

Success Factors of the Fair Trade Chains: A Managerial Perspective

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Le doyen



Kilian Stoffel

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Summary

Background

Ethical consumption and business practices aiming at managing the social and environmental responsibility of firms are on the rise for several years. These phenomena raise several questions, since the economic agents involved, consumers and firms, are commonly considered as governed respectively by rationality and profit maximisation. Does this mark the emergence of a new social rationality? Or do these observations simply represent new means of reaching materialistic objectives? Is this tendency a flash in the pan or is it a movement that will eventually reform our understanding of business theory and trade? In this research, these background reflections are apprehended through the analysis of Fair Trade, from a managerial perspective. Fair Trade is a field which is guided by ideology, political activism and discursive approaches and has only recently been researched scientifically. There is a need for managerial research in order to foster good business practices and professionalism among the actors.

Objectives, content and structure

The main objective of the research is to draw broad success factors of Fair Trade, at different levels of analysis. The thesis is constituted of four individual studies (Chapter 2 to 5), having their own research questions, units of analysis and methodology, but related by this common underlying objective. Chapter 1 introduces the field and the approach, defines Fair Trade and states the research problem, as well as the epistemological approach. Chapter 2 dissects the two types of distribution channels existing in Fair Trade, namely the alternative channels and mainstream channels. It is an exploratory research, which introduces the core of the thesis composed of Chapter 3, 4 and 5. Chapter 3 aims to develop an initial typology of business strategies with regard to Fair Trade product distribution. The organisation of the Fair Trade distribution knowledge is a first step towards the optimisation of the related processes. Chapters 4 and 5 focus on Fair Trade consumers. An instrument to analyse and predict consumer behaviour is developed in Chapter 4 for the specific case of Fair Trade consumption. In Chapter 5, consumer segments are hypothesised and their behaviour is analysed with the help of the instrument previously developed. The aim of these two chapters

is to have a precise understanding of Fair Trade consumers in order to know how to address the different market segments.

Contribution, Findings and Implications

The two main theoretical contributions to current researches related to Fair Trade consist first in the preliminary typology of strategies explaining why companies distribute Fair Trade products, how they organise this distribution and how they engage with the Fair Trade principles. Then, the involvement model developed refines the common generic instruments which are insufficient to fully apprehend the specificities of ethical consumers. Findings show that firms have various motivations pertaining to the distribution of Fair Trade products, ranging from alibi to altruism. Consumer motivations are also heterogeneous and several criteria (age, education and distribution channel) proved to be efficient in segmenting the market according to consumer attitudes and behaviour. The research leads to three categories of managerial implications. First, it presents the key factors in organising the distribution of Fair Trade products. It also analyses several strategies that can be implemented by companies in order to benefit from Fair Trade products and make the Fair Trade movement benefit from this distribution. Second, it explains marketing professionals how to structure Fair Trade communication efficiently according to the segments identified. Finally, the emphasis is placed on how to improve Fair Trade product competitiveness, which is useful to both distributors and the Fair Trade movement.

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Chapter 1: Introduction*

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1.1. ARE WE FACING A NEW RATIONALITY?

The 26th December 2004, South-East Asia was hit by an enormous tsunami, killing and injuring the populations, disfiguring cities and landscapes, leaving only devastation as it went back to the sea. This natural disaster and its huge consequences were immediately echoed everywhere on earth by all medias, producing a strong emotional reaction and worldwide impulses of solidarity. The humanitarian organisation Médecins sans Frontières alone received 110 million euros of spontaneous donations even though they stopped accepting funds one week after the tragedy, due to the sufficient amount to cover the cost of the emergency response (MSF, 2005a, 2005b). It seems that globalisation, inducing increased mobility and media coverage is reducing the psychological distances among people. In the new global village, the Indonesian victim of a disaster, the small Tanzanian coffee producer, the Chinese worker and the Occidental business man are neighbours. Thus, globalisation, in spite of its many criticisms, such as generating inequalities (e.g. Capra, 2002; UNDP, 1992) and standardising or ‘Coca-colising’ the world, might also, as a collateral effect, globalise solidarity.

This type of anonymous donation by citizens (as opposed to an economic actor) can be the manifestation of the donor’s ethical values. In this case, the act seems to be performed without self-interest and underlying rational objectives. How should we apprehend altruist behaviours of economic agents, in particular consumers and firms? Do they blend in with the same paradigm of sheer donation based on ethical values? Or is every gift driven by some materialistic counterparts or any other interested motivation, as the theories on the economic rationality and the Homo economicus tend to show?

1.1.1. Ethical consumption

Webster (1975) defined the socially conscious consumer as “a consumer who takes into account the public consequences of his or her private consumption or who attempts to use his or her purchasing power to bring about social change”. This famous definition is broad and includes green consumption, since environmental damage can be a “public consequence of a private consumption”. The term ‘socially’ is thus not restrained to human factors only, but to any aspect affecting the society. We use the generic terms ‘ethical consumption’ rather than ‘socially conscious consumption’, in order to avoid any ambiguity regarding the common dichotomy of ethical consumption in social and environmental aspects (Ozcaglar-Toulouse, 2005).

According to Auger et al. (2003), who cite CAFOD (1999), Elliot and Freeman (2001) and Marymount University (1999), consumers increasingly care about ethical values of products and business processes. This observation is translated into figures with the growth of the ethical product markets (e.g. Crane and Matten, 2004; Doane, 2001; Ipsos, 2002; Strong, 1996). Various types of ethical labels have been proliferating, which shows how the market is adapting to the demand for ethical products. Examples of such labels include Union-made, Rainforest alliance, Fair Trade or organic labels. Van Trijp et al. (1996) argue, referring to quality labels, that they are instruments to assist the imperfectly informed consumers in their decision-making process because they structure their information environment. In the case of ethical products, labels also serve to foster the credibility of the underlying values conveyed by the product and build consumer trust.

Another illustration of the emancipation of ethical consumption can be found in the French term ‘consomm’acteur’. It is used by NGOs of the Fair Trade movement (Ozcaglar-Toulouse, 2005) and refers to consumers that on the one hand buy goods to satisfy a need and, on the other hand, participate actively to the realisation of a social goal. The act of purchasing becomes political; it can be associated with a vote.

In general, ethical consumption shows that consumers are ready to pay an additional price for intangible characteristics of a product which does not present any materialistic utility.

1.1.2. The ethical behaviour of firms

Milton Friedman wrote that “there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud” (Friedman, 1962). Contradicting this assertion, why are firms integrating social and environmental concerns in their objectives and processes, beyond the simple respect of laws? The knowledge regarding these ethical practices have been systematically organised and is now common in the business literature as well as in the managers’ vocabulary.

According to Wan Saiful (2006), corporate social responsibility (CSR) can be considered according to two perspectives: as an ethical stance or as a business strategy. The latter is in tune with Friedman’s perception of responsibility, since the objective stays related to profit-making. However, according to the first perspective, CSR is practised for its own sake. The

firm becomes socially responsible because it “is the noble way for corporations to behave” (Mintzberg, 1983); it does not expect any return on CSR investment.

Corporate philanthropy is also developing as new creative models of giving emerge in order to maximise the impact of the donations (Mattu, 2005). In this context, foundations created by transnational companies are blossoming throughout the world, of which the most famous might be Ronald McDonald’s foundations as well as Bill and Melinda Gates foundation (which is, however, not directly linked to Microsoft).

A much wider business terminology refers to all types of altruist firm behaviours and to their roles in society, such as corporate citizenship (e.g. Altman and Vidaver-Cohen, 2000; Matten and Crane, 2005; McIntosh and Andriof, 2001) or social entrepreneurship (Mort et al., 2003; Nicholls, 2006; Peredo and McLean, 2006; Weerawardena and Mort, 2006). These behaviours seem particularly paradoxical in the contemporary economic environment characterised by an aggressive search for profits involved by the maximisation of the shareholder value (e.g. Rappaport, 1986), and an increased power of multinational corporations (competition policies do not address international cartels efficiently) (e.g. Connor, 2007; Evenett et al., 2001; Hoekman and Kostecki, 2001). The abundance of concepts and application of ethical practices within firms lead us to question the theory of economic rationality and consider alternatives.

1.1.3. Economic rationality and utilitarianism

The theory of rational consumer choice is one of the major theories on which microeconomics relies to explain consumer behaviour and decision-making. It takes its roots in the utilitarianism doctrine of John Stuart Mill and Jeremy Bentham and is still widely used, accepted and taught (e.g. Frank, 2006; Samuelson and Nordhaus, 2005; Varian, 2006). The rationality is defined by the maximisation of materialistic objectives. Indeed, according to Mill, a human being “inevitably does that by which he may obtain the greatest amount of necessities, conveniences, and luxuries, with the smallest quantity of labour and physical self-denial with which they can be obtained” (Mill, 1874). Concretely, economic rationality can be translated into maximisation of profit for corporations and maximisation of utility for consumers (they choose the best bundle of goods that they can afford).

This theory has already been challenged, giving birth for example to the theory of bounded rationality (Simon, 1957). It is based on the fact that full rationality requires unlimited cognitive capabilities whereas economic agents (for instance consumers or firms)

have finite computational resources available. In addition, Simon says that some consumer choices are determined by irrational aspects, such as emotions. Thus, economic agents tend to use heuristics instead of rigid optimisation rules, like the rational choice theory suggests. Several solutions to make the classical models of rationality more realistic are provided, notably by using a vector of utility functions or multi-valued utility functions. Economic rationality, defined as utility maximisation, has been also criticised because it is logically flawed and empirically invalid. The main argument is that it dissolves all types of social action, rational conduct included, into a single type of instrumental behaviour exemplified in utility maximising (Alexander, 1990; Barber, 1993; Zafirovski, 2003). For instance, a pair of shoes produced by children has exactly the same utility as an identical pair of shoes produced by adults. However, due to certification and controls, the second pair would probably be more expensive. So why do consumers buy it in apparent contradiction with the rational consumer choice theory?

1.1.4. So what?

Two avenues of answers can be considered regarding the question posed by the pair of shoes example, in addition to the emotionally-focused lead proposed by Simon. The first one is that a potential social rationality might emerge, still based on cognition and reasoning. Consumers would maximise the personal utility as well as the public utility, or, in other words, choose the best bundle of goods that they can afford while minimising its negative impact on society. This would be a vision considering consumers as having a part of pure altruism. It could be modelled using a vector of utility functions, as mentioned by Simon. A study of De Pelsmacker et al. (2005a) shows that in Belgium, the average price premium that consumers are willing to pay for Fair Trade coffee is 10%. This figure gives an estimation of the relative importance that the notion of social rationality could have in consumer choice (this number must be taken with caution because it only represents intention and not actual behaviour).

Another avenue of reflection, to understand consumers buying the pair of shoes without child labour, is to consider a potential higher utility in these shoes. Consumers might perceive a personal interest in buying them. For example, it could be trendy to buy child labour-free shoes, or there might be social pressure to buy those shoes from the consumer's close circle. Moreover, a consumer might wear that pair of shoes to increase social desirability (refer to Edwards, 1957 for precisions on this variable). Thus, it is possible to think of several self-interested reasons to buy ethical products, or to make donations. This alternative, closer to the rational choice theory, consists in an 'egoistic' vision of consumer altruism.

Concerning firms, the same avenues might be drawn. All economic notions declaring social goals, like business citizenship, corporate philanthropy or CSR can be considered as a means to reach a materialistic objective, namely to increase profit through the improvement of the corporate image, branding or other related marketing methods. On the contrary, it could signify the emergence of a new social rationality of firms willing to minimise their negative impact on society as an objective per se, instead of a means. Or is it in between these two alternatives that the reality takes place?

These examples of altruist behaviours of consumers and firms, as well as the presentation of the theory on economic rationality, aimed at bringing in the dialectical debate that might be summarised by the simple question: ‘Are economic agents ethical or do they behave in order to appear ethical?’. The objective of the dissertation is not to find exact answers to that question. It is introduced here as background reflections, which help to approach and set the context of the research.

1.2. ETHICAL CONSUMPTION: THE CASE OF FAIR TRADE

One of the flagship movements of ethical consumption in many countries is Fair Trade. It is growing in size, by the number of actors involved, and in turnover generated by the product sales. However, in spite of its relative longevity, a limited amount of research has been analysing Fair Trade, hence a limited cognitive knowledge on the topic. Fair Trade related debates have rather been ideological and advocacy oriented. Only recently has it been the focus of scientific studies mostly in sociology (e.g. Bacon, 2005; Diaz Pedregal, 2006; Murray and Reynolds, 2000; Reynolds, 2000; Renard, 2003, 2005; Shreck, 2005; Taylor, 2005), but also in economics (e.g. Arnot et al., 2006; Becchetti and Costantino, 2006; Loureiro and Lotade, 2005; Maseland and Vaal, 2002; Zehner, 2002), marketing (e.g. Alexander and Nicholls, 2006; De Pelsmacker et al., 2005b; Low and Davenport, 2005; McDonagh, 2002; Ozcaglar-Toulouse, 2005) and, to a smaller extent, management (e.g. Davies and Crane, 2003; Randall, 2005). Most researches mentioned here are detailed in the different chapters. The dynamic and under-explored dimensions of Fair Trade, as well as its representativeness of ethical consumption, constitute reasons to consider it as a research field with high potential.

1.2.1. Past, present and future: a market perspective

This section is brief, because the Fair Trade definition, market and actors involved are described in chapter 2. Only the elements necessary to the understanding of the research problem are exposed.

Marlike Kocken (2006), Manager of the European Fair Trade Association (EFTA), recalls that there are many stories about the history of Fair Trade, which makes a clear description of its beginning rather hazardous. According to Kocken (2006) and Bowen (2001), two Alternative Trading Organisations (ATO) based in the United States of America (USA), Ten Thousand Villages and SERRV, might be the first to have traded with poor communities from the South under Fair Trade conditions in the late 1940s. The first formal Fair Trade shop opened in 1958. The development of Fair Trade in Europe followed in the late 1950s, where it became incrementally organised. Several NGOs, associations, church and other solidarity organisations became involved in the promotion and advocacy of Fair Trade or in the import and distribution of Fair Trade products. The movement developed, fuelled by the post-colonial context, the hostility towards multinational corporations and the adoption, in 1968, of the motto “Trade not aid” by the United Nations Conference on Trade and Development, led by its secretary-general Raúl Prebisch. Until the end of the 1980s, the Fair Trade movement was using only alternative circuits of distribution constituted by organisations fully committed to equity between North and South (Bowen, 2001). One of the most important turning points in the Fair Trade history came in 1988 with the creation of the first Fair Trade label – Max Havelaar – making those products saleable in supermarkets, eventually penetrating various structures of mainstream distribution. The diversification of the clientele involved by this new strategy had a tremendous impact on Fair Trade expansion through sales (e.g. Moore, 2004; Murray and Reynolds, 2000; Reynolds, 2002; Renard, 2005). From then on, several umbrella bodies were created to improve the coordination of the movement (Moore, 2004). Among them, the International Fair Trade Association (abbreviated IFAT due to its former name) was established in 1989, with the aim of bringing together producers and buyers in a global network (IFAT, 2008). EFTA was founded in 1990 in order to improve the cooperation and coordination among the major European Fair Trade product importers (EFTA, 2008). The Network of European Worldshops (NEWS!) was created in 1994 and aims at coordinating world shops throughout Europe as well as promoting “Europe-wide campaigns on Fair Trade and trade justice” (NEWS, 2008). The same year, the Fair Trade Federation was founded as an association of Fair Trade wholesalers, retailers and producers covering the USA and

Canada and promoting Fair Trade products (Moore, 2004). Finally, in 1997, the Fair Trade Labeling Organizations International (FLO) was established as the worldwide organisation for Fair Trade standard setting and coordinator of the various Fair Trade labels (FLO, 2008b).

The development of Fair Trade associations has been confirmed by numbers. In 2006, worldwide sales of Fair Trade labelled products were estimated at 1.6 billion Euros (FLO, 2007), against 0.8 billion Euros in 2004 (FLO, 2005) (earlier sales are not formally available), hence an increase of 100% in three years. Not only is the market growing through mainstreaming channels, but also in alternative circuits. In 2005, the net retail value of European world shops was about 103 million Euros (Krier, 2005) against 42 million Euros in 2001 (Krier, 2001), showing a 145% growth over 4 years. Even though growth proves to be fairly similar across the two channel types in recent years, the absolute retail sales generated by mainstream circuits are by far larger.

The mainstreaming strategy of Fair Trade has brought intense discussions in the community as well as among academics. Indeed, the entrance of transnational corporations such as Starbucks, McDonald's and Nestlé on the Fair Trade market could make some people doubt about one of the original aims of Fair Trade, which is to “campaign for changes in the rules and practices of conventional international trade” (FINE, 2001). Indeed, Fair Trade is using the market to transform the market, hence the paradox of acting “in and against the market” (Brown, 1993; Raynolds, 2000; Renard, 2003; Shreck, 2005; Taylor, 2005). Whereas contradictors of the mainstreaming strategy perceive a dilution of the ideology and a gradual shift from a social movement to a depersonalised niche market, its proponents highlight the considerable effect that this strategy has had on improving Fair Trade market access to small producers (Murray et al., 2003; Taylor, 2005). Two visions are opposed: the first one is pragmatic and market-led, whereas the other is ideological and activist-led (Nicholls and Opal, 2005; Raynolds, 2000; Renard, 2003). This debate is important to the future of Fair Trade because it is likely to determine the directions of its expansion. Along with the shift from solidarity trade to mainstreaming, and similar to many charitable ventures, Fair Trade started as a romantic vision before turning into a professional activity. In this respect, the creation and development of FLO is emblematic of this transformation.

1.2.2. Fair Trade in Switzerland

Since most of the research was carried out in Switzerland, it is worth saying a few words about the structure of the Fair Trade market in this country. The following information is

based on the study of Krier (2005) describing the Fair Trade market in Europe. Among the actors fully committed to Fair Trade, the major importers are Claro Fair Trade AG, which is one of the biggest Fair Trade importers in Europe, Caritas Fairness and Gebana. Retailing is represented by world shops coordinated by Claro-Weltläden in German-speaking Switzerland and the Association Romande des Magasins du Monde in French-speaking Switzerland. In total, there are 300 world shops with a turnover of 2 million Euros in 2005. Max Havelaar Switzerland, established in 1992, is the organisation managing the Fair Trade label and the licenses. Fair Trade has been very popular in Switzerland because Coop and Migros, two companies representing 75% of the food retail market, chose to distribute those products from the beginning (Krier, 2005). In 2005, 143 million Euros of Fair Trade labelled products were sold in Switzerland, representing 12.5% of the worldwide sales (FLO, 2006a). However, world shop sales in Switzerland represent only 2% of total world shop sales in Europe (Krier, 2005). These figures show that the mainstreaming of Fair Trade is a huge success in Switzerland, which is not the case of Fair Trade products sold in alternative channels.

1.3. RESEARCH PROBLEM AND METHODS

The Fair Trade market expanding year after year, one may ask if we are facing a heavy tendency, like environmentalism 40 years ago, or if it is just a trend that will disappear shortly after its booming. This question is tightly linked to the directions towards which the movement is heading. The shift from a non-profit-making and solidarity trade to mainstreaming and profit-making may have some implications on Fair Trade perception. Indeed, the modification of the actors' nature might be a potential catalyst of change in the Fair Trade adoption and commitment by NGOs, ATOs or consumers. The dichotomous structure of Fair Trade distribution channels is an excellent field of experiment as it allows the comparison of both types. Mainstreaming has not replaced the original alternative trading system of Fair Trade, but has tried to replicate its ideology with different methods and more pragmatism. Now, both systems are somehow interacting and collaborating (or rather competing?).

The introduction of the thesis brings the light on several background questions of importance. Has Fair Trade evolved from altruism to utilitarianism with the shift from alternative to mainstream distribution? Is it still Fair Trade? Is it possible that mainstream distribution, made of conventional trade structures, cannibalises the alternative channels of

Fair Trade? In other words, is there a risk that Fair Trade be corrupted by the market? Moreover, it is interesting to analyse the causes of the Fair Trade growth in order to have an understanding of its future evolutions.

These important broad issues shape the reflection framework on which specific objectives are drawn.

1.3.1. Global objectives

The main objective of the research is to compare both channel types in order to understand their specificities and draw their success factors, from a managerial perspective. The success factors will result from the analysis of the channels as well as the individual analysis of the actors. Thus, the important managerial aspects regarding the distribution of Fair Trade products in both channel types will be pinpointed. The first step consists in opening up the field, in order to know who the actors are, how they interact within and between the channel types and what their negotiating power is. Then, the focus will be on the northern actors of the chains, namely distributors and consumers. Concerning firms, the aim is to understand their motivations to distribute Fair Trade products and analyse how these motivations integrate into a well-defined strategy. As for consumers, the world shop clientele does not necessarily behave in the same way as consumers buying Fair Trade products in supermarkets. Are the latter driven by the Fair Trade values? Or is it by taste? Is it sure that world shop consumers buy Fair Trade products on ethical grounds? Knowing the profile of each consumer types will help to understand how managers should consider their Fair Trade customers.

Discussions about the mainstreaming debate have been very ideologically driven so far. The purpose of this research is not to take a stand on the debate. We want to be practical and managerial, be it in the alternative channels or in the mainstreaming ones. However, knowing the consumers' profiles and the firms' motivations give indications about their commitment to Fair Trade, which is also of interest to Fair Trade coordinators, beyond the managerial impacts.

1.3.2. Chapter objectives and description

Chapters 2 through 5 present four studies in the form of articles, publishable as is (except the fifth which omits a part of the conceptual framework in order not to repeat what is presented in Chapter 4). The comparative analysis of the two channel types is their common denominator. However, the units of analysis differ. Chapter 2 focuses on the whole channels, whereas Chapter 3 concentrates on firms and Chapter 4 and 5 on consumers.

Chapter 2 describes the twofold structure of Fair Trade, explaining the relations and dependencies among the actors. It shows the new orientation of Fair Trade, giving indications of a potential modification of the paradigm due to the mainstreaming strategy. The underlying objectives are to understand the possible threats and opportunities for the development of Fair Trade, as well to understand the specificities of the actors in order to analyse them individually in the following chapters. Chapter 2 is a preliminary study for Chapter 3, 4 and 5 which constitute the core of the research.

Due to the increasing number of firms engaged in the distribution of Fair Trade products, it becomes important to understand how those firms are organising the distribution. Does it imply different processes from conventional product distribution? Chapter 3 aims at establishing an initial typology of the different strategies regarding the motivations for and the management of Fair Trade product distribution, based on key management factors which are derived from theory. This study is a first step towards the improvement of distribution efficiency, without homogenising the specificities of each type of firm. Indeed, world shops have a different nature and different objectives than supermarkets and, as such, cannot be apprehended in the same way and cannot undergo similar process optimisations.

Chapter 4 addresses Fair Trade consumers, analysing their motivations and behaviours. However, due to the specific nature of Fair Trade products and their intangible values, it is likely that behaviours and motivations are driven by ethics, which is an aspect hardly addressed by conventional marketing instruments. Thus, the main objective of this chapter is to develop and test an adequate measurement model to capture Fair Trade consumer determinants of behaviour. Derived and adapted from the involvement theory, the model is applied and tested on supermarket and world shop consumers. The results also give insights on the role of consumer involvement on Fair Trade business models and product competitiveness.

The study presented in Chapter 5 aims at segmenting the Fair Trade market in order to analyse if Fair Trade consumers are homogeneous. Do consumers buying from supermarkets and world shops have similar motivations and behaviours with regard to Fair Trade consumption? What about males and females or people with different educations? Using the measurement instrument developed in Chapter 4, this study explores the predictors of involvement and behaviour for each defined group. From the results, indications on how to address the segments are provided, including the differentiated messages regarding Fair Trade

products that should be conveyed through communication, packaging, branding or merchandising.

Consequently, the research constitutes a multi-level analysis. Indeed, in any discipline, the unit of analysis related to Fair Trade can be situated at different levels. The five levels that we consider are the following: the global level deals with Fair Trade from an international context (e.g. Fair Trade and the multilateral trading system); the macro-level is about country specific analysis (e.g. Fair Trade and country economic development); the meso-level concentrates on chain analysis, regardless of the country (e.g.: value-chain or distribution channel analysis); the micro-level focuses on organisations taking part in Fair Trade (e.g.: world shops, coordinating organisations or firms distributing the products); finally, the individual level concentrates on people, such as consumers or producers. Even though background reflections address all the levels, the analysis focuses on the meso- (Chapter 2), micro- (Chapter 3), and individual levels (Chapter 4 and 5). Table 1 summarises the levels of analysis modelled, together with possible units of analysis.

Table 1: Modelling of different levels of analysis in the case of Fair Trade

Level of analysis	Possible units of analysis regarding Fair Trade
Global level	Multi-lateral trading system
Macro-level	Countries (importing and exporting)
Meso-level	Distribution channel , value-chain
Micro-level	Distributors , processors, cooperatives, coordinators
Individual level	Consumers , managers, producers

NOTE: The units of analysis tackled in this research are boldfaced

Since the focus is set on the distribution end of the chain, we use the terms distribution channel to refer to the succession of actors, which convey and transform a product from the producers to the consumers, rather than supply chain or commodity chain. The latter terms address the economic agents from a different perspective.

1.3.3. Managerial implications

Fair Trade is in need for professionalism, be it in alternative channels where resources are limited or in mainstream channels where the distribution of Fair Trade products is relatively new. This research makes a first step in creating and organising the management knowledge

with regard to Fair Trade in order to make the related business processes ‘optimisable’ and improve the overall efficiency of the market.

The preliminary typology proposed in Chapter 3 is in line with this objective. It can be used as benchmark for companies distributing Fair Trade products or as possible models for companies planning to do so. The measurement model developed in Chapter 4 can be used by marketers to analyse the Fair Trade market. In addition, the instrument is generic and can be easily adapted to analyse the market of any kind of ethical products. The findings of Chapter 4 and 5, based on this model, are important for companies engaged in Fair Trade distribution because it gives them an operational segmentation of the market and ways of addressing these segments. It also provides information on how to improve the competitiveness of Fair Trade products. Finally, the findings can be used by Fair Trade coordinators, who are promoting Fair Trade and fostering its development. Knowing the various consumer profiles and the actor motivations are prerequisites to draw the main directions that Fair Trade should have in the future. Practical implications of each specific study are highlighted and explained in the corresponding chapters.

1.3.4. Epistemological approach

The limited amount of managerial literature on Fair Trade pushes towards an inductive scientific method. Indeed, the widely-used hypothetico-deductive model, which was popularised by Popper (1972), necessitates a certain amount of existing theory to draw the initial hypotheses (otherwise the theory constructed a priori might not represent the reality). In addition, theory building in social sciences should be inductive (Locke, 2007), or at least, induction is adequate to build theory. Thus, the overall research design follows an inductive logic. According to Dépelteau (2005), induction takes its roots in the British empiricism, represented by the philosophers Francis Bacon, John Locke, and David Hume. It brings the researcher to elaborate propositions, hypotheses and theories that represent the reality, based on systematic sensory observations.

Kerlinger and Lee (2000) explained that the research design is “the plan and structure of investigation, conceived so as to obtain answers to research questions”. Figure 1 presents the global research design of the thesis, each rectangle being a phase of the research. The various levels and units of analysis that are investigated as well as the various objectives of the individual studies require different adapted methods, hence a multi-method research design (Brewer and Hunter, 2006). For example, consumers and distribution channels cannot be

researched in the same way and need differentiated research methods. Chapter 2 and 3 use the case research method as proposed by Yin (2003), the former in an exploratory descriptive perspective and the latter in a theory building perspective. The study presented in Chapter 4 is hypothetico-deductive although the global research design is inductive. The reason is that the model developed is based on the well-known theory of consumer involvement, which makes the elaboration of hypotheses possible. On the contrary, the study in Chapter 5 cannot rest on solid hypotheses, because there is little existing theory on Fair Trade consumer segmentation, hence an inductive design. The two latter studies rely on the survey research method (e.g. Fowler, 2002; Nardi, 2006; Sapsford, 1999).

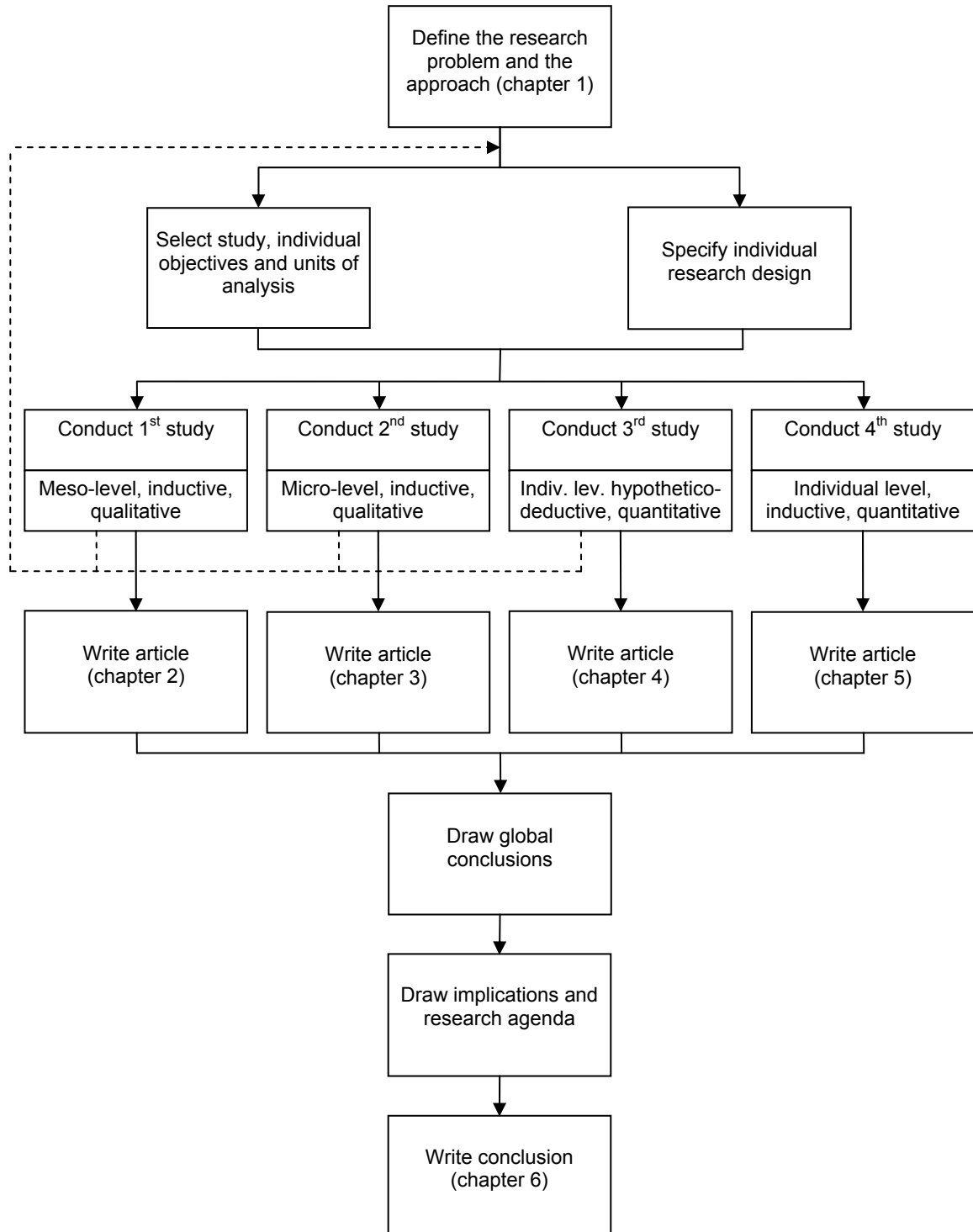


Figure 1: The global research design.

Chapter 2: Fair Trade Channels: Are we killing the Romantics?*

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Abstract

There exist two different types of Fair Trade distribution channels. The first and original one relies on Alternative Trade Organisations whose core activity is Fair Trade, whereas the second uses all the structures and distribution channels of the conventional market. Thanks to mainstream distribution, Fair Trade sales increased drastically the last few years. However, the mainstream distribution has been subject to controversy, due to the entrance of large transnational corporations into the market. This tendency is likely to be growing in the future due to the attractiveness of the market. Dealing with such corporations, and at the same time militating for trade reform has brought the Fair Trade movement into a delicate situation. This research clarifies the differences and the dependences between the two types of distribution channels, and explains the specificities of the actors. We also discuss the possible threats and opportunities for the development of Fair Trade. This opens up the problem relating to Fair Trade distribution channels and gives the keys to apprehend the Fair Trade market from a managerial perspective.

2.1. INTRODUCTION

The earliest traces of Fair Trade date back to the late 1940s, when trade with poor communities started (Bowen, 2001). The first Alternative Trade Organisation (ATO) was created by Oxfam in 1964 with the aim of importing and distributing crafts to Northern consumers. Moore (2004) says that Fair Trade became a real movement only in the 1960s and 1970s, as ATOs and World Shops multiplied in several European countries (and later in Australia, Canada, Japan and the USA). Distribution channels also included solidarity groups, local markets, mail order catalogues, organic shops, and later, institutional outlets. Until the mid-1980s, the Fair Trade movement used its own channels to sell its products. From then on, mainstream channels began to be exploited until the creation of the first Fair Trade label in the Netherlands, Max Havelaar, in 1988. The aim of this label, which is affixed on Fair Trade products, is to increase consumer trust when the products are purchased from supermarkets or other mainstream outlets. The need of such a label was until then not felt, because consumers trusted the organisation that was committed to Fair Trade. According to the same sources (Bowen, 2001; Moore, 2004), the International Fair Trade Association (IFAT) was established in 1989, in order to cluster ATOs, producer groups and other Fair Trade organisations from all continents. Five years later, the Network of European World Shops (NEWS!) was created to bring together world shops from thirteen European countries. In parallel, stemming from Max Havelaar in the Netherlands, other national labelling initiatives sprang up, fuelling the mainstreaming strategy of Fair Trade by creating other labels. Since 1997, all these labelling initiatives are coordinated by the Fair Trade Labelling Organizations International (FLO). As Reynolds (2002) states, the recent growth of Fair Trade can be largely attributed to this mainstreaming strategy. The alternative circuit of Fair Trade persisted though, and in 2004, the Fair Trade Organization (FTO) mark was launched by IFAT, in order to distinguish the organisations whose core activity is Fair Trade. Consequently, they must respect all the standards regarding working conditions, wages, child labour and the environment (IFAT, 2004). In the meantime, FINE, an informal umbrella of four main organisations involved in Fair Trade (FLO, IFAT, NEWS! and EFTA, the

European Fair Trade Association¹), stated the first common definition of Fair Trade. It was written in 1999 and revised in 2001 (FINE, 2001):

“Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers - especially in the South. Fair Trade organisations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.”

This common definition stimulated the harmonisation and coordination that the Fair Trade movement has undergone.

However, despite the cooperation in defining standards, the arrival of mainstream distribution in the late 1980s is definitely a junction in the Fair Trade movement. Although alternative and mainstream channels both operate under the name of Fair Trade, their configuration and coordination is different. Whereas the former is based on the labelling of organisations and mostly coordinated by IFAT, the latter is based on the labelling of products and coordinated by FLO. Consequently, consumers trust the organisation that is committed to Fair Trade in the first case, while the product is trusted in the second, which allows it to be sold in supermarkets. The FTO mark can add more credibility to the organisation carrying it, by using it on their promotional material. However, not all ATOs applying the Fair Trade standards are members of IFAT, which prevent them from carrying the mark. Some organisations have preferred staying outside IFAT for different reasons, such as too high membership fees (even though they are progressive), too high requirements, low benefits or simply ignorance of the federation². These organisations are often foundations, church-based organisations or other development associations that generally have direct and personal relationships with producers and are applying Fair Trade standards as well. The name ATO rather than FTO (organisations carrying the FTO mark) will be thus preferred throughout the

¹ EFTA is a network of 11 European ATOs, founded in 1990, which first core objective is to encourage cooperation and coordination among Fair Trade importers (EFTA, 2008).

² Interview with the coordinator of Terrespoir, an ATO importing Fair Trade products from Cameroun, September 2005.

text when talking about organisations whose core activity is Fair Trade. In brief, two visions are grouped under the terms Fair Trade (Renard, 2003). One conception would consider Fair Trade as a “tool for modifying the dominant economic model”, whereas the other, more pragmatic, is more about inserting products from the South in Northern markets under fair conditions. These two visions of Fair Trade (the romantics and the pragmatists) are materialised respectively by the alternative and mainstream channels.

This article explores the differences and the dependencies between both types of distribution channels. The aim is to dissect the two-tier architecture of Fair Trade, as well as to analyse the specificities of the actors involved. Tendencies, threats and opportunities for Fair Trade are also discussed. The approach is descriptive and exploratory.

2.2. ONE CONCEPT, TWO APPLICATIONS

Most authors agree on the beneficial effects of Fair Trade in general. Bacon’s study (2005) suggests that “participation in organic and Fair Trade networks reduces farmers’ livelihood vulnerability”, whereas Strong (1997) advances that applying Fair Trade principles can contribute to the progress of long-term sustainable development. Raynolds (2000) argues that Fair Trade gives the opportunity of bridging North/South divide by “demystifying global relations of exchange and challenging market competitiveness based solely on price”. As for Raynolds et al. (2004), they point at the benefit of participating in Fair Trade at different levels, namely cooperative (better finance, organisation and information), community (social programs, like health or education, through the Fair Trade premium) and individual producers (poverty alleviation, migration prevention). Murray et al. (2003) find that the real potential of Fair Trade does not lie in the economic success, but in the “consciousness-raising through examples”. Finally, Taylor et al. (2005) explain that “some certified [coffee] grower associations are using their improved organisational capacities to seek new commercial opportunities even if they are developed outside the FLO system”. They conclude that this fact shows the success of FLO in empowering small scale coffee farmers.

However, in spite of the consensual opinion on the beneficial aspect of Fair Trade, its different applications have started showing discrepancies between partisans of an alternative trading system and supporters of the expansion of the Fair Trade market through mainstream channels. The fear of seeing the movement being diluted in conventional market has been increased in the past few years. It has been indeed disconcerting to see multinationals like

Starbucks or Procter & Gamble selling Fair Trade products, whereas one of the Fair Trade movement's objective is to “support global trade reform” (Nicholls and Opal, 2005). This strategy of operating “in and against the market” (described in Brown, 1993; Moore, 2004; Raynolds, 2000; Renard, 2003) is on the one hand very powerful and pragmatic, since it improves many Southern producers' situation by increasing market access through mainstream distribution, and on the other hand very contradictory, resulting in tensions and a certain uneasiness.

On March 2003, McDonald's signed a contract with Max Havelaar for the distribution of Fair Trade coffee on the Swiss market (McDonald's, 2006). This brought the discomfort to its paroxysm, having on the one hand more producers benefiting from Fair Trade, and on the other hand a movement that militates for international trade reform contracting a multinational that is a symbol of ‘predatory capitalism’ (see for example Fantasia, 2000). Indeed, McDonald's had many troubles with unions about employees' conditions (Royle, 2000). In addition, the fast food model is producing millions of tons of waste per year. One could thus question the ideological pertinence of a contract between Max Havelaar, promoting social and environmental values and McDonald's. Should the entire supply chain promote these values or only the producers' end? This potential dissonance even appeared within Max Havelaar Switzerland, when its managing director left in March 2005, due, according to the official press release of the organisation (Max Havelaar, 2005), to “divergences of opinion with the board of directors regarding the strategic orientation of the organisation”. Yet Max Havelaar Switzerland had managed to largely increase the sales of Fair Trade products under the term of office of its managing director. This shows that the strategic orientation of the Fair Trade movement is still not clear and will continue to be debated.

The scientific community as well regards this issue as a challenge for the future of Fair Trade. Renard (2003) explains that “the contradiction between militant identity and commercial reality has become evident since Fair Trade gained access to the circuits of large-scale distribution and began to place its bets on consumers in general rather than on militants”. The Max Havelaar Switzerland example might be an illustration of internal consequences of this contradiction. Murray et al. (2003) are also concerned about the “changing nature of Fair Trade governance related to the shift from ATO-led activities to the FLO-led certification process”. As for Tallontire (2002), she highlights the contradiction of

Fair Trade by its willingness to fight the unfairness of the market, and at the same time, to enable producers to compete in this market.

The consumer end of the chain has also been potentially altered by the shift to mainstreaming. The act of purchasing a Fair Trade product might not be only motivated by its utilitarian aspect (see for example Nicholls, 2002; Strong, 1996). Ethics and possibly philosophical or political values are also taken into account. These motivations may have changed with the mainstreaming of Fair Trade. Consumers would thus deserve an investigation in order to understand their motivations in each distribution channel (refer to chapter 4 and 5).

2.3. STRUCTURE AND RELATIONSHIPS BETWEEN DISTRIBUTION CHANNEL TYPES

It has been said and shown more than once that the distribution channels' configurations of Fair Trade are different and shorter (in number of intermediaries) than the conventional ones (see for example Nicholls and Opal, 2005; Waridel, 2002). However, potential different configurations of the distribution channels within Fair Trade have never been emphasised. This section presents the graphical modelling of the two types of distribution channels of Fair Trade (refer to Figure 2), as well as the findings on the differences and dependences between them.

2.3.1. Method

We base our analysis of the distribution channels on the existing literature as well as on key informants and Fair Trade practitioners who are directly involved in transactions within and between the distribution channels. Notably, representatives from Max Havelaar, ATOs, import organisations and retailers³ were interviewed. The questionnaire was semi-structured in order to have the required flexibility for an exploratory research and to deepened unforeseen interesting aspects. The interviews were only conducted with Swiss actors,

³ In particular, Interviews with the following people were carried out: Director of producer relations, Claro Fair Trade AG, January 2005; Project manager communications Max Havelaar Switzerland, January 2005; Coordinator of the French-speaking Switzerland world shop association, October 2005; Coordinator of the Terrespoir Foundation, September 2005.

limiting the case to distribution in Switzerland. They were done in person or on the phone depending on the organisation. The data collection is completed by content analysis of the actors' website, their organisational reports and other textual material that is cited throughout the chapter.

The resulting diagram on Figure 2 is a general modelling of the Fair Trade distribution channels for all types of products. This design is simplified because each product has a specific distribution channel, which should be detailed and differentiated (for example roasters should be added for coffee). Nevertheless, this general representation is sufficient for the issues discussed in this paper.

2.3.2. Producer groups

Not all products sold in alternative channels carry a label of a national initiative like Max Havelaar. Some producer groups⁴ are indeed not certified, but participate however in the distribution channel. The Fair Trade standards that those groups must respect are set and controlled by the ATOs. There is also a cross control between producers, which is very efficient. That is, if a producer group does not respect one standard, another one could denounce it to IFAT or to the ATO importing from it. ATOs of course also import from Fair Trade-certified producer groups⁵ (Figure 2, link A' → B). This is one of the two major links between the types of distribution channels noticed in the case. A' produce in majority food commodities, because they are easier to certify. Indeed, final products like coffee or banana undergo less transformation than other composite products. Their supply chain is thus much easier to control for FLO and the national initiatives. However, other Fair Trade labelled products have been developed recently, like flowers or clothes made of cotton produced by FLO-certified producer groups. Producer groups A sell predominantly crafts, dried fruits or other composite products that could not be labelled by national initiatives so far.

⁴ Fair Trade Producer groups are mostly cooperatives; however, FLO also certifies plantations for certain commodities such as bananas.

⁵ Producer groups are certified by products

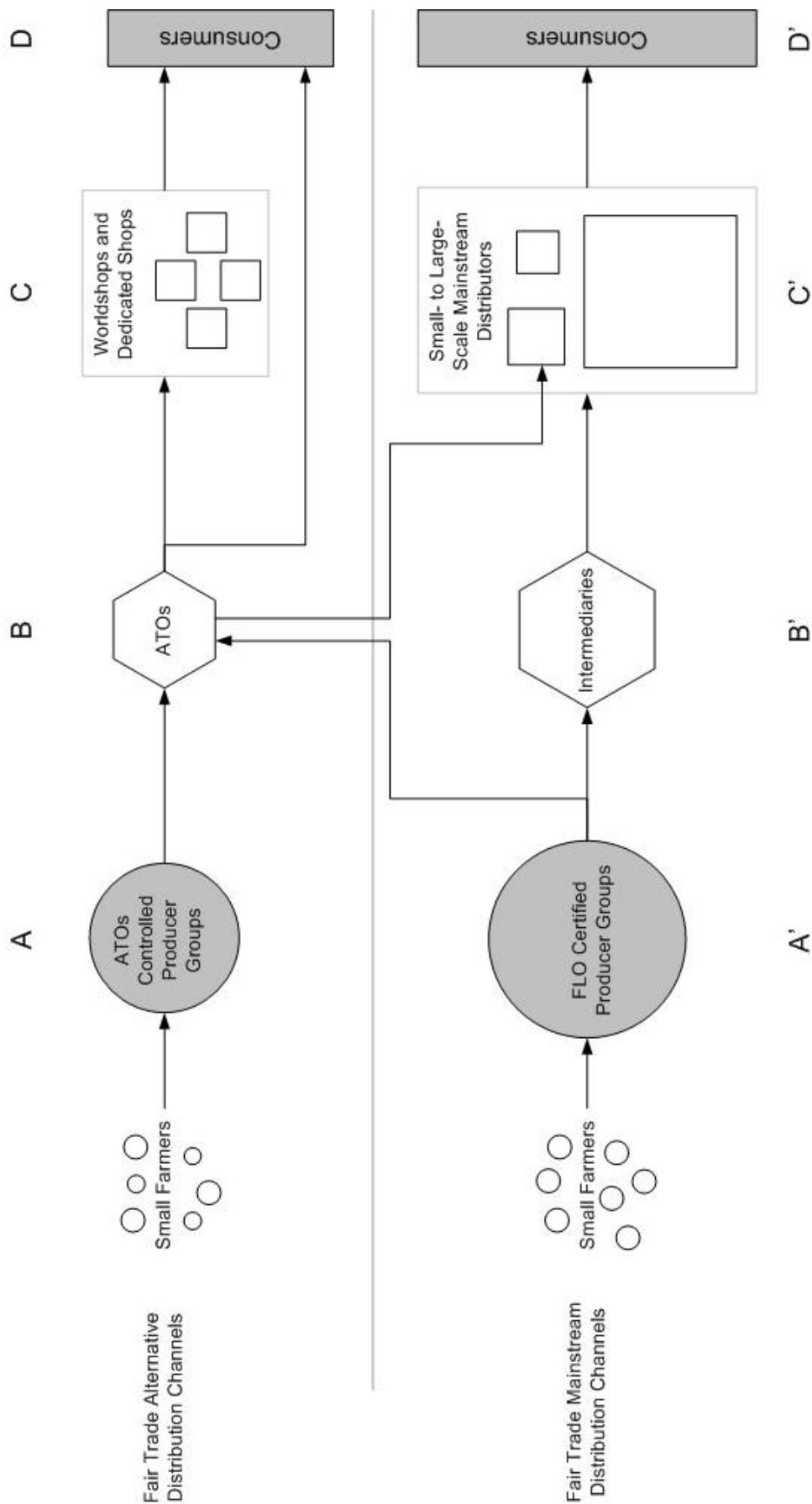


Figure 2: Outline of the general Fair Trade distribution channel types

The structures in the alternative channels are much smaller than their mainstream counterparts (refer to Figure 2). Not only are the importers, processors and retailers smaller, but also the producer groups are. Indeed, FLO-certified groups can be very large, especially in the case of bananas and flowers, whereas most ATOs generally deal with smaller actors, allowing closer and more personal relationships. In an interview carried out by Nicholls and Opal (2005) on the strategies of IFAT and FLO, Carol Wills, the executive director of IFAT, said that

“IFAT will never agree to something that it believes will let down the small producer, and I guess it's something to do with the strategic direction of FLO and FLO being able to say it's not just about the label and the market but it is truly about the marginalized producer”.

Thus, it seems difficult to fuel market expansion and keep on dealing with small and marginalised producers.

2.3.3. Relationships among actors

It emerges from the interviews, that “long-term trading relationships”, one of the basic requirements of Fair Trade, do not have the same signification in alternative and mainstream channels. FLO requires the trading contracts to last at least one harvest cycle, which generally varies, according to the product, between 6 months and 1 year. After that time, importers are free to change the supplier, especially if the relations are not entirely successful. ATOs, having personal and sometimes friendly relationships with their producer groups, they will do their best to make the trading relation last and work together in order to improve it if it was not satisfactory once. On the other hand, these long-term relationships with ATOs possibly create a dependency of the producers on their importer. According to Tallontire (2000), these trading relationships can be rather termed partnerships. She suggests that for such a partnership to be sustainable, the necessary conditions are a shared understanding, mutual commitment, distinct contribution, shared objectives and trust. There is smaller chance that the A' → B' connection gather these necessary conditions, because trade relations in mainstream channels are more transaction-based.

The social distance from consumers to producers is reduced in alternative channels because most salespersons in world shops know their products and can inform consumers about the country of origin, the producer group, the importers, and the production standards, which is not the case in supermarkets. This concern is also expressed by Murray et al. (2003),

saying that the shift from an ATO structure to FLO's mainstreaming strategy has depersonalised the relationships between producers and buyer organisations and reduced the direct ties between producers and consumers. Thus, they call for finding a way to re-establish those ties in mainstream channels. Besides, ATOs often sell their products through their own shops, mail order catalogues or with the help of e-commerce, which narrow further the distance from consumers to producers.

Another difference between the two types of distribution channels is that the ATOs often cooperate together in order to be more efficient. For example, an ATO can be specialised and experienced in rice import and know exactly how rice producer groups work and thus, know how to deal with them. This ATO will then import rice in its own local market, but export it as well to other ATOs in other countries. Conversely, another ATO is specialised in coffee and will export it to other ATOs and buy rice from the first one. This is a case of cooperation rather than competition and is common especially within the EFTA members.

The orientation of the distribution channel types is also different. The products distributed in alternative channels were completely producer-oriented, and did not respond to any specific consumer demand. In order to gain mass-market success, it is increasingly understood that Fair Trade must respond to a product-specific consumer demand (Nicholls, 2004). Mainstream channels are already consumer-driven. However, to increase production diversity, and not to exclude some producers, the market in alternative channels is still producer-driven.

2.3.4. Distribution

In addition to world shops or solidarity shops, some ATOs sell their labelled products to small and medium mainstream distributors as well (Figure 2, link B → C'). However, large retailers have not been contracted, because they require high standards regarding price, quality, quantity and delivery schedule, which are usually incompatible with the limited size and integration capabilities of ATOs. Moreover, contracting large firms contribute to shift the negotiation power within Fair Trade channels to mainstream actors; mainstream actors already control some Fair Trade commodity chains, as shown by Shreck (2005) for bananas.

Randall (2005) explains that ATOs have typically used a focus strategy (refer to Porter, 1980 for more information on this strategy; 1985) so far. They target specific consumers whose purchases are ethically-driven and who are ready to make an additional effort to buy via dedicated shops. However, this practice may change if B → C' links multiply, inducing a diversified clientele.

2.3.5. Separate paths

Most of the time, certified producer groups cannot sell their whole production to the Fair Trade channels (e.g. Levi and Linton, 2003; Taylor, 2002), due to the lack of consumer demand. Thus A' and A often sell in local and conventional export markets as well. Producer groups A are the only actors in the alternative channels that act inside and outside the global Fair Trade market. However, they would certainly participate totally in Fair Trade if there was sufficient demand. Consequently, the alternative channels can definitely be differentiated from the mainstream ones; the former do not integrate any actor that participates in the conventional market voluntarily (except actors that do not have ownership of the product, like shipping companies), which is of course not the case in mainstream channels. All the actors of alternative channels are committed to Fair Trade, either by their membership to IFAT or by their nature. ATOs which are not IFAT members are generally small foundations or non-profit organisations that have been created to help producers from developing countries. As for IFAT members, the contract that they have to sign requires their commitment. Among others, it states that IFAT members share the following practices (IFAT, 1995):

“To trade with concern for the social, economic and environmental well-being of marginalized producers in developing countries. This means equitable commercial terms, fair wages and fair prices. Unfair trade structures, mechanisms, practices and attitudes will be identified and avoided. To cooperate and not compete. To promote fair trade and social justice in the interest of the producer, and not to maximise profit at the producer’s expense.”

2.4. THREATS

Some threats facing the Fair Trade movement have already been mentioned in the literature. Renard (2003) expresses the concern of Fair Trade “being reabsorbed by the market”. We argue that the term ‘re-absorption’ should be positively considered if it means integration and assimilation by the market, since in that case, the final objective of Fair Trade would be reached. The threat is rather constituted by a potential corruption of Fair Trade by the market. However, Renard’s meaning is similar, in particular when she mentions the concern of seeing companies building their own fair labels or parallel product lines with weaker standards. A practical example is given by Sweney (2004), explaining how Nescafé threatened to launch its own fairly traded coffee, with its own standards.

Murray et al. (2003) state that some certified producer groups have started negotiating direct marketing relations with large corporate actors outside Fair Trade channels. For Aranda and Morales (2002), these new arrangements are due to the Fair Trade's own success. However, VanderHoff Boersma (2002) argues that they could threaten the viability of Fair Trade. As for Shreck (2005), she highlights the "concern regarding the distribution of power along the Fair Trade commodity chain" through the example of banana. She says that the powerful actors of the conventional market are still maintaining control in the banana sector, which is a limit of the FLO system. Another threat is that the Fair Trade movement, like several previous 'ethical' consumer movements could "prove to be short-lived commercial fads" (Nicholls and Opal, 2005). This could be possible for mainstream Fair Trade, but very unlikely for the system led by ATOs, since it has lasted for more than 50 years.

Another threat mentioned in this article is the potential internal cannibalisation of the Fair Trade movement, that is, the elimination of alternative channels by the mainstream ones. First, there may be a potential loss of Fair Trade identity due to mainstreaming, resulting in less activism. Nicholls and Opal (2005) confirm that

"as Fair Trade continues to grow and expand into the mainstream, there is a danger that the activists and campaigners that drove the movement in its infancy will become disaffected. This may come about as a reaction to commercial partnerships with multinationals hitherto seen as 'the enemy'".

Renard (2003) also expresses the concern of the dilution of Fair Trade ideology by the market in gaining more presence. She cites Regnier (2001): "The organisations find themselves in the dilemma of continuing to be pure (and marginal) or aligning with large distribution (and losing their soul)". The B → C' connection presented in Figure 2 shows that the tendency is in favour of the second choice. Moreover, although unlikely, if ATOs manage to contract large-scale distributors, as already attempted, the process of dilution could be accelerated. Could this dilution process endanger the viability of dedicated retail outlets, like world shops? World shop consumers could be disaffected to know that certain Fair Trade products bought in these alternative channels can also be found in supermarkets. On the contrary, some world shop consumers could stop buying there and start purchasing their Fair Trade products in supermarkets, knowing that they are identical and easier to purchase. This would be the expression of a possible competition between both distribution channel types. The more so as IFAT and FLO are working together to "develop a system for labelling non-food Fair Trade products, in particular handcrafts" (IFAT, 2005). This could bring products that make the

specificity of world shops into the mainstream. The range of products offered by specialised Fair Trade shops could finally be not larger than the range of Fair Trade products proposed by supermarkets.

2.5. CONCLUDING REMARKS

The research describes two contrasting types of distribution channels in the Fair Trade market. The configuration of the first one is in tune with the objective of supporting global trade reform, using alternative structures fully committed to Fair Trade along the whole chain. The other has been developed to reach more consumers through mainstream channels. It is more pragmatic, opening market access to numerous producers; however, to match the mainstream distribution requirements, some Fair Trade specificities and principles has been lowered:

- Direct ties between producers and consumers have disappeared.
- The long-term relationships required by FLO do not have the same signification (the focus is only on duration rather than on the different aspects of a sustainable partnership).
- FLO gives less importance to marginalised producers than ATOs do.
- The ambivalence of acting "in and against the market" gives less credibility to the objective of campaigning for global trade reform and trade justice.
- Cooperation has let the place to competition in mainstream markets.

Although mainstreaming has played the main role in the expansion of the Fair Trade market, we argue that the alternative channels - the romantics - are essential to maintain the original Fair Trade ideology and political activism for trade reform, in keeping its path off the conventional market. However, the alternative channels of Fair Trade, led by ATOs, are prone to some threats:

- World shop consumers could stop buying Fair Trade products, seeing that ATOs supplying their shops are also supplying supermarkets.
- World shop consumers could start buying Fair Trade products in supermarkets if products are identical.

- Developing new non-food products under the Fair Trade label could remove the specificity of world shops. It could foster a potential competition with mainstream retail outlets.

These different findings lead us to draw several avenues for future research. The change in Fair Trade principles was carried out to adapt to mainstream actors requirements. It would be interesting to analyse why distributors and retailers trade those products, to understand their motivations and finally, to study if their strategy with regard to Fair Trade product distribution serve the Fair Trade objectives. The threats mentioned in the conclusion are mostly related to consumers. In order to go deeper into the comprehension of the consumer, an important step would be to compare the attitudes and behaviours towards Fair Trade products of consumers from both distribution channels.

The primary data of the research were collected in Switzerland, limiting the case to the perception of Swiss actors. In order to improve the generalisation capacity and the level of details of the research, more intensive and systematic data collection should be performed. However, this research has not the ambition of proving but of proposing leads.

Chapter 3: Fair Trade from a Managerial Perspective: Towards a Typology of Strategies^{*}

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Abstract

The consumption of Fair Trade products increasing from year to year, distributors are becoming ever more interested. What are their motivations to distribute Fair Trade products? How do they organise this distribution? Are they really engaged with the Fair Trade principles? This research aims at organising and analysing the data related to these research questions from five case studies in Switzerland, in order to build an initial typology of the different strategies existing in the Fair Trade distribution. Findings show that the motivations differ widely, from director's values to strengthening of corporate identity. The organisation of the distribution and the engagement with the Fair Trade principles vary accordingly. These different motivations and practices shape the preliminary typology presented, structuring the managerial knowledge with regard to Fair Trade product distribution. It also gives the opportunity to assess the extent to which each strategy serves the Fair Trade objectives.

3.1. INTRODUCTION

The Tsunami in South-East Asia in late 2004 generated an unprecedented amount of donations from individuals and corporations. Foundations created by companies representing the capitalist ideology are increasingly blossoming throughout the world, giving a concrete meaning to the term corporate philanthropy. Are we facing a new rationality of firms? Could economic concepts such as market, competitiveness and trade include notions like fairness, solidarity or justice? The Fair Trade movement might be a sound example of a commercial vision including all these concepts.

Fair Trade is on the European Union and International Trade Centre agenda; Fair Trade is a research topic of a growing number of academics; Fair Trade is present at McDonald's and Nestlé. In a word, Fair Trade is conglomerating.

“Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, disadvantaged producers and workers – especially in the South. Fair Trade organisations (backed by consumers) are actively engaged in supporting producers in awareness raising and in campaigning for changes in the rules and practices of conventional international trade” (FINE, 2001).

This frequently cited Fair Trade definition (Bacon, 2005; Jones et al., 2003a; Moore, 2004; Taylor, 2005), written by FINE, a network of four Fair Trade organisations, shows three essential actors: marginalised producers that are mainly located in the South, organisations that coordinate and promote Fair Trade, and consumers, who regulate the quantity of products sold (supply being in excess) and thus the number of producers able to enter the Fair Trade network. Where are the distributors⁶? Distributors are catching the Fair Trade train and increasingly start selling these ‘clean’ products.

Fair Trade products were traditionally traded by organisations totally involved in the movement (Bowen, 2001). However, the movement has gradually organised itself and during the second part of the 80s (Bowen, 2001), Fair Trade outflanked NGOs, associations and

⁶ As distributors, all companies having a direct commercial relation with end consumers are considered

goodwill organisations to reach transnational corporations and the mainstream distribution in general. This new strategic orientation has increased Fair Trade sales drastically (Raynolds, 2000).

The number of sales outlets distributing Fair Trade products is increasing, reaching 78'900 in Europe in 2005 (Krier, 2005). The integration of those products in their selection is thus not an exception constituted by a few isolated distributors. Based on this observation and the growing interest in Fair Trade distribution, a research objective has been elaborated, which is to propose a preliminary typology of Fair Trade distribution strategies together with the prerequisites to implement each strategy. Two research questions have been designed to reach that objective: What are the companies' motivations to distribute Fair Trade products? How do companies organise the distribution of Fair Trade products?

Due to the increasing turnover generated by the Fair Trade distribution, these questions might be interesting for existing Fair Trade distributors as benchmark, but also for firms that plan to distribute these products. Moreover, this study is carried out on the Swiss market, which is considered a big Fair Trade success (Krier, 2005).

Fair Trade mainstreaming is at the centre of an ideological debate, between proponents of a market-led and an activist-led system (e.g. Renard, 2005; Shreck, 2005; Taylor, 2005). This research also aims at bringing new elements to the discussion by assessing to what extent each of the identified strategies serves the Fair trade objectives. For this purpose, we will link companies' strategy to Fair Trade principles in order to investigate if there is a possible fit and if the degree of the fit differs according to the strategies.

Referring to the derived typology, the terms 'preliminary' or 'initial' are used because the research is exploratory and the field lacks sufficient theory to build a proper typology like Doty and Glick (1994) or Miller (1996) mean it.

3.2. THEORETICAL FRAMEWORK

3.2.1. Fair Trade coordination issues

Fair Trade can be considered according to two different perspectives (Raynolds, 2000; Renard, 2003). It can be, on the one hand, a simple extension of conventional trade, including additional rules and standards. On the other hand, it can be considered as a tool to modify the rules and practices of conventional trade. These two perspectives are materialized by two

types of distribution (refer to Chapter 2). Respectively, the first, more pragmatic, exploits mainstream channels to broaden the targeted consumers and consequently open market access to producers. The second, more ideological and corresponding to Fair Trade originally, uses alternative distribution channels totally dedicated to Fair Trade, including distributors such as world shops. In the first case, a label is necessary to distinguish conventional products from Fair Trade ones, whereas in the second, all products originate from Fair Trade and thus, do not necessarily carry a label.

Each distributor must buy a license from the ‘national labelling initiative’ to have the right to use the Fair Trade label (FLO, 2006b). The most well-known are Max Havelaar (e.g. in the Netherlands, Switzerland and France), TransFair (USA, Canada and Germany) or Fairtrade Foundation (UK). Thus, Fair Trade labels might differ according to the country and, although some labelling initiatives have the same name, they are independent from one another (I7)⁷. The buyer must respect the standards, namely pay at least a minimum price fixed for the product, pay the Fair Trade premium, partially pay in advance if the producer group requires it, and finally, sign contracts that allow for long-term planning (FLO, 2008b).

3.2.2. Distributor motivations

Strong (1996) sees in Fair Trade an opportunity for distributors to gain strategic competitive advantage, through targeting the ethical consumer market segment. In the same way, Nicholls (2002) argues that addressing the Fair Trade market (in the UK) offers retailers “not only the opportunity to develop their profile in terms of corporate social responsibility (CSR), but also a chance to develop a competitive advantage in a new niche market”. Thus, distributing Fair Trade products seems to provide great opportunities for companies, but the related literature does not specify how companies transform these opportunities into strengths, that is, how they internalise them. This question is addressed in the present research. Jones et al. (2003b) state that some UK retailers increasingly try to build customer relationships through Fair Trade “in the belief that this will strike an important chord with a growing number of consumers”. However, while all the major grocery retailers emphasise their broad policy commitment to Fair Trade products, they do not feature prominently in promotional messages. Jones et al. (2003b) also notice that retailers face constraints and problems in sourcing a wider range of

⁷ This notation refers to the corresponding interview listed in Table 3.

products, in maintaining regular and reliable supplies with small and marginal producers, as well as in managing the costs of Fair Trade products. However, these studies do not go into details on the organisation of the distribution of Fair Trade products, which is the gap that this research aims at filling.

Low and Davenport (2005) proposed a scale of retailer engagement with Fair Trade principles and products, partly using Nicholls (2002) terminology. The scale consists of five possible business types, from the less to the most engaged : ‘Disbeliever’, ‘Defensive CSR Business’, ‘Pro-active CSR Business’, ‘Values-driven Business’ and ‘Fair Trade Organisation’ (refer to Figure 3). Each strategy identified in this research will be classified using this terminology in order to assess its engagement with Fair Trade principles. Indeed, it is a good indicator to measure the extent to which the strategies serve the objectives of Fair Trade. The more the company is engaged with Fair Trade principles, the more it is serving the Fair Trade objectives, because it shows an alignment between the company’s strategy and the Fair Trade objectives. It is also an indicator as to whether Fair Trade and to a larger extent altruism is part of the transcendent objectives of the firm, the immanent objectives being the production, the survival, the growth and the rationality (Bochenski, 1985).

In order to classify the cases analysed in this research, further explanations on the specificities of each business type defined by Low and Davenport are required. The aim of Fair Trade organisations is to improve producer well-being. They generally sell only Fair Trade goods and participate to the development of the Fair Trade movement through their membership in umbrella organisations. The defining characteristic of values-driven businesses is a high “degree of embeddedness of ethical principles in their business practices and their willingness (mission) to promote Fair Trade principles” (Low and Davenport, 2005). Although Pro-active CSR businesses have a relatively high degree of engagement with Fair Trade principles, they do not fully embrace the practice of Fair Trade. They “are likely to stock Fair Trade goods as only one element in their armoury of consumer choice” (Low and Davenport, 2005). Defensive CSR businesses sell Fair Trade goods usually as a response to pressure from campaigning groups and other stakeholders. Social and environmental issues are rather viewed in terms of cost/benefit than in a broader, indirect stakeholder perspective. Almost none of the Fair Trade principles are exhibited by the company’s practices. Finally, disbelievers are sceptical about corporate engagement in social or environmental actions and do not stock Fair Trade products. This category is not analysed in this research.

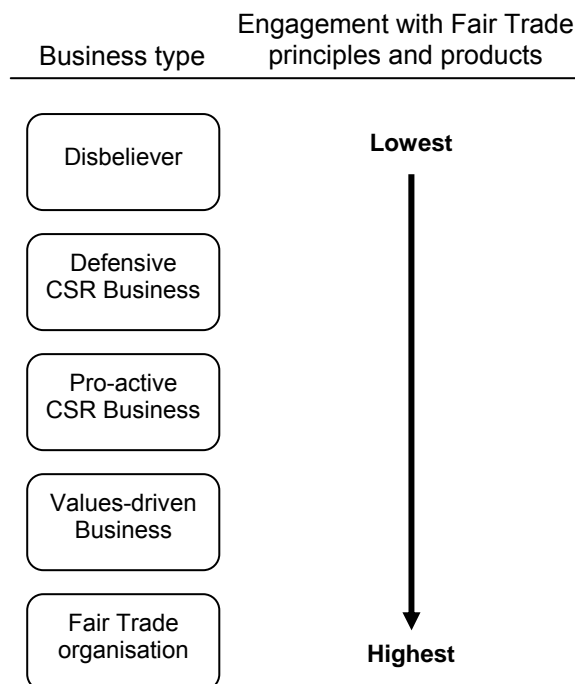


Figure 3: Business types and their engagement with Fair Trade principles and products, adapted from Low and Davenport's scale (2005).

3.2.3. Key Management Factors

In order to analyse the organisation of companies with regard to Fair Trade products, we will first identify the important variables, the key management factors, which intervene in the distribution of those products. This identification allows to position the companies in relation to these factors and to establish an initial typology.

According to our understanding, key management factors are practices and aspects of purchasing, merchandising, marketing and coordination of the organisation that prove to be critical with the aim of mastering its value chain dedicated to Fair Trade products. Relying on the general contingency theory (e.g. Burns and Stalker, 1961; Lawrence and Lorsch, 1967; Mintzberg, 1979) specifying that the organisational structure and the strategy are influenced through diverse internal and external variables, we postulate that those factors must be put into perspective and interpreted according to the attributes of each human, historic and situational environment.

Table 2: Key management factors adapted to the distribution of Fair Trade products

Factors	Definition / Explanation
General characteristics	
Economic Activity	According to the General classification of economic activities issued by the Swiss Federal Office of Statistics (OFS, 2002).
Size (employees)	Size of the company in number of employees.
Turnover in US\$	Turnover of the company in US dollars in 2005.
Distribution date	Date of the beginning of Fair Trade product distribution.
Structure	
Fair Trade specific department	Does the company handle Fair Trade products separately, within a dedicated department? This department could have a broader aim, grouping different social/environmental products.
Department size (employees)	Number of employees working in the department specific to Fair Trade, if such a department exists.
Human resources	
Employees' personal interest in Fair Trade	This variable defines if the employees working in the specific department or if some other employees are personally involved in Fair Trade, if they know the related issues and adhere to the ideology.
Strategic orientation	
Main CSR policy	This variable synthesises the company's strategic orientation concerning CSR.
Motivations	Describes the strategic reasons of the introduction of Fair Trade products in the company's selection.
Operations	
Supply chain management	Describes how Fair Trade products purchasing is performed, by comparing it with conventional products.
Personal relations with producer groups	Variable describing whether the company knows the producers of raw material, if it has regular contacts with them and if so, the type of relation that they maintain.
Marketing	
Fair Trade selection	Describes the different Fair Trade products sold by the company.
Pricing	Describes the pricing strategy concerning Fair Trade products. How are prices established? Is there an increase compared to conventional products and why?
Loss leader strategy on Fair Trade products	Are Fair Trade products used as loss leader strategy where the final price is inferior to its cost, in order to attract clients to buy other products with high margin?
Type of distribution	Describes the type of distribution channels used by the company to sell Fair Trade products.
Fair Trade Communication / advertisement	Describes how Fair Trade is communicated to the clients; is it a communication associating the company's name or brands with Fair Trade?

Key management factors can be identified using an instrument of companies' global strategic analysis. Filion (1994) presented an appropriate instrument because it covers the different functions and activities of a company highlighting its diverse strategic variables. These latter variables have been adapted and contextualized to the distribution of Fair Trade products, generating the key management factors presented in Table 2, with their definition. Some of the adapted factors, such as 'supply chain management' or 'pricing' are deliberately presented in a general manner, in order to have a global perspective on the company's strategy concerning those factors. For clarity purpose, the management factors are grouped into six categories: the general characteristics of the firm, its structure, the human resource management, the strategic orientation, the operations management and the marketing.

This research does not have an ambition to determine, for each key management factor, what is the best strategy. It aims at analysing the position of each surveyed company against the key management factors of the Fair Trade product distribution.

3.2.4. Methods

The lack of research focusing on the organisation of distributors with regard to Fair Trade gives this research an exploratory orientation. Consequently, we use a multiple-case study design, choosing exemplary cases in Switzerland according to Yin's method (2003), which induces to choose a theoretical sampling rather than a random sampling (Eisenhardt and Graebner, 2007). Thus, the companies selected for analysis, namely Coop, Switcher, La Semeuse, McDonald's Switzerland and the Magasin du Monde have been chosen because they are very different in size and economic activity and therefore have more chance to differ in their organisation of Fair Trade product distribution. Using this method, the preliminary typology stemming from the analysis is more likely to be complete and interesting. Among the five companies selected, Magasin du Monde is the only one belonging to the alternative distribution of Fair Trade, which involves actors trading exclusively Fair Trade products.

For each case, the first step consisted in the content analysis of different information sources on the company, such as the corporate management report, the CSR report and the company's website in order to derive the position of the company with regard to the key management factors defined previously. Then, these data were supplemented with different interviews with the person responsible for managing Fair Trade or social and environmental products within the company or, if such a position did not exist, with the closest person to that position. In the case of a small company having less than 50 employees, we asked for an

interview with the managing director. A second round of interaction, either by phone or by e-mail, was carried out afterwards. The interview guide draws on the instrument of Filion (1994) contextualised to the Fair Trade product distribution. The guide was pre-tested on 10 people and adapted based on their comprehension and feedbacks. The final guide is presented in Appendix D. Table 3 presents the complete data gathered for the analysis of the cases.

Interviews were recorded and transcribed in order to be analysed. Two types of reduction techniques were used to analyse the data. First, each interview was summarised using contact summary sheets (Miles and Huberman, 1994) to focus on the important themes and issues that were discussed, as well as to highlight the salient and interesting information that the respondents gave. Then, codes representing the key management factors were defined. The various documents were covered and the interesting information was given a code related to the relevant key management factor. Thus, the information contained in the transcripts and the other data sources could be systematically organised.

Each case study presented in the next section is implicitly composed of three parts:

1. The description of the company's organisation with regard to the key management factors elaborated in the previous section.
2. Based on this description, a generic strategy is identified and given a name (due to the theoretical sampling used for the case selection, the five companies analysed have different strategies regarding the distribution of Fair Trade products).
3. Finally, based on the descriptive part of each case, two propositions are elaborated to link:
 - *The strategy and its implementation prerequisites*
 - *The strategy and its engagement with Fair Trade principles according to Low and Davenport's scale (2005)*

Table 3: Data sources used in the case analyses

Case	Interviews ^a				Other data sources
	Interviewee Position	Length	Date	Ref ^b	
Coop	Project coordinator Naturaplan and Max Havelaar	40'	Jan 2006	I1	Annual report 2004 (Coop, 2005) and 2005 (Coop, 2006a), Sustainability report 2005 (Coop, 2006c), Facts and figures 2005 (Coop, 2006b)
McDonald's Switzerland	Supply chain director	30'	Jan 2006	I2	CSR report 2005 (McDonald's, 2006), environmental report 2004 (McDonald's, 2005), websites (www.mcdonalds.ch and www.environment.mcdonalds.ch)
	Customer care Additional e-mail interaction		Nov 2007	I12	
Switcher	Compliance & integrity officer	1h10	Jan 2006	I3	Switcher social management report 2005 (Switcher, 2006), CSR report 2003-4 (Switcher, 2004), website (www.switcher.ch), a case study on the company's supply chain (Cestre, 2001).
	Ibid, additional e-mail interactions		Sept 2006, Jan 2007	I6	
La Semeuse	Owner-manager	55'	Jan 2006	I4	Website (www.lasemeuse.ch), directories of companies (www.kompass.ch and www.swissfirms.ch)
	Ibid, additional phone interview		Jan 2007	I9	
Magasin du Monde	Four different world shop managers	1h15 to 2h15 each	Dec 2005 – Jan 2006	I10	Website (www.mdm.ch), accounting data like balance sheets, profit and loss accounts and other internal documents
	Coordinator of the world shop association	1h	Oct 2005	I11	
Other key informants used in case analyses	Director of producer relations, Claro Fair Trade	1h	Jan 2005	I5	Moreover, all case studies contain other secondary data sources cited in the text.
	Project manager communications Max Havelaar	1h20	Jan 2005	I7	
	Director Engagement (ethical labels), Migros, e-mail questionnaire		Jan 2006	I8	

NOTE:

^aInterview quotations in the text have been freely translated from French.^bThis notation is used in the text when citing the corresponding interview.

3.3. COOP

According to the Annual Report (Coop, 2006a), retail trade is Coop's core business, by means of supermarkets and specialised chain stores. Coop also provides further services, such as hotel, restaurant, telephony and banking services. Supermarkets, employing 44,916 people, account for 64% of the total turnover of \$13.2 billion⁸. Considering its turnover, Coop occupies the second place in the Swiss retail market.

The sustainability report (Coop, 2006c) indicates that Coop has several labels for environmentally and socially responsible products. Fair Trade products have been introduced to develop and diversify those labels. There are many Fair Trade labelled products and some of them, such as the banana in 2004 and the rose since 2005 have totally replaced their conventional counterparts. Coop's strategy oriented towards the labels and particularly towards Fair Trade, makes it the largest distributor worldwide for this type of product in spite of the small size of the Swiss market (Coop, 2006c).

A specific department handles the development of labelled products, which is done jointly with Max Havelaar in the case of Fair Trade. It is also an interface with the purchase department and a support to the main management with regard to the ethical labels strategy (Coop, 2006c).

Concerning its purchases, Coop "tries not to change producers because of the time and effort needed to establish good commercial relations, which differ from conventional relations that are more efficient" (I1). At times, if a problem arises with high volume producers, the directors of the group are invited for a meeting or employees from Coop's department will go onto the field, in order to discuss and find solutions together. Therefore, a kind of trustworthy relationship is established. Although Max Havelaar is responsible for seeing that the social standards of Fair Trade are respected by the producers, the respect of these standards is also very important to Coop when it comes to large producers. Failure to respect these standards would mean the loss of the certification for that group of producers. Should this happen, Coop would have to find other producers, which is very demanding (I1).

⁸ A the rate CHF 1 = US\$ 0.8861 (same rate for all conversions in this article)

Coop maintains the same profit margin on Fair Trade products as on conventional ones using a similar pricing procedure. Final prices of Max Havelaar products are thus higher than their conventional equivalent since costs are also higher. Loss leader strategy is not applied to Fair Trade products except in the case of specific promotions; these products are profitable directly through the sales that they generate and indirectly through the positive effects that they have on the corporate image (I1).

Communication is based on two axes: product quality as well as social and ecological responsibility of the company. Ethical labels were developed to contribute to the latter communication axis. These labels play an increasing role in the turnover, in the communication as well as in the company's identity. In its communication strategy, Coop combines the concepts of Fair Trade, sustainable development, development aid and ecology, in order to create a harmonious image of a responsible citizen. Fair Trade fits into a coherent multi-label strategy that aims at “associating Coop with products that respect the environment and with a certain social ethics in people perception” (I1). The message given is hence ‘Coop sells Fair Trade products, therefore Coop is fair’. Moreover, Migros, the leader of retail trade in Switzerland, is also structured around a similar multi-label strategy (I8).

It is possible to conclude that Fair Trade products add a value of **diversification** to the company without deeply modifying the business processes linked to the labels’ management, as they already existed for the other ethical labels. Coop’s strategy regarding Fair Trade products is thus based on the diversification of its ethical labels in order to foster the communication of a socially and ecologically responsible company.

This strategy is only suitable to the retailing sector where the selection of products is wide, allowing different ethical labels. Consequently, we propose the following with regard to the implementation prerequisites:

Proposition 1a: The sector (retailing), a selection containing different ethical labels as well as a coherent communication around those labels are prerequisites of a diversification strategy regarding Fair Trade product distribution.

Concerning Low and Davenport’s scale (2005), this strategy requires being very active towards Fair Trade and its communication. The company is however not values-driven, because Fair Trade and ‘ethical’ products are just one category in its total selection. The Fair Trade values are not dispersed within the company’s processes. Thus:

Proposition 1b: Companies implementing a diversification strategy can be classified as pro-active CSR businesses.

3.4. MCDONALD'S SWITZERLAND

The turnover of the Swiss entity of McDonald's increased rapidly during the 90s, due to the proliferation of restaurants, however, since 2002, it has stabilised due to the "strategy of world expansion, focusing more on quality than quantity", consolidating at \$472.4 million for 2005 (McDonald's, 2006).

McDonald's is often perceived, especially by the alter-globalisation movement, more as a symbol of predatory capitalism than a good student among socially responsible companies, as can be seen in a number of press articles, documentaries or analyses of the company (e.g. Fantasia, 2000; Gilbert, 2006; Royle, 2000; Spurlock, 2004; The Economist, 1990). Therefore, it may come as a surprise that McDonald's has included Fair Trade coffee in its selection since 2003. Even though McDonald's only sells this type of coffee in Switzerland as well as in certain regions of the USA (I2; Transfair USA, 2007) and that this product targets only a small segment of its clientele (I2), this nonetheless contrasts with the generally accepted perception of the company.

The first explanation to this strategy comes from the product policy based on quality and local origin when possible (I2). Approximately 80% of food products are purchased in Switzerland, whereas the other 20% come mainly from European countries. Coffee is a mandatory exception. An increasing part of products purchased are certified by IP-Suisse (McDonald's, 2005), an independent organisation which labels agricultural products according to environmental and quality standards that are higher than the minimum required by the Swiss law. Coffee being an imported product, McDonald's was looking for an organisation, which set similar environmental and quality standards as IP-Suisse. Max Havelaar satisfied these requirements and had the necessary experience in the management and development of Fair Trade coffee (I2).

The coffee is supplied by Caferos AG, a joint venture between McDonald's and a private investor which owns the brand Aroma (I2). There is no noted difference in the relations between McDonald's and its Fair Trade coffee supplier and that which McDonald's has with its conventional product suppliers. There is no additional business process specific to Fair Trade except those concerning the relation with Max Havelaar.

McDonald's Fair Trade and conventional products are subject to the same profitability and management rules. The introduction of Fair Trade coffee did not increase the price of the cup. The additional cost generated by Fair Trade coffee was absorbed by McDonald's and was therefore not passed on to the consumer (I2). This is in part justified by the fact that the major part of the cup of coffee's price is due to the service, not to the coffee itself. The reduction of McDonald's profit margin is therefore limited.

With regard to its communication strategy, McDonald's does not advertise its Fair Trade coffee but rather informs people, for example through an informative household flyer, containing a page dedicated to Max Havelaar coffee. There is no specific communication plans on the subject with the possible exception of a Max Havelaar logo printed on the coffee cups (I2).

Since the end of the 90s, under the pressures of ecologist groups, McDonald's has made a major effort to appear as an environmentally friendly company (The Economist, 1990). In particular, as of 1998, an environmental report has been published every two years (McDonald's, 2005) and a website has been dedicated entirely to the environment (environment.mcdonalds.ch). The various criticisms received on the company's social responsibility at the global level (Gilbert, 2006; Royle, 2000) could have a similar impact. The environmental report 2004, which includes a social dimension notably with the help of Fair Trade and, in 2005, the report totally dedicated to McDonald's social responsibility are elements corroborating this hypothesis. This new orientation could become an absolving strategy, as the environmental efforts and the promoting of an ecologically responsible company responded to various related criticisms.

Fair Trade could thus integrate into a **contrast** strategy that would be more of an alibi directed at pressure groups than a message targeting its clients. The paucity of information and advertising related to Fair Trade intended for consumers tends to confirm that they are not the primary target of the strategy.

This strategy is linked to the predisposition of a company to undergo criticisms from pressure groups (for example due to its management practices or economic activity). This can occur with large (under the spotlight) companies. Consequently,

Proposition 2a: The size (large) as well as a predisposition to receive criticisms from pressure groups on the company's social or environmental

behaviour are prerequisites of a contrast strategy regarding Fair Trade product distribution.

Companies implementing this strategy are clearly not pro-active in the Fair Trade product distribution. Thus, Regarding Low and Davenport's scale (2005), we propose:

Proposition 2b: Companies implementing a contrast strategy can be classified as defensive CSR businesses.

3.5. SWITCHER

With a turnover of \$70.9 million and 160 employees (I6), Switcher is, according to its own declaration, "the Swiss market leader in the sale of T-shirts, sweat-shirts, leisure-time clothes and accessories" (Switcher, 2006). The company positions itself as a family brand with average prices for above average quality.

Switcher has a 'Compliance & Integrity' department, which handles the application of CSR in the company and its suppliers (I3). Switcher is very active in developing or participating in CSR related projects and this orientation seems to be strongly affected by the ethical values of its managing director, owner and founder. Concrete examples are the participation in the 'Clean Clothes Campaign', a pilot project that aims at auditing textile suppliers (Switcher, 2006); the independent audit of ISCOM (I6 and ISCOM, 2007), which aims at verifying that codes of conduct are effectively applied; the commercialisation of Fair Trade clothing or the development of the website www.respect-inside.org which enables consumers to know the exact path followed by the purchased product (weaving, dyeing, etc.) including the different production sites and raw material origins (I3). The various awards received by Switcher as well as the case study of Cestre (2001) corroborate its innovative CSR management.

Switcher is in fact one of the initiators of the project of cotton commercialisation under the Fair Trade label. In 2003, the company signed a pilot project with Max Havelaar in order to assess the applicability of Fair Trade standards to the textile industry (Switcher, 2004). Switcher's Fair Trade collection consists only of a few items. However, the other products follow the same manufacturing process; they are as 'clean' as Max Havelaar products but are simply not labelled (I3). The Max Havelaar project fosters the way that the company managed its CSR practices. According to the social management report (Switcher, 2006), "with this

labelling procedure, Switcher uses an instrument tried and tested in other agricultural domains in order to control its supply chain even better. [...] Max Havelaar brings the consumer additional credit to the transparency of Switcher's social approach".

There are only a few cooperatives that produce cotton for Switcher, which allows closer relations and more efficient verification of standards compliance (I3). Fair Trade certification required few modifications in the business processes or work organisation of the cooperatives, because from the beginning of the commercial relationship, Switcher required good labour conditions for the employees and paid a responsible price for the product (I3). As for the manufacturers, each of them has one or several 'Social Compliance Officers', with whom Switcher maintains constant relations with the aim of developing conduct plans with corrective actions in order to comply with Switcher's code of conduct in factories (I3).

At the time of its launch, Max Havelaar clothes had a slightly higher final price to cover the cost of the distribution license and to highlight a price difference with Switcher's quality equivalent products. This pricing strategy is no longer in effect because the company does not want that the non-labelled products be considered as less "clean" (I3).

Although Switcher has been very active in CSR, it had some difficulties in communicating its different actions to its target segments. The company was sometimes called paternalistic because it built schools or brought drinkable water to citizens near the factory (I3). Following those criticisms, communication on CSR has been rare until the Max Havelaar project. Now, the Fair Trade label lends Switcher's way of working with its suppliers additional credibility. According to Switcher, the label allows the use of the Fair Trade image that is well accepted by consumers and is an easy and secure manner of reinforcing its corporate identity. Switcher communicates almost exclusively through the sponsorship of events that suit the image that the company wants to give (I3).

We define Switcher's strategy with regard to Fair Trade product distribution as **corporate culture**. Indeed, the introduction of Fair Trade products is only an additional stage in the management practices of the company and integrates easily into the product, purchasing and communication strategy. However, the Fair Trade values were already integral to Switcher before Fair Trade came into the textile industry. The Fair Trade labelling project has been developed to give additional credibility to the company and authenticate its vertical CSR policy using a recognised label.

The implementation of a corporate culture strategy is tightly related to the involvement of the owner and managing director in the spreading of his values and conception of business in his company. Moreover, this strategy seems to be inseparable from a vertical integration of the company's supply chain in order to have tight relationships with raw material suppliers. Consequently,

Proposition 3a: A vertical integration of activities in the company's supply chain as well as the involvement of the owners and managing directors in the values-driven orientation of the company are prerequisites of a corporate culture strategy regarding Fair Trade product distribution.

The corporate culture strategy involves more than being pro-active. Values are spread within all the activities of the company. Thus,

Proposition 3b: Companies implementing a corporate culture strategy can be classified as values-driven businesses.

3.6. LA SEMEUSE

La Semeuse is a coffee roasting family company, which employs about 25 people (Kompass, 2007; Swissfirms, 2007) with a turnover of \$5.3 million (Swissfirms, 2007). Its two main activities are roasting and distribution of coffee. The business strategy is based on differentiation through the quality of the coffee roasting. Even though it is a small actor in the Swiss roasting market, it is well placed in the high quality coffee segment (I4).

The owner-manager is aware of the coffee producers' difficulties but feels a certain helplessness regarding the reality of the market. "The grower is not able to sustain himself, to possess the necessary infrastructures, he cannot provide for his family whereas all the others help themselves in the chain" (I4). Thus, he feels a problem of conscience, almost guilt, because these same growers allow him to earn his living. However, he also wants to generate profit and be able to give his employees a reasonable salary. He is thus torn between his conscience and his position of company manager. Fair Trade is a way to combine pragmatism with respect for his values. He finds the Max Havelaar initiative excellent and was the first roaster to distribute labelled coffee in Switzerland.

La Semeuse has two Fair Trade coffee products which represent about 5% of the processed volume. The limited number of certified producers complicates the creation of

blends (the Fair Trade label does not allow conventional and Fair Trade coffee blends), in particular when quality is essential. The fact that the company processes small volumes makes these choices even more complex (I4).

Coffee distribution is carried out through three channels (I4): catering companies, independent retailers, and direct sales. Catering amounts for about 50% of sales for conventional coffee, whereas retailing is more important for Fair Trade coffee, because restaurants see little benefit in selling this type of coffee.

La Semeuse is the roaster for Claro Fair Trade AG, for which it provides coffee under private label (the brand is thus Claro) (I4). Claro Fair Trade is a Swiss company that imports and distributes only Fair Trade products. The trust given to La Semeuse by this company, one of the founding members of Max Havelaar in Switzerland (I5), gives additional credibility to the roaster vis-à-vis its involvement in Fair Trade.

The ratio for calculating the margin is the same for Fair Trade coffee as for conventional coffee. However, the additional time necessary to manage the products separately, the time spent carrying out the audit for Max Havelaar and the costs of purchasing the Max Havelaar license are not taken into account in calculating the margin. Indeed, volumes are too small to use a different margin calculation. Return is thus lower for Fair Trade coffee (I4).

As a rule, communication focuses on the products' quality and therefore, on the association of the brand La Semeuse with quality (I4). La Semeuse occasionally makes specific communications concerning its Fair Trade blends in certain media or through tastings and representations in fairs. Advertising in the media focuses first on the fact that the coffee carries the Max Havelaar label and, second, on the quality of the Fair Trade coffee (I4). Communication about Fair Trade is centred on the product and not on the brand; there is no attempt to associate the brand La Semeuse with Fair Trade.

The creation of Fair Trade blends together with their distribution can be seen as the will to foster and adhere to the Fair Trade movement in order to reconcile the market-oriented company with the **individual ideology** of its owner-manager. However, there is no integration into a well-defined business strategy.

In order to be implemented, the individual ideology strategy requires the adherence of the owners to Fair Trade. Therefore, only small to medium companies having few owners can implement that strategy.

Proposition 4a: The size (small to medium) as well as the owners' personal adherence to Fair Trade are prerequisites of a corporate culture strategy regarding Fair Trade product distribution.

The individual ideology strategy is not implemented by a values-driven business, because the latter means a total integration of the values within the company. The individual ideology means that the owners adhere to the Fair Trade concept, but are not ready to transform their company into a values-driven one. It is more about 'doing something for Fair Trade'. On the contrary, it is not a defensive CSR business because it is neither a reaction to pressure nor is the company a follower of the movement (the company was one of the first to distribute Fair Trade coffee in Switzerland). Thus,

Proposition 4b: Companies implementing an individual ideology strategy can be classified as pro-active CSR businesses

3.7. MAGASIN DU MONDE

Magasin du Monde (MdM) is a non-profit network of 40 world shops coordinated by the French-speaking Switzerland World Shops Association (ASRO) and generating a turnover of \$2.8 million (in 2004)⁹. The main activities of MdM are the distribution of Fair Trade products and the promotion of Fair Trade. However, MdM is also a political instrument to raise consumer awareness about the inequity in the economic exchanges between rich and marginalised areas in the world (MdM, 2007). The whole movement of world shops is present within 13 countries of Europe and has more than 2'800 shops (Krier, 2005).

MdM sells foodstuffs, crafts and cosmetic products under Fair Trade conditions, although not all carry the Max Havelaar label. For consumers, these products have intangible values, beyond their intrinsic utility. They buy solidarity, equity and the feeling that they did a good deed. The clientele consists mainly of regular customers that know MdM and adhere to Fair Trade (I10).

Each world shop is independent of one another and receives guidelines from the ASRO (I11), in a way that is similar to the franchise model. All employees, mostly retired people or

⁹ MdM profit and loss account, internal document

housewives are volunteers except a few shop managers who receive a salary in return for their involvement. MdM could not survive without volunteering; however, although volunteers are driven by their ideology and support for Fair Trade, they are also a source of problems. Most positions are occupied by people who do not have management skills or experience. Volunteers usually do not have a contract of employment and as such, requesting rigour, accountability and responsibility from them is a difficult task (I10).

Suppliers are organisations that only import Fair Trade products, such as Claro Fair Trade AG, Fairness Caritas or Oxfam. World shops have to buy 90% of products from suppliers authorised by the ASRO. 10% can come from direct collaboration projects with southern producers or with other suppliers. With respect to products from the authorised suppliers, prices are set by the ASRO (I11). Due to lack of professionalism, operation management is disorganised. Information technology is hardly used and accountancy as well as stock management is mostly performed on paper (there is a resistance to information technologies due to the high average age of employees).

As a general rule, neither the ASRO nor the world shops do any advertising. Only information is proposed, for example through a newsletter or a small magazine edited by the ASRO in order to raise consumer awareness (I11). There is no coherent communication carried out by the world shops themselves. Each of them performs its own actions such as having a presence in different fairs and events or providing information leaflets to their loyal customers (I10).

The values of Fair Trade are omnipresent in the activities of the organisation. However, there is a lack of efficiency in the management of the different business processes. Three broad factors can be the cause of this chaotic organisation. There is a lack of financial resources; the not-for-profit aim removes pressure on efficiency; and finally, working with volunteers reduces the accountability of shop managers and employees who work mostly for free. Fair Trade being the essence of MdM, the distribution of those products is not part of a wider business strategy. The strategy regarding Fair Trade is to distribute products as a means of spreading Fair Trade values among consumers. We define this Fair Trade values-centred strategy as **devotion**.

A devotion strategy implies being a political activist to promote Fair Trade. This activity is not associable to profit and needs volunteering to subsist. Consequently,

Proposition 5a: To be not-for-profit and political activist, as well as benefiting from volunteering are prerequisites of a devotion strategy regarding Fair Trade product distribution.

Concerning Low and Davenport's scale (2005), we propose that:

Proposition 5b: Companies implementing a devotion strategy can be classified as Fair Trade organisations.

Table 4 synthesises the positioning of the companies analysed in the five case studies with regard to the key management factors defined in the theoretical framework.

Table 4: Synthesis of the five Case Studies filtered by the Key Management Factors

Factors	Coop	McDonald's Switzerland	Switcher	La Semeuse	Magasin du Monde
Economic Activity	Retail trade	Hotels and restaurants (fast-food industry)	Clothing industry (ready-to-wear)	Manufacture of food products and beverages (coffee roasting and distribution)	Retail trade
Size (employees)	44'916	6'500	160	~25	~1000
Turnover in US\$	13.2 billion	472.4 million	70.9 million	5.3 million	2.8 million (2004)
Distribution date	1993	2003	2003, first comer	1992, first comer	1974, first comer
Fair Trade specific department	Yes	No	Yes	No	Not applicable (NA) because the whole company is Fair Trade-oriented
Department size (employees)	4	NA	2	NA	NA
Employees' personal interest in Fair Trade	In the department, Coop tries to hire people that are interested in Fair Trade (the interviewee wrote her high school dissertation on Max Havelaar)	No particular interest	Switcher tries to hire people that adhere a minimum to its values	Employees are not directly concerned by Fair Trade. The owner-manager knows it very well and adheres to its values	Commitment to Fair Trade is one of the criteria when hiring people. Volunteers have an obvious personal interest in Fair Trade
Main CSR policy	Ethical products distribution; important to build up the corporate identity	Respect of the environment and national origin of products	CSR integrated in all its activities as well as in those of its suppliers	Owner aware of producers' problems, but too small to implement a CSR strategy	To apply the Fair Trade principles and values to all its products
Motivations	Development of a socially and ecologically responsible corporate image through the association with labels	Quality standards, ecological standards and a priori answer to criticisms concerning sourcing	Authenticate Switcher's credibility in CSR. Ideologically, Fair Trade suits the company well	Interest and support of the owner-manager to the Fair Trade's concept	Political claims and consumer education. Sell Fair Trade products as a means to campaign for a solidarity-based economy
Supply chain management	The four companies use their usual purchasing department. The Fair Trade product purchasing process does not differ from the conventional product purchasing process				Import from traders fully involved in Fair Trade

Factors	Coop	McDonald's Switzerland	Switcher	La Semeuse	Magasin du Monde
Personal relations with producer groups	Personal relations with cooperatives that supply a large volume	No	Close relations with clothes manufactures and indirectly with producers (not commercially)	No, but the owner-manager visited Fair Trade-certified cooperatives several times	Some of the world shops have direct relations (not more than 10% of products imported directly)
Fair Trade selection	70 products (Fruits, coffee, flowers, honey, rice, sugar, tea, etc.)	Cup of coffee	Clothing	Two roasted coffee blends	1500 products (foodstuffs, crafts, cosmetic products)
Pricing	Same margin applied to Fair Trade products. They are thus more expensive than the conventional ones	No price difference since Fair Trade coffee introduction. The additional cost is absorbed by McDonald's	At the launching, prices higher for Fair Trade clothes. Now, no price difference anymore	Same margin applied to Fair Trade products. They are thus more expensive than the conventional ones	Fixed by the ASRO in order to have a margin on each product (world shops cannot change the prices)
Loss leader strategy on Fair Trade products	By means of special offers, but also because people may come to Coop to buy Fair Trade products and at the same time buy other conventional products	No	No	No	NA
Type of distribution	Sales through its 1433 outlets in Switzerland	Network of franchises (144 restaurants)	Switcher shops, retailers, catalogue, e-commerce and printing professionals	Restaurants, retailers and direct sales	Network of 40 world shops
Fair Trade Communication / advertisement	Coherent communication through the different labels in all media. Association Coop – responsible company	No advertising. Communication is done through different reports or informative household flyers	The Fair Trade product distribution is a tool to communicate its values. Otherwise, sponsoring of events corresponding to its image	Tastings, fairs and advertising in the media on the fact that two of its blends are labelled and on their quality	Information through a magazine, a newsletter and leaflets with the aim of raising consumer awareness

3.8. DISCUSSION

Table 5 synthesises the different strategies identified in this study, shaping an initial typology which, due to the methods used, cannot be considered as exhaustive. The two first columns respectively name and summarise each of the strategies. The two last columns recapitulate the propositions elaborated throughout the analysis, with regard to the implementation prerequisites and the engagement of the company with Fair Trade principles according to Low and Davenport's (2005) classification.

Table 5: Preliminary typology of strategies together with the synthesis of the related propositions

Strategy name	Strategy description	Implementation prerequisites	Low and Davenport's scale (2005)
Diversification (ex: Coop)	The company has several environmentally friendly or socially responsible products and wants to diversify its selection. Fair Trade fosters a coherent communication and extends the offer to the firm's clients.	Retailing sector Using labels to foster corporate identity Strong communication around labels	Pro-active CSR Business
Contrast (ex: McDonald's)	Absolving policy addressed to pressure groups rather than communication strategy aimed at its clients.	Multinational company Predisposed to receive criticisms from pressure groups	Defensive CSR Business
Corporate culture (ex: Switcher)	The company is suffused with Fair Trade values before it comes into the organisation. Fair Trade products add additional credibility and are a simple communication tool.	Owners and directors involvement in the values-driven orientation Vertical integration	Values-driven Business
Individual ideology (ex: La Semeuse)	The distribution of Fair Trade products is grounded in the ideology of its owner-manager. It is not primarily intended to integrate into a business strategy.	Small to medium size enterprise (SME) Owners' personal adherence to Fair Trade	Pro-active CSR Business
Devotion (ex: Magasin du Monde)	The company is working for the cause of Fair Trade. Selling Fair Trade products is a means of educating consumers and raising awareness about international trade problems.	Not-for-profit Political activism	Fair Trade Organisation

This initial typology, stemming from our first objective, provides an instrument to analyse and classify the strategies, representing the companies' motivations to distribute Fair Trade

products, as well as the way that they organise this distribution. From a management perspective, we cannot define an optimal strategy (and this article does not intend to measure performance), because it depends on contingency factors, which, according to Mintzberg (1979), can be classified by age and size of the company, its technical system, its environment and the factors related to power. Thus, we assume a priori that there exist multiple equally effective organisational types with regard to the distribution of Fair Trade products, which is the equifinality assumption (Doty et al., 1993; Van de Ven and Drazin, 1985).

The second objective was to analyse the extent to which each identified strategy serves the objectives of Fair Trade using Low and Davenport's scale as an indicator. Using that scale, we see that mainstream actors can be engaged with Fair Trade principles even though they have other primary objectives. However, the contrast strategy implies little engagement, due to the fact that Fair Trade is used as an alibi rather than a new form of trade with which it is possible to do business. On the opposite end, companies implementing a corporate culture strategy are serving the objectives of Fair Trade without being limited to the Fair Trade niche market (contrary to the Fair Trade organisations). They are also making profits and competing with actors that do not distribute Fair Trade products.

The case studies information is insufficient to conclude that one strategy generates more Fair Trade sales than another one, because it mostly depends on the sector, the size of the company and other internal and external factors. It is thus delicate to state that any company implementing a corporate culture strategy will better serve the objectives of Fair Trade than a company implementing for example a diversification strategy. Indeed, even though the first one is more engaged with Fair Trade principles, it might generate far less Fair Trade sales. For example, Coop (diversification) sold for \$111 millions of Fair Trade products in 2005 (Coop, 2006b), whereas MdM (Fair Trade organisation) sold for \$2.8 millions¹⁰. Can we still be sure that MdM better serves the Fair Trade objectives? The same with La Semeuse, that sold for about \$266'000¹¹ of roasted coffee, whereas McDonald's, during the same period, purchased for \$ 542'000 (I12) of roasted coffee (in this case, purchases need to be compared, because the product purchased by McDonald's is similar to the product sold by La Semeuse). Thus, even though the strategy position in Low and Davenport's scale regarding the

¹⁰ MdM profit and loss account, internal document

¹¹ About 5% of the turnover (I4)

engagement with Fair Trade principles is independent from the amount of Fair Trade products traded by the company, the same does not apply when referring to the extent to which the strategy serves the Fair Trade objectives. The latter assumes equality of Fair Trade raw material purchase when companies are compared. Otherwise, the more a company buys raw Fair Trade products, the more it includes producers in the Fair Trade system and the more it serves the Fair Trade objectives.

This issue of engagement with Fair Trade principles versus Fair Trade raw material purchase characterises the present debate on the mainstreaming of Fair Trade. Should Fair Trade products be sold by any company irrespective of its engagement with Fair Trade principles or only by engaged companies, should the Fair Trade purchases be small? Linking the strategies of the preliminary typology to the engagement of the corresponding company with Fair Trade principles does not give an answer to that difficult question, but gives a framework to analyse if the company is serving the Fair Trade objectives through its engagement with the Fair Trade principles.

The typology and the accompanying propositions should be further tested for validation in future research, and enhanced if necessary.

3.9. CONCLUSION

This research investigated five business cases with the aim of improving the understanding of the management practices used to organise the distribution of Fair Trade products. It also identified the motivations of companies regarding Fair Trade and elaborated an initial typology of strategies which draws an initial framework of analysis for Fair Trade distribution from a managerial perspective.

The five case studies show that the companies' objectives differ by their decision to distribute Fair Trade products as well as by their approach to managing the relating processes. Coop (diversification strategy) integrated Fair Trade products very early because they blended in well with the existing multi-label strategy. Thus, there is a coherent communication based on ecological and social labels which aims at associating Coop with a responsible company. On the one hand, McDonald's (contrast strategy) wanted to source coffee that was congruent to its local purchasing policy and quality standards. On the other hand, the Fair Trade coffee distribution allows McDonald's to be perfectly irreproachable on the production conditions of the products. It can thus respond a priori to possible criticisms. As for Switcher (corporate

culture strategy), its products were already manufactured and purchased according to standards similar to those of Fair Trade before being labelled; therefore, the company uses Fair Trade as a means of legitimizing and facilitating the communication of its CSR policy. Fair Trade coffee distribution at La Semeuse (individual ideology strategy) originated from the ideological stance of its owner-manager. Fair Trade permits him to satisfy his moral values as well as his function of company manager in a pragmatic way. Finally, the Magasin du Monde (devotion strategy) uses the distribution of Fair Trade products as a political instrument to educate and raise consumer awareness.

The classification of the identified strategies according to Low and Davenport's scale (2005) allows to link them with their engagement with Fair Trade principles and, in more general terms, determine to what extent they serve the Fair Trade objectives. The analysis shows that a contrast strategy presents a lower engagement than the diversification and the individual ideology strategy. Whereas organisations implementing a devotion strategy are the most engaged ones with Fair Trade principles, the corporate culture is a strategy that can be implemented by companies also competing outside of the Fair Trade niche market and which presents the higher engagement for profit-making companies. It is possible to use the same ordering to classify strategies according to the extent to which they serve the Fair Trade objectives; however, this assumes that Fair Trade raw material purchases are equal among the companies. Indeed, a company implementing a devotion strategy could buy ten times less products than a company implementing a diversification strategy, and thus include a smaller amount of producers in the Fair Trade system. Who would serve the Fair Trade objectives the most in this case?

From a practical perspective, the preliminary typology can be used as benchmark for companies distributing Fair Trade products or as possible models for companies planning to do so. For Fair Trade coordinators, the link between a strategy and its engagement with Fair Trade principles is an indicator of the extent to which a company is serving the Fair Trade objectives. This information can help to decide if an organisation should be allowed to distribute Fair Trade products, as attributing the license to any company is a key issue in the debate about the mainstreaming of Fair Trade.

Chapter 4: Ethical Products and Consumer Involvement: What's New?

Abstract

Current generic involvement models are insufficient to apprehend ethical consumers, who constitute a market in constant expansion. Using the case of Fair Trade, this research fills this gap by providing an original instrument which distinguishes the product-specific involvement from the involvement in the ethical values carried by the products. Based on an in-depth analysis of the involvement literature and the specificities of the Fair Trade products, a model is derived and analysed using structural equation modelling. Findings show that the new construct specific to Fair Trade products is a strong predictor of involvement. In addition, Fair Trade-related involvement is much stronger than product-related involvement in explaining selected consumer behaviours. Based on the results, a section of the article discusses how to advertise Fair Trade products efficiently, how to make those products more competitive and who should distribute them.

4.1. INTRODUCTION

The 21st century marks the emancipation of the ethical consumer (e.g. Doane, 2001; Ipsos, 2002; Strong, 1996). Among the different social, environmental and organic labels, Fair Trade is one of the most preferred (De Pelsmacker et al., 2005b; Loureiro and Lotade, 2005). In line with this trend, consumer demand for Fair Trade products is rapidly increasing in many Northern countries; estimated worldwide sales of labelled products grew by 187% from 2004 to 2007 (FLO, 2005, 2008a). Switzerland is an indicator of the market high potential since, for instance, Fair Trade bananas accounted for 47% of the market share in 2004 (Max Havelaar, 2004). The growth of this market, where consumers buy intangibility, ethics and perhaps conscience, is challenging the common theories of consumer rationality. It is then worth questioning ourselves about consumer motivations and behaviours regarding those products. However, it is necessary beforehand to make sure that conventional instruments of analysis are adequate to apprehend the ethical product and consumer characteristics.

Consumer behaviour is a vast field of research and can be approached from many different perspectives. Our overall aims are to understand who this ethical consumer is, what his motivations and attitudes toward Fair Trade are and what makes him adhere to this system. Attitudes and motivations along with antecedent socio-demographic variables converge into the notion of involvement. Involvement is often considered as a “motivational state” (Mittal, 1989) or unobservable “state of motivation” (Rothschild, 1984). There is much literature demonstrating a causal link between this concept and consumer behaviour (e.g. Blackwell et al., 2001; Bloch, 1981, 1982; Celsi and Olson, 1988; Zaichkowsky, 1985), hence a probable role in predicting behaviours related to Fair Trade consumption. Although several models have been developed to measure consumer involvement and its determinants (Bloch and Richins, 1983; Laurent and Kapferer, 1985; Zaichkowsky, 1985), we argue that due to the specific nature of Fair Trade products and their underlying intangible values, a more adapted model could be designed.

The objectives of this research derived from these reflections are the following:

1. To adapt and test a measurement model of consumer involvement in Fair Trade products
2. To analyse several behavioural effects of consumer involvement with regard to Fair Trade consumption

3. To understand the role of consumer involvement on Fair Trade business models and product competitiveness

The second objective follows from the first in that the model developed beforehand will be used to measure the impact of involvement on selected behavioural variables related to Fair Trade products. The third objective was stated in order to draw practical implications, answering to the “so what?” question from the perspective of the different actors involved in the Fair Trade product distribution. Findings and discussions related to this last objective are developed in the Discussion section.

The research model that is presented in this paper is based on the consumer involvement and Fair Trade literature. The model has been tested on 433 Fair Trade coffee consumers, using a questionnaire distributed in different retail outlets in Switzerland. Analysis and results are presented in the section following the conceptual framework.

4.2. CONCEPTUAL FRAMEWORK

4.2.1. Fair Trade and its market

This section briefly introduces Fair Trade and presents an overview of the distribution mechanisms which are useful to understand the development and the methods of this study. In 2001, the major organisations coordinating Fair Trade agreed on a since then widely accepted definition (FINE, 2001):

Fair Trade is a trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South [..].

The Fair Trade movement used its own solidarity channels to distribute its products until the mid-1980s (EFTA, 2002). From then on, mainstream channels began to be exploited leading to the creation in 1988 of the first Fair Trade label, Max Havelaar. As Reynolds (2002) states, the recent growth of Fair Trade can be largely attributed to this mainstreaming strategy. The alternative circuit of Fair Trade persisted though and has also organised itself incrementally with several organisations being created to coordinate the movement (FINE, 2005). The alternative channels have their own traders fully involved in Fair Trade and their own retail outlets mainly composed of world shops. On the other side, the mainstreaming strategy

brought the usual agents of the market, such as importers and supermarkets to trade and distribute Fair Trade products (Bezençon and Blili, 2006). In any case, the Fair Trade standards (on economical, environmental and social aspects) induce a retail price which is higher than the conventional products' price.

Switzerland has the highest Fair Trade consumption per head (FLO, 2007), which is mainly due, according to Krier (2005), to its two main supermarket chains possessing more than 75% of the retail market shares and that both distribute Fair Trade products. Max Havelaar is the organisation coordinating Fair Trade distribution in Switzerland and affixing the eponymous label on the products. In world shops, although all goods are traded under Fair Trade conditions, not all products carry the Max Havelaar label.

4.2.2. Ethical consumer behaviour

Most studies about ethical issues in consumerism have focused on illicit goods (e.g. Albers-Miller, 1999; Swee Hoon et al., 2001), unethical acts or practices (e.g. Dodge et al., 1996; Fullerton et al., 1996; Gardner et al., 1999; Rawwas and Strutton, 1996) or consumer's ethical belief (e.g. Muncy and Vitell, 1992; Vitell et al., 1991). Consumer behaviour towards ethical products, which are, according to our perception, products claiming intangible moral values (e.g. environmental or social values), have not been extensively investigated. Shaw and Shiu (2003) proposed a framework to analyse the decision-making processes of these "ethical" consumers by enhancing the theory of reasoned action (Ajzen and Fishbein, 1980) and planned behaviour (Ajzen, 1985). They found that ethical obligation and self-identity were important variables to explain behavioural intentions of ethical consumers. However, when dealing with ethical purchases and in particular Fair Trade products purchases, there is a gap between consumer buying intentions and effective purchase (De Pelsmacker et al., 2005a; Strong, 1996). Consequently, our objective is to study the determinants and motivations of the actual consumer behaviour rather than its intentions. With this in mind, an involvement model has been preferred because it is closely related to motivations and is a known motor of behaviour.

4.2.3. The concept of involvement and its measurement

Since the seminal publication of Krugman (1965), the concept of involvement has evolved in different directions. There is no consensus on its exact definition and measurement. It is thus important to understand the argumentation that led to the measurement model presented in this research. Houston and Rothschild (1977) distinguish two forms of involvement that are

widely accepted (Bloch and Richins, 1983; Day and Stafford, 1995; Laurent and Kapferer, 1985; Richins and Bloch, 1986): enduring and situational (or respectively product and purchase involvement as Zaichkowsky (1985) or Mittal and Lee (1989) prefer to call them). The former reflects a general and permanent concern with an object, whereas the latter refers to involvement in a specific situation such as a purchase occasion or an election. Distinctions have been elaborated on the object of involvement: it can be an activity or an issue, a product, a decision or situation, an advertisement (Day et al., 1995) or brand (Knox and Walker, 2003; Mittal and Lee, 1989). In 1985, the conceptualisation of enduring involvement underwent a major split. Zaichkowsky (1985) defined the involvement as “a person’s perceived relevance of the object based on inherent needs, values, and interests”. The measurement of this one-dimensional construct would produce the level of involvement of the person in that object. As for Laurent and Kapferer (1985) and then Kapferer and Laurent (1985a; 1985b), they argue that involvement is a hypothetical construct and cannot be measured directly. They say that looking at the empirical research, there is a great diversity in the operational indicators of involvement, which highlights the differences in meaning of the construct for different researchers. Consequently, rather than measuring the involvement itself, they defined five facets or antecedents of involvement based on the review of previous research and practices, hence a multi-dimensional construct. The five variables building the consumer involvement profile (CIP) are hedonic value, sign value, risk probability, risk impact and importance. The two last constructs only load on one factor called *imporisk* in Laurent and Kapferer (1985), whereas in Kapferer and Laurent (1985a; 1985b), risk impact is kept separate and importance is called *relevance*.

A critic of the Laurent and Kapferer's approach emitted by Ratchford (1987) is that they leave open the possibility of defining almost everything as involvement by adding new possible antecedents, since the involvement itself is not measured. Moreover, Mittal (1989) says that the interchangeable usage of the two terms antecedents and facets obscures the issue of dimensionality. Mittal and Lee (1989) argue that the product perceived importance is the product involvement (which is in line with Zaichkowsky’s definition of involvement) whereas the other facets are antecedents. In a similar way, Ratchford (1987) argues that *imporisk* is the involvement according to most of the theoretical definitions and hedonic and sign value would be antecedents. However, Zaichkowsky (1985) has also been criticised, in that the 20 items of her measurement scale, the Personal Involvement Inventory (PII), has been proven not to constitute a one-dimensional scale (Jain and Srinivasan, 1990; McQuarrie and Munson,

1987; Mittal, 1989). Mittal argues that the scale contains at least 3 distinct constructs, including a hedonic factor which is related to involvement but is not the involvement itself (according to the definition of Zaichkowsky). Jain and Srinivasan, as well as McQuarrie and Munson found that the PII contained two different factors, also dismissing the one-dimensional scale hypothesis.

Several studies built on these two instruments to overcome their definitional and structural problems. McQuarrie and Munson (1987) tried to reconcile the two visions by analysing the factors underlying the PII scale, adapting the items and trimming the scale in order to arrive to three 'clean' factors representing importance, pleasure and risk. However, it is still arguable that pleasure is not part of the involvement but rather an antecedent (Ratchford, 1987). Schneider and Rodgers (1996) proposed merging the CIP and the PII in order to measure the involvement using a revised PII and its antecedents using the CIP. Whereas the PII measures enduring involvement, the CIP is also measuring partly situational involvement. Consequently, Mittal and Lee (1988) first emit the idea of separating brand-choice from product involvement and Mittal and Lee (1989) designed a full model for measuring brand-choice involvement and product involvement as well as their antecedents.

Another important instrument to measure involvement is the Foote, Cone and Belding grid (Vaughn, 1980) and its further development (Ratchford, 1987; Vaughn, 1986), specifically measuring the think/feel or cognitive/emotional aspect. This grid is very pragmatic and applicable to advertising, but more difficult to use as a predictor of behaviour. Thus, we will not extend the reflections on this instrument. Moreover, these two aspects are also apprehended by most other scales, although not mentioned explicitly. For instance, product hedonic value (e.g. Laurent and Kapferer, 1985; Mittal and Lee, 1989) is emotional whereas product risk (Laurent and Kapferer, 1985) or utility (Mittal and Lee, 1989) are rather cognitive.

Adaptation to Fair Trade consumers

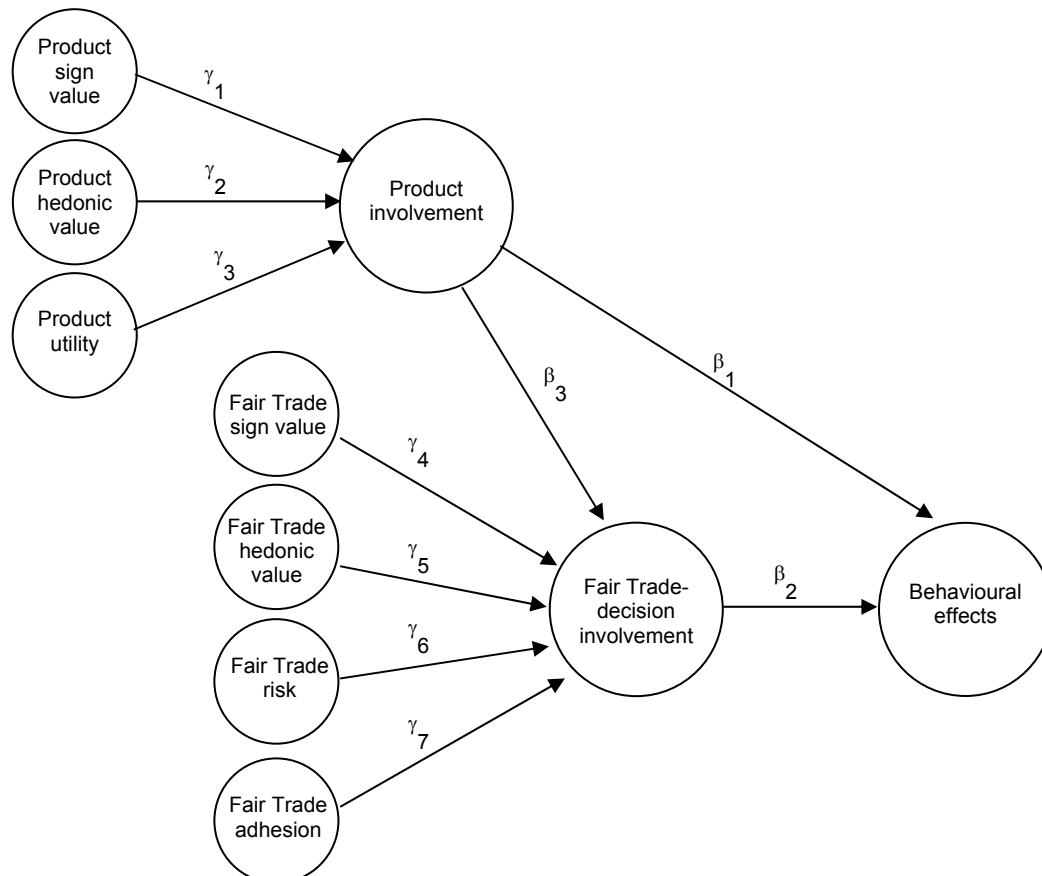
In an article analysing comparatively four scales of consumer involvement, Mittal (1995) says that there is no one best solution and the measurement model to use should depend on the situation and the type of involvement to measure (for example enduring and situational). In our research, we are not only interested in linking a level of involvement with behavioural variables. We also want to measure the sources of involvement or, using Laurent and Kapferer's terminology, the consumer involvement profiles in order to understand the reasons

why consumers behave in a certain manner with regard to Fair Trade products. Measuring the antecedents of involvement permits a more subtle analysis of consumers. Thus, we prefer choosing a multi-dimensional measurement instrument rather than the PII and its subsequent improvements (McQuarrie and Munson, 1992; Zaichkowsky, 1994).

When analysing consumer involvement in Fair Trade products, two dimensions need to be taken into account: the part of the involvement related to the product itself and the part of the involvement related to the Fair Trade aspect. Indeed, it is important to differentiate the impact of each dimension on the behavioural variables and to isolate the Fair Trade involvement effect from a potential product involvement bias. For example, someone might be involved in Fair Trade coffee, because coffee is important to him or because Fair Trade is important to him. One measurement instrument perfectly fitting this requirement and overcoming the definitional problems of the multi-dimensional approaches mentioned above is the model of Mittal and Lee (1989). It separates the product involvement construct, measured by its perceived importance from its antecedents, and further separates brand-choice involvement from product involvement. Coffee will be the test product because it is widely sold with a Fair Trade label. Before using this instrument, some adaptations are required to serve the purpose of the study. Product involvement will be coffee involvement and brand-decision involvement will be Fair Trade-decision involvement. In fact, we are not interested in analysing the brands of coffee, but rather the label or 'meta-brand'. It is thus modelled as if there were only two brands of coffee: Fair Trade coffee and 'conventional' coffee. Fair Trade-decision involvement means the consumer perceived interest in selecting between Fair Trade and conventional coffee.

O'Cass (2001) says that "an object will be more involving if it is strongly related to a consumer's values". Even though O'Cass did not do his study on ethical products, but on fashion clothing, one can expect that consumers with values in adequacy with Fair Trade principles will be more involved in Fair Trade products than others. According to Tyebjee (1979), the level of involvement depends on "the number of values engaged by the product, the centrality of these values, and the product's relatedness to these values." The concept of values can be found in several other definitions of involvement (e.g. Engel and Blackwell, 1982; Zaichkowsky, 1985). Little research has been done on the link between values and involvement in spite of the theoretical link that has been defined. Mittal and Lee's (1989) model might not be adapted to ethical consumers whose involvement could be to a large extent influenced by ethical values. Thus, we argue that a new antecedent, called Fair Trade

adhesion, could be a predictor of Fair Trade-decision involvement. We define Fair Trade adhesion as *the extent to which consumers buy Fair Trade products because of the underlying Fair Trade principles*. Intuitively, it can be suspected that the more the consumer adhere to Fair Trade principles, the higher the perceived importance of a Fair Trade product. Figure 4 presents Mittal and Lee's model adapted to Fair Trade consumption.



Behavioural effects	H_{β_1}	H_{β_2}	H_{β_3}	H_{γ_1}	H_{γ_2}	H_{γ_3}	H_{γ_4}	H_{γ_5}	H_{γ_6}	H_{γ_7}
1. Distribution channel preference	(+)	+	(+)	+	+	+	+	+	+	+
2. Fair Trade product purchase proportion	(+)	+	(+)	+	+	+	+	+	+	+
3. Product consumption frequency	+	(+)	(+)	+	+	+	+	+	+	+
4. Fair Trade product information search	(+)	+	(+)	+	+	+	+	+	+	+

NOTE: '+' - positively significant; '(+)' - Weakly positively significant or not significant

Figure 4: Causal model for consumer involvement in Fair Trade products

4.2.4. Behavioural effects

We selected four behavioural effects, which permit to test the model. In each case, the results will show the impact of product and Fair Trade-decision involvement on certain aspects of

consumer behaviour. In general terms, due to the values engaged by Fair Trade products, we expect Fair Trade-decision involvement to be stronger than coffee involvement in predicting consumption behaviours combining coffee and Fair Trade dimensions. This section presents the selected dependent variables and the related hypotheses.

Distribution channel preference

The act of purchasing a Fair Trade product is not only motivated by its utilitarian aspect (e.g. Nicholls, 2002; Shaw and Shiu, 2003; Strong, 1996). Ethics and possibly philosophical or political values are also taken into account. These motivations and attitudes may have changed with the new mainstream orientation of Fair Trade. Randall (2005) explains that in the alternative distribution (referring to crafts), consumers have to seek out products to find them. Compared to mainstream distribution, there is an additional effort required to buy the product. Thus, consumer involvement is intuitively different in the two distribution channel types and might explain the consumer channel preference. According to de Ferran and Grunert (2007), the distribution channel chosen is an important predictor of consumer motivations in the case of Fair Trade. We argue that it is theoretically sound to suppose that consumer involvement, related to purchase motivations through its antecedents, is a predictor of distribution channel preference. Consumer involvements are thus considered as mediator variables and distribution channel preference as a dependent variable in the model (refer to Figure 4). Whereas de Ferran and Grunert (2007) have a dichotomous variable with either ‘supermarket’ or ‘specialised shop’, depending on where the consumer was recruited, we use an ordered categorical variable with three values (1 – ‘supermarkets’, 2 – ‘supermarkets and world shops’ and 3 – ‘world shops’), because we know from experience that most of the world shop customers also purchase in supermarkets. We expect highly coffee-involved consumers to rather choose world shops than supermarkets, because they will find special coffee, which are unavailable in supermarket where brands are more harmonised. However, we expect this causal link to be weak, because world shops are not coffee specialty shops.

H_{1β1}: The higher the involvement in coffee, the higher the score of distribution channel preference (weak effect)

The involvement in the Fair Trade decision is expected to have a strong effect on the channel choice:

H_{1β2}: The higher the involvement in the Fair Trade decision, the higher the score of distribution channel preference

Fair Trade coffee purchase proportion

This is the frequency with which the consumer chooses Fair Trade coffee whenever he or she buys coffee. We expect that coffee involvement will strongly affect the coffee consumption frequency and to a less extent the Fair Trade coffee purchase proportion. On the contrary, we expect Fair Trade-decision involvement to be a strong predictor of Fair Trade coffee purchase proportion and to a less extent, of coffee consumption frequency. Hence the two following hypotheses and the two subsequent ones regarding coffee consumption frequency:

H_{2β1}: The higher the involvement in coffee, the more the consumer buys Fair Trade coffee whenever he or she buys coffee (weak effect)

H_{2β2}: The higher the involvement in the Fair Trade decision, the more the consumer buys Fair Trade coffee whenever he or she buys coffee

Coffee consumption frequency

H_{3β1}: The higher the involvement in coffee, the higher the coffee consumption frequency

H_{3β2}: The higher the involvement in the Fair Trade decision, the higher the coffee consumption frequency (weak effect)

Fair Trade coffee information search

It is measured by two items: the interest in reading an article about Fair Trade coffee and the attention paid to an advertisement on Fair Trade coffee. The hypotheses are:

H_{4β1}: The higher the involvement in coffee, the higher the Fair Trade coffee information search (weak effect)

H_{4β2}: The higher the involvement in the Fair Trade decision, the higher the Fair Trade coffee information search

The hypotheses of the model are synthesised in the table below Figure 4. Appendix E presents the original questionnaire, whereas Appendix F presents the translated items of the questionnaire.

4.3. METHODS

4.3.1. Measure development

Mittal and Lee's questionnaire items were revisited and translated into French, using a 5-point Likert-type response format (fully disagree to fully agree) and adapted to measure coffee involvement and its antecedents as well as Fair Trade-decision involvement and its antecedents.

In order to operationalize the Fair Trade adhesion construct, we first need to define the broad principles underlying Fair Trade. From the definition written in the Conceptual Framework and from the Fair Trade literature, we identified three categories of principles which can be reasons for consumers to adhere to Fair Trade, in addition to the general aim of seeking greater equity in international trade: small producer empowerment, better working conditions, and respect of the environment. An important design decision about the construct is whether to define its indicators as formative or reflexive. In our case, indicators are defining characteristics of the construct. If indicators are modified, then the whole construct will be modified. Besides, even though a consumer does not care about the environment, that person could buy Fair Trade coffee because he or she cares about the social conditions of producers. This means that the indicators are not expected to correlate with each other. Consequently, the indicators should be defined as formative rather than reflexive (Cri e, 2005; Jarvis et al., 2003).

With this in mind, three items were designed, covering the three categories of principles identified above, asking the respondent how much each aspect is a reason to buy Fair Trade coffee. In order to avoid overloading the Fair Trade adhesion construct, we did not want these formative indicators to be latent constructs, hence only one item measuring consumer adhesion per principle. The three items are the following, translated from French (same Likert-type response format as the other items):

- *I buy Fair Trade coffee because I think that it gives more power to small producers in international trade*

- *I buy Fair Trade coffee because I think that people participating to its production have better working conditions than the others*
- *I buy Fair Trade coffee because I think that it is produced in a better respect of the environment than non-Fair Trade coffee*

A necessary condition for a model containing constructs with formative indicators to be fully identified is that these constructs emit at least two paths to other latent variables or reflective indicators (MacCallum and Browne, 1993). Referring to Figure 4, the Fair Trade adhesion construct emits only one path to other latent variable (Fair Trade-decision involvement). Thus, we defined one reflexive indicator, representing the extent to which the consumer buys Fair Trade coffee because of its overarching principle, namely making coffee trade fair.

- *I buy Fair Trade coffee because I think that it is a way to make coffee trade fair*

4.3.2. Data Collection

A pre-test was carried out on 15 Fair Trade product consumers at a world shop's fair. The questionnaire was refined afterwards, taking into account the feedbacks about the questions' formulation. The main outcome was the transformation of most reverse-scored questions into direct questions. Indeed, the conversion of brand-decision involvement into Fair Trade-decision involvement rendered the questions' formulation slightly more difficult. Inverting certain questions added too much complexity for a good understanding.

Data collection was performed at the checkout desks of supermarkets and world shops¹², representing two strata, using clustered sampling to cover the French-speaking part of Switzerland. Before administering the questionnaire, a filter question was asked to know whether the person consumed Fair Trade coffee sometimes. If not the questionnaire was not given. Otherwise, consumers were left alone to fill in the questionnaire and to put it anonymously in a box. After data screening, the sample size is 433, of which 270 were filled in supermarkets and 163 in world shops. The descriptive statistics of the research variables are presented in Table 6.

¹² Data were collected in 11 different world shops and 4 supermarkets, 2 Coop and 2 Migros. Coop and Migros represent 75% of the Swiss food retail market (Krier, 2005).

Table 6: Descriptive statistics of the variables in the research model (N=433)

Construct	Item	Mean	Median	S.D.	Min.	Max.
Coffee Involvement	1	4.17	4	.872	1	5
	2	3.50	4	.973	1	5
	3	3.93	4	.908	1	5
Coffee sign value	1	2.40	2	1.033	1	5
	2 ^b	2.10	2	.935	1	5
	3	2.23	2	.930	1	5
Coffee hedonic value	1	4.44	5	.647	1	5
	2	4.24	4	.749	1	5
	3	4.22	4	.743	1	5
Coffee utility	1	3.12	3	1.107	1	5
	2	3.06	3	1.167	1	5
	3	3.03	3	1.123	1	5
Fair Trade-decision involvement	1	4.04	4	.967	1	5
	2	3.90	4	.950	1	5
	3	3.79	4	.958	1	5
Fair Trade sign value	1	3.47	4	1.018	1	5
	2	2.87	3	1.104	1	5
	3	2.85	3	1.065	1	5
Fair Trade hedonic value	1	2.91	3	1.083	1	5
	2	2.69	3	1.077	1	5
	3	2.83	3	1.033	1	5
Fair Trade risk	1	2.96	3	1.064	1	5
	2	3.12	3	1.047	1	5
	3	2.83	3	1.080	1	5
Fair Trade adhesion	1 ^a	4.36	4	.756	1	5
	2 ^a	4.37	4	.751	1	5
	3 ^a	4.08	4	.924	1	5
	4	4.35	4	.722	1	5
Distribution channel preference	1	1.81	2	.757	1	3
Fair Trade coffee purchase proportion	1	3.50	4	1.202	1	5
Coffee consumption frequency	1	3.95	4	.995	1	5
Fair Trade coffee information search	1	4.04	4	.885	1	5
	2	4.04	4	.773	1	5

NOTES:

^a Formative indicators^b Removed from the analysis

4.4. RESULTS

This section consists of three parts. The two first (4.4.1 and 4.4.2) present the validity assessment and the results concerning the generic involvement model. The third (4.4.3) shows the results regarding the behavioural effects of the two types of involvement. The behavioural effects were not included in the validity assessment because they are not part of the generic model and could have biased its analysis. Thus, the results are presented separately.

4.4.1. Measures validity

The validity of constructs made of formative indicators like Fair Trade adhesion cannot be evaluated using traditional validity assessment and test theory (Bollen, 1989). Instead, alternative approaches must be followed to evaluate the quality of measures, namely: content specification, indicator specification, indicator collinearity and external validity (Diamantopoulos and Winklhofer, 2001). The first two steps have been performed before, when defining the concept of Fair Trade adhesion, specifying the categories of Fair Trade principles and designing the indicators that cover each category. Concerning collinearity, the maximum variance inflation factor among the three formative indicators is 2.1, which is far below the common cut-off threshold of 10 (e.g. Kleinbaum et al., 1988). External validity is first assessed using the model fit coefficients. In our case, we cannot assess the model fit of the construct itself because alone, it is underidentified (only one reflexive indicator). We use therefore the fit indicators of the global model which proves very good (refer to Figure 5). In addition, all λ are significant¹³ ($p < 0.05$), confirming their validity (Bollen, 1989). The final step to assess external validity focuses on nomological aspects, which involves linking the construct of interest to other constructs with which it would be expected to be linked (Diamantopoulos and Winklhofer, 2001). This is done in the following section.

The validity of the rest of the model is assessed using traditional methods. An item of Coffee sign value caused problems in fitting the model and was removed. All item-construct loadings are statistically significant ($p < 0.05$). All construct reliabilities are above 0.75 (except Coffee utility which is 0.73; refer to Table 7), the cut-off threshold recommended by Nunnally (1978). Table 7 presents the constructs' reliability as well as the discriminant

¹³ The three standardized estimates concerning the formative indicators are: $\lambda_1 = 0.47$; $\lambda_2 = 0.50$; $\lambda_3 = 0.11$; and the reflexive one: $\lambda_4 = 0.80$

validity tests using the method of Fornell and Larcker (1981) (i.e. for each construct, the square root of its average extracted variance should be greater than the correlation between this construct and all other constructs). The reflexive indicator of the Fair Trade adherence construct must be tested for discriminant validity against the other constructs. However, it makes no sense to test the whole Fair Trade adherence construct with the formative indicators, since they are not expected to be correlated. Thus, the Fair Trade adherence construct in Table 7 is a latent variable with only one reflexive indicator.

Table 7: Reliability and discriminant validity of the constructs related to the involvements and their antecedents

	ρ^a	CI	CS	CH	CU	FTI	FTS	FTH	FTR	FTA
Coffee Involvement (CI)	0.80	0.75 ^b								
Coffee sign value (CS)	0.76	0.09 ^c	0.78							
Coffee hedonic value (CH)	0.86	0.83	0.09	0.82						
Coffee utility (CU)	0.73	0.56	0.36	0.49	0.70					
Fair Trade-decision invol. (FTI)	0.84	0.20	0.18	0.18	0.14	0.80				
Fair Trade sign value (FTS)	0.80	0.08	0.53	0.13	0.19	0.38	0.76			
Fair Trade hedonic value (FTH)	0.84	0.17	0.29	0.13	0.29	0.49	0.47	0.80		
Fair Trade risk (FTR)	0.83	0.15	0.20	0.12	0.21	0.68	0.42	0.61	0.78	
Fair Trade adherence (FTA) ^d	1	0.17	-0.01	0.20	-0.04	0.57	0.25	0.21	0.33	1

NOTES:

^aReliability coefficient = $(\sum \lambda_i)^2 / ((\sum \lambda_i)^2 + \sum (1 - \lambda_i^2))$

^bDiagonal: (average variance extracted)^{1/2} = $(\sum \lambda_i^2 / n)^{1/2}$

^csubdiagonals: correlation

^dOnly the reflexive indicator of the construct is assessed

All constructs are found discriminant except coffee involvement and coffee hedonic value, where the correlation is 0.83. They are kept separate though, because the model fit indicators rise when the two constructs are merged (meaning that the model does not fit the data as well as before). The high correlation of product involvement and product hedonic value is coffee-specific. Coffee seems to be so related to pleasure that it is difficult to distinguish the involvement from the pleasure aspect. In their study, Mittal and Lee (1989) found that product involvement did not pass the discriminant validity test with product utility, for VCRs and jeans. However, the two constructs were also kept separate for the same reasons.

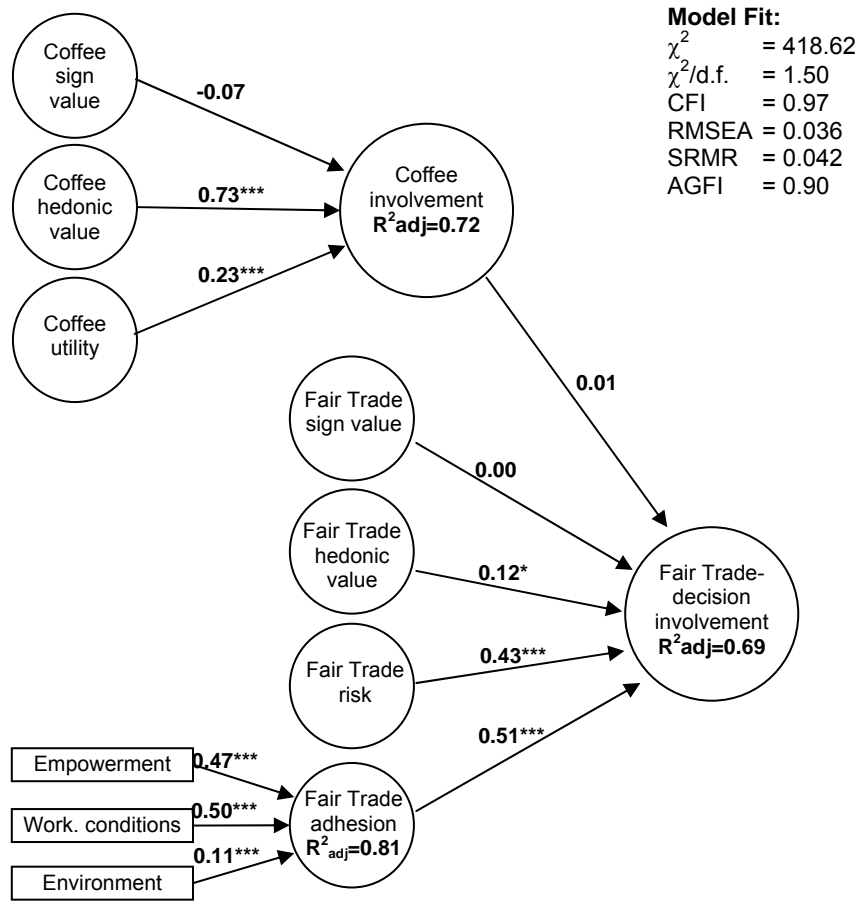
4.4.2. Structural relations among the forms and sources of involvement

The structural model shown in Figure 5 was estimated using the Maximum likelihood algorithm with AMOS version 7.0. The model fit is good according to all usual indicators. The standardized estimates on the arrows show the corroboration or rejection of the hypotheses. Coffee sign value has no significant impact on coffee involvement, which means that people thinking that it is possible to tell a lot about a person by the fact that he/she drinks coffee are not more involved in coffee than others. On the contrary, Coffee utility is a strong predictor of Coffee involvement meaning that people finding coffee useful (for example to keep being awake during the day) are also those that attach importance to it. Coffee hedonic value is the best predictor of involvement. This indicates that coffee is more related to pleasure than utility and above all, than symbolism.

The hypothesis concerning the Fair Trade sign value is rejected, meaning that attaching symbolic value to the decision to purchase Fair Trade or conventional coffee does not mean more involvement in that decision. Hedonic value is a weak predictor of Fair Trade-decision involvement. This means that taste is hardly an argument to prefer Fair Trade over conventional coffee. Indeed, Fair Trade products do not at present differentiate themselves with a better quality or taste. The two main predictors are Fair Trade risk and Fair Trade adhesion, meaning that the latter new variable is very important in explaining the 'brand'-decision involvement in the context of Fair Trade coffee. Finally, coffee involvement exerts no influence on Fair Trade-decision involvement.

The adjusted R^2 , that is, the explained variance, is high for Fair Trade-decision involvement (69%) and for coffee involvement (72%), meaning that the hypothesised sources are very good predictors of the involvements. Moreover, the non-adjusted R^2 equal also respectively 0.69 and 0.72, which indicates that the explained variance is not artificially inflated by the adjunction of explanatory variables.

Concerning the three dimensions of Fair Trade adhesion, all are highly significant in explaining the variable. However, small farmers' empowerment and working conditions are better in predicting Fair Trade adhesion than environmental aspects. This can be explained by the fact that Fair Trade standards are more focused on economic and social aspects than on the environment (Raynolds 2000). Thus, the informational message received by consumers through the Fair Trade actors and the media is more likely to be economically- and socially-centred.



NOTES:

Intercorrelations among the 6 exogenous constructs and the formative indicators, as well as the reflexive indicators and error terms are omitted for clarity

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Figure 5: Estimates of the structural model among the forms and sources of involvement

4.4.3. Impact of involvement

Table 8 presents the estimates of the structural causal paths from the two forms of involvement to the four behavioural variables. The model fit estimates are good for each variable. Fair Trade-decision involvement has a significant impact on the four behavioural variables. In the case of Distribution channel preference, the explained variance is weak though. Coffee involvement impacts negatively on this variable. People attaching great importance to coffee might prefer going to supermarkets because they find a broader range of coffee than in world shops. Fair Trade coffee purchase proportion, which represents the extent to which consumers buy Fair Trade coffee whenever they buy coffee, is largely explained by Fair Trade-decision involvement and not at all by Coffee involvement. On the other hand, the frequency of Coffee consumption is largely explained by Coffee involvement, which is not

surprising. However, the more people are involved in the decision to buy Fair Trade or non Fair Trade coffee, the less often they drink coffee. Finally, the Fair Trade coffee information search is explained by the involvement in the Fair Trade decision, but not by the involvement in coffee.

In general, we see that behavioural variables related to Fair Trade coffee are rather explained by the involvement in the Fair Trade decision than by the involvement in coffee. This means that Fair Trade coffee consumers pay more attention and are more driven by the intangible characteristics of the products, namely the Fair Trade aspect than by its intrinsic properties.

Table 8: Estimates of structural causal paths from the two forms of involvement to the behavioural variables

Behavioural effect	Coffee Involvement	Fair Trade-decision involvement	R ² _{adj}	Model fit coefficients				
				X ² /DF	CFI	RMSEA	SRMR	AGFI
Distribution channel preference	-0.12**	0.36***	0.12	1.52	0.97	0.036	0.043	0.90
Fair Trade coffee purchase proportion	-0.02	0.71***	0.49	1.56	0.97	0.038	0.043	0.89
Coffee consumption frequency	0.66***	-0.16***	0.42	1.48	0.97	0.035	0.042	0.90
Fair Trade coffee information search	0.04	0.62***	0.40	1.70	0.95	0.042	0.047	0.88

NOTES: **p<0.05; ***p<0.01

4.5. DISCUSSION AND IMPLICATIONS

The results show a valid and operational model for measuring consumer involvement and its antecedents with regard to Fair Trade products, tested with coffee. The new antecedent, Fair Trade adhesion, is a construct explaining much of the Fair Trade-decision involvement. Following the enhancement of the theory of planned behaviour by Shaw and Shiu (2003) to fully apprehend the ethical aspect of consumption, this study confirms that the usual models analysing consumer behaviour need to be adapted in the context of ethical products.

The fact that Fair Trade-related involvement is a stronger predictor of behaviour than coffee-related involvement in the Fair Trade coffee consumption context has some practical implications. Practitioners selling Fair Trade products and actors engaged in Fair Trade

marketing should consider Fair Trade-decision involvement as a motor of behaviour. Increasing a consumer's involvement in the Fair Trade decision will increase her/his proportion of Fair Trade coffee consumption, her/his propensity to search for Fair Trade coffee information and probably other related behaviours. In order to boost this variable, advertising professional should aim at increasing consumer adhesion to Fair Trade, consumer feeling that choosing a non Fair Trade product by mistake is annoying (Fair Trade risk) and to a smaller extent the hedonistic aspect of Fair Trade products, which means, in the case of consumable goods, their taste.

Relating to the third objective of our study, namely to understand the role of consumer involvement on Fair Trade business models and product competitiveness, Fair Trade products are obviously not competitive against the traditional ones on the quality-price ratio. However, they are competitive on other grounds, namely the intangible ethical values that they are carrying, which the consumer involvement model presented here has highlighted. This means that consumers attribute monetary value to the Fair Trade meta-brand. As a consequence, communication strategy should be focused on the dimensions that exacerbate a differentiated identity in order to nourish consumers with additional signification related to the Fair Trade values, adding competitiveness to the products. Regarding the Fair Trade business models, we see that consumers highly involved in Fair Trade tend to choose the solidarity channels, like the world shops. There is a fit between Fair Trade products and the identity of this retail outlet type. This fit is not obvious in mainstream channels and a challenge for mainstream retailers could be to pay particular attention on avoiding the creation of consumer dissonance. Indeed, some might feel uncomfortable with buying products associated with values like justice, equity and fairness in retailers which do not present these values. Therefore, the distribution of Fair Trade products might go together with the reinforcement of the retailer's corporate image regarding ethical values. On the contrary, it might be dangerous for certain business models such as hard discounters to sell everyday products like coffee or bananas with a Fair Trade label, because those products are hardly compatible with lowest prices and economy of scales which are the gravity centre of these organisations.

In order to be fully operational, the model developed in this research should be tested with different Fair Trade products. In the case of consumable goods like bananas, rice or sugar, similar findings can be expected. It would be interesting to test the model on particular Fair Trade products, such as clothing which certainly implies a different type of product involvement.

Through this example relating to Fair Trade coffee, it is suggested here that a variable similar to Fair Trade adherence could be an antecedent of involvement whenever products engaging ethical values are apprehended. For example, organic products could be analysed with this model, using an Organic adherence construct as an antecedent of the Organic-decision involvement construct. Organic adherence would have other indicators representing the adherence to the different principles of organic food (e.g. environment-friendly, healthy, etc.). In general, the results of this study suggest that ethical products have to be apprehended with specific instrument, taking into account their intangible properties, which a generic model could not capture entirely.

4.6. CONCLUSION

This research has aimed at developing a model and its measurement to evaluate the impact of involvement on Fair Trade consumer behaviour. The literature review showed that there was no one best way to measure consumer involvement and its antecedents. However, as mentioned by Laurent and Kapferer (1985) taking the example of Assael (1981) and Engel and Blackwell (1982), predictions based uniquely on the level of involvement, although correct, are too simple to be useful. Thus, combining the advantages of the multi- and uni-dimensional conception of involvement, the proposed model distinguishes the involvement from its sources, allowing to predict the behaviours on the basis of a level, and also to know the causes of the involvement. In addition, in the case of products engaging ethical values, Fair Trade in particular, traditional models seem insufficient to apprehend all factors explaining the involvement. Thus, an important step was to adapt existing models, separating product-related from Fair Trade-related involvement and to take into account the values underlying Fair Trade products as sources of involvement. A new variable assimilating this requirement, Fair Trade adherence, has been added to the model. Results confirmed that it is an important explanatory factor of involvement in the decision to buy Fair Trade or conventional product.

The proposed model was then used to test the impact of the different types of involvement on selected behavioural variables related to Fair Trade coffee. Results show that the proposed model is adequate and explains to a large extent Fair Trade coffee purchase proportion, Coffee consumption frequency and Fair Trade coffee information search. Those findings are important for actors promoting Fair Trade through the consumption of products, because they

pinpoint the important variables to tackle first in order to foster consumer favourable behaviours towards Fair Trade coffee and thus, to improve the Fair Trade product competitiveness against conventional products.

The model presented is expected to be applicable to measure and explain consumer behaviour with regard to other types of products carrying ethical values, like organic products. In that case, the Fair Trade adhesion construct should be replaced by Organic principles adhesion. However, further tests would be required in order to validate this generalisation.

4.6.1. Limits of the research

We are conscious about the limits of our sample. First, a common bias in consumer studies is that it is not possible to force people to fill in the questionnaires. Thus, we only have a sample of volunteers, which probably pushes aside hurried and impatient consumers. In addition, it is likely that highly-involved consumers are more prone to participate to such a survey. These two elements limit the representativeness of the sample that was used.

Chapter 5: Hedonism, Sign, Risk and Adhesion: Impact on Fair Trade Product Adoption and Segmentation

Abstract

The Fair Trade market includes several types of actors, ranging from world shops to supermarkets, and from restaurants to clothing stores. This diversity of distribution types is likely to induce a heterogeneous clientele. From this observation, we can hypothesise that consumers cover various socio-demographic categories, with different expectations, attitudes and motivations towards Fair Trade products. Through the concept of involvement, the objective of this chapter is to analyse and compare the determinants of behaviour of the Fair Trade consumer segments. Three out of four hypothesised criteria prove to be effective in segmenting the Fair Trade market, namely age, education and the distribution channel preference (whereas gender is not a significant criterion). Based on the segments' determinants of behaviour, axes of communication are drawn, which adapt the message that needs to be conveyed in order to strengthen the variables triggering the desired behaviours. Thus, it provides Fair Trade marketers with an efficient communication content that can be used for Fair Trade advertising, product packaging, or merchandising.

5.1. INTRODUCTION

Consumers have different reasons to shop (Tauber, 1972). Their lifestyle, their values and the socio-demographic variables influence their motivations and to a further extent, their behaviour (e.g. Guignard, 1980; Samli, 1989). Are these generic statements also true when constraining them to Fair Trade consumption? The emancipation of the Fair Trade movement has led heterogeneous actors, such as supermarkets, world shops, importers, restaurants, churches, distributors or brand-owners to be active on the growing Fair Trade market (Ipsos, 2002; Krier, 2005). It is likely that this heterogeneity of actors is also translated on the consumer side by various profiles, bearing different motives and consumption behaviours. In order to be efficient in the marketing of Fair Trade products and to optimise the processes associated to the distribution of these products, it is important to know the market, its segments and the consumers. This knowledge is important as much for the alternative channels composed of world shops, alternative trade organisations and NGOs than for the mainstream channels composed of supermarkets and other conventional structures (refer to Chapter 2). Indeed, the alternative channels need more professionalism (refer to chapter 3) and the apprenticeship of marketing competences and market knowledge is part of this professionalisation process. As for Fair Trade products sold in mainstream channels, they might be in competition with their conventional counterparts which are cheaper. Thus, Fair Trade products must be competitive on other aspects, which have to be communicated efficiently by the distributors. To that purpose, the companies need to be perfectly aware of the values underlying the Fair Trade products and the expectations, motivations and attitudes of their consumers.

Attitudes and motivations along with antecedent socio-demographic variables converge into the notion of involvement. Consequently, through this concept of involvement, we want to analyse several groups of Fair Trade consumers in order to study if their profiles are similar or, on the contrary, if their motivations and behaviours towards Fair Trade products differ. Based on the generic assumption that consumers have different reasons to shop and thus different motivations to buy Fair Trade products, the objective of this research is first to hypothesise the potential segmentation criteria. This will shape the groups with the hypothetically different profiles. Then, each group will be studied and compared on their amount of involvement, their determinants of involvement, their behaviours and the link between these concepts.

The model used to reach these objectives is the one developed in Chapter 4. Thus, the part of the conceptual framework dedicated to the justification of the use of an involvement model, the development of the model adapted to Fair Trade consumption and the development of the measures is omitted in this chapter, since the same line of arguments would be used. Translating the objectives of this study within this model, the two concrete research questions become: Do the means of the model's constructs differ across groups? And do the links between the sources of involvement, the forms of involvement and the behaviours vary across the hypothesised groups of consumers and how?

The research will also generate practical implications for Fair Trade coordinators and retailers. Indeed, the understanding of the different consumer profiles provides the information and knowledge to address the market segments efficiently regarding communication campaigns, packaging, merchandising and branding.

5.2. CONCEPTUAL FRAMEWORK

5.2.1. Segmentation criteria

In this section, we present and justify the grouping variables or segmentation criteria that are used for comparison purposes. They have been selected in function of their use in the marketing domain and their relevancy in the Fair Trade literature. Socio-demographic segmentation were chosen because of its ease of application (Lambin, 2000), its frequent usage (Assael, 1998; Kotler and Dubois, 2001; Lambin et al., 2005) and its appropriateness for the Fair Trade market (De Pelsmacker et al., 2005b). In addition to the socio-demographic variables and due to the dichotomous structure of the Fair Trade distribution including mainstream and alternative actors, the consumer preference of distribution channel is selected as a further segmentation criterion.

Distribution channel

According to Guignard (1980), the perceived advantages associated to the distribution circuits differ. For instance, supermarkets are more associated with price, whereas specialised shops are more associated with choice, quality and advice. Moreover, the act of purchasing a Fair Trade product is not only motivated by its utilitarian aspect (e.g. Nicholls, 2002; Shaw and Shiu, 2003; Strong, 1996). Ethics and possibly philosophical or political values are also taken into account. These motivations and attitudes may have changed with the new mainstream orientation of Fair Trade. Randall (2005) explains that in the alternative distribution (referring

to crafts), consumers have to seek out products to find them. Compared to mainstream distribution, there is an additional effort required to buy the product. Thus, consumer involvement is intuitively different in the two distribution channel types. According to de Ferran and Grunert (2007), the distribution channel chosen is an important predictor of consumer motivations in the case of Fair Trade. They chose a dichotomous variable in their study, taking either the values 'Supermarket' or 'Specialised shop', depending on where the consumer was recruited. However, we use a nominal variable with three categories, 'Supermarkets only' (SM), 'Supermarkets and world shops' (SM-WS) and 'World shops only' (WS), because we know from experience that most of the world shop customers also purchase in supermarkets.

Gender

Potential differences in ethical attitudes and behaviours across gender have been studied several times. For example Tsalikis and Ortiz-Buonafina (1990), studying ethical beliefs, or Sikula and Costa (1994b), studying ethical standards and values found no difference across the two groups. However, in the field of ethical purchases, de Ferran and Grunert (2007) observed that women buy more Fair Trade coffee than men and that this difference is increased in specialised shops. Moreover, De Pelsmacker et al. (2005b) found that males attach more importance than females to the issuer of the ethical label, whereas females attach more importance to the label information on the package and to the distribution channel where Fair Trade products can be bought. Thus, the gender variable, although subject to controversy, is a variable to take into account in this study, because it might be a factor of behavioural and attitudinal differentiation regarding Fair Trade product purchases.

Age

Age is a common segmentation criterion. Sikula and Costa (1994a) found for instance that younger students are more ethical than older ones (especially on the values equality, freedom and honesty). Applied to Fair Trade, Baranzini (2005) found that the age bracket 35-45 is more disposed to buy ethically labelled products and is more informed about Fair Trade products. De Pelsmacker et al. (2006) found that the older the consumers, the more positive they tend to be towards Fair Trade issues. In another study, De Pelsmacker et al. (2005b) explained that age is a differentiation factor with regard to the importance that is attached to the issuer of the ethical label and to the distribution channel where Fair Trade products can be found. Age groups used were ≤ 34 , 35-54 and ≥ 55 years old. However, the reason of this

segmentation is not given. The age group repartition could be done taking into account semantic criteria (e.g. teenagers or retired people). However, in our sample, the number of individuals per group would be too small or very unequal. Moreover, the involvement model being complex, an analysis with fewer groups is preferred. Thus, the age variable contains only two groups with equal number of individuals. The median being 50 years old, the first group contains people below 50 (called 'younger') and the second, people above or equal to 50 (called 'older').

Education

Education and income are often believed to be predictors of ethical product purchases. Several studies tend to go in that direction (e.g. Carrigan and Attalla, 2001; Maignan and Ferrell, 2001). De Pelsmacker et al. (2005a) say that people with a university degree are more Fair Trade lovers, whereas people with only a high school degree are more flavour lovers. In addition, university-educated people are "significantly more positive about the quality of the information they receive about Fair Trade and about the price of Fair Trade products" (De Pelsmacker et al., 2006). Thus, this variable seems to have an impact on attitudes and possibly behaviours. Two groups have been designed: one including the university degrees and equivalent (called 'higher') and another one including lower degrees (called 'lower').

The revenue was not selected as a socio-demographic variable due to the sensitivity of the question and the potential bias that stems from its measure.

5.2.2. The involvement model

The involvement model presented in Figure 6 and developed in Chapter 4 is well adapted to analyse consumer behaviours related to ethical products and, in particular, Fair Trade products, because it differentiates the involvement related to the intrinsic characteristics of the product from the one related to the Fair Trade aspect. In addition, it takes into account the values of consumers as a determinant of involvement, using the Fair Trade adhesion concept. Applying this model to each group defined above allows us to compare their sources of involvement, and to a further extent, the motivations guiding their behaviours. For a detailed justification of the development and use of the model, please refer to Chapter 4.

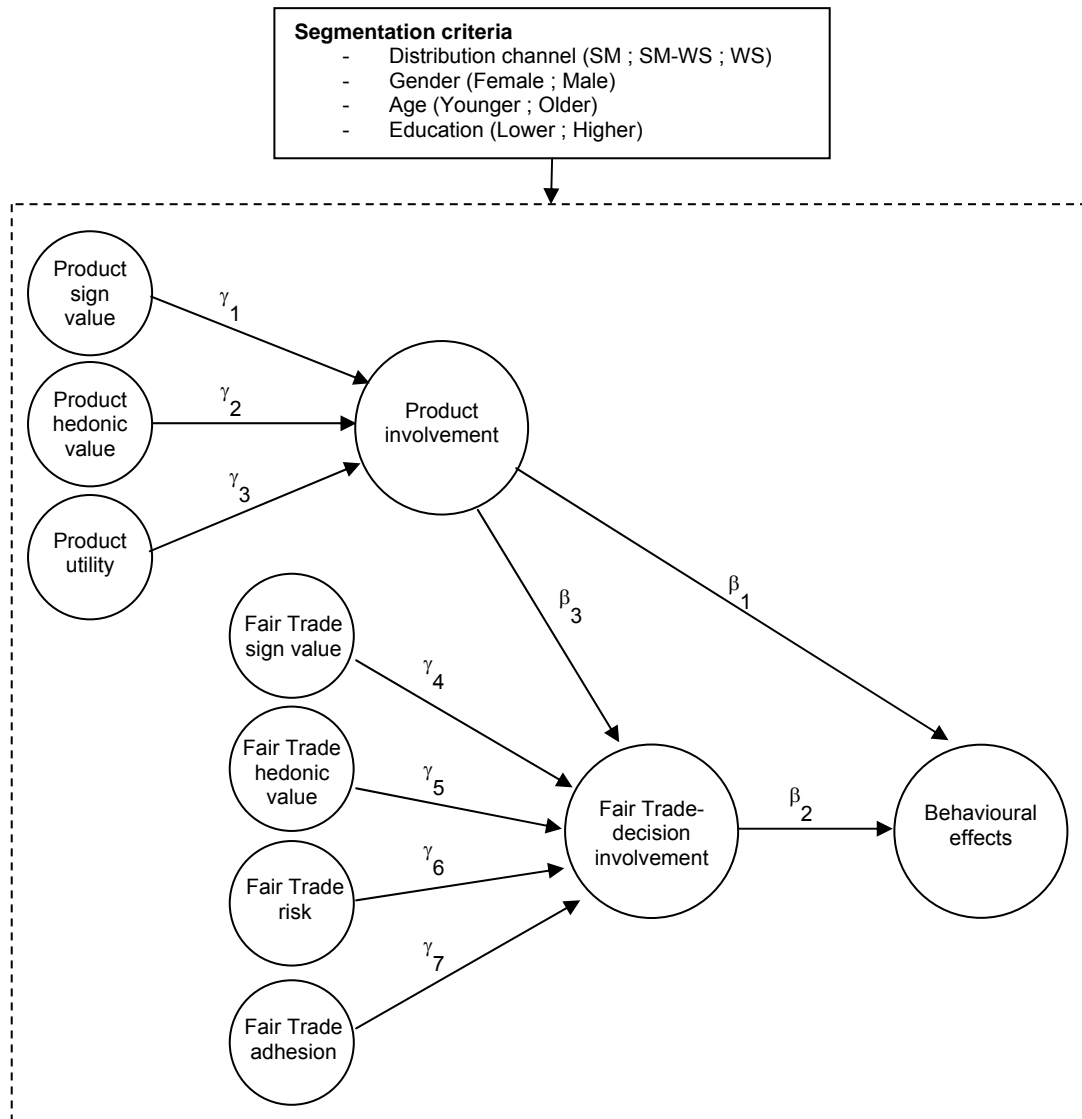


Figure 6: Causal model for consumer involvement in Fair Trade products with the segmentation criteria

5.2.3. The behavioural effects

The behavioural effects are the same as in Chapter 4, allowing for each of them to assess if it is similarly predicted across the defined groups. One exception is the Distribution channel preference, which is considered here as a segmentation criterion rather than a dependent variable. Indeed, one of the aims of the research is to differentiate the customers of the mainstream channels from those of the alternative channels to see if they behave in the same way. The three behavioural effects are: the Fair Trade coffee purchase proportion, the Coffee consumption frequency and the Fair Trade coffee information search.

There is no strong theory connecting the segmentation criteria and the Fair Trade product involvement aspect, which would allow us to derive hypotheses on the groups' comparison. In addition, the involvement literature hardly mentions potential moderating factors of consumer involvement, even in reviews (Ben Miled - Chérif, 2001; Day et al., 1995) or dedicated books (e.g. Assael, 1998). Nevertheless, it emerges that the country or culture could be determining or moderating factors of consumer involvement (Garcia and Kandemir, 2006; Zaichkowsky and Sood, 1989); however, in order to limit the amount of variables and the potential biases, this study is not cross-national, respectively cross-cultural. Thus, the research method is inductive rather than hypothetico-deductive because no precise hypothesis could be drawn from the theory.

5.3. METHODS

5.3.1. Sampling and data collection

The sample is the same as in Chapter 4, using two strata (supermarkets and world shops) and several clusters to represent the geographical area. 527 questionnaires were collected, of which 433 were valid after data screening (270 coming from supermarkets and 163 from world shops). The strata are not proportional; otherwise there would not be enough world shop individuals to carry out a comparative analysis. Table 9 shows the distribution of the individuals across the different groups. We notice that gender groups are unevenly distributed, with more than two times more females than males. This represents the gender proportion shopping Fair Trade coffee at the time of the collection (which was carried out at different hours and on different days). In the same way, the group World shops only (WS) contains fewer individuals than the two other distribution channel groups. The amount of missing data is particularly high for education, because people could answer 'other' if their diploma was not on the predefined list of the questionnaire. If they did not write their title on the provided dotted line, the case was considered as a missing value due to the impossibility to know if they are in the lower or in the higher group.

Table 9: Distribution of the individuals across the groups (N = 433)

Groups	Group description	Distribution	Distribution percentage
Distribution channel			
SM	Supermarkets only	166	39
SM-WS	Supermarkets and world shops	165	38
WS	World shops only	88	20
Missing	Missing values	14	3
Gender			
Males	Males	133	38
Females	Females	299	59
Missing	Missing values	1	3
Age			
Younger	<50 years old	211	49
Older	≥50 years old	214	49
Missing	Missing values	8	2
Education			
Lower	Lower than university degrees	200	46
Higher	University degrees or equivalent	178	41
Missing	Missing values	55	13

5.3.2. Analysis

Structural model comparison

We need a method to assess whether or not the model behaves in the same way according to the defined groups (e.g. Male and Female). To address this issue, we use the method of simultaneous multiple-group comparison, which allows an inspection of the causal relations' structure in both the measurement and the structural model for two or more groups (Jöreskog and Sörbom, 1989). This method involves testing for invariance across groups in successively more constrained models, starting from the baseline model bearing no constraint to the fully constrained model where all parameters are set equal across groups. According to Byrne (2001), factor loading paths (which are equivalent to measurement weights in AMOS terminology), structural regression paths (equivalent to structural weights) and factor variances/covariances are the most commonly of interest sets of parameters in answering questions related to group invariance. In our case, we are especially interested in the equality

of measurement weights, because this equality means that the questionnaire items are understood in the same way across groups. A rejection of the hypothesis concerning this equality implies that the questionnaire answers are not comparable across groups, and thus, that it is not possible to compare the structural weights (between the latent variables). Our second interest are these structural weights, because we want to know if the determinants of involvement have a different influence on the involvement across groups as well as if the forms of involvement have a different influence on the behavioural variables across groups. Factor variances and covariances are of less interest in our case.

Consequently, the test procedure involves comparing first the baseline model with the model constraining the measurement weights equal across groups. The criterion to decide which model fits best is the χ^2 difference test (see Bollen, 1989). This test computes whether the increase of the χ^2 value in the more restrictive model is compensated by the increase of degrees of freedom. The probability value shows to what extent the differences between both models are significant. If the difference is significant, then the more restrictive model is rejected, meaning that measurement weights are not equal across groups. If the difference is not significant, measurement weights are equal across groups and we can compare this model with the model constraining measurement weights and structural weights equal across groups using the same procedure. If the groups are found invariant, then consumers are homogeneous with regard to the links between sources of involvement, involvement and behaviours, and thus, present similar motivations (reasons to be involved). In this case, the segmentation criterion under study would not be valid to differentiate consumers.

Means comparison

Whereas comparing means of observed variables is easily performed using a t-test or an analysis of variance (ANOVA), other tools and procedures need to be applied to compare latent variable means across groups. The general approach that we use to estimate latent means in multigroup analyses stems from Sörbom's research (1974). This method overcomes the issue of identification by imposing equality constraints across groups, which means that it would not be possible to estimate latent means in single group analyses (Byrne, 2001). To use the method, it is required that measurement weights be equal across groups. A second requirement is to fix the latent means of one group to zero. This group acts as a reference and the other groups are compared relatively. This means that it is possible to assess if latent means are different across groups, but impossible to estimate the absolute values of the latent

means (Byrne, 2001). Once all constraints are imposed, the measurement model (without causal links) is estimated using AMOS version 7.0.

To assess the statistical significance of the mean difference of observed variable across groups, a one-way ANOVA is carried out. This procedure applies to two of the behavioural effects, which are directly observed (Coffee consumption frequency and Fair Trade coffee purchase proportion), as well as to the four indicators of the Fair Trade adhesion construct (one reflexive and three formative). Indeed, the procedure described above cannot be applied to compare means of latent variables made of formative indicators. The mean of each indicator is then compared.

5.4. RESULTS

Results regarding the comparison of the groups defined by each segmentation criterion are covered one after another in this section.

5.4.1. Distribution channel

There are three potential groups of consumers related to this variable. Consumers buying Fair Trade coffee: only in supermarkets (SM), in supermarkets and world shops (SM-WS), in world shops only (WS). According to the procedure described in the Analysis section, we first test the measurement weights equivalence model across the three groups. The χ^2 difference between the unconstrained model and the measurement weights equivalence model is significant, since the p-value is lower than 0.05 (refer to Table 10, model N° 1). This means that measurement weights are not equivalent across the three groups. To locate the cause of this non-equivalence, groups are compared two by two. The groups SM and SM-WS have equal measurement weights, since the χ^2 of the unconstrained model and the measurement weights equivalence model are not significantly different (Table 10, N° 2). However, structural weights are not equivalent across the two groups (Table 10, N° 3). The same results apply for the groups SM and WS (Table 10, N° 4 and 5). The measurement weights equivalence model for the groups SM-WS and WS is at the borderline, but rejected ($p = 0.049$) (Table 10, N° 6). Using Byrne's method (2004) to pinpoint the indicators provoking the non-equivalence, we see that removing the equivalence constraint on the second item of

Fair Trade-decision involvement is enough to accept (or rather, not to reject) the equivalence of measurement weights across the two groups (Table 10, N° 7)¹⁴. The structural weights are also equivalent between these two groups (Table 10, N° 8). The continuation of the analysis shows that the structural covariances and residuals are also equal across the two groups (estimates related to these models are not displayed on the table in order not to overcomplicate it). Due to these equivalences, we pursue the analysis by merging the groups SM-WS and WS, now called SWW (N = 253).

Comparing the group SM and the new group SWW, measurement weights equivalence is not rejected (Table 10, N° 9), which support the decision of merging the groups SM-WS and WS. However, structural weights are not equal across the two groups (Table 10, N° 10). Measurement weights being equivalent across group, we can proceed to the comparison of means, which is followed by the comparison of the structural weights one by one.

Table 10: Goodness of fit statistics for invariance tests of distribution channel groups

N°	Model description	Groups	Comparative model	$\Delta\chi^2$	Δdf	p-value
1	Measurement weights	SM, SM-WS, WS	Unconstrained	47.74	32	0.036
2	Measurement weights	SM, SM-WS	Unconstrained	19.18	16	0.260
3	Structural weights	SM, SM-WS	Measurement weights	32.78	17	0.012
4	Measurement weights	SM, WS	Unconstrained	23.19	16	0.109
5	Structural weights	SM, WS	Measurement weights	28.65	17	0.038
6	Measurement weights	SM-WS, WS	Unconstrained	26.36	16	0.049
7	Measurement weights except FTDI2	SM-WS, WS	Unconstrained	22.02	15	0.107
8	Structural weights	SM-WS, WS	Measurement weights except FTDI2	20.18	18	0.323
9	Measurement weights	SM, SWW	Unconstrained	17.81	16	0.335
10	Structural weights	SM, SWW	Measurement weights	37.62	17	0.003

Means comparison

Table 11 presents the results of the means comparison for the latent variables and the directly observed variables across the two groups of consumers. Significant mean differences are boldfaced in the table. Constructs related to coffee involvement and its determinants do not

¹⁴ Removing the constraint on the first item of Coffee utility rather than the second item of Fair Trade-decision involvement would also produce the non-rejection of the measurement weights equivalence

present significant mean differences between the Supermarket only (SM) consumers and the Supermarket and world shop/World shop only (SWW) consumers. On the contrary, the mean of most constructs related to Fair Trade-decision involvement and its determinants is higher for the second group. In line with this result, the coffee consumption frequency is the same across groups, but the behavioural effects linked to Fair Trade are higher for the second group. This finding confirms the hypothesis that consumers shopping in world shops are on average more involved in Fair Trade and adhere more to Fair Trade than consumers shopping in supermarkets. This higher involvement and adhesion seems to compensate for the additional effort necessary to shop in Fair Trade specialised outlets (refer to Randall, 2005).

Table 11: Means comparison of the two distribution channel groups

Variable	SM	SWW	p-value
Coffee involvement	0 ^a	-0.03	0.657
Coffee sign value	0	0.02	0.798
Coffee hedonic value	0	0.03	0.640
Coffee utility	0	-0.08	0.426
Fair Trade-decision involvement^b	0	0.51	0.000
Fair Trade sign value	0	0.07	0.507
Fair Trade hedonic value	0	0.27	0.004
Fair Trade risk	0	0.33	0.000
Empowerment	4.25^c	4.46	0.004
Working conditions	4.28	4.47	0.007
Environment	4.00	4.15	0.106
Fair Trade adhesion^d	4.16	4.53	0.000
Coffee consumption frequency	4.02	3.91	0.229
Fair Trade coffee purchase proportion	3.07	3.85	0.000
Fair Trade coffee information search	0	0.28	0.000

Notes:

^a Means of latent variables are compared relatively (the mean of the first group is set to 0) using the latent means comparison procedure (Byrne, 2001; Sörbom, 1974)

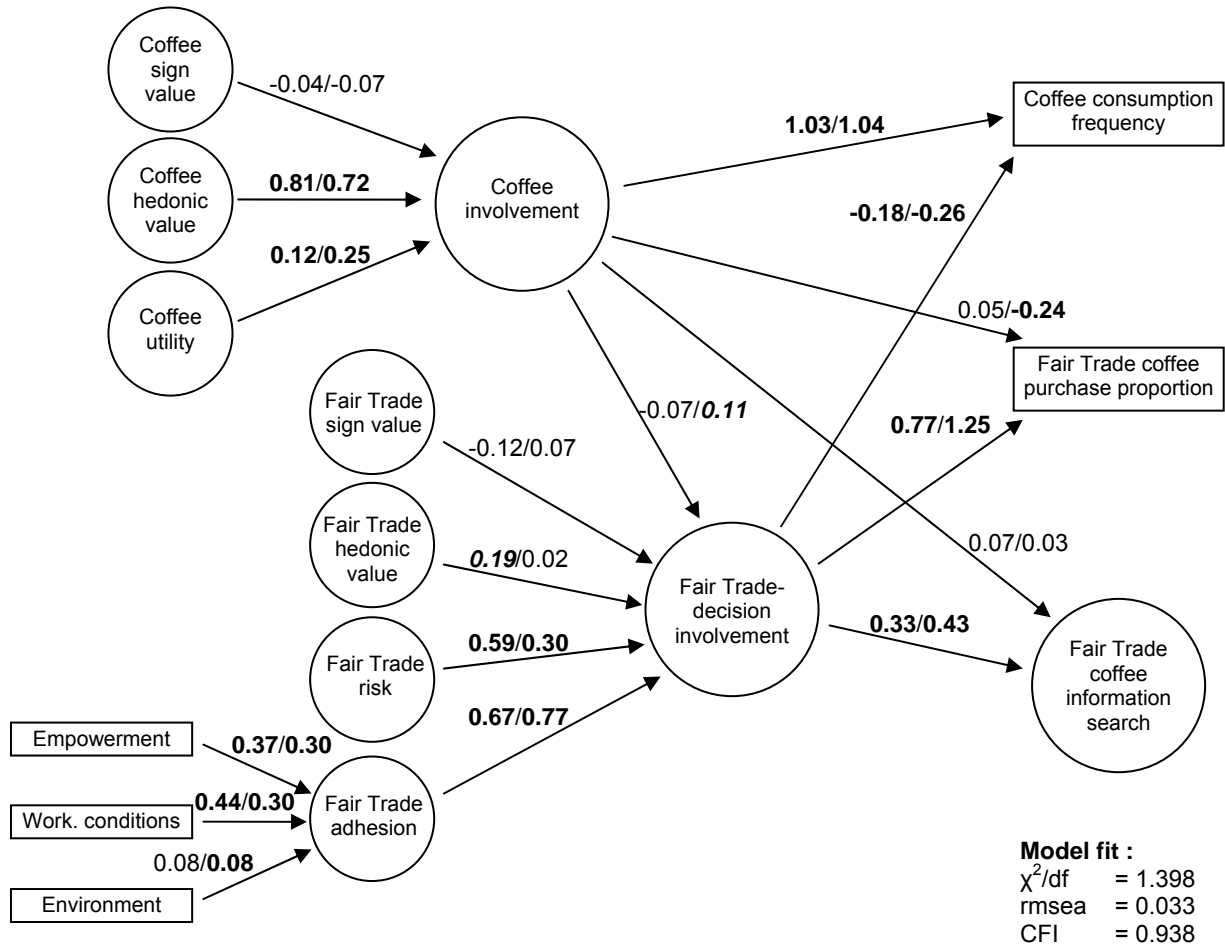
^b Variables in bold have significant mean difference across groups ($p < 0.05$)

^c Means of directly observed variables are compared using a one-way ANOVA

^d This is the only reflexive indicator of the Fair Trade adhesion construct

Structural weights comparison

The measurement weights equivalence model for the two groups is presented on Figure 7, with its model fit indicators. As measurement weights are equivalent across groups, we can compare the structural weights, which are displayed on the figure. Structural weights in bold are significant ($p < 0.05$), those in italic bold are significant at a lower level ($p < 0.1$) and those without a special formatting are insignificant.



NOTES:

- The figures on the arrows are the unstandardized estimates of the structural weights of SM / SWW (in this order)
- A weight written in bold indicates that it is significant ($p < 0.05$)
- A weight written in italic bold indicate that the p-value is below 0.1

Figure 7: Measurement weights equivalence model for groups ‘supermarkets only’ (SM) and ‘supermarkets and world shops merged with world shops only’ (SWW)

The results show that Coffee utility is a better predictor for SWW than for SM whereas the inverse holds for Coffee hedonic value. Fair Trade hedonic value for SM and Coffee involvement for SWW are small predictors of Fair Trade-adecision involvement. Fair Trade

adhesion has a higher role in predicting Fair Trade-decision involvement for SWW than for SM, whereas the inverse holds for Fair Trade risk. Thus, determinants of Fair Trade-decision involvement are different across the two groups. Concerning the determinants of the Fair adhesion construct, Working conditions is a better predictor for SM than SWW. World shop consumers have more balanced predictors, with the environment being also significant (the weight is the same for both groups, but it is not significant in SM probably due to the smaller size of the sample). In supermarket, Environment is not a significant dimension of Fair Trade adhesion, maybe because it is not the central point of the Fair Trade communication. SWW consumers being more involved in Fair Trade coffee and more inclined to search relating information (refer to Table 11), they might be more aware of the different principles of Fair Trade, environment included.

Concerning the behavioural effects, we notice that there is a major group difference with regard to the predictors of Fair Trade coffee purchase proportion. Coffee involvement has a significant negative impact for SWW. This means that the more world shop consumers are involved in coffee, the less they will choose Fair Trade coffee whenever they buy coffee. In addition, Fair Trade-decision involvement has a larger impact on Fair Trade coffee purchase proportion for SWW than for SM.

5.4.2. Gender

The multigroup analysis shows that measurement weights are equivalent across groups (refer to Table 12, N° 1). In addition, structural weights are also equivalent, which indicates that males and females have the same determinants of involvement (they predict the forms of involvement in the same way), the same determinants of Fair Trade adherence and the same determinants of behaviours (Table 12, N° 2). Moreover, structural covariances and structural residuals are also equivalent across groups (Table 12, N° 3 and 4), which is not the case of measurement residuals (Table 12, N° 5). This indicates that the two groups behave in the same manner and should be merged. Indeed, it is now widely accepted that measurement residuals invariance is an overly restrictive test of group invariance and should not be a sufficient argument to reject the group invariance hypothesis (Byrne, 2001). Thus, it is not necessary to compare the structural weights of the two groups.

Table 12: Goodness of fit statistics for invariance tests of gender groups

N°	Model description	Groups	Comparative model	$\Delta\chi^2$	Δdf	p-value
1	Measurement weights	Male, Female	Unconstrained	20.25	16	0.209
2	Structural weights	Male, Female	Measurement weights	25.26	17	0.089
3	Structural covariances	Male, Female	Structural weights	57.75	45	0.096
4	Structural residuals	Male, Female	Structural covariances	5.51	4	0.239
5	Measurement residuals	Male, Female	Structural residuals	53.87	28	0.002

Table 13: Means comparison for males and females

Variable	Male	Female	p-value
Coffee involvement	0 ^a	-0.01	0.951
Coffee sign value	0	-0.09	0.357
Coffee hedonic value	0	0.07	0.336
Coffee utility	0	-0.04	0.679
Fair Trade-decision involvement^b	0	0.29	0.002
Fair Trade sign value	0	-0.17	0.089
Fair Trade hedonic value	0	0.00	0.965
Fair Trade risk	0	0.14	0.148
Empowerment	4.18^c	4.44	0.001
Working conditions	4.22	4.45	0.004
Environment	3.88	4.17	0.003
Fair Trade adhesion ^d	4.27	4.39	0.109
Coffee consumption frequency	4.00	3.93	0.479
Fair Trade coffee purchase proportion	3.39	3.55	0.219
Fair Trade coffee information search	0	0.37	0.000

NOTES:

^a Means of latent variables are compared relatively (the mean of the first group is set to 0) using the latent means comparison procedure (Byrne, 2001; Sörbom, 1974)

^b Variables in bold have significant mean difference across groups ($p < 0.05$)

^c Means of directly observed variables are compared using a one-way ANOVA

^d This is the only reflexive indicator of the Fair Trade adhesion construct

Means comparison

Although the two groups are considered equivalent with regard to the model parameters, it does not necessarily imply that the means of the model variables are equivalent. Table 13 confirms this statement. The means of Coffee involvement-related variables are similar across males and females. The determinants of Fair Trade-decision involvement are also similar;

however, females are significantly more involved in the Fair Trade-decision than males. Moreover, while the structural weights of each formative indicator of Fair Trade adhesion are similar across the two groups, the mean of each of them is significantly higher for females. Both groups have the same coffee consumption and Fair Trade coffee purchase proportion. However, the Fair Trade coffee information search is higher for females.

5.4.3. Age

The χ^2 is not significantly increased when constraining the measurement weights to be equal across the two age groups (Table 14, N° 1), meaning that the questionnaire is understood in the same way by younger and older people. However, the χ^2 significantly increases for the structural weights model (Table 14, N° 2), rejecting the equality of structural weights across the two groups. The two following subsections compare the means and the structural weights of the younger and older people one by one.

Table 14 : Goodness of fit statistics for invariance tests of age groups

N°	Model description	Groups	Comparative model	$\Delta\chi^2$	Δdf	p-value
1	Measurement weights	Younger, Older	Unconstrained	12.39	16	0.717
2	Structural weights	Younger, Older	Measurement weights	34.00	17	0.008

Means comparison

In opposition to the two last segmentation criteria (Distribution channel and Gender), the means of coffee related variables are different across groups (refer to Table 15). Older people are on average more involved in coffee. The means of their sources of involvement are also higher. The fact that older people seem to drink more coffee than younger people could be an explanation of this difference. Indeed, the Coffee consumption frequency p-value is at the borderline ($p=0.051$). In addition, the mean of the environmental dimension of the Fair Trade adhesion variable is significantly higher for older people.

Structural weights comparison

Several differences can be noticed with regard to the structural weights of the two age groups presented on Figure 8. Concerning the causal links between coffee-related variables, Coffee sign is a significant negative predictor of Coffee involvement for older people only. Thus, the more they think that the fact that someone drinks coffee tells a lot about that person, the less they are involved in coffee, and vice-versa. Fair Trade hedonic value slightly impacts Fair Trade-decision involvement in the case of younger people. On the contrary, Fair Trade

adhesion is a stronger predictor of Fair Trade-decision involvement for older than for younger people. The environment is a more important dimension of Fair Trade adhesion for older people, whereas the empowerment of small producers is more important for younger people. Regarding the behavioural effects, it seems that the Fair Trade involvement dimension negatively impacts the product-related behaviour for older people and the product involvement dimension negatively impacts the Fair Trade-related behaviour for younger people.

Table 15: Means comparison of the two age groups

Variable	Younger	Older	p-value
Coffee involvement^b	0^a	0.25	0.000
Coffee sign value	0	0.19	0.033
Coffee hedonic value	0	0.16	0.013
Coffee utility	0	0.27	0.005
Fair Trade-decision involvement	0	0.09	0.317
Fair Trade sign value	0	0.08	0.380
Fair Trade hedonic value	0	0.05	0.596
Fair Trade risk	0	0.17	0.050
Empowerment	4.37 ^c	4.35	0.845
Working conditions	4.36	4.38	0.754
Environment	3.95	4.21	0.004
Fair Trade adhesion ^d	4.35	4.36	0.896
Coffee consumption frequency	3.85	4.04	0.051
Fair Trade coffee purchase proportion	3.45	3.54	0.432
Fair Trade coffee information search	0	0.07	0.373

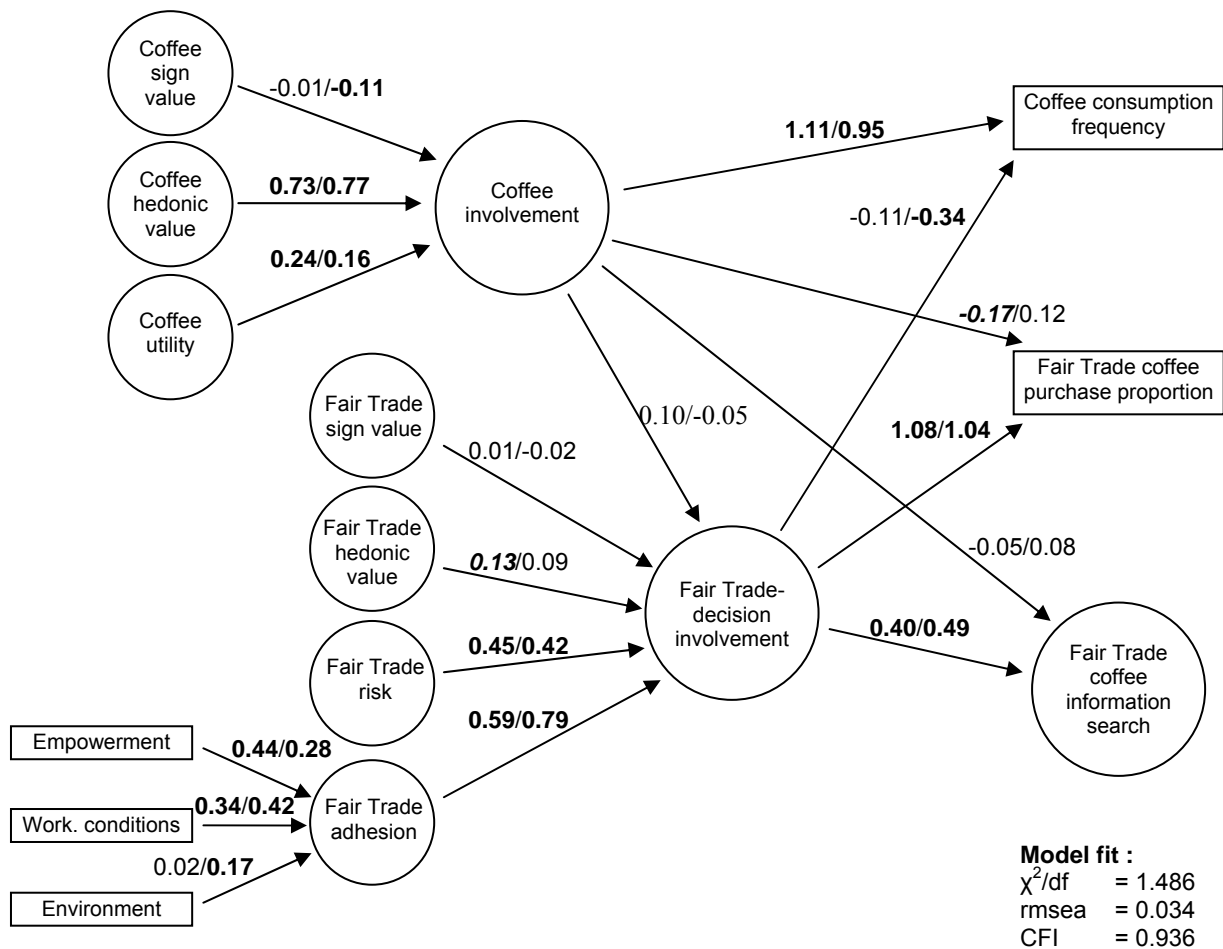
NOTES:

^a Means of latent variables are compared relatively (the mean of the first group is set to 0) using the latent means comparison procedure (Byrne, 2001; Sörbom, 1974)

^b Variables in bold have significant mean difference across groups ($p < 0.05$)

^c Means of directly observed variables are compared using a one-way ANOVA

^d This is the only reflexive indicator of the Fair Trade adhesion construct



NOTES:

- The figures on the arrows are the unstandardized estimates of the structural weights of **Younger/Older** individuals (in this order)
- A weight written in bold indicate that it is significant ($p < 0.05$)
- A weight written in italic bold indicate that the p-value is below 0.1

Figure 8: Measurement weights equivalence model for individuals below 50 and equal to or above 50

5.4.4. Education

The test procedure to compare groups reveals first that measurement weights equivalence is rejected with regard to the two education groups (Table 16, N° 1). A more precise analysis shows that the cause of this rejection is the second item of the variable Fair Trade coffee information search (FTCIS2). This means that this item is not understood in the same way across the two groups. Removing the equality constraint on this measurement weight, we notice that the measurement weights equivalence is no longer rejected (Table 16, N° 2). The analysis is pursued without this constraint; nevertheless, the structural weights equivalence hypothesis is rejected (Table 16, N° 3). Measurement weights being equal across groups, we

can proceed to the comparison of means and structural weights. However, it would be wrong to compare the parameters related to Fair Trade coffee information search, since one of its measurement weights is not equal across groups. This variable is thus removed from the analysis. It is not a problem as it is a behavioural effect and not an independent or mediator variable (no variable depends on it).

Table 16: Goodness of fit statistics for invariance tests of education groups

N°	Model description	Groups	Comparative model	$\Delta\chi^2$	Δdf	p-value
1	Measurement weights	Lower, Higher	Unconstrained	36.07	16	0.003
2	Measurement weights except FTCIS2	Lower, Higher	Unconstrained	22.131	15	0.104
3	Structural weights	Lower, Higher	Measurement weights except FTCIS2	30.10	17	0.026

Means comparison

Coffee involvement and its determinants are higher for the lower education group than for the higher one (except coffee hedonic value) (Table 17). However, this higher involvement does not manifest itself by a more frequent coffee consumption. As for the higher education group, it adheres more to Fair Trade on average than the lower education group.

Table 17: Means comparison of the two education groups

Variable	Lower	Higher	p-value
Coffee involvement^b	0^a	-0.15	0.049
Coffee sign value	0	-0.22	0.021
Coffee hedonic value	0	-0.01	0.928
Coffee utility	0	-0.23	0.024
Fair Trade-decision involvement	0	0.08	0.383
Fair Trade sign value	0	-0.02	0.838
Fair Trade hedonic value	0	-0.11	0.250
Fair Trade risk	0	-0.05	0.571
Empowerment	4.29 ^c	4.43	0.084
Working conditions	4.34	4.44	0.181
Environment	4.10	4.06	0.684
Fair Trade adhesion^d	4.29	4.44	0.042
Coffee consumption frequency	4.00	3.85	0.166
Fair Trade coffee purchase proportion	3.50	3.54	0.749
Fair Trade coffee information search ^e	NA	NA	NA

NOTES:

^a Means of latent variables are compared relatively (the mean of the first group is set to 0) using the latent means comparison procedure (Byrne, 2001; Sörbom, 1974)

^b Variables in bold have significant mean difference across groups ($p < 0.05$)

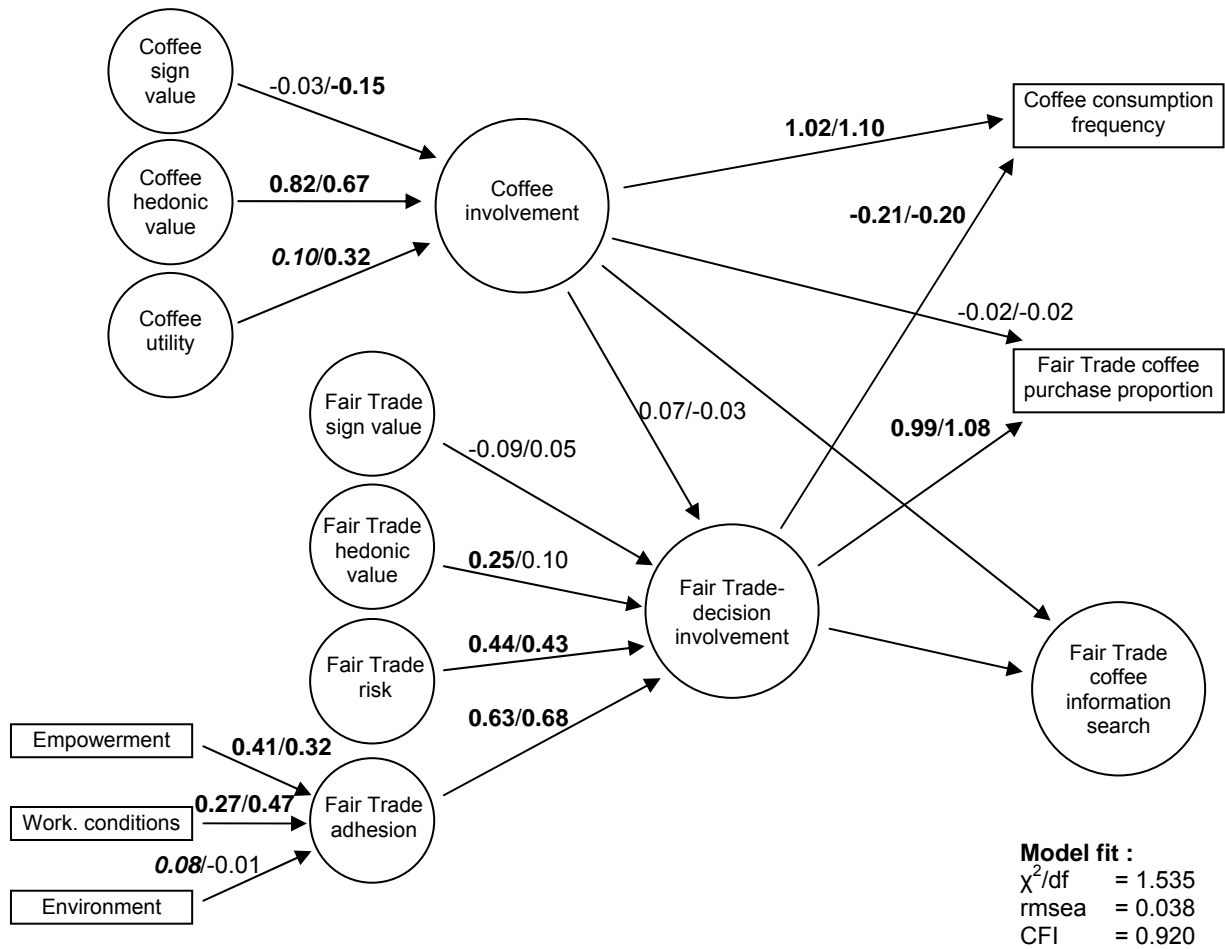
^c Means of directly observed variables are compared using a one-way ANOVA

^d This is the only reflexive indicator of the Fair Trade adhesion construct

^e The means and p-value of Fair Trade coffee information search are not displayed due to the non-equivalence of one of its measurement weights across the two groups

Structural weights comparison

For the lower education group, Coffee hedonic value is almost the only hypothesised determinant of Coffee involvement (Coffee utility is only slightly significant) (Figure 9). On the contrary, the higher education group has Coffee utility as predictor and, like the group of older people, includes Coffee sign value as a negative predictor. Fair Trade hedonic value is a significant predictor of Fair Trade-decision involvement for the lower education group only. Whereas the environmental factor is slightly significant for the lower education group, Working conditions has an increased role for highly-educated people. All other structural weights are fairly similar across groups.



NOTES:

- The figures on the arrows are the unstandardized estimates of the structural weights of the **Lower/Higher** education groups (in this order)
- A weight written in bold indicate that it is significant ($p < 0.05$)
- A weight written in italic bold indicate that the p-value is below 0.1
- The structural weights' estimates of Fair Trade coffee information search are not displayed due to the non-equivalence of one of its measurement weights across the two groups

Figure 9: Measurement weights equivalence model for lower and higher education groups

5.4.5. Interaction effects

There are three variables presenting differentiated group behaviours, namely education, age and distribution channel. It would be interesting to further analyse the interaction effect between those variables by creating subgroups. However, the number of individuals per group is too small to be analysed using the same techniques as described above. Indeed, the solution presented in AMOS is not admissible when subgroups are compared, which indicates a lack of data or a wrong model (Jöreskog and Sörbom, 1984). The second possibility is not likely, as the model fit indicators are good for all multigroup models. The sample is also too small with four subgroups (two segmentation criteria). Figure 10 presents the distribution of

individuals across the eight subgroups that could be created using the three segmentation criteria. The impossibility to measure the interaction effect is one of the limitations of this research.

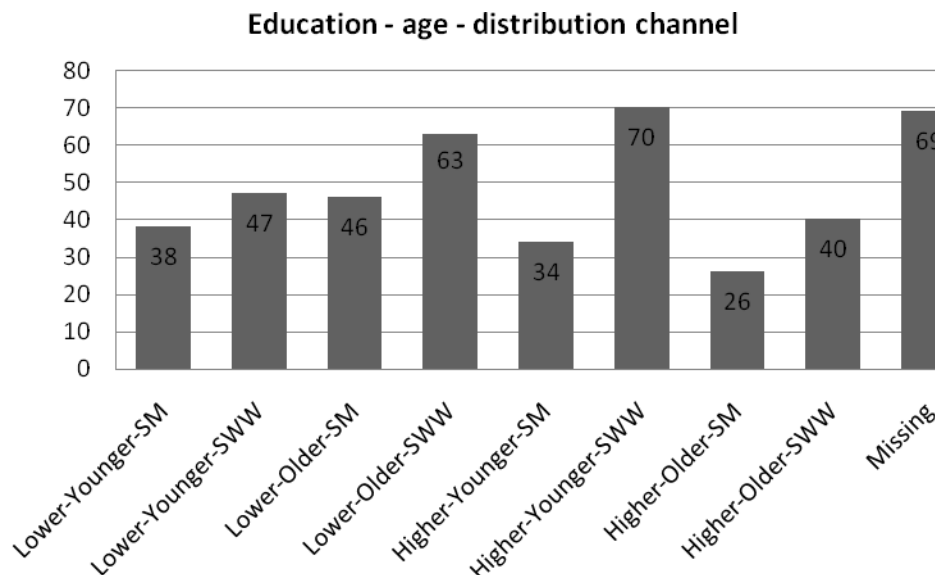


Figure 10: Distribution of the individuals across the possible subgroups (N = 433)

5.5. DISCUSSION

Several structural weights are similar across all groups. For example, Fair Trade sign value is never significant and Coffee involvement never influences Fair Trade-decision involvement except for highly-educated people where there is a small impact. Coffee involvement is always, and not surprisingly, a strong predictor of the coffee consumption frequency and never a significant predictor of Fair Trade coffee information search. In general, Fair Trade-decision involvement is an important variable to explain behaviours linked to Fair Trade.

SM-WS consumers (Supermarkets and world shops) and WS consumers (World shops only) have been merged because the analysis proved that the two groups were equivalent. This means that world shop coffee consumers have the same involvement profile regardless of their loyalty towards this type of retail outlet.

The group SWW has a higher mean in almost all Fair Trade-related sources, involvement and behaviour. However, higher means does not mean prediction potential. For example, even though the mean of Fair Trade hedonic value is higher for SWW than for SM, it is not a predictor of Fair Trade-decision involvement for SWW, whereas it is slightly significant for

SM (consistent with the findings of de Ferran and Grunert, 2007). The SWW group has a Fair Trade involvement profile clearly oriented towards Fair Trade adhesion, in its three dimensions. On the contrary, the SM group has a more balanced profile, with several variables influencing their Fair Trade-decision involvement. Fair Trade risk, indicating the frustration of mistaking non-Fair Trade for Fair Trade coffee, is a particularly important predictor. This highlights the importance for supermarket consumers to have a credible Fair Trade label. Trust might be higher for world shop consumers because all products sold in these outlets originate from Fair Trade. This could explain the difference in Fair Trade risk across the two groups. Concerning the impact of the forms of involvement on the behavioural effects, it is to be noticed that for world shop consumers, Coffee involvement negatively influences Fair Trade coffee purchase proportion, which is not the case for supermarket consumers. The Fair Trade actors have made major efforts to improve and promote the quality of the products (Baranzini, 2005). However, this quality improvement and perception might be different in supermarkets and world shops, which could explain why Coffee involvement negatively influences the Fair Trade coffee purchase proportion for the SWW group.

Older people have a higher score on all coffee-related variables, which is almost translated by a higher coffee consumption ($p = 0.051$). They present a Fair Trade profile oriented towards Fair Trade adhesion, in all its three dimensions. Their involvement finds its sources in ethical values only. As for younger people, they present a more balanced profile, since it includes the better taste perception of Fair Trade products as a small source of involvement as well. The behaviours of the two groups with regard to the forms of involvement are somewhat different. The younger who are more involved in coffee, purchase less Fair Trade coffee in proportion, which might be the consequence of the broader range of non-Fair Trade coffee available. If they are highly involved in coffee, they do not want to restrain their choice. Finally, the involvement in the Fair Trade decision negatively impacts on the coffee consumption frequency in the case of older people.

The means comparison shows that people with lower education find equal hedonic value in coffee, but more utility than the highly-educated group. However, coffee utility is more important for the latter group to explain coffee involvement, whereas the hedonic value is more important for the former. The additional pleasure of consuming Fair Trade products also influences the Fair Trade-decision involvement for people with lower education. Thus, their sources of involvement regarding Fair Trade products are manifold. People with higher

education tend to be involved especially due to two dimensions of Fair Trade adhesion (Empowerment and Working conditions) and to Fair Trade risk.

5.5.1. Practical implications

Practically, the interest is to explain how the different Fair Trade actors can address the consumer segments defined in this research. It is also interesting for Fair Trade coordinators to understand the consumers in order to further develop the market. Through the determinants of involvement, it is possible to deduce consumer sensibilities, and thus to derive the underlying messages that communication campaigns, packaging, merchandising and branding strategies should contain.

It is to be noticed that Coffee involvement and its determinants do not influence the Fair Trade-related involvement (except slightly for world shop consumers). In addition, the influence of Coffee involvement on Fair Trade coffee consumption behaviours is limited. Thus, the practical implications related to Fair Trade consumption will make abstraction of the product aspects.

In the model presented in this research, the predictors of behaviours are the forms of involvement. However, it is difficult for a firm to directly operate on the consumer involvement in order to foster favourable consumption behaviour. On the other hand, it is possible, through communication, to work on the determinants of involvement in order to increase it. The subsequent communication axes can help to increase the corresponding source of involvement. Concerning Fair Trade adhesion, communication must be oriented towards the underlying Fair Trade values, with an emphasis on the ones which are most important for the consumer segment (marginalised producer empowerment, working conditions and/or environment). For Fair Trade Risk, it is important to build consumer trust in the label and convey the credibility of the products in general. Fair Trade hedonic value can be increased by either improving the overall taste of Fair Trade products or the perception of their taste, through an adequate communication. The Fair Trade sign value is not a significant predictor for any group; as a result, no other consideration is dedicated to this variable.

The multigroup analysis showed that the determinants of involvement differ according to the market segment (young, highly-educated, etc.). Consequently, distributors selling Fair Trade products, as well as Fair Trade coordinators fostering market growth need to adapt their communication and envisage different axes according to the consumer segment that they

address. Table 18 synthesises, for each consumer segment, which variables should be tackled in first instance to impact on the consumer behaviours related to Fair Trade.

Table 18: Variables to tackle in function of the market segment

Segmentation criteria	Group	Variables to deal with ^a					
		FTA	(EMP	WC	ENV)	FTR	FTH
Distribution channel	Supermarkets	+++ ^b	++	+++		+++	+
	World shops	+++	++	++	++	++	
Age	Younger	+++	+++	++		+++	+
	Older	+++	++	+++	++	+++	
Education	Lower	+++	+++	++	+	+++	++
	Higher	+++	++	+++		+++	

NOTES:

^aFTA : Fair Trade adhesion

EMP : empowerment

WC : working conditions

ENV : environment

FTR : Fair Trade risk

FTH : Fair Trade hedonic value

^b+++ : Very important (unstandardized weight ≥ 0.4)

++ : Important (unstandardized weight < 0.4 and $p < 0.05$)

+ : Less important ($0.1 > p > 0.05$)

Cells without + are insignificant

A final consideration regarding the gender groups is that in absolute values, females are more involved in the Fair Trade decision than males and adhere more to the three dimensions of Fair Trade adhesion. Nevertheless, these differences do not affect the causal links between the concepts, which brought us to consider them as one single segment. Thus, males and females do not necessitate a differentiated communication.

5.6. CONCLUSION

The Fair Trade market is expanding every day. Nevertheless, it needs to be better understood to gain efficiency and attract more actors. The shift from solidarity trade to mainstreaming has led Fair Trade to diversify its consumers and actors. As a result, several segments have been hypothesised, with different characteristics and behaviours. This research has aimed at exploring those segments to identify the consumers' motivations (through involvement and its determinants) and eventually understand which variables needed to be tackled in order to make the Fair Trade products more competitive. The empirical data relies on coffee Fair Trade consumers.

The consumer analysis is carried out using an involvement model that separates the product-related dimension from the Fair Trade-related dimension. It is an enhancement of conventional measures of involvement, which includes the ethical aspect as a determinant of the involvement, through the variable Fair Trade adherence. Due to the structure of the model containing latent constructs, multiple-group analysis procedures for structural equation modelling were used.

The market was segmented by means of four variables: the distribution channel preference, the gender, the age and the education. Except the two gender groups, the various segments show different involvement profiles and behaviours, proving heterogeneity among Fair Trade consumers. The adherence to Fair Trade is a strong predictor of involvement in all segments. However, the importance of each dimension of adherence varies among consumers. For example, the environmental dimension of Fair Trade is not a source of involvement for supermarket consumers, as well as for younger and highly-educated people. The pleasure aspect of Fair Trade coffee is a source of involvement for people with a lower education (and to a smaller extent, to supermarket consumers and younger people). Since involvement is a motor of behaviour, hedonism is a motivation for those groups to behave in a favourable manner towards Fair Trade products.

These considerations have practical implications regarding the way to communicate Fair Trade to consumers, which is of interest for the product distributors and the coordinators of the movement. Indeed, the findings allow us to draw the axes of a differentiated communication, which aligns the message conveyed with the sensibilities and expectations of each segment. The three pillars, on which the communicational message should rest according to our findings, are the pleasure of consuming Fair Trade products, the reinforcement of the Fair Trade products' credibility in order to build trust, and finally, the underlying Fair Trade values. Which pillars to use is then conditioned by the segment to address.

Fair Trade products are not competitive against conventional products on a quality-price ratio. Therefore, it is necessary to highlight and strengthen their intangible attributes for consumers to perceive this added-value. The outcome of this research is an illustration of how to achieve it.

5.6.1. Limits and future research

Several aspects of the methodology limit the scope of the research. First, the group repartition of Age and Education is arguable because it was performed on statistical grounds (well-

balanced groups in terms of number of individuals) rather than semantically. However, no justified grouping related to these variables could be found in the Fair Trade literature. Second, the multigroup analysis as described in this research is a powerful method which enables to explore and compare the links between latent constructs. Nevertheless, it is data consuming, meaning that each group must contain a fair amount of individuals to be processed. This prevented us from creating subgroups and measuring the potential interaction effects between the variables.

These two limitations could be circumvented in a future confirmatory research, focusing on more homogeneous consumers including only one or two segments. A more detailed multigroup analysis would then be possible, with several groups per variable or the measurement of the interaction effect.

The research was based on Fair Trade coffee consumers, limiting the possibility to generalise the findings to other Fair Trade products. However, results reveal that the Fair Trade-decision involvement is not linked (except slightly for one segment) to coffee involvement. This tends to show that product- and Fair Trade-related aspects are independent, which increases the generalisation potential of the research to other products.

Chapter 6: Conclusion

The overall objective of the thesis was to investigate potential success factors of Fair Trade from a managerial perspective, considering different units of analysis. The focal point was set on the meso-level, the micro-level and the individual level, which correspond respectively in our case to the distribution channels, the firms and the consumers. The individual conclusions of each case are first summarised, before addressing the global concluding remarks.

The first case study presented in Chapter 2 describes and validates two contrasting types of distribution channels within Fair Trade and shows the interaction between the actors involved. Whereas alternative channels are ideology-driven, mainstream channels are oriented towards Fair Trade sales growth. The mainstream pragmatism has opened the Fair Trade market access to numerous producers. However, as collateral effects, some of the Fair Trade principles had to be revised: direct ties between producers and consumers have disappeared; relationships between actors are more transactional; a minimum size is required for producers to deal with mainstream actors' structures, which might push aside some of the most marginalised producers; cooperation has been replaced by competition; and the credibility of "campaigning for changes in the rules and practices of conventional international trade" (FINE, 2001) is now questioned.

Chapter 3 highlights the non-homogeneity of companies with regard to the distribution of Fair Trade products. Their motivations as well as their business practices differ. The key management factors of the organisation of Fair Trade distribution have been drawn deductively from the theory. The data shows that companies position themselves differently against those factors, proving no one best way to integrate Fair Trade in the firm's strategy. The preliminary typology derived from the analysis shows five strategies, comprising 'Diversification', 'Contrast', 'Corporate culture', 'Individual ideology', and 'Devotion'. The engagement with the Fair Trade values varies according to the strategies, ranging from a total devotion, to the use of Fair Trade as a means or alibi.

Chapter 4 shows the development of an instrument to analyse the ethical consumer behaviour, based on the concept of involvement. Selected behaviours were analysed using this instrument, in order to understand their predictors. The model adequately explains Fair Trade coffee purchase proportion, Coffee consumption frequency and Fair Trade coffee information search. It can be seen that the Fair Trade-related dimensions (like the adhesion or the risk) are more important than coffee-related dimensions (like taste or utility) to explain Fair Trade coffee-related behaviours. These results and their incidences on how to address Fair Trade consumers are further developed in Chapter 5.

Chapter 5 proceeds to a Fair Trade market segmentation and analyses the message that needs to be conveyed to each segment in order to optimise a favourable behaviour of consumers towards Fair Trade. Multiple-group analysis procedures are used to compare the predictors of behaviour across segments. Results show that the segments, hypothesised using four criteria (gender, education, age, and distribution channel preference) do not have similar expectations and needs, except males and females which are homogeneous. For instance, older consumers include the environment as a source of Fair Trade adhesion (which in turn predicts the involvement), which is not the case of younger consumers. Another example concerns people with a lower education who are driven by the hedonistic aspect of Fair Trade, contrary to people with a university degree.

Each chapter contains implicit or explicit Fair Trade success factors corresponding to the level of analysis of the study. These factors will now be discussed as a general conclusion.

At the individual level, the consumer analysis brought important information. Fair Trade products cannot be competitive with their conventional counterparts on a quality - price ratio, due to the Fair Trade premium and other costly constraints. Thus, they have to be competitive on other grounds. Consumers have to perceive an added value that they cannot find in conventional products. From a managerial perspective, the success factors regarding consumers are those that can increase this perceived value of the products. To reach that objective, firms have to understand what makes Fair Trade products valuable, in order to strengthen the perception of these attributes. This can be achieved through the analysis of the predictors of the desired behaviours towards Fair Trade products, from which the variables to reinforce can be derived. Results show that these variables differ according to the segments. Three main axes of communication have been designed to activate these variables. They correspond to the differentiated messages that should be conveyed to consumers. The first one highlights the Fair Trade principles. It is divided into three dimensions, which are the empowerment of marginalised producers, improved working conditions and the environmental aspect. The second axis is directed towards the improvement of the perception of Fair Trade product credibility, to create consumer trust. Finally, the third one emphasises the hedonistic aspect of Fair Trade products. The importance and relevance of each axis must be put into perspective, because the defined segments do not have the same needs in terms of communication. Table 18 in Chapter 5 presents in details these segment needs. This table also points to the different sensibilities and attitudes that distinguish Fair Trade consumers of alternative channels (world shops) and mainstream channels (supermarkets). It can be

observed that Fair Trade has two different significations in the two business models. Alternative and mainstream consumers do not attribute the same meaning to the Fair Trade meta-brand, hence the differentiated communication methods, leading to diverse success factors in each channel.

At the micro-level, we analysed the Fair Trade distributors. Two broad factors can lead to success from a Fair Trade perspective: the engagement of firms with the Fair Trade principles, as well as the amount of Fair Trade products that they trade. Results tend to show that it is difficult to achieve both and that a trade-off is necessary. Alternative channels give priority to the former aspect, whereas mainstream channels to the latter. The ideal will be accomplished if the two aspects are merged, meaning that the market would have totally integrated and assimilated the Fair Trade ideology. This would imply the fusion of the two channel types. In the meantime, firms can act in order to leverage one or the other aspect. From a managerial perspective, the key factors drawn in Chapter 3 are those that prove to be critical with the aim of mastering the value chain dedicated to Fair Trade products. These factors partly address the engagement with Fair Trade principles, in order for the company to control the potential risk of dissonance. Indeed, it is possible that the distribution of Fair Trade products have a negative impact on the corporate image of firms with a priori bad reputation regarding their social responsibility, because consumers might perceive an action of manipulation rather than a real commitment. Thus, through a modification of positioning regarding the key management factors, firms can also improve their engagement with Fair Trade principles and reduce such a risk. In general, there should be a certain alignment between the company's business model and the Fair Trade model. For example, there is an incompatibility between Fair Trade products and hard discounters, because the latter rely *inter alia* on a lower quality and economy of scales which are incompatible with the Fair Trade model.

The chain analysis, at the meso-level, shows that there is a potential threat of Fair Trade corruption by the market, since some of the standards had to be lowered. Thus, it seems that the major success factor regarding the Fair Trade channels is to maintain the alternative trade in order to foster an ideological perspective, which should 'suffuse' the mainstream channels. Otherwise, if the backbone values are not supported by ATOs or NGOs, the risk is to see the concept diluted in the current market system and eventually be diverted from its original purpose. Moreover, mainstreaming, which appears to be inseparable from Fair Trade expansion, needs to solve some problems in the long run. There is an inherent compatibility

between the Fair Trade values, the small size of the producers and the nature of the alternative trade organisations. However, the same does not apply to mainstream channels, where the long-term system dynamics might not be in equilibrium. Indeed, small networks usually interact with small networks and large networks interact with large networks, hence an inadequacy between small marginalised producers and transnational corporations. This leads to the supposition that mainstream channels can only generate entropy in the long run. Empowering small marginalised producers and at the same time, dealing with the huge structures that compose the food industry constitute a key challenge for the future of mainstreaming. Solutions might be found in the reinforcement of win-win deals between corporations and Fair Trade principles, as well as in the improvement of Fair Trade managerial competencies and ethics of the players.

Finally, the research shows that there is not one unique answer to the question asked in the introduction, namely: ‘are economic agents ethical or do they behave in order to appear ethical?’ Chapter 3 showed that certain actors set social and environmental goals as corporate objectives per se, and not as a means, such as actors implementing a ‘Devotion strategy’ or a ‘Corporate culture strategy’. Moreover, the latter actors are also profit-making, which proves that economic agents can have a social rationality, meaning that being rational for a company does not only mean profit increase. The same applies to consumers, since results show that the values conveyed by Fair Trade products play an important role to explain consumer involvement, which in turn implies an important role in predicting behaviours.

Managerial implications can be synthesised according to three axes. The preliminary typology and the key management factors of the Fair Trade distribution can be used as benchmark; the results related to the involvement model help to address an efficient message to the different consumer segments of the Fair Trade market; finally, the findings on the Fair Trade consumer behaviour emphasise how to improve Fair Trade product competitiveness.

This research cannot state if Fair Trade is doomed to failure or if it is just the beginning of a movement that is educating consumers and advocating for increased ethics in trade relations, to eventually transform the global trading system and universally include the Fair Trade values. Even though this objective appears currently disproportionate, at a time when Southern and Northern countries cannot settle trade agreements that satisfy both parties in the multilateral environment of the World Trade Organization, Fair Trade could be a source of inspiration to reform the framework at a global level.

6.1. RESEARCH LIMITATIONS

In addition to the specific limits of each individual study regarding methodology and sampling, which were mentioned in the different chapters, the global approach also presents limitations.

The research covers several units of analysis, at different levels of the Fair Trade structure. This presents the advantage of a global understanding of the topic, and was appropriate due to the restricted amount of managerial literature on the field. However, the breadth of the subject covered implies limited research intensity on each unit of analysis. A trade-off was found in alternating between extensive qualitative (Chapter 2 and 3) and intensive quantitative research (Chapter 4 and 5).

Inductive reasoning is always prone to criticisms because of its limited generalisation power (e.g. Popper, 1962). Indeed, the principle is to infer new claims based on a series of observations. However, the fact that the claims are true based on these observations does not prevent the next observation to contradict the claims, hence the generalisation limits. In this research, induction was used to explore a field which had not undergone many managerial investigations, with the aim of building theory rather than confirming and proving. Thus, the problem of induction is partially controlled.

6.2. FURTHER RESEARCH

Several broad success factors have been drawn and it would be of much interest to refine the analysis and go into more detail with an ambition to prove rather than propose, following a hypothetico-deductive method.

Three types of complementary researches could be envisaged so as to extend and deepen the analysis from a managerial perspective. The first one would consist in bringing more elements on the same units of analysis. For instance, consumer segments could be further analysed, producing a more subtle understanding of Fair Trade product consumer behaviour. Firms should also be further investigated to include a wider range of Fair Trade distribution practices and enhance the current typology.

The second type of complementary research would focus on other units of analysis from the same levels. Notably, at the individual level, producers and managers could be analysed. At the micro-level, cooperatives could be analysed, which would generate success factors

regarding their business practices, taking into account the specificities of being part of the Fair Trade market. For example, due to the definition of Fair Trade, emphasising North-South exchanges, cooperatives must be exporters by default. It would then be interesting to analyse their export competencies and their export readiness, in order to optimise the relating processes.

The third type of complementary research is about the analysis of the macro- and global levels, which have not been approached in this research. The first one could analyse the success factors of countries' economic development through Fair Trade in both exporting and importing countries. The study would analyse if there is a potential alignment of country and Fair Trade objectives, in order to foster win-win deals. Finally, at the global level, a potential Fair Trade integration in the multilateral trading system could be analysed, indicating the supporting and limiting factors.

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Appendices

Appendix A – List of Abbreviations

ANOVA	: Analysis of Variance
ASRO	: Association Romande des Magasins du Monde: French-speaking Switzerland World Shops Association
ATO	: Alternative Trade Organisation
CIP	: Consumer Involvement Profile
CSR	: Corporate Social Responsibility
EFTA	: European Fair Trade Association
IFAT	: International Fair Trade Association (formerly International Federation for Alternative Trade)
FLO	: Fair Trade Labelling Organizations International
FTO	: Fair Trade Organization
MdM	: Magasin du Monde
NA	: Not Applicable
NEWS!	: Network of European World Shops
NGO	: Non-Governmental Organisation
PII	: Personal Involvement Inventory

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Appendix D - Fair Trade Distributor Interview

Guide

1. Organisation du Fair Trade dans l'entreprise

A. Y a-t-il un département spécifique au Fair Trade (ou produits éthiques) dans l'entreprise? Si oui:

1.1. Renseignements généraux

- 1.1.1. Nom et titre du responsable principal
- 1.1.2. Nombre d'employés du département
- 1.1.3. Budget
- 1.1.4. Localisation des diverses fonctions, branches et succursales

1.2. Activités

- 1.2.1. Objectif et activité principale du département
- 1.2.2. Champs d'activités secondaires
- 1.2.3. Est-ce que le département est régi par les mêmes règles de rentabilité que les autres départements?

1.3. Organisation interne

- 1.3.1. Structure organisationnelle actuelle (joindre organigramme)
- 1.3.2. La structure organisationnelle a-t-elle été modifiée au cours des dernières années ? Si oui, pour quelle raison ?
- 1.3.3. Est-ce qu'il y a la même culture d'entreprise que dans les autres départements (identité)?
- 1.3.4. Est-ce que les personnes engagées dans ce département font ceci par idéologie?
- 1.3.5. Est-ce qu'il y a eu une volonté idéologique de la part de l'entreprise de distribuer des produits Fair Trade?

1.4. Historique

- 1.4.1. A quelle année remonte la première distribution de produits Fair Trade?

- 1.4.2. A quelle année remonte la création du département ?
- 1.4.3. Quelles ont été les grandes étapes du département depuis sa fondation ?
- 1.4.4. Quelles ont été les grandes étapes de la stratégie du département ?

B. S'il n'y a pas de département spécifique aux Fair Trade ou produits éthiques:

1.1. Organisation

- 1.1.1. Expliquer comment les produits Fair Trade sont gérés et organisés?
- 1.1.2. Les produits Fair Trade sont-ils soumis aux mêmes règles de rentabilité que les autres produits?
- 1.1.3. Depuis quand distribuez-vous des produits Fair Trade?
- 1.1.4. Quels ont été les changements organisationnels depuis le début de la distribution?
- 1.1.5. Est-ce qu'il y a eu une volonté idéologique de la part de l'entreprise de distribuer des produits Fair Trade?

2. Gestion des approvisionnements de produits Fair Trade

2.1. Les approvisionnements

- 2.1.1. Est-ce que les achats de produits Fair Trade passent par le département d'achat habituel?
- 2.1.2. La périodicité des commandes est-elle différentes des produits équivalents non Fair Trade?

2.2. Les fournisseurs

- 2.2.1. Importez-vous directement des groupes de producteurs ou passez-vous par des importateurs?
- 2.2.2. Avez-vous parfois des problèmes de respect de délais, de qualité ou autres de la part de vos fournisseurs?
- 2.2.3. Si oui, est-ce que ces problèmes peuvent être liés à la taille des groupes de producteurs, qui est normalement inférieure aux groupes de producteurs non Fair Trade (à cause des critères du Fair Trade)?
- 2.2.4. Type d'information échangée:
 - Quels types d'information échangez-vous dans la relation avec le fournisseur: transactions financière, information sur le produit, coopération technique, formation (training), information sur le marché, idéologie, autres?

- Est-ce que le type d'information échangée avec les fournisseurs de produits Fair Trade est différent du type d'information échangée avec les fournisseurs de produits non Fair Trade?
 - Est-ce que la fréquence d'échange de l'information, par rapport aux autres produits non "Fair Trade" est différente?
- 2.2.5. Connaissez-vous personnellement certaines personnes des groupes de producteurs?
- 2.2.6. Quels sont les moyens informatiques pour soutenir l'achat et la vente avec les producteurs du Sud: website, e-mail, EDI, ERP, autres outils e-business? Est-ce que l'utilisation de ce genre d'outil manque par rapport aux fournisseurs de produits non Fair Trade?
- 2.2.7. Pour le reste, est-ce que cette relation d'affaire est différente de celle des fournisseurs de produits non Fair Trade?
- 2.2.8. Changez-vous fréquemment de fournisseur? Pour quelles raisons? Quelle fréquence en moyenne?
- 2.2.9. Quels sont vos principaux fournisseurs, par produit?
- 2.2.10. Quels sont leur importance relative ?
- 2.2.11. Comment les fournisseurs sont-ils structurés (coopération, association,...) ?
- 2.2.12. Quelle est leur taille par rapport à votre entreprise?
- 2.2.13. Possédez-vous un choix entre divers fournisseurs possibles ? Utilisez-vous la liste de fournisseurs de Max Havelaar?

3. Direction générale des produits Fair Trade

3.1. Système visionnaire des produits Fair Trade

- 3.1.1. Quelles sont les visions émergentes du dirigeant : idées pour des produits ou services nouveaux ?
- 3.1.2. Décrire brièvement la vision centrale externe et interne du dirigeant ?
- 3.1.3. Quelles sont les difficultés rencontrées dans les réalisations du dirigeant ?

3.2. Stratégie

- 3.2.1. Comment l'entreprise définit-elle sa stratégie actuelle et à venir par rapport aux produits Fair Trade?
- 3.2.2. S'est-elle fixé des objectifs généraux à long-terme (si oui, lesquelles) ?

- 3.2.3. Quels sont les facteurs de l'environnement qui sont considéré par le dirigeant comme des contraintes ou des opportunités ?
- 3.2.4. Y a-t-il eu des investissements importants au cours des 5 dernières années (montant + objectif) ?
- 3.2.5. Y aura-t-il des investissements prévus dans le futur (montant + objectif) ?
- 3.2.6. Quels ont été les problèmes importants que l'entreprise a rencontrés au cours des 5/10 dernières années ? Et actuellement ?
- 3.2.7. Quels sont les critères retenus par l'entreprise pour les décisions stratégiques (investissements, financement, expansion commerciale, ...) ?

4. Marketing

4.1. Le couple produit - marché

- 4.1.1. Des études de marché ou autres ont-elle été faites sur les produits Fair Trade?
- 4.1.2. Stratégie de marché
- Quelle est la répartition des grandes catégories de clientèle (segmentation)?
 - Quelle a été l'évolution dans le domaine au cours des 5 dernières années ?
- 4.1.3. De quelle façon suit-on l'évolution du secteur ? Des habitudes de consommation dans le secteur ?
- 4.1.4. Quels sont les avantages compétitifs de l'entreprise au niveau de ses produits Fair Trade ?

4.2. La distribution et la promotion

- 4.2.1. L'entreprise fait-elle de la publicité ?
- Sous quelle forme ?
 - Quelles sont les marchés cibles ?
 - Quelle est l'importance du budget de publicité ? (évolution sur 5 ans et tendance à venir)
 - Sur quoi porte la publicité ? Quels sont les axes et stratégies publicitaire ?

4.3. Prix, coût et rentabilité

- 4.3.1. Les produits Fair Trade doivent-ils être rentables ou sont-ce des produits d'appel?
- 4.3.2. Quelle est la politique de prix de vente de l'entreprise ?

Appendix E - Consumer Survey Questionnaire

Le café et le commerce équitable

Ce projet de recherche, **sans aucun but commercial**, a pour objectif d'analyser le comportement des consommateurs face au commerce équitable. Les réponses que vous donnez sont **anonymes**. Il n'y a pas de réponse juste ou fautive; il faut répondre en toute sincérité. Répondez s'il vous plaît à toutes les questions. Nous vous remercions d'avance de votre aide dans nos recherches!

PREMIERE PARTIE

Emettez votre opinion sur chacune des déclarations présentées ci-dessous en fonction des 5 choix de réponses proposées (ne cochez qu'une case).

Le café

	Pas du tout d'accord	Pas d'accord	Ni d'accord ni pas d'accord	D'accord	Tout à fait d'accord
J'attache beaucoup d'importance au café.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Le fait de savoir que quelqu'un consomme ou non du café me renseigne beaucoup sur sa personne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Le café est pour moi une affaire de plaisir	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Le café est avant tout un produit utile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Je m'intéresse beaucoup au café	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consommer du café m'aide à exprimer ma personnalité	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Boire un café me procure beaucoup de plaisir	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Le café rend mon quotidien plus facile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Le café me laisse indifférent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Pas du tout d'accord	Pas d'accord	Ni d'accord ni pas d'accord	D'accord	Tout à fait d'accord
On peut se faire une idée de quelqu'un au fait qu'il/elle consomme du café	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
La consommation de café est pour moi un moment très agréable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Il m'est utile de consommer du café	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distinction entre café issu et non issu du commerce équitable					
Je porte une attention particulière dans mon choix de café, entre issu et non issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
On peut dire beaucoup d'une personne du fait qu'elle achète du café issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J'estime que le café issu et le café non issu du commerce équitable donnent des niveaux de plaisir différents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorsque j'achète du café, c'est très contrariant si je me trompe entre du café issu et du café non issu du commerce équitable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J'achète du café issu du commerce équitable car je pense qu'il donne plus de pouvoir aux petits producteurs dans le commerce international	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Choisir entre du café issu et non issu du commerce équitable est une décision importante pour moi.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Il est possible de juger quelqu'un en fonction du fait qu'il/elle achète du café issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Le café issu et le café non issu du commerce équitable ne procurent pas le même niveau de plaisir	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lors de l'achat de café, il est très fâcheux de se tromper entre du café issu et non issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Pas du tout d'accord	Pas d'accord	Ni d'accord ni pas d'accord	D'accord	Tout à fait d'accord
J'achète du café issu du commerce équitable, car je pense qu'il est fourni par des petits producteurs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J'attache beaucoup d'importance au choix du café, entre du café issu et non issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Savoir que quelqu'un achète du café issu du commerce équitable me permet de déduire quel genre de personne il/elle est	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Je n'ai pas le même plaisir à consommer du café issu et du café non issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Un mauvais achat dans le type de café (entre du café issu et non issu du commerce équitable) m'indisposerait fortement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J'achète du café issu du commerce équitable car je pense qu'il est une manière de créer de l'équité dans le commerce du café	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Je prêterais attention à une publicité pour du café issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J'achète du café issu du commerce équitable car je pense que les travailleurs participant à sa production ont de meilleures conditions de travail que les autres	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Je serais très intéressé(e) de lire un article sur le café issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J'achète du café issu du commerce équitable car je pense qu'il est produit dans un meilleur respect de l'environnement que le café non issu du commerce équitable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DEUXIEME PARTIE

1. Je consomme du café: _____

- Jamais
 Occasionnellement
 Une fois par jour
 Deux fois par jour
 Trois fois par jour ou plus

2. Lorsque j'achète du café, je choisis du café issu du commerce équitable: _____

- Jamais
 Moins d'une fois sur 4
 2 fois sur 4
 3 fois sur 4
 Toujours

3. J'achète mon café issu du commerce équitable: _____

- Uniquement en supermarché
 En supermarché et aux Magasins du Monde
 Uniquement aux Magasins du Monde

3bis. Si vous achetez du café aux Magasins du Monde, en achetez-vous: _____

- 2 fois par année ou moins
 Entre 2 et 6 fois par année
 1 fois tous les 2 mois ou plus

TROISIEME PARTIE

1. Age: _____

.....

2. Statut: _____

- Célibataire
 En couple
 Divorcé (e)
 Veuf / veuve

3. Je consomme du café issu du commerce équitable depuis : _____

- 0 – 5 ans
 6 – 10 ans
 11 – 15 ans
 16 – 20 ans
 Plus de 20 ans
 Je n'en consomme pas

4. Nombre de personnes dans le ménage : _____

.....

5. Sexe: _____

- Femme
 Homme

6. Dernier diplôme obtenu: _____

- Scolarité obligatoire
 CFC
 Maturité
 HES/HEP
 Diplôme universitaire
 Autre:

7. Activité professionnelle : _____

.....

8. Le commerce équitable est pour vous :
(Ne cochez qu'une seule réponse) _____

- Une marque
 Un label
 Une certification
 Autre, précisez :

MERCI DE VOTRE CONTRIBUTION A NOTRE RECHERCHE !

Appendix F - Translated Questionnaire Items of the Consumer Survey

Coffee involvement

1. *Coffee is very important to me^a*
2. *I have a strong interest in coffee*
3. *For me, coffee does not matter^b*

Coffee sign value

4. *Knowing whether or not someone drinks coffee tells me a lot about that person*
5. *Drinking coffee helps me express my personality^c*
6. *The fact that someone drinks coffee gives me an idea of that person*

Coffee hedonic value

7. *For me, coffee is a pleasurable product*
8. *Drinking coffee gives me much pleasure*
9. *Drinking coffee is for me, a very pleasurable moment*

Coffee utility

10. *Coffee is above all, a useful product*
11. *Coffee makes my days easier*
12. *Drinking coffee is useful for me*

Fair Trade-decision involvement

13. *I choose my coffee carefully between Fair Trade and non-Fair Trade*
14. *Choosing between Fair Trade and non-Fair Trade coffee is an important decision for me*
15. *The choice between Fair Trade and non-Fair Trade coffee is very important to me*

Fair Trade sign value

16. *Knowing whether or not someone buys Fair Trade coffee tells a lot about a person*
17. *It is possible to judge someone based on whether or not he/she buys Fair Trade coffee*
18. *Knowing that someone buys Fair Trade coffee gives me an idea of the kind of person he/she is*

Fair Trade hedonic value

19. *I believe Fair Trade and non-Fair Trade coffee give various levels of pleasure*
20. *Non-Fair Trade coffee is less pleasurable*
21. *I do not have the same pleasure drinking non-Fair Trade as Fair Trade coffee*

Fair Trade risk

22. *When I buy coffee, it is frustrating if I mistake non-Fair Trade coffee for Fair Trade coffee*
23. *When buying coffee, it is very annoying to me if I mistake non-Fair Trade coffee for Fair Trade coffee*
24. *Mistaking non-Fair Trade coffee for Fair Trade coffee would bring me grief*

Fair Trade adhesion

- 25. *I buy Fair Trade coffee because I think that it gives more power to small producers in international trade*
- 26. *I buy Fair Trade coffee because I think that people participating to its production have better working conditions than the others*
- 27. *I buy Fair Trade coffee because I think that it is produced in a better respect of the environment than non-Fair Trade coffee*
- 28. *I buy Fair Trade coffee because I think that it is a way to make coffee trade fair*

Distribution channel preference

- 29. *I buy my Fair Trade coffee in: (1) Supermarkets only (2) Supermarkets and world shops (3) World shops only*

Fair Trade coffee purchase proportion

- 30. *When buying coffee, I choose Fair Trade: (1) Never (2) Less than 1 out of 4 times (3) 2 out of 4 (4) 3 out of 4 (5) Always*

Coffee consumption frequency

- 31. *I drink coffee: (1) Never (2) Occasionally (3) Once a day (4) Twice a day (5) Three times a day or more*

Fair Trade coffee information search

- 32. *I would pay attention to an advertisement for Fair Trade coffee.*
- 33. *I would be very interested to read an article pertaining to Fair Trade coffee*

NOTES:

^a When not specified otherwise, the questionnaire items use a 5-point Likert-type response format, from fully disagree to fully agree.

^b Reverse-scored

^c Removed from the analysis