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Tämä tutkielma on tehty itsenäisenä tutkimustyönä kuluttajakäyttäytymisestä luomuruoan suhteen. Tutkielman tärkeimpänä päämääränä oli löytää ja määritellä ne tekijät, jotka vaikuttavat asenteisiin, uskomuksiin ja kuluttajakäyttäytymiseen luomuruokaa kohtaan sekä niissä kuluttajaryhmissä, jotka käyttävät luomuruokaa että niissä kuluttajaryhmissä, jotka eivät käytä luomuruokaa. Tavoitteena oli näyttää, miten asenteet ja uskomukset vaikuttavat luomuruoan yleiseen suosioon Suomessa.

Teoreettinen viitekehys pohjautuu kuluttajakäyttäytymiseen ja vähäisemmässä määrin myös markkinointiteoriaan. Markkinoinnin yhdistelmäelementtien 4 P's –mallia on käytetty painottamaan nykyistä tuotetarjonnan kokonaismäärää, jonka luomuvaihtoehdot tällä hetkellä tarjoavat kuluttajille Suomessa. Teoreettisen viitekehyksen keskeisenä osana ovat ne ulkoiset ja sisäiset sosiaaliset tekijät, jotka vaikuttavat ostokäyttäytymiseen. Tutkimuksessa käytettiin määrälliseen menetelmään perustuvaa jäsenneltyä kyselylomaketta, joka julkaistiin sekä yleisillä Facebook-sivuilla että kahden luomuruoan kannattajaryhmän Facebook-sivuilla.

Tulokset tuovat esiin ne tekijät ja tärkeat asiat, joihin luomuruoan kuluttajat uskovat, ja ne asenteet, jotka vaikuttavat heidän luomutuotteiden ostopäätöksiinsä. Ne osoittivat, kuinka hinta / käytettävissä olevat tulot ovat päätekijät päätettäessä, ostaako luomuruokaa vai ei. Tutkimus toi esiin myös tyypillisen luomuruoan käyttäjän profiilin väestötietoja käyttämällä

Keywords organic, consumer behaviour, marketing mix, consumer segmentation

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ABSTRACT

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This thesis was written as an independent study on the topic of consumer behaviour concerning organic grocery consumption. The main objective of the thesis was to find out the factors that influence attitude, belief and behaviour towards organic foods in both organic and non-organic consumer segments. The goal was to show how attitude and beliefs are affecting the overall popularity of organic food in Finland.

The theoretical framework is based on consumer behaviour and to a less extent also on marketing theory. The marketing mix element of the 4 P’s model is used to emphasize the current total product offering that organic options offer people in Finland today. The main external and internal social factors that influence purchase behaviour are at the center of the theoretical framework. The research used a quantitative method of structured questionnaire that was published on Facebook and on two fan pages of organic groups also found on Facebook.

The results show the factors and areas of importance that organic consumes hold as beliefs, and attitudes that affect their organic purchasing behaviour. They showed how the price/ expendable income factor is the key divider for purchasing organic options or not. They also brought to light the profile of the typical organic consumer based on demographics.

Keywords	organic, consumer behaviour, marketing mix, consumer segmentation

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I INTRODUCTION SECTION

This thesis is divided into three sections that consist of an introduction section, a theoretical part and an empirical study. The following section will offer an introductory explanation to the concept of the thesis topic followed by a background of the study introduction and then the aims and objectives. The section is concluded with the limitations of the study and the structure of the study.

1. INTRODUCTION

This thesis is an independent study on the consumer attitudes and behaviour of people who purchase and consume organic products in Finland. Organic products are growing steadily around the world and especially in Europe. In Finland today the organic movement is growing with major supermarkets stocking an ever growing selection of organic alternatives in everyday groceries. Finnish brands are adapting their product offerings by starting organic product lines which are in demand due to the changing attitude of consumers who are becoming more aware and conscious of the effects of their purchase actions. Some key trends in global consumerism include sustainable development, ethical action, environmental protection, business transparency and animal welfare, all of which Organic production complies with.

1.1 Background of the study

The rapid industrialization of the world during the 20th century has seen the global population explode (Beisner 1990). Due to technological advances and increased mortality rates the global population is ever growing and this growing population demands a food supply that can match it. This has resulted in food production on an industrial scale. Innovative implementations to supply as large an amount as is possible with as little input and as possible can only go so far as to satisfy the demand. However, to meet demand and maximize output and profit other measure have been introduced, one example being battery farming methods where as many animals as possible are crammed into unnatural growing pens that require minimal human input. Also, the addition of animal feed additives such as proteins to make animals grow quicker and bigger is used. As well as scientific manipulation of crop foods which enables pest resistant crops to grow more quick and in more abundant quantities. On the downside to this great demand to satisfy human consumption is the ethical and environmental toll these agricultural practices have been taking.

Animal welfare has been overlooked, the environmental damage and manipulation of natural pollination cycles as well as the human consumption implications of GM foods has been placed below profit lines of multinational corporations. Of which many are often lacking in corporate responsibility and transparency.

The dawn of the 21st century has seen the rise of the ethically conscious consumer. People have become aware how important their health is to them and the importance of the ingredients of what they consume. In today's educated society it is prevalent of people to ask questions such as 'why', 'how' and 'by what means' and to realise the health costs of the use of pesticide and food additives and preservatives. Eating can be said to be a political act as every time you choose what you eat you are making a range of environmental, ecological and political choice statements. Although mainly confined to the developed countries, developing and third countries around the world are starting to introduce organic agricultural programs.

The origins of organic farming go back to the 1920s to Dr. Rudolf Steiner whose philosophy of ‘Anthroposophy’ incorporated among other things Biodynamics which is a very similar yet more precise form of organic agriculture that encompasses spiritual, ethical and ecological practices to agriculture, food production and nutrition in general. Biodynamics can be characterized as a pseudoscience or a spiritual science that takes a holistic approach over a reductionist approach (Courtney 2005). The timely rise of organic farming offers an alternative solution to industrialised agriculture at a time that coincides with consumer demand.

In Europe organic share is dominated by Germany where the practice originated. Germany accounts for over 45% of the global total of organic production. Finland can hold claim to most organic wild culture hectares. (Paul 2011) The level to how successful organic produce is in one country depends on various factors such as society, attitudes, values, agricultural practices in place and corporate stances on organics. The horse meat scandal of 2013 is a prime example of how consumer attitude can change dramatically in the face of unethical and unscrupulous business behaviour. As much as consumers were turned off at the idea of having unknowingly consumed horse meat, the other issue was the fact they had been deceived and lied to. This breached the consumer’s trust which is of vital importance. As a result consumers looked elsewhere to kosher meats, local meat producers, and more importantly trustworthy organic options.

1.2 Aims & Objectives

As organic food has increased dramatically in the last ten years in Finland in terms of production, demand, and general knowledge, it can be said it has established its place in the Finnish conventional consumer market. A European food safety agency study concluded that Finland has the purest food in the EU with 72% found to be containing no traces of pesticide compared to the EU average of 50% (yle.fi 2013). This finding brings up the question of "to what degree the organic aspect has contributed to the statistics and how it translates to consumer attitude". The aim of this study is to investigate the common values held by organic consumers in a country specific environment in the case of Finland. A key objective is to classify the organic consumer in relation to age, gender, family structure, occupation and education level. From this a demographic consumer segment can be identified. The objectives that the study aims to reach also include identifying the important factors that cause the consumer make a conscious decision to select an organic option and to measure the level of importance assigned to each factor. In addition the aim is also to look at the opposite scope of the spectrum and find out why people do not in fact buy organic food and what could be done for them to change their habits.

The overall result objective is to show a connection between the conceptual theories on consumer behaviour and attitude in relation to the empirical research findings on consumer trends in organic consumption, resulting in a clearer picture of the ethical marketplace in Finland.

Finland is a somewhat unique case for the organic market place with its northern latitude and short growing months with a sparse population of people living at a high standard with strong values and sense of moral. Also as there is a lack of recent relevant organic consumer research of Finland, and therefore research aims to develop a clearer picture that could contribute to brand marketing, policy makers and industry players as well as provide a general source of information to those of interest.

1.3 Limitations of the study

First of all it is hard to define what exactly an organic consumer is. For this study we shall consider an organic consumer as someone who “consciously buys organic produce and has a positive attitude to the values of organic foods.” In this study there are some limiting factors which need to be considered before generalizations are made. The targeting of organic consumers utilises Facebook as a medium of contact which invariably results in a group which is not totally representable of the total population of Finland’s organic consumers. Also, as this is an investigation into Finland’s organic climate and not a comparison study with for example another Nordic country, caution should be exercised in any analysis of results. Although this study aims to study behaviour and attitude, the study of behaviour is only very basically observed, as to study human behaviour, a very precise and regulated science, would explore psychology which is not included in the theme of this study.

1.4 Structure of the study

The first part of the theoretical section will look at the main implications of Organics, namely what it implies, its classifications and labelling, its short history in Finland, its market potential in Finland and its marketing mix strategy. The second part of the theory explores theories of consumer behaviour.

The empirical part of the study will use quantitative research in the form of a questionnaire aimed exclusively at organic consumers all over Finland. The results of the study will be important in painting an overall picture of the climate of organic consumption in Finland and will uncover the consumer characteristics and behaviour that drives the popularity of organics.

II THEORETICAL STUDY

The theoretical study contains numerous theories on marketing, consumer behaviour and the buying process. The theories use organics and organics in Finland as practical examples. The theoretical study forms the main structure of the thesis and will be support and be supported by the empirical study.

2. ORGANICS

The term “Organic” can be used for any produce that has been cultivated under organic rules following organic principles and then certified with an organic label that guarantees it has been grown with utmost consideration to the environment and animal welfare. (Evira 2012)

2.1 The Objectives and Principles of Organic Production

The objective of organic production is to provide the consumer with quality certified foods that are more beneficial to the consumer as well as the land and resources it has used to reach the marketplace. It offers consumers a safer, healthier and more ethical alternative to mass produced, genetically modified and mainstream produced foods by corporations.

Organic farming revolves around respecting and protecting four core areas of environmental protection, namely animal welfare, society and economy and consumer confidence.

Environmental protection practices in organic farming revolve around the biodiversity and landscape, as well as sustainable and responsible use of soil and water. Farming practices follow some common practices that include crop rotation, limited pesticide, fertiliser, antibiotic and additive usage, total prohibition of genetically modified ingredients, and free range rearing of livestock. (europa.eu)

Although public opinion is divided on the benefits of organic food with some studies finding little health benefit between organic and non-organic food (Brandt 2012) still, the general opinion of organic foods is held in high regard as seen by the rapid growth in sales in Finland of 50% year-on-year in 2012 as well the increase in conversions of farms from conventional to certified organic ones. (Yle 2012)

2.2 Certification & Legislation

Organic certification around the world is controlled by each respective country's agricultural department and varies in requirements needed to be met in growing, storing, processing, packaging and transportation. Legislations are passed that regulates certification. Certification can be issued by any number of independent third-party certification bodies or government regulators. (Youseffi & Miller 2007)

In the European Union the organic food industry of the member parties was first regulated by council regulation 834/2007 which has since been amended on numerous occasions with the latest revised legislation brought into affect from 1 January 2009. Under the legislation is defined the minimum guidelines for production, labelling and inspection. (europa.eu)

2.2.1 Labelling

Organic labelling in the European Union falls under one simple logo made mandatory from 1st July 2010 (see figure 1). The logo is optional for products imported from outside the EU however if applied, the product still has to meet the requirements aimed at EU grown products. Products bearing the EU organic logo can be guaranteed that the product is minimum 95% organically produced, complies with rules of official inspection scheme, has come directly from producer or packaged in a sealed environment and bears name of producer or code of inspection body. Accompanying the logo must also be mentioned the origin of the farmed ingredients and the code number of the body that certified it as organic. (europa.eu)

Figure 1. European Union Organic Label (europa 2013)

Organic products bearing the EU logo can also include a national organic certification logo. In Finland there are two national organic labels (see figures 2&3) the Ladybird label and the “Luomu” sun label. The “Ladybird” label is owned by the Organic Association ‘Luomuliitto’ and is given to farmers, food producers, and processors who can prove under a certified quality control program system that at least 75% of their product ingredients are of Finnish origin. The “Luomu” label is the official label of the Finnish inspection authorities controlled by the Ministry of Agriculture and Forestry. The regulation standards under the “Luomu” label are the same as under the EU regulations for organic production. The “Luomo” label is applicable also on imported products provided that the last stage of production, packaging, or labelling is carried out in Finland. (Dahlbaka 2011)

Additionally there are other organic labels such as the Demeter biodynamic label controlled by the Finnish Biodynamic association and follows standards set out by international Demeter standards. (Dahlbaka 2011) Biodynamic production is recognised as equivalent to Organic production and only differs in the use of specified fermented herbal preparations as compost, additives and field sprays (Carpenter-Boggs 1999).

Figure 2. The Ladybird Label (ecolabel index 2013)

Figure 3. Luomu label (ecolabel index 2013)

The Finnish production, processing, importing and marketing of organic products is controlled by the Finnish Food Safety Authority (Evira) and Finland's 15 regional rural departments of employment and economic development centers. Organic wines and spirits and alcohols are controlled by the National Supervisory Authority for Welfare and Health (Dahlbaka 2011)

2.3 Organics in Finland

This section looks at organics and how it is represented in Finland. It looks at organics from recent historical perspective, its current status, the value chain of organics in Finland and how the marketing mix of organics is represented.

2.3.1 History of Organics in Finland

The roots of Organic farming in Finland can be traced back to the 1910s when experimental bio-dynamic farming was carried out by the “Life Reform Movement”. The first farm that started in 1927 and the foundation of the Finnish Bio-dynamic society was started in 1946. The time period before 1980s was a pioneer phase with most Organic farm conversions taking place in the 1960s and only numbering a couple of dozen. During this time the motivations for conversions were mainly due to ideological convictions. The 1990s saw the explosion in numbers of farm conversions from 671 in 1990 to 1,818 by 1994.

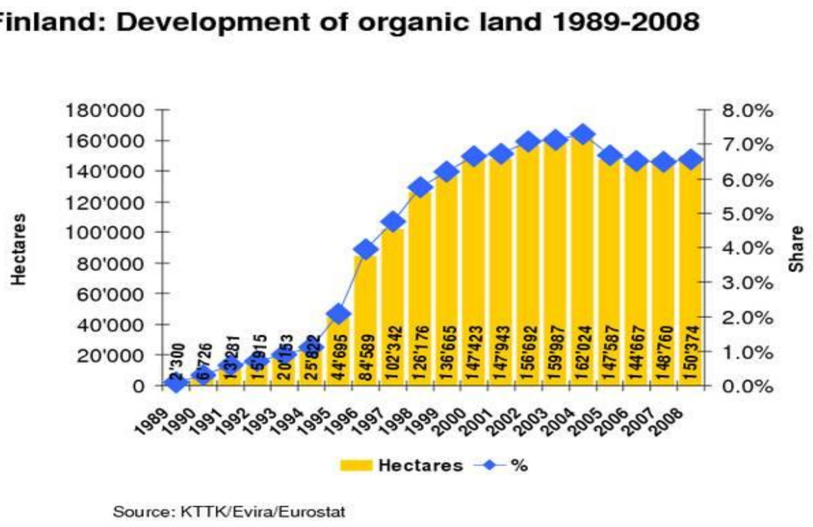

Figure 4. Development of Organic Land in Finland 1989-2008 (Evira 2012)

The main reason was the financial support offered under a state program to convert to Organic farming methods. Finland's entry into the EU in 1995 saw a further rapid increase to 2,793 in 1995 and by 1996 there were 4,452 Organic farms. By 1999 the goal of 120,000 hectares was reached and Finland was one the leading countries of Organic farming in Europe. The first half of the 21s century saw stagnant growth with the number of Organic units remaining at the level of the late 1990s. (Heinonen 2009)

2.3.2 The Organic Market today in Finland

The year 2010 saw a turnover of approximately 82 million euro which increased in 2011 by around 41% to reach a turnover of approx 120 million euro. The growth for 2012 was predicted to be between 24% and 50% and figures are estimated at between 182 million – 202 million euro. If growth predications carry on, the goal to reach 330 million by 2015 should be reachable (Kottila 2012; Pöytäniemi 2012). Overall Organic Market share is below 2% and well below comparable neighbouring countries such as Denmark (7%) and Sweden (3%) (Dahlbaka 2011). In 2012 there were a record 365 registered organic farms bringing the grand total to around 4,300 farms. 113 of these were livestock farms. Under government plans a minimum 20% of cultivated land will be organically farmed. (Evira 2012)

The average growth in general grocery sales in 2012 was 5.3% of which the organic share rose to total 1.6%. Organic market share of the metropolitan Helsinki area is around 2.5% and is where demand is greatest. The product categories that have the largest organic share are milk (20%), fruit & vegetables (19%), fresh baked goods (10%), eggs (8%). (Kottila 2012)

The wholesalers of S-group, K-Group and Suomen Lähikauppa account for around (84%) of organic distribution in Finland as they between them already account for aggregate market share of (88.1%). Their successful dominance of the food industry is due to their wholesale and retail chain arrangements supplying their own controlled supermarkets Citymarket and Prisma respectively, as well as various other smaller stores nationwide. In addition they have interests in hotels, restaurant chains and catering services. The wholesalers can hold claim to one-third of estimated total wholesale trade in Finland. Both S-Group and K- Group aim to vastly increase their organic selection by almost 50% year by year to meet demand. K-Groups own house brand “Pirkka” is leader in Finland with its organic line of over 100 products in 2012. The organisation “Pro Luomu” was set up in 2011 to better coordinate supply and demand for the Finnish food sector and to actively promote and develop the organic sector. Other organic supply outlets account for around (16%) and include private health food and speciality stores and to an even less extent markets and direct selling. (Dahlbaka 2011; Kesko 2012)

2.3.3 The Organic Value Chain in Finland

Primary food production starts on the farm and although the number of farms in Finland is decreasing, the number of organic farms is increasing. There are an estimated 4,300 Organic farmers as of 2012 and the average organic farm is 10% larger in average, in hectare size than conventional farms. In 2011 7.9% of total farmland was certified organic (Dahlbaka 2011). The demand for organic grain is greater than the supply and only oats are the only grain produced with a surplus, organic rye, barley and wheat is needed to be imported. The reasons for the demand have been the increase in organic animal production which naturally requires more organic animal fodder. Organic oat growing accounts for half of Finland’s total oat production. (Pöytäniemi 2012)

Organic Processed products depend on certified operators to process or import organic foods. In 2009 there were 450 certified operators of which around 200 were small scale on-site producers. The majority of multimillion turnover producers are still the mainstream operators. (Pöytäniemi 2012)

Retail in Finland is still predominantly through mainstream retail channels estimated at around 84% in total. The remaining 16% is distributed through speciality stores, farmers markets and direct sales (Pöytäniemi 2012).

Organic food in the catering sector is also experiencing growth with some 500 kitchens in the public sector members of “Portaat Luomuun” which aims at voluntarily increasing the amount of organic products used. However EU regulations do not cover the catering sector and Finland has no certification system for either public sector kitchens or private restaurants. The Export of organic foods in 2009 was roughly 14 million euro which only accounts for 1% of total Finnish food exports. Most exports are grains with oats being the most in quantity. Imports of organic products were estimated at 30% of total imports and at a value of 22 million euro (not including organic alcoholic products. (Pöytäniemi 2012)

2.4 Marketing Mix of Organics

The marketing mix of the four elements of price, place, product, and promotion, “the four P’s is a concept first brought forward by Neil H. Borden and adapted to its final form by E. Jerome MacCarthy in 1960. It is the “4 P” parameters that marketing personnel can control and manipulate in order to concentrate the elements on the customers within the target market (see figure 5). By doing so they are able to create perceived value by the customer which ultimately results in a positive response situation.

Figure 5. The 4 P's of Marketing Mix (netmnba.com 2010)

2.4.1 Product

The product aspect decisions are the tangible attributes as well as services and include

- Brand name – How is it labelled & how is it branded?
- Functionality – What function does it serve and what does it need to satisfy in the customer?
- Packaging & Sizes - What colour and sizes and varieties the product(s) will come in
- Experience – How and where the customer will use it and how it differentiates from the competition. (Chandrasekar 2010)

<u>The organic product</u>

The first and most important element of the marketing mix the organic product is characterised by its quality. Around the world honest labelling has and still is a problem with ingredients often omitted or changed to bypass regulations, save money or deceive the consumer. The word Organic has been used unlawful ways as a brand name, product name and used untruthfully on product descriptions. In Finland however the main producers are reputable ones and the organic lines they supply have passed stringent tests. There is no such brand name ‘Organic’ in Finland, rather producers label their products with the ‘Luomu’ label.

In general organic products are found throughout fresh and dry, dairy & meats even now to beverages and alcoholics. Product variety depends on the size of brand supplying the products. In Finland the Pirkka brand is at the for-front in product variety with over 100 organic options as of summer 2013 and is constantly updated.

The quality aspect is major selling point in organic products. For example organic milk is sourced from organic farms that don’t use artificial fertilizer or chemical pesticide on their land. The animal fodder is natural. The cows follow their natural cycles and are allowed to nurse their offspring. The Process of pasteurization but not homogenization allows the milk to remain as natural as possible and any colour or sweetener additives must come from natural ingredients. (kesko.fi)

Innovative and alternative packaging that encompass ecological modern and attractive features are a way that organic products can differentiate from the competition. In large scale retail in Finland the packaging of organic foods is similar to regular brands but distinguishes from the rest by using different font designs, different colour schemes and designs. Label information should be clear and unambiguous as label information affects consumer purchase decision even more with organic products (Baltias 2001)

2.4.2 Price

The different aspects of pricing decisions include

- Pricing strategy - What is the value of the product from the buyers point of view? How does the price compare to that of the competition?
- List Price & Discounts –Is the price structure rigid or flexible? Should discounts be offered? Is the customer price sensitive, what would be the consequences of minor increases/decreases in price?
- Volume & Wholesale – what kind of volumes can the product be moved in and what are the logistics of getting the product from beginning to end customer? (Chandrasekar 2010)

The pricing of organic

The pricing of organic food is noticeably more than the competition. The reasons are numerous. The demand for organic food is greater than the supply. Organic food cost more to produce due to the use of natural compost fertilizer over the use of cheaper chemical fertilizer and crop rotation means loss of maximum output, the administrative costs of certification and many other small production chain differences to generic produce. As prices range between similar products of different brands, an organic option may be priced at a price that exceeds just the cost of production but remains at a level that consumers find an acceptable price in the cost over perceived quality relationship. The Pricing of organic products in comparison to conventional ones is said to be from 10-20% more to create an effective market with anything over 40% said to have negative effects. (Baourakis 2004)

2.4.3 Place

Distribution decisions concerning logistics and selling points include-

- Where does the customer look for the product?
- How does the product go through the most cost effective distribution channal.
- How to get the product to final sellers, will they come to you or do you need to get to them? (Chandrasekar 2010)

The place of organic

Thanks to the relatively small size of Finland the logistics that supply organic food is fast and cost efficient. Central wholesalers control their respective retail outlets all over Finland, from department stores and supermarkets to inner city grocery stores. Coverage is inclusive to all areas of Finland and shop outlets, selective coverage can be found in special health food shops and exclusive ranges can be found in Stockman department stores.

Unlike in the US, UK and Australia, the popularity of farmers markets and local box scheme has been unpopular and is likely to remain so for various reasons.

2.4.4 Promotion

The marketing communications decisions include

- Sales promotion, Advertising – How and where to get the marketing message to the target customers? What would be the best time for promotion, what influencing factors could dictate the timing of product launch
- Public relations & Publicity - What overall general image the product should display to the public. (Chandrasekar 2010)

<u>The promotion of organic</u>

Advertising in general of healthier, lighter, more fat-free and organic versions of everyday household groceries are more evident than ever. They are advertised through all normal channel modes especially on television. The emphasis is less on the benefits of organics, but more on the fact there is now a healthier organic choice out there.

Advertising is supported by positive publicity in the news about the growth and benefits of organics. News sites, brand websites and organic organisations all publish updates on the growth and success rates. Organisations such as Pro-Luomu, Organic Food Finland, and Evira among others all operate to support the growth of organics in sales and in opinion.

The use of social media to effectively communicate with the public is a useful and, relevant to modern day, consumer interaction. Facebook groups of various organisations interact with fans numbering in the tens of thousands.

3. CONSUMER BEHAVIOUR

3.1 Understanding Consumer Buyer Behaviour

The topic of understanding buyer behaviour is essential to comprehend when building consumer relationships. People from different societies develop attachments to various products with research suggesting that are not defined only to performance factors alone. It is recognised that consumers may buy certain brands based on valid non-functional reasons which are related to emotional values or associated services and benefits. It is in the interest of a marketer to find out about the level of importance the consumer ascribes to the various product attributes and to exploit the knowledge by targeting that area. (Baker 2000, 48)

The stimulus-response model (see figure 6) is a good overall starting point for understanding buyer behaviour. The prime information that is deducted from this model is the process of the buyer's consciousness from external stimuli to the purchase decision. (Kotler 2003, 183)

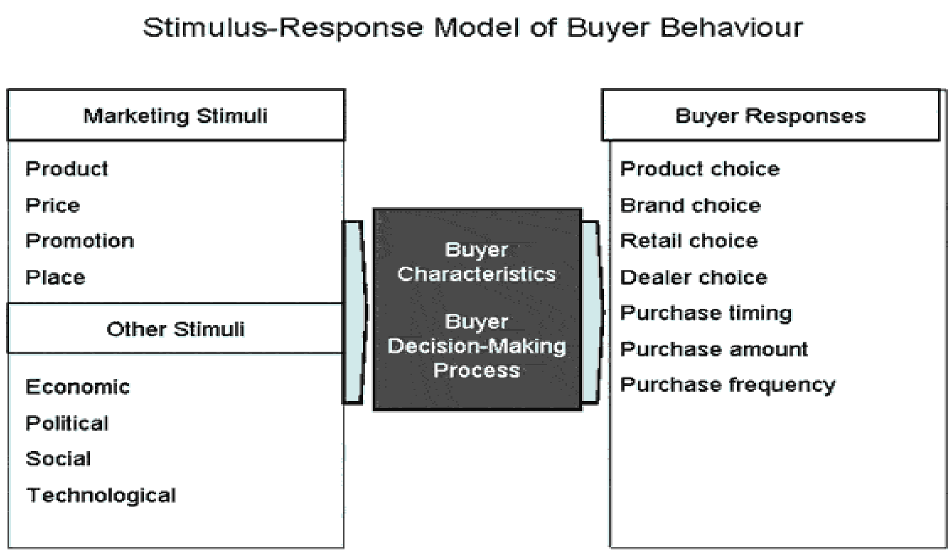

Figure 6. Stimulus-Response Model of Buyer Behaviour (tutor2u.com 2012)

One simplified definition of consumer behaviour states that "consumer behaviour reflects the totality of consumers decisions with respect to the acquisition, consumption, and disposal of goods, services, time and ideas by human decision making units" (Hoyer & MacInnis 2001, 4). Another well known definition of consumer behaviour states that it is the "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences or ideas to satisfy their needs and the impacts and consequences of these processes on the consumer and society. (Perner 2010)

Lars Perner, Ph.D. an assistant professor of clinical marketing at University of Southern California highlights the areas which need to be understood in order for marketing strategies to be improved by suppliers.

- The psychological reasoning behind how consumers select an alternative.
- How environmental factors (culture, family, media) influence the consumer.
- The behaviour of consumers during the shopping process.
- How limitations in consumer knowledge or information processing influences outcome decisions.
- The varying degree on consumer motivation and decision strategies and the difference between product level importance.
- How marketing campaigns and strategies can be adapted and improved to more effectively reach the consumer.

Other factors of importance according to Perner include the following

- Behaviour works in more ways than one; for the individual (own influence), in the context of group settings (friends influence) and organization settings (bosses influences).
- Consumer behaviour not only studies how a consumer makes a purchase but also how they use and dispose of the product. Product use monitoring is important to marketers as it may dictate where to position a product and ways of increasing consumption. Product disposal is also an environmental concern and point of improvement from a marketing tool perspective.

- The impact of consumer behaviour on society. Aggressive marketing strategies and its consequences on health, economy etc.
(Perner 2010)

3.2 The Major Influencing Factors of Buying Behaviour

In order to fully understand consumer buying behaviour one has to take into consideration the aspect of context. The context applies to the pervasive social influences that can manipulate the purchase decision. There are two social levels (See figure 7) of macro and micro level. Each Macro level contains different sub-levels. (Baker 2000, 49)

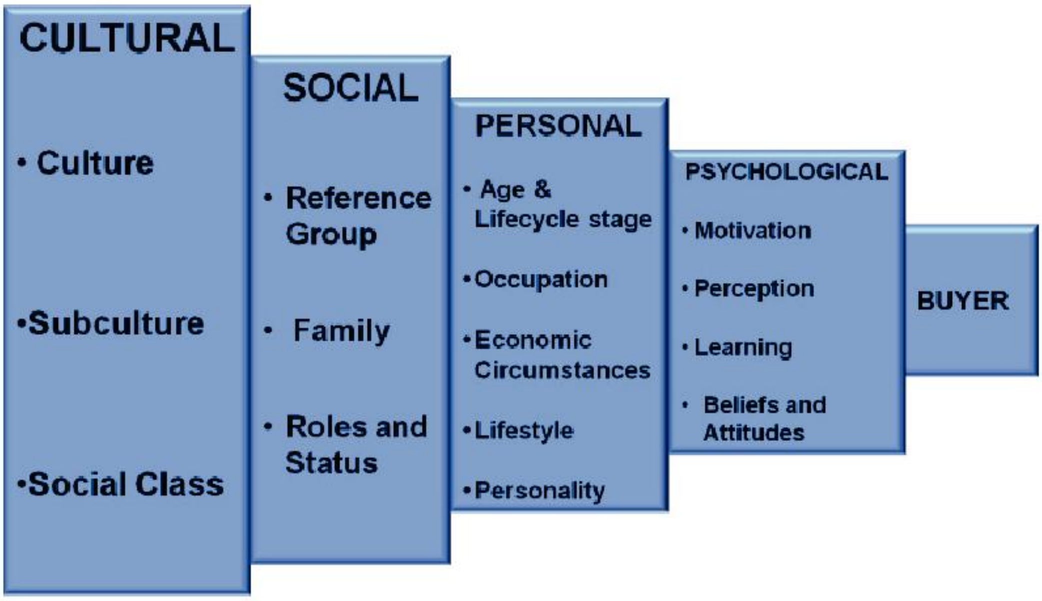

Figure 7. Factors Influencing Behaviour (Kotler & Bliemel. 1995, 280)

3.2.1 Cultural factors

Cultural factors can be classed as macro social roles that influence the values, beliefs, attitudes and behaviours of the consumer. It is important to address social factors when marketing on a wide scale, failure to factor in cultural differences has had a negative effect on past business operations where a product or service has not been differentiated according to the market.

Culture

Under cultural factors are included culture, subculture and social class. These have the broadest and biggest influence on consumer behaviour. Culture can be defined as “a set of values, perceptions, preferences and behaviours that a child will acquire from his family and other key institutions while growing up” (Kotler 1997, 172).

In a broader sense it can be defined as “a complex of learned meanings, values and behavioural patterns that are shared by a society” (Baker 2000, 49).

Culture is the root cause of a person’s wants and behaviours. An important aspect of interest is the relationship between the consumer and the product which is specific to culture and therefore of interest to marketers looking to analyse the purchasing and consumption factors. (Baker 2000, 49)

Subculture

A subculture is a smaller cultural group found within a culture that has the same values and beliefs within it-self yet has some differences with the larger culture. Examples of subcultures found within a culture are numerous and include ethnic groups, religious groups, racial groups, political affiliation groups, and even age groups. A subculture can be big enough that specialised marketing programs and product tailoring need to be done in order to target the subculture segment. (Kotler 1997, 173)

Gender can also be considered a subculture, as well as being physically different and having different physical needs they also have very different psyche, information processing differences, values, and purchase norms with women accounting for the majority of purchases and grocery purchases. Research has shown how women differ from men in their attitudes to possession of products with men holding more status differentiation and discrimination values and women holding values that coexist with personal and social relationships. (See Peter & Olson 2010) The apparent greater interest of organics to women rather than men can be concluded from the fact that women are the predominant cook in the household and more likely to be the purchaser of groceries. (Davies et al., 1995; Wandel & Bugge 1997)

Income as a subculture can be considered not just as a further segment of an age, ethnic, other grouping of subculture, but as a subculture by itself because people sharing the same income levels hold similar values, behaviours and lifestyles in comparison to people in other income levels. (Peter & Olson 2010, 324)

Naturally people with more income have more expendable income and people with the same level of income have been found to have the same level of demand with higher incomes more likely to purchase more organic food and more likely to hold positive attitudes of organics. (Grunert & Kristensen 1991; Von Alvensleben, 1998) Some disparities to this trend are that higher incomes do not necessarily mean higher organic purchase rate and lower income households have been found to be more loyal to organic products. (Foropoulos & Krystallis, 2002)

Social Class

Social class groups are a sociological concept based on hierarchical status. Social stratification is found in every society found around the world. In less developed countries stratification is more in the form of the caste system which is characterized by its rigid format and difficulty to change caste level. Stratification in the developed world is in the form of social classes. Indicators of a person's social class may include income, occupation, education and area of residence. Common characteristics in social group are spoken language, clothing, and recreational choices such as hobbies, favourite sports teams and so on. The reason social class segmentation is an important aspect of marketing strategies is because each social class shows distinct product and brand preferences. (Kotler 1997, 173)

People are more likely to be influenced by people around them, and as members of a social class structure are more likely to interact internally amongst themselves. Henceforth social class structures are responsible for shaping norms and values and resultantly behaviour. However determining people and their social class is less straight forward who makes the study of social class and consumer behaviour a less precise task. For example Income is not tied to a certain social class level, or occupation differentiates in importance in different countries and cultures. Education is said to be the critical component of social class categorization as it is the basis for occupation. (Hoyer & MacInnis 2001, 335)

3.2.2 Social Factors

Social factors can be classed as micro influences on purchasing decisions which come from the consumer's immediate environment and are classes in two groups, reference groups and friends (Baker 2000, 53).

Reference Group

Reference groups to a consumer are groups of people who will have a direct face to face interaction influence on the consumer's attitude and behaviour. Examples of reference groups include classmates, team mates, peers, etc. The desire to conform to the normality of the reference group plays a big part in what influences the consumer decision. The types of reference group can be classified as formal/informal, primary/secondary, membership, aspirational and dissociative. (Baker 2000, 53; Peter & Olson 2010)

It is recognised that the level of influence imposed by a reference group is relevant to product and brand. Strong influence is only attributed to certain product brands such cars, electronics, clothing, beer and cigarettes etc. (Kotler 1997, 177) Reference group influence in relation to brands and products depends on two dimensions. Firstly the degree to necessity or luxury a brand or product is likely to be associated with. Secondly to what extent a product or brand is conspicuous or well known. (Peter & Olson 2010, 339)

Family

The family unit as a whole is the most important consumer buying organization in society. Members of the family are the most influential reference group. The family unit can be classified by two orientations, the family orientation and the family of procreation. The former refers to the consumers parents and siblings and the latter, if applicable, to the consumers spouse and children. The influences from parents to child and then second generation passing on of values and beliefs that define that family is of significance to consumerism. The roles and influences of a family are generally country, religion, social class or generation based with modern definitions of what the family is, constantly changing. One of marketer's greatest challenges is to adapt to demographic and traditional trends in family consumerism. For example in the past grocery shopping and cooking was predominantly a female role which is now changing due to shifts in social values. (Kotler 1997; Baker 2000, 54)

The roles that family members take in decision making are of interest as different members take different roles and display different behaviour. The roles are influencers, gatekeepers, deciders, buyers, users and disposer. It is evident that one family member can not carry out all of these roles without influence of other family members. Marketing strategies for family products need to address numerous questions, an example being “what family member is likely to influence the purchase and what media and messages should be used to appeal to each?” (Peter & Olson 2010, 343).

Although generalizations are not generally recognised on the analysis of family decision making, some areas of influence can be explored in order to derive some kind of conclusion. The areas to observe are the structure of roles between husband and wife, the determinants of joint decision making and the contrasts in product class and their relation to family decision making. (Greenwald & Pratkanis 1984) However from studies some basic conclusions can be derived that a) Spouse involvement differs between product classes, b) spouse involvement in a product class depends on specific decision and decision stages, c) spouse decisions vary widely between different families. (Kihlstöm & Cantor 1984)

Roles and statuses

Roles and statuses are used to describe the position of a person in a group. Groups of reference during a lifetime include family, school, club, social etc and each person is positioned according to their roles and status within a specific group. The role of a person in a group is defined by what activities they are expected to perform. Every role has an assigned status that comes with it in order of importance or hierarchy. People want to communicate to their society their roles and status and its possible to do this by choosing to use and consume products or brands that differentiate and transfer the intended message by carrying the status symbol attached to the product or brand. (Kotler 1997, 179)

3.2.3 Personal factors

The personal factors that influence a buyer's decision are numerous. They include age, stage in life cycle, occupation, economic circumstances, lifestyle, personality and self-concept (Kotler 1997, 179). These factors have a more direct impact on consumer behaviour. The personal factors are what allow marketers to compile consumer profiles for targeted marketing strategies based on the typology of buyer.

Age and Lifecycle Stage

The stage in the life cycle and the age of the person naturally dictate what the person is likely to buy due to their natural needs and preferences. Life cycles also include the family life cycle and the psychological life-cycle stage which both shape consumptions patterns based on two important criteria, normal income and product interests of each respective cycle stage. (Kotler 1997, 179)

Age plays a considerable role in consumer motivation. Young and old people hold different levels of importance placed on organics and it dictates their willingness to pay more for an organic product (Wandel & Bugge, 1997; Thompson & Kidwell, 1998; Von Alvensleben, 1998; Fotopoulos & Krystallis, 2002)

Occupation

Occupational influences also influence consumption patterns for mainly the obvious reasons. Reasons being income and work related products e.g. blue collar workers more likely to buy microwaveable meals. Economic circumstances are defined as a person's spendable income. Level of income does not simply describe a person's economic circumstances; it also depends on other factors such as stability, time pattern, liquidity and attitude to spending over saving. Marketers may choose to react to a recession, if economic indicators suggest one is imminent, products may be redesigned, repositioned or re-priced. (Kotler 1997, 179)

Lifestyle

Lifestyles of consumers do not necessarily mean people of same subculture, social class and occupation will have same traits as each other. Lifestyle traits are described as a person’s activities, interests and opinions. The relationship between products and lifestyle are what marketers try to identify. Personality and self-concept goes deeper into the individual to describe a consumers buying behaviour. Each person has a unique and individual personality characterised by their psychological traits of self confidence, dominance, adaptability, autonomy and sociability etc. Personality based consumer behaviour classification can be used provided there is a correlation between personality types and products or brands.

Personality

Self concept like personality revolves around self image. There are different states of self image, actual self-concept, ideal self-concept and others-self-image. When selecting a certain brand or product a consumer may be wishing to satisfy one of these self concepts although the concept has a mixed record in predicting consumer behaviour. (Kotler 1997, 181)

3.2.4 Psychological Factors

Psychological factors that influence consumer choice are motivation, perception, learning and attitudes

3.2.4.1 Motivation

The motivation is a need that has evoked enough feelings that it has driven a person to act on that need. A typical person will have many needs at any one given time and they are distinguished as either biogenic (physiological states of tension-hunger, thirst, discomfort), or psychogenic (psychological needs of recognition, esteem, belonging). (Kotler 1997, 185)

Theories of motivation as presented by Sigmund Freud and Abraham Maslow and respectively, all offer unique implications for explaining consumer analysis and marketing strategy (Kotler: Keller 2008, 202).

Freud's theory of motivation

This theory is based on the assumption that people do not in fact understand their own motivations as the psychological forces that shape their behaviour is mostly unconscious. On examination of a product a consumer will react to not only the it's stated capabilities but also to other less obvious cues such as brand name, colours, size and shape. (Kotler:Keller 2008, 202)

These qualities are said to remind the consumer of past events. To understand the potential consumer, a product offering must first take into account how the elements of the product can trigger an emotional response from the consumer followed by a potential purchase.

Maslow's theory of motivation

Abraham Maslow's hierarchy of needs argues that human needs are arranged in a hierarchy from basic important needs ascending to less important needs (see figure). It claims that a person will satisfy their needs in order, moving on to the next need only after a lower need has been fulfilled.

The five levels are physiological, safety, love/belonging, esteem, and self-actualization. A person will not have to satisfy every aspect of a need in order to move up to the next level, only to the extent where satisfaction is reached. (Kotler: Keller 2008, 203)

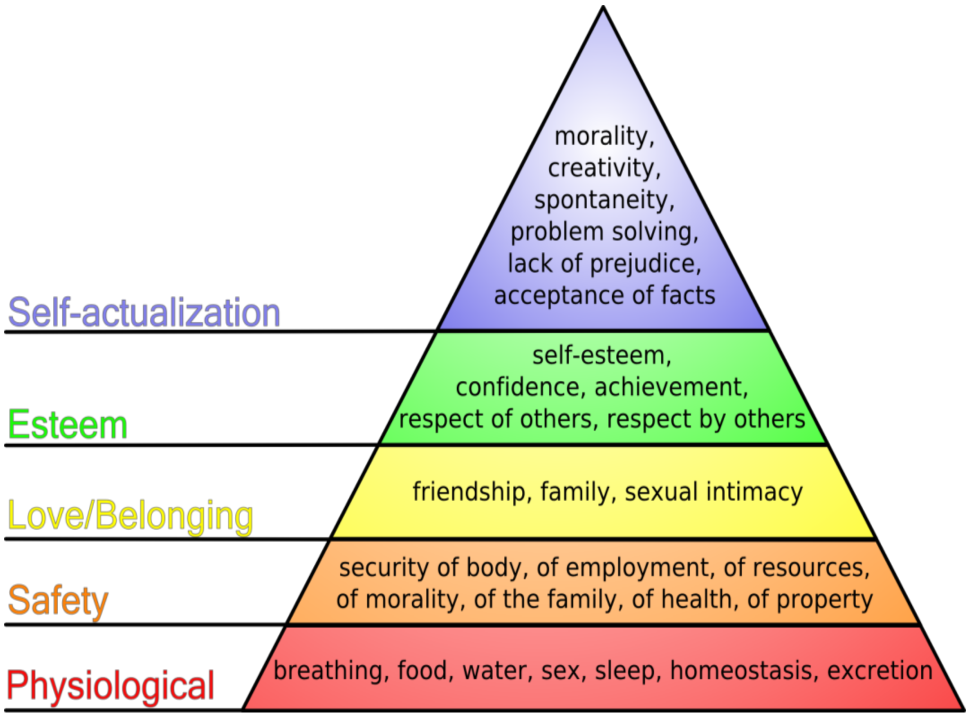

Figure 8. Maslow's Hierarchy of Needs (Adapted from Chisnall, 1995, 43)

Starting with the basic needs required to sustain life, a person seeks to satisfy their biological and physiological needs of obtaining air, food, shelter, water, warmth sex, and sleep.

Secondly is safety needs in order to feel free from the threat of physical and emotional harm including protection from the natural elements, security, law & order, stability, and security of employment, resources, morality, family, health and property. In third place is Love/belongingness which includes family, friendship, relationships, and sexual relationships and so on. In fourth place is esteem needs which may be self-esteem, achievement, independence, status, dominance, responsibility, confidence, respect of others and respect by others. The final level is reaching self-actualization which means that a person tries to reach their full potential. However the process is never fully reached and is an ongoing process and according to Maslow few people ever reach full self-actualization. It contains aspects of morality, creativity, spontaneity, self-fulfilment, seeking personal growth, problem solving acceptance of facts. (Kotler 2008)

3.2.4.2 Perception

The perception factor explains how a motivated person is going to act. The perception of a situation influences how a motivated person will act by where the person goes through a process of selecting, organizing, and interpreting the information inputs they receive in order to produce a meaningful image of the world. A person's perception is unique to them, as two people experiencing the same thing can experience different perceptions of the event. This is down to three perceptual processes. (Kotler 1997, 186)

1. Selective Attention- People that are over exposed to marketing stimuli will screen out certain proportions. The stimuli that a person is likely to notice and remember are 1) stimuli that relates to a current need. 2) Stimuli that the persons anticipates. 3) Stimuli that deviate more in relation to the normal size of the stimuli.

Selective attention means that consumers notice might only be caught if the consumer is in the market for the product. Attention is still hard to attract for marketers even if the consumer is in the market for the product. To make a product stand out from other stimuli, marketing has to include stand out features such as novelty, boldness and contrast.

2. Selective Disorder-Refers to the fact that stimuli can be distorted and changed by the viewer. The information can be manipulated to support instead of challenge the viewers preconceptions and may differ from what the creators of the stimuli had intended to convey.
3. Selective Retention-Means that people tend to forget a lot of what they learn. What they remember is more likely to endorse their attitudes and beliefs.

3.2.4.3 Learning

Learning is described as a change in an individual's behaviour arising from experience which is made up from a mix of factors such as drives, stimuli, cues, responses and reinforcements which result in human behavioural patterns. Starting at the beginning with a drive, which is a string internal stimulus that propels a reaction from the person.

A consumer's drive will then become a motive when the drive is matched to the related drive-reducing stimulus which is the product in question. The consumer's response to the idea of the product involved is conditioned by cues such as when, where and how the consumer responds. Finally after the purchase and use/consumption of the product the consumer develops a response, positively reinforcing if the product use was rewarding and negative if non-rewarding. In future purchase scenarios the consumer is likely to pick up on similar stimuli which results in a generalized response. The opposite of a generalized response is discrimination where the consumer is able to recognise the differences in sets of stimuli. (Kotler 1997, 187)

From the theory of learning it is evident that marketing can strengthen demand by associating it with strong drives, motivating cues and positive reinforcements. When marketing a product or brand two steps can be taken. Firstly the generalization approach is where drives and motivation cues are similar to competing brands and products. Secondly a discriminatory approach where the drives and cues differ to the norms which induces the likelihood to change product selection as the consumer is able to discriminate a difference. Commodity products are especially open to the discriminatory approach as the consumer is more able to discriminate between different companies offering the same product/produce such as eggs, milk and so forth. (Kotler 1997, 186)

3.2.4.4 Attitudes

A consumer's beliefs and attitudes are obtained through learning and doing and will influence their buying behaviour.

A belief is stated as being a descriptive thought that someone has about something and an attitude is said to be a person's positive or negative evaluation, emotion, and tendencies to an object or idea. It is beliefs that support brand and product image and it is images that consumers react to. (Kotler 1997, 187)

Attitudes serve several important functions for humans in that they guide our thoughts (cognitive), impact our feelings (affective function), and affect our behaviour (connative function) (Hoyer & MacInnis 2001, 131)

Attitudes cause people to behave in consistent way and are difficult to change after they settle into a consistent pattern. Similar objects result is a consistent attitude response from people because they don't have to interpret and react differently to every new object. This results in a person saving on energy and though processes. Consequentially it is easier for new product launches to enter the market with compatible existing attitudes, and vice-versa it can be long term beneficial to change consumer attitudes by differentiating the product offering. (Kotler 1997, 188)

Attitudes carry five distinct characteristics a) favourability – to what extent something is liked or disliked. b) Attitude accessibility - the attitude is easily restored from memory. c) Attitude confidence - the degree to what strength an attitude is held. d) Persistence – The variation in endurance an attitude can survive for. e) Resistance – their likeliness to change. (Hoyer & MacInnis 2001, 132)

The changing of attitudes is what organic producers are striving towards reaching amongst the general public. A common way of changing consumer attitude is by targeting the cognitive component in four ways. a) Changing beliefs by providing facts about the positive attributes of a product. b) Shifting importance by placing the strong brand attributes as very important to the consumer. c) Adding new beliefs to the consumers belief structure where before was not even seen as a relevant attribute. d) Changing the idea of the ideal brand in all of its possible attributes. (Hawkins, Best & Coney 2001, 406)

3.3 Types of Buying Decision Behaviour

Consumer behaviour is not universal for all purchases as some purchases are routine and simple while others are complex and one-off. A complex buying decision will involve information gathering, buying participants and evaluations and often subtle influences. (Kotler & Armstrong 2008, 176) Consumer buying is divided into four parts based on the degree of buyer involvement and the degree of differences among the brands as shown in the chart (see figure 9).

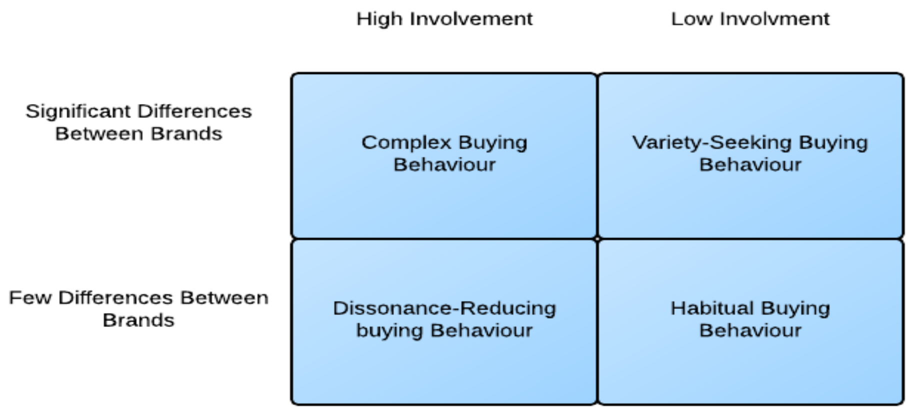

Figure 9. Four types of buyer behaviour (Kotler et al., 1999, 251)

3.3.1 Complex Buying behaviour

Complex buying behaviour is characterized by situations of high involvement and perceived significant differences between brands. It involves two main criteria. Firstly if the product is expensive, risky, a one-off purchase or highly self-expressive and secondly when there is perceived significant differences between brands. In most cases the buyer is ignorant to the product category and will go experience a learning process starting with forming beliefs then developing an attitude before making a purchase. In the marketing of high-involvement products it is important to understand the information gathering and evaluation processes of the consumer. High involvement consumers should be made aware of the relative importance of product-class attributes and to be able to differentiate brand features. (Kotler & Armstrong 2008, 176) As buying weekly groceries is not a complex process, this section does not apply for organics

3.3.2 Dissonance-Reducing Buying Behaviour

Dissonance-reducing buying behaviour is characterized by purchase situations of high involvement but with few perceived differences among brands. The high involvement purchase will typically be expensive, infrequent or risky but will be in product line with insignificant differences of brand for the consumer. The final purchase decision is usually a quick one and based on finding a good price or convenience of purchase. (Kotler: Armstrong 2008, 176) Here the buying characteristics of organic means that this section does not apply.

3.3.3 Habitual Buying Behaviour

Habitual buying behaviour occurs in situations of low-consumer involvement as well as little perceived brand difference. Low cost and frequent purchases are likely to be low involvement and the repeated selection of a brand is more likely to result more out of habit rather than brand loyalty. Because consumers are less likely to search for information, evaluate brand characteristics and make important decisions, resultantly the consumer will not experience the phases of belief-attitude-behaviour sequence. Instead they receive information passively which results in any brand choices being based on brand familiarity over brand conviction. As grocery shopping fits this description then organic options can be considered to be relevant to this section. The initial organic purchase is a higher involvement purchase, but after this is made the consumer may fall into a pattern where they select organic out of habit.

Price and sales promotions are used instigate product trial while the marketing strategy of such low end products are based on aspects of short duration repetitiveness key point promotion, and visual imagery that classically condition the buyer. (Kotler: Armstrong 2008, 177)

3.3.4 Variety-Seeking Buying Behaviour

Variety-seeking buyer behaviour occurs in situations of low consumer involvement but with significant brand difference perception. It involves the switching of brands in typically low cost frequent grocery purchases due to the want to experience variety and not because of brand dissatisfaction. The marketing of related product categories is aimed at encouraging variety seeking behaviour of consumers to draw market share away from market leaders who maintain habitual buyer behaviour. (Kotler: Armstrong 2008, 177) Organic consumerism fits best under this description the best. As simple products organic foods require only a low involvement process yet there is a difference in brands that requires the consumer to make the conscious switch to an organic option.

3.4 The Five-Stage Model of Consumer Buying Process

Understanding how consumers arrive at the final purchase decision needs the help of the role of psychological processes to explain the phenomena. Philip Kotler's famous model (see Figure 10) is a typical buying process of how a consumer will make their final purchase decision. It is admitted that exceptions may occur where a consumer does not go through all or any of the 5 steps involved. In cases of low involvement purchases such a selecting a favourite brand or making a regular repeat purchase then certain stages will be skipped or even reversed. Henceforth the model is best utilized in describing the full range of considerations of a high involvement purchase. (Kotler 1997, 192)

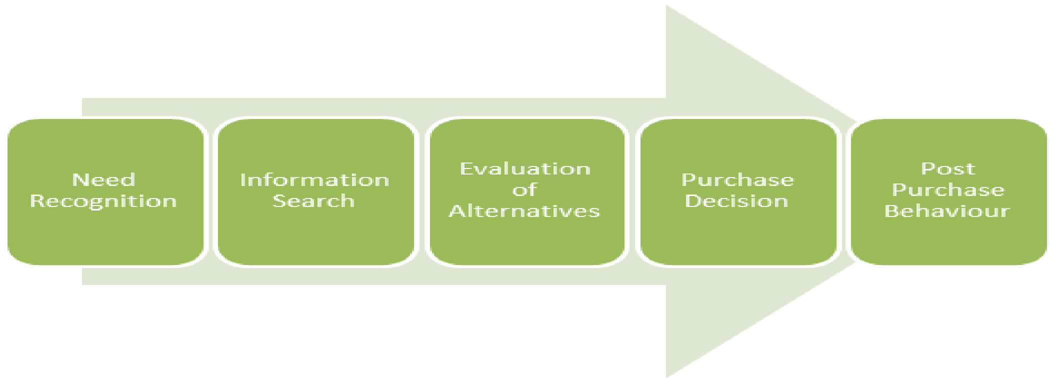

Figure 10. Five Stage Model **(**Kotler 1997)

3.4.1 Need Recognitions & Problem Awareness

The first stage involves a consumer realizing a disparity between their current state and their desired state. The resulting state is one of opportunity or need awareness (Solomon et al 1999, 211). The problem or need is triggered internally when it affects a consumer's basic core needs of sustenance or gratification through food, water or sex. An external trigger is brought on from being aware of the possessions of others and wishing to acquire the same. This stage is where marketing strategies try to manipulate the most, through exposure to advertisements the external and internal stimulus is triggered in the consumer. (Butler & Peppard 1998)

3.4.2 Information Search

An aroused awareness to a need is followed by the information search phase. This phase is considered to have two separate levels of arousal. It starts with heightened attention where a person is more susceptible and aware, taking in any information regarding the need. Secondly is the active information search level where the person will actively undertake investigating further their need. This active search can be divided into four categories. From personal sources such as friends, family and any people the person could obtain information from. Commercial sources include marketing outlets such as advertisements, sales people, displays and actual packaging. Public sources of information may include mass media and other consumer ratings organizations. Experimental sources are when physical examination on the object is done through touching, feeling, holding and testing the product. (Kotler 1997, 193) The introduction of the internet has changed how people search for information. Under Kotler's commercial and public sources now can in included the internet. Each source level plays a different part in shaping the buyers final decision and according to Kotler, the commercial sources provide the most information to a consumer yet the personal sources are the ones with the biggest influence as they legitimize the information

3.4.3 Evaluation of alternatives

After an information search the consumer is able to arrive at an evaluation phase. In the evaluation of alternatives it is recognised that there is not one single evaluation process but several with a cognitively orientated process said to be the most current where conscious and rational judgment is made by the consumer.

Total set > Awareness set > Consideration set > Choice set > Decision

The Total set is of all brands available on the market place. The Awareness set is of ones that the consumer knows exist. The Consideration set is of brands that the consumer would consider buying. The Choice set is ones that fit the consumer's preference. The Decision is the single one that has lasted to the purchase stage.

In this stage the basic concept that a consumer is trying to satisfy a need. In order to do this the person will evaluate a product through the perceived attributes it contains. The varying attributes and to what extent they satisfy the need is how a purchase decision will be made. Each consumer group has a different set of attributes that they consider as important or not as important and henceforth they develop brand beliefs based on how a brand stands up to a certain attribute. From brand beliefs is derived brand image. (Kotler 1997, 194)

3.4.4 Purchase decision

After a successful conclusion to evaluations the consumer can make the all important purchase decision. There are two additional factors that can intervene between the evaluation and decision. They are the attitude of others and unanticipated situational factors. (Kotler 1997, 196)

Regarding the attitude of others the influence exerted on the consumer will depend on two factors, namely the level of positive or negative intensity that a person has to the consumer's choice. Secondly, what level of motivation the consumer has in complying with the other person's opinion. The level of influence depends on what kind of relationship and how close the consumer and opinion give are. Regarding unanticipated situational factors, these may arise from unforeseeable situations such as changes in the consumer's financial abilities, life situation or even last minute change of heart due to salesperson advice or behaviour. It shows that preferences and purchase intentions are not totally reliable factors when trying to predict purchase behaviour. (Kotler 1997, 196)

The role of perceived risk also plays a part in modifying, postponing, or avoiding a purchase decision. The extent of perceived risk will vary in relation to the sum of money involved; attribute uncertainty and the degree of consumer self-confidence. Decision avoidance and information gathering are ways that consumer try to reduce risk.

In the final purchase decision a consumer will go through sub decisions in reaching her final purchase. The five sub decisions include brand decision, vendor decision, quantity decision, timing decision and payment method decision. The amount of sub decisions a consumer will go through will depend on the nature of the purchase. If it is an everyday low-involvement purchase there is no need to through all five stages in comparison to if it is a high-involvement, expensive product. (Kotler 1997, 196)

3.4.5 Post Purchase Behaviour

After a purchase decision is made the consumer will experience satisfaction or dissatisfaction. The buyers satisfaction level is related to how close the result is between the product expectation and its perceived performance. (Priscilla 1983, 393-404). There are three states of feelings that a consumer may feel, disappointed if the product doesn't meet expectations, satisfied if it does meet expectations and delighted of it exceeds expectations. In order to become a repeat customer or spread positive feedback to others a product offering needs to be successful in providing satisfaction or delight. Post purchase satisfaction is important to providers as it dictates the likelihood of the consumer making a repeat purchase of same product. Product claims must be truthful regarding performance or benefits. If a product is over exaggerated, the consumer will get disconfirmed expectations which result in dissatisfaction. The greater the gap between product claims and consumer experience will result in a greater degree of dissatisfaction. (Kotler 1997, 19)

3.5 The Segmentation of Organic Consumer groups

Within the general organic market the consumers are likely to have different wants and needs. In order to fully understand the organic customer one needs to understand how they are grouped together and what defines the group and differentiates them from other organic buyer groups. The process of segmentation is used to divide the organic market and segment them based on similar needs, characteristics and purchasing behaviour. Market segmentation is useful for numerous reasons including increased profitability, identifying growth opportunities, stimulating innovation and targeted communications. (Hoyer & MacInnis 2001)

Five criteria need to be in place in order for segmentation to be successful according to Philip Kotler. The areas are measurability, relevance, accessibility, distinguish ability and durability. (Kotler 2009, 367)

5 It needs to be measurable in terms of size, purchasing power and the characteristics of segmentation variables used such as demographic and geographic variables.

6 The relevance of profit potential of a market single need to justify the separate marketing activities for the segment.

7 The segment needs to be accessible to supplier distribution and communications channels.

8 The segments need to be distinguishable and differentiable enough in order to respond differently to different marketing mixes.

9 The durability of the segment should be stable enough to minimize cost of frequent changes.

Besides the common variables of organic segmentation based on demographic, geographic, psychographic and behavioural variables, there are also in addition 4 significant grouping based on their purchasing behaviour.

1. Environmental Militants – Typically middle-aged and married with family they share values of environmental protection and sustainability that coexist with the ethical values in organic farming. They are knowledgeable on organic agricultural practices and are regarded as consumers by choice and place no importance on price/ quality trade off.
2. Traditional – consumer who are typically concerned primarily with flavour and authenticity. They buy organic as it is related to the old style of farming and also price is of no importance to them.
3. Dietary – consumers who typically value hold health values as the reason for choosing organic; they are typically influenced by medical research.
4. Youthful – Typically young and impulsive consumers who value health and physical condition and are modern consumers who incorporate flavour, quality and pleasure with dietary and environmental safety (Fotopoulis 1996; FAO 2000)

4. THEORETICAL FRAMEWORK

The theoretical framework presented previously serves to form the basis of the thesis. The theories are used to legitimise the answers found in the empirical part. This section acts as a connecting base for the research problem and the empirical results, so that explanations can be more easily deducted and explained. The theoretical topics include marketing theory on the 4p's model of marketing mix, consumer behaviour, and segmentation of consumer groups. Consumer Behaviour is the main theoretical area explored in the thesis. Consumer behaviour is the main study used in this thesis as it emcompasses elements taken from different fields of study such as psychology, sociology, anthropology and economics.

Organic preference and consumer behaviour is important to understand as it is recognised that consumers may buy certain brands based on valid non-functional reasons which are related to emotional values or associated services and benefits. The influencing factors of buyer behaviour look at the aspect of context, which are the macro and micro sources of influence that that influence purchase decisions. (Baker 2000) Influencing factors are cultural, social, personal and psychological and these areas also other contain micro level factors.

Under consumer behaviour is also explored the types of buyer behaviour of which (Kotler et al 1999) states as being four different levels of involvement. The factors of influence of buyer involvement and brand differences are what determine the type of buyer behaviour.

The process of the consumer buying process is explained in the five-stage model by Kotler (1999) which explains that in theory a person will make 5 decisions on their way to making a purchase. Starting with a need recognition and ending with post purchase behaviour. All steps may or may not be utilized in the process however this still offers a good base for understanding decision processes.

In order to further understand organic consumers one needs to look within the segmentation unit itself. The organic consumer group in itself is unit of segmentation, however within the organic group there are also further segmentations. Organic groupings are explored to give a clearer picture of the kind of individual and similar individuals that make up various groupings of organic consumer groups.

Also looked at is the marketing of organics and specifically the 4ps of the marketing mix that help to explain how organic foods are marketed and how it aims to be seen on the market in general. The 4ps model is a somewhat outdated model but in theory it still very much applies to explaining the marketing aspect of organic foods.

III EMPIRICAL STUDY

The empirical part contains three main sections. Firstly the empirical study section will go over the methods used in the study. Secondly the empirical study results section will look at each individual answer from the questionnaire. Lastly the empirical findings and suggestions section will round up and conclude the thesis.

5. EMPIRICAL STUDY

The empirical study section will discuss the method choices available, the sampling and questionnaire design as well as the research process and data collection.

5.1 Marketing Research Process

Marketing research according to Birks & Malhotra (2000) is the systematic identification, collection, analysis and dissemination of information. This process is used to improve the decision making outcomes related to problem identification and solving. To go through this process from start to finish requires six stages that include the following steps. (Birks & Malhotra 2000, 15);

1. Problem Definition. The first step is to figure out exactly what is the problem and how to define the problem. The second stage cannot be commenced before a definition is precisely defined.
2. Research approach development. Here one needs to figure out what factors need to be included, they can include a theoretical framework, preparation of models of analysis, hypotheses and research questions.
3. Research design development. Here a framework for conducting the project is formulated. It should outline the procedures needed to be executed in order to gain the required information.

4. Data collection/fieldwork. Data collection can include primary and secondary data. The Primary research carried out will either be in the form of quantitative or qualitative data.
5. Data preparation and analysis. The editing stage requires the transcription of data into presentable forms.
6. Report preparation and presentation. The final report should include some key areas including the research problem, theoretical framework, data collection, analysis and conclusions.

5.2 Qualitative and Quantitative Method

These two methods refer to two separate data collection and analysis procedure. The main point of differentiation is numeric (quantitative data) and non-numeric (qualitative data). Research can be exclusive to one method or use two depending on the nature of the study. To add validity, many studies incorporate both

Starting with the qualitative method, it is an unstructured method based on small samples in order to obtain quality over quantity, intended to provide insight and understanding. In compiling qualitative data, flexible methods such as interviews, open ended questionnaires, and observations are used that allow for worded responses to questions that maybe open to reflection by respondents and the resulting answers allow for expression of feelings and experiences. (Zikmund 2003; Saunders, Lewis & Whitehall 2009)

Quantitative methods of data gathering revolve around gathering mass quantities of numerical data in order to perform statistical analysis. This is typically done using a structured questionnaire that elicits a specific response from the respondents. The answer is often a number spanning from a low number to a high number which denotes a class of satisfaction. The numbers collected are presented in statistical forms including charts, tables and diagrams. (Saunders et al.2009; Malhotra 2010)

The study uses solely quantitative statistical data for the research due primarily to a number of reasons. The nature of the study uses a structured questionnaire of formal questions in a prearranged order with fixed response alternatives. Also the study aims to use a sample of people as a representation of Finland as a whole which requires random sampling. The results will be quantified and analysed in order to obtain a general overview. Some possible advantages to this method include the drawing up of an easily managed questionnaire with data that is reliable as response is fixed to the stated alternatives given.

5.3 Sampling

The sampling units in this research are the residents of Finland who consciously purchase organic products. However the questionnaire did also have two questions that measured the reasons that people have for not buying organic.

This was to give some balance to the research and resultantly the questionnaire was also sent through my Facebook account to my friends, people who might or might not be organic consumers. This was simply done through an invitation through my Facebook profile to take part in the study.

For the main target group a small sample of the organic consumer population was targeted, as it is impossible to target every sample unit of this population. The targeting of the sample was achievable by establishing a sample frame.

The sampling frame used was ‘likers’ of various organic fan pages on the social media network of Facebook in Finland. Due to the fact that the questionnaire was targeted nearly exclusively to organic consumers, a form of non-random sampling was used that used purposive sampling of a specific sample. (White 2000)

5.4 Questionnaire Design

The questionnaire is first written in English and then after consideration to the probability of increased feedback, was written in Finnish directly word for word with no need for any changes due to culture or language peculiarities.

<u>Question 1 - Gender.</u>

The first question is a gender question used as starting point to find out the gender differences of all respondents. As a starting point it offers an insight into the gender disparity of organic consumers. The gender question applied to all respondents.

<u>Question 2 – Age.</u>

The age question also applies to all respondents. The aim of this question was to find out the age groups of respondents to help in building a profile of the organic consumer.

<u>Question 3- Do you sometimes/regularly purchase organic food in any amount?</u>

This is the dividing question between organic buyers and non organic buyers. The reason to take into account non-organic consumers is that the answers offer a good comparison basis.

Question 4 - The reasons I DO NOT purchase organic food are due to.... (1 to 5 levels of agreement)

This question is for respondents who selected “no” to being organic consumers. The variables that the respondent answered to on a scale from 1 to 5 are related to the 4ps marketing model as aspects of the organic product, price, place and promotion are what may put off an individual from being an organic consumer. As behaviour influences in many ways (Perner 2010) the questions looks to uncover the individual or group influences that make a person not feel the need to purchase organic. Also, to explore any limitations in consumer knowledge that influences outcome decisions is the aim.

Question 5 - I would buy organic food if ....(1 to 5 levels of agreement)

Again this question is for the non-organic consumer. In the same way that cultural, social personal and psychological factors influence purchase decision, it also influences avoidance decisions. A large amount of pervasive social influences are needed to be understood in order to fully understand consumer buyer behaviour. (Baker 2000)

The questions from 6 through to 17 are solely for organic consumers! The ordering of questions is not based on any logic apart from a basic progression of question type that occurres naturally. The decision to leave out a question based on income amount is made due to the fact that it is for some people an uncomfortable subject.

Question 6 – Education Level

This question accounts for the highest current status of respondent's education and it is important to factor as according to Hoyer & MacInnis (2001) education is said to be the critical component of social class categorization as it is the basis for occupation. The basis of education can be a determining factor in a person's social status and henceforth that segmentation and influence is likely to affect the individual's consuming behaviour. Social factors can be classed as micro influences on purchasing decisions which come from the consumer's immediate environment and are classes in two groups, reference groups and friends (Baker 2000, 53).

Question 7 – Status

The current status refers to the respondent's personal situation. According to Kotler (1997) a person's working situation is related to age, lifecycle stage, occupation and lifestyle. This question only asked about lifecycle stage in terms of if the respondent was a student, working or retired etc. To ask for occupation and more in depth details was seen as invasive and unnecessary.

Question 8 – Living Situation

This question was important to find out how a person's living situation affects his/her consumer behaviour. Everyone has beliefs and attitudes that can be shared and other people can in turn follow those beliefs and attitudes.

What is of main focus here is the family as the family unit as a whole is the most important consumer buying organization in society. For example, in the past grocery shopping and cooking was predominantly a female role which is now changing due to shifts in social values. (Kotler 1997; Baker 2000)

Question 9 - Roughly what percentage of your shopping is organic?

This question is simply to gauge the amount of shopping done that includes organic produce. As a percentage of the total amount bought, the organic share can be used to show how important organic products are for the respondents.

Question 10- Which statement best describes your shopping habits?

This question aims to find out the preferred shopping norms of respondents and relates to the 4ps marketing model namely to find out where they do their shopping. As organic food is available in all options, the question was less related to organics but more to help give a picture of purchasing habits in general.

Question 11 - How long ago did you start purchasing organic?

This question is important as it shows how new or old the topic of organics is for the respondents.

Question 12 - The reasons I buy organic are because? (1 to 5 levels of agreement)

This question requires the respondent to assign levels of importance to factors that influence them to purchase organic foods. This question is especially important as it contains elements from all theoretical aspects of consumer behaviour, marketing mix and consumer segmentation that are present in each answer option. Each option selected and to what level of agreement will show, for example how effective the 4ps marketing of organics is, how strong the beliefs and attitudes and so on. For example Kotler (1997) states that it is “beliefs” that support brand and product image and it is images that the consumers react to.

Question 13 - What first influenced your interest to organics? Select one

This question looks for the source of influence. The major influences of culture, social, personal and psychological factors will show what influence is most prominent in shaping the beliefs and attitudes of the Finnish organic consumer.

Question 14 - Which, if any, staple grocery do you try to always buy organic (rather than conventional) normal. Tick all that apply

Here the purpose is to categorize by product, what product (product area) is of most importance for organic consumers.

Question 15 - When selecting an organic product, what is the first thing you do?

This question looks at the interaction in the place of purchase. For example label information should be clear and unambiguous as label information affects consumer purchase decision even more with organic products. (Baltias 2001)

According to Kotler & Armstrong (2008) there are four types of buyer involvement. This question aims to find out how involved in the selection of organics the organic consumer is. The difference between brands in relation to the level of involvement will signal to which of four types of buyer behaviour the respondent can be classifie. By knowing what is the first action in selecting an organic product one can obtain a rough idea of the buying behaviour or the respondent.

Question 16 - The future of organics in Finland and its level of importance to you (1 to 5 levels of importance)

This question aims to help build a bigger picture of the organic consumer. The answer to this will show where in the marketing mix of organics there is room for improvement and expansion. The varying degree on consumer motivation and decision strategies and the difference between product level importance is where organic marketing strategies can adapt to better meet the demands of consumers.

Question 17 - Which statement do you relate yourself best to?

This is a basic segmentation question that asks the respondent to identify himself/herself possible to one of the given categories as given by Fotopoulis (1996). This question is important as it challenges the respondent to recognise himself/herself as being in a certain segment of the organic consumer based on their beliefs and attitudes.

5.5 The research process & data collection

The data collection method used was the ‘e-lomake’ program which is the standard VAMK program for questionnaires. The data was collected through the links posted on my personal Facebook wall, the Ekosoppi Facebook group and the Organic Food Finland Facebook group. Due to time constraints the two group postings were seen as sufficient. It was estimated that with the original aim of four Facebook group postings the respondents would be around 150. However, only two groups posted it and between them have roughly 1400 ‘likers’ so the estimated number of respondents would be significantly decreased.

Also factored in was the fact that some may have enabled Facebook settings so they would not be aware of updates from the pages. Also after initial postings, the rate of respondents decreased due to the link dropping over time on people’s Facebook feed. Due to these factors the questionnaire was retired and taken off public access at 52 responses. The data was then processed and analysed using SPSS program. All data was useable with editing required to divide the non-organic user responses on questions only applicable for organic users which was an overlook in the e-lomake settings.

The numerical data obtained allowed for a quantitative analysis. The collected data would be analysed by measuring the mean or frequency of the answers. The arithmetic mean is the average answer that respondents gave is and rounded down to the exact decimal point average.

6. EMPIRICAL STUDY RESULTS

This section focuses solely on the individual answers obtained from respondents. Each answer is represented with a figure and textual explanations. The answers were obtained in early June.

6.1 Questionnaire Analysis

This section only makes one divide which is that of the differentiation of the non-organic consumer section and organic consumer section. The non-organic consumer section is more brief overview as it is only used a comparison for the main and all important organic consumer section.

6.1.1 Overall demographics

A demographic gender divider questions starts the questionnaire. The objective is simply to see the differences in female and male respondents. The overall gender count of all respondents was 33 females to 19 males. (figure 12) Females accounted for 63% of the total and males accounted for 36.5%.

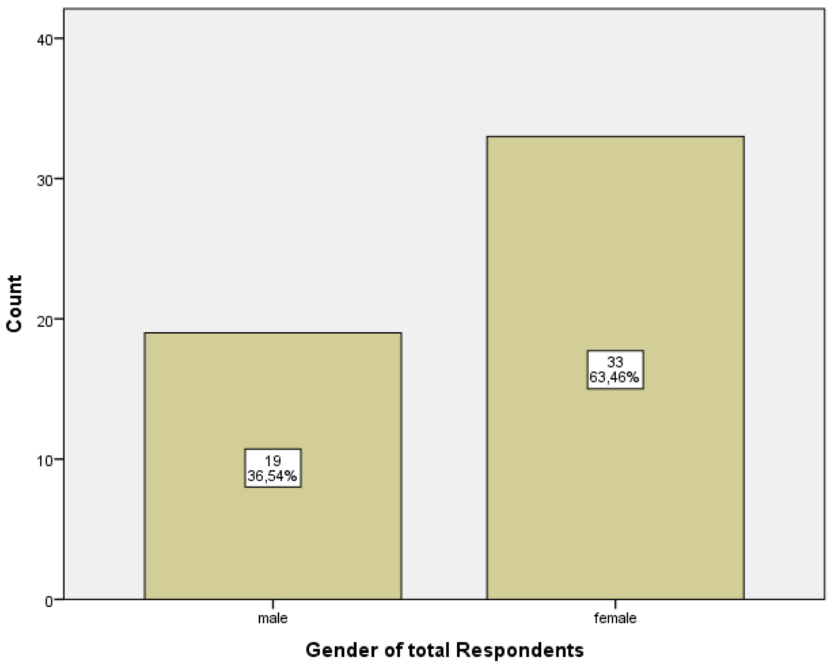

Figure 11. Gender of total respondents

The divider question here is used to divide the non-organic respondent and the organic respondent. Furthermore, the gender variable is used to further illustrate the gender v organic/non-organic consumer. The gender distribution between organic consumers and non-organic consumers can been seen in figure 13. A clearer picture identifies that 43 of the 52 respondents are organic consumers with 30 being female and 13 being male. 9 of the respondents were non-organic consumers with 3 being female and 6 being male.

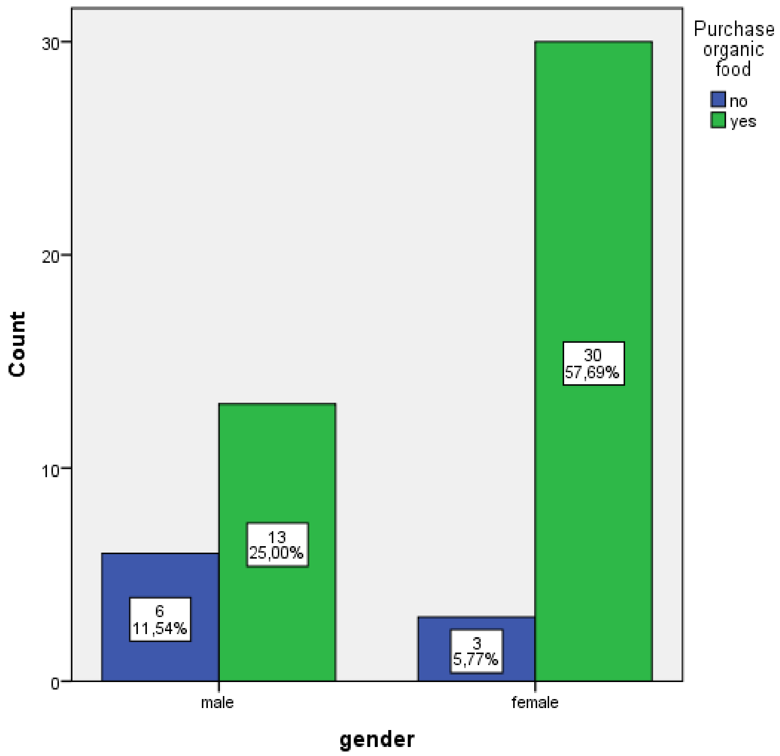

Figure 12. Gender distribution of organic/non-organic consumers

6.1.2 Non-organic consumer segment

This segment looks at two areas of non-organic consumer behaviour. Firstly the specific reasons that people tend to not choose an organic alternative and secondly reasons where people might choose an organic alternative. The first figure (figure 13) shows the mean average of responses to reasons why people do not buy organic. The scaling system of the two questions are based on a selection of 1 to 5 with 1 being in total agreement and 5 being in total disagreement and 3 being neutral. Throughout the survey the questions that used a 1 to 5 rating will be measured by calculating the arithmetic mean.

The arithmetic mean is calculated by adding the numbers from 1 to 5 which were chosen by respondents and then dividing them by total number of responses, in this case the non-organic respondents numbered 9. The data showed that the single most common reason being that the price is too high for them to justify making a purchase. The average mean response for this was 1,78. In joint second and third place were the reasons of “not enough disposable income” and “general lack of interest” where the mean was both 2,22. The least agreed reason was “no perceived environmental/animal benefits” at 3,33.

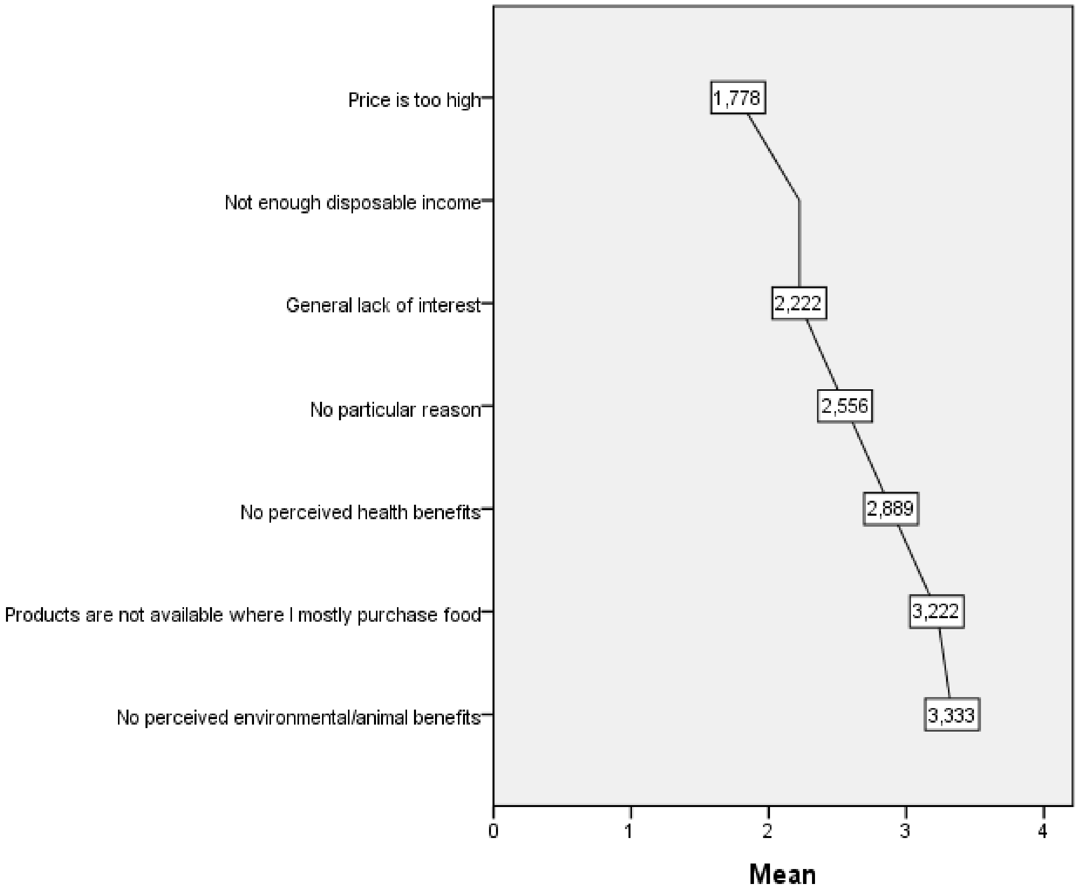

Figure 13. Reasons for non-interest of buying organic

From these mean averages one can conclude that for non-organic consumers the reasons are generally revolving around price and lack of interest and not based on anti organic sentiment, mistrust or opposition.

In the second figure (figure 14) the scenarios where people would in theory purchase an organic option are explored. The results do not show any major tendencies to one particular reason and are fairly uniformly spread out. Not surprisingly the main reason where a non-organic consumer might change from their norm and purchase organic is again based on price. “Prices were more competitive” got an average of 1,62 followed by “Studies showed health benefits that I value” with exactly 2. The least motivating reason was “My spouse, friend, family encouraged me” with 2,5. As with the previous findings, the main reasons were again based on money. There were not really enough responses to make a clearer distinction between the other factors so one cannot obtain any worthy data to draw conclusions from. Interestingly the reason of “Had more disposable income” was not a corresponding factor in terms of respondent mean to “Not enough disposable income” in figure 14.

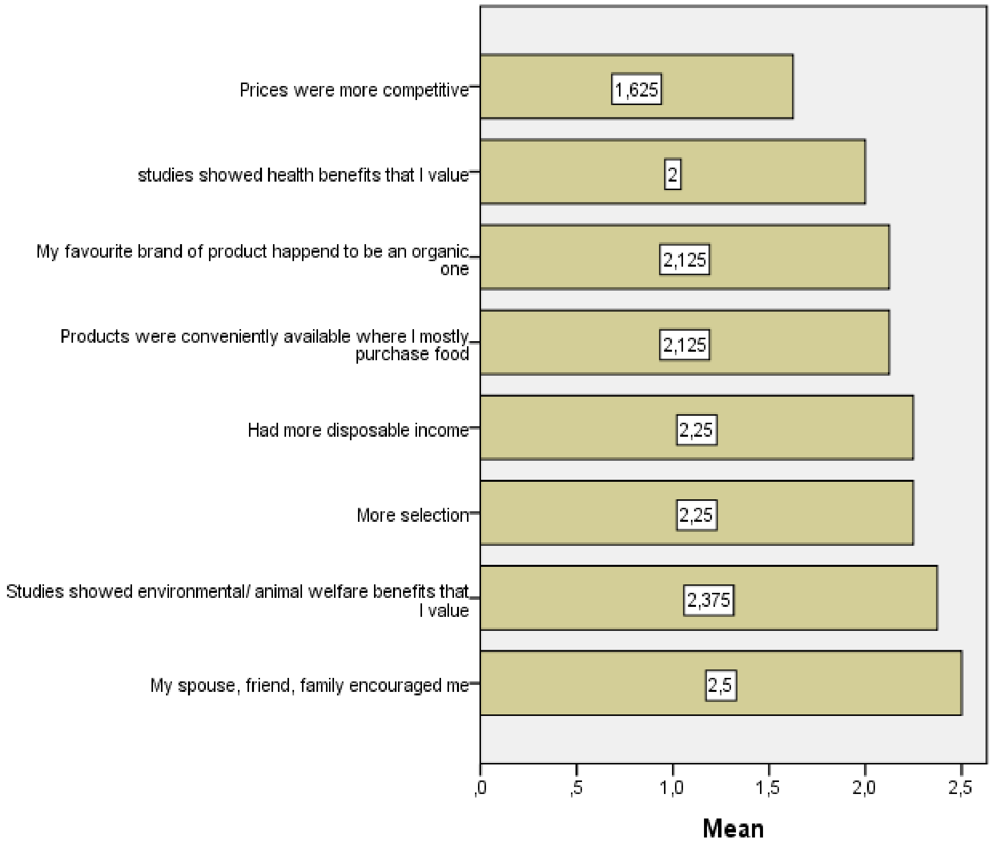

Figure 14. Reasons where an organic option might be selected by a non-organic consumer.

From the two questions some things are apparent. Firstly that price is the most prevalent factor in deterring from an organic purchase and in theory making an organic purchase. This would suggest that non-organic consumers are simply so due to money constraints or unwillingness to pay more for something they do not hold any values for. The other thing to note that there was more variance in figure 14, from 1,78 to 3,33 than in figure 15 where the mean was from 1,62 to only 2,5. This could well be down to respondents not having a strong opinion to a theoretical situation that they probably have never considered themselves beforehand.

6.1.3 Demographics of the organic consumer segment

To build a demographic picture of organic consuemers the age groups must be found out. The age groups of the respondents are catagorized as under 18 and then rising in time spans of seven and then nine years until 55 and over category. The greatest response was seen from the 26-35 year old range (18 people) followed by the 18-25 year old group (12 people) then 36-45 (9 people) then 46-55 (3 people) with nobody under 18 and only one person above 55+ (see figure 16). The results are in synce to the average ages of daily users of Facebook. Although under 18-year-olds are avid Facebook users, few would be expected to be organic consumers or even grocery shoppers.

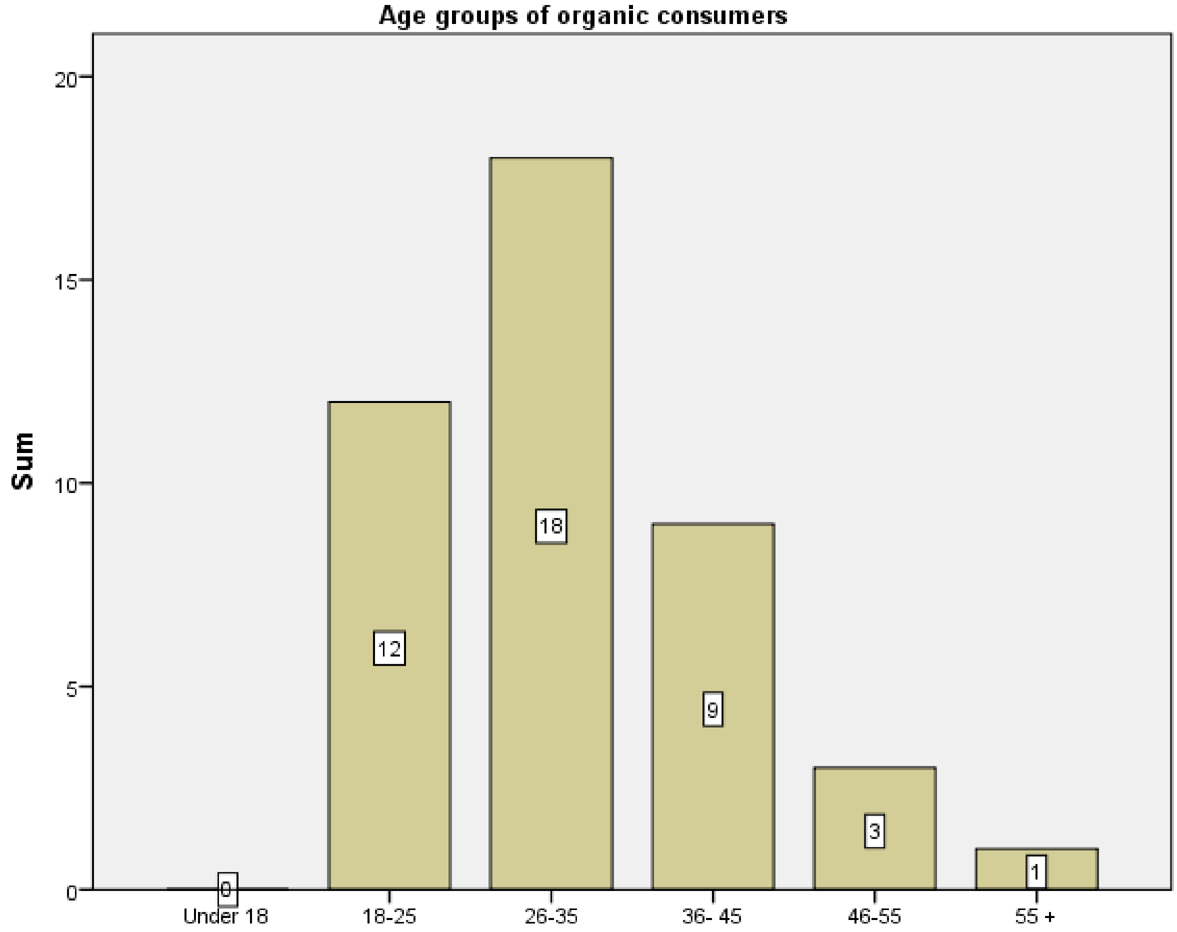

Figure 15. Age groups

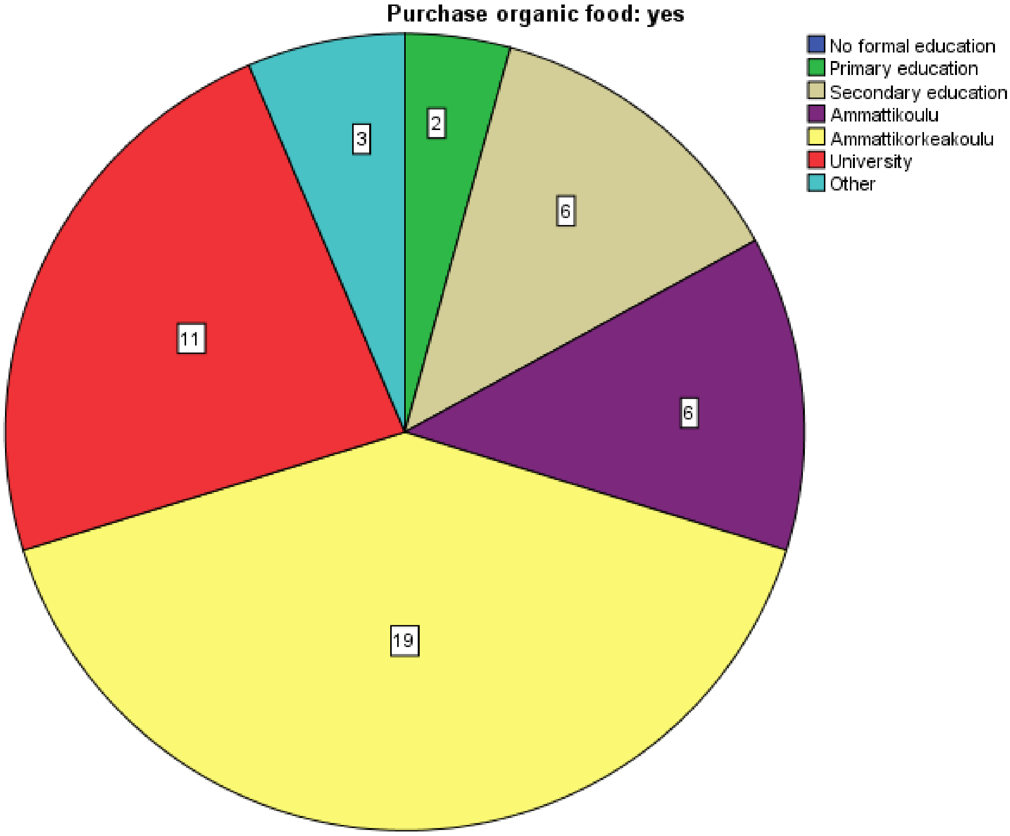

Figure 16. Education level of organic respondents

The second step in the demographic classification is education. The question asks respondents to state their last relevant level of education completed. The educational level question (see figure 16) makes no distinction between the current level of study and last graduated level. As seen in figure 16 the vast majority of respondents were graduates or currently in Ammattikorkealoulu/ University of Applied Sciences, 19 people making it close to half the total. The University category was selected by 11 people followed by both Ammattikoulu/vocational training and secondary school level respondents. Responses were in total 47, which mean that a few people made more than one choice.

The third step in the demographic classification is about occupation status. Figure 17 shows the status level of respondents in relation to occupation. The option to select two options if needed was made clear for this question. “Working full time” was selected by over 50% of responses. Over all 51 responses were made from 43 respondents meaning that around eight people made selections of more than one to describe their status. As the survey was carried after school had finished, the possibility that people were both students and working full time over summer was evident.

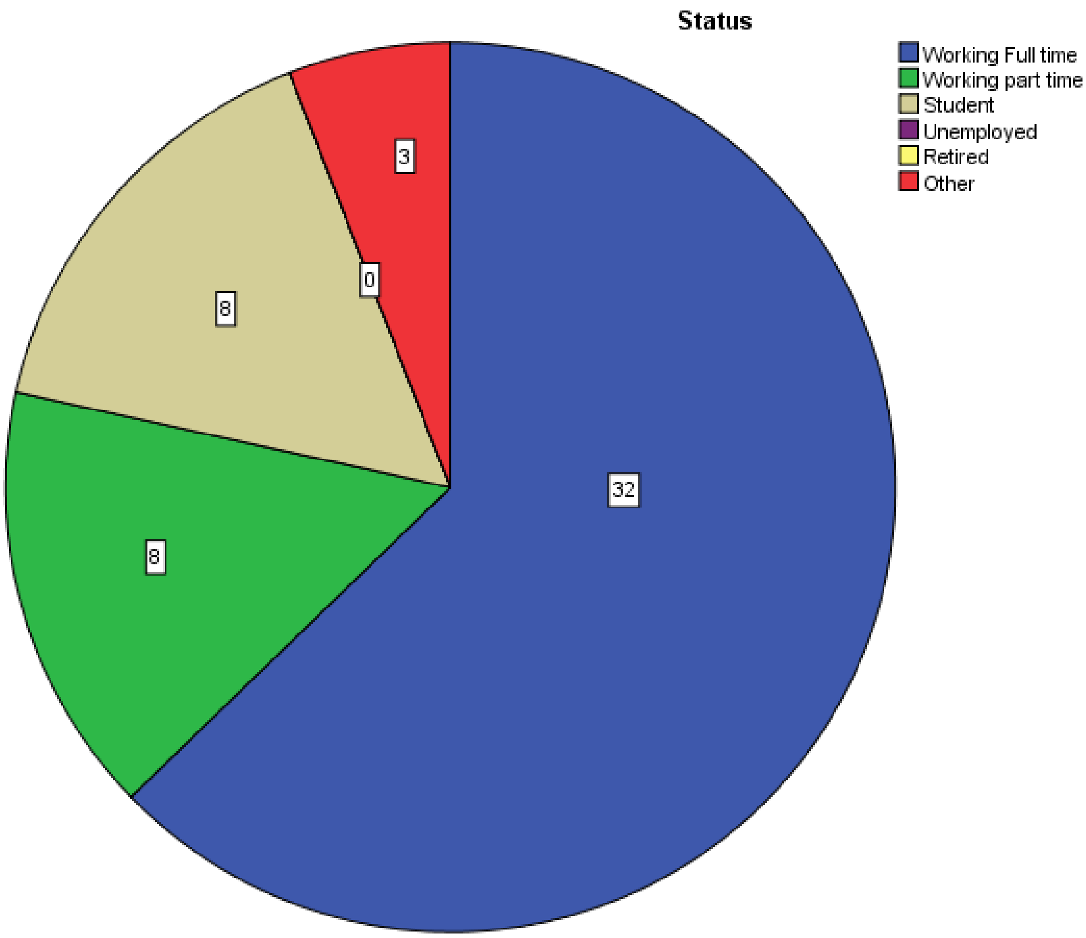

Figure 17. Status of organic respondents

The living situation of respondents is shown in figure 18. This question asks about the domestic status of respondents. It shows that the majority of people, 16 in total were living with a partner, living with a partner as well as their own children were 10 people and living alone were 12 people. The other 3 categories had much less responses with “other”, “With friends” and “with parents” getting 2, 2 and 1 response respectively. The high number of people living with a partner and with no children corresponds with the age majority group of 26-35 already starts to build a basis of a picture of a typical Finnish organic consumer.

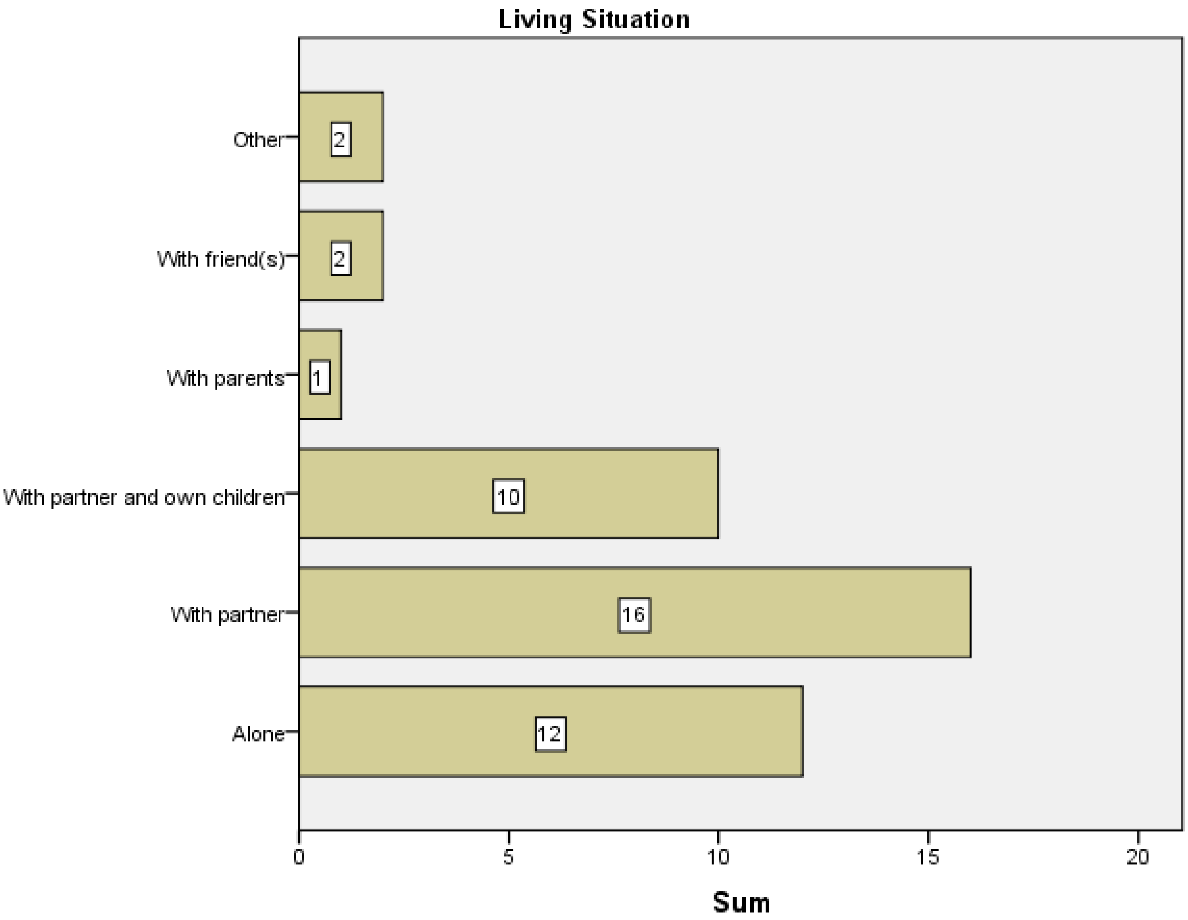

Figure 18. Living situation of organic respondents

In the estimations of percentages of over-all organic purchasing we can see (figure 19) that over 25% is in the 1-10% category. The second biggest group was in fact the group 21-30% with 11 responses. The third biggest group was the 50% + group with 8 responses. The fourth biggest group was the 11-20% group and the two smallest groups with 3 responses each were the 31-40% and the 41-50% groups.

6.1.4 Organic consumer characteristics

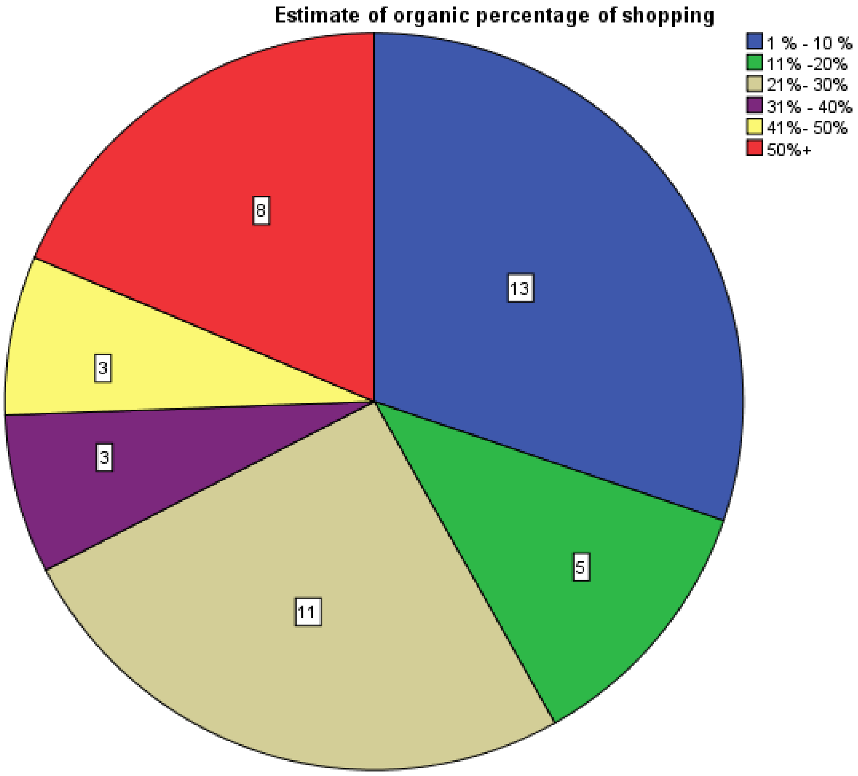

Figure 19. Estimation of total organic grocery percentage

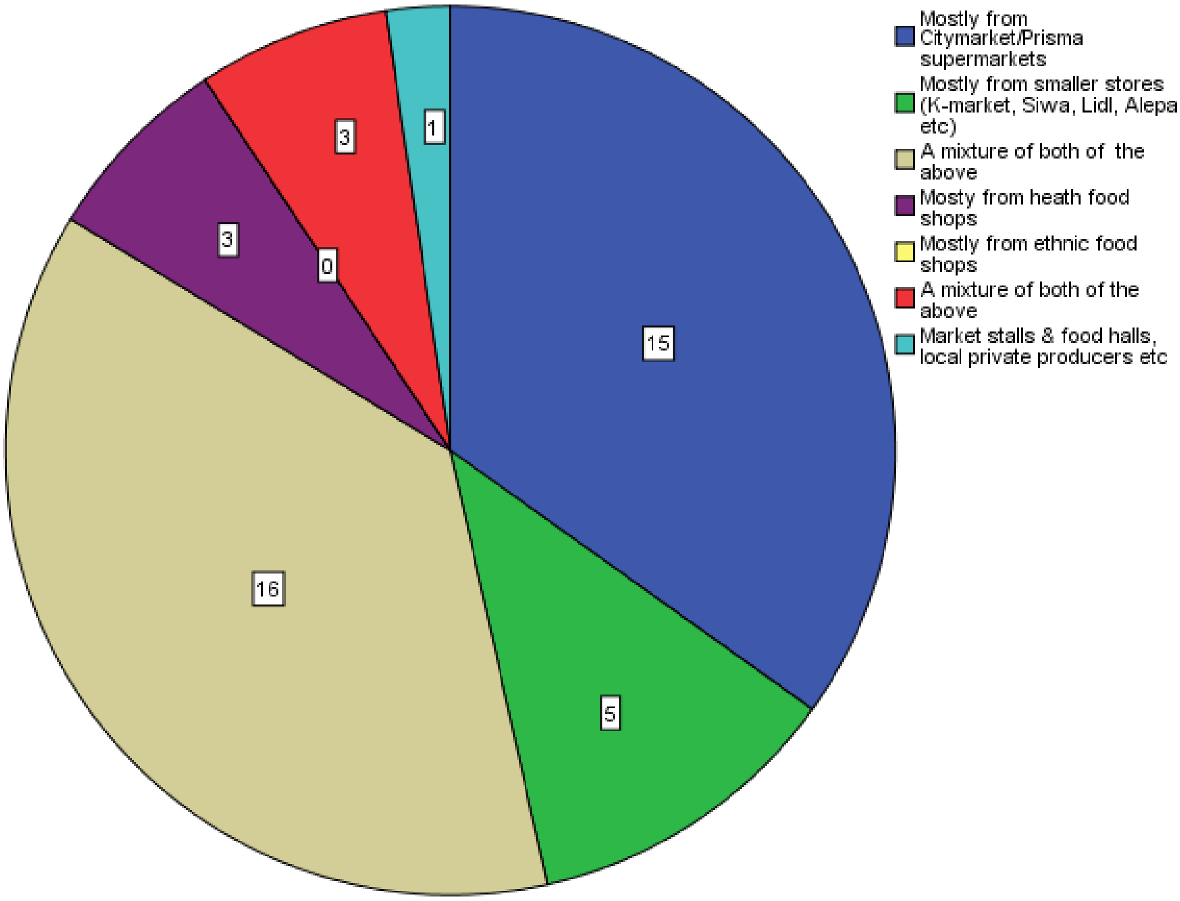

Figure 20. Shopping habits of organic consumers

The second question under organic consumer characteristics is about shopping habits and from what category of sales outlet the respondent is more likely to do their shopping. In figure 20 can been seen the shopping habits of respondents or more specifically at what type of shopping outlet they shop at. The two obvious majorities were expectedly the main super markets and a mixture of both the big chains and the smaller local chains of the big super markets found in inner city locations. Three people shop mostly at health food shops and another 3 people shop at a mixture of health food shops and ethnic food shops. One person was found to shop mostly from market stalls.

The results mirror the usual shopping habits of people in general in Finland with major supermarkets easily accessible on the outside of towns and usually visited once a week while smaller grocery outlets are conveniently situated in nearer town centres and on routes to residential areas that people utilize for mid week grocery shopping.

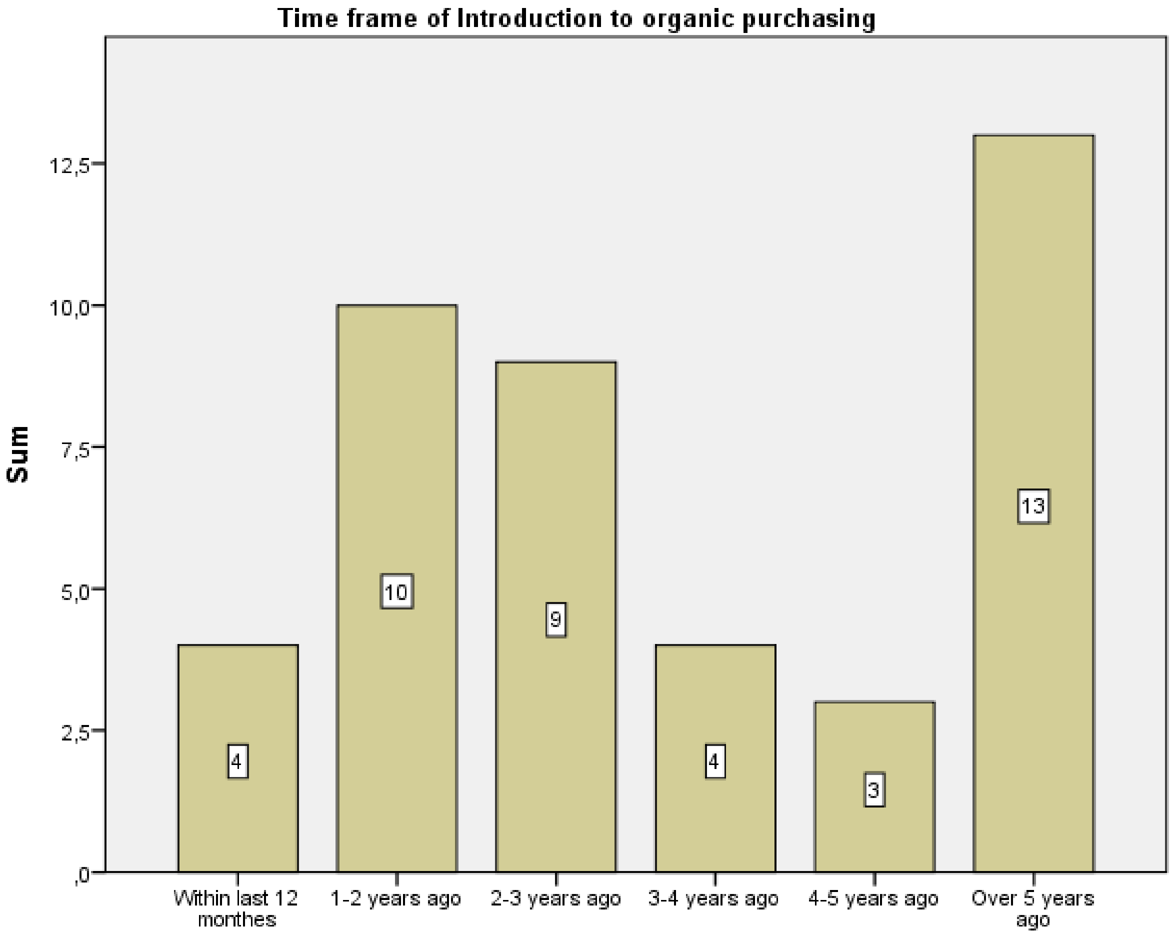

Figure 21. Length of time of organic purchasing

Figure 21 shows the time frames when respondents first started to purchase organics. The question requires respondents to recollect to the how long ago they first starting purchasing organic groceries.

Encouragingly 13 people have started buying organics over 5 years ago and possibly longer than that. The other high grouping of respondents are from over a year to 3 years where 19 people all together have started buying organics. Notably only 4 people started 3-4 years ago and 3 people started 4-5 years ago. This may be because people are more sure of when they started if it was more recent or a long time ago, 3 to 5 years ago could well be so low as people made estimates to nearer year groups or just guessed it to be over 5 years ago. Only 4 people had started purchasing organics in the past 12 months. The low number of recent subscribers to organic purchasing could be explained by the fact that after becoming interested and purchasing organic, they would not instantly transfer their new habits by ‘liking’ organic groups on Facebook straight away. In that sense most people who were aware of the survey on Luomu groups on Facebook were most likely fans and purchasers for more than year.

6.1.5 Organic consumer values

Figure 22 presents the values and beliefs that drive the respondents to choose organic and to what level of agreement they are for each aspect. Again this measurement uses average means on a score from 1 to 5 as in some previous questions of the same nature. The core value that was found to influence organic options was the pesticide and chemical free aspect of organics with an average of 1, 6. All other values can be seen to be fairly close with scores from 1, 71 to 2, and 37. The two least citied reasons were “Products are conveniently available where I mostly purchase food” at 2, 93 and that it is a “status/ fashion statement” which was clearly not an important reason at a score of 4. An unexpected popular reason was “Supports small business and local agriculture” which was the third most cited reason at 1, 84 which suggests that organic consumers are also concerned with aspects that do not directly affect them.

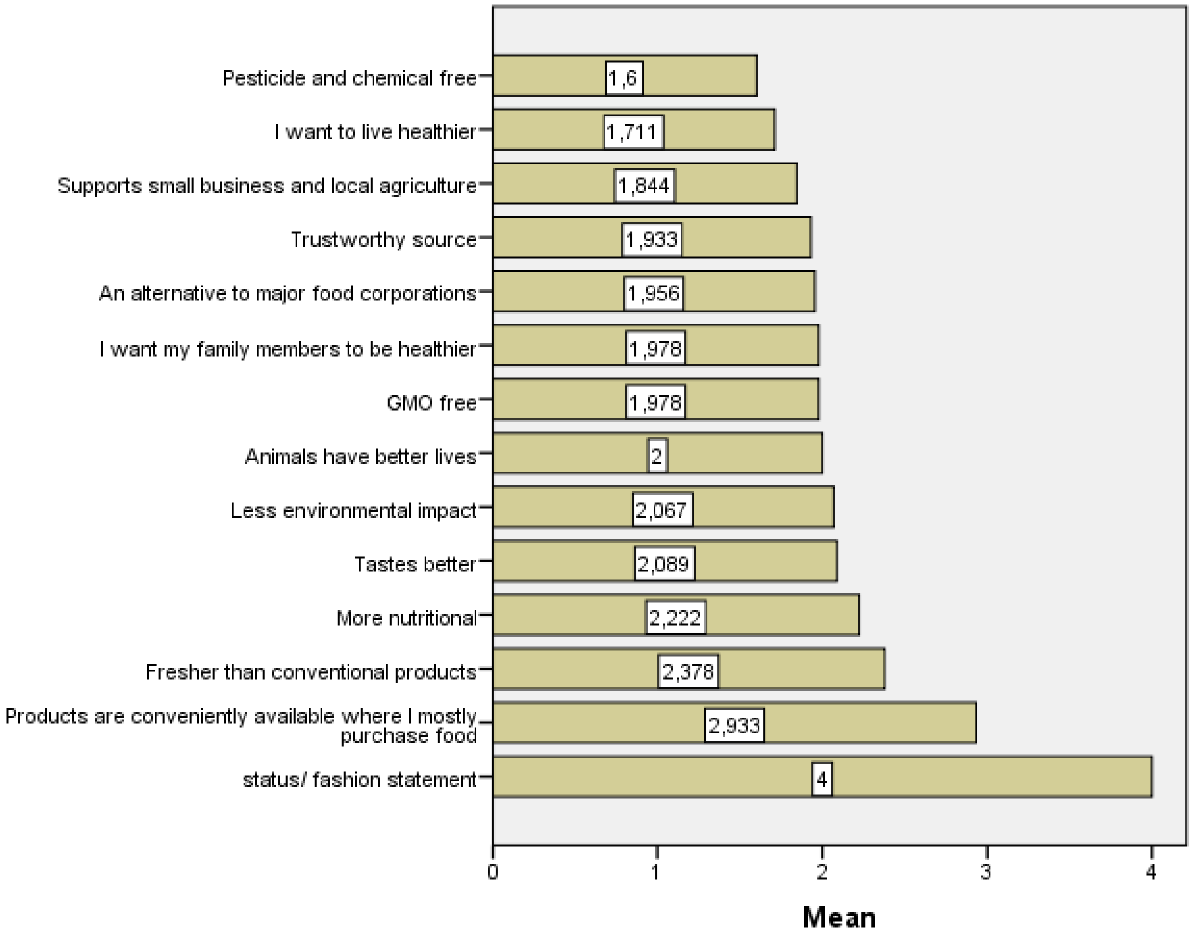

Figure 22. Reasons for purchasing organic

Scoring low on the list were aspects that are generally associated with organics such as the taste, nutrition, and freshness. These core aspects of organic were found in the bottom quarter of the chart.

6.1.6 Source of influence

This question aims to find out the source of influence from where the respondent first became interested in organics. There is one option to select. For the first source of organic influence we can see from figure 24 that by far the most common source is the "Own research of organics led to interest" with 21 votes which would suggest that pro-activeness has been a powerful force in changing lifestyles. Of course this pro-activeness to find out information would most likely be awakened first by another factor such as a recommendation or news report.

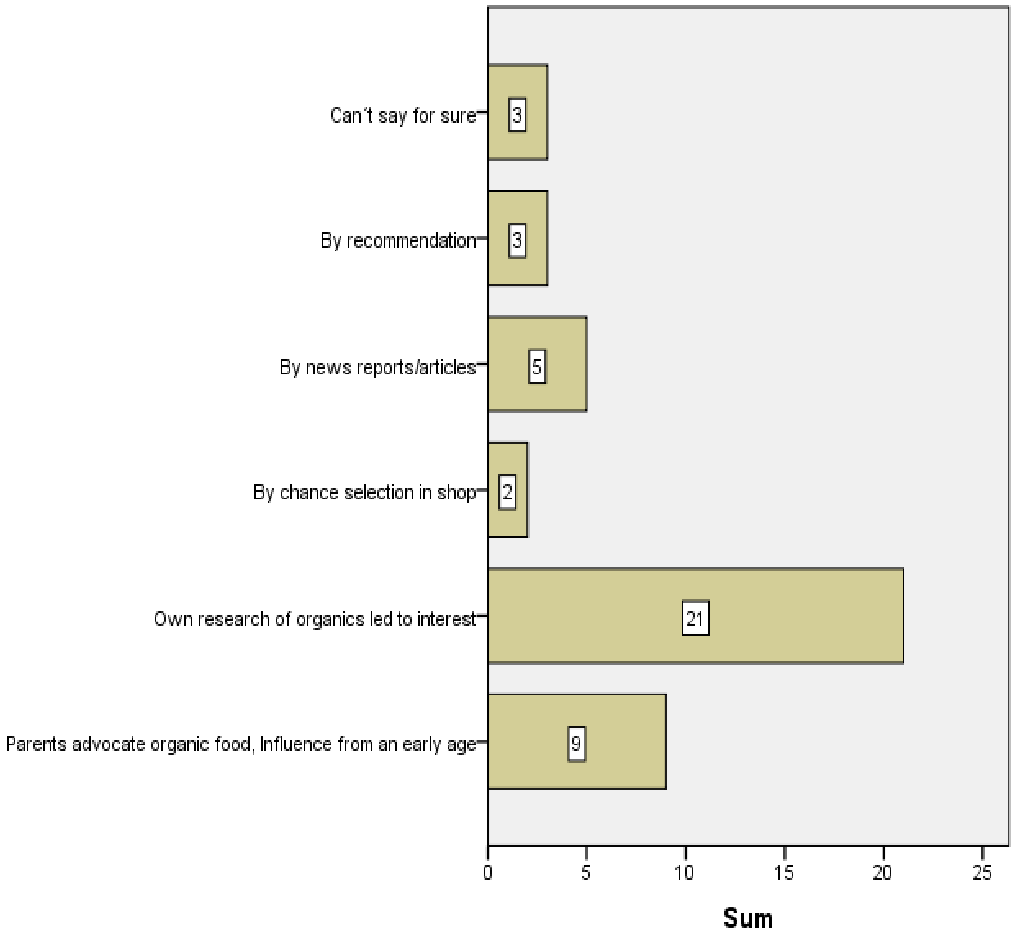

Figure 23. First source of organic influence

The influence from an early age where parents advocated organics and in doing so passed on values to their children was the second highest factor with nine answers. News report/articles were the third highest with 5 votes. Other reasons that gained minimal votes were put down to chance selection and recommendation. Not being able to say was also a reason.

6.1.7 Product categories

Here the respondent is asked to select any product that they try to consistently purchase as organic. The products are single products or categories of product such as "milk products", "cereal/grain products". The options are available to select as many as apply.

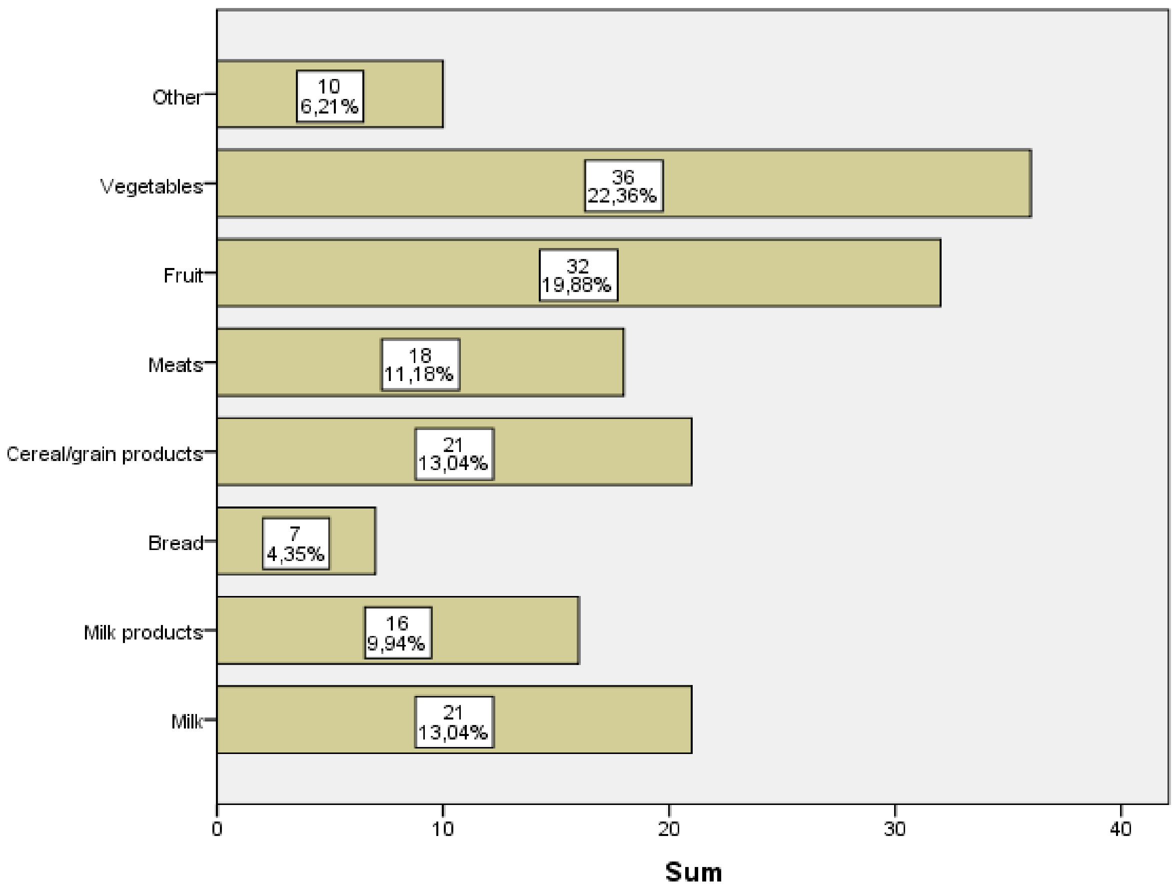

Figure 24. Product categories

When it comes to selecting organic options over normal options, the popularity of a product category will most likely vary between shoppers. In figure 24 one can see what product category purchase is predominantly an organic one instead of normal one. The question requires a response only if the product category is "nearly always selected organic over conventional".

Vegetables are clearly the favourite option to buy organic over non-organic at 22% with 36 votes. This is expected as vegetables are perishable items grown under environmentally demanding situations where the difference between an organic and a non-organic vegetable is most prominent and the benefits of an organic vegetable most obvious to the consumer. Fruit is naturally the second highest consumed organic food category and it stands to reason that fruit is as popular as vegetables as they similar products grown under similar conditions. Fruit got 32 votes at nearly 20% of total. Milk and grain products both got 21 votes. The least selected option was bread at 4% with 7 votes. With fruit and vegetables the most common organic products bought consistently organic it may be deduced that due to the fact that they are often grown with chemicals, pesticides and genetically modified, that henceforth the organic option is an obvious choice for consumers.

6.1.8 Purchaser involvement

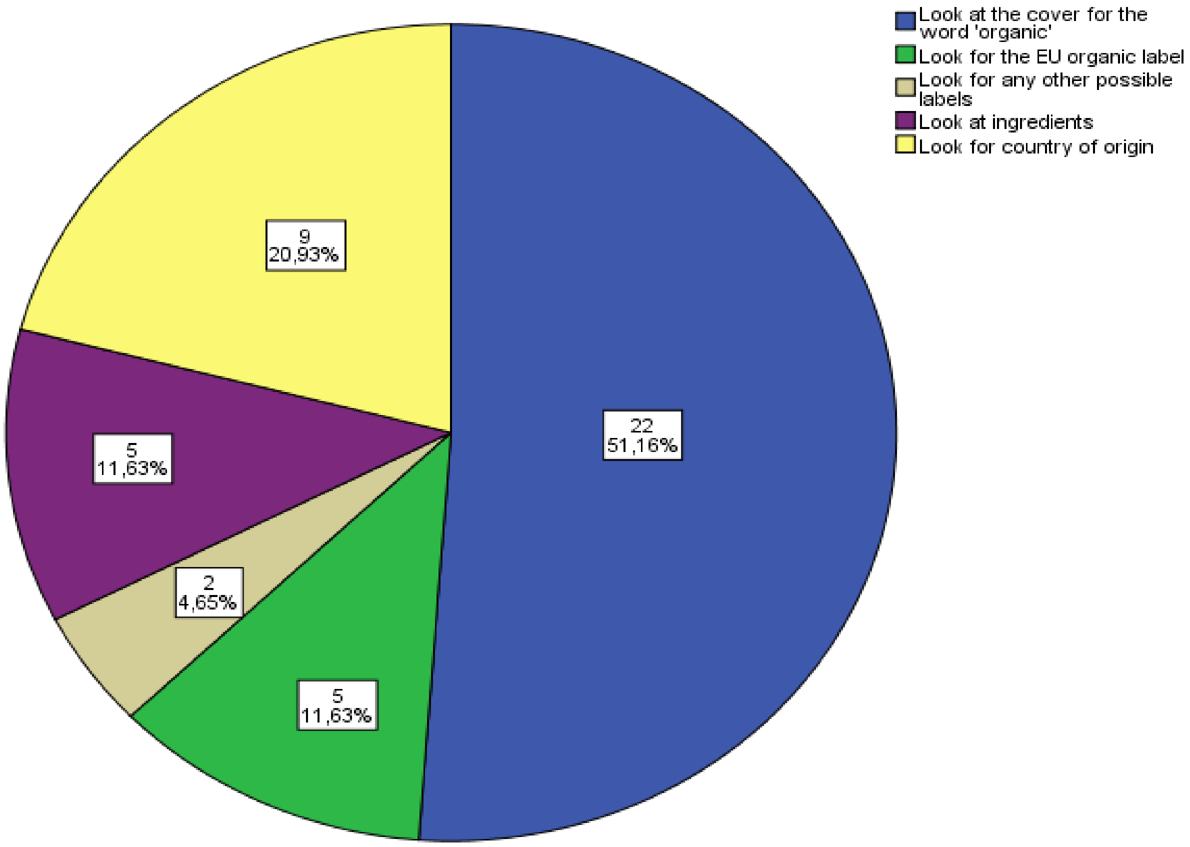

Figure 25. Visual cues of selecting an organic product

Above in figure 25 is shown the primary visual action when looking at organic products on a shelf. The question asks to identify the first thing the customer does when looking at an organic product.

Just over 50% of respondents would "Look at the cover for the word "organic" which would suggest the majority of customers trust the word 'organic' enough that they might use that word as the only cue to prompt making it a purchase. The second favoured option would be "Look for country of origin" as their first action when looking at an organic item.

20% of answers at 9 people would do this. It would appear the importance of the appearance of the EU label on a product is of no significant importance as on only (11%) 5 people claimed this would be their first visual cue on product choice. Same could be said of ingredients where 11% and 5 people claimed they check the ingredients first. This would suggest that people trust the fact that as it is labelled as organic it should anyway be free of most chemical ingredients and additives. The people who check ingredients first may also only do this for reasons of allergies and no based on curiosity. Two people at 4% of total would look at any other additional labels as their first action. Additional labels maybe include various regional or national organic labels, eco labels or the Finnish Swan label for example.

5.1.9 Future aspects

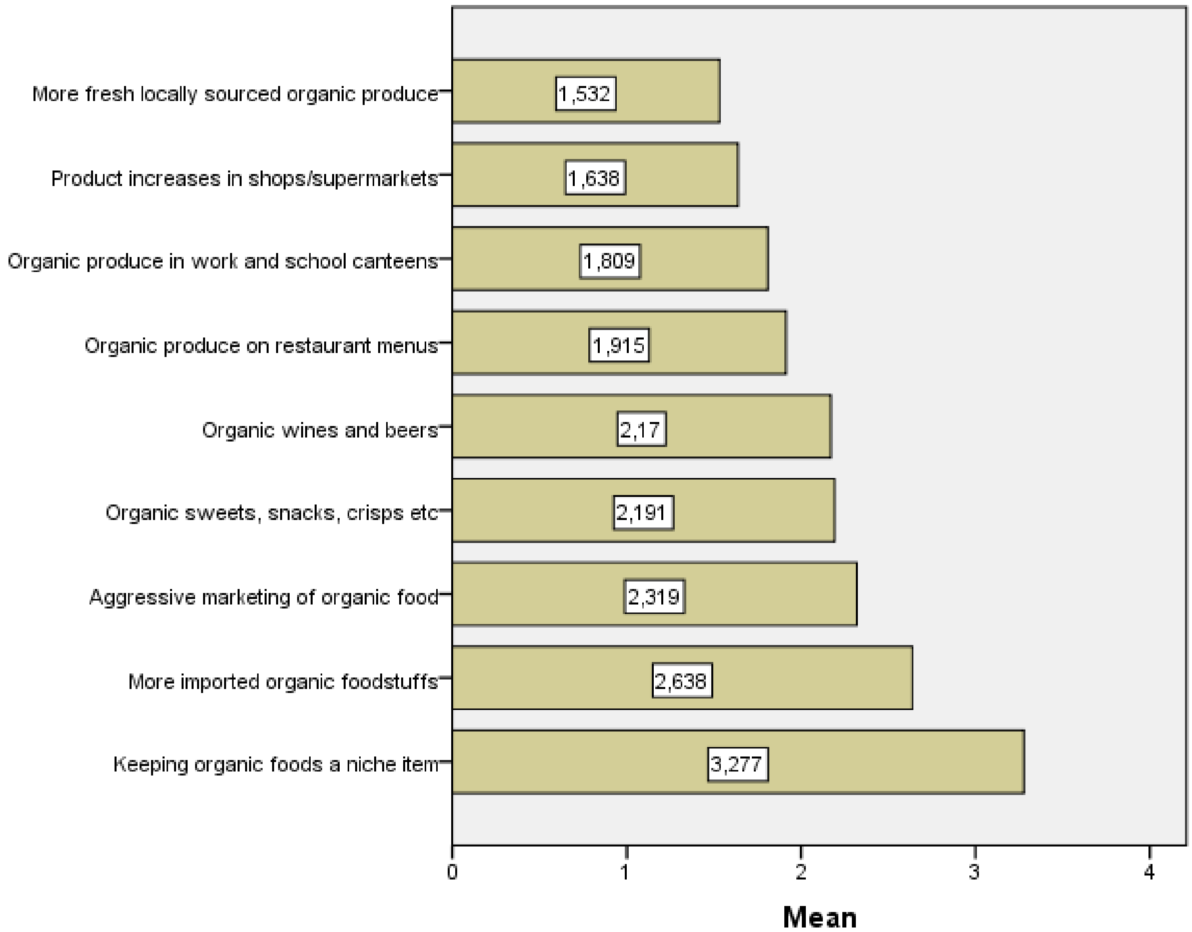

Figure 26. Level of importance of future aspects of organics

This question is asked on order to find out what aspects the respondent finds important for the future of organics in Finland. In figure 26 is addressed the future directions of organics and to what level of agreement to each aspect the respondent is. The most valued response was “More fresh locally sourced organic produce” with an average of 1, 53 that really shows that organic consumers are truly concerned about the local environment around them and not with their immediate personal benefit from consuming organic. The second highest score was for “Product increases in shops/supermarkets” which indicates that organic consumers are in theory ready to buy a more diverse range of organic alternatives. The 3rd and 4th most popular future aspect shows the desire to really get organic foods accepted more in restaurants and school canteens, Even if some certified organic product is in fact included in these menus, they are rarely made obvious to the consumer through labelling or notification. “Keeping organic foods a niche item” has a score of 3,27 that shows that people do not value anymore what in the past has been the inevitable strategy of organic products due to supply and demand disparities. By keeping it a niche item, it remains in short supply, high in demand and higher in price and in selected selling points. In contrast people obviously want the opposite of this.

5.1.10 Organic consumer category

The final question in figure 27 looks at categorizing consumer into segments that define the individual by their beliefs and values and reasons for being organic consumers. At 41% with 18 votes was the so called “true natural” that in a brief description can be defined as having values of environmental protection, sustainability and ethical practice. The individual is also knowledgeable about the details of organics and is not put off by the price of organics and is willing to pay premium for a product that they truly value.

Traditionalists were 2nd with 25% and 11 votes. They are defined along the lines of authenticity which is how foods were grown in the past not using chemicals in the growing process and therefore being purer and less processed. Price is also not a deterrent for them. 10 people at 23% claimed none of the descriptions matched their core reasons for buying organic. This could be that either they don't identify with the reasons and values for their choices, or they have a complete different set of values that they categorize themselves by. 4 People at 9% claim they buy organic for "hip" reasons based on "I choose organic as it's a new cool alternative option that expresses my value of quality and sustainability and health. I am influenced by people around me buying organic." No people had dietary reasons for buying organic.

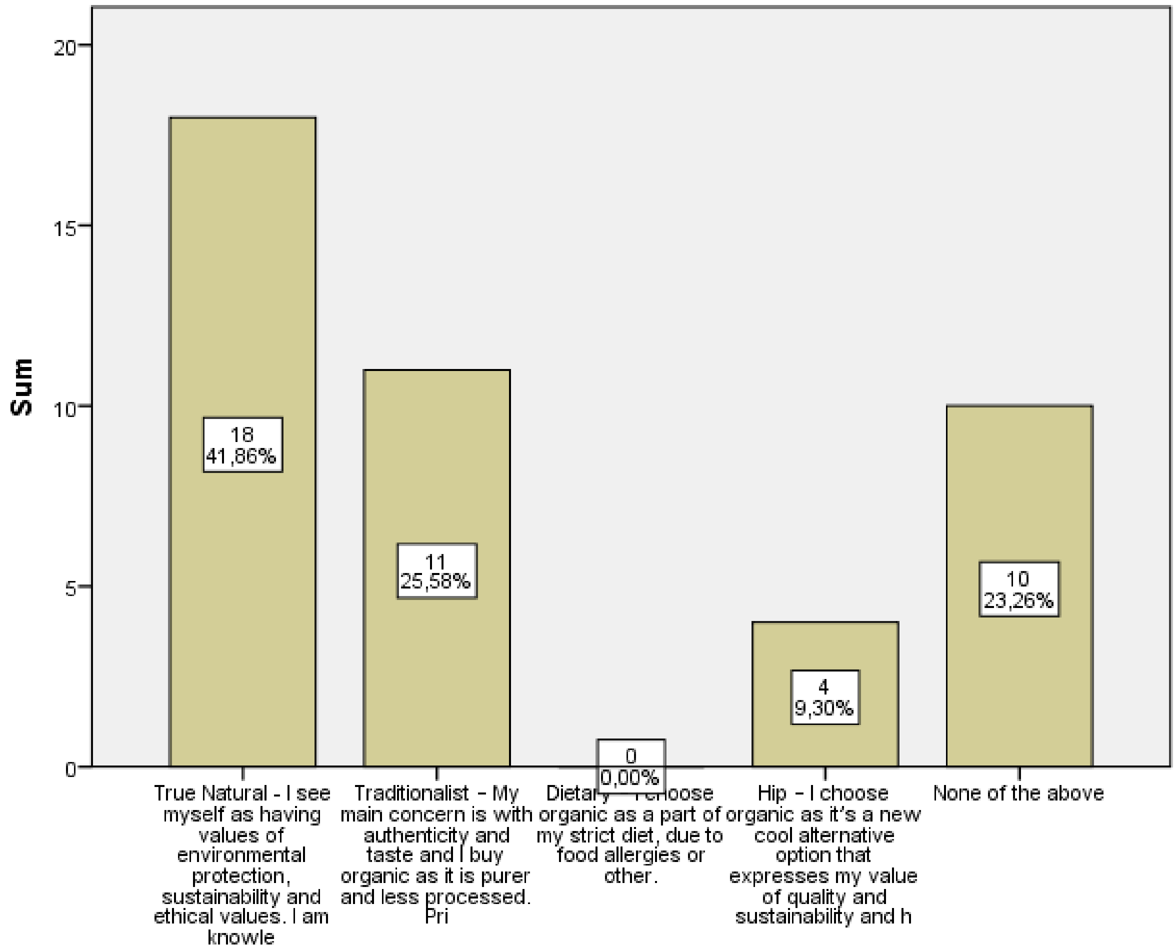

Figure 27. Personal category description

7. EMPIRICAL FINDINGS AND SUGGESTIONS

In this final concluding part the findings of the empirical study will be analyzed and discussed. Then the theoretical connections to the empirical findings will be discussed. Validity and reliability will be looked at before ending with an overall summery and then finally further suggestions of topic research will be offered.

7.1 Findings of empirical result

The results of the questionnaire show trends in organic consumption in Finland. Although the number of respondents were not in great amount it still is able to be considered a valuable source for providing a comprehensive overview of organic attitudes, values and behaviors in Finland. The reason why the data should be enough in light of the limited responses is put down to the fact that in the case that more Facebook groups had posted the questionnaire and for longer would have merely resulted in more answers and more credibility. However, the overall pattern of answers would have expected to remain the same only giving increased proportions in chart scales but not causing any great changes in scores. Important to remember when considering the results is that they represent the organic consumer patterns of organic consumers who represent their attitude by following the organic Facebook groups available in Finland. The results do not represent the whole spectrum of organic consumers in general.

By observing the presented empirical evidence a break-down of the demographics, values and behaviour patterns are evident. In Finland the female gender is more likely to be a consumer of organics and a social media follower of organic fan groups. It is also reasonable to state in any case that females are a larger consumer segment for organics regardless of if they are followers of organic Facebook groups or not. Although it is a known fact that women account for the majority to grocery shopping done, although to a less extent in this current time when men are just as likely to influence or carry out the grocery shopping it is worth to still note that women are the majority of the organic gender segment. (Colman 2013)

Supporting the stereotypical female organic consumer is also age and living situation. The age groups show that younger people above 18 to around 45 make up the vast majority of the total with specifically the 26 to 36 age group being the most prominent. Living with partners and or partner & own children were most common traits held. This shows that young to middle aged adult females who are raising families or cohabiting with spouses are a grouping of informed and conscious organic consumers who have the power to influence their spouses as well as their children resulting in nurtured organic values which is a strong source of influence for future generations as was shown the "organic influence" section.

From the results one can clearly see a picture of the typical Finnish organic consumer based on socio-demographics and patterns of held values. The analysis of values and beliefs shows that of most importance aspect to people is overall health and avoidance of chemicals in the growing process. Superficial and unfounded or disputed aspects were shown to be of less importance. Of the products held in favour, fruit and vegetable, shows that people choose these products as they are the most natural and pure food stuff available and the advantages of these organic options are obvious. The concern to future organic development is encouraging to see with a trend showing the particular importance places on local development and support in producing and the increase of supply through retail and social institutions. To conclude with the self image of organic consumers and how they categorize themselves is very accurate and comparable to the results.

On the other side we look briefly at the reasons why people tend not to purchase organics. Price is the sole reason for not buying organics and the reason where a reduction in price would lead to more organic purchase. This is not surprising as price is in many cases the deciding factor in any purchase choice situation. However, as stated previously, organic consumers are not generally price concerned as they feel paying more for something that they value more is worth it. It would stand to reason that if someone was to become interested in organics for whatever reasons, the price issue would most likely stop being of major concern to them.

From overall reading of mean scores one can see that people in theory would become organic consumers if some aspects were to change in their lives or from the supply aspect.

7.2 Theoretical connections

This section will explain the theoretical examples and how they are relatable to some of the answers obtained in the empirical findings. First the theory will be presented in *italics* then the findings and how they relate to the theory will be explained.

Firstly the non organic consumer segment investigates the overall opinion of organic. *Although public opinion is divided on the benefits of organic food with some studies finding little health benefit between organic and non organic food. (Brandt 2012), the general opinion of organic foods is held in high regard as seen by the rapid growth in sales in Finland of 50% year-on-year in 2012 (Yle 2012)* The answers from the empirical study show the main cause for not choosing an organic option is most often purely a financial reason. With "prices too high" and "not enough disposable income" being the two main reasons for not buying organic in relation to the least cited reasons being "no perceived environmental/animal benefits". This would suggest that in Finland people do believe in the positive aspects of organics yet are handicapped by the financial factor. It would also suggest that if prices were slightly more competitive and the respondent's disposable income was higher then the non-organic segment would in fact become organic consumers.

For the organic segment the theories on demographics include - *The stage in the life cycle and the age of the person naturally dictate what the person is likely to buy due to their natural needs and preferences. Life cycles also include the family life cycle and the psychological life-cycle stage which both shape consumptions patterns based on two important criteria, normal income and product interests of each respective cycle stage. (Kotler 1997, 179)* .The answers showed how normal income and product interest of cycle stage are the most important factors.

Consider that the demographic model of the typical organic consumer was found to be 1) 26-35 years old. 2) Have higher education completed. 3) Working full time. 4) Living with partner/partner and children. These statistics fit the theory as previously stated.

Income as a subculture can be considered not just as a further segment of an age, ethnic, other grouping of subculture, but as a subculture by itself because people sharing the same income levels hold similar values, behaviours and lifestyles in comparison to people in other income levels. (Peter & Olson 2010, 324) As stated previously, income and price were found to be major factors in attitude to organics. People in this so called subculture would have shared values, behaviours and lifestyles that may not necesserily include organics.

The apparent greater interest of organics to women rather than men can be concluded from the fact that women are the predominant cook in the household and more likely to be the purchaser of groceries. (Davies et al., 1995; Wandel & Bugge 1997) The study finds that more females answered the questionnaire so in theory more females would be likely to be organic consumers, it is worth noting that fewer females compared to men claimed to be non-organic consumers.

Consumer buying behaviour is divided into four parts based on the degree of buyer involvement and the degree of differences among the brands. Consumer behaviour is not universal for all purchases as some purchases are routine and simple while others are complex and one-off. (Kotler & Armstrong 2008) results from the questionnaire would suggest that the vast majority only us the visual cue of the world “organic” as their first action in selecting the organic product. This would suggest minimal interaction with the product before making a selection although more questions would be needed here to be sure, such as “what steps do you take in selecting the organic product”?. As grocery shopping is a fairly low involvement process that is repetitive, the buying behaviour could be said to be ether “habitual buying behaviour” or “variety-seeking buying behaviour”.

Self concept like personality revolves around self image. There are different states of self image, actual self-concept, ideal self-concept and others-self-image. When selecting a certain brand or product a consumer may be wishing to satisfy one of these self concepts . (Kotler 1997, 181) As the main source of influence was found to be “own research of the topic led to interest” this could suggest that respondents found that organic values were something that they could relate to in themselves, henceforth incorporating it into their self-concept and the four states of self-image that they wish to project outwards.

The influences from parents to children and then second generation passing on of values and beliefs that define that family is of significance to consumerism. (Baker 2000) This statement was backed by nine respondents (second highest response rate) stating that influence from parents let to interest in organics.

The product categories in terms of share in Finland are looked at here. *The product categories that have the largest organic share are milk (20%), fruit & vegetables (19%), fresh baked goods (10%), eggs (8%). (Kottila 2012)* The study found fruit and vegetables to be the most commonly bought organic option, followed by milk and cereal/grain products.

The segmentation aspect looks at the following theory. *Besides the common variables of organic segmentation based on demographic, geographic, psychographic and behavioural variables, there are also in addition 4 significant grouping based on their purchasing behaviour. The classifications were youthful, dietary, traditional and environmental militant. (Fotopoulis 1996)* Although 23% claimed to not fit in any of the categories, the remaining 77% percent of respondents were able to relate themselves to a sub category of organic consumer.

7.3 Reliability and validity

Reliability is the degree to which the measures are free from error therefore yielding consistent results. However, regardless of the quality of the data collected there will always be some error. The questionnaire reliability will rely on its ability to produce consistent findings at different times and under different conditions. (Zikmund 2003; Saunders, Lewis & Whitehall 2009)

There are three aspects that support the concept of reliability. The first is repeatability where in theory using the test-retest method where a same measurement test should yield the same or similar results when administered at one stage and then again at a later stage in time. The end result should show how reproducible a set of results are. From the empirical research of this study, I see no reasons why the same results would not be obtained again when administered under the same conditions.

Secondly is internal consistency which is a psychometric measure that measures the correlation of answers within the questionnaire. As a result should be evident the consistency of responses across all the answers or a subgroup. Again in this study I would be positive of obtaining similar results during the same period but from a different sample.

There are various methods of checking for internal validity, the equivalent-form method, the Cronbach's coefficient and the split-half method. The latter being the most straightforward where one set of number results are compared against another half or result numbers, for example, odd numbered items against even numbered items. (Litwin 1995; Zikmund 2003; Saunders, Lewis & Whitehall 2009)

The third approach is known as alternative form which is simply the addition of check questions which are alternative forms of the same question placed in the questionnaire that should elicit the same response answers from the respondents. Used sparingly it may offer an additional aspect of reliability. (Saunders et all. 2009)

Reliability is reduced by factors of error in research. Random error and measurement error make up the two components. Random error is characterised by the unpredictable and unforeseen circumstances related to sampling technique. Measurement error is related to how precise a measurement instrument operates. Reliability is a prerequisite for the condition of validity. (Litwin 1995, 5-6)

Reliability and validity require a question to successfully go through four stages of comprehension (see figure 28).

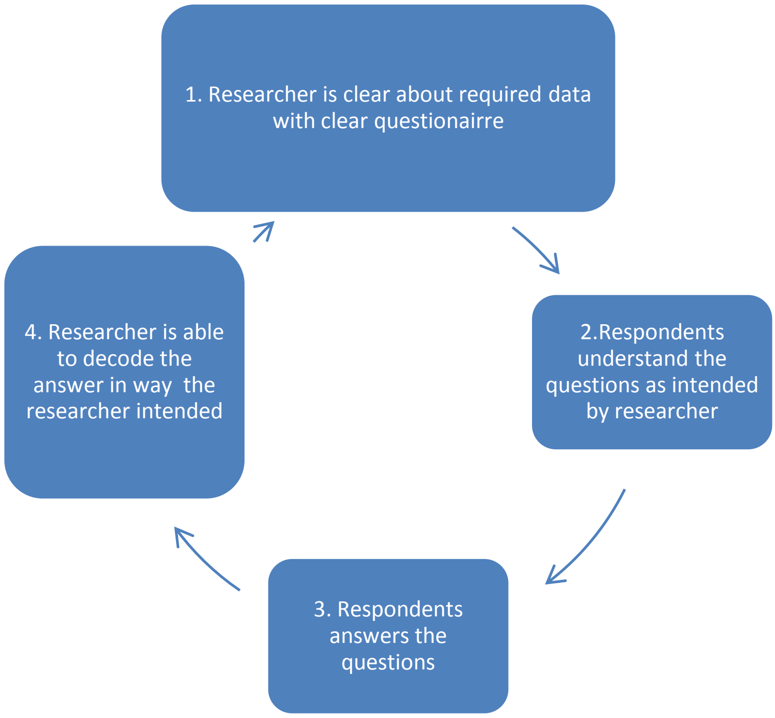

Figure 28. Stages that need to occur for question to be reliable (Foddy 1994)

Some minor possible problems with the reliability and validity may stem from the 4 stage model above (see figure 28) . From point 2) *Respondents understand the questionnaire as intended by the researcher.* As there was no face to face interaction, the respondent did not have the ability to ask questions, so there is no way to be 100% sure that the respondent understood every question as intended. This aspect was lacking in reliability.

Validity is the second aspect of psychometrics that acts to support reliability as reliability by itself is not sufficient to produce truly complete and accurate research results. The Validity of a test refers to how well it measures what it sets out to measure. It is the ability of an item of measurement or scale to accurately measure what is intended to be measured. There are different types of validity to consider, namely face validity, content validity, criterion validity, and construct validity. (Litwin 1995; Zikmund 2003; Saunders et all. 2009)

Face validity is simply the assessment of the measurement tools used to measure the intended subject measurement. The study uses measurement techniques (quantitative data) that answer what it was intended to find out from respondent. Content validity refers to the level of appropriateness that the research contains. The judge of what is essential or useful to include or what could or needs to be disregarded, is an individual or people who have an understanding of the subject matter. This was also adequately obtained in the study as both the researcher and the supervisor oversaw the drafting of the final questionnaire version. Criterion validity is the measure of how one measurement instrument compares to another instrument. It can be concurrent or predictive. Construct validity is established from the statistical analysis of the data and it implies that the empirical data will correlate to any theoretical knowledge on the research topic. This was also obtained as the theoretical connection was shown in the results. It is a valuable way of assessing a survey yet more difficult to understand, measure and report. As it is a measure of how meaningful a scale or instrument is at performing in a practical sense, it can take a long time to recognise as valid. (Litwin 1995; Zikmund 2003; Saunders et all. 2009)

Overall I see the research as being reliable. As the respondents were all organic fan page followers and/or my friends and acquaintances on Facebook they would in theory have empathy and understanding of the process and importance of the thesis questionnaire as well as wanting to contribute to the research of organics in Finland. For example if the questionnaire was aimed at non-specific people, I would be a lot less certain of the reliability and validity of the results.

7.4 Overall summery of thesis

The aims and objectives of this study were to take a measurement of the organic consumer climate in Finland by looking at organic and to less extent non-organic consumers. The common values held by consumers were to be explored and to build a picture of the typical organic consumer by identifying the socio-demographic segment. This aspect was satisfactorily represented in the results as a clear demographic segmentation was obtained in as well as the common held values of the segment. Regardless of the lower than planned response rate and some minor issues with settings in the e-lomake resulting in some disparity in responses there were still enough answers to work with.

7.5 Suggestions for further research

The findings from this survey could well be strengthened or complimented by other studies. The targeting of organic consumers though social media was purely based on the ability to locate and obtain empirical evidence easily and credibly. To get a more encompassing picture of organics in Finland a study off all shoppers all around Finland should be done that doesn't target any specific group and is unbiased in its method of feedback. For example if every S-group and Kesko chain of stores had a questionnaire that could be picked up at check out or available online with prize incentive for filling it out, it would result in mass feedback that would really show a greater more revealing situation. Also a comparison study would be interesting in showing just how Finland is performing to a comparable market such as Sweden, Norway or Denmark. Additionally, a similar survey to what has been presented, if carried out repeatedly in spaces of five years or would be able to show just what changes in trends have been happening

7.6 Final afterthoughts

This thesis topic came about after a process of elimination where I had a number of thesis topic ideas which I proceeded to round down until I decided on this topic as it seemed the most viable option based on reasons of it being the most interesting, the most relevant and the most doable considering my position where I didn’t have any company connections where I could propose a thesis topic from. Also to note my family has always been pro-organic so I felt it was a relevant topic to research.

The writing process started in February and was mostly completed by the beginning of June. I was in China from July to October and on my return some final corrections were made and the thesis was presented on 22.10.2013. Throughout the process I learned the valuable lesson of what it means to complete an academic research paper that requires both mental and physical discipline. I also learned other aspects such as attention to detail, personal will power and of course the organic aspects that were found out throughout the process.

First and foremost I would like to thank my supervisor Kim Skåtar for bearing with me and being excellent help during the whole process. Always quick to respond and offer words of encouragement, Kim Skåtar gave enough tips and advice to keep me going and digging deeper when motivation was lacking. Also would like to thank Tommy Isaksen and Riku Jokela for giving advice as they had been or were going through the same process of thesis writing at the same time. Last but not least, a mention to my parents for considering it a “commendable” topic to choose.

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APPENDIX 1

Questionnaire

1. Gender

- [ ] Male
- [ ] Female

2. Age

- [ ] Under 18
- [ ] 18-25
- [ ] 26-35
- [ ] 36- 45
- [ ] 46-55
- [ ] 55 +

3.Do you sometimes/regularly purchase organic food in any amount?

- [ ] Yes
- [ ] No

IF YOU ANSWERED YES, THEN SKIP TO QUESTION 6

IF YOU ANSWERED NO THEN CARRY ON WITH QUESTION 4 & 5 ONLY

4. The reasons I DO NOT purchase organic food are due to 1= strongly agree. 2=agree. 3=neutral. 4=disagree. 5=strongly disagree

	1	**2**	**3**	**4**	**5**
Price is too high	○	○	○	○	○
Not enough disposable income	○	○	○	○	○
No perceived health benefits	○	○	○	○	○
No perceived environmental/animal benefits	○	○	○	○	○
Products are not available where I mostly purchase food	○	○	○	○	○
General lack of interest	○	○	○	○	○
No particular reason	○	○	○	○	○

5. I would buy organic food if 1= strongly agree. 2=agree. 3=neutral. 4=disagree. 5=strongly disagree

	1	2	3	4	5
Prices were more competitive					
Had more disposable income					
studies showed health benefits that I value					
Studies showed environmental/ animal welfare benefits that I value					
My spouse, friend, family encouraged me					
More selection					
My favourite brand of product happened to be an organic one					
Products were conveniently available where I mostly purchase food					

CARRY ON WITH QUESTION 6 ONLY OF YOU ANSWERED 'YES' TO QUESTION 3

6. Education level

- [ ] No formal education
- [ ] Primary education
- [ ] Secondary education
- [ ] Ammattikoulu
- [ ] Ammattikorkeakoulu
- [ ] University
- [ ] Other

7. Status- Select 2 options if needed.

- [ ] Working Full time
- [ ] Working part time
- [ ] Student
- [ ] Unemployed

- [ ] Retired
- [ ] Other

8. Living situation

- [ ] Alone
- [ ] With partner
- [ ] With partner and own children
- [ ] With parents
- [ ] With friend(s)
- [ ] Other

9. Roughly what percentage of your shopping is organic?

- [ ] 1 % - 10 %
- [ ] 11% -20%
- [ ] 21%- 30%
- [ ] 31% - 40%
- [ ] 41%- 50%
- [ ] 50%+

10. Which statement best describes your shopping habits?

- ☐ Mostly from Citymarket/Prisma supermarkets
- ☐ Mostly from smaller stores (K-market, Siwa, Lidl, Alepa etc)
- ☐ A mixture of both of the above
- ☐ Mostly from heath food shops
- ☐ Mostly from ethnic food shops
- ☐ A mixture of both of the above
- ☐ Market stalls & food halls, local private producers etc

11. How long ago did you start purchasing organic?

- ☐ Within last 12 monthes
- ☐ 1-2 years ago
- ☐ 2-3 years ago
- ☐ 3-4 years ago
- ☐ 4-5 years ago
- ☐ Over 5 years ago

12. The reasons I buy organic are because 1= strongly agree. 2=agree. 3=neutral. 4=disagree. 5=strongly disagree

	1	2	3	4	5
I want to live healthier	○	○	○	○	○
I want my family members to be healthier	○	○	○	○	○
More nutritional	○	○	○	○	○
GMO free	○	○	○	○	○
Pesticide and chemical free	○	○	○	○	○
Trustworthy source	○	○	○	○	○
Animals have better lives	○	○	○	○	○
Less environmental impact	○	○	○	○	○
Tastes better	○	○	○	○	○
Fresher than conventional products	○	○	○	○	○
Supports small business and local agriculture	○	○	○	○	○
An alternative to major food corporations	○	○	○	○	○
status/ fashion statement	○	○	○	○	○
Products are conveniently available where I mostly purchase food	○	○	○	○	○

13. What first influenced your interest to organics? Select one

☐ Parents advocate organic food, Influence from an early age

- [ ] Own research of organics led to interest
- [ ] By chance selection in shop
- [ ] By news reports/articles
- [ ] By recommendation
- [ ] Can´t say for sure

14. Which, if any, staple grocery do you try to always buy organic (rather than conventional) normal. Tick all that apply

- [ ] Milk
- [ ] Milk products
- [ ] Bread
- [ ] Cereal/grain products
- [ ] Meats
- [ ] Fruit
- [ ] Vegetables
- [ ] Other

15. When selecting an organic product, what is the first thing you do?

- [ ] Look at the cover for the word 'organic'

☐ Look for the EU organic label

☐ Look for any other possible labels

☐ Look at ingredients

☐ Look for country of origin

16. The future of organics in Finland and its level of importance to you 1= strongly agree. 2=agree. 3=neutral. 4=disagree. 5=strongly disagree

	1	**2**	**3**	**4**	**5**
Organic produce on restaurant menus	○	○	○	○	○
Organic produce in work and school canteens	○	○	○	○	○
Organic wines and beers	○	○	○	○	○
Organic sweets, snacks, crisps etc	○	○	○	○	○
More fresh locally sourced organic produce	○	○	○	○	○
More imported organic foodstuffs	○	○	○	○	○
Keeping organic foods a niche item	○	○	○	○	○
Aggressive marketing of organic food	○	○	○	○	○
Product increases in shops/supermarkets	○	○	○	○	○

17. Which statement do you relate yourself best to?

- [ ] True Natural - I see myself as having values of environmental protection, sustainability and ethical values. I am knowledgeable about organics and price is of no importance to me.

- [ ] Traditionalist – My main concern is with authenticity and taste and I buy organic as it is purer and less processed. Price is of no importance to me

- [ ] Dietary – I choose organic as a part of my strict diet, due to food allergies or other.

- [ ] Hip – I choose organic as it’s a new cool alternative option that expresses my value of quality and sustainability and health. I am influenced by people around me buying organic.

- [ ] None of the above