

THE BEHAVIOUR OF FINNISH CONSUMERS TOWARDS ECO-LABELLED PRODUCTS CASE: S-GROUP OYJ

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Abstract

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The behaviour of Finnish consumers towards eco-labelled products; Case: S-Group Oyj

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The purpose of this study is to assess the current state of consumer behaviour and awareness towards the various eco-labels on the Finnish market. This thesis is made for S-Group Oyj, the largest Finnish operator in the retail store sector. The research investigates various aspects of eco-labelling and consumer behaviour.

The theoretical framework of the study researches technical, social and other aspects of ecolabelling. Consumer behaviour is analyzed by identifying affecting factors and by using the black box model. The buying decision process is also presented, along with theoretical background about consumer product knowledge.

The empirical section of the study was conducted by a quantitative approach. A survey was conducted amongst consumers in specified locations, with the purpose of researching the level of awareness of eco-labels that the target consumers encompass, as well as their overall behaviour toward environmentally-conscious buying.

The findings indicate that the majority of S-Group consumers already have a basic understanding of eco-labelled products and environmental problems, but demand more information, delivered in a more effective and easy-to-understand way. This demand is highlighted by the findings, which indicate that consumers are motivated and willing to pay more money for eco-labelled products.

Suggestions for improvement were based on theoretical studies as well as the findings. The marketing efforts toward eco-labelled products should be enhanced. In addition, the image of eco-labels and sustainable consumption should be altered in the minds of consumers by strengthening brand awareness and optimizing means of communication.

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Tiivistelmä

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Suomalaisten kuluttajien käyttäytyminen ympäristömerkittyjä tuotteita kohtaan; Case: S-Group Oyj

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Tämän tutkimuksen tarkoitus oli selvittää kuluttajatietoisuuden ja kuluttajakäyttäytymisen nykytila Suomen markkinoilla olevia ympäristömerkittyjä tuotteita kohtaan. Tutkimus tehtiin S-Ryhmä Oyj:lle, Suomen suurimmalle vähittäiskauppatoimijalle. Opinnäytetyö tutkii useita eri ympäristömerkkien ja kuluttajakäyttäytymisen aspekteja.

Tutkimuksen teoreettinen osuus tutkii teknisisä, sosiaalisia, sekä muita ympäristömerkkien osa-alueita. Kuluttajakäyttäytymistä analysoidaan tunnistamalla siihen vaikuttavia tekijöitä sekä käyttämällä niin sanottua "black box model" menetelmää. Ostokäyttäytymistä myös tarkastellaan, sekä teoreettisia malleja liittyen kuluttajien tuotetuntemukseen.

Empiirinen osuus tutkimuksesta toteutettiin qvantitatiivisin menetelmin. Kuluttajakysely toteutettiin valikoiduissa paikoissa, tarkoituksena selvittää kuluttajatietoisuuden tasoa ympäristömerkittyjä tuotteita kohtaan, sekä yleisen kuluttajakayttäytymisen nykytilaa kestävää kulutusta kohtaan.

Tutkimuksen tulokset osoittavat S-Ryhmän asiakkaiden omaavan perustiedot liittyen ympäristömerkkeihin ja ympäristöongelmiin, mutta vaativat enemmän tietoa, tehokkaamin kommunikoituna sekä enemmän ymmärrettävällä tavalla. Näitä tuloksia vahvistaa se tieto, että kuluttajat ovat motivoituneita sekä valmiita maksamaan enemmän ympäristöystävällisistä tuotteista, kunhan lisätietoa olisi helpommin tarjolla.

Ehdotukset kehitystä varten perustuvat teoreettiseen tietoon sekä tutkimustuloksiin. Markkinointia tulisi ohjata tehokkaamin ympäristömerkittyjä tuotteita kohtaan. Ympäristömerkkien sekä kestävän kulutuksen imagoa on muutettava kuluttajien mielissä, kehittämällä tehokkaammat viestintäkanavat.

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1 Introduction

Increasing environmental, ecological, economical, and social problems have influenced the way people consume and are willing to consume. Environmental consciousness has increased in individual consumers, as well as political entities, and therefore must be recognized as the driving force in the implementation of corporate strategy in all companies.

All profit-seeking organizations seek for the most effective way of conducting business, and endure various obstacles in the process. Increased need for environmental corporate responsibility stems from internal and external pressures applied to companies from various sources. These include the need to react to competitors' sustainability programs, abiding by restrictions set by various social institutions, and most of all satisfying consumer demand.

According to Williams (2004, 133), "eco-labelling is a communication label that indicates to the relevant parties that the company abides to "green" production principles that adhere to consumer ethic, to market demands, to industry regulation, and to the regulatory environment as determined locally or internationally". By implementing environmental labelling, companies can influence the regulatory environment, create industry standards for environmental control, achieve cost savings, expand market share, as well as achieve additional indirect benefits.

Consumer behaviour is based on a combination of individual observation and experience, and collective communication and dissemination of information within a social market structure. (Williams, 2004, 126). The ranking and weighing of each factor will vary according to a consumer's purchasing habits. There are various factors that affect the buying-decision process and therefore eco-labels are set in a highly competitive environment.

In order to extract the most from ecologically-friendly business practices as possible, companies must focus primarily on the most important aspect of profitable business: the consumers. Without marketing efforts focused on consumer behaviour and increasing consumer awareness of eco-labelled products, companies cannot reach and benefit from a "green" way of producing, selling, and disposing of goods.

1.1 Scope of the Study

In this thesis various elements of consumer behaviour marketing are examined. Aspects of the buying-decision processes and product knowledge at the end-user level were studied, and consequently used as a guideline in interpreting the results. Basic consumer behaviour theories were investigated and methods for increasing consumer awareness were included, which were used to provide improvement suggestions for the case company.

1.2 Choice of research context

The choice of research context resulted from the author's desire to study a topical and important issue. The combination of consumer behaviour and eco-labelling provided a way of linking theoretical marketing theories with a new and important aspect of modern business.

Environmental responsibility, especially in large companies, is an issue that affects all aspects of business, and impacts all stakeholders. For this reason, there is a considerable need for companies to react and create necessary strategies for creating consumer awareness of ecolabelled products.

The case company, S-Group, is currently the leading provider of daily consumer goods, and thus has a large impact on the Finnish market and consumer consumption. S-Group also has a wide variety of different eco-labels in its retail stores, which also made it a relevant case company for the given subject.

This particular subject was decided upon after consulting with the thesis supervisor, a contact person from the case company and several other corporate executives.

1.3 Purpose of the study

The primary purpose of the study is to assess the current state of consumer awareness towards the various eco-labels on the market. The study seeks to reveal and analyse how knowledgeable consumers are about eco-labels, what affects their attitudes towards these labels, and to determine possible improvement possibilities for increased consumer participation.

The study will provide the case company with comprehensive information regarding the current state of consumer awareness of eco-labels, and the knowledge provided will assist the company in the implementation of its future marketing strategies.

It should be acknowledged that when the author uses the term "eco-label", he refers to environmental labels, organic labels, ethical labels, and the country-of-origin of labels offered in S-Group retail stores. Furthermore, this study focuses solely on food product eco-labels.

1.4 Limitations of the study

The entire scientific study of consumer behaviour is dynamic and diverse. Consumers consume and prefer different products, and attitudes towards various stimuli vary accordingly. When ethics and moral standards are added, the study becomes increasingly more diversified.

This study of consumer behaviour was conducted from the perspective of consumer awareness, which limits the application of the findings to a specified area of research. In addition, time constraints, limited resources and relatively small sample groups effectively mean that the findings of this study cannot be fully generalized, and that, further and more comprehensive study is needed to fully understand this area of research.

1.5 Structure of the study

The first section of the thesis presents the subject and background information of the study. The section defines the research problem, reasons for selecting the research context, the purpose of the study, as well as the structure and limitations of the study.

The second section presents existing theories in this specific field of study, and knowledge which directly relates to this research subject. The section starts with background information about eco-labels. This was an important addition to the thesis, because eco-labels are a relatively new concept, and therefore not common knowledge among readers. The section continues with basic theories and factors influencing consumer behaviour. Finally, the section defines utility theory and consumer product knowledge.

The third section of the study presents the methodology of the research, clarifying which methods were used, and why they were chosen. The section concludes with issues regarding the reliability and validity of the study.

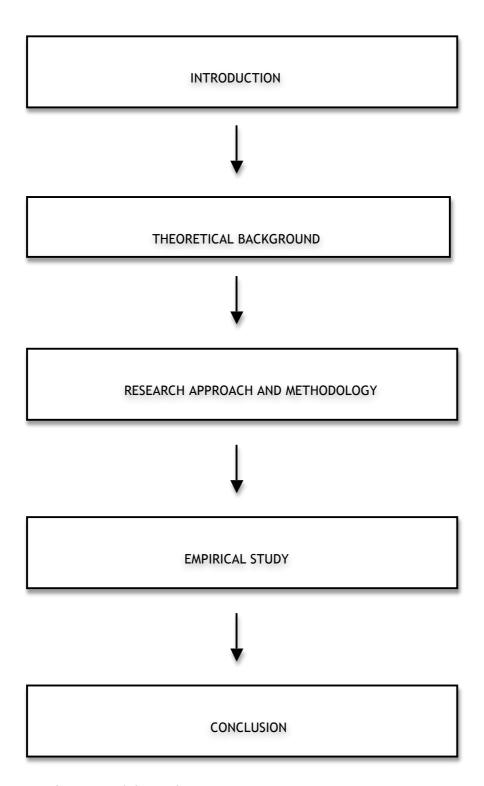


Figure 1: Structure of the study

The third section of the study presents the methodology of the research, clarifying which methods were used, and why they were chosen. The section concludes with issues regarding the reliability and validity of the study.

The fourth section of the thesis is the empirical study. In this section the case company is presented and data analysis from the survey is analyzed.

The last section of the thesis is the conclusion. This section starts with the research findings, followed by improvement and development suggestions, and concluding with future research challenges. The thesis structure is illustrated in Figure 1.

2 Theoretical background

2.1 Eco-labelling

"Eco-labelling" is a voluntary method of certification and labelling based on environmental performance. An "eco-label" is a label, which determines the preference of a product based on product life-cycle considerations. Unlike independently determined "green" symbols and claim statements developed by manufacturers, eco-labels are issued and monitored by an impartial third-party. (GEN, April 1999)

There are many different voluntary and mandatory environmental performance labels. The International Organization for Standardization (see 2.1.5.1) has classified three broad types of voluntary environmental labels, eco-labelling having a Type 1 classification. These classifications are explained and compared in Tables 1 and 2. (GEN, April 1999)

2.1.1 Origins

The origins of eco-labelling can be found in the increasing concern for environmental protection by governments, businesses, and the general public. Initially, and mostly in the developing economies, environmental concerns were being perceived as a competitive advantage in certain product groups. As a result of this, numerous different declarations and labels emerged on and in associations with certain products. These labels included such claims as "recyclable", "eco-friendly", "low energy", and "recycled content". Such labels attracted consumers who were trying to find ways in which they could reduce adverse impacts to the environment through purchasing choices. The labels, however, were confusing to many consumers, due to the fact that there were no guiding principles or standardization. Without a reliable, governing third-party, consumers could not be certain that the companies' labelled products were an environmentally preferable alternative. (GEN, 2004) This concern with credibility and impartiality initiated the formation of private and public organizations providing third party labelling.

TYPE I	A voluntary, multiple-criteria based, third party program that awards a license that authorizes the use of environmental labels on products indicating overall environmental preferability of a product within a particular category based on life cycle considerations
TYPE II	Informative environmental self-declaration claims
TYPE III	Voluntary programs that provide quantified environmental data of a product, under preset categories of parameters set by a qualified third party and based on life cycle assessment, and verified by that or another qualified third party

Table 1: Voluntary Environmental Performance Labelling- ISO Definitions (www.iso.org)

Criteria Area	Criteria Areas/Metrics		onsiderations
Type I	multiple	Type I	yes
Type II	single	Type II	no
Type III	multiple	Type III	yes
Selectivity		Third Party \	/erification/Certification
Type I	yes	Type I	yes
Type II	no	Type II	preferred
Type III	no	Type III	yes

Table 2: Comparison of the Three Types of Labels and Declarations (GEN, 2004)

There are also other third-party labelling systems in operation or development, which have narrower focuses than normal eco-labelling programs. These alternative programs focus on a single sector, and/or a single environmental issue, and/or consider only one life-cycle phase. (GEN, 2004)

2.1.2 Objectives

"The fundamental rationale for eco-labelling is to generate political support for improved environmental management and to raise environmental standards through consumer choice." (Deere, 1999) Eco-labelling has become a tool by which governments encourage environmental protection and for businesses in identifying markets for environmentally preferable products. Numerous countries have eco-labelling practices in place, while others are considering program development. While there are different perceptions and guidelines followed by eco-labelling officials, three core objectives are generally established and practised. (GEN, 2004)

Table 3 illustrates three categories of labelling objectives.

Ecological Environment	Human Environment	Process Environment	
Soil pollution	Safety controls	Packaging	
·			
Water contamination	Labour rights	Noise	
Energy consumption	Human rights	Re-cycling/reuse	
Natural resource use	Third world development	Pollution emissions	
Use of hazardous and toxic	Health and security	Animal rights	
materials	Alcohol and tobacco*	Gene technology	
Biodegradability	Lotteries*	Compliance with legislation	
Biodiversity		Co-operative projects*	

Table 3: Labelling Objectives (Williams, 2004)

2.1.3 Stakeholders

Stakeholder involvement in the eco-labelling process can occur at three stages: programme formation, product category selection, and criteria development (USA EPA ,1998: 38).

^{*} not related to eco-labelling

According to Williams (2004, 29), eco-labelling affects producers and consumers, but also industry organizations, environmental activists, policy-makers, international trade organizations, consumer groups, governments, and marketing managers. Because eco-labelling is a consumer-oriented policy intended to affect consumption patterns, it has potential to affect a significant number of stakeholders.

2.1.4 Technical and social aspects

The programs creating and developing eco-labels can be divided into technical and social aspects. The technical aspects of eco-labelling require extensive scientific knowledge; therefore, the following analysis will focus solely on the social aspects of eco-labelling (right side of Table 4).

There are many ways of conducting eco-labelling procedures, often depending on local ambitions and requirements, and political conditions. Within an eco-labelling programme, there are typically two affecting groups. The technical group develops voluntary standards, while the marketing group creates consumer awareness and encourages producers to consider environmental labelling. Table 4 illustrates the division between technical and social aspects of eco-labelling. (Williams, 2004)

Technical Aspects	Social Aspects
Environmental impact	Consumer society
Protection of regional biodiversity	Sustainable development
Life cycle analysis	Environmental goals
Technical standard setting, verification, and	International trade
compliance	International commitments
	International development

Table 4: Ecolabelling: Technical and Social Aspects (Williams, 2004)

2.1.5 Standardization

2.1.5.1 International Organization for Standardization

ISO (International Organization for Standardization) is the world's largest developer and publisher of international standards. It is a network of the national standards institutes of 160 countries, one member per country, with a Central Secretariat in Geneva that coordinates the system. (ISO 14020, 2000)

ISO is a non-governmental organization that unites the public and private sectors. Many of its member institutes are part of the governmental structures of countries, or organized by their governments, while other members are solely operational in the private sector, having been set up by national partnerships of industry associations. Therefore, ISO enables solutions to be reached that meet both the requirements of business and the broader needs of society. (ISO 14020, 2000)

2.2 Consumer behaviour

The American Marketing Association defines consumer behaviour as "the dynamic interaction of affect and cognition, behaviour, and the environment by which human beings conduct the exchange aspects of their lives." Consumer behaviour involves the thoughts and feelings that consumers experience, as well as the action they perform during the consumption process. The environment, also, affects the consumption process via other consumers, advertisements, price information, packaging, product appearance, packaging, labelling, etc. The importance of consumer behaviour in consumption-pattern research is significant, due to the highly interactive nature of this field. (Peter & Olson 2005, 5)

According to Peter & Olson (2005, 6), consumer behaviour is dynamic, because feelings and actions of individual consumers, companies, and societies are constantly changing. The fact that consumers and their environments are constantly changing stresses the importance for continuing market research and analysis by companies and organizations. Because product life cycles are shorter than in the past, producers are focusing increasingly more on the creation of new products, new versions of products, and more effective strategies.

2.2.1 Black box model

Consumer behaviour in general, focusing on when, why, how, and where people do or do not purchase products, is illustrated by the black box model in Table 5.

Sandhusen (2000, 219) examines the black box model as showing the interaction of stimuli, consumer characteristics, decision process, and consumer responses. A distinction is made between interpersonal stimuli (between people) and intrapersonal stimuli (within people). Interpersonal influences include social groups to which people belong or would like to belong. Intrapersonal influences include perceptions, attitudes and drivers that influence consumer behaviour.

Environmen	ital Factors	Buyer's Black Box		BUYER'S
Marketing Stimuli	Environmental Stimuli	Buyer Characteristics Decision Process		RESPONSE
Product	Economic	Attitudes	Problem recognition	Product choice
Price	Technical	Motivation	Information search	Brand choice
Place	Political	Perceptions	Alternative evaluation	Dealer choice
Promotion	Cultural	Personality	Purchase decision	Purchase timing
		Lifestyle	Post- purchase	Purchase
			behaviour	amount

Table 5: Black Box Model. Sandhusen (2000, 218)

2.2.2 Factors influencing consumer behaviour

Consumer behaviour is influenced by cultural, social, personal, and psychological factors. Cultural factors, in general, have the most impact on consumer behaviour.

2.2.2.1 Cultural factors

According to Kotler (2000, 161), culture is the most fundamental determining factor of a person's wants and behaviour. As people grow up, a set of values, preferences, and behavioural models are acquired through family and other key institutions. Achievement, success, activity, efficiency, material comfort, individualism, external comfort and humanitarianism are all examples of values that people are exposed to normally, especially in developed countries.

Each culture consists of smaller subcultures that categorize members even more specifically. Nationality, religion, race, geography are examples of subcultures. From a marketing perspective, subcultures often offer important market segments and target groups. Marketers generally design and market products according to these target groups. (Kotler 2000, 161)

In addition to cultures and subcultures, consumer behaviour is influenced by social stratification, which often takes the form of social classes. Kotler (2000, 161) defines social classes as, "relatively homogenous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interests, and behaviour". Social classes show distinct product and brand preferences in many areas. Advertisers and marketers should understand what social class they are communicating to and implement the most effective way of doing so.

2.2.2.2 Social factors

In addition to cultural factors, a consumer's behaviour is influenced by social factors, such as reference groups, family, and social roles and statuses.

Kotler (2000, 163) states that reference groups include all the groups that, either directly or indirectly, influence a person's attitudes or behaviour. Groups having direct influences on a person are called membership groups. Primary membership groups include groups that a person interacts with on a continual and informal basis, for example, family, friends, neighbours, and co-workers. Secondary groups that a person interacts with more formally and less continually include religious, professional and trade union groups. Reference groups influence consumers in three distinct ways: exposal to new lifestyles and behaviours, influence of attitudes and self-concept, and pressures created for conformity that may affect product and brand preferences.

Marketers try to identify consumers' reference groups, although reference-group influence varies among products and brands. In cases where group influence is strong, manufacturers and marketers must determine how to influence the opinion leaders in these reference groups. This is often accomplished by identifying demographic and psychographic characteristics associated with opinion leadership, identifying media that opinion leaders follow, and directing messaging toward opinion leaders. (Kotler, 2000, 165)

According to Kotler (2000, 165), family is the most important primary reference group, from a consumer-behaviour perspective. Two types of families can be distinguished in a consumer's life. The family of orientation consists of one's parents and siblings, which influences attitudes towards religion, politics, economies, and a sense of self-worth and love. A more direct influence on daily buying behaviour is exerted on a consumer by one's family of procreation, namely one's spouse and children.

Kotler (2000, 165) continues by saying marketers are interested in the roles and influences of the husband, wife, and children in the purchase of a wide variety of products and services. These vary among places of residence and different social classes.

A person's position in a group is defined in terms of role and status. A role consists of activities that a person is expected to perform, and consequently, each role carries a status. Marketers are aware and often adjust marketing efforts to reflect the status symbol of products and brands. (Kotler, 2000, 167)

2.2.2.3 Personal factors

Consumer behaviour is also influenced by personal characteristics, including age, stage in the life cycle, occupation, economic situation, lifestyle, and personality. (Kotler, 2000, 167)

According to Kotler (2000, 167), consumers buy different products and brands over a lifetime. Product and brand preferences are often age-related. Salomon (2004, 499) states that, an age cohort is composed of people that are the same age and have had similar experiences. A marketer should thus communicate with different age cohorts in different ways. Marketers also pay close attention to changing life circumstances, such as divorce, widowhood, and marriage, due to the fact that they often have an effect on consumer behaviour and consumption patterns. (Kotler, 2000, 167)

Occupation also influences a consumer's consumption behaviour. Marketers try to identify different occupational groups and target their products towards groups with an interest in them. Furthermore, product choice is affected by economic circumstances: income, savings,

assets, debt are all part of personal economics, and especially with price-sensitive goods, marketers try to adjust, by redesigning, repositioning, and re-pricing products. This ensures continual value for the target group. (Kotler, 2000, 168)

People from similar subcultures, social classes, and occupation can often lead completely different lifestyles. According to Kotler (2000, 167), "a lifestyle is the person's pattern of living in the world as expressed in activities, interests, and opinions. Marketers use psychographics to measure and categorize consumer lifestyles. In addition to lifestyles, buying behaviour is also influenced by the personality of consumers, often very extensively. Self-image is closely related to personality, and so marketers try to create brands that reflect the target group's self-image.

2.2.3 Psychological factors

Motivation, perception, learning, and beliefs, are all psychological factors that influence consumer behaviour.

People have needs at any given time. According to Kotler (2000, 171), some needs are biogenic, arising from such psychological states as hunger, thirst, and discomfort. Other needs are psychogenic, meaning psychological states based on the need for recognition, esteem, or belonging. A need becomes a motive when it reaches a sufficient level to force a person to act and products are capable of arousing a set of these motives in consumers. Marketers usually try to specialize in one of these motives. This approach is also known as motivational positioning.

How a motivated person actually acts is influenced by his or her perception of a given situation. Kotler (2000, 173) defines perception as the process by which an individual selects, organises, and interprets information inputs to create a meaningful image of the world. In order for a product to be effectively positioned into the behaviour of consumers, marketers must accomplish the following: attract consumers' attention, communicate positive beliefs and values through the brand, and repeatedly approach the target market to make sure that their efforts are not disregarded.

Kotler (2000, 174) continues that learning involves changes in a person's behaviour. Learning is produced through drives, stimuli, cues, responses and reinforcement. A drive is a strong internal stimulus, impelling action, while cues are minor stimuli determining when, where, and how a person responds. In theory, this means that once a consumer has a positive buying experience, he or she will likely buy the same brand in the future. This is due to the fact that a person generalizes responses to similar stimuli.

Finally, through doing and learning, people acquire beliefs and attitudes. These, in turn, influence buying behaviour. Belief is a descriptive thought that a person holds about something, while attitudes are a person's enduring favourable or unfavourable evaluations, emotional feelings, and action tendencies toward some object or idea. Beliefs may be based on knowledge, opinion, or faith, and may or may not involve emotions. Nonetheless, marketers are very interested in their target group's beliefs, since this is what creates consumer preferences and images of brands. People have attitudes toward almost everything: politics, clothes, music, food. In addition, attitudes are very difficult to change. Marketers, thus, often fit their products into existing attitudes rather than try to change consumers' attitudes. (Kotler, 2000, 175)

2.3 Consumer decision making

2.3.1 The buying decision process

According to Kotler & Keller (2006, 191), the following psychological processes are important in understanding how consumers actually make their buying decisions. Marketers need to understand consumer behavioural aspects of marketing, answering questions in terms of "who, what, where, how, and why". Successful companies attempt to fully understand the consumers' buying decision process, from experiences in learning, choosing, using, and disposing of the product.

Consumers pass through five stages in the buying-decision process: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behaviour.

2.3.1.1 Problem recognition

Kotler & Keller (2006, 191) state that the buying process starts when the buyer recognizes a problem or need. Companies need to identify the circumstances that trigger a particular need among consumers. They can develop marketing campaigns that trigger consumer interest. In addition, consumer motivation must be increased so that a purchase is even given serious consideration.

2.3.1.2 Information search

An interested consumer will be inclined to search for more information. There are two levels of consumer arousal. The milder form is called heightened attention. In this stage, a consumer becomes more receptive to information about a product. At the next stage, active information search, the consumer begins to search for reading material, contact friends, browse the Internet, or visit shops to learn more about a product. (Kotler & Keller, 2006, 192)

According to Kotler & Keller (2006, 192), of key interest to marketers is where consumers get the majority of their information and how much each of these information sources affect the subsequent buying decision. Table 6 shows the four groups of information sources that consumers use in their buying-decision process.

Personal	Family, friends, neighbours, acquaintances
Commercial	Advertising, Web sites, salespersons, dealers, packaging, displays
Public	Mass media, consumer-rating organizations
Experimental	Handling, examining, using the product

Table 6: Product information sources. Based on ideas from Kotler & Keller (2006, 192)

The amount of influence that these different information sources have on consumers varies with each product category. Generally, consumers retrieve the most information from marketer-dominated sources. The most effective and thorough information, however, is often derived from private and public, independent authorities. Each information source performs a specific function in the buying-decision process. Commercial sources, typically, provide information and data about the product, while independent sources perform a legitimizing and evaluative function. (Kotler & Keller, 2006, 192)

Kotler & Keller (2006, 193) state that consumers learn about competing brands, and their features, through gathering information. Each product category has a total set of brands.

Each consumer will know a subset of these brands (awareness set). Some of these brands will meet the consumer's initial buying criteria (consideration set). As the consumer gathers more information, only a few will remain worthy of serious consideration (choice set). The consumer makes the final purchase decision from this set.

Kotler & Keller (2006, 194), continue that companies must strategize to move their brands into the awareness set, consideration set, and choice set. The company must also identify the other brands in the consumers' choice set, so that competitive appeals can be planned. In addition, companies should gather information about the consumers' information sources and their relative importance in purchase decisions. This will enable companies to prepare appropriate communications for the target market.

2.3.1.3 Evaluation of alternatives

According to Schiffman, Bednall, O'Cass, Paladino & Kanuk (2005, 478), making a selection from a sample of all available brands is a characteristic that helps simplify the decision-making process. When evaluating different alternatives, consumers tend to use two types of information, namely the list of brands and the criteria they tend to use for evaluation.

Regardless of the total number of brands in a product category, a consumer's consideration set tends to be small- on average, three to five brands. Among the brands with which the consumer is familiar, there are no acceptable brands, unacceptable brands, indifferent brands, or disregarded brands. The consideration set includes brands that a consumer is familiar with, remembers, and accepts for further consideration.

The terminal positions of the buying-decision model do not end in a purchase for the following reasons: brands may be unknown to the consumer due to selective exposure to advertising media; brands may be unacceptable because of inappropriate positioning in either advertising or product characteristics; brands may be perceived as not having special benefits; brands may be disregarded because of inadequate positioning; and brands may be perceived as not satisfying needs as fully as the chosen brand. (Schiffman, Bednall, O'Cass, Paladino & Kanuk, 2005, 478)

2.3.1.4 Purchase decisions

According to Kotler & Keller (2006, 196), during the evaluation stage consumers form preferences among brands and a buying intention. In executing a purchase intention, consumers, typically, execute five sub-decisions: brand, dealer, quantity, timing, and

payment method. In some cases, consumers may not formally evaluate each purchase decision, while in other instances intervening factors may affect the final decision.

There are two general factors that may intervene with the purchase decision. Kotler & Keller (2006, 197), define these factors as attitudes for others and unanticipated situational factors. These factors are illustrated in Figure 2.

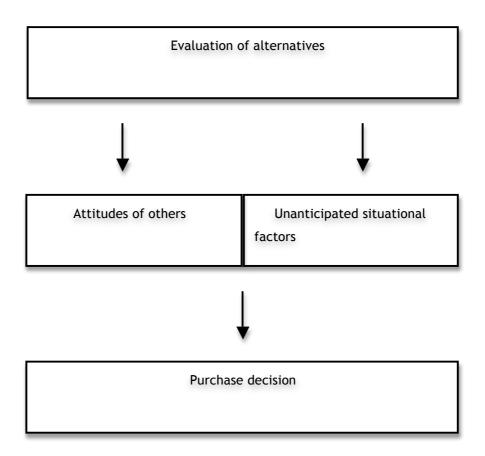


Figure 2: Steps between evaluation of alternatives and a purchase decision according to Kotler & Keller (2006, 197)

The attitude of others is the extent to which another person's attitudes influence the preference for an alternative. This depends on two situational factors: the intensity of the other person's negative attitude toward the consumer's preferred product alternative, and the consumer's willingness to adjust behavioural actions according to the other person's attitudes. The more intensely the other person has negative emotions toward the product and the closer the consumer is to that person, the more the consumer will adjust his or her purchase decisions. (Kotler & Keller, 2006, 197)

Unanticipated situational factors may also change purchase intentions. Consumers' decisions to modify, change, or avoid a purchase decision are often influenced by perceived risk. The

amount of perceived risk varies with price, attribute uncertainty, and the amount of consumer self-confidence. Consumers develop different risk avoidance methods, for example, decision avoidance, information gathering from friends, and preference for national brands and logos. According to Kotler & Keller (2006, 197), marketers must understand factors that create a feeling of risk for consumers, and provide information and guidance to reduce this feeling of risk.

2.3.1.5 Post-purchase behaviour

According to Kotler & Keller (2006, 198), consumers might have emotions of uncertainty about a purchase after noticing disquieting features about the product or hearing favourable recommendations about other brands. Marketing communications should supply support and beliefs that reinforce and continually support positive feelings about a purchase.

Satisfaction, according to Kotler & Keller (2006, 198), is "a function of the closeness between expectations and the product's perceived performance". Whether a consumer purchases the product in the future depends on the positive or negative feelings he or she has about a purchase. Marketers should also monitor how buyers use and dispose of the product. A key factor of sales frequency is product consumption rate- the more quickly a product is consumed, the sooner the consumer will re-purchase the product.

2.4 Consumer product knowledge

Peter & Olson (2005, 72-74) argue that consumers have different levels of product knowledge, which they can use to retrieve new information and make purchase decisions. Levels of knowledge are formed when people acquire separate meaning concepts (accretion process) and combine them into larger categories of knowledge (tuning). No one level of knowledge determines all the possible meanings of an object, event or behaviour. Meanings at different levels of knowledge are coordinated hierarchically, with the more complex meanings including the simpler meanings.

According to Peter & Olson (2005, 74), consumers make separate purchase decisions at each level of knowledge, and so companies need to organize their products according to these different levels of knowledge. For instance, a consumer might make choices between different product forms, classes, and brands. All of these levels are relevant to a business.

Consumers can have three types of product knowledge: knowledge about the attributes of products, the positive consequences of using products, and the values the product helps consumers satisfy or achieve. (Peter & Olson, 2005, 72-74)

2.4.1 Knowledge of attributes

Peter & Olson (2005, 74) discuss that within the limits of production and marketing resources, companies can add new attributes to a product, or modify existing attributes. Companies can change product attributes to make them more appealing to consumers. Even simple products have several attributes. Companies need to identify which attributes are most valuable to the product image, and therefore preferable by consumers. Attributes are analyzed in terms of how consumers use this knowledge in cognitive processes, such as comprehension and decision-making.

Consumers can have knowledge about different types of product attributes. Concrete attributes signify tangible and physical characteristics of a product, while abstract attributes represent intangible and subjective traits of a product. In addition, consumers also have personal evaluations of product attributes. (Peter & Olson, 2005, 75)

2.4.2 Knowledge of benefits

According to Peter & Olson (2008, 73), consumers often think about products and brands in terms of their consequences rather than their attributes. In this instance, consequences are the outcome of what occurs when a product is purchased and consumed. Consumers can have two perceptions of types of consequences: functional and psychosocial. Functional consequences are tangible and physical outcomes of using a product. Functional consequences include the immediate physiological outcomes of using a product, while also including the physical performance outcome of using or consuming a product.

Psychosocial consequences refer to the psychological and social outcomes of product use. Psychosocial consequences of product consumption are internal and personal, for example, how a product effects the end-user emotionally. People's affective and cognitive systems interpret these consequences and form knowledge about these functional and psychosocial consequences. At a later time, affective and cognitive knowledge can be extracted from memory and used in other interpretation processes. (Peter & Olson, 2008, 74).

Consumers can think about positive and negative consequences as potential benefits or possible risks. Benefits are the positive consequences a buyer seeks when purchasing and

consuming a product. Consumers can have both cognitive knowledge about benefits and affective responses to those benefits. Cognitive knowledge typically refers to the propositions linking a benefit to desired functional and psychosocial consequences.

Peter & Olson (2008, 75) argue that perceived risks are undesired consequences related to purchasing and consuming a product. Negative consequences include physical risks, financial risks, functional risks, and psychosocial risks. Thus, perceived risk can be defined as consumers' knowledge or beliefs about the unfavourable consequences, including negative affective responses associated with these undesired outcomes.

2.4.3 Knowledge of values

Peter & Olson (2008, 75) state that consumers also have knowledge about the different personal values that products help them satisfy and achieve. Recognizing when a value has been satisfied is a subjective and intangible feeling. In contrast, functional and psychosocial consequences are tangible and more obvious when they occur.

2.5 Utility theory

According to Arnould, Price, and Zinkhan (2004, 652), "decision makers are rational and have complete information; that is, consumers are assumed to have complete information about the probabilities and consequences attached to each alternative course of action". Consumers are expected to understand this information and be able to calculate the advantages and disadvantage of each choice. Thus, consumers make decisions that maximize expected utility.

Industrial purchasing processes often correspond to this utility model. Individual consumers, however, rarely act in accordance with the assumptions of this model. Information about alternatives is often incomplete or missing, memory is imperfect and biased, perception is selective, and consumers' time and energy for purchasing choices is limited. (Arnould, Price & Zinkhan, 2004, 652)

Having incomplete information, rather than having sufficient information, is what characterizes the majority of consumers. Thus, utility theory is more an idealized model for consumer decision making, and companies need to align their strategic marketing choices with the reality of consumer behaviour and choice modelling. (Arnould, Price & Zinkhan, 2004, 653)

2.6 Reference frame

The following reference frame (Table 7) illustrates the main parts of the theoretical knowledge base of the current study and corresponds them to the different parts of the empirical section in which they have been utilized. Many of the theoretical sections are linked to various different empirical sections, and are all needed in understanding and analyzing each specific section.

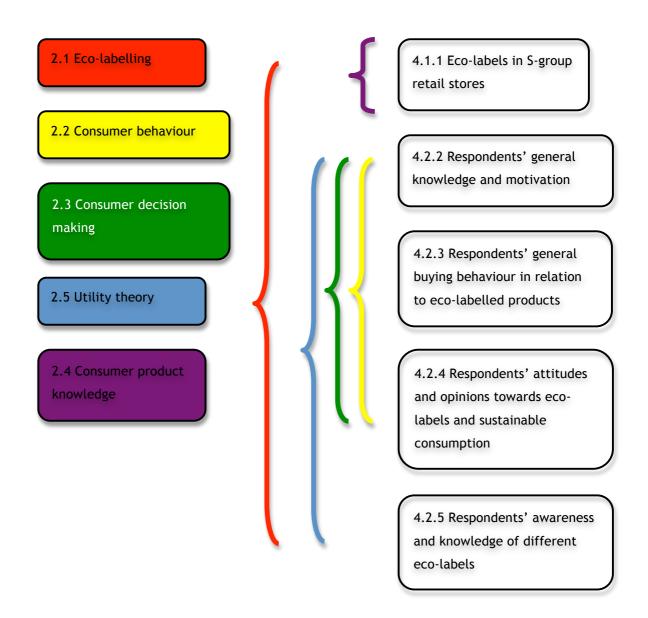


Table 7: Reference frame illustrating the relationship between the theoretical knowledge base and the empirical section of the study

3 Research approach and methodology

3.1 Quantitative versus qualitative research

This section clarifies the research methods which have been used to collect and analyze data. The purpose of this study is to develop eco-labelling procedures and assess various elements which affect this approach. Generally, there are two methods of data collection, specifically qualitative and quantitative research. According to Ghauri & Gronhaug (2005, 109) a qualitative approach emphasises understanding and requires interpretation and rational thinking. In addition, observations and measurements in qualitative research are conducted in natural settings. In contrast, quantitative research emphasises testing and verification, and is studied from a logical and critical approach. Quantitative research requires a controlled environment for measurements and observation. The main difference between qualitative and quantitative research is not of quality but of procedure.

Based on the research purpose of the study, a quantitative approach was used for data collection. A quantitative approach is also explained by the fact that a large group of respondents was needed with structured and predetermined response options.

3.2 Methods used

The theoretical background of the research was collected through various types of literature. Books, company publications, articles, meeting reports, and Internet databases were used as sources of information.

According to Samarhan (1994, 38), there are three main methods of collecting primary data: observation, experimentation and by survey, i.e. questioning people. Survey is considered to be an effective method of gathering information about consumer preferences and attitudes.

The research was conducted by the author in three different Alepa retail shops. The stores were located in the cities of Helsinki and Espoo, and all in different postal code areas. Instead of focusing on the size of the shops where the research was conducted, the author emphasised the need for socio-demographic and socio-economic variance among the consumers. In order to emphasize this variance, the author chose the shops according to the distance between them and Helsinki city centre. The distances were 3, 12, and 20 kilometers. Prior to conducting the survey, all relevant permissions were granted by S-Group and the individual shops.

Samarhan (1994, 38) states that data collection via questionnaire can be administered through mail or by an interviewer in person or by telephone. The data for the empirical section was gathered and personally obtained by the author through a questionnaire, which is presented in Appendix 1.

3.3 Questionnaire design

The questionnaire was designed in such a way that it would be interesting, objective and easily understood by respondents. The questionnaire was constructed with the assistance of a contact person in the case company, as well as the thesis supervisor. This enabled the questionnaire to gather only relevant information, and enhance its validity and reliability. The validity and correctness of the questionnaire was determined and tested, so that it would be easily understood by respondents, and correspond to the objectives of the study.

The questionnaire for this thesis was compiled according to a scaled structure, meaning that after each question there is a set of responses graded on a continuum. The preliminary sociodemographic questions, however, had a multiple-choice format. The questionnaire was originally constructed in the English language, and later translated and administered in the Finnish language. (See Appendix 1)

3.4 Sampling

According to Adér, Mellenbergh & Hand (2008, 1), researchers rarely survey the entire population. The cost of doing so is too high, and the population is dynamic, meaning that the component of population could change over time. There are three main advantages of sampling: the cost is lower, data collection is faster, and it is possible to ensure homogeneity and to improve the accuracy and quality of the data.

The sample size of this study was determined to be 100, derived from five different geographical locations. The sample size was sufficient for the study, since the response rate for on-location surveys is small, because consumers are often unwilling and uninterested in surveys of this nature. The questionnaire was administered in the immediate vicinity of the entrance of the shops, ensuring the variance and objectivity of the respondents.

According to Cochran (1977, 12), probability sampling is where every unit in the population has a probability (greater than zero) of being selected in the sample. This method, more specifically simple random sampling, was used by the author in the study, on the assumption that each consumer in the target population has a positive probability of being surveyed.

3.5 Analysis method

The data collected through the questionnaire was analysed and subsequently conclusions were drawn. The findings of the study are presented in the fifth section of the thesis. Analysis of the data was conducted with the help of Microsoft Excel and the SPSS program.

3.6 Reliability and validity

According to Saunders, Lewis & Thornhill (2007, 149), reliability refers to the extent to which data collection techniques or analysis procedures will yield consistent findings. Furthermore, reliable observations yield the same results on other occasions, and by other observers. It must also be apparent how the raw data was interpreted.

Reliability also refers to the quality of a measurement procedure that provides repeatability and accuracy. Unbiased and objective means that each measurement has been taken in an unbiased manner and without self-interest. (Kumar, 2005, 6)

The author of the study ensured reliable results by collecting data from various sources of theoretical knowledge as well as the implementation of the questionnaire.

According to Kumar (2005, 153), validity is the ability of an instrument to measure what it is designed to measure. Kumar also states that "validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration".

To ensure the validity of this study, the author has studied and examined various sources of information. Sources were used only if they offered relevant information regarding the research topic. The empirical research was based on the theoretical section of the study, further increasing validity. In addition, only generally accepted research methods were applied during this study.

4 Empirical study

4.1 Case company profile

S-Group is a Finnish retailing cooperative organization, founded in 1904. It consists of 22 regional cooperatives operating all around Finland in the groceries, consumer durables, service stations, hotels and restaurant services, agricultural supplies, and car sales markets.

The official name of this nationwide cooperative organization is Suomen Osuuskauppojen Keskuskunta (SOK). The group has businesses in Finland, Estonia, Latvia, Lithuania, and Russia. It is in close competition with Kesko Oyj, with which it shares an oligopolistic position in many of the markets it operates in. (www.s-kanava.fi)

S-Group operates four distinct chains of supermarkets: Sale, Alepa, S-Market, and Prisma. Sale is a chain of small grocery stores, mainly locates in the countryside, with an emphasis on service rather than selection. There are 170 Sale shops in Finland. Alepa, with 70 shops in Helsinki and the neighbouring cities, is the equivalent of Sale in the Greater Helsinki region. S-markets are large supermarkets with a better selection of goods for sale and often providing additional services. This is the largest of S-Groups supermarket chains, with 400 shops in Finland. Lastly, Prisma is a hypermarket chain with 50 shops around Finland.

S-Group has grown significantly in Finland in recent years, growing both organically and by acquisition.

S-Group offers about 700 different eco-labelled products in its retail stores.

4.1.1 Eco-labels used in S-Group retail stores

This thesis studies the majority of the eco-labels offered in S-Group retail stores. The chosen eco-labels, which are the subject of study, are awarded to food products that are produced according to sustainable practices, organically, or socially responsibly. The chosen eco-labels and their purposes are illustrated in Table 8.

Eco-labels awarded to clothing products and home appliances were excluded from the study in order to concentrate the research on one particular category.

4.2 The data of the study

The data collected through the survey is presented in the following sub-sections of the thesis.

4.2.1 Background information on the respondents

The total number of respondents that participated in the survey was 79 people. 54.4 percent of the respondents were male and 45.6 percent female. Thus, the number of male and female respondents were dispersed evenly throughout the survey.

Eco-label	Nam	Purpose	
	Joutsen	Awarded to environmentally friendly products	
****	EU-kukka	Awarded to environmentally friendly products	
Luomu	Luomu	Awarded to organic products	
	EU-luomu	Awarded to organic products	
LUOMU	Leppäkerttu	Awarded to organic products	
FAIRTRADE Reilu kauppa Rejsi handel	Reilu Kauppa	Awarded to socially and economically responsibly produced third-world products	
SUOMES STATE OF THE STATE OF TH	Joutsenlippu	Awarded to products produced mainly (at least 75%) in Finland	
8	Avainlippu	Awarded to products produced mainly (at least 50%) in Finland	
A COUNCIL COUN	MSC	Awarded to products derived from sustainable fishing	

Table 8: List of the chosen eco-labels.

4.3 The data of the study

The data collected through the survey is presented in the following sub-sections of the thesis.

4.3.1 Background information on the respondents

The total number of respondents that participated in the survey was 79 people. 54.4 percent of the respondents were male and 45.6 percent female. Thus, the number of male and female respondents were dispersed evenly throughout the survey.

The majority of the respondents were 15 to 25 years old, comprising of 35 percent of the entire group. The other age groups were represented in the survey evenly, with the exception of over 60 year old respondents, who contributed 6% of the total answers. Table 8 shows the age dispersion of the respondents.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15 to 25	28	35,4	35,4	35,4
	26 to 35	16	20,3	20,3	55,7
	36 to 45	14	17,7	17,7	73,4
	46-59	15	19,0	19,0	92,4
	over 60	6	7,6	7,6	100,0
	Total	79	100,0	100,0	

Table 9: Dispersion of respondents' age

According to the data obtained, almost half of the respondents (43 %) were single, while others were either married or living with a partner.

Results of the survey show that the majority of the respondents (45.6 %) were people with a high-school education, while 34 percent of the respondents had a completed undergraduate or postgraduate degree. The remaining 20.3 percent had primary education.

Of the respondents, 38 percent were students, while other professions comprised a maximum of 12 percent of all respondents. Students were not directly targeted in this study, and respondents were chosen completely randomly. Thus, the large number of student respondents was coincidence. The data also showed that the majority of respondents (32.9 %) had an annual household income of 10 000 euros to 40 000 euros, while 21 percent had an income between 40 000 and 80 000 euros. Respondents earning less than 10 000 euros and more than 80 000 euros contributed respectively 7.6 percent and 10.1 percent of all answers.

4.3.2 Respondents' general knowledge and motivation

The following two sub-sections present the data which clarifies the respondents' general knowledge on environmental issues and motivation toward sustainable consumption.

4.3.2.1 Awareness of environmental effects of product use

Figure 3 illustrates the dispersion of answers given by the respondents regarding how aware they are of environmental problems in relation to production, use and disposal of household products.

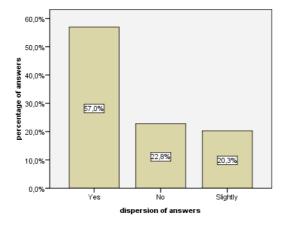


Figure 3: Answers to question 7- Are you aware of environmental problems in relation to the production, use and disposal of household products?

The data obtained shows that more than half (57 %) of the respondents are fully aware and 20.3 percent slightly aware of the environmental consequences related to household product production, use and disposal. Only 22.8 percent of the respondents were unaware of these environmental implications, implying that a considerable informational void is not present regarding these issues.

4.3.2.2 Readiness to adjust consumption patterns

Figure 4 shows how willing the respondents would be to adjust their consumption and purchasing decisions, if information on the environmental load of regular household products were more readily available.

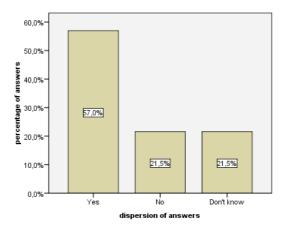


Figure 4: Answers to question 8- If information on the environmental load of regular household products were more readily available, would you include it in your considerations when you buy these products in the future?

The data shows that 57 percent of all respondents would be willing to change to more sustainable consumption, if the amount of relevant information could be more readily available. 43 percent of the respondents respondend that they do not know or would not adjust consumption patterns even if environmental information was increased. In order to increase eco-labelled product sales, it is crucial to increase the availability of comparative information between normal products and eco-labelled products.

4.3.3 Respondents' general buying behaviour in relation to eco-labelled products

The following sub-sections present the data that was collected with the purpose of understanding the respondents' basic buying behaviour.

4.3.3.1 Information search and product comparison

Respondents' answers concerning information search and product comparison were contradictory. While 45.5 percent of respondents agreed partially or strongly about studying various products thoroughly before a purchase, 40.5 percent of the respondents are spontaneous buyers, failing to study different products before a purchase. Consequently, the

number of respondents answering "agree partially" and "strongly agree" to being spontaneous buyers, was more than double (40.5 %) compared to respondents answering "strongly disagree" and "partially disagree" to studying products thoroughly before a purchase. The data is illustrated by figures 5 and 6.

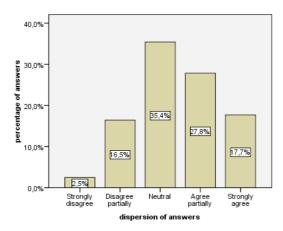


Figure 5: Opinions on statement 1- I study various products thoroughly before I make a purchase

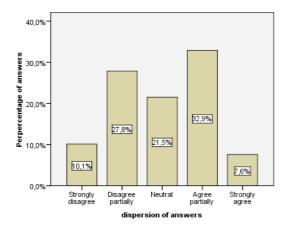


Figure 6: Opinions on statement 2- I often buy spontaneously without studying various products before a purchase

4.3.3.2 Effect of price on decision-making

The following two graphs present the effect that product price and affordability have on respondents in regard to sustainable consumption.

Figure 7 illustrates how willing respondents are to spending more money on household products if this contributes to a less negative impact on the environment. Almost half of all

respondents (45.6 %) answered "agree partially" to being willing to pay more for eco-labelled products and 10.1 percent agreed strongly with the statement. Of the respondents, 20.3 percent agreed partially or strongly about not spending more on eco-labelled products.

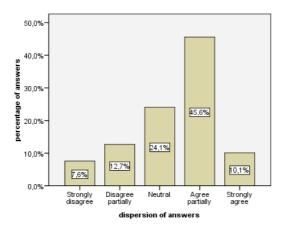


Figure 7: Opinions on statement 3- I am willing to pay extra if it means less negative impact on the environment

Figure 8 shows the amount of impact that affordability has on environmentally friendly purchasing decisions. Of all the respondents, 25.3 percent agreed partially that affordability has a lesser impact, if there is an eco-labelled alternative for a product and 10.1 percent agreed strongly with the statement. Of the respondents, 30.4 percent disagreed partially or strongly about affordability affecting less during decision-making between eco-labelled and non-labelled products.

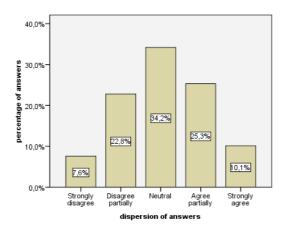


Figure 8: Opinions on statement 4- Affordable shops are less important to me if eco-labelled or organic products are available

In conclusion, on average 12.6 percent of all respondents agreed partially or strongly that affordability impacts purchasing decisions more than the negative impacts of the product that

is being purchased. In contrast, 22.7 percent agreed either strongly or partially that affordability and price are not affecting factors if there is an environmentally friendly product alternative. These findings show that eco-labelled products are justifiably more expensive, and that consumers value the positive attributes of eco-labelled products, and understand the higher production costs related to them.

4.3.3.3 Frequency of eco-labeled product purchases

The following graph (Figure 9) illustrates how frequently respondents purchase eco-labelled household products. The statement was modelled to present information on the rarity of purchases.

The data obtained shows that 60 percent of respondents disagreed partially or strongly about the statement, implying frequent or very frequent purchasing of eco-labelled products. Only 17.8 percent of respondents buy eco-labelled products either rarely or very rarely. The remaining 21.5 responded "neutral" to the statement. This shows that eco-labels already have a solid consumer base and are purchased on constant intervals by consumers.

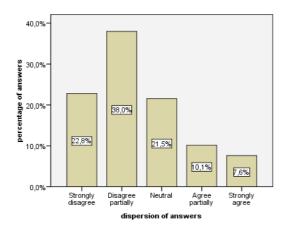


Figure 9: Opinions on statement 5- I very rarely buy eco-labelled products

4.3.3.4 Acknowledgement of eco-labels

Statement 6 in the survey investigates how well the respondents notice a difference between eco-labelled and non-labelled products. The data is illustrated in Figure 10.

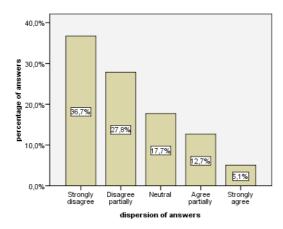


Figure 10: Opinions on statement 6- I don't notice whether a product carries an eco-label or not

It can be seen that a majority (36.7 %) of the respondents strongly disagree with statement 6, implying that eco-labels are noticeable and can be distinguished from non-labelled products. Only 17.8 percent of respondents agreed partially or strongly that they do not notice a difference between these two. Thus, a majority of consumers can differentiate normal products and eco-labelled products, but substantial improvements could be made in this area of product/package marketing.

4.3.3.5 Importance of eco-labels during decision making

Figures 11 and 12 illustrate the extent to which respondents are willing to either postpone a purchase if an eco-labelled product is sold, or buy an alternative product that does not have a label.

Figure 11 shows that a majority of the respondents (55.7 %) do not postpone a purchase if an eco-labelled product is unavailable. Only 21.5 percent of respondents postpone a purchase if an eco-labelled alternative is temporarily unavailable. The remaining 22.8 percent felt neutral about the statement. This shows that a majority of consumers do not value eco-labelled products and sustainable consumption patterns to the extent that any other alternative would not be acceptable. The following statement increasingly strengthens this observation.

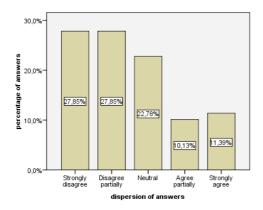


Figure 11: Opinions on statement 7- If an eco-labelled product is sold out, I postpone my purchase

Statement 10 of the survey investigated whether or not respondents purchase a product regardless of the fact that the eco-labelled version is temporarily unavailable. Of the respondents, 57 percent would buy a an un-labelled version of a product, if an eco-labelled version is unavailable, while only 27.8 percent would, to some extent, agree with the statement, and postpone the purchase.

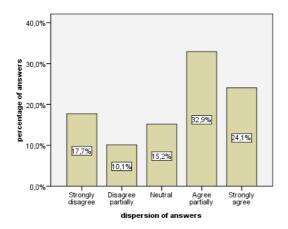


Figure 12: Opinions on statement 8- If an eco-labelled product is sold out, I buy a product without a label

4.3.4 Respondents' attitudes and opinions towards eco-labels and sustainable consumption

The following sub-sections present the data obtained, which determines the respondents' attitudes and opinions toward ethical and sustainable consumption.

4.3.4.1 Responsibility/power of consumers/government

Statements 9,10,11 and 13 investigated the respondents' opinions on the power of individual consumers in affecting environmental problems through sustainable consumption, as well as the extent to which the government is responsible for resolving environmental issues.

Figures 13 and 14 show the dispersion of answers to statements 9 and 11, which determine the extent to which respondents' feel individual consumers are able to influence environmental problems through sustainable consumption. Figure 13 shows that a considerable amount (68.3 %) of respondents answered "agree partially" or "strongly agree" to the fact that consumers can contribute to solving environmental problems. Only 11.4 percent disagreed either slightly or strongly about the statement.

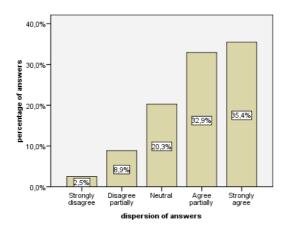


Figure 13: Opinions on statement 9- Individual consumers can contribute to solving environmental problems

Figure 14 illustrates the respondents' degree of agreement concerning whether or not it is difficult for citizens to affect environmental problems through consumption. 27.8 percent of the responses were neutral, while almost half (49.3 %) of the respondents agreed either partially or strongly that it is difficult to influence positively through consumption. The remaining 22.8 percent disagreed with the statement.

This shows that a majority of consumers want to help in solving environmental problems, but perceive it as difficult.

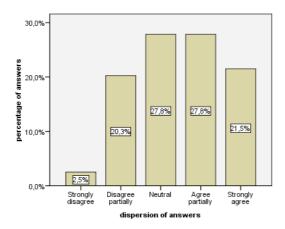


Figure 14: Opinions on statement 10- It is difficult for citizens to influence the environment positively through their consumption

Statement 11 investigated whether or not respondents agreed with the fact that hazardous products should be banned by law. The dispersion of answers was extremely unanimous with 58.2 percent of respondents agreeing strongly with the statement. 19 percent of respondents disagreed with the statement, and 10.1 percent answered "neutral" to the statement.

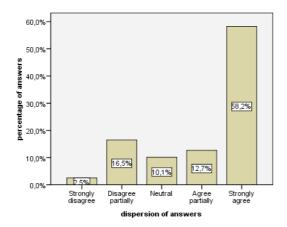


Figure 15: Opinions on statement 11- We must ban hazardous products to lower environmental load

Whether or not the solution to environmental problems is mainly the responsibility of the government was the subject of investigation in statement 15. A considerable amount (59.5%) of respondents agreed partially or strongly with the statement, implying that environmental responsibility belongs mostly to the government. Only 18.7 percent disagreed with the statement. The dispersion of answers is illustrated in Figure 16.

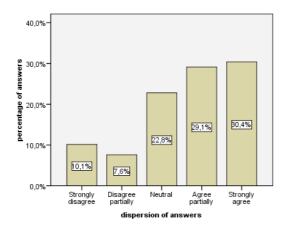


Figure 16: Opinions on statement 12- The solution to environmental problems is chiefly the responsibility of the central government

4.3.4.2 Consumer trust of eco-labeling programmes

The level of agreement among respondents about the reliability of eco-labels was investigated in statement 14. In general, the answers were rather neutral, with 35.4 percent of answers being "neutral". The remainder of the answers were mostly "disagree partially" or "strongly disagree", implying that the respondents did not agree that eco-labels, in general, are unreliable. All in all, the level of trust of eco-labels was high among the respondents, as can be seen in Figure 17.

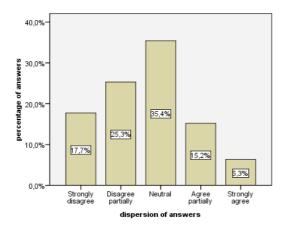


Figure 17: Opinions on statement 13- Eco-labels are unreliable because verification of the labels is poor

4.3.4.3 Effect of eco-labeled products on health

A considerable amount of respondents agreed that eco-labelled product consumption leads to a healthier lifestyle. 40.5 percent of respondents agreed strongly with this statement, and only 16.5 percent answered "neutral" to the statement. The responses are illustrated in Figure 18. Again, a majority of consumers have positive mental images of eco-labelled product attributes, but information flow in this area could and should be increased.

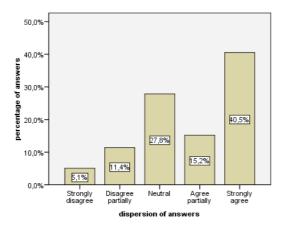


Figure 18: Opinions on statement 14- Environment-conscious consumption leads to better health

4.3.4.4 Hindrances for sustainable consumption

Figures 19, 20, and 21 show the dispersion of answers to statements, which were constructed to investigate respondents' reasons for not consuming eco-labelled products.

Figure 19 shows the dispersion of answers to statement 15. The statement investigated to what extent respondents perceive that sustainable consumption is ineffective, because of the fact that other people do not practise it. The majority (48.1 %) of respondents disagreed with the statement completely, and 26.6 percent disagreed partially. Thus, only 25.4 percent of answers were either neutral, or disagreeing to some extent.

Responses for statement 16 were highly dispersed. The statement was constructed to investigate how much inconvenience affects sustainable consumption. 49.9 percent of responses were either "strongly disagree" or "disagree partially", while 32.9 percent were "strongly agree" or "agree partially". The remaining 17.7 percent of answers were neutral. The dispersion of answers is illustrated in Figure 20.

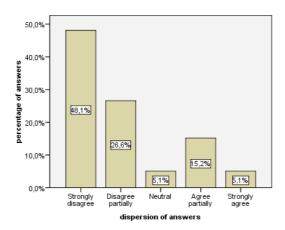


Figure 19: Opinions on statement 15- It is useless to take environmental considerations when one else does

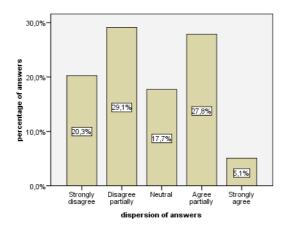


Figure 20: Opinions on statement 16- I know I should be more environment-conscious, but it is too much trouble

Figure 21 shows the respondents' opinions on the effect of cost on the consumption of ecolabelled products. As can be seen, a large amount (25.3 %) of respondents felt that ecolabelled products are too expensive, and therefore hinder sustainable consumption. 39.2 percent of answers, however, were disagreeing to the statement, and 35.4 percent completely neutral, implying a disregard for a higher cost when purchasing eco-labelled products.

4.3.4.5 Perception of sustainable consumers/consumption

This sub-section illustrates the data collected on respondents' perceptions about sustainable consumers and sustainable consumption.

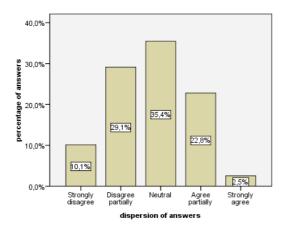


Figure 21: Opinions on statement 17- I know I should be more environment-conscious, but it is too expensive

Statement 18 investigated whether or not respondents perceived that environmentally friendly consumption is not interesting. A considerable amount (20.3 %) of respondents perceived that environmentally conscious behaviour is not interesting. Of the respondents, however, 66.9 percent disagreed either completely or partially the opposite about the statement, implying that sustainable consumption and eco-labelled products are interesting. The data is illustrated in Figure 22.

Statement 19 continued by investigating whether or not respondents perceived sustainable consumers as "unrealistic urbanites". The dispersion of answers (Figure 23), shows that a considerable majority (86.1 %) of respondents either disagreed or had neutral about the statement, while the remaining agreed partially or completely.

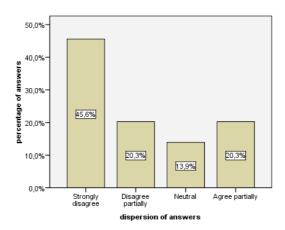


Figure 22: Opinions on statement 18- It is boring to be an environment-conscious consumer

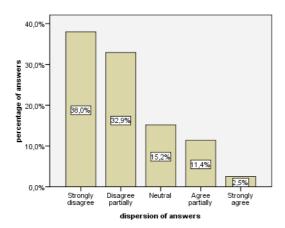


Figure 23: Opinions on statement 19- The so-called environment-conscious consumer is often an unrealistic urbanite

4.3.5 Respondents' awareness and knowledge of different eco-labels offered in S-Group retail stores

This section presents the data collected about the extent of knowledge and awareness that respondents had about the different eco-labels that exist in S-Group retail stores. The scale of the survey for this section was 1(never heard) - 5(extremely familiar), and the graph (Figure 24) illustrates the findings according to the mean value of the dispersion of answers.

The data shows that the respondents recognize and are most knowledgeable about the Luomu- label, with a mean of 3.9. The Reilu Kauppa label gathered the second highest awareness rate (3.8), while the Joutsen- label had an awareness rate of 3.7. The MSC- label, had a considerably low awareness rate of 2. Figure 24 illustrates the average response value for each eco-label in the survey.

Figure 25 illustrates the respondents' overall awareness rates of the eco-labels according to category. This is a necessary analysis approach since the survey studied a varying number of labels from each category. There are, for example, three labels in the organic category, while only one in the social responsibility category. This approach will present the respondents' actual awareness rates of each eco-label category, and not just the individual labels. The results were acquired by adding the mean values of each eco-label in their corresponding category together, and then dividing the resulting value by three (the largest number of labels in any category).

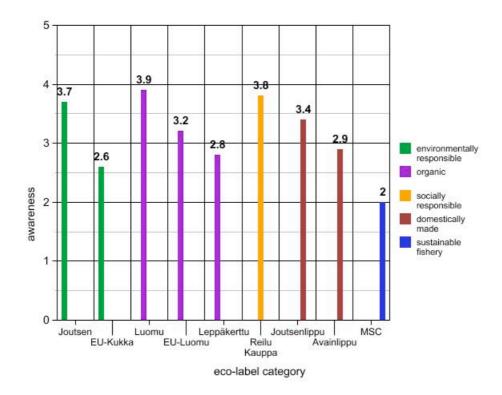


Figure 24: Respondents' awareness and knowledge of eco-labels.

According to the data, organic labels are represented most widely in Alepa retail stores and gathered the largest awareness rate (mean 3.3) amongst the eco-label categories. The social responsibility category had only one label (Reilu Kauppa), which decreased its overall awareness rate to 1.3. The results are illustrated in more detail in Figure 25.

4.3.6 Respondents' sources for eco-labelling information

This section presents the data acquired from the survey results pertaining to the respondents' sources for eco-labelling information.

Company publications are the respondents' primary source of eco-labelling information, with a 25.3 percent share of all answers indicating this fact. Direct marketing has the lowest effect on respondents (2.5 percent of all answers) regarding the communication of eco-labelling information. Figure 26 illustrates the dispersion of answers in more detail.

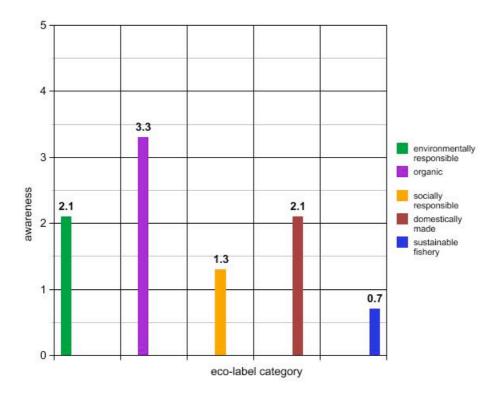


Figure 25: Respondents' overall awareness of eco-labels by category.

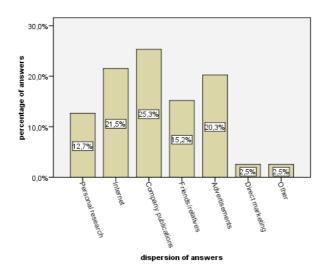


Figure 26: Respondents' sources of eco-labelling information.

5 Conclusions

5.1 Research findings

The main objective of this thesis was to examine the behaviour of consumers towards ecolabelled products, as well as their awareness of different eco-labels and eco-label groups. The study investigated aspects such as which groups of people make use of eco-labelled products and the general buying behaviour and attitudes that consumers have towards ecolabels. The research also examined, in more detail, specific behavioural facets of day-to-day buying behaviour and attitudes, in order to create a comprehensive representation of the research area in question.

5.1.1 Consumer buying behaviour, attitudes and opinions towards eco-labels and sustainable consumption

The first area of research focused on the respondents' knowledge and motivation regarding environmental problems and the different negative ecological implications of household product production, use and disposal.

According to the survey results, a considerable number of respondents were aware of the environmental problems related to household product production, use and disposal. Only 22.3 percent of respondents felt unaware of these facts. These findings imply that S-Groups' customers are already familiar with environmental issues, and thus marketing efforts should not be focused on addressing basic ecological issues. These findings are, however, contradictory with the results obtained from the answers to statement 3, which showed 57% of respondents being willing to change consumption patterns if relevant information was more readily available.

Therefore, it can be concluded that S-Groups' customers have a basic knowledge base about the issues addressed by eco-labels, but require further information, delivered in a more effective way.

Referring to the survey results, there was a definite correlation between men and spontaneous buying behaviour, while women were more inclined to study product specifications and eco-labelling information before making a purchasing decision.

The results also show that a preference between eco-labelled and non-labelled products has not formed among consumers. This assumption is based on the fact that a significant majority

(55%) of respondents were inclined to buy non-labelled products if the eco-labelled version is temporarily unavailable. Only 21.5 percent of respondents answered otherwise.

Eco-labels have been successfully differentiated from other similar retail products according to the survey. The majority of respondents agreed that there is a noticeable difference between eco-labelled products and non-labelled products. Only 17.7 percent of respondents do not notice a difference between the two.

Survey results regarding the responsibilities of individual consumers versus the government showed that consumers perceive individual consumers as being able to have an impact on solving environmental problems, but perceive it as a difficult. In contrast, consumers also strongly believe that the government has the largest responsibility in resolving environmental issues. This is evident due to the fact that 60 percent of respondents agreed with this fact.

According to the survey results, consumers have not created mental images about ecolabelled product consumption since only 13.9 percent of all respondents perceived ecolabelled product consumption only for "unrealistic urbanites". This is highlighted by the fact that almost 70 percent of respondents perceived eco-labelled product consumption as interesting.

The study shows that price is not a factor in purchase-decision formation. Of the respondents, 55 percent are willing to pay more if an eco-labelled version of a product is available. In addition, 40 percent of the respondents perceived that sustainable consumption is not hindered by a higher price. Furthermore, 50 percent of respondents implied that purchasing inconvenience is also not a hindrance to eco-labelled product consumption.

Lastly, a definite majority (55.7 %) of respondents perceived eco-labelled product consumption as leading toward a healthier lifestyle.

5.1.2 Consumer awareness of eco-labels

According to the survey results, all of the different eco-labelling groups have created awareness among consumers. Each group, except for sustainable fishery, had an eco-label with an awareness level higher than 3.

When comparing the domestic eco-labels to international eco-labels, there is a significant difference in awareness level among consumers. For example, the domestic eco-label for environmental responsibility (Joutsen), had a final awareness value of 3.7, while the EU

equivalent had a value of only 2.6. Furthermore, the domestic eco-label for organic production (Luomu) had a 0.7 higher value than the EU equivalent.

Since there was a varying number of eco-labels in each category, the overall awareness value for each individual eco-labelling group was defined. Although the Reilu Kauppa- label had the largest individual awareness value, the overall value of the socially responsible category was the second lowest. This is due to the fact that Reilu Kauppa was the only label in that category. Using the same formula, the organic category had the largest overall value with a 3.3 awareness value. The remaining categories had values ranging from 2.1 to 0.7.

5.1.3 Sources for eco-labelling information

According to the survey results, the majority of consumers obtain their eco-labelling facts and information from company publications and the Internet. This is a definite indication that consumers seek out information voluntarily when in need of eco-labelling information. There is, however, a moderate amount of success also in advertisements, being the third most popular source for eco-labelling information.

5.2 Suggestions

A company should always be finding new and creative ways to reach its customers. The survey results of this study indicate a lack of marketing communication success, regarding ecolabels. The results clearly show that S-Group's customers already have a basic knowledge of eco-labels and environmental issues, but require further information, delivered in a more effective and easy-to-understand way. The survey results also show positive indications about the readiness of consumers to adjust to more sustainable consumption patterns and their willingness to pay extra for eco-labelled products.

The image of eco-labels and sustainable consumption must be altered in the minds of consumers, making it a mainstream way of thought and part of everyday life. The proven and effective marketing techniques used promoting other areas of retail business should be applied to eco-labelled products as well. Marketing departments could, for example, promote sustainable consumption as a trendy and fun product group for children, while highlighting healthiness for women.

As the largest retail operator in Finland, S-Group has a substantial social responsibility for the environment and a considerable effect on consumer consumption patterns. "The impact of eco-labels on the environment depends largely on whether consumers buy eco-labelled

products or not. The more consumers buy eco-labelled products, the more positive the resulting impacts on the environment. Thus, the impact of eco-labels on the environment can be evaluated indirectly on consumer awareness and acceptance of eco-labelled products and on consumer behaviour. (Council of Europe, 2003, p. 153).

The initial setbacks financially, for example, must be considered, but as eco-labelled product consumption increases, prices will decrease. On a larger scale, sustainable production is an important part of the future, and companies taking advantage of it should begin to experience positive results.

5.3 Future challenges

Ever-changing customer needs and trends in the food industry change rapidly and companies must be able and willing to adjust to these patterns. The nature of sustainable consumption and eco-labels, as of now, is one of the least profit-seeking areas of business. This means companies aligning their strategic efforts with sustainable consumption will have substantial difficulties with satisfying the different stakeholder groups at the same time. Profitability, for example might decrease short-term, disappointing shareholders. A positive impact on other groups, such as consumers and environmental organizations will, however, be apparent. Thus, the greatest challenges for companies will be in incorporating social and environmental responsibility into their overall organizational values and principles.

5.4 Suggestions for future research

The present thesis researched awareness and behaviour towards eco-labels and sustainable consumption, on the consumer level. This same area of research could also be studied from an organizational perspective, analysing how companies are currently incorporating sustainability issues into their strategic plans and organizational culture. This study could be successfully accomplished using qualitative methods on various levels of an organization or several different organizations.

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Please kindly answer the following questions. The purpose of this survey is to study consumer behaviour towards eco-labelled products. The survey is anonymous and will only take a few minutes of your time. Your opinions are very important to us. Thank you!

SECTION 1			
1. Gender?			
Female			
Male			
2. Age?			
15-25			
26-35			
36-45			
46-59			
60+			
3. Marital stat	tus?		
Single			
Married			
Living with so	meone \square		
4. Education?			
Grade school			
High school/V	ocational school		
Undergraduat	e		
Postgraduate			
Other			

5. Annual household	income?
< 10 000 € 10 000 - 40 000 € 40 000 - 80 000 € > 80 000 € No comment	
6. Profession?	
Entrepreneur Office worker Housewife Executive Employee Student Retired Unemployed Other	
household products?	environmental problems in relation to the production, use and disposal of
Yes No Slightly	
	the environmental load of regular household products were more readily include it in your considerations when you buy these products in the
Yes No Don't know	

SECTION 2

Please check the box, which most accurately describes your opinion 1 (totally disagree) - 5 (totally agree)	n to each statement.
I study various products thoroughly before I make a purchase	1 2 3 4 5
2. I often buy spontaneously without studying various products before a purchase	
3. I am willing to pay extra if it means less negative impact on the environment	
4. Affordable shops are less important to me if eco-labelled or organic products are available	
5. I very rarely buy eco-labelled products	
6. I don't notice whether a product carries an eco-label or not	
7. If an eco-labelled product is sold out, I postpone my purchase	
8. If an eco-labelled product is sold out, I buy a product without a label	
9. Individual consumers can contribute to solving environmental problems	
10. It is difficult for citizens to influence the environment positively through their consumption	
11. We must ban hazardous products to lower environmental load	

12. The solution to environmental problems is chiefly the responsibility of the central government	
13. Eco-labels are unreliable because verification of the labels	
is poor	
14. Environment-conscious consumption leads to better health	
15. It is useless to take environmental considerations when one else does	
16. I know I should be more environment-conscious, but it is too much trouble	
17. I know I should be more environment-conscious, but it is too expensive	
18. It is boring to be an environment-conscious consumer	
19. The so-called environment-conscious consumer is often an unrealistic urbanite	

SEC	TIC	N	3
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How familiar are you with th 1 (never heard) - 5 (extreme	_
	1 2 3 4 5
 Joutsen EU-Kukka Luomu EU:n luomumerkki Leppäkerttu Reilu Kauppa Joutsenlippu Avainlippu MSC 	
How have you received infor	mation regarding eco-labels?
Personal research Internet Company publications Friends/Relatives Advertisements Direct marketing Other	
THANK YOU!	

K١	/se	l٧

Tämän tutkimuksen tarkoitus on selvittää kuluttajakäyttäytymisen nykytila vmpäristömerkittviä tuotteita kohtaan. Kyselv on anonyymi ja vie vain muutaman minuutin

	eesi ovat hyvin tärkeitä meille. Kiitos!
<u>OSIO 1</u>	
1. Sukupuoli?	
Nainen [
Mien	
2. Ikä?	
15-25	
26-35	
36-45	
46-59	
60+	J
3. Siviilisääty?	
Naimaton	
Naimisissa	
Avoliitossa	
4. Koulutus?	
Peruskoulu	
Lukio/Ammatilli	inen koulutus
Alempi korkeako	
Ylempi korkeako	oulututkinto
Muu	

	5. Talouden vuositulot?			
	< 10 000 € 10 000 - 40 000 € 40 000 - 80 000 € > 80 000 € Ei kommenttia			
	6. Ammatti?			
	Yrittäjä Toimihenkilö Kotiäiti Johtaja Työntekijä Opiskelija Eläkeläinen Työtön Muu			
7. Oletko tietoinen taloustuotteiden valmistukseen, käyttöön ja hävittämiseen liittyvistä ympäristöhaitoista?				
	Olen En Hiukan			
8. Jos taloustuotteisiin liittyvistä ympäristöhaitoista olisi enemmän tietoa tarjolla, vaikuttaisiko se tuleviin ostopäätöksiisi?				
	Kyllä Ei En tiedä			

<u>OSIO 2</u>

Ole hyvä ja merkitse rasti ruutuun joka parhaiten kuvaa mielipidettäsi kyseisestä väitteestä. 1 (täysin erimieltä) - 5 (täysin samaa mieltä)		
Tutkin tuotteen pakkausmerkinnät tarkasti ennen ostopäätöksen tekoa	1 2 3 4 5	
2. Ostan tuotteita spontaanisti, enkä tutki pakkausmerkintöjä ennen ostopäätoksen tekoa		
3. Olen valmis maksamaan enemmän ympäristöystävällisistä tuotteista		
4. Edullisuus merkitsee minulle vähemmän, jos vaihtoehtona on tarjolla ympäristömerkitty tuote		
5. Ostan ympäristömerkittyjä tuotteita erittäin harvoin		
6. En huomaa ympäristömerkittyjen tuotteiden ja tavallisten tuotteiden välillä eroa		
7. Jos ympäristömerkitty tuote on väliaikaisesti loppu, lykkään ostoa		
8. Jos ympäristömerkitty tuote on väliaikaisesti loppu, ostan tilalle merkittömän tuotteen		
9. Yksittäiset kuluttajat voivat vaikuttaa positiivisesti ympäristöongelmien ratkaisuun		
10. On haastavaa vaikuttaa kulutustottumuksilla positiivisesti ympäristöongelmien ratkaisuun		
11. Mäidän on kiellettävä ympäristöä rasittavien tuotteiden käyttö		

12. Valtiolla on suurin vastuu ympäristöongelmien ratkaisussa	
13. Ympäristömerkit ovat epäluotettavia koska aitouden vahvistus on vaikeaa	
14. Ympäristöystävällisten tuotteiden kulutus johtaa terveellisempään elämäntapaan	
15. On yhdentekevää toimia ympäristöystävällisesti kun muutkaan eivät sitä tee	
16. Tiedän että pitäisi suosia ympäristöystävällistä kuluttamista, mutta se on liian vaivalloista	
17. Tiedän että pitäisi suosia ympäristöystävällistä kuluttamista, mutta se on liian kallista	
18. Ympäristöystävällinen kuluttaminen on tylsää	
19. Ns. Ympäristöystävällinen kuluttaja on epärealistinen kaupunkilainen	

<u>OSIO 3</u>

Kuinka hyvin tunnet seuraavat ympäristömerkit?				
1 (en ole kuullutkaan) - 5 (erittäin hyvin)				
	1 2 3 4 5			
1. Joutsen				
2. EU-Kukka				
3. Luomu				
4. EU:n luomumerkki				
5. Leppäkerttu				
6. Reilu Kauppa				
7. Joutsenlippu				
8. Avainlippu				
9. MSC				
Kuinka olet saanut tietoa eri ympäristömerkeistä?				
Henkilökohtainen tutkimus				
Internet				
Yritysten julkaisut				
Kaverit/Sukulaiset				
Mainonta				
Suoramarkkinointi				
muu				

KIITOS!