

# Do Consumers Care About Ethical-Luxury?

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**Abstract** This article explores the extent to which consumers consider ethics in luxury goods consumption. In particular, it explores whether there is a significant difference between consumers' propensity to consider ethics in luxury versus commodity purchase and whether consumers are ready to purchase ethical-luxury. Prior research in ethical consumption focuses on low value, commoditized product categories such as food, cosmetics and high street apparel. It is debatable if consumers follow similar ethical consumption patterns in luxury purchases. Findings indicate that consumers' propensity to consider ethics is significantly lower in luxury purchases when compared to commoditized purchases and explores some of the potential reasons for this reduced propensity to identify or act upon ethical issues in luxury consumption.

**Keywords** Ethical consumption · Ethical consumers · Fair trade · Marketing ethics · Luxury marketing

## Introduction

It has been suggested that we are going through an “ethics era” (Crane and Matten 2007; McGoldrick and Freestone 2008; Smith 1995) where a growing number of consumers

are becoming aware of the ethical implications of the products they buy and are adapting their purchasing behaviour accordingly (Harrison et al. 2005; Hendarwan 2002; Mason 2000; McGoldrick and Freestone 2008). These ethical consumers are ‘concerned with the effects that a purchasing choice has, not only on themselves, but also on the external world around them’ (Harrison et al. 2005, p. 2). They consider beyond the product itself (Crane 2001) into the environmental and social impacts of the entire supply chain in bringing this product to market (Varey 2002). However, for most product categories, ethical products account for less than 1% of the total market share (The Co-operative Bank 2009) indicating that this “ethics era” is more limited in application than the literature sometimes suggests.

Literature highlighting the growth of ethical consumption tends to focus on low value, commoditized product categories such as food related products, cosmetics and apparel (Auger et al. 2003, 2008; McGoldrick and Freestone 2008; Sriram and Forman 1993; Strong 1996; Vermeir and Verbeke 2006) which have seen the highest market shares in terms of ethical product sales (The Co-operative Bank 2009). The literature also targets ethical labels such as eco-labels (Anderson and Hansen 2004; Bjørner et al. 2004) or forms of fair trade (De Pelsmacker et al. 2005; Elliott and Freeman 2001; Loureiro and Lotade 2005) as research contexts. However, ethical concerns exist across all markets, and there is a surprising lack of research that explores ethical consumption across broader product categories.

Recent reports by WWF-UK and DeBeers (Bendell and Kleanthous 2007 and DeBeers 2009 respectively) extend the debate of ethical consumption to luxury brand categories, suggesting now is the time for ethics to emerge as a competitive offering in this £77 billion market. This is

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because questions are increasingly being raised about the ethics of many luxury good supply chains. For example, the case of conflict diamonds which are mined and sold from warzones to fund military campaigns, or the displacement of communities, contaminated drinking water and environmental damage caused by the gold mining industry (DeBeers 2009; Tibbets 2007). Certain luxury brands have also come under the media spotlight in recent years such as: luxury cosmetic firm Garnier being found guilty of racial discrimination; LVMW, owners of Louis Vuitton and TAG Heuer, being de-listed from the FTSE4Good index as a result of poor compliance with supply chain requirements; and the exploitation of illegal Chinese immigrant workforces in Italian sweatshops by Prada. Despite this mounting evidence of unethical practices by luxury brands, there are few NGOs dealing in these market spaces, few labelling or certification systems in place to audit them and limited research being published concerning consumers' views of ethics in luxury purchasing. It is the third of these we aim to explore in this article.

We know from research into luxury and prestige marketing that decision-making in luxury purchasing differs considerably from commodity style purchasing (Nia and Zaichhowsky 2000; Vigneron and Johnson 2004; Ward and Chiari 2008). Therefore, it is unclear whether previous literature on ethical consumption would be applicable in the ethical-luxury context. Furthermore, there is little evidence to suggest that those who buy ethical commodities would carry this same ethic through into luxury purchasing. In fact, Strong (1997, p. 36) shows the potential for a contradiction between the enacting of ethical beliefs in commodity versus luxury consumption when she states "Those who buy Cafédirect<sup>1</sup> may pay for the product from a wallet or purse produced by a workforce in a Third World location under conditions of extreme exploitation". The way consumers view ethics may therefore differ between regular, repeat, commoditized purchases and one off, aspirational luxury purchases.

Thus, this article intends to explore the propensity for consumers to consider ethics (in particular, supply chain ethics) in luxury purchases and compares this with their commodity purchases. Furthermore, we explore the rationalisations and reasons behind the limited growth of ethical-luxury from a consumer perspective, with the intention of identifying key triggers for a growth in this market space.

## The Rise of Ethical Consumption

Ethical consumer behaviour, which can be described as 'decision-making, purchases and other consumption

experiences that are affected by the consumer's ethical concerns' (Cooper-Martin and Holbrook 1993, p. 113) has been reported as going through a significant period of growth (Creyer and Ross 1997; Harrison et al. 2005; Hendarwan 2002; Mason 2000; McGoldrick and Freestone 2008; Shaw and Clarke 1999; Strong 1996). This rise can be well documented through the growth in the consumption of ethical products, up to £36 billion in the UK in 2008 from only £13.5 billion in 1999 according to the Ethical Consumerism Report (The Co-operative Bank 2009).

Through ethical consumption, consumers can translate their concerns or attitudes towards society or the environment into expressed buying behaviour (De Pelsmacker et al. 2005). Several studies therefore concentrate on attitudes towards ethical consumption as a precursor to ethical buying behaviour (De Pelsmacker et al. 2005; Shamdasani et al. 1993; Shaw and Clarke 1999; Shaw et al. 2000; Shrum et al. 1995; Verbeke and Viaene 1999). Although estimates vary Vermeir and Verbeke (2006) synthesise that approximately 30% of the sampled consumers have a positive attitude towards ethical consumption, this coincides very well with grey literature like Futerra (2005) and Ipsos Mori (2009) identify that 30 and 26% of consumers share the attitude that ethics are very important in purchasing respectively.

However, an ethical attitude does not necessarily translate into expressed buying behaviour. Although the market has grown to £36 billion in the UK it still only represents a maximum of 4% of total domestic consumer spending (£875 billion in 2009 according to Blackmore 2009). Throughout the literature, this has been referred to as the attitude-behaviour gap (Carrigan and Attalla 2001; Roberts 1996; Vermeir and Verbeke 2006).

The attitude-behaviour gap is a well-documented phenomenon which explores why the 30% of consumers that are perceived to be ethically orientated, do not translate this into ethical purchasing behaviour. This literature can be split into those that suggest it is caused by research error and those that perceive it is related to barriers in cognitive decision-making.

## Research Error

Due to minimal research that observes actual ethical buying behaviour (see exceptions like Bjørner et al. 2004), extant literature relies heavily on either out of context experiments or self-reported data. These lead to two types of bias (1) social desirability bias; where people feel the pressure to respond according to what they believe to be socially acceptable (Auger and Devinney 2007; Chung and Monroe 2003; Randall and Fernandes 1991) and (2) selection bias; where either respondents who are ethical would be more likely to partake in surveys and experiments

<sup>1</sup> The UK's best selling Fairtrade<sup>®</sup> Coffee.

(Chung and Poon 1994), or researchers select specific contexts because they know can find their target respondents (Browne et al. 2000). Some researchers go as far so to deem it fruitless to rely on self-reported measures of ethical behaviour entirely (Ulrich and Sarasin 1995). Others however suggest through careful exploration of respondent inconsistencies in decision-making (Burke et al. 1993) and use of interpretivist or mixed methods (Auger and Devinney 2007) it is possible to gain genuine insight into impediments to ethical behaviours.

The second explanation of the attitude–behaviour gap is *barriers to cognitive decision-making*. There are three main cognitive decision-making models upon which the majority of extant research builds its framework for exploring the attitude–behaviour gap: Rest’s (1979) four-stage model, ‘The Theory of Reasoned Action’/‘Theory of Planned Behaviour’ (Fishbein and Ajzen 1975/Ajzen 1991) and the Hunt and Vitell’s model (1986). Figure 1 demonstrates that all of these models are predicated on the same basis—that *Behaviour* (ethical or otherwise) is a result of the formation of *Intent* to behave in a certain way. *Intent* is, in turn, based on a *Judgement* following the assessment of the alternatives and *Beliefs* about the innate rightness or wrongness of behaviour (Deontological Evaluation) and our understanding of potential and possible consequences (Teleological Evaluation).

Deontological Evaluations of ethical issues are liable to be relatively static for an individual facing multiple dilemmas at a specific time because they are based on norms formed through culture and personal experience. However, the teleological and situational factors [as discussed in Hunt and Vitell (1986) and Marks and Mayo (1991)] are likely to vary between different purchasing encounters based on the level of thought put into the identification and appraisal of consequence. Jones (1991) builds on this idea of identification and appraisal of

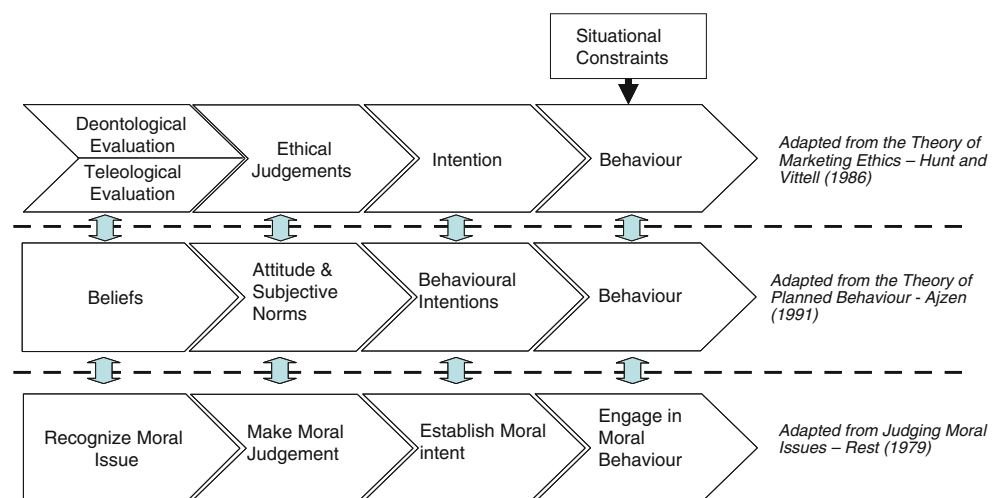
consequences by identifying six moral intensity factors which affect how strongly we feel a moral issue pulls on our decision-making. This influences the decision-makers perception of an ethical/unethical issue and thus whether or not a belief will form into eventual behaviour. These six factors are:

1. Magnitude of consequences—the sum of harm done to victims.
2. Social consensus—the level of agreement in society that the activity is wrong.
3. Probability of effect—the perceived likelihood of the harm occurring as expected.
4. Temporal immediacy—how soon the harm will occur.
5. Proximity—how close to the decision-maker will the harm arise.
6. Concentration of effect—are certain people victimised or is the harm spread thinly or negligibly over a vast number of people.

Although Jones’s model was originally developed to understand the attitude–behaviour gap between expressed ethical intentions and purchase behaviour in organizational decision-making, it has gone on to be used with a range of consumer studies (Nicholls and Lee 2006; Singhapakdi et al. 1999; Tan 2002) due to its exploratory properties and thorough exploration of the potential barriers to attitudes forming into behaviour.

As well as these cognitive barriers to ethical behaviour the main models of ethical decision-making have frequently been applied to various situational barriers to ethical consumer behaviour (Kalafatis et al. 1999; Marks and Mayo 1991; Shaw and Clarke 1999; Shaw et al. 2000; Shaw and Shiu 2002, 2003; Sparks and Shepherd 1992). These include demographic, religious or culture barriers (Doran 2009; Schwepker and Cornwell 1991), perceived price, quality or value of goods barriers (Loureiro and

**Fig. 1** Simple comparison of cognitive decision-making models



Lotade 2005; Meachern and Schroder 2002; Roberts 1996); lack of information on the ethical credentials of products barriers (Irving et al. 2002; Shaw et al. 2006) and lack of availability (Dickson 2001; Hira and Ferrie 2006). However, for each of these suggestions we can find an equal number of studies suggesting they have little to no impact. For instance, Roberts (1996) found demographics to be a bad signifier of ethical consumer behaviour and Belz and Peattie (2009) and Shrum et al. (1995) discuss the willingness of many consumers to seek social and environmental information and shop around for ethical alternatives.

Willingness to pay for ethical products is a particularly contradictory field. Researchers find that consumers indicate a willingness to pay more for ethical products than for known unethical products, for instance Elliott and Freeman (2001) found that consumers were willing to pay 28% more for a \$10 item with ethical credentials and 15% more for a \$100 item. Similarly McGoldrick and Freestone (2008) found that over a wide array of products, consumers were willing to pay well over 10% extra on average for ethical versions. This body of research supports the implicit assumption by many consumers that ethics will always cost more than non-ethics, which in reality may not be the case. Freeman (1994) and Harris and Freeman (2008) call this the ‘Separation Fallacy’ where consumers wrongly perceive that ethics and business are two separate dimensions of the value creation process, indicating that ethics will always lead to higher costs. This can create an attitude–behaviour gap where perceived price differentials become an impediment to seeking out or purchasing ethical alternatives. Supporting this Carrigan and Attalla (2001) find that consumers will only buy ethically if there is no cost to them in doing so and both Bhattacharya and Sen (2004) and Auger et al. (2008) find that although many consumers may be concerned by the ethical issues surrounding a product, they would not be prepared to relinquish the functional attributes in the product to support the cause in question.

Overall in the literature, there is some consistency in the message that some consumers are willing to expend extra effort or extra resource in locating and purchasing ethical commodity products. One of the key areas to benefit from this growth in ethical consumption has been fair trade, where sales are increasing and predicted to top £1 billion in the UK by the end of 2011 (Fairtrade Foundation 2010). However, the majority of sales within the fair trade market are from the food sector, in coffee, bananas, cocoa and tea (Raynolds et al. 2004). It is clear that many successful fair trade products are the relatively low-value commodity items, with coffee being labelled the ‘backbone of fair trade’ and continues to account for up to 80% of fair trade sales across many countries (Renard 2005, p. 420). This

trend is further evidenced in the grey literature with the Ethical Consumerism Report (The Co-operative Bank 2009) identifying nearly all of its growth ethical product categories in commodity markets.

Similarly commodity products such as food-stuffs, cosmetics and high street apparel account for nearly all empirical settings for ethical consumption research (Auger et al. 2003, 2008; McGoldrick and Freestone 2008; Sriram and Forman 1993; Strong 1996; Vermeir and Verbeke 2006). This raises the question as to whether the rise of ethical consumption would be applicable out of this “safe” setting. This is particularly pertinent at this time because there have been recent calls for more companies to take advantage of the growth in ethical consumption by offering ethical-luxury alternatives (Bendell and Kleanthous 2007; DeBeers 2009; Fan 2005; Wenzel and Kirig 2005). However, to date, there has been little empirical exploration of whether there is a market for ethical-luxury, and if consumers would adapt current purchasing behaviour to buy these types of products.

### Developing Ethical-Luxury

Bendell and Kleanthous (2007, p. 2) assert that luxury brands ‘have both the opportunity and the responsibility to promote sustainable consumption’. In their extensive report for the WWF and in a similar report written by DeBeers (2009), there is the assumption that trends in ethical consumption will naturally transition into creating markets for ethical-luxury goods. However, we know from extensive work in the consumer behaviour field that consumers are looking for a distinctly different set of benefits when buying luxury products compared to their commodity purchases (Nia and Zaichnkowsky 2000; Vigneron and Johnson 2004; Ward and Chiari 2008). It is therefore probably safe to assume somewhat different perspectives of ethical consumption in luxury goods, when compared to commodity goods markets.

The term luxury good, although used in everyday life, is a difficult concept to define, as perceptions of luxury differ according to the consumer’s lifestyle (Hauck and Stanforth 2007) and even change depending on an individual’s mood (Nia and Zaichnkowsky 2000). A common definition of what constitutes luxury is therefore lacking in the literature (Vickers and Renand 2003). However, when aiming to define luxury goods and their potential for growth in ethical consumption, three interrelated perspectives need to be considered: the economic view, the psychological view and the marketing view (de Barnier et al. 2006).

The economical view distinguishes between luxury and necessity where luxury goods do not fill an elementary need, but a realm of desire (Mortelmans 2005). Groth and

McDaniel's (1993) Exclusive Value Principle states that a luxury product's market price is the sum of its pure utilitarian value (e.g. quality, aesthetic design, excellence of service, etc.) and exclusive value premium (e.g. external factors such as advertising) (de Barnier et al. 2006). Furthermore, luxury goods have a high income elasticity of demand (Ward and Chiari 2008) and the highest price and quality ratios of the market (Wiedmann et al. 2007), both of which should indicate a propensity for ethical product premiums to be easily absorbed by the customer.

The psychological view explores the intra- and inter-personal context of luxury consumption, particularly around peer and self-perception (Mason 1992; Vickers and Renand 2003; Vigneron and Johnson 2004). Vickers and Renand (2003) suggest that luxury goods are based on symbols of personal and social identity, characterised by the dimensions of experimentalism and symbolic interaction. As a consequence, the primary value for luxury goods is psychological and consumption seems dependent on a distinct mix of social and individual cues. Nia and Zaichkowsky (2000) found that it was these psychological aspects that are crucial in differentiating luxuries from commodities or counterfeits. As such ethical-luxury should be appealing to consumers if we truly are in a society undertaking an "ethics era" where both peer and self identity are improved by ethical consumption.

The marketing view then combines the previous perspectives with the intention of identifying how to create and maintain a sense of luxury in branding and market perceptions (de Barnier et al. 2006). Wiedmann et al. (2007) outline that the luxury value perception and motivation for luxury purchasing is tied to the nature of the financial, individual and functional utilities of a brand. Therefore, purchasing behaviour not only desires to impress other people or aims to display status and success, but also does something more. As such Vigneron and Johnson (2004) argue that the luxury-seeking consumer's decision-making process is influenced by five key determinants forming a semantic network of non-personal perceptions including conspicuousness, uniqueness and quality and personal perceptions encompassing hedonism and the extended self.

Similarly, de Barnier et al. (2006) identify in their study of the motivation for luxury consumption across different countries that there is a common need for values such as aesthetics, quality, product personal history and expensiveness. However, uniqueness and superfluosity [two signifiers of luxury purchase in earlier studies like Groth and McDaniel's (1993)] were not important. Instead a new variable gained high customer attention: the dimension of self-pleasure. Although having different meanings in different countries, self-pleasure refers to aspirations and product conspicuousness (in France), functionality and

luxury atmospherics (in the UK) and functionality (in Russia). For ethical-luxury to work, it would therefore need to enhance (or at least not destroy) these self-pleasure and hedonic aspects of luxury consumption.

Taking all these different perspective on what a luxury good is into account, a luxury good for this study has been defined as one which is aspirational and irregular in its purchase incidence, it aims to increase personal well-being and self-pleasure through peer and self-identification of the creation/continuation of personal brand identity. However, within this definition and in the scholarly luxury goods literature there is little consideration for ethical issues, or suggestions of a potential growth in ethical consumption in luxury markets. Especially when compared to the commodity literatures. There is little consideration of ethics in luxury decision-making process or luxury good design and marketing, apart from a few isolated papers on counterfeiting (Nia and Zaichkowsky 2000; Wilcox et al. 2009) and calls for papers on ethics in the fashion industry (Joergens 2006). Indeed, one would expect that consumers who can afford more luxury goods would pay more attention to ethics, either to feel good about themselves (self identity) or impress others (peer identity) as per the earlier discussion of both the psychological and marketing views of ethics. Thus, it is surprising to find that ethical-luxury is unrepresented in either the ethical consumption or luxury consumption literature (Wenzel and Kirig 2005). Luxury brands such as Stella McCartney and Swan Marked Diamonds are available to the public, each accommodating particular ethical pledges, yet have received little academic attention. Thus, this lack of extant literature leads to the following exploratory Research Question to be answered in this article:

**RQ1** Do consumers perceive ethics as differentially important in their luxury versus commodity purchases?

Beyond whether consumers consider ethics as differentially important in purchasing luxury good there may be an even more significant issue which is almost the exact reverse of the 'Separation Fallacy'. According to Freeman (1994) and Harris and Freeman (2008), this separation between ethics and business leads to the misapprehension that ethics always leads to a higher prices for the consumer. In luxury consumption, we may have the bipolar opposite of this problem where the aspirational and prestige elements of luxury goods, supported by an already high price create a "Fallacy of Clean Luxuries". In essence, consumers believe that luxury goods have few significant negative social or environmental impacts, based on the simple assumption that they are prestige, high value products.

In order to have a deeper understanding of consumers' propensity towards perceiving ethical issues and whether



this is different between luxury and commodity purchases, we propose to adopt Jones (1991) moral intensity framework to explore if there are any difference in the identification of moral issues from a cognitive perspective. We use moral intensity here to gain a deeper understanding of the respondents' perception of the ethical implications of different purchase decision, to identify if the respondents' are psychologically differently attuned to (or potential simply have less knowledge about) the harm done by luxury products during purchase incidents.

**RQ2** Do consumers perceive ethical issues with the same intensity between luxury and commodity purchases?

Finally we wish to explore the potential situational reasons which may explain the lack of ethical-luxury products explicitly available on the market. Although there is the potential for implicit ethical luxuries, is there a lack of awareness about these products on the market? Situational factors affecting ethical purchasing behaviour such as a lack of information, a lack of availability and pricing problems have been raised in previous consumer research (Dickson 2001; Hira and Ferrie 2006; Irving et al. 2002; Shaw and Clarke 1999; Shaw et al. 2006), however, whether these same factors affect ethical-luxury and the extent of the barriers they create is as yet unknown for luxury consumption. As such our final research question is:

**RQ3** What are the factors impacting the comparatively slow growth and low awareness of ethical-luxury products on the market?

## Method

This study is based on structured interviews collected via a quota sample of 199 UK consumers on the main shopping streets of two cities in the UK. 'The distinguishing feature of a quota sample is that quotas are set to ensure that the sample represents certain characteristics in proportion to their prevalence in the population' (Schutt 2006, p. 154). Quota samples are probably the most common sampling technique in quantitative market research (McGivern 2009) and are often used in consumer ethics studies (Erffmeyer et al. 1999; Ingram et al. 2005; Memery et al. 2005; Mitchell et al. 2008). Some of the main reasons for this are the ability to correct for the working population (not normally at home during the day), it allows for a representative sample of a population and is conducted at many times on different days to provide the broadest possible sample (McGivern 2009). The interviews were conducted at different times of day over the space of a month to gain the broadest range of possible respondents. The average time per interview was 25 min.

**Table 1** Sample statistics

	Frequency	Percent
Gender of respondent		
Male	72	36.2
Female	127	63.8
Total	199	100
Age of respondent		
Below 21	25	12.6
21–30	37	18.6
31–40	42	21.1
41–50	41	20.6
51–60	30	15.1
61–70	16	8.0
71 or over	8	4.0
Total	199	100
Highest education level		
High school	116	58.3
Undergraduate	47	23.6
Postgraduate	28	14.1
Doctorate	4	2.0
Total	195	98.0
Household income		
Less than 20,000	49	24.6
20–40,000	67	33.7
40–60,000	39	19.6
60–80,000	20	10.1
100,000+	10	5.0
Total	185	93.0

Table 1 demonstrates the participant statistics for the sample. You will note that the male–female split is bias towards females, far above the natural bias in the UK population. This is due to a starter question in the interview to ensure that we spoke to the person who did the main supermarket shop in the household (thus, ensuring they were the commodity product decision-maker).

The survey instrument had a mixture of Likert scale questions and open-ended question to allow further exploration of the topics discussed. However, as discussed by Ulrich and Sarasin (1995) any study into consumer ethics is fundamentally flawed due to the heavy influence of social desirability bias. Therefore, to try and reduce this desirability bias the survey was separated into four sections, where we only introduce ethics as the major research topic in section 3. Section 1 explores the demographics of the respondent: sex, age, education and income for use as comparatives. Section 2 explores the differences in purchasing decisions for luxury versus commodity products. The lack of a clear definition of a luxury product in the literature, and the complexity with which it is discussed in this literature made providing a definitive definition to

respondents problematic. We therefore proposed a simplified definition to respondents to consider commodities as low value, regular purchases usually purchased out of habit; whereas luxury products were high value, irregular purchases, bought to give themselves pleasure. Respondents were asked to self identify a recent purchase decision for both a luxury and commodity product and asked a series of 5 point Likert scale questions on the eight purchasing factors of quality, prestige, price, product satisfaction, self-image, brand preference, ethical conditions of production and convenience [derived from Vigneron and Johnson (1999, 2004) with ethical conditions of production added]. This question was originally designed as a point distribution question, but 10 people in a pilot of the survey found this too hard to undertake so we reverted to a 5 point Likert scale on their suggestion. Section 3 was the open-ended questions where we explored the lack of ethical-luxury purchases compared to ethical commodity in the economy and why this may be the case. And finally in section 4 we explored moral intensity (Jones 1991) towards ethical issues in luxury versus commodity purchases. Each of these was measured on a 7 point Likert scale following the suggestions of the 10 person pilot group for the survey.

Independent sample *t* tests were used to compare the two different city samples and little was found to be significantly different between them. *t* tests were also used to check for gender bias. Ethical conditions of production and price were both far more significant buying criteria for luxury products in women than men, and similarly quality and ethical conditions of production were more important buying criteria for women than men in commodity products. Although not the purpose of this study this indicates women are generally more interested in ethical conditions of production than men. However, men were significantly more concerned by how immediately the harm occurred following a purchase than women. There were however no other significant differences between gender and for this study we are treating the sample as one group.

Similarly, Games-Howell post hoc ANOVA's<sup>2</sup> were conducted to test for variances based on education and income levels. Few results were significant and those that were are sufficiently ad hoc to be irrelevant to this study (such as the very wealthy are more worried about the immediacy of ethical harms than others). In the main, however, the quantitative data was analysed using paired sample *t* tests comparing the respondents self selected luxury against the commodity purchase decision. Qualitative data was recorded through note-taking during data

collection due to the difficulty of recording speech on the street. However, it was analysed in a systematic manner following the recommendations of Spiggle (1994) going through a process of open and co-axial coding to form categories and subcategories capable of explaining the data responses.

## Results

The results of this study are relatively simple to understand and are broken into three parts. Initially we look at the difference in buying criteria, followed by an investigation of the identification of ethical issues in luxury purchase using moral intensity. Finally the qualitative element of the study explores why ethical-luxury may be lagging behind ethical commodity in consumer purchasing. Although the last two sections were collected in the reverse order to that presented in this article, the order presented here assists in providing a clearer representation of the data.

### Buying Criteria

As expected we have found that there is a dramatic difference in how consumers make their purchase decisions in luxury versus commodity with four factors (prestige, self-image, ethical conditions of production and convenience) significantly different at the 0.001 level (see Table 2 for full results). The most important criteria for luxury and commodity purchases were past purchase satisfaction followed by quality and convenience (although in reverse order for commodities) showing at least some consistency in buying criteria, even if not in magnitude of importance for both types of purchase.

The biggest difference between the two purchases in the study was prestige (2.93/5 for luxury vs. 2.12/5 for commodity) showing that the social perception of the quality of a brand is far more important in luxury purchases than in commodity purchases. However, the second biggest difference was ethical conditions of production (2.36/5 for luxury and 3.04/5 for commodity). Moreover, ethical conditions of production came bottom of the luxury purchase criteria list in terms of average score (it came joint 5th out of 8 for the commodity products). This finding suggests that the importance of ethical condition of production is lower for luxury purchases when compared to commodity purchases. Many reasons could cause this, some of which will be discussed below.

### Evaluation of Ethical Issues

Table 3 shows the results of our respondents' evaluation of the importance of ethical issues on their on purchasing

<sup>2</sup> Games-Howell post-hoc ANOVA's were selected because 10 of the 29 items quantitatively assessed provided significant results at the <0.1 level on Levene's test for equality of variance. However, normality Q-Q plots suggested most of the data tended towards normality allowing for parametric testing.

**Table 2** Buying criteria compared

	Luxury		Commodity		Paired sample <i>t</i> test			
	Mean	Std. deviation	Mean	Std. deviation	Std. error mean	<i>t</i>	d.f.	Sig (two-tailed)
Quality	3.73**	0.7	3.58**	1.1	0.090	1.679	190	0.095**
Price	3.25	1.0	3.29	1.1	0.081	−0.515	190	0.607
Prestige	2.93*	1.1	2.12*	1.0	0.086	9.436	192	0.000*
Product satisfaction	4.09	1.0	3.98	0.8	0.090	1.216	190	0.226
Self-image	2.93*	1.2	2.45*	1.3	0.094	5.105	192	0.000*
Brand preference	3.13	1.0	3.07	1.1	0.078	0.797	192	0.426
Ethical conditions of production	2.36*	1.1	3.04*	1.0	0.072	−9.332	192	0.000*
Convenience	3.31*	1.1	3.71*	1.1	0.104	−3.888	192	0.000*

\* Significant at the 0.001 level

\*\* Significant at the 0.1 level

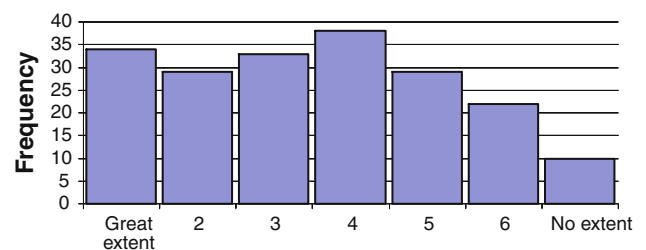
**Table 3** A comparison of ethical issue perception during purchases

	Luxury		Commodity		Paired sample <i>t</i> test			
	Mean	Std. deviation	Mean	Std. deviation	Std. error mean	<i>t</i>	d.f.	Sig (2-tailed)
Magnitude of consequences	5.44*	1.7	4.36*	1.9	0.129	8.321	196	0.000*
Social consensus	5.05**	1.9	4.80**	1.9	0.111	2.267	194	0.024**
Probability of effect	4.77	1.9	4.74	1.8	0.112	0.275	194	0.784
Temporal immediacy	4.92*	1.8	4.51*	2.0	0.121	3.345	194	0.001*
Proximity	4.96	1.8	5.04	1.9	0.142	−0.546	192	0.586
Concentration of effect	4.88	1.9	4.94	1.8	0.125	−0.451	194	0.653

\* Significant at the 0.001 level

\*\* Significant at the 0.1 level

behaviour. A high mean score indicates a low influence on purchasing decisions whereas a low mean score indicates a high influence on purchase decisions. Moral intensity was therefore an intriguing item to study because luxury products scored universally lower on all measures of moral intensity and significantly lower (at the 0.05 level) on three (magnitude of consequences, social consensus and temporal immediacy). This indicates that both the identification and influence of ethical issues in a luxury purchase could be lower but even more specifically luxury goods are perceived as having less influential negative impact (magnitude of consequences), less influential impact on the ethical image we portray to our peers and family (social consensus) and consequences of ethical issues are perceived to happen further into the future and are therefore of less significance (temporal immediacy). All these issues together are indicative of a perception that the evaluation of ethical issues in luxury goods is less relevant to the consumer decision than in commodity purchases, thereby reaffirming the finding of the “[Buying Criteria](#)” section above. This was tested and confirmed when we asked the question “To what extent do you pay more attention to the ethics behind your commodity purchases compared to your

**Fig. 2** To what extent do you pay more attention to the ethics behind your commodity purchases compared to your luxury purchase?

luxury purchases”. The results of this question are in Fig. 2 and demonstrate that the majority of respondents did make a distinction between the importance of ethics in their commodity and luxury purchases. We can therefore safely assume that ethics is generally less top of mind to consumers in luxury purchases. This could be due to a number of external or situational factors such as a lack of information about ethics in luxury markets or less available alternatives, thus, making ethics a less significant part of a purchase decision. However, the findings are clear that at the present time ethics in production is of a low priority to consumers when buying luxury products.



### Why is Ethical-Luxury Lagging?

The analysis of the open-ended questions, concerning why consumers felt ethical commodity products were more successful than ethical-luxury products identifies five main themes: price differential, lack of information, irregularity of purchase, lack of easy availability and relative inability to make a difference. Here we present representative quotes only, due to the high volume of data collected. However, not all respondents felt inclined to add descriptive comments at this stage and so only 83 of the respondents provided usable answers to this section (many just answered “don’t know”).

#### *Quality–Price Differential*

A recurring theme in the interview responses (65% of the respondents) was that individuals think more about price and image, and less about the ethical issues when purchasing luxury goods, with one respondent commenting:

Once you are paying for an expensive item you think less of the ethical issues. Many concerns are price, what the item has to offer, how it looks—these take more priority over the ethical aspects

This response of “what the item has to offer and how it looks” is particularly interesting, as it appears to be in line with the results from the *t* tests showing that the factors of quality, product satisfaction, prestige and self-image, were more important in luxury purchases than in commodity purchases. One respondent answered:

We define luxurious products based on their quality and we look for the best instead of common stuff. Ethics doesn’t even enter the equation

More prominent in the results however was the perception that ethical-luxury products are going to be too expensive, with over 80% of respondent commenting issues like:

Commodity fair trade is expensive enough, let alone the cost of luxuries

You just have to think how much extra an ethical-luxury would have to cost. It just doesn’t make sense for me to try and buy them.

It’s cheaper to buy fair trade coffee than a fair trade luxury

The price difference does not vary much between ethical commodity products and non-ethical products.

I am sure that would be different in luxuries

Interestingly, none of the respondents who felt this way seemed to have a solid justification for this belief, nor give any actual examples, thus, indicating the ‘Separation Fallacy’ (Harris and Freeman 2008) in both commodity and

luxury purchases. Indeed, it appeared that without the right information, the views of high prices and expensiveness way above the non-ethically promoted products were immediately assumed. Convincing consumers that ethical-luxury is not an excuse to charge more would therefore be of paramount importance to the success of products.

#### *Lack of Information*

Lack of information was a major theme (70% of respondents), which could often cause the respondent’s assumption of the price of ethical-luxury products. When asked why they do not sell as well as ethical commodity goods there was a variety of issues raised along this same theme.

Not sure. Don’t hear about fair trade luxuries much, probably too expensive

There’s a lack of information on luxury—there’s no mark to tell you with luxury

Because people have no idea that ethical [luxuries] even exist. You hear about commodities a lot more in magazines and supermarkets

Don’t hear much about ethical-luxury products. [Whereas] It’s almost impossible to not buy fair trade coffee nowadays because it’s so highly promoted

Therefore, a widely held view by the respondents was that there was a lot more information available about ethical commodity products, and more publicity and promotions for these products were often cited as the reasons for this. It is clear to see how the power of information has been successful in the commodity market, and highlights the lack of information in the luxury market. This does raise the possibility that ethical-luxury goods could potentially succeed if there was more information available about them and systematic abuses with the existing markets.

#### *Regularity of Purchases*

Other than the impact of price and quality the most common encapsulations of the difference between ethics in commodity and luxury purchase, shared by 36% of respondents, related to the regularity of these purchases.

[Commodity products] are everyday items usually purchased from Third World countries. So I can purchase the same things and know where they come from. Products like coffee are an everyday consumable, especially for some people, and the background of its production is more publicised.

Something I buy regularly is worth finding out where it comes from, but if I am only going to buy something once then it’s too much effort to find out about it’s carbon dioxides and child labour and other things.

I don't have time to look into everything I buy, so I concentrate on those things that have most impact—you know, that I buy every week like eggs and fruit and drinks

These responses indicate that consumers identify that the luxury markets are not always ethical and form their own opinions regarding the true interests of these markets. However, the basic fact is that the luxury goods people buy are not considered worth the time and investment to ensure their ethical credentials.

#### *Lack of Availability*

In comparison to ethical commodities, there was also the clear (and probably accurate) perception that there simply is less availability of ethical luxuries.

Ethical commodity products seem to be more prevalent or advertised more as being ethical—there seems to be more emphasis on commodity products as being ethical

Because the ethical (commodity) option is on the shelf by the others. There is not an iPad fair trade option to compare. We need the reminder of the exploitation beside the product we want to buy

Little media attention on some issues. Products are not available are they? Big commodity brands are interested in making ethical products, but luxury brands are not.

Luxury goods are not easily available

Where I shop doesn't sell those [ethical luxuries] just the big brands

These responses indicate that individuals may rely on constant reminders to behave ethically—this is slightly different from needing more information, as there may be cases when the consumer is aware of the ethical issues involved in a given purchase, but may need this awareness reinforced, therefore, getting consumers to think more about ethics in their purchases.

#### *Commodities Make a Difference: Luxuries Don't*

The feeling that an individual could make a difference towards less economically developed countries by purchasing commodity products such as fair trade coffee, but not with ethical-luxury was also a common theme and raised by 38 (43%) of the respondents:

We know about fair trade, lots of TV tells us about it, and we can really make a difference if we buy regularly. I am not sure luxury products make that much difference.

Luxury goods are more popular with people who prefer quality. Manufacturers and retailers are in it for

the profits, therefore, not much care or attention is given to the people who make them; hence, not so publicised as ethical products

Fair trade is often cheaper or the same price as regular coffee, extensive marketing has raised the profile. The picture of a happy farmer on the jar makes consumers really happy they've made a difference

Commodity products are produced by poor developing countries which need to be taken care of. But handbags, diamonds and those sorts of luxury goods are not in the same place. They have a higher profit margin, so why bother?

Part of the purchase will help someone else. Fair trade food directly helps farmers, but luxury goods—no one

There is a particular sentiment in these quotes that support the “Fallacy of Clean-Luxury”. Many of the respondents indicate that luxuries do not come from exploited environments and workforces. Furthermore there is the perception that luxury consumption has little or no impact (either positive or negative). From these responses, it would be a reasonable judgment that in order for luxury goods to be successful as ethical products, consumers would need to feel that their purchase would make a difference somehow. This next respondent gave an interesting suggestion as to why consumers do not associate ethics with luxury purchases:

I think that it is not in the conscience of everybody that a handbag or iPod comes from a raw material which has been removed from the earth by humans. These products disconnect us from reality by the association of high performance or complicated technologies...thus sterilised from the barbarity or really bad conditions of work. Which is not true for coffee or tea, because we can easily imagine a Chinese woman taking the leaves of tea, or a Mexican collecting coffee grains.

This response demonstrates that consumers may view the ethics of commodity and luxury products in completely different ways. It is just ‘not in the conscience of everybody’ that everyday luxuries such as designer handbags or jewellery, could have been made under conditions of exploitation and brutality. Furthermore, the complexity of many high technology products may impede an individual's ability to make reasoned ethical judgments.

#### **Discussion**

Ethical conditions of production are significantly less important in luxury purchase decisions than in commodities. Furthermore, ethical conditions of production are the

lowest priority buying criteria for luxury purchases (compared to joint 5th out of 8 for the commodity products). These findings are therefore in line with Boulstridge and Carrigan (2000) and Carrigan and Attalla (2001) who found that price, brand, value and quality are all more important than ethics in commodity purchase decisions. However, when it comes to luxury we can add prestige, product satisfaction, self-image and convenience to this list. It is clear that ethical luxuries will find it harder to enter the market with an ethical message than commodity counterparts at this moment in time. Ethics simply does not rank very highly in the consumers priorities when buying into luxury brands. This is a particularly important message for ethical-luxury brand managers to ensure that the functionality and quality of the product is maintained when creating ethical derivatives because if Bhattacharya and Sen (2004) and Auger et al. (2008) find commodity consumers unwilling to sacrifice quality for ethics, then luxury consumers will be even more stringent on their brand choices.

The issue of moral intensity in luxury purchases identified a significant barrier to ethical-luxury, because luxury products scored universally lower on all measures of moral intensity and significantly lower (at the 0.05 level) on three (magnitude of consequences, social consensus and temporal immediacy). This is indicative of ethics not really being perceived as an issue in luxury purchases (the Fallacy of Clean-Luxury)—or perhaps more accurately the ethical impacts of luxury brands have less intensity for consumers during decision-making. This idea was also supported in the qualitative data where luxuries were perceived as not capable of making much difference.

This lack of belief in the capability of luxuries to make a difference therefore has a knock-on effect on consumers treating ethics in their luxury purchases with less consideration than in commodities. As shown in Fig. 2 only 16% of respondents (32 people) disagreed or strongly disagreed that they considered ethics more for commodity purchases than luxury purchases. And 35% were neutral to the issues. Of this cumulative 101 people 54 (27% of full sample) indicated that they have never considered ethics at all in any —purchases—this is in line with previous studies which have found between 26% (Henley Centre Survey 2007) and 39% (Roberts 1996) of consumers were entirely unconcerned by ethical issues. However, with 49% of the sample indicating they did consider ethics in commodity products more than in luxury purchases we can suggest that the potential market share for an ethical-luxury good is likely to be smaller than for commodity products in the present climate. Investigating the reasons for this through the open-ended questions raised a number of key issues such as:

- *Price differentials* in luxury goods appear larger to consumers (e.g. for Swan Marked diamonds), even if in percentage terms they are very similar to commodity products. This is counter to the suggestion of Bendell and Kleanthous (2007) that price differentials in luxury goods would not be perceived as significant to consumers. Instead it confirms the findings of Elliott and Freeman (2001) that consumers are willing to pay higher percentage ethical premiums for lower value products, thereby indicating that as total product price rises, willingness to pay a price premium diminishes.
- *Lack of information* leads to low customer awareness of both ethical issues and available products. This is in line with Sproles et al. (1978) who argued that efficient decisions making requires consumers to be fully informed, however, Boulstridge and Carrigan (2000) found that most consumers lack information to distinguish whether a company has or has not behaved ethically. This appears an even greater problem in luxury purchases due to their irregularity of purchase and therefore the information salience. For instance, if you buy Roast and Ground Coffee every month—at some stage you are likely to have seen a message about the benefits of fair trade coffee within a few days of purchasing your next packet. However, when buying a wedding ring (for half the population a one-time purchase)—what are the realistic chances of hearing about conflict diamonds in a timely manner for that purchase? This reflects the inherent problem with information salience in irregular purchase items such as luxury products. Human recall of information is so minimal that unless information arrives in a salient form we fail to store and recall it. Whereas if people buy regularly then information about the ethics of the industry will at some stage (but certainly not always) be fresh when a purchase is made.
- *Irregularity of purchase* linked with resource acquisition fatigue—a number of self identified ethical consumers suggested that they find it too exhausting to research each and every product they buy. They therefore concentrate their resource acquisition on regular purchases and ignore the irregular ones. In many ways this exhibits the proposition of Shrum et al. (1995) that only active information seekers would switch current brands for less effective but environmentally safer ones.
- *Lack of easy availability* appears a significant problem as many luxury items do not have ethical equivalents available at point of sales and as Carrigan and Attalla (2001) found in commodity markets, there are very few customers willing to exhaust excessive effort or personal cost to locate ethical alternatives.

- *Luxury goods' making less difference* was not previously considered an issue in ethical consumerism. It was identified by a significant number of participants that since commodity goods were bought more frequently and in greater volume there would be more benefit to developing world producers—even if, for instance, they spent more money on one handbag than they would on hot beverages in a whole year. There was a pervasive belief that luxury goods would not have as many third world producers, therefore, more of any price premium would remain with western companies and not be passed back to producers or put towards natural environment management.

All these factors together appear to paint a bleak picture for ethical-luxury. However, you only have to go back 9 years to hear the now famous ethical commodity converts at Cadbury's stating "We do not believe it is possible to manipulate or regulate the market for a crop that is produced in many different countries and consumed in many different markets" [Cadbury's Schweppes (The Daily Telegraph 2002)] as a response to a call for fair trade across the cocoa industry. It is also only 16 years since a major supermarket now with its own line of fair trade products across its store stated: "only vicars would be mad enough to buy [fair trade] products" (The Observer 2006). The basic fact is that 10–15 years ago hardly anyone knew that there were ethical alternatives to many commodity goods (Strong 1996), and the ones that existed were perceived as of lower quality than traditional brands and much harder to locate and purchase. The success of ethical commodities is often attributed [especially in books like Klein (1999) and Hertz (2001)] to the growth of ethical consumerism or activism as if there is a direct cause and effect. Yet what the evidence of this article suggests is that consumers are selectively ethical—not a universal body of ethical consumers that can be tapped into by one and all products made available. The success of fair trade for instance is not built upon the existence of an ethical consumer but a planned and systematic education and marketing initiative to convince consumers that they should care about fair trade (Davies et al. 2010). Therefore, in progressing the idea of ethical-luxury, business must first build the foundations upon which successful ethical-luxury brands can thrive.

## Conclusion, Limitations and Implications

In conclusion, these findings suggest that if as Bendell and Kleanthous (2007) and Wenzel and Kirig (2005) suggest, there is a ready market for ethical-luxury products; it will probably be significantly smaller than the markets currently

available to commodity type products. Consumers are less likely to brand switch based on ethics due to the low priority of the ethics in the purchasing decision, below every other factor studied in this article. Consumers are also less inclined to identify or perceive high moral intensity to ethical issues in luxury products based on the "Fallacy of Clean-Luxury", the irregularity of purchase and reduced perception of peer pressure. The ethical-luxury brands would also face significant barriers including having less flexibility on price premiums, less active pursuit of information by ethical consumers and lower perception of an ability to create social change. We therefore conclude that at the present time Ethical-luxury is unlikely to keep pace with the growth of ethical commodities.

However, not everything is negative. A large number of respondents ended the interview commenting how they had never even thought about ethics in luxury purchases, but following the interview would probably end up asking themselves the questions "who made this handbag?", "is [this luxury] environmentally, socially and ethically produced?", "who am I hurting buying this product?" the next time they went to the shops. This means that consumers do care about ethical-luxury, although it has not significantly affected their purchase decisions previously. We believe that with persistence, a clear message and availability, consumers may consider ethics a more important issue in their luxury purchases. This basically puts luxuries in the sort of product life-cycle position commodities were in 15 years ago. The implication of this is that in years to come we may see the rise of some ethical luxuries, but due to resource, information search and information salience it is unlikely that they will ever be as universally successful.

Despite the clear contribution this article makes to the field of ethical-luxury, it is limited by a number of factors. First, this was an exploratory study and therefore attempts to balance a broad coverage of the issue whilst providing useful insights into the data. As such this limits the understanding of a fundamentally very complex issue. Second, the structure for the survey was drawn from a limited range of literature and hence we believe this article will act as a starting point for further in-depths research that may utilise other models of luxury purchase, brand awareness and ethical decision-making as stronger frameworks for researching ethical-luxury purchases. Third, the data was collected in the UK which has a strong market for social issue products such as fair trade, and perhaps a lesser market for environmental products. We therefore focused particularly on ethical conditions of production, however, further study may find other environmental or social issues may be more important in luxury purchase, and countries other than the UK may be more accepting of ethical-luxury. Finally this study is limited by the phenomenon of social desirability bias (Ulrich and Sarasin 1995), as we



were collecting survey data on retrospective attitudes relating to previous behaviour, rather than actual buying behaviour. Some respondents may also project their opinions on buying luxury purchases. However, it is evident in the literature that this approach has been found to reduce the effects of socially desirable responding (Fisher 1993). Furthermore, due to inconclusive definitions of luxury as highlighted in the literature, we observe that this may potentially distort direct comparability especially between genders where women tended towards a focus on fashion items whereas men focused on electronics.

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