

DO CONSUMERS REALLY CARE?

| What Every Social Entrepreneur
Needs to Know

“IT IS NOT TO BE FORGOTTEN THAT WHAT WE CALL RATIONAL GROUNDS FOR OUR BELIEFS ARE OFTEN EXTREMELY IRRATIONAL ATTEMPTS TO JUSTIFY OUR INSTINCTS.”
~THOMAS HUXLEY

Is there really such a thing as an ‘ethical consumer’?

This important question cuts to the core of social entrepreneurship, and the way you approach the answer may make the difference between failure and success for your mission-driven business.

If you have been chasing strategy after strategy in the attempt to grow your business, then it is very likely that you have been taking the wrong approach—you along with many other social entrepreneurs. This report, which dissects and interprets the research presented in the book *The Myth of the Ethical Consumer* (supplemented by our decades of experience in the social entrepreneurship space), explains exactly why the standard view on ethical consumerism is so dangerous. Because the truth is that values and buying behaviors simply do not align in the modern marketplace—at least not in the ways that we social entrepreneurs too often assume.

However, that doesn’t necessarily spell doom for our businesses. Quite the opposite, actually.

Full disclosure: we have quoted and paraphrased from various pieces of the important research conducted by the authors of *The Myth of the Ethical Consumer*, and for a fuller understanding we highly encourage you to [purchase the book](#).

**WITHIN THIS REPORT,
WE BUILD ON THE
INFORMATION WE
PRESENTED IN
THE 6 ESSENTIALS
PIECE TO:**

01 Expose how bias in popular surveys and the disconnect between survey results and actual customer behavior are hurting your social enterprise

02 Debunk the notion of ethical consumerism and demonstrate how ethics is just one part of the process of deciding to purchase.

03 Identify the 3 forms of consumer social responsibility and illustrate why 2 of the 3 fail to be reliable predictors of marketplace behavior.

04 Explain what all this means for your business, what strategies you can apply to succeed and make recommendations for how to avoid the traps that many social entrepreneurs fall into.

01

THE SURVEYS ARE BIASED

Most social entrepreneurs believe that one consequence of globalization is a growing social consciousness within the average population. It seems only logical, then, that this increase in awareness and interest in social issues would impact buying behavior (and translate into a surge of sales for socially responsible brands). In other words, people should be lining up to put their money where their mouths are: behind socially conscious brands and products.

Numerous surveys also seem to back this idea. These include the 2017 Growth from Knowledge survey we analyzed in the [6 Essentials](#) piece (wherein 56% of the 25,000 respondents claimed a willingness to pay more for “green” products). However, these respectable numbers break down upon further inspection. As we demonstrated in that piece, the actual spending behaviors of the average person fall far short of their self-reported enthusiasm for ethical purchasing, a phenomenon also reflected in the all-time low score Americans received in 2018 from the Good.Must.Grow Consumer Spending Index.

SO WHY IS THERE SUCH A GAP BETWEEN WHAT WE THINK CONSUMERS DO (& TO SOME EXTENT, WHAT THEY CLAIM TO DO) & WHAT THEY ACTUALLY DO?

One reason, according to Giana Eckhardt, head of the Centre for Research into Sustainability at Royal Holloway, University of London and co-author of *The Myth of the Ethical Consumer*, is that most of the surveys are superficial.

ECKHARDT AND HER CO-AUTHORS FOUND THAT:

- There is a considerable degree of bias in the existing research, on all sides. Those conducting and reviewing the research tend to be interested in ethical consumerism, and thus inclined to pursue results that are favorable to the idea of a socially-conscious marketplace.
- By the same token, those participating in the surveys are typically inclined to emphasize their ethical intentions, regardless of their actual purchasing tendencies.
- The interpretation of survey results typically involves considerable extrapolation and interpolation, which attribute specific actions to an individual's vaguely expressed intentions and allow for broad generalizations to be made from very specific social stances. Through this method of assumption, checking a box that indicates that "yes" you think recycling is important could be taken as evidence that **(a)** you primarily purchase products that are made from recycled materials and/or **(b)** you probably consider other unrelated social and environmental causes when shopping, such as fair labor practices.



Despite their good intentions, most people do not substantially change their behavior to accommodate their beliefs, especially when doing so entails parting with their hard-earned cash. However, they are still likely to mark themselves as interested in various social causes, thus skewing the survey results. The results in a good portion of marketing surveys and polls are then further skewed by the rose-colored glasses of positive interpretation, which extrapolates the ideal behavior to match the alleged values of study participants.

KEY TAKEAWAY:

Consumer behavior in our socio-political environment is misunderstood and misrepresented by insufficient surveys that fail to accurately predict majority spending habits.

02

THE NOTION OF
LARGE-SCALE ETHICAL
CONSUMERISM IS
A MYTH

While Eckhardt and her co-authors acknowledge that there is a small percentage of people who prioritize ethics when making purchases, **the notion of large-scale, overarching ethical consumerism is a myth. Ethics is just one of many things people consider when buying products and engaging services, and it is exceedingly rare that a consumer's values outrank other factors.**

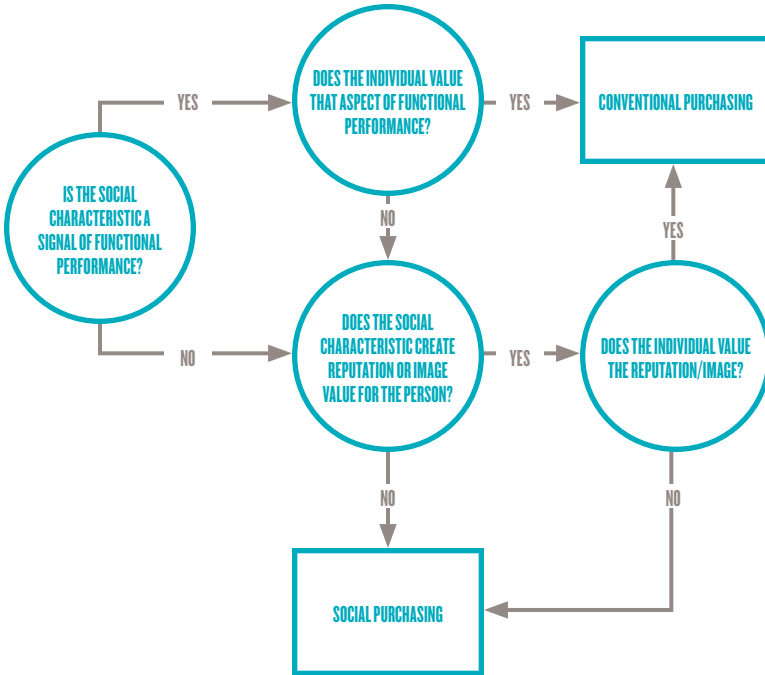
When it comes to day-to-day purchasing, aspects like convenience, quality (both perceived and actual), functional performance, social image and, of course, price are likely to reign supreme in the consumer's mind. This hierarchy remains true regardless of demographic, contrary to attempts to typecast the ethical consumer. Gender, education, political affiliation, nationality and so on prove unhelpful indicators of a consumer's likelihood to take ethical aspects of products into consideration.

Take the Toyota Prius as an example: According to consumer behavior experts, if the ethical features of the Prius are perceived to be signals of functional performance (e.g. "uses less gas"), and we the consumer value that functional aspect of the Prius, that actually puts us on the path to making a conventional purchase rather than a values-motivated one.

Furthermore, even if a purchase is made with ethical features in mind, the deeper incentive often lies in the accompanying social status benefits of the ethical feature, rather than the inherent value of the feature itself. Often, even the most conscientious buying behaviors are primarily linked to the reputation (e.g. the desire to be seen as more conscious than others, as an early adopter of innovative technology, etc.) that accompanies certain ethical brands.

Researchers have found a significant correlation between consumer perception of the symbolic attributes of electric cars and interest in buying them, even when costs were higher. Interestingly, this relationship was only made apparent through observation and indirect questioning. When asked directly, participants claimed that they did not believe social status was an important purchasing consideration (compared to factors like environmental impact and product reliability). It's safe to say that there is a serious gap between what consumers claim as motivations and what actually appears to drive green purchasing behaviors.

To help visualize how frequently what we perceive as ethical purchasing is actually conventional purchasing, we have included the flowchart below.



Despite the public's supposed enthusiasm for sustainable, fair trade and/or otherwise responsibly made products, such items only account for a small percent of their markets (on average). Even products that are specifically made available in response to the demands of consumers are subject to low sales. Take Starbucks and their initial commitment to providing an ethically produced Fairtrade coffee option, for example. Despite consumer activism playing a huge role in the brand's decision to offer Fairtrade coffee in the first place, the option proved a flop. This surprising outcome indicates that the multitude of allegedly ethical consumers who demanded that Fairtrade coffee be provided didn't actually show up to purchase the item that fulfilled their request — a fact that former President of Starbucks Howard Behar confirmed in 2019.

As they apply to social entrepreneurship and people who operate socially responsible businesses, self- and collective deception can include the noble belief that more and more people are buying products first and foremost for their ethics. This deception is dangerous, despite its nobility, because it substitutes faith and social acceptance for true analysis of purchasing behavior and can lead to delusion rather than reason and understanding.

KEY TAKEAWAY:

The notion of ethical consumers is a myth, with the exception of small pockets of the population. There is no evidence that supports the idea of masses of people applying a fixed set of morals and ethics to all of their purchasing behavior and little difference between people who take into consideration social aspects of products and those who do not.

03

We need to move away from notions of ethical consumerism and toward consumer social responsibility.

As we have explained, ethical consumerism falsely assumes that people make purchasing decisions based on ethics alone.

Consumer social responsibility, however, allows us to adopt practices that reveal much more about people's purchasing behaviors, which will in turn lead to better choices related to marketing, advertising, manufacturing, etc.

We define consumer social responsibility as the conscious and deliberate choice to make certain consumption choices based on personal and moral beliefs.

DISTINGUISHING ETHICAL CONSUMERISM FROM CONSUMER SOCIAL RESPONSIBILITY

It includes two basic components:

01 A “consumerism” component, which implies that the preferences and desires of consumers are partially responsible for the increasing influence of social factors.

02 A “social” component, relating to the underlying importance of the social components of a company's products and business processes.

Consumer social responsibility takes three forms. The first two reflect the “social” aspect of the concept while the last embodies the “consumerism.”

01 Activity with respect to specific causes – such as donations or willingness to be involved in protests and boycotts. These are revealed social preferences, as they relate to behavioral activities linked to values and beliefs.

02 Expressed opinions in surveys or other forms of market research. We call these stated social preferences, as they may have no relationship to specific behavior.

03 Activity in terms of actual purchasing behavior.

Activity related to specific causes can be seen in highly publicized developments, such as the number of large-scale protests directed at governments, multinational corporations and international organizations. In fact, demonstrators have often become the main focus of news reports during large-scale meetings such as those of the World Trade Organization, World Bank, International Monetary Fund, G7, United Nations and World Economic Forum.

Opinion forms or other forms of market research are the most common, and perhaps the most inaccurate, means by which consumer social responsibility is measured. If we are to believe that opinion polls and surveys are accurate measures of ethical consumerism, then naturally consumers are giving increasing consideration to the ethical components of products and business processes, and these concerns have financial implications for the businesses involved. *(But as we covered in section two of this report, it's a grave mistake to accept polls and surveys at face value.)*

When consumer social responsibility is measured by the above methods, (1) activity related to specific causes and (2) opinions forms and surveys, a very positive picture of consumer involvement in ethical issues emerges. **It is easy to envision noble protesters and up to half of the general population as concerned and motivated consumers, ready to change behaviors and brands to support the causes they endorse.** However, when consumer social responsibility is measured using the metric of behavior, as in the third form of consumer social responsibility, a starkly different picture appears – one that suggests that the majority of consumers are not willing to back their beliefs with cash. As noted by one Australian in the ethnographic component of *The Myth Of The Ethical Consumer*,

“MORALS STOP AT THE POCKETBOOK. PEOPLE MAY SAY THEY CARE, BUT THEY WILL ALWAYS BUY THE CHEAPER BRAND.”

04

WHAT NOW? STRATEGIES FOR SUCCESS

How can we make sense of this disconnect between expressed intention and actual purchasing behavior? Eckhardt and her co-authors contend that consumer social responsibility must be understood as one component of a complex consumer decision-making process and as an imperfect measurement process. Only in this way can we develop effective and meaningful approaches that engage the potentially social consumer. Here are two approaches we suggest.

01 Apply behavior-based methods when examining social consumption. Such methods involve forcing consumers to make difficult and inconvenient choices, from which preferences can be gleaned.

02 Don't rely on a single method or a single study to guide your strategy. Part of the problem with current approaches to social business stems from the fact that nearly all the research in the field has been survey-based, leading to all its results being conditional.

03 Engage in small-scale experimental steps that allow the consumer both to learn and to co-produce. One of the great difficulties in developing a strategy for enhancing consumer social responsibility is that consumer social responsibility is a nascent field. Consumers do not necessarily know the product/service norms (e.g. what is “good” labor practice or what does it mean for an animal not to suffer when killed?), nor do they have any reason to put their trust automatically in verification marks from the likes of Fairtrade International or other third-party certifiers. This mistrust is justified because the verifier is typically a corporation, or an organization affiliated with a corporation, that is unlikely to be unbiased because they sell consulting services or directly promote specific social causes they consider to be important above all else. So consumers have to build up a knowledge base of what they consider acceptable product/service standards and which organizations are best able to provide them with that information.

04 Use persuasion and reinforcement to link behavior back to motivations. Testing out different strategies can be a good predictor of trial and short-term repeat buying, but in the end it’s the interaction with the product or service that will drive long-term commitment to your brand. That’s why it’s so important to reinforce consumer behavior. The reinforcement tightens the cognitive and emotional link between the behavior and what the individual perceives as the rationales and motivators behind it. Such linking goes a long way toward making consumer social responsibility a habit. For example, acts such as wearing seat belts or recycling are individually-motivated actions that became ingrained slowly.

To elaborate, it’s critical to focus on the behavioral outcome, not the reason for the behavior. The key is to create opportunities in which individuals can reveal hidden social preferences without coercion or fear of consequence. These opportunities may involve advertising, social network interactions and so on, and may also be linked to individual, family, network and collective social decisions.

On a similar note, avoid focusing on singular opportunities (such as might exist with cause-related marketing campaigns), but do keep in mind that different individuals will manifest their behavior in different contexts. That means creating multiple avenues (calls to donate to a campaign in a TV ad, email to an event, articles in a magazine, product placed at point-of-purchase in stores) through which consumer preferences can be observed and measured not only maximizes the likelihood that an individual will reveal his/her social desires, but also allows your company to test which combination of the many opportunities presented is the best to use.

Focus on the ties and interactions with product functionality. Consumption is contextual, and considering social consumption separately from the functional aspects of a product/service or its category assumes that consumer social responsibility is simply an “add-on” to traditional consumption.

Individuals who respond to social positioning are responding to both social and functional positioning. Therefore, the product or service proposition must be presented to the customer holistically. If your product doesn't work, no one will buy it, no matter how ethically it's produced.

Socially recognized self-expression is a strong motivation for consumption – remember the Prius. Consumers create their identities using a combination of things that they consume. In positioning themselves with regard to consumer social responsibility, organizations need to understand how they fit into the co-production equation. The third-generation Prius advertising campaign slogan “Are you a Prius person?” is a good example of the logic of co-production for an individual image. Through that campaign, Toyota shows a distinct understanding of not just how to sell a vehicle but how consumers use vehicles for socially recognized self-expression.

Individuals have a variety of social responsibilities – as consumers, citizens, workers, investors and so on – each of which gives us a different angle on the complex behaviors of the individual in different contexts.



KEY TAKEAWAY

Consumer social responsibility must be understood as one part of the consumer decision-making process, rather than as a standalone motivator. Accordingly, products and services must be presented to the customer holistically. After all, if your product doesn't work, no one will buy it, no matter how ethically it's produced.

CONCLUSION

The information provided in this report will help you understand the behavior of consumers and develop better marketing and advertising. But if you have any questions, or would like our help implementing anything in this report, get in touch. Even better, take advantage of a free **30-Day Community Membership** to **COMMON** and **90-Minute Strategy Session** where we will discuss your business goals and challenges and draw up recommendations at no obligation (total value: \$1,000).

Whether you choose to extend your membership in our community or not, we do ask that you be conscious of the fact that our work is designed for people who are serious about setting up their businesses for long-term success and benefit to people and the environment.

If you are serious about leading in your area of impact and moving to the top of your market, maximizing your marketing and developing more effective advertising, we're here to help. **Let's kick your social enterprise into the next gear and up your impact together.**

Works Cited:

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Noppers, E.H., et al., "The adoption of sustainable innovations: Driven by symbolic and environmental motives." *Global Environ. Change* (2014), [link](#).



Ask questions, say hello or start
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