IR/PS CSR Case #08-01

GoodGuide: Is this Company **Really Providing Customers with** Accurate and Reliable Product Information?

By: Kim Ascoli

op ADU' GRADUATE SCHOOL OF INTERNATIONAL RELATIONS AND PACIFIC STUDIES

UNIVERSITY OF CALIFORNIA, SAN DIEGO

Prepared for Professor Peter Gourevitch Edited by Kristen Parks **Corporate Social Responsibility** Fall 2008

Table of Contents

| Introduction: | 3 |
|---|----|
| GoodGuide: | |
| Overview of Company: | |
| Target Audience: | 5 |
| Governance and Funding: | |
| Alternatives to GoodGuide: | |
| Reliability of Rating Methodology | |
| Data Sources: | |
| Data Collection Process: | |
| | |
| Missing Information: | 13 |
| Rating System and Weighting: Missing Information: Consumer as Reviewer: | 14 |
| Analysis of Credibility and Transparency | |
| Governance Issues: | 15 |
| Funding Issues: | |
| Rating Methodology and Weighting Issues | 17 |
| Incentives to Mislead: | |
| Incentives to Mislead: | 20 |
| Conclusion: | |
| Discussion Questions: | 23 |
| Appendix 1: GoodGuide Sub-Categories | 24 |
| Appendix 2: Sample Product Rating | 25 |
| Appendix 3: Good Guide Staff and Advisors | 26 |
| \bigcirc | |

Introduction:

GoodGuide was founded on the principle that consumers want information about the products in their homes, specifically related to: 1.) the ingredients in the products and the potential health effects of these, and 2.) the manufacturer's environmental and social track record. Launched in 2008, Good Guide allows customers to review over 60,000 household products, each with an individual rating based on health, environmental and social impacts. The company's founder, Dara O'Rourke, explains that "there's a burgeoning awareness that there is a global supply chain behind a product. People are seeing that there are real costs to these everyday low prices."¹ GoodGuide seeks to provide customers with information related to these 'real costs.' *This paper seeks to answer the following questions: Is GoodGuide's rating method reliable for consumers of household goods? What makes the company credible?*

The report is divided into three main sections. The first section will provide an overview of the company and describe how products are rated, including data sources, data collection process and rating methodology. The second part will attempt to answer the key questions; lastly, the third section will conclude the paper and pose further questions for discussion.

GoodGuide:

Overview of Company:

GoodGuide was founded by UC Berkeley professor Dara O'Rourke in order to fill a gap he perceived between the product information manufacturers provide and the

¹ Madrigal, Alexis. "Startup Fights Greenwashing With Data Sent to Your Phone." <u>Wired.com</u>, 10 September 2008. <u>http://blog.wired.com/wiredscience/2008/09/website-launche.html#more</u>

information customers want. His intent was to create a space where customers could obtain simple and reliable third party reviews on the health, environmental and social effects of products they own or intend to purchase. On its website, the company explains its purpose:

What chemicals are in your baby shampoo? Was sweatshop labor used to make your t-shirt? What products are the best, and what products should you avoid? Increasingly, you want to know about the impacts of the products you buy. On your health. On the environment. On society. But unless you've got a Ph.D, it is almost impossible to find out the impacts of the products you buy. Until now...

The company uses data acquired from various sources to give seores in three areas: health, environment and social impacts. The data is obtained primarily from governments, private research firms, non-profits, academics and media reports. GoodGuide staff "evaluates each data source, rates it, and then layers it into algorithms."² With regards to their evaluations, GoodGuide seeks outside academic advice and reviews of the data and the weightings. The data is given a rating (from 0 - 10 in each category). These ratings are then averaged (equal weight is given to each category) for the final product score.

The company currently employs eleven full time employees, most of whom are either scientists or engineers. GoodGuide also relies on an extensive network of academics and professionals (see Appendix 3 for complete list) for regular advice and feedback. The company's primary vehicle of communication is its website, www.goodguide.com, to which customers register for free in order to access information and reviews of the products. The website lists all the reviewed products, and subscribers

² From e-mail communication with Dara O'Rourke. 2 December 2008.

are encouraged to click on a select product to obtain detailed information on it. The website also lists other information that may be useful to readers as they make purchasing decisions; such as a company's political contributions. There is also an opportunity for viewers to personalize their lists, such as by creating a shopping list and e-mailing it or sending it to a mobile phone.

What makes GoodGuide unique is two-fold: 1.) the "full-package" approach it takes to assess product information, and 2.) its mission to deliver the information to consumers in a user-friendly and easy-to-understand way. As one recent review states: "GoodGuide simply delivers you product information as and when you need it."³ The information is not reserved only for academics, or for people interested in lengthy and detailed product information.

Target Audience:

The website seeks to attract young, conscious consumers who are familiar with computers and electronic applications (such as iphones). Specifically, GoodGuide is attractive to busy consumers who are interested in the environmental, health and social impacts of their purchases but do not have time to conduct extensive research themselves. During an interview, O'Rourke explained that these people are looking for a quick assessment, and are not overly interested in the metrics or data used to derive each rating.⁴ GoodGuide is banking on the fact that it can quickly earn the trust of these consumers; and that they will want quick information about the products they intend to purchase.

³ "iPhone App Sends Greenwash Alerts Directly To Consumers" <u>Triplepundit.</u> 17 September 2008. <u>http://www.triplepundit.com/pages/use-your-iphone.php</u>

⁴ Phone interview with Dara O'Rourke, 20 November 2008.

Governance and Funding:

Initially GoodGuide was housed within UC Berkeley. Once it became an independent entity it was incorporated as a for-profit company in the state of New York as a privately-owned Certified B Corporation⁵, with a special charter recognizing the company's social and environmental focus. This is a voluntary assignation, and according to the B Corporation website, being incorporated as this unique type of for profit organization allows the company to maintain its independence, while creating benefits for all stakeholders (and not only shareholders) and meeting striet environmental and social criteria. During an interview with the founder of GoodGuide he explained that GoodGuide "is an independent organization, and credibility is (the) number one priority."⁶ According to O'Rourke, the employees, the advisors, the board of directors and UC Berkeley are all "owners" of the company.

As of now, GoodGuide is not financially independent. Its early funding came from various sources, including the University of California, the Wallace Global Fund, the Overbrook Foundation, the New Place Fund and the National Collegiate Inventors Association. No yearly budget figure is given on the website. The company has no commercial aspects to it; for example, there are not advertisements on the website and the membership is free. When asked about the financial sustainability of the company Mr. O'Rourke pointed out that now the focus is first and foremost on becoming credible and user-friendly; however, in the long-term sustainability is indeed key but there are no concrete plans as of today.

⁵ B Corporation website: <u>http://www.bcorporation.net/</u>

⁶ Phone interview with Dara O'Rourke, 20 November 2008.

Alternatives to GoodGuide:

Alternatives for obtaining *complete* information on a household product's health, social and environmental impact are almost impossible to come by. Similar to GoodGuide, a few other sites have recently been established that seek to make shopping an educational experience. One such example is Alonovo. This company's mission is to "connect the concept of corporate behavior directly to the profit motive"⁷ which it does by providing readers and shoppers with company ratings in areas such as Social Responsibility, Healthy Environment, Fair Workplace, Business Ethics and Customer Focus. The hope is that ratings in each of the categories will influence buyer's decisions. However, the site does not focus on specific products, instead, it reviews companies. Actual purchases made on the site are linked directly with a green cause (which customers individually choose).

Most information available about a product's ingredients and health effects is presented by the manufacturer itself (on the company's website for example). Also worth nothing is that the U.S. Government does not have complete and publicly available information on a product's health, environmental and social impact. However, the U.S. Department of Health and Human Services (HHS) website does have an extensive database of household products, yet the information is lacking. Specifically, the HHS data provides information about the product's manufacturer, health effects, handling and disposal and ingredients but the HHS does not independently test or assess any of the products: the website states that the product information "is taken from the product label and/or the Material Safety Data Sheet (MSDS) prepared by the manufacturer. The (HHS)

⁷<u>From Alonovo's website: http://www.alonovo.com/community/about</u>

does not test products nor does it evaluate information from the product label or the MSDS.⁸ This quick review of GoodGuide's competition shows that there are few alternatives that offer similar or the same services.

Reliability of Rating Methodology

In the next section the paper explores the reliability of GoodGuide's rating system for consumers of household products. The success of the company hinges on how reliable the ratings are perceived by consumers. The section begins by examining the sources of data, followed by a review of the information collection process and GoodGuide's rating system. Lastly, it addresses the issue of missing information and the role of consumers as reviewers. The section asks questions that consumers want answered in order to trust and be reliant on GoodGuide's product ratings.

Data Sources:

GoodGuide obtains data on products and companies from a varied pool of sources. Most information comes from a third party source; however, some information (such as ingredients) is obtained from the manufacturer directly. A small percentage of the data is purchased but the majority is provided to the company for free. As mentioned previously, the primary sources of data are governments, private research firms, nonprofit organizations, academic institutions and media reports. With regards to governments, the company obtains information primarily from the U.S., European and the Australian governments. With regards to research firms, the company has partnered with KLD Research, Risk Metrics, Asset4 and Innovest who provide data primarily on

⁸ From HHS website: <u>http://householdproducts.nlm.nih.gov/cgi-bin/household/brands?tbl=brands&id=18001201</u>

corporate governance issues. The company has also partnered with the Environmental Working Group, and other non-profits, which have conducted extensive research on the health and environmental impacts of products.

The first step in examining the reliability and validity of GoodGuide's information is to examine and question the sources of GoodGuide's data. We know the sources of this information, and as consumers of this information, we should question the validity of each of these sources, and ask ourselves why we would be inclined to believe information provided by them. Are all of them really third-party sources? On its website GoodGuide does not provide information on which specific governments and agencies it collaborates with (the general information on governments who provide information was provided by O'Rourke during an interview). As a customer I would be less confident in certain governments than others (e.g. less confident in Chinese government that a European government). Since we do not have much information on government sources consumers are left to "trust" GoodGuide and its staff's judgment with regards to government information.

With regards to private research organizations, GoodGuide does provide us with names of all its partners. Customers are then left to judge each of these sources independently if they so choose. For example, KLD Research is a well-established research firm that provides information on social and environmental factors of companies to potential investors. We may ask ourselves if KLD and the others have any motive for cheating and providing false information, and if their websites and information is "transparent" enough for us as consumers of their data. The same questions apply to the non-profits that GoodGuide partners with. As consumers, we need to question their

validity and their transparency. Are their missions and objectives aligned with those of GoodGuide? Do we trust them for information? Do we know who is on the boards of directors? Do they have any ties to GoodGuide or product manufacturers? Likewise, we know very little about the data received from media reports, and the same questions arise from these sources. Without names, how can consumers of GoodGuide's ratings know if they can trust their information? In general, GoodGuide provides insufficient information on its data sources. This is a key component for GoodGuide's reliability, if users do not understand or know about the data sources and the steps involved in analyzing it, how can the ratings be reliable?

Data Collection Process:

The actual collection process is quite confusing. It *appears* that the data is obtained from the various sources in a raw state (absolute, relative or binary data); that is, it has not been condensed into categories vet. The various sources are rated by GoodGuide staff and then based on these ratings are given a certain weight and layered into algorithms. This information then is fed into the GoodGuide database. What is unclear to outsiders related to the collection process is: 1.) at what point is the data is handed over to the company, 2.) what condition this data is in (raw or already weighted), and 3.) when, how and by whom the weighting and rating happen. The third question is explored in the next section (section C).

It is important to know the answers to these questions in order to assess the reliability of the ratings. How can customers find the rating reliable if they are not clear on when the data is changes hands, and in what form the data is in? During a conversation with Dr. O'Rourke, he explained in great detail how the data is sorted and

assessed in order to obtain the final scorings available to the public. The whole process is no doubt long and arduous, however, the consumer knows little about it. How do we know that GoodGuide or its data sources are not "cutting corners"? It makes it much harder to answer this question if customers are not clear on the steps involved in the transfer of information and the rating. We know that somehow the data is categorized into the sub-categories listed (see Appendix 1) but we have no information at what point in time this happens, or by whom it is done. Knowing the steps involved in the data collection process, and the actors responsible for each step is crucial public information that helps individuals determine the reliability of the final rating.

Rating System and Weighting:

This portion of GoodGuide's work is the most public and visible, therefore, it is also the part that customers are most likely to question related to reliability. To some extent the credibility of the company binges on the reliability and accuracy of the product rating. On the website GoodGuide states that it has approximately 600 base categories (which we assume is the information the company collects from the various data sources) which it then separates into sub-categories (such as cancer effects, climate change policies and human rights) which fit within the three main areas (see Appendix 1). At this stage it is already not clear if the base categories have been evaluated during the collection process; it is unclear if this data is in raw form or already rated in some way. If it has been rated we also do not know by whom (GoodGuide staff or by third party data providers). In any case, GoodGuide professionals rate the base category information using the GoodGuide rating system, which scores from zero to ten; zero being "terrible" and ten being "excellent." Below is the rating scale:

| Terrible | Poor | Fair | Good | Excellent |
|----------|-------|-------|-------|-----------|
| 0-2 | 2 – 4 | 4 – 6 | 6 - 8 | 8 – 10 |

This rating scale allows the customer to compare scores across products. With regards to the process used, GoodGuide rates each of the sub-categories, and then averages these out to obtain a final score for the category (health, social and environment). The three categories are then averaged for a final score. In each of the steps, categories are weighted equally in order to obtain the final score (see Appendix 2 for sample product rating).

When examining the reliability of GoodGuide's rating system several questions come to mind. Consumers will wonder, again, who does the actual rating, and when and how does this happen? Why are these raters reliable and trustworthy? Do these raters have a certain profile or credentials, if so, what are they? Currently, it appears that GoodGuide staff does the actual rating, by subjectively assessing the information. But do they use benchmarks? Since this is a subjective and qualitative rating system, how can we trust that what GoodGuide assigns as "good" is indeed good to all customers? How often, if at all, are products re-rated? Customers will feel reassured of the reliability of the rating if they have answers to these questions.

Also related to the rating, it is important to make note that using GoodGuide's current rating system the company is unable to make judgment calls on all issues related to health, environment and social impacts. This is because there are too many issues and

too many personal judgments to consider. For example, there may be certain ingredients which are legal in the U.S. but are illegal elsewhere (e.g. in Europe). A product with this ingredient may get a good health rating, since it meets all other criteria. But there is currently no system for a customer to be alerted to the fact that this ingredient is controversial. One reviewer of the site has already run into this problem. This person searched for a specific ingredient, Triclosan, which has been linked to "possibly contributing to the spread of antibiotic resistant bacteria"⁹ but found no mention of this fact on any of the products listing this ingredient. The question for GoodGuide is how to incorporate alerts (or red flags) into the ratings.

Missing Information:

GoodGuide deals with missing information in several ways. According to O'Rourke, if information is missing in one of the many base categories professionals (such as statisticians) use techniques for smoothing the data. If more substantial information is missing, such as for a sub-category, viewers are informed that no data is available and the other categories are averaged using equal weight. If no information is available in one of the three main categories, such as health, the other two categories are averaged for the final score using equal weight (and there is no indication of missing information on the final score). Data can be unavailable for several reasons. For example, many of the companies reviewed by GoodGuide are not publicly traded firms, and therefore they are not obligated to disclose information to the public. In other cases, the data available may not be from a source deemed as credible by GoodGuide staff, so it is simply not included.

⁹ Alter, Loyd. "GoodGuide Helps You Shop for the Safest, Healthiest Products." <u>Treehugger</u>. 9 November 2008. <u>http://www.treehugger.com/files/2008/09/good-guide-helps-you-shop.php</u>

14

Missing information poses a significant challenge for the reliability of GoodGuide's ratings. If consumers do not think that the company has enough information to make a judgment call on the product, why would they rely on the rating? However, GoodGuide cannot use information that it deems not credible or false. On the other hand, customers want to be informed that information is missing. This should always be disclosed upfront, which GoodGuide sometimes does not do. For example, when a product's final score is obtained from averaging only two of the categories, customers should be alerted to this upfront (such as by a red flag next to the final score). Related to the process of smoothing data, customers should understand who does this and how it is done. Knowing what goes into this process will make the rating much more reliable.

Consumer as Reviewer:

The last issue examined related to the reliability of GoodGuide's rating is the use of the consumer as a reviewer of the product. Currently, GoodGuide allows for customers to voice their opinions about the products on its website. Each product page has a space for User Reviews; customers are asked to rate a product's performance by giving it from zero to five stars (five being the best). The site also shows reviews from amazon.com. To date there do not appear to be many customer reviews; however, in the future the company may begin to weigh customer performance reviews into the final score.¹⁰

Would providing consumer performance and quality reviews of products increase GoodGuide's reliability? Is there any advantage to including customer reviews as part of

¹⁰ Phone interview with Dara O'Rourke, 20 November 2008.

15

the product rating, or if it is best to leave the consumer review as a side item as it is now? For the most part, consumers are reviewing the product's quality and performance, which as of now is not a factor in GoodGuide's assessment. What can GoodGuide gain by including reviews? Also, the company should ask whether consumers are a good source of information on a product's performance, and if so, are consumers the best source of this information? How can the company manage and verify the reviews?

Analysis of Credibility and Transparency

Gaining consumer's trust and being perceived as a credible and reliable company are priorities for GoodGuide. In order to do this effectively, it is logical that GoodGuide needs to be extremely transparent about everything it does, including its governance, funding and the product rating process. This can pose a significant challenge for the company, given the magnitude of information involved in its work. This section of the paper focuses on analyzing the company's track record related to its credibility and transparency.

Governance Issues:

The general observation is that GoodGuide is not very transparent with regards to the governance of the company, therefore making it hard to analyze its credibility. This lack of information about the governance could cause consumers to question the company's reasons for withholding information and may have an effect on the customers' final credibility assessment of the company. Most information in this area was provided directly by O'Rourke and not on the website. For example, we know that the company is certified as a B Corporation; however, this fact is not mentioned specifically on the website, it is only alluded to. Does this voluntary assignation make the company more or less credible? And why is the company not talking about this on its website? Does being a for-profit organization make it more or less credible for consumers? On one hand, the organization may one day be sustainable and make a profit; on the other hand, does this change consumer opinions related to the motivation behind the company?

Another piece of information that is completely left out on the website is management and board information. Nowhere on the site are there facts on the company's structure or mode of operations. We know nothing about the staff size and expertise from the website, the information we have (see Appendix 3) is from e-mail conversations with O'Rourke. Most importantly, we know nothing about the board of directors. The board is not mentioned anywhere on the website; we do not know who they are, what their role is and their level of involvement. This is a glaring omission; and one that could easily be perceived as intentionally hiding information. How can we assess the company's credibility with no information on those who are running and managing it? Also unclear are the roles of the "trusted advisors" and the "academics and scientists" that the website alludes to. As consumers we are left wondering what their role is, why we should trust them and if they are compensated for their work. *Funding Issues*:

Another area where GoodGuide lacks transparency is related to its finances, which makes it hard to assess its credibility in this subject. Consumers can easily question the lack of information and decide that withholding financial information is questionable behavior. The website provides a list of early funders, but it is not clear if these funders continue to support the company today. Also, the role of UC Berkeley as a

16

long-standing funder and supporter is not made explicit. Certainly the association with a well-known university significantly increases the credibility of the company in the eyes of some, but the company provides no specific information. We know that early on GoodGuide was housed within the university itself, but nowhere does the website explain how much funding continues to come from the university and if it is represented on the board of directors. Also, for how long has UC Berkeley funded GoodGuide and is there an end date to the support?

Most importantly, visitors to the website have no idea what the yearly budget is, and the breakdown of expenditures. This represents another glaring omission on the website. When deciding if the company is credible or not, consumers will want to know how much money it spends on data sourcing, management, etc. Also, where is this money coming from today? Who are the funders? Are they private individuals, public institutions, foundations or venture capitalist firms? And, since the company is set up as a for-profit, shouldn't there be more emphasis on becoming profitable and sustainable? This represents a flag of concern, why is the founder himself not preoccupied with financial independence?

Rating Methodology and Weighting Issues:

It is imperative that GoodGuide be transparent and understandable related to its rating methodology. Generally speaking the company should do a better job at clearly articulating the various steps involved in the rating process; currently the information provided on the website is confusing and insufficient. The lack of transparency in this area speaks to the overall credibility of the company's work.

The first observation is that despite weeks of research on this company I am still unclear on the exact steps taken to get from raw data to a final rating. The roles of the various actors (such as data providers, GoodGuide staff and other "experts") are not defined, which makes it hard to hold one party accountable for each of the steps. How can the company be perceived as credible by consumers if the process used to rate products remains shrouded in mystery? Consumers understand the rating process is complicated; however, the challenge for GoodGuide is to communicate the method to the public in a simplified yet transparent way.

Missing information poses another challenge for GoodGuide, and again, transparency is key. As discussed earlier the company does not currently alert consumers in a product's final review that information is missing in one of the three categories. This lack of transparency directly impacts the credibility of the rating.

Another important point to make is the lack of information on the website regarding the current weighting system used for the rating. The method should be explained outright, so consumers understand the levels of importance given to each of the categories. GoodGuide plans on allowing consumers to set their own weighting criteria, which is a creative and interesting approach. However, in the meantime, the website should provide information on the current system used, which places equal value on each of the categories (and sub-categories). Transparency with regard to the weighting will add credibility to the company's methodology.

Incentives to Mislead:

Examining the incentives for GoodGuide to mislead is another good way of studying its credibility. Does the company have strong incentives to provide false ratings or to cut corners in its analysis of data? If so, who is providing these incentives and can GoodGuide overcome them?

The first incentive that comes to mind could be provided by the manufacturers. If they felt threatened by GoodGuide's ratings of their products they could fairly effortlessly yield significant pressure on GoodGuide. These manufacturers are often large and powerful multinational companies, and could therefore easily pressure a small company to act on their behalf. The manufacturers could do this in several ways. For example, one of them could potentially partially fund GoodGuide, or have a representative on the company's board of directors who could speak on its behalf. In either of these instances the manufacturer could affect GoodGuide's work. More drastic would be if the manufacturers were to offer bribes or pay-offs to GoodGuide in order to obtain a better rating. Lastly, the manufacturers would also make threats to GoodGuide in order to influence the ratings.

In an interview with O'Rourke, he noted that several manufacturers have already approached GoodGuide and questioned the rating methodology, which could imply that the companies are already feeling threatened. This could be a good sign, since GoodGuide may be exposing the truth behind the products and the company's track record. On the other hand, this could also signal that GoodGuide is under pressure to provide favorable reviews.

Another incentive to mislead is provided by the rating process itself. Given the complexity and time-consuming nature of GoodGuide's rating methodology, coupled with the lack of public understanding of the process, it seems like an easy option to simply "cut-corners." How could anyone ever find out if GoodGuide is doing this? Is

20

anyone double-checking their work? Is there an economic incentive to shorten the process? We know GoodGuide is not financially independent, and we are not certain about their current budget, so would it seem possible for the company to be mindful of its spending and overlook certain steps in the rating process? Also, as already mentioned, GoodGuide has no competition per se, which makes cutting corners much easier. No one is comparing the quality and accuracy of GoodGuide's ratings to that of another company, which makes it difficult for consumers to create standards for what they expect from the company. This situation could potentially create an incentive to provide less accurate ratings.

One way GoodGuide can overcome several of these incentives to mislead is by being transparent with the public. Making the public more aware of the rating methodology and the company's governance would diminish the internal incentives to cheat. Also, increased transparency and media exposure could potentially drive manufacturers to change their practices. In this instance GoodGuide would be operating as a vigilante, exposing companies and pressuring them to change in order to remain trustworthy and reliable in consumers' views.

Costs of Being Wrong.

Yet another way of analyzing the credibility of GoodGuide is by examining the price it pays if it is wrong. In other words, what does GoodGuide loose by cheating? Lupia and McCubbins researched this concept, and found that as the cost of lying increases subjects are less inclined to lie. In the case of GoodGuide, we can examine how much it loses by providing false information, such as giving false information on its website or rating a product inaccurately. Also, we should examine how easy it is to find out if GoodGuide is lying, and who would be inclined to investigate this issue.

At first glance it appears that the company has much to lose by providing an inaccurate product rating, since this is the foundation of its work. As Dr. O'Rourke pointed out, the main objective for GoodGuide is to gain people's trust and become credible.¹¹ One false rating could challenge the credibility of the entire company. However, how easy is it for GoodGuide to provide a "false" rating? The first issue that comes to mind is the subjective nature of the rating. Since it is not quantifiable per se, how easy is it for a third party to say whether the rating is false or not? Could GoodGuide simply argue that the rating is subjective, based on its staff's assessments, and therefore not really false? Would this argument affect the credibility of the company?

Another point to consider is the feasibility of actually verifying GoodGuide's ratings. Consumers, for example, could noteasily confirm the accuracy of the rating. They do not have access to the raw data, and if made available it would require extensive time to analyze. So, we can infer that the likelihood of being verified or called-out by consumers is extremely low. Manufacturers, on the other hand, have access to the full product and manufacturer information, so they are in a position to verify the information, and could potentially call-out GoodGuide if it were indeed falsely rating one of the products. Governments, too, have access to significant information and could potentially investigate the company and question the legitimacy of the ratings.

We can surmise that GoodGuide has much to lose by lying; however, questioning a subjective rating method is quite difficult to do. Yet more challenging is accessing the

¹¹ Phone interview with Dara O'Rourke, 20 November 2008.

information and data required in order to verify the ratings, therefore, it is not likely to be done by consumers.

Conclusion:

This paper examined the accuracy and reliability of GoodGuide's rating method for household products. Additionally, the paper questioned the credibility and legitimacy of the company. At first glance the company *appears* to be conducting extremely thorough research in order to analyze products and manufacturers in three categories: health, social and environmental impact; however, very little information is provided on the website that explains the steps taken in this process of evaluation. The lack of transparency, specifically related to GoodGuide's rating methodology and data sources, as well as its governance and funding, all affect the perceived credibility of the company. As a company with a mission of providing accurate and trustworthy data, I recommend it focus on clearly explaining how it does this and how the company is managed. We recognize that this can be challenging given the complexity of the work involved; however, it is the only way that GoodGuide can gain consumer's trust in the long-term.

Discussion Questions:

- 1. How can the company find the balance between providing enough information to the public and maintaining a user-friendly approach?
- 2. What additional information should GoodGuide provide on its website to be perceived as trustworthy by consumers?
- 3. What are the advantages and disadvantages for GoodGuide of being incorporated as a for-profit company?
- 4. Does being certified as a B Corporation make GoodGuide more or less credible?
- 5. Dara O'Rourke is the driving force behind GoodGuide. Would the company be more credible if it weren't perceived as a one-man-show? How so?
- 6. What other incentives to mislead exist for GoodGuide?
- 7. Should product quality and performance be a factor in GoodGuide's reviews? Would this add to the rating's consumer appeal and credibility? How so?
- 8. The company's complicated rating system remains somewhat obscure. How could this challenge be overcome? Does this obscurity affect the credibility of GoodGuide?
- 9. Do you trust the company's data sources? Why or why not?
- 10. Do you trust and feel confident in GoodGuide's ratings? How so?

Appendix 1: GoodGuide Sub-Categories

Health Performance:

- Cancer Effects
- Reproductive & Developmental Effects
- Short-Term Health Effects
- Long-Term Health Effects
- General Health and Safety

- opposition of contraction of contraction of contraction of the second se

Appendix 2: Sample Product Rating

| GoodGui | de 🖦 🛛 Br | | <u>About Us</u> <u>Our Rati</u> arn Home |
|---|---|---|---|
| Love our site? Share it with a friend! | 1 | | |
| C 7 | ntiperspirant & Deo me & Personal Care | odorant Original | PICAL VALE TWIN PACK Dore |
| Price \$16.67 (3 Pack from Average User Rating | Amazon.com) | | 1111 |
| 4.0 Health Performance | Excellent 8.8 out of 10 Environmental Performance | Cood 7.5 out of 10 Social Performan | ice |
| Cancer Effects Reproductive & Developmental | <u>Toxic/Hazardous</u> <u>Climate Change</u> | Philanthropy Customer Satisfaction | |
| Effects Short-Term Health Effects Long-Term Health Effects General Health & Safety | Energy Water | Employees/Related Wo Labor & Human Rights | |
| Ratings based on 32 Product Facts. | What does this rating mean? | | See all data |
| COPARICIN | | | |

5 COR

Appendix 3: Good Guide Staff and Advisors

Staff:

Total eleven (11) full-time staff, including: Dr. Dara O'Rourke, Founder, GoodGuide Five (5) scientists Five (5) engineers

Science advisors:

- Dr. Ann Blake, Environmental and Public Health Consulting
- Dr. Rhonda Evans, ELM Research
- Dr. Archon Fung, John F. Kennedy School of Government, Harvard University
- Dr. Arpad Horvath, UC Berkeley
- Dr. Alastair Iles, UC Berkeley
- Dr. David Levine, Haas School of Business, UC Berkeley
- Dr. Rachel Morello-Frosch, UC Berkeley
- Dr. Peter Evans, UC Berkeley
- Dr. Greg Norris, Sylvatica Consulting

Caitlin Merlo, Registered Dietician

Technology advisors:

Mike Cassidy, CEO LocalPoke Joel Truher, Former Engineering Director, Google Dr. Jeff Heer, Stanford University