



# socially conscious consumerism

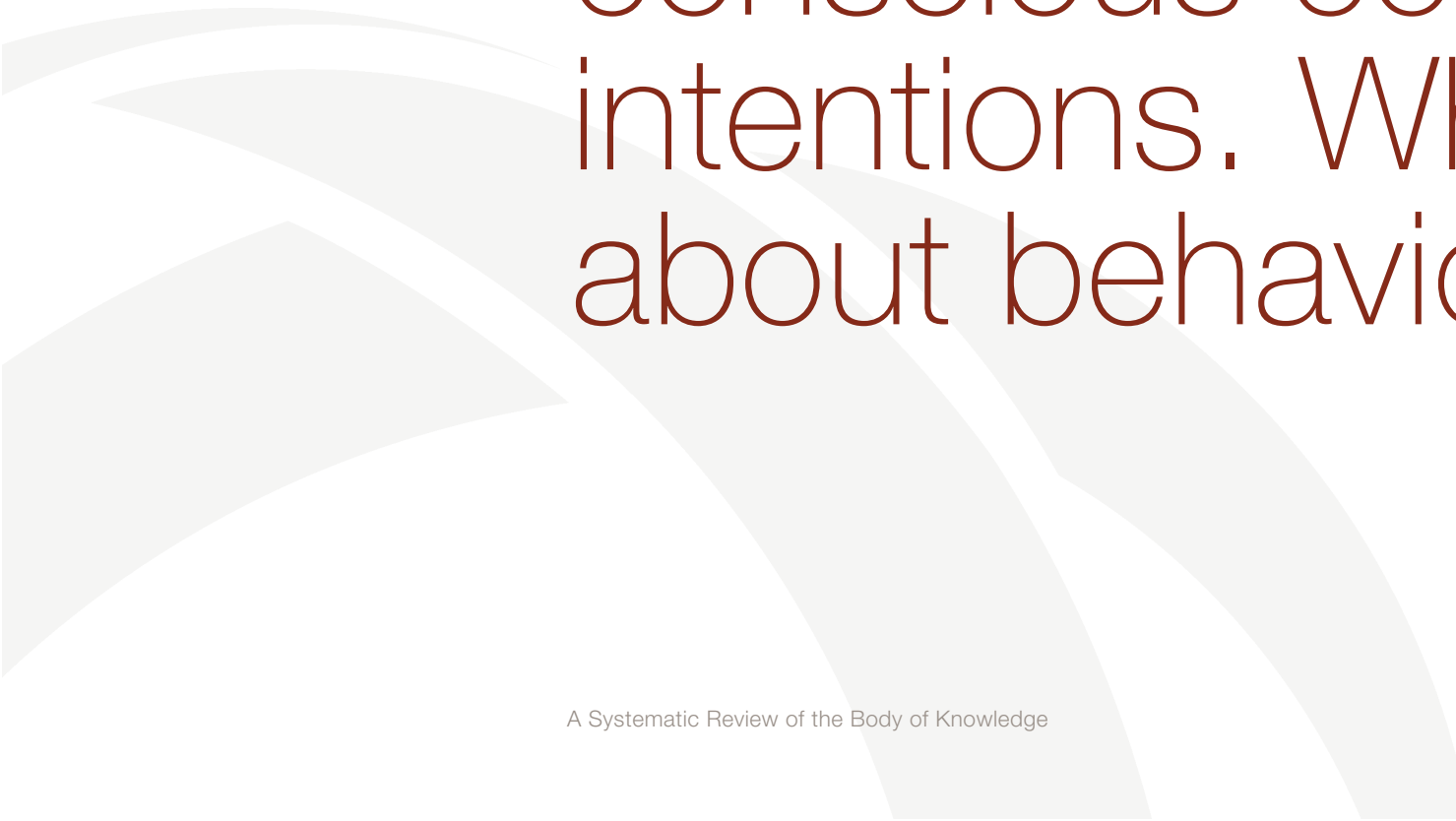
A Systematic Review of the  
Body of Knowledge



Network for  
Business Sustainability

Business. Thinking. Ahead.

Prepared by Dr. June Cotte  
Richard Ivey School of Business  
University of Western Ontario  
and Dr. Remi Trudel  
School of Management  
Boston University



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



Will  
consumers  
pay a  
premium for  
sustainability?

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# table of contents

6	EXECUTIVE SUMMARY
8	INTRODUCTION
11	METHODOLOGY
16	FINDINGS
17	A Description of the Knowledge in the Data
25	Consumers Willingness to Change
32	A MODEL OF SOCIALLY CONSCIOUS CONSUMPTION
33	Consumer Attitudes
34	From Attitudes to Behavioural Intentions
36	From Behavioural Intentions to Behaviours
39	IMPLICATIONS
40	For Researchers
47	For Practitioners
49	REFERENCES
60	APPENDIX 1: CODING SCHEME
65	ABOUT THE NETWORK FOR BUSINESS SUSTAINABILITY
66	ABOUT THE LEADERSHIP COUNCIL

# executive summary

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 poor predictors of 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” (Deloitte 2008). And yet, research also suggests that the group of consumers most interested in socially responsible products is growing across the world (Globescan 2007).

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. Consumer willingness to change their behaviour (towards the socially conscious choice) is more common than their 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 comprise 90% of the consumers studied in this area. Although the evidence is lacking, there are large cultural and economic reasons to assume that people in developing nations will not respond the same way.

### **How can managers close the attitude-intention-behaviour gap with consumers?**

Avoid segmentation schemes or projects designed to identify the socially conscious consumer. Do not 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 (Roberts 1996). Managers should communicate how one consumer's purchase actually contributes to the broader social goal.

Do not compromise product or service quality or functionality. Marketing 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.

### **What should future researchers of socially conscious consumerism know?**

The dominant way 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, 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.

# introduction

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 premium.



Whether marketers like it or not, they are increasingly being caught in an ecology/market choice controversy that is already affecting the way many goods and services are marketed. At the same time, public policy makers are under greater pressure to define their role in coping with the problem. A key factor in the controversy is the consumer, whose personal consumption decisions can help maintain the environment or contribute to its deterioration.

In many ways “the consumer question” concerning corporate social responsibility (CSR) is still the same issue as it was 35 years ago. As firms strive to limit the impact of their operations on society and the environment, an elusive question remains unanswered: are consumers willing to reward firms for their positive actions with price premiums or increased purchases? More than 35 years ago, in another report on socially conscious consumers, the following question was posed: “But are consumers willing to pay a higher price for products and services which enhance social or environmental well-being?” (Anderson and Cunningham 1972, p.31). That is still an unanswered question, and the focus of this report. Here, we examine consumer attitudes, and wherever possible, consumer behaviours, to determine the link between socially responsible firm behaviour and consumer reactions and behaviour.

One of the disturbing aspects of past examinations of this topic, is the lack of any conclusive empirical data that consumers will pay more for socially responsible products (Elsayed and Paton 2005; Griffin and Mahon

1997; Hillman and Keim 2001; McWilliam and Siegal 2000). Indeed, recent research seems to assume they will not, as consumers will buy responsible products only if “quality, performance, and price are equal” (Deloitte 2008). And yet, research also suggests that the group of consumers most interested in socially responsible products is growing across the world (Globescan 2007). Part of the problem with these conflicting pieces of the puzzle is that most, if not all, of the prior research assumes a positive, direct link from (CSR) to corporate performance, seldom has produced conclusive results, and often does not assess the important role of consumers (Schuler and Cording 2006). Rather than review the vast stream of research that looks at firm-level actions and firm-level reactions (e.g. a new CSR strategy and stock prices) we specifically review research on consumer reactions to responsible firm behaviour.

Our work addresses the area of consumer responses to corporate social responsibility initiatives, which continue to grow in importance at firms: most of the world’s largest companies address CSR issues with various constituents (Bhattacharya, Korschun and Sen 2009; McKinsey 2006). Although the current financial climate may forestall some spending, firms continue to work hard at reducing the impact of their operations on society and the environment, and on selling green or otherwise designated ethical products. There are many reasons to do this, including attracting employees, and enhancing the firm’s reputation with the community and other important stakeholders (Bhattacharya et al. 2009).

But in this report we address the issue of whether consumers are willing to reward firms for their positive CSR actions either by changing their behaviour (choosing the socially responsible product, choosing it more often, buying more of it), or by paying a higher price for a socially responsible product.<sup>1</sup>

Although there has been lots of media attention on the new socially conscious consumer (e.g., Gogoi 2008; McClaran 2008), prior work seems to indicate consumer attitudes towards these products are often more positive than their behaviours (De Pelsmacker, Driesen and Rayp 2005; Globescan 2007; Smith 2007; Vogel 2005). For example, a recent American survey shows that 25% of adults say it is very important for them to buy products from a company that does “good things for people and the planet” but only 20% claim to always do so (Hootkin, et al. 2008).

This document contains the results of a systematic review of the academic and practitioner literature dealing with socially conscious consumption, and consumer willingness to pay for ethical production. Our review was conducted from November 2008 to March 2009 at the Richard Ivey School of Business at the University of Western Ontario, under a grant from the Network for Business Sustainability. Teaching materials and an executive briefing are also available from the Network’s website ([nbs.net](http://nbs.net)).

After we outline our research questions more specifically, we will outline the broad characterization of the evidence we collected and reviewed (when and where it was published, for example, as well as demographic summaries of the type of data collected). After this, we turn our attention to the findings from the review, and focus our discussion around what we know now about who a socially conscious consumer is, when they act this way and why, and how much more they will be willing to spend for ethically produced products.

Our project was guided by our two main research questions: Are consumers willing to reward firms for their positive actions? Specifically, is there a positive link between corporate social responsibility behaviours and purchase behaviours? To answer these questions we systematically reviewed the literature on socially conscious consumption.

<sup>1</sup> We use ethical products, socially responsible products, and socially conscious products as synonyms in this research – generally we mean products that are produced under conditions of progressive stakeholder relations, progressive environmental practices, and with respect for human rights.

# methodology

From a broad search of 1700 academic and practitioner articles, 91 articles with the most rigorous research were selected. The search criteria and codes were jointly defined by the authors and an oversight committee of academics and leading practitioners.

Q. What is the difference between a literature review and a systematic review?

A. The elimination of researcher bias and the inclusion of data tables and an audit trail.

This project uses a systematic review methodology, first popularized in evidence-based medicine, and now adopted in management studies (Tranfield, Denyer and Smart 2003). A systematic review “...involves the searching, selecting, appraising, interpreting, and summarizing of data from original studies” (Crowther and Cook 2007, p. 493). The differences between a meta-analytic review and a systematic review is that with meta-analysis researchers use statistical techniques to combine results from various studies. In a systematic review like this one, combines study results in a narrative, qualitative way (Serovich et. Al 2008).

The clearest distinctions between a systematic review and a more traditional literature review are:

- the choice of topics is refined throughout the process (in our case in consultation with an Oversight Committee composed of academics and leading practitioners),
- the search terms are clearly defined (with an eye towards replicability)
- the study inclusion and exclusion reasons are made manifestly clear

Those who argue for adoption of this methodology into management and marketing research do so because they believe a singular achievement of a

systematic review over a literature review is that researcher bias in the inclusion or exclusion of studies is eliminated (or at least reduced and made transparent). The methodology includes details such as providing data tables and an audit trail, so that replication-minded researchers can understand the approach clearly, and readers have more confidence in the findings.

After our initial research proposal was accepted by the Network for Business Sustainability, the search terms were negotiated and refined through conference calls with the Oversight Committee. In the end, the search terms that guided our research are shown in TABLE 1 (including derivations and combinations of these phrases).

Our initial search used the following databases, using the search terms identified above. While most of the databases focus on academic resources, the last two specialize in practitioner sources:

- Scholar’s Portal – includes within it all major databases: Proquest, PsychInfo, Econolit, SSCI
- Google Scholar – often “catches” articles not accessed through other databases
- ABI/Inform – major business database
- JSTOR – often older, archival sources
- FACTIVE/LEXIS NEXIS – practitioner sources
- WARC/eMarketer – practitioner sources

Table 1 **Search Terms**

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• social(ly) conscious or conscientious consumer(ism)</li> <li>• paying for ethical behaviour (consumption)</li> <li>• cause-related marketing</li> <li>• environmental consumer(ism)</li> <li>• organic products</li> <li>• recycling behaviour</li> </ul> | <ul style="list-style-type: none"> <li>• corporate social responsibility (CSR)</li> <li>• social marketing</li> <li>• ethical firm behaviour</li> <li>• green consumption</li> <li>• eco-(friendly) products</li> <li>• local purchasing</li> </ul> | <ul style="list-style-type: none"> <li>• WTP: ethical/socially conscious</li> <li>• WTP: environmental (green)</li> <li>• WTP: organic attributes</li> <li>• sustainable production</li> <li>• slow food (movement)</li> </ul> |
|--|---|--|

We also sent out requests for obscure, unpublished, or works in progress on major consumption discussion lists (Association for Consumer Research, American Marketing Association-ELMAR). One final source for potentially missing studies was the past citations in current academic work. If a relevant paper cited an earlier work that had not been captured by our search, we went back to the literature and included it. The most obvious example of this is a term we did not search on “ecological consumer.” This term was used commonly in the 1970’s, and we found those articles only because they were cited in later works.

When combined, these sources, using the keywords above, resulted in:

- 2611 academic peer-reviewed journal articles, books, and conference papers (duplicates accounted for approximately 980). After duplicates were removed, 1631 academic articles remained,
- 63 practitioner white papers and reports

We began our review with 1694 articles in total, but to focus our research this number needed to be pared down. To focus more specifically on our interest in consumer behaviour, we began to screen the articles based on several questions and criteria, namely:

- Did the study attempt to identify relationships between company CSR/ethical actions and actual consumer behaviour? Attitude-only studies were retained, but treated differently in the findings, as many researchers have clearly demonstrated a very large gap between ethical attitudes and ethical behaviours. This first screening was to eliminate papers that did not address a relationship of any sort between firm behaviour and a response in the market.

This step eliminated papers simply describing what a phenomenon is (e.g. a topic such as “What is Cause-Related Marketing?”), as well as papers that examine only the firm’s behaviour without an examination of the relationship between that and consumer response (a topic such as “The New Socially Responsible Firm”). This exclusion considerably reduced the number of studies, from 1694 to 543.

- Next, a major exclusion criterion was whether the study examined the CSR-firm performance link (e.g., CSR → stock price), examining performance at the firm level with no reference to consumer behaviour. Eliminating these studies reduced the number of papers from 543 to 422.
- Further, we screened as to whether the study demonstrated a financial impact of company CSR/ethical actions at the consumer behaviour level. However, there are too few papers dealing explicitly with CSR and actual consumer behaviour. Thus, after consultation with the Oversight Committee, studies that examine intentions or attitudes on this topic were retained, and no deletions were made on this criterion.
- Finally, the last screening criterion was whether the methodology was presented so its rigor could be assessed. If so, was there empirical evidence to support the thesis presented in the paper, or did the manuscript deal mainly with speculation and/or theory-building? Only empirical studies with clearly defined methods (both quantitative and qualitative) were retained. For example, if the authors stated “Consumers want...” or “We conducted a study and found...” without describing the study, it was excluded. This last exclusion removed a further 331 papers, mainly from practitioner sources.

By design, we included studies from 1970 to January 2009. The exclusions outlined above allowed a much finer focus on the company action-consumer behaviour link. As a result, the remainder of this report contains a systematic review of 91 studies. Each paper in the review was read and coded, using the codes shown in Table 2. These codes were jointly chosen by the author and the Oversight Committee, and were revised and

refined by the author as coding proceeded. There were two rounds of coding. In the first, most extensive round, the details of the studies were captured. In retrospect, we realized we required a coarser categorization of whether the study data collected included attitudes, intentions, or behaviours (more on this below). For every citation retained, the following coding terms are being used:

Table 2 **ABBREVIATED CODING SCHEME**

<b>FIRST ROUND OF CODING</b>		
<b>AUTHOR</b> – self evident	<b>YEAR</b> – study publication date	<b>TITLE</b> - self evident
<b>SOURCE</b> – where the study appeared (e.g., journal)	<b>METHOD</b> – survey, experiment, qualitative, etc.	<b>YEAR OF DATA</b> – where possible, when the data was collected
<b>REGION</b> – the countries or group of countries to which analysis applies	<b>SECTOR</b> - the industry sectors to which analysis applies	<b>PRODUCT/SERVICE</b> – self-evident
<b>PEER-REVIEWED</b> – was the study double-blind peer reviewed?	<b>DIMENSION</b> – aspect of ethicality (fair labour practices, organic materials, etc.)	<b>B2C/B2B</b> – self-evident
<b>CUSTOMER DEMOGRAPHICS</b> – where possible, customer info (age, gender, etc.)	<b>COMPANY DEMOGRAPHICS</b> – where possible, company info (size, # of employees)	<b>BRAND</b> – was brand name or company level examined?
<b>WILLINGNESS TO CHANGE BEHAVIOUR</b> – includes behaviours like energy conservation, or buying green products (coded as yes/no/not addressed)	<b>WILLINGNESS TO PAY A PREMIUM</b> – often the premium itself is not specified, as in “I’d be willing to pay more for organic meat” (coded as yes/no/not addressed)	<b>WILLINGNESS TO PAY</b> – dollars and percentage premiums consumers will pay for ethical products
<b>SECOND ROUND OF CODING</b>		
<b>ATTITUDES/INTENTIONS/BEHAVIOURS</b> – in a second round of coding, the same coders recoded the studies into these three broad categories		

The articles were read by two independent coders (PhD students at the Ivey Business School). The coding scheme they used was developed by the author, and was revised over a period of approximately two months, as the coders proceeded through their work and brought forth coding issues. An abbreviated version is shown as Table 2, and the final, full version is attached as Appendix 1. Inter-rater reliability was calculated as a simple percentage agreement measure, and the results were quite acceptable (see Table 3).

The only exception was coding whether the study data dealt with the brand level or the firm level. It became apparent the coders misunderstood the

instructions here and, coupled with very little data on this issue in many of the studies, there was a higher level of variance in coding. All discrepancies were resolved by discussions between the two coders and the author. All the codes were entered into Excel spreadsheets. After the coding disagreements were resolved, the data were manually cross-tabulated using the data in the Excel sheets. That is, counts of multiple categories were generated. This allows for looking at more than one variable at a time (e.g. “How many studies in the 1971-1974 time frame also used experiments as a method?”). No statistics are required, as this database is not a probability sample, but is our universe of data.

Table 3 **INTER-RATER RELIABILITY**

<b>CODING CATEGORY</b>	<b>INTER-RATER RELIABILITY</b> (Two Coders, per cent agreement)
Method	94%
Sample Size	87%
Year Data Collected	96%
Peer Reviewed	100%
Product vs Service	87%
DIM of Ethicalness	86%
IND Sector	90%
Region	93%
B2B vs B2C	94%
Customer Age	98%
Customer Gender	100%
Customer Income	88%
Comp Size	98%
Comp Employees	98%
Brand vs Firm	65%
Willing to change behaviour?	88%
Willing to pay premium?	98%
Willing to pay dollars?	98%
Willing to pay percentage?	97%

# findings

The findings suggest the average premium for socially conscious products and services is 10%. Some consumers will demand a discount for 'unsustainability', even greater than the premium for sustainability.



Figure 1  
**NUMBER OF ARTICLES BY JOURNAL TYPE** N=91

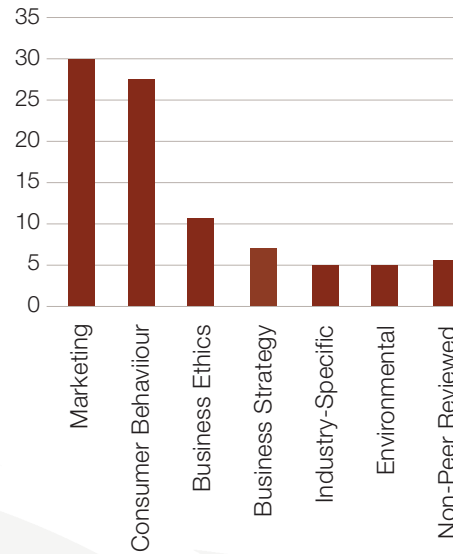
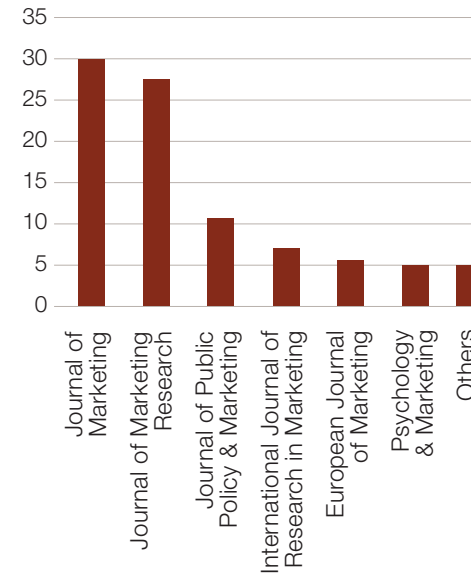


Figure 2  
**ARTICLES IN MARKETING JOURNALS** N=91



### A DESCRIPTION OF KNOWLEDGE IN THE DATA

As shown in FIGURES 1-3, most of the work on this area is in marketing and consumer sources, most notably in the Journal of Marketing and the Journal of Consumer Research. As FIGURE 4 clearly shows, work in the realm of socially conscious consumption has experienced a surge of research in the last few years

Figure 3

### ARTICLES IN CONSUMER JOURNALS N=91

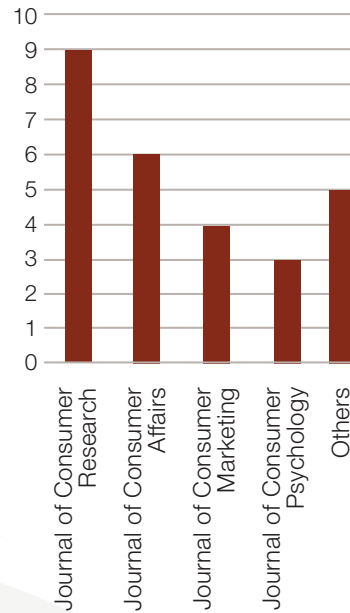
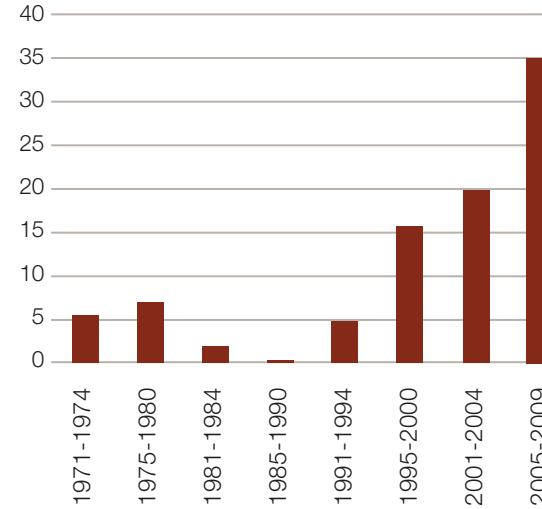


Figure 4

### ARTICLES BY YEAR PUBLISHED N=91



### METHODOLOGICAL ISSUES WITH SOME STUDIES IN THE DATA

The dominant way in which socially conscious consumption is researched has been through survey research (Figure 5). This typically requires consumers to self-report both their attitudes and their behavioural intentions on the same survey (willingness to pay questions on a survey are really only intentions, until

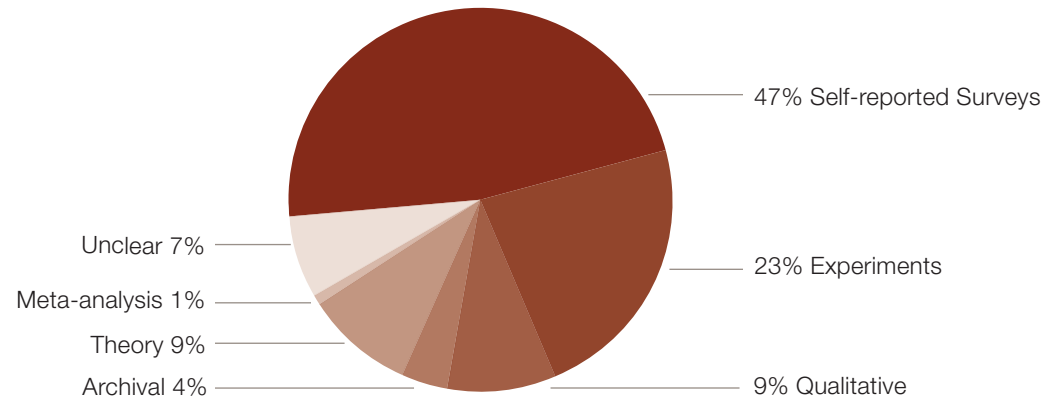
and unless they actually include payments). There are at least five main reasons why this is a problem. There is a long history in the literature of pointing these out, so we simply summarize them here (e.g., Auger and Devinney 2007; Auger et al., 2008; Mohr, Webb and Harris 2001).

First, there is often pressure to answer in a socially-desirable way, especially if the interview is face-to-face, or even on the phone. Consumers may be more likely to agree with the statement “Yes, I would be willing to pay 2% more for a greener laundry detergent” if these questions are embedded in a study of socially conscious consumption (in essence, by describing the study, researchers have provided the appropriate answers). Second, there is no risk involved in stating one’s willingness to pay more in a survey, as the consumer is not actually being asked for money, or even being asked to give up some desirable product attributes for more ethical ones. Third, there is a psychological force towards consistency, so that consumers who answer that they have a favorable attitude towards energy conservation, for example, will feel a need to be consistent when later an interviewer asks them if they are willing to pay more for a product that conserves energy. Fourth, there is a methodological concern called common method bias. Basically, what this means is that by gathering the dependent and independent variables in the same survey (e.g. the attitudes and behaviours) research artificially inflates the correlations between them (for several reasons, including common response profiles and other noise in the data) (Auger and Devinney 2007). Fifth, assessing behavioural intentions on a survey typically discounts other marketplace phenomena. For example, a consumer may actually be telling the “truth” when they respond in a survey that they will pay 5% for an ethical product. But any myriad of factors can interfere once they get into the store, including competitive actions, in-store displays, confusing labeling, etc. Finally, a very important recent discovery is that measuring intentions

actually drives up actual behaviour, so that those consumers who were surveyed on their intentions act towards the product or service more favorably than the general public, who were not surveyed on their intentions (Chandon, Morwitz, and Reinartz 2005).

These reasons are the primary drivers of what has been called the “attitude-behaviour gap” in socially conscious consumption research (Osterhus 1997): the fact that consumer attitudes are very positive towards ethical products and other CSR-related activities, but consumer purchasing behaviours are not nearly as high as these attitudes would predict (Carrigan and Attalla 2001; Globescan 2007). Thus, when we move to our substantive conclusions from the data, we will separate the articles we review into those measuring attitudes only (e.g., “I believe companies should manufacturer products with fair labour practices”), those measuring behavioural intentions, including willingness to pay intentions (e.g., “The next time I shop, I will look for a fair trade label” or “I would be willing to pay a 5% price premium for fair trade products”), and those measuring behaviours (research designs that examine actual behaviours, including self-reported behaviours “I bought fair trade coffee five times this week” and those that measure a specific price premium paid in a lab, or in the field).

Table 5 **METHODOLOGIES USED** N=91

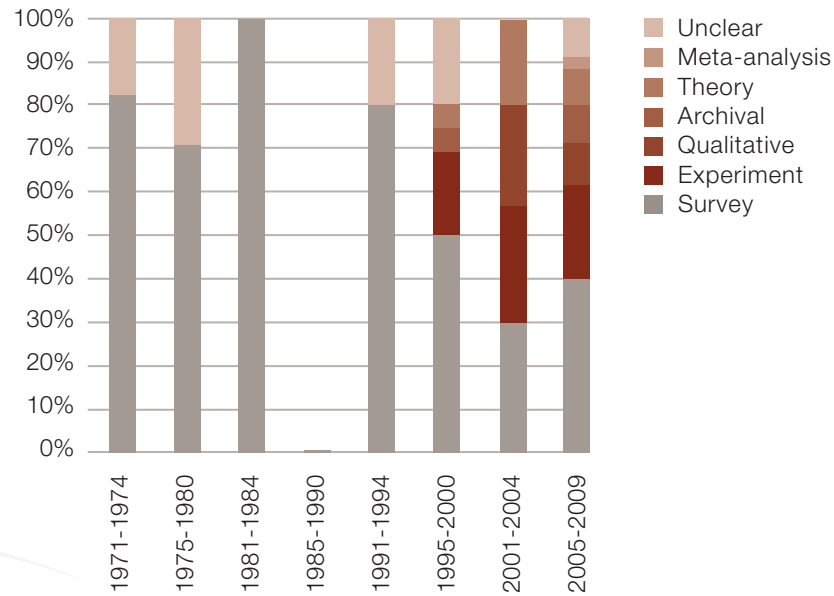


### TRENDS IN MEASUREMENT IN THE DATA

On a more positive note, trends since 1990 show that there is less reliance on self-reported surveys, and more work that uses experiments, archival (scanner and other secondary data) and meta-analysis (Figure 6). These methods, including forced-choice experiments (e.g. Auger and Devinney 2007), experiments where consumers are asked to pay their own money (e.g., Trudel and Cotte 2009), or field experiments using scanner or other sales data, while they have their own limitations, are not subject to the problems outlined

above, and move away from relying on self-reported behaviours. Indeed, researchers have begun to return to the field-based research that pioneered this area, like the studies relating attitudes to actual behaviour using government or firm secondary data (e.g. Heslop et al. 1981; Kassanjian 1971; Webster 1975), or studies that ran in-store experiments, changing the CSR information available about brands in certain stores and measuring results (Henion 1972).

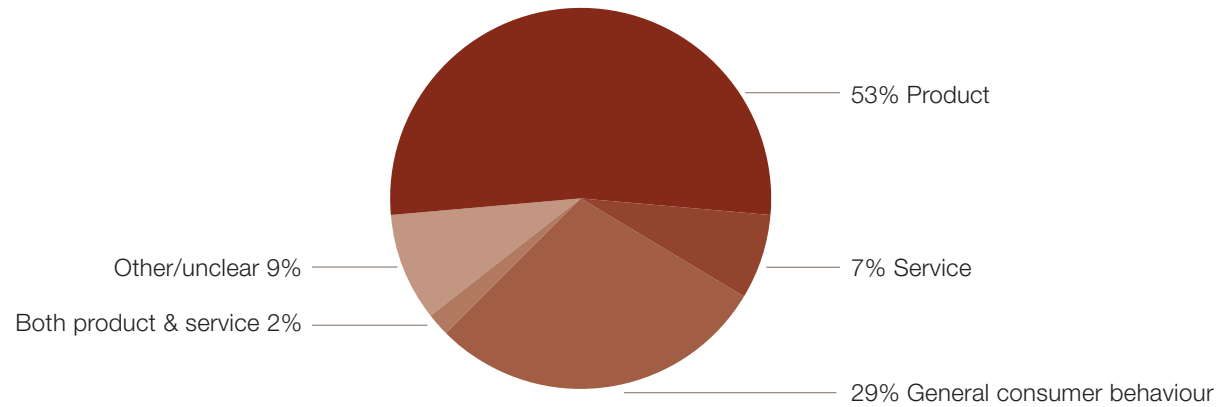
Figure 6 **METHODOLOGIES IN THE DATA** N=91



Analysis of the sample of articles suggests that most of what we know about socially conscious consumers comes from studying them in relation to products, as compared to services (Figure 7). The two most common areas of research focus are on reactions to ethical

products (53%), followed by studies without an explicit focus on purchase behaviour of one specific thing, but rather general consumer attitudes and behaviours (29%).

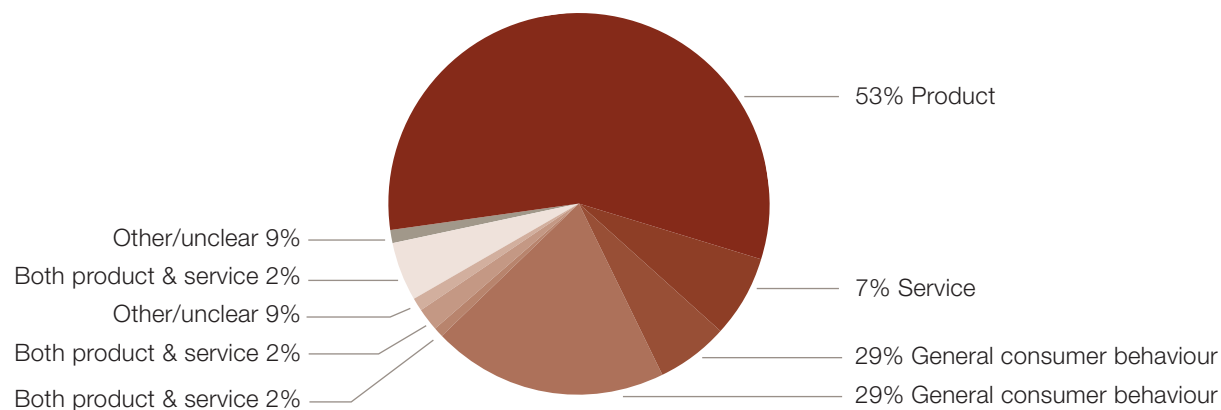
Figure 7 FOCUS OF RESEARCH N=91



Similarly, what we know about socially conscious consumers is based almost exclusively on research with North America and European consumers. These groups, taken together, comprise 90% of the consumers studied in this area. There are apt to be large cultural and, obviously, economic reasons to assume that developing nations will not respond the same way. Other codes

related to differences in the data, such as industry sector, brand vs. firm, consumer and customer demographics, and B2B vs. B2C, did not yield enough variance in the data to make valid comparisons. The data here is largely B2C, with no fine distinctions based on demographics of the consumers or the firms.

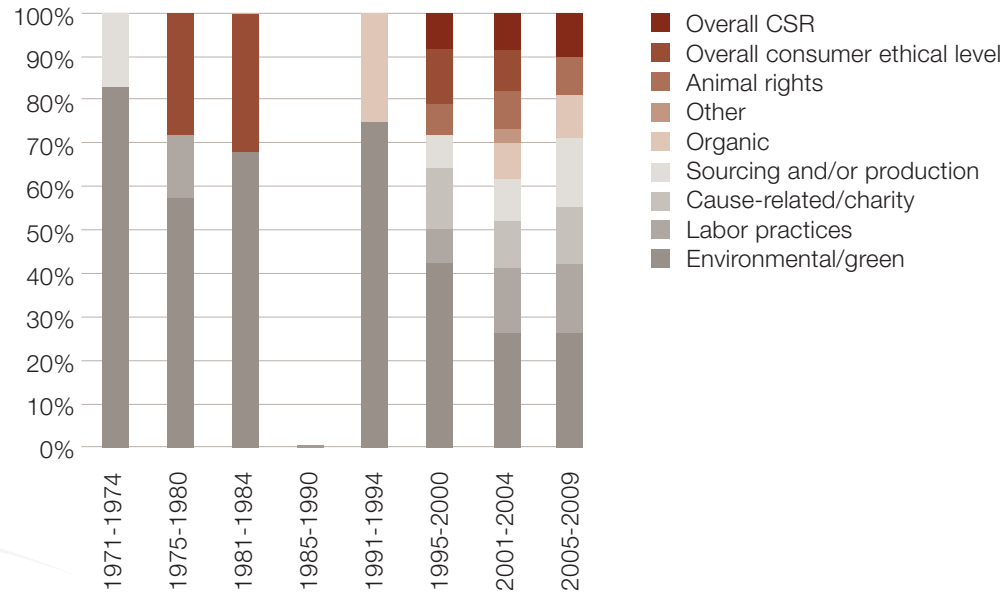
Figure 7 **LOCATION OF CONSUMERS IN DATA** N=91



The initial work on the socially conscious consumer focused primarily on two areas: *environmental issues*, both related to the energy crisis and environmental damage and pollution (e.g., Kassarjian 1971; Henion 1972; Kinnear and Taylor 1973; Mazis, Settle, and Leslie 1973) and *identification issues*, trying to figure out, and describe, who a socially conscious consumer really was (e.g. Anderson and Cunningham 1972; Brokker 1976; Kinnear, Taylor and Ahmed 1974; Webster 1975). Those two approaches dominated until the 1990s, when

organics and fair trade (sourcing) began to be investigated (Figure 9). Perhaps reflecting the taken-for-granted (and thus not worthy of research?) nature of environmentally-friendly products, research into consumer attitudes and behaviour towards them has dropped from over 80% of the early studies, to about a quarter of the most recent group of research reports.

Figure 9 **METHODOLGIES IN THE DATA** N=91

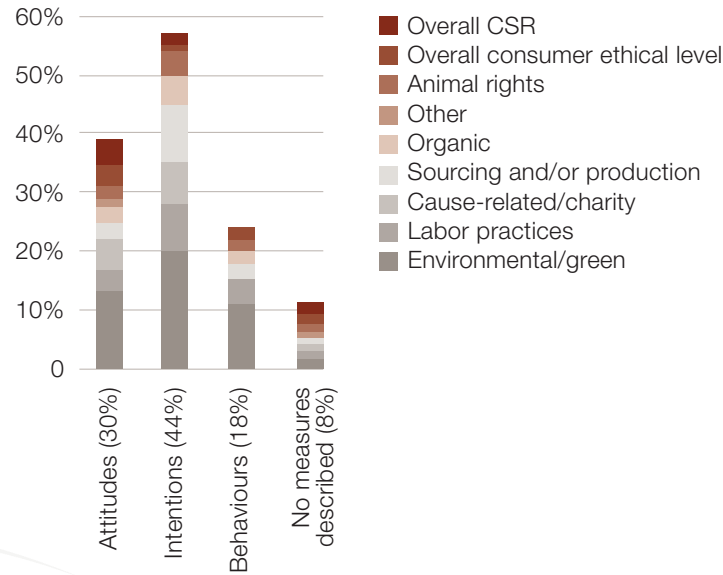


As we outlined earlier, studies were coded by whether they measured attitudes, behavioural intentions, or actual behaviours. In our data, almost three quarters of the studies only measure attitudes and intentions (Figure 10). When we move into addressing our research questions, we report the results broken down by attitudes, behaviours and intentions wherever possible.



Figure 10

**DIMENSIONS OF ETHICAL BEHAVIOUR MEASURED VARIOUS WAYS**



Note: "Behaviours" studies measure actual behaviours, but may not measure a price premium. N=91

**CONSUMER WILLINGNESS TO CHANGE**

As shown in Figure 11, there are large differences in the research evidence between studies showing consumer willingness to change their behaviours (e.g., by recycling or buying organic food) and studies demonstrating consumer willingness to pay more for a socially conscious choice, regardless of how that willingness is measured. There are also important differences in the amount of evidence looking at changing behaviours vs. paying a premium, depending on how the question is researched.

The largest gap happens when researchers actually measure what consumers do. In these studies there is more than a 40 percentage point difference between the number of studies demonstrating a consumer willingness to change their own behaviours, and the number of studies demonstrating consumer willingness to pay more. The gap between changing behaviour and paying a premium is smaller, and the number of studies concluding that consumers are willing to pay a premium

is much greater, when researchers measure intentions (e.g., “I would be willing to pay 5% more”) than when they assess actual behaviour. Only 44% of the studies that studied actual behaviours demonstrated any consumer willingness to pay a premium. In contrast, 61% of the studies that measured intentions demonstrated consumer willingness to pay a premium.<sup>2</sup>

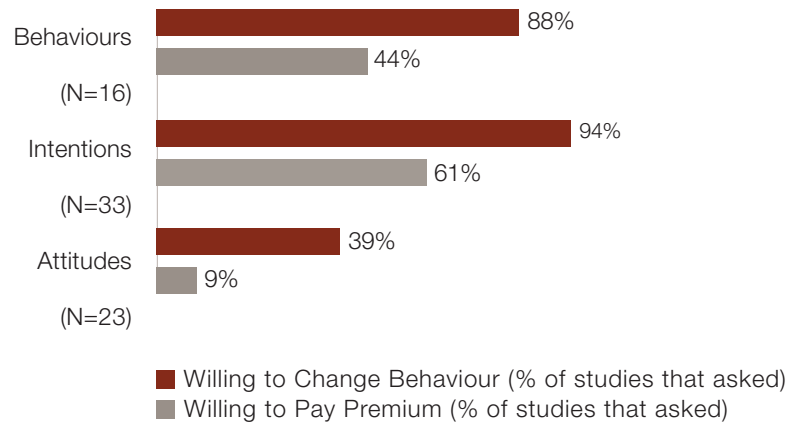
Examining the evidence further, we synthesized the data in our review concerning how much of a premium consumers are willing to pay. A word of caution is in order here. Only 13 of the 91 studies in the review reported an actual percentage (or dollar) increase, or a range that could be averaged. Conclusions in this section need to be tempered by that awareness – there simply is not a lot of evidence available to review. However, in this small number of studies there are two intriguing aspects. First, researchers have pointed out that consumers who are willing to pay a premium for

ethical products are more willing to do so when the premium is small, compared to the price of the product (Elfenbein and McManus 2007), and that willingness to pay a premium drops off sharply at higher premium levels (Auger et al., 2008). Second, although the numbers involved are small, the number of studies reporting a consumer willingness to pay up to a 19% premium are higher when the studies measure intentions, and lower when actual behaviours are assessed (Figure 12).

<sup>2</sup> The low number of attitude-based studies showing this is not surprising, as attitude studies do not typically ask behavioural questions – they would report on consumer answers to questions such as “I believe buying local food makes environmental sense” (strongly agree to strongly disagree).

Figure 11

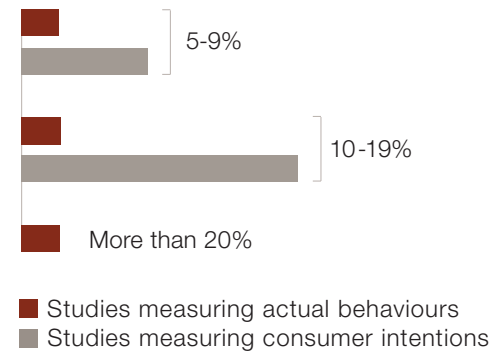
**CONSUMER RESPONSES DEPEND ON THE TYPE OF MEASUREMENT**



In addressing the evidence for when consumers are more likely to change, we show the number of studies that report a positive willingness to pay a premium, as well as the studies that report a positive willingness to change behaviour (regardless of price premiums). Figures 13-15 show the results for consumer willingness, dependent on whether the study examined a product or service, and how the data was measured. Although there were not many studies on services, as compared to products overall, (product studies=53, services studies=8, general/not specified=28), there is very little evidence that consumers are willing to pay a premium for socially conscious services (vs. products).

Figure 12

**ARTICLES IN CONSUMER JOURNALS N=13**



Note: Figure 12 is based on a small set of the total studies (13/91).

The difference between products and services, based on the percentage of studies showing a willingness to pay a premium, ranges from 9% of the *attitude* studies to 31% of the *behavioural* studies, with the gap between studies of *intentions* to pay a premium for ethical services and studies of intentions to pay a premium for ethical products at 24 percentage points. This latter group of studies (those measuring intentions) are intriguing, in that these studies are perhaps most likely to inflate consumer willingness to pay, and yet for services the numbers are still quite low.

Figure 13

**CONSUMER ACCEPTANCE PRODUCT VS SERVICE: ATTITUDE-BASED STUDIES** N=23

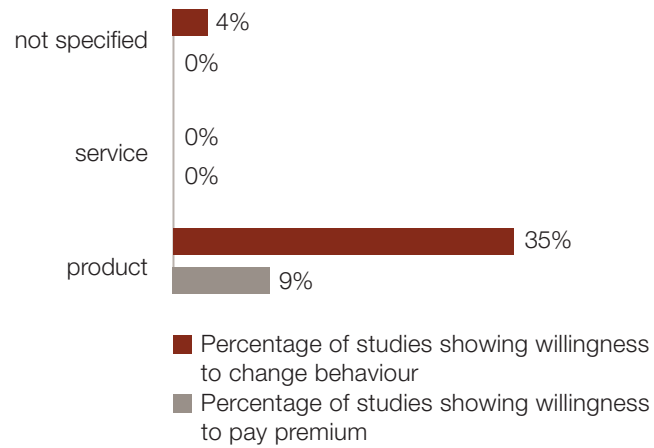


Figure 13

**CONSUMER ACCEPTANCE PRODUCT VS SERVICE: INTENSION-BASED STUDIES** N=33

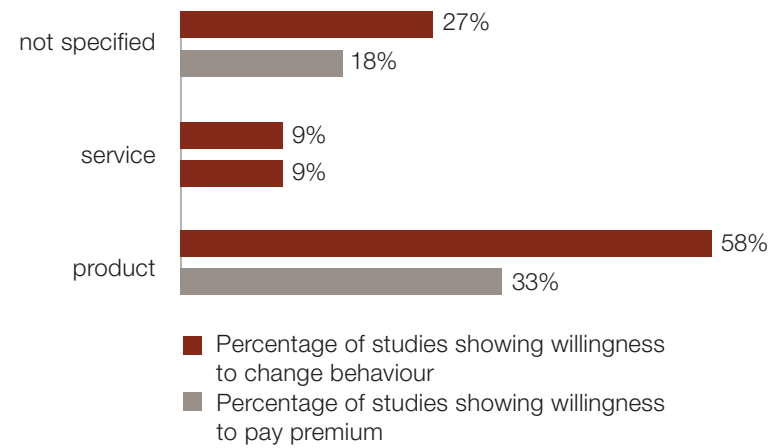
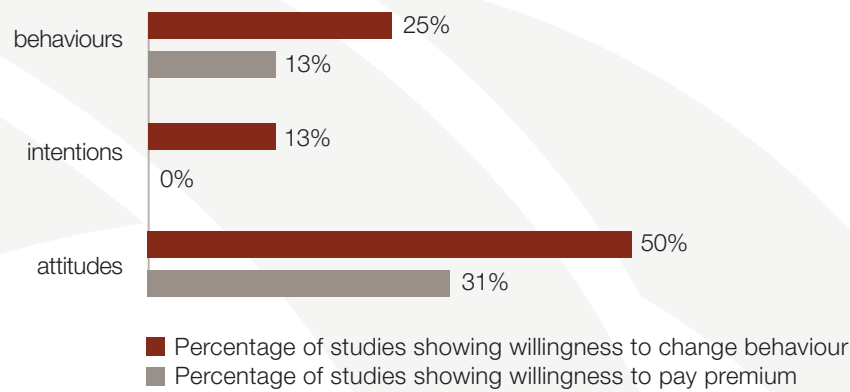


Figure 15

**CONSUMER ACCEPTANCE PRODUCT VS SERVICE: BEHAVIOUR-BASED STUDIES** N=16



Continuing to examine in detail the question of *when* consumers are willing to pay more we next break our analysis into specific socially conscious attributes. Figures 16-18 show the number of studies reporting positive findings for willingness to pay a premium and willingness to change behaviour across both dimensions of social responsibility, as well as type of study (attitudes, intentions, behaviours). There are several conclusions from this data. The first, perhaps intuitive result is that more studies find a willingness to change behaviour than find a consumer willingness to pay a premium. But there are at least two far more interesting results. One is that overall, intention-based studies and actual behaviour

studies show generally the same results – when broken out this way, there is less of an apparent inflation in the intention studies. Another is the case of cause-related marketing – while intention studies show consumer action on this dimension, studies done on actual behaviour do not show this consumer action. And finally, the biggest gap between the number of studies showing positive willingness to pay and to change behaviour are on environmental dimensions, regardless of measurement method.

Figure 16

**CONSUMER ACCEPTANCE CSR DIMENSIONS:  
ATTITUDE-BASED STUDIES N=38**

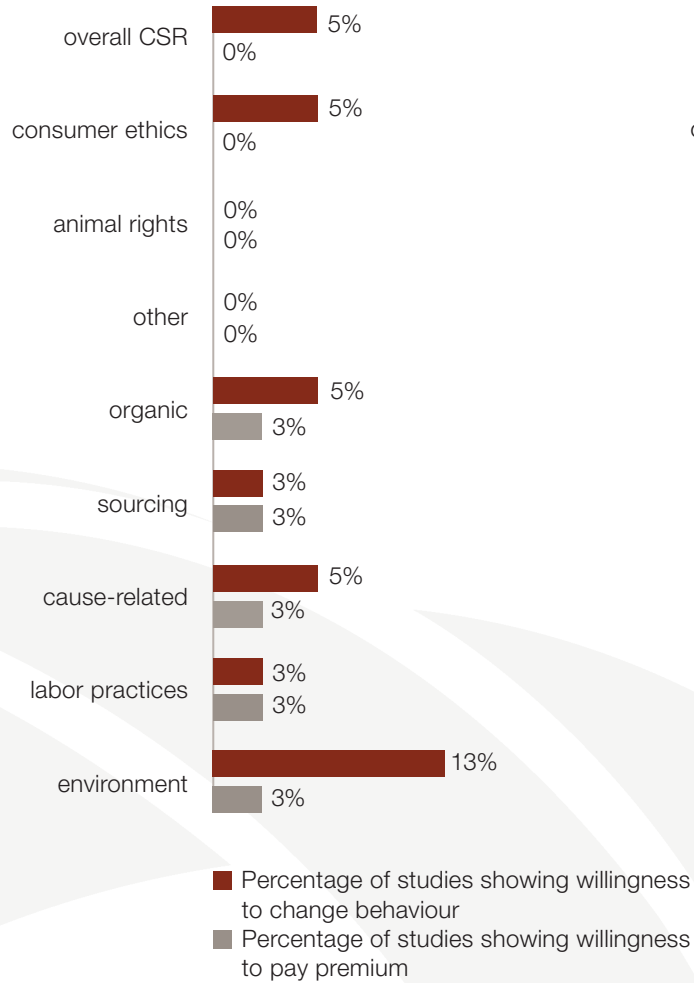


Figure 17

**CONSUMER ACCEPTANCE CSR DIMENSIONS:  
INTENSION-BASED STUDIES N=57**

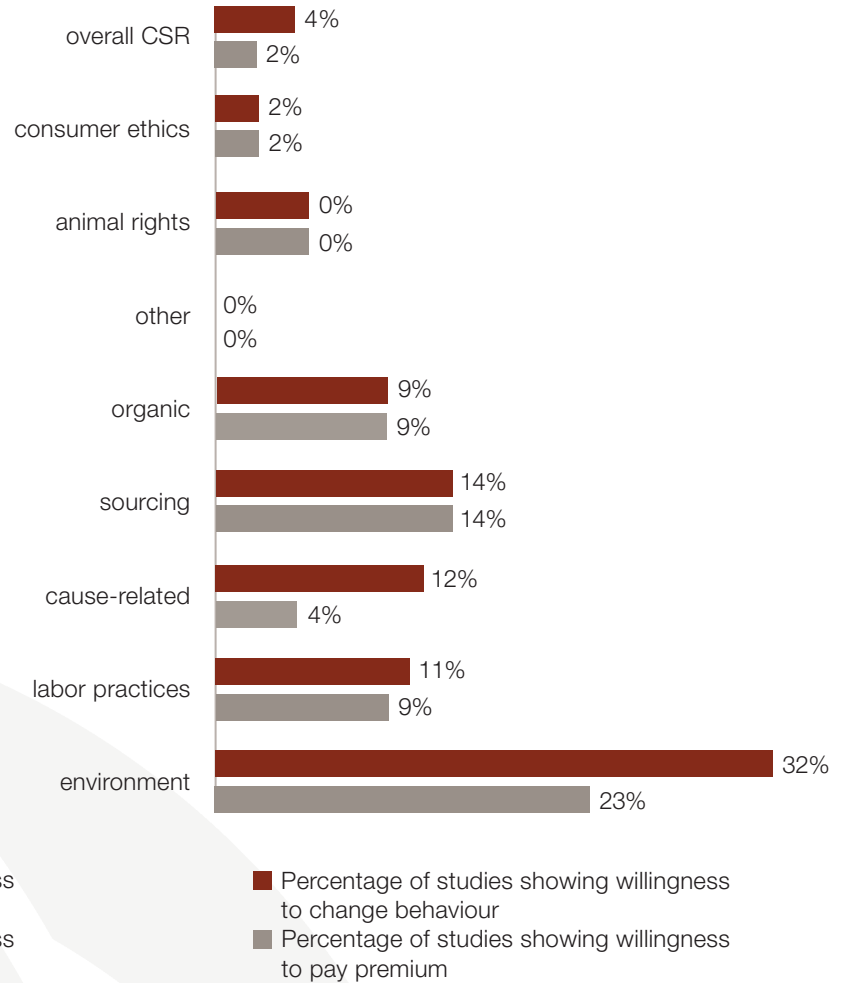
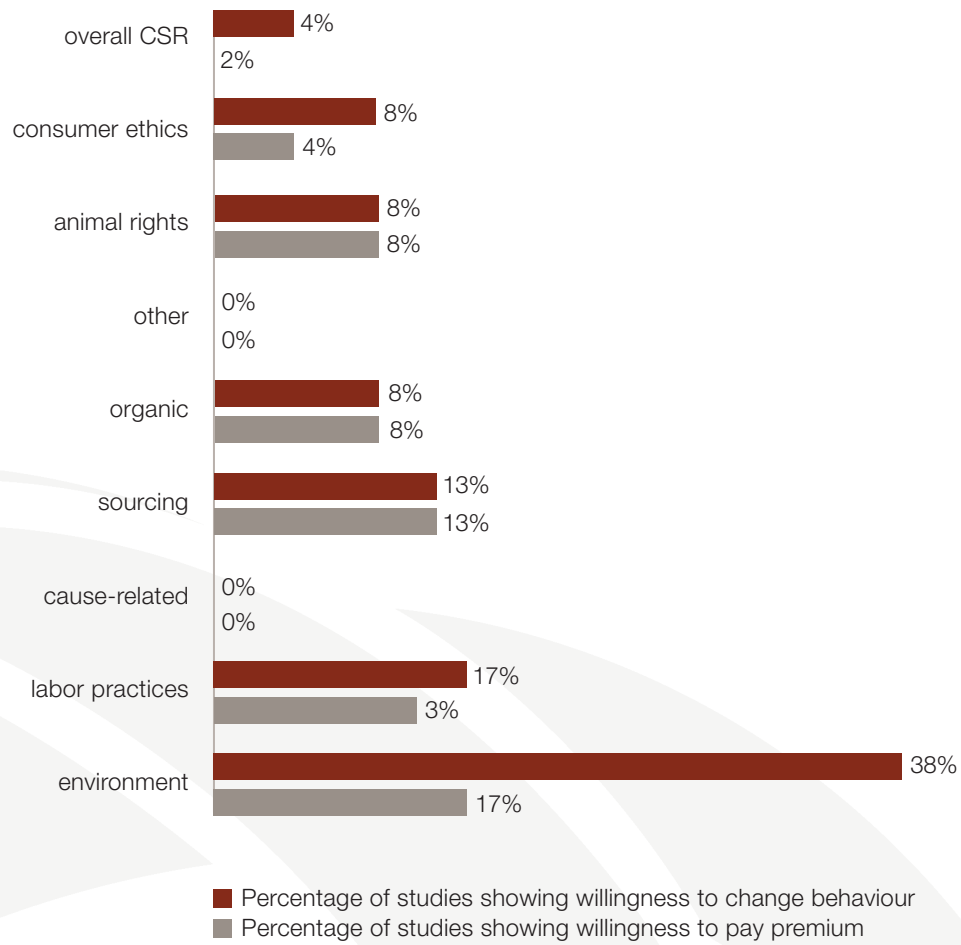


Figure 18

**CONSUMER ACCEPTANCE CSR DIMENSIONS:  
BEHAVIOUR-BASED STUDIES** N=24



# a model of socially conscious consumerism

What are the factors that influence  
consumers as they consider socially  
conscious consumption?



Moving now to a more narrative synthesis of this evidence, we can make some conclusions about the factors that influence consumers as they consider socially conscious consumption.

Some are consumer characteristics or social influences that are beyond the reach of a firm (gender, socio-economic class, social pressures), although it still aids marketers to understand these factors.

Many more factors though, are indeed under the firm's control. These factors generally fall into two categories: impediments and enhancements. Rather than influence consumers directly, they appear to be responsible for making it easier, or more difficult, for a consumer to move from a positive attitude towards a firm's products as a result of a firm's CSR action, to a behavioural intention to purchase the product, to the actual purchase (or not) of the product, perhaps with a price premium (reward) or discount (punishment). We present our model of this process in Figure 19, which is based on the classic knowledge- attitude-behaviour framework used in psychology, adapted here to the CSR domain to highlight what can stop, or help, this process.

## CONSUMER ATTITUDES

In this section we review the evidence from the data on what affects consumer attitudes. We discuss first influences on consumer attitudes that are not under the control of the marketer, then move into areas where the firm can have an influence.

The evidence from this review shows conflicting results for the role of demographics in forming positive socially conscious consumer attitudes. Some research shows that social consciousness increases directly with socio-economic status (Anderson and Cunningham 1972;

Bourgeois and Barnes 1979), and with income (Hunag, Kan and Fu 1999; Webster 1975); a recent study claimed green shoppers are typically older, higher than average income, and are better educated (Deloitte 2007). Demographic results are conflicting though, with several studies showing less socially conscious attitudes with higher education and higher income (BBMG 2008; MORE), and more social consciousness with younger consumers (Anderson and Cunningham 1972). Several studies have shown women to be more socially conscious (BBMG 2008; Huang 1993; Laroche, Bergeron and Barbaro-Forleo 2001), but some have shown no relationship between gender and social conscious consumer behaviour (Webster 1975). Indeed, the evidence is completely unclear for many demographics, with several studies showing no relationship, either positive or negative, between socially conscious consumption and age, gender, socioeconomic status, education, occupation, or income (Antil 1984, Pickett, Kangun and Grove 1993; McGoldrick and Freestone 2008).

However, our review does demonstrate the importance of personality variables in socially conscious consumption. Based on this evidence we conclude that personality variables, including political orientation, can explain more attitudinal variance than traditional demographics do (Antil 1984; Brooker 1976; Granzin and Olsen 1991; Kinnear, Taylor and Ahmed 1974; Laroche, Bergeron and Barbaro-Forleo 2001; Mayer 1976; Webster 1975). For example, some researchers have shown that socially conscious consumers have more negative attitudes towards business and advertising (Webster 1975; Bourgeois and Barnes 1979).

There appears to be cultural differences in socially conscious attitudes, but the data are somewhat conflicting in terms of detailed differences between countries. However, the evidence does show increased positive attitudes towards socially conscious consumption in developed (vs. developing) economies (Globescan 2007; World Business Council for Sustainable Development 2008).

There are several reasons why a firm's socially conscious actions may not translate into positive consumer attitudes. First, what consumers already know about a company influences their reactions to the company's products, and consumer knowledge about the company itself (e.g. competence) are more important in these reactions than is consumer knowledge about the company's social responsibility (Brown and Dacin 1997). The consumer may already have expectations about what the firm should be doing that are higher than what the firm is actually doing, or the issue simply is not important to consumers (Creyer and Ross 1997).

There is more likely to be a positive effect of the firm's CSR actions on consumer attitudes when consumers already support the CSR domain, and when the consumer perceive a personal fit with the firm (Sen and Bhattacharya 2001). There is also evidence that having a prior positive consumer attitude enhances the link between the firm's CSR actions and the consumer's attitudes and behaviours. For example, consumers will pay a 5%-7% premium when purchasing an item on eBay that is linked to a charity donation (Elfenbein and

McManus 2007). However, the premiums are greater for less expensive items, and these researchers conjecture that for higher-priced items this strategy will only work for those consumers who have a strong favorable attitude to the charity already.

### FROM ATTITUDES TO BEHAVIOURAL INTENTIONS

Some consumers have positive attitudes, but these do not translate into positive behavioural intentions for a variety of reasons. This attitude – behaviour gap can be seen at the level of individual consumers in the evidence reviewed. For example, there are several studies that demonstrate no relationship at all between socially responsible attitudes and actual behaviour. For example, a study examining actual electrical consumption, as opposed to attitudes towards energy conservation, on a survey found no relationship (Heslop, Moran and Cousineau 1981).

One impediment contributing to the gap between attitude and behaviour is the consumers' perception of having to compromise on attributes of the product they value (e.g. convenience or quality) in exchange for socially conscious attributes (Roberts 1996; World Business Council 2008). Lack of knowledge, as discussed above, is also an impediment. For example, Carrigan and Attala (2001) found that consumers had lots of knowledge about unethical firm behaviour, but far less knowledge about firm ethical behaviours.

Another impediment is widespread consumer skepticism and cynicism, reported in this evidence (Prothero, Peattie and McDonagh 1997; Roberts 1996). When these attitudes are combined with high levels of consumer knowledge and motivation, marketers who attempt to oversell their socially conscious credentials risk being accused very publicly of what is now called “greenwashing.” While most typical in the environmental area, that phrase could apply to any attempt to market a firm’s offering as better on socially conscious dimensions (e.g. labor practices) than it really is.

Finally, even when consumers have knowledge about the “right” product, the link between attitudes and behaviours is strengthened by consumer efficacy. A very clear finding in this evidence is that when consumers actually believe they can make a difference in the problem (e.g. climate change) they are more likely to act through ethical consumption. Across all the studies addressing it, consumer effectiveness or efficacy was important in determining ultimate behaviours (Antil 1984; Berger and Corbin 1992; Globescan 2007; Lee and Holden 1999; Kinnear, Taylor and Ahmed 1974; Roberts 1996; Webster 1975).

Not to overstate the obvious, but consumers need to know about firm actions before these actions can influence consumer attitudes. For example, Deloitte (2007) claims that 95% of consumers would “buy green” but then continue by showing that only 75% of consumers in their survey know what a green product is. Other studies also show that lack of knowledge impedes

socially conscious consumption (World Business Council 2008). Clearly, firms seeking to strengthen the link between consumer attitudes and behavioural intentions need to provide lots of information on the products and services they offer.

The recent Deloitte study (2007) claimed that, based on respondents who self-reported buying a green product, the product category mattered in green purchasing. That is, consumers were more conscious about the environment for common purchases, and that “...sustainable characteristics are less important for more durable merchandise.” However, there is an alternative explanation for the same data, which is that consumers buy what is available more often than that which is unavailable. Several of the categories listed as rarely purchased green products are also those which are not known for providing a lot of choice of green products (e.g. apparel, pet products). In terms of enhancing the link from positive attitude to consumer behaviour, it is reasonable to conclude from this data that consumers will purchase more when there is more selection available.

## FROM BEHAVIOURAL INTENTIONS TO BEHAVIOURS

In this section we address both the (un)willingness to change (buy more, buy more often) and the (un)willingness to pay a premium for these products. Some studies report both a greater propensity to buy from socially responsible companies and a large consumer willingness to pay a premium of some kind (World Business Council 2008).

Some data (Globescan 2007) shows cultural variation in behavioural intentions to pay a 10% premium for responsible production, with a range from 68% agreeing they would pay a premium in Germany to 84% agreeing they would pay a premium in France. There are also regional differences in overall propensity for socially conscious consumerism. For example, there is a wide range of consumers who regularly self-report buying certified organic food products (20% in Portugal to 43% in Germany, with Canada at 34%) and fair trade products (4% in Mexico to 42% in Great Britain, with Canada at 21%) (Globescan 2007).

Other influences beyond the direct control of the marketer are consumer attitudes towards affiliated firms, and the importance of the issue to consumers. One early study found that labor problems with a conglomerate parent company negatively affected sales of a subsidiary fast food company, and there was a greater effect for those consumers who considered social responsibility issues important (Miller and Sturdivant 1977).

In addition to influences on consumers, there are also some impediments stopping consumers from moving from intentions to behaviours that the firm can control. The evidence in our review shows that consumer confusion at the point of purchase negatively impacts the translation of behavioural intentions to actual behaviour (e.g. Roberts 1996). That confusion is due to several factors, including competing claims, many different labeling strategies and certification programs, and inherent trade-offs (Prothero, Peattie and McDonagh 1997; World Business Council 2008). Other impediments, less in control of an individual marketer, include competitive actions (which could in turn increase consumer confusion) and consumer habit (inertia and unwillingness to actually change).

There are several things that marketers can do to help convert consumers with positive purchase intentions into actual purchasers of socially conscious products. The evidence in this review shows that consumer confusion at the point of purchase (usually a retail site) can impede purchases, so increasing very clear messages on packaging and displays would help. In-store education efforts, including free trials when possible, would also help (Deloitte 2007). The evidence also indicates a much greater willingness for consumers to buy the socially conscious choice if price is not an issue, which leads to the issue of whether they will ever pay more for the “better” choice.

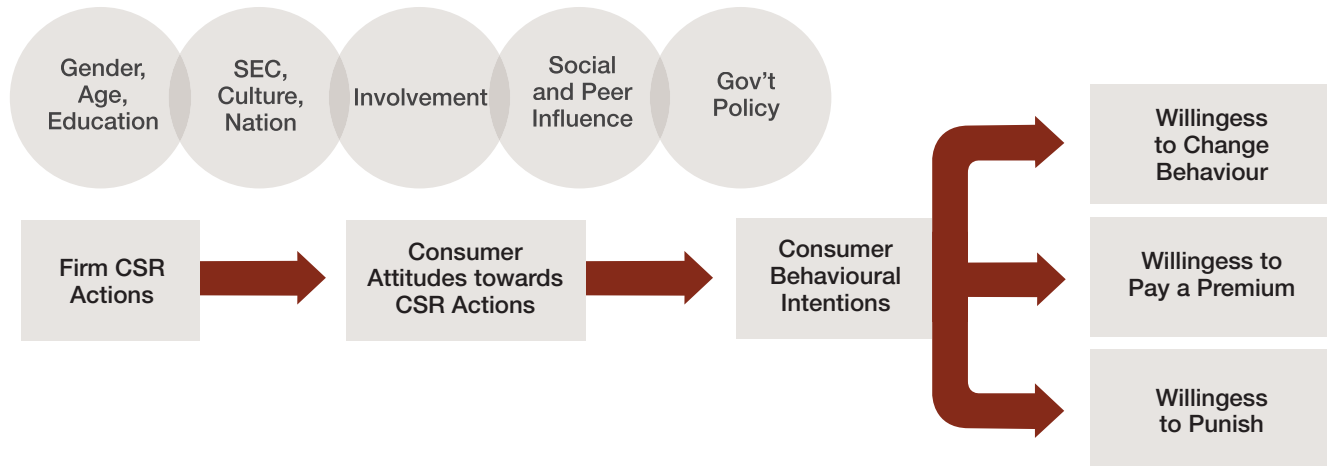
There is some evidence that garnering early and small consumer commitment to a cause can create consumer behaviour that is more indicative of consumer attitudes (e.g., Vaidyanathan and Aggarwal 2005). That is, once consumers have made a small change, they are more likely to later behaviour in accordance with their earlier behaviour. So, marketers of socially responsible choices could consider ways to have consumers act in a small way in a similar domain, to strengthen their behavioural consistency in that domain.

The evidence is extremely conflicted about the willingness to pay a premium for socially conscious products and services. A common finding, especially among studies that rely on self-reported behaviours, is that consumers will pay about 5 to 10 percent, or a “little bit” more (BCG 2008; World Business Council 2008). This sort of small premium was also reported in most of the studies measuring actual behaviours (e.g. Moon and Balasubramanian 2003; Trudel and Cotte 2009).

However, some of the studies also claim that most consumers are looking for price parity (Deloitte 2007), or are unwilling to pay anything more. A few studies have looked at what influences this willingness. Creyer and Ross (1997, p. 428) found that “...consumers’ stated willingness to reward ethical behaviour and punish unethical behaviour are influenced by the importance placed on the ethicality of a firm’s behaviour and, to a lesser extent, by their expectations of how a firm should behave.”

Figure 19 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

# implications

What should future researchers of socially conscious consumerism know? How can managers close the attitude-intention-behaviour gap with consumers?

## FOR RESEARCHERS

If we contact consumers and ask them for a few minutes of their time for a study of environmental opinions and issues, we should not be surprised when they seem to hold very positive attitudes to environmentally friendly products, and tell us they are willing to pay a premium for those. At the very least, survey researchers should be embedding CSR questions into other questions, in a more subtly way of eliciting more “true” reporting. For example, rather than assessing intentions (“How likely is it that you would buy a green cleaning product?”) why not provide a list of mundane products (garbage bags, low-fat milk, green cleaning products, batteries, cereal, etc.) and ask them to report what they recall purchasing the last trip to the grocery store. It is not actual behaviour, but it would be closer to revealing true choices. Of course, more rigorous methods, like conjoint or forced/discrete choice experiments, would be even better.

Another problem for researchers is although we typically know what we mean when we write “socially conscious consumer behaviour” we do not have one definition that guides researchers in measurement of the construct. Over the years covered in the review, the idea of a socially conscious consumer does not change very much, but the ways in which we have measured this idea has varied greatly. This alone could be responsible for the largely mixed and unclear evidence reviewed above. Table 4 contains examples of the variety of ways researchers have measured socially conscious consumption in the data.



Table 4 MEASURING WILLINGNESS TO CHANGE BEHAVIOUR OR REWARD/PUNISH

SOURCE	HOW MEASURED?	BEHAVIOUR?	REWARD/PUNISH?
<b>Henion (1972)</b>	EXPERIMENT: Information on detergent phosphate level added to retail displays (was not then labeled on product)	12% decline in market share for the high phosphate brand.	
<b>Kinnear and Taylor (1973)</b>	SURVEY: Eight item Index of Ecological Concern, contains behaviours and attitudes	Higher the concern, the more the "ideal" product looked like the socially conscious one.	
<b>Webster (1975)</b>	SURVEY: Eight behavioural items of Socially Conscious Consumer Index		
<b>Antil (1984)</b>	SURVEY: Index of 34 self-reported socially responsible consumption behaviours		
<b>Berger and Corbin (1992)</b>	<p>SURVEY: Mean of eight behaviours, scored as 2 for actual behaviour last year, 1 for intention for behaviour next year, 0 for negative (e.g. "Have you in the last year, or will you next year, consciously avoided/avoid styrofoam packaging?")</p> <p>Mean of 7 willingness to pay items (e.g. "In the interests of protecting the environment would you be willing to pay five cents a litre more for gasoline to decrease air pollution?" scored as 1 for yes, 0 for no.</p>	Consumer efficacy and faith in others moderated the link between attitude and behaviour.	

Table 4 Continued **MEASURING WILLINGNESS TO CHANGE BEHAVIOUR OR REWARD/PUNISH**

SOURCE	HOW MEASURED?	BEHAVIOUR?	REWARD/PUNISH?
<b>Huang (1993)</b>	SURVEY: "Are you willing to pay a higher price for fresh produce that was tested and certified free of pesticide residue?" If yes, then "How much more would you pay, relative to current prices?" Answers ranged from no more than 5% to more than 20% in 5% increments.		43% willing to pay a premium. Of those, 54% chose up to 5%.
<b>Cryer and Ross (1997)</b>	SURVEY: Five items scale for each of willingness to pay and willingness to punish (e.g. "I would pay considerably more money for a product from a firm that I knew to be extremely ethical"), Seven point scale: disagree completely to agree completely.	Ethical features have a substantial impact on purchase intentions.	Reward and punishment depending on how important the issue was, and prior consumer expectations.
<b>Laroche, Bergeron and Barbaro-Forleo (2001)</b>	SURVEY: Three item scale, strongly agree to strongly disagree (1-9 scale): "It is acceptable to pay 10% more for groceries that are produced, processed, packaged in an environmentally friendly way; I would accept paying 10% more taxes to pay for an environmental cleanup program; I would be willing to spend an extra \$10 a week in order to buy less environmentally harmful products."		13% of the sample of 907 consumers answered "9" on all three items – classed as willing to pay more.

Table 4 Continued **MEASURING WILLINGNESS TO CHANGE BEHAVIOUR OR REWARD/PUNISH**

SOURCE	HOW MEASURED?	BEHAVIOUR?	REWARD/PUNISH?
<b>Auger, Burke, Devinney and Louviere (2003)</b>	EXPERIMENT: Conditional choice design, where ethical attributes must be traded off with all product attributes.		
<b>Moon and Balasubramanian (2003)</b>	EXPERIMENT: Respondents were asked whether they were willing to pay a particular premium for a box of breakfast cereals (with a base price of \$4.00) made of non-biotech crops. Premium varied from \$0.10 to \$3.00. Answers could be “yes,” “no,” or “don’t know.”		Mean premium was 10% in the U.S., 19% in the U.K.
<b>Donovan (2004)</b>	SURVEY: Contingent valuation (compares various prices for the ethical choice against a base price for the less ethical choice)	Depending on country; range is 18% (Spain) to 67% (China). Canada is 34%.	\$948 price premium for a play structure made of lumber from standing dead trees vs. lumber from living trees.
<b>Pelsmacker, Driesen and Rayp (2005)</b>	SURVEY: Conjoint design with tradeoffs between brand, blend, flavor, package, fair-trade label or not		Price premium varied from 3% to 36%, depending on consumer cluster
<b>EuroBarometer, reported in World Business Council for Sustainable Development (2008)</b>	SURVEY: “Please tell me whether you totally agree, tend to agree, tend to disagree, or totally disagree with the following statement: You are ready to buy environmentally friendly products even if they cost a little bit more.”		75% totally agree (25%), or tend to agree (50%)

Table 4 Continued **MEASURING WILLINGNESS TO CHANGE BEHAVIOUR OR REWARD/PUNISH**

SOURCE	HOW MEASURED?	BEHAVIOUR?	REWARD/PUNISH?
<b>Tandberg (2007), reported in World Business Council for Sustainable Development (2008)</b>	SURVEY: "I would be more likely to purchase products of services from a company with a good reputation for environmental responsibility" (percent agreement)		
<b>Howard and Allen (2008)</b>	SURVEY: Discrete choice (yes/no) to one of four price premiums for living wage production		85% willing to pay 5 cents more, ranges to less than 35% willing to pay \$1.50 premium
<b>Globescan (2007)</b>	SURVEY: "I have rewarded a socially responsible company in the past year by either buying their products or speaking positively about the company to others."		Depending on region, percent of "have done" ranges from 16% to 46% in North America.
	"I have punished a socially responsible company by refusing to buy the company's products or speaking critically about it to others."	Percentage of "have done regularly" depends on country, but ranges from 20% in Portugal to 43% in Germany. Canada is at 34%.	Depending on region, percent of "have done" ranges from 18% to 55% in North America.
	"I would be willing to pay 10% more for a product that was produced in a socially and environmentally responsible way."		Depends on country, but ranges from 68% in Germany to 88% in Great Britain. Canada is at 87% percent agreement.
	"Have you purchased food products certified as organic in the past year, that is products made without chemicals, pesticides, or antibiotics?"		

Table 4 Continued **MEASURING WILLINGNESS TO CHANGE BEHAVIOUR OR REWARD/PUNISH**

SOURCE	HOW MEASURED?	BEHAVIOUR?	REWARD/PUNISH?
	“How often have you purchased a product labeled as fair trade, which guarantees a fair price to small producers in developing countries?”	Percentage of “have done regularly” depends on country, but ranges from 4% in Mexico to 42% in Great Britain. Canada is at 21%.	
<b>BBMG (2008)</b>	SURVEY: “Below is a list of things that companies do. For each, I’d like you to tell me if you had a choice between products of equal quality and price, would you be more likely to purchase a product from a company that does any of the following things, or whether it makes no difference to you.”	Americans: 49% responded “much more likely” on fair labour and trade issues, 46% on environmentally friendly practices, same on animal rights, 32% donates proceeds to a cause, 25% uses only organic ingredients.	
<b>Trudel and Cotte (2009)</b>	EXPERIMENT: Subjects were shown various products, with or without ethical/unethical information. WTP on a scale, where the chosen subject would pay money indicated.		5%-10% premium, depending on the product. Punishment premiums higher (prices discounted by more) for unethical behaviour.

Many of the commonly cited reports on socially conscious consumption, including some of those in Table 4, are seriously flawed from a methodological standpoint. Academic researchers would not accept these conclusions, and yet they routinely enter the popular press discussion of the issue. As just one example, the Boston Consulting Group’s 2008 Global Green Survey claims that “fully one-third of consumers... said they would pay 5% to 10%

percent more for green products” (page 14). This claim is then transmitted throughout the blogosphere, as the conclusion is repeated in various articles and on websites. This BCG report claims that consumers will pay more if the product provides benefits, and that price is not a significant barrier. The evidence for this claim is a single item question “Are you willing to pay a premium for green products if they provide added benefits?”

This question is flawed and double-barreled (it confounds two issues) and the small print of the exhibit indicates it was asked only of consumers who had recently purchased green products (the sample is highly skewed). Compounding the problem, they do not highlight in the text that, depending on country, about 20% of this skewed “green positive” sample still said they would not pay any premium, even though the question mentions added benefits!

Another example would be the Deloitte (2007) study for the grocery industry. The company asked shoppers to rate the importance of several factors in grocery store choice, with “social and environmental reputation” always listed first, price always listed last, and with shoppers undoubtedly told this was a “green shopping survey.” A reasonable observer might hypothesize this research design may artificially inflate the positive “green” attitudes. A final example is the Corporate Social Responsibility Monitor (Globescan 2007). The reward and punishment questions (shown in Table 4) are single item measures, they are double-barreled (buying and word-of-mouth) and they ask respondents to consider their behaviour over an entire year.

Based on these data, there is not enough consideration given in most research designs for the complicated interplay between CSR actions/products, price, quality, and competitive behaviours. There is a paradox here. To really test a given consumer’s willingness to pay a premium, we must hold everything but the CSR action of the firm, and the price, constant.

That is, quality must be held constant, so we can conclude that the CSR action caused the price premium. But that is not the case in the real marketplace. There are three main concerns that may cloud research on the issue. First, consumers may believe the socially conscious choice is the higher quality choice, and in this case they may be paying for higher perceived quality, and not necessarily because they want to reward the CSR action of the firm. Second, there may be a perception that the better option, for example, the “greener” option, may not be as high a quality, based on prior experiences (recycled toilet paper comes to mind). In this case, the data may appear as if they are punishing a firm by willing to pay less for CSR, when in reality it is the perceptions of the product itself that is driving behaviour. Most of the work reviewed herein by Bhattacharya and Sen attempts to deal with this issue. As they recently pointed out (emphasis added):

*...assuming all else is constant, consumers are more likely to purchase from companies that engage in CSR actions, particularly in domains that consumers deem appropriate and personally relevant... [but]... little is constant in the real marketplace.  
(Du, Bhattacharya and Sen 2007)*

Finally, consumers may simply not see a need to pay a premium for the socially responsible choice. For example, if the “better” option has less packaging (less waste, less cost), and was created locally (less shipping), consumers may not understand why the product costs more. This idea is implicit in some of the study evidence here. For example, the BBMG report (2008, p. 35) finds that “one quarter of adults always prefers to buy from companies whose products and practices reflect their values, if price and quality are equal.” In this case, the entire concept of reward must be focused on the behaviour change (buying the socially conscious option) and not a price premium.

#### For Practitioners

A recent report for Boston Consulting Group (Manget, Roche and Munnich 2009) was quite optimistic about the prospect for what they called “Capturing the Green Advantage.” Indeed, in their attitude and intentions-based survey they concluded that “...fully one third of consumers...said they would pay 5% to 10% more for green products *if they were convinced that the products offered direct benefits*” [emphasis mine]. Rewording that conclusion, consumers are saying they will pay more if the product is worth more (a logical consumer sentiment) not because it is green per se.

Marketers need to realize that what appears to be a consumer reaction to a CSR initiative might not be.

Consumers could be purchasing the socially conscious choice without an awareness of doing so. The majority of the evidence in the literature reviewed here implicitly, and even explicitly, assumes that consumers do follow some sort of model like the one presented here (from attitudes to intentions to behaviour). But a recent practitioner report from Deloitte, based on interviews with grocery shoppers leaving the store, concluded that only 57% of the shoppers who had purchased “green” products did so intentionally, which means the remaining 43% of shoppers bought the environmentally better alternative for other reasons (Deloitte 2008).

Another main implication for marketers from this evidence is that segmentation schemes designed to identify *the* socially conscious consumer are likely not useful. Taken together, the evidence in these studies show that there is not one (or even several) clear differentiating demographic or psychographic variables that will predict socially conscious behaviours across a wide range of situations, and certainly no clear and easy to use measure of what makes one consumer pay a premium, or do the right thing, and another not to (e.g. Bratt 1999). Personality variables do better, especially the more closely they are tied to the domain of interest. Marketers need to assess their customers, and understand the possible segments they can attract to a more socially conscious product, and not make the mistake of chasing “the conscious consumer,” as if there is only one kind.

One “good news” story from the evidence that may help marketers is how important it is that consumers feel they can make a difference. Consumer efficacy was shown in many studies to be a key moderator of whether positive attitudes translated into positive behaviours. This sort of consumer efficacy could be measured in a survey. The evidence seems clear this is a major determinant of socially conscious behaviour. One of the studies in the review demonstrates that consumer efficacy was almost six times more important than concern for the environment in predicting environmentally responsible behaviours (Roberts 1996).

An example: a consumer may believe that one person switching their light bulbs to more environmentally friendly ones will not make a difference at all. So, while the consumer may have very positive, environmentally responsible attitudes, these do not translate into behaviours in the market. Whatever the area then, it behooves marketers to focus at least some of their messaging into stories translating one person’s behaviour into results for the broader world.

We can also conclude from the evidence here that consumer knowledge (and the importance of this knowledge) is greater for negative firm behaviours (acting unethically or irresponsibly) than it is for positive firm behaviours. Sen and Bhattacharya (2001) showed that consumers are more sensitive to negative CSR information than to positive CSR information. As Trudel and Cotte (2009) suggest, a single ethical act does not make a firm ethical; one unethical act does indeed make the firm unethical, from a consumer’s perspective. Firms then need to strike the delicate balance between legitimately informing consumers of their positive CSR actions, whilst not being perceived as over-emphasizing modest claims.



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We systematically reviewed all academic and some practitioner literature dealing with socially conscious consumption and consumer willingness to pay. The studies included in the systematic review are listed with an asterisk in the following reference pages.

**Note: Studies with an asterisk are included in the systematic review.**

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# appendix 1

## Coding Scheme for Socially Conscious Consumerism Project

### **METHOD USED**

- 1 – survey
- 2 – experiment
- 3 – qualitative
- 4 – archival
- 5 – theory
- 6 – meta-analysis
- 7 – unclear

### **SAMPLE SIZE**

Insert number. If experimental, aggregate studies.

### **YEAR DATA COLLECTED**

Enter NA if it's not given, otherwise enter year.  
(not year of publication, but collection)

### **PEER REVIEWED**

- 1 – yes (all journals)
- 2 – no (industry reports)

### **PRODUCT/SERVICE**

- 1 – product (e.g. fair trade coffee, organic cotton)
- 2 – service (anything other than a physical product – environmental disposal service, for example)
- 3 – general consumer behaviour
- 4 – both products and services
- 5 – other or unclear

### **SAMPLE SIZE**

- 1 – environmental/green
- 2 – labour practices
- 3 – cause-related/charity
- 4 – sourcing and/or production
- 5 – organic
- 6 – other
- 7 – animal rights
- 8 – overall consumer ethical level
- 9 – overall CSR

## **INDUSTRY SECTOR**

This refers to what industry consumers were asked about.

### **Agriculture, Forestry and Fishing**

- 1 = Agricultural Production Crops
- 2 = Agricultural Production Livestock
- 3 = Agricultural Services
- 4 = Forestry
- 5 = Fishing, Hunting and Trapping

### **Mining**

- 6 = Metal Mining
- 7 = Oil & Gas Extraction
- 8 = Mining & Quarrying Nonmetallic Minerals
- 9 = Mining Miscellaneous

### **Construction**

- 10 = Building Construction
- 11 = Construction other than Building
- 12 = Special Trade Contractors

### **Manufacturing**

- 13 = Food and Kindred Products
- 14 = Tobacco

- 15 = Textile Mill Products
- 16 = Apparel and other Finished Products
- 17 = Lumber and Wood Products
- 18 = Furniture and Fixtures
- 19 = Paper and Allied Products
- 20 = Printing, Publishing & Allied Industries
- 21 = Chemicals and Allied Products
- 22 = Petroleum Refining & Related Industries
- 23 = Rubber & Miscellaneous Plastics Products
- 24 = Leather & Leather Products
- 25 = Stone, Clay, Glass and Concrete Products
- 26 = Primary Metal Industries
- 27 = Fabricated Metal Products
- 28 = Machinery except Electrical
- 29 = Electric & Electronic Equipment Supplies
- 30 = Transportation Equipment
- 31 = Miscellaneous Manufacturing Industries
- 32 = Measuring & Analyzing Instruments

**Transportation, Communication, Public Utilities**

33 = Local & Suburban Transportation

34 = Postal Service

35 = Water Transportation

36 = Air Transportation

37 = Pipeline, Except Natural Gas

38 = Motor Freight Transportation

39 = Transportation Services

40 = Communications

41 = Electric, Gas and Sanitary Services

42 = Railroad Transportation

**Wholesale Trade**

43 = Wholesale Trade Non Durable Goods

44 = Wholesale Trade Durable Goods

**Retail Trade**

45 = General Merchandise Stores

46 = Food Stores

47 = Automotive Dealers & Gas Service

48 = Apparel and Accessory Stores

49 = Furniture, Home and Equipment Stores

50 = Eating and Drinking Places

51 = Miscellaneous Retail

52 = Bldg. Materials, Hardware, Garden Supply

**Finance, Insurance and Real Estate**

53 = Non-depository institutions

(i.e. Credit Agencies other than Banks)

54 = Security and Commodity Brokers, Dealers

55 = Insurance

56 = Real Estate

57 = Holdings and other Investment Companies

58 = Depository Institutions (i.e. Banks)

**Services**

59 = Personal Services

60 = Business Services

61 = Automotive Repair, Services and Parking

62 = Miscellaneous Repair Services

63 = Motion Pictures TV, Radio & Video

64 = Amusement and Recreation Services

65 = Health Services

66 = Legal Services

67 = Educational Services

68 = Social Services

69 = Museums, Art Galleries, Public Gardens

70 = Non Profit (Membership) Organizations

71 = Miscellaneous Services

72 = Hotels, Rooming Houses, Camps

**Public Administration**

- 73 = Justice, Public Order and Safety
- 74 = Public Finance, Tax & Monetary Policy
- 75 = Administration Human Resources Programs
- 76 = Admin Environmental Quality & Housing
- 77 = Administration of Economic Programs
- 78 = National Security & Internat. Affairs
- 79 = Executive, Legislative & General Gov.

**REGION**

- 1 – US
- 2 – Canada
- 3 – North America (and can't tell if it's Canada or US, or they are combined in one article)
- 4 – Europe
- 5 – South America
- 6 – Asia, not including Australia
- 7 – Africa
- 8 – Australia
- 9 - World

**B2C or B2B**

- 1 – Business to consumer
- 2 – Business to business
- 3 – Unclear or unstated

**CUSTOMER DEMOGRAPHICS – AGE**

If given, insert age range of sample as a text variable. If not described, please type NA

**CUSTOMER DEMOGRAPHICS – AGE**

- 1 – males
- 2 – females
- 3 – both

**CUSTOMER DEMOGRAPHICS – INCOME**

If given, insert income range of sample as a text variable. If not described, please type NA

**CUSTOMER DEMOGRAPHICS – SALES REVENUE**

If given, insert sales revenue of the company studied. If not described, please type NA

**CUSTOMER DEMOGRAPHICS – # OF EMPLOYEES**

If given, insert number of employees of the company studied. If not described, please type NA

### **BRAND OR FIRM?**

- 1 – testing of responses at the brand level  
(e.g. Swiffer cleaning cloths)
- 2 – testing of responses at the firm/company level  
(e.g. Proctor and Gamble)
- 3 – both
- 4 – not described

### **WILLINGNESS TO CHANGE BEHAVIOUR?**

Yes/No/NA

### **WILLINGNESS TO PAY A PREMIUM?**

Yes/No/NA

### **WTP – DOLLARS**

Enter increase in what consumers will pay, if given.  
If not given in dollars or other currency, enter NA

### **WTP – PERCENTAGE**

Enter increase in what consumers will pay, if given.  
If not given in percentages, enter NA

Finally, in a second round of coding, each study was recoded into attitudes, behavioural intentions, or behavioural studies, in order to aggregate and facilitate analysis.



# 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](http://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.

## **FUNDING**

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# about the network's leadership council



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