

# Open Research Online

---

The Open University's repository of research publications and other research outputs

## Will ethical consumers sustain their values in the global credit crunch?

### Journal Item

How to cite:

Carrigan, Marylyn and De Pelsmacker, Patrick (2009). Will ethical consumers sustain their values in the global credit crunch? *International Marketing Review*, 26(6) pp. 674–687.

For guidance on citations see [FAQs](#).

© 2009 Emerald Group Publishing Limited

Version: Accepted Manuscript

Link(s) to article on publisher's website:

<http://dx.doi.org/doi:10.1108/02651330911001341>

<http://www.emeraldinsight.com/Insight/viewContentItem.do?contentType=Article&contentId=1819198>

---

Copyright and Moral Rights for the articles on this site are retained by the individual authors and/or other copyright owners. For more information on Open Research Online's data [policy](#) on reuse of materials please consult the policies page.

---

[oro.open.ac.uk](http://oro.open.ac.uk)

## **Will ethical consumers sustain their values in the global credit crunch?**

**Dr Marylyn Carrigan and Prof. Patrick de Pelsmacker**

### **Abstract**

**Purpose:** The current global recession is presenting new and difficult challenges for those customers wishing to consume sustainably and ethically, and the marketers who seek to provide the goods that allow them to do so. This viewpoint will explore to what extent international marketers can engage consumers with a social conscience and retain their loyalty both during and after the recession.

**Design/methodology/approach:** This conceptual paper explores the impact the global recession is having upon consumers and marketers, and considers the evidence surrounding concerns that the demand for ethical products will decline across international markets as the recession deepens.

**Findings:** The discussion acknowledges that while discount retailers are thriving, and customers are trading down, evidence suggests that across international markets a significant number of socially conscious consumers are still exhibiting ethical consumption behaviour. Future marketing opportunities lie in providing consumers with products that will deliver value without compromising their ethical social values.

**Originality/value:** The paper offers a balanced perspective on the significance of ethical consumers to international marketers. The analysis highlights a number of threats and opportunities that exist in the current global recession, and the discussion is illustrated with several examples of successful marketing ethics in action.

**Keywords:** ethical consumer – sustainable marketing – economic recession

## **Will ethical consumers sustain their values in the global credit crunch?**

**Dr Marylyn Carrigan and Prof. Patrick de Pelsmacker**

Dr Marylyn Carrigan  
Centre for Strategy and Marketing, Open University Business School  
Open University, Milton Keynes, MK7 6AA ([m.carrigan@open.ac.uk](mailto:m.carrigan@open.ac.uk))

Prof. Patrick de Pelsmacker  
Dept. of Marketing, University of Antwerp, Antwerpen, Belgium

### **Introduction**

The current global recession is presenting new and difficult challenges for those wishing to consume sustainably and ethically, and those who seek to provide the goods that allow them to do so. In recent years sustainable marketing and ethical consumption entered mainstream global business and political activity (Peattie and Peattie 2008), accompanied by a sea-change in public understanding of the damaging behaviours of big business (Harrison 2006). Marketing researchers study ethical consumption activity as part of the broader consumption picture (Mayo and Fielder 2006; Szmigin and Carrigan 2005), but more specifically it can include the purchase of fairly traded or environmentally friendly products; the avoidance and boycott of certain goods and companies, or energy efficient and reduced consumption behaviours. Between 1999 and 2007, the UK market has experienced a surge in consumer interest in ethical activities. Consumers of all ages reported an increased disposition towards ethical behaviours, while six percent of the UK adult population (2.8 million people) are committed ethical consumers (Co-operative Bank 2007). However, this is not just a UK phenomenon. A recent Boston Consulting Group (BCG) study of 9,000 consumers in nine countries (Manget, Roche and Munnich 2009), including Japan, China and Italy, concluded that green and ethical issues are a significant factor influencing where consumers shop and what they buy, suggesting that consumers have not yet abandoned their ethical principles during economic uncertainty. Both Havas (2007) and Nielsen's Global Consumer Report (2008) found that environmental, ethical and cause related marketing activities positively influence consumer behaviour around the world.

However, this growth in ethical consumerism has taken place over a period of low unemployment, low interest rates, soaring house prices and healthy retail conditions across many developed and developing nations. The increased cost of living, tighter lending standards, growing unemployment and global recession has changed the economic landscape, and now that consumer spending is under pressure, there are concerns that the growth in the sustainable consumer goods market will slow (PricewaterhouseCoopers 2008). Others argue that this is too simplistic (Stancich 2008), and that while price and value for money have become more pressing issues for global consumers, those who are genuinely committed to ethical consumption will not lightly discard their ethical credentials. These conflicting views present a dilemma

for those marketers facing the consequences of economic downturn; can they afford to pursue a sustainable agenda when it appears that the market for their products and services may be shrinking? Can they afford not to pursue that agenda, given the risks to their reputation and revenue such action might engender?

Such is the challenge facing ethical consumers and marketers across the world: sustaining values while seeking value. Research suggests a more nuanced response than simply abandoning ethical purchasing for cheap goods is taking place among global consumers, creating opportunities as well as threats in a range of sectors across the international marketplace. Given the volatility of world business, this article will explore to what extent international marketers can engage consumers with a social conscience and retain their loyalty both during and after the recession.

### **The ethical marketplace**

Figures demonstrate ethical and environmental shopping has grown substantially worldwide in the last few years. The overall market for ethical products in the UK is now worth US\$45 billion, and almost half UK consumers say they buy fairtrade products today compared with just twenty percent in 2005 (Stancich 2008). The organic and natural sector represents the largest within the global ethical foods market, growing from almost nothing ten years ago to around US \$ 25billion in 2005. Northern Europe is the biggest market, where British consumers spend more than US \$2billion. 7 percent of all Danish food sales by value are organic, and the US market has reached almost US\$ 15 billion. Fairtrade, pioneered in Germany and the Netherlands in the 1980's, now sells 4,500 products in over twenty countries, reaching international sales of US\$2.25 billion in 2007, a 47 percent increase on the previous year (Fairtrade Foundation 2009). In the UK Fairtrade retail sales exceed US\$986 million, challenging the global turndown with a 43 percent increase over 2007, while Max Havelaar the Dutch based fair trade label organization has reported a record growth in sales in 2008, as have Oxfam in Belgium (University of Antwerp 2009).

Like mainstream markets, the ethical marketplace exhibits varying degrees of sophistication and development from nation to nation. Some of the variations in ethical consumption can be explained as Belk, Devinney and Eckhardt (2005, p279) identified, by the variety of cultural responses to ethical purchase behaviour that exist between countries, due to the cultural differences in "social roles, gender roles, institutional structures, welfare expectations, laws and traditional rights." So Brazilian, Chinese and Indian consumers are most alarmed, not surprisingly given the impact it has upon their quality of life, about climate change, whereas this is less of an issue for UK, US and German consumers (Havas Media 2007). In Canada, organic chocolate is less popular than green products, but in Italy the reverse is true; green appliances, such as energy efficient washing machines are less favoured in China, where consumers wash by hand more, and the government keeps energy costs low (Manget, Roche and Munnich 2009). However, some consensus does exist as shown by a recent Nielsen Global Survey of 28,253 online consumers, where 98 percent of respondents in Latin America expected companies to engage in programmes that either protect the environment or society, as did 90 per cent of respondents in emerging markets (EEMEA) and Asia Pacific, and 85 percent of consumers in Europe

(Nielsen 2008). What this shows is that the ethical consumer exists to a greater or lesser extent, and in various forms, within most countries.

As the market has developed, many of the world's largest multinationals have recognised opportunities, and taken advantage and diversified into the ethical market, either via new product development, for example, Nestle's Partners Brand, or through acquisition, such as Cadbury's purchase of Green & Black's. However, while purchase penetration across the population has grown rapidly, and the desire to buy more sustainable goods clearly exists, it must be recognised that the share of today's ethical or environmentally friendly products although significant, remains small. In the UK, these products are estimated to account for under 4 percent of total consumer retail spending in 2007 (PriceWaterhouseCoopers 2008), and while fairtrade sales growth is considerable, it remains less than 1% of global trade (Siegle 2009). It is also the case that some research has found global consumers are not as ethical in practice as they claim to be, with significant attitude-behaviour gaps having been identified between what they claim to care about, and the choices they make at the point of sale (Mayo and Fielder 2006; Belk, Devinney, and Eckhardt 2005; Carrigan and Attalla 2001). Given the flexibility demonstrated by consumers in the ethical purchases they make, and the inconsistency with which they sometimes exercise that choice (Szmigin, Carrigan and McEachern 2008), can we expect greater volatility in their support of ethical products when their budgets are being squeezed even tighter?

### **The current recession – evidence and impact**

The global economic recession arrived at a speed few could have predicted. Snapshots of economies around the world suggest a grim picture. The US saw a 6.2% drop in the GDP over the fourth quarter of 2008 compared with the third, consumption of durable goods such as cars and furniture dropped by 22.8 percent, and overall consumer spending fell by 4.3 percent (BBC News 2009). France has been paralysed by a wave of strike action, the Hungarian currency has sunk to its lowest level against the euro as unemployment rises, the economy of Latvia is predicted to slump by 10 percent (Traynor 2009). The sharp slowdown in both China and India, which have been the world's fastest growing economies, is having its impact both at home and elsewhere around the world. Multinational job losses have been substantial, with GKN shedding 2,800 employees worldwide; SAP software 3,000; AstraZeneca 6,000; and Eastman Kodak 4,500 (Clark and Hopkins 2009). The consequences of declining retail sales across the US and Europe, numerous bankruptcies and store closures have meant hundreds of factories producing clothes, toys, footwear and accessories being closed or scaled down in supplier countries such as China, India, Pakistan and Vietnam. Increased input costs, higher wages, fluctuating currencies, and tightening credit availability means factories are undercutting each other to stay in business, possibly leading to lower supply chain standards (Chhabara 2008), and potentially undermining commitments to ethical sourcing.

As economies implode, and the frailty and folly of many business decisions are exposed, there has been, unsurprisingly, considerable criticism that marketers have been complicit through their encouragement of unsustainable patterns of consumption with messages of rampant consumerism, endless credit and disposable culture (James 2007; De Graaf, Wann and Naylor 2005; Schor 1998). In particular encouraging even greater consumption of alcohol, fossil fuels, fast food and cigarettes, as well as over-

packaging products, and building in unnecessary product obsolescence have done little to position marketing as the planet's saviour (Kleanthous and Peck 2007). However, marketing is central to global society, and when harnessed responsibly, those messages encourage us to recycle, reuse, buy fairtrade, eat healthily, drink sensibly, save energy and support good causes. The commercial potential for marketers in this current economic crisis to further the goals of sustainability and provide ethical products and services, although untested, remains considerable. Roper Starch, MORI and LOHAS have all recently identified mainstream consumer segments for whom environmental and social factors are influential in their consumption choices (Kleanthous and Peck 2007). Marketing is at the heart of the sustainability debate because of its interface between the forces of production and consumption. Brands built upon value, authenticity and integrity hold even more currency now that many companies, such as Northern Rock, RBS, and Bear Sterns have betrayed customer trust through their poor management and mendacity. Consumers have always sought brands which they can trust, but increased cynicism will mean even closer scrutiny of what those brands are built upon. If marketers don't deliver on value and values, in today's climate, many consumers will shop elsewhere.

### **The impact on ethical consumers and ethical retailers**

Recently, Future Foundation (2009) contemplated some possible consequences of the current financial climate. Will consumers become more risk-averse? Will they remorselessly search for bargains and discounts, abandon their eco-instincts and embrace a new 'paradox of thrift' with less spending and more mending? What have emerged so far from this crisis are some surprising winners and losers of the economic downturn, as consumers make shifts in their recession spending. Mainstream consumers are adopting what have long been traditional ethical consumer strategies in their endeavours to save money (Moraes, Szmigin and Carrigan 2009). Trading down, staying home, eating in and 'making do' are consumer behaviours reflected in the fortunes of the retail sector across the globe. In France, Belgium and the Netherlands consumers are taking more holidays closer to home, while in the UK 65 percent of consumers were buying less luxury food, 53 percent taking fewer holidays abroad, 51 percent spending less time going out and 42 percent planning to stay in more (Gibbons 2008). In the USA sales are down in women's clothing, furniture, luxury goods and airline tickets, while brand swapping from brand names to store generics is increasing, and sales of domestic beers such as Keystone Light are up as higher-price imports such as Corona fall (Barbaro and Dash 2008).

#### *Crisis consumption*

Crisis consumption is often comfort consumption. Even when consumers recognise the need to reduce spending, the aesthete, luxury or comfort seeker within them doesn't disappear, although it may require restraint. In the US Beer, alcohol, movies and home entertainment tend to thrive in hard economic times, as consumers avoid high ticket or debt funded purchases they consider non-essential. However, in Belgium beer has not proved recession proof, with InBev, the world's largest brewer reporting missed targets and cancelled management bonuses. Car and house sales have collapsed from Dubai to Dublin, as has the requisite spending on carpets and furniture that usually accompanies house purchases. But rather than lose the spending habit, consumers are trading down to cheaper items to cheer themselves up, regardless

of country or cultural tradition (Elliott 2008). Cosmetic firms L'Oreal, Beiersdorf and Shiseido have confirmed the 'lipstick' effect taking place, mirroring the early 80's, when consumers increased spend on cosmetics while reducing spend elsewhere. Small luxuries replace large extravagances; in Japan while department store spending on clothes fell 25 percent since 1997, sales of accessories rose 10 percent. Herein exist further opportunities for ethical marketers to position their brands as an affordable treat, and research suggests that even in recession, consumers will choose small indulgencies, such as organic food, if they believe the product is healthier, safer or better for the environment (Manget, Roche and Munnich 2009). Westmalle, the leading brand of ethically produced Trappist beer in Belgium and the Netherlands has not suffered a slump, and demand remains as high as ever for their authentic and socially responsible brand.

Recessions instil anxiety, and even those consumers whose financial situation is relatively stable will exhibit caution in their household spending which can manifest in many ways across different cultures. In Holland, frugality is driving an increase in shoe repairs to avoid new shoe purchases, but a decrease in car repairs and maintenance as consumers stretch out the periods between service checks. In the UK, charity shops, selling second hand clothing donations, are reporting booming business, as reusing and sourcing second hand items becomes more popular. However, fewer people are also replacing their clothes and in turn, donating fewer cast-offs, so charities such as Oxfam and Cancer Research UK are desperate for new stock (Papworth 2009). In response, under their 'Plan A' ethical strategy, Marks and Spencer set up a partnership deal with Oxfam, where, if someone donates a labelled M&S item, they receive a voucher giving them £5 discount when they spend £35 at M&S stores. This has boosted donations to Oxfam of M&S clothing, raised £1.7 million through extra sales for the charity, and prevented one million tons of clothing heading to landfill. Enabling consumers to gain value, save money and act ethically has been a successful and reputation enhancing marketing strategy for the UK high street retailer.

### *Winners and losers*

Recent figures from both the US and the UK demonstrate that some ethical sectors, such as organic food are showing signs of suffering. Organic retailer Whole Foods Market posted a 31 percent profit decline in the third quarter of 2008, and while the organic market in the UK is worth US\$2 billion, Mintel have reported that 48 percent of all organic shoppers will reduce or even stop buying organic food in the next year (The Telegraph 2009). However, other ethical choices, such as local produce, fairtrade and animal welfare are gaining ground. 42 percent of UK adults would like more retailers and manufacturers to source their products locally, and 28 percent are willing to pay more for food if it meant supporting local farmers. This reflects other recent studies that found not only are consumers willing to pay more for locally produced and UK-grown food (Traill 2006), but in some cases, perceive produce sold at farmers' markets to be cheaper than supermarkets (Youngs 2003). Although local production is not about to replace international sourcing within the food market, the desire to support local farmers and brands in times of recession is one that connects to consumers' ethical intentions (Boulstridge and Carrigan 2000). Retailers who promote the welfare of local suppliers and stock their produce are likely to find favour with the socially conscious consumer.

Research suggests that ethical interpretations and behaviour differ in various consumer markets around the world (Belk, Devinney and Eckhardt 2005), and marked contrasts exist between developing and developed country consumers and the ethical issues about which they care most. Moral values are socially and culturally constructed, and culture filters our perceptions of what is ethical or unethical consumption. For example, many consumers focus upon very local causes (Carrigan, Szmigin and Wright 2004), and as the recession deepens and local firms struggle to survive, we can expect to see a deepening commitment by consumers to buy local rather than imports as a socially conscious activity that lends support to local business, but also one that potentially reduces air miles and environmental impact, and helps sustain local communities (Carrigan and Buckley 2008). Given that we already know that country of origin influences many consumer purchase decisions, we might also expect the additional ethical dimension of such nationalistic buying to boost the domestic market, while reducing the export market for certain goods such as air freighted food.

#### *Trading down: ethical opportunities for discounters*

Few could have predicted the consumer trade down across Europe and the United States, where discount supermarkets such as Lidl, Aldi, and Save-A-Lot, low cost fashion retailers such as Primark, TJ Maxx and fast food outlets such as Pizza Hut are thriving, would also include middle class shoppers. Fears have been expressed that this may signal that pragmatism and price are overriding the affluent consumer's ethical conscience. Reported signs of business growth include in the UK, Domino's pizza chain reporting a 9 percent increase in sales; McDonalds sales ahead by 10 per cent and KFC creating 9,000 new jobs and 300 new outlets (Teather 2009). As people seek to balance shrinking incomes and family demands, the fast food business is responding swiftly to address those consumer concerns. Even as healthy eating campaigners and policy makers around the globe put their collective heads in their hands, it is important to reflect that the fast food retailers are also, slowly but surely, embracing the ethical trend (Rayner 2009) and have a chance to repair their unhealthy image as concerned shoppers move downmarket (Gibbons 2009). McDonalds, a long time target of environmental and anti-globalisation campaigners (Szmigin, Carrigan and McEachern 2009; Connolly and Prothero 2008) now boasts fair trade coffee, free range eggs, organic milk and locally sourced beef in its restaurants. As many consumers are forced to change where they eat out, there is an opportunity for fast food chains to demonstrate their ethical credentials. While question marks still exist in conscious consumer minds about employee conditions, wages, suppliers and animal welfare, if fast food restaurants can make consumers feel better about eating there when they are forced to, they may continue to visit when they are not (Gibbons 2009).

Acknowledging that downturns change consumer behaviour, marketers need to formulate a recession strategy to understand how those changes are going to impact upon their business (Babej and Pollak 2008). Will consumers continue to make these choices when the upturn eventually comes, or return to their previous patterns of behaviour? Re-enchantment with brand labels when they have been purchasing generic, buying bottled not tap water, ordering Starbucks rather than McDonalds lattes will, to some extent, depend upon their satisfaction with these new consumption experiences and the authenticity of the value and ethics they find within them. If



marketers can deliver on price and ethics now, then customer retention post-recession is more likely.

## **Sustaining value and values for the future**

### *The cost of ethical behaviour*

Often, looking at the short term, it has seemed too expensive for some consumers to be ethical. Cleaner hybrid or electric cars (e.g. the Toyota Prius), organic food, energy efficient domestic appliances, fairtrade clothing brands such as People Tree, and numerous other ethical products cost more than their conventional equivalents, and this dissuades many consumers from purchasing. In a recent UK study, 48 percent of consumers were either unwilling or unable to pay the premium associated with more sustainable goods (PriceWaterHouseCoopers 2008). However, we know that the long term costs to future generations are even higher if we don't address the consequences of the fast depleting fossil fuels, carbon emissions, deforestation and manufacturing pollutants that are the side effect of many of our most sought after consumer products. But is being green and ethical really more expensive? Recession has driven consumers to seek out cost cutting behaviours to offset the price rises they are seeing in basic purchases such as fuel, heating, food and transport. Switching off lights, reducing heating thermostats, planning purchases, using public transport, increasing insulation and utilising low energy appliances are among the most popular ethical behaviours that involve relatively little consumer effort, but achieve considerable cost and pollution reductions long term (Manget, Roche and Munnich 2009). Encouraging and supporting them to do so with affordable, accessible product and service solutions present considerable opportunities for marketers.

Recognising that most ethical spending is conducted by committed ethical consumers, it is also the case that this population have a deeper commitment to ethics than is easily affected by price. Earlier studies have suggested that consumers are willing to pay more for ethically produced goods (De Pelsmacker, Janssens, Sterckx and Mielants 2005; CRC-Consumption 1998). Supporting this, a recent Canadian study found purchasers of Fairtrade products are much less price-responsive than those of non-Fairtrade products, suggesting that ethical brands may well ride out the recession better than others (Welch 2009). It is also true that ethical spending has increased across demographic groups, not just among the wealthiest countries. Research shows that in China, Brazil, Mexico and India, more consumers are prepared to pay a green premium than those in the UK, US or Germany (Havas Media 2007). Although some consumers are unwilling to pay a premium for ethical products, in a BCG survey, around one third of consumers across the world said they would pay five to ten percent more for ethical products, if they were convinced they offered direct benefits (Manget, Roche and Munnich 2009). This varies from category to category, with consumers willing to pay more for ethical ingestible products (i.e. food, drink, drugs) than disposables, and while consumers are concerned about the pollution issues attached to disposables, they are less willing to pay a premium for greener alternatives.

The challenge for companies is to provide greener alternatives at prices customers will pay, although creative solutions such as reduced packaging could potentially achieve those savings. Shoppers across the countries that the Boston Consulting

Group surveyed also stated they wanted to see more ethical alternatives, would buy more if they were available and would patronise a store if it carried greater ethical product choice. Thus to facilitate ethical shopping, retailers need to manage the trade off between convenience and price transparency. Even so, research suggests that the current price premium in the UK for environmentally and ethical friendly products is around 45 percent, while consumers themselves are only willing to pay around a 20 percent premium (PriceWaterHouseCoopers 2008). Elsewhere in Europe it has been calculated fairtrade lovers are only willing to pay an ethical premium of around 25% (De Pelsmacker, Driessen and Rayp 2005), and so reducing this disparity is one of the challenges that marketers face if they are to empower consumers in the choices they would wish to make.

### **Ethical sourcing**

Even though they are shopping at Lidl or Primark, people across all countries still expect that the workers who grew, made or served the product were paid a fair price, that the product came to the store in the most efficient way possible and as little packaging as possible was used to protect it (Gibbons 2008). Recession may be impacting upon consumer spending but they are still willing to pay for ethically responsible products and services, and still expect high environmental and ethical standards from those who supply them, even if times are tough.

Many have argued that for most people to shop ethically, the product must not cost any more than the ordinary one, it must come from a reputed brand, require no special effort to buy or use, and must be at least as good as its alternative (Belk, Devinney and Eckhardt 2005; Carrigan and Attalla 2001). If consumers don't care enough, what incentives then do marketers have to maintain responsible or ethical standards in today's shrinking global economy? Numerous high profile brands such as Coca Cola, Gap, Nestle and Nike have first hand experience of the threat that negative perceptions of their brand can have on sales. While earnings may recover, no firm is going to expose themselves to unnecessary risk. Consumers today know and care more about what they buy, how it is made, what it is made from, how far it travelled and how it is packaged (Newholm and Shaw 2007). The way consumers gather and share information has also changed, empowered and linked as they are now by the internet (PriceWaterhouseCoopers 2008). The international reach of websites such as YouTube, social networking sites such as Facebook, and the media and activist willingness to capitalise on potentially damaging incidents, albeit short term, requires marketers to be concerned not just about consumers but also about other outside groups, including competitors, that have something to gain from fuelling negative publicity.

For those marketers who are considering cutting back on improving environmental performance or raising standards in the supply chain there are considerable risks. If you abandon your social responsibilities and environmental pledges now, what message does that convey about your commitment to causes you've supported, and benefited from, during the boom years? Consumer trust depends upon belief in commitment to causes. Were Marks & Spencer to suddenly abandon its 'Plan A' sustainability agenda in what they themselves have reported as 'challenging' trading conditions, the stakeholder support in sales and reputation this has engendered – from

customers, the media, cause-related partners, shareholders and employees – would be devastated, and their carefully nurtured brand irreparably damaged, something no company wants on top of a recession. A recent survey of marketing professionals by Belgian marketing consultants The House of Marketing (ThoM) summarised expectations for the future as “dark clouds, back to basics and an ethical revival” (ThoM 2009), while nearly two thirds identified “green marketing” and “authenticity” as increasingly important. Rather than losing interest, it seems that consumers will increasingly demand more honest, true and socially relevant products and services

Not surprisingly, many global brands, particularly those whom in the past have been under attack for supply chain abuses, such as Adidas, Gap and Nike, are cognisant of the dangers. Adidas have stated that “safeguarding workers rights and entitlements will remain a necessary focus” (Chhabara 2008, p2). Wal-Mart’s chief executive Lee Scott, making a commitment to tougher new environmental and social standards in the middle of the economic crisis, said to Chinese government officials in 2008 that “meeting social and environmental standards is not optional”. Rather than undermine social and ethical promises, marketers are seeking ways to cut costs through efficiency in the supply chain: improving productivity, consolidating supply chain stability, quality and innovation. An International Finance Corporation/ International Labour Organisation joint pilot programme that trains and improves conditions for garment workers in Cambodia reduced absenteeism by 8 percent, and the rejection rate of products by 44 percent. Collaborating to support such programmes is an opportunity for brands to reduce waste and cut costs in their supplier factories without diminishing their commitment to higher ethical standards. This is fundamental, as while consumers are now making more value choices, it is wrong to believe that consumers are no longer interested in social and environmental aspects just because they are not able to pay (De Pelsmacker and Janssens 2007). They want both value and ethics; a recent Concerned Consumer Index found over 60 percent of ethical consumers said they would have a higher opinion of companies that continued to spend money on social and environmental activities, even in difficult economic conditions (Gibbons 2009).

### **Consumer confusion**

Consumers, despite the recession, want to act and buy more sustainably, but are restricted by three key barriers: high price, confusion and lack of trust, and the availability of alternatives (PriceWaterhouseCoopers 2008). Clarity, consistency and credibility are central to maintaining and building consumer appetite for sustainable products. Nearly 20 percent of UK consumers rate confusion about the consequences of their choices and the social and environmental trade-offs of their purchases as a key barrier to purchase. Contradictory and overwhelming information about the implications of buying one product (e.g. Café Direct or Nestle Partners Blend coffee) rather than another leaves even socially aware consumers confused, disempowered and unable to act (Szmigin, Carrigan and McEachern 2009; Mayo and Fielder 2006; Cherrier 2007). The confusion, high prices and unclear messages can lead to a lack of trust, something now further exacerbated by current economic conditions and corporate misdemeanours. In an Ipsos-Mori survey it was found that the three most important factors underpinning trust in a company are quality, customer service and ethical behaviour (Baker 2008). Thus firms who can combine value, quality and sustainability along with clear, consistent and credible communications, are likely to

do well with consumers, demonstrated by greater consumer confidence in players such as Innocent, Abel & Cole and Ecover. The Danish toymaker Lego have seen a 51 percent rise in UK sales in 2008, reflecting Lego's strong ethical marketing policy, and consumer gravitation towards trusted brands during recession. A study by international grocery research agency IGD in 2008 found that while most UK shoppers are economising and bargain hunting, they are also more willing to buy ethically when they see genuine value (Welch 2009).

While government have a role to play in educating the consumer about issues and what is the right thing to do, retailers are at the forefront too, because they have direct contact with their customers. Consumers are increasingly turning to companies and brands to request education, advice and empowerment on ethical issues (Havas Media 2007). Take the example of AsdaWal-Mart who worked with suppliers to reduce the retail price premium by over 50 percent of CFL's (compact fluorescent lightbulbs). Alongside this, CFL's were given additional shelf space, and in-store point of sale and marketing was used to explain to customers about the benefits and that AsdaWal-Mart would meet the required sales volume for profitability. Other retailers are providing the direction consumers seek by 'choice editing' (Mayo and Fielder 2006), helping consumers by organising the alternatives they face using sustainable attributes to "make the 'right' choice" (Connolly and Prothero 2008, p141). For example, Sainsburys only stocks fairtrade bananas, while Marks & Spencer sell only fairtrade tea and coffee in their cafés. When asked to rate the ethical competence of the stores where they shop, the ones international consumers rated highest included Carrefour, Ikea, Auchan and Wal-Mart (Manget, Roche and Munnich 2009). In ranking these stores, consumers ranked choice and assortment before price, suggesting that retailers should be focusing upon educating consumers about the benefits of ethical products and making it easier to locate them in store.

### **Concluding thoughts**

Despite the global financial crisis, the death knell for the ethical consumer is not yet sounding. Those firms who treat sustainability as an opportunity, rather than a costly add on are most likely to reap the rewards long term by exploiting the opportunity it brings to differentiate, make cost savings, build consumer trust and help consumers continue to make more sustainable purchasing decisions. Certainly price is driving many recession hit consumers, but a recent Ipsos MORI poll showed that consumers respond favourably when retailers make more sustainable options easy, available and affordable. Consumers worldwide resist giving up what they feel to be either an established high quality of life, or the promise of one, and this is not helped when choices are presented by some sectors of the media in a stark 'either-or' scenario between the benefits of modern life or saving the planet. This is where opportunities exist for marketers and brands to deliver more palatable solutions, particularly during such difficult economic times. It is not surprising that many companies have found the most successful ethical programmes are those that help the consumer save money (Manget, Roche and Munnich 2009), while negotiating the structural and infrastructural constraints on consumption they face everyday (Connolly and Prothero 2003).

There is already evidence of retailers taking action to make it easier for consumers to buy ethically, despite the downturn. Tesco ran a promotion in the UK selling five low-

energy light bulbs for just 40p in October 2008, and sold 3.5million – more than the whole of the previous six months. AsdaWal-Mart’s mantra ‘Make Sustainability Affordable for All’, has the objective of embedding sustainable thinking even further into their business by saving energy, packaging and fuel to reduce their carbon footprint, reduce their environmental impact, and operate more efficiently at a lower cost which can be passed onto their customers in lower prices (Asda 2009). Other consumer goods companies are also leading the way, such as Cadbury’s global ‘Purple Goes Green’ campaign to reduce packaging, energy and water usage in their 60 country operations, or Ecover who are building more efficient factories that use less electricity and recycle water, thus reducing cost impacts upon their bottom lines.

AsdaWal-Mart believe that helping customers do the right thing is an opportunity that works just as much to the company’s advantage as the consumers, and if recent analysis is right, companies who commit to sustainable practices are also achieving above average performance in the financial markets, even during the economic slowdown (Mahler, Barker, Besland and Schulz 2009). Increasingly marketers recognise that there is competitive advantage to be gained from examining internal and external strategy through an ethical lens. Brand value, customer and employee loyalty, higher top-line and margin growth, cost savings and supply advantages are all possible benefits (PriceWaterhouseCoopers 2008). Much work remains for researchers to explore, compare and theorise the “everyday ethics of consumption and ethical consumption” across a range of cultures (Newholm and Shaw 2007, p 259). Even so, if, as has been suggested, markets may face more intervention and regulation to curb the excesses seen over the last few years, it is better to be leading the development of a more ethical marketplace, than risk being left behind as others – regulators and consumers – set the pace.

## References

- Babej, M.E. and Pollak, T. (2008) Tuning into the recession mindset, *Forbes*, available at [www.forbes.com/2008/02/14](http://www.forbes.com/2008/02/14) (accessed 31st January 2009)
- Baker, M. (2008) Healthy choices, healthy profits? *Ethical Corporation Special Report: Ethics and financial performance*, available at [www.ethicalcorp.com/content\\_print.asp?ContentID=5876](http://www.ethicalcorp.com/content_print.asp?ContentID=5876) (accessed 4<sup>th</sup> February 2009)
- Barbaro, M. and Dash, E. (2008) Recession diet just one way to tighten belt, *The New York Times*, April 27 available at [www.nytimes.com/2008/04/27/business/27spend.html](http://www.nytimes.com/2008/04/27/business/27spend.html). (accessed 4th February 2009)
- BBC News (2009) *Timeline: global credit crunch*, available at <http://news.bbc.co.uk/1/hi/business/7521250.stm> (accessed 2nd March 2009)
- Belk, R., Devinney, T. and Eckhardt, G. (2005) Consumer ethics across cultures, *Consumption, Markets and Culture*, 8(3), 275:289
- Boulstridge, E. and Carrigan, M. (2000) Do consumers really care about corporate responsibility? Highlighting the attitude-behaviour gap, *Journal of Communication Management* 4(4),355:367.
- Carrigan, M. and Buckley, J. (2008)What’s so special about family businesses? An exploratory study of UK and Irish consumer experiences of family businesses, *International Journal of Consumer Studies*, 32(6), 656:666

- Carrigan, M. and Szmigin, I., Wright, J. (2004) Shopping for a better world? An interpretive study of the potential for ethical consumption within the older market, *Journal of Consumer Marketing*, 21(6) 401:417
- Carrigan, M. and Attala, A. (2001) The myth of the ethical consumer – do ethics matter in purchase behaviour? *Journal of Consumer Marketing* 18(7), 560:578
- Chhabara, R. (2008) *Supply chain ethics: brands stay committed despite tough trading*, available at [www.ethicalcorp.com/content\\_print.asp?ContentID=6240](http://www.ethicalcorp.com/content_print.asp?ContentID=6240) (accessed 4<sup>th</sup> February 2009)
- Cherrier, H. (2007) Ethical consumption practices: co-production of self-expression and social recognition, *Journal of Consumer Behaviour*, 6, 321:335
- Clark, A. and Hopkins, K. (2009) US economy shrinking at fastest pace since 1981, *The Guardian*, January 31<sup>st</sup>, p39.
- Connolly, J. and Prothero, A. (2008) Green consumption: life-politics, risk and contradictions, *Journal of Consumer Culture*, 8(1), 117:145
- Connolly, J., and Prothero, A. (2003) Sustainable consumption: consumption, consumers and the commodity discourse, *Consumption, Markets and Culture*, 6(4), 275:291
- Co-operative Bank (2007) *The Ethical Consumerism Report 2007*, Cooperative Bank: Manchester
- CRC-Consommation (1998) *Commerce Ethique: Les Consommateurs Solidaires*, CRC: Paris
- De Graaf, J., Wann, D., and Naylor, T.H. (2005) *Affluenza: the all consuming epidemic*, 2<sup>nd</sup> edition, Berrett-Koehler Publishers: San Fransisco
- De Pelsmacker, P., Janssens, W. A model for fair trade buying behaviour: the role of information and product-specific attitudes, *Journal of Business Ethics*, 75 (4), 361:380.
- De Pelsmacker, P., Janssens, W., Sterckx, E. and Mielants, C. (2005) Consumer preferences for the marketing of ethically labelled coffee, *International Marketing Review*, 22(5), 512:530
- De Pelsmacker, Driessen, L. and Rayp, G. (2005) Do consumers care about ethics ? Willingness to pay for fair trade coffee, *Journal of Consumer Affairs*, 39 (2), 361-383
- Elliott, L. (2008) Into the red: 'lipstick effect' reveals the true face of recession, *The Guardian*, 22<sup>nd</sup> December, p.27
- Fairtrade Foundation (2009) *Facts and figures on fairtrade*, The Fairtrade Foundation, available at [www.fairtrade.org.uk/what\\_is\\_fairtrade/facts\\_and\\_figures.aspx?printversion=true](http://www.fairtrade.org.uk/what_is_fairtrade/facts_and_figures.aspx?printversion=true) (accessed 26th February 2009)
- Future Foundation (2009) *The current financial climate: a message from the Future Foundation*, available at [www.futurefoundation.net/page/view/the\\_current\\_financial\\_climate](http://www.futurefoundation.net/page/view/the_current_financial_climate) (accessed 7th January 2009).
- Gibbons, G. (2008) *Brandwatch focus: recession ethics*, available from [www.ethicalcorp.com/content\\_print.asp?ContentID=6202](http://www.ethicalcorp.com/content_print.asp?ContentID=6202) (accessed 5<sup>th</sup> February 2009)
- Gibbons, G. (2009) *Recession rethink: McDonalds back on ethical consumer menu*, available from [www.ethicalcorporation.com/content\\_print.asp?ContentID=6271](http://www.ethicalcorporation.com/content_print.asp?ContentID=6271) (accessed 4<sup>th</sup> February 2009)
- Harrison, R. (2006) Reflections on reaching issue 100, *Ethical Consumer*, 100, May/June 2006, available at

[www.ethicalconsumer.org/CommentAnalysis/Features/100IssueofEC.aspx](http://www.ethicalconsumer.org/CommentAnalysis/Features/100IssueofEC.aspx) (accessed 3rd March 2009)

Havas Media (2007) *Consumer perception of climate change and its potential impact on business*, available at [www.havasmedia.com](http://www.havasmedia.com) (accessed 4<sup>th</sup> February 2009)

James, O. (2007) *Affluenza*, Vermilion: London

Kleanthous, A. and Peck, J. (2007) *Let them eat cake: satisfying the new consumer appetite for responsible brands*, available from [http://www.wwf.org.uk/filelibrary/pdf/let\\_them\\_eat\\_cake\\_abridged.pdf](http://www.wwf.org.uk/filelibrary/pdf/let_them_eat_cake_abridged.pdf) WWF-UK: Godalming, Surrey (accessed 3<sup>rd</sup> March 2009)

Mahler, D., Barker, J., Besland, L. and Schulz, O. (2009) *Green winners: the performance of sustainability-focused companies during the financial crisis*, A.T.Kearney: Chicago, Illinois.

Manget, J., Roche, C. and Munnich, F. (2009) *Capturing the green advantage for consumer companies*, The Boston Consulting Group: Boston, MA

Mayo, E. and Fielder, A. (2006) I will if you will, *Consumer Policy Review*, 16(4), 148:155

Moraes, C., Szmigin, I. and Carrigan, M., (2009) Living positive alternatives: an examination of new consumption communities, forthcoming in the special issue of *Consumption, Markets and Culture* on Anti-consumption issues.

Newholm, T. and Shaw, D. (2007) Studying the ethical consumer: a review of research, *Journal of Consumer Behaviour*, 6, 253:270

Nielsen (2008) *Corporate ethics and fair trading: a Nielsen Global Consumer Report*, Nielsen and the University of Oxford Environmental Change Institute: Oxford

Papworth, J. (2009) Give us your clothes now! *The Guardian Money*, 31<sup>st</sup> January 2009, p1.

Peattie, K. and Peattie, S. (2008) Social marketing: a pathway to consumption reduction? *Journal of Business Research*, doi:10.1016/j.jbusres.2008.01.033

PriceWaterhouseCoopers (2008) *Sustainability: are consumers buying it?* PriceWaterhouseCoopers: London

Rayner, J. (2009) We're a fast-food nation slowly eating ourselves to death, *The Observer*, 22<sup>nd</sup> February, p27

Schor, J.B. (1998) *The overspent American: upscaling, downshifting and the new consumer*, Basic Books: New York

Siegle, L. (2009) Is buying fair trade a waste of money? *The Observer Magazine*, 22<sup>nd</sup> February, p.59.

Stacich, R. (2008) Recession ethics: CSR in a downturn – recession-proof ethics can weather the storm, *Ethical Corporation*, 5<sup>th</sup> March available at [www.ethicalcorp.com/content\\_print.asp?ContentID=5751](http://www.ethicalcorp.com/content_print.asp?ContentID=5751) accessed 4<sup>th</sup> February 2009)

Szmigin, I., Carrigan, M. and McEachern, M. (2009) The conscious consumer: taking a flexible approach to ethical behaviour, forthcoming in the special issue of *International Journal of Consumer Studies* on Sustainable Consumption.

Szmigin, I, Carrigan, M. and McEachern, M. (2008) Flexibility, dissonance and the conscious consumer, European Association for Consumer Research Conference. *Advances in Consumer Research*, Vol.8, 11-14 July, Milan, Italy

Szmigin, I. and Carrigan, M. (2005) Exploring the dimensions of ethical consumption, European Association for Consumer Research Conference, *Advances in Consumer Research*, Vol.7,608:613 June 15-18. Goteborg, Sweden.

Teather, D. (2009) Bluecoats wanted – recession hit Britons head for Pontins, *The Guardian*, 4<sup>th</sup> February, p1.

The Telegraph (2008) *Credit crunch hits sales of organic food*, available from [www.telegraph.co.uk/financetopics/recession/3506720/Credit-crunch](http://www.telegraph.co.uk/financetopics/recession/3506720/Credit-crunch) (accessed 29th January 2009)

ThOM (2009) *Belgian marketers in times of crisis. 2009 Yearly marketing survey*, The House of Marketing, released 2<sup>nd</sup> April.

Traill, B. (2006) Shoppers willing to pay up for local food, *The Grocer*, October 21<sup>st</sup>, p.12. William Reed Publishing: Surrey

Traynor, I. (2009) Governments across Europe tremble as angry people take to the streets, *The Guardian*, January 31<sup>st</sup>.

Youngs, J. (2003) Consumer direct initiatives in North West England Farmers' Markets, *British Food Journal*, 105 (8), 498:530

University of Antwerp (2009) *Marketing at Oxfam Fairtrade*, Research Report, University of Antwerp Management School, February 2009.

Welch, D. (2009) *Is it the end for the ethical market?* Available from [www.ethicalconsumer.org/CommentAnalysisFeatures/theendoftheethicalmarket.aspx](http://www.ethicalconsumer.org/CommentAnalysisFeatures/theendoftheethicalmarket.aspx) (accessed 6<sup>th</sup> February 2009)