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The influence of business ethics and green marketing on consumer buying behaviour

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The purpose of this thesis was to give an answer how much young adults were giving weight as a consumer on companies' ethical and environmental efforts or did they even know anything about those? Could young adults be a potential market group for products which are produced ethically and by using sustainable means in production and had 1990's green concern already turned to green consumerism?

Main objects for this study was to create a big picture about the present situation and awareness about how business ethics and environmental policies affect to consumer buying behaviour and companies' marketing strategies. Also one of the main objectives was to find out if there was business possibility to start to import products which are ethically and sustainably produced and to encourage companies to take these matters into more serious consideration while planning their future strategies.

The theoretical part is focusing on business ethics, green marketing and consumer buying behaviour. Together these three topics will create a theoretical background about consumer buying process and the effect of two external stimuli: business ethics and green marketing to consumer buying behaviour.

The empirical part was conducted using a qualitative method. This included an open distance questionnaire for 20 Satakunta University of Applied Sciences students. These responses were analyzed and conclusions were made.

The results of the research indicated that young adults were a potential target group with knowledge about ethical and ecological policies. To attract majority of the young adults to choose ethical and ecological products would need more effective marketing campaigns from the companies. It would also need some political changes like attitude toward these products, for example by tighter regulations about companies' liability from their co-partners' acts.

## CONTENT

1	INTRODUCTION.....	4
2	BUSINESS ETHICS .....	5
2.1	Ethics and business ethics.....	5
2.2	Corporate social responsibility .....	9
2.2.1	Shareholder theory .....	11
2.3	Corporate governance .....	12
2.4	Environmental issues .....	14
3	GREEN MARKETING.....	15
3.1	Definition and development of green marketing.....	15
3.2	The importance of green marketing for business and environment.....	17
3.3	Opportunities .....	18
3.4	Governmental and competitive pressure.....	20
3.4.1	Cost or profit issues.....	24
3.5	The role of green consumer .....	26
3.6	Some problems with going green .....	27
4	CONSUMER BUYING BEHAVIOUR AND BUYING PROCESS.....	29
4.1	Models of buyer behavior .....	29
4.2	Factors influencing behavior .....	31
4.3	The buyer decision process.....	34
4.4	Decision process for new product.....	39
5	THE PURPOSE OF THE STUDY AND CONCEPTUAL FRAMEWORK .....	40
6	RESEARCH METHODS.....	42
6.1	Basic paradigm chosen .....	42
6.2	Data gathering.....	42
6.2.1	Sample .....	42
6.2.2	Data collection methods .....	43
6.3	Data analysis .....	44
6.4	Quality assessment of the study.....	45
7	RESEARCH FINDINGS .....	47
8	SUMMARY AND CONCLUSION.....	61
9	RECOMMENDATIONS .....	62
	REFERENCES.....	65
	APPENDICES	

## 1 INTRODUCTION

The subject of this thesis is the influence of business ethics and green marketing on consumer buying behaviour. Research purpose is to create big picture from the present situation and the awareness of young adults about business ethics and environmental policies, and those influence to the consumer buying behaviour. To find out if there would be business possibilities to start to import ethically and sustainable produced products and encourage companies to take business ethics and environmental policies into more serious consideration while planning their future marketing strategies.

The theoretical part in the second chapter will be emphasizing what is ethics, business ethics and corporate social responsibility. Shareholder theory will be included there as the opposite statement to show how differently people can see business and the way it should work. Corporate governance will be explained, as the management of companies make most of the decisions concerning ethical and ecological policies that a whole company will follow. Second chapter's last part will be about environmental issues and the third chapter will focus on green marketing and to its development, importance and opportunities. There will be also a brief list of problems that companies will encounter while choosing to follow an ecological path. Fourth chapter will be focusing on consumer buying behaviour and buying process, and how external and internal stimuli will affect on those.

Empirical field work will be made through distance interview questionnaire to 10 female and 10 men respondents. Questionnaire includes 18 well structured questions which have been proven by thesis supervisor. Respondents will be chosen from Satakunta University of Applied Sciences because the focus group is young adults. Questions will be sent to the respondents via e-mail and after they have returned the answers, author starts to analyze and make conclusions. This research is qualitative and results will be narrative based on analysis.

## 2 BUSINESS ETHICS

### 2.1 Ethics and business ethics

*Ethics* can be defined by several ways, but original words are coming from Latin “ethikos” and Greek “ethos” which means custom, habit, character, disposition or usage. Most philosophers and dictionaries define ethics as a study or investigation of morality or moral facts and sometimes it is called as moral philosophy. The main question in the study field of ethics is what ought to be? It will cover dilemmas like our rights and responsibilities and how to live a good life, not just toward oneself but also for the society where we are living. Stanwick (2009) has defined ethics as a following way; values that a person will need while making a decision if the action or behaviour is acceptable. Objective of ethics is to establish standards by which following a man could do greatest good and human behaviour could be judged through these standards. This includes suggestions about moral behaviour via do’s and don’ts. From the nature of ethics we have to remember that ethics apply only human beings, because only we have freedom of choice and means of free will. Only human being is able to choose degree of ends and means how they will achieve those. Religions, philosophies, cultures and laws have affected our concepts of ethics. (Guide to morality & ethics 2011; BBC www-page 2010; Stanwick etc. 2009; Gulshan etc. 2008, 617-619; Introducing philosophy 11: Ethics 2005)

According to Haynes (1998) ethics and moral should be separated, which Aaltonen (1999) confirms by saying: “Ethics examine more about theory, rights, responsibilities, contents and systems, when *Moral* concerns practical actions” (Aaltonen etc. 1999, 141). Hallamaa (2001) has defined object of moral actions to help understand what moral and morality means, “Object of moral actions should be someone or something that can be harmed or to be treated well, whose interests and rights can be hurt or defend and whose wellbeing may be threaten or contributed.” (Aaltonen etc. 1999, 141; Haynes 1998, 4; Wiley 1995, 22; Maddux 1989, 5)

In the age of two human begin to understand meaning of *responsibility* in some levels and people might have heard children in the age of three or four screaming

“That’s not fair” which indicates some level understanding of injustice. From this point person begins to realise the matter of negative things, which by doing he or she will be able to upset other people. Negative things are the basis for understanding and learning to be moral and responsible and without a bad things, person would not be able to see difference between right and wrong. In business ethics, taking responsibility from personal choices is a major thing, which means person’s willingness to accept that he or she is accountable from the results of the choice which he or she will make. When we have chosen between two or more options, result will follow the law of cause and effect. By causing something to happen will have an effect that we wanted or planned but usually it has multiple effects and some of them may be a surprise or even negative but accepting both, person may feel him or her to be a “responsible person”. In a company, managers may have sometimes situations where they have to choose between their moral sense of responsibility and the demands of their senior managers. In this kind of situations person who need to choose should not make irresponsible decisions just because senior bosses have told them to do so. (Lennick, D etc. 2005. 23-24, 95)

Paliwal (2006) has described business ethics as specialized study of moral right and wrong in a business, which can also be defined as a form of applied ethics. Like ethics try to answer how to live a good life, also business ethics try to give answers about standards or rules about business behaviour by which following business can increase human welfare and the good. Business ethics covers not only the inside of the company, but it demands company to think all the stakeholders and by violating these rules of business, company activities may be judged. Very basic ethical standards that businesses should obey can be found from “The Ten Principles” of the United Nations Global Compact web page. (Paliwal, M. 2006. 7-8; UN global compact [www-page](#))

In Gavai (2010) book Thomas Garret points out that the business ethics is an examination of the impacts of business actions to the individuals and to the societies where it is running. He also says that business ethics is questioning morality of business and business action to assess and evaluate if those are good and right. Gulshan (2008) has identified three C’s of business ethics to help understand what it is all about; these are the compliance, the contribution and the consequences. Compliance stands for

obeying rules coming from inside and outside of the business. The contribution stands for the business efforts which can be made to support society. The consequences of the business activity includes environmental thinking inside and outside of the business, social responsibilities that business have to its shareholders, bankers, consumers and employees. The consequence also includes creating a good public image for the company. (Hanson, K. 2010; What is business ethics. 2009; Gulshan, S. etc 2008. 621-622)

Modern competitive and profit driven business model has forced companies to globalize and change into multinationals which can be thought as a good development for a business evolution. Globalization has also raised new dilemmas considering morality and ethics in a business. Multinational companies have spread their functions all over the world, mainly to low cost countries to maximize profits of the business, but when we start searching where those low costs are coming from we cannot pass over the growing significance for the need of business ethics in a modern business world. Usually lowest cost can be found from a less developed country which laws and regulations, human rights, social security, technology et cetera. Are behind compared to the other countries, in many cases, these countries have or have had conflicts, war or political instability inside the country. These have split the society into smaller groups and among these group's welfare may be unequal and civilians just try to earn what they can to survive. This kind of situation is ideal for making huge profits with low costs. Multinational company will set up a part of their functions mainly production to the countries like this. (Gaurav, A. 2011; Gavai, A. 2010. 4-13; Chinweike 2010. www-page; Manuelguillenparra 2010; Gulshan, S. etc 2008. 622-624; Kamal 2006; Paliwal, M. 2006. 8-10; Fieser, J. 2005; Financeprofessor 2003. www-page)

According to Fieser (2005) multinationals will set up functions by adopting moral principles which has the lowest costs and are still accepted by the culture or society. They will start abusing holes in laws and regulations by doing things which are forbidden in other countries, this is not illegal but it is unethical. After this, company may start lobbying or bribing of government parties that allow such actions to continue or resist any changes concerning state of the society or other ways trying to stop companies abusing of the country. If some conflict is causing some group of the society living under poorness, company may offer them a job as goodwill but truth is

that the terms of working conditions are as low as possible and also work contracts, if those even exist. In worst case families are forced to send their children work as well, because of the low incomes. Manipulation of the society does not need end here; companies may even feed the conflict by giving money to people who are responsible of the conflict, so that company have more time to make money. This is radical behaviour and against each principle of business ethics, it is not rare and tightening competition and claims for higher profit or dividends are driving more companies on the way of this path. (Gaurav, A. 2011; Gavai, A. 2010. 4-13; Manuelguillenparra 2010; Chinweike 2010. www-page; Gulshan, S. etc 2008. 622-624; Kamal 2006; Paliwal, M. 2006. 8-10; Fieser, J. 2005; Financeprofessor 2003. www-page)

Even though the main principle for a business is to make a profit to its shareholders but without moral standards and ethical decision making a company will not survive long. A company needs to protect its stakeholders because they make possible to run a healthy business. Having a poor working conditions like no health care, safety regulations, work contract, social security et cetera. Which will affect productivity and from there to negatively on product quality. Bad quality will affect consumer dissatisfaction and sooner or later poor working conditions will transpire which may cause a negative reputation for the business. Afterwards consumer movements may start boycotting a company. Without good relation between company and societies, may turn a government against business and this will harm or even shut down the whole company in a country. Running a business ethically may become a competitive edge because proper education for staff and good working conditions offer them a possibility to make a good quality products which reduces the after sale claims and contribute good publicity which spreads all over the consumer networks. Fair treat of stakeholders and environment friendly action are usually promoted by government awards which helps companies to be different compared to the competitors. (Gaurav, A. 2011; Gavai, A. 2010. 4-13; Manuelguillenparra 2010; Chinweike 2010. www-page; Gulshan, S. etc 2008. 622-624; Kamal 2006; Paliwal, M. 2006. 8-10; Fieser, J. 2005; Financeprofessor 2003. www-page)



## 2.2 Corporate social responsibility

Corporate social responsibility or CSR as it will be called afterwards is not “new fangled buzzword” as Gulshan (2008) has stated. Kao (2010) write in his book that social responsibility has been identified already by Confucius in his teachings but according to Barnett (2011) concept of CSR is a relatively new one and came wide use as late as 1960s. Even though CSR has been studied by researcher past several decades, it is still very difficult to define according to Foote (2010). In her article she has written that Dahlsrud 2008 had analysed 37 definitions from CSR and found five dimensions that were common to them, first and second was stakeholder and societal dimensions, third economic dimension, fourth was the degree to which CSR was voluntary and the least important was the environmental dimension. Diverse of the definitions may have caused problems for companies to adopt CSR as a part of their business model. Like Crowther (2010) has stated, it is difficult for companies to make CSR strategies or programmes if there is no guidelines to what should be included to those, but if this is the main reason why organization is not following CSR it is most likely just an excuse. (Gulshan, S. etc. 2008. 637; Foote, J. etc. 2010. 807; Crowther, D. etc. 2010. 281; Kao, R. 2010. 10-11; Barnett, T. 2011.)

To understand meaning of CSR there has to be a definition or definitions. In Hopkins (2006) definition of CSR the stakeholders of the organization should be treated ethically or other way socially responsible manner. He states that the stakeholders exist inside and outside of the organization. The aim of the social responsibility is to create increasingly higher standards of living for inside and outside stakeholders, while remain organization profitability. Tutor2u (2011) has defined CSR as continuing commitment by organization to behave ethically, being part of economical development, improving quality of life of the labour and their families and contributing local community and society wealth. They also state that the organization management needs to manage business processes in a way that the impact on society would be overall positive. (Tutor2u www-page. 2011; Hopkins, M. 2006. 15-16)

Change in dependency between business, government and civil society has caused growing need for a good CSR policy in nowadays businesses. Marrewijk (2002) writes that in past, business and government were relatively independent and their

affect to society was minimal. As complexity grew because incapability and inadequately handle of societal topics, started representatives stress new values and approaches which politics and business could no longer ignore. Business had to learn how to play with rules of government and civil society. Marrewijk (2002) figure 1 clarifies the change and dependence. The European Agency for Safety and Health at Work (2002) has mentioned several reasons why CSR is important; stakeholders are influenced reputation of the company in social and environmental areas. Caring company is more attractive for recruits to stay and choose to work when the employment markets are competitive. Social performance of a company is increasingly valuable figure toward investors and ethical investments are growing all the time. Company needs CSR to the strategic risk management in social and environmental areas. Visible CSR encourage individuals in business to speak out faults that they may face in company before those will come out from the outside and affect company reliability. Researches have demonstrated that social and environmental responsibility also reduces operating costs. (Marrewijk, M. 2002; The European Agency for safety and Health at Work [www-page. 2002](http://www-page.2002))

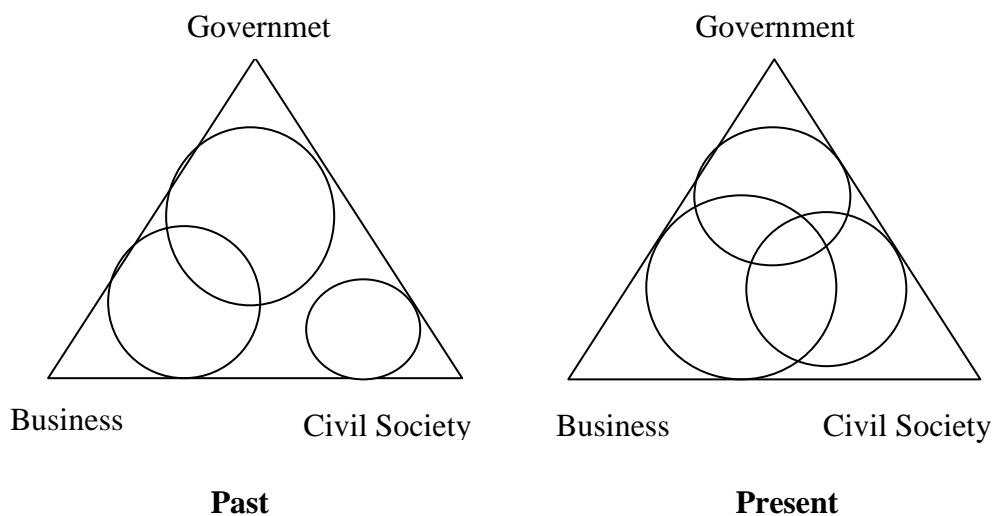


Figure 1: Changing concepts of business, government and civil society. Marrewijk (2002)

### 2.2.1 Shareholder theory

When we are speaking about CSR we cannot entirely forget criticism it has got partly. Well known economist Milton Friedman developed shareholder theory to implement why business cannot have social responsibilities. Theory was created in 1970 and its carrying idea was: “The social responsibility of business is to increase its profits”, Friedman (1970) do not see any other social responsibilities for a business in his theory. Theory pleads that “business” cannot have responsibilities but instead of that, corporation as an artificial person may have responsibilities. When “business” and corporation have mentioned together, responsibility moves to individuals like a proprietors or a corporate executives. In a free-enterprise, employees only responsibility is to run their job as profitable as possible, by following basic rules of the society embodied in law and ethical custom. On reflection to that the corporate executives are also “employees” but in this case “employers” are owners of the company which means *shareholders*. (Friedman 1970)

According to the shareholder theory governments and politicians should be responsible about social problems and use taxes and funds to solve these problems or otherwise governments should pass all judgment power to the corporations if they want

them to help in social matters. Corporations would use extra money coming from taxes to increase their profits and at the same time offering citizens' social facilities that they need to fulfil their responsibility as employees to the corporation. If government would require the corporation to be social responsible, it would also take away free will from markets. Friedman (1970) criticises that if social responsibility would be a part of the corporation, who would be the right person in a corporation to decide which social program or project shareholder's money should be invested, or how the person would know for sure which option is the best and would bring the highest possible return for those money. Politicians and governments should support an ideal free market where the corporation does not have any kind of responsibilities or values, only individuals should have values and responsibilities. (Friedman 1970)

### 2.3 Corporate governance

Colley (2004) writes that new millennium happenings in a publicly traded corporations like collapse of Enron, Arthur Andersen, WorldCom et cetera. Has turned public eye to the topic of the corporate governance, Crowther (2010) continues that 2008 financial crises and apparent failures in governance has been the last drop to get companies and other stakeholders of businesses think how they are able to earn their trust back from the investors. Colley (2004) writes that this kind of situations have created atmosphere of untrusting on public investing, people has lost their savings, pensions, jobs et cetera and this has left open question was everything systematic or just some renegades accomplishment? Without investments companies cannot make profit in a long-run and that is why government, media and regulatory boards took the corporate governance into the media spotlight and more closely actions of board of directors, to saddle down the frustration. (Crowther, D. etc. 2010. 131; Applied corporate governance www-page. 2009; Colley, J. etc. 2004. 1)

Corporate governance is not this millennium invention and it took place in 1992 in the United Kingdom when Sir. Adrian Cadbury made recommendations about how corporations' governance should be handled. This was framework for combined code of corporate governance which was announced in London stock exchange in 2003,

clearly this has not be enough and those codes are continuously revised, because problems with bad governance has not disappeared. Crowther (2010) has pointed out major problem concerning to create unified framework for corporate governance which is continual rules versus principles debate. The European approach is based on principles while the American is based on rules both of them have their own advantages. Rules based approach is much more clear to follow but companies has been very good circumvent those so principles suits better in this kind of situation. (Crowther, D. etc. 2010. 131; Applied corporate governance [www-page](#). 2009; Paliwal, M. 2006. 74)

There is no simple definition for corporate governance but Arvopaperimarkkinayhdistys (2010) has defined it as a system based on which corporation will be governed and controlled. They continue that corporate governance codes are made to reinforce actions set by law. Corporate governance codes main mission is to ensure that public companies follow high standard corporate governance. Code unifies public companies policies and it will unify information that will be shared between company, shareholders and other investors and it will create transparency about board of directors, management teams, management salaries and company bonus systems. Code gives big picture about public companies governing systems and their main principles. (Arvopaperimarkkinayhdistys [www-page](#). 2010)

UN Global Compact has answered why corporate governance is so important. The corporate governance is a way for shareholders to see how board will oversee running of the company by its managers and will determine board accountability to shareowners about company actions. This has affects to company behaviour not only towards shareholders but also to inside and outside stakeholders, including the communities in which they are operating business. Researches has shown that responsible way of managing environmental, social and governance issues will create a business ethos and together with environment will be build a company's integrity within society and the trust of its shareholders. (Applied corporate governance [www-page](#). 2009; UN Global Compact [www-page](#))

## 2.4 Environmental issues

Environmental ethics is a study of environmental issues and it is branch of environmental philosophy. Environmental philosophy's main attraction is to study relationship between human beings and the environment or on the other words it will take account entire ecosystem according to Gudorf (2010), when environmental ethics concentrates relationship between business and the environment and try to set principles by which following business take environment account and may run sustainable. Environmental ethics is not a new topic but until now it have not given many thoughts in business life. Higher level of education and worldwide media has made people more enlightened. Nowadays business cannot afford to turn back to people whose thinking economic growth and environmental quality as complementary concepts, otherwise they could lose important investors and consumers. Modern economies based on consumption together with growing population on earth have speed up changes in our environment. (Paliwal, M. 2006. 112; Ip, K-T. etc. 2009. 23; Gudorf, C. etc. 2010. 3; Borkar, R. 2010; Oak, M. 2011)

Pollution has become real problem even in most developed countries, more or less because of third world dumb yards have filled up or their economy has growth and they do not need to invoke anymore this kind of abuse from developed countries. Condition of air, soil and water together with global warming has got alarm bells ringing. Other important facts are grown need for raw materials such as wood, earth metals and minerals, oil, gas et cetera. Growing population needs more land space, crop farms et cetera to be able to live. All these together have narrowed living space from wildlife and plants or even run them extinction or just ruined land uninhabitable conditions. (Paliwal, M. 2006. 112-117; Oak, M. 2011)

From those alarming events Borkar (2010) have created "hot" questions which need quick answers. Questions are what do we think about preserving nature for the future generations or do they even have rights for clean and lively environment? What happens if we keep on vanishing animals, plants and other species or endanger most species? What should we do population over growth or how we are going to compensate this? Is it morally and ethically acceptable that we cause extinction of species and cut down rainforests only because our huge need of consumption and greed? Do we have

rights to continue using technology which we already know will destroy natural resources and pollute environment like oil, vehicles, nuclear power, plastic wrappers, et cetera? What is causing the failure of nowadays environment saving programs, laws, regulations, et cetera and growth of sustainable business development? How we should change our environment protection laws and clauses to get majority of people agreeing those, especially business? What are the consequences to the world if we keep on polluting like we do nowadays? Before we are able to answer these questions we need to take into consideration environmental ethics as a part of our business life because companies have more influencing power than ever toward societies and their ways of living. If environment is destroyed, most of the businesses will vanish. That is why it is not only societies and governments problem to fight against pollution. (Borkar, R. 2010)

### 3 GREEN MARKETING

#### 3.1 Definition and development of green marketing

Green marketing does not really have one definition and it can be understood in many ways depending on who is defining it a consumer, a marketer or government, et cetera. Pribe (2010) writes in her article that green marketing may be a whole variety of things between greening products to the advertising campaigns which ChristiaNet (2008) confirms. Basically green marketing is a way to brand the marketing message to claim that the products or services are better for the environment and by this it attract environmental aware consumers and increase company market share. It may also indicate company more ecological production for example by using renewable energy sources, better recycling systems for materials, less emissions during production, et cetera. Like in business ethics without a proper definition it is neither hard nor impossible for company to follow such principles or good ways of doing business. (ChristiaNet [www-page](#); Polonsky, M. 1994; Pribe, M. 2010)

Peattie (1992) have defined green marketing as a managing process where the needs of consumers and society are identified, anticipated and satisfied in a profitable and

sustainable way. Polonsky (1994) have more overall definition for green marketing; he claims that all human needs should be satisfied by causing minimal harm and impact to the natural environment. Baker (2003) defines as follow, using natural resources on level where environment or human action can replenish them or in the case of non-renewable resources level should be as low as possible and renewable substitutes should be explored and pollution level should be rate where environment or human can reabsorb it. By combining several definitions we are able to get better understanding what green marketing is about. (Peattie 1992, 11; Polonsky, M. 1994; Baker, M. etc. 2003)

Since people started to found cities, environmental issues have been causing concern. The industrial revolution had a major effect and the growth of the cities caused pollution of rivers like the Thames and the Ruhr and that is why it became more popular topic among people. Main concern was destruction of farmlands and countryside and to prevent this, people founded first national parks. During the First World War and 1930's depression, other topics went before the environment, also another factor was huge size of the new lands of Australia, Canada and America which distorted the environmental impacts of human. After 1960's the impacts were spoken widely and societal values were reassessed. (Peattie 1992, 19-20)

The early 1970's studies about the earth finite resources started discussions about the future of the environment. Contribution of this social responsibility of business and societal marketing were getting footstep and concept of 'responsible consumption' was launched to decrease exploitation of natural resources. At that time the major environmentalist landmarks were 1971 incorporation of Friends of the Earth who made direct action against non-returnable bottles. In 1972 report 'the limits to the growth' was published which contrasted growth trends in population, development and pollution. Two other things during that year was an anti-fur trade campaign launching in UK to ban several endangered species fur and the other one was founding the first Green Party in New Zealand. In 1973 'The population bomb' prediction predicted a global scale mass starvation by 1983. (Peattie 1992, 20-21)

From mid 1970's to mid 1980's, three significant environmental documents were published and in the beginning of the 1980's reports showed the urgent need for pre-



venting environmental problems. Despite these reports, the business and political agenda slipped away from the environmental problems and a major influence for this was a failure of 'the limits of growth' and 'the population bomb' predictions. The anti-growth attitude was not pleasant for business, politicians or the general public. Economic recession in the mid 1970's, including oil price rising, turned everybody to seek new growth despite of environment. On the other hand, tougher emission regulations and slowing economical growth improved some problems. (Peattie 1992, 21)

Late 1980 are a few huge environmental disasters together with human caused tragedies re-emerged the state of environment as a key issue. Main events that affected this reawakening were the 1984's Bhopal tragedy in India where a poison gas leak occurred at the Union Carbide factory. In the 1986's nuclear accident in Chernobyl and the 1989's Exxon Valdez tanker oil spill in Prince William Sound has a huge impact as well as Kuwait flaming oil fields during the 1991. In the USA fear of global warming came alive; in the UK pollution was harming North Sea seals, in Germany acid rains were killing trees, growing human tragedies in Africa and especially famine in Ethiopia concerned people. In the end of the Cold War fear of atomic weapons emerged. Environment became newsworthy and scientists growing ability to detect and measure changes in the environment like proving the ozone layer predicted hole. The influence of environmental agencies and pressure groups were growing and individuals like Sting, Brigitte Bardot and HRH Prince Charles representing as spokesman about environmental issues. (Peattie, K. 1992. 21-22)

### 3.2 The importance of green marketing for business and environment

The state of global environment has been falling continuously for many decades and increasing consciousness and concern about wasting limited resources of raw materials to world unlimited want, which has forced companies to rethink their marketing strategies to more sustainable way. Environmental crises have been forecasted to increase and deepen in foreseeable future, which means that companies and consumers need to take more actions to protect environment and human life. Consumers have changed their attitudes toward sustainable and socially responsible products and services, by this companies who have taken green marketing as a strategy have been

able to grow their market shares quite much. (Peattie, K. 1992. 11; Polonsky, M. 1994; Esty, D. 2008; Pirakatheeswari, P. 2009)

Polonsky (1994) have identified five reasons why companies are increasing usage of green marketing as part of their strategy. First of all company may have seen green marketing as an opportunity to achieve their objectives. Second reason is that a company may think that they have moral obligation to act more responsible toward society and environment. Third one is that governments are changing and tightening rules and regulations to get companies more responsible. Fourth reason is that competitors' may have achieved some advantage from their environmental activities and others will follow them by copying or creating own activities. The last reason is increased costs of waste disposal such as hazardous waste and using of non-renewable raw materials. (Polonsky, M. 1994; Answers www-page. 2011)

According to Ottman (1995) increasing usage of standardizations like ISO 14000 and ISO 9000 is one thing why companies change their strategies. These classifications are known around the world and will help companies to be recognised among consumers as a voluntarily involved toward environment. Green marketing is also one way for a company to shine their images as environmental and responsible agent compared to other companies writes Ottman (1997). Daley (2010) states that companies most successful environmental activities has happened when they have been trying to hit very tight standards and squeezed waste and inefficiency together with reducing packages from their production and products. Peattie already forecasted in 1992 green marketing is to become a growing form of marketing in a future and Daley (2010) has confirmed it by saying that green marketing is to be inextricably linked to how companies do business nowadays. (Peattie, K. 1992. 11; Ottman, J. 1995; Ottman 1997, 12; Daley, J. 2010. 75)

### 3.3 Opportunities

Green marketing may provide more profits. Nowadays companies which one working especially in polluting industries like oil, chemicals and electric power generation are having their own management board to supervise that company's environmental

profiles and products will exceed all expectations. To hit these expectations companies are forced to invest water recycle systems, energy-efficient machines and other smaller upgrades, it might be expensive and unprofitable but in a long-run this will pay back by lower operating costs and liability. More efficient production lines together with environmentally well trained employees create less waste which saves raw material and this will save energy because less actions are needed for waste disposal. All the efforts what a company makes to act environmental friendly and to market environmentally sensitive products will pay back better public image, better consumer relation, it will increase returns for investments which will attract new investors and all this together, a company becomes more interesting employer for new talented employees. (Ottman 1997, 12)

Brand loyalty is weakening among consumers which mean *increased market shares* for newcomers and the current trend is boycotting brands and products that are environmentally doubtful. Consumers' higher awareness toward companies' environmental policies has grown and caused this boycotting behavior. This generates possibilities for green product marketing by releasing market shares for new companies and products. On the other hand, Ottman (1999) writes in her article that deep green companies have been able to increase and stronger their consumers brand loyalty, from which we can make conclusion that brand loyalty have not vanished but people has changed their values based on why they will choose brand. *Better products* with higher quality is one association that consumers link to green products and affecting factors are that green products are nontoxic, energy saving, long lasting, et cetera, together with safety, convenience and performance. (Ottman, J. 1997. 15-17; Ottman, J. 1999)

Gutleber (2007) have listed 10 great green opportunities which are travel and hospitality, planning and land using, health and medicine, energy and renewable, legal careers, information technology, green learning, design and construction, CSR and food and farming. The most interesting ones are *travel and hospitality*, where eco-tourism is growing faster than tourism market itself. Growing number of eco tourists need new green hotels and activities and these offer new jobs for well trained and more often inspired employees and old or new entrepreneurs. *Planning and land use* is major concern for societies and governments how to create zero carbon dioxide

buildings, link sustainable and transit-oriented living in city planning, how to make more efficient transportation lines to connect cities. All of these will offer huge opportunities for business and when governments are included as partner, contracts are for longer period and after successful project business will continue. (Gutleber, K. etc. 2007. 28-33)

*Energy and renewable* are growing industry and the latest Fukushima nuclear power plant failure because of tsunami in 2011, have increased demand for alternative energy sources like solar, wind, hydro and geothermal. Technologies in these industries are still very young and need fast improvements to be able to recover fossil fuel plants leaving hole in energy supplying. Growing industry will offer new and challenging business opportunities for marketing sector and maintenance. This sector is already multibillion-dollar business and will definitely grow in next couple of decades. To be able to recognize needs for environmental thinking we need growing number of well educated future managers, employers, employees and citizens, where the need for *green learning* will step out. Teaching and programs in sustainability have been fast growing study area and this has created demand for new professors in environmental areas. Demand for learning about sustainability does not limit just to young students, there are growing demand for green consultants for older business people and industries. (Gutleber, K. etc. 2007. 28-33)

#### 3.4 Governmental and competitive pressure

*Competitive advantage* is build on something new that a company launches before competitors, it can be a product or production facility and by this, the company will have this edge compared to competitors. Environment is hot topic among mass media, citizens and companies which have given more value for awards granted from paid attention to environment. If a company is able to receive competitive advantage with something related to environment, they may receive highly valued awards too and double their benefits. Quality, price and demand have turned mass marketers' attention more and more to green brands and products. According to Polonsky (1994) if one company is able to make such leap in environmental activities, usually it means that others have to emulate or try to create something new and if they just em-

ulate, they will only show their inactivity toward environmental challenges. (Ottman 1997, 12-15; Polonsky, M. 1994)

Polonsky (1994) writes that majority of government pressure is focused on three different areas. First area is reducing the production of the harmful goods and the by-products coming from the production. Second area is that government wants to change industry and consumer behavior toward harmful goods. Last one is to ensure that everyone is able to evaluate environmental impact of products which they are going to buy, and to be successful in these governments has launched several labeling projects together with nongovernmental agents. In green competition it is essential to differentiate in an early stage the green products from the others by labeling, to ensure that consumers are able to identify products. Other tasks for labels are describing, pricing and attracting. Germans started green labeling already in 1978 with 'Blue Angel' eco-label. (Peattie 1992. 218-226; Polonsky, M. 1994; Fuller 1999. 243)

Misleading and dangerously labeled products has caused much tighter governance on labeling by law. Usually labels contain following things; Price, brand features, ingredients, size, producer or country of origin, information for right and safe usage and storage. Labels may also give advantage in a promotion like showing 20 % extra or including competition, et cetera. Label provides written guarantee and information where to contact if problems occur. Third-party environmental labeling programs have become one of the leading eco-label providers and those programs task is to ensure that products meet certain standards or criteria to earn such an eco-label. Labels are one of the most efficient ways to express company and product environmental tendency. Labels may include messages that remind us to avoid littering and to recycle packages. (Peattie 1992. 218-226; Polonsky, M. 1994; Fuller 1999. 243)

Labeling has raised conversation among consumer groups because of delinquencies and usually these are claims. *Excessive claims* are one of the big problems because products that are just a little bit greener than competitors products has been labeled as 'environmentally friendly' even though those are still far from ecologic. Good example of *false claims* is British Petroleum pollution free super green fuel. *Meaningless claims* occurs if someone is selling for example lead free fuel, because all fuels

are unleaded nowadays. An example of *unrealistic claim* is if someone is a labeling package as a recyclable even though there are no possibilities to recycle that product because of lack of recycling points or demand for this kind of recycled material. *Unexplained claims* are claims where product is labeled as environmental friendly, appealing to some undefined alphabet combination or too wide concept like “environmental friendly fabric” is unhelpful for consumer. *Confusing claims* are for example ten different wording on label relating to CFCs or the ozone layer on the aerosol cans, which does not tell much for consumer about actual environmental performance. (Peattie, K. 1992. 227)

Here are few labels widely used in the United States, in European Union and in Finland:



Finland, Denmark, Sweden, Norway and Island established in 1989 together an eco label *Nordic Swan* to increase consumers' objective information about products environmental influences. Label is nonaligned and only most environmental and sustainable products may apply voluntarily Nordic Swan. The authorities supervise label usage and criteria's are checked every three to five years by official group. (Kuluttajavirasto WWW page 2010)



European Union *EU-Flower* criteria and validity are similar with Nordic Swan label. In Finland EU-Flower has given to some paint, oil, paper and textile products but unlike Nordic Swan, EU-Flower is given also to services, like in Finland some camping services have received it. (Kuluttajavirasto WWW page 2010)



*Fairtrade* label has given to a third world products and Fairtrade Labelling Organizations International decree criteria. The supporting idea of Fairtrade is to offer farmers guaranteed base price and pay Fairtrade extra and together with this, Fairtrade pay attention to bigger farms working conditions, salaries and opportunity to join to a trade union. Fairtrade require producers to commit UN human rights, ILO working agreement and refusing from child labor. (Kuluttajavirasto WWW page 2010)



*Rainforest Alliance* is United States environmental organization label and the carrying idea is ensure a good working conditions and farms following of environmental regulations. In Finland label can be found from bananas and some other fruits. (Kuluttajavirasto WWW page 2010)



To get Finnish organically produced products *Organic* label, at least 95 % of product have to be organically produced. Finnish groceries security authors monitor that farmers are following EU organic food regulations. Regulations deny using of genetically molded organisms in farming. EU own organic food label is *Euro Leaf* which criteria's are the same as Finnish organic label. Euro Leaf replaced the Spike label in 2010. (Kuluttajavirasto WWW page 2010)



FSC has established in 1993 in rainforest countries and it has spread in United States, Central Europe and Nordic countries. Products which are made wood coming from ecologic sustainable managed forests may receive this Forest Stewardship Council maintained label. Finnish forest industry is using this label and other places where this label may be found are foreign garden furniture. (Kuluttajavirasto WWW page 2010)

#### 3.4.1 Cost or profit issues

Company sustainability and green policies in a production and in products will be reflected in the cost structure. Higher environmental protection and improved environmental performance, together with health and safety measures will add new costs on products, which ultimately raise prices compared to regular products. At the beginning green products may suffer from higher price but over time prices will become more competitive because of the rising volume of green products. Less waste usually means reduction in raw materials usage and this will lower production costs in a long run. On the other hand, regular companies may need more money to cover and clean up possible environmental damages that their production may cause and some environmentally hostile products may have added taxes or those needs to be differentiated or packaged much better than green competitors. (Peattie 1992, 248-249)

Here are few factors that influence green products' costs and prices compared to competitors. *Introducing environmentally safe raw materials*, which price will be higher because of lower supply compared to dominant raw materials. *Investment costs of cleaner processes and technology* even though changing or upgrading production lines to environmental friendly may be much cheaper than original machines were at the first place. To hit *new green legislations* may require better control



equipments like in car industry where EURO norms determine how much emissions can be, and to hit these norms car manufacturer need more accurate techniques and equipments. *Preparing costs for ecological disaster in terms of insurance and equipments*, legislations and laws has tightened during past decades because of huge environment disasters like BP oil leak Gulf of Mexico and latest Fukushima nuclear power plant blast caused by earthquake. To meet new requirements, companies need to pay higher insurance premiums and buy modern cleaning equipments to avoid bigger hazards if something happens. When changing company direction toward ecologic needs to be *the management and the marketing* rethink, this includes policies, systems, practices and culture to be modified which cause some extra costs for the company. (Peattie 1992, 249)

Switching greener does not mean only extra costs for the company but also savings. *Reducing raw materials and energy consumption*, by optimizing each process in a production line will save money in a long run. *Reducing office supplies, heating and lighting* will save environment and money. This can be made by switching paper copies to a computer mass memories and traditional mails to e-mails, using heating only winter time and getting better insulations to the facilities, changing lights energy efficient led technique and so on. New packaging design which baseline is *reduction of packaging material* or changing recycled alternative. *Changing company vehicles and production used fuel to environment friendly alternative*, usually these have also lighter taxation because of lower emissions. *Green taxation* is common and will benefit companies and products that are less polluting and making real acts and efforts toward sustainable production and products. (Peattie 1992, 249-250)

*Adding green premium on a products price*, consumers are willingly to pay some extra from environmental friendly products, but the products or company environmental values and acts have to be tracked all the way. Companies need to be very careful with this green premium pricing because over pricing may turn against company if consumers feel they are exploited rather than company is benefitting environment. Negative publicity creates consumer backlashes which are not good for environmental products. (Peattie 1992, 249-250, 252)

### 3.5 The role of green consumer

In green marketing consumer feeling of empowering or direct influence to the environmental issue is the most important factor when they are making decision to purchase green products. Even though consumer is aware of some environmental issues but he or she believes that they cannot make a difference, they will likely not buy products which should prevent issues like that. Membership or prior contribution to environmental groups influences more consumer decision to buy green products than education or incomes. It is unlikely that green consumers will vanish, because green thinking has been seed in our mind already when we were children. Schools are teaching how important environment is to human kind and environmental issues have been in top three at a TOP 10 list for a long time. Children are influencing elders shopping decision by telling which products are more environmental friendly, by this they are changing adults thoughts toward green thinking. (Ottman 1997, 9-10, 20-21)

Consideration of alternatives is the other fact that influences green consumers like buying *second-hand* products for example houses, cars, clothes, and electronics, which will reduce usage of resources to make a new one. *Borrowing, hiring and leasing* has growth popularity. For example hiring or leasing car has become more popular and by this resources will return to the supply chain after usage. Borrowing is informal action and that is why green marketers cannot really do anything to this. *Technology switching* means for example that buyer will not replace old tumble dryer for a new one but rather buys new washing lines. Family second car will be switched to bicycles if they do not really need two cars that much. Replacing products by low technology have got green sign from some companies, because this kind of products are usually less vulnerable to failure and need less after sale services. *Reduced usage* is usually one of the first things consumer will make and companies has followed this, they will offer less consuming products for consumers. (Peattie 1992, 123-124)

Roper in Ottmans' (1997) book has identified five segments of green consumers. First segment is *True-Blues* who has strong environmental beliefs, they are socially and politically more active than average people and believes they can make difference to environmental illnesses and actively enlighten other people. This group holds

executive or professional jobs and is the most educated among other groups. Second group is *Greenbacks*, they are worried about environment and will buy green products as often as possible and express green beliefs by buying products. This group is not politically or socially active like True-Blues, but they are well educated and avoid heavily environmental irresponsible companies. (Ottman 1997, 22-23)

Third group is *Sprouts* or swing group, this group is environmentally active time-to-time they will not make big sacrifices for this. Recycling is main environmental effort for them and they read sometimes labels to find most ecologic option, but less than two other groups. This group will not pay more than 4% extra from green products and products have to be precisely what they are looking for. Incomes are quite equal to two other groups, but people in this group may become Sprout or even True-Blue by extra education or information. Fourth group is *Grouzers*, this group believes that environmental issues are politicians and large companies' problem, and they would not believe that individuals can make a difference to these issues. Sprouts recycle bottles and cans because it is duty, not so much from environmental point of view. To them green products are too expensive, they do not work like the others or some of them may think why to bother because it is not my problem. (Ottman 1997, 23-28)

Fifth group is *Basic Browns* who are not really interested in environmental issues or they are not convinced about seriousness of environmental problems. In this group boycotting environmentally suspicious products is almost zero, recycling or buying recycled products is very low. This group has usually lowest level of education compared to others and they just have too many other things to worry before environment. From these five segments the Greenbacks and the Sprouts groups are quite obviously to rise, because of growing awareness about environment state through education, mass media and True-Blues influence. (Ottman 1997, 28-29)

### 3.6 Some problems with going green

Hannon (2009) have a wide list of problems what companies are encountering when going green or before starting green activities. Most often companies appeal possible

financial hits in a short term and high risk which occur when changing business totally new directions or launching new products. Many companies have the attitude that “we are not going to do more than competitors”, which does not encourage continuous research and development toward more environmental products. Companies sometimes transit environmental activities to their suppliers and just tell them to make some changes like reduce packaging materials, which is good but not carrying idea in long run environmental development. Sometimes pollution level might look unbeatable and companies will just leave it and continue their old production models. Creating new buzzwords is a one problem because usually these do not have legal or generally accepted definition when it can mean anything what company wants. Last important thing is does consumers change their green concern to green consumerism, which will affect to the profitability of green efforts. (Hannon, K. 2009; Pirakatheeswari, P. 2009)

Polonsky (1994) have identified problems like green activities made present may become backstabbing activities in the future if researches has gone wrong at the first place. Companies and governments may have problems establishing policies which will address all of the environmental issues. When a company makes some green changes in their production or products, usually there will occur emulating from the competitors and if change has been failure, there will be lot wider affects because of emulation. Like in labeling other areas of production or products may have miss leading environmental claims or activities. Good example is McDonald’s case where Polonsky wrote that consumer perception might not be correct every time because McDonald’s changed their polystyrene clam shells to wax paper under consumer pressure. Afterwards it was clear that polystyrene and McDonald’s effective recycling was more sustainable than using wax paper. At that time Polonsky did not know that consumers were on purpose mislead by U.S. paper industry by making up researches where wax paper was in favor position against polystyrene and U.S. paper was lobbying schools around the States. This was only because paper industry saw huge profit potential of McDonald’s when using wax paper products instead of using 90% recycle rate polystyrene clam shells. Same greed or profit based business model has also destroyed electric cars and hydrogen cars development because oil industry cannot lose car industry from their associates even though environmental impacts are

so devastating when cars are using oil based fuel. (Polonsky, M. 1994; Pirakatheeswari, P. 2009; Druhepkins. 2010)

## 4 CONSUMER BUYING BEHAVIOUR AND BUYING PROCESS

### 4.1 Models of buyer behavior

Consumer behavior is the psychological process that a consumer faces when they recognize needs to purchase a product or a service. They will go through several steps where they search information about product, make decision to buy or not, use the product or service and post purchase action will be evaluating and disposing of the product or service. Consumer behavior is about studying individual consumer, families or organization behavior when they are making a decision concerning to buy product or service. From the figure 2 can be found different stimuli which affects to consumer while searching information at the first place, there is also buyer's own interests with decision process and responses about the decision. According to Karunakaran (2008) it is the marketing people's task to understand buyer's black box and connection between stimuli and out coming response. Having knowledge about this kind of behavior gives marketers vital hints how they should position products or services to make them most attractive for consumers. (Rajeev. 2007. 6-8; Karunakaran, K. 2008. 59; Leon. etc. 2010, 23-26)

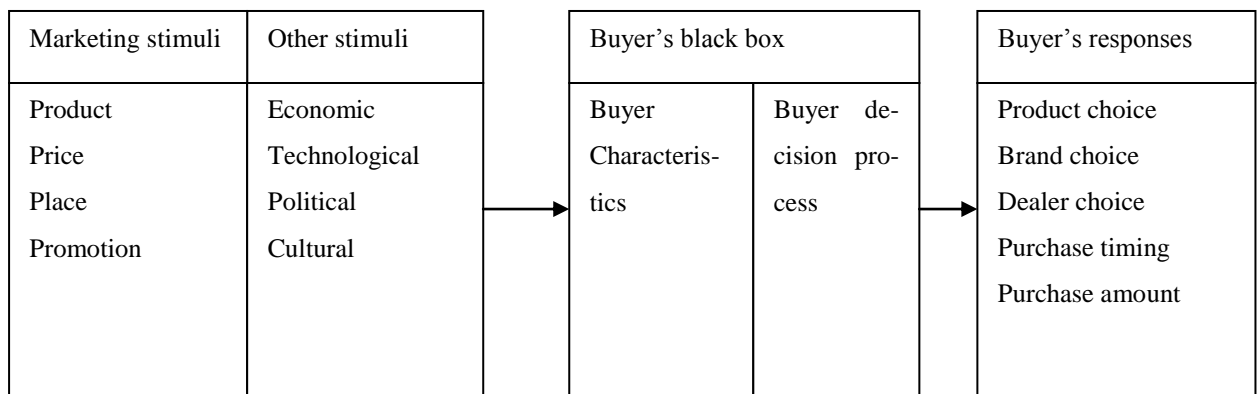


Figure 2: Model of buyer behavior (Kotler 1999, 230)

Consumer behavior affects also to our societies through our choice which products or services we are going to buy because it will determine demand for raw materials, logistical inputs, work force and all other stakeholders that are needed to produce a product or service that a consumer wants to buy. Other very important thing affecting to society wellbeing is products disposal and how it is done. For example mobile phones have become increasingly significant problem as a hazardous waste while more and more people are able to buy new ones but the recycling of old ones is struggling badly in a third world countries or more developed countries are just dumping their wastes to those countries. When a consumer realizes that his or her behavior has this kind of effects, they will usually change their buying behavior if they care other people wellbeing and in this point marketers need to act by offering better product or recycling opportunity for old products. (Rajeev, K. 2007. 6-8; Leon, S. etc. 2010. 23-26)

We are able to find two main consumer groups whose behavior we can study, individuals and organizational consumers. This thesis will focus on individual consumers. Consumer behavior has become an important part of modern business life, especially for companies who want to minimize their costs and efforts to make perfect products for a consumer to maximize their revenues. In governments consumer behavior should also have a major part of study areas because if companies are able to do everything what they can to attract consumer, this may become a severe problem for societies welfare like over dosing of cigarettes and alcohol and that is why gov-

ernments should also be awake what direction consumer behavior is going. (Rajeev, K. 2007. 6-8; Leon, S. etc. 2010. 23-26)

#### 4.2 Factors influencing behavior

Common involvement of buyers does not mean that they will buy same brands or products because internal and external influences between the buyers will vary. Internal and external influences can be divided four main groups: cultural, social, personal and psychological. In this chapter those main groups will be divided even smaller sub components which will be defined. A marketer is merely impossible to affect these factors but it is vital to take account them. In figure 3 internal and external stimuli are shown. (Assael, H. 1992. 19; Hollensen, S. 2003. 122; Kotler, P. etc. 2005. 256; Karunakaran, K. 2008. 59)

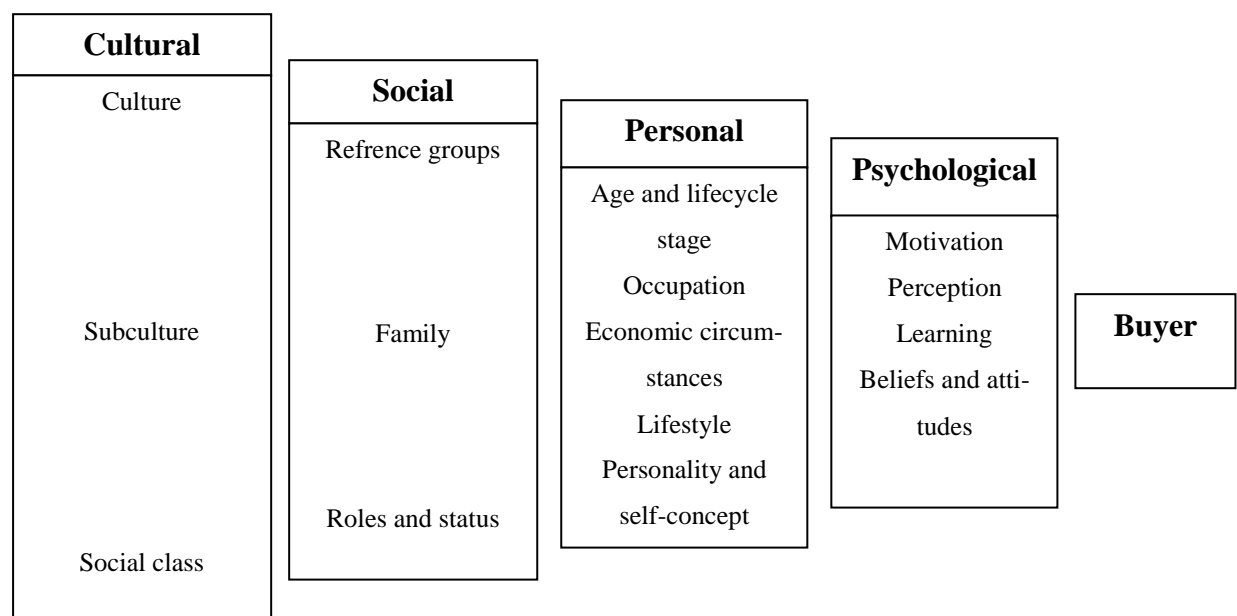


Figure 3: Factors influencing behavior (Kotler, P. 1999. 231)

According to Kotler (2005), *Lifestyle* is part of personal group when Assael (1992) puts it to psychological group. Both agree with Hollensen (2003) that lifestyle includes three modes of living activities, interests and opinions. These modes differentiate people who are having the same subculture, social class and occupation. (Assael, H. 1992. 294; Hollensen, S. 2003. 126; Kotler, P. etc. 2005. 265; Karunakaran, K. 2008. 61)

*Personality* is usually defined as inner psychological characteristics of individuals or other words in terms of traits, which are sociable-loner, competitive-cooperative, confidence, adaptability, aggressiveness, et cetera. Defining personality by who is most interested in product, marketer may focus their marketing program to these individuals. *Self concept* also called as self-image could be one of the key influences when making buying decision for example Fairtrade products. By purchasing fair product consumer would send image to outsiders that he or she is thinking green but if you are not sure from your self-image you may not want to buy a Fairtrade product and send this kind of image to other consumers. (Assael, H. 1992. 286; Kotler, P. etc. 2005. 268; Jobber, D. 2007. 136; Karunakaran, K. 2008. 61-63)

According to Jobber (2007) *Motivation* “lies in the relationship between needs, drives and goals”. For example a buyer wants to uplift self-image by purchasing new trend clothes. From that case you can find the “need” which is trendy clothes, the “drives” comes from human nature to satisfy the needs and achieve the “goal” uplift self-image. *Perception* helps the buyer to select, organize and interpret information from the product and after perceived the information, it is usable to evaluate brands and products. Need of perception is higher in a high-involvement products like a car but in a low-involvement products buyer may just store information in their memory and leave some steps without notice and make the buying decision. (Hollensen, S. 2003. 124; Jobber, D. 2007. 135; Karunakaran, K. 2008. 62-63)

*Belief* is descriptive thought that a buyer has about a brand or a product. Buyer may believe that the brand or the product is safe, ethical, bad quality, et cetera. Believes may be positive or negative. An *attitude* is a consistent favorable or unfavorable evaluation, feeling or tendency toward brand or product. These two are closely related to each other and play important role in a decision making to buy or not to buy. (Kotler, P. etc. 2005. 274-275; Jobber, D. 2007. 136; Karunakaran, K. 2008. 63-65)

*Culture* may be the most basic and the most important influence to buying behavior. Culture includes beliefs, attitudes and behavior patterns which have been learned and transmitted from generation to another. Noticing cultural shifts will open markets for new products like nowadays for health products and hopefully in the future for sus-



tainable products. *Subculture* is formed by a group of people who is sharing for example unique nationality, religion, geographic, et cetera in a culture. (Hollensen, S. 2003. 126; Kotler, P. etc. 2005. 257-258; Karunakaran, K. 2008. 60)

*Social class* is usually determined by occupation, education and income. Social class system may be roughly divided into the lower, middle and upper class and these varies around the world and different classes are more or less represented in different countries, usually depending on the standard of living in that specific country. It is unlike that same class buyers will meet or communicate each other but still they share typical socioeconomic characteristics, and based on this marketer are able to focus their marketing programs to right people. One exception is that in some countries by buying “upper” class products people tries to uplift their own social class image in a society. (Assael, H. 1992. 319; Kotler, P. etc. 2005. 258-259; Karunakaran, K. 2008. 60)

*Reference groups* influence buyer attitudes or behavior and this will happen face-to-face or indirect. Aspiration group is a good example: a buyer wants to be like his or her idol by buying same brands and using the same products as the idol is using. Marketers search this kind of opinion leaders who has special features to influence other persons and use them in commercials to make this exact reference group conspicuous about the latest trend. (Kotler, P. etc. 2005. 260; Karunakaran, K. 2008. 60)

*Family* form household and usually household consist several people who influence to each other’s buying behavior and that is why understanding family decision making process and buying behavior is important for marketers. According to Hollensen (2003) marketer focuses three key questions to understand family buying behavior. 1. “How does family make decisions as a group”? 2. “What roles can various members play in a purchase decision”? 3. “How does family purchase behavior change over time”? Kotler (2005) have identified five different type of influencer form to buyer decision making; first is *initiator*, the member who originally suggested buying a certain product. Second is *influencer*, a person whose suggestion about product influence the buying decision. Third is *decider* who will make the decision to buy or not and what, how and where to buy. Fourth is *buyer*, this person does not need to involve actual decision process but he or she will make an actual purchase. Fifth is *us-*

er a person or a group who will use the product or service after purchase. (Hollensen, S. 2003. 126-128; Kotler, P. etc. 2005. 261-262; Karunakaran, K. 2008. 60)

*Roles* come from surrounding people's activity expectations toward the buyer and each role buyer has will influence on buying behavior. Role will usually influence person's status and same person may have different roles like daughter, mother, manager and each of these have different status, the higher the status is, the more it will influence on buying behavior because reflecting status by buying certain products is important in our society. (Kotler, P. etc. 2005. 262; Karunakaran, K. 2008. 60)

*Age and life-cycle stage* will influence a lot to buying behavior because priority and tastes are related to age and stage of life. Young people will have different taste in clothes and food than middle-aged, and a single person at home will have a different priority than a couple with two children. It is very important to notice that not everyone will follow the same stages during life-cycle or at the same age. Different experiences and passages that a person has gone through in life will also change buyer behavior. (Jobber, D. 2007. 138-139; Kotler, P. etc. 2005. 263-265; Karunakaran, K. 2008. 61)

*Occupation* tells something about buying behavior and buyer needs. Office workers tend to buy smart clothes and construction workers safe and comfortable clothes. Occupation is an easy way for a marketer to target their products, because basic needs are quite same during the time. *Economic circumstances* are closely related with occupation and occupation tells something about individual buyer personal economical circumstance. From this marketers make conclusions which price group product they will offer to the buyer. Worldwide economical down turn will also influence buying behavior in expensive products, because consumers will cut all the unnecessary expenses. (Kotler, P. etc. 2005. 265; Karunakaran, K. 2008. 61)

#### 4.3 The buyer decision process

To understand a buyer decision process we need to pass through several steps which are leading to the final decision. Everything starts much earlier than in a shop and

continues longer than just cashing situation. These behaviors have activated marketers to focus whole buying process instead of actual purchase decision. Kotler (2005) have defined these steps and created model figure 4. (Kotler, P. etc. 2005. 279)



Figure 4 (Kotler etc. 2005, 279)

A buyer usually passes through these five steps but more routine consumer may skip some steps during the process.

*Need recognition* is the first step of buying process which may be triggered “internal stimuli” when buyer normal need level raises high enough to become a drive, these are hunger, thirst, sex, et cetera. Previous experiences will lead buyer to satisfy his or her need. Other trigger may be “external stimuli” like watching a commercial from television. Marketers are looking for external stimuli that may trigger consumer buying need, to be able to create as effective marketing campaign as possible, which includes these specific stimuli. This can be used in an ethical and green marketing, by timing commercials after documents or wildlife series when buyers have fresh memories about human poor living condition and nature exploitation. This by itself will not work because human memory is short for this kind of exposure, and that is why a commercial should be repeated. Buying occurrence may happen after an hour, week or month and memories from commercial exposure, like brand name, price and attribute will be very poor if commercial have not been repeated according to Jansson-Boyd (2005). Visual stimuli is most conscious to human but consumer is able to avoid this quite easily, instead of that together with unconsciously stimuli like smell human need will be triggered much easier and combining these two stimuli will be the future challenge for marketing people. (Jansson-Boyd, V. 2005. 14; Kotler, P. etc. 2005. 279; Karunakaran, K. 2008. 69; Schiffman, L. etc. 2010. 484-485)

The second step is *information search* which buyer may or may not do. If a product is close, buyer may satisfy need before information search but on the other hand buyer may store this need in his or her memory or just start searching more information. Buyer may enter “heightened attention” which means they try to receive information about this product more intensive from adds, conversations, et cetera or they

may go into “active information search”, in which buyer will seek information from *personal sources*: family, friends, neighbours, and acquaintances. *Commercial sources*: advertisings, salespeople, the Internet, packaging and displays. *Public sources*: mass media and consumer rating organisation or *experiential sources*: handling, examining and using the product. Commercial sources give most of the information to a buyer and are called more as *inform* sources. Personal sources are tending to be the most important on influencing buyer decision and that is why it *legitimises* or *evaluate* product. (Kotler etc. 2005. 281-282; Karunakaran, K. 2008. 69; Schiffman, L. etc. 2010. 485-488)

When a number of information increases, a buyer will come more aware about different brand names and products, which also helps them to cut out brands and products they are not interested in. The source of information which leads the buyer to right this brand or product is valuable to a marketer, as well as against whose or which products comparisons were made. From those piece of information a marketer is able to understand in which information source they should invest and who their main competitors are. (Kotler etc. 2005, 282; Karunakaran, K. 2008. 69; Schiffman, L. etc. 2010. 485-488)

By knowing buyer *evaluation of alternatives*, a marketer is be able to find information that leads buyer to their brand or product but it is not that simple because buyer will use several evaluation processes simultaneously. This means that a marketer is forced to rely on a several basic concepts which help to explain buyer evaluation process. First we have to rely on that buyers want to satisfy their need and product or service they need include some benefits they want. Now buyer will see *product attributes* including benefits and satisfying need. Attributes which are relevant and satisfy buyer need will get majority of attention. Second is attribute *degree of importance* and its *salience*. When a marketer asks buyer a product attribute that comes first into his or her mind from this specific product, this would be called *salient attribute*. Seeking attribute degree of importance is more valuable than attribute salience for marketer. (Kotler, P. etc. 2005. 282; Karunakaran, K. 2008. 69; Schiffman, L. etc. 2010. 488-489)

After attributes will come *brand beliefs* which buyer will create from the attributes that product includes, bunch of brand beliefs will create a *brand image*. Next is *utility function* which marketers believe that buyer will have each attribute. Different level and combination of utility functions in each attribute may increase or decrease satisfaction for buyer. Combination of high level utility function would be ideal product for a buyer but for a marketer achieving this may be impossible if quality is high and price become higher than consumer is prepared to pay or availability of this product at the moment is zero. Fifth, buyer has found a several different brand names and to get to this point, he or she has done some *evaluation procedure*. Numbers of evaluation procedures are unique for each buyer and for each buying decision. (Kotler, P. etc. 2005. 282-283; Karunakaran, K. 2008. 69; Schiffman, L. etc. 2010. 489-491)

If a buyer rate attributes different weight by it importance like outfit 50%, functions 25% and guarantee 25% and buy product which is closest to these measures, this is called *expectancy value model* and there are several possible models for evaluating process. *Conjunctive model* means that product have one ultimate function which he or she need. Model where buyer choose product which exceed at least two or more criteria's are called *disjunctive model*. Volume of calculations and logical thinking varies through buyers and sometimes they might trust their intuition or just buy on impulse. (Kotler, P. etc. 2005. 283-284; Karunakaran, K. 2008. 69; Schiffman, L. etc. 2010. 491-492)

*Purchase decision* will come after buyer has ranked brands from which he or she will choose most likely preferred one. There are still two factors which may come between the purchase *intention* and *decision* as figure 5 show. (Kotler, P. etc. 2005. 284)

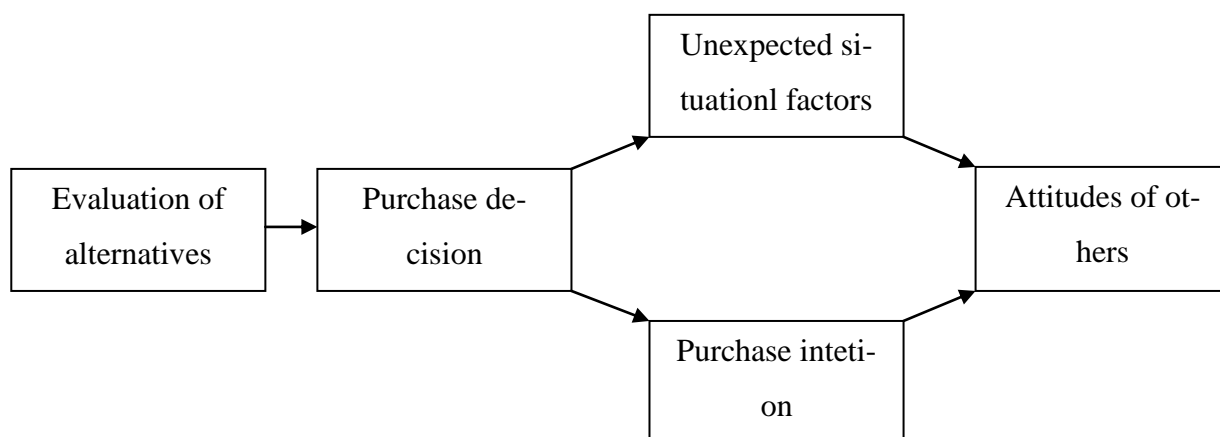


FIGURE 5 Steps between evaluation of alternatives and a purchase decision (Kotler, P. etc. 2005. 284)

*Attitude of others* is first factor and this might be a friend of buyer who tells that the product A is better than the product B or friend is having problems with product A and suggest buying product B, even though it scored lower in calculations. Second factor is *unexpected situational factor*, like losing a job or having a baby, when other purchases may become more urgent. *Perceived risk* influences a buyer heavily and this may postpone or make the buyer to avoid product. Each purchase includes a risk and the weight of risk varies between the stakes, like how much money, uncertainty or buyer self-confidence there will be. Consumer may think that at good warranties and national brand names reduce the risk, and choose product from those groups. Rest of consumer will gather more information before buying or avoid whole purchase. (Kotler, P. etc. 2005. 285)

*Postpurchase behaviour* is the last step where consumer takes further action after purchase because of satisfaction or dissatisfaction of the product. This means that marketers need to satisfy consumer also afterwards if there occurs any problem. *Consumer's expectations* and the product *perceived performance* determines consumers' satisfaction or dissatisfaction. The gap between expectation and performance leads to dissatisfaction. *Cognitive dissonance* will follow almost every large purchase which means that consumer will encounter post purchase conflict. Consumer satisfaction is straight connected to company sale and without new consumers and repeat consumers there is no need for marketer. Satisfying repeat consumers will be cheaper for a

company than attracting new ones. This is why marketers aim not just meeting the expectation but also delight the consumer. Consumer satisfaction measurements have shown that 96 % of consumers will not comply if they are unhappy, they will not buy anymore from the same company. Another thing is that bad word-of-mouth is much faster and heard further than a good word-of-mouth. According to Kotler etc. 2005 “Understanding the consumer’s needs and buying process is the foundation of successful marketing”. (Kotler, P. etc. 2005. 285-287; Karunakaran, K. 2008. 69; Schiffman, L. etc. 2010. 498-500)

#### 4.4 Decision process for new product

When a company is launching a new product the buyer is going through five stages in adoption process. The first stage is *awareness* where a buyer will become aware about a new product and there is not much information about it. The second stage is *interest* where they buyer will start searching more information. The third stage is *evaluation* where the buyer considers if a product is worth of trying. The fourth stage is *trial*, here the buyer will test a product and consider its value. The fifth is *adoption* where the buyer has decided to regularly use the product. (Kotler, P. etc. 2005. 287; Karunakaran, K. 2008. 70)

New products have a timeline where different group of adopters adopt it. *Innovators* are the first 2.5 % of new product buyers and they are adventurous and like to take higher risk when buying something. Next 13.5 % are so called *early adopters* they seek respect by their choices and choose carefully a product. Just before the half way of the adopting timeline will be *early majority* with a percentage of 34 %, these buyers deliberate and adopts new product earlier than average buyer. *Late majority* 34 % will consider carefully and they are skeptical, they wait until the new product has been carefully tested by other buyers. Last group with 16 % are *laggards* they are most suspicious and avoid buying before new product has become tradition itself. (Kotler, P. etc. 2005. 288)

Innovators and early adopters should be the target groups for marketer because they have noticed to be relatively young, well educated and having higher incomes. These

people are usually role leaders in their own social groups and the majority from those groups will follow them by buying same products. This kind of persuasion is also known as a *personal influence* where one can influence on another's buying attitude or probability, influence is very important for late adopters and especially in evaluation stage. When there are some risks connected to a purchase it has been found out that influence of other will affect positively. (Kotler, P. etc. 2005. 288-289)

Product characteristics have an influence on rate of adoption. Some products take only a night and the others may take months or even years before buyers will adopt those. Kotler (2005) have stated five groups related to product characteristics. First is *relatively advantage* which means that products have superior appears compared to old ones. Second is *compatibility* when product gives more value to the first one. Third one is *complexity* of the product which means difficulty of using or initializing it. Fourth *divisibility* this means possibility to try a product on a limited basis before buying it. Fifth is *communicability* this means how easy it is to observe or describe the results of the product to the other buyers. (Kotler, P. etc. 2005. 289)

## 5 THE PURPOSE OF THE STUDY AND CONCEPTUAL FRAMEWORK

The purpose of this study was to answer how much young adults were giving weight as a consumers on companies ethical and environmental efforts or did they even knew anything about those? Could young adults been potential market group for products which are produced ethically and by using sustainable means in productions? And had 1990's green concern already turned into green consumerism? Main objects for this study was to create a big picture from the present situation and awareness about business ethics and environmental effects to consumer buying behaviour and those importances for companies marketing strategies. To find out if there was a business possibility to start importing products which are ethically and sustainable produced, and encourage companies to take these things into more serious consideration while planning their future strategies.



The subject was the influence of business ethics and green marketing on consumer buying behaviour. Growing concern about the state of our environment and multinational company's unethical acts against societies has become a huge issue. Before it is possible to propose any solutions, we need to research what consumers already knows about business ethics and green marketing.

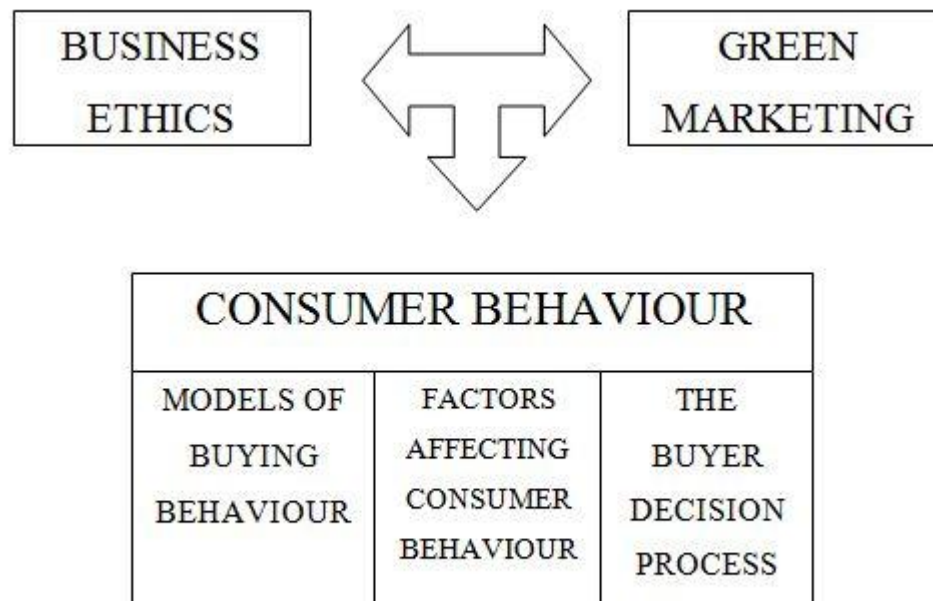


FIGURE 6 Conceptual framework of the study. The influence of business ethics and green marketing on consumer buying behaviour, referred by Kotler (Kotler, P. 1999. 230)

The conceptual framework was created on the basis of Kotler (1999) consumer behaviour figure and there were added two other theoretical parts of this research, business ethics and green marketing. This represents connections between consumer behaviour and two external stimuli and how they will influence consumer behaviour. Together these will create a consumer response whether to buy or not to buy. (Kotler, 1999, 230)

## 6 RESEARCH METHODS

### 6.1 Basic paradigm chosen

To find the most suitable research method, we have to choose from two alternative techniques qualitative or quantitative. To this research the choice was qualitative because research aimed to deepen people's knowledge about consumers buying behaviour and reasons what are affecting on this, which are close to principle matters of qualitative research. This thesis focused on two matters affecting consumers buying behaviour, first business ethics and secondly green marketing. Principle questions in a qualitative research are why and how people are making decisions. Interview, which was the base for this thesis, was structured to answer on those main questions. Unlike quantitative research, qualitative sample can be smaller and more focused because quantitative researches are aiming to create paragraphs, diagrams and something to display and it will need much bigger samples to be reliable and representing majority of people. (Glenn 2010, 95-97)

Consumer research pioneers used qualitative research when they were investigating new product and product positioning opportunities from the consumer point of view. One purpose of this research was to find out if there is demand for launching new products which are ethically produced. Investigate new business possibilities and international companies' business ethics and green marketing influence to consumers buying behaviour. This research was more exploratory and generating hypotheses like qualitative research is meant to be, when quantitative research is testing hypotheses. (Glenn 2010, 95-97)

### 6.2 Data gathering

#### 6.2.1 Sample

Purposive sampling was chosen as the sampling method. This research was focusing on small group of consumers which consisted young adults from the Satakunta University of Applied Sciences; the sample was 10 female and 10 male. According to

Denscombe purposive sampling, advantages are that researcher is able to focus on people or events that might be critical for the success of the research. He continues that this will provide researcher a possibility to concentrate on wide variety and even on extreme cases. He states that sometimes this kind of sampling is not only economically but also informatively more suitable than conventional probability sampling. (Denscombe, M. 2007. 17)

### 6.2.2 Data collection methods

There are ongoing arguments against face-to-face interviews and distance interviews because answering to some very personal topic might need interaction between respondent and interviewer to get better results. In this research topic was not too personal for distance interview, in the matter of fact distance may create more unique answers because respondents were not able to talk with each other and brainstorming happened by oneself. Due to lower costs and distance between respondents was other major variable that supported distance interview. (Gillham, B. 2005. 5)

The open questionnaire interview was most suitable for this research. In a basic questionnaire, there are usually multiple-choice questions or you have to just pick-up closest answer and this does not let the respondent to explain his or her decision or there might not be right choice for respondent. In this research it was valuable to know what respondent really thought about the question and let them justify their answers because business ethics is quite wide topic. Narrowing it to the multiple-choices would have been leading the respondents and this could have been negative for the reliability of the research. Because questions were open, researcher had to give time for people to reply and that is why e-mail was a good solution, majority of people had access to computer and by this they were able to choose when to answer it. This is also good solution if interviewer or respondent is not at the same place same time. (Gillham, B. 2005. 113-117)

There are some disadvantages in this kind of research and the major is that everyone is not able to read but this was not a problem in this questionnaire. Other disadvantage is that everyone does not want to answer long enough literary, this should be

compensated by structuring questions as easy as possible to answer. In this interview, all questions were quite easy and short to answer if respondent felt like that. Prompt returns may cause problems for interviewer and e-mail is good solution for this because it is free, fast and does not need major physical efforts to send it back like old traditional mail would need. Return on time is a one problem and to avoid this, there was an attachment where data collection timetable was explained and ideal return date mentioned. Computer programs are evolving all the time and might cause problems for some respondents because not everyone has the latest software on their computer and this should be taken in consideration. Questionnaire was created by using the world most popular writing program which guaranteed that majority of respondents was able to open attachment. The file was also saved in older format because newer software versions can read older but not other way around. (Gillham, B. 2005. 113-117)

Data was collected between 14<sup>th</sup> of April and 30<sup>th</sup> of April 2011 by a questionnaire which included 18 questions. The open interview questionnaire was sent by e-mail to Satakunta University of Applied Sciences students.

### 6.3 Data analysis

In this research the base for the analysis was Auerbach's (2003) six step formulas which were modified to fit this type of research. At the beginning of qualitative research analysis it is important to remember that everything is not that important, this belief may immobilize new researcher and they might start copy and pasting lot of data from transcripts. It is good to remember that there is not only one right way of doing analysis but you have to be able to support your findings with data from your research. Findings supported by a data will explain other researchers your point of view even though there would be several ways to interpret your data. Being able to find relevant text from the research, it is essential to keep research concerns in your mind while reading manageable size of text at the time and cutting out everything else, so that researcher should be able to find repeating idea from the text. Turning repeating ideas into themes will help processing and creating theoretical constructs. In a group interviews researcher need to be more careful when seeking repeating

idea, there is a chance that a group process may influence to the answering. In this research possibility of group influence was eliminated by choosing distance interview. Recalling these key elements occasionally during analysis will help researcher. (Auerbach, C. etc. 2003. 31-43)

First part will be named what the research tells about and why do we need that information. Second step cuts down the unimportant text from your raw text otherwise the mass of text would be too much to handle. In third step researcher will gather respondents' similar answers and combine them as a repeating idea. Fourth step repeating ideas will be combined to groups that share common theme which is implicit idea or topic that repeating ideas form. Fifth step will take analysis to a more abstract and theoretical level and there will be developed researchers own theories. Sixth and a final step is that researcher will integrate subjective world to the world of theory. (Auerbach, C. etc. 2003. 42-76)

#### 6.4 Quality assessment of the study

##### *Objectivity*

Objectivity of the research means that researcher will not let subjectivity to affect conclusion and he or she will stay neutral through out the research. Researcher should minimize contamination of inquiry and its results from own subjectivity and offer complete picture, including possible "backstage" information to readers. Research data should be available for others to reanalyze it if they want. (Miles, M. etc. 1994. 278)

In this research main weight was on the objectivity and truthfulness of the research. This was achieved by looking conclusions and answers from different point of views and time to time reminding oneself about objectivity.

##### *Reliability*

In a qualitative research consistent of an instrument is the main thing, by this researcher is able to avoid instrument not to give different reading in a first place than in a second occasion. A good level of reliability have achieved when research instrument is able to provide same results time after time. (Miles, M. etc. 1994. 278; Denscombe, M. 2003. 300; Elton-Chalcraft, S. etc. 2008. 75, 79)

In this research the instrument was an open distance interview with a questionnaire form. Questionnaire questions were structured in a way that respondent could not be leaded to way or another and questions were kept open as possible still to answer question that research instrument was looking for. Questions were linked together, by this research were able to avoid volatility, which could have been damaging the results of the research.

#### *Internal validity*

According to Miles (1994) this is the truth value of the research or other words natural validity which means that researcher has not made any modifications to events or settings where interview or monitoring has happened. Miles continues that even presence or actions of the researcher should not affect the situation where research takes place. He has defined three key questions concerning internal validity: “Do the findings of the study make sense?”, “Are they credible to the people we study and to our readers?” and “Do we have an authentic portrait of what we were looking at?” (Miles, M. etc. 1994. 278)

Data gathered for this research was done by distance interview. Researcher was not able to affect respondents conclusions or brainstorming by giving any hints or lead answers. Questionnaire form was made and checked together with the thesis tutor Timo Kaartinen, which minimized possibility of making questions that would have been leading the respondent’s way or another.

#### *External validity*

External validity is about transferability of conclusion to other contexts and how far it can be generalized. This means, is it possible to connect text to some other cases or could it be possible to continue this research even further. (Miles, M. etc. 1994. 279)

Research area was very broad and that is why there was a possibility to continue making other researches from it. Even though the sample for this research was small, it was chosen carefully and that is why research conclusions could be generalized when studying people with similar educational background.

### *Utilization*

Utilization is about creating more intelligent actions among stakeholders based on conclusion of the research. This means is it really worth of doing changes based on the research proposals or is it only money and time wasting actions, which research is offering. (Miles, M. etc. 1994. 280)

One of the most relevant questions to ask while doing the research was: “Does my research add anything valuable for the readers or could the proposals cause any harm for the follower?” This research was meant to be a base for a decision, would it be worth of start an ethical and ecological importing business in Finland, which made the utilization of the research very important.

## 7 RESEARCH FINDINGS

### *How important it is that international companies are doing business in ethical way?*

Majority of respondents, 11 out of 20 kept this as an important thing. Some stated in a following way: “very important because it affects the companies’ images drastically” or “nowadays it seems to be very important as consumers become more and more aware of ethical matters”. Only one respondent said it is not important and stated as follows “more important facts are quality and price”. We are able to find out that there are lots of thoughts among the young adults toward ethical issues as the

theory part already revealed. Other interesting justifies were these two “most important thing nowadays is just giving the image to people that the company is doing business in ethical way” and “it is important, but it does not come to my mind first while doing my shopping”. First of all global business is still just creating images about taking care of ethical facts even though the truth is something else and it seems that by swallowing these images without any further questions consumers may be able to shop with pure conscience even though they also know that this is not the truth. Second is that how companies could remind consumers about ethical questions while they are shopping, because they might keep it important but does not remember it while buying products.

*What does unethical business bring up to your mind first?*

Unethical business brought up at least some thoughts to all of respondents and 80 % were able to name two or more forms of unethical business. 13 out of 20 respondents identified child labour as the major form of unethical business. One respondent brought up even a company name in this question by answering “Nike, child labour and bad working conditions”. When company name comes up in a question like that it cannot be good for the company reputation and quite sure it will affect the buyer “brand choice” while making decision to buy or not. Respondents did identify ten different form of unethical business and top three after child labour was exploiting nature, dishonest and “sweat shops”. “Sweat shops” are usually known as poor working conditions, long hours, unhealthy or dangerous working methods and even slavery. By identifying quite many forms of unethical business, we can make conclusion that young adults are aware about business ethics and what companies should avoid. Some respondents did not only identify different forms, but they already had “big picture” about companies unethical actions and how those will affect to supply chain, like in this answer “producer does not get proper compensation, multinational companies profit on their expense”. Young adults being able to identify various forms of unethical actions is a good start but if we want real progress toward more ethical business, we have to find a way to get majority of consumers to see the “big picture” which only a few were able to do in this survey.



*How much company's ethical acts affects your buying behaviour, do you buy more preferably products which are ethically produced or does it matter at all?*

55 % of respondents told that ethical things matters when they are buying products and rest 45 % did not keep it important. One respondent who did not keep it important answered "It is so difficult for a normal person to know the whole truth anyway behind the company". Respondent added "I think that most people actually support unethically working companies without knowing it". Similar pattern did continue among respondents that kept ethical acts important and did try to buy ethically produced products, "but there are also a lot products I buy unaware if they are ethical or not". This pattern brings up one of the problems ethically and ecologically produced products face nowadays and which one respondent did speak out loud "it takes a lot of effort to find out how the company does its products", from this point of view it seems that labelling of products have not reach targets that was set on them to easy consumers decision making between different products.

Another thing which showed up time to time on answers was "I would buy more ethical products if I had money, now I have to choose the ones I can afford" or "if it is not too much more expensive" and some who told that ethical acts does not matter was justified their answer by saying they are students, and that is why they cannot choose more expensive substitute product. This confirms the theoretical part where ethical and ecological products were told to have some extra cost in a production which will be shown up at the price of end product or otherwise common products pricing have been corrupted, by cutting corners to be able to offer cheapest price for consumers. One thing might be that ethically and ecologically produced products still have premium price and are not made for people having the similar incomes level with students.

*Where you can check is a product ethically or ecologically produced or do you rely on your basic knowledge about companies and products?*

Majority of respondents 11 out of 20 turn on Internet when they need information, but 9 out of 20 rely on their basic knowledge. Their knowledge is mainly coming from commercials and news. Only two respondents were watching labelling and

made decision based on these, there was also one respondent who did not trust any labelling. From this perspective labelling system should be changed to more attractive or then proofed to be valid. Two respondents answered “preferably not the company’s own website”, which indicates that some consumers does not count what companies are saying about their own products, which is also confirmed by the theory. These consumers prefer Internet forums and other consumers’ experiences. If companies want to increase their product recognisability, they need to make more reliable claims about their products.

*Can you get enough information about international companies’ ethical and ecological policies, where do you find this information?*

8 out of 15 respondents felt they will get enough information about ethical and ecological policies. This was only slightly over half which indicates that there could be potential consumers among those 7 respondents that did not get enough, if the information would be available. 13 out of 20 would head to the Internet to get more information. Some respondents did not think Internet should be the only place where to find information by saying, “I think there could be more information available, not just on Web sites where only the people who care about ethical issues visit, but more on magazines and news”. It has been proved that by repeating commercial or advertisement the message will be adapt by consumers and that is why it would be good to launch some more campaigns to remind about ethical and ecological things.

One interesting thing in this question was the mistrust that companies own claims did receive a second time in this questionnaire. 4 out of 8 who replied said that they receive enough information but do not trust companies own claims about ethical and ecological policies. The respondents stated that “I think that the companies can say something and act differently, so you can’t really know, what the truth behind the company’s ethical and ecological policies is” or “of course I can find a lot of information from the companies own websites but of course the information is always there like “we save the world”-type of crap which actually does not tell anything else than that the company is good at lying”. Strong arguments against companies own claims cannot be good in a long run and that is why companies should take seriously this kind of signs. Otherwise it will turn against them after a while and afterwards it

might be very expensive to make corrections and get consumers back. Even though the Internet is an easy way to market and make claims by companies, it is dead fast to cut wings from groundless claims and these are the things that spread even faster than the good claims with grounds.

*Is there any product groups or single products in which companies should pay more attention to business ethics and green marketing (e.g. cars, food, clothes or footballs etc.)?*

Two major business areas were “food and clothes because in that field child labour and bad working conditions are used very often” as one of the respondents stated reasons. 12 out of 20 kept textile industry as the most unethical and the second was food industry which got 10 out of 20 negative answers. This means that textile industry have not been able to clean its image among majority of young adults. This makes textile industry one of the most interesting business areas to start dealing with ethical and ecological products, because so many consumers are aware of fraud actions, they could offer good target market for new arrival company in a business. In a food sector arguments varied from “conditions of the animals we eat are horrible”, “are cultivation methods sustainable”, “producing food in a more organic way” to “bad working conditions”. Range of the arguments is wider which may indicate that information about food industry faults has reached consumers better and much wider sector. The advantage when choosing food business instead of textile is that in a food business consuming of product is more stable than in textile industry. This is because in a textile industry there are ever changing fashion which makes harder to predict products which will sell. There might be also some seasonal differences between products that sell in the food industry, but usually all products are selling year after year and will give more stable incomes for a company. Other fact is growing demand for organic products.

Surprisingly car and oil industry got only two people’s attention and the attention was focused on green marketing “Cars and oil industry have their problems. I think they use green marketing incorrectly“. Major problem with “green image” in the car industry is the tight bond with oil business. As long as cars are using mainly oil as a fuel, the car industry cannot really hit their green claims. Good example is Toyota

Prius, the hybrid car which did not solve the problem even though Toyota claimed that consumption of this car would be around 4,5 litre per 100 kilometres but the truth was 6,5 to 7,0 litres which is more than cars with same size as Prius but without hybrid technology. If car industry would not have such a tight connection with oil industry, it could offer good business possibilities for ecological products but as long as oil industry will buy out or block all the inventions which decrease oil business, it is useless. Green marketing at the oil industry itself would not be needed as long as they have their lobbying people in every major country's government. That is why oil industry would rather not offer much for a company that would help them to hit the green claims.

*Is the unethical way of doing business only foreign companies' problem or do you think that Finnish companies are better, why and how?*

8 out of 17 thought that Finnish companies are not better than foreign, like one of the respondent answered: "No I don't think Finnish companies are better just because they are Finnish, I believe they can have as much problems with ethics than foreign companies". Even though some surveys has shown that people keep Finnish products better quality than foreign but in ethical questions "Finnish status" does not offer great majority to follow this status. 9 out of 17 respondents thought Finnish companies succeed better than foreign but arguments showed that it is not because of companies itself are better. There was good states for responses like these: "In some cases Finnish companies can be better than foreign ones because we have tighter legislation for instance in environmental and labour issues than some other countries" other quite similar answer was "I think it is problem everywhere but in Finland the companies are under more surveillance and media meaning that it is harder to do things unethically for them". Answers proofed the theory where was said that major problem why business ethics and sustainable development does not happen every where is undeveloped rules and regulations. This means that also governments should pay more attention to this problem and try to get better guidelines to the "business game".

There was also one different kind of answer, one respondent argued as follows: "I think that very few Finnish companies have really succeeded throughout the world

because Finns obey the rules quite precisely compared to foreign companies. Playing precisely by the rules does not however end up with best results”. This might be truth and that is why Finland as a country is attractive business area or possibility for ethical and ecological products, because we have taught to play by the rules from the beginning and products that have produced obeying rules are easier to sell consumers with similar attitude. A thing that has been shown up from this argument means also that foreign countries should start making some legislative changes or efforts to renew old business fashions like the following argument points out: “I think that ethics and things related to this are still in starting point around the world”.

*Have you bought Fair trade products or any other labels that guarantee products ethical path from the beginning of the production until the end consumer?*

Only 2 out of 20 have not bought any labels that guarantee products ethical path. Number is quite small which indicates that consumers can recognize products at least in some scale. 13 out 20 have bought something and three of them use ethical products always when they can have it, 5 out of 20 have bought sometimes. A negative argument comes from the more expensive price like one respondent has answered “sometimes but unfortunately seldom because of their remarkably higher price”. It seems that nevertheless the higher price, majority has been able to find some products from ethical path to their shopping trolley and if the demand could be raised somehow, the price could also come down some percents. From these figures we are able to say that there is growing number of consumers who is willing to buy more ethical products.

*Which kind of product have you bought?*

Three product groups which came up in this question was food, cosmetics and clothes. Food got great majority of the answers and top 4 products were fruits 10 out of 20, coffee 7 out of 20, tea 4 out of 20 and chocolate 3 out of 20. Other food products were hot chocolate, juice, rice, egg and flower. Textiles were the second group and respondent identified products like socks, t-shirt, jeans and bedclothes. Last group was cosmetics from where lotion was identified. According to these figures food sector has better marketing or identifying possibility among ethical and ecologi-

cal products than other sectors. This may be because of stronger labeling system of food sector and especially Fair trade products have been advertised more. Other fact may be that ethical and ecological products are not yet hit themselves into the other sector as effectively and this offers a good possibility for new products and brands to be brought in the markets, together with good advertisement campaigns. Negative side in this result is that even though we have the awareness about unethical actions and unsustainable productions, we have not changed our consuming habits yet.

*How often do you buy products that are ethically or sustainable produced?*

5 out of 16 respondents are weekly buying ethical or sustainable produced products and at least twice a month buyers are 4 out 16 respondents. Over 55 % is buying at least twice a month and this gives hope but if we would like to get some volume to sell ethical and sustainable products, we should have the same figure for the people buying weekly. These figures are indicating the same results as before that we need more information about products and it should be in an easy format, like one respondent answered: “if I want something and it is easy to buy the more ethical version, I might choose it after I have seen the price, but it has to be easy to buy. For example, right next to the “unethical” version in the stores”. Other thing might be that we do not really know how to demand such information on packages or products in an easy form or what is really the most suitable and preferred way for majority of consumers. This problem would definitely need more research and working solution to attract majority of consumers to buy ethical and sustainable products.

*Are you willing to pay for more ethically and sustainable produced products? If not, why?*

Majority of respondents 13 out of 20 were willing to pay some extra from ethically and sustainable produced products but they also stated responses as a following way: “yes but of course if the price and quality are still reasonable” or “if the price difference does not come too big, nowadays it often is (some products cost double the price)”. When starting to sell new products it is good to know that people are willing to pay some extra if there is reason for that. Unethical products have corrupted price competition quite badly and that is why ethically and sustainable produced products

will be usually more expensive and consumers who do not know this fact are confused why it is like that. Like in the theory part production costs may also be higher but afterwards when demand will grow and production techniques evolve, ethical and sustainable product could even beat unethical product prices. This will happen at the latest when limited resources are coming to an end.

7 out of 20 answered no and three of them answered almost the same way: “not at this time of life, after studying and getting a job it might be something that would interest me”, this sounds good but it would be better if these people could start consuming ethical and sustainable products before this or minimize consumption. Nature is already badly polluted and emissions are still growing faster than ever and we would need quite fast action in every part of supply chain. Four of respondents were strongly against and stated as follows: “I am not, because I am not convinced enough that I am really supporting ethical production”. It is not possible to get all consumers to convinced that products are what they are said to be and in this case, companies themselves have major part to play because they have not kept their promises about business ethics and sustainable production.

*Do you trust more Finnish certificates and labels that promise ethical and sustainable production than foreign ones or do you think we should have some new way to guarantee this?*

Respondents did trust more to Finnish labels and certificates by 11 out of 16 majorities of responses. They stated responses by saying that “I think they monitor more closely to the Finnish products” and one of the respondents named even one label: “I do have strong trust towards Finnish Swan label”. The monitoring may be true but one respondent brought up one important reason “corruption” and because Finland is one of the least corrupted countries, it gives equal ground for controlling products. Corruption could be one problem why many foreign labels and certificates will not work out and usually these are coming from third world countries. Another thing which one of the respondents pointed out was “we could have better monitoring from the government”, this is true and the need for this will be highlighted in third world countries where companies are doing almost whatever they want without any consequences. Being able to trust Finnish monitoring system is one of the things why Fin-

land is good place for importing ethical and sustainable produced products, functional monitoring and low corruption will guarantee equal starting point doing business.

Only 2 out of 20 were thinking that there should be a new way to guarantee products ethical and sustainable production, respondents did not know what that could be. Labeling system could be enough if majority of companies and governments would engage to that. There was also one interesting answer: “I believe journalism and conscious consumers are the key to bring up the ‘bad guys’ in business”. This is not optimal solution because lots of bad things have already happened before media can make news and that is why this is not the preventing tool for unethical business. For example before the oil leak in the Gulf of Mexico or NIKE child labor or Chanel “sweat shops” scandals got into the media, there already had been many people and nature suffering even a years before people were able to make any actions to get these companies to stop doing these kind of things. As long as we do not have working system to guarantee products ethical and sustainable production, media will be powerful tool to get even some changes in company’s actions.

*Who is most responsible for international companies’ business ethics and ecological policies at the latest e.g. Politicians, consumers, companies, EU, WTO or someone else?*

There was no clear answer on this question and majority said that “companies themselves should want to be more ethical and ecological and responsibility lies there”. Some respondents also thought that also EU, WTO and politicians could take more actions to improve the ethical control. Companies are in the source of this ethical and ecological matter as we have seen from the theory part and now from these answers. If companies would have some goodwill in their minds instead of profits while establishing production or choosing business partners they could change whole thing very fast. Like one respondent said “you can’t point out anyone particularly, because the way the business world acts nowadays is a sum of everyone’s behavior”, this is true and that is why we should include more business ethics and green marketing lectures part of the business studies.



If we really want some changes to decrease nature exploitation and get better business ethics, we will need more co-operations between all of these operators. Without co-operation, there is only one chance and it is more bureaucracy and tighter regulations concerning ethics and sustainability in a company. In a long run, this will turn against business because while regulations and paper work increase businesses will get harder and harder. Tightening regulations will also affect establishing of new companies because it will need more and more money and knowledge to start anything.

*Do you think that consumers are able to affect companies' policies to more ethical and environmental way?*

95 % of respondents thought that consumers can affect companies' policies and only one did not think like that. But how much they can affect varied a lot, majority said there have to be a big group before anything happens. Truth is that consumers are the last and final group who can change companies' policies, like few respondents stated: "if there is no demand there is no business". One answer was "yes they can and slowly it starts to affect them", which is right. Consumer groups are very powerful but quite slow way to change things because consumers need first the information about the problem and after that they might start changing their habits. Through their pressure usually government will also start making changes to their politics. It is very good to see that consumers think they are really able to affect things because otherwise there would not be any force to stop or correct faults that occurs in business.

*How they can do that?*

Boycotting was mentioned in 9 out of 19 answers, this is very powerful way of express consumers opinion. Major problem would be how to get consumers to boycott something widely enough. This could work if there would not be any alternative product. If there are alternative product consumer could just do like four respondents have answered "by choosing ethically produced products", in a long run this will affect to unethical product selling figures and those will vanish from markets. "Keeping up the awareness of unethical actions" and "by bringing up companies' policies", these both are important things while trying to change consumer buying habits. One

respondent stated that “the more the topic is on the board, the more people start to think about it and that way also end up consuming ethically produced things”. That is why ethical and ecological things should be a hot topic and in a news on time to time.

One answer stated the power of social media “I think these days social media have made companies more aware of the public opinion”. Growing number of consumers are using nowadays some sort of social media network and where are the consumers, there are the markets. That is why majority of companies in Finland have started to use same networks and this gives a good channel to make things like “giving them feedback” as one respondent said. Social media may provide very good possibilities to make consumers more aware of companies’ policies and their actions, because it will connect consumers around the world and enables faster interaction between consumers and companies. One problem is still that how we are able to get the most important information to the consumers because social media have also started to fill up from junk mails and advertises. However, in the future Internet will have bigger and bigger influence to the consumer buying habits and when cyber shopping will grow even more, there might be published programs that warn consumers about product or producer’s unethical or non ecologic background before buying products.

*Can you name some especially ethical and especially unethical international/Finnish companies?*

There was also three companies that got their name to both ethical and unethical list, from international companies those were H&M and Nike, and in Finnish list it was Nokia. This gives good picture how differently consumers may see companies and their image. If our information is not full, we cannot really say anything sure about companies or products, and unfortunately often we do not know enough about these things. The Body Shop was most ethical in international list with four votes and Nestle was the most unethical by four votes as well. From Finnish companies most ethical was Stora Enso with three votes, Neste Oil and Nokia got shared first place with two votes as the most unethical companies. For the respondents, naming a Finnish unethical company was quite hard because 15 out of 20 were not able to name any. This may indicate that we have quite ethical companies in Finland, which can be be-

cause of better monitoring or Finnish companies' ethical miss claims are not worth of news and that is why consumers does not know about these things.

Here are four lists of companies which name was included in the answers.

*Ethical international company*

- Body Shop
- Starbucks
- IKEA
- Adidas
- H&M
- Benetton
- Google
- Avon
- Nike
- Adidas
- Toyota

*Unethical international company*

- Nestle
- BP
- L'Oreal
- H&M
- Primark
- Mc Donald's
- Coca-Cola
- Nike
- Shell
- Exxon Mobile
- Areva
- British American Tobacco
- Ryan Air

- General Motors

*Ethical Finnish company*

- Nokia
- Stora Enso
- Marja Entrich
- Globe Hope
- Marimekko
- Pirkka
- Jujo Thermal
- Serla
- Honkarakenne
- Honka
- Laitilan Wirvoitusjuomatehdas

*Unethical Finnish company*

- Tokmanni
- Neste Oil
- Nokia

*If you think we need more information about ethics and green marketing, from where you would like to learn it?*

Only one respondent answered that there is no need for more information about ethics and green marketing, in other responses Internet was mentioned 12 times as the source where information would like to be studied. News papers or magazine and product labels both got five mentions. Many of the answers had common scheme: “it would be nice to hear that every ethical and ecological company would advertise themselves and make people know that they are good companies”, which is the usual way to get consumers attention. Anyway, we have to remember from earlier questions that quite many consumers do not trust companies’ advertisements that much, which will cause problems to advertisers. More informative package labels and clos-

er monitoring what companies are putting on products could help in this case because all the smaller companies might not be able to compete with huge advertisements because of the limited resources. More informative labels would be easy way for consumers to judge product. This could also provide possibility for the smaller companies to get their policies heart through their informative labels.

Three respondents also wanted that business ethics should be better reviewed in schools: “this could be a part of the curriculum in school” as one of the respondents stated. Ethical policies and ecological sustainability has become quite important part of nowadays business and that is why increasing knowledge about these subjects in schools could be justifiable. This is not because we should live in totally green and ethical world but future generations should be able to enjoy pure water, green forests and fresh air. Also every human being should have equal right to decide about his or her live and basic rights should be guaranteed to people. By providing more and specific information about these things, we could give consumers a better starting point, based on which they could make judgment to consume products and the truth would be reach of every consumers. This would also decrease barriers from the way of new companies when competing against huge multinational organizations.

## 8 SUMMARY AND CONCLUSION

The research purpose was to create a big picture from present situation and awareness of business ethics and environmental policies influence to the consumer buying behaviour and those importance for companies as marketing strategies. Other purpose was to find out if there was a business possibility to start to import ethically and sustainable produced products, and also encourage companies to take these things more into serious consideration while planning their future strategies. Research questions were how much young adults were giving weight as a consumer on companies’ ethical and environmental efforts or did they even knew anything about those? Could young adults been potential market group for products which are produced ethically and by using sustainable means in production? And had 1990’s green concern already turned to green consumerism?

The most prominent findings were that business ethics really influence consumers buying behaviour and growing number of consumers wanted to buy ethically and ecologically produced products. Together with consumers interest toward ethical and ecological products in textile and especially in organic food industry, it looked that there could be a niche to establish a new importing company which main principles are ethics and sustainable production. Consumers were also trusting Finnish monitoring system against miss claims from companies and regulations that are decreasing this kind of actions. Media has made good job against companies' unethical and ecological actions and has made possible that growing number of consumers are more aware of these actions. Without worldwide media, many actions would have stayed inside one country and companies would have been able to continue their actions against human rights and nature exploitation.

Companies should not forget the meaning of social media as a place where to gather feedback and advertise their ethical and ecological values. Social media could be powerful tool for a new company to start advertising their products with a low budget because one shared advertisement may spread to thousands of consumers' computer screen and target groups could be found much more easily than before. One very negative thing was mistrust against companies' own promises and claims. Quite many consumers' does not want to search information about products from companies' own home pages. This is a bad thing for new companies entering the markets and also former agents because a home page would be the best place to advertise products and share information about companies. Based on this survey green concern has been slowly turning to green consumerism but there is still a lot of work before it is totally changed.

## 9 RECOMMENDATIONS

Companies' unethical and ecological actions should rise more often to news so that consumers could learn from those. On the other hand, media could also make news from companies which are making progress in ethical and ecological path. Compa-

nies should start following more closely their public image in social media and start working to earn their trust worthiness back. Without trust, it will be hard to make business and get profits in the future. Companies should also start looking with whom they are co-operating because if business partner is doing something wrong or reprehensible, it may easily affect to whole business group and may become very expensive to regain back the trust from consumers. Textile and food industry especially should change their policies toward more ethical and ecological policies because nowadays majority of consumers are focusing on them. By changing their policies, they may earn quite many new consumers and survive in the future when governments are pressured to tighten regulations concerning these policies.

International monitoring of companies' ethical and ecological actions should be tightened. One step could be better co-operation between the different agents like governments, companies and organizations. This co-operation could also help to launch more functional labelling system around the world. Labelling system should be as easy as possible and products should include more specific information about where and how those are produced, that consumers could make easier and better judgement which product they will choose. Meaning of labels should be mentioned in media time to time, to provide consumers updated information what different certificates and marks tells about products. Ethical and ecological product producers should pay more attention to the pricing of goods. Price should be in line with quality and not artificial like some products may have nowadays. Over pricing and ripping of consumers will not encourage them to change to ethical and ecological products. This will only push change of consuming habits further away in the future.

Consumers would like to get more information about business ethics and ecological policies of companies mainly from Internet but they would like to include it as a part of school studies. By teaching young people about these things, there could born a generation to whom ethical and ecological activity is self-evidence. This would decrease problems with nature exploitation and human rights while number of inhabitants increase in the planet.

Conceptual framework formed an adequate background for the field study. Understanding business ethics, green marketing and consumer buying behaviour were es-

sential, and without background knowledge about those theories, it would have been hard to analyse the answers.



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## APPENDICE 1

Interview

13.04.2011

Gender:

Age:

1. How important it is that international companies are doing business in ethical way?  
-
2. What does unethical business bring up to your mind first?  
-
3. How much company's ethical acts affects your buying behaviour, do you buy more preferably products which are ethically produced or does it matter at all?  
-
4. Where you can check is a product ethically or ecologically produced or do you rely on your basic knowledge about companies and products?  
-
5. Can you get enough information about international companies' ethical and ecological policies, where do you find this information?  
-
6. Is there any product groups or single products in which companies should pay more attention to business ethics and green marketing (e.g. cars, food, clothes or footballs etc.)?  
-
7. Is the unethical way of doing business only foreign companies' problem or do you think that Finnish companies are better, why and how?  
-
8. Have you bought Fair trade products or any other labels that guarantee products ethical path from the beginning of the production until the end consumer?  
-

9. Which kind of product have you bought?  
-
10. How often do you buy products that are ethically or sustainably produced?  
-
11. Are you willing to pay for more ethically and sustainable produced products?  
If not, why?  
-
12. Do you trust more Finnish certificates and labels that promise ethical and sustainable production than foreign ones or do you think we should have some new way to guarantee this?  
-
13. Who is most responsible for international companies business ethics and ecological policies at the latest e.g. Politicians, consumers, companies, EU, WTO or someone else?  
-
14. Do you think that consumers are able to affect companies' policies to more ethical and environmental way?  
-
15. How they can do that?  
-
16. Can you name some especially ethical and especially unethical international companies?  
-
17. Can you name some especially ethical and especially unethical finish companies?  
-
18. If you think we need more information about ethics and green marketing, from where you would prefer to learn it?