



socially conscious consumerism

Executive Briefing on the
Body of Knowledge



Network for
Business Sustainability

Business. Thinking. Ahead.

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We know a lot about socially conscious consumer intentions. What about behaviours?



Will
consumers
pay a
premium for
sustainability?

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As firms implement sustainability strategies, an elusive question remains unanswered: are consumers willing to reward firms for their sustainability actions with price premiums or increased purchases?

We think we know a lot about socially conscious consumerism. Countless anecdotes and surveys suggest that many consumers will purchase sustainable products and services and at great premiums. But anecdotes do not apply widely, and surveys are terrible at predicting actual consumer behaviours.

There is a lack of conclusive, empirical evidence that consumers will pay more for socially responsible products or services. Indeed, recent research seems to assume they will not, as consumers will buy responsible products only if “quality, performance, and price are equal”.¹ And yet, research also suggests that the group of consumers most interested in socially responsible products is growing across the world.²

Despite this knowledge gap, there are some things we do know. This systematic review synthesizes 30 years of research on whether consumers are willing to reward firms for their positive sustainability actions either by changing their behaviour or by paying a price premium. From a broad search of 1700 academic and practitioner articles, we selected 91 articles, based on a variety of quality and relevance criteria, to summarize the knowledge in this area.

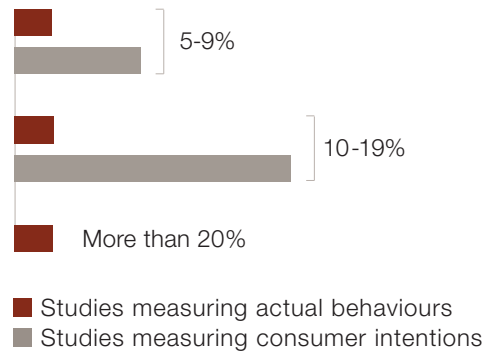
Will consumers pay a premium? If so, how much? How do they behave when faced with trade-offs?

There has been very little reliable research, using appropriate methods, that examines the premium possible for socially conscious production. The findings that do exist indicate a wide range, with a typical average premium being about 10%. Some evidence suggests that consumers will demand a discount for ‘unsustainability’ and that it is greater than the premium for sustainability.

¹ Deloitte Consulting LLP (2008), “Finding The Green in Today’s Shoppers,” The Association of Food, Beverage and Consumer Products Categories.

² Globescan (2007), Corporate Social Responsibility Monitor (June).

STUDIES SHOWING WILLINGNESS TO PAY AS PERCENTAGE INCREASE N=13



Note: Figure is based on a small set of the total studies (13/91).

Consumer willingness to change their behaviour (towards the socially conscious choice) is more common than willingness to pay a premium. Consumers often appear to expect the socially better choice to be of the same quality and price—it does not appear that they will trade-off functionality. This assumption is one explanation for the oft-reported evidence of a gap between positive attitudes and consumer behaviours.

What social and environmental attributes are most considered in purchase decisions?

The environment appears to be an important driver of socially conscious consumerism. But, really, the question is inappropriate because there are so many different socially conscious consumers.

There is no coherent view of who a socially conscious consumer is. All the usual descriptors used in consumer research, such as demographics (age, gender, income, education, country), psychographics (attitudes, lifestyle, morals, etc) have provided conflicting results thus far.

There is some evidence to suggest that factors other than sustainability attributes are more important in driving consumer behaviour. For example, prompting consumers, making their purchases decisions visible, and making them feel like their purchases will make a difference may be more important than having the right sustainability attributes to your products and services.

Are there differences across geographies, industries, products and brands?

There is insufficient evidence to conclude whether there are differences across industries, products and brands.

With respect to geography, what we know is based almost exclusively on research with North American and European consumers. These groups, taken together, comprise 90% of the consumers studied in this area. Although the evidence is lacking, there are apt to be large cultural and, obviously, economic reasons to assume that people in developing nations will not respond the same way.

How can managers close the attitudes-intentions-behaviours gap with consumers?

Avoid segmentation schemes or projects designed to identify the socially conscious consumer. Don't chase the conscious consumer, as if there is only one kind—figure out which elements are important to your various consumers.

If consumers feel they can make a difference with their consumption they are more likely to act in a socially conscious way. In one of the studies, consumer efficacy (feeling they can make a difference) was almost six times more important than concern for the environment in predicting environmentally responsible behaviours.³ Managers should communicate how one consumer's purchase actually contributes to the broader social goal.

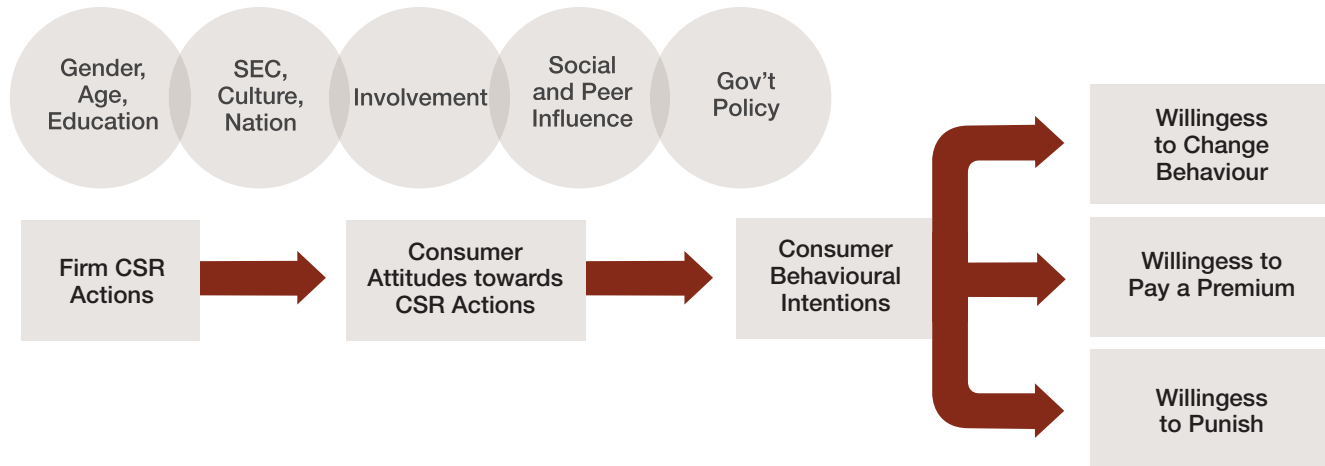
Do not compromise product or service quality or functionality. Messaging should be simple, and make the added benefits clear while noting that there is no trade-off.

Consumer knowledge of firm sustainability is really important. Negative firm behaviours (acting unethically or irresponsibly) have more impact than positive firm behaviours, often because consumers do not know the positive information (they haven't been told, or they haven't listened). Managers need to strike the delicate balance between legitimately informing consumers of their positive sustainability actions, whilst not being perceived as over-emphasizing modest claims.

³Roberts, James A. (1996), "Green Consumers in the 1990s: Profile and Implications for Advertising," *Journal of Business Research*, 36, 217-231.

A MODEL OF SOCIALLY CONSCIOUS CONSUMERISM

Influences



Impediments:

- Contradictory firm actions
- Prior negative consumer knowledge or attitude re: firm

Enhancements

- Consumer knowledge of action
- Consumer understanding
- Prior positive consumer attitude re: firm
- Company/issue fit

Impediments:

- Negative consumer attributions (why greenwashing?)
- Effect on perceived quality
- Negative perceptions of consumer efficacy
- Consumer sacrifice

Enhancements

- Positive perceptions of consumer efficacy
- Acceptance of firm and consumer responsibility

Impediments:

- Competitive actions
- Confusion at POP
 - Habit
- Misleading packaging
- Required trade-offs

Enhancements

- Clear benefit
- Prior small commitment
- Consistency/fit with brand
 - Salience of issue
- Simplified claims/labels
- In-store education

Enhancements and Impediments

What should future researchers of socially conscious consumerism know?

The dominant way in which socially conscious consumption is researched has been through survey research. This is a problem as consumers do not always act in the way they say they will. Newer methods, including forced-choice experiments, experiments where consumers believe they will be paying their own money, and field experiments using scanner or other sales data, would be better, as they move away from relying on self-reported behaviours.

Future research should use personality variables in your research, not demographic variables: they predict behaviour better, especially the more closely they are tied to the domain of interest. That is, values and attitudes are more important to whether someone will buy a socially responsible product (and maybe pay more for it) than age, income, etc.

about the network for business sustainability

MISSION

The Network for Business Sustainability enables business sustainability by fostering collaboration between industry and academia.

VISION

We envision a world where Canadian enterprises contribute to prosperous economies, healthy ecosystems and strong communities.

OBJECTIVES

1. Build and grow a community of researchers and practitioners of business sustainability.
2. Develop a database of state-of-the-art business sustainability knowledge that is relevant to practice.
3. Create opportunities to develop new knowledge that spurs innovation in enterprises.

For more information, please visit nbs.net

ACTIVITIES

The Network funds projects to move knowledge between the communities of research and practice, organizes events that bring the members of those communities together, and enables ongoing interaction and knowledge exchange through online tools.

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about the network's leadership council



Network Leadership Council members are not responsible for the content of this report.