

# Why do consumers participate in 'green' programs?

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Tomas Hult, director of MSU's International Business Center Credit: G.L. Kohuth, Michigan State University

From recycling to reusing hotel towels, consumers who participate in a company's "green" program are more satisfied with its service, finds a

new study co-led by a Michigan State University researcher.

Doing good makes customers feel good, and that "warm glow" shapes opinion, said Tomas Hult, Byington Endowed Chair and professor of marketing in the Eli Broad College of Business. But it gets more complicated when companies throw incentives into the mix.

"Companies are increasingly adopting sustainability initiatives and ultimately these 'green' programs are intended to be good for the environment and also increase customers' satisfaction," said Hult, who is director of MSU's International Business Center. "Our research helps strike the right balance between incentivizing customers to participate in green programs and focusing on the bottom-line performance of the company."

Hult and researchers from Cornell University and Florida State University conducted four studies in three service settings: restaurants, hotels and online retailing. They found the types of rewards offered by companies to participate in sustainability programs could affect satisfaction.

The researchers tested two types of incentives: those that benefit solely the consumer (i.e. loyalty points) and those that benefit another organization (i.e. charitable donations).

For green program participants, rewards that benefit another organization created the highest rate of satisfaction about the business.

And for those who chose not to participate in a green program, self-benefiting rewards cast doubt about the motive of a program. That scenario offers nonparticipants an opportunity to rationalize their decision to not participate, and lack of guilt translates into feelings of satisfaction about the business, Hult said.

People will interpret incentives in whatever way best suits their egos, he said. So for both groups to be happiest, a company should allow customers to choose between a reward that benefits themselves or another organization.

Many managers, particularly in the hospitality industry, are reluctant to introduce sustainability initiatives that might negatively influence the guest experience, Hult said. But this research, one of the first of its kind, provides managers with guidance on how to best design such programs as well as best practices for "green marketing."

**More information:** Michael Giebelhausen et al, Adjusting the Warm-Glow Thermostat: How Incentivizing Participation in Voluntary Green Programs Moderates Their Impact on Service Satisfaction, *Journal of Marketing* (2016). [DOI: 10.1509/jm.14.0497](https://doi.org/10.1509/jm.14.0497)

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