

Saimaa University of Applied Sciences
Business Administration, Lappeenranta
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Marketing the Eco-Efficiency of a Finnish Product in Russia

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Abstract

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The purpose of this qualitative research was to find the way for a Finnish company to market the eco-efficient characteristics as an advantage of their products and bring the message effectively to their consumers in Russia. The core objective was to create a strategic marketing plan; the goal was to work out an efficient strategy, practical marketing steps and effective solutions.

The first theory part focused on the comparison of general eco-awareness in Europe and Russia. The part revealed major discrepancies in attitudes and expectations of the consumers motivating a company to come up with the tailor-made marketing solutions to meet the requirements of the Russian consumers. The second part studied the concepts of strategy, planning and common strategy tools. Any business situation requires a thorough strategy as the basis to develop and implement concepts. The third theory part concentrated on eco-products' marketing mix. This part observed the peculiar characteristics of marketing and promotion of eco-products, which differentiate them from ordinary products. The part concentrated on green 4 Ps – place, promotion, price and product; it was done to highlight the need to deliver a special marketing strategy to improve the perception of eco-products among the consumers in Russia.

The empirical part presented an analysis of Valio corporate strategy in promoting their eco-products in the Russian market. The information was gathered from an interview with the company's representative, analysis of the company's website, and general development of the dairy market in Saint Petersburg. To reflect on the current market situation it was important to carry out a competitor analysis and create a development plan. The development plan for eco-products relied on the analysis of a company's internal resources and external forces affecting the overall marketing of a Finnish eco-product in Russia.

Keywords: eco-product, strategy, promotion, eco-efficiency

Contents

1 Introduction.....	4
1.1 Background.....	4
1.2 Objectives and delimitations.....	8
1.3 Research question.....	12
1.4 Theoretical framework.....	12
1.5 Research method.....	16
1.6 Structure of the thesis.....	17
2 Challenges of eco-awareness.....	18
2.1 ISO policy.....	18
2.2 Eco-awareness in Europe and Finland.....	19
2.3 Eco-awareness in Russia.....	20
2.4 Eco- labelling in Europe.....	24
2.5 Eco- labelling in Russia.....	26
3 Strategic planning.....	28
3.1 Basics of strategic planning in a business.....	29
3.2 Principles of strategic planning.....	30
3.3 Marketing mix for eco-products.....	32
3.4 Tools for strategic analysis.....	38
3.4.1 SWOT analysis.....	39
3.4.2 Porter's five forces.....	41
3.4.3 Competitor analysis.....	44
4 Strategic marketing plan for Finnish eco-products in the Russian market.....	47
4.1 Case company profile.....	48
4.2 Dairy market in Saint Petersburg.....	52
4.4 Strategic moves.....	60
4.5 Eco-product marketing strategy.....	67
4.6 Ways to develop.....	69
5 Results and findings.....	71
6 Conclusion.....	76
Figures.....	78
Tables.....	78
List of references.....	80

1 Introduction

1.1 Background

Russian-Finnish economic cooperation in terms of trade, innovations and investments has always been at a solid level with both countries getting significant financial benefits from it. According to the information from the website of the Trade Representation of the Russian Federation in Finland there is a need to assist Russian and Finnish foreign trade participants to strengthen direct partner relationships, to further foster mutual trade and cooperation in the economic field, to offer them various information and consulting services of economic, financial and juridical nature, to assist in solving practical problems of trade cooperation on the level of government structures, and to participate in planning, developing and realization of concrete deals and joint projects (Trade representation of the Russian Federation in Finland 2015).

According to the Ministry of Economic Development of the Russian Federation, Russia is the leading trade partner for Finland occupying around 13.9% of the Finnish foreign trade volume. It is also true to say that Finland, too, is a traditional leading economic partner for Russia with 2.2% of the Russian trade volume, which ranks it fifteen. Business societies in both countries actively participate in maintaining mutual economic development and despite the considerable existing discrepancies in both volumes and structures of the two economies, Finland is a major partner for Russia in the north of Europe and in the European Union in general. (Ministry of Economic Development of the Russian Federation 2015.)



Source: Customs of Finland, march 2014

Figure 1. Basic indices of Russian-Finnish foreign trade in 2012-2013 (Ministry of Economic Development of the Russian Federation 2015)

But on the other hand, currently both economies are at the declining stage of their mutual relationship due to a number of various internal and external factors. Negative macroeconomic tendencies, confrontation in terms of sanctions are undermining the dynamics of foreign trade cooperation between the two countries. While the EU sanctions in the beginning of 2014 added to the overall market instability and uncertainty, the tit-for-tat sanctions from Russia have considerably exacerbated the negative tendencies in foreign trade development. Finland has initially been against the EU sanctions against Russia as both the Finnish Prime Minister and President have maintained a dialogue with the Russian partners amid the growing hype around the sanctions and limitations. Such behaviour of the country's leaders was significantly backed by the Finnish society: according to a survey done by Taloustutkimus Oy in the previous year, 60% of the Finnish people were against the deterioration of relationship between the two neighboring countries as they both are very interrelated and interconnected and both would be vulnerable as soon as the sanctions were introduced (Taloustutkimus Oy 2015). According to estimates from Eurostat, the statistical office of the European Union, Finland was one of the worst hit EU countries losing 0.4% in September 2015 compared to the total retail trade volume in the previous year (European Commission 2015).

As for Russia, the negative impact of sanctions is hard to overestimate, especially in terms of GDP growth. Russia has not released its GDP growth rate for the second

quarter of 2015 yet. But in the first quarter 2015, the economy contracted, showing a GDP growth rate of -1.3%. The annual GDP growth rate was -1.9% in the first quarter of 2015. (European Commission 2015.)

The market analysts are now in hot discussions considering possible solutions to the complicated situation, trying to find them if not at the government level then at least at the companies and consumers level. One of the ways to strengthen and promote the Russian-Finnish trade cooperation is to foster the expansion of the Finnish companies to the Russian market. In this respect, particular interest is shown in the North-West Region of Russia, with Saint Petersburg in the center of the study focus.

The concept of Finland as a country is highly popular in the North-West of Russia. It is associated with eco-friendliness, peacefulness, quality service and European approach in everything. Finland as a company is a bestseller in the North-West of Russia, where a Finnish label on a product has always been a symbol of quality and clever solutions. The time for Finland, known for its trustworthiness, financial stability and credibility, is now at hand.

However, as soon as a Finnish company decides to expand its business to Russia, it faces various challenges, such as finding an efficient and productive marketing policy there. The company should find a tailor-made solution that would reach Russian consumers, whose set of values is often different from that of the Europeans.

Often a Finnish company relies on an eco-concept of its products as one of the major advantages and therefore tries and renders it in the marketing message. Eco-friendly products, which are understood in this context as products which have eco-efficiency as the main advantage delivered to the end user, are a typical Finnish offer to the markets in various fields of business such as food, construction, metal and wood industries, and household goods. Whatever a product is, if it is Finnish, it is eco-friendly.

Below there are examples of some Finnish companies which emphasize the benefits of eco-products in their advertisements and overall marketing strategy. Through their ads the consumer immediately realizes the priority the companies place on the advantages of eco-efficiency.

Biolan Oy: *“Creating greener world”*

Valio Oy: *“Conservatives don’t grow in the Finnish forests. That’s why you can’t find them in Valio yoghurts”*

On the other hand, from the Russian point of view, Finnish products are more expensive than those of their competitors; this is often explained by higher quality and eco-friendliness and/or more efficient eco-technology installed in those products. The standard of living in Russia is by all means still lower than that of the Europeans; the average salary rates are lower and therefore the products for everyday use are much cheaper than their European counterparts. Besides, normally there is a number of direct and indirect competitors to the Finnish companies in Russia itself, which are widely available especially now, during the sanctions period. It is important to add that probably during these sanctions many smaller Russian companies have appeared in the domestic market and managed to get their way to the shelves of large retail shops and shopping centers. They might act as cheaper substitutes, which clearly do not bear the equal quality standard as the Finnish products, but the price and availability today appear to be more prominent in the consumer decision-making process.

As for the competition with local companies, it is true to say that the major issue is the indirect competitors, which offer simpler, more accessible, and cheaper technology; the latter often helps them to win over their customers. As some marketers put it, there are specified direct competitors that sell essentially the same products or services within the defined demand area. Indirect competitors are those operating outside the defined business and whose products are not direct substitutes. (Gilligan and Wilson 2012, p. 12.)

Taking into account that Finnish companies often deliver their eco-concept in their marketing policy, it should be noted that in these terms Russia is not there yet. Russian consumers are not convinced that the eco-concept is the reason to pay more for the product, and this can (and does) considerably hinder Finnish companies’ marketing campaigns in Russia. It is true to say that larger companies often change their marketing approach entering Russia due to the internal peculiarities, which this market has, but still it is often not enough to win their consumers.

In this respect it looks like Finnish companies have two alternatives - either to exclude the eco-concept of their products from their marketing campaigns, or continue with it but

the latter represents a challenge. This work strives to find the way for a Finnish company to market the eco-efficient characteristics as an advantage of their products and bring the message effectively to their consumers in Russia.

1.2 Objectives and delimitations

The objective of the present thesis is to create a strategic marketing plan for a Finnish company to market efficiently the advantages of its products' eco-concept in Russia to the Russian consumers. To reach this objective it is crucial to understand what hinders the buying process; if it is primarily the price matter and the Finnish company is not ready to significantly reduce it, then it is essential to deliver additional value to the end-users convincing them that the eco-efficiency of the product is indeed that additional value. The goal is to work out an efficient strategy, practical marketing steps and effective solutions.

This thesis is focused mainly on marketing strategy, which involves identification of problems which a Finnish company faces in the Russian market, and here the study concentrates on problems arising from the environmental and health protection ideas which a Finnish product bears. The second stage will focus on the possible solutions to these problems. It needs to be emphasized that a "strategy" is not synonymous with "long-term plan", but rather consists of an enterprise's attempts to reach some preferred future state by adapting its competitive position as circumstances change. While a series of strategic moves may be planned, competitors' actions will mean that the actual moves will have to be modified to take account of those actions. (Gilligan and Wilson 2012, p. 13.) Therefore the strategic marketing plan will include competitor analysis, strategic moves, ways to develop and actual marketing actions.

Entering the Russian market, many Finnish companies in their search for a niche stick to the benefits of their products' in comparison with those of their competitors. When analyzing the most popular associations Russian consumers have when they think about a Finnish company it is always quality and higher price justified by better quality – "the Finland effect". However, in the case of many companies this quality is usually explained by some sort of eco high-tech installed or offered with the product or somehow related to it.

However, the consumers might and most probably will not be easily persuaded that such technology is worth paying a higher than average price for. That is why the companies which rely on it, usually feel the need to explain how the technology works and thus educate the consumer, so that the benefits of eco-efficiency are perceived not only by those who specialize in the subject, but also by an average consumer. Therefore, the websites usually provide the average reader with some detailed information to communicate the idea behind the eco-technology applied. Below there are some examples from the companies' websites:

Biolan Composters - Composting a Better Future:

“Composting is a natural method for returning organic nutrients back to the soil, to the natural life cycle. With the right equipment it is efficient, comfortable and fast way of handling bio waste in your own garden. Composting is both ecological and economical! (Biolan Oy 2015.)

Valio has committed itself to the acquisition of technology that reduces environmental impacts, using raw materials and energy efficiently, and favouring returnable, re-usable or recyclable packaging, or that suited to energy fraction. Also we are participating in a study to evaluate the effects of farm feeding solutions on methane production in cows. (Valio company 2015.)

Fazer: We create taste sensations – whilst considering the environmental impact.

The most significant direct environmental impacts of Fazer's production facilities and restaurants arise from the energy and water consumption, by-products and waste. We also work actively to minimise the indirect impacts of our operations that occurs throughout the supply chain and among customers and consumers. (Fazer Group 2015.)

All the three companies demonstrate that the end-users do acquire the benefits when they choose the products manufactured with the help of eco-technologies - all members of society are affected. On the other hand, although the ads do not say this straightforwardly, but such products are likely to cost more than their competitors, because the additional value requires extra expenses.

For European companies, and namely Finnish, it is traditional to include environmental issues into their corporate social responsibility policy as it is expected by their societies. Consumers in Finland are considerate of these issues while making their buying decisions. People are likely to choose products, which are “greener” and safer in eco-terms than their cheaper competitors. Surveys show that the Finnish consumers are informed well enough to make their conscious purchasing decisions. EU products often bear the eco-label, which is informative and meaningful for the consumers as it reveals the background of the product. Eco-labelling is a communication label that indicates to the relevant parties that the company abides to “green” production principles that adhere to consumer ethic, to market demands, to industry regulation, and to the regulatory environment as determined locally or internationally (Williams 2004, p. 133). Therefore, when there is a choice, the preference is given to an environmentally friendlier product.

As for Russia, the eco-awareness is still low in society, especially in greater Russia excluding Saint Petersburg and Moscow. But even in Saint Petersburg, the most European of all Russian cities, environmental notions might often look vague for an average city dweller. Nevertheless, it is important to mention that consumer behaviour is a complicated and delicate substance, which is affected by a whole range of factors. The American Marketing Association (2016) defines consumer behaviour as *the dynamic interaction of affect and cognition, behaviour, and the environment by which human beings conduct the exchange aspects of their lives*. That is why lifestyle, various personal and social factors, standard of living, educational background, habits, and even family traditions can and will influence the consumer behaviour of each individual. But in general terms Russians and Finns have very different views on ecology, environmental protection, and especially on an individual's role in these issues. This often results in the fact that Finnish marketing does not hit the target with the consumers in Russia.

The delimitations to this thesis are described in the following. Firstly, this thesis uses the term eco-conception (referred to also as an “eco-concept” or eco-efficiency and eco-friendliness), which implies the reduction from the very beginning of all future environmental costs generated by a product. Eco-conception can stimulate pollution prevention from both the supply side and the demand side. This is at least at the

present time, completely voluntary, but it can be encouraged and facilitated by national environmental policy (Allen 2001, p. 197). Therefore, this thesis understands eco-efficiency as a positive characteristic, which a company can possess and which it tries to communicate through its marketing policy to the target customer.

Secondly, there are some additional theoretical delimitations to this thesis since it is important to choose a theory that the research is based on to limit what can be explained or achieved. The present thesis studies theoretical concepts connected with topics such as behavioural marketing, customer awareness, and marketing model build-up. Issues of green marketing and labeling, for instance, are very much written about and some literature resources may be useful for this research, but still going deeper into them is avoided. This might significantly alter the final results and would take the focus further away from the initial objective of the present thesis. Besides, this thesis relies on literature sources not older than 5-6 years with rare exceptions to make sure the information is trustworthy and not outdated.

Thirdly, the present thesis studies only one Finnish company's experiences in the Russian market and uses such company information which is a part of the public domain. An interview will be arranged during the work on the thesis which provide qualitative data. This implies that interpretation of the data will be made by the researcher and is, in turn, subjective. Valio company has been chosen according to the sphere of its business and the fact that there is a place for eco-concept marketing in its operation. In 2016 Sustainable Brand Index™ named Valio the 'Most Sustainable Finnish Brand' for the third year in a row. The company was chosen out of 750 brands by the following characteristics:

- market share
- number of employees
- brand recognition
- compliance with the UN Global Treaty in terms of protection of human rights and environment. (Sustainable brand index 2016.)

1.3 Research question

This thesis is searching for an approach for a Finnish company to build-up a successful marketing model for their products bearing an eco-concept in the Russian market. There is an assumption that the main challenge lies in the marketing rather than in the price formation alone, for instance, which of course plays an important role too.

The main research question is: How should a Finnish company effectively market the advantages of the eco-friendliness of its product to the Russian consumer?

The sub question can be formulated as follows:

What practical steps should a Finnish company take to develop its strategic marketing plan to promote the advantages of the eco-friendliness of its product to the Russian consumer?

The thesis studies the ways for a Finnish company which relies on eco-friendliness of its product or service as one of the major marketing advantages to hit the target with the Russian consumer. This research will come up with ideas to sell a Finnish eco-concept in a most natural way in the Russian market. This will specifically be of help for such small Finnish companies which cannot abandon the idea of eco-friendliness as a major marketing advantage.

One of the crucial solutions for the issue to be analysed will be to increase and improve informational communication in the Russian society, so that the benefits of eco-efficiency could be understood and realized by ordinary people rather than professionals alone. This approach allows this thesis to study the issue from a company's and consumer's perspective.

1.4 Theoretical framework

Analysis of previous studies shows that researchers write mostly about the environmental concepts in general, or about environmental companies selling their services. Green marketing is also a very popular topic nowadays, which attracts many researchers' attention all around the globe. However, this thesis studies both the ways how companies can reach out for the Russian consumer with their eco-concept, and the phenomenon from the customer's point of view to find out if there are any psychological

barriers that hinder purchasing Finnish products that bear an eco-concept in Russia. This topic seems to be too narrow and specific to find any previous studies directly related to it.

To start with, it is useful to reflect on some literature resources concerning strategic marketing planning, whereas a marketing plan is a blueprint or outline of the organization's marketing activities, including the implementation, evaluation, and control of those activities. The marketing plan serves a number of purposes. For one, the marketing plan clearly explains how the organization will achieve its goals and objectives. This aspect of marketing planning is vital. Not having goals and objectives is like driving a car without knowing your destination. In this sense, marketing plan serves as "the road map" for implementing the marketing strategy. It instructs employees as to their roles and functions in fulfilling the plan. It also provides specific information regarding the allocation of resources and includes the specific marketing tasks, responsibilities of individuals, and the timing of all marketing activities. (Ferrell and Hartline 2012, p. 30.)

Nevertheless, there are a number of research papers that might be useful for the main topic of the present thesis. 'Exploring the Eco-attitudes and Buying Behaviour of Facebook Users' by Kevin Kane, Codrin Chiru and Stela Georgiana Ciuchete from Salford Business School, The University of Salford, UK and Academy of Economic Studies, Bucharest, Romania, written in 2012. This paper undertakes an interdisciplinary research on how social media (i.e. Facebook) can influence users' perceptions and buying behaviour related to five categories of ecological products and services: eco-food, eco-tourism, eco-housing, eco-textiles, and eco-beauty and cosmetics. This research investigates how ecological products and services could gain popularity and overpass the identified purchasing barriers (e.g. high prices, low awareness, low availability) via superior integration in consumers' daily experiences with Facebook. The research findings indicate that Facebook is an effective and innovative environment that could build the necessary links between green attitudes and consumers' hearts and minds. This study contains many helpful ideas and references for the present thesis, suggesting the paths to market the eco-concept and explain its benefits to the end users.

'Environmental Marketing Communication on Corporate Website: Stakeholder Audiences' Expectations and Needs' is a Master's thesis by Elina Hämäläinen from Aalto University of Economics, written in 2010. It is a more general study not directly related to the current topic but it explores the needs and expectations of the target audiences of a company's environmental communication on corporate websites. The findings of this study suggest that companies' actual environmental behavior determines the possibilities of environmental communication. Environmental communication on corporate websites should address the risks and opportunities that are specific to the company in question. This study is helpful in terms of underlining the need to communicate the environmental concept on every level to make it prominent to the stakeholders. This idea might also be developed in the present thesis.

'Eco-efficient Services as a Route towards Sustainable Development' is a doctoral dissertation by Markku Anttonen from Aalto University, written in 2012. This research paper introduces the term eco-efficiency, which refers to the analysis of an economic value of a product or production activity in relation to its environmental impacts. The aim of eco-efficiency is to optimize this relation. If eco-efficient services are considered important in bringing ecological innovations to the markets, it is important to acknowledge that services need producers and customers, they do not happen automatically in the industrial or economic system. In order to be feasible, these services need to generate value for the company and for the customers by solving customer needs. The service provider also has to have competencies to carry out the process, to fulfill the service promise to the customer, and it needs to create sufficient income flow to maintain itself. Therefore, this paper looks at the issue more from the producer's point of view, while the idea of this thesis is to suggest the consumers' point of view and explain what hinders their purchases from companies bearing the eco-concept. But the term Eco-efficiency will be used in the thesis to address the needs of the consumers in Russia.

It also essential to implement a specific marketing mix for the eco-products, and just as there are the 4Ps (product, price, place and promotion in marketing). The 4Ps in green marketing are complemented by three additional Ps: people, planet and profits. (Chandrasekar 2010, pp. 460-461.)

Customers' low eco-awareness considerably hinders the business of the companies relying on the eco-concept as a strong point in their marketing strategy. Increasing public awareness about the damage to the planet caused by industries is making customer to prefer use of eco-friendly products compared to general products. Due to the increasing awareness about the damage to the environment in general and health in particular due to industrialization and wastage, customers are responding positively to such offerings. (Sahay 2006, p 89.)

Finally, general environmental awareness in the society is one of the key solutions to the issue of the present thesis. Cultural and historical differences between Russia and Finland also result in discrepancies in the perception of the issue – something that will be reflected on the thesis. There are numerous studies on environmental policy, which highlight the culture and value system in a country. For example, OECD provides many such studies for various countries. But as Jänicke and Weidner (2012) put it in their 'National Environmental Policies: A Comparative Study of Capacity-Building', differences in environmental awareness can often be explained by cultural differences. But culture is not the only factor influencing public awareness; cultural traditions are a background condition. Regarding capacity-building in environmental protection the most important task would not be to change cultural traditions but rather to improve informational and communicative capacities. (Jänicke and Weidner 2012, pp. 11-12.)

To conclude, the main propositions of the present thesis will be as follows:

- 1) There is a barrier for Finnish companies operating in the Russian market to reach the target customer with their promotion and marketing based on eco-friendliness of their products.
- 2) This barrier is rooted in different mindsets and sets of values between Russians and Finns, which results in the need to create tailor-made marketing solutions for the Russian market, where the price of the product usually outweighs the advantages of the eco-friendliness of the product.
- 3) In order to overcome this barrier, a Finnish company needs to realize the necessity to raise customers' awareness about the advantages of eco-friendliness and educate them to justify the higher price of the eco-product.

1.5 Research method

The thesis relies on the qualitative research method since rapid social changes and the resulting diversification of life worlds increasingly confront social researchers with new social contexts and perspectives. As a result, their traditional deductive methodologies – deriving research questions and hypothesis from theoretical models and testing them against empirical evidence – are failing, due to the differentiation of objects. Instead of starting from theories and then testing them, research is increasingly forced to make use of inductive strategies. In the process, “sensitizing concepts” are required for approaching the social contexts to be studied. But here, theories are developed from empirical studies. (Flick 2014, p. 18.)

The present research is qualitative by its nature because the empirical study results in the theoretical background. The aim is to create the best scenario for a Finnish company to market the advantages of the eco-concept of their products in the Russian market. The study will address cultural factors as well as social, personal and even psychological ones as the issue to be analysed lies in the area of consumer behaviour and can only be addressed through qualitative research.

The empirical part is conducted as a single case study and the data is collected through questionnaires and semi-structured interviews arranged with the company’s representatives. The case study is needed to get an idea of the situation and opinions of the real companies to trace their market behavior. This approach creates a picture of the issue today and reflects businesses’ point of view. This method allows the researcher to get a clear picture of how Finnish companies are marketed and how Russian consumers perceive them.

The thesis will investigate one Finnish company – Valio. The idea is to get access to this company’s headquarters in Saint Petersburg, Russia. This thesis is focused primarily on everyday, basic eco-products, which have become a part of the normal life of any person. Studying their competitors in the market, this thesis reveals that these are often non-eco-products in general, which might be both direct and indirect competitors, offering different or the same kind of products in the market as a cheaper and more familiar substitute. People tend to choose something they understand value in, and see that the price behind it is well justified and delivered to them. In this respect Russian

consumers are not special; this is a normal attitude of anyone paying money for a product. But the ways to justify the price in consumers' eyes might vary from nation to nation.

The aim is to get the feedback from the company in the form of answers to the questionnaires and arrange interviews with them as the ultimate target. The analysis of data collected in this way is used to generate suggestions for a Finnish company to market the eco-concept of its products in the Russian market.

1.6 Structure of the thesis

The first chapter of the thesis gives background and introductory information about the subject of the study. It explains the significance of the issue, which reveals the reasons to carry out the research.

The second chapter investigates and discusses the current situation with eco-awareness among the people in two countries, Russia and Finland. Here the main idea is to reveal the major discrepancies in attitudes, which will later form a solid basis for strategic marketing planning. The study framework also sheds some light on certification and labelling issues in Russia and governmental actions towards transparent and logical policies in this respect. This chapter also gives an overview of the existing literature with a focus on strategic marketing planning, eco-attitudes and buying behavior and general environmental awareness in the society. These issues reveal the scope of existing knowledge in the subject area and give the possibility to suggest new and up-to-date points of view and precisely those on the situation in Russia.

The third chapter is devoted to strategic marketing planning and observes SWOT-analysis and Porter's Five Forces model as tools to build up a successful strategy for an eco-efficient Finnish product in the Russian market. The competitors' analysis reveals the advantages and disadvantages of Finnish products vs their local competitors in Russia, which results in consumers' choices.

Finally, the fourth chapter describes a strategic marketing plan for a Finnish eco-product in the Russian market. The results and findings chapter sums up and generalizes the outcome of the study followed by the conclusion part.

2 Challenges of eco-awareness

In this chapter, the thesis focuses on the issues of eco-labelling and eco-awareness in Europe and Russia. There is a clear reason to believe that the lack of information provided to consumers frequently allows businesses and manufacturers to use various symbols on their products, which are often misleading or even unlawful. People understand this and might often neglect those quasi-eco symbols, showing mistrust to their conformity with some acknowledged criteria, whether they exist or not.

This chapter also compares levels of eco-awareness in the two countries in question to conclude on the necessity for businesses to provide Russian consumers with more detailed information taking into account that they are less environmentally-savvy compared to their European neighbours. This may result in the fact that consumers in Russia can exercise better-informed buying choices and give their preferences to eco-products irrespective of their higher price.

2.1 ISO policy

Societies are becoming more aware of the eco-issues and strive to do their part in minimizing the negative impact on the Planet's health. Therefore, many people start paying attention to what is stated on product packages, and business companies are compelled to live up to these requirements. They place various eco-labels on their products as a response to people's growing eco-awareness, but often these labels are not in conformity with any recognized system or standard. This means that they are not informative for the consumers and breed hesitancy and mistrust.

The ISO, International Organisation for Standardisation, has worked out standards aimed at raising awareness of the benefits of environmental labelling.

ISO develops the standards for those market areas where there is a clear customer demand, and in this sense, eco-labelling has been on the organization's agenda for quite a while now. At the moment there are three main standards created by ISO in the field of eco-labelling:

1. Ecolabelling Schemes: ISO 14024:1999 Environmental Labels and Declarations - Type I Environmental labelling - Principals and Procedures

These are the 'classic' eco-labelling schemes, which award a mark or a logo based on their conformity with certain criteria.

2. Self-declared Environmental claims: ISO 14021:1999, Environmental labels and declarations - self-declared environmental claims (Type II Environmental labelling).

These are the claims made by business companies or producers by themselves, self-declared claims.

3. Life-cycle Data Declaration: ISO 14025:2006, Environmental labels and declarations - Type III Environmental declarations - Principals and Procedures.

These tend to classify products in accordance with a formalized environmental data analysis and their ecological footprint. (ISO 2015.)

All these three standards are aimed at defining and securing the eco-labels on mass-market products, clarifying the background of the products for the consumer. ISO standards are developed by numerous experts in the relevant field and are meant to provide the products with legitimate eco-labels, which serve as a guarantee of the characteristics of a product. This policy strives to eliminate dubiousness and lack of definition in the area of eco-labelling, which results in consumer's failure of trust the labelling and, subsequently, the products. Therefore, the basic requirements for ISO's environmental labels are that they should be accurate and not misleading, substantiated and verified, and unlikely to result in misunderstanding.

2.2 Eco-awareness in Europe and Finland

In the European Union, people are more aware of environmental issues and pay to it a greater attention than in Russia today; especially this is true about greater Russia, referring to the whole country but excluding Saint Petersburg and Moscow. This fact results in a situation that now there are a number of administrative bodies and initiatives in the field of eco-efficiency and eco-protection in Europe. Apart from their legislative function, these institutions distribute information to widen the existing pool of knowledge in ecological matters. Therefore, they educate people and keep them informed about the recent findings in the area of eco-efficiency.

In Finland, for example, there is a joint website for environmental administration, www.environment.fi, where one gets access to plenty of information about water protection, climate and air, environmental risks, and consumption and production, for example. Furthermore, on the website of the Finnish Ministry of the Environment (<http://www.ymparisto.fi/en-US>) one can become familiar with a whole range of state initiatives and moves in the area of proliferation of eco-knowledge among common people. It is highlighted throughout these and other information resources that an individual's role in the process of environmental protection and overall sustainable development can and should be significant. The information is delivered in a simple and comprehensive way so that anybody could see the possibilities and most importantly, the benefits of adhering to an eco-efficient life style. On the Ministry's website, for instance, there is a video which visually explains the idea of the society's commitment to sustainability (https://youtu.be/IS_yVUp52es), demonstrating the Finnish model to implement sustainable development. Such illustrative examples facilitate comprehension and make specialised knowledge more digestible and accessible for an average person.

In terms of consumption habits, there is also a need to increase public awareness and deliver information to all members of society. In the long term, all attempts to improve environmental planning and management are ultimately futile unless the general public appreciates the importance of environmental protection in maintaining human well-being (Buckley 2012, p.29).

However, a recent study carried out by the European Commission revealed that 93% of Europeans do not yet feel informed enough about the environmental protection issues and seek to get more comprehensive data to make more conscious everyday choices (European Commission 2016). Another consideration is that the more knowledge we get, the more new knowledge is revealed to us. The fact that Europeans recognize the necessity for more information on the environmental issues proves their commitment and at least basic interest in the field.

2.3 Eco-awareness in Russia

As Russia entered the twenty-first century it faced major discrepancies between its own closed, post-Soviet world and the outer world, which had moved much further in terms of public awareness on various subjects, eco-awareness being one of the most topical

issues. Currently many experts believe that the lack of environmental education in Russia results in insufficient public awareness, which is being widely discussed in the society now. 'Creation of a System of Higher Environmental Education in Russia', an article by Russian authors Kasimov, Malkhazova and Romanova published in 2013 among other papers in honour of the United Nations decade of Education for Sustainable Development, maintains that at present environmental education is an integral part of the triad "Environmental upbringing, environmental education and environmental training". All its parts are closely interrelated and indispensable for the creation of environmental consciousness among the public, based on the awareness of the necessity to achieve the best possible state of the environment at global, regional and local levels. In practice, this means the necessity to optimize the interrelations in the "society-nature" system by reducing or, whenever possible, eliminating harmful influences. (Chalkley, Haigh and Higgitt 2013, p. 44.)

At the moment the educational function in the field of eco-awareness largely lies on the Ministry of Natural Resources and Environment of the Russian Federation (Minprirody of Russia). This state body is in charge of public policy making and statutory regulation in the field of natural resources and environment, use, renewal, and conservation of natural resources, including the subsoil, water bodies, forests located in designated conservation areas, fauna and their habitat, in the field of hunting, hydrometeorology and related areas, environmental monitoring and pollution control, including radiation monitoring and control, and functions of public environmental policy making and implementation and statutory regulation, including issues of production and consumption waste management, conservation areas, and state environmental assessment (Ministry of Natural Resources and Environment of the Russian Federation, 2015). Obviously, this Ministry operates in a vast range of areas and on their website one can familiarize themselves, for instance, with the State's policy in the field of eco-labelling, which is a very actively discussed issue today.

However, being a state body this Ministry is still rather far from the average consumer, having their major focus on the long-term perspectives of development. That is why there is a need for local institutions, which can be more accessible for the public and can give practical solutions for the everyday challenges. A good example is the Ecological Union of Saint Petersburg, which is a non-commercial partnership, operating

in the area of environmental protection and development of eco-standards and certification for more than ten years now. This institution carries out the educational function as well and raises public awareness about the key ecological issues and implement eco-projects.

One of the main aims in their work is the proliferation of eco-knowledge among consumers. On the Ecological Union's webpages one can find eco-tips for consumers, including practical and very up-to-date pieces of advice which try to prevent the consumer from being swindled by greenwashing marketing. The Oxford English Dictionary defines "greenwash" as *disinformation disseminated by an organization so as to present an environmentally responsible public image* (The Oxford English Dictionary 2012). According to this dictionary, the term blends "green", in the sense of 'environmental', with *whitewash: a deliberate attempt to conceal unpleasant or incriminating facts about a person or organization in order to protect their reputation*. On the wave of raising environmental awareness, it has become increasingly appealing for companies to turn to the eco-topic to draw public interest to their products; however, often it is mere greenwashing, which is not a rare case in Russia today.

Therefore, organizations like the Ecological Union feel the need to spread information about greenwashing and how to recognize it; they publish eco-guides for consumers which are aimed at providing the public with essential knowledge to enable them to make their informed buying decision.

The Ecological Union arranges public surveys to find out the attitudes to eco-issues in the society. It turns out that there is a tendency in Russia today towards ecologically safe products and one of the polls conducted in 2011 showed that 91% of the respondents were ready to buy eco-products at a 10% higher price than the average products, 64% were ready to pay 20% more, 34% would have paid 30% more, and only 35% of the respondents were ready to buy eco-products irrespective of the price. The results of the poll are important for the organizers as they are meant to assist in development of eco-programmes by businesses in the Russian market. However, it is true that that the poll was carried out in Moscow, the largest and most developed Russian city, which indeed influenced the result as people in Moscow show higher eco-awareness and are financially more stable to afford eco-products that are more expensive. Therefore, people would probably show greater willingness to buy eco-

products irrespective of their price compared to the cheaper competitors in Moscow. Figure 2 below is a chart showing the results of the public poll carried out by the Ecological Union of Saint Petersburg in 2011.

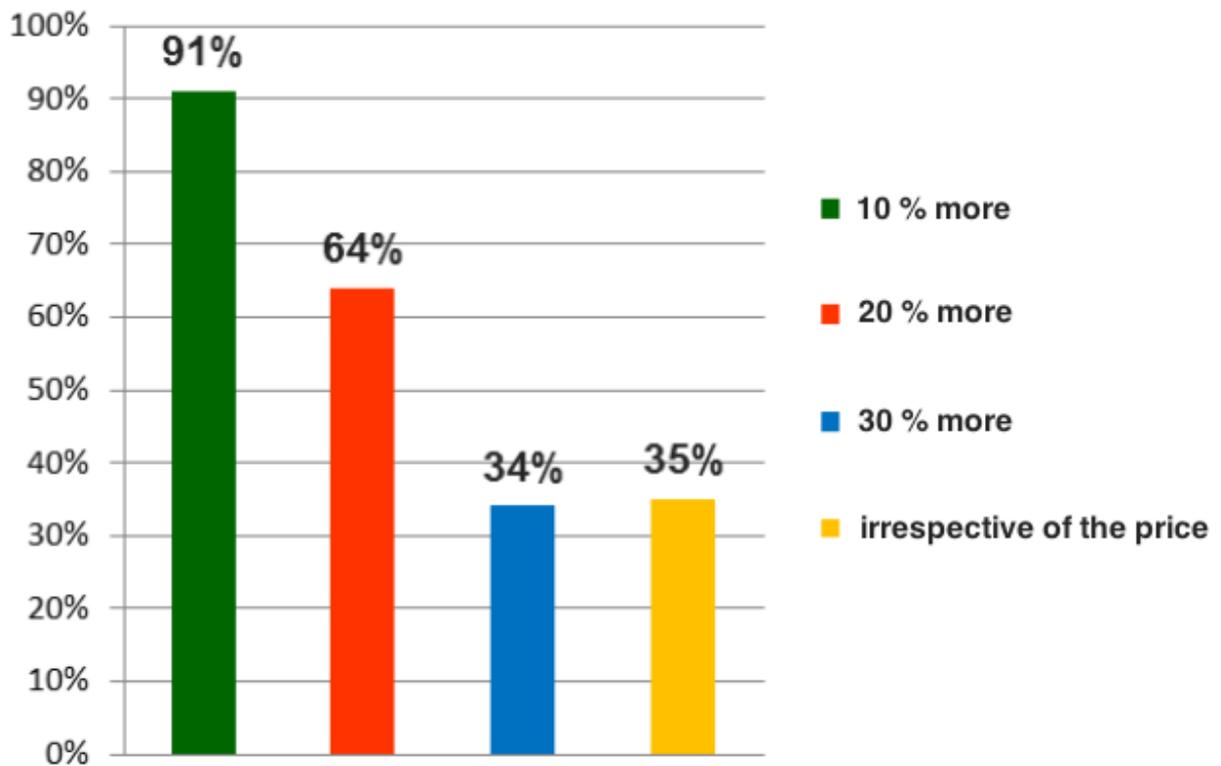


Figure 2. Results from the public poll by the Ecological Union of Saint Petersburg in 2012 (Ecological Union’s website 2012)

Over the time period 2014-2015, the Ecological Union arranged a similar poll in Saint Petersburg. The question asked remain unchanged – Are you ready to pay more for eco-products than for average products?

However, this time the results were quite different: 46% of people were ready to pay 10% more, 18% were ready to pay 20% more, 6% would have paid 30% more, and only 12% would have bought eco-products irrespective of their price. Besides, this time the analysts added the possibility of No-answer, which is the major difference between the two polls, and 18% of the respondents chose to answer No. Figure 3 shows results from the public poll carried out by the Ecological Union of Saint Petersburg in 2014-2015.

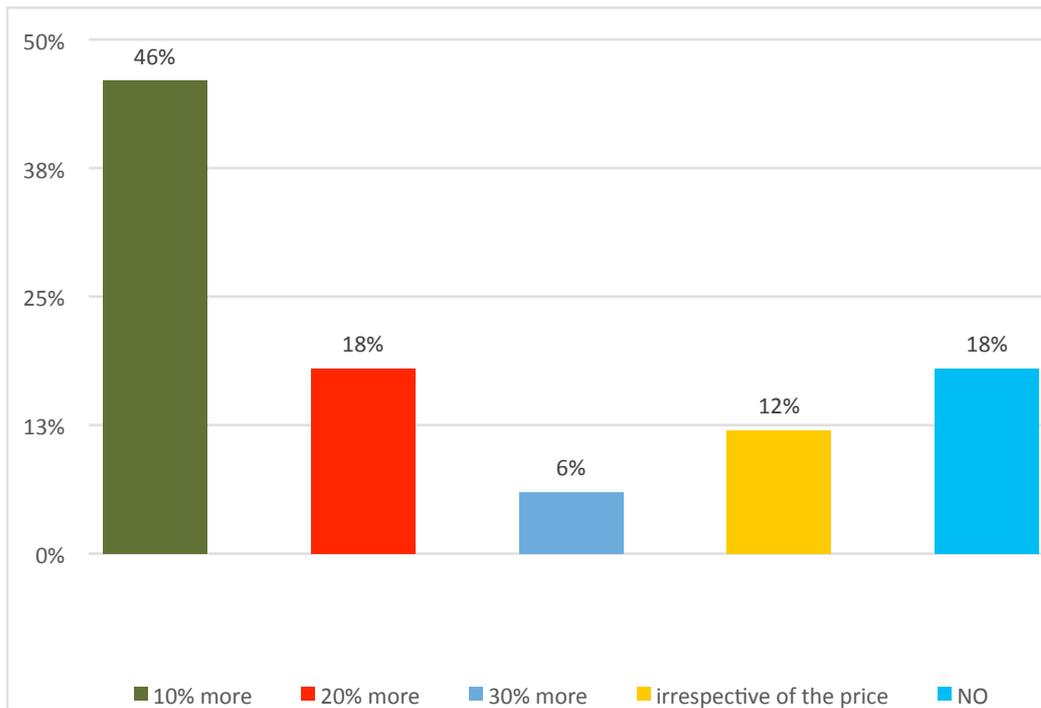


Figure 3. Results from the public poll by the Ecological Union of Saint Petersburg in 2014-15 (Ecological Union’s website 2014)

This poll vividly demonstrates that in terms of eco-awareness Saint Petersburg is far behind Moscow, which significantly hinders the appearance of eco-products in the market. Even when such products are already on the shelves in the supermarkets, there is not a good chance they would be given preference by the consumer due to their higher price.

2.4 Eco- labelling in Europe

In today’s fast-changing world it is becoming increasingly challenging to recognize the true quality of a product or service. Businesses tend to use different standards and render the idea of a perfect product in surprisingly different ways. When some product is labelled BIO, it might not carry the same range of characteristics as another product with a BIO- label on it. Such ambiguity of standards and the abundance of labels of various nature on the shelves in the supermarkets create perplexing emotions and puzzle the customer. An average person does not know how to read the label of the product, what to pay their attention to, and what a true eco-label manifests.

An *informed* customer is normally a *satisfied* customer. A satisfied customer is normally a *happy* customer (Korponyai 2009, p. 88). Therefore, the bottom-line of customers’

happiness is their awareness, meaning the right information delivered to them at the right time and place.

Creating a unified and generally accepted system of certification and labelling is an indispensable condition required to inform customers, increase their awareness and assist their responsible purchasing decisions. Some customers already have a basic knowledge of eco-labels and environmental issues, but require further information and clarity delivered in a more effective and easy-to-understand way. Consumers might be ready to adapt to sustainable consumption patterns and their willingness to pay extra for the eco-labelled products. (Samanta 2014, p.126.)

There are various eco-labels recognized in European countries. According to the European Commission's webpages, the EU Ecolabel is a true way to identify the products which have been manufactured with a limited or no impact on the environmental state of the planet. The EU Ecolabel has been developed according to the criteria agreed upon by various parties: NGOs, scientists, and all the stakeholders. Figure 4 below shows the EU Ecolabel symbol.



Figure 4. EU Ecolabel Symbol (European Commission 2016)

EU Ecolabel, being a generally recognized symbol, suggests to the consumer that a product or service has been verified by independent experts and has been acknowledged as safe for people's health as well as for the environment.

However, it is crucial that the information about EU Ecolabel is being actively spread all around the EU countries and beyond. Apart from the European Commission itself distributing it, the companies producing the products which have been awarded Ecolabel are proud to share their achievement with the public. For instance, Jarmat Oy, a Finnish lubricant producer, informs their customers that the company has been awarded European Union's Ecolabel emblem since its products are able to lighten the

environmental footprint throughout their life cycle (Jarmat Oy 2016). This is a way to raise people's awareness about the eco-efficiency and to promote company's products as ones, which can deliver additional eco-value to the consumer. Besides, normally this kind of products cost more than their average competitors, and through their websites companies explain and inform the consumers about the benefits they will get if they give their preference to the eco-efficient products.

2.5 Eco- labelling in Russia

In Russia there is no developed eco-labelling system, but there are plenty of legal acts regarding this issue in the area of environment protection, consumer rights protection, standardization, certification and advertising as well various state standards, normative acts by the Federal Agency for Technical Regulation and Metrology (the official website of the Federal Agency for Technical Regulation and Metrology 2016). However, when the Federal Law on Technical Regulation was adopted in 2002, the situation with GosStandards and certification remained ambiguous and it is hard to determine the obligatory requirements.

There are also labels by various certification systems, and eco-propaganda. Besides, one can find different foreign labels, which are often illegally put on the Russian products. Among Russian eco-labels, there are marks and images, which are meant to inform the customer about the highest standards of environmental and ecological compliance. However, many experts suppose this is meaningless. A product can be qualified as truly eco-friendly only when it does not contain any hazardous substances either for human, or for nature, and when its production or utilization does not harm the environment. Practically, this is unreal as it is only possible to differentiate the products according to the severity of environmental footprint. (Consumer protection agency 2016.)

In Canada, for instance, such labels as "eco" or "eco-friendly" are not allowed, and the usage of labels like "contains no hazardous substances..." is restricted as it is impossible to claim that certain substances are missing when the measurements are inaccurate. The consumer would need more information about the product. (Consumer protection agency 2016.)

Nevertheless, Russian standards permit such claims under certain circumstances. For example, GOST R 51121-97 about Non-food products in its information for consumers stipulates that labels such as “eco”, “containing no hazardous substances”, “radiation-proof” or any other similar claims are lawful only if the producer has applied monitoring methods for such characteristics in the scientific and technical documents and there is confirmation by authorities (Internet and Law, legal firm 2016). The GOST was later cancelled but the same idea remained unchanged in the rules and sets of requirements, which followed.

GOST R 51074-2003 about Food products also allows the usage of the labels “eco”, “grown with organic fertilizers”, “grown without pesticides” or similar only if the producer mentions the legal document which defines the relevant characteristics of the product, or if the ecolabel is confirmed by the legal authorities. (Consumer protection agency 2016.)

Currently, entrepreneurs in Saint Petersburg and Moscow, two Russian capitals, are seeking to develop eco-labelling on the regional level and implement various projects aimed at embedding eco-labels on the mass-market products. In 2001 the Saint Petersburg Ecological Union initiated the Vitality Leaf programme, which represents the system of voluntary environmental certification of goods, services and goods in Russia based on their life cycle analysis. In order to be awarded with the Vitality Leaf label, a product life cycle is assessed “from cradle to grave” and the decision to issue the conformity certificate and permission to use the label is made by expert board. (Ecological Union’s website 2016).

The label can be issued for both Russian and foreign products, or services. Figure 5 shows the Vitality Leaf International label introduced and promoted by the Ecological Union of Saint Petersburg.



Figure 5. Vitality Leaf International Label (Ecological Union's website 2016)

It is worth mentioning that according to the organisation's website, there are a number of potential benefits for a company carrying the Vitality Leaf eco-label on their products. One of them is a chance to get advantageously differentiated from the competitors and to improve the brand features in the eye of the consumers. In other words, the organisation promotes the idea of justifying the higher price of eco-products by providing them with a trustworthy and informative label, which is comprehended by average, not savvy consumers.

3 Strategic planning

The present chapter of the thesis studies the concept of strategy and its planning as it is seen as a crucial success factor for any company entering new markets. The chapter analyses the basic principles of strategic planning, the tool required to carry on the planning, and finally suggests a pattern for building a strategy for Finnish eco-products entering or existing in the Russian market.

Any strategic marketing plan embraces a whole range of components, each performing a separate function and requiring an in-depth analysis. Figure 5 below shows the basic elements of the strategic marketing plan, irrespective of the business field or the scale of the company.



Figure 6. Strategic marketing plan components (Baydsoft 2015)

3.1 Basics of strategic planning in a business

A complex and well-grounded business strategy gives a company a competitive advantage over other incumbents in the market. It is obvious that not all companies seek to be competitive, but all companies need to meet their potential or mission and vision. In this respect, competitive advantage relates to how a company seeks to deliver what it has to deliver in terms of both efficiency and effectiveness. (Campbell and Stonehouse 2011, p.191.)

Dictionary of Marketing Terms (Imber and Toffer 2000) defines strategic planning as *a determination of the steps required to reach an objective that makes the best use of available resources*. In marketing, a strategic plan involves selecting a target market segment or segments and a position within the market in terms of product characteristics, price, channels of distribution, and sales promotion.

Part of a strategic plan involves deciding whether to enter a new untapped market, to grow an existing market, to dominate an existing market, or to dominate a small

segment of an existing market by replacing competitors or by filling an unmet need (Imber and Toffler 2000, p.524).

3.2 Principles of strategic planning

Any successful business plan implies a long-term strategy as its solid ground, which functions as guidelines for the company's management. Therefore, the development of the strategy is an essential step which cannot be underestimated, as it defines the prospective growth of the business. Over the time various short-term, situational challenges might tempt the management into changing the strategy, which can only mean that they did not have a clear, compelling and viable strategy from the very beginning.

There are a number of factors which are thought to be essential in implementing a strategy for a business. Strategic factors are those issues that the company needs to get right in order to succeed with the key stakeholders: the customers, suppliers, employees, owners, or any company or individual affected by the organization's activities. The stakeholders use this data to evaluate the organization's success. (Kenny 2012, p. 4.)

Being one of the most written about topics in the current business science, strategy is basically defined through five critical principles, which are generally agreed upon by experts. According to Kourdi (2015, pp. 15-18) these principles are as follows:

1. Unique strategic position for the company

According to this principle, a company should clearly define its target customers, their needs and requirements. It is crucial to adjust the business offer to the target customer's demands. For instance, Biolan Oy, which produces various equipment for country cottages, such as composters and dry toilets usually locate their advertisements close to large retail centers on the outskirts of the city, as the cottagers usually drop by these stores on their way to the countryside.

2. Consider the availability of resources

The financial side of strategic planning is sometimes a key area where special care must be taken to include all possible scenarios for the company's development. Money

is always limited and a company should know from the beyond how to spend it in the most advantageous way. Therefore, wise allocation of resources and clear definition of the company's priority goals are a core principle in a business strategy. To illustrate this principle one can study the example of Toyota Motor Corporation, the world's largest car producer. Their product range is exceptionally wide, from small economy class vehicles to posh and very expensive ones, such as Lexus. Toyota invests its resources to expand its customer base as well as to keep the existing customers too.

3. Understand the importance of values and incentives

A successful strategy rests on a reasonable and clear view of both external and internal business environments. A company's management need to make a realistic and objective evaluation of the current state of affairs and create their business strategy accordingly. Following this principle a company takes a deep and complex overview and analyses every side of the business operations to eventually come up with the most accurate strategy.

The external factors influencing the strategy include regulatory developments, demographics, economic growth and political stability. None of these factors by any means are under company's control, therefore, they just have to consider them as they are. The internal factors shaming the business strategy include workers' skills, their commitment and expertise, as well as the overall culture inside the company.

4. Gain people's emotional commitment to the strategy

It is essential to articulate the company's strategy to all those involved inside the business, as it is the people who stand behind effective implementation of the strategy. They should be aware and act consistent with the company's principles, should realize how they can contribute and benefit from the company's success, both in the short-term and long-term.

Through such commitment and engagement employees might be motivated to come up with new and fresh ideas, and the management should welcome such initiatives understanding that strategic ideas can come from anybody, anytime and anywhere.

5. Keep strategy flexible

Even if the company has observed all the above-mentioned principles and has worked out the most sound business strategy, this does not guarantee that the strategy would not have to be altered over the time. The company's management should always be ready to take an objective review of the existing business strategy to verify its compliance with the current environment. (Kourdi 2015, pp. 15-18.) None of these principles is viewed as a major one, all five being equally important and therefore should be adequately recognized by the company's decision-makers.

3.3 Marketing mix for eco-products

Due to the raising eco-awareness in the society, it is becoming imperative for companies to take up green marketing practices to stay in the mainstream. Today not only the proactive firms or companies with a niche green product line are urged to engage green marketing into their business strategies, but numerous other companies from various industries and business fields need to do the same. It is obvious that companies are compelled to upgrade their offerings and overall performance in line with the green marketing guidelines (also called sustainable brand marketing) in all possible fields of business: consumer products, chemicals, electrical products, medical products and even pharmaceuticals. This green trend has not subsided even now during the world economic recession; customers are looking for eco-products in all possible areas. (Iannuzzi 2011, p. 147.)

The concept of marketing mix involves a deliberate and careful choice of strategies and policies for organization, product, price, promotion and place (Saxen 2002, p. 97). According to Investopedia.com (2016), green marketing consists of marketing products and services based on environmental factors or awareness. Companies involved in green marketing make decisions relating to the entire process of the company's products, such as methods of processing, packaging and distribution.

Green marketing or eco-marketing mix involves a number of significant features which differentiate it from a usual marketing mix, these features must be taken into consideration by any company wishing to develop its eco-products on the market. First and foremost, the eco-system itself is placed in the center. Secondly, the criteria for evaluating the marketing mix are as follows:

1. prevention of pollution, which is connected with the company's complex and integrated approach to waste management
2. reclaiming of resources related to the product design.

Finally, green marketing steps are not immediate, situational decisions; they are a part of the whole set of organizational policies, which are reflected throughout the product lifecycle. (Saxen 2002, p. 116.)

In green marketing the concept of target customer plays a decisive role. First and foremost any company which wishes to market its eco-products should work out a clear vision of the target customer, their lifestyle, everyday needs and requirements. The clearer and brighter this vision, the more conscious decisions a company can take on its way to deliver the most possible value to its end customer. Those companies which strive to establish their eco-products in the market view their target customer as a conscious human being, concerned about the environment and sustainability issues, or, alternatively, they should communicate the educational message through their marketing policies to decipher the need and benefits from eco-products for an individual consumer in the case of B2B marketing, or an enterprise in the case of B2C.

According to Kaufmann (2014, p. 93), most commonly companies try to deliver one or more of the following benefits into their green marketing message:

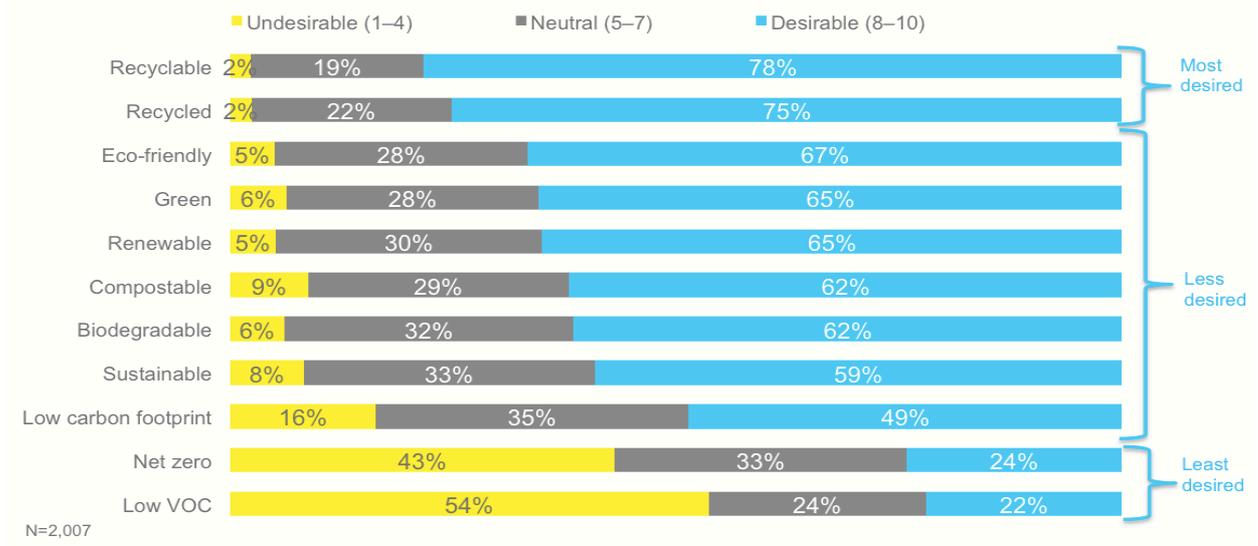
- efficiency and cost effectiveness
- health and/or safety
- performance
- convenience.

Here the companies show that giving their preference to eco-products, the customer will get much more than just the green product itself; they can enjoy certain lasting benefits not limited to the materials alone.

End users tend to pay more attention to the eco-product design, and therefore all possible labels appear on the packages. Today marketers are inclined to tag their companies' offerings with labels such as "Eco", "Bio", "Recyclable", and

“Environmentally Friendly”. According to a study by Shelton Group in 2015, the words “recycled” and “recyclable” are the most recognized and best-digested terms by the consumers. Figure 7 below shows the details.

“Recyclable” and “recycled” are the most desired terms.



Terms: Undesirable/Desirable

ecopulse™
2015

Shelton^{Grp}

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Figure 7. The eco-term best perceived by the consumers (Shelton group report 2015)

According to Roper's Report (2002), it is possible to differentiate several types of consumers in terms of their 'greenness', which is vital for companies in order to create an image of their target customer and predict their response about the company's products. Roper highlights five consumer categories:

1. True Blue Greens are truly concerned and aware of environmental problems; these are professionals and activists in eco-issues.
2. Greenback Greens are willing to buy eco-products but do not have enough time or other resources to lead an absolute eco-lifestyle.

3. Sprouts theoretically believe in eco-marketing but do not often follow it as it involves extra expenses. This category needs some additional, explicit, rational benefits.
4. Grousers neither believe in nor support eco-products, as they do not think that individuals have power to make a significant difference in the issue. Besides, they are not ready to pay for green products.
5. Basic Browns (Apathetic) are not concerned about the state of environment; they avoid eco-products thinking they are a part of the mainstream.

Only the first category of consumers, who account for 10-15% of the entire group, seem to always make a conscious eco-friendly buying choice, whereas the other categories seem inconsistent in their consumer behaviour despite their claims to follow the eco-pattern. Such a difference between the claims and actual 'green' consumer behaviour is called the 'green gap' and is usually influenced by various psychological, cognitive and situational factors. (Cook and Ryan 2012, p. 347.) However, it should be noted that it is not always possible to identify a consumer into one of these five categories, as people can have their more specific reasons to support or neglect green marketing.

3.3.1 Green 4P's

As it was mentioned earlier, the traditional marketing mix has to be specifically modified for eco-product marketing strategy. In 2012 Das, Dash and Padhy in 'Green Marketing Strategies for Sustainable Business Growth', their scientific article, suggested the following alterations to the classical marketing mix:

Product

In order to be attributed the 'green' label, a product is made considering a reduction in resource consumption and pollution as well as promoting the preservation of deficient resources. The product is developed to satisfy the needs of environmentally-savvy consumers, who are concerned about the state of ecology and personal health.

Price

Often the higher price becomes the major deterrent hindering the purchasing of eco-products. According to Das, Dash and Padhy (2012), the green pricing concept takes into consideration the people, planet and profit, including the health of employees and communities which ensures efficient productivity. However, consumers are unwilling to pay extra unless they realize the true benefits and additional value which goes together with the product.

Promotion

A thorough promotion policy is a must in order to deliver the message of green marketing to the consumer, which may be a message about better product performance, cost and price reduction, health protection, or just eco-friendliness. Besides, Das, Dash and Padhy (2012) suggest focusing on a wider range of green consumers than on a particular niche of the 'green': an approach widens the target audience and improves the company's chances for a successful marketing strategy. Furthermore, it is generally acknowledged that there is a strong necessity to raise consumer eco-awareness by spreading information about the benefits of green consuming.

Major emphasis is placed on slogans in promotion campaigns, which are always very concise, brisk and compelling. There are two famous quotes which have become a part of the eco-philosophy of people and businesses all around the globe:

If you are not a part of the solution, you are a part of the problem. Sydney J. Harris

The ecological crisis is a crisis of morality and a true contempt towards the man. Pope John Paul II. (Das, Dash and Padhy 2012.)

Place

The issue of place is looked at from the point of logistics and product distribution. Green production is usually organised so that transportation costs and other logistics expenses are decreased. This is generally easier to achieve in the case of small local production sites, which have their local community as their target area of product distribution (Kaufmann 2014, p. 99).

3.3.2 Consumer behaviour

The process of a growing eco-concern in the world, which has been taking place for a while now, makes it feasible to use the term 'eco- or green consumerism' to describe the existing tendency. It is possible for companies to capitalize on these notions in their favour getting the maximised benefit from the mainstream. As it has been stated before, the green washing practices have received a very wide application in raising eco-awareness. For true eco-products such tendencies might be explicitly dangerous as they threaten the consumer trust and undermine credibility of the true eco-products. This threat urges the green companies to be proactive rather than just active and educate their customers faster and more profoundly.

From the companies' point of view, there is a need to find a link between the consumer attitude and their purchasing behaviour, which is believed to be predictable with the help of an in-depth professional analysis. Many analysts believe that consumer behaviour is heavily influenced by a whole range of internal and external factors, and it involves not just buying but also acquiring, using and disposing, which all reflect consumer behaviour and habits. Besides, consumer behaviour is never stable, it is a very dynamic process, especially today when constant connectivity is a requirement and people get informed and spread information more rapidly. Furthermore, community is an influential factor which shapes individual consumer behaviour. Friends, relatives, colleagues, our environment - define us as much as we define it (Hoyer, MacInnis and Pieters 2012, pp. 6-9).

In contrast, demographics as a factor is definitely illustrative, but however, it might well be inconsistent and confusing. For instance, some research has shown that men are usually more knowledgeable about the environmental issues, while women are more concerned about the state of ecology.

However, it seems generally acknowledged that environmental knowledge is a crucial influential factor, which can also act as a predictor of green consumer behaviour. Environmental knowledge refers to what the members of society know about the state of environment and it usually has two basic levels:

1. Abstract – related to pure knowledge about environmental issues, problems, reasons and solutions;
2. Concrete – related to 'active' knowledge which is used or acted upon.

Both levels demonstrate high relevance for the consumer behaviour prediction, abstract being a more common and wider spread type. (Cook, and Ryan 2012, p. 348.)

As for the cognitive factors, researchers often refer to «altruism» as a major one, meaning concern for the well-being of others. Another commonly referred system of factors is called the New Ecological Paradigm, NEP, which defines humans as equal to the nature, rather than being dominant (Dunlop 2002, pp. 342-343). Both these concepts have proved to have a significant impact on green consumer behaviour.

On the other hand, it is worth mentioning that the degree of personal responsibility and efficacy might play an important role in defining the purchasing choices of green consumers. Efficacy in this context relates to a desire to act as soon as a person gains certain amount of eco-knowledge; it also stems from a personal belief that individual actions can result in significant consequences and thus they are worth time and effort. Therefore, perceived consumer efficacy has been demonstrated to have a positive relation to environmentally conscious consumer choices, such as opting for environmentally safe products. (Cook and Ryan 2012, pp. 348-349.)

3.4 Tools for strategic analysis

The choice of tools for strategic analysis carried out by business companies plays a major role in working out and implementing a company's overall strategy. As the present thesis represents a qualitative research paper, the qualitative tools for analysis must be given precedence over the quantitative ones which analyze the data in numerical terms providing an objective but still a very narrow outlook on the phenomenon under investigation.

Any strategic analysis is based on the internal and external environment of the company and usually includes conditions of industry as a whole and the intensiveness of existing competition. It also studies the company's core competences compared to its competitors, state of the market, internal and external challenges, for instance. The most popular tools for qualitative strategic analysis are as follows:

- PEST Analysis
- Scenario Analysis
- Porter's Five Forces Analysis
- Balanced Scorecard
- Market Segmentation
- Competitor Analysis
- SWOT Analysis
- Directional Policy Matrix
- Critical Success Factors Analysis
- Strategic Choice and Strategic Implementation.

However, the list of available analytical tools keeps growing as researchers come up with fresh approaches all the time.

The present thesis relies on the marketing mix analysis as the basic tool for the research, and it seems the most relevant for the subject matter analysis. Furthermore, the paper defines three most popular types of strategic qualitative analysis: SWOT Analysis, Porter's Five Forces and Competitor Analysis.

3.4.1 SWOT analysis

SWOT analysis is a widely used tool of strategic analysis in marketing. It studies both the internal and external factors of the company's business. Among the internal factors, this type of analysis addresses a company's strengths and weaknesses in the essential dimensions such as financial index and assets, human resources, production facility and capacity, the company's market share, customers' expectations, quality of the product and its availability, as well as the efficiency of the communication within the company. The evaluation of the external factors gathers information on the market (customers and competitors), state of economy, social trends, technology progress, and government regulations. (Ferrell and Hartline 2012, p. 85.)

SWOT analysis is a convenient tool as it provides the researcher with an in-depth overview of the company's core competences and weak points in a straightforward and simple way. With its help the company's management gets a direction to move forward in creating a feasible marketing strategy.

SWOT analysis assesses the gap between what a company can and cannot do (strengths and weaknesses), and external factors working for and against the company (opportunities and threats). When carried out correctly, SWOT analysis structures the information and can be especially useful in revealing competitive advantages that can be reflected in the company's marketing strategy. These competitive advantages assist in building the strategic focus and direction of the company's marketing plan. (Ferrell, and Hartline 2012, pp. 85-87.)

Still, despite its wide application, there have been many critics regarding the SWOT analysis. The largest criticism spins around the fact that analysts are tempted into creating "a wish list" of many of the characteristics that they would like the company to have. In terms of absolute superior attributes, compared to the competitors in the field, it is unlikely that a company will have more than just a few real strengths (Botten 2009, p. 87).

Furthermore, experts claim that it is rather meaningless to conduct this analysis for the company as a whole as the analysts would only come up with certain generalizations, which will not make a significant contribution into an effective and productive marketing strategy. It is reasonable to carry out SWOT analysis for the company's product categories as each of them might have their own target customers, market share, and competitors, for example. This situation can be illustrated by any car manufacturing company, which usually has a medium to wide product range, where each car category (SUV, trucks, passenger) should be awarded with a separate SWOT analysis. Such a tailor-made and thorough approach allows the management to look deeper into their company's business and retrieve actionable analytical data from their research.

Figure 8 below shows the descriptive framework for the SWOT analysis with generalized examples.

	Helpful For achieving the objective	Harmful For achieving the objective
Internal Origin Attributes of the Organisation	Strengths <ul style="list-style-type: none"> • High brand visibility • Right products, quality and reliability. • Superior product performance vs competitors. • Better product life and durability. • Spare manufacturing capacity. • Direct delivery capability. 	Weaknesses <ul style="list-style-type: none"> • Some gaps in range for certain sectors. • No direct marketing experience. • We cannot supply end-users abroad. • Need more sales people. • Limited budget. • No pilot or trial done yet. • Don't have a detailed plan yet.
External Origin Attributes of the Environment	Opportunities <ul style="list-style-type: none"> • Could develop new products. • Local competitors have poor products. • Profit margins will be good. • End-users respond to new ideas. • Could extend to overseas. • New specialist applications. 	Threats <ul style="list-style-type: none"> • Legislation could impact. • Existing core business distribution risk. • Market demand very seasonal. • Retention of key staff critical. • Could distract from core business. • Possible negative publicity.

Figure 8. Descriptive framework for the SWOT analysis (Keyte 2014)

3.4.2 Porter's five forces

Porter's five forces model is one of the eldest and most established types of qualitative strategic analyses in marketing. Much has been said and written for and against this technique, which only confirms its meaningfulness and significance. This analysis is performed as a part of the industry competitive analysis, which assesses the overall industry where the business operates, being a critical shaping factor for the company. Five forces are usually defined before the market segmentation or sector location has taken place. The analysis starts with the identification of the industry's boundaries, which later comes to the evaluation of competitive forces in the industry environment to analyze the potential threats and opportunities for the company. Figure 2 demonstrates Porter's five forces, which define the competition within the industry. These are:

1. the risk of entry by potential competitors
2. the intensity of competition among the incumbents in the market

3. the bargaining power of customers

4. the bargaining power of suppliers

5. the availability of substitutes opposed to the company's products. (Hill and Jones 2016, p. 45)

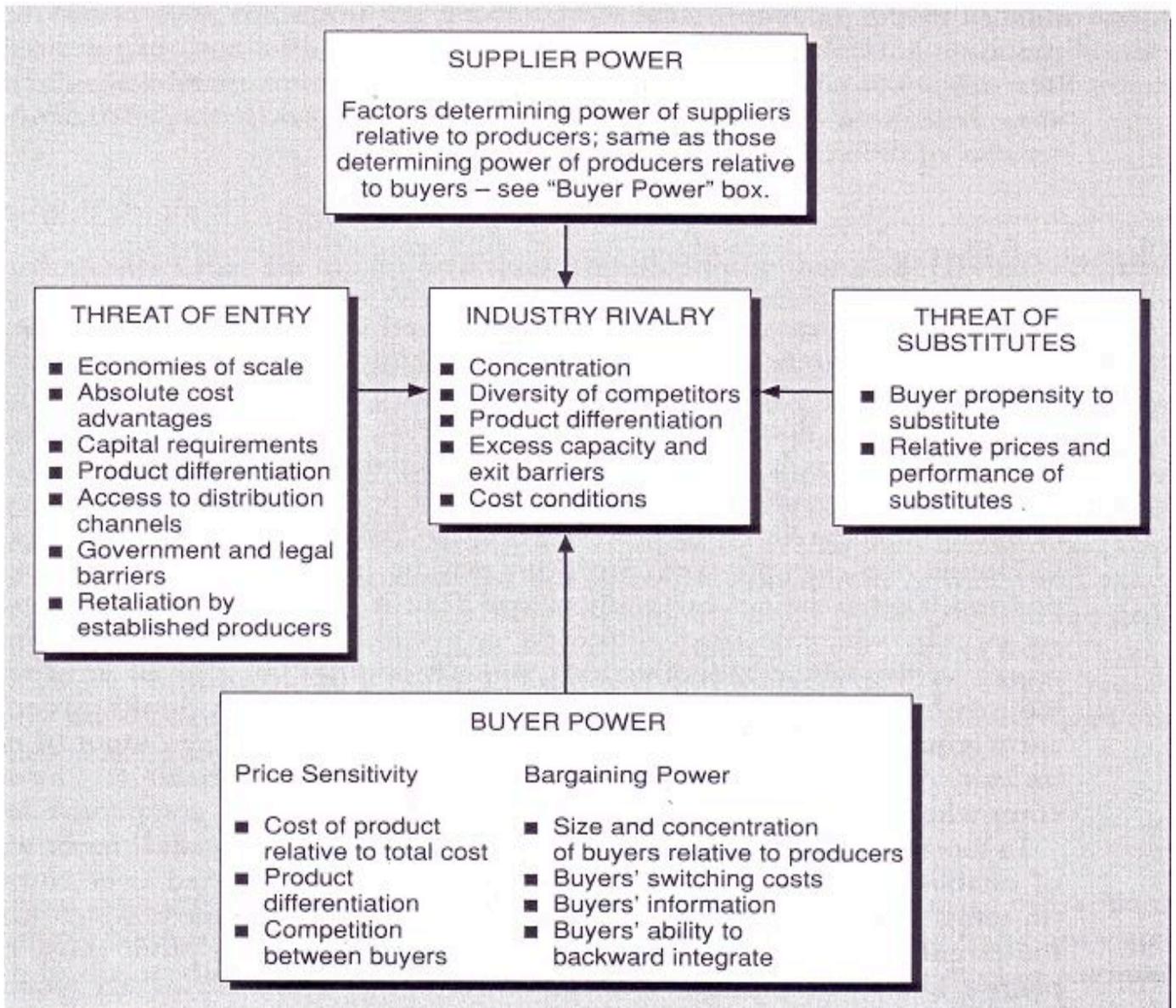


Figure 9. Porter's Five Forces (Ygraph 2016)

Porter believes that the more prominent each force is, the weaker is the potential of the companies to raise prices or gain larger profits. In this respect strong competition is assessed as a threat rather than a motivating factor, as it negatively affects the company's profits, whereas weaker rivalry is an opportunity for a business to become more profitable. The interrelation of the forces inside the framework is not stable, as it

tends to alter as the industry environment changes under the existing conditions. Due to that the analysts using Porter's five forces as a tool in defining the business strategy need to reassess new environment conditions giving rise to new threats and opportunities and suggest an appropriate strategic move. Besides, every new change might be turned to the company's advantage and this is the analysts' task to identify these changes as such. (Hill and Jones 2016, p. 46.)

As for the intensiveness of rivalry between the competing companies, it is believed to be the most significant force in Porter's framework; therefore it is located in the center of the diagram. According to Porter, these are the direct competitors, who offer the same or similar products to the market. Their rivalry takes place in a close proximity to each other, which is even more emphasized if the market growth is too slow. Intensiveness of rivalry also depends on the number of competitors – the more there are, the more intensive their rivalry is. Besides, if the market conditions are tough, these competitors are forced to get involved in harsher offensives and aggressive market behaviour. (Orcullo 2008, p. 48.)

Suppliers, on the other hand, are not competing with the players in the center of the diagram. On the contrary, they play a supportive role for the company. They provide various inputs for the business, for instance raw materials, but they are also a part of the competition as they can possibly join it. This happens if they eventually produce a product or provide a service, becoming direct competitors for the companies they used to be suppliers for. Besides, in harsh market conditions suppliers can manipulate the prices to gain more profits. Such behaviour can be advantageous for certain incumbents in the market, placing them in leading positions. Therefore, it is always advisable not to take suppliers' as absolute business partners. There is always a threat of their switching to different products or types of market, as suppliers like anybody else are driven by the desire to generate more profits. That is why a cautious approach must be taken. (Orcullo 2008, pp. 53-54.)

In terms of substitutes, their existence is natural in the market, especially if the company is not agile enough in its R&D work. Substitutes are understood to function in the same or similar way compared to that of the existing products or services. Basically, there are three factors provoking the threat of substitutes: their relative price performance, switching costs, and buyers' propensity to substitutes. It is worth mentioning that the

threat of substitutes might be generated not only by similar products or services, but also by different products performing the same function. For instance, the growth of the Internet and video conferencing has resulted in the decline of air business travel. (Klein and Rao 2015, p. 34.)

Threat of entry is another possible external risk, which shakes up the whole industry, as a newcomer might be looking for customers, market share and overall profits. New contestants put on additional pressure on existing price policies, costs and the rate of investment needed to compete effectively. Therefore, the threat of entry limits the industry's profit potential, as the incumbents are forced to decrease their prices and/or invest more in their business to deter the new entrants. (Porter 2008, p. 8.)

Buyers represent another powerful factor shaping the whole analytical framework. Customers' preferences can determine prices, demanding wider range of products, higher service and better quality. Powerful buyers can knock competitors together, but all this is at the expense of the overall profitability in the industry. Buyers can differ in terms of the bargaining power they have, and in case they are price sensitive, they have even stronger power to negotiate price reductions. (Porter 2008, p. 7.)

Porter's five forces framework has become a guideline for many professional marketers and analysts who came after him. Although it has evoked much criticism, too, and the most discussable point is that Porter sees a market as a static environment, which is not true. Besides, researchers argue that a strategy is not about positioning a company in a certain industry. On the contrary, a strategy must shape and create an environment, which is comfortable for a company's growth.

3.4.3 Competitor analysis

The competitor analysis framework relies on four basic components, which are as follows:

- future goals
- current strategy
- assumptions
- capabilities

These components allow to predict competitors' response profile. Figure 10 illustrates the competitor analysis framework.



Figure 10. Competitor analysis framework (Porter 2008a)

The idea of the competitor analysis is for a company to be aware of its rivals, to know their strengths and weaknesses as well as to anticipate their possible response to the changes in surrounding environments. In-depth competitor analysis is carried out to assess the reasons behind specific moves of the competitors, to foresee the consequences of these moves and a possible market reaction.

Sophisticated competitor analysis requires a systematic study and detailed information which should be gathered on a permanent basis. Otherwise, the companies are in jeopardy of building their competitor strategy on personal feelings, intuitive assumptions or even rumours. In this respect the analysis is performed on the existing competitors, though it might also be extremely useful to perform on potential competitors too.

Forecasting future mergers and acquisitions also shows the company's seriousness and determination to do efficient and productive research.

Analyzing competitor's objectives is a crucial step, where the company compares its own goals to those of the rivals, assesses the competitors' outlook on financial and overall business performance. Knowing competitors' goals allows companies to foresee their reaction to strategic changes. (Porter 2008, p. 48.)

The assumptions component defines the assumptions the competitors have about themselves, and about the industry and environment in general. A competitor may see itself as a low-cost company, or a sustainable company - whatever the image is. Knowing the image gives a company a strong benefit to perform better informed moves. Besides, a competitor might well be wrong in their assumptions about their own or the industry's position, which again can work in the company's favour; they can exploit these false assumptions and extract value from them. A competitor's assumptions about the future of the industry might also be inaccurate. Therefore a thorough competitor analysis reveals these blind spots and gives managers all the necessary tools to behave accordingly. (Porter 2008, p. 52.)

Current strategy of the competitor is another crucial component, which allows the company to get an in-depth view of the competitor's prospective moves and decisions. The company can calculate the competitor's future steps and compare their strategy to the competitor's. This tactics gives the company a chance to differentiate itself from the competitor, to share the target market and customer, and find a niche, for example. Understanding the competitor's strategy will reveal its core competences in functional areas of their business. (Porter 2008, p. 54.)

If the competitor's capabilities are evaluated realistically, then they will make a final diagnostic component in competitor analysis. The assumptions, objectives, and current strategy can affect probability, time issues, origin and intensity of the competitor's response. The capabilities will determine the overall ability to initiate a strategic action in response to the external or internal pressure, as well as to environmental changes. (Porter 2008, p. 54.)

Having outlined all four basic components of the competitor analysis, the company can come up with its response profile and gain a comprehension of the following:

1. the prediction of the strategic moves likely to be initiated by the competitor
2. the prediction of the feasible strategic moves a company can make and possible changes in the industry and environment to assess the competitor's defensive capability
3. the ability to determine the best possible battlefield to catch the competitor off-guard and cause them maximum inconvenience (Porter 2008, pp. 55-56).

Porter's competitor analysis might give a company deep knowledge and ability to foresee the current and future moves of their competitors, allowing them to create a more detailed and tailor-made business strategy. The company can extract significant value from the vision of the state of affairs in the industry and their competitor awareness will only enhance their successful development.

4 Strategic marketing plan for Finnish eco-products in the Russian market

This thesis focuses on providing a Finnish eco-product with an effective marketing plan to reach consumers in Russia. The idea is to take into consideration the peculiarities that the Russian market has in terms of general eco-awareness in the society and, in contrast, in the European market. The perceptions and images a consumer has about the product can only partially reflect the objective characteristics and properties which it obtains. Therefore, the marketing plan and marketing tools applied often play a decisive role determining an overall success or failure of the product in the market.

The strategic marketing plan for a Finnish eco-product in the Russian market relies on analytical tools to assess the market, environment and existing competitors. This data gives the grounds for business strategy formation. The strategic marketing plan also provides for specific marketing actions to be implemented, which will take the product closer to the desired objective.

4.1 Case company profile

The present thesis largely relies on the information received through an interview with Evgenia Ponyatova, the Head of Corporate Communication Department at Valio Oy in Russia. This company was among those which were badly hit by the current sanctions policy existing between the EU and Russia. According to The DairyNews (2016), company's volume of sales in 2015 amounted to 1,718 million euros, which is 11.9 % lower than in 2014. Export share of the overall sales volume was 35%. The company has head offices in Sweden, Denmark, Russia, the Baltic States, the USA, and China. Products with the Valio nameplate are sold in 60 countries and in 2015 export volume amounted to 450 million euros. (Dairy news 2016.)

According to Evgenia Ponyatova, the management of Valio and other market participants believe that if the food product ban and protection measures undertaken by the Russian government continue for a number of years, the commodity market will irrevocably change. Therefore, all forecasting is difficult. However, Valio Oy is one of the strongest and best-established businesses, which has long built a successful brand image among Russian consumers. Valio, LLC is a Russian branch of the Finnish Valio, a leading dairy producer in Finland. Valio came to Russia in 1994 and launched its branch in Saint Petersburg. Currently the company's main business is production and sale of milk products from their own plant in Russia as well as from their partners' production sites. Valio, LLC also arranges non-dairy and lactose-free product supply from Finland to the Russian market.

Having production sites in many different countries, Valio sets common requirements for the raw material quality, production process management, packaging and consumer properties for the ready-made products. Valio name on the dairy products in Russia is a symbol of quality.

According to the information on the company's website, Valio products are made of the best milk, which is produced at the company's own farms or at ones, certified by the same level of standards. The company is concerned about the features of the ready-made products too: their taste, ease of use, and packaging. (Valio's website 2016.)

In 2014, Valio expanded its range with Russian products, for example. Currently the company produces the following types of products at the partner plants: milk, cream,

creamy cottage cheese, cottage cheese desserts, sour cream, butter, and even Valio Clean Label yoghurts with whole berries. (Valio's website 2016.)

A separate branch in Russia is the promotion of a healthy life style concept, as well as products for a balanced diet. In the Russian market Valio offers low-fat dairy products, pure products without E-components as part of the Clean Label concept, products for vegetarians, and gluten- and lactose-free products. (Valio's website 2016.)

Valio eco-products

In Russia Finnish milk, which is the main ingredient in Valio products, is associated with high quality standards. International statistics show that milk produced in Finland is the cleanest in the European Union. Valio milk contains no GMOs, antibiotics or preservatives. (Valio's website 2016.)

Ecological fineness and high quality of Valio milk was proven for Russia during the expert eco-evaluation in 2008. All products which are certified according to the degree of eco-friendliness carry the Ecotest Plus label on the package.



Figure 11. Ecotest Plus label image (Ecobeing 2015)

On 3 June 2008 Valio milk was awarded with an environmental conformity certificate after passing an expert analysis by the State Regional Center for Standardization, Metrology and Testing in St.Petersburg and the Leningrad Region (Test-St.Petersburg), one of the most prominent Russian certification bodies. It confirmed higher quality and eco-friendliness of the product. Today Valio milk is the only one in Russia which has been awarded this label. (Valio's website 2016.)

Valio often has much higher requirements for the bacteriological characteristics of raw milk than their European, or even Russian, counterparts. In particular, the quality of raw milk often depends on the quantity of somatic cells in milk and bacterial load: the lower

their number is, the higher standard is assigned to the milk. For instance, somatic cells always exist in cow milk; these are leucocytes, which protect the cow and its milk glands from any external irritants, including bacteria. Therefore, if the amount of somatic cells in the milk is larger than a certain limit, then it is true to say that the cow is ill, and its milk will never be used in further production processes. (Valio's website 2016.)

According to the company's standards, Valio only uses a special milk sort, dubbed E-sort, for its products, which is currently the highest quality that exists. (Valio's website 2016.)

Raw milk quality indices	Russian standards, highest milk sort	EU standards	Valio standards	Actual data from Valio (E-sort, 2009)
Amount of somatic cells, U/ml	≤400,000 U/ml	≤400,000 U/ml	≤250,000 U/ml	Average index – 129,640 U/ml
Bacterial load, cfu/ml	≤100,000 cfu/ml	≤100,000 cfu/ml	≤50,000 cfu/ml	Average index – 5,490 cfu/ml

Table 1. Requirements for the bacteriological characteristics of raw milk in the EU, Russia, and Valio (Valio's website 2016)

Requirement	Valio indices
Milk naturality: it is prohibited to add or extract any ingredients from milk	Amount of protein – 3.45% Amount of fat – 4.21% Freezing point – not lower than -0.512°C
Temperature of milk storage – lower than 6°C. Complete milk freeze-up is not permitted.	In 99.7% of analyzed samples – ≤6°C
Regular organoleptic checks.	Mill truck driver does an organoleptic check for the raw milk before accepting milk at the farm. Twice a month the raw milk is assessed in terms of free fatty acid amount.
Bacterial load is less than 100,000 cfu/ml (geometrical mean in 2 months, at least 2 checks a month)	Average index – 5,490 cfu/ml

Somatic cells ≤ 400,000 U/ml (geometrical mean in 1 months, at least 1 check a month)	Average index – 129,640 cfu/ml
Any presence of medicaments, detergents or other disinfecting agents is not allowed.	An assessment is carried out for every milk truck. Milk at the farms passes regular checks.

Table 2. Raw milk quality, Valio inner requirements 2009 (Valio’s website 2016)

Valio raw milk is produced on 10,000 milk farms in Finland, located in environmentally pristine rural areas. Milk cattle breeding lays in the basis of rural life and guarantees a continuous milk flow for Finland. The prices, paid by Valio cooperatives for the raw milk, provide farmers with an adequate standard of living. (Valio’s website 2016.)

The milk collected from a cow at the farm can not be improved at any other stage of the production process, which means that the cows' health and the conditions of their life are always a priority. Valio knows that only a healthy cow can give tasty and healthy milk. Each cow is treated individually and receives modern healthcare. Each cow has a personal e-passport containing its genealogy and health indicators. (Valio’s website 2016.)

Valio creates perfect conditions for a natural lifestyle for cows, while maintaining a rigorous quality control of their nutrition and wellbeing. There are usually 50 cows at the farms, and each one of them receives individual attention from the farmer: they take a shower twice a day, and get scratched with combs to make them feel good. The farmer himself is concerned about the high standard of the raw milk, as the farmers are the owners of the Valio company. (Valio’s website 2016.)

Quality control is maintained through the further stages of the production process, including milk-harvesting, acceptance, initial processing, production, its storage and transportation. After special training, even the milk truck driver can and must regularly check the milk, which he receives from the farmer. The first thing a farmer does when he arrives at the plant is to take tests for antibiotics, and only in the case of a negative test the milk will go further for processing. In June 2000, all Valio plants were awarded with ISO 14001 for Environmental management systems. The company monitors production conditions, storage and transportation of the products from the farms to the shops. (Valio’s website 2016.)

All Valio products pass the inner control tests in Valio's own laboratories; they are labelled according to the Finnish standards, and when imported to Russia, they are subject to the mandatory labelling by Russian laws. Besides, like any other producer, the company makes a deliberate choice whether to hand in its products for an expert eco-assessment voluntarily. (Valio's website 2016.)

Valio products which have been certified by the environmental standards in Russia are labelled with Ecotest Plus symbol on their package. Currently Valio ESL, Valio butter, cottage cheese and sour cream have received an additional eco-assessment, and the list of such products is constantly growing. (Valio's website 2016.)

According to Valio, eco-certified products have the following distinctive features:

- they contain no GMO
- they contain no ingredients; no pesticides, herbicides, or any other toxic chemicals and artificial fertilizers were used to produce them
- they contain no artificial preservatives, colourants or flavour additives
- they all bear a special certified symbol on their package – the eco-label.

(Valio's website 2016.)

4.2 Dairy market in Saint Petersburg

In the current tough economic situation both in Europe and in Russia, the dairy market is one of the most badly affected, as Russia has introduced a ban on all imported milk products from the EU. Therefore, the local producers have been given privilege and motivation to develop their supply and improve the qualities of their products. Only those European brands which have their production sites in Russia have managed to keep their products on the shelves in the shops. Still even in this case, these companies have found themselves unable to get raw materials from the EU to their Russian production sites due to the existing sanctions.

In total, there are around 40 companies, which provide the Saint Petersburg market with dairy products such as milk, cream, and cottage cheese. These companies are Velikolukskiy Milk Plant, Vimm-Bill-Dann, Vologodskiy Milk Plant, Volosovskiy Milk Plant, Lactis Milk Plant (Velikiy Novgorod), Yanino Milk Plant, Ostankinskiy Milk Plant (Moscow), Pskovskiy Milk Plant, SevZapMoloko, Danone (France), Ehrmann (Germany), and Valio Ltd (Finland). Apparently, the Russian market is dominated by the local producers, although the foreigners are still strong and hold a certain market share.

Therefore, the competition remains tough in the dairy market in Russia, and the producers are compelled to develop marketability of their products under the market pressure on one hand and, on the other hand, under the pressure to comply with a whole range of normative papers, e.g. standards and technical guidelines introduced by the Russian State, which regulates the market.

Even before the import ban, the Russian dairy product market was evaluated as promising, because the potential dairy market capacity, which was estimated by medical norms and consuming traditions, is far from saturation. That is why, despite all the present day challenges, the dairy producers are urged to enlarge their production scale.

With the market competition toughening, the major advantages of a company might be the following:

- larger market share
- product quality
- large product offering
- competitive prices.

It is generally acknowledged that the consumers in larger cities often recognize the brand in the first place and make their purchasing choices accordingly. Therefore, the company's reputation and overall brand awareness are the key components of the company's competitiveness. Besides, the dairy companies, such as Valio, often turn to the backward integration with the raw milk producers, forward integration with the distributors, and a thorough marketing policy in general to get their advantage. In this context, backward integration is defined as a strategy employed to expand profits and gain greater control over production of a product, whereby a company will purchase or build a business that will increase its own supply capability or lessen its cost of production. As for the forward integration, it is understood as acquisition of or expansion into a distribution channel. (Imber and Toffler 2000, p. 48, p. 236.)

4.3 Competitor analysis

A competitor analysis is carried out for Valio eco-products in the Russian market to evaluate them against their cheaper local competitors. The idea is to find their critical success factors and the ways to promote their eco-efficiency in the Russian market today. This thesis analyses milk as it is the most basic and essential product for the consumers, in Russia in particular.

Below there is a SWOT analysis for Valio milk UHT 2.5 % (Russia) and 'Piskarevskoe osoboe' milk 2.5 % (Russia) by the Piskarevskiy milk plant. It was decided to carry out the SWOT analysis for the products rather than companies as a whole, since in this thesis it is the products (eco-products) that are the target of promotion, not the companies. Besides, it is important to find practical promotional solutions for eco-products in general, and therefore, it seems logical to analyze the products in the first place.

Both products are produced in Saint Petersburg and the Leningrad Region, Russia. Figures 12-13 show the image of the analyzed products.



WWW.BV.GU AZBYKA.VKUSA WWW.BV.GU AZBYKA.VKUSA WWW.BV.GU AZBYKA.VKUSA



Figure 12. Valio milk (Makro-market 2016)

Figure 13. Piskarevskoe osoboe milk (Mnogomart 2016)

This particular competitor has been chosen among many similar products of local Russian production because it has all the characteristics which make it a strong rival for Valio eco-products: it is cheap, broadly available in local shops, and it is of Russian production.

Piskarevskoe osoboe milk 2,5 % (Russia)

Strengths

- due to the current political situation, there is an obvious preference towards the home brands in Russia;
- low price;
- well presented in different levels of shops.

Weaknesses:

- there is a perception that Russian quality is inferior to the Finnish one.
- unpractical package
- discrediting 0.9 litre package
- presence only in the Saint Petersburg market
- moderate product range (general popularity)
- no brand awareness outside Saint Petersburg

Opportunities:

- the producer might consider a broader product range, more options
- to increase promotion and product marketing, which would increase the ultimate price for the consumer, but will, in overall, be beneficial for the brand

Threats:

- strong competition among the Russian brands
- poor quality reports

Valio milk UHT 2.5 % (Russia)

Strengths

- Finnish quality, which is a positive input for a Russian consumer; the same quality standards as in Finland (higher than the highest class in Russia)
- well-established reputation of the brand
- own production facility in Russia

Weaknesses:

- higher than average price
- eco-friendliness, which is a strong advantage for a European consumer but is not that obvious for a Russian one, and might not justify the high price
- presented only in higher-class shops

Opportunities:

- further communication of eco-concept and other advantages of their produce
- consider a broader scope of production facilities in Russia in order to be more competitive;
- consider more distribution facilities (smaller shops can also be considered)

Threats:

- import ban;
- stronger local competitors
- low eco-awareness in the Russian society

The analysis vividly shows that the competition is tough nowadays and companies should try and avoid head-on collisions. However, today Valio's main competitors are the local producers, which have received an advantage due to unnatural market development. The latter are now trying to increase their production capacity, but in terms of quality and eco-friendliness of their products in particular the average consumers understand that improvements cannot be made overnight, whereas with Valio the obvious strength is the brand reputation.

According to the company's representatives, Valio sees that one of the major reasons for the high brand awareness is the eco-concept of their products, which is widely promoted through all company's resources. For instance, the corresponding web-pages of both companies in this analysis contain eco-information, but there are major discrepancies in approaches.

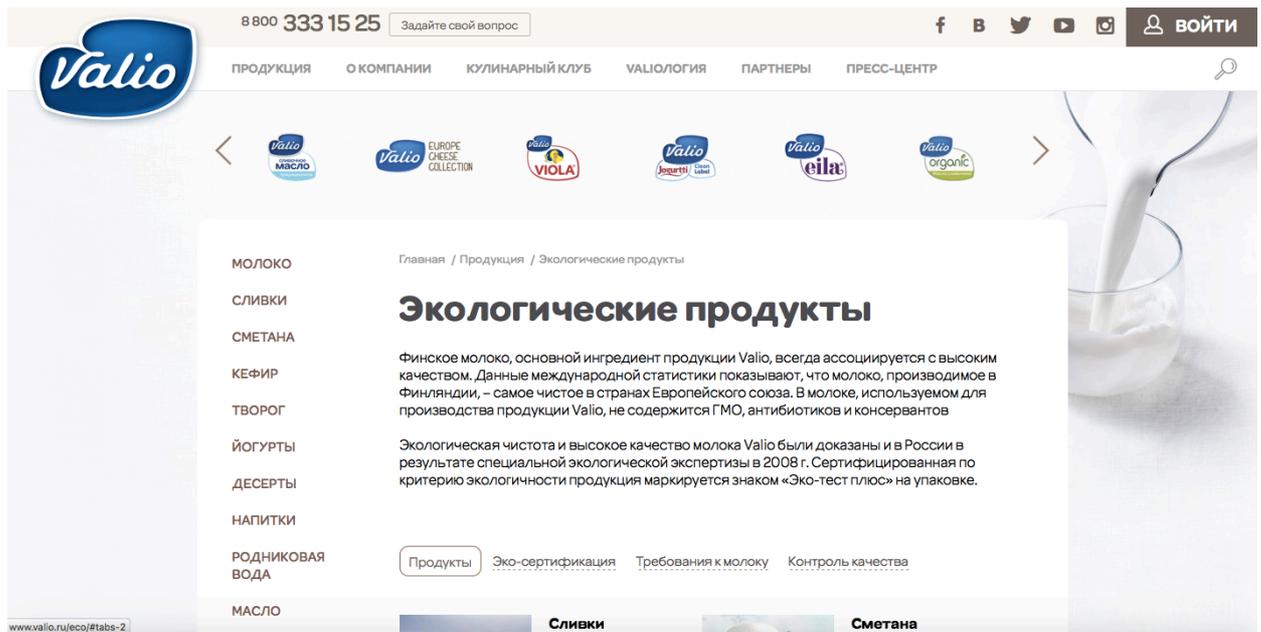


Figure 14. Valio's webpage on eco-products (Valio's website 2016)

Figure 14 shows Valio's approach. A visitor can familiarize himself with all the detailed information on the Valio eco-policy: eco-products, eco-certification, requirements, and quality control policy, for example. Besides, Valio urges the consumers to get to know the labels and signs on the product packages; they take a very compelling approach to educate the consumers and give them a chance for more conscious and informed buying decisions. In this sense, the company not only strengthens its own market position but also enables all eco-products to be more transparent for the average Russian consumer. Such an attitude reflects the European policy and creates an impression of authenticity and reliability of eco-products.



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Figure 15. Piskarevskiy milk plant's webpage on ecology (Piskarevskiy milk plant's website 2016)

Figure 15 demonstrates the approach by the Piskarevskiy milk plant, a local Russian brand and producer. The company confines to a very brief description of its eco-policy, which generally resolves itself to unsubstantiated manifestations of the company's principles:

- abundance by ecological norms
- improved eco-protection systems installed. (Piskarevskiy milk plant's website 2016.)

Based on this data, a reader can get a very general picture of the company's eco-awareness, which shows mainly that the Russian brand does not see the need to promote the eco-concept of their products. Probably, they do not see it as a marketing advantage and they would rather stay inside their 'comfort zone' of a cheaper and familiar local brand, producing cheaper and familiar local products. They would count on the idea, which is very much highlighted in the Russian society today: local = high quality. Besides, in the light of the decreased purchasing power among local consumers, there is probably a major marketing advantage for the company, which is a lower price.

Furthermore, when analyzing Valio eco-products through Porter's five forces model, it is important to underline that through detailed information on their website and other

sources the company is striving to differentiate its eco-products from ordinary dairy products. It also tries to convey the message that only similar eco-products can play the role of their direct competitors; the rest border on being the indirect ones. Therefore, it is worth stating that due to the current economic stagnation the risk of market entry by similar eco-products is relatively low, meaning that currently Valio milk is threatened by local cheaper competitors alone.

Secondly, the intensity of competition among the incumbents in the dairy market is high again only among non-eco-products, as there are hardly any other rivals bearing the same set of characteristics as Valio eco-products, namely Valio milk, which was analyzed earlier. So in many ways eco-products are a new and unknown offer in the Russian market. This fact creates both strengths, weaknesses, opportunities and threats.

Thirdly, the bargaining power of Russian customers is an essential element for successful promotion of eco-products in this market, as it is the customers who are currently changing their attitudes to the favour of this type of products, and the pace of this change is a decisive factor to determine the future development path. Therefore, any company selling eco-products in the Russian market should try and reach out to their customers to deliver the information on the benefits of eco-consumption.

The bargaining power of suppliers is another aspect of the Porter's analysis pattern. In order to remain one of the key market players, Valio has launched the Ershovo plant, its own production site in Russia, which gives it a strong advantage in the harsh Russian market conditions. Apart from that, Valio opts for licensing and cooperates with the Galaktika plant located in the Leningrad Region. There, under Valio's rigorous quality control, all products fully comply with the existing Finnish and Russian standards, which is reflected by the "Made under Valio's control" label, which they carry. Today Russian production and Finnish quality make the best possible marketing image for eco-products in the Russian market, and therefore European companies should seek and establish mutually beneficial cooperation with the local suppliers.



Figure 16. Made under Valio's control (Otzovik 2015)

Finally, the availability of substitutes for dairy eco-products is relatively low, as it is not possible to substitute them with some different sort of products. However, in terms of technological products (i.e. Biolan eco-toilets) this element is the weakest of all five, as it is very likely that the customer will give his preference to a cheaper and more familiar non-eco-product today. For the Valio eco-products, the only threat are the local dairy products sold at a lower price and in every shop in Russia.

4.4 Strategic moves

Valio Oy is a brand of a Finnish origin; Valio translates as 'the best'. In Russia this brand has a very long history, and it is traditionally placed in 'higher-than-average' and 'premium' segments, largely due to the eco-concept of its products. In the first place, these assumptions stem from the idea of Finland as a country with a high level of agriculture, good ecology, advanced experience and know-how in incorporating and developing eco-incentives, pristine northern nature, and so on. All these associations are not groundless but well-based on real facts, and therefore the very idea of the brand's Finnish origin implies eco-concept to have essential influence on brand

perception. Hence, the eco-concept is viewed as a marketing advantage for the company.

In the former economic situation and in its former role of a producer of solely Finnish products, Valio did count on the eco-concept of their products. For these purposes, the company has developed a special section on its official website, has developed their eco-concept in social media, even in promotion campaigns (for instance, the butter campaign of 2009), and through images on the product labels, i.e. Valio bottled water (see Figure 17).



Figure 17. Valio bottled water (Valio's website 2016)

Currently in the light of the fact that the product range in the Russian shops has significantly changed with the increased share of counterfeit products, the company's eco-positioning has succumbed to a communication of more rational advantages of the product: natural raw materials, local production sites, and no artificial additives (Clean Label concept). In the present day situation these are the most obvious advantages of an eco-product in Russia. That is why Valio tends to exploit them in the promotional campaigns and overall marketing. Such a decision shows that a company willing to stick to the eco-concept of their products, is urged to monitor the market and sense any minor changes in the trends and customer behaviour, as well as the influencing environment, since the eco-concept has still much room to be rendered through various means, images, associations, and topics. In the Valio case, the company was quick

enough to sense the shift in the attitudes to the product origin. Currently, the Russian society sees the “Made in Russia” label as a sign of quality and purity of the product in contrast to the “Made somewhere else” label. Definitely, the politically-induced embargo and general market situation in Russia have triggered such views, but the result is still the same – the companies, especially those with eco-products, must implement rapid and adequate moves to mitigate the negative consequences of state policies.

Another core issue, which must be singled out, for the companies promoting eco-products in the Russian market is the idea of an overall eco-lifestyle, which must be equally promoted by a company alongside with the product itself. Being healthy, sporty, fit, and so on, is becoming a new trend in cities like Saint Petersburg today; people strive to have attractive looks, they develop healthy habits and routines, with a healthy nutrition being an integral part of the overall image. This trend is heavily exploited by the Russian media, and it is often rendered through an idea that a healthy and attractive person is a successful one. In such a context, eco-products are in high demand and with clever marketing they can easily become a bestseller. That is why, large supermarkets in Saint Petersburg for instance, tend to group the eco-products on the “eco-shelves” and mark them specifically to attract customers’ attention. They often locate such shelves closer to the sports and wellbeing sections, creating a stronger association chain.

Due to this reason, Valio has created a very detailed and informative section in their official website devoted to healthy lifestyle promotion called Valiology. Here the company gives recommendations and explains the benefits of healthy nutrition, gives examples and recipes (see Figure 18).

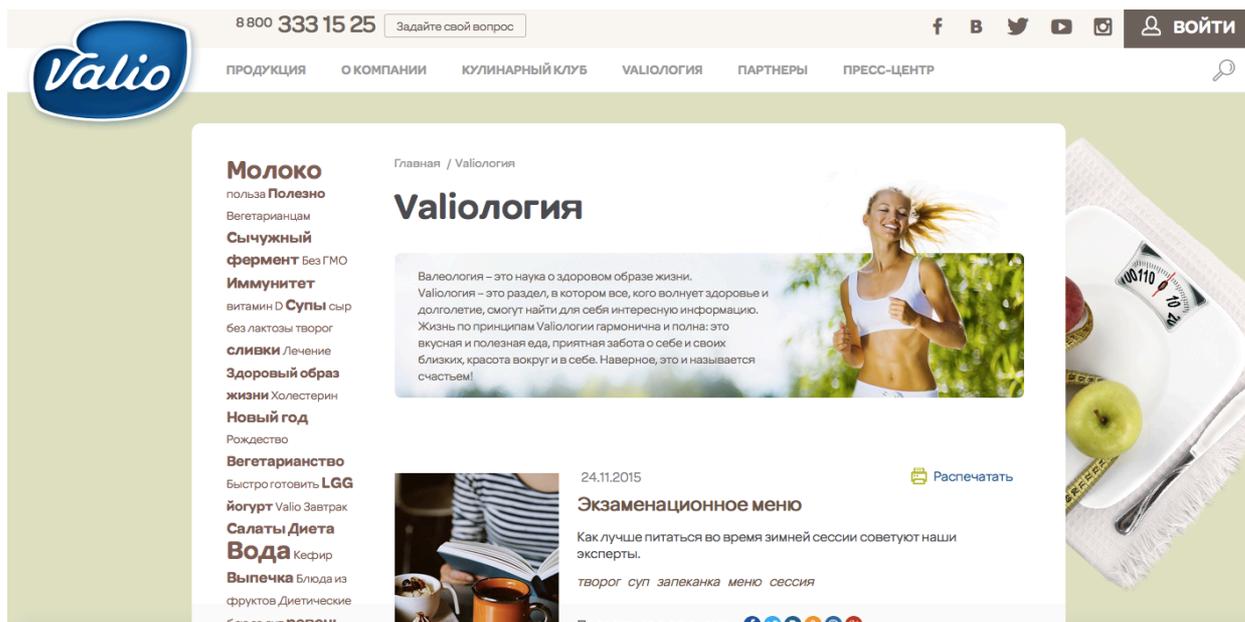


Figure 18. Valiologia (Valio's website 2016)

The reason for such promotion is that, in spite of the modern eco-trend, the Russian consumer needs more substantial grounds to pay extra for the product than just basic and far-fetched arguments about the would-be benefits. They need explanations, justifications, facts, figures and other data. A company should take a serious stance in communicating the idea of practical value of eco-products to the Russian consumers, as it is not a conventional wisdom yet and needs to be interpreted. Valio understands this very well, and although Valio is a popular and very strong brand in Russia, the company still feels the urge to explain and justify the advantages of their eco-products to the Russian consumers.

In general, Valio, like any other Finnish company willing to promote eco-efficiency of their products in the Russian market, needs to provide the consumer with as much information about the benefits of the eco-products as possible. This is because usually it is required to justify the higher price of these products, as it is the price that might currently be a decisive factor for Russian consumers. Valio cannot and should not cut their prices, as a higher price does partially differentiate an eco-product from the competitors' ones.

It is equally important to provide a consumer with substantial information about the labels on the package, because, as it was stated earlier, there is an existing misunderstanding of these symbols, and as a result a growing mistrust to them among

consumers. Evgenia Ponyatova, Valio representative, agrees that there is a large amount of uncertainty about the eco-product labeling in Russia. Therefore. In order to use labels to their advantage and make them informative, companies have to explain and even educate consumers about the message conveyed by a label. In the Valio case, there is a page on their official website totally devoted to the labels, their meanings, and the body which grants the label.

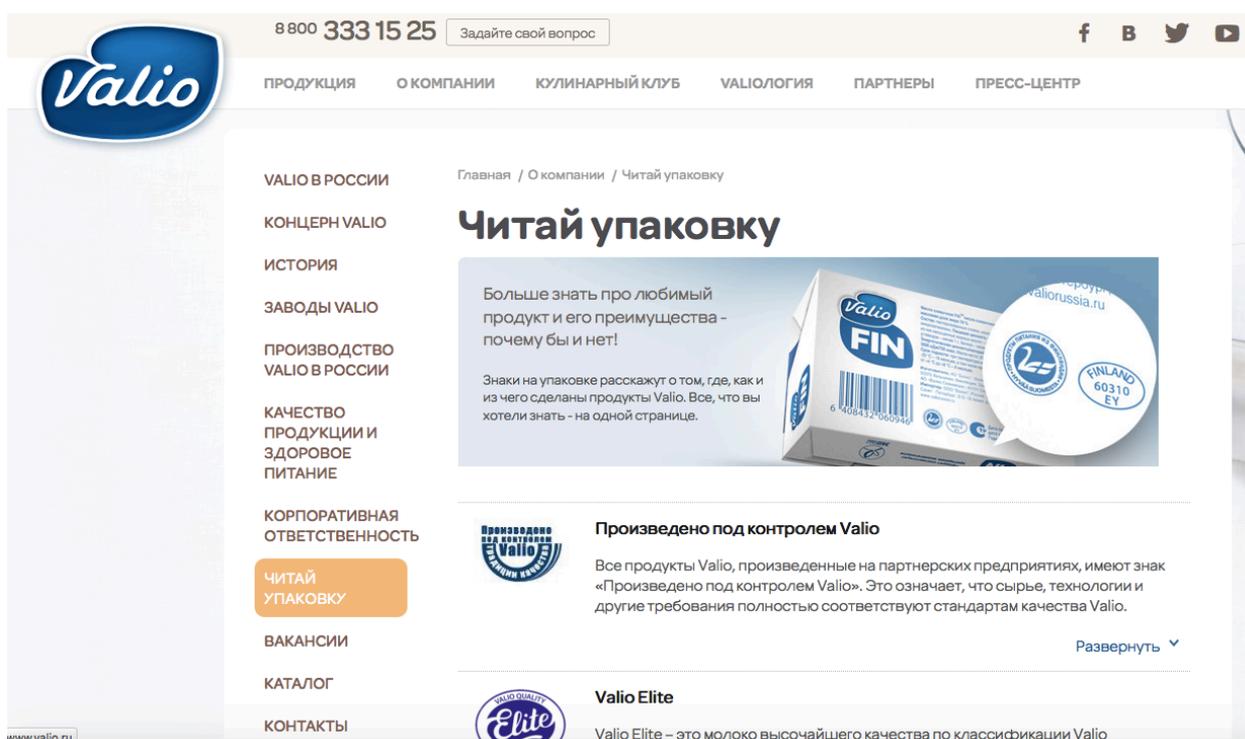


Figure 19. Valio’s webpage about labels (Valio’s website 2016)

Valio feels the need to provide the consumer with a whole range of labelling symbols, which might potentially appear on the package; this shows the company's commitment to the proliferation of eco-knowledge not only to improve marketing of its own products but also to encourage the understanding of an eco-product in general.

Here is a list of the labels which the company explains to the consumers (Valio’s website 2016):



- made under Valio's control



- Valio Elite, the highest milk standard according to the Valio classification



- lactose-free product



- the product contains Lactobacillus GG



- made in Finland



- hyvaa Suomesta; swan has always been a symbol of purity and serenity in Finland



- EAC (Eurasian Conformity) – a common label for the products presented in the market of the Customs Union member states



- "Glass-fork" used to demonstrate that the plastic utensils are suitable for food



- Recycled, Mobius band



- barcode

 - ISO 9001 – Quality Management System Certification



- FSC the package is made from FSC certified wood, recycled material, or other controlled materials



- contains Vitamin D



- the Good of the Year awarded by the National Trade Organisation



- Tetra Pak Protection made of recyclable wood



- plant label bears the country and place of production, verified by the European Association of Food Safety and certified by Russian Rosselkhoz nadzor



- Organic Product according to the EU regulations



- certified by eco-standards

The list contains both eco- and average labels, but Valio realizes that the abundance of these symbols on the package significantly hinders the understanding of their meaning

among consumers. Therefore, it is essential to define the meaning conveyed by each of them. Such approach gives a chance to conscious consumers to make their informed choices and to know exactly what the higher price is paid for.

4.5 Eco-product marketing strategy

As it was mentioned earlier, distinctive features of the Russian market dictate the need to create a tailor-made approach to effectively market the eco-efficiency of Finnish products to the consumers. Valio, as an example of a successful marketing strategy demonstrates how the Green 4Ps could work for Russia. Each of the four elements is modified to meet the requirements and expectations of the Russian customer.

Product

To sum up previous discussions, Russian customers are not environmentally-savvy enough to perceive the message of the benefits of eco-consumption by themselves. It is not enough for a product sold in the Russian supermarkets to bear the 'BIO'-label on their package to be attributed as an eco-product. Therefore, apart from physically acquiring eco-characteristics, a product should be equipped with as much information as it is possible to convey the message to the consumers – on the package, in the shops, and on of the company's webpages, for instance. This is a crucial term, as Russian consumers, firstly, are unaware or not aware enough of the eco-concept in general, and, secondly, due to the first reason, they do not trust the labels on the package. Therefore, the initial task of any eco-product marketing is spreading of information directly to the consumers.

Price

Eco-products normally cost more than their non-eco counterparts. Therefore, as long as the customers have no clue about the reasons for higher prices, they are unwilling to pay that price. In this instance, it is obvious that a price reduction is a false way of attracting customers, as it fails to face the major challenge, which is eco-unawareness of Russian people. Lower price will only put an eco-product in line with the cheaper non-eco products, where they will most likely lose the competition anyway. The true solution here is to justify the higher price rather than to cut it. The consumers should receive a message of the advantages of eco-products, and the message should be clear,

informative and compelling. Once this is done, the company will no longer need to reduce its prices. A higher price is justified, and the consumers now see the reason to pay extra for eco-products. Moreover, many Russian consumers believe that a higher price suggests better qualities of a product, so this can serve as an additional highlighting.

Promotion

A thorough promotion is required to ensure a successful implementation of the marketing strategy. It has been stated earlier that the overall low eco-awareness in the Russian society results in equally low interest in eco-products. Therefore, the issue should be tackled in a more complex scheme than just a promotion of a single eco-product. It seems relevant to promote a general image of a healthy eco-lifestyle through promotional campaigns for eco-products. For example, Valio promotes that image through their webpages. They also arrange promotional events, festivals to support and encourage people to lead a sporty, healthy and eco-efficient lifestyle, with eco-consumption being an integral part of that image.

Place

Being a part of higher-class shopping in Russia today, eco-products of various origin are usually available in larger and often more expensive retail shops. Due to this reason, average consumers do not usually come across this kind of offers on a daily basis or when doing their regular shopping. In order to purchase an eco-product, a Russian consumer often has to search for it deliberately and in specific shops. However, it is not enough to sell eco-products in a limited number of places to market their overall eco-efficiency and raise eco-awareness in the Russian society. Eco-products should be available in smaller everyday shops. This will make them part of regular shopping, and make them a routine for consumers rather than something obviously exclusive and overpriced.

Table 3 demonstrates green 4Ps for the Russian market.

Product bears eco-concept transparent for an average customer.	Promotion of overall eco-concept.
Price – high enough to justify better quality.	Place – eco-products to become a shopping routine.

Table 3. Green 4Ps for the Russian market

4.6 Ways to develop

Despite the fact that Valio is a strong brand in the Russian dairy market with a well-established reputation, its eco-products still need heavier promotion, as preference is often given to the cheaper alternatives in the Russian market.

However, it can be claimed that the price policy should not be reconsidered because a more expensive product is believed to be of higher quality in Russia. This is a particularly true statement for larger Russian cities, such as Saint Petersburg and Moscow. That is because the price points are a function less of the cost of goods than of the value the buyer attaches to them, acknowledging their benefits against their competitors. Therefore, the higher price conveys a quality message by itself. Besides, an eco-product is meant to acquire additional quality in contrast to ordinary products; therefore a higher price should be marketed as a justified and expected characteristic.

Secondly, Valio can still reconsider its presence in medium-level shops rather than higher-level, larger ones only. Average consumers in Saint Petersburg tend to do their food shopping once a week, traveling to larger shopping centers in the outskirts of the city. However, milk products are needed more often than that, normally every two days, meaning that a consumer is left without his/her bottle of milk during the workdays. That is why consumers often buy it in a nearby shop, where Valio eco-products are not presented. Therefore, a consumer has no choice but to purchase a bottle of local milk. Due to this reason it might be advantageous for the company to find its way to the shelves of smaller shops, where it would try and compete against cheaper milk, usually made by a local producer.

Another issue worth consideration is the need to expand eco-awareness in the Russian society. Otherwise, eco-products will always lose the battle against cheaper non-eco products. In this respect, Valio has done a lot, and represents one of the best examples of the ways to promote eco-efficiency of its products in the Russian market. What might still be done is to find a more effective way to its consumers by creating a clearer image of them, their lifestyle, habits and routines. According to Valio's website, their eco-products are specifically designed for people concerned about their healthy diet, fitness and active lifestyle. In general, these are the primary target consumer group for any company willing to promote their eco-products. Therefore, it might be beneficial for Valio to create partnerships with companies operating in other fields of business, but still associated with a healthy and active lifestyle:

- wellbeing and sports centers
- medical and recreation centers
- tourism companies, etc.

It is possible to come up with various promotion campaigns together, which will be to all partners' advantages, and, most importantly, they will be beneficial for the proliferation of eco-knowledge – a crucial aspect of overall marketing success in this area. Such partnerships will create a stronger association chain and it will become easier for the companies to spot their customers, and for the target customers to spot their companies and products.

It is a well-known fact that a person can save money for their own needs but normally people do not save money on their children's wellbeing and health. For this reason, Valio can create a scope of eco-products designed specifically for children; they can communicate the advantages of these products in the light of children's health. Therefore, partnerships with various children institutions such as kindergartens and schools can be considered for further promotion of eco-products.

First and foremost, however, it is the detailed information about the benefits of eco-products which must be clearly communicated through the company's websites and other available media resources, as it is the lack of eco-awareness, which hinders the proliferation and recognition of eco-products.

To sum up, Valio, like any other company promoting various eco-products, should first carry out a thorough analysis to clearly visualize its customers, their thoughts and motivation to buy or not to buy eco-products. Once this is done, the company knows exactly how to address this audience, involving the distribution channels, the presence/absence of eco-products in different levels of shops, and coordinated promotion with various businesses working in the wellbeing area. Besides, the company should be sensitive to the changing trends and market environments and constantly evolve accordingly. Currently, Valio is in the process of finding the best possible image for itself between “made in Finland” and “made in Russia”, and the most beneficial message to keep the existing loyal customers and attract new ones probably is “made in Russia with Finnish quality”.

5 Results and findings

To summarize all the results and findings of the present analysis, it is possible to present the suggested development steps, their impacts and metrics for evaluation as described in the table below.

DEVELOPMENT STEP	IMPACT ON	METRICS
Presence of eco-products in smaller local shops – availability	Eco-product image and recognition; customer choices	Growth of sales
Strategic alliances with wellbeing businesses	Eco-products image and recognition; customer choices	Larger number of the new customers
Development of eco-products for children	New interested, clearly segmented customers	Improved profit
Segmentation, targeted marketing	New interested, clearly segmented customers	Improved profit

More detailed information about eco-products on the company's webpages	Visibility of eco-products; proliferation of eco-knowledge	Stronger interest in eco-topics Growth of sales Justification of the eco-product prices
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Table 4. Summary of the development steps for eco-products

Most of these suggestions might be applied to both food and non-food eco-products. The most essential issue is the need to address the lack of eco-awareness in the Russian society, which results in the low interest and disregard of the benefits of eco-products among average consumers. It is worth mentioning that such low eco-awareness is a general tendency, and therefore, it requires coordinated actions of all market incumbents. It looks complicated for a company to promote eco-efficiency of their products in the market, where the overall benefits of eco-consumption are undervalued and often neglected. That is the reason why one of the core recommendations for any company selling eco-products is to educate people about these benefits in every available way. Apart from that, it seems sensible to promote the very idea of a healthy, eco-efficient lifestyle, make it trendy and comprehensive not only to those customers who are already concerned about eco-issues, but also to those who are new to the subject and need more information to become involved.

Saint Petersburg as a market is already open to eco-products. According to the information of Ecological Union of Saint Petersburg, one of the most prominent and respected organizations in the field, there are more than 100 items of goods and services of well-known foreign and Russian companies, which have already been labeled with the international Vitality Leaf ecolabel. There are a number of Finnish companies as well. Figure 20 shows examples of such companies.



Figure 20. Companies awarded with the international Vitality Leaf ecolabel (Ecological Union of Saint Petersburg 2016)

In order to be able to evaluate the situation of the Finnish eco-products in Russia after the companies promoting them have implemented development steps, it seems appropriate to suggest a SWOT analysis for an eco-product in the Russian market.

<p>Strengths</p> <ol style="list-style-type: none"> 1. strong eco-awareness in the society 2. clear recognition of benefits of eco-products in the society 3. wide presence of eco-products in shops 4. targeted marketing 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. higher price 2. developing an eco-labelling and eco-certification system in Russia
<p>Opportunities</p> <ol style="list-style-type: none"> 1. further improvement of eco-concept in the Russian society 2. more strategic alliances with 	<p>Threats</p> <ol style="list-style-type: none"> 1. changes in the state of the country's internal and external affairs 2. strong competition in the market

<p>different businesses</p> <p>3. segmentation (eco-products for children, women, sportsmen, etc.)</p>	<p>3. lowered purchasing capacity in the society</p> <p>4. lack of a transparent eco-certification system in Russia</p>
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Figure 21. SWOT analysis of an improved eco-product in the Russian market

Figure 21 clearly demonstrates that once a Finnish company finds its path to the right and thorough promotion of its eco-products, it can achieve better results and improve its profitability. However, it is also obvious that it is the general lack of eco-awareness in the Russian society that blocks smooth promotion of eco-products. Therefore, it is not one company's task to raise the awareness and it will not be successful trying to do this alone. It requires united efforts from both market participants and the State to change the mindset of the Russian consumers, to educate them about the real advantages of eco-products for their own health and the Planet's health, which in the long or short run does affect people's health too.

Clearly, this is not a one-year challenge. But once some tangible progress has been made in that direction, the companies promoting eco-products will enjoy a stronger recognition in the market, which in its turn will justify the higher price of these products. An average consumer will be able to make his/her informed choice and be aware of the impacts of this choice.

Raised eco-awareness will also result in the need to develop a comprehensive eco-labelling and eco-certification system in Russia, which currently leaves much to be desired. Such system will, on the one hand, allow a consumer to obtain all necessary information from the eco-product package, and, on the other hand, it will allow companies to communicate their message to the consumer more effectively.

Companies should find ways to offer their eco-products in different levels of shops to build-up an effective competition to the cheaper local products. It is also important to dismiss the perception that eco-products belong to exclusive products, available and affordable for the customers with higher purchasing capacity only. Improved availability of eco-products in various shops will provoke customers to pay higher attention to these products, learn their characteristics and eventually assess their benefits.

In order to implement more specified, targeted marketing, companies promoting eco-products should develop these products for various segmented customer groups and expand their offering accordingly. This approach will enable them to react to the changing trends in the right time and customize their eco-offering to keep meeting the needs of consumers. This will also expand the scope of a company's loyal customers and improve its overall brand image.

As it was stated earlier, there is a need to develop a strong association chain in the minds of Russian consumers with eco-products being an irreplaceable link in it. It is an image of a healthy, successful individual, leading an eco-efficient lifestyle. This image should be equally promoted by the companies offering eco-products, to visualize the benefits of eco-consumption in a more digestible way for an average consumer. For this reason the strategic alliances with different businesses from the wellbeing sector will be advantageous in terms of promotion of eco-products. The wellbeing sector should be understood in the broad sense of the word – anything even partly related to the company's business area might still result in effective promotion and will obviously improve the company's recognition as well as its eco-product acknowledgment by the Russian consumers. The presence effect will create a positive pressure on people to make them study the subject and make their purchasing choices in favour of eco-products.

However, there definitely exist a number of external threats, which might negatively affect marketing of Finnish eco-products' regardless of the companies' internal efforts. This unfavourable market environment might include Russian State policies, regulations and internal/external strategies. Unfortunately, foreign companies have little effect on these matters, and can only create a thorough development strategy, which should comprise multiple scenarios to ensure a stable growth. The current import ban makes Finnish companies revise their "made in Finland" positive image to substitute it with "made in Russia with Finnish quality/according to Finnish quality standards" idea, which now seems easier to promote due to the existing social trends in the Russian market.

6 Conclusion

The main objective of the present research was to develop a strategic marketing plan to market the eco-efficiency of a Finnish product in Russia. For eco-products it seems possible to base the marketing strategy on the 4Ps pattern, which allows us to reflect on the main aspects of green marketing.

The study revealed that low eco-awareness in the Russian society is the core reason for the fact that eco-products are often overlooked by the average consumers. Finnish companies willing to promote their eco-products have to take into account cultural and social differences between customer behaviour in Europe and Russia. These differences require a tailor-made strategy to meet the expectations of the Russian consumers.

The market in Saint Petersburg presents some special interest for the researcher; this market is constantly developing and it already provides places for many Finnish companies and their eco-products. This proves the fact that Russian consumers start giving a justified evaluation and true assessment of eco-products. They start acknowledging their benefits and are ready to make their conscious choices in favour of these products. Therefore, the Finnish companies promoting eco-efficiency of their products in the Russian market should first take into consideration that in Russia eco-issues are just evolving and it requires time and collective effort of every company operating in the area to promote these ideas and be ready to justify the higher price of eco-products to an average Russian consumer.

It was stated earlier in this report that companies with eco-products should work collectively to expand the pool of existing eco-knowledge in Russia. In the light of low eco-awareness, all such companies are equally vulnerable and each of them has to do its own share to deliver the information to the consumer in Russia.

The thesis studied the issue from the point of view of Finnish companies facing low eco-awareness in the Russian society and strived to offer viable solutions to conquer it. There are many Finnish companies which rely on the eco-efficiency of their products as one of the major marketing advantages, but low eco-awareness in Russia hinders the perception of these benefits by consumers.

The Valio example, which was analysed in the present thesis, demonstrates that improved communication, substantial amount of information and enhanced eco-labelling and eco-certification systems can change the attitudes of the consumers to the advantage of eco-products. People in Russia, especially in larger cities, are ready to acknowledge the benefits of eco-consumption, but they lack information and therefore they might be misguided by the higher price of eco-products and give preference to cheaper local products. The latter fact is supported by the current import ban and existing anti-foreign policy in the Russian supermarkets, which urge market players to come up with new, redesigned marketing strategies for their eco-products.

The issue of Finnish eco-products in the Russian market seems up-to-date and worth studying, and the Saint Petersburg market is the closest and most developed in terms of Russian-Finnish trade volume. Consumers there already have very positive associations and attitudes towards the Finnish quality standards and are likely to welcome Finnish eco-efficient products once the latter are given thorough marketing and smart promotion.

Figures

Figure 1. Basic Indices of Russian-Finnish Foreign Trade in 2012-2013, p. 5

Figure 2. Results from the public poll by the Ecological Union of Saint Petersburg in 2012, p. 23

Figure 3. Results from the public poll by the Ecological Union of Saint Petersburg in 2014-15, p. 24

Figure 4. EU Ecolabel Symbol, p. 25

Figure 5. Vitality Leaf International Label, p. 28

Figure 6. Strategic marketing plan components, p.29

Figure 7. The eco-term best perceived by the consumers, p. 34

Figure 8. Descriptive framework for the SWOT analysis, p. 41

Figure 9. Porter's Five Forces, p. 42

Figure 10. Competitor analysis framework, p. 45

Figure 11. Ecotest Plus label image, p. 49

Figure 12. Valio Milk, p. 55

Figure 13. Piskarevskoe osoboe milk, p. 55

Figure 14. Valio's webpage on eco-products, p. 57

Figure 15. Piskarevskiy milk plant's webpage on eco, p. 58

Figure 16. Made under Valio's control, p. 60

Figure 17. Valio bottled water, p. 61

Figure 18. Valiology, p. 63

Figure 19. Valio's webpage about labels, p. 64

Figure 20. Companies awarded with the international Vitality Leaf ecolabel, p. 73

Figure 21. SWOT analysis of an improved eco-product in the Russian market, p. 73

Tables

Table 1. Requirements for the bacteriological characteristics of raw milk in the EU, Russia, and Valio, p. 50

Table 2. Raw milk quality, Valio inner requirements 2009, p. 50

Table 3. Green 4Ps for the Russian market, p.69

Table 4. Summary of the development steps for eco-products, p. 71

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