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BY TIMOTHY DEVINNEY, PAT AUGER,
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During the last 25 years, there has been debate about the value of corporate social responsibility (CSR), particularly as it relates to the rise of “ethical consumers.” These are shoppers who base purchasing decisions on whether a product’s social and ethical positioning — for example, its environmental impact or the labor practices used to manufacture it — aligns with their values. Many surveys purport to show that even the average consumer is demanding so-called ethical products, such as fair trade–certified coffee and chocolate, fair labor–certified garments, cosmetics produced without animal testing, and products made through the use of sustainable technologies. Yet when companies offer such products, they are invariably met with indifference by all but a selected group of consumers.

Is the consumer a cause-driven liberal when surveyed, but an economic conservative at the checkout line? Is the ethical consumer little more than a myth? Although many individuals bring their values and beliefs into purchasing decisions, when we examined actual consumer behavior, we found that the percentage of shopping choices made on a truly ethical basis proved far smaller than most observers believe,

and far smaller than is suggested by the anecdotal data presented by advocacy groups.

The trouble with the data on ethical consumerism is that the majority of research relies on people reporting on their own purchasing habits or intentions, whether in surveys or through interviews. But there is little if any validation of what consumers report in these surveys, and individuals tend to dramatically overstate the importance of social and ethical responsibility when it comes to their purchasing habits. As noted by John Drummond, CEO of Corporate Culture, a CSR consultancy, “Most consumer research is highly dubious, because there is a gap between what people say and what they do.”

The purchasing statistics on ethical products in the marketplace support this assertion. Most of these products have attained only niche market positions. The exceptions tend to be relatively rare circumstances in which a multinational corporation has acquired a company with an ethical product or service, and invested in its growth as a separate business, without altering its other business lines (or the nature of its operations). For example, Unilever’s purchase of Ben & Jerry’s Homemade Inc. allowed for the expansion of the Ben & Jerry’s ice cream franchise within the United States, but the rest of Unile-

ver’s businesses remained largely unaffected. Companies that try to engage in proactive, cause-oriented product development often find themselves at a disadvantage: Either their target market proves significantly smaller than predicted by their focus groups and surveys or their costs of providing ethical product features are not covered by the prices consumers are willing to pay. (For a different perspective on these issues, see “The Power of the Post-Recession Consumer,” by John Gerzema and Michael D’Antonio, *s+b*, Spring 2011.)

To understand the true nature of the ethical consumer, we set up a series of generalized experimental polling studies over nearly 10 years that allowed us to gather the social and ethical preferences of large samples of individuals. We then conducted 120 in-depth interviews with consumers from eight countries (Australia, China, Germany, India, Spain, Sweden, Turkey, and the United States). We asked them not just to confirm that they might purchase a product, but to consider scenarios under which they might buy an athletic shoe from a company with lax labor standards, a soap produced in ways that might harm the environment, and a counterfeit brand-name wallet or suitcase. They were also asked how they thought other people from their country might respond to these products — a well-established “projective technique” that often reveals more accurate answers than questions about the respondent’s direct purchases. And they were asked about their own past behavior; for example, all the interviewees admitted purchasing counterfeit goods at some point. The interviews asked participants explicitly about the

ramifications of these ethical issues, and the inconsistencies between their words and their actions.

The participants knew a great deal about the issues, and agreed that good practices involving labor, the environment, and intellectual property are important to society. But most did not consider such issues to be relevant to them personally. Indeed, they often stated that someone other than the individual consumer should be responsible: the law (“the government should protect the environment”), the competitive market (“it’s too bad, but all sneaker companies do this”), the companies themselves (“advertising should let us know about this”), or the overall system (“I cannot do anything, so why bother thinking about it?”).

Another key finding that refutes conventional wisdom on this topic is that most people will not sacrifice product function for ethics. When faced with a choice of good ethical positioning and bad product functionality or good product functionality and bad ethical positioning, individuals overwhelmingly chose the latter. They revealed an astounding reluctance to consider ethical product features as anything but secondary to their primary reasons for purchasing the products in question. “It would take some kind of catastrophe to make me care,” said one respondent.

Contrary to other research that has typecast ethical consumers demographically or by their responses to surveys of values, we find little difference between people who take into consideration social aspects of products and those who do not. For example, it has been commonly assumed in the popular media that Europeans, with their strong tradi-



tion of social democracy, are more socially aware than Americans bred on notions of self-sufficiency and individualism. However, we found only weak support for this idea. Simplistic notions about differences influenced by gender, education, income, culture, domicile, basic values, and so on proved similarly unfounded. It is often assumed that individuals from emerging-market countries are significantly less sensitive to social issues, being more concerned about economic development. Again, the reality is more complex; individuals’ responses were more nuanced. We found that although those from Germany, the U.S., or China might rationalize their ethical consumption (or lack of it) differently, the behaviors being justified are remarkably similar.

Proponents of ethical consumerism want to believe that people’s socially oriented choices are somehow different — perhaps made at a higher level of consciousness — from their general product choices. This is a delusion. Product ethics are more important only when individuals, comparing such ethics to all the other things that have value to them, determine that they are

more important. And our research shows that for many people, this is seldom the case.

To some, this will sound like heresy. How can it possibly be that the cost of a bar of soap is more important than knowing that it won’t pose an ecological hazard? Whatever the moral merits of the issue, for many ordinary people in ordinary circumstances, the cost does matter more. Even a factor like the color of a running shoe matters more, to most people, than the conditions under which the shoe was made.

The emergence of a true ethical consumer base is a long way from being a reality. Although some consumers today do take into consideration the social aspects of their purchasing behavior and care about a company’s CSR policies, most do not care enough to pay a higher price. Looking ahead, however, social consumption may have the potential to become a mass-market phenomenon. In fact, we see a parallel between the current ethical consumer market and the early days of e-commerce in the mid-1990s. As Internet usage expanded and capabilities and security grew more sophisticated, consumers learned to

integrate technology into their daily lives. Now, Amazon and myriad other online destinations have made e-commerce an integral part of the shopping (and banking) culture. Socially responsible consumption today is a nascent skill. Individuals do not necessarily know how to translate descriptions of ethical activity into judgment. (For example, what is a “good” labor practice? How much of a difference does an “ethical” sneaker purchase make in improving labor conditions?) Nor do they have any reason to trust in the verifiers, which are often the corporations themselves, or biased third-party organizations.

For more ethically oriented consumption to really take hold, the consumer needs to become a knowledgeable participant, not a reader of labels. Rather than relying on traditional market research techniques, firms need to help their existing and future consumers become more socially conscious in their purchasing. This will require giving consumers more tangible, reliable information about the health, social, and environmental benefits of their products and services, in the context of the many choices consumers have to make. Product labels will have to explain why a certain company’s production footprint, packaging techniques, or ingredients are better than those of the competition — and have that superiority verified, ideally by independent sources that are accessible through the Web or social media, conceivably through a shopper’s smartphone. Bit by bit, this type of information is becoming more available, and people are starting to bring their values not just to the survey but to the checkout counter. But that movement will be gradual,

and such behavior is still far from being second nature. It is possible that 10 or 20 years from now people will be purchasing ethically as a matter of habit, but corporations (along with third-party information providers) must first make the social merit of their products and services tangible to the pragmatic consumers who dominate the market. +

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Timothy Devinney

timothy.devinney@uts.edu.au

is a professor of strategy at the University of Technology, Sydney. He is the author of seven books and more than 80 articles in academic journals.

Pat Auger

p.auger@mbs.edu

is an associate professor and the academic director of the executive MBA program at the Melbourne Business School. He has published extensively on ethical consumerism and e-commerce in leading academic journals.

Giana M. Eckhardt

geckhardt@suffolk.edu

is an associate professor of marketing at Suffolk University in Boston. She has published widely on global branding and consumer behavior in academic journals and books.

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