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The role of ecolabels in the Finnish wine sector from wine importers' perspective

International business

Master's thesis

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Environmental issues have become a growing concern of business. To address the challenges of sustainable business, many organizations have developed different ecolabels, and the number of these labels has increased notably during the last few decades. Wine sector members, too, have become increasingly interested in adopting more sustainable practices, and ecolabels have become a common way of communicating about the environmental aspects of wine. While there exists quite a lot of literature concerning ecolabels and wine business from consumer and producer perspective, wine importers are a group that has been overlooked by prior research. In Finland, there is a state monopoly for alcoholic beverages containing more than 5.5 percent of alcohol by volume, so as a marketplace for wine it differs from that of many other countries. The Finnish alcohol monopoly Alko sells products that have been bought from domestic and foreign alcohol businesses, which places wine importers in a major role in the Finnish wine market. This thesis studies the perceptions of Finnish wine importers regarding environmental label's role in the Finnish wine sector. The purpose of this research is divided into four sub-questions: how ecolabels have influenced the Finnish wine market, what are the advantages and strengths of ecolabels, what are the disadvantages and weaknesses of ecolabels, and what influence ecolabels will have on the Finnish wine market in the future.

The theoretical background of the thesis is tied to corporate environmental responsibility (CER), ecolabels, and environmental concerns of the wine business. The research method used for this thesis was theme interview. The themes discussed during the interviews were based on the four sub-questions of this research. Six interviews were conducted with representatives of Finnish wine importers. There was also a preliminary interview with Alko's sustainability manager to gain a better understanding on the topic before the interviews with importers' representatives. The interviews were conducted between 17.2.2020 and 26.10.2020.

The results of this study indicate that ecolabels have a substantial role in the Finnish wine sector. The interviewees perceived that the consumer demand for ecolabelled wine has increased, and that Alko's actions have contributed to the growing role of environmental labels in the Finnish wine market. Ecolabels were perceived to have several advantages, most significant of which including responding to consumer demand and promoting environmental responsibility. Interviewees' views on the disadvantages of environmental labels were quite varied. They included such as rigidity of environmental labels, expensiveness of ecolabelling, and the large number of labels when it leads to confusion among consumers. Ecolabels were expected to have a growing significance for the Finnish wine sector in the future, while there still seems to be a call for raising consumer awareness of the contents of labels and how ecolabelling can affect the price of wine.

Key words: ecolabels, environmental labels, sustainability, wine, corporate environmental responsibility, importer

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Ympäristöongelmista on tullut kasvava huolenaihe liike-elämässä. Kestävän liiketoiminnan haasteiden ratkaisemiseksi monet organisaatiot ovat kehittäneet erilaisia ympäristömerkkejä ja näiden merkintöjen määrä onkin kasvanut huomattavasti viime vuosikymmenien aikana. Myös viinialan eri toimijat ovat yhä kiinnostuneempia kestävän kehityksen mukaisten käytäntöjen omaksumisesta. Ympäristömerkeistä on tullut yleinen tapa kommunikoida viinin ominaisuuksista ympäristönäkökulmasta. Ympäristömerkkejä ja viinialaa on tutkittu melko laajasti kuluttajien ja tuottajien näkökulmasta, mutta viinin maahantuojat ovat ryhmä, joka on jätetty huomiotta aikaisemmissa tutkimuksissa. Suomessa on valtion monopoli koskien juomia, jotka sisältävät alkoholia yli 5,5 tilavuusprosenttia, joten viinin markkinapaikkana Suomi eroaa monista muista maista. Suomalainen alkoholimonopoli Alko hankkii myymänsä tuotteet koti- ja ulkomaisilta alkoholialan yrityksiltä, mikä asettaa viinin maahantuojat merkittävään rooliin Suomen viinimarkkinoilla. Tämän tutkielman tarkoitus on tutkia suomalaisten viinin maahantuojien käsityksiä koskien ympäristömerkkien roolia Suomen viinialalla. Tutkimuksen päättökysymys on jaettu neljään alakysymykseen: miten ympäristömerkit ovat vaikuttaneet Suomen viinimarkkinoihin, mitä ovat ympäristömerkkien edut ja vahvuudet, mitä ovat ympäristömerkkien haitat ja heikkoudet sekä millä tavalla ympäristömerkit vaikuttavat Suomen viinimarkkinoihin tulevaisuudessa.

Tämän tutkielman teoreettinen tausta nivoutuu yritysten ympäristövastuuseen, ympäristömerkkeihin ja viinialan ympäristöongelmiin. Tässä opinnäytetyössä käytettiin tutkimusmenetelmänä teemahaastattelua. Haastattelujen aikana käsitellyt teemat perustuivat tämän tutkimuksen neljään alakysymykseen. Tutkielmaa varten haastateltiin kuutta suomalaisten viinin maahantuojien edustajaa. Ennen maahantuojien edustajien haastatteluja käytiin myös alustava haastattelu Alkon kestävän kehityksen johtajan kanssa, jotta aiheesta saataisiin kokonaisuudessaan parempi käsitys. Haastattelut tehtiin aikavälillä 17.2.2020 - 26.10.2020.

Tämän tutkimuksen tulokset osoittavat, että ympäristömerkeillä on merkittävä rooli Suomen viinimarkkinoilla. Haastateltavat kokivat, että kuluttajakysyntä ympäristömerkityille viineille on noussut ja että Alkon toiminta on edistänyt ympäristömerkkien kasvavaa merkitystä Suomen viinimarkkinoilla. Ympäristömerkeillä koettiin olevan useita etuja, joista merkittävimpiä olivat kuluttajakysyntään vastaaminen ja ympäristövastuun edistäminen. Haastateltavien näkemykset ympäristömerkkien haitoista olivat vaihtelevia ja niihin kuuluivat muun muassa ympäristömerkkien joustamattomuus, ympäristömerkkien kallis hinta ja suuri määrä erilaisia ympäristömerkintöjä, silloin kun se johtaa sekaannukseen kuluttajien keskuudessa. Ympäristömerkeillä odotettiin olevan kasvava merkitys Suomen viinialalle tulevaisuudessa, vaikkakin yhä on olemassa tarve kuluttajien tietoisuuden lisäämiseen koskien ympäristömerkkien sisältöä ja sitä, miten ne vaikuttavat viinin hintaan.

Avainsanat: ympäristömerkinnät, ympäristövastuu, viini, maahantuojat

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1 Introduction

1.1 Background

Since the late 1960's, there has been a growing concern over the negative impacts of business towards the natural environment. Legislation and government regulations are often considered to be inadequate in tackling pressing environmental issues such as global warming and preserving ecological diversity (D'Souza 2015, 179; Joutsenvirta et al. 2011, 9; Galarraga 2002, 316.) With ever-increasing awareness on environmental issues and the costs associated, it has become essential for companies of all sizes to develop environmental strategies. Environmental responsibility has become a norm for sustainable organizations. (Sindhi & Kumar 2011, 640.) Wine sector has had a relatively environmentally safe reputation among businesses. However, studies have shown that there is a large number of environmental issues that can be associated with wine production and wine grape cultivation. (Christ & Burritt 2013, 232.) Wine consumption has increased globally for a while now, and as a result wine sector's environmental sustainability has started to receive growing attention from different stakeholders (Dodds et al. 2013, 164).

There are several terms used in literature to describe the environmental responsibility of business, such as corporate environmental sustainability and corporate environmental citizenship. In this study the term used is corporate environmental responsibility, or CER. According to DesJardin (1998, 834) corporate environmental responsibility is about businesses trying to meet the demands of a developing world and increasing population in ways that do not threaten their productive capacity of the natural ecosystem. Kuskü (2007, 75) defines CER as the entirety of different precautions and policies companies need in order to diminish the hazards they cause to the environment. Environmental labelling, certification, and standardizing are tools of CER and techniques for legitimizing environmental gains. Environmental labels offer means for companies to market their products as sustainable. Environmental certification is the process through which a company that has adopted environmentally friendly practices has its achievements verified by a third party. (Berghoef & Dodds 2013, 264). The terms 'ecolabel' and 'environmental label' are used in this thesis interchangeably, since both terms are widely used in the literature concerning the topic.

During the last few decades, the number of different ecolabels has increased notably. In the 1990's no more than a dozen ecolabels existed worldwide, but in 2021 the global directory of ecolabels called Ecolabel Index incorporated 455 environmental labels in 199 countries (Delmas & Lessem 2017, 319; Ecolabel Index 2021). Environmental labels have been developed both to inform consumers of the environmental effects of the product life cycle as well as to encourage producers to upgrade their sustainability practices (Galarraga 2002, 3016). Stakeholder pressure has a substantial role in making companies consider using environmental labels and certificates to communicate their commitment to sustainable development. With growing consumer focus on environmental sustainability, manufacturers are increasingly willing to adopt voluntary labelling schemes to provide information concerning the environmental aspects of their products. Environmental labels have become an important part of companies' marketing strategies. (D'Souza 2015, 179; Paloviita & Luoma-aho 2010, 306.) Finnish wine sector is no exception to this development. There is an increasing amount of ecolabelled wine to be seen in the Finnish wine market, and the Finnish alcohol monopoly Alko lists environmental responsibility as one of the most significant trends in the beverage world. (Alko's Trend Report 2021, 11.)

1.2 The wine sector in Finland

The word 'sector' is used in this study to describe the entire value chain of wine, including but not limited to producers, distributors, importers, retailers, and customers. The term 'industry' could perhaps have been used, too, since 'sector' and 'industry' are commonly used interchangeably. However, 'industry' can be understood as a term that is confined to competitors centred on a common product, so for the use of this research the term 'sector' was considered more suitable. (Eriksson et al. 1996, 362.) In addition to the term 'wine sector', 'wine business' is also used in this thesis to describe the whole of different operators that work in this field of industry.

The major stakeholders in the Finnish wine sector are consumers, importers, and the state monopoly Alko. The existence of a government-owned monopoly for alcoholic beverages is an attribute that differentiates the Finnish wine market from the majority of other markets. Alko has the exclusive right for retail sale of beverages containing more than 5.5 percent alcohol by volume in Finland. The company is wholly owned by the Finnish state. The basis for this state monopoly is on the social and health policy objective of

decreasing the harmful effects of alcohol consumption. (Alko: Responsible sale of alcoholic beverages.) Other countries that have state monopolies for alcoholic beverages include Sweden, Norway and Iceland.

The northern location of Finland plays a major role in the local wine sector, since the relatively cold climate and inadequate amount of sunlight make it challenging to produce grape wine for commercial purposes in Finland. Moreover, since Finland is not listed as a wine-producing country, even wine made in Finland from grapes that have been cultivated in a more amicable climate cannot be sold as 'wine' but needs to be called something else (MTV Uutiset 7.8.2018). Fruit and berry wines are being produced in Finland, but the focus of this study is on grape wine. This lack of domestic grape wine production places wine importers in an essential role in the Finnish wine sector. Apart from Alko, importers can sell their products to restaurants, too. However, to narrow down the scope of this thesis, the attention of the study is specifically on those Finnish importers who sell their products via Alko.

Alko's position as a monopoly obligates it to treat all its suppliers equally. Alko does not have any production, bottling or brands of alcoholic products of its own. Alko publishes a selection plan thrice a year, and this plan consists of tender requests for Alko's selection: general selection, specialties selection and seasonal selection. Alko's main product selection is the general selection, which forms the foundation of the shop assortment. Importers, producers, manufacturers, other suppliers as well as authorized representatives of alcoholic beverages can all submit their offers to these tenders. It is also possible for domestic partners to offer products to Alko's sale-to-order selections, which are available for consumers in Alko's online shop. For these products, Alko does not keep a stock, but Alko's shops can order these products from the suppliers and include them in a shop's assortment in accordance with customer demand. (Alko: How to offer your products to Alko's selection.)

Environmental labels have become increasingly prominent in Alko during the last few years. Alko has its own umbrella system for communicating the environmental aspects of products, called Green Choice symbols, which will be described in more detail in chapter 3.3. More and more products in Alko's selection bear some kind of an environmental marking, and Alko aims to increase the portion of products with some Green Choice

symbol to 70 percent of the product selection by the year 2030. (Alko: Trend Report 2021, 11; Alko: Annual Report 2020, 42.)

1.3 The purpose of the study

Environmental labels are a pivotal tool of today's sustainable business, but since the whole field of environmentally sustainable business is very complex, the use of environmental labels is not unambiguous. This thesis focuses on environmental labels from Finnish wine importers' perspective. The purpose of this research is to find out how the Finnish wine importers perceive the role of ecolabels used in the Finnish wine sector. Furthermore, this thesis aims to find out what drawbacks and benefits environmental labels present from the importers' point of view. Importers' view is the focus of this thesis, since they have an essential role in the Finnish wine market, and while there are many studies looking into ecolabels and wine from consumer and producer perspective, there exists a research gap concerning the importers' view on the subject. Since this research has its focus on the Finnish wine market, it is justifiable to narrow the ecolabels down to those that are represented in products sold in Alko.

The main research question of this study is "What is the role of environmental labels used in the Finnish wine sector from the Finnish wine importers' perspective?" The main research problem has been divided into following sub-questions:

- How have environmental labels influenced the Finnish wine market?
- What are the advantages and strengths of environmental labels?
- What are the disadvantages and weaknesses of environmental labels?
- How will environmental labels influence the Finnish wine market in the future?

The influence that the environmental labels have already had on the Finnish wine market is discussed to gain an overview of how importers perceive the role and effects of environmental labels. Advantages, strengths, disadvantages and weaknesses of environmental labels are dealt with to map out importers' perceptions of ecolabels as well as to better understand importers' motives or possible barriers to import ecolabelled wine. The future of the environmental labels is discussed to find out how importers perceive the role of ecolabels in the changing world where climate change, decreasing biodiversity and other environmental issues are a stable part of public discussion.

This thesis comprises of seven chapters. The first chapter has described the motivation for this research and provided background information on the subject. Chapters two and three further describe the theoretical background for this study, chapter two focusing on ecolabels in general and chapter three positioning ecolabels in the context on wine sector. Chapter four discusses the methodology of the thesis. The fifth chapter focuses on presenting and analysing the findings of the study. Chapter six comprises of academic contribution, managerial implications, as well as limitations and suggestions for further research. Finally, a summary of this thesis is presented in the seventh chapter.

2 Environmental labels as tools for corporate environmental responsibility

This chapter focuses on ecolabels in the context of sustainable business. In chapter 2.1 the motivations for engaging corporate environmental practices are being overviewed. Then, in chapter 2.2 ecolabels as tools of CER are presented, and after that chapter 2.3 discusses the ways of assessing and comparing different environmental labels. Lastly, possible advantages and disadvantages of environmental labels is discussed in chapter 2.4.

2.1 Motivations for corporate environmental responsibility

Motivations for businesses to engage in CER are complex. While companies may partly be motivated by purely environmental values, the objective of making a profit is usually in the focus of any business. Some of the main incentives for CER include achieving legitimacy among stakeholders and gaining competitive advantage. Consumers expect companies to ‘go green’, and since all businesses need to be able to create a positive public perception of themselves, CER can be seen as a necessary tool of PR and marketing. (Babiak & Trendafilova 2009, 21.)

Dummet (2006, 387–388) argues that government legislative policies are the dominant driver for CER. Since companies do not operate in a vacuum but as a part of society, they are expected to play by the rules of the said society. If the existing rules of the society are inadequate in tackling environmental problems, those rules should be changed. While many company leaders wish that governments took more responsibility in developing CER practices, governments seem to be reluctant to intervene the marketplace and prefer the use of voluntary environmental tools and practices.

Sindhi and Kumar (2011, 644) agree that regulatory mechanisms are the most effective drivers of CER. However, they also state that for companies to go beyond government laws and regulations, there needs to be other, non-regulatory factors, too. They present a model of inter-dynamics among factors of CER, barriers to CER and CER benefits, seen in figure 1.

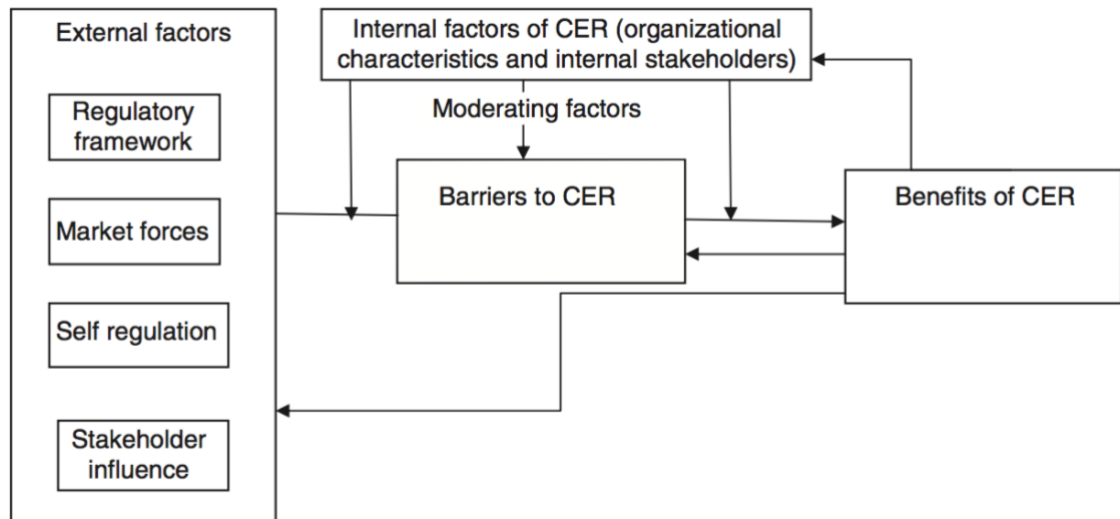


Figure 1 Inter-dynamics among factors of CER (Sindhi & Kumar 2011, 650.)

In this model, CER incentives are categorized into external and internal factors. An idea is introduced that managers are motivated by tangible and intangible benefits caused by CER when internal and external factors are synergized. (Sindhi & Kumar 2011, 650.) In addition to regulatory framework, three other external factors are identified: market forces, self-regulation, and stakeholder influence. Market forces refer to the fact that many companies have recognized the importance of environmental responsibility to their international competitive advantage, and this has led them to adopt proactive voluntary environmental standards. Self-regulatory mechanisms promote CER since industry groups often aim to pre-empt regulations in order to avoid the high costs of functioning within the regulatory system. Companies adopt voluntary environmental regulatory systems and self-regulate their environmental behavior to meet national and international standards. Stakeholder involvement has been reported to have a positive effect on performance improvement, and it seems that CER is no exception. (Sindhi & Kumar 2011, 644–647.)

Internal factors of CER include organizational characteristics and internal stakeholders. Organizational characteristics comprise of domains such as the size of the firm, organizational culture, products, financial, technical and human resources, environmental abilities and capabilities, strategic positioning, position in the value chain, managerial attitude and motivation, strategic attitude and internationalization. Internal stakeholders include such groups as employees, suppliers, shareholders, owners and managers. When implementing CER, internal factors act as moderators. Internal factors are not

independent from external factors, but rather they both equally affect each other. (Sindhi & Kumar 2011, 647.)

2.2 Ecolabels as tools of CER

To make environmentally sustainable decisions, consumers, producers, and procurement professionals need relevant and sufficient environmental information about products as well as organizational performance. Environmental labelling programs have gained wide popularity as instruments that help fulfilling this need. Eco-labels provide a quality assurance when communicating about products' environmental impacts. Environmental labelling is linked to both producers' possibilities to communicate their environmental efforts as well as consumers' right to gain information about the products they are purchasing. (Bratt et al. 2011, 1631.)

Ecolabels can be divided into industry-based labels and NGO-based labels. A non-governmental organization (NGO) can establish a voluntary labelling system, or alternatively, the industry itself can create its own labels and standards. In fact, sometimes industries respond to NGO labels with their own certification standards, which typically include less strict sets of criteria than those set by the NGOs. This phenomenon creates a market for label competition. From industry point of view, it is easy to understand why it may be necessary to create alternative labels; strict standards may only be met by a small fraction of firms in an industry. On the other hand, from NGOs perspective, those standards that are achievable by most mainstream firms may be too loose to generate much environmental improvement. (Fischer & Lyon 2014, 692–693.)

A common way to classify environmental labels is the standard created by the International Organization for Standardization (ISO). ISO 14020 includes defined standards for different types of environmental labels. In ISO 14020 environmental labels are categorized into three different types: Type I ecolabelling schemes, Type II self-declared environmental claims and Type III life-cycle data declarations. ISO 14024 Type I ecolabelling schemes bestow a mark or a logo on a product based on the fulfilment of specific criteria. An independent party verifies these Type I labels. This is an internationally recognized standard, and it is a benchmark for Global Ecolabelling Network, which is a federation of ecolabelling organizations. ISO 14021 Type II involves self-declared environmental claims, in other words claims which manufacturers, marketeers and resellers of products make themselves. ISO 14021 includes several terms

that are used commonly in environmental claims, and the standard clarifies them as well as provides evaluation methods for them to make sure they are valid. ISO 14025 Type III life cycle data declarations consist of environmental declarations that are formalized sets of environmental data describing the environmental aspects of a product. They include quantified life-cycle information of a product that enables comparing environmental impacts between similar products and services. (ISO 2019, 5–8.)

Although ISO 14020 series is internationally recognized and accepted, its sufficiency in the present day has been questioned. Minkov et al. (2019, 840) found that nowadays there is a vast group of ecolabels that they characterize as ‘undefined’, which do not declare any ISO typology. These environmental labels apply varying awarding formats, criteria and hybrid forms that are not recognized by ISO. The writers argue that the current ISO 14020 standards for environmental labels belittle the effects that the increased quantity of these undefined ecolabels causes. According to their findings, the current ISO typology no longer serves as a sufficient classification and differentiation instrument.

Since the intention of this thesis is to focus on importers that sell their products via Alko, this thesis also has its scope on eco-labels that are represented in Alko. Alko has its own system of communicating environmental attributes of products, called Green Choice symbols, discussed in more detail in chapter 3.3. Many labels that fall under the Green Choice categories comply with ISO standards but not all of them. Therefore, in this thesis environmental labels outside ISO definitions can be considered, too.

2.3 Advantages and disadvantages of environmental labels

Ecolabels are designed to make organizations more environmentally aware as well as to influence the purchasing habits of consumers by invoking consumer demand for environmentally friendly goods. Environmental labels also aim to diminish the information asymmetry between the seller and the buyer. Eco-labels offer guidelines for companies that wish to enhance their environmental performance, and at the same time aid them to improve product image and sales. For ecolabelling to be successful and beneficial for a company as a promotional tool, the label should be accurate, truthful, and a consumer should understand its main contents. (D’Souza 2015, 182–183, Delmas et al. 2017, 318.) Eco-certification can also have benefits beyond consumer recognition, such as reputational benefits via clubs and trade associations. (Delmas & Grant 2014, 35).

There are several ways in which firms can use ecolabels to attain economic goals, such as differentiating products, reducing regulatory scrutiny, and achieving access to profitable green procurement practices. This has made ecolabels a significant strategic consideration for company managers. (Delmas et al. 2017, 348.) Environmental labels can also be effective marketing tools. A study concerning whether the knowledge, awareness, and information that Italian consumers' gain on the environmental impacts of products via ecolabels can prompt more eco-friendly behaviour found that ecolabels have a significant role in increasing consumers' perceived behavioural control. The study also discovered that environmental labelling schemes can only fully achieve their task of signalling the best environmental options available on the market if consumers are properly informed and know the meaning, characteristics, requirements and guarantees that those ecolabels provide. Therefore, for ecolabels to be used as an effective means of marketing, they need to be supported by an appropriate communication strategy. (Testa et al. 2013, 24.) Moreover, ecolabels have been found to be superior compared to advertising campaigns in their effectiveness of communicating about brands' sustainability attributes, and they can contribute to creating a sustainable brand image in consumers' minds (Ferreira & Fernandes 2021, 12).

Ecolabels can also be beneficial as a means of starting to develop a new standard. They encourage producers to pay more attention to environmental issues and may have them change their practices towards more sustainable ones. Moreover, studies have found that ecolabels can enforce producer compliance via compulsory and voluntary standards. (Van Amstel et al. 2006, 274.) There is evidence that companies are more prone to adopt environmental and social standards with good governance. Firms want to know they are in good company when joining a voluntary standard, so staving off undesirable firms is a pivotal component of good governance. (Castka & Corbett 2016, 1517.)

While ecolabelling can be the driving force towards a more sustainable future, there are several critical problems to be solved. One of these is consumer disorientation that stems from the amount of different ecolabelling schemes available on the market. Different ecolabel programs comply with different sets of criteria, some of them being perceived as unnecessarily complex, some far too superficial. Hence, it can be difficult for consumers to fully understand and compare the information offered by different labels, and sometimes specific competence would be needed to do this. (Proto et al. 2007, 682.) The large number of labels can further worsen the effects of consumers' uncertainty and

decrease the informativeness of labels (Harbaugh et al. 2011, 1512.) Consumers often have trouble identifying third-party certified eco-labels from the crowd of varying sustainability claims. The assortment of competing green products can lead to confusion among consumers and have negative consequences for economic efficiency and sustainability benefits of eco-labels. (Brécard 2017, 359.)

From producers' point of view there can be risks and drawbacks involved when using ecolabels. Labels that do not keep their promises can undermine the whole system. Companies should be aware of the risks of greenwashing, a term that is used to describe the act of misleading people regarding the environmental practices of an organization, or the environmental advantages of a product. (Delmas & Lessem 2017, 56.) There are also indications that ecolabels may not be successful enough in diminishing the information asymmetry between the seller and the buyer. Additionally, while consumers and other stakeholders often presume that the environmental issues can be improved by producing ecolabelled products, this may not always be the case. Ecolabels' impacts on nature conservation are difficult to demonstrate, since there are always many other variables involved, such as technological development. (Van Amstel et al. 2006, 273–274.)

Another challenge of environmental labels is connected to market penetration. Many labelling programs are ambitious with their criteria and want to label products that have excellent environmental performance. However, high requirements can result to a decreased interest towards the ecolabel from companies' part, if only a few can fulfil its criteria. Hence, there is a trade-off within environmental labelling: stringent labelling criteria result in low market penetration, so if a high market penetration is the aim, it will be necessary to ease the requirements. (Iraldo et al. 2020, 835.)

Due to the many challenges involving eco-labels, it has been pointed out that a more specific, systematic life cycle assessment is required for ecolabelled products. Even though eco-labels are perceived by companies as an opportunity to increase sales and accountability, as well as by consumers as an increase in choice, there are often too many products, too little time, and too much information – that may even not be the right kind – for these expectations to be fulfilled. (Horne 2009, 180.)

2.4 Assessing and comparing different environmental labels

Since there is a vast variety of different labels in the world, there is not a globally accepted set of criteria for evaluating and comparing eco-labels yet, though something has been written about the matter. Horne (2009, 176) identified four main themes when assessing the strength of an eco-label:

- Coverage
- Inclusion of stakeholder needs
- Uptake, independence, and acceptance
- Measured environmental/sustainable consumption outcomes

Coverage refers to the range of environmental issues covered as well as to the range of label products covered of relevant issues. Coverage also includes the carrying capacity of an eco-label. Inclusion of stakeholder needs refers to participative democracy; a label needs to include key stakeholders in the criteria development. Uptake, independence, and acceptance mean that there needs to be evidence of influence of the label and of participative democracy. Measured environmental/sustainable consumption outcomes require that an eco-label is able to demonstrate conservation of natural capital and intergenerational equity. (Horne 2009, 176.)

In an article by Delmas et al. (2013, 10–12) a framework for evaluating ecolabels is introduced for managers to be able to avoid choosing a label that does not answer their needs. The writers evaluate ecolabels by a process of three elements:

- Consumer awareness and understanding
- Consumer confidence
- Consumers' willingness to pay

Concerning consumer awareness and understanding, the writers encourage choosing a label that has simple and clear messages when communicating to consumers. Clear communication helps to refraining from greenwashing in the form of vague claims. They also recommend going with labels that allocate funds to the communication. Consumers can miss the environmental aspects of the product if the communication on the subject is deficient. Another recommendation is favouring labels that are available for multiple products since they can benefit from an increased visibility to consumers. According to

the writers, it can also be useful to go with labels that are endorsed by governments or big retailers, since this can enforce credibility in the eyes of the consumer. (Delmas et al. 2013, 10–11.)

Regarding consumer confidence, it may prove useful to prefer environmental labelling organizations that have many partners. Having multiple partners can help balancing the great variety of perspectives that exist in field of environmental sustainability. This can ensure a broader consumer attraction and inhibit backlashes from consumer groups that could otherwise feel themselves ignored. Checking the credibility of these partners and avoiding conflicts of interests is also advisable. Choosing labelling organizations that are transparent is important in order to remain credibility and dodge consumer suspicions about greenwashing. Other relevant issues concerning consumer confidence include conducting one's product environmental evaluation to ensure consistent results, and ensuring supply-chain availability, especially when dealing with ecolabelled products that rely on novel materials and processes. (Delmas et al. 2013, 11–12.)

To influence consumers' willingness to pay for an ecolabelled product, the writers recommend emphasizing the increased quality of the product. Consumers may not be willing to pay extra for an ecolabel if there are not any private benefits involved. Therefore, it is advisable to choose ecolabelling programs that emphasize product quality alongside the environmental benefits. According to Delmas et al. (2013, 12) emphasizing health benefits is also recommendable. Leveraging peer pressure is another way to encourage willingness to pay, since consumers may be willing to indicate their virtuous purchases to their peers.

The two frameworks presented here have many linkages and common factors. For managers eco-labels can be strategic tools that help differentiate a product, gain access to sustainable procurement policies or relieve regulatory pressure. However, since some labels are associated with greenwashing and quality problems among other issues, choosing an ecolabel can be a risky business. These criteria might aid firms in finding a label that is right for them. (Delmas et al. 2013, 12.)

3 Ecolabels in the wine sector

This chapter addresses environmental labels in the context of wine business. In chapter 3.1, the variety of most pressing environmental issues in wine business is covered. Chapter 3.2. proceeds to discuss some of the challenges that may arise from using environmental labels from the wine sector perspective. Lastly, chapter 3.3 illustrates how environmental labels are presented in Alko.

3.1 Environmental sustainability in the wine sector

Wine industry has a reputation for being somewhat safe for the environment. Nevertheless, research has proven that grape cultivation and wine production can be associated to a large variety of environmental issues. (Christ & Burritt 2013, 232.) Winemaking is not immune to growing environmental pressure. Especially those companies that have global supply chains are nowadays expected to consider the environmental impacts of the whole chain (Paloviita & Luoma-aho 2010, 313). Furthermore, the effects of climate change have already manifested in many winegrowing regions in the form of extreme weather conditions, which has situated wine business at the forefront of climate action among the beverage sector. (Alko: Trend Report 2021, 11).

There are several variables affecting the analysis and quantification of the environmental impacts of the wine sector, such as the stage of supply chain, geographic location, and the scale and scope in which wine sector members operate. (Mariani & Vastola, 2015, 40.) Based on an integrative literary review, Christ and Burritt (2013, 234) identified and summarized the main areas of environmental concern in wine sector as follows: the use and quality of water, organic and inorganic solid waste, energy use and greenhouse gas emissions, use of chemicals, land use, and the impact on ecosystems. These environmental issues can also be categorized by the stage of supply chain in which they take place: viticulture, winemaking, and distribution. The researchers state that the environmental concerns that members of wine business face are very complex and can vary in scale and scope, depending on the activities in which an individual organization takes part as well as the geographic location in which they are carried out.

Wine regions all over the world have been active in developing industry wide environmental initiatives to help address the problems listed above. As wine industry has spread out especially in the New World (i.e., Australia, New Zealand, South America,

South Africa, the U.S. and Canada), it is particularly in those areas that have a shorter tradition of winemaking where the concerns regarding environmental problems have arisen. In the wine regions of the New World, environmental initiatives have been mainly undertaken voluntarily, while in the Old World (i.e., Europe) environmental issues have primarily been regulated by the European Union. (Berghoef & Dodds 2013, 264; Pattara et al. 2012, 1248.) Benefits of adopting more environmentally friendly practices in wine industry can include the greater longevity of the industry, lesser impact on surrounding communities and ecosystems, decreased risk of liability, increased product safety, cost savings, and improved public perception leading to better sales and access to new markets (Berghoef & Dodds 2013, 264).

Dodds et al. (2013, 170) suggest that primary motivations of wine sector members to become more environmentally sustainable along with the types of sustainability practices they choose vary due to strategic, internal, and external factors, modelled in figure 2. Therefore, approaches to sustainability can vary significantly between different wine sector members. There can exist a range of different drivers for a wine sector member to adopt environmentally sustainable practices.

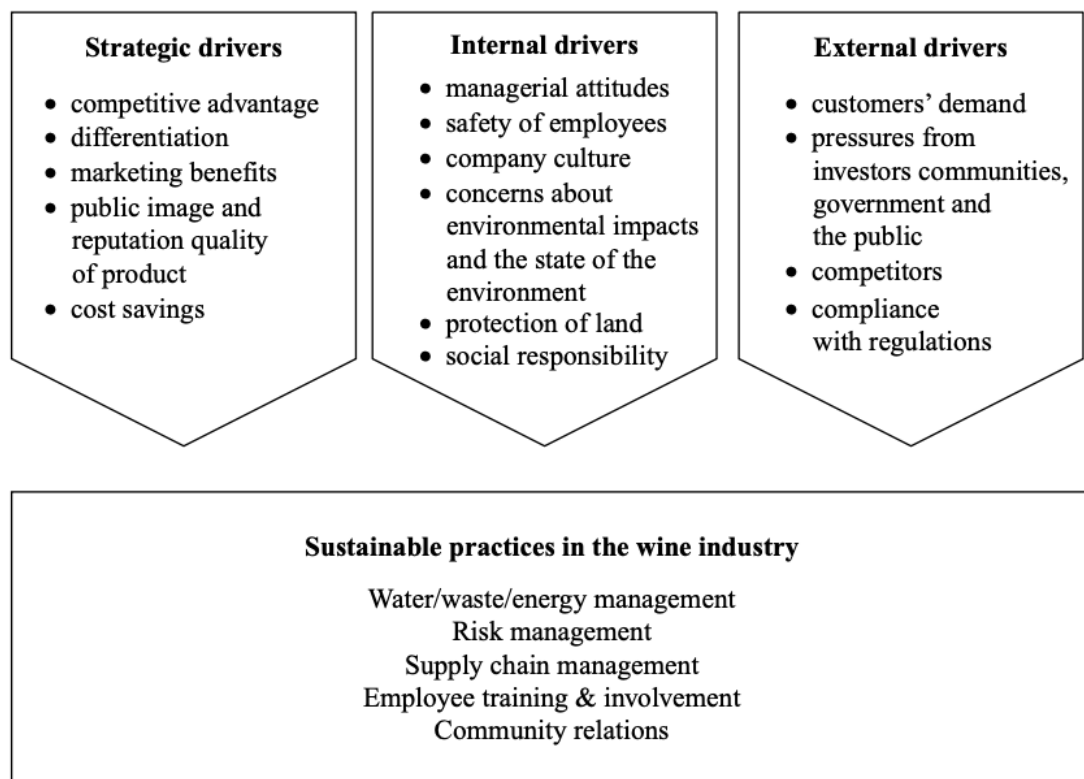


Figure 2 Framework of drivers to sustainability (Dodds et al. 2013, 171.)

In their study concerning the New Zealand wine industry Dodds et al. (2013, 179) discovered that the internal drivers, more specifically concern over the environment and social responsibility, were the two main motivators for winemakers to join in sustainability initiatives. Third strongest motivator was meeting the regulation requirements for export, while strategic drivers were considered less important, and rather regarded as outcomes of sustainable practices. By contrast, the barriers for joining sustainability initiatives included high capital costs along with lack of knowledge, information, and skills.

The International Organisation of Vine and Wine (OIV) has worked for the development of guidelines for sustainability programs in wine sector. This work has resulted in a guideline called the Guidelines for Sustainable Vitiviniculture (production, processing, and packaging of products). (Mariani & Vastola 2015, 38.) According to OIV's resolution, the general principles included in OIV's guidelines form a basis for promoting a coordinated and efficient approach to environmental sustainability. These principles encourage combining economic, social, and environmental aspects of responsible business, in accordance with the triple bottom line approach. However, the need for flexibility is acknowledged since companies' individual operating environments vary from one another. (OIV 2008.)

According to the general principles of the OIV guidelines (2008), the development of sustainable activities should have its basis on an environmental risk assessment, and significant risks in individual geographic regions where vineyards and wineries are situated should be prioritized. The environmental risk assessments should consider, among other things, the following issues: site selection, biodiversity, variety selection, solid waste, soil management, energy use, water management, air quality, wastewater, neighbouring land use, human resource management, and agrochemical use. To ensure continuous improvement and control, a process should be introduced to plan environmental activities and assess their effectiveness. There should also be self-assessment programs and other forms of evaluation incorporated in environmental sustainability programs. The significance of intra- and intersectional cooperation should be recognized, and information and educational opportunities regarding challenges of sustainability should be improved. (OIV 2008.)

Because of their climate conditions, Nordic countries have limited possibilities when it comes to wine production and viticulture. However, Alko and other Nordic alcohol monopolies have established their own responsibility policies that include assessing environmental impacts of their activities (Weidema et al. 2016, 4). In an environmental profit and loss account study of alcoholic beverages sold in Nordic monopolies, Weidema et al. (2016, 5) identified three significant categories of environmental impact: respiratory inorganics, global warming, and nature occupation. They also found that the largest contributing life-cycle stages of wine were packaging manufacture and agriculture. According to the study, regarding wine, packaging contributes of 35 percent of overall environmental impact.

3.2 Advantages and challenges of environmental labels in the wine sector

There are various reasons for participants in wine business to adopt ecolabels. According to a research conducted by Pomarici et al. (2015, 16172), representatives of Californian wineries that took part in a sustainability scheme perceived that the economic advantages of the certification scheme outweighed its costs. Most participants of the study perceived that engaging in a sustainability scheme generated them both environmental and economic benefits. In addition, most of them also experienced positive effects in terms of the quality of wine and vineyard health. Berghoef and Dodds (2013, 270), found that members of Ontario wine in industry were motivated to participate ecolabelling programs particularly for environmental reasons. Other motivating factors they identified included such as increased visibility.

According to Berghoef and Dodds (2013, 270) factors that can inhibit wine industry participation in environmental labelling included cost, time, and formatting of the certification program. The researchers also found that while some producers are eager to comply with the criteria set by the eco-label, they are reluctant to showing the logo of the label on the wine bottle, mainly because of aesthetic reasons. This may be problematic from the ecolabels' point of view, since better visibility and consumer awareness would benefit these programs. According to the results of the study, wine industry members also had concerns about the legitimacy of the ecolabel. The wine sector members feared that if the label they participated in would not be reputable, they themselves might suffer a negative reputational impact.

One of the key assumptions concerning ecolabels is that consumers are willing to pay a price premium that helps to manage with the higher cost of improved environmental practices. However, a study conducted by Delmas and Grant (2014, 35) showed that in the case of wine industry this assumption might be false. They conclude in their paper that while eco-certification leads to a price premium in wine industry, the use of the eco-label does not. According to their research, certifying wine increases the price by 13 percent but including an ecolabel on the bottle reduces the price by 20 percent. They suggest that this result can be explained by the lack of understanding of the eco-certification process, since some consumers associate wine with an ecolabel with lower quality. Delmas and Grant (2014, 35) also state that the truth may be the opposite, since they found are indications that eco-certification leads to a higher wine quality. They also found that despite the reduced price, some wineries are determined to put the label on the side of the bottle. According to the researchers, this seems to stem from the fact that wineries are proud of their efforts toward environmental sustainability and willing to show this to their customers.

Delmas and Lessem (2017, 346) found similar indications. According to their research, consumers preferred ecolabelled wines over otherwise similar products when the price was lower and the wine from a region that was associated with lower quality. By contrast when the wine was from a region associated with higher quality, consumers preferred a conventional, non-labelled wine. These results indicate that while consumers gain some environmental value from ecolabelled wine, they also associate it with lower quality. On the other hand, Delmas and Gergaud (2021, 8) discovered that wine experts in turn have a positive view of the quality of organic and biodynamic wines.

Overall, it seems that research findings concerning consumers' interest in environmental issues in wine business are varied. According to Mariani and Vastola, (2015, 46), sustainability is not deemed a significant attribute of wine by consumers in general. Nevertheless, they do state that research has identified a noteworthy consumer segment in which sustainability holds a greater importance.

One issue regarding ecolabels in wine sector is, that the extensive and ever-growing number of different ecolabels can lead to confusion in the minds of consumers. Hence, it should be essential that ecolabelling organizations co-operate with producers and marketers to make sure ecolabels communicate their values to consumers in a clear

manner without unintentional product signals. Consumers seem to favour ecolabels with simple, easily understood messages that connect the product to their core values. Moreover, consumers are more prone to buying ecolabelled products if the certified practices provide them with added private benefits. Some studies argue that if managers of ecolabels wish to boost market adoption, they should consider mixing the environmental benefits with private benefits such as better quality of the product or health gains. (Delmas & Lessem 2017, 347.)

3.3 Representation of environmental labels in Alko

There is a number of different ecolabels used in the wine sector. Some are global, some are more specific to a certain location, and each have different meanings and contents. In Finland, Alko uses its own symbols in product markings to signal the producers' commitment to environmental development. So, in addition to some environmental labels and claims being included on products' packaging by the producer, Alko's symbols are displayed with other product information on shelf tags and in Alko's online store. Because of Alko's prominent position in the Finnish wine market, it is hard to discuss ecolabels and Alko's Green Choice symbols separately in this context. Therefore, the Green Choice symbols are an important factor in the scope of this study.

There are seven Green Choice symbols used in Alko: organic, biodynamic, vegan, natural wine, sustainability certificate, carbon neutral and environmentally responsible packaging. Alko's Green Choice symbols are umbrella categories for different labels, so a variety of different labels are accepted under them. However, even if Alko recognizes a vast variety of different labels it should be mentioned that there are still many environmental labels around the world that are not included in Alko's Green Choice symbols. Figure 3. shows the pictures of different Green Choice symbols. These markings are used alongside other product information in shelf tags and Alko's online store.



Figure 3 The Green Choice symbols (Alko: Green Choice symbols).

The Green Choice symbols round up different environmental labels from around the world. For an example, organic certifications outside EU are largely country specific, so there are several different organic certifications that are represented by the organic symbol in Alko. (Alko: Green Choice symbols). The EU organic logo can be used for products that have been certified by an authorized control body, which means that these products have met with strict criteria on how they are produced, processed, stored, and transported (European Commission: The Organic Logo). Organic icon is likely to be the most visible one of Green Choice symbols in Alko's stores, since organic products are displayed with a specific leaf badge in addition to the basic Green Choice tag. The overall basic principles of organic certified wines are as follows (Alko: Green Choice symbols):

- Maintaining life and soils natural fertility
- Limited use of pesticides, vine protection has its basis on natural processes and does not cause damage on surrounding eco-systems
- Materials used for planting and multiplying vines have been produced in an organic manner

At the moment there are around 1200 organically labelled wines in Alko's product selection, according to Alko's online shop.

Biodynamic viticulture has a lot in common with organic growing, and the positive impacts on the environment are the same. The difference is that biodynamic farmers have adopted a holistic approach that follows the rhythm of nature as well as lunar and planetary movements. The most common certificate for biodynamic wines is Demeter. The biodynamic products sold in Alko are all organic, too. (Alko: Green Symbols.) According to Demeter's website, farmers and processors that are part of this certification and are able to use the Demeter brand are strictly controlled and contractually bound. Demeter has a comprehensive verification process to ensure compliance with their standard. (Demeter: This is Demeter 2021.)

Sustainability certificates include a wide range of certificates from around the world. At present, there are 15 different sustainability certificates accepted in Alko's Green Choices. These certificates indicate that the principles of sustainable development have been considered during beverage production. Sustainability certificates have different requirements depending on the certification, but they often include measures such as

reducing energy and water consumption and using renewable energy sources. (Alko: Green Symbols.)

Environmentally responsible packaging can have a certificate, too. In Alko, environmentally responsible packaging mark is bestowed upon wines that are packaged in 0,75-liter glass bottles weighing maximum of 420 grams (or for sparkling wines maximum of 835 grams) and upon those products that have an environmental certification earned for package, such as FSC or Nordic Ecolabel. (Alko: Green Symbols.)

Carbon neutral is the newest symbol of the group, since it was launched in early 2021 (Iltalehti 14.1.2021). To meet this symbol's requirements, carbon dioxide emissions originating from farming, production, packaging, and transportation between these phases need to be calculated, emissions must be verifiably diminished, and the remaining emissions need to be compensated. As with some other Green Choice symbols, Alko accepts a variety of different certificates under the carbon neutral symbol. (Alko: Green Symbols.)

4 Research design

This chapter describes and explains the research methodology of this study. Chapter 4.1. discusses the research approach. Data collection is described in detail in chapter 4.2. Data analysis and evaluation of the study are described in chapters 4.3 and 4.4 respectively.

4.1 Research approach

Since the research method should enable answering the research question, it is the research question that determines the methods used in a study. (Eriksson & Kovalainen 2008, chapter 3.) This thesis will follow the qualitative research method, since qualitative approaches are about interpreting and understanding the topics that are studied (Eriksson & Kovalainen 2008, chapter 1). This thesis strives to find out what perceptions Finnish wine importers' have concerning the role of ecolabels used in the Finnish wine sector, so therefore the interviewees' experiences, ideas and opinions are the focal point of this study. Since it was beneficial for this thesis to gather a broad range of opinions and ideas, a theme-centred interview style was adopted. In general, an interview is a research method during which the researcher interactively participates in the collection of the data. Interviews are an appropriate method to collect data if the aim of the study is to bring forth knowledge concerning opinions, ideas, attitudes, values, experiences, and observations of living people, which makes them suited for the needs of this thesis. (Jyväskylän yliopiston Koppa 2010.)

Theme interview's form is closer to unstructured than structured interviews. Theme interviews acknowledge that peoples' different interpretations and the meanings they give to things are focal and develop in interaction. (Hirsjärvi & Hurme 2018, 48.) This interview method helps emphasizing the interviewees' perspective and was therefore considered suitable for the purposes of this thesis. In this research, the interview framework and the themes were formed based on existing literature and the research questions of this study. The interviews conducted for this study were otherwise unstructured, but the themes stayed the same throughout all the interviews. The themes were mainly discussed in the order they are presented in the operationalisation table in chapter 4.2, but the themes were often revisited when needed as the interviews progressed.

4.2 Data collection

Data collection for this study was conducted through interviews with individuals working in Finnish wine importing companies. A total of six representatives of Finnish wine importers were interviewed between 2.3.2020 and 26.10.2020. In addition, the sustainability manager of the Finnish alcohol monopoly Alko was also interviewed. All participants were first contacted via e-mail. Interviews were then scheduled with those who answered the e-mail and were willing to be interviewed. Majority of individuals contacted replied and were willing to participate in this research – only a few e-mails went unanswered. The criteria set for the importers' included in this study was that they operate in Finland and sell their products via Alko, although some of these companies sell their products to restaurants as well. The aim was to pick importers of different types and sizes, so that a wide range of views could be attained.

The interview with Alko's sustainability manager was made as a preliminary interview to help determine the themes for this research and get a better overall perception of the subject in hand. After this preliminary interview the themes and supporting questions were modified to better suit the interviews with the Finnish wine importers. The interviews were quite informal discussion like interactions, and although the same themes were covered in all of them, there was room for ideas and questions that occurred during conversations (cf. Eriksson & Kovalainen 2008, chapter 7). Table 1. lists the interviewees as well as the dates and places for the interviews.

Table 1 List of the interviewees

Interviewee	Company	Date	Interview place
Alko's sustainability manager	Alko	17.2.2020	Face-to-face at Alko HQ
A	Winestate	2.3.2020	Face-to-face at Winestate's office
B	Solera	16.3.2020	Microsoft Teams interview
C	Anon ¹	17.3.2020	Phone interview
D	CISA	14.5.2020	Phone interview
E	Beverage Partners Finland	28.5.2020	Phone interview
F	Vindirekt	26.10.2020	Microsoft Teams interview

Interviews were conducted between February and October 2020. First two interviews were done face-to-face in importers' facilities and Alko's headquarters, but since the global pandemic caused by SARS-CoV-2 got worse during the spring of 2020 and it was nationally recommended to avoid unnecessary physical contact, rest of the interviews were conducted by phone or video. Six interviews were conducted with representatives of wine importers in total. After these six interviews it seemed that saturation had been achieved, since many things that were brought up started to be repeated. Therefore, it was concluded that six interviews were enough for achieving the purposes of this study.

¹ One interviewee wished to remain anonymous, so the name of the company this interviewee presented will not be included in this thesis.

Since the research approach for this study is theme interview, themes derived from research questions were used as the basis of the interviews. There were four main themes shaped into open-ended questions. An interview guideline (Appendix 1) including some supporting questions was used to help forward the conversation when needed. The aim was to keep the themes and supporting questions open-ended in order to leave more room for interviewees own ideas and speech. Some interviewees wished to see the interview outline before the interview, so it was sent to them in advance via email. The operationalization table including the main themes is illustrated in Table 2.

Table 2 Operationalization table

Research question	Interview theme
What is the role of environmental labels used in the Finnish wine sector from wine importers' perspective?	How have environmental labels influenced the Finnish wine sector?
	What are the advantages and strengths of environmental labels?
	What are the disadvantages and weaknesses of environmental labels?
	How will environmental labels influence the Finnish wine market in the future?

The interviews were recorded to enable a thorough analysis. All the interviewees were asked permission for the recording beforehand. It should be noted that since all participants as well as the researcher spoke Finnish, all the interviews were conducted in Finnish as well. Therefore, the quotations gathered from interviews in chapter 5 have been translated into English by the researcher.

4.3 Data analysis

According to Hirsjärvi & Hurme (2018, 143) analysis is the process of breaking down and categorizing data, and synthesis is the effort to present an overall picture of the phenomenon in question and show it in a new perspective. The data analysis of this research started by transcribing the interview recordings. Like often in business studies, it was considered enough for the needs of this research to have a transcription with all the words that had been said during the interviews (Eriksson & Kovalainen 2008, chapter 7). While the interviews were transcribed, some data that was regarded as irrelevant for the research was already left out from the transcription.

After transcribing each interview, the resulting text was colour coded in order to enable the recognition of different themes. Thematic analysis was the chosen method of analysis since it was a logical step forward after theme interviews. The themes were revisited and revised during the analysis process, but in the end the themes that stemmed from sub-questions were used in the analysis phase, too. After transcribing and colour coding, the main points of each interview were shortly summarized under the themes to better detect the most interesting issues that had emerged from the data, more specifically those perceptions that were shared by multiple interviewees. This process enabled the identifying of relevant issues surfacing from the interviews as well as helped with the familiarization of data. Information regarding a certain theme could come up several times in different stages of the interview, so it was useful to categorize the data accordingly. Next, sub-categories for the main themes were identified and named. These sub-themes are emphasized in italic in chapter 5.

4.4 Evaluation of the study

The field of qualitative research consists of different research traditions. Hence, there also exists a variety of different views on the questions concerning the trustworthiness of

qualitative research. (Tuomi & Sarajärvi 2018, 158.) In 1985, Lincoln and Guba² divided trustworthiness into four aspects: credibility, transferability, dependability, and conformability (Eriksson & Kovalainen 2008, chapter 19). This is a widely accepted and easily recognized criteria for judging the trustworthiness of a qualitative research, so it was regarded suitable for the evaluation of this study.

Credibility means that the researcher should be familiar with the topic and that the data should be sufficient to fulfil the aims of the study. The researcher should be able to make strong logical links based on the data. (Eriksson & Kovalainen 2008, chapter 19.) Regarding this research, the researcher has worked in the wine sector for several years and has also gained knowledge of environmental sciences and corporate environmental responsibility during her university studies. The wine importers' representatives interviewed for this thesis are professionals in their field of business. The subject of this thesis was examined mainly through scientific, peer reviewed articles, but other sources, such as websites of different organisations, were also used when it was deemed necessary. The preliminary interview with Alko's sustainability manager helped to map the territory even further. The number of interviews was determined to be adequate when it seemed that new issues no longer arose during the interviews, and saturation seemed to have been achieved.

Transferability of the research is about the researcher's responsibility to show what similarities there are between their research and those of others. Some form of connection between them should be illustrated. However, transferability does not mean replication, but it is rather about showing whether some similarities can be found in other research contexts. (Eriksson & Kovalainen 2008 chapter 19.) Transferability also indicates the generalizability of the study (Nowell et al. 2017). To ensure transferability, findings of this thesis are reflected against prior research, so that it can be seen if there are some similarities to be found between them. The results of this study may not be easily transferred since they are based on interviews of a relatively small group, but the aim is to provide illustrative descriptions of the circumstances of the research so that transferability can be judged by the readers themselves.

² Original source: Lincoln, Y. S. – Guba, E. G. (1985) *Naturalistic Inquiry*. Sage, Newbury Park, California.

Dependability indicates that the research process has been logical, traceable, and documented (Eriksson & Kovalainen 2008 chapter 19.). The data collection and analysis phases of this study are described in detail to gain better dependability. However, one interviewee wished to remain anonymous, and for ethical reasons it is of high importance to respect that wish. To ensure the anonymity, the company represented by this interviewee is not mentioned, either. While this choice can affect the dependability of this research, this measure was considered necessary.

Confirmability refers to linking the findings and interpretations of the research to the data in a manner that can be easily understood by the readers of the study (Eriksson & Kovalainen 2008 chapter 19). In this thesis this means that it is clearly illustrated how the researcher has come to specific conclusions based on the interview data, for example, by using interview citations throughout the analysis chapter. Moreover, methodological and analytical choices of this research are justified to show the reader why specific methodological choices have been made.

This chapter has presented the methodological framework of this thesis by describing the research approach, data collection, analysis, and evaluation of the study. The next chapter will move on to discuss the findings of the theme interviews, i.e., how the Finnish wine importers perceive the role of environmental labels in the Finnish wine sector.

5 The role of environmental labels from Finnish wine importers' perspective

This chapter focuses on presenting the findings based on the data collected through the interviews. The aim of this chapter is to introduce an overview of the interviewees' perceptions on the role of environmental labels in the Finnish wine business by approaching this topic through the sub-questions of this study: How have environmental labels influenced the Finnish wine sector? What advantages and strengths do environmental labels have? What disadvantages and weaknesses do environmental labels have? How will environmental labels effect on the Finnish wine market in the future? Each sub theme has its own subchapter, named accordingly.

5.1 Perception of how environmental labels have influenced the Finnish wine sector

The consensus among the interviewees was that environmental labels have influenced the Finnish wine sector significantly. All the interviewees perceived that there seems to be *an increased consumer demand* for environmentally labelled products in the Finnish wine market. Their view was that Finnish consumers are interested in knowing about the environmental impacts of the wine they are buying and want to make more sustainable choices. Some interviewees even regarded Finnish consumers as somewhat of pioneers when it comes to purchasing products that are friendlier for the environment. For instance, it came up during the interviews that in Finland, organic wine can be seen as preferable in terms of its quality by consumers. This view contrasts prior research that has found that consumers connected organically labelled with poorer quality (Delmas and Lessem 2017, 346). Another example that was mentioned was how Finnish consumers have become accustomed to different packaging materials alongside glass bottles, such as box wines and plastic bottles. Some interviewees pondered that cultural and societal differences can play a role in this, as one interviewee recounted:

“Finnish consumers are quite the forerunners in this subject, and this could, from my perception – I do not know how extensively since there are no studies about this – be connected to the fact that we do not have a wine culture dating back hundreds or thousands of years, which comes with certain traditions. Since we do not have these traditions, we can enjoy our wine from plastic bottles, which is a more environmentally friendly option than wine that comes in a glass bottle.” (Interviewee B, Solera 16.3.2020.)

Plastic as a material is notorious for polluting seas and ruining the natural environment, but in Finland a distinct majority of plastic bottles – 92 percent in 2021 – is recycled (Palpa 2021). Hence, plastic bottles are not as huge environmental problem in Finland as they are in many other parts of the world, and therefore in the Finnish beverage market plastic is considered a more sustainable material for wine bottles than glass. In international context this can cause astonishment since some producers can consider plastic bottles as risk and as an option that is far from environmentally friendly. However, while some interviewees saw Finnish consumers as somewhat of pioneers in the world of sustainable wine, they also acknowledged that ecolabelling and sustainability in general are very much global trends, and not limited to the Finnish market. Environmental issues are tackled with by wine sector members all around the world, which can also be seen from the amount of literature that has been written on the subject.

In addition to the increased consumer demand, the majority of interviewees also mentioned that ecolabels *have influenced the Finnish wine market through Alko*. The monopoly company can steer the market with tenders, and since Alko has put emphasis on environmental factors the presence of ecolabels has become more prominent in the Finnish wine sector. In Finland, winning Alko's tender is a fundamental way of introducing products to the markets, so Alko's tender criteria has a big significance. Alko can influence the supply of ecolabelled wine in its shops by granting a product more points if it is ecolabelled. Therefore, ecolabels can assist importers' in getting products to the market. This was perceived as one major source of motivation for importing ecolabelled wine by the interviewees. Furthermore, products that have Alko's Green Choice symbol have somewhat increased visibility in Alko's shops, due to the markings on shelf labels, which can differentiate them from other products. Alko is also able to influence how these labels are communicated to consumers, and how visible they are in Alko's shops.

“During the last few years, Alko has incorporated all the responsibility issues as a big part of its strategy, and these are things which are discussed continuously. The aim is for responsibility to start from the producer, both in ethical matters as well as in matters regarding the climate and green development.” (Interviewee D, CISA 14.5.2020.)

Importers are the ones to communicate Alko's tender criteria to producers, and several interviewees underlined the importers' role as messengers between Alko and wine producers. If importers can show producers that they can be better positioned in the

Finnish wine market with wine that is ecolabelled, it can become more interesting in the eyes of producers. This way, the demand for environmental labels in Finland can influence the actions of producers on the other side of the world. Without the participation of producers there would be no supply for ecolabelled wine, so their role in this matter is essential.

5.2 Perceived advantages and strengths of ecolabels

The representatives of wine importers interviewed for this thesis all found major benefits concerning environmental labels. While everyone had their own views on the matter, it was soon eminent they had many shared perspectives, too. The most common perceived benefit and a big incentive for importers' to trade ecolabelled wine was that ecolabels *give a competitive advantage and answer consumer demands*. However, some also viewed that nowadays being responsible may not be as much of an advantage for business, but more of a presumption:

“Responsibility is no longer such an advantage for trade that you would somehow be one step ahead if you are responsible, but rather it is gradually starting to become such a thing that if you are not responsible, then that is a problem. So, in a way, it is a prerequisite for trade, not an advantage for it.”
(Interviewee A, Winestate 2.3.2020.)

Many interviewees had the perception that consumer demand towards ecolabelled wine is constantly growing, especially in specific consumer groups. As one interviewee pointed out, consumers are the focus point of all members of the wine business, so consumer demand is what drives all activities. Alko's sales figures support the interviewees perception that there exists consumer demand for ecolabelled beverages in Finland. For an example, there was a 29 percent increase in sales of organic products in litres between 2019 and 2020, and the sales of vegan products grew by 116 percent during the same time frame. (Alko: trend review 2021, 9.) It should be noted that the fact that Alko aims to increase the portion of Green Choice products in its product range can contribute to the increased sales of these products as well.

Another perceived advantage of environmental labels that was shared by all the interviewees to some extent was that *ecolabels deal with the pressing environmental concerns* and aim to tackle them. Some interviewees highlighted that being environmentally responsible is part of their companies' core values, and hence importing ecolabelled wine matches those values. Of course, importing ecolabelled wine is not seen

as the only way for them to promote environmental sustainability, and many have taken environmental action in their businesses in other ways as well. According to many interviewees, their companies have an inner motivation to act responsibly towards the environment, and a genuine concern over pressing environmental matters. As one interviewee related regarding the reasons the company has for importing environmentally labelled wine:

“Many members of our team have a genuine concern over the environment and a genuine desire to act on it. We have an inner environmental program, so this inner motivation is a major reason for us.” (Interviewee F, Vindirekt 26.10.2020.)

This finding is in line with what Berghoef and Dodds (2013) discovered in their study concerning Ontario wine industry. Results of their study showed that members of Ontario wine industry were primarily motivated in participating ecolabelling programs for internal grounds. More precisely, just like the interviewees of this thesis, they were motivated especially for environmental and ethical reasons, while other factors did affect their motivations, too. It also became clear that the interviewees of this study perceived that environmental sustainability is important to producers and consumers as well. However, different members of wine business might underline different aspects of sustainability. For instance, some producers have a whole environmental program of their own, some focus on changing to a lighter packaging option, whereas others can regard the shape of the bottle as such a quintessential part of their product, that they would not dare to change it.

Reduced information asymmetry between consumers and producers is one of the key goals of ecolabels. Ecolabels make a quality assurance on the environmental aspects of a product, and in this way help consumers to choose more sustainable options. The reduced information asymmetry was also mentioned by some interviewees as one of the benefits of environmental labels:

“Consumers want to be environmentally friendly, but they might not know how. Which means that a third-party opinion on the matter is needed. They practically authorize their own decision-making to a third party. The Finns are very, very largely certificate people.” (Interviewee B, Solera 16.3.2020.)

Vast majority of the wine sold in Finland is produced a long distance away from the Finnish consumers, and it is therefore difficult for consumers to witness the production conditions of these products by themselves. In this respect, especially audited labels aid

consumers in gaining more information about the products and help them make more sustainable purchasing decisions since they provide reliable information about the products' environmental impacts. However, van Amstel et al. (2006, 263) have found that some ecolabels fail in their goal of diminishing information gap between sellers and buyers. According to their research, the main downfalls of the studied labels were their ambiguity about the environmental themes, their inability to assure the consumer about the ecological impact of the product, the deficient information about the compliance of the producers and about the presence of recommendations.

The fact that there are many *different environmental labels that have their emphasis on different environmental aspects* was also perceived as a benefit by many interviewees. Different programs with different criteria can make labels easier to adopt and can be adjusted for the needs of different countries and environments. Issues regarding sustainability vary greatly around the world, so many interviewees agreed that there cannot be a single “one size fits all” -solution to tackle all the problems. It is more important that ecolabels encourage different operators in wine business to operate in a more sustainable way, regardless of their starting level. This view was also shared by the sustainability manager of Alko:

” In my opinion, the most important thing would be for all countries to have a program that aims to take the mass in a better direction ... I think it is always the local wine community that knows best what takes them forward, albeit there should also be environmental expertise involved.” (Alko's sustainability manager 17.2.2020.)

There are dozens of ways to be environmentally friendly, as there are dozens of different environmental issues. The existence of a variety different labels is one indication of this. On the other hand, the great variety of labels may also have its perceived downsides, which will be discussed in chapter 5.3.

5.3 Perceived disadvantages and weaknesses of ecolabels

While environmental labels have many perceived benefits, it seems that there is room for improvement, too. However, concerning this theme, several interviewees pointed out that it is very hard to discuss environmental labels as one, big, homogenous group. While this notion applies to other themes as well, it is especially important to bear it in mind when discussing disadvantages and weaknesses, since this theme evoked such a variety of different perceptions. This theme contained perhaps the most varied views among the

interviewees. While interviewees represented wine importers, many of the issues that came up were highly involved with the producers' viewpoint, since producers are the ones who obtain the ecolabel for their wine, and importers are in close contact with them.

One of the most common perceived drawbacks among the interviewees was the risk that some ecolabels pose to producers with their *rigidity*. Wine is an agricultural product which can be greatly affected by for example climate and weather conditions. Unexpected, unfavourable circumstances such as excessive downpours and pest or disease infestations can mean that the producer cannot meet the label's criteria without risking losing the yield or facing a decline in product quality. If an environmental label does not take these factors into account and enable resiliency, it can lead to problematic situations from producer's point of view, as one interviewee stated:

“From producer's point of view, this means that they could possibly lose the whole year's profit, which is very harsh from a human perspective. Sometimes environmental labels are inflexible, all are not. Some are more flexible, and some are more rigid. Sometimes inflexible criteria can lead to a situation that is difficult for a producer from a human perspective, and this is perhaps the weakness.” (Interviewee B, Solera 16.3.2020.)

Since most of the wine-growing regions are located within narrow latitudinal bands, climate change is expected to have major effects on the wine sector (Blanco-Ward et al. 2019, 5741.) Extreme weather events and changing temperatures can further influence producers' ability to keep up with ecolabels' criteria, so flexibility is an important factor. Another perceived issue concerning the criteria of some ecolabels was that they can sometimes be considered too strict, too loose, or just confusing. The whole question of what actually is environmentally friendly and sustainable is very complicated and multifaceted. Establishing objective criteria for environmentally sustainable wine and then simplifying it, in order it to be understood by consumers, is very challenging.

Perceptions concerning the effects of the great variety of different environmental labels, certificates and claims existing in the market were twofold among the interviewees. While many of them thought that it is good to have different labels for different purposes, some of them also pointed out that *the great variety of different labels can confuse consumers*, perhaps especially those who have not acquainted themselves with environmental issues and differences between ecolabels. There so many ways of being environmentally friendly, that it can be hard for consumers to understand differences. For an example, Alko's Green Choice symbols encompass such a vast variety different environmental

aspects, that it can be challenging for some consumers to differentiate them from one another, and for example to identify those that are third party certified from those that are not.

“A consumer might know the differences between organic and biodynamic, or what the difference is if there’s a lighter bottle – which is also one of Green Choices – or what actually is carbon neutral wine? Carbon neutral to what extent? Is it carbon neutrally produced, is it carbon neutrally cultivated, has the carbon footprint of the whole chain been calculated and compensated? How has it been compensated? Has it been compensated to some certified party?” (Interviewee F, Vindirekt 26.10.2020.)

The perception that the massive number of different labels can be confusing to consumers is supported by Harbaugh et al. (2011, 1512), who found that the extensive number of labels worsens the effects of uncertainty and causes the informativeness of labels to decrease rather than increase. There were also some interviewees who pondered that while Alko’s Green Choice Symbols are a good step forward and they steer consumption towards a more sustainable direction on a larger scale, on a smaller scale the Green Choice symbols could possibly inflict even more confusion regarding the contents of ecolabels. On the other hand, some interviewees did not consider the big variety of different labels an issue at all, since they thought it was clear that different labels answered to different needs and served different purposes.

The workload and price for gaining a certification can be perceived quite hefty. Acquiring a certification can be an expensive, long-term process for the producers, and it does not come without a risk. Expensiveness of the certification naturally affects the price of the final product, too, and this means that consumers need to be willing to pay some extra for a product that has an environmental label. Members of wine sector all need to make ends meet, which means that environmental activities must be balanced against overall profitability. Alko’s Sustainability Manager (interview 17.2.2020) agreed, that the effort that a certification requires can be quite sizeable:

“...then of course, the workload for gaining a certification is quite big. Even when things are going well it means that there are processes to go through and documentation to be made, someone needs to be allowed to visit on the spot, packaging labels have to be renewed and so on...” (Alko’s sustainability manager 17.2.2020.)

Moreover, some interviewees noted that sometimes producers cannot see the use for an expensive ecolabel, since they can function in a sustainable way without it, too. Especially

when a producer's principal market consists of domestic consumers, they might not feel the need to acquire an environmental label, since it is thought that consumers can trust the quality of their products anyway and can even come and visit their vineyards and wineries if they wish.

Another issue that came up during a few interviews was some *producers' reluctance to include an ecolabel in the wine's packaging*. Producers may find that showing off an environmental certificate is not part of their philosophy, and in some cases, producers can be afraid that if they are labelled as for example vegan friendly this can alienate some of their customers. So, while they may be very conscious about environmental issues and aim to act sustainably, they want to be careful about how they communicate it. Some wine industry participants' reluctance to display an ecolabel on a wine bottle, even if they would otherwise be willing to participate in ecolabelling, was something that Berghoef and Dodds (2013) also discovered in their research. However, in their study this reluctance was based primarily on aesthetic reasons. Environmental impacts of the product are the same whether an environmental label is physically shown in the packaging or not. On the other hand, it would increase the visibility of the environmental label as well as consumer awareness if the ecolabel would be displayed on the product. In the interviews conducted for this thesis it was not found that the importers would be against displaying an environmental label on a bottle, quite the contrary.

While it is evident that Alko's Green Choice Symbols have a substantial effect on the role of ecolabelled wine in Finnish markets, *there are ecolabels that Alko does not recognise*, which was perceived as a challenge by a few interviewees. If an environmental label cannot be part of Alko's green choice symbols, it is very difficult for an importer to communicate about this label towards consumers. While importers themselves can inform and aim to educate consumers about the environmental aspects of their products to some extent, this was not perceived as effective as having an Alko's Green Choice symbol. This of course, is not a drawback concerning ecolabels themselves, but rather an issue concerning Alko's Green Choices. According to Alko's sustainability manager (interview 17.2.2020), Alko aims to select certificates, that are built on steady enough foundations. For an example, in relation to sustainability certificates, there has been a sufficient group of experts developing the certificate, and there is an external party overseeing it to some extent. The certificates should also evolve and be properly managed, so that the best environmental know-how of a certain area could be seen in the certificate.

One aspect that came up in a few interviews was that while there seems to be demand for ecolabelled products, *environmental labels are not favoured by all consumers*. It was noted during the interviews that consumers can base their purchasing decisions on several aspects, such as price or an attractive packaging, and environmental sustainability is not always one of these reasons. While there seems to be an increasing demand for products that include an ecolabel, there are consumers in Finland who do not find them an important factor when purchasing wine. It is necessary to remember that there are plenty of wines without any environmental labels, that still enjoy good sales figures. To many people, factors such as price, appearance and reviews in the media can be much more significant factors than the presence of an ecolabel.

Some interviewees also mentioned that some consumer groups might be more interested in buying ecolabelled products than others. There is support for this view in prior research, since for instance, studies have found that those consumers that have positive attitudes towards organic products and sustainability are more likely to buy wine that is organic. Studies also indicate that households with lower income are less likely to purchase organic wine than those that are wealthier, which may be due to a more limited budget. Moreover, those consumers that are less educated are not as likely to buy organic wine as those that have a university degree. (Schäufele et al. 2018, 1910.)

Some interviewees also reminded that it should be kept in mind that wine that is not ecolabelled can still be produced sustainably. There are producers who are very committed to sustainable practices, but still do not have any certificates or environmental labels for their products. Hence, there is a potential risk that environmental labels can make the image of environmentally friendly wine overly one-sided and simplify this complicated matter too much. A few interviewees also mentioned that ecolabels could possibly pose a reputational risk, if it was discovered that some actors would not comply with the criteria, or if there would be quality problems associated with a certain ecolabel. Some consumers may already have their doubts about ecolabels in general, and while other certificates are strictly audited, there are environmental claims that are merely based on the word of the producer, so if there would be trust issues, this could become a problem. Even small missteps happening by accident can do harm for the brand or the reputation of an ecolabel or a company. However, so far, these kinds of cases have apparently been rare in the wine sector.

5.4 Perception of how ecolabels will influence the Finnish wine market in the future

The interviewees widely agreed that environmental labels will *continue to have an increasing effect on the wine business*. The perception among the majority of interviewees was that ecolabels are here to stay and will only gain more significance. Some also thought that in the future, sustainability would become even more of a prerequisite for business than it is now.

“The younger generation surely pays more attention to these environmental viewpoints. So certainly, this takes us to the direction that they have even more significance, and that there will be an increasing number of certificates, labels, and such. (Interviewee E, Beverage Partners Finland 28.5.2020.)

As it is, environmental labels seem to be a major way for companies to communicate their environmental sustainability to consumers and therefore their role is likely to become even more important. Environmental responsibility in general was regarded as something that can benefit all sides of the wine business, and an important part of doing business in current reality as well as in the future.

Many interviewees perceived that in the future, environmental labels would find *new forms and aspects*. Some interviewees had hopes for an all-encompassing label that would cover the supply chain from farm to shelf and combine environmental and social aspects of responsible business, while recognising that these wishes can be utopistic since it would be highly challenging to develop such a certificate. So far, the organic label has probably been the most visible ecolabel in the Finnish wine market, but perhaps in the future other environmental labels and alternative aspects of environmental sustainability will gain more attention among consumers. The perception is, that many consumers are becoming increasingly interested in the environmental impacts of the whole life cycle of a product, and this will likely reflect on environmental labels, too. For an example, packaging accounts for a great part of wine’s environmental impacts, yet there are many ecolabels that as yet do not take packaging into consideration.

“Surely the environmental boom and trend will only grow and have its influence on everything. It can already be seen that the focus is no longer just on the content of the wine itself, but on the shape of the packaging, how it is produced, how much it weighs, the labels and what substances are used in them. There is a constant movement forward regarding environmental issues

and the aim is to get as close to zero in pollution as possible.” (Interviewee D, CISA 14.5.2020.)

During the time of the interviews, Alko had not yet included carbon neutral environmental labels to Green Choices, so many interviewees saw room for improvement in this respect. Carbon neutrality has been added to Alko’s Green Symbols in early 2021. Some interviewees expressed hopes, that producers’ point of view would gain more visibility, and the producers would be able to communicate about their activities themselves. One interviewee pointed out that technology shortens distances, and wineries on the other side of the globe are just one click away. This could bring forward new possibilities for winemakers to make more tailored environmental solutions. A few interviewees also thought that in the future sustainability certificates could possibly combine elements of environmental and social responsibility, since these two aspects of sustainability are highly intertwined.

Another matter that surfaced during many interviews was *the aspiration of raising consumer awareness* of different environmental labels. An example of possible development that came up was that more concrete expressions and examples could be used when communicating about the environmental aspects of products. The aim being, that the consumer could easily understand the relevant issue when making a purchasing decision. Moreover, some interviewees hoped that in the future, consumers would have a better understanding on how ecolabelling affects the price of wine. As mentioned in chapter 5.3, ecolabelling can be an expensive process, and that shows on the price as well.

An issue that came up concerning the communication was that consumers require very clear, compact information, and they do not have time to read long, explicit descriptions. Wine is a product that most people probably consume within a few days from purchasing, so they do not want to use too much time contemplating their purchasing decision. This issue has been identified by prior research, too (Delmas & Lessem 2017, 347). However, all the criteria and work behind an environmental label can be very difficult to compress into a short message. How to communicate truthfully and with precision, and yet keep the information brief enough, so that people can internalize it? Among many interviewees, Alko’s role in improving consumer understanding of ecolabels was considered significant. For an example, an ecolabel written entirely in French might not mean anything to a Finnish wine consumer, but Alko can clarify the message with umbrella labels such as Green Choice symbols.

This chapter has discussed and analyzed the results of the study through the four main themes of this research. Main findings have been identified and next, based on the analysis, the following chapter will seek to answer the research questions of the thesis.

6 Conclusions

The object of this study was to find what role the environmental labels have in the Finnish wine sector from Finnish wine importers' perspective. This chapter aims to present the conclusions of this study, based on the research data. Conclusions are divided into academic and managerial ones. In addition to conclusions, the limitations of this study as well as suggestions for future research are discussed.

6.1 Academic contribution

Importers have a significant role in the Finnish wine market. While there exists an extensive amount of research concerning the use of ecolabels in the wine sector, the importers' view has largely been ignored. The aim of this thesis was to address this research gap, and hence contribute to the research concerning ecolabels in wine business.

The first interest of this thesis was how the environmental labels have influenced the Finnish wine market. This study found that the Finnish wine importers perceived ecolabels having changed the Finnish wine market by contributing to increasing consumer demand of environmentally labelled products. While ecolabelling is perceived first and foremost a global trend, there are those who also perceive that Finnish wine consumers have become forerunners in some aspects of more environmentally friendly wine consumption, such as favouring more sustainable packaging solutions. Importers also perceived that Alko has had a big influence in the current role of the environmental labels in the Finnish wine business, since the market monopoly can encourage the supply of ecolabels through its tender criteria. Previous research has indicated that increased market visibility can be a motivating factor for wine sector members to participate in labelling programs (Berghoef & Dodds 2013, 270). In the monopoly market the question of visibility can perhaps be emphasized even further, since to some extent, ecolabels can have an influence on whether a product is introduced to the Finnish wine market in the first place. Winning or losing a tender is a question of getting a product into the monopoly's main selection and on the shelves of the shops. While sale-to-order selection gives domestic producers a chance to offer their products to consumers without having to participate in tenders, these products are primarily sold online, and are only sold in the shops if the shop's staff deem it necessary in terms of demand.

The second point of interest of this study was the perceived advantages and strengths of ecolabels. Two advantages that were mentioned the most often were that ecolabels help answering consumer demands and that they deal with growing environmental concerns. Consumers are the main focus of importers, and as the demand for more environmentally friendly options has increased, importers have followed. Meeting consumers' needs can be considered as external motivation for CER. However, importers do not perceive ecolabels as just having instrumental value for giving consumers and Alko what they want, since another perceived advantage of ecolabels was that they promote environmental sustainability. Importers seem to have internal motivation for supporting environmental causes which stems from their own environmental concerns. Some also said they have taken proactive measures in adopting more sustainable practices, which would further indicate the existence of internal motivation. The perception that environmental reasons are one of the main motivators for wine sector members to participate in labelling programs is supported by previous research concerning wine sector members motivations to adopt ecolabels (Berghoef & Dodds 2013, 270) and their drivers to engage in sustainability initiatives (Dodds et al. 2013, 179.) Moreover, both of the main advantages support Sindhi and Kumar's (2011, 650) model of the inter-dynamics of CER, since importers seem to be both externally and internally motivated to import ecolabelled wine. In addition to the two main advantages, this study indicated that reduced information asymmetry can also be perceived as a strength of ecolabels. However, environmental labels' ability to diminish information asymmetry has been questioned by previous research (van Amstel et al. 2006, 263).

This thesis found the Finnish wine importers' perceptions concerning the disadvantages and weaknesses of ecolabels to be varied. This could be at least partly due to the fact that there exists such a vast variety of different labels that their shortcomings may also differ from each other greatly. The most commonly perceived disadvantages of ecolabels included the rigidity of their criteria, the expensiveness of ecolabelling, and the large number of labels. Inflexibility was perceived problematic from producers' point of view in situations where for instance forces of nature make it impossible to obtain a productive crop while complying with ecolabel criteria. The high cost of labelling as a disadvantage has support in prior research (Berghoef and Dodds 2013, 270; Dodds et al. 2013, 179). The large number of different ecolabels was perceived both an advantage and a drawback. The existence of various different ecolabels was considered both a pro and a con. The

large number of ecolabels is considered an advantage in the sense that situations around the world can differ greatly from one another, as do environmental concerns. Different labels therefore cater for different needs, and they all can have their place. On the other hand, the vast number of environmental labels can also be perceived confusing to consumers, a view which is backed by previous research (Harbaugh et al. 2011, 1512; Brécard 2017, 359).

Concerning the future influence of environmental labels on the Finnish wine business there was a clear perception among the importers that ecolabels will be of growing importance. Ecolabels are considered to be a pillar of future sustainable consumption in prior literature as well (Iraldo et al. 2020, 839). In the future, ecolabels can find new forms and aspects, and they can encompass an even wider range of issues. Emerging and developing technologies can shape ecolabels' future in various ways, and ecolabels of tomorrow can perhaps bring together the different aspects of sustainability, combining environmental with social. Raising consumer awareness and overcoming the issues of information asymmetry can be one of the critical challenges for future labels, as the number of ecolabels will likely keep on growing.

6.2 Managerial implications

The managerial implications of this thesis are mainly directed at wine resellers (such as Alko), labelling organisations, importers, and other wine sector members. Since this thesis focused on a wine market where there is a monopoly for alcoholic beverages, the results of the study can especially be applied to other markets with a similar situation.

The findings of this research implicate that environmental labels play a significant role in today's wine business. Ecolabels have gotten a steady foothold in the Finnish wine market and their role does not show any signs of diminishing in the near future. Therefore, environmental labels should be a factor to consider by all members of wine business. Companies interested in the Finnish wine market should take notice of the emphasis Alko puts on the environmental aspects of products, ecolabels included, as this can have a real influence on market access. Moreover, the view that the Finnish wine consumers are somewhat of forerunners in adopting more sustainable practices could act as an encouragement for industry members to introduce bolder environmental solutions to the Finnish wine market. The success of different packaging options can lead the way to other environmentally friendly innovations. Organic products have perhaps paved the way for

other types of green labels, that could be able to take environmental issues into account in an increasingly diverse way.

Wine importers' internal motivations for environmental action combined to their central position between producers and resellers could make them a relevant source of information when developing more sustainable practices in wine business. Having a broad view on then wine business, they could be helpful in developing new standards and labels for the benefit of all sides of wine sector.

Inflexibility of some ecolabels was one of the perceived drawbacks, and this is something labelling organizations could reflect on when developing their criteria. Could it be possible to maintain high-quality standards while taking producers' struggles into account in a better way? Since cost was perceived as one of the disadvantages of ecolabels, economic incentives could also help overcoming some of the barriers for labelling. Alko's Green Symbols system is already a step in this direction, since products can gain more points in tenders based on their environmental attributes, and they are also given a little more visibility in shops by means of Green Symbol markings on shelf labels.

For raising consumer awareness and decreasing information asymmetry clear, concrete communication about ecolabels' contents is required. While ecolabels can find new ways and forms of promoting sustainability in the future, with new labels there can also be a risk of even more blurred messages, so wine sector members should remain critical and alert towards the contents of labels. Communication to consumers about how ecolabelling affects the price of wine should also be of high importance since business needs to be based on an economically solid ground. It could be beneficial for companies and organisations to find ways of indicating in a concrete manner, what the higher price consists of, and how these measures benefit the environment.

6.3 Limitations and suggestions for future research

This thesis has its limitations. Firstly, there was a limited number of interviews conducted in this research, and while the number of interviews was considered adequate for the purposes of this thesis, a larger number and wider range of importers could give a more thorough view on the subject. Secondly, this thesis aimed to concentrate solely on the Finnish wine market, so the results may not apply to wine markets of other countries. Moreover, the Finnish wine market has its defining characteristics due to the state

monopoly, and therefore studies in other types of market environments could come into different conclusions.

To gain further insight on the topic, it would be interesting to find out whether there are differences between importers of different sizes or types concerning their perception of ecolabels. It could also be beneficial to research whether importers' perceived inner motivation for sustainable practices is commensurate to the share of ecolabelled wine in their product portfolio. Another suggestion for future research would be a comparative analysis of the perceptions of importers that operate in different countries. A comparative analysis between importers operating in a monopoly market and those operating in a free market could also be an interesting topic for study.

7 Summary

Environmental issues have become a growing concern of business. To address the issues of sustainable business, many organizations have developed ecolabels. The number of these labels has increased notably during the last few decades. Ecolabels are one way for producers to communicate about the environmental aspects of their products to consumers. Wine sector members, too, have become more and more interested in adopting more sustainable practices, including ecolabels. In Finland, there is a monopoly for alcoholic beverages, so as a marketplace for wine it differs from many others, and since the monopoly does not have its own production or importing, wine importers are in a major role in the Finnish wine business. This thesis studies the perceptions of Finnish wine importers regarding environmental label's role in the Finnish wine sector. The purpose of this research is divided into four sub-questions: the influence environmental labels have had on the Finnish wine market, the advantages and strengths of environmental labels, the disadvantages and weaknesses of environmental labels, and the influence these labels will have on the Finnish wine market in the future.

The theoretical background of the thesis is tied to corporate environmental responsibility (CER), ecolabels, and environmental concerns of the wine business. The research method used for this thesis was theme interview. The themes discussed during the interviews were based on the sub-questions of this research. Six interviews were conducted with representatives of Finnish wine importers. There was also a preliminary interview with Alko's sustainability manager to gain a better understanding on the topic before the interviews with importers' representatives. The interviews were conducted between 17.2.2020 and 26.10.2020.

The results of this study indicate that ecolabels have a substantial role in the Finnish wine sector. The interviewees perceived that the consumer demand for ecolabelled wine had increased, and that Alko had contributed to the growing role of environmental labels in the Finnish wine market. Ecolabels were perceived to having many advantages, most significant of which including responding to consumer demand and being environmentally responsible. Interviewees' views on the disadvantages of environmental labels were quite varied, but included rigidity of environmental labels, expensiveness of ecolabelling, and the large number of labels when it leads to confusion among consumers. Concerning the future of ecolabels, they were expected to have a growing significance

for the Finnish wine sector, while there still seems to be a need for raising consumer awareness.

Managerial implications of the research are directed at different wine sector members. It is advisable that companies interested in the Finnish wine market take notice of the significance of ecolabelling since it can have real influence on market access. Wine importers' central role and their perceived internal motivation for importing ecolabelled products could make them an important group to consider when developing sustainable practices in the wine sector. Inflexible criteria of some ecolabels should be an issue to reckon with by ecolabelling organisations. Moreover, attention should be paid to the clarity of consumer communication concerning the contents of labels and how ecolabelling affects the price of wine.

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Appendix 1 Interview guideline

Can you first tell a little about yourself, for example, what is your current job description and how have you ended up in your current position?

Theme 1: How have environmental labels influenced the Finnish wine sector?

- How have environmental labels influenced the responsibility of the Finnish wine market?
- What reasons are there to import environmentally labelled wine?
- How could the share of ecolabelled wine be increased in the Finnish wine market?
- In what ways is it possible for importers (and producers) to highlight their responsible activities and make those activities more visible?

Theme 2: What are the advantages and strengths of environmental labels?

- What are the advantages of labelling from the perspective of the producer, importer, and consumer?

Theme 3: What are the disadvantages and weaknesses of environmental labels?

- What are the possible problems with the use of ecolabels?
- There are many different types of ecolabels, what kind of effects does this large number of labels have?
- Are there any doubts about the effectiveness of the labels? If so, what kind?

Theme 4: How will environmental labels influence the Finnish wine market in the future?

- How should labels be further developed to make them work better?
- Is there a need for new ecolabels, is something missing? Are there things that are not considered?