THE IMPACT OF CONSUMER BEHAVIOR ON GREEN PRODUCT DESIGN

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ABSTRACT

New product design for green products requires the decision-makings to deal with trade-offs in both demand and supply side. This paper focuses on the demand side of the green products to incorporate consumer behavior issues in the pricing and positioning of the green products. Previous literature assume that consumers are able to understand the benefits of the greenness in the green products and therefore are willing to pay a premium for green products. However, in our previous study we identified several cases that the consumers' willingness to pay for the greenness is not universally linked with the benefit of the green products. In this paper, we try to use behavior economics to understand better how companies should make their decisions when they design green products.

Keywords: New Product Design, Green Products, Sustainability, Supply Chain, Decision Making.