Ethical Consumption and Australian Shoppers’ Grocery Product Choices

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Abstract

Given the growing importance of ethics and social responsibility (ESR) in marketing, this research uses empirical evidence from the Australian grocery sector to investigate the significance of this on consumers’ product choice decisions.

Introduction

An array of shopping motives have been discussed in past literature (e.g. Tauber, 1972; Westbrook and Black, 1985), that represent individual aspects of the consumers’ pre-purchase and purchase behaviour within the retail environment. These have generally proposed that reasons for shopping extend beyond the provisioning domain (Miller, 1998) to include wider non-utilitarian motives that are founded on hedonic satisfaction seeking behaviour (Babin et al, 1994). In light of the increasing importance of ethical motives in shopping behaviour (Harrison et al, 2005; Webb et al, 2008), a significant advantage to manufacturers lies in understanding the varying nature and effects of these motives amongst customers.

This study focuses on a broad set of influences that have become increasingly important in contemporary consumers’ food and grocery shopping i.e. ethical consumption (Anderson and Cunningham 1972; Balderjahn, 1988; Roberts, 1996; Cowe and Williams, 2001). It is difficult to sum up the full range of ethical factors that may influence ethical consumption (Crane and Matten, 2003), though a number of empirical studies have attempted to provide more comprehensive understanding (e.g. Szmigin and Carrighan, 2005). It has become apparent that a growing number of consumers are no longer just concerned with the satisfaction they obtain from a product, but also want to be content with the way it is produced (Nantel and Weeks, 1996; Peattie, 1990), and are prepared to invest financially in acquiring products and supporting retailers who act in an ethical manner.

Much academic research conducted in this area, whilst trying to address the plethora of factors that comprise ethical buying behaviour, have concentrated on one area of concern e.g. environmental friendliness (Berger & Corbin, 1992), or narrow product categories e.g. organic meat (McEarchen and Willock 2004). In addition, situational variables with regard to type of shopping trip are also considered central to influencing the relative effects of ESR and product attributes on consumer decision making. ‘Top-up’ or ‘fill-in’ shopping trips (Kollat and Willet, 1967; Kahn and Schmittlein, 1989; 1992) are regarded as being different from major shopping trips not only in terms of their timing and frequency, but also in terms of the extent of influences on purchasing (e.g. Walters and Jamil, 2003). This study therefore investigates ESR influences at different shopping situations.

The timeliness of studying the growth in ethical consumption is illustrated by an upward trend in the ethical food market. This market is defined as consisting of organic products, those trading
under the Fairtrade mark, free-range eggs, farmers’ market produce and Freedom Foods. The market for such produce has grown rapidly in both the USA (AAFC, 2007) and UK (Mintel, 2006). These trends are being followed in Australia (Bhaskaran et al, 2006). Indeed, areas of the Australian ethical food market have already seen substantial growth: the organic industry has risen in value from AU$190 million in 2000 to AU$400 million in 2006, with the number of producers growing from <500 to 1619 over the same time period (BFA, 2006). Meanwhile, retail sales of Fairtrade labelled products grew from just over AU$146 thousand to AU$11.7 million between 2003-2007, with the number of Australian Fairtrade Label licensees rising from 18 to 70 between 2004-2006 (FTAAZ, 2008).

Despite the value and predicted growth of this market, limited research has been conducted to date in Australia. Indeed, we believe that our study provides the first comprehensive investigation of a wide-ranging set of ESR factors that may influence Australians’ product choices when grocery shopping: an essential activity in all households. The research presented here has been greatly influenced by Shaw and Clarke’s (1999) study of the growth in ethical consumerism, as well as an investigation of ESR factors affecting UK grocery shoppers (Megicks et al 2008). It identifies a wide-ranging set of ethical issues that may influence Australian grocery shoppers, alongside traditional product attributes identified from retail and consumer behaviour literature; it then evaluates their relative importance.

**Methodology**

Replicating the procedures used in an earlier study conducted in the UK (Megicks et al 2008), this research was conducted in two phases: an initial qualitative investigation to identify differences between the behaviour and preferences of Australian and British shoppers when choosing grocery products; and a web-based quantitative survey of consumers in New South Wales. Main or joint grocery shoppers were screened to ensure that they had a knowledge and understanding of ESR issues, in line with prior literature: these related to their recycling behaviour; purchasing of organic and environmentally friendly products as well as those not tested on animals; and support for local and Australian producers.

Other than this, respondents for both the qualitative (26 in total) and quantitative (212 in total) phases of this research reflected the profile of Australian adults based on age, life-stage and working status (ABS Census Data, 2001). Within the quantitative study, quota controls were used to ensure this. The structured questions implemented at the quantitative stage were based on six main product attributes identified as important to grocery product choice (see final six variables in Table 2) as well as 17 factors specifically related to ESR product choice (see Table 1). Responses were gathered for choices made when both ‘main’ and ‘top-up’ shopping, along a 7-point Likert scale.

**Factors Influencing Product Choice**

Preliminary ESR scales for product choice were developed at the qualitative stage, with all the original items carried forward into exploratory factor analysis (Kline, 2000). Principle components extraction, using Varimax rotation was used. Table 1 shows the rotated component solution for both main and top-up shopping situations.
A 3-factor solution (accounting for 71% of variance) was generated for ESR product choice factors at main shop, and a 2-factor solution (81% of variance) when top-up shopping. Though there are a number of similarities, some interesting differences emerge, depending on type of shopping trip. The first component in both situations relates to fair trading and environmental responsibility on the part of grocery producers. However, in the context of top-up shopping this component is restricted to general policies relating to the environment, and fair trading in Australia and overseas; whereas, when main shopping (α = .91), two specifically product-related - more accurately, packaging-related - items are included within this component (i.e. recyclable and biodegradable packaging).
The second component in the ‘main shop’ context \((\alpha = .90)\) relates to the ethical heritage of the products themselves, in that they are naturally produced, with animal welfare in mind; while the third component \((\alpha = .89)\) relates to the ethics of the producers’ advertising and communications. In the context of top-up shopping, all the product-specific (as opposed to company policy) items are contained within the same component: i.e. their natural, ethical pedigree \((including\ the\ use\ of\ recyclable\ and\ biodegradable\ packaging)\ as\ well\ as\ the\ way\ in\ which\ they\ are\ labelled\ and\ advertised \((\alpha = .97)\). This finding, which indicates less discrimination in the context of top-up versus main shop, is in line with similar findings relating to ESR store choice amongst Australian grocery shoppers (Williams et al, 2008).

The ESR components were then re-calculated as composite variables, and their effect on product choice was measured, together with the influence of the six traditional product choice criteria, using two multiple regression equations: the dependent variables employed were intention to purchase an ESR product during the next main and ‘top-up’ shop (see Table 2).

**Table 2: Regression Results: ESR Product Shopping Decisions**

<table>
<thead>
<tr>
<th>Importance of:</th>
<th>Product Main Shop Decision</th>
<th></th>
<th></th>
<th>Product Top-Up Shop Decision</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standardized Coefficients ((\beta))</td>
<td>(t)</td>
<td>Sig.</td>
<td>Standardized Coefficients ((\beta))</td>
<td>(t)</td>
<td>Sig.</td>
</tr>
<tr>
<td>Fair trade/environment issues</td>
<td>.263</td>
<td>3.022</td>
<td>.003**</td>
<td>.210</td>
<td>1.852</td>
<td>.065</td>
</tr>
<tr>
<td>Ethical product heritage</td>
<td>.286</td>
<td>3.146</td>
<td>.002**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical product heritage and advertising</td>
<td></td>
<td></td>
<td></td>
<td>.349</td>
<td>2.847</td>
<td>.005**</td>
</tr>
<tr>
<td>Ethical advertising and communications</td>
<td>.075</td>
<td>1.141</td>
<td>.255</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>.112</td>
<td>1.183</td>
<td>.238</td>
<td>.127</td>
<td>1.016</td>
<td>.311</td>
</tr>
<tr>
<td>Product quality</td>
<td>.011</td>
<td>.124</td>
<td>.901</td>
<td>-.226</td>
<td>-1.876</td>
<td>.062</td>
</tr>
<tr>
<td>Range in product line</td>
<td>-.203</td>
<td>-2.503</td>
<td>.013*</td>
<td>-.094</td>
<td>-.809</td>
<td>.420</td>
</tr>
<tr>
<td>Variety of pack sizes</td>
<td>-.081</td>
<td>-1.079</td>
<td>.282</td>
<td>-.015</td>
<td>-.139</td>
<td>.889</td>
</tr>
<tr>
<td>Design and packaging</td>
<td>.094</td>
<td>1.353</td>
<td>.178</td>
<td>.021</td>
<td>.239</td>
<td>.811</td>
</tr>
<tr>
<td>Promotions on product</td>
<td>-.026</td>
<td>-.358</td>
<td>.721</td>
<td>-.056</td>
<td>-.644</td>
<td>.520</td>
</tr>
<tr>
<td><strong>F- Value</strong></td>
<td><strong>9.571</strong>*</td>
<td></td>
<td></td>
<td><strong>6.632</strong>*</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted R(^2)</strong></td>
<td><strong>.268</strong></td>
<td></td>
<td></td>
<td><strong>.176</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Significance: \* \(p < 0.050\), \** \(p < 0.010\), \*** \(p < 0.001\)

In the equation for ‘top-up’ shopping decisions, which explains almost 18% of the variability in the DV, the ESR nature of the products themselves is the only significant and positive influence
on product choice ($\beta = .349; p < .01$); though, at $p < .10$, fair trade and environmental issues ($\beta = .210$) also features as a positive choice factor, whilst product quality has a negative influence ($\beta = -.226$). When main shopping, the ‘natural’ heritage of products ($\beta = .286; p < .01$), along with producers’ fair trading and environmentally responsible policies ($\beta = .263; p < .01$) have the greatest influence on choice. Amongst the traditional product choice factors, only range within the product line is significant, though its influence is negative ($\beta = -.203; p < .05$). This equation explains almost 27% of the DV variability.

**Conclusions and Implications**

In a parallel paper, we identify retailers’ ethical trading and environmental policies as a factor in Australian grocery shoppers’ store choice. In this related study, we find that largely similar policies – fair employment, no exploitation of developing countries or of child labour, as well as environmental friendliness - also comprise a factor in grocery product choices; and that this factor has a significant and positive influence, particularly when made as part of a main grocery shop. However, the characteristics inherent in the products themselves have a rather greater positive influence. So, whilst ESR product choice is dependent on the manufacturing companies’ wider trading policies, the ethical and natural qualities of the products themselves (including the environmental friendliness of their packaging), have the most influence during main shopping excursions.

When ‘top-up’ shopping, product heritage combines with wider packaging, labelling and advertising issues to form the single over-riding element in product choice. In other words, in the context of higher value ‘main’ shopping trips for wider household provisioning, consumers are likely to consider manufacturers’ ethical policies as well as the ESR heritage of the products themselves when making choices. However, when ‘topping up’ with specific products, it is those product’s inherent characteristics, and the way these characteristics are communicated (in labelling etc.), that is critical.

These findings should interest grocery producers insofar as they identify ESR aspects of product heritage (e.g. organic, free-range, hormone-free in the case of produce, no additives/ preservatives or animal testing in manufactured groceries) which may be addressed when developing and advertising new products. They also indicate that broader company-brand loyalty may be influenced if manufacturers are perceived as pursuing ESR trading policies both inside and outside Australia: though more research is needed in this area. The research described here, however, provides a starting point in terms of understanding emerging ESR purchasing behaviour in Australia, and should hearten lobby groups by providing early evidence of the influence of ESR factors on consumers.

So far we have examined a broad base of Australian shoppers. Future research could profile and cluster ESR shoppers more specifically. This would assist grocery manufacturers in their positioning policies, and would help manufacturers and environmental lobby groups alike when targeting their marketing communications. In addition, ESR influences on the Australian market need to be examined within the wider global context from which they are emerging, and in which so many of our major grocery manufacturers now compete.
References


