

What Will Make Consumers Reward or Punish Companies?

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Abstract. This study seeks to analyze the effect of environmental issues in the fashion industry on consumers' purchase behaviors. Students (N = 55) from a university in Midwestern United States participated in this pilot study. The results of this study suggest two different strategies for two different marketing purposes. Marketing should focus on getting customer know about the environmental issues and emphasizing the importance of environmental issues in the fashion industry if they pursue a high-price strategy. Marketing should demonstrate the company's strong belief and high expectation about their responsibility towards environmental issues to make customers patronize their stores.

1. Introduction

Consumers are becoming more interested in obtaining the background information of purchased products to ensure their "ethical consumption" (Alexander and Nicholls, 2006). However, it is questionable whether the more interest can be translated into more ethical consumption behavior. For example, Joergens (2006) found little evidence for influences of ethical issues on consumers' apparel purchase decisions. In addition, Boulstridge and Carrigan (2000) found only 20 percent of consumers who had social responsible attitudes had actually patronized socially responsible businesses. Consumers might more tend to reward an ethical company or punish an unethical company with their purchase behavior if they have stronger belief or higher expectation about companies' ethical business practices, more knowledge on ethical issues, or if the ethical issues are more important to them. The fashion industry demands significant attention to environmental issues to establish business ethics as 17 to 20 percent of industrial water pollution comes from textile dyeing and treatment.

2. The purpose and hypotheses

The purpose of this study is to analyze the effect of environmental issues in the fashion industry on consumers' purchase behaviors. In order to achieve the research purpose, the following hypotheses were developed and tested.

- Consumers' belief about companies' responsibility towards environmental issues will affect their willingness to reward an environmentally-friendly company and/or punish an environmentally-unfriendly company.
- Consumers' expectation about companies' responsibility towards ethical issues will affect their willingness to reward an environmentally-friendly company and/or punish an

environmentally-unfriendly company.

- Consumers' importance of environmental issues will affect their willingness to reward an environmentally-friendly company and/or punish an environmentally-unfriendly company.
- Consumers' awareness of environmental issues will affect their willingness to reward an environmentally-friendly company and/or punish an environmentally-unfriendly company.

3. Methodology

Students (N = 55) from a university in Midwestern United States participated in this pilot study. Students completed a questionnaire on their belief/expectation about and awareness/importance of environmental issues in the fashion industry, and its influences on their purchase behavior. Items came from the research literature, had appropriate reported reliabilities, were adopted to reflect topics of this study and used rating scales. Consumers' willingness to reward was assessed with the extra dollar amount they are willing to pay for a \$10-product. Consumers' willingness to punish was assessed with their willingness to switch to a competitor. Participants (mean age = 20.74) were mostly Caucasian (88.9%) and Women (74%). Participants would pay \$ 4.15 extra on average for a \$10-product to buy from an environmentally-friendly company.

4. Results

Multi-item measures were subjected to exploratory factor analyses and reliability analyses. Multiple regressions were used to test hypotheses. Awareness ($t = 3.49$, $\beta = .42$) and importance ($t = 3.10$, $\beta = .37$) of environmental issues in the fashion industry significantly influenced consumers' willingness to reward an environmentally-friendly company, $F(2, 49) = 10.29$, $p < .0001$. Beliefs ($t = 2.36$, $\beta = .27$) and expectation ($t = 4.37$, $\beta = .50$) about companies' responsibility towards environmental issues in the fashion industry significantly influenced consumers' willingness to punish an environmentally-unfriendly company, $F(2, 50) = 18.68$, $p < .0001$.

5. Conclusions

Participants who are aware of environmental issues in the fashion industry and consider the environmental issues important would respond to the issues by rewarding an environmentally-friendly company. In contrast, participants who believe and expect that companies should be environmentally friendly would respond to the issues by punishing an environmentally-unfriendly. These results suggest two different strategies for two different marketing purposes. Marketing should focus on getting customer know about the environmental issues and emphasizing the importance of environmental issues in the fashion industry if they pursue a high-price strategy. Marketing should demonstrate the company's strong belief and high expectation about their responsibility towards environmental issues to make customers patronize their stores.

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