Consumers are Ethical
(Despite what their Purchasing Suggests)

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Consumers are Terrible

- “The US Consumes 1500 Plastic Water Bottles Every Second”
  treehugger.com October 15, 2009)

- Companies unnecessarily test on animals: Almay, Acuvue, Aquafresh, etc.
  (258 in all, Peta.com)

- Child Labor is rampant, including in U.S. tobacco fields

- Trafficking and Forced labor, e.g.
  Qatar (HRW 2016).
But People are Wonderful

• Total giving to charities = 358B in 2014 in US (2% of GDP) – Charitynavigator.org

• In 2014, 5537 living people gave someone a kidney.

• More than 35 thousand in US have donated bone marrow to a stranger (ij.org)

• 29% of cats and dogs are adopted from shelters and rescues, 35% of cats are adopted as strays (aspcap.org)
Why is there a seeming disconnect between purchasing and other behavior?
ETHICAL BEHAVIOR

The Angel and the Devil are not well-integrated
WILLFUL IGNORANCE

- Willful ignorance is nonsensical in a classic SEU framework.
- The marketplace does not always provide information, however, and this nondisclosure does not seem to hurt companies.
Willful Nondisclosure
Marketing of Ethical Information: What are the Costs of Obtaining the Information?
February 21, 2016
Ethiopia: No Let Up in Crackdown on Protests

Ethiopian security forces are violently suppressing the largely peaceful protests in the Oromia region that began in November 2015. Flooding Oromia with federal security forces shows the authorities’ broad disregard for peaceful protest by students, farmers and other dissenters.
People often avoid finding out if a product is ethical or not. E.g. if it is made using child labor, if it has a negative influence on the environment. They will avoid the information even if they would use it if it were available (Ehrich and Irwin, 2005)
182 Subjects (Within subjects)
- Blank matrix followed by conjoint with full matrix

Shopping for wooden desk and chair set

4 Attributes
- Workmanship (designer, medium, low)
- Comfort (excellent, medium low)
- Type of Wood (tree farm, rainforest, combination farm/rainforest)
- Price ($750, $550, $350)

Likelihood of purchase

Dependent Measures: ‘Request’ and ‘Use’ of Attribute Information

Comparison of Rainforest Attribute ‘Use’ to ‘Request’

Rank of attribute (higher = used more, requested sooner)
Importance of Rainforest Wood to the Consumer and Willful Ignorance

![Bar Chart]

- **Use**
- **Request**

- Use and request levels for Low Importance, Medium Importance, and High Importance.
Why Avoid?
Avoidance Reduces Anger and Sadness

![Graph showing the relationship between avoidance and predicted sadness and anger levels. The graph indicates that as avoidance increases, both sadness and anger decrease.]
Willful Ignorance is Rampant, Especially in Ethical/"Should" Situations

- Who knows exactly how her clothes are made?
- Where and how his food is grown?
- How the goods and services we purchase affect the communities that produce them?

- And ethical information is especially likely to be missing/difficult to obtain in market situations.
  - It is much easier to obtain for charities/nonprofits.
  - It is much easier to obtain for political situations as well.
What this means

- IF WE KNEW ABOUT IT, MANY CONSUMERS WOULD USE ETHICAL INFORMATION
  - So, managerially this means: Tell people what you are doing right
  - So, in terms of government this means: Do not expect people to find out who is doing something wrong (or right for that matter).
  - The real solution to willful ignorance: Laws and nudges
ETHICAL ATTRIBUTES AND OTHER ATTRIBUTES


IAT shows that people associate ethicality with gentleness and lack of ethicality (self-interest) with strength.
CHOICE OF HAND SANITIZER

![Bar Chart]

- **Chose Green (Sustainable) Hand Sanitizer**
- **Chose White (Less Sustainable) Hand Sanitizer**
Ethicality and Functional Performance Ratings of Purex versus Seventh Generation: People Worry Ethical Means Not Strong
THE SUSTAINABILITY LIABILITY

If a product is sustainable, people think it is not strong.

- So, for products people want to be gentle e.g., baby shampoo, being sustainable is fine.
- For products that are expected to be strong (e.g., tires), you can fix the sustainability liability simply by ensuring consumers that the product is strong.
Managerially: How can you ameliorate this effect?

- For the Ethical = Gentle inference, just tell the consumers the ethical product is just as strong
  - We were able to eliminate the effect simply with one sentence.
- More Broadly: The key is knowing what consumers are worried about…
  - Do they think grass-fed beef is less delicious?
  - Do they worry that organic perfumes do not last as long?
  - Do they assume that sustainable always means more expensive?

- If you know what they worry about then you can address their fears.
- Many of these fears are put there by marketers…..
## Context and ethics

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## Buying Environments...

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Punchline

• People are both good and bad and often typical purchasing environments emphasize the bad.
• Good marketing and understanding of human psychology can help uncover the ethical consumer.