

PS456 Consumer Psychology

Summative Essay

“Back to the Roots”

Word Count: 3014

Candidate number: 82123

I. INTRODUCTION OF COMPANY

Back to the Roots (BTTR) is an entrepreneurial sustainable business founded by two graduates of University of California, Berkeley in 2009. Supported by a university social innovation grant they started a business inspired by the idea of producing safe and delicious fresh food from what would normally be an urban waste stream ending up in landfill. BTTR repurposes coffee ground waste to grow organic mushrooms. Initially the start-up relied on a model to collect waste from a local brewer, use the grounds to produce mushrooms in bulk and sell it to Wholefoods and other retailers in the Bay area. Following the company's mission of promoting sustainability, benefits of local food and education about it, BTTR introduced a "grow your own mushroom" kit that allows individual customers to get engaged and learn more directly about the closed-loop recycling system that avoids waste and creates delicious, organic home grown food. Customers can grow 1.5 lbs of all organic oyster mushrooms in 10 days simply by misting the box twice a day. In the UK and around the world copy cat companies such as Fungi Futures now produce similar products.

This business is not only sustainable because it recycles waste to be reused by consumers, but also because the reuse of the waste produces home-grown food, that alleviates the need to purchase the produce from supermarkets, avoiding CO2 emissions from transport as well as the employment of wood-chips for mushroom growing, which impacts the destruction of hardwood forests. Lastly, BTTR closes their non-waste cycle by donating and reselling the enriched compost from the mushroom kits and therewith adding yet another lifecycle to what was previously considered waste, setting an example for sustainable resource management.

Based on the belief that their business model can yet be enhanced to reach and impact more consumer and their choices, the following memorandum will outline a set of recommendations based on social and consumer psychology theories, which will be outlined subsequently.

II. MEMORANDUM

To: Alejandro Velez and Nikhil Arora, founders and CEOs of 'Back to the Roots' (BTTR)

From: Business Psychology Strategist

Dear Alejandro and Nikhil,

First of all I'd like to express my appreciation of your commitment and thought-leadership in creating an exemplary sustainable business model that has inspired not only consumers to embrace the idea of waste-reduction and a more sustainable consumption, but also motivated other entrepreneurs around the world to copy and therewith multiply the sustainable impact you are generating in actual waste reduction and consumer education.

While knowing that your entrepreneurship is already driving the generation of new sustainable products, I'd like to offer you my considerations from a social psychology background, which could help widen the influence of your mushroom kit. The rationale for these recommendations is an even better use of your established resources and capabilities, so to fully leverage the potential impact your laudable business model has on consumption behaviour and sustainable awareness of consumers.

The recommendations are anchored in two main objectives: Improving the physical and mental awareness of the product and on the other hand triggering attitudinal and behavioural change in consumers, leading towards a pro-environmental change consumption patterns. I would like to emphasize the essential combination of those two goals, as for successful behavioural change, which BTTR's mission is aiming at, not only the intra-personal factors such as attitudes, beliefs and habits are important, but also the contextual factors such as physical infrastructure and availability of the product. This is why the interventions recommended are both informational, i.e. targeting the motivation, attitudes and norms of potential consumer groups, but also structural, i.e. aiming to impact the context to facilitate pro-environmental behaviour. Such structural strategies may indirectly also affect consumer's perceptions and motivational factors.

Furthermore, the recommendations around activating consumers are taking into consideration that not all consumers are environmentally aware or motivated to act sustainable. Research on pro-environmental behaviour change has emphasized the need to understand the target group whose behaviour is attempted to be changed and to consider target-group specific interventions. This is why I will present recommendations for both, 'in-group' and 'out-group' individuals relative to an environmentally-friendly target group.

Finally, all recommendations aim to consider and build on the resources, capabilities and stakeholder loyalty that you have built so far, so to avoid 'waste' or duplication or spare

resources and enable the adoption of the changes recommended. I sincerely believe that they will enable BTTR to grow the impact in line with your mission and enable a bottom-up driven change towards more sustainable resource utilization and environmentally conscious consumption patterns.

With these introductory comments in mind, please find my recommendations:

1. Access: Lower barriers to product adoption by providing broader physical and informational availability and enhance consumers' experience by empowering them to contribute waste.

- Create multiple points of access for consumers to both return own coffee grounds waste and purchase mushroom-kits. Focus on points of habitual coffee consumption, such as large chains or independent coffee shops and points of purchase for groceries more generally, i.e. more supermarkets.
- Expand the active consumer involvement by enabling them to contribute own coffee grounds waste to feed into the recycling value chain.

2. Representation: Increase awareness and positive representation by partnering up with corporations that provide popular user interfaces and are in line with sustainable values.

- Establish partnerships with large coffee chains such as Starbucks or San Francisco Coffee Company to raise awareness, promote the product and its values, and provide access points. These companies are not only representing similar values, such as fair trade and organic produce, but also pre-select a target audience that is involved in the lifecycle of coffee waste and is hence likely to resonate more with the mission of the product. These collaborations would entail a) the provision of coffee grounds waste, including the collection point for individual's consumer waste; b) point of sale for the product; c) role model in using waste-grown mushrooms in their own food-products.

3. Marketing strategy: Provide means to activate pro-attitudinal behaviour in already environmentally conscious consumers and trigger attitudinal change in unaware target groups.

- a) Establish a customer community that strengthens commitment, in-group norms and means to support self-categorisation and formation of a social identity as a sustainable consumer. For example a web-platform or sub-community in an existing social network (e.g. Facebook) to exchange recipes, mushroom growing tips, but also to gain rewards and peer appreciation.

- b) Employ a two-pronged strategy to target 'out-group' individuals: First, use extrinsic incentives, such as discounts on the mushroom-kit, or inclusion of mushroom kit purchase into loyalty programmes of coffee chains, to trigger trial of the product. But as extrinsic reward based behaviour is often not enduring, complement this with informational strategies aiming at the change in underlying attitudes: (1) confronting coffee chain customers with the cognitive dissonance resulting from buying fair-trade and organic coffee, but making non-sustainable choices regarding recycling; (2) employing social modelling by engaging testimonials or employees as social role models that can guide behaviour for individuals that regard these as referent others.

As outlined above, by addressing the individual motivation as well as the contextual factors, these strategies should advance BTTR's mission to educate, persuade and enable consumers to opt for sustainable consumption choices. I'm a strong believer of your mission that a bottom-up change in consumer willingness and ability to opt for sustainable choices can be a powerful driver for a moralisation of markets in a pro-environmental way. I would be delighted to discuss my recommendations with you in more detail and answer any potential questions.

Yours sincerely,

XXX

Business Psychology Strategist

III. THEORETICAL FOUNDATION

Referring to the recommendations laid out in the memorandum, this part of the essay will provide theoretical underpinnings from social and consumer psychology. The first recommendation on product access will mainly draw on the theoretical basis of the *Theory of Planned Behaviour* (Ajzen & Fishbein, 1980). For the second, *Social Identity Theory* (Tajfel, 1982) with its coverage of social comparison and group norms, as well as the *Theory of Social Representations* (Moscovici, 2000) will be core theoretical foundations. The last recommendations are mainly based on *Self-categorisation Theory* (Turner, 1987) and *Cognitive Dissonance Theory* (Festinger, 1957).

While drawing on specific theories to discuss the socio-psychological mechanisms of individual recommendations, *Installation Theory* (Lahlou, 2008) is central to the interplay of the proposed strategies. In line with the arguments about informational and structural interventions above, Lahlou proposes that determinants of individual behaviour are distributed across three levels forming an *installation*: a physical level of affordances, a psychological level of representations and a social level of institutions. While physical affordances impact what individuals are physically able to do, representations provide an interpretative frame that influences motives and practices, and the institutional frame determines social norms and rules guiding the individual's behaviour. A sustainable change in behaviour can only be achieved if all three levels of determination are impacted (Lahlou, 2009). The strategies outlined cover the physical access and availability of the product (i.e. affordances), aim to drive desirability by influencing the interpretation and association with the recyclable product (i.e. representation), and lastly foster a community that enforces the social norm of sustainable consumption choices (i.e. social institution).

CONTEXTUAL FACTORS AND PLANNED BEHAVIOUR

Determinants of individual behaviour have been researched from various disciplines, and many theories focus on the role of attitudes. While attitudes' predictive power for behaviour is controversially discussed, evidence suggests that there is a number of moderator variables that impact the relationship in question. Hogg (2011) outlines situation, personality, habit, sense of control and direct experience as the most important moderators. Ajzen (1991) suggests; "behavioural achievement depends jointly on motivation (intention) and ability (behavioural control)" (p.182). In their *Theory of Planned Behaviour* Ajzen and Fishbein (1980) further elaborate on the role of behavioural control. They establish that besides behavioural intention,

i.e. motivational factors, the perceived behavioural control will impact the eventual behaviour. While it is apparent that factors like the availability of resources affect the *actual* control over an action, the *perceived* behavioural control “refers to people’s perception of the ease or difficulty of performing the behaviour of interest” (Ajzen, 1991, p. 183). In context of the above-mentioned strategies this means that facilitating the access to sustainable products via multiple points-of-sale will not only lower the *actual* barriers and costs of performing the action, but also impact the *perceived* behavioural control or expectancy and hence build a foundation for actual behavioural change.

Scholars focusing on environmental psychology specifically emphasize the direct and indirect role contextual factors may have on pro-environmental behaviour. While these factors directly facilitate or constrain behaviour, they may also influence motivational attitudes by the effect of mere exposure, i.e. being confronted with recycling facilities may change one’s attitudes towards recycling. (Steg & Vlek, 2009) This is in line with the ideas of *Installation Theory*, stating that representations and motivations develop in co-evolution with the affordances; “representations are constructed by the practical experience people have of objects” (Lahlou, 2008, p. 234). The theoretical rationale of increasing the access to BTTR’s mushroom kit is hence two-fold: a direct impact on the physical affordance of the product to potential consumers that will facilitate their engagement with it and impact their representations, and secondly the indirect impact of perceived behavioural control to pursue sustainable consumption patterns without major changes to their buying habits (e.g. seeking out specific shops).

Lastly, the adaptation of the business model will allow consumers to contribute coffee grounds waste themselves and hence to actively feed into the recycling value chain. According to Self Determination Theory (Deci, 2002), autonomy and mastery along with purpose create a powerful motivation in individuals. This measure will provide not only an additional degree of empowerment of the consumer (autonomy), but also educate him (mastery) and help to stronger internalise the idea of recycling (purpose), as consumers will not only by a recycled product, but actively re-use resources.

SOCIAL INFLUENCE VIA REPRESENTATIONS AND SOCIAL IDENTITY

The second structural strategy of collaborating with coffee chains in line with BTTR’s values serves two goals: the uptake in supply of coffee grounds waste and the spill-over effect of a positive representation and ‘in-group’ norms from their customer base. The former is based on business considerations and will not be elaborated here.

The *Social Identity Theory* of Tajfel and Turner (1982) states that individuals derive their self-conception through interaction with their social environment, specifically groups they identify with. “When people categorize themselves as an ingroup member, the ingroup serves as a reference for social comparison, and people adopt the prototypic ingroup attitudes and beliefs as their own” (Wood, 2000, p. 557), which means that group members act as referent others, whose action establishes what behaviours are socially acceptable and normative in that group (Turner, 1982). The coffee chains proposed as partners to BTTR are not only associated with a ‘hip’ and independent group coffee-consumers, but also with fair-trade and organic product choices; values that the in-group is likely to have embraced and internalised via their consumption choices as a process of social identity formation. Cialdini & Goldstein (2004) state that conformity with group norms and values is motivated by both the need for affiliation and enhancement of our self-concept, so embedding the product in question in such social environment with adequate group identity and norms is expected to be favourable for the likelihood of individuals adopting the product.

The other relevant concept is Moscovici’s (2000) *Theory of Social Representations*. Social representations are consensual understandings and interpretations shared among group members, i.e. “pre-established and immediate frames of reference for opinions and perceptions” (ibid, p. 63). They provide an interpretative framework for objects and situations that informs individual behaviour (Howarth, 2006). While representations are formed as a social process, “different social groups have more and less access to the (co)construction of social reality within the public sphere” (ibid, p. 22). BTTR has a valid interest to aid the creation of a favourable representation of its products and the related consumption choice. Associating the product with an already socially legitimized and presumably positive representation of sustainable coffee houses, BTTR can aim at generating positive spillover-effects regarding representation and legitimacy on its own product. Furthermore, also *Installation Theory* conceptualises the representation or the interpretative frame to help individuals to elaborate and plan behaviours (Lahlou, 2009). Actively embedding the product’s representation a setting representing values relevant and in line with the target group (e.g. sustainable, independent) should influence a positive attitude towards the product and its adoption.

EXTRINSIC AND INTRINSIC ROUTES TO BEHAVIOUR CHANGE

As outlined above, when looking to influence consumer behaviour, differences in consumer groups and respective group-specific interventions should be considered (Steg & Vlek, 2009). Regarding sustainable or pro-environmental consumption choices, it is meaningful to

differentiate between individuals who already have environmentally-friendly attitudes - some of whom may not actively practice their good intentions - and those whose consumption choices are not sensitive to sustainability considerations.

The first customer 'in-group' of sustainability-oriented consumers is assumed consciously choose selected shops or coffee houses for their sustainable products. As this group's attitudes already drive an intention to behave, the measures to activate sustainable choices in this group will focus on promoting their self-categorisation and social comparison as sustainable consumers. *Self-categorisation Theory* (Turner, 1987) states that people perceiving themselves as 'in-group' will internalise values and behavioural norms of that group: "The self-categorization analysis differs from standard persuasion models in locating the determinants of attitude change in people's construction of group identity" (Wood, 2000, p. 558). *Social comparison theory* (Festinger, 1954) similarly emphasizes that individuals, seeking validation, compare own behaviours and opinions to those of relevant others to adapt their behaviour to a socially approved way. This process of social conformity could be aided by establishing a customer platform that disseminates the normative group behaviour to 'in-group' members. Whether an offline board in the coffee shop or an online platform via social media; crucial aspects are to support the visibility of normative behaviour, a social exchange between engaged consumers (e.g. exchanging recipes; pictures of mushroom-kit progress), and forms of recognising role models (e.g. Facebook 'likes'; 'home-grower-of-the-month'). Goldstein et al. (2008) find that "to optimize social identity effects, it is wise for communicators to ensure that [...] the norms associated with the identity are known" (p. 480), so a social platform should explicitly communicate the pro-environmental group norms.

Another prospect such a platform offers is the opportunity for self-presentation and impression management of in-group members. These allude to the tendency of individuals to present themselves in a favourable light to gain others' acceptance. Lahlou (2009) states, "most consumption has this final use of building someone's position in groups" (p. 5). Schlenker's (1992) concept of expressive self-presentation, aimed at gaining recognition and validation for one's self concept, could come to play here. Together, these powers of social influence should exert conformity and normative pressures leading to an activation of the pro-attitudinal consumer group.

The influence of the 'out-group's' behaviour focuses on three motivational levers: incentive-induced behaviour for short-term product adoption; cognitive dissonance for subsequent change of attitudes; and social modelling.

Incentives in form of threats or rewards can induce counter-attitudinal and pro-attitudinal

behaviour. Especially when combined with change in context cues, changing the performance environment with incentives can be a successful strategy to break and change habitual behaviour (Verplanken & Wood, 2006). This intervention would be targeted at counter-attitudinal consumers by offering a monetary incentive to purchase the sustainable product, such as a discount or an award of points towards a loyalty programme. While this could provide an extrinsic cue for consumers to purchase the product, extrinsic incentives rarely lead to change in the underlying motivation, attitude or beliefs (Festinger, 1957) but are dependent on enforcement, such as the continuous reward provision. It is thus less enduring and mostly costly. Another potential downside of incentive-induced behaviour is that rewards might negatively impact the intrinsic motivation in pro-attitudinal consumers. (Hewstone, 2001)

The *Cognitive Dissonance Theory* (Festinger, 1957) provides an option for more lasting behavioural change, as it may impact consumer's underlying attitudes. Festinger states that cognitive dissonance is a state of psychological tension that comes about when two cognitions (knowledge, beliefs or behaviour) are inconsistent with each other. Given individuals' motivation towards self-consistency, we feel pressure to reduce the unpleasant tension from inconsistency, leading to "behavior changes, changes of cognition, and circumspect exposure to new information and new opinions" (ibid, p.31). Confronting consumers with the dissonance of making sustainable choices by buying fair and organic coffee, but ignoring sustainable choices in other purchase decisions is one strategy. Having the salesperson ask the consumer whether he likes buying sustainable coffee or beliefs in waste-reduction and *then* offering the product, would also address the individual's need for self-consistency and is called foot-in-the-door technique (Cialdini & Goldstein, 2004). While the individual has the choice to reduce any of the cognitions, the more public the behaviour and more in disagreement with a relevant and attractive group the individual finds itself in, the "greater the tendency to change one's own behaviour" and beliefs (Festinger, 1957, p. 183) to re-establish consonance.

Lastly, behavioural and attitude change should be supported and strengthened by modelling (Bandura, 1986), a socially mediated learning process by which individuals observe and imitate others' behaviour in the sense of role model. This could be attempted in-store via employees using and communicating about the product, but is also widely used in advertising to influence attitudes and behaviours via using testimonials serving as referent others to the target group (Hogg, 2011).

CONCLUSION

The recommendations and theoretical foundations presented above aim to improve the sustainable impact BTTR can effect with its product and business model. As their business model aims at a bottom-up change towards waste reduction via individual consumer choices, the presented theories emphasise socio-psychological phenomena applicable to consumer behaviour. Considering the fact that pro-environmental attitudes cannot be assumed for the target audience in question, the recommendations address both pro-attitudinal and contra-attitudinal behaviour change. Taken together, the presented and theoretically substantiated strategies aim to take a holistic approach by targeting both the motivational aspects of consumer choice, but also the contextual factors that impact the installation and may facilitate a broader adoption of pro-environmental product choices. It should be stated that the theories quoted are only a selection of many valuable concepts available in social psychology, narrowed down to a few relevant ones given the limited scope of this essay.

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