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# ETHICAL CONSUMERISM OF CLOTHING

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BACHELOR'S THESIS | ABSTRACT

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## ETHICAL CONSUMERISM OF CLOTHING

- Focus on the Finnish Consumer

This thesis concerns the Finnish consumers buying habits of clothing and the effect of ethical production in it. The thesis examines the concepts of business ethics, clothing industry, consumer behavior and ethical consumerism. The theoretical framework for this thesis is Carroll's CSR-pyramid and compares the buying decision process of ethical consumers around the world and Finland.

The empirical framework of this thesis applies the sequential explanatory design, where both qualitative and quantitative data collection were used. First two clothing industry professionals were interviewed so that the questionnaire would be formulated correctly. Then a questionnaire survey was conducted and it targeted the Finnish consumers. The results show that a vast majority of Finnish consumers do not consider ethics as an important factor when making a purchase decision. They also show that consumers value quality, price and aesthetics above all and that brand has little or no impact. The results also show that Finnish consumers wouldn't buy unethical clothing or at least would be on the edge, if they would be 100% sure it was unethical and if the situation would arise. The results also show that Finnish consumers are also willing to pay more for products they know are ethical.

### KEYWORDS:

Business, ethics, clothing, consumer, behaviour, CSR, Carroll,

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# 1 INTRODUCTION

## 1.1 Background

This thesis was motivated by the writer's experiences in the clothing industry as a worker as well as a frequent customer of the industry. For the author, the concept of ethical consumerism has been an important part of consuming habits after the collapse of the Rana Plaza factory in Bangladesh in 2013. The Rana Plaza factory collapsed in 90 seconds and killed over a thousand workers. (Burke, 2013). Many of the brands the author used to use (such as H&M, Zara and ASOS) had been associated with the factories accused of not providing a safe working environment for the workers in the collapsed factory and in all their other factories around Asia and Africa. (Burke, 2013,) (ethicalconsumerism.org, 2015) The knowledge about these unethical actions made him motivated to research about the concept of ethical production and about the concepts of "fast and slow fashion". Fast fashion is explained by the consumer's demand; fast fashion is what the consumers are demanding now and two weeks from now. (Economist, 2005)

The idea of writing a thesis about this topic was sparked by a documentary called *The True Cost*. It is a documentary directed by Andrew Morgan and it tells about the unethical production methods in the "fast fashion" industry and the effects of "fast-fashion" on climate change.

The key concepts (or main topics) to understand in this thesis are *business ethics, consumer behaviour and ethical consumerism*. They are the foundation of this study as there are a vast amount of other possible topics in the field of business ethics but in order to keep the study concentrated enough the author had to choose just a couple of key concepts.

Ethics is a term in philosophy that deals with the ideas of right and wrong. A deeper definition of ethics can be quoted from Paul and Elder (2005, 2.): "*Ethics is a set of concepts and principles that guide us in determining what behaviour helps or harms sentient creatures*". Ethics in business has been on the front pages of newspapers since the early 1980's when big international corporations, such as Nike and Levi's, were heavily criticized for using child labour and sweatshops in Asia and Africa. (Carrigan & Attalla, 2001) There were also cases of suppliers and their factories dumping toxic waste to the oceans and lakes, and also dumping the left over fabrics to waste lands without

proper recycling process. (Claudio, 2007) This brought the topic of business transparency to the lips of regular people and has been a popular topic ever since. Transparency is the key concept here, as it provides information to consumers that want to know what they are buying and at what cost, not just money but the social and environmental costs as well. Nowadays consumers are aware of the importance of ethical production and some might even go as far as checking and investigating the suppliers of the company and their ethicality.

## **1.2 Research problems**

Companies have certain responsibilities towards the society and its stakeholders. These responsibilities are called corporate social responsibilities. If a company violates the responsibilities it has, it should effect on the image of the company as a by-product of the bad publicity. Therefore the goal of this thesis is to study the effect of ethical production of a product on the purchasing decision of the consumer. Ethical production can mean the use of sustainable materials, recycling, paying fair wages etc. There are three main sources for this research. First, we will use a literature review that will provide a brief but important reading about the key concepts and main topics of the thesis. This helps the reader to have a understanding of the issues and matters regarding the thesis and the analysis. Second part is an interview with a professional of the clothing industry, which will enable us to understand the industry's point of view towards the topic and the difficulties inside the industry itself. Third part is an analysis of the answers of a questionnaire.

## **1.3 Research Objectives and Questions**

This research tries to answer the following questions:

- What affects the buying decision of a consumer, when buying clothes?
- How much does ethics matter in the decision making process?
- Which demographics value ethical production in their clothing?
- Are consumers willing to pay more for ethically produced clothes?

## 2 LITERATURE REVIEW

### 2.1 Business ethics

The concept of business ethics has been a part of businesses from the day the concept of business was invented. There are several guidelines (the Bible, Quran, Egyptian literature, writings of Greek philosophers) for ethical ways of living (which include conducting business) throughout history. (De George, 2015) Some authors claim that from the beginning of the industrial revolution to the late 80's/early 90's businesses could strive only with a good product, technology and/or toughness. (Aaltonen & Junkkari, 1999; De George, 2015). Nowadays just those three things would not be enough as the awareness of business ethics has risen more and more each year. (Aaltonen & Junkkari, 1999) Business ethics has also been said to be an oxymoron (Crane & Matten, 2010, p.4 citing Collins 1994). It means that the two elements (in this case business & ethics) are contradictory, thus the two concepts are far away from each other and rule themselves out.

In all simplicity, the description of business ethics can be derived from the description of ethics. It is the same field of study where the questions of right and wrong are addressed and the consequences are examined, but from the context of business actions. Right and wrong in this case are not the decisions that necessarily make more money for the company or improve their strategic position but are the right set of decisions in a moral context (Crane & Matten 2010). This study field concentrates on business institutions, organizations, companies and the activities of those companies. Without it we would only be able to give our philosophically unreasoned opinions about the issue. (Crane & Matten, 2010). Just like "normal" ethics, business ethics has two dimensions, normative and descriptive. Normative dimension study the best way to live, or in the case of business ethics, the best way to conduct business. Descriptive dimension on the other hand studies how workers and companies approach the process of making a decision in practice (Harrison, 2005).

When analysing business ethics, one has to also consider the goals of a company; it needs to make profit in order to be "alive" and to provide jobs. The means to these goals are the importance here. The company should use transparent actions to achieve these goals and not mislead their customers. The conscious consumers will notice the lack of

“fair play” and boycott the company and the company most likely will not survive. This phenomenon was noticed in a study done in Sweden in 1997 (Aaltonen & Junkkari, 1999; citing FörebildsFöretaget Konsument, 1997). In the study 99,4% of the recipients said that they had stopped buying the products of a company that was conducting unethical business.

Crane and Matten (2010) state that it is impossible to think that businesses could strive or even function with the means of lies and unreliability, as there has to be mutual trust between the buyer and the seller



Figure 1 - The Carroll Model, source: <https://imeeta.files.wordpress.com/2012/05/carrolls-model.jpg>

Figure 1 is the Carroll’s corporate social responsibility (CSR) pyramid, which was the main driver for the study of CSR to move forward (Wagner-Tsukamoto, 2015). Carroll stated the following (1983, 608.): “*corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm’s ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent*”. This pyramid helps the managers of businesses to see and understand the expectations of

society, where each layer represents different responsibility. These responsibilities include economic, legal, ethical and philanthropic responsibilities. All of these four categories have always existed, but ethical and philanthropic responsibilities have raised their importance in recent years. Wagner-Tsukamoto (2015) argues that the model can be seen as a reflecting economic concept and rationality, but also only as an ethical rationality. It could be argued that consumers could use the Carroll model as a framework of consuming.

### 2.1.1 Economic responsibilities

Businesses are created to provide goods for the people living in the society, while doing acceptable profits with it. Later on acceptable profits transformed into maximum profits. All this has to be done by fulfilling the demands of returns of shareholders, the needs of employees (safe jobs and fair salaries) and the demands of customers for good quality products at a decent and fair price (Carroll, 1991; Crane & Matten, 2010). Economic responsibilities are the most important in the sense that without the success of the company, other responsibilities are useless. The main responsibility of a business is to be “a functioning economic unit and to stay in business”. (Carroll, 1991, 40-41; Crane & Matten, 2010: 53) Some researchers do not agree with the idea that economic responsibilities are the most important for many market economies. (Wagner-Tsukamoto, 2015) Companies should fulfill their economic responsibilities, because then they are able to provide jobs and make a positive contribution for their community and society but fulfilling these responsibilities shouldn't be accomplished by any means necessary. Companies need to keep in mind the other responsibilities as well, as it seems that the model puts too much emphasis on the economical side and therefore leaving too much room for interpretation.

### 2.1.2 Legal responsibilities

Eventhough companies are expected to “earn a living and make a profit”, they are expected to follow the laws and regulations of the society while doing so. Legal responsibilities are viewed as “codified ethics”, as they are an idea of fair operations made by the lawmakers. (Carroll, 1991) According to Nalband and Al Kelabi (2014), legal responsibilities should be the most important responsibility in the framework, as a

company can't or at least shouldn't do business in a country where there isn't an effective legal system. What Nalband and Al Kelabi miss, is that a company should not conduct profitable business in any country, if it breaks the laws while doing so. This therefore creates the problem of "globalizing-capitalism", as companies do face the same costs and laws in one country but not necessarily internationally. (Wagner-Tsukamoto, 2015) Thus, Wagner-Tsukamoto (2015) suggests that costs of breaking the law should be higher than the profits earned from breaking it. The fact that legal responsibilities fall behind economical responsibilities is odd, as here a company could interpret that profits come first, playing by the rules second. Hence, legal responsibilities could be moved next to the economic responsibilities, indicating that they are equally important.

### 2.1.3 Ethical responsibilities

As mentioned before in the section 2.1, ethics go even further than law when it comes to conducting business and living a normal life. The same ethical rules apply and businesses are expected to conduct business according to the expectations of the society, which go above the legal economic expectations; the ethical responsibilities change with the society and are continuously developing. (Carroll, 1991; Crane & Matten, 2010) Crane and Matten (2010) use the climate change and American companies as an example: opposed to Europe, there are no strict and consistent regulations about emissions in USA, but companies should follow the new norms of industries and initiatives about emissions (for example the Kyoto emission reduction targets for 2020) in order for them to help to stop global warming. Wagner-Tsukamoto (2015) argues that this specific responsibility is a bit obsolete, because during the time Carroll created the model, legislations weren't as strict as they are nowadays.

### 2.1.4 Philanthropic responsibilities

These responsibilities are considered as the "luxurious responsibilities", meaning that it includes the responsibilities of being a good corporate citizen and that is why it lies on the top of the pyramid. All the 3 responsibilities have to be fulfilled before the company can fulfil this responsibility, as it needs resources. (Crane & Matten, 2010; Carroll, 1991) These responsibilities are the foundation of the corporate citizenship program. (Wagner-Tsukamoto, 2015) Philanthropic actions are something that are good for the society,

human welfare and/or the community. The ethical and philanthropic responsibilities should not be considered the same, as ethical responsibilities are more involved with the business actions and philanthropic responsibilities are more “charity work”. (Carroll, 1991) Wagner-Tsukamoto (2015) continues by stating that philanthropic actions provide ethical capital to stakeholders as much as any other responsibility before it. Also, philanthropic actions can be viewed as “cause-related” marketing, which creates more value for the companies product or service. (Wagner-Tsukamoto, 2015)

No theory or model is perfect and the Carroll model is no exception. The model treats the elements as separates but one should not think so, as they should be considered as a whole. They are only considered separates so that managers would see that there is a constant tension between the elements but this shouldn't be oversimplified. (Carroll, 1991) This does create the possibility of interpretation and offers the companies to rank the responsibilities. Also the model doesn't consider the problem of two or more responsibilities colliding. (Crane & Matten, 2010) Maybe the biggest problem with the Carroll Model and also with the whole concept of CSR is its strong bias towards the US market. (Crane & Matten, 2007; Nalband & Al Kelabi, 2014) According to Nalband and Al Kelabi (2014), the model is striving for universality but is has never been properly tested outside of the US. Also the model is becoming obsolete as it is almost 40 years old. (Wagner-Tsukamoto, 2015) The company should take a CSR or Stakeholder perspective see the pyramid as an organizational reality and as a guideline how to make socially responsible decisions. To put in pragmatic terms, the company should try to conduct profitable business, obey the laws of the country, follow the norms and morals of the society and be a conscious and good corporate citizen. (Carroll, 1991) It could be argued that the model is an important framework for CSR, but it has it's own restrictions and not completely proven to work in a global context. It should be tested in different countries and cultures, before it's status as the best CSR-framework can be established.

#### 2.1.5 Business ethics as a competitive advantage

The overall consensus of business ethics is that the profit the company makes should be made in a way that does not violate the rights of employees, society or the environment. This includes the use of fair wages, no child labour, recycling and no other shady ways of making money. This all has lead to the change in the management focus as they are expected to see and act according to these changes. (Dolan et al. 2006)

Sustainable competitive advantage proved its importance in the 1990's and still companies are forgetting their most important competitive advantage: people. The misuse of stakeholders trust begs for strict reporting and codes of conduct. (Azmi, 2006). But the ethics have to strive from the company itself, not from regulations. Companies with ethical strategy might have an advantage in the global markets. To gain ethical business the company has to have leadership that shares these values. This enables the company to demonstrate ethical awareness (Petrick & Quinn, 2001). Kain and Sharma (2014) state that a proper leadership and a code of conduct is not enough, because the employees need to commit to it as well. This needs to be supervised in a decent level. A good program should include: written standards for ethics, training and mechanism for learning new information. The code of conduct could include instructions for suppliers, instructions about worker rights and materials. Kain and Sharma (2014) found out that Indian companies had benefited a lot from the introduction of ethical codes to their businesses and therefore India is building a sustainable competitive advantage.

“Good ethics” has effects on the organization and they are as follows:

- **The level of work ethic.** When an employee respects the organization and its values, their work ethic rises. When the employees feel they are appreciated and valued, they want to work for the company and this helps the company to retain talented and motivated employees (assets). (Kanniainen et al, 2003; Aaltonen & Junkkari, 1999; Kotler and Lee, 2005) Along with good work ethic comes productivity and quality. Kotler and Lee (2005) state that a conducting business in a ethical way increases the capability of attracting, motivating and retaining employees. They continue by saying that in the United States future college graduates are now ready to work for less salary if the company is socially responsible. (Kotler & Lee, 2005: 16. citing Cone/Roper, 2001) It seems that ethicality is becoming important among the educated youth, which therefore creates awareness among people.
- **Customer loyalty.** If the company is transparent, reliable and offers quality products and/or services, their customers and accounts will more likely return. This leads to good reputation and strengthened brand position which then brings more potential customers to the company. (Aaltonen & Junkkari, 1999; Kotler & Lee, 2005) In a study made by The Cone Corporate Citizenship in 2002 found that 84% Americans would change to a brand that has a good social image and the quality of the product is as good or better than the one that they are now using. (The Cone Corporate Citizenship 2002, cited by Kotler & Lee, 2005) As mentioned before, one unethical

or dishonest act might affect the companies image and therefore hurt its future venues. (Aaltonen & Junkkari, 1999) The investment to be a socially responsible corporation might be quite large in the beginning and is profitable only if the consumers are willing and able to commit to appreciate the quality of the product. (Kanniainen et al, 2003)

- **Risk management.** The company can keep doing what they are doing because they know that they are doing it the right way, i.e there's no fear of potential lawsuits or sanctions (Aaltonen & Junkkari, 1999). When the company holds its values they polish their image and potentially increase their market share. (Aaltonen & Junkkari, 1999; Kotler and Lee, 2005) The implementation of socially responsible initiatives has the possibility to decrease operating costs of a company. Kotler and Lee (2005) use a company called Cisco Systems as a reference, as Cisco Systems saves \$4.5 million every year because of their cleaner air initiative. This proves that being green-minded helps the company economically as well.

There are some possible disadvantages in conducting business with good ethics. In short-term it is expensive as you have to invest more money in to the companies structures and processes. (Aaltonen & Junkkari, 1999; Kanniainen et al, 2003) Also you might lose some opportunities if you refuse to "bribe" the officials of the country you want to do business in (Aaltonen & Junkkari, 1999). Being socially responsible and ethical is prone to create dilemmas, as the potential for a clash between profit and ethical business is always apparent (Alouche et al, 2006). As is the situation with the "bribing" of officials, also cutting corners with production, waste management and employee salaries is something that would save the company money easily. These are the issues of being socially responsible and ethical which the companies have to struggle with. (Alouche et al, 2006; Kotler and Lee, 2005) Although there are some disadvantages, they are all short-term and narrow minded. In the long run the company could profit from ethicality.

#### 2.1.6 Clothing Industry and business ethics

The fashion industry has been on an upward trajectory for years and it seems that there is no decline on sight. (Grail Research, 2009; Kim, 2013) The industry is worth around 3 trillion dollars and in 2010 the industry had an estimation of sales accounting for \$755 billion, and the whole industry accounts for 2 percent of the total Gross Domestic Product, or GDP, of the world. The industry has several sub industries, such as

menswear, womenswear and sportswear (Fashionunited, 2016). In 2014 the industry employed 57.8 million people in total and the number is on the rise, as there are new companies entering the market every week. The largest fashion company in the world is a US-based lifestyle brand Nike, which in 2015 revenue for 30.6 billion a year (Fashionunited, 2016). The second largest company is the Spanish giant Inditex, which accounts for brands like Zara, Pull&Bear and Massimo Dutti.

The largest exporter of clothing and apparel is China, with exported goods worth more than 265 billion dollars in 2014. The second largest exporter is India with “only” 38.7 billion dollars. Others are Italy (\$32.7 billion), Turkey (\$30.4 billion) and Bangladesh (\$28 billion). These 5 countries combine for 54.4 percent of the global clothing trade in the world, where China alone accounts for 36.5% (Fashionunited, 2016).

As Kim (2013) states, the ever expanding demand for clothing has made the supply chain management harder for companies and this mainly due to the fact that there are “too many players” in the retail channel markets. This led to the exploitation of suppliers and their work force by the clothing companies. The big companies are trying to reduce their costs almost by all means and the suppliers therefore need to do so also as they don’t want to lose a big client (Kim, 2013). Also, the customers are changing their wants and needs almost every week, so the companies need to adapt to this and therefore they have to cut corners, which then leads to the shrinkage of the life cycle of clothing. The companies within the fashion industry need to adapt to this and achieve an appropriate level of responsiveness and this is proving to be a challenging task (Kim, 2013).

The clothing industry is the second largest polluting industry in the world, second only to the oil industry. This is because of the high-energy use, waste generation, the short product life cycle of clothing (which leads to piles of clothing in the waste lands) (Bruce et al. 2016), and because there’s a growing demand for man-made fibers, such as polyester, which is made from petroleum. This process is highly energy consuming as it needs a vast amount of oil to produce and the emissions are high (Claudio, 2007). As a by-product of producing polyester comes dangerous chemicals which are emitted in to the waters near by the manufacturing plants. A study conducted in the University of California (2016) found that the man-made-fibers emit 1,7 grams of microfibers when washed, which then travel to the oceans and lakes where they destroy the wildlife. But man-made fabrics are not the only reason for this; cotton, one of the most popular fibers, has a significant carbon footprint. This is because of the amount of pesticides used in the crops and the amount of water the plant needs. If we study the production of a T-

shirt for example, we see that it takes 2,700 liters of water to produce it. 2,4% arable land of the world is covered by cotton fields, but they account for 24% of the insecticide market and 11% of the pesticides markets. (Chapagain et al. 2005; Claudio, 2007) These fibers are then exported to countries like China, which accounts for 30% of the clothing produced in the world (Claudio, 2007).

In the recent years the fashion industry has been heavily involved in the use of sweatshops and they have been criticized for it (Powell, 2014; Phau et al. 2015). A sweatshop is a factory that has poor working conditions, workers are almost forced to work long hours, they are paid less than minimum wage, child-labour might be used and there are no workers rights. The term "child labour" normally refers to an economic activity performed by a person under 15 years old. The existence of codes of conducts also decrease the use of child labour. There is no definitive evidence of child labour in a specific industry, only eyewitness reports and studies made according to those witnesses. (US Department of Labor, 1996) The use of child labour should be heavily punishable, as it is one of the worst violations what a company can make. Sweatshops are normally found in less developed countries where there are no labour laws nor workers rights (Phau et al. 2015). In Asia alone there are 15 million people who are employed by the fashion industry, and these are mostly American clothing companies that are using these factories in countries where sweatshops are common (Phau et al. 2015, citing Harrison and Scorse 2010). Many of these workers are forced to work long hours and overtime without bonuses or sick leave, as they would most likely be fired if they refused to do so. They often also have to rely on loans as they have no sufficient savings to make it through normal life, if they end up without a job (ethicalconsumer.org, 2015).

All these issues could be seen in the collapse of the Rana Plaza factory, where the workers had been telling the executives of the factory about the huge cracks in the walls and floors for weeks, and also about cracking noises they heard the building make eventhough the executives knew about these issues they made the workers stay in the factory by threatening them that they would lose they jobs. The factory collapsed in 90 seconds and killed over a thousand workers (Burke, 2013). This tragic event made the topic of ethical production and the use of sweatshops relevant again, which then sparked activist groups to take action (Chuah, 2015). After the collapse a group of engineers in Bangladesh conducted a survey which declared that three out of five factories in Bangladesh are vulnerable to collapse (Burke, 2013).

In conclusion the aftermath of the Rana Plaza collapse has been somewhat positive. The safety-schemes have been responsible for conducting over 3,500 safety inspections in the factories located in Bangladesh, which has led to the closing of thirtyfive factories until the end of 2015 and safety restorations are being done in over one hundred factories. All these reports are available online because of the importance of transparency for the companies (Financial Times, 2015).

## 2.2 Consumer behaviour

Currently capitalism is the main economic norm and the idea of free markets is the dominating force. This means that the consumers decide what goods, products and services are offered, as they create the demand. The free market ideology makes the customers and their satisfaction the main forces for a companies survival and the economy. (Evans et al. 2006; Solomon et al. 2006; Schiffman et al. 2008) Consumers make numerous decisions per day, and a purchase decision is one of them. We decide to purchase a product because of a need, a want or just a recommendation. Companies are always trying to analyse the process and find stimulus and cues that affect our buying, as well as timing and quantities (Al-Salamin & Al-Hassan, 2016).

Nowaday marketeers and researchers now that companies exist to satisfy the needs of the consumers. They also have to better than their competitors in order to strive and exist for years. Researchers are unanimous about the fact that if a company wants to be successful in the globalized world and globalized markets, it needs to understand the needs and wants of their customers. (Evans et al, 2006; Solomon et al. 2006; Schiffman et al. 2008; Rani, 2014) This means that the company tries to be **market-orientated** and is trying to discover their best customers and their whereabouts; how to find them, how to target them and what do they want. They have to understand what their customers are really buying. By analysing and acknowledging what the actual factors influencing the consumers buying habits are, the company can create a targeted strategy to their potential customers. (Solomon et al. 2006; Rani, 2014) Harris (2002) states that the approaches of measuring market orientation are too simple and overly reliant on old fashioned ways. Grönroos (1989) says that finding the “perfect” orientation is the mission of the whole organization, not just the marketing department. The “benefits approach” is a classic way of tackling these issues, as it provides means to identify the needs of a consumer and offer solutions to each relevant need.

If a company chooses to take the course of market-orientation, they have to take care of their customers as they will then consider them as their most important asset. This also demands flexibility of the company, as the customers are always adapting and evolving. This creates the need for proper market research, which therefore creates high costs for the research. Also the investments of the earlier products will be abandoned and the company is in a constant need for change. All these facts suggest that companies are in the hands of their consumers and therefore the concept of demand and supply is there. This means that if there would a drift towards ethical consumption, companies would be “forced” to advocate ethicality in their products.

If a company decides to provide products/services to the consumers without really knowing what the consumers want or without even knowing who their potential customers are, they are following a **product-orientated approach**. This enables the company to focus on their internal functions and processes and quality, which therefore leads to investment on technology. The change of market creates problems though, as the structure changes may be responded to slowly or not at all. These types of companies are rare nowadays, as the development of technology has opened the markets to consumers and therefore the markets have become more competitive.

A consumer is a concept which covers all the customers that the company has or could have. They vary from normal “every day people” to big multinational corporations and CEOs. (Evans et al. 2006; Schiffman et al. 2008) Normally the word consumer is associated with the person who buys the product because of a need, uses the product and disposes the product (the three stages in the consumption process). Consumer behaviour is an ongoing process, which doesn't happen only at the moment of the money exchange but throughout the from the beginning of the idea of a need to the end of the actual purchase. The actual study field of consumer behaviour studies the process that involves the process of selection, purchase, use and disposal of the product (Solomon et al. 2006).

### 2.2.1 Motivation

The main driver for consumers to buy products and/or services is motivation. Motivation is the key concept for everything humans do, it is what drives us to do a certain action. (Evans et al. 2006; Schiffman et al. 2008) The reason to understand motivation is that then you will understand why consumers do the things they do (Solomon et al. 2006).

Motivations can be physical (hunger, thirst, keeping warm etc.) but also psychogenic. This means that humans try satisfy a need to be appreciated, be a part of the group, i.e a feeling of need and not something they need fill to stay alive. These psychogenic needs normally originate from our social environment and culture. Belk et al. (2003) go even as far as saying that these desires/wants are the main force behind our contemporary consumption. What affects the motivation of a consumer is the relevance. If a product or a service is not relevant to a person, he/she will not be motivated to buy the product. (Evans et al. 2006; Schiffman et al. 2008)

There are two pairs of opposite motivations; **positive-negative motivations** (also known as approach and avoidance) and **internal-external motivations**. (Wilikie, 1994; Schiffman et al. 2008) Bargh (2002) mentions the existence of conscious and non-conscious motivations as well. *Positive motivation (approach)* is a motivational “force” that is driving the consumer to buy something that makes him/her to be in a positive situation. *Negative motivation (avoidance)* is a motivation where the consumer is trying to avoid certain situations by his/hers decisions. For example buying insurance means that you are trying to avoid bad situations, such as accidents etc. *Internal motivations* are motivational factors that come from within the person him-/herself. These are factors like instinct, need, drive or emotion. These factors usually stem from physiological feelings (hunger, thirst etc.) *External motivations* are motivational factors that originate from outside the person/consumer. It is usual that the external motivations turn in to internal motivations as the feelings towards a product and/or a service become preferences. (Evans et al. 2006; Schiffman et al. 2008)

### 2.2.2 Needs

In the previous chapter we discussed the motivational factors and their meanings. A need is something that creates the motivation to fulfil the need. In physiological sense this means that if you are hungry you want to satisfy the hunger as it is hard to concentrate when your stomach is grumbling. Ling et al. (2015) argue that besides survival needs, the need for love, to learn and to leave a legacy are also a part of the basic needs of a person. The difference between a need a want is vague, but it is there; you can live without a want but you cannot live without the basic 4 needs (Ling et al. 2015). In marketing context it means that a consumer wants to satisfy his/hers need for a new consumer good. A need can be either utilitarian or hedonic. A utilitarian need tries to

achieve something practical or functional whereas a hedonic need is an experiential need involving emotional needs or fantasies. These needs activate a goal-oriented behaviour and the need to return to a balanced state, or homeostasis. The degree of a consumer's behaviour correlates between the distance of the present situation and the goal. This theory is called the drive theory, where the degree of the arousal is the drive (Solomon et al. 2006).

The decision process can be explained by five stages: 1. problem recognition, 2. information research, 3. evaluation, 4. purchase decision and 5. post purchase behaviour. (Solomon et al. 2006; Rani, 2014)

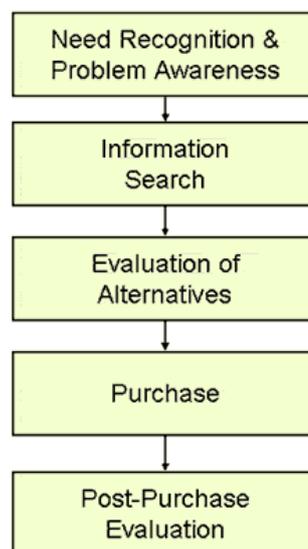


Figure 2 - The purchase decision making process, source: ([http://s3-eu-west-1.amazonaws.com/tutor2u-media/subjects/business/diagrams/buying\\_decision\\_process.gif](http://s3-eu-west-1.amazonaws.com/tutor2u-media/subjects/business/diagrams/buying_decision_process.gif))

After identifying the motivation and the need (which is influenced by factors like culture, situation and internal/external stimuli) (Ling et al. 2015), the consumer does some evaluation and research, after which he/she decides the product to purchase. This decision is influenced by 4 factors: cultural, social, personal and psychological factors. Throughout the life of a person these factors are molding the preferences and perceptions of the consumer (Rani, 2014).

#### 1. Cultural factors

- Culture affects our behaviour in every way and our consuming habits are no different because we humans tend to follow trends (the bandwagon effect) (Rani

2014). Culture is the force that shapes our beliefs, values and how we see the world, thus it forms our ideas about what products to buy and what not to buy (Wilkie, 1994). The ideas of consuming values in different cultures are vastly different, which creates new problems for marketers to tackle and to understand. This also involves different subcultures, ethnic subcultures etc. thus making it even more complex. (Evans et al. 2006)

## 2. Social factors

- Social factors are the factors that affect our buying habit and decisions immensely (Rani 2014; Ling et al. 2015), as our social class or status creates wants for us. We might want to stay in the reference group where we are or we might want to belong to such as friends, colleagues and other social groups (Evans et al. 2006). Also family shapes our decisions and it maybe the biggest influencer, as there are beliefs and values we have learned from the people around us. The idea of extended family is important here, as it means grandparents, aunt and uncles etc. (Evans et al. 2006; Rani 2014; Ling et al 2015)

## 3. Personal factors

- These factors are, as the name suggests, personal to every consumer. It includes age, occupation, wealth, lifestyle, personality and the idea of yourself (the concept the consumer has of him-/herself or wants to have). This may be the reason why our opinions change with our current situation. (Rani, 2014) These are important for factors for marketers, as these factors are demographics which help the marketers to direct the products to certain groups (Evans et al. 2006).

## 4. Psychological factors

- The psychological factors include such categories such as motivation, perception, learning and beliefs/attitudes. Motivation is the main driver for purchasing, which is created by a need. (Evans et al. 2006; Schiffman et al. 2008; Rani 2014) Perception means the process of receiving information and after analysing it, deciding whether to act or not. Learning and beliefs/attitudes are created by our actions and the effects on them on us. If we we do something, that has a negative impact on us, we wont do it again and therefore learn and create an attitude towards it. (Evans et al. 2006; Solomon et al. 2008)

### 2.2.3 Product attributes that affect the purchase decision

A product and clothing have a vast variety of attributes, such as quality, price, brand, looks, and ethicality. Marketeers and researchers want to know what attributes affect the purchase decision of a consumer the most and how does ethicality affect it. But in order for a consumer to create a perception of a product, he/she needs information about it. Past studies show that negative information influences more on the purchase decision than positive information (Herr et al. 1991; Muriasih et al. 2013), but it also affects the brand equity. If we think about the different perspectives of the consumers, Hansen (2005) created a model with four different perspectives: the value, the emotional, information processing perspective and cue evaluation theory.

The value perspective is simply what the consumer is giving versus what he/she is receiving. For example the consumers thinks what they are paying and what kind of quality they are getting. This is called the trade-off between “quality” and price. (Hansen, 2005) For a business this implies that the company that offers better value will have a strong hand compared to less value offering companies. This value perspective is also apparent in our study, where we want to know if the ethicality creates value for the consumer and also whether or not they are willing to pay more for socially responsible products. ‘

The emotional perspective explains how the consumers feelings affect the purchase decision. The last two perspective, information processing and cue evaluation theory, both assume that the cognitive capacity of consumers is limited and that they have to rely on a limited number of stimuli. (Hansen, 2005)

A brand is a name, design, symbol, packaging and/or other features that differentiates one product from the others. It much more that a tangible attribute, as it is regarded an important intangible asset. Brand equity is a term that is commonly used, which means the measure of strength of consumers attachment to a brand. A brand can be a signal of quality. (Aaker, 1991; Wood, 2000) For example Hansen (2005) found out that is consumers do not know the brand, they are uncertain how to determine the quality of the product without further information. Auger et al. (2007) found out that brand has a minor role in decision making process in developed countries, but a major role in emerging markets and especially in sneakers. A study made by Statista (2013) found out that British

consumers consider brand and its image are the 2nd least important factor when buying clothing.

Quality is a difficult term to determine as people tend to see it differently. For some quality is the definitive quality of the product (in clothing for example fabric, stitching and quality of the overall work), for others it might be the perceived quality and others value price/quality ratio as the overall quality. Quality is also relative to the amount of information that the consumer has gathered (Auger et al. 2007) Owusu (2013) stated that quality is an important factor in the decision making process and it has a strong relationship with price. Owusu continued by stating that price can't be used as an indicator of quality. This is contradictory between the findings of Court (1997) and Grichiles (1997). They state that price is the best measure of quality. (Owusu, 2013 citing Court 1997 & Grichiles 1997) Ahtola (1984) states that when consumers don't know much about the brand, they do use price as an indicator. Statista (2013) found out that quality was the 2<sup>nd</sup> most important factor when British people buy clothing.

Pricing is an important way of differentiation between companies. It is one of the 4 P's in the marketing mix and for a reason. Price is the only clear indicator of money in a company because it provides indications of success or failure. It is also the only element that produces revenue. Companies can also use different pricing tactics, such as odd even pricing, bundle pricing and discount pricing. According to Al-Salamin et al. (2016), pricing might have a negative effect on the purchase process as it could make buying difficult. They also found out that consumers are willing to purchase an item with a suitable price. Ahtola (1984) states that consumers need to compare the price information with price knowledge when making decisions. Statista (2013) found out that British consumers do not value price as an important factor when buying clothing, as they rank price the 3<sup>rd</sup> least important factor. These previous studies seem to prove the fact that consumers are individuals and molded by their surroundings. The studies were made in different cultures, which therefore creates different results.

#### 2.2.4 Ethical Consumerism

Studies have shown a conflict between the ethical attitudes of consumers and their buying behaviour (Uusitalo & Oksanen 2004; Auger & Devinney 2007; Bray & Jeffrey 2010) and according to Martin & Väistö (2016) some of the consumers in these studies might be lying in order for them to "*fall under the halo effect*". Ulrich and Sarasin (1999)

went as far as saying doing research is useless, as asking the public does not provide reliable answers. They continue by saying: "*The head says one thing and the heart another, studies are useless*". Regardless, according to researchers we are now living in an "era of ethics" and this is due to the fact that consumers are better informed, thus they are more aware of the ethical issues. (Carrigan & Attalla, 2001) On the other hand, this underlines the question why do consumers say that they know what are sustainable and ethical products and that they will buy them, but fail to do so. This phenomenon has been named the attitude-behaviour gap. (Carrigan & Attalla, 2001; Martin & Väistö, 2016)

In the 1990's there were many consumer boycotts towards companies that were conducting unethical business (such as Nestlé, Exxon, Nike). (Carrigan & Attalla, 2001). These results imply that consumers were really aware and informed about the situation, but a study made by Boulstridge and Carrigan studied the awareness of British consumers even more and what they found out was the fact that consumers were lacking information about which companies are ethical and which are not (Boulstridge & Carrigan, 2000). Through group discussions they also found out that the issue of social responsibility, and as was found out by Folkes and Kamins (1999), ethical production was not high on the list of important factors in the decision making process.

Uusitalo and Oksanen (2004) studied the Finnish consumers and concluded that Finnish consumers value business ethics in their decision making, yet this does not always turn into ethical consumption. A study conducted by Haanpää and Wilska (2014) showed that having children does not push Finnish consumers towards ethical consumption, as they seem to be driven towards less ethical consumption habits. This is because the money available in families is used in more practical manner. They also concluded that females, consumers over 50 years old and highly educated people are more ethically minded, yet this does not necessarily mean ethical production, only their attitudes and mindset. It could be argued that Finnish consumers are well aware of the issues and importance of ethicality, but for some reason this doesn't translate into action. Devinney et al. (2011) found different results: they compared the consumers in 10 different countries and found out that there is no certain demographic when it comes to ethical consumer. They also looked at gender, age and income, as well as psychological conditions. The ethical consumer in China might've been vastly different with a German consumer, or they could be exactly the same (except nationality and cultural background).

Romu (2009) also studied the Finnish consumers and did not end up with the same result. This study concluded that the respondents were true ethical consumers with the

well being of others in mind. Studies also show that ethical consumption can be seen as a way of showing status and helps the consumers to socially bond with each other. (Romu 2009; Allison 2009) It seems that the issue of the attitude-behaviour gap is a global phenomenon and apparent among Finnish consumers, and that maybe ethical companies should make their products more approachable and information about them easily available.

A study (Phau et al. 2015) researched the attitudes of consumers towards luxury fashion made in sweatshops. In this study Australian consumers were asked how they react to sweatshops and apparel made in them. The results were that the social consequences were the biggest factor of not buying products made in sweatshops and also the consumers were willing to pay more for clothing not made in sweatshops (Phau et al. 2015). This might be because of the availability of information in the 2010's and therefore people have more knowledge about the social issues. Also there has been a rise on the appreciation of skill and work of artisans, thus explaining the willingness to pay more. In the same study Phau et al. (2015) found that people are starting to appreciate quality over quantity. They continue by stating that people who have higher self-efficiency are not intending to spend their money on unethical apparel made in sweatshops but are willing to pay more for products not made in sweatshops. (Phau et al. 2015) This could also be applied to knowledge about the issue. The more people have knowledge about the social consequences and even the environmental consequences of apparel produced in sweatshops, they would more likely be willing to spend more money on ethically produced goods in general.

As Attalla and Carrigan (2001) state, it is not enough to have knowledge about the importance of ethical decisions but one also has to act accordingly. A mistake many marketing ethics researches do is not recognizing the difference between sophisticated consumer characteristics and sophisticated consumer behaviour (Carrigan & Attalla, 2001). The fact is that information leads to ethical buying behaviour, if the consumer so wants. This doesn't necessarily mean only buying ethical products, but also not buying unethically produced products is enough to be considered as an ethical minded consumer. Not buying unethically produced products is more common than buying ethical products, as was found by Folkes and Kamins (1999). In the same study they found out that 57% of the consumers would not buy unethically produced goods and 21% would support action against companies conducting unethical business. The difference was between supporting the action and actually joining. This finding argues

for the fact that a negative image of a company has more effect on a consumers purchase decision than a positive image. Yet researches (Steinman & Wolfrom, 2012) have shown that consumers do not care about unethical actions of companies when they are buying fast moving consumer goods. This could correlate with the popularity of fast fashion, as fast fashion clothing are incredibly fast moving goods and the manufacturing has been proven to be unethical to say the least.

#### 2.2.5 Ethical certification

To make the decision making process and information acquirement easier for the consumers, companies can use eco-labeling and ethical certificates, such as Global Organic Textile Standard (GOTS), EU Ecolabel, Textile Exchange, Fair Trade and Swan Eco-label. The certificates and labels are given by an impartial external organization. Eco-labelling is trying to inform the consumers about the impact of production, consumption and waste management of the products (Gallastegui, 2002). Thus, eco-labeling is promoting economic efficiency as the empowerment of customers and companies to be sustainable is efficient for the industry and government. Also, if the customers decide to buy an eco-labeled product, they are stimulating the market development and creating supply and demand for ethical products. (IISD, 2013)

Studies (De Pelsmacker et al. 2005; Mahé 2010; Hainmueller & Hiscox 2012; Hainmueller et al. 2014 ) have shown that consumers are willing to pay a premium for products with an eco-label or a ethics certification on them. Also the sales of a product with a eco-label or ethics certification were higher than the sales of the same product without them. Especially the study of Hainmueller % Hiscox (2012) is particularly interesting, as they compiled a study in clothing retail stores such as Gap Inc. and Banana Republic, which are known for cheap prices and therefore attract price-sensitive customers. They found out that the sales of more expensive clothing with eco-labels on them increased 14%. This shows that even in an environment where customers are price conscious, they are willing to support fair labor and ecological production. UNEP (2005) suggests that there is evidence that ecolabeling changes the ways of consumption and also offers companies a reason for a potential price premia, which then creates capital for future investments.

The evaluation of the effect of ecolabeling on the environment is difficult, as there isn't an independent body of data easily accessible. It is also difficult to isolate the different variables when measuring the effects of the labels. The scientific world is in a constant need for a type of measures that are able to solve this. These same issues are apparent when measuring the affect of eco-labels on trade flows. (UNEP, 2005)

## 3 METHODOLOGY

### 3.1 Research methodology

The main study design for this research is the sequential exploratory methods design. It is a method where the researcher uses two or more phases in the data collection and analysis process, opposed to just using one. (Saunders et al. 2009) In order for the author to gain a proper understanding of the clothing industry, other than his own experiences as a worker, two professionals of the industry were interviewed. This was the qualitative part of the research and it helped us to understand the industry itself, but also the importance of business ethics for the companies and their ideas about the consumers' buying behaviour. By understanding point of view of the industry, we might be able to understand the consumer better.

In this research both primary and secondary data was used, where the primary data was collected by an electronic survey which was sent through email and Facebook. Primary data is information that is supposed to be collected for the problem investigated (Saunders et al. 2009). A pilot questionnaire was sent first to 10 recipients (according to Saunders et al. 2009, this is a sufficient number for student surveys), as there is a need to test the questionnaire in action. It is crucial to conduct a pilot questionnaire as the researchers need to know if there are problems with the questionnaire (understanding of it, leading questions etc.). This will ensure the proper recording and collection of data. (Saunders et al. 2009) The secondary data was gathered through the Internet and literature, as there are many studies made regarding this topic. These were marked as references. Secondary data is something that has already been gathered for another study or purpose (Saunders et al. 2009), but we use it to deepen our knowledge about certain issues.

### 3.2 Sampling

The population of this study is the Finnish speaking population. The sampling technique used in this thesis was the non-probability sampling technique which means that the choosing of the sample is not random. This was because of the convenience of using Facebook as a distribution tool for the survey, and the lack of a random sample

generator (for example a program that would send the survey to random Finnish email addresses). To be even more precise the heterogeneous sampling technique is used, as the groups we studied are not divided into certain subgroups and this helps us “*to collect data to describe and explain key themes that can be observed.*” (Saunders et al. 2009)

### 3.3 Data collection

Secondary data as well as primary data were important in this thesis, as there are many studies done regarding this topic and secondary data provided comparable results. Saunders et al. (2009) explained secondary data as follows: “data that were originally collected for some other purpose. They can be further analyzed to provide additional or different knowledge, interpretations or conclusions”. Secondary data was collected from articles published across the newspapers around the world, reports of different clothing organizations and researches done in the field (emerald.com & researchgate.com provided most of the researches reviewed). Saunders et al. (2009) defined primary data as “data collected specially for the research project being undertaken”.

The primary data of this thesis was collected by using an internet based survey tool, called Webropol. The questionnaire survey was prepared in Finnish, as the population of the study was Finnish consumers. It was designed to be user friendly and quick to answer. The questionnaire contained 10 questions, varying from simple yes/no questions to Likert-scale and open questions. The author chose to keep the questionnaire simple so that the data would be simple to interpret and answers would be consistent.

### 3.4 Reliability and validity

The importance of reliability and validity is evident, as we want to reduce the possibility of getting wrong answers. Reliability means that the test results are consistent and valid after multiple trials. (Saunders et al. 2009) There are four threats to reliability:

1. Subject/participant threat: This threat deals with the different emotions of the participants. The researchers need to pick a time and a place where the participants are in a neutral mood so that the answers are realistic.
2. Subject/participant bias: This occurs when participants say what the researchers (or someone else) wants to hear. Researchers need to take this into consideration and provide anonymity for the participants.
3. Observer error: A high amount of interviewers will increase the observer error, as they can ask a question differently.
4. Observer bias: A high amount of interviewers increases the ways of interpreting replies.

The validity is concerned about the findings and if they are really about what they seem to be about and if they measure what they are supposed to measure. The six threats for validity are history, testing, instrumentation, mortality, maturation and ambiguity about causal direction. (Saunders et al. 2009; LoBiondo-Wood & Haber 2014)

This study tried to avoid the reliability threats by providing the participants anonymity and a time and a place of their choosing. This was possible because of the online survey, which gave the participants the freedom to answer when ever and where ever they wanted. This doesn't necessarily exclude participant bias, as they still could answer as they thought they were wanted to answer. Also there was only one interviewer and researcher, so observer error and bias were minimized. Validity of the research was a concern and the fact that most of the respondents were young adults could've molded the results towards the favor of ethical products. This wasn't the case at all. Eventhough young people tend to be more aware of modern trends, it didn't reflect in this study in the form of bias. Future researches should still consider taking more "older people" in to consideration.

## 4 DATA ANALYSIS

Before conducting the questionnaire the author interviewed two industry professionals in order to ask the right questions in the questionnaire. The questions that were asked included: 1. Have you noticed a decline/rise in the amount of ethical consumerism? 2. What are companies doing (if anything) to ensure the most ethical production possible? 3. What do customers value the most when they are buying clothing? 4. If there are ethical consumers out there, what key features do they have? The interview lasted for a little less than an hour. The interviewees told that there has been an increase in the awareness of ethical issues, but it has not translated into ethical consumption. Customers are still price-sensitive, they prefer convenience and value aesthetics and quality. The customers asking about the manufacturing country, for example, are a niche but they are also the most demanding. They know what they are looking for and they value quality products made in the Western world. Companies are also checking the manufacturing plants through an agent and/or by themselves. Quality/luxury clothing companies also are strict about the quality of the fabric and its origins, which means that fabrics made in Italy are held in high value among companies (Loro Piana for example). Ethical consumers are normally 20 to 40 years old, most likely with a bit more money to spend and educated, at least in the sense of ethical issues. The interviewees also mentioned the impact of different clothing forums, which emphasize the importance of sustainable consuming and clothing. Among men timeless classics are valued and therefore sustainable wardrobe is built.

After the interview the questionnaire was conducted and we then continued by analysing these results with a quantitative method, which means the numerical analysis of the results. (Saunders et al. 2009) First three questions were age, gender and net monthly income, as the author wanted to know the general demographic answering the questionnaire and if there was a certain demographic that would buy ethical clothing. The last 7 questions handled their attitudes toward ethical clothing and manufacture processes. The questionnaire was sent to 482 people via Facebook and 162 recipients answered to it. This brings the response rate to  $164/482 = 0.3402 = 34.02\%$ . It was open from Sunday 19<sup>th</sup> of February to the 28<sup>th</sup> of February.

#### 4.1 The demographics of the respondents (Questions 1-3)

The first 3 questions were designed to represent the demographic of the respondents (gender, age and monthly net income). Out of the 164 respondents 55% were men and 45% were women, which is relatively good distribution of gender. This is a bit different compared to the gender distribution of Finland, where there are 49% men and 51% women. (SVT, 2015) Most of the respondents were between the ages of 18-34 (87%) and there were no under 18 year olds (figure 4). These results are due to the fact that the respondents of the questionnaire were all above 18 years old. Most of them are in the same age group as the author and therefore there is a strong bias towards these results.

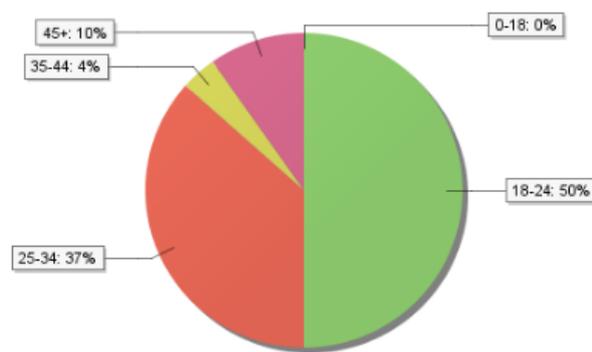


Figure 3 - The Age Distribution

The reason for asking about the respondents monthly net income was to find out does their income level affect on their buying behaviour. 70% of the respondents earn between 0 to 2000€ monthly (see figure 5), which can be seen on the age distribution chart, as most of the responders are young and likely students or recent graduates.

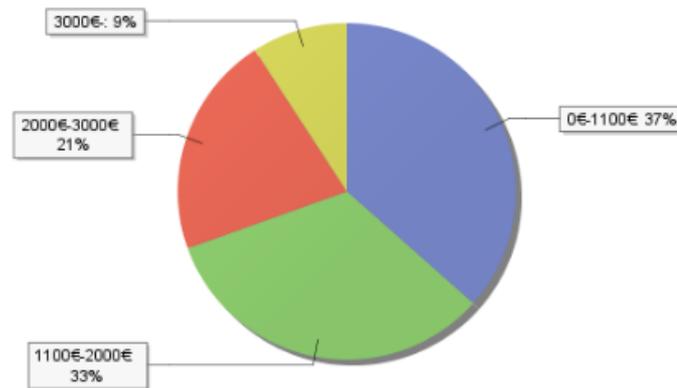


Figure 4 - The Income Distribution

#### 4.2 The effect of ethical production on purchase decision (Questions 4 & 5)

The question number 4 was about the effect of ethicality on the respondents purchase decision. The result show 77% of the respondents said that it has no effect on their purchase decision and the remaining 23% said it has an effect (figure 6). If the respondents answer was yes, they had the opportunity to explain how the ethicality affects their purchase decision. The biggest factor by far was the use of child labour and cheap labour, as the respondents who answered yes to question 4, said that if they know or there is a rumour about the use of child labour and/or the exploitation of cheap labour force, they will not buy the product. This issue the respondents are trying to avoid by buying products produced in Europe and Northern America. Also the sustainability of the product was a big factor because the respondents want to wear their clothing for a long time and they are concerned about their carbon footprint. Some the respondents also said that they would boycott a certain brand if information about unethical ways of doing business would emerge. Companies such as H&M, Nestle and Zara were mentioned. There were also concerns about the price of ethical products, as they are often more expensive than “non-ethical” products. This sometimes hinders the purchase of ethical clothes and drives the consumers to buy cheaper and allegedly non-ethical clothes.

If we look at the specific demographics of the respondents who answered yes to question 4, we notice that 21/37 (56.7%) of the respondents were women eventhough the majority of the respondents were men. What is interesting though is the comparison between age and income, as the higher amount of income does not appear to have an impact on the purchase decision of ethical clothing (figures 7 & 8). We can see from the figure 8 that

among men and women the ethical consumers come from ages between 18 and 34 (78.37%), but also women over 45 are well represented. The lack of ethical consumers between ages of 35-44 could be explained with the factor of family, as these ages are likely to have children, thus money would be spent on their needs. From figure 8 we can see that higher income does not mean ethical consumption, as most of the respondents (70.2%) earn less than 2000€ a month. This goes hand in hand with the overall income distribution of the respondents, as it also was 70%.

Age	Men (N=16)	Women (N=21)
0-18	0%	0%
18-24	37,5%	38,1%
25-34	50%	33,33%
35-44	6,25%	4,76%
45+	6,25%	23,81%

Figure 5 - The Age Distribution of the respondents who answered yes

Net Monthly Income	Men (N=16)	Women (N=21)
0€-1100€	56,25%	33,33%
1100€-2000€	12,5%	38,1%
2000€-3000€	25%	19,05%
3000€-	6,25%	9,52%

Figure 6 - The Income Distribution of the respondents who answered yes

#### 4.3 Attitude towards ethical production (Questions 6-10)

Question 6 was designed so that we would understand the attitudes of all the respondents and what they think are the most unethical practices (figure 9). By far the most unethical practice is the use of childlabour. This resonates with the results we got from the open answers in question 5, where the ethical consumers said they are avoiding to buy products where they think child labour might've been used. The environmental issues and the awareness of global warming seems to have an impact on the opinion of exploitation of the enviromet being the 2<sup>nd</sup> most unethical practice in the respondents eyes. The respondents didn't seem to care about the use of cheap labour and therefore the potential exploitation of human/workers rights in the process.

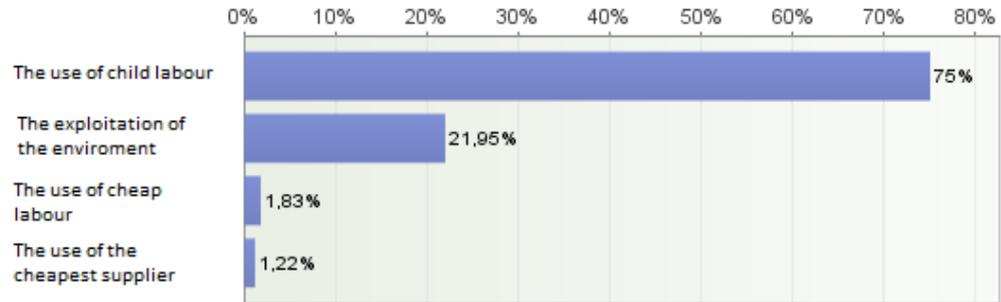


Figure 7 - The results of the most unethical practises

Question 7 tries to find out if the knowledge of unethical production would affect the purchase decision. The question was: "Would you buy clothing, if you knew that its production was unethical?" The results were surprising, as compared to the results of question 4, where only 23% said that ethicality affects their purchase decision. In this question 22% of the respondents would buy the product even though they would be certain about the unethical production. About 38% said that they were not sure how they would act in this situation, which again resonates with the results of the question 5 answers, where people said that sometimes the high prices of ethical clothing "forces" them to buy the cheaper options. Almost 40% said that they would not buy the product. These results seem inconsistent with the previous results from question 4, as 77% said that the ethicality does not affect their decision. Here we find that at least 40% say that unethicity has an affect. This inconsistency might be the fault of the design of the questionnaire, as there is a possibility that the respondents didn't realize that if the unethicity of a product has an affect on their decision. that would have qualified to answer yes in question 4.

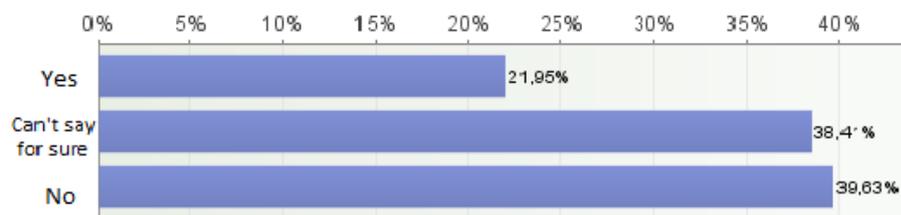


Figure 8 - Results from question 7, " Would you buy clothing, if you knew that its production was unethical?"

The purpose of the question 8 was to understand the most important factors to the respondents when they are buying clothing. In figure 11 we see that quality is the most important factor (the lowest average), and brand is the least important factor (the highest

average). The positioning of ethicality falls behind all but brand, and it seems to be on level with the previous results of the questionnaire. Only 3% considers it the most important factor, and almost 30% considers it the least important. The difference between the 2<sup>nd</sup> and 3<sup>rd</sup> most important factors, price & aesthetics, is really narrow.

	1. Most important	2.	3.	4.	5. Least important	Overall	Average
Price	19,51%	31,1%	24,39%	18,9%	6,1%	164	2,61
Brand	6,1%	9,76%	17,07%	17,07%	50%	164	3,95
Aesthetics	27,44%	20,73%	18,29%	21,34%	12,2%	164	2,7
Ethicality	3,05%	10,37%	21,34%	35,37%	29,88%	164	3,79
Quality	43,9%	28,05%	18,9%	7,32%	1,83%	164	1,95
<b>Overall</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>820</b>	<b>3</b>

Figure 9 - The positioning of different factors that affect purchase decision

Question 9 was designed to find out how much more the respondents would be willing to pay for ethical clothing. Almost 85% of the respondents would be willing to pay more for ethical clothing, and most of the respondents (42%) would be willing to pay 10% more for ethical clothing. 15% of the respondents wouldn't be willing to pay more for ethical products. These results show that people are interested in the issue and would be willing to buy ethical products, if the pricing wouldn't be too high.

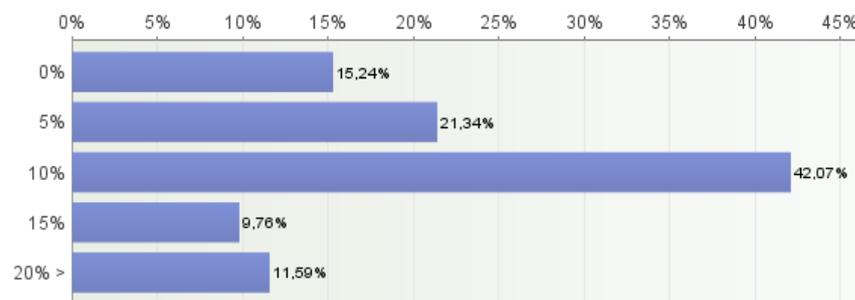


Figure 10 - The results for question 9

The final question, question 10, was placed as we wanted to see if different certificates and labels had different perceptions in the respondents minds. The purpose was to rank the labels and certificates in the order of usefulness, when making a purchase decision. Its not surprising that Finnish consumers see the Swan Eco-Label as the most influential and useful label. The Fair Trade label is a clear second and Global

Recycle Standard 3<sup>rd</sup>. The Textile Exchange label is the least useful, and this might be because it is not that common in Finland.

	1	2	3	4	Overall	Average
Fair Trade	32,32%	40,24%	12,8%	14,63%	164	2,1
Swan Eco-Label	55,49%	25%	9,15%	10,37%	164	1,74
Textile Exchange	4,88%	14,63%	28,05%	52,44%	164	3,28
Global Recycle Standard	9,76%	22,56%	46,34%	21,34%	164	2,79
<b>Overall</b>	<b>25,61%</b>	<b>25,61%</b>	<b>24,09%</b>	<b>24,7%</b>	<b>656</b>	<b>2,48</b>

Figure 11 - Positioning of different labels and certificates

## 5 DISCUSSION AND CONCLUSION

### 5.1 Discussion

The main factor in a purchase decision when Finnish speaking consumers are buying clothing, is quality, followed by price and aesthetics. Ethics and brand fall so far behind, that we could state that they have little or no effect at all. The fact that ethics isn't a major factor with Finnish consumers follows the findings of previous studies (Uusitalo & Oksanen 2004; Haanpää & Wilska 2014) If we compare these results to the Statista study, we find that Finnish consumers are on the same page with British consumers when it comes to quality and brand. Both Finnish and British consumers seem to value quality above all and neither seem to consider brand as an important factor. The difference between the two populations seems to be the issue with price. Finnish consumers seem to be more price-conscious consumers as price was the 2<sup>nd</sup> most important factor for them. Either this is because Finnish consumers think that price equals quality, or they want to pay the right price for the product, not more. No matter how it is, this seems to coincide with the findings of Al-Salamin et al. (2016), where suitable price was an important factor when making a purchase decision. The study made by Statista also found out that British consumers value the aesthetic factors (fit and cut) highly, as do Finnish consumers as well. This is the positive motivational force, which drives the humans to be in a positive situation (Solomon et al. 2006), such as social acceptance in this case. The fact that ethics was not that important is concerning and we will go deeper into it in the next section.

The study found out that the respondents don't consider that ethics has an effect on their purchase decision. This result is inconsistent with the result of 39,63% saying that they would not buy unethical clothing. This inconsistency might be apparent because the respondents didn't understand the questions as the questions were intended, or they show a behaviour-attitude gap. The fact that 77% of the respondents said that the ethicality/unethicality of the product does not affect their decision is remarkable, and these findings support the results of previous studies (Carrigan & Attalla 2001; Uusitalo & Oksanen 2004; Haanpää & Wilska 2014), which stated that eventhough consumers are aware of the importance of ethical issues, it is not the most important factor in their decision making. Boulstridge and Carrigan (2000) found out that if consumers like a

product, it is difficult for them not to buy it just because of ethical issues. This was pointed out by a respondent of our study as well.

Devinney et al. (2011) found out that consumers around the world were consistent when they had to choose between the functionality of the product vs the ethicality of the product. Almost everyone chose the functional but unethical product over the “maybe not so functional” but ethical product. These results are also inline with the results found in a study made by Folkes and Kamins (1999), where only 20% of consumers bought a product that would be considered as an ethically produced good. These result reflect the fact that eventhough consumers realize the importance of ethical decisions, it is not the most important criteria when they are making their purchase decision.

There was no specific demographic group that would value ethical production the most, as the ethical respondents ranged from 18 to 34 year olds evenly, and the net monthly income ranged from 0 to 2000€. The amount of men and women was close to equal and there were some 45+ year olds and high earners. Devinney et al. (2011) findings support our findings as well. It seems that the ethical consumer is not a certain demographic when we consider gender, age, income etc but it is more of a mindset. Haanpää & Wilska (2014) stated that a ethical Finnish consumer is most likely a female, consumer over 50 years old and highly educated, which were different attributes compared to this study.

In general the consumers would be willing to pay more for ethical clothing, as most of the respondents said that they are willing to pay 5% to 20%> more, 10% more being the most popular amount. These results seem to be in line with the results of Hainmueller and Hiscox (2012) and Hainmueller et al. (2014). The results of our study and the results from of these studies show that customers are willing to pay more for ethical products, if they are sure that they are making “the right choices”. This also shows that companies should inform the consumers that their products are ethical and be brave to raise the price, as the consumers seem to be willing to pay a premium. This means that the companies should take the market-oriented approach, where they offer products that the consumers want and need.

## 5.2 Conclusion

Ethical consumerism is an ideology that has gained support recently, especially in the developed countries. It is vital that both the companies and consumers do their part in the sustainability side of consumption. There are certain obstacles for the consumers to drift towards ethical consumption, such as high prices, availability of ethical products and the lack of information. Companies should provide information about their products, therefore educating their customers and offering them transparency. This could make the trade-off between lower prices and easy availability of unethical products easier.

Public servants, politicians and firms pursuing ethical ways should try to solve the issue of consumer confusion (Uusitalo & Oksanen 2004). The fact that companies have both ethical and unethical products make the decision for consumers confusing. The way to avoid this could be either removing unethical products from the portfolio or use proper certification and/or eco-labelling for the ethical products. This would make more sense for the consumers and make the information search process easier, as they would understand the higher pricing and know the benefits of buying the product.

As mentioned before, both the companies and consumers need to participate in the action of ethicality. Consumers need to demand ethically produced goods as this then creates supply. If consumers are willing to pay a bit more for ethical products, the companies are able to make a profit and thus be sustainable and profitable at the same time. This all comes back to the Carroll model, where economic, legal and ethical responsibilities are addressed. As Wagner-Tsukamoto (2015) said, the model should not only be considered as an economic framework for companies, but also as a framework for individuals. This means that also consumers should think the economic, legal and ethical consequences of their actions.

## 6 LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCHES

There are numerous limitations within this study and improvement ideas for future researches. The distribution and forwarding of the questionnaire was done via Facebook, which ultimately limited the sample and thus population under study, as the acquaintances of the author fall under a certain demograph. This is apparent in the age and income distribution of the study, which were 18 to 34 year olds and low income earners. The sampling method wasn't random and therefore it is showing some bias towards certain demographics. This might lead to a bias in the results of the study. In future studies a random sampling method should be used and the size of the sample should be bigger.

The population of the study was Finnish speaking consumers, so the adaptation of this study to populations of other countries might prove to be different and the results might be vary enourmously.

There is also the limitation of the questionnaire formulation, as some of the questions might've been misunderstood and/or in a wrong form. For example the question "Does the ethicality of clothing affect your purchase decision?" could've been in a form of a Likert-scale, which came apparent when some of the respondents said that sometimes it does and sometimes it doesn't. Now it was a simple yes or no question, which may have limited the respondents from answering realistically. We tried to avoid this by adding an open question after it, as there the respondents had a chance to explain their answer and motivations in depth. This proved to be useful in most cases, yet there is a possibility that some of the respondents didn't see this opportunity and left it blank.

This study also didn't take into consideration the respondents ideas about unethical practises in general, only the most unethical practise. Therefore future studies should find out the all practises consumers consider to be unethical. This helps to understand the thought processes and views of the consumers even more.

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## Appendix: Questionnaire

Rakkaat ystäväni! Teen tutkimusta ihmisten ostokäyttäytymisestä ja sitä varten olen luonut kyselyn, johon toivoisin teidän kaikkien vastaavan. Vastaamiseen menee max. 3 minuuttia. Kyselyyn voitte vastata täällä:

<https://www.webpolsurveys.com/S/C54D4EFBA456904D.par>

Kiitos jo etukäteen!

- Jerry Valtanen

### Ostopäätökseen vaikuttavat tekijät

**1. Sukupuolesi? \***

- Mies
- Nainen

**2. Ikäsi? \***

- 0-18
- 18-24
- 25-34
- 35-44
- 45+

**3. Kuukausitulosi (nettona)? \***

- 0€-1100€
- 1100€-2000€
- 2000€-3000€
- 3000€-

**4. Vaikuttaako vaatteen eettisyys ostopäätökseesi? \***

- Kyllä
- Ei

**5. Jos vastasit edelliseen kysymykseen kyllä, niin miten tuotteen eettisyys vaikuttaa ostopäätökseesi?**

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**6. Mikä seuraavista toimintatavoista on mielestäsi epäeettisintä? \***

- Lapsityövoiman käyttö
- Ympäristön tuhoaminen
- Halpatyövoiman käyttö
- Halvimman alihankkijan/toimittajan käyttö

**7. Ostaisitko tuotteen, jos tietäisit sen tuotannon olleen epäeettinen? \***

- Kyllä
- En osaa vastata
- En

**8. Laita seuraavat tekijät tärkeysjärjestykseen \***

1. Tärkein 2. 3. 4. 5. Vähiten tärkein

Eettisyys	<input type="radio"/>				
Brändi	<input type="radio"/>				
Estetiikka	<input type="radio"/>				
Hinta	<input type="radio"/>				
Laatu	<input type="radio"/>				

**9. Kuinka paljon enemmän olisit valmis maksamaan eettisestä tuotteesta?**

\*

- 0%
- 5%
- 10%
- 15%
- 20% >

**10. Laita seuraavat sertifiointimerkit ostopäätöstä helpottavaan järjestykseen? (1. Hyödyllinen - 4. Vähiten hyödyllinen) \***

	1	2	3	4
Textile Exchange	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Joutsenmerkki	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Global Recycle Standard	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reilun kaupan sertifiointimerkki	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

