

Carbon Emission Reductions versus Offsets: Consumer Perceptions of Firm Environmental Sustainability

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Abstract

Firms can reduce carbon emissions or purchase offsets to compensate for their emissions and implement such initiatives internally or in the supply chain. We study the effects of these choices on consumer perceptions of firm environmental sustainability. We hypothesize that consumers perceive firms that reduce (vs. offset) and reduce internally (vs. in the supply chain) to be more sustainable, as these options are perceived to take more effort, interpreted as altruism. We also expect that knowledge about climate change and offsets reduce the effects of firm strategies. In two pre-registered experiments, we find that firms that reduce emissions are perceived as more sustainable than firms that offset emissions, and that this effect is mediated through perceived effort and altruism. We find no significant effect of reducing or offsetting internally (vs. in the supply chain), and no evidence that knowledge about climate change or offsets decreases the effect of reducing (vs. offsetting).

Subject Areas: *Attitude, Channels, Consumer Behaviour, Marketing Strategy, Public Policy*

Track: Social Responsibility & Ethics