



CENTER FOR RETAILING

# CFR EARLY INSIGHT #31

## The challenge of changing consumer behavior to be more sustainable

Center for Retailing (CFR) at the Stockholm School of Economics has a mission to provide high-level academic education and to conduct world-class research on retailing in close collaboration with the Swedish retail industry. CFR Early Insight is a breakfast seminar series through which CFR faculty members share insights from ongoing research projects. The series provides a platform for employees at our partner companies to meet and discuss current challenges in retailing.

# It's a great time to be sustainable

Forbes

## Sustainability And Profitability: Why They Can And Should Go Hand In Hand

Pablo Turletti Forbes Councils Member  
Forbes Communications Council  
COUNCIL POST | Membership (Fee-Based)

May 20, 2022, 07:15am EDT

*Turletti leads sustainable efficiency & profitability across organizations thru innovation, management & marketing @ ROI Marketing Institute*



Products that highlight their sustainability have 6.4% higher revenue



Scientific research by Choi, S. Duhan, D and Dass, M. (December 2022). The influence of corporate social responsibility appeals (CSRAs) on product sales: Which appeal types perform better? *Journal of Retailing*.

## Sustainability signals quality

Sustainability initiatives signal trust and product quality for small businesses and startups. People were 82% more interested in products from a sustainable startup.

THOMAS MCKINLAY  
OCT 26, 2021



Share

### Intro

Sustainability initiatives are good practice and something we urgently need to save our planet (e.g. Microsoft's pledge to become carbon negative by 2030).

But are they also good marketing?

Yes. Research has found that well-executed sustainability initiatives - as part of Corporate Social Responsibility (CSR) - increase positive attitudes towards a company. Benefits range from better sales to higher market value.

# It's a great time to be sustainable

## But there is still an attitude-behavior gap

65% want to buy purpose-driven brands that care about sustainability, yet only about 26% actually do

Harvard Business Review | Psychology | Why People Aren't Motivated to Address Climate Change

Psychology

### Why People Aren't Motivated to Address Climate Change

by Art Markman

October 11, 2018



### 2 av 3 svenskar hoppar medvetet över källsorteringen

Publiceras: 27 juli 2020 | Estimerad lästid: 6 minuter

En ny svensk undersökning som Novus gjort på uppdrag av skönhetsvarumärket Dove visar att nära två av tre svenskar medvetet låter bli att källsortera. Hela 55 procent uppger dock att det hänt att de ångrat sig och plockat upp något som man slängt i hushållssoporna, för att sedan sortera det. Av de material som svenskarna missar att källsortera, utgör hela 70 procent plast.





**S**ocial influence



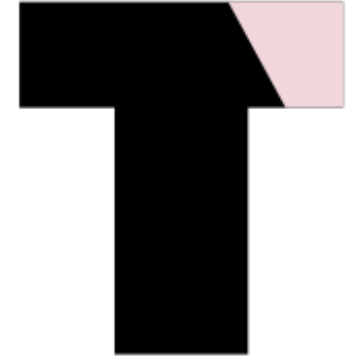
**H**abit formation



**I**ndividual self



**F**eelings and cognition



**T**angibility

## Five Broad Psychological Routes to Make Consumers More Sustainable

# SOCIAL INFLUENCE



The attitudes, expectations, and behaviors of others play a large role in how consumers behave, particularly in the context of engaging in pro-environmental actions.



# SOCIAL INFLUENCE

- **Social Norms:** informal understandings within a social group about what constitutes acceptable behavior.



8 out of 10 don't smoke!



**71%** of the consumers said they aim to opt for a greener lifestyle in 2023.

- These consumers aim to opt for products that don't harm their health, and living environment in 2023
- There is a greater focus towards superior quality and eco-friendly, sustainable products.
- This trend is observed across age groups and city type.



# SOCIAL INFLUENCE

- Social Norms



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## Message 1

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JOIN YOUR FELLOW GUESTS IN HELPING TO SAVE THE ENVIRONMENT.

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## Message 2

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JOIN YOUR FELLOW GUESTS IN HELPING TO SAVE THE ENVIRONMENT. In a study conducted in Fall 2003, 75% of the guests who stayed in **this room (#xxx)** participated in our new resource savings program by using their towels more than once. You can join your fellow guests in this program to help save the environment by reusing your towels during your stay



This sign boosted the amount of towel-reuse by 33%

# SOCIAL INFLUENCE

- **Social Norms**

What determines people's willingness to install solar panels?





# SOCIAL INFLUENCE

- **Social Norms**

A major predictor of whether people will install solar panels is whether their close by **neighbors** have done so.



# SOCIAL INFLUENCE

- **Social Norms**

When university students were told that other people like them were choosing greener transportation options like cycling instead of cars, they started using sustainable transport five times more often compared to those who only received information about other choices.



# SOCIAL INFLUENCE


What if the behavior is not adopted by many?



# SOCIAL INFLUENCE

## Dynamic norms

Drawing attention to the change of a norm over time



**Dynamic Norms**

We're more likely to change if we can see a new behavior developing

Whereas social norms tell us what others do now, dynamic norms tell us that new behaviors are coming, compelling us to join the movement too.

# SOCIAL INFLUENCE

Message 1	Message 2 (dynamic norm)
Recent research has shown that 30% of Americans make an effort to limit their meat consumption. That means that 3 in 10 people eat less meat than they otherwise would.	Recent research has shown that, <b>in the last 5 years</b> , 30% of Americans <b>have now started</b> to make an effort to limit their meat consumption. That means that, in recent years, 3 in 10 people have changed their behavior and begun to eat less meat than they otherwise would.
	Increased participants' intention to reduce meat consumption by 29%



# SOCIAL INFLUENCE

- **Use Social Norms:** The power of similar others (e.g., 70% of your neighbors are recycling)
- **Use Dynamic Norms:** If the behavior is not adopted by many (e.g., in the last 3 years, 20% of Swedish consumers have **now** started to make effort...)



Habits are automatic, relatively uncontrolled behaviors that are easy for people to perform.

# ECOLOGIST

INFORMED BY NATURE.



Home » Ethical Living

## Green by default

Cass R. Sunstein | 27th September 2016



# ORGAN DONATIONS?



## Opt-in

Check the box below if you **want** to participate in the organ donor program

## Opt-in

Check the box below if you **want** to participate in the organ donor program

**people don't check the box -- and don't join**

## Opt-out

Check the box below if you **don't want** to participate in the organ donor program

## Opt-out

Check the box below if you **don't want** to participate in the organ donor program

**people don't check the box -- and join**



## Opt-in

Check the box below if you **want** to participate in the organ donor program

**people don't check the box -- and don't join**

## Opt-out

Check the box below if you **don't want** to participate in the organ donor program

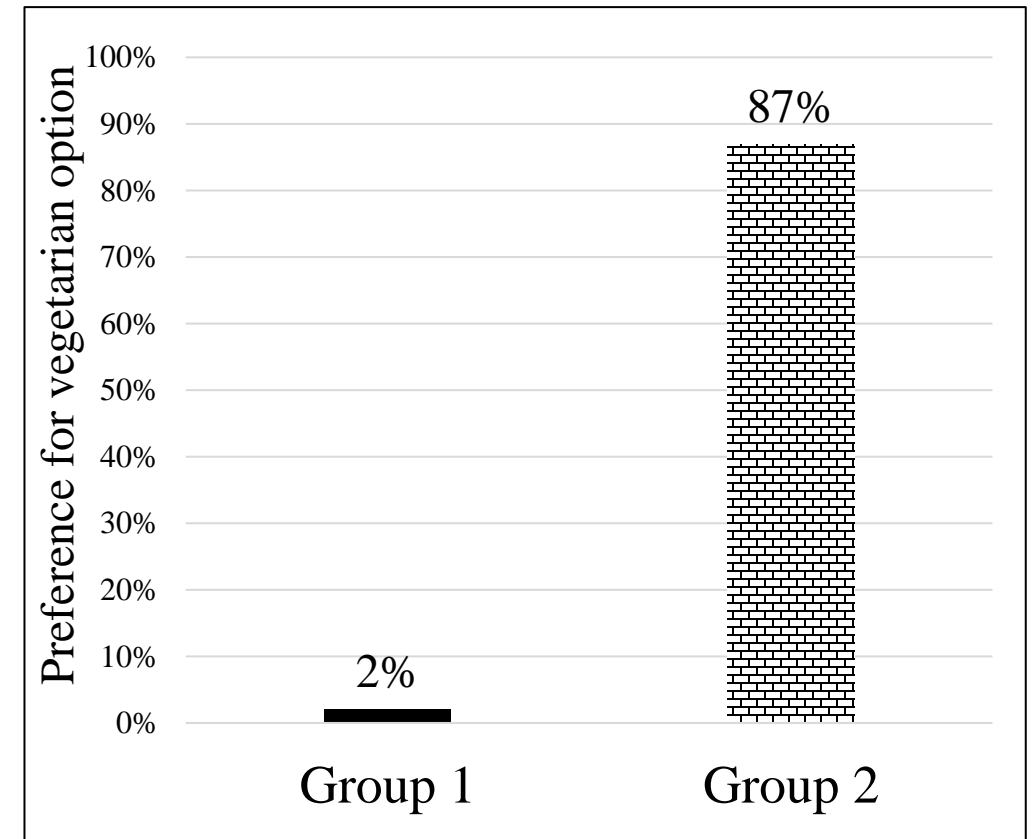
**people don't check the box -- and join**

# HABITS

Habits are automatic, relatively uncontrolled behaviors that are easy for people to perform.

Group 1: At the conference a **non-vegetarian buffet** will be served for lunch. **Please state here if you would like to have a vegetarian dish prepared for you:**

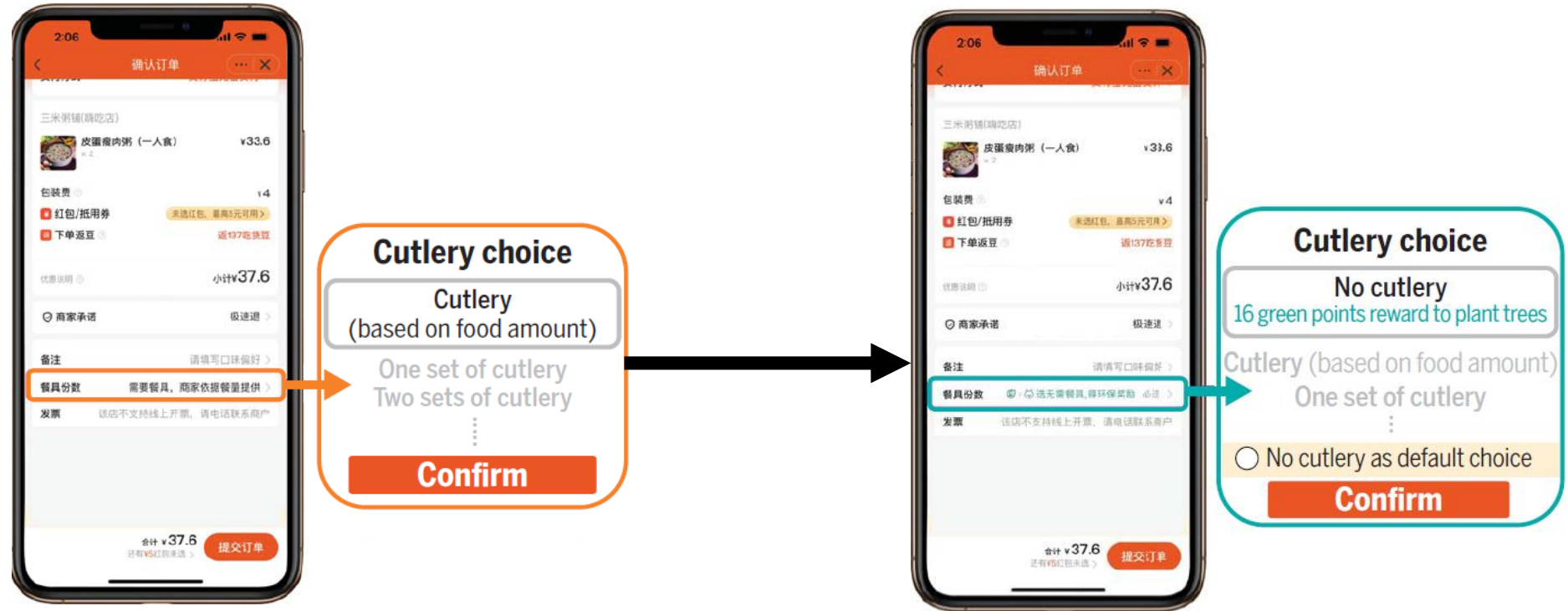
Group 2: At the conference a **vegetarian buffet** will be served for lunch. **Please state here if you would like to have a non-vegetarian dish prepared for you**



Hansen, P. G., Schilling, M., & Maltheisen, M. S. (2021). Nudging healthy and sustainable food choices: three randomized controlled field experiments using a vegetarian lunch-default as a normative signal. *Journal of Public Health*, 43(2), 392-397...



# HABITS



Changing the default to no-cutlery increased the shared of no-cutlery orders by 648%!



ABITS







# OVERPACKAGING:

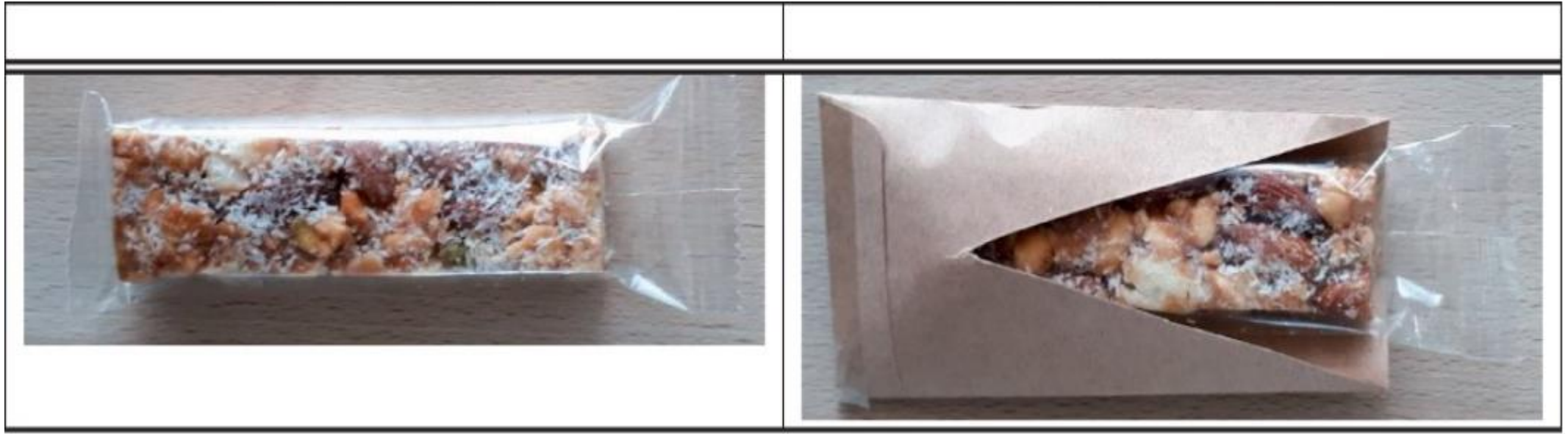
PLASTIC PACKAGE

+

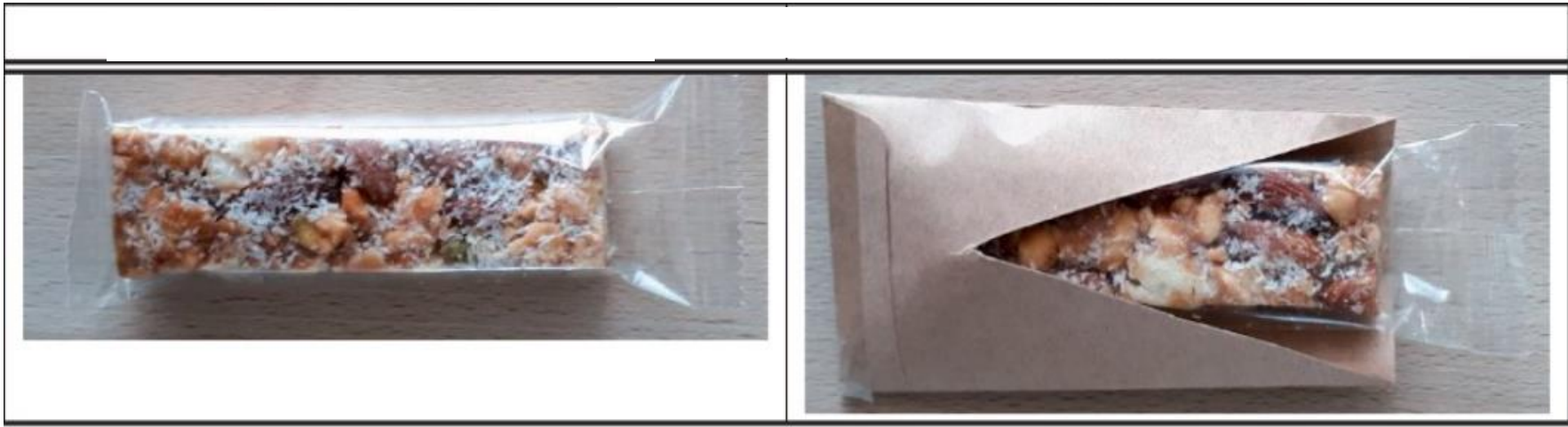
PAPER PACKAGING



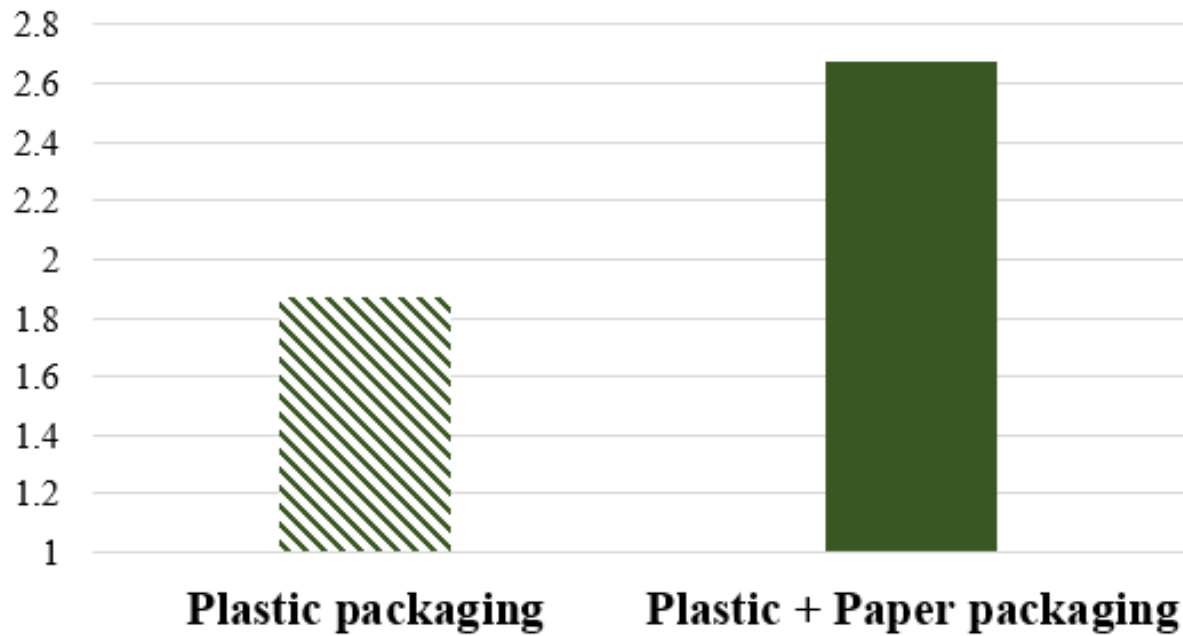




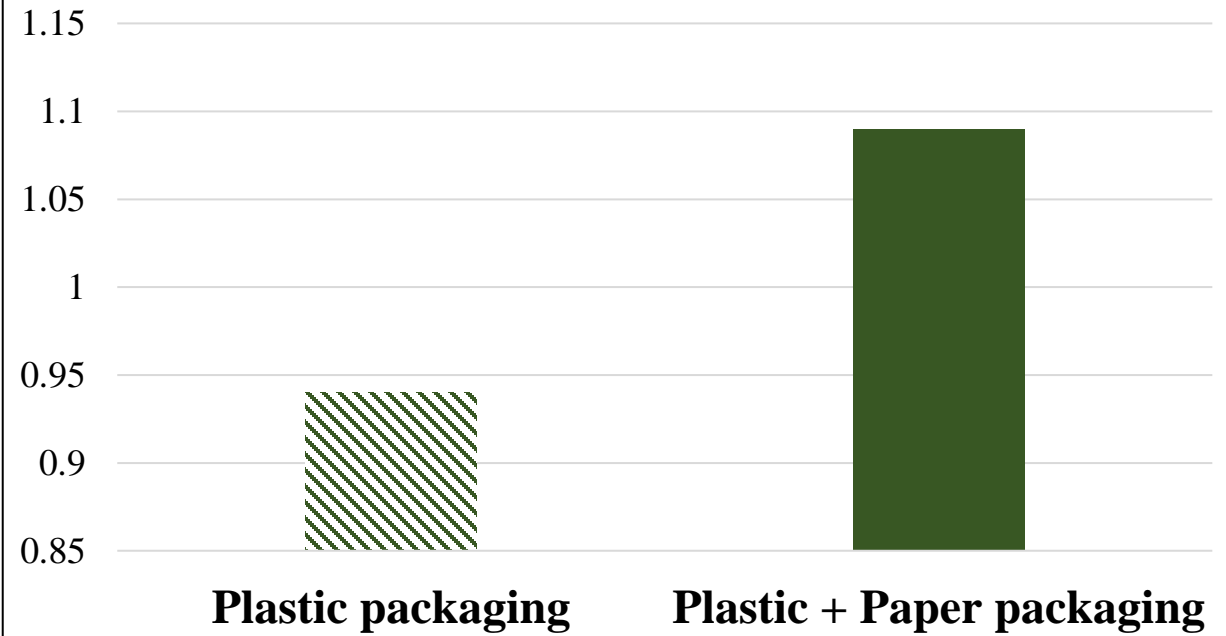
How environmentally friendly is this product?



How environmentally friendly is this product?



How much would you be willing to pay for the granola bar? (\$0-\$4)





**paper = good, plastic = bad**

## Incredible Shrinking Packages

Share full article



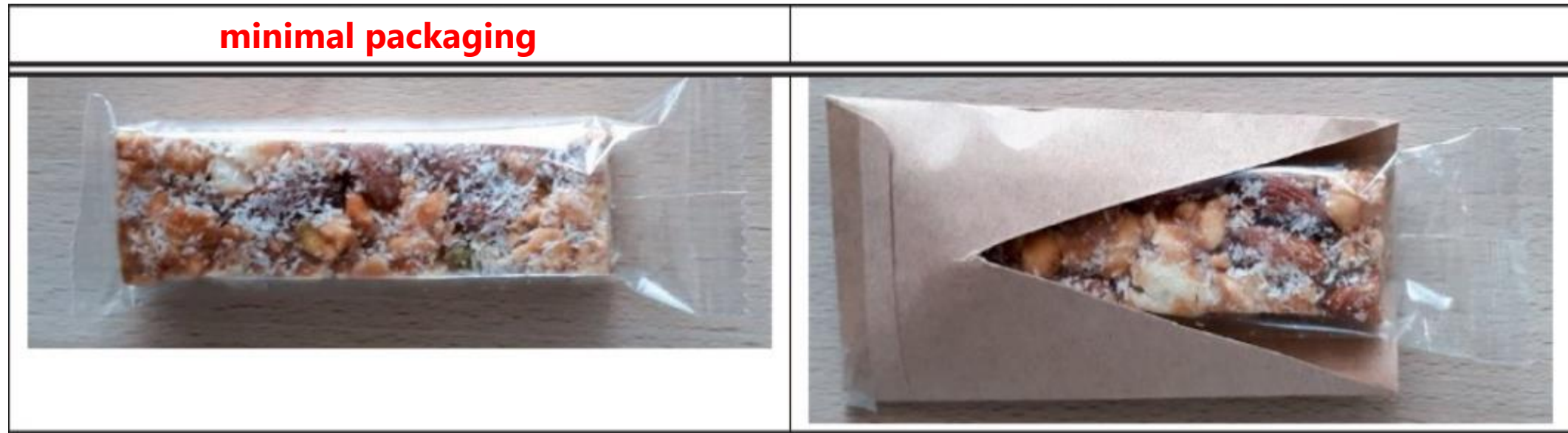
Left, Coca-Cola's new and old 8-ounce bottles. Right, McDonald's Big Mac containers. The new package has been redesigned to use recycled cardboard, rather than styrofoam.  
Tony Cenicola/The New York Times

By **Claudia H. Deutsch**  
May 12, 2007

Marketers usually boast about what they have added to their products. Increasingly, though, they are bragging about what they are taking out — by cutting down on packaging and its impact on the environment.

A screenshot of the Amazon website's sustainability page. The header includes the Amazon logo, a search bar, and navigation links for 'Who We Are', 'What We Do', 'Our Workplace', 'Our Impact', and 'Our Planet'. Below the header, the article title 'How Amazon is reducing packaging' is displayed in a large font, with a '5 min' reading time indicator. The date 'December 13, 2022' and the author 'Written by Amazon Staff' are also visible. A large image at the bottom shows a worker in an orange vest and mask handling cardboard boxes on a conveyor belt in a warehouse setting.

# Addition of a “**minimal packaging**” sticker







- Make sustainable behavior as the default option
- Consumers' beliefs shape their engagement in sustainable behavior (e.g., paper is good, plastic is bad belief)
- Use “minimal packaging” sticker

# 1

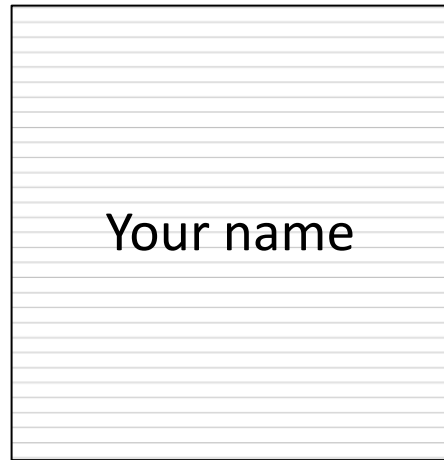
## INDIVIDUAL SELF



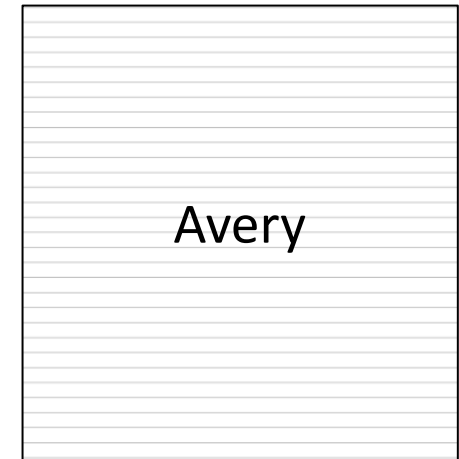
Factors linked to the individual consumer can predict individuals' sustainable choices.



# INDIVIDUAL SELF



Identity linked group



Control group

# 1

## INDIVIDUAL SELF



Those who wrote their own first name were significantly more likely to recycle the paper (36%) compared to those who wrote the name "Avery" (23%).

# 1

## INDIVIDUAL SELF



When an everyday product (e.g., paper, cups) is linked to a consumer's identity, it is more likely to be recycled.





# I

# INDIVIDUAL SELF



# 1

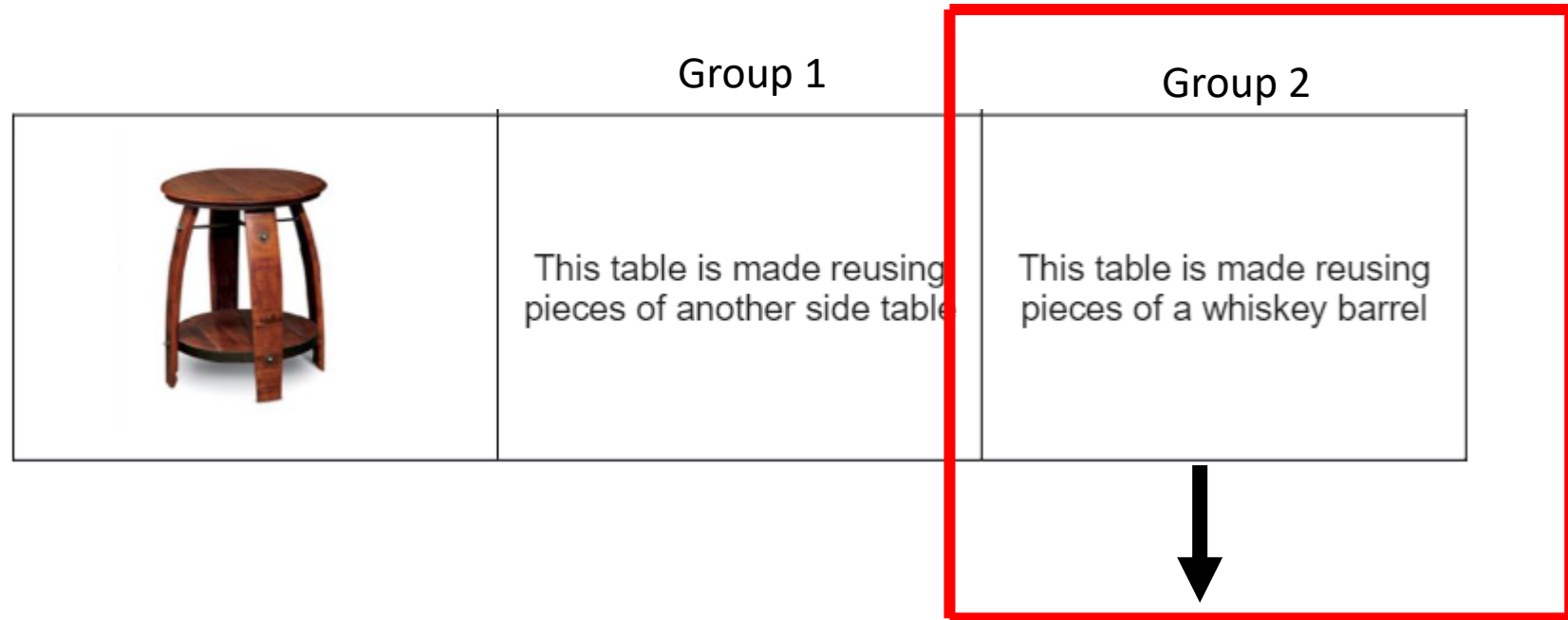
## INDIVIDUAL SELF

Reminders of the past identity of **repurposed products** make consumers feel special and increases demand.



# 1

## INDIVIDUAL SELF



Consumers evaluate products as more creative and more appealing when they consist of components that originally served entirely different functions.



# 1

## INDIVIDUAL SELF

- **Self-concept**

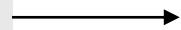
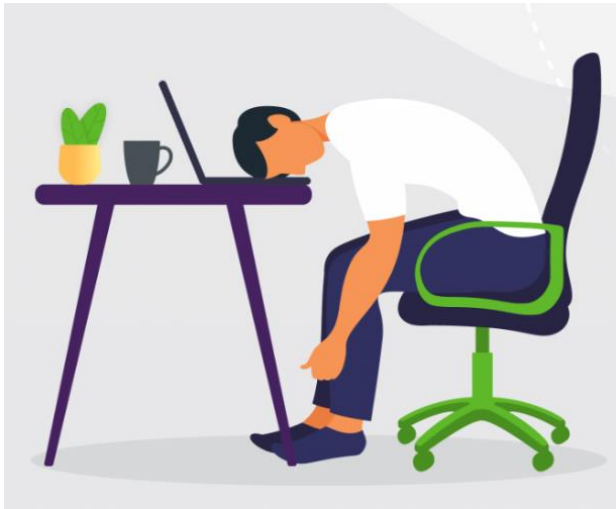
Consumers were less likely to purchase environmentally friendly products in the evening (vs. morning).



Zwebner, Y., Goor, D., Lee, S., Winterich, K. P., Haltman, C., Donnelly, G., ... & Lambertson, C. (2021). Green 2.0: New Findings on the Misses and Motivations in Sustainable Consumption. *ACR North American Advances*.

# 1

## INDIVIDUAL SELF



*I DESERVE IT!*







# INDIVIDUAL SELF



Regular



Environmentally friendly

# 1

## INDIVIDUAL SELF



After the workout, fewer people preferred the environmentally friendly straw (56%), compared to before the workout (84.9%).

# 1

## INDIVIDUAL SELF

Self-consistency



# I

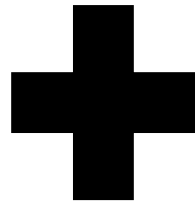
# INDIVIDUAL SELF

*[Redacted]*

*[Redacted] has long been a steward of the environment. Here at [Redacted], we have a number of efforts in place to care for our planet ranging from water and energy conservation, recycling and low - emission park vehicles to eco - conscious options for Resort Guests.*

*I* care about the environment at home and when I travel. As a friend to the earth, I will do my best to save water and energy by re - using my towels during my stay.

Yes       No, Thank you



When guests made a specific commitment to practice sustainable behavior and receive a pin to symbolize this commitment, their subsequent sustainable behavior were more environmentally friendly.

# 1

## INDIVIDUAL SELF

### Self-consistency

Hotel guests asked to save energy by a firm that made visible environmental efforts *reduced* energy usage by 10%.

When the firm did not make visible efforts, guests *increased* usage by 20%





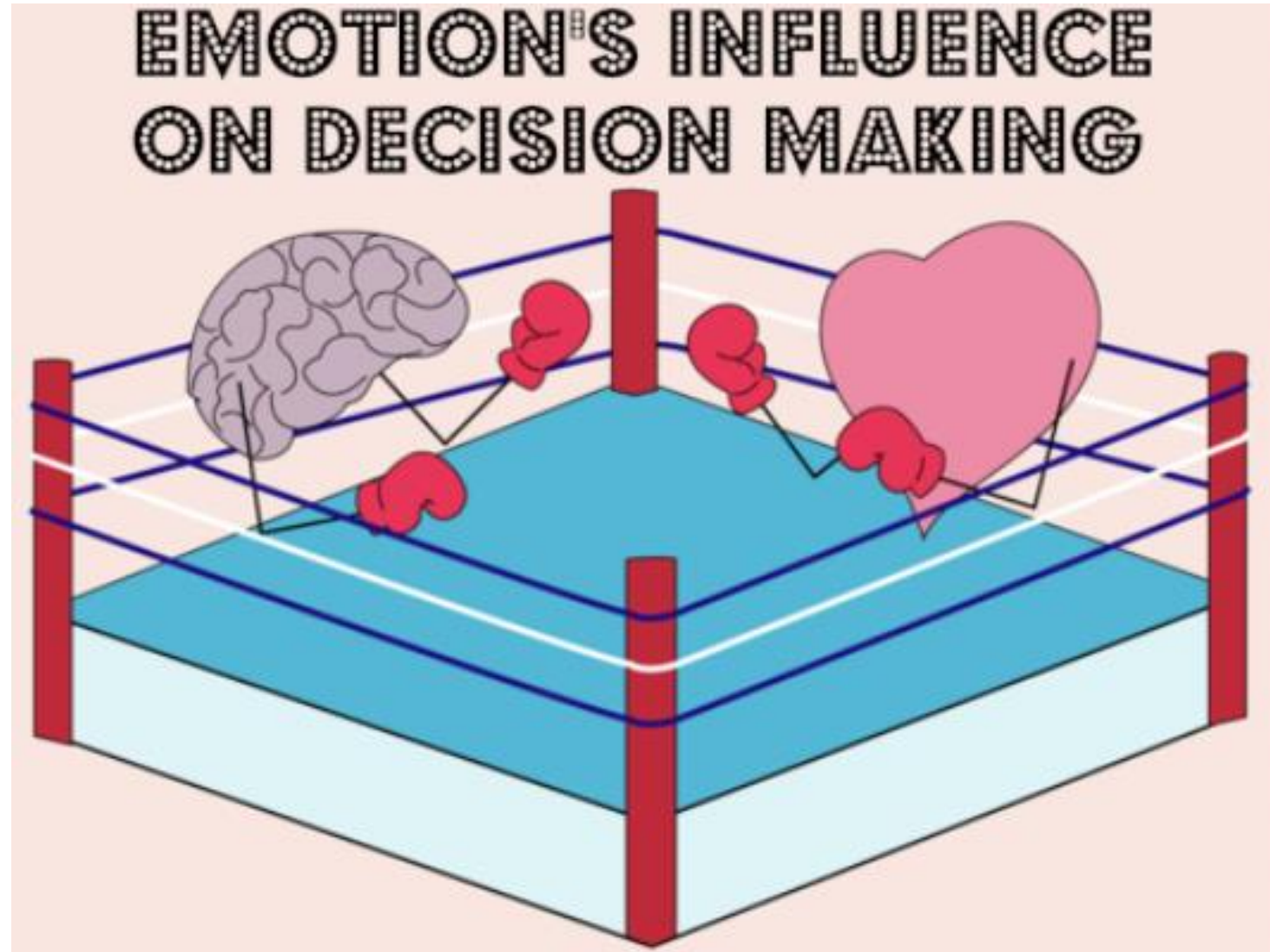


# INDIVIDUAL SELF

- When an everyday product (e.g., paper, cups) is linked to a consumer's identity, it is more likely to be recycled.
- Highlight upcycled products' past identity (e.g., "I used to be an airbag, but now I am a trendy bag").
- Consumers evaluate products as more creative and more appealing when they consist of components that originally served entirely different functions (e.g., table made reusing pieces of a whiskey barrel).
- Time of the day and sustainable products
- Self-consistency

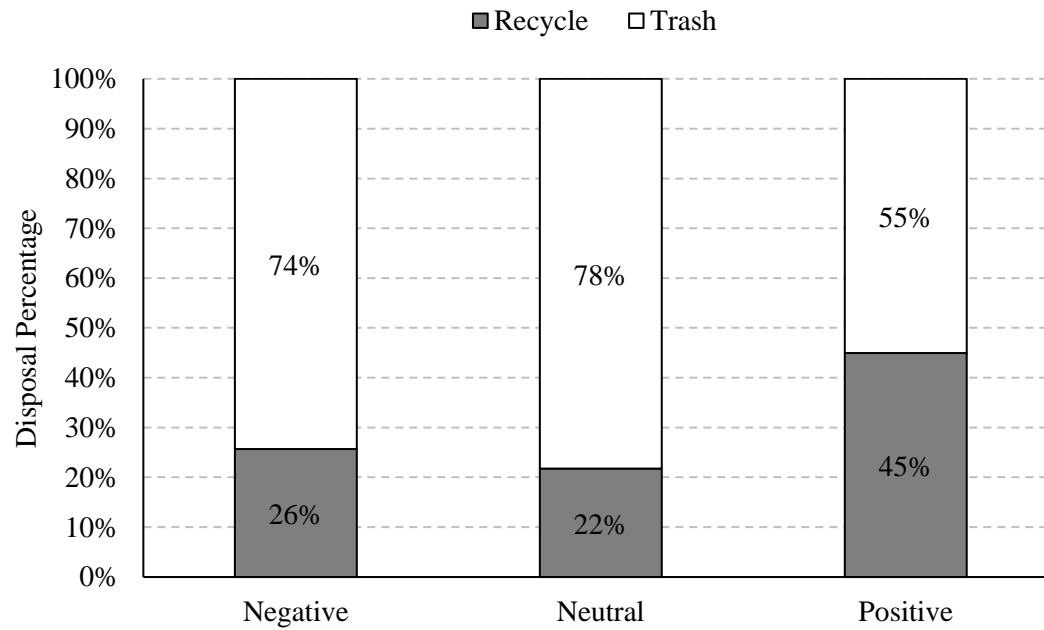
**F**

# EELINGS & COGNITION





# EELINGS & COGNITION



People recycle more when in a positive mood.

# FEELINGS & COGNITION

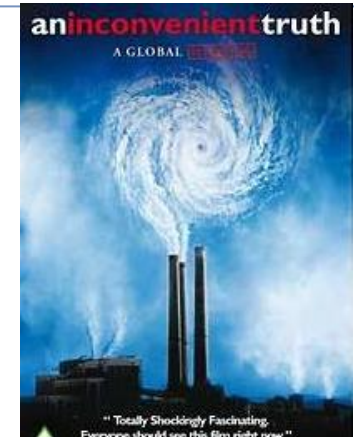
- Positive emotions
- **Negative emotions: Sadness**



Information



Sadness



Fear

Sadness was shown to lead to more environmentally friendly behaviors.

After a time delay (one hour after watching the video), the effect disappeared.



# FEELINGS & COGNITION









# FEELINGS & COGNITION



Mookerjee, S., Cornil, Y., & Hoegg, J. (2021). From waste to taste: How “ugly” labels can increase purchase of unattractive produce. *Journal of Marketing*, 85(3), 62-77.




Box 1 - Fruits & vegetables:




*\$18 for 5 lbs of produce*

Box 2 - Fruits & vegetables:




*\$12 for 5 lbs of produce*

Group 1




Box 1 - Fruits & vegetables:



*\$18 for 5 lbs of produce*

Box 2 - **Ugly** Fruits & vegetables:



*\$12 for 5 lbs of ugly produce*

Ugly product labeling



Increases preferences for unattractive fruits and vegetables by 35%



There is nothing with the produce other than its appearance!

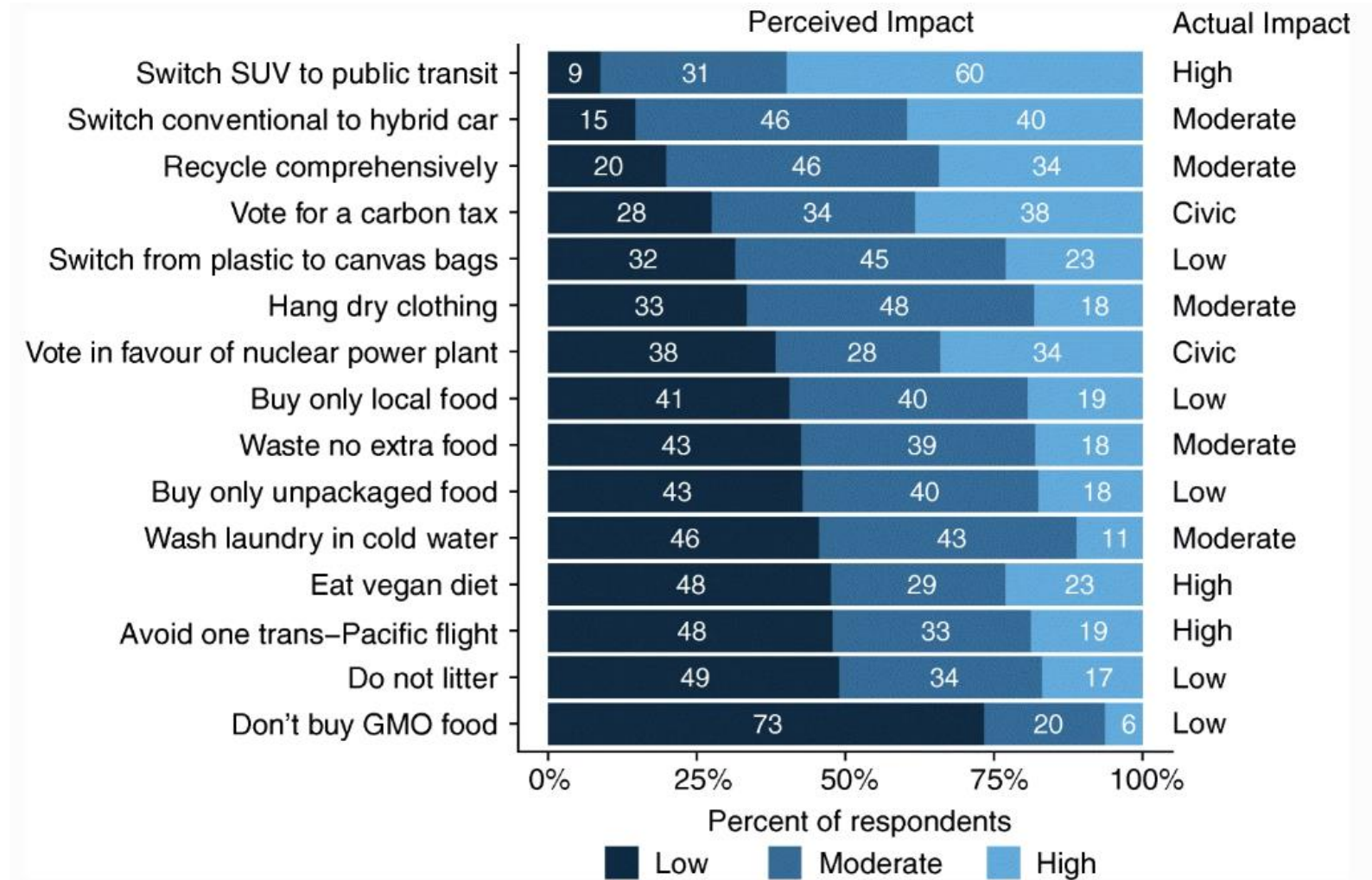






# FEELINGS & COGNITION

Consumers are not sure which actions are the most sustainable.











# EELINGS & COGNITION

Consumers underestimate the emissions associated with food but providing clear **labels** can change this and shift preferences towards low emission food.

Product <sup>1</sup>	Beef Noodle Soup	Vegetarian Vegetable Soup
Price	\$1.00	\$1.00
Serving Size	0.5 cup	0.5 cup
Calories / serving	70	90
Fats / serving	2g	0.5g
Carbohydrates / serving	8g	18g
Proteins / serving	4g	3g
Carbon Footprint* / serving	1,409g CO <sub>2</sub> e  <b>2,339</b> light bulb minutes equivalent per serving	208g CO <sub>2</sub> e  <b>345</b> light bulb minutes equivalent per serving
Carbon Footprint Rating <sup>^</sup> / serving	 Lower Carbon Footprint <span style="float: right;">Higher Carbon Footprint</span> ▲ This Product	 Lower Carbon Footprint <span style="float: right;">Higher Carbon Footprint</span> ▲ This Product

# F

# EELINGS & COGNITION

## Framing

**Labels** with “10-year energy cost” **framing** increased energy efficient purchases from 12% to 48%.





# EELINGS & COGNITION

- Emotions shape consumers' engagement in sustainable behavior.
- Compared to fear, sadness videos lead to greater engagement in sustainable behavior.
- Emotions dissipate quickly. After a time delay, the effect of emotions disappear.
- Labels that are attention grabbing and easily understandable can help consumers to make sustainable choices (e.g., ugly products).
- Marketers can strategically choose different message framing to affect consumers' engagement in sustainable behavior (e.g., 10 year energy cost)

# TANGIBILITY

## Concrete communications

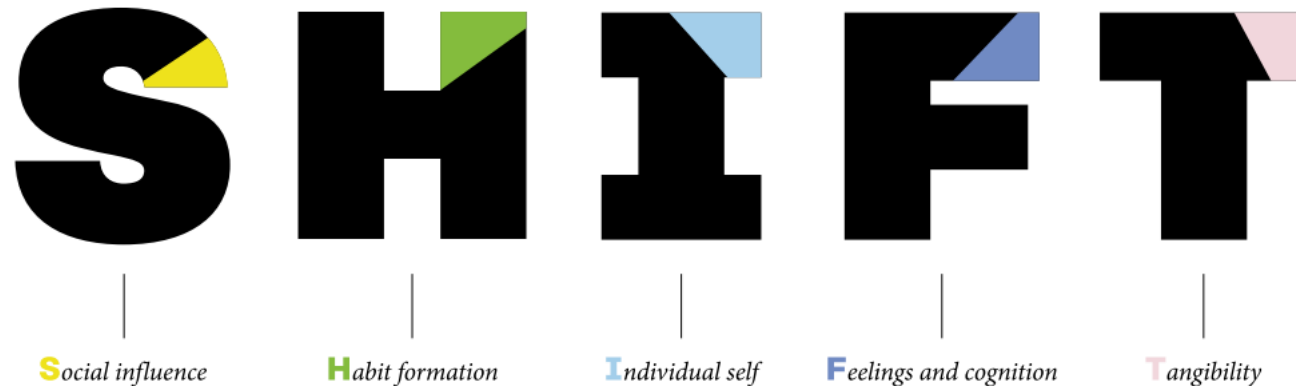
Consumers are motivated more strongly by **concrete** stories, images, and examples than by **abstract** information and statistics.



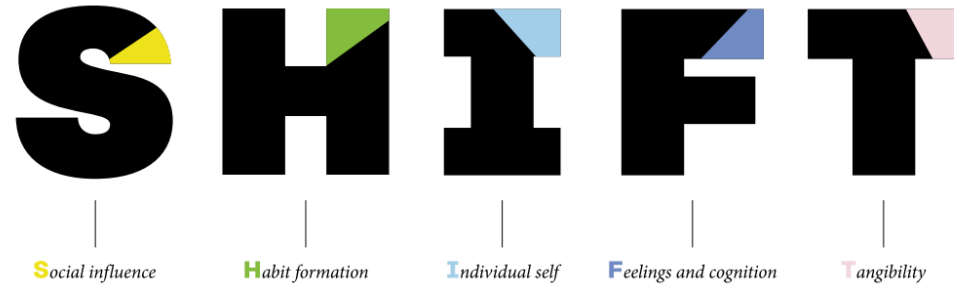
Product transformation salience increases recycling behavior!

# USING THE FRAMEWORK

1. Clarify the **Context**
2. Identify the **Target & Barriers**
3. Select and **Apply** the Tools
4. **Test** Your Strategy
5. Implement and **Evaluate** Outcomes







**The behavior: using a reusable coffee cup (driven by habits and social norms)**

Habit: Shape positive behaviors using rewards

Social norms: Make the action positive and observable to others

**The behavior: purchase offsets when travelling (driven by habits and perceptions of clear outcomes)**

Habit: Use prompts and feedback to shape this behavior

Tangibility: Make behaviors and outcomes very tangible and clear

# November 14, 2023

Next CFR EARLY INSIGHT

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