



# Consumer Attitudes on Price, Quality and Value-Added

- A Study of the Swedish Meat Market

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## Abstract

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Sweden joined the European Union in 1995 and since then the competition on the Swedish meat market has become very fierce. The opening of borders resulted in an increased number of foreign competitors which could compete under different terms. Sweden is known to have strict regulations on for example environmental issues, animal care and testing procedures, all which causes a higher price on the final product. The foreign meat producers can take advantage of this though they are not bound to the Swedish regulations and thereby can offer a lower price. Our research problem is that Swedish consumers choose to buy foreign meat instead of domestically produced meat. The purpose of this dissertation is to find out the Swedish consumers' attitudes towards the price difference between Swedish and foreign meat when comparing the quality and value-added. The dissertation is based on consumer behaviour and attitudes in order to find out if domestically produced meat will be competitive in the future in Sweden as well as an export merchandise. This is done through a literature study which consists of secondary sources only and this implies a deductive research approach. Since the consumer behaviours and Swedish meat market are highly complex an interpretivistic research philosophy is applied. Our main findings are that the quality of Swedish meat is not necessarily higher than in foreign meat, aware consumers often find foreign meat to have higher quality. Generally the Swedish consumers are willing to pay extra for Swedish meat and there is a solid consumer base which solely purchases Swedish meat. The value-added in Swedish meat is important for the consumers, but the negative trend for Swedish meat suggest that the value-added is not valued as high as the big price difference. It is our conclusion that Swedish meat will stay competitive on the Swedish market but on a lower level. It should be marketers' priority to turn regular consumers into aware consumers, aware not only of the value-added in Swedish meat but also of the absence of value-added or even "value-taken" in many foreign products. It is our conclusion that Swedish meat will not, in a higher degree, be successful on the international market.

## Fore word

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Kristianstad, December 2006

In the writing of this dissertation the ability to use what we learned at Kristianstad University was put to the test. Writing a dissertation also requires good teamwork and a deep interest in the subject.

Furthermore our dissertation would not have been possible, and would not have reached the level it has if it were not for the support, criticism and guidance from our tutors Christer Nilsson and Annika Fjelkner.

We would like to take the opportunity to thank Svensk Kötinformation for their sharing of information, and also the students and librarians at Kristianstad University which in various ways have contributed in the making of this dissertation.

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# TABLE OF CONTENTS

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<b>1 INTRODUCTION .....</b>	<b>6</b>
1.1 BACKGROUND .....	6
1.2 RESEARCH PROBLEM.....	6
1.2.1 Research Questions .....	7
1.2.2 Hypotheses.....	7
1.2.3 Purpose.....	7
1.3 RESEARCH OBJECTIVES .....	8
1.4 DELIMITATIONS .....	8
1.5 OUTLINE OF DISSERTATION .....	9
1.6 SUMMARY.....	10
<b>2 METHOD.....</b>	<b>11</b>
2.1 RESEARCH APPROACH .....	11
2.2 RESEARCH PHILOSOPHY .....	11
2.3 DATA .....	12
2.3.1 Secondary Data .....	12
2.3.2 Criticism .....	13
2.4 RELIABILITY AND VALIDITY .....	14
2.5 SUMMARY.....	15
<b>3 THEORETICAL FRAMEWORK.....</b>	<b>16</b>
3.1 CONSUMER BUYER BEHAVIOUR .....	16
3.1.1 Models of Consumer Behaviour .....	16
3.1.2 Characteristics Affecting Consumer Behaviour.....	17
3.1.3 Costumer Decision Process.....	22
3.1.4 Types of Buying Decision Behaviour .....	22
3.1.5 The Buyer Decision Process.....	23
3.2 POSITIONING .....	25
3.2.1 Value Positioning .....	25
3.3 SUMMARY .....	26
<b>4 EMPIRICAL STUDY .....</b>	<b>28</b>
4.1 THE EUROPEAN MEAT MARKET .....	28
4.2 THE SWEDISH MEAT MARKET.....	28
4.3 COMPETITIVENESS OF SWEDISH MEAT .....	29
4.4 MEAT LABELLING.....	31
4.4.1 Threats to Consumer Awareness .....	32
4.5 FOOD RISKS IN MEAT.....	33
4.5.1. Consumer Perception of Food Risks in Meat.....	34

<b>5 THE SURVEY .....</b>	<b>37</b>
5.1 RESEARCH STRATEGY .....	37
5.2 PRESENTATION OF THE SURVEY .....	37
5.2.1 Criticism towards the Survey .....	42
5.3 RELIABILITY .....	42
5.4 VALIDITY .....	43
5.5 GENERALISABILITY .....	43
5.6 SUMMARY .....	43
<b>6 ANALYSIS .....</b>	<b>44</b>
6.1 ANALYSIS OF HYPOTHESES .....	44
6.1.1 Hypothesis 1 .....	44
6.1.2 Hypothesis 2 .....	45
6.1.3 Hypothesis 3 .....	45
6.1.4 Hypothesis 4 .....	46
6.1.5 Hypothesis 5 .....	47
6.1.6 Hypothesis 6 .....	50
6.2 ANALYSIS AND ANSWERING OF RESEARCH QUESTIONS .....	50
6.2.1 Research Question 1 .....	51
6.2.2 Research Question 2 .....	52
6.2.3 Research Question 3 .....	52
6.3 SUMMARY .....	53
<b>7 CONCLUSION AND FURTHER RESEARCH .....</b>	<b>54</b>
7.1 CONCLUSION .....	54
7.1.1 Conclusion of Hypotheses .....	54
7.1.2 Conclusion of Research Questions .....	55
7.1.3 Final Conclusion .....	55
7.2 FURTHER RESEARCH .....	56
<b>WORKS CITED .....</b>	<b>58</b>

**List of figures**

<i>Figure 3.1</i> Maslow's Hierarchy of Needs .....	60
<i>Figure 3.2</i> Value Positioning .....	60

*Appendix 1* Konsumtions- och attitydundersökning om kött

# Introduction

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*Here the background of the dissertation is introduced. Also the research problem, including the research questions, hypotheses and purpose will be presented in this chapter. Finally there will be an explanation of our research objectives and delimitations.*

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## 1.1 Background

As the competition on the world market today tend to grow more and more fierce the battle for consumers increase. For long it has not been enough for a company to have a great product to be competitive, but one of the most important issues is to be able to understand the consumers in order to control and/or affect them in a way beneficial for the company. It is interesting to get the consumers point of view in this subject in order to see not only if the Swedish meat in the future will be competitive on the domestic market but also if the Swedish meat can have success in other markets. This is the reason to why we are interested in a study of consumer behaviour on the meat market.

A lot of research on consumer behaviour has been conducted and the outcome of this research will be explanatory theories, models and as a base for discussion in the dissertation. Theories of consumer behaviour will also be directly applied on the Swedish meat market. A market characterised by a high level of competition especially from foreign companies acting on the Swedish market.

In our dissertation we have chosen to use and reinterpret a survey done by Svensk Köttinformation<sup>1</sup> on consumer consumption habits and attitudes.

## 1.2 Research Problem

This dissertation is concerned with the problem of Swedish consumers' choice to buy imported meat instead of domestically produced meat. This is a problem not only for the Swedish meat producers who have been forced to cut down due to declining profits; but also for the Swedish society overall since meat production is a very large part of our agriculture sector. The declining demand for Swedish

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<sup>1</sup> Institutet for Swedish meat information

meat contributes to a higher unemployment rate, less tax incomes for the government and a negative import-export balance. Without the meat production Sweden will get fewer subsidise from the European Union and if Sweden wants to produce meat in the future it is vital to stay competitive on a globalising market.

### **1.2.1 Research Questions**

- What differences between Swedish and foreign meat are important for the Swedish consumer?
- Can consumer attitudes towards the Swedish meat market be explained by consumer behavioural theories?
- Will there be a difference in Swedish consumers' attitudes toward the price, quality and value-added of Swedish meat compared to foreign meat?

### **1.2.2 Hypotheses**

1. Consumers create risk-reducing strategies to feel safer when buying meat.
2. Consumers often find existing meat labels misleading or insufficient.
3. Consumers differ and will have different attitudes towards the Swedish meat market.
4. The need for safety is an important primary need and will be considered by the consumers when buying meat.
5. Consumers are not willing to pay for the value-added in Swedish meat.
6. Domestically produced meat offer "the same for more" compared to foreign meat.

### **1.2.3 Purpose**

The purpose of this dissertation is to find out the Swedish consumers' attitudes towards the price difference between Swedish and foreign meat when comparing the quality and value-added. In this dissertation an exploratory study will be conducted based on secondary sources such as literature, expert opinions and a survey done by Svensk Köttinformation.

### **1.3 Research Objectives**

The objective in this dissertation is to create a foundation of information which can be used both by the Swedish meat producers and by the government in making decisions concerning the future for domestically produced meat. It is also to provide an understanding about the difference between Swedish and foreign meat and how this difference is affecting the Swedish consumers.

### **1.4 Delimitations**

We have focused on the consumers in this dissertation. Due to the fact that this dissertation is a literature study we have limited ourselves to only use secondary data. The theories used come from some of the most recognised researchers within the field of consumer behaviour. The lack of time and resources always constitutes limitations; it would for example be possible to investigate more research and publications. Another limitation is that the consumers considered are those on the Swedish market. More closely, we have limited ourselves to investigate the consumer behaviour on the Swedish meat market. Substitutes to meat are not considered. In Sweden, 97% of the population eats meat (Svenskköttinforamtion, 2004) so the fraction which does not eat meat is only shortly mentioned. When it comes to differences between Swedish meat and foreign meat we have delimited ourselves to considering price, quality and value-added. When it comes to the consumer point of view; risks, attitudes and labelling has been considered. Thus deeper research between different kinds of foreign meat is not considered as well as differences between meat and meat for example between different breeds of animals.

## **1.5 Outline of Dissertation**

- Chapter 1 Chapter one presents the background of the dissertation. It also discusses the research problem and purpose, followed by lists of research questions and hypotheses. Finally the objectives and delimitations are discussed.
- Chapter 2 Chapter two presents the method used in the research. The method includes research approach, research philosophy and an introduction of reliability and validity. It also discusses the data used and criticism towards the data.
- Chapter 3 Chapter three presents the theoretical framework of the dissertation. It includes positioning theories, theories on consumer behaviour, decision making processes and also a theory of consumer perception of risk.
- Chapter 4 Chapter four presents the empirical study. It includes information about the European and Swedish meat market, labelling, threats to consumer awareness, competitiveness of Swedish meat, food risks in meat and consumer perception of food risks. Finally the empirical method is presented. It includes research strategy, analysis of the survey, reliability, validity and generalisability. Criticism of the survey is also discussed.
- Chapter 5 Chapter five presents the analysis. It includes analyses of the hypotheses and the research questions.
- Chapter 6 Chapter six presents conclusion and further research.

## **1.6 Summary**

Due to the increased competition and the battle for consumers it is highly important for companies to have an understanding of consumer behaviour. A lot of research has been conducted in the area of consumer behaviour resulting in theories and models which we will apply on the consumers of the Swedish meat market. This will help us to find an answer to the reason for Swedish consumers' choice to buy imported meat instead of domestically produced meat.

## 2 Method

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*As stated before, the purpose of our dissertation is to find out consumers' attitudes towards the price difference between Swedish and foreign meat, when comparing the quality and value-added. In this chapter, the method chosen to reach this purpose will be presented. The research philosophy and research approach, as well, as the reliability and validity will finally be discussed.*

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### 2.1 Research Approach

Depending on how clear you are about the theory in the beginning of the research there are two different designs on how your research should be conducted. The different designs are the deductive approach, in which you develop theories and/or hypotheses and design a research strategy to test the hypotheses, or the inductive approach, in which you collect data and develop theories as a result of the data analysis. Connecting these approaches to the research philosophies has no practical value since this potentially can be misleading, however, the deductive approach is more often considered in the positivistic and induction to the interpretivistic approach (Saunders, M., Lewis, P. & Thornhill, A., 2007).

The method for reaching the purpose of this dissertation is to conduct a literature study to get a good overview over the subject. The literature study consists of a qualitative mix of secondary data coming from research papers, articles and books. Furthermore a survey by Svensk Köttinformation will be used to get information about consumer attitudes towards Swedish and foreign meat. This method implies a deductive research approach, which starts with a collection of data and later theories are developed as a result of the analysis of this data.

### 2.2 Research Philosophy

There are mainly three research philosophies to consider, namely positivism, realism and interpretivism. The principals of positivism reflect that of a natural scientist and you will work with a social reality which can result in law-like generalisations. The positivistic philosophy is highly structured in order to facilitate repetition, and the researcher is independent of, and neither affects nor is affected by the subject of the research. The main argument against the positivistic

philosophy is that it is impossible to free yourself from your own values as a researcher. This implies the existence of a certain value position (Saunders et al, 2007).

The main idea of the realistic philosophy is that what the senses show us as reality is the truth. Realism is similar to positivism as they both assume a scientific approach to the development of knowledge. Realism also acknowledges that there are large-scale social forces that affect peoples' perception (Saunders et al, 2007).

Researchers critical to the positivistic view often argues that the social world of business is too complex to be reduced to a series of law-like generalisations. Such researchers are closer to the so called interpretivistic philosophy where the term "social actors" is significant. In the interpretivistic view it is important to understand the differences between humans as social actors and not to generalise humans as objectives like trucks or computers (Saunders et al, 2007).

The Swedish meat market is characterised by a complex environment between its actors, for example the meat producers, the unions, butcher shops, and the consumers. This suggests an interpretivistic research philosophy. The evaluation of the different power struggles and the complexity of the buyer decision making process (Saunders et al, 2007).

## **2.3 Data**

To be able to answer the research questions a gathering and analysis of data is necessary. There are two main types of data. The first is secondary data, it is a collection of data originally used for another purpose, but that has been found useful for the new dissertation. The second is primary data, which is data, specifically collected for a certain study (Saunders et al, 2007).

### **2.3.1 Secondary Data**

This dissertation only consists of secondary data. Documents of written material such as newspapers, journals, websites and a survey have been used.

To be able to understand the consumers on the Swedish meat market an extensive literature review was conducted. The starting point of the dissertation is the

theories around consumer behaviour, their purchasing process etc. Furthermore, theories on consumer perception of risk, and consumer attitudes on domestic and foreign meat are an important feature. In the book “principles of marketing”, written by Philip Kotler and Gary Armstrong; adapted to the European market by John Saunders and Veronica Wong, a good summary over existing theories on consumer behaviour and perception has been gathered. The number of writers contributing to the theories in this book is extensive; therefore, we find no reasons to do a more extensive literature overview on these specific theories in order to for example gain more knowledge about behaviour or perception, or to increase the credibility.

The actions taken by the consumers on the Swedish meat market are, of course, closely related to the actors on the market and also to the political system. This dissertation, therefore, contains explanatory information on this matter. Also other information that affects on the consumer behaviour is considered such as labelling and needs etc. To get the consumers’ point of view a survey was necessary but instead of conducting our own we chose to reinterpret a survey done by Svensk Köttinformation.

### **2.3.2 Criticism**

We are using secondary data which could be criticised in different ways. Primary data is collected for your specific purpose in order to answer the research questions and/or reach the objectives. On the other hand, the secondary data have been collected for a different purpose which could differ from ours (Saunders et al, 2007). A single information source is not enough but helps only partially to answer the research questions and reaching our objectives. This is why a number of sources are considered. Another problem is that some of the secondary data were collected some time ago and might not be fully current. An example of this is the survey which was done in 2004; also the validity of the theories could be discussed. Some of the data used might represent the interpretation of those who produced them; and therefore, will not be totally objective. This is also a reason for using different sources.

## 2.4 Reliability and Validity

To minimise the threats to the credibility of the dissertation two important aspects were considered

Reliability deals with the issues whether the measures will yield the same result on other occasions, if the observations will be similar when performed by other researchers and if there is a transparency in how sense was made from the raw data. There are four main threats to be aware of (Saunders et al, 2007):

- *Subject or participant error:* The answers can differ if the subject is not in a neutral state of mind. When or where this neutral state is depends on what questions you ask, if the questions are set to find out how enthusiastic the employees are for their work then the outcome of their answers might differ depending on if you ask them on a Monday morning or a Friday afternoon.
- *Subject or participant bias:* A problem occurs if the subjects are influenced to say something other than their own thoughts. If they say what they think their bosses would want them to say.
- *Observer error:* If questions can be asked in many different ways this can cause problems.
- *Observer bias:* A big problem, of course, is that there may be more than one way of interpreting the replies.

Validity questions if you actually succeeded in measuring what you originally intended to measure and if it is theoretically possible to prove the causality. There are six threats to validity,

- *History:* The original opinions might be changed due to a recent happening, and (if the objective of the research is not to investigate the

changes in opinions due to the recent happening) this could result in a misleading finding.

- *Testing*: If the subject believes that the outcome of the research might disadvantage them in some way then it might affect the result.
- *Instrumentation*
- *Mortality*: The problem with participants dropping out of the studies.
- *Maturation*: The outcome of the research might change due to new experiences.
- *Ambiguity about causal direction*: The problem with finding out whether A is the result of B, or B the result of A.

Furthermore it is very important to be aware of different steps which could be taken in order to minimise the threats to reliability and validity (Saunders et al, 2007). A further discussion on this will be presented in chapter four.

Generalisability can be called external validity and is different from the validity described above. To be able to generalize, the research result has to be equally applicable to, for example other companies or in our case other markets. (Saunders et al, 2007).

## **2.5 Summary**

The method used for reaching the purpose of our dissertation is to conduct a literature study. This will be done with an inductive research approach. The Swedish meat market is characterized by a highly complex environment which suggests the use of an interpretivistic research philosophy. Since we are conducting a literature study our dissertation will be based solely on secondary data.

### **3 Theoretical framework**

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*Here the theoretical framework will be presented. The theories we have used are consumer buyer behaviour theory which will concern different consumer behaviour consumer decision process and consumer perception of risk. This chapter will also present positioning theories.*

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#### **3.1 Consumer Buyer Behaviour**

Marketing management begins with understanding the consumers. Consumer buyer behaviour considers the final customer, for example the individuals or households that buy goods or services for personal consumption. When put together there are 5.5 billion final customers which constitutes the consumer market. All of these consumers differ a lot from each other, which makes them buy very different kinds of goods and services (Kotler, P., Armstrong, G., Saunders, J. & Wong, V., 2001).

##### **3.1.1 Models of Consumer Behaviour**

Since the markets and firms have grown, many marketing decision makers have lost their direct contact with the consumers and now they have to rely on different research that has been done on consumer behaviour. They want to know who buys, how they buy, when they buy, where they buy and why they buy. They all want to understand how consumers react to different product features, price and advertisement since better understanding of this will bring them advantages towards their competitors. Since this is very important to the companies, a lot of research has been done on market motivation and consumer response.

The four Ps; product, price, place and promotion, are all a part of consumer incentives. Other events and forces in the consumers' environment, such as changes in the economy, technology, politics and culture will affect their buying incentives. All of these different stimuli are put together in "the buyers' black box" (Kotler et al, 2001. p. 191) and will result in observable buyer responses, for example choice of product, brand, dealer, purchase timing and amount of purchases. It is very important for the marketer to understand how the stimulus is transformed into responses inside the box. The stimuli is changed in different

ways depending on the buyer's personality which makes he or she react different to the stimuli. The consumer buying decision process will also affect the buyer's behaviour (Kotler et al, 2001).

### **3.1.2 Characteristics Affecting Consumer Behaviour**

Cultural, social, personal and psychological characteristics are all factors which will have a great influence on the consumer behaviour. These are all factors that marketers can not influence but they must be considered (Kotler et al, 2001).

#### **Cultural factors**

Cultural factors are those which tend to influence the consumer's behaviour the most. All the consumers' wants, needs and behaviours are based on their culture. It is very important for marketers to try and see cultural shifts which they can use when trying to come up with new products. In a society with less leisure time and more stress, for example the demand for fast food and microwave ovens has increased (Kotler et al, 2001).

#### *Subculture*

Every culture has smaller groups with shared values and beliefs due to common life experiences and situations. These groups are usually very important to marketers since many of these subcultures make up important market segments (Kotler et al, 2001).

#### *Social class*

This is the divisions in the society where members share similar values, interests and behaviours. The system divides people according to their labouring position. The people at the bottom have a short exchange of labour for money while those at the top have long-term contracts which give them possibilities for career advancements as well as a higher salary (Kotler et al, 2001).

#### **Social Factors**

The social factors are also a very important part that influences the consumer behaviour; this is for example things like the consumer's small groups, family, social role and status (Kotler et al, 2001).

### *Groups*

Membership groups are groups who a person belongs to and that have a direct affect on the persons behaviour. Reference groups are groups that have a direct or indirect influence on a person's attitudes and behaviour. Aspirational groups are groups that a person wishes to belong to.

It is important for the marketers to try and identify the different reference groups of their target markets since they affect the consumer in different ways. The influences from groups tend to be higher when purchasing an expensive product that stands for luxury and/or is going to be seen by a lot of friends and other people (Kotler et al, 2001).

### *Family*

The family usually has a strong influence on a person's buying decisions, for example the parents are those who will form the buyer and provide him with an orientation of religion, politics, love and etc (Kotler et al, 2001).

The buyer's spouse and children are those who will affect the every day purchases. This is the most important consumer buying behaviour organization and there has been done a lot of research about this (Kotler et al, 2001).

When performing more complex purchases the decision making unit also becomes more complex and it is affected by the consumer's buying roles (Kotler et al, 2001).

- *Initiator*: the person who is the first to suggest a purchase of a product or service.
- *Influencer*: a person who influence others to buy a product or service.
- *Decider*: a person who decides whether to buy, what to buy, how to buy or where to buy.
- *Buyer*: the person who makes the purchase.
- *User*: the person who uses the product or service that has been purchased.

### *Roles and Status*

A person belongs to many groups and the person's position in each group is defined as role and status. The activities that a person is expected to perform is defined as role and the status is the value of the role (Kotler et al, 2001).

### **Personal Factors**

The buyer is also affected by his age, life-cycle stage, occupation, economic situation, lifestyle, personality and self-concept (Kotler et al, 2001).

### **Psychological Factors**

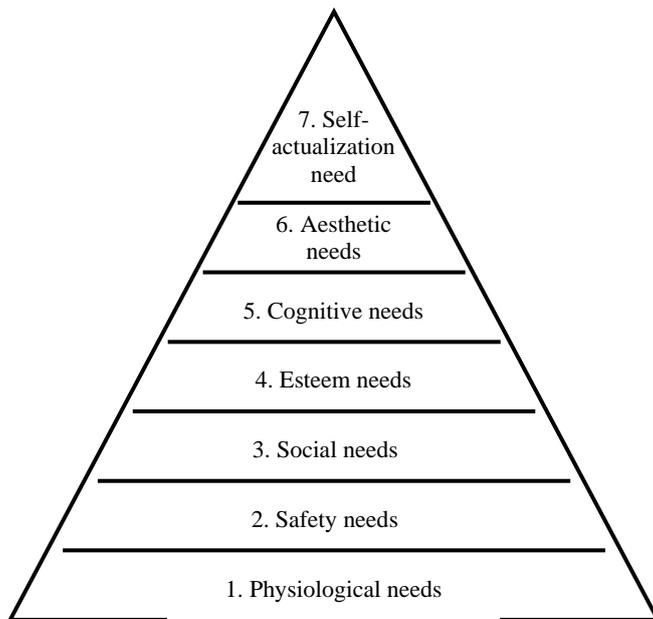
The choices which a person makes when performing a purchase are affected by four different factors (Kotler et al, 2001).

### *Motivation*

Each person has many different needs and those are the things that will give us motivation for purchasing.

According to Freud's theory of motivation people are unaware of their real needs and they are discovered through dreams, slips of the tongue, neurotic and obsessive behaviour or psychosis. Motivation researcher use word association, sentence completion, picture interpretation and role playing to try and get information about peoples' motivation (Kotler et al, 2001).

Maslow wanted to understand why people are driven by certain needs at certain times. He argues that a person's needs is organized in a hierarchy, it starts with the most important needs since that is the need which a person will try to satisfy first. For example physiological needs, safety needs, social needs, esteem needs, cognitive needs, aesthetic needs and self-actualisation needs. This hierarchy of needs can not be implemented on all cultures (Kotler et al, 2001).



**Figure 3.1 Maslow's Hierarchy of Needs**

Kotler, P., Armsotrong, G., Saunders, J. & Wong, V. (2001). *Principles of Marketing*. 3<sup>th</sup> ed. Harlow: Pearson Education Limited. (p. 207).

### *Perception*

Different people reacts differently to the same situation depending on how they percept the situation. Perception describes how a person select organise and interpret information. There are three different perception processes:

- *Selective attention*: people tend to screen out the information that is not important for them.
- *Selective distortion*: all motivation is not interpret in the way it is intended since people usually adapt the information for their personal needs.
- *Selective retention*: people forget a lot of what they learn but they tend to keep the information that is important for them (Kotler et al, 2001).

Bauer was one of the first who proposed that it is not the objectivity of the risk which motivates the consumer behaviour, but the subjective impression of it, even if consumers could calculate the risk involved correctly. Once a risk has been perceived in a purchase situation, later the consumer behaviour will be shaped by this perception of risk. Four main strategies to reduce the risk are recognised:

- Stop purchasing the offending product

- Reduce purchases of the offending product and, thereby, reducing the exposure to perceived risk
- Changing from one product to another similar product with less perceived risks, or one where there is a larger tolerance
- Continue to purchase and absorb the uncertain risk, indicating that the perceived risks associated with a particular product is acceptable and not greater than in any of the alternatives

Perceived risk can further be defined as a function of individual uncertainty perceived by the consumer. Consequently the goals of the purchase decision will not be satisfied if the expectations are not fulfilled and will result in perceived loss for the consumer. Many researchers have explored the concept of risk perception as a multi-dimensional phenomenon with the risk divided into different losses. Generally there are two components which have been adapted by researchers; the probability of a loss occurring and the seriousness of the loss once it has occurred Yeung, R. & Morris, J. (2001).

### *Learning*

Due to learning, which arises from experience, there will be changes in a person's behaviour. Learning arises from drives, incentives, reminders, responses and reinforcements (Kotler et al, 2001).

### *Beliefs and Attitudes*

When people learn they acquire beliefs and attitudes which will influence their buying behaviour. A belief expresses a person's thoughts about different things. Marketers are interested in what beliefs people create about specific products and services since they will form peoples' beliefs concerning brands within these areas and this will affect the consumers' buying behaviour (Kotler et al, 2001).

An attitude is a person's constant evaluations, feelings and tendencies towards an idea or object. It can be hard to change a person's attitude towards something since it is usually linked to a lot of different attitudes. This is why companies should try and fit their products and services into already existing attitudes. But if

you succeed with changing peoples attitudes towards something it can be very profitable (Kotler et al, 2001).

### **3.1.3 Costumer Decision Process**

The choice of a consumer is a result of interaction between cultural, social, personal and psychological factors. Most of these factors can not be influenced by a marketer but they can try to identify potential buyers and shape their products according to the customers (Kotler et al, 2001).

### **3.1.4 Types of Buying Decision Behaviour**

The consumer buying behaviour varies a lot depending on what kind of product they are going to buy (Kotler et al, 2001).

#### **Complex Buying Behaviour**

This takes place when the consumer is highly involved with the buy, for example when it is an expensive, infrequent or risky purchase, and they distinguish a significant difference between brands. The buyer will begin in a learning process; he will develop beliefs concerning the product and develop an attitude which will guide him to make a thoughtful purchase. It is important for marketers to have a great understanding for the potential consumers gathering and evaluation of information to be successful (Kotler et al, 2001).

#### **Dissonance-Reducing Buying Behaviour**

This is when the consumer is highly involved in an infrequent, expensive or risky purchase where he sees little difference among different brands. Here is the price very important. This is where the consumer might experience the most after purchase dissonance/discomfort since he might notice some disadvantages or hear positive things about other brands (Kotler et al, 2001).

#### **Habitable Buying Behaviour**

This occurs when the consumer has a low involvement in a purchase and when there is little difference between brands. When the consumer buys the same brand many times it is because of habit and not because of brand loyalty. They are familiar with a brand but not convicted. Consumers are usually low involved in

frequent low-cost purchases. Marketers of these products usually use price and promotion to gain costumers (Kotler et al, 2001).

### **Variety-Seeking Buying Behaviour**

This is when there is a big difference between brands but the consumer involvement is low. This results in consumers often switching brands because they want variety and not because of dissatisfaction. The market leader usually tries to encourage a habitual buying behaviour while the challengers will encourage variation seeking with lower prices and special deals (Kotler et al, 2001).

### **3.1.5 The Buyer Decision Process**

It is very important for companies to know what the consumers buy, where, how and how much they buy. Marketers try to study the consumers' purchases to gain information about this. A consumer will pass through five stages in their decision process; *need recognition, information search, evaluation of alternatives, purchase decision* and *post-purchase behaviour*. When the consumer is going to conduct a more routine purchase they will skip or do the steps in a different order (Kotler et al, 2001).

#### **Need Recognition**

The whole buying process starts when a consumer recognises a need for a certain kind of product. The need can either be triggered by an internal stimulus like hunger or an external stimulus which can for example occur when you see your neighbour's new car. So here it is important for the marketer to recognise what triggers the consumer needs (Kotler et al, 2001).

#### **Information Search**

This is when the consumer is awakened and starts searching for more information. It is now important for the marketers to make the consumer interested in the features that are unique for there products. If the desire of the consumer is strong and he is near a satisfying product he is most likely to buy it. If there is no product at hand the consumer might keep the need in mind and begin a search for information. The information can be obtained from several different places such

as family and friends, advertising and salespeople, mass media and consumer-rating organisations, and by using the product. The consumer usually gets the most information about a product from commercials which are controlled by a marketer. Personal sources are more commonly influencing the purchase decision when buying a service. It is important for a marketer to identify how important each information source is for the consumers. This can be done by asking the consumers how they first heard about the brand, what kind of information they received and how they value the different information sources (Kotler et al, 2001).

### **Evaluation of Alternatives**

This explains how the consumer uses information about different brands to evaluate and come to a decision. The consumer tries to satisfy a need when buying a new product and it is important that they appreciate how much the product really meets their needs. The consumer sees a product as a collection of different attributes and he will rank them according to what is most important to him and how well it will satisfy his needs.

### **Purchase Decision**

All the above mentioned stages might happen in the same time, while the consumer is watching and/or thinking about a commercial. However the actual purchase might not occur until weeks later, this makes it vital for the marketers to have repeated and easy to access advertisement (Kotler et al, 2001).

The most logical for the consumer would be to buy the most preferred brand but there are two factors that can change the purchase. It can be because of other peoples' opinions or another factor can be unexpected situations which mean that a purchase can be based on expected income, expected price and expected attributes. When a consumer is going to carry out a purchase and for example he loses his job he might be more price oriented (Kotler et al, 2001).

### **Post Purchase Behaviour**

It is also important for marketers to see to it that the consumers are happy after a purchase since they will take part in post purchase behaviour. If the purchase is

what the consumer expected then he will be content, if it is less than expected he will be disappointed and if it is more than he expected he will be happy. It is very usual with cognitive dissonance, for example discomfort that is caused by post-purchase conflicts, at large purchases. The consumers will be happy with the benefits of the chosen brand but every purchase involves compromises. It is very usual for a consumer to feel uneasy about the disadvantages of acquiring a certain brand and losing the benefits which are associated with another brand (Kotler et al, 2001).

The first purchase should therefore be viewed as just a trial purchase, and only if the trial purchase becomes a success repeated purchases can be expected. It is also very important for marketers that their already existing consumers are happy with their purchases since it is much cheaper to obtain old consumers than acquiring new ones (Kotler et al, 2001).

### **Consumer Behaviour across International Borders**

To market for and understand consumers in many countries can be very difficult. They might have some things in common but their values and beliefs are usually very different and this forces companies to adjust their products and marketing programs (Kotler et al, 2001).

## **3.2 Positioning**

Different positioning alternatives are based on the value an offering delivers and the price. Consumers tend to choose the brand which gives them the most value. Due to this marketers try to position their brands where they have the most benefits compared to their competitors. The brands positioning is based on the combination of benefits which it is associated with; this is called the value positioning of the brand. This should give the consumers all the right reasons to why they should buy the product (Kotler et al, 2001).

### **3.2.1 Value Positioning**

#### **More for More**

To provide the most upscale product and charge a higher price to cover the higher costs. These kinds of products give the client prestige and a higher status (Kotler et al, 2001).

### More for the Same

This is when a competitor introduces a new brand with the same quality as the more for more products but to a lower price (Kotler et al, 2001).

### The Same for Less

They offer the same products as the competitors but to a lower price (Kotler et al, 2001).

### Less for Much Less

They meet the consumers' need for cheaper products with lower quality and no prestige or higher status (Kotler et al, 2001).

### More for Less

They offer the consumer more to a lower price. This is a strategy that is very hard to keep since it usually costs more to offer more (Kotler et al, 2001).

		Price		
		Less	Same	More
Benefits	More	More for Less	More for the Same	More for More
	Same	The Same for Less	Me too	
	Less	Less for much Less		

**Fig. 3.2 Value Positions**

Kotler, P., Armstrong, G., Saunders, J. & Wong, V. (2001). *Principles of Marketing*. 3<sup>th</sup> ed. Harlow: Pearson Education Limited. (p. 366).

### **3.3 Summary**

Models concerning consumer behaviour will be used to try and understand the consumers on the Swedish meat market. There has been done a lot of research concerning consumer buyer behaviour and what different factors are shaping this behaviour. A consumer has to be motivated by something to start feeling a need for it and a willingness to make a purchase. Every purchase will include a certain risk and the consumer perception of risk is an important part of the buyer decision process.

For companies to be successful they must hold a profitable positioning strategy and it is also important that all actors agree with this position.

## 4 Empirical Study

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*This chapter concerns the empirical study. It will start with an introduction of the European grocery market followed by an introduction of the Swedish market. The labelling of meat, threats to consumer awareness, and the food risks in meat and consumer perceptions of these risks will also be presented.*

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### 4.1 The European Grocery Market

Due to the expansion of the European Union it has become more common for big companies, like the Dutch company Ahold which owns ICA, to buy their agricultural products from Eastern Europe. This is because the land and labour is much cheaper there. The possibility to keep the products fresh for a longer time and improved logistics will make the cheaper Eastern European products available over the whole world. Many of the successful Dutch and German suppliers and agricultural companies have moved their companies to Eastern Europe to create an effective production base (Brulin, 2006).

Where the product is produced is not considered to be relevant for the consumers. This only affects the stores and suppliers, and their most important aspect is where it is cheapest to locate the production. Swedish ICA and Dutch Albert Heijn which are both owned by Ahold, together make the central purchases of some vegetables, foreign cheese, and sometimes also, meat. It is the European buyers that decide what and where to buy. They want to have a very small amount of suppliers but no one will get exclusive rights. Due to the large competition it is very important to keep the prices down. The negative effect of the large chain stores making central purchases is that they can constantly push the suppliers demanding lower and lower prices, but when the suppliers cannot keep the same low prices as brands from other European countries they can easily be replaced. This has devastating effects on the Swedish producers since it is virtually impossible for them to keep such low prices (Brulin, 2006).

### 4.2 The Swedish Meat Market

The Swedish meat production has decreased during the last years while the import of cheaper foreign meat increases. This will have critical effects on the Swedish

meat market and the whole agricultural sector. In the fall of 2004, Lantbrukarnas Riksförbund (LRF)<sup>2</sup> started a five-year marketing project which aimed to create Swedish value-added to the meat products. The goal was to get consumers to choose meat produced in Sweden and to pay more for it (Rutegård, 2004).

According to LRF the value added in Swedish meat is for example that the Swedish meat has a very high standard compared to other European countries. The meat is virtually salmonella free. There has only been one case of BSE in Sweden. The muzzle and hoof disease does not exist anymore. The animals' good health depends a lot on the Swedish climate, and because there is a small amount of animals that are widely spread on big areas. The animals are only given antibiotics when they are sick and not in preventative purpose. The amount of pesticides is also very low. Sweden has got the strictest animal protection law in the world which enables the animals to express their normal behaviour. This means for example that the cattle must be outside and graze during the summer, they must have access to hay and straw and they are not allowed to live in cramped stalls. The Swedish farmers are also not allowed to use gene technique. The breeding goals in Sweden aim to create animals with a normal build that have a good resistance to diseases (Wahlberg, 2005, & Svensk köttinformation, 2006).

### **4.3 Competitiveness of Swedish Meat**

It is a myth that foreign meat supposedly should be worse than Swedish. We fight against very fierce competitors capable of delivering meat of both lower and much higher quality. Åke Rutegård (Herman, M., 2003)

To illustrate the increased competition on the Swedish meat market, Mr Rutegård refers to over 20 years old paper commercials illustrating that there is virtually no difference in price between the meat then and now, or that prices are even lower today. Before the entrance into the European Union, farmers and different unions discussed how Swedish meat was going to be a big export success. But after meeting the foreign competition on the domestic market most people realised that it was not going to be that way. Mr Rutegård believes that Swedish meat has slim to non chance of staying competitive since we joined the European Union in

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<sup>2</sup>

Swedish Farmers Association

January 1995. The clearest example of this is the Swedish chicken industry (Herman, M., 2003). Chicken meat is the most commonly traded meat product around the world. But Sweden has a very hard time competing internationally since the Swedish regulations for how to bring up chickens are very strict. The chicken must walk free in big barns and it is not allowed to have more than 25 animals per m<sup>2</sup>. It is not allowed to give antibiotics in preventative purposes or in order to make them grow and they are constantly being tested for salmonella (Brulin, 2006).

The Swedish regulations, resulting in good animal treatment, safety, health and sanitary, has been used as an example for other countries in Europe. But since the opening of borders, when Sweden joined the European Union, foreign meat producers have taken advantage of the Swedish system by offering low-price products. This has not been a possibility for the Swedish producers due to the regulations. The Swedish consumers have shown little loyalty towards domestically produced meat. The increased competition and little loyalty have caused a price pressure resulting in the use of, in a Swedish perspective, unwanted methods from foreign producers (Brulin, 2006).

Today the meat business has been forced to play a defensive role on the Swedish market, which is now run with an iron grip by the grocery stores, the industry and the big households. ICA, Coop and Axfood have big influence on the market and it is constantly getting stronger. The trend is biggest when it comes to beef. Today, 42% (Herman, 2003) of all consumed meat comes from foreign countries and it will dominate the market even more in the future. Another big reason for the increased sales of foreign meat in Sweden is that the resistance against foreign meat has gradually declined. In the beginning the opposition was strong, but as the consumers get more used to foreign meat and realise that the lower price does not always result in lower quality the trend towards consuming more foreign meat will continue. The willingness to buy Swedish meat is still strong among the consumers, however, when standing in the stores experiencing the big price difference many tend to switch to foreign meat (Herman, 2003).

A lot of Swedish butcher shops uses foreign meat in their products. Most of those who only work with Swedish meat are bound to it in their form of business, or they are partially owned like Swedish Meats. There are also companies that profile themselves by only using Swedish meat. The clear general difference can be seen in the business reports of the companies; companies using foreign meat generate healthy profits while those who only use Swedish meat do not (Herman, 2003).

#### **4.4 Meat Labelling**

Swedish grocery stores have two options when labelling meat except when it is beef. They can choose not to mark the meat and let the origin of the meat be unknown to the consumers. This is not seen as misleading the consumer since it is just an absence of information. Or they can choose to label the meat with the country of origin which gives the consumer complete information. It is not allowed to put a Swedish flag on a meat package if the meat is not produced in Sweden, but sometimes they can mark it with blue and yellow colours which hint that it is Swedish even if it is not. Then the Swedish health authorities say that you have to label it with the country of origin if the lack of this hints that the meat is from another country. Imported meat that is grinded or smoked in Sweden can not be labelled as Swedish meat (Brulin, 2006).

On the first of September in 2000, the European Union introduced rules regarding origin labelling of all meats, including beef meat, and both meat within and meat that comes from outside of the European Union. These rules say that it should be possible to trace every piece of meat in all stores back to the right animal or group of animals. You shall be able to find out where the animal is born, brought up, slaughtered and cut up. This is possible since all animals are given a number when they are born and if the meat is labelled, as Swedish meat, it means that it is born, breed and slaughtered in Sweden. These rules include fresh and frozen beef that are sold in stores. If it is minced meat it has to be labelled with both the country where it is slaughtered and where it is grinded. Beef meat that is served at schools, hospitals and other restaurants is not affected by these rules. When the animal is slaughtered and delivered to a butcher it is labelled with a reference number, where it has been slaughtered and the control number of the slaughterhouse. After

being butchered the meat is additionally labelled with in which country it has been cut up and the cutting up facilities control number. All this information is given to the stores when the meat is delivered. Then it is the stores that are responsible for giving the information to the consumers by putting labels on the meat packages if it is not already there (Svensk Köttinformation, 2006).

Today a lot of different labels have been developed, in a way, so that it is possible to supply the consumers with knowledge about for example the production quality. One example of this in Sweden is Kravmärkt<sup>3</sup>, this concerns both the environment, animal care, the farmers work and the conditions for working within the grocery industry. Seal labelling is also possible if you want to show where the meat has its country of origin. (Brulin, 2006)

#### **4.4.1 Threats to Consumer Awareness**

Two threats to consumer awareness are insufficient and misleading labelling.

Our interpreted definitions:

- *Insufficient*: when it is not possible to find information on the package about where the meat has its country of origin, what it contains or who produced it.
- *Misleading*: when the insufficient labelling makes the consumers believe that the meat is produced in a country, although it is not, or when they believe it contains one thing when it actually contains something else.

A big threat to the communication between grocery stores and their consumers is when the stores have their own brands. This is because they usually do not put the producers name on the package, for example on ICA's own products it only says "produced for ICA". According to the stores this is because they change suppliers a lot and it would be harder to do that if they were printing their names on the packages. For example today the Euroshopper chicken might be from Denmark and their beef from Sweden. Next year the chicken is from Brazil and the beef from Denmark. It is impossible to associate the stores own brands with a specific

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<sup>3</sup>

A Swedish label put on a range of products living up to a certain standard.

country. But if you would look at meat with the label SCAN on it you would know that it is Swedish meat, produced and packed in Sweden (Brulin, 2006).

It is also important to label meat so that the consumers know exactly what they are buying. In the early 90's a big Danish pork producer began cooperating with the enzyme producer, Novo Nordisk. They wanted to try and extract proteins from scraps of pigs. They succeeded with this and there was a lot of money to gain from taking care of scraps. In 1997 they build a new factory that produced hydrolysed proteins. Today this factory is owned by a subsidiary to the Danish company Tulip and they are still manufacturing hydrolysed protein from the scraps that are left after pigs have been slaughtered. They only use this protein in products that are produced for the stores own brands. According to the rules of Tulip meat proteins can only be used in the same meat as the proteins have been extracted from. But in some countries they put proteins from one kind of animal and put them in to another. For example Dutch companies usually import chicken from Thailand and Brazil. They inject the meat with salt solution which is absorbed in the chicken meat. Then they freeze it down and make big profits of selling water. A DNA-analysis made in England showed that the Dutch chicken not only contained chicken meat with too much water, but also meat from pigs. 54% was chicken meat while the rest was water, salt, aroma, sugar and hydrolysed protein. This resulted in consumers, unconsciously, ate pork. Of course, this was not appreciated, especially not by Muslims or vegetarians who went against their attitudes and beliefs. This would clearly not have happened if the packages would have shown that they contained both pork and chicken (Brulin, 2006).

#### **4.5 Food Risks in Meat**

Three main types of risks are considered; first the microbiological risks are risks caused by bacteria which are living micro-organisms that can cause food poisoning. The most common bacteria in food are Salmonella and Campylobacter which are most commonly found in chicken meat. Salmonella can cause diarrhoea, vomiting and fever. If the case is really severe it can lead to hospitalization, need for medical care or even death. Infection of Campylobacter can result in diarrhoea, fever, nausea, vomiting and abdominal pain. If the case is

really severe infection can also lead to urinary tract infections, meningitis or acute paralysis (Schaer, B. & Bauer C. n.d.).

The second kinds of risks are chemical risks, which includes residues in food due to antibiotics fed to chickens as well as the remnants of agricultural chemicals in animal feed. Exposure to chemical residues in food may cause cancer, chronic fatigue syndrome, immune deficiencies, and lung and nerve damage. The increased use of chemicals, especially antibiotics, is the main reason for the evolution of antibiotic resistance among food-borne pathogens. Sanders (1999) raise the concern that the use of antibiotics in preventative purpose may result in an emergence of multi-drug resistant strains of pathogenic bacteria such as Salmonella and Campylobacter (Schaer et al, n.d.).

The third kinds of risks are technological risks, and these are negative effects as a result of genetically modified (GM) food products. The potential health risk spawning from GM organisms can be toxic or allergic effects. The release of GM organisms can also have an environmental effect. Due to the complexity of the issues around GM-products the general population has a limited understanding of the outcome. However, today's' global markets have helped to raise the awareness and create a general concern (Schaer et al, n.d.).

#### **4.5.1 Consumer Perception of Food Risks in Meat**

The wide broadcasting of food scandals via media connected with a growing awareness of the correlation between health and food consumption leads to an increasing concern among consumers. As a result of the increasing concern, the actors on the food markets gains increased incentives to offer “alternative” food in order to fulfil the consumers need for food safety, traceability and quality assurance (Schaer, et al, n.d.). The risk awareness stretches from microbiological contamination such as salmonella and BSE to involve chemical residues in food such as dioxins, and a general fear towards genetically modified organisms. Inevitably, these foods “scares” have a direct impact on consumer behaviour. As proof can be seen the collapse of the beef market in the United Kingdom, France and Germany as a result of the BSE crisis. According to the *Theory of perceived risk* the consumer behaviour is highly influenced by the subjective impressions of

these published events. Chicken meat has become relatively inexpensive and is seen as dietary, but it also relieves the fear of BSE which is only found in red meat. However, when it comes to raw meat consumers have shown the greatest concern about the hygiene standard in raw chicken. A survey conducted in the United Kingdom showed that 16 per cent of 316 chickens of five supermarkets tested positive for Campylobacter or Salmonella (Schaer, et al, n.d.).

Consumers demand their food to have a certain standard. It must be, as far as they know, safe to eat and free from contamination. In short the consumers do not want to worry about the food that they are eating. To be relieved from worries many consumers takes action to avoid the perceived risks by for example purchasing from reputable outlets, local brands or avoid products where the perceived risk is higher for example in low-price products. These demands can result in losses for the consumer. It can be losses like extra expenses or loss of time etc. Consumers tend to modify their perception of risk depending on knowledge, proximity in time, potential benefit, sense of control and free choice. The perception of risk tends to heighten depending on the sense of uncertainty about potential loss of or feeling a lack of control over risk exposure (Schaer et al, n.d.).

## **5.6 Summary**

The European Union makes it possible for a small amount of large companies to have a great influence over the meat market. The import of meat to Sweden has increased drastically and this has had critical effects on the whole Swedish agricultural sector.

The Swedish meat has a large amount of value-added in their products and due to this there is a price difference. It is important that the consumer gets information, of the products, concerning where the meat has been produced and who the producer is. A big threat to consumers getting this information is the stores own brands, since they usually do not give any information.

There are some risks with eating meat and some of those risks can be life threatening. The consumers want to be and feel safe when dealing with and

consuming meat products. Swedish meat is considered to be very safe, and this lowers the consumers' perception of loss of control.

## 5 SURVEY

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*Firstly the research strategy is presented. Secondly the survey from Svensk Köttinformation will be presented and criticised. Finally the reliability and validity is further explained and a discussion of whether generalisations can be made is included.*

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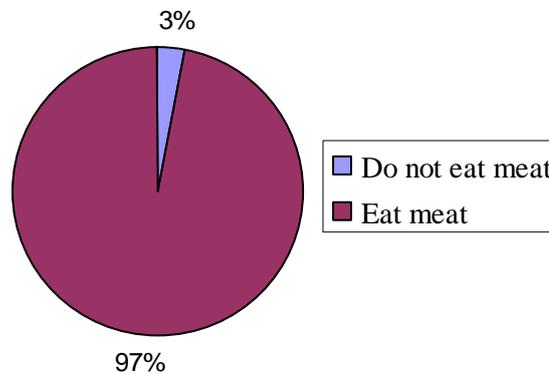
### **5.1 Research Strategy**

To help answering the research questions a number of hypotheses were set up. The hypotheses were then tested using secondary data. Within the secondary data a survey done by Svensk Köttinformation was considered. The survey was looked at from a qualitative point of view.

### **5.2 Presentation of the Survey**

The survey we used aimed to describe the consumption and attitude-behaviour on the Swedish meat market in 2004. It was based on 410 questionnaires including consumers between the ages of 16-60 and it is considered to be country-representative. To increase the frequency of answered questionnaires, a phone-recruit method was first conducted followed by a postal questionnaire. This resulted in an 81% answer frequency. The survey can also be related to similar surveys from former years. Svensk Köttinformation have done these similar surveys on a regular basis in order to uncover trends and keep track of the development of the market over time. Our reinterpretation of the survey can differ from the interpretation Svensk Köttinformation did. For example, when we analysed our hypotheses and research questions we combined the answers from the survey with the other empirical data put forward in the dissertation, while when Svensk Köttinformation did their analysis, they compared the answers with answers from earlier years.

In this figure we can see how many of the Swedish consumers eat meat; this is a big majority, about 97%. Another version of this diagram can also be found in appendix one, slide four.



**Figure 5.1 How many Swedish consumers eat meat?**

*Table 5.1 Summary of Consumer Attitudes towards Swedish Meat*

Positive answers:		Negative answers:	
Safety	57%	Price	24%
Animal care	25%	Animal care	6%
Taste	6%	Quality	5%
Beneficial for Swedish farmers	3%	Labelling	3%

These results clearly suggest the importance of safety and animal care in the Swedish meat products and it also shows the consumers discontent regarding the price. This can also be found in appendix one, slide 10.

*Table 5.2 Consumer Attitudes towards Specific kinds of meat*

	Very positive	Quite positive	Not very positive
Swedish:			
Pork	64%	25%	4%
Beef	67%	22%	3%
Lamb	51%	18%	4%
Foreign:			
Pork	4%	20%	28%
Beef	4%	17%	27%
Lamb	2%	10%	24%

These results show a general positive attitude towards Swedish meat. Most consumers are not very positive towards foreign meat but many are still quite

positive. This could be interpreted as Swedish meat is better than foreign meat overall, but foreign meat is okay, suggestible depending on the price. A diagram presenting these attitudes can be found in appendix one, slide six.

*Table 5.3 General Consumer Opinions When it Comes to Preparing Meat*

	Very positive	Quite positive	Neither/Do not know	Quite negative	Very negative
Swedish pork	54%	35%	8%	3%	
Swedish beef	59%	30%	9%	2%	
Swedish lamb	25%	28%	35%	7%	5%
Imported beef	14%	23%	47%	11%	5%
Danish pork	8%	24%	42%	18%	8%

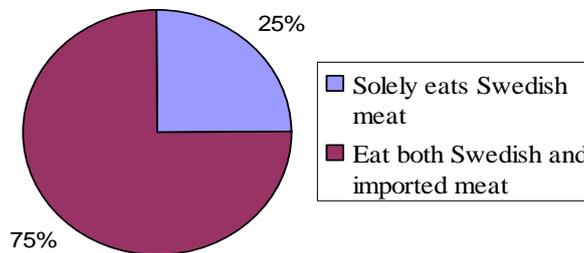
Again we can see the more positive attitude towards Swedish meat. However, the attitudes towards imported beef or Danish pork seem to be neutral, it could also be that the consumers have never tried it. A diagram presenting these opinions can be found in appendix one, slide seven.

*Table 5.4 What Kinds of Meats is usually Consumed*

	Often	Sometimes	Seldom	Never
Swedish pork:	52%	32%	8%	7%
Swedish beef	43%	41%	10%	6%
Swedish lamb	6%	12%	35%	47%
Danish pork	9%	31%	26%	34%
Imported beef	5%	20%	28%	47%

These results further suggest that a lot of consumers have never tried imported Danish pork or imported beef. This should be considered when analysing overall attitudes. A diagram presenting these consumption habits can be found in appendix one, slide nine.

Among the Swedish consumers about 25% solely eat Swedish meat. Another version of this diagram can also be found in appendix one, slide nine.



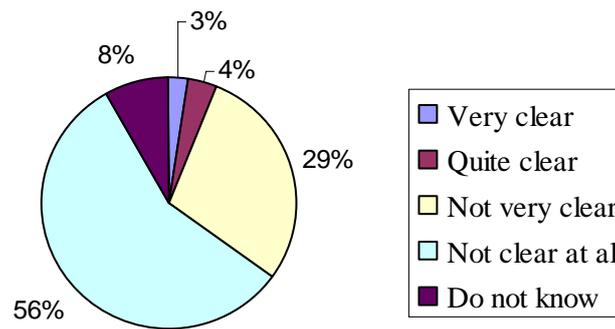
**Figure 5.2 Do the consumers buy Swedish or imported meat**

*Table 5.5 Valuing and Behaviour Patterns*

	Agree completely	Agree quite well	Does not concur
Meat is an important part of my diet	50%	37%	13%
Willing to pay a higher price for Swedish meat	33%	37%	30%
Does rather not buy fillet at all than buy imported fillet	25%	20%	55%
Ethics concerning animal care affects my purchases	23%	34%	43%
Unpleasant to eat imported meat	20%	34%	46%
Does often choose meat in the store	19%	49%	30%
Does almost never think about where the meat has its country of origin	8%	13%	79%
No difference between Swedish and imported meat	3%	19%	78%
Eat as little meat as possible because of animal consideration	3%	11%	86%

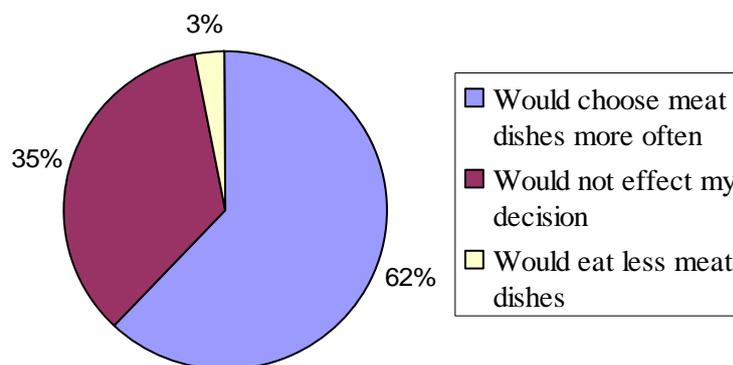
Meat has shown to be an important part of the average consumer diet. A majority of the Swedish consumers are willing to pay a higher price for Swedish meat. The consumers are thinking about where the meat comes from and their purchases are affected by ethics concerning animal care. The concern about animals stretches to the extent of animal well being while alive but little concern is taken about the actual consummation of meat. A more extended diagram can be found in appendix one, slide 12.

In for example restaurants consumers find information about the meat dishes uncertain which leaves the consumers little option to choose. This diagram can be also be found in appendix one, slide 18.



**Figure 5.3 What is the consumer opinion concerning the information about meat when eating out**

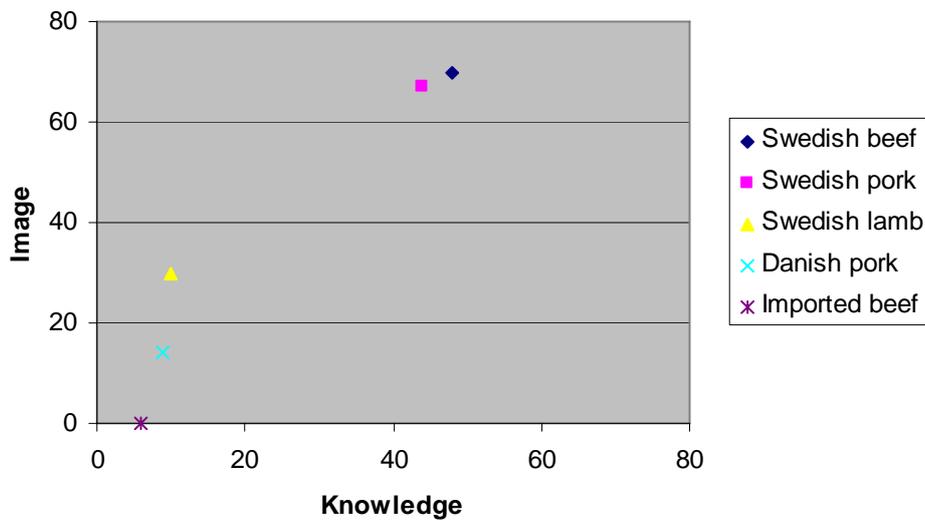
A majority of the consumers would eat meat dishes more often if they knew where the meat came from. With the previous diagram in mind this suggests that clearer information about country of origin would increase the sales of meat dishes and also increase customer satisfaction. Consumers with risk-reducing strategies would have satisfying information and being able to make correct choices which often results in higher consumer satisfaction. This diagram can be also be found in appendix one, slide 19.



**Figure 5.4 Would good information about the meat affect the consumers' decision when eating out**

In this diagram we can see that the consumers have a fairly good knowledge about Swedish meat. It is also very clear that the consumer image of Swedish meat is

much better than the image of imported meat. This diagram can also be found in appendix one, slide eight.



**Figure 5.5 Image and knowledge towards Swedish and imported meat**

### 5.2.1 Criticism towards the Survey

It can be argued that the survey, done by Svensk Köttinformation, might be angled in favour of the Swedish meat producers. However, in this dissertation no consideration has been taken towards Svensk Köttinformations analysis of the answers.

## 5.3 Reliability

The survey was a very useful element in our analysis, and since it was made on a larger scale than if we would have done our own this could increase the reliability. The reliability of the survey is further strengthened since a similar study in 2003 yielded comparable results.

Uncertainty about misinterpretation is always a threat to reliability, however, we find the risk of misinterpretation in the questions of this survey to be of minor influence. The questions are mostly alternative-based and the answers to the “open” questions were put into the largest categories.

## 5.4 Validity

The outcome of the survey corresponds in a large extent with the findings of the other secondary data. The intent Svensk Köttinformation had was to compare the

answers to the questions with similar surveys from earlier years in order to uncover trends. The important thing is that the outcome of the survey helped in answering the questions we had intended to answer. Though it is a secondary survey, questions which for our purpose were found irrelevant were also included.

### **5.5 Generalisability**

Our dissertation aims to study the Swedish consumers. The data gathered are collected from articles, books, papers, institutes and have a general basis. The survey is, according to Svensk Köttinformation, country-representative. The results of this dissertation cannot be generalised on other markets or other consumers than the Swedish.

### **5.6 Summary**

Our research questions and hypotheses will be analysed by using secondary data. Among other things we will use a survey on consumption and attitude-behaviour on the Swedish meat market. Since this survey was done on a much larger scale than if we would have conducted it ourselves, this could increase the reliability. In large the survey corresponds with the other secondary data. The intent Svensk Köttinformation had with the survey is of less importance to us, since the answers from the survey have been re-interpreted by us. Our dissertation is based on the Swedish meat market and the survey is made on Swedish consumers, this makes it hard to make any generalisations considering other markets or consumers.

## 5 Analysis

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*We will begin by analysing our hypotheses. Then we will analyse and answer the research questions.*

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### 5.1 Analysis of Hypotheses

We have chosen to analyse our hypotheses one by one in consequent order. The analysis is based on the secondary data, including the survey, in relation to the theories.

#### 5.1.1 Hypothesis 1

*Consumers create risk-reducing strategies to feel safer when buying meat.*

Eating meat in today's global society with production methods based on fierce competition can be considered as a risk taking. If consumers perceive a risk they usually develop strategies to reduce the risks so that they can feel more confident in their purchases. They will focus on one of four actions to reduce the perceived risks:

- Stop purchasing the offending product, for example stop eating the meat causing the perceived risk.
- Reduce purchases of the offending product and, thereby, reducing the exposure to perceived risk for example by eating less meat.
- Change from one product to another similar product with less perceived risks, or one where there is a larger tolerance, for example switching to substitutes, choosing Swedish meat instead of foreign meat, or buying from reputable outlets.
- Continue to purchase and absorb the uncertain risk, indicating that the perceived risk associated with a particular product is acceptable and not greater than in any of the alternatives.

There are also other measures which are often taken to reduce the perceived risk in the mind of the consumer. Many consumers seem to avoid low-price products

in times of concern. Information seeking can also reduce the perceived risks or at least help in the decision making process to reduce the perceived risks.

### **5.1.2 Hypothesis 2**

*The existing meat labels are often misleading or insufficient.*

The survey done by Svensk Köttinformation shows that a majority of the Swedish consumers wants' to eat Swedish meat. Most of the consumers, however, choose to eat both Swedish meat and foreign meat. One reason for this could be misleading or insufficient labelling.

There are numerous examples of misleading or insufficient labelling, here are two:

A clear example of insufficient labelling is that the big chain stores have their own brands with very anonymous packages. An example of misleading labelling is the use of hydrolysed protein, a substance that can contain unwanted ingredients and even a mix of different kinds of animals. The poor labelling and sometimes deliberate misleading information on meat products causes confusion on the Swedish meat market resulting in misunderstandings and a distorted decision-making behaviour. The conclusion is that the regulations on labelling are insufficient in the consumer point of view. This shows to have negative effect for the Swedish meat producers since Swedish consumers sometimes think that they are buying Swedish meat when actually they are not.

### **5.1.3 Hypothesis 3**

*Consumers differ and will have different attitudes towards the Swedish meat market.*

According to Philip Kotler consumers vary a lot from each other which makes them buy a very different kind of goods and services. This is why it is highly important for companies to understand consumer differences. Consumer attitudes are based on their basic beliefs, and different attitudes are often related to each other. The attitudes are psychological factors with its origin in the consumers' cultural, religious, personal and social environment. For example some cultures or

religions might not eat a specific kind of meat, or social factors like economy might not allow consumers to consider other alternatives than the cheap products. People with good knowledge of specific foreign meat might also differ in their attitude compared to those which has only experienced Swedish meat and has little knowledge about foreign meat production methods. It is important to make clear, that when speaking of consumer attitudes we mean the kind of attitudes which affects the consumer behaviour. It is clear that the absence of specific attitudes results in certain behaviours. This is the kind of behaviour marketers to a larger extent have a possibility to influence. Basic beliefs creating attitudes on the other hand are hard and often not possible to change from a marketer's point of view.

The general attitude towards the Swedish meat market is that the competition forcing the prices down is a good thing, but the free Swedish market has resulted in fierce competition which is far from flawless. Due to the price pressure lots of unwanted methods, such as hydrolysed protein, water injections and worse conditions for animals have been used to lower the price of foreign meat sold in Sweden. It is our belief that the big price difference combined with the insufficient awareness of foreign methods has altered the consumer attitudes on Swedish and foreign meat.

#### **5.1.4 Hypothesis 4**

*The need for safety is an important primary need and will be considered by the consumers when buying meat.*

For a long time there were virtually no risks in consuming meat, at least it was not a concern among the consumers. But in recent years more and more food "scares" have been spreading among the consumers due to globalisation combined with large media covers on epidemic events. This has increased the safety concern among the consumers and put meat concerns directly into the second step of Maslow's hierarchy of important needs; the need for safety. According to the survey the number one satisfaction of Swedish meat is that it is safe. This is one of the strongest incentives of buying Swedish meat, especially during times when concern about food "scares" are higher. When for example there are rumours

about salmonella or BSE in foreign meat we can see increased sales of local brands.

### **5.1.5 Hypothesis 5**

*Consumers are not willing to pay for the value-added in Swedish meat.*

According to the theory of the four P:s the Swedish meat producers are trying to compete with the “product” by offering a value-added. This strategy is in most part imposed upon the producers due to government regulations, however, most of the Swedish meat producers are positive to the regulations and some adopt even stricter regulations voluntarily. Overall Swedish meat producers, of course, have to do the best they can with the tools they have to work with. The problem is that what brings the value-added to the products also results in higher prices. Therefore the main issue is to get the consumers to pay for the value-added. When analysing the survey done by Svensk Köttinformation we find a few interesting results.

About 34% says that they are willing to pay a higher price for Swedish meat compared to foreign meat. A total of about 70% says that they are probably willing to pay a higher price or at least a little bit higher. The strongest incentives in favour of Swedish meat are safety and animal care, while the strongest incentive against is price. So the fact that the value-added in Swedish meat is appreciated combined with the fact that most, or 70%, would pay a higher price for it should result in healthy profits. The truth is that it does not, so why is that? We have found three possible scenarios; either people only think that they are willing to pay a higher price while in reality they are not, that the Swedish meat is not available in every aspect needed or that the price exceeds the perceived value of the value-added. When speaking of availability we mean that it can be found everywhere; in stores, restaurants, schools or other institutes, we also mean that it should be marketed in an effective way by good and clear labelling, good information and commercials increasing the awareness of the consumers. The survey from Svensk Köttinformation shows that over 60% of the consumers would choose to eat meat dishes more often in restaurants if they knew that the meat was produced in Sweden. About 25% of the consumers choose to solely buy

Swedish meat. If we put this in relation to the fact that between 30-40% (Brulin, 2006) of the consumers are classified as “aware consumers” and that most consumers are willing to pay a higher price, then we can reject the hypothesis at least to some extent. The hypothesis can not be rejected totally considering the fact that the price the consumers are willing to pay extra for the value-added has its limits and, of course, differs from consumer to consumer. Overall we can see that the hypothesis in today’s present situation must be generally not rejected. Since the entrance to the European Union the Swedish meat producers have been forced to cut down due to increased competition resulting in declining profits. From being dominating actors on the market to struggling as actors among others the Swedish meat producers are facing a dark future, at least according to Åke Ruthergård.

However, a big percentage of the consumers choose solely to buy Swedish meat and most of the Swedish consumers have got a very positive attitude towards Swedish meat compared to foreign meat in most perspectives except price. This gives the Swedish meat producers a solid ground to work with. Sure it is a lot smaller piece of the market share than before the entrance to the European Union but it is solid. If we assume that it is the consumers which are classified as “aware consumers” that has the strongest commitment to Swedish meat then the task is hard but clear about what has to be done. Make the Swedish consumers more aware. It can, of course, be argued that awareness could mean many different things. If awareness is interpreted as awareness about quality then, as we have said before, foreign meat might be the choice since foreign meat actually can hold higher quality than Swedish meat. Therefore the Swedish meat producers have to focus on what specific awareness they need the Swedish consumers to have. Besides increased overall awareness the consumers must value the Swedish meats value-added in a higher degree. Swedish meat, as said before, has many extra values-added to it, and probably the strongest ones are those considering animal care and the safety degree of the meat.

From the survey we can see that many consumers already think that animal care, safety, ethics and moral are important factors. To make the consumers that “probably” would be willing to pay for the value-added and those that are willing

to pay a little bit higher price into definite purchasers of Swedish meat it is necessary to turn them into aware and “caring” consumers. We should, however, not underestimate the consumer awareness of Swedish meat; as seen in the survey, it is rather so that the Swedish consumers have a fairly good knowledge about Swedish meat. The question is rather if they have enough knowledge about foreign meat to be able to make a comparison, evaluate and do a fair judgment which will result in a decision about whether the higher price of Swedish meat is justified or not.

### **5.1.6 Hypothesis 6**

*Domestically produced meat offer “the same for more” compared to foreign meat.*

As seen in the survey done by Svensk Köttinformation there is only about 25% of the Swedish consumers that solely eat Swedish meat. So if the majority of the Swedish consumers eat both Swedish and foreign meat then this must be because the value-added in relation to the price of Swedish meat does not equal up to the value-added in relation to the price of foreign meat. As stated before, the imported meat can be of the same quality or sometimes even of higher quality than the Swedish meat. If the consumers do not value the other kinds of value-added in Swedish meat for example animal care, antibiotic or genetic regulations but cares only for the price and quality then the Swedish meat, according to the value positioning theories, is situated in the unprofitable “the same for more”-position.

The Swedish meat producers argue that the Swedish meat offers “more for more”. This implies that the extra value-added, besides quality, are important extras which the consumers should be willing to pay a higher price for. Some Swedish meat producers have successfully been able to sell their value-added for a higher price, but in general most Swedish meat producers are not making profits. At the same time the companies using themselves of foreign meat have had an upturn since Sweden joined the European Union. We can also see that the consumption of meat in Sweden has increased. If we analyse the negative economic trend in domestically produced meat and compare it to the upturn for foreign meat it further suggest that Swedish meat has not successfully reached the profitable state of offering “more for more” but rather, in the consumer point of view, in the unprofitable “the same for more” position.

## **5.2 Analysis and Answering of Research Questions**

With help from the analyses of the hypotheses further analyses and answering of the research questions will be presented. Also the research questions will be considered one by one in consequent order.

### **5.2.1 Research Question 1**

*What differences between Swedish and foreign meat are important for the Swedish consumer?*

To be able to answer this question we must first define what differences there really are. The differences we consider are; quality, price and different kinds of value-added.

One of our most interesting findings was that the quality, which we first believed to be the one of the most important difference, actually turned out to be a weak incentive for the purchasing of Swedish meat. As stated earlier; foreign meat can hold the same or even higher quality than the Swedish meat, also the Swedish consumers seems to feel that this is the case. In some cases the consumers have pointed out “taste” as an important difference. Maybe not a direct difference between Swedish and foreign meat, but rather an indirect difference is the benefits gained by the Swedish farmers if consumers choose to buy Swedish meat. Consumers have also shown a willingness to support Swedish companies. Although we have not thoroughly investigated the animal treatment regulations of foreign countries we have found out that the Swedish regulations on animal care are generally the strictest in the world. The survey also showed that the animal care was the second strongest incitement for the purchase of Swedish meat. The strongest incitement is that Swedish meat has been able to offer safety in a way almost impossible for foreign meat to keep up with. The consumer awareness is not extensive enough to include information about safety of specific foreign meat. So even if for example Italian pork has shown to be as close to a 100% safe as it can be, Swedish consumers will still feel safer consuming Swedish pork. Ultimately for most consumers the difference having the largest influence when purchasing meat is, not unexpectedly, the price.

### **5.2.2 Research Question 2**

*Can consumer attitudes towards the Swedish meat market be explained by consumer behavioural theories?*

The theories on consumer behaviour are mostly based on the fact that most consumers, at least to a certain degree, act or behave in ways depending on their attitudes. Consumer behaviour theories explain that consumer attitudes are complex mechanisms which are based on a number of factors. The conclusions we can draw from the analysis in this matter are that the consumer behaviour theories to a high extent are able to explain the basis from where the attitudes come from. The theories also explain the difficulties to change consumer behaviour if these behaviours are a result of consumers' basic attitudes. One thing the theories do not include is the discussions on whether the consumers are open-minded or narrow-minded. For example when a Swedish consumer buys a car it is a big decision and a lot of factors are considered. The consumer will seek out the information about different cars and brands and will finally choose the alternative with the highest customer value. Variables like environmental issues and safety are more important than simply finding the cheapest car. What most consumers seem not to realise is that during their lifetime most of them will have spent more money on meat products than on cars.

### **5.2.3 Research Question 3**

*Will there be a difference in Swedish consumers' attitudes toward the price, quality and value-added of Swedish meat compared to foreign meat?*

As said before, consumer attitudes are complex mechanisms and depend on many things. The origins of attitudes are treated in the consumer behaviour theories. According to the survey we can see that there is a major dissatisfaction for the price of Swedish meat. This attitude, due to the fact that the prices on meat compared to other products has not followed the same inflation rate but rather stayed on a low level, is most probably caused by the satisfaction of the low price on foreign meat. The Swedish meat is not really expensive unless it is put into relation to foreign meat. The general attitude, also to be seen in the survey,

indicates that most Swedish consumers actually are so positive towards Swedish meat that they could consider paying a higher price for it.

When it comes to the quality of Swedish meat the attitudes are many. Generally the attitude is that the quality of Swedish meat is believed to be high. We can conclude that the attitude among the aware consumers, restaurants, kitchens etc. is that foreign meat can have the same or even higher quality than the Swedish meat but to a lower price. Thus, the choice among the aware, whether they should buy Swedish or foreign meat, can not be ruled out simply by considering the quality factor.

Finally the consumer attitudes towards the value-added in Swedish and foreign meat. As discussed in the analysis Swedish consumers are very positive towards Swedish meat and its value-added. The most appreciated feature is the regulations sending the message that the Swedish meat is safe to eat and that the animal treatment is good. The value-added in foreign meat, of course, depends on where it comes from. The value-added, often put forward in foreign meat, are high quality and taste.

### **5.3 Summary**

In this chapter we have analysed the different hypotheses and research questions. The three first hypotheses could not be rejected, the fourth hypothesis is, at least partially, not rejected, the fifth hypothesis is, at least partially, not rejected, the sixth hypothesis is rejected, however, in many consumers point of view it is not rejected. The research questions find the consumer behaviour theories accurate when studying the attitudes on the Swedish meat market. Consumers find safety to be the most important factor in Swedish meat. Price has shown to be an important but negative factor for Swedish meat products. Overall Swedish consumers are pleased with the value-added in Swedish meat and they are willing to pay extra for it.

## 6 Conclusion

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*This chapter presents the conclusion as well as further research. Our findings of the hypotheses and research questions are presented. Finally further research is suggested.*

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### 6.1 Conclusion

A short summary whether the hypotheses are rejected or not rejected followed by short answers to the research questions. After that, final conclusions are drawn.

#### 6.1.1 Conclusion of the Hypotheses

*Our findings suggest that:*

- The first hypothesis is not rejected and most consumers in one way or another use risk-reducing strategies.
- The second hypothesis is not rejected and there is a need for internationalised labelling standards offering good information in order to reduce misunderstandings and increase the awareness.
- The third hypothesis, not unexpectedly, is not rejected and the diversity of the consumers' originates from their basic attitudes, this is particularly clear in a multi-cultural country like Sweden.
- The fourth hypothesis, at least partially, is not rejected. Whether you consider safety or not when buying meat depends on the level of awareness about possible risks. With this said, consumers aware of risks in different kinds of meat can act accordingly with the risk factor, while the unaware consumers more often consider it safer to buy Swedish meat, or local brands.
- The fifth hypothesis only partially is not rejected. There is a solid base of consumers willing to pay for the value-added in Swedish meat. However, large market shares have been lost to foreign competition since the entrance of the European. This imply that a large part of the Swedish

population are not willing, can not afford or for other reasons will not pay for the value-added in Swedish meat.

- The sixth hypothesis is rejected but in many consumers point of view it is not rejected. Many consumers believe that Swedish meat does not offer more, especially not enough to justify the price.

### **6.1.2 Conclusion of the Research Questions:**

*Our findings suggest that:*

- When it comes to consumers buying Swedish meat it is important with safety, quality, closeness, environmental issues, animal care and health, while buyers of foreign meat priorities quality and price to a higher degree.
- The theories on consumer behaviour to large extent can explain the attitudes of the consumers about the Swedish meat market. An interesting finding is that the theories we have been looking at does not consider the fact that whether a consumer is open-minded or narrow minded can have a large effect on their behaviour.
- The consumers are not pleased with the price of Swedish meat; this presupposes that the price is put in relation to that of foreign meat. The aware consumer, interested mainly in the quality of the meat, knows that the quality can be equally high in foreign meat and do not care if it is Swedish or not. The unaware consumer most often thinks that the quality of Swedish meat is higher which is true in many cases. The general attitude is that Swedish meat has a good value added, and most people could consider paying a higher price for it.

### **6.1.3 Final Conclusion**

Today Swedish consumers are much more aware when it comes to environmental issues, health and the treatment and wellbeing of animals. Therefore, due to the fact that Sweden has one of the most advanced control-systems for meat products in the world as well as very strict regulations on animal care, the Swedish

consumers should find great interest in domestically produced meat. We can conclude that there is a solid base of consumers willing to pay extra for Swedish meat. Even though the trend for Swedish meat has been negative ever since the entrance in the European Union it is our firm belief, based on the knowledge put forward in this dissertation, that there is a future for Swedish meat. With this said, we do not expect the negative trend of the market for Swedish meat to have reached its lowest point. There are many ways in which the market for Swedish meat can improve itself and continue spreading values instead of just low-price to the Swedish consumers and the rest of Europe.

## **6.2 Further Research**

With this dissertation we have provided an insight in the Swedish meat market and also in Swedish consumer behaviour and attitudes. The dissertation was limited in many ways and it would be interesting to conduct further research when considering other aspects or even related areas. Our dissertation can contribute as a base for further research.

- It would be interesting to investigate the consumer behaviour and attitudes in other relating markets such as vegetables and fruits or fish.
- Our research was based on the behaviour and attitudes of Swedish consumers. It would be interesting to see what the behaviour and attitudes are like in other countries. The behaviour and attitudes of the consumers of the European Union could perhaps be used to generalise regulations within the Union in order to make companies compete on equal terms and to reduce the use of unwanted methods. It would also be interesting to investigate if international standards of labelling would be beneficial and possible to regulate.
- Closer research on the behaviour of for example restaurants would be interesting though most consumers do not consider the meat dishes in restaurants in the same way as when they purchase meat from stores. It would also be interesting to get the restaurants point of view.

- More extensive research could be done on consumer behaviour and attitudes between those who live in cities and those who live on the country side, or between different age groups in order to reveal trends.

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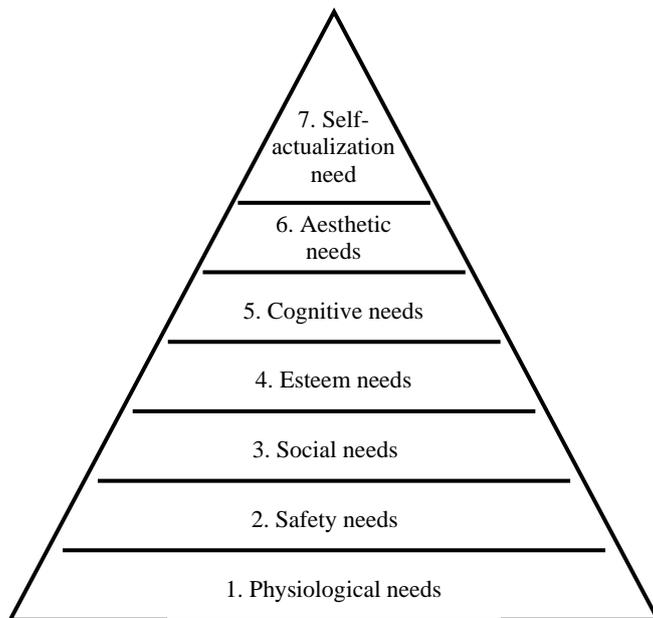
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**Figure 3.1 Maslows hierarchy of needs.**

Kotler, P., Armsotrong, G., Saunders, J. & Wong, V. (2001). *Principles of Marketing*. 3<sup>th</sup> ed. Harlow: Pearson Education Limited. (p. 207).

		Price		
		Less	Same	More
Benefits	More	More for Less	More for the Same	More for More
	Same	The Same for Less	Me too	
	Less	Less for much Less		

**Figure 3.2 Value Positions**

Kotler, P., Armsotrong, G., Saunders, J. & Wong, V. (2001). *Principles of Marketing*. 3<sup>th</sup> ed. P. 365. Harlow: Pearson Education Limited.