

Can The Socially Responsible Consumer Be Mainstream?*

TIMOTHY M. DEVINNEY, PAT AUGER AND GIANA ECKHARDT**

Kann der gesellschaftlich verantwortliche Konsument zum Mainstream werden?

Empirische Evidenzen machen deutlich, dass die verbreitete Auffassung des „ethischen“ Konsumenten ein Mythos ist. Gleichwohl lässt sich sagen: Spezifische Kontexte tragen dazu bei, dass Personen ihre sozialen Präferenzen durch ihre Konsumentenscheidungen umsetzen. Dies impliziert allerdings, dass es Nischen-Kontexte und Nischen-Personengruppen sind, die eine entsprechende Nische gesellschaftlich verantwortlicher Konsumenten hervorbringen. Dieser Artikel diskutiert die Möglichkeit, dieses Phänomen zu erweitern, so dass mehr soziales Bewusstsein durch die Wahlakte des Konsumenten entsteht. Die These lautet, dass das Mainstreaming gesellschaftlich verantwortlicher Konsumenten eine ähnliche Logik erfordert, wie sie gebraucht wird, um andere, nicht materielle Aspekte des Konsums zu stärken.

Schlagwörter: Konsumentenverhalten, gesellschaftlicher Konsum, nicht materielle Aspekte

Can The Socially Responsible Consumer Be Mainstream?

Empirical evidence reveals that the general notion of an 'ethical' consumer is a myth. However, in specific contexts specific individuals will reveal their social preferences through their consumption choices. Yet this implies that it is niche contexts and niche individuals that lead to a niche of socially responsible consumers. This article discusses the possibility that this niche phenomenon can be expanded so that more social consciousness arises through consumption choice. We argue that to making the socially responsible consumer mainstream entails a logic not unlike that used to enhance the other intangible aspects of consumption.

Keywords: Consumer Behaviour, Social Consumption, Intangible Attributes

* Submitted on 11.10.2012. This paper is based on a keynote address given at the Institute for Advanced Studies in the Humanities (KWI, Kulturwissenschaftliches Institut Essen) symposium "Consumer Ethics under Discussion". The Discovery Grants Program of The Australian Research Council has supported the research underlying this work.

** Timothy M. Devinney, Faculty of Business, University of Technology, Sydney, PO Box 123, Haymarket NSW 2007 Australia, e-mail: Timothy.Devinney@uts.edu.au, fields of expertise: Applied Economics, Strategy, International Business.

Pat Auger, Melbourne Business School, 200 Leicester Street, Carlton VIC 3053 Australia, e-mail: P.Auger@mbs.edu, fields of expertise: Strategy, Marketing.

Giana Eckhardt, Suffolk University, Suffolk University, 8 Ashburton Place, Boston, MA 02108 USA, e-mail: Geckhardt@suffolk.edu, fields of expertise: Consumer Behaviour, Marketing.

1. Can The Socially Responsible Consumer Be Mainstream?

When we purchase we are doing much more than simply satisfying a basic animalist or economic need. The act of purchasing reveals much about us. What we need at the most basic level at the moment – e.g., food, comfort, shelter, etc. What we desire, even though it may not satisfy a clear immediate need – e.g., the need to feel happy, the need to relieve boredom. What we want to present as our public persona, even if it is not clear the reason why – e.g., the need to reveal something about ourselves through our clothes or material possessions. We may even consume to satisfy a social need – e.g., the need to feel that we are supporting our peers (buying local) or the need to feel that we are being socially conscious.

These aspects of consumption reveal that simply categorizing consumption is a difficult task. Any act of consumption has degrees of “socialness” to it (see, e.g., Aaker/Smith 2010) and marketers work to account for this in the way they position the personality of their brands (Aaker 1997). This is what led Devinney et al. (2006) to distinguish between socially responsible and ethical consumption and argue for the idea of Consumer Social Responsibility (C_NSR) as an alternative to Ethical Consumerism.

Ethical consumption, by its very definition, has an anti-capitalistic, anti-individualistic, anti-homo economicus character to it. The term links acts of consumption to acts of ethical or moral behavior – e.g., “I do not buy non fair-trade sourced products because I do not believe they are moral or ethically appropriate.” Socially responsible consumption carries none of this baggage. It simply accounts for the fact that the individual will take into account non-functional components of the consumption activity where benefits to others are taken into consideration, either directly or indirectly. Hence, a consumer could not have a moral view about fair-trade consumption but believe, for whatever reason, that minimum labor standards are something they view as valuable. Or they may just like being seen walking around with a fair-trade coffee cup in their hand. Equally, they can choose to bring moral and ethical issues into the equation. Quite simply ethical consumption is concerned about the reason for consumption; socially responsible consumption does not demand this, even though ethical concerns might be relevant for some consumers in some contexts.

Another characteristic of C_NSR that distinguishes it from ethical consumption is that C_NSR can even be less than ethical or moral. For example, it is conceivable that my naïve belief in the importance of non-child labor sourced products has more to do with my feelings about who I am rather than what ends I might achieve. Unless I was prepared to try and validate that my behavior did indeed reduce child labor all that could be happening is that my supposedly moral stance was nothing more than me satisfying my own ego. I am engaging in C_NSR not because I am better than others but because I am a narcissist. So while I may appear noble, it is really self-interest that just happens to have nobility as a side benefit.

In addition, C_NSR can be contextual and schizophrenic. Indeed, it is expected to be so. Characterizing individuals as ethical in their consumption – whether potential or actual – implies constancy in the motivation behind the activity. Ethical consumers are

ethical; not ethical some of the time or when it is convenient to be ethical. To have a consumer that is sometimes ethical and sometimes unethical simply makes no logical sense if the conception is to have functional meaning. C_NSR is, by definition, always going to be conditional on the meaning of what is or is not encompassed by the term “social” and that is something left to the consumer. Hence, it is hard to think of a Toyota Prius driving vegan celebrity who owns a 10,000 square-foot air-conditioned mansion with a swimming pool as a truly ethical consumer (most would characterize the celebrity as hypocritical). However, it is possible that they are incorporating into their decision calculus some social aspects of some parts of their consumption and can be exhibiting characteristics of C_NSR . It may be completely narcissistic and self-serving, but that does not mean that it does not have a socially responsible component.

What this discussion reveals is that simple and naïve viewpoints about the role of the consumer in enhancing the social responsibility aspect of our economic system is not a simple task. As consumption occurs for many reasons and in many contexts one cannot immediately assume that because we see what appears to be ethical consumption behavior is actually motivated by the ethicality of the activity. For example, are all the soccer moms driving minivans and visiting Whole Foods doing so because they want to hang out with other similarly situated individuals? Or are they truly doing it because of their ethical and moral viewpoints? Or is it a mixture? And if a mixture, how much is social convention and how much ethics? Does the fact that fair-trade products have had increasing sales overall imply anything about why those products are selling other than they meet some minimum criteria set by mixtures of consumers?

As Devinney, Auger and Eckhardt (2010) reveal through a series of complex studies the reality is that companies will be sorely disappointed if they do more than view even socially responsible consumers (as opposed to ethical consumers) as more than a niche market. While one can point to any number of organic, fair-trade, child labor-free operations attempting to make this a key selling point to their product offerings, the reality is that this appeal does not drive mainstream consumption in even the most marginal of ways (see, e.g., Adams/Raisborough 2010). For example, Zipcar, the largest car sharing company in the US, markets itself as a “green brand,” but the reasons why consumers use it have nothing to do with reducing their carbon footprint, and everything to do with convenience and cost savings. The use value simply swamps any ethical concerns (Bardhi/Eckhardt 2012). The evidence indicates that while some aspects of social value can be incorporated into product demand, the basic factors driving that demand will be those that we have come to understand: product functionality, brand and image, availability and so on. If the social aspects do come into the equation they will amount to a marginal percentage of the total value, and even then, only for specific segments of consumers.

2. Why Does C_NSR Matter?

The niche character of C_NSR creates real concerns for corporations and managers as it conflicts with many of the other demands being faced by their organizations. Increasingly companies are finding themselves under pressure to justify their operations and

activities – to ever more active shareholders demanding clearer governance and more demanding stakeholder and governmental and non-governmental organizations demanding that the firm honor vaguely understood compacts with society (see, e.g., Devinney 2011). In short, corporations are increasingly expected to be socially proactive rather than socially reactive. This pressure has implications for the corporation's relationship with its customers and for increasing demands by activists that corporations lead consumers socially and ethically.

While we see that, to date, consumers are most likely not currently a driving nexus of corporate social responsibility (CSR), firms will ultimately have to make consumer social responsibility a part of their strategic thinking if they are to be successful. The reason is simple. Because of consumers pre-eminent position as the ultimate evaluator of corporate strategy, corporations cannot “do well *by* doing good” without consumers also “doing well *and* doing good”. This is the case for two reasons.

First, a firm's CSR policy will have cost implications and those costs must ultimately find their way into the pricing equation in some form. If consumers react negatively to social appeals, firm's CSR activities will very simply be in conflict with the consumer demand for value at a price. For example, Starkist found out very quickly how little consumers cared when they attempted to pass onto the consumer the additional costs of making their tuna “Dolphin Safe” (Reich 2008). Starkist (and its shareholders and employees) ultimately had to bear the cost of the company's CSR stance.

Second, changes in a firm's CSR policies – even if they are far up the value chain – will have implications for the nature of the products and services the company produces. Hence, the addition of CSR components to the business will alter the mix that the consumer is purchasing, either directly or indirectly. This mix cannot be one that reduces the value that consumers ascribe to the product. As Auger et al. (2008) have shown, as soon as this happens, demand for the product collapses.

These two points can be summarized very concisely in a simple equation where demand is proportional to a function of customer value divided by price – Demand \propto f(Customer Value/Price). A firm cannot arbitrarily increase price without there being some commensurate value increase and that value increase can only come via adding things for which the consumer either already values or can be convinced is of value now or in the future. Alternatively, if value is decreased in some way by the firm's CSR activities, then price must fall in some ratio to compensate consumers.

What this implies is that C_{NSR} and CSR are no free lunch. Ultimately someone pays for the alteration of the mixture of factor prices. The question becomes who and how? In some cases it is clear that the impact on the consumer is minimized. For example, Apple bowed to pressure from labor activists and encouraged Foxconn to increase the salaries of its workers in China. However, at the same time it also announced \$1B investment in automation that would replace workers with machines. Hence, the ultimate effect was that some workers (either currently employed or potentially employable in the future) would bear part of the cost of Apple's decision, as Apple was loath to pass on those costs to consumers (it did not increase the price of its products, even the new iPad). In other cases, the consumer will be forced to pay in

some manner. For example, in Australia, one high profile chain of coffee shops covered the higher procurement costs of fair-trade coffee by reducing the size of many of its large and medium sized products while keeping the price the same (interestingly, it never announced the fact they reduced the size to consumers!). When queried, the company said that the size change was minor and essentially profit neutral (which it was for each individual consumer but substantial in terms of the cost savings to the firm) and that there were competitive pressures with respect to the norms on pricing. There was little doubt that the company's management was concerned that increasing prices to directly cover these costs would impact negatively on sales.

Yet despite the importance of C_NSR, it is surprising how little discussion of corporate social responsibility takes into account this nodal role of the consumer.

Part of the reason is operational. The task of incorporating C_NSR into the organizations strategic calculus is daunting. It requires completely rethinking the design of products and services from the ground up; i.e., moving away from simply bolting onto existing products and services social branding or "cause related" marketing components or covering the firm with a "green" aura. It requires persuading and enticing and educating and nudging consumers over long periods of time so that they come to understand the utility of the social aspects of their consumption. It requires getting the pricing right, rather than simply assuming that the social components are things consumers will automatically value and pay for.

Behind all of this is what individual consumers value. One of the main characteristics of the social components of products/services is that they are almost entirely intangible. Being "green" or "child-labor free" does not bestow clear tangible benefits onto individuals. A Chevy Volt or Toyota Prius does not get individuals to their destination any faster and may not be any more economical in a total value sense than a diesel powered vehicle. The enjoyment associated with fair-trade or organic products is no greater because of the actual functionality of the products. Their value is emotional and psychological. This fact makes building up C_NSR a difficult and long-term endeavor. However, not one that is impossible as the vast majority of products today earn their premium on their intangible components – styling and fashion, emotional appeal, branding and so on.

This latter fact has implications for how firms work to make C_NSR mainstream and how they study their current and potential customers. Overall, creating the socially responsible consumer requires firms and their marketing departments to become more sophisticated in how they study consumers and how they integrate social factors into their customer strategy. Traditional techniques – such as surveys, intentions to purchase and focus groups – fail to capture the nuances operating in a world where purchasing takes on both societal and personal meaning leading to ineffectively designed products and services.

Companies all too often assume that customers: (a) know how to do "good", (b) want to do "good", and (c) are willing to reward the firm when it gives them the opportunity to do "good" through purchasing. However, reality is quite different (Devinney et al. 2006). Despite the plethora of surveys indicating that consumers are social radicals,

economic conservatives invariably populate the checkout lines. For example, Auger and Devinney (2007) reveal that surveys measuring interest in a social cause or intention to purchase based on the social aspects of the product (e.g., such as environmental sustainability, labor practices, etc.) are completely unrelated to the price premium individuals are willing to pay.

Hence, what is needed is not for business to search for the “ethical consumer” but for firms to help create the socially responsible consumer. In other words, the role of the corporation is not to discover but to create and enhance. This is done by linking the social aspects of consumption to the co-production of the identity of the consumer in a way that makes the “social” attributes of products/services “functional” and meaningful. This involves more than cause related marketing, social branding or social-corporate partnerships; indeed, it implies that such initiatives are naive and flawed because they do not account for the why or how consumers consume. It requires the subtle reorientation of the social aspects of consumption to the functional meaning that consumers want when consuming.

3. Approaches for Mainstreaming C_{NSR}

Our approach is based on three simple ideas that can be implemented simply and easily in both service and product contexts and across countries and markets. We provide a quick overview here.

Experiment, don't survey. When addressing social consumption surveys fail managers on two levels. First, consumers cannot, and most will not, accurately reveal their social preferences through surveys. For example, how many consumers will say that child labor or animal welfare is unimportant to them, or that they behave in environmentally damaging ways? The answer: very few. Most surveys indicate that upward of 70 percent of people will “change their behavior” to promote a social cause. Our experimental work implies that social purchasing segments are easily one-half to three-quarters smaller and depend entirely on the pricing and functional aspects of the products and the context in which purchasing occurs (e.g., Auger et al. 2003; 2008).

Second, most social consumption options are foreign to consumers, leading them to overestimate how relevant these factors are. For example, to what extent do consumers have experience with the production aspects of products that allow them to make assessment of the virtues of what “no child labor” means? Surveys based on values and social preferences can create unrealistic expectations in the minds of managers about the importance social issues and values play in consumer purchasing. Again, our own work reveals that general statements about values and intention have no relationship to real world outcomes (Auger/Devinney 2007)

As we show in our 10+ years of work, simple experiments can be structured whereby individuals are required to “trade-off” social issues and social versus functional issues, giving managers a clearer understanding of the ordering and degree of social preferences when they are pitted against each other and against more functional aspects of consumption. For example, in one set of experiments in six countries we showed convincingly that individual consumer preferences belied simple “ethical” labeling.

Some individuals did consider labor issues in purchasing and some thought that environmental issues mattered; however, few considered both sets of issues as relevant. As we like to say, it was similar to some people liking Coke, some liking Pepsi and some not liking either.

In addition, experimentation has a value in navigating the evolving market. As social consumption markets are immature, it is important to nudge consumers via small-scale market experiments where different options are presented into the marketplace and individuals experience the products directly. Companies can then alter their offerings based on the maturation of the market.

Consider the context; create the context. One reason why surveys fail to predict social consumption is because they cannot account for context. For example, in one project we varied how a fair trade coffee alternative was presented to customers in a coffee shop (A context we call the “McDonald’s strategy”). We were able to increase fair trade “demand” from 1 percent to nearly 70 percent of the customers simply by manipulating the context at the cash register. Similarly, we were able to increase participation in an environmental campaign dramatically by linking the campaign to student projects. In control schools where the projects were not available the campaign had little uptake. We showed that changing the context from “save the planet” to “help your child’s education” had dramatic influence on the uptake of the initiative. In our ethnographic research, this trend toward local rather than global context influencing ethical behavior was also evident (Belk/Devinney/Eckhardt 2005). What this hints at is that companies need to find ways of determining which contexts are critical to key purchasing decisions, something that can be done with experiments such as our fair trade coffee experiment, and is ideally suited to being investigated via ethnography.

Allow the consumer to co-produce; link the social and functional. Consumers do not consider products in isolation nor do they view them as simply a sum of the parts. Hence, adding an environmental or labor friendly label does little to enhance consumption of anything beyond a niche of those susceptible to such information (we call this the “bolt on” strategy). As was seen with the 3rd generation Prius campaign, it is how the product links to the image and lifestyle that the individual wants to project to others that matters. The car is, of course, expected to be competitive but it is the “are you a ‘Prius’ person” label that makes the environmental attributes functional. In other words, consumption is more than satisfaction of basic needs (otherwise brands would be meaningless) it is a visualization of what the individual wants to say about him or herself.

This logic builds on ideas similar to Goldstein et al. (2008), Thaler/Sunstein (2009) and Badaracco (2002). The three points above represent components of a reinforcing cycle whereby the firm tests, creates contexts, nudges, waits and experiments, and continues to create an evolving consumer environment. Experimentation with context gives firms more realistic and operational information about potential demand for different social-functional attribute mixtures. Social and functional co-production is the reinforcing mechanism that allows consumers to internalize and habitualize social aspects of consumption and links that behavior with related other behaviors. Contin-

ued field experimentation and ethnography allows the firm to test variations as the market matures, nudging the consumers toward the outcomes and positions that allow them best to reveal the social responsibility aspects of their consumption.

4. Conclusion

In examining the role of the consumer in social consumption over the last decade we have come to the conclusion that the consumer is highly unlikely to be the driving force behind corporate social responsibility. Its impact has been and will continue to be small and sporadic with occasional examples where the influence appears to be more salient. This is not meant to negate the importance of social entrepreneurship, even in the corporate context, but the reality is that consumers will generally be reactive in this realm.

What this implies, rather ironically, is that the creation of consumer social responsibility is going to increasingly fall into the realm of responsibilities of corporations and not consumers. However, this is not necessarily bad (see, e.g., Devinney 2009).

First, it is corporations that have the incentives to earn returns from finding new innovative dimensions that satisfy latent consumer needs. To a great extent, the increasing social responsibility of corporations and stakeholders is not that much different from the rising technology of the internet in the 1990s. It took consumers almost two decades to begin understanding their own potential demand and many corporate “experiments” before the internet we know today took shape. C_NSR is an evolving entity and corporations are well placed to drive many aspects of that evolution.

Second, C_NSR is about intangibles. However, intangibles are, themselves, composed from tangible assets. For example, those Louis Vuitton designs that have a larger brand and emotional appeal arise from the work of designers, technicians and manufacturers. However, intangibles are very difficult to capitalize upon and corporations are the one social entity that has evolved to do this well. Just as there are intellectual property protection incentives associated with intangible brand assets, there are intellectual property protection incentives associated with intangible C_NSR assets. Once companies have linked the intangible social components of products and services in a way that the individual values the package they are receiving the company has a very strong incentive to maintain and enhance those assets. Hence, once created, C_NSR, when linking back to what the firm is doing, is an asset that the firm will want to protect.

What all of this implies is that mainstreaming C_NSR is not something that will arise with activists or appeals to the moral compass of consumers. It will arise, ironically, because it is capitalizable commercially. In general, individuals want to “do good” (or at least “do no harm”). Hence, there is a potential latent demand that corporations can tap. But like the development of the internet, few companies have cracked the code that would allow C_NSR to be more mainstream. That does not mean, however, that some future entrepreneurs’ experiments will provide answers that will make socially responsible consumption to be more than just an isolated phenomenon.

References

- Aaker, J. (1997): Dimensions of Brand Personality, in: *Journal of Marketing Research*, Vol. 34/No. 3, 347–356.
- Aaker, J./Smith, A. (2010): *The Dragonfly Effect: Quick, Effective, and Powerful Ways To Use Social Media to Drive Social Change*, Hoboken, NJ: Jossey-Bass.
- Adams, M./Raisborough, J. (2010): Making a difference: ethical consumption and the everyday, in: *British Journal of Sociology*, Vol. 61/No. 2, 256–274.
- Auger, P./Burke, P. F./Devinney, T. M./Louviere, J. J. (2003): What will consumers pay for social product features?, in: *Journal of Business Ethics*, Vol. 42/No. 3, 281–304.
- Auger, P./Devinney, T. M./Louviere, J. J./Burke, F. P. (2008): Do social product features have value to consumers?, in: *International Journal of Research in Marketing*, Vol. 25/No. 3, 183–191.
- Auger, P./Devinney, T. M. (2007): Do what consumers say matter? The misalignment of preferences with unconstrained ethical intentions, in: *Journal of Business Ethics*, Vol. 76/No. 4, 361–383.
- Badaracco, Jr., J. L. (2002): *Leading Quietly: An Unorthodox Guide to Doing the Right Thing*, Cambridge, MA: Harvard Business School Press.
- Bardhi, F./Eckhardt, G. M. (2012): Access based consumption: The case of car sharing, in: *Journal of Consumer Research*, Vol. 39/No. 4, forthcoming.
- Belk, R. W./Devinney, T. M./Eckhardt, G. M. (2005): Consumer ethics across cultures, in: *Consumption Markets and Culture*, Vol. 8/No. 3, 275–289.
- Devinney, T. M. (2009): Is the socially responsible corporation a myth? In: *Academy of Management Perspectives*, Vol. 23/No. 2, 44–56.
- Devinney, T. M. (2011): Social responsibility, global strategy, and the multinational enterprise: Global monitory democracy and the meaning of place and space, In: *Global Strategy Journal*, Vol. 1/No. 3-4, 329–44.
- Devinney, T. M./Auger, P./Eckhardt, G. M./Birtchnell, T. (2006): The other CSR: Consumer social responsibility, in: *Stanford Social Innovation Review*, Vol. 4/No. 3, 30–37.
- Devinney, T. M./Auger, P./Eckhardt, G. M. (2010): *The Myth of the Ethical Consumer*, Cambridge: Cambridge University Press.
- Goldstein, D. G./Johnson, E. J./Herrmann, A./Heitmann, M. (2008): Nudge your customers to better choices, in: *Harvard Business Review*, Vol. 86/No. 12, 99–105.
- Reich, R. B. (2007): *Supercapitalism*, New York, NY: Vintage Books.
- Thaler, R. H./Sunstein, C. R. (2009): *Nudge: Improving Decisions About Health, Wealth, and Happiness*, New Haven, CT: Yale University Press.