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978-0-521-74755-4 - The Myth of the Ethical Consumer

Timothy M. Devinney, Pat Auger and Giana M. Eckhardt

Excerpt

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# 1 *The appeal and reality of ethical consumerism*

What a man believes upon grossly insufficient evidence is an index into his desires – desires of which he himself is often unconscious. If a man is offered a fact which goes against his instincts, he will scrutinize it closely, and unless the evidence is overwhelming, he will refuse to believe it. If, on the other hand, he is offered something which affords a reason for acting in accordance to his instincts, he will accept it even on the slightest evidence. The origin of myths is explained in this way.

Bertrand Russell

The great enemy of the truth is very often not the lie – deliberate, contrived and dishonest – but the myth – persistent, persuasive and unrealistic.

John F. Kennedy

## The ethical consumer and myth

The notion of ethical consumers has evolved over the last twenty-five or more years from an almost exclusive focus on environmental issues to a concept that incorporates matters of conscience more broadly, only to return to its “green” roots with the recent concerns about global climate change. During this same period we have witnessed a growing debate about the importance of ethical consumerism and, in particular, the impact that large-scale strategies have on consumer awareness and spending. Star-spangled initiatives such as Project Red – an initiative launched in 2006, spearheaded by U2’s Bono and US politician Bobby Shriver, in which major brands such as Gap and Giorgio Armani sub-brand some of their products with the Red label and donate the proceeds to AIDS funds – are a direct assault on large companies’ social responsibilities in manufacturing, retailing, and advertising and purport to satisfy a huge public desire for ethical products.

Such high-profile activities hide the effectiveness and limited uptake of products with ethical or social dimensions, leaving many company

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executives expressing private uncertainty about the financial efficacy of ethical consumerism and the role of their customers in sharing obligations to social ethics. Although corporations and policy makers are bombarded with international surveys purporting to show that average consumers do indeed demand ethical products, lingering doubts remain as survey radicals seem to turn into economic conservatives at the checkout. In the case of Project Red, Stephan Shakespeare, chief executive officer (CEO) of YouGov, a British market research firm, notes that “[w]hen we look at the impact of Project Red on these so-called superbrands . . . the scores are as flat as a pancake and the British public hasn’t reacted in the manner that these companies, at least in private, would have hoped for. . . [There exists a level of consumer apathy] towards Project Red, which even Bono can’t overcome.” The reality is that initiatives such as Project Red are subject to higher failure rates than normal marketing activities, because they lack distinctive ownership that ensures that the campaign lasts beyond its initial hype.

Much of the difficulty in understanding the complexity of ethical consumerism resides in the failure to grasp more clearly and consistently what it is that motivates individuals socio-politically and how it is that the purchasing context operates to reveal or not reveal the wants, desires, values, constraints, beliefs, and mindset of the individual doing the purchasing. Although we know a considerable amount about political behavior in a voting or activist context, and consumer behavior in a functional or emotive product and service situation, how consumer behavior models operate in a socio-political environment embodied by notions of the ethical consumer is unclear and under-researched (Cotte, 2009). Although Harrison, Newholm, and Shaw’s *The Ethical Consumer* (2005) focuses on small numbers of committed ethical consumers – outlining their behavior, discourses, and narratives so as to understand the effectiveness of their actions in the marketplace – their perspective is limited to “believers.” Our concern is to make sense of a much wider range of consumers, some of whom act “ethically” while others do not.

Following on from this – and it certainly is an oversimplification – those interested in ethical consumerism put considerable faith in the belief that an individual’s vaguely construed intentions say a lot about his/her specific actions and that broad generalizations can be made about specific versus general social stances. This belief is found in the quite considerable number of surveys professing to show that

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individuals will sacrifice themselves and their wallets to a higher cause and that individuals care about many complex social causes. What is surprising is that such a belief continues to be held quite passionately despite the continual failure of such surveys to predict behavior other than in the most isolated of circumstances. Despite the hype, the reality is that most “ethical” products have occupied niche market positions except in the few circumstances in which major multinational corporations have taken on the cause and marketed these products broadly and as replacements for conventional offerings, such as Unilever and Ben & Jerry’s (Hays, 2000; Austin and Quinn, 2007) or Starbucks and Fairtrade coffee (Argenti, 2004).

An allied concern arises from the broad generalizations made on the basis of specific revealed behavior that represents a broad and complex set of motivations and causes. For example, the extent to which the Fair Trade movement is driven by consumer demand is unclear despite its specific successes. Beyond the United Kingdom, the movement is relatively limited except where it can generate corporate acquiescence. Hence, if Starbucks or Caribou Coffee switch to more Fairtrade sourcing, this does not imply anything about consumer desires, because the corporation is making the choice and not the individual (other than the consumer not revolting at the action). At the other extreme, it can be argued that the fact that shops do not promote labor-friendly athletic shoes does not imply that there is not a market for such products, just that the suppliers have made the choice not to promote such a product and the suppliers control the product offerings in the distribution chain.

A related issue is the degree to which one can generalize from a niche market to a mass market. For example, the Toyota Prius has been a successful engineering and marketing achievement, but it is hardly the most fuel-efficient or highest-quality hybrid automobile available. However, its first-to-market position has made it quite successful, with a niche willing to sacrifice design and performance for fuel efficiency. Its early adopters mainly switched from other small vehicles, not mass-market mid-size and large vehicles. However, its current model, which is now moving into the mass market, in which it must appeal to a broader demand segment, reveals compromises that are aimed at appealing to more median consumer desires: better build and design, a larger petrol engine, and more engine noise (which gives the sensation of performance). The reality now is that the “green” Prius is no more environmentally friendly than many small diesel offerings on the market.

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It would be disingenuous simply to argue that ethical consumerism is an oxymoron motivated by belief and hope and antithetical to reality and experience; or that it is the purview of “do-gooders” attempting to get us to act as they wish, rather than as we are habitually programmed to behave. It is our argument, and the one that we hope to support through the research presented in this book, that the notion of the ethical consumer is little more than a myth that belies the reality of individual behavior, ethical and otherwise.

To appreciate our viewpoint it is important first to understand what we mean when we say that the ethical consumer is a myth. Mythologies permeate consumer culture, and are expropriated by both marketers and consumers to serve ideological purposes (Thompson, 2004). We can think of two definitions of a myth. Using Bascom’s (1965) definition of myths as “tales believed as true, usually sacred, set in the distant past or other worlds or parts of the world, and with extra-human, inhuman, or heroic characters,” we can argue that the ethical consumer is a “heroic” character operating in a reality that is not our own but one that is believed to be true. The ethical consumer is a myth in its form of a heroic but uniquely unattainable role model. Like many mythical heroes, the ethical consumer is perhaps doomed to fail despite the nobility of the cause. Radin’s (1950) and Malinowski’s (1992) more functional definition argues that myths serve as charters for social action and are there to encourage a specific *Weltanschauung* and proper activity within a society. According to this interpretation, the ethical consumer is a myth in that s/he is an idealization of what consumers should be doing to be proper members of society. Unlike the unattainable hero, this ethical consumer is the ideal to which we can aspire, and represents a level of behavior that we can achieve.

Second, it is also important to ask whether the notion of an “ethical” consumer is the correct specification for what we really mean when we talk about supposedly “ethical” purchasing behavior. The *Oxford English Dictionary* defines ethical as: (1) relating to moral principles; (2) morally correct. The problem with even referring to ethical consumerism is seen by perusing a few sites promoting such activity and seeing how many “ethical” consumer organizations address seemingly odd mixtures of activities under the rubric of correct behavior. For example, the site [ethical.org.au](http://ethical.org.au) considers purchasing “Made in China” products a reflection of negative corporate behavior (as well as donations to the US Republican Party) – a fact that can be construed

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as a value judgment as opposed to a well-defined, generally recognized moral principle. Linking consumerism to ethics, with its moral connotations of absolute right and wrong, is difficult to justify in today's world, where globalization implies natural conflicts between the standards of societies. Indeed, the ethnographic research we discuss in Chapter 5 revealed great diversity in terms of which consumption activities were considered ethical and which were not. Ambrose Bierce (1911) stated the conflict nicely in his definition of "moral" in *The Devil's Dictionary*:

**Moral**, adj. Conforming to a local and mutable standard of right. Having the quality of general expediency.

It is sayd there be a raunge of mountaynes in the Easte, on one syde of the which certayn conducts are immorall, yet on the other syde they are holden in good esteeme; wherebye the mountayneer is much conveenyenced, for it is given to him to goe downe eyther way and act as it shall suite his moode, withouten offence.

*Gooke's Meditations*

Hence, we follow Barthes' (1972) conceptualization of societal myths as existing to reproduce ideologies. The ethical consumer is a myth in three senses. First, it represents a role model that is fictional. Although the model represented may be noble, investment in its attainment is neither rational nor sensible on the part of a large segment of the society. It is by definition unique and, hence, uncommon. Second, and more positive in orientation, it is mythical in the sense that it represents idealizations that open to contestation the existing, flawed, behavior of members of the society. In this sense, it is the moral standard that creates the guilt surrounding our typical self-interested behavior. Third, it represents a role model wherein the morality of the model itself is subject to contestation. Ethical consumers stand as reminders to us of the short-sighted nature of our worship of the false gods created by multinational corporations. However, the traditionally anti-corporatist and fringe nature of many ethical consumer campaigns begs the question of whether society would accept the replacement of existing norms with those of groups at the extreme.

In the most general sense, we are putting onto the table the hypothesis that the ethical consumer is a myth in that it is a characterization that is false, despite the fact that it serves a communicative function for those that present it as a model of idealized behavior. In this sense, we are

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juxtaposing the “ethical” consumer as a myth that is believed as a constructivist epistemological phenomenon (and hence non-testable) against an ontological notion of whether such a creature as an “ethical” consumer exists (which is testable).

It should be clear from the positioning of our thesis that we view the notion of the “ethical” consumer with suspicion, and our research will reveal the evidence behind this skepticism. However, it would be wrong of us to argue that all consumers are little more than hedonistic automatons worshipping at the altar of the checkout line. If we are arguing that the traditional conceptualization of the ethical consumer is simplistic and flawed empirically, it would be foolish of us not to back up our statements empirically and to be clear as to the specific domain we are discussing. It is important therefore to understand what it is that we are saying and what it is that we are not saying.

First, we are not saying that individuals do not bring values and beliefs into the purchasing context. However, we will contend that these values and beliefs are not so immutable as to be more than one of many contributors to the individual’s consumption decision. To see the logic of this one has only to look at what is known as the Good Samaritan Experiment (Darley and Batson, 1973). In this experiment, students studying to be priests at a theological seminary were asked to come to the university to give a lecture to students on the Parable of the Good Samaritan. When they arrived to give their lecture, the researcher indicated that the lecture had been moved to another building and that the theologians had either five minutes, fifteen minutes or thirty minutes to get to the new location. As each theologian entered the building to give his/her lecture an actor feigned illness and collapsed in the doorway. The research question was how many of the theologians on their way to give a lecture on the Good Samaritan stopped (and hence were a living example of the parable). The results were astonishing, in that the single biggest determinant of what the theologians did was how much time they had to get to the lecture. Their Samaritan-esque nature was driven not by their character, or beliefs, or values but by the simple fact of whether or not they faced time pressure. According to Darley and Batson (1973, p. 107):

A person not in a hurry may stop and offer help to a person in distress. A person in a hurry is likely to keep going. Ironically, he is likely to keep going even if he is hurrying to speak on the parable of the Good Samaritan, thus inadvertently confirming the point of the parable. Indeed, on several occasions, a seminary

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student . . . literally stepped over the victim as he hurried on his way! It is hard to think of a context in which norms concerning helping those in distress are more salient than for a person thinking about the Good Samaritan, and yet it did not significantly increase helping behavior.

Second, we do not argue that there are individuals who behave according to their values and norms independently of the context in which they find themselves. The question is how pervasive this behavior is and whether it is representative of a unique type of individual – i.e. our mythical consumer hero. Again, we can look to classical psychological experiments to find an analogy. In the Stanford Prison Experiment, conducted in 1971 (Zimbardo, 2007), otherwise normal individuals were randomly assigned to the roles of guards or prisoners in an experimental prison in the basement of the Stanford University psychology department. Within a very short period of time the prisoners began acting submissively, while the guards began abusing prisoners both physically and psychologically. However, what Zimbardo and his team found was that approximately 10 percent of the prisoners and guards refused to play according to the assigned role (a number found in repeats of the experiment). In the guards' case, they failed to obey orders and treated the prisoners leniently and with respect despite being ostracized by their fellow guards. In the prisoners' case, they revolted both violently and non-violently (e.g. through hunger strikes), despite the punishment inflicted (such as solitary confinement or the removal of privileges for them and other inmates). Nothing predicted who these "rebels" would be, because the role assignments were totally random and all the subjects were screened to be "average" on standard batteries of psychological profiles.

Third, we argue (and show) that individuals exist who do take into account the social aspects of the products purchased but do so very specifically. This, too, is consistent with existing research in other areas, particularly in experimental economics, which shows that individuals act with aspects of social intent and take into account the welfare of others, even when there is no apparent return from that behavior (e.g. Levitt and List, 2007). However, we will show that the individuals we study make their choices in a manner that has little to do with general notions of ethical consumerism as espoused in normative academic research and the popular press, or research promoted by civil society organizations. Moreover, contrary to much research that has attempted to typecast the ethical consumer demographically, we find little

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difference between people who take into consideration social aspects of products and those who do not. Simplistic notions about gender, education, income, culture, domicile, and so on prove unfounded. Additionally, we show that individuals do not behave with general ethical intent but with very specific choices related to the products at hand. In other words, knowing that someone is sensitive to child labor does not provide evidence that s/he will care disproportionately about any other non-labor cause.

Fourth, these behaviors are only very weakly related to culture and domicile. It has commonly been assumed that Europeans, with more of a tradition of social democracy, are more socially aware. However, there is only weak support for this. Similarly, it is naturally 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. Our work reveals that the rationalization of behavior and an understanding of the phenomena being studied are quite culturally informed, but that the behavior is remarkably similar. The implication is that, although people seem to behave similarly, their understanding of their own behavior and their rationalization for inaction is quite culturally embedded.

Fifth, we show that a major issue with much of the research in this field is that it is either too general or too specific. In the first place, there is a tendency toward broad statements about behavior that belie the contingent decisions that consumers are making. As noted above, and is clear from much psychological research, the context is very important, if not overwhelming, in determining behavior. At the opposite extreme, and again a contingency argument, is the problem found in much social science: that studies of specific narrow phenomena are representative only of the circumstances examined. In the case of ethical consumerism, much of the problem arises in how one hides the subject of the investigation in a manner that does not lead to socially influenced responses. To address these two issues together we utilize a generalized experimental polling approach that allows us to get a snapshot of social preference orderings of large samples of individuals. What this reveals is the complexity of individual trade-offs of social causes. This is important when one considers the overgeneralization problem in a broader context. Individuals will care about many things that are part of the “ethical” agenda – Third World debt, child labor, pollution, animal welfare, and so on – but must also trade these off against more mundane

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issues that are generally more salient and immediate – children’s schooling, healthcare, mortgages, interest rates, and so on. The question then becomes one of asking: “How important is the ethical issue when compared to other basic issues?” This answer is critical in a world where trade-offs are not free and social agendas are in competition.

Overall, these five points bring to the fore our concern with overly simplistic characterizations of human behavior in the context in which individuals’ day-to-day purchasing behavior joins with the socio-political. We argue for, and support with research findings, the position that the ethical consumer is a myth, an idealized fiction supported by neither theory nor fact. However, our goal is not to destroy the myth as a myth but to bring science to bear on those parts of the myth that can be considered representative of a truth about human behavior, and, in so doing, guide corporate and public policy in an informed way.

**Ethical consumerism versus consumer social responsibility**

It is our contention that the notion of ethical consumerism is too broad in its definition, too loose in its operationalization, and too moralistic in its stance to be anything other than a myth. However, it should also be clear that we are not arguing that individuals will not, when facing contexts and prices, reveal social preferences through their consumption behavior – something that is fundamentally an empirical issue subject to scientific testing. Hence, from our perspective, the label “ethical” consumerism carries mythological baggage that needs to be discarded.

To distinguish clearly between our conception of socio-political purchasing and that applied more generally in the business ethics literature, we argue that the focus should not be on “ethical” consumerism but on “social” consumerism, or what we have coined in prior work as consumer social responsibility ( $C_NSR$ ) (Devinney *et al.*, 2006). In its broadest form,  $C_NSR$  can be defined as the conscious and deliberate choice to make certain consumption choices based on personal and moral beliefs. It includes two basic components: (1) a “social” component, relating to the underlying importance of the non-traditional and social components of a company’s products and business processes; and (2) a “consumerism” component, which implies that the preferences and desires of consumer segments are partially responsible for the increasing influence of social factors.

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$C_{NSR}$  shows up in three ways, the first two of which reflect the “social” while the last embodies the “consumerism.”

- (1) Expressed activity with respect to specific causes – such as donations or willingness to be involved in protests and boycotts. We call these revealed social preferences, as they relate to behavioral activities linked to values and beliefs.
- (2) 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.
- (3) Expressed activity in terms of purchasing or non-purchasing behavior.

The relevance of (1) can be seen in highly publicized developments such as the increasing number of large-scale protests directed at 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 (WTO), World Bank, International Monetary Fund (IMF), G8, United Nations (UN), and World Economic Forum. The meeting of the World Bank in Hong Kong in December 2005 offers a perfect example. Most of the news reports did not focus on the substantive issues discussed at the meetings but on the frequent clashes between anti-globalization protesters and the Hong Kong police. Who can forget the sight of a large number of South Korean farmers jumping into the polluted waters of Hong Kong harbor in protest against globalization initiatives?

(2) is the most common, and perhaps the most dubious, means by which  $C_{NSR}$  is operationalized. If one is to believe studies of ethical consumerism based on opinion polls and surveys, consumers are giving increasing consideration to the ethical components of products and business processes, and these concerns have financial implications for the businesses involved. A 2005 Global Market Insite (GMI) poll across a wide range of countries, including the United States, United Kingdom, India, Australia, Canada, and countries throughout Europe, found that 54 percent of consumers would be prepared to pay more for organic, environmentally friendly or Fairtrade products. In each country, the majority were positive to ethical consumerism.<sup>1</sup> A large-scale survey by Market & Opinion Research International (MORI) found that over one-third of consumers in the United Kingdom were seriously concerned with ethical issues. The same survey also suggested that the potential for ethical products could be as high as 30 percent of UK consumer markets.<sup>2</sup>