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Is the Price Right? Understanding Eco-friendly Apparel Consumption

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**Introduction.** It has been recognized as a challenging task to market green products (Gleim, *et al.*, 2013). Gleim *et al.* identified eight categories of green consumption barriers; the most frequently noted barrier is perceived high price of green products followed by perceived low quality and lack of expertise. A study focused on eco-friendly apparel found that consumers' low level of acquisition stems from a lack of knowledge, a negative attitude towards product attributes, limited product availability, and economic reasons (price) (Connell, 2010). Among all the challenges, studies have shown that price seems to be the most significant barrier throughout the range of green products, suggesting that consumers are not satisfied with current retailers' pricing strategy. Furthermore, Meyer (2001) cautioned that clothing is a high involvement product with both physical and psychological functionality. Thus, marketing eco-friendly apparel products should not only emphasize its environmental superiority; marketers should take the perceived value, benefit, and costs of eco-friendly apparel into consideration. Retailers should re-examine their price strategy and have more understanding of consumers' attitude towards these products as well as re-contemplating how to gain competitive advantages by offering them. Product involvement, "a person's perceived relevance of the *object* based on inherent needs, values, and interests" (Solomon, 2013, p.131), has been identified as a significant factor influencing brand loyalty as well (Quester & Lim, 2003). Thus, the purpose of this study is to understand how consumers' involvement towards eco-friendly apparel influences their internal reference price (IRP) formation and store loyalty. This study also compared consumers' IRP formation of eco-friendly T-shirts and dress shirts, which has not been previously studied.

**Hypotheses development.** The theoretical framework of "involvement" concluded by Solomon (2013) served as the basis of the proposed model. It presents a mediating function of "involvement," and depending on the antecedents of involvement, the consequences on consumer behavior differ. The hypotheses were developed based on related literatures on product involvement, self-identity, store loyalty, and reference price effects (Michaelidou & Dibb, 2006; Quester & Lim, 2003; Lowengart, 2002). We proposed that a consumer's eco-conscious self-identity is a positive antecedent of eco-friendly apparel product involvement; product involvement would result in some higher loyal behavior towards the store that provides those products and higher IRP. Acknowledging that the IRP formation may be based on consumers' prior experience, the prices they usually pay for a regular cotton T-shirt and dress shirt were included in the model as well (Lowengart, 2002).

**Method and result.** A total of 416 usable responses from U.S. consumers aged 18 and older was collected through a national online consumer panel. The sample consisted of 49.9% male and the median age of the sample was 40 years old. Because we were interested in the question that "If one is willing to pay more, is his/her self-identity and product involvement positively related to the premium s/he would pay?", participants who answered "I would not pay more" for either an eco-friendly T-shirt (27%) or dress shirt (30%) were excluded in the final data analysis. The

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sample size, thus, reduced to 281. The measurements of the constructs were adapted from previous studies. Regarding the measurement of the IRP, given the fact that consumers make purchases in different price ranges, the percentage of the premium was calculated and applied to the model analysis. It was derived from dividing “how much more would one be willing to pay for the eco-friendly T-shirt/dress shirt” to “how much in general one pays for a regular cotton T-shirt/dress shirt.” Structural Equation Modeling (SEM) was used in the study. Both the results of the measurement and structural models demonstrated a good model fit (Figure 1; N = 248 due to 33 missing values in the “loyalty”); thus, no modification indices were used to re-specify either of the models.

Interestingly, the variables, regular price for a cotton T-shirt and dress shirt, showed a significantly negative relationship with the premium one would pay for each product category.

**Discussion and conclusion.** The findings of this study revealed that both consumers’ self-identity and product involvement are important indicators for store loyalty. Thus, a marketer could add some elements in their marketing message to connect one’s self-image with the product. Besides, the effective strategies would be those increasing a consumer’s inherent needs, values, and interests (product involvement). Regarding the IRP, the findings showed that product involvement fully mediates the relationship between the IRP and one’s self-identity in the T-shirt group, but not in the the higher-price product category (dress shirt). This indicates that retailers need to develop different marketing strategies for different product categories. Moreover, the more one pays for the regular product, the less premium (in percentage) one is willing to pay for the eco-friendly version of the same product. That is, in the formation of the IRP, consumers have a fixed price premium range in mind, and it is not proportionally related to the price value of the regular version of the product. For future research, it is needed to systematically examine what specific marketing strategies could increase consumers’ product involvement and other factors that influence the IRP formation of eco-friendly apparel as well as to examine the model with different product categories, such as non-apparel products.

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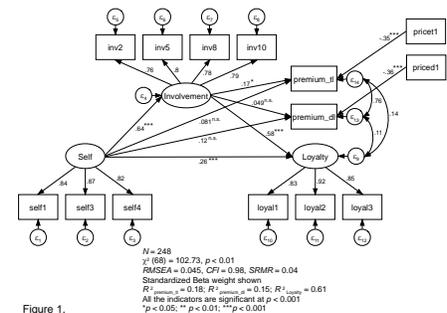


Figure 1.