

**The role of company's sustainable procurement practices in  
conscious consumer buying behaviour**

**Case: Ekotin Oy**

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<p><b>Teacher</b> Sirikka Hoikkala</p> <p>Today's consumers are an active and strong influence affecting businesses' market decisions. Conscious consumerism has been a significant force behind various corporate sustainability efforts during past decades. As a matter of fact, integrating sustainability in business strategy and core activities can be claimed to be a growing trend in many fields. Sustainable procurement forms an important part of the attempt to promote environmental and social objectives in business.</p> <p>The objective of this thesis is to study the role a company's sustainable procurement practices have in conscious consumer buying behaviour by studying the consumers of the case company. This thesis also investigates how the consumers perceive the different aspects of sustainable purchasing and how aware and well informed they are about them.</p> <p>The thesis was written between August 2013 and May 2014. The empirical part was composed by conducting primary and secondary research. Exploratory literature review was carried out by utilizing multiple sources such as articles, books and web pages. The approach of primary research was quantitative, and the research method was a customer survey.</p> <p>This thesis provides an overview to sustainable procurement and conscious consumerism. Furthermore, based on the findings of exploratory research and the results of the customer survey, recommendations are given to the case company about how to organize their procurement in order to meet the customer preferences and demands.</p>	
<p><b>Keywords</b> Sustainable procurement, conscious consumerism, conscious consumer buying behaviour, corporate social responsibility</p>	

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## **Introduction**

This thesis wraps around a topic that has been on the table for years now and is still arousing vivid discussion. Consumers started to raise ethical questions and concerns already in the 1970's. As a result, the first fair trade initiatives got started, and the consumers began the struggle for the sake of ethical consumption that is still ongoing today. They had a simple idea: "Not that you can do everything through what you buy, but that you can do something." (Mayo 2005, xvii.) Later on, ethical consumerism became a well-known concept that has been a significant force behind various corporate sustainability efforts.

This introductory chapter gives the reader an overall insight to the thesis topic and process. Firstly, the thesis topic is presented and its background and objectives opened up. Also the structure of the thesis and demarcation are discussed, as well as the case company introduced briefly. Furthermore, the research question and investigative questions are explained and the key concepts defined.

### **1.1 Background and objectives of the study**

During recent years, a profound change has occurred in the markets all around the world. Consumers are now playing a key role in the marketplace and communicating their preferences and needs daringly. They have become an active and strong influence and have an effect on businesses' various market decisions. For instance increasing global media exposure, education, developments in information technology and means of communication have been a big part of making this possible. (Ali & Wisniesk 2010, 36.) However, it is evident that notable sustainability issues have also been generated during the years by several trends, such as new sourcing approaches and globalization. (Cowton & Low 2002, 223.) Sustainable approach in business activities could nowadays be claimed to be a growing trend in many fields, as numerous companies and organizations have integrated ethical practices and CRS policies into their business models and started to communicate them more effectively.

The fact that conscious consumerism is on rise indicates that the consumers are continuously more willing to link ethics in their buying decisions (Bezençon & Blili 2010, 1306). As the world is nowadays more and more integrated in every aspect, also the impact of our product choices stretches further than people might realize. Ethical procurement and sustainability issues in business operations have been drawing more and more attention as the consumers are becoming increasingly conscious and interested in the origins and ethicalness of the products they purchase.

Businesses in every market are pursuing to be able to respond to the customers' constantly changing needs and demands. To be able to do so, the most significant matter is obviously to recognize them first. Naturally, businesses must then acknowledge those needs by reforming their practices and for instance communicating their efforts more efficiently. For that reason in the market of ethical and ecological products there are specialized businesses, for instance eco-shops like the case company Ekotin, that pursue to fulfil the requirements of conscious consumers and provide products that conform to their values.

As the title says, this research project aims to examine the role of the case company's sustainable procurement practices in conscious consumer buying behaviour. The purpose is to study and analyse the significance and role the various aspects of sustainable procurement have for the customers of the case company Ekotin. The attention is drawn to the triple bottom line of sustainability: environmental, social and economic aspects. This thesis also aims to investigate how aware and well informed the customers actually are of the sustainability matters related to products. These themes naturally lead to the question wondering how the company should organize its purchasing practices if it wishes to respond to the customer preferences and needs.

## **1.2 Structure of the thesis and demarcation**

In order to present the thesis in a clear and comprehensible manner it has been divided into five chapters. The first chapter introduces the reader to the thesis topic and objectives of the research providing information also about case company and key concepts. The second chapter contains the theory part of the study which has been divided into

subchapters discussing different theories and findings of secondary research. Chapter 3 concentrates on discussing the empirical research, presenting research methods and introducing the customer survey. In chapter 4 the results of the customer survey are presented and illustrated. Finally, chapter 5 concludes the whole thesis process, gives recommendations and provides an evaluation of the project and the author's own learning.

One important demarcation factor in this thesis are the consumers whose buying behaviour is studied. The consumers are solely those of the case company Ekotin, so it will not be investigated how a general customer perceives sustainable procurement. Instead, the focus is only on the 'conscious' consumers based on the reason that they have elected to shop in Ekotin and to purchase ecological and ethical products. That said, regardless of that fact it needs to be clarified that they all do not necessarily fill the entire criteria of 'conscious' consumers in the sense that is defined and described later on in this thesis.

The customer survey was conducted in Finnish, and it was targeted to all customer groups in Finnish market regardless of age, nationality or other demographic factors. The only common characteristic is that they are all customers of Ekotin. The thesis excludes pricing issues and does not investigate the relation of price and buying behaviour. In this thesis also the matters supplier code of conduct and supplier sustainability assessment are touched - but mainly only the principal means and practices of them, other specific issues are left out.

### **1.3 Case company: Ekotin Oy**

The case company is a small eco-shop Ekotin situated in Hakaniemi, Helsinki. The founder and owner of Ekotin is Virpi Kantoluoto. Mrs. Kantoluoto got the idea about the company already 15 years ago while she was doing a school project. The company was actually founded in 2010 and Ekotin shop opened in 2011. Ekotin has recently moved to new premises and is also going through some other changes. At the moment Mrs. Kantoluoto is running the business alone. However, she is planning to hire another employee once everything is stabilized and it is money-wise rational.

Ekotin is a specialized eco-shop offering a wide range of ecological products like house ware, textiles, cosmetics, food products, clothing and accessories. All the products sold are described to be ecological or ethical in nature. The products are sourced both from Finland and abroad straight from different suppliers, or from an importer here in Finland. Craftsmen, small companies and distributors are favoured whenever possible.

Mrs. Kantoluoto is interested to know and acknowledge the needs and preferences of their customers better to rethink their product lines and supplier choices. As this thesis researches the customers of Ekotin and examines their purchasing behaviour and preferences, it gives valuable information which is highly beneficial for the company and may be used to improve current practices and procurement choices.

#### **1.4 Research problem and investigative questions**

The research question summarizing the aim of the whole research project is:

*What importance do the conscious consumers attribute to various aspects of sustainable procurement practices and how should the company respond to them?*

The following investigative questions were formulated to guide the research process and to help gather the necessary information both in secondary and primary research.

*IQ1:* How do consumers perceive the different aspects of sustainable procurement and what importance do they receive?

*IQ2:* How aware and well informed the consumers are about sustainable procurement practices?

*IQ3:* How should the company organize its procurement to meet the customer preferences?

#### **1.5 Key concepts**

##### **Corporate Social Responsibility (CSR)**

A set of voluntary corporate actions and “a concept by which business enterprises integrate the principles of social and environmental responsibility in their operations as



well as in the way they interact with their stakeholders.” (Gottschalk 2011, 106). Cousins, Lamming, Lawson and Squire (2008, 199) state that CSR can be viewed as an attempt of the corporation to attain sustainable development.

### **Sustainable procurement**

“Sustainable procurement aims to reduce the adverse environmental, social and economic impacts of purchased products and services throughout their life.” (Sustainable Procurement Guide 2013, 7.) According to Lysons and Farrington (2012, 407) the term comprehends all matters where purchasing has a role in providing environmental, economic and social objectives. Sustainable procurement considers where the products are from, what they consist of, how they are made and by whom. It should also be considered if the product is necessary in the first place. (Robinson & Strandberg 2007, 8.)

### **Conscious consumerism**

Also called as ethical consumerism, conscious consumerism can be defined as “the practice of purchasing products and services produced in a way that minimises social and/or environmental damage, while avoiding products and services deemed to have a negative impact on society or the environment.” (IGD 2007). Clarke & Shaw (1998, 163), in turn, suggest that ethical consumption reflects the level to which ethical issues are considered and prioritized by consumers in their purchase decisions. Newholm & Shaw (2007, in Guido 2009, 4) propose that conscious consumers are “socially conscious consumers who take into account the public consequences of their private acts of consumption and who can also use their power to bring about social change.”

### **Supplier sustainability assessment**

Ficher (2010, 555) states that it is a thoroughly deliberated assessment that results in an evaluation and perception of the effectiveness of a corporation’s performance in terms of supplier sustainability. The aim of the assessment is to provide truthful and objective information for the corporation regarding sustainability, as well as point out the areas of improvement.

### **Supplier codes of conduct**

Codes of conduct are defined as set of guidelines that an organization issues voluntarily in order to promote performance that is in accordance with its ethical standards and values. (Visser, Matten, Pohl & Tolhurst 2010, 71-72.) Supplier codes of conduct are especially aimed to guide the suppliers. For instance matters concerning social, ethical and labour issues are aimed to be acknowledged in the composed codes. (Mamic 2004, 43.)

## 2 Theoretical framework

In this chapter the theoretical part of the thesis is discussed. Firstly, corporate social responsibility is presented as an overarching topic for the thesis. Later on, sustainable procurement is discussed and topics supplier sustainability assessment and supplier codes of conduct opened up. Moreover, topics conscious consumerism and conscious consumer buying behaviour are examined.

### 2.1 Corporate social responsibility

“The movement for corporate social responsibility has won the battle of ideas”, was declared in the 2005 special supplement on CSR of *The Economist*. The concept of corporate social responsibility (CSR) can be seen as an issue that overarches the topic of this thesis as it encompasses various aspects of ethical and sustainable performance. Since CSR stands for the integration of sustainability and ethical issues into a corporation’s policies and actions, it is in close connection with matters such as sustainable procurement, supplier sustainability assessment and creation of code of conduct. CSR has an increasing importance in business and it can be seen as a vital part of long-term success and survival of companies (Adams & Zutshi 2005, 208). Epstein-Reeves (2012) summarizes that CSR is “a way for companies to benefit themselves while also benefiting society.”

Gottschalk (2011, 107) states that CSR is comprised of corporation’s carefully communicated objectives and actions that reflect responsibility. Concepts of transparency and accountability are also a vital part of it. There are numerous ways by which companies can engage in CSR activities. Ashbridge Business School study of corporate responsibility activities in 2005 identified seven main fields of CSR activity (Blowfield & Murray 2011, 11):

1. Leadership, vision and values
2. Marketplace activities
3. Workforce activities
4. Supply chain activities

5. Stakeholder engagement
6. Community activities
7. Environmental activities

Naturally, a business has a responsibility to perform under the legal requirements set by the society's legal system. However, CSR is not only about meeting the legal and economic obligations and responsibilities, but also extending beyond them. Regardless of the voluntariness of CSR, the society will still hold expectations about the businesses' performance. (Visser et al. 2010, 107-108.) Figure 1 presents the Carroll's Pyramid of Corporate Social Responsibility (Carroll 1991, 42) that divides an organization's responsibilities into four: economic, legal, ethical and philanthropic responsibilities.

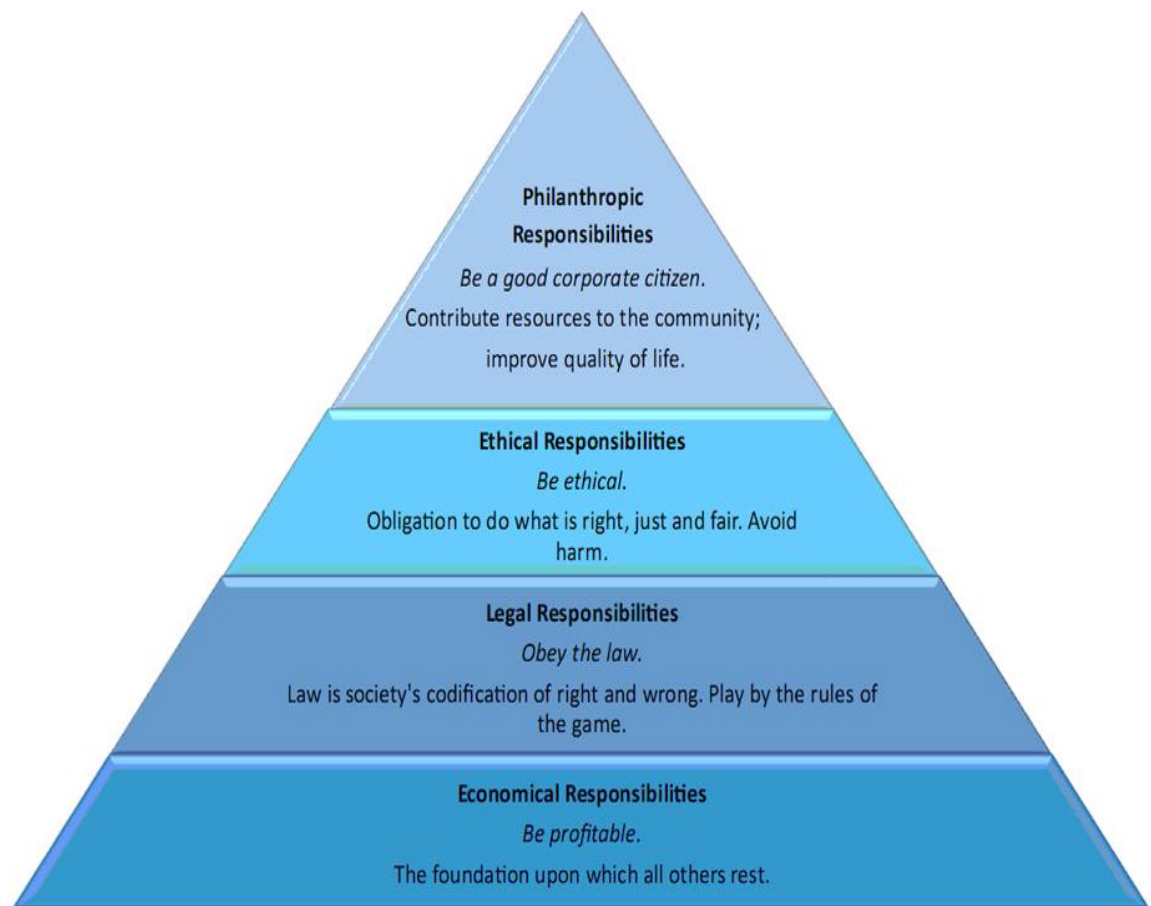


Figure 1. Carroll's Pyramid of Corporate Social Responsibility, first published in Business Horizons in 1991 (Adapted from: Carroll & Buchholtz 2006, 39)

Economic responsibility is the base of the pyramid, as being profitable is obviously essential in order for a company to succeed. Cetinkaya et al. (2011, 60) argue that economic performance is the foundation of all business activities, and being profitable is a prerequisite for sustainability in long-term. The second layer of the pyramid represents legal responsibilities that refer to the requirement to obey the law and regulations set by the society. Ethical responsibilities stand for doing what is right, including ethical decisions, actions and behaviour beyond the law that society expects the corporation to follow. The last responsibility in the top of the pyramid is called philanthropic. Being a good corporate citizen, improving the quality of life and benefiting local communities and society in general can be counted as philanthropic responsibilities. (Carroll 1991, 42.) The basic idea behind the pyramid is that all business decisions need to be constantly tested and evaluated against these four main principles.

## **2.2 Sustainable procurement**

Emmett & Sood (2010, 59) define procurement as a business process where products, materials, labour and services get into the supply chain from three sectors: primary, secondary and tertiary. Institute for Supply Management (2013) describes sustainability to be “the ability to meet current needs without hindering the ability to meet the needs of future generations in terms of economic, environmental and social challenges.” Procurement that integrates obligations and actions concerning also the environmental, social and economic aspects can be called sustainable. Sustainable procurement aims at cost optimization in an ecological and ethical manner, as well as to utilize resources efficiently while striving for overall quality improvement. (United Nations Global Market Place 2013.)

“Reputation is closely linked to the social, environmental and ethical profile of an organization’s spending. Buying smart isn’t just about lowest cost – it’s about strategically managing spending and supply chains with a sustainability framework”, state Reeve and Steinhausen (2007, 30). Several companies have suffered bad publicity and reputation damage due to corporate malpractices during the past decade (Reeve & Steinhausen 2007, 30). This has allured and also forced numerous companies to scrutinize their sourcing policies and to pay more attention also to the ethical standards of their

suppliers more closely (The Economist 2009). Sustainability can also be seen as an important part of a company's risk management.

In addition to maintaining positive reputation, sustainable procurement has numerous other benefits. The benefiting party can be the buyer, the market, the supplier or the whole community, and in some cases all of them. Benefits to the buyer can include for example gaining positive publicity and financial savings by lowering the costs and using resources more efficiently. The market can benefit by more economical prices and increased availability of ethical and ecological products. Sustainable procurement benefits communities for instance by reducing pollution and all kinds of environmental impacts, decreasing the usage of resources, increasing safety, equality, health and social inclusion. (Sustainable Procurement Guide 2013, 12-13).

### **2.2.1 Integrating sustainability in procurement decisions**

“A company is no more sustainable than its supply chain”, argue Krause, Vachon and Klassen (2009 abstract). Procurement is in a central position when it comes to creating sustainable development in a supply chain. There are several means for implementing sustainability in procurement decisions. Implementation of a framework, policy or an action plan or setting common commitments for the operations are common means among several others (Sustainable Procurement Guide 2013, 15).

Sustainability should be integrated already in the early stages of purchasing and considered carefully throughout the process. Whenever planning to make a purchase, there are several sustainability issues that should be considered. The first one is simply avoiding unnecessary purchasing by evaluating the need for the product or service. Other issue is taking into consideration the pollution, emissions and water and energy consumption during the product's whole life cycle. A product with least negative social and environmental impact should be preferred. When it comes to supply chains and for instance outsourcing, it is also crucial to verify that the suppliers actually comply with the existing standards and regulations. Finally, minimizing the usage of hazardous materials as well as considering the reverse logistics issues like disposal, reuse and recycling should also be considered. (Sustainable Procurement Guide 2013, 17-18.)

The Figure 2 demonstrates how a successful adoption of sustainable procurement practices requires them to be integrated in the seven basic stages of the purchasing process (Sustainable Procurement Guide 2013, 20).

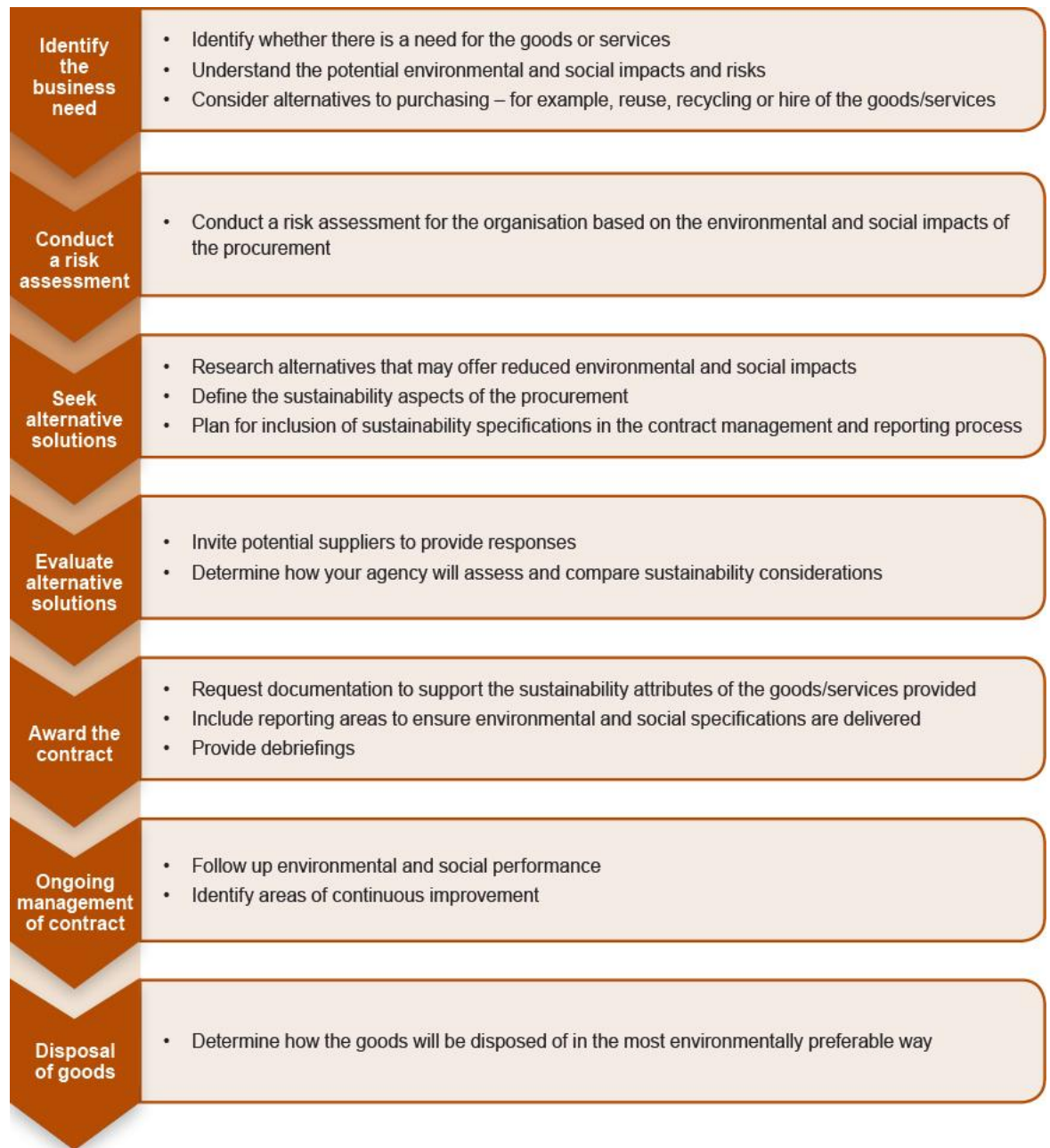


Figure 2. Sustainable procurement at each stage of the procurement process (Sustainable Procurement Guide 2013, 20)

One widely recognized way to approach and examine procurement is Kraljic's purchasing portfolio model (Figure 3) which was introduced by Peter Kraljic in 1983. It aims at helping purchasers to reduce costs and maximize supply security by utilizing their full

purchasing power. (van Weele 2010, 195.) Sustainability issues in purchasing can also be examined through Kraljic's purchasing portfolio. Krause et al. (2009, 21) argue that when sustainability is the one of the main goals in procurement, it must be included as a key performance criterion (KPI) for all four aspects of the matrix, considering the procurement of strategic, leverage, bottleneck and noncritical products. The matrix encourages and enables the purchasers to think strategically about the impact their purchases have. When aiming to integrate sustainability aspects to procurement practices, similar kind of thinking is necessary.

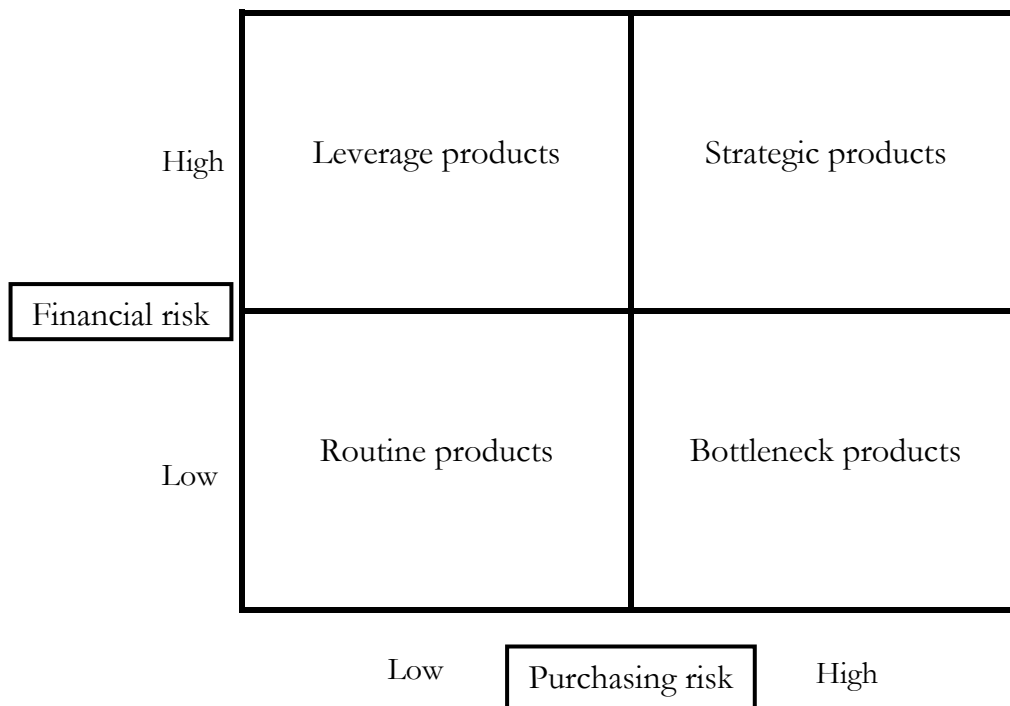


Figure 3. Kraljic's purchasing portfolio model (Adapted from van Weele 2010, 197)

Having sustainability as a KPI in strategic products might require special emphasis on innovation especially when considering new product development. As both financial and purchasing risks are high, special attention must be paid and the amount of suppliers should be kept small. The purchaser should collaborate with the suppliers as well as support and educate them on strategic items in order to maximize sustainability. As long-term, trusting relationships are desired, the suppliers should be encouraged to integrate sustainability as one of their own priorities, too. (Krause et al. 2009, 21.)



When it comes to leverage items with low purchasing risk, there are usually various homogenous suppliers to choose from. In this case the sustainability aspect should be the guiding element when selecting the supplier. When purchasing leverage items, Krause et al. (2009, 21) suggest that the attention should be drawn to issues such as reduction of material usage and utilization of recyclables. This enhances environmental sustainability and helps also in cost reduction.

Bottleneck items are more problematic due to the high purchasing risk. One possibility that requires some effort is that the buying organizations in the same industry could together try and develop standards and norms that promote sustainability for the whole industry. Finally, when purchasing noncritical routine items with low purchasing and financial risk, the buying organization could for instance require a third-party certification of suppliers' operations and practices to ensure sustainability. (Krause et al. 2009, 21.)

### **2.2.2 Triple bottom line of sustainability**

Principles of sustainable development can be divided into three dimensions: economic, environmental and social (Figure 4). Those three dimensions form the triple bottom line (TBL) of sustainability. In order to achieve and develop sustainability, maintaining balance between those three factors is crucial. The concept of TBL was first introduced by John Elkington in 1997, and since then it has been changing how the businesses and organizations approach and measure sustainability. They are also known as people, planet and profit – the 3P's. (The Economist 2009.)

The factors of TBL also underpin the concept of sustainable purchasing - both organizational and individual. When describing the sustainable procurement of a business corporation, Cousins et al. (2008, 198-199) suggest that the concept triple bottom line refers to a corporation's responsibilities in the areas of environmental, social and economic behaviour and impact. All three factors are closely linked to developing sustainable procurement practices. The dimensions of TBL are illustrated in the following figure.

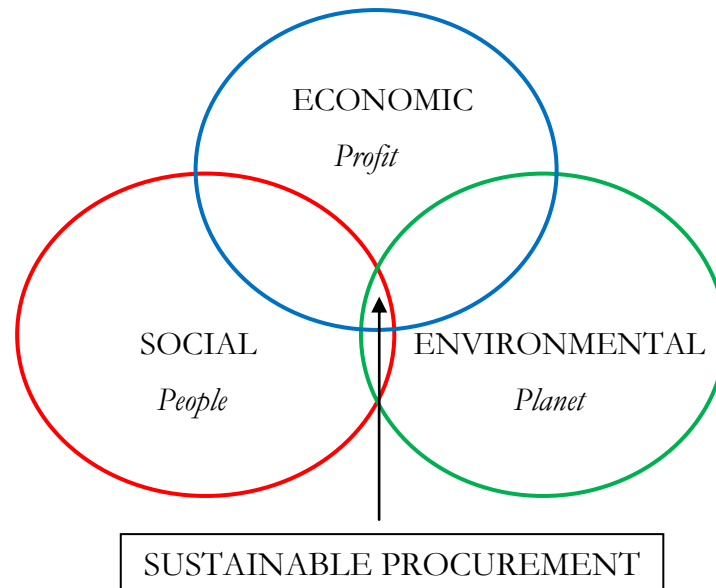


Figure 4. Triple bottom line of sustainability (Adapted from Smith 2010)

When considering the economic aspects in purchasing, value for money factors, such as price and costs, quality, maintenance, availability and functionality, must be taken into consideration. The environmental aspect of sustainability covers the overall environmental impact the product has over its life cycle. (United Nations Global Market Place 2013.) Lysons and Farrington (2012, 647) separate three significant areas of environmental concern: using raw materials in manufacturing operations efficiently, minimizing pollution and waste and saving energy. The social aspect of TBL stands for minimizing negative social impact and instead generating social benefits through procurement. For instance labour conditions, human rights and developing local communities are issues included in the social aspect. (United Nations Global Market Place 2013.)

### 2.3 Supplier sustainability assessment

As supply chains consist of interdependent units constantly influencing one another, creating and managing sustainability along the whole supply chain is a key challenge for any business. Nowadays the issue is even more current, since companies are increasingly concentrating solely on their core competencies and outsourcing other non-core activities to a third party. Significant cost-reduction opportunities as well as globalization of markets are driving companies to outsource especially to developing countries.

Naturally, outsourcing makes companies more dependent on the suppliers and their performance, and places supplier selection and assessment to a crucial role.

Supplier selection includes also numerous risks if it results to be unsuccessful. When assessing suppliers, the attention has commonly been aimed at evaluating the efficiency of quality, delivery and cost in relation to profitability. In addition to economic advantages, creating positive social impact and diminishing negative environmental impact are nowadays receiving greater attention and emphasis when it comes to promoting more sustainable business activities. (Ladd 2013, abstract.) The importance of performing also a sustainability assessment should not be underestimated. Ficher (2010, 554) presents eight reasons for performing a sustainability assessment for suppliers and/or customers:

- To align your organization's sustainability initiatives with its suppliers/customers to save and reduce costs.
- To receive a results-oriented supplier/customer review of sustainability efforts.
- To gain a knowledge of the various supplier/customer sustainability initiatives.
- To identify supplier/customer strengths and opportunities for sustainability improvements.
- To improve overall supplier/customer performance regarding corporate sustainability.
- To use as a tool to gauge supplier/customer progress in meeting sustainability compliance issues.
- To use assessment results to help supplier/customer develop a corporate sustainability plan.
- To encourage suppliers/customers to view sustainability planning as a competitive issue.

Having sustainable development as a strategic decision in a corporation requires that also supplier selection decisions are in line with that. When evaluating suppliers, all aspects of the TBL-concept must be taken into account. Evaluating suppliers' environmental and social qualities might require extending beyond them to ensure that also the whole supply chain meets the requirements (Sustainable Procurement Guide 2013, 10). The suppliers should be able to provide evidence of their existing sustainability policies and present possible reports, eco-labels or certifications, demonstrate continuous creation of performance objectives as well as indicate their social and environmental key performance indicators (Sustainable Procurement Guide 2013, 46-47).

Keating, Quazi, Kriz, Coltman and Andersen and Skjoett-Larsen (2008; 2009, in Gimenez & Tachizawa 2012, 532) suggest that companies pursuing to make their supply chains more sustainable are increasingly integrating supplier evaluation methods, codes of conduct and collaborative activities in their performance. Evaluation includes all activities related to assessing suppliers, i.e. surprise visits and scorecards. In collaboration the company is in direct contact with the suppliers and provides them education, assistance, training or other supporting activities. (Gimenez & Tachizawa 2012, 533.)

### **2.3.1 ISO certification**

Several initiatives for sustainability guidelines have been introduced to address the real level of sustainability in organizations. In a supplier selection process an organization can evaluate the alternatives by examining for instance their certifications. ISO certifications are international standards that supply specifications, requirements or characteristics for products and services. For instance ISO14000 is a standard for environmental management, ISO26000 serves for social responsibility and ISO50001 for energy management. The standards serve for ensuring that products and services are safe, of high quality and suitable for their purpose. (ISOa.) Internal and external auditing is a crucial part of ensuring that an organization is really complying with the standards and making progress also in the future. (ISOb.)

### **2.3.2 Eco-labels**

In addition to ISO certifications, there are various eco-labels to communicate the sustainability of a product or service. Fairtrade is a globally known label that ensures a fair compensation and better terms of trade for the producers to improve their standard of living. Fairtrade pursues to fight poverty by empowering producers in poor countries. A product that carries the Fairtrade label indicates that the specific Fairtrade standards have been met by the producers and traders. (Fairtrade International 2011.)

The EU Ecolabel is a voluntary label promoting environmental sustainability and making it easier to identify products that are more environmentally friendly in nature. Independent experts have composed the criteria and evaluate the products to make sure

that the environmental impact is reduced during their whole lifecycle. (European Commission 2014.) The EU organic logo, in turn, indicates and increases the visibility of organic food products. It ensures that the product has at least 95 % of its ingredients of agricultural origin produced organically. There is a strict certification process that the products and producers must go through, and they must be completely in-line with the EU organic farming regulation. (European Commission 2013.)

There are also labels and certifications indicating the origins of a product or service and making it easier to select and support domestic alternatives. For instance Hyvää Suomesta is a voluntary and product-specific label granted for products produced in Finland. The requirement is that at least 75 % of the total ingredients must be of Finnish origin. (Hyvää Suomesta 2013).

## **2.4 Supplier codes of conduct**

Perceptions related to sustainable and ethical practices can be extremely diverse in different companies and especially in different parts of the world. Businesses are responding to the challenge of maintaining sustainability in the entire supply chain by developing strategies that stretch beyond the company to reach also their partners. One visible implementation of this is the formation and introduction of supplier codes of conduct, since often sustainability policies are not enough. Codes of conduct specify the requirements and practices that a company expects its suppliers to meet in order to do business with them. Codes of conduct include specific terms and regulations regarding topics such as ethics, environmental issues, waste management, labour conditions and human rights. For instance Walmart and Apple have implemented very strict codes of conduct that the suppliers need to meet in order to do business with them. (Esty & Simmons 2011, 211.) Supplier codes of conduct can be extremely useful and beneficial as they establish coherent guidelines and rules to support the creation of common practices throughout the supply chain.

Jiang (2009, 78) argues that long-term relationship is in a vital role when pursuing to improve the performance of the suppliers. The requirements of the codes of conduct might not be immediately met by the suppliers, and therefore it is crucial for the buyer

and supplier to work together, share knowledge and communicate in order to solve possible problems. Naturally, introducing codes of conduct is not enough; organizations must also be able to ensure that the suppliers actually comply with them. Audits, unannounced visits and surveys are widely used means of supplier evaluation. (Esty & Simmons 2011, 212-213.)

## **2.5 Conscious consumerism**

Ethics is an important element in everyday human activities. However, it is of particular importance when considering consumption. Guido (2009, 4) defines consumer ethics as: “the moral principles and standards that guide the behaviour of individuals or groups towards the purchase, use and disposition of goods and services.” The idea behind ethical consumerism is that through one’s everyday consumption choices an individual consumer can act as an important promoter of ethical and sustainable business practices (Uusitalo & Oksanen 2004, 215).

Conscious consumerism is not a new phenomenon. Nevertheless, during the last 20 years the increase of interest in sustainable purchasing has been substantial. (Harrison 2005, 55.) Regardless of the world-wide recession, several ethical and ecological matters have continuously received more importance as the driving elements behind the consumers’ buying behaviour. Consumers are increasingly interested in how and where the products are produced and what kind of reputation the company has regarding sustainability matters. (Euromonitor International 2012a.)

To be able to make ethical decisions and choices, adequate and updated information is needed (Uusitalo & Oksanen 2004, 215). Today’s consumers are better educated and informed as well as more aware of consumer rights. For instance the introduction of various eco-labels and certifications has enhanced visibility, increased availability of information and helped the consumers to recognize sustainable products and learn more about them. It has been stated that increasing consumer awareness has been and will be in the future a great force behind corporate sustainability efforts. In 2013 the consumers were promoting especially the following trends: sustainable supply chains, environmental impacts, reporting and transparency. (Matthews, 2013.) In addition to

increased awareness, there are several other factors behind the increase of conscious consumerism. It is suggested by Harrison (2005, 56-59) that the following seven external factors are affecting the rise of conscious consumer behaviour:

- Globalization of markets
- The rise of transnational corporations
- The rise of single-issue pressure groups
- Technological change
- Shift in market power towards consumers
- The effectiveness of market campaigns
- The corporate accountability movement

The Euromonitor International's Annual Study of global consumers in 2011 revealed that the use of terms like "organic" and "fair trade" in the labels of goods such as food products and cosmetics has become more and more common. Consumers are also ready to use more money to purchase those products. Even though price and quality were still reported to be the most important elements guiding consumers' purchasing behaviour, sustainability factors have never been in such an important position than these days. (Euromonitor International 2012a.)

The Figure 5 shows Euromonitor International's survey results on perceived changes in local attitudes toward green product features between 2009 and 2011. The results of the study are based on an online survey of 15,933 consumers aged 15-65+ in eight countries: Japan, France, UK, Brazil, Germany, India, China and the USA. (Euromonitor International 2012b.) These results also support the statement that there is a remarkable shift in attitudes towards products with ethical features, as 92 % of respondents claimed that attitudes have remained neutral or increased in emphasis. However, some previous studies have shown that even though there is a positive shift in attitudes among consumers, the actual behavior has not changed accordingly (Uusitalo & Oksanen 2004, 215). Some other criteria might still be considered more important when making purchasing decisions.

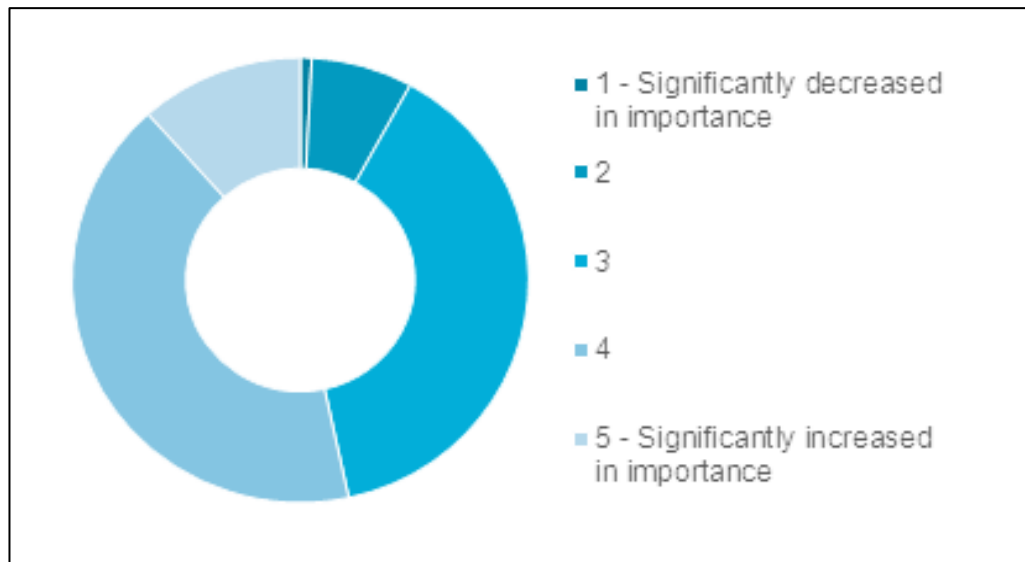


Figure 5. Euromonitor International Analyst Survey 2011. Perceived changes in local attitudes toward green product features between 2009 and 2011 (Euromonitor International 2012b)

Conscious consumerism can be practiced in several ways. Conscious consumers are able to express themselves by various means; they investigate, evaluate, purchase and avoid or boycott consciously according to their moral norms and values. (Guido 2009, 4.) Clark (2004, 15) identifies five approaches to ethical consumerism: fair trade, boycotts, selective shopping, buying less and buying local.

The fair trade concept itself has existed much longer than the formal certification system and the globally recognized Fairtrade label. Fair trade is a business model and trading partnership aiming to help producers in developing countries by giving them fair compensation and improving the terms of trade. Fair trade concept also highlights sustainability, aims to protect human rights and raise awareness of the negative impact international trade can cause to the producers. (Clark 2004, 16-17.)

The second approach is boycott. Boycotting specific companies or brands that have committed ethical malpractices or are otherwise perceived morally questionable is a common way to practice ethical consumerism. In practice it means refusing to buy products from a certain company or brand or rejecting specific products, e.g. genetically modified food. (Clark 2004, 28.) Boycotts can be a really effective way to com-



municate consumers' ethical values and have serious effect on the targeted companies and their reputation. For instance the boycott targeted at a globally known company Nestlé due to the baby milk scandal has shadowed all its brands and subsidiaries for decades.

The third approach is called selective shopping. Selective shopping refers to purchasing only from selected shops or favouring certain brands that correspond to the consumer's ethical criteria. However, it is proposed that it would actually be more beneficial and useful in promoting change if the concerns were explained to the store managers instead of simply avoiding the shops. (Clark 2004, 37-39.)

It is evident that the consumption habits in developed countries are ultimately more and more unsustainable. Therefore, the fourth approach to ethical consumerism is to simply buy less. Consumers' consumption habits are unquestionably the driving force behind numerous problems in today's world. (Clark 2004, 40.) If there is no demand, naturally the supply will also decrease. If people start to consume less, the production will also slow down creating a significant positive impact to the environment. As local trade is undeniably more eco-friendly than global trade, the last approach is called buying local. The idea of buying local is that the trading networks should be local, and the products and services produced locally should be favoured whenever possible. (Clark 2004, 46-47.)

## **2.6 Conscious consumer buying behaviour**

“Consumption plays a pivotal role in our social lives and in our personal identities.” (Blowfield & Murray 2011, 5.) Consumer behaviour is strongly influenced by several external and internal factors. Conscious consumer buying behaviour is tied to desiring and pursuing to purchase products that are ethical and sustainable in nature. The buying behaviour of a conscious consumer is affected by the fact that they are not only concerned about the impact their buying decision has on themselves, but also on the external world (Harrison et al. 2005, 2). The purchasing decisions of consumers express much more than only choices of quality and cost; they also reflect and communicate their ethical and social values and thus affect the surrounding society.

Cherrier (2005, 134-135) approaches consumer ethics from implicit human need fulfilment perspective. The needs to be fulfilled include:

- search for control,
- social integration needs,
- authenticity needs.

Search for control refers to an individual's necessity of being in control over his life and everyday activities. Integrating ethicalness into purchasing behaviour allows an individual to obtain security, self-sufficiency and freedom that mainstream consumer culture does not necessarily provide. The need of social integration highlights the necessity of being recognized and belonging to a group. Shared interests, values and experiences unify people. Authenticity needs reflect the quest for the authentic self in conscious consumer behaviour. Meaning, the consumers have the need and desire to reflect and reconstruct their individual ethical perceptions and values as well as social position through their consumption behaviour. Cherrier (2005, 134-135.)

In order to be able to predict better the intentional consumer behaviour, Ölander and Thøgersen created the Motivation–Opportunity–Ability (MOA) –model of consumer behaviour in 1995 (Figure 6). All those three elements have significant influence in consumer decision making. In the model abilities and opportunities can be seen as either restricting or facilitating factors. Various elements affect the motivation, opportunity and ability to engage in consumer behaviour. Being successful, it can result in high-effort behaviour and decision making. (Hoyer & MacInnis 2008, 45-46.)

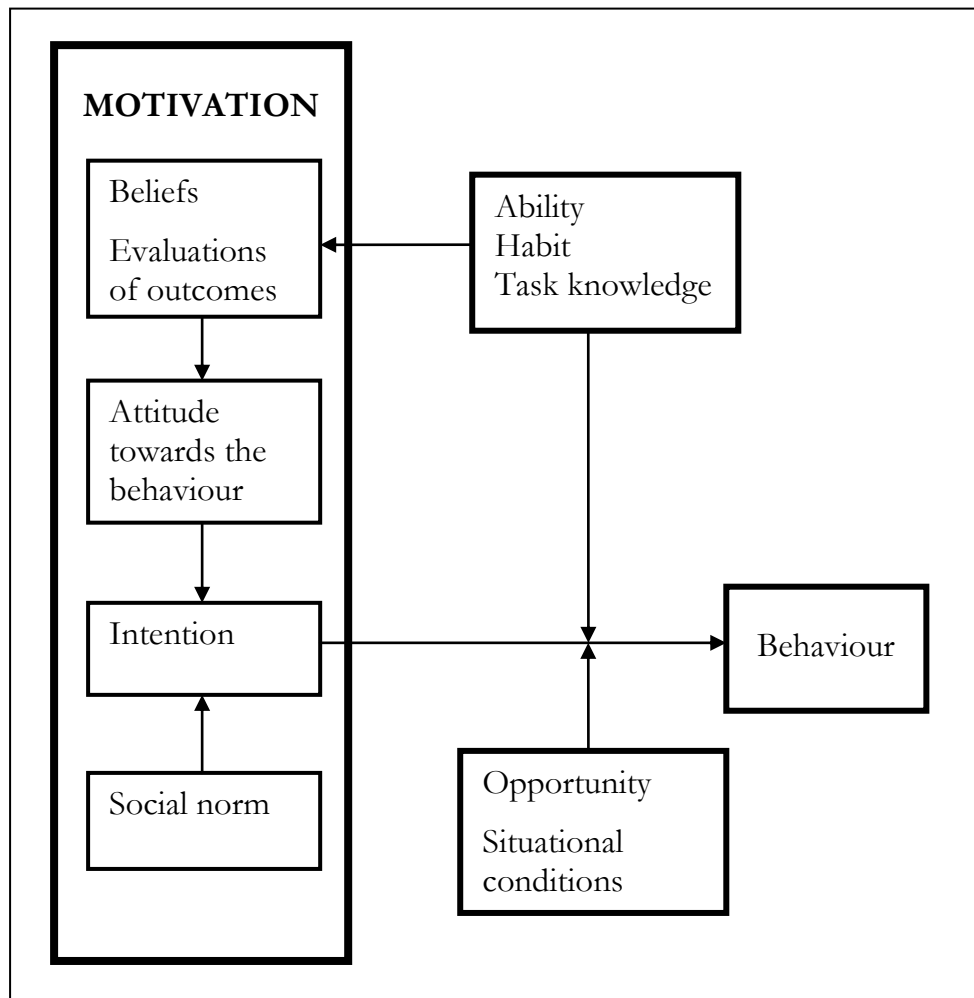


Figure 6. The Motivation–Opportunity–Ability –model (Adapted from Ölander & Thøgersen 1995, 361)

The first component in the MOA-model is motivation. De Jonge, Fischer and van Trijp (2013, 18-19) highlight that personal relevance and self-interest of the consumer are the driving forces behind desired behaviour. Despite existent ability and opportunity, consumers are not likely to make changes in their behaviour if they are not motivated to do so. According to Hoyer and MacInnis (2008, 49), personal relevance and direct importance of the matter for one’s life is the main influence behind motivation. As for personal relevance, the consumers’ goals, needs, self-concepts and values are the factors impacting it.

The second component of the model requires the external environment to provide the consumer facilitating conditions and the opportunity to complete the desired behaviour. This requires accessibility, availability and sufficient and updated informa-

tion. (De Jonge et al. 2013, 18.) Finally, the consumer's ability to act according to motivation is required. Hoyer and MacInnis (2008, 62) define ability to be "an extent to which the consumers have the resources needed to make an outcome happen." Meaning, ability is created by internal capacities and competencies to engage in a desired behaviour.

Although motivation can be argued to be the most important factor affecting buying behaviour, it is also suggested that creating opportunity is of special importance. Hence the motivation and ability to act, the lack of opportunity can challenge or prevent the desired behaviour. Also the large share of low-involvement consumer behaviour, making automatic buying decisions based on outdated or limited information, can be affected by creating opportunity. Increasing availability, information, visibility and accessibility of ethical and ecological products might already shift the purchase decision to a desired direction without even actually impacting the consumer's motivation. (De Jonge et al. 2013, 18-19.)

When thinking about the market of sustainable products, all of the factors mentioned have a significant role in either facilitating or restricting buying behaviour. Due to today's growing demand, there is a visible expansion and growth in the global market for sustainable products. Naturally this also improves the overall availability and accessibility, and thus the awareness and knowledge because of the increase of information. Increase of information about the negative impacts of consumption and purchasing might also be a motivating factor for the consumers.

### 3 Empirical research

In this chapter the research methods of the thesis are opened up and the choice of data collection methods explained and defended. Furthermore, the conducted customer survey is introduced and discussed.

#### 3.1 Research methods

As stated in the beginning, the aim of the research is to examine the role of sustainable procurement practices in conscious consumer buying behaviour. The purpose is to analyse the significance and role the various aspects of sustainable procurement have for the regular customers of Ekotin. In this thesis both secondary and primary research have been utilized. As a foundation of the study, and in order to get a deeper view into the topic at hand, an exploratory research was conducted. Exploratory research is used when the area to be studied is unknown or more background information or ideas are needed. It also helps to gain deeper understanding, explain fundamental concepts and provide data that can help to formulate more adequate research questions. (Wiid & Diggines 2010, 55.)

One of the tools of exploratory research is literature review, which was utilized in this study. Analysing and studying already existing material of the topic was crucial in order to obtain background knowledge, as well as to generate ideas and gain deeper insight. I utilized a variety of online databases and search engines, journals, books and articles in the secondary research.

After completing the exploratory research and obtaining sufficient background information about the topic at hand, a descriptive research was conducted in order to gain knowledge about the characteristics of the population being studied. A customer survey was conducted to gather the needed primary data. The approach of the primary research was quantitative. "In quantitative research frequencies (quantities) of a phenomenon and interdependent relationships (i.e. correlation) between factors are counted." defines Kananen (2013, 33). In other words, quantitative approach is used to explain a phenomenon by collecting numerical data.

Quantitative approach is especially useful when wanting to generalize results by studying a selected sample instead of the whole population of interest. It also serves for the purposes of this research well, as the aim is to gain better understanding of the preferences and factors affecting the purchasing behaviour of the customers of Ekotin by studying a sample of the population.

### 3.2 Customer survey

The questionnaire was targeted for all customers of Ekotin regardless of sex, age or other demographic factors. The language of the questionnaire is Finnish and it can be found in the appendix together with its English translation (Attachment 1 & 2). The following overlay matrix demonstrates the connections between the theoretical part, investigative questions and survey questions.

Table 1. The overlay matrix

<b>Investigative question</b>	<b>Theory connection</b>	<b>Survey connection</b>
How do the consumers perceive the different aspects of sustainable procurement and what importance do they receive?	Chapters 2.5, 2.6	Q6, Q9, Q10, Q14
How aware and well informed the consumers are about sustainable procurement practices?	Chapter 2.4, 2.5	Q7, Q8, Q11, Q12, Q13
How should the company organize its procurement to meet the customer preferences?	Chapters 2.1, 2.2, 2.3, 2.4	Q5, Q8, Q9, Q10, Q11, Q13, Q14

The survey was self-administered and anonymous, and it was made with an online programme Webropol. In a self-administered survey the respondent is required to read and complete the questionnaire without guidance or presence of the interviewer (Andres 2012, 47). For that reason it was designed to be as simple and clear as possible to avoid misunderstandings and minimize room for error.

For the credibility of the research, in quantitative approach it is crucial to have sufficient sample size that is representative to the whole target population. As Ekotin is still a relatively small business, the sample size was set to 70. In order to reach as many Ekotin's customers as possible, the survey was distributed by two means. Firstly, the link to the survey was sent by e-mail to everyone in Ekotin's loyal customer base. In the end the non-response rate was very high, as the final amount of responses was only nine.

In order to get a sufficient amount of responses the link was also published in Ekotin's official Facebook page, and all in all 56 responses more were received during 16<sup>th</sup> January and 24<sup>th</sup> February. In the end the total amount of responses to the survey was 65. Naturally the smaller the sample the bigger the margin of error, but as Ekotin still has a relatively narrow customer base it was accepted to be a sufficient and adequate amount for the research. Alternative way for an online survey would have been to distribute the survey personally to the customers in Ekotin. However, due to practical and personal reasons it was not possible in this research.

The questionnaire was pretested with five people in order to test the usability and functionality. Some adjustments were made after receiving feedback and comments from the respondents. The questionnaire consists of 15 survey questions of which one is open-ended and the rest closed-ended. For practical reasons, most of the questions were chosen to be structured and the choices limited to a fixed set of responses. The questions 4 and 15 were added for the request of Mrs. Kantoluoto as they were of her interest. In the end of the questionnaire the respondents had a chance to leave their e-mail and participate in a lottery of Ekotin gift card.

The questionnaire starts with background questions about age and gender. The background questions are followed by general questions about frequency of purchasing from Ekotin, types of goods normally purchased and the reasons behind choosing Ekotin. After these come the questions that are more detailed in nature and aim to get answers to the investigative questions. Likert scale was used in closed-ended questions 3, 4, 6, 7, 9, 11 and 12 in order to let the respondents rate a specific item and allow

different degrees of opinion. One of the advantages of Likert scale is that it produces quantitative data that is relatively straightforward to use and interpret regardless of large sample size.



## 4 Results

In this chapter the results of the customer survey are presented. The total number of respondents was 65, of which 95 % were women and only 5 % men. This division corresponds more or less to the real situation of sex distribution of Ekotin's customers. The age distribution of the customers turned out to be pretty equal between the age groups. All respondents were over 20 years old and the majority between 40-49 years old. (Figure 7.)

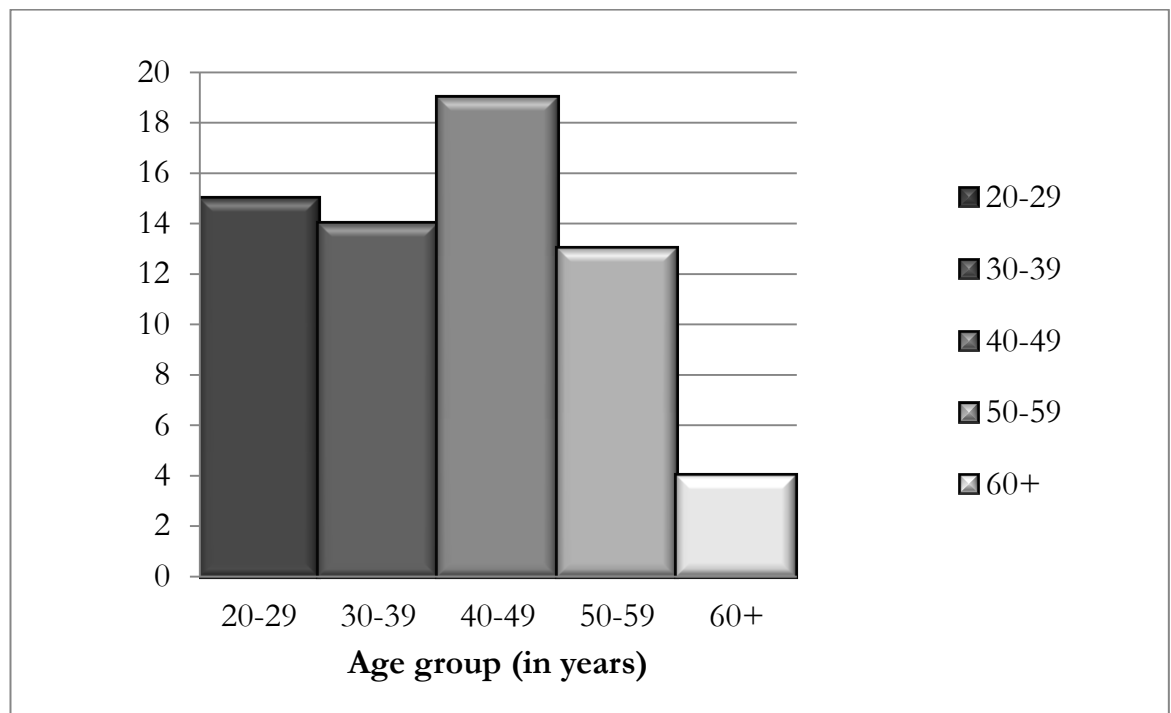


Figure 7. Age distribution

According to the results of the survey, 78 % of the respondents claim to shop in Ekotin a couple of times a year, 20 % monthly and only 2 % weekly. The most popular and most frequently purchased products among the respondents are beauty products, food products and washing liquids. The least frequently purchased products are toys and textiles.

### 4.1 Perceptions about different aspects of sustainable purchasing

The questionnaire intended to figure out the perceptions and preferences the customers have about the different aspects of sustainable purchasing. Firstly, the respondents

were asked to select three main reasons behind choosing to shop in Ekotin. As the question was open-ended, there was a wide variety of responses. The results are presented as frequencies in a categorized manner in Figure 8. The clearly most common answer was ecologicalness, as it counted for 96 of the total of 195 responses. Majority of the respondents had used the word “ecologicalness”, but also the words “ethicalness”, “environmentally friendly”, “organic”, “cruelty free”, and “recycling” were mentioned. The second most common answer was high product quality which was mentioned 31 times. This category also includes answers “safe” and “long-lasting”.

Good and wide product selection received 27 responses. All in all 16 respondents mentioned supporting a small entrepreneur as one of the reasons they choose to shop in Ekotin, whereas characteristics of the shop got 15 answers. Factor “characteristics of the shop” includes answers related to good location, service, friendly staff and pleasant shop. The “other” category includes 10 divergent answers including the words “healthy”, “trustworthy”, “need”, “good will”, “unique” and “solidarity”. (Figure 8.)

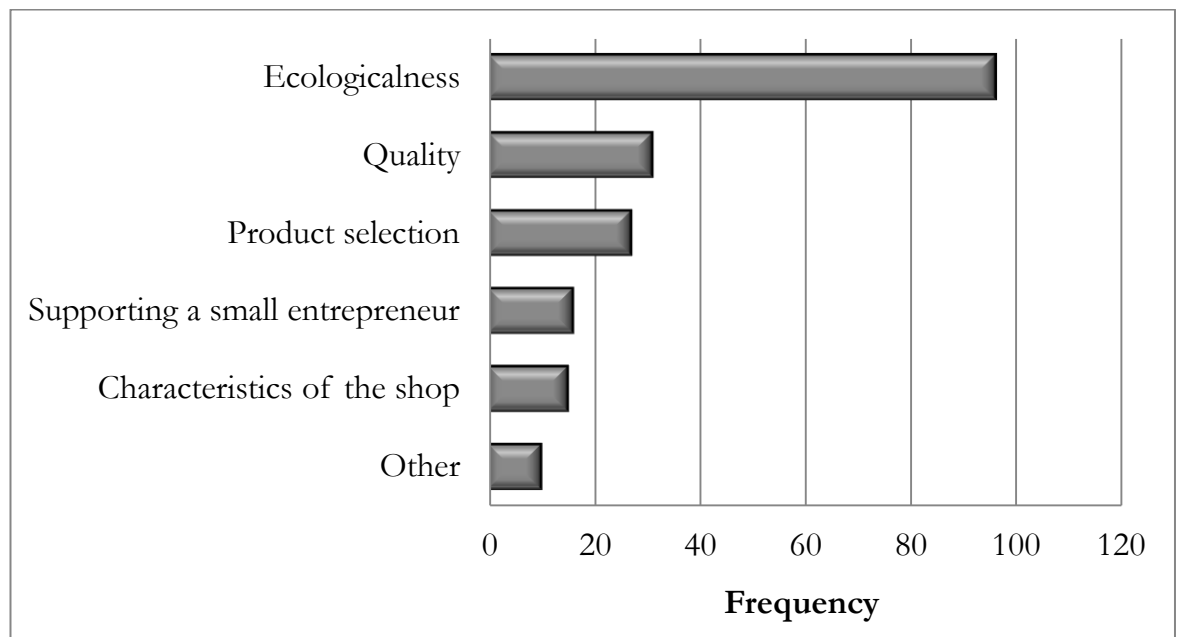


Figure 8. Main reasons behind choosing to shop in Ekotin

The respondents were also asked to select the three most important characteristics that affect the buying decision of certain product groups. The question aimed at figuring out how the importance of different characteristics of sustainable products varies be-

tween product groups. The characteristics were: locally produced, no animal testing, no toxic chemicals, organic, domestic, usage of recycled materials, fair trade and environmentally friendly. The product groups used in the questionnaire were: decoration items, accessories, textiles, beauty products, food products and washing liquids.

The most important characteristics varied clearly between different product groups. Below are presented the three most important characteristics of each product group (Table 2). The number in parenthesis indicates the percentage of respondents who consider that characteristic to be one of the three most important ones.

Table 2. The most important characteristics for each product group

	<b>1.</b>	<b>2.</b>	<b>3.</b>
<b>Decoration items</b>	Usage of recycled materials (75 %)	Environmentally friendly (75 %)	Fair trade (46 %)
<b>Accessories</b>	Usage of recycled materials (77 %)	Environmentally friendly (62 %)	Fair trade (43 %)
<b>Textiles</b>	Environmentally friendly (77 %)	No toxic chemicals (58 %)	Domestic (54 %)
<b>Beauty products</b>	No toxic chemicals (82 %)	No animal testing (78 %)	Organic (54 %)
<b>Food products</b>	Organic (94 %)	Fair trade (50 %)	Locally produced (38 %)
<b>Washing liquids</b>	Environmentally friendly (94 %)	No toxic chemicals (83 %)	No animal testing (42 %)

It can be observed from the total responses that the characteristics receiving the highest importance and the most responses among all product groups were again “environmentally friendly”, “no toxic chemicals” and “organic”. Factors “no animal testing” and “locally produced” were the least important ones when calculating the total amount of responses.

The respondents were asked to indicate how much certain characteristics of a product influence their buying decision in general. The characteristics were the same as earlier and the scale was from 1-5 (not at all – very much). The characteristic receiving the

most importance was again “environmentally friendly” with the average of 4.65. The second most important was “no toxic chemicals” receiving the average of 4.37, followed by “organic” with the average of 4.11. The least importance was placed to the characteristic “locally produced” which was left with an average of 3.29. (Figure 9.)

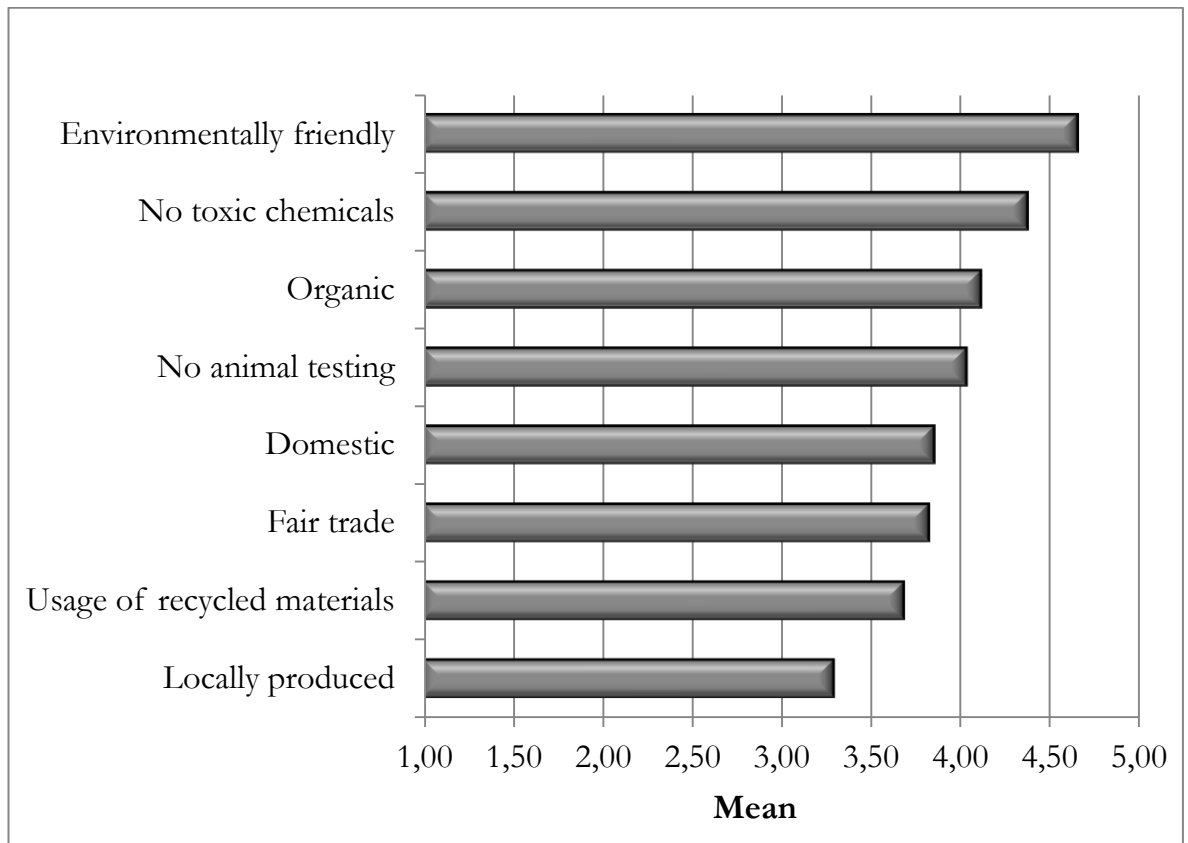


Figure 9. The level of importance of the characteristics to the buying decision

In order to examine whether the results were consistent throughout the questionnaire, the respondents were asked to select the three characteristics that in general affect their buying decision the most, regardless of specific product groups. The top three characteristics were once again “environmentally friendly”, “organic” and “no toxic chemicals”. To summarize, those results can be argued to be consistent throughout the questionnaire. However, it can be noticed that factors “fair trade” and “no animal testing” got a lower score when it came to choosing the three most important characteristics. In these cases it can be observed that the results were not consistent, and the respondents preferred other characteristics when it came to choosing the ultimate three. (Figure 10.) The following figure presents the percentage of respondents who consider that characteristic to be one of the three most important ones.

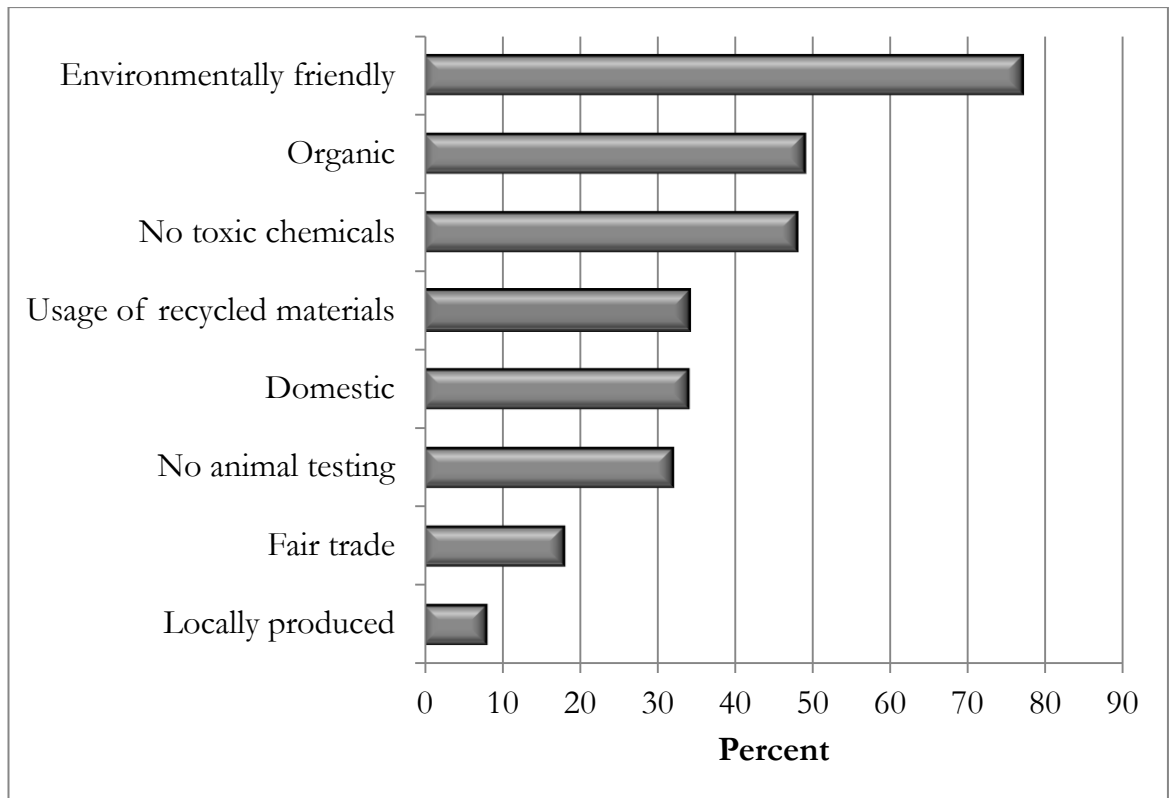


Figure 10. The characteristics affecting the buying decision most

An overall comparison of the results between age groups was also made. All in all the results were surprisingly consistent and there were no major divergences. However, the results did indicate that the younger age group (20-29 years) does place greater importance on characteristics “organic” and “no animal testing” than the older age groups. On the other hand, the older age groups (40-49, 50-59 and 60+) value more domestic and locally produced products and the usage of recycled materials.

#### 4.2 Awareness and perceived level of information

The questionnaire aimed at figuring out how aware and well informed the consumers actually are about the sustainability issues in purchasing. The respondents were asked to estimate how aware they are of the ecologicalness and life span of the products they purchase. The average was 3.8 on a scale from 1-5 (not at all aware – very well aware). No-one claimed to be totally unaware, 6 % of the respondents remotely aware, 26 % somewhat aware, 49 % well aware and 19 % very well aware. As a conclusion, all in all the customers of Ekotin claim to be pretty conscious about the sustainability matters included in purchasing. (Figure 11.)

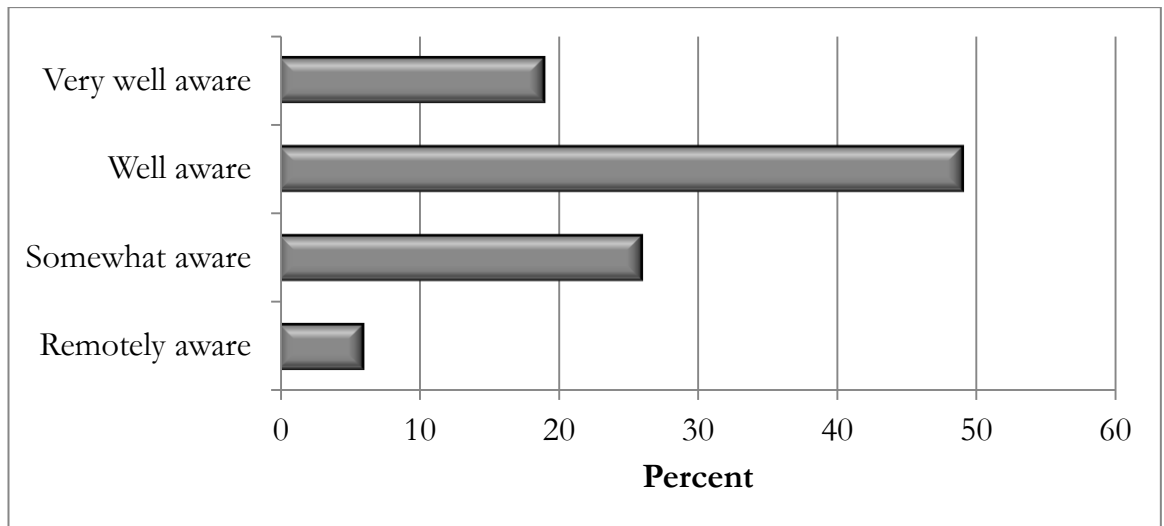


Figure 11. The customers' level of awareness of the ecologicalness and life span of the purchased products

The perceived level of communication of the ecologicalness of Ekotin's products was tackled with the question: *"Please estimate how well the ecologicalness of the products of Ekotin is communicated."* 20 % of the respondents argue it to be communicated "very well", and the majority (57 %) of the respondents claim it to be communicated "well". No-one, in turn, claims it to be communicated "very poorly" and only 5 % voted for "poorly". 18 % of the respondents gave a neutral answer "not well nor poorly". The average was 3.92 on a scale from 1-5 (very poorly – very well). (Figure 12.)

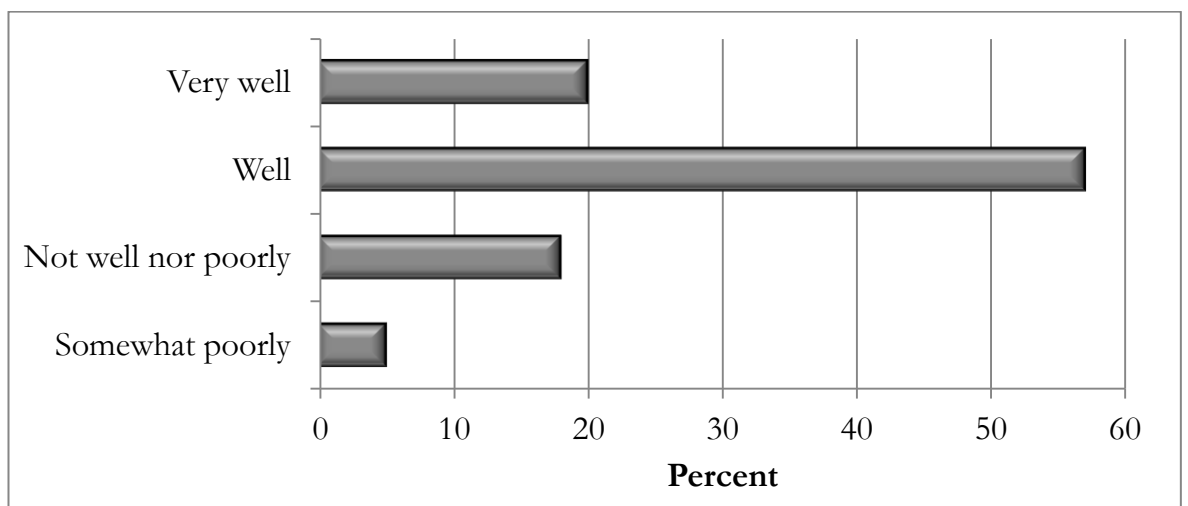


Figure 12. Perceived level of communication of the ecologicalness of Ekotin's products

The questionnaire also aimed to figure out whether there is adequate availability of information for the consumers. The respondents were asked to simply indicate the level to which they agree with the claim: “*I feel like I get enough information about the ecologicalness and life span of products.*” The results showed that the majority of respondents feel that they receive enough or almost enough information, as 20 % of the respondents agree with the claim, 58 % somewhat agree, 18 % somewhat disagree and only 3 % disagree. (Figure 13.)

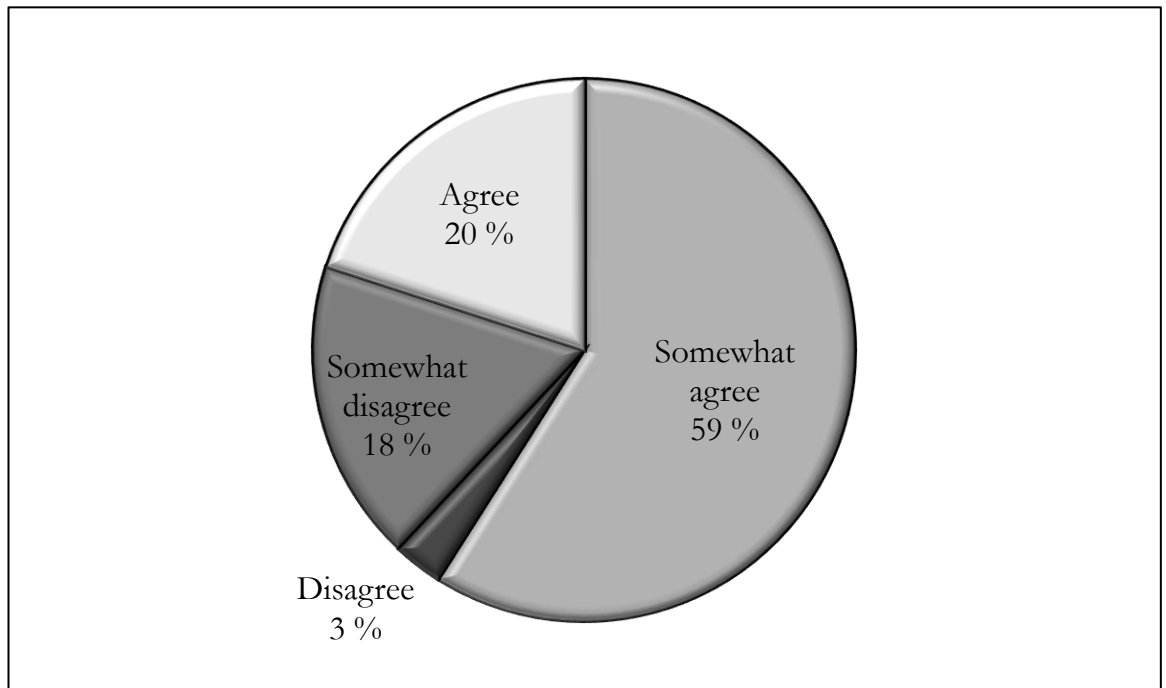


Figure 13. Perceived availability of information about the ecologicalness and life span of products

In order to find out how the consumers actually identify ecological products, the respondents were required to select the source by which they best recognize them. The alternatives were media, information received from the shop, brand, certificate and label. The majority (45 %) of the respondents claimed the certificate to be the best indicator. Second one was label together with the information received from the shop as they both received 23 % of the answers. Only 2 % of the respondents claimed media to be the best source. The “other” group included two answers claiming that the combination of all of the sources is the best indicator. (Figure 14.)

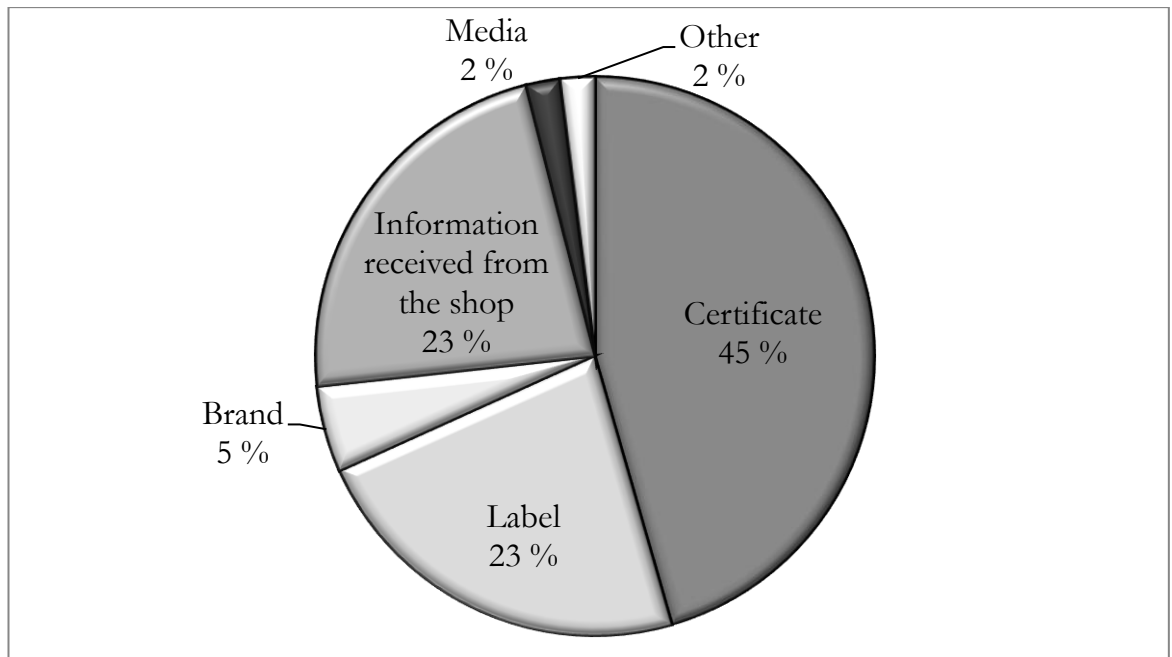


Figure 14. The source by which an ecological product is best recognized

In order to know to what extent the different sources and indicators of ecologicalness are trusted, the respondents were requested to indicate how trustworthy they consider each of them. According to the results, certificate is not only the best indicator, but also the most trusted one. Information received from the shop was the second most trustworthy, followed by label. However, this question revealed that given that label was rated high when it came to recognizing an ecological product, only 11 respondents consider it totally trustworthy after all. It can also be noticed that media is again the least trusted one; 22 respondents claim it to be untrustworthy whereas only 3 consider it trustworthy. Brand is also lacking trust, as only 2 consider it trustworthy. Certificate and information received from the shop are the only ones that no-one considers untrustworthy. (Figure 15.)



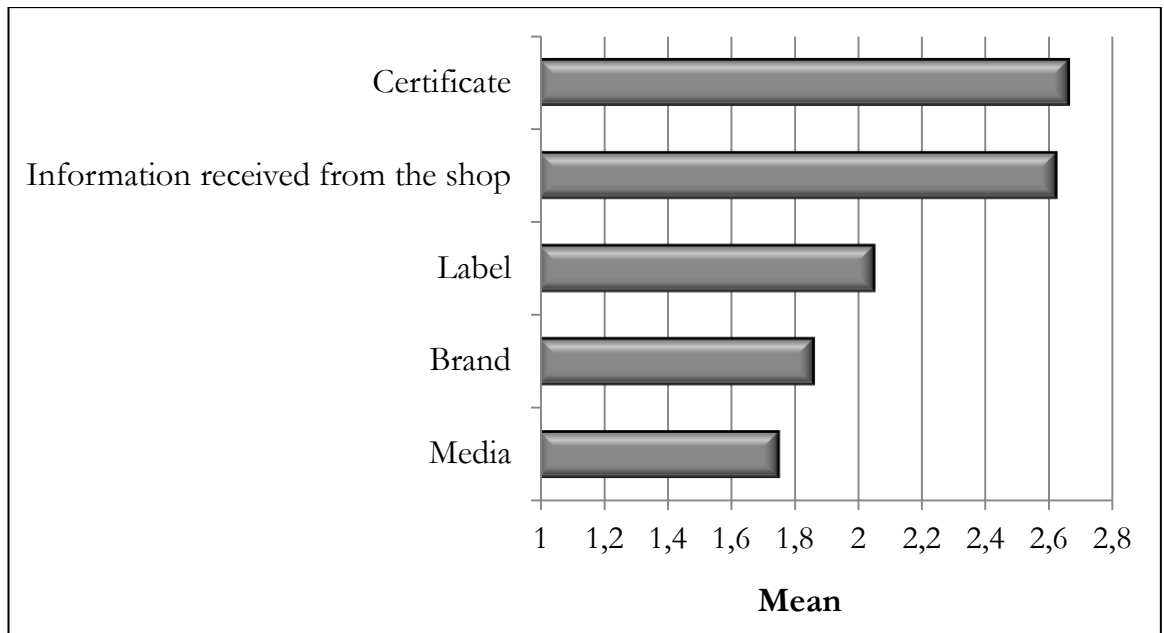


Figure 15. Perceived trustworthiness of the information sources. Average on a scale from 1–3 (untrustworthy – trustworthy)

The results showed that the different age groups claim to be almost equally aware of the ecologicalness of the products as there was no notable variance. Also the perceived level of received information is coherent. The only significant difference is in the perceived trustworthiness of the information sources. It turns out that the younger age groups have clearly less trust on the media. On the other hand, the older age groups trust more in the information received from the shop, as well as recognize an ecological product more often that way.

## 5 Discussion

In this chapter the thesis process is concluded and the research findings summarized. IQ's 1 and 2 are discussed in subchapter 5.1 and followed by IQ 3 in subchapter 5.2 as a part of recommendations. By analysing the key survey results and all three investigative questions, the research question "*What importance do the conscious consumers attribute to various aspects of sustainable procurement practices and how should the company respond to them?*" is also answered. Finally, the whole thesis process is evaluated and own learning assessed.

### 5.1 Analysis of key findings

As discussed earlier in chapter 2.6, it is suggested by Hoyer and MacInnis (2008, 45-46) that consumer behaviour is affected by motivation, opportunity and ability. These, in turn, are affected by various elements. Personal relevance and self-interest of the consumer are claimed to be the main influence behind desired behaviour (De Jonge et al. 2013, 18-19). As for the customers of Ekotin, they enter the shop and make purchase decisions due to a personal motivation of theirs. As the customer survey results showed, majority of them were motivated to purchase from Ekotin due to the fact that the products are ecological in nature. Other personal motivators are for instance the need, desire to support the entrepreneur or certain product characteristics that motivate to engage in purchasing.

The first investigative question asks: *How do consumers perceive the different aspects of sustainable procurement and what importance do they receive?* The customer survey revealed the perceptions about the importance of the different aspects of TBL of sustainability discussed earlier in chapter 2.2.2. As the survey results indicated, perceptions about the importance of certain characteristics vary among different product groups. Environmental factors are said to receive higher ranking among consumers than social ones. Nevertheless, this trend can be seen to be changing as social factors are receiving more and more attention. (Robinson & Strandberg 2007, 6, 46.)

Examining the survey results of customer preferences, it can be noticed that the most important factors were environmental: "environmentally friendly" and "organic".

Factor “no toxic chemicals” includes both environmental and social implications. Also social factors “domestic” and “no animal testing” received relatively high importance. Social factors “fair trade” and “locally produced” were the least valued ones throughout the questionnaire. The survey also revealed that economic value for money factors, such as quality and availability, are valued among the consumers. As a conclusion and referring to the Carroll’s Pyramid of Corporate Social Responsibility presented in chapter 2.1, the conscious consumers clearly hold expectations about philanthropic and ethical responsibilities of a company.

The second component of MOA-model includes the facilitating conditions and the opportunity to complete the desired behaviour. The customer survey indicated that Ekotin is seen pretty accessible due to the central location, and the availability was also perceived good in terms of product selection and variety. The results also showed that the customers are mainly satisfied about the level of information received from the shop and consider it trustworthy. Majority of the respondents also agreed or somewhat agreed with the claim *“I feel like I get enough information about the ecologicalness and life span of products.”*

As a final requirement, ability to perform in a desired way is needed. Ability refers to the knowledge, resources and capacities of the customers to actually make a purchase. The investigative question 2 asks: *How aware and well informed the customers are about sustainable procurement practices?* As the results of the customer survey revealed, majority of the respondents claim to be very well or well aware of the life cycle and ecologicalness of products. Other factors affecting the ability are for instance financial resources and willingness to pay a premium, but those themes were excluded from this research.

## **5.2 Recommendations**

The third and last investigative question wonders: *How should the company organize its procurement to meet the customer preferences?* Considering the theory studied as well as the results of the customer survey, this question naturally leads to some recommendations to the case company Ekotin. First of all, it has to be mentioned again that Ekotin is still relatively small business with a simple purchasing process and small order quantities.

As the owner is running the business alone, there is also lack of time and resources to consider all the aspects of sustainable procurement and reach also the further links of supply chain.

Nevertheless, Ekotin could adopt more sustainable procurement practices by integrating sustainability in the seven basic stages of purchasing process presented in Figure 2 in chapter 2.2.1. Seeking and evaluating alternative solutions and paying attention to disposal of goods could be considered. For instance if not purchasing local or domestic, at least seeking alternatives from as near as possible and transporting the goods by a mean that has less environmental impact. Moreover, considering the results of the customer survey domestic goods are valued, especially textiles and food products. Another matter is favouring products that are packaged and can be disposed in an ecological manner. “Environmentally friendly” was the most valued factor according to the survey results, and the issues of transportation and disposal are an important part of it.

Furthermore, supporting small suppliers, producers and craftsmen, as well as following up the suppliers’ environmental and social performance is of great importance. In case of lack of time and resources, choosing suppliers possessing third-party certifications or another proof is also a good way to ensure certain standards. Moreover, creating long-lasting relationships with the main suppliers who share the same values makes it always easier to promote sustainability. Also keeping the amount of suppliers small facilitates controlling and evaluation. Ekotin could also consider the possibility of drawing up a supplier code of conduct in the future, especially in case the business grows, the volumes get bigger and the supply chain expands.

Ekotin can also benefit from the information about the customer preferences and utilize it when planning its purchasing and product choices. The customer survey revealed the most important and valued product characteristics for the consumers that should be acknowledged. Also each product group’s most valued characteristics are now known, and these customer preferences should be taken into account when ordering new products and choosing suppliers. That said, purchasing products that fulfil the

most important and valued criteria. According to the survey the most popular and most frequently purchased products among the respondents are beauty products, food products and washing liquids. Special attention should be drawn to those product groups and the customer preferences about their characteristics.

As presented earlier, the customer survey also revealed that the customers of Ekotin consider certificated products the most trustworthy. The information received from the shop was considered almost as trustworthy. On the other hand, some customers claimed that the ecologicalness of the products could be communicated more effectively in the shop. As a recommendation, when purchasing products Ekotin could draw even more attention to certificated and eco-labelled products. Ekotin should also try to increase the level of information and improve communication in the shop by increasing transparency and for instance reporting the origins and producers of the products better.

Even though consumers manifest their concerns about sustainability issues and show interest in ethical and ecological products, the actual actions and readiness to pay a premium do not normally correspond to that (De Jonge et al. 2013, 14). For future research, it could be interesting to investigate the relation of pricing to conscious consumer buying behaviour. How willing the consumers are to pay a premium and how much impact pricing really has on the purchasing choices? Are there some products that are more price-elastic than others?

### **5.3 Reliability and validity**

In order to ensure credibility, the concepts of reliability and validity need to be considered. Reliability refers to the replicability of the study. The research results should be consistent; in case repeated for instance by someone else, the same results should be obtained. Validity, in turn, includes external and internal validity. External validity refers to the generalisability of the research results, meaning that the results should not change in similar situations. Internal validity includes concept and criteria validity, accuracy of the measure and that correct measures have been used to what is subject to research. (Kananen 2013, 183-186.)

Exploratory research was concluded by comparing and utilizing multiple different sources. Most of the sources used are recent or relatively recent and considered reliable. When it comes to the primary research, there are various reasons why the credibility of the conducted customer survey could be questioned. One of the main concerns is the social desirability bias. The respondents have a tendency to modify their answers in a certain way according to what they assume the researcher wants to hear. The respondents also tend to present themselves in a more favourable light and give answers that are socially more desirable. It is stated that social desirability bias is affected by the concept of perceived impersonality. Giving socially-desirable answers is much more common when there is an interviewer administering the situation, compared to self-administered data collection. Also the concepts of perceived confidentiality, privacy and anonymity of the data collecting situation have an effect on misreporting. (Roberts 2007, 15-17.)

To minimize social desirability bias, the questionnaire was designed to be totally self-administered and anonymous. The anonymity and privacy are communicated clearly in the instructions of the questionnaire. Another way to minimize error in survey was to disguise the research goal and objective. This was done by telling the respondents that the purpose of the survey is to research consumption patterns of Ekotin's customers in general, and not specifically to study conscious consumer behaviour. It is only later in the questionnaire that respondents could realise that the questionnaire had an emphasis on ethical values in purchasing behaviour. The answer options in the fixed questions were also placed in a different order in every question to help to detect how consistent the answers are throughout the questionnaire.

Conducting the survey by disposing the questionnaire to the customers online decreases misreporting and social desirability bias. Another advantage of self-administered survey is that the respondent can complete the survey on his own time when and where he chooses to. Furthermore, as the respondents have the freedom to decide the time and place of completing the questionnaire, there is no time-pressure. This way they might put more thought to the questions and the responses may result more reflective. (Andres 2012, 47.) However, as the interviewer was not present in the

data collection process, the respondents had to be able to complete the survey on their own. There is always a chance of error when interpreting the questions and following the instructions.

#### **5.4 Thesis process evaluation and own learning**

The thesis process started in August 2013 when I got the idea about the thesis topic. After finding a suitable case company for the project I started to work with the thesis step by step. Since the beginning everything has gone pretty smoothly, I did not face any bigger problems or shortcomings in any phase. Only issue that I found challenging was to get enough respondents to the customer survey. Time management was pretty successful as I worked in a steady rhythm and did not have any stress in the end when the deadline was getting closer. Cooperation with the case company went really well; we had a couple of meetings and handled the rest of the matters by phone or email.

The whole thesis process felt pretty intimidating and overwhelming at first since I did not really know what to expect from it. This was the first big project I had planned and managed myself from the beginning to the end and it taught me a lot in many ways. First of all, now I know why proper planning is in such an important role in projects like this. If I was to do it all again, I would plan the whole project a bit better and give more thought to “the big picture” in the beginning. Another fact is that the importance of continuous working and time management can’t be underestimated in projects like these. However, it wasn’t so hard to get motivated as the topic was interesting and current, and there was quite a lot of interesting information available.

In relation to my studies, the thesis process taught me a lot about sustainable procurement, conscious consumerism and other topics that I studied. I had already learned the basics of those at HAAGA-HELIA, but through this process I gained a much deeper understanding and fresh viewpoints. All in all I am pleased with the whole process and the Bachelor’s Thesis that was created as a result of the time and effort that I dedicated to it during nine months. Also the case company gave me positive feedback and was happy with my work. In the future I could imagine myself working in the field of sustainable procurement or otherwise promoting sustainability in the supply chain.

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# Attachments

## Attachment 1. Original customer survey in Finnish

### *Kysely Ekottimen asiakkaiden kulutustottumuksista*

Hyvä Ekottimen asiakas,

Olen HAAGA-HELIA ammattikorkeakoulun liiketalouden opiskelija ja teen lopputyökseni tutkimusta Ekottimen asiakkaiden kulutuskäyttäytymisestä

Olettehan ystävällinen ja vastaatte huolellisesti oheiseen kyselyyn. Kysely on anonymi ja antamanne vastaukset täysin luottamuksellisia. Aikaa kyselyyn vastaaminen vie noin 5 minuuttia.

Annika Makkonen  
050 4121526  
annika\_makkonen@hotmail.com

#### 1. Ikä \*

- alle 20
- 20–29
- 30–39
- 40–49
- 50–59
- 60 tai enemmän

#### 2. Sukupuoli \*

- Nainen
- Mies

#### 3. Kuinka usein asioitte Ekottimessa? \*

- Viikoittain
- Kuukausittain
- Muutaman kerran vuodessa

#### 4. Miten tai mitä kautta löysitte Ekottimen? \*

- Sattumalta ohikulkiessa
- Mediasta
- Internetistä
- Ystävän kautta

#### 5. Kuinka usein ostatte seuraavia tuotteita Ekottimesta?

	En koskaan / En lähes koskaan	Silloin tällöin	Useimmiten / Joka kerta
Sisustustuotteita (astioita, kynttilöitä, koreja ym.) *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asusteita (laukkuja, koruja, huiveja ym.) *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kodintekstiilejä *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kauneudenhoitotuotteita *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pesuaineita *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Elintarvikkeita *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leluja *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Muuta, mitä? <input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**6. Miksi ostatte Ekottimen tuotteita? Mainitkaa syyt tärkeysjärjestyksessä. \***

1.

2.

3.

**7. Arvioikaa, kuinka tietoisia olette ostamienne tuotteiden ekologisuudesta ja elinkaaresta. \***

1    2    3    4    5

En ollenkaan tietoinen                        Erittäin tietoinen

**8. Arvioikaa, kuinka hyvin Ekottimen tuotteiden ekologisuus on mielestänne kommunikoitu. \***

1    2    3    4    5

Erittäin huonosti                        Erittäin hyvin

**9. Missä määrin perustatte valintanne seuraaville ominaisuuksille eri tuoteryhmien kohdalla? \***

\*

Valitkaa jokaiselle tuoteryhmälle **kolme** tärkeintä ominaisuutta.

	Luomu	Reilun kaupan tuote	Ympäristöystävällisyys	Lähellä tuotettu	Kotimaisuus	Kierrätysmateriaalien käyttö	Ei eläinkokeita	Ei haitallisia kemikaaleja
Sisustustuotteet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asusteet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kodintekstiilit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kauneudenhoitotuotteet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elintarvikkeet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pesuaineet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**10. Kuinka paljon seuraavat tuotteen ominaisuudet vaikuttavat ostopäätökseenne? \***

1 - Ei lainkaan 2 - Hyvin vähän 3 - Jonkin verran 4 - Paljon 5 - Erittäin paljon

	1	2	3	4	5
Lähellä tuotettu	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ei eläinkokeita	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ei haitallisia kemikaaleja	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luomu	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kotimaisuus	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kierrätysmateriaalien käyttö	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reilun kaupan tuote	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ympäristöystävällisyys	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



**11. Mistä tai miten tunnistatte parhaiten ekologisen tuotteen? \***

- Sertifikaatista
- Etiketistä
- Brändistä
- Liikkeestä saatavan tiedon perusteella
- Mediasta saatavan tiedon perusteella
- Muuten, miten?

**12. Koen saavani riittävästi tietoa tuotteiden ekologisuudesta ja elinkaaresta. \***

- Kyllä
- Melko hyvin
- Melko huonosti
- En. Kaipaisin lisää tietoa:

**13. Kuinka luotettavina pidätte seuraavia tuotteiden ekologisuudesta kertovia lähteitä? \***

	Epäluotettavana	Jokseenkin luotettavana	Luotettavana
Sertifikaatti	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Etiketti	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brändi	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liikkeestä saatava tieto	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Media	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**14. Mitkä seuraavista ekologisen tuotteen ominaisuuksista vaikuttavat eniten ostopäätökseenne? \***

Valitkaa **kolme** tärkeintä.

- Kotimaisuus
- Kierrätysmateriaalien käyttö
- Ei eläinkokeita
- Luomu
- Ei haitallisia kemikaaleja
- Lähellä tuotettu
- Ympäristöystävällisyys
- Reilun kaupan tuote

**15. Mitä tuotteita kaipaisitte Ekottimen valikoimaan?**

**16. Mikäli haluatte osallistua Ekottimen lahjakortin arvontaan, olkaa hyvä ja antakaa sähköpostiosoitteenne.**

## Attachment 2. Customer survey English translation

### *Survey of the buying habits of the customers of Ekotin*

Dear customer of Ekotin,

I am a student of International Business in HAAGA-HELIA and I am conducting a research for my thesis about the buying habits of the customers of Ekotin.

Please answer carefully to the questionnaire. The questionnaire is anonymous and the answers confidential.

Thank you!

Annika Makkonen

annika\_makkonen@hotmail.com

#### **1. Age \***

- under 20
- 20-29
- 30-39
- 40-49
- 50-59
- 60 or over

#### **2. Gender \***

- Female
- Male

#### **3. How often do you shop in Ekotin?\***

- Weekly
- Monthly
- A couple of times a year

**4. How did you hear about/find Ekotin? \***

- Accidentally walking by
- From media
- From the Internet
- From a friend

**5. How often do you buy the following products from Ekotin?**

	Never / Rarely	Sometimes	Frequently/ Everytime
Decoration items (candles, baskets, tableware etc.) *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accesorises (bags, jewellery, scarfs etc.) *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Textiles *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Beauty products, cosmetics *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Washing liquids, detergents *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food products *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Toys *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Something else, what? _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**6. Why do you buy products of Ekotin? Please mention the reasons in order of importance. \***

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

7. Please estimate how aware you are of the ecologicalness and life span of the products. \*

1 2 3 4 5

Not at all aware      ○ ○ ○ ○ ○      Very aware

8. Please estimate how well the ecologicalness of the products of Ekotin is communicated. \*

1 2 3 4 5

Very badly      ○ ○ ○ ○ ○      Very well

9. Which of the following characteristics affect your buying decision most in each product line? \*

Choose ***THREE (3)*** most important ones for each product line.

	Organic	Fair trade	Environmentally friendly	Locally produced	Domestic	Usage of recycled materials	No animal testing	No toxic chemicals
Decoration items	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessories	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Textiles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beauty products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Food products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Washing liquids	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**10. How much the following product characteristics affect your buying decision? \***

*1 – Not at all 2 – Very little 3 - Somewhat 4 – Considerably 5 – Very much*

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Locally produced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No animal testing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No toxic chemicals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Domestic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Usage of recycled materials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fair trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmentally friendly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**11. How do you best recognize an ecological product? \***

- From a certificate
- From the label
- From the brand
- Information received from the shop
- From media
- From other source, which? \_\_\_\_\_

**12. I feel like I get enough information about the ecologicalness and life span of products. \***

- Agree
- Somewhat agree
- Somewhat disagree
- Disagree. I would like to get more information about: \_\_\_\_\_

13. How trustworthy do you consider the following sources describing the ecologicalness of a product?

	Untrustworthy	Somewhat trustworthy	Trustworthy
<b>Certificate</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Label</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Brand</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Information received from the shop</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Media</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Which of the following characteristics of an ecological product affect your buying decision most?\*

Choose **THREE (3)** most important ones.

- Domestic
- Usage of recycled materials
- No animal testing
- Organic
- No toxic chemicals
- Local
- Environmentally friendly
- Fair trade

15. What products would you like to add to the product line of Ekotin?

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16. Please write down your email in case you want to participate in a lottery of gift cards.

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