Is There an Expected Trade-Off Between a Product’s Ethical Value and Its Effectiveness?: Exposing Latent Intuitions About Ethical Products

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This research seeks to demonstrate consumers’ intuition that there is an inherent tradeoff between a given product’s “ethical attributes” and the product’s effectiveness, or functional performance. Ethical attributes are those attributes that reflect a person’s conscience and which may relate to a variety of environmental, individual and societal issues. We demonstrate in our first two studies, using toothpaste (Study 1) and laundry detergent (Study 2) as a product context, that the “ethical = less effective” intuition is moderated by the degree to which the consumer believes that the focal ethical issues are important overall. Those consumers who place the highest importance on these ethical issues infer that these products will actually be more effective. This halo effect, however, disappears and ultimately reverses such that the less importance the consumer places on the ethical issues, the less effective they believe the product will be, i.e. products rated “superb” on ethical attributes were rated significantly lower in effectiveness than products rated “poor” on ethical attributes. We also intend to replicate these studies using a broad, nationally representative sample, as well as test moderators of the intuition such as self/other judgments and precommitment to the intuition.

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This research seeks to demonstrate consumers’ intuition that there is an inherent tradeoff between a given product’s “ethical attributes” and the product’s effectiveness, or functional performance. Ethical attributes are those attributes that reflect a person’s conscience and which may relate to a variety of environmental, individual and societal issues. We demonstrate in our first two studies, using toothpaste (Study 1) and laundry detergent (Study 2) as a product context, that the “ethical=less effective” intuition is moderated by the degree to which the consumer believes that the focal ethical issues are important overall. Those consumers who place the highest importance on these ethical issues infer that these products will actually be more effective. This halo effect, however, disappears and ultimately reverses such that the less importance the consumer places on the ethical issues, the less effective they believe the product will be, i.e. products rated “superb” on ethical attributes were rated significantly lower in effectiveness than products rated “poor” on ethical attributes. We also intend to replicate these studies using a broad, nationally representative sample, as well as test moderators of the intuition such as self/other judgments and precommitment to the intuition.

A national survey found that 88% of consumers were more likely to purchase products from a company deemed socially responsible (Public Relations Quarterly Winter 94/95). However, anecdotal evidence suggests that products from these companies receive limited distribution support and capture a minority share of the market when they are available. Anecdotal evidence also suggests that many ethical products are positioned as premium products, and that price, therefore, may be a critical barrier to their mass market appeal. Recent research, however, suggests that the relative lack of success of ethical products is much more complex than just the tradeoff of ethicality and price. For example, Ehrich and Irwin (2005) demonstrate that consumers who are more motivated to buy products positioned as socially responsible are proportionally less likely to seek out information about a product’s ethical attributes. This “willful ignorance” is driven by an avoidance of the guilt one might experience upon discovering that a desired product does not perform well on ethical attributes. Ehrich and Irwin’s (2005) research also hints at the tradeoff that consumers assume they must make between purchasing a product that satisfies their immediate consumption needs versus one that satisfies their conscience.

In order to more fully understand consumer decision making about ethical products, our research explores both consumers’ inferences as well as their judgments about these products. We propose and test the following hypothesis:

H1: Rated importance of the relevant ethical issue will moderate ethical-effective inferences: As importance increases, respondents are more likely to infer greater product effectiveness from product ethicality. Conversely, as importance decreases, respondents are more likely to indicate that ethical products are less effective.

Thus, consumers who do not believe that a product’s ethics are important make inferences consistent with an intuition we believe is widespread in the market place, i.e. that ethical=less effective. Consumers who do place high importance on a product’s ethics will, instead, make inferences consistent with a halo effect mechanism, in which ethical products are inferred to be more effective.

While we intend to show that rated importance moderates ethical-effective inferences, we also intend to explore whether expression of the ethical=less effective intuition also depends on how the question is framed. It is likely that responses of subjects who rate the ethical issues as important will be more reflective of social desirability influences than of subjects’ beliefs. Belk et al (2003) demonstrate that when dealing with sensitive issues, such as ethical responsibility in our case, projective techniques will mitigate subjects’ tendency to respond in a manner consistent with social desirability influences. As such, we propose to test the following hypothesis:

H2: When subjects are asked to infer what the average person would think about the ethical-effective relationship (vs. what they personally believe), self rated issue importance will no longer moderate responses and instead all subjects will tend to express the intuition that ethical=less effective.

In our first study (n=207), we manipulated product ethicality by telling participants that a new brand of toothpaste had received a rating from the Environmental Sustainability Council (ECS) of either “poor,” for a lack of environmentally friendly practices, or “superb,”
for a demonstrated record of environmentally responsible actions. Thus, the study had a 2 factor (ethics: poor vs. superb) design. In order to test H1, participants were given information about the ethical attributes of the toothpaste, which varied by condition, and were asked to infer its effectiveness. The two key dependent variables were how well the toothpaste was inferred to whiten teeth and how well it provided the benefits the participant looks for in a toothpaste. Participants also rated the importance of a product’s ethics in general.

Two 2 factor ANOVAs (ethicality of toothpaste x participants’ ratings of importance of a product’s ethics) were conducted with inferences about whitening ability and the benefits provided as the dependent variables, respectively. In neither case was there a main effect of ethics on inferences. However, consistent with H1, there was a significant interaction between the ethicality of the toothpaste and the importance ratings such that those participants who felt that a product’s ethics were less important rated the toothpaste with poor ethics as better able to whiten, $F(1, 203)=4.53, p<.05$, and more likely to provide the benefits they desired than the toothpaste with superb ethics, $F(1, 203)=13.73, p<.001$, while participants who rated a product’s ethics as more important showed the opposite effect: they believed that the toothpaste with superb ethics would whiten better and would be more likely to provide all the benefits they desired in a toothpaste.

A second study confirmed the interaction between the ethicality of a product and ethical issue importance ratings in a new product context. Since toothpaste ingredients may also have health consequences for the consumer, we chose a new category without this confound: laundry detergent. Consistent with our findings in Study 1, we found a significant interaction between ethicality of the detergent and ethical issue importance ratings with both dependent measures: likelihood of the product’s being recommended by Consumer Reports, $F(1, 179)=17.32, p<.0001$, and likelihood of providing the benefits desired in a detergent, $F(1, 179)=4.84, p<.05$.

While these initial studies support H1, Study 3 intends to test H2, i.e. whether subjects will believe that ethical=less effective when asked to infer what the average person would believe about the focal products (as opposed to what they personally believe). In addition, this study will use a broad, nationally representative sample to improve generalizability of the results. Finally, Study 3 will explore what effect precommitment to the intuition has on subjects’ responses. This will be accomplished by varying the order of questions such that we can determine whether the ethical importance ratings were influenced by subjects’ prior inferences. While we have no a priori hypothesis for this manipulation, our intent is to understand the degree to which the ethical importance rating is an accurate assessment of subjects’ beliefs as opposed to resulting from subjects’ desire to be consistent with their prior inference ratings.

References

Examining the Influence of Prominent on Nonprofit Organizations
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Abstract
Corporate sponsorship is an often used fundraising strategy for nonprofit organizations and is considered to be a “win-win” situation for the sponsoring company as well as the nonprofit. While prior research suggests that corporate sponsorship can positively affect the sponsoring company, little research to date has investigated the impact of such sponsorships on the nonprofit particularly when it is the nonprofit that is communicating the existence of the sponsorship. We address this question and examine the impact of corporate sponsors on people’s perceptions of and willingness to support nonprofit organizations. Results from an experiment suggest that revealing corporate sponsors may, under certain conditions, negatively affect a nonprofit’s effort to garner financial support from the general public.

“I’m Glad I Did” or “I Wish I Had:” The Comparative Effects of Satisfaction and Non-Purchase Regret on Future Purchase Intentions
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Extended Abstract
It seems counterintuitive that a consumer who does not experience your product may be just as valuable as your most satisfied customers. Even less obvious is the recommendation that marketers design promotions such that they can highlight missed opportunities to consumers who did not take advantage of the offer. In this research we examine regret for a forgone purchase opportunity and
demonstrate that non-purchasers reveal a motivation to purchase the product in the future similar to customers who experienced the product and were satisfied.

Traditionally, marketers have focused a great deal of effort on understanding customers who have tried and used the product. The issue has always been to keep these customers satisfied and to find ways to ensure that they continue to purchase the product in the future. The flip side of this equation is to ensure that consumers feel a minimal amount of dissatisfaction and regret for their purchase. The study of regret has been restricted to regret following some action, most often a purchase (Cooke et al. 2001; Tsiros and Mittal 2000). Such a focus is clearly relevant and justified given the negative effect that feelings of dissatisfaction and regret have on repeat purchase and brand loyalty, among other post-consumption outcomes.

In this research we propose that the feelings of regret following a forgone opportunity, i.e. regret for inaction, represents a potent driver of consumer behavior. Unlike regret for inaction examined in the psychology domain, regret for inaction in the consumption arena might be assuaged by the possibility of a similar opportunity arising in the future.

Prior research on inaction inertia suggests that forgone opportunities increase the likelihood of similar inaction in the future (Arkes et al. 2002). At least this seems to be the case when the current opportunity is less attractive than the forgone opportunity, although still positive in an absolute sense (Tykocinski and Pittman 1998). However, it may not be the case when the current opportunity is as attractive as or more attractive than the forgone opportunity. We theorize that consumers who experience inaction regret tend to idealize the forgone opportunity (Newby-Clark and Ross 2003), construing it to be positive and satisfying and eliciting a necessity to act by the contrasting of present reality with favorable expectations (Oettingen et al. 2001). In this case, regret for inaction serves as motivation not to make the same mistake twice. Indeed, in two studies we examine the impact of inaction regret on future purchase intentions and demonstrate that regretful non-purchasers are just as likely as satisfied customers to purchase in the future, and also to pay a premium for this purchase.

Study 1 used a critical incident method to examine inaction regret arising from forgone opportunities versus the feelings of satisfaction and dissatisfaction arising from taken opportunities in a consumption context. One hundred and eighty-two undergraduates participated. Participants in the regret for inaction condition were asked to think about a product that they had not bought, but wished they had. Participants in the satisfaction and dissatisfaction conditions were asked to think about a product/service about which they felt either “much more happy or satisfied than you expected you would” (satisfaction condition) or “much less happy or satisfied than you expected you would” (dissatisfaction condition). After describing the incident, participants answered questions designed to assess future purchase intent and willingness to pay more. Results revealed no significant differences in either the likelihood of future purchase (M\text{regret}=5.91 vs. M\text{satisfaction}=5.92) or the willingness to pay more for the future purchase between the inaction and satisfaction conditions (F(1, 103)=8.21, p<.05), but significant differences in both between these conditions and the dissatisfaction condition (M\text{regret}=4.67 vs. M\text{satisfaction}=5.08), but significant differences in both between these conditions and the dissatisfaction condition (M\text{dissatisfaction}=2.78, F(2, 156)=63.11, p<.05 for likelihood of future purchase and M\text{dissatisfaction}=2.11, F(2, 156)=51.30, p<.05 for willingness to pay more). These results indicate that consumers who experience regret for inaction are likely to purchase the item the next time they have a chance, and that they are willing to pay a premium for it.

Study 2 was designed to evaluate key findings from study 1 in an ecologically valid environment. One hundred and twenty-five undergraduates who had just returned from spring break completed a questionnaire online. Fifty-one participants had taken a trip during spring break and fifty-eight of the remaining participants wished they had. Next, satisfaction with spring break, regret with spring break, the desire to take a vacation in the future, and the willingness to commit resources to ensure a future vacation were measured. Results revealed that participants who had taken a vacation were significantly more satisfied with spring break than those who had not done so. A median split was conducted on reports of inaction regret for participants who had not gone on vacation, dividing participants into a low regret group (31 participants) and a high regret group (27 participants). Participants who had gone on the trip and those who had high inaction regret revealed an equally strong desire to go on a trip at the next opportunity (M\text{satisfaction}=6.54 vs. M\text{high regret}=6.72), and one that was significantly stronger than those who had low inaction regret (M\text{low regret}=5.78, F(2, 103)=13.43, p<.05). Similar results were revealed for anticipated regret (M\text{satisfaction}=5.33, M\text{high regret}=6.15, M\text{low regret}=4.37, F(2, 103)=8.21, p<.05) and for the willingness to commit resources to go on a trip at the next opportunity (M\text{satisfaction}=6.57, M\text{high regret}=6.64, M\text{low regret}=5.75, F(2, 103)=10.67, p<.05). These results indicate that when consumers feel considerable inaction regret, this feeling leaves them just as motivated to seek out the forgone product at the next opportunity, just as likely to anticipate regretting forgoing the product, and just as likely to commit to purchasing at the next opportunity as are those consumers who did avail of the opportunity and enjoyed the product experience.

An important implication of these findings is that potential customers who have missed or declined opportunities to purchase may be more important than previously surmised. Past promotional efforts directed at those customers are not necessarily sunk costs, with no anticipated future value. Instead, managers may take advantage of the forgone purchase opportunities by highlighting them in retrospect, thus intentionally inducing inaction regret.

References

3An analysis of the open-ended statements revealed that participants who experienced low regret for inaction had deliberately chosen to stay home for spring break for work or some other commitment. On the other hand, participants who had high regret for inaction were those who wanted to go for spring break but failed to make plans or had plans thwarted for some reason.