HAKON SWENSON STIFTELSEN

Customer Perceptions of Sustainability: Developing Competitive Online Retail Brands

Final report for the research project “Sustainability investments for online retailers: Investigating customer preferences to pay more for sustainable practices”

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Facts about the project

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Shakiba Khodabandeh

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Foreword
Hakon Swenson Foundation

Understanding the consumer is at the heart of retail. Hakon Swenson Foundation is pleased to have supported Shakiba Khodabandeh at Stockholm Business School in exploring what sustainability means to people who shop online. This report offers a closer look at their perspectives and what retailers can learn from them.

We would like to extend our warm thanks to Shakiba for an interesting project. We hope this report gives readers valuable insight to draw on as they develop their own sustainability efforts.



Lena Litens,
Chair of the Board, Hakon Swenson Foundation

Foreword by the project leader

What makes an online retailer sustainable in the eyes of its customers? This question was the starting point for my research. It is encouraging to see sustainability becoming an increasingly important part of retail business decisions. At the same time, retailers operate in a competitive market where price and convenience often shape customers' choices. While customers may care about sustainability, they do not necessarily understand or value every sustainability initiative in the same way. This made me curious about what sustainability actually means to customers when they think about online retailers.

One of the most interesting parts of this research has been discovering just how differently people understand sustainability. What first seemed like a relatively straightforward concept turned out to be much more complex when customers were invited to share their own perspectives. Their responses challenged some of the initial assumptions behind the study and led me to reconsider the original research plan, giving greater attention to understanding these perceptions. This experience has reminded me of the importance of listening to customers rather than assuming that what matters to retailers will necessarily matter to them in the same way.

I am sincerely grateful to the Hakon Swenson Foundation for supporting this research and making the data collection possible. I would also like to thank the participants who took the time to share their thoughts and experiences, which have been central to shaping the direction of the study.

My hope is that this research will help online retailers better understand what their customers value and trust when it comes to sustainability and use that understanding to make more thoughtful and informed decisions about where and how to invest in sustainable practices.

Stockholm, October 2026
Shakiba Khodabandeh, Project Leader

Summary

Background and purpose

Online retailers face increasing pressure to invest in sustainability while operating in highly competitive markets where consumers are often price-sensitive. Although consumers may express positive attitudes toward sustainability, it remains uncertain whether these attitudes translate into a willingness to pay higher prices. The project aims to identify sustainability initiatives that consumers value and investigate their willingness to pay for sustainable practices in online retail.

Research approach

The project combines exploratory pre-surveys with two qualitative and quantitative surveys intended to extract the customer perceptions of a sustainable online retailer. The pretests and surveys were administered through Prolific. The pretests were conducted in November and December 2025. Following revisions to the questionnaire, the qualitative survey was administered in April 2026. The next step will be a quantitative survey, designed to elicit more detailed information on customer sustainability perceptions.

Results, relevance, and dissemination

The qualitative survey resulted in seven main dimensions of sustainability perception in online retail: packaging, delivery, production, sustainability commitment authenticity, social sustainability, affective perceptions, and customer enablement. Packaging, Delivery, and Social sustainability are classified as non-product-related attributes, while Production represents product-related attributes. Customer enablement encompasses both attributes and benefits, whereas Affective perceptions primarily reflect emotional benefits. Sustainability authenticity and commitment, including credibility, continuity, and integrity, are positioned within attitudes, reflecting consumers' overall evaluation of retailers' sustainability efforts.

The project addresses a key business challenge: identifying how sustainability investments can contribute to consumer value and potentially support retailers' economic performance.

The project is still ongoing, but the current findings suggest that online retailers should make sustainability visible, credible, and easy for consumers to evaluate, particularly through packaging, product quality, materials, and clear sustainability information. Sustainability claims should be supported by transparent evidence and reflected consistently across products, delivery, returns, and supplier practices, while sustainable options should remain convenient and affordable. Recommendations should, however, distinguish between conclusions supported by the completed study and issues that still require further investigation.

The study contributes to research at the intersection of sustainability, retailing, consumer behavior, and pricing by developing and validating a compact measure of customer-perceived sustainability at the online retailer brand level. It responds to calls for more standardized and context-specific sustainability metrics and extends prior research by linking perceived sustainability dimensions to consumers' willingness to pay a price premium.

This ongoing study aims to inform future research on the relationship between perceived sustainability and willingness to pay in online retail, with findings intended for publication in an upcoming journal article.

Financial summary

The funding application requested 70,000 SEK to support participant recruitment and data collection through Prolific. Of the original budget, SEK 20,000 was allocated to the first research step and SEK 50,000 to the second step of the study.

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1. Introduction

Retailers play a central role in the transition toward sustainability, as their decisions regarding sourcing, product assortment, logistics, packaging, and communication can influence both production practices and consumer behavior (Ungemach et al., 2026; Vadakkepatt et al., 2021). The growth of e-commerce and digital technologies has gradually transformed the retail landscape, shifting consumer interactions and purchasing decisions from traditional physical stores toward online platforms and digital channels (Reinartz et al., 2019). The COVID-19 pandemic accelerated the adoption and frequency of online shopping, particularly during lockdowns (Guthrie et al., 2021). This rapid shift prompted retailers to increase their investments in digital channels, delivery systems, and supply chains (Nanda et al., 2021), while bringing greater attention to the sustainability implications of online retail, including packaging waste, delivery emissions, and the growing volume of online transactions.

At the same time, the expansion of online shopping changed how consumers encountered and evaluated retailers' Corporate Social Responsibility (CSR) initiatives. As interactions increasingly shifted from physical stores to digital environments, websites, product information, packaging, and delivery experiences became important channels through which retailers communicated their sustainability commitments and consumers formed their perceptions.

Moreover, shoppers can switch between competing online stores in seconds, often comparing prices before anything else.

This creates a difficult decision for retailers: which sustainability efforts matter to customers, and how can businesses know whether those efforts are valued?

This report presents the first key findings of a research project focused on the aforementioned issues. It focuses on the way consumers understand and judge the sustainability of online retailers. It also explains why these insights are useful for retailers deciding where to focus their efforts.

2. Background, purpose and research questions

Previous research highlights the importance of consumer perceptions in understanding how sustainability and corporate social responsibility (CSR) contribute to brand value. Luo and Bhattacharya (2006) demonstrate that customer satisfaction partially explains the relationship between CSR and firm market value. More specifically, Gain et al. (2024) develop a multidimensional measure of perceived brand wastefulness and show that higher perceived wastefulness is associated with lower willingness to pay a price premium and negative emotional responses. Salinas and Abril (2026) further distinguish between sustainability measures based on firms' activities and those based on customer perceptions, highlighting their different roles in explaining financial brand value. Together, these studies emphasize the importance of understanding and measuring consumer perceptions of sustainability when examining their potential implications for brand value and willingness to pay.

The original research question was: Which sustainability initiatives by online retailers do customers value enough to potentially pay more for? This question matters because retailers cannot invest equally in every possible improvement. They need to understand which activities customers recognize and how they assess claims about sustainability.

The project first set out to identify which aspects of sustainability consumers connect with online retailers. It then sought to compare customer preferences and, ultimately, examine willingness to pay for sustainable practices. A central challenge emerged early: the phrase ‘sustainable online retailer’ can mean very different things to different people. Some think of less packaging; others think of longer-lasting products, cleaner deliveries, responsible suppliers, or transparency in communication and advertising.

For this reason, the research placed particular emphasis on developing a clear and useful measure of customer perceptions. The work reported here asks three practical questions: What do consumers notice when judging an online store’s sustainability? How can those perceptions be grouped into meaningful areas? And how can this knowledge help retailers plan and communicate their sustainability efforts? The willingness-to-pay question will be investigated further rather than treated as answered by the present results.

3. Study design/methodology

The study began by developing a questionnaire about sustainability in online retail. The questions were tested twice: first with 47 participants in November 2025, and again with a separate group recruited online in December 2025. Participants' feedback helped shorten the questionnaire, remove and replace some questions, and, more importantly, clarify what counts as an online retailer in this study. One important adjustment was to clarify that the retailers considered should sell new products, and that respondents could describe a retailer they knew well even without having purchased from it.

The next stage was an open-ended online survey conducted through the Prolific platform in April 2026, in which the eligible participants completed the detailed questions after screening.

Participants described what they associated with sustainable online retailers in their own words. The answers were read, repeated ideas were identified, and then similar responses were grouped together. This approach allowed consumers' own concerns to shape the findings rather than limiting them to a predetermined checklist.

The resulting themes helped build a set of questions for a later numerical survey and an improved measurement tool.

4. Results

What stands out most clearly? Many consumers think first about what they can see and experience. Sustainable packaging, responsible materials, good product quality, long-lasting products and less waste were prominent in the responses. For instance, a customer may judge an online shop positively when an order arrives with minimal unnecessary packaging or when product information explains how long an item is expected to last.

Other concerns are harder to see but still important. Respondents mentioned transparency and honesty in communication, trustworthy certifications, fair working conditions, responsible suppliers, and skepticism about exaggerated environmental claims. They also raised delivery emissions, returns and overconsumption. These responses show that people may judge both the product and the wider business behind it. However, the attention given to different issues was not equally strong: tangible features such as packaging and materials tended to be especially noticeable.

To organize the findings, the research identified seven areas of perceived sustainability: (1) packaging, (2) delivery, (3) production, (4) social sustainability, (5) helping customers make more sustainable choices, (6) customers' feelings about the retailer, and (7) whether the retailer appears genuinely committed to sustainability. These areas provide a framework for asking customers more focused questions.

5. Conclusions

For retailers, the findings suggest several useful steps. First, make concrete sustainability improvements easy for shoppers to notice. Explain packaging choices, material sourcing, product quality and durability in plain language near the relevant products. Second, support claims with specific information or credible independent checks, rather than broad statements such as ‘eco-friendly’ without explanation.

Third, make responsible choices convenient. Customers should be able to understand delivery options and find the information they need without a long search. Fourth, look beyond the product page: returns, suppliers, working conditions and the consistency of company practices can also affect whether customers trust the retailer. Finally, remember that affordability matters. A sustainability initiative that customers appreciate may still struggle if its cost or inconvenience is too high.

These recommendations are starting points. The present work mainly establishes which sustainability aspects consumers mention and how they can be measured. Further research will test the measurement tool and examine the connection with willingness to pay. For the retail industry, the value of the current findings is a clearer basis for listening to customers, choosing what to communicate and evaluating future sustainability investments

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