Creating green consumer loyalty

How to strategically market CRS and obtain consumer preference
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M.A. de Winter
K.L. Zimmermann
M.G. Danse

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Sustainability is an important social theme that is taking on increasing significance in many areas, including the supermarket sector. This report presents the findings of a literature study looking at the opportunities available to supermarkets to gain a preferential position in the eyes of consumers for their efforts regarding sustainability.

Orders
31.70.3358330
publicatie.lei@wur.nl

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1 Cultural creatives
Preface

Due to their market position food retailers are able to incite consumers to buy more sustainable foods. To this end, the Dutch retailer Laurus has committed itself to an innovative form of collaboration with two NGOs, the Stichting Natuur en Milieu (Netherlands Society for Nature and Environment) and Novib (Oxfam Netherlands) in order to achieve far-reaching gains in sustainability. It is obvious that a retailer cannot be completely sustainable in one day. To reach the ultimate stage many aspects should be taken into consideration, for example the supply chain, assortment, or company operations. This is a growth process which encompasses the challenge to develop a sustainable profile with stakeholders and moreover to realise added value in the market. In this context the project partners want to amass more knowledge in the project *Duurzaam in Retail*. This study contributes to this.

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Prof.dr. R.B.M. Huirne
Director General LEI Wageningen UR
Summary

Sustainability is a concept with many different interpretations, and one that does not have a clear and strictly defined meaning in the eyes of the general public. Sustainability is frequently considered an end in itself, an ideal situation framed in absolute terms. But sustainability is more dynamic than this suggests, because it can be interpreted in different ways and can evolve over time.

In recent years, consumers have exhibited more concern with environmental awareness and good conduct, yet this has not produced a proportionate increase in the market success of sustainable products. The result is an evident imbalance between what consumers profess to expect from companies and their products and the degree to which those same consumers are willing to reward the desired conduct. We refer to this as a ‘gap.’ There are a number of possible explanations for this disparity in consumer intent and action, one being the expected personal responsibility (Perceived Consumer Effectiveness (‘PCE’)) and another being insufficient knowledge on the part of the consumer.

The gap between saying and doing is an impediment to sustainable development. Bridging this gap requires a partnership between push (industry) and pull (consumer) to create a balance between supply and demand. At present this does not always appear to be the case. Introducing an intermediate category may be a strategic solution. This will lead to a more sustainable selection and a more realistic choice for consumers, and, if clearly identifiable and readily available, will benefit PCE.

Consumers place a value on the conduct of the companies the products of which they purchase. More and more companies are accepting their own responsibility, either at their own initiative or encouraged by external forces, for engaging in Corporate Social Responsibility (CSR). CSR is a broad concept built around the idea of the long-term ‘footprint’ that a company leaves on society. CSR can be expressed in areas such as responsibility for the environment/sustainability, its treatment of personnel or target marketing. From a strategic perspective, retailers appear to prefer to focus primarily on the environmental side, and this is seen in their actions.

1 Intermediate category products are products that do not meet the highest standards (e.g. qualify as organic), but which do go further than the law demands in the area of sustainability.
2 For example: hybrid products or the Volwaard chicken (produced through more animal-friendly methods than factory farming).
Engaging in CSR is rewarded not only by continuity of the licence to operate and licence to sell, but also by loyalty, identification and increased purchasing inclination. However, in practice it appears that at the moment of purchase, CSR is not necessarily the make-or-break purchasing motivation. For the consumer, other aspects such as price and quality carry more weight.

Every retailer wants to establish the kind of relationship with consumers that makes them dyed-in-the-wool supporters of that retailer and its products. Identification, and specifically consumer-company identification, produces this kind of preferential position and brings with its aspects such as stronger attitude, loyalty behaviour and repeat purchases. Identification is about the person being able to identify with a company (known or as yet unknown) as soon as the person experiences that he shares the same values as that company.

Consumers respond in a variety of ways to a CSR initiative; what may work on one consumer can fall flat with another. It also appears that consumers appear to be more sensitive to the ‘irresponsible’ conduct of a company than the ‘responsible’ conduct. Nonetheless, consumers do need to have some notion of the efforts being made by a company. They can only develop a positive feeling about the CSR policy of a company once they know about it (or are given the opportunity to learn of it). Three elements play a role in reaching the consumer: fit, motivation and timing. Proactive CSR initiatives with good fit and motivation lead to improvement of the convictions, attitudes and intentions of the consumer.

A product is a bundle of benefits, and when the purchase happens, the trade-off for the consumer must be in favour of your product. A quality mark is a trade-off, and is used by companies that want to offer their customers a guarantee on ‘experience’ and ‘credence’ attributes. There are a great many quality marks, and the growth in quality marks has given rise to confusion and lack of transparency. But clear social quality marks do simplify the consumer’s choice process.

The added value of the product plays a role in the trade-offs for the consumer, and this makes added value a means of obtaining a competitive advantage. The added values with the most longevity are based on emotional values. The biggest market opportunities for sustainable positioning lie not just in the added value, but in the precise combination of values such as social and per-

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1 Fit: to what extent does the consumer feel the company and activity match? Motivation: is the company out for profit or the general interest? Timing: why is the company doing this now? On its own initiative (proactive) or as a response to something else (reactive)?
sonal values\textsuperscript{1} or functional and emotional values. Positioning on an individual value motivates less.

Similarly, in brand policy, the most effective 'green' positioning is achieved through the combination of functional attributes and emotional benefits. This also applies at the product level: the products with the most potential possess multiple aspects to which multiple groups can attach their own independent significance relevant to them. The combination of these 'use' and 'non-use' values is driving a shift from a traditional, one-dimensional message behind the concept of sustainability to a more multi-dimensional message behind the concept. This, in turn, reduces threats to the continuity of the company.

What is CSR's role in the trade-off with the consumer? Rather than providing hard information on the attributes or quality of a product, CSR creates a context within which the client evaluates the company and the product, with the reputation of the company being determinate (whether directly or indirectly) for the evaluation of a product.

The evaluation of the company, in turn, impacts upon client preferences. Here is where having a strong brand becomes a major factor. Obviously, the bond that a strong brand creates with its clients will be what keeps them from capriciously switching to an alternative. At present, this applies to 'A' brands and own brands (private labels). While in the past, private labels were characterised chiefly by lower-quality alternatives at a lower price, their role has now grown into offering a real quality alternative that can stand as a serious alternative to the A brands.

Repositioning of the private label is engineered from the corporate brand policy. The central question is how to achieve brand equity with a private label and thereby be in a position to attain a preferential position with the customer. Supermarkets can bestow a distinctive and positive message on their private labels by strategically deploying them towards the launch of corporate initiatives like healthy diet, animal welfare or environmental awareness.

(A consumer survey took place in 2008 as a follow-up to this literature study. This study involved qualitative research into how mainstream consumers perceive sustainability in general and within the retail sector (de Winter et al., 2009)).

\textsuperscript{1} Social values being values such as environmentally-friendly or animal-friendly characteristics, and personal values such as health value, taste or quality.
Samenvatting

Een band met de duurzame klant;
De rol van duurzaamheidsinspanningen van bedrijven bij het bereiken van de consument

Duurzaamheid is een multi interpretabel begrip en heeft voor het algemene publiek geen heldere en eenduidige betekenis. Duurzaamheid wordt vaak beschouwd als einddoel; een ideale situatie die beschreven wordt in absolute termen. Echter, duurzaamheid is dynamischer omdat het op verschillende manieren kan worden ingevuld en evolueren.

De laatste jaren geven consumenten meer aandacht aan milieubewustzijn en goed gedrag. Dit resulteert evenwel niet in een evenredige toename van het marktsucces van duurzame producten. Er bestaat aldus een scheve verhouding tussen wat consumenten zeggen te verwachten van bedrijven en hun producten en de mate waarin zij bereid zijn dit te belonen - een zogenaamde kloof. Meerdere redenen kunnen dit (tegenstrijdige) gedrag van consumenten verklaren, waaronder de verwachte eigen verantwoordelijkheid (Perceived Consumer Effectiveness (PCE)) en onvoldoende kennis.

De kloof tussen zeggen en doen is niet bevorderlijk voor de duurzame ontwikkeling. Hiervoor is een partnership tussen push (bedrijfsleven) en pull (consumenten) nodig zodat aanbod en vraag in evenwicht zijn. Dit blijkt nu niet altijd het geval te zijn. Het introureren van een tussencategorie kan een strategische oplossing zijn. Dit leidt tot een duurzamer aanbod en een meer realistische keuze voor consumenten en, indien duidelijk herkenbaar en beschikbaar, komt het de PCE ten goede.

Consumenten hechten belang aan het gedrag van bedrijven waarvan zij producten afnemen. Steeds meer bedrijven nemen, op eigen initiatief of gestimuleerd door anderen, hun verantwoordelijkheid in Maatschappelijk Verantwoord Ondernemen (MVO), ook wel Corporate Social Responsibility (CSR). MVO is een breed concept en staat voor de lange termijn voetdruk (foot print) van een bedrijf op de samenleving. MVO kan onder andere tot uiting komen in verantwoordelijkheid voor het milieu/duurzaamheid en omgang met personeel,

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1 Tussencategorieproducten zijn producten die niet aan de hoogste standaarden voldoen (als bijvoorbeeld biologisch), maar wel meer inspanningen leveren dan de wettelijke duurzaamheidsvoorschriften
2 Bijvoorbeeld: hybride producten of de Volwaardkip.
doelmarketing. Strategisch gezien (b)lijken retailers zich vooral te focussen op de milieukant.

Het inzetten van MVO wordt beloond door continuïteit van de *licence to operate* en *licence to sell*, maar ook door loyaliteit, identificatie en vergrootte aankoopbereidheid. Het blijkt echter dat MVO op het moment van aankoop niet noodzakelijkerwijs hét aankoopmotief vormt. Bij de consument wegen aspecten als prijs en kwaliteit zwaarder.

Iedere retailer beoogt dat consumenten een dusdanige relatie hem aangaan dat zij tot fervente supporters van de retailer en zijn producten worden. Identificatie, in het bijzonder *consumer-company* identificatie, resulteert in een dergelijke voorkeurspositie en brengt aspecten als sterkere attitude, loyaal gedrag en herhalingsaankopen met zich mee. Bij identificatie draait het om het gegeven dat een persoon zich met een (nog onbekend) bedrijf kan identificeren zodra deze persoon ervaart dat hij dezelfde waarden met het bedrijf deelt.

Consumenten reageren uiteenlopend op een CSR-initiatief; wat bij de ene consument wel werkt, hoeft bij een ander niet op te gaan. Daarbij blijkt dat consumenten gevoeliger zijn voor het ‘onverantwoordelijke’ dan voor het ‘verantwoordelijke’ gedrag van een bedrijf. Dit neemt niet weg dat consumenten wel enige notie dienen te hebben van de inspanningen die een bedrijf verricht. Consumenten ontwikkelen pas een positief gevoel over het CSR-beleid van een bedrijf zodra ze hier überhaupt weet van (kunnen) hebben.

Drie elementen spelen een rol om de consument te bereiken: de fit, motivatie en timing. Pro-actieve CSR initiatieven met goede fit en motivatie leiden tot een verbetering van overtuigingen, attitudes en de intentsies van de consument.

Een product is een bundel van voordelen en bij aankoop moet de *trade off* voor de consument in het voordeel van jouw product zijn. Een keurmerk is een *trade off* en wordt gebruikt door bedrijven die naar de consument een garantie willen afgeven over *experience* en *credence* attributen. Er zijn veel keurmerken en de groei aan keurmerken leidt tot verwarring en onoverzichtelijkheid. Echter, heldere (sociale) keurmerken vergemakkelijken het keuzeproces van de consument.

De toegevoegde waarde van het product speelt een rol bij de *trade offs* voor de consument en is daarmee een middel om competitief voordeel te behalen. De langst levende toegevoegde waarden zijn gebaseerd op emotionele waarden. De grootste marktkansen voor duurzame positioneringen liggen niet alleen

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in de toegevoegde waarde, maar juist in de combinatie van waarden als maatschappelijke en persoonlijke waarden\(^1\) of functionele en emotionele waarden. Positionering op een afzonderlijke waarde motiveert minder.

Ook in merkenbeleid wordt voor ‘groene’ positionering de meeste effectiviteit bereikt door de combinatie van functionele attributen en emotionele voordeelen. Dit geldt ook op productniveau: kansrijke producten bezitten meerdere aspecten waaraan meerdere groepen een eigen, voor hen relevante betekenis kunnen toekennen. Door de combinatie van deze *use* en *non-use values* wordt een traditioneel enkelvoudige lading van het begrip duurzaamheid verschoven naar een meer multi-dimensionele lading van het begrip. Daarmee komt de continuïteit van het bedrijf niet in gevaar.

Wat doet CSR in de *trade* off bij de consument? In plaats van dat CSR (‘harde’) informatie over attributen of de kwaliteit van een product verschaft, creëert het een context waarin de klanten het bedrijf en het product evalueert, en waarbij de reputatie van het bedrijf (indirect) bepalend is voor de evaluatie van een product.

De beoordeling van het bedrijf beïnvloedt op zijn beurt de voorkeur van klanten. Hierbij speelt het hebben van een sterk merk een belangrijke rol. De binding die een sterk merk creëert met de klanten zal hen er immers van weerhouden om zomaar over te stappen naar een alternatief. Momenteel geldt dit voor A-merken en voor huismerken (*private labels*). Waar huismerken zich eerder kenmerkten door het bieden van een alternatief van een lagere kwaliteit tegen een lagere prijs, is hun rol nu gegroeid tot bieden van een alternatief van uitstekende kwaliteit - een serieus alternatief voor A-merken.

Herpositionering van het huismerk gebeurt vanuit het *corporate* merkenbeleid. De centrale vraag is hoe bereik je met een huismerk *brand equity* en maak je het mogelijk een voorkeurspositie bij de consument te creëren? Supermarkten kunnen hun huismerken strategisch aanwenden om *corporate* initiatieven als gezonde voedselconsumptie, dierenwelzijn of milieuvriendelijkheid te lanceren en aldus onderscheidend en positief te laden.

(In 2008 is in vervolg op deze literatuurstudie een consumentenonderzoek uitgevoerd. Hierin is op een kwalitatieve manier onderzocht hoe mainstream-consumenten duurzaamheid in het algemeen in de retail beleven. (de Winter et al, 2009)).

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\(^1\) Maatschappelijk als milieu- en diervriendelijkheid, persoonlijk als gezondheid, smaak of kwaliteit.
1 Introduction

1.1 Introduction

Sustainability\(^1\) is an important social issue that is also gaining more and more significance in the food retail sector. In Western society, food retailers are the most important channel through which consumers buy their food provisions. Consequently, this sector can exercise considerable social influence. Laurus wishes to apply this possible influence positively, where it concerns possible improvements of the environment or the suppression of poverty or other social questions in developing countries. In 2004 Laurus formed a alliance with the Stichting Natuur en Milieu (Netherlands Society for Nature and Environment) and Novib (Oxfam Netherlands) and, since then, they have jointly tackled sustainability issues within the production chain under the denominator Economy Light.

This asks for integration of Corporate Social Responsibility (CSR) principles in the business processes and the production chain, an open dialogue with NGOs and other stakeholders in society, transparency towards chain actors and a positioning strategy towards the consumer. Within the framework of this positioning Laurus is keen to work on this issue through its supermarket formula Super de Boer.

To this end, Laurus is developing a large number of activities largely within the project Duurzaam in Retail. From the Agro Transforum Program Laurus receives support to carry out these activities. Within the project Duurzaam in Retail flow 4 aims at increased sustainability at chain-level and a related business strategy and its positioning strategy towards the mainstream consumer.

The connection between the strategy for increasing the sustainability of the chain and the eventual translation of this strategy in a relevant sustainability positioning for the mainstream consumer.

\(^{1}\) See the following report for a definition of the concept of sustainability: Sustainability efforts and preferential positions in the eyes of the consumer - a possible match. A study looking at the role of the sustainability efforts of companies in gaining a preferential position in the eyes of the consumer.
1.2 Problem definition and research questions

In flow 4 of the *Duurzaam in Retail* project, the positioning of Super de Boer is elaborated on the basis of its sustainability efforts, with the consumer - the demand side - forming the starting point (figure 1). Laurus’ ambition is to market these efforts to consumers by means of branding. This is under the impression that sustainability is a customer value which enables Super de Boer to distinguish in such a way consumers will show preference for Super de Boer over other retailers.

![Diagrammatic representation of flow 4](image-url)

Sustainability is a term that can be attached to a host of interpretations and associations. When charging a marketing message on the basis of sustainability efforts the messenger - in this case Super de Boer - plays an important role by the way in which he acts on the market, by its corporate identity based on its own behaviour. But the contents of associations cannot controlled completely by the messenger. The success of marketing formulas exists merely by the grace of the receiver (in this case: the consumer). The way and extent in which consumers assign value to a message depends strongly on a the relevant customer value for these (final) consumers. It is an extra challenge to discover their customer value given a term as broad and intangible as sustainability.

The way in which content will be given to the proposition is subsequently of major importance for Super de Boer to remain also in the longer period distinctive compared to competitors. Since with respect to sustainability it is expected that just supporting a sustainable management an sich will not be distinctive enough in the long run. It is an ongoing process of improvement in which possibilities are sought for adding value to a strategy. There are already several retailers active in the field of CSR management and in the long run companies
which do not take sustainability into consideration will be an exception to the rule. As a result of this a company that does not develop any sustainability activities will sooner be judged negatively than positively.

The central question here is which role sustainability efforts could play in Super de Boer gaining a preferential position in the eyes of consumers? This question can then be divided into four sub-questions:

1. Knowledge: what associations do consumers have with the concept of sustainability in the supermarket?
2. Relevance: what values does the Super de Boer consumer associate with Super de Boer?
3. Relevance: what associations are more and less well appreciated by Super de Boer consumers?
4. Transferability: what associations give rise to a preference for Super de Boer above other supermarket formulas in the eyes of consumers?

In order to acquire more knowledge in follow-up studies and consequently enable Laurus to make choices (sub-questions 2-4) sub-question one has first been explored. To this end, a literature study has been carried out, i.e. this report, which aims at increased sustainability at chain-level and a related business strategy and its positioning strategy towards the mainstream consumer. With respect to the literature study attention is focused on the following issues:

1. Sustainability and attitudes and behaviour of consumers;
2. Attitude and behaviour of consumers in regard to responsible conduct by companies;
3. Sustainable marketing/labelling;
4. Sustainable efforts and branding.

1.3 **Aim of this study**

Laurus wants consumers to prefer Super de Boer over other supermarket formats, partly by marketing their sustainable efforts to consumers by branding. The sustainable efforts by Super de Boer are at the base of the corporate identity Super de Boer wishes to have in the market. This literature study contributes to this end by providing insight into the possibilities for a positioning strategy from the point of view of current and potential Super de Boer consumers.

To carry out a literature study, the terms listed below were used. By means of the so-called 'snow ball method' - searching on mentioned references - relevant papers have been retrieved. Since most of the papers in scientific journals
are written in English mainly English terms are used. Wherever possible (similar) Dutch terms have been used as well:
- retail/supermarket/food industry/grocery;
- strategic management/strategy/marketing/communication;
- (green) branding/brand equity/(private) labelling;
- identification/social identity/consumer-company;
- corporate social responsibility/CSR/responsibility/sustainability;
- consumer behaviour/association/decision process/preference;
- corporate communication/identity.

1.4 Scope of the study

In the first place this study is part of the project Duurzaam in Retail. This study focuses at issues concerning marketing of strategies with respect to sustainability - an element within the broader scope of the project Duurzaam in Retail.

Sustainability is a concept with many different interpretations and includes 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'. This definition of sustainability originates from the Brundlandt Commission (WCED, 1987). An element frequently seen in the operationalisation of the concept of sustainability is People, Planet, Profit. Or, the so-called three Ps, to run your business in a socially acceptable way as well as ecologically justified and economically feasible. CSR, similar to Maatschappelijk Verantwoord Ondernemen (MVO) in Dutch, has the same complexity and focus. MVO-Nederland attaches the following meaning to MVO for an entrepreneur: taking into account the impact of the company on the environment and people within and outside the company. So look for the balance between the three Ps:
- People: the social aspect(s) of being in business (consequences on people, both within and outside the organisation);
- Planet: the environment aspect(s) of being in business (impact on the natural environment);
- Profit: the economic aspect(s) of being in business (a necessary condition for the organisation's existence).

Sustainability affects everyone, MVO aims specifically at the role of the business environment in tackling sustainability issues.

In this report interchangeable terms CSR and MVO are used with a preference for CSR in order to remain as closely as possible to the original text.
1.5 **Structure of the report**

After the introductory chapter, in chapter 2 attention is paid to the way in which (mainstream) consumers view sustainability by discussing the attitude and the behaviour of consumers with respect to this.

Chapter 3 outlines a number of preconditions for Laurus by making the attitude and the behaviour of consumers in regard to responsible conduct by companies transparent.

Chapter 4 puts the emphasis on a more generic component, namely sustainable marketing/labeling, and reflects the advantages and dangers of this. Chapter 5 discusses branding and how sustainability efforts can be used. Finally, chapter 6 presents the conclusions.
2 Sustainability and attitudes and behaviour of consumers

2.1 Sustainability is a complex concept

Sustainability is a concept with many different interpretations. The Brundtland Commission (WCED, 1987), defines sustainability as 'meeting the needs of the present without compromising the ability of future generations to meet their own needs.' The Brundtland Commission presents sustainable development as a change process in which the use of resources, direction of investments, orientation of technological development and institutional change must all be in harmony and must not compromise present or future potential to provide for human needs and desires (WCED, 1987). Philips, for example, adopts elements of this definition by referring to sustainability as 'ultimately a matter of guaranteeing a certain quality of life for current and future generations' (Bruin, 2001).

An element frequently seen in the operationalisation of the concept of sustainability is the three Ps (People, Planet, Profit). The Social and Economic Council (SER, 2000) refers to

'\textit{the deliberate orientation of the corporate activities towards long-term value creation in financial, ecological and social sense, the interrelation-ship and balance between the three Ps,}'

and this is also reflected in the concept of ethical business or ethical consumerism (sometimes referred to as the 'fourth wave' of consumerism), a system of consumerism emphasising the links between production and consumption, local and global (Browne et al., 2000). Or, as Gabriel and Lang (1995) put it, 'to reaffirm the moral dimension of consumer choice.' Browne et al. report that the degree of ethics observed varies, and is not uniformly assessable, but comprises at least three domains: people-centred, environmental focus and animal-centred.

Sustainability is also often considered an end in itself, an ideal situation that can be framed in absolute terms. More and more, however, thinking on sustainability is in relative terms when it comes to sustainability as compared to the present/existing situation. In this situation as applies at present, improvements are considered necessary. Sustainability must be placed in a dynamic context (Jorna and Faber, 2004). NIDO (the National Initiative on Sustainable Develop-
ment) also refers to 'evidently relative concepts, the content of which evolves over time and is interpreted in different ways.'

Sustainability does not have a strictly defined meaning in the eyes of the general public. The issues surrounding the concept of sustainability are illustrated by the study by Robinson and Smith (2002) into the psycho-social and demographic variables in relation to sustainable consumption. Evaluating consumer perceptions and behaviours based on a concept that has no clear and uniform definition among the general public proves difficult (Robinson, 2002). AKK (2003) claims that sustainability is not a standard term in the consumer’s vocabulary, while consumers are, by contrast, capable of assigning a message to terms like 'environmentally friendly.' The interest of ethical consumers can be broken down into four categories: health (personal and of direct family members), living environment/natural environment, animal welfare and helping people in the Third World (Browne et al., 2000). In a limited study involving Dutch mainstream consumers that examined the meaning of sustainability (NIDO, 2002), one question asked was what aspects the consumer looked at when acquiring a product. Strikingly, sustainability was not an aspect that the respondents identified spontaneously. It also became clear that within the choice process for certain articles, orientation on alternatives has virtually disappeared. People are satisfied with performances rendered, and fall into habitual behavioural patterns. The primary response to the concept of sustainability seems to be mainly calling up associations relating to the lifetime of products, products that work longer and/or can provide enjoyment longer. Other responses included: expensive, less waste, better for the environment, alternative/hippy lifestyle, own contribution is essentially useless, less attractive appearance and little attention given in the store. NIDO concludes that consumers do not wish to make extra efforts to purchase sustainable products. This same study reveals that the personal responsibility in relation to the use of sustainable products is in fact passed to others, mainly being the offerers of the product and the government. That said, however, EC research shows that more Dutch consumers hold the opinion that they can have an impact on the environment than do not (The attitude of Europeans towards the environment, 2002). Within the EU as a whole, this split is 50-50; see also figure 2.1.
If consumers are presented with the choice of government or industry, it is shown that on more than one occasion that industry is deemed to be responsible for the environment and other socially relevant themes (Hoijtink, 2004).

2.2 Still imbalance between supply and demand in sustainable products

Recent years have seen a rise in the environmental consciousness of consumers; these and other related areas have become more of a mainstream issue. This increased awareness has nonetheless failed to result in a proportionate increase in the market success of sustainable products (Boulstridge and Carriag, 2000; Fliess et al., 2006). The purchasing habits of the consumer are determined by a wide variety of factors, with CSR being just one. When CSR and non-CSR products are equal in price and quality, the proportion of consumers that choose CSR products rises (Fliess et al., 2007; Memery et al., 2005). Meanwhile, research shows that price and quality are the most important purchasing motivations, and that only a minority of consumers use CSR as one of their most important purchasing motivations.
As such, there is an imbalance between what consumers profess to expect from companies and their products and the degree to which those same consumers are willing to reward it (Pomering en Docinar, 2006). The Social and Economic Council (SER, 2003) also observes that where sustainable products are available, the demand for them continues to lag. Vermeir and Verbeke’s study (2006) of this hypothesised gap among young people in Belgium identifies four segments, ranging from low to high in degree of attitude and purchasing intention.

<table>
<thead>
<tr>
<th>Figure 2.2</th>
<th>The direct relationship between attitude, intention and behaviour</th>
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<tr>
<td><img src="image" alt="Diagram" /></td>
<td>Several aspects including Attitude</td>
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</tbody>
</table>

When we refer to attitude, we mean an attitude that a person has in regard to a subject and which is of direct influence on the person’s intention. Once formed, an attitude is fairly stable, and has a predictive value for behaviour. This is because behaviour follows from intention, that is, the intention to exhibit a certain behaviour (figure 2.2). An intention is presumed to capture the motivational factors that influence a behavior; they are indications of how hard people are willing to try, or how much an effort they are planning to exert, in order to perform the behavior (Ajzen, 1991).

Vermeir and Verbeke conclude that if the attitude and the intention are high, these persons can be called very involved and as consumers already exhibit responsible purchasing habits (quadrant II); see figure 2.3. The opposite of this is quadrant IV, where the score on both aspects is low. The two other quadrants (I and III) show the hypothesised gap. In these, attitude and intention are in conflict with each other, and this has consequences on the behaviour a consumer will exhibit.
We can identify a number of reasons for this conflicting behaviour on the part of consumers:

- **Socially desirable behaviour**
  For some consumers, the conditions under which the products they buy are produced simply does not matter, although they do not actually say this when asked (Fliess et al., 2007; NIDO, 2002);

- **Social pressure**
  Some consumers experience such pressure from those around them that the intention behind a purchase is high, in contrast to the personal attitude (Vermeir and Verbeke, 2006);

- **Perceived Effect**
  Some consumers do not have the sense that their individual purchases will have an effect on the decision-making of companies in regard to sustainable products. To them, achieving such an effect is beyond their reach (Fliess et al., 2007; Driessen et al., 1999; Vermeir and Verbeke, 2006);

- **No personal responsibility**
  Some consumers assume that it should be governments, companies and media doing the work in this area, and not the consumer. In the assumption that others do the same thing, they exhibit behaviour contrary to their desires (Fliess et al., 2007; NIDO, 2002);

- **Lack of means**
Some consumers do not wish to or are unable to pay more for sustainable products (Fliess et al., 2007; NIDO, 2002);

- **Insufficient knowledge**
  Some consumers are less well-informed, making them less inclined towards sustainable habits (Driessen et al., 1999; Hoijtink, 2004);

- **Low perception of availability**
  Some consumers have the idea that sustainable products are unavailable, and consequently act out of a sense that 'I want to, but it's not out there' (Vermeir and Verbeke, 2006; Hoijtink, 2004);

- **Insufficiently identifiable.**
  As in the previous point, some consumers want to, but do not adequately identify the sustainable products when they shop (Hoijtink, 2002; Tacken et al., 2007);

- **Perceived effort**
  For some consumers, the intention in regard to responsible behaviour decreases as the effort required increases (for example, in recycling) (Takke, 2003).

The reasons 'socially desirable behaviour' and 'social pressure' illustrate situations in which the attitude is high while intention is low (quadrant III). All other reasons identified illustrate quadrant I.

The presence of the gap described above, this mismatch, is an impediment to sustainable development, because sustainable development requires movement on the part of both industry and consumer, a partnership between push (industry) and pull (consumers), so as to achieve a balance in supply and demand. At present this does not always appear to be the case. NIDO (2002) describes the present situation as a sort of catch-22 situation, with on the one hand, some consumers very well willing to move to purchasing sustainable (or more sustainable) products, but the present product range/niche products do not meet their needs because they are seen as too specialised and too specific.\(^1\) Consumers also see, to a limited degree, that others do purchase sustainable products, so the consumer believes that purchasing sustainable or more sustainable products himself can have little or no positive effect, and decides that switching to purchasing sustainable products himself would not make a significant difference (low Perceived Consumer Effectiveness (PCE)). Meanwhile, suppliers want to make their products more sustainable, but see the re-

\(^1\) Or the consumer cannot find it, has to go specially looking for it or must go to a different store, and that is too much effort.
quirements as too high and the rewards as too low. For them, the whole story is somewhat shaky. Additionally, Browne et al. (2000) observe that thanks to their market dominance, supermarkets have a major role in influencing the demand for sustainable products, even going so far as to refer to them as 'agents of change.'

Yet even if supply and demand are in balance, it may still take more to achieve a state of sustainable (or more sustainable) development. Consider the examples of smoking or the increase in the serving size of food items (such as chips). Kotler identifies examples like these to illustrate his insight that what consumers want is not necessarily what is good for them. In the short term, the company may create a satisfied customer, but in the longer term both consumer and society suffer from this method of 'keeping the customer satisfied' (in: Saij and Mukundadas, 2007). Consequently, this route is not the path to success. Ottman (1998) notes that the most successful green businesses apply a holistic approach: 'Unlike conventional marketers who most often react to consumers' immediate needs, the most successful green companies lead their customers and other stakeholders, rather than accept being led by them. They anticipate emerging environmental issues and address them before being forced to do so. As such they are able to set their own agenda with regulators and they don't risk disappointing their customers or shaking their confidence.'

To put it another way, the approach described is less of a market-driven one but more 'market-driving.' Market-driven refers to a market orientation based on understanding and responding to preferences and behaviour of the players in a given market structure. Market-driving, by contrast, refers to a situation in which the given market structure is not seen as a constant, but in fact as something to influence in the exact direction needed to increase the competitive position of the initiative-taker. This allows a company to succeed in creating a product or service experience that exceeds the expectations of consumers and outperforms the existing alternatives. Generally, the former form is associated with more incremental innovations, and the latter with more radical innovations (Jaworski et al., 2000; Kumar et al., 2000). Kumar (1997) states that thanks to direct customer contact, retailers have always been more on the market-driving side than other market parties such as manufacturers. He identifies Wal-Mart as an example. Wal-Mart has taught consumers 'not to shop around for sales and instead buy at everyday low prices from them.' And since the year that Wal-Mart opened its first store, the competition has had to either adapt or go out of business. Other examples along the same lines are names such as IKEA, The Body Shop and Starbucks. Note that making the change into a successful market-driving company is not easy, and once that is accom-
plished, it is anything but easy to remain in that position. There are, however, some successful examples one can name, such as Sony (Kumar et al., 2000).

Hoijtink (2004) claims that in part, the lack of demand is being caused by the industry itself, this partly due to the fact that companies are often more restrained in communicating their efforts in the societal arena externally, that is, where they make any effort to do so at all. Additionally, the share of voice for sustainable products is not high in comparison to expenditures in conventional circles. As a result, consumers are not being encouraged to incorporate these products into their brain position. Additionally, Hoijtink observes that sustainability intentions often get bogged down at the executive level. Or, at the other extreme, these intentions may never fully make it from the work floor to the boardroom. The exception proves the rule, but any success story also shows that the implementation of sustainability generally requires a long time frame (in any case, longer than the conventional).

Hoijtink sees a solution for the matching problem between supply and demand in the nuance that is not presently available, an intermediate category. At present, there are essentially only two categories in the market that can be identified in the area of sustainability:

Category 1: Products bearing any of the many quality marks, such as organic/biodynamic products, which often exceed minimum legal requirements; and

Category 2: Conventional products, which meet all minimum legal and other requirements.

Products of the first category are very short in supply, products of the second are often prevalent. There appears to be nothing in between. Hoijtink therefore suggests introducing an intermediate category, which he calls the 'best-in-class products.' These are products that beat the products in category two in terms of meeting the legal and other requirements, but do not go as far as the products in category one. The result is a larger, more sustainable selection and a more realistic choice for consumers. If this is have a positive effect on PCE, these intermediate category products must be clearly recognisable and available. Hoijtink acknowledges that the introduction of such a category raises questions, such as: Is there such a thing as 'a little bit sustainable'? What should the standards be? And will the various stakeholders accept this principle? In some markets, including the Netherlands, this is no longer an academic issue,

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1 The share in total expenses on marketing communication.
2 Co-innovation, sustainable catering within Higher Vocational Education
but an actual practical one in the area of the organic claims to food products and animal welfare. To start with the first of these, so far the word ‘organic,’ like the EKO quality mark, is protected under European law and may only be used if all ingredients in the product are organically cultivated. In 2006, former Minister of Agriculture, Nature and Food Quality Cees Veerman stated that he would support producers using the organic designation on their packaging even if only some of the ingredients in the product were organic - in other words, for ‘hybrid’ products. To take the example of animal welfare, in 2007 the Dutch Society for the Protection of Animals launched a quality mark for more animal-friendly meat, Bewust leven, and the first product to be approved for use of the label was the Volwaard chicken, now available in some Dutch supermarkets. Previously, the Society for the Protection of Animals, in conjunction with the environmental quality label group Milieukeur, associated its name with supermarket Jumbo, or its Bewust vlees product line. This is another example of the ‘best in class’ intermediate category referred to here: the animals have a better life than their fellows in the factory farming sector, but are still worse off than their brethren on organic farms. And finally, an example from the coffee sector: the Utz Kapeh label. The name of this label is derived from the Mayan for ‘good coffee.’ This is a more sustainable coffee for the mainstream consumer, but does not go as far in terms of environmental issues as organic coffee, and not as far in terms of social issues as Fair Trade coffee.

These examples have not come about without some effort, and the response has been varied. What the ultimate result will be cannot yet be predicted. Nonetheless, following a successful pilot in its stores, Jumbo has since launched its Jumbo Bewust pork product.

2.3 Cultural creatives and sustainability: a mainstream match?

Escalating sustainability from the niche to the mainstream requires a focus on market share and target groups (in both cases, the larger the better); can this be related to Cultural Creatives?

Cultural Creatives are a new group of socially critical consumers. This new subculture was ‘discovered’ in 2000 by two American researchers, the sociologist Paul Ray and psychologist Sherry Ruth Anderson. Based on their research on values and lifestyles, they categorise current (American) society into three main groups: ‘Moderns,’ ‘Traditionals’ and ‘Cultural Creatives.’ Dutch market research agency MarketResponse transposed the Cultural Creatives model for the
Netherlands, and concluded that 15 per cent of Dutch people are Cultural Creatives, with another ten per cent having some affinity for the category.

Ray and Anderson state that a person is a Cultural Creative if they possess ten or more of 18 characteristics (for these characteristics, see appendix I). Cultural Creatives are motivated by six themes:
1. concern for worldwide ecological problems;
2. opposition to subordination of women and children;
3. critical of materialism and economic gain;
4. attention to others around them;
5. striving for better living environment;
6. personal lifestyle.

The striving for a better living environment, attention to others around them and personal development are primary motivators for Cultural Creatives. MarketResponse describes them in a sidebar as 'a group of Dutch people who are best characterised as 'living from their values' and 'quality over quantity'. Dutch people who want to live according to their own 'values contract': people who wish to assign a real meaning to terms such as authenticity, ecology, non-discrimination, non-materialism and quality of life, and moreover seeking the third dimension: 'the essence of a product, that is, the simplicity, the depth' (MarketResponse, 2004). One thing that the research of MarketResponse reveals is that Dutch Cultural Creatives are characterised by:
- a high level of sympathy for world ecological problems, and a desire to independently do more about this than the average Dutch person;
- having a clear opinion on welfare producers. Cultural Creatives believe that this is over the top and can no longer be tolerated;
- a certain degree of willingness to pay: 86% are willing to pay more if the money goes towards a better environment;
- a certain amount of interest: 52% are interested in organic foods.

Additionally, it appears that the appeal of organic foods is still fairly limited in answer to the needs of Cultural Creatives, and to them, availability is more important than advertising.

Ray and Anderson claim that if Cultural Creatives are able to unite, they will be capable of having a major impact on society. They will not only leave their

1 The theme of politics is less appealing to this group.
2 It should be noted that a large majority of the Dutch population also believes as much.
mark indelibly on the development and direction of society, but also on the role of civil society and industry. In their view, this implies that this group currently remains a niche group but will ultimately act at a more mainstream level.
3 Attitude and behaviour of consumers in regard to responsible conduct by companies

3.1 Consumers attach increasing importance to responsible conduct by companies

A person can express himself in two roles, as a member of society and/or as a consumer. The principal difference between the two is that a person in the role of consumer thinks and acts from a short-term perspective (pursues own objectives), and in the role of member of society thinks and acts in more of a long-term perspective (has more interest in social affairs). By doing this, the same person provides the company a licence to operate\(^1\) in one role and a licence to

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**Figure 3.1** The connections between a company and its environment

![Diagram](image)

Licence to operate: ‘social support,’ society offers the company scope and recognition whenever the expectations in the social area are met satisfactorily.

\(^1\) Licence to operate: ‘social support,’ society offers the company scope and recognition whenever the expectations in the social area are met satisfactorily.
sell¹ in the other.² To complete the picture, the primary company receives a licence to produce³ from the national government; see also Fig. 3.1. The interplay between these various types of licences often surpasses the effect of each licence individually, and this drives companies to do more than simply comply with the law (Gunningham et al., 2004), including in the areas of sustainability and responsibility.

Consumers attach more and more importance to the conduct of the companies the products of which they purchase; see also chapter 2. At the same time, or perhaps as a result, more and more companies are also taking up their responsibility in this area, a movement also referred to as Corporate Social Responsibility (CSR). Consider, for example, Unilever’s recent activities in this area. Unilever recently announced two new initiatives in its efforts towards responsible marketing. The company will firstly follow an international directive that determines that advertising may not use models or actors with unrealistic clothing sizes. Secondly, the group will be limiting marketing and advertising directed towards children between the ages of 6 and 11 to food and drink eligible for the *Ik Kies Bewust* ('I choose smart') logo (Unilever, 2007).

CSR is a broad concept built around the idea of the long-term footprint that a company leaves on society. Socially responsible businesses voluntarily choose to contribute to a better society and a cleaner environment, and do more than is legally required of them (EU, 2001). Mohr et al. (2001) describe CSR as ‘a company’s commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society.’ Zadek describes it as ‘business [taking] greater account of its social, environmental and financial footprints, which are not separate but intertwined dimensions.’ CSR comprises four closely related facets: economic, legal, ethical and philanthropic (Carrol, 1991; Pirsch et al., 2007), and can be expressed in many forms, including responsibility for the environment/sustainability and dealing with personnel, target marketing (cause-related marketing (CRM); Ellen et al., 2006). A detailed summary of the various CSR initiatives can be found in *Socrates: the corporate social ratings monitor* (Kinder., 2003), a database of over 600 companies rating those companies and classifying them into six categories:

- Community support (CRM, etc.);
- Diversity;

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¹ Licence to sell: when products or services meet the expected standard, they are purchased by the consumer.
² A person in these two guises (member of society or consumer) may also exhibit contradictory behaviour in relation to a certain subject.
³ Licence to produce: the government determines the basic preconditions for production, i.e. a permit.
- Personnel policy;
- Environment;
- Foreign activities; and
- Product.

Within this material, retailers seem to be more inclined to focus on the environmental side of the whole (Lotila, 2004), although there are some examples of a broader focus, such as the Race to the top project launched in 2000. The goal of this project was to not only track but also promote the social, environmental and ethical performances of British supermarkets. Profiling a retailer as socially responsible does still increase consumer expectations and makes retailers vulnerable to potentially unmanageable criticism (Lotila, 2004), as French retailer Carrefour discovered (Fliess et al., 2007).

Consumer expectations in regard to companies have not risen for no reason. Not only has the number of companies involved with CSR increased in recent years, but more companies are communicating with the broader public about their efforts in this area. Finally, consumer organisations have also contributed to the increased expectations of consumers, by publicising abuses. By focusing attention on abuses, they have had and continue to have an influence on the licence to operate (shame and blame approach), produce (exert pressure on the government) and sell (e.g. boycotts). Whenever negative performance becomes public, companies experience significant negative consequences, for example in the form of a boycott, diminishment of brand image or temporary drop in sales (Fliess et al., 2007; Becker-Olsen et al., 2006; Snider et al., 2003; Sen and Battacharya., 2001). This confirms that if a product no longer meets the requirements of the society, a corresponding licence to operate from the society is lacking, and this has direct consequences on the consumer’s licence to sell.²

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¹ From the website (www.racetothetop.org): 'The Race to the Top project ended prematurely following a confidential pilot year (2002) in which six supermarkets took part and one publicly reported year (2003), in which only three supermarkets participated. A full report on the lessons learned from the project is now available.'

² Note, for the sake of completeness, that a company obtains its licence to produce from the government.
3.2 Active involvement with CSR by companies not wasted

Achieving - and then keeping - a licence to operate demands the attention of a company and its management, and it appears that CSR can help here. Companies have different motivations for ‘greening up’ their strategy or bearing more responsibility, for example out of considerations of competition or in an effort to comply with the law. Another major motivator is ecological responsibility: the care with which a company has (and feels) for its social obligation and values (Bansall and Roth, 2000). An important motivation for companies to invest in CSR is explained by the stakeholders theory. In this theory, the survival of an organisation and its success in responding to both its economic and non-economic objectives is linked to the degree to which the organisation succeeds in meeting the needs of its various stakeholders (Freeman, 1984). Consequently, CSR programmes focus on multiple stakeholder groups (and themes), including consumers; see also figure 3.2.

For the consumer stakeholder group, CSR programmes are developed/launched for a wide variety of objectives, ranging from improving attitudes via corporate and brand image or the improvement of product evaluation to in-
creasing product purchase inclination on the part of consumers. The literature shows that there is a link between: social initiatives and:

- improved financial result (among others, McGuire et al., 1988; Pava and Krause., 1996);
- positive affective, cognitive and behavioural responses by consumers (among others, Brown and Dacin, 1997; Ellen et al., 2000; Sen and Bhattacharya, 2001);
- price (Creyer and Ross, 1997);
- perceived quality (Folkes and Kamins, 1999);
- corporate attitudes (Brown and Dacin, 1997);
- purchase intention (Murray and Vogel, 1997).

In other words, CSR increases consumers' inclination to purchase. Consumer purchasing inclination is directly correlated to the degree to which the ethical behaviour of a company exceeds the expectations of the consumer (Creyer and Ross, 1997). In a more general sense, consumers appear to support companies more if they are ecologically and socially responsible (Creyer and Ross, 1997; Ellen et al., 2000; Sen and Bhattacharya, 2001), and are more negative towards those that are not (Barrett, 1996). One of the most important objectives of cause-related marketing as a component of CSR is the improvement and increase of the brand equity of the company's products (Varadajaran and Menon, 1988; Hoeffler and Keller, 2002). The success of companies such as Ben and Jerry's underlines the development of CSR as a new paradigm for doing business (Griffin and Mahon, 1997).

The literature also suggests that CSR activities, even more than corporate ability (CA) attributes, improve the organisational identification process between the company and its clients. Organisation identification is a form of social identification and is used to explain the relationship between individuals and organisations (Bartels, 2006). Social identification is the process in which people get the sense that some people are 'the same,' as opposed to others who are actually very different. In other words, people have a tendency to define themselves in terms of the groups to which they belong. For example, a person can derive an identity from the fact that he lives in a certain country, considers himself a fan of a certain football team or is a member of an organisation. This process is not for everyone, however. The cognitive capacity for identification actually involves empathising with ourselves. Not everyone has this capacity to be able to look through another's eyes and see how that other experiences the world - but people (and other higher primates, such as chimpanzees) do (De Swaan, 1999).
Companies can symbolise their values both verbally and non-verbally by establishing a relationship with a certain issue (Ashforth and Mael, 1989), thereby communicating their identity towards customers (Sen and Bhattacharya, 2001) and in so doing working towards the construction of a cognitive and effective component of identity with the clients in question (Bergami and Bagozzi, 2000). This identification is generally translated as behaviour such as donations (Bhattacharya et. al., 2005) or other responses that do not immediately benefit the individual in the greater sense, but do benefit the larger organisation (O’Reilly and Chatman, 1986, Gupta et al., 2006).

Although CSR generates positive effects for a company and consumers consider the conditions under which a product is produced important, it should be noted here that at the moment of purchase CSR is not necessarily the decisive motivation for purchase. The purchasing habits of the consumer are determined by a wide variety of factors, with CSR being just one; see also chapter 2.

3.3 CSR improves the Consumer-Company identification process

Identification, the ability to identify as a person with something, has already been alluded to in section 3.2. This is something that every company wants, but not all companies have: consumers who respond favourably and strongly to the company’s efforts to build up a relationship with those consumers; consumers who enter into the kind of relationship with the company that makes them dyed-in-the-wool supporters of the company and its products. And moreover, consumers who are not only completely loyal, but who also promote the company and its products to others. Only a very few companies seem to have succeeded with this (such as Harley-Davidson or The Body Shop). These companies know how to clearly set themselves apart from the rest. In Bhattacharya and Sankar (2003), this is explained by consumer-company identification, ‘the primary psychological substrate for the kind of deep, committed, and meaningful relationships that marketers are increasingly seeking to build with their customers.’ Identification with the company results in a type of obligation that entails things like a stronger attitude, loyal behaviour and repeat purchases (Einwiller et al., 2006). Bhattacharya and Sankar (2003) further state that consumers who identify with a company are more resistant against negative information about the company. Berger and Drumwright (1998) make the suggestion that being the first mover on a given social issue is a powerful way to engender consumer-company identification and employee loyalty. As an example, Avon, by being the first to start the Avon Breast Cancer Awareness Campaign (in 1993) achieved
increased loyalty on the part of both customers and employees. Consequently, Berger and Drumwright conclude that CSR adds value to a product and indicate that activities relating to CSR benefit the organisation identification process between companies and their clients.

Consumer-company identification refers to a specific form of social identification. It is also based on the fact that individuals develop social identities by establishing a cognitive relationship between themselves and social groups or organisations. In other words, people tend to define themselves in terms of the groups to which they belong. Organisation identification is described as the degree to which the individuals feel attached to an organisation (Mael and Ashforth 1992) and describe themselves using characteristics that they feel describe the organisation (Dutton et al. 1994). If this conviction about an organisation becomes self-referential or self-defining for a person, then it can be said that he or she identifies with the entity (Pratt 1998).

Bhattacharya and Sen (2003) see this as follows: ‘Consumers who identify with companies are more likely to be loyal to those companies, promote them to others, and be resilient to negative information about them,’ going on to observe that an official or quasi-official membership is not a requirement. Even without an official membership, an individual’s identification with a company can be very powerful, although ‘identity attractiveness’ may be a necessary prerequisite for identification. A company’s identity attractiveness appears to depend on the degree to which the company’s identity corresponds to the person’s own identity. To put it another way, ‘consumers are likely to identify with a company that offers them a positive and meaningful social identity.’ Consumers will more readily make use of their own observations of a company’s corporate identity when they known and trust that identity.

It is interesting to note that identification develops and grows over time. This means that a person can start identifying with a company or organisation as yet unknown to him or her as a person, if that consumer does share the same values as the organisation. A person with strong values in the area of sustainability may, for example, feel a certain association and identification with an organisation straight away if that company has the same social values, even though the person may not have known it until then.

Finally, research into organisation identification has demonstrated that contact with an organisation through participation in its activities and/or consumption of its products is positively correlated with identification (Bhattacharya et al., 1995; Dutton et al., 1994). An increase in contacts/contact moments, of course, leads to increased profile and familiarity with the shared values of the organisation and
the person, and, in the process, to identification. But uncontrolled, random con-
tact presumably does not lead to the desired effects; see section 3.4.

3.4 When and how does the consumer respond positively to efforts in CSR?

Apart from all this, consumers do respond to CSR initiatives in various ways, 
and appear to be more sensitive to 'irresponsible' conduct on the part of a 
company than to 'responsible' conduct. What works for one may not necessarily 
work for another (Battacharya, 2005). How should CSR be used to reach the 
consumer? There are a number of places to start when answering this question. 
At the more general level, a communications approach is determined in part by 
cultural factors, product features, consumer types (age, incoming, education), 
etc. Market research shows that consumers respond differently to information, 
and as such communication must be attuned to the receiver (Fliess et al., 
context, and Van Meegeren and Bruijnes (2004) show that the question 'what 
does the consumer want to know?' is understood differently in the various seg-
tments. Overall, in Meegeren and Bruijnes's model, three segments can be iden-
tified by more or less involved members of society/consumers. The degree of 
involvement (high/medium/low) affects the way in which information is proc-
tessed. High involvement means a desire for a great deal of information, includ-
ing details, so that the consumer will be able to make his or her own evaluation 
and decision. At the other extreme, persons with low involvement do not take 
the time, are much less concerned with themes of social responsibility, and the 
only thing they want to know is that everything is being properly monitored by 
government and social organisations. Their basic rule is, if everything you can 
buy meets certain requirements, that's all you need to know. Medium involve-
ment lies somewhere in between, and so there are reasons to assume that for 
this group communication must be coordinated to the receiver.

Becker-Olsen et al. (2006) looked into the effect of CSR activities on con-
sumer habits and observe that three elements are significant here:
- fit;
- motivation;
- timing.

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1 Becker-Olsen et al. (2006): 'The use of corporate social responsibility (CSR) initiatives to influence consumers and differentiate product offerings has become quite common. This research builds on the growing body of marketing literature through two investigations that manipulate consumers' perceptions of fit, motivation, and timing of corporate social initiatives embedded within promotions.'
‘Fit’ signifies ‘the perceived link between a cause and the firm’s product line, brand image, position, and/or target market’ (Varadarajan and Menon, 1988). To put this another way, how logical is it in the eyes of the consumer that this company specifically is pursuing this specific initiative; how good of a match is this? The more logical the consumer sees this, the better the fit. Fit as an element is important because it exerts an influence on:

1. the degree to which people reflect on a given relationship (for example, the more inconsistencies with previous expectations and information there are, the more reflection the company, the activity and/or the relationship itself are subjected to; Forehand and Grier, 2003, Meyers-Levy and Tybout, 1994 and Meyers-Levy et al., 1994);
2. the type of idea that the consumer generates. (i.e. positive or negative: a low fit generates negative thoughts, and a low fit in itself is considered a negative factor; see Forehand and Grier, 2003);
3. the evaluation of the two (Johar and Pham, 1999, Sen and Bhattacharya, 2001).

The literature confirms that if the degree to which two things are related is perceived as high, this increases the attitude of the consumer towards the brand/mark, because the consumer considers the action of the company as appropriate (among others Aaker, 1990; Keller and Aaker, 1993; John et al., 1998; Speed and Thompson, 2000). This means a good fit between a priori expectations, knowledge, associations, actions and competencies of a company on the one hand and certain actions on the other can more easily be integrated into the consumer’s existing cognitive structure, so that the relationship between the company and the initiative is reinforced (Fiske and Taylor, 1991; Wojciske et al., 1993).

The second element identified, motivation, influences attitudes of consumers towards companies and their social activities. Although the support of a social initiative seems to serve the public interest, the evaluation of the company and the effect of convictions, attitudes and intentions are most likely driven by the consumer’s images of the underlying motivations of the company or the person who attributes them to the company. The consumer does indeed wonder why a company is being active in that area, and wants to really question this at times (Sen and Bhattacharya, 2001). Consumers classify the motivations of companies into two categories:

1. serving the corporate interest, and/or profit-oriented; or
2. serving the public interest, and/or socially-oriented.
Specific attributes underlying the observed motivation influence the evaluation of a company (Campbell and Kirmani, 2000; Ellen et al., 2000). Becker-Olsen conclude that when motivations are read as serving the corporate interest/profit-oriented, attitudes in relation to these companies diminish. Conversely, when consumers read the motivations of such companies as serving the public interest/socially-oriented, attitudes in relation to these companies will be improved.

Finally, timing. Companies often become involved with CSR activities as a response to something, generally as a response to a development in the external environment such as a natural disaster, a consumer boycott, pressure from NGOs, competition in general, etcetera. Consumers respond to this type of reactive initiative differently than they respond to proactive initiatives, which are evaluated more positively. It is known from marketing literature that if personal expectations are exceeded by personal observations, companies are rewarded by the consumer in the form of more positive convictions, attitudes and intentions. This likewise entails that if consumers are sceptical of a company action, that expectation can only be surmounted by proactive initiatives. Becker-Olsen found that consumers will interpret the behaviour of companies and independently draw conclusions on motivations from the context (Ellen et al., 2000). In the case of reactive initiatives, the context provides signals concerning a company’s motivation, and this prompts consumers to consider the initiative they are observing more closely (on their own). More attention presumably results in a lower evaluation of CSR (Menon and Kahn, 2003). In proactive initiatives, it is less likely that the consumer will reflect in detail on the actions.

CSR efforts can therefore be engaged to influence consumers and differentiate both consumers and products. But the consumer is only receptive to this if it is done right. How do the three elements referred to above affect the convictions, attitudes and intentions of the consumer? When is a company rewarded for its good conduct? Becker-Olsen et al. conclude, firstly, that initiatives that are a bad fit have a negative impact on the assumptions, attitudes and intentions of the consumer, regardless of the company’s motivation. Activities with a high fit but that are nonetheless profit-oriented have the same result. They also state that consumers use the timing (proactive vs. reactive) of the CSR initiative as an information indicator. Sen and Battacharya (2001) found that proactive companies that become active in CSR at their own initiative rather than move in that direction in response to pressure from others are more likely to be evaluated positively. Finally, only the proactive CSR initiatives with good fit lead to improvement of the convictions, attitudes and intentions of the consumer.
But...
Consumers do have to have some notion of the efforts that the company is making in the area of CSR. The consumer can only develop a positive feeling about the CSR policy of a company once they know about it in the first place (Sen and Battacharya, 2001). But it appears that consumers do not always find this out (Mohr et al., 2001; Hoijtink, 2004); there are significant differences in the perception and knowledge of the consumer in this area.

What Sen and Battacharya (2001) shows is that people who had first looked over the information about the CSR policy think more positively about a company afterwards. Following on from this, Mohr and Webb (2005) add the following: if the consumer has no information about a company's CSR practices, they still do not seem to give a negative evaluation of that company. In these cases, consumers appear to either not spend any thought on CRS, or, under the assumption that 'no news is good news,' take it on faith that the company acts responsibly. This is in stark contrast to the situation in which consumers do know about the CSR activities of a company, in which case this does have a significant positive effect on the evaluation of the company and the purchasing intention. Additionally, consumers simply need to have information on a company's CSR activities in order to be able to separate the wheat from the chaff in this area (Mohr and Webb, 2005). It should also be noted that the consumer's trust in corporate communication is generally not particularly high. Research (Webb and Mohr, 1998) does however show that consumers are less sceptical when they see that a company has a long-term commitment to a specific theme (for example: reducing activities that are harmful to the environment) or backs a non-profit organisation.
Consumers get what they need or desire. This is possible because products and value are not only created, but exchanged. In this total system, the goal of a brand on a product is to provide a relevant way of distinguishing that product from the competition, or in other words, to form an attractive alternative for the consumer. Marketing (this chapter) and branding (next chapter) both contribute to this, although they are different (Riezebos (2007):

'In marketing, the needs and desires of the consumer are the guide for the organisation's actions; with branding, a self-selected vision, mission and identity are more determinate.'

The more traditional approach to marketing seems to be giving way to a 'greener' form (Ottman, 1998). According to Ottman, this comprises more than simply freshening up selected product attributes or slapping a few claims (right or wrong) on the packaging. Marketers who acknowledge this, writes Ottman, no longer see consumers as 'individuals with insatiable appetites for material goods, but as human beings concerned about the condition of the world around them, how they themselves interact with the rest of nature, and cognisant of how material goods impact their lives positively as well as negatively, short term as well as long term.'

4.1 The combination of functional and emotional aspects makes the most effective brand policy

Environmentally-oriented marketing encompasses communication focused on creating a green image for the company as a whole and product advertising focused on emphasising environmentally friendly features of the product (Driessen, 1999). This should be interpreted more broadly than promotion or advertising alone. Building on a green image implies communicating with customers and other interested parties on more than the product alone. PR and the communication of corporate identity are part of the activities that support a green image. PR, however, is only as good (or bad) as the product or production itself. Davis (1993) claims that consumers are most inclined to respond favourably to environmental marketing when that marketing is specific, informative
and concrete as well as useful in relation to actual environmental benefits (for the person individually), and that the consumer has no interest in vague claims. Environmental claims that the product or company cannot live up to are the kiss of death (Peattie, 1995). Driessen (1999) notes that ‘greenwashing’ is punished, with one example of a punitive measure being the consumer ceasing purchase of the product (either temporarily or permanently). After all, purchasing a product is not something that the consumer does on a whim; the consumer’s decision-making process includes five distinct phases, beginning with the recognition of needs and ending with the evaluation of the choice made (see figure 4.1, derived from Engel et al. (1995)).

| Figure 4.1 | The consumer decision-making process |
|-----------------------------|

1. The consumer identifies a problem or need. A need is recognised by the consumer when a discrepancy arises between the desired situation and the existing situation.
2. The consumer seeks out information or further information to aid in the decision-making process and to reduce risks.
3. The consumer uses the information obtained to evaluate alternatives for the choice of the purchase.
4. The consumer makes the actual choice of whether or not to purchase the product. If yes, the consumer then makes the decision of where, when and how to purchase the selected product.
5. After purchase, the consumer makes an evaluation of whether the product met expectations. The consumer determines the degree of satisfaction.


Ultimately, for the company it is all about the consumer who needs (or wants) your product. A product can be seen as a bundle of benefits, and the trade-off the consumer makes must be in favour of your company. This is the case if your product satisfied the needs of the consumer the best so that the consumer evaluates your bundle as better than the bundles available from the competition. These days, this involves more than the traditional weighting of costs vs. benefits/rationality; consumers now also take values into account in their decision-making process. And so, analogous to the above, this is where
the consumer will assign more value to your product. Consequently, generating added value is worth focusing on in every strategy.

On the subject of added value as a means of obtaining competitive advantage, Chernatony et al. (2000) conclude that the added values with the most longevity are those based on emotional values. The biggest market opportunities for sustainable positioning lie in the combination of values, whether social\(^1\) and personal\(^2\) or functional and emotional. Positioning for individual values motivates less. Sustainability, for example, becomes associated with good conduct. And although good conduct is one of today’s most important food trends (Van Aalst, 2006), both theory and practice have shown that good conduct in itself is an insufficient motivation for actually inducing a purchase decision. Research by Wier et al. (2003) into the purchasing habits of Danish consumers in relation to organic products shows that the largest group of consumers purchasing organic products does so due to the combination of personal motives and health and convenience on the one hand, and social motives such as environmental or animal-friendliness on the other. Moreover, it is this group in particular that bestows the largest portion of its budget on organic foodstuffs. Experimental research in the Netherlands into the effect of a diminishing price difference between organic and conventional foodstuffs in supermarkets shows that consumers associate organic products primarily with social characteristics such as environmental or animal-friendliness, but at the moment of purchase it is the use characteristics like flavour, health and high quality that become the most important purchase drivers (Baltussen et al., 2006; Tacken et al., 2007).

In brand policy, too, according to Hartmann et al. (2005) the most effectiveness is achieved through a ‘green’ positioning combining functional attributes with emotional benefits. The potential success of a brand strategy in which a product is positioned solely on functional aspects is in fact partly counteracted by the fact that, speaking generically, the reduction of environmental harm that the product in question achieves offers no individual benefits to the buyer. Additionally, functional positioning strategies are also subject to other disadvantages, such as the fact that products are easily copied by the competition and the flexibility of brand differentiation is reduced. Last but not least, where such strategies are implemented the assumption is that consumers exhibit rational purchasing habits (Aaker, 1996). In theory, a positioning on emotional aspects has what it takes to transcend these limitations, but a green positioning solely on the basis of emotion can, in turn, result in weaker attitude effects. This is

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1 Such as environmentally-friendliness and animal-friendliness
2 Such as health, taste and quality
caused by the potential misinterpretation of vague green claims (Pickett et al., 1995). So here too, the adage of ‘e pluribus unum’ applies. According to Hartmann et al. (2005).

‘A combined strategy, which appeals to both environmental consciousness and emotional benefits will yield a stronger attitudinal effect than either functional or emotional positioning strategies on their own. Thus, the most effective brand strategy would be a green positioning, centred in the creation of emotional benefits sustained by information on environmentally sound functional attributes. A well implemented green positioning strategy can lead to a more favourable perception of the brand. Thus, brand managers should deliver emotional benefits through the brand, at the same time making sure that target groups perceive real environmental benefits.’

4.2 The combination of multiple product properties speaks to more consumers

The unification of both functional aspects and emotional aspects therefore leads to greater penetration. Such a more integral approach also offers benefits in reference to the product itself. As stated in section 4.1, a product can actually be seen as a bundle of benefits to the consumer. No two people are the same, and so not everyone has the same needs and desires to be fulfilled. On the contrary, different target groups require different benefits. Meulenberg (NRLO, 1996) set out a classification system for consumers identifying seven distinct categories; see Figure 4.3. What is even more relevant is the remark that he
makes here to the effect that in practice, this often involves certain combinations. Additionally, Meulenberg states that the same person will engage in different consumer practice in different roles and under different circumstances. Being able to nonetheless connect with all consumers requires that your product comprise aspects to which multiple groups can assign an independent and relevant (to them) significance.

Figure 4.3  Consumer types

<table>
<thead>
<tr>
<th>Classification of consumers into seven categories:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. the environmentally-friendly consumer, such as the EKO consumer;</td>
</tr>
<tr>
<td>2. the nature-friendly/animal-friendly consumer;</td>
</tr>
<tr>
<td>3. the health-oriented consumer, following health criteria;</td>
</tr>
<tr>
<td>4. the consumer of convenience, who places the highest value on expediency;</td>
</tr>
<tr>
<td>5. the hedonistic consumer, who chooses primarily the best taste and refinement;</td>
</tr>
<tr>
<td>6. the price-conscious consumer, with prices as the primary criterion;</td>
</tr>
<tr>
<td>7. the variation-seeking consumer, who strives for change.</td>
</tr>
</tbody>
</table>


Additionally, the continuity of a company is jeopardised if it focuses purely and solely on one sustainability theme. In such cases, what could a company do if that issue is resolved and becomes no longer relevant? This makes the company and its position vulnerable. A more holistic approach reduces that risk considerably. Another point that calls for a more holistic approach is one of today’s biggest food trends, good conduct (Van Aalst, 2006). Theory and practice both show that good conduct on its own is not, in itself, sufficient to motivate an actual purchase. Consumers generally have more appreciation for use values than non-use values: health, for example, is often seen as a more important benefit of environmentally-friendly products than the protection of the environment. Consequently, other trends (such as convenience, health and enjoyment) must be drawn on (Wertheim et al., 2005). Further, nutritional experts are now predicting that the concept of ‘food miles’ will soon become just as important a term as food safety or animal welfare. The British Department for the Environment, Food and Rural Affairs is already studying options for placing a ‘mileage reading’ on food labels. Dutch supermarkets and producers are not yet lining up to follow suit, but a few British retailers are already profiling themselves by listing the number of ‘food miles’ on the shelves (Trouw, 2006). In short, a more holistic approach increases the potential to connect with people (or connect
more with more people), and consequently to obtain a larger potential customer base.

Ottman (1998) describes this as follows: 'Offer consumers the dual opportunities of saving money or trouble and saving the planet, and you've got the stuff for a meaningful sale.'

This also follows the shift from a traditional, one-dimensional message behind the concept of sustainability to a more multi-dimensional message behind the concept. As early as 1996, the NRLO expressed the expectation in its report that 'in the long term, health, environment and animal welfare will become as important a component of quality as safety is now.' Where previously products were purchased because they were environmentally friendly or animal-friendly, today this single-issue approach seems to be no longer enough. Consumers are looking for products that cover multiple aspects, for example not only environmentally-friendly, but also animal-friendly and fair trade. A one-sided emphasis can exclude other interests even as ethical consumerism, with consumer attention focusing on multiple areas, seems to be taking off (Nicholls, 2002).

4.3 Quality marks, if clear, support the consumer's choice process

A consumer goes through five phases in the choice process, beginning with the recognition of needs and ending with the evaluation of the choice made (see section 4.1). Before the consumer actually makes the choice for a product, he or she first evaluates the alternatives. This evaluation is generally about the product as a whole, but on the basis of attributes of the product. Price is one such attribute, but there are a number of other easily observable attributes that a consumer can easily take into account in his or her evaluation. This is more difficult for attributes that the consumer cannot directly observe in a product or cannot determine through experience with that product; these attributes, the 'experience' and 'credence' attributes, are not something the consumer can do much with at this stage. Nonetheless, for some consumers the presence or absence of these attributes plays a major role in the evaluation. Socially relevant issues such as sustainability, animal welfare and other ethical aspects are examples of this type of attribute. For the individual consumer, it is often impossible to evaluate these attributes in a product, and to make use-maximising decisions a consumer must have access to all information relevant to the deci-
sion-making, including information on environment and other socially relevant attributes. One way to give consumers this information and to meet their needs is by using labels or quality marks (hereinafter: quality marks). A quality mark is distinguished from a brand in that the claim or substantiation of a quality mark has a solid foundation (usually with a legal basis), and as such rests on hard, substantiated and transparent processes (Riezebos and Zimmermann, 2005).

Accredited quality marks provide the consumer with information on the production and composition of products. Social or environmental quality marks can relate to multiple aspects, such as: environmental protection, ecologically-sustainable production, animal welfare or fair trade.¹ A quality mark provides information on the degree to which quality aspects that are intangible but no less relevant to the consumer are met. This type of system is designed principally to make it easier for consumers to make an environmentally and ethically informed choice, increase the demand for environmentally-friendly and ethical products, and in so doing generate a pull effect towards more sustainable production and consumption. Sustainable products are recognisable, and through them the consumer can and will more readily translate his or her concerns into actual purchasing habits. Market forces will then induce producers to move towards more sustainable production.

Quality marks are used by companies that wish to offer some sort of guarantee towards their customers, and should not be confused with branding. Labelling is a more rational and non-unique process (Riezebos and Zimmermann, 2005). Branding is something entirely different; see also chapter 5. Additionally, there are differences to be noted between individual quality marks. While some cover a broad range of consultation, criteria-forming and monitoring, others lack some or all of these aspects (De Bakker et al., 2007). Here, Meeusen and Deneux (2002) identify three types of quality marks, which they refer to as ‘first level,’ ‘second level’ and ‘third level.’ The first two of these are also referred to as ‘gold’ and ‘silver,’ respectively. The difference between these quality marks lies in the way in which the process for arriving at standards is organised and the method in which monitoring of the standards is conducted. The standards for first level quality marks are set in consultation with social organisations, and monitoring is performed by an independent party. For second level quality marks, the standards are determined by cooperative alliances of companies, such as sector organisations. These organisations also organise the monitoring. Third level quality marks are invented by companies themselves, and often serve more as a marketing tool than as any sort of guarantee (De Bakker et al.,

¹ This list is not meant to be exhaustive.
2007). They can lead towards practices in which the impression is created that a product as a whole is environmentally-friendly, while in reality few, if any, improvements have been made. This is also referred to as 'greenwashing' (Ottman, 1998). Greenwashing is a practice that is punished (Driessen, 1999).

Growth in quality marks is accompanied by the risk of confusion and loss of transparency for consumers and market actors. This also applies (one might even say mainly applies) to the area of environmental quality marks, where consumers can no longer see the wood for the trees (NIDO, 2002). Meeusen and Deneux (2002) describe a Tower of Babel-like confusion, and the research of both Visser and Bos (1998) and Waart and Spruyt (2000) confirm this impression, concluding that the wide array of quality marks is so confusing that consumers no longer know what they are getting. This rampant growth results in insufficient clarity on the part of the consumer, and could even undermine the consumer’s faith in quality marks in general. Takke (2003) has since conducted case study-specific research into the social quality mark. Examples of the social quality mark include Rugmark (international), Quality checked for Sainsbury’s (United Kingdom) and Puur en Bewust (Netherlands, in Golff supermarkets). Takke finds that the consumer perception of the quality mark is itself the biggest factor in the consumer’s purchasing intention for the labelled/quality marked products. The factors that determine the perception of a social quality mark are:

- identification with the quality mark;
- informed confidence in the quality mark;
- degree of concern for social issues.

Identification has a strong influence on the consumer perception of the quality mark examined, and indicates that the quality mark must contribute to self-expression and the positive social and healthy identity of the consumer. This is also known as the ‘mirror effect.’ Informed confidence requires simplicity and transparency of the quality mark (Takke, 2003). What the quality mark actually stands for must be extremely clear in specific terms. Any consumer must be able to describe the quality mark in a single sentence. Finally, the determinant ‘degree of social concern’ indicates that the perception of the quality mark also depends on a degree of social involvement on the part of the individual consumer.
5 Branding

5.1 CSR and branding

Branding is more than just slapping a name on a product. It has already been noted in chapter 4 that branding is driven by a self-selected vision, mission and identity (Riezebos, 2007). Additionally, one of the ways to ensure that you fare better in a competitive world is to market a brand that consumers can identify with, the more strongly the better (Donavan et al., 2006). Having a strong brand is an advantage in the fight for the consumer. Obviously, the bond that a strong brand creates with its clients will be what keeps them from simply switching to the first alternative that comes along, whether for reasons of price or any other reason. In other words, the strong brand is a means to making the customer loyal to the brand (Kotler, 2003).

In effect, a brand proposes an associative network built around a specific name or logo. Take Rolls Royce for example: the brand is more than just the angel figurine, the logo or the name. Restall and Gordon (1994) define a brand as ‘a collection of perceptions in the mind of the consumer.’ Both tangible and intangible associations are built up around a brand. The sum of these associations produces the brand image. The image is a subjective imaginary picture of a brand shared by a group of consumers (Riezebos, 1996). Branding is about linking associations in the mind of the individual; in other words, the image that an individual has. Added value is created when the right associations (that fit in with the identity of the product and that meet the needs of the consumer) are selected and successfully linked. This is a familiar pursuit, and one well-known to retailers.

If, for example, a retailer wishes to strengthen its image by expanding its private label into a fourth-generation quality brand (see section 5.3), the obvious choice is to focus on the corporate brand policy. Burghausen and Fan use the following premise: ‘corporate branding as a holistic process and the corporate brand acting as a kind of integrative device’ (Burghausen and Fan, 2002). The importance of a certain degree of consistency between the brand promise and reality cannot be overstated. In this process the corporate brand undergoes an evolution to remain relevant and up-to-date in the changing market, with a number of core values remaining consistent: flexibility within consistency. Burt (2000) also identifies the importance of managing a uniform corporate image in
all its aspects. In simple terms, the experience a consumer has in the store will be linked in the consumer’s mind to the brand/private label. Consequently, if a retailer has a poor image (disinterested personnel, overly long checkout queues, etcetera) these negative values will be incorporated into the evaluation.

Ailawadi and Keller (2004) hypothesise that a number of basic brand principles, such as the creation of a brand personality, also apply to the development of a supermarket brand. Through a psychological process known as ‘anthropomorphism,’ people assign human qualities to objects (Guthrie, 1993), and it is this process that makes people attribute a personality to a brand (Freling and Forbes, 2005). Aaker (1997) defines brand personality as ‘the set of human characteristics associated with a brand.’ Elaborating on Digman’s ‘Big Five’ model of human personality (Digman, 1990), Aaker develops a model that can be used to define or construct the personality of a brand. This model has five dimensions, each comprising the same characteristics: sincerity, excitement, competence, sophistication and ruggedness. CSR has the most impact on the ‘sincerity’ dimension (Hoeffler and Keller, 2002).

It is known that a consumer will exhibit a preference for a brand with personality associations in keeping with the desired personality image (Malhotra, 1988; Aaker, 1999). This corresponds to identification (see chapter three).

But a brand alone is not sufficient, well-loved though it may be. Unless people buy it, a brand is worth nothing to the producer—that it has no brand equity, no value. Aaker (1991) defines brand equity as ‘a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers.’ The valuation of a brand by consumers is coupled with an emphasis on attitude, perceived performance, psychosocial significance and name recognition. Only if consumers assign value to a brand will they buy and keep buying that brand/product. If the valuation is strong enough, the consumer will even pay a premium for that brand/product. It is these two things (guaranteed sales and higher margins) that are of greatest value to a company. When a brand carries brand equity, positive impact on a range of aspects can be expected. Research has shown that in the financial arena, brand equity has a positive influence on profit and cash flow of a company (Srivastava and Shocker, 1991; Collins-Dodd and Louviere, 1998), on share prices (Simon and Sullivan, 1993; Lane and Jacobson, 1995) and on the decision-making surrounding mergers and takeovers (Mahajan et al., 1994). Brand equity has also been shown to influence consumer behaviour. Consumers pay higher prices for a product with high brand equity

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1 Including store atmosphere or advertising messages.
(Keller, 1993), brand equity delivers a quality guarantee in the eyes of the consumer (Skinner, 1990) and brand equity lowers the perceived level of risk (Herbig and Milewicz, 1993; Janiszewski and Van Osselaer, 2000) and the search costs for the consumer (Landes and Posner, 1987; Biswas, 1992). Finally, brand equity provides sustainable competitive advantages (Bharadwaj et al.; 1993; Hoefner and Keller, 2002).

Branding can be deployed on levels other than purely the product level, for example the corporate level.¹ This is in fact essential in areas such as developing and maintaining relationships with various stakeholders (including the general public/the consumer). For example, issues that at first glance seem to be unrelated to brand decisions, such as animal welfare or fraud, do in fact influence a company's reputation (Fan, 2005). This theory entails that what a person knows about a company (i.e., corporate associations) can influence a person's perception of the products of that company. According to Keller (1998), a socially responsible corporate image association influences the formation of consumer perception of a company. The way that influence is exerted is related to the type of corporate association, of which two can be identified (Brown and Dacin, 1997, Berens et al., 2005):

1. Corporate ability associations (CA) are those associations related to the company's expertise in producing and delivering its outputs;
2. Corporate social responsibility associations (CSR) reflect the organisation's status and activities with respect to its perceived societal obligations.

Both types of associations influence the product evaluation by existing and potential customers. Generally, CA associations have a stronger impact on product evaluations, because CA associations have a 'double action' effect; see Figure 5.1. CSR associations are often unconnected to a company's competence in producing goods or providing services, but have more to do with a company's 'softer' side. Because of this, CSR does not provide any information on the attributes or quality of a product. What CSR does do is create a context, one within which customers evaluate the company and in which the company reputation is decisive (either directly or indirectly) for the evaluation of a brand. This evaluation of the company, in turn, impacts client preferences (Brown and Dacin, 1997). In other words, if a company undertakes CSR activities, it is likely that this can be expected to change (and potentially improve) the image of a

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¹ Corporate branding: to embody the value system of the company and to help promote and enhance corporate reputation (Fan, 2005).
company. This changed/improved image will then radiate out to the image of a brand that the company sells.

**Figure 5.1** Evaluation

<table>
<thead>
<tr>
<th>CA (2x)</th>
<th>Product evaluations</th>
<th>CSR (1x)</th>
<th>Company evaluations</th>
</tr>
</thead>
</table>

Source: Berens et al. (2005).

Furthermore, it appears that deploying CA associations is most effective with companies that follow a monolithic branding strategy\(^1\): a strategy in which the corporate brand is dominant. CSR associations are most effective in organisations following an endorsed strategy: a strategy in which the corporate brand is not dominant (Berens et al., 2005). An example of a Dutch company that follows an endorsed strategy is Royal Friesland Foods, an internationally operating dairy cooperative. The individual arms of this company stand in the market independently and all have their own styles (examples being Friesche Vlag and Frico Cheese, both in the Netherlands). Despite this, Royal Friesland Foods is still recognisable as the originator thanks to standardised references on the packaging of all products.

Blomqvist et al. (2004) identify three companies (retailers) that have integrated CSR into their brand policy\(^2\): Whole Foods, Sainsbury and H&M. Each of these companies does, however, follow a different approach. Whole Foods takes the Integrated Approach, while Sainsbury follows more of a Selective Ap-

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\(^1\) Monolithic: the entire company adheres to one style; name of organisation is also name of brand, product or service (examples: Philips, Shell).
Endorsed: subsidiaries/divisions/brands have individual styles, but the parent group is still recognisable in those styles (examples: General Motors, Ahold).
Branded: subsidiaries/brands stand on their own and have their own styles, parent group is not recognisable (example: Sara Lee/DE (Duyvis alongside Douwe Egberts alongside Sanex alongside Zwitsal).

\(^2\) Another form of CSR can also be considered in this regard, CRM: marketing initiatives linked to social causes. With CRM, a company supports a social cause (either visibly or behind-the-scenes) via financing on other support of a non-commercial institution in that area. Hoefner and Keller (2005) argue that CRM is more than adequate as a tool for building brand equity, presenting three options varying from fully self-branding (McDonald’s and Ronald McDonald Houses) to a cooperative form (Dutch retailer Blokker and Cliniclowns).
Three strategies for integrating CSR with brand marketing

**Integrated approach:** This is appropriate when market research shows responsible business practices to be a key driver of brand preference. Business, brand and CSR strategy are directly and visibly linked. A core strength of this approach is that companies with the right business model can tell a single compelling story across all touchpoints. It works best for those companies in which responsibility is (already) a core company value and informs all aspects of the business.

**Selective approach:** In the selective approach, CSR manifests itself in very specific, targeted ways. This can, for example, take the form of subbrands or strategic partnerships. The selective approach is effective either when market research shows responsible business practices drive preference, but the company does not have the proof points across all five CSR components to support a fully integrated approach, or when only a specific identifiable sub-segment of the target market places significant value on responsible business practices. A core advantage of the selective approach is that it can provide an effective means of differentiation in a crowded market while shielding the parent brand from any customer/stakeholder backlash, as CSR efforts are linked more closely to the sub-brand or partnership than the company as a whole. As a result, the Fair Trade business is enjoying healthy growth levels and has become a key part of rebuilding Sainsbury’s image as the supermarket serving the middle-classes with unique, high-quality products.

**Invisible approach:** CSR may play an important strategic or philosophical role in guiding the company, but plays a very understated role in external communications and initiatives. This allows companies to use CSR as an asset to bolster trust in their brand and company. This option differs from the others in that messages regarding corporate responsibility initiatives never really become part of the company’s mainstream communications - though deeply serious about CSR in all aspects, does not flaunt it in communications.


The form used by H&M distinguishes itself from the other two forms in that H&M does use CSR, but does not communicate this to the outside world as such (the ‘Invisible Approach’). See also figure 5.2.
5.2 Brand policy in the store

Thanks to their market dominance, supermarkets have a major role in influencing the demand for sustainable products (Browne et al., 2000). Additionally, it is no longer just the premium brands that give them that clout, but private labels are doing their share as well. This trend can be seen across Europe (De Jong, 2007). Some even refer to the present situation as a 'battle of the brands.' When the brand in question is a private label, it is the retailer itself (and no longer the manufacturer) that takes the lead. One commonly used base definition of a private label is: 'consumer products produced by or on behalf of, distributors and sold under distributor's own name or trademark through the distributor's own outlet.' (Morris, 1979). Although this definition is in factual terms still valid, it is so general and open-ended that it hardly does justice to the development from retailer to brand that we know today. The age when the premium brand represented quality and the private label was positioned primarily on price appears to be over. Private labels have gradually evolved into quality building blocks of a more broad-based supermarket positioning. That their role has grown into offering an alternative of outstanding quality is shown by an English study that demonstrates that they are a serious alternative for premium brands (Burt, 2000). Laaksonen and Reynolds concur, and distinguish between four generations of private label. The fourth, as compared to the third, is characterised as follows:

<table>
<thead>
<tr>
<th>3rd generation</th>
<th>4th generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of brand</td>
<td>Own brand</td>
</tr>
<tr>
<td>Strategy</td>
<td>Me too</td>
</tr>
<tr>
<td>Objective</td>
<td>Enhance category margins</td>
</tr>
<tr>
<td></td>
<td>Expand product assortment</td>
</tr>
<tr>
<td></td>
<td>Build retailer's image among consumers</td>
</tr>
<tr>
<td>Product</td>
<td>Big category products</td>
</tr>
<tr>
<td></td>
<td>Close to the brand leader</td>
</tr>
<tr>
<td>Technology</td>
<td>Comparable to the brand leaders</td>
</tr>
<tr>
<td>Quality/image</td>
<td>Similar to the brand leaders</td>
</tr>
<tr>
<td>Approximate pricing</td>
<td>5-10% below</td>
</tr>
<tr>
<td>Consumers' motivation to buy</td>
<td>Both quality and price (value for money)</td>
</tr>
</tbody>
</table>

* The marginal note that Burt sets alongside the developments of private labels in the 4th generation relates to the greatest strength of the private label, namely the positioning fine-tuned to the local environment. This could potentially be an impediment to ambitions for international expansion.

1 Also known as generic brand, own brand or retail brand. This article will use the term private label.
Brands can be carriers of positive or negative associations, and this applies not only to premium brands but private labels as well. Supermarkets in the United Kingdom, for example, have bestowed a distinctive and positive message on their private labels by strategically deploying them towards the launch of corporate initiatives like healthy diet, animal welfare or environmental awareness (Burt, 2000). Similarly, Alm and Johansson (2005) conclude that 'private labels can be one strategic resource for retailers in their market driving strategy for animal welfare.' According to a recent study by market analyst Mintel, the United Kingdom’s trend towards ethical consumerism must be taken extremely seriously.

Mintel reports that at the end of 2006 money spent on ethical foods had increased 62% in comparison to 2002. The Barbara Crowther Fairtrade Foundation writes, 'Mintel's latest insights confirm what the Fairtrade Foundation is experiencing on a daily basis - rapidly growing consumer and business interest in Fairtrade and wider ethical food shopping' (Fletcher, 2006).

In a study of how supermarket formulas create their own brand image authors Ailawadi and Keller (2004) attributed an extremely important role to the selection. According to them, breadth and depth of selection matters. Additionally, the selection of brands carried in a store has become an increasingly important tool for retailers in influencing their own image and developing their own brands. Porter and Claycomb (1997) argue that the image of the brands carried in the selection affects the image of the supermarket itself, and this in turn influences consumer behaviour. When consumers have insufficient information to be able to make a rational choice for a specific supermarket formula, the brand image of the products carried in a store serves as an important source of information for consumers in evaluating a store. Not only the consumer’s familiarity with the brands in the product range, but the presence of brands with a strong market profile, recognition and quality perception also plays a role in the consumer’s considerations. We refer to these strong brands as reference brands, meaning that the consumer’s perception of the image of a supermarket formula is strongly linked to the total brand portfolio within the product range. In other words, brand image and supermarket image are inextricably connected (see figure 5.3).
A study by Van Herpen (2001) also states that the selection in the store and the consumer's response to it are critical. Van Herpen places the emphasis on variety in the product range. The results show that the more varied the product range is, the greater the chance the consumer will think that he or she will succeed in the store. As a general principle, larger variety can also bring with it the risk that the consumer will find it difficult to make a choice, and Van Herpen does indicate that it appears to be difficult to increase the variety without the consumer finding that the choices become more difficult. One important conclusion from Van Herpen is that variety is composed of different elements, and these have a clear effect on the store evaluation and preferential position of the store in the mind of the consumer.

Rational considerations are no longer a significant factor in consumers' shopping habits, and this means that the impact of brand policy cannot be underestimated.

'Shopping behaviour is generally guided by consumers' perceptions, not by objective reality. The objective reality, a retail store with its characteristics, is internally processed in the consumers' mind. The short-term perception is the ground on which long-term attitudes towards the retailers are formed. These long term attitudes then influence shopping behaviour' (Morschett, 2005).

What is also important is not only the rise, but the qualitative development of private labels:

'Although the growth of private labels has been interpreted by some as a sign of the decline of brands, it could easily be argued that the opposite
conclusion is more valid, as private label growth could be seen in some ways as a consequence of cleverly designed branding strategies.' (Ailawadi, 2004).

In Ailawadi and Keller, the most important reason cited for consumers to purchase a private label is the perceived quality, and then primarily the perceived quality gap between the premium brand and the private label. Ailawadi and Keller argue that the better positioned the private label is in terms of quality, the greater the chance of success:

'adding an even higher quality option to an existing assortment leads consumers to prefer a higher-quality, higher-price option, with the cheapest option losing the most. On the other hand, adding a lower quality option does not shift choices to lower quality levels. This reiterates the importance of quality in private label success and shows that the strategy of stocking an even lower quality manufacturer brand to make a low quality private label look more appealing will not be effective.' (Ailawadi, 2004).

Burt (2000) names several other success factors in the development of a private label: unique availability, proactive cooperation in the chain and visual cues. In regard to the first point, the nature of the product range under the private label has changed from 'me too' to new, innovative products in high-value markets. In this light, the introduction of occasional products by retailers (for Easter, Christmas, etcetera) can also be considered. This requires a proactive, partnership-like relationship with suppliers. According to Burt, one of the important factors in the development of retail brands in the UK is the retailer’s newly emerged power in the distribution channel. And it is not only the power itself, but in particular, the correct use of that power. In fourth generation supermarket brands, the win-win concept is key to the cooperation in the chain: vertical marketing system approaches that are characterised by an intensive interaction, mutual interest and proactive retail involvement in the chain. Visual expression, such as in the product packaging and store layout, are most effective when they express what the retailer wants to express.

Ailawadi and Keller (2004) argue that there are still some unknowns in the study of the role of private labels in the realisation of the supermarket brand. For example, is it more effective for supermarkets to develop private labels in categories that consumers naturally associate with the supermarket in question, or is it better to do this in unexpected categories? And should the private label
bear the name of the supermarket in order to support the supermarket as
brand? On the former question, other research (Inman, 2004) has shown that
consumers associate different supermarkets with different categories. In the
Netherlands, for example, retailer C1000 profiles itself with its fresh meat de-
partment. Dhar and Hoch (1998) studied the second question in relation to mar-
ket share. They found a positive correlation between the retailer's placing its
own name on the private label and the amount of the private label share. Finally,
Ailawadi en Keller themselves write that

‘Consumer perceptions of a private label product branded under the
store name are more likely to color their impressions of the store as a
whole - and vice versa - than if a different name were used to brand the
product.’
6 Conclusion

Sustainability is an important social theme that is taking on increasing significance in many areas, including the supermarket sector. Consequently, many parties now find knowledge of the associations that consumers have with the concept of sustainability in the supermarket extremely important. One such party is Laurus, which wants to attain a preferred position among consumers for its supermarket formula Super de Boer above other supermarket formulas, in part through the marketing of its sustainability efforts. What role can Super de Boer's sustainability efforts fill in obtaining the desired preferential position? This literature survey is intended to contribute to obtaining insight into the strategic options from the consumer perspective, or, in other words, the present and potential Super de Boer customers.

The literature survey produced a range of findings. The first and foremost of these is that the performance of efforts in the area of sustainability can benefit business activities. There appear to be a number of options for applying sustainability in the business strategy. From the literature, at least three aspects can be identified that merit attention in the area of sustainability efforts: fit, motivation and timing of those efforts. Additionally, it is apparent that the consumer responds best to the message if the actor's actions are logical in the eyes of the consumer and not primarily dictated by profit considerations or developments in the external environment. Consumers reward companies for care and attention to society and the living environment by greater purchasing inclination or a promotion of the identification process. What form the effect assigned by the consumer takes is not particularly important. Ultimately, these can be derived from a company's primary objective: maintaining the raison d'être, specifically the licence to operate (along with the licence to sell and licence to produce).

Generally speaking, consumers can be said to be more sensitive to irresponsible conduct than responsible conduct.\(^1\) It should be noted that it is more than just the sustainability efforts themselves that play a role in the acquisition of the preferential position with the consumer. To get the most out of these efforts, communication also counts. The literature shows that a consumer can only develop a positive feeling as from the moment that he knows what is happening (behind the scenes). This means that contact with the consumer to

\(^1\) Positive vs. negative news
communicate on this area is required. If the communication then leads to any form of knowledge transfer, it can also contribute to more response in consumer behaviour. Naturally, an increase of knowledge on the part of the consumer leads to a decrease in his or her scepticism.

For the consumer, increase in contact moments likewise results in greater profile of and familiarity with the company, and consequently either directly or indirectly with the standards and values of the company. It can be derived from the literature that this increases the chances of the company and the consumer sharing these values. The presence of shared values is a condition for having consumers identify with companies. The identification process need not be limited to only the present consumers, but also offers room for potential and new customers. Once a consumer identifies with a company, he or she becomes a loyal supporter, with all the corresponding positive effects (including repeat purchases). This shows how sustainability efforts can be engaged to achieve a preferential position via congruent values.

Sustainability does not have a clear and strictly defined meaning to the general mainstream public. Consumers interpret sustainability in various ways, and by no means do they always know what to make of this term. It is a complex subject, and the consumer generally does not want to put in any extra effort towards becoming informed by, for example, reading extensive informative materials while shopping. Additionally, consumers do not always act in accordance with their intention. This contradiction creates an imbalance between what consumers profess to expect from companies and the degree to which they are willing to reward good behaviour.

Looking at the preferential position in this context, the degree to which a person observes that personal action contributes to problems such as social-ethical problems, the perceived consumer effectiveness, comes into play and becomes an important factor. The literature suggests that low PCE limits the sustainable action or purchasing on the part of the consumer. Although not high\(^1\), sustainability efforts in the promotion of this aspect can be applied effectively, certainly when this is considered alongside the consumer's and retailer's respective roles. Ultimately, it is the consumer who holds the power in the chain: the consumer purchases where he or she wishes to. This forces producers and retailers to meet the needs and wishes of the consumer, and as such forces these parties to cooperate in the chain. Cooperation offers potential that cannot be attained by individual companies, or can only be attained more slowly.

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\(^1\) Note, however, that the group of Dutch consumers who believe they can have an impact on the state of the environment is only slightly larger than the group that does not think so.
or with greater difficulty, such as connecting with the desires and needs of the consumer. A retailer has a dominant market position and can leverage this position either upstream or downstream, allowing the retailer to generate cooperation and fulfil its role as agent of change. One result can be the realisation of an intermediate category or private label that partly plays to increasing PCE and attaining the preferential position.

Ultimately, the goal of any company is to see its products in line with the needs and desires of many existing and potential customers. This creates not only sales and turnover, but the desired preferential position as well. Nonetheless, no two consumers are the same, and the so-called mainstream consumer in particular is certainly as diverse as they come. The literature gives strong indications that achieving greater penetration and a more sustainable connection with the consumer requires being more than a single issue player. The literature shows that it is the combination that is actually the most effective, by allowing the company to appeal to the different needs and desires of different consumers. This refers to not only combining multiple characteristics in the concrete product, but in combining functional and emotional aspects in the brand policy.

The literature shows that it is possible to build a private label into a fully-fledged quality brand to the point where it can be a serious alternative to 'A' brand products. This can also be the starting point for engaging sustainability efforts to get the consumer in your corner (or keep him there), or to attain a preferential position. What the literature reveals is that private label products can be applied towards launching corporate initiatives such as sustainability.¹ This gives these products a positive message and distinguishes them in the market. Another potential option demonstrated is that a retailer can attach its name to the private label. A product launched with this combination of private label and name of the retailer, in conjunction with a specific sustainability angle, could conceivably lead to the desired preferred position.

¹ Healthy food consumption, animal welfare or environmental-friendliness
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*Website*
Appendix

Cultural Creatives

According to Ray and Anderson someone is likely to be a Cultural Creative if he or she answers 10 or more propositions positively, see below.

You are likely to be a Cultural Creative if you...

1. ...love Nature and are deeply concerned about its destruction

2. ...are strongly aware of the problems of the whole planet (global warming, destruction of rainforests, overpopulation, lack of ecological sustainability, exploitation of people in poorer countries) and want to see more action on them, such as limiting economic growth

3. ...would pay more taxes or pay more for consumer goods if you could know the money would go to clean up the environment and to stop global warming

4. ...place a great deal of importance on developing and maintaining your relationships

5. ...place a lot of value on helping other people and bringing out their unique gifts

6. ...do volunteering for one or more good causes

7. ...care intensely about both psychological and spiritual development

8. ...see spirituality or religion as important in your life, but are concerned about the role of the Religious Right in politics

9. ...want more equality for women at work, and more women leaders in business and politics

10. ...are concerned about violence and abuse of women and children around the world
11. ...want our politics and government spending to put more emphasis on children's education and well-being, on rebuilding our neighborhoods and communities, and on creating an ecologically sustainable future

12. ...are unhappy with both the Left and the Right in politics, and want a to find a new way that is not in the mushy middle

13. ...tend to be somewhat optimistic about our future, and distrust the cynical and pessimistic view that is given by the media

14. ...want to be involved in creating a new and better way of life in our country

15. ...are concerned about what the big corporations are doing in the name of making more profits: downsizing, creating environmental problems, and exploiting poorer countries

16. ...have your finances and spending under control, and are not concerned about overspending

17. ...dislike all the emphasis in modern culture on success and 'making it,' on getting and spending, on wealth and luxury goods

18. ...like people and places that are exotic and foreign, and like experiencing and learning about other ways of life.
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