A Study of Switch Pac:

What would be the efficient ways for Switch Pac to increase potential demand and capitalize on green attitudes and behavior in the Swedish market?

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Abstract

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Title: A Study of Switch Pac: what would be the efficient ways for Switch Pac to increase potential demand and capitalize on green attitudes and behavior in the Swedish market?

Problem: What would be the efficient ways for Switch Pac to increase potential demand and capitalize on green attitudes and behavior in the Swedish market?

Purpose: The aim of our project is to see the potential of Switch Pac’s oxo-biodegradable plastic bags on the Swedish market by capitalize on green attitudes and behaviour.

Method: The report is based on primary data collected through questionnaires (end consumer/ B2B customers). For the investigation of Switch Pac’s macro- and microenvironment secondary data was used (books, journals, newspaper and the Internet)

Conceptual Framework: The conceptual framework consists of certain models to investigate the following topics:

1. consumer behavior
   - AIDA-Model
   - STP-Model
2. Switch Pac’s business environment
   - PESTEL

Conclusion/ Recommendations: In our conclusion based on our frameworks PESTEL, AIDA and STP we concluded that peoples’ awareness regarding environmental friendly plastic bags are not very high based on our questionnaire. The efficient ways for Switch Pac to increase potential demand is to target the customer in the age range from 20 – 49 years and cooperate with supermarkets and (department) stores. Furthermore, Switch Pac needs to position its products in the consumers mind through create brand awareness by using certain elements of the marketing mix model.

Keywords: Sweden, Switch Pac, consumer behavior, (macro/ micro-) business environment (oxo-biodegradable) plastic bags
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Kindly Regards,

Andrea Brüning & Anna Curtolo

Saturday, June 14, 2008
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1. INTRODUCTION

1.1 Background

In Brazil, Argentina and India there are legislations which require plastic shopping bags to be degradable. In Malta reduced tax for bags made of degradable plastic. Mauritius no longer allows import and local manufacturing of non-degradable plastic bags (Switch Pac n.d.). China has according to SvD clarified that they will forbid free thinner complimentary bags (0.025 mm) in stores from June 1, 2008. Australia, France, Slovenia, Hungary and the UK are working on proposal for reduce tax for oxo-biodegradable bags in circulation (Hernadi 2008). It is evident that more and more governments are trying to reduce to promote ecological solutions.

Xi Dam and Michael Harkén, distributors representing and marketing the Swedish company called Switch Pac, realized this trend as well and developed their knowledge about degradable plastic bags and tried to get a foot into the degradable plastic bag industry. Switch Pac is a distributor located in Stockholm Sweden that focuses on the selling of oxo-biodegradable plastic bags. The company was established in 2007 in collaboration with Symphony Environmental Technologies. Symphony is a British company that focuses on plastic non-degradable and oxo-biodegradable materials (Switch Pac n.d.). Switch Pac focuses on selling plastic bags to a variety of industries. The main target at this time is the plastic bag extruders; the companies that manufacture the plastic bags. Presently Switch Pac is the operating distributor for Scandinavia and it’s obvious that the business is still in its fledgling stages and the sales need constantly to be improved (Xi Dam 2008, pers. comm., 8 March).

Switch Pac is starting to understand the value of green marketing in order to maximise the company’s profit. Green marketing is firstly concerned about ecological issues regarding the environment but also about environmental safety and the development of marketing the improvements of the environments physical attributes (Knowledge at Wharton 2007). Some marketers say that “Green marketing is not always about saving the planet message; it’s about saving the business! Businesses adopt green practices and develop green products because consumers seem to want them (Straughan & Roberts 1999, p. 558)”. One of Switch Pac products and the specific product of our project is the oxo-biodegradable plastic bags. This is the product that forms the ‘base’ of how to increase potential demand of the company in question because in the end it’s all about how to make money and circulate a business inside the environmental industry.

According to SvD there are green politics that are stating that we do not need to forbid plastic bags in Sweden because the Swedish law about product responsibility; stating that the producers of a certain product are also responsible for the waste of that product (Hernadi 2008). However, there is not our intention with our thesis to come up with ways of forbidding the conventional plastic bag in Sweden instead we will conduct a research what would be the efficient ways for Switch Pac to increase potential demand and capitalize on green attitudes and behavior. We will with help of questionnaires come up with a base for our project about consumers’ behavior and attitude regarding the issues of environmental plastic bags, oxo-biodegradable plastic bags in specific. After the questionnaires we will interview potential B2B customers of Switch Pac in order to find ways of increasing potential demand by the support of our questionnaires.
It is important to understand the definition of consumer behavior in order to meet our purpose: “A study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society (McGraw-Hill 2004).” It is also important that a manager looks over his firm and organization in order to decide which factors that are most likely to change and which ones that are most likely to be the key factors inside his business in order to find more potential ways to increase demand. That is why we will also distinguish the level of the PESTEL analysis in order to differentiate between the different market factors.

1.2 Biodegradable Plastic Bags

Plastic is used in all kinds of associations and for different reasons around the world. The benefits of this product are its low costs, weight, strength, transparency, sealability, and printability. However, this product has become a result of disposal problems in many countries around the world. But nowadays, it is said that the science has found the answer to this disposal problem, which is biodegradable additives. There are two main types of biodegradable plastics, oxo-biodegradable and hydro-biodegradable which are both chemical processes. Both of these types are compostable, but only oxo-biodegradable can be economically recycled and is much more cost effective in the end (Oxo-biodegradable Association n.d.). The oxo-biodegradable plastic can degrade after the additive has reduced the molecular structure in the bag to Co2, water, and humus. Some of the major users of this oxo-biodegradable product are the leading UK supermarkets, Tesco and the Co-op16, Marriott, Royal Caribbean Cruise Lines, BUPA, News International, Pizza Hut, KFC, and Wal-Mart. “Oxo-biodegradable plastic is ideal for frozen food packaging, as it can be kept for extended periods at low temperature, and will then quickly degrade when it becomes a waste product at normal temperatures (Oxo-biodegradable Association n.d.).” “The length it takes for oxo-biodegradable products to degrade can be managed at the time of manufacture and can be as little as a few months or as much as a few years. The products are protected from degradation by special antioxidants until ready for use, and storage-life will be extended if the products are kept in cool, dark conditions (Oxo-biodegradable Association n.d.).”

Two bigger groceries chains in Sweden, ICA and Coop have introduced hydro-degradable plastic bags made of crops in their assortment. They have seen the importance of offering their customers a choice of normal plastic bags, paper bags and now also the more environmental friendly plastic bag made of crops (Hernadi 2008). However, hydro-biodegradable plastics could hold up to 50% synthetic plastic derived from oil, while some other is based on crops. This means that the “hydro-biodegradable bags are not genuinely renewable because of the process of making them from crops is itself a significant user of fossil-fuel energy and a producer therefore of greenhouse gases (Oxo-biodegradable Association n.d.)”. Some reasons the environmental benefits of oxo-biodegradable plastics over hydro-biodegradable is that oxo-biodegradable plastic can be made from recycling, but hydro-biodegradable plastic cannot which will create a problem when the plastic gets into the waste stream. Oxo-biodegradable can degrade even in the absence of light, so long as air is present while hydro-biodegradable needs to be in a highly microbial environment. “Oxo-biodegradable plastic can be managed at manufacture to degrade within a timescale to suit the user’s requirements. The rate of degradation of hydro-biodegradable plastics cannot be controlled (Oxo-biodegradable Association n.d.).” In short, oxo-biodegradable plastic bags are also more flexible, cheaper, thinner and less material to produce. Another important point is that, why use agricultural
resources in making bags when there is so much hunger in the world?

Paper bags, reusable bags, are two alternatives towards biodegradable bags. However, the process of making paper bags causes 70% more atmospheric pollution than plastic bags, they are also not as strong as plastic bags, and takes up more space when stored which increases the amount of deliveries a truck has to make in order to transport the bags. The reusable bags option might not work in all conditions because people are most likely not caring around a reusable bag when buying impulse items and are also not hygienic unless cleaned after each use (Oxo-biodegradable Association n.d.). According to SvD, there are many reasons not to waste plastic bags and many feels a responsibility towards global warming. It’s not easy to know what is right or wrong and banning plastic bags in general as well as using collective transportation is two reasons of fighting against global warming (Baltscheffsky 2008). However, there are certainly many ways of decreasing the carbon dioxide in our atmosphere but that is not the purpose of our project so we will not research those opportunities. Products that could be made of biodegradable plastic are (Oxo-biodegradable Association n.d.):

- “Carrier bags or shopper-bags which consumers use to take away their purchases from the shop
- Refuse sacks, which consumers buy in rolls at the shop, and use for disposal of their ordinary household waste.
- Aprons, for the protection of garments, in the home, hospitals, restaurants, workshops etc.
- Bags to contain dog feces collected in parks, gardens, etc
- Bin liners
- Gloves
- Plastic sheeting for a variety of applications in agriculture and horticulture.
- Plastic film for wrapping newspapers and magazines.
- Bread bags
- Frozen food bags
- Wrappers for cigarette packets
- Shrink-wrap and pallet-wrap
- Bubble-wrap
- Rigid products such as bottles and cups"

1.3 Oxo-biodegradable Plastics

Symphony Environmental Technologies have developed oxo-biodegradable plastic. This plastic is just as strong and good as non-degradable plastic. The only difference is that the degradable plastic is manufactured with a certain supplement. This supplement makes the molecules in the plastic react in such a way that they are less strong; they will become more vulnerable to be degraded. Before the degradation process starts, stabilators in the plastic keep the quality and strength under a certain time. The degradation process can be adjusted, for example a garbage bag can be used for 18 months before the stabilators disappear and the bag will start to dissolve while a sandwich bag might only last for a few weeks. The process of degradation starts under the influence of oxygen and the products will eventually dissolve into water, carbon dioxide and biomass. Symphony designed an international trade mark to use for oxo-biodegradable plastic products. This international trade mark is d2w™, owned by Symphony. International agents and distributors such as Switch Pac can use the trade mark at their discretion. This is both beneficial
for the distributors as well as Symphony itself, because it increases the exposure of the trademark (Symphony plastics n.d.).

Symphony’s biodegradable finished products and pro-degrade additives are sold under the d2w™ registered trademark by Symphony Environment Ltd. itself and through a growing network of international agents and distributors, with Switch Pac’s being the distributor in Sweden. But what does d2w™ actually mean? Consecutively, the meaning of d2w™ and the overall degrading process is explained:

Plastic bags have been used since the early 30’s. Ever since then the plastic bag, which is based on polythene, has gained more and more competitive advantage over e.g. paper bags because the plastic ones are long-lasting and multifunctional (Degradable n.d.). According to Xi Dam, it is alarming that in the pacific you can find a plastic waste which covers twice the size of the United States. This means that every square mile of ocean contains 46,000 pieces of floating plastics. This is only one of the reasons why Symphony Plastics is engaged in the business of degradable plastic bags (Xi Dam 2008, pers. Comm., 8 March).

The d2w™ technology is based on the use of an additive which is combined with any blend of polyethylene or polypropylene resins during the standard production process usually at a level between 1% and 3%. The molecular mass of a typical plastic bag such as polyethylene is 300,000u. This huge molecular mass eventually might be able to degrade as well, but that could take around 400 year. But if you introduce additives to the production process, the degrading process changes as followed:

1. Add a pro-degrading (additive) into the polymer (plastic). This additive acts as a catalyst and generates the quick breakdown of the molecular structure
2. The plastic bag/plastic product will become crumbly and decayed into small flakes
3. During the decay, oxygen bond with carbon and produce CO2
4. The molecular mass reduces below 40,000u and therefore becomes wettable and micro-organism can access the molecular mass

Through the addition of the additives, the plastic bags still have the same quality standards. The degrading process starts when the material is exposed to any combination of heat and light. The higher this combination is, the faster the degrading process will be. With the addition of the so-called additives the degradation process can be controlled. This means extended and abbreviated, depending on the customer’s requirements and product requirements. The timeline for the degradation process can vary between 60 days up to 5–6 years. The different economic life-times are attained through the use of different additives and different amount that is used in the production process. The waste products after this degradation process are H2O, CO2 and biomass in negligible quantities.
1.4 Problem Statement
What would be the efficient ways for Switch Pac to increase potential demand and capitalize on green attitudes and behavior in the Swedish market?

1.5 Purpose

The aim of our project is to see the potential of Switch Pac’s oxo-biodegradable plastic bags on the Swedish market by capitalize on green attitudes and behaviour.

![Figure 1: Purpose](image)

1.6 Target Audience
The topic of this master thesis has been evaluated in close cooperation with the owner of Switch Pac, Xi Dam and Michael Harkén, therefore this master thesis is directly written for Switch Pac to elaborate what would be the efficient ways for them to increase potential demand and capitalize on green attitudes and behavior in the Swedish market.
2. METHODOLOGY

The following chapter delineates the multi-stage process through which the master thesis has been conducted. The process is usually not straightforward but rather considerably messy. Therefore it needs to be mentioned that in the case of this master thesis some stages have been revised.

2.1 Formulating and Clarifying the Research Topic

Clarifying the topic for the master thesis is the initial and critical stage in the whole process and a number of attributes are influencing this process. Once these attributes are clarified the ball gets rolling. According to Saunders, the following factors need to be taken into consideration (Fischer 2004, p. 25-27):

2.1.1 Interest & relevance

Fischer states, that a research topic should ideally excites the researcher and be of interest to external audience. This is indeed the case of this master thesis. We, as students, are thrilled to continue our work for Switch Pac since we already had a slight insight view into Switch Pac’s business through another MIMA project and can deepen our knowledge in this specific business sector. But this is only the minor reason for the choice of topic. The most influential reason is that with our project we potentially can influence and support Switch Pac’s business improvement and development. Furthermore, since the company deals with oxo-biodegradable plastic bags and the potential sales improvements we support the idea of being more environmental friendly and create awareness of using alternative plastic bags. The combination of the interest and relevance in the topic is needed to create motivation and commitment. Fischer says that, if researcher don’t have the motivation and commitment, they will have trouble to complete a project like this (Fischer 2004, p. 25).
2.1.2 Durability
The durability of this master thesis in our case is not a critical factor. As explained at the outset, more and more governments especially in the European Union are aware of environmental issues and change the laws concerning these issues in general and about the usage of plastic bags in specific. In Sweden, Switch Pac has the so called “first mover advantage” and is ahead of the trend which means that the topic which endure till other companies to jump on the bandwagon and try to reach the end consumers with certain marketing approaches.

2.1.3 Breadth of research question
Even though the master thesis is a two-person assignment, the breadth of the research question needs to match the timeframe, which means that we needed to adjust the research question. After the first brainstorming sessions with the company owner and tutorial group we realized that we had to narrow down the topic according to the circumstances. We used the so called funnel principle to define the scope of the master thesis.

2.1.4 Topic adequacy
The assignment for the master thesis is to conduct a project in the context of the MIMA International Marketing program. Since we are conducting a project which includes the identification of market segments and the creation of a marketing plan for Switch Pac´s products the rules and regulations correspond with the course requirements and more important with the companies requirements on the project.

2.1.5 Access
"If you don´t have access to the people who are the target audience and major people to be investigated, the project can be called non-starter (Fischer 2004, p. 26)." The accessibility is a basis requirement for the success of the whole master thesis. We are going to conduct questionnaires with end consumers, interviews with potential B2B-customers and of course with the Switch Pac´s owners Xi Dam and Michael Harkén. At this stage of the project we already know that we won´t be able to contact Symphony Plastic in the UK since they have certain confidential rules/ confidential management style which does not include giving out first hand information.

2.1.6 Micro politics
Micro politics is not a critical factor in the case of this master thesis, since we are not personally involved within the company itself. This means that we are not biased and have an objective view on how to conduct the project, which means we are not influencing the outcome of the project with our behavior. But nevertheless, we are aware of the fact that through the personal contact to the owner of the company we could be involve indirectly, even without realizing (Fischer 2004, p. 26).

2.1.7 Risk & security
Doing research you always have to face some risks. For example low return rate of the questionnaires, lack cooperation with the company or even troubles with the thesis partner. During research you are depending on third parties, which can create some kind of risk. But being aware of that fact you are in a way prepared to face them. And even Fischer states that a project without any risks will be bland, boring and not interesting for third parties (Fischer 2004, p. 27).
2.1.8 Resources
a) Literature: Concerning the topic there was not difficult to find appropriate literature. Furthermore, primary data is used to back up the information from the secondary sources and through this we will get a better insights view and get the customers opinion about oxo-biodegradable plastic bags and about the general awareness about environmental issues in Sweden.

b) IT, skills: In our brainstorming sessions we used MindMap to structure our ideas concerning the master thesis. This helps us to identify the potential steps which need to be undertaken for a successful project and furthermore it helped us to narrow down the topic. Furthermore, we are going to use Excel for the analysis of the questionnaire. This helps us to identify exact numbers and graphs can be created to draw a clear picture of the outcome of the questionnaire.

2.2 Choice of Theories & Models

In order to answer the problem statement of the master thesis certain theories and model need to be chosen to analyze the primary and secondary findings. In order to come up with ways to increase potential demand for Switch Pac’s products the business environment and consumers behavior in Sweden needs to be evaluated and analyzed.

The following theories and models have been chosen to answer the problem statement of the master thesis:

2.2.1 PESTEL
The PESTEL model stands for factors regarding political, economic, social, technological, environmental, and legal issues. It is important that a manager looks over his firm and organization in order to decide which factors that are most likely to change and which ones that are most likely to be the key factors inside the business. With help of this model we can with most likeliness find Switch Pac’s key factors in the Swedish market. It is also important to distinguish the level of the PESTEL analysis that will apply in order to differentiate between the different factors. The external environment is tremendously complex in the same time as it is competitive dynamic. This makes it possible for marketer to use the green logo to either sell more products or to ‘save the environment’. The reason why we want to use the PESTEL model is because it is a good model to take a look at when changes in the above mentioned factors occur in order to ensure every major change will be identified (Gillespie n.d.).

2.2.2 AIDA – Model
The AIDA Model is a sequential model which explains basic steps a buyer/customer goes through to become motivated on a purchase. This model is based on external stimuli. The certain steps are as followed:

1. Attention/ awareness of the existence of a product
2. Interest in paying attention to the product’s benefits
3. Desire for the product
This model is beneficial for the master thesis because with the help of this model the conducted questionnaire can be analyzed according to the consumers’ awareness of environmental issues in general and of degradable plastic bags in specific. Furthermore it enables us to evaluate potential interest and desire for Switch Pac’s products and ultimately also if Swedes already bought or are willing to buy Switch Pac’s products. The AIDA Model is the basis for the conceptual framework for the analysis of the B2B-customer questionnaire as well as for the questionnaire conducted with the potential end consumers.

*Please note: The green consumer findings are implemented in the AIDA analysis part.

### 2.2.3 STP - Model

Every customer is different in its consumer behavior and that is why a company needs to segment its market in order to find out the appropriate target group to position the products and services accordingly. The model provides an opportunity to better benefit from the company’s resources. Many markets are quite dynamic so the outcome of the segmentation process should meet three criteria (Restrepo n.d.):

1. **Segmentation**
   - Choose variables for segmenting market
   - Build a profile of segments
   - Validate emerging segments

2. **Targeting**
   - Decide on targeting strategy
   - Identify which and how many segments should be targeted

3. **Positioning**
   - Understand consumer perceptions
   - Positioning products in the mind of consumer
   - Design appropriate marketing mix to communicate positioning

![Figure 3: STP-Model (Restrepo n.d.)](image)

We choose the STP model for the master thesis to evaluate and analyze the outcome of the conducted questionnaires (end consumers) and therefore going to analyze consumer behavior concerning plastic bags.

Furthermore, the third step includes the positioning of products in consumers mind and designs an appropriate marketing mix. The marketing mix and its four P’s is not going to be explained in the theoretical framework itself because the marketing mix is part of the STP Model which going to be explained in detail in the framework. Nevertheless the marketing mix used as basis in the recommendations part of the master thesis.

### 2.3 Critical Literature Review

This chapter reviews the literature used to conduct the master thesis. The literature of many various authors and institutions have been used in order to build up knowledge during the
preparation phase to find an appropriate topic and helped to refine our research ideas, research questions and the objective of the master thesis. Additionally, the literature supported our master thesis with current onions from professionals and journals. By using these sources we got updated insight information’s about the concerning research topic.

The literature has been gathered through various kinds of resources. Please find below the most frequently used information sources, how they contributed to our work and with which keywords the research was narrowed down:

**Books**
In order to find appropriate models and theories, certain books from the MDH-library have been used. All of the books have been the latest available edition to have the most accurate and updated information’s.  
*The used keywords to find valuable literature are:* Consumer behavior, buying behavior, AIDA-Model, STP-Model, PESTEL, market segmentation and target marketing, green marketing

**Journals/ Newspapers:**
Online and printed journals (databases/ newspaper) have been used to find current opinions about marketing theories and model itself but also to investigate the Swedish market and consumer’s opinion concerning environmental issues.  
*The used keywords to find valuable literature are:* Market segmentation, consumer behavior, (degradable) plastic bags, PESTEL

**Online Sources:**
Certain online sources have been used especially in order to conduct the PESTEL analysis with up to date information’s from reliable Swedish government homepages. Furthermore online databases from marketing associations have been used to find more/ updated definitions of the chosen models and theories.  
*The used keywords to find valuable literature are:* Sweden (various keywords according to PESTEL), AIDA, STP, consumer behavior (in Sweden), green marketing

The combination of the used literature supported the progress of the master thesis from the very beginning. Only by the usage of the different literature sources it can be guaranteed that the information’s are reliable and furthermore updated according to new and innovative marketing trends

**2.4 Setting a Timeframe**
Before the kick-off of our project, we decided to set up a time scale. The timeframe gave us a clear picture of what is possible in the given timescale (Saunders & Lewis & Thornhill 2003, p. 31). Furthermore the plan attempts to meet the following objectives (Weaver 2004, p. 109):

- To ensure that we can complete all of the necessary project activities in time
- To establish what we need to do on each day (it will feed directly into you daily “to do list”)
- To help booking and scheduling necessary resources
- To identify when we need to acquire certain skills
- To identify project dependencies and conflicts
To demonstrate to Switch Pac (Xi Dam and Michael Harkén) that we have thought our project through
To enable us to track process. After all, how else will you know if you are behind or ahead of schedule?

<table>
<thead>
<tr>
<th>DATE</th>
<th>PURPOSE &amp; CONTENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Till Monday, 28th April 2008</td>
<td><strong>Purpose</strong> Finalizing the Developing of Interview Guides / Sending out of E-Mails</td>
</tr>
<tr>
<td></td>
<td><strong>Content</strong> For semi structured interview an interview guideline needs to be developed.</td>
</tr>
<tr>
<td>2 Monday, 28th April 2008</td>
<td><strong>Purpose</strong> Forwarding Questionnaires</td>
</tr>
<tr>
<td></td>
<td><strong>Content</strong> The questionnaires are going to be sent out to Swedes and in general people living in Sweden. This includes also MDH students.</td>
</tr>
<tr>
<td>3 Thursday, 29th April – Saturday, 3rd May 2008</td>
<td><strong>Purpose</strong> Conducting Interviews</td>
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<tr>
<td></td>
<td><strong>Content</strong> With the help of the questionnaires people are going to be interviewed at certain locations where plastic bags are going to be used. Furthermore the semi-structured interviews with potential B2B customers are conducted.</td>
</tr>
<tr>
<td>4 Monday, 5th May 2008</td>
<td><strong>Purpose</strong> Questionnaire Analysis (Part I)</td>
</tr>
<tr>
<td></td>
<td><strong>Content</strong> The questionnaires from the personal interview/semi-structured interviews are going to be analyzed with Excel.</td>
</tr>
<tr>
<td>6 Monday, 12th May 2008</td>
<td><strong>Purpose</strong> Questionnaire Analysis (Part II)</td>
</tr>
<tr>
<td></td>
<td><strong>Content</strong></td>
</tr>
<tr>
<td></td>
<td>- The questionnaires which have been sending out should be back and are going to be analyzed with Excel.</td>
</tr>
<tr>
<td></td>
<td>- Analysis about potential differences in the personal and E-Mail questionnaires.</td>
</tr>
<tr>
<td>7 Sunday, 18th May 2008</td>
<td><strong>Purpose</strong> Review of the master thesis</td>
</tr>
<tr>
<td></td>
<td><strong>Content</strong> During this meeting the outcome of the master thesis has been discussed</td>
</tr>
</tbody>
</table>

Table 1: Timeframe

* Please note that only the occasions that are not part of the regular course content, have been listed above.

### 2.5 The Research Process

The research process included all steps within the master thesis; fundamental ideas and the research strategy have been developed, the philosophy has been set and the sources for the data collection have been decided. The following model shows the so called “research onion” based on this model, the different steps are going to be described subsequently (Saunders & Lewis & Thornhill 2003, p. 83).
2.5.1 Research philosophy

What is the reason for the consideration of the research philosophy? This question can be answered quickly, because the philosophy corroborates and confirms the different decisions concerning the research and support by this the researcher’s position. The research philosophy is significant depending on the mindset, of how the for the research required knowledge is going to develop (Saunders & Lewis & Thornhill 2003, p. 83).

The following three motives justify why the research philosophy in connection with the method is vitally important (Saunders & Lewis & Thornhill 2003, p. 31):

1. Through the research philosophy the research strategy can be established and the research methods can be improved.
2. Secondly, the philosophy allows evaluating the different methods and by this unnecessary and unprofitable procedures can be avoided.
3. The third reason for illustrating the research philosophy is that during unpredictable situations the philosophy can help to adjust the method in a creative and innovative way.

On the basis of the complexity of Switch Pac’s business and its (end) customers and certainly because of the complexity of the master thesis and the involved parties we are talking in this case about the interpretivism approach because in this thesis no generalized declaration will be made.

Figure 4: Research Onion (Saunders, Lewis and Thornhill 2003, p. 83)
Within the research process we took over the role of an objective analyst which means value-free interpretations have been made about the gathered information’s. This approach is being considered as “positivism”.

The combination is consistent with Saunders, Lewis and Thornhill’s theory that all “business and management research is often a mixture between the positivist and interpretivist. (Saunders & Lewis & Thornhill 2003, p. 85).

2.5.2 Research approach

Mason describes the research approach as decision basis for the theory which might be suitable and profitable for the research process. The following features distinguish the choice of a research approach (Mason 2002, p. 87):

- Selective choice concerning the design and process of the data collection
- To support the certain decision process’
- To adapt the research process if beneficial

The research approach for our master thesis can be described as “inductive” (Saunders & Lewis & Thornhill 2003, p. 87). Through this approach we gained a deeper understanding if Swedes are aware of environmental friendly plastic bags through the collection of qualitative data. Furthermore this approach allowed us to handle the research more flexible since we were part of the whole research process and with this approach we weren’t going to generalize the outcome of the research.

2.5.3 Research strategy

Sometimes the research strategy can be described as „The Thinking“ behind conducting research; this includes the development of the rational for research, understanding what questions to ask and how they are going to impact the purpose and objectives of the research (Stealing Share et al. 2008). Saunders, Lewis and Thornhill’s even refer to the research strategy as the “general plan of how you will go about answering the research question(s) you have to set (the importance of clearly defining the research question cannot be overemphasized!)” (Saunders & Lewis & Thornhill 2003, p. 90).

Survey

As mentioned previously in the “research approach”, this master thesis is a mixture of positivist and interpretivism approach. Accordingly we have chosen a deductive research strategy – the survey. According to Saunders, Lewis and Thornhill the approach is popular and common strategy in business and management research because by this a large amount of data from a sizable population can be collected in a highly economical way (Saunders & Lewis & Thornhill 2003, p. 92).

Time horizon

The time horizon for the master thesis is considered to be so called “cross-sectional” due to the limited time and resources concerning this project. Furthermore, the thesis is cross-sectional because the current environmental awareness in general and the awareness of oxo-biodegradable plastic bags in Sweden have been investigated. These conditions and knowledge could change in some months/ years because of the global trend to be more environmental friendly and use congruent environmental friendly products. According to Saunders, Lewis and Thornhill the time perspective to research design is independent of the choice of the research
strategy, which means that the cross-sectional time horizon does not stand in conflict with the survey research strategy (Saunders & Lewis & Thornhill 2003, p. 94).

**Explanatory study**
The master thesis can be considered as a so called “explanatory study” because it is going to discover causal relationships between variables (Saunders & Lewis & Thornhill 2003, p. 97). This means that we are going to analyze and try to investigate if there is a relation between the awareness of environmental issues and the usage of plastic bags in general and oxo-biodegradable plastic bags in specific.

2.5.4 Research ethics
When conducting research, access and ethical issues are always a critical and risk factor for a successful completion of a research project. According to Fischer, the following dilemmas could influence the outcome of the master thesis and furthermore it is described how we as researcher overcome these dilemmas/ how we solved them (Fischer 2004, p. 54-56):

1. Negotiating access
   - Negotiating terms of reference with organization
     The topic of the master thesis was negotiated in the run up. Furthermore we were in contact (via E-Mail and phone) with Switch Pac continually to inform each other about news achievements and steps we have been undertaken. The company gave us updated information's about their business and constructive input to improve the outcome of the thesis for both sides.
   - Right to privacy
     The cooperation with third parties and respondents in the context of the survey were totally on voluntary basis to guarantee a successful outcome.

2. Data collection stage
   - Objectivity and disinterestedness
     The objectivity and disinterestedness was not considered as a problem in the context of the master thesis and its topic. Nevertheless, just in the case these dilemmas might become a subject we were aware that this could have had negative influence on the thesis.
   - Confidentiality and anonymity
     The confidentiality and anonymity of third parties and parts of internal information's about Switch Pac was guaranteed during the whole master thesis process.

3. The reporting stage
   - Misusage of research
     The misuse of the master thesis will be avoided in the sense that:
     - no third party will be harmed
     - the tone will not be influenced by Switch Pac
     - the result is not linked to third parties wishes
2.6 Using Secondary Data

When thinking about a potential topic for a master thesis one of the thoughts will automatically be the question if there will be sufficient secondary data available to support the idea behind the project and to support the outcome of potential primary data.

Saunders, Lewis and Thornhill say that secondary data include both raw data and published summaries (Saunders & Lewis & Thornhill 2003, p. 188-194). For our master thesis we used various types of secondary data such as documentary, multiple source and surveys.

After the deliberation of the pros and cons of the usage of secondary data, there is no question of denial the use of secondary even though the literature has to be scanned very careful. Appropriate and topic supporting data was found through the internet, local libraries and different database.

2.7 Collecting Primary Data

Primary data refers to the original or first publication of information, in research reports, theses, conference papers and company reports (Weaver 2004, p. 93). Furthermore, the collection of primary empirical data can be seen as information solely collected for answering the purpose of the research, which means the data collection process is customized. (Saunders & Lewis & Thornhill 2003, p. 246).

2.7.1 Questionnaire

For the investigation of the environmental awareness of the Swedes and their purchase behavior concerning plastic bags, a questionnaire has been constructed (see appendix I). The questionnaires were conducted in the English language because of less error if translation would occur and because of the broad English knowledge among the Swedish population. However, translation from English to Swedish occurred if someone found it difficult to understand the questionnaire.

The design of questionnaires plays an important role for the response rate which means this a critical factor for the success of the master thesis. To guarantee the successful outcome of the questionnaire and to increase the response rate, the following factors have been faced (Saunders & Lewis & Thornhill 2003, p. 281):

1. Careful design of the questionnaire
   The questionnaire has been designed according to the standards mentioned in the used research management books. Furthermore, the design has been discussed with the Xi Dam and with the tutor of this research, Tobias Eltebrandt.

2. Clear layout of the questionnaire form
   The layout of the questionnaire is clearly designed, and not too much questions have been put on one side. Furthermore it is clearly indicated where the respondents has to mark his/ her answer.
3. **Lucid explanation of the purpose of the questionnaire**
   The questionnaires that have been sent out by e-mail include a letter to the reader explaining the purpose of the master thesis. As a matter of course, the purpose has been explained as well when the questionnaires have been conducted with the respondents in person.

4. **Pilot testing**
   The questionnaire has been tested by several Swedish people and the constructive feedback has been incorporated.

5. **Careful planned and executed administration**
   The deliberated conduction/ administration process can be found in 2.4

The questionnaire is divided into three different parts:

1. Environmental awareness
2. True or False?
3. Characteristics of the Respondent

Even after a thoroughly conducted pilot testing phase, the second part of the questionnaire (true or false?) is not going to be evaluated or analyzed in the following master thesis. The statements and the answers possibilities could be misunderstand and misleading. Therefore the outcome would not be a contribution to the outcome of the findings/ analysis and the decision was made to not take this part into further consideration.

2.7.2 **The sample size**
The sample size is a critical factor for the positive outcome of a survey based study like this master thesis. Every researcher has to face the problem that the research might fail because of non-response. According to Saunders, Lewis and Thornhill the non-response can occur because of the following four aspects (Saunders & Lewis & Thornhill 2003, p. 157):

1. Refusal to respond
2. Ineligibility to respond
3. Inability to locate respondent
4. Respondent located but unable to make contact.

To avoid non-response the outline/ design of the questionnaire (design of the questions, layout, sequence of the questions etc.) itself plays an important role. You will find the questionnaire in the appendix.

In general it can be said that a return rate above 15% can be considered as a solid return rate for a survey (Rücklaufquote 2008).

The target respondents were Swedes and people living in Sweden, this includes also MDH-students. The questionnaires have been sending out through the server of the International Committee to reach the target group. According to the server administrator, the server includes approximately 450 people. Furthermore, 50 E-Mails have been sending out to friends and
acquaintances in Sweden. Therewith the total number of potential respondents sums up to 500 people.

Additionally, 100 questionnaires have been conducted at the below listed location because of its convenient location in and outside a bigger shopping mall in Västerås. At these locations customer normally use plastic bags or alternative ways to carry their purchased goods. Furthermore, the questionnaire have been conducted inside the mall, which means that the outcome of the conduction would not be influenced by the weather and a variety of customers could be reached according to the certain located stores:

- ICA Ettan (Långmårtensgatan 1), Västerås
- ICA Maxi (Hälla Shopping Center), Västerås
- Lindex (Hälla Shopping Center), Västerås
- H&M (Hälla Shopping Center), Västerås
- System Bolaget (Hälla Shopping Center) Västerås

Overall, 218 potential respondents have been asked to answer the questionnaire at the above mentioned locations, but 118 people denied to cooperate.

In total, 718 people have been requested to participate, and 273 actually did. According to Malhotra and Birks the usual sample size for the investigation of test market studies need to reach a minimum size of 200 respondents (Malhotra & Birks 2005, p. 361). By this definition the research is reliable because the minimum level has been exceeded.

The result of the return rate is calculated as followed (Saunders, Lewis and Thornhill 2003, p. 157):

\[
\text{Total response rate} = \frac{273 \text{ (total number of responses)}}{718 \text{ (total number in sample)}} \times 100
\]

Total response rate = 38%

That means that the response rate sums up to 38% after the expiration of the questionnaire-conducting-phase. That is an adequate result concerning the limited time and resource capacity.

2.8.3 Interviews

Through the use of interviews the researcher can gather valid and reliable data that are relevant and most hopefully supporting the research question(s) and objectives but the successful outcome if highly depended on the researcher’s interviewing competence. The following areas have been taken into account and have been thought through carefully to optimize the outcome of the interviews (Saunders & Lewis & Thornhill 2003, p. 245-261):

- Opening the interview
- Using appropriate language
- Questioning
- Listening
- Testing and summarizing understanding
- Behavioral cues
For the conduction of our research we used two different types of interviews, which are explained in the following section:

1. **Semi-structured interview**
   a) Overall, 10 Swedish companies have been contacted to participate in the research. Nevertheless, only two (potential) B2B-customers were willing to participate in the semi-structured interviews. The companies’ names are not mentioned directly in this paper because of their confidential agreement. One company is a nationwide operating company with about 410 shops all over Sweden. The other company is a local company based in Västerås. These companies have been picked because of their different size to analyze if there is a difference when it comes to environmental awareness and the usage of (degradable) plastic bags.

   The reason for the conduction of the semi-structured interviews was to support the findings of the questionnaires and therewith backup the purpose of the master thesis.

   The following questions have been part of the B2B-questionnaire. The complete questionnaire can be found in the appendix:
   - In Sweden, how many customers shop in your stores overall?
   - Do you use plastic bags to hand out the sold goods to your customer?
   - Overall, how many plastic bags do you give out in Sweden?
   - What is the wholesale price for one plastic bag?
   - Do you charge the customer for a plastic bag?
   - Do you sell the plastic bags with profit?
   - What kind of bags do you sell/ give out in general?
   - Are aware of environmental friendly plastic bags?
   - Do you use the following degradable plastic bags in your stores in Sweden?

b) As mentioned before, questionnaires have been sending out to MDH-students. One of the respondents was a Chinese student living in Västerås who reported that he is very interested in the topic about degradable plastic bags because of his acquaintance has done business with degradable plastic bags in the late 90s’ in China. This caught our attention and we organized a structured interview with the student.

   We are aware of the fact that this interview can be described as a “topic excursion” since it is not contributing to our purpose nor answering our problem statement. Furthermore, the business environment in China is totally different and therefore it cannot be compared with the Switch Pac in Sweden. Nevertheless, it is valuable and interesting knowledge about degradable plastic bags and how they have been market. Therefore we decided to add the “topic excursion” in the master thesis.

   *The guideline for the interview can be found in the appendix.

2. **In-depth interview**
   This type of interview can also be described as unstructured interview because there are no special predetermined questions have been prepared beforehand (Saunders & Lewis & Thornhill 2003, p. 247). This type of interview has been used with Xi Dam about a potential topic which could be of the company’s interest.
2.8.4 Credibility of research data
Credibility of research data is a critical factor which needs to be in mind when conducting research. According to Saunders, Lewis & Thornhill the reduction of the possibility of getting the answer wrong means attention has to be paid to three particular emphases on research design (Saunders & Lewis & Thornhill 2003, p. 100):

**Reliability**
The reliability of the research can be approved. Other research can do the same research and from what we know at the stage of the master thesis the result would not be different in any kind of way. This reliability is possible because of our objectivity as the researchers. But it has to be said that the result would be different during another occasion.

**Validity**
“Validity concerns with whether the outcome of the research is really about what it appears to be about (Saunders & Lewis & Thornhill 2003, p. 101).” The validity of the questionnaires in this thesis is that it reaches all of the potential threats to validity, seen below:

*Potential threats to validity*
- **History**
  - The conduction of the questionnaires is not taking place after a certain event which could influence the result.
- **Testing**
  - The result of the questionnaire is not affecting third parties in a negative way which means they are not going to be tested.
- **Mortality**
  - At this stage of the project it can be said that none of the participants dropped out if the project so far.
- **Maturation**
  - Since the master thesis is limited in time the maturation factor needs not to be taken into account.

**Generalisability**
The results of the research cannot be generalized because Switch Pac is the only company on the Swedish market so far and can beneficially use the outcome of the research project. In this case Switch Pac has the so called “first mover” advantage. But it has to be said if there would be a similar company on the market the result could be generalized.

2.9 Limitations
The limitations of the thesis include several areas:

1. **Time**
The time involved for the master thesis can be seen as a limitation to the outcome of the master thesis. If more time would be available the master thesis could have been conducted in a more extended way. But we were aware of this limitation and the master thesis has been designed accordingly.
2. Respondents
   The participants for the questionnaires at the different locations in Västerås were selected randomly. The respondents belong to different categories concerning their age, gender, occupation and household income.

3. Location
   The respondents mainly come from the city of Västerås. Only some expectations come from other Swedish cities. Västerås is Sweden’s fifth biggest city and can be seen as an example city for the overall Swedish market (Västerås 2008).

4. Confidentiality
   The names of the companies we contacted in order to investigate their usage of (degradable) plastic bags are not going to be named in the following thesis to retain their confidentiality. This is also the case for the two companies who cooperated and responded to the questionnaire.
3. THEORIES & MODELS

3.1 Consumer Behavior

One definition of consumer behavior is: “The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Perner n.d.).” Motivations of purchase can vary from different reasons and the study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how:

- “The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products);
- The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
- The behavior of consumers while shopping or making other marketing decisions;
- Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;
- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer (Perner n.d.).”

The language of green marketing should be clear in order to make sure that the public understands the messages when targeting the green customers. “Definitions of product attributes need to be generally accepted by the scientific, environmental, and corporate community before they can become part of green marketing campaigns (Restrepo n.d.).” A framework is a starting point for understanding something and marketing efforts can influence consumer behavior.

3.1.1 AIDA Model

In the 19th century the so called AIDA Sales Funnel has been introduced by E. St. Elma Lewis. The tool has been created for customer studies in the US life insurance to explain the mechanism of personal selling.

This sequential model explains the basis steps which buyers/customers become motivated on a purchase. The Model is based on external stimuli. The final purchase decision depends on (AIDA Sales funnel n.d.):
1. **Attention/ awareness of the existence of a product**

   Thousands of different marketing messages and communications inputs are thrown towards customers every day. The insurance that just yours business messages get observed could be the difference between success and failure (Cazbah n.d.).

2. **Interest in paying attention to the product’s benefits**

   Element number two in the AIDA model could be seen as deeper step of number one. It’s very effective to ask yourself questions about what the interest of the product’s benefits are in order to understand why they would be interesting to customers. What is it that really gets the customers attention and interest (Cazbah n.d.)? Businesses that provide appropriate information will easier create an interest among consumers because of the validity of the message being communicated. The company must have a good amount of information that is appropriate in the setting, constantly updated, exciting and different (CanadaOne 2000).

3. **Desire for the product**

   The power of this element is very important because it is here where you “set up the grand finale.” “It has been said that the purpose of advertising is to evoke an emotional response”. Likewise, the marketers’ task is to reach out and generate a desire with potential and existing customers (Cazbah n.d.). A desire could be created by multitude ways and letting the buyer experience the product or service is a good way to create a desire. “The idea is to get someone experiencing the product or service in some way or another so that they can desire to own it (CanadaOne 2000).” See what the company in question could do in order to make sure it is a useful free tryout. Most purchases take place after the buyer has seen the product or service several times, better still when they have used it and experienced its benefits.

4. **Action (purchase)**

   The action element is where the business closes the deal. This would be an easy step if the seller has succeeded in all of the other steps even thought a lot of sales are lost in the last moment because no one asked the buyer to buy. The seller should ask for action and specified (CanadaOne 2000).

According to Lewis, the 4th stage of the AIDA model is a natural result of moving through the previous stages (American Marketing Association et al. 2008).

The benefits of the usage of the AIDA model are as followed:
The AIDA model allows marketers and managers to monitor their personal sales activity process and progress. By structuring the company’s sales funnel according to the AIDA model’s four stages permits the insertion of quantitative conversion rates.

The model emphasizes that timing is an important factor in the fast and dynamic marketing environment since the mental state of prospective buyers change over time. The potential buyer needs different information from the marketer and its company at each state to be able to move to the next stage of the model.

Even though the model has been developed long time ago, some marketers even say that this model should be moved to a museum, it is a basic model, especially for SME’s, to measure the effect of advertising (AIDA Sales Funnel n.d.).

3.1.2 Segmentation, Targeting, Positioning Model (STP)

1. Segmentation
   - Choose variables for segmenting market
   - Build a profile of segments
   - Validate emerging segments

2. Targeting
   - Decide on targeting strategy
   - Identify which and how many segments should be targeted

3. Positioning
   - Understand consumer perceptions
   - Positioning products in the mind of consumer
   - Design appropriate marketing mix to communicate positioning

Figure 5: AIDA Sales Funnel (AIDA Sales Funnel n.d.)

Figure 6: STP Model (Restrepo n.d.)
Segmentation is a step in order to get into the minds of the customers and one positioning strategy is to link the product or service to a significant source of customer value. The three essential steps in this model are segment, target and position. There is not safe to believe that all customers have the same preferences and buying behavior. Customers’ different preferences and product positioning could lead to new opportunities of doing businesses (Dowling & Lilien & Rangaswamy & Thomas n.d.). The STP model is intended to send one message planned too many people (Failte Ireland n.d.). The model provides an opportunity to better benefit from the company’s resources. Many markets are quite dynamic so the outcome of the segmentation process should meet three criteria:

- Group identity: true segments must be groupings that are homogeneous within segments and heterogeneous across groups
- Systematic behaviors: a true segment must meet the practical requirement of reacting similarity to a particular marketing mix
- Efficiency potential in terms of feasibility and cost of reaching a segment (Restrepo n.d.).”

Customers’ needs are becoming increasingly independent and the needs of all customers can’t be target by a mass marketing approach. That is one reason why marketers after finding the right segment should look at aiming the products at a specific scoring area and then position itself in the right segment after investigation of what people perceive as quality and what they think is the right value for their money (Failte Ireland n.d.). By focusing on certain segments, the impact of limited resources can be increased and competitive advantage will arise if the product
meets the segment’s need. In other words, the STP model is a search of finding new ways to improve customer value. The first step in the STP model is the segmentation process which includes identifying opportunities for new or existing products and services. “Managers must decide which variables to use to classify and describe potential customers, as well as decide the appropriate number of segments.” The second step is to decide and evaluate which segment that should be target. The third set determines which positioning strategies to be used. “These decisions will lead to the design and implementation of a customized marketing program for each segment that will create competitive advantages for the firm (Dowling & Lilien & Rangaswamy & Thomas n.d.).”

The market segmentation serves the purpose of fulfilling the competitive advantage in comparison to the competitors segment. The competitive scope of the segmentation is the determination of “where in an industry to compete and in which segments would focus strategies be sustainable by building barriers between segments (Restrepo n.d.).” In order to compete successfully in specific industry, the market has to be identified in order to track specific customer segment and position themselves against competitors and customer groups in order to satisfy current and new customer needs with better products and services. Customers respond differently to different marketing stimuli and the advantage of identifying the segment is that it provides knowledge of changing market conditions and competitive actions. This knowledge is very important when target the industry in order to hit the needs of the specific customers in order to gain competitive advantage (Segal & Giocobbe 1994, p38). Typical segmentation characteristics are demographics, psychographics, usage, loyalty and firmographics when segment a market. However, “the problem with these bases of segmentation is that they are obvious to most managers in an industry and thus they provide little or no opportunity for a competitive advantage unique insight into customers. Managers must then look for deeper insights into market structure (Dowling & Lilien & Rangaswamy & Thomas n.d.).”

According to a marketing segmentation study in Southern Illinois University in the retailing industry, highlighted that “critical need of retailers is a focus on market segmentation and market specialization rather than product specialization and mass marketing. This means that bending the organization (products, distribution and promotion) and the marketplace (customers, intermediaries, and competitors) to fit the marketplace rather than bending the marketplace to fit the organization (Segal & Giocobbe 1994, p38).” In order for the segmentation to be valid, market segments must display four characteristics: measurability, substantiality, accessibility, and actionability. The product, market and the customers are all important factors into developing the STP model. The products could be divided into three components: physical, service and perceptual attributes. The market could be seen both from a demand (the needs and wants of customers) point of view and a supply (the products and services offered to the company) point of view. The customers could participate, influence or make the purchase which will create a customer value depending on the situation. In more specific, a customer purchasing decision could be made from an initiator, influencer, decider or a buyer (Dowling & Lilien & Rangaswamy & Thomas n.d.).

STP is a process that leads to more efficient and effective resource allocation which results in a value concept for the entire business. The value of the business is its key tool and the “ability to define and measure value at the individual customer level can be used to divide a market into value-based segments for purposes of targeting and positioning (Dowling & Lilien & Rangaswamy & Thomas n.d.).” Another value is that the strong brand position creates positive needs among customers in a favorable situation for the business owner. ‘The aim of positioning is to establish a strong association between the total offering and the brand in customers’
minds, such that it meets their needs more cost-effectively than do competitive brands (Dowling & Lilien & Rangaswamy & Thomas n.d.). To benefit from segmentation, the managerial decisions focus on what basis should be used for segmentation and how the segments will be used. The questions a marketer should ask him/herself are in order to find the right segment is:

- “Is the product viable?
- Can we make a profit from it?
- Is it accessible
- How easy is it for us to connect with it?
- Is it measurable?
- Can we get realistic data to assess its potential (Failte Ireland n.d)”?

3.2 PESTEL

PESTEL is a macro-environment model which takes different decisions into account and where the manager can analyze the different factors in a firm’s macro environment. The model has categorized the different decisions factors a managers will face such as: political, economic, social, technological, environmental, and legal factors. It is important that a manager looks over his firm and organization in order to decide which factors that are most likely to change and which ones that are most likely to be the key factors inside his business. It is also important to distinguish the level of the PESTEL analysis that will apply in order to differentiate between the different factors. The external environment is tremendously complex and dynamic in competitive scenery. The PESTEL analysis is a good model to take a look at when changes occur in order to ensure that every major change will be identified (Gillespie n.d.).
- **Political factors:** refer to the government and economic policy inside the environment. Some issues that will arise in this decision factor are the support and priorities of the government and what goods and services the government wants to provide. Some examples of what will influence this factor are government stability, tax politics, foreign trade politics, and social welfare politics.

- **Economic factors:** refer to the issue of taxes, taxation changes, economic growth, inflation and exchange rates. Some examples of what will influence this factor are market trends, GNP trends, interest level and money supply.

- **Social factors:** change in this trend will have an impact on the demand for a firm’s products and the availability and willingness of individuals to work. Some examples of what will influence this factor are demographic trends, income allocation, social mobility, life style, family tradition, attitude towards work, attitude towards spare time habits of consumption and level of education.

- **Technological factors:** this trend creates new products and new processes in the same time as it can reduce costs, improve quality and lead to innovation which is a result of better technology. Some examples of what will influence this factor are research resources; focus on technology, and new developments.

- **Environmental factors:** a growing interest to protect the environment has occurred as a result of climate and weather changes but also because of the awareness and availability of more environmental friendly products. The growing aspiration to protect the environment is affecting demand patterns and creating new business opportunities. Some examples of what will influence this factor are protection laws, prohibition against pollution, handling waste and energy policy.

- **Legal factors:** this trend is related to the legal environment in which firms operate such as minimum wages, better work conditions and also recycling nowadays in some countries. The different categories of law include consumer laws, competition laws, employment laws, and health and safety legislation (Gillespie n.d.).

Categories that influence supply and demand in an organisation are most often the dynamic factors in the society. The ongoing changes happening in the society create an uncertain environment which has an impact in the whole organisation. The PEST analysis is a model that can influence a manager’s decision when calculating the firm’s threats and opportunities when preparing a business strategic plan. The advantages with this model are that it understands the market growth or decline, business position, potential and direction for operations. The PESTEL model can also be seen as an effective strategic planning tool, marketing planning guideline, business and product development research report. “PEST is useful when a company decides to enter its business operations into new markets and new countries. The use of PESTEL helps to break free of unconscious assumptions, and help to effectively adapt to the realities of the new environment (Papers4you.com n.d.).”
4. FINDINGS

4.1 Green Marketing/ Green Consumerism

Green marketing is firstly concerned about ecological issues regarding the environment but also about environmental safety and the development of marketing the improvements of the environments physical attributes (Knowledge at Wharton 2007). Many big corporations in the United States have already adopted visible ‘green’ strategies in their marketing and core business operations because of their role as social responsible, the positive reputations they can gain from it and the profit they can make. Many consumers are getting more aware of the issues regarding global warming and green marketing is a way to differentiate a company from its competitors. Organisations have to be aware of that it might be a major different either positively or negatively for consumers if the organisations implies social responsible in their practice (Knowledge at Wharton 2007).

Mambo Sprouts marketing is a full service health, natural and organic foods and products marketing and promotions company located in the United States. Mambo Sprouts has collected an online survey taken in December, 2007, from 1000 natural and organic product consumer and concluded that there will be a decline in consumer spending but consumers will be willing to pay more for green environmentally friendly products in 2008. The study discovered that more consumer are more committed to different environmental issues and are in support of different organisations’ green sustainable practices. “Natural and organic consumers are also planning to increase their use of environmentally-friendly grocery bags with 63% expected to increase their use of these green reusable bags and 62% is expected to decrease their use of disposable plastic bags in 2008 (PRLeap 2007).” “Many companies are focusing on environmental solutions in the face of tougher regulations (Knowledge at Wharton 2007).” Countries that have banned or taken action to discourage the use of plastic bags include Australia, Bangladesh, Ireland, Italy, South Africa, Taiwan Mumbai, and India (Lowy 2004)."

It is evident that companies have a lot of work to do in order to gain credibility among consumers regarding environmental issues. However, product labels appear to have a reasonably high level of credibility, according to the “What’s behind the green consumer research article”. The article states that people believes in product labels and product labeling for example, the consumer trust the meaning if something says it’s biodegradable (Joel Makeover n.d.). Who is a green consumer? Not all consumers are the same but common attitudes and beliefs of these consumers are described by the International Institute for Sustainable Development:

- "commitment to green lifestyle
- Critical of their own environmental practices and impact
- Looking for companies that incorporate green practices
- Overstate green behavior
- Want environmental protection to be easy
- Tend to distrust companies environmental claims
- Lack knowledge about environmental issues, but eager to learn

The International Institute for Sustainable Development offers some broad generalization regarding the demographic characteristics of green consumers:
Many are young adults, influenced by their younger children.
Women are a key target market. They often make purchases on behalf of men.
The best green customers are those with money to spend (good prospect for business at the high end of the market).
Consumer born before 1950 are the least green (Ryan, B 2006).

4.2 Questionnaire Findings

The questionnaire is divided into three different parts:

1. Environmental awareness
2. True or False section (the respondent has to show his/her awareness about environmental issues and plastic bags in general and about d2W in specific.
3. Characteristics of the respondent

In total, 718 people have been asked in person or via e-mail to complete the questionnaire. 273 people (38%) decided to answer the questionnaire and 445 (62%) rejected to conduct the questionnaire without declaring of reasons for non-participation.

In the following part the findings of the conducted questionnaires are going to be presented. The grade of detailed explanation of the findings depends in the way the answers of certain questions are going to contribute in answering the problem statement.

*Please note that in the following presentation of the questionnaire results n=273 which equals 100% for our sample size. Furthermore, the overall presentation of the answers is going to be presented through the usage of percentages. When it comes to the detailed evaluation of e.g. the age or gender categories the number of participants is used.
PART 1: ENVIRONMENTAL AWARENESS

1. Do you think that Sweden is dealing with environmental recycling issues properly?

The chart shows that 205 of the interviewees think that Sweden is dealing with environmental recycling issues properly. Those are 75% (205 respondents) of the interviewed people. The remaining 25% don’t agree or have no statement opinion about concerning the question.

2. In general, are environmental friendly products influencing your purchase behavior?

The majority of 67% of the interviewees state that environmental friendly products are influencing their purchase behavior.

3. Do you recycle your garbage in general?

The chart clarifies that 175 (64%) of the respondents recycle their household garbage in general. Another important finding is that 78 of the 273 (29%) respondents only recycle their garbage sometimes.
4. I am using plastic bags ...(multiple-choice answer)

This question gave the interviewees the possibility to give multiple answers. The three most outstanding results are:
1. 63% use plastic bags when they are shopping
2. 60% use plastic bags when they do their groceries and
3. 41% for their dog’s poo.

<table>
<thead>
<tr>
<th>women</th>
<th>(n=144)</th>
</tr>
</thead>
<tbody>
<tr>
<td>other</td>
<td>2</td>
</tr>
<tr>
<td>for refreezing eatables</td>
<td>37 67</td>
</tr>
<tr>
<td>for my dog’s poo</td>
<td>60 91</td>
</tr>
<tr>
<td>to store products</td>
<td>91</td>
</tr>
<tr>
<td>when I am shopping</td>
<td>94</td>
</tr>
<tr>
<td>when I am doing my groceries</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>men</th>
<th>(n=129)</th>
</tr>
</thead>
<tbody>
<tr>
<td>other</td>
<td>0</td>
</tr>
<tr>
<td>for refreezing eatables</td>
<td>29 35</td>
</tr>
<tr>
<td>for my dog’s poo</td>
<td>35 86</td>
</tr>
<tr>
<td>to store products</td>
<td>31</td>
</tr>
<tr>
<td>when I am shopping</td>
<td>86</td>
</tr>
<tr>
<td>when I am doing my groceries</td>
<td></td>
</tr>
</tbody>
</table>
157 of all interviewed persons (≈58%) do prefer a plastic bag when they are shopping. The 2nd rank goes to textile bag with 42 persons (≈15%) and the paper bag is on place three with around 10%. 14 people (5%) said they prefer other than the listed possibilities for their shopped goods. Eight of the 14 said they prefer their own handbag and 6 people said they take their back pack when they are doing their shopping.
<table>
<thead>
<tr>
<th></th>
<th>women (n=144)</th>
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<th>men (n=129)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>plastic bag</td>
<td>paper bag</td>
<td>textile bag</td>
<td>shopping basket</td>
</tr>
<tr>
<td></td>
<td>75</td>
<td>15</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>82</td>
<td>8</td>
<td>14</td>
<td>9</td>
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<table>
<thead>
<tr>
<th>15-20 years (n=55)</th>
<th>21-29 years (n=115)</th>
<th>30-39 years (n=42)</th>
<th>40-49 years (n=26)</th>
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</thead>
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<tr>
<td>other</td>
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<td>3</td>
</tr>
<tr>
<td>shopping bag</td>
<td>1</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>shopping basket</td>
<td>5</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>textile bag</td>
<td>14</td>
<td>28</td>
<td>4</td>
</tr>
<tr>
<td>paper bag</td>
<td>29</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>plastic bag</td>
<td>25</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>
6. What do you think is the average price for a plastic bag in a store?

The chart indicates that only 24% (65 people) know that the average price for a plastic bag is 1,5kr. 6,5% (18 people) think that plastic bags are for free in general and that’s why they didn’t mark one of the price options and instead marked the “other”.
students (n=112)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>1 kr</th>
<th>1,50 kr</th>
<th>2 kr</th>
<th>3 kr</th>
<th>Other</th>
</tr>
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<tbody>
<tr>
<td>15-20 years</td>
<td>7</td>
<td>38</td>
<td>22</td>
<td>45</td>
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</tr>
<tr>
<td>21-29 years</td>
<td>11</td>
<td>28</td>
<td>15</td>
<td>49</td>
<td>0</td>
</tr>
<tr>
<td>30-39 years</td>
<td>5</td>
<td>21</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>40-49 years</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50-59 years</td>
<td>6</td>
<td>2</td>
<td>9</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>60+</td>
<td>11</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

employed (n=103)

<table>
<thead>
<tr>
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<th>2 kr</th>
<th>3 kr</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-20 years</td>
<td>7</td>
<td>38</td>
<td>22</td>
<td>45</td>
<td>0</td>
</tr>
<tr>
<td>21-29 years</td>
<td>11</td>
<td>28</td>
<td>15</td>
<td>49</td>
<td>0</td>
</tr>
<tr>
<td>30-39 years</td>
<td>5</td>
<td>21</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>40-49 years</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50-59 years</td>
<td>6</td>
<td>2</td>
<td>9</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>60+</td>
<td>11</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</table>

unemployed (n=3)

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<thead>
<tr>
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<th>2 kr</th>
<th>3 kr</th>
<th>Other</th>
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<tbody>
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<td>0</td>
</tr>
<tr>
<td>21-29 years</td>
<td>5</td>
<td>21</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>30-39 years</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>40-49 years</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50-59 years</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>60+</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Housewives/househusbands (n=35)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>1 kr</th>
<th>1,50 kr</th>
<th>2 kr</th>
<th>3 kr</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-20 years</td>
<td>7</td>
<td>38</td>
<td>22</td>
<td>45</td>
<td>0</td>
</tr>
<tr>
<td>21-29 years</td>
<td>11</td>
<td>28</td>
<td>15</td>
<td>49</td>
<td>0</td>
</tr>
<tr>
<td>30-39 years</td>
<td>5</td>
<td>21</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>40-49 years</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50-59 years</td>
<td>6</td>
<td>2</td>
<td>9</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>60+</td>
<td>11</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
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</table>

Self-employed/freelancer (n=12)

<table>
<thead>
<tr>
<th>Age Group</th>
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<th>2 kr</th>
<th>3 kr</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-20 years</td>
<td>7</td>
<td>38</td>
<td>22</td>
<td>45</td>
<td>0</td>
</tr>
<tr>
<td>21-29 years</td>
<td>11</td>
<td>28</td>
<td>15</td>
<td>49</td>
<td>0</td>
</tr>
<tr>
<td>30-39 years</td>
<td>5</td>
<td>21</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>40-49 years</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50-59 years</td>
<td>6</td>
<td>2</td>
<td>9</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>60+</td>
<td>11</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Other=pensionaries (n=8)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>1 kr</th>
<th>1,50 kr</th>
<th>2 kr</th>
<th>3 kr</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-20 years</td>
<td>7</td>
<td>38</td>
<td>22</td>
<td>45</td>
<td>0</td>
</tr>
<tr>
<td>21-29 years</td>
<td>11</td>
<td>28</td>
<td>15</td>
<td>49</td>
<td>0</td>
</tr>
<tr>
<td>30-39 years</td>
<td>5</td>
<td>21</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>40-49 years</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50-59 years</td>
<td>6</td>
<td>2</td>
<td>9</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>60+</td>
<td>11</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
7. If you have to pay for a plastic bag, does the price of the plastic bag influence your purchase decision?

Around 60% (165 people) of the respondents state that the price of a plastic bag influences the purchase decision positively/negatively depending on how high/low the price of a plastic bag. Furthermore around 10% haven’t thought about the potential influence pro/contra their purchase and marked accordingly.
8. If a store is offering both “normal” and “environmental friendly” plastic bags, are you willing to pay a slightly higher price (~ 0.5 - 1kr) for the “environmental friendly” bags?

The chart indicates that 154 out of 273 people would pay a slightly higher price for “environmental friendly” plastic bags. That means that around 56% of all respondents would pay ≈ 0.5 – 1kr more for “environmental friendly” plastic bags.
9. Are you aware of “environmental friendly” plastic bags in general (made of crops, d2W etc)?

The answers to this questions reveals that only 88 out of 273 respondents are aware of “environmental friendly” plastic bags in general. That is 1/3 of the respondents.
The chart features that 185 (68%) of the 273 respondents have no preference when it comes to “environmental friendly” plastic bags. That is around 68%. Furthermore it’s indicated that 4 people (= 1,5%) would prefer d2w™ if they would have to choose.
11. Have you already heard about oxo-biodegradable plastic bags (d2w™)?

38 people have so far heard about biodegradable plastic bags d2w™. That is around 14% of the respondents. Which mean that the majority (235 people / 86%) haven’t heard about biodegradable plastic bags.

*Please note: Since only 38 respondents have indicated that they have heard about oxo-biodegradable plastic bags (d2W), n changes from n=273 to n=38 from question 12 – question 14. The answers of questions 15 and the following are going to be related back to n=273!
12. How did oxo-biodegradable plastic bags (d2w™) come to your knowledge?

The chart indicates the different ways how biodegradable plastic bags come to the respondent's knowledge. Around 63% have heard about the bags in newspapers, 24% through magazines and 3% through friends. Furthermore, the option “others” has been marked by ≈10%; these 4 people filled in the free text option that they got their information from the internet.

Since four of the seven categories haven’t been marked by any of the 38 respondents, only the other four categories are going to be evaluated more detailed according to the different age ranges.

13. If you are already aware of oxo-biodegradable plastic bags (d2w™), have you already used them?

28 out of 38 respondents have used the oxo-biodegradable plastic bags, which are around 74%.
14. Why did you choose to use oxo-biodegradable plastic bags (d2w™)?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Women (n=18)</th>
<th>Men (n=20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The price was equal to “normal” plastic bags</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>To be environmental friendly</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>I actually used it without knowing before</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>other reasons</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>I preferred the design</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Around 47% (18 respondents) used the oxo-biodegradable plastic bags without even knowing it. 14 out of 38 people used it to act environmentally friendly and for six of the respondents the simple reason for the usage was the equal price.
15. What is your general opinion about environmental friendly/oxo-biodegradable plastic bags?

Below the most common answers from the respondents:

**Women (n=18)**
- I actually used it without knowing before: 4
- to be environmental friendly: 13
- the price was equal to the "normal" plastic bag: 1
- I preferred the design: 0
- other reason: 0

**Men (n=20)**
- I actually used it without knowing before: 12
- to be environmental friendly: 5
- the price was equal to the "normal" plastic bag: 3
- I preferred the design: 0
- other reason: 0

Can plastic bags be environmental friendly? What about the production process?

I haven't heard anything about environmental friendly/oxo-biodegradable plastic bags before.

The usage of plastic bags is a minor problem in Sweden. What about bigger problems such as global warming, shortage of resources, air pollution etc.??

Environmental friendly/oxo-biodegradable plastic bags should be obligatory.

Very good idea to protect the environment.

More marketing is needed to create awareness for environmental friendly/oxo-biodegradable plastic bags!
PART II: True or False?

*Please note: As stated previously (p. 16) the “true or false” part is not going to be taken into account and therefore not being presented in this findings-part.

PART III: CHARACTERISTICS OF THE RESPONDENTS

1. Gender

In total, 144 women (53%) have responded to the questionnaire and 129 (47%) men have replied.

2. Age

The majority (=42%) of the respondents were grouped in the 2nd age category (21-29 years). The least people belong to the group 60+, only 13 out of 273 respondents belong to this group. This is around 5%.

3. Occupation

This chart indicates that around 41% of the respondents are students and around 38% are employed. Eight respondents market the “other” option. All eight persons are retired.
4. Family status

The majority of the respondents is either “single/divorced (without children)” - 38%; or “married/life partner (with children)” – 28%.

5. Place of residence

As the chart indicates, 95% of the respondents come from Västerås, 1,8% come from Sala, 1,4% from Enköping and Eskilstuna an 0,4% come from Stockholm.

6. Household income

A remarkable feature about this graph is that around 58% of the respondents were willing to state their household income.

*Please note that some of the numbers of the findings of the questionnaires (end consumers) might be stated again in the analysis part in order for the reader to easier understand the analysis part. Same for STP!
4.3 B2B Customers – Questionnaire Findings

As described in the method part, in total 10 Swedish companies have been contacted for a potential semi-structured interview concerning their usage of plastic bags. Two out of ten were willing to conduct the structured interview on the phone with us. The results can be found subsequently.

* According to the confidential agreement it is not allowed to name the companies directly. Therefore it’s referred to company #1 and #2. Furthermore, the companies’ did not answer every question because of their companies’ internal confidential agreement.

4.3.1 Company #1
The first company in our semi-constructed interview has around 410 shops all over Sweden and 540 representatives in total in Sweden. In 2007, around 104, 9 million people visited the store, which is the highest result in the history of the company. The company sells plastic bags to their customers when they shop in their stores in Sweden. The company is only using plastic bags and since they try in all their business activities to be environmental friendly they started using environmental friendly plastic bags from 2001. These bags are categorized under the hydro-biodegradable section because 90% of the plastic bags are degradable (60% reusable polyether and 30% “fabric spill” with water based print). Every year the company is selling around 70 million plastic bags. Presently the company is charging 1kr for their plastic bags. They started charging their customer in 1997 in order to be more environmental friendly. Furthermore, the company stated that the wholesale price is lower than the actual retail price which means the company is selling their plastic bags with further profit.

4.3.2 Company #2
The company is located in Västerås and belongs to a chain, with more than 150 shops all over Sweden. In this specific case, the questionnaire is only related back to the store in Västerås and not back to the whole chain and their business activities.

The shop is handing out “more exclusive plastic bags” to its clients which are around 10 per day (60 per month and 720 per year). The wholesale price for 500 plastic bags is 200kr. The company is not charging their customers for their plastic bags, which means they are not selling the plastic bags with a profit. Furthermore the interviewee states that they have been using regular plastic bags since 2005 and they have not heard or used environmental friendly plastic bags before and have not thought about the usage of alternative plastic bags. However, they used a version of a paper bag before the year of 2005.
4.4 Topic Excursion

As explained beforehand, we got in contact with a Chinese student who reported to us that the business with degradable plastic bags failed in the late 90ies in China. Below you will find detailed and interesting information from the conducted interview. The following "topic excursion" is only been used as a valuable additional information's how the business with degradable plastic bags in taken place in another country during another time. The findings of the interview will not be evaluated and analyzed subsequently.

SANYUE: Degradable plastic bag-business in China in the 90ies

Company background
The companies name is “Sanyue” and started its business in the late 90ies near Shanghai. The company’s owner Wang Ynehuna bought a patent for the production of degradable plastic bags from a university in China. He introduced this business idea because the Chinese government encouraged the population to use degradable plastic bags to avoid increasing environmental pollution. The company started its business in 1995 and at that time Sanyue was the only company in China that produced degradable plastic bags. They got an approval from the Chinese Department of Science, the Public Tax Office and the Department of Environmental Issues in China. The company did produce the degradable plastic bags by itself in the Shanghai area.
The business partners in China were:
- Supermarkets
- Hospitals
- Restaurants
- Schools

Technology background:
There are 3 different versions of plastic bags:
1. Plastic bags that degrade with solar irradiation
2. Biodegradable plastic bags
3. And a combination of the #1 and #2

Investments
The R & D process started three years before the first plastic bags has been produced. The R & D expenses accumulate around 4,2 Mio CNY (3,6 Mio SEK). Furthermore, the company bought production facilities for 2,2 Mio CNY (1,9 Mio SEK) and the fees for offices/ production area sum up to 2,1 Mio CNY (1,8 Mio SEK). In total, Sanyue invested around 10 Mio CNY (8,6 Mio SEK)

Financial facts
- From 1996-2002 the production cost for one degradable bags was 100-150% higher than the costs for a non-degradable plastic bag (Nowadays the production costs are only 5-10% higher)
- The production cost per ton (incl. tax) are: 20,000 – 22,000 CNY (17,200 – 18,900 SEK)
- The price for Sanyue’s degradable plastic bags was 5-10% higher than the non-degradable plastic bags.

Marketing of degradable plastic bags in China
To market the degradable plastic bags Sanyue got support from the Chinese government in terms of specialized government offices in different parts of Shanghai to promote the plastic bags. Furthermore, Sanyue provided their technology to other companies. These companies and Sanyue themselves got a tax favor for a three year period. Sanyue used certain marketing channels to promote its products:

- TV advertising
- Advertising at school (primary, middle and high schools)
- Billboard at air- and seaports
- Promotional activities (free samples at different events/locations)

**Reasons for the business failure**

Sanyue has to close its business in 2003 because of the following reasons:

- The technological development couldn’t keep track, which means the quality of the degradable plastic bags didn’t improve as the market itself did.
- The production cost have been too high
- The company didn’t get enough support in terms of funding
- Insufficient governmental support
- The degradable plastic bags haven’t been favorable in the market itself
As previously explained the PESTEL model is used for managers by managers to analyze the macro environment of a company. In the following part Switch Pac’s macro environment is going to be analyzed according to the models elements.

* Please note that only the elements that correspond have an impact on the research topic are going to be stated.

Figure 9: Switch Pac’s PESTEL

4.5.1 Political factors

The most problematic factors for doing business

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percent of responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax rates</td>
<td>25.0</td>
</tr>
<tr>
<td>Restrictive labor regulations</td>
<td>23.3</td>
</tr>
<tr>
<td>Tax regulations</td>
<td>20.0</td>
</tr>
<tr>
<td>Inefficient government bureaucracy</td>
<td>9.3</td>
</tr>
<tr>
<td>Inadequately educated workforce</td>
<td>4.9</td>
</tr>
<tr>
<td>Poor work ethic in national labor force</td>
<td>3.9</td>
</tr>
<tr>
<td>Policy instability</td>
<td>3.7</td>
</tr>
<tr>
<td>Access to financing</td>
<td>3.2</td>
</tr>
<tr>
<td>Inadequate supply of infrastructure</td>
<td>3.0</td>
</tr>
<tr>
<td>Foreign currency regulations</td>
<td>1.2</td>
</tr>
<tr>
<td>Inflation</td>
<td>0.7</td>
</tr>
<tr>
<td>Crime and theft</td>
<td>0.6</td>
</tr>
<tr>
<td>Government instability/coups</td>
<td>0.3</td>
</tr>
<tr>
<td>Corruption</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Note: From a list of 14 factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

Figure 10: The most problematic factors for doing business (World Economic Forum 2008)

The World Economic Forum published their annual report (2007-2008) about the global competitiveness of several countries. The rankings are calculated from both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the
World Economic Forum together with its network of Partner Institutes (leading research institutes and business organizations) in the countries covered by the Report”

This year, over 11,000 business leaders were polled in a record of 131 countries.

Please note that only the above mentioned political factors are going to be evaluated in this part.

**Tax rates / tax regulations**

The survey ranks the tax rates and regulations in the top ranks as problematic factors for doing business in Sweden. Switch Pac has to take the following types of taxes into account:

**Income Taxes**

According to the graph of “The most problematic factors for doing business,” Sweden’s highest problematic factor is its high tax rates. The Swedish taxation system is a combination of direct (paid by the employee) and indirect (paid by the employer). That mean that the employer provides the state with both means of taxation, but the employee only sees direct tax on his payroll (Income Tax - Sweden, 2008 / Taxes in Sweden et al. 2007):

- tax on gross income from the employer: 32.82% (*indirect, fixed*)
- pension fee on gross income: 6.95% (*indirect, fixed*)
- municipal tax on gross income less pension tax and a base deduction: ~32% (*direct, varies by municipality*)
- state tax on gross income less pension tax and a base deduction: 0%, 20%, or 25% (*direct, progressive*)

**Corporate taxes**

Based on their annual income, Swedish companies pay only national corporate tax. Local corporate tax or business license tax does not exist in Sweden. The corporate tax accounts 28%. The taxable income is calculated according to accepted international auditing standards (IAS). Furthermore, a Swedish company has generally to pay taxes for its worldwide net profit (Taxes in Sweden et al. 2007)

**Value Added tax**

Sweden’s Value Added Tax (VAT) Act is harmonized with the EC VAT directives. Known “moms” (short for *mervärdesskatt*). The normal VAT accounts 25%, however a reduced VAT is used for example for food and hotel charges (12%) and 6% for personal transportation, cultural events and newspapers. (Taxes in Sweden et al. 2006)

**Government**

**Bureaucracy:** Around 1/3 of the respondent of the survey agree that the bureaucracy in Sweden is too high and is seen as a problematic factor when it comes to doing business in Sweden.

**Stability:** The stability of the Swedish government has been ranked as a minor negative factor which could influence companies in doing their business of starting their new business.

**International Trade Policy**

Free trade plays an important role for the welfare of Sweden. Sweden emphasizes in all its business transaction that simple and fair conditions are a contribution for growth, employment and sustainable development of a country. Since Sweden is a member of the OECD, EU and
the WTO, it takes an active part in shaping trade policy for the international trade policy arena. (International Trade policy et al. 2008)

Social welfare politics
The Swedish social welfare system is in the world better known as the “Swedish Model”. This model is seen as “the world’s most generous social welfare system, with e.g. tax-financed schools, child care, health care, social service and pensions” (Sweden in brief/the “home” of people et al. 2008). The welfare system guarantees all inhabitants always basic economic security in all stages of life and that’s why Sweden is even sometimes called “The Home of People”. Furthermore the Swedish welfare system, or just elements of it, has been a prime example for several other countries worldwide. (The Ministry of Health & Social Affairs et al. 2008)

4.5.2 Economic factors

<table>
<thead>
<tr>
<th>Key economic indicators</th>
<th>SEK bn</th>
<th>Annual change in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2006¹</td>
</tr>
<tr>
<td>Supply and demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP at market prices</td>
<td>2,671</td>
<td>2.9</td>
</tr>
<tr>
<td>Household consumption</td>
<td>1,285</td>
<td>2.4</td>
</tr>
<tr>
<td>Public consumption</td>
<td>724</td>
<td>0.3</td>
</tr>
<tr>
<td>Gross investment</td>
<td>469</td>
<td>8.1</td>
</tr>
<tr>
<td>Exports of goods and services</td>
<td>1,301</td>
<td>6.6</td>
</tr>
<tr>
<td>Imports of goods and services</td>
<td>1,097</td>
<td>6.9</td>
</tr>
<tr>
<td>Prices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflation (UNIDIX)</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Share in percent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>5.9</td>
<td>5.4</td>
</tr>
<tr>
<td>Labor market program (%)</td>
<td>2.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Public finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government expenditure (% of GDP)</td>
<td>53.8</td>
<td>52.7</td>
</tr>
<tr>
<td>Government net lending (¹% of GDP)</td>
<td>1.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Government debt (% of GDP)</td>
<td>47.3</td>
<td>43.1</td>
</tr>
<tr>
<td>Balance of payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current account (% of GDP)</td>
<td>5.8</td>
<td>7.0</td>
</tr>
<tr>
<td>Interest rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy interest rate (end of year %)</td>
<td>1.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Bond rate (10-year, end of year %)</td>
<td>3.4</td>
<td>3.6</td>
</tr>
</tbody>
</table>

1) Preliminary figures  2) Forecast  3) With the transfer of the premium pension system from the government sector to the household sector, government net lending will have to be adjusted by roughly 1 percent of GDP (decrease) from previous calculations, with effect from 2007  4) Set by the Central Bank of Sweden


Figure 11: Key economic indicators of Sweden (ISA Report 2007)

According to ISA report 2007, the key economic indicators for a country’s economic factors are the country’s supply and demand, inflation, employment, public finance, balance of payments and interest rates. The supply and demand in the report describes markets relations between prospective sellers and buyers of a good. “The GDP, gross domestic product is one of the measures of national income and output for a given country’s economy. GDP is defined as the total market value of all final goods and services produced within the country in a given period of time, usually a calendar year. One of the most common approaches to measuring and
understanding GDP is the expenditure method: GDP = consumption + gross investment + governments spending + (exports – imports) (Wikipedia).” The definition of inflation means that it is a general rise in the level of prices of goods and service over time and the definition of employment means that it is a contract between two parties, one being the employer and the other being the employee. The public finance means that it “is a field of economics concerned with paying for collective or governmental activities, and with the administration and design of those activities.” “The balance of payments measures the payments that flow between any individual country and all other countries. It is used to summarize all international economic transactions for that country during a specific time period, usually a year” and the interest rate is a fee of paid on borrowed capital (Wikipedia).

As stated in the ISA Report in 2007 for Sweden the supply and demand has for the most part increased at the same time as the unemployment rate decreased from the year of 2005. The public of finance and balance of payments is pretty much the same in 2007 and 2005. The interest rates have increased which means that the fee of paid on borrowed capital has increased.

4.5.3 Social factors

Demographics of Sweden

| Population | 9,081,100 |
| 0-14 years | 18.19% |
| male | 828.308 |
| female | 786.353 |
| 15-64 years | 64.53% |
| male | 2,911.949 |
| female | 2,814.730 |
| + 65 years | 17.28% |
| male | 649.296 |
| female | 884.417 |

The population of Sweden is approximately 9,081,100 people, with a 64, 53% between the ages of 15.64 years old. 18, 19% are in the age of 0/14 years old and 17, 28% in the age of + 65 years old. The population growth rate is 0, 72% and the birthday rate is 9.81/1.000 population.

| Population growth rate | 0.72% |
| Birth rate | 9.81 birth/1.000 population |
| Net migration rate | 0.91 migrant(s)/1.000 population |
| Life expectancy at birth | 79.71 years |

Table 3: Demographics of Sweden (iPicture – Die Welt im Bild; Schweden at el. 2007)

Education

“Learning for Life” (Sweden in brief/ the “home” of people et al. 2008) can be seen as the slogan for the educational level and system in Sweden. The education system is tax-financed, which means free of charge for the whole population. In Sweden, education starts first with day care centers, then goes on with preschools and finally ends with higher education at
During the last ten years the number of students has been doubled. One of the reasons is that also the higher education is financed through the government and through this the access to colleges and universities is open for everybody independent of the social background. Furthermore, Sweden is in the top ranks in European comparative statistics both in terms of research investments as a percentage of GDP and in the number of published scientific works per capita (Sweden in brief/ the “home” of people et al. 2008).

4.6.4 Technological factors

According to the ISA Report the Swedish scientific infrastructure is world-class (ISA report 2007). The investments in higher education and research has catapult Sweden in the OECD economies top ranks concerning university enrollments, skilled workforce and R & D outcome.

The amount of R&D expenses, higher education and computer software is summarized as investment in knowledge in Figure 3. In 2002, Sweden spent 6.8% of the annual GDP for investment in knowledge which makes them the world leader of the OECD countries.
Furthermore, in 2004 Sweden spent 4% of the GDP for R&D expenditures and ranks the 2nd place in the OECD statistics. Another indicator that Sweden is always working on new technologies and opens for new developments is the number of patents in force. Intellectual Assets and in special patents play an important role in economic growth (ISA report 2007).

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of patents in force (per 100,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>714</td>
</tr>
<tr>
<td>Netherlands</td>
<td>776</td>
</tr>
<tr>
<td>UK</td>
<td>792</td>
</tr>
<tr>
<td>Ireland</td>
<td>831</td>
</tr>
<tr>
<td>Belgium</td>
<td>851</td>
</tr>
<tr>
<td>Japan</td>
<td>865</td>
</tr>
<tr>
<td>Singapore</td>
<td>932</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1094</td>
</tr>
<tr>
<td>Sweden</td>
<td>1144</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1152</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>5804</td>
</tr>
</tbody>
</table>

Figure 14: Number of patents in force 2004 (ISA report et al. 2007)

4.6.5 Environmental factors

Even though Sweden is worldwide known as an environmental friendly country with inhabitants who care about the nature and the future generation, still not everything is perfect concerning environmental issues and that is why Sweden brought up an Environmental Code and a Waste Management Plan.

Environmental legislation

In 1999, the Ministry of the Environment passed the so called “Swedish Environmental Code” which contains 15 acts of general importance. The Environmental Code aims to promote sustainable development. To avoid damages, the industry is requested to use the most innovative technology for their commercial operations. “The technology must, from technical and financial viewpoints, be industrially feasible and applicable in the industry concerned” (The Swedish Environmental Code et al. 2008). Furthermore, the Environmental Code must be applied so that (The Swedish Environmental Code et al. 2008):

- Human health and the environment are protected against damage, detriment and disturbance
- Valuable natural and cultural environments are protected and preserved
- Biodiversity is preserved
- Land and water are used so that, from ecological, social, cultural and socioeconomic viewpoints, long-term sound management of resources is assured
- Re-use, recycling and other management of materials, natural resources and energy in line with environmental life cycles are promoted.

16 Environmental Quality Objectives (EQO) have been formulated in 16 areas and are integrated in the Government Bill 1997/98:145, Swedish Environmental Quality Goals an Environmental Policy for a Sustainable Sweden. The EQO are as followed:

- Reduced Climate Impact
- Clean Air
- Natural Acidification Only
- A Non-Toxic Environment
- A Protective Ozone Layer
- A Safe Radiation Environment
- Zero Eutrophication
- Flourishing Lakes and Streams
- Good-Quality Groundwater
- A Balanced Marine Environment, Flourishing Coastal Areas and Archipelagos
- Thriving Wetlands
- Sustainable Forests
- A Varied Agricultural Landscape
- A Magnificent Mountain Landscape
- A Good Built Environment
- A Rich Diversity of Plant and Animal Life (Sweden´s Environmental Quality Objectives et al. 2008)

Sweden’s Waste Plan

The government’s goal of sustainable development in Sweden formulated a so called waste plan for the country. “An important feature of sustainable waste management is that low emissions and efficient use of the resource that waste represents can be combined with disposal methods that are simple for consumers and efficient for society” (A Strategy for Sustainable Waste Management – Sweden’s Waste Plan 2005, p. 9). The goal for the Swedish industry as well as for the end consumer should be to produce as little waste as possible. The previous mentioned Environmental Quality Objectives are the actual basis for what to be environmentally sustainable waste management. The strategy for sustainable waste management states that an important fact is that low emission and efficient use of resource that waste represents can be combined with disposal methods that are simple for consumers and efficient for society. (A Strategy for Sustainable Waste Management – Sweden’s Waste Plan 2005, p. 10).

Guidelines for sustainable waste management

1. Preventive action to reduce the quantity of waste and the hazards it poses
2. Detoxification of natural cycles
3. Using the resource that waste represents as efficiently as possible
4. Safe treatment

4.5.6 Legal factors

Competition law and policy in Sweden

In 1993 the Swedish government passed the Competition Act which includes prohibitions against restrictive agreements and abuse of dominance, control of concentration, advocacy and support for academic research. The Act has been harmonized with European Community competition rules (OECD Policy Brief et al. 2007)

*Introductory provisions of the Act are as followed (Konkurrensverket et al. 2007):*

**Article 1**
The purpose of this Act is to eliminate and counteract obstacles to effective competition in the field of production of and trade in goods, services and other products.

**Article 2**
This Act shall not apply to agreements between employers and employees relating to wages and other conditions of employment.
5. ANALYSIS

5.1 AIDA Analysis

Customers are everyday bombarded with different advertising messages in order to purchase a specific product. Businesses ultimate goal is the last step in the AIDA model which is the action element but they have to follow all of the steps in order to reach the final action elements among their customers. The first step in the AIDA model that we will analyze is the attention element which is the step when Switch Pac will understand if the customers are interested in the products. The customers will spend more time towards the message or advertising that is being thrown at them if they are interested in the specific topic. During that time spent on whatever they found was interesting in regards to Switch Pac’s products; they may develop a desire for the product. If they have a desire, they will take action to fulfill that desire. Finally, action is then either purchasing the product in question or something else related to the three steps before.

Attention/ awareness of the existence of a product

Question: 4,1,2,3 in our questionnaire

Question number four, one, two and three in our questionnaire were if people:

- are using plastic bags (multiple answers was possible for this question),
- thinks that Sweden is dealing with environmental recycling issues properly,
- knows if environmental friendly products influencing their purchase behavior and
- if they recycling their garbage in general?

We asked these questions in order to come up with if there is a general awareness and interest about environmental friendly products in general among end consumers. To persuade Switch Pac’s customers towards the last step, Action, the business still need to grab consumers' attention and interest them in how the product in question can help them or how they can contribute to something greater as for example environment sustainability. We started out asking if the end consumers thought that Sweden is dealing with environmental recycling issues properly in order to understand end consumers awareness towards ecological issues regarding the environment in order to bring them towards Switch Pac's products.

162 people (=60%) use plastic bags when they are doing their groceries and 63% when they are shopping. Moreover, around 41% use plastic bags for their dog’s poo. 205 of the interviewees think that Sweden is dealing with environmental recycling issues properly. 67% of the interviewees’ state that environmental friendly products are influencing their purchase behavior and 64% of the respondents recycle their household garbage in general.

These conducted responses shows that most end consumers are aware of these kinds of issues which mean that the attention towards environmental issues in regards to our questions is relative high.
Question: 5, 9 and 12 in our questionnaire

Questions number five, nine and twelve in our questionnaires asked if the end consumers: are:

- **what kind of shopping bag do you prefer**,  
- **are aware of environmental friendly plastic bags in general (made from crops, hydro-bio, d2w™, oxo-bio, etc)**,  
- **how did the oxo-biodegradable plastic bags (d2w™) come to your knowledge**.

The insurance that Switch Pac’s business communication messages get observed could be the difference between the company’s success and failure that is why it is important to measure if the end consumer are aware of the different environmental plastic bags in order to understand the first step in the AIDA model.

Switch Pac understanding of the value of green marketing in order to maximise peoples’ awareness of the environmental friendly products will both save the planet and maximise Switch Pac’s profit. That is why it is of importance to understand that 157 of all interviewed people (=58%) prefer a plastic bag when they are shopping, the 2nd rank goes to textile bag with 42 persons (=15%) and the paper bag is on place three with around 10%.

Different businesses adopt green practices and develop green products because consumers seem to want them. However, according to our findings from question number nine, only 88 out of 273 respondents are aware of environmental friendly plastic bags in general. That is 1/3 of the respondents. However, out of those 88 responded, around 63% have heard about the bags in newspapers, 24% through magazines and 3% through friends which means that Switch Pac should promote its product through the newspaper in order to develop a green marketing message and promote its business in a more efficient way.

67% states that environmental friendly products are influencing their purchase behavior but only 33% respondents are aware of environmental friendly plastic bags. It is important to understand that Switch Pac’s consumers are not the same because of different attitudes and beliefs. Many consumers are getting more aware of the issues regarding global warming and green marketing is a way to differentiate a company from its competitors. According to our findings a green consumer would be described as

- commitment to green lifestyle  
- critical of their own environmental practices and impact  
- looking for companies that incorporate green practices  
- overstate green behavior  
- want environmental protection to be easy  
- tend to distrust companies environmental claims  
- lack knowledge about environmental issues, but eager to learn
Interest in paying attention to the product’s benefits

Question: 6 and 7 in our questionnaire

Question number 6 and 7 in our questionnaire states:

- When you are shopping, what do you think is the average price for a plastic bag and
- If you have to pay for a plastic bag, does the price of this plastic bag influence your purchase decision

It would be effective for Switch Pac to consider what creates an interest of its products in order to understand why end consumers would like to purchase a certain product. A marketer will after gaining the attention of the customers engage them so that they will spend more time understanding the product or the communication message in more detail.

Businesses that provide appropriate information will easier create an interest among consumers because of the validity of the message being communicated. The interest element is a continue step of the attention step but in a deeper setting. According to our findings, understanding the businesses target audience’s interest and expectations would help Switch Pac to grasp customers’ desire which is the third step of the AIDA model.

The conducted answer from question number 6 and 7 states, that only 65 (24%) of the respondents know that the average price for a plastic bag is 1,5kr. However, around 60% (165 people) of the respondents’ state that the price of a plastic bag influences their purchase decision positively/negatively depending on how high/low the price of a plastic bag is.

The reason why we asked about the general pricing questions is because the price could influence the interest of the purchaser either negatively or positively. Plastic is used in all kinds of associations and for different reasons around the world. The benefits of this product are its low costs, weight, strength, transparency, sealability, and printability. However, this product has become a result of disposal problems in many countries around the world, which is only one reason why the interest of environmental plastic bag, preferable oxo-biodegradable plastic bags should be an interest among customer. It is evident that companies have a lot of work to do in order to gain credibility among consumers regarding environmental issues. However, product labels appear to have a reasonably high level of credibility and most people would trust the label if it says that it is degradable in order to be more environmental.

Desire for the product

Question: 8, 10, 13 and 14

Question number eight, eleven, thirteen and fourteen in our questionnaire states that

- if a store is offering both normal and environmental friendly plastic bags, are you willing to pay a slightly higher price (.50 – 1 kr) for the environmental friendly bags,
- which type of the environmental friendly plastic bags do you prefer
- how did the oxo-biodegradable plastic bags (d2w™) come to your knowledge,
- if you are already aware of biodegradable plastic bags (d2w™), have you already used them and
why did you choose to use oxo-biodegradable plastic bags (d2w™)

The interest and desire elements in the AIDA model are much closed connected because after gaining Switch Pac's customers' interest, the company also has to help their customers to understand how the product can benefit them and/or the environment. According to our findings, a marketer should exactly explain the benefits of the product in question in order to create interest and desire which Switch Pac could easily take into consideration.

Throughout or questionnaire, Switch Pac can now better analyze its customers' desire towards the product. 154 out of 274 people would pay a slightly higher price for environmental friendly plastic bags. That means that around 56% of all respondents would pay ≈ 0, 5 – 1kr more for environmental friendly plastic bags. 185 of the 273 respondents have no preference when it comes to environmental friendly plastic bags. 28 out of 38 respondents have used the biodegradable plastic bags, which is around 74% and around 47% (18 respondents) used the oxo-biodegradable plastic bags without even knowing it which we. 14 out of 38 people used it to act environmental friendly and for six of the respondents the simple reason for the usage was the equal price conducted from question number fourteen.

The purpose of advertising is to promote an emotional response which is why this element is very important because it is seen as the "grand finale." There are only 56% of the conducted questionnaires that would pay a highly higher price in order to be more environmental friendly. This could be a reason of that people do not have a broad knowledge about environmental friendly plastic bags, d2w™ degradable plastic bags in specific. A desire could be created in multiple ways. A very good way is to let the buyer experience the product in order to create a demand of desire. Question number ten indicates that 68% do not prefer any environmental plastic bags, which could be a result of the awareness of the products. However, most of the once that are aware of environmental plastic bags have used the degradable plastic bags (28 out of 30 respondent, question number thirteen) but without even knowing that (Answer from question fourteen). This indicate that Switch Pac could by increasing the first two steps in the AIDA model, attention and interest, create a higher desire among much more end customers. Many people would like to be seen as a green consumerism and are open to environmental innovation but have not yet heard about the d2w™ degradable plastic bag.

Action (purchase)

The last step in the AIDA model is the action step where the business in question should close the deal. Switch Pac should follow all of these steps in order to be successful when coming up with new customers' action. However, as we have seen throughout the elements and the conducted answer from our questionnaire only six people have already been using the d2w™ degradable plastic bag and fourteen used them in order to be more environmental friendly out of two-hundred-seventy-three. That means that after a higher awareness, interest, and desire; Switch Pac could easily increase these numbers.
5.2 Analysis B2B customer – Questionnaire

As already mention, we contacted ten Swedish companies in order to conduct a semi-structure interview and two out of those ten where willing to conduct an interview.

5.2.1 Company #1
Company #1 is a big Swedish corporation with more than a million visitors in the store yearly, is already using more environmental friendly bags since 2001, hydro-biodegradable plastic bags in specific.

Attention/ awareness of the existence of a product
Businesses are also getting different marketing messages and communication inputs from different businesses in order to use their products in their everyday business. The insurance that Switch Pac messages get observed could be the difference between success and failure for the company. Company #1 is already aware of the environmental friendly plastic bags existing in the Swedish market in order to both contribute to save the environment and promote their image. However, they are not using the oxo-biodegradable plastic bags. The company used to give out seventy million plastic bags a year to their customers but decreased after they started charging customers for the bag in 1997. This is a very good sign of environmental awareness from the company’s side.

Interest in paying attention to the product`s benefits
The interest step in the AIDA model is once again a deeper step of the attention element. It is obvious that this company in question has gained an interest of environmental friendly plastic bags because of its ten years usage of more environmental friendly bags.

Desire for the product
The desire of environmental friendly plastic bags is of course apparent. However, the question of the preference of hydro-degradable plastic bags then oxo-biodegradable plastic bags could not be answered of the interview person in question from the company. This could either be a result of happy results from the hydro-degradable plastic bags profit and function or not enough knowledge of the big difference between the two environmental friendly plastic bags.

Action: purchase
The action step is always where the business closes the deal in the AIDA model. The company in question did a decision almost seven years ago to use more environmental friendly plastic bags. This is an action step in the right direction in order to be more environmental friendly. However, Switch Pac should be in a good position to promote its product in order for the company to better its knowledge and awareness about oxo-biodegradable plastic bags and then hopefully end in an action purchase.
5.2.2 Company #2
Company #2 is located in Västerås and belongs to a chain with more than 150 shops all over Sweden as already mention in our findings. The shop is not making any profit of the bags because of handing them out to all customers. They went over from using paper bags to more exclusive plastic bags in 2005 and they have not heard about more environmental friendly plastic bags.

Attention/ awareness of the existence of a product
Switch Pac has a huge potential to enter this business industry because of its less knowledge of environmental plastic bags. The company in question is giving out around 720 plastic bags every year without any profit from their customers. Once again, Switch Pac should insure that his products get noticed in order to be more successful.

Interest in paying attention to the product’s benefit
It is hard to evaluate if the interest of environmental plastic bags exists because of the company's lack of knowledge in the subject and from using more environmental paper bags to a more exclusive plastic bag. However, the interest might develop if the company is getting provided with appropriate valid information.

Desire for the product
The desire of the product is the big step before the action element. Switch Pac could easily communicate his products into this kind of industry. One good example could be to letting the company in question experiences the product in order for them to create a desire to use it in the further.

Action: purchase
In order for Switch Pac to close a purchase from this kind of shop, Switch Pac needs to follow the three first steps in the AIDA model before.

5.3 STP Analysis
As already mention in our framework, the STP model is a step in order to get into the minds of the customers. The STP model will first identify the segment; Segmentation, then select segments; targeting and finally create competitive advantage; positioning. This model can help Switch Pac understand the business target market in order to maximize profit. The benefits of using the STP model for Switch Pac are the company’s unique products that could also benefit the society in the long run and not only the business itself. It’s important for Switch Pac to understand its target market and not only mass market their products in order to be more efficient because customers’ needs are becoming increasingly independent and the needs of all customers can’t be target by a mass marketing approach.

According to our questionnaires the knowledge of oxo-biodegradable plastic bags are lacking between end customers. Some people did not even know that environmental plastic bags exist while others thought that all the plastic bags where environmental friendly. The knowledge of the different environmental plastic bags was also lacking. The advantage of the oxo-
Biodegradable plastics bags is that they can degrade in the absence of light, so long as air present while hydro-biodegradable needs to be in a highly microbial environment, according to our findings. Oxo-biodegradable plastic can be managed at manufacture to degrade within a timescale to suit the user’s requirements while the rate of degradation of hydro-biodegradable plastics cannot be controlled.

Switch Pac has a lot of work to do in order to gain credibility among consumers because of its pretty new innovated business in the Swedish market. Switch Pac’s products could be used between all ages, both genders and anywhere in Sweden. Some of the products that could be made of biodegradable plastic are: shopper bags refuse sacks, aprons, bin liners, gloves and plastic film for wrapping newspapers and magazines. This means that everyone could use a plastic bag independent on which age, gender or occupation the customer is categorized as. However, in order to understand Switch Pac’s target market it is useful to use the STP model in order to understand the different segment in order to come up with efficient ways for the company to increase potential demand while they are capitalizing on green attitudes and behavior.

We have divided in some of the questions related to STP in either age, gender and/or occupation charts in order to understand the different segment better and in order to come up with the best analysis and recommendations for the company. 53% female replied and 47% men have replied towards our questionnaire. The majority (≈42%) of the respondents were grouped in the 2nd age category (21-29 years). We also calculated that 41% of the respondents were students and around 38% were employed. The majority of the respondents are either single/divorced (without children) or married/ life partner (with children). We are also aware of that Switch Pac’s customers could participate, influence or make a purchase depending on the customer value for the products and situation independent on age, gender and occupation. A customers purchasing decision could be made from an initiator, influencer, decider or a buyer depending on the situation.

In question four of the questionnaire, we asked end consumers for what reasons they were using plastic bags and in this question they could chose multiple answers because we understood that people use a plastic bag in more than just one setting. Because of the possibility to answer more than one answer for this specific question we evaluate the answer both from a gender perspective and from an age perspective. Both the women and men replied that they mostly are using plastic bags when they are doing their groceries and when they are shopping. A little bit higher percentage of the women also checked that they are using plastic bags to store products and for their dogs poo and a quite handful of both women and men are using them to refreeze eatables as well which is important to know in order for Switch Pac to understand customers’ behavior towards the product.

In regards to the ages of the respondent, the age group of 15-20 and 21-29 years old did mostly say that they use plastic bags for shopping with groceries and to store products for second and third place. The age group of 30-39 years old was mostly using plastic bags for shopping as well but had for the dog’s poo on the second place and to store products and shopping on a quite even third place. The age group of 40-49 and 50-59 years old answered for shopping as well and then for shopping and dog’s poo on second and third place and 60 + also answered for shopping and groceries.

The information conducted in question four could be helpful in order to find the right segment for Switch Pac and also to understand why people are using plastic bags. It is important to build a profile of the segment in question in order to understand different segments preference and
which target to focus on and with what kind of communication methods. The reason is that customer responds differently to different marketing stimuli and the advantage of identifying the segment is that it provides knowledge of changing market conditions and competitive actions. The knowledge of the conducted questionnaires from question number one could also be seen as a base in order to analyze the rest of the questionnaire.

In question five, what kind of shopping bag do you prefer, Switch Pac can find in which segment market they should focus its energy in order to either promote its product or convince a segment to purchase environmental friendly plastic bags. 74 out of 144 women checked they prefer to use plastic bags while only 21 and 15 answered textile and paper bags. The rest prefer shopping baskets, shopping boxes or others. 80 out of the 129 men we conducted the questionnaire from prefer plastic bags and 20 prefer textile bags. This is important for Switch Pac to know in order to understand end consumers preference depending on the gender and other bag choices. In order to understand which segment group that mostly would prefer to use plastic bags we divided all of the conducted questionnaires into age groups. The biggest difference was in the age group of 30-39 where 31 out of the 42 sample size checked they prefer to use plastic bags. Switch Pac will by the conducted questionnaire better see that the age group does not really matter in the usage of a plastic bag because of its convenient as either a shopping/grocery bag, peoples dogs poo and/or refreezing eatables.

In question six, what do you think is the average price for a plastic bag in the store, Switch Pac will understand consumer's perception better in order to understand which price to market depending on the gender, age and occupation in order to find the most desire segment group. 61 out of the 144 women checked that 1kr is a preferable average price for a plastic bag while 40 checked 1,50kr, 28 checked 2kr and 15 checked 3kr. 44 out of the 129 men checked 1kr, 33 checked 1,50kr, 29 checked 2kr and 23 checked 3kr. Important information to understand in order for Switch Pac to not price its product either to low or to high and also which segment group to market with the best efficiency.

In order to better understand the different segment groups we also divided the charts into occupation graphs in order to make sure if there is or isn't an occupation section for the different preferable price on the plastic bags. Surprisingly, most students answered that 3kr would be a good price for the plastic bags as well as the employed. Housewifes and housebands answered that 1.50kr would be the best price while the other remaining groups wish that the bags cost 1kr.

In question seven, if you have to pay for a plastic bag, does the price of the plastic bag influence your purchase decision, in total 167 of all the respondents said yes. We divided all of the respondents into age and income in order to come up with the best segment for Switch Pac. Even thought independent of the age, all of the respondents think that the price will influence their purchase decision. However, there were not many less that answer no independent on the age and only a few answered I don’t know. In regards to the end consumers’ income only the income bracket between 15,000-20,000kr had more answer that the price won’t influence their purchase decision.

In question eight, if a store is offering both normal and environmental friendly plastic bags, are you willing to pay a slightly higher price for the environmental friendly bags, most people said yes. Even thought all the different possible age groups answered yes, the biggest difference was in the age of 21-29 years old were 81 out of the 113 respondents checked the yes box. The age group between 30-39 and 60+, the respondents answered that the environmental price would not influence their purchase decision. However, when divided all of the respondents answer into income brackets all of the brackets ended up with a result that the respondents are
willing to pay a slightly higher price for the environmental friendly bags. With this we can analyze that the income doesn't matter when it comes to the willingness to pay extra for an environmental bag instead the age does. However, in combination of question seven and eight, the price will most likely influence all of the respondents purchase decision but they are willing to pay a little bit more for an environmental plastic bag.

In question nine, are you aware of environmental friendly plastic bags in general made of crops, d2w™ etc, only 88 out of the 273 respondents were aware of environmental friendly plastic bags. In the age segmentation groups with most answer from the 21-29 years old age bracket had 66 respondents unaware of environmental plastic bags and 49 people aware. None of the age group had a better awareness of the environmental plastic bags existing in the market which is important to know in order for Switch Pac to easier know how to position the product in the mind of the customers. Neither more women nor men said that they were aware of the products. 113 of the 144 women said no, while ‘only’ 76 out of the 129 men answered no. This information could say that men are more conscious of environmental friendly plastic bags but are not yet fully aware.

In question number ten, which types of the environmental friendly plastic bags do you prefer, only four out of all respondents answered d2w™. 185 said none, which could be because of a lack of knowledge about the environmental plastic bags difference. 79 answered made of crops and the rest answered hydro-bio which is important to understand in order to build the profile of Switch Pac's segment.

In question number eleven, have you already heard about oxo-biodegradable plastic bags (d2w™), there were not a big difference between the different age groups. 235 out of all respondents answered no while only 38 answered yes. There was a slightly higher percentage out of the men that had already heard about oxo-biodegradable plastic bags. This is an important question to analyze in order to understand the desire for Switch Pac's products.

In question number twelve, how did oxo-biodegradable plastic (d2w™) come to your knowledge, it's important to know that only 38 respondents have indicated that they have heard about oxo-biodegradable plastic bags which means that the size of the sample changes from 273 to 38 in question 12-14. None of the 38 respondents had heard it from a friend. Most of them had heard it from the newspaper, article or others independent on their age.

In question number thirteen, if you are already aware of oxo-biodegradable plastic bags (d2w™), have you already used them, 28 out of the 38 respondents answered that they had used the oxo-biodegradable plastic bags, which are around 74%. A positive number independent on the age or gender which can mean that awareness of the product will result in usage.

In question fourteen, why did you choose to use oxo-biodegradable plastic bags (d2w™), around 47% (18 respondents) used the oxo-biodegradable plastic bags without even knowing it. 14 out of 38 people used it to act environmental friendly and for six of the respondents the simple reason for the usage was the equal price. However, 13 out of the 18 women respondents answered that they used the bags in order to be more environmental friendly. As already stated, segmentation is another step in order to get into the minds of the customers and one positioning strategy is to link the product or service to a significant source of customer value. However, the low awareness of oxo-biodegradable plastic bags makes it a little bit harder to create a positioning strategy in order to link Switch Pac's products.
From question fifteen, what is your general opinion about environmental friendly/ oxo-biodegradable plastic bags, some of the respondents answered that:

- Environmental friendly/ oxo-biodegradable plastic bags should be obligatory.
- Very good idea to protect the environment
- More marketing is needed to create awareness for environmental friendly/ oxo-biodegradable plastic bags!
- The usage of plastic bags is a minor problem in Sweden. What about bigger problems such as global warming, shortage of resources, air pollution etc.??
- I haven’t heard anything about environmental friendly/ oxo-biodegradable plastic bags before
- Can plastic bags be environmental friendly? What about the production process?

With these answer we can better understand the general idea about oxo-biodegradable plastic bags. Customers’ different preference and product positioning could lead to new opportunities of doing businesses. Switch Pac’s innovated and environmental friendly business could by the market segmentation fulfill its competitive advantage. According to our findings, in order to compete successfully in specific industries, the market has to be identified in order to track specific customer segment and position themselves against competitors and customer groups in order to satisfy current and new customer needs with better products and services.

5.4 PESTEL Analysis

With the PESTEL model as part of our conceptual framework secondary data has been screened to investigate Switch Pac’s business environment in Sweden. The results of the PESTEL are highly important for an efficient market positioning to differentiate them as successful as possible. Switch Pac is an innovative company with positive changes in their macro- and micro-environment all the time which is also a reason to evaluate the PESTEL model in order to identify all of the major changes that could potentially occur.

5.4.1 Political factors

Political factors in the PESTEL analysis has to do with government stability, tax politics, foreign trade politics, and social welfare politics. According to our findings, Sweden is part of the EU-membership and has a strong record on ‘popular movements’ – such as trade union, women’s movement, sports movement in the baggage. These are some strong factors in the questions of democratic and the right of getting “peoples’ voices” heard.

According to our tax politics findings, Switch Pac has to pay corporate taxes (28%) and VAT (25%) need to be calculated on all purchases the company does and needs to be stated on provided quotes of invited offers. Since Switch Pac is presently a two-man company, and both are equal partners, the income tax does not need to be in considered.

Sweden has a free trade policy and is working toward a sustainable development made from fair conditions, growth and employment. That means for Switch Pac that they could do business with other companies abroad very easily (e.g, the Switch Pac has currently business partners in Denmark. The cooperation of companies from different countries can be conducted without obstacles since both countries underlie the EU/ and trade policies).
Even though the bureaucracy is seen as a problematic factor, Switch Pac doesn´t suffer from that because all Swedish companies have to go through the same process when it comes to the establishment of a new business and the regular business process.

In case the business would fail – which is not going to be expected based on the increasing sales – the owners would be intercepting by the Swedish welfare system which guarantees all inhabitants always basic economic security in all stages of life.

5.4.2 Economic factors
The GDP for Sweden has been forecast to decrease from 3.9 to 3.4 for 2008. That means that the national income and the output in are going to decrease this year. The impact for Switch Pac would be that the consumption in the country would decrease and as a result the company could have hard times in finding new business partners/maintain with clients because Switch Pac’s B2B-customers would properly slightly reduce their orderings. Another potential indicator for reduced demand can be the increased inflation rate which occurs in correlation with the decrease of the GDP.

5.4.3 Social factors
Social factors could play an important factor in new trends in for example firm’s growth and firm’s products. The population in Sweden is estimated to be 9,081,100 with an estimation of 64, 53% being in the age range of 15-64 years old. This high middle age percentage is a positive number for businesses. This factor can influence the manager’s decision when calculating the firm’s opportunities and threats when preparing a business strategic plan. The Swedish education is free of charge because of the well based tax system which has result in more students studying the last ten years. Higher education is open for everyone not depended on the social background. Sweden is also in the top ranks of research investments as a percentage of GDP and in the number of published scientific works per capita. This is positive when it comes to understanding business innovation and general environmental awareness.

5.4.4 Technological factors
The technological factors produce new processes in the same time as it can reduce costs, improve quality and lead to innovation which is a result of better technology and according to the ISA Report the Swedish scientific infrastructure is in world-class. The result of the high investment of education in Sweden has lead to innovation and a greater economy. Another indicator that Sweden is always working on new technologies and opens for new developments is the number of patents in force. Intellectual Assets and in special patents play also an important role in economic growth. The fact that Sweden always ranks high when it comes to technological innovativeness and investment in new technologies indicate that the Swedish business environment is ideal for new companies with innovative ideas. Companies like Switch Pac are given the opportunity to establish on the market.

5.4.5 Environmental factors
In Sweden there is a growing interest to protect the environment because of the results of climate, weather changes and the awareness and availability of more environmental friendly products. This category will influence supply and demand in environmental organizations which is also an ongoing happening. Because of these new environmental changes the growing target to protect our environment has lead to a new pattern of demand of creating new occasions and
businesses. Sweden has conducted an Environmental Code and Waste Management Plan in order to be more environmental friendly than before and contribute to the climate and environment changes that occurs worldwide. According to our findings, the Environmental Code contains of 15 acts of general importance and aims to promote sustainable development.

- Human health and the environment are protected against damage, detriment and disturbance
  - Valuable natural and cultural environments are protected and preserved
  - Biodiversity is preserved
  - Land and water are used so that, from ecological, social, cultural and socioeconomic viewpoints, long-term sound management of resources is assured
  - Re-use, recycling and other management of materials, natural resources and energy in line with environmental life cycles are promoted.

Sweden’s waste plan is another goal of sustainable development and an important feature of sustainable waste management with simple models for consumers to use daily in order for the society to be more efficient. According to our findings, the goal for the Swedish industry as well as for the end consumer should be to produce as little waste as possible.

Sweden’s waste plan management and their environmental legislation are the basis for a green business adventure like Switch Pac. The government supports and stresses the importance of being environmental friendly with all means. That means for Switch Pac that their business idea is d’accord with the environmental factors of its business environment.

**5.4.6 Legal factors**

The legal factors is a trend that is connected to the legal environment in which firms operate in order to minimum wages, better work conditions and also recycling nowadays in some countries. Consumer law, competition laws, employment laws and health/safety legislation are some of the categories under this factor.

The Swedish government has conducted a Competition Act which includes prohibitions against restrictive agreements and abuse of dominance, control of concentration, advocacy and support for academic research. Also according to our findings some laws conducted in Sweden have the Act to;

- Eliminate and counteract obstacles to effective competition in the field of production of and trade in goods, services and other products.
- Not apply to agreements between employers and employees relating to wages and other conditions of employment
- Legal person can engage in activities of an economic or commercial nature
- The Government determines which courts and other authorities shall be competition authorities in accordance with the Council Regulation (EC).

According to our findings, the marketing act’s purpose is to promote the interests of consumers and of trade and industry in connection with the marketing of products and to counteract marketing that is unfair to consumers and businessmen. The act applies when a company/businessman is going to market a product/service or is seeking to acquire products as a part of the business. The analysis of the PESTEL model is useful when a company decides to enter its business operations into new markets and new countries. The use of PESTEL helps to break free of unconscious assumptions, and help to effectively adapt to the realities of the new
environment which is important in the legal factors because Sweden will probably not adapt a restriction towards non-environmental plastic bags because of the recycling programs invested in the Swedish societies.
6. CONCLUSION

AIDA
In conclusion in relation towards the AIDA model: attention, interest, desire and action, most respondents’ think that Sweden is dealing with environmental issues properly and environmental products will influence them in the direction of becoming an even greener consumer. Most respondents recycled their garbage in general, which means that the awareness of waste and litter exists among the conducted end consumers’ answer. Most people prefer to use plastic bags and are using them when shopping. The price could influence the respondents’ action but most people are willing to pay a slightly higher price for a more environmental plastic bag. However, most respondents are not aware of environmental plastic bags and certainly not the main difference between the different environmental plastic bags such as the hydro and oxo-biodegradable plastic bags. This means that the interest of becoming a greener consumer exist among the respondents but the awareness of the choices of how to act in a more environmental friendly way is very low. A lot of people prefer to use a plastic bag which is a positive result for Switch Pac’s business. However, Switch Pac has to increase the awareness in order to create an even stronger interest and desire to use the oxo-biodegradable plastic bag. It is hard for people to understand the technical chemical process that is leading plastic waste toward a greener society. An environmental friendly logo and/or brand will create awareness but it is too early for the consumer to differ among the different environmental logos because of not having enough knowledge.

According to our questionnaire we can conclude that Switch Pac is still in the action, interest phase of the AIDA model. Switch Pac could increase consumers’ environmental awareness and interest of their products by education and marketing campaigns. The action step should grab consumers’ attention and interest them in how the product could improve their well-being or contribute to something greater. However, according to our questionnaires, most Swedish people have an interest of dealing with recycling issues properly and environmental products in general. But not many are aware of environmental friendly plastic bags. With this we could conclude that people are interested in the topic but the awareness of how to contribute to a greener environmental are lacking especially when it comes to the difference between environmental plastic bags and normal plastic bags. The desire of the product among the aware customers is relative high even though most of them were not aware they were using oxo-biodegradable plastic bag.

We can also conclude that the lack of knowledge among different kinds of plastic bags also exists between different businesses even thought only two out of the ten collected businesses agreed to be interviewed.

STP
According to our STP model: segmenting, targeting, positioning, the people that used an oxo-biodegradable plastic bag did not certainly know that they were using one. A slightly more percentage among the women said that they used the oxo-biodegradable plastic bag in order to be more environmental friendly. However, does this mean that women are more aware of environmental friendly products, such as oxo-biodegradable plastic bags? We would conclude that it is hard to say because of the low sample size that had used oxo-biodegradable plastic bags and because of the high percentage answered that environmental products would influence their purchase decision.
Some of the question Switch Pac has to ask their customers are if the product is viable, measurable and how to make a profit from it. According to the STP model Switch Pac has to increase the overall awareness with the right segment and target group. Age, occupation and gender are all important factors when analyzing a segment group.

Because of the high respondents group that had never heard about oxo-biodegradable plastic bags we found it hard to conclude which one that is the most important factor based on our questionnaire. Most people are using plastic bags when they are doing their groceries and shopping independent on age, occupation and gender. Based on our questionnaires we conclude that age and gender don’t have a significant purchase decision among these kinds of products. Instead a more important purchase decision would be based on the situation itself or based on knowledge.

In regards to our questionnaire, the price of a plastic bag does influence most of the conducted replies of consumers’ purchase decision independent on the age, gender and occupation. However, most people said that they were willing to pay a slightly higher price for an environmental plastic bag.

The very low collected sample size that were actually aware of different kinds of environmental plastic bags and oxo-biodegradable in specific, were in the in the age of 21-29 years old, a slightly higher percentage women and most of them heard about the products from newspaper and articles. However, in regards to the very low aware sample size we conclude that Switch Pac should follow the first three steps in the AIDA model in order to easier segment their customers group when analyzing the potential of Switch Pac’s products on the Swedish market.

PESTEL
Based on our framework PESTEL: political, economic, social, technology, environmental and legal issues, it is of importance that Switch Pac constantly is looking over its firm and organization in order to decide which factors that are most likely to change and which ones that are most likely to be the key factors inside the business. According to PESTEL’s environmental element, there is a growing interest to protect the environment in Sweden and the awareness and availability of more environmental friendly products are increasing among the Swedish population. Because of the new environmental changes occurring in Sweden, the growing target to protect our environment has lead to a new pattern of demand and of creating new occasions and businesses. The result of the positive top ranking in Sweden in the field of research investments as a percentage of GDP and business innovation and a general environmental awareness could influence Switch Pac in a positive way. The fact that Sweden is also high in new technologies and business environment innovations are positive factors for Switch Pac when getting more established on the Swedish market.

The free education system is a result of greater business innovation and a greater economy on the Swedish market. There is also a growing interest to protect the environment because of the results of climate, weather changes and the awareness and availability of more environmental friendly products which will benefit Switch Pac in a positive way. The conducted Environmental Code and Waste Management Plan in order to be more environmental friendly in order to create an environmental sustainable development in Sweden are of huge advantage for Switch Pac and the environmental plastic bag industry itself. Sweden’s waste plan is another goal of
sustainable development and a model for consumers to use daily and for the society to be more efficient which Switch Pac could easily be seen as being a part of.

Based on the findings, analyzing and conclusion of these three models, Switch Pac has a large potential to increase its business of oxo-biodegradable plastic bags following the steps in the AIDA model in order to target the preferable segment group.
7. RECOMMENDATIONS

Previously the macro- and microenvironment of Switch Pac has been evaluated and analyzed and customers surveys have been conducted in order to find out the potential of the company’s oxo-biodegradable plastic bags on the Swedish market by capitalize on green attitudes and behavior. After the analysis of the findings, the following recommendations should be taken into consideration to market Switch Pac’s products more efficiently and successively increasing the demand.

7.1 Targeting
The segmentation progress of the research identified that most of the end consumers stated that they are using plastic bags when they are shopping. This means that the target group needs to be in the focus when it comes to shopping bags in order to create awareness. Even though, most of the survey respondents states that they are using plastic bags, Switch Pac need to focus on a target group in order to optimize business. According to the analysis, Switch Pac should target the following group because mostly recited in those groups:
- 21 – 29 years
- 30 – 39 years
- 40 – 49 years

These target groups are aware of environmental issues in general and therefore are willing to pay a slightly higher price for oxo-biodegradable plastic bags. Furthermore, people belonging to this target groups have already used the d2w™ plastic bags.

According to the analysis, Switch Pac should position its products in supermarkets and stores because the most potential customers agreed that they are using plastic bags when they are shopping and doing their groceries. Since the product positioning is related back to the customer-based perspective of the product, the positioning needs to match the target group and Switch Pac should target supermarkets and stores in Sweden. However, for the target groups, appropriate shops should be selected in order to reach the different target groups individually which could be depending on the age group and the messages on the bag.

7.2 Positioning
The positioning of the d2w™ plastic bags is a crucial step to generate an identity/image in the mind of consumers and the design of an appropriate marketing mix to communicate the positioning. Since the questionnaire showed that the potential target group is not aware of environmental friendly plastic bags in general and d2w™ plastic bags in specific the positioning strategy is totally new for Switch Pac. We recommend Switch Pac to use the following marketing mix strategy to position its product in consumers mind and as a result to increase the demand of the d2w™ plastic bags:

**Product**
The product (d2w™ plastic bags) itself and the company have at the moment the so called “first mover advantage” in Sweden. Therefore, Switch Pac needs to employ the moment and position their oxo-biodegradable plastic bags as the first one in the consumers mind. Furthermore, since
the market trend can change quickly and other companies keep up path, Switch Pac needs to keep their eyes open and develop continually new products (in cooperation with Symphony Plastics) to be always one step ahead. The design of the plastic bag itself is very important. Overall, Switch Pac has two options when it comes to the design.

1. The bags can either have a catchy message from the company (or the company the bags have been produced for)
2. or the bags should have the d2W trademark in large-scale in order to create awareness of the trademark itself and additionally for the customers image, because with this the customers shows the message to its fellow citizens' that he/she is acting environmental friendly.

We recommend Switch Pac to focus on the second option. As mentioned beforehand, the d2w™ trademark is not yet fully known by the public and not by the target group in result of our questionnaire and therefore Switch Pac should create brand awareness. Brands are easier to be remembered by customers than the products itself. To achieve brand awareness, the remaining parts of the marketing mix should be designed as followed:

**Price**
The price of plastic bags is dependable on the sales figures, means the demand of the plastic bags needs to be increased to lower the production costs and afterwards to lower the price for the bags. The price of the oxo-biodegradable plastic bags should be adjusted with the price of conventional plastic bags in the future.

**Place**
The B2B interviews showed that the one of the two clients is already using environmental friendly plastic bags, even though not d2w™ plastic bags at the moment. Switch Pac should extend its B2B-customer network to improve its sales and thereby reach more end-consumers. To reach the pointed out target group, we recommend that Switch Pac should get in contact and figure out a cooperation with supermarkets and furthermore with department stores.

**Promotion**
For future business development, Switch Pac should market its products in an effective way. To reach more B2B customers the first step is to create awareness of the d2w™ plastic bags through different marketing activities. According to the findings, the customers have been reached through different marketing channels. We recommend that Switch Pac should use the following elements of the promotional mix

- **Newspapers & magazines**
The advertising of the oxo-biodegradable plastic bags could be done in two different ways. Only the logo can be promoted in order to create an interest and awareness of the products, furthermore, articles can be published. The articles should explain the reader the differences between conventional plastic bags and environmental friendly plastic bags and furthermore the pros and cons of the different environmental friendly bags and especially pointing out the benefits of the d2w™ plastic bags.

- **Internet**
The internet is nowadays a very good platform for SME’s businesses like Switch Pac because of the minimum investment that needs to be made and the maximum potential outcome. Through the internet Switch Pac could reach its target groups among the end
consumers and additionally also extend its B2B-customers network. We recommend the following ways in e-marketing:

- **E-Mail Marketing**
  Both, end consumers and potential B2B customers should be target through E-mails. These E-Mails should be created according to the target group which means a creative way such as catching messages and pictures.

- **Website**
  The company’s webpage should always be up to date. New published articles should be posted and the potential customers should be educated what d2w™ is about. In other words, the customers need to be educated and the benefits need to be pointed out.

- **Links on related web pages**
  Switch Pac should have links on certain homepages for examples on the homepages of present business partners, organizations/institutions which deal with environmental issues in Sweden and companies in general that deal with environmental friendly products/services.

- **(In Store) Promotion**
  Other ways of reaching new customers are in store promotions and promotions in general. To organize a promotional event, Switch Pac could work together with one of its current clients that match the investigated target groups in order to be more beneficial. Through in store promotion the company can explain and demonstrate the differences between conventional and oxo-biodegradable plastic bags. For example, Switch Pac could organize a “blind testing”. Here the customers have to touch and explore the different kinds of plastic bags while their eyes are covered. The customer might be surprised that they cannot tell a difference. Additionally it could be demonstrated that the environmental plastic bags are of the same or even better quality.

- **Sponsoring**
  Switch Pac should sponsor different events in order to reach their target groups. When it comes to sponsoring it needs to be considered that Switch Pac is presently a rather small company with limited human and financial resources. Furthermore, the events should be connected with environmentalism or other environmental friendly products. Therefore, potential events need to be evaluated and analyzed in depth to guarantee a successful promotional event and increased demand afterwards.

- **Free samples**
  Target groups are always good to target through free samples. These free samples could be handed out during the above mentioned, in-store promotion or during sponsor events. Furthermore, Switch Pac could hand out a “beginner’s kit”. This kit could consist of a little oxo-biodegradable plastic bags supplies, for example:

  - A (post) card with brief information about d2w™ and how non-degradable plastic bags are influencing the environment
  - 2-3 examples of other d2w™ plastic bag formats
  - Switch Pac’s business card
7.3 Overall
The PESTEL model is useful when a company decides to enter its business operations into new markets. The help of this model a company can break free of unconscious assumptions and help to effectively adapt to the realities of the environment which is especially important when it comes to legal factors. Therefore we recommend that the business environment needs to be screened on a regular basis. The screening can be support and constructed with special PESTEL-Analysis software which could be purchased at a moderate price.

Additionally, Switch Pac should continue with the conduction of surveys to investigate consumer’s perception of their products and to investigate potential market changes in time to be able to react proactive to these changes.
8. REFERENCE LIST

8.1 Books


8.2 Electronic Sources


Knowledge at Wharton 2007, Its not easy going green; Environmentalism may help your corporate image, but will it keep you in the black? 7 February. Retrieved May 2, 2008, from http://64.233.183.104/search?q=cache:PlHI0FuHdYEJ:knowledge.wharton.upenn.edu/createpdf.cfm%3Farticled%3D1653%26CFID%3D591340%26CFTOKEN%3D98420287+%EF%82%A7+American+Marketing+Associations,+Its+not+easy+going+green%3B+Environmentalism+may+help+your+corporate+image,+but+will+it+keep+you+in+the+black+%3F&hl=sv&ct=clnk&cd=2&gl=se


CB.ppt A study of individuals, groups, or organizational and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society


- Västerås, Retrieved June 9, 2008 from http://sv.wikipedia.org/wiki/V%C3%A4ster%C3%A5s


8.3 Pictures


9. APPENDIX

I. Questionnaire

To the reader,

We are two graduate students of the Mälardalen International Master Academy, Västerås and conducting our Master Thesis focusing on strategic marketing and market segmentation of environmental attitude towards biodegradable plastic bags. The Master Thesis is going to be written for a Swedish company in Stockholm called “Switch Pac”. This company deals with oxo-biodegradable plastic bags in Sweden and in this context we would like to get some more information about your opinion about plastic bags and the environment.

We would appreciate it if you take some of your valuable time (~ 3 min) to answer our questionnaire. Your particulars will be treated confidentially and will only be used for the research of our Master Thesis.

If you have any further questions, opinions etc. please don’t hesitate to contact us and please send your completed questionnaire to the following address:

abg05001@student.MDH.se
aco07001@student.MDH.se

Thanks for your support,
Andrea & Anna
QUESTIONNAIRE

ENVIRONMENTAL AWARENESS

**Instruction**: Please mark X into ☐ for the answer that most reflects your shopping habits. More than one answer is possible.

1. *Do you think that Sweden is dealing with environmental recycling issues properly?*
   - [ ] Yes
   - [ ] No

2. *In general, are environmental friendly products influencing your purchase behavior?*
   - [ ] Yes
   - [ ] No

3. *Do you recycle your garbage in general?*
   - [ ] Yes
   - [ ] No
   - [ ] Sometimes

4. *I am using plastic bags ....*
   - [ ] when I am doing my groceries
   - [ ] when I am shopping
   - [ ] to store products
   - [ ] for my dog’s poo
   - [ ] for refreezing eatables
   - [ ] Other:

5. *What kind of shopping bag do you prefer?*
   - [ ] Plastic bag
   - [ ] Paper bag
   - [ ] Textile bag
   - [ ] Shopping basket
   - [ ] Shopping box
   - [ ] Other:

6. *What do you think is the average price for a plastic bag in a store?*
   - [ ] 1 SEK
   - [ ] 1.5 SEK
   - [ ] 2 SEK
   - [ ] 3 SEK
   - [ ] Other:

7. *Does the price of a plastic bag influence your purchase decision pro/ contra the plastic bag?*
   - [ ] Yes
   - [ ] No
8. If a store is offering both “normal” and “environmental friendly” plastic bags, are you willing to pay a slightly higher price (~ 20öre – 50öre) for the “environmental friendly” bags?
☐ Yes
☐ No

9. Are you aware of “environmental friendly” plastic bags in general (made of crops, “hydro-bio”, d2w™ “oxo-bio” etc)?
☐ Yes
☐ No

10. Which type of the “environmental friendly” plastic bags do you prefer?
☐ made of crops
☐ hydro-bio
☐ d2w™ “oxo-bio
☐ none

11. Have you already heard about biodegradable plastic bags (d2w™)?
☐ Yes
☐ No

Note: If you have answered this question with NO please go directly to question 15!

12. How did the biodegradable plastic bags (d2w™) come to your knowledge?
☐ A friend recommended them
☐ Radio
☐ Newspaper
☐ Editorial, articles in magazines
☐ TV
☐ Billboard
☐ Flyer, handout, brochure, leaflet
☐ Other: __________________________

13. If you are already aware of biodegradable plastic bags (d2w™), have you already used them?
☐ Yes
☐ No

14. Why did you choose to use oxo-biodegradable plastic bags (d2w™)?
☐ To be environmental friendly
☐ I preferred the design
☐ I actually used it without knowing before
☐ The price was equal to the “normal” plastic bags
☐ Other reason: __________________________

15. What is your general opinion about environmental friendly /oxo-biodegradable plastic bags?
____________________________________________________________________________________
**TRUE or FALSE ???**

**Instruction:** Below you will find some statements concerning environmental friendly/oxo-biodegradable plastic bags. Please decide if the statements are true or false and mark the appropriate box with an X.

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>TRUE</th>
<th>FALSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastics can take up to 400 years to break down. Almost all the plastics ever made can still be found somewhere.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dimension of the plastic waste in the ocean: Every square mile of ocean contains around 4.600 pieces of floating plastic.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The price for oxo-degradable plastic bags is twice as high as for &quot;normal&quot; plastic bags.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The timeline for biodegradable plastic bags can vary between 1 month and 5-6 years.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d2w™ indicates that a plastic bag is produced of crops.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The plastic bag production from crops is 2,5 times more expensive than as the production process for oxo-degradable plastic bags!</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CHARACTERISTICS OF THE RESPONDENT**

**Instruction:** Please mark X into ☐ for the best answer related to your background.

1. **Gender**
   - ☐ Female
   - ☐ Male

2. **Age**
   - ☐ 15-20 years old
   - ☐ 21-29 years old
   - ☐ 30-39 years old
   - ☐ 40-49 years old
   - ☐ 50-59 years old
   - ☐ 60 +

3. **Occupation**
   - ☐ Student
   - ☐ Employed
   - ☐ Unemployed
4. **Family status**
- [ ] Single (with children)
- [ ] Single (children who moved out)
- [ ] Single (without children)

- [ ] Married/ life partner (with children)
- [ ] Married/ life partner (children who moved out)
- [ ] Married/ life partner (without children)

- [ ] Divorced (with children)
- [ ] Divorced (children who moved out)
- [ ] Divorced (without children)

5. **Place of residence (city & län)**

6. **Household income per month**
- [ ] less than 15,000 SEK
- [ ] 15,000 - 20000 SEK
- [ ] 20,000 – 26000 SEK
- [ ] 26,000 – 3000 SEK
- [ ] more than 30,000 SEK
- [ ] not specified
II. Questionnaire B2B customer

**QUESTIONNAIRE**

**Confidential Agreement**

☐ I agree, that the companies name can be published in the master thesis*
  (*please note that the thesis will not be given to third parties)

☐ The particulars are anonymous. It is strictly forbidden to publish the company's name directly.

**Instruction:** The answer-box is active. Please click at the spot and type in your answer.

1. *In Sweden, how many customers shop in your stores overall?*

   Daily
   Monthly
   Yearly
   Not specified

2. *Do you use plastic bags to hand out the sold goods to your customer?*

   ☐ Yes
   ☐ No
   ☐ Not specified

3. *Overall, how many plastic bags do you give out in Sweden?*

   Daily
   Monthly
   Yearly
   Not specified

4. *What is the wholesale price for one plastic bag?*

   kr

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5. Do you charge the customer for a plastic bag?
   - Yes
   - No
   - Not specified

6. Do you sell the plastic bags with profit?
   - Yes [ ] kr
   - No
   - Not specified

7. What kind of bags do you sell/give out in general?
   - Plastic bag
   - Paper bag
   - Textile bag
   - Other: [ ]

8. Are aware of environmental friendly plastic bags?
   - Yes
   - No
   - Not specified

9. Do you use the following degradable plastic bags in your stores in Sweden? (multiple answers possible!)
   - regular plastic bags
   - made of crops
   - hydro-bio
   - d2w™ “oxo-bio
   - not specified

Thank you for your support!!

Andrea Brüning & Anna Curtolo
III. Interview Guide (Sanyue)

Company information
- What was the name of the company?
- When was the company founded?
- Where was the company located?
- What was the main business focus?
- How many people worked for that company?
- What was the profession of the entrepreneur?

Business idea
- When did the entrepreneur come up with the new business idea?
- Why did the entrepreneur come up the idea (gain more profit, saw the trend for environmental products etc.)?
- Why was China chosen as a potential market?
- Have there been other potential markets (in Europe, South/North America)?
- How long have the plastic bags been on the Chinese market?
- Target Group?
- What was the hardest in this industry
- Why do you think the business went bankruptcy
- Do you think the business would be more successful today

Product information
- What kind of biodegradable plastic bags did the company use?
- Where did they produce the biodegradable plastic bags?
- How long was the timeline of the degradation process?
- What was the price for a biodegradable plastic bag?

Marketing
- Product
  - Brand name
  - Functionality
  - Styling
  - Quality
- Price
  - Pricing strategy
  - Retail price/ purchasing price
- Place (distribution)
  - Distribution channels
  - Specific channel members
  - Warehousing
  - Transportation
  - Order processing
- Promotion
  - Advertising
  - PR/ sales promotion
  - Marketing budget
The Swedish market

- What do you think about the Swedish market regarding biodegradable plastic bags?
- Do you think Sweden is a successful market for this kind of business?
- Do you have any recommendations for Switch Pac or for us?
- What kind of channels do you prefer to market these kinds of products?
- What kind of companies do you think we should look into in order to find more B2B customers?
- Where in the world do you think this kind of business would be successful?