

South Korea and Singapore top in willingness to pay for sustainable, inclusive brands

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South Korea and Singapore showed the highest willingness to pay for brands that aim for sustainability and inclusivity, finds new research from Vlerick Business School.

The researchers also found that China, South Africa, and Thailand had the highest willingness to pay for exclusive, on-trend brands.

Meanwhile, people from European countries like Belgium, Germany, The Netherlands, Sweden and the United Kingdom are the least willing in the world to pay for more sustainable and inclusive brands.

The research was undertaken by Frank Goedertier, Professor of Marketing at Vlerick Business School, alongside Bert Weijters Professor of Consumer Research and Psychology at Ghent University and Joeri Van den Bergh, Co-founder of Human8 and Adjunct Professor at Vlerick Business School. It examines consumer willingness to pay for sustainable, inclusive brands across various demographics and countries.

The study analysed responses from 24,798 individuals across 20 countries and Hong Kong, focusing on the willingness to pay for two types of brands: brands that aim for sustainability and inclusivity and brands that are positioned as exclusive and on-trend.

“Traditionally, many companies have invested in creating brands that are perceived as ‘exclusive’ or trendy, luxurious, high-status. A core motivation for this is that there is the conviction that such brands trigger a high willingness to pay a premium. We wanted to find out whether positioning a brand around ‘inclusivity’ and a commitment to be sustainable and contribute positively to society, could nowadays also trigger such a consumer willingness to pay a premium, especially when targeting new generation Gen Z consumers,” says Professor Goedertier.

The study indicates that Gen Z is significantly more inclined to pay a premium for brands that aim for sustainability and inclusivity compared to older generations. Interestingly, Gen Z is also observed to be more willing to pay for exclusive, on-trend brands compared to older generations. This indicates a unique consumer profile that values both ethical practices and exclusivity.

In contrast, Gen X and Baby Boomers exhibit significantly lower willingness to pay for both brand types.

The researchers also found that women demonstrated a higher willingness to pay for inclusive, sustainable brands but a lower willingness to pay for exclusive, on-trend brands compared to men.

“Our findings can help businesses and marketers optimise their brand positioning strategies,” continues Professor Goedertier.

“For companies aiming to attract the Gen Z market, the traditional focus on exclusivity alone may not suffice for engaging Gen Z consumers, who are also drawn to brands that make a positive impact and promote inclusivity across various demographics. Similarly, companies with a large female consumer base

may benefit from emphasising more sustainability and ethical practices in their branding strategies”

Overall, the research indicates diverse preferences for inclusivity, sustainability, exclusivity, and trendiness across geography and generations, that business and marketing professionals should be aware of when approaching these consumer bases.

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