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## Responsible Consumption in Indonesia and Malaysia: Profiles & Prospects

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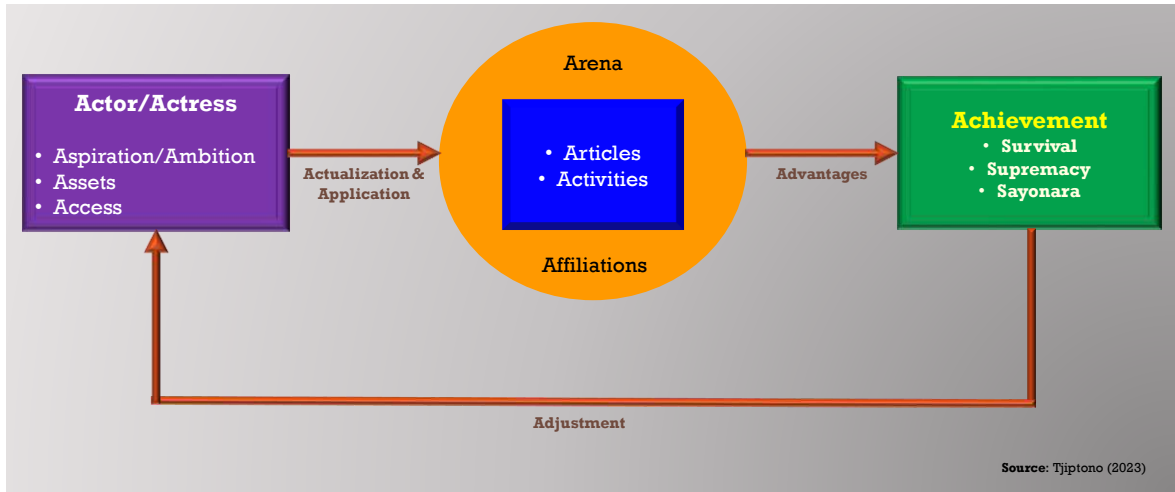
## AGENDA

- Introduction
- Profiles of 'Responsible Consumers'
- Prospects of Responsible Consumption
- Concluding Remarks

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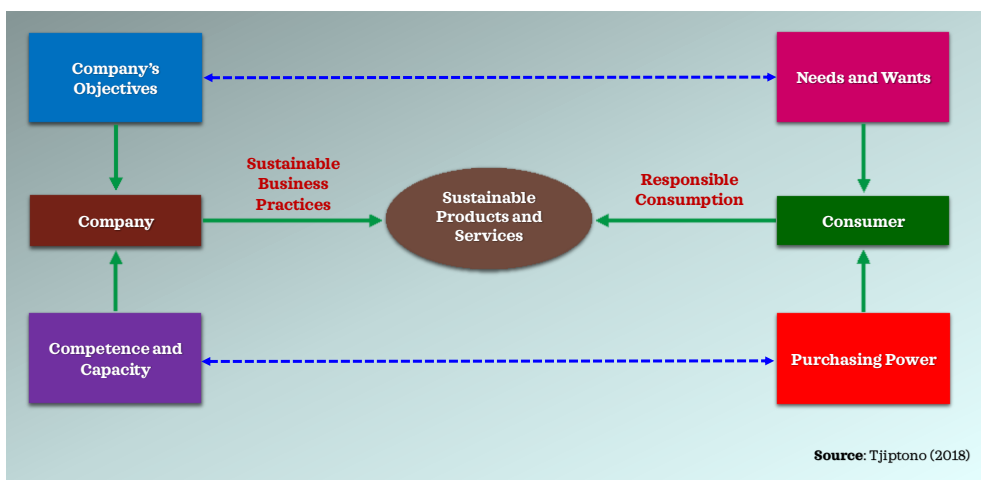
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# Business Framework



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# Sustainable Business Practices and Responsible Consumption



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## Why Responsible Consumer?

- Without the approval and support of consumers, sustainable business programs (including CSR) cannot work effectively (Vitell, 2015).
- The issue → existing sustainability strategies do not directly focus on consumer (Sheth, et al., 2011).
- Two major responsibilities of consumers (Vitell, 2015):
  - Toward other stakeholders → **consumer ethics**.
  - Toward society as a whole → **Consumer Social Responsibility (CnSR)**.

“the moral principles and standards that guide the behaviors of individuals as they *obtain*, *use*, and *dispose* of goods and services” (Muncy & Vitell, 1992).

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## Sustainable/Responsible Consumption





- There is **no single definition** of responsible consumption (O'Rourke & Lollo, 2015; Valor & Carrero, 2014).
- **Narrow definitions** (Valor & Carrero, 2014):
  - Ethical consumption,
  - Consumer activism,
  - Green consumption,
  - Environmental consumption,
  - Political consumption.
- **Broad definition:**

“any practice of consumption in which explicitly registering commitment or obligation toward distant or absent others is an important dimension of the meaning of the activity to the actors involved” (Barnett *et al.*, 2005, p. 29)

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## Consumers Worried about Climate Change



Key Aspects		
Demographic profiles	<ul style="list-style-type: none"> <li>50% <b>Millennials</b>; 29% Gen Z; 21% Gen X.</li> <li>58% <b>male</b>.</li> <li>67% have a <b>college degree</b>.</li> <li>51% have a <b>high</b> annual household income.</li> <li>More likely to live in <b>cities</b> and <b>urban</b> areas than the average consumer.</li> </ul>	<ul style="list-style-type: none"> <li>44% <b>Millennials</b>; 35% Gen X; 24% Gen Z; 7% Baby Boomers.</li> <li>54% <b>male</b>.</li> <li>57% have a <b>college degree</b>.</li> <li>37% have a <b>high</b> annual household income.</li> <li>More likely to live in <b>cities</b> and <b>urban</b> areas than the average consumer.</li> </ul>
Consumer lifestyles	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li><b>Safety and security</b> has more importance.</li> <li><b>Politics, society and current world events</b> are relatively prevalent interests.</li> <li>More likely to have <b>traveling</b> as a hobby.</li> </ul>	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li><b>An honest and respectable life</b> has more importance.</li> <li><b>Politics, society and current world events</b> are relatively prevalent interests.</li> <li>More likely to have <b>reading</b> as a hobby.</li> </ul>
Consumer attitudes	<ul style="list-style-type: none"> <li>When it comes to traveling, <b>sustainability</b> is important (59%).</li> <li><b>Rising prices, inflation &amp; cost of living</b> are issues that need to be addressed (72%).</li> </ul>	<ul style="list-style-type: none"> <li>When it comes to traveling, <b>sustainability</b> is important (40%).</li> <li><b>Rising prices, inflation &amp; cost of living</b> are issues that need to be addressed (81%).</li> </ul>
Marketing touchpoints	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li>Consume <b>all types of media</b> more frequently.</li> <li>On social media, they <b>interact with companies</b> more often.</li> <li>Remember seeing <b>ads out-of-home</b> and <b>on video streaming</b> services more often.</li> </ul>	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li>Consume <b>all types of media</b> more frequently.</li> <li>On social media, they <b>interact with companies</b> more often.</li> <li>Remember seeing <b>ads directly in the store</b> and <b>in online stores</b> more often.</li> </ul>
Sample size	The segment = <b>575</b> ; All respondents = <b>2,098</b> .	The segment = <b>526</b> ; All respondents = <b>2,093</b> .

Source: Compiled from Statista (2023a, 2023b)

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## Consumers Avoiding Plastic Waste

Key Aspects		
Demographic profiles	<ul style="list-style-type: none"> <li>47% <b>Millennials</b>; 33% Gen Z; 20% Generation X.</li> <li>55% <b>male</b>.</li> <li>66% have a <b>college degree</b>.</li> <li>48% have a <b>high</b> annual household income.</li> <li>More likely to live in <b>cities</b> and <b>urban</b> areas than the average consumer.</li> </ul>	<ul style="list-style-type: none"> <li>45% <b>Millennials</b>; 28% Gen Z; 21% Gen X; 6% Baby Boomers.</li> <li>53% <b>female</b>.</li> <li>58% have a <b>college degree</b>.</li> <li>38% have a <b>high</b> annual household income.</li> <li>More likely to live in <b>cities</b> and <b>urban</b> areas than the average consumer.</li> </ul>
Consumer lifestyles	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li><b>An honest and respectable life</b> has more importance.</li> <li><b>Food and dining</b> are relatively prevalent interests.</li> <li>More likely to have <b>gardening and plants</b> as a hobby.</li> </ul>	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li><b>An honest and respectable life</b> has more importance.</li> <li><b>Fashion and beauty</b> are relatively prevalent interests.</li> <li>More likely to have <b>gardening and plants</b> as a hobby.</li> </ul>
Consumer attitudes	<ul style="list-style-type: none"> <li><b>Avoiding artificial flavors and preservatives</b> (70%).</li> <li><b>Climate change</b> is an issue that needs to be addressed (45%).</li> </ul>	<ul style="list-style-type: none"> <li><b>Avoiding artificial flavors and preservatives</b> (69%).</li> <li><b>Poverty</b> is an issue that needs to be addressed (60%).</li> </ul>
Marketing touchpoints	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li>Consume <b>all types of media</b> more frequently.</li> <li>On social media, they <b>interact with companies</b> more often.</li> <li>Remember seeing <b>ads out-of-home</b> and <b>on social media</b> more often.</li> </ul>	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li>Consume <b>all types of media</b> more frequently.</li> <li>On social media, they <b>interact with companies</b> more often.</li> <li>Remember seeing <b>ads out-of-home</b> and <b>on search engines</b> more often.</li> </ul>
Sample size	The segment = <b>405</b> ; All respondents = <b>2,098</b> .	The segment = <b>296</b> ; All respondents = <b>2,093</b> .



Source: Compiled from Statista (2023c, 2023d)

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## Meat Substitute Consumers

Key Aspects		
Demographic profiles	<ul style="list-style-type: none"> <li>• 58% <b>Millennials</b>; 27% Gen Z; 15% Gen X.</li> <li>• Gender composition → <b>50:50</b>.</li> <li>• 73% have a <b>college degree</b>.</li> <li>• 56% have a <b>high</b> annual household income.</li> <li>• More likely to live in <b>cities</b> and <b>urban</b> areas than the average consumer.</li> </ul>	<ul style="list-style-type: none"> <li>• 48% <b>Millennials</b>; 36% Gen Z; 15% Gen X; 1% Baby Boomers.</li> <li>• 53% <b>female</b>.</li> <li>• 57% have a <b>college degree</b>.</li> <li>• 42% have a <b>high</b> annual household income.</li> <li>• More likely to live in <b>cities</b> and <b>urban</b> areas than the average consumer.</li> </ul>
Consumer lifestyles	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li>• <b>Being successful has less importance</b>.</li> <li>• <b>Food and dining</b> are relatively prevalent interests.</li> <li>• More likely to have <b>cooking and baking</b> as a hobby.</li> </ul>	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li>• <b>An honest and respectable life</b> has more importance.</li> <li>• <b>Fashion and beauty</b> are relatively prevalent interests.</li> <li>• More likely to have <b>photography</b> as a hobby.</li> </ul>
Consumer attitudes	<ul style="list-style-type: none"> <li>• <b>Avoiding artificial flavors and preservatives</b> (67%).</li> <li>• <b>Climate change</b> is an issue that needs to be addressed (48%).</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Having one or more food intolerances</b> (31%).</li> <li>• <b>Climate change</b> is an issue that needs to be addressed (45%).</li> </ul>
Marketing touchpoints	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li>• Consume <b>all types of media</b> more frequently.</li> <li>• On social media, they <b>interact with companies</b> more often.</li> <li>• Remember seeing <b>ads in printed magazines</b> and <b>journals</b> as well as on <b>video streaming</b> services more often.</li> </ul>	<p>Compared to the average consumer:</p> <ul style="list-style-type: none"> <li>• Consume <b>all types of media</b> more frequently.</li> <li>• On social media, they <b>interact with companies</b> more often.</li> <li>• Remember seeing <b>ads directly in the store</b> and on <b>video streaming</b> services more often.</li> </ul>
Sample size	The segment = <b>178</b> ; All respondents = <b>2,098</b> .	The segment = <b>139</b> ; All respondents = <b>2,093</b> .

Source: Compiled from Statista (2023e, 2023f)



## Sustainable Business Practices [1]

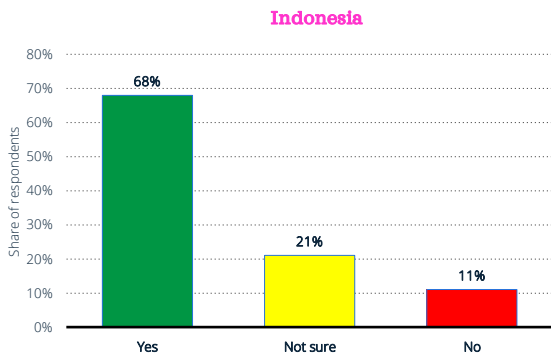
- Sustainability is an emerging business **megatrend** that will profoundly affect **firm survival** and **competitiveness** (Lubin & Esty, 2010; Mittelstaedt, et al., 2014).
- **Sustainability** → “meeting the needs of the **present** without compromising the ability of the **future** generations to meet their own needs” (United Nations World Commission on Environment and Development, 1987).
- Focus on People, Planet, and Profits (triple bottom line) or “Three Es”: **Environmental** (ecological), **Equity** (social), **Economic** (financial) (Savitz & Weber, 2006).

## Sustainable Business Practices [2]

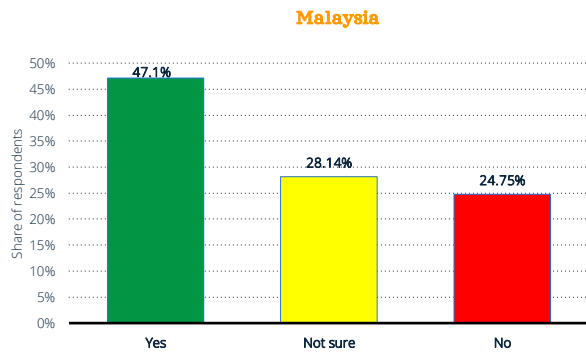


- Sustainable business practices focus on creating value for customers through **socially**, **environmentally**, and **ethically** responsible actions.
- Main mission → use business to make the world a better place.
- Extant literature suggests that sustainable business practices may lead to (see Tjijtono, 2018):
  - ❖ Greater financial gains,
  - ❖ Higher market share,
  - ❖ High levels of employee commitment,
  - ❖ Increased firm performance,
  - ❖ Increased capabilities,
  - ❖ Increased customer satisfaction,
  - ❖ Greater firm value,
  - ❖ Lower firm-idiosyncratic risk,
  - ❖ Cost saving advantages.

## People Who Adopted Sustainable Practices When Purchasing Items (2022)

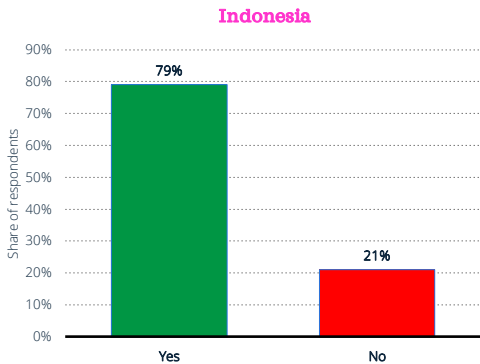


Notes(s): Indonesia; February 10 to 28, 2022; 16 years and older; 10,886 respondents.  
Source: Statista (2022)

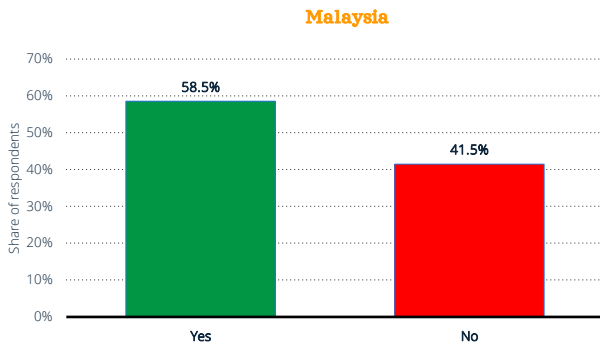


Notes(s): Malaysia; February 10 to 28, 2022; 16 years and older; 8,443 respondents.  
Source: Statista (2022)

## People Who Are Willing to Pay More for Sustainable Products (2022)



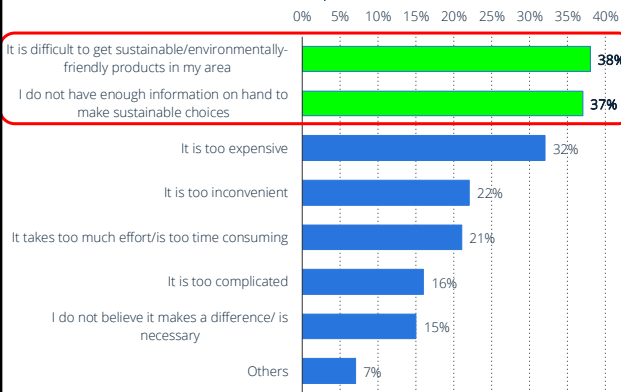
Notes(s): Indonesia; February 10 to 28, 2022; 16 years and older; 10,886 respondents.  
Source: Statista (2022)



Notes(s): Malaysia; February 10 to 28, 2022; 16 years and older; 8,443 respondents.  
Source: Statista (2022)

### Indonesia

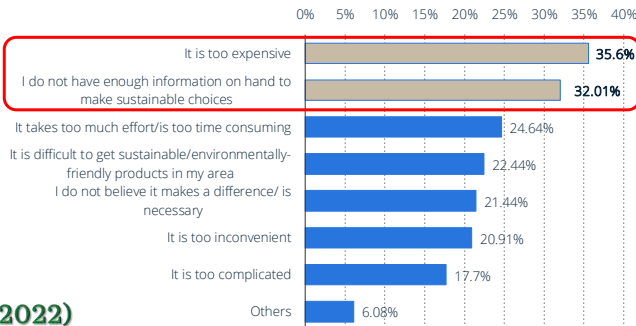
Share of respondents



Notes(s): Indonesia; February 10 to 28, 2022; 16 years and older; 1,229 respondents; among respondents who did not adopt any sustainable practices in the past year.  
Source: Statista (2022)

### Malaysia

Share of respondents



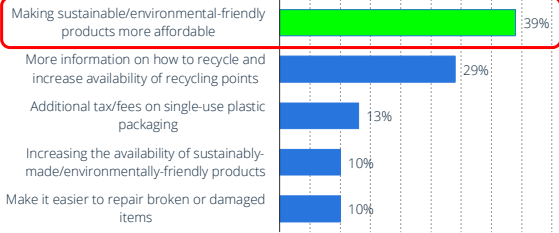
Notes(s): Malaysia; February 10 to 28, 2022; 16 years and older; 2,090 respondents; among respondents who did not adopt any sustainable practices in the past year.  
Source: Statista (2022)

## Reasons for Not Doing Sustainable Practices (2022)

## Measures to Encourage Sustainable Practices (2022)

### Indonesia

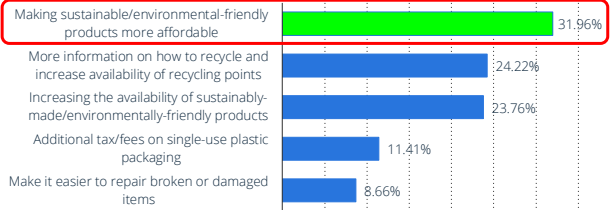
Share of respondents  
0% 5% 10% 15% 20% 25% 30% 35% 40% 45%



Notes: Indonesia; February 10 to 28, 2022; 16 years and older; 10,886 respondents.  
Source: Statista (2022)

### Malaysia

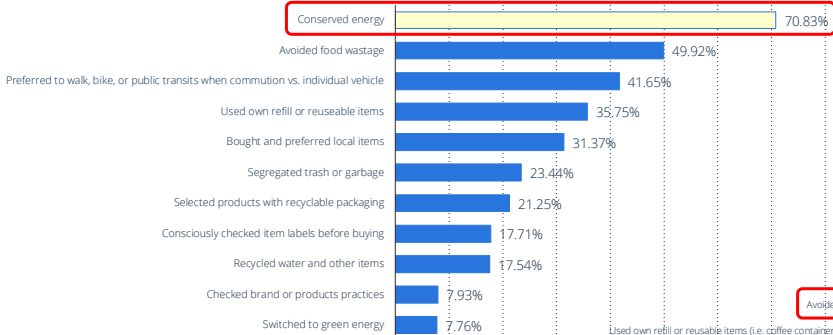
Share of respondents  
0% 5% 10% 15% 20% 25% 30% 35%



Notes: Malaysia; February 10 to 28, 2022; 16 years and older; 8,443 respondents.  
Source: Statista (2022)

### Indonesia

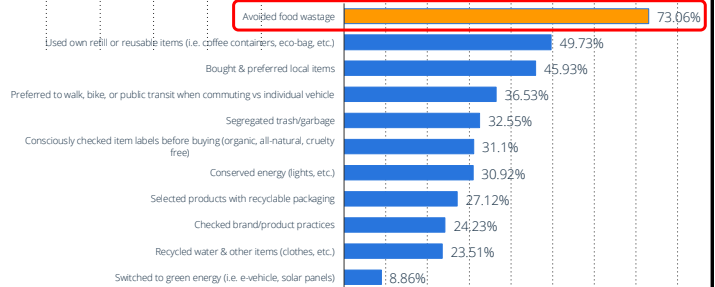
Share of respondents  
0% 10% 20% 30% 40% 50% 60% 70% 80%



Notes: Indonesia; January 2023; 18 years and older; 1,434 respondents.  
Source: Statista (2023)

### Malaysia

Share of respondents  
0% 10% 20% 30% 40% 50% 60% 70% 80%



Notes: Malaysia; January 2023; 18 years and older; 1,022 respondents.  
Source: Statista (2023)

## Most Common Sustainability Actions among Consumers (2023)



# Issues / Challenges

- Many countries in the Asia Pacific region are unlikely to meet the 2030 target for most SDGs (United Nations Economic and Social Commission for Asia and the Pacific, 2020).
- Unsustainable consumption practices are still dominant (Lim, 2022).
  - Without the approval and support of consumers, sustainable marketing programs cannot work effectively (Vitell, 2015; Tjiptono, 2018).
  - Most consumers remain ignorant of the negative consequences of unsustainable consumption (Bostrom, 2020).
  - Poor demand of sustainable products (Peattie & Crane, 2005).
- Many sustainable product specialists have faced business survival issues (Crane, 2000; Peattie & Crane, 2005).
  - Existing sustainability strategies do not directly focus on consumer (Lathabhavan, 2022; Sheth, et al., 2011).
  - Many sustainable products have been greatly overpriced, inconvenient, ineffective, or unavailable (Weissmann, 2020; Weissmann & Hock, 2021).

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1. How to inform and educate consumers to be actively responsible.
2. How to 'normalize' green/responsible behaviors (Rettie, et al., 2012):
  - Repositioning activities as normal, or not normal, to encourage the adoption of more responsible consumer practices.
  - Individual strategies to be responsible, such as:
    - ❑ Monitoring electricity consumption,
    - ❑ Recycling,
    - ❑ Taking own shopping bags to the shops,
    - ❑ Using energy-saving light bulbs,
    - ❑ Buying organic food,
    - ❑ Using public transport whenever possible.

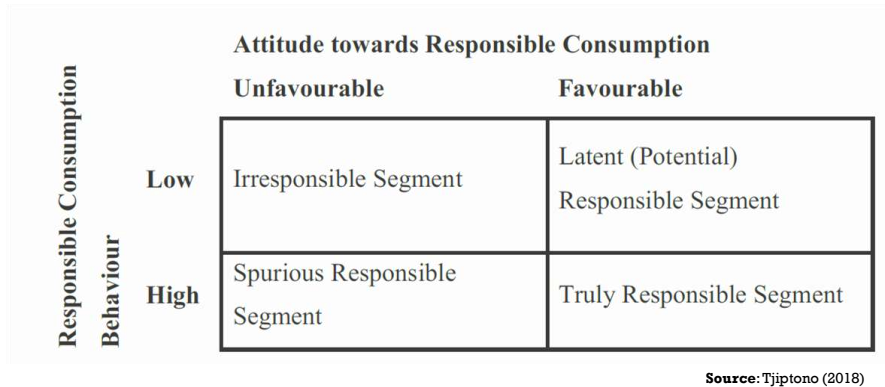
## Implications [1]

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## Implications [2]

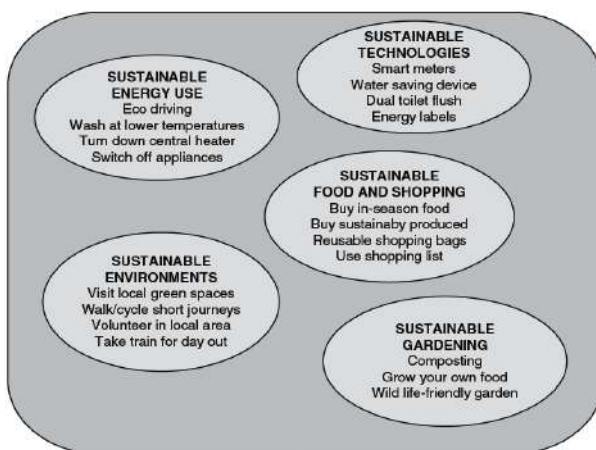
3. How to address 'green gap', identify and serve the appropriate **responsible consumption segments**.



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## Implications [3]



Source: Verplanken &amp; Roy (2015).

4. How to **change daily behaviour** of individual consumers (McDonald, et al., 2012).
- Intervention strategies are not enough.
  - Identification/segmentation is not sufficient.
5. **Overcoming barriers** to be responsible consumers.
6. An **integrated effort** of relevant parties, such as marketers, policy makers, consumers, religious leaders, and others.

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The *optimist* sees the donut,



the **pessimist** sees the hole.  
- Oscar Wilde

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***Matur Nuwun***



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