time.¹⁷

One issue here is whether it is more appropriate to focus on the evaluation of the SA8000 premium as a percentage calculated in terms of winning bids or total prices (including the shipping fees, standardized across the auctions). The bids are the numbers that are most readily available for eBay shoppers during the auctions – the eBay listings for active auctions display the current winning bids (not the total prices for items). While fully informed and rational shoppers

¹⁶ The eBay auction histories do not record how many additional eBay shoppers also viewed and followed the auctions but did not enter bids. For the first 20 of our auctions we kept track of the page view counters on the bottom of each current auction page as the auctions ended. On average, each of these treatment and control auctions was viewed by 25 unique internet protocol (IP) addresses.

¹⁷ In 3 auction pairs the premium was larger than 6% in absolute terms. If we remove these from the analysis as the clearest outlier cases, the average premium for SA8000 certification was 31.03 percent (or 10.06 percent with shipping costs included) and remains statistically significant. Note that the premium was markedly higher in the auction pairs in which treatment auctions were listed with the color options White, Sea Blue, Lotus, Sport, and Black and the control auctions included White, Hampstead Blue, Putting Green, Golden, and Portofino Blue than when the allocation of color options was switched (65% versus 26%, although these are rather imprecisely estimated for the small sub-samples of 21 auction pair in each case). The difference indicates that the first set of color options was generally more attractive to eBay shoppers, but since we rotated the options equally among treatment and control groups, this does not affect our estimate of the average premium.

should base their bidding behavior on the total prices for items, evidence suggest that eBay shoppers do not pay close attention to differences in shipping costs across auctions. For instance, Hossain and Morgan (2006) find that auctions with high shipping fees and low minimum starting bids attract more bidders and generate significantly higher revenues than auctions with the same effective reserve price but lower shipping fees and higher minimum bids. They suggest that shoppers either tend to simply disregard shipping costs, or maintain separate mental accounts, separating how much they are willing to pay for the item and how much they will pay for shipping. Here we report premiums calculated based on winning bids as well as total prices, but we pay somewhat closer attention to the former.

One final point worth highlighting here concerns overall bidding behavior in the auctions and market segmentation. As noted above, in general the number of bidders (and bids) was almost identical for the treatment and control auctions. This is a function of test design. We took measures to ensure that, besides the SA8000 label itself, there were no differences between the treatment and control auctions that would lead one type of auction to attract more attention from shoppers than the other: specifically, the auctions were conducted at precisely the same time, by the same seller, under the same brand name, and with the order of the listings randomized. In addition, when viewing one of our auctions it was easy for any shopper to view the other (concurrent) auction by clicking on the “View seller’s other items” link that is automatically included in each auction page by eBay. On average, approximately 33 percent of the unique bidders in each auction pair participated in both the treatment and control auctions, and we imagine that a larger proportion were watching both auctions even if they only bid in one. There is evidence of segmentation given that some of the eBay shoppers limited themselves to bidding in only the treatment auctions (perhaps because they cared deeply about ethical product

standards) or in only the control auctions (perhaps because they were mostly concerned with buying at a low price). While about a third of all bidders moved between the auctions, approximately 34 percent participated in only the treatment auctions and another 33 percent bid only in control auctions. This symmetrical pattern may have been generated by chance due to randomness associated with under-searching (if, say, shoppers only paid attention to the first of our listings they happened to come across in the golf polo shirt listings), but it is also consistent with segmentation.¹⁸

V. DISCUSSION

Retailers are offering consumers a growing variety of ways to advance ethical and political causes when they are shopping. They can make purchases that support research on particular diseases, supply clean water for poor communities in developing countries, and promote sustainable management of fisheries and forests. Ethically certified and labeled products offer consumers a way to help improve livelihoods for workers and farmers in the developing world. All these forms of politicized consumption effectively bypass the traditional political mechanisms for addressing issues via government policy and regulation. In this sense they can be seen as part of a larger phenomenon that Baron (2003) has defined as “private politics” – that is, individual and collective action aimed at resolving conflicts arising from the behavior of businesses without reliance upon government. A growing theoretical literature in political economy has sought to address this phenomenon and explain why more firms are voluntarily adopting socially responsible practices, including ethical and environmental standards and certifications (see Baron 2003; 2009b; Baron and Diermeier 2007).

¹⁸ See Lee and Malmendier (2009) for evidence of under-searching (or boundedly rational behavior) among eBay shoppers.

The long-term impact and importance of this new form of politicized consumption hinges on the strength of latent consumer demand for ethically certified and other cause-related products. To investigate demand for ethically labeled products, specifically, we have examined new evidence on consumer behavior from an experiment conducted on eBay. The key finding from the experiment is that a label with information about SA8000 certification of fair labor standards in factories making Cutter & Buck golf shirts generates a sizeable price premium in eBay auctions. On average, shoppers paid a 45% premium for ethically labeled versus unlabeled shirts. There appears to be strong consumer support for SA8000 certification, even among price-sensitive eBay shoppers.

Our study has a number of limitations. We conducted the test only among eBay shoppers and we must be cautious about how the results generalize to other consumers in other retail contexts. Compared to shoppers more generally, for example, it is plausible that consumers who buy sports apparel on eBay may have somewhat higher levels of income and education, and we would not claim that they are necessarily representative of the universe of sports apparel buyers. But the overall direction of the potential bias, in terms of willingness to pay a premium for SA8000 certified fair labor standards, is not obvious. It may be common to imagine that individuals with higher incomes and education are more likely than others to donate money to help people in need, since they have additional resources, less anxiety about their own economic circumstances, and may feel some sense of “noblesse oblige.” But a wealth of evidence indicates that lower income individuals give proportionally more of their incomes to charity than do higher income counterparts (see Frank 1996; Andreoni 2001).¹⁹ Piff et al. (2010) provide experimental

¹⁹ Studies indicate that lower income individuals are more cognizant of problems faced by others in dire economic circumstances, they are more dependent on others for assistance in their own lives, and they are more socially engaged and connected with others in general, all of which may lead them to be more charitable (e.g., Batson and Moran 1999; Goetz et al. 2010).

evidence that individuals from lower socioeconomic classes are more generous, charitable, trusting, and helpful towards others compared with upper class counterparts, and trace the effects to a greater commitment to egalitarian values and feelings of compassion among lower class individuals. When it comes to politicized consumption, specifically, existing survey studies typically find no clear connection with income and education levels, and some studies indicate that individuals with higher incomes are less likely to report being supportive and participating than others (e.g., Stolle et al. 2005; Goul Andersen and Tobiasen 2003; Dickson 2001; De Pelsmacker et al. 2005). It is not readily apparent, then, whether findings from a study of a relatively high-income and high-education sample of consumers would tend to overestimate or underestimate the strength of demand for ethically-labeled goods among the broader population.

There are two additional and important reasons why one might expect the results from the study of eBay shoppers to understate support for ethical certification and labeling among consumers more generally. First, as we noted above, eBay is known for attracting particularly price-sensitive buyers hoping to find bargains, and well-known sports apparel brands sell on eBay at prices that are around 60 percent lower than their standard retail prices. Shoppers setting out with the explicit goal of saving money by finding bargains are presumably much less likely to pay a premium for the ethically certification than counterparts who have other goals in mind and are less focused on price (and thus more attentive to other product characteristics). Second, as with many online interactions, eBay transactions have a degree of anonymity and social distance between actors that distinguishes them from offline transactions in “brick-and-mortar” retail stores. Consumers are presumably less likely to engage in charitable and pro-social behavior (including paying premium to support the SA8000 program) in this virtual setting than they are when engaged in face-to-face encounters with shop assistants, possibly while being

observed by friends and neighbors in their own community.²⁰

The study does not directly examine the motivations of consumers who respond positively to the SA8000 certified label. Perhaps they are driven by an intrinsic motivation that reflects private satisfaction from contributing to the well-being of others. One may distinguish between satisfaction derived from specific outcomes (e.g., the overall benefits provided for others, levels of inequality) and the “warm glow” satisfaction derived simply from giving to a cause – this is the distinction drawn between “pure” and “impure” forms of altruism in the literature on pro-social behavior (see Andreoni 1989, 1990). The existing models of markets for ethically labeled goods typically assume a simple “warm glow” motivation for consumers favoring labeled goods (e.g., Richardson and Stahler 2007; Baron 2009a). Becchetti and Rosati (2005) assume instead that ethical consumption is motivated by a general aversion to inequality, as theorized by Fehr and Schmidt (1999), between rich country consumers and poor country workers.²¹ Additional experimental studies could examine the relative importance of these types of motivations by manipulating the informational context in relevant ways.

An alternative potential type of motivation for politicized consumption is related to social status or image – the desire to be well-regarded by others. Individuals seeking approval and esteem from others, and a reputation for moral virtue, may give to a cause in order to demonstrate or signal their virtue in a costly and public way (see Hollaender 1990; Willer

²⁰ See Charness et al. (2007) for a study indicating lower levels of cooperation in online experiments compared with identical experiments in face-to-face settings.

²¹ Empirical research on these specific types of motivations is limited. However, one set of findings consistent with pure altruism is from a survey experiment examining consumer’s stated willingness to pay for Fair Trade certified items (Hicks 2007) which showed that the amount individuals were prepared to pay rose when they were provided with information about the positive impact of the program (specifically, information about the percentage of farmers participating and their revenues from Fair Trade sales).

2009).²² One may distinguish between cases in which status or esteem is valued for its own sake and reputation-building that is aimed at maximizing material rewards from future interactions with others (see Fehr and Fischbacher 2003; Glazer and Konrad 1996; Harbaugh 1998). Hedonic image concerns may also include *self* assessment and the desire to see oneself as virtuous (see Batson 1998).²³ In all these cases, social norms that attach esteem to pro-social behavior, or link such behavior to the definition of an appealing form of social identity (e.g., a good citizen), may play a key role (see Freeman 1997; Batson 1998; Cialdini 2003; Goldstein et al. 2008).²⁴ It seems unlikely that status or image concerns play a powerful role in motivating buyers of SA8000 labeled shirts on eBay, as the purchases are being made in a virtually anonymous fashion online (although concerns about self image may still play a role). To assess the importance of image motivations, future tests could compare whether shoppers purchase more ethically labeled items when the results of the auctions are made public in some way (e.g., reported on Facebook pages) with the effects when purchases are made in a less conspicuous way.²⁵

It is also possible that consumers attracted to ethically labeled goods may be motivated, in full or in part, by a desire for product quality, and may infer that ethically-labeled products are of higher quality than alternatives. Consumers could interpret ethical production standards, along

²² A growing body of evidence from experimental studies indicates that people are more likely to act in pro-social ways in public settings than in private settings (see Andreoni and Petrie 2007; Ariely, Bracha, and Meier 2009; Rege and Telle 2004).

²³ Benabou and Tirole (2006) have suggested that gaining in terms of self-esteem and self-image actually corresponds best with the idea of the “warm glow” effect from giving, and so the “warm glow” effect should be analyzed as an image-related rather than an intrinsic motivation.

²⁴ Field experiments indicate that simple messages invoking social norms have powerful effects on pro-social behavior in a variety of contexts (see Griskevicius et al 2006; Goldstein and Cialdini 2008).

²⁵ Benabou and Tirole (2006) show formally that, while greater visibility generally encourages pro-social behavior, with heterogeneity among individuals in terms of image concerns, the effects of visibility may be limited by a signal extraction problem, as all good actions are suspected of being motivated by appearances. Frank (1996) has made a similar point, noting the special admiration for the anonymous donor whose acts of generosity are discovered by accident by others, not paraded in front of them. This suggests that the effects of visibility would be strongest when it is a constraint imposed upon consumers and is not something they can choose (or avoid).

with support for ethical causes and corporate social responsibility initiatives more generally, as a signal that the producing firm is an honest and reliable type that will not skimp on quality (see Fisman et al. 2006; Siegal and Vitaliano 2007; Elfenbein et al. 2010).²⁶ Pursuit of quality may serve as an extrinsic motivation, in this case, providing buyers of SA8000 labeled items with a material reward for their pro-social behavior. It seems unlikely that these types of concerns played a large role for shoppers in our eBay test. The brand (Cutter & Buck) and the seller (mmgoodsonline) were the same for both the treatment and control auctions, so reputation was effectively held constant in each auction pair. It is conceivable that in the earlier auctions, before shoppers had been able to buy and examine the shirts themselves (and read feedback provided by others), they may have placed more faith in the quality of the shirts from SA8000 certified workplaces than the alternative shirts. But the feedback score for mmgoodsonline rose steadily with each auction pair, as we accumulated positive reviews of the quality of the shirts, and this had no noticeable impact on the size of the SA8000 premium over time. To examine whether the SA8000 label can serve as a signal about product quality, additional tests could compare the impact of the label on overall performance for independent new brands (and sellers) marketing otherwise similar items and assess whether the effect diminishes over time as consumers evaluate quality via experience.

The study does not examine individual-level variation in support for fair labor standards. Existing research on determinants of support for ethically labeled products is based on survey data and the findings are mixed or inconclusive as to whether and how such support is associated with age, education, social status, and income (e.g., Stolle et al. 2005; Goul Andersen and

²⁶ Elfenbein, Fisman, and McManus (2010) compared charity-linked auctions on eBay with non-charity auctions involving similar sellers, titles, and start prices. They found that both the likelihood of a sale and the maximum bid price were higher for charity-linked auctions than counterparts, and these effects were stronger among eBay sellers without extensive histories, suggesting that the charity connection is used as a signal for seller quality.

Tobiasen 2003; De Pelsmacker et al. 2005; Loureiro and Lotade 2005). The most robust finding to date seems to be that women are more likely to report supporting and participating in politicized consumption than men (Stolle and Micheletti 2005; Micheletti 2003; Goul Andersen and Tobiasen 2003). Defining the market for ethically certified products more clearly in terms of socio-demographic segments is something that could be pursued in future tests designed so as to capture individual-level data on purchasing behavior and characteristics.

Lastly, it is important to note that we have not attempted to evaluate the benefits provided to workers through SA8000 certification of facilities, and to compare these benefits with the additional costs paid by shoppers in terms of higher prices. A full cost-benefit evaluation of the SA8000 model would involve a long-term evaluation of the effects of the program on workers and comparisons with alternative mechanisms (e.g. trade policy reform, aid or charity programs) by which concerned citizen-consumers in developed countries might attempt to provide assistance to workers in developing countries.

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Figure 1: Timing of the Auctions

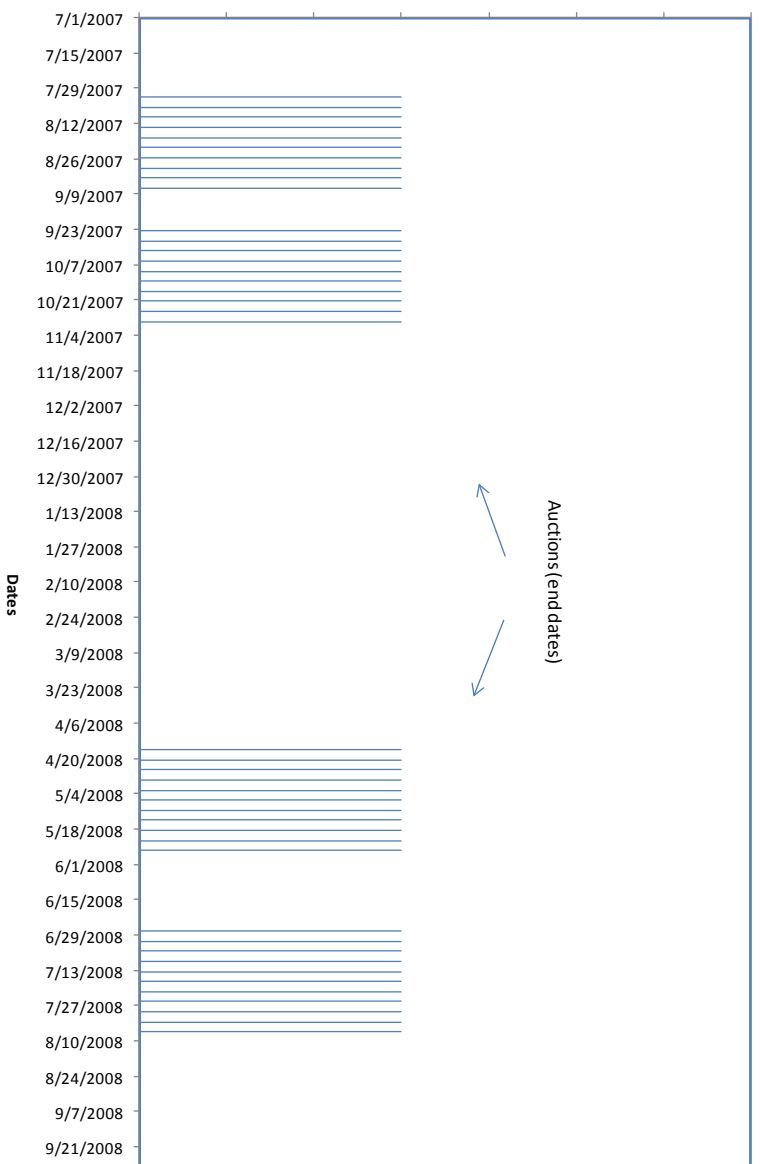


Figure 2: Auction Listing Under the Treatment (Labeled as SA8000 Certified) Condition

Cutter & Buck Drytec Golf Polo Shirts – ETHICALLY MADE!

Choose your color! From CERTIFIED Fair Workplaces

Item number: 280144051284



1 of 2

[View larger picture](#)

Starting bid: **US \$1.00**

Your maximum bid: **US \$** [Place Bid >](#)

(Enter US \$1.00 or more)

Listing begins in: **Sep-06-07 17:00:00 PDT**

Shipping costs: **US \$4.60**
US Postal Service Priority Mail®
Service to [United States](#)

Ships to: **United States**

Item location: **Cambridge, MA, United States**

History: **—**

You can also: [Watch This Item](#)
[Get mobile or IM alerts](#) | [Email to a friend](#)

Meet the seller

Seller: [mmgoodsonline](#) (**155** ★)

Feedback: **100% Positive**

Member: since Feb-22-07 in United States

- See detailed feedback
- Ask seller a question
- Add to Favorite Sellers
- View seller's other items

Buy safely

- Check the seller's reputation
Score: 155 | 100% Positive
[See detailed feedback](#)
- Check how you're protected
PayPal Up to \$2,000 in buyer protection. [See eligibility](#)

Returns: Seller accepts returns.
[14 Days Money Back](#)

Listing and payment details: [Show](#)

Description

Item Specifics - Men's Casual Shirts

Main Color: **—**
Condition: **New: With Tags**

Style: **Polo Shirt**
Sleeve Length: **Short Sleeve**

Brand New, AUTHENTIC, Cutter & Buck Drytec Championship Golf Polo

The perfect polo for all occasions. Makes a perfect gift!

You are bidding on an authentic Cutter & Buck Championship Golf Polo. The winner of this auction will be able to choose from one of five colors: White, Sea Blue, Lotus, Sport, or Black. The polos are available in all M, L, and XL. For a detailed size chart, [click here](#).

The shirt offers classic polo styling with a moisture-wicking finish creates a shirt of understated style and performance. Performance functions aside, the polo is also fashionable with open half sleeves, double-faced collar, three-button placket and straight bottom with side vents. Silver Cutter & Buck pennant embroidery on the left sleeve. 80% cotton, 40% polyester. Machine wash. Imported.

These shirts are made in facilities certified to SA8000, a world-recognized code for ethical workplace standards. SA8000 certification ensures that all workers enjoy fair and humane working conditions. For more information on SA8000 and Social Accountability International (SAI), the nonprofit organization which developed the SA8000 System, go to: www.sai-intl.org.

Color and size options for this auction:



White Sea Blue Lotus Sport Black

Select a picture



Figure 3: Auction Listing Under the Control (Unlabeled) Condition

Cutter & Buck Drytec Golf Polo Shirts

Choose size and color!

Item number: 280205006312



1 of 2
[View larger picture](#)

Starting bid: **US \$1.00**

Your maximum bid: **US \$** [Place Bid >](#)
(Enter US \$1.00 or more)

Listing begins in: **Sep-06-07 17:00:00 PDT**

Shipping costs: **US \$4.60**
US Postal Service Priority Mail®
Service to [United States](#)

Ships to: **United States**

Item location: **Cambridge, MA, United States**

History: **—**

You can also: [Watch This Item](#)
[Get mobile](#) or [IM alerts](#) | [Email to a friend](#)

Meet the seller

Seller: [mmgoodsonline](#) (155 ★)

Feedback: **100% Positive**

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[See detailed feedback](#)
- Check how you're protected
PayPal Up to \$2,000 in buyer protection. [See eligibility](#)

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14 Days Money Back

Listing and payment details: [Show](#)

Description

Item Specifics - Men's Casual Shirts

Main Color: —

Condition: **New: With Tags**

Style: **Polo Shirt**

Sleeve Length: **Short Sleeve**

Brand New, AUTHENTIC, Cutter & Buck Drytec Championship Golf Polo

The perfect polo for all occasions. Makes a perfect gift!

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The shirt offers classic polo styling with a moisture-wicking finish creates a shirt of understated style and performance. Performance functions aside, the polo is also fashionable with open half sleeves, double-faced collar, three-button placket and straight bottom with side vents. Silver Cutter & Buck pennant embroidery on the left sleeve. 80% cotton, 40% polyester. Machine wash. Imported.

Color and size options for this auction.



White Hampstead Blue Potting Green

Golden Portofino Blue

Select a picture



Figure 4: The SA8000 Logo



Figure 5: Auction Listings Generated by Search

Home > Buy > Search Results for 'golf polo shirts drytec'

All Items **Auctions** Buy It Now

golf polo shirts drytec All Categories [Advanced Search](#)

☐ Search title and description

Men's Casual Shirts Finder

Size
Any

Style
Any

Sleeve Length
Any

Main Color
Any

Condition
Any

Search Keywords
golf polo shirts dryt

11 items found for: golf polo shirts drytec ([Save this search](#))

List View | [Picture Gallery](#) Sort by: Price: lowest first [Customize Display](#)

 Item Title Bids Price* Shipping to 02138, USA Time Left

 Cutter & Buck Drytec Golf Polo Shirts Choose your color!	1	\$1.00	\$4.60	1d 23h 00m
 Cutter & Buck Drytec Golf Polo Shirts – ETHICALLY MADE! Choose your color! From CERTIFIED Fair Workplaces	1	\$1.00	\$4.60	1d 23h 00m

Table 1: Summary Statistics for Auctions

A. Auctions Under the Treatment Condition (Ethically Made Label)							
	Obs	Mean	Median	Std Dev	Min	Max	Totals
Winning bid (\$)	42	11.86	10.51	5.84	4.05	29.1	497.91
Total price, inc. shipping (\$)	42	16.45	15.11	5.84	8.65	33.7	691.01
Number of bids	42	5.77	6	2.01	2	10	225
Unique bidders	42	3.67	3	1.28	2	6	143
B. Auctions Under the Control Condition (No Label)							
	Obs	Mean	Median	Std Dev	Min	Max	Totals
Winning bid (\$)	42	10.86	10.25	6.19	1	25.1	455.96
Total price, inc. shipping (\$)	42	15.45	14.85	6.19	5.6	29.7	649.06
Number of bids	42	5.67	5	2.99	1	14	221
Unique bidders	42	3.51	3	1.71	1	9	137
C. Differences of Means (Treatment - Control)							
	Obs	Difference	Std Err	95% Conf Interval	t-Stat*	P(T > t)*	
Winning bid / Total price (\$)	42	1.00	1.31	-1.61 3.61	0.76	0.2245	
% Winning bid	42	9.20	12.07	-14.83 33.25			

* Two-sample *t*-test (two-tailed) with unequal variances

Table 2: Premium for Fair Trade (Treatment - Control) in Matched Auction Pairs

A. All Auction Pairs (n=42)							
Premium	Mean	Std Err	95% Conf Interval		t-Stat*	P(T > t)*	% > 0
\$	1.00	0.44	0.10	1.89	2.25	0.0148	52.38
Winning bid %	45.30						
Total price %	12.80						

* Two-sample paired *t*-test (one-tailed)

Figure 6: Premium for SA8000 Certification over Time

