Ethical Labels and the Consumer Perceived Ethicality of Products

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This study analyzes the effect of ethical labels, corporate brand perception and gender on the products’ perceived ethicality. Results show that both the label and the perceived ethicality of the corporate brand influence the perceived ethicality of the product, but their effect is moderated by the gender of the consumer.

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EXTENDED ABSTRACT
This research focuses on consumers’ ethicality perceptions of products. The first objective is to analyze the interplay of two factors influencing ethicality perceptions: the consumer perceived ethicality (CPE) of the company that manufactures the product (its corporate brand) and the presence/absence of an ethical label. This research aims at understanding when those labels contribute to improve the product’s perceived ethicality. The second objective is to analyze the role of gender on the consumer perceived ethicality of products. This research applies to branded house strategies where the corporate brand and the product brand have the same name. It follows a call to increase our understanding of consumer perceptions of ethicality (Brunk 2010; Cohn 2010; Shea 2010).

Brunk and Blümelhuber (2011, 134) define CPE as “consumers’ aggregate perception of a subject’s (i.e. company, brand, product, or service) morality”. Although their definition of CPE expands beyond companies and brands to products and services, there has been limited research on perceived product ethicality. Product or brand CPE are conceptually more complex than company CPE because a product does not make decisions or act in a way that can be judged (un)ethical. However, a product is a consequence of a set of actions and decisions and this consequence can be judged.

One of the major roles of a label is to reduce the information asymmetry between sellers and buyers (e.g. Aprile, Caputo, and Nayga Jr 2012). This is especially true when the product is characterized by credence attributes - i.e. product characteristics that cannot be evaluated by the consumer or at a very high cost - such as ethical attributes. Since a label is a brand, a product carrying a label reflects a co-branding situation and the label can interact with the product or corporate brand. For instance, Larceneux, Benoit-Moreau, and Renaudin (2012) show that organic labels increase the perceived taste and quality of the product when the brand equity is low but not when the brand equity is high. In the latter case, consumers already infer a high quality from the brand and thus, the label’s marginal effect on quality is smaller. Similarly, an ethical label should contribute little to the product CPE, when its corporate brand already has a positive ethicality perception because the possible marginal contribution of the label is limited. Also, the literature shows that women are stricter than men in forming ethical judgments, which should affect the way they perceive the ethicality of products depending on the presence of an ethical label and the corporate brand of the product.

The related hypotheses were tested through an online experiment on 335 participants coming from a selected area recruited through a social network. The experiment had a two (no ethical label vs. ethical label) by three (negative vs. neutral vs. positive brand CPE) by two (males vs. females) between subject factorial design. A pre-test checked the manipulations.

For men, the presence/absence of an ethical label does not interact with the corporate brand CPE. Both the label and the corporate brand CPE have a simple effect on the product CPE. For women, the presence/absence of an ethical label interacts with the corporate brand CPE. There is only one instance when the label affects product CPE significantly, which is when the corporate brand is neutrally perceived. When there is no label, the corporate brand CPE has a simple effect on product CPE. Also interesting to note for women is that a positively perceived brand does not improve the product CPE as compared to a neutrally perceived brand when the product has a label. An explanation could be that the positive signal sent by the label is redundant with a positive brand CPE, hence a minimal incremental effect. The experiment also shows that the label is useless on women when the company is negatively perceived, which could be explained by their stricter moral judgments (compared to men).

These results confirm the importance of two predictors of product CPE, that is the presence of an ethical label and the corporate brand CPE. The results also contribute to the literature on labels by explaining the influence of an ethical label on the ethicality perception of the product on which it is affixed. So far, most researches focused on the impact of labels on purchase intention, willingness to pay or product preference, but not on ethicality perception. This is important as companies increasingly develop ethical products that aim, amongst others, at improving ethicality perceptions of consumers. The results highlight interesting divergence in perceptions between males and females when the product information is conflicting (negative company information and positive ethical label associated with the product).

REFERENCES