Master Thesis

Gaining Competitive Advantage through Customer Satisfaction, Trust and Confidence in Consideration of the Influence of Green Marketing

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Abstract

Research Question/Purpose: Due to environmental legislation, economic influences and increasing concern about the environment among the general public, today’s businesses are becoming more committed to environmental issues. Some enterprises yet have implemented a green strategy. This thesis aims at identifying issues that determine the long-term efficiency of green marketing and how confidence and trust plays a role in order to gain competitive advantage through customer satisfaction and customer retention. The common denominator of both, CRM and green marketing is the creation of confidence, trust and value for customers. So, focus is laid on measures that lend credibility to companies’ green marketing by interviewing experts and observing their opinions about green marketing and eco-labeling.

Design/Methodology/Approach: Interviews conducted with company professionals from IKEA and Konsum Gävleborg and a member of the municipality in Gävle, as well as findings from secondary sources of the company Nestlé were used to investigate the companies’ ways to respond to environmental concern and how they deal with green issues and ecological responsibility. The interviews provide valuable insights of the success of green marketing depending on the confidence between company and customer.

Findings: By analyzing the results of the interviews with the literature review, the thesis reveals that environmental responsibility and ecological orientation needs to be based upon the entire business strategy of a company and implemented in its core principles in order to deal effectively and efficiently with this issue.

Conclusions: Companies respond in different ways to ecological issues, through eco-labeling, cooperation with NGOs and energy-saving production processes. In conclusion, it can be said that the need for customer relationship commitment, trust, confidence and loyalty as a result of satisfaction are as important in customer relationship management as in green marketing, because competitive advantage can be achieved by environment-related activities and motivates companies to go green to promote ecologically sustainable practices.

Research Limitations/Implications: There is a number of literature focusing on customer relationship management and implications of green issues for business strategy, but there are only a few on green marketing yet and the interaction between green marketing and CRM is missing attention, so far.

Originality/Value: This work seeks to make a contribution towards bridging the ends of CRM and green marketing. It indicates a relationship between eco-orientation and company performance and implicates, on the basis of the theoretical and empirical findings, that integrating ecological features and good performance in a company is not impossible. Trust and confidence are as important concepts in green marketing as in CRM.

Key words: CRM, relationship management, green marketing, eco-labeling, customer satisfaction and trust, confidence, sustainability
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1. **Introduction**

1.1. **Purpose / Contribution**

1.1.1. **Changing Environment**

In today’s businesses, enterprises and organizations are becoming more and more committed to environmental issues due to tougher environmental legislation, economic and other influences as well as an increasing concern about the environment among the general public. In a competitive and global setting companies need to understand the caring for the environment as part of their operations (Brorson et al., 2006).

During the past 30 years, the society’s concern about the environment increased focusing on ecological awareness, such as warnings of natural resource scarcity and loss of biodiversity. The subjects have changed from local problems to more global questions, due to an imbalance in the ecological system caused by excessive human consumption and behavior (Tjärnemo, 2001, pp. 30-31). For years, mankind was unaware of its relationship with the natural environment but now has recognized that resources are limited and their actions affect the environment both, in the short as well as in the long-term. Companies changed their attitudes towards the environment and considerations for it have gained importance in recent years, thus, carrying out their business according to environmental principles. It is important to adapt the enterprise’s business strategy to growing demands from consumers for responsible environmental behavior and so, creating value for the customers. Therefore, managers have to be aware that the supplier selection process, for example, is part of meeting environmental requirements and that consumers are also aware of environmental issues and products. In addition, environmentalism affects more areas of society, thus becoming increasingly international. So, a long-term perspective is necessary for company management. Businesses have to adapt to customer requirements and also to changes in environmental policy. As globalization increases, ecological issues require global solutions. More sectors in society have to become involved in environmental policy and market forces play a huge role for environmental initiatives in businesses. Environmental interest groups cooperate with enterprises and governments and consumers are more environmentally aware (Brorson et al., 2006, pp 9-14).

In order to respond to critical issues arising from world-wide climate change and natural resource conservation, concepts emerged that focus on environmental responsibility as the
need for large-scale transformation. Terms such as ‘global warming’ and ‘green house effect’ have become common terms in daily life, but yet only few enterprises have implemented a green strategy (Olson, 2008, p. 22). But nevertheless, there has been increasing consciousness of global environmental problems within the populations of industrial nations as a result of rising globalization (Conolly and Prothero, 2008, p. 121). Furthermore, it has become increasingly recognized that today’s environmental situation cannot be solved only with technical solutions, but by understanding and changing the behaviors and attitudes of citizens, consumers, business people and policy makers (Tjärnemo, 2001, p. 31).

1.1.2. The Emergence of Green Marketing

The beginning of environmentalism can be referred to the 1960s and early 1970s with increasing concern about the impact of consumption and production patterns on the environment due to debates about health effects and the impact of economic and population growth (Cohen, 2001, pp. 21-37). But, despite some attention during this time the real idea of green marketing emerged in the late 1980s with an increase in green consumerism. Environmental awareness, increasing interest of consumers in green products and the willingness to pay for green features led to corporate interest in green marketing, initiating major changes and innovations (Peattie and Crane, 2005, p. 358). Green was ‘in’ during the 1990s and the green market was growing remarkably (Menon and Menon, 1997, pp. 51-67). But despite this optimism, a significant gap between concern and actual purchasing has been identified. Many companies launched their own green product ranges, but the substance was missing and many of those early green products failed because they were expensive, hard to find and lacked functionality (Grant, 2007, p. 25). This reduced the demand for green products, being displayed by the decline of green marketing and pessimism about green products, claims and the companies behind them. Many companies have to rethink in order to concentrate more on sustainable issues and not only to exploit green agendas for commercial ends. The marketing philosophy and process is “[…] built around the customer and the relationship between the company and the customer” (Peattie and Crane, 2005, p. 359). If the relationship is characterized by distrust and pessimism, companies will not be able to acquire customers through the changes required to shift towards sustainability (Grant, 2007, p. 26; Peattie and Crane, 2005, p. 359). This old marketing approach could be seen as ‘image-washing’ of companies, constructing brands for industrialized manufacturing businesses by
adding attractive cultural images, personalities and descriptions. But active customer engagement is necessary as well as knowing exactly which products consumers want, which price-performance trade-offs they are willing to accept and what marketing approach they will respond to. Companies have to establish a significant market presence in the long-term and successfully research, understand and educate their customers in order to build brands, products and services helping green things to find mainstream acceptance (Peattie and Crane, 2005, p. 363; Grant, 2007, p. 6). As there are many unnecessary, inefficient, wasteful and harmful products and processes in everyday life, there is quite plenty space for improvement in order to meet peoples’ actual needs and aims in a better way. Therefore, business success depends on the ability of marketing to make green alternatives appear normal and acceptable and to innovate in different ways (Grant, 2007, p. 10). Customer requirements and needs can often be effectively met when creating environmental improvements by innovations in market structures and in supporting services (Peattie and Crane, 2005, p. 365). The importance of customer focus also in green marketing activities becomes crucial. This is an orientation that was mostly not addressed before.

1.1.3. Importance / Impact of CRM

Nowadays, the concept of managing customer relationships is at the core of marketing. Theoretically, this topic is an integral part of marketing literature and is covered in special issues in numerous journals (e.g. Journal of the Academy of Marketing Science, Journal of Strategic Marketing, Journal of Database Marketing) and conferences, but relationship marketing is not only limited to theory (Henning-Thurau et al., 2000). Due to globalization and increasing competition, relationships are becoming more and more intensive and international businesses have implemented elements of the relationship marketing concept. On the one hand, managers have to successfully meet the demands of consumers for greater value and satisfaction and on the other hand, the investor’s demands for growth, profitability and shareholder value in order to extend relationships. Types of relationships to be managed are diverse and the manipulation of price, product, promotion and place are today no longer sufficient to be competitive in the marketplace. Relationships are not only tactically manageable, but correspond to a strategic approach. It is important to find out about existing relationships before managing and sustaining them. Then, relationship-based solutions have to be planned, organized, deployed and lead across the business. It is important to find ways to
secure competitive advantage and deliver superior added value and business performance. Thus, strategic market relationships are the process of analysis and formulation of a relationship strategy, whereas relationship management is the process implementing it. Strong customer relationships are crucial for profitability and existing customers are more important than new ones (Donaldson and O’Toole, 2002, p. 7). But knowledge of the individual customer is principal for the future direction of the business. Furthermore, value added in or by a relationship is central, when considering strategic relationships (Donaldson and O’Toole, 2002, pp. 1-30). In this respect, intangible values are difficult to identify, especially in consumer market relationships, as it is based on a perception of the overall costs and benefits of the relationship (Ravald and Gronroos, 1996, pp. 19-30). Frequently this is related to emotive, ethical values, such as value embodied in the brand and its personality. Ethical and emotive values may strengthen the relationship and retain the consumer as relationship value can be linked into intangible emotions and preferences developed from the actions of a company. These intangible values have been measured by concepts, like loyalty and retention and can be advantageous (Donaldson and O’Toole, 2002, p. 31). However, relationships can be built on functional aspects or technical options of a product or a service, entailing how the service is delivered and the degree of support offered to enhance customer value and meeting user requirements. The manner in how companies influence their sales and service system has impact on relationships, so that credibility and customer bonding can be lost or enhanced in how companies communicate (Donaldson and O’Toole, 2002, p. 141).

1.1.4. New Perspectives

Keen competition has increasingly eroded the ability of companies to generate sustainable profits from ongoing customer relationships. The large amount of new products and service offerings provide customers with an immense number of options to choose from and the Internet provides consumers the ability to compare value propositions (Kracklauer et al., 2004, p. 7). Furthermore, paradoxical consumer behavior can be observed, as customers do not demonstrate behavior consistent with categories. For example, a Jaguar might be in the parking lot of a discount hypermarket, while a college student might shop in an exclusive wine store. This makes it even more difficult for companies to identify and retain valuable customers (Kracklauer et al., 2004, p. 3). Nevertheless, the environmental impact of products and practices became an important subject of debate and concern. Through a combination of
public pressure and government intervention, stakeholders are being forced to consider environmental impact of their actions. There has been direct impact of regulations on economy and business, including product and process redesign to utilize environmentally friendly materials and processes, waste management, recycling and reuse options (Gurtoo and Antony, 2007, p. 627). Driven by that and the rapidly changing business environments and more demanding consumers, companies have to find new ways to achieve a competitive advantage through customer intimacy and customer relationship management (CRM). Thus, new strategic frameworks and cooperation along the whole value chain are needed in order to deal with the changes in shopping patterns of customers and the influence of climate, leading to green marketing activities (Kracklauer et al., 2004). In the future, governments, enterprises and individuals play an important role in protecting the environment, developing a green strategy helping an enterprise to make decisions that have a positive impact on the environment. So, the creation of a green culture often involves reinforcing behavior that people already want to adopt, but there is need for appropriate tools in order to change (Olson, 2008, pp. 22-23). Marketing can help to sell new lifestyle ideas and introduce ecological products and services. But have companies also realized that gaining competitive advantage through customer satisfaction and customer retention is becoming more important today, even when considering the rapidly changing business environments and increasingly demanding consumers as well as the influence of green marketing?

As discussed above, there is a number of literature focusing on customer relationship management (Greenberg, 2002; Bergeron, 2002) and implications of green issues for business strategy (Olson, 2008), but there are only a few on green marketing yet and the interaction between green marketing and CRM is missing attention, so far. This work seeks to make a contribution towards bridging the ends of CRM and green marketing. Due to the changing environment, consumer preferences and behaviors might have changed. So, marketing strategies of enterprises have to be adapted to the requirements in the marketing environment and to the consumer needs. The shift to green marketing might be challenging for companies to emphasize on a relationship focused strategy in order to create value and enhance profitability including customer satisfaction and loyalty. But enterprises have to consider that customers are not as loyal as in the past because changing a brand or product is easy today, making CRM even more important for corporations (Osarenkho, 2006, p. 116). Therefore,
companies should put emphasis on value creating processes, such as green marketing and CRM to enhance sustainable competitive advantage.

1.2. Research Objective

Actually, there is a significant public interest and concern about the environment. Changing environmental forces, such as green marketing and ethics, may lead to changes in consumer behavior. So, marketing strategies need to be adapted to the requirements in the marketing environment as well as to consumer needs. In a competitive environment goods and services offered to current and, or potential consumers are quite similar. Additionally, customers are not as loyal as before because changing brands is easy. So, emphasis has to be placed on value creating processes, and if environmental issues become increasingly important to the broader spectrum of consumers then, so do green marketing and relationship marketing in order to enhance sustainable competitive advantage. Many companies have changed to ways of production with lower environmental impact or eco-labeled products and many indications of green practices have taken place within organizations. Eco-labeled products, recyclable packaging materials and green advertising messages are some of the indications of increased greening in companies, making it difficult to find companies that are not responding in any way to environmental issues (Tjärnemo, 2001). But, are these companies honestly engaged in green issues, meaning that they have taken their ecological responsibility seriously, or is it just a market adaptation to the average norm in the market? Do companies only adapt to environmental principles and legislations, fulfilling just the minimum standards of being green, although they could go a step further; and how far can they go before eco-adaptation becomes inefficient? Or is it just cynical to make consumers feel falsely confident when buying eco-labeled products? Many companies have also started to design their products in line with ecological principles, i.e. durable, repairable and reusable. But, does this imply that green marketing efforts hurt the environment, as many people believe they are doing well when buying those products and buy even more because they purchase environmentally friendly products? And are eco-labeled products not only part of marketing a product better? Critics might mention that some of these eco-labels are just feel-good slogans that offer no guarantee of real environmental protection. Further, it has to be questioned whether the success of green marketing depends on the confidence between company and consumers, meaning that consumers buy eco-labeled products because they trust the company blindly.
This also evokes the question why consumers should buy products from one company when more and more companies produce eco-friendly and eco-label their products and how companies then differentiate from others. As the main literature on green marketing focuses more on the importance of green issues and activities, it has to be observed whether companies are serious about their green marketing activities and if they can achieve competitive advantage and thus, customer satisfaction and loyalty with confidence.

This thesis aims at identifying issues that determine the long-term efficiency of green marketing and how confidence and trust plays a role in order to gain competitive advantage through customer satisfaction and customer retention. Therefore, focus is laid on measures that lend credibility to companies’ green marketing by interviewing experts and observing their opinions about:

- Eco-labeling as an illusion that might actually increase consumption
- The advantage of first mover in eco-labeling and green marketing
- Marginal effects of eco measures when an entire market goes green
- Effects on consumer trust and confidence when eco labels are driven by a political agenda rather than concern for the environment.

1.3. Research Questions

The following questions will be the underlying basis for this research:

1. Have companies taken their ecological responsibility seriously, or is it just a market adaptation to environmental principles and legislations, fulfilling only the minimum standards of being green?

2. Is it cynical to make consumers feel falsely confident when buying eco-labeled products?

3. Do green marketing efforts hurt the environment, as many people believe they are doing well when buying green products and buy even more because they purchase environmentally friendly products?

4. Are eco labels just ‘feel-good’ slogans that offer no guarantee of real environmental protection?
5. Why should consumers buy products from one company when more and more companies produce eco-friendly and eco-label their products and how companies then, differentiate from others?

1.4. Scope of Study / Limitations

- Literature on CRM is obtainable extensively, literature on green marketing only limited, and the connection of both marketing concepts is not covered in literature together; the common denominator therefore, is the creation of confidence, trust and value for customers.

- Seldom eco labels are discussed in a marketing context. The literature on eco labels seems to have developed to a large extent separately from marketing research.

- In the literature review, the focus is only on value creating concepts of CRM, such as satisfaction, trust and loyalty to create confidence. Customer retention programs or investments in employees, services etc. are not elaborated, as these concepts are not in the focus of observation.

- As covered in the literature review, also green standards were described. As, for example, Nestlé is joining the Global Reporting Initiative Program to develop global reporting standards on sustainability in the food industry, the theoretical framework could also have been covered the Global Reporting Initiative. It was chosen not to cover this aspect in detail in the literature review as the focus is placed mainly on eco-labeling and the creation of trust and confidence.

- In order to acquire experts’ opinions about the topic in research and to add critical aspects, qualitative interviews have been conducted. The interviews are limited on 2 interviews with company professionals and one with an expert offering a non-business view.

- The thesis aims not to evaluate the correctness of the experts’ opinions, as interviews are conducted with business experts from various companies, acting on a multinational basis and having a positive view about the questions in research. The non-business view is only presented by one person, as it was not possible to obtain more interviews with politicians or company-independent persons.
- The number of interviews is limited, providing insight into the thinking of business persons’ opinions on green marketing. More interviews could have been conducted, in order to gain a holistic overview of all various aspects and more valuable insights from non-business experts dealing with green marketing. Further research would be necessary to get a more detailed picture on a positive, controversial and independent basis of the topic and more interviews need to be conducted. But this was not the aim of this thesis, as only insights of some experts should be included.

- First movers are generally thought to gather fairly advantages over later entrants; however, the degree to which these advantages prevail in green marketing is not elaborated.

- Environmental labeling schemes and governmental action should not be evaluated to problems and procedures and the standards and cooperation, the companies are involved in will not be assessed as the aim is to identify opportunities to gain competitive advantages; only difficulties that might occur in this regard will be outlined.

- Financial aspects are not considered by observing the relationship of eco-orientation and business performance

1.5. Structure of the Thesis

The thesis discusses in the second part the methodology and reason for the design of the paper. In the next part, the literature review is covered, discussing, basic issues in relationship marketing and CRM concepts by different authors. Further, the background of the green marketing concept is described, dealing with green marketing objectives and creation of sustainability. Further, eco-labeling is examined as well as standards concerning environmental sustainability, namely ISO 14000 standards. The next step illustrates the findings from the interviews and the investigation of Nestlé’s activities on sustainability. Afterwards, the findings from the empirical section are discussed and analyzed in reference to the theoretical framework by linking the findings to the literature. Finally, a conclusion and recommendations are given for further theoretical or practical studies.
2. Methodology

The intent of this thesis is to improve the level of understanding of green marketing effects and changing consumer behavior on customer relationship marketing concepts, aiming to gain competitive advantage through customer satisfaction and retention. The arguments will be examined inductively and deductively. The theoretical framework represents the deductive reflection and the case the inductive research approach, because it involves the development of a theory as a result of the observation of the empirical data (Saunders et al., 2003, pp. 89, 479).

2.1. Introduction into the Research Method

This chapter describes the different approaches that have been applied to gather necessary information in order to perform a successful research study, contributing to the development of a valid and critical thesis. An exploratory research design was chosen in order to develop a profound understanding of the research topic and to obtain in-depth data about the research object. All main elements of the research paper, comprising theory, empirical findings and analysis were incorporated in a lucid and cohesive manner and structured in order to address and evaluate the central research questions appropriately (Hair et al., 2007, pp. 153; Hair et al., 2006, pp. 174).

The research study is qualitative as the selected research method ought to be effective in collecting the data needed to answer the research questions. Qualitative research represents descriptions of things made without assigning numbers directly and used in exploratory designs, offering a detailed insight and understanding of the research object (Hair et al., 2007, pp. 152; Hair et al., 2006, pp.173). This thesis rounds up qualitative data in the form of secondary and primary sources of information. Secondary data has been collected through numerous types of documents providing the theoretical background. The suitable method for primary data collection has been communication in the form of semi-structured in-depth interviews as qualitative research implies the use of ‘structured’ open-end questions in order to investigate an issue deeply (Hair et al., 2007, pp. 153, 197; Ghauri and Grønhaug, 2002, p. 101). Open questions allow the interviewees to define and describe a situation in own words. Furthermore, it is designed to encourage the participant to provide an extensive and
developmental answer and may be used to expose attitudes or obtain facts (Saunders et al., 2003, p. 262). The interview questionnaires can be found in the Appendices.

2.2. Secondary Data Collection

Basically, this exploratory study is based on a solid theoretical framework. Secondary literature on the research topic was reviewed and the theoretical structure was build up, aiming at functioning as a clear and comprehensive basis of the thesis. This means that the data “was not gathered directly and purposefully for the project under consideration” (Hair et al., 2007, p. 118). The secondary data was of specific use to get an insight into the field of study. A general overview has been established in order to define the scope of the paper as well as its limitations and to identify particular variables of interest for further investigation. Thus, the theoretical framework represents the foundation of the topic, upon which further data collection is deduced. In addition, it will assist in how to approach the primary research and the design, content and conduction of the questionnaires. Information on CRM and green marketing was collected from books from the university library, scientific articles from online libraries and journals as well as company reports and reliable websites. In order to obtain important background information and knowledge about the field of research, different sources of data were used. By means of creating a deeply rooted theoretical part, terms and definitions, the underlying questions concerning issues that determine long-term efficiency of green marketing and how confidence and trust plays a role in order to gain competitive advantage through customer satisfaction and customer retention, could be elucidated. Therefore, responses to the question of how green marketing activities can lead to a competitive advantage for companies in theory could be developed. Moreover, controversial views of various authors on the research matter were illustrated and evaluated. So, secondary data is adequate to cover these aspects as it serves to place the research objectives into context and different reliable sources dealing with the subjects of CRM and green marketing are available. Although secondary data has been collected for a specific purpose differing from the research questions of this thesis, or being not up to date as the data had been collected a few years earlier, it was chosen to make use of secondary data, because larger data sets could have been analyzed (Saunders et al. 2007, pp. 257-260).

In this regard it should be mentioned that marketing literature is a wide-ranging field. Conventional marketing theory was examined on a general level, such as described in
comprehensive marketing literature by, for example, Armstrong and Kotler (2007). There is various literature on CRM (e.g. Donaldson and O’Toole, 2002), but green marketing literature does not yet contain more than a few general volumes (e.g. Peattie, 1995). Thus, in order to supplement this literature with additional material on green marketing, two strategies were used, namely searching in academic article databases (e.g. Emerald, SAGE journals online) and in selected journals (e.g. Journal of Marketing; Business Strategy and the Environment) to find articles in the context of green marketing and eco-labeling. This facilitated presenting the theoretical framework for the green marketing chapter.

2.3. Case Study

Case studies are defined as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context, using multiple sources of evidence” (Saunders et al., 2003, p. 93). Besides the theoretical part of the paper, the practical case deals with a case study approach in examining the perspectives of different points of views of various professionals concerning the questions to be researched. The applied data collection method were two different questionnaires, one including questions to be answered by company’s economists, the other one including questions to be answered by people involved in the green movement and working actively on these issues. It was intended to get an interview with a sales director from Nestlé Frankfurt in Germany. But due to the fact that Nestlé is very careful in releasing information through employees, this interview was rejected by Nestlé. Although an interview with a Nestlé expert could not be obtained as intended, it was decided to illustrate the company’s efforts on creating sustainable values on the basis of external reports available on the homepage, as multinational companies like Nestlé are frontrunners and need to work on creating a sustainable environment. In addition, it was also tried to get an interview with a person having a controversial view about eco-labeling and green marketing, but the attempt to get in contact with her failed, although various efforts have been made to contact her via mail and also through facebook.com, a social network connecting people. In there exists a group, called ‘timbro’, where this person is engaged. Attempts have also been made to get an interview with a politician from the parliamentary green party in the European parliament, living in Gävle. This effort failed as well, as she could not be reached through mails and phone calls. So, scientific journals and internet sites, such as homepages of the companies of Konsum, Coop, IKEA and also Nestlé
were addressed in order to get an overall picture of green activities and issues in the companies to answer the research questions. The case has been critically investigated and utilized to test, confirm and inductively extend the theory (Ghauri and Grønhaug, 2002, pp. 178-179). In order to support the interviews of the economists from the companies, additional qualitative data was used and analyzed, such as current company reports and brochures, operating figures as well as external reports. Gathering and combining these various kinds of data on the subject of the research study increased the accurateness of the results, making use of triangulation in order to create a more complete, holistic and appropriate picture of the study object (Saunders et al., 2003, p. 99).

As cited in the introduction part, the problem identification researches refer to the investigation of issues that are currently in a significant public interest, namely the interest and concern about the environment. Issues are to be investigated that determine the long-term efficiency of green marketing and how confidence and trust plays a role in order to gain competitive advantage through customer satisfaction and customer retention. Therefore, focus is laid on measures that lend credibility to companies’ green marketing by interviewing experts and observing their opinion. Since previous studies have not covered this particular aspect of CRM and green marketing together, this issue is to be investigated in the following.

2.4. Primary Data

Primary data is needed to thoroughly answer the research question and is collected specifically for the research project being undertaken (Saunders et al., 2003). It is gathering of first-hand, new information by the researcher (Hair et al., 2006, p. 64). Thus, the use of interviews and questionnaires help to collect valid and reliable data relevant to the research questions and objectives (Saunders, 2003, p. 245). Two different questionnaires have been developed, addressing on the one hand economists from Konsum Gävleborg and IKEA Gävle in Sweden, answering the questionnaire from an economical and corporate perspective. On the other hand, a questionnaire was answered by someone from a local municipality, who is involved in the green movement. The way companies experience green activities and ecological orientation with regards to eco-labeled products is illuminated in the empirical findings, but also a subjective view is clarified. In contrast to the collection of quantitative data, the qualitative method focuses on few people rather than on a large quantity. Qualitative data was used by conducting three in-depth expert interviews. One has been performed with
the sales director from Konsum Gävleborg, one with the customer service manager from IKEA Gävle and the third with the project manager for sustainable transportation from the municipality in Gävle. The questionnaires were prepared ahead of time and tested upfront to ensure that all aspects are coherent and cover the subject matter. Due to the fact that the business manager from Konsum Gävleborg and the project manager from the municipality in Gävle were very busy and difficult to reach via telephone and even impossible to meet personally, the questionnaire was answered by e-mail. This enabled the interviewees to deal intensely with the questions as a personal interview would have been limited by time. So, it becomes obvious that this represents more the design of a self-administered mail questionnaire, as it is usually completed by the respondents and delivered and returned electronically by e-mail (Saunders et al., 2003, p. 282). The criticism of sending the interview questionnaire via e-mail is, as could be seen from the interview response of Konsum Gävleborg, that not all questions have been answered. Furthermore, the opportunity to hear the interviewee thinking aloud about things that he or she might not have previously thought about is not possible. However, the interviewees got the opportunity to communicate their personal view on the topic and were encouraged to explain answers further, as this represents one main benefit of semi-structured interviews (Saunders et al., 2003, p. 247). The interview with the manager from IKEA Gävle lasted approximately 45 minutes and was recorded by note-taking and tape-recording during the conversation (Saunders et al., 2003, p. 247). The interviews were conducted in order to obtain a detailed picture of the researched subject as well as qualitative information about different points of views and benefits from expert knowledge. It represent a suitable method as it can be answered how companies react to environmental changes in the market but also to the consumer perceptions and how eco-labeling is regarded from a non-corporate viewpoint. So, this qualitative method provides valuable information about the experts’ experiences, motivations and their opinions as well as to understand the companies’ perspectives, contributing to the research objective.

2.5. Reflections on the Research Methodology

Based on the theory in the literature review, the primary and secondary data will be combined and the empirical data interpreted in the analysis part. It was observed how eco-labeling is being viewed by the interviewees as well as the intention between it and if the ecological orientation of the companies can be taken seriously as environmental consciousness and not
only as a response to their consumers’ demands. Further, it was examined which practices the companies use in their eco-orientation and whether they go a step beyond the policy standards. These specific facts were inductively researched. The underlying aim was to evaluate the theoretical findings with practice and thus, analyze if companies mean it really honestly with their green marketing activities and if they can achieve competitive advantage through customer loyalty and satisfaction with confidence.
3. **Literature Review**

The literature review intends to present an integral theoretical framework in order to allow and justify an in-depth analysis of the empirical findings. The literature review is divided into two main parts. The first part will clarify issues of relationship management in general, describing strategic relationships, before elaborating the customer differential - CRM, including the importance of competitive differentiation, the key concepts of satisfaction, trust and customer loyalty. The second part will elaborate the development of the green marketing concept and its challenges as well as the description of eco-labeling and green standards. The two main sections will be subdivided into further chapters to keep a clear structure and to explain the most relevant aspects.

3.1. **Relationship Management – CRM**

3.1.1. **Definitions**

Due to rapidly changing business environments and more demanding consumers, companies have to search for new ways to achieve and retain a competitive advantage through customer intimacy and customer relationship management in order to develop customer retention and loyalty (Kracklauer et al., 2004). *Marketing* deals with customers and building profitable customer relationships. According to Armstrong and Kotler (2007), marketing is managing profitable customer relationships with the goal to attract new customers by promising superior value and to maintain current customers by delivering satisfaction. In general, marketing is a social and managerial process by which individuals and organizations get what they need and want through creating and exchanging value. Narrowly defined, marketing involves building profitable and valuable exchange relationships with customers. Consumers face a large range of products and services that might satisfy their needs. They form expectations about the value and satisfaction that different market offerings deliver and they buy accordingly. Thus, the right level of expectations has to be set in order to create superior customer value and customer satisfaction, which are key points for developing and managing lasting customer relationships. Customers that are satisfied are more likely to be loyal (Armstrong and Kotler, 2007, pp. 5-8). The marketing process in general consists of three steps – understanding the marketplace and customer needs, designing a customer-driven marketing strategy, and constructing marketing programs – leading up to the most significant step of building profitable customer relationships. *Customer relationship management (CRM)* is the overall
process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction, dealing with acquiring, keeping and increasing consumers (Armstrong and Kotler, 2007, p. 14). CRM is a powerful concept to align the interests of a company and its customers. Its success depends on the appropriateness of the company’s strategy and CRM implementation effectiveness (Boulding et al., 2005, pp. 155-166).

Customer perceived value is the customer’s evaluation of the difference between all the benefits and all the costs of a market offering in relation to those of competing offers. Customer satisfaction is the extent to which a perceived performance of a product matches the buyer’s expectations. Dissatisfaction emerges when the performance of a product does not meet expectations. Thus, higher levels of customer satisfaction lead to greater customer loyalty and this means greater returns for the company in the long-term. The outcomes of creating customer value are customer loyalty and retention (Armstrong and Kotler, 2007, pp. 14-15, 20). In order to build profitable customer relationships, a company needs to have a better understanding of their customers’ needs than their competitors while at the same time delivering more value. So, a competitive advantage is an advantage over competitors, gained by offering consumers a greater value. This can be achieved either through lower prices or by providing more benefits that justify higher prices (Armstrong and Kotler, 2007, p. 186; Nykamp, 2001, p. 4).

In the following section issues in relationship marketing will be elaborated in more detail, including the origin and emergence of relationship marketing, its key targets and variables, as well as the point that relationships are strategic, before highlighting the customer differential – CRM.

3.1.2. Issues in Relationship Marketing
3.1.2.1. Origin and Emergence of Relationship Marketing

The origins of a relationship-based approach to the management of a company has come into view from various academics and practitioners in the fields of strategy, marketing and supply chain management and has appeared to be a new way of marketing management to operate. It is based on a managerial perspective as part of a mission to make marketing effort more effective. Thus, it becomes obvious that strong customer relationships are important for profitability, existing customers are more significant than new and understanding customers is principal for the future direction of the business (Donaldson and O’Toole, 2002, pp. 6-7). The
company has to orient itself towards total customer relationships instead of focusing on single transactions with a customer, making clear that this enables the use of things, such as the cost saving potentials of customer retention. Relationships change over time, so that it is necessary to design relationship marketing explicitly. At a tactical level, it is used merely as a sales promotion tool, whereas at a strategic level, the relevance lies on the process by which companies connect themselves to customers through legal, economic, technological and time bonds. At a philosophical level, relationship marketing changes towards customer relationship life cycles away from products and their life cycles (Osarenkhoe and Bennani, 2007, pp. 144-145).

3.1.2.2. Customer Retention as Key Target of Relationship Marketing

Customer retention for relationship marketing success is crucial and discussed in various literature (e.g. Crosby and Stevens, 1987; Rust and Zahorik, 1993; Sheth and Parvatiyar, 1995). Retention has a behavioral and attitudinal character. The marketer plays an active role in retaining customers, while loyalty focuses more on intrapersonal aspects of customer behavior. Retention and loyalty imply an intentional component and differ from repeat purchasing behavior as there is a reason for the customer’s repeat purchasing (Klee and Hennig, 1996; Hennig-Thurau et al., 2000, p. 7).

So, the relevance of customer retention for a company’s economic success is important as an increase in retention leads to cost reductions and sales increases. The amortization of sales, marketing and set-up costs over a longer period of time and the reduction of service costs resulting from the growing expertise of customers are outcomes of cost reduction effects. It is proposed that sales growth is a consequence of increased expenditure over time, positive word of mouth through loyal customers, as well as the willingness of loyal customers to pay a price premium. Thus, it becomes significant that retention and loyalty are closely connected to economic relationship marketing success (Hennig-Thurau et al., 2000, p. 7).

3.1.2.3. Key Variables for Relationship Success

Practically, an important subject concerns the concepts of customer retention or loyalty, focusing on customer satisfaction, trust and commitment. Customers react emotional or empathic to a perceived difference between performance and expectations and their opinion
of quality is almost similar to satisfaction (Hennig-Thurau et al., 2000, p. 8). Opinions diverge whether customer satisfaction alone is still sufficient to secure or sustain competitive advantage; some authors even state that quality influences satisfaction (Donaldson and O’Toole, 2002, p. 149). So, customer satisfaction and retention is complex. Confidence, trust and commitment are crucial concepts in order to work on managerial behavior. When a customer considers a service provider as reliable and having a high degree of integrity, trust is existent. Trust is therefore a mutual construct including keeping promises, competence and goodwill and is of particular significance when a high degree of uncertainty exists. A customer’s orientation towards a long-term business relationship describes commitment and is based on emotional bonds and a confidence that remaining in the relationship generates higher net benefits (Donaldson and O’Toole, 2002, p. 10, Hennig-Thurau et al., 2000, p. 8).

Taking this chapter as a basis for CRM it can be concluded that customer retention, loyalty and satisfaction are important to create trust, confidence and thus, value for customers. The significance of strategic relationships then, becomes even more crucial when companies want to gain competitive advantage from relationships.

3.1.3. Relationships are Strategic

3.1.3.1. Strategic Relationships as Major Strategic Issue

Relationships with key stakeholders are strategic, so managing them is a major strategic issue. External and internal relationships are important as well as macro networks for strategy building and sustaining advantage. Strategy is concerned with the direction and extent of a business in order to deliver sustained value, which may be created by relationships. And relationships can bring sustained value. Without consideration of relationships as a strategic issue, companies might fail to see opportunities or might be confronted with unforeseen threats in its competitive environment. The strategic management of relationships demands interdependence and active cooperation of connected networks. Thus, a key determinant of strategy is the consideration of a company’s resources and their relation to partnering organizations (e.g. such as the Global Reporting Initiative Program with Nestlé) and individuals (Donaldson and O’Toole, 2002, pp. 23).
3.1.3.2. Relationship Value

Relationships can only be considered strategic if they provide value to the company. If an activity does not add value it has to be questioned whether it is worth pursuing. Close relationships can present an asset as relationship value comes from the learning and knowledge when partners repeatedly interact (Zajac and Olsen, 1993; Wilson, 1995). Relationships allow the profits available from joint value creation to be exploited. Value creation can develop through the creation of intangible and tangible value. In consumer market relationships, intangible values are difficult to identify. They are often related to emotive values, such as embodied value in a brand and its personality, or to the ecological orientation of a company producing products with concern for the environment or products that are eco-labeled. These, frequently ethical values, but also personal relationships and historical ties, may strengthen the relationship and retain the consumer (Donaldson and O’Toole, 2002, pp. 30-31; Raval and Gronroos, 1996). Furthermore, relationship value can be connected to intangible emotions and preferences which have been developed over time from the actions of a company, for example, Nestlé’s clear and user-friendly labeling and its supporting materials to help consumers make well-informed food choices (Nestlé Homepage). Concepts like loyalty and retention have measured intangible value and having a symbolic value can be beneficial because it may be difficult to copy. Intangible value is often reflected in the brand and individualized in people, such as consumers and buyer-seller, and in competitor organizations. Intangible value is hard to quantify, identify and manage in creating additional value. So, in order to be successful, a relationship orientation has to encompass the entire company so that intangible values may create trust and loyalty (Donaldson and O’Toole, 2002, pp. 30-31).

Tangible value is presented in proceedings taken in a relationship or as outcomes of a relationship. Tangible value can be created by an investment in a relationship, such as investments in technology, quality, services, customers or products, creating relationship specific investments or assets. The most obvious appearance of value is an outcome, such as a new product created in a relationship or a higher degree of customer loyalty. It can be ascertained, that value creation in relationships might be regarded as efforts minus returns through visible and invisible ties (Donaldson and O’Toole, 2002, pp. 31-32; Hennig-Thurau et al., 2000, p. 16).
3.1.3.3. Competitive Advantage from Relationships

Sustainable competitive advantage in relationships is difficult to achieve as can only be created by superior resources (Hunt and Morgan, 1995). Sustainable competitive advantage is located in the unique resources of a company, such as long-term developed knowledge and management capability from a relationship that is difficult to copy. Some types of trust have competitive advantage potential, such as trust involved in goodwill or willingness to take action over and above the minimum necessary, whereas contractual, meaning to do what is signed up to may not. Thus, mutual trust and unique assets seem to be two possibilities for competitive advantages in relationships. Nevertheless, it has to be distinguished between advantages obtainable in a relationship and advantages driven by environmental forces, like globalization or environmental objectives, such as, sourcing sustainable raw materials, reducing energy consumption or minimizing air emissions (Donaldson and O’Toole, 2002, pp. 32-33; Barney and Hansen, 1994). Competitive advantage can be described through relationships and sustainability and emerges from characteristics of relationships. These are, according to Dyer and Singh (1998), investments in relationship-specific assets, knowledge routine and exchange, a combination of complementary resources and capabilities and lower transaction costs than competitors (Dyer and Singh, 1998, p. 662). In order to maintain or sustain the advantage, it should be present in the relationship that it is difficult to identify what generates the advantage, that the causes can be identified although there is not enough time to market, that the interconnectedness between parties may have created a unique asset, that partners to generate an advantage potential are scarce and that the relationship is unique (Donaldson and O’Toole, 2002, p. 33; Dyer and Singh, 1998, pp. 662-674). Another source of competitive advantage, complementing advantages available from having unique industry conditions or being a unique company, is partnership advantage, whereas relational advantage requires another individual or organization (Donaldson and O’Toole, 2002, p. 33).

Thus, it can be summarized that a competitive advantage represents a strategic edge that a company has over its competitors in its market. This may be a better product, a lower price, unique distribution channels, unique supplier relationships or even exceptional means of sales and marketing promotion. Even more organizations rely on the customer differential as unique differentiator and source of competitive advantage, meaning the loyalty of their customers (Nykamp, 2001, p. 196). A competitive advantage might also develop from better
environmental performances, such as in the field of waste minimization or pollution prevention creating environmental sustainability, as will be discussed later on.

3.1.4. CRM - The Customer Differential

3.1.4.1. Origin, Emergence, Change and Aim of Customer Relationship Management

Customer relationship management has its roots in the technology of sales automation and call center operations since the mid-1990s with the aim to obtain information about customer preferences stored in databases. Through interaction and processing, companies created more customized offerings and CRM was developed to secure and manage long-term customer relationships. Similarly, e-business concepts evolved and were merged together with CRM concepts, so that it can be said that CRM consists of many applications, addressing the needs of customer-facing functions supported by business analysis tools to make use of databases (Osarenkhoe and Bennani, 2007, p. 145).

Hence, CRM has its antecedents in services marketing and entails a change from transaction-based to relational-based marketing (Donaldson and O’Toole, 2002, p. 7). It aims at reducing costs by keeping customers rather acquiring new ones, so that retention, loyalty and defection yield economic arguments, such as customer profitability and lifetime value of customers. In the last decade, the subject of strategic relationship management shows how relationship management and marketing became a powerful instrument to develop long-term customer relationships; the relationship-based approach became a new way for marketing management to operate more effectively. Trust and satisfaction are central for relationship success and constructs such as commitment, trust and relationship quality help the emergence of customer retention and long-term customer relationships (Osarenkhoe and Bennani, 2007, pp. 145-148).

A consistent, positive customer experience across all channels and media and across all sales, marketing and service functions can increase customer loyalty (Nykamp, 2001, p. 3).

Basically, CRM focuses on providing optimal value to customers through the way to communicate, how to market and service and also through the traditional way of product, price, promotion and distribution. Customers’ buying decisions are based on more than just price and product, but on their overall experience, involving product and price and also the nature of interaction with a company. So, when a company constantly delivers marketing, sales, service and support interactions, this will be rewarded with customer loyalty and value,
leading to a significant competitive advantage (Nykamp, 2001, p. 4). Even environmental concern might influence the buying decision of customers. The importance in this marketing field becomes more significant and has to be taken seriously by companies, as this might result in loyalty or, if done wrong, in disloyalty of consumers.

3.1.4.2. Competitive Differentiation

CRM has achieved extensive popularity in business. Besides heightened customer expectations and technology enablement, one of the major reasons is an organization’s need to differentiate itself in an extremely competitive marketplace.

CRM assures competitive differentiation in an equivalent environment where product, price, promotion strategies and distribution channels are less influential as differentiators. Due to technology advancements, enabling the nearly immediate copying of product features and functions, it is increasingly difficult for organizations today to compete on the basis of products. In tradition, pricing has been another basis of competitive advantage, but today, for many companies, price competition and complex channel agreements have promoted parity pricing. Promotions are very easy to match, so that special offers, discounts and sales are expected and normal (Nykamp, 2001, pp. 13-14). But what about eco-labeled products as a differentiation from competitors and their products? Besides competitive advantage through
customer relationships, ecological concern of companies can be seen as a change to satisfy customers’ needs by moving the company from a position of competitive pricing to differentiation in green issues. By positioning themselves as environmentally friendly, companies might improve their image, achieve consumer loyalty, and thus, gain competitive advantage, which could also result in good relationships with customers. Concerning the place of distribution, the Internet and e-business have built an opportunity for even the smallest business to compete. These factors are all important but cannot alone support the success of most businesses. Therefore, customer relationship management promises to be a mean of differentiating and providing customers with a reason to frequent a company’s business instead that of its competitors. Competitive differentiation through customer relationships can be applied in any business model by recognizing the value and potential of a company’s current customer relationships and by identifying additional opportunities to meet customers’ needs (Nykamp, 2001, pp. 14-16).

3.1.4.3. Heightened Customer Expectations

The increased expectations of customers are another reason that CRM has gained importance. Customers are always searching for a better value because of the product, the price, the promotion or the place where it can be purchased (Nykamp, 2001, p. 16). The relationship between consumer’s expectations and the product’s perceived performance determines whether the buyer is satisfied with the purchase or not. The larger the gap between expectations and performance, the greater is the consumer’s dissatisfaction. Consequently, sellers should only promise what their brands or products can deliver. Labeling, for instance, represents what can be expected from a product, and especially with eco labels companies have to be careful to promise what can be delivered. Customer satisfaction is a basis to build profitable relationships with customers, because satisfied customers purchase again and talk favorably about the product, paying less attention to competing products and brands (Armstrong and Kotler, 2001, pp. 144-145). It is important to master the changes that come with customers being in control because they have access to information about all products and brands. Therefore, companies need to adapt to these changes on the market as fast as possible. But companies do not change until people change and increased customer expectations drive marketers to even more marketing opportunities, such as green marketing activities (Nykamp, 2001, p. 17).
The success of relationships is therefore to fulfill customer expectations. This depends on the ability to provide continuous value in the relationship. By increasing the benefits for the buyer, value is advanced, improving satisfaction and stimulating repurchasing. Relationship value develops when the buyer starts to feel safe, thus developing trust through safety, credibility and security. Satisfaction and trust have complementary roles and enhance relationships (Selnes, 1998, p. 305).

3.1.4.4. Customer Satisfaction and Trust – Key Concepts in Relationship Marketing

As mentioned above, customer satisfaction is a measure of how pleased customers are with their relationship with an organization. Customer satisfaction can promote loyalty, meaning that a customer’s loyalty forms the basis of a valuable relationship with a company (Nykamp, 2001, pp. 200, 29). Highly satisfied customers make repeat purchases, communicating their good experiences. So, it is major to match customer expectations with company performance and generate customer value profitability (Armstrong and Kotler, 2007, pp. 14-15). Satisfaction is achieved when expectations are fulfilled and the customer knows that the supplier is able to deliver what is expected, perceiving a low level of risk. Satisfaction affects the buyer’s decision to continue a relationship and reduce the likelihood of exit from the relationship and negative word-of-mouth. Relationships between parties develop over time as they gain experience and trust each other, reducing the perceived risk in a relationship (Selnes, 1998, pp. 306-307). Trust exists when there is confidence in reliability and integrity.
of a company. In order to achieve trust, a company’s strategy has to communicate effectively, adopt the customer’s relationship norms and avoid negative reputation (Adamson et al., 2003, p. 348). Thus, communication, as done with eco labels for example, will increase satisfaction and trust, as communication is the exchange of information between a company and its customers. Anderson and Narus (1990) discovered communications as a strong determinant of trust as it develops and preserves a shared understanding of the relationship and thus, preserves trust. Further, satisfaction is an evaluation of an outcome compared to some norm and communication, expected as an important source of satisfaction, can lead to a shared understanding of performance outcome and expectations. Satisfaction is an important basis of trust and in some extent, satisfaction is a company’s ability to meet relational norms and manifest trust (Selnes, 1998, pp. 308-310). In my opinion, labels might also represent the communication between a company and its customers. Thus, labels and especially the content of eco labels should entail what a customer might expect from a labeled product. If this is not the case, the customer might lose satisfaction and also trust in a product or maybe in the entire company.

3.1.4.5. Relationships exist through the Retention of Trust and Commitment

Trust is seen as an expression of confidence between exchanging parties that will not be harmed or put at risk by the actions of both parties. So, trust allows companies to reduce or avoid dependence on costly formal monitoring mechanisms to maintain their partnerships, promotes mutual concern for long-term benefits by partners, preserves flexibility and allows for information exchange and joint learning. According to Morgan and Hunt (1994), relationships exist through the retention of trust and commitment. When both are present, outcomes promoting efficiency, productivity and effectiveness can be produced. Trust is central to relationships because the higher the level of trust, the higher the degree of relationship success (Morgan and Hunt, 1994, pp. 20-23; Osarenkhoe and Bennani, 2007, p. 147). Commitment and trust are predecessors of relationships, i.e. relationship termination costs, relationship benefits, shared values, communication and opportunistic behavior. Morgan and Hunt (1994) have empirically tested the relationship between customer commitment, loyalty, trust and the predecessors and observed that the relationships yielded positive and significant connections. A commitment and trust model has been developed, identifying commitment and trust as the key success factors of relationship management.
strategies. So, commitment is an enduring desire to maintain a valued relationship and in order to achieve customer commitment, the strategy of a company has to be customer-centered, long-term and based on mutual relationship benefits. It reflects a psychological attachment to the company and an enduring desire to maintain the relationship. Trust, therefore, as mentioned above, is the willingness to rely on an exchange partner in whom customers have confidence. The importance of confidence is highlighted herein, with a reliable company having integrity which is associated with qualities such as consistency, expertise, honesty, fairness, responsibility, helpfulness and benevolence. So, real confidence that customer and company can rely on each other implies the behavioral intention to rely at all, meaning a confident customer would be willing to be bound to a particular company. The model of Morgan and Hunt (1994) determines the level of customer commitment and trust by measuring the strategy outcomes acquiescence, propensity, functional conflict, uncertainty and cooperation (Morgan and Hunt, 1994, pp. 22-26; Adamson et al, 2003, pp. 348-349; Henning-Thurau et al., 2000, p. 78). Commitment, satisfaction and trust are major concepts in relationships and help in customer retention and long-term customer relationships (Osarenkhoe and Bennani, 2007, pp. 147-148). As trust is central to relationships and signifies the customers’ willingness to rely on a company they trust, this chapter represents also a key point in connecting the two theoretical parts of CRM and green marketing in this thesis. Trust and confidence are major differentiators in dealing with customers in order to recognize a company’s integrity. As it will be discussed in chapter 3.2., green marketing hinges on the confidence, trust and satisfaction between companies and customers. The reflection of the model of Morgan and Hunt has been chosen in order to show that loyalty and trust are essential to benefit from a long-term relationship. A customer is thus, psychological attached to a company and is longing for maintaining the relationship.

3.1.4.6. Loyalty and Relationship Marketing and Economic Effects of Customer Loyalty

As already mentioned, mutual commitment is the basis for relationships. Likewise, the process through which customers become loyal to a company and its products or brands has been extensively discussed in literature. Originally, repeat purchasing was seen as loyalty. But repurchase is not sufficient confirming brand loyalty, so that brand attitude becomes essential to the repurchase decision and loyalty more similar to the concept of commitment. The loyalty towards a product or brand is a key to superior performance. Consequently, efforts should be
made to build this loyalty by providing superior benefits promoting the company’s values, such as green marketing activities in order to establish an image as a trustworthy company (Morgan and Hunt, 1994, p. 23).

Customer loyalty may be regarded as the result of customer retention which deals with influencing the customers. Suppliers define customer retention as activities to build up relationships with customers, including contact opportunities, barriers to a change of supplier or creating customer preferences for the supplier, for example based on technology and materials. When regarding relationships between suppliers and customers, customer loyalty is defined and evaluated in terms of the amount and the quality of transactions between both parties, such as the degree of customer penetration or the climate of the relationship. On the contrary, customers declare themselves loyal to a company through feelings and perceptions of satisfaction, positive attitudes and particular preferences for the company, meaning that customers are willing to repurchase (Hennig-Thurau et al., 2000, pp. 29-33).

Possible economic effects of customer loyalty are that loyal customers may bring more certainty into the business, signifying more stability within the customer relationship. Habitual purchase decisions, apparent customer immunity towards competitors’ activities and a higher tolerance of mistakes express stability, whereas increased customer feedback, which is more intensive from loyal customers, may be achieved by certainty. Loyal customers are more willing to answer questionnaires, give feedback and work together with a company on satisfaction programs and are even more prepared to complain. They can also be addressed more often on a personal basis and their relationships are more trustful, so that agreements tend to be more reliable. But disadvantages of more certainty due to loyalty might be that companies become too reliant on these customers and inflexibility may lead to failures to adapt to shifts in market structures or failures to respond to changing market segments. Customer loyalty might also have positive effect on the growth of the company, when activities are centered on retaining existing customers by exhausting their potential and by gaining new customers through positive recommendations and word-of-mouth. Additionally, customer loyalty leads to more profitability through cost savings and revenue increases. Such cost savings can be realized by improved amortization of acquisition costs and the avoidance of costs when gaining new customers, whereas increases in revenues are more difficult to achieve. Loyal customers may be less susceptible to price changes and might even accept higher prices, for instance, green consumers accepting higher prices for environmentally
friendly products, as will be mentioned later on. In addition, loyal customers will probably bring additional revenues through their cross-buying activities (Hennig-Thurau et al., 2000, pp. 31-33; Reichheld, 1996, pp. 39). Thus, loyalty is crucial in relationship management, but especially is the quality of this loyalty.

3.1.4.7. Quality of Loyalty

Customer satisfaction is one qualitative measure when satisfaction and customer penetration are cross-referenced. When satisfaction is low and customer penetration is high, positive recommendations or friendly customer feedback cannot be expected, whereas when both, penetration and satisfaction is high all benefits of loyalty are to be enjoyed. Loyalty may be missing even though there is satisfaction, so that it can be said, that loyalty and satisfaction must not be treated the same. Both concepts need to be controlled in order to improve success. The degree to which a customer is involved in a company’s product is a second qualitative differentiation of loyalty. When involvement is low, all customer bonding activities miss the emotional character leading to loyalty. Customer commitment is the third qualitative differentiation of loyalty. Involuntary loyalty is when a customer may show high rates of penetration even though he or she is not committed to the company, meaning there are no alternatives available. Bought loyalty is when loyalty exists only because of certain incentives provided by the company. Genuine loyalty is the most attractive kind of loyalty, when customers stand by the company even if it makes a mistake or is not up to date as competitors (Hennig-Thurau et al., 2000, pp. 33-36, 74). As Morgan and Hunt (1994) state, loyalty consists of both, behavior and attitude. The behavioral component refers to the possibility that a customer will quit a relationship with a company and the attitudinal refers to feelings of psychological attachment. Thus, customer loyalty is a valuable asset for a company because it is more than repeat patronage. A satisfied customer is not enough. In order to effectively approach long-term relationships, trust and commitment are crucial.

So, it can be concluded that a solid relationship marketing strategy needs to include psychological and behavioral variables if a company wants loyal customers in the long-run, meaning that the consumers will repurchase over time even if other alternatives are available and other companies respond competitively (Hennig-Thurau et al., 2000, p. 78). I think that loyalty based on behavior is a weak form of loyalty as it is coined by repeated purchase. However, the decision to buy is not necessarily made because of high attachments to
products, but rather because of availability and ease. Furthermore, products are becoming more similar, making it difficult for customers to differentiate and the likelihood of losing customers is growing constantly. Therefore, it would be advisable to pursue the creation of strong and attitudinal attachments to increase the strength of loyalty.

3.1.4.8. Creating Sustainable Competitive Advantage

Summarizing, CRM strategy is to create a sustainable competitive advantage by better understanding, communicating and delivering value to existing customers and as well to creating and keeping new customers. It can be said, that CRM is a strategic instrument to attract, develop and build relationships with carefully targeted customers in order to maximize customer value and enhance company performance to benefit from sustainable competitive advantage (Javalgi et al., 2005, p. 664).

Gaining competitive advantage through customer relationships is crucial for companies, as identified from the previous authors in the literature review. But, in order to deal with customers’ environmental concerns and the changes in the environment, ecological orientation is becoming important, as well. The next part of the literature review deals with green marketing and concepts that might result in advantages for companies if they take their environmental responsibility seriously and are able to create satisfaction, resulting in genuine loyal customers. As concluded by various authors dealing with CRM, a customer differential might result in advantages that can be used in green marketing activities, when managed carefully to establish trust and confidence.
3.2. **Green Marketing**

Today, many companies have accepted their responsibility not to harm the environment. So, products and production processes become cleaner and more companies ‘go green’, because they realize that they can reduce pollution and increase profits at the same time (Hart, 1997, p. 67). Green marketing is a creative opportunity to innovate in ways that make a difference and at the same time achieve business success (Grant, 2007, p. 10). As business activities caused many of the environmental problems in the past and still do, there is increasing recognition that business is vital in the process of a more ecological sustainable society. Companies, especially multinationals, play an essential role in the world economy, and they have also the resources and capacity to put ecological solutions into practice (Tjärnemo, 2001, p. 29). Companies have a responsibility to drive the development towards greater sustainability and becoming greener, so that a company’s aim is to create markets for more environmentally friendly products and services and educate and influence customers to change (Hart, 1997, p. 67). At least two motives for companies to change to more environmentally appropriate strategies and practices are cost saving and the market opportunity potential. Companies can save money by reducing the amount of raw material and energy used in production. Becoming more eco-oriented and offering environmentally friendlier products might result in increased market shares as well as an improved company image and thus, companies gaining first-mover advantages in greening should become more competitive (Tjärnemo, 2001, pp. 29-30). This first-mover advantage however is not sufficient anymore as more companies orient themselves ecological and customers can choose from a variety of eco-labeled products.

3.2.1. Definitions

The role of marketing has become a matter of discussion as lifestyles and consumption patterns in the industrialized world are a major originator of environmental damage. On the one hand, marketing has been criticized for contributing to the environmental degradation by emphasizing on consumption, consequently contributing to a throwaway society and emphasizing on satisfying short-term consumer or customer wants. On the other hand, marketing can be seen as a significant instrument in order to sell new lifestyles and change overall consumption habits, not only to ecologically concerned consumers. Thus, marketing should contribute to more sustainable forms of society. Marketing has developed and widened its scope towards ecological issues from focusing on the production process, transaction and
exchange. There is more than one definition of green marketing (Tjärnemo, 2001, p. 34-36). For example, Peattie (1995, p. 28) defines green marketing management as “the holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way” while Coddington (1993, p. 1) defines it as “marketing activities that recognize environmental stewardship as a business development responsibility and business growth opportunity […]”. However, both definitions entail an overall eco-orientation further than the marketing section, the universal strategy or philosophy. Environmental sustainability is defined as a management approach that involves developing strategies that sustain the environment and produce profits for the company. It is a crucial but difficult social target and many companies are taking at least some actions to protect and preserve the environment (Armstrong and Kotler, 2007, pp. 509-510). It is also the idea that environmental objectives are not incompatible with ongoing economic success as it is a step nearer to marketing (Grant, 2007, p. 2). A green consumer is defined by Peattie (2001, p. 187-191) as someone who voluntarily engages in consumer practices that are regarded as environmentally friendly by marketing academics and practitioners. Thus, green or environmentally friendly activities deal, for instance, with energy-efficient operations, better pollution controls and recycled materials (Armstrong and Kotler, 2007, p. 509). Eco labels are a main tool used in green marketing. Eco labels are defined as labels which identify overall environmental preference of a product or service within a specific product or service range. So, an eco-labeled product is entitled to carry a logo that comes with a claim that the product has been produced in accordance with certain environmental standards. An eco label, in contrast to green symbols or statements, has to consist of three components, namely, the certification standard, an independent accreditation body and independent certification bodies. Eco-labeling schemes demand independent third-party certifications that the product concerned meets the predefined standards, ensuring strict and continuous compliance with the standard by producers. Consequently, the managing label guarantees the correctness of the claim of the eco label (European Commission Homepage).

3.2.2. The Green Movement
3.2.2.1. Environmental Sustainability

Industrialization with its large-scale production and consumption society has put pressure on the earth’s ecosystem, focusing on ecological awareness. It has become increasingly claimed
that today’s environmental situation cannot be solved only with technical solutions, but also by understanding and changing the behaviors of citizens, consumers, business people and policy makers. Whereas in the 1970s, emphasis was placed on local environmental problems, today’s focus is on global issues, such as global warming, emphasizing on the underlying problems with the social, economic, technical or legal system (Tjärnemo, 2001, pp. 30-31; Peattie, 1995, p. 8).

The concept of sustainability can be dated back to the late 1980s and gained importance in the ‘1987 Brundtland Report, Our Common Future’ (World Commission on Environment and Development, 1987, p. 8) as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Bridges and Wilhelm, 2008, p. 34). Sustainable development is a concept on a macro-level and a kind of vision, ambition or guide to a more sustainable future society included in the concept of green marketing (Tjärnemo, 2001, pp. 32-33). In order to sustain the environment and to gain profits, more companies adopt policies of environmental sustainability. According to Hart (1997), developing a sustainable global economy is a challenge and an opportunity. Basically, a company can prevent pollution by eliminating or minimizing waste before it is created. Companies that have put emphasis on prevention have responded with green marketing programs, such as developing ecological safer products, recyclable and biodegradable packaging, better pollution controls and more energy-efficient processes (Armstrong and Kotler, 2007, p. 509). For example, Nestlé, as will be mentioned later on, has been working hard on reducing the utilization of environmentally hazardous substances, by economized use of raw materials, water and energy in order to preserve natural resources (Nestlé, 1999, Nestlé-Umweltpolitik). Moreover, companies can practice product stewardship, meaning minimizing all environmental impacts throughout the full product life cycle and reducing costs. Many companies are also adopting design for environmental practices, involving designing products that are easier to recover or recycle in order to help to sustain the environment, but also to profit from. In addition, to develop sustainable strategies, companies need to develop new technologies and can also expand a sustainability vision, functioning as a guide to the future (Armstrong and Kotler, 2007, pp. 509-512). For instance, the ‘Nestlé Creating Shared Value Report’ (Nestlé, 2008, Nestlé-Creating Shared Value Report) shows how the company’s products, processes and policies evolve and which new technologies are
developed to get there. It provides a framework for pollution control, product stewardship and environmental technology.

Environmental sustainability has become a part of corporate strategy and consumer choice processes. Sustainable business practices are a result of the increasing awareness of the significant environmental degradation in the world (Bridges and Wilhelm, 2008, p. 33). Sustainability is transforming the manner in which companies operate by integrating it in all activities of the company and as a mindset of principles everyone in the company should use. So, sustainable business means making decisions not just based on financial factors, but also based on the environmental impact (Grant, 2001, pp. 43-47) or at least claiming to do so due to environmental regulations from the governments. Achieving sustainability requires fundamental changes in the technology used to create products and services. Today, many companies have incorporated sustainability into their strategic thinking. Taking the entire planet as the context in which business is conducted, companies have to ask themselves whether they are part of the solution to social and environmental problems or part of the problem. Thus, only when companies think in those terms, as Hart (1997, p. 71) states, a vision of sustainability can develop. A more external, strategic focus on sustainable development is required in order to work on pollution prevention, product stewardship and clean technology.

3.2.2.2. Green Challenges

A first step towards sustainable green marketing is to understand that green issues are pointing to the need for step change instead of superficial and marginal improvements. The occurrence of global warming as definite is published in various reports on evidence for climate change (e.g., see Intergovernmental Panel on Climate Change, published in February and April 2007). It is stated that most of the observed increases are due to the increase in greenhouse-gases, resulting from the use of fossil fuels and reports predict a raise in temperature across the century on average between 1.8°C and 4.0°C. If emission levels do not change from their current level, global warming will rise by 0.1% per decade and on current projections the actual number will be 0.2%. Environmental concerns have grown gradually during the past decades and the world concern persists to mount about the possibilities of global warming. Trends in the natural environment are increased pollution and increased government intervention, of which managers have to be aware. So, substantial lifestyle
changes are needed, technically but also what it means for marketing objectives, because lifestyles need to change beyond recognition (Grant, 2007, pp. 27-31; Armstrong and Kotler, 2007, p. 80).

It is a green challenge leading to a marketing challenge as it can be understood as being influential in shaping people's lifestyles and attitudes. Concern for the natural environment has resulted in a green movement, in which some companies go beyond what government regulations dictate and some develop more energy-efficient operations, better pollution controls and recycled materials as this might also represent a matter of differentiating more from competitors that merely fulfill standards and governmental regulations.

3.2.2.3. Green Consumers and Green Marketing Challenge

According to Grant (2007), marketing can make more people willing and able to ‘go green’ by education and getting green living out of the green lifestyle niche, as well as extending green culture and lifestyles beyond all classes and by acculturation. Currently, there is a substantial wave in public interest and concern about the environment and a growth in ethical consumer purchasing can be observed. The green consumer is someone who voluntarily engages in consumer practices that are regarded as environmentally friendly (e.g. Peattie, 2001). Certainly, the green consumer is often subsumed under such terms as ethical consumerism (Connolly and Prothero, 2008, p. 118). There are numerous studies about the characteristics of green consumers, aiming at identifying typical demographic qualities of green consumers. For instance, young people, females and people with a relatively high education and income were identified as most likely to engage in green consumer behavior (e.g. Straughan and Roberts, 1999; Diamantopoulos et al., 2003). But there are also studies that use psychographic characteristics, like political orientation and environmental concerns to identify a green consumer, which came out to be better at explaining dissimilarities in green consumer behavior than demographic criteria. The individuals’ belief that their efforts will contribute to a difference has been indicated as being useful in predicting actual buying behavior and experiences of environmental-related problems are considered decisive to the buying behavior of green consumers (Rex and Baumann, 2006, p. 568). The green market was typically divided into market segments based on the ‘greenness’ of consumers, as can be seen in the typology by US Roper Starch Worldwide 2000 (Table 1). Since eco-concern is found across a wide range of consumers today, regardless of socio-demographic variables, such as
age and income, ecological concern cannot be explained by traditional segmentation variables. Empirically observed, there is no such person as an environmentally concerned consumer, who is concerned in all different situations at all times. Different behavioral situations lead to environmental concern in some ways and not in others, so that ecological concern is proposed to be more a multi-dimensional construct, including knowledge, attitude and behavioral dimensions. Thus, consumer behavior should be more focused as the environmental problems were likely to depend more on behavior than on attitudes and intentions (Tjärnemo, 2001, pp. 40-41).

<table>
<thead>
<tr>
<th>True Blue Greens</th>
<th>Major green purchasers and recyclers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenback Greens</td>
<td>Will buy or give green but won’t make lifestyle changes</td>
</tr>
<tr>
<td>Sprouts</td>
<td>Care but would only spend a little more to buy green</td>
</tr>
<tr>
<td>Grousers</td>
<td>Environment is somebody else’s problem</td>
</tr>
<tr>
<td>Basic Browns</td>
<td>Essentially don’t/ won’t care</td>
</tr>
</tbody>
</table>

Table 1: Consumer typology by US Roper Starch Worldwide (Charter et al., 2002)

3.2.3. Ecological Issues

3.2.3.1. Green Marketing

As mentioned above, there is no one and only definition of green marketing. If ecological response is expected to require wide commitment of a company, extending into the company’s culture and strategy, traditional marketing may not convince consumers that products and companies are ecological oriented. It can be argued that eco marketing is neither ecologically nor economically sustainable when it does not reflect eco management. The risk of a short-term approach to inaccurate or inconsistent greening, leading to a positive company image, may rapidly change into problems. So, environmental marketing and management is dependent on each other and implies that the connection between a product and its company gets closer. Consumers’ purchasing decision, for instance, might be affected by the impact of the producer on the environment, so that they evaluate products also to ecological attributes related to values, actions and behaviors of the company behind the products. Consumers might boycott certain products as a signal of their concern also in the production process and it has been assumed that consumers’ increasing ecological concerns affect the way they evaluate companies and not only products. It can be assumed that consumers support
companies that they rate as ecological oriented (Tjärnemo, 2001, pp. 36-40) or hence, might boycott green products signaling that they reveal something else.

Hence, green marketing requires that customers view all parts of a company and not only its products or brands. Four different marketing strategies can be summarized according to Mendleson and Polonsky (1995). These are ‘repositioning existing products without changing product composition’ and ‘modifying existing products to be less environmentally harmful’, indicating more product marketing activities; ‘modifying the entire corporate culture to ensure that environmental issues are integrated into all operational aspects’ and ‘the formation of new companies that target green consumers and only green products’, indicating a broader approach (Mendleson and Polonsky, 1995, p. 4). Nestlé’s approach, for example, also goes beyond pure product marketing when incorporating ecological issues in the entire company, as mentioned in their Corporate Business Principles “our investments must be good for the company and for the countries where we operate” and “we will not sacrifice long-term development for short-term gain” (Nestlé, 2004, Nestlé Corporate Business Principles). So, green marketing needs to be reflected throughout the company and the pursuit of sustainability needs to go beyond long-term to become open-ended (Peattie and Crane, 2005, pp. 364-365). Another framework, illustrating marketing strategies, differentiates between tactical, quasi-strategic and strategic environmental marketing orientation. Tactical environmental marketing is driven by changes and opportunities in the marketplace, requires only inter-functional coordination and has short-dated effects that can be changed and re-changed easily. Quasi-strategic environmental marketing strategies attempt to change the company’s production process and products to improve the negative consequences on the environment, such as pollution prevention and require intra-functional coordination. Based on the principles of sustainable development, strategic environmental marketing orientation requires overall business system coordination and has long-lasting effects (Menon and Menon, 1997, pp. 51-67).

Ecological issues have been integrated into various activities in the field of marketing, based on a range of academic literature, such as planning, product and package design, pricing, distribution, promotion, customer segmentation, marketing strategy and so on. Some authors point at different approaches to green marketing, so that it becomes obvious that there is no strict use of terms within the field. Rather green, environmental and ecological marketing are used as synonyms (Tjärnemo, 2001, pp. 39-40).
3.2.3.2. Green Marketing Objectives

In order to avoid failures in green marketing, leading to cynicism, suspicion and thus, mistrust, companies should be careful in setting their marketing objectives and to track customers’ actual needs and responses (Peattie, 2005, p. 361).

Grant (2007) distinguishes between three types of green marketing and terms them “green” for setting new standards in responsible products, policies and processes, “greener” for sharing responsibility with customers and “greenest” for supporting innovation, such as new habits, services and business models. These three marketing objectives refer to whether they realize just commercial outcomes, green outcomes or cultural outcomes and they operate as any marketing on the personal, social and public level. Setting new standards is classical marketing applied to green and responsible products, brands and companies, being greener than competitors and substitutes as sustainability is a moving aim many companies want to obtain. So, pioneering brands and products might be expected of all companies within the next years. Companies that set new standards address only the commercial outcomes, but can also contribute to a green culture, for example, when they have grown the market for greener product types or introduced eco-friendly-labeled products. But it is more usual marketing, creating awareness and perceived superiority and it has to be questioned whether a company is setting really new standards or is making only something normal seem green. This might result in losing value and trust. So, in setting new standards a company has to announce about its doing and make use of an eco label as well as being honest to customers for not being exposed as a fraud (Grant, 2007, pp. 61-63, 75). Through sharing responsibility with customers a company achieves commercial as well as green outcomes. It is a collaborative and participative approach involving word-of-mouth, brand experience, education and community. It might build relationships and interest and the quality of perceptions of a product, because a company is not selling its greenness, but trying to involve people in a public scheme, community or activity (Grant, 2007, pp. 63-64, 133). The greenest marketing objective, shaping a new culture of responsibility through innovation, achieves commercial, green and cultural outcomes. Its challenge is the need to combine radical new products, services and daily habits with totally normal and acceptable systems (Grant, 2007, pp. 64-65, 189). But this might not be possible immediately only because ecological concern increases. Customers need to trust a company and its products. It might be difficult to fulfill this
challenge as customers, like mentioned previously, are not environmentally concerned in all different situations at all time.

Since the 1990s, there was only a very slight increase in green consumerism and a gap between concern and actual purchasing existed. The National Consumer Council of 1996 announced a decline in the frequency and prominence of green claims and green products seemed to have achieved only limited success. So it was questioned whether green marketing failed to change how businesses behaved and to move to the economy towards sustainability. A reduction in internet advertising claims, inappropriate advertising campaigns as well as a reduction in specialist products can be interpreted as a failure, leading to reduced demand for specialist green products. However, the most evidence for the decline of green marketing has been the cynicism being displayed by consumers about green products, green claims and their companies (Peattie and Crane, 2005, p. 359). As the marketing process and philosophy is built around the customer and the relationship between the company and the customer, trust and confidence is a central part in order to satisfy customers. If a company - customer relationship is characterized by cynicism and distrust, companies are improbably able to satisfy customers through the changes needed in order to move towards sustainability (Peattie and Crane, 2005, p. 359).

Today, there are many unnecessary, inefficient, wasteful and harmful processes and products in life. Consequently, a challenge for green marketing is to make changes and make green alternatives appear normal and acceptable. It is an opportunity to innovate and achieve business success through green marketing objectives (Grant, 2007, p. 10). But green marketing will not work in the face of consumer distrust as partly a result of the green marketing types that companies have relied upon in the past (Peattie and Crane, 2005, p. 359).

3.2.3.3. Integration of Ecological Aspects

The need of a holistic approach to ecological orientation of companies has been addressed by many authors (e.g. Peattie, 1995), integrating ecological issues into all functions as part of the overall strategy of the organization. Further, there is also a need for strategic and cultural change in responding to ecological issues. The importance of companies viewing ecological issues as strategic issues and ecological response requiring company-wide commitment has become generally recognized. In fact, many companies have chosen to communicate
environmental concern rather than to integrate environmental thinking into business actions and performances, responding to environmental issues tactically rather than strategically (Hart, 1997, pp. 71; Tjärnemo, 2001, pp. 45-46). But despite various obstacles, a lot of companies are integrating ecological aspects within their businesses, for instance, by integrating ecological aspects within the human resource system. This means improving the environmental knowledge among staff, encouraging members to find new ways to decrease the organization’s environmental burden and developing ecological commitment among members (Tjärnemo, 2001, p. 46).

3.2.4. Eco-Labeling

One of the main instruments emerged from green marketing are eco labels which are intended as a means for consumers to make choices that will reduce environmental impact and enable them to influence how products are made. There is widespread interest in eco labels and academically much effort has been invested in their design and use and how to make eco labels more effective. Other studies include whether or not consumers recognize various labels, if they understand their meaning and if they trust the labels’ message (Rex and Baumann, 2006, p. 567, 570). During the last 30 years, an increasing amount of eco labels has been developed by individual companies, industrial sectors and non-governmental organizations (NGOs) as well as national and international organizations (EU, 2001). Only in Europe one can find 126 labels for eco-friendly products and services (Eco-labeling Homepage). Companies expect from labels to legitimate its business practice, protect it from public regulation and help to gain competitive advantages, whereas from a consumer’s point of view it is important that labels reduce uncertainty about environmental performance of products and enable to choose products causing less damage to the environment (Pedersen and Neergaard, 2006, pp. 15-16). In Table 2, examples of eco labels are listed.

3.2.4.1. Eco Labels

Several efforts have been made to move towards more sustainable and environmentally friendly approaches, eco-labeling being one with increasing importance. Eco labels aim to inform consumers about the effects on the environment from production, consumption and waste phases of the products consumed. So, it tries to provide consumers with more information about environmental effects of consumption and to encourage producers and
governments to add to the environmental standards (Galarraga Gallastegui, 2002, pp. 316-317).

<table>
<thead>
<tr>
<th>Example of Eco Labels</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Swan Label.</strong></td>
<td>In 1989, the Nordic Council of Ministers decided to introduce a common, official environmental label in the Nordic countries. The swan was chosen as a symbol demonstrating that the product would be a good environmental choice. The Swan label calls attention to the product’s impact on the environment throughout the product’s lifecycle, and the requirements are continuously raised to ensure that the Swan labeled products are always at the cutting edge of environmentalism. The label is available to approximately 60 product groups for which eco-labeling is assumed to be essential and beneficial. The label is usually valid for three years, after which the criteria are revised and companies must reapply for a license (<a href="http://www.svanen.nu">www.svanen.nu</a>).</td>
</tr>
<tr>
<td><strong>EU Flower.</strong></td>
<td>In 1992, the European eco-label scheme was approved by the European Parliament and the Council (revised in 2000 Regulation (EC) 1980/2000). The scheme is expected to encourage manufacturers to design environmentally friendly products and give consumers the means to make informed and reliable environmental choices when shopping. The European eco-label award scheme enables European consumers, including public and private purchasers, to identify officially approved green products across the European Union, Norway, Liechtenstein and Iceland. In 2000, a new regulation came into force, widening the scope of the scheme to include services. From now on, traders and retailers can apply directly to their own brands (<a href="http://www.europa.eu.int/comm/environment/ecolabel">www.europa.eu.int/comm/environment/ecolabel</a>).</td>
</tr>
<tr>
<td><strong>‘Blue Angel’ Eco-Label.</strong></td>
<td>Germany’s introduction of the Blue Angel in 1978 was the first environmental label worldwide. Today, about 3900 products and services from approximately 800 label users in Germany and abroad are certified as ‘Blue Angel’ products. Products and services that are particularly environmentally friendly from a holistic point of view and at the same time comply with high standards of industrial safety, health protection and serviceability may apply for certification. Here, an economizing use of raw materials is considered in addition to an integral evaluation of the entire product life (manufacture, use, disposal) (<a href="http://www.blauer-engel.de">www.blauer-engel.de</a>).</td>
</tr>
<tr>
<td><strong>Bra Miljöval.</strong></td>
<td>Bra Miljöval is the eco-label of the Swedish Society for Nature Conservation (SSNC). It is referred to as ‘Good Green Buy’ or ‘Good Environmental Choice’ in English. The label has set environmental criteria throughout a product’s life cycle. Today, the system covers 13 product areas (<a href="http://www.snf.se">www.snf.se</a>).</td>
</tr>
<tr>
<td><strong>Milieukeur.</strong></td>
<td>Milieukeur is the Dutch national eco-label founded in 1992. Milieukeur has been developed and is managed by the Stichting Milieukeur (the Ecolabel Foundation). Products certified as Milieukeur products are expected to be less damaging to the environment than other similar products. A certified Milieukeur product must comply with strict environment criteria throughout the entire life cycle from raw material extraction and production to use and waste-disposal (<a href="http://www.milieukeur.nl/english">www.milieukeur.nl/english</a>). Moreover, several other eco-labels covering social and environmental issues have been launched, e.g. Krav (Swedish organic farming), Max Havelaar (trademark for fair trade), FSC (Forest Stewardship Council) label, EMAS (EU Eco-Management and Audit Scheme), ISO 14024 (principles for eco-labeling) etc.</td>
</tr>
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Table 2: Examples of Eco labels (Pedersen and Neergaard, 2006, p. 16)
It has been claimed that green products have certain specific inherent negative characteristics due to information problems to reveal the environmental qualities of these products. In order to market them successfully those problems have to be solved, so that governmental and non-governmental organizations made efforts to ease the process by introducing and maintaining trustworthy environmental labeling methods. Various forms of eco labels exist. A mandatory label is, for example, the EU energy label which assesses the energy consumption for household appliances (Rex and Baumann, 2006, pp. 569-570). Voluntary labels are categorized according to the ISO standard into three types. Type I labels are the so called eco labels and are referred to the environmental quality of a product compared to the rest of the products and are intended to encourage a change towards more environmentally friendly consumption habits. Type I labels are the products of third-party certification programs and are usually supported by the government because they aim at certifying products and their production processes according to criteria relating to the whole product life cycle. Examples of such voluntary labels are the EU eco label and the Blue Angel in Germany. Type II are self-declared environmental claims made by manufacturers, importers or distributors, referring to specific attributes of products, such as, ‘CFC free’ products. Type III labels are environmental product declarations, where quantified environmental information is presented in a standardized way (ISO Homepage; Galarraga Gallastegui, 2002, p. 317).

Eco labels are used by a variety of stakeholders, such as policymakers, consumers, sellers and other groups. Policymakers use labels to create incentives for business to change the market in a more sustainable direction or as a first step towards increasingly pressure on producers, such as from voluntary to mandatory labeling. NGOs use labels to put pressure on producers and consumers to make progress towards sustainability or labeling initiatives may stimulate public dispute. Companies use labels because of competitive advantages and improved market shares (de Boer, 2003, pp. 258-261).

3.2.4.2. Characteristics of Eco Labels

Eco labels have been put into operation worldwide, using different schemes as mentioned in the work of Morris (1997). Attributes characterizing eco labels are that they are based on a criterion set by third parties and that they are voluntary. Throughout their entire life cycle eco labels aim to identify products with less environmental impact. The selection of product categories and the determination of criteria are carried out by independent experts, which
consider interest groups and technical inputs and are openly obtainable. Furthermore, products fulfilling the criteria and companies paying the fee and application costs may use the eco logo for a fixed period of time (Galarraga Gallastegui, 2002, p. 317).

3.2.4.3. What Eco Labels Promise

Even though many consumers are willing to pay more for environmentally friendly products, the amount of such products bought is only a small percentage of the total due to skepticism towards products that claim to be environmentally friendlier. Labeling programs might aim to encourage a move towards more environmentally friendly consumption patterns and to cause productive structures and governments in order to increase the environmental standards of products (Morris, 1997, p.22; Galarraga Gallastegui, 2002, p. 316). But this might not be the case when companies use eco labels only as a selling argument, since interest in the environment tends to be limited to promotional activity, with less or no input into product development (Peattie and Crane, 2005, p. 361). Superficial and meaningless green claims slapped on unchanged products, attempting to increase sales might lead to consumer cynicism and suspicion.

The majority of existing environmental labeling programs are of the ‘seal of approval’ or ‘eco label’ category, being certification marks awarded to those products in a particular group which have met certain predefined standards. In order to favor eco labels and aid consumers in their purchasing decision, arguments are that a particular comparable measure might reach a wider audience as most consumers are apt to invest modest time to discover the possible environmental impact of a product, when accurate information is provided. A further argument is that consumers who are willing to discover the expected environmental impact of a product, might prefer to rely on experts as they find themselves in trying to compare incomparables, such as water pollution and the ability to recycle. In addition, an actual seal of approval that certifies environmental superiority within a product category might be preferred, as consumers could misinterpret marks that certify environmental information. Besides providing consumers with correct information about the relative environmental impact of a product, eco labels might also bring out some other goals. For instance, an eco label might enhance the sales or image of a labeled product, which is seen as a necessity. If an eco label does not improve sales or the product’s or company’s public image, the labeling is not successful. A voluntary labeling will only be effective if it is accepted and utilized by the
company as a marketing tool, assuming consumers accept the objectivity of eco labels. Another goal is that eco-labeling programs might encourage manufacturers to account for the environmental impact of their products. On the one hand, companies need to ensure that the whole product life cycle is taken into consideration in the eco label criteria, meaning that an eco label has to provide evidence that environmental impacts conform to some standard, for example by complying with ISO 14000. On the other hand, companies not producing eco-labeled products may wish to compete with companies bearing an eco label in order to signal their environmentally friendlier behavior to the market by complying with ISO 14000. Further, eco labels might make consumers more aware of environmental concerns and they might help to protect the environment (Morris, 1997, pp. 22-24).

It can be concluded that eco labels promise a means of overcoming the problem of consumer skepticism as being effective as communication instruments to advance green products and efficient in giving information to be taken into account in the purchasing situation.

3.2.4.4. Demand for Eco-Labeled Products

Environmental consciousness does not necessarily affect buying behavior directly, meaning that someone who is concerned about the environment is not automatically a green consumer. Factors that affect the consciousness of consumption patterns are consumer satisfaction, values and identification. But consumer satisfaction is not always compatible with environmental consciousness as many green products do not meet important criteria such as price, performance or quality. Social values might result in environmentally friendly actions and identification might create positive green purchasing behavior. But, due to the overuse of green terms, such as ‘bio’, the credibility of environmentally friendly declarations has been undermined, affecting customers’ perceptions of eco labels negatively. So, eco labels need to create an easily identifiable and reliable mark of credibility in order to promote green consumerism successfully. Galarraga Gallastegui (2002) states that non-durable, labeled products are more likely to be purchased as green consumerism can be regarded as a social pressure and that consumer demand for labeled products is greater for frequently used and most visibly consumed non-durable products. But relevant product information is important in order to avoid misperceptions. Morris (1997), for example, claims that the use of eco labels may obscure relevant product information, giving consumers the wrong impression. This, in addition, might also encourage the consumption of more resources and therefore, harming the
environment more (Galarraga Gallastegui, 2002, pp. 319-321). The missing or obscurity of relevant product information might be a reason for consumers’ false sense of confidence or their blind trust in eco-labeled products.

3.2.5. Green Standards

As stated in a report of GTZ (GTZ, Programme Office for Social and Ecological Standards, 2006), standards are an instrument by which the vision of sustainable development can be converted into concrete and practicable steps being determined and used for binding agreements. They are a reaction to the call for a socially and ecologically compatible form of globalization. The International Organization for Standardization (ISO) developed a series of standards, called the ISO 14000 as an international standard series for promoting environmental protection and sustainable development. Since the introduction of the environmental management system (EMS) – ISO 14001 in September 1996, it has attracted enormous attention from organizations in various industries. As mentioned in ‘The ISO Survey -2005’ (ISO, 2006, p. 9), the ISO 14001 has more than 110,000 members all over the world and is one of the most widely accepted environmental standards (Zhang et al., 2000, p. 139; Sebhatu and Enquist, 2007, p. 468).

3.2.5.1. The ISO 14000 Family

Generally, the ISO 14000 standards deal with incorporating environmental aspects into industrial operations and product principles, addressing aspects such as ‘Environmental Management Systems’ (EMS), ‘Environmental Auditing and Related Investigations’ (EA&RI), ‘Environmental Labels and Declarations’ (EL), ‘Environmental Performance Evaluation’ (EPE), ‘Life Cycle Assessment’ (LCA) and ‘Terms and Definitions’ (T&D). Totally, there are about 21 standards and guidance documents in the ISO 14000 in order to cover the issues mentioned above. Table 3 illustrates these standards. The basis for the ISO 14000 standards is the ‘Environmental Management Systems’ (EMS), aiming to assist organizations on a voluntary basis to improve their environmental performance through a consistent allocation of resources, assignment of responsibilities and on constant evaluation of practice, procedures and process. As being the only standard designed for purposes of audit and certification in the ISO 14000 family, ISO 14001 is the specification document that is expected to stimulate and initiate a substantial change in environmental approaches and is also
a practical extension to the current ISO 9000 standards on quality systems that delineates the basic elements and functions of an effective EMS. It includes establishing an environmental policy, determining environmental aspects and impacts of products and activities, planning environmental and measurable aims and objectives, implementing and operating programs to meet aims and objectives, checking and corrective action as well as management review (Zhang et al., 2000, pp. 139-140).

3.2.5.2. ISO 14000 and Sustainable Development

Sustainable development is the simultaneous improvement of the economy, the environment and the well-being of the public. In a business context, sustainable development is defined as adopting business strategies and activities that meet the needs of the company and its stakeholders while protecting, sustaining and enhancing the human and natural resources needed in the future. The dependence on the company’s economic activities on human and natural resources is highlighted and stresses that economic activity must not irreparably harm these natural and human resources. However, sustainable development, as mentioned before, cannot be achieved by a single business. So, ISO 14000 has been developed in order to contribute to sustainable development and assist companies by attempting to bring environmental issues into the mainstream of the corporate decision making process (Zhang et al., 2000, pp. 141-142). In order to stimulate better environmental management practices by businesses, ISO 14000 standards stand for a shift towards integrating sustainable development principles into business practices. ISO 14001 promotes self-organizing and self-regulating, representing the basis for continuous improvement of environmental performance. It also tries to foster an alternative and more effective environmental ethic to product and process design, material selection and transportation logistics throughout a product’s life cycle, which may reduce its impact on the environment. The protection of non-renewable natural resources and the development of reverse distribution systems, reclaiming recyclable parts at the end of a product’s life cycle, are encouraged by the ISO 14001 EMS (Zhang et al., 2000, p. 142). So, ISO 14001 offers a framework for designing environmentally friendly products and processes for companies and offers an integrated approach for improving regulatory compliance and supporting environmental protection. Competitive advantages can be gained through better environmental performance, such as in the field of waste minimization and pollution prevention. The ISO 14000 family standards may thus, considerably improve the
environmental performance of business activities as well as the consistency of these activities with principles of sustainable development (Zhang et al., 2000, pp. 142-143). It is interesting to see whether companies only aim at fulfilling standards or go a step ahead in the future as will be elaborated later on in the empirical findings.

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<tr>
<th>Document No.</th>
<th>Title</th>
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<tr>
<td>ISO 14010</td>
<td>Guidelines for Environmental Auditing – General Principles for on Environmental Auditing</td>
<td>1996</td>
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<tr>
<td>ISO/WD 14015</td>
<td>Environmental Aspects of Sites and Entities</td>
<td>1998</td>
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<tr>
<td>ISO 14020</td>
<td>Environmental Labels and Declarations – General Principles</td>
<td>1998</td>
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<td>ISO/DIS 14031</td>
<td>Environmental Performance Evaluation</td>
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<td>ISO TR 14032</td>
<td>Environmental Performance Evaluation – Case Studies illustrating the use of ISO 14031</td>
<td>1999</td>
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<td>ISO 14040</td>
<td>Life Cycle Assessment</td>
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<td>ISO 14041</td>
<td>Life Cycle Assessment – Life Cycle Inventory Analysis</td>
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<td>ISO/CD 14042</td>
<td>Life Cycle Assessment – Impact Assessment</td>
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<td>ISO/DIS 14043</td>
<td>Life Cycle Assessment – Interpretation</td>
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<td>ISO/TR 14048</td>
<td>Life Cycle Assessment – Life Cycle Assessment Data Documentation Format</td>
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<td>ISO/TR 14049</td>
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<td>ISO 14050</td>
<td>Environmental Management – Vocabulary</td>
<td>1998</td>
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<tr>
<td>ISO/TR 14061</td>
<td>Information to Assist Forestry Organizations in the Use of ISO 14001 and ISO 14004 Environmental Management Systems Standards</td>
<td>1999</td>
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Table 3: The ISO family standards and guidance documents (Zhang et al., 2000, p. 141)

3.2.5.3. ISO 14001 for Sustainable Development and Value Creation

ISO 14001 is becoming one of the most widely accepted global environmental standards in business as it provides a basic political condition for companies to make progress towards environmental sustainability. Sebhatu and Enquist (2007) critically discuss whether ISO 14001 can be used as a driving force for sustainable development and value creation.
processes beyond environmentalism or if this is only a concept of ‘greenwashing’ (Sebhatu and Enquist, 2007, p. 469). The ISO 14000 EMS provides standards against which companies can be assessed concerning the environmental effects of their processes, their compliance with applicable laws and regulations and their constant improvements in these respects. If executed and implemented well, it will offer a company the capability to measure and observe the environmental aspects of its operations along with profitability and competitive products. Since its introduction in 1994, academic studies represent competitive advantages, stakeholder involvement and how the ISO 14001 might be integrated with quality-management standards. So, the increased degree of public interest in environmental concerns in the wider society will likely lead to stakeholders steadily perceiving the implementation of the ISO 14000 standards as a must-be business practice in order to improve a company’s image. ISO 14001 is merely used to improve an organization’s environmental performance without harming business performance (Sebhatu and Enquist, 2007, pp. 469-472). So, companies need to go beyond the laws and regulations of the standards in order to be competitive and benefit from advantages, such as improved image, as these standards represent more often must-be practices. As mentioned in Sebhatu and Enquist (2007, p. 471), the perception of improving the corporate image among stakeholders might cause the “desire to become ISO 14001- certified merely for the sake of appearances […]”. This might endanger to erode the value of the standard in enhancing EMSs. On the contrary, certification in agreement with ISO 14001 might bring considerable operational, managerial and competitive advantages to companies adopting the standard as it is more committed to stakeholder satisfaction and improving relationships with stakeholders on the basis of sustainable development, value creation and quality (Sebhatu and Enquist, 2007, pp. 469-472).
3.3. Reflections on the Literature Review

Reflecting upon the entire literature review, it can be stated that all the important theoretical aspects, necessary for the research paper have been elaborated. The literature review has addressed the two central themes and has discussed them and their respective sub-chapters thoroughly in accordance to the overall topic of the thesis. The literature is based upon articles and books to cover the relevant aspects of both parts and highlights views of different authors to provide an overall picture of the concepts and opinions, necessary to give in-depth answers to the research questions. CRM is important to create customer satisfaction, trust and confidence, leading to loyalty and value for the customers. Green marketing is important to market products and brands, due to environmental concern and builds the basis for analyzing the questions of research properly.

I have made use of the theories as tools for illustrating, formulating and discussing the research questions, but also for developing a basis for the research of the paper. The work integrates findings and ideas from different research fields. In order to formulate the research objective, I have used theories and ideas from CRM and the emerging green marketing literature. A more general view about CRM has been elaborated, emphasizing on the importance of loyalty, trust and confidence. As can be seen from chapter 3.2., competitive advantage can be achieved through environmentally motivated innovation, such as eco-labeling. Responding to the environmental concerns of customers allows the creation of win-win strategies with green marketing that have positive impact on the company as well as the planet. I have chosen to use both theories and the ideas from the research fields as both, CRM and green marketing address the issue of a possible gap between what is communicated externally and what is actually done in practice. The consumer is in the focus and satisfaction needs to be obtained in order to profit from loyal customers having confidence in a company and its products.

In my opinion, the two research subjects seem to deal with the relationship of externally directed marketing, namely CRM, and more internally focused management, meaning incorporating green marketing objectives. Therefore, I found it plausible to apply the ideas from these two research fields and combine them.
4. **Empirical Findings**

4.1. **Introduction to the Empirical Findings**

The empirical part deals with the interviews conducted with various company experts and a member of the municipality in Gävle, Sweden. Information about the companies’ dealings with green marketing issues will be displayed by using mainly secondary sources, such as the companies’ homepages, official reports and data available on the Internet. This information includes findings concerning the questions in research and they will be supported by the experts’ interviews. The findings of the interviews with the business experts will show their view of green marketing issues and eco-labeling as experienced in companies while the member of the municipality will provide a non-business view of the topic in research.

The first expert interview was carried out with the sales manager Nils-Erik Haglöw from Konsum Gävleborg, Sweden. The interview was conducted in English language and, due to time limitation and the fact that the interviewee was very busy, the questionnaire has been answered by himself alone and sent back on the 22nd of April 2008 via e-mail. The questionnaire was based on 13 predefined questions (see Appendix 1). As not all questions have been answered the first time, I made futile efforts to contact him a second time to make comments on further aspects. The second interview was held personally with the customer service manager Katrin Bejmar at IKEA Gävle in Sweden. The interview was also conducted in English language on the 30th of April 2008 at the IKEA store in Gävle. The interview lasted about 45 minutes and used the same questionnaire with 13 predefined questions as well as a further discussion on IKEA’s efforts to deal with customer relationships. Although an interview with an expert from Nestlé Frankfurt, Germany could not be obtained as intended, information from the company’s homepage and external reports, in anticipation of the planned interview, offered a possibility to gain insights into the business activities, dealing with sustainability. These findings are presented in the following. Finally, the non-business interview was carried out with the project manager for sustainable transportation, Ingegerd Krantz, from the municipality of Gävle in Sweden. Her field of responsibility comprises sustainable transportation in the area of mobility management. Now, she is working on different kinds of attitudes and influence processes at the technical office at the municipality of Gävle and has earlier worked on projects for ‘clean Gävle’, a program bringing citizens and the municipality together on the topic of recycling and waste management. The seven interview questions (see Appendix 2) were sent out by e-mail in English language and sent
back on the 25th of April 2008 in Swedish language, as it was easier for her to express herself in native language. The answers then have been translated in English. They cover her opinion about eco-labeling and how eco labels might be regarded by consumers from a non-business point of view and the experience and knowledge as an individual and a public service person working in a municipality.

Insights into green marketing issues and thinking of companies will be given and compared to and complemented by secondary data sources, like company brochures, published operating figures of 2007 and external reports. The interview with Ingegerd Krantz rounds off the picture by using her insights as a city official from a perspective of authority and institutional use of eco-labeling.

4.2. Presentation of Konsum Gävleborg

Konsum Gävleborg is one of the 54 members of the Swedish Co-operative Union (KF). In 2006, Konsum Gävleborg was on the ninth place of consumer co-operative societies with 99,139 members and 32 units (KF, Annual Report 2006, p. 20). Now, it has more than 100,000 members. Konsum Gävleborg is an independent cooperative consumer association acting for its members’ and consumers’ interests. It deals at retail in Gästrikland, Hälsingland and North Uppland and employs approximately 900 employees in 16 Coop Konsum stores, 4 Coop Nära, 4 Coop Extra, 3 Prix stores, 1 Coop Forum and 1 cosmetic store. The mission is to effectively cooperate in order to make it possible for members to contribute in their consumption towards society, characterized by economic development, ecological sustainability, mutual reliance and cooperation (Konsum Gävleborg Homepage). One way to do this is promoting organic agriculture, an involvement lasting for more than 20 years and continued to grow steadily. Coop Sweden makes use of the ‘KRAV label’, a well-known national seal for its organic products as well as of its own brand ‘Änglamark’. It already has a strong position in the market as, for instance in 2007, the consumer cooperative movement accounted for 44 percent of the sales of organic products in Sweden (KF, Annual Report 2007, p. 18). This eco label is based on distinct values and is the leading brand for organic products in Sweden. Other eco labels, like the ‘Nordic Swan’ or the ‘fairtrade label’ are used on products and promoted by Coop, and thus also by Konsum Gävleborg (FAO Homepage). One of the key values is the concern for people, animals and the environment and to work to bring sustainable development. Further, customers should feel secure when buying products
and being confident that the given information about the products and the company is relevant to the choice they make (KF, 2001, The Compass – Values and Standpoints for KF and the Cooperative Societies, p. 2).

4.2.1. Interview

“Today, we are positioned as the supermarket chain in Sweden having the largest and widest range of ecological products”, says Nils-Erik Haglöw from Konsum Gävleborg. Since the introduction of the own brand Änglamark in the 1990s, the company showed the way and now, Konsum offers about 1,400 articles of ecological products. Änglamark is a private eco label that is organic, environmentally friendly and non-allergic. Änglamark’s prerequisite is to meet the standards of ‘KRAV’ (Tjärnemo, 2001, p.63). As the media focuses a lot on climate changes, environmental issues as well as additives in food, animal husbandry and fertilizing, consumers have become more aware and concerned about what they buy and how they can contribute to a better environment, by choosing, for example, eco-labeled products (Interview, 2008-04-22).

The products are promoted to almost everyone, so that there is no limitation of how many eco-labeled products Konsum will have in its range in the future. Consumers’ demands are responsible for the amount of eco articles in the stores (Interview, 2008-04-22). Anyway, the interviewee failed to mention that Coop Sweden and thus, the local Konsum, has been losing market share due to extensive changes in the Swedish market as a consequence of price competition and the rapid rate of new store openings. An ongoing reorganization should fit with the requirements to create economic benefits while at the same time enable members to contribute to sustainable development through their purchasing and consumption. An improvement from a loss of EUR -21.6 million to a loss of EUR -0.6 million could be achieved by Coop Sweden (KF, Annual Report 2007, p. 14, 30). The success of eco labels is at a great extent attributed to the collaboration among retailers and environmental and organic movements. Therefore, demands from consumers forced to develop policies. Foremost, collective retailer initiatives with marketing strategies directed to the average consumer and enabled to capture high market shares with many consumers buying few eco products. Strong

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campaigns and the current discussion on environmental change have achieved permanent consumption changes among many consumers (FAO Homepage).

Coop Sweden has an environmental policy, including a policy for ethical business, equality, as well as for health and product safety (Coop Homepage). It works for the environment and climate change by helping customers to select those products being better for the environment through offering the biggest range of ecological products. By doing so, Coop, for instance, participates in the EU objective to minimize greenhouse-gas emission for at least 30 percent until 2020 compared to emission in 1990. Another goal to be achieved is to reduce energy consumption in the entire company and all stores and shops in searching for new technologies. Coop Sweden, for instance, launched a project, called ‘Energy Hunt’ (Engergijakten) including the recuction of energy consumption. In 2007, it achieved a reduction in electricity at Coop Sweden’s head office by about 15 percent (KF, Annual Report 2007, p. 20). Further, emission should be reduced by using alternative fuels in trucks for the delivery of the products (Coop Homepage).

Local projects and cooperation with farmers and producers exist in the area of Gävleborg and those products are marketed every week to the public, according to Haglöw. As the sales of eco-labeled products are constantly growing, especially the locally produced products from Gävleborg, it has to be mentioned that Konsum Gävleborg owns also a local company dealing with local ecological products. This company is called ‘Bonde Nära’, meaning local farmer. Furthermore, Konsum Gävleborg has projects with the independent ‘Federation of Swedish Farmers’ (LRF) (Interview, 2008-04-22). The Federation is Sweden’s only interest and business organization that represents those who own or work on farms and forest land. LRF seeks to create the appropriate conditions for sustainable and competitive companies and to develop a good base for social life and companies in rural areas (LRF Homepage). In addition, Konsum Gävleborg has a sponsorship with ‘Hushållningssällskapet’, the ‘Swedish Rural Economy and Agricultural Societies’, which is an independent members’ organization dedicated to enhance “[…] an enterprising spirit in rural areas and promoting a healthy environment in the country as well as in the cities”. It is the first rural organization in Sweden, with more than 65,000 members, involving in most issues relating to rural development. It initiated, for example, the first agricultural cooperatives in the country. The members represent an important source for the society, providing vital feedback and information. The ‘Swedish Rural Economy and Agricultural Societies’ is fully independent from all
commercial, religious and political agreements and deals with areas of knowledge such as environment, food, agriculture and rural development (Hushållningssällskapet, The Swedish Rural Economy and Agricultural Society Homepage).

Green marketing activities comprise the promotion of Coop’s eco-labeled products in a countrywide campaign. Booklets, advertisings and TV commercials contain exclusively eco-labeled products in a specific period of time four times a year (Interview, 2008-04-22). Consumers should be capable of knowing and differentiating between many types of certifications and brands offered by Coop Sweden. In order to help facilitating this understanding, producers and retailers need to communicate information about social and environmental issues more effectively. Further, certification programs need to support and collaborate with retailers and their initiatives to avoid consumer confusion (FAO Homepage). According to the interviewee, it is the company’s responsibility to provide information and facts through store employees and brochures in the stores. In addition, local farmers are often present at the shops to answer questions and inform about products. This makes consumers feel safe, when they know where and by whom the product was made, especially with locally produced products, said Haglöw. Another green marketing activity deals with the efficient delivery of the products. A terminal gathers all local products and delivers them to the stores in order to certify an efficient and cheap logistic, considering also the environment. So the amount of trucks, delivering the products is reduced (Interview, 2008-04-22).

The interviewee’s perception is that it is important to inform customers about eco-labeled products. He does not think that environmentally friendly produced products will worsen the environment, although consumers might purchase as they think they have done something good by buying eco-labeled products. All Swedish retailers changed to green profiles and improved green marketing activities as they all communicate information about environmental and social issues and certification initiatives. Konsum Gävleborg, so Haglöw’s opinion, contributes to a better environment with its activities, considering open landscapes, more jobs and eco-friendly fitting in the stores (Interview, 2008-04-22).
4.3. Presentation of IKEA

Today, IKEA operates more than 231 stores in almost 24 countries in the world (IKEA Homepage). 17 of them are located in Sweden. IKEA Gävle was opened in 1981 and is with 12,500m² the smallest store in Sweden. IKEA is a multinational company and offers a wide range of well-designed, functional home furnishing products at reasonable prices everyone can afford. This is the idea at the heart of everything IKEA does, from product development and purchases to how it sells products in IKEA stores globally. At the IKEA Group, taking responsibility for people and the environment is a condition for doing good business, so that IKEA works actively to reduce the impact on climate change. The products must be produced under acceptable working conditions by suppliers taking responsibility for the environment (IKEA Homepage). IKEA sees “no conflict between being the good company and doing good business”. The mission for low prices means to minimize the use of resources and stimulates to steadily seek ways to do things more simply and efficiently. Thus, IKEA involves actively in long-term social and environmental work practices (IKEA Homepage; IKEA, 2007, Facts and Figures 2007 IKEA Group, pp. 10-11).

4.3.1. Interview

IKEA’s vision is “to create a better everyday life for the many people”, so that IKEA works hard on social and environmental responsibility and refers not only to customers, but also to co-workers and people working for suppliers that produce IKEA products or provide services. The cornerstone of the IKEA vision and business idea are low prices, but not at any price, meaning low “prices must never be at the expenses of people or the environment”. Taking responsibility for people and the environment is a condition for doing good business. IKEA managers’ task is to integrate social and environmental responsibility in day-to-day business. In order to support business, specialists cover a wide range of areas, like chemical experts, foresters, IWAY (minimum requirements for environment, social and working conditions and wooden merchandise) auditors and energy experts. In all IKEA stores and distribution centers, environmental coordinators work in the areas of training, waste management and energy conservation (IKEA, 2006, Social and Environmental Responsibility Report 2006, pp. 5-6).

IKEA has a sustainability direction and thus, an environmental policy exists, which is organized in a special department, incorporating the company’s social and environmental
strategy. Katrin Bejmar, the interviewee from IKEA Gävle, is one of those persons responsible for environmental policy at IKEA. Every store has at least one person responsible in that field, but she calls herself a speaker put in the driver’s seat, as every employee in the IKEA house is taught, involved and responsible and is tested from time to time in all relevant issues IKEA is involved in. So, every employee should have an answer or at least have an idea who to contact and should feel more responsible for IKEA products and actions to answer not only customer questions. Before starting to work at IKEA, every employee needs to read a folder about social and environmental responsibility at IKEA and it is a task for everyone to continuously improve his or her knowledge (Interview, 2008-04-30; IKEA, 2004, Miljö och socialt ansvar). According to Bejmar these educational programs are standard at IKEA, but to see how it works in practice, further interviews would have been needed to ask IKEA employees. So, the practical application cannot be evaluated as it is just known that those educational programs were applied at IKEA.

As IKEA is a production-oriented retailing company, long-term relationships with suppliers that share the commitment to promote good practices and grow as well as to develop together with IKEA is pursued. The company contributes to better manufacturing and working conditions for suppliers and their workers by being on site and conducting responsible business. So, IKEA introduced a ‘code of conduct’ (IWAY). It is the IKEA code of conduct for suppliers of home furnishing products, introduced in 2000, and covers different areas of business to be adapted to the respective needs in purchasing home furnishing products, purchasing food products, purchasing catalogue and purchasing transport and distribution. Suppliers and service providers have to follow the relevant code, which specifies the minimum requirements IKEA arranges. Those deal with social and working conditions, such as providing a healthy and safe working environment, refusing child labor and paying a minimum wage. Further, environment and forestry conditions have to be kept, such as the reduction of waste and emission to air, ground and water, the contribution to recycling and reuse of materials and used products as well as the usage of wood from known areas and, if possible from sources that are well managed and preferably independently certified as such. Suppliers are also responsible for communicating the content of the IKEA code of conduct to co-workers and subcontractors in order to ensure that all measures are implemented (IKEA, 2006, Social and Environmental Responsibility Report 2006, pp. 6, 21). This is also what the interviewee responded to the question, whether IKEA has ecological, or eco-labeled products.
Obviously not, but IKEA uses ecological and environmentally friendly products when producing the furniture, meaning producing with less environmentally harmful materials. Therefore, the company looks behind its suppliers and production processes. IKEA supports responsible forestry and does not accept solid wood, veneer, plywood or layer-glued wood from intact natural forests or from forests with clearly defined high conservation value. As wood is the most important material in many of IKEA’s products, the long-term goal for IKEA is to source all wood from forests certified as responsible managed (IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 21). For example, IKEA observes and controls how forests are managed. In this respect, the interviewee mentioned also a department at IKEA responsible for and dealing with environmental conservation looking for ways to make use of all materials and also production waste (Interview, 2008-04-30). This might save money and the environment by using all materials as a part of IKEA’s business strategy and includes keeping costs low while trying to use resources wisely when designing the products (IKEA Homepage). She said that also perches from trees were used to produce special furniture or plywood is pressed together and used. Also, child labor is forbidden when working with IKEA, and so IKEA takes responsibility in taking care for children (Interview, 2008-04-30).

IKEA is involved in several projects and cooperation with other companies, trade unions, NGOs and organizations in order to develop and reinforce the impact of the company’s work in social and environmental fields. From a social perspective, IKEA has partnerships with ‘UNICEF’ and ‘Save the Children’. From an environmental perspective, IKEA has a partnership with the ‘World Wide Fund for Nature’ (WWF), the global conservation organization (IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 6). The IKEA forest project is one example the interviewee mentioned. IKEA actively participates in projects that support the development of responsible managed forests in the major wood sourcing countries in partnering with non-profit organizations. These projects focus on forest management, policy research and education. ‘Sow a Seed’ is, for instance, a project where more than 7,000 hectares of tropical rainforest has been replanted by an IKEA initiated project (Interview, 2008-04-30; IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 33). So, IKEA’s responsibility, as a big user of wood, is to find solutions and work together with supplier companies and organizations. According to the interviewee, as long as IKEA and any other organization have the same policy or philosophy of social and
environmental responsibility, a cooperation or project work is not impossible. If IKEA or any other organization in the past has refused cooperation could not be answered during the interview (Interview, 2008-04-30).

*Green marketing activities* of IKEA include product modification, changes to the production process and packaging changes. IKEA’s aim is to use materials, surface treatments and production techniques with the lowest possible emissions and its products shall be free from substances that are, or potentially could be, harmful to health and environment (IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 11). IKEA’s philosophy is to make use of the smallest amount of resources to make the best possible products. Therefore, it tries to find solutions minimizing material use without negatively affecting product functionality or appearance. In order to reduce the amount of waste in the manufacturing process, waste from this process should be used in the production of other items. Recycling is also an important issue at IKEA, so that the company implemented in 2006 the EU directive in ‘Waste Electrical and Electronic Equipment’ (WEEE). This means that IKEA stores accept and recycle electrical and electronic equipment, such as refrigerators (IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 13). Another initiative mentioned by the interviewee was that every IKEA store had to change its light bulbs in order to lower energy consumption. IKEA has to show its products, but to show them as efficient as possible, low energy bulbs, called compact fluorescent lamps (CFLs), were used. Thus, the main goal is to be efficient and not only cheapest by using them in the stores and show customers how energy-efficient these bulbs are. The IKEA catalogue was mentioned as another example to ensure that the production respects environmental conditions. The catalogue size has been cut in order to reduce the emission of fossil carbon dioxide per average catalogue. As the catalogue is printed 175 million times and distributed to 100 million households in 30 countries, it is necessary to make the production more efficient, cheaper and energy-saving (Interview, 2008-04-30; IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 18). Some might argue, not sending it out would better save energy and money, but when people can sit at home to decide what to buy, the need to drive several times to the stores is limited. According to Bejmar, this is also a way of thinking for not harming the environment, because IKEA is selling its products anyway. IKEA works also to promote sustainable transport and packaging. An example here was given with the product ‘Klippan-sofa’. In the beginning only two sofas have been transported in a package, but now, as customers have to
fix the armrests by themselves, four of the sofas can be delivered on a pallet. IKEA does “not like to ship air”, so, space-saving packaging means more products can be delivered at once, reducing the number of trips needed to transport, thus reducing carbon dioxide emission and the products get cheaper. Smart packaging is an effective way to reduce the environmental impact of transport, reducing both, emissions and transport costs (Interview, 2008-04-30). IKEA works hard on achieving certain goals for a sustainable environment. In the ‘IKEA Social and Environmental Responsibility Report 2006’ one goal, for example, is that by fiscal year 2009, IKEA home furnishing products shall comprise 75 percent renewable material and include as much recyclable material as possible. To compare, in FY 2006, the amount of renewable materials in products was 70 percent. Waste recycled, reclaimed or used in energy production in stores and distribution centers should be increased by FY 2009 up to 90 percent (in FY 06: in stores: 80 percent, in distribution centers: 86 percent). Recovered and reused products in IKEA stores shall increase from FY 2006, from 64 percent up to 75 percent in FY 2009 (IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 11). IKEA also has other goals to be fulfilled by the end of FY 2009, namely that all suppliers for solid wood, veneer, plywood and layer glued wood need to meet minimum requirements. These include that the wood must be produced in accordance with national and regional forest legislation and other applicable laws that the wood must not originate from protected areas and from plantations in the tropical and subtropical regions established after November 1994 by replacing intact natural forests. Simultaneously, IKEA aims at having 30 percent of wood for products coming from forests certified as responsibly managed. This means that forest management and chain of custody standards must be produced in a balanced cooperation between social, environmental and economic stakeholders and verified by an independent third-party, such as the ‘Forest Stewardship Council’ (IKEA, 2006, Social and Environmental Responsibility Report 2006, pp. 30-31). Another goal to be achieved is that minimum environmental requirements by transport suppliers fulfill 100 percent by FY 2009, as it was in FY 2006 at 93 percent on the road and 86 percent on rail (IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 36). IKEA has no short-term view, said Bejmar. Everything that is done is implemented for long-term, as IKEA knows that change is not able with only one ‘click’. But IKEA can build something from the ground that is continuing and does not see an end in its doings. IKEA has to reach its goals, like they should have renewable energy that is generated by energy sources other than fossil fuel in 100
percent in every store or using sun energy on the roof of every IKEA store. And when the goals are achieved, said Bejmar, new goals are set, according to improvements, changes and adaptation. IKEA first needs to reach the 100 percent and then will go a step ahead and set new goals (Interview, 2008-04-30).

IKEA’s customers shall feel confident when purchasing an IKEA product, meaning being safe and associated with a company that is truly committed to social and environmental efforts (IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 7). So, IKEA has realized to inform about and involve its customers in products and activities, because the customers need to know the products and things they should trust in. As explained by the interviewee, IKEA likes its customers to be aware and research to see what is good for them, who do not just purchase products because it is cheap and looks good. Customers need to know what they buy. So, IKEA informs about its eco-issues and regards it as its task as IKEA wants to sell products and wants to inform their customers about what it sells. IKEA sees itself responsible not only for green consumers, but for all in order to achieve responsibility and provide them with the possibility to choose. That is also the reason why IKEA gave away free low energy bulbs in every household in Sweden last spring. IKEA wanted to make people aware of their possibility to save energy and costs for energy. IKEA is not legally committed to inform about environmental saving possibilities, but sees it as its task, because IKEA wants to. “If we can, every time we will and want to tell about these issues, concerning environmentally friendly products and methods to achieve efficiency in not harming the environment more than necessary”. IKEA wants customers to have trust in products. So, the company conducted a recall for the product ‘Billy-bokhylla’ in the 1990s, as IKEA was blamed by companies comparing products about too much of glue in the product, being dangerous for people who inhale it. Although various tests proved that it was not hazardous, IKEA conducted a recall in order make the customer feel safe and confident with their products. Everyone who felt not safe with ‘Billy-bokhylla’ could remove the product, regardless how old it was, because IKEA faced the problem of losing consumers who would lose confidence in IKEA products, although there was actually no problem. But even if someone thinks there might be problem, there is one. So, IKEA reacted, sells the product anyway and now informs about what is in the product to make consumers confident with the products. This shows that IKEA takes care and informs about environmental issues and initiatives (Interview, 2008-04-30).
The interviewee’s perception is that customers feel more confident when buying eco-labeled products as long as there is a certain interest and importance for the consumer. If they feel confident, secure and somehow adjunctive with a company, the customers would probably buy more. In her view, if consumers are really interested and deep in the topic of green marketing and eco-labeled products, they would feel more secure when they know that more companies decide to offer green products and not even worried or confused as the variety increases. Personally, she thinks that security occurs in consumers when they recognize what IKEA communicates and would probably follow the stream of green consumption habits. It depends on the personal involvement, but at least consumers are aware although they might not be concerned. People might spend more for green products, but will not buy more than to supply their need. If some people would buy more as they think they do not harm the environment with green products, they would have done it anyway. In consideration of IKEA’s competitors, the interviewee believes that a company cannot get away without involving in green activities, as the problem is a problem of everyone. If companies are not environmentally engaged, they might risk to loose customers. Bejmar likes the idea that IKEA’s competitors make use of green marketing, as there is possibility to contribute to a better environment together. People need to compare products, as well as green products and this is good in her opinion. For a long time IKEA is engaged in environmental sustainability workings and will be in the future, so that IKEA does not worry about what will happen when all its competitors use green marketing. It even pushes to tell harder what IKEA is doing (Interview, 2008-04-30).

Finally, Katrin Bejmar explained that lifetime customer relationships are important for IKEA. Customers should feel comfortable from their first contact with IKEA to come back. She also believes that loyalty, trust and confidence are the same important in customer relationship management as in green marketing, as customers decide how a company should react on customer needs and wants that need to be fulfilled. This could involve having always the cheapest product or the want to obtain the greenest product at IKEA. The customer is absolutely focused at IKEA.
4.4. Presentation of Nestlé

Nestlé is the world’s leading nutrition, health and wellness company with headquarters in Switzerland and has 480 factories all over the world, employing more than 276,000 people. The range of brands is extensive ranging from coffee, milk, infant and adult nutrition, ice-cream to soups, pasta, chocolate, bottled waters and petfoods. In 2007, Nestlé’s sales amounted up to EUR 65.9 billion with a net profit of EUR 6.5 billion\(^2\). The company’s strategy is guided by several fundamental principles. As long-term potential prevails over short-term performance, Nestlé’s priority is to bring the best and most relevant products to people “wherever they are, whatever their needs, throughout their lives”. Nestlé demonstrates through its business in different countries a deep understanding of the local nature, nutrition, health and wellness and products are tailored to suit local tastes and habits (Nestlé Homepage). In order to create value for shareholders and the company itself, Nestlé realized the need to create value for the people in the present countries, including the farmers, employees, consumers and communities in which it operates (Nestlé Homepage).

4.4.1. Creating Shared Value at Nestlé – An Overview

As mentioned previously, this part is included in the empirical findings as well as in the analysis chapter because it was intended to conduct an interview with a company expert from Nestlé Germany. So, this part is kept as it represents a well researched reference for the analysis.

As Nestlé states on its homepage, the company is committed to being a leader in environmental performance. In 1991, Nestlé published its first policy on the environment and ensured to preserve natural resources and minimizing waste as an integral part of daily activities in the company, operating worldwide. As the environmental performance indicators illustrate on Nestlé’s homepage, improvement is continuing. It shows Nestlé’s aim to reduce the amount of water used per kilo of produced food and beverage in order to ensure that the water discharged is clean and managed responsibly within the environment. Further, the company aims to promote and share water conservation methods with farmers and the local community. Besides, Nestlé’s purpose is also to improve the environmental performance of

its products along their life cycle, including sourcing sustainable raw materials, reducing energy consumption and minimizing air emissions by changing to different fuel types. Therefore, about EUR 24.5 million are invested in order to reduce air emissions (Nestlé Homepage).

Nestlé has cooperation with Schenker, an international logistics company, to evaluate the effect of different transport-types, distances driven and fuel types used. Internal research and development at Nestlé enabled the company to have noteworthy advances in the environmental impact of refrigerants and packaging. Between 1991 and 2006, a reduction of 315,000 tons of packaging material could be achieved. In addition, significant reductions in the quantity of by-products produced could be reached, also by focusing on recycling, so that Nestlé could increase its waste eco-efficiency. In 1996, Nestlé launched the ‘Nestlé Environmental Management System’, which has served as a solid source for continuously improving the company’s environmental performance (Nestlé Homepage; Nestlé, 2008, Nestlé – Creating Shared Value Report, p. 17). Moreover, Nestlé is one of the first food companies joining the ‘Global Reporting Initiative Program’ in order to develop global reporting standards and indicators on sustainability in the food industry (Nestlé Homepage).

Additionally, Nestlé reinforced its leadership position by looking for independent certification of all its factories to internationally recognized standards. Therefore, continued development of Nestlé’s environmental management focuses on maintaining improvements in the environmental performance, encouraging its business partners to apply environmental management systems which are based on the ISO 14001 international standard, and communicating reliable environmental information to consumers in a meaningful and honest manner (Nestlé Homepage). This provides a common language and enables compliance to be demonstrated easily to Nestlé’s stakeholders. About 18 percent of the factories are certified to ISO 14001 standards and the company’s aim is to certify 100 percent of its factories by 2010 (Nestlé, 2008, Nestlé – Creating Shared Value Report, p. 16).

Therefore, Nestlé pursues certain goals. It reduced its greenhouse-gas emissions since 2003 by 17.3 percent and is committed to continue this improvement in the future. Further, energy usage has been reduced by 3 percent from 1998 to 2007, while increasing the production volume by 76 percent. Similarly, Nestlé reduced the water withdrawal by 28 percent. The goal here is to achieve annual energy-savings of 1 to 2 percent per ton of product and to reduce
annual water consumption per ton of product by 2 to 3 percent over the next five years (Nestlé, 2008, Nestlé – Creating Shared Value Report, pp. 12-15).

Summarizing one can say that Nestlé’s aim is to *create sustainable value* for its shareholders. Therefore, it works on agriculture and rural development, on environment and manufacturing people as well as on products and consumers. Nestlé provides expertise and support for farmers and ongoing research and development (R&D) and expertise for suppliers, invests in local manufacturing plants, builds brands through responsible marketing and increases the volumes and value of sales. This enables Nestlé to create sustainable value for both, the company and the society. For instance, value for Nestlé means securing supplies of high-quality raw materials, improving community relationships and product quality, lowering manufacturing and distribution costs, entering new and emerging markets and achieving competitive shareholder return. Value for the society includes improving yields and increasing income for farmers, reducing consumption of natural resources for the rural development, creating jobs in local communities for people, widening access to nutritional products consumers prefer and generating local investment and economic growth (Nestlé, 2008, Nestlé – Creating Shared Value Report, p. 7).

Concerning Nestlé’s *marketing and communication*, the company is very conscious of the role in communicating responsibility to consumers. So, clear and user-friendly labeling and supporting materials as well as responsible communication are used in order to help consumers in making well-informed food choices (Nestlé, 2008, Nestlé – Creating Shared Value Report, p. 46).
4.5. Mobility Management at the Municipality of Gävle

As Ingegerd Krantz, the interviewee from the municipality of Gävle, works in the area of mobility management, this field of responsibility will be explained prior to describing the findings of the interview.

*Mobility management* is a concept to promote sustainable transport and manage the demand for car use by changing travelers’ attitudes and behavior (European Platform on Mobility Management Homepage). Mobility management, as defined from the interviewee referring to the EU project momentum, is a demand oriented way to influence persons’ and materials’ transports by encouraging the usage of environmentally sustainable methods of transportation, by improving sustainable access to all people and organizations, by increasing the effectiveness of transports and use of real estate as well as by reducing the traffic by limiting the number, length and need for motorized travel. One of the most important thoughts of this project is cooperation, because when sustainable behavioral change is to be achieved, the involvement of many different actors is necessary. Even organizations, public transports, the road ministry and companies need to be involved as well as the requirement for cooperation across traditional professional boundaries. A successful mobility management project has to have at least three types of competence, such as traffic, environment and information that have to interact. Thus, mobility management is not a universal measure to replace or rule technical solutions, as it represents more of a complement and way to encourage new and existing technical solutions to give greater effect. Simply, mobility management is a way of eliminating the need for new infrastructure. If it does so, it is more a bonus and not a rule, said Krantz. Mobility management can be seen as the software of knowledge, attitudes and behavioral influence, making sure that people get a better utilization of the hardware, meaning the physical measures. Roughly speaking, said Krantz, a difference between traditional traffic planning and mobility management is that the first deals with making sure demand from mobility without questioning it, whereas mobility management tries to influence demand from transportation (Interview, 2008-04-25).

Ingegerd Krantz is currently involved in a new concept of the municipality, dealing with sustainable every day life in Gävle. It works on processes for economic, ecological and social sustainability. Cooperation, participation and the feeling that citizens can influence daily life in Gävle are main factors in this concept (Interview, 2008-04-25).
4.5.1. Interview

Responding to question one and two of the questionnaire, dealing with sincerity of eco labels and probable criticism about them as many companies offer eco-labeled products, her impression is that there is a jungle of eco labels today. Eco labels can be taken more or less serious and it is difficult for consumers to make sure which ones are real and honest and which not. This represents a need to make it easier for consumers by informing and bringing forward those eco labels that are credible. There is also a necessity to make the information on products simpler as there are too many eco labels in the market. As eco labels concern a product’s influence on the climate, customers “would like to simply act in an environmental fashion”. The interviewee’s perception of examples of good eco labels are ‘KRAV’, ‘Bra miljöval’, ‘Svanen’, ‘Dementer’ and the ‘EU flower’. In the field of eco-labeling are a lot of things to do, as today many consumers are ambitious and willing to influence the environment in a positive way through their purchases, stated Krantz. But this is and might be used by unserious businesspeople, seeing possibilities to increase sales through lulling customers to believe that the products they sell are environmentally sound.

To the question if consumers feel satisfied or confident when buying eco-labeled products, the interviewee answered that many customers believe that they are doing good when purchasing eco-labeled products. One reason why many people feel badly responsible today is because “we feel dissatisfied as in many areas we are living above our environmental assets”. Thus, in order to reduce this guilty conscious, people try to lower the environmental burden by buying eco products. “Sure, certain eco labels give a false sense of security”, as some people might think that their efforts are enough when doing environmentally sound product choices. But this is still not enough when considering the environmental targets put up, so the interviewee’s opinion. She mentions an example of purchases of environmental cars in Gävle during 2007. The goals included that 17 percent of all new registered cars in Gävle should be eco cars and that the CO²-emission should be reduced by 5 percent. However, the CO²-emission in Sweden increased by 2 percent, since people travel more by car.

Answering the question, whether there is a need for eco products, it is the interviewee’s belief that eco-labeling makes life easier for customers, but also clarifies things for producers of how they can environmentally improve products. “It is a good thing, both, to make choices easier for the customer and to give the producers a signal that the products’ life cycle
assessment should be considered again”. However, she thinks that there is a need for projects that work on attitudes and processes of influence to make the public aware to choose more environmentally friendly products and also that they understand the importance of changing behaviors.

There is a risk that eco products give a sense of false security and that people believe that consumption can continue and accelerate as long as eco products are purchased. Habits need to be changed in order to be able to reach the environmental goals. This also includes the need to travel in other ways and to find other values than to consume products in the same sense as today. There is “need to adapt our way of living to a less environmentally infective way”. Some things might be achieved with technology, but not all the way. It needs to be learned how to consume more services and experiences that do not lead to continued environmental degradation that gives satisfaction in a common sense of nature instead, so Krantz’ opinion.

It is also her view that green marketing can lead the consumers to better environmental choices. Besides, it is crucial to consider that environmentally adapted services and experiences should be chosen above products. Further, it is important to realize that by minimizing the amount of refuse by recycling and reusing, people could abstain from consuming.

Concerning the last question of whether eco products create confidence and satisfaction in consumer’s mind, the interviewee responded that today in Sweden there is a general opinion that the country is already acting in an environmentally responsible fashion. It is mostly accepted that Sweden is at the forefront in many areas, but there is still a lot to do, as many do not know that Sweden has Europe’s dirtiest car-park. In her opinion, there is need to work more intensely to develop a new way of thinking and unfortunately, the development is going in a wrong direction in many areas. Many issues need to be solved in a short space of time, as today climate change is in discussion. But there are other problems as well, for example overpopulation, lack of food, lack of access to clean water and the facts of chemical releases. For Ingegerd Krantz, a precondition to success is that “we work together in many areas and at the same time, both, with information, economic policy measures and helping with eco-labeling to simplify the choices consumers make in order to improve and choose a sustainable consumption pattern” (Interview, 2008-04-25).
4.6. Reflections on the Empirical Findings

Reflecting upon the empirical findings, it can be stated that qualitative data has been collected to a large extent. First, a short overview of the companies has been given, before reflecting upon the interviews. Additionally, before expressing the interview of Ingegerd Krantz, a description of mobility management was given as another topic in the green marketing field in order to show her reliability as a professional interview partner.

The interviews have been structured according to the most essential factors covering the questions in research and are supported and complemented by secondary data from the companies’ homepages and external reports. Accordingly, the reader is able to easily follow the course of this chapter. A deeply-rooted empirical chapter has been created that is based on interesting viewpoints of professionals for the research. The chapter closes by reflecting the interview of a non-business view on eco-labeling. The empirical research investigates the companies’ ways to respond to environmental concern and how they deal with green issues, meaning whether they have taken their ecological responsibility seriously. Further, it has been examined whether consumers might perceive a false sense of confidence when buying eco-labeled products. In line with this, the interviews provide insights of the success of green marketing depending on the confidence between company and customers. This strongly relates to the stated research questions in the beginning and all interviews have contributed to these sections. Moreover, the empirical results are required in addition to the literature review in order to be able to give enhanced answers to the questions in research. Thus, the interviews represent valuable insights.

In the following analysis all issues will be resumed and the questions in research will be thoroughly answered.
5. Analysis and Reflection

5.1. Introduction into the Analysis and Reflection

By connecting the theoretical and empirical findings, the interviewees’ opinion on measures that lend credibility to companies’ green marketing are analyzed. This is based on the theories and concepts developed in the literature review. Numerous parallels can be discovered during this course, all of which will be discussed thoroughly in the subsequent part.

First, the concept of CRM is inked to the findings in the empirical part and analyzed in regard to the green marketing objective, highlighting that the creation of trust, confidence and loyalty are as significant in CRM as in green marketing, focusing on consumer wants and needs. Then, green marketing is interlinked before the research questions will be answered.

5.2. Analysis and Reflection

As already noted, it is a prerequisite for businesses, no matter what or where they operate, to address the environmental impact of their activities in order to minimize the environmental effect of products and processes (Canning and Hanmer-Lloyd, 2007, p. 1073). By improving environmental performance, a company’s challenges in conducting its business are attempts to reduce environmental impact while strengthening relationships with customers. Customer relationships are strategic and confidence, trust and commitment are crucial in order to work on managerial behavior (Donaldson and O’Toole, 2002). As discussed in the literature review, when a customer considers a company or product or brand of a company reliable and having a high degree of integrity, then trust is existent. Therefore, trust as a mutual construct includes keeping promises, competence and goodwill and is of specific importance when a high degree of uncertainty exists. Long-term business relationships describe commitment and are based on emotional bonds and confidence to create value for customers (Donaldson and O’Toole, 2002). To deliver this value, a company’s strategic management of relationships demands also active cooperation with organizations, such as NGO’s, like the ‘Global Reporting Initiative Program’, the ‘International Organization for Standardization’, or even the ‘World Wide Fund for Nature’. As illustrated in the empirical part, IKEA works with ‘WWF’ and ‘UNICEF’, Nestlé has cooperation with the ‘Global Reporting Initiative Program’ and its plants are certified with ISO 14001 standards, whereas Konsum has a green sponsorship with the ‘Swedish Rural Economy and Agricultural Societies’. Thus, sustainable value is approached
by operating with NGO’s and sustainability reports describe the company’s fundamental integration of environmental concern in their business strategy. Working with such environmental non-governmental organizations (ENGOs) needs to be evaluated carefully as some might be regarded as only ‘marketing green’, meaning making companies and brands look green, instead of doing sustainable green marketing (Grant, 2007). A plausible way to build an honest green image is to cooperate with credible partners, such as partnerships with eco labels, green sponsorships or, as already mentioned, with NGO’s. Companies working with well-known organizations might reduce the risk of being regarded as unreliable in their environmental concern, only aiming at achieving commercial success with such cooperation. This implies that it is necessary that customers recognize and believe a company’s intention to reduce environmental damage and still achieve profitable success, while working with an independent and trustworthy partner in order to create value for customers. This agrees with the findings from the literature review as relationship value develops when consumers start to feel safe, thus developing trust through credibility and security (Selnes, 1998). Consequently, sustainability contains the idea that doing well for the environment is not incompatible with economic success (Grant, 2007). Value creation can often emerge from the creation of intangible value, so Donaldson and O’Toole (2002). In market relationships, intangible values are difficult to identify and to copy, because it is often related to emotive values, such as ecological orientation of a company producing environmentally friendly or eco-labeled products. This is in agreement with the theoretical findings by Donaldson and O’Toole (2002). Therefore, it is necessary that companies integrate sustainability in all activities of the company, as sustainability is transforming the way companies are operating. Like in the ‘Nestlé Creating Shared Value Report’ and in the ‘IKEA Social and Environmental Sustainability Report’, sustainability is a mindset and a composition of principles describing social and environmental sustainability embedded in the corporate business strategy. This leads back to the empirical findings of the interview at IKEA. The company communicates its sustainability program inside and outside the company with the objective of being as eco-conscious as cost-conscious, seeing that on the example of changing the size of the catalogue in order to reduce the environmental impact while reducing production costs (Interview, 2008-04-30).

A sustainable competitive advantage is difficult to achieve and trust, confidence as well as unique assets represent two possibilities for competitive advantages not only in relationships
(Donaldson and O’Toole, 2002). Thus, sourcing raw materials, reducing energy consumption and minimizing air emission correspond to advantages driven by environmental forces. The findings of the empirical part are in line with this, as well. Konsum introduced its own eco label ‘Änglamark’ and works to achieve the goals of minimizing greenhouse-gas emission for at least 30 percent until 2020 as well as reducing energy consumption in the company and all stores, as integrated and outlined in its environmental policy. Local projects and cooperation support Konsum’s orientation to achieve sustainable competitive advantage, as the work with local farmers and their presence in the Coop stores might deliver a constantly safe and trustworthy feeling for consumers (Interview, 2008-04-22). IKEA also has a sustainability direction, implemented in an environmental policy and works on achieving its goals for a sustainable environment, such as energy saving and the promotion of sustainable transport and packaging, as mentioned previously. Further, cooperation with ENGO’s and the implementation of the EU directive in ‘Waste Electrical and Electronic Equipment’ are at least initiatives that provide IKEA with an advantage (IKEA Homepage), although one might argue that these projects are at least the minimum a multinational company has to do. But IKEA does at least something positive about this minimum level and increasingly works on taking it above the minimum. Indeed, this engagement of IKEA to inform the customers actively about environmental issues and the success of the company implies that IKEA has achieved sustainable competitive advantage as it seeks continuously to improve on green issues and cost efficiency. Consequently, one can say that IKEA and also Nestlé, as the leading nutrition, health and wellness company, achieve competitive advantages due to their products, a lower price, especially for IKEA products, unique distribution channels, unique supplier relationships and their green marketing activities, as this is in line with the theoretical concept of gaining competitive advantage from relationships, representing a strategic edge (Nykamp, 2001). It represents also a competitive advantage for Konsum as the supermarket chain with the largest range of eco-products, working actively with local farmers and producers (Interview, 2008-04-22). At Konsum, customers are aware where products come from and by whom they are produced. This might increase confidence and trust having with local farmers and thus, with the company Konsum. Theoretically linked, a competitive advantage might also develop from better environmental performances. Environmental concern might affect the influence of the customer’s buying decision, although for many consumers, price, quality, brand names and habits were more important factors than the
environment in determining which products to buy (Morris, 1997). This is contradicting the theoretical concept of green consumers. Consumers of companies being environmentally engaged and integrated non-commercial concerns in their business strategy are claimed to perceive the price as a factor of lower importance, since environmental responsibility justifies these higher price levels (Peattie, 1995). Therefore, the importance in the green marketing field, beside customer relationship management, becomes more central and has to be taken seriously by companies as it results in confidence and trust and thus, loyalty. Further, it has to be mentioned that consumers are increasingly expressing the value they attribute to environmental protection through purchasing behavior. So, consumers value the way organizations manage their production processes and supporting activities, as ecological and social responsibility become increasingly important issues for society (Orsato, 2006). Companies’ ecological concern can satisfy customers’ needs by differentiation in green issues. Through environmentally friendly positioning, companies might improve their image, create trust and confidence, achieve customer loyalty and so, gain competitive advantage. As mentioned in the empirical findings of IKEA, trust, confidence and loyalty in customer relationship management are as important as in green marketing and promise to be means of differentiating and providing customers with a reason to frequent the business instead that of competitors (Interview, 2008-04-30). Therefore, it is essential to react in order to satisfy customer’s needs, as otherwise a company can be as green as it wants but will not be successful when it is not adapting to customers’ requirements. Although environmental concern is important nowadays and necessary that companies make changes, the customer should always be focused as the aim is to be competitive and successful besides having ecological orientation implemented in the entire business strategy. This agrees with the findings by Hart (1997) and Tjärnemo (2001) covered in the literature review in chapter 3.2.3.3. If this is to be achieved and constantly pursued, a company might create trust and confidence in the customer’s mind by similarly improving the company’s image.

In addition to sustainable competitive advantage, expectations represent the customers’ satisfaction with a product. Eco labels therefore, signify what can be expected from a product and is intended as a means for consumers to make product choices that will reduce environmental impact (Armstrong and Kotler, 2001; Nykamp, 2001). Eco labels demonstrate the environmental qualities of the products and NGOs introduced and maintained trustworthy eco-labeling schemes, such as voluntary labels according to the ISO standard, in order to
market green products (Sebhatu and Enquist, 2007). As previously discussed in the literature review, customer satisfaction and trust are major in relationship marketing, affecting the customer’s purchasing decision (Selnes, 1998). Eco labels are used as a communication between producer and buyer and therefore, should entail what the customer might expect from a labeled product. Companies can gain competitive advantage by using eco labels as trust might be created through the label’s message and thus, influence the decision making of consumers longing for environmentally friendly products. This agrees with what has been described in the literature review (Galarraga Gallastegui, 2002; Morris, 1997). However, the decision to buy is often not made because of attachments to the products, but rather of availability and ease. Many companies make use of their own eco label, such as Konsum with ‘Änglamark’ (Konsum Gävleborg Homepage). Also eco-labeled products become more similar, making it difficult for consumers to differentiate, so that strong and attitudinal attachments have to be made, increasing the strength of loyalty towards a company and its products. So one can argue that, as customers probably prefer to spend the least time necessary searching for products satisfying their wants, producers should have a strong incentive to provide labels that visibly and strongly differentiate their products. Here, eco label schemes, as mentioned previously, should reduce consumer skepticism towards products claiming to be environmentally friendlier or increase awareness of product attributes (Morris, 1997).

Environmental sustainability is a crucial concept in green marketing and more companies adopt policies of environmental sustainability. Since the late 1990s, companies started to take the idea of sustainability seriously and the ‘Global Reporting Initiative Program’ and the ‘United Nations Environmental Program’ released their first guidelines (Bridges and Wilhelm, 2008). Similarly, companies published sustainability reports based on those guidelines, such as Nestlé’s ‘Creating Shared Value Report’ that shows how the company’s products, processes and policies evolve and the technologies that were developed to get there (Nestlé Homepage). Also IKEA and Konsum pursue such an environmental policy, containing detailed information on the companies’ environmental, social and economic performances. Likewise, through public relations efforts, important stakeholders are informed of these performance records and demonstrate the commitment to sustainability (Bridges and Wilhelm, 2008). This is also in line with the researched companies, as environmental sustainability became a part of the corporate strategy. Consumer choices and sustainable
business practices, as outlined in the empirical findings, are a result of the increasing awareness of the considerable environmental degradation (Bridges and Wilhelm, 2008). Therefore, companies have to demonstrate that they are integrating sustainable business practices into all areas, dealing with marketing strategy, financial decisions, human welfare, governance and stakeholder engagement, like done by the above mentioned companies. But, as outlined in the theoretical part, step change is needed instead of superficial and marginal improvements (Grant, 2007). Long-term orientation can be observed at Konsum as well as at Nestlé, and IKEA also realized that a short-term approach to inaccurate or contradictory greening may rapidly lead to problems. This can be related to the example given by IKEA, when the company recalled one product that might have hazardous effects on consumers. The company truly strives for the well-being of consumers and tries to get the connection between a product and IKEA closer by ensuring the environmental doubtlessness of their products, as the consumers’ purchasing decision might be affected by the impact of the producer on the environment. IKEA’s customers should feel safe and be able to evaluate products also to ecological attributes related to values, actions and behaviors of the company behind the products (Tjärnemo, 2001). So, the customer views all the parts of a company and not only its products. IKEA also strives towards customer relationships as it wants to achieve stable confidence and trust. As strategic environmental marketing orientation requires overall business coordination, ecological issues have to be integrated in various activities (Menon and Menon, 1997). For KF or in that case Konsum, the development of the eco label ‘Änglamark’ was in the beginning only a part of a major ecological orientation. When they decided on an environmental program in 1993, including fields of education, products and services, transportation and administration, the program was applicable for the whole company and retail chains with environmental orientation more than others. For instance, in 1996, Konsum mapped every activity of its retailing operations with regard to its effects on the environment with the aim to integrate the environmental issue in the entire company in order to increase awareness among its employees and customers (Tjärnemo, 2001). As this example shows, awareness of the environmental issue is important for consumer as well as for employees, so that also IKEA makes a point of teaching its employees in all relevant issues (Interview, 2008-04-30).

As there is an opportunity to innovate and achieve business success through green marketing objectives, companies need to be careful in setting their marketing objectives and to follow
customers’ actual needs and responses (Peattie, 2005). Being part of the theoretical concept of setting new standards, green marketing means acting with integrity, as green issues require consumers to think about what they are buying (Grant, 2007). IKEA’s environmental and ethical commitments were primarily communicated internally (Interview, 2008-04-30). In many areas, IKEA exceeds world standards, for example, in forestry and transport and in the way they work with partner factories and influence their operations. This hardly needs to be advertised in order to tell people they are a company who could be trusted to do the right thing (Grant, 2007). Instead, IKEA informs its customers actively in their stores about environmentally friendly and efficient actions, such as with details about energy-saving opportunities with energy-saving lamps (Interview, 2008-04-30). Further, not only NGOs and other interested parties view all their information in detail and a recent survey found out that IKEA was rated the trust-worthiest institution in Sweden. 80 percent trust IKEA, compared to 46 percent who said they trust churches and 32 percent the leading political party (Spiegel Homepage). This illustrates that IKEA really has strong and modest company values and green values do not necessarily have to be expressed externally through advertising campaigns to increase the company image. It can be concluded that the brand itself is more important than any green label. This goes in line with making essential and challenging things that set new standards normal (Grant, 2007), but contradicts with the findings from the interview, where Katrin Bejmar announced that IKEA will openly tell about ecological issues, concerning environmentally friendly products and methods to achieve efficiency (Interview, 2008-04-30). Thus, it is crucial to set new standards and to share responsibility with customers in order achieve satisfied and confident customers and not relationships that are characterized by cynicism and distrust. Therefore, ecological aspects are integrated and communicated within the businesses to minimize the organization’s environmental burden and developing ecological commitment to become greener. Besides the environmental integration of ecological aspects within the management through an environmental policy, routines for recycling and cooperation with environmental groups or organizations, the integration of ecological aspects within the marketing, such as eco-labeled products, promotion of them and information of customers and the public of ecological adjustments is important (Tjärnemo, 2001). This is realized by IKEA as it also arranges meetings about environmental issues, such as energy-saving, for its customers (Interview, 2008-04-30) and also by Konsum as it frequently promotes its eco products (Interview, 2008-04-22). A
company communicating its eco-orientation externally may attract consumers, but too much focus on the green marketing side, might cause confusion if the company does not meet the customers’ expectations. Additionally, claiming publicly to be eco-oriented might evoke scrutiny by stakeholders, whereas overly much focus on green issues might result in consumers’ mistrust, having a negative impact on sales of eco products as well as on the overall store performance. However, too much focus on eco management might result in failed market opportunities, such as sales or image, given that the company does not communicate or show externally what its ecological promise and behavior stands for (Tjärnemo, 2001). Further, it has to be stated that eco-orientation is based on the behavior of the company and thus, the environmental concern in a company’s environment can influence the eco-orientation. As outlined in the interviews with Nils-Eric Haglöw from Konsum (Interview, 2008-04-22) and Katrin Bejmar from IKEA (Interview, 2008-04-30), the customers’ responses to the green strategy and activities are important. So, environmentally engaged customers might encourage managers to continue their eco-activities and if customers also responded to the actions of the company, by buying eco-labeled products or discussing ecological issues with employees, managers perceive this as a driving force for ongoing ecological orientation. Further, competitors’ actions are also important, considering the range of ecological products offered or adapting green marketing activities.

Consequently, the importance of customer relationships is increasingly important for companies and IKEA’s, Konsum’s and Nestlé’s aim is to create sustainable competitive advantage through green marketing as well as loyal customer relationships. Subsequent, the questions in research will be analyzed in more detail and linked to the findings from the interviews.

5.3. **Discussion of Research Questions**

*Have companies taken their ecological responsibility seriously, or is it just a market adaptation to environmental principles and legislations, fulfilling only the minimum standards of being green?*

During the 1990s green was ‘in’ and companies meant it was taken for granted that green would sell. Many firms responded by quickly adjusting their promotional campaigns (Peattie and Crane, 2005, p. 361). This led more to making normal things seem green, instead of
making green things seem normal. It was typically a sales orientation, since the interest in the environment inclined to be limited to promotional activity, with little or almost no improvement in environmentally friendly production processes and adaptations. Green arguments have been attached to promotional campaigns in order to take advantage of consumers’ environmental concern. Products have been promoted as high in something environmentally good and this led to concern among consumers over the green claims in the 1990s (Peattie and Crane, 2005). It can be concluded that in some companies, ecological responsibility was not taken seriously, leading to criticism among consumers as they might not know which company or eco-labeling scheme is trustworthy. Superficial, insincere and unproven green claims were slapped on unchanged products in efforts to increase sales, leading to growing consumer cynicism and suspicion, as Peattie and Crane (2005) argued. Some companies realized that their claims required independent affirmation and have developed certification programs in order to regain customer confidence. IKEA and Konsum, according to the findings from the interviews, and also Nestlé, all declare that they have taken their ecological responsibility seriously as they have implemented their policy and goals in the corporate business strategy and force to continuously improve their performances. They all have also cooperation or green sponsorship with, in their point of view, reliable and independent ENGO’s and are actively engaged in reducing environmental concerns in their businesses. However, concerns remain for consumers as nowadays many different logos exist that allegedly certify various environmental benefits, probably confusing customers (Peattie and Crane, 2005). Consumers might be confused by the abundance of different eco-labeling schemes with environmental information as, for example, most supermarket chains have their own label. So, consumers can not be sure that what is considered green by the one is the same as what is considered green by the other. But in contrast, as outlined in the empirical findings, buying eco-labeled products can make consumers feel more confident. Interest in green products and an understanding of eco-products is therefore necessary and the increasing offer of eco-labeled products might not lead to confusion and even distrust. Further, for companies to take their responsibility seriously, a long-term perspective is needed, such as in the case of IKEA and Nestlé, aiming at fulfilling certain goals in the future. Nonetheless, many other companies point toward short-term profit, as green marketing could generate cost savings in terms of efficiency in energy and material input, packaging reductions and logistic rationalization (Peattie and Crane, 2005). However, the companies described in the empirical
section of this work strongly relate to long-term focused goals by developing their environmental programs.

As the environmental impact of products and practices became a significant issue of debate and concern during the past decades through public pressure and government intervention in the form of legislations, companies, but also consumers and others were forced to consider the environmental impact of their actions (Gurtoo and Antony, 2007). This includes product and process redesign, environmentally friendly material inputs, waste management and so on and represents at least a minimum to be achieved by companies. But, as can be seen on IKEA, Nestlé and Konsum, certain goals have to be set to be achieved, for example that IKEA home furnishing products should comprise 75 percent renewable or recyclable material (IKEA, 2006, Social and Environmental Responsibility Report 2006, p. 11) or that greenhouse-gas emission should continuously decreased at Nestlé (Nestlé, 2008, Nestlé – Creating Shared Value Report, p. 13). Therefore it is necessary that, even if the goals are fulfilled, they are adapted and changed in order to constantly improve the environmental performance. The ISO 14001 standards represent standards to be fulfilled, but are nevertheless a driving force for companies for sustainable development and value creation, having effect on the overall organizational change (Sebhatu and Enquist, 2007). The practical adoption and implementation of an environmental management system with the awareness of the company’s technological responses and further integration of other standards can create value to the firm, leading to a better business performance. Critics might argue that companies implementing the ISO 14001 standard can claim better environmental management practices “[…] without actually improving their performance or investing in pollution-abatement technologies” (Sebhatu and Enquist, 2007, p. 469). This evokes the issue whether companies make efforts of real and entire organizational change towards sustainability in order to create value as a result of putting standards and systems, such as ISO 14001, into practice. So, the implementation of the ISO 14001 standards might be regarded as a must-be business practice to improve a company’s image, but it represents more a necessity for firms to improve their environmental performance, without putting business performance at risk (Sebhatu and Enquist, 2007).

Finally, it can be concluded that the companies in research, as discovered in the empirical findings, all trying to go beyond the standards of being green. They set goals to be achieved and, especially IKEA, seeks to adapt and set new goals when the former are fulfilled. The
companies’ active cooperation with reliable and trustworthy ENGO’s and green sponsorships represent favorable conditions to gain customer satisfaction, trust and confidence in order to have an advantage over competitors. But the purpose still needs to be that their ecological responsibility has to be seriously tied to their business strategy for not being claimed by consumers’ mistrust.

Is it cynical to make consumers feel falsely confident when buying eco-labeled products?

As a result of the empirical findings, there is a risk that eco products give a sense of false confidence and security; especially, when considering eco-labeling and green packaging, as this offers marketers considerable scope to differentiate products. Concern about waste in packaging, making products recyclable, might affect consumers’ purchase decision as well as the claims made about the packaging and the product itself through eco labels. As Morris (1997) outlined, consumers might not fully understand the implications of complex environmental information and some environmentally concerned consumers might “[…] inadvertently purchase products which, in the circumstances, cause more damage to the environment than if one of the alternatives under consideration had been purchased […]”.

Further, some consumers simply might not know anything about the environmental impacts of products and are incapable to distinguish green products from other products. An answer suggested to this problem is for governments and NGOs to develop seal-of approval type eco labels. These are simple, facile identifiable certifications intended to indicate that a product has a lower total environmental impact than other products in a specified product category and to alleviate consumers’ skepticism by providing better information (Morris, 1997). This goes in line with the findings from the interview with Katrin Bejmar from IKEA, who thinks that security and confidence occurs in consumers when they recognize what IKEA communicates and informs about their products although the company makes no use of eco labels (Interview, 2008-04-30). Information makes consumers more aware of environmental issues and, according to the interview with Ingegerd Krantz, satisfied and confident. Many consumers might believe they are doing well when purchasing eco-labeled products as a reason for feeling consciously guilty for the environmental changes. Those people reduce their guilty conscious by buying eco labels (Interview, 2008-04-25). On the one hand, this might be related to a false sense of security and confidence when buying eco labels, as those people believe their efforts are enough with purchasing eco labels. On the other hand, eco
labels might help to protect the environment as the products conform to some standards and signal a company’s environmentally friendlier behavior to the market, when complying, for example, with ISO standards. So, concerning claims of environmental superiority, eco labels promise a way of overcoming the problem of consumer skepticism.

In my opinion, consumers can trust reliable eco labels, such as the ‘EU flower’, ‘Svanen’ or ‘Blue Angel’ as they are certification marks awarded to those products in a particular category that have met certain predefined standards and aid in the consumer purchasing decision. These eco-labeled products provide the consumer with detailed information concerning the relative environmental impact of a product in order to assess a product’s environmental impact by specifying waste accumulation, land-, water- and air pollution. Further, they imply that they might encourage manufacturers to account for the environmental impact of their products as an eco label must provide evidence that their environmental impacts conform to standards, such as ISO 14001.

Do green marketing efforts hurt the environment, as many people believe they are doing well when buying green products and buy even more because they purchase environmentally friendly products?

There are numerous of good practices of green marketing efforts, as outlined on the examples of IKEA, Nestlé and Konsum. It is difficult to determine whether green marketing efforts harm or favor the environment, although some green products or brands were significantly more sustainable than conventional offerings and green marketing activities work to reduce the environmental impact on companies’ business processes. But the degree to which green marketing efforts have made substantive progress towards sustainability is, according to Peattie and Crane (2005) doubtful. In a way, they are used to put pressure on producers and consumers, allowing concerned consumers to change their consumption behavior in a fashion that make “[…] them feel as though they were doing their bit”. This reflects the gap between people’s environmental concern and actual purchasing behavior emerged from green marketing in the beginning. Green marketing needs to act as a connection between current lifestyles and the marketing that serves environmental concern and actual purchasing behavior. Therefore, sustainable marketing needs to be based around more sustainable production and consumption (Peattie and Crane, 2005). Customers have to be aware of environmental initiatives of companies and as long as they recognize what a company, such as
IKEA, communicates, they would follow the stream of green consumption habits, as this could be something beneficial not only for the environment but also for them (Interview, 2008-04-30). Green consumers voluntarily engage in environmentally friendly consumption practices and as there is also a substantial wave in public interest and concerns about the environment, individuals believe that their efforts will contribute to differences, predicting actual buying behavior. Experiences of environment-related problems are considered as crucial to the buying behavior of green consumers (Rex and Baumann, 2006). Now, that eco-concern is found across a wide range of consumers, but not all consumers are concerned in all different environmental situations all the time, different behavioral situations lead to environmental concern in some ways and not in others (Tjärnemo, 2001). Thus, environmental concern in energy-saving leading to cost reductions might be pursued by some consumers, so that IKEA actively informs about theses possibilities and practices in their stores (Interview, 2008-04-30) and goes in line with sustainable communication beyond green marketing and communication in the attempt to contribute to more sustainable development. Thus, consumers’ concern depends on the personal involvement. As mentioned during the interview with Katrin Bejmar, people would probably spend more for green products, but would not buy more, because it is bought what is actually needed (Interview, 2008-04-30). However, it would be contradictory for green consumers to buy more, as they are environmentally concerned. Since environmental problems likely depend more on behavior than on attitudes and intentions, consumers express their eco-concern by choosing environmentally friendlier product alternatives (Tjärnemo, 2001).

So, eco-concern can be related to non-buying environmental behavior, such as recycling, but also to ecological buying behavior. As people would believe they are doing well when buying green products and would buy more as they think they are doing something good for the environment, they would have bought more anyway. Eco products might make choices easier for consumers to buy, but at least companies’ green marketing activities are necessary to make the public aware to choose more environmentally friendly products and emphasize on the importance of changing behavior. As Peattie (1999) emphasizes, it “[…] depends on convincing consumers that changes required are necessary and worthwhile and that the benefits and motivations involved are genuine”. This can be beneficial for consumers, companies and at least the environment.
Are eco-labels just ‘feel-good’ slogans that offer no guarantee of real environmental protection?

As previously mentioned, eco labels are used by a variety of stakeholders. For policymakers, labels create incentives for business to change the market, for NGOs to put pressure on producers and consumers, and for companies to gain competitive advantages or higher market shares. Interest in eco labels has been broad and effort has been invested in their design and use of how to make them more effective (Rex and Baumann, 2006). The importance here lies in whether or not consumers recognize labels, understand their meaning and trust in the label’s message. Some customers might buy eco products to salve their conscience of doing something environmentally good. In that case, eco labels might be seen as feel-good slogans. But that does not mean that eco labels offer no guarantee of real environmental protection. Companies, such as IKEA, Konsum and Nestlé have taken their environmental responsibility seriously as they introduced eco labels or at least promote ecologically sustainable practices. IKEA, for instance, looks behind its suppliers and their production processes in order to guarantee, especially, responsible forestry. Konsum works actively with local farmers, supported by the ‘Swedish Rural Economy and Agricultural Societies’ and introduced its eco label ‘Änglamark’ that is based on distinct values and is the leading brand for eco products in Sweden. For positioning, green marketing focuses on the product and on the use of eco labels to inform about green issues. Additionally, another example of Coop, or at least Konsum, shows how a company could shift consumers’ wants to increase the market share for products with environmental credentials. In 2003, a campaign was launched to increase the sales of ecological eggs by using commercials in the Swedish television as well as banners and posters in the stores. By the end of the year, eggs have been the ecological product with the highest increase in sales, outgoing from a small market share (Rex and Baumann, 2006). This means that in percentages, the increase was high, compared to small absolute numbers. As mentioned in Rex and Baumann (2006), there is a lack of data about whether eco labels improve the overall environmental quality of society. Nevertheless, environmental improvements can be found in some products or product groups due to the launch and use of eco labels. The Swedish food retailer Coop, for example, achieved, as a result of consumers’ choice of ecological food products during 2004, that the amount of pesticides used for food production was diminished by 14,000 kg and the amount of artificial fertilizers by 1,000,000 kg. However, studies show that leakages of fertilizers from eco farms are higher than from...
conventional farms. Further, a survey of household detergents in Sweden illustrated, since the introduction of eco labels, a reduced utilization of chemical products by 15 percent and a replacement of surfactants by more biodegradable ones (Rex and Baumann, 2006). Here it becomes difficult to isolate which part comes from eco labels and which from other changes in manufacturing. Nevertheless, this indicates the effectiveness of eco-labeled products and shows that eco labels are not only feel-good slogans for many consumers. As these represent only isolated examples, a problem is that it is difficult to relate to total product sales and material flows. Additionally, it is difficult to determine what improvements are related to the existence of eco labels.

However, the motivation for better eco-labeling schemes has been the need for environmental information by producers in order to inform consumers more efficiently. Eco-labeling linked with environmental information is therefore a way to create a more environmentally friendly production and consumption system and so, promoting a greener market. Thereby, NGOs and governments might help to protect consumers from incorrect market claims by developing eco labels, guidelines and legal action (Rex and Baumann, 2006). So it is up to the consumers’ responsibility to be environmentally conscious and preferring green products.

Why should consumers buy products from one company when more and more companies produce eco-friendly and eco-label their products and how companies then, differentiate from others?

It is assumed that eco-labeling provides the company with a competitive advantage. Environmental labels are effective communication instruments to advance green products and are efficient as a way to provide information that is taken into account in the purchasing decision. Therefore, the importance lies on consumer recognition, understanding and trust in the eco label or product and should not be misleading (Rex and Baumann, 2006). But how to distinguish as improving the quality of information regarding the impact of a product on the environment might increase consumer confidence and stimulate the demand for products with less environmental impact, so that more companies make use of eco products (Morris, 1997). Further, obtaining certification or standard is also a way to pursue competitive advantage. In order to differentiate from competitors, companies have to be honest and reliable in their environmental concerns and activities, so that customers have confidence and trust. According to the findings of the IKEA interview, companies need to involve in green marketing
activities as distinct guidelines, standards and initiatives become more and more common for companies and become a kind of must-have towards environmental sustainability. Additionally, the value of a company’s environmental responsibility depends on customers’ perceptions that relate indirectly to considerable features of products (Orsato, 2006). Consequently, consumers express the value they attribute to environmental protection through their purchasing behavior, as ecological responsibility becomes increasingly significant and consumers value a company’s way to manage their production processes and green marketing activities (Orsato, 2006).

So, no matter how many companies are offering eco products in the near-by environment of a company, the green marketing efforts should be honest and real and cooperation with other organizations should be reliable and trustworthy to create confidence and trust in consumers’ minds. Those companies that do not pursue a trustworthy ecological orientation will probably only go after short-term advantages, leading to problems to persuade customers to buy their products. Evidence of trustworthiness during efforts to realize environmental adaptations need to be signaled by sharing information and keeping promises, so that trust can develop (Canning and Hanmer-Lloyd, 2007). However, if companies fail to perform like this, trust can not develop and the movement towards reducing the environmental impact moves more slowly. Therefore, ecological engagement is necessary nowadays and going a step beyond standard green issues is a way, besides others, to differentiate from competitors as it is also accepted that environmental objectives are not incompatible with ongoing economic success.

In my opinion, today it is crucial for companies to be green in some ways to be competitive because environmental concern is a commonly discussed topic in society. This means for companies making investments in order to achieve environmental improvements and introduces also the financial perspective of companies. But proactive enterprises will do their best to reduce environmental impact. As stated by Orsato (2006), if environmental issues are merely seen as business issues, then sound corporate citizenship is not adequate. If a company’s strategy deals with performing better by being different, then an environmental strategy requires more than doing well. It has to be identified in which areas companies can focus their environmental efforts searching for competitive advantage. A basis where environmental investments can be prioritized is needed to bring these investments in line with the business principles of the company.
6. **Conclusion and Recommendation**

6.1. **Concluding Remarks**

The purpose of this thesis was to investigate issues that determine the long-term efficiency of green marketing and how trust and confidence play a role in order to gain competitive advantage through customer satisfaction and retention. To fulfill this purpose, this thesis is based upon a sound theoretical framework and a notable case study, including interviews from various professionals focusing on measures that lend credibility to green marketing, which were combined in thorough analysis of the empirical findings. After having analyzed the topic carefully, the underlying research questions can be answered.

The study was triggered by finding the common denominator for CRM and green marketing, as both topics are indeed covered separately in literature, concerning gaining competitive advantage through both of the theories, but not linked together yet. This was also supported that there exists a commonly recognized vital need of environmentally friendlier production and consumption as well as responses of companies to the increased eco-concern among consumers. Additionally, there was a difference in what was theoretically believed as being the correct way of responding to ecological issues and what the literature on green marketing found in practice. In theory, it was implied that a company’s eco-responses should start with substantive action, for instance, by changing its production processes or by making their products recyclable (e.g. Peattie, 1995; Hart, 1997). However, the literature pointed out that practically, one way of responding to the increasing eco-concern had been by means of marketing activities, like green marketing campaigns or talking rather than acting green (Peattie, 1995). Ecological orientation only on the marketing side would create distrust and skepticism among consumers, as they could not distinguish anymore which products or brands from which company has taken its environmental responsibility seriously anymore. Thus, environmental responsibility and ecological orientation needs to be based upon the entire business strategy of a company and implemented in its core principle in order to deal effectively and efficiently with this topic. It is shown that, supported by the ideas found in the greening literature, companies respond in different ways to ecological issues, through eco-labeling, cooperation with NGOs, energy-saving production processes and so on.

The need for customer relationship commitment, trust, confidence and loyalty as a result of satisfaction are not only important concepts in customer relationship management, but are
also key ideas in green marketing. The need for customer relationship marketing originates from the changing requirements of the global marketplace and the changing requirements for competitive success. Green marketing has increased in prominence in the business community as the desire increases to control the effect of business activities on the environment and to minimize environmental impact. Competitive advantage can be achieved by environment-related activities and motivates companies to go beyond mere legal compliance, so that competition itself might promote more ecologically sustainable practices. As analyzed, proactive companies do their best to reduce environmental impact, through cooperation or implementation of environmental standards. The need to address sustainability is crucial, as there have been some instants of farce in some early green marketing claims, focusing only on company image and not on real environmental responsibility. Moreover, there has been cynicism and distrust among consumers concerning eco labels. Eco labels have emerged as one of the main instruments of market communication for green certifications of products. Skepticism should be mitigated by providing consumers with better information about the environmental impact of products, thus creating trust and confidence towards a company and its products as consumers rely heavily on the information provided on labels. To be successful in green marketing, the need for a reliable and effective cooperation with a NGO might be necessary as long as this cooperation is taken seriously and trustworthy in consumers’ minds. The companies in this thesis have integrated eco aspects within a broad variety of marketing as well as management activities and they seem to work with green marketing in a more professional way in order to pursue this environmental responsibility in the long-run and achieve sustainability, as the companies realized the need to address sustainability as a serious issue.

It can be concluded that eco-labeling is not an illusion that actually increases consumption. It is a way to inform consumers about environmental impact of products. Companies honestly have to improve their dealings on eco-labeling and green marketing as they cannot rely anymore on a first-mover advantage of going green. In my opinion, marginal effects of eco-measures, when an entire market goes green, can be achieved through improved customer satisfaction and trust, created through additional value provided by green issues and activities. So, customers become loyal and rely on eco-measures of the company. Customer satisfaction and trust are strongly important in CRM and green marketing. Customers who are environmentally concerned, but not even the greenest consumers, trust in eco labels, no matter
if they are driven by a political agenda, when they realize that company’s concern is real and honest.

6.2. **Theoretical and Practical Implications**

The study indicates a relationship between eco-orientation and company performance and implicates, on the basis of the theoretical and empirical findings without considering any financial aspects, that integrating ecological features and good performance in a company is possible. Trust and confidence are as important concepts in green marketing as in CRM as competitive advantage, through for example product differentiation, could not merely be achieved with technical solutions. It is indicated that companies ought to take a determined approach when incorporating ecological aspects into their businesses, demonstrating that they have implemented sustainable practices in all areas of the company and pursue certain goals conscientiously.

Many companies strive towards becoming greener and adapt to standards to convert sustainable development into concrete and practicable steps. It is an orientation many companies pursue and this study indicates the importance of the attitudes regarding ecological issues being closely related to the company. The adaptation of standards is, in my opinion, a way to create environmental sustainability and make companies concern about ecological issues in order to improve environmental performance and create trust and confidence in consumers’ minds. Taken their responsibility seriously, customers realize the intention of companies going beyond green.

This study contributes to enhance the level of understanding of green marketing effects on customer relationship management concepts, aiming to gain competitive advantage through the creation of trust and confidence in order to satisfy customers and retain them. This study is based only on three in-depth interviews and one general overview of a company’s ecological orientation. A future study could take a longitudinal perspective, for example focusing on company’s adaptation and improvements to achieve further goals and standards in their eco-orientation. For further research it could be a possibility to research consumer behavior and their trust and confidence when a company adapts only to a political agenda and how this affects their perception towards a company and its products or brands. In addition, the relationship between ecological orientation and sales of ecological products could be observed
to cover an overall company performance. Moreover, future studies could probably grasp ecological orientation from a broader basis and include employees as well as customers to contribute to a better understanding of the eco-orientation as well as a cross-national study, comparing ecological orientation in different countries.
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Interviews:

Interview (2008-04-22), with the sales manager Nils-Erik Haglöst from Konsum Gävleborg, via email

Interview (2008-04-30), with the customer service manager Katrin Bejmar from IKEA Gävle, personally at the IKEA store in Gävle

Interview (2008-04-25), with the project manager for sustainable transportation Ingegerd Krantz from the municipality of Gävle, via mail

Interview (2008-05-12), with the project leader of a rural development project Denise Fahlander, who has worked for a government's expert authority on forests and forest policy, via mail (findings are not included separately as the interview answers were obtained lately)
List of Appendices

Appendix 1: Interview Questions for companies (Konsum Gävleborg, IKEA Gävle)
Appendix 2: Interview Questions for non-businesses (Ingegerd Krantz, Denise Fahlander)
Appendix 1:

Name:
Position:
Field of Responsibility:
In the company since:

1. Does your company offer eco-labeled products? For how long and why?

2. To which groups / segments are eco-labeled products promoted? How big is this segment?

3. Has your company realized a change in consumer behavior, due to a change in environment? And how real or long does your company think this movement is?

4. Is there an environmental policy at your company? How is the responsibility for ecological issues organized (one person is responsible / responsibility is decentralized to the different heads of departments)?

5. Are there concrete environmental goals to be achieved at your company? Are these goals to be increased every year? What happens when they reach 100%?

6. Does your company financially support any ecological projects? Can you give examples of eco-projects that refused to get help from your company, or projects that actively wanted help?

7. Is there any cooperation concerning ecological issues with environmental groups or authorities? Which and why? Isn’t there a risk of “greenmailing” that cooperating with ENGOs risk your company being less able to do what they want?

8. How and to what extend does your company inform customers about its eco-issues and eco-adjustments? Do you think this is your company’s task in the market?
9. Are there any green marketing activities?

10. Feel consumers more confident with eco-friendly products? Do they buy more of it?

11. Many people believe they are doing well when buying “green” products and buy even more because they purchase environmental friendly products. To be critical, do you think that Eco-/Green marketing might harm the environment?

12. Do your company’s main competitors have very strong green profiles? Are there maybe any worries about what happens when every company uses green marketing and has eco-labels?

13. How do your company’s activities contribute / help to a better environment?
Appendix 2:

Name:
Position:
Field of Responsibility:

1. Can eco labels be taken serious today as so many companies have eco-labeled products?

2. Is there any criticism about eco labels? If yes, describe the criticism against eco labels?

3. Do consumers feel satisfied / confident when buying eco-labeled products? Do you think this is a false sense of confidence?

4. Is there a need for eco-products, or is it better to spend the eco-money directly to eco-projects?

5. Do you think that eco-/green marketing, including eco-labeled products, harms the environment, as many people believe by buying those products they can buy more because they are “environmental-friendly”? Is there any other harm you think might come from this false sense of confidence?

6. Green marketing encourages consumption of environmental-friendly products. Does this mean to you, that green marketing is harmful for the environment?

7. Can eco-products create confidence in consumer’s minds and thus create satisfaction? Is there anything that might be critical here?