Ethical Consumption

SUMMARY: Younger U.S. consumers are engaging in more "ethical" and values-driven spending on products and services, and investing in companies seen as doing good. The values and demographic weight of the millennial generation suggest that this trend will grow.

Forecasts

- As tools—apps, sensors, data analytics—to guide consumer behaviors along ethical lines proliferate, ethical consumption will be a primary screen or filter for more purchasing and spending decisions.
- From Tesla to renewable energy generation to ethical supply chains, the ethical economy will drive innovation in consumer-facing products and services as companies seek to capture ethical dollars.
- Who or what is ethical will remain highly debated in an increasingly polarized society.
- Publicly trumpeting ethical positions can make ethical issues go viral faster, and organizations and companies will run a higher risk of being publicly called out, shamed, or boycotted when consumers perceive a breach of stated ethics.

Key Uncertainties

Evolution of consumer values over life stages

•

Evolution of environmental issues

•

Size of ethical market

•

Effects of political polarization on consumer values and choices

•

Economic conditions

•

Consumer choice fatigue

•

Related standards and certifications

2018© ASAE Foundation

Supporting Trends

- **The ethical economy.** Younger U.S. consumers tend to spend based on ethical issues and values. Younger millennials seem to be even more values-driven than older ones, suggesting that the trend could continue to gain strength as younger millennials mature.
- **Impact investing.** Investing to promote social, environmental, or governance benefits as well as financial returns—also known as impact investing—has been growing substantially, reaching $36 billion globally in 2015 from around $26 billion in 2013.
- **Politicized commerce.** Political polarization is spilling over into commerce, with companies increasingly taking sides on divisive political issues. Companies can be drawn into controversies unwillingly as consumers on different sides of a political issue demand they take a stand, or because their products or services suddenly take on political meaning.
- **Consumer spending shift.** American consumers are spending less on goods such as clothing and electronics and more on services like entertainment, travel, and healthcare.
- **Ethics and transparency.** Ubiquitous connectivity and information-capture, new sensing capabilities, and pervasive social media are boosting corporate transparency, raising significant challenges to corporations' reputation and risk management strategies.
- **Millennials: the most liberal generation.** Millennials' liberal values may be a lasting generational trait, not merely youthful idealism.

Related Drivers of Change

- Transparent Organizational Ethics
- The Splintered Society
- The Sharing Economy
- Declining Trust

Notable Data Points

ETHICAL CONSUMPTION

70% of millennials say their **personal values are "the driving force behind their decision-making."**

Source: Deloitte

MILLENNIALS

Pew Research Center has consistently found that millennials (people age 20–36 in 2017) **are "considerably more liberal"** than all other living U.S. generations.

Source: Pew Research Center

2018© ASAE Foundation

Strategic Insights

- As organizations representing industry sectors or interests, associations are well-positioned to act as developers and arbiters of ethical standards for their industries and membership.
- More associations will be buffeted by consumer and member demands to develop and promote explicit organizational ethics.
- Work on organizational and industry ethics could exacerbate tensions within organizations about what constitutes ethics and when and how organizations should be involved or take stands.
- Promoting ethical positions leaves organizations open to critiques by those who hold different positions, and by supporters who are policing the organization for lack of compliance. Associations that do make ethical positions explicit will need to be prepared to defend them against critics.
- If associations do not work to define the ethics involved in their industry, they will be left to work within guidelines developed by others—e.g., consumer groups or regulators—that may be harmful or restrictive.

Timing

- **Stage:** Growth, from a relatively small base
- **Speed:** Slow, as the trend is driven by values

Potential Alternative Futures

- **It's too much work:** Having to keep straight which products and services qualify as ethical and which should be rejected proves too much of a hassle for consumers—in part because of proliferating guides to ethical purchasing.
- **Profusion of systems:** The proliferation of standard-setting organizations and standards creates confusion and undermines consumer confidence in any system.
- **Dollar activism:** Slashed environmental regulations boost ethical buying, as consumers seek to offset damage and take a stand via

2018© ASAE Foundation

Take Action

- **Promote the nonprofit advantage.** In a competitive marketplace, associations can promote their nonprofit commitment to delivering unbiased products and services that the community has collectively developed to advance their common good.
- **Take the lead in defining what ethical consumption is.** Many associations can help members and consumers sort out the different issues and options in their field of influence. Associations can clarify the labels and terms and, where appropriate, establish standards for their use. Some nonprofits and advocacy organizations may choose to issue scorecards to guide consumers to supportive businesses and organizations. Where consumers are experiencing choice fatigue, associations can help clarify priorities.
- **Review your values and code of ethics.** If these statements are silent on issues of ethical consumption, consider how they might be updated to respond to changing public expectations.
- **Choose partners and vendors that reflect well on you.** If you are working with or recommending companies and other business partners, members may assume your association has vetted not just their abilities but also their values and beliefs. Be clear about what is permissible in capitalizing on these relationships.
- **Practice ethical consumption in your meetings.** In a politically volatile environment, meeting locations can conflict with changing social and political values. Meetings do affect environmental resources from energy to travel to consumables to food. Decide which ethical choices your association must model in how you run your meetings.
- **Consider a socially responsible investment policy.** You might, for example, identify business sectors in which your association will not invest its funds. Recognize that ethical choices could affect your potential returns.

Keyword Search

To continue researching this change driver, use these search terms:
values, shopping, consumer values, ethical shopping, organic products, sustainability, climate change, retail, green products, values-based economy, triple bottom line, fair trade, polarization

Who Will Be Affected

Organizations that have a high level of public and consumer interface may be expected to help define and promote ethical consumption. Professional associations with enforceable codes of ethics and credentialing organizations may be able to differentiate their members and credential holders as ethically responsible. Philanthropic and charitable organizations may be held to higher standards for socially responsible behaviors.

About ASAE ForesightWorks

ASAE ForesightWorks is a deliberate, evidence-based research program and emerging line of products to provide association professionals with a continual stream of intelligence about the changes facing the association industry, including:

- regularly updated action briefs;
- tools for applying insights from the research in your association;
- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

Ultimately, the program's mission is to empower association leaders to create a culture of foresight.

Check **asaecenter.org/ForesightWorks** and follow **@ASAEfdn** on Twitter for updates on new findings and events.

2018© ASAE Foundation