

## **Research Proposal**

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### ***Consumer Responses to Green Products: The Influence of Psychological Collectivism***

#### **Problem Statement:**

It is evident from the current societal climate in the United States that politicians and regular citizens alike have begun to take environmental considerations more seriously. The political leadership seems to weigh environmental aspects into its ongoing economic stimulus efforts. For example, the popular “Cash for Clunkers” program is geared towards supporting the bleeding car industry and giving consumers the confidence and incentive to buy new cars again, while at the same time it promotes the migration to much more fuel and cost efficient cars, a measure which will both lower harmful emissions and conserve energy resources for the future. Only a few years ago the United States was the land of SUVs and light trucks. Compared to countries in Europe, especially Scandinavia, the US move towards a more enthusiastic environmental focus comes late. In Sweden, in contrast, consumers are adamant about protecting the environment, and both the political establishment and important industry players support and capitalize on these sentiments.

While these general tendencies are well known, we know little about how consumers actually respond to green products and to companies' efforts to market them. Without this crucial information, it is problematic to suggest guidelines for how international executives can most effectively leverage their marketing efforts within the confines of the green business arena. In addition, it is possible, and even likely, that cross-cultural differences influence green consumer behavior. If that is the case, this has implications for the extent to which the green marketing mix can be standardized across countries and regions, or whether and how it must be adapted to specific cultural contexts. The strategic approaches to green marketing are also likely to vary between different industries, customer groups, and products categories. These are significant considerations for multinational enterprises.

This cross-cultural study comparing consumer responses to green products in the United States and Sweden, attempts to bring some clarity to a number of facets relating to how consumers focus on different aspects of green products when they make purchasing decisions. This information has the potential to help guide companies that need to understand the driving forces behind their current and future customers' decision making process when they interface with green products. The specific tenor of this investigation lies in the perceived attribute of green products as either "mostly benefiting society" or "mostly benefiting the individual." Based on individual and partially culturally informed characteristics, the expectation is that consumers will respond differently depending on the degree to which the perceived benefits of a certain product ally with their own preferences and inclinations. One such assumption is that individuals that are collectivist in nature will be especially prone to focus on messages relating to a green product's

benefit to society as a whole. It is the goal of this study to establish whether such a relationship exists and, if so, to define its impact on consumers' decisions to buy green products.

### **Objectives:**

The proposed study will provide insights into the potential influence of *psychological collectivism* on the intent of consumers to purchase a variety of green products depending on the products' perceived benefit to society versus to the individual.

### **Literature Review:**

#### ***Corporate Social Responsibility***

A recent research study in the realm of Corporate Social Responsibility (CSR) by Trudel and Cotte (2009) elucidates how consumers respond to CSR messages relating to products and companies. In this study, the authors confirm the notion from previous studies that consumers expect companies to behave ethically and that they are prepared to punish them if they do not. Some CSR researchers go as far as to warning companies about the hazards of being perceived as socially irresponsible precisely because of the finding that consumers are more susceptible to negative CSR information than to positive CSR information. (Bhattacharya & Sen, 2004)

In their new study, Trudel and Cotte were able to put a price on how much ethical behavior matters to consumers: Compared to prior research, they finally quantified the size of the price premium consumers are willing to pay for products that meet high CSR standards. One of the most interesting findings in this study is that consumers seem to use price to punish unethical companies to a greater extent than they use price to reward ethical companies. The results also indicate that for consumers with high initial expectations on companies' ethical behavior, the magnitude of this price differential increases. This implies that in a new world of well-informed and demanding consumers, it will become increasingly important for managers to behave in accordance with these high CSR expectations.

While Trudel and Cotte's study focuses broadly on the full umbrella of CSR activities and initiatives, it can be applied to the specific realm of green business as well. In fact, sustainability and green operations are a major component of CSR. Important for my own investigation is the distinctive aspect of green products, i.e., their bifurcated focus, which distinguish them from the general CSR framework. Many green products can be interpreted as primarily benefiting society as a whole -- like the general category of CSR -- but many can, in fact, be interpreted as primarily benefiting the individual, or in some cases society and the individual equally. This notion implies that some of the conclusions drawn from scenarios dealing with CSR research have to be questioned. For example, might consumers react differently to marketing messages when the focus is not (only) on the altruistic idea of a benevolent and ethical company doing good, than when there is a clear cost benefit and value to the specific consumer in question? And if there is a pronounced difference in how consumers internalize and react to those distinctive

tenors of meaning, might that also be impacted by fundamental cultural differences relating, for example, to the varying extent to which consumers align themselves with in-groups in their proximity? This idea then opens up the possibility that depending on their collectivist inclinations, individuals, and extrapolated, certain populations, will react in diverse ways to green marketing messages.

One study, suggests that consumers in communitarian countries, such as Germany and France, are more inclined to support socially responsible businesses than those in more individualistic societies such as the US. (Maignan, 2001) Using relatively small sample sizes for only these three countries, and without testing collectivism on the individual level, the author affirms the hypothesis above.

### ***Green Marketing***

While the debate about the nature of green marketing is a topic beyond the scope of this paper, it is important to note that this is an area of contention. One interesting aspect is the oxymoronic nature of the concept of green marketing. As adeptly suggested in one article (Peattie, 1999), it is evident that the traditional role of marketing, i.e., to support and expand consumption, is contradictory to sustainability and the fundamentals of the green movement. This paradox is something of which to be mindful. For the purpose of this study, I view green marketing as the engagement with the elements of the marketing mix relating to products that are superior to traditional products and services in terms of their limited negative impact on the environment, as well as strategic

considerations, product development, and innovation pertaining to such product offerings.

Beyond the question of the contradictory nature of green marketing, there are other pressing issues that companies face as they try to build a successful marketing platform for their green products. According to Ottman, Stafford, and Hartman (2009), green marketing myopia is widespread: Companies often overemphasize the environmentally friendly product features to the detriment of general customer satisfaction aspects relating to convenience, cost-savings, and quality.

One telling example is Philips' introduction in 1994 of the energy-efficient compact fluorescent light bulb (CFL). Originally, this product was incompatible with most conventional lamps. However, upon the realization that the CFL bulb would not sell solely due to its environmental superiority, Philips reintroduced the product in 2000, now named "Marathon" to emphasize its longevity. The company also designed the bulb for usage in conventional lamps, sought and obtained EPA certification via the Energy Star label, and explicitly communicated to consumers the substantial cost-savings which accompanied the usage of the product. According to the authors, these types of scenarios are commonplace and involve product categories as diverse as cars and washing machines. These highly interesting observations require further study, especially the examination of relevant cross-cultural perspectives. The study raises a critical question: While companies doing business in the US surely pay attention to these developments, is it possible to draw conclusions on a global level, or might cross-cultural differences exist in terms of the importance consumers attribute to immediate consumer value versus broad-based benefits to society as a whole?

## *The Green Consumer*

The green consumer is equally problematic to pinpoint. Part of the reason is precisely the fact that consumer intentions and behaviors might be convoluted by the fact that green products are not only chosen because they are environmentally superior, but also because they carry benefits attributed directly to personal health (Peattie, 1999). This is the case with organic food, which might be consumed for personal health reason, due to environmental concerns, or both.

There have been a few recent attempts at profiling the green consumer. One study that focuses on Indian consumers (Chitra, 2007) divided 60 respondents into the following segments: Aspirants, Addicts, Adjusters, and Avoiders. The majority (58.3%) of respondents fell into the category of Aspirants who “are aware of the ecological imbalance and its damaging effects. They wish to consume eco friendly products and feel that eco friendly products render value for price paid.”(p. 181) For the regional Indian market in question, Aspirants were typically relatively well educated, urban females above 40 years of age with two or more children, and at a modest income level (Rs. 10,001-15,000). The study does not address whether these results are locally informed or whether there is reason to believe that one can extrapolate these results to other similar populations elsewhere in India and internationally.

Another study with larger sample size (887 valid survey responses) conducted on Portuguese respondents (Finisterra do Paco & Raposo, 2008) aims at crystallizing a set of variables into dimensions to be used in the profiling of green consumers. They cluster the variables into nine factors which focus on a variety of green consumer aspects, such as

the willingness to recycle, to carefully read labels, to conserve resources, and the willingness to pay a higher price for green products. This study indicates that two of the factors were especially strong determinants of the green consumer, i.e., 1) the tendency for consumers to be careful when shopping, buying more energy-efficient, less polluting, environmentally friendly, recycled and biodegradable products, and 2) the tendency towards environmental activism.

While these studies offer some guidance as to the psychographic profile of green consumers in India and Portugal, they do not elaborate on best practices on how to market to these consumers, and they also do not suggest if and how their findings can be extrapolated to other populations. It is necessary to go beyond nationality in order to discern whether specific cultural traits can elucidate green consumer behavior.

### ***Psychological Collectivism***

While a number of cultural facets might inform green consumer behavior, this study focuses particularly on the spectrum of collectivism. This dimension has been widely explored in different genres of research within business and management. An in-depth overview of the current state of this research (Jackson, Wesson, Colquitt, & Zapata-Phelan, 2006) indicates that there may be both validity and reliability issues with existing collectivism measures, for example, in studies exploring whether collectivism predicts job performance in group settings. This group of researchers instead proposes a modified and improved collectivism measure: psychological collectivism. This measure

reflects the “emerging consensus in the literature that collectivism and individualism are not polar opposites but rather orthogonal, independent constructs.” (p. 885)

Building on prior collectivism measures, the authors have developed a new instrument, framed within the nomenclature of psychological collectivism, which suggests five key facets of collectivism: 1) **preference** (Collectivists emphasize relationships with in-group members and prefer to exist within the bounds of the in-group. They are affiliative by nature and believe that collective efforts are superior to individual ones.); 2) **reliance** (Collectivists believe that one person’s responsibility is the responsibility of the entire in-group. This sense of collective responsibility makes them comfortable relying on other members of the in-group.); 3) **concern** (Collectivists are motivated not by self-interest but by a concern for the well-being of the in-group and its members.); 4) **norm acceptance** (Collectivists focus on the norms and rules of the in-group and comply with those norms and rules in order to foster harmony within the collective.); and 5) **goal priority** (Collectivists’ actions are guided by the consideration of the in-group’s interests. Thus in-group goals take priority over individual goals, even if this causes the in-group member to make certain sacrifices.).

Psychological Collectivism’s five facets are measured in a 15-question survey. While the likelihood that some facets of psychological collectivism, such as concern, and possibly reliance, might have a greater bearing on consumers’ attitudes towards green products, all five facets will be included in the survey instrument used for the proposed study. In addition, the original fifteen survey questions will be slightly modified to reflect the specific context of green marketing.

## **Hypotheses:**

Hypothesis 1: I expect to detect an interaction effect between the level of collectivism and the consumer emphasis. For high collectivism, I expect willingness to purchase to be higher for products with societal emphasis than consumer emphasis. For low collectivism, I expect the reverse pattern.

Hypothesis 2: It is also my prediction that there will be a small main effect for collectivism, i.e., collapsing across the two product types, in general, high collectivism is associated with more willingness to purchase than low collectivism.

Hypothesis 3: There will also likely be a small main effect for type of product. Collapsing across the two collectivism levels, in general, a consumer emphasis is associated with more willingness to purchase than a societal emphasis.

## **Methodology:**

The proposed research study will investigate consumer responses to a wide spectrum of green products, specifically measuring the respondents' hypothetical "likelihood to buy" the products in question. Employing a scenario methodology, this study will include 10-14 distinctly green products with brief descriptions, which will have been pre-tested pertaining to their emphasis on societal versus individual benefit. (See appendix for a complete list of green products to be pre-tested for inclusion in the

final survey instrument!) This manipulation check will determine whether the stimuli are primarily regarded as benefiting the individual or society as a whole.

There will be two scales assessing the benefit emphasis of each item in the pre-test. One scale will assess “benefit to individual” and would range from “very little” to “very much” using a 5-point scale. The other scale will assess “benefit to society” in the same manner. The "gray" items will then be excluded, i.e., those which fall in the middle of the spectrum and are considered by some to benefit primarily the individual, by others primarily society. Realistically, 10-14 distinctive items from the complete list should remain for inclusion in the final survey. The reason for using two separate scales is that if compounded into one, and especially with a 5-point scale, it might be tempting for the pre-test respondents to choose the middle, neutral answer, and I could potentially end up with prohibitively few clear-cut items.

Because the focus of this study is to determine whether there is interaction between psychological collectivism and product emphasis (societal/individual), it is possible that the products selected based on the pre-test results -- indicating unequivocal emphasis -- are of diametrically different nature. For example, it is evident that the purchase of a hybrid car and biodegradable washing detergent demand different levels of consumer pre-purchase involvement. In the survey, some of the expected differential in respondents' responses to “likelihood to purchase” based on the product's price tag, and especially among students who will constitute the sample, can be mitigated by setting up a scenario in which money is not an issue for the respondents.

In a future follow-up study an increased level of specificity in regards to green products could be infused in order to provide insights into how consumers respond to

different categories of green product, varying price levels and so forth. There is surely the potential to investigate food-products, electronics, or personal hygiene products separately.

The participants in the current study will be exposed to the products (with brief descriptions) upon which they have to categorize whether the perceived benefit of these green products is mostly individual or mostly societal. The independent variable in the model below reflects ad emphasis (either consumer or societal). The moderator variable is psychological collectivism, and the dependent variable is “likelihood to buy” the product in question. The hypotheses above will eventually be tested statistically.

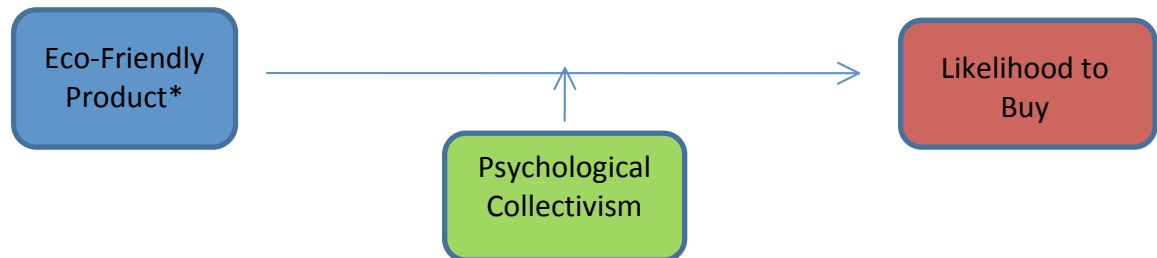
The survey instrument will ask some personal background information (gender, nationality, and so on), as well as include the fifteen (slightly modified) survey items for psychological collectivism. The survey will also ascertain specifics about the respondents’ reactions to and attitudes towards the green products, their likelihood to buy, and their willingness to pay for the product in question. “Likelihood to buy” is the primary dependent variable which will be assessed as part of the study in question.

### **Data Collection:**

The survey instrument will be distributed at one Swedish university (most likely the University of Lund) and at the George Washington University in Washington DC. The sample is expected to include several hundred undergraduate business students in each location.

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### ***A Visual Model***



\*A list of 10-14 different products will be included in the survey. They will have been pre-tested for perceived benefit to society vs. to the individual. For a complete list, please see appendix!

### **Concluding Remarks:**

This study attempts to establish whether there are meaningful cross-cultural differences in consumer responsiveness to green products, and specifically to these products' emphasis on consumer versus societal benefits, by focusing on psychological collectivism. I expect the results of this research to verify that there are, in fact, cross-cultural variations based on self-reported levels of psychological collectivism in consumers. Depending upon the level of government, media, and corporate support in the various international constituencies, these differences may confuse, delay, or even make unworkable a global green *meme* that can withstand failure. In such a scenario, this research can be utilized to develop guidelines and best practices for multinational

companies as to how they can capitalize on their green marketing efforts in a global context. More explicitly, the expected results of this study could help guide the green marketing community towards more sound marketing mix adaptation decisions pertaining specifically to green product offerings.

Appendix:

**Green Products to be pre-tested for possible inclusion in survey:**

Biodegradable washing detergent

“Green” washing machine (saving water)

Aluminum water bottle (such as SIGG)

Organic clothing

Reusable shopping bag

Electronic book

Environmentally friendly personal hygiene product

Environmentally friendly domestic cleaning product

Locally produced food item

Heating/cooling system (optimizing energy consumption)

Organic baby food

Organic milk, or other food product

Meat without antibiotics

Compact fluorescent bulbs (CFL)

Rechargeable batteries

Low VOC paint (interior paint)

Flat-packaged, self-assembly furniture

Hybrid car

Electric car

Car with high per gallon mileage