FAIRTRADE AS A MARKETING TOOL:

AN IRISH / AUSTRIAN COMPARISON

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ABSTRACT

The purpose of this piece of research is to examine different aspects of fair trade (FT) marketing. Firstly, secondary research examines issues such as history, development, advantages and challenges of mainstreaming of FT. Secondly, primary research explores FT consumer buying behaviour in Ireland and Austria in the fast moving consumer goods (FMCG's) market. The attitudes towards – as well as effects of – mainstreaming and clean-washing are further investigated.

Primary research has been conducted in two phases – descriptive and exploratory. Phase one, descriptive research, involved 120 consumer surveys, half of which were conducted in Ireland and half in Austria. Exploratory research using mixed modes has been used to collect data from nine suppliers of FT FMCG's.

This paper examines the differences in attitudes towards FT between Irish and Austrian consumers, with particular focus on mainstreaming. Only subtle differences could be identified between the Irish and Austrian market and findings suggest that the effects of mainstreaming are perceived to be predominantly positive in both markets.

This paper may be of interest to marketing professionals and all stakeholders in the FT industry.

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LIST OF ABBREVIATIONS

ATO	Alternative Trading Organisation
CSR	Corporate Social Responsibility
E&SR	Ethical and Social Responsibility
FLO	The Fair trade Labelling Organisation
FMCG	Fast moving consumer good
FT	Fair trade
FTF	Fair trade Federation
IFAT	The International Federation for Alternative Trade

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Chapter 1

INTRODUCTION

1.1 Introduction

As stated on www.fairtrade.ie hundreds of competitively priced fair trade (FT) products are now available in all the main multiples and new products are being added all the time. Not alone are traditional FT products like coffee and tea being stocked by all the main retailers including Tesco, Dunnes Stores, Marks & Spencer, Lidl, Superquinn and Spar, but these retailers are also extending their ranges to include products such as wine, rice, chocolate, fruit, juices, snacks and clothing.

The first 2 tonnes of FT Coffee beans were imported into Ireland in November 1996. This increased to over 500 tonnes in 2008. An IMS consumer survey conducted in April 2008 found that 57 percent of Irish people were aware of FT, compared to just 16 percent in 2002 *(Press release by www.fairtrade.ie, February 22 2009).*

According to Low (2005) the use of mainstream marketing tools appears to have changed the message of FT from participation in an international programme of trade reform to one about “shopping for a better world”. Doherty (2007) argues that mainstream marketing increased sales of FT products substantially and therefore appears to be positive, however, there is a risk of absorption and dilution of the FT movement by mainstream business. This can then lead to “clean-wash” which occurs when a company “derives positive benefits from its association with the FT movement, however minimal its efforts to “live” the values”.

1.2 Research objectives

The objective of this study is to examine the effects of the mainstreaming of FT marketing on consumer buying behaviour in the Irish and Austrian market, with special focus on the concept of “clean-washing”. Furthermore, it is the intention of the researcher to investigate whether the benefits of the mainstreaming of FT outweigh the negatives. For example, is it simply better that more FT products are available and sold or does it have a negative spin-off effect on the image of FT, such as in the case of "clean-washing"?

1.3 Researcher's reasons for interest in the subject area

In the past, FT products relied heavily on alternative distribution systems, such as mail order, world shops, church groups, membership lists, etc. However, there has been shift towards mainstream commercial distribution channels, such as supermarkets, which made FT products easily accessible and available to the masses. Low (2005) explains that this has been a huge success as well as the main challenge for the FT movement over the past decade.

I am trying to be a responsible consumer and for me, this includes choosing FT products where possible. Over the past few years I have noticed an increase in the supply of ethical products, such as FT, on supermarket shelves and also seen some 'less' ethical brands such as Nestlé use ethics in their branding strategies. I am interested in why people chose FT over conventional products and what the effects of the mainstreaming of FT are.

1.4 Chapter outline

Introduction: The purpose of the introduction is to introduce the reader to the concept of FT and the context in which the author is exploring the relevant information.

Literature Review: The Literature Review concentrates on secondary research about FT addressing issues such as definitions, history, benefits and changes in the distribution of FT FMCG.

Methodology: The methodology outlines and explains in detail the primary research approaches used in the study. In addition, it draws attention to how the information-gathering process will be managed, executed and analysed.

Findings: This section shows the outcomes of the primary research in story format and compares results gathered through interviews with results from questionnaires.

Analysis: The analysis section compares the primary research findings to the secondary research findings

Conclusions and recommendations: This chapter summarizes the research as a whole and draws attention to the overall experience of researching the topic of FT.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

The literature review seeks to illustrate and examine different aspects of FT marketing. To start off, an insight into the development of FT from its early stages to mainstream is provided and different routes to market are explored. Furthermore, marketing implications are draw attention to and ethical consumerism is defined. Finally, the advantages and challenges of the mainstreaming of FT are evaluated.

2.2 Introduction to fair trade

The Fairtrade Labelling Organizations International (FLO) provides the following definition of FT:

> 'Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers. Fairtrade offers producers a better deal and improved terms of trade. This allows them the opportunity to improve their lives and plan for their future. Fairtrade offers consumers a powerful way to reduce poverty through their every day shopping. When a product carries the FAIRTRADE Mark it means the producers and traders have met Fairtrade standards. The standards are designed to address the imbalance of power in trading relationships, unstable markets and the injustices of conventional trade.' (www.fairtrade.net/what_is_fairtrade.html)

As described by Low and Davenport (2005) FT has evolved into a 'global social movement that combines an alternative model of business with political activism – a business and campaign'. It is added that the FT movement stands out amongst social movements due to its primary aim: Selling products from marginalized Southern producers. According to Jones *et al.* (2003) the purpose of FT is to improve the position of poor and disadvantaged food producers in the developing world by helping them to become more involved in world trade and providing them with better trading conditions. The European Commission (1999) suggests that it is the objective of FT to ensure that producers' payments reflect an adequate return on the input of skill, labor and resources. In addition, FT has a positive impact on the establishment of conditions that foster a higher level of social and environmental protection in developing countries and, according to the commission, is particularly helpful to small-scale producers that live in isolated, rural areas.

According to Tradecraft, the largest FT organization in the United Kingdom (UK), FT has the following six goals: 1. it tries to improve the livelihoods and well-being of producers by improving market access, strengthening producer organizations, paying a better price and promoting continuity in the trading relationship. 2. Development opportunities for disadvantaged producers, especially women and indigenous people are promoted, and children are protected from exploitation in the production process. 3. Raising awareness amongst customers of the negative effects on producers of international trade so that they can exercise their purchasing power positively. 4. Setting an example of partnership in trade through dialogue, transparency and respect. 5. Campaigning for changes in the rules and practice of conventional international trade. 6. Protecting human rights by promoting social justice, sound environmental practices and economic security.

Strong (1996) states that FT is characterized by a buyer supplier transaction that aims at equality of exchange and recognizes the power discrepancy between the developed and developing worlds.

In operational terms, Nicholls and Opal (2005) define FT as the following key practices. These are: Minimum prices are agreed in advance and usually set ahead of the market minimum; focus is placed on the development and technical assistance via the payment to suppliers of an agreed social premium; Purchases are made directly from producers, which reduces the influence of brokers, consolidators and other agents and a higher return for producers; Partnerships are transparent and long-term in nature which ensures a consistent income for producers; Dealings are co-operative, not competitive in nature; If requested, suppliers are provided with credit in order to smooth income streams; Producers are provided with market information such as market price of their goods; Farmers and workers are organized democratically which means that they must belong to a co-operative that is democratically organised; Sustainable production is practiced through the aid of resource management plans; During the production process labor abuses are not tolerated. This involves the prohibition of child and slave labor.

Nicholls (2002) states that FT contracts generally include specific employer codes of conduct that set out terms for acceptable working conditions and fair pay for workers.
Putnam (2000) argues that FT represents a new model of supplier-consumer relationship that not only focuses on economic capital but also embraces human and social capital. As commented by Raynolds (2002, pp 409-410):

> 'The FT movement destabilizes neo-liberal knowledge claims regarding the normalcy of commercial conventions through reconsideration of the meaning of "fairness" in commodity prices, market exchanges, and North-South relations.'

Low and Davenport (2005) state that Max Havelaar, the first FT label, was introduced in 1988 in the Netherlands. Max Havelaar now certifies FT Fast Moving Consumer Goods (FMCG's) such as coffee, tea and cocoa in Belgium, Switzerland, Denmark and France. Transfair International and Fairtrade Mark, two further certification bodies certify FT products in Austria, Germany, Luxembourg, Italy, Japan, UK, Ireland, Canada and the USA. The FT Labeling Organisation (FLO), found in 1997, is an international non-governmental organization that standardizes the different certification initiatives.

2.3 Development of fair trade

Davies (2007) divides the development of FT from niche market to mass market into 3 eras. These are the Solidarity Era (1970-1990), the Niche Market Era (1990-2002) and the Mass Market Era (2002 to date). He states that participants in FT in the solidarity era were predominantly ATOs. The main aim was to raise awareness and demonstrate solidarity with the developing world. The product range was very limited and quality was generally perceived to be poor. Products that were marketed in this era were mainly craft products and coffee. Distribution relied on mail order and a limited number of world shops.

The niche market era saw an increase in participants. In addition to ATOs FT companies and some adopters started to emerge. The target market was ethical consumers. The product range and brands extended to a wider choice of commodity products, such as tea, chocolate, cocoa, sugar, nuts and fruits and quality levels and consistency improved. During the niche market era distribution of FT became more wide spread and extended to supermarkets.

The mass market era saw a shift from ATOs to companies, adopters and branders. This made it possible for FT to reach a larger customer base and appeal to a wider range of consumers in different segments. Product ranges increased further and quality and consistency improved substantially. FT products are now available in most supermarkets and corner shops, online and the services sector (e.g. Costa Coffee and Starbucks) in addition to world shops and mail order.

According to Nicholls (2002), the main influencing factors for the growth of the FT food market can be grouped into political, academic, cultural and informational influences.

> 'The most significant influence has been the emergence of ethical consumerism and mass-market association with it, growing out of important cultural and informational changes in western society.' (Nicholls, 2002 pp. 8)

In line with this, Jones and Comfort (2003) explain that the increased demand for ethically produced products is based on consumers' increased levels of awareness and concerns about economic, ethical, environmental and social issues linked to food production. Price, quality and safety are still the most important factors that influence consumer buying behavior in the food sector; however, ethical factors are becoming increasingly important for a growing number of consumers.

Low and Davenport (2005) believe that the mainstream success of FT FMCGs is also based on the development of the FT label. This is important because, as stated by Crispell and Brandenburg (1993) consumers only spend less than four seconds evaluating a supermarket shelf before making a purchase decision and brands make this decision easier.

2.4 Routes to market

According to Jones *et al.* (2003) there are two main routes to market for FT products. The first route is through the work of 'Alternative Trade Organizations' (ATOs) and the second is through labeling initiatives. In the early stages of FT, initiatives were very dependent on ATOs which were often established by charities or churches. Later on, ATOs developed into independent companies which sold food and handicrafts form disadvantaged producers in the developing world. It is added that the main aim of this activity was to raise awareness and to campaign for changes in conventional international trade. Products were sold through a variety of channels, such as charity shops, church groups, mail order, internet and FT shops. This route to market is characterized by a lack of labeling – however, the identities of the organizations are a guarantee that the products meet FT standards.

The second – and increasingly important – route to market is labeling initiatives, as described by Jones *et al.* (2003). Their origins lie in the Netherlands in the 1980s and involve the certification of products that are produced under FT principles. This allows FT products access to traditional retail distribution channels and makes FT products more accessible for a larger number of customers. The importers and retailers are commercial organizations and products are marked by a FT logo or label which is awarded by a FT certification agency. Criteria concerning production and marketing processes are set by these agencies. Criteria are harmonized internationally and cover a wide range of factors, such as employment conditions, environmental regulations and freedom of workers to participate in trade union activities. Importers and retailers of FT products pay a license fee that finances FT labeling schemes.

Davies (2007) identified five specific participant groups of organizations that are involved in the marketing of FT products. These are FT authorities, FT ATOs, FT companies, FT adopters and FT branders.

The following descriptions of the five fair-trade participant groups are described as follows by Davies (2007):

FT authorities include the FT Labeling Organisation (FLO), Fairtrade Federation (FTF) and the International Federation for Alternative Trade (IFAT). Unlike the other participants these organizations don't trade in FT products. They award licenses to carry certification marks and labels.

ATOs are non-profit organizations and cover charities and ATOs such as Oxfam and Twin Trading. These organizations work closely with producer communities to improve standards of work and living. ATOs are not profit driven. FT companies, such as Cafedirect,

The Day Chocolate Company and Equal Exchange are organizations that were specifically set up to supply FT products and trade for profit.

FT adopters are organizations that were not specifically set up to supply FT products but have since adopted the principles and ideology of FT. Examples include Green and Blacks, Clipper and Percol.

FT branders are companies who predominantly market non-FT products but have a FT line. The main reason for introducing a FT product line is to capitalize on the market growth. Examples include Nestlé, Sainsbury's and Fyffes.

Doherty and Tranchell (2007) summarize the five entry routes in the mainstream market for FT products as follows:

1. Branded FT products from 100% FT companies, such as the Day Chocolate Company and Cafedirect. All products of from these companies carry the Fairtrade Mark.
2. Branded FT products from manufacturers where part of their product portfolio carries the Fairtrade Mark. For example Clipper Teas, Green and Blacks Chocolate (owned by Cadbury Schweppes), Nestlé and Billingtons.
3. Multiple retailer own labeled FT products supplied by own label supplier.

4. Own label FT products from retailers Marks & Spencer and Starbucks (Companies that only stock their own labeled products)
5. Joint labeled FT products where mainstream retailers and the FT company work together on a joint brand. For example the original Co-op Divine milk chocolate bar.

2.5 Marketing implications for fair trade products

According to Nicholls and Opal (2005) one of the main challenges facing FT companies is how to reach a wider audience for their products – an audience that goes beyond the segment of ethically aware and concerned consumers. Nicholls (2004) states that in the last decade there was a shift from focusing marketing efforts mainly on process to a focus that incorporates the product and more recently also the place.
Alexander and Nicholls (2006) build on this and describe the 3 Ps of FT marketing. These are Process Focus, Product Focus and Place Focus.
Process focus is explained by the Cafédirect example. In the early 1990's, in contrast to other FT organizations, Cafédirect was competing directly with conventional coffee suppliers and was a "for-profit" organization. In addition, they were the first FT company that used marketing activities to their advantage. For example, they raised awareness by highlighting stories of individual coffee farmers and thereby created an emotional link between the producer and the user. This provision of information to the customer was imperative to the early success of FT marketing. Process focus is also about building trust in the authenticity of the FT standards, which involved the introduction of the FT mark. Process focus is most suitable to targeting the naturally ethical consumer segment.
Product focus as described by Alexander and Nicholls (2006) centers its marketing effort on communicating quality, range and differentiation of its products to a wider range of customer segments. In 2000 Cafédirect did this by producing coffee that was of very high quality and using this as their main selling point – more so than FT. This allowed Cafédirect to move out of a niche market and target mainstream customer segments. McDonagh (2002) developed a case study on the marketing practices of Cafédirect. The company's target markets are women aged between 25 and 40 and ABC1s. Research has shown that this segment is very concerned about what they

consume and therefore tend to read labels. Cafédirect takes advantage of this by labeling their products accordingly. The message on their packet reads:

> 'Cafédirect's promise is a high quality coffee for the consumer and a higher income for the small farm producer. World coffee prices are unstable and have fallen dramatically in recent years. This coffee comes to you direct from the producers and the price includes a premium for them. Cafédirect is part of a new movement towards fairer trading, helping create stability and justice for ordinary people around the world.'
>
> (Cited in McDonagh, 2002 pp. 657)

The third phase of FT marketing, place focus, is designed to target even more consumers, nearly half the population, as described by Cowe and Williams (2000). According to Alexander and Nicholls (2006) this target segment includes consumers that are not very ethically concerned but worry about issues that may affect their local area. This phase of FT marketing is about involving people in the FT movement on a local level, such as gaining the title of a "FT town".

> 'A Fairtrade Town is a town, city, village, county, zone, island or borough that has made a commitment to supporting Fairtrade and using products with the FAIRTRADE Mark.'
>
> (www.fairtrade.org)

De Pelsmacker *et al.* (2005) state that beside in-store marketing efforts, such as labels, it is also important that a FT company effectively uses the promotion, distribution and branding tools to market their products. They also claim that continuous promotional reminders are needed in order to entice consumers to purchase – even committed FT buyers. According to previous research by De Pelsmacker (2004) the type of promotional reminders used is important. For example, consumers of FT goods tend to prefer package information, leaflets and brochures over mass media advertising, which may be perceived as unsuited to ethical products. De Pelsmacker (2005) also highlights the problem of locating FT products in stores. This is in line with Jones, Comfort and Hilier (2003) who state that to a large extent FT products are not grouped together – unlike most organic food – but are mixed with products of the same category. This inconvenience and lack of availability has been identified as one of the main reasons for not buying FT.

Chen and Huddleston (2007) advise small FT businesses, such as coffee shops, with limited promotional budgets to introduce "buy one get one free" coupons. It is claimed that this is effective in encouraging trial of FT coffee and is also likely to double the awareness of FT by encouraging an additional trial.

Many retailers have negative attitudes towards stocking ethically produced products as they believe that these goods may have a negative effect on customer perceptions of conventionally produced products, as described by Keller (2002). This is often used as an excuse for the reluctance to stock FT products. However, Ingenbleek and Binnekamp (2008) found that such "spin-off effects" of sustainability labels on customer perception are very subtle and that retailers do not need to worry about negative effects on the rest of their products, simply because FT labeled products are present.

2.6 Ethical consumerism

According to Shaw and Shiu (2003) the growth in "green" consumerism is based on increased awareness of environmental issues. Another group of consumers that evolved from this are ethical consumers. Ethical consumers are influenced by animal welfare issues, selling conditions, working conditions and oppressive regimes, in addition to environmental issues. In line with this, Lekedal *et al.* (2007) state that ethical consumers are concerned with all the issues affecting "green" consumerism but also worry about the people aspect of production – the human element of manufacturing, use and disposal. Tanner and Wölfing (2003) found that there exists 'a positive correlation between the purchase of "green" food products and favorable attitudes towards FT products, in line with the idea that ethical consumerism is a secondary step taken by consumers concerned about the environmental impacts of consumption.'

Harrison *et al.* (2005) simply describe ethical consumers as people whose buying decisions are influenced by political, religious, spiritual, environmental, social and other motives. Ethical consumers are concerned about the effects that their product choices have on the world around them. Therefore, ethical consumption incorporates many issues, such as ethical investment, buying FT products, consumer boycotts and corporate environmental purchasing policies.

As defined by The FT Labeling Organisation International (2006) ethical consumerism is characterized by a 'concern about the welfare of the poor and the situation of disadvantaged producers in the developing world' that directly influence consumer buying behavior. Carrigan and Attalla (2001) define ethical consumers as consumers that translate their ethical intentions into buying behavior and actively seek information about a company's Corporate Social Responsibility (CSR) rating. However, it is added that consumers may be selectively ethical. Carrigan and Attalla (2001) identified four groups of consumers, depending on the level of ethical consumption and awareness. The 'caring and ethical' consumers actively support ethical companies and discriminate against or boycott unethical companies. 'Confused and uncertain' consumers are concerned with ethical issues but lack information and guidance. The 'cynical and disinterested' are lacking information and don't trust companies who claim to be truly ethical. The ethical stance of the fourth group, the 'oblivious' consumers is unclear as ethical awareness and ethical buying intentions are low. Increased levels of awareness in this group may result in increased ethical purchasing.

Memery *et al.* (2005) identified seven over-arching categories that influence consumers regarding Ethical and Social Responsibility (E&SR) in grocery shopping. These are Food, drink and product safety, Animal welfare, Honest labeling, Advertising and promotions, Ethical trading, Human rights and the Environment.

Harrison *et al.* (2005) divided types of ethical consumer practices into five stages. These are Boycotts, Positive Buying, Fully Screened, Relationship Purchasing and Anti Consumerism or sustainable consumerism. A Boycott happens when consumers completely stop purchasing products of a special nature (for example aerosols) or all products of a company which is perceived to be unethical (for example Nestlé or Shell). Positive Buying involves purchasing products with a special values attached to them, for example products with a FT mark. Fully Screened buying behavior is based on information from relevant sources, for example the Green Consumer Guide or Ethical Consumer Magazine. Relationship Purchasing involves consumer seeking to educate sellers about their ethical needs and thereby building relationships with shopkeepers. Lastly, Anti-Consumerism or Sustainable Consumerism takes place when products that are perceived to be unethical are avoided as far as possible.

2.7 Evaluation of the mainstreaming of fair trade

2.7.1 Advantages

Nicholls and Opal (2005) state that a direct consequence of the FT movement is the improvement in the lives of producers that is associated with it. In addition to offering higher prices to producers, the FT model also includes community benefits and important externalities. It is added that the FT model makes the free trade system work more efficiently. It provides farmers with credit and information and thereby corrects market imperfections.

> 'As with any market, the more knowledgeable one's trading partner, the more they are likely to gain by negotiation.' (Nicholls and Opal, 2005, p. 31)

As found by Doherty and Tranchell (2007) radical mainstreaming of FT can have a positive effect by strengthening the message of FT rather than undermining the original ethical interest. Mainstreaming of FT allows the message to be heard by a wider audience, increases the sales volume substantially, provides the opportunity to influence retailers and creates real change. Doherty and Tranchell (2007) add that being in the mainstream allows a company to develop the message of FT further and thereby protect it from pretenders. 100 per cent FT brands such as The Day Chocolate Company show that a clever brand strategy can use the mainstream to communicate the message of the FT movement effectively. Ghanaian farmers co-operative benefited immensely from the increased demand, for example through secure and improved income, and an international reputation.

According to Nicholls and Opal (2005), in addition to FT farmers, non-fair-trade farmers and community projects such as roads, hospitals and schools in FT communities also benefit from the extra income and social premia associated with FT.

2.7.2 Challenges

Critics of the mainstreaming of FT, such as Low and Davenport (2005) argue that the message may get lost, it may lead to clean washing and FT may lose its radical edge.

> 'We use the term "clean-washing" to describe both the "halo effect" derived by mainstream retailers who sell only a small percentage of FT products and potential consumer confusion engendered by "fairly" traded products which do not conform to the principles of FT.'
>
> (Low and Davenport, 2005 pp. 494)

As described by Crane and Matten (2007) an example of a company that may be accused of clean wash is Nestlé. The company launched its FT range of coffee, 'Partners Blend', in 2005 and the line only makes up for 0.2% of the company's total coffee range. It is added that Nestlé is still one of the most boycotted companies in the world. The company admits to simply introducing a FT line for commercial reasons and its target segment are semi-ethical consumers.

Some authors, including Blythman (2004) and Lawrence (2004) argue that FT lines of supermarkets are also a form of clean-washing.

According to Low and Davenport (2005) the main dangers of mainstreaming FT are that 'alternative' distribution outlets may be lost, the focus on food products may reduce emphasis on handicrafts and the dilution of the FT message may lead to consumers believing that they can 'shop for a better world'. Critics of 'shopping for a better world', such as Seyfang (2004) argue that it is individualized in nature and lacks a collective focus.

2.8 Effects of fair trade branding on consumer buying behavior

According to Shaw and Shiu (2003) traditional models of consumer decision making are unsatisfactory when trying to evaluate ethical purchase behavior as they focus on self-interested outcomes rather than the societal-centered viewpoint of ethical consumers. In addition, planned buying behavior (buying intention) of ethical consumers is based on attitudes, subjective norms, perceived behavioral control, ethical obligation and self identity.

Carrigan and Attalla (2001) claim that the reward for ethical companies may be very limited as consumers' ethical concerns are rarely translated into buying behavior. This attitude – behavior gap exists because consumers claim to have socially responsible attitudes, however, these attitudes do not always result in ethical buying behavior. They also found that the factors that most strongly influence buying behavior in the grocery market are price, value, brand image and fashion trends. However, respondents stated that information about ethical and unethical behavior of companies would also affect their buying decisions.

It is claimed that some companies 'jump on the profitable band wagon' and simply offer a FT product line for strategic, profit focused reasons (Carrigan and Attalla, 2001).

Many previous studies show a correlation between the ethical labeling of products and consumer perceptions of the quality of the given products and, as a consequence, consumer buying behavior.

For example, Kihlberg *et al.* (2005) found through sensory analysis that consumers preferred the taste of bread that was falsely labeled organic. Especially the bread that rated poorly in previous taste tests was rated higher after it was labeled as organic. Grankvist *et al.* (2007) also found that eco- and FT labels increased the taste preference for the product tested.

Hira and Ferrie (2006) highlight that some companies take advantage of the positive effects attached to FT labeling. Consumers' image of a company improves if they are seen to be ethical. In turn consumers are more likely to support a company that follows a cause that they care about. As a response to this, many companies have introduced their own ethical product lines, such as FT or organic. Examples include Topshop, Oasis and Marks & Spencer, who introduced FT clothing lines and Starbucks, which now offers FT coffee.

However, Radman (2005) found that the often higher price of ethically labeled products, such as FT products, compared to conventional products, acts as the main barrier to consumer purchases. This is supported by Carrigan and Attalia (2001) who found that consumers would be willing to support ethical and discriminate against unethical companies if they had more money. It was added that for many consumers ethical purchasing only takes place if it is convenient, extra costs are low and the quality of the products is high, compared to conventional alternatives.

On balance, Carrigan and Attalia (2001) found that consumers need increased levels of information on companies' ethical behavior in order to allow them to make educated purchase decisions. Consumers need to be convinced that their buying behavior can actually make a difference.

2.9 Conclusion

FT products have been truly adapted by the mainstream as hundreds of competitively priced FT products are now available in all the main multiples and new products are being added all the time (www.fairtrade.ie).

Many factors have contributed to the growth in FT supply and consumption. Chapter two gave an insight into the development of FT from its early stages in the niche market to the mass market and different routes have been explored. Furthermore, marketing implications have been draw attention to and ethical consumerism has been defined. Finally, the advantages and challenges of the mainstreaming of FT have been evaluated.

Chapter 3

METHODOLOGY

3.1 Introduction

This chapter describes and justifies the primary research methods that were used to collect information about attitudes towards FT FMCG's and the factors that influence buying behaviour in this area.

3.2 Primary Research Objectives

Overall objective:

To compare attitudes towards FT in Irish and Austrian consumers.

Sub-Objectives:

1. To identify factors that impact on the purchase of FT products.
2. To examine perceptions of FT branding
3. To evaluate the effects of the mainstreaming of FT on consumers.
4. To discover if "clean-washing' dilutes the perceived value of the FT brand.
5. To develop a set of guidelines for the management of perceptions of the FT brand.

3.3 Data Collection Methods

Information for this study has been collected through both exploratory and descriptive measures. Exploratory research has been used to gain insight and understanding of the issues while descriptive research helped in understanding the information obtained through exploratory research, thus providing quantified data, which facilitated with the statistical analysis (Malhotra, 2007).

3.3.1 Stage one: Descriptive Research

Surveys were used in the first stage of the primary research process to collect quantitative data. Structured questionnaires were given to a sample of the population and these where designed to obtain information about respondent's demographics, behavior, intentions, attitudes, awareness and motivations with focus on their consumption patterns of FT FMCG's (Malhotra, 2007). A formal, standard questionnaire has been used to collect data. The researcher decided to conduct a survey due to its reliable results and its relative simplicity of coding, analysis and interpretation of data collected (Malhotra, 2007).

The surveys were administered through personal street interviews outside supermarkets. This data collection method was suitable for the research as it is quite efficient (for example limited travel time for the interviewer), compared to in-home interviews. Mail or telephone administered surveys was not possible as the researcher didn't have access to contact details due to the data protection act (Andreasen, 2002). Conducting the survey face to face also gave the researcher a chance to explain questions that may not be understood, thus limiting mistakes (Saunders *et al.*, 2003). In addition, this also made it easier for the researcher to only target shoppers.

3.3.2 Stage two: Exploratory research

The researcher was planning on conducting semi-structured in-depth interviews as the first stage of data collection. Depth interviews were chosen over focus groups as they allow responses to be directly linked to the appropriate respondent (Wright et al., 2000). In addition, the researcher chose depth interviews as FT can be a sensitive topic and respondents may be uncomfortable to tell the truth in front of other people

(Saunders *et al.*, 2003). As the respondents were representatives of suppliers of FT products, focus groups were unsuitable as respondents would have to discuss potentially confidential matters with their competitors.

However, the researcher experienced a reluctance of respondents to participate, mainly due to time constraints. Therefore, the researcher decided to use mixed modes to collect exploratory data. According to Wright et al (2010) and McDaniel *et al.* (2009) the mixed mode design provides an opportunity for respondents to choose whichever method suits them best and therefore provides a higher response rate. The researcher offered respondents a choice of telephone, skype, and mail in order to increase likelihood of participation.

3.4 Measurement Techniques

3.4.1 Descriptive Research: Consumer Questionnaires

In order to minimize errors, the data collection instrument needs to be designed appropriately. The researcher chose questionnaires as the instrument for the first stage of data collection.

Questionnaires are formalized sets of questions and facilitate standardised data collection. Questionnaires allow information obtained during surveying to be coherent, consistent and comparable. In addition, standardized questionnaires increase speed and accuracy of recording, processing and analyzing of data (Malhotra, 2007).

Due to the surveying method (street survey outside supermarkets), the researcher designed a questionnaire that was relatively short. This sought to maximize the response rate as lengthy questionnaires often hinder participation. (Crask, et al 1995)

For full questionnaire, see Appendix 1

Question design:

Question one, two, three and four are nominal questions. They are general in nature, easy to answer questions, which are designed to make the interviewee feel at ease and more confident in their ability to partake in the study and seek to uncover general consumer demographics. Question one is dichotomous as respondents have two answer choices and question two, three and four are multichotomous as there are multiple answer choices.

Questions three, four, five and six have been designed to evaluate purchasing patterns of participants which, in turn aided with statistical analysis. Question five is a five point semantic differential interval question to measure respondents' behavior. Question six is a nominal multichotomous question.

Question seven is a nominal multichotomous question as there are multiple answer choices and has been designed to aid identification of factors that positively impact on the purchase of FT products (objective one) and to determine if FT branding affects perceptions of a product in terms of attractiveness and quality (objective two).

The researcher designed question eight, which uses a seven point likert scale to rate customers' level of agreement, in order to assist with the identification of factors that may prohibit the purchase of FT products (objective one). In turn, results were also used to develop guidelines for marketers on how to best promote FT products.

Question nine has been designed to aid with the identification of factors that positively impact on the purchase of FT products (Objective one) and uses as seven point likert scale. In addition, question nine could be used as a basis for the development of guidelines for marketers on how to increase FT sales.

Question 10 uses a seven point semantic differential scale and measures participants' attitudes towards a given element. It has been designed to highlight the changes in the FT offering and marketing noticed by consumers and to evaluate the effects of the mainstreaming of FT (Objective three).

The purpose of question 11 was to evaluate consumers' opinions on 'Clean washing' and whether it dilutes the value of the FT brand. (Objective four). This question uses a seven point semantic differential scale and has been designed without the term of "clean washing" as it may not be understood by participants and may lead to bias or confusion.

Question 12 is an open-ended question and has been added to round off the survey and to give participants the chance to add anything they did not get the chance to earlier.

3.4.2 Exploratory research: Set of open-ended questions to probe FT suppliers

A set of open-ended question was designed to encourage extensive, meaningful answers using the respondent's own knowledge and opinions. Open-ended questions also tend to be more objective and less leading than closed-ended questions. However, the responses require manual analysis, which is time and labour consuming (Crouch, *et al.* 2003).

Question one and two were designed to aid with the identification of factors that impact on the purchase of FT products (objective one) and to determine if FT branding affects perceptions of a product in terms of attractiveness and quality.

1. Can you think of factors that might affect the purchase of FT products? (positively and negatively)

2. Do you believe that FT branding affects perceptions of a product/brand? If so, how?

Question three has been designed to evaluate the effects of the mainstreaming of FT (objective three)

3. What do you believe are the effects of the mainstreaming of FT?

Question four has been designed in order to discover general opinions on 'clean-washing' and whether it dilutes the value of the FT brand. (objective four)

4. According to research, Firms that pursue a "clean washing" strategy make their business practices seem more ethical by introducing FT products. What are your thoughts on the Topic?

3.5 Sampling

The first step in designing a sampling plan is to define the target population. The target population are people that are able to provide the information required to satisfy the research objectives of the study. (Malhotra, 2002)

3.5.1 Stage one: Descriptive Research

Target population

For this study, the population was members of the general public who regularly shop for food and are aware of the FT brand. The survey was completed outside supermarkets as this made it easier for the researcher to target shoppers.

Sampling Frame

Because of data protection and the nature of the target population, there was no sampling frame for the street surveys. All people that shop and fulfill the conditions set out above were potential candidates.

Method

Non-probability sampling, which relies on the judgment of the researcher and does not use random selection of items, has been used to select the sample for the surveys. This method of sampling is suitable for research that does not have a well defined sampling frame (Malhotra, 2007).

Sampling technique

Judgment sampling was used to select participants for the street survey. This allowed the researcher to target member of the public who were believed to be representative of the target population and have the knowledge required to participate in the study (Crask, 1995).

In this study, the researcher conducted the survey outside supermarkets, which allowed for the use of judgment in the selection of shoppers.

Sample size

120 questionnaires were completed. Of these, 60 were completed in Austria and 60 in Ireland. This number is based on research by Joergens (2006), who completed 64 questionnaires in Germany and 53 in England in a similar study. Limits on time and money also had a dominant influence on the sample size (Malhotra, 2007).

3.5.2 Stage two: Exploratory Research

Target population

The target population was suppliers of fair-trade produce as these were able to provide information sought.

Sampling frame

The sampling frame for exploratory research was the FT supplier's directory, sourced from Fairtrade Mark Ireland (www.fairtrade.ie) which consists of 29 entries.

Sampling method

The researcher completed a census in order to get the largest number of responses. This involved a complete count of each member of the sampling frame (Malhotra, 2002).

Sample size

The researcher received nine out of 29 responses. One candidate chose to participate over Skype, three over the phone and five respondents chose to email their responses.

3.6 Analysis

Collected data has been analysed dually. In order to analyse qualitative research, the researcher looked for emerging key words and patterns from the data which were illustrated in narrative format. Quantitative research findings were analysed using SPSS, counting frequencies and calculating averages, and results were displayed predominantly using tables and charts.

3.7 Conclusion

This research sought to uncover attitudes towards FT FMCG's, with special focus on mainstreaming and the factors that influence buying behaviour in this area. The primary research methods used to collect information were a descriptive consumer survey and exploratory mixed mode research with FT suppliers and both have been described and justified.

Chapter 4

FINDINGS AND ANALYSIS

4.1 Introduction

The findings and analysis of the two phases of research are presented in chapter four. Stage one involves the presentation of descriptive findings from the 121 consumer questionnaires, half of which were conducted in Ireland and half in Austria. Stage two analyses information gathered through mixed mode exploratory research, conducted with nine representatives of FT suppliers. Participants represented a variety of businesses in the FMCG market and included 100% FT companies as well as companies with only a limited amount of FT on offer.

4.2 Phase one: Survey

4.2.1 Demographic details

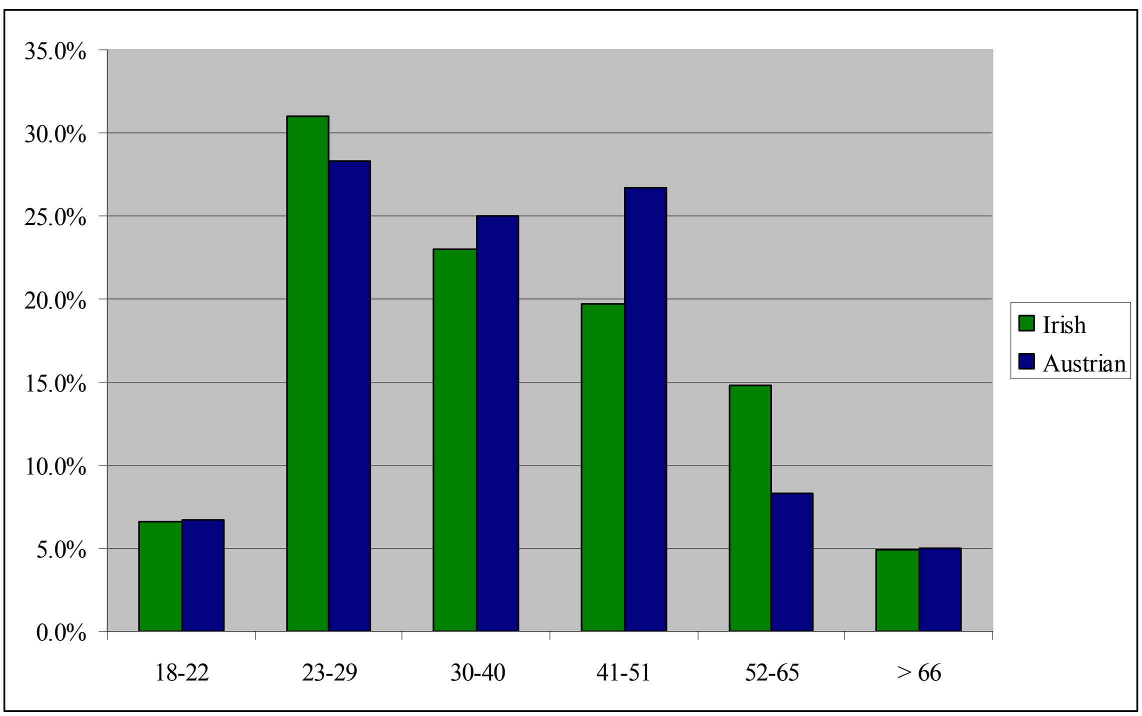

Figure 4.1 Respondent's age profile

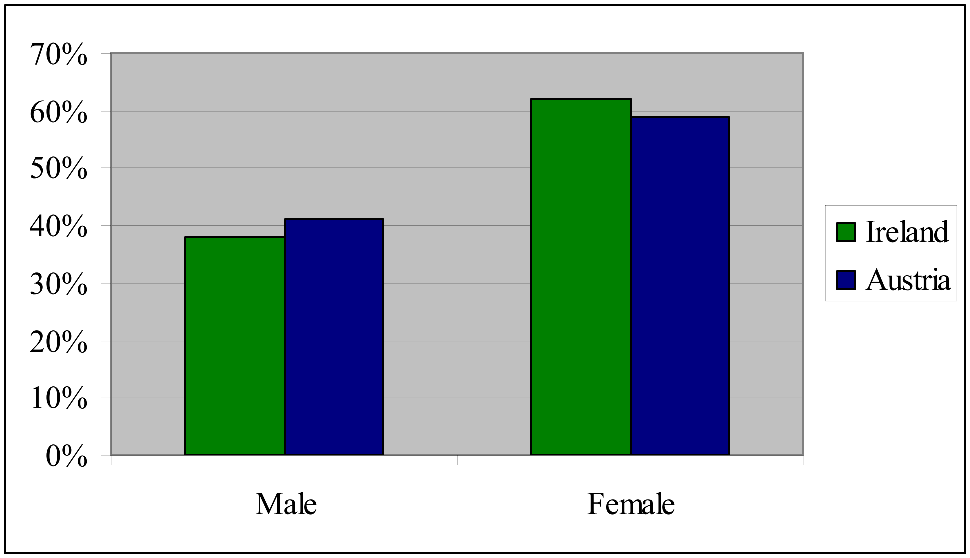

Figure 4.2 Respondents gender profile

The demographic profile of respondents suggests that shopping habits are quite similar in Ireland and Austria as different age groups and genders are represented in both countries in similar proportions (see figures 4.1 and 4.2). The findings imply that around three thirds of shoppers are women and that the largest proportion of shoppers range from the ages of 23 to 51.

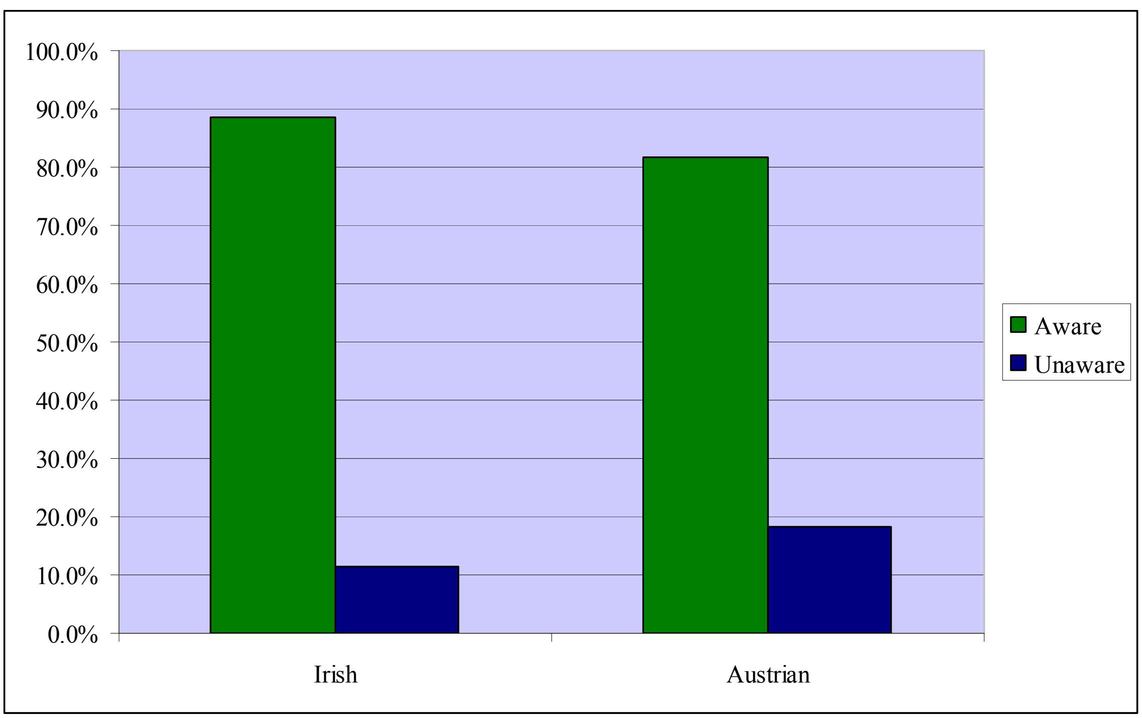

Figure 4.3 Consumer awareness of FT

Figure 4.3 shows that slightly less people are aware of FT in Austria than in Ireland. However, both countries show a very high rate of awareness (88.5 percent and 81.7 percent. According to an IMS consumer survey, 57 percent of Irish people were aware of FT in 2008 (*Press release by www.fairtrade.ie, February 22 2009).* Research findings show that this figure has now risen to 88.5 percent.

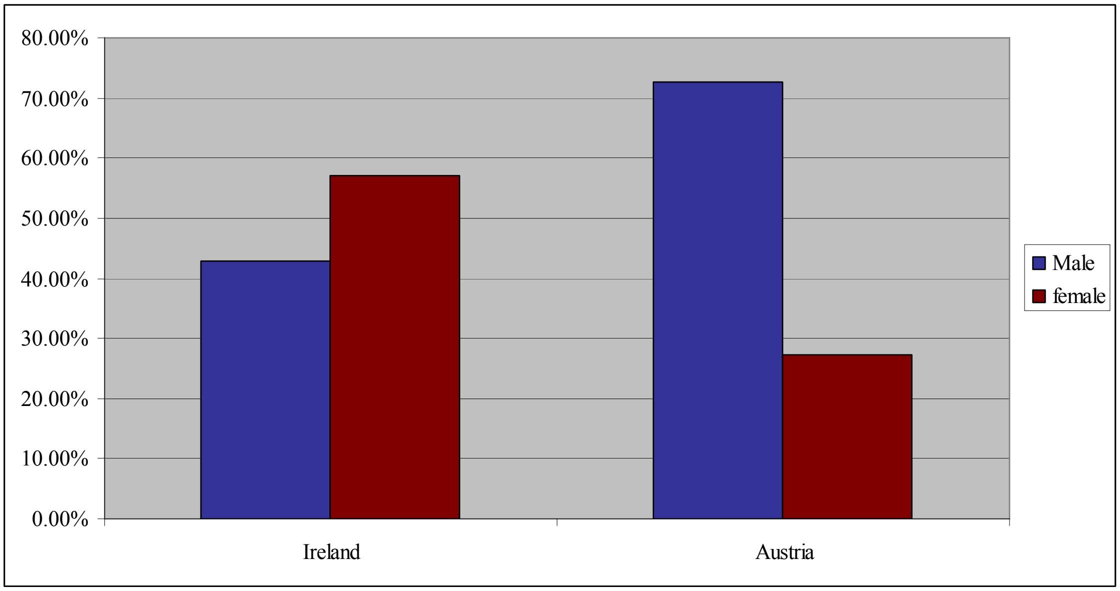

Figure 4.4 Gender profile of people that are not aware of FT

Figure 4.4 demonstrates the gender profile of people that are not aware of FT in both countries and shows that the gender balance in Ireland (42 percent and 58 percent) is greater than in Austria (72 percent and 28 percent). In Ireland slightly more women than men are unaware of FT whereas in Austria more than twice as many men than women are unaware of FT.

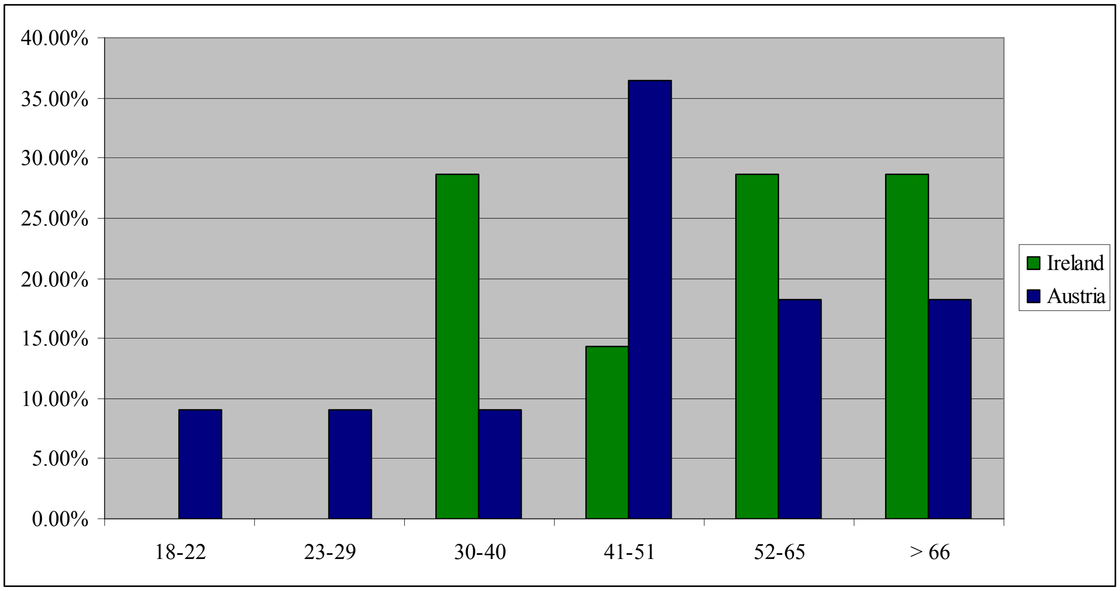

Figure 4.5 Age profile of people that are not aware of FT

Figure 4.5 implies that unawareness is highest in older consumer segments. Amongst Irish consumers unawareness is highest in the age groups 30-40 (28 percent), 52-65 (28 percent) and > 66 (28 percent). In the Austrian market, unawareness is highest amongst the 41-51 year-old's (36.5 percent).

4.1.2 Purchasing habits of Irish and Austrian consumers

	Ireland	Austria
Never	13%	6%
Often	17%	24%

Table 4.1 Frequency of purchases of FT Produce by Irish and Austrian consumers

4.1 shows how many consumers purchase FT products often and never. It is illustrated that Austrian consumers purchase FT products more regularly than Irish consumers. Of consumers that were aware of FT, 24 percent purchase FT products often, of these, 12 percent purchase FT products 'very often'. Of Irish consumers, 17 percent purchase FT products often, of these 6 percent purchase FT products 'very often'. However, figures for both countries are quite low which suggests that FT still hasn't been completely embraced in both markets and marketing communications may be used to counteract this.

Overall, of Austrian respondents, 12 percent purchase FT products ‘very often’, 12 percent ‘often’, 28 percent ‘sometimes’, 42 percent ‘rarely’ and six percent ‘never’. Of Irish respondents, six percent purchase FT products ‘very often, 11 percent ‘often’, 31 percent ‘sometimes’, 39 percent ‘rarely’ and 13 percent ‘never’.

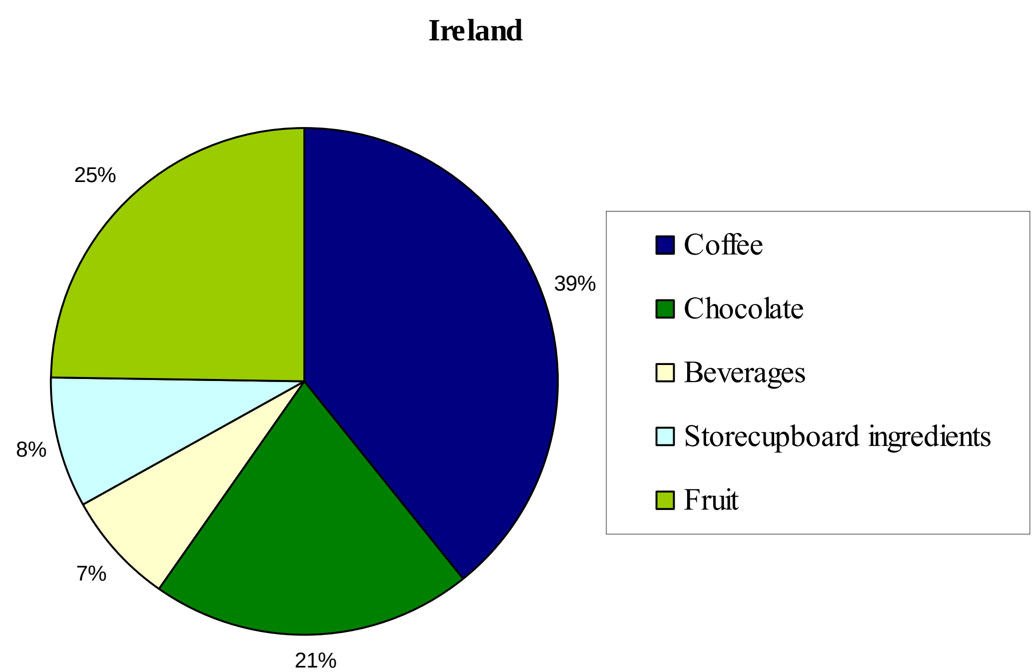

Figure 4.6 Products purchased most regularly in Ireland

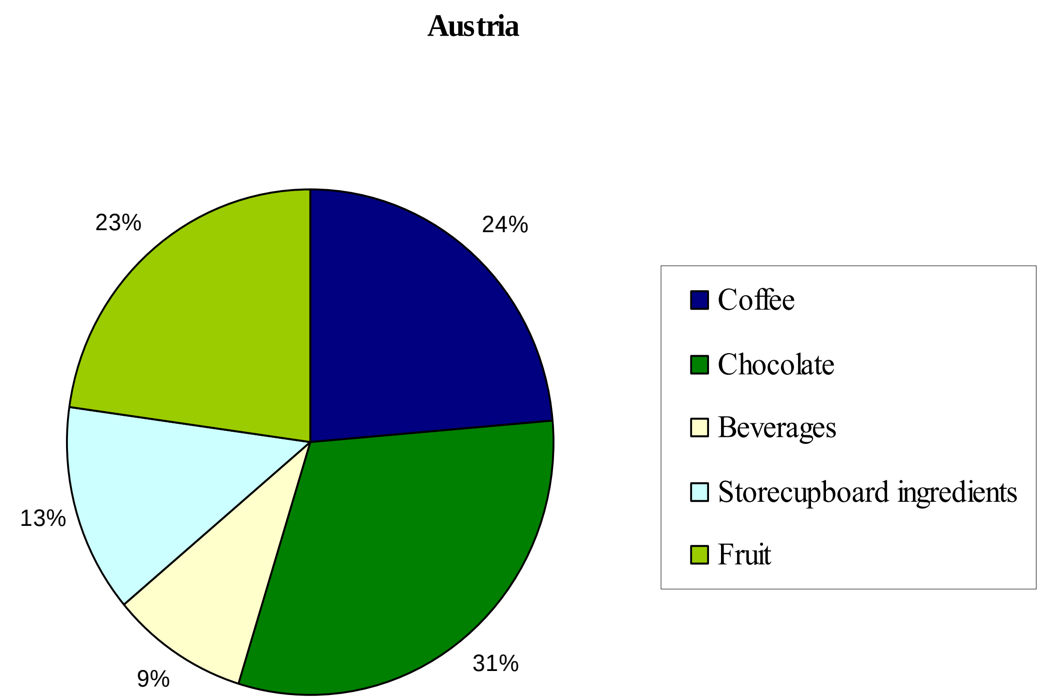

Figure 4.7 Products purchased most regularly in Austria

Figures 4.6 and 4.7 illustrate which products are most frequently purchased by respondents in the Irish and Austrian market. Purchasing patterns appear quite similar in both countries, with the main difference being that the most popular product in the Irish market is Coffee, compared to Chocolate in the Austrian market.

4.1.3 Influencing factors for the purchase of FT produce

Reasons	Ireland	Austria
To help underprivileged producers	40.7%	34.7%
Personal feel-good factor	30.8%	20.0%
Because the quality is better	11.0%	14.7%
Because it tastes/looks/feels better	8.8%	14.7%
Because the packaging is attractive	4.4%	2.7%
Because it is fashionable	2.2%	4.0%
To boycott multinational firms	2.2%	9.3%
Total:	**100.0%**	**100.0%**

Table 4.2 Reasons for the purchase of FT

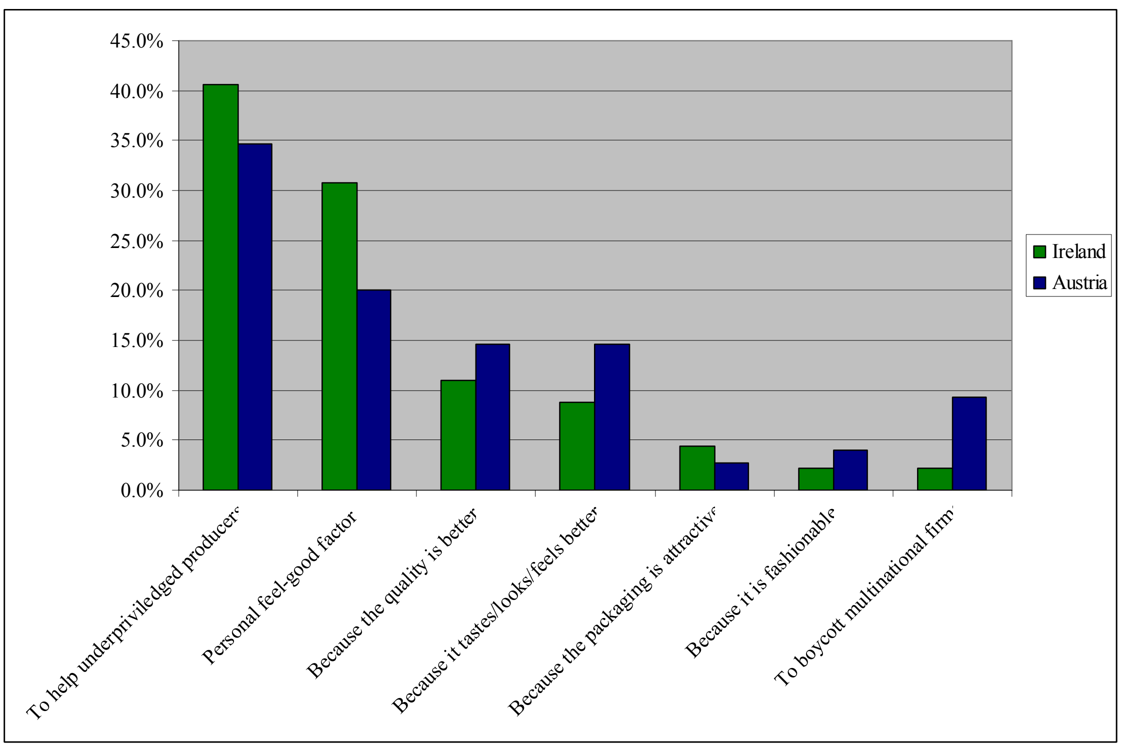

Figure 4.8 Main reasons for the purchase of FT

As illustrated in figure 4.8 the main rational behind the purchase of FT products in both countries is to help underprivileged producers in the developing world which, according to Jones *et al.* (2003) is also the main purpose of FT. The FLO (2006) defines ethical consumers as people whose buying behavior is directly influenced by a 'concern about the welfare of the poor and the disadvantaged producers in the developing world.'

Another important factor is the personal feel-good-factor that respondents claim to get whenever they purchase FT products. However, around 50 percent more people in Ireland than Austria selected this as a main influencing factor. Figures show that slightly more Austrian consumers (14.7 compared to 11 percent) purchase FT products because they believe that the quality, taste and appearance are better than of comparable conventional products. This is in line with Grankvist *et al.* (2007) who also found that FT labels may increase the taste preferences. It is also interesting that about four times as many Austrian as Irish consumers (9.2 percent compared to 2.2 percent) claim to purchase FT products in order to boycott multinational firms, which they perceive to be unethical. Neither Irish nor Austrian respondents appear to be significantly influenced by packaging or fashion – or they don't perceive FT as attractively packaged and in fashion.

FACTOR	Somewhat agreed	Neutral	Somewhat disagreed		Somewhat agreed	Neutral	Somewhat disagreed
Country	Ireland				Austria		
Lack of knowledge	41.5	28.3	30.1		53.0	20.4	26.6
High prices	33.9	22.6	43.4		28.6	28.6	42.8
Apathy	24.5	5.7	69.9		28.5	18.4	53.1
Doubt in the effect	20.7	24.5	54.8		36.7	12.2	51.1
Lack of trust	15.2	15.1	69.8		22.4	6.1	71.5
Low quality	7.6	11.3	81.1		20.4	10.2	69.4
Unattractive	0.0	26.4	73.5		10.2	8.2	81.6

Table 4.3 Hindering factors for the purchase FT

Carrigan and Attalla (2001) identified four groups of consumers, depending on the level of ethical consumption and awareness. These are the caring and ethical, the confused and uncertain, the cynical and disinterested and the oblivious. These groups of consumers were also representative of respondents.

As illustrated in table 4.3 the main factors that negatively impact on the purchase of FT in Ireland are lack of knowledge about the FT movement (41.5 percent) followed by perceived high prices (33.9). This is in line with research conducted by Radmann (2005) who states that the main barrier to purchase FT is the perceived higher price, compared to conventional products.

In Austria the factors that have the most hindering effect are a lack of knowledge (53 percent) and disbelieve that the purchase of FT can actually make a difference in the lives of disadvantaged producers (36.7 percent). According to Carrigan and Attalla (2001) consumers need increased levels of information and they need to be convinced that their buying behavior can actually make a difference. The findings also show that more consumers don't appear to care about FT in Austria than in Ireland. 12.2 percent of Austrian consumers rated apathy as 'strongly agree' and 10.2 percent as 'mainly agree', compared to only 3.8 and 7.5 percent of Irish consumers. Overall, a large proportion of FT consumers in both markets (73.5 percent in Ireland and 81.6 percent in Austria) stated that they don't believe that the packaging of FT is unattractive. Furthermore, quality is perceived to be high and more than 40 percent of consumers in both countries trust the FT message and don't believe it to be just a marketing ploy.

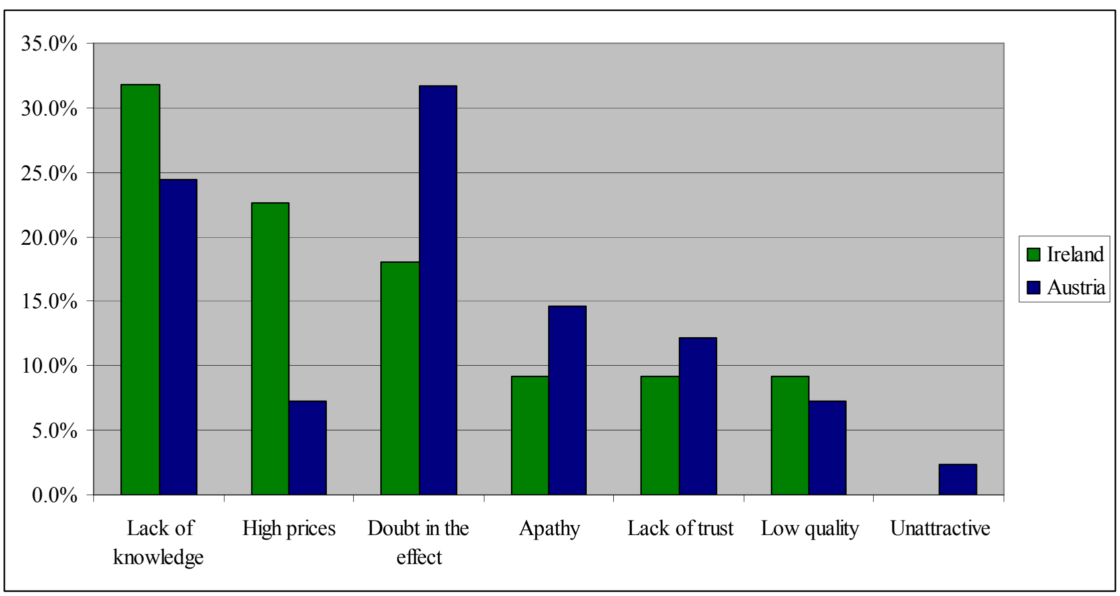

Figure 4.9 Main hindering factors for the purchase of FT

Figure 4.9 highlights the main factors that hinder the purchase of FT.

		Level of agreement						
Ireland	**Factor**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
	Lower price	35.8%	22.6%	15.1%	13.2%	7.5%	5.7%	0.0%
	Easier to find in-store	24.5%	32.1%	11.3%	15.1%	3.8%	9.4%	3.8%
	More special offers	35.8%	26.4%	15.1%	13.2%	3.8%	3.8%	1.9%
	Better quality	15.1%	15.1%	17.0%	24.5%	9.4%	11.3%	7.5%
	Information about effects	**37.7%**	9.4%	20.8%	13.2%	3.8%	5.7%	9.4%
Austria	**Factor**							
	Lower price	**44.9%**	20.4%	10.2%	14.3%	4.1%	4.1%	2.0%
	Easier to find in-store	32.7%	12.2%	20.4%	16.3%	2.0%	4.1%	12.2%
	More special offers	40.8%	20.4%	12.2%	14.3%	4.1%	2.0%	6.1%
	Better quality	26.5%	16.3%	12.2%	20.4%	8.2%	10.2%	6.1%
	Information about effects	42.9%	16.3%	10.2%	12.2%	8.2%	4.1%	6.1%

(Level of agreement: 1 I strongly agree, 7 I strongly disagree)

Table 4.4 Enticing factors to purchase FT more often

As demonstrated by table 4.4, the main enticing factors to purchase FT products, for Irish and Austrian consumers, are more Information about the effects (37.7 and 32.7 percent), lower price (35.8 and 44.9 percent) and more special offers (35.8 and 40.8 percent). More information would also deal with the lack of knowledge, which was identified earlier as the main hindering factor to purchase FT products in Ireland. More information would also aid to reduce Austrian consumer's doubts whether they can actually make a difference, which was found to be the main hindering factor (36.7 percent) as is evident in table 4.3. Some FT suppliers are attempting to address this factor, such as Cafédirect who try to counteract this by highlighting stories of individual coffee farmers on the packaging of their products (Alexander and Nicholls, 2006). This factor is also recognised by De Pelsmacker (2004) who stresses the importance of displaying information on packaging.

In line with De Pelsmacker (2004), it was found that more people would be persuaded to purchase more often if it was easier to find in-store (24.5 percent in Ireland, 32.7

percent in Austria), and by better quality (15.1 percent in Ireland, 26.5 percent in Austria). However, these figures are still relatively high (see figure 4.10), which suggests that more improvements could be made in these areas.

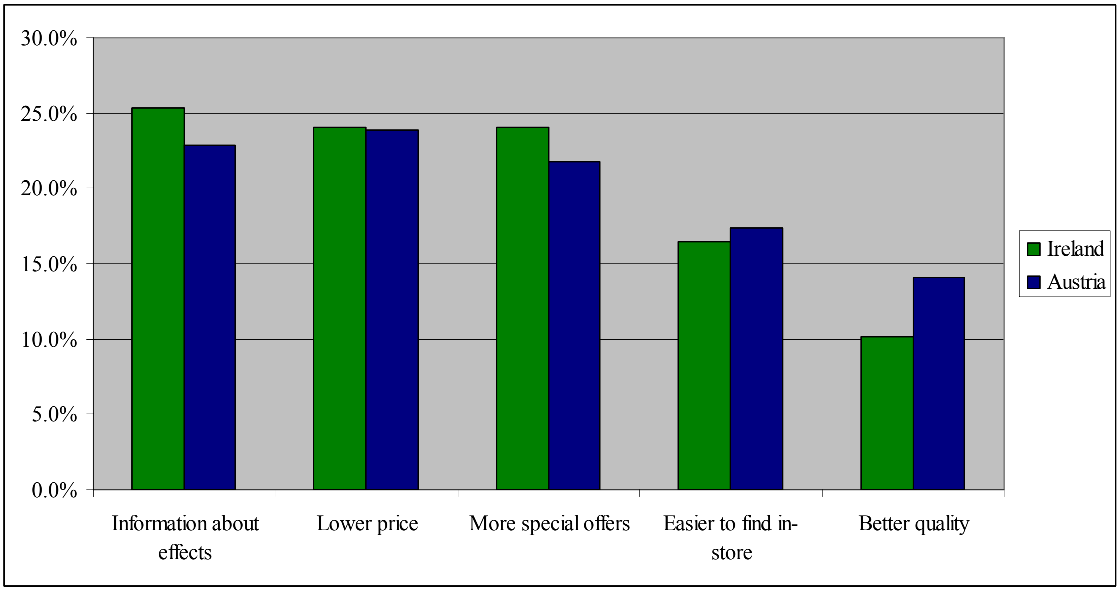

Figure 4.10 Main factors that would entice consumers to purchase FT more often

Figure 4.10 provides a graphical demonstration of what has been discussed in Table 4.4.

4.1.4 Consumer attitudes towards Mainstreaming of FT

	FACTORS	1	2	3	4	5	6	7
Ireland	*Fashionable*	11.3%	7.5%	17.0%	11.3%	9.4%	13.2%	**30.2%**
	Increased availability	**24.5%**	**32.1%**	17.0%	15.1%	7.5%	1.9%	1.9%
	Bigger assortment	15.1%	28.3%	28.3%	20.8%	5.7%	0.0%	1.9%
	Lower prices	3.8%	18.9%	17.0%	41.5%	7.5%	1.9%	9.4%
	Introduction of FT by mainstream companies	17.0%	18.9%	15.1%	43.0%	1.9%	3.8%	9.4%
Austria	**FACTORS**							
	Fashionable	6.1%	6.1%	10.2%	14.3%	6.1%	6.1%	**51.0%**
	Increased availability	**20.4%**	22.4%	22.4%	12.2%	0.0%	0.0%	22.4%
	Bigger assortment	**20.4%**	22.4%	22.4%	14.3%	2.0%	4.1%	14.3%
	Lower prices	4.1%	10.2%	28.6%	26.5%	8.2%	2.0%	20.4%
	Introduction of FT by mainstream companies	4.1%	8.2%	8.2%	24.5%	8.2%	12.2%	34.7%

(1 strongly affected, 7 not affected at all)

Table 4.5 Effects of Mainstreaming on FT consumption

As outlined in table 4.5 different aspects of the mainstreaming of FT affected FT consumption at varying levels in Ireland and Austria.

It was found that Irish consumers are most heavily affected by the increased availability of FT products, which has been rated highly in ‘stronly affected’ (24.5 percent) and ‘mainly affected’ (32.1 perceny). De Pelsmacker (2005) and Comfort and Hillier (2003) state that previously the inconvenience and lack of availability were one of the main reasons for not buying FT. Bigger assortment (15.1 percent) and introduction of FT lines by mainstream companies (17 percent) have also been found to have had strong effects on Irish consumers. The findings indicate that increased availability (20.4 percent) and a bigger assortment (20.4 percent) have had a stronge effect on Austrian consumers. However, only 4.1 percent of Austrian consumers have been affected by the introduction of FT lines by mainstream companies, compared to 17 percent of Irish consumers. The aspect of FT mainstreaming that has the weakest effect on consumers is fashion. 30.2 percent of Irish consumers 51 percent of Austrian consumers are not affected by it at all fashion.

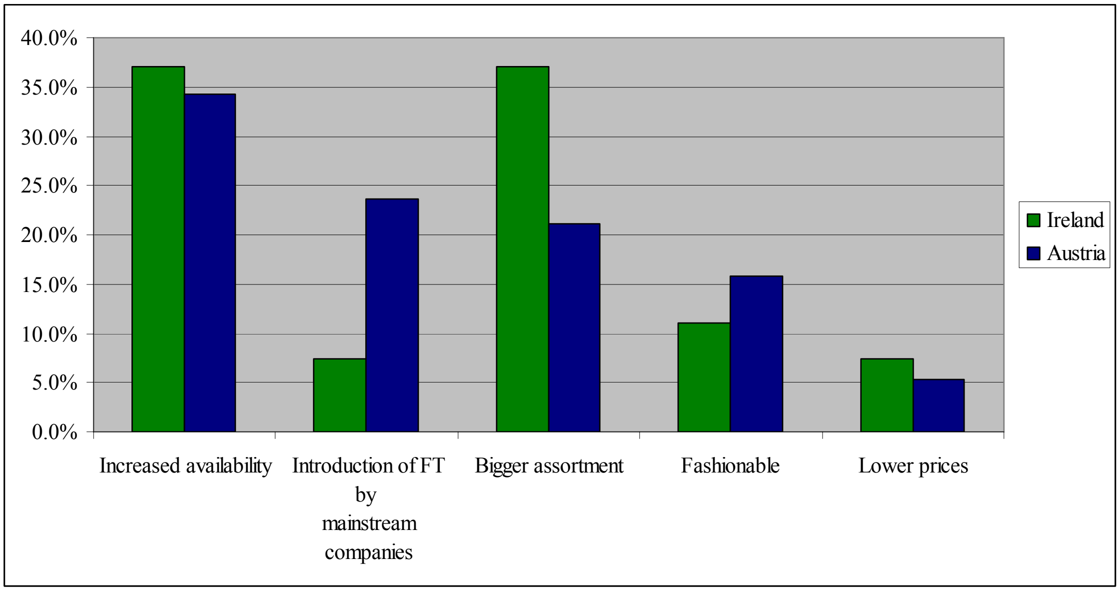

Figure 4.11 Strongest effects of mainstreaming on FT consumption

Figure 4.11 graphically demonstrates the aspects of mainstreaming that had the strongest effect on Irish and Austrian consumers, which has been discussed earlier. Effects are quite similar in both countries, with the exception of 'Introduction of FT lines by mainstream companies' and 'Bigger assortment'.

	Factor	1	2	3	4	5	6	7
Ireland	*The more the better*	49.1%	17.0%	17.0%	11.3%	0.0%	3.8%	1.9%
	Instills trust	26.4%	20.8%	11.3%	26.4%	1.9%	7.5%	5.7%
	Increases availability	43.4%	32.1%	7.5%	11.3%	3.8%	0.0%	1.9%
	Profiting from the FT movement	7.5%	15.1%	13.2%	18.9%	15.1%	11.3%	18.9%
	Consumer confusion	7.5%	13.2%	11.3%	35.8%	9.4%	17.0%	5.7%
Austria	*The more the better*	30.6%	18.4%	16.3%	16.3%	12.2%	2.0%	4.1%
	Instills trust	32.7%	16.3%	14.3%	16.3%	12.2%	6.1%	2.0%
	Increases availability	28.6%	24.5%	24.5%	14.3%	6.1%	0.0%	2.0%
	Profiting from the FT movement	26.5%	10.2%	12.2%	28.6%	10.2%	4.1%	8.2%
	Consumer confusion	6.1%	12.2%	14.3%	32.7%	10.2%	16.3%	8.2%

Table 4.6: Opinions on mainstreaming and clean-washing of Irish consumer

Table 4.6 shows respondent's opinions on different statements on mainstreaming and clean washing. The most significant statements and responses are demonstrated and explained in detail below.

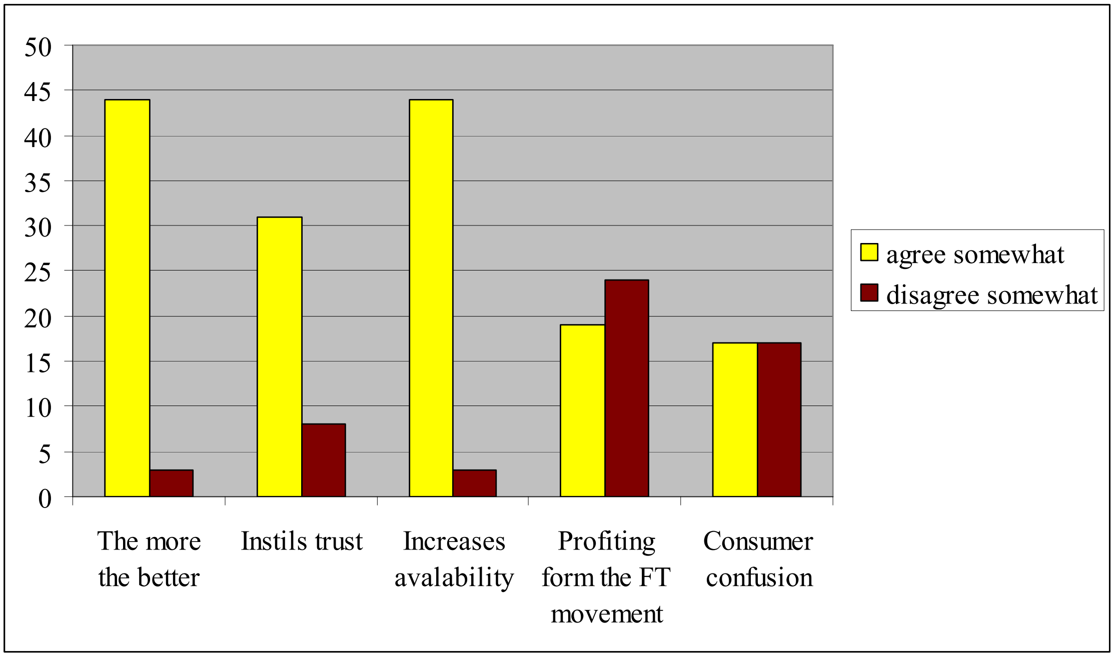

Figure 4.12 Opinions on mainstreaming and clean-washing of Irish consumers

Figure 4.12 graphically illustrates all the statements and relevant respondent's opinions in the Irish market.

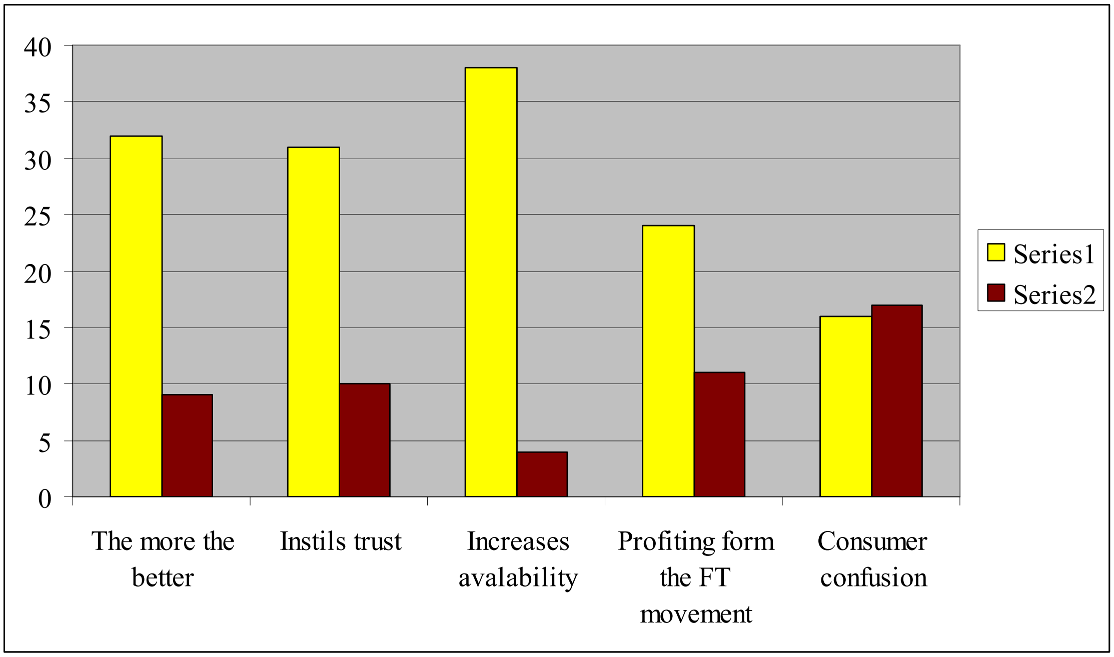

Figure 4.13 Opinions on mainstreaming and clean-washing of Austrian consumers

Figure 4.13 graphically illustrates all the statements and relevant respondent's opinions in the Austrian market.

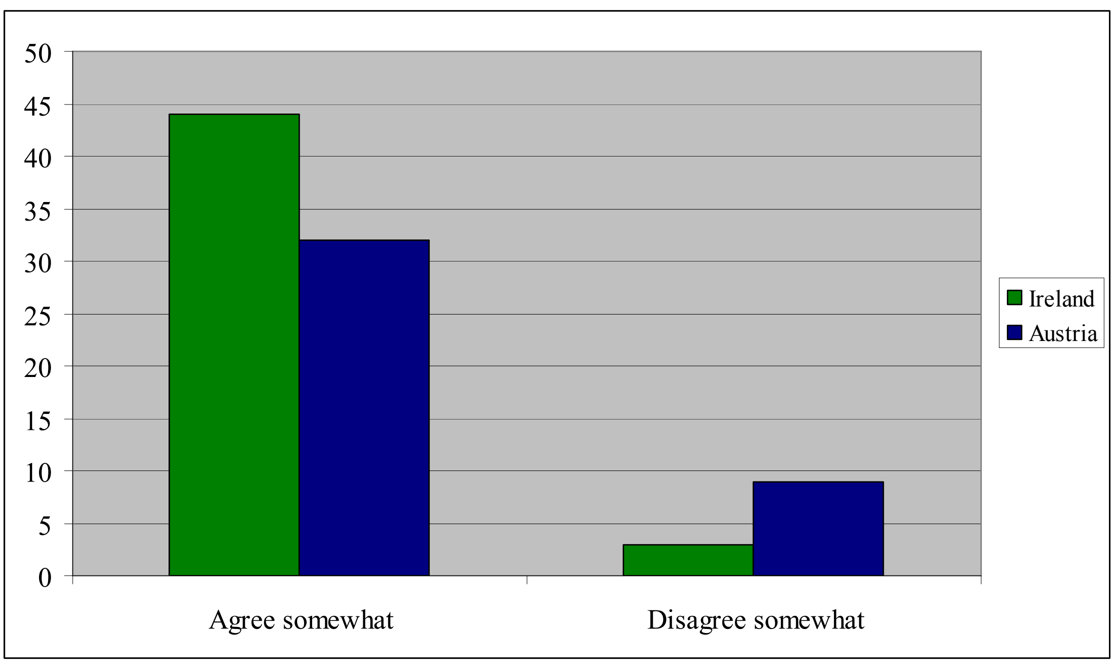

Figure 4.14 Introduction of FT lines by multinationals:
'It is good. The more FT products are on the market, the better.'

According to Doherty and Tranchell (2007) mainstreaming strengthens the FT message by allowing it to be heard by a wider audience. Nicholls and Opal (2005) state that FT leads to the improvement of the lives of producers, and this needs to be fostered.
Figure 4.14 graphically demonstrates a comparison of Ireland and Austria and their opinions towards the statement. Consumers in both markets predominately agree with the statement. However, almost 20 percent more Irish than Austrian consumers 'strongly agree' with the statement.

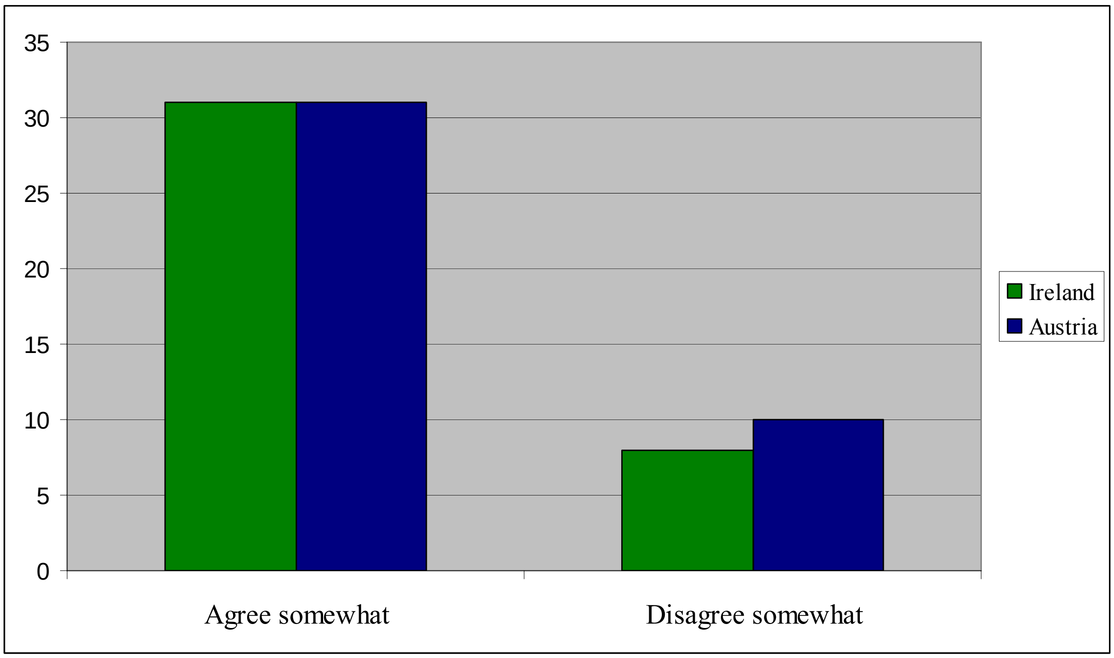

Figure 4.15 Introduction of FT lines by multinationals:
'It instills trust in the quality of FT products.'

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Figure 4.15 demonstrates more varied responses. Although respondents in both markets predominantly agree that mainstreaming instills trust in the quality of FT products, slightly more Austrian than Irish consumers 'agree strongly' (26.4 and 32.7 percent respectively). In addition, a large proportion of Irish are neutral, or uncertain about the statement (26.4 percent) which implies that mainstreaming didn't significantly contribute to perceptions about the quality of FT in Ireland. Very few respondents disagreed with the statement (eight and ten percent) which implies that mainstreaming does not have a negative effect on the perception of the quality of FT products.

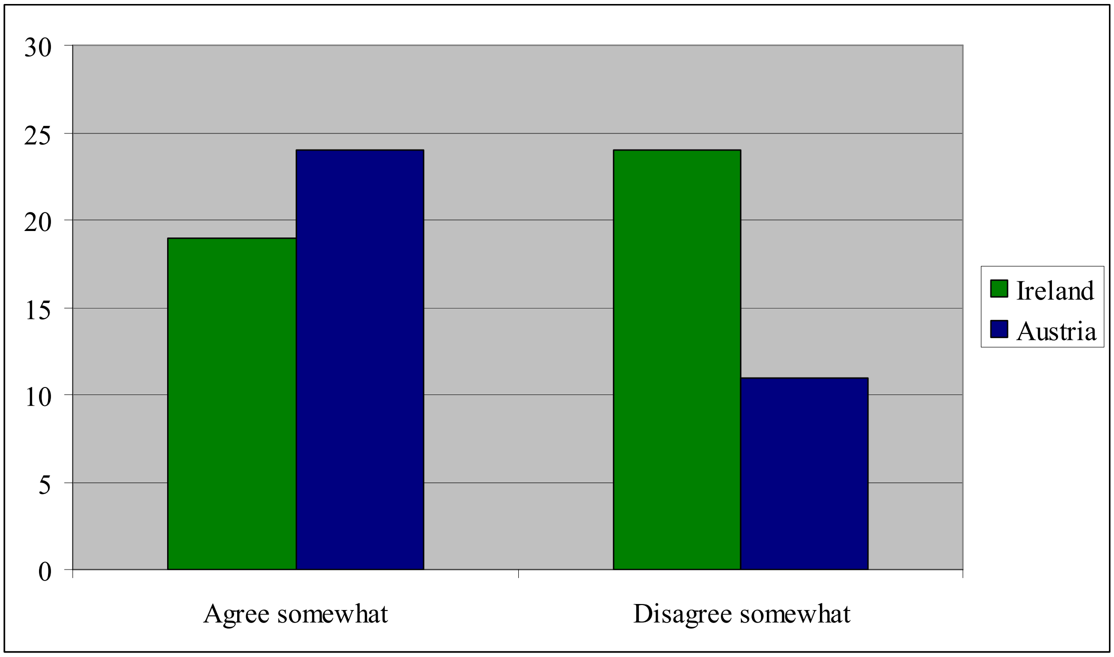

Figure 4.16 Introduction of FT lines by multinationals:
'These companies are just trying to profit from the FT movement but don't actually make a difference.'

According to Crane and Matten (2007) and Carrigan and Attalla (2001) companies that follow a clean washing strategy simply introduce FT lines for commercial, profit focused reasons. Figure 4.16 shows to what degree respondents believe that companies that follow a clean-washing strategy are just trying to profit from the FT movement but don't actually make a difference. Responses to this question are quite varied.

In general, Austrian consumers appear to agree more with the statement (24 percent agreed somewhat) than Irish consumers (19 percent agreed somewhat). Furthermore, less than 5 percent of Austrian consumers 'strongly disagree', compared to almost 20 percent of Irish consumers. All of this implies that Austrian consumers have a more negative opinion of mainstreaming and clean washing than Irish consumers.

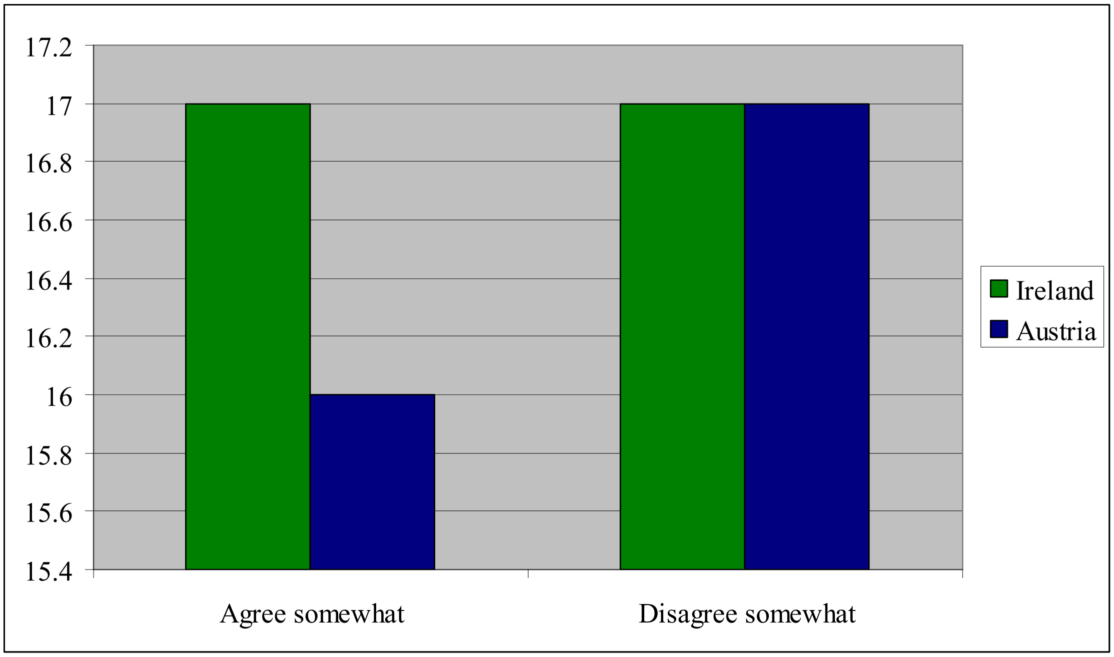

Figure 4.17 Introduction of FT lines by multinationals
'*Some of these companies are not ethical. I am not sure if I can trust the FT message anymore.*'

Low and Davenport (2005) argue that the introduction of FT lines by mainstream companies may lead to consumer confusion and to the FT message being lost. As displayed by figure 4.17, consumers in both markets are mainly neutral or unsure whether companies that follow a clean washing strategy are unethical and if this dilutes trust in the FT message. Overall, more slightly more Austrian consumers agreed with the statement than Irish (17 compared to 16 percent).

4.3 Phase two: Mixed mode exploratory research

4.3.1 Factors that may hinder the purchase of FT products

Radmann (2005) found that price acts as the main barrier to purchase FT. This was confirmed by the interviews as all respondents claimed that the perceived higher price of FT products in comparison to non FT brands is the main hindering factor. This proves to be a particular problem in the current economic climate.

In addition, it was mentioned by four respondents that in some cases FT is still perceived to be of lower quality than conventional goods, due to the lower standards when if first came on the market. According to Carrigan and Attalla (2001) ethical purchasing only takes place if it is convenient, extra costs are low and the quality is high.

> 'With coffee it is hard to get excellent quality in FT as only about 1% of plantations world wide are used for FT production.'

Still a huge problem faced by FT suppliers is the lack of awareness/understanding of the FT logo and slogan in addition to consumer ignorance as to what FT represents and – in some cases – consumer apathy to the FT cause. As one respondent elaborated:

> 'People don't have a practical understanding of how it works.'

This is In line with findings from consumer surveys, figure 4.9 and secondary research. Carrigan and Attalla (2001) claim that consumers need increased levels of information in order to make educated purchase decisions and need to be convinced that their buying behaviour can make a difference.

Furthermore, it was stated by three respondents that there still exists a disbelief in the FT cause and an overall scepticism towards 'green' marketing, for example some consumers don't believe that the extra money is really going to the producer but in fact big corporations profit from it. Figure 4.9 shows that this is one of the main hindering factors to purchase FT products for Austrian consumers.

As highlighted by two respondents, the lack of brand awareness against already established brand names hinders the purchase of FT goods:

> 'Specialised FT chocolate producers may struggle to compete with Cadbury's/Nestlè, who have been on the market for years.'

Four respondents stated that FT is not marketed properly. For example, the FT foundation's marketing budget is very limited, many companies supply FT and don't advertise it and some wrongly advertise it, even though it is not really FT. All this contributes to consumer dissonance and confusion.

4.3.2 Factors that may entice consumer to purchase FT products more often

It was found that the main reason for consumers to buy FT products is their personal 'feel good factor' as their actions can improve indigenous growers' lives. Some answers given by respondents were:

> 'I am doing the right thing.'; 'Not feeling guilty'; 'Self-reward'; 'To do their bit'; 'Ethically it is the way forward'

According to Jones and Comfort (2003), ethical factors are becoming increasingly important for a growing number of consumers. In addition, this could also be found through consumer surveys and is illustrated in table 4.2.

Two respondents suggested that even though price predominantly acts as a deterring factor, in some cases it can actually attract customers, for example if the price is equal or quite close (less than 10%) to the non FT branded good.

Furthermore, according to two respondents, consumers are likely to purchase FT goods if the product is a simple substitute for something already bought or if it is the FT version of an already existing product (example given: Dairy Milk). It was stated that consumers are also more likely to choose FT over conventional products if it compliments an already purchased product, for example a FT snack with a FT coffee.

It was suggested by three respondents that the way forward to increase FT consumption would be to supply more information on what FT actually is:

> 'There is a correlation between how much people know about FT and how often they purchase FT products.

This confirms consumer survey results, illustrated in figure 4.9 and 4.10 and literature findings, such as Carrigan and Alltalla (2001).

Furthermore, the perception that FT products are of lower standard than conventionally produced goods should be counteracted by more focus of marketing communications on quality rather than on FT only. This could not be identified by consumer research (Figure 4.9).

According to one respondent, Twitter is a very useful tool to communicate the FT message and should be expanded further.

4.3.3 Perceptions on the effects of FT branding

Eight respondents believe that FT branding usually has a positive effect on the perception of a product or brand as introducing FT lines can make a company seem more socially responsible or "ethical" as it implies 'concern and caring for the greater good' and this is rewarded in the market. This confirms consumer survey findings, as demonstrated in figure 4.14 and 4.15.

> 'I think that people who see the FT brand on a product then have confidence in the quality of that product. Often these products will be organic as well and even if they do not contain the organic logo the consumer who is familiar with FT will know that the conditions for organics are very much part of the FT way of production.'

> 'I think it gives a perception of superior quality, as consumers are aware that ingredients used are sourced from legitimate suppliers.'

> 'I think the FT logo is recognised more now and especially by children where they have part of their school programme built around it, for example a question on FT has appeared in the junior cert examination recently.'

However, it was found that only if people know what FT is can it have a positive effect. Two respondents stated that the benefits for brands that carry FT are strongest in the ABC1 segments due to higher levels of income and education. This is in line with secondary research. For example, McDonagh (2002) states that Cafedirect's target market are the ABC1's. Price is the main influencing factor for purchase behaviour of lower income segments such as DE.

According to Hira and Ferrie (2006) consumer's image of a company improves if they are seen as ethical. Contrary, a failure to adopt a FT policy can have a very negative perception of a company in the mind of the consumer and may affect sales, as mentioned by one interviewee. Examples given include Primark and Nikè, which are often accused of purchasing from suppliers using child labour.

Viewed from a different angle, as mentioned by three respondents, a large part of FT consumers aren't affected by FT branding at all, but simply chose FT because they believe in the cause. It was added that in general FT was not well branded and not well explained as there exists a marketing difficulty in Ireland due to the limited size and marketing budget of the FT foundation.

4.3.4 Effects of the mainstreaming of FT

Positive

According to Doherty and Tranchell (2007), mainstreaming can strengthen the message of FT by allowing the message being heard by a larger audience, which increases the sales volume substantially. The majority of respondents implied that the availability of FT products in supermarket chains will help raise awareness amongst the general public about the issues of poor labour practices in developing countries. This is graphically illustrated by figure 4.14.

> 'It is a positive movement to have FT goods available alongside other goods. It will heighten the awareness of the consumers to the wide availability of FT goods. Some time ago the only FT products people could think of were tea, coffee and bananas.'

This potentially increases benefits and revenues for FT producers, as products become more widely available to a larger market which leads to more FT production in indigenous areas.

> 'People believe that they can make a difference through how they spend their money.'

More FT consumption and more FT producers getting access to markets will eventually lead to economies of scale. With volume come efficiency and lower prices thus increasing FT consumption and production even more, as mentioned by one respondent.

One respondent articulated that the way forward would be to have FT as a standard, not a choice. It was added that in the coffee industry extremely low prices are paid to producers on which extremely high mark-ups are added.

> 'FT doesn't go far enough. FT doesn't have to be more expensive than conventionally produced goods. Huge mark-ups are placed on FT goods by greedy corporations. They simply charge as much for it, as consumers are willing to pay.'

Negative

Mainstreaming of FT does have a negative side as well. According to Low and Davenport (2005) the message may get lost, it may lead to clean-washing and FT might lose its radical edge. As stated by one of the respondents the "special" nature of the FT brand may get diluted as they become mainstream.

> 'As more and more producers adopt a FT policy, the 'uniqueness' of only sourcing from ethical suppliers diminishes, and therefore the FT brand will no longer be a unique selling point for marketers or important in the eyes of the consumer.'

In addition, one respondent mentioned that pioneer, small companies may suffer because they cannot compete on price, nor have the promotional resources.

As mentioned by two respondents, mainstreaming may also lead to consumer confusion when a company supplies only a very limited amount of FT products, like Nestlè FT Partners Blend Coffee. Consumer attitudes towards this are illustrated in figure 4.16. Crane and Matten (2007) state that Nestlè admit to simply introducing a FT line for commercial reasons.

Furthermore, one respondent suggested that consumers may feel that they are making charitable donations by purchasing FT products and hence may reduce their charitable donations to other causes.

It was stated by a respondent that the mainstreaming of FT may also prove to be a problem as the FLO's structure is not suitable for a mainstream system as it is a relatively small organisation and there is a huge backlash for companies to get certified.

Currently the FLO holds a monopoly position and has no state backing. It was suggested that international standards should be put in place.

4.3.4 Perceived effects of ‘clean washing’

According to Hira and Ferrie (2006) some companies take advantage of the positive effects attached to FT branding and state that consumer’s image of a company improves if they are seen to be ethical. In line with this, the majority of respondents believe that a business that follows a clean-washing strategy appears more ethical. Consumer survey results are displayed in figure 4.14.

> ‘I would agree that introducing FT products to a range does make a company seem more ethical than before.’

However, it was claimed by two respondents that clean-washing only works if the company avails of heavy advertising. Green & Black’s, was given as an example. Out of 24 different chocolate bars in the range only one (Maya Gold) was produced using FT ingredients. This move was accompanied by heavy advertising. Every ad for Green & Black’s chocolate contained a small picture of Maya Gold, which contained the FT label and gave customers the wrong impression that all Green & Black’s chocolate was FT. In addition, Green & Black’s is now owned by Cadbury, which is owned by Kraft (The Ecologist, 28. January 2010). According to De Pelsmacker (2005) continuous promotional reminders are needed in order to entice consumers to purchase – even committed FT buyers.

In addition, one respondent stated that more organizations should be encouraged to add FT lines, like Cadbury, Starbucks and Unilever (Ben&Jerry’s) have done recently as the more FT products are on the market, the more indigenous producers are going to benefit.

One opinion that emerged was that often corporations are simply ‘window dressing’ and introducing FT lines only to improve their CSR rating and appear more ethical. This is in line with Crane and Matten (2007) and Carrigan and Attalla (2001) who state that companies that follow a clean washing strategy simply introduce FT lines for commercial, profit focused reasons.

> 'I believe some large corporations see the introduction of FT lines as a good business move but I am not sure whether the motivation to do so is based solely on giving cocoa farmers in developing countries a better way of life.'

> 'I think that many organizations may 'stretch the truth' when it comes to FT. For example, only a small percentage of their products are actually FT, as opposed to their entire range. You either believe in it or you don't.'

In addition, according to Low and Davenport (2005), clean-washing may lead to the FT message being lost. One respondent claimed that it may lead to consumer confusion as to what the FT message actually is. However, it was added that supplying a small amount of FT is still better than supplying now FT at all.

4.4 Conclusion

Chapter four illustrated and analysed the descriptive and exploratory findings and compared them to secondary data. Primary research involved the collection of data from consumers in Ireland and Austria and suppliers of FT products. Data collected through consumer surveys has been graphically illustrated and responses from both countries have been compared.

The findings from the second stage of data collection, the exploratory findings, were then compared against descriptive findings and the literature.

No significant differences between the Irish and Austrian market could be identified and findings suggest that the effects of mainstreaming are perceived to be predominantly positive in both markets. A full conclusion will be provided in the following chapter.

Chapter 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Mainstream marketing increased sales of FT products significantly and therefore appears to be positive, however, there is a risk of absorption and dilution of the FT movement by mainstream business (Doherty, 2007).

This study examined the factors that positively and negatively impact on the purchase of FT products in Ireland and Austria and how consumers have been affected by the mainstreaming of FT. The Literature review examined secondary research about FT, addressing issues such as definitions, history, benefits and changes in the distribution of FT FMCG's. The primary research involved both descriptive and exploratory methods, which were used to examine the main findings from the literature review. It is the aim of chapter five to summarize the research as a whole and demonstrate how objectives have been reached.

5.2 Factors that impact on the purchase of fair trade products

The research revealed that the main rational behind the purchase of FT products is the desire to help underprivileged producers in the developing world, which in turn provides consumers with a much desired feel-good-factor. This has been found to be true for both Irish and Austrian consumers.

The factors that have been found to have the most hindering effect on FT consumption in Ireland and Austria are lack of knowledge and perceived higher prices. Higher prices were found to prove a particular problem in the current economic climate and FT suppliers still struggle with a lack of awareness/understanding of the FT logo. FT companies also struggle to compete against established brands due to the lack of brand awareness. In addition, it was found that Austrian consumers are sceptical that their purchase can actually make a difference in the lives of disadvantaged producers.

The main enticing factors identified in the study are the provision of extra information on the benefits and effects of FT consumption and lower prices. More information would educate consumers and deal with the scepticism towards "green marketing". In addition, as described by Carrigan and Attalla (2001) ethical purchasing only takes place if it is convenient, extra costs are low and the quality is high. Overall, the factors that have the least effect on Irish and Austrian consumers are packaging and fashion.

5.3 Perceptions of fair trade branding

It was found that FT is still perceived to be of lower quality than conventional goods. For example, only less than 15 percent of Austrian consumers believe that the quality, taste and appearance of FT products are better than of comparable conventional products and this number was even 50 percent lower for Irish consumers. According to FT suppliers this is due to lower standards when it first came on the market.

The research revealed that FT branding usually has a positive effect on the perception of a product or brand and makes a company appear more ethical. However, it only has a positive spin-off effect if consumers know what FT is.

In addition, it was found that a large number of consumers aren't affected by FT branding, but simply chose FT because they believe in the cause.

5.4 Effects of the Mainstreaming of fair trade on consumers

The research revealed that the aspects of mainstreaming that most heavily influenced Irish and Austrian consumers' buying behaviour was the increased availability and bigger assortment of FT products. In addition, Irish consumers have also been heavily influenced by the introduction of FT lines by mainstream businesses. However, this could not be found for the Austrian market.

It was found that mainstreaming strengthens the FT message by allowing it to be heard by a wider audience. Consumers in both markets believe that mainstreaming has predominantly positive effects as it helps raise awareness among the general public about the issues of poor labour practices in developing countries and potentially increases benefits and revenues for FT producers.

However, some negative effects could also be identified. For example, there is a risk that the message my get diluted as FT becomes mainstream. In addition, small 100% FT companies may suffer as they won't be able to compete with larger organisations.

5.8 Effects of 'clean-washing' on the perceived value of the fair trade brand

According to Crane and Matten (2007) clean-washing is a term used to describe a company that introduces FT lines for commercial, profit oriented reasons. It was found that some companies take advantage of the positive effects attached to FT branding and use it to improve their CSR rating. Though, clean-washing only works if consumers know what FT is about and if the company avails of heavy advertising.

It was not found that clean-washing is perceived to be unethical by a large proportion of consumers or that it significantly dilutes trust in the FT message, as illustrated by figure 4.17.

Findings suggest that the effects of 'clean-washing' on the perceived value of the FT brand are not as negative as originally expected. However, research identified that Austrian consumers have a slightly more negative opinion of companies that follow a clean-washing strategy than Irish consumers.

5.9 Recommendations/Guidelines for the management of perceptions of the fair trade brand

The research suggests that the first and most important step that should be taken to manage perceptions of the FT brand is supplying consumers with more information about the benefits and effects of FT. Consumers need to be convinced on how their purchase behaviour can actually make a difference.

Even though awareness of the FT brand is quite high in Austria (81 percent) and Ireland (89 percent), it hasn't been completely embraced in both markets and marketing communications may be used to counteract this. However, the marketing budget of the

FT foundation is quite limited which suggests that individual businesses need to focus more of their resources on it.

The perception that FT is of lower quality than their conventional counterparts needs to be neutralized. For example, when advertising, more emphasis should be placed on quality, rather than focusing all efforts on FT. The literature identified cafédirect as a company that follows this approach successfully.

Finally, prices should be harmonized with conventional products as far as possible. This is particularly important in recessionary times.

5.10 Research reflection

The research as a whole has been successful since all objectives have been met. However, there is some scope for improvement.

Due to time constraints and an initially low response rate, the researcher reluctantly had to replace depth interviews with mixed mode exploratory research. This helped the researcher to achieve a higher response rate. However, the sample size was still relatively small for exploratory research. A larger sample size would have provided more insightful results. In retrospection, undertaking the primary research at an earlier stage would have been beneficial as the issues mentioned above could have been dealt with in a more constructive manner.

Furthermore, consumer surveys were conducted outside mainstream supermarkets in Ireland and Austria. Results may have been different if surveys were conducted outside a range of different food stores, including shops that are more regularly frequented by ethical consumers, such as health food shops.

The completion of this dissertation has helped the researcher gain great knowledge in the area studied and resulted in the development of vital research skills. Overall, the researcher found the whole process – although stressful at times – incredibly rewarding.

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APPENDIX 1

Word count: 12,276

APPENDIX 2

Questionnaire on consumer attitudes towards FT

This questionnaire has been created as part of my coursework assessment for the MSc in Marketing Practice in Letterkenny Institute of Technology and takes approximately 5 minutes to complete.

All information will be kept strictly confidential and you will remain completely anonymous throughout. Your participation is voluntary and you may withdraw at any time. The information you give will only be used for this project.

Thank you for taking time to participate in this study!

1. Gender: (please tick appropriate)

☐ Male ☐ Female

2. Age group (please tick appropriate)

☐	☐	☐	☐	☐	☐
18-22	23-29	30-40	41-51	52-65	>66

4. Are you aware of the FT brand?

☐ Yes ☐ No

If the answer is no, thank you for your time!

5. How often do you purchase FT products? (Please tick appropriate)

Very often 1 2 3 4 5 Never

6.Which of the following FT products are you most likely to buy? (more than one answer possible)

☐ Coffee/Tea

☐ Chocolate

☐ Beverages (e.g. Wine, Orange Juice)

☐ Store cupboard items (e.g. sugar, pasta, cereals)

- [ ] Fruit (e.g Bananas)
- [ ] other________________________

7. What are your reasons for purchasing FT products? (Please tick appropriate boxes; more than one answer possible)

- [ ] To help underprivileged producers in 3rd world countries
- [ ] It is fashionable at the moment
- [ ] They taste/feel/look better
- [ ] Attractive appearance/Packaging
- [ ] It makes me feel like I am making a difference
- [ ] To boycott multinationals
- [ ] They are of better quality

8. Please indicate your degree of agreement/disagreement with the following statements:

I don't care about FT in general.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

I don't trust the FT message. I believe it is just a marketing ploy.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

I don't know enough about FT products.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

FT products are too expensive.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

FT products are of poor quality.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

I don't like the packaging of FT products.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

I don’t believe I can actually make a difference.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

Other:

9. Which of the following factors, if any, may entice you to buy FT products more often?

Lower price

Most likely 1 2 3 4 5 6 7 Least likely

Easier to find in-store

Most likely 1 2 3 4 5 6 7 Least likely

More special offers

Most likely 1 2 3 4 5 6 7 Least likely

Better quality

Most likely 1 2 3 4 5 6 7 Least likely

Information on the packaging on how my purchase actually makes a difference

Most likely 1 2 3 4 5 6 7 Least likely

Other:____

Most likely 1 2 3 4 5 6 7 Least likely

10. Please indicate on a scale from 1 to 7 how strongly, if at all, any of the following has affected your consumption of FT products.

FT has become more fashionable

Strongly affected 1 2 3 4 5 6 7 Not affected at all

FT has become more widely available (e.g. most supermarkets now sell FT goods)

Strongly affected 1 2 3 4 5 6 7 Not affected at all

A bigger assortment of FT products is now available

Strongly affected 1 2 3 4 5 6 7 Not affected at all

The price of FT has decreased

Strongly affected 1 2 3 4 5 6 7 Not affected at all

Mainstream companies (e.g. Nestle, Cadbury's, and supermarkets own brands) have introduced their own range of FT products

Strongly affected 1 2 3 4 5 6 7 Not affected at all

11. Please indicate your degree of agreement/disagreement with the following statements about the introduction of FT product lines by multinationals such as Nestle and Cadbury

It is good. The more FT products are on the market, the better.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

It instils trust in the quality of FT products.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

It makes FT products more widely available to a larger number of consumers.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

Not good. These companies are just trying to profit from the FT movement but don't actually make a difference.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

Some of these companies are not ethical. I am not sure whether I can trust in FT anymore.

I strongly agree 1 2 3 4 5 6 7 I strongly disagree

12. Do you have any further comments?

Thank you for your time!

APPENDIX 2

Set of open-ended questions for mixed-mode exploratory research with FT suppliers:

1. Can you think of factors that might affect the purchase of FT products? (positively and negatively)

2. Do you believe that FT branding affects perceptions of a product/brand? If so, how?

3. What do you believe are the effects of the mainstreaming of FT?

4. According to research, Firms that pursue a "clean washing" strategy make their business practices seem more ethical by introducing FT products. What are your thoughts on the Topic?

APPENDIX 3

Wholesale Suppliers Directory for Fairtrade Mark Products

Aine Hand-Made Chocolate

Ben and Jerry's Ice cream

Bewley's Coffee

Blakes Organic Chocolates

Boyne Valley

Cadbury

Celtic Chocolates

Clive McCabe Coffee Co.

Coffee Perfection Ltd.

Econatural Limited

Essence Coffee

Food Brands Group

Fyffes plc

Global Fruit Company

Green Bean Company

Imbibe Ltd

Java Republic

Kinsale Distribution

Lir Chocolates

Musgrave group

National Organic Products

Nestle Ireland Ltd

Ponaire

Robert Roberts

Simply Wild

Smyth & Co Ltd

Thai Food Company

Van Vliet Ireland

Wilde Irish Chocolates

Wish 4 FT

Wholefoods Wholesal