

3.5: Ethical Issues in Consumer Buying Behavior

Learning Objectives

By the end of this section, you will be able to

- Describe ethical issues related to consumer buying behavior.
- Identify the characteristics of an ethical consumer.

Ethical Issues in Consumer Buying Behavior

All purchase behavior is, in some sense, ethical, involving moral judgment. For example, a consumer is concerned about the abuse of human rights in a foreign country, so corporate involvement in that country may be a factor in the consumer's purchasing decisions. Similarly, consumers concerned about animal rights may consider whether a cosmetic product has been tested on animals. For example, in one 2017 survey, 32% of U.S. cosmetics consumers reported that they would “very likely” stop purchasing their favorite brand if the manufacturer tested on animals (Statista Research Department, 2017).

Ethical Consumerism

Economic theory suggests that consumers seek to maximize utility (the total satisfaction received from consuming a product or service) at the lowest cost possible, so it follows that firms that have higher costs of production will be driven out of the market. Recently, more and more firms have started using “ethical” labels as a means of product differentiation, a marketing strategy in which a brand identifies the one thing that makes it genuinely different from competitors and then leverages that notion in its branding and messaging. But what does this look like in action? Let's take a quick look at one popular brand that honed its differentiation strategy and succeeded as a result.

Like many fast-food chains, Chipotle (see Figure 3.13) focuses on the quality of its ingredients above all else. One of the brand's hallmarks is that it works with family farmers within a 130-mile radius of each location and attempts, whenever possible, to source local and sustainably raised ingredients. Additionally, Chipotle eliminated genetically modified (GMO) foods from its menu, citing public concerns about the safety of genetically modified ingredients (Herosmyth Staff, 2020).



Figure 3.13 Chipotle works with family farmers and has eliminated genetically modified foods as a way to differentiate itself in the market. (credit: “Chipotle” by JeepersMedia/flickr, CC BY 2.0)

Marketing in Practice: Ethics and Corporations

Hundreds of companies are known for being ethical, including Patagonia (more information later in this chapter), TOMS, and Conscious Coffees, among others. Read about [five examples of truly ethical companies](#) and how they are working to make an impact in their markets.

Business Insider provides a [list of the most ethical companies](#) in the world. Do any of the companies on this list surprise you? Are there companies missing that you think should be included?

What corporate ethical decisions are you aware of that have positively impacted a company's brand? Here are [10 examples](#) where companies made the ethical decision.

Many consumers research companies before making a purchasing decision. Is a company's ethical footprint important to you? Does it impact where you purchase products and services? Why or why not?

Are You an Ethical Consumer?

At its most basic level, being an ethical consumer simply means choosing goods that are ethically sourced, produced, and distributed. Ethical consumerism has become something of a buzzword over the last decade, and organizations are taking notice of consumers' expectations in terms of social and environmental practices. Consider some statistics to better understand how consumers put ethical consumerism in practice:

- According to a Statista poll, 90% of U.S. survey respondents indicated that they would boycott a brand if they discovered the company was engaged in irresponsible business practices (Yaqub, 2022).
- Research from Mintel, a market research firm, indicates that 56% of U.S. consumers indicate that they would no longer do business with organizations they believe to be unethical (Yaqub, 2022).
- A recent survey showed that consumers seek a match between their beliefs and those exemplified by the organization. According to the survey, an overwhelming 72% of respondents indicated that they purchase goods and services from companies with beliefs similar to theirs in terms of environmental preservation and child labor (Yaqub, 2022).

By choosing brands that align with their values, consumers are voting with their pocketbooks. Modern consumers are more than willing to take their business elsewhere if they perceive a disconnect between their values and those of the organization, and they will likely share their sentiments on social media.

Marketing in Practice: Consumer Ethics

Do consumers care about ethics when making a purchasing decision? You can find marketers on both sides of the fence on this hotly debated topic. Some studies show that consumers are interested in products that align with their values. Other studies show that consumers aren't interested. According to an [article from Kellogg Insight](#) (a publication from the Kellogg School of Management at Northwestern University), current research by Jacob Teeny, an assistant professor of marketing at Kellogg, suggests that consumers care.

This Jason Garman TEDx Talk focuses on ethical consumerism and the power of having a choice and a voice through purchasing decisions.



Are you new to ethical shopping? Watch this video to learn the basics about shopping ethically. Also, check out this article for specific reasons to [be an ethical consumer](#).



This hotly debated topic is becoming a larger part of the conversation in marketing with the increase of eco-friendly products on the market. It's important in your marketing work that you're aware of the discussion, as it will help you to become a great marketer.

Companies with a Conscience: Patagonia



Figure 3.14 Patagonia is known for its ethical leadership and environmental mission. (credit: "Trekkin!" by Pierce Martin/Zach Dischner/flickr, CC BY 2.0)

If you're looking for a company that's a leader in environmental and social responsibility on many fronts, look no further than Patagonia, a designer of outdoor clothing gear for the "silent sports"—climbing, surfing, skiing, snowboarding, fly fishing, and trail running (see Figure 3.14). Start with Patagonia's mission statement: "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."

In addition to being fair-trade certified for all of its sewing production, the brand knows and publicly discloses all of its first-tier suppliers and is actively working to map out the rest down to the farm level for the raw materials used in its gear. Many consider Patagonia an outdoor brand, but it offers products in many categories, from sundresses to skinny jeans (Baldwin, 2017).

Many of the company's products are made from recycled materials or raw organic cotton. Plastic soda bottles are made into fleece jackets, guayule plants are made into wetsuits, and they take back worn-out Patagonia products that consumers return to the store at no charge and then recycle them into their supply chain. Look no further if you want to be an ethical consumer (Dore, 2021).

[Click here to learn more](#) about Patagonia's environmental responsibility program.

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