A SUSTAINABLE FEATURE

A study on the relationship between brand loyalty and environmental sustainability

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1. Executive Summary

The purpose of this research was to answer the central question "How can environmental sustainability improve brand loyalty in the Fast-Moving Consumer Goods market?". To be able to answer this central question, three sub-questions have been formulated and answered:

1. How could environmental sustainability be applied to Fast-Moving Consumer Goods?
2. How could Fast-Moving Consumer Goods companies create awareness about environmental sustainability?
3. How to build brand loyalty in the FMCG market?

These sub-questions were answered by using a combination of academic and non-academic literature, field- and desk-research. Field research was conducted via a questionnaire, that received 205 responses. Since this number of responses is not enough to accurately represent the Dutch population above the age of 18, the small sample size is considered a limitation. In spite of this limitation, this study revealed some valuable insights.

The research has shown that applying the Elements of Green Marketing to intrinsic cues of a product, is a relatively better method for FMCG companies to apply environmental sustainability to their products than applying the Elements of Green marketing to extrinsic cues. Furthermore, when FMCG companies communicate their environmental sustainability, they influence the consumer via either the central or the peripheral route of the Elaboration Likelihood Model. Both routes can create awareness of environmental sustainability among consumers and leads to an increase of the perception of quality. Finally, to build or improve brand loyalty in the FMCG market, companies should focus on what attracts the consumer to buy a product. Companies can do so by focusing on the consumers’ perception of quality and emphasizing the emotional payoff from the Grey Benefit Chain. If companies emphasize the emotional payoff from their products, the emotional payoff can contribute to improving brand loyalty.

To conclude this research, Fast-Moving Consumer Goods companies can apply the Elements of Green Marketing to the intrinsic cues of a product but must communicate the environmental sustainability of the product to create awareness among consumers. When the consumer’s perception of environmental sustainability increases, increasing the consumers’ perceptions of quality and a more significant emotional payoff of the product. Finally, brand loyalty is improved by environmental sustainability as a result of the increased perceptions of quality and a greater emotional payoff.
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2. Introduction

About 8 million tons of plastics leak into the ocean each year, which is comparable to “dumping the contents of one garbage truck into the ocean every minute”, according to Ellen MacArthur Foundation, a non-profit organization that aims to accelerate the transition to a circular economy by the year 2050 (World Economic Forum, Ellen MacArthur Foundation and McKinsey & Company, 2016, p. 17) (Ellen MacArthur Foundation, sd). On February 1st of 2018, the city of Cape Town implemented level b6 water restrictions. This restriction requires citizens to drop their water use below 50 l per person, per day (City of Cape Town, sd). The reason for these water restrictions is that the city of Cape Town is quickly coming closer to what they call “Day Zero”. According to the New York Times, officials predicted that Cape Town would run out of drinking water by July of 2018, forcing its residents to queue at collection points to receive some water (Pérez-Peña, 2018). Globally, about four billion people are confronted with water scarcity, as reported by Dutch newspaper “de Volkskrant” (Speksnijder, 2016). The plastic problem and water scarcity are just two examples of the environmental issues that the world is confronted with.

The world needs our help. As our planet is facing detrimental environmental issues, the time to take action has come. For example, plastics play a pivotal role in our economy, which can be seen in the recent surge in the production of plastics: over the past 50 years, plastics production has grown exponentially, from 15 million tonnes in 1964 to 311 million tonnes in 2014. As plastics have come to serve a continuously increasing number of purposes, the 311 million tonnes are expected to be doubled by 2020. One of the main purposes that plastics serve is product packaging, which accounts for 26% of the total volume of plastics used (World Economic Forum, Ellen MacArthur Foundation and McKinsey & Company, 2016, p. 17). A significant amount of this product packaging is accounted for by the Fast-Moving Consumer Goods industry.

Fast-Moving Consumer Goods (FMCG) are products that are frequently bought and usually have a short shelf life, hence the term “fast-moving”. There is no specific FMCG product category, as it comprises of segments such as food and beverages, cosmetics, household products, and over-the-counter medicine (PR Newswire, 2016). According to Consumer Goods Technology, a company which provides solution and service in the consumer goods industry, the highly competitive FMCG market is struggling, as almost one-third of the world’s leading FMCG companies suffered sales declines in 2016 (CGT Staff, 2017). A customers’ choice for a specific FMCG brand or product is usually made based on brand loyalty. In a time where competition is fierce, an increase in brand loyalty could make the difference between a decline or
a growth in sales. The current environmental issues could also present valuable opportunities to FMCG companies, as environmental sustainability could improve their brand loyalty, as it improves their reputation and drives innovation. Moreover, according to the Business & Sustainable Development Commission, if companies achieve the Global Goals for Sustainable Development, at least $12 trillion in opportunities will be created (Business & Sustainable Development Commission, 2017, pp. 11-12).

This research aims to examine the relationship between brand loyalty and environmental sustainability in the FMCG market, by answering the following central question:

**How can environmental sustainability improve brand loyalty in the Fast-Moving Consumer Goods market?**

The central question will be answered by answering the following sub-questions:

1. How could environmental sustainability be applied to FMCG?
2. How could FMCG brands promote their environmental sustainability?
3. How to build brand loyalty in the FMCG market?

This research is divided into five chapters: Theoretical Framework, Methodology, Results, Analysis, and Conclusion and Recommendation. The Theoretical Framework summarizes and outlines all of the applied theories and models originating from the academic and non-academic sources that have been consulted. The Methodology chapter describes how the research was done and provides a justification for the choice of research methods. In the Results chapter, the theory and models from the Theoretical Framework, as well as the results from the questionnaire, are used to answer the sub-questions. Subsequently, the Analysis chapter will compare, contrast and interpret the formulated answers from the sub-questions, to eventually draw a conclusion and give a recommendation in the chapter Conclusion and Recommendation. Finally, in the appendix, one can find a table of figures, a table of tables, the Student Ethics Form, the questionnaire in English and the results of the questionnaire per question.
3. Theoretical Framework

The main aim of this study is to research if and how environmental sustainability could improve brand loyalty in the Fast Moving Consumer Goods market. This chapter will cover the theory of the main concepts being, brand loyalty, Fast Moving Consumer Goods, perceived quality and environmental sustainability.


A commonly used tool and method to improve customer relationships is Customer Relationship Management. According to the book Marketing: An Introduction’, written by Gary Armstrong, award-winning professor at the Kenan-Flagler Business School at the University of North Carolina, and Philip Kotler, one of the world’s leading authorities on marketing, customer relationship management is “the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping, and growing customers” (Armstrong & Kotler, 2013, p. 41). Armstrong and Kotler also provide a simple model of the marketing process, as shown in figure 1.

![Diagram showing the marketing process model](image)

**Figure 1: a simple model of the marketing process [Armstrong & Kotler, 2013]**

The article “Relationships in fast moving consumer goods markets – the consumers’ perspective”, written by Rose Leahy, who works for the Department of Management and Marketing at the Cork Institute
of Technology. For this article, Leahy conducted research among consumers in FMCG markets to gauge their “attitude towards the existence and development of relationships in FMCG markets” (Leahy, 2011). The respondents’ attitudes fell into four main categories:

1. Negative reactions and subsequent negative attitudes;
2. The absence of personal content;
3. The communications gap; and

The findings of the research indicate that relationships marketing in FMCG markets is often received with much dislike and frustration because it tends to be impersonal, irrelevant and too time-consuming for the consumer to interact with a company. What is important to note is that consumers have become sceptic of attempts of building a relationship because they are aware that the company does not personally know or care for them. In addition to this, the research also showed that while consumers want to satisfy their need or want with a product, they do not expect companies to be concerned about them at an individual level (Leahy, 2011). In the conclusion of the article, Leahy states that “the research has found no evidence to support the contention that relationships can develop between companies and consumers in FMCG markets.” (Leahy, 2011) based on this finding, she suggests that “management should, instead of endeavoring to build relationships, focus on the reasons why consumers purchase their brands, and attempt to build loyalty to those brands by building and strengthening the brand values that are attractive to consumers.” Based on the rather positive attitudes that the respondents had toward brands, Leahy states that “further research is required to explore the reasons for brand choice and brand loyalty” (Leahy, 2011).

In sum, when trying to build relationships and brand loyalty in the FMCG market, one must focus on the reasons why the consumer would choose to purchase the products, rather than focusing on a “personal” relationship. Reasons for consumers to choose brands could be brand values, quality of the product, the price of the product or environmental sustainability for example. Instead of engaging personally with the consumer, emphasize what differentiates the specific product and the reasons why consumers choose the particular product to improve customer relationships and eventually brand loyalty.
3.2. Brand loyalty

In the research paper "How does brand innovativeness affect brand loyalty?", authors Ravi Pappu, from the University of Queensland Business School, and Pascale G. Quester, from the Adelaide Business School, aimed to examine how consumers’ perceptions of innovativeness affect consumer brand loyalty (Pappu & Quester, 2016). Brand loyalty has been defined as “a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future”, and brand innovativeness refers to the “degree to which consumers perceive a brand to be innovative” (Pappu & Quester, 2016). The article explains that previous research has shown that the consumers positive perception of brand innovativeness has a positive effect on their loyalty towards brands. However, it remains unclear why brand innovativeness has a positive impact towards customer loyalty, as previous innovativeness-loyalty studies all showed mixed findings. Pappu and Quester argue that the reason for these mixed findings is because the role of perceived quality has been heavily overlooked (Pappu & Quester, 2016).

3.2.1. Brand innovativeness – Perceived Quality – Brand loyalty model

“It is important to understand how consumers’ perceptions of innovativeness of a brand may affect their loyalty toward the brand. As explained before, brand loyalty is defined as “a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future”, and brand innovativeness refers to the “degree to which consumers perceive a brand to be innovative” (Pappu & Quester, 2016). Brand innovativeness and environmental sustainability are similar, but not the same: environmental sustainability means that the product has a positive impact on the environment, whereas brand innovativeness relates to the perception of consumers of a brands’ environmental sustainability. Much uncertainty still exists about the relationship between brand innovativeness and brand loyalty. Based on the several theoretical perspectives such as the exchange theory (Eisingerich & Rubera, 2010), cue utilization theory (Kunz, Schmitt, & Meyer, 2011) and signaling theory (Henard & Dacin, 2010), it is found that, in general, "consumers’ perceptions of brand innovativeness positively affect their loyalty toward the brand" (Pappu & Quester, 2016). The article also indicated that "the impact of innovativeness is transmitted to consumer-brand loyalty via quality-related information explicitly conveyed by the brand" (Pappu & Quester, 2016). It is important to note that brand innovativeness is different from novelty, as novelty “refers to the degree to which a user perceives an innovation to be a new and exciting alternative to an existing product” (Wells, Campbell, Valacich, & Featherman, 2010). When a brand is novel, and its creative efforts have market impact, consumers are more likely to view the brand as innovative. Even though novelty is considered one of the critical aspects of innovativeness, innovativeness has been
regarded as a capability to generate novelty products and therefore makes novelty a necessary but not sufficient condition for innovativeness (Pappu & Quester, 2016).

In the article, Pappu and Quester make the hypothesis: “Perceived quality mediates the positive relationship between brand innovativeness and brand loyalty”, which is visualized below in figure 2.

![Diagram](image)

**Note:** the dotted line indicates that the path was not statistically significant

**Figure 2:** Hypothesis: “Perceived quality mediates the positive relationship between brand innovativeness and brand loyalty” [Pappu & Quester, 2016]

Pappu & Quester (2016) argue that “brand innovativeness acts as a signal which positively influences consumer perceptions of the quality of the brand”. Previous extensive marketing research has shown that the perceptions of quality positively influence consumer brand loyalty. Accordingly, it is concluded that “perceptions of quality must transmit the impact of innovativeness on consumer intentions to stay loyal to the brand”. Even though the nature of the relationship between innovativeness and quality remains unclear, brand innovativeness can act as a heuristic and can indicate quality to consumers, especially when consumers experience difficulty evaluating the quality of products accurately, which is often the case for most new products [Pappu & Quester, 2016].
3.2.2. Consumer perceptions of quality and Grey Benefit Chain

Since perceived quality is essential for creating brand loyalty, this concept will be explained in more detail. In her article 'Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence', Valarie A. Zeithaml aims to answer the following questions: “what do consumers mean by quality and value? How are perceptions of quality and value formed? Are they similar across consumers and products? How do consumers relate quality, price, and value in their deliberations about products and services?” (Zeithaml, 1988). She defines perceived quality as “the consumer’s judgment about a product’s overall excellence or superiority.” In addition to this, “perceived quality is [1] different from objective or actual quality, [2] a higher level abstraction rather than a specific attribute of a product, [3] a global assessment that in some cases resembles attitude, and [4] a judgement usually made within a consumer’s evoked set [Zeithaml, 1988]. For this research, points one, two and four will be discussed below. Point three, a global assessment that in some cases resembles attitude, will not be used for this research as this theory is less relevant to the current study than the other approaches Zeithaml has linked to perceived quality.

1. Objective quality vs. perceived quality

Objective quality “refers to measurable and verifiable superiority on some predetermined ideal standard or standards”. However, researchers and experts do not agree on what the ideal standards should be, and some even argue that objective quality does not exist, as all quality evaluations are subjective. The term “objective quality” is related closely to other concepts used to describe technical superiority of a product. For example, Garvin (1983) used product-based quality and manufacturing-based quality. “Product-based quality refers to amounts of specific attributes or ingredients of a product. Manufacturing-based quality involves conformance to manufacturing specifications or service standards.” However, these concepts are different from objective quality because they are based on perceptions. (Zeithaml, 1988).

2. Higher level abstraction rather than an attribute

The means-end approach to understanding consumers’ cognitive structure argues holds that the memory keeps product information at several levels of abstraction. “The simplest level is a product attribute; the most complex level is the value or payoff to the consumer” (Zeithaml, 1988). Young and Feigen illustrated this view in the “Grey benefit Chain”, as pictured in figure 3. The Grey benefit chain illustrates how a product is linked through a chain of benefits to a concept called “the emotional payoff” (Young & Feigen, 1975) (Zeithaml, 1988).
Figure 3: Grey Benefit Chain (Young & Feigen, 1975)

In his book “Intellectual Property Management”, author Klaus Jennewein further explains how the Benefit Chain incorporates functional, practical and psychological benefits that “consumers derive of a certain product or service offering” (Jennewein, 2005). As demonstrated in figure 3, “the product or service that offers some unique functional benefits represents the starting point of any customer benefit. Building on these functional benefits, customers can reap some practical benefits which again generate an emotional or psychological payoff which is closely related to the customers’ perception of the associated brand” (Jennewein, 2005, pp. 235-236). The Grey Benefit Chain links to perceived quality and brand loyalty as the Emotional Payoff represents the ultimate benefit consumers experience from the given product. This benefit is what differentiates the product from alternative products and one of the main reasons for the consumers to re-purchase a certain product.

4. Judgment made within consumer’s evoked set

Assessment of quality usually occurs in a context of comparison. Maynes argued that quality evaluations are made based “on the set of goods which ... would in the consumer’s judgment serve the same general purpose for some maximum outlay.” (Maynes, 1976). Depending on its relative excellence or superiority, a product is evaluated as high or low quality in comparison to products that are viewed by the consumer as substitutes. It is critical to note that the specific products used to compare, depend on the consumer’s, not the firm’s, selection of competing products.

Characteristics that signal quality have been identified as intrinsic and extrinsic cues. Intrinsic cues analyze the physical composition of a product. The intrinsic cues of a product cannot be changed without changing the nature of the product itself and are consumed as the product as the product is consumed. Extrinsic cues, on the other hand, are product-related but not part of the product itself. Examples of price, brand name, and level of advertising are examples of extrinsic cues to quality (Zeithaml, 1988). An overview of when consumers depend more on intrinsic attributes than extrinsic attributes is given in table 1.
Table 1: An overview of when consumers are more dependent on intrinsic or extrinsic attributes (Zeithaml, 1988)

<table>
<thead>
<tr>
<th>Consumers depend on intrinsic attributes more than extrinsic attributes</th>
<th>Consumers depend on extrinsic attributes more than intrinsic attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>- “At the point of consumption;</td>
<td>- “In initial purchase situations when intrinsic cues are not available;</td>
</tr>
<tr>
<td>- In pre-purchase situations when intrinsic attributes are search attributes (rather than experience attributes); and</td>
<td>- When evaluation of intrinsic cues requires more effort and time than the consumer perceives is worthwhile; and</td>
</tr>
<tr>
<td>- When the intrinsic attributes have high predictive value.”</td>
<td>- When quality is difficult to evaluate (experience and credence goods).”</td>
</tr>
</tbody>
</table>

To conclude this section, the literature identifies that brand innovativeness affects brand loyalty through perceived quality. Previous research has shown that brand innovativeness has a positive effect on brand loyalty but the cause of this remains unclear. Therefore, Pappu & Quester argued that brand innovativeness affects brand loyalty positively through perceived quality, as brand innovativeness has a positive effect on the consumers’ quality perception of the brand and thus improves brand loyalty. However, Pappu & Quester emphasize the importance of expressing the impact of the brands’ innovativeness since brand innovativeness will only positively affect perceived quality, thus brand loyalty, if the consumer is aware of the innovativeness. Furthermore, Zeithaml highlights the difference between objective and perceived quality and the importance of the different levels of abstraction where the consumer keeps product information. The most complex level is the emotional payoff, which is illustrated in the Grey Benefit Chain from Young & Feigen. Additionally, she identifies the characteristics that signal quality to consumers as intrinsic and extrinsic cues.
3.3. Environmental Sustainability

In the year 1987, the World Commission on Environment and Development released the Brundtland Report, also known as “Our Common Future”. This report strongly influenced the Earth Summit in Rio de Janeiro, Brazil in 1992, and the third UN Conference on Environment and Development in Johannesburg, South Africa in 2002. In addition to this, the Brundtland report is especially famous because it introduced the term “sustainable development”. According to the Brundtland Report, sustainable development is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (the Brundtland Commission, 1987). Since the Brundtland Report, the term sustainability has been frequently used and in many areas. However, this report focuses on the environmental area of sustainability, which is described as “developing strategies and practices that create a world economy that the planet can support indefinitely”, by Armstrong & Kotler (Armstrong & Kotler, 2013).

In the book “Business Essentials”, authors Ronald J. Ebert, Emeritus Professor at the University of Missouri-Columbia, and Ricky Griffin, Head of the Department of Management at Mays Business School, argue that the most significant challenge for businesses and governments concerning the environment is finding solutions for pollution. According to the Gale Encyclopedia of Science, pollution can be defined as unwanted or detrimental changes in a natural system and is usually associated with the presence of a toxic substance in a large quantity (The Gale Encyclopedia of Science, 2014). There are three types of pollution: air, water, and land pollution. Air pollution occurs when substances that lower air quality, such as carbon monoxide, are released. The main cause of water pollution is the dumping of chemical waste in natural waters. Finally, land pollution is characterized by two key issues. The first is how to restore the damaged quality of the land, the second is the prevention of future contamination (Ebert & Griffin, 2015).

3.3.1. Elements of Green Marketing

Michael J. Polonsky, who works for the department of management at the University of Newcastle, Australia, introduced the term and concepts of “Green Marketing” (1994). Polonsky explains that it is still a common thought that green marketing only refers to the promotion or advertising of products with environmentally sustainable features, while these terms are actually green marketing claims. Green marketing, on the other hand, is a much broader and more complex concept, as it “incorporates a broad range of activities, including product modification, changes to the product process, packaging changes, as well as modifying advertising” (Polonsky, 1994, p. 388). Polonsky (1994) defines Green Marketing as “all activities designed to generate and facilitate any exchanges intended to satisfy human needs or
wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment” (p. 389). Ebert & Griffin further outlined Polonsky’s elements of Green Marketing, as summarized in table 2.

**Table 2: Elements of Green Marketing (Ebert & Griffin, 2015) [Polonsky, 1994]**

<table>
<thead>
<tr>
<th>Product processes</th>
<th>“Business modify their production processes to limit the consumption of valuable resources”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product modification</td>
<td>“Products can be modified to use more environmentally friendly materials”</td>
</tr>
<tr>
<td>Carbon Offsets</td>
<td>Companies that are committed to replenishing, repairing, or restoring those parts of the environment that are damaged by their operations</td>
</tr>
<tr>
<td>Packaging reduction</td>
<td>‘Reducing and reusing materials used in packaging products”</td>
</tr>
<tr>
<td>Sustainability</td>
<td>‘Using renewable resources and managing limited resources responsibly and efficiently”</td>
</tr>
</tbody>
</table>

3.3.2. **Sustainability Model**

Stuart L. Hart, S.C. Johnson Chair of Sustainable Global Enterprise and professor of management at Cornell University’s Johnson School of Management, developed the Sustainability Model. The Sustainability Model can be used by companies to measure their progress towards environmental sustainability, as demonstrated below in table 3.
Table 3: The Sustainability Model [Hart, 2005]

<table>
<thead>
<tr>
<th></th>
<th>Today (greening)</th>
<th>Tomorrow (beyond greening)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>Pollution Prevention</td>
<td>Clean Technology</td>
</tr>
<tr>
<td></td>
<td>- Minimize process waste</td>
<td>- Develop new competencies</td>
</tr>
<tr>
<td></td>
<td>- Enhance resource productivity</td>
<td>- Pursue disruptive innovation</td>
</tr>
<tr>
<td>External</td>
<td>Product Stewardship</td>
<td>Sustainability Vision</td>
</tr>
<tr>
<td></td>
<td>- Lower product life cycle impact</td>
<td>- Meet unmet needs</td>
</tr>
<tr>
<td></td>
<td>- Increase transparency/accountability</td>
<td>- Raise the bottom of the pyramid</td>
</tr>
</tbody>
</table>

This model explains internal and external ‘greening’ activities, that will provide a short-term benefit for the company and the environment. The ‘beyond greening’ activities, on the other hand, will prove themselves to be beneficial in the long-run. At the most basic level, a company can perform Pollution Prevention, which goes beyond cleaning up the waste that is caused by the process of production. Pollution Prevention means minimizing waste before it has been created. The Product Stewardship component goes beyond the process as it concentrates on a lower product impact throughout its life. However, when companies operate on the right side of the matrix, it means that they have become more innovative because these companies have started to think about capabilities and resources that can be used to address clean technology and eco-effectiveness. According to Hart, these new capabilities are the only way that companies can achieve long-term sustainability [Hart, 2005].

The previous section has shown that the Brundtland Report in 1987 has sparked the conversation about sustainability and how this research mainly focuses on environmental sustainability. To properly research this topic, Harts’ Sustainability Model and the 5 Elements of Green Marketing from Ebert & Griffin have been used. Harts’ Sustainability model mostly focuses on how greening activities could be profitable for both the environment and the company, whereas the Elements of Green Marketing outline how environmental sustainability activities can be used for marketing purposes.

3.4. Consumer relationships, involvement, and the Elaboration Likelihood Model

In this research, quality of the product plays a pivotal role. According to Leahy’s article, consumers in the FMCG market indicated that attempts from companies at relationship building were often received negatively. Because the consumers realized that the companies do not really care for them as an
individual, attempts at customer binding were perceived as being impersonal, irrelevant, too much, and even fake. As trust is the foundation of every relationship, terms like “fake” and “impersonal” are detrimental. In addition to this, the research also showed that while consumers want to satisfy their need or want with a particular product, they do not expect companies to be concerned about them at an individual level. In the conclusion of the article, Leahy suggested that management should focus on the reasons why consumers buy specific products, rather than attempting to build relationships with them. Even though consumers had relatively negative attitudes towards customer relationship management, they had somewhat positive attitudes towards the brands themselves. For these reasons, perceived quality and the actual quality of the product will be used in this research as methods of customer binding, to research the relationship between customer satisfaction and customer loyalty.

Even though Leahy’s article found that consumers in the FMCG market did not respond positively to relationship building efforts from companies, Suzanne de Bakker, a content-marketing expert, argues that it is a matter of involvement. According to Mittal and Lee (1989), involvement is the degree of interest of a person in an object. When consumers are very interested there is high involvement, when consumers are not very interested there is low involvement. In her article, de Bakker explains how the difference between high and low involvement can vary over time and is not determined by the product itself, but by the individual and the situation the individual finds himself in (Bakker, 2017). De Bakker illustrates this by using a mortgage as an example. For most people, a mortgage is a low-involvement product, because they might not be buying a home in the near future, or ever. However, once an individual decides to purchase a home, a mortgage becomes a high-involvement product (Bakker, 2017). The difference between high- or low-involvement affects how individuals receive and process information about a product or service. To demonstrate this difference, de Bakker uses the Likelihood and Elaboration Model (ELM) from Petty and Cacioppo (Cacioppo & Petty, 1989), as the ELM describes how peoples’ attitudes are changed and formed by communication- and marketing messages. The ELM distinguishes two types of influencing: the central and peripheral route. Influencing via the central route occurs when the receiver is motivated to process the information. If this is the case, the receiver will process the message more intense and focused. The influencing takes place via arguments in the message. Influencing via the peripheral route occurs when the receiver is not motivated to process the information. In this case, the message is barely received and processed, as the receiver pays little attention to the message. The influencing takes place via peripheral cues, such as an image. According to the ELM, the central route leads to the most qualitative form of influencing (Bakker, 2017). Based on these findings, one could say that content marketing is only beneficial via the central route, as the information via the other route will
be overlooked. However, as stated before, involvement can change, and content-marketing could also be useful for low-involvement products. De Bakker explains two ways for content marketing to be effective for low-involvement products: inbound marketing and increasing symbolical value (Bakker, 2017).

Consumers are not interested in information low-involvement products. Thus, marketing efforts are of no use, because it will only cause a strain on the relationship a consumer has with a brand. The answer is inbound marketing. The company provides relevant information on for example the product’s packaging or on their website, readily available for consumers who are leaning towards becoming highly involved and in need of more information about a specific product (Bakker, 2017). For example, when someone becomes a vegetarian. Before he or she became a vegetarian, meat substitutes were probably low-involvement products, and content-marketing would be ineffective. However, once this person became vegetarian, meat substitutes became high-involvement products, and he or she will research suitable options. When a company has more information readily available to its [new] consumers, it is more likely to be noticed by the consumer, which will raise brand awareness and brand consideration. Should the product meet or exceed the consumers’ expectation, it is likely that he or she will continue to consider this brand and eventually become loyal to the brand.

In addition to inbound marketing, companies could also emphasize a products’ symbolical value. In the Encyclopedia of Consumer Culture, Karin Ekström describes symbolic value as something that “signifies the immaterial value attributed to an object or an idea and communicates its symbolic meaning.... a product’s symbolic value communicates meaning beyond its material aspects, representing, for example, status, trendy design, environmentally friendly, and so on” (Ekström, 2011). By adding symbolical value, there is extra value added to a product or service, and when distributed to the right segments, it is more likely to be noticed by the consumers (Bakker, 2017).

3.5. Environmental Sustainability, Awareness and the Grey Benefit Chain
This research aims to discover if consumers would become loyal to a brand if they would be aware of its products’ sustainable features. The article from Pappu & Quester revealed that the consumers’ perception of environmental sustainability (brand innovativeness) has a positive effect on their loyalty towards brands. In addition to this, the article suggests that the impact of innovativeness must be transmitted to consumer-brand loyalty via quality-related information, explicitly conveyed by the brand. According to this theory, once a product becomes more environmentally sustainable, it is pivotal that the brand demonstrates this to the consumer to increase brand-loyalty: brand innovativeness acts as a signal
which positively influences consumers’ perceptions of the brand, and perceptions of quality positively influence consumer brand loyalty. Brands can demonstrate their environmental sustainability by using appropriate extrinsic cues, such as levels of advertising and information on product packaging, or applying the ELM model.

One of the areas where the Grey Benefit Chain can provide reliable data about consumer emotions and psychological reactions, is for a new and improved product (Young & Feigen, 1975). By using the Grey Benefit Chain, a company can determine the intrinsic and extrinsic cues that are most valuable to the consumer (the emotional payoff) and could use these cues for content and advertising strategies to increase the perception of quality and therefore improve brand loyalty. For example, take mineral-water brand Bar-Le-Duc. In 2016, they changed the design of their water bottles to become more prominent for consumers on supermarket shelves (Redaction Adfo Group, 2016). By changing the design of their bottle, they became the first manufacturer in the Netherlands to launch a bottle that is 100% made of recycled contents (Bar-Le-Duc, sd). In their advertisements, they demonstrate how much mineral water is consumed in the Netherlands every year – about 500 million liters – and how much packaging has to be used. From this perspective, Bar-Le-Duc is positioning itself as a sustainable pioneer with its bottle that is made out of 100% recycled contents. In sum, if a consumer buys a water bottle from Bar-Le-Duc, they have made a positive impact on the environment. In table 4, the Bar-Le-Duc example for an improved product is applied to the Grey Benefit Chain.

Table 4: New Product from Bar le Duc, applied to the Grey Benefit Chain

<table>
<thead>
<tr>
<th>Product</th>
<th>Functional Benefit</th>
<th>Practical Benefit</th>
<th>Emotional Payoff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water bottles made of</td>
<td>There is no new plastic needed to</td>
<td>More sustainable alternative to</td>
<td>I feel better because I make less impact</td>
</tr>
<tr>
<td>100% recycled contents</td>
<td>produce new bottles, less impact</td>
<td>bottled water</td>
<td>on the environment</td>
</tr>
<tr>
<td></td>
<td>on the environment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

However, it is important to note that environmental sustainability only increases the emotional payoff if the consumer is aware of the products’ environmental sustainability. If the consumer is not aware of the environmental sustainability, the consumer does not see it as an extra benefit and therefore perceived quality would not increase, and brand loyalty will not improve.
A Sustainable Feature

The example of Bar-le-Duc could also be applied to the elements of Green Marketing from Ebert & Griffin (table 3). By changing the design of their bottles, Bar le Duc uses three out of the five elements of Green Marketing: product processes, as they modified their production process to limit the consumption of plastics; packaging reduction, as they have reduced the materials needed to make the bottle by reusing plastics, and; sustainability, as they are using resources so efficiently by reusing them. Bar-le-Duc also sets an example as to how the elements of Green Marketing can be translated to the Grey Benefit Chain and to extrinsic cues.

3.6. Conceptual Framework
This section has attempted to provide a summary of the used literature, by shortly reviewing the literature and applying the theories to the variables from theoretical models such as the Elaboration Likelihood Model, Grey Benefit Chain and the Brand Innovativeness – Perceived Quality – Brand Loyalty Model. The evidence presented in this section suggests that environmental sustainability does not directly influence brand loyalty, but can influence brand loyalty indirectly, by: applying the elements of Green Marketing to a products’ intrinsic and extrinsic cues, and communicating environmental sustainability to raise awareness (ELM), the emotional payoff is established and perceived quality increases, subsequently leading to improved brand loyalty. This hypothesis is illustrated in a conceptual framework.

![Conceptual Framework](image)

**Figure 4: Conceptual Framework**

In the next section, the defined variables from the Brand Innovativeness – Perceived Quality – Brand Loyalty Model, Grey Benefit Chain and the Elements of Green Marketing are translated into measurable
factors by formulating questions for research by means of an operationalization table, that will be used in the questionnaire. The models, variables and the questions for research are demonstrated below in the Operationalization Table.

### 3.7. Operationalization Table

#### 3.7.1. Brand Innovativeness – Perceived Quality – Brand Loyalty Model

**Table 5: Operationalization Table – Brand Innovativeness – Perceived Quality – Brand Loyalty Model**

<table>
<thead>
<tr>
<th>Model</th>
<th>Variable</th>
<th>Questions for research</th>
</tr>
</thead>
</table>
| Brand innovativeness – perceived quality – brand loyalty model Pappu & Quester (Pappu & Quester, 2016) | **Brand innovativeness:** “degree to which consumers perceive a brand to be innovative” (Pappu & Quester, 2016) | - When buying products in the supermarket, what is important to you? Price, quality, environmental sustainability, innovation, e.g.  
| | **Perceived quality:** “the consumer’s judgment about a product’s overall excellence or superiority.” (Zeithaml, 1988). | - If you are satisfied with a product, how likely are you to buy this product again?  
| | **Brand loyalty:** a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future” (Pappu & Quester, 2016). “the brand loyalty of the consumer is significantly influenced by the satisfaction of the customer, the switching costs and individual associations” (Jennewein, 2005, p. 228). | - What could be a reason for you to switch brands within a product category? For example, dish soap. Price, quality, environmental sustainability, brand, brand innovativeness e.g.  
| | | - I think that products that are made more environmentally sustainable are of higher/lower/same quality as less environmentally sustainable products.  
| | | - Would you consider switching products if a similar product is brought into the market that is more environmentally sustainable? |
- Are you familiar with Ajax all-purpose cleaner or Seepje all-purpose cleaner? After, give explanation of the product Seepje. Then ask if they would try Seepje all-purpose cleaner.
- Imagine, you have tried Seepje and it was of high quality: it smelled nice and cleaned well. Would you purchase it again?
- What is your opinion of the brand Red Bull/ OB / Bar le Duc ➔ bad/good – environmentally friendly/unfriendly/satisfied/unsatisfied
- Ask opinion again after explaining environmental sustainability strategies
- Which brand do you believe is more environmentally sustainable? Spa vs Bar le Duc - OB vs Yoni - Red Bull vs Scheckter’s Organic
3.7.2. Grey Benefit Chain

*Table 6: Operationalization table - Grey Benefit Chain*

<table>
<thead>
<tr>
<th>Model</th>
<th>Variable</th>
<th>Questions for research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grey Benefit Chain</td>
<td><strong>Product</strong>: the starting point of the Grey Benefit Chain, as this variable represents the object that consumers derive a functional and practical benefit of, and eventually the emotional payoff. The product has one or more unique qualities that differentiate the product from other products.</td>
<td>- Imagine: a product that you have used for years changes its packaging so that it becomes more environmentally sustainable. How would you feel about this? (Pickwick example of separately bagging teabags)</td>
</tr>
<tr>
<td>(Young &amp; Feigen, 1975)</td>
<td><strong>Functional benefit</strong>: the functional benefit is the products’ unique attribute that differentiates it from other products.</td>
<td>- Imagine: a product that you have used for years, changes its formula to become more environmentally sustainable. For example, concentrated laundry detergent. How would you feel about this?</td>
</tr>
<tr>
<td></td>
<td><strong>Practical benefit</strong>: the practical benefit is the benefit that is derived from the functional benefit - the benefit that the consumer will physically experience.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Emotional payoff</strong>: is generated by the practical benefit of the product and is closely related to the customers’ perception of the associated brand. (Jennewein, 2005) (Young &amp; Feigen, 1975)</td>
<td></td>
</tr>
</tbody>
</table>
3.7.3. Elements of Green Marketing

*Table 7: Operationalization Table: Elements of Green Marketing*

<table>
<thead>
<tr>
<th>Model</th>
<th>Variable</th>
<th>Questions for research</th>
</tr>
</thead>
</table>
| Elements of Green Marketing (Ebert & Griffin, 2015) | **Product processes:** “Business modify their production processes to limit the consumption of valuable resources” | Give the examples of Red Bull, OB & Bar le Duc and describe (without using the terms from EGM) what they do for the environment. Then:  
  - ask which one the consumer thinks does more for environment  
  - Explain how Red Bull/OB/Bar le Duc each have and implement their environmental sustainability strategies, then ask if they were aware of these activities.  
  - Ask about brand opinion again |
|                                            | **Product modification:** “Products can be modified to use more environmentally friendly materials” |                                                                                        |
|                                            | **Carbon offsets:** Companies that are committed to replenishing, repairing, or restoring those parts of the environment that are damaged by their operations |                                                                                        |
|                                            | **Packaging reduction:** “Reducing and reusing materials used in packaging products” |                                                                                        |
|                                            | **Sustainability:** “Using renewable resources and managing limited resources responsibly and efficiently” |                                                                                        |
|                                            | [Ebert & Griffin, 2015]                                                   |                                                                                        |

The questions that were formulated in the Operationalization Table were used in the questionnaire. The final version of the questionnaire can be found in the Appendix.
4. Methodology

The purpose of this research is to answer the central question: how can environmental sustainability improve brand loyalty in the Fast Moving Consumer Goods market? To answer the central research question, three sub-questions have been formulated:

1. How could environmental sustainability be applied to Fast-Moving Consumer Goods?
2. How could Fast-Moving Consumer Goods brands create awareness about environmental sustainability?
3. How to build brand loyalty in the Fast-Moving Consumer Goods market?

These sub-questions have been answered by using a combination of academic and non-academic literature, field- and desk-research. Field research was conducted via a questionnaire. A questionnaire was used to collect standardized qualitative and quantitative data from a number of people, making it useful for comparing and contrasting. To improve validity of the questionnaire, the questions were linked to the theory by means of an operationalization table. The operationalization table can be found at the end Theoretical Framework chapter. The questionnaire was sent out on April 26th of 2018 and was closed on May 9th, 2018. In total, 205 participants filled out the questionnaire, of which 70.7% female and 28.8% were male. A copy the English version of the questionnaire can be found in the appendix.

In retrospect, the questionnaire proved itself to be very useful for this research, as it provided valuable insights of consumers in the Fast Moving Consumer Goods. To calculate the number of respondents necessary to obtain accurate data, the tool steekproefcalculator.nl was used. Based on the calculations of steekproefcalculator.nl, the questionnaire would need 385 respondents to provide an accurate representation of the Dutch population above the age of 18. According to the Centraal Bureau Statistiek, as of January 1st, 2018, there were 13,677,409 people in the Netherlands over the age of 18 (CBS StatLine, 2018). This research focused on the population above the age of 18 because even though people under the age of 18 do use FMCG-products, they are unlikely to purchase these products themselves and are therefore not relevant for this study. To accurately represent the opinion of the Dutch population above the age of 18, the questionnaire needed 385 respondents. A limitation to this study is that this number was not met; the questionnaire was answered by 205 respondents. Another limitation of this study is that a majority of the respondents were female (70.7%), leaving the male perspective somewhat underrepresented.
4.1. Sub-question 1: How could environmental sustainability be applied to Fast Moving Consumer Goods?
This question was answered by using both desk research and the questionnaire. The consulted literature from the desk research provided more information regarding the actual process of products becoming more environmentally sustainable. For example, how the production process could be made more environmentally sustainable or how to reduce packaging. The literature used for this sub-question came from both academic and non-academic sources. The academic sources that were used, came from the Journal of Marketing, Research Technology Management Journal, the Electronic Green Journal and the European Journal of Marketing, as these journals provide valuable and reliable insights from experts. The non-academic source that was used was the book Business Essentials, as this book outlined some basic, but highly valuable information about company processes. This sub-question was answered by applying multiple models, such as the Sustainability Model from Hart (2005), the Elements of Green Marketing from Polonsky (1994) and Ebert & Griffin (2015) and the Grey Benefit Chain from Young & Feigen (1975). In addition to these models, the theories from Zeithamel on Intrinsic and Extrinsic cues (1988), and from Pappu & Quester on brand innovativeness, the perception of environmental sustainability, (2016), were used to answer this sub-question. The results of the questionnaire will be analyzed to determine which environmental sustainability method would be considered the most positive by consumers.

4.2. Sub-question 2: How could Fast-Moving Consumer Goods brands create awareness about environmental sustainability?
The answer to this sub-question should outline how FMCG companies can create awareness about their environmental sustainability and should describe how and why the consumers’ awareness of environmental sustainability affects the emotional payoff and the perceived quality. This sub-question was answered by using both desk research and the questionnaire. The literature that was consulted mainly originated from academic journals, such as the European Journal of Marketing, the psychology journal Basic & Applied Social Psychology, the Journal of Consumer Research and the Journal of Marketing. This sub-question was answered by applying multiple models to theory, such as the Elaboration Likelihood Model from Petty & Cacioppo (1989), the Grey Benefit Chain from Young & Feigen (1975) and the Perceived Quality - Brand Innovativeness Model from Pappu & Quester (2016). On top of these models, the theories from Pappu & Quester (2016) and Zeithamel (1988) on perceived quality were used to formulate an answer to this sub-question. The results of the questionnaire have provided valuable insights regarding creating awareness among consumers.
4.3. Sub-question 3: How to build brand loyalty in the Fast-Moving Consumer Goods market?
This sub-question will be answered by using both desk research and the questionnaire. Desk research is used to consult academic literature written by experts on both brand loyalty and the FMCG market, to gain a deeper understanding of what brand loyalty is, how it is built, if it can be improved and what possible strategies could be used to improve brand loyalty. The academic literature that was consulted came from multiple academic journals, such as the Journal of Marketing, the European Journal of Marketing, the Household Production and Consumption journal and the psychology journal Basic & Applied Social Psychology, as these journals are highly credible and offer evidence to support their claims, they were highly valuable sources. This sub-question was answered by applying the Elaboration Likelihood Model from Petty & Cacioppo (1989), the Grey Benefit Chain from Young & Feigen (1975) to the theories Pappu & Quester (2016) and Zeithamel (1988) of perceived quality. The questionnaire provided valuable consumer insights as to what they perceive as important and eventually will make them brand loyal to a certain brand and why.
5. Results

In this chapter, all of the theory from the research literature and the gathered data from the questionnaire will be reviewed and translated into results. The questionnaire was designed to measure the following constructs:
- How the elements of marketing can change the intrinsic or extrinsic cues of a product and how this would affect the emotional payoff from a consumers’ perspective;
- How and why the consumers’ awareness of environmental sustainability is important for the emotional payoff and perceived quality; and
- How perceived quality relates to brand loyalty, as well as how environmental sustainability relates to brand loyalty.

205 respondents answered the questionnaire, of which 70.7% was female, 28.8% male, and 0.5% rather did not say. The percentage of respondents belonging to an age group is summarized in the table below.

Table 8: Age groups of questionnaire respondents

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>64.4%</td>
</tr>
<tr>
<td>26-35</td>
<td>7.8%</td>
</tr>
<tr>
<td>36-45</td>
<td>3.9%</td>
</tr>
<tr>
<td>46-55</td>
<td>13.7%</td>
</tr>
<tr>
<td>&gt;55</td>
<td>10.2%</td>
</tr>
<tr>
<td>I WOULD RATHER NOT SAY</td>
<td>0%</td>
</tr>
</tbody>
</table>

The results are organized per sub-question, with the purpose of answering the sub-questions, leading to an answer to the central question:

*How can environmental sustainability improve brand loyalty in the Fast Moving Consumer Goods market?*
5.1. Sub-question 1: How could environmental sustainability be applied to Fast Moving Consumer Goods?

According to Ebert & Griffin, the most significant challenge for businesses and governments concerning the environment is finding solutions for pollution [Ebert & Griffin, 2015]. The answer to this sub-question should provide examples and methods for Fast-Moving Consumer companies to implement environmental sustainability to intrinsic and extrinsic cues, that would be perceived as a positive change by the consumer. This sub-chapter is divided into sections to improve clarity and coherence.

5.1.1. The Sustainability Model

Stuart Hart developed the Sustainability Model [2005], a model that can be used by companies to measure their progress towards environmental sustainability. The 'greening' activities will provide a short-term benefit for the company and the environment. The 'beyond greening' activities, on the other hand, will prove themselves to be beneficial in the long-run. When companies operate on the right side of the matrix, they have become more innovative because these companies have started to think about capabilities and resources that can be used to address clean technology and eco-effectiveness. According to Hart, these new capabilities are the only way that companies can achieve long-term sustainability [Hart, 2005].

5.1.2. Elements of Green Marketing

By implementing the Elements of Green Marketing, companies can improve their environmental sustainability through their business processes. The five elements are:

- Product processes
- Product modification
- Carbon offsets
- Packaging reduction
- Sustainability

[Polonsky, 1994] [Ebert & Griffin, 2015]

By implementing the elements of Green Marketing, companies change the intrinsic and extrinsic cues of a product. By changing the intrinsic and extrinsic cues, the perception of quality of the product changes along, making it difficult for a consumer to determine the quality of the improved product and if this product would still serve the same function and provide the same benefits. The questionnaire presented
two cases to the respondents, with the aim of assessing how the elements of Green Marketing can change the intrinsic or extrinsic cues of a product and how this would affect the emotional payoff from a consumers’ perspective.

5.1.3. Pickwick case

The first case that was presented in the questionnaire involved Pickwick tea bags. It was presented as follows: "Imagine, you have always drunk tea from the brand Pickwick. Pickwick teabags are separately bagged with paper in the larger box that they are sold in. Lipton tea bags, on the other hand, are not separately bagged in the larger paper box that they are sold in, indicating that the separate paper bagging is not necessary to ensure the products’ quality. From this point of view, Lipton is more environmentally sustainable because they use less packaging for the same product. How would you feel if Pickwick would stop separately bagging their teabags, just like Lipton?". The reason for asking how respondents would feel about this extrinsic change was to see if the emotional payoff would be affected. The results are illustrated in the pie chart below.

![Pie chart showing responses to the question: How would you feel if Pickwick would stop selling their tea separately bagged?

- 43%: I think that would be a good, the environment is very important to me
- 38%: It would be fine by me but my opinion of the product or brand does not change
- 19%: I don’t care, as long as the product stays the same

**Figure 5:** Results of questionnaire: How would you feel if Pickwick would stop selling their tea separately bagged?

It is apparent from this table that the majority of respondents respond positively to the change of packaging, for the sole reason that it would be good for the environment. What is interesting from this data, however, is that 38% indicated that it would be fine for them if the packaging changed, their opinion of the product or brand would not change. 19% of the consumers indicated that such a change would leave them indifferent, as long as the product itself would remain the same.
The Pickwick example shows how a product could become more environmentally sustainable by reducing the products’ packaging. This way, the element of green marketing “packaging reduction” changes an extrinsic cue of the product: the packaging. This also changes the emotional payoff, as demonstrated in the Grey Benefit Chain below in table 9.

Table 9: Pickwick case and the Grey Benefit Chain

<table>
<thead>
<tr>
<th>Product</th>
<th>Functional Benefit</th>
<th>Practical Benefit</th>
<th>Emotional Payoff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pickwick tea that has been</td>
<td>Teabags have always been put separately bagged in the larger box</td>
<td>I am used to the packaging of this product</td>
<td>I always buy Pickwick tea, I trust its quality</td>
</tr>
<tr>
<td>separately bagged</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pickwick tea that has not</td>
<td>It is still the same product but Pickwick now uses less packaging because it does not affect the quality of the tea and is better for the environment</td>
<td>By using less packaging, it produces less waste making the impact on the environment smaller</td>
<td>I feel good, because without having to sacrifice anything, I can contribute to the environment.</td>
</tr>
<tr>
<td>been separately bagged</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.1.4. Robijn case

The second case that was presented, involved Robijn Laundry detergent. It was presented as follows: “Imagine, you have used Robijn liquid laundry detergent for years. Now, Robijn has adjusted the formula of the liquid detergent so that it became more concentrated. Because the formula is now more concentrated, it is better for the environment: less packaging needed, less use of water for production and less product needed for the same effect. How would you feel about this?”. The reason for asking how respondents would feel about this change was to see how a change in extrinsic cues affects the emotional payoff. The results are illustrated in figure 6.
Figure 6: Results of questionnaire: How would you feel if Robijn concentrated its laundry detergent formula?

What is interesting about the results from figure 9, is that even though the product has changed, 74.1% of respondents expressed a positive attitude towards this change because they trust the brand and fell positive about contributing to the environment. 24.1% expressed some hesitation but were still willing to try the new product because of its environmental benefits. Only 1.5% [one respondent out of 205] of the respondents expressed a negative attitude towards the changed formula. For the reason that only 1.5% does not approve, making it an insignificant result compared to the other outcomes of this question, this result will not be taken into further consideration.

The Robijn example shows how a product could become more environmentally sustainable by changing its formula. This way, the elements of green marketing that have been applied, product processes, product modification, and sustainability, have changed one of the intrinsic cues from the product: the formula. This also changes the emotional payoff, as demonstrated in the Grey Benefit Chain below in table 10.
Table 10: The Robijn case and the Grey Benefit Chain

<table>
<thead>
<tr>
<th>Product</th>
<th>Functional benefit</th>
<th>Practical benefit</th>
<th>Emotional Payoff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robijn liquid</td>
<td>The laundry detergent I have always used and washed my clothes.</td>
<td>I am used to this product, I trust that it will wash my clothes properly</td>
<td>I trust this product, it guarantees quality</td>
</tr>
<tr>
<td>laundry detergent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robijn concentrated liquid laundry detergent</td>
<td>The same laundry detergent like I always used before, just improved for the benefit of the environment.</td>
<td>A slightly different product, same quality but it is better for the environment because it uses less water and needs less packaging.</td>
<td>I feel good because I contribute to the environment and my clothes are still cleaned well.</td>
</tr>
</tbody>
</table>

5.2. Sub-question 2: How could Fast-Moving Consumer Goods brands create awareness about environmental sustainability to consumers?

The purpose of this sub-question is to research how and why the consumers' awareness of environmental sustainability affects the emotional payoff and the perceived quality of a product. To test the importance and effect of awareness, the questionnaire presented three brand-cases: Red Bull, O.B., and Bar le Duc. This sub-question will look at how and to what extent other FMCG brands promote their environmental sustainability and how this affects the consumer's awareness, the emotional payoff, and perceived quality. To improve coherence and clarity, the subchapter was divided into sections, based on the brands that were used as cases.

As mentioned before in the Theoretical Framework, Pappu & Quester emphasized the importance of making the consumer aware about a brands' environmental sustainability efforts, as they argue that "the impact of innovativeness is transmitted to consumer-brand loyalty via quality-related information explicitly conveyed by the brand" [2016]. Based on this argument, they made the hypothesis: "perceived quality mediates the positive relationship between brand innovativeness and brand loyalty". The questionnaire was used to test how the consumers' awareness of environmental sustainability relates to brand loyalty via the emotional payoff and perceived quality.
The final part of the questionnaire focused on three brands: Red Bull, O.B., and Bar le Duc. These brands were chosen to be used in the questionnaire because they each have their environmental sustainability strategy. What is different about the brands, is the necessity of the product and how they communicate their environmental sustainability to consumers. The brands’ environmental sustainability activities, how this was tested in the questionnaire, and the results of the questionnaire will be further explained below.

5.2.1. Red Bull

Red Bull energy drink, a product that consumers buy because they want it, not because they need it. Even though Red Bull is quite an environmentally sustainable brand, they hardly communicate this to consumers, as it can only be found on their website. Red Bull does not communicate any environmental sustainability information on its products or its advertisements. Red Bull’s environmentally sustainability mostly revolves around the “Can Lifecycle”. Red Bull actively tries to reduce their CO2-footprint by applying the following measures:

- Their cans are 100% recyclable, as recycling a can uses 95% less energy than the production of a new can;
- Their cans are made from lightweight aluminum because it can be recycled without losing quality;
- 80% of the energy used for their production process originates from sustainable energy sources;
- They work according to the “Wall-to-Wall principle”, which means that their cans are made and filled at the same factory, saving over 9.687 tons of CO2-emissions;
- Their main mode of transport are trains and ships; trucks are only used if absolutely necessary;
- Their cans are compact, they take up 40% less space than glass bottles and 30% less space than PET-bottles, enabling Red Bull to transport more cans per trip; and
- Red Bull designed eco-friendly coolers, that use 45% less energy than regular coolers.

(Red Bull Nederland, sd)

When the respondents were first surveyed on the brand opinion of Red Bull, the results were surprisingly low. Based on a 10 point scale, respondents gave Red Bull a 4.7 when asked if their attitude was positive (high score) or negative (low score) towards Red Bull, a 4.2 for their environmental sustainability and a 4.8 for their overall satisfaction about the brand Red Bull.

After this first response, respondents were asked to indicate which brand they thought was more environmentally sustainable: Red Bull energy drink or Scheckter’s Organic Energy drink, where 89.8% of the respondents chose Scheckter’s Organic as the most environmentally sustainable brand. This is a
surprising result, as Scheckter’s Organic does not promote any environmental sustainability activities, as they only emphasize that their product is 100% made from organic ingredients, meaning that “all the ingredients are natural” [Scheckter’s Organic, sd]. Then, the respondents were told about Red Bulls environmental sustainability activities, and asked if they were aware of these activities: 93,2% of the respondents indicated that they were not aware of such activities. Finally, the respondents were surveyed again on their opinion of Red Bull, by asking about their attitude towards the brand, Red Bulls environmental sustainability and the consumers’ overall satisfaction. The results from both the initial responses and the responses after learning about Red Bull’s environmental sustainability are illustrated in the graph below.

![Figure 7: Brand opinion Red Bull: before and after environmental sustainability information](image)

It is apparent from Figure 7 that not only Red Bulls brand innovativeness increased after consumers learned about Red Bulls environmental sustainability activities, their attitudes toward the brand and their overall satisfaction has also increased.
5.2.2. O.B.

O.B. is a female hygiene products brand that only sells tampons. Tampons are a product that is bought because of necessity, which is different from both Red Bull and Bar le Duc, as those products are not necessities. O.B. is a quite environmentally sustainable brand and implements the following environmental sustainability measures:

- O.B. tampons are sold without applicators, which reduces the amount of waste coming from O.B. products;
- Their European factories have been operating on 100% renewable energy sources since 2010;
- The carton boxes that the tampons are sold in are made from 75% recycled paper, the remaining 25% originates from renewable sources; and
- All of the ink that is used for the packaging is plant-based.

(O.B., sd)

Even though O.B. implements various environmental sustainability measures, they only communicate one of them to the consumer via the packaging: on the back of the box, there is a small textbox saying “O.B. protects more than you think: this box is made from more than 75% recycled contents”. The rest of their environmental sustainability measures can be found on their website.

The O.B. case was surveyed similarly to Red Bull; the only difference is that since this brand only relates to women, men were excluded from this part of the survey. Out of the 205 respondents, 145 of the respondents are women. First, the respondents were asked to indicate their attitude towards the brand, its environmental sustainability and their overall satisfaction with the brand. Then, O.B. was compared to Yoni Tampons, a brand that differentiates itself from other female hygiene product brands by communicating how organic their products are, that they use organic cotton without perfume, plastics or other chemicals. Even though Yoni does communicate the environmental benefits that come from using organic cotton that was grown without pesticides, their marketing emphasizes how this positively affects women; the environmental benefit is just a positive side effect (Yoni, sd). 78,1% of respondents chose Yoni as the more environmentally sustainable brand, whereas 21,9% chose O.B. as the more environmentally sustainable brand.

Subsequently, respondents were informed about O.B.’s environmental sustainability activities and asked if they were aware of these activities: only 9,6% knew about these activities, 90,4% did not know of these activities. Finally, the women were asked to indicate their attitude towards the brand, its environmental
sustainability and their overall satisfaction with the brand, again. The results of both the initial responses and the responses after information of the environmental sustainability was given, is illustrated below in figure 8.

![Brand opinion O.B.: Before and after](image)

**Figure 8:** Brand opinion O.B.: before and after environmental sustainability information

The most surprising aspect of the results from figure 8, is that even though the perception of environmental sustainability strongly improved, the attitude towards the brand and the overall satisfaction with the brand remained almost unchanged.

5.2.3. Bar le Duc

Bar le Duc is a brand that sells bottled mineral water. In 2016, Bar le Duc changed the design of their water bottles to become more prominent to consumers on supermarket shelves (Redaction Adfo Group, 2016). By changing the design of their bottle, they became the first manufacturer in the Netherlands to launch a bottle that is 100% made of recycled contents (Bar-le-Duc, sd). Bar le Duc launched a new advertising campaign to raise awareness among consumers about their new bottle by emphasizing the positive impact it has on the environment.

The Bar le Duc case was similar to how Red Bull and O.B. cases were surveyed: first respondents were asked about their attitude towards the brand, the brands’ environmental sustainability and the consumers’ overall satisfaction with the brand. Then, respondents were asked which brand was more
environmentally sustainable, Bar le Duc or Spa Reine. Spa Reine is also a mineral water brand, but it either does not implement any environmental sustainability measures or intentionally does not provide any information about these measures. Since both Red Bull and O.B. hardly provide any information about their environmental sustainability, they were compared to similar products that differentiate themselves by emphasizing how their ingredients are organic, which might make them appear more environmentally sustainable to the consumer.

To see if there would be a difference in the consumer perception of environmental sustainability, Bar le Duc was compared to Spa Reine, a brand that does not communicate any environmental sustainability. Surprisingly, 35.6% of respondents still chose Spa Reine as the more environmentally sustainable brand, in contrast to 64.4% of respondents that chose Bar le Duc as the more environmentally sustainable brand. Even though Bar le Duc was the only brand that was voted more environmentally sustainable than the alternative brand, when the respondents were presented with the environmental sustainability activities from Bar le Duc, 78% answered that they did not know about these environmental sustainability activities, compared to 22% of respondents that did know about these activities. This is a somewhat surprising result, as the information that was presented to the respondents was almost identical to the information that Bar le Duc communicates via their commercials.

Finally, respondents were asked again to indicate their attitude towards the brand, Bar le Duc’s environmental sustainability and their overall satisfaction with the brand. The results of both the initial responses and the responses after information of Bar le Duc’s environmental sustainability are illustrated below in figure 9.

**Figure 9: Brand opinion Bar le Duc: before and after environmental sustainability information**
5.3. Sub-question 3: How to build brand loyalty in the Fast-Moving Consumer Goods market?
The purpose of this sub-question is to gain a deeper understanding of the concept of brand loyalty, how it is built and could be improved. This subchapter looks at different methods of building brand loyalty in the Fast-Moving Consumer Goods market, the role of perceived quality, and how environmental sustainability could lead to improved brand loyalty. This subchapter is divided into sections to improve coherence and clarity.

5.3.1. Relationship building in the Fast-Moving Consumer Goods market

According to Leahy’s findings, building relationships with FMCG consumers is nearly impossible, as consumers are very skeptical and distrustful of relationship building efforts from FMCG companies, as they feel that the companies do not personally care about them as an individual [Leahy, 2011]. She suggests that companies should not attempt to build relationships, but instead focus on the reasons why consumers purchase their products and aim to improve loyalty to the brands by building and strengthening the brand values that attracted the consumer [Leahy, 2011]. To determine the reasons why consumers choose specific brands and products, respondents from the questionnaire were asked why they would choose a product while buying products in the supermarket. The results are illustrated in the pie chart below.

![Pie chart showing the factors important to consumers when buying cleaning solutions or laundry detergents.]

**Figure 10:** Results of Questionnaire: what is important to you when buying cleaning solutions or laundry detergents?
11 respondents provided their own answer: eight indicated that the scent was important to them, two indicated that the treatment of animals influenced their decision and one respondent said he or she is also influenced by the image of the brand.

The questionnaire also asked respondents to indicate reasons why they would switch brands in the same product category. For example, instead of buying Dreft dish soap, they would now switch to dish soap from the brand Dubro. The results are illustrated in the chart below:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The other product is cheaper</td>
<td>64.4%</td>
</tr>
<tr>
<td>The other product seems better</td>
<td>51.2%</td>
</tr>
<tr>
<td>The other product is better for the environment</td>
<td>29.0%</td>
</tr>
<tr>
<td>The other brand is appealing to me</td>
<td>17.3%</td>
</tr>
<tr>
<td>Other</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

**Figure 11:** Results from Questionnaire: I would switch product brand within the same product category because...

When choosing the option “other”, respondents were asked to indicate what else could be a reason for them to switch brands within the same product category. The other given reasons were:

- It is on sale (6x)
- To try something new (2x)
- Recommended by a friend (2x)
- My regular product is sold out (1x)
- It smells better (1x)
- I would not buy a different product (1x)
- Easier accessible, store proximity for example (1x)
- Health reasons, skin reactions from the other product (1x)
5.3.2. The Perception of Environmental Sustainability

Pappu & Quester argue that the perception of environmental sustainability contributes to brand loyalty via perceived quality, as perceptions of quality positively impact consumer brand loyalty (Pappu & Quester, 2016). They define brand loyalty as “a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future”, and brand innovativeness is the consumers’ perception of a brands’ or products’ environmental sustainability (Pappu & Quester, 2016). To research the importance of quality to consumers, respondents were asked how likely they were rebuy a product if they were satisfied with its quality: 87,3% of respondents said they are very likely to rebuy this product; 12,2% said that it would depend, and only 0,5% said that it was unlikely he or she would purchase this product again. In her literature, Zeithamet also highlights the importance of perceived quality to help improve brand loyalty, and outlines several methods to form a consumers’ perception of quality of a product or brand: by determining the Emotional Payoff of the product via the Grey Benefit Chain and emphasizing this by signaling a products’ quality via intrinsic and extrinsic cues.

Their hypothesis, “Perceived quality mediates the positive relationship between brand innovativeness and brand loyalty” (Pappu & Quester, 2016) was also tested in the conducted questionnaire. First, respondents were asked to express their quality perception of environmentally sustainable products, in comparison to comparable products that are not or less environmentally sustainable. The results are illustrated in Figure 12.

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher quality than comparable products</td>
<td>24.4%</td>
</tr>
<tr>
<td>The same quality as comparable products</td>
<td>65.9%</td>
</tr>
<tr>
<td>Lower quality than comparable products</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

Figure 12: Results from Questionnaire: I Think that environmentally sustainable products are...
5.3.3. Ajax all-purpose cleaner versus Seepje all-purpose cleaner

After asking the respondents about their quality perception of environmentally sustainable products, the respondents were asked again about their quality perception of environmentally sustainable products but now presented as a case using brand examples Ajax and Seepje. Ajax and Seepje are both all-purpose cleaners, but they are different in their environmental sustainability efforts. The main difference between Ajax and Seepje, are the ingredients used and its environmental impact. Where Ajax all-purpose cleaner is most like other all-purpose cleaners, Seepje differentiates itself by using the fruit from the sapindus mukorossi tree, also known as the Indian Soapberry or washnut, as the basic ingredient for all of its products. Because Seepje only uses natural ingredients, it has a significantly lower impact on the wastewater coming from households, making it better more environmentally sustainable than regular all-purpose cleaners. In addition to this, of the plastic used to make their bottles, 96% is recycled plastic (Seepje, sd).

The respondents were first asked if they were familiar with Ajax and Seepje. If they were unfamiliar with both Ajax and Seepje, they were allowed to proceed to the next question. 98.4% of the respondents were familiar with Ajax all-purpose cleaner; only 13.4% was familiar with Seepje all-purpose cleaner.

Then, the following case was presented to the respondents: “Imagine, you have always used Ajax all-purpose cleaner as a cleaning solution. You are in the supermarket and you see a new product: Seepje all-purpose cleaner. Because Seepje only uses natural ingredients, it has a significantly lower impact on wastewater. In addition to this, their packaging is made from 96% recycled contents. Would you try Seepje all-purpose cleaner?” The results are illustrated in the pie chart below.
Would you continue to buy Seepje all-purpose cleaner?

- Yes, this is a good and simple way to contribute to the environment
- Maybe, if Seepje costs the same or is cheaper than Ajax
- No, I am still satisfied with Ajax
- I don’t know

**Figure 13: Results from Questionnaire: Would you try Seepje all-purpose cleaner?**

The last question in the questionnaire concerning Seepje was also presented as a case: “Imagine, you have tried Seepje all-purpose cleaner, and it turned out to be of good quality: it smelled nice and cleaned well. In addition to this, it is also better for the environment than Ajax all-purpose cleaner. Would you continue to buy Seepje all-purpose cleaner?” By stating that Seepje would be of equal quality as Ajax all-purpose cleaner, but adding Seepje’s environmental sustainability as a beneficial and differentiating feature, the case implies the emotional payoff that comes from using Seepje is higher than the emotional payoff that comes from using Ajax. The results are illustrated in figure 14. The difference in emotional payoff is outlined below, by applying Ajax and Seepje to the Grey Benefit Chain in table 12.

Would you try Seepje all-purpose cleaner?

- Yes
- Maybe, if it is on sale or recommended by a friend
- No, I am satisfied with Ajax all-purpose cleaner
- I don’t know

**Figure 14: Results from Questionnaire: Would you continue to buy Seepje all-purpose cleaner?**
Table 11: Ajax and Seepje applied to the Grey Benefit Chain

<table>
<thead>
<tr>
<th>Product</th>
<th>Functional benefit</th>
<th>Practical benefit</th>
<th>Emotional payoff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajax all-purpose cleaner</td>
<td>Cleaning solution that is of good quality: it smells good and cleans well</td>
<td>I trust the quality of Ajax, my house is clean and smells nice</td>
<td>I don’t have to worry about the cleanliness of my house, as I know I can rely on Ajax’ quality</td>
</tr>
<tr>
<td>Seepje all-purpose cleaner</td>
<td>Cleaning solution that is of good quality, it smells good and cleans well. In addition to this, it is better for the environment.</td>
<td>My house is as clean as ever but this product is better for the environment.</td>
<td>I feel good because my house is still very clean but now I have made a more positive impact on the environment</td>
</tr>
</tbody>
</table>

5.3.4. Red Bull, O.B. and Bar le Duc

Sub-question 2 (how could FMCG brands create awareness about environmental sustainability?) emphasizes the importance of consumer awareness of a brands’ or products’ sustainability. This section will further look at how a consumers’ perception of quality is influenced by environmental sustainability. The questionnaire was used to see if environmental sustainability influences this perception of quality. First, respondents were asked to express their opinion of a brand in three categories: positive or negative attitude towards the brand, if the brand is environmentally sustainable and overall satisfaction with the brand. The categories “attitude towards brand” and “overall satisfaction” were used as indicators of perceived quality. The results were given based on a scale of 1 to 10, 1 being the lowest or most negative evaluation, 10 being the highest or most positive evaluation. Then, respondents were informed about the brands’ environmental sustainability. After the environmental sustainability information, respondents were asked to express their opinions again, in the same three categories as before. The results from the initial perceptions of brands is illustrated in figure 15; figure 16 shows the perception of brands after the environmental sustainability information.
**Figure 15:** Results from Questionnaire: Respondents’ perception of brands before environmental sustainability information

Respondents’ initial perceptions of brands Red Bull, O.B.*, and Bar Le Duc

![Bar chart showing initial perceptions of brands](image)

- Red Bull: 4.7, 4.2, 4.8
- O.B.: 7.7, 5.2, 7.6
- Bar Le Duc: 6.7, 6, 6.5

Legend:
- Attitude towards brand: positive or negative
- Environmentally sustainable
- Overall satisfaction

**Figure 16:** Results from Questionnaire: Respondents’ perceptions of brands after environmental sustainability information

Respondents’ perception of brands Red Bull, O.B., and Bar le Duc, after they were informed of their environmental sustainability

![Bar chart showing perceptions after information](image)

- Red Bull: 6, 7.2, 6
- O.B.: 7.7, 7.6, 7.7
- Bar Le Duc: 7.4, 7.6, 7.3

Legend:
- Attitude towards brands: positive or negative
- Environmentally sustainable
- Overall satisfaction

As can be seen in figures 15 and 16, an increased perception of environmental sustainability, the overall perception of quality (attitude towards and overall satisfaction with the brand) also increases for both Red Bull and Bar le Duc. The overall perception of quality for the brand O.B., on the other hand, did not increase as the perception of environmental sustainability increased.
6. Analysis

6.1. How could Environmental sustainability be applied to Fast-Moving Consumer Goods?
The purpose of answering this question is to see how the Elements of Green Marketing can change the intrinsic and extrinsic cues of a product, and how this would affect the emotional payoff from a consumers’ perspective.

To measure their progress towards environmental sustainability, companies can use Hart’s Sustainability Model (2005), that outlines internal and external “greening” or “beyond greening” activities. The Sustainability Model is illustrated in Table 3 in sub-chapter 4.2. Greening activities provide a short-term benefit for the company and the environment, whereas the beyond greening activities provide benefits in the long-run. As beyond greening activities mostly affects a company in a greater sense, they do not directly impact the consumer and therefore do not impact brand loyalty. Therefore, this study will focus on greening activities, such as the 5 Elements of Green Marketing from Ebert & Griffin (2015), to apply environmental sustainability to FMCG products.

The Elements of Green Marketing, hereafter referred to as EGM, can change a product on two levels: the intrinsic and the extrinsic level. The intrinsic cues of a product cannot be changed without changing the nature of the product itself, and are consumed as the product is consumed. Extrinsic cues, on the other hand, are related to the product but are not part of the product itself (Zeithaml, 1988). The difference in applying the EGM to intrinsic and extrinsic cues was tested by using the questionnaire.

First, consumers were asked how they would feel if the packaging of Pickwick teabags would be changed, making the packaging more environmentally sustainable. The Pickwick example was used to test a change in extrinsic cues, as the individual papers around the teabags are related to the product but not part of the product, tea, itself. When looking at the EGM, this change falls only into one category: packaging reduction. Then, consumers were asked how they would feel if Robijn would change its regular laundry detergent formula to a concentrated version to become more environmentally sustainable. When looking at the EGM, such an extrinsic change of a product affects several EGM: product processes, product modification, and packaging reduction. By asking the consumer how they would feel about such an intrinsic or extrinsic change, the questionnaire tested the influence of environmentally sustainable intrinsic or extrinsic cues on the emotional payoff. The results from the questionnaire revealed that 74,1% of consumers see an intrinsic change of the product for the benefit of environmental sustainability as a positive change, whereas less than half (43%)
of consumers see an extrinsic change of the product for the benefit of environmental sustainability as a positive change. These results suggest that consumers respond more positively to a change of sustainable intrinsic cues than to a change of sustainable extrinsic cues. A possible explanation for this result is that the intrinsic cues of a product are mostly responsible for the perceived quality of a product, and that the Emotional Payoff a consumer derives from a product is mostly based on intrinsic cues. If the product’s intrinsic cues are positively affected by the EGM, the Emotional Payoff of that specific product increases, making environmental sustainability an extra product feature that differentiates itself from other, comparable, products. However, it is important to note that perceived quality pivotal concerning intrinsic changes. If the intrinsic change of the product does not meet quality expectations, environmental sustainability is not significant enough to the consumer to appreciate the new product, leaving them uninterested for the product and making the consumer less brand loyal to the brand. Another possible explanation for this result could be that by changing intrinsic cues of a product, environmental sustainability is applied to the product on multiple levels of the EGM, possibly making the change seem more significant to the consumer.

This section has analyzed methods to apply environmental sustainability to FMCG: it took a closer look at the Sustainability Model, Elements of Green Marketing, intrinsic and extrinsic cues, and the emotional payoff. Based on the findings from this analysis, it is evident that all of the Elements of Green Marketing can be implemented by FMCG companies to apply environmental sustainability to their products. However, the findings revealed that applying the Elements of Green Marketing to intrinsic cues is the best method for FMCG companies to apply environmental sustainability to their products because this method was received more positively by consumers and had a higher emotional payoff than when applying the EGM to extrinsic cues. Though intrinsic change was received more positively than extrinsic change, it is not implied that extrinsic change was received negatively by consumers and could also be used to apply to FMCG products to increase environmental sustainability. Furthermore, it is important to note that the positive effect on consumers that is derived from environmental sustainability, can only be achieved if the perception of quality remains the same or increases after applying the EGM to intrinsic cues. Thus, only if the quality remains the same or increases after applying the EGM, will environmental sustainability increase the emotional payoff.
6.2. How could Fast-Moving Consumer Goods brands create awareness about their environmental sustainability to consumers?

The purpose of answering this question is to research how and why the consumers’ awareness of environmental sustainability affects the perceived quality of a product. The questionnaire was used to test the effect of consumer awareness of environmental sustainability on perceived quality. This subchapter is divided into three sections, based on the three brand cases that were used in the questionnaire to test this effect.

Red Bull
Red Bull hardly communicates its environmental sustainability. Before learning about Red Bull’s environmental sustainability, Red Bull’s overall perception of quality (overall attitude towards and overall satisfaction with the brand) was not only much lower than the initial ratings of brands O.B. and Bar le Duc; the ratings were considerably negative (<5.5 on a ten-point scale). When consumers learned of Red Bulls’ environmental sustainability, not only their perception of environmental sustainability increased, but also their overall attitude towards and their overall satisfaction with the brand increased significantly. These results indicate that when consumers are made aware of a brands’ environmental sustainability, the perception of quality increases.

O.B.
Similar to Red Bull, O.B. hardly communicates its environmental sustainability. It was therefore surprising, that when consumers learned of O.B.’s environmental sustainability, there was only an increase in the perception of environmental sustainability, yet the perception of quality (overall attitude towards and the overall satisfaction with O.B.) remained the same. These results could be related to perceived quality, since the perceived quality of O.B. (overall attitude towards and overall satisfaction with the brand) was already high before consumers learned about O.B.’s environmental sustainability. This finding suggests that environmental sustainability has less influence on perceived quality because consumers already perceive the quality of the product to be high: they do not need environmental sustainability to be satisfied with the product, as the product is already of high quality. Another possible explanation could be that O.B. tampons are a necessity product. If the O.B. tampons would not be of good quality, it is unlikely that women would purchase O.B. tampons again. Therefore, based on these results, in the case of a necessity product, it could be that environmental sustainability is not or less significant to the consumer, as long as the product meets their needs.
Bar le Duc

Bar le Duc has recently emphasized its environmental sustainability via their advertisements, with success: it was the only brand to be chosen as the more sustainable brand when compared to a comparable brand, and consumers had the highest perception of environmental sustainability with Bar le Duc before the environmental sustainability information was given to the consumers. Moreover, Bar le Duc was the only brand to receive a positive rating (>5.5) from consumers before learning about Bar le Duc’s environmental sustainability efforts. Even though consumers had a high perception of environmental sustainability, 78% of consumers did not know about Bar le Duc’s environmental sustainability activities. When looking at Petty & Cacioppo’s Elaboration Likelihood Model (ELM) (Cacioppo & Petty, 1989), these results indicate that Bar le Duc’s advertisements to create awareness among consumers were mostly received by consumers via the peripheral route instead of the central route. When the environmental sustainability information was given to the consumers, they actively received and processed the information: they were influenced via the central route. The results reveal that influencing via the central route not only led to increased consumer perception of environmental sustainability but also led to an increase in consumer perception of quality (overall attitude towards and overall satisfaction with the brand). According to the ELM, if influencing takes place via the central route (high involvement), the receiver actively receives and processes the message as he or she is motivated to receive the information given. Consequently, if influencing takes place via the peripheral route (low involvement), the message is barely received and processed, as the receiver pays little attention to the message.

These findings suggest that it does not matter if environmental sustainability advertisements are received via the central or the peripheral route of the ELM, as both routes have led to increased consumer awareness of Bar le Duc’s environmental sustainability, as well as an increased perception of quality. Even though both routes lead to increased perceptions of environmental sustainability and therefore increased perceptions of quality, if consumers were first influenced via the peripheral route, additional influencing via the central route could further increase the perception of environmental sustainability and therefore also the perception of quality. Thus, based on these findings, creating environmental sustainability awareness by influencing the consumer via either the central or the peripheral route of the ELM, consumer awareness of environmental sustainability can lead to an increase in the perception of quality.
6.3. How to build brand loyalty in the Fast-Moving Consumer Goods market?

The purpose of answering this question is to see how perceived quality related to the emotional payoff and brand loyalty. A closer look will also be taken at how environmental sustainability influences perceived quality and the emotional payoff.

Based on Leahy’s findings, FMCG companies should not focus on building relationships with their consumers via personal contact. Instead, FMCG companies should focus on the reasons why consumers purchase their products and subsequently use those reasons to build and strengthen the brand values that initially attracted the consumer, to improve relationships and brand loyalty with FMCG consumers (Leahy, 2011). The Grey Benefit Chain could be used as a tool to determine the reasons why consumers choose to purchase a brand or product. As mentioned in the Theoretical Framework, both Zeithaml and Pappu & Quester emphasize the importance of the consumer’s perception of quality for brand loyalty (Pappu & Quester, 2016) [Zeithaml, 1988]. The results from the questionnaire supported this theory: the results of the questionnaire revealed that a majority (87.3%) of consumers would most likely repurchase a product if they were satisfied with the product’s quality.

Since perceptions of quality are essential to brand loyalty, a closer look was taken at environmental sustainability and how it affects perceptions of quality. The results from the questionnaire reveal that environmental sustainability positively influences perceptions of quality: compared to none or less environmentally sustainable products, 24.4% of consumers feel that environmentally sustainable products are of higher quality, and 65.9% of consumers feel that environmentally sustainable products are of equal quality. Zeithaml argues that brands should emphasize the Emotional Payoff from the Grey Benefit Chain. By emphasizing the Emotional Payoff, brands would focus on building relationships and brand loyalty, based on the brand values that initially attracted the consumer, as recommended by Leahy.

To test how environmental sustainability influences perceived quality and the emotional payoff, the questionnaire compared two all-purpose cleaners: Ajax, a regular all-purpose cleaner, and Seepje, a natural all-purpose cleaner that is more environmentally sustainable than Ajax. After explaining to the consumer what Seepje does and how the consumer would contribute to the environment by using Seepje, 46% of consumers said they would now want to try Seepje, and 45% of consumers expressed they would maybe try Seepje if it was on sale or recommended by a friend. These results suggest that environmental sustainability positively influences the product perception of the consumer. Then, consumers were asked to imagine they had tried Seepje, and that it prove to be of good quality: it cleaned well and smelled good. Additionally, Seepje is better for the environment than Ajax. By stating that Seepje was of good quality
but better for the environment than Ajax, the emotional payoff from Seepje is higher than the emotional payoff from Ajax. A majority of consumers responded positively to the increased emotional payoff, as 54% of consumers said that if Seepje is indeed a quality product, they would continue to buy Seepje because it is better for the environment than Ajax. This finding suggests that when the quality of an environmentally sustainable product is equal to a comparable product that is not or less environmentally sustainable, environmental sustainability increases the emotional payoff and therefore also positively influences brand loyalty. This finding was also revealed from the results drawn from Red Bull and Bar le Duc, as increased perceptions of environmental sustainability also increased the overall perception of quality (attitude towards and overall satisfaction with the brand) for both Red Bull and Bar le Duc.

The overall perception of quality for the brand O.B., on the other hand, did not increase as the perception of environmental sustainability increased. The reason for this result could be that O.B. tampons are a necessity product and were already perceived to be of high quality, as explained in the analysis of sub-question 2. This finding suggests that when consumers already perceive a brand or product to be of relatively high quality, environmental sustainability does not further increase the perception of quality and does not increase the emotional payoff, and therefore does not increase brand loyalty.

Thus far, this section has argued that the Grey Benefit Chain is a useful model for companies, as its purpose is to determine the emotional payoff. Furthermore, the results suggest that environmental sustainability positively influences the consumers’ perception of quality. When consumers perceive the quality of an environmentally sustainable product to be higher or equal to a comparable product that is not or less environmentally sustainable, environmental sustainability increases the emotional payoff and therefore also positively influences brand loyalty. Therefore, if companies emphasize the emotional payoff from their products, the emotional payoff can contribute to improving brand loyalty.
7. Conclusions & Recommendations

The purpose of this research was to answer the central question “How can environmental sustainability improve brand loyalty in the Fast-Moving Consumer Goods market?”. To be able to answer this central question, three sub-questions were formulated and answered:

1. How could environmental sustainability be applied to Fast-Moving Consumer Goods?
2. How could Fast-Moving Consumer Goods companies create awareness about environmental sustainability?
3. How to build brand loyalty in the FMCG market?

Although the current study is based on a small sample of participants, this work offers valuable insights into the correlation between environmental sustainability and brand loyalty in the FMCG. The research has shown that to build consumer relationships, companies should focus on reasons why consumers buy their products, most importantly the quality of their products. Previous studies have shown that perceived quality is strongly related to brand loyalty.

The results of this study have shown that FMCG companies could apply the Elements of Green Marketing to both intrinsic and extrinsic cues of their products to make the product more environmentally sustainable. However, the findings suggest that applying the Elements of Green Marketing to intrinsic cues [Robijn Case] is a better method for FMCG companies to apply environmental sustainability to their products because this method was received more positively by consumers and had a higher emotional payoff than when applying the EGM to extrinsic cues [Pickwick Case]. Another significant finding is that when FMCG companies communicate their environmental sustainability, they can influence the consumer via both the central or the peripheral route from the Elaboration Likelihood Model. The results from Red Bull and Bar le Duc revealed that influencing the consumer via either the central or the peripheral route of the ELM creates awareness of environmental sustainability among consumers and leads to an increase of the perception of quality. Finally, to build or improve brand loyalty in the FMCG market, companies should focus on what attracts the consumer to buy a product. Companies can do so by focusing on the consumers’ perception of quality emphasizing the emotional payoff from the Grey Benefit Chain. If companies emphasize the emotional payoff from their products, the emotional payoff can contribute to improving brand loyalty. When looking at environmental sustainability, the results suggest that environmental sustainability positively influences the consumers’ perception of quality. When consumers perceive the quality of an environmentally sustainable product to be higher or equal to
a comparable product that is not or less environmentally sustainable, environmental sustainability increases the emotional payoff and therefore also positively influences brand loyalty.

To conclude this research, the findings from the literature and the questionnaire are taken together to see how environmental sustainability can improve brand loyalty in the Fast Moving Consumer Goods market. Based on the findings from this study, Fast-Moving Consumer Goods companies can apply the Elements of Green Marketing to the intrinsic cues of a product but must communicate the environmental sustainability of the product to create awareness among consumers. When the consumer’s perception of environmental sustainability increases, increasing the consumers’ perceptions of quality and a more significant emotional payoff of the product. As a result of the increased perceptions of quality and a more significant emotional payoff, brand loyalty is improved by environmental sustainability.

If FMCG companies want to build or improve their brand loyalty with environmental sustainability, the findings recommend the following:

- To apply environmental sustainability to products, FMCG companies can apply the Elements of Green Marketing to either intrinsic or extrinsic cues of the product. However, it is better for FMCG companies to apply the Elements of Green Marketing to intrinsic cues of a product, as this method was received more positively by consumers and had more significant emotional payoff than when applying the EGM to extrinsic cues; and

- To improve brand loyalty via environmental sustainability, the environmental sustainability must be communicated to the consumer. If the consumer is unaware of the environmental sustainability, perceived quality and the emotional payoff are not influenced by environmental sustainability, leaving the brand loyalty unchanged.
8. References


Redaction Adfo Group. [2016, August 31]. Dit is de nieuwe stijl van Bar-le-Duc. Retrieved April 9, 2018, from the web site of Adformatie: https://www.adformatie.nl/pr/dit-de-nieuwe-stijl-van-bar-le-duc


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3. Appendix III: Student ethics form

Student Ethics Form

European Studies Student Ethics Form

Your name: Barbra van den Meerendonk

Supervisor: Jonneke de Koning

Instructions/checklist

Before completing this form you should read the APA Ethics Code (http://www.apa.org/ethics/code/index.aspx). If you are planning research with human subjects you should also look at the sample consent form available in the Final Project and Dissertation Guide.

a. [ ] Read section 3 that your supervisor will have to sign. Make sure that you cover all these issues in section 1.

b. [ ] Complete sections 1 and, if you are using human subjects, section 2, of this form, and sign it.

c. [ ] Ask your project supervisor to read these sections (and the draft consent form if you have one) and sign the form.

d. [ ] Append this signed form as an appendix to your dissertation.

Section 1. Project Outline [to be completed by student]

(i) Title of Project:


(ii) Aims of project:

This research aims to examine the relation between brand loyalty and environmental sustainability in the FMGC market.

(iii) Will you involve other people in your project – e.g. via formal or informal interviews, group discussions, questionnaires, internet surveys etc. (Note: if you are using data that has already been collected by another researcher – e.g. recordings or transcripts of conversations given to you by your supervisor, you should answer ‘NO’ to this question.)

YES / NO

If no: you should now sign the statement below and return the form to your supervisor. You have completed this form.
This project is not designed to include research with human subjects. I understand that I do not have ethical clearance to interview people (formally or informally) about the topic of my research, to carry out internet research (e.g. on chat rooms or discussion boards) or in any other way to use people as subjects in my research.

Student’s If yes: you should complete the rest of this form

Section 2 Complete this section only if you answered YES to question [iii] above.

(i) What will the participants have to do? (v. brief outline of procedure):

Participants will fill out a questionnaire, which consists of 24 questions and takes about 7 minutes to complete.

(ii) What sort of people will the participants be and how will they be recruited?

The participants will be Dutch people above the age of 18. They will be recruited via Social Media or asked directly by sending them the link of the questionnaire.

(iii) What sort stimuli or materials will your participants be exposed to, tick the appropriate boxes and then state what they are in the space below?

Questionnaires[ ]; Pictures[ ]; Sounds [ ]; Words[ ]; Other[ ].

The participants will be asked to fill out a questionnaire. If they choose to fill out the questionnaire, it will take them about 7 minutes to complete.

(iv) Consent: Informed consent must be obtained for all participants before they take part in your project. Either verbally or by means of an informed consent form you should state what participants will be doing, drawing attention to anything they could conceivably object to subsequently. You should also state how they can withdraw from the study at any time and the measures you are taking to ensure the confidentiality of data. A standard informed consent form is available in the Dissertation Manual.

(vi) What procedures will you follow in order to guarantee the confidentiality of participants’ data? Personal data [name, addresses etc.] should not be stored in such a way that they can be associated with the participant’s data.

The participants will not provide an personal information other than gender, age, and level of education. They will not be asked for their names, addresses or anything else that might be
associate a participant with his or her data.

Student’s signature: ........................................ date: ....................

Supervisor’s signature (if satisfied with the proposed procedures): ........................................ date: 23-05-2018
signature.................................................. date: ............
9.4. Appendix IV: Questionnaire in English

1. What is your gender?
   a. Male
   b. Female
   c. I would rather not say

2. What is your age?
   a. 18-25
   b. 26-35
   c. 36-45
   d. 46-55
   e. > 55

3. What is your highest/current level of education?
   a. MAVO
   b. HAVO
   c. VWO
   d. MBO
   e. HBO
   f. WO
   g. Other, please specify
   h. I would rather not say

4. When buying products in the supermarket, for example cleaning solutions or laundry detergents, what is important to you?
   a. Price
   b. Quality
   c. Environmental sustainability
   d. Innovation
   e. Other:

5. If you are satisfied with a product, how likely are you to buy this product again?
   a. Very likely
b. Probably not
c. It depends

6. What would be a reason for you to switch brands within a product category? For example, Dreft dish soap that you replace with Dubro dish soap.
   a. The other product is cheaper
   b. The other product seems better
   c. The other brand is more environmentally sustainable
   d. The brand from the other product appeals to me
   e. Other, please specify

7. I think that products that are made more environmentally sustainable are of
   a. Higher quality than comparable non- or less environmentally sustainable products
   b. Lower quality than comparable non- or less environmentally sustainable products
   c. Same quality as comparable non- or less environmentally sustainable products

8. Are you familiar with these products? More answers are possible. If you are not familiar with either of these products, you may proceed to the next question.
   a. Ajax all-purpose cleaner
   b. Seepje all-purpose cleaner

9. Would you try Seepje all-purpose cleaner?
   a. Yes
   b. Maybe, if it is on sale or recommended by a friend
   c. No, I am satisfied with Ajax all-purpose cleaner
   d. I don’t know

10. Imagine, you have tried Seepje all-purpose cleaner and it prove to be of good quality: it smelled nice and cleaned well. In addition to this, Seepje all-purpose cleaner is better for the environment than Ajax all-purpose cleaner. Would you continue to buy Seepje all-purpose cleaner?
    a. Yes, this is an easy way to contribute to the environment
    b. Maybe, if Seepje has the same price or is cheaper than Ajax
    c. No, I am still satisfied with Ajax all-purpose cleaner
    d. I don’t know
11. Imagine, you always drink tea from the brand Pickwick. Pickwick’s teabags are individually wrapped in paper, in addition to the paper box that they are sold in, in contrast to the brand Lipton tea. Lipton teabags are not separately bagged in the box they are sold in. From this perspective, Lipton is more environmentally sustainable than Pickwick, because they avoid using unnecessary resources. How would you feel if Pickwick would stop individually wrapping their teabags just like Lipton?
   a. I would feel good, the environment is very important to me.
   b. It would be fine by me but this would not change my opinion of the brand or product.
   c. I don’t really care, as long as the product remains the same.

12. Imagine, you have used Robijn liquid laundry detergent for years. Robijn changes the formula, making it a concentrated liquid laundry detergent. Because it is concentrated, it is better for the environment: less packaging used, less water used for production and less waste ends up in the water. How would you feel about this?
   a. I would feel very good. I think the environment is very important and I trust that the new formula will work as well as the old formula.
   b. I would hesitate. I am not sure if the new formula will work as well as the old formula, but I would be willing to try it because it is better for the environment.
   c. I would not like it. Why change a formula if it works well? There are other ways to contribute to the environment.

13. What is your opinion of the brand Red Bull?
   a. Very bad – very good
   b. Not environmentally sustainable – very environmentally sustainable
   c. Not satisfied – very satisfied with the brand

14. What is your opinion of the brand O.B.?
   a. Very bad – very good
   b. Not environmentally sustainable – very environmentally sustainable
   c. Not satisfied – very satisfied with the brand

15. What is your opinion of the brand Bar le Duc?
   a. Very bad – very good
   b. Not environmentally sustainable – very environmentally sustainable
   c. Not satisfied – very satisfied with the brand
16. Which product is more environmentally sustainable?
   a. Red Bull
   b. Scheckter’s Organic

17. Which product is more environmentally sustainable?
   a. O.B. Tampons
   b. Yoni Tampons

18. Which product is more environmentally sustainable?
   a. Bar le Duc
   b. Spa Reine

The brands that you have earlier rated on their environmental sustainability, all contribute to the environment in their own way. The only difference is, that one brand communicates their environmental sustainability efforts to the consumers, but the other brands do not communicate their environmental sustainability efforts to consumers. For example, did you know that:

19. Red Bull is very careful about their can’s lifecycle? Their cans are 100% recyclable, are only transported via train or ship, and because they are made and filled in the same factory, Red Bull saves about 12.7 million kilometers of transport. Also, 80% of the energy that is used for their production processes originates from sustainable sources.
   a. Yes, I knew this
   b. No, I did not know this

20. O.B. are purposely without applicators? Because only the woman herself can feel how the tampon should be inserted, and this prevents a lot of extra [plastic] waste. Also, O.B.’s factories only use renewable energy sources and are their carton packages made out of 75% recycled paper and is all the ink they use on a natural basis.
   a. Yes, I knew this
   b. No, I did not know this

21. Bar le Duc is the first manufacturer that makes bottles from 100% recycled contents? This means that they only use existing materials [recycled bottles] and they don’t use any new resources nor do they add to the already existing waste.
a. Yes, I knew this  
b. No, I did not know this  

22. What is your opinion of the brand Red Bull?  
   a. Very bad – very good  
   b. Not environmentally sustainable – very environmentally sustainable  
   c. Not satisfied – very satisfied with the brand  

23. What is your opinion of the brand O.B.?  
   a. Very bad – very good  
   b. Not environmentally sustainable – very environmentally sustainable  
   c. Not satisfied – very satisfied with the brand  

24. What is your opinion of the brand Bar le Duc?  
   a. Very bad – very good  
   b. Not environmentally sustainable – very environmentally sustainable  
   c. Not satisfied – very satisfied with the brand
9.5. Appendix V: Questionnaire results per question

Question 1: What is your gender?

- Male
- Female
- I'd rather not say

Question 2: What is your age?

- 18-25
- 26-35
- 36-45
- 46-55
- >55
- I'd rather not say
Question 3: What is your highest or current level of education?

- MAVO
- HAVO
- VWO
- MBO
- HBO
- WO
- I’d rather not say
- Other, please indicate

Question 4: When buying products in the supermarket (for example, cleaning solutions or laundry detergents), what is important to you? More answers are possible.

- Price: 71%
- Quality: 78%
- Environmental sustainability: 20%
- Innovation
- Other, please specify: 5%

Question 5: If you are satisfied with a product’s quality, how likely are you to purchase this product again?

- Very likely
- Probably not
- It depends
Question 6: What would be a reason for you to switch products within the same product category? For example, think of dishsoap from Dref that you replace with dishsoap from Dubro.

- The other product is cheaper: 64%
- The other product seems...: 51%
- The other product is better...: 29%
- The other products’ brand is...: 17%

Other, please specify

Question 7: I think that environmentally sustainable products are of...

- Higher quality: 88%
- Equal quality: 12%
- Lower quality

than comparable products that are not or less environmentally sustainable products

Question 8: which product are you familiar with?

- Ajax all-purpose cleaner: 88%
- Seepje all-purpose cleaner: 12%
Question 9: Would you like to try Seepje all-purpose cleaner?
- Yes
- Maybe, if it is on sale or recommended by a friend
- No, I am satisfied with Ajax all-purpose cleaner
- I don't know

Question 10: Imagine, you have tried Seepje all-purpose cleaner and it prove to be of good quality. Would you continue to buy Seepje?
- Yes, this is an easy way to contribute to the environment
- Maybe, if Seepje has the same price or is cheaper than Ajax
- No, I am still satisfied with Ajax
- I don't know

Question 11: How would you feel if Pickwick would stop selling their tea seperately bagged?
- I think that would be a good... 43%
- It would be fine by my but my... 38%
- I don't really care, as long as... 19%
Question 12: How would you feel if Robijn changed its laundry detergent formula?

- 74%: I think that would be a good thing.
- 24%: I would hesitate.
- 2%: I would not like it.

Question 13: What is your opinion of the brand Red Bull?

- Attitude towards the brand: 4.7
- Environmental sustainability: 4.2
- Satisfaction with the brand: 4.8
Question 14: What is your opinion of the brand O.B.?

- Attitude towards the brand: 7.7
- Environmental sustainability: 5.2
- Satisfaction with the brand: 7.6

Question 15: What is your opinion of the brand Bar le Duc?

- Attitude towards the brand: 6.7
- Environmental sustainability: 6
- Satisfaction with the brand: 6.5
Question 16: Which product is more environmentally sustainable?

- Red Bull
- Scheckter’s Organic

Question 17: Which product is more environmentally sustainable?

- O.B. Tampons
- Yoni Tampons
Question 18: Which product is more environmentally sustainable?

- Bar le Duc
- Spa Reine

Question 19: Did you know about Red Bull's environmental sustainability?

- Yes, I did
- No, I did not
Question 20: Did you know about O.B.'s environmental sustainability?

- Yes, I did
- No, I did not

Question 21: Did you know about Bar le Ducs environmental sustainability?

- Yes, I did
- No, I did not
### Question 22: What is your opinion of the brand Red Bull?

<table>
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<th>Aspect</th>
<th>Score</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Environmental sustainability</td>
<td>7.2</td>
</tr>
<tr>
<td>Satisfaction with the brand</td>
<td>6</td>
</tr>
</tbody>
</table>

### Question 23: What is your opinion of the brand O.B.?

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<th>Score</th>
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<tr>
<td>Satisfaction with the brand</td>
<td>7.6</td>
</tr>
<tr>
<td>Question 24: What is your opinion of the brand Bar le Duc?</td>
<td></td>
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<td>--------------------------------------------------------</td>
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<tr>
<td>Attitude towards the brand</td>
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<tr>
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<td>Satisfaction with the brand</td>
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