

Ethical consumerism as a key consideration for future brand strategy development in South Africa

D.H. Tustin & D. de Jongh

ABSTRACT

In the absence of sound business ethics practices in South Africa, consumers' perceptions and expectations of businesses' ethical behaviour will be vital determinants of market share and sustainable growth of South African businesses in the future. Clear evidence has emerged from recent research on ethical consumerism in South Africa (the first such research) that South African consumers will be important drivers of the ethical agenda. This will create sustainable growth prospects for existing and new products and services of companies that subscribe to ethical practices. Furthermore, in the context of an increasingly competitive business environment, consumer perceptions of corporate citizenship and companies' performance against corporate citizenship criteria can represent a vital intangible asset for a company. In fact, the ethical value of a brand/product is expected to increase in importance and become an essential component in building the future brand strategies of South African-based companies. From the point of view of corporate social responsibility, ethical branding strategies are anticipated to support sustainable business and ethical claims only once such strategies are implemented throughout all phases of a brand's/product's lifecycle. It is thus vital that the perceptions and attitudes of consumers towards ethical purchasing are well understood, specifically in a business landscape where high value is already attached to responsible competitiveness. Although there have been a number of important surveys of this kind internationally, an understanding of consumer attitudes towards ethical purchasing is largely lacking in the South African context. This research article seeks to fill this gap by sharing the outcome of a research study conducted amongst

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consumers residing in major metropolitan areas of South Africa. More specifically, the article investigates statistically significant differences in ethical purchasing behaviour between central and peripheral metropolitan areas of South Africa. A total of ten ethical purchasing behaviour aspects is analysed to determine the nature and extent of ethical behaviour in South Africa and to test statistically significant differences between central and peripheral metropolitan areas. Against this background, the article conceptualises corporate citizenship as a key business strategy in building competitive brands, brand reputation and value, and sustainable business. In fact, the article introduces the new concept of 'brand backcasting', which is referred to as brand strategy development across all phases of a brand's/product's lifecycle.

Key words: Ethical consumerism, corporate citizenship (CC), brand citizenship, ethical purchasing, ethical purchasing behaviour, corporate social responsibility (CSR), ethical product labelling, socially responsible products/services, organic products, recycled products

INTRODUCTION

Increasingly, business leaders in South Africa are under pressure to better understand society's attitudes, perceptions and expectations regarding the role of business in the broader society, including the natural environment. This pressure is mounting as a result of an accumulation of industry forces including, amongst others, increased government regulations regarding social/environmental issues, transformation charters, as well as social/environmental reporting. Furthermore, a company's reputation as a 'corporate member of society' is critical in an increasingly competitive business environment where businesses are judged not only on profitability and the quality of their brands/products/services but also on their ability to clearly demonstrate the value they attach to being a good corporate citizen. Increasingly, stakeholders in South Africa are demanding more accountability from local businesses. A largely 'voiceless society' in South Africa, due to apartheid and an era of exclusion, has been transformed into a society currently showing increased ethical purchasing intentions. There are clear business implications, including opportunities and threats, for marketers adopting ethical practices to keep abreast of changing market dynamics resulting from increased ethical consumer behaviour.

The demand for research on ethical consumerism and consumer perceptions of corporate citizenship in South Africa has mainly emanated from the following:

- Similar international research studies. It is evident from past global research in various countries on corporate social responsibility (CSR) that corporate citizenship is fast becoming a global expectation that requires a comprehensive corporate response (MORI 2005). This also applies to South Africa.
- International research. The value of international research to better understand public perceptions, expectations and attitudes regarding corporate responsibility is continuously reiterated by South African businesses, which are more than interested in emerging consumer expectations and concerns that will impact on business practices, future business and branding strategies, and ultimately the sustainability of the organisation.
- Increased pressure on corporate business in South Africa following the King II recommendations on corporate governance and transformation charters (IoD 2002), which has necessitated integrated sustainability reporting and has resulted in a renewed focus on building company reputation.

Other internationally cited factors influencing the growth of ethical consumer behaviour that also have relevance to South Africa include the globalisation of markets, shifts in market power towards consumers, the effectiveness of marketing campaigning and a wider Corporate Social Responsibility movement (Harrison, Newholm & Shaw 2005).

Against this background, this article presents the outcome of the empirical research conducted amongst 900 South African metropolitan consumers to gauge their perception of the nature of ethical consumerism with specific emphasis on differences in the ethical purchasing behaviour patterns of central and peripheral metropolitan areas. These consumer segments are differentiated owing to better business infrastructure development, more product options, higher exposure to information and more prominent company ethical claims in central metropolitan areas when compared to peripheral metropolitan areas. The article therefore explores differences in ethical consumer behaviour between these consumer segments. From a business perspective aimed at building corporate citizenship, consumer loyalty, sustainable business as well as brand reputation and value, information of this nature is of strategic importance.

AIMS

The aim of this article is to investigate the nature of ethical purchasing behaviour in metropolitan areas of South Africa. More specifically, while the article does not aim to quantify expenditure on ethical products and services, it provides qualitative

insight into purchasing behaviour in metropolitan areas of South Africa with the primary focus on:

- How companies' perceived role and contribution to society impact on metropolitan consumers' purchasing intentions
- Consumer preferences for ethical products/services
- The nature of consumer purchasing decisions based on company reputation or support of charitable causes
- Consumers' perceptions of the availability of ethical products/services
- Intentions of consumers to purchase ethical products/services (for example, products with recycled contents, products not tested on animals, organic products and energy-efficient household appliances)
- Ethical product labelling.

These consumer behaviour issues all relate to ethical consumerism, which is anticipated to form an important consideration in future branding and product lifecycle management strategies of South African companies.

As a secondary objective, the article aims to examine statistically significant differences in ethical purchasing behaviour between central and peripheral metropolitan consumers. For this purpose, the sample survey conducted amongst metropolitan consumers was split to allow for this segmented analysis approach. This thus allowed for testing differences in the ethical behaviour of the two consumer groups. For these purposes, the following null and alternative hypotheses were formulated:

$$H_0: \pi_c = \pi_p$$

$$H_1: \pi_c \neq \pi_p$$

where π_c = ethical purchasing behaviour aspect for the proportion of the respondents in central metropolitan areas and π_p = ethical purchasing behaviour aspect for the proportion of the respondents in peripheral metropolitan areas.

Following a confidence interval approach in conducting hypotheses tests to measure statistically significant differences in the ethical purchasing behaviour of the two test areas, the following null hypotheses, based on population proportions, were tested at a 95% level of confidence for each of the ethical purchasing behaviour aspects (see Figure 3):

Hypothesis 1: Corporate social responsibility (CSR) has the same impact on central metropolitan consumers' purchasing decisions as on those of peripheral metropolitan consumers.

Hypothesis 2: Central metropolitan consumers show the same level of preference for products/services of good corporate citizens as peripheral metropolitan consumers. (For the purpose of the study, corporate citizenship is defined as a business with comprehensive policies and practices that enable it to make decisions, be accountable for them, conduct operations ethically, meet legal requirements and show consideration for broad stakeholders, including society and the natural environment.)

Hypothesis 3: Purchasing decisions based on a company's reputation are similar in central and peripheral metropolitan areas.

Hypothesis 4: Purchasing decisions based on a company's link to charitable causes are similar in central and peripheral metropolitan areas.

Hypothesis 5: The perceived availability of socially responsible products/services is similar in central and peripheral metropolitan areas.

Hypothesis 6: The intentions of consumers to purchase products with recycled contents are similar in central and peripheral metropolitan areas.

Hypothesis 7: The intentions of consumers to purchase products not tested on animals are similar in central and peripheral metropolitan areas.

Hypothesis 8: The intentions of consumers to purchase organic products are similar in central and peripheral metropolitan areas.

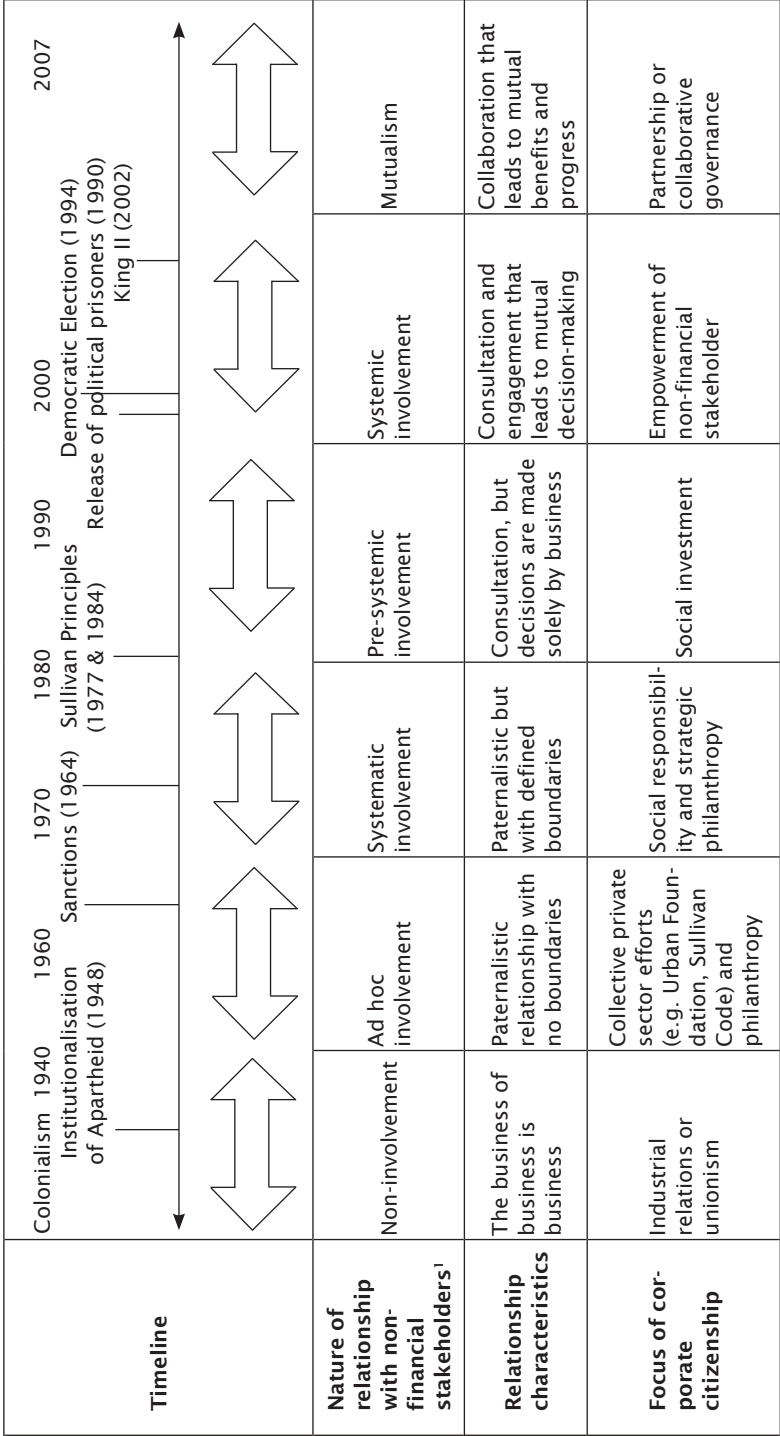
Hypothesis 9: The intentions of consumers to purchase energy-efficient household appliances are similar in central and peripheral metropolitan areas.

Hypothesis 10: The importance of the informative role of product labelling is similar for central and peripheral metropolitan areas.

The way in which the ten hypotheses are formulated suggests that all the hypotheses relate to population proportions and include statements of equality between the two metropolitan clusters.

CONTEXTUALISING CORPORATE CITIZENSHIP IN SOUTH AFRICA

The meaning and status of corporate citizenship (CC) in South Africa has been significantly influenced by the country's history of inequality and injustice. Figure 1 represents a timeline in the development of corporate citizenship in South Africa from 1940 to date with specific emphasis on stakeholder relationships.



¹The relationship characteristics were adapted from a study of the level of business community involvement (O'Brien 2000).

Note:

The **Sullivan Principles** consisted of seven requirements a corporation was to demand for its employees as a condition for doing business. In general, the principles demanded the equal treatment of employees, regardless of their race, both within and outside the workplace, demands which directly conflicted with the official South African policies of racial segregation and unequal rights.

King II is the abbreviated name for the **King Report on Corporate Governance for South Africa** published in South Africa in 2002. It followed a 1994 report commonly known as King I. More specifically, King II emphasises the importance of the role of directors in ensuring good governance practices.

Figure 1: The typology of business non-financial stakeholder relations in South Africa

Figure 1 refers to stakeholders as non-financial entities. However, as much as consumers can be viewed as financial stakeholders due to their financial relationship with a company, they also have a non-financial role to play in influencing corporate behaviour, which, in the case of this article, specifically relates to ethical consumerism and brand citizenship. Furthermore, it can be deduced from Figure 1 that, although consumers are a critical stakeholder group, they have never surfaced as prominently as other groups (such as government, shareholders and labour unions) in influencing corporate behaviour. Moreover, the changing landscape of the South African business environment has necessitated that corporations increasingly focus on the consumer as a key stakeholder group, which is anticipated to progressively inform future brand-building strategies. In the timeframe reflected in Figure 1, the period 2007 and beyond suggests a stronger case for 'mutualism and mutual benefit'. In the case of ethical consumerism and building brand citizenship, it can be argued that ethical practices and responsible brands could benefit both the consumer and the company. It is therefore important that the relationship that a company builds with consumers as a key stakeholder group be driven by engagement and mutual understanding. It is imperative for companies to be early adopters of such practices, suggesting consumer preference for ethical products and services. Building a relationship of such a nature could therefore culminate in ethical product offerings and ethical purchasing decisions, hence benefiting the consumer and building brand equity concomitantly. According to Hamann (2008), the ideal role of business in South Africa is to use its capabilities to contribute constructively to the country's socioeconomic development through reciprocal engagement with stakeholders, amongst whom consumers are key. In addressing these challenges, the article explores a range and the status of ethical consumer preferences in metropolitan areas of South Africa (see the previous hypothesis statements). Prior to presenting the analysis, and due to many anomalies in defining corporate citizenship (CC), an exposition of the terminologies bearing relevance to the topics addressed in the article is provided. More specifically, such a clarification serves to contextualise CC and related terminology from a South African perspective. In South Africa, corporate citizenship (CC) is also called corporate social responsibility (CSR) and corporate social investment (CSI). Though various names are associated with different approaches and practices, CC, CSR and CSI are often used interchangeably in South Africa. This reflects the changing nature of CC in South Africa, which has emerged as part of a wider global trend (McIntosh, Leipzinger & Coleman 2002). Of the many definitions used for CC, the most relevant one that is applicable within a South African context includes that formulated by Maignan and Ferrell (2000). In Visser (2005), these authors define CC as "the extent to which businesses meet

the economical, legal, ethical and discretionary responsibilities imposed on them". The core of this article is partly founded in this definition and focuses mainly on the ethical obligations of business towards consumers as a key stakeholder group. More specifically, the article focuses on ethical consumerism as viewed from a brand perspective. Globally, defining a brand has been expanded to include the ethical behaviour of the brand. Brands cover issues such as governance, ethics and an approach to social material issues. Consumers' choices are therefore influenced by the ethical behaviour of brands. Consequently, brands will in future represent an idea (ethical conduct) far more prominently than the lowest common denominator, being competitive differentiation. Against this background, concepts related to CC and its relevance within the building of brand citizenship are explored in greater detail.

DEFINING BRAND CITIZENSHIP AND ETHICAL CONSUMERISM

Because brand citizenship is well rooted in ethical consumerism, the latter concept will be introduced with an exposition of what brand citizenship entails. Building brand citizenship has arguably evolved as a major business strategy incorporating ethical consumerism as a phenomenon, which is poised to grow in importance in the near future. Findings of a study by Cone LLC in 2007 (Cone LLC 2007) suggest that businesses demonstrating responsibility in every decision they make, right through the business value chain, have the opportunity to contribute favourably to their images while aligning themselves with the wishes of their customers. The study also points out that with an increasingly consumer-led market, companies are under pressure to integrate their ethical predisposition into their brand value.

Brand citizenship

For a better understanding of the origin and meaning of ethical consumerism from a theoretical perspective, it is important to contextualise consumer reaction from a brand perspective. Consumers' reaction to a product is intrinsically linked to their perception of the brand. This perception develops as individuals are exposed to the brand (Du Plessis 2005) and includes the value they place on the brand, which in itself is determined by a number of personal, cognitive and other factors (Du Plessis 2005; Trappey & Woodside 2005). Ethical value is increasingly being viewed by organisations as a vital element that could validate or potentially destroy a company's brand (Edwards & Day 2005). The brand, as much as the company, therefore needs

to be seen as a 'good citizen'. Against this background, 'brand citizenship' is defined as the ability of an organisation to use the power of its brand to make a difference in society (Arvidsson 2006; Edwards & Day 2005). In a report by Quill Advertising (2007), it is stated that there is already sufficient proof that companies are starting to take a 'brand positioning' that reflects their ethical predisposition on matters relating to the complete value chain of an organisation. 'Green branding', for example, is becoming a common term in most industries, considering the emphasis placed on the negative global implications of climate change.

Consequently, brand citizenship is about what lies behind the brand and entails a far deeper analysis of a variety of elements such as sound business practice and values, including good corporate governance, the commitment of staff to the brand, and the relevance and legitimacy of the brand as seen by the broader society.

This article argues that a company's ability to impact on society will increase once brand building is backcasted and implemented from the inception of the brand/product idea. Against this background, the authors of the article are more supportive of the following definition of brand citizenship:

Brand citizenship is the result of a process whereby a company develops its brand identity by backcasting key business decisions throughout the value chain and business processes to reflect ethical implications at every decision-making point. Ethical brand implications become an underlying driver of all business processes and are systemic to sustainable business.

In other words, brand citizenship is essentially not only a marketing communication tool that starts when a brand/product is introduced to the end-consumer for the first time, but brand strategies need to be backcast to the inception of the product/service. Following this approach, brand citizenship is poised to play a key future role in product lifecycle management. The development of an ethical company or ethical brand identity throughout the value chain and business processes will ensure greater support for company claims to corporate social responsibility, which will further complement sustainable business practices.

As consumer expectations of companies and their brands continue to grow in South Africa, it is critical to build a values-based business and to demonstrate these values as an integral part of the brand. The sooner in the product's lifecycle this process starts, the bigger the anticipated benefits for good corporate citizenship. Much broader than cause-related marketing, whereby an organisation adopts a specific cause or charity (Horne & Worthington 2002; Ross, Patterson & Stutts 1992), brand citizenship relates to the deeper intrinsic value of the brand as perceived by all stakeholders. Cause-related marketing usually manifests at a point where the brand value needs to be increased through isolated initiatives such as supporting charitable causes. This 'end of line' approach is contrary to the backcasting strategy

that relates to every single point in the business value chain where ethical brand implications have relevance. Brands that are perceived as ‘good citizenship brands’ succeed in moving beyond the obvious borders of consumer needs and expectations. They appeal to a far wider circle of stakeholders, including suppliers, government, civil society groupings and investors. Brand citizenship is therefore also the result of a strong stakeholder mindset, which suggests that stakeholders should be included at key decision-making points in business processes and the value chain. This ‘mindset’ therefore contributes towards developing brand citizenship. The ‘stakeholder mindset’ is gaining widespread support in South Africa if one considers the corporate governance discourse, where clear mention is made of the importance of stakeholders in ethical business conduct (IoD 2002).

Companies need to be competitive, and brand value plays a fundamental role in achieving this. Competitiveness without responsibility does not contribute towards sustainable business. This is supported by MacGillivray (in Wheale & Hinton 2007: 304), who states that it has become “crucial for companies that they better understand what kind of behaviour consumers are now demanding and how they view ethical issues”.

Companies in South Africa have already started making ethical claims on the intrinsic values and benefits of their brands/products, and they are expected to persist in doing so. This strategy will largely serve as competitive differentiator, especially when implemented throughout all phases of a brand/product lifecycle. Without consumers demanding the ethical value of a brand/product throughout the entire product lifecycle, companies will not be driven to make this ethical shift. However, the more companies make these claims, the more consumers will demand this, and a much wider consumer movement will further stimulate what has become known as ‘ethical consumerism’. The ethical, social and environmental actions of a company, and the positioning that supports these actions, can have a profound impact on its future brand reputation and value.

Consumers consistently say that they are concerned about the impact of the brands/products that they purchase, and that they prefer to buy from companies that take social and environmental responsibilities seriously. However, there remains a major gap between consumers’ concerns and everyday action – even where basic information to guide choices is readily available. For example, over a quarter of people say they would pay a little more for a green electricity tariff, but only a very small minority have actually made the switch (UK National Consumer Council 2006). This trend not only seems to be evident internationally, but also in South Africa. As will be reiterated later, the ethical purchasing intentions of South African consumers seem fairly high, but this is not yet manifesting in actual purchases.

To examine possible reasons for this, a number of theories about the causes of the persistent gap between consumers' expressed concerns and their actual purchasing choices were examined. These relate, amongst others, to the following (UK National Consumer Council 2006):

- Consumers are more concerned about things like price, quality, convenience and status than CSR.
- Consumers simply do not have the time to evaluate all the information available and are put off by the complexity and disputed nature of sustainability issues.
- Organisations' corporate responsibility strategies are simply detached from consumers' interest and expectations and not communicated well at brand and product levels.

Against this background, business has realised that insight into consumer behaviour is fundamental to developing tools and strategies to align business behaviour and consumer concerns. For example, to impact on consumer choices, business has started to align mainstream brands not only with consumers' values but also with consumer scepticism. Assured consumers do not consider, or are unlikely to start considering, companies, brands or products based on a set of technical specifications. Instead, the implicit trust of consumers to choose a company, brand or product and remain loyal is based on a company's ethical behaviour. Clearly, from past international research, companies' cause-related initiatives have a profound influence on consumers and their choices. According to the Cone LLC (2007) national survey, 78% of the civic-minded generation (78 million strong) believe that companies have a responsibility to join them in this effort. Nearly nine out of ten millennials aged between 13 and 25 that were surveyed stated that they are likely or very likely to switch from one brand to another (price and quality being equal) if the second brand is associated with a good cause. The survey also shows that 93% of Americans believe that companies have a responsibility to preserve the environment, and those that clearly integrate this consumer demand in their brand value will outperform their competitors.

Ethical consumerism

Simply put, ethical purchasing is buying goods/services that are produced/offered ethically by companies that act ethically. 'Ethical' can be a subjective term both for companies and consumers, but in its truest sense it refers to a practice of producing/purchasing products and services that actively seek to minimise social and/or environmental damage and the avoidance of products deemed to have a negative

impact on society or the environment (IGD Services Ltd 2007). Acting as an 'ethical consumer' can take on a number of often subtle forms. These include (Ethical Consumer 2008):

- **Positive buying**, which includes favouring ethical products, be they fair trade, organic or cruelty free. This option is arguably the most important since it directly supports progressive companies.
- **Negative purchasing**, which means avoiding products that consumers disapprove of, such as battery eggs or polluting cars.
- **Company-based purchasing**, which involves targeting a business as a whole. For example, the Nestlé boycott targeted all its brands and subsidiaries in a bid to force the company to change its marketing of baby milk formula in the Third World.
- The **fully screened approach**, which is a combination of all three and means looking at all the companies and products together and evaluating which brand is the most ethical.

According to the Co-operative Bank (2007) in the UK, ethical products and services comprise various segments including, amongst others, ethical food and grocery products (for example, organic food and free-range eggs), 'green' home improvements (such as energy-efficient appliances and light bulbs), ethical personal products (for example, ethical clothing and cosmetics) and financial products (such as ethical banking and investment). According to the Co-operative Bank's *Ethical Consumerism Report* (2007), ethical spending in the UK was worth £32.3 billion in 2007. Against this background, ethical purchases accounted for approximately 5% of the total annual consumer spending in the UK in 2007.

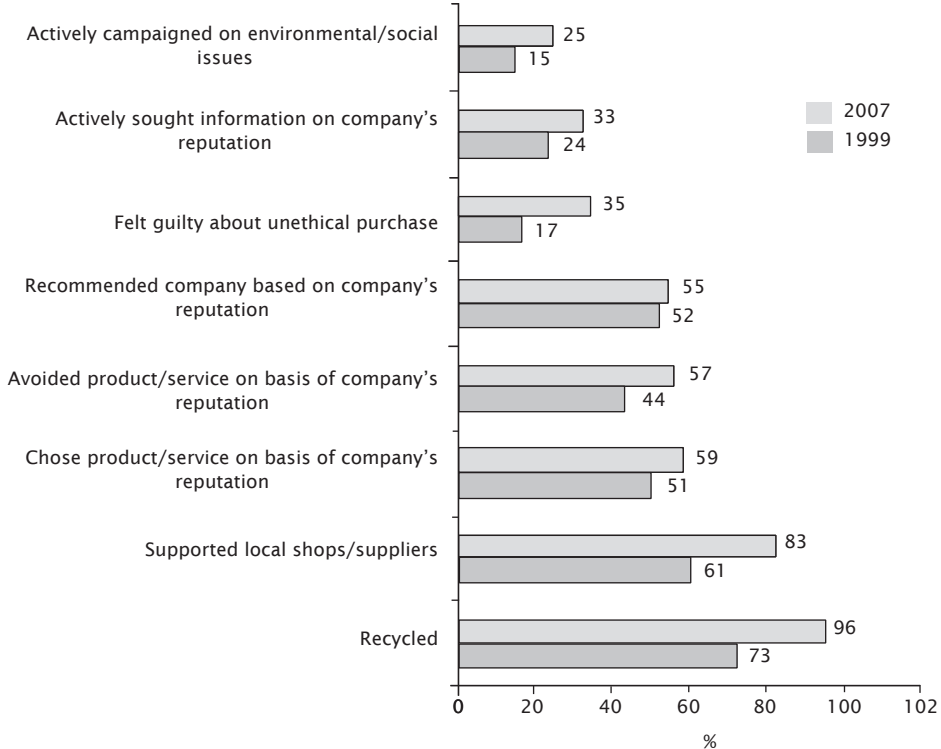
Although similar figures for South Africa are largely lacking, actual spending on ethical products and services is also believed to be fairly low. Although actual ethical purchases remain low, there is clear evidence of growing purchasing intentions and increased focus on ethical company behaviour by South African consumers. This suggests that ethical consumerism is no longer only an academic term but has become an important component of business strategies in building future brand reputation and values.

For the consumer, however, the concept of ethical consumerism refers to the existence of consumer preferences for products and services that conform to their ethical aspirations. Hence, consumers may be inclined to purchase products and services that reflect ethical preferences, or they may select products and services from companies that have an ethical reputation. Ethical consumerism may also involve the active boycotting of companies that are perceived to have acted unethically.

Examples of this include the boycott of Shell in the wake of the assassination of Ken Saro-Wiwa (Project Underground 2006). As mentioned earlier, with the increase of a consumer-led market, coupled with strong consumer ethical considerations, brands that do not respond to these pressures in their value proposition will have to face consumer boycotts and loss in market share. Charter and Polonsky (1999) strongly argue that meeting the needs of today's consumers unsustainably will reduce the ability of the company to meet the needs of future generations. Consumers are increasingly aware of the challenges the planet is facing on a social and environmental level, hence this increase in demand placed on companies to act ethically. This 'futuraity', as referred to by Charter and Polonsky (1999), has not found its place in conventional marketing, however. The challenge for conventional marketers will be to view consumers not as 'units of consumption' but as complex individuals with needs that tend to increasingly reflect their moral stance in society. Therefore, if an emerging consumer-led market with a moral caveat becomes the future landscape, brand strategists would have to take this into everyday branding considerations to remain relevant, responsible and responsive to a changing consumer landscape.

In developed countries such as the UK, the change in consumer ethical behaviour is already evident and has been recorded for a number of years. In this regard, the 2007 ethical consumerism report of the Co-operative Bank (2007) reiterates the increased predisposition to ethical behaviour by UK consumers between 1999 and 2007 (see Figure 2).

Since no research on measuring ethical consumerism trends has been conducted in a developing country such as South Africa, this research and article represent groundbreaking work on ethical consumerism in South Africa. The research in South Africa followed a regional approach, which added value to a better understanding of ethical consumerism. In this regard, the research differentiated between central (inner city) and peripheral (township) metropolitan consumer regions. Due to several regional differences between central and peripheral areas relevant to business in considering the development of market and brand strategies, this article presents the research findings from a regional perspective. The logic for presenting the findings from a regional perspective is vested in immense purchase power differentials, different product market developments, differences in buying behaviour and trade structures, and different competitive situations between central and peripheral consumer markets. To establish whether these regional differences also manifest themselves in an investigation of ethical consumerism, this article explores ten different statements (hypotheses) related to ethical consumerism. In the sections that follow, the research methodology and the development of the hypotheses are explained prior to an evaluation of the outcome of the research from the regional perspective, as explained.



Source: Co-operative Bank (2007)

Figure 2: Changes in ethical behaviour of UK consumers (1999–2007)

RESEARCH METHODOLOGY

In collecting information on ethical purchasing behaviour aspects in South Africa, a combination of interviewer-administrated telephone (central areas) and in-house personal interviews (peripheral areas) were used to conduct a survey amongst 900 metropolitan consumers in South Africa. The sample was split between central and peripheral metropolitan areas due to the reasons mentioned previously. More specifically, central metropolitan areas included consumers residing in the inner cities and suburbs of Johannesburg, Tshwane, Durban and Cape Town. In turn, consumers residing in township and informal settlement areas of the four metropolitan areas were included as part of the peripheral metropolitan cluster. The sample size by metropolitan cluster is reflected in Table 1.

A multiple-sampling approach was used to construct the sample plan for the survey. This implies that the sample areas were first identified, whereafter a systematic sampling approach was used to select the sample of respondents by metropolitan area. The size of the sample per metropolitan area was based on population num-

Table 1: Sample size by metropolitan cluster

Metropolitan area	Central metropolitan area	Peripheral metropolitan area	Total	
			<i>n</i>	%
Tshwane	75	75	150	16.7
City of Johannesburg	175	175	350	38.9
Cape Peninsula	85	85	170	18.8
eThekweni	115	115	230	25.5
Total	450	450	900	100.0

bers for each area, reflecting a typical probability proportionate to population size sample. It is clear from Table 1 that just less than 40% of the sample was drawn from the City of Johannesburg, while approximately a quarter of the sample was drawn from eThekweni (Durban). The remainder of the sample was distributed between the Tshwane (16.7%) and the Cape Peninsula (18.8%) clusters. A total of 37 townships/informal settlement areas was included in the final sample. Seven township/informal settlement areas were included from Tshwane, while 13 township/informal settlement areas were included from Johannesburg, seven from the Cape Peninsula and ten from eThekweni.

Given that the focus of the research topic, namely ethical consumer behaviour, is fairly new in South Africa, a concerted effort was made during the fieldwork training to guide fieldworkers in terms of the ethical consumer behaviour concepts addressed in the study. However, this meticulous training approach not only served as an educational tool but also supported the qualification of consumers' real understanding of ethical purchases. The better-informed fieldwork corps was also better positioned to support the probing approach used during interviews to clarify ethical consumer behaviour aspects if required.

It is also clear from Table 1 that the final sample was distributed disproportionately amongst central and peripheral metropolitan areas. For the purpose of this article, differences in the ethical purchasing behaviour between the two metropolitan clusters (central versus peripheral metropolitan areas) are examined by applying a confidence interval hypothesis test approach. This approach allowed for the examination of statistically significant differences between central and peripheral metropolitan consumers in terms of ethical purchasing behaviour. For each consumer behaviour item included in the research design, hypotheses tests were conducted at a 95% level of confidence. Consequently, the level of significance for each hypothesis was set at:

$$\alpha = 0.05$$

Furthermore, due to fairly large sample sizes per metropolitan cluster, the *z*-test statistic ($z = \pm 1.96$) was used as an appropriate statistical test. Against this background, the standard normal distribution curve reflected in Figure 3 clearly shows that the hypotheses tested are non-directional in nature.

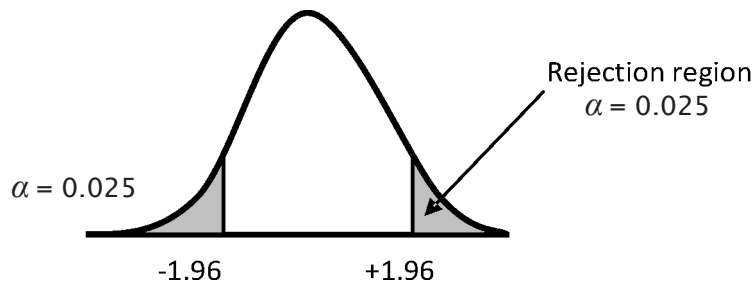


Figure 3: Standard normal distribution curve

DESCRIPTIVE ANALYSIS

Prior to applying the hypotheses to test statistically significant differences in ethical consumer purchases in the two test areas, an overview of the profile of the survey participants (respondents) by gender, age and population group is presented in Tables 2–4.

Table 2: Respondents by gender and metropolitan area

Gender	Metropolitan area				Total	
	Central metropolitan		Peripheral metropolitan			
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
Male	183	38.7	176	41.1	359	39.8
Female	290	61.3	252	58.9	542	60.2
Total	473	100.0	428	100.0	901	100.0

Table 3: Respondents by age group and metropolitan area

Age group	Metropolitan area				Total	
	Central metropolitan		Peripheral metropolitan			
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
20–29	82	17.3	133	31.1	215	23.9
30–39	104	22.0	132	30.8	236	26.2
40–49	125	26.4	100	23.4	225	25.0
50–59	101	21.4	47	11.0	148	16.4
60+	60	12.7	15	3.5	75	8.3
Confidential	1	0.2	1	0.2	2	0.2
Total	473	100.0	428	100.0	901	100.0

Table 4: Respondents by population group and metropolitan area

Population group	Metropolitan area				Total	
	Central metropolitan		Peripheral metropolitan			
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
African	55	11.6	395	92.3	450	49.9
Asian	42	8.9	11	2.6	53	5.9
Coloured	12	2.5	21	4.9	33	3.7
White	364	77.0	1	0.2	365	40.5
Total	473	100.0	428	100.0	901	100.0

Given the profile of the survey participants, the outcomes of the hypotheses tests are discussed in the sections that follow.

HYPOTHESIS DEVELOPMENT

The six steps in testing the hypotheses with regard to the selected consumer behaviour issues to determine statistically significant differences between the two metropolitan areas are as follows:

Step 1

State the confidence level. All hypotheses were tested at a 95% level of confidence.

Step 2

State the level of significance. For all hypotheses, $\alpha = 0.05$.

Step 3

Identify an appropriate statistical test. Because $n > 30$, the z -test was used. The z -score transformation standardises variables to the same scale, producing new variables with a mean of 0 and a standard deviation of 1.

Step 4

Compute the value of the test statistics (observed survey values). The observed values reflect the outcome of the survey research in terms of the proportion (p) of respondents indicating their ethical purchasing behaviour.

Step 5

Calculate the critical value for the test statistics (proportions). The critical values of the test statistics were calculated by means of the following standard error formula:

$$\sigma_{(\bar{p}_c - \bar{p}_p)} = \sqrt{\bar{p}(1 - \bar{p})\left(\frac{1}{n_c} + \frac{1}{n_p}\right)}$$

Step 6

Reject or accept the null hypotheses. All hypotheses are tested on the assumption that there are no statistically significant differences between the metropolitan cluster areas (test areas).

INFERENCE ANALYSIS

The outcome of the hypotheses tested provides an opportunity to make some inferences about the population on the grounds of what has been observed in the sample ($n = 900$). Following the six steps in testing the hypotheses for the selected ethical purchasing behaviour aspects, the outcomes of these tests are presented in Table 5. The table lists the ten two-tailed hypotheses as well as the outcome of steps 4 (observed values), 5 (critical values) and 6 (decision ruling) of the hypotheses tests. The observed values (OV) for the hypotheses tests reflect the difference between the proportions (p_c for central areas and p_p for peripheral areas) of the two cluster groups (central and peripheral areas) in terms of the selected ethical consumer behaviour aspects based on the survey outcomes. Table 5 also reflects the critical values computed by means of the standard error formula against which the observed values (OV) were compared to finally rule the hypotheses acceptable or not at a 95% level of confidence.

It is clear from Table 5 that more central metropolitan consumers ($p_c = 53.5\%$) believe that CSR has an important impact on their purchasing decisions (see hypothesis 1) when compared to peripheral consumers ($p_p = 46.3\%$). Although the percentages of consumers are slightly lower for consumer preferences for products/services of ethical companies (see hypothesis 2), reputable companies (see hypothesis 3) or companies linked to charitable causes (see hypothesis 4), the same trend is notable. Furthermore, fewer than half the respondents in both consumer segments are of the opinion that there are sufficient socially responsible products and services available. This would seem to indicate fairly limited exposure of consumers to ethical products/services (see hypothesis 5). More than half the metropolitan consumers (both consumer segments) claimed to have made ethical purchases, with

products of recycled contents topping the list (see hypotheses 6–9). Surprisingly, the proportion of respondents claiming to make ethical purchases does not differ for the two consumer segments. However, based on the qualitative analysis of the survey results, it is surmised that this finding reflects consumers' intentions rather than actual purchase claims.

To further supplement the descriptive analysis of the survey findings discussed, the following discussion presents the outcome of the inferential analysis presented in Table 5. This analysis presents a statistically sound approach for comparing differences between the consumer segments being studied.

Socially responsible purchasing decisions

The statistical analysis reflected in Table 5 shows that socially responsible purchasing decisions in central and peripheral metropolitan areas differ significantly. This can be stated at a 95% level of confidence. It is clear from the analysis that CSR, company reputation and good citizenship have a greater impact on central metropolitan consumers and that they also show a higher preference for and/or awareness of products and services of good corporate citizens than peripheral consumers. The intention to purchase products and services of reputable companies and those linked to charitable causes is also far greater amongst central metropolitan consumers when compared to peripheral consumers. These findings may be attributed to better-informed central metropolitan consumers and better-developed retail infrastructure and product branding in central metropolitan areas. As expected, when compared to UK consumers (see Figure 2), the apparent interest of South African consumers (in a developing economy) in CSR is significantly lower. Furthermore, a far lower proportion of South African consumers intend purchasing products and services based on company reputation when compared to the proportion of UK consumers who actually purchase products/services on the basis of a company's reputation. This affirms the view that responsible purchasing and purchases based on company reputation have not yet reached extensive levels in South Africa and that consumer intentions are still not reflected in actual consumer purchases. However, it is anticipated that this trend will gradually change in the years to come and that South African companies need to react proactively to changing consumer trends and devise future brand strategies accordingly.

Availability of socially responsible products/services

From the inferential statistical analysis presented in Table 5 it is clear that the perceived availability of socially responsible products/services does not differ signifi-

Table 5: Hypotheses tests

H_0	Null hypothesis	Observed values (OV)	Critical values	Decisions
H_1	<i>Hypothesis 1:</i> Corporate social responsibility(CSR) has the same impact on central metropolitan consumers' purchasing decisions as on those of peripheral metropolitan consumers.	$P_c = 0.535$ $P_p = 0.463$ OV = 0.072	±6.5%	Reject H_1
H_2	<i>Hypothesis 2:</i> Central metropolitan consumers show the same level of preference for products/services of good corporate citizens as peripheral metropolitan consumers.	$P_c = 0.474$ $P_p = 0.308$ OV = 0.166	±6.4%	Reject H_2
H_3	<i>Hypothesis 3:</i> Purchasing decisions based on a company's reputation are similar in central and peripheral metropolitan areas.	$P_c = 0.307$ $P_p = 0.224$ OV = 0.083	±5.8%	Reject H_3
H_4	<i>Hypothesis 4:</i> Purchasing decisions based on a company's link to charitable causes are similar in central and peripheral metropolitan areas.	$P_c = 0.548$ $P_p = 0.287$ OV = 0.261	±6.4%	Reject H_4
H_5	<i>Hypothesis 5:</i> The perceived availability of socially responsible products/services is similar in central and peripheral metropolitan areas.	$P_c = 0.471$ $P_p = 0.456$ OV = 0.015	±6.5%	Accept H_5
H_6	<i>Hypothesis 6:</i> The intentions of consumers to purchase products with recycled contents are similar in central and peripheral metropolitan areas.	$P_c = 0.765$ $P_p = 0.792$ OV = -0.027	±5.4%	Accept H_6
H_7	<i>Hypothesis 7:</i> The intentions of consumers to purchase products not tested on animals are similar in central and peripheral metropolitan areas.	$P_c = 0.684$ $P_p = 0.724$ OV = -0.04	±6.0%	Accept H_7
H_8	<i>Hypothesis 8:</i> The intentions of consumers to purchase organic products are similar in central and peripheral metropolitan areas.	$P_c = 0.603$ $P_p = 0.582$ OV = 0.021	±6.4%	Accept H_8
H_9	<i>Hypothesis 9:</i> The intentions of consumers to purchase energy-efficient household appliances are similar in central and peripheral metropolitan areas.	$P_c = 0.573$ $P_p = 0.575$ OV = -0.002	±6.5%	Accept H_9
H_{10}	<i>Hypothesis 10:</i> The importance of the informative role of product labelling is similar for central and peripheral metropolitan areas.	$P_c = 0.728$ $P_p = 0.769$ OV = -0.041	±5.7%	Accept H_{10}

cantly between central and peripheral metropolitan areas. This can be stated at a 95% level of confidence. This rather unexpected finding could be attributed to a lack of understanding of what socially responsible products/services actually entail. From the qualitative research findings, it was clear that a precise understanding of ethical consumerism is also generally lacking, especially amongst peripheral metropolitan consumers. This finding, as well as the divergence from the actual understanding of ethical products/services, also correlates strongly with general consumer perceptions of the availability of sufficient socially responsible products and services in metropolitan areas. In some instances, organic farm produce was often perceived in peripheral areas to include produce from informal street traders on the assumption that such produce is 'home-grown' and thus conforms to aspects of organic production. This is clearly divergent from the formal definition of organic produce used by organic labelling schemes, which is more prevalent amongst central metropolitan consumers.

Ethical purchasing intentions

It is evident from the inferential analysis presented in Table 5 that there is no statistically significant difference between the ethical purchasing intentions of central and peripheral metropolitan consumers at a 95% level of confidence in terms of the following products:

- Products with recycled content
- Products not tested on animals
- Organic products
- Energy-efficient household appliances.

The overall survey findings show that both central and peripheral metropolitan consumers show high purchasing intentions for recycled products in particular. However, although the study showed high purchasing intentions amongst metropolitan consumers for ethical products/services, it also indicated that these purchasing intentions seldom transfer into actual purchases. Once again, consumers in developing countries such as South Africa lag far behind consumers in developed countries such as the UK in terms of, for example, household waste recycling and purchasing of energy-efficient household appliances (see Figure 2).

Product labelling

The inferential analysis presented in Table 5 also illustrates that there is no statistically significant difference in the importance attached to the informative role

of product labelling in central and peripheral metropolitan areas. This can be stated at a 95% level of confidence. In fact, at least 70% of the survey populations in both metropolitan clusters regard the informative role of product labelling as important. In order of priority, at least 70% of the consumers in both metropolitan clusters show preferences for the following information on products labels:

- Nutritional information for foods
- Ingredients/materials used
- Country of production (Buy South Africa)
- Environment-friendly packaging
- Produced organically
- Containing recycled materials
- Animals have been treated well.

The inferential analysis that has been presented clearly indicates the desire of consumers to be informed about ethical products/services and ethical business behaviour. Information of this nature could contribute to higher awareness, improved purchasing intentions and ethical buying behaviour of consumers in general.

The nature of the desired ethical consumer information requested by consumers directly supports the introduction of the concept of 'brand backcasting' as a key brand citizenship strategy, as defined earlier. Consumers are no longer only interested in the brand/product in its final format; they are becoming increasingly interested in the production process and ethical packaging leading up to the final product. This finding presents exciting challenges with their own strategic business management implications. Prior to a presentation of some concluding remarks, the business implications of the research are briefly discussed.

MANAGEMENT IMPLICATIONS

The results of the study identify brand strategy options for South African-based companies that endeavour, through ethical practice, to make their products and services more appealing to consumers, who are increasingly turning to ethical consumerism in an attempt to make companies more accountable. As mentioned, the research triggered the introduction of a new concept referred to as 'brand backcasting'. This concept implies that companies should in future not brand their products and services only at the final phase of the product lifecycle. To really benefit from being a good corporate citizen, companies need to change their ethical behaviour by developing their brand strategy at a much earlier phase of the product lifecycle. Claiming and demonstrating ethical company behaviour throughout the product

lifecycle and ensuring that brands reflect this stance might just provide companies with the desired competitive edge. On the one hand, the challenge to companies is to develop brands that are responsive to increased ethical consumer demands. On the other hand, brands need to be positioned in such a way that they actually influence consumers to demand ethical brand propositions from the companies' products and services that they wish to support. However, this approach demands a complete revision of business processes with respect to evaluating brand implications (and, more specifically, ethical implications) throughout the value chain. Gobe (2002) argues that consumers are more ready than ever before to connect emotionally with brands. An emotional connection with the brand is, however, not the result of an isolated cause-related marketing initiative, but goes back to the fundamentals of the 'way you do business'. Brands that reflect this will be known as responsible brands and will remain relevant in the broader society. They draw attention to the corporate citizenship discourse, which deals with the role of business in society and allows corporations to connect with society not only through the end product but through every single decision made in the organisation.

Apart from having clear implications for future branding strategies, the study also shows clear potential for the marketing of ethical products and services amongst South African consumers. In this regard, future promotion and distribution strategies of marketers should be more focused on aspects of the products or services that transcend ethical boundaries, or that appeal to ever-increasing ethical audiences. The emotional landscape in South Africa is unique in the sense that consumers at the bottom end of the market have strong aspirations and hope to improve their quality of life in general through the choices they make in their everyday purchasing of products and services. It is therefore important for companies to show their true citizenship colours. However, proof of this lies in the institutionalisation of corporate citizenship through corporate strategy, management practices, procedures and policies.

Since there is some doubt about ethical consumerism being as prevalent as claimed by metropolitan consumers, ethical marketers also have a clear educational and marketing role towards increasing consumer awareness of ethical products/services. Ethical branding throughout the product lifecycle would, without doubt, strengthen the ethical claims of good corporate citizens and concomitantly impact positively on the future purchasing behaviour of metropolitan consumers.

CONCLUSION

This article has discussed the preferences, awareness, purchasing intentions and expectations of metropolitan consumers regarding ethical purchases and has provided a clear indication of changing consumer behaviour towards ethical consumerism.

The outcome of the research shows statistically significant differences in terms of the preferences, awareness and intentions of central and peripheral metropolitan consumers to purchase products and services from ethical and reputable companies. The study also indicated fairly high levels of ethical purchasing intentions amongst both central and peripheral metropolitan consumers, although it is doubtful whether these intentions do, in fact, transform into actual purchases. This latter phenomenon largely coincides with international trends, which reflect fairly low ethical purchasing expenditure amongst consumers. In fact, while ethical spending in the UK has become more mainstream in 2007, a core of committed ethical consumers still account for the majority of ethical purchases. In South Africa, however, the evidence that both central and peripheral metropolitan consumers show fairly high levels of ethical concern and intentions to buy products/brands displaying an ethical predisposition suggests that business practices will increasingly be geared to building brand citizenship, preferably across all phases of the product lifecycle, including the value chain of the organisation. However, it needs to be acknowledged that, although consumers are not the only stakeholders concerned with CSR, they can be a critical driver of change. Equally, there is a real risk that the progress towards more sustainable business and markets will be diluted in the longer term if consumers are not engaged. Sustainable brands will therefore have to be responsive to societal demands by reflecting true citizenship colours. Only then will these brands be viewed as responsible brands and remain relevant in society in the long run.

From this groundbreaking research attempt to investigate ethical consumerism in South Africa, some additional research needs have emerged. Future research topics that could contribute to a better understanding of the status and development of ethical consumerism in South Africa, and how it could impact on brand citizenship in particular, include the following:

- Quantitative research aimed at measuring household expenditure on ethical goods and services (for example, ethical food and drink, energy-efficient and sustainable home product purchases, ethical personal products and ethical finances)
- Longitudinal quantitative research aimed at tracking changes in ethical behaviour of South Africans across all major metropolitan areas
- Qualitative and quantitative brand perception studies of how South African consumers experience brand citizenship across the entire value chain. Instead of focusing on classic brand dimensions, a study of this nature rather requires an evaluation from a rational and/or ideological perspective to support authentic brand building, which nowadays seems less of a possibility via the traditional media only.

- Qualitative and quantitative service expectations surveys amongst South African consumers measuring the responsible brand behaviour of South African companies
- Qualitative and quantitative business-to-business research focused on compliance with ethical conduct within the supply chains
- Qualitative and quantitative research determining the extent to which ethical brand implications manifest throughout the value chain.

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