Chapter 64

Using Sustainability Reports as a Method of Cause–Related Marketing for Competitive Advantage

John Kenneth Corley
Appalachian State University, USA

Sandra A. Vannoy
Appalachian State University, USA

Joseph A. Cazier
Appalachian State University, USA

ABSTRACT

This study explores the impact of sustainability reporting on consumer behavior. In this study, the authors measure consumer perception and behavior using the constructs value congruence, trust, loyalty, and purchase intention. To test other research model and hypotheses they collected survey data during an online experimental simulation. During the simulation participants were presented with information about a fictional retailer of digital music, movies, and MP3 players. Consumer behavior data were collected from participants before and after presenting information about the sustainability report of the fictitious retailer. The results of the study suggest sustainability reporting has a significant and positive impact on consumer behavior. Therefore, it may prove to be an effective method of cause-related marketing used to attract conscientious consumers.

INTRODUCTION

The modern business environment is extremely volatile. This is especially true for organizations competing in electronic commerce (e-commerce) markets. Prior to the development of the Internet traditional businesses focused on the widely accepted four P's (product, price, promotion, and place) of marketing. The four P's have been extensively studied in the research literature (Anderson & Taylor, 1995), and in the pre-Internet era 'place' was determined to be a key component

of a company's competitive advantage. However, in the context of e-commerce within current era 'place' has become irrelevant (Wilson & Abel, 2002). Consequently, creating and maintaining a competitive advantage is extremely difficult in e-commerce markets because business strategies incorporating the remaining 3 P's (product, price, and promotion) are quickly and easily duplicated by competitors. Wilson and Abel (2002) note the former strategic significance of 'place' has been transferred to new critical factors. Cazier, Shao, and St Louis (2006), suggest 'perception' has replaced 'place' in the current era of e-commerce. They further define perception as a "consumer's perceptions of trust, value congruence, and other factors that motivate customers to complete a transaction." This could help explain the strategic focus modern businesses place on building up their reputation.

Sustainability has become a strategic focus within many modern organizations. This is attributed to changes in public awareness and consumer behavior. The increase in media coverage of environmental issues and changes in general consumer behavior patterns have given rise to what is known within the research literature as 'ethical consumption' and 'ethical consumerism' (Newholm & Shaw, 2007; Strong, 1996). That is, consumers are purchasing goods and services from businesses that share their values. Organizations have responded to ethical consumerism with 'cause-related marketing' (CRM) to attract conscientious consumers (Barone, Miyazaki, & Taylor, 2000). In fact, recent studies including surveys by McKinsey & Company, the United Nations Global Compact led by Accenture, and the Boston Consulting Group indicate "strengthening reputation and trust are prime motivators for companies to be involved with sustainability (O'Brien, 2010)." Sustainability reporting is emerging as a method of implementing CRM to create a competitive advantage that is not easily replicated.

To better understand the impact of sustainability reporting on consumer behavior and consumer

perception we developed a research model designed to address the following research questions:

- Does sustainability reporting positively impact consumer behavior?
- Does value congruence (the alignment between the values of consumers and an organization) positively impact consumer behavior?
- Do pre-existing general attitudes toward sustainability significantly impact value congruence?

THEORETICAL BACKGROUND

One of the earliest definitions of sustainability can be traced to a 1987 United Nations conference where sustainability is defined as developments that "meet present needs without compromising the ability of future generations to meet their needs" (WCED, 1987). For the purposes of this study we closely adhere to the United Nations definition of sustainability, and further define 'sustainability reporting' as documentation of an organization's focus on environmental issues as a central component of normal business operations. These business operations include waste reduction, eliminating pollution, recycling & the use of materials that are easily recycled, utilizing energy efficient operations, the use of green power (solar, wind, hydro, etc.), and supporting non-profit environmental organizations and initiatives.

Based on previously published literature we use two constructs (consumer purchase intentions and consumer loyalty) to measure consumer behavior and two constructs to measure consumer perception (consumer trust and value congruence).

Consumer Purchase Intentions

Taylor and Strutton's (2010) meta-analysis of 112 Internet-related marketing studies found several commonalities related to constructs used to mea-

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