

## Why do Consumers Buy Socially Responsible Products?

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### Abstract

*This paper describes a study into consumers' reasons for buying socially responsible (SR) products, such as Fair Trade products and organic meat. As opposed to other studies, we use a qualitative approach based on 25 in-depth interviews and include several different products in the research. This leads to several new results, such as: (1) buying SR products is perceived as an imperfect moral duty; (2) low quality of SR products is a dissatisfier, but high quality not a satisfier; (3) the attitude towards SR products is related to the reputation of charitable funds; (4) the demand for SR products is negatively related to the frequency of purchasing SR products; (5) reflection on SR products raises the demand for SR products; (6) consumers that have witnessed the social problems that SR products aim to alleviate purchase more SR products. Finally, we find that the demand for different SR products is correlated: if a consumer buys one SR product, it is more likely that (s)he purchases other SR products as well.*

**Keywords:** Consumer behaviour; socially responsible products; reasons for buying; Fair Trade; organic

### Introduction

During the last few years, Dutch consumers have started to pay more attention to the ethical aspects of their consumption. The Fair Trade organization increased its turnover by over 20% annually from 2004 to 2007 (E-commerce 2008), and the turnover of organic food increased by 13.3% in 2007 while total consumer expenditure on food increased by no more than 6.7% (Bio-monitor 2007). Because a price premium is often demanded for such socially responsible products, their success is contradictory to what economic theory predicts: paying a higher price for socially responsible product features does not seem to be in a person's immediate self-interest. So what reasons do consumers have to buy such products? And what reasons do others have for not buying such products?

Literature about ethics in consumer choices is abundant (see for example Auger & Devinney 2007; Hiscox & Smyth 2007; Vermeir & Verbeke 2006; Devinney et al. 2005; Shaw & Shiu 2003; Carrigan & Attalla 2001; Dickson 2001). However, these studies do not focus explicitly on social products for which a price premium has to be paid by the consumer. Asking consumers to pay a price premium may, however, have a large impact on their behaviour. Therefore, the subject of this study is 'socially responsible products' (hereafter: SR products), which are defined as *products for which a price premium is explicitly demanded because of some social characteristic of that product*. Note that products that require an investment that is expected to be earned back over time (such as energy efficient light bulbs or central heating boilers) are thus not included in the research. In other words: to be included in the research, the price premium should be to the benefits of others and should not add to the buyer's own immediate consumption benefits. In table 1, examples of SR products are given.

Insert table (1) about here

Some previous studies into buying SR products have been done for the UK, the US, Belgium and Denmark (see for example De Pelsmacker & Janssen 2007; De Pelsmacker et al. 2005; Millock & Hansen 2002; Laroche et al. 2001). In this study, we aim to extend this research in several dimensions. Firstly, we do not focus on just one SR product, as most previous studies have done, but instead look at four different SR products. This allows us to research whether findings can be generalized for different SR products or whether there are differences between product types, which leads to interesting new hypotheses. Secondly, whereas prior research mostly studied the influence of variables on attitude or behaviour towards SR products, we also analyse the level of these variables, to see to what extent they are relevant altogether. For example: we do not only test whether the perceived quality of SR products influences buying behaviour, but also whether the quality of SR products is perceived to be different from that of their 'non-SR' counterparts. Thirdly, as opposed to most previous studies, we use a qualitative approach to detect new relevant factors influencing consumer behaviour, which could not have been found with a quantitative method.

Fourthly, we focus on the Dutch market in order to complement and further validate findings for the UK, the US, Belgium and Denmark. It is not straightforward that results in the Netherlands are similar to those found in other Western countries, as markets for SR products are at different stages of development. In 2004, for example, the market share of organic foods in Denmark was 2.77 times as large as the market share in The Netherlands (ZMP 2005). Also for Fair Trade products, the market shares differ largely across European countries (see for example Krier 2008). Another reason for studying The Netherlands is that it was the first country to introduce Fair Trade products in 1989. Dutch consumers therefore have relatively long experience with SR products.

This article starts with an overview of results of prior research. Based on this, seven factors that potentially influence buying SR products are identified. After a more detailed description of the methodology, the empirical analyses are presented and discussed. Based on the results, we develop several new hypotheses.

### ***Literature Overview***

In this section, we present an overview of the literature on reasons for buying SR products.

#### Fulfilling your moral duty

In a UK study by Shaw & Shiu (2003) that used a large sample of subscribers to the 'ethical consumer' magazine, it was found that a feeling of 'ethical obligation' positively and significantly influences the intention to purchase Fair Trade products. Further support for the importance of a perceived 'moral duty' can be found in a related field: corporate social responsibility. Graafland & Van de Ven (2006) show that many Dutch corporate managers perceive corporate social responsibility as a moral duty. They consistently find this result, both for large and small firms, in different sectors. Kantian ethics state that firms indeed have a moral duty to behave in a socially responsible way (Evan & Freeman 1988). Consumers may have similar motivations, implying that they think of buying SR products as a moral duty. Indeed, one could regard buying SR products as treating all stakeholders involved in the transaction (e.g. coffee farmers if the SR product is Fair Trade coffee) as an end. This obeys Kant's well-known second formulation of the categorical imperative, stating that one should treat humanity never simply as a means, but always at the same time as an end.

#### The perceived importance of the social problem

The social problem that an SR product claims to alleviate should be perceived as important by the consumer in order for him or her to buy it. This notion is supported by De Pelsmacker & Janssen (2007), who found that most participants in their Belgian focus group would be more prone to buy SR products if they would be more concerned and less sceptical about the Fair Trade issue. Furthermore, Millock & Hansen (2002) show that Danish people have a significantly larger likelihood of buying organic food if they do not feel that environmental problems are exaggerated. Dickson (2001) also shows in her US study that concern about sweatshop practices significantly increases the likelihood that a person buys textiles with a 'no sweat' label. And Laroche et al. (2001) showed in their US study that perceived severity of environmental problems is positively and significantly related to paying more for environmentally friendly products.

#### The perceived effectiveness of the SR product in alleviating the social problem

The notion that products should be perceived to be effective in alleviating the social problems is supported widely in literature (see for example Vermeir & Verbeke 2008; Laskova 2007; Verbeke et al. 2007; Roberts 1996; Balderjahn 1988). For SR products (so with an explicitly demanded price premium) the influence of perceived effectiveness was found in two Belgian studies (De Pelsmacker & Janssen 2007; Vermeir & Verbeke 2006) and in a Danish study (Millock & Hansen 2002). This variable is therefore also likely to influence buying SR products in The Netherlands. In Belgium, the level of perceived effectiveness seems to be relatively low: De Pelsmacker et al. (2006) administered a questionnaire in which they asked a sample of 858 Belgian respondents about the reasons they had for not buying Fair Trade products. The authors found that 50% of the respondents that did not buy Fair Trade products indicated that they did not have enough information about Fair Trade to be convinced about the social benefits of Fair Trade.

#### Social norms

Fishbein & Ajzen (1975) argue in their well-known model that behaviour is influenced by social norms. Biel & Thøgersen (2007) show that social norms can be a reason for departure from rational choice in the context of environmental behaviour. The positive or negative opinions of 'relevant others' (key persons in the social network of the consumer) about buying SR products may therefore also be an argument for buying such products. The importance of social norms for buying SR products was shown in a UK study about Fair Trade products (Shaw & Shiu 2003) and in a Belgian study about sustainable food consumption (Vermeir & Verbeke 2006).

### The price of SR products

In the study by De Pelsmacker et al. (2006), 44% of the respondents that did not buy Fair Trade products mentioned the higher price as the most important reason for this. Also in a large international European study by MORI (2000), 37 percent of the 12,000 respondents stated not to be willing to 'pay more for products that are environmentally and socially responsible' (34 percent if only Dutch respondents are considered). Jensen et al. (2002) found similar percentages of consumers not willing to pay a price premium for certified hardwood products in the US. Furthermore, De Pelsmacker & Janssen (2007) identified price acceptability to be significantly related to buying Fair Trade products in Belgium. In Denmark, the price premium was shown to influence buying organic food (Wier et al. 2001). And in a study that used samples from both the UK and the US, Moon & Balasubramanian (2003) identified the price to have an important influence on willingness to pay for non-biotech food in both countries.

### The perceived quality of SR products

Bird & Hughes (1997) state that a significant part of UK consumers expect the quality of Fair Trade products, and perhaps also other SR products, to be lower than non-SR products. However, a more recent study by Gielissen & Graafland (2009) shows that Dutch consumers do not generally think that the quality of Fair Trade coffee is below-average. Actually, the features of the core product could also be an argument in favour of buying SR products, for example when people like the taste of Fair Trade coffee or organic meat more than that of the traditional product, as was encountered in the Belgian study by the Pelsmacker et al. (2006).

### The perceived availability of SR products

Another argument for not buying SR products can be that such products are less easily available in supermarkets (lower distribution coverage) and that consumers have to spend extra effort to buy them. Two Belgian studies have indeed shown that the level of perceived availability influences buying SR products (Vermeir & Verbeke 2006; De Pelsmacker et al. 2006).

Table 2 provides an overview per country of variables influencing the demand for SR products in previous studies.

Insert table (2) about here

## ***Methodology***

In the period January – May 2008, 25 semi-structured interviews were held with Dutch individuals (see appendix A for the interview format). The advantage of interviews is that they allow a very detailed analysis of the topic of research (Emans 2004). Open questions can be asked, giving the respondent the opportunity to answer each question as he or she likes, instead of choosing from a predefined list of answer possibilities. Furthermore, interviews offer the opportunity to ask for further explanation of the answers given by the respondents, which offers a better and deeper understanding of the reasons of their choices. Interviews also have disadvantages. First of all, conducting and transcribing the interviews is time consuming. The sample size is therefore small compared to studies in which a quantitative approach is used, making it more difficult to generalize results to a large population. Another disadvantage of interviewing is that respondents may try to give socially desirable answers. In order to decrease social desirability effects, it was made sure that the researcher did not know the respondents personally. Furthermore, respondents were told at the beginning of the interviews that there are no wrong answers, and that their answers would be dealt with confidentially.

Convenience sampling<sup>i</sup> was used to compose the sample. It was, however, made sure that the sample had a more or less equal distribution of levels of education, gender and age (see appendix B for a detailed description of the sample). This increases the probability that arguments that are especially relevant for certain subgroups of the population are brought forward and discussed. Also, the interviews were held in different parts of The Netherlands, both in large cities and small villages, in order to reduce the effect of potential regional differences. The interviews were recorded with a digital voice recorder and transcribed punctually to facilitate their analysis.

The interviews were executed along the following lines: the respondents were visited at their home or at work. The procedure of the interview was explained to the respondent. First, consumers were asked whether they buy SR products regularly. The following four examples of SR products that are sold in supermarkets were used: Fair Trade coffee, organic meat, Fair Trade chocolate sprinkles (a chocolate sandwich spread) and free-range eggs. Next, the arguments for buying these SR products were asked for. In elaborating further on this, topics that are related to these arguments were discussed.

In executing the interviews, recommendations from Emans (2004) were followed. Attention points for the interviewer were neutrality in formulating questions and a 'non judgmental attitude'. It was also decided not to point out inconsistencies in the answers of respondents, in order not to fuel any desires to give answers that are perceived to be desirable by the respondent. The answers of respondents were summarized frequently to ensure a good understanding. All interviews ended with asking the respondent whether he or she felt that all relevant issues had been discussed, and whether the respondent felt he or she had been able to give a good picture of his or her thoughts about the topic. If both questions were answered in the affirmative, the interview was finished.

The answers of the respondents regarding key issues were categorised. The formats of the 25 interviews were filled out by the researcher. Also, three other coders were asked to fill out the same forms, based on the transcript of the interviews. Afterwards, the formats that were filled out by the researcher and the coders were compared. As can be seen in appendix C, the level of agreement between the different coders varied between 72 and 100 percent. In case of differences in the choice of a category, the initial choice of the researcher was reconsidered. The goal of this procedure that was suggested by Glaser & Strauss (1967) is to make the outcome of the qualitative analysis less person dependent and thus more reliable. Similar procedures were used on related topics for example by Graafland et al. (2007) and Mohr et al. (2001). Furthermore, the interviews were analysed using 'grounded theory' procedures, developed by Glaser & Strauss (1967) that are currently commonplace in social sciences (Finch 2002). The originally defined procedures have also received some criticism (see for example Seldén 2004; Allen 2003), but these could be overcome by following the recommendations of these same authors, such as identifying 'key attention points' in the transcripts, so that statements of respondents are never read without their context.

## **Results**

### Stated reasons for buying SR products

Table 3 gives an overview of the SR buying behaviour of the 25 respondents. Note that many respondents never bought the SR product. Organic meat forms an exception to this: 18 respondents have bought this SR product in the past. In contrast, only two respondents report that they rarely or sometimes purchased chocolate sprinkles. Such findings were to be expected, given the fact that the market share of these SR products is around 3% (Ruben 2008). But even though many respondents don't buy SR products, they know of the existence of such products and can answer questions about them.

Insert table (3) about here

Insert table (4) about here

The inclusion of several SR products in this study allows correlation analyses between buying different SR products. The results are shown in table 4. We find that the bivariate correlation between *all* combinations of two of the four SR products used as examples is positive. The Spearman's rank correlation coefficients are all significant ( $\alpha < 0.05$ ) except for those involving chocolate sprinkles, which may be explained by the low variance in buying chocolate sprinkles (see table 3). Buying SR products thus seems to increase the likelihood of buying other SR products. This stands in contrast to what one might expect, namely that consumers feel they have already contributed to alleviating a social problem if they have bought an SR product, which might reduce the moral obligation to buy more SR products. A first new hypothesis that can be derived is therefore that consumers generalize their behavior regarding SR products, and do not perceive buying SR products as a substitute for buying other SR products.

For each of the four examples used, respondents were asked why they (did not) buy these SR products. The results are summarized in tables 5 and 6. The numbers between brackets show how many respondents used the reason in the 25 interviews. Note that respondents can use more than one reason.

Insert table (5) about here

For the four SR products that were used as example, we consistently find that the most often-used reason for buying the SR product is related to the socially responsible aspect of that product. This is an important finding, because it shows that the social aspect of the product is very relevant to the consumer. If the most important arguments would, for example, be related to a perceived higher quality of SR products, this could not be argued. For most of the examples used, the quality of SR products was perceived to be equal to non-SR products. Exceptions to this are found for organic meat and free-range eggs: a significant part of the respondents believe that these products are either healthier or better tasting (see table 5). But also for these products, the social aspect of the product is still the reason that was mentioned most often.

A second new hypothesis is thus that the social characteristic of SR products is the most important reason for consumers to buy SR products. Reasons that the respondents stated for not buying SR products are listed in table 6. This table shows that the price premium is mentioned most often for organic meat, which indeed has the largest price premium (see table 1). For other SR products, the price premium is perceived as much less of a hurdle. Furthermore, habit formation shows to be an important issue for many products in this study. A lower perceived quality of SR products is also relevant, but stated by only a minority of respondents.

Insert table (6) about here

That habit formation is indeed important also follows from another interesting qualitative result, namely when respondents were asked why they did *not* buy certain SR products, they seemed to have more difficulty in answering. During the interviews, several non-buyers of SR products made a statement such as “I don’t think about the social aspects of products every time I go shopping. I just buy what I’m used to.” A reason for this difference between ‘buyers’ and ‘non-buyers’ may be that people buying SR products may have given the topic some more thought, and may therefore be better able to answer this question. Another new hypothesis that may be derived from this is that thinking about the possibility of buying SR products has a positive influence on the likelihood that consumers will actually buy SR products, as it may lead to consumers breaking their habit of ‘just buying what they are used to’. More attention for and discussion about the option of buying SR products may therefore already have an effect on the sales volume of such products.

#### Factors that potentially influence buying SR products

In this section, we further elaborate on the factors that determine the demand for SR products and see what additional results can be derived from our qualitative approach beyond what has been found in previous literature. In table 7, it can be seen to what extent respondents agreed with the listed statements.

Insert table (7) about here

#### *Fulfilling your moral duty*

A general belief of the respondents was that ‘everyone is free to make his or her own decision’. The statement “You cannot force people into buying something” was used on several occasions. Social pressure to buy SR products may therefore be low. However, the qualitative method allowed further elaboration on this, which showed that 14 out of 25 respondents concluded that buying SR products is in fact a moral duty (see table 7). For example, one respondent stated: “Deep inside, I know it is a moral duty, but I don’t want to say it because it sounds so pedantic”. Another respondent said: “When I look in the refrigerator of my friends, I think ‘boy, they really have many bad products’. But of course I never say that to them.” However, most of the respondents seem to conceive of their moral duty seemingly as imperfect duties, which can be traded-off or overridden by other preferences (White 2004). Whereas perfect duties allow no exception and are often phrased as ‘don’t’ (such as do not steal), imperfect duties often refer to positive duties (such as helping others) and allow some latitude in executing the duty. This is also confirmed by the finding that, when asked whether not buying SR products can lead to feelings of guilt or regret, only three of the respondents answered in the affirmative.

Another indication that buying SR products is perceived as an imperfect duty that can be overruled by other concerns is that several respondents spontaneously stated that a person needs to have a certain minimum budget in order to have anything close to a moral duty to buy SR products. In other words, if people are not or less able to afford SR products, this relieves them of the moral obligation to buy them. Only one respondent said that people should prioritise differently in order to be able to buy SR products. It can thus be hypothesized that perceived inability to pay for the SR products is an important reason for not buying SR products.

#### *The perceived importance of the social problem*

The majority of the respondents considered that the problems that SR products try to solve are. Only four respondents disagreed. Five other respondents did not make a clear choice and answered something like: “those problems are of some importance to me, but I don’t think about it a lot”. Interestingly, the qualitative analysis also showed that personal experiences of people influence their attitudes towards the importance of the social problems that SR products aim to alleviate. For example: a respondent stated “I started buying free range eggs after I had visited a chicken farm. They had 2.5 million chickens that were almost squeezed together... terrible!” Another respondent told about how he had personally watched trees in a tropical rainforest being cut down, and that this led him to never buy wood without the FSC hallmark again. Several of such examples were given during the interviews.

TV documentaries can also have a similar (but weaker) effect. Another new hypothesis may therefore state that personal experience with problems that SR products aim to alleviate increases the likelihood that a consumer buys SR products.

#### *The perceived effectiveness of the SR product in alleviating the social problem*

As can be seen in table 6, low perceived effectiveness of the SR product in solving the social problem was not mentioned often as a reason for not buying it. When the topic was explicitly discussed, a majority of the respondents agreed to the statement that SR products are effective in alleviating social problems (see table 7). However, several respondents were not convinced of the effectiveness of SR products, but believed that SR products should be given the benefit of the doubt. For example: a respondent stated “I trust the Fair Trade foundation to spend the money well, but of course I cannot verify it.” Another new hypothesis is therefore that a certain threshold level of perceived effectiveness is a condition for consumers to buy the SR product. But as long as the perceived effectiveness is above this level, it has limited influence. In other words, if the perceived effectiveness is low, consumers will use this as an argument for not buying the SR product (it is a ‘dissatisfier’). But as long as the level of perceived effectiveness is above this threshold level, it is not an important argument for buying SR products (it is not a ‘satisfier’).

Some interesting additional qualitative findings from the interviews were that doubts about effectiveness can be fuelled by reports in the media that show a low effectiveness of charitable organizations. A remarkably high number of respondents spontaneously referred to the same examples: The Foster Parents foundation (currently named: Plan International) and the Heart Foundation, which have both been under fire in the Dutch media recently for ‘unethical practices’. Respondents were asked whether negative publicity about charitable institutions influenced their perception about the effectiveness of SR products. About half of the respondents answered in the affirmative. Therefore, it can be hypothesized that the perceived effectiveness of SR products is related to the perceived effectiveness of charitable institutions.

#### *Social norms*

As can be seen from table 7, only eight respondents believe that relevant others approve of buying SR products. The qualitative interviews showed that relevant others are often perceived to have similar opinions to those of the respondent. Furthermore, respondents indicated that the influence of relevant others is important, for example by saying “I would like to have Fair Trade coffee cups, so that my friends know I’m serving them Fair Trade coffee” and “I wouldn’t like it if I’d have to admit that I never buy organic meat, if the topic would be brought up”. This finding may be explained by the ‘false consensus effect’ (Ross et al. 1977)<sup>11</sup>. This effect is the tendency for people to project their way of thinking onto other people, and therefore overestimate the level of consensus. For our study, this means that respondents may think they know what the opinion of relevant others is, because they project their own opinion on them. This may lead to them falsely thinking that the opinion of relevant others is similar (or at least close to) their own opinion.

#### *The price of SR products*

As table 7 shows, a large majority of the respondents think of SR products as more expensive. However, many respondents stated that they “really don’t know” the price of SR products or the size of the price premium. They only believe that SR products are more expensive. It may thus be hypothesized that SR products have an expensive image. The increase in the sales volume resulting from a decrease in the price of an SR product may (without extra sales promotions) therefore be lower than might be expected, as many respondents stated not to look at the price tag.

Furthermore, the results also indicate that the purchase frequency may have an effect on the influence of the price premium on buying SR products: for products that are usually not bought on a daily basis, but perhaps on a ‘weekly basis’ or even less often, such as coffee, eggs and chocolate sprinkles, the influence of the higher price is much lower. For none of these products, the price premium is the most often-used reason for not buying the SR-version (although it is mentioned on 6, 1 and 1 occasions respectively) nor is there a significant relation between the price and buying these products. During the qualitative interviews, one respondent said “I am willing to pay up to three times as much for SR chocolate every now and then, but that is of course very different from the milk that I have to buy every day”. It may thus be hypothesized that paying a price premium every time a person goes shopping is felt as quite a large burden by respondents, even if the amounts are relatively small. This claim is further supported by literature showing that the relationship between payment frequency and utility does exist. For example, the same amount of annual dividend leads to higher utility if dividend is paid out more often (Ferris et al. 2007). And according to the mental accounting theory of Thaler (1980) people receive less disutility from having to pay one large amount once than from having to pay the same amount in multiple smaller payments.

### *The perceived quality of SR products*

According to almost all respondents the quality of SR products should be at least equal to that of regular products. Only one respondent stated that he might be willing to buy SR products of below average quality, but only if there would not be a price premium. All other respondents would not consider purchasing a product that they perceive to be of lower quality, no matter how socially responsible the product is. It may thus be hypothesized that a perceived quality equal to that of the non-SR counterpart is conditional for consumers to buy SR products.

A lower perceived quality did not turn out to be an important argument for not buying SR products. Table 7 shows that SR products do not have a broadly felt 'low-quality' image. In fact, the quality of SR products is perceived to be equal to or better than that of non-SR products. For example, it can be seen in table 5 that a perceived above-average quality is an important argument for buying organic meat and free-range eggs.

An interesting additional qualitative result is that two respondents made a remark about the packaging of Fair Trade chocolate sprinkles. They felt that it was rather plain, and this is a reason for them not to buy the SR product. The reason also seemed to be related to perceptions of quality. A nicer packaging (in their perception) gives respondents the idea that it is a better quality product. Furthermore, two respondents that had no experience with a certain SR product said that they avoid buying the product, because they might run the risk of buying a low quality product. They don't want to take this risk if they are happy with their current brand. The risk of obtaining a lower-quality product involved in switching to an SR product may therefore also be an argument for not buying an SR product and may result in the earlier discussed 'habit formation'.

### *The perceived availability of SR products*

As table 7 shows, the availability of SR products is generally perceived to be low. Especially when it comes to organic meat, people would like to see a wider choice in supermarkets. When discussing availability of SR products, it was also mentioned on multiple occasions that in some cases, one really has to look for SR products in the store in order to find them. In other words: they are not located in convenient positions in the supermarkets, and the packaging is usually not very eye-catching. Also, several respondents stated that they did not buy SR products because they did not like shopping, and wanted to do it as fast as possible. This implies that they believe that in one way or another, buying SR products requires more time or effort than buying other products. This may be related to the time involved in considering not following the usual habit, but instead considering buying the SR products.

This low perceived availability of SR products was not used spontaneously as a reason for not purchasing SR products by any of the respondents. On the other hand, when respondents were asked whether they would make the effort of going to another store if an SR product that they planned to buy was out of stock, almost no respondent claimed to be willing to do so. Furthermore, five respondents stated that they did not know that Fair Trade chocolate sprinkles existed and several respondents did not know that there are coffee pads for the popular Senseo coffee machine available from Fair Trade. These findings also point at a relatively low availability.

### Impact of important variables on the demand for SR products

Table 8 shows Spearman's rank correlation coefficients for the relationship between the seven variables discussed above and buying SR products, controlled for age and level of education<sup>iii</sup>. Even though our sample is small, these figures provide an indication of the influence on buying SR products. Table 8 shows that especially the perceived importance of the social problem has a large influence on buying SR products. Also the opinion of 'relevant others' was found to be significantly correlated to buying several SR products. However, this influence might be somewhat overestimated because of the 'false consensus effect', implying that respondents overestimate the extent to which the opinion of relevant others is similar to their own. Furthermore, we found some quantitative indications for the influence of the perception of buying SR products as a moral duty.

Insert table (8) about here

### ***Conclusions and Discussion***

This study researches reasons of consumers for buying SR products. Previous studies for UK, US, Belgium and Denmark have shown that the demand for SR products are influenced by several factors, such as: the perception of buying SR products as a moral duty; the importance of the social problem that the SR product aims to alleviate; the perceived effectiveness of the SR products in alleviating this social problem; the influence of 'relevant others'; the price premium and the perceived relative quality and availability.

In this study all of these factors are assessed and further elaborated by 25 in-depth interviews with Dutch consumers. As opposed to previous studies, we analyse the demand for several SR products instead of just one product. Furthermore, we do not only focus on the influence of variables (as most prior studies have done) but also pay attention to the level of these variables. Most importantly, we use a qualitative approach instead of the more often used quantitative study, which allows us to detect new insights and develop new hypotheses about the determinants of the demand for SR products. Finally, by using a Dutch sample, we provide indications whether the results for other countries as found by previous studies also pertain to the Dutch market.

The findings can be summarized as follows. First, comparing the demand for several SR products, we find that *all* bivariate correlation coefficients between the demand for different SR products are positive. This implies that consumers that buy SR products are more likely to buy other SR products as well. Second, we find that a majority of the respondents thinks of buying SR products as a moral duty, although many find it somewhat pedantic to use the term 'moral duty' in this context. Furthermore, the findings suggest that this duty can easily be overridden by other preferences, especially when the budget of consumers is low. This indicates that the moral duty to buy SR products is perceived as an imperfect duty. Third, most consumers judge that the social problems that SR products claim to alleviate are important as well as those SR products are effective in alleviating these social problems. Furthermore, several responses of the interviewees indicated that the perceived effectiveness of charitable institutions influences the perceived effectiveness of SR products. Negative publicity about the effectiveness of charitable institutions may therefore also have a negative influence on the sales of SR products. Also, some evidence was found for the hypothesis that low perceived effectiveness of SR products is a dissatisfier, but high perceived effectiveness is not a satisfier.

Relevant others are generally not perceived to strongly approve or disapprove of buying SR products. Interestingly, the analyses showed that consumers generally think that relevant others have opinions about buying SR products that are similar to their own (the false consensus effect). The quality of SR products is perceived to be similar to that of non-SR products, with a slight tendency in favour of SR products (especially organic food). Furthermore, the findings suggest that a perceived quality that is at least equal to that of the non-SR version of the product is a minimal requirement for consumers to buy the SR version. The price of SR products is perceived to be higher than that of non-SR products, even though consumers often do not know product prices. They just expect the SR version to be more expensive. We also found indications that the purchase frequency has an effect on the influence of the price premium on buying SR products.

The availability of SR products is perceived to be (much) lower than that of non-SR products. Furthermore, consumers seem to think that buying SR products is more time consuming than buying the non-SR version, even if both products are available in the same supermarket. It is suggested that this is related to the time that is involved in not following the usual habit, but instead considering buying the SR product. Using a qualitative research approach has led to some other interesting indications as well. First of all, the social characteristic of SR products seems to be the most important reason for consumers to buy them, although a higher perceived quality does also have some modest influence. Another important new finding is that explicit consideration of the possibility to buy SR products has a positive influence on buying SR products. Respondents that do not buy SR products regularly find it difficult to explain why they do not buy them, and often state that they 'just never really considered it'. These respondents often refer to buying non-SR product as 'just a habit'. This stands in contrast to respondents that regularly buy SR products, who seem to have given the topic much more thought.

The findings of this study have several potentially important policy implications. We give some examples here. First of all, it would have a positive effect on the sales of SR products if consumers are stimulated to think about the social problems that these products aim to alleviate and about the possibility to buy SR products. Documentaries on TV or newspaper articles could, for example, be used to strive after this goal. Furthermore, the research has clearly shown that the socially responsible characteristic of SR products adds value for consumers. It is, however, only one of many characteristics that consumers take into account. Factors such as perceived quality and the availability should therefore be at least equal to that of competing non-SR products. It is not enough if a producer only focuses on the social characteristic of the product in his communication. He should, for example, also stress that the SR product has a good quality and taste. When the social characteristic of the SR product is used in communication, the seller should stress that the social problem that the product alleviates is important, and that buying the product is an effective contribution to alleviating this problem. And when a social problem that is related to the SR product is 'in the news', it is wise for SR producers to respond quickly in their communication, because consumers are thinking of the problem more often and are therefore more likely to change their buying behaviour.

For example: in 2004, a Dutch television maker tried to be convicted for being accessory to slavery after eating chocolate bars, which received a lot of media attention. This would have been a good moment to promote Fair Trade chocolate sprinkles. Furthermore, it should be taken into account that the 'reputation mechanism' works beyond individual products: negative media attention for another SR products, or even for a charitable institution, can affect the attitude towards an SR product. Finally, the opinion of relevant others was identified as being an important factor. It is therefore important that the product is recognisable as an SR product when it is used. For example: the 'Fair Trade' hallmark should be clearly visible on a box of Fair Trade chocolate sprinkles. And several consumers who serve their guests Fair Trade coffee would love to serve the coffee into Fair Trade coffee cups. Selling such cups could therefore stimulate sales of Fair Trade coffee. Finally, we give recommendations for further research. The findings of the present study are based on a small sample. It would be interesting to test the newly developed hypotheses using a quantitative research method with a larger sample. In particular, a quantitative study could provide more insight into the influence of the price premium at various levels.

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### **Appendix A: Interview format (translated into English)**

"The interview is part of a study into consumer behaviour. Please note that there are no wrong answers. Just try to answer all questions as honest and complete as possible. If a question is unclear, don't hesitate to ask for further clarification. All answers will be dealt with confidentially."

#### **Part 1**

- Do you ever buy coffee? If yes:
- Do you ever buy Fair Trade (Max Havelaar) coffee? If yes: how often?
- What is the most important argument or reason for this?
- What other arguments or reasons play a role?

*Similar questions follow about (organic) meat, (free-range) eggs and (Fair Trade) chocolate sprinkles.*

#### **Part 2**

*In this part, the arguments and reasons stated during part 1 are further discussed. The following topics are always discussed:*

- To what extent do you think that buying SR products is a moral duty?
- Importance of the problems that 'Fair Trade coffee' claims to alleviate
- Effectiveness of buying Fair Trade coffee in alleviating the problem
- Do you think that 'important people' in your life think positively about buying SR products?
- The price of Fair Trade coffee
- Relative quality of Fair Trade coffee
- Relative availability of Fair Trade coffee

*After each of the questions above, the respondent is asked: What role does this play in your consumption behaviour?*

*Similar questions follow about (organic) meat, (free-range) eggs and (Fair Trade) chocolate sprinkles.*

#### **Part 3**

After all of the above, the interviewer asks: "Are there any other issues that you think are relevant in the context of this interview?" If the answer is 'no', the interview ends.

**Appendix B: Detailed description of the 25 respondents**

| Nr . | Sex | Age | Level of education | Marital status | No. of children at home | City       | Personal income | Net monthly household income |
|------|-----|-----|--------------------|----------------|-------------------------|------------|-----------------|------------------------------|
| 1    | F   | 59  | Primary            | Married        | 0                       | Heeze      | 750-1000        | >4000                        |
| 2    | F   | 59  | Secondary (low)    | Married        | 0                       | Oisterwijk | < 500           | 1000 - 1250                  |
| 3    | F   | 60  | Primary            | Married        | 0                       | Oisterwijk | < 500           | 1750 - 2000                  |
| 4    | M   | 39  | Interm. Voc.       | Married        | 1                       | Eindhoven  | 1500 -          | 2000 - 2500                  |
| 5    | F   | 55  | Higher Voc.        | Married        | 0                       | Hengelo    | 1750            | 3000 - 4000                  |
| 6    | F   | 41  | Secondary (high)   | Married        | 5                       | Almelo     | 750 - 1000      | > 4000                       |
| 7    | F   | 50  | Interm. Voc.       | Married        | 3                       | Almelo     | 1500 -          | 1750 - 2000                  |
| 8    | F   | 37  | Higher Voc.        | Married        | 2                       | Delden     | 1750            | 3000 - 4000                  |
| 9    | F   | 45  | Higher Voc.        | Married        | 0                       | Eindhoven  | < 500           | 3000 - 4000                  |
| 10   | M   | 27  | Higher Voc.        | Cohabit.       | 0                       | Leiden     | 1500 -          | 3000 - 4000                  |
| 11   | F   | 56  | Higher Voc.        | Married        | 0                       | Leiden     | 1750            | 3000 - 4000                  |
| 12   | M   | 44  | Interm. Voc.       | Married        | 1                       | Helmond    | 2500 -          | 3000 - 4000                  |
| 13   | M   | 43  | Higher Voc.        | Single         | 2                       | Nijmegen   | 3000            | 1250 - 1500                  |
| 14   | F   | 44  | University         | Married        | 3                       | Culemborg  | 1750 -          | > 4000                       |
| 15   | M   | 27  | University         | Single         | 0                       | Tilburg    | 2000            | 2000 - 2500                  |
| 16   | F   | 36  | Interm. Voc.       | Cohabit.       | 3                       | Eindhoven  | 2000 -          | 1750 - 2000                  |
| 17   | M   | 46  | Higher Voc.        | Married        | 2                       | Eindhoven  | 2500            | > 4000                       |
| 18   | M   | 59  | Secondary (high)   | Cohabit.       | 0                       | Eindhoven  | 2000 -          | > 4000                       |
| 19   | F   | 26  | Interm. Voc.       | Single         | 0                       | Eindhoven  | 2500            | 2000 - 2500                  |
| 20   | F   | 36  | Interm. Voc.       | Single         | 0                       | Deventer   | 1250 -          | 1500 - 1750                  |
| 21   | F   | 34  | University         | Married        | 2                       | Tilburg    | 1500            | > 4000                       |
| 22   | M   | 41  | Interm. Voc.       | Married        | 2                       | Eindhoven  | 2000 -          | 2000 - 2500                  |
| 23   | F   | 28  | University         | Cohabit.       | 0                       | Den Bosch  | 2500            | 3000 - 4000                  |
| 24   | F   | 38  | Higher Voc.        | Married        | 2                       | Nijmegen   | 2000 -          | 3000 - 4000                  |
| 25   | M   | 51  | University         | Married        | 0                       | Tilburg    | 2500            | 2500 - 3000                  |
|      |     |     |                    |                |                         |            | 500 - 750       |                              |
|      |     |     |                    |                |                         |            | 2000 -          |                              |
|      |     |     |                    |                |                         |            | 2500            |                              |
|      |     |     |                    |                |                         |            | 3000 -          |                              |
|      |     |     |                    |                |                         |            | 4000            |                              |
|      |     |     |                    |                |                         |            | 2000 -          |                              |
|      |     |     |                    |                |                         |            | 2500            |                              |
|      |     |     |                    |                |                         |            | 1500 -          |                              |
|      |     |     |                    |                |                         |            | 1750            |                              |
|      |     |     |                    |                |                         |            | 1250 -          |                              |
|      |     |     |                    |                |                         |            | 1500            |                              |
|      |     |     |                    |                |                         |            | 1000 -          |                              |
|      |     |     |                    |                |                         |            | 1250            |                              |
|      |     |     |                    |                |                         |            | 1500 -          |                              |
|      |     |     |                    |                |                         |            | 1750            |                              |
|      |     |     |                    |                |                         |            | 1000 -          |                              |
|      |     |     |                    |                |                         |            | 1250            |                              |
|      |     |     |                    |                |                         |            | 2000 -          |                              |
|      |     |     |                    |                |                         |            | 2500            |                              |

## Appendix C: Level of agreement about classification of responses

| Question  | Classification of answers   | Agreement  |
|---|---|--|
| - How often does the respondent (R) buy Fair Trade coffee?<br>- How often does R buy organic meat?<br>- How often does R buy free-range eggs?<br>- How often does R buy Fair Trade chocolate sprinkles?   | 1 = Never<br>2 = Seldom<br>3 = Sometimes<br>4 = Regularly<br>5 = Always | 84%<br>76%<br>84%<br>96%                             |
| - Does R see buying SR products as a moral duty?<br>- Does R feel good about him- / herself when buying SR products?<br>- Does R find the problems SR products claim to alleviate important?<br>- Does R think of SR products as being effective in alleviating problems?<br>- Are important people in the life of R positive about buying SR products?<br>- Is the higher price an important argument for not buying SR products?<br>- Is a lower perceived quality of SR products an important argument for not buying SR products?<br>- Is a lower availability of SR products an important argument for not buying SR products? | 1 = Not at all<br>(2>4 not anchored)<br>5 = Certainly                   | 72%<br>76%<br>72%<br>84%<br>88%<br>88%<br>96%<br>96% |

Table 1: Examples of socially responsible products as defined in our research<sup>iv</sup>.

| Product                               | Social component                                       | Price  | Market price | Price premium |
|---------------------------------------|--|--------|--------------|---------------|
| Max Havelaar Coffee (250 grams)       | A 'fair price' (above-market) paid to coffee farmers   | € 1,99 | € 1,69       | 18%           |
| Free-range eggs (10 pcs)              | Above-average level of animal welfare                  | € 1,89 | € 1,45       | 30%           |
| Sustainable wood                      | Protection of tropical forests                         |        |              | 12–15%        |
| Organic meat (200 grams steak)        | Above-average level of animal welfare                  | € 4,50 | € 2,75       | 60%           |
| Chocolonely (200 grams chocolate bar) | No slavery in the production process                   | € 2,59 | € 1,85       | 40%           |
| Fair Trade orange juice (1 liter)     | A 'fair price' (above-market) paid to the producers.   | € 1,39 | € 1,19       | 17%           |
| GreenSeat airplane ticket             | CO <sub>2</sub> emission compensated by planting trees |        |              | 10%           |

Table 2: Results from previous studies

|                 | Belgium | USA  | UK | Denmark |
|-----------------|---------|------|----|---------|
| Moral duty      |         |      | 8  |         |
| Importance      | 1       | 4, 5 |    | 9       |
| Effectiveness   | 1, 2    |      |    | 9       |
| Relevant others | 2       |      | 8  |         |
| Price           | 1, 3    | 6, 7 | 7  | 10      |
| Quality         | 3       |      |    |         |
| Availability    | 2, 3    |      |    |         |

1 = De Pelsmacker and Janssen (2007), 2 = Vermeir and Verbeke (2006), 3 = De Pelsmacker, Janssen, Sterckx and Mielants (2006), 4 = Dickson (2001), 5 = Laroche, Bergeron and Barbaro-Forleo (2001), 6 = Jensen, Jakus, English and Menard (2002), 7 = Moon, Wanki and Siva Balasubramanian (2003), 8 = Shaw and Shiu (2003), 9 = Millock and Hansen (2002), 10 = Wier, Hansen and Smed (2001).

**Table 3: Self-reported SR buying behaviour**

| Product             | Never buy this product | SR version |        |           |           |        |
|---------------------|------------------------|------------|--------|-----------|-----------|--------|
|                     |                        | Never      | Rarely | Sometimes | Regularly | Always |
| Coffee              | 0                      | 18         | 2      | 1         | 2         | 2      |
| Meat                | 0                      | 7          | 5      | 8         | 5         | 0      |
| Eggs                | 1                      | 12         | 2      | 0         | 1         | 9      |
| Chocolate sprinkles | 4                      | 19         | 1      | 1         | 0         | 0      |

**Table 4: Correlation between buying different SR products**

| ** = significant ( $\alpha = 0,05$ )<br>*** = significant ( $\alpha = 0,01$ ) | Fair Trade coffee | Organic meat | Free-range eggs | Fair Trade choc. spr. |
|---|-------------------|--------------|-----------------|-----------------------|
| <b>Fair Trade coffee</b>  |                   |              |                 |                       |
| <b>Organic meat</b>   | 0.52**            |              |                 |                       |
| <b>Free-range eggs</b>  | 0.45**            | 0.51**       |                 |                       |
| <b>Fair Trade choc. sprinkles</b>   | 0.27              | 0.18         | 0.21            |                       |

**Table 5: Reasons for buying SR products**

|                                   |   |
|-----------------------------------|---|
| 1. Fair Trade coffee              | Helping coffee farmers (4)<br>Feeling good about myself (2)<br>Easy way to support a good cause (1)   |
| 2. Organic meat                   | Animal welfare (9)<br>Better taste (7)<br>Healthier (6)<br>Normal version not available (2)<br>Guests find it important (1)<br>It is on offer (1) |
| 3. Free-range eggs                | Animal welfare (10)<br>Better taste (3)<br>Healthier (3)<br>Attractive packaging (2)  |
| 4. Fair Trade chocolate Sprinkles | Helping cacao farmers (2)<br>Testing the quality (1)  |

**Table 6: Reasons for not buying SR products**

|                                   |  |
|-----------------------------------|--|
| 1. Fair Trade coffee              | Used to another brand or type of coffee (15)<br>Price premium (6)<br>Lower perceived quality (3)<br>Money may not go to where it should go (2)   |
| 2. Organic meat                   | Price premium (13)<br>Habit (4)<br>Less choice (2)<br>Lower quality (1)<br>I want to buy halal meat (1)  |
| 3. Free-range eggs                | Buying other 'social eggs' (8)<br>Welfare of chicken is not important enough (3)<br>Price premium (1)  |
| 4. Fair Trade chocolate sprinkles | Habit (7)<br>Did not know it existed (5)<br>Don't use chocolate sprinkles (4)<br>Unattractive packaging (2)<br>Children want other brand (2)<br>Lower perceived quality (2)<br>Price premium (1) |

**Table 7: Respondents' perceptions of SR products<sup>v</sup>**

|   | Total for four SR products |          |         |        |                |
|---|----------------------------|----------|---------|--------|----------------|
|   | Strongly disagree          | Disagree | Neutral | Agree  | Strongly agree |
| Buying SR products is a moral duty                              | 2                          | 6        | 3       | 11     | 3              |
| The problems that SR products claim to alleviate are important  | 0                          | 4        | 5       | 10     | 6              |
| SR products are effective in alleviating those problems         | 0                          | 5        | 4       | 10     | 6              |
| Relevant others approve of buying SR products                   | 0                          | 6        | 11      | 5      | 3              |
|   | Much lower                 | Lower    | Equal   | Higher | Much higher    |
| Relative to non-SR products, the price of SR products is        | 0                          | 0        | 2       | 10     | 13             |
| Relative to non-SR products, the quality of SR products is      | 1                          | 2        | 14      | 6      | 2              |
| Relative to non-SR products, the availability of SR products is | 14                         | 8        | 3       | 0      | 0              |

**Table 8: Correlation between variables and buying SR products<sup>vi</sup>**

|   | Fair Trade coffee | Organic meat | Free-range eggs | Fair Trade choc. spr. | Total   |
|---|-------------------|--------------|-----------------|-----------------------|---------|
| * = significant ( $\alpha = 0,1$ )<br>** = significant ( $\alpha = 0,05$ )<br>*** = significant ( $\alpha = 0,01$ ) |                   |              |                 |                       |         |
| <b>Level of agreement with statement:</b>   |                   |              |                 |                       |         |
| Buying SR products is a moral duty  | 0,30              | 0,38         | 0,58***         | 0,15                  | 0,54**  |
| Problems SR products claim to alleviate are important   | 0,52**            | 0,55**       | 0,51**          | 0,39                  | 0,71*** |
| SR products are effective in alleviating these problems   | 0,23              | 0,33         | 0,41            | 0,40                  | 0,46    |
| Relevant others approve of buying SR products   | 0,16              | 0,68***      | 0,68***         | 0,18                  | 0,63*** |
| Price is higher   | 0,19              | -0,42*       | -0,17           | 0,01                  | -0,14   |
| Quality is below-average  | -0,17             | 0,17         | -0,38           | -0,02                 | -0,23   |
| Availability is lower   | -0,20             | 0,02         | -0,26           | 0,07                  | -0,23   |

<sup>i</sup> Convenience sampling refers to the collection of information from members of the population who are conveniently available to provide it (Sekaran, 2003).

<sup>ii</sup> There are also some other possible explanations for this. First, individuals may like to acquire the sympathy of others by conforming to their social preferences. Second, there may be a selection mechanism that results in partners and friends having similar norms and values which may also be reflected in their purchasing behaviour. In that case, the fact that behaviour is consistent with the opinions of relevant others does not necessarily mean that the opinion of others is an argument for one's own behaviour. For example: only one respondent stated that he would buy less SR products if he did not have his current partner, and only two respondents believed that their partner would buy fewer SR products if they would not have had any influence. Third, there may have been discussions in the past about which products to buy, in which household members (or perhaps also other relevant others) have come to some agreement and internalized the social preferences of relevant others.

<sup>iii</sup> Due to our small sample size, we only use two control variables. Using more control variables may lead to negative effects resulting from less degrees of freedom. However, analyses have shown that the use of other control variables, such as income and gender, do not noticeably change the results.

<sup>iv</sup> Note that the price premiums that are mentioned only provide an indication, as prices are subject to changes in markets. Furthermore, it is difficult to determine an exact market price on a market with heterogeneous products and retail channels such as chocolate or coffee. In creating this table, we have used the price of the most comparable product of the market leader as indication for the market price.

<sup>v</sup> Table 7 shows results that are averaged over four products: Fair Trade coffee, organic meat, free-range eggs and Fair Trade chocolate sprinkles. There were no large differences between these products, with the following exceptions: Organic meat was perceived to have a higher price and a higher quality relative to the non-SR version of the product than the other three products.

<sup>vi</sup> Table 8 shows partial bivariate correlation coefficients, controlled for age and level of education