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Green Business and Online Price Premiums: Will Consumers Pay More to Purchase from Environmentally Friendly Technology Companies?

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Abstract

This study explores the “green” business model for the digital economy. Specifically, it asks whether online consumers will pay more to purchase from a company that they perceive to be socially responsible when it comes to the environment. We conduct an experiment where consumers are presented with different facts regarding the environmental practices of a fictional online retailer of digital music, movies and MP3 players, and are then asked to indicate the maximum price they would be willing to pay for these products. Each consumer first reacts to an environmentally neutral company, followed by an environmentally friendly company and an environmentally unfriendly company presented in a random order. Results show a significant difference between the maximum prices consumers are willing to pay for products with each group, with the environmentally friendly company receiving a modest premium over the neutral group and with the environmentally unfriendly company experiencing a steep price drop for their products compared to the neutral group where many consumers indicate that they would not purchase at any price from the environmentally unfriendly company. Our findings have practical implications for the digital economy as companies look for ways to differentiate themselves from competitors.

Key Words: price premiums; digital goods; competitive advantage; consumer behavior, environmental practices; green business.

1. INTRODUCTION

Every business tries to position itself to be able to attract potential customers and command price premiums in the open market. In the highly competitive online marketplace, building a sustainable competitive advantage is the Holy Grail of every e-business. Indeed, finding a way to differentiate one's company or product from the competition may be even more important for online businesses than for traditional ones. In the brick-and-mortar world, customers can alleviate some of their concerns through face-to-face interactions with business agents. The physical presence of the store offers assurance that it exists, is accessible, and is trustworthy. However, in the virtual marketplace, there exists only an indistinct presence that is oftentimes coupled with contact anonymity. As indicated by Holzwarth, M., Janiszewski, C., & Neumann, M.M. (2006), an obstacle to online retail sales is the impersonal nature of Web-based shopping.

Building and marketing an online business also poses several other unique challenges. For example, when the well-known 4 Ps of marketing (i.e., product, price, promotion, and place) were developed in the 1960s, place was considered an essential component in the business marketing mix (Anderson, L.M., Taylor, R.L. 1995). As the popular slogan attests, the three most important features in real estate are location, location, and location. Oftentimes, traditional businesses pay top dollar to be located where their customers can access them conveniently. However, Wilson and Abel (2002) argue that the location of an e-business is inconsequential on the Internet.

Like their counterparts in the physical world, e-businesses require a sound business model and must be profitable in order to succeed over the long term. However, unlike their brick-and-mortar counterparts, e-businesses cannot depend on such conventional marketing ploys as a convenient location, to attract customers. With the diminishing importance of location for e-businesses, we have witnessed radical changes in many industries. Online sellers of used books are a frequently cited example of the degree of change that is required to stay competitive (Ghose et al. 2006).

In lieu of place as a determinant of e-business success, other factors are becoming more significant. A factor that may substitute for place as one of the 4 Ps is *perception* (Cazier, J. A., Shao, B. B., St. Louis, R. D. 2006). Perception may relate to a customer's impression of trust, value congruence, environmental stewardship and other intangible traits that motivate her to complete a transaction.

This paper makes a contribution to the e-business literature by testing and evaluating the effect of environmentally friendly business practices on the willingness of customers to pay price premiums. These practices, if proven effective, will assist e-businesses in achieving sustainable competitive advantage by increasing the intention of customers to purchase goods from them and/or enhancing the willingness of customers to pay price premiums for those

goods. Our work builds on existing theories and intends to provide practitioners with insights on innovative ways of creating a competitive edge that will allow e-business to enjoy price premiums.

2. LITERATURE REVIEW

Several companies have achieved a competitive advantage because of their environmental practices. The Body Shop of Brighton, England has been recognized for its consistent support for environmental responsibility. Making biodegradable products, The Body Shop supports self-conscious communities in the Third World, good causes for environmental awareness, and social responsibility. The company champions these values, which in turn help increase its sales and develop strong customer relations (Hartman and Beck-Dudley 1999, Sillanpaa 1998). Ben & Jerry's Ice Cream of Burlington, Vermont also advocates what it calls environmental stewardship and has attracted many loyal customers that agree with the company's values. Likewise, Interface Inc.—a billion-dollar international carpet manufacturer—has introduced a number of environment-friendly processes that not only save money but also help it win new business. For instance, The Gap, Inc. had invited Interface to bid on its carpeting services specifically because of Interface's environmental initiatives (Daviss 1999).

Each of these companies has been able to build a niche market with a group of customers when both parties share certain values. The sharing of values can engender trust by the customers of the company. The increase in trust enhances a customer's willingness to purchase goods from the company, pay price premiums, or get involved in other cause-related activities. In other words, these companies make an effort to appeal to their customers by supporting common values and cultivating the ensuing trust and loyalty.

Price premiums are a sought-after goal for businesses. They refer to the willingness of customers to pay more for a given product offered by one company than for similar products offered by its competitors. Businesses strive for price premiums because they increase their profitability and economic rents. The ability to charge price premiums typically relates to a differentiation strategy, where the product offered is perceived to possess unique features or benefits that provide customers with superior value add. Since customers consider the product unparalleled, its price elasticity of demand tends to be reduced and customers are more likely to be loyal. Among the means to implement a differentiation strategy, and hence to charge price premiums, is "incentives based on subjective measures" (Porter 1985). We intend to examine the subjective measure of environmental stewardship for e-business.

Quite interestingly and somewhat contrary to conventional thinking, greater price dispersion is found among e-commerce stores than among physical stores (Brynjolfsson and Smith 2000). Brynjolfsson et al. (2003) report online efficiency gains have generally led to lower than average selling prices due to increased competition. They also find online

retailers offering the lowest prices do not necessarily record the highest volume of sales, and they believe online trust is one explanation for this discrepancy. Ba and Pavlou (2002) also notice that a high level of trust enables vendors to charge price premiums. Results of these prior studies suggest the importance of price premiums (i.e., a company's ability to generate additional revenues) for an e-business to succeed in the marketplace.

People have been known to donate their time and money to various causes they strongly believe in. Religious and non-profit organizations oftentimes depend on the goodwill of individuals and their contributions to the common cause. Whether online or in person, the effect of value congruence on fund raising is critical for the survival of such organizations. Online donations to non-profit organizations were estimated to be close to \$100 million (Higgins 2002).

More recently, this type of practice has been noticeably extended to the realm of cause-related marketing. It is reported that almost half of non-profit organizations in the United States have started business ventures to generate revenues (Brancaccio and Cole 2003). Many businesses also have been using cause-related marketing to appeal to their customers. For example, corporate support of social causes has exceeded \$1 billion annually (Barone, M. J., Miyazaki, A. D., Taylor, K. A. 2000). Cause-related marketing is now regarded as an effective means to differentiate companies from their competitors (Barone et al. 2000).

In this study, we explore the degree to which value congruence based on environmental stewardship can enhance the ability of an e-business to charge price premiums. We argue that if an individual and an organization have congruent views for what is environmentally best for society and if the individual believes the organization helps to advance those views, then the individual ought to be willing to pay more for the organization's products and services (i.e., they value the increase in social welfare over the economic utility gained from lower prices).

H1 (Environmentally Friendly → Price Premium): *Higher levels of perceived environmental stewardship increase the price premiums consumers are willing to pay.*

H2a (Environmentally Unfriendly → Refusal to Purchase): *Higher levels of perceived environmental damage/negligence decrease the willingness of consumers to purchase from a company .*

H2b (Environmentally Unfriendly → Price Penalties): *Higher levels of perceived environmental damage/negligence increase the likelihood that consumers will demand a price discount, if they are willing to purchase at all .*

3. RESEARCH DESIGN

In order to test the proposed hypotheses, we conducted an experiment in which participants were presented with three scenarios designed to elicit different responses regarding a fictional online retailer of digital goods. It is important to present a realistic but fictional company to keep the scenario plausible while avoiding possible distortion of responses from subjects who might already have exposure to, and hence an existing perception about, an actual company. It is also important to present a company with a strong technology focus that appeals to our subjects and they can relate to. Therefore, we created a fictional company Media Magic—a manufacturer and retailer of MP3 players and a seller of downloadable digital songs and movies that can be played on their devices. There are several established companies that resemble certain aspects of Media Magic's business, including Apple (iPod and iTunes), Microsoft (Zune), and Amazon (digital downloads). The digital goods studied in this research are relevant to IT, as they are downloaded and transmitted digitally or are electronic products sold over the Internet.

To avoid a response bias due to complete unfamiliarity with and possible fears from dealing with a totally unknown company, respondents were given some basic facts about Media Magic. This is consistent with what one might expect from a company of this nature. This treatment allows us to focus on the impact of environmental practices and control for both prior exposure to a known company and the risk of dealing with an unknown company with no track record. The basic facts provided to our subjects stated that Media Magic was founded in 2001, has over \$100 million a year in sales, has products that are consistently rated very high by consumers, and has products that are reasonably priced.

After the presentation of basic facts and some product information, subjects were told that they are looking for a gift for a close friend, and that they have decided to buy an MP3 player along with a downloaded song and a downloaded movie as their gift. After a brief description of the features they want for the gift, they are asked to list the highest dollar amount they would be willing to pay for each of the described products (i.e., MP3 player, downloaded song, and movie), or to put a zero if they would not buy at any price. We called this the neutral group, because subjects have no knowledge of the environmental practices of Media Magic.

Next, respondents who had been randomly assigned to group A were told that their favorite magazine had written an article about Media Magic's environmental practices. In this case, the article praised the company for sound environmental practices such as: Media Magic avoids the use of toxic elements in its products; it supplements its energy needs with renewable power; it has a major initiative to be "good stewards" of the environment; it conducts independent audits of its environmental practices; and it donates a share of its profits to help green causes. Subjects were then asked to answer the same price questions as previously.

Finally, subjects in group A were told that instead of the article praising Media Magic's environmental practices, their favorite magazine had written a very different story illustrating how the company damages the environment. Its harmful practices include: Media Magic uses toxic elements in its products; it recklessly dumps the waste; it lobbies the Congress to lower environmental standards; and it builds its factories in the Third World to avoid stringent environmental laws. The article also notes that Media Magic has been repeatedly fined for violations of environmental regulations and it has often been the target of protests led by environmental groups. Subjects were then asked the same series of questions regarding their perceptions of Media Magic and their willingness to buy the gift from Media Magic. For the subjects randomly assigned to group B, the order of supporting and opposing magazine articles was reversed to rule out any possible order effect. The survey is presented in Appendix A. A summary of the questions and the available responses is shown in Table 1.

Gender	Please select your gender:	1=Male, 0=Female
Age	Please enter your age.	Open-Ended Response
Income	Please select your approximate annual household income in US dollars (optional):	1=0 to 20K, 2= 20 to 40K, 3=40 to 60K, 4= 60 to 80K, 5=80 to 100K, 6=100 to 120K, 7= 120K+
Price1	Digital Song:	Write in highest price you are willing to pay for the item
Price2	Digital Movie:	Write in highest price you are willing to pay for the item
Price3	MP3 Player:	Write in highest price you are willing to pay for the item

Table 1. Summary of Research Instrument

Environmental values are a suitable topic for studying e-business models for several reasons. First, it is on the mind of many consumers today, with growing concerns about global warming, pollution, animal extinction, and other tragedies looming large in the society, science, politics and press. Unlike other intangible perceptions a company could project (e.g., abortion, equal rights, and morality), the environmental issue is expected to be less divisive with recent evidences indicating the dire consequences of ignoring this issue. While there may be some debate about how much regulation is needed to protect the environment, few people would argue that they want to destroy the environment entirely and most of them would agree that at least some measures are required to limit harmful environmental impacts. This makes it easier and more practical for companies to take a positive stance on this issue.

Second, while there are differences in the degree of concerns and passion among people for environmental causes, it is possible to foresee which companies are likely to be perceived as value positive or value negative by the

majority of our subjects. This makes it possible to measure effect strengths and directions for different groups.

Environment-related causes also make for a “safer” value for an e-business to employ in the marketplace, compared with other more controversial values that might drive away as many customers as they attract (e.g., abortion and same-sex marriage). Thus good environmental practices are more likely to be adopted by mainstream companies searching for a competitive advantage, making it even more relevant to study for an e-commerce setting.

Third, environmental values at the present time have a strong appeal to the young people who are also more likely to purchase MP3 players and download digital movies and music. This potential target fit makes it especially salient to use environmental causes for our fictional company Media Magic. There has been an enormous amount of discussion and movement regarding environmental values in the technology sector these days. For example, Apple had to defend its environmental record at a shareholder meeting where protestors picketed their “toxic trash” while HP and Dell cut the cost of recycling their computers for customers in response to Earth Day Campaigns (Fried 2005). In its corporate philosophy, Google also claims to be a major supporter of clean renewable energy and works to reduce its carbon footprint. All of these cases make perceptions about the environment a good choice for this study where we try to understand if, and to what degree, these perceptions matter.

4. DATA ANALYSIS AND RESULTS

The experiment was conducted online at two large comprehensive public universities in the United States, one on the east coast and the other on the west coast. The sample includes masters, undergraduate and professional development students, as well as both business and non-business majors. In this experiment, subjects that are composed of undergraduate, masters, and professional development students are an ideal target group. This age group is one of the largest users of MP3 players and is also very likely to download music and movies compared with other demographic groups (Ipsos Research 2006). Since subjects were asked to behave in their normal capacity, the use of students is considered appropriate (Gordon et al. 2002). Several prior studies have argued the case for using students as subjects in this type of study (e.g., McKnight, D.H., Choudhury, V., Kacmar, C. 2002, Galletta, D. F., Henry, R. M., McCoy, S., Polak, P. 2006).

In all, there were 255 respondents (63% males and 37% females) who completed surveys that were usable. The average age was 24 with a range from 18 to 66. The average annual household income was 3.45 on our scale, which corresponds to the range of \$40,000 to \$80,000 and is inclusive of the median U.S. family income of \$46,326 (Walt et al. 2006).

Table 2 contains information from *t*-tests to check if there is a significant difference between the groups.

Var Name	Item	Mean #1	Mean #2	Mean Dif	<i>t</i>	Sig
<i>Friendly to Neutral</i>		<i>Friendly</i>	<i>Neutral</i>			
Price1	Song	1.22	0.95	0.26	4.720	0.000
Price2	Movie	6.41	5.56	0.85	5.686	0.000
Price3	MP3 Player	142.18	133.14	9.04	3.538	0.000
<i>Friendly to Unfriendly</i>		<i>Friendly</i>	<i>Unfriendly</i>			
Price1	Song	1.22	0.48	0.74	8.605	0.000
Price2	Movie	6.41	2.85	3.55	12.038	0.000
Price3	MP3 Player	142.18	53.47	88.71	14.802	0.000
<i>Neutral to Unfriendly</i>		<i>Neutral</i>	<i>Unfriendly</i>			
Price1	Song	0.95	0.48	0.47	9.088	0.000
Price2	Movie	5.56	2.85	2.71	10.548	0.000
Price3	MP3 Player	133.14	53.47	79.68	13.805	0.000
<i>Number of observations = 255</i>						

Table 2. Paired *t*-Test for Different Environmental Stances

The differences in the means that are reported in Table 2 for comparisons involving the environmentally unfriendly organization are difficult to interpret, because a large number of respondents said they would not buy from such an organization at any price. In Table 3, only nonzero prices are used to calculate the means. This provides a more realistic estimate of the price discount that must be offered to overcome the perception of being environmentally unfriendly.

Var Name	Item	Mean #1	Mean #2	Mean Dif	<i>t</i>	Sig
<i>Friendly to Neutral</i>		<i>Friendly</i>	<i>Neutral</i>			
Price1	Song	1.36	1.07	0.29	4.821	0.000
Price2	Movie	7.01	6.14	0.87	6.274	0.000
Price3	MP3 Player	153.63	142.65	10.98	6.559	0.000
<i>Friendly to Unfriendly</i>		<i>Friendly</i>	<i>Unfriendly</i>			
Price1	Song	1.36	0.90	0.46	5.653	0.000
Price2	Movie	7.01	5.43	1.58	7.226	0.000
Price3	MP3 Player	153.63	104.87	48.76	8.476	0.000
<i>Neutral to Unfriendly</i>		<i>Neutral</i>	<i>Unfriendly</i>			
Price1	Song	1.07	0.90	0.17	3.620	0.000
Price2	Movie	6.14	5.43	0.71	4.005	0.000
Price3	MP3 Player	142.65	104.87	37.78	7.065	0.000
<i>Number of observations varies from 130 to 238. See Table 4 for the exact count of zero prices.</i>						

Table 3. Paired *t*-Test for Different Environmental Stances (Nonzero Prices Only)

The *t*-tests show a significant difference (at the 0.000 level) between every two scenarios for each type of product. For example, the environmentally friendly scenario shows an increase of \$0.29, \$0.87, and \$10.98 over the neutral scenario for the song, movie, and MP3 player, respectively. These correspond to an average increase of 27%, 14% and 8%. Note that while the percentage increase of the friendly scenario over the neutral scenario drops as the absolute price goes up, the total dollar amount of the price premium continues to go up.

We see an even larger difference between the friendly and unfriendly scenarios, where respondents were willing to pay \$0.46, \$1.58 and \$48.76 more for the song, movie, and MP3 player, respectively, in the friendly scenario than in the unfriendly scenario. These correspond to a 19%, 13% and 36% increases in the prices consumers are willing to pay for the friendly scenario when compared to the unfriendly scenario.

In addition, the data show that there is a substantial drop in the price that consumers are willing to pay for a product from the environmentally neutral scenario versus the environmentally unfriendly scenario, with drops of \$0.17 (16%), \$0.71 (12%) and \$37.78 (26%). In an industry that generally has low margins, this represents a very significant penalty.

It also is interesting to look at the number of respondents that said they would not purchase from environmentally friendly, environmentally neutral, and environmentally unfriendly companies. Table 4 shows the number of persons that said they would not purchase from our online company under the three scenarios, and tests the differences in those numbers for significance

Var Name	Item	Refusals	Refusals	Diff	<i>t</i>	Sig
<i>Friendly to Neutral</i>		<i>Friendly</i>	<i>Neutral</i>			
Price1	Song	26	27	-1	-0.377	0.706
Price2	Movie	22	24	-2	-0.706	0.481
Price3	MP3 Player	19	17	2	0.706	0.481
<i>Neutral to Unfriendly</i>		<i>Neutral</i>	<i>Unfriendly</i>			
Price1	Song	26	119	-93	-11.332	0.000
Price2	Movie	22	121	-99	-11.932	0.000
Price3	MP3 Player	19	125	-106	-13.028	0.000
<i>Friendly to Unfriendly</i>		<i>Friendly</i>	<i>Unfriendly</i>			
Price1	Song	27	119	-92	-11.586	0.000
Price2	Movie	24	121	-97	-12.285	0.000
Price3	MP3 Player	17	125	-108	-13.446	0.000
<i>Number of observations =255</i>						

Table 4. Differences in the Number of Persons that Refused to Purchase

Table 4 shows that although there are no significant differences in the number of refusals between the environmentally friendly and environmentally neutral scenarios, the differences are both statistically significant and practically important for comparisons involving the environmentally unfriendly scenario. For the environmentally friendly versus environmentally unfriendly comparison, the percent of potential customers that refuse to purchase are 36%, 39%, and 42%, respectively, for the song, movie, and MP3 Player. The numbers are similar for the neutral versus unfriendly comparison. No business can afford to lose that many customers.

Taken together, the data support our hypotheses that a friendly environmental stance can lead to online price premiums, and that an unfriendly environmental stance can lead to refusals to purchase and price penalties. Table 5 summarizes our findings.

No.	Summary	Hypothesis	Result
H1	Friendly → Price Premium	<i>Higher levels of perceived environmental stewardship increase the price premiums consumers are willing to pay.</i>	Supported
H2	Unfriendly → Refusal to Purchase	<i>Higher levels of perceived environmental damage/negligence decrease the willingness of consumers to purchase from a company.</i>	Supported
H2	Unfriendly → Price Penalties	<i>Higher levels of perceived environmental damage/negligence increase the likelihood that consumers will demand a price discount, if they are willing to purchase at all.</i>	Supported

Table 5. Hypothesis Summary

5. Discussion

Our study suggests that there is a tangible monetary reward for “going green” for online businesses. Many consumers indicated that they would be willing to pay sizeable price premiums to purchase products from companies that they perceive to be environmentally friendly versus environmentally neutral companies (Hypothesis H1).

Conversely, there is an even larger price penalty for companies that consumers perceived to be doing harm to the environment. On average, the price consumers were willing to pay these companies dropped by 40% to 51% (if they are willing to buy at all) versus the neutral scenario (Hypothesis H2). . Our results suggest that a company’s environmental stance can be a double-edged sword that can either help them benefit when consumers perceive them to be supportive of the environment, or punish them when consumers perceive them to be damaging the environment.

It is important to note that this study was conducted for online companies selling digital and related goods. It is likely that this effect is stronger in the digital economy than it is in the offline business world. Offline, consumers tend to buy products from companies for many reasons, including convenience of location, face-to-face interaction with a salesperson, and habit. Thus some consumers may still purchase from a company that is perceived to harm the environment because of convenience or limited choices. On the Internet, the choices are virtually unlimited as another store is just a click away; this makes it much easier for environmental perceptions to play a significant role on the Internet versus offline.

This study uses environmental values due to their timeliness, wide appeal, and relevance to the technology sector as global warming and high energy prices bring this concern to the forefront for many individuals and groups. However, it is possible that values other than the environment might also be relevant, as suggested by Cazier et. al. (2007). Future research should explore a range of values an individual could hold, and how those particular values might impact behavior.

In addition, companies should avoid green washing and have real change. Eventually consumers will likely hear about a company's true practices and react accordingly. Our data suggests that there is a nice but modest nudge up over the neutral group for companies that embrace these ideas, but a big price drop if they are perceived to actively harm the environment, making it riskier to send false messages.

We should also remember that this study reflects planned behavior, and that people do not always do what they say they will. The magnitude of both the price penalties and the percent of refusals are surprisingly large. It is impossible to say whether this is because planned behavior does not reflect actual behavior, or because current understanding understates the penalties in an online environment that are associated with being perceived as environmentally unfriendly. Still, planned behavior is one of the best predictors of future behavior (Fishbein, M., Ajzen, I. 1975). Hence this paper not only makes a valuable contribution in terms of furthering our understanding of the penalty associated with engaging in environmentally unfriendly practices, but also points out the need for future research based on actions rather than intentions.

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APPENDIX A – CONDENSED MEDIA MAGIC SURVEY – VERSION

Please indicate your correct demographic information

Gender: Male Female **Age:** _____

Please circle your approximate annual household income in US dollars (optional):

\$0 to \$20K \$20K to \$40K \$40K to \$60K \$60K to \$80K \$80K to \$100K \$100K to \$120K \$120K+

In this study, we are attempting to measure the impact of an organization's values on the prices consumers are willing to pay. It is important that you answer all of the questions honestly, please do not try to help us by putting the answers you think we want to hear.

Scenario

In the next few pages, you will be presented with three versions of the same fictitious company. In each case, please assume that all you know about that company is what is presented on this page, and the page you are filling out. The information on this page will not change, but each additional page will have a different version of the same company. Please consider only information for the current company (i.e. disregard info about prior versions) as you fill out each page.

Please consider the following fictional company:

Media Magic is a well established company that makes MP3 players and also sells songs, audio books and movies for digital downloads. Their songs and movies are in standard formats that can be played on any device.

Here are some quick facts about Media Magic:

- They were founded in 2001
- They have over \$100 million in sales a year
- Their products are consistently rated very high by consumers and are reasonably priced
- They have a very wide selection of digital music, books and movies available for download
- They have a clean, easy to use website with a nice design that gets a lot of traffic

Product Examples

Here are a few of Media Magic's MP3 Players that you can find on their website, many play both music and videos. They have a wide range of MP3 Players that come in all shapes, sizes, and colors as seen below.



As you explore Media Magic's website, you see a very wide range of legal digital downloads for music, TV shows, and movies.

MEDIA MAGIC

Based *only* on the information you learned about media magic on the first page, please answer the following questions:

Imagine you are looking to buy a gift for a friend. You have decided to buy an MP3 player, a digitally downloaded song and also a movie, as your gift. It is very important to you that the MP3 player has certain features, such as a media screen to watch videos, the ability to pick up FM radio channels, and an interactive menu to see your selected songs and play lists. Media Magic products are a perfect fit.

Assuming that you have decided to purchase this product, what is the most you would be willing to pay for these items? Please fill in a price. If you would not purchase from this company at any price, put a zero in the box.

Item	Price
Digital Song	
Digital Movie	
MP3 Player	

POSITIVE PRESS

Imagine your favorite magazine has just written an article about Media Magic (MM). Upon reading it you learn that Media Magic supports the environment in the following ways.

- They avoid the use of toxic elements in all their electronic products and clean their waste
- They supplement with renewable power at all their factories to reduce global warming
- They have embarked on a major initiative to be “good stewards” of the environment
- They invite independent groups to audit all their environmental practices
- They donate a share of their profits to help with environmental causes

Given the same gift purchase scenario as on page 2, and based only on the information from this page and the first one, what is the most you would **NOW** be willing to pay Media Magic for these items rather than purchase them from a competitor? Please fill in a price. If you would not purchase from this company at any price, put a zero in the box.

Item	Price
Digital Song	
Digital Movie	
MP3 Player	

NEGATIVE PRESS

Alternatively, imagine your favorite magazine has just written a very different article about Media Magic. Upon reading it you learn that Media Magic harms the environment in the following ways.

- They use many toxic elements in all their electronic products and dump their waste
- Environmental groups protest their production practices as unsustainable
- They lobby congress to loosen environmental regulations
- They locate factories in third world industrial areas to avoid pollution control laws
- They have been repeatedly fined for environmental violations

Given the same gift purchase scenario as on page 2, and based only on the information from this page and the first one, what is the most you would **NOW** be willing to pay Media Magic for these items rather than purchase them from a competitor? Please fill in a price. If you would not purchase from this company at any price, put a zero in the box.

Item	Price
Digital Song	
Digital Movie	
MP3 Player	