

Economics

The power of pricing vs human rights

RecyCOOL Lessons

Disclaimer

These lessons have been created for and tested with young people in Slovakia, the Czech republic, Germany, Hungary and Croatia. They are open-source and available for adaptation for different groups globally.

All lessons were created in the Erasmus+ project as educational materials for young people 15+. These are peer-to-peer youth educator lessons created through an inclusive and participatory educational approach. The content, information, opinions, and viewpoints contained in these educational materials are those of the authors and contributors of such materials.

While Fashion Revolution CIC takes great care to screen the credentials of the contributors and make every attempt to review the contents, Fashion Revolution CIC does not take responsibility for the viewpoints expressed or implied, in addition to this the completeness or accuracy of the content contained. The information and education material contained herein is meant to promote general understanding and promote further research and discourse.

Find more lessons [HERE](#)

The power of pricing vs human rights

Description:of the lesson

In this lesson we will discuss the connection between “Black Friday” and the work of a field worker on a cotton plantation.

We reflect on how “black friday” affects our own buying behaviours and we will figure out the meaning of “pricing power”. Roleplay: We imagine a field worker’s working day, as well as the point of view from a company’s CEO, and a customer. Then we connect human rights to this picture and evaluate where these human rights are disregarded.

Objective:

Objective of this lesson is to connect the world of a supply chain worker and the world of Black Friday shoppers and understand who is setting the garment price, who is paying for it and how.

After this lesson you will be able to:

– reflect that our behaviour as customers has an impact on corporate actions and management of businesses and vice versa (In the end it is humans who pay the price for “Black Friday”.)

Tools and materials:

paper and pen

PRICING POWER:

Pricing power is an economic term showing what happens when a company changes the price of a product and how customers react to it.

CEO:

Chief Executive Officer (is one of a number of corporate executives charged with the management of an organisation)

BLACK FRIDAY:

Black Friday is a retail sales event that focuses on discounts and is designed to encourage people to buy products.

ADVERTISEMENT:

An advertisement (often shortened to advert or ad) is the promotion of a product, brand or service to a viewership in order to attract interest, engagement and sales.

Does everybody know about the term “Black Friday” and what it means?

Write down how you feel when you see and hear all the “Black Friday” advertisements. What are your first thoughts when you see that you can get so much discount on the products on offer?

Reflect on these questions:

What feeling comes up when you see discounts?

Do you like to buy things when they are on sale?

Do you really need the things you buy when they are on sale?

What do you feel when you buy something that is on offer?

Task

Now we will have a look at different perspectives. Let's do a role play exercise in three groups if possible.

If we look at the supply chain from a t-shirt made of cotton, we have three types of groups:

- The field worker planting and harvesting cotton
- The company - and whoever is in charge of the decision-making in that company, around selling the shirt
- The customer buying a shirt

Consider the point of view of a cotton field worker, the company management and of a customer. Try to write a brief text of their targets. What are their needs?



Pricing power

Pricing power is an economic term.

It shows what happens when a company changes the price of a product and how customers react to it.

For example, if the price of a product rises, demand for that product tends to fall as people seek cheaper alternatives.

Let's reflect on some of your own experiences. Can you think of a moment in the past, where you noticed a brand increasing the price for a product that you wanted – and because of this you decided not to buy it and bought a cheaper product instead?

Let's take another look at the management or person in charge of the fashion brand or company.

What exactly is his or her ambition?

A little insight into the term "profit":

Profit should be the goal of every company. Generally, profit means the surplus generated by a company within a certain period (e.g. the business year).

A term that is important for the determination of profit is the margin. A corresponding "profit margin" is the basis for every company to be able to make a profit at all. Only through appropriate pricing mark-ups (increases) is it possible to cover one's own costs and additionally achieve a surplus.

An amount is calculated to cover all costs associated with the business. For example, costs for employees, space and equipment.

Human rights

Human rights are moral principles or norms that describe certain standards of human behaviour, and are regularly protected as legal rights in municipal and international law. **Everyone born in this world has human rights that must be protected by the law.**

Get together in small groups if possible and brainstorm which “human rights” come to mind when we discuss this term. Collect them and write them down.

After 5 minutes we collect how many “human rights” you have thought of and we will look at which rights have not been addressed.

The Universal Declaration of Human Rights (Resolution 217 A (III) of 10.12.1948) consists of 30 articles, adopted by the United Nations. **The Universal Declaration of Human Rights is a dynamic document designed to ensure the greatest possible protection of all human beings in the here and now.**



- In any discussion on pricing and human rights, we must be conscious of the myth that paying workers more ultimately leads to better working conditions. The purchasing practices of brands must also be considered. [Suppliers have a key role and responsibility for providing good working conditions for the people they employ.](#)

But their efforts can be undermined by the buying practices of their customers (who are the major brands and retailers) - often the same retailers who are pushing them to comply with their codes of labour practice.

Practices such as last-minute changes to orders and short lead times can contribute to excessive overtime, increased use of casual labour, and unauthorised subcontracting (when a supplier contracts an unapproved supplier - without informing or seeking approval from the brand - to help deliver an order).

[And pressure from retailers to reduce prices can make it difficult for suppliers to pay workers a living wage.](#)

If you would like to read more about purchasing practices, please check out:

- [The Ethical Trading Initiative](#)
- [Changing fashion's buying practices: What's to come for brands](#)
- [Fashion retailers 'must improve purchasing practices'](#)

Transparency on both living wages and purchasing practices remains elusive in the global fashion industry.

[The Fashion Transparency Index](#) finds that the majority of the 250 brands reviewed, 96%, do not disclose then number or percentage of workers in their supply chain earning a living wage rate.

Almost no brand (4%) is disclosing methods for isolating labour costs; an important indication of how brands are factoring labour into the prices they pay. The level of opacity around actions towards making living wages a reality indicates a lack of commitment to transparency on this issue. It crystallises the fact that voluntary measures alone are failing to drive progress.

Greater transparency on how brands interact with their suppliers is the first step towards eliminating harmful purchasing practices and promoting fair purchasing practices. However, this year's Index findings demonstrate how that first step is still elusive.

For example, timely payments are a crucial issue for suppliers who stress that payment terms should not exceed 60 days. Our data shows that only 11% of brands disclose a policy to meet this. Further, only 4% of brands are transparent about the feedback they receive from suppliers and only two brands (1%) disclose how they are addressing key issues in purchasing practices such as whether they pay suppliers upfront for orders.

This is particularly striking because it is common practice for people to be wearing new clothes before the suppliers who made them are paid. The poor performance on transparency in this vital area is a missed opportunity for brands to demonstrate they are serious about addressing the root causes of harmful working conditions, including the instances where brands themselves are the key driver.

We need greater transparency of where our clothes are made and in what conditions. We also need to support campaigns like [Good Clothes, Fair Pay](#) that advocate for legislation and system change for fair pay and greater transparency in fashion supply chains.

Reflection

Now we will have a look at our topic of the lesson: The power of pricing versus human rights.

Let's look at the whole picture. We have read that a company has to make a profit and that it has to calculate a margin to cover costs, e.g. to pay wages.

We also looked at what human rights are.

What does it mean for the working conditions of a cotton field worker, when a customer buys a T-shirt for 2€?

Watch this [video](#) about experiment with 2€ T-Shirt by Fashion Revolution Germany

Human rights apply worldwide, but are they also respected worldwide?

If you just look at the salaries that a person earns per month in a textile production facility and how much they work, how fair can the working conditions be?

It is often difficult to imagine how your own decisions relate to the lives of people who live on another continent, or in another country. Because of the distance between us and the people who produce our clothes for us, it can be difficult to understand how decisions around our luxuries have to do with human exploitation.

Consider if this information can make you think more about the topic the next time you shop.

Can it affect your actions?

Think about our role play in the beginning. How do you feel when you look at it again? Do you have ideas on how it is possible to change this system?

Think about each group again:

- The field worker planting and harvesting cotton
- The company – and whoever is in charge of the decision-making in that company around selling the shirt
- The customer buying a shirt draws a picture of a possible future in which human rights are protected.



Resources:

Video, The True Cost (2023): <https://www.youtube.com/watch?v=NHp1ucQvQ9I>

Opseu, Basic Human Rights List, 2023. Available at: https://opseu.org/wp-content/uploads/2018/12/30_basic_human_rights_list_english.pdf

Attachement

Paper with all 30 human rights:

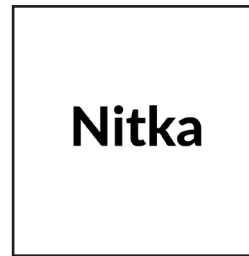
Opseu, Basic Human Rights List, 2023. Available at: https://opseu.org/wp-content/uploads/2018/12/30_basic_human_rights_list_english.pdf



Author

Julia Hermesmeyer, Fashion Revolution Germany

Partners



With the support of
the Erasmus+
programme
of the European Union



Erasmus+



FIND MORE LESSONS [HERE](#)