The Myth of the Ethical Consumer

Do consumers really care where products come from and how they are made? Is there such a thing as an “ethical consumer”?

Corporations and policy makers are bombarded with international surveys purporting to show that most consumers want ethical products. When companies actually offer such products, though, they are often met with indifference and limited uptake. It seems that survey radicals turn into economic conservatives at the checkout. This book reveals not only why the search for the “ethical consumer” is futile but also why the social aspects of consumption cannot be ignored. Consumers are revealed to be much more deliberative and sophisticated in how they do or do not incorporate social factors into their decision making. Using first-hand findings and extensive research, The Myth of the Ethical Consumer provides academics, students, and leaders in corporations and NGOs with an enlightening picture of the interface between social causes and consumption.

Timothy M. Devinney is Professor of Strategy at the University of Technology, Sydney. He is a Fellow of the Academy of International Business, a recipient of an Alexander von Humboldt Research Award, a Rockefeller Foundation Bellagio Fellow, an International Fellow of the Advanced Institute of Management (UK), and a Distinguished Member (Fellow) of the Australian and New Zealand Academy of Management. He has published six books and more than eighty articles in leading academic journals.

Pat Auger is Associate Professor of Information Systems and e-commerce and Director of the Executive MBA program at the Melbourne Business School, the University of Melbourne. He has published extensively in leading academic journals in a variety of disciplines, including information systems, marketing, business ethics, and strategy.

Giana M. Eckhardt is Associate Professor of Marketing at Suffolk University, Boston. She has published widely on issues related to consumer behavior in China, branding, culture and globalization in Asia, and consumer ethics. Her research has been funded by and won awards from the Sheth Foundation and the Marketing Science Institute.
The Myth of the Ethical Consumer

TIMOTHY M. DEVINNEY
University of Technology, Sydney

PAT AUGER
Melbourne Business School

GIANA M. ECKHARDT
Suffolk University
For our spouses:
Sandra Brandt Devinney
Daphne Ng
Worth Wagers
By pursuing his own interest [the individual] frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good.


How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.

Contents

List of figures xii
List of tables xiii
Preface xv

1 The appeal and reality of ethical consumerism 1
   The ethical consumer and myth 1
   Ethical consumerism versus consumer social responsibility 9
   Moving from ethical consumer to C\textsubscript{CSR} 11

2 Social consumerism in the context of corporate responsibility 16
   Social consumerism and firm profitability 16
   Economic profit 17
   Willingness to pay and C\textsubscript{CSR} 18
   Economic profit in light of C\textsubscript{CSR} 23
   Firm and market reactions to social consumption 24
   Firms and the social consumption context 28
   The evolution of preferences and the role of the firm 33
   The ethical consumer and CSR 35

3 Are we what we choose? Or is what we choose what we are? 37
   Radical attitudes, conservative behaviors 37
   Understanding the nature of consumer choice 40
   Archetypes of consumer behavior 41
      Consumers as rational informed processors 41
      Consumers as quasi-rational reactive purchasers 41
      Consumers as quasi-rational co-producers of value 42
      Consumers as actors for the adaptive unconscious 42
   The consumer as vox populi 43
   The consumer as evolved ape 46
   Two meta-models of social consumer behavior 48
   A linear model of social consumption 48
A recursive model of social consumption 51
Implications of the models 53
The attitude–behavior gap and its implication for measurement 56
The four methodological flaws: incentive compatibility, comparability, inference, and context 56
Increasing the predictive validity of intentions 59
The myth of ethical consumption; the reality of social consumption 60

4 Ethical consumers or social consumers? Measurement and reality 64
The importance of the consumer 64
Experimentation and consumer social behavior 67
Are we willing to put our money where our conscience is? 72
Discrete choice experimentation 72
The components of study no. 1 74
Ethical disposition inventory 76
The MORI poll 79
The study sample 79
Willingness to consider/purchase; willingness to pay 79
How valuable is providing information? 86
Can we believe what consumers say when not constrained? 87
The link between surveys and experiments 87
Will consumers sacrifice functionality? 94
Global segments of social consumers 98
The structure of study no. 2 98
The sample 99
Product features and structure of the experiments 99
Global segments 102
Demographics again 106
Does “social” segment position exist independent of product context? 106
Segment size and country differentiation 108
The importance of recall 109
Ethical consumerism in light of experimental reality 112
Assessing the myth 116

5 Rationalization and justification of social (non-)consumption 117
The contribution of interpretative methods to understanding CNSR 118
An interpretative approach 120
### Contents

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Understanding varying social consumption rationales</td>
<td>123</td>
</tr>
<tr>
<td></td>
<td>The economic rationalists</td>
<td>124</td>
</tr>
<tr>
<td></td>
<td>The governmental dependents</td>
<td>126</td>
</tr>
<tr>
<td></td>
<td>The developmental realists</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>Currents of logic and justification</td>
<td>132</td>
</tr>
<tr>
<td></td>
<td>Interpreting the myth</td>
<td>134</td>
</tr>
<tr>
<td>6</td>
<td>The ethical consumer, politics, and everyday life</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td>From the consumer context to the perspective of the citizen</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td>A pound for human rights, a penny for genetically modified food:</td>
<td>140</td>
</tr>
<tr>
<td></td>
<td>a glimpse at measuring social issue priorities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seeing the citizen: estimating general societal preferences</td>
<td>152</td>
</tr>
<tr>
<td></td>
<td>The consumer as citizen: linking social and consumer preference</td>
<td>162</td>
</tr>
<tr>
<td>7</td>
<td>Tastes, truths, and strategies</td>
<td>166</td>
</tr>
<tr>
<td></td>
<td><em>De gustibus non est disputandum</em></td>
<td>166</td>
</tr>
<tr>
<td></td>
<td>The inconvenient empirical truths</td>
<td>172</td>
</tr>
<tr>
<td></td>
<td>The convenient empirical truths</td>
<td>176</td>
</tr>
<tr>
<td></td>
<td>Strategies for enhancing CNSR</td>
<td>179</td>
</tr>
<tr>
<td></td>
<td>Jettisoning the myth</td>
<td>183</td>
</tr>
<tr>
<td>Appendix 1</td>
<td>Description of country choices and participant sampling</td>
<td>188</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>Ethical disposition survey: the MORI poll and ethics scales</td>
<td>195</td>
</tr>
<tr>
<td>Appendix 3</td>
<td>Latent class finite mixture modeling</td>
<td>201</td>
</tr>
<tr>
<td>Appendix 4</td>
<td>Semi-structured interview guide used in all countries</td>
<td>203</td>
</tr>
<tr>
<td>Appendix 5</td>
<td>The logic of best–worst scaling</td>
<td>206</td>
</tr>
<tr>
<td>Appendix 6</td>
<td>Australia omnibus social, economic, and political preference study</td>
<td>209</td>
</tr>
</tbody>
</table>

**Notes**  216

**References**  219

**Index**  232
Figures

2.1 A stylized test of social versus conventional consumption

2.2 Market characterization with different assumptions about social consumption

3.1 A linear model of social action

3.2 Values, beliefs, and attitudes

3.3 A recursive model of social action

4.1 Structure of study no. 1

4.2 Mocked-up news article for athletic shoes

4.3 Example of the choice task for athletic shoes

4.4 Design of social and function product feature mix in study no. 1+

4.5 Pseudo-demand curves for athletic shoes with good social features

4.6 Pseudo-demand curves for bath soap with good social features

4.7 Impact on choice by athletic shoe segment

4.8 Impact on choice by AA battery segment

4.9 Overlap of segments for the product categories

4.10 Percentage of consumers recalling features from last purchase

4.11 Influence of feature recall on focal product feature

6.1 Experiment instructions and example of the best–worst task

6.2 Mean best–worst scores across six countries

6.3 Mean best–worst scores by country

6.4 Mean best–worst scores for sixteen social, economic, and political issues

6.5 Mean best–worst scores for sub-issues in four categories

6.6 Social, economic, and political preferences by party vote

7.1 The components of a CNSR strategy
### Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Changes in value based on scenarios</td>
<td>28</td>
</tr>
<tr>
<td>4.1</td>
<td>Product features and social attributes used in study no. 1</td>
<td>77</td>
</tr>
<tr>
<td>4.2</td>
<td>Sample characteristics for study no. 1</td>
<td>80</td>
</tr>
<tr>
<td>4.3</td>
<td>Probability of considering a product based on social product features</td>
<td>82</td>
</tr>
<tr>
<td>4.4</td>
<td>Willingness to pay for social product features</td>
<td>84</td>
</tr>
<tr>
<td>4.5</td>
<td>Probability of buying a product based on whether or not social product features are mentioned in the news article</td>
<td>87</td>
</tr>
<tr>
<td>4.6</td>
<td>MORI poll responses by sample and in total</td>
<td>88</td>
</tr>
<tr>
<td>4.7</td>
<td>Correlation matrix of MORI poll responses (all respondents)</td>
<td>90</td>
</tr>
<tr>
<td>4.8</td>
<td>MORI poll responses by extreme segments</td>
<td>92</td>
</tr>
<tr>
<td>4.9</td>
<td>Sample characteristics for study no. 2</td>
<td>100</td>
</tr>
<tr>
<td>4.10</td>
<td>Product features and social attributes used in study no. 2</td>
<td>101</td>
</tr>
<tr>
<td>4.11</td>
<td>Distribution of country and segments</td>
<td>109</td>
</tr>
<tr>
<td>5.1</td>
<td>Scenarios used for interviews</td>
<td>121</td>
</tr>
<tr>
<td>6.1</td>
<td>Sixteen issues considered in the six-country best–worst experiment</td>
<td>143</td>
</tr>
<tr>
<td>6.2</td>
<td>Mean best–worst scores by country</td>
<td>148</td>
</tr>
<tr>
<td>6.3</td>
<td>Mean best–worst scores by product category segment (AA batteries)</td>
<td>151</td>
</tr>
<tr>
<td>6.4</td>
<td>Mean best–worst scores by product category segment (athletic shoes)</td>
<td>151</td>
</tr>
<tr>
<td>6.5</td>
<td>Categories of social issues</td>
<td>154</td>
</tr>
<tr>
<td>6.6</td>
<td>Best–worst scores based on human rights activities</td>
<td>160</td>
</tr>
<tr>
<td>6.7</td>
<td>Best–worst scores based on animal welfare activities</td>
<td>161</td>
</tr>
<tr>
<td>A2.1</td>
<td>Correlation matrix of MORI poll responses (all respondents)</td>
<td>198</td>
</tr>
<tr>
<td>A6.1</td>
<td>Socio-demographics of the Australia omnibus study</td>
<td>210</td>
</tr>
<tr>
<td>A6.2</td>
<td>Sub-issues by category with mean best–worst score</td>
<td>211</td>
</tr>
</tbody>
</table>
Preface

Any project like this one takes enormous efforts over an extended period of time. This project started in 1997 with what can be considered a random event: we were involved in an external project and a simple question was asked: “Do consumers really care?” Not having the answer at the time – and being surprised that there was nothing approaching an answer – we began what ended up becoming a quasi-systematic investigation of this question. None of us knew at the time that, ten years later, we would still be working out the answer.

No one in the team would characterize him- or herself as being involved in research on business ethics or in an academic area in which one would expect this question to be of interest. Timothy Devinney is trained as an economist (with a bit of psychology). Pat Auger is trained in management. Giana Eckhardt is a consumer behavior marketing scholar. However, what we bring to bear on this topic (along with our many collaborators) is a perspective that is untainted by a normative predisposition. It is our concern only to try and understand the phenomenon, not to change it. This book is not an advocate's manifesto, except in wanting to bring clarity to a contentious topic. We do not deny the importance of many of the issues that we are investigating, nor that advocates for these issues have a justification in promoting them as a natural process of social, cultural, and political debate and change. However, we are operating under the belief that to understand the facts about individual social consumption behavior and to attempt to do so via the use of multiple methods in different locations is important to inform that debate. It is our role to be independent observers and arbiters.

Over the years we have had much support and many collaborators. First and foremost, the major portions of this work involved collaboration with Jordan Louviere and Paul Burke at the University of Technology, Sydney, and Russell Belk at the Schulich School of Business, York University, Toronto, without whom the work would
have been less scientifically rigorous and certainly less interesting. In addition, individuals such as Joachim Schwalbach and Anja Schwerk played a part in helping our thinking and giving us outlets through involvement with their conferences in Berlin and a home at Humboldt University. Grahame Dowling and various colleagues played a part in reading many drafts of the chapters and related materials, honing our thinking and making sure that we did not digress too far from the important points. Many individual research assistants were involved at different stages: Thomas Birtchnell, Carolyn Dorrian, Omer Konacki, Christina Li, Maria Mikirtumova, Sandra Peter, Michal Ulrych, and Verena Vellmer. Michael McGee, Steve Cook, and Joelle Baudet from Future and Simple provided programming support and were also involved in the making of the documentary film *The Social Construction of Consumption*, by Belk, Devinney, and Eckhardt. A copy of this documentary is included with the book. Anne Fitzsimmons, Pauline Olive, Fran Prior, and Linda Camilleri were there to keep the administration working, and also keep the administration off our backs (and warn us about money!). Rachael Weiss provided a much-needed literary and human addition to our academic prose. Paula Parish and the team at Cambridge University Press were very patient, as one must be, with academic writers such as us, who have a very different perception of time and deadlines. We would also be remiss if we did not mention the – literally – thousands of academic, student, and corporate colleagues who sparked our interest and contested our thinking at what has amounted to over 100 presentations given on this research in the last ten years. There are also the many individuals who helped with this work by simply answering our questions, being interviewed by us, and being involved in our experiments.

As will be evident, it is also the case that it is impossible to conduct the sort of research exhibited here without financial and other support. The project began with a small grant from the Research Grants Council of Hong Kong and City University, Hong Kong. Over the years we have received generous financial support from the Discovery program of the Australian Research Council, which funded the bulk of the work and continues to fund it today. In addition, the Australian Graduate School of Management and its Centre for Corporate Change provided infrastructure and people that allowed the projects to run smoothly. Timothy Devinney was also supported by the Alexander von Humboldt Foundation, which named him a Research Awardee in
Preface

2008 and allowed him to spend time in Germany at Humboldt University working on extensions of the project, and the Rockefeller Foundation, which gave him release to work on the early stages of the book and related projects at its Bellagio Center in Italy. He has special memories of his time there and the gracious care of Ms Pilar Palacia and her team.

Finally, our greatest thanks go to our families, without whom any such project is impossible and to whom we dedicate the volume.

Timothy M. Devinney, Sydney
Pat Auger, Melbourne
Giana M. Eckhardt, Boston