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# CSR (Ecological Responsiveness) and Consumer Behavior

A Case Study of Scandic Hotel, Vaasa

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## **ABSTRACT**

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The aim of thesis is to discover the consumer behavior and their impact on choosing eco-label certified hotels. At the same time, it also examines if the eco-label certified hotels fulfill the satisfaction criteria of their customers and their responsibilities towards environment as well. The case company chosen for the thesis is Scandic hotel which is located in Vaasa, Finland. The focus factor of the hotel seems to be in the favor of corporate social responsibilities. Initially, the introduction of topic is defined and then the proper definition of the corporate social responsibilities is explained. The limitations and boundaries are created to compress the thesis in its limitation. The competitive advantages are observed and how the hotel has created such advantages regarding corporate social responsibilities is examined. The research boundaries are determined so that it would be easy to evaluate the brand, specialization, past efforts, the customer satisfaction, as well as the buying behavior and experience from a customer point of view.

The respondents' evaluation shows the reliability and the assurance of the consumers towards the hotel. Here, Corporate Social Responsibility is one of the key factors that influences the consumer's behavior. It is one of the important concept in hospitality management. Corporate social Responsibility can be defined in various ways and consists of social, environmental, economic, political and functional factors. These factors have vital influences in the sustainability which is the important factor in Corporate Social Responsibility.

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## 1 INTRODUCTION

The hospitality business is one of the fastest growing businesses in the globe creating many opportunities as well as threat to the environment. Corporate Social Responsibility and Sustainability are very important factors in the business of hotels. Corporate social responsibility and hotel business have become inseparable issues and they have become a very important topic considering the global warming and environmental degradation caused by their action. It is thus, challenging for companies to be environmentally friendly and make profit at the same time. There is a clear need for sustainable approach in hotel business for reducing negative impact of their action on environment. The thesis approaches to the finding out if it is possible that corporate social responsibility is planned and implemented for the companies and at the same time, they keep their values, profit and make the customers happy (Matthews, 2008).

The concept of Corporate Social Responsibility has evolved from the understanding that the business organizations should not just care about their investors and customers, but also their employees, society, environment. It is a well-known fact that the hotel businesses have a large footprint both in terms of employment and the consumption of natural resources like water, energy and foods. So, many hoteliers are initiating different ways to reduce footprint on environment by different marketing schemes (Gond and Moon, 2012).

An eco-label helps to create better environment. On the other hand, consumers are highly concerned about the impact of their purchasing on the environment. The number of conscious consumers is increasing rapidly. And yet there is an indication that not every consumer acts on these concerns which leads to attitude- behavior gap. This implies that the firms, policy makers and business organizations can educate consumers through different campaign. The marketing tool used by hotels about the ecolabel can educate unaware consumers as well about the necessity of ecolabel in business for sustainable development. The thesis also focuses to find how the consumer behavior changes based on the hotels' contribution to the environment and if eco label tag attract customers or not (Visser 2009).

It has become obvious that sustainable approach is necessary in the hotel business as well. The following research focuses on the CSR in the hospitality business, mainly the role of

the Nordic eco-label. The research was conducted in Scandic Hotel located at Finland, Vaasa.

### **1.1 Scope of the Study**

In this thesis, the behaviour of consumers on eco-label certified hotels is examined. Aspects of decision processes and ecolabel knowledge at the end-user level were studied and consequently used as a guideline in finalising the result. Basic theories of consumer behaviour were investigated and impact of ecolabel on consumer behaviour were included, which was used to provide improvement for the case company.

### **1.2 Topic Selection**

The topic is very familiar to us. We have experience of working in the hospitality sector. Working for a long time in this sector, we have realized the effect of CSR in the hotel businesses. We have seen the marketing strategy of the hotel about sustainable consumption and implementation in practice. We have faced different kinds of customers with different behaviours as well. We have been in touch with hotel management and thus, we know the values and strategies of hotel. We always believe in sustainable development and consumption. This topic is very interesting for us as it elaborates the role of eco-label in hotel industries.

### **1.3 Purpose of Study**

The primary purpose of the study is to examine the co-relation between eco-label and consumer behaviour. The thesis also helps to find out the concept of ecolabelling among the customers in hotels in Finland. It analyses the knowledge of consumers about eco-labels and their attitude towards these labels. The study assesses the current state of consumer awareness towards the eco-labelled products. The study also seeks to find knowledge of consumers about sustainable environment, impact of hotel businesses on environment and the step they use to contribute for the ecological environment.

The study will provide the case company with comprehensive information about the consumer behaviour and ecolabels. The small research conducted, written and analysed will assist the hotel in the implementation of its future business planning as well.



#### **1.4 Limitation of the Study**

It is a well-known fact that consumer behaviour is a comprehensive topic which covers different types of consumers with different attitudes towards various products. The research aims to study the consumer behaviour of customers of Scandic hotel located in Vaasa, Finland. The research does not claim to be accurate to be implemented for other products or in other places.

This study was conducted with a small group of consumers from the perspective of their awareness about eco-label's role in choosing hotel. This study limits the application of finding to a specified area of research. The information provided by hotel management and customers may vary according to the time and thus compromises with the accuracy of research. There might be lack of some information from the hotel management in order to protect the hotel's reputation or hotel's protocol. In addition to this, limited materials and resources, time constraints and relatively small sampling groups makes this finding not completely accurate and it cannot be fully generalized, and more comprehensive study is needed to fully understand this area of study. Hence, this research does not claim to gather all the information about consumer behaviour and information collected through secondary research may not fully apply to Scandic hotel.

#### **1.5 Structure of the Thesis**

The first section of the thesis includes the introduction. It includes the study topic and the reason for choosing it, purpose of study as well as structure and limitation of the study.

The second part consists of the theoretical framework where theories in this specific field of study has been explained. The theoretical framework consists of nine sections. The first section starts with the introduction of Corporate Social Responsibilities and its definition. Then triple bottom line and its parts has been elaborated in second section. In the third section, the definition of eco-label and its origin has been explained. The fourth section consists of CSR initiatives in hotel businesses. Likewise, the fifth section is about consumer behaviour and types of consumers. In the sixth section, the influencing factors

for consumer in decision making has been presented. The co-relation between consumer behaviour and ecolabel has been explained in seventh section. The eighth and ninth section is about the introduction of hotel, their values, customers and sustainability, management, the market in Nordic countries and their business ethics.

The third part consists of methodology and the implementation of methodology. The duration of the study and research has been explained. The qualitative and quantitative methodology has been elaborated and which methodology is used and why it is used has been described.

The fourth part consists of the analysis of data and its result. It also shows how reliable the result was there with the theory used in the thesis. It gives a detailed analysis of the result and make it easy for the readers to understand the thesis. Finally, the fifth part concludes the thesis and delivers the final verdict about the thesis.

## **1.6 Validity and Reliability**

Heale & Twycross define validity as “the extent to which a concept is accurately measured in a quantitative study” (Heale & Twycross, 2015). In other words, research conducted in any sample size; whether it is big or in small scale, should be valid and should provide the measurement inconsistent to what the research aims to (Saunders et al., 2009).

In order to ensure the validity of the research, a few measures were taken. In the beginning, a draft of questionnaire was prepared and was given to the supervisor. The possible mistakes and assessments were figured out by the supervisor. Some questions were modified, some were removed, and new questions were added. The questionnaire was finalised and verified under the supervision of the supervisor. Before handing the questionnaire to the customers, a pilot test was conducted within some of our friends. We took the possible suggestions and feedbacks and made sure that there were no problems in the

questionnaire. Finally, after the questionnaire was ready completely, it was distributed within the customers.

On the other hand, Heals & Twycross illustrate reliability as “the consistency of the study findings” (Heale & Twycross, 2015). The research can be considered reliable when the measurement of the data is same each time under the same condition within the same subjects (Heale & Tywcross, 2015). Given the fact that the research was conducted within limited number of respondents which was bit disappointing. The more numbers of respondents could have contributed to more findings and could have made the research more reliable.

## 2 THEORETICAL FRAMEWORK

### 2.1 Corporate Social Responsibilities

Corporate Social Responsibility has become very important term in the society. Hotel business is one of the sectors where CSR plays vital role in the protection of environment. Academics and practitioners have been looking for a concrete definition for corporate social responsibility for many decades, and yet there is not any clear definition of it. The earliest and prominent definition of CSR given by Howard Bowen who is considered to be the father of Corporate Social Responsibility is “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Gond and Moon, 2012). Bowen wrote that he viewed the concept of “public responsibility”, “social obligations” and “business morality” as synonyms for social responsibilities (Gond and Moon, 2012). By businessmen, Bowen referred to the business head and managers of big corporations. Bowen argued that companies should really conduct their business within the objective and values of the society in which they operate. The view that companies should focus their activities on societal values and this expectation has been challenged by various number of authors who claim that not all demands placed on the companies are well founded and reasonable (Journals.sagepub.com, 2018).

CSR is the way in which business consistently creates shared value in the society through economic development, good governance, stakeholder responsiveness and environmental improvement (Wayne Visser, 2013). Visser argued that the business organizations should develop the economy of society and at the same time, should create concerns about environment by using the essential steps to minimize the impact (Wayne Visser, 2013)

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to development while improving the quality of life of the workforce and their families as well as the local community and society at large. (World Business Council for Sustainable Development, 2000). CSR refers to businesses’ “decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (Keith Davis, 1960). In simple definition, Corporate Social Responsibility is the

management concept where the companies integrate social and environmental concerns in their business at the same time as earning a profit.

### 2.1.1 Carroll's Pyramid of CSR:

One of the most famous and practical definitions of corporate social responsibility was presented by Archie Carroll in 1979. Among many definitions of CSR, Carroll's pyramid of Corporate Social Responsibility has got the most attention. Carroll suggested that there are four kinds of social responsibilities: economic, legal, ethical and philanthropic. These four categories of CSR can be depicted as a pyramid. Economic- Legal and Ethical- Philanthropic components have been categorized in the report (Griseri & Seppala, 2010)

#### Economic and Legal Components of CSR

<b>Economic Components (Responsibilities)</b>	<b>Legal Components (Responsibilities)</b>
Profitability is important with maximizing earnings per share	Complying with the various federal, state and local regulations is important
Maintaining a strong competitive position is important	To become a law-abiding citizen is important
Maintaining a high level of operating efficiency is important	Performing in a manner with expectations of government and law is important
Defining successfulness of the firm based on profit is important	Providing goods and services with minimal legal criteria is important.

Table 1. Economic and Legal Components of CSR (Carroll, 1991)

The idea of business organizations was created in order to make money by providing goods and services to the societal members. The principal role was to produce goods and services for the customers and generate acceptable profit in the process. Companies also provided employment and career opportunities to the society. (Carroll, 1991)

As time passed by, at some point the profit motive got transformed rapidly into the notion of maximum profit, whether it be morally or not. This has been an enduring value ever

since. Along with economic responsibilities and profit motive, business is expected to comply with law and regulation imposed by the government. They are not supposed to be engaged in any illegal practices to maximize their profit but are expected to fulfill their economic responsibilities within the framework of law (Carroll, 1991). Legal responsibilities reflect a view of “codified ethics” in the sense that they embody basic notions of fair operations. (Griseri & Seppala, 2010)

### **Ethical and Philanthropic Components of CSR**

<b>Ethical Components (Responsibilities)</b>	<b>Philanthropic Components (Responsibilities)</b>
Performing in the manner consistent with the expectations of ethical norms is important	Performing in a manner consistent with philanthropic expectation of society is important
Respecting new or evolving ethical moral norms is important	Encouraging and helping fine and performing arts is important
Prevention of ethical norms from being compromised to achieve corporate goals is important	Participating in charitable and voluntary activities is important
Moral and ethical actions from corporate citizens is important.	Helping educational institutes is important

Table 2. Ethical and Philanthropic Components of CSR (Carroll, 1991)

Ethical responsibilities embrace the activities related to fairness and justice which is expected or prohibited by society even though they are not codified into law. Ethical responsibilities embody those norms, values, standards or expectations which reflect the concern for the consumers, shareholders, workers and society (Carroll, 1991). It helps to protect the stakeholders’ moral rights. Ethical responsibilities have firmly played a vital role to legitimate corporate social responsibility. (Griseri & Seppala, 2010)

Philanthropic responsibilities come after fulfilling every other responsibility. It includes the promotion of human activities such as goodwill, charity or human welfare. Examples of philanthropic responsibilities are contribution to the arts, education, food distribution, social work, health etc. The distinguishing feature between philanthropic and ethical responsibilities is that philanthropic responsibility is voluntary whereas ethical responsibility is compulsory. (Griseri & Seppala, 2010)

Carroll himself presented the four different types of social responsibilities in the form of pyramid. The responsibilities are not consecutive or cumulative in any way, nor are they mutually exclusive. So, it could be possible that the company meets the ethical expectations but fails to meet legal responsibilities. Moreover, a single action of company may conflict with one or more responsibilities. For example, a decision to pull out from building a big noisy plant near residential area may meet the ethical responsibility placed on the company but is against the economic interest of the company. So, Carroll's four-part model is very useful to separate and elaborate motives and contradictions behind the corporate behavior. Carroll's main intention with this model was to 'bring into the fold those who have argued against social responsibility' (Griseri & Seppala, 2010)

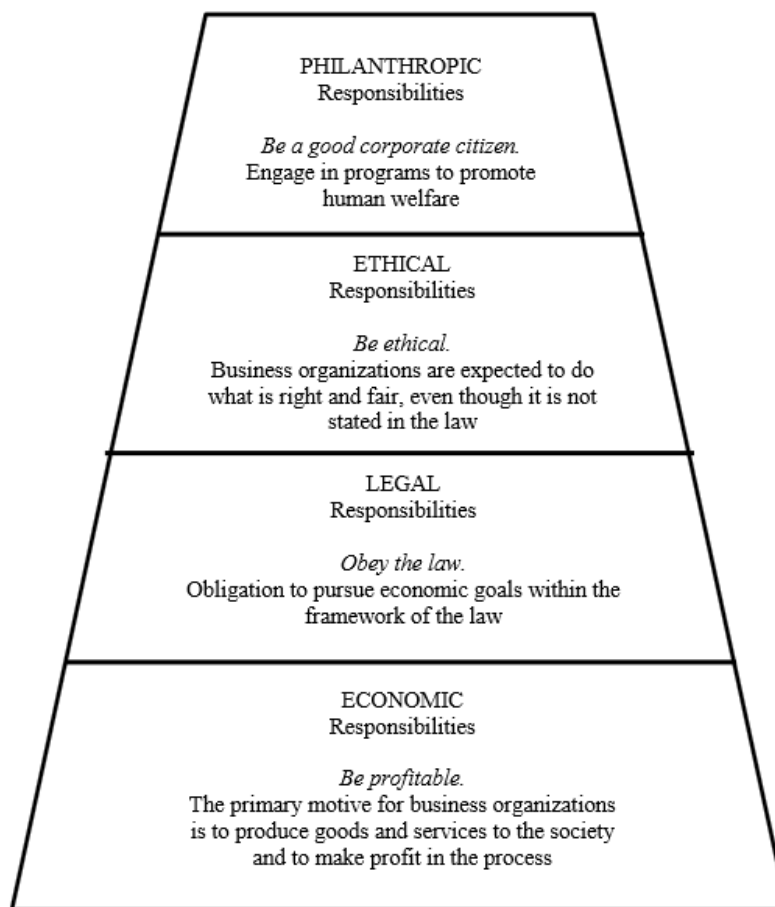


Fig 1: Carroll's pyramid of corporate social responsibility (Carroll, 1991)

## 2.2 Triple Bottom Line

The phrase 'triple bottom line' was first defined by John Elkington in 1994. He claimed that companies should be preparing three different bottom lines. The first is 'profit/loss account', second one is 'people account' and third is 'planet account' - a measurement to show how financially, socially and environmentally responsible are companies and organizations has been throughout their operations (Griseri & Seppala, 2010).

### 2.2.1 Planet

The planet is the most important thing which must be considered regarding sustainability. If there exists planet, then people and profit will exist. The company's footprint



regarding its operation, facilities and the finished products affects our planet. Especially in hospitality business, there are many things like emission of Co<sub>2</sub>, wastages, water usage, foods, electricity and many other things consumed directly from the planet. Many big hotel chains are noted to be unsustainable. They have emitted a lot of toxic gases and wastages. They have consumed a high amount of electricity and water. So, it is very important to minimize the usage as possible and recycle the products. The planet pillar takes the business organization, the people involved and environmental aspects into account to ensure the sustainable development. It focuses on a company's impact on the natural environment. The environmental resources consist of renewable and non-renewable resources. To achieve environmental quality, companies must consume natural resources at the rate below either their natural reproduction or the development of substitutes. They should consider emitting pollution which can be absorbed by natural systems only (Griseri & Seppala, 2010).

### **2.2.2 People**

Sustainability is the best opportunity for a business to approach for smarter innovation and profitable growth. So, unifying and attracting people is very important in any way. It can be done through emotional marketing of the product that how ecological, sustainable and green their product is. People are denoted to the fair and beneficial business practices toward the labor forces, employees and the community where the cooperation conducts its business. They are equally responsible for the people around them. The people pillar indicates the company's impact on knowledge, motivations, skills and loyalty of employees and business partners. The proxies for this impact might be training opportunities for employees, occupational health safety, bonuses etc. within the company. Moreover, people pillar also refers to the company's influence on social aspects like relationship with various external stakeholders, involvement in community projects, entrepreneurial culture and adaption of innovative suggestions for social development (Griseri & Seppala, 2010).

### **2.2.3 Profit**

Profit is the economic evaluation created by the organizations which is the main target to conduct the business. Within the sustainability framework, a real profit is

gained only when ‘people’ and ‘planet’ are also taken care of (Griseri & Seppala, 2010).



**Fig 2: Triple bottom line; Co- relation between People, Planet and Profit**

(Source: (Miratechnologypark.com, 2018))

## **2.3 Eco-label**

### **2.3.1 Origins and Description**

Businesses have come to realize that the environmental concern can be translated into marketing strategy for certain products and services. Many companies are working hard to be more environmentally friendly by using less energy, water and other resources that are not good for environment and using it as a marketing tool to attract customers. Environmental label encourages these kinds of activities and it stands for the commitment of better environment and sustainable nature. The origin of eco- labels is the result of increasing concern for environmental protection by governments, stakeholders, business entities, public and the concerned citizens. They are voluntary schemes, meaning that the applicants, manufacturers, service providers or producers can choose to obtain one label or another. The products certified with ecolabel tag claim as “recyclable”, “eco- friendly”, “low energy” and “recycled content”. These kinds of slogans attract numbers of consumers who are eager to reduce adverse impacts to the environment through their purchasing choices. There are two benefits of being certified with ecolabel: taking care of the environment and attracting customers at same time (Nordic Ecolabel, 2019).

“Eco- labelling is the communication label which indicates relevant parties that the company/ organization abides to “green” production principles that adhere to consumer ethic, to market demands, to industry regulation, and to the regulatory environment as determined locally or internationally” (Williams 2004, p.133). By implementing the environmental labelling, the companies can contribute to green environment, raise industry standards, encourage customers, achieve cost saving, expand the market values and become role model to society. (Epub.wu.ac.at, 2019)

Eco-labels are labelling which measures the sustainability of the products especially food and consumer products. Eco label is focused to minimize the negative ecological impact and encourage to protect the environment. The service providers can apply for ecolabel and if they fulfil the criteria according to Nordic Eco label, they are qualified to get it. Ecolabel is defined as “a label which identifies overall environmental preference of product within a product category based on life- cycle considerations, which is awarded by responsible third party to the products that meets established environmental leadership criteria” (Visser 2009, p.145). According to Oxford Dictionary, ecolabel is defined as

“practise of marking products with distinctive labels so that the consumers are well aware about that the product they buy conforms to recognized environmental standards” (oxforddictionaries.com)

Many eco- labels, however, were confusing among many consumers, due to the fact there was not any guidelines and standardization. Consumers need reliable governing third party, they could not be certain that the companies’ labelled products were an environmentally preferable alternative (Ec.europa.eu, 2019)

Ecological benefits and business ethics are correlated dealing with the preservation of the natural and environmental habitats during business practices along with some profit at the same moment. Either as a receiver of raw material or disposal of the waste product, business is always connected to the environment and its circumstances. Not only business but also the customers, are related to the environmental preservation and ecological responsibilities. Hence, proper handling of environmental issues is essential for the sustainable and profitable business in society. (Kane 2012, p.8)

### **2.3.2 Nordic Ecolabel**

The Nordic ecolabel was established in 1989 by the Nordic Council of Ministers and it functions ever since as the official ecolabel of Nordic countries. The trademark of Nordic Ecolabel is the swan (fig 3). The swan figure originated in the Nordic Council of Ministers symbol which was a white swan with blue background. The swan has four wings and it represents Sweden, Norway, Finland and Iceland. Denmark joined in 1992 and but the swan has no added wings for Denmark (Nordic Ecolabel, 2019).

The Nordic Ecolabel covers 67 different product groups from hand soap to furniture to hotels. Any company can acquire Nordic ecolabel by fulfilling the criteria. After obtaining it, they can use for marketing purposes complying with the regulations stipulated by Nordic Ecolabelling Board for Environment Labelling. More than 25,000 products are sold with Nordic Swan Ecolabel in the Nordic countries and number is growing every day. Norway and Sweden implemented the Nordic Swan in 1989, Finland in 1990, Iceland in 1991 and Denmark in 1992. (Ec.europa.eu,2019)



Fig 3: The Swan label in Finland  
(Source: Ymparistomerkki.fi)

### 2.3.3 Purpose of Nordic Eco- label

The ecolabel's goal is to “influence technical developments and to encourage the production of goods and services which is more environmentally friendly” (Nordic Ecolabelling Steps 2001). This goal can be achieved by applying sustainable criteria on various product groups, acquisition of products and services which are already following the criteria, educating the consumers about the value of eco- label and motivating the industries which produces sustainable and environmentally friendly products. The Nordic ecolabel's vision is a sustainable society where future generations will get same opportunities as we are having today. To achieve this goal, sustainable consumerism is very essential. The main purpose of Nordic Ecolabel is to provide “an environmental labelling scheme that contribute to a sustainable consumption” (Nordic Ecolabel, 2019).

It works as a voluntary ecolabelling scheme for the Nordic countries which focuses to reduce the environmental impact from the production and consumption of goods. It helps the consumers to choose environmentally friendly products and services. It sets strict environmental requirements like what kind of chemicals are used in the ecolabelled products, how they recycle the products etc. Nordic Swan Ecolabel tightens the requirements for goods and services continuously to create sustainable development. (Ec.europa.eu, 2018)

### **2.3.4 Environmental Policy**

The Scandic's Board of Directors with the purpose of ensuring that Scandic's operation is conducted in a manner that inspires confidence and complies with the legislation and best practices for listed companies. The Environmental policy is an underlying policy to Scandic's code of conduct. The policy shall be revised annually or whenever needed. The owner of this policy is the senior Vice President Human Resource and sustainability. The Operational responsibility for implementing this policy is equal to all the EC members. This responsibility applies to all; hotel, management and employees.

Scandic should ensure that the responsibilities are well understood by the employees. Scandic has been working continuously to reduce the company's negative impact on the environment. It has been a major concern for Scandic to advocate environmental responsibilities within the company and to support the development and promotion of the environmentally friendly technologies and innovation. It also supports the transition of low – carbon society and has holistic view of the environment in which environmental and human welfare are understood as relating to each other.

Scandic is a signatory to the UN Global Compact and follows the policies including three environment related principles. The three principles are: -

- Principle 7: Business should support the Precautionary approach to environmental challenges.
- Principle 8: Undertake initiatives to promote greater environmental responsibility.
- Principle 9: Encourage the development and diffusion of the environmentally friendly technologies.

Scandic is also working continuously to reduce energy consumption. Finding and monitoring the sector how and where they can reduce the energy is the priority. Every sector that use energy are being replaced by the new and advanced low energy consuming equipment like lighting, heating and cooling. Scandic has been working from the beginning to reduce the carbon dioxide emission by, for example systematically measuring emission

and establishing emission reduction goals and policies. Solar energy and fossil fuels are being used to reduce the consumption of the energy.

The hotel also ensures if the usage of materials is eco-friendly or not. The separation of the garbage in different dustbin and bio wastage in separate bin shows the degree of dedication of Scandic to maintain the environment in good condition. Even when the renovations are done, Scandic aims to contribute to a circular economic and long-lasting product which can be reused to minimize the possible waste generated. Water use is also being monitored to make hotel more water efficient to reduce the water overuse problem. Rain water reutilization could be one good option for Scandic.

All hotels in Norway, Sweden, Denmark and Finland are Certified according to the Nordic Ecolabel. Hotels in other countries are also certified as according to the similar certificates.

## **2.4 CSR initiatives in Hotel Business**

According to Singal and Rhou, hospitality firms have made a big investment in environmental stewardship by practicing the 3 Rs of Reduce, Recycle and Reuse (Anon, 2018). They are following common measures like greening operations and supply chains and rationalizing energy and water consumption through high- efficiency and low energy consuming lighting, low-flow showerheads, water efficient bathroom fixtures, encouraging customers to reuse linens and towels and so on. Several hotels have invested in technology and innovation which will change the future of energy consumption. (Anon, 2018).

Crown Plaza hotel in Copenhagen, Denmark, encouraged its customers to use produce electricity on exercise bikes. It was a very clever strategy forwarded by hotel because it saved the electricity consumption from other sources and the customers also got a chance to stay healthy. The hotel furthermore provided meal vouchers for the customers who hop on an exercise bike. (Popsci.com, 2018)

It was Scandic hotel that came up with the slogan “Hang Up Your Towel”. The main idea with this slogan was to encourage customers to reuse towels and save water and electricity. Sokos hotel was selected as the most trustworthy and sustainable hotel brand in Finland in 2017. The hotel recycles thousands of furniture.

## **2.5 Consumer Behavior**

### **2.5.1 Definition**

Consumer behavior is the activities people undertake when obtaining, consuming and disposing of products and services (Blackwell 2001). This definition has a wide usage, but still leaves some questions unanswered. ‘Obtaining’ may denote the exchange of anything which necessarily may not involve the purchase of product. Consuming refers to the way which people use the products they buy. Consumption is the most important aspect of the human being because it is necessary for our health and well-being. Most of our consumption is essential for living and relating to other people; obviously some consumption is not good for us (over-consumption of alcohol, drug abuse, foods) (Richins 2001). Disposal of product is when they are used until their time and are no longer needed. Disposal includes the disposal of product- whether be it recycled, burned or dumped (Blythe 2013).

“Consumer Behavior is based on a combination of individual observation and experience and connective communication and dissemination of information within a social market structure” (Williams, 2004, 126). There are several factors which affects the purchasing decision of consumers and ecolabel is one of the factors which is set in a highly competitive environment.

Customers who are highly satisfied tend to purchase the same products and brands, promote it with positive energy and encouraging word of mouth to others and become the ‘customers for life’. In contrast, those who are less satisfied or not satisfied at all, switch immediately to other companies and spread a negative word of mouth (Schiffman & Wisenblit 2015)

The hotel business embodies different characteristics than manufacturing industries. In hospitality business, the customer is directly involved in every process (. The customers are involved in series of direct events like dealing with the reception desk, hotel room



experience, meal experience and atmosphere experience which can be reviewed right away.

### 2.5.2 Types of Customers

A widely quoted study that linked levels of customer satisfaction with customer behavior identified several types of customers.

- **The Loyalist:** Are completely loyal and satisfied customers who keep purchasing and no looking for other brands. They experience quality service and meet their expectations. They tend to provide positive word of mouth about the company to others. This is the type of customers companies should strive to create apostles and design strategies to do so. (Schiffman & Wisenblit 2015, p.44)
- **The Defectors:** feel neutral or merely satisfied with the company and more likely to switch to other companies if they get cheaper and better service than previous one. They may or may not spread bad word of mouth about the company. (Schiffman & Wisenblit 2015, p.44)
- **The Terrorists:** These are the customers who are completely dissatisfied with the service and spread negative word-of-mouth about company. Companies should be careful that they don't want to create these kinds of customers. (Schiffman & Wisenblit 2015, p.44)
- **The Hostage:** These are the customers who have no choice of selection of brands due to monopolism or low prices. They are usually unhappy customers. They are difficult and costly to deal with because of their frequent complaints. (Schiffman & Wisenblit 2015, p.44)
- **The Mercenaries:** These are very satisfied customers who have no real loyalty to the company and can easily switch to other companies because of lower price. (Schiffman & Wisenblit 2015, p.44)

## **2.6 Influencing Factors**

### **2.6.1 Socio-economical**

The hospitality and the luxury service sectors know very well what the customers need and how easily their interest may divert to others. The living standard and the wealth has nothing to do with when it comes to the satisfaction but in some cases the price of the service, the quality, the manner of approaching and respect will matter greatly. The final goal of all the company is to reach to the customer and get their attention. In this process some reach with price, quality and durability assurance and the others with the aesthetics and exclusivity. (Carrasco, 2019)

### **2.6.2 Perception**

Perception is the process of converting the sensory into an understanding of how the world works. The converting process involves the combination of many sensory inputs as a result the result may be complex to understand; for example, the fabrics are judged by the touch but memory and the confidence in the evaluation is improved if the 'touch' input is reinforced with the verbal information. (d'Astous and Kamau 2010).

It is obvious that humans have five senses but apart from that there are other senses in humans such as sense of balance, sense of direction, clear knowledge what is right and wrong, ups and downs (Carrasco, 2018).

Marketing and advertisement sectors are aware of the importance of the customers perception and how hugely this factor may affect the consumers behaviour. Concepts relating to sensory marketing and emotional marketing have been developing rapidly in last few decades. Addressing the perception and the sensory of the consumers will always pay (Carrasco, 2018).

### **2.6.3 Age**

It is an undoubtable fact that the age is one of the important factors in consumer behaviour. The reaction of the teenage boy or girl might be different then the reaction of the old consumer. It would always be better to deal with the same level or respect and response to the different levels of the customers. Not only the reaction but also the needs and demands of those different age group will be different. (Carrasco, 2019)

#### **2.6.4 Trend and Fashion**

The buying behaviour and the patterns has changed hugely in past years. The possible reason could be the higher exposure of media and social network, changing lifestyle of the consumer, consumer behaviour is defined as an activities people undertake when obtaining, consuming and disposing product and services (Bhujabal, V. 2014).

As the time passes, the changes in the mentality and perception of customers also changes which brings the demand of newness in the existing product and services. For example; when IKEA entered the US market in 1985, they were so poor in their performance and the company was very frustrated. The reason behind this was the differences between the suppliers thinking and the actual customers' preferences. The trend in US at that time was using big glasses and large dining tables but instead of that IKEA was offering the customers small glasses and small dining tables (Bhujabal, V. 2014).

#### **2.6.5 Experience**

This is a very important factor since it has a direct impact on the customer's mind makeup. It is obvious that everyone first hears their own then of others. If a consumer already has a bad experience from the concerned supplier, then there are minimum chances that the customer goes to the same place again. It is very common that we want to get the best in limited resources that is why this factor can make huge difference in the flow of the customers. Quiet often we depend on sights, sounds and smells of the past makes us go for the negative response. A simple example could be that we always want to go to big shopping malls and department stores since our mind has the impression that these big malls and stores have the quality products. This happens because of the past experiences related to us or to our friend and family (Emeraldinsight.com, 2019).

The smell of the bread nearby of our home may smell exactly same as we used to eat in our home 15 years ago. These kinds of connection may divert the decision making and buying behaviour of the consumer (Emeraldinsight.com, 2019).

### **2.6.6 Cultural**

This is another essential factor in affecting the consumer's behaviour. It determines the individual's opinion, the way of thinking and the decision-making process towards the product or service hugely. The purchasing attitude of the person living in Japan might be different than the attitude to the person living in South Africa. Different persons have different attitudes and needs so it would be better to keep in mind to respect all the cultures to get the maximum number of customers.

Culture is one of the main prospects in determining the behaviour of the consumers. The study of dynamic nature of the different culture along with beliefs, values, customs, symbols and rituals is very important to address the customers satisfaction. Culture represents the thoughts, personality and the nature of the person.

“For the consumer behaviour perspective, culture is defined as the sum total of learned beliefs, values and customs that serves to direct the consumer behaviour of the members of the particular society” (Roberts-Lombard, M. et al. (2017).

## **2.7 Correlation between CONSUMER BEHAVIOR and Ecolabel**

Researchers claim that the business conducted with CSR theme results in improved financial performance, reduced operating costs, increased staff commitment and involvement, enhanced brand value and reputations, long-term sustainability of the company, green and clean environment, development of closer links with customers and greater awareness of their needs (Jones, Comfort, Hillier & Eastwood, 2005).

The co-relation between Ecolabel and customers is a complex matter. Many surveys developed at an international level suggest that there is a positive relationship between a company's CSR initiative and a consumer's reaction to that company and its products and services (Bhattacharya & Sen, 2004). Conversely, some research demonstrates that the relationship between ecolabel and an ethical consumer is not always positive and evident. There are many factors which affect the consumers' decision about the purchase of product/ services like price, quality, convenience of the product (Mohrl et al., 2001).

A study conducted by Muncy and Eastman (1998) shows that consumers who are more materialistic are less concerned about ethical issues. They are not so worried if the product has an ecolabel tag or not. It shows that a certain segment of consumers is less affected by the CSR initiatives of business organization. The ecolabel trademark is less important for them as well. (Muncy, J. 1998).

According to a study conducted by Creyer and Ross (1997), consumers do take ethical or unethical behaviour of a business into account when buying. They expect the business organization to be bound ethically and are willing to pay higher prices for products that are ethically produced. However, the same consumers will purchase similar products from unethical firms, but only at lower prices. (Creyer, E., & Ross, W. (1997).

Nordic consumers are considered as the most conscious consumers. 9 out of 10 Nordic consumers know the Nordic Swan Ecolabel. Half of these consumers seek for it when they purchase. 3 of 4 Nordic consumers are concerned about their contribution to the sustainable environment (Nordic Ecolabel, 2018).

Despite the fact that eco-label is not so old phenomenon, a report by Danish institute of government studies illustrates the co-relationship between eco-label and consumer's behaviour. The previous research used to focus on consumer's ability to recognise meaning of eco-label. This study analyses the effect of Nordic Swan eco-label on consumers and it illustrates that consumers are willing to pay 10-17% more for eco-labelled toilet papers and detergents. This study also shows that Nordic Swan eco-label has market share of 6-7% (Euractiv.com, 2018).

Interestingly, the Natural Marketing Institute's 2007 LOHAS Consumer Trends Database report shows that consumers do not embrace all eco-labels. In fact, consumers like to make eco-friendly purchase decisions based on how widely recognized and trusted the brands are themselves (GreenBiz, 2018).

## 2.8 Scandic Hotel

### 2.8.1 Introduction

Scandic Hotel is the largest hotel operator in the Nordic region with around 280 hotels with 55,000 rooms in six countries and annual sales of SEK 14.6 billion. It was founded in 1963 and has been pioneer in hotel business. It has stood strongly in favour of CSR and major of Scandic hotels are certified according to Nordic Ecolabel's requirements. Scandic hotel located in Vaasa was established in 2016 replacing Kantareli (old one) and did a drastic renovation in the business. New Scandic hotel with modern look has just open in spring 2018. This hotel has around 160,00 dedicated team members and has a high rate of customers returning. Most of the revenue (70%) comes from the business travel field and the rest from leisure travel. This hotel operates in the middle-market segment with the leading industry brand, Scandic (Scandic Hotels Group, 2018).

The following chart shows the hotels and rooms in operation and under development till June 30, 2018.

	Operational			Pipeline		
	Hotels	of which leased	Rooms	of which leased	Hotels	Rooms
Sverige	85	79	17,363	16,618	3	942
Norge	85	68	15,426	13,233	2	830
Danmark	25	24	4,251	4,041	4	1,697
Finland	68	67	12,458	12,391	1	1,014
Europe	6	6	1,718	1,718	1	506
Total	269	244	51,2016	48,001	11	4,992
Change during the quarter	2	1	432	349	0	141

Table 3: Hotels and rooms in operation (Scandic Hotels Group, 2018)

## 2.9 About the Hotel

Scandic is the largest hotel operator in the Nordic region. The hotel's room, restaurants and conference facilities are built on an attractive concept with Nordic touch. Scandic is

touted to be a well- invested hotel portfolio with the widest geographic reach in Nordic countries including Germany and Netherland as well. (Scandic Hotels Group, 2018)

### **2.9.1 Mission, Vision and Values**

- **Vision**

Scandic's vision is to be a world- class Nordic hotel company using the Nordic spirit and culture. Their mission is to create great hotel experiences for every class of people. They focus on being friendly, creating inviting atmosphere and genuine service (Scandic Hotels Group, 2018).

- **Mission:**

Scandic Hotel's mission is to create a great hotel experience for everyone. They aim to be the leading hotel company in the Nordics. There is no discrimination of customers relating to their nationality, dress, duration of stay, religion, and their travel destination. They do their best to provide an inviting atmosphere, genuine service and friendly hospitality. They believe that the great hotel experience is so much than just a nice room, bed, breakfast or dinner. It is a friendly smile, an inviting atmosphere, genuine service and the little something extra (Scandic Hotels Group, 2018).

- **Values**

Scandic is built on four values which is the key factor for the hotel to be distinguished and better organization. The factors are "Be caring, Be you, Be a pro and Be bold". Scandic steers the Nordic culture, thinking and leadership. Scandic ensures that they cooperate and build trust by asking for and giving feedback (Scandic Hotels Group, 2018).

### **2.9.2 Customers and Sustainability**

As this thesis deals with customer behavior, it is very important to present Scandic's customers. Scandic has a popular and well- liked offering that attracts corporate customers and leisure travelers and family. Their main customers are business travelers including authorities which generate 70% of their revenue. Scandic has loyal customers and loyalty

program- Scandic Friends which is the largest program in the Nordic hotel industry. Approximately, 35% of Scandic's bookings come from their loyalty program members (Scandic Hotels Group, 2018).

Scandic Hotel decided to become a leader in sustainability and drive the development of sustainability in hotel sector. Scandic has invented "hang up your towel if you want to use again" and this idea is followed nowadays by every hotel in the world. In 1993, Scandic decided to become a leader in sustainability and drive the development of sustainability in the business. In 1999, the first Scandic hotel was certified under the Nordic Ecolabel and by the end of 2016, 180 hotels were certified under the Nordic Swan Ecolabel or the EU Ecolabel. Scandic Vaasa recently got Nordic Swan Ecolabel in 2018 for being environmentally friendly company (Scandic Hotels Group, 2018).

### **2.9.3 Organization and Management**

As of June 2018, Scandic has more than 50 000 hotel rooms in operation at 269 hotels in six countries, of which 244 hotels are operated under leased agreement. The organization has the largest geographical reach in the whole Nordic region. It has hotels that are centrally located in larger cities, business hub, airports, besides major highway and beautiful natural settings. The hotel has centralized functions within areas like sales and marketing, purchasing, HR, IT and product development (Scandic Hotels Group, 2018).

### **2.9.4 Nordic Market**

The hotel sector in the Nordic region is strong due to a stable macro economy. The Nordic market is calm and on the level most of the time which is of great advantage for the Scandic hotel. The Nordic region have proved to be one of the developed regions infra-structurally. Other important things about Nordic countries is that they are beautiful, clean and unspoiled. This leads the increasing number of local and international tourists and business travellers. Scandic Hotel is the largest operator based on the number of rooms in Sweden, Finland, Denmark and Norway (Scandic Hotels Group, 2018).



### **2.9.5 Summarizing 2017 for Scandic**

2017 was an eventful year for Scandic. The biggest achievement was the acquisition of Restel Group, which is the biggest step for the Group in Finland. and has 7,600 rooms at 43 hotels. The group enjoyed the good sales growth driven by underlying growth in market and addition of new hotel in different places. During the year, the group's turnover increased by 11.5% and they successfully improved the adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). The Scandic Group has gone from number three to market leader in Finland and now they have a comprehensive network in the country. They have opened numbers of new hotels in different location of the country. The graph below illustrates the economic growth of Scandic group over time (Scandic Hotels Group, 2018).

# HIGH PROFITABILITY OVER TIME

Scandic has adopted clear financial goals for its operations. These involve sales growth, profitability and financial strength. The goals are medium- to long-term and were adopted at the end of 2015.

## FINANCIAL TARGETS

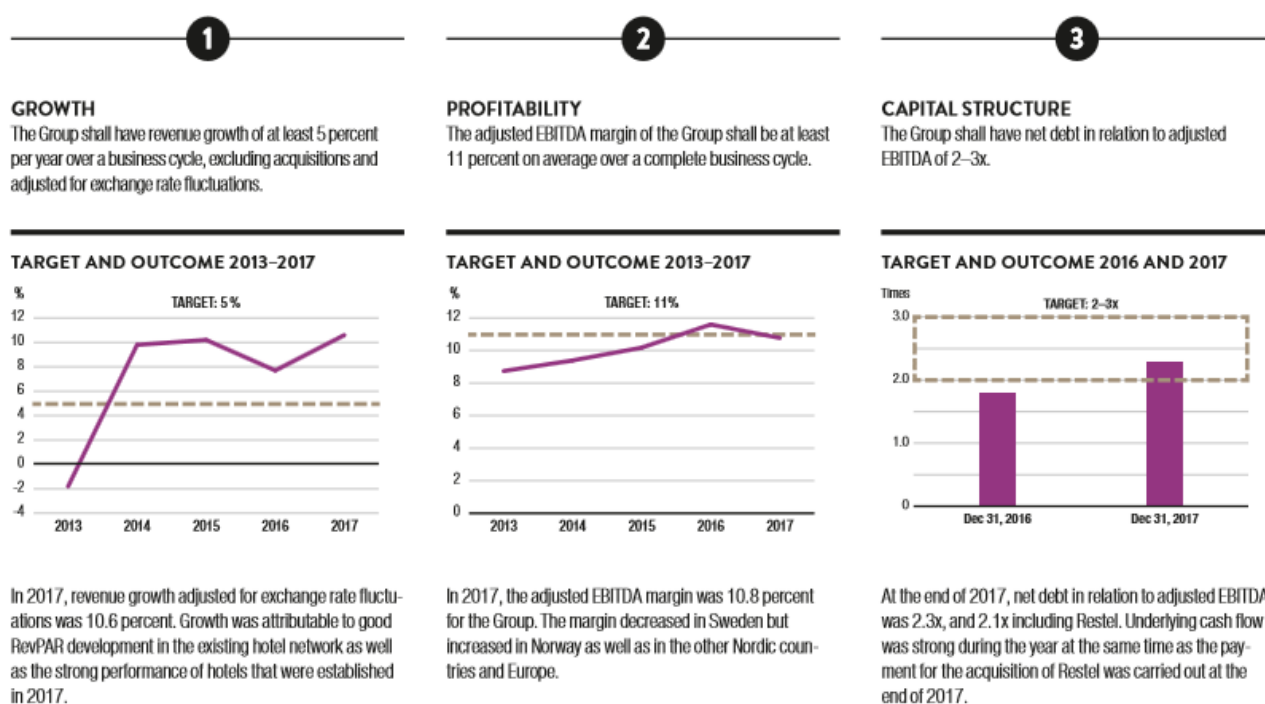


Fig 4: Scandic Annual Report 2017 (Scandic Hotels Group, 2018).

### 2.9.6 Business Ethics and Social Responsibilities

In recent years, the design and whole environment of Scandic hotel has become very important for their guests that they feel like at home and be happy. So, the business ethics of Scandic hotel is to create environment where their guests can work and socialize from the money they pay. Scandic hotel offers organic options as well for environmental con-

cern. During 2015, Scandic launched a children's menu that includes only organic ingredients in the Swedish market. Scandic takes social responsibilities in local communities when there are major international disasters. In 2001, they introduced a program- Scandic in Society- where all hotels and team members are involved in different ways. It includes everything from serving coffee and providing bedding at shelters for homeless people. (Scandic Hotels Group, 2018).

### 3 METHODOLOGY

#### 3.1 Implementation of Methodology

The agile methodology will be used for the study methodology which helps us to understand and aware the progress of our survey. The Agile methodology gave us the freedom to create the better solution within the survey. In addition, it encourages communicating with each other on the regular times. We did mail interviews during our survey. This methodology also helps us to work fairly. We are responsible for the equal task sharing. This table is the basic outline and direction through the whole survey.

Who would become our targeted customers?	Targeted customers: Customers in Scandic Hotel
What kind of offers and ideas would attract the consumer towards hotel?	Convenient, cheap, interactive, social and environmental ideas where people can enjoy their stay with more pleasure.
Why Scandic?	Acknowledgement of the environmental issues, policies and environmentally friendly stay.

Table 4: Basic outline and direction of survey

#### 3.2 Studying Progress

##### Secondary research

Firstly, we take the secondary research to collect data from the people who already visited the hotel with the help of reviews in the Scandic website and by distributing handouts of our survey Questionnaire to the customers in Scandic that would help us to understand the thoughts of the customers regarding the ecolabel.

Furthermore, we try to seek the similar hotels in Finland who are also very conscious regarding the ecolabel and environmental issues. We also consider the price which often is the subject for the customers to avoid such hotels.

In our research results, we are trying to find the data that have been reviewed and can be used in our research. To achieve this goal, we mostly used the database of the Scandic Hotel and Tritonia`s resources. For example: - Consumer fluctuation in various span of time, Influencing factors in Consumer Behavior.

### **3.3 Qualitative Methodology**

This methodology emerged around 1250 A.D and was driven by the investigators with the need of strong data content. It means that the respondents can answer in words and does not necessarily use numbers to analyses. It does not provide statistical data but focuses on different perceptions and opinions of the interviewees. This method gives very rich and detailed results; hence it can show how people feel or what they think about the topic (Macdonald and Headlam 2009). There are not so structured and well-organized questions in a qualitative research. The ways of conducting qualitative research is for example; small group discussion, personal interviews, observation of the people etc. (Macdonald and Headlam 2009)

Qualitative data can be found in different forms. Qualitative data analysis is a conceptual interpretation of the dataset, using analytic strategies to convert the raw data into final and logical explanation.

### **3.4 Quantitative Methodology**

Quantitative research is the research that is used to quantify the problems and attempts to find the solution by generating the data which later can be transferred to statistics. It is very much used to quantify attitudes, opinions, behavior and other defined values. This transferred statistic is used for generating results from the large sampled population. This research uses measurable data to formulate the facts and the patterns in research. This is structured method while qualitative method generally deals only about the qualitative aspects. The Quantitative data collection method includes various forms of survey such as online survey, paper survey, mobile survey.

Quantitative research is concerned with collection and analysis of data in a numerical form. Large scale and representative sets of data are emphasized mainly in the quantitative method. And on the other hand, it is concerned with collection and analysis of information in as many forms, chiefly non-numeric, as possible, smaller numbers of instance or examples which are being interesting or illuminating and aims to achieve 'depth' rather 'breadth'. (Blaxter, Hughes and Tight, 1996: 61)

Research is a systematic investigation to find answers to a problem. Research in professional social science areas, like research in other subjects, has generally followed the traditional objective scientific method. Since the 1960s, however, a strong move towards a more qualitative, naturalistic and subjective approach has left social science research divided between two competing methods: the scientific empirical tradition, and the naturalistic phenomenological mode. In the scientific method, quantitative research methods are used to establish general laws or principles. Such a scientific approach is often termed nomothetic and assumes social reality is objective and external to the individual. The naturalistic approach to research emphasizes the importance of the subjective experience of individuals, with a focus on qualitative analysis. Social reality is regarded as a creation of individual consciousness, with meaning and the evaluation of events seen as a personal and subjective construction. Such a focus on the individual case rather than general law-making is termed an ideographic approach. (Burns, 2000: 3)

Quantitative Analysis: A research among the customers has to be conducted to know if they perceive the hypothesis true or not. Due to many questions to ask to the customers, quantitative analysis was used. Quantitative research aims to determine how a variable affects other in population, by quantifying the relationship between those variables. (Altinay & Paraskevas 2008, p. 75)

This paper explores different aspects of consumer behavior and their opinion about ecolabel while trying to answer following questions:

- Is Nordic ecolabel tag strong marketing tool for Scandic? (If yes, how?)
- What way the customers care about ecolabels while choosing hotel?
- Do the customers ask about it/ are they interested to know more about ecolabel?
- How the business of Scandic grows due to Nordic ecolabel tag? (question for employee)

### **3.5 Duration of Study and Research**

The study and the research went as planned. Despite some difficulties the study and research were completed in time. The cooperation and guidance from the supervisor, the respondents and the hotel staffs were appreciable. This thesis would not have completed without the help of the supervising teacher and the staff of the hotel. The thesis was started in August and was completed in January so being specific it took around six months for the final completion.

## 4 RESULTS OF EMPIRICAL DATA ANALYSIS

This section will discuss and analyse the research findings and present answers to the questionnaires.

Analysis of the survey:

The mail- interview method was used in the survey. Only 18 respondents participated so the number was rather limited. According to the hotel, most of the guests were busy and hence they could not participate to the survey.

The first three questions are about the respondent's background. In specific, they were meant to gather specific details: gender, age group and the country they come from. The authors' purpose was to know what gender of people with how different age group visit Scandic hotel. The authors also tried to find out if the customers come from different countries as well.

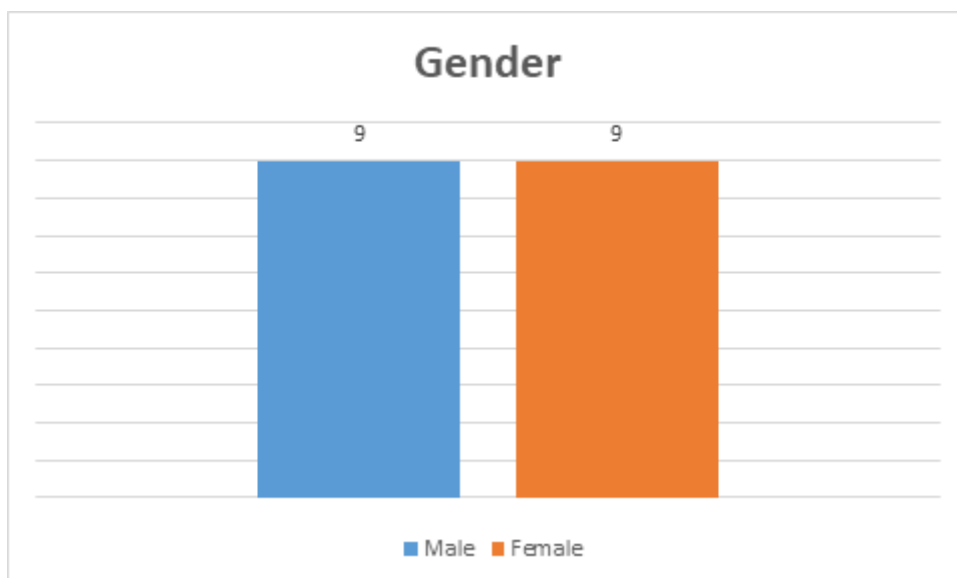


Fig 5: Gender (N=18)

In the first question about gender, interestingly both male and female respondents constitute of 50% each. The survey consists of only one female who is in the age group under 20 years old and she is from Finland.



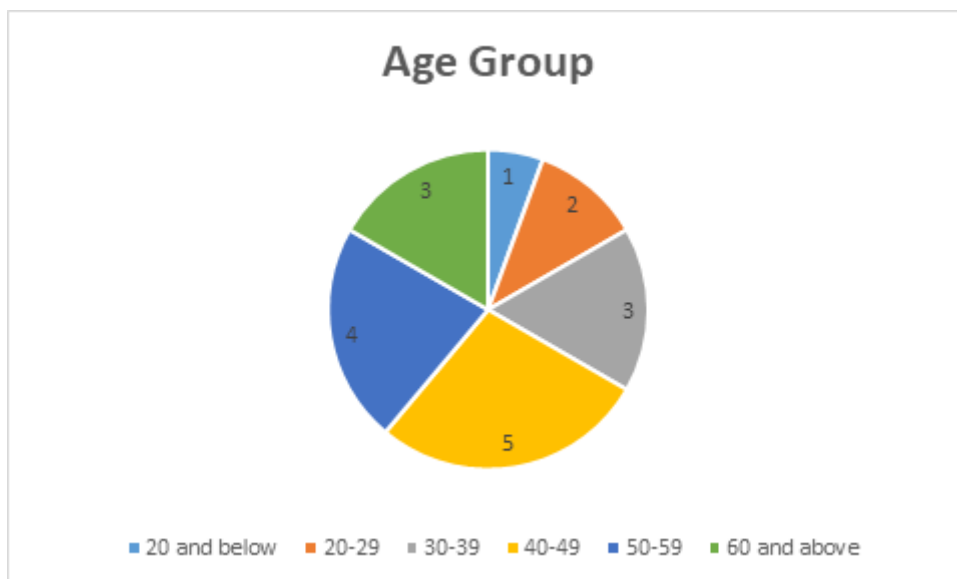


Fig 6: Age group (N=18)

The age group was created this way: 20 and below, from 20-29, from 30-39, from 40-49, from 50-59, from 60 and above. According to the result, only 1 respondent was under the age of 20 which comprises 5.55% of the total respondents. 2 respondents belonged to second age group (20-29) which comprises 11.11% of the total respondents. 3 respondents belonged to third age group (30-39) which comprises 16.66% of the total respondents. 5 respondents belonged to fourth age group (40-49) which comprises 27.77% of the total respondents. 4 respondents belonged to fifth age group (50-59) which comprises 22.22% of the total respondents and at last, 3 respondents were aged 60 and above which comprises 16.66% of the total respondents.

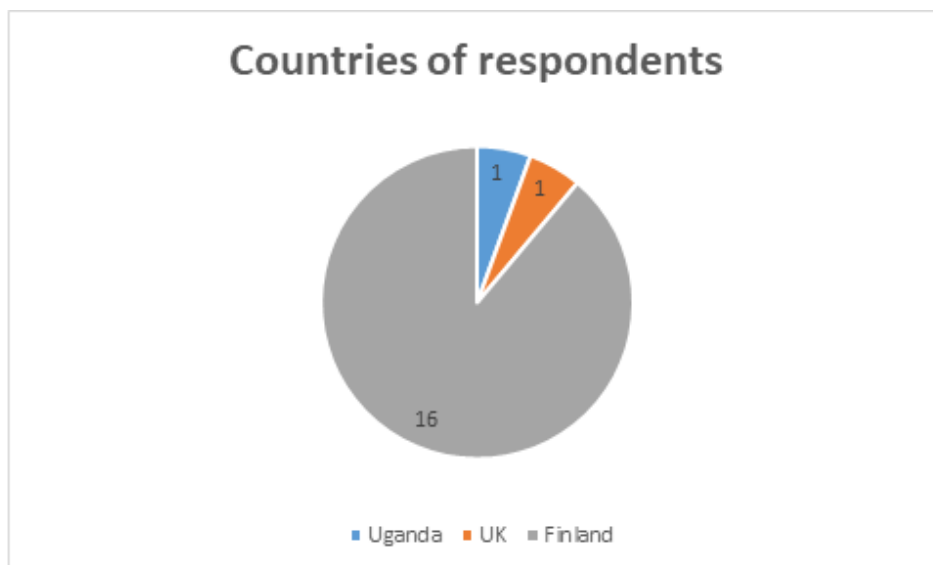


Fig 7: Countries of respondents (N=18)

Finland had the highest number of respondents with 16 respondents. 1 respondent was from Uganda and 1 from United Kingdom. The pie chart shows that Scandic hotel is immensely popular among Finns. The reason why so many Finnish people responding to the survey could be that the survey was distributed in both Finnish and English language.

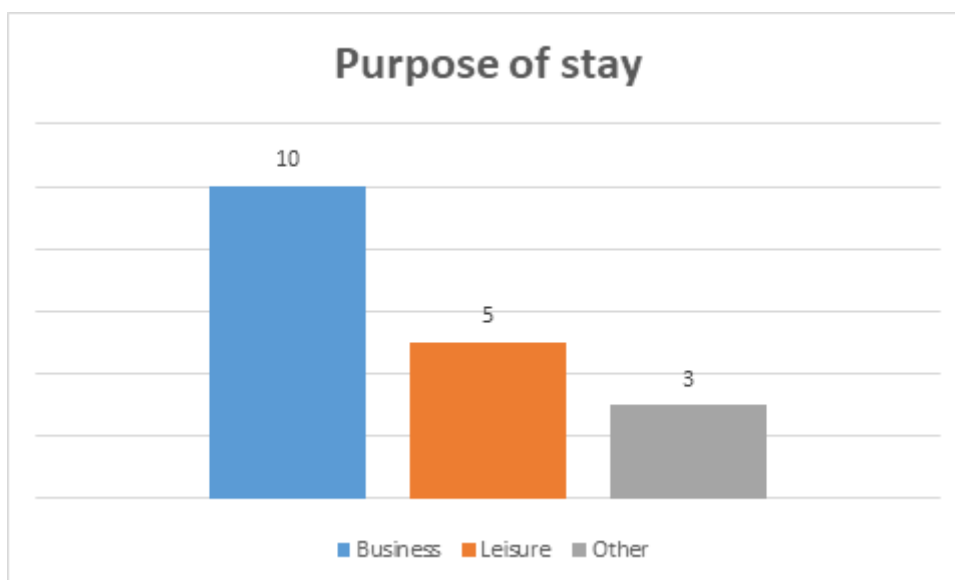


Fig 8: Purpose of stay (N=18)

10 respondents stayed at Scandic for a business purpose. 5 respondents wanted to spend leisure time and 3 respondents stayed in Scandic for other purpose. It is clear that the Scandic hotel is popular among businessmen and workers.

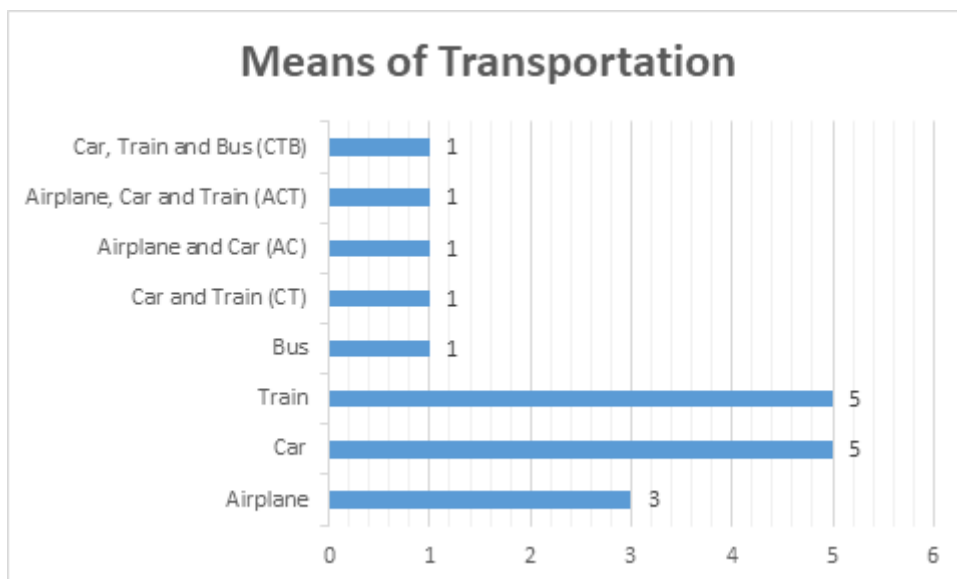


Fig 9: Means of transportation (N=18)

According to the survey, 5 respondents used car to travel to Scandic, where 5 others came by train. 3 respondents travelled by airplane to Scandic, Vaasa. The usage of train and car is high in the graph as most of the respondents come from Finland and car and train are the most appropriate means of transportation for Finnish people. 2 international respondents from United Kingdom and Uganda including 1 Finnish travelled by airplane. The Finnish respondent who uses airplane to travel to Scandic, Vaasa came from Rauma. Rest of the transportation options are all used by Finnish. The purpose of asking this question was to learn how the respondents were concerned about the environment when they are travelling and what mode of transportation, they chose to reduce the negative impact of vehicles to environment. The authors wanted to know the connection between the choice of hotel and vehicles of the guests of Scandic. The most environmentally friendly way to travel is by public transportation like buses and trains but bus was not so popular among the respondents whereas train was a popular option.

The survey also consisted the question “How important are the following factors for you when choosing a hotel?” There were five factors and they were price, location, environmental policy, brand value and service. The scale was used from “very important” to “not important at all”. The answers are just filled in numerical orders.

	<b>Very Im- portant</b>	<b>Important</b>	<b>Neutral</b>	<b>Not Im- portant</b>	<b>Not Im- portant at All</b>
<b>Price</b>	3	12	2	1	0
<b>Location</b>	10	8	0	0	0
<b>Environmental policy</b>	2	10	5	1	0
<b>Brand Value</b>	1	10	7	0	0
<b>Service</b>	8	10	0	0	0

Table 5: How important are the factors before choosing a hotel?

The answers had much differences in the value. According to the survey, 12 respondents said that price is important factor for them when choosing a hotel. Out of the given options, “important” stood out in almost all factors except location. 10 respondents marked location as “very important” whereas 8 respondents marked it as “important”. None of the respondents marked “not important at all” which shows the concern about all the factors. 2 respondents said price and environmental policy is “not important” for them.

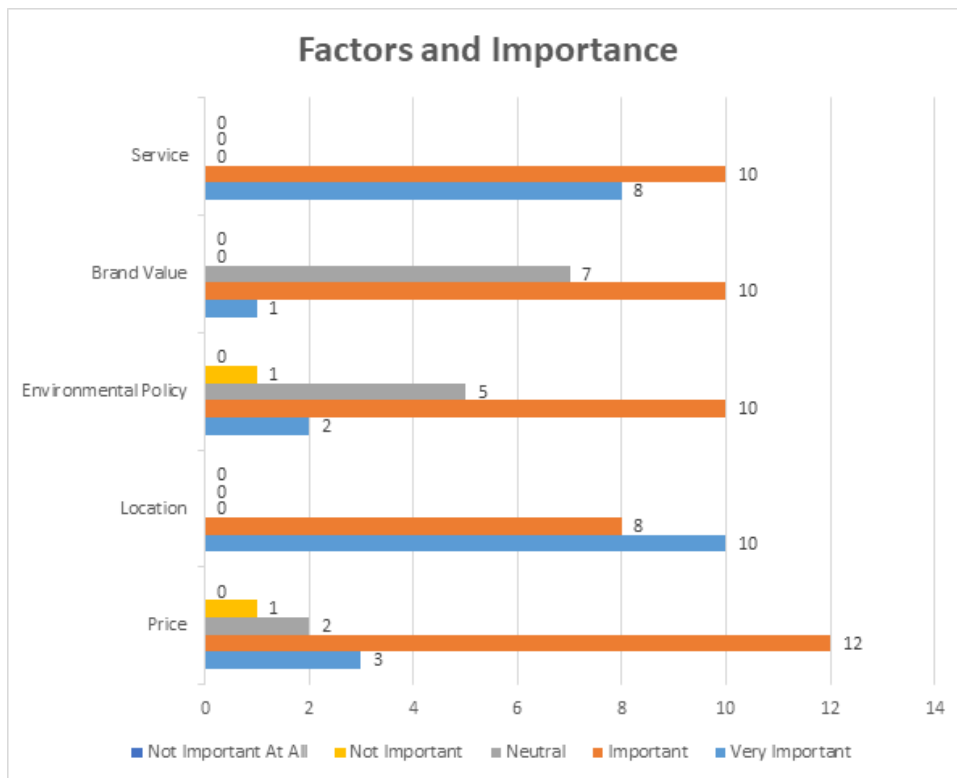


Fig 10: Factors and their importance level (N= 18)

Service and location were either “very important” or “important” for all respondents. Price and environmental policy consisted “very important” to “not important” option.

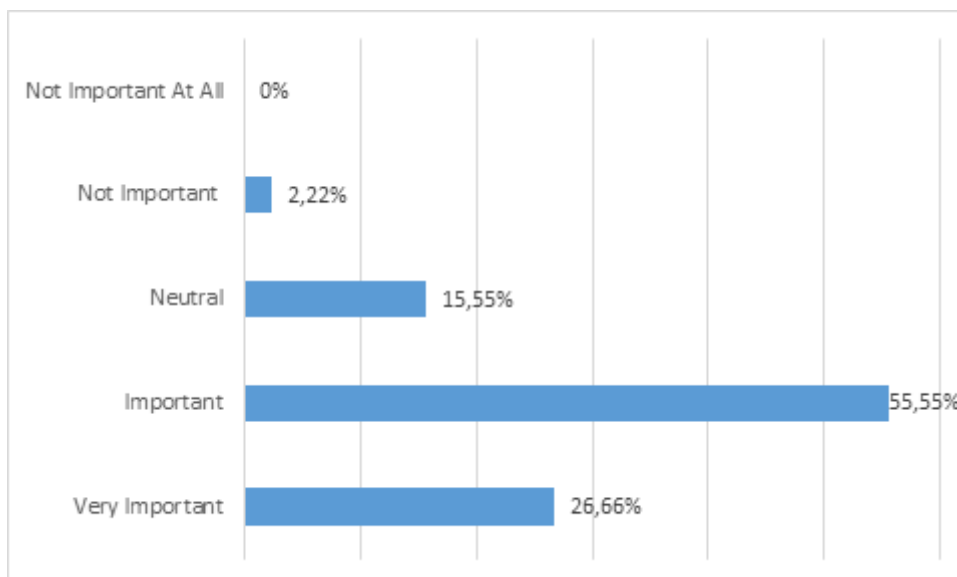


Fig 11: Percentage of importance level influencing the factors (N=18)

The bar diagram shows that “important” occupies the most space with 55.55% whereas “not important at all” has the least occupancy with 0%. It shows that respondents are well-aware of the factors they consider before choosing a hotel.

	Very Im- portant	Important	Neutral	Not Im- portant	Not Important at All
Mean	4,8	10	2,8	0,4	0
Standard Deviation	3,962	1,414	3,114	0,548	0

Table 6: Mean and Standard Deviation of the Importance Level

As seen in the figure, the mean value for “important” is highest with 10 customers and mean value for “not important at all” is zero. This report suggests that most of the customers of the Scandic hotel consider that price, location, environmental policy, brand value and service is important. The encouraging part of the report is “not important” and “not important at all” had an almost negligible value.

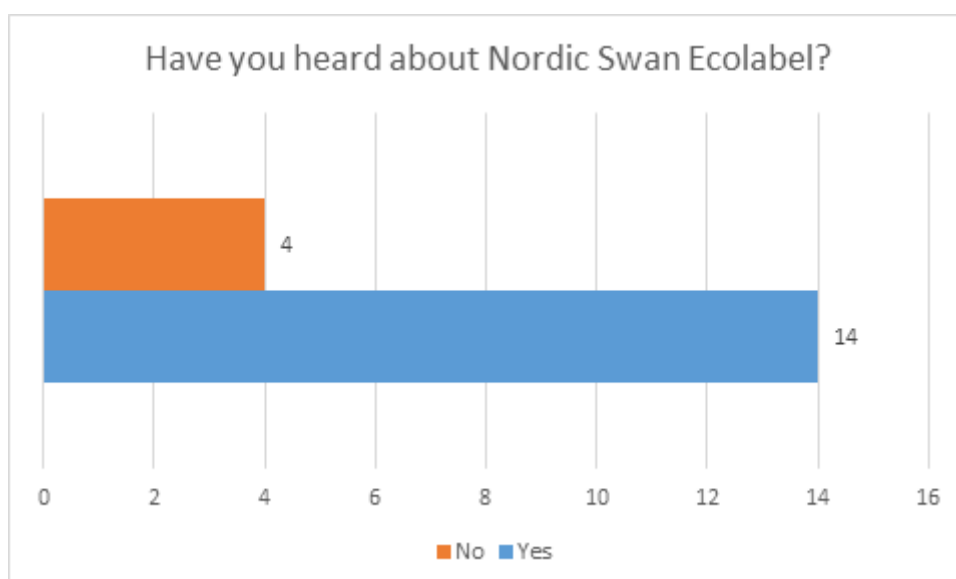


Fig 12: Popularity of Nordic Swan Ecolabel (N=18)

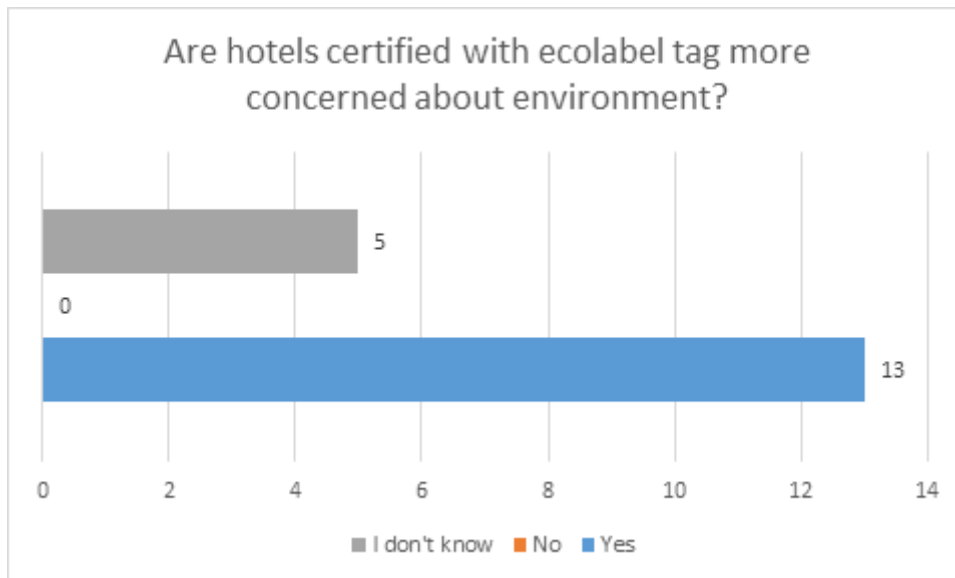


Fig 13: Ecolabeled hotels and their concerns toward environment (N=18)

Coming to the main concern, the authors wanted to know if the guests of Scandic hotel are familiar with Nordic Swan Ecolabel. Out of 18 guests, 14 guests knew and 4 did not know about it. It shows that most guests are familiar with Nordic Swan Ecolabel. Even though most guests knew the Ecolabel, they had totally different opinions regarding its role in environmental protection. Out of 14 customers who were familiar with Nordic Ecolabel, 13 respondents think that Nordic Swan Ecolabel certified hotels are more concerned about environment compared to other hotels whereas 1 guest was not sure if it really plays that important role and rest 4 did not know at all.

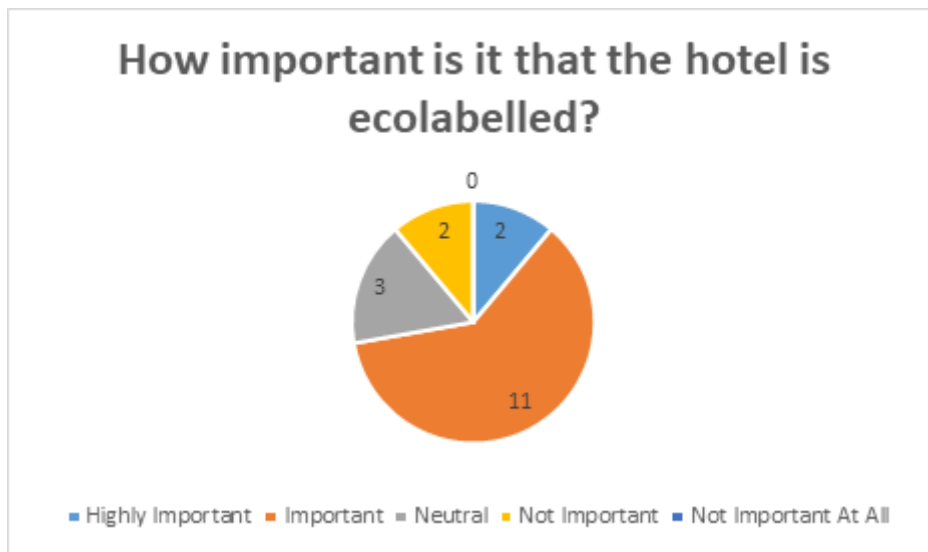


Fig 14: Importance of ecolabel certified hotel (N=18)

For most of the customers, it is “important” that the hotel is certified with ecolabel. 13 guests stated that it is important for them that the hotel is ecolabel certified whereas it is “highly important” for 2 guests, “not important” for rest of 2 customers. This analysis also demonstrates that the customers of Scandic hotel are fairly aware about the ecolabel and its role in environment.

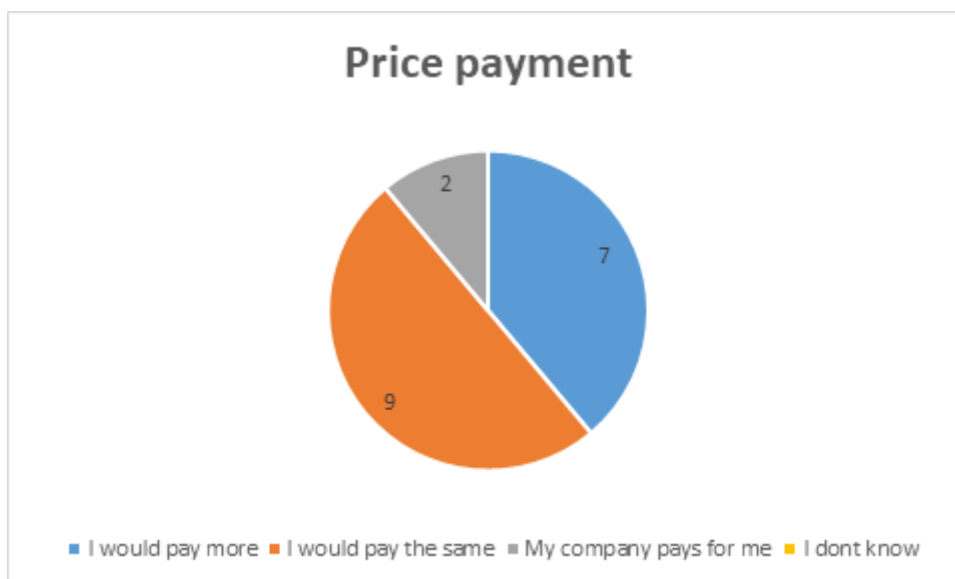


Fig 15: Price payment for ecolabel certified hotel (N=18)



## Section 2

As price may be higher in ecolabel certified hotels due to many factors, the authors were interested to know how their payment system will be affected in the process of choosing Nordic Swan Ecolabelled hotels. Most customers were not willing to pay more, rather they would pay the same amount as they pay if the hotel was not ecolabelled. 9 customers would pay the same amount whereas 7 customers would pay more, and 2 customers said that their company pays for them, so it did not matter them much.

As the survey has been done with the quantitative methodology many questions were asked regarding the ecological acknowledgement and the comfort that the customers were willing to pay for the ecological environmental stay. Consumers were given to choose one to five ranking numbers where **1** represent **Totally Disagree**, **2** represent **Partly Disagree**, **3** represent **Partly Agree**, **4** represent **Agree** and **5** represent **Totally agree**.

As customers were asked whether they check the environmental policy when they are booking the hotel the response was mixed. To make the table understandable and convenient, a group of 3 question were analyzed at a time.

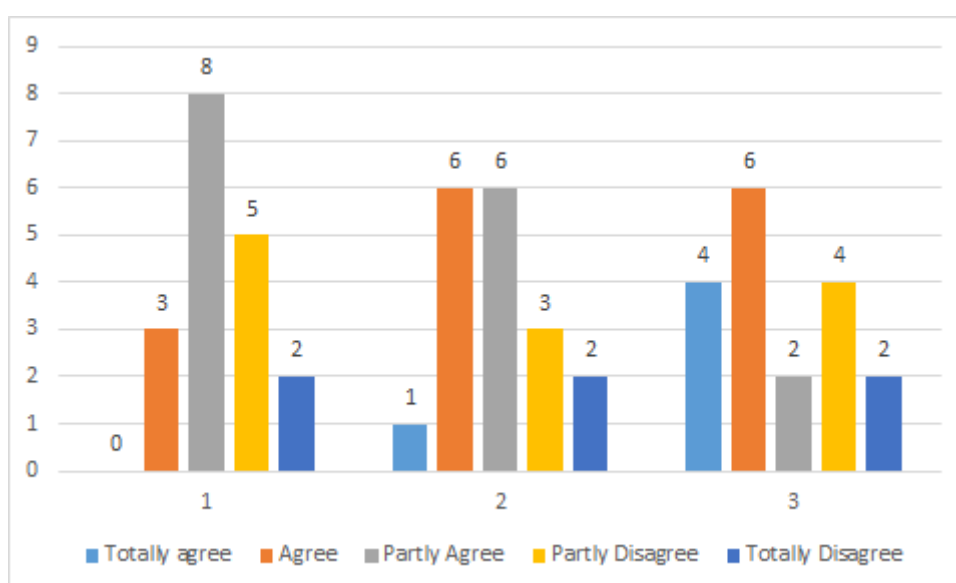


Fig 16: Graph 1: I check the environmental policy before booking a hotel

Graph 2: I happily pay more for ecolabel certified hotel

Graph 3: Price is the most important factor for me before choosing hotel

Out of 18 respondents 8 marked their answer as Partly Agree and that was the highest for the question. 3 marked their answer as Agree, 5 partly disagree and 2 totally disagree. People are being more conscious regarding the environment and the willingness to make the environment more stable is now getting higher. On the other hand, there are various factors that might affect the consumer's preferences during the hotel selection for a stay. Income, accessibility, previous experiences are some of the examples of the affecting factors for the customers while selecting the hotels. After all these things are checked then customers check the environmental issues and the hotel's ecological contribution.

Similarly, they also expressed their feeling for the second question on paying money for the ecologically certified hotels stay ranking Agree and Partly agreeing with highest numbers of 6, 6 followed by partly disagree option for 3 respondents. Only one respondent totally agrees, and 2 respondents totally disagree to paying more for an ecologically certified hotel. The number of respondents was not large on our survey so it is still difficult to be exact on the statistic as many customers may willing to pay more money according to survey, but it may not be the same if the number of participants in survey increases to 100.

As expected, the third question gave us a distributed response as it can be seen in the table the number of respondents is distributed over all the possible answer very well and It is obvious too. This question was, whether the most important factor while booking the hotel is price or not.

It is obvious that everyone has their own thinking regarding giving priority to something. As mentioned before, some people may check price and even compare to one another, some want a peaceful location, some want an easily assessable place to stay, some may be looking for central location to stay in, so it is hard to say whether price is the main factor or not.

22.22% which equals 4 respondents out of the total totally agreed that the price is the main factor while booking the hotel whereas, 6 respondents which equals 33.33% just

Agreed on the statement. 3 comprising 11.11% partly agree, 4 which is equivalent to 22.22% partly disagree on the statement and 2 totally disagree.

The respondents were asked if they check whether the hotel is ecolabel certified or not in the fourth question.

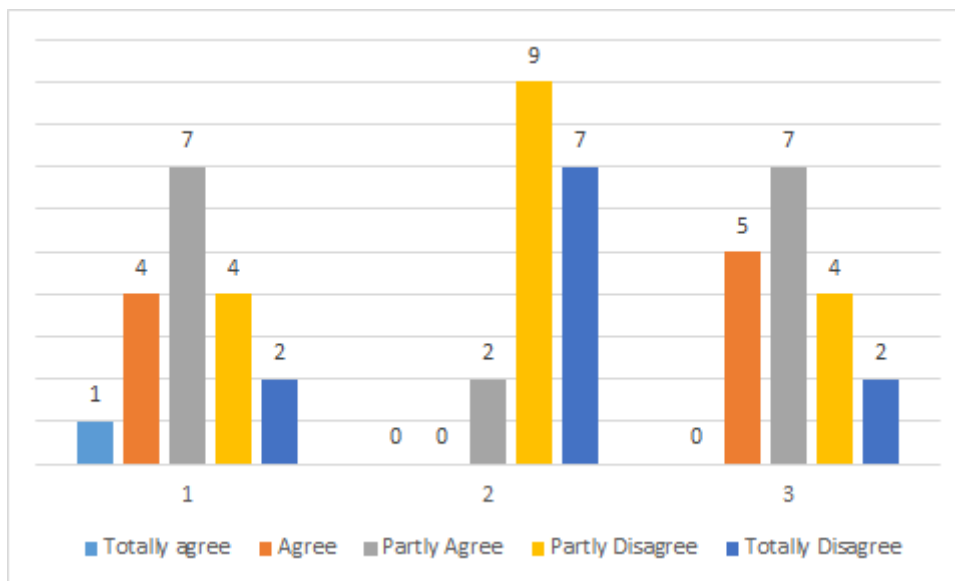


Fig 17: Graph 1: I don't check if the hotel is an ecolabel certified or not

Graph 2: It is useless to stay in an ecolabel certified hotel

Graph 3: I wish to stay in an ecolabel certified hotel, but they are expensive

It seems the response was moderate. The maximum number of respondents partly agree. To be specific 7 respondent partly agree, 4 agree, 1 totally agrees, 4 partly disagree and 2 totally disagree. It varies from person to person how they book hotel. These days there are plenty of hotels which serves with excellent services despite of being ecologically certified. Even they are not ecologically certified they still collect bio wastes, recycle the plastics, bottles and metals so somehow, they are still connected to ecological wellbeing. Rather than checking ecological things customers checks for offers and discount. It could be a good idea if the hotels start making a scheme and offers an environmentally friendly stay.

In the fifth question the result was obvious. Customers were asked if it is useless to stay in ecolabel certified hotels. Most of the customers disagree to this question. 7 customers totally disagree, 9 partly disagree and 2 partly agree. It seems customers are now more recognizing the importance of the ecological balance and the awareness has risen up to the individual level. Environmental pollution and ecological misbalance can be controlled by a collective effort and such individual acknowledgement towards preserving ecology plays a vital role in making better ecology.

All the questions were very similar to one another to some extent, but still the response was very important.

‘Are Ecolabel certified hotels expensive?’ was the question in the sixth. Nobody totally agrees with this question. The customers responses gave the clear information that all the ecological certified hotels are not expensive. 7 participants partly agree with the question 5 agree, 4 partly disagree and 2 totally disagree. With the changing modern society people are now demanding more facilities wherever they travel and stay. Customers who have high earnings are used to for paying high price for decorated, sophisticated and ecolabel hotels but not all can afford the price. Customers want to stay in the ecological certified hotels, but they cannot afford the price, this is what the survey result shows in the sixth question.

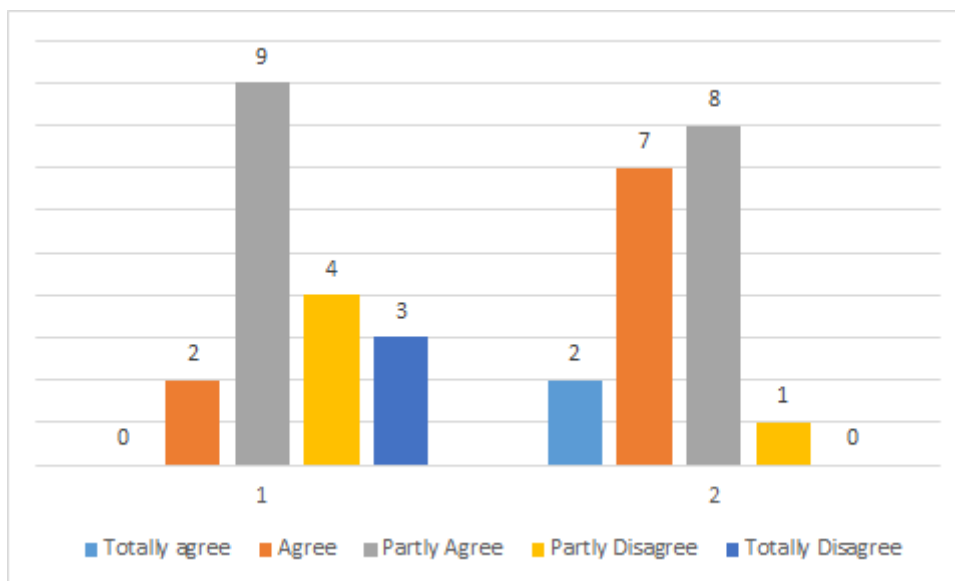


Fig 18: Graph 1 Ecolabel certified hotels often use the label tag for marketing.

Graph 2 Ecolabel Certified hotels contributes in ecological living.

Customers these days are more educated and responsible when it comes to the environment and ecological aspects but are the hotels really concerned about their responsibilities and doing the duties or they are just putting the tag of ecolabel certified just for marketing? Customers were asked the same question where 9 out of 18 partly agreed, 2 agreed, 4 partly disagree, 3 totally disagreed and there was none who totally agreed to this statement. According to the response of the respondent they think that many hotels so put the tags of ecolabel certified just for the marketing purpose. The competition is so high that hotels are being clever and trying to get the customers attention in every possible way. Using the ecolabel tag seems to be one of the attraction factors for the hotels just the get the higher number of customers and make profit.

On the other hand, it seems that the hotels like Scandic are really concerned and are making a big contribution towards ecological living. Are these kinds of hotels are really making big contribution to the ecological living? That was the eighth question to the customers. The number of respondents agreeing with the statement was 6 followed by the partly agreeing respondent with majority of 7 respondent. 2 respondents totally agree on the statement, 1 partly disagree and nobody totally disagree which means customers think that these kind of ecolabel certified hotels are at least contributing toward the ecological living to some extent. At different point of time such hotels are organizing many ecological programs and doing many events relating to environment which also explains that

they are doing some good work. In case of Scandic they are very concern regarding the use of water, chemical, managing wastage, bio wastage, recycling of the wastage. Many ecological works that Scandic has done can be seen in their website. (<https://www.scandichotelsgroup.com/en/sustainability/>)

These days most of the hotels are now improving their service and facilities for their customers.

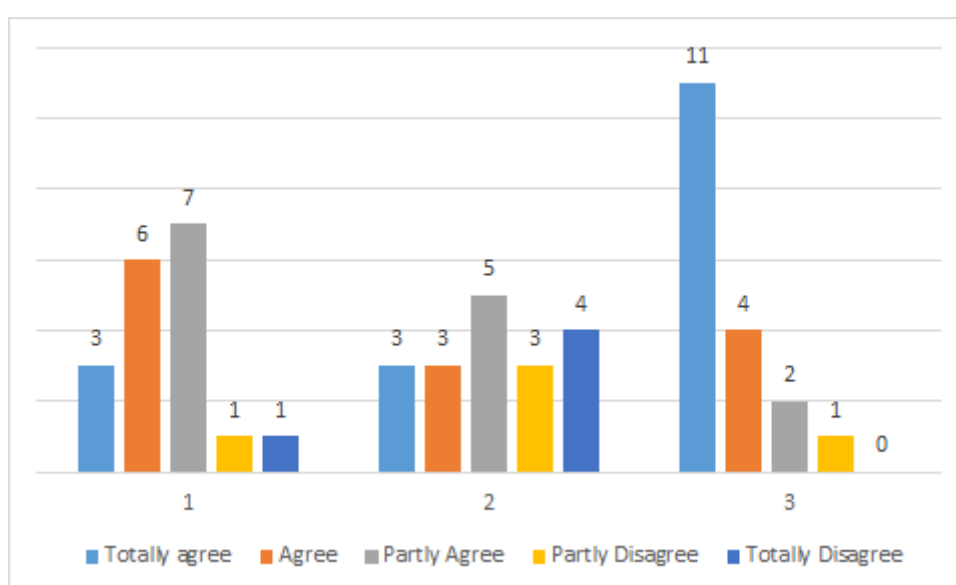


Fig 19: Graph 1 Ecological Certified Hotels provides quality services.

Graph 2 I enjoy using unlimited water and electricity in Hotel stay.

Graph 3 I use less water and electricity and save for the future generation.

It was very important to know about the service that the hotels are providing to the customers in order to analyze in terms of satisfaction. Customers were asked the same question whether they have experienced better service in ecolabel certified hotel or not. Customer responded in positively. 7 customers partly agreed with the statement, 6 Agreed, 3 totally agreed and there were just one, one customer who partly disagreed and totally disagreed. By these responses it is very clear that the ecolabel certified hotels are providing better services then not certified hotels.

The 10<sup>th</sup> and the 11<sup>th</sup> question were very similar to one another, but the response was very different which gives unclear and confusing results. In the 10<sup>th</sup> question respondents responded evenly in all the options 3, 3, 5, 3, 4 for Totally Agree, Agree, Partly Agree, Partly Disagree, Totally Disagree respectively. But in the 11<sup>th</sup> question the response was different although the question was almost same to the 10<sup>th</sup> question. The only difference was the way question was asked. In the 11<sup>th</sup> question customers show more positive response on saving water for the future generations. 11 respondents totally agreed on the statement, 4 Agreed, 2 partly agree and 1 partly disagree.

In the next question where they were asked about reusing the linens and towels, 13 customers marked “totally agree” that they reuse the linen and towels whereas 1 customer “totally disagree”. The one who preferred to change linen and towel comes from Uganda whereas rest of them are from Finland and United Kingdom. 2 customers marked “agree” whereas 2 marked “partly agree”.

When asked same question in a different way if they want to change their linen and towel, the answer was partly mixed. 8 customers marked “totally disagree”, 5 customers “disagree” and 1 customer marked “agree”. It indicates that the customers prefer recycling the products than changing all the time. The customers seem to have knowledge that reuse of towels and linen saves lot of natural resources

When asked if environmental degradation will affect the hotel business, 13 customers marked “partly agree” and 4 marked “agree”. None of the customers marked “Partly Disagree” or “Totally Disagree” which was positive. One customer completely agreed with this statement. This report shows that customers are worried about the business of hotels if the environment is not protected and conserved. It can be stated that the customers have same opinion on this question. It shows that if the hotel wants to run smooth business, it should be concerned about environmental issues as well.

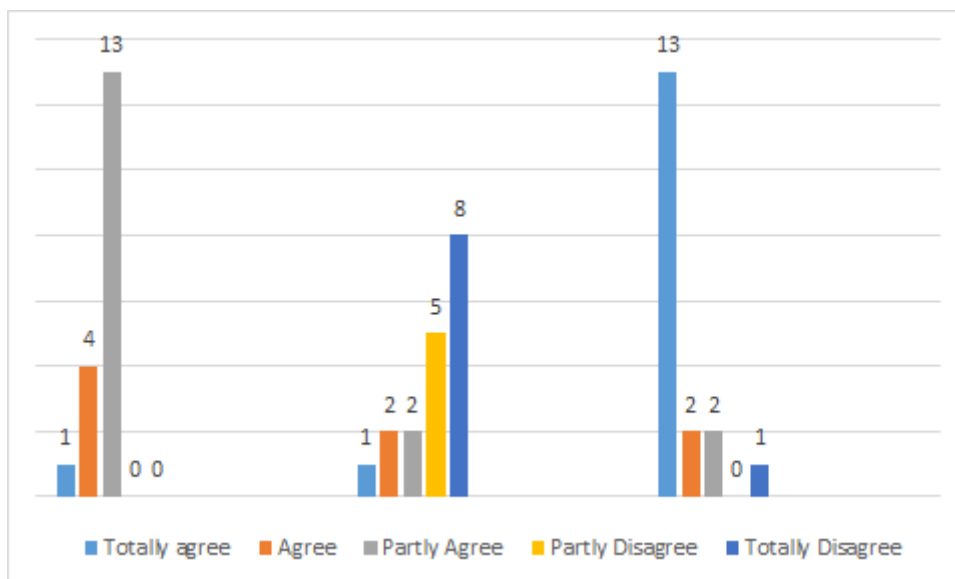


Fig 20: Graph 1: I reuse the linen and towel because it helps to save natural resources

Graph 2: I prefer to change my linen and towels every day

Graph 3: The bad thing about environmental degradation is that it will affect hotel business

When asked if ecolabel certified hotels provide clean rooms and fresh food, 12 customers marked “partly agree” with highest mark whereas 4 marked “agree”. On the other hand, none of the customers marked “totally disagree”. 1 customer marked “totally agree” and other one marked “Partly Disagree”. In the opinion of customers from this result, it can be said that even though the hotels are certified with ecolabel tag, it does not ensure of providing fresh foods or cleaner rooms than normal hotels.

Environmental issues are current and important at this moment. When asked if the customers find it hard to get concerned about environmental issues, 10 customers marked “disagree” and 6 “totally disagree”. None of the customers marked “agree” or “totally agree” whereas 2 customers marked “partly agree”. The result provides clear answer that most of the customers are concerned about environmental issues and are doing their part.

The last question in the survey was if ecolabel certified hotels are more concerned about customer satisfaction, the answers were totally polarized. 8 customers marked “Agree”



whereas 2 customers marked “Totally Agree” and 2 “Partly Disagree”. None of the customers marked “Totally Disagree”. A majority of customers agree that customers are more satisfied with eco label- certified hotels.

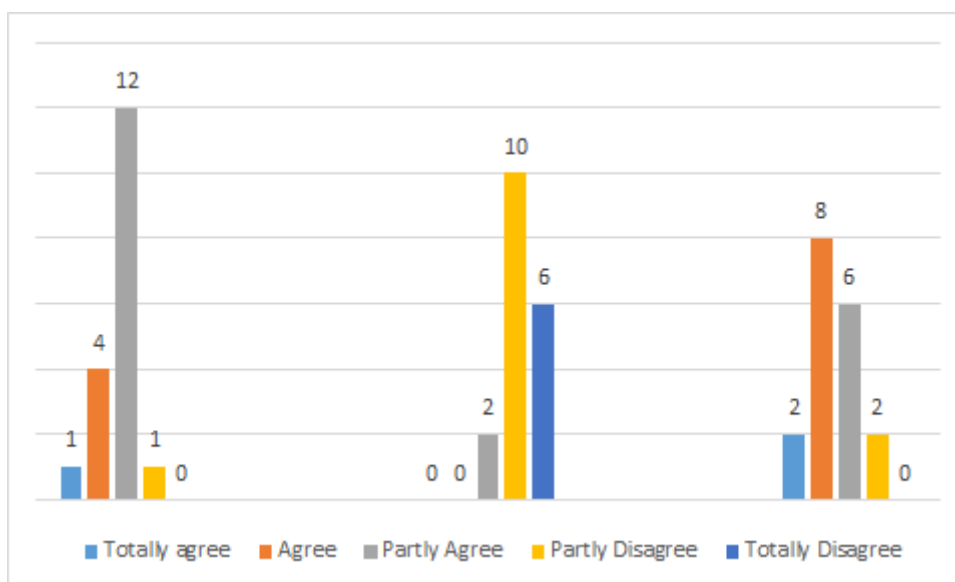


Fig 21: Graph 1: A good thing about choosing ecolabelled hotel is that the rooms are cleaner, and food is fresh

Graph 2: I find it hard to get too concerned about environmental issues

Graph 3: Ecolabel- certified hotels are more concerned about customer satisfaction

#### 4.1 Analysis of result with theoretical framework

The research results indicate that Scandic hotel, Vaasa, has gained the core value of being a socially responsible hotel among the customers. If we go back to chapter 2.1.1., all the responsibilities economic, legal, ethical and philanthropic are fulfilled by the hotel which was stated one of the most important components for companies to run according to Carrol (1991). The hotel has taken various actions to reflect the people, planet and profit dimensions of triple bottom line by Carrol (1991).

According to the report, the hotel has been able to create a competitive advantage with their CSR policy. However, there is difference in the opinion about ecolabel among the

respondents. According to table 5, environmental policy is important for most of respondents which give crystal clear message that the customers of Scandic hotel are positive towards the Nordic Eco- label. According to figure 12, most of respondents think that hotels certified with ecolabel tag are more concerned about environment. It is important for the customers of Scandic hotel that the hotel is eco- friendly according to figure 14. If we compare the graphs from section 2, the respondents have very positive attitude towards eco label in overall. On the other note, most of customers do not check the environmental policy before checking the hotel and price is very important factor for them before choosing a hotel.

Going back to 2.6, the influencing factors like socio- economical, age, experience etc are reflected upon the customers of Scandic hotel. Talking about socio- economic factor, most of the customers stay in the hotel for business purpose as from, figure 8. It can be said that most of the customers of Scandic hotel belong to working class. According to figure 6, all the age group visit to Scandic hotel. The survey shows that the hotel is popular among middle- aged customers.

If we go back to table 5 again, “price, location and service factors” of the hotel are important for the customers. It indicates that the types of customers for Scandic hotel bend toward “defectors” where Schiffman & Wisenblit described that these types of customers feel neutral or merely satisfied with company and they might switch the company if they get cheaper and better options. According to figure 15, the customers are not willing to pay more even if the hotel is certified with eco- label, rather they would pay the same amount as before. It can be said that Scandic hotel, Vaasa has been able to make a brand value among customers and the customers have positive attitude toward the hotel and its ecolabel program. Still, the ecolabel program is not a decisive factor for the customers to choose Scandic hotel. The customers do not take the Nordic ecolabel into account before booking the hotel according to the report. Even though the customers perceive CSR as an added value to the hotel, they are not yet willing to pay more for the efforts.

## **4.2 Suggestions for Future Researchers**

The thesis gives us the broader concept of corporate social responsibilities and the consumer behavior regarding ecological responsiveness. Although, the writing process went very well, we found some difficulties during the result analysis like, the lower numbers of respondents, less participation of the international respondents, not enough responses from the hotel. We also realized that we were totally dependent on only one way of the data collection which might could have conducted on other various ways for example; direct interviewing with the customers in the hotel if they are interested.

For the students or researchers in the future, we suggest getting minimum of 60 respondents so that it would be easy for analyzing the result and making the conclusion more accurate. The more respondents, the more valid and reliable will be the research. It is also recommended to get more international respondents so that the various affecting factors of consumer behavior relates to the theories and we can get the clear information from the survey. The affecting factors may bring some confusion while making the conclusion if we do not have enough number of the multi-national respondents. It is always better to accumulate the result from many different nationalities since the cultural differences play a vital role in decision making.

## 5 CONCLUSION

This research was conducted among a limited number of respondents. The conclusion made by authors are based on these limited respondents answer. According to the hotel management, the reasons for the low response rate was due to the busy schedule of customers and off-season business for hotels. The low number of respondents affects the result of the survey as well. It does not cover the overall opinion of many other customers. So, the conclusion may vary from the hotel's point of view and authors do not claim the accuracy level of the report to be 100%.

The main objective of this thesis was to study the consumer behaviour of guests of Scandic hotel toward Nordic Swan Eco label obtained by hotel recently. The co-relation between consumer behaviour and ecolabel was examined as well. The study also investigated if Scandic hotel meets the expectation of customers regarding the role of the environment. The customers of Scandic hotel seem to be careful about the environment but still, the value and importance of the Swan Ecolabel obtained by Scandic hotel has got mixed reaction. Environmental policy does not play a decisive role for choosing hotel for some customers whereas, the location of the hotel is the main thing they see before choosing the hotel.

It can be concluded that the customers of Scandic hotel are well aware about the Nordic Swan eco label, they think that the ecolabel tag plays important role for the hotel and it contributes towards green environment, they use as less energy as possible during their stay in the hotel but most of the customers prefer the price to be not so high.

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## APENDICES

### English Version

Hi;

We, Dinesh Gautam and Subash Sangraula, final year students of Vaasa University of Applied Science from International Business faculty are writing our final thesis about the impact of Corporate Social Responsibility on consumer behavior in Hotel industry. Your anonymous answers will be blessing to complete the final stage of our research. Thank you very much in advance.

### SECTION ONE

1. Gender

Male

Female

2. Which age group you belong to?

20 and below

40-49

20-29

50-59

30-39

60 and above

3. Which country and city you are from?

Country: \_\_\_\_\_ City: \_\_\_\_\_

4. What is your purpose of travel?

Business

Leisure

Other

5. What transportation you use most when travelling? (Choose more than one options if needed)

Airplane

Car

All of them

Train

Bus



6. How important are the following factor for you when choosing a hotel?

	Very portant	Im- Important	Neutral	Not Important	Not Important At All
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental policy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand Value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Have you heard about Nordic Swan Ecolabel?

Yes

No

8. Do you think hotels certified with Nordic Swan Ecolabel are more concerned toward environment compared to other hotels?

Yes

I don't know

No

9. How important is it for you that the hotel is certified with Ecolabel?

Highly important

Important

Neutral

Not important

Not important at all

10. Are you ready to pay more for sustainable hotel?

- I would pay more
- I would pay the same
- My company pays for me, so it does not matter so much to me
- I don't know

## **SECTION TWO**

Please read the sentence and mark to the box which describes your opinion accurately.

**Scale: 5 (Totally agree)    4 (Agree)    3 (Partly Agree)    2 (Partly disagree)    1 (totally disagree).**

1. I check the environmental policy before I book a hotel

5    4    3    2    1

2. I happily pay more for ecolabel certified hotels

5    4    3    2    1

3. Price is the most important factor for me before booking hotel

5    4    3    2    1

4. I don't check if the hotel is ecolabel certified or not

5    4    3    2    1

5. It is useless to stay in ecolabel certified hotel

5    4    3    2    1

6. I wish to stay in ecolabel certified hotels but they are expensive

5    4    3    2    1

7. The ecolabel certified hotels are often using the label just for marketing.

5    4    3    2    1

8. I think ecolabel certified hotels make a big contribution in ecological living.

5    4    3    2    1

9. Ecolabel certified hotels provide better quality of service for customers

5    4    3    2    1

10. I enjoy using unlimited run of water and electricity in the hotel I stay

5    4    3    2    1

11. I use less water and electricity if possible because we should save them for our next generation

5    4    3    2    1

12. I reuse the linen and towel because it helps to save natural resources

5    4    3    2    1

13. I prefer to change my linen and towel every day.

5    4    3    2    1

14. The bad thing about environmental degradation is that it will affect hotel business

5    4    3    2    1

15. Good thing about choosing ecolabelled hotel is that rooms are clean and food is more fresh

5    4    3    2    1

16. I find it hard to get too concerned about environmental issues

5    4    3    2    1

17. Ecolabel- certified hotels are more concerned toward customer satisfaction

5    4    3    2    1

Thank you very much for your valuable time.

## Finnish Version

Hei

Me, Dinesh Gautam ja Subash Sangraula, olemme viimeisen vuoden opiskelijoita Vaasan Ammatti-  
korkeakoulussa, Kansainvälisen Kaupan linajalla. Opinnäytetyömme aihe on yrityksen sosiaalisen  
vastuun vaikutus kulutuskäyttäytymiseen hotellialalla. Vastauksesi käsitellään anonyymisti, ja vas-  
tauksesi auttaisi meitä suuresti opinnäytteen ja tutkimuksen tekemisessä. Iso kiitos jo etukäteen.

### OSA 1

11. Sukupuoli

Mies

Nainen

12. Mihin ikäryhmään kuulut?

20 ja alle

40-49

20-29

50-59

30-39

60 ja yli

13. Mistä maasta ja kaupungista olet?

Maa: \_\_\_\_\_ Kaupunki: \_\_\_\_\_

14. Mikä on matkasi tarkoitus?

Työmatka

Vapaa-  
aika

Muu

15. Mitä kulkuvälinettä käytät eniten matkasi aikana?(voit valita useamman)

Lentokone

Auto

Kaikki

Juna

Bussi

16. Kuinka tärkeitä seuraavat seikat ovat, kun valitset hotellia?

	Erittäin tärkeä	Tärkeä	Neutraali	Ei tärkeä	Ei tärkeä lainkaan
Hinta	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sijainti	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ympäristöasiat	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brändi	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Palvelu	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. Oletko kuullut Joutsenmerkistä?

- Kyllä  En

18. Uskotko, että hotellit, joilla on Ympäristömerkki, ottavat ympäristön paremmin huomioon, kuin hotellit, joilla merkkiä ei ole?

- Kyllä  En osaa sanoa  
 EI

19. Kuinka tärkeää sinulle on, että hotellilla on ympäristömerkki?

- Erittäin tärkeitä  
 Tärkeitä  
 Neutraali  
 Ei tärkeä  
 Ei lainkaan tärkeä

20. Oletko valmis maksamaan enemmän kestävästä kehityksestä mukaisesta hotellista?

- Kyllä maksaisin enemmän
- Maksaisin saman
- Työnanataja maksaa, joten hinnalla ei väliä
- En osaa sanoa

## Osa 2

Ole hyvä ja lue väittämä ja merkitse sinun mielipidettäsi eniten kuvaava vaihtoehto.

**5 (Täysin samaa mieltä)      4 (Samaa mieltä)      3 (Osittain samaa mieltä)**  
**2(Osittain eri mieltä)      1 (Täysin eri mieltä).**

18. Tarkistan ympäristöpolitiikan ennen hotellin varaamista

5    4    3    2    1

19. Maksan ilomielin enemmän hotellista, jolla on ympäristömerkki

5    4    3    2    1

20. Hintaa on tärkein tekijä, kun varaan hotellia

5    4    3    2    1

21. En tarkista, onko hotellilla ympäristömerkkiä

5    4    3    2    1

22. Ympäristömerkityssä hotellissa yöpyminen ei auta mitään

5    4    3    2    1

23. Haluaisin yöpyä ympäristömerkityssä hotellissa, mutta se on kallista

5    4    3    2    1

24. Ympäristömerkityt hotellit käyttävät ympäristömerkkiään vain markkinointiin

5    4    3    2    1

25. Mielestäni ympäristömerkityt hotellit tekevät paljon ekologisen asumisen hyväksi

5    4    3    2    1

26. Ympäristömerkityt hotellit tuottavat parempi laatuista asiakaspalvelua

5 4 3 2 1

27. Pidän siitä, että hotellissa voin käyttää rajoittamattomasti hanavettä ja sähköä

5 4 3 2 1

28. Rajoitan veden ja sähkön käyttöä, jos mahdollista, sillä niitä tulisi säästää tuleville sukupolville

5 4 3 2 1

29. Uudelleenkäytän pyyhkeet sekä lakanat, koska se säästää luontoa

5 4 3 2 1

30. Haluan vaihtaa pyyhkeet sekä lakanat päivittäin

5 4 3 2 1

31. Ympäristön pilaantumisessa on se huono puoli, että se vaikuttaa hotellialaan

5 4 3 2 1

32. Kun valitsee ympäristömerkityn hotellin, huoneet ovat puhtaita ja ruoka tuoreempaa

5 4 3 2 1

33. Ekologisista asioista huolehtiminen on liian hankalaa

5 4 3 2 1

34. Asiakastyytyväisyys on tärkeämpää ympäristömerkityille hotelleille

5 4 3 2 1

Kiitos paljon ajastasi.





