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Fair Trade branding as a purchase criterion

Master's thesis within Business Administration

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Abstract

- Background:** In the 1970's, the first concerns regarding manufacturing pollution headed off in Sweden and an enormous demand was created. The result came to be an enhanced consumption of ingredient branded products such as *KRAV*, *Bra Miljöval* and *The Swan* to mention a few. Fair Trade entered the Swedish shelves in 1996 which gave the consumers the possibility to buy products and contribute to better conditions for farmers and employees in developing countries.
- Problem:** In 1995 a research was performed, which showed that 50 percent of the respondents did not buy products with for instance an environmental concerned label due to the significantly higher price. Some argue against this and believe that it is more of a marketing issue. Customers have become more aware in their shopping and, in order to keep them, companies must meet their demands by paying more attention to how they run their business.
- Purpose:** The aim with this thesis is to investigate why managers make decisions to purchase ingredient branded products, particularly Fair Trade.
- Method:** To accomplish this thesis a qualitative approach has been applied with the intention to describe the result from performed telephone and personal interviews with companies within chain restaurants, hotels, grocery stores, and textile retail stores.
- Conclusion:** The study demonstrated that the decision to introduce Fair Trade labelled products depended on factors such as; the introduction year of these products, the history of the company and core values. Managers at the selected companies decided to purchase products with the ingredient brand Fair Trade for different reasons. Either since they had a long history of concern for fair production and rooted values or due to that the introduction of these products contributed to a good business image or to clean the company's history.

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1 Introduction

This first chapter will give the reader a first insight in the topic chosen. This will be done by first presenting the background, which then leads into a problem discussion and the purpose of this thesis. The chapter ends with delimitations of the subject.

1.1 Background

Back in the 1970's, the first connection between injuries in the fish population and pollutions at pulp mills could be drawn. Two environmental organisations¹ took the initiative to formulate environmental claims in regard of the pulp production. The Swedish association for municipalities took notice of the claims and recommended all members to only purchase environmental friendly paper. From that point in time, an enormous demand was created and quite soon one could see an entire assortment of environmental friendly paper. (Karlström, 2006)

The pulp mills and fish injuries became the beginning of a more impetuous debate which had its peak in the 1990's. Now the dispute concerning environmental issues really head off in Sweden, both because of the earlier event in the 1970's, but also after the highlighted alarming affects of the degree of pollution discharge other industries disposed. This contributed to increased consumer awareness and a willingness to find solutions to the problem. The result came to be an enhanced consumption of ingredient branded products such as *KRAV*, *Bra Miljöval* and *The Swan* to mention a few. (Solér, 1997) Later on, in 1996, Fair Trade entered the Swedish shelves in the grocery stores, which gave the consumers the possibility to buy products and contribute to better conditions for farmers and employees in developing countries (Rättvisemärkt, 2007).

The growing awareness and interest from the consumers resulted in necessary actions from companies. To attract consumers and not be a target for boycott, organisations then had to implement merchandises with ingredient branding to answer to the demand. Some took the opportunity to 'clean' its messy history and hopefully provide a prettier image of the company. One example is Nestlé which has had boycotts against itself since the 1970's. In many people's eyes the company's image is ruined and will never recover and become a reliable brand again. Nevertheless Nestlé tries to become clean, perhaps through its new strategy by adding ingredient brands on its products, as now on their coffee Zoegas which just got a Fair Trade label. (Nestlé Sverige, 2007)

It is of great concern for companies today to be aware of the environment. Not only to take responsibility of own actions, but also to attract consumers. Consumers can nowadays choose between a wide range of products and many of them have environmental friendly substitutes. Everything from construction material and office supply to hairdressers and taxis can now be found in the environmental concerned sector (Karlström, 2006).

1.2 Fair Trade

The organisation Rättvisemärkt exists in twenty European countries, North America, Australia/New Zealand and Japan, and in Sweden since the middle of the 1990's (Rätt-

¹ Miljöförbundet and Naturskyddsföreningen

visemärkt, 2005). The driving force of the organisation is the beliefs that extensive liberalisation of the international trade affects the producers of raw material in the South negatively due to increased difficulties. Rättvisemärkt considers that the insight about worldwide trade has increased and that it today occurs under unequal terms. At the same time the consumer market in Sweden has grown and the grocery stores are in an increased degree prepared to take the consumers opinion and values into consideration. (Magnusson & Norén, 2003)

The idea is to label the products with a Fair Trade label when they are produced in a - for the cultivator in the South and their employees - acceptable way (Magnusson & Norén, 2003). Fair Trade labelling is an initiative that stands for an independent product labelling, which guarantees that the merchandise is produced under fair conditions and gives consumers possibility to through their choice of purchase be able to contribute to better working and living conditions of the cultivator and the employees in developing countries (Rättvisemärkt, 2005). The cultivator receives a higher payment than current world market prices, as well as the possibility to receive payments in advance, and this is often favourable for the small producers (Magnusson & Norén, 2003). Fair Trade labelling arose for the first time in the Netherlands in 1988, with the purpose to give small producers access to the market and possibility to sell large volumes, and to offer the consumers merchandises that are produced with respect of human rights (Rättvisemärkt, 2005).

A product labelled with the ingredient brand Fair Trade guarantees that it is purchased according to international Fair Trade criteria. Rättvisemärkt is the Swedish representation of Fair Trade Labelling Organisations International (FLO), which is the international body of control. The FLO was founded in 1997 and has its location in Bonn, Germany. The primary obligation of the FLO is to guarantee and control the implementation of the Fair Trade criteria among all the affiliated producers, guide the development of the criteria for the Fair Trade products and give support to the affiliated producers in form of advice and tutoring. FLO is financed by all parties involved, producers, importers, licence owners, consumers, and the national Fair Trade initiative. (Rättvisemärkt, 2005)

In Sweden, the organisation Rättvisemärkt is owned by the Swedish church and Landsorganisationen (LO). Rättvisemärkt is issuing licences to Swedish companies that are selling products with the ingredient brand and controls that the companies purchase and sales reports correspond according to the licence and that the labelling are used correctly. (Rättvisemärkt, 2005)

In 2006, sales of certified Fair Trade labelled products increased greatly, with 63 percent compared to year 2005. The increase mainly depended on increased consumer awareness, new participants and products as well as increased amount of sites where the products are sold. During 2006 sales of Fair Trade labelled products estimated to have a turnover of about SEK 150 million. Products that have been on the market for a longer time, such as coffee and bananas increased prominent; at the same time new products and participants contributed to the increase. During the same year, Fair Trade labelled wine was sold at the Swedish government owned liquor stores and labelled sugar and juice were sold in the grocery stores. The stores also extended their assortment with the amount of Fair Trade labelled products. In total there are 280 labelled products in the Swedish market within a dozen product groups. (Rättvisemärkt, 2006)

The standpoint of large actors such as the municipality and county council, large coffee chains, and hotels has contributed to the large volumes, although the sales of products in grocery stores have increased as well. Consumers are gaining awareness and are willing to

pay more for a Fair Trade labelled product. A survey was made by ECI, a company that carries out quantitative market surveys based on telephone interviews and post questionnaires, in December 2006 and it demonstrated that 64 percent of the people asked declared their awareness of Fair Trade. It is an increase of 15 percent compared to 2005. Among the consumers that were asked about their awareness of Fair Trade, 74 percent were willing to pay more for that product, in comparison to 67 percent in 2005. (Rättvisemarket, 2006)

1.3 Problem discussion

Apparently we like to think of ourselves as health- and environmentally concerned consumers, although the degree of how and why we choose a specific product still varies. A research done by Konsumentverket in 1995 showed that 50 percent of the respondents did not buy products with for instance an environmental concerned label due to the significantly higher price. An equally large portion of respondents said it depended upon the difficulty of finding these products (Konsumentverket, 1995). Solér (1997) who is a Doctor in Business Administration at the University in Gothenburg and also employed by the research foundation Gothenburg Research Institute (GRI), is sceptical towards this. She argues that the prices of these ingredient branded products have decreased and are just slightly higher than average products. She sees a stronger explanation in the marketing of these products why not everyone buys them. Solér might be right and other people may have thought the same thing, because just recently one could notice a dramatically change within this area. Grocery stores are doing promotion which treats Fair Trade products and to draw the customer's attention to it, they offer something in return, for example extra bonus points to their membership if they buy merchandises with the Fair Trade label. The grocery stores are not the only ones emphasising Fair Trade products at the moment. Companies in different sectors have suddenly paid more attention to it as well; the question is then why have all of a sudden more and more companies put time and effort into this?

The competition for companies nowadays has changed. They have to be more environmentally concerned as well as actively participating and take stand in questions regarding the environment. Customers have become more aware in their shopping and in order to meet their demands and keep them, companies must be updated at all times. (Dobers & Wolf, 1997)

Since people get a good feeling about themselves when purchasing products that are supportive to good working conditions and which do not harm the environment, a company can gain a lot by introducing such assortment. It has also been demonstrated several times that businesses have got their reputation ruined by failing to meet environmental standards or by using personnel with unreasonable low salaries, and unhealthy working conditions. How can one recover from such an occurrence? It is a tough assignment to manage to get back on track again, trying to erase the past, since the bad happenings have a tendency to easy get stuck in people's minds. Therefore, a clever strategy is in many cases welcome and it has to be sharp in order to get doubtful people to forget and begin to rely on a company with a dirty history again.

1.4 Problem

Since the increased concern and interest in environmental related matters and the noticeable amount of performed surveys and investigations regarding consumers' behaviours and attitudes when buying ingredient branded products, the authors of this thesis find it inter-

esting to do further research within the area, but from a management perspective. From the problem discussion above, following questions will be treated:

- What is the actual purpose or motive for a manager to make the decision of purchasing ingredient branded products? Own ethical beliefs or simply a business aim?
- What or who makes it possible to introduce new merchandises within the organisation?

1.5 Purpose

The aim with this thesis is to investigate why managers make decisions to purchase ingredient branded products, particularly Fair Trade.

1.6 Definitions

Ingredient brand - two logotypes are exposed at the same time; however they stand in different proportions to each other. The ingredient brand often positions itself together with a dominating brand and its labelling can build up identification and association with quality through desirable characteristics or components which strengthen the buying decision. (Uggla, 2001) This ingredient brand can be seen as an added label on a product which will demonstrate the products increased quality or surplus value.

KRAV – KRAV is a Swedish abbreviation of "Kontrollföreningen för Alternativ Odling". KRAV is an incorporated association, which is one of the main actors of the organic market in Sweden who represents farmers, processors, and trade and consumer interests. The KRAV label stands for good health, social responsibility and environmental and animal welfare. (Barrios Lancelotti, 2006)

The Swan - The Swan label is the official Nordic eco label and it is indicating that a product is a good environmental choice. The mission of the Swan is to contribute to a decreased consumer burden on the environment. (SIS Miljömärkning AB, 2007)

1.7 Delimitations

The criterion of the selected companies was that they had to be presented in Jönköping. This went for all the respondents apart from Pizza Hut, which was chosen anyway due to its attention regarding their introduction of Fair Trade labelled coffee. This was also another criterion for the selection; the respondents of interest were organisations who recently introduced Fair Trade labelled products into their assortment. To get the opposite view as well, companies who had not yet decided to purchase Fair Trade labelled products but were in the same industry as the ones with Fair Trade were chosen.

2 Frame of reference

The authors will here give the reader a deeper understanding about the topic of concern with appropriate theory. The chapter will contain the fundamental conceptions regarding purchasing theory but also how management proceed when making decisions and the importance of ethical standards to be applied on the business and the main value of its codes of conduct.

2.1 Purchasing theory

The function of purchasing departments had its birth after World War II and grew along with the beginning of mass production, complex distributions systems, and large-scale corporate organisations. The targets were then to be price conscious and find more efficient procedures. The focus has later changed. To not get hypnotized by just the price, it is now of equal importance to take into account other factors such as quality, quantity, and timing in order to get the most beneficial value. (Heinritz, Farrell & Smith, 1986)

In many cases the amount of purchased goods stands for 50 percent of a company's turnover. Because of this high rate, it is not by accident that companies are concerned about their purchasing strategies (Gadde & Håkansson, 1993). The main purchasing costs which are influenced by the way of purchasing are:

- Production costs
- Goods handling costs
- Storage costs
- Capital costs
- Supplier handling costs
- Administrative costs
- Development costs

The supplier handling costs and administrative costs are seen as the handling costs. These particular costs may be essential for a healthy relationship with the suppliers. In earlier days, it was not unusual to deal with several suppliers. Nowadays it is realized that with less suppliers, it is possible to reduce these handling costs and invest them into more profound relationships with the remaining suppliers instead. (Gadde & Håkansson, 1993)

A company's technology has a significant influence on the product mix which is going to be purchased. This leads further to the decision regarding which supplier that will be of interest. (Gadde & Håkansson, 1993)

2.1.1 The purchasing management process

Heinritz et al. (1986) see the purchasing process as something more than just an extra task that has to be accomplished. In their view the process is integrated with the success of management as well. Professor Dr van Weele (2002) who has held the NEVI-chair² on Purchasing and Supply Chain Management at different universities in the Netherlands and also at the Centre of Supply Chain Management, brings up four different views from a

² The NEVI Chair is an organ which was established by NEVI, the Dutch Association for Purchasing Management. The chair aims at academic research, teaching and contribution to the daily business practice.

management perspective that are common when it comes to purchasing. Those are operational/administrative activity, commercial activity, part of integrated logistics, and strategic business arena. The first view concerns administrative lead time, number of orders issued, adherence to existing procedures etc, as main parameters of purchasing operations. With commercial activity the awareness of saving potential is emphasized. Management and the purchasing department agree upon price and/or cost reduction so the purchasing holds competitive bids to suppliers.

The third view, part of integrated logistics, is when management has spotted the back-side of spending too much effort finding low prices. If there is too much focus on the price it can backfire and buyers may purchase goods with their minds set on the price instead of the quality (van Weele, 2002). That is why the managerial department here introduces targets on quality improvements, lead time reduction and improving supplier delivery reliability (Heinritz et al., 1986).

The last view, strategic business arena, shows that the company's competitive position is strengthened by involving purchasing along with decisions of the company's core business. The evaluation of purchasing is mainly focused upon the amount of new contacted suppliers, changes in its supply base, and the achievements of cost savings. (van Weele, 2002)

The primary task within purchasing is according to van Weele (2002) not only to secure the supply of goods, but also that the product has a consistent quality for a reasonable price. Quality can be difficult to measure and it is therefore important to define what quality actually means from both the supplier's and the buyer's point of view. An easy way of dealing with this is simply to rely on labelling; products which obtain a certain label that certifies quality. The advantages of this is that costs for inspections and tests can be eliminated because of the quality control that already have been made along with the contract with the brand in order to gain the label. The disadvantages are unfortunately that the competition among suppliers and the selection of supply sources diminish (Heinritz et al., 1986).

To avoid the drawbacks of trusting a specific brand, the concern one should bear in mind is to try to spread the company's purchasing among different suppliers in order to not be too dependent on just a few. Punctual delivery and good quality are often much more important than the actual price. Therefore it is essential to also find reliable suppliers and then to keep them. (van Weele, 2002)

2.1.2 The role of the supplier

In purchasing there is a two-way relationship: the buyer and the supplier. Earlier it has been noticed that the supplier plays an essential role and the importance of finding reliable ones cannot be stressed enough. Robinson (1967) is a Director of Management Studies at a Marketing Science Institute and is a well known and used author in earlier studies. He found in his own performed fieldwork that the number of qualified suppliers was related to the selection of suppliers. A maybe evident result showed that in regions where there were quite few suppliers, the buyers became more eager to nurture the relationships to them. Although not only in areas with a small number of suppliers is the relationship important. This is an essential aspect for the purchasing job as a whole. There may in some cases happen that a buyer is willing to pay a higher price only with the purpose to foster a good continuing source of supply. Why are then companies keen to have a good relationship with their supplier? According to Robinson (1967) it is far from deliberations such as assurance of supply or public relations. It is more the aspect of not being disliked among other suppliers and thus its own reputation.

How then do companies select their suppliers and how do they know where to look for them? Heinritz et al. (1986) mention four stages of selecting source of supplies. The *survey stage* is the first stage where the range of all possible sources to a product is investigated. Then there is the *inquiry stage*. At this stage the possible sources from the survey are evaluated and analysed from their advantages and qualifications to see which of them are acceptable. The third stage is about *negotiation and selection*, which will lead to a fulfilment of an initial order. At last it is the *experience stage* when a supplier relationship is established or if not, a review of previous stages will take place to find another, more satisfying source.

2.2 The decision-making process

There is a great interest of how people make up their minds when it is time to make a decision. It is all about what influences us and how the decision-making process looks as a whole. Apart from this, it is also interesting to reflect upon how one makes the best decision and to what extent the importance of it is in a practical sense. (Fredriksdotter Larsson, 2001)

Within theories regarding rational decision-making there is a rule called the beneficial rule. According to this rule, it is the decision with the highest expected benefit that is the result of the largest amount of all added benefits and probabilities. These theories, which state what a good decision is and how one makes them, are called normative theories. It sounds easy, simply to decide upon the one thing that has the highest expectations of maximum benefit. The problematic is then how to make this work; one has to be aware of all the other possibilities which could be of importance in the current question. This means that the availability of time to perform a valuation of the alternatives before the determination of the final decision plays an essential role. (Fredriksdotter Larsson, 2001)

Fredriksdotter Larsson (2001), who is a Doctor in human resources and works with processes in small- and medium size companies regarding decision-making (Göteborgs Universitet, 2006), sees a contradiction in this by the Nobel prize-winner Herbert Simon who says that this is not the case. People choose the alternative that for the moment suits them best. They are content with the choice that satisfies the primary needs even though this decision may not have the highest expected benefit. In a research made by Fredriksdotter Larsson (2001), a few respondents did not see this as rational decision-making but rather as emotional or spontaneous choices. If one was eager to make a decision with the largest amount of benefit, that person would have made a lot extra effort to achieve it.

According to Beach (1997) who is Professor of Management and Policy, and Psychology at the College of Business and Public Administration at the University of Arizona, it is the interior images people have in their minds which decide both the process and the strategy of the choice. He further states that these images reflect expectations about the future from a moral perspective and not because of a made up valuation about what there is to come. The images are containing fundamental valuations of the goals and experiences oneself and the company has, if a business is involved.

2.2.1 When a decision is made

Before a decision is made a screening process usually takes place. It is a procedure where alternatives are evaluated and afterwards some of them are selected from the basis of values, goals and experiences. These three components which are put together as a frame, set the limits of the decision (Beach, 1997).

The decisions can be divided into three categories. The first one is automatic decisions. Here the decision-maker has come to a decision by acting as he/she has been doing before. The person recognises the situation and can therefore act accordingly. The second category is intuitive decisions. They are quite similar to the automatic decisions though the difference is that here it is not about a familiar situation but what the immediate feeling about a certain decision says. Finally there are the premeditated decisions. During these decisions there is a possibility to use one's own imagination in order to create a realistic scenario of an outcome from a specific choice. Systematically one can build up different simulations in their mind and together with facts he/she will then be able to exclude alternatives from that. (Beach, 1997)

It has also been discovered that individual decision-makers feel responsible towards others, for instance management towards employees. To know that one has to be held responsible in front of others has an impact on the decision. A moral responsibility is taken for the decision which creates a link between the decision-maker and the ones in the surrounding who are affected by it (Fredriksdotter Larsson, 2001).

2.2.2 Decision-making in purchasing

In every purchasing decision there are three criteria which have to be taken into account, the quality of the product, the service the supplier is offering the buyer, and the price that the buyer will pay. Heinritz et al. (1986) have come to the conclusion that managers overall rank these three factors with quality as number one, service as a second and last price. Thus if a buyer finds a supplier with a product that matches exactly the preferences wanted in quality, price and service become more or less meaningless in that sense.

The person who has to take the quality checks into consideration has in many cases a heavy task to deal with. Organisational purchasing processes are complex due to their function in groups and with all the ones who have an impact on the decisions. The people involved in these decision-making groups can be divided into a range of different roles. First of all there are the *users* who will be working with the product and thus obviously have a crucial say concerning the product selection. (van Weele, 2002)

Influencers are another group who are able to take part in and persuade the purchasing process by request or not requested suggestions. As for instance architects who may have a say regarding the choice of materials. Then there are the *buyers* who can sometimes be equal to the user, but that is not necessarily the case. Here it is about the person who negotiates the terms of the contract with the supplier and then places the order. (van Weele, 2002)

The *decision-makers* are doing the prime selection of suppliers and are seen as the professionals within this area. They can also be handling the budget in some cases. The one to control the information flow between the supplier and the decision-making group is then the *gatekeeper*. Sometimes it can be the buyer who is the gatekeeper in order to be aware of and have the knowledge about a certain supplier. (van Weele, 2002)

2.3 Factors affecting decisions

There are other factors than the supplier, quality and price that can influence the purchasing decision. Companies need to be aware of the image and the reputation the purchase decision will contribute to and therefore also take into consideration ethical standards before purchasing.

2.3.1 The image

A company's image can lie heavily in the arms of a reputation, what has been done in the past and what the future may bring. Young (1996) has for many years been working for Edward Howard & Co (EH&Co), which is an independent public relations firm and he claims that public relations have been growing out from reputation policy. Reputation management has become a huge business where it can be depending on millions of dollars. This is the result of a business reputation's vulnerability. The cost for a mismanaged reputation could be devastating but it is not always that pleasant either to invest in damage control instead of product improvements and sales support. Though it is worth considering what weighs the highest. There are several examples of this where companies are immediately connected to certain events that still today bring them out in the bad light. Some may have recovered by rebuilding their reputation through good policies and public relations. This is also a cornerstone when it comes to build a good reputation, to gain stakeholder trust. The most troublesome part with trust and reputation is that it takes time to earn it and it needs to be worked on over time, on the other hand to damage it, can be done over a night. (Young, 1996)

Gregory (1999) has come to the conclusion that a common misunderstanding is the definition of a business' identity and its image. Many mix these two terms up and to avoid this Gregory (1999) describes a business' identity as the name, logo or symbol. It is depending on the visualisation of the company, where it has its logo and how it for example advertises itself. It stands for who and what the business is and how easy it is being remembered by others. The identity could have an impact on the image too. The image is then a combination between visual means, both planned and unplanned, verbal communications and other influences from observers and the outside. It is everything that has an effect on how a company is perceived by the market. (Gregory, 1999)

Similarities between the purchasing process and marketing have also been found (van Weele, 2002, p.100);

- The primary focus of both activities is on the exchange of values between two or more parties, resulting in the sell/buy transaction.
- Both activities are externally oriented, aimed at outside partners.
- Neither activity can be done adequately without sound knowledge of markets, competition, prices, technology and products.
- As a result of the amounts of money involved, both activities have great impact on the company's bottom line.

A company may in some cases also come to the point where it could be necessary to change its image. Gregory (1999) brings up a few of the most common reasons why a company would choose to do this; to break old habits and patterns, aim for other markets, a need to take other features into considerations due to changes within the assortment, and obtain a new look after a merger or acquisition. In every of the mentioned cases it will be a need of reflection and especially how the company will promote the new image. With a new image, market, and maybe customers, it is still essential to have employed quality staff and to manage to keep them. Employees could make things happen and have more influence than one could think. By having an open and honest communication with the employees on a regular basis, it will most likely contribute to a good and healthy work atmosphere and the performance of the workers will shine through the company's image. If the employees have more information about the company, the products and its future, they will

be more loyal and willing to communicate the good image they are working for to others. (Gregory, 1999) This is also crucial for the reputation of the business. All employees and not only management has to foster the image relationship and be aware of that it could be enough with just one careless act from a single person in order to have a significant outcome. (Young, 1996)

2.3.2 Ethics

According to Maxwell (2003), ethics is never a business nor a social nor a political issue, it is always a personal issue. To discuss ethics or to criticise the ones failing the ethical test is easy, however to make ethical choices in our own life is more difficult. Maxwell (2003) who is the founder of the INJOY group, an organisation dedicated to help people maximise their leadership potential and also a recognised author within the leadership field, argues that when it comes to ethics there are only two important points, first a standard to follow and second the will to follow it. Ethics has two aspects and it involves the ability to determine right from wrong and it involves committing to do what is right, good and proper, and as a result, ethics demand action.

However, Maxwell (2003) considers people to make unethical choices for one of three reasons. First reason is *they do what is most convenient* and an ethical dilemma is a situation concerning right or wrong where values are in conflict, which leads to doing the easy thing or the right thing. Second reason is *they do what they must to win*, which includes people believing engagement in ethics will limit their opportunities, options and ability to succeed in business. There will be two options, do whatever it takes to win even if unethical or have ethics and lose. Third reason is *they rationalise their choices with relativism* and decide according to the circumstances what is right at the moment. The standards will then change from situation to situation and people will be easy on themselves since they had good intentions, whereas judging others by their worse actions holding them against higher standards.

2.3.3 Business ethics

During the 1960's, management researchers began to study business ethics and people thought that it was to be a fad; a trend that becomes popular relatively quickly however loses popularity dramatically (Treviño & Nelson, 2004). Contrary to these beliefs, business ethics has climbed for more than 40 years (Treviño & Nelson, 2004) and the interest for ethical business issues grow as the companies become more important actors in the society (Corvellec, 2006 cited in Brülde & Strannegård, 2007).

Brytting, who is a senior lecturer in Business Administration at Stockholm's School of Economics and works at the Swedish foundation, Akademin för etik i arbete, and Egels, who is an assistant researcher in Business Administration at Sustainable Business Studies at Chalmers University of Technology, are considering the following areas within business ethics to be of interest and relevance and concerning certain factual matters. The macro level consists of the *company's social responsibility, international trade, interaction between non-profit organisations and companies*. The organisational level consists of *client consumption and the moral structure*, and finally the micro level includes *internal relations*. (Brytting & Egels, 2004)

Company social responsibility

In pace of increasing market liberalisation and international trade, the companies administrate and exercise influence over more individual's life and health and the demand increase upon the companies to take responsibility for the kind of society their operation give rise

to. When organisations controlled by profit interest take over the roles that before was possessed by politically or bureaucratically controlled organisations, the ethical demands increase. It seems as if companies that operate local have demands on local responsibility, while companies that operate global are demanded both local and global responsibility. The stakeholders considered in the discussion of the company's social responsibility are the local society where it operates, the government in the nation where it operates and the international society or the world as a whole. Brülde, who is a Doctor in practical philosophy at Gothenburg's University, and Strannegård, who is a Philosophy Doctor and associate professor in Business Administration at Stockholm's School of Economics, state that environmental friendly and ethical production can assist a company to sell better as long as there is an agreement between the social responsibility and the interest of profit. They also believe that strong and conscious consumers will make this development proceed. (Brülde & Strannegård, 2007)

Recently the question about companies' social responsibility has been given a lot of attention and there are two concepts dealing with companies' commitment and expanded responsibility, *Corporate Social Responsibility* (CSR) and *Corporate Citizenship* (CC). To separate the concepts Brytting & Egels (2004) regard the CSR as viewing the company as an actor coming from the outside, which has the ambient society as an opponent. In addition it has been developed to a European concept and the commission of the European Union has decided to use it officially. On the other hand the CC considers the company as an integrated citizen of the society and is a concept more utilised in North America.

The increased pressure upon companies to respect human rights, principals of labour legislation and fundamental environmental standards irrespective of where in the world they are operating, has lead to an increased commitment of the Corporate Social Responsibility (Svenskt Näringsliv, 2007), and it has spread enormously during the 1990's (Brülde & Strannegård, 2007). The concept is a generic term for how the company should take responsibility for the rest of the society and particularly for those areas of the society that it directly or indirectly affect and influence (Brülde & Strannegård, 2007). Therefore the private company has to, from its own prerequisite, decide how to work with these questions, and investigate if the company has reasons to formulate its own specific policies within the CSR field (Svenskt Näringsliv, 2007).

International Trade

International trade provides welfare and today's trade with developing countries are very important since it will preserve a strong economy and thus welfare for the citizens. This can be seen by looking at the inflow of money to a developing country with an average of 88 percent that comes from exports, a smaller amount of 9 percent comes from foreign investors and only 3 percent comes from aid. Companies have with time become more international and more free to locate their operation outside the own country borders and are nowadays looking for a favourable investing climate such as cheap or well educated labour. (Rättvisemärkt & Rena Kläder, 2005) With this in mind, the United Nations gathered about 50 managing directors from different large companies, union leaders, human rights organisations, and environmental organisations in order to help build social and environmentally correct pillars needed to support the new global economy and make the globalisation function for all people in the world. Thereafter the *Global Compact* was launched in 1999 including nine principles divided within three areas: human rights, work procedures and working conditions, and protection of the environment, in which committed and responsible companies can engage themselves. (Magnusson & Norén, 2003)

Global Compact principles one and two call on businesses to develop an awareness of human rights and to work within their sphere of influence to uphold these universal values, on the basis that responsibility falls on every individual in the society (United Nations, 2007). Within the principle one the concern of the consumers' anxiety is addressed. The access of global information makes the consumers more and more aware of where their products are originally from and under what circumstances they are produced. An active attitude towards human rights can decrease potential bad publicity from consumer organisations and groups of interest. It also addresses the attention to manage the supply chain and global purchase and production includes companies to be absolutely clear with eventual problems concerning human rights in relation to both in- and outgoing suppliers. (Magnusson & Norén, 2003) Magnusson is chief for the International Council of Swedish Industry and works with questions concerning Africa, Asia and Latina America, and Norén is division chief for International trade and Coordination at the Confederation of Swedish Enterprise.

Interaction between non-profit organisations and companies

An interaction between non-profit organisations and companies can include campaigns for fair trade and cooperation between for example Ericsson and the Red Cross.

Ericsson is co-operating with the United Nations and Red Cross on a social project called Ericsson Response, which is a disaster relief project that involves the company's staff in 140 countries. If a disaster occurs in a part of the world where Ericsson operates, the company makes staff and communication equipment available in order to provide quick help and effective relief support. (Fagerfjäll, Frankental & House, 2001)

Another example of cooperation is the several non-governmental organisations and unions who run the international Clean Cloth Campaign, which focus on the purchasing practises of clothing companies and tries to improve the conditions for the ones that sew the clothes. H&M is involved in the campaign and in the Swedish corresponding campaign, Rena Kläder, there are a few larger and well-known companies participating; such as KappAhl, Lindex and Indiska. (Rättvisemärkt & Rena Kläder, 2005)

Client consumption

The companies are dependent upon the confidence of the stakeholders; to be regarded as legitimate by stakeholders, in order to achieve profitability. To receive this necessary legitimacy it is assumed that companies need to live up to stakeholders' demands of *what* is produced and *how* it is produced. In addition, the demands on companies to act ethically defensible and commit to greater social responsibility have increased during the past years. The driving force behind the increased social responsibility of companies is thus the increased and partly changed stakeholder demand and increased possibility for certain stakeholders to influence the company. One of the stakeholders that are often considered to be interested in if companies are acting ethical is the consumer. This is demonstrated among others by the development of ethical labelling, for example Fair Trade and KRAV. (Brytting & Egels, 2004)

The moral structure

Voluntary ethical codes and international recommendations have been around for a long time, ever since 1977 when the International Labour Organisation (ILO) declared its principles of social responsibility for multinational companies. The ILO convention and the guidelines for multinational companies of the Organisation for Economic Cooperation and

Development (OECD) are the ones setting the tone for international codes of conduct. However in addition to them there are a few dozen international codes of ethic for global business operation as well as various specific industry codes (Malmström, 2003).

A code of conduct is an operative explanation about policy, values and principles, which guide the company's behaviour in relation to the development of its human resources, environmental management and interaction with customers, clients, governments and the society in which it operates. Companies and their organisations have the liberty to decide on whether or not to develop, introduce, adopt, publish, and supervise a code of conduct. Companies adopt the codes that are suitable for their specific needs and circumstances and which reflect their specific philosophy and goal, therefore as a result codes of conduct can vary between companies and regions. However, the content of the codes is less important than how the company actually behaves and companies with codes are not necessarily better than those without codes. (Magnusson & Norén, 2003) In Sweden the codes of conduct are somewhat new and was implemented first at the end of the 1990's, when H&M, IKEA and Volvo adopted own codes of conduct and guidelines (Malmström, 2003).

Another initiative to promote the work of Swedish companies in favour of human rights, principles of labour legislation and environmental concern is Globalt Ansvar (Swedish partnership for Global responsibility). Its activity started from the international conventions and norms for companies which are formulated in the guidelines of OECD for multinational companies and in United Nations' nine principles of Global Compact. (Regeringskansliet, 2006) Companies can join Globalt Ansvar by demonstrating their standpoint and that the company support and strive to follow the guidelines of OECD and the nine principles of Global Compact. (Magnusson & Norén, 2003) The following 18 companies have taken their stand behind Globalt Ansvar: ICA, Löfbergs Lila, the Body Shop, Folksam, H&M, OMX, ITT Flygt, Vattenfall, KPA, Sweco, Banco, V&S Group, Lernia, Apoteket, Sveaskog, SJ, Sweroad and Akademiska Hus. (Regeringskansliet, 2006)

Internal relations

Steering the values has become a new way to control operations and one of the reasons for this is since in today's business work there are fewer possibilities to steer the personal directly. The companies are therefore attempting to influence the personnel's attitudes and behaviours in order to make it go hand in hand with the company goal. The steering of values is often defended by the elimination of outside regulations in the working life, which need to be compensated by internal, personal, and constant shared values. Due to this the individual moral responsibility is increasing. (Brytting & Egels, 2004)

Ethics among employees in the purchasing process

The purchasing manager is in charge of a significant portion of the company's expenditures. He/she has also a broad network where the necessary contact with vendors and suppliers exist. In an implicit way he/she also represents the company and its image. Along with the responsibility of being a purchasing manager it is also essential to stress the importance of an ethical behaviour, particularly from a purchasing manager's view due to the frequent contact with suppliers. (Heinritz et al., 1986)

Heinritz et al. (1986) emphasize the need to "buy without prejudice" because of the ease to link prejudices with discrimination. He further claims that it is therefore important to keep an open mind in purchasing matters and welcoming new ideas, these actions contribute to good ethical behaviour.

Nevertheless it is not only negative aspects with prejudices. The positive part is that it can create an opportunity to prejudice a buyer to be in favour of a product or supplier and according to Heinritz et al. (1986) there is nothing unethical about that.

2.4 Categorisation of adopters

Rogers (1995) considers that innovativeness is the degree to which an individual or an organisation is relatively early in adopting new ideas than other members of the society. Therefore, innovativeness can serve as a criterion for categorising adopters. However, there is one difficulty with this method, incomplete adoption or non adoption, which occurs for innovations that are not used to 100 percent. The adopter classification is divided into five categories: Innovators, Early adopters, Early majority, Late majority and Laggards, which can be seen in figure 1. (Rogers, 2005)

Innovators need to be able to manage the high degree of uncertainty connected to the innovation at the time of adoption. They must have substantial financial resources to be able to cope with and absorb a possible loss from an unsuccessful innovation. Innovators have an important role in the diffusion process, since when a new idea is launched; the innovators import the idea into its system from the outside. They serve as gatekeepers of the flow of new ideas.

Early adopters serve as role models for many other members of the society, although they are not too far ahead of the average individual in innovativeness. When they are adopting a new idea, the uncertainty for it decreases and potential adopters contact them for information and advice about the idea. Early adopters are speeding up the diffusion process and possess a great degree of opinion leadership.

Early majority often include one-third of the members of the society and they usually adopt new ideas just before the average individual. They are an important link in the diffusion process, since they have the position between the very early and the relatively late members of the adaptation process. Early majority may discuss for a moment before completely adopting to new ideas and their decision process is relatively longer than that of the innovators and early adopters.

Late majority are often sceptical to new ideas and wait to adopt the ideas until most other individuals or organisations have done so. Late majority contain one-third of the members of the society. Adoption may be for economical necessity or by pressure from top management, which is crucial in order to motivate adoption. Late majority feel safe to adopt a new idea when most of the uncertainty about it is removed.

Laggards make decisions in terms of what has been done in the past and have relatively traditional values. They tend to be suspicious towards new ideas and as a result they receive knowledge and awareness of the ideas far behind the rest and the decision process becomes extended. Their resources are often limited and they must be extremely cautious in adopting new ideas in order to be certain that the idea does not fail.

Frame of reference

Figure 1 shows how the adoption curve looks like and the divided portions of each category.

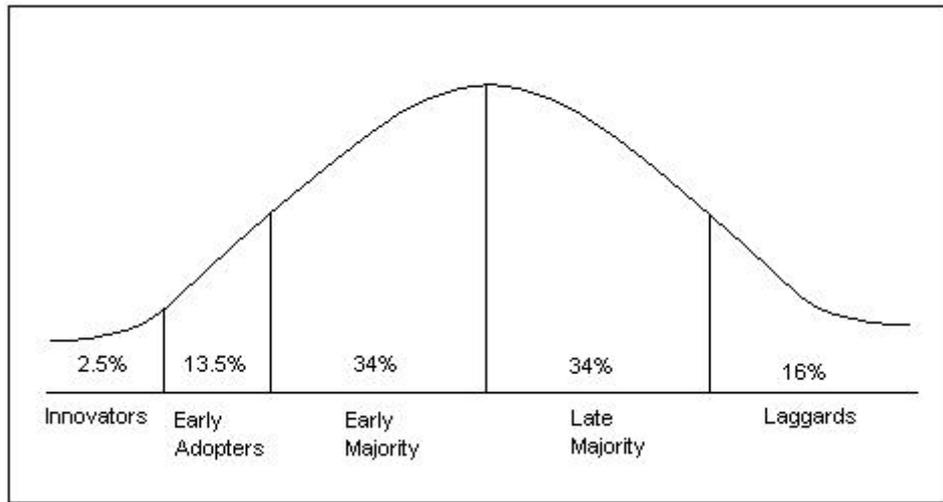


Figure 1 - Adopter Categorisation on the Basis of Innovativeness (Rogers, 2005)

3 Method

From this section the authors will demonstrate how they have proceeded with their thesis and how they come to the conclusion of the chosen method and selection of respondents. There will also be presented how validity of the empirical findings is measured and what interview techniques the authors have been using.

3.1 Methodical approach

To find the most suitable methodical approach for carrying out a study, questions can be asked as for example if the intention is to obtain an overall perspective or a complete understanding. Is there a willingness to perform hypothesis and interpretations? Is the aim of the investigation to create theories and frames of references? Does one want to understand different social processes? (Holme & Solvang, 1997)

The authors of this thesis intend to adapt to a qualitative approach since the objective is not to draw general conclusions from a certain group as one would do with a quantitative method, but instead to go in depth within a certain area with the intention of catching distinctiveness and to understand coherency. As Holme & Solvang (1997) also state it, a qualitative method has the researcher's interpretations as the foundation and not the aim of modifying the obtained information into numbers and amounts.

The authors have therefore chosen to conduct telephone and personal interviews with selected respondents. What is significant with qualitative interviews is then that most of the time they are unstructured with the purpose to give the respondents a wider space to shape their answers (Bryman, 1997). Nevertheless, the authors have elected to perform semi-structured interviews since it is a combination of predetermined questions along with the respondents' ability to still give personally shaped answers.

3.2 Gathered empirical data

The authors will here present the choices of the respondents and motivations for the specific selected ones.

Selection of respondents

The authors decided to carry out telephone interviews with five different companies, four of them which have determined recently upon to purchase products with the ingredient brand Fair trade. These four companies are Coop, Scandic Hotels, Pizza Hut and JYSK. The choice of these four are based on articles in magazines indicating that the companies purchased ingredient branded products via suggestion of employees or the manager, therefore the interest to observe the purchase channel of these four companies. On the other hand there was an interest to perform interviews with another four companies who did not currently have any products available for their customers with the ingredient brand Fair trade. Thus, it was decided to select these other companies with this preference but also within the same sectors as the companies with products with ingredient brands.

Pizza Hut's counterpart became Subway since it is a company within the restaurant business with the ability of franchising and also due to its location in Jönköping. Elite Stora Hotellet was the correspondence for Scandic Hotels mainly because it is one of Jönköping's largest and best known hotels but also because of the reason that they were willing to take part in a personal interview. Hemtex was chosen due to its leading position

within textile in Sweden and could therefore be connected to JYSK. The grocery stores were selected due to Coop's stressed awareness of ingredient brand assortment and Willys because of it is one of the largest grocery stores in Jönköping and with, to the authors, an unknown collection of products with for instance Fair Trade label.

COMPANY:	INTRODUCTION YEAR OF FAIR TRADE:
Coop	1994
Scandic Hotels	2006
Pizza Hut	2007
JYSK	2007
Willys	2002
Elite Stora Hotellet	-----
Subway	-----
Hemtex	-----

Table 1 – Introduction year of Fair Trade

3.3 Collecting information

There are a multitude of different methods to choose between when collecting information. In order to construct a direct information collection, an observation of a situation will be conducted, often spontaneous and generally the unexpected and deviant are spotted. With a direct observation it is possible to discover unforeseen matters, however it is difficult to control the reliability in the observation due to the force of habit. On the other hand the indirect collection is performed by taking part of information already gathered and by asking questions there will be access to information previously treated and experience gathered by someone else. (Ekholm & Fransson, 1992)

Interviews

Interviews are an indirect method and can be structured in different manners to collect the information needed (Ekholm & Fransson, 1992). The structured interview is conducted through a questionnaire with a predetermined and standardized set of question and often with fixed answers. The unstructured interview is informal and the absence of a predetermined list of questions offers the interviewee to talk freely about beliefs and behaviour in relation to the selected topic area. A combination of the two extremes are the semi-structured interview, where the researcher has a list of questions to be covered during the interview and depending on the flow of the conversation, additional questions may be addressed in order to gain more understanding of the research field. (Saunders et al., 2003)

The authors decided to conduct semi-structured interviews since a list of questions was constructed in advance to cover some of the ideas mentioned in the theories as well as the authors own ideas and interest. However, most of the predetermined questions were open ended which would encourage the interviewee to describe a situation and provide an exten-

sive answer to reveal attitudes and beliefs (Saunders et al., 2003). In the beginning of the interviews the authors applied a few closed questions, in order to obtain specific information or to confirm an opinion of the interviewee (Saunders et al., 2003), such as their position, their main duties and years of employment in the company.

The interviews were performed with the person handling purchase questions at the companies, preferably the purchase manager or the managing director, since they are the persons involved in the decisions of which products to purchase, new products to introduce or current products to remove or keep. Companies were contacted by telephone in order to examine the interest to take part in the study and afterwards the dates for the interviews were agreed upon. The authors noticed that, since many of the purchases were performed central in the companies, five of the interviews had to be performed over telephone, because the head offices were located in Stockholm, Borås or Århus, Denmark. Two of the interviews were placed locally, in Jönköping (Subway and Elite Stora Hotellet), at the respective company and an interview time was agreed upon in order to create an environment without disturbance and time pressure which is essential when conducting an interview (Ekholm & Fransson, 1992). Thereafter, the respondent at Willys preferred to answer the questions on his own without an interview, since he stated that they were short of time and considered this to be a good solution in order for them to participate in the study. Afterwards it was possible to contact him if something was unclear or if complementary questions were needed due to his answers.

In order to perform an interview over the telephone the authors had to take other aspects into consideration in contrast to the personal interviews. Even though a telephone interview is useful, performed quickly, and consequently cheap there are still a few disadvantages with it. One disadvantage is that there is no possibility to read the interviewee's body language, since it often tells another story than the actual words. Another disadvantage is that some people have easier than others to converse over telephone than at a personal interview and vice versa. (Jacobsen, 1993) However, in the case of the interviews made for this study, the authors never experienced the situation of not being able to receive detailed answers, as the interviewees appeared to be used to do interviews over the telephone. Although, one alternative to make the interviewee feel more comfortable and relaxed is to give him/her the possibility to think through the answers first by sending a summary of the questions in advance (Ekholm & Fransson, 1992). This was done by the authors to three of the interviewees, since the rest declined the inquiry.

It is convenient to perform a personal interview if there is an intention of a longer interview and with more complex questions (Jacobsen, 2003). However, the authors considered the predetermined questions highly suitable for the topic and considered the questions to not be that complex; therefore the decision was made to perform the interviews over telephone. Nevertheless the main reason for the authors to conduct telephone interviews was due to the time limit and highly limited budget, which did not allow making personal interviews in Stockholm, Borås and Århus, Denmark.

In order to improve a telephone interview, it is of great importance to inform the interviewee about the fact that it is an interview and not a normal conversation (Jacobsen, 1993). Therefore, when contacting the interviewee, the authors started by explaining their purpose for calling and why the interviewee's participation was of interest and what he/she could contribute with to the study and thereafter an appointment for a telephone interview was scheduled.

If the interviewer decides to record the interview, the interviewee needs to be informed (Jacobsen, 1993). At each scheduled time, the authors called the interviewee and before starting the interview it was asked if it was allowed to record the conversation. It was explained to the interviewee that this was above all a method for the authors to facilitate the work, since making a recording allowed the authors to focus on the conversation and not to spend time on making notes. All interviewees agreed on the interview being recorded and afterwards the authors asked if they were interested of receiving a summary of the answers in order to guarantee that the authors had understood correctly and for them to approve their statement that was to be included in the thesis, however only one accepted the offer while the others relied upon the authors. There were also a few interviewees that asked if they could receive a copy of the thesis when it was finished.

There are a few advantages and disadvantages when using a tape-recorder during a telephone interview as well as having the tape-recorder present at a personal interview. The main advantages are that the interviewer can concentrate on listening and ask questions, re-listen to the interview and use quotes. (Saunders et al., 2003) The authors recorded three telephone interviews with the use of a recorder program on the computer. It facilitated the conversation and it made it easier to sort the answers afterwards since the interviewee's answers often did not follow the predetermined question structure. It also reduces the problems connected to the use of a tape-recorder, such as disruption of the conversation if encountered with technical problems or the change of tapes (Saunders et al., 2003). Thereafter two of the interviews, one by telephone and the other personal, were conducted with the support of a tape-recorder. At a telephone or personal interview, Saunders et al. (2003) argue that the use of a tape-recorder can inhibit the interviewee to response truthfully and can reduce reliability. The authors attempted to avoid this sort of problem at the beginning of the interview by explaining that the presence of a tape-recorder facilitated the work of collecting information and that the interviewees could be, if desired, anonymous in the thesis.

On one of the two interviews that were performed personally, the authors divided the questions between them in order to facilitate the work of taking notes and to be able to concentrate on the conversation with the interviewee. Since it is common for the one asking the questions to not be able to concentrate on both making notes and register what occurs (Jacobsen, 1993).

Then finally to be able to receive reliable data and have control over the analysis, it is preferable to make a full record of the interview immediately after its occasion (Saunders et al, 2003). The authors have attempted to follow this suggestion and have been transferring the dialogue to a written document as soon as possible after the interview in order to not lose important information and reflections.

3.4 Reliability and validity

How reliable the collected information is, is necessary to consider. Mainly due to be capable to evaluate the result and how critical one has to be towards the findings (Holme & Solvang, 1997). Trost (2005) explains reliability as a result of a measurement that should be proficient to give the same result at another point in time. Trost (2005) further states that there are four components within reliability which are:

Congruence, which measures the similarity between the questions asked. Since the authors of this thesis developed the questions together, they also discussed during the same time how

the questions would be asked. Both authors had the same questions, with the same format and equal interpretation of how one would ask the questions to the respondent if it was necessary to perform an interview without the other one attending.

Precision, how the answers from the respondents are collected by the interviewer. In most cases the interviews were recorded, which helped the authors to handle the information later on, although at some points one had to take notes if the possibility of recording was not an option. This procedure varied between the authors, one was listening while the other was taking notes. Afterwards the interview in its whole was written down in order to prevent interpretation mistakes.

Objectivity, how the person who performs the interview handles the answers. If there are several persons conducting interviews and they handle the answers in the same way, the objectivity is high. The authors were striving for a high objectivity and therefore it was crucial to have an open dialogue after each interview to see that both comprehended and treated the outcome equally.

Constancy, which considers the attitude or phenomena with time, assuming it does not change. Even though the interviews were not conducted at the same time, they were performed within a specific time frame which made the authors focused on the task and thus the material did not change during the procedure.

It is discussed whether reliability is of concern to qualitative investigations since the main interest does not lie in the ability to measure (Bryman, 2006) but to acquire a better understanding (Holme & Solvang, 1997). But of course shall all empirical information always be reviewed in order to become trustworthy and adequate (Trost, 2005).

To some extent the doubts regarding the reliability of qualitative investigations are the same for validity, because of the closeness to the matter that is to be studied. The crucial fragment is how the researcher's perception is correct or not (Bryman, 1997). The difficulty also lies in how to obtain as valid information as possible (Holme & Solvang, 1997) and how to persuade others that the result is valid (Trost, 2005). One way to prevent doubt is to show the reader the interview material and to explain how the questions were told. This gives the person who reads a chance to evaluate the validity by herself (Trost, 2005).

Credibility

Some authors recommend measuring the credibility of qualitative studies as a complement to reliability and validity. To say that the outcome is credible, of for instance an interview, one secure that the research has been done in a proper way according to the rules and that the result is further communicated to the people involved in the investigation in order to receive a confirmation of that the interpretation is correctly retold (Bryman, 2006). The authors of this thesis offered to send a written document with the interview to the respondents if one were interested in order to see how the result became and if maybe confidential information was taken away.

3.5 Primary and secondary data

The data needed in order to conduct a research can be collected in different manners depending on the purpose of it. Primary data is collected by the researcher to be suitable for the current situation and secondary data is information already collected or reproduced by someone else (Artsberg, 2003). At the beginning of this thesis it was required to gather in-

formation about the subject, thus searching for suitable literature in the form of books. To be able to come across the literature, the authors needed to make use of the search engine Julia at the library of Högskolan i Jönköping. The majority of the literature was to be found by the use of key words, such as industrial purchasing, decision-making and business ethics. However, a few books were located by reviewing the reference list of other literature, in order to find key authors, authors that are used repeatedly and considered to be well-known and therefore to a greater extent more trustworthy.

During the process there was also use of different websites on the internet, mainly well-known sites belonging to companies and public or international organisations. These websites were among others visited in order to gather additional information about the companies participating in the study. At the same time the authors also came across newspapers and brochures addressing the topic of the thesis and these served both as inspiration and motivation. All the data mentioned are examples of secondary data which can be written material, such as books, journals, newspapers and websites, and non-written material such as television or radio (Saunders et al., 2003). The main data collection of this thesis was constituted by interviews, which provided the authors with the possibility to relate theoretical questions to the real world. The interviews are one example of primary data, as well as questionnaires and documents that have to be collected (Artsberg, 2003).

3.6 Analysis process

The purpose of analysing collected data is to classify the gathered information with the intention to describe what has been discovered (Halvorsen, 1992). Since personal- and telephone interviews were conducted in this investigation, the first thing that was done was to organise all of the responses and then evaluate them in order to see which of the information that was useful and could be applied to the research. The result was then compared with the theoretical framework and earlier studies with the purpose of finding deviations and similarities.

The empirical findings are introduced in divisions of two categories. First the companies who were interviewed and had an assortment containing Fair Trade label. The second category was then the other companies currently without Fair Trade label in their assortment. In this way it is easy to compare the answers between the companies in the same position.

In the analysis the respondents were classified into the same industries, grocery stores as one industry, hotels as another, chain restaurants as a third, and lastly textile retail stores. The authors considered this to be the best arrangement due to the aim of analysing why decisions are made to purchase ingredient brand products or not. Immediately one can see what differs between two companies within the same sector.

3.7 Literature review

Criticism of the sources is a method to estimate the degree of truthfulness in different statements about the reality and the source is basically the origin to these statements. Therefore the basic question is to estimate what is probable. (Thurén, 2003) The literature used in the thesis has been reviewed according to the method and different aspects have been taken into consideration, such as author's expertise in the specific area, previous publishes, academic title and publishing year. These are a few of the criteria needed to be considered according to Thurén (2003).

In the frame of reference the authors of this thesis make use of both national and international authors. The literature is reaching from 1967 to 2007, depending on the area. Business ethics has been given a lot of attention during the 20th century; therefore various books are published in the early 21st century. The majority of the authors have an academic title and interest in the area of ethics or business. A few of them have been widely published or have been working with questions concerning the area for many years. On the other hand, one or two of the authors have experience in practice and have been working within the area or related areas. The related areas are for example employment within Svenskt Näringsliv (Confederation of Swedish Enterprise), Europaparlamentet (European Parliament) and Utrikesdepartementet (Ministry for Foreign Affairs).

Purchasing theory has existed since after World War II, therefore the area has had time to grow and extend into many different viewpoints. The literature used has various publish years and one of the books which is written by Robinson, was published in 1967, however this book is often used and cited in other studies or books, therefore it proves that it is still of current interest and accuracy. The majority of the authors has an academic title and is familiar and has many years of research and interest within the area.

Within the decision-making theory the literature used is also collected from professors who have studied and conducted own researches of the topic and thereafter have compiled and presented it in a literature format. Heinritz, Farrell & Smith (1986) is one of the references used in the decision-making section and could at first bring doubtful thoughts considering the publishing year, but it still feels relevant since all of the authors are having high positions within appropriate area and their facts seems up-to-date even though it is 20 years old.

There is use of various websites in the frame of reference and they are retrieved from the sites of public and international organisations. It is important to control the information obtained on the internet by reviewing when it last was updated (Thurén, 2003). The authors consider the websites they have been using to contain probable and up-to-date information even though with perhaps a slightly more critical eye.

3.8 Criticism to the study

After the work with this study, the authors can stand critical towards some aspects. First of all, since not all interviews were performed personally in a meeting with the respondents, but over the telephone a few features may have vanished. The authors have taken this into consideration, but have not found any setbacks with the collected information.

Another reflection has been the lack of a tape-recorder at one interview. It is then easy to miss or forget information and it cannot be recovered by rewinding a tape. Since the authors had the opportunity to contact the respondents again after the interviews were conducted, this could be dealt with.

The decision of choosing Willys to be one of the respondents could also be considered. The purpose was to interview two companies within the same business sector but one with an ingredient brand assortment and the other without. Since the authors were at the point of the interview unaware of that Willys actually obtained products with the ingredient brand Fair Trade, they went through with it and saw it to be a quite interesting angle. The other companies with Fair Trade labelled products have promoted this in some way while Willys has not, at least not to the same extent and therefore the unawareness from the authors.

4 Empirical findings

This section will treat the results of the conducted interviews by first of all show a summary of the selected companies with the Fair Trade label in their assortment and thereafter the ones without the label, but in the same industry.

4.1 Containing Fair Trade label in assortment

Four companies that recently adopted Fair Trade labelled products into their assortment were interviewed to get their point of view on the topic of why a company decides to purchase these products and their intentions with the action. The companies were Coop, Scandic Hotels, Pizza Hut and JYSK.

4.1.1 Coop

The formation of Kooperativa Förbundet in 1899 was the starting point for Coop. This consumer cooperative association started the struggle against powerful trade cartels and demanded good products to a right price. (Coop, 2007) It was during the 1980's that the members of the cooperative decided that they wanted products without sprayed pesticides, which lead them to search for producers willing to agree upon these requirements. This in turn led to a development of a new ecological cultivation. At the same time, Coop made environmental analyses and started to worry about the environment and the humans' effect on it. Coop started to cooperate with the Swedish organization, Kooperationen Utan Gränser, which gives support to cooperative development and democratic popular movements, in order to always work for fair production. (Personal communication, Mikael Robertsson, 2007-04-12)

Mikael Robertsson is environmental chief at Coop, which operates the grocery stores Coop Forum, Coop Konsum, Coop Nära and Coop Extra. Robertsson is responsible for the ethic, ecological, environmental and health labelling and has been working with this for four years, and has been employed at Coop for 30 years at different employments. Coop is owned by its members implying the consumers that have a card and thus receive member benefits. Robertsson states that there is always a minor group of the members that are more aware and run important consumer questions, such as cheaper prices or more ecological and Fair Trade labelled products. Coop's work with environmental issues is connected to its own brand, Änglamark, which is the driving force behind the production of ecological products. These products are fair against the producer in the way that Coop protects the producers from being exposed to chemicals, pesticides and other substances that can be damaging to their health and allow the animals to be treated with respect and live a good life. Therefore Robertsson states that there is different ways to have a fair production and it is not only the products labelled with Fair Trade that have a fair policy against the producers and their production. However, Coop is currently working with both KRAV and Fair Trade labelled products and at the moment there are about 50 products labelled with Fair Trade that can be found in the store within the different product groups; coffee, tea, sugar, juice, chocolate and chocolate drinks, muesli, honey, fruit, vegetables and flowers. (Personal communication, Mikael Robertsson, 2007-04-12)

Coop can be seen as having done a pioneer work when it launched its ecologically cultivated products at the grocery store. Robertsson explains that they search for a producer, in other words they visit the farmers and cultivators, in order to make an inquiry about the

option to change to ecological cultivation and give information about facilitating the transition. The suppliers are highly important, since they in this case are the producers. The first question within a good relationship to the supplier is whether they can produce an ecological product according to Coop's demands, if not Coop will search for another supplier able to fulfil these demands. Robertsson states that a relationship with a supplier is an ongoing process since it concerns hundreds of products and every year they launch 500 new products and thus there disappear 500 products. What is to be purchased also depends on the concept of the grocery store. Coop Nära does not segment itself in the same way and does not have the same consumers as Coop Forum and therefore the purchase manager needs to consider a suitable assortment for both stores. (Personal communication, Mikael Robertsson, 2007-04-12)

Coop is also aware of the fact that nowadays there is a greater interest of ethical policy and therefore it has agreed to the United Nations' and ILO's acknowledged and fundamental human and union rights. Coop Norden has its own codes of conduct which guarantees that ethical guidelines are communicated to the suppliers and that a dialogue is performed in order to monitor that the suppliers are working actively in line with the guidelines at the production, distribution and sale of products to Coop Norden. (Personal communication, Mikael Robertsson, 2007-04-12)

In order to control the products, Coop is making use of different activities such as a quality plan on the farm, a delivery plan, a control plan, and KRAV and environmental labelling. It facilitates if the product already is KRAV labelled because then Coop does not need to make its own controls on the product being ecologically cultivated. (Personal communication, Mikael Robertsson, 2007-04-12)

4.1.2 Scandic Hotels

This hotel business started 1963 in Laxå, as Esso motor hotel, and then it expanded through the years with new hotels. First in 1984 the company got the name Scandic Hotels and at present time there exists 140 hotels in nine countries. (Scandic, 2007) Scandic Hotels was bought by the Hilton Group in 2001 and sold in March this year to the investment company EQI. Scandic Norden has its head office in Stockholm with control over the Baltic and the Nordic countries. (Personal communication, Per Erik Runvik, 2007-04-18)

Per Erik Runvik is the purchasing manager at Scandic Norden and has been working for the company since 2000. Runvik mentions that Scandic Hotels has been supporting and working with different organisations to promote its work, as it is a company that attempts to show concern both internally and for the surrounding environment. The commitment and concern for environmental issues have been present in the company for many years and Runvik believes that it will never end, since there will always be possibilities for improvements. A few years ago, in 2003, it was decided that the hotels were to be eco labelled with the Swan, to demonstrate that it is a good environmental choice. Today all hotels in Sweden are eco labelled and most of the hotels in the Nordic countries. (Personal communication, Per Erik Runvik, 2007-04-18)

In order to receive information about products there are many suppliers that contact Scandic Hotels to offer their products and services due to the strength of Scandic Hotels' brand. According to Runvik, Scandic Hotels does not track bottom prices. Instead they often make use of strong brands and quality which customers demand, even if they usually are the most expensive ones. (Personal communication, Per Erik Runvik, 2007-04-18)

The relationship with the supplier is important and Scandic Hotels attempts to improve it by integrating suppliers in the way the hotel works and with its routines. One of the requirements of the suppliers is that they shall not be using any kind of child labour, exploitation of repressed groups and have an active environmental policy which is consistent with the values of Scandic Hotels. This may also be some of the reasons why Scandic Hotels would consider changing or ending a relationship with a supplier, if they misbehave or if they cannot meet the requirements of its guests. Runvik explains that before a contract is written the managing director of the supplier company has to sign and certify that these directions are fulfilled or that they are of present attention. Another request upon the supplier is that it should be possible to trace the product to its source. Runvik mentions that Scandic Hotels demands the wholesaler to have traceability since they are the distributor and warehouse keeper, and it is important to have traceability in order to find the source of a possible problem such as food poisoning. (Personal communication, Per Erik Runvik, 2007-04-18)

To be able to view the demands of the customers concerning food and beverage, the personnel at Scandic Hotels are highly involved in the purchasing process. According to Runvik they have meetings three or four times a year with the kitchen staff and visit the hotels frequently in order to communicate and listen to the workers, since, as Runvik states, they are the ones who know the customers and the products. Some years ago the breakfast buffet at Scandic Hotels became KRAV labelled, as well as the coffee, which last year was changed to Fair Trade labelled coffee. Runvik explains that Fair Trade labelled coffee involves a guarantee from the coffee producers that the coffee cultivators in for example Brazil receive a reasonable salary for their work. He states that they have to pay a higher price than normal for this kind of coffee and that they choose to do so because it provides a surplus value to the company. (Personal communication, Per Erik Runvik, 2007-04-18)

4.1.3 Pizza Hut

Pizza Hut was founded in 1958 in Wichita, Kansas, USA. The business idea is simply to serve pizzas and other modern food made by fresh products with high quality. (Pizza Hut, 2007) The restaurant came to Sweden 18 years ago and is a family owned business by the Norwegian investing company Katalysator. Today there are nine restaurants in Sweden with a turnover of approximately SEK 100 million. (Personal communication, Björn Källström, 2007-04-11)

The interview with Pizza Hut was performed with the managing director Björn Källström, situated in Stockholm; therefore a telephone interview was carried out instead of an intended personal interview. Björn Källström has been the managing director for three and a half years and quite recently they started to discuss and review the values of Pizza Hut and what they want the restaurant to stand for. Källström feels the relevance of bringing the discussion to light at this point in time. Since the discussion not yet is complete, Källström can only somewhat mention a few of Pizza Hut's standards that he knows of up front. He emphasizes the human organisation and how one behaves considering they are within the service business. But he also points out the moderately young staff that maybe has Pizza Hut as a part time job concurrent with studies. Therefore the human relations are very important but also a good management which pervades the whole organisation. (Personal communication, Björn Källström, 2007-04-11)

Even though the business' turnover is high to be a restaurant in Sweden, Källström considers Pizza Hut to be a small company through many other perspectives. One reason is be-

cause they do not really have a purchasing manager but instead important distributors run most of the purchasing area such as Servera. Each restaurant then has a specific assortment they can choose from and make own decisions. At the restaurant in Stockholm where Källström works it is he and a project group who make the purchasing decisions, but other employees from the staff are also welcome with suggestions which particularly was the case with the newly introduced Fair Trade coffee. (Personal communication, Björn Källström, 2007-04-11).

Pizza Hut gets information about products in two ways. One is from its franchise giver JamBrant and the other source is the franchise takers. When Pizza Hut renews its menu it cooperates with an external consult, Kock, which it works together with in projects. (Personal communication, Björn Källström, 2007-04-11)

When it comes to what is more important, the supplier or the brand, Källström does not hesitate to stress the meaning of a good supplier relationship and therefore the brand becomes less significant. Pizza Hut's strong appraisal of supplier relationship becomes evident when Källström explains that they rather take time to solve a problem, if any, with an existing supplier than start to look for a new one. If in any case it would be necessary to change a supplier it would be depending upon delivery, quality or price issues. (Personal communication, Björn Källström, 2007-04-11)

He further states that Pizza Hut is an own brand which distributes its own products. It is only the coffee, as they now have introduced from Löfbergs Lila with Fair Trade labelling, which has become a part of their launch and where the brand have had a role. Källström does not have any further plans at the moment on introducing similar products with ingredient brands, although one option he considers when it would be probable, would be if there was a certain campaign with a possibility to cooperate with another company. (Personal communication, Björn Källström, 2007-04-11)

When the question regarding quality labelling on products is addressed to Källström he explains that Löfbergs Lila for instance has a higher trustworthiness as a brand than Pizza Hut. Pizza Hut is famous for its pizzas and it is the identity of the restaurants. However, a Pizza Hut coffee does not mean anything, thus Källström believe it was a good idea to introduce coffee from Löfbergs Lila as a reliable coffee supplier and at the same time, since Löfbergs Lila has advanced with Fair Trade and KRAV labelling, take advantage of its good name and ride on the wave of its good reputation. (Personal communication, Björn Källström, 2007-04-11)

4.1.4 JYSK

In 1979, Jysk Sengetøjslager was founded by Lars Larsen as he opened his first store in Århus, Denmark. In 1991, the first Jysk Bäddlager store was opened in Malmö and after that it has expanded to become 119 stores in Sweden. In 2001 the name of the company was changed to JYSK, which in Danish means trustworthiness. Today JYSK is an international group with 1250 stores in 28 countries in Europe, USA, and Canada and the JYSK group is divided into JYSK Nordic, JYSK Franchise and Dänisches Bettenlager and Lars Larsen is still owner and chairman of the board. (JYSK, 2006) The interview was performed with the communication coordinator, Lea Sleimann, since the purchasing manager was not able to participate in an interview.

The values within JYSK are merchant spirit, good colleagues and a common union spirit and these are seen to be fundamental in order to give the customers a good offer. The out-

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side values of JYSK are the commitments of trade and to live up to the most respectable standards that are demanded by the users of the products that JYSK is selling. This implies respect of the environment, clear ethical rules, and quality and security of the products. Within the different areas of the organisation, the product security is conducted with respect to the environment, ethical standards and quality. Sleimann considers this to be a continuous process and in order to secure a constant high environmental and ethical level within the company and the society as a whole; JYSK needs to take its responsibility. (Personal communication, Lea Sleimann, 2007-04-27)

One of the first steps towards environmental concern for JYSK is to make an effort to only purchase Forest Stewardship Council (FSC) certified garden furniture made of hard wood from the FSC's forestry which is cooperating with the Tropical Forest Trust (TFT). The TFT is a UK registered charity and it works to conserve threatened tropical forests and to ensure for their long-term future and to maximise value to people, wildlife and the environment. (TFT, 2007)

Sleimann considers it to be crucial that the FSC label is supported in order to secure the survival of the tropical forests. The FSC is an independent international organisation which promotes environmentally appropriate and socially beneficial concern and usage of the world's forests thus connect the usage to the consumption. The consumer receives the possibility to support a certified responsible forestry by choosing FSC certified products. (FSC, 2007) Within the garden furniture assortment 80 percent is made out of FSC certified wood and, according to Sleimann, these certified products have been purchased for many years. (Personal communication, Lea Sleimann, 2007-04-27) However, she does not mention anything about the extensive debate that took place a few years ago, regarding JYSK neglecting the requirements of FSC, which upset a lot of people (Saving, 2001).

Sleimann does point out that currently JYSK has towels labelled with Fair Trade in its assortment and points out the importance of attention to ethical rules. In this way, JYSK believes that it is taking a stand point, and concerns for how the production is organised in the third world countries. (Personal communication, Lea Sleimann, 2007-04-27)

In order to receive information about products, JYSK attends large yearly trade fairs or is given presentations from the suppliers about new products. The product is highly important according to Sleimann and the purchase depends on what kind of product it is and the demand for the product. It also depends on where it has been produced and therefore the product is considered more important than the supplier. Hence JYSK is looking for the right product for the right price, considering the environmental and ethical standards. (Personal communication, Lea Sleimann, 2007-04-27)

The personnel in the stores have a good idea about the customers' inquiry and what products are demanded. Therefore they are the ones able to influence the products purchased and convince the purchasing manager about new products of interest. From the purchase manager's point of view, it is not always possible to take the personnel's opinions into consideration, although it is not seen as impossible either. JYSK also informs the staff about the conditions of the products, for example how the garden furniture are produced, the behaviour towards tropical forest conservation and correct working conditions for the workers in the third world. There are also signposts in the stores demonstrating the certification of towels and garden furniture in order for the customer to be able to see that the product was produced under fair conditions. (Personal communication, Lea Sleimann, 2007-04-27)

4.2 Currently without Fair Trade label in assortment

Four companies currently without Fair Trade labelled products in their assortment were interviewed to get their point of view of why or why not a company decides to purchase these products. The companies were Willys, Elite Stora Hotellet, Subway and Hemtex.

4.2.1 Willys

Today's business started in Gothenburg 1975 by the name LL:s Livs and in 1986 the store merged together with another grocery store, Willys, and the name was then kept for all stores (Willys, 2006). In 2000, Willys was bought by Axfood AB, which in turn was created in 2000 through several mergers among one great wholesaler and different retail trade organisations. In that Axfood AB created an integrated retail and wholesaler trade company. Today the grocery store brands Willys and Hemköp are operating under the Axfood AB group. (Personal communication, Johan Neuman, 2007-04-20)

The interview was made with the purchasing manager Johan Neuman at Axfood AB, since it performs the purchase of products at the Willys store. Neuman has been working with purchasing for 12 years and was employed for five years at one of the companies that were merged together. Axfood AB's business idea is to create, develop and operate successful grocery stores, owned completely or franchise. (Personal communication, Johan Neuman, 2007-04-20) Although the business idea for Willys is to always offer the customer the lowest price- Sweden's cheapest grocery bag (Willys, 2006).

Information about products is according to Neuman given by suppliers' presentations, trade fairs, travels, food magazines and lifestyle magazines. In order to purchase, Neuman states that they need to take three things into consideration: the business idea, the customer, and the assortment strategy. Since Axfood AB is purchasing both for Willys and another large grocery store in Sweden, the purchase manger needs to ensure that the assortment is sufficiently separated from each other to be able to promote and strengthen the different profiles of each store. Then Neuman claims that both suppliers and products are highly important at the purchasing decision; however, without the right product none of the two are worth much. (Personal communication, Johan Neuman, 2007-04-20)

The decision to purchase one product instead of another is according to Neuman because they want to be able to offer the customers products with different positioning depending on criteria such as price and surplus value. It could be products reaching from low price products to premium products. The assortment varies a lot at Willys and the criteria for low price products are simpler quality and much lower prices than the market leading product, for example the brand Eldorado. In addition Willys has its own brand and products with a lower price but with a quality equivalent to market leading products. Finally Willys has traditional supplier brands such as Scan and Arla, which have a good reputation and are well-known to the majority of the consumers. Willys also has products with surplus value or extra quality, such as ecologically cultivated products or products for people with allergies, for example hypersensitivity to gluten. (Personal communication, Johan Neuman, 2007-04-20)

However, Willys does not currently focus on the concept of quality labelling of products, although it recognises that a consumer who searches for a product with added value has to be able to find this information via the packaging. Although Willys has decided to purchase Fair Trade labelled products and for the moment it has 12 different products within four product groups; coffee, tea, juice and sugar. In order to choose products Neuman has to

consider the different offers from the suppliers and decide upon the most attractive ones for Axfood AB. The products then have to be approved by a quality division at Axfood AB which has a strong position in the decision of what to purchase. If there is a supplier offering a product or service in the form of higher quality, price and an attractive concept for the consumer, Neuman is willing to consider a change of the current supplier. (Personal communication, Johan Neuman, 2007-04-20)

The majority of the grocery products in the Willys stores are from producers in Sweden and within the European Union. A smaller amount of the grocery products are produced in developing countries and the growing special product group, for example cd/dvd, electronics and toys, are mainly purchased from developing countries. Therefore Axfood AB aims to promote that the workers who produce the products currently sold in all Willys stores are working under conditions that are in accordance with fundamental human rights. Axfood AB's codes of conduct are a support when purchasing grocery products and special products and it is essential that all suppliers are following these codes with no exceptions and therefore the codes are also written into the contract. At the same time, Axfood AB is performing regular inspections, concerning labour rights, working environment and safety in order to receive more knowledge about the situation within the factories that produce products for it. (Axfood AB, 2007)

4.2.2 Elite Stora Hotellet

The hotel was built in the middle of the 19th century and has changed owners from time to time since then, however it is currently owned by Elite Hotels. There are 17 Elite Hotels in Sweden and all of them are owned by the managing director Bicky Chakraborty. (Elite Hotels, 2007) Elite Stora Hotellet is above all a business hotel during the week, from Monday to Thursday, with possibilities to have a conference or a business dinner in the hotel lounge. At the weekends the customers are mostly private persons and there is also activity at the hotel's own restaurant, Trôttoaren. (Personal communication, Johan Andersson, 2007-04-20)

The interview was made with the head chef at Elite Stora Hotellet, Johan Andersson, and he is responsible for the hotel restaurant Trôttoaren, the hotel lounge, and Bishop's Arms, a nearby pub. Andersson has been working with purchase of food and beverage for 15 years and has currently worked for one year at Elite Stora Hotellet. In order to receive information about products there will be use of special literature, information from suppliers, television, radio, magazines and one other useful channel is according to Andersson when dining at another restaurant. (Personal communication, Johan Andersson, 2007-04-20)

When purchasing food and beverage it is the price level that decides the quality on the products purchased and currently Elite Stora Hotellet uses the supplier Servera. The products are ordered and delivered the day after. If there are any new products of interest, Servera is contacted and it is then their task to organise in order for Andersson to receive the products ordered. KRAV labelled products are at the starting point at Elite Stora Hotellet and it has a few labelled products included in its breakfast buffet. In the future it might be possible that it purchases KRAV labelled products to a higher extent, when the prices have decreased. Since Andersson purchases large amounts it is not possible today to purchase KRAV labelled products because it will be very expensive, he gives an example, an egg costs SEK 1 and a KRAV labelled egg costs SEK 2,50. Today there are maybe two out of hundred customers that demands KRAV labelled products, there is more interest in healthy food and GI labelling, which is a measurement on how fast the blood sugar rises

after the digestion of food containing carbohydrates. However, Elite Stora Hotellet currently has KRAV labelled coffee, which was a wish from the staff and in a few years it might even be serving Fair Trade labelled coffee. (Personal communication, Johan Andersson, 2007-04-20)

For environmental and health concerns there is always traceability on the products, thus receiving a guarantee of the purchase and that the Swedish meat is from Sweden and not from some other country. Andersson argues that for his part the relation to the supplier is more important than an ingredient branded product, because when using suppliers' situated locally with many years of experience in the industry it becomes more than a business relation. (Personal communication, Johan Andersson, 2007-04-20)

There are two risks involved when purchasing food and beverage and that is to purchase too much or too little. It is often purchased too much rather than too little and then, Andersson states, he needs to sell it forward to someone else. When deciding what to purchase there are many people wanting to have an opinion, however there is a limit and not every suggestion can be considered. Elite Stora Hotellet tries to listen to its customer and attempts to satisfy all needs and desires, to its best degree. (Personal communication, Johan Andersson, 2007-04-20)

The reason for Andersson to decide to purchase one product instead of another is because it is easy to fall into habits, a certain brand or product that have been purchased before is likely to be purchased again if it contains the quality desired. This habit will be changed as soon as some one demonstrates another product and Andersson argues that a strong or famous brand is not always better than other brands. Products that are purchased in large volumes are often selected due to their good quality and by habit even though they often are expensive. However, it is possible to choose among different brands or suppliers when products are purchased in a smaller amount. (Personal communication, Johan Andersson, 2007-04-20)

There are two reasons for changing supplier and that is if someone can offer the products to a lower price or if they deliver every day, since current deliveries are due two, three times a week. Most of the suppliers have the same products or similar products and if Andersson changes supplier and highly desires a certain product it would be arranged since the supplier want to satisfy all needs and desires as good as possible. (Personal communication, Johan Andersson, 2007-04-20)

4.2.3 Subway

In 1965, the Subway restaurant chain was founded. All of the restaurants are today franchised and exist in more than 85 countries. (Subway, 2007) One of them is Sweden where the authors received the opportunity to conduct an interview with the owners of the restaurant located in Jönköping, Helena and Samuel Glen. The couple Glen started the business in September 2006 and so far the restaurant has done well.

The aim of Subway is to serve fresh and healthy sandwiches which can be noticed in its catch-phrase "eat fresh". The organisational structure is relatively flat with Mrs and Mr Glen as the owners and then they have four full time workers and three part times. (Personal communication, Helena Glen & Samuel Glen, 2007-04-13)

Since the restaurant is a franchise, the majority of the purchases are already determined in advance. The purchases the owners may influence on are mostly the vegetables and they

have chosen to purchase them from a local supplier. To find out about new products they get recommendations from suppliers and other flyers. Due to the limited choices Mrs and Mr Glen can make and because their main suppliers are Coca Cola and Servera, a certain brand does not have any impact on their decisions. They also have a certain menu they need to follow and if there are any differences in the menu, they are mainly due to regional circumstances which could have a cultural effect and therefore another type of food. (Personal communication, Helena Glen & Samuel Glen, 2007-04-13)

According to Mrs and Mr Glen, the marginal of vegetables within the restaurant business is small and thus it is hard to buy them ecologically cultivated. In order for it to be possible, the prices have to decrease significantly, says Mr Glen, although he sees the future as bright for organic food and that it is only a question of time. Another difficulty they are facing is that the local cultivators are very depended upon the seasons, which during the winter only give Subway the option to purchase from abroad. (Personal communication, Helena Glen & Samuel Glen, 2007-04-13)

If they would be given the opportunity to be able to be more influential with the purchase decisions, Mrs and Mr Glen would not say no. However, they do not think it is bad to have it the way they have it today either. Now they know where the products are coming from and that they have went through a quality control before arriving to their restaurant. Therefore they have the possibility to trace the product to its source, the supplier, if it would occur that a customer would be sick from the food. (Personal communication, Helena Glen & Samuel Glen, 2007-04-13)

In Subway's case the purchase process is not very complex. It is more or less only the suppliers who do regular check-ups with the franchisee to see if anything is needed. In some cases the owners take the first contact if they would run out of something before schedule. What Mrs and Mr Glen value in a buyer-supplier relationship is the fact of receiving the products on time and that the supplier will be able to deliver as often as wanted, preferably a couple of times a week. Other risks with purchase - except from delivery problems - would be if the products arrive with a too short best-before-date. These are circumstances which would make them change supplier. One time they decided to purchase coffee from Zoegas due to the skills of the vendor, but they later changed to Gevalia since all other Subway restaurants in Sweden have that brand in their assortment. (Personal communication, Helena Glen & Samuel Glen, 2007-04-13)

4.2.4 Hemtex

Hemtex is the top retail chain for textile among the Nordic countries and has been the leading company since it was founded in 1973. Hemtex offers an assortment of textile products which focus on functionality for a good price. (Hemtex, 2006) The company has been listed on the stock market since 2005 with a few large owners but where no one holds the majority (Personal communication, Stefan Ahlén, 2007-04-18).

The head office is located in Borås where the company has its central purchase and administrative departments. The organisation is divided into five regions where all the stores belong to one region. However, decisions regarding assortment and prices are made in Borås. This concerns the stores in Sweden, but Hemtex also has other country organisations in Finland, Denmark and Norway where it works quite the same as in Sweden. Then there is also a purchase department in Bangladesh and one in Shanghai, which is planned to start operating in the beginning of this summer. (Personal communication, Stefan Ahlén, 2007-04-18)

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There is also one division which is not connected to a certain area or region, and that is the quality manager who controls the quality of the products. Within this area of responsibility it is also included to handle queries regarding codes of conduct and other environmental related issues. When Hemtex expands or attempts to find new suppliers it takes help from the sourcing and establishment department. The sourcing division looks up new potential suppliers and markets while the establishment section has the responsibility of the establishment of new stores. Regarding suppliers, Hemtex is more concerned with keeping an existing supplier than changing to a new one if the relationship is to its fullest satisfaction or if there is a long history with the supplier. (Personal communication, Stefan Ahlén, 2007-04-18)

Stefan Ahlén is the purchase and logistic manager for Hemtex and he has had the position for two years, although in total he has got approximately 30 years of experience within purchase. He sees Hemtex as a company which stands for good price value, fashion and quality. (Personal communication, Stefan Ahlén, 2007-04-18)

According to Ahlén, Hemtex does not look for information about new products for the moment since it creates its own products. They discuss the assortment for the season and are constantly looking for new trends which they are trying to predict. Thereafter they implement the new trends onto a maybe already existing collection. The purchase department also receives an analysis from the business department which is made in order to show how the sales looked previous year/season and then an estimated forecast are done about how the future may look like. With the analysis as a foundation Hemtex decides upon which products it wants to purchase and sets up a budget for it. Hemtex does not have its own factory but it places its order directly at the manufacturer without any middlemen. This is why Hemtex only has its own brands to 95 percent. One of its brands is simply Hemtex. With this Ahlén explains that they are applying a good-, better-, best level on their brands and that the label Hemtex stands for a good level. This means that it is a product which is in the lower price category and with a less advanced packaging. Then Hemtex has a second label which is called Living. Living is set to be in the better level which implies that the product is of higher quality and a more luxurious packaging hence the higher price. Living is an internal label which Hemtex itself has come up with. (Personal communication, Stefan Ahlén, 2007-04-18)

Since Hemtex changed its purchasing strategy to abolish the middlemen and head directly to the manufacturer, it gained not only more profit because of the eliminated cost to the middleman, but also enhanced control over the factories. This is especially important for Hemtex since it pays a lot of attention to human rights and how the working conditions are in the production countries and that the staff receives proper salaries. Working conditions are seen as one of the risks with purchase according to Ahlén. Other risks are mainly time of delivery and quality. (Personal communication, Stefan Ahlén, 2007-04-18)

Due to the fact that Hemtex is more or less dominating the textile market in Sweden, it can not really see any competitor who offers a better brand than itself. Thus, Hemtex pays more attention to find and keep a good supplier rather than a specific brand. Although Ahlén claims that if they were about to introduce china, which is a product area Hemtex is not currently famous for, they might combine the Hemtex label with a certain brand that relates to good quality and known dishes in order to reinforce the image. (Personal communication, Stefan Ahlén, 2007-04-18)

If Hemtex would decide to change a supplier, the reason would be that the supplier had misbehaved, for instance not delivered the merchandises on time. Another factor would be

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if Hemtex would be offered a significantly better price from another supplier. Ahlén argues that this is an important aspect; however, the most common issue is that the supplier does not meet the quality requirements. (Personal communication, Stefan Ahlén, 2007-04-18)

One of the few external brands Hemtex is working with is Borås Cotton. Many of Borås Cotton's products have the environmental friendly Swan label. Hemtex also has a label called EKOTEX which is an environmental friendly label as well, but except for these two brands, Hemtex does not have any other additional label that signify any type of concern for the environment or human rights even though these are some of its values. Ahlén is aware of this and he points out that these aspects are investigated but at the moment the most essential part for Hemtex is to realise the minimum demands from the Swedish consumer agency, Konsumentverket, and thus show the customer that if they buy a product from Hemtex they can feel secure that the product is approved. (Personal communication, Stefan Ahlén, 2007-04-18)

5 Analysis

In this chapter an analytical approach is presented with the combination of relevant literature and theories with the empirical findings the authors have collected. The analysis is divided into the specific industries every company belongs to; grocery store, hotel, chain restaurant and textile retail store.

5.1 Coop and Willys

The awareness and concern for ingredient branded products have been present for almost a decade, and KRAV was one of the first reaching the shelves in the grocery stores, however the last few years Fair Trade has been entering as well. The ecologically cultivated and fair production approach of Coop began in the 1980's and at the same time the first merged Willys store was opened. Before the merge, the two stores LL:s Livs and Willys both had been positioning themselves as low price grocery stores and therefore after the merge there was still focus on low price brands and products. Coop on the other hand was founded in 1899 and has involved its members, the consumers, from the beginning of its creation with the possibility and encouragement to come with suggestions of improvements or other issues of importance and interest. One can say that Coop for all these years has been making use of influencers, which according to van Weele (2002) is a group of people who is able to influence the purchasing process by suggestions. Therefore it is not only Coop's management that has a say in the decision of what to purchase, they also listen carefully to their customers.

Coop's purchasing strategy implies focus on quality and the ability to implement its demands upon the suppliers in order to accomplish its values and goals. Therefore the purchasing decision of Coop is based upon values, goals and experience variables as mentioned by Beach (1997). However, the suppliers are also highly important since they are the producers of Coop's products and produce in accordance to the demands of ecological cultivation, although Coop does not hesitate to change supplier if they do not fulfil the stated requirements. Therefore the quality of the product becomes more important for Coop than the supplier or the brand. As mentioned by Heinritz et al. (1986) one should not only focus on the price but also take other factors into account such as quality. On the other hand Willys considers that if it comes across the right product according to its business idea, consumer and assortment strategy, the brand or supplier becomes less important. As a result, since the business idea of Willys is to offer the consumer the lowest price possible and the assortment strategy is to focus on low price products, price becomes a crucial factor for Willys. Therefore the purchasing decision of Willys is based on the primary needs of its customers, to purchase cheap food, even though it might not have the highest expected benefit as argued by Fredriksson Larsson (2001). The two grocery stores have different approaches to what is most important in their purchasing decisions and Coop has as mentioned by Heinritz et al. (1986) found a supplier that matches the preferences wanted in quality and therefore the price becomes less important, which is a different approach in comparison to Willys.

It is important according to van Weele (2002) to define quality, and an easy way of dealing with this is to rely upon labelling, a certain label that guarantees quality. This is what Coop has taken advantage of and some of its products are already labelled with KRAV when it purchases them and therefore Coop does not need to perform its own controls. On the other hand Heinritz et al. (1986) argue that labelling will reduce competition among suppliers and the selection of supply sources, however this is something that Coop is aware of

and still demands this labelling in order to be able to give its consumer high quality products and offer the producers and their animals a fair manufacturing.

For Willys the concept of quality labelling has less focus within the company and it makes use of its own quality controls before it purchases products, since the majority of Willys' assortment consists of products with moderate quality or equivalent quality as the market leading product. However, Willys recognises the benefit of product labelling since the consumer then easier will be able to locate the added value of the product by looking at its packaging.

Robertsson, the environmental chief at Coop, stated that fair production was not only fulfilled by purchase of products labelled with Fair Trade, but also in the way the producers at the farms are protected from being exposed to chemicals and pesticides when cultivating their goods and for the animals to live a quality life. At the same time, Coop is cooperating with an organisation called Kooperationen Utan Gränser in order to work for the purpose of promoting fair production. This environmental and ethical concern can assist a company to sell better according to Brülde & Strannegård (2007), however only if the social responsibility is in line with the profit interest. Axfood AB is stating its codes of conduct, which Magnusson & Norén (2003) consider is an explanation about values and principles that guide the company's behaviour, on its website demonstrating its concern for the circumstances for the workers producing the products that are purchased. Axfood AB also attempts to involve the supplier in the process since they need to agree upon the codes in order to make a contract with Axfood AB. This is something that is mentioned in the first principle of Global Compact formed by the United Nations, that the buyer should be absolutely clear with eventual problems concerning human rights in relation to both in and outgoing suppliers.

Coop also has its own codes of conduct which implies that its ethical guidelines are communicated to the suppliers in order to guarantee that all participants in the supply chain are taking human rights into consideration when producing products for Coop. It has become more common to implement codes of conduct and Malmström (2003) agrees that this is still quite new and that the first Swedish companies applied their codes in the end of the 1990's.

Even though both Coop and Axfood AB have codes of conduct, the most important is how they behave and how their suppliers behave. It is only the actions that will be recognised by the consumers and even if the guidelines are written down not many consumers are aware of the content of them. The consumers are focusing on the assortment and the production of the products they are purchasing and therefore KRAV and Fair Trade labelled products will facilitate the consumers' choice and guarantee that the grocery store is acting in favour of environmental and human rights.

When the authors of this thesis made their selection of the companies currently without Fair Trade labelled products the choice of Willys was made because it was the one grocery store the authors could not observe advertisement of Fair Trade labelled products within the store, on its website or in the flyers that the store sends out frequently. However, it was demonstrated that Willys does have products labelled with Fair Trade and that it currently has 12 products within four product groups. None of the Fair Trade labelled products is currently included into one of its own brands or products and therefore it might explain why there has been a lack of advertisement for the products. Since the consumers purchasing at Willys are more concerned about the price rather than the quality, there might be of less interest for Willys to purchase Fair Trade labelled products and to promote them since

they are currently more expensive than other products within the same product group. However, Coop has for many years been able to offer its customers KRAV labelled products and its own brand Änglamark has a large range of products within different product groups that are all ecologically cultivated. The Fair Trade labelled products reached the shelves in 1994 along with Änglamark coffee and has later on expanded into more and more products. These two ingredient brands are advertised well in the store, there is information about them on the website and there is advertisement in the flyer which is frequently distributed.

According to Rogers (2005), Coop can be seen as an innovator. It launched coffee from its own brand, Änglamark, labelled with Fair Trade in 1994. Therefore, it was one of the first companies in Sweden to purchase and launch Fair Trade labelled products as a part of its assortment. This can be compared to the organisation Rättvisemärkt which was created in the middle of the 1990's, and Löfbergs Lila, which started to use Fair Trade labels on its coffee in 2000. The values of fair production have been rooted in the company for many years and the introduction of these products was a natural step in the right direction.

In 2002, Willys introduced the ingredient brand Fair Trade in its assortment as it purchased Löfbergs Lila coffee and can therefore be seen as an early majority according to Rogers (2005). The decision to introduce these products was made in order to be able to compete for consumers. However, the expansion of ingredient branded products within Willys' assortment has not been as rapid as the one within Coop's assortment. This might be due to the fact that Willys is more connected to low prices products rather than products with added value.

5.2 Scandic Hotels and Elite Stora Hotellet

It is noticed that Scandic Hotels really has put a lot of effort into its values and for these to be visible for the outside public. It has a long history of environmental friendly acting and is showing high concern for human health. As it has noted, the effort spent has brought attention and positive response to the company and the purchasing manager Runvik also guess that this will continue due to the potential of the future. This could be connected to Maxwell's (2003) theory regarding ethics where he points out two directions, a standard to follow and the will to follow it and also that ethics demand action. Scandic Hotels has really shown the willingness to follow the standards and is at the same time a very active player. There are no doubts about Scandic Hotels caring for its ethical values.

Elite Stora Hotellet, who at the moment is not on the same level regarding ingredient brands as Scandic Hotels, is still one of those where price is of major concern. Elite Stora Hotellet admits though that it is in the beginning of reformations and that it actually today is providing some of the items at its breakfast buffet with KRAV label. One example is its KRAV labelled coffee, which the staff required, and according to the head chef Andersson, it is not unfamiliar for them to soon switch to Fair Trade labelled coffee and also enhancing the purchasing of KRAV labelled products and other merchandises with ingredient brands. But for this to happen, the prices need to decrease. Andersson also argues that customers at the moment are demanding more healthy food such as GI labelled rather than ecologically cultivated. This however, highly depends on what type of customers one has and how aware they are about different labels. It could be considered that for people where human rights and environmental concern is of importance, they might choose a hotel where they know that these types of principles are valued high.

The difference with Scandic Hotels compared to Elite Stora Hotellet is that Scandic Hotels is quite the opposite of a company who only pinpoints low prices. Its aim is strictly towards quality products and items which can prove quality through strong brands even though they are the most expensive ones on the market. For instance, once again, the Fair Trade labelled coffee which Scandic Hotels has and which Elite Stora Hotellet is considering to switch to, is purchased by Scandic Hotels even though it has got a higher price than average. Scandic Hotels still believes it is worth more than the price because of the value it provides to it as a company.

Heinritz et al. (1986) bring to light the difficulties for a buyer and supplier to define what quality is or what it actually means to them. Scandic Hotels seems to have sorted out what it demands in quality and thus its suppliers know it as well. It can be though, as Heinritz et al. (1986) state that it is easy to find out through ingredient branding and maybe it is the way Scandic Hotels has developed its values from the beginning. If it is a certain image that Scandic Hotels wants to obtain, as an environmental concerned organisation, it is definitely doing the right way according to van Weele (2002) who argues that a company's image is much depending on how the customer market, financial community, and the suppliers recognise it.

What both hotels have in common is that they value their relationships with their suppliers very high. It seems though that Scandic Hotels is demanding a lot more from its suppliers than Elite Stora Hotellet does. Scandic Hotels stresses the importance that the supplier has to be able to follow its requirements regarding exploitation of repressed groups, the use of child labour and the concern of the environment. Elite Stora Hotellet on the other hand sees more to the relationship itself by looking at it as something more beyond a business relation. It does not seem like Elite Stora Hotellet follows the path that Robinson (1967) argues, that many buyers pay a higher price to a certain supplier just to maintain the relationship. Even though Elite Stora Hotellet truly concerns for its supplier, it would change the contractor if someone else would be offering it the same products but for a lower price or if one could be more efficient with the delivery. It appears though that Scandic Hotels put that surplus into the more expensive quality products than to nurture a long relationship with a supplier. Probably it is also contributing to a more dynamic competition among the suppliers which in the end will most likely benefit the buyers.

Andersson at Elite Stora Hotellet believes that the suppliers adjust themselves towards the demands of the buyer and what they want to buy. He also pointed out how easy it is to fall into habits when purchasing products instead of maybe receiving a better deal or products somewhere else. Therefore it might be a good idea to take into account other people's suggestions of the purchases in order to prevent oneself to get stuck in one direction. At Elite Stora Hotellet there are many who want to have an opinion, and Andersson is trying to listen to as many as possible, but there has to be a limit since he considers it equally important to listen to the customers as well and to pay attention to what they are demanding. This goes for Scandic Hotels too, though Runvik is highly welcoming suggestions from the personnel since they are the ones meeting the customers on a regular basis and therefore are there to listen to their likes and dislikes. This gives the impression of that the two hotels know what Gregory (1999) talks about regarding motivation of the employees, how they feel about the company and how they express themselves towards outside people.

Scandic Hotels is according to Rogers (2005) an early adopter due to its strong beliefs and its image as a role model when it comes to ingredient brands. Along with its long history of ingredient branded products, it seems that it does not obtain any hesitation regarding the

purchasing process and it feels more natural to them than an exception to purchase these products.

Rogers (2005) also mentions one category in the diffusion theory as the late majority, here Elite Stora Hotellet fits into place. It has not yet adopted any products labelled with Fair Trade, but it is on its way since the staff is already considering it and also because Elite Stora Hotellet already now has products with other ingredient brands. In a close future it most likely is also one of the adopters of Fair Trade and it feels that Andersson is aware of this too.

5.3 Pizza Hut and Subway

Pizza Hut and Subway have a lot in common since both are franchise chain restaurants. Both businesses have a specific assortment to choose from when they are making their purchase decisions due to restrictions within the franchise contract, for example they have a certain menu they have to follow. However, it must be said that it seems that Pizza Hut has taken more advantage of the opportunity of the areas where it can influence and make own decisions than Subway has. This could be a result of that Pizza Hut has been existing for a longer period of time in Sweden and therefore its focus is another than what Subway has for the moment. In Subway's case, since it is relatively new on the market, it is more concerned about getting to know its position and for the moment just to establish itself. Pizza Hut has already come to the point where it has spotted the importance of going through its values and how to communicate these to the guests which corresponds with Gregory's (1999) reasons of why a company wants to change or improve its image. Pizza Hut's first approach has been to introduce Fair Trade labelled coffee, which has so far given it positive reactions and more attention. In this case it could be considered that Pizza Hut is aiming to change old patterns and is heading for a new image as a more concerned company.

Subway may not have the same difficulty as Pizza Hut maybe has when it comes to how its image is perceived by customers. In many cases people find Pizza Hut's image as a concept of fast food with unhealthy and greasy pizzas. The managing director Björn Källström himself said that for instance Löfbergs Lila, which has a higher trustworthiness as a brand than Pizza Hut, will make it possible for them to ride on the wave of Löfbergs Lila's good reputation and as a result gain some of the good image, when purchasing Fair Trade labelled coffee. This can be seen as an attempt to somehow compensate for the less healthy food it is offering.

Subway may have more of the assumption as to be a fast food option, but at least a healthier one than a pizza. What can be discussed is that it might not be equally anxious to improve its image as Pizza Hut. It is interesting though to acknowledge the change of coffee at Subway. While having chosen Zoegas, which is labelled with Fair Trade and therefore maybe gain an image towards the customer as a healthier and more concerned business, Subway in Jönköping did not take this opportunity at all. Instead it chose to switch to the coffee brand every other Subway restaurant had rather than using the differentiation it was provided with before. The reason for this must have been that the owners were unaware of the ingredient brand Fair Trade on Zoegas coffee and were not at the moment paying attention to these particular questions.

The owners of Subway especially pointed out that they found it too expensive to buy ecologically cultivated vegetables and in order for them to start to purchase these, the prices

must decrease dramatically. What can be considered is whether this in the long run is a very good strategy or not. As Heinritz et al. (1986) claim, the focus which before has mainly been on the price, has changed and it is now equally important to have quality, quantity and timing in mind. These are factors that Subway finds crucial too, though it seems that it is aiming more at the price than maybe what is most beneficial in the long run. According to van Weele (2002) the third view from a management perspective, the part of integrated logistics, which is common when it comes to purchasing, is when one realises that spending too much effort on constantly looking for low prices has resulted in neglecting quality instead. This has not yet happened at Subway, maybe thanks to the quality checks most of its products have to go through.

Helena and Samuel Glen, the owners of Subway in Jönköping, said that they would not say no if they got the chance to be able to be more influential in their decision-making regarding purchase. At the same time they argued that they feel comfortable in the position they are at right now, since they get one thing less on their mind to think about. They also felt like they received a type of quality warranty of the products they were purchasing since they already had gone through a quality control. Heinritz et al. (1987) agree that it can be a cost efficient move since the cost of the inspections is eliminated for the company. This works for products having an ingredient brand as well, since it is the brand's responsibility to complete the requirements that they are certified for. It could for this reason be a good idea for Subway to take other brands into account if the owners feel content with not having to deal with the costs of quality tests.

Back to what Fredriksdotter Larsson (2001) found in her research regarding decision-making, this can be seen as an emotional choice from one point of view, looking at that Helena and Samuel Glen maybe have made their choices upon what for the moment felt best. Maxwell (2003) sees this as one of the three reasons of why people make unethical choices. Subway can also be matched with Maxwell's first reason as well, to do what is most convenient, which really feels like the case here; to do the easy thing over the right thing.

Both Pizza Hut and Subway more agree upon is that the supplier is more valuable than a product brand as well as Gadde & Håkansson (1993) who also emphasize the meaning of a profound buyer-supplier relationship rather than hasty and superficial ones that only have the purpose of business and money.

The difference between the two is that Pizza Hut is welcoming suggestions regarding purchase decisions from everyone in the organisation, no matter the rank in the organisational structure. This holds to what van Weele (2002) brings up regarding who the ones are who influence purchase decisions, the user, the influencers, the buyers, the decision-makers, and the gatekeepers. In Subway's case, however, the decisions are made by the owners. This could become troublesome since it is easy to get stuck in old habits when there may be a need of innovation and improvements. According to Gregory (1999) a company will certainly gain more, both by reputation and performance, if the employees are more involved in the business since it enhances motivation and loyalty towards the company.

Considering Rogers (2005) diffusion theory, Pizza Hut can be seen as belonging to the early majority since it has adopted Fair Trade labelled coffee before a lot more restaurants have. Another aspect showing this is that Pizza Hut most likely discussed this decision for a while before it chose to implement it.

Subway could be considered to be one of the laggards according to Rogers (2005). It is newly started and is more or less just getting to know its market. It does not have an extensive surplus of resources and also makes decision based on the past and other restaurants' history.

5.4 JYSK and Hemtex

These two companies were selected due to the fact that JYSK currently has Fair Trade labelled products in its assortment and Hemtex does not have it for the moment. According to Brytting & Egels (2004) this is one of the labels that were introduced in order to demonstrate that companies are taking responsibility for their actions and that the actions correspond to the consumers' demands about operating ethically defensible and correct. Nevertheless, the interview with Hemtex revealed that it purchases products labelled with the Swan and EKOTEX which are two environmental friendly labels. Although Hemtex is not currently using the Fair Trade label on its products, it has demonstrated its concern for human rights with another approach.

Hemtex has eliminated the middlemen from its supply chain and has therefore received an enhanced control over the factory producing its products. At this point Hemtex is able to affect the working conditions in the factory and guarantee that the workers receive proper salaries. This can be seen as committing to its social responsibilities which Brülde & Stranegård (2007) argue is to take responsibility for the rest of the society and particularly for those areas of the society that the company directly or indirectly affect and influence. Hemtex also attempts to fulfil the minimum demands from Konsumentverket in order to guarantee the customers that its products are high standard. All these actions taken are a confirmation that companies need to live up to their stakeholders' demands of *what* is produced and *how* it is produced as mentioned by Brytting & Egels (2004).

Van Weele (2002) argues that the company should not be too dependent on a few suppliers and avoid trusting a specific brand. Hemtex is a dominating retailer on the textile market and produce and designs its own brand. The only supplier it makes use of is for purchasing the textiles used in its products and therefore Hemtex's supplier becomes more important than a specific brand. It currently has a purchasing department in Bangladesh, but it is also planning to start another purchasing department in Shanghai and therefore it will have the opportunity to make use of more than one manufacturer. Although Hemtex is more concerned about maintaining a relationship with an existing supplier there are however some reasons for it to change a supplier; if they do not deliver on time, the quality does not measure the requirements or if there is a better price offered from another supplier. This is mentioned by van Weele (2002), that punctual delivery and good quality are highly important factors to consider while attempting to find and select a reliable supplier.

On the other hand, JYSK is making use of a specific brand or more accurately a specific ingredient brand which makes it more dependent upon a few suppliers. JYSK is highly aware of that its action in the past has been criticised and therefore it is very careful and is today attempting to make ethical purchase decisions.

It all started in 2001 when alarming news reached the Swedish people, as Svenska Naturskyddsföreningen (Swedish Society for Nature Conservation) published its rapport about Swedish companies using tropical forest wood for their garden furniture. The report demonstrated that even though it currently exists an environmental label, FSC, there are still a few companies that do not follow these recommendations. One of them was JYSK and it

was stated that it was using wood from Indonesia, where the majority of the timber were cut illegally. The spokesman of JYSK argued that it was correct that they did not use or sell FSC certified wood products. However, he stated that they were trying to acquire new areas to be approved instead of cutting down the small area with FSC-certified forest. He stated that within two years all garden furniture at JYSK was to be certified. (Saving, 2001)

Svenska Naturskyddsföreningen has published its report yearly since 1999 and in 2002 it had noticed a remarkable difference since the beginning. There were a few companies that had stopped completely to sell garden furniture of tropical forest wood or only sold FSC-certified products. Svenska Naturskyddsföreningen also noticed that JYSK compared to year 2001 had increased the amount of FSC-certified garden furniture from almost zero to 54 percent. (Megner, 2002)

Today JYSK is making use of FSC-certified wood and 80 percent of its assortment of garden furniture is certified. Sleimann argues that these certified products have been purchased for many years. One of the cornerstones of building a good reputation is according to Young (1996) to gain consumers' trust, since it takes time to earn it but it can be damaged over a night. This is what has occurred to JYSK and therefore it seems like a probable reason for it to state that it undertakes environmental and ethical standards when locating and purchasing the right product. Sleimann also mentions that there are signposts in the store to inform and demonstrate the labelling of towels and certification of garden furniture to facilitate for the customer to see that the product was produced under environmental and ethical conditions. JYSK is also providing information to the personnel about the conditions of the products, for example how the garden furniture are produced and the behaviour towards tropical forest conservation. This is one of the actions that will make the personnel more loyal and keen on communicating a good company image to others according to Gregory (1999).

The personnel of JYSK are also allowed to be involved in the process of deciding what products to purchase and van Weele (2002) argues that this type of group are called influencers since they through their suggestions are able to persuade and take part in the decisions made. On the other hand Hemtex is divided into different departments and the purchase department include, discussing the assortment and attempting to predict new trends. They are therefore highly responsible for that the right textile is purchased and is acting as a user (van Weele, 2002) since they have a crucial say about the product selection. In this case the purchase department also is the buyer (van Weele, 2002) since they are the ones placing the order at the manufacturer. However, the quality manager can also be considered a buyer since she is responsible for questions concerning codes of conduct and environmental issues, which, according to van Weele (2002), can be crucial factors to observe when negotiating the terms of the contact with the suppliers. Thereafter the sourcing and establishment department are responsible for obtaining new potential suppliers and the establishment of new stores and they are therefore acting as a sort of decision-makers (van Weele, 2002) and will make the prime selection of suppliers. There is also a business department that carries out the budget and conducts an estimated forecast about the future and they as well can be seen as decision-makers.

JYSK introduced Fair Trade labelled towels this year and has adopted the ingredient brand just before the average companies within its industry. Today there are not many companies able to offer cotton products labelled with Fair Trade and therefore JYSK can be seen as an early adopter according to Rogers (1995). Cotton is different from coffee, chocolate and tea, since these product groups have gained a lot of attention from the consumer for many years. Fortunately the attention seems to have expanded to other products as well and

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JYSK will therefore serve as a role model for importing Fair Trade labelled towels into its assortment.

On the other hand, Hemtex has not yet introduced the ingredient brand Fair Trade to its assortment, however, the values connected to the label is highly important within the company. For now, Hemtex is satisfied if it realises the minimum demands of Konsumentenverket and can therefore be seen as belonging to the late majority as mentioned by Rogers (1995). Hemtex will at the end realise the importance of making a visible stand point, and adopt to Fair Trade labelled product when most other organisation already has done so, since the uncertainty about the ingredient brand then is reduced.

6 Conclusions

The authors of this thesis will here present the fulfilment of the purpose and what the study has come to discover. During the procedure of this thesis it has popped up questions and additional interest and therefore, at the end there will be suggestions on topics that could be of interest to do further investigations about.

6.1 Results

Eight companies within four different industries have been studied together with theory regarding decision-making, purchasing, and ethics. The work has resulted in interesting outcomes.

A pattern of long term concern for fair production and ecological cultivation can be seen within Coop and it has been working with these values for two decades, as well as involving the consumers to be able to influence the purchase decision. The importance of quality and relying on labelling goes hand in hand and Coop is using the label KRAV in order to guarantee the consumers that the products are of high quality for health, environmental and ethical concern. Then the Fair Trade label, which takes ethical and human rights into consideration, was introduced into the assortment of Coop in 1994 by its own ecological brand Änglamark. Therefore there are clear evidence of that Coop is purchasing products with the ingredient brand Fair Trade because of its own rooted ethical beliefs within the organisation.

The business idea and assortment strategy of Willys focuses on price and the concept labelling is not used within the organization; however it does conduct its own quality controls on the purchased products. The owner company Axfood AB, which also own another large grocery store chain is applying codes of conduct upon the suppliers that it purchase from in order to guarantee that human rights are taken into consideration and are followed. It was demonstrated that Willys was currently purchasing Fair Trade products and for the moment it has 12 products and therefore it would be surprising if it would not expand the assortment even further. The low price strategy that guides Willys makes it less believable that the purchase of ingredient brands is for its own values and it is more likely to be for a business aim, in order to not be excluded from competition with other grocery stores and lose customers by not at least offer a few products from the Fair Trade assortment.

Within the investigated hotel industry, it showed that Scandic Hotels truly nurture its values almost no matter what the costs are. It has had a long history with an image as an environmental friendly concerned company and it would be a big mistake to ruin that. Because of its extensive record back in time with ingredient brands, it feels honest and sincere, that Scandic Hotels really stands behind and supports the brands and wants to contribute with what it can to make a better environment for a lot more people.

With Elite Stora Hotellet it seems that it is on its way towards a more concerned image. Still though the price issue plays an essential role in the purchase decision-making and this is probably the largest obstacle for the hotel to overcome. But as with Subway as well, Elite Stora Hotellet has not been involved in any unethical actions where people really have been upset and therefore it may not have spotted yet why it should begin to purchase more expensive merchandises when it does not have the values deep connected to them.

The link between the two hotels is though that they are open to suggestions from the staff and other people from outside and they seem to know the importance of it. It seems like

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the most frequent reason to why the discussion of purchasing ingredient brand comes up is because one of the employees suggests it, and not that it actually is coming from the manager.

Regarding the case of Pizza Hut and Subway, the common aspects they have are that they are both in the chain restaurant business with a touch of the fast food industry. It is evident that Pizza Hut has a more developed future thinking when it comes to ingredient brands and how these could be helpful for a business. However, it feels like even though the suggestions to introduce Fair Trade labelled coffee came from an employee, the decision was made by the management and the thought behind it has been expressed from the source itself that the intention is to ride on the wave of Löfbergs Lila's good reputation. This becomes clearer when the managing director also says that they have no intentions for now to somehow develop this idea by bringing in more ingredient branded products.

Subway on the other hand does not take into account at all other's suggestions regarding purchasing except from the owners and it could therefore be asked if this might have an impact on why it has not come to the idea yet to think in the direction of purchase products with ingredient brands and what these could contribute to it. The reason from what the owners are saying is that the products or vegetables are still too expensive which shows that they do not share rooted values within the company. It can also be considered that Subway does not have any scandals worth mentioning so it has in that aspect not thought of how to prevent or rebuild a reputation from a damaged one.

The actions in the past have made JYSK more aware of which products it purchases. Last year it introduced Fair Trade labelled towels in its assortment, and it was maybe one of the first stores to add the ingredient brand onto textile products. However, there is still a discussion concerning its garden furniture, whether they are environmental friendly or not, due to the fact that JYSK is still not to 100 percent making use of certified tropical forest wood in its products. Therefore one gets the feeling that JYSK is making use of the Fair Trade label in order to improve its reputation and also demonstrate the FSC label well in the store with the purpose of repairing the damaged customer view. The concern for ingredient brands seems to be used for fulfilling a business aim, to clean its history.

For the moment Hemtex is making use of two ingredient brands, the Swan and ECOTEX, which demonstrate that it takes a stand and shows respect for the environment. However, it does not have any ingredient brand demonstrating the concern for human rights, although it is one of the values it is working with. Hemtex has a purchase department in Bangladesh where it purchases its textile directly from a manufacturer, since it has eliminated the middlemen from its supplier chain. With this approach it has the opportunity to more closely monitor the conditions at the factory and is hopefully able to intervene if the production is showed to be operating against fundamental human rights. Even though it is not having the ingredient brand Fair Trade, it appears to be on the right track, towards the human rights label which will demonstrate respect and be well integrated with its current values.

It has also come to light that decisions regarding introduction of ingredient branded products may depend on whether a company takes action in the beginning of a new trend or at a later stage. Scandic Hotels, who fit into the compartment of early adopters, has most likely had a quite rough way to go when introducing its ingredient brand assortment. Regarding Pizza Hut and Willys, who belong to the early majority, the decision to choose whether to introduce Fair Trade labelled products or not has been a quite light one. As

Källström said; it was not a rocket science decision we took when we decided upon our Fair Trade coffee.

Coop's choice seems to come natural since the values has been present since the 1980's and therefore the innovator role does not come as a surprise. The previous history of JYSK might reflect the purpose of introducing the ingredient brand, however it has to be pointed out that JYSK is one of the first companies to offer Fair Trade labelled cotton products. Therefore it can, as an early adopter, become a role model for the rest of the companies within the textile industry.

Elite Stora Hotellet, Subway, and Hemtex, who go into the later sections of the adoption curve, could both win and lose on their position. They could gain a lot of effort and probably also money if they just jump on to the trendy wave of Fair Trade in a close future, but they could also lose if they wait too long or if they do not bother at all.

To conclude, the authors of this thesis have noticed a tremendous development of the Fair Trade label only during this research period. It seems that companies have understood the value with ingredient branding and the importance of promoting it. It can be noticed that these companies who have chosen to introduce products with ingredient brands are one step ahead and that it provides some sort of safety net against boycotts and bad reputation.

6.2 Suggestions to further research

This research has been growing from the authors own interest of Fair Trade and also from earlier studies regarding ingredient brands and ethical standards within companies. Although the purpose of this thesis has been the most appealing for the authors, additional thoughts have popped up.

Since some of the companies interviewed did not have any kind of ingredient brand along with their products, it could be of interest to in a close future investigate further whether they have introduced any or if they have chosen to stick with the product line they have got at the moment.

Another reflection could be to see if there are any other ingredient brands which are soon to enter the market or if the demand already is saturated. For how long or far could this wave of environmental- and health concern go on?

As said in the beginning of this thesis, there have already been written quite a few papers within the area of Fair Trade with a consumer perspective, this could of course be addressed once more as well as from a management's point of view. Are consumers looking for something else than what already is offered in the market? Will the importance of ethical decision-making become even more burning issue?

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Appendix A

Introducing questions

1. What is your role/position within the company and what are your main duties?
2. For how long have you been working within the company?
3. Explain the company's history briefly and the present situation of today
4. What does your company stand for and what aspects are considered valuable within and outside the company? How does the company approach these stand-points in order to promote them?
5. How is the company owned?
6. How is the organisational structure shaped?

Purchasing questions

7. For how long have you been working with purchase?
8. How do you find out information about products?
9. Briefly explain the purchasing process and how it is done?
10. How important is the supplier and the brand when making the decision to purchase?
11. How is the relationship to your suppliers?
12. Do you value a good supplier relationship higher than a product with an added label?
13. Which persons are involved and have an opinion about what is to be purchased? Which criteria are important?
14. Are there any risks associated with purchasing? How does one handle them?

Brands

15. How come it is decided that certain brands are purchased instead of others?
16. Which criteria do these brands/products have?
17. What would make you change supplier/brand?
18. What does an added label on a product signify for you?
19. What impact does an added label have on the decision of purchase?

Appendix B

Inledningsfrågor

1. Vad har du för position/roll i företaget och vad består dina huvuduppgifter av?
2. Hur länge har du arbetat inom företaget?
3. Hur ser företagets historia ut i korta drag och hur ser det ut idag?
4. Vad står ert företag för och vilka aspekter anser ni värdefulla inom och utanför företaget? Hur går ni tillväga för att främja dessa ståndpunkter?
5. Vilken form av ägande har företaget?
6. Hur ser organisationsstrukturen ut?

Inköpsfrågor

1. Var i organisationen är inköpsverksamheten placerad?
2. Hur länge har du jobbat med inköp?
3. Hur finner du information om produkter?
4. Kan du berätta lite om hur inköpsprocessen går till?
5. Hur viktig är leverantören och varumärket vid inköpsbeslut?
6. Hur är era relationer till leverantörerna?
7. Värderar ni en bra relation till en leverantör högre än en kvalitetsmärkt produkt?
8. Vilka personer är med och har åsikter om vad som ska köpas in? Vilka kriterier är viktiga?
9. Finns det några risker med inköp, vilka? Hur hanterar man dem?

Varumärken

1. Varför beslutas det om att vissa varumärken tas in framför andra?
2. Vilka kriterier har dessa varumärken/produkter?
3. Vad skulle få dig att byta leverantör/varumärke?
4. Vad är kvalitetsmärkning på en produkt för er?
5. Vad har kvalitetsmärkning för betydelse vid inköpsbeslut?