Getting Gold By Going Green: the Importance of Fitting the Message to the Mindset

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Firms today are ever-increasing the number of “green” products they offer; however, industry leaders have noted that many consumers still weigh their personal needs above those of society when making purchase decisions. In three studies, we demonstrate that a consumer’s mindset (abstract vs. concrete) and how the product is positioned (offering benefits to the self vs. the greater good) have an interactive effect on consumer preferences for green goods. We believe this research addresses an important practical question and makes a meaningful theoretical contribution.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/14230/volumes/v36/NA-36

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SESSION SUMMARY
With increasing consumer interest in pro-social causes such as environmental protection and human rights, corporations are undergoing a shift in their charitable directions. Specifically, firms are increasingly relying on pro-social actions to increase positive evaluations and product preferences. These pro-social actions can take many forms, from donating a portion of profits to a charitable cause to sponsoring fundraising races/walks to creating new products that are tailored to a particular cause (e.g., “green” products, ethically manufactured goods). In all forms, pro-social business activities are those that take into account the interests and concerns of society.

In the marketing literature, there has been growing interest in such activities, especially those classified as corporate social responsibility (CSR), which has been defined as the overall status and activities an organization undertakes with regards to its perceived societal obligations (Brown and Dacin 1997). The prevalence of these CSR efforts has been encouraged by the growing evidence that consumers prefer to patronize businesses that share their own values and ethics (Menon and Kahn 2003; Sen and Bhattacharya 2001). In addition, socially responsible corporate activity may be a source of competitive advantage, in that it can augment the overall reputation and identity of the company. As this area of corporate activities grows, there are two questions consumer researchers may ask: how do consumers perceive these pro-social activities, and, in turn, how do those perceptions impact attitudes toward the corporation?

The three papers in this proposed special topic session address these two questions, using a variety of methods and contexts. Specifically, the lens through which the issues are examined is the comparison of self-focused versus socially-focused consumer perspectives. Bennett and Chakravarti conceptualize this comparison as the signals a person can send via consumption of CSR-related goods. Specifically, these authors find that attitudes toward these CSR-associated products are strongly correlated with their ability to not only signal to others socially desirable traits about the consumer, but also by their ability to self-signal to the consumer themselves. Goldsmith and Dhar examine the self-versus social-focus comparison via mindsets which emphasize either benefits to the self or benefits to the greater good. These researchers find that the positioning of “green” products can highlight either the match between the self and concrete benefits or the greater good and abstract benefits. When there is a mismatch between the benefits and the consumers’ mindset, attitudes and willingness to pay for such “green” goods are undermined. Finally, Verrochi, Reed and Tong suggest that there are individual and cultural differences in the emphasis of self-versus social-focus in moral acts. These authors capture these differences using Moral Identity, and propose that consumer perceptions of CSR activities are driven by attributions of the corporation’s intrinsic motivation to do good, which are, in turn, impacted by individual differences in perceptions of the motivations for moral action.

While these three papers build upon the burgeoning literature on socially responsible business practices, they contribute to this stream in several important ways. Bennett and Chakravarti expand on the literature regarding the ability of charitable behavior to signal the benevolent identity of consumers (Glazer and Konrad 1996), to demonstrate that it is not only the social signal that consumers are concerned with, but also the ability to tell themselves (self-signal) about their socially desirable traits. Often when confronted with a charitable behavior, consumers are forced to trade off self-focused benefits (e.g., lower price) for socially-focused benefits (e.g., low emissions gasoline) (Bishop 2008). Goldsmith and Dhar demonstrate that the difference between these benefits is not only the target of the benefit, but also the mental level at which they are constrained. Finally, Verrochi, Reed and Tong draw from the social identity literature (Reed 2004) to demonstrate that the reason why consumers reject or accept products that match their moral identity is determined by the attributions the consumer makes about why the company has engaged in pro-social behavior. It is this mediating process which is controlled by internal and social values of moral action (Moral Identity) that ultimately establishes the attitude toward the product.

The current consumption environment, characterized by extensive options in terms of product quality and pro-social business affiliation, increasingly puts consumers in situations where they must choose to satisfy their own needs, the needs of society, or some combination of the two. As well as consumers facing this decision, firms too must decide how to shape their offerings to meet the demands of both the socially conscious consumer and the mainstream shopper. Reflective of this trend, this proposed special topic session offers a timely and relevant examination of how to conceptualize and understand the intersection of these underlying issues. The results of these three papers not only deepen our current understanding of socially responsible actions, but also expand the viewpoints used to examine the process by which consumers ultimately evaluate each option.

EXTENDED ABSTRACTS
“"The Self And Social Signaling Explanations For Consumption of CSR-Associated Products”
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Consumers frequently encounter, and buy, products that have a corporate social responsibility (CSR) association (e.g., cell phones giving a portion of proceeds to cancer research). It is well documented that products with a CSR-association are extremely popular among consumers and consumers may even be willing to pay a premium for these products. However, the research on CSR-associated purchase decisions has focused on antecedents that influence evaluations and purchase decisions (Brown and Dacin 1997, Sen and Bhattacharya 2001); less attention has been paid to the specific motivations that drive the decision to purchase a CSR-associated product.

We address this gap in the literature through several studies in which we find that consumers like CSR-associated products for two distinct reasons. First, consumers like the fact that these products send out highly visible, social signals regarding their benevolence. Second, consumers also like the more private, self-signaling potential associated with the purchase of these products. In sum, we find that the valuation of a CSR-associated product is jointly determined by its social and self-signaling potential. Brief descriptions of the supporting theory, specific studies we conducted, and the corresponding results, are provided below.
Signaling refers to the act of conveying information about oneself in an implicit fashion, by engaging in behaviors that reveal one’s traits and preferences to observers. Glazer and Konrad (1996) examined the role of social signals in the realm of charitable behavior. Their model implies that charitable donations are observable signals, and consumers are more willing to donate when there is an increased potential for signaling. We apply this theory to CSR-associated products, a specific type of charitable donation, and hypothesize that the evaluations of CSR-associated products will be positively related to the social signaling potential of the product.

Besides sending out social signals to observers, behaviors also have the capacity to self-signal to the individual in question. Quattrone and Tversky (1984) showed that people often engage in behaviors in order to signal to themselves that they possess a particular desirable trait, even when there are no social incentives. Thus, we posit that CSR-associated products also allow for self-signaling. These two hypotheses were investigated in the studies described below.

In the three studies that we conducted, all participants were first presented with an advertisement for a target product, and then asked several follow-up questions about the target product, which served as key dependent and process measures of interest to us. We manipulated the social and self-signaling potential of the target product by altering various elements of the ad copy.

In study 1, social signaling potential is manipulated by varying the visibility of the product via color and the CSR-association was manipulated by the presence-absence of a CSR affiliation. Study 2 replicates study 1, replacing the social signaling manipulation with a more subtle manipulation of location of consumption (private vs. public). Study 3 considers the role of self-signaling; self-signaling potential is manipulated by the presence/absence of a reminder about how the purchase of the CSR-associated product would remind participants of their benevolence.

Results across these studies indicate that products with greater social signaling potential derive more benefit from CSR associations. Although evaluations in the low social signaling condition remained constant across CSR conditions, evaluations of products with high social signaling potential increased significantly when CSR-associations were added. This difference further increased when a self-signaling reminder was added. Our findings suggest that consumers generally reward CSR-associated products that have the ability to serve as social signals. Interestingly, in order for self-signaling potential to influence the evaluations of CSR-associated products, these products must also have social signaling potential.

Two more studies, which are currently in progress, are aimed at lending further credence to the fact that social and self-signaling play an important role in the purchase of CSR-associated products. In study 4, using a design that parallels Tversky and Quattrone’s (1984) cold-compressor task, we investigate the potential for consumers to derive self-signaling benefits from the purchase of a CSR-associated product, even when (a) explicit reminders about its self-signaling potential are absent, and (b) a strong social signal is not plausible. In study 5, we look at individual level traits that should predispose people to differentially value the social (versus self) signaling potential of CSR-associated products.

These five studies, using disparate manipulations and dependent measures, provide convergent findings. Our findings suggest that consumers generally reward CSR-associated products for their ability to serve as social signals and are willing to punish and devalue similar CSR-associated products that do not offer the same signaling potential. Interestingly, we find this preference even when the product’s social signaling potential is very subtly cued.

Furthermore, if consumers are provided with explicit self-signals, the difference between high and low social-signaling potential products is augmented. In sum, we address a gap in the literature on corporate social responsibility by showing that the valuation of a CSR-associated product is jointly determined by its social and self-signaling potential. Our findings also extend the literature on signaling by offering an addition to the relatively modest extant stream of research related to self-signaling, especially in the consumer behavior domain.

References

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Firms today are ever-increasing the number of “green” products they offer. These products are typically positioned in terms of an associated pro-social benefit. For example, purveyors of shade grown coffee may stress how their coffee is farmed with minimal damage to the environment. Thus far, the goal of offering green products has been to cater to consumers who value these pro-social benefits; however, industry leaders have recently noted that many consumers still weigh their own personal needs above those of society when making purchase decisions. Such critics have questioned how to position green products such that mainstream consumer interest can be cultivated and product success will not remain limited to the “green ghetto” or the minority of socially conscious consumers (Bishop 2008).

As no academic research to date has explored how consumer decision processes may influence purchase considerations of green products, the current research proposes and tests how consumer mindsets and the positioning of product benefits affect interest in green goods. When positioning a green product (energy efficient light bulbs), benefits along at least two distinct dimensions can be emphasized: the product can be described in terms of the benefits to the self (“reduce your home energy costs”) or benefits to the greater good (“reduce global warming”). Benefits to the self can be seen as more concrete, as they are more psychologically proximal and are associated with lower level goal attainment. Conversely, benefits to the greater good are more abstract, as they are associated with higher order, more general goals. Recent research has demonstrated that consumers’ mindsets (abstract vs. concrete) can systematically influence the importance of product benefits. Consumers in a concrete mindset have been shown to prefer products offering more tangible, personal benefits (Meyvis, Goldsmith and Dhar 2008); whereas consumers in an abstract mindset prefer products whose benefits meet higher order goals (Fishbach, Zhang and Dhar 2005). As such, we argue that consumers in a concrete mindset will
be persuaded by appeals for green goods promising more concrete benefits, such as benefits to the self. Conversely, an abstract mindset, which focuses attention on higher order goals, will cause consumers to be more persuaded by appeals for products promising benefits to the greater good. Thus, we predict that a consumer’s mindset (abstract vs. concrete) and how the product is positioned (offering benefits to the self vs. the greater good) will have an interactive effect on consumer preferences for green goods.

This proposition is tested in three studies. In Study 1, participants read a vignette about a green product (solar panels) that they may purchase in the near future (two weeks) or distant future (six months). Temporal distance has been shown to systematically affect the level of abstraction at which consumers’ process information: more distal time frames correspond to more abstract representations (Trope and Liberman 2003), thus the time frame manipulation was used as a manipulation of mindset. The green product was positioned either as offering benefits to the self (“reduce heating costs”) or benefits to the greater good (“reduce global warming”). Finally, all participants indicated their willingness to pay for the product. In support of our hypothesis, the results demonstrated that consumers in an abstract mindset showed a greater willingness to pay when the product benefited the greater good; whereas consumers in a concrete mindset showed a greater willingness to pay for a product associated with personal benefit (interaction: p=0.028).

Study 2 was designed to extend the ecological validity of Study 1, by using a different manipulation of mindset and a different green product. The first study may have obtained the effect of mindset on willingness to pay only for a product where consumers were relatively unfamiliar with standard prices (Coupey, Irwin and Payne 1998). To address this concern, in Study 2 we used a product whose standard price was well known (a gallon of gasoline) and measured not only willingness to pay but also purchase intent. Participants first underwent a mindset manipulation then read a vignette about a green product (ethanol gasoline) that was positioned either as offering benefits to the self (“preserve the life of your engine”) or benefits to the greater good (“preserve our environment”). Finally, all participants indicated the likelihood that they would consider purchasing the product on a 1–9 scale (1=definitely yes, 9=definitely no), and their willingness to pay per gallon. In support of our findings from Study 1, the results demonstrated that consumers in an abstract mindset were more interested in purchasing the product when it offered a pro-social benefit as opposed to a personal benefit (M_self=4.36; M_pro-social=3.07); whereas the opposite was true for consumers in a concrete mindset (M_self=2.80; M_pro-social=3.36). This interaction replicated and was significant for willingness to pay (p’s<0.04).

Finally to extend the findings of Studies 1 and 2 into the domain of choice, Study 3 tested for the moderating effect of mindsets and product positioning on choices with actual financial consequences. Participants underwent a mindset manipulation then were told that to thank them for their participation they would be entered into a lottery for a reward of their choosing. Their choices were a cash reward, described as “Ten dollars in cash that you can spend any way that you choose,” or a green battery charger described as “one way for anyone to help reduce global warming and preserve the environment.” In support of our hypothesis, we find that participants in an abstract mindset were significantly more likely to choose the green product over cash (P_abstract=53.8%; P_concrete=25%; p=0.038).

At present, this research achieves several goals: we demonstrate that consumer mindsets and the positioning of a green product can have an interactive effect on consumer purchases. Further we demonstrate that this effect carries over to actual choice decisions. As many firms today feel compelled to offer green products and wish to do so successfully, we believe this research addresses an important practical question and makes a meaningful theoretical contribution.

References

“Moral Identity and Attributes of Corporate Social Responsibility”
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Recent research has developed an instrument for measuring both the content and intensity of a person’s moral identity. Moral identity has been defined as a self-conception organized around a set of collectively shared, higher-order values, principals or beliefs (Aquino and Reed 2002). While research on consumer perceptions of socially responsible corporate actions (e.g. charitable donations, foundations, etc.) have primarily focused on the extent to which the corporation and the charity or the firm or the action (e.g. Menon and Kahn 2003), we propose that individual differences in moral identity can predict consumer reactions to corporate social acts.

Two studies demonstrate that while fit and CSR form impact some types of attributions consumers make about the firm’s motivations for engaging in socially responsible action, it is moral identity which predicts those attributions that ultimately determine attitudes toward the firm. In both studies, participants first filled out a “personality test” containing the Moral Identity scale (Aquino and Reed 2002) as well as other various individual difference scales. After completing these measures, participants engaged in a filler task, and then were presented with the experimental stimuli. Each participant saw one of four advertisements; either high or low on corporation-charity fit, and either a promotion format or advocacy format as per Menon and Kahn (2003).

Study 1 demonstrates that American participants’ scores on the Internalization dimension of moral identity, or the degree to which moral characteristics are self-important, predicts ratings of Values-Driven attributions. This specific class of attributions, which relate to how much a firm cares about the adopted cause, predicts attitudes toward the firm. When participants’ attributions are entered into the regression, we observe full mediation of the effect of Internalization on ratings of CSR. In contrast, study 2 shows that Singaporean participants’ scores on the Internalization dimension of moral identity neither predict Values-Driven attributions nor ratings of CSR. Rather, Singaporean participants’ scores on the Symbolization dimension of moral identity, which captures
sensitivity to the moral self as a social object, predict ratings of Values-Driven attributions, which in turn predict CSR. We also observe full mediation of the effect of Symbolization on ratings of CSR when Values-Driven attributions are included in the regression.

These results are consistent with the characterization of American consumers as possessing a relatively independent self-construal; while Singaporean consumers are have a more interdependent self-construal. To this extent, independent (US) consumers follow the norm of expressing one’s unique attributes (Markus and Kitayama 1991), which maps onto the Internalization dimension’s conception of the self-importance of moral behavior. Opposing this, consumers holding an interdependent self-construal (Singapore) follow the norm of “seeing oneself as part of an encompassing social relationship” (Markus and Kitayama 1991: p. 227), evidenced by the Symbolization dimension’s sensitivity to the social value of moral behavior.

These findings have implications beyond the realm of individual difference scales. We find that fit between the company and charity, as well as the form of the socially responsible action are less predictive of ratings of CSR than are feelings that the firm cares about the cause, regardless of cross-cultural differences. Although different dimensions of moral identity carry more or less weight in different cultures, Values-Driven attributions consistently predict CSR evaluations. With this in mind, managers should reconsider the strategies used to select between different corporate social actions. Rather than selecting those that are the best “match” with corporate identity, firms would be better served to choose activities that they are visibly passionate about, to encourage these Values-Driven attributions. Not only would attitudes toward the firm increase, but the charities themselves would be better served by engaged corporate partners.

References