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# **FAIR TRADE**

A Study of Consumers' Perception and Knowledge in a  
Minor Town in Sweden

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## Abstract

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- Title:** Fair Trade: A Study of Consumers' Perception and Knowledge in a Minor Town in Sweden
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- Key words:** Corporate Social Responsibility, Ethical Consumerism, Fair Trade, Chocolate Industry, Perception
- Purpose:** The purpose of this thesis is to get a better understanding of consumers' perception and knowledge of Fair Trade and Fair Trade products in Sweden.
- Methodology:** Literature was reviewed before the empirical research was conducted. A quantitative method, in form of a questionnaire survey, has been used.
- Theoretical Perspectives:** We have entered different areas related to our topic. Corporate Social Responsibility and ethical consumerism were described prior to the field of Fair Trade.
- Empirical foundation:** Our empirical foundation consists of answers from 200 respondents.
- Conclusions:** Consumers in a minor town have limited perception and knowledge of Fair Trade and Fair Trade products. Implications that can be drawn from this, show that there is a marketing job to be done.

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# Chapter 1 – Introduction

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*In this chapter the background is presented. The research problem is discussed and the purpose is described. The limitations, the research question and finally, the outline of the thesis are presented.*

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## 1.1 Background

Fair Trade is an important global “movement” happening right now. Henderson (2006, p.94) even goes as far as saying that “...Fair Trade is really a new form of globalization with a human face. This kind of globalization works for the poor”.

Fair Trade presents a new model of the producer-consumer relationship. This model reconnects production and consumption through an innovative supply chain model, which distributes its economic benefits more fairly between all stakeholders (Nicholls & Opal, 2005). The aim with Fair Trade, as can be seen below, highlights how Fair Trade can support producers in developing countries.

“The aim of Fair Trade is to offer the most disadvantaged producers in developing countries the opportunity to move out of extreme poverty through creating market access (typically to Northern consumers) under beneficial rather than exploitative terms. The objective is to empower producers to develop their own businesses and wider communities through international trade” (Nicholls & Opal, 2005, p.6).

The Fair Trade “movement” has grown and is growing significantly, but remains a relatively small part of the total world trade (Rättvisemärkt, 2007a). According to Nicholls and Opal (2005), the last thirty years of growth of ethical consumerism is the main driver behind the development of a Fair Trade market.

The belief that it is possible to influence large and complicated matters is the most important motive power for people to feel a desire to make a difference. In their role as citizens and consumers, ordinary people can help to change and improve the world through small concrete actions. Fair Trade is mainly about the fact that people can influence the market by using their consumer power. The Fair Trade labeling helps consumers to make conscious purchase decisions and affect the producers directly, via the market mechanisms. Consumers, as well as producers can find the great variety of labels, standards and codes, which are present on the market, confusing. This can have the long term effect that the systems' credibility is questioned. On the other hand, it is inevitable to disregard the need for different labels (Axelsson Nycander, 1999). One possibility to avoid this confusion may be to draw up legislation that determines exactly what Fair Trade criteria are and how these can be described on product packaging (Nicholls & Opal, 2005). Another thing consumers may find confusing, has to do with the quality of the Fair Trade products. Some consumers may think that the Fair Trade label is a quality assurance mark (Marketing Week, 2004). This perception is misleading, since this is not entirely what is behind the idea of Fair Trade. There is no clear answer to whether Fair Trade products are of a better quality than other products. Although, producers of Fair Trade products are required to provide good quality products.

Consumers' buying behavior is important for Fair Trade, but is difficult to predict and control their decisions about whether to purchase Fair Trade products. The consumers are not only affected by ethical considerations, but also by the product's quality, price and availability, as well as by their own taste and general values, knowledge, the households' economical resources and availability of time. The Fair Trade-import, for example, is based on consumers' willingness to pay a higher price for fairly traded products (Axelsson Nycander, 1999).

Products, such as coffee, tea and bananas are among the most mentioned in Fair Trade contexts. Even though the Fair Trade label is primarily

associated with those products, the label can be found on a wide range of other products (Clark, 2004).

Fair Trade is an interesting field to enter. We both have limited knowledge about Fair Trade and therefore, we find it interesting to learn more about it. Even though Fair Trade has existed for a long time, we have not heard much about it. The current debate in media often emphasizes ethical issues, such as global warming and child labour. Perhaps, this has made also Fair Trade more acknowledged, since we have not heard about it until very recently. Since the success of Fair Trade is dependent on consumers' consciousness, it is interesting to study what perception and knowledge consumers have of Fair Trade and Fair Trade products.

## **1.2 Problem**

A survey from 2005 shows that relatively few of the people that know about Rättvisemärkt, a major Swedish Fair Trade organization, actually buy its products (Rättvisemärkt, 2005e). Rättvisemärkt's total sales volume amounts to approximately 1% in Swedish market share (Rättvisemärkt, 2005c) and this is a seemingly low market share. It can be questioned what the underlying reason for this is. Consumers' purchase decision to not buy Fair Trade products may be affected by different factors, such as a high price, limited information and/or limited availability. A study that shows somewhat amazing numbers (that contradicts what the survey above shows), is one made by SCB (Statistiska Centralbyrån), which involved 5000 respondents in Gothenburg in Sweden. The study showed that more than half of the respondents regularly purchase Rättvisemärkt-certified products (Rättvisemärkt, 2007c). These numbers seem high, when considering that we have heard very little about Fair Trade nonetheless purchased such products. Fair Trade is perhaps more known in Gothenburg, since it is a rather large city. Conducting a survey in a minor town may result in other numbers. We think that one reason to why we have not heard so much about Fair Trade, is the fact that we live in a minor town. Rättvisemärkt performed a nationwide campaign in Sweden during 2 weeks in April 2007. The aim

with this campaign was to create increased attention and knowledge about Rättvisemärkt and to get more people to buy Rättvisemärkt products. The campaign involved outdoor billboards, advertising, web banners, letters to the local press, product events and activities in stores. It was performed in the large cities: Stockholm, Gothenburg, Malmö, Lund, Karlstad, Norrköping, Uppsala and Umeå (Rättvisemärkt, 2007f). We have not heard or found any information concerning such campaigns in minor towns. Due to limited marketing efforts in minor towns, it could be questioned what perception and knowledge consumers in minor towns actually have, of Fair Trade and Fair Trade products. We were also not able to find any prior research, which only is made in a minor town.

Today, there are several Fair Trade products on the market and new products are coming. Some Fair Trade products, such as coffee, tea and bananas, are more known than others, like for example, chocolate. Fair Trade chocolate does not seem to be as widely spread and it can be questioned if consumers really have heard or know about it.

The success of Fair Trade is essentially determined by consumers' perception and knowledge, since this in turn is likely to affect their purchase decision. In this thesis we are concerned with finding out more about this.

### **1.3 Purpose**

The purpose of this thesis is to get a better understanding of consumers' perception and knowledge of Fair Trade and Fair Trade products in Sweden.

### **1.4 Limitations**

Fair Trade is a broad subject in itself, which can be looked at from many different angles. We have chosen to conduct a research that looks at consumers' perception and knowledge of Fair Trade and Fair Trade products. We have also selected and reviewed relevant literature for our topic. Of course, it is not possible to cover all existing literature within the topic. Which literature we have included will be presented in the theoretical

framework. Many Fair Trade products exist and we have chosen to put a minor emphasis on Fair Trade chocolate. There are many organizations that work with Fair Trade all around the world. One major organization is the Fairtrade Labelling Organizations International (FLO), which have representatives in many different countries. The Swedish FLO representative is Rättvisemärkt. We have chosen to put some extra emphasis on Rättvisemärkt and its operation. The reason for this is that the survey will be conducted in Sweden and it can therefore be of interest to provide the reader with some information about the situation in Sweden concerning Fair Trade. Furthermore, we collect the data by only asking respondents in one minor town, Hässleholm. Also, we only collect data from 200 respondents.

### **1.5 Research Question**

The thesis is based on the following research question:

- What are consumers' perception and knowledge of Fair Trade and Fair Trade products in a minor town in Sweden and what implications can be drawn from this for the marketing of Fair Trade?

## 1.6 Outline

The thesis has the following outline:

### Chapter 2 Method:

In this chapter the choice of methodology is presented. The research approach and strategy are discussed. The chapter also includes a description of the data collection of primary and secondary data. The chapter ends with a summary.

### Chapter 3 Theoretical Framework:

In this chapter the theoretical framework is presented. Before the field of Fair Trade is entered, some information about corporate social responsibility (CSR) and ethical consumerism is presented. Different areas within the field of Fair Trade are described. Thereafter, follows a section on perception. The chapter also includes a section about the Swedish Fair Trade organisation, Rättvisemärkt. The chapter ends with a summary of the theoretical framework.

### Chapter 4 Empirical Method:

In this chapter the empirical method is presented. The chapter begins with a short presentation of the research strategy. Thereafter, the selection method and the questionnaire design are described. The validity, reliability and generalisability are also discussed in this chapter. The chapter ends with a summary.

### Chapter 5 Analysis & Marketing Implications

In this chapter the survey is analysed. The chapter starts with a presentation and analysis of the primary data and ends with a discussion of marketing implications.

### Chapter 6 Conclusions:

In this final chapter, a summary of the thesis is presented. Some suggestions for future research are also given.

## Chapter 2 – Method

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*In this chapter the choice of methodology is presented. The research approach and strategy are discussed. The chapter also includes a description of the data collection of primary and secondary data. The chapter ends with a summary.*

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### **2.1 Choice of Methodology**

The purpose of this thesis is to get a better understanding of consumers' perception and knowledge of Fair Trade and Fair Trade products in Sweden. This information can help us draw some implications, which can be useful for the marketing of Fair Trade. We started with searching and reviewing relevant literature. Some information that we found interesting in the literature, guided our empirical research to a certain extent. However, we also included questions that we thought were relevant for our aim. The aim of our empirical research was to find out what perception and knowledge of Fair Trade and Fair Trade products consumers, in a minor town in Sweden, have. Our aim was not to build any new model or theory. An appropriate strategy to use, in order to collect information about consumers' perception and knowledge, was to conduct a survey by using a questionnaire. Prior studies do exist concerning Fair Trade, although after reviewing the literature we noticed that many of the studies have been based on UK consumers, which can be explained by the fact that the UK market is a large single market for Fair Trade. We did not find many studies on Sweden.

### **2.2 Research Approach**

Two main research approaches exist, which can be used in order to reach the purpose of a study. These are the deductive and the inductive approach. The deductive approach means that the researcher moves from theory to data collection, by testing theory. The inductive approach, on the other hand, means that data is first collected and then a theory is developed as a

result of the data analysis. It is, in other words, about building theory. The need to generalize becomes less important when using the inductive approach than when using the deductive approach. The deductive approach usually involves the collection of quantitative data, but it does not mean that qualitative data cannot be used. However, qualitative data collection is mainly associated with the inductive approach (Saunders, Lewis & Thornhill, 2007). With this in mind, we consider the deductive approach to be the most appropriate for our study. We reviewed literature prior to the collection of the empirical data. We conducted a survey to gather information about consumers' perception and knowledge. To be able to generalize the results to a certain degree, a large amount of responses was needed. Thus, a questionnaire was an appropriate collection method. Our intention was to collect quantitative data, which is also a reason to why the deductive approach was chosen. Since our aim was not to build any new model or theory, the inductive approach did not seem appropriate.

### **2.3 Research Strategy**

Different kinds of research strategies can be chosen, for example, case study, experiment and survey. We decided to use a survey as our research strategy. This strategy is usually related to the deductive approach, which is the research approach we used. Surveys enable the collection of a large amount of data from a sizeable population, in an easy and economical way. Mostly a questionnaire is used to obtain the data, even if a questionnaire is not the only data collection technique available when conducting a survey. The data is standardized, which make comparisons easier. This strategy facilitates the collection of quantitative data, which can be analyzed statistically (Saunders et al., 2007). Since we chose to use questionnaires in order to collect a large amount of quantitative data, the survey strategy was chosen.

### **2.4 Data Collection**

The data collection can be divided into primary and secondary data.

### *2.4.1 Primary Data*

We used a questionnaire to collect our primary data. The aim with our questionnaire was to collect information about consumers' perception and knowledge of Fair Trade and Fair Trade products. The questions in the questionnaire were designed in a way, which would provide us with relevant information in order to reach our aim. As mentioned before, prior studies exist concerning Fair Trade but these are often UK based. We found few studies made on Sweden. We handed out the questionnaire to respondents in various ages, from 16 year-olds and up. We also tried to get an equal amount of men and women to answer. We did this in order to get a mix of respondents. We wanted to conduct the survey in a minor town in Sweden. We chose to hand out the questionnaires in Hässleholm, a town in the south of Sweden. The reason to why we chose to conduct the survey in a minor town was that we were not able to find any prior research, which only was made in a minor town. Therefore, it can be interesting to choose a minor town. We think that, perhaps consumers' perception and knowledge of Fair Trade and Fair Trade products in a minor town is different from consumers' perception and knowledge in a large city. A reason for this can be, as mentioned in section 1.2 Problem, limited marketing efforts in minor towns. The questionnaires were handed out in person, which enabled us to collect answers until we got the intended amount of 200 questionnaires. After we collected the answers, these were analyzed statistically in the software program SPSS.

There are both advantages and disadvantages with using questionnaires as a survey strategy. As mentioned before, an advantage is that it is an efficient way to collect a large amount of data. The respondents answer the same set of questions and the standardized data can be converted into numbers, which enables the statistical analysis. This helps make comparisons easier. When using a questionnaire it can be difficult to formulate good questions. The questions must be understandable to the respondents and they must be understood in the way that the researcher wanted, in order for the researcher to get the information needed to reach the purpose with the research. If this is not the case, the respondents may misinterpret the questions and this

affects the answers they provide. Respondents may misinterpret the questions, because it is not possible to include enough clarifying text in a questionnaire. The questionnaire has to be kept simple, since too much information may make respondents lose their willingness and interest to participate. So, it is important to try to find a good balance concerning the formulation of the questions.

#### *2.4.2 Secondary Data*

The secondary data has been collected from different sources, such as books, articles and the Internet. The sources were both in Swedish and English. We searched literature, which could be related to our topic. Which literature we have included will be presented in the theoretical framework. Furthermore, we have tried to review literature that is relatively up to date. Much of the literature on Fair Trade discusses the market for Fair Trade in other countries and it is difficult to find good sources that describe the situation in Sweden. When searching, we found Rättvisemärkt's website to be useful for describing Fair Trade in Sweden and in general. We are aware that the information from Rättvisemärkt's website can be somewhat biased. We are also aware that some information on the website is continuously updated, like for example, the exact criteria for Fair Trade.

### **2.5 Summary**

In this chapter we have presented the choice of method. The deductive approach was used, in order to reach the purpose of our study. We reviewed literature related to our topic, prior to the collection of the empirical data. An appropriate strategy to use, in order to collect information about consumers' perception and knowledge, was to conduct a survey by using a questionnaire. The use of questionnaires enables the collection of a large amount of quantitative data, which can be analyzed statistically by using the software program SPSS. The questionnaire was handed out in a minor town in Sweden and we collected an amount of 200 responses. The empirical method will be discussed in chapter 4.

## Chapter 3 - Theoretical Framework

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*In this chapter the theoretical framework is presented. Before the field of Fair Trade is entered, some information about corporate social responsibility (CSR) and ethical consumerism is presented. Different areas within the field of Fair Trade are described. Thereafter, follows a section on perception. The chapter also includes a section about the Swedish Fair Trade organisation, Rättvisemärkt. The chapter ends with a summary of the theoretical framework.*

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Fair Trade can be seen as a form of CSR (Corporate Social Responsibility) that has been made possible through ethical consumption. Therefore, we find it relevant to first present some information about CSR and ethical consumerism, as an introduction, before entering the field of Fair Trade. It has become more important for multinational corporations to take greater social and environmental responsibility in developing countries. A strong motive power for the corporations arises if consumers react on poor production conditions (Axelsson Nycander, 1999) and therefore, require more social responsibility from the corporations (Uusitalo & Oksanen, 2004). Where CSR argues for a responsible producer, ethical consumerism propagates the responsible consumer. The responsibility of the individual consumer tends to be more important (*Ibid.*). Ethical consumerism can be seen as the main driver behind the development of a Fair Trade market (Nicholls & Opal, 2005). When entering the field of Fair Trade, different areas of relevance are presented. More details of the chosen areas will be mentioned in the introduction to that section. A section on perception follows, since the purpose is about getting a better understanding of consumers' perception and knowledge. Since the survey will be conducted in Sweden, it can be of interest to provide the reader with some information about the situation in Sweden concerning Fair Trade. Rättvisemärkt, a major Fair Trade organisation in Sweden, can be a useful source to provide such

information. Therefore, a section on Rättvisemärkt and its operation is presented. Finally, the chapter ends with a summary.

### **3.1 Corporate Social Responsibility (CSR)**

Attempts, such as information campaigns to consumers and companies, have been made by different organizations to get the major actors on the world trade market, the multinational corporations, to take greater social and environmental responsibility in developing countries. Such attempts are better than, for example, boycotts which can have negative effects for people that will be affected by this (Axelsson Nycander, 1999). Furthermore, boycotts are not effective if the companies that are being boycotted, do not actually know about it and the reason for it (Clark, 2004).

No standard concept for shaping CSR in an international context exists. Therefore, it is a case of learning as you go for many companies (Cramer, 2006). There is no single definition of what corporate social responsibility (CSR) means (Clark, 2004). As stated by Cramer (2006, p.28):

“...the exact interpretation of corporate social responsibility and, therefore, the use of guidelines and standards will depend on the specific local situation of each country: the culture, the social and political context, the government’s attitude and the most urgent social problems.”

The general idea behind CSR is that corporations should not only achieve financial returns, they should also care for all stakeholders, not just shareholders, including future generations. Guidelines and standards have been drafted by international institutions, to make sure that companies observe certain rules of conduct. Good and helpful guidelines are, for example, presented by the OECD (Organisation for Economic Co-operation and Development) and these guidelines can act as a source of inspiration for multinational companies. The guidelines drafted by the OECD are subscribed by governments of the OECD member states. Other countries have also been added as a consequence of the co-operation between the

business world, the trade union movement and other social organizations. Guidelines act as guiding principles and standards are stating the output that is expected from the company. It may be difficult to apply the international standards in the same way around the world, due to cultural and social differences between countries. National legislation and the host country's policies must be observed by a company that want to invest in a certain country. Companies also have to pay attention to the social needs and problems that exist in the specific country. So, the political and social situation in a country, as well as sociocultural factors, have a major influence on what is expected from companies regarding CSR (Cramer, 2006).

There has been a steady growth in the number of international rules of conduct regarding CSR, since the end of the Second World War. Most rules of conduct are not legally binding; these act more like moral obligations. The rule of conduct is important for both the internal and the external communication of the company's policy on CSR. So, rules of conduct have become more important for companies since companies cannot afford bad publicity, such as poor working conditions, environmental scandals or violation of human rights. An opportunity for companies is, therefore, to present themselves as socially responsible. Companies try to increase their market share, innovative power and staff motivation, by being socially responsible. Besides this, companies also try to get cost advantages and to shape their own moral responsibility (Cramer, 2006).

According to Cramer (2006), corporations that are socially responsible predict and determine which environmental and social measures they wish to take before particular rules and laws are imposed by the government. Measures that are in line with the company's own vision and business strategy are chosen. The choice is also based on external demands. An identity is developed, which involves the finding of a responsible balance between people (social well-being), planet (ecological quality) and profit (economic prosperity). The emphasis shifts from gaining only financial profit to gaining sustainable profit. These things are communicated to the

employees and the stakeholders. So, the choices made about people, planet and profit depend on the company's vision and strategy, as well as on the external expectations. The fact that people may have different attitudes towards issues concerning, for example, human rights can create tension and an international company has to know how to handle this.

CSR may be one way to help resolve major global problems. The CSR movement has made companies realize that their responsibilities do not only lie in making profits, but also in the importance of how the profits are made. This is not to say, however, that CSR has not been questioned. The obverse has also been argued, that companies should stick to making profits and let the governments take care of the development issues (Hopkins, 2007). One question that international companies can ask themselves is what real contribution they are expected to make to the local economy, in general and in specific countries. Whether and in which respect a foreign investment is beneficial to the economic development of a host country, is often unclear in advance (Cramer, 2006).

The big multinational corporations have to act responsible towards all those affected by their business, in order to really contribute to the progress of the developing countries and also be role models for other companies (Axelsson Nycander, 1999). As smaller companies become involved in international networks of suppliers and customers, they also have to act responsible (Cramer, 2006). The strongest motive power for the multinational corporations, arises if consumers react on poor production conditions (Axelsson Nycander, 1999) and require more social responsibility from the corporations (Uusitalo & Oksanen, 2004).

A code of conduct forms the core of the company's policy regarding CSR (Cramer, 2006). There is a risk that the codes in practice only are used as marketing tools by the corporations, rather than as a mean to really improve the conditions, for example, for the employees. Another risk concerns the situation in which the social demands on corporations have been based on consumer opinions in the Western World and not on the opinions of the people in the exporting countries. The consumers may have different values

than the people whom it affects. It may be easier to attract attention concerning, for example, child labour than about violations of union rights. In Fair Trade import, the risk that only the consumers' opinions are prioritised is probably less likely to occur since this import is based on a direct contact and a close dialogue between the importer and the producer (Axelsson Nycander, 1999).

The main contact between a multinational corporation and a developing country goes via its suppliers and therefore supply chains are important in CSR and for development (Hopkins, 2007). Consumers are demanding more detailed information about the production of goods they purchase, since they are more aware of the actions of corporations throughout the supply chain (Nicholls & Opal, 2005). More and more companies of different sizes acknowledge the need for chain responsibility. Chain responsibility involves urging other companies in the chain to observe (inter)national guidelines and standards regarding, for example, human rights and working conditions. A motive for companies to accept chain responsibility is that by doing this, they can avoid liability for problems caused by some other company in the chain. A company dealing with a large variety of suppliers may face difficulties in getting a clear overview of the product chain, as well as, to audit the social responsibility of those included in the chain. By focusing on a selected group of suppliers it is possible for company to check, through third parties (such as certifying organisations), whether supply chain members comply with the desired code of conduct (Cramer, 2006). The suppliers can find the diversity of codes of conduct and standards confusing and it can create problems, if they are forced to comply with a number of different codes of conduct (Axelsson Nycander, 1999).

Hopkins' (2007) view on the future of CSR, is that it will probably evolve into different concepts and it is likely that CSR will become embedded in all organisations, somewhat like the concern with the environment right now. So, in the future there will perhaps be less talk about CSR as it may become just a part of routine daily operations. The question of what the future of CSR will be is also discussed by Cramer (2006). No simple answer can be

given to this question. Cramer's discussion concludes in the notion that, there is not only one future for CSR in an international context. The way in which companies accept their CSR is dependent on the developments that arise locally and internationally. However, there is no doubt that CSR plays a role in every world-view.

### *3.1.1 Ethical Consumerism*

As globalization increases, the responsibility of the individual consumer also tends to be more important. A recent ideal, pursued particularly by groups of consumers in the Western countries, is ethical consumerism (Uusitalo & Oksanen, 2004). Hence, where CSR argues for a responsible producer, ethical consumerism propagates the responsible consumer. Ethical consumerism can be defined in many ways. Although, most definitions incorporate environmental and Fair Trade concerns (Connolly & Shaw, 2006). According to Nicholls and Opal (2005), the last thirty years of growth of ethical consumerism is the main driver behind the development of a Fair Trade market.

According to Clark (2004), ethical shopping and ethical consumerism in general is about taking responsibility for your day-to-day impact upon the world. This does not mean that consumers should fool themselves to think that shopping can solve all the problems in the world. It does also not mean that consumers ought to follow a list of "evil" companies and countries that should be boycotted. What it means is that consumers should take the time to learn a little about how their lifestyles affect people, planet and animals. Consumers should also make their own decisions about what constitutes an ethical or unethical purchase. Since we live in an increasingly integrated world, the implications of our purchases reach further than we may think. When thinking about the positive and negative implications of our purchase decisions, it becomes clear that there is no best-way approach. There is no simple list of moral rights and wrongs. Supporting ethical brands and products is good, however, some argue that one fundamental issue that remains is that people in the West consume too much. The most ethical

approach to this would be simply to buy as little as possible. This, however, can have negative effects for those dependent on trade in developing countries. Some also have the opinion that buying local is more “ethical”. Whether it is more ethical to favor local products depends on the individual product, the transport method and the consumer’s own view on the impact of world trade on global issues, such as poverty and labour rights. It is often debated whether, buying goods produced in poor countries is actually good or bad for the people living in those countries and also how it affects workers in the Western World. It could be questioned whether buying goods which are produced in poor countries leads to, the exploitation of poverty or constitutes an opportunity out of poverty (Clark, 2004).

Barriers to ethical consumerism are, for example, the difficulties in obtaining information, the availability of ethical products and the high prices of such products (Uusitalo & Oksanen, 2004). Clark (2004) mentions that, consumers may also find it difficult to know whose information to trust. Should consumers trust companies that tell them not to worry since they have a code of conduct? Consumers can also pose the question, if ethical shopping does more harm than good. With this it is meant, for example, that if consumers only shop ethical products then other products are discriminated. This in turn, can harm producers in developing countries if their products are discriminated. Questions like these can make people think, that it is too much work to shop ethically and that no choice is really “ethical” if looked into more closely. So, consumers often have to make compromises based on incomplete information, conflicting priorities and the time available to think about it all. A certain degree of caution regarding ethical claims should be taken by consumers until they have more knowledge about what is referred to, since someone may just try to make money out of them. It is difficult to know what consumers are not purchasing on ethical grounds or if they are favoring some brands which they consider more ethical than others. Consumers can make a bigger difference by expressing their ethical concerns directly in the shop or to the company in question, rather than by simply boycotting them.

Some consumers may think that why should they bother to shop ethically, if no choice is truly 100% “ethical”. It is, for example, ethical to choose a car with lower greenhouse emissions, although it is even more ethical to walk instead. In spite of this, recent studies often show that consumers are attempting to be more conscientious in their purchase decisions. Some studies, however, show that consumers that wish to be more active ethical shoppers may feel held back by a lack of information (Clark, 2004).

The total market for ethical goods and services is growing in all developed countries (Nicholls & Opal, 2005). Ethical consumption provides a significant marketing opportunity for food retailers and manufacturers (Barrientos & Dolan, 2006). Firms as well as consumers play a major role in promoting ethics in both production and trade. For consumers to be able to make ethically sustainable purchase decisions, it is important that corporations accept responsibility for how they do business (Uusitalo & Oksanen, 2004). Consumers tend to focus more on the production process for the goods and services, wanting to know more about the context and history of their consumption choices. This is one reason to why CSR is important. This is also evident from a survey made in 2004, where the respondents highlighted the importance of complete product information on food labels (as many as 96% felt a need for such information). They also seem more prepared to raise their voices against unethical providers (Nicholls & Opal, 2005).

According to Clark (2004), the ideal solution would be to support global trade of goods with the demand that workers are treated well, that resources are ethically managed, that international trade rules are fair and that consumers (via regulation of producers) carry the environmental costs of things they buy. This can happen with political rather than with just consumer pressure. However, it is still good if consumers purchase Fair Trade imports whenever possible.

## **3.2 Fair Trade**

Many of the products exported from developing countries are associated with work environmental problems in the production. Working conditions are often bad with very low wages and long working hours. There is often a lack of respect for human rights, such as the right to unionize and the use of child labour is widely spread. Import from these countries should still exist, although there is a need to work for the aim that the products that are imported from these countries really are produced in an ethically acceptable way. Trade, then, can help to strengthen human rights (Axelsson Nycander, 1999). The concept of Fair Trade has been developed in order to promote trade, which help the people and the local communities to reduce poverty and avoid social elimination (Rättvisemärkt, 2007a). Fair Trade can be seen as a form of CSR that has been made possible through ethical consumption.

This section will start with presenting some background information, as an introduction to Fair Trade. The marketing of Fair Trade will then be mentioned, since it is a relevant part to include. This is relevant, due to the fact that this thesis is about consumers' perception and knowledge of Fair Trade and Fair Trade products, which in turn depend to a great extent on how the marketing of Fair Trade works. Thereafter, Fair Trade in practice will be described, with a discussion about the impacts of Fair Trade. Many Fair Trade products exist, but one product that seems to be relatively unknown is chocolate. Fair Trade chocolate does not seem to be as widely spread and it can be questioned if consumers really have heard or know about it. So, a minor emphasis will be put on Fair Trade chocolate. Therefore, a part about chocolate will be included in the end of this section.

### *3.2.1 The Concept of Fair Trade*

Limited resources and lack of ability to compete on the world market as well as unstable political regimes, Western farm subsidies, trade barriers etc., is the reality for many producers in developing countries. In order to sell their products and be competitive, the producers may have to press down their prices, sell through intermediaries who tend to keep a great part

of the profit and also lower the working conditions. This can lead to consequences, such as insufficient payment which in turn disables them to support themselves and their families. It can also lead to difficulties to develop the local community (Rättvisemärkt, 2007a).

The concept of Fair Trade has been developed in order to promote trade, which help the people and the local communities to reduce poverty and avoid social elimination. It is important to acknowledge that Fair Trade is not about giving aid, but a trade collaboration between producers, importers, stores and consumers. This collaboration should be characterized by openness and mutual respect for all the stakeholders involved. Economic and social development can be enabled through fair payment, good working conditions, and respect for human rights and for the environment (*Ibid.*).

Fair trade is nothing new; the concept has been used and discussed in Sweden and internationally since the end of the 1960s (*Ibid.*). Historically, the commercial growth of the Fair Trade market can be traced back to the end of the Second World War. Back then it was about providing charities and this is, as mentioned before, not what Fair Trade is about today (Nicholls & Opal, 2005). During a UN-conference in 1964, southern countries encouraged the world to work towards more fair trade conditions and the idea of “Trade not aid” (Rättvisemärkt, 2007a). The idea of “Trade not aid” is based on the belief that trade often contribute more to countries’ development than aid. Although, the idea is mainly based on the notion that trade has a much greater economic scope than aid (Axelsson Nycander, 1999). In the years from the 1970s towards the 1990s, different suggestions of how to accomplish a fairer world trade were presented and discussed. Throughout the 1990s, the focus was shifted from the manufacturing process to the producer’s and the individual’s working and living conditions. Greater emphasis was also given to questions concerning democracy and organisational form. The commercialisation has been developed continuously in pace with the increased focus on the producer. Questions concerning product development and marketing have also gained recognition within the “movement”. The goal to create common criteria

enables a stronger international coordination among the Fair Trade actors and organizations. The Fair Trade “movement” has grown and is growing significantly, but remains a relatively small part of the total world trade (Rättvisemärkt, 2007a).

There are two different types of fair trade organizations, alternative trade organizations (ATO) and fair trade labelling organizations. ATOs focus on offering a trading partnership with producers. Their relationship with producers is their unique selling point or brand. Examples of ATOs include Traidcraft in the UK and Fair Trade Organisation (FTO) in the Netherlands. A well known fair trade labelling organization is the Dutch Max Havelaar. This organization together with other such organizations in different countries, form FLO (Fairtrade Labelling Organizations International). The Swedish FLO representative is Rättvisemärkt. Rättvisemärkt will play an important role in this thesis when presenting Fair Trade (Barrientos & Dolan, 2006) and will be discussed in more detail in section 3.4 About Rättvisemärkt.

Four large international organizations, which work directly with Fair Trade, collaborate under a loosely coupled network called FINE. FINE consists of the following organizations (Rättvisemärkt, 2007a):

**FLO** – Fairtrade Labelling Organizations International. This organization was founded in 1997 and is the most recent within the Fair Trade “movement”. It has 20 different labels in 21 countries, the Swedish organization Rättvisemärkt being one of them. FLO provides an independent product labelling, which gives the consumer a guarantee that the producer’s working and living conditions has been taken into consideration when the product was produced.

**IFAT** – International Fair Trade Association. This is a cooperative organization where Southern producers, especially within the agricultural and handicraft sector, and Northern producers meet. The goal with this is to create markets, evaluate each other as well as exchange information and opinions. For the producer to get an IFAT-certification, the producer has to get an approval from IFAT. The certification means that the producer

supports and works towards the criteria of Fair Trade. The IFAT-membership involves a commitment to only deal with Fair Trade products.

**NEWS!** – Network of European Worldshops. This is an association of approximately 2500 worldshops in Europe, selling mostly products that have been produced in accordance with the criteria of Fair Trade. It also works with giving information to consumers about Fair Trade, as well as, trying to influence the trade regulations and politics concerning Fair Trade.

**EFTA** – The European Fair Trade Association. 12 major import organizations, in 9 European countries, are members of EFTA. However, no Swedish importer is yet a member of EFTA. The members import from producer organizations, according to the criteria of Fair Trade. The importers act as wholesalers, and sometimes as retailers, in their home countries. The products are sold through the Worldshops or in commercial supermarkets. Half of the products sold in European Worldshops are supplied by EFTA members.

There is no universally accepted, authoritative definition of Fair Trade (McDonagh, 2002). However, FINE has made an attempt to develop a common definition of Fair Trade (Moore, 2004, pp.73-74):

“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. Fair trade organizations (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.”

Certain goals have been set up for Fair Trade (Clark, 2004, p.17):

- “To improve the livelihoods and well being of producers by improving market access, strengthening producer organisations,

paying a better price and providing continuity in the trading relationship.

- To promote development opportunities for disadvantaged producers, especially women and indigenous people and to protect children from exploitation in the production process.
- To raise awareness among consumers of the negative effects on producers of international trade so that they exercise their purchasing power positively.
- To set an example of partnership in trade through dialogue, transparency and respect.
- To campaign for changes in the rules and practice of conventional international trade.
- To protect human rights by promoting social justice, sound environmental practices and economic security.”

FLO is in charge of the control of the production. Two types of controls exist (Rättvisemärkt, 2005c):

- 1) Controls of documentation are made quarterly. The documentation can be, for example, purchase and payment documents for every actor, producer, exporter, importer and licensee. A yearly external revision of the importers and licensees is also performed.
- 2) Control on the field, where a visitation and a check of the producer’s business is made on a yearly basis. This control can be made more than once, if necessary.

FLO makes unannounced visits and extensive investigations, if it is suspected that the producer does not fulfil the criteria. If the problem cannot be solved, the producer can lose its license. The licensees are controlled on a national basis, for example, by Rättvisemärkt in Sweden. Between the physical controls, FLO has local representatives in the areas where FLO:s certified producers are situated. The representatives’ assignment is to help the producer and to uncover potential disproportions, for example, bad working conditions. FLO will get an ISO065-certification in 2007, meaning that the requirements for a certifying organization are fulfilled (*Ibid.*).

Producer organizations in developing countries can report their interest to FLO, if they want to and believe that they can fulfil the criteria. FLO contacts the producer organization if there is a potential market for the specific product. In case of a high demand, FLO can search for new producers. FLO performs an investigation before the producer organization can be certified. An administrative fee is charged by FLO to cover the costs of the certificate (Rättvisemärkt, 2005c). In the end of 2006, there were 586 FLO-certified producer organizations in more than 57 countries involving 1.2 million growers, employees and their families primarily in Latin America, Africa and Asia (Rättvisemärkt, 2006b).

### *3.2.2 Marketing of Fair Trade*

The Fair Trade model is based on partnership exchanges that create strong linkages between consumers and producers. This relationship is built on respect and understanding rather than exploitation. Information flows help bring consumers and producers closer together, when the distance between them is spatial. The marketing process plays an important role when developing these connections. The core values of Fair Trade have to be clearly and effectively communicated in order for the consumers to engage, especially since Fair Trade products usually take a premium price position within their individual markets. The development of a range of recognized Fair Trade brands make this more complicated. Fair Trade's premium price position may change, if supermarkets start to introduce own-label Fair Trade products at lower prices, and if Fair Trade develops combined products by mixing Fair Trade and non-Fair Trade ingredients to reduce the final price. However, the underlying reasons for the premium price are the high quality of such products and the more expensive producer costs that include an above-market producer price and mostly also an additional social premium. Maintaining Fair Trade products as premium-priced can create marketing benefits, since this positioning underpins quality associations and makes the products attractive to supermarkets. What is also important for marketing communications to work is that consumers trust the Fair Trade message to deliver what it states. A key element for establishing this trust is the Fair

Trade certification label, which gives a guarantee that the Fair Trade standards have been met for that particular product (Nicholls & Opal, 2005).

Fair Trade as a brand is offered to the market by a wide range of different groups. Included are the national labelling initiatives, like for example, Rättvisemärkt and Max Havelaar. These are responsible for acknowledging the certification mark and controlling its use. Another group consists of individual Fair Trade businesses, like the Day Chocolate Company in the UK, that create their own brand values with the Fair Trade label as only a part of the message. A different set of brand meanings is added, with the increased presence of the supermarkets' own-labelled Fair Trade products, an example is Tesco's tagline "Every Little Helps". No attempts to coordinate the range of brand meanings related to Fair Trade have been noted. However, some unifying brand values have emerged. The moral and ethical message is evident and the concept of quality is also of major importance. The concept of quality includes both the nature of the consumer's experience of the product and the consumer's contribution to the quality of the producer's life and environment through the purchase choice. There has been a clear progress of the general development of the Fair Trade brand. A growth in the brand awareness of the Fair Trade label can be noticed in most developed countries (Nicholls & Opal, 2005).

Even though Fair Trade marketing centres on ethical issues, it is rather distinct from cause-related marketing and socially responsible marketing. The aim with Fair Trade marketing is to clarify the social and economic interconnectedness between producer and consumer in a commercially practical way. Here, the ethical element is not the marketing process but rather the core product itself. However, the marketing process should be ethical as well. Much of Fair Trade's marketing effort has focused on promoting the specific of product origin and nature of the production. Fair Trade marketing in general is not perceived as being irresponsible, wasteful, manipulative or materialistic; which may be the case with traditional marketing. There is a tension between the objectives of Fair Trade and the traditional marketing communication approach, which focuses on the

consumer rather than the producer needs, wants and demands. In other words, the Fair Trade approach to the marketing process is normally centred on the producer and not on the end consumer. The Fair Trade marketing process starts with identifying the market failures that damage suppliers. The Fair Trade marketing mix is extended and includes the additional elements of process, people and physical evidence. The core of the Fair Trade marketing mix lies in the collection of ethical and economic values inherent in the end product, as well as, the developmental focus of the supply chain process which is aligned with identifiable producers (*Ibid.*).

Over the last decade Fair Trade marketing has used a wide range of traditional marketing communication channels, from advertising to public relations to direct marketing. The budget for Fair Trade marketing communications is, however, relatively small and therefore the campaigns tend to be focused on a particular positioning effort or educational agenda. Support networks also play a significant role in marketing communications. So, committed local groups are important for raising awareness at a community level. Awareness can, for example, be raised through co-ordinated actions, such as the Fair Trade Town campaigns (Nicholls & Opal, 2005). In order to increase the awareness of Rättvisemärkt and Fair Trade in Sweden, the new concept of “Fairtrade city” was launched in the beginning of 2006. In Great Britain the concept has existed since 2001. The concept means, for instance, that local information efforts and campaigns are used to help increase the awareness. Political support from the local government and the formation of a control group, that coordinates and moves the work forwards and is responsible for reporting to Föreningen för Rättvisemärkt, are required in order to become a “Fairtrade city” (Rättvisemärkt, 2007d).

Some of the factors that may cause problems when selling and marketing Fair Trade products can be mentioned. There may be, for example, a problem of communicating the human element of sustainability to the consumer. There is a possibility that consumer-driven growth will decline, if Fair Trade turns out to be a fashionable rather than a sustainable trend. It

may also be difficult to get consumers committed to purchasing Fair Trade products. Another factor is the obstacle to get more Fair Trade products on to supermarket shelves. Furthermore, consumers may perceive Fair Trade as of low quality, perhaps due to early negative experiences with “green” or “ethical” products. Lastly, it can be mentioned that consumers may base their purchase decision on multiple factors and the ethical aspect is only one of these (Nicholls & Opal, 2005).

Key questions for the Fair Trade movement are (Nicholls & Opal, 2005, p.186): “who are the ethical consumers that are driving growth, and how can they be segmented to generate future growth opportunities?”. There is limited amount of research on the profile of the “typical” Fair Trade consumer. Although, the surveys that do exist is mostly based on British consumers, as the UK market is a large single market for Fair Trade. According to one survey made in the UK in 2004, awareness was highest among well-educated and affluent consumers in the ages 45-54. The survey also shows that women are more likely than men to be aware of the Fair Trade label. So, the idealized UK Fair Trade consumer is a middle-aged, affluent and degree-educated woman. However, evidence also shows that awareness is growing among younger people and consumers on lower incomes (Nicholls & Opal, 2005).

Important for the future development of Fair Trade is the need for increased consumer education and innovative marketing, to build brands and create both ethical and quality-based values about the Fair Trade label. It is important to ensure that consumers understand and identify with Fair Trade objectives and processes, for future market growth to take place in developed countries. A great challenge today is how to market Fair Trade products to a wider audience, beyond the segment of naturally sympathetic and “ethically aware” consumers, and to gain mainstream acceptance. To attract consumers, it is important to continually introduce new Fair Trade products. Fair Trade marketing may also need to move from niche targeting to mass appeal, for Fair Trade to continue to grow (*Ibid.*).

### *3.2.3 Fair Trade in Practice*

Even though there is a strong and growing consumer and producer support for Fair Trade, Nicholls and Opal (2005) discuss different objections to the impact of this new trade model. One objection is that the impact of Fair Trade at a producer level is marginal at best and non-existent at worst. The impact, however, goes beyond simply offering a fair price to producers, to often include important externalities and community benefits. Another objection to Fair Trade is that the proportion of the final selling price of a Fair Trade product, which is returned to the producer actually, is very small. Even if a typical Fair Trade chocolate bar only returns about 4% of its final price to the producer, this may be twice as much as would go back down the supply chain in conventional trade. The fault to the small return does not lie with the Fair Trade model, but is rather a reflection of the typical supermarket product value chain in which the initial commodity price is only a small part of the total value-added of the final product. A further objection to the impact of Fair Trade is the suggestion that targeted developmental aid, rather than trade, is a more effective way of helping the poorest producers. Out of each pound or dollar donated to aid charities, a great part goes to development projects. For example, £1 given to a developmental charity generates more immediate revenue for alleviating poverty than £1 spent on a Fair Trade product. The difference, however, is not always reflected in impact. The most direct and easily measurable impact of Fair Trade is an increased income to producers, but the Fair Trade system also has several non-monetary direct impacts on Fair Trade producers and their organisations. Non-monetary impacts can be, for example, improved self-esteem for the farmers and their families, community stability, gender empowerment and increase in investments in education (Nicholls & Opal, 2005).

International aid, which is the main alternative to Fair Trade, may address sudden crises effectively but fails to offer a developmental path for the poor out of poverty and dependence on outside support. The significant amount of money spent in poverty alleviation by aid agencies, seems to have had minor long-term effect. Fair Trade guarantees the producer a specific

amount of money. This means that the impact can be more direct, since the money passes through relatively few hands on its way from the consumer's pocket to the poor producer's pocket. Consequently, sometimes trade rather than aid is seen as the best way to change long term patterns of poverty. Furthermore, Fair Trade represents a more effective mechanism for alleviating poverty than aid or macro-institutional economic interventions, since it offers a sustainable and market driven development through trade that also works in partnership with producers. Fair Trade is also more attractive to producers, because it helps them to get a stronger position on the international trade market and to maintain their dignity (Nicholls & Opal, 2005).

To conclude, as Nicholls and Opal (2005) state, even though Fair Trade may have many positive impacts it is also important to remember its limitations. According to them, Fair Trade is not a solution to all trade problems. Even if Fair Trade can help many marginalized producers and really contribute to the process of improving trade justice, it cannot alone address the structural issues in world trade generally. Fair Trade does not aim to, for example, reduce global consumption or reduce the air miles travelled by imported products.

#### *3.2.4 Chocolate and Cocoa*

Products, such as coffee, tea and bananas are among the most mentioned in Fair Trade contexts. Even though the Fair Trade label is primarily associated with those products, the label can be found on a wide range of other products. The purpose of this thesis is not only to learn more about consumers' perception and knowledge of Fair Trade, but also to learn more about their perception and knowledge about Fair Trade products. A Fair Trade product that perhaps is relatively unknown is chocolate. Fair Trade chocolate does not seem to be as widely spread and it can be questioned if consumers really have heard or know about it. Therefore, a minor emphasis is put on chocolate in this thesis. A few questions related to chocolate will also be included in our questionnaire. One goal set up for Fair Trade, is the

goal to protect children from exploitation in the production process. This goal is of great importance, since child labour do exist, for example, on cocoa plantations in West Africa. This section will therefore also include some information on the issue of child labour, which is an often discussed issue.

Sweden is ranked as number 8 when listing the countries eating the most chocolate in the world, with an average 7 kilo per person and year (Rädda Barnen, 2007). Chocolate is a consumer good which is often perceived as luxurious and therefore consumers may be willing to pay a little extra (Axelsson Nycander, 1999). The very meaning of a commodity's origin can be seen as an artificial and variable construct in itself. Chocolate can be used as an example to demonstrate this. Many consumers may think of chocolate as "Swiss" or "Belgian" by linking the product to the countries where fine chocolate is processed, but the cocoa beans that are the key ingredient in chocolate are actually grown in developing countries. The Day Chocolate Company, which is an individual Fair Trade company in the UK, has tried to initiate the notion of the cocoa grower into the mind of the British chocolate consumers. The reason for this was to demonstrate the impact consumers can have when they purchase a Fair Trade chocolate. Consumers were, for example, informed that chocolate comes from cocoa and that cocoa is grown in places like Africa. If this awareness is raised among the consumers, it often stays (Nicholls & Opal, 2005).

The social matter that concerns the consumers in the Western World the most, is the occurrence of child labour in the export production in the Third World (Axelsson Nycander, 1999). According to Rädda Barnen (2007), consumers should think about where the cocoa, used in the chocolate they eat, actually comes from. They should also think about whether they approve of the methods used in the production process. The cocoa that is used for producing chocolate is often grown by workers living under very poor conditions. The workers lack social protection, get minimum wages and perhaps work with pesticide without proper protection. The working force consists, to a large extent, of children and youths that work under the

same conditions as the adults (Valentin & Bartholdson, 2006). According to McDonagh (2002), there is a potential for marketers to develop competitive advantages by informing consumers that slavery exists and that engaging in Fair Trade helps to eliminate it.

CSR can be seen as an activity added and integrated to companies' mainstream activities in various degrees. The Day Chocolate Company (Day) is an example of a company set up, explicitly to behave in a socially responsible way (People Management, 2001). Day, established in 1998, was the first Fair Trade company to sell Fair Trade chocolate in the UK. Day's new kind of Fair Trade business partnership linked cocoa farmers with the UK consumer and was first with emphasizing the farmer ownership in its company values. The farmers are entitled to participate on board meetings, influence production and marketing processes, and receive a fair share of the profit. The farmers are all members of the Kuapa co-operative. Day can work as an inspiration to other like-minded organizations that also have the desire to put farmers at the centre of their brand proposition. Problems facing new Fair Trade chocolate companies can be the highly competitive forces from larger corporations with well-established brands (Doherty & Tranchell, 2005).

Rignell (2002) points out two questions that need to be clarified in order to identify what child labour is. The first question is: who is a child? The second is: what is work? Article 1 in UN's Convention on the Rights of the Child gives the following explanation of who is a child (United Nations, 1989): "For the purposes of the present Convention, a child means every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier".

The answer to the second question is more complex. Often, the definition of child labour is reversed. Rignell (2002) defines child labour as work which prevent children from being children, from playing and going to school. Child labour also constitutes work assignments that harm for life; such as heavy lifts, long working hours and work in unhealthy environments. Furthermore, Rignell discusses the cause of child labour. Some see child

labour as a consequence of poverty, which should therefore be accepted. Others do not agree with this view. They mean that it is not about supporting the family, but about such work that is harmful and that interfere with a child's right to be a child. Child labour may be a consequence of the fact that many employees prefer to hire children instead of adults, since children are cheaper and more obedient. Child labour can be seen as a necessary contribution to the family's economy, but they still have the right to decent wages and working conditions, allowing them the opportunity to go to school (Rädda Barnen, 2007).

The largest profits in world trade concerns the refined goods. To sell chocolate is more profitable than selling cocoa. The cocoa production should normally give rise to wealth, but cocoa is an example of how the production of raw materials often enriches the Western countries that import and process them, while the producers only get a small part of the profit. Some reasons for why the cocoa has created problems in West Africa can be mentioned. The price on cocoa beans has gone down, despite the fact that the turnover of cocoa is high. This has made the farmers more desperate. They lack money for necessary new investments, which lower the profitability. In order to survive, they have been forced to cut down the only expense they control themselves, the employees' wages. Several state that the low cocoa price is the main reason for why people suffer in the cocoa production. Fair Trade-certified growers are guaranteed a minimum price for their products and can thereby survive great price variations (Lutherhjälpen, 2007).

The urge to make food constantly cheaper has aggravated the problem of child labour. An estimated 70% of the world's child labourers work in the agricultural sector, especially on plantations. Almost half of the world's chocolate is grown in Cote d'Ivoire in West Africa. An estimation made by the US government rates the amount of child labourers, that work in hazardous conditions on cocoa farms, in that area to more than 100 000. Many of these are slave labourers (Clark, 2004). Worth to note is that almost all attention has been devoted to children working at the plantations,

but there is often no big difference between the children's and adults' situation on the cocoa plantations (Lutherhjälpen, 2007).

Even though cocoa and chocolate producers in the world take a greater social responsibility nowadays, many children still suffer at cocoa plantations. In West Africa, where almost 70% of all cocoa in the world is produced, over a million children work at cocoa plantations (Rädda Barnen, 2007). The chocolate companies can still not guarantee that their chocolate is produced without child labour involved, according to a study made by Swedwatch in collaboration with Lutherhjälpen in the Ivory Coast and in Ghana (Valentin & Bartholdson, 2006). Rättvisemärkt chocolate comes from a number of different countries, including Ghana, but not from the Ivory Coast (Lutherhjälpen, 2007).

The idea of Fair Trade is just one approach to help the farmers who grow cocoa (Parker, 2002). In the book "*Rättvis handel – rörelse i rätt riktning?*" by Rignell (2002), a case is presented which exemplify that the FLO-system (Fairtrade Labelling Organizations International) both works and does not work. The case is about tea plantations in Zimbabwe that delivered via FLO's distribution channels to Europe. A control made by FLO, revealed that many children were working at the plantations. The producer was given a time limit to come to terms with the problem, but failed to do what was required. Probably, the producer was removed from FLO's register of approved suppliers. The occurrence of child labour was common in the region, due to the lack of an adult workforce. Many of the children's parents had died in AIDS. This gave the producer two options; either continue the tea production with the use of children or recruit a new workforce excluding children. The producer in this case chose the first option. So, the FLO-system works so far as regular controls are performed and so far as the criteria are checked against the reality. Although, the system does not work if the requirements to fulfil the criteria are urged too hard, too fast and too short term, since then there is a risk that those who really are in need of support will go under.

It is mentioned by Clark (2004), that about 95% of the child labourers do not work with creating goods for export to the West. They work mostly for the local or the domestic market. The remaining 5% (although still millions) of the child labourers produce goods for the West. Since child labour is mainly a consequence of poverty, some say that encouraging more global trade is the best way to make countries wealthier, which in turn can help reduce child labour. Others claim that this is a cultural issue that we should not interfere with, since it is not our business. The discussion can go on and on. One question to be asked is, whether it is possible to demand that all goods exported to the West are “child labour free”. Teun van der Keuken, from the Netherlands, mentions that slave-free and Fair Trade chocolate are two different things. He became disappointed with Dutch Max Havelaar, since the company could not guarantee their chocolate from the Ivory Coast to be slave free (Charles & Fred, 2007). Susan Smith (a spokeswoman for the Chocolate Manufacturers Association) mentions, on the other hand, that a “slave free” label might hurt the people it intend to help, since it could lead to a boycott of cocoa from the Ivory Coast (Anonymous, 2001).

### **3.3 Perception**

Among factors that influence a person’s buying choice are psychological factors, such as motivation, perception, learning, and beliefs and attitudes (Kotler, Armstrong, Saunders & Wong, 2001). In this section the focus will be on perception, since the purpose of this thesis is to get a better understanding of consumers’ perception and knowledge of Fair Trade and Fair Trade products.

A person’s perception of the situation influence how he or she acts. Two persons may act quite differently even though they have the same motivation and are in the same situation, because they perceive the situation in different ways. So, what make people perceive the same situation differently? People learn by the flow of information through their five senses: sight, smell, hearing, taste and touch. Although, people receive, organise and interpret this sensory information in their own way (Kotler et

al., 2001)). Thus, perception is “the process by which people select, organise and interpret information to form a meaningful picture of the world” (Kotler et al., 2001, p.208). Individuals can form different perceptions of the same stimulus due to three perceptual processes: selective attention, selective distortion and selective retention (Kotler et al., 2001).

In every day life, people are exposed to a large amount of stimuli, like advertisement. To pay attention to all these stimuli is impossible. People’s tendency to screen out most of the information exposed to them, is described as selective attention. It is therefore important that marketers work hard to attract the consumer’s attention. There is a risk that the message will be lost on most people that are not in the market for the product. People that actually are in the market, may also not notice the message if it does not stand out from the other advertisements (Kotler et al., 2001).

Noted stimuli do not always appear in the intended way, since each person fits incoming information into an existing mind-set. The tendency of people to adapt information to personal meanings, is described as selective distortion. It is likely that people interpret information in a way that supports what they already believe. Marketers have to try to understand the mind-sets of consumers and also figure out how these mind-sets will affect interpretations of advertising and sales information (Kotler et al., 2001).

Much of what people learn they also tend to forget. However, information that supports their attitudes and beliefs is more likely to be retained. Thus, the tendency of people to retain only part of the information which is exposed to them, usually information which supports their attitudes and beliefs, is described as selective retention (Kotler et al., 2001).

Marketers have to work hard for their messages to get through to the consumers, due to selective exposure, distortion and retention. In order to get through to their market, marketers often use much drama and repetition in the messages they send out. While some consumers may worry about being affected by marketing messages without knowing it, marketers worry about if their offers will be perceived at all (Kotler et al., 2001).

Quality is often mentioned in discussions on consumer perception. In an article by Zeithaml (1988), quality is broadly defined as superiority or excellence. When further extending it, perceived quality can be described as the consumer's judgement about a product's overall excellence or superiority. Quality evaluations are often based on comparisons. A product can be evaluated to have high or low quality, depending on the product's relative excellence or superiority among other products that consumers view as substitutes. Attributes that indicate quality can be divided into intrinsic and extrinsic cues.

Intrinsic cues describe the physical composition of the product and examples of such are flavour, colour, and texture. It is not possible to change such attributes without altering the nature of the product itself. Intrinsic attributes are also consumed when the product is consumed. Extrinsic cues, on the other hand, are product-related although not part of the physical product itself. They can be defined as being outside the product. Extrinsic cues that are often associated with quality are, for example, price, brand name and level of advertising. Although, many other extrinsic cues can be useful to consumers, for example, product warranties and seals of approval. An extrinsic cue that receives much attention is price. If the consumer has inadequate information about intrinsic attributes, then price can function as a surrogate for quality. The brand name can function in a similar way, since it provides consumers with information about the product. Some researchers say that price is the best measure of product quality, although when price is combined with other cues it becomes less evident. Price may be used as a quality indicator to a greater degree, if brands are unfamiliar than if they are familiar. It is worth mentioning that it can depend on each individual, since some may rely heavily on price as a quality indicator while others may not (Zeithaml, 1988).

The reason for including this discussion of quality is, as mentioned in the introduction, that some consumers may see the Fair Trade label as a quality assurance mark. This is not entirely what is behind the idea of Fair Trade. Consumer perception when it comes to the quality of Fair Trade products

can be discussed. According to Nicholls and Opal (2005), a process of “normalization” is evident for Fair Trade. This, since consumer perception has changed from seeing Fair Trade products as marginal and poor quality to viewing them as mainstream and high quality.

### **3.4 About Rättvisemärkt**

As mentioned before, many organizations that work with Fair Trade exist. Rättvisemärkt is a major Fair Trade organization in Sweden. Since the survey will be conducted in Sweden, it can be of interest to provide the reader with some information about the situation in Sweden concerning Fair Trade. Rättvisemärkt and its operation can be used as a source to provide such information. This section starts with a short presentation about what Rättvisemärkt is. After that the criteria for Fair Trade will be mentioned. Then, the distinction between fairly traded products and Rättvisemärkt’s products is shortly described. The logotype is of importance for communicating their message and some information about this is therefore shortly presented. The section ends with describing the sales of Rättvisemärkt products.

#### *3.4.1 What is Rättvisemärkt?*

The Swedish representative in the Fairtrade Labelling Organizations International (FLO) is called Rättvisemärkt. This is an independent product labelling which contributes to better working and living conditions for growers and employees in developing countries. Rättvisemärkt also performs controls and present criteria for Fair Trade. The symbol of Fair Trade/Rättvisemärkt is only placed on products that are purchased in line with the international criteria for Fair Trade (Rättvisemärkt, 2007b).

When a consumer purchases a Rättvisemärkt product, the grower has already been paid a minimum price that exceeds the production costs. This, as well as long term trade agreements, generates a security for all those who have relatively low margins to live on. The growers do not only get a higher payment, but also an extra premium as well as the opportunity to receive a

part of their payment in advance. The premium can help develop the local community both socially and economically by, for example, building a new school, new homes, developing the healthcare or making agricultural investments. How the premium should be used, is a joint decision taken by the growers. According to Rättvisemärkt's website, the criteria of Rättvisemärkt are not only about getting a better economical situation, but also a matter of promoting democracy, organizational right and environmental care in the production. Rättvisemärkt also claims to work against discrimination and child labour. Rättvisemärkt's vision is a world trade that is based on respect for human rights and that promote a better future for man and nature (*Ibid.*).<sup>1</sup>

Rättvisemärkt is both an association, Föreningen för Rättvisemärkt, and a company, Rättvisemärkt i Sverige AB, with a joint mission to increase the availability and consumption of Rättvisemärkt-certified products. Rättvisemärkt also has the agenda to create opinion and provide information, to raise consumers' awareness and knowledge about Rättvisemärkt together with increasing the demand for Rättvisemärkt-certified products. Svenska kyrkan and Landsorganisationen (LO) own the company. Föreningen för Rättvisemärkt is a non-profit organization, which consists of 29 member organizations. The license Fairtrade®/Rättvisemärkt<sup>TM</sup> is given to companies that supply products produced and purchased in accordance with the international Fair Trade criteria. This license adds value to the licensee's products (*Ibid.*). Licensees on the Swedish market are, for example, Löfbergs Lila and Sackeus (Rättvisemärkt, 2005c).

### 3.4.2 Criteria

General criteria for Fair Trade, according to Rättvisemärkt are (Rättvisemärkt, 2007a)<sup>2</sup>:

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<sup>1</sup> In this thesis we will not check the claims made by Rättvisemärkt. We will presuppose that they actually act in conformity with their ideals. However, it is worth to note that Fair Trade does not always have the intended impact, which is discussed in section 3.2.3 *Fair Trade in Practice*.

<sup>2</sup> Quoted and translated from Swedish to English.

- “Good working conditions, long-sightedness, a reasonable wage/payment and environmental consciousness.
- An open, democratic organization structure.
- A developing, and obliging dialogue between all actors, where the participation is fundamental.
- Promote long term and stable trade relations.
- The work should follow UN’s declaration about human rights, UN’s child convention and ILO’s fundamental conventions.
- Promote equality between men and women.
- Spread information, educate and carry out campaigns in educational and explanatorial purpose.
- Prioritize products that to as great extent as possible have been bred in the country of origin.”

Depending on whether the producer is a grower (small farm) or an employee (plantation), two different types of criteria for Rättvisemärkt exist. There are also specific criteria for each product. The following terms should be fulfilled by the producer organization (Rättvisemärkt, 2005d)<sup>3</sup>:

*For growers:*

- “The organization is democratically constructed
- No political, ethnical, religious or sexual discrimination
- Politically independent
- No child labour
- Joint decision about the premium
- The products are of a good quality

*For employees:*

- Minimum wages
- Contract of employment
- Right to association
- No political, ethnical, religious or sexual discrimination
- No child labour
- Joint decision about the premium
- The products are of a good quality”

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<sup>3</sup> Quoted and translated from Swedish to English.

### 3.4.3 *The Difference between Fairly Traded and Rättvisemärkt*

There is a difference between fairly traded products and Rättvisemärkt's products within the Fair Trade "movement". They are distinct when it comes to control system, product type and marketplace. The fairly traded products follow the criteria of the Worldshops and IFAT. The criteria are more general than Rättvisemärkt's, which has specific criteria for each product type. Fairly traded products, for example handicraft, have no label and it is the importer that controls that the criteria are fulfilled and therefore no control authority exists. These products have a more complicated production chain and can be found mainly in Worldshops. Products with the label of Rättvisemärkt, on the other hand, are found mainly in conventional retail stores. In conclusion, these are two different systems both working for fair trade (Rättvisemärkt, 2005a).

### 3.4.4 *Rättvisemärkt – The Name and Logotype*

Many different channels are used in order to communicate the trademark of Rättvisemärkt to its target groups, for example, the name and logotype can be seen on products, in newspapers, in advertisements and in other places. It is not only Rättvisemärkt that spreads the message, but also retail chains and single stores, licensees, member organizations, ambassadors, consumers as well as journalists help communicate the message of Rättvisemärkt. It is therefore vital to have guidelines for how to use and describe the independent trademark of Rättvisemärkt on the Swedish market (Rättvisemärkt, 2005b).

The trademarks, Rättvisemärkt<sup>TM</sup> and Fairtrade®, are owned by Rättvisemärkt i Sverige AB and FLO (Fairtrade Labelling Organizations International). Rättvisemärkt, the trademark, is also the name that the products are labelled with (*Ibid.*).

Rättvisemärkt has to give its approval before the logotype can be used. The logotype used in Sweden, can be seen in Figure 3.1 on the next page.



**Figure 3.1** *The Logotype*

(Source: Rättvisemärkt, 2005b)

There are affiliated organizations to Rättvisemärkt in about 20 countries in Europe, North America, Australia/New Zealand, South Africa and Japan. Together, these have agreed to use a common logotype and Rättvisemärkt launched the new logotype in Sweden in 2004 (Rättvisemärkt, 2005b). The logotype visualizes a stylized human being that stretches up the arm, surrounded by a globe. When the new logotype was introduced, approximately 40% of the population knew about Rättvisemärkt. Although, the knowledge increases as new products are launched (Rättvisemärkt, 2006a). Fairtrade/Rättvisemärkt gives a unitary message on the international market through this common logotype. However, different variants of the common international logotype exist and this is partly due to the fact that the affiliates to Rättvisemärkt have different names in different countries. Rättvisemärkt's counterparts are, for example, Max Havelaar in the Netherlands and TransFair in Germany. These variants of the logotype as can be seen in Figure 3.2 on the next page, is also found in Swedish stores (Rättvisemärkt, 2005b).



**Figure 3.2** *The Logotypes of two of the affiliated organizations*

(Source: Rättvisemärkt, 2005b)

Before this common logotype was established, each country had its own logotype. The main reason for using a common international logotype is to give a unitary picture of Rättvisemärkt and Fair Trade, which in turn makes it easier for the consumers and the producers. Consumers can more easily recognize the products and the producers/suppliers only have to mark their products with one label. Suppliers, that use Rättvisemärkt's logotype, are continuously checked to make sure that they fulfil the high requirements set up by Rättvisemärkt (Rättvisemärkt, 2006a).

There are different types of labels on the Swedish market with specific purposes. When comparing Rättvisemärkt with for example, KRAV, Bra Miljöval and Nyckelhålet, it should be noticed that Rättvisemärkt is the only labelling that gives the consumer information about that the products have been produced in a socially acceptable way. Other labels gives the consumer different information, for example, about the environmental friendliness or about the product's physical content. Products can have more than one label, which means that several categories of requirements are fulfilled (Rättvisemärkt, 2006a). Important to mention is that Rättvisemärkt is not a downright environmental labelling, even if many of the criteria involve environmental care as well as ecological production. About 30% of the producers of Rättvisemärkt/Fair Trade are ecologically certified in accordance with KRAV's requirements. The remaining, about 70%, of the producers follow FLO's criteria for environmental care (Rättvisemärkt, 2005c).

### 3.4.5 Sales of Rättvisemärkt Products

Consumers contribute to reasonable payments for growers and employees, when purchasing a Fair Trade (Rättvisemärkt) product. The payment takes place directly between the producer in the developing country and the importer, which means that Rättvisemärkt does not handle the payments. Quarterly, controls of the purchase agreement, payments, volumes and deliveries are made. So, the higher price paid by the consumer goes directly to the producer organization that produced the product (Rättvisemärkt, 2005c)<sup>4</sup>. The distribution channel should be as short as possible, to avoid that intermediaries take too great part of the profit and to give the consumers a picture of how and in which context the products are produced (Axelsson Nycander, 1999). The increased income enables long term planning of the production, for example, the quality of the products can be improved and/or the efficiency can be increased. This in turn, can have another desirable outcome, the prevention of child labour. If the parents receive a higher income, it can have the result that the children can go to school instead of working (Rättvisemärkt, 2005c).

Rättvisemärkt's total sales volume amounts to approximately 1% in Swedish market share, with regard to those product groups where Rättvisemärkt is represented (Rättvisemärkt, 2005c). One reason for the seemingly low market share may be that consumers do not purchase such products, since they feel a sense of powerlessness when it comes to making a real difference to the world through their consumption choices. Another reason may be that consumers have been excluded by the premium price on such products (Nicholls & Opal, 2005). However, there can be other reasons as well for the low market share.

Today, all producers cannot sell 100% of their production as Rättvisemärkt, since the market demand is too low. Approximately 30% of the production is sold as Rättvisemärkt and the remaining part is sold within the

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<sup>4</sup> In this thesis we will not check the claims made by Rättvisemärkt. It is worth to note that it is unclear how big proportion of the final selling price that actually is returned to the producer, something that is mentioned in section 3.2.3 *Fair Trade in Practice*. Accurate information about this is difficult to find.

conventional commerce. This means that the more people consume, the higher income and premium the producer receives (Rättvisemärkt, 2005c).

The sales of Rättvisemärkt-certified products increased with 63% in 2006 compared to the year 2005, which set a new record. Increased consumer awareness, new actors and products, and an increased number of sales places, were all major factors that contributed to the record. The turnover in 2006, on the Swedish market, was estimated at 150 million SEK. Products that increased significantly are coffee and bananas, which have been on the market for a long time, but also new products and actors contributed to the increase. Companies constantly extend their product range with Rättvisemärkt-certified products and, on the Swedish market, a total of approximately 280 labelled products exist. Consumers tend to be more aware of Rättvisemärkt and are willing to pay more for a Rättvisemärkt product. A survey made in December 2006, shows that 64% (15 percentage point's increase from 2005) of the respondents know about Rättvisemärkt and 74% are willing to pay more for a Rättvisemärkt product (Rättvisemärkt, 2007e). In conclusion, the figures show that the market and the demand is growing. A study made by SCB (Statistiska Centralbyrån), which involved 5000 respondents in Gothenburg in Sweden, showed that more than half of the respondents regularly purchase Rättvisemärkt-certified products (Rättvisemärkt, 2007c).

One reason for the growing demand may be that more young people become aware of Fair Trade. Although, the experience shows that it is difficult to provide products that attract this consumer group. Products, such as jewellery and clothes are trend sensitive and that may be a problem, since it is difficult to renew the product offering in pace with the fashion due to the long term relations with the producers and the distance to these producers. These two factors can delay the product development process, with the consequence that the fashion trend is over before the product is completed (Rignell, 2002).

According to Rättvisemärkt's website, the prices of Rättvisemärkt-certified products are between 0 to 50% higher than the prices of "conventional" products. The reason for the higher price is that the certified producer is guaranteed a minimum price for its product, as well as a premium. "Conventional" products are sometimes used as loss leaders, which further increases the price difference (Rättvisemärkt, 2005c).

Rättvisemärkt's products in Sweden today are coffee, tea, cocoa, chocolate, chocolate bars, bananas and other fresh fruit, juice, rice, sugar, honey, müsli, snacks/candy, ice cream, wine, cut flowers, footballs and products containing Fair Trade cotton. In Sweden, Rättvisemärkt-certified products can be found in multiple stores, such as ICA, COOP, Hemköp, Netto, Willys and the Worldshops. FLO continuously works with developing criteria for new Rättvisemärkt-certified product groups. FLO has the goal to increase the number of product groups from 16 to 30, before 2008. The process of developing criteria and ensuring that these are favourable for the producer is very time and resource consuming. For a product to be certified, it has to be possible to control the entire production and trade chain (Rättvisemärkt, 2005c).

### **3.5 Summary**

The theoretical framework has now been presented. Before the field of Fair Trade was entered, some background information about corporate social responsibility (CSR) and ethical consumerism was given. Since Fair Trade can be seen as a form of CSR that has been made possible through ethical consumption, we found it relevant to first present some information about CSR and ethical consumerism. The general idea behind CSR is that corporations should not only achieve financial returns, they should also care for all stakeholders, not just shareholders, including future generations (Cramer, 2006). As globalization increases, the responsibility of the individual consumer also tends to be more important. A recent ideal, pursued particularly by groups of consumers in the Western countries, is ethical consumerism (Uusitalo & Oksanen, 2004). Hence, where CSR

argues for a responsible producer, ethical consumerism propagates the responsible consumer. Ethical consumerism can be seen as the main driver behind the development of a Fair Trade market (Nicholls & Opal, 2005).

Different areas within the field of Fair Trade were then described. This section started with a presentation of some background information, as an introduction to Fair Trade. The marketing of Fair Trade was then mentioned, since it was a relevant part to include. This is relevant, due to the fact that this thesis is about consumers' perception and knowledge of Fair Trade and Fair Trade products, which in turn depend to a great extent on how the marketing of Fair Trade works. Thereafter, Fair Trade in practice was described, with a discussion about the impacts of Fair Trade. It is important to keep in mind that even though Fair Trade may have many positive impacts, it can also have certain limitations.

Many Fair Trade products exist. One product that seems to be relatively unknown is chocolate. Fair Trade chocolate does not seem to be as widely spread and it can be questioned if consumers really have heard or know about it. So, a minor emphasis was put on Fair Trade chocolate. Therefore, a part about chocolate was included in the end of this section. Thereafter, followed a section on perception. Perception is a factor that influence a person's buying choice, since a person's perception influence how he or she acts. People perceive situations and information differently (Kotler et al., 2001). It is important for a marketer to acknowledge this. This chapter also included a section about a major Swedish Fair Trade organisation, Rättvisemärkt. This section gave information about how Rättvisemärkt works and about the situation in Sweden.

## Chapter 4 – Empirical Method

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*In this chapter the empirical method is presented. The chapter begins with a short presentation of the research strategy. Thereafter, the selection method and the questionnaire design are described. The validity, reliability and generalisability are also discussed in this chapter. The chapter ends with a summary.*

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### **4.1 Research Strategy**

As mentioned in chapter two, we chose to conduct a survey to collect our primary data. The primary data was obtained through a questionnaire, which make the collection of standardized data possible. This data can be converted into numbers and analysed statistically in the software program SPSS. The aim with our questionnaire was to collect information about consumers' perception and knowledge of Fair Trade and Fair Trade products. This information can help us draw some implications, which can be useful for the marketing of Fair Trade. We wanted to conduct the survey in a minor town in Sweden. The reason to why we chose to conduct the survey in a minor town was that we were not able to find any prior research, which only was made in a minor town. Therefore, it can be interesting to choose a minor town. We think that, perhaps, consumers' perception and knowledge of Fair Trade and Fair Trade products in a minor town is different from consumers' perception and knowledge in a large city. A potential reason for this was explained in chapter 1, section 1.2 Problem.

### **4.2 Selection Method**

Our selection method was convenience sampling. Convenience sampling means the random selection of cases that are the easiest to obtain for the sample. The sample selection process is continued until the required sample size has been reached (Saunders et al., 2007). The persons that agreed to and had the time to answer the questionnaire were selected as respondents. We

tried to hand out the questionnaire to respondents in various ages, from 16 year-olds and up, and to an equal amount of men and women. The questionnaires were handed out at different locations in Hässleholm, a minor town in the south of Sweden. We continued the selection process until we reached our pre-set sample size of 200 respondents.

### **4.3 Questionnaire Design**

How the questions are designed, should be based on the data that the researcher wants to collect. It is important to consider the wording of the questions before the order of the questions is decided. The questions can be open or closed. To facilitate the analysis, it is a good idea to pre-code the closed questions on the questionnaire. The order and flow of questions should appear logical to the respondent. Filter questions and linking phrases can help to make it more logic. The questions should be easy to understand and easy to fill in. It is also important that the questionnaire is pilot tested before the data is collected, to get feedback which can help evaluate the validity and reliability of the questions. Different types of closed questions exist, for example, list, category, and rating. The choice depends on what type of data the researcher wants to collect. A questionnaire can include a mix of the different types of closed questions (Saunders et al., 2007). We have acknowledged these things when we designed our questionnaire.

We tried to design the questions in our questionnaire (see Appendix 1 for a Swedish version and Appendix 2 for an English version) in a way that would help us gather relevant information. We conducted a pilot test that gave us important feedback, so we could adjust and improve the questions before the actual collection of data began. Since we handed out the questionnaires in person, the respondents also had the opportunity to ask us directly if something was unclear to them.

The questions we used were closed questions, which mean that the respondents were given pre-set alternatives to choose from. This makes comparisons easier and it is also easy and quick for the respondents to answer. On some questions where alternatives were given, the respondents

still had the option to state some other associations or to give examples. On most questions we also gave the respondents a “do not know”-alternative or a “no opinion”-alternative, for the respondents who do not want to take a certain position in the question. We pre-coded all of the alternatives and this facilitates the statistical analysis in SPSS. We also used a filter question with linking phrases, since we wanted only some of the respondents to answer a specific question. The closed questions were category, list and rating-style questions. According to Saunders et al. (2007) category questions mean that each respondent’s answer only can fit one category. When there is a need to collect data about behavior or attributes, these kinds of questions are particularly suitable. List questions provide the respondent with a list of possible responses to choose from. These questions are appropriate if the researcher wants to be sure that the respondent considered all the possible responses before choosing one or more alternatives. Rating questions are often used to gather opinion data. The Likert-style rating scale is mostly used for rating questions. Likert-style rating scale means that the respondent is asked how strongly he or she agrees or disagrees with a statement or statements. It is important to include both positive and negative statements, for the respondent to choose from.

#### **4.4 Validity**

It is important to evaluate the validity, in order to determine whether the findings are really about what they appear to be about (Saunders et al., 2007) To be able to answer our research question, it was important that the questionnaire provided us with relevant information. The questions must be understandable to the respondents and they must be understood in the way that the researcher wanted, in order for the researcher to get the information needed to reach the purpose with the research. Even if we believe that our questions measure what they are intended to measure, it is impossible to be completely certain. Since we had the opportunity to adjust and improve the questions after conducting the pilot test, we believe that we were able to reduce some of the threats to validity. Another thing that may reduce the threats is that we handed out the questionnaires in person, which meant that

the respondents had the opportunity to ask us directly if they found something to be unclear. There is still a risk that the respondents may have interpreted the questions in a different way than we intended. A reason for this can be that the questionnaire did not contain enough clarifying text or the fact that people simply interpret things in their own way. These threats are difficult to reduce. More clarifications are perhaps not possible to include, since the questionnaire has to be kept simple, short and cannot reveal too much information that may affect the answers. It is also not possible to know beforehand how each person interpret things. Since we were present when the respondents filled out the questionnaire, we were able to check that they were not influenced by others when answering. To conclude, we believe that we were able to reduce some of the threats to validity that can occur when using a questionnaire as the survey method.

#### **4.5 Reliability**

It is also important to evaluate reliability, in order to determine the extent to which data collection technique or techniques will yield consistent findings. This can be determined by looking at, if the measures will yield the same results on other occasions, if other observers will reach similar observations and if there is transparency in how sense was made from the raw data. Certain threats to reliability can occur (Saunders et al., 2007). Subject or participant error is one possible threat to reliability. If a questionnaire is handed out at different occasions of the week, different result may occur. To reduce this threat, one should choose a more “neutral” time to hand out the questionnaire. It may be best to hand it out in the middle of the week, when the respondents may be in a “neutral” mood. With this it is meant, that they should not be asked just before the weekend or in the beginning of a week, since their mood may then affect the answers. Handing out the questionnaire at different occasions is not something we think has affected the results in our case. We think that our questionnaire is of such character that people’s mood does not affect the answers they provide.

Subject or participant bias is another threat to reliability. It is mainly about whether the respondents give truthful answers. Perhaps, people give the answer they feel the questioner wants to hear and the subject may also affect the answers. In our case, Fair Trade is a subject that respondents may feel they should have a positive attitude towards. However, we tried to reduce this threat by providing the respondents with alternatives like “do not know” and “no opinion”, for the respondents to have the opportunity to not feel that they ought to answer in a certain way. All the respondents to our questionnaire were anonymous. For these reasons, we have to believe that the respondents did not give untruthful answers. So, this may reduce this threat to reliability.

Observer error or observer bias can also constitute threats to reliability. However, since we used a questionnaire with standardised questions where the respondents answered the same set of questions and the answers only can be interpreted in one way, these threats to reliability are not likely to have occurred in our case.

#### **4.6 Generalisability**

Generalisability can also be referred to as external validity. Generalisability is about the extent to which the research results are generalisable, that means whether the findings may be equally applicable to other research settings (Saunders et al., 2007). Since we conducted the survey in a minor town, in the south of Sweden, the generalisability of our results may be geographically limited. We believe that since we gathered data from 200 respondents, which is a fairly large amount, the results can be generalisable to a certain degree. In order to determine to which extent our results can be generalized, a follow-up-study can be made in other research settings in Sweden.

## **4.7 Summary**

In this chapter we have presented our empirical method. We chose to conduct a survey to collect our primary data. The survey was conducted in Hässleholm, a minor town in the south of Sweden. The primary data was obtained through questionnaires, which were handed out to a pre-set amount of 200 respondents. Our selection method was convenience sampling. The questionnaires were handed out to respondents in various ages and to both men and women. A pilot test of the questionnaire was conducted and that enabled us to adjust and improve the questions before the actual collection of data began. We tried to design the questions in a way that would help us gather relevant information. We believe that we were able to reduce some of the threats to validity that can occur when using a questionnaire as the survey method. We also think that there were no great threats to reliability, since we tried to reduce these. The generalisability of our results may be geographically limited. However, the fairly large amount of respondents can make the results generalisable to a certain degree.

## Chapter 5 – Analysis & Marketing Implications

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*In this chapter the survey is analysed. The chapter starts with a presentation and analysis of the primary data and ends with a discussion of marketing implications.*

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### 5.1 Introduction

We decided to use a survey as our research strategy. We chose to use questionnaires in order to collect a large amount of quantitative data. The aim with our questionnaire was to collect information about consumers' perception and knowledge of Fair Trade and Fair Trade products. This information can help us draw some implications, which can be useful for the marketing of Fair Trade. We tried to design the questions in our questionnaire in a way that would help us gather relevant information. The questionnaires were handed out in person and we continued the selection process until we reached the required sample size of 200 questionnaires. After we collected the answers, these were analyzed statistically in the software program SPSS. A Swedish version of the questionnaire can be found in Appendix 1 and an English version in Appendix 2. In the section that follows, we will present and analyse the data. Marketing implications will be discussed in section 5.3. These sections provide the answer to our research question.

### 5.2 Presentation and Analysis of Data

In this section, the collected data from the questionnaires will be presented and analysed. We will present the results on each question in tables and also shortly mention why we chose each question. It should be noted that what the respondents mentioned on the alternatives "Other association", "Other reason" and examples of products, will just be stated. This, since these have only been noted and not processed in SPSS. We will also analyse the results directly in connection to each question, to avoid unnecessary repetition.

### Question 1. Gender

Table 5.1 shows the distribution of male and female respondents in the survey. The reason for including gender in our survey was twofold: we wanted to have a mix of respondents with both genders represented, and we also wanted to examine whether there were any differences in how men and women answered on specific questions. This background variable will be mentioned in relation to the other questions, where this may be interesting.

**Table 5.1 Q1. Gender Distribution**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	89	44,5	44,5	44,5
	Female	111	55,5	55,5	100,0
	Total	200	100,0	100,0	

The majority of the respondents were female, 55.5%. One reason for this was that the female respondents seemed somewhat more willing to participate. The fact that we tried to get an equal amount of male and female responses can be seen, since the percental difference is not so big.

### Question 2. Age

Table 5.2 shows the distribution of the respondents according to age. The reason for including age in our survey was twofold: we wanted to have a mix of respondents in different age groups represented, and we also wanted to examine whether there were any differences in how respondents in different ages answered on specific questions. This background variable will be mentioned in relation to the other questions, where this may be interesting.

**Table 5.2 Q2. Age Distribution**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	16-29	73	36,5	36,5	36,5
	30-39	32	16,0	16,0	52,5
	40-49	30	15,0	15,0	67,5
	50-59	54	27,0	27,0	94,5
	60 -	11	5,5	5,5	100,0
	Total		200	100,0	100,0

The majority of the respondents were in age group 16-29 (36.5%), but the amount of respondents in age group 50-59 (27%) was also high. A quite equal amount of respondents belonged to the age groups 30-39 and 40-49. We had difficulties to get respondents in the age group 60 and up to participate, as can be seen from the low percentage (5.5%) for this age group. Many in this age group said that they were not familiar with Fair Trade and were therefore reluctant towards participating. They remained reluctant, even though we explained that no pre-knowledge was required.

**Question 3. Have you seen the symbol to the right, any time?**

Table 5.3 shows if the respondents recognized the Fair Trade/Rättvisemärkt logotype. The respondents could choose among three different alternatives (Yes, No and Do not know). The logotype is an important marketing tool in the communication with consumers, since a product labelled with this logotype gives certain guarantees that it is traded in accordance with international Fairtrade-criteria. It is of importance that consumers recognize the logotype, for example, to notice Fair Trade products among other products.

**Table 5.3 Q3. Recognition of the Symbol**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	53	26,5	26,5	26,5
No	115	57,5	57,5	84,0
Do not know	32	16,0	16,0	100,0
Total	200	100,0	100,0	

More than half of the respondents (57.5%) answered that they had not seen the symbol/logotype any time. Only 26.5% answered that they had seen the symbol and this is a relatively low figure. It is also important to mention that 16% answered “Do not know”.

According to Nicholls and Opal (2005) a growth in the brand awareness of the Fair Trade label can be noticed in most developed countries. In our survey, which is conducted in a minor town in Sweden, relatively few of the respondents actually had seen the Fair Trade symbol. There are many

different types of labels on the Swedish market with different purposes, one example is KRAV (Rättvisemärkt, 2005c). They all strive to grab the consumers' attention. This may be one reason to why more than half of the respondents answered that they have not seen the symbol. The great variety of labels may also confuse consumers (Axelsson Nycander, 1999) and this may be a reason for the fact that respondents answered "Do not know" on this question. They may have difficulties to distinguish all labels from one another. That 16% answered "Do not know" can also be interpreted as that they simply do not care. If the respondents also have no interest at all in Fair Trade, they may fail to notice the symbol. We tend to only notice things we actually have interest in. Information, such as a symbol, that supports people's attitudes and beliefs is more likely to be retained in their minds (Kotler et al., 2001). If the Fair Trade symbol does not stand out in advertising (*Ibid.*), people may also fail to notice it. In short, people have different perceptions. Our experience is that, before we started writing this thesis we had only seen the symbol 1-2 times. This was not in our own town, which is a minor town. Now, when we have more knowledge of Fair Trade and the symbol, we have seen it a few times in local advertisement from supermarkets. Maybe, we simply failed to notice the symbol when we lacked knowledge about Fair Trade.

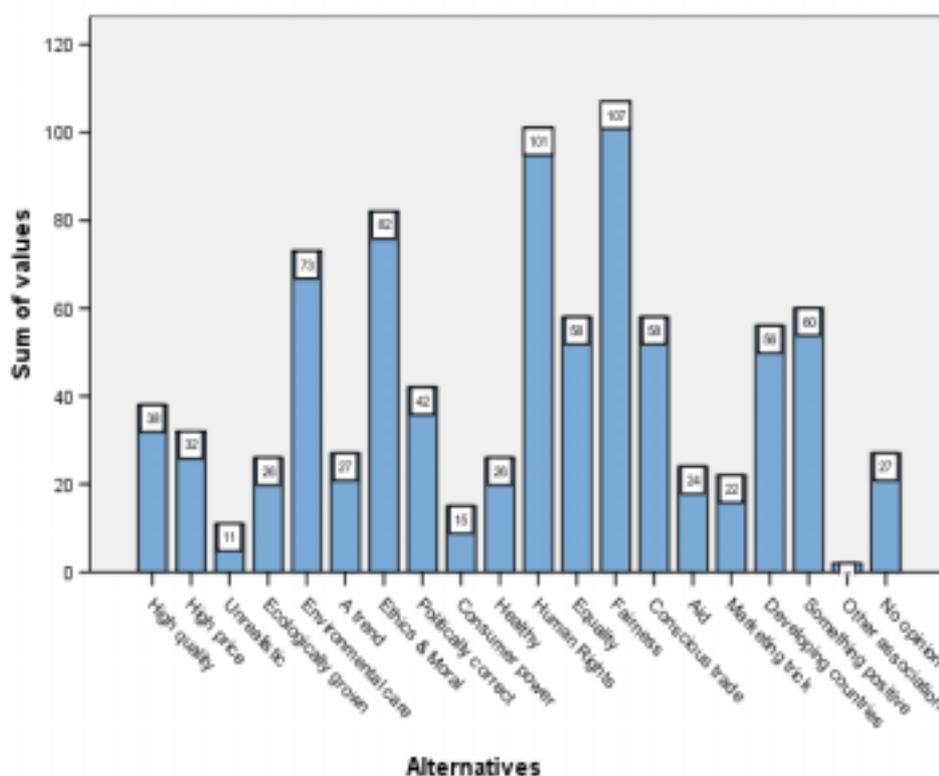
The 26.5% that had seen the symbol is, as mentioned before, a relatively low percentage. However, we think that this percentage is fairly high when considering that the survey was conducted in a minor town where there are limited marketing efforts, for example, in form of advertisements. We did not expect that high percentage. As mentioned in the theoretical framework, a survey made in the UK in 2004 showed that women are more likely than men to be aware of the Fair Trade label (Nicholls & Opal, 2005). Our survey shows that there is no actual difference between male and female respondents' awareness of the Fair Trade symbol (see Appendix 3, Table 1). Evidence also shows that awareness is growing among younger people (Nicholls & Opal, 2005). Our survey shows that respondents in the age group 16-29, were those who gained the highest percentage (see Appendix 3, Table 2). What is also interesting to notice when looking at the age

variable is that, of the respondents in age group 30-39, only 3.1% had seen the symbol. This is a surprisingly low percentage and the lowest among all age groups. To find potential reasons for this is difficult, but a reason could be that respondents in this age group may be focused on their careers or with raising a family. Therefore, they may fail to pay attention. However, it should be pointed out that our sample size was only 200 and therefore, more research would be needed before certain conclusions can be drawn regarding this age group. Further research concerning this would be interesting.

**Question 4. What do you foremost associate Fair Trade with?**

Table 5.4, on the next page, shows what the respondents foremost associate Fair Trade with. The respondents were given a great number of alternatives, from which they were asked to select five alternatives that they foremost associate with Fair Trade. Two of these alternatives were, so called, blank options, which the respondents could choose if they thought some alternative(s) were missing among the pre-set alternatives. Of course, the respondents could also choose the alternative “No opinion”. Some of the alternatives have connections with what we have come across when reviewing the literature. We did not form any alternatives that were completely unrealistic. It is important to notice that we did not include so many negative alternatives and this is something that may have affected the results on this question. However, we did give the respondent the opportunity to write own suggestions on the blank options. This question provides us with information about consumers’ perception of Fair Trade.

**Table 5.4 Q4. Respondents' Association of Fair Trade**



The five most chosen alternatives were “Fairness”, “Human Rights”, “Ethics & Moral”, “Environmental care” and “Something positive”. The fact that all alternatives got chosen, confirms what we mentioned above about that none of the alternatives were unrealistic. Only 2 respondents chose to mention other associations. Their associations were leftist and child labour respectively.

It is not surprising that the respondents associated Fair Trade with “Fairness” and “Something positive”. When considering, we think that including these two alternatives were rather pointless, since these are too obvious associations. It is worth noticing, that the alternative “Environmental care” were among the five most chosen alternatives. Important to mention is that Fair Trade/Rättvisemärkt is not a downright environmental labelling, even if many of the criteria involve environmental care as well as ecological production. About 30% of the producers of Rättvisemärkt/Fair Trade are ecologically certified in accordance with KRAV’s requirements. The remaining, about 70%, of the producers follow FLO’s criteria for environmental care (Rättvisemärkt, 2005c). The fact that

many of the respondents associate Fair Trade with environmental care, we think can be both positive and negative. It can be seen as positive, since the current debate in media often emphasizes the importance of environmental care and people seem to show more and more concern for the environment. A negative side could be that if respondents associate Fair Trade with environmental care to a great extent, then the core idea with Fair Trade can be lost. If this is the case, it can also be more difficult to get consumers' attention since there are other labels on the market that put emphasis on environmental care. The competition may be greater, than if each label has its own area on the "ethical market".

Alternatives where we can see a notable difference between the male and female respondents' choices are on "Politically correct" and "Human Rights" (see Appendix 3, Table 3 & 4). It was more male respondents that associated Fair Trade with "Politically correct", while more female respondents associated Fair Trade with "Human Rights". Perhaps, these alternatives can be seen as a male thing contra a female thing, but this is just our own interpretation of the reasons for these results.

**Question 5.** Have you purchased a Fair Trade/Rättvisemärkt product, any time?

Table 5.5, on the next page, shows whether the respondents have purchased a Fair Trade/Rättvisemärkt product. The respondents could choose among three different alternatives (Yes, No and Do not know). One reason for asking this has to do with what we discussed in section 1.2 Problem, in chapter 1. Another reason was that, through this question those who answered "No" could be selected to also answer question 6 concerning the reason(s) for not buying such products. The others were simply asked to continue with question 7.

**Table 5.5 Q5. Purchase of a Fair Trade/Rättvisemärkt Product**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	27	13,5	13,5	13,5
No	84	42,0	42,0	55,5
Do not know	89	44,5	44,5	100,0
Total	200	100,0	100,0	

Few of the respondents, to be exact 13.5%, have actually purchased a Fair Trade product. It is surprising that as many as 44.5%, responded that they do not know whether they have purchased such a product. Almost as many, 42% answered that they have not purchased any Fair Trade product.

The fact that not many of the respondents have purchased a Fair Trade product was quite expected if one looks at Rättvisemärkt's total sales volume, which amounts to approximately 1% in Swedish market share (Rättvisemärkt, 2005c). This is a seemingly low market share. Another study made by SCB, which involved 5000 respondents in Gothenburg in Sweden, showed that more than half of the respondents regularly purchase Rättvisemärkt-certified products (Rättvisemärkt, 2007c). We thought that these numbers seemed high, but we also thought that perhaps Fair Trade is more known in Gothenburg, since it is a rather large city where more marketing efforts have been done. In our survey only 13.5% of the respondents had purchased a Fair Trade product and that is not even near half of the respondents. So, it could be assumed that people in a minor town have less knowledge of Fair Trade, which results in fewer sales. More reasons to why many of the respondents have not purchased such a product, will be discussed when looking at question 6. Conducting a survey in a minor town shows other results. However, it should be pointed out that our survey only included 200 respondents.

There may be various reasons for the low percentage of respondents purchasing Fair Trade products. Fair Trade may, for example, be a fashionable rather than a sustainable trend and it may be difficult to get consumers committed to purchasing Fair Trade products. There may also be an obstacle to get more Fair Trade products on to supermarket shelves

(Nicholls & Opal, 2005), for example, since the demand is not high enough or that such products often hold a premium price position compared to conventional products. For these reasons, such products may be difficult for supermarkets to sell. Among factors that influence a person's buying choice are psychological factors, such as motivation, perception, learning, and beliefs and attitudes (Kotler et al., 2001). So, the respondents' perception and knowledge of Fair Trade and Fair Trade products are likely to affect their purchase decision. Although, the respondents may base their purchase decision on multiple factors and the ethical aspect is only one of these. The respondents' purchase decision to not buy Fair Trade products may be affected by different factors, such as a high price, limited information and/or limited availability (Nicholls & Opal, 2005). Income can be another factor that affects the respondents' ability and desire to purchase a Fair Trade product, since the price of these products are higher than other conventional products.

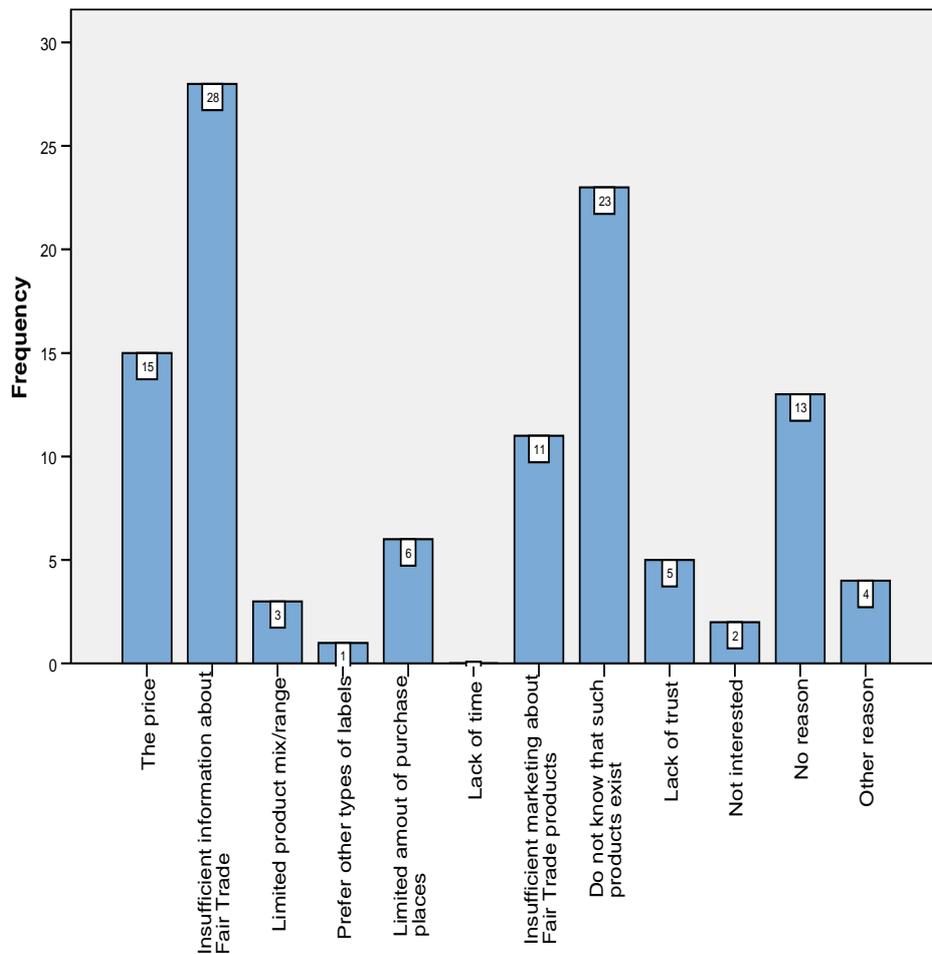
It can also be of interest to mention that no respondent in the age group 30-39, have purchased a Fair Trade product (see Appendix 3, Table 5). This is surprising and as mentioned earlier more research is needed to support and further investigate this finding. Some potential reasons for this can be what we have mentioned above under question 3. Among those respondents that had purchased such a product, most belonged to age group 16-29. This gives indications that young people seem more aware of Fair Trade and Fair Trade products and more willing to buy such products.

We also made a crosstabulation between question 3 and 5 (see Appendix 3, Table 8). This crosstabulation showed that there is a connection between those who have seen the Fair Trade symbol and those who have purchased a Fair Trade product. Only one respondent that has not seen the symbol has actually purchased a Fair Trade product. This proves once again the importance of the Fair Trade symbol and the importance that consumers recognize this symbol. This, for example, since the symbol distinguishes Fair Trade products from other products.

**Question 6. What is the reason that you have not bought a product labelled with the symbol for Fair Trade/Rättvisemärkt?**

Table 5.6 shows the reasons for why the respondents, who answered “No” on question 5, have not bought such a product. The respondents were given a number of alternatives, from which they had the possibility to select more than one alternative which they felt applied for them. A “No reason” alternative was also available. The respondents could also choose the alternative “Other reason”, where they could state if there was some other reason than the pre-set alternatives. Some of the alternatives have connections with what we have come across when reviewing the literature. We have also added some alternatives that we think can be possible reasons. This question provides us with relevant information about these respondents’ knowledge and approach to Fair Trade.

**Table 5.6 Q6. Reasons for not Buying such a Product**



Two major reasons, as can be seen in the diagram, are “Insufficient information about Fair Trade” and “Do not know that such products exist”. One can also see that there are three other reasons that end up at approximately the same results and these are “The price”, “Insufficient marketing about Fair Trade products” and “No reason”. It should also be noted that the alternative “Lack of time” did not get chosen any time. The respondents that chose the alternative “Other reason” mentioned reasons, such as pointless, do not know, have never seen the label, and have not seen products with the Fair Trade label in those stores where I shop.

According to Axelsson Nycander (1999), consumers are not only affected by ethical considerations, but also by the product’s quality, price and availability, as well as by their own taste and general values, knowledge, the households’ economical resources and availability of time. In our survey, lack of knowledge seems to be the main reason to why these respondents had not purchased any Fair Trade product. The respondents mostly chose alternatives that show that they feel a lack of knowledge. This is evident, since the chosen alternatives concerned insufficient information, lack of knowledge about the existence of such products and insufficient marketing. Some studies show that consumers that wish to be more active ethical shoppers may feel held back by a lack of information (Clark, 2004). So, perhaps more of the respondents would purchase Fair Trade products if they had more knowledge about Fair Trade. Nicholls & Opal (2005) mentioned that the budget for Fair Trade marketing communications is relatively small, that may be one reason for the insufficient information about Fair Trade and the insufficient marketing of Fair Trade products in a minor town.

The price was also a factor chosen by many. The respondents’ economical resources/income is something that can affect their purchase decision. Fair Trade products usually take a premium price position within their individual markets (Nicholls & Opal, 2005). Uusitalo and Oksanen (2004), also mention high price as a potential barrier to ethical consumerism. Respondents’ in the age group 60 and up, were those who got highest percentage on the alternative “The price” (see Appendix 3, Table 6). Those

in this age group may be retired and may therefore have limited economical resources.

Axelsson Nycander (1999) also mentions that availability of time is a factor that affects consumers. However, in our survey this was not the case, since none of the respondents had chosen the alternative “Lack of time”. The fact that relatively many chose the alternative “No reason”, can perhaps be interpreted as if they do not really care to purchase such products. Maybe, they have not even come to the point of considering making a purchase. Some of the things mentioned under the alternative “Other reason” can also be of interest. One respondent, for example, mentioned pointless as a reason for not having purchased any Fair Trade product. The respondent may have felt a sense of powerlessness, when it comes to making a real difference to the world through the consumption choice (Nicholls & Opal, 2005). As mentioned by Axelsson Nycander (1999), the belief that it is possible to influence large and complicated matters is the most important motive power for people to even feel a desire to make a difference, by for example purchasing a Fair Trade product. Other reasons that were mentioned were do not know, have never seen the label and have not seen products with the Fair Trade label in those stores where the respondent shop. This highlights once again the importance of the Fair Trade label as a marketing tool, when communicating with the consumer. The Fair Trade certification label is also a key element for establishing trust (Nicholls & Opal, 2005). A few respondents actually mentioned “Lack of trust” as a reason for not having bought a Fair Trade product.

**Question 7. Have you heard about Fair Trade/Rättvisemärkt chocolate, any time?**

Table 5.7, on the next page, shows whether the respondents have heard about Fair Trade/Rättvisemärkt chocolate. The respondents could choose among three different alternatives (Yes, No and Do not know). Products, such as coffee, tea and bananas are among the most mentioned in Fair Trade contexts. Even though the Fair Trade label is primarily associated with those

products, the label can be found on a wide range of other products (Clark, 2004). Since our purpose is not only to learn more about consumers' perception and knowledge of Fair Trade but also about Fair Trade products, we thought it would be interesting to put a minor emphasis on one product that seems relatively unknown, namely chocolate. Fair Trade chocolate does not seem to be as widely spread and it can be questioned if consumers really have heard or know about it.

**Table 5.7** Q7. Heard about Fair Trade/Rättvisemärkt Chocolate

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	29	14,5	14,5	14,5
No	147	73,5	73,5	88,0
Do not know	24	12,0	12,0	100,0
Total	200	100,0	100,0	

The vast majority, 73.5%, answered “No” on this question. The fact that so many of the respondents answered “No”, shows that Fair Trade chocolate is relatively unknown (as we presumed). Only 14.5% have heard about Fair Trade chocolate. 12% answered that they “Do not know” whether they have heard about Fair Trade chocolate.

Sweden is ranked as number 8 when listing the countries eating the most chocolate in the world, with an average 7 kilo per person and year (Rädda Barnen, 2007). Even if Swedes consume a great amount of chocolate, our survey shows that the majority of the respondents are unaware of the existence of Fair Trade chocolate. We think, however, that the 14.5% that answered “Yes” is a rather large amount, if considering that the survey was conducted in a minor town where there is limited marketing of Fair Trade products, as we discussed in chapter 1 section 1.2 Problem. The majority of “No”-responses on this question, may be another sign of insufficient information and marketing of Fair Trade products.

**Question 8.** Do you know about other Fair Trade/Rättvisemärkt products?

Table 5.8, on the next page, shows whether the respondents know about other Fair Trade/Rättvisemärkt products. The respondents had two

alternatives to choose from, “Yes” or “No”. Those who answered “Yes”, were also asked to mention examples of products they knew about. So, this question gives additional information about consumers’ knowledge of the existence of Fair Trade products.

**Table 5.8** Q8. Know about other Fair Trade/Rättvisemärkt Products

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	36	18,0	18,0	18,0
No	164	82,0	82,0	100,0
Total	200	100,0	100,0	

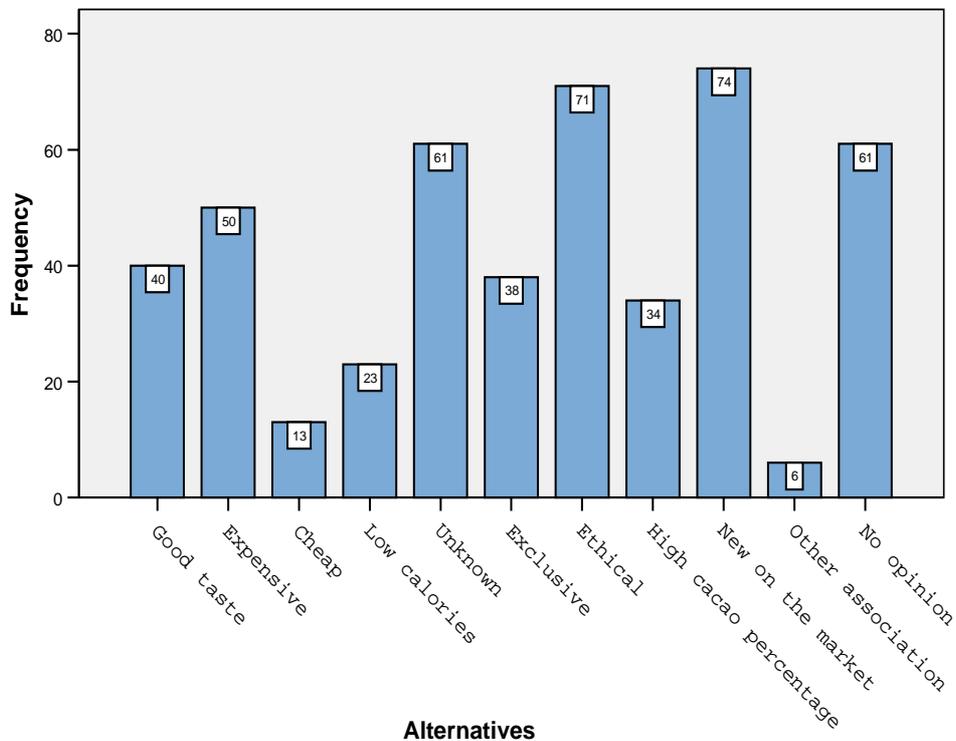
The vast majority of the respondents, 82%, answered that they do not know about other Fair Trade products. Only 18% answered “Yes”. These respondents were also asked to give examples. The most mentioned Fair Trade product was coffee. Other Fair Trade products that those respondents mentioned were bananas, juice, tea, oranges, flowers, clothes, textiles, cotton and vegetables.

According to Rättvisemärkt (2007c), coffee and bananas are Fair Trade products that have been on the market for a long time. This can be one explanation to why many mentioned coffee as well as bananas as examples. Companies constantly extend their product range with Rättvisemärkt-certified products and, on the Swedish market, a total of approximately 280 labelled products exist (*Ibid.*). Rättvisemärkt’s products in Sweden today are coffee, tea, cocoa, chocolate, chocolate bars, bananas and other fresh fruit, juice, rice, sugar, honey, müsli, snacks/candy, ice cream, wine, cut flowers, footballs and products containing Fair Trade cotton (Rättvisemärkt, 2005c). Many of these examples were also mentioned by the respondents, who answered “Yes”, in our survey and this shows that those respondents have relatively good knowledge of Fair Trade products. However, it should be mentioned once again that only 18% of the respondents know about Fair Trade products.

**Question 9. What do you foremost associate Fair Trade/Rättvisemärkt chocolate with?**

Table 5.9 shows what the respondents foremost associate Fair Trade chocolate with. The respondents were given a number of alternatives, from which they were asked to select the three alternatives which they foremost associate with Fair Trade chocolate. Two of these alternatives were, so called, blank options, which the respondents could choose if they thought some alternative(s) were missing among the pre-set alternatives. The respondents could also choose the alternative “No opinion”. Some of the alternatives we formed ourselves and some alternatives have connection to what has been mentioned in chapter 1 and 3. We did not form any alternatives that were completely unrealistic. It is important to notice that we did not include so many negative alternatives and this is something that may affect the results on this question. However, we did give the respondent the opportunity to write own suggestions on the blank options. This question can provide us with some information about consumers’ perception of Fair Trade chocolate.

**Table 5.9 Q9. Respondents’ Association of Fair Trade Chocolate**



The most chosen alternative was “New on the market”, closely followed by the alternative “Ethical”. Then, two alternatives got the same frequency, namely “Unknown” and “No opinion”. The results show what we presumed, that Fair Trade chocolate is seemingly unknown on the market. Only 6 respondents chose to mention other association. Their associations were: marketing trick, moral drivel, the money mostly ends up in the wrong hands, that the grower gets better payment, have not seen or heard or tasted, ecologically grown, ethics and moral, and fair wages. Some alternatives mentioned under “Other association”, sound slightly negative. This can follow from the fact that we did not include so many negative alternatives.

A somewhat higher frequency on the alternative “Ethical” could be expected, since Fair Trade is often linked to ethics when discussed in different literature on the subject. Quite many also chose the alternative “No opinion”. One reason for this can be that the respondents do not simply care. We think that, another reason may be that the respondents found it difficult to associate to a physical product they have perhaps not even seen, tasted or heard about. When comparing with question 4, where the respondents were asked to mention what they associate Fair Trade with, we think it may be easier to make associations in that case since it is something non-physical. This can be strengthened by the fact that more than twice as many chose to answer “No opinion” on question 9, compared to question 4. We think that this can be linked to the discussion on intrinsic versus extrinsic cues. According to Zeithaml (1988), intrinsic cues describe the physical composition of the product and examples of such are flavour, colour, and texture. Intrinsic attributes are consumed when the product is consumed. Extrinsic cues, on the other hand, are product-related although not part of the physical product itself. They can be defined as being outside the product. Those alternatives, in our survey, that got chosen the most are extrinsic cues. The fact that many of the respondents chose the alternative “No opinion”, give certain indications that it may be difficult to have a perception of a physical item if there is a lack of pre-knowledge about it.

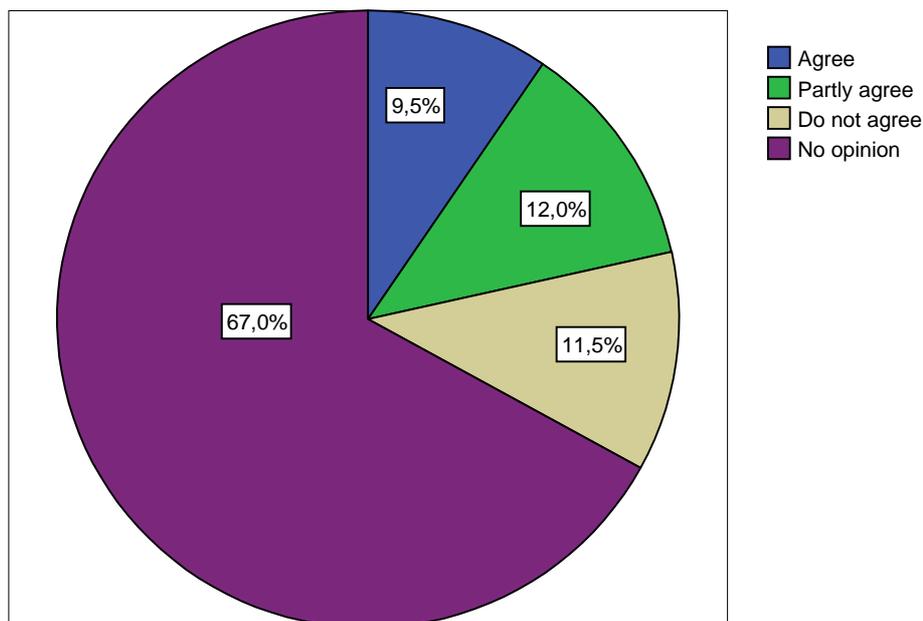
If the consumer has inadequate information about intrinsic attributes, then price can function as a surrogate for quality (Zeithaml, 1988). The alternative “Expensive” got a relatively high frequency and this alternative can be linked to price. If the respondents associated Fair Trade chocolate with “Expensive” then they may also perceive it to be of high quality. This could in turn make them perceive it as of good taste, even though they may not have tasted it. The fact that quality and price are often connected, may be one reason to why both the alternatives “Good taste” and “Expensive” got similar frequencies.

**Question 10.** *How do you place yourself towards the following statement?*

Fair Trade/Rättvisemärkt chocolate is of better quality.

Table 5.10 shows the respondents’ perception of the quality of Fair Trade chocolate. The respondents could choose among four different alternatives (Agree, Partly agree, Do not agree and No opinion). As mentioned in chapter 1, consumers sometimes think that the Fair Trade label is a quality assurance mark (Marketing Week, 2004). Therefore, they may perceive Fair Trade products as being of better quality. So, with this question we want to see whether this also holds for a minor town in Sweden.

**Table 5.10** Q10. Fair Trade/Rättvisemärkt Chocolate is of Better Quality



The vast majority, 67%, chose the alternative “No opinion”. Only 9.5% agreed that Fair Trade chocolate is of better quality. The other two alternatives got almost the same percentage of the responses. The fact that not many had heard about Fair Trade chocolate (as seen in Table. 5.7 above), may have affected the results on this question.

The responses on this question can be linked to the discussion about intrinsic cues. The respondents may have found it difficult to place themselves towards the statement, since they may not have heard about, seen or tasted Fair Trade chocolate. Then, they may not feel in position to make any assumptions about it either. So, this may be a reason to why many answered “No opinion”. Perhaps, we could have included quality (low versus high quality) as an alternative on question 9. However, the same problem may also have occurred there, since it is difficult to make associations about a product’s quality without enough pre-knowledge. However, it is important to notice that 33% actually chose to take a position in the question.

There is no clear answer to whether Fair Trade products are of a better quality than other products. Although, producers of Fair Trade products are required to provide good quality products. The concept of quality includes both the nature of the consumer’s experience of the product and the consumer’s contribution to the quality of the producer’s life and environment through the purchase choice (Nicholls & Opal, 2005).

Quality is often mentioned in discussions on consumer perception. In an article by Zeithaml (1988), quality is broadly defined as superiority or excellence. When further extending it, perceived quality can be described as the consumer’s judgement about a product’s overall excellence or superiority. Quality evaluations are often based on comparisons. A product can be evaluated to have high or low quality, depending on the product’s relative excellence or superiority among other products that consumers view as substitutes. Since the statement included the word “better”, the respondents may have felt that they were asked to make an evaluation based

on comparisons with other products. The respondents may have perceived this as difficult and many may therefore have answered “No opinion”.

**Question 11.** *Fair Trade/Rättvisemärkt is an independent product labelling, that aims to contribute to better working and living conditions for growers and employees in developing countries. With this in mind...Are you prepared to pay a higher price for a Fair Trade/Rättvisemärkt chocolate?*

Table 5.11 shows whether the respondents are prepared to pay a higher price for a Fair Trade chocolate. The respondents could choose among three different alternatives (Yes, No and Do not know). The higher price on Fair Trade products as well as consumers’ willingness to pay a higher price is something that is mentioned in chapter 1 and 3. Therefore, it seemed relevant to include a question concerning this.

**Table 5.11** Q11. Prepared to Pay a Higher Price

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	78	39,0	39,0	39,0
No	63	31,5	31,5	70,5
Do not know	59	29,5	29,5	100,0
Total	200	100,0	100,0	

Here, we can see a seemingly even distribution of responses on all the three alternatives. The percentage on the alternative “Yes” (39%), was slightly higher than on the other two alternatives “No” and “Do not know” (31.5% versus 29.5%).

The Fair Trade-import is based on consumers’ willingness to pay a higher price for fairly traded products (Axelsson Nycander, 1999). A survey made in December 2006, shows that 64% (15 percentage point’s increase from 2005) of the respondents know about Rättvisemärkt and 74% are willing to pay more for a Rättvisemärkt product (Rättvisemärkt, 2007e). This percentage shows a higher willingness than the results from our survey.

An extrinsic cue that receives much attention is price (Zeithaml, 1988). Chocolate is a consumer good which is often perceived as luxurious and therefore consumers may be willing to pay a little extra (Axelsson Nycander, 1999). This may be one reason to why as many as 39% are prepared to pay a higher price. The respondents who were most willing to pay a higher price belong to age group 50-59 (see Appendix 3, Table 7). Respondents in age group 60 and up were less willing to pay a higher price for a Fair Trade chocolate.

Potential reasons to why many of the respondents answered “No” and “Do not know” can be related to income, lack of trust that the money will go in the right pocket or the desire to have more information and knowledge before taking that decision. Perhaps, the respondents also want to know more exact how much higher the price is, before they can determine if they are willing or not. This, as Axelsson Nycander (1999) stated, since the price is one factor that may affect consumers’ purchase decision.

**Question 12.** Did you know that much of the cocoa production in West Africa is based on child slavery?

Table 5.12 shows whether the respondents know that much of the cocoa production is based on child slavery. The respondents could answer either “Yes” or “No”, on this question. This question is related to the questions concerning chocolate, since cocoa is used to produce chocolate. The cocoa may come from plantations where child slavery exists, but that is perhaps not something that people know about.

**Table 5.12** Q12. Familiar with the Existence of Child Slavery

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	93	46,5	46,5	46,5
No	107	53,5	53,5	100,0
Total	200	100,0	100,0	

The results show that it is a seemingly equal amount of responses on both alternatives. The alternative “No” got a slightly higher percentage with

53.5%. One respondent who answered “No”, also wrote an own comment saying “that does not surprise me at all, but if they do not get money for their work, the family will starve”.

It was a bit surprising that more than half of the respondents answered “No” on this question, since child labour is often mentioned as the social matter that concerns consumers in the Western World the most (Axelsson Nycander, 1999). According to Rädde Barnen (2007), consumers should think about where the cocoa, used in the chocolate they eat, actually comes from. Studies show that children are working under hazardous conditions on cocoa plantations, for example, in West Africa. An estimated 70% of the world’s child labourers work in the agricultural sector, especially on plantations (Clark, 2004). By thinking about where the cocoa comes from and how it is grown, consumers can better understand what impact the purchase of a Fair Trade chocolate can have. A direct impact cannot be seen, one has to think about the long term effects. Many of the respondents in our survey do not know that child slavery exists at cocoa plantations and therefore they have probably not thought about the impact of purchasing a Fair Trade chocolate.

### **5.3 Marketing Implications**

Consumers’ buying behavior is important for Fair Trade, but it is difficult to predict and control their decisions about whether to purchase Fair Trade products. Consumers’ perception and knowledge are likely to affect their purchase decision. The results from our survey provide us with information about consumers’ perception and knowledge of Fair Trade and Fair Trade products, in a minor town in Sweden. This information can, in turn, help us draw some implications, which can be useful for the marketing of Fair Trade. Implications that we can draw from our results, are discussed here below.

Relatively few of the respondents in our survey (26.5%) have seen the symbol. So, it is a big challenge for marketers of Fair Trade to increase the

recognition of the symbol among consumers. If more information is provided, consumers' interest and knowledge may be raised. This in turn, can lead to an increased awareness of the symbol. The symbol is an important marketing tool in the communication with consumers. So, the Fair Trade certification label helps to deliver the Fair Trade message. The message has to be made clearer to the consumers and the symbol has to be made more visible. The message has to be presented in direct connection with the symbol, since it is important that the consumers not only acknowledge the symbol but also the message behind the symbol. Certain examples of how to make the symbol more visible can be mentioned. One example could be to make it more visible on the product itself. Another example could be that the supermarkets that sell Fair Trade products, should more clearly display the symbol in the shop. This can make it easier for the consumers to recognize these products among other products. The symbol should also be made visible in advertisements in different types of media. It is also important for marketers to use repetition when marketing Fair Trade, meaning that the symbol should more frequently appear in advertisements. If consumers lack knowledge about Fair Trade, they may fail to notice the symbol. This shows how important information is.

The respondents in age group 30-39 neither recognize the symbol of Fair Trade nor purchase Fair Trade products. This age group had extremely low frequencies on both these questions. It should again be pointed out that our sample size was only 200. Therefore, more research would be needed before certain conclusions can be drawn regarding this age group. To attract this age group can be a great marketing challenge. More research would be needed to more exactly determine what needs to be done, in order to attract consumers in this segment. It is important for the marketers to learn more about this segment. Our survey also shows that the respondents in age group 16-29, were most aware of Fair Trade and Fair Trade products and more willing to buy such products. So, we see a great potential in this age group, which marketers should acknowledge. This is a marketing opportunity, since this age group already has a relatively open attitude towards Fair Trade.

Most respondents perceive Fair Trade in a positive way. Marketers can benefit from the fact that many respondents perceive Fair Trade as positive. So, this finding gives important indications for the marketers to build on. Our survey also shows that many of the respondents associate Fair Trade with environmental care. This is something marketers should have in mind, since Fair Trade is not a downright environmental labeling. Even though the Fair Trade criteria often involve environmental care, it should not mainly be associated with this. This is important in order to avoid competition from other labels that emphasize environmental care. Marketers should instead try to emphasize quality, since this is something that makes the products more attractive for the consumers. Quality adds value to the products. Good quality also helps to justify the higher price on Fair Trade products.

For the future development of Fair Trade, it is important that the message is well communicated. There are many ethical labels on the market, which all compete to grab the consumers' attention. Perhaps, more detailed information about the production process can be provided. The core values of Fair Trade have to be clearly and effectively communicated in order for the consumers to engage. Consumers may have a positive approach to Fair Trade, but may not purchase such products since they feel held back by lack of information. It is important to clarify the link between consumers' behaviour and the production conditions in developing countries. The consumers need to be convinced that they can make a difference by purchasing Fair Trade products. To show that "every little thing helps" is especially important for the marketing of Fair Trade.

Many of the respondents answered that they do not know whether they have purchased a Fair Trade product. Therefore, it is again important to mention that supermarkets should clarify which products that are Fair Trade certified and properly display them in the stores. In order to increase the sales of Fair Trade products, marketers need to attract new consumers and not just the already ethically aware consumers. In our survey few of the respondents had purchased a Fair Trade product. Marketers should not forget to acknowledge them, in order to maintain them as customers. Supermarkets have many

different brands they must market and therefore, this is perhaps not an ideal place for selling Fair Trade products. But at the same time, the products are exposed to a great number of consumers in the supermarkets.

It is crucial for marketers to know what affects a consumer's purchase decision. Mentioned reasons in our survey, for not buying Fair Trade products were that the respondents felt they had limited information about Fair Trade, did not know that such products existed, the price and insufficient marketing about these products. Most of these reasons points at the need for more information and marketing of Fair Trade and Fair Trade products. Marketing campaigns, such as the Fair Trade City campaigns, about Fair Trade can help raise the local awareness in a minor town. Our survey shows that fewer respondents in a minor town had purchased Fair Trade products, compared to in a larger city. Innovative marketing may be important in the future in order to attract consumers' attention. As mentioned before, there is a potential for marketers to focus on the age group 16-29, since this age group indicates a more open attitude towards Fair Trade.

A few respondents mentioned "Lack of trust" as a reason for not buying Fair Trade products. What is also important for marketing communications to work, is that consumers trust the Fair Trade message to deliver what it states. A key element for establishing this trust is the Fair Trade certification label, which gives a guarantee that the Fair Trade standards have been met for that particular product. So, this once again points at the importance of the symbol. This is supported by the fact that we were able to see a connection between those who have seen the symbol and those who have purchased a Fair Trade product.

Few of the respondents had knowledge about the existence of Fair Trade chocolate and other Fair Trade products. This leaves the marketers with a great challenge. That few of the respondents had heard about Fair Trade chocolate is supported by the fact that many of the respondents' perceived Fair Trade chocolate as, "New on the market" and "Unknown". So, marketing efforts have to be made in order to change this. One example

would be to inform consumers and let them taste Fair Trade chocolate in the stores. Our survey shows that the respondents were unwilling to state whether they saw Fair Trade chocolate as of high quality. This can be due to lack of knowledge and experience of this product. Increased efforts are necessary in order to increase consumers' knowledge, which in turn can influence consumers' perception of Fair Trade chocolate.

The few respondents that have knowledge about Fair Trade products also have a relatively good knowledge of which products that exist on the market. So, a great challenge will be to increase the knowledge among those who are not aware of the existence of Fair Trade products. In order to launch new products on the market, more efforts must be put on marketing communications. Fair Trade products should, for example, be more displayed in the stores that sell such products, be made more available in the local stores etc.

39% of the respondents claim that they are willing to pay a higher price for a Fair Trade chocolate, but only 13.5% had actually purchased a Fair Trade product. Maintaining Fair Trade products as premium-priced can create marketing benefits, as this positioning builds up quality associations and makes the products attractive to supermarkets. It is of great importance for marketers to know whether consumers are willing to pay a higher price, since the Fair Trade import is dependent on this. If supermarkets start to introduce own-label Fair Trade products at lower prices, then marketers have to reconsider the current price position.

More than half of the respondents did not know that much of the cocoa production in West Africa is based on child slavery. This is an indication of lack of knowledge concerning the occurrence of child slavery in the production of cocoa. The fact that more than half of the respondents did not know this, is an interesting finding. This can be seen as a great marketing opportunity for the marketing of Fair Trade. There is a potential for marketers to inform consumers that child slavery exists and that engaging in Fair Trade helps to eliminate it.

To conclude, the results on our survey show that more information and marketing efforts are needed in a minor town. Those who work with Fair Trade may want to focus mainly on the large cities, since there are more opportunities and a larger customer base. They may also not focus on minor towns, due to a limited budget for Fair Trade marketing communications. However, if there is an interest to know more about consumers' perception and knowledge of Fair Trade and Fair Trade products in a minor town, our research can be of relevance. As seen above, we have drawn some implications from the results of our study, which can be useful for the marketing of Fair Trade.

## Chapter 6 - Conclusions

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*In this final chapter, a summary of the thesis is presented. Some suggestions for future research are also given.*

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### **6.1 Summary of the Thesis**

Fair Trade is an important global “movement” happening right now. This “movement” has grown and is growing, but remains a relatively small part of the total world trade (Rättvisemärkt, 2007a). Fair Trade can be seen as a form of CSR that has been made possible through ethical consumption. Where CSR argues for a responsible producer, ethical consumerism propagates the responsible consumer. The concept of Fair Trade has been developed in order to promote trade, which help the people and the local communities to reduce poverty and avoid social elimination (Rättvisemärkt, 2007a). Even though much has been said about the positive impacts of Fair Trade, it is important to remember that it has limitations as well. Fair Trade is not a solution to all trade problems. Even if Fair Trade can help many marginalized producers and really contribute to the process of improving trade justice, it cannot alone address the structural issues in world trade generally. Fair Trade does not aim to, for example, reduce global consumption or reduce the air miles travelled by imported products (Nicholls & Opal, 2005).

Since the success of Fair Trade is dependent on consumers’ consciousness, we thought it would be interesting to study what perception and knowledge consumers have of Fair Trade and Fair Trade products. Consumers’ buying behavior is important for Fair Trade, but it is difficult to predict and control their decisions about whether to purchase Fair Trade products. Consumers’ perception and knowledge are likely to affect their purchase decision. Consumers can help make a difference, by using their consumer power. “We all have to go shopping, and fair trade is simply shopping with a bit of respect” (People Management, 2001, p.32).

We chose to conduct a survey to collect our primary data. The survey was conducted in a minor town in the south of Sweden. The primary data was obtained through questionnaires, which were handed out to 200 respondents. The aim with our questionnaire was to collect information about consumers' perception and knowledge of Fair Trade and Fair Trade products. This information could help us draw some implications, which can be useful for the marketing of Fair Trade. The main findings of our empirical research and what marketing implications that we could draw from the results, will now be summarized. This also constitutes the answer to our research question.

Relatively few of the respondents in our survey (26.5%) have seen the symbol. So, it is a big challenge for marketers of Fair Trade to increase the recognition of the symbol among consumers. Consumers that lack knowledge about Fair Trade may fail to notice the symbol. This shows how important information is. If more information is provided, consumers' interest and knowledge may be raised. This in turn, can lead to an increased awareness of the symbol. The Fair Trade certification label helps to deliver the Fair Trade message. The message has to be made clearer to the consumers and the symbol has to be made more visible. Male and female respondents have approximately the same frequency regarding the recognition of the symbol. Young people show a tendency to recognize the symbol to a larger extent than respondents in other ages.

The respondents in age group 30-39 neither recognize the symbol of Fair Trade nor purchase Fair Trade products. This age group had extremely low frequencies on both these questions. It should again be pointed out that our sample size was only 200 and therefore, more research would be needed before certain conclusions can be drawn regarding this age group. To attract this age group can be a great marketing challenge. Our survey also shows that the respondents in age group 16-29, were most aware of Fair Trade and Fair Trade products and more willing to buy such products. So, we see a great potential in this age group, which marketers should acknowledge since this is a marketing opportunity. The Fair Trade certification label is a key

element for establishing trust. The importance of the symbol is supported by the fact that we were able to see a connection between those who have seen the symbol and those who have purchased a Fair Trade product.

The respondents of our survey associate Fair Trade with fairness, human rights, something positive, environmental care, and ethics and moral. This shows that most respondents perceive Fair Trade in a positive way. Marketers can benefit from the fact that many respondents perceive Fair Trade as positive. So, this finding gives important indications for the marketers to build on. Our survey also shows that many of the respondents associate Fair Trade with environmental care. This is something marketers should have in mind, since Fair Trade is not a downright environmental labeling. Even though the Fair Trade criteria often involve environmental care, it should not mainly be associated with this. Marketers should instead try to emphasize quality, since this is something that makes the products more attractive for the consumers. Quality adds value to the products. Good quality also helps to justify the higher price on Fair Trade products.

For the future development of Fair Trade, it is important that the message is well communicated. There are many ethical labels on the market, which all compete to grab the consumers' attention. The core values of Fair Trade have to be clearly and effectively communicated in order for the consumers to engage. Consumers may have a positive approach to Fair Trade, but may not purchase such products since they feel held back by lack of information. It is important to clarify the link between consumers' behaviour and the production conditions in developing countries. The consumers need to be convinced that they can make a difference by purchasing Fair Trade products. To show that "every little thing helps" is especially important for the marketing of Fair Trade.

Many of the respondents answered that they do not know whether they have purchased a Fair Trade product. Relatively few (13.5%) had actually purchased a Fair Trade product. Therefore, it is again important to mention that supermarkets should clarify which products that are Fair Trade certified and properly display them in the stores. In order to increase the sales of Fair

Trade products, marketers need to attract new consumers and not just the already ethically aware consumers.

It is crucial for marketers to know what affects a consumer's purchase decision. In our survey, major reasons for not buying Fair Trade products were that the respondents felt they had limited information about Fair Trade, did not know that such products existed, the price and insufficient marketing about these products. Most of these reasons points at the need for more information and marketing of Fair Trade and Fair Trade products. Marketing campaigns, such as the Fair Trade City campaigns, about Fair Trade can help raise the local awareness in a minor town. Our survey shows that fewer respondents in a minor town had purchased Fair Trade products, compared to in a larger city. Innovative marketing may be important in the future in order to attract consumers' attention.

Few of the respondents had knowledge about the existence of Fair Trade chocolate and other Fair Trade products. This leaves the marketers with a great challenge, to increase the knowledge among those. That few of the respondents had heard about Fair Trade chocolate is supported by the fact that many of the respondents' perceived Fair Trade chocolate as, "New on the market" and "Unknown". So, marketing efforts have to be made in order to change this. However, the few respondents that do have knowledge about Fair Trade products have relatively good knowledge of which products that exist on the market. Our survey shows that the respondents were unwilling to state whether they saw Fair Trade chocolate as of high quality. This can be due to lack of knowledge and experience of this product. Increased efforts are necessary in order to increase consumers' knowledge, which in turn can influence consumers' perception of Fair Trade chocolate.

39% of the respondents claim that they are willing to pay a higher price for a Fair Trade chocolate, but only 13.5% had actually purchased a Fair Trade product. Maintaining Fair Trade products as premium-priced can create marketing benefits, as this positioning builds up quality associations and makes the products attractive to supermarkets. It is of great importance for marketers to know whether consumers are willing to pay a higher price,

since the Fair Trade import is dependent on this. If supermarkets start to introduce own-label Fair Trade products at lower prices, then marketers have to reconsider the current price position.

More than half of the respondents did not know that much of the cocoa production in West Africa is based on child slavery. This can be seen as a great marketing opportunity for the marketing of Fair Trade. There is a potential for marketers to inform consumers that child slavery exists and that engaging in Fair Trade helps to eliminate it.

The results on our survey show that more information and marketing efforts are needed in a minor town. Those who work with Fair Trade may want to focus mainly on the large cities, since there are more opportunities and a larger customer base. They may also not focus on minor towns, due to a limited budget for Fair Trade marketing communications. However, if there is an interest to know more about consumers' perception and knowledge of Fair Trade and Fair Trade products in a minor town, our research can be of relevance. As seen above, we have drawn some implications from the results of our study, which can be useful for the marketing of Fair Trade.

Based on the results of our study, we can conclude that consumers in a minor town have limited perception and knowledge of Fair Trade and Fair Trade products. Implications that can be drawn from this, as mentioned above, show that there is a marketing job to be done for Fair Trade to have any success in a minor town.

## **6.2 Future Research**

Some suggestions for future research are presented here below:

In order to see to which extent our results can be generalized, one suggestion would be to conduct the same survey with a larger sample of respondents. The survey could also be conducted at other locations in Sweden, which would enable a comparison. The same research could also be conducted a few years from now, to see whether the results would be the same.

Another suggestion would be to conduct a research, concerning the “typical” Fair Trade consumer in Sweden. This could especially be of interest for marketers that work with Fair Trade.

A suggestion would also be to study, which approach supermarkets are taking towards Fair Trade and Fair Trade products in Sweden.

Another future research that could be of interest is to study whether Fair Trade is a fashionable trend or a sustainable trend. The study could involve an investigation of consumers’ interest in Fair Trade a couple of years from now, to see if any interest exists at that point.

It would also be interesting to study, which effects Fair Trade actually have for producers and workers in developing countries. One example could be to compare a Fair Trade producer with a non-Fair Trade producer, in order to see potential differences in their situations.

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## Appendix 1. The Questionnaire in Swedish

Lunds Universitet, Ekonomihögskolan – Företagsekonomi

### Enkätundersökning om: FAIR TRADE / RÄTTVISEMÄRKT

Vänligen kryssa för det alternativ som stämmer in på dig!

1. Är du... Man <sub>0</sub> Kvinna <sub>1</sub>

2. Ålder: 16-29 år <sub>1</sub> 30-39 år <sub>2</sub> 40-49 år <sub>3</sub> 50-59 år <sub>4</sub> 60 år - <sub>5</sub>

3. Har du någon gång sett symbolen till höger?

Ja <sub>1</sub>

Nej <sub>2</sub>

Vet ej <sub>3</sub>



En produkt märkt med denna symbol, ger garantier för att den är handlad i enlighet med internationella Fairtrade-kriterier.

4. Vad associerar du främst rättvis handel/Fair Trade med? Välj fem av följande alternativ.

Hög kvalitet..... <sub>1</sub>

Högt pris..... <sub>2</sub>

Orealistiskt..... <sub>3</sub>

Ekologiskt odlat.. <sub>4</sub>

Miljöhänsyn..... <sub>5</sub>

En trend..... <sub>6</sub>

Etik och moral.... <sub>7</sub>

Politiskt korrekt... <sub>8</sub>

Konsumentmakt.. <sub>9</sub>

Hälsosamt..... <sub>10</sub>

Mänskliga rättigheter..... <sub>11</sub>

Jämställdhet..... <sub>12</sub>

Rättvisa..... <sub>13</sub>

Medveten handel..... <sub>14</sub>

Bistånd..... <sub>15</sub>

Marknadsföringsknep..... <sub>16</sub>

U-länder..... <sub>17</sub>

Något positivt..... <sub>18</sub>

Om annan association, vänligen ange nedan:

<sub>19</sub>.....

<sub>20</sub>.....

Ingen åsikt..... <sub>21</sub>

5. Har du någon gång köpt en Fair Trade/Rättvisemärkt produkt?

Ja <sub>1</sub> Om ja, gå till fråga 7

Nej <sub>2</sub> Om nej, gå till fråga 6

Vet ej <sub>3</sub> Om vet ej, gå till fråga 7

6. Vad är anledningen till att du inte har köpt en produkt märkt med symbolen för Fair Trade/Rättvisemärkt?

• Kryssa för det/de alternativ som stämmer för dig.

På grund av...

<sub>1</sub> Priset

<sub>2</sub> Otillräcklig information om Fair Trade (t ex. dess innebörd)

Var god vänd!

- <sub>3</sub> Begränsat sortiment
- <sub>4</sub> Föredrar andra typer av märkningar (ex. KRAV-märkt, Bra Miljöval, Nyckelhålet)
- <sub>5</sub> Begränsat antal köpställe
- <sub>6</sub> Tidsbrist (t ex. ej tid att engagera mig)
- <sub>7</sub> Otillräcklig marknadsföring av Fair Trade produkter
- <sub>8</sub> Känner ej till att sådana produkter finns
- <sub>9</sub> Saknar förtroende
- <sub>10</sub> Inte intresserad
- <sub>11</sub> Ingen anledning
- <sub>12</sub> Annan anledning, vänligen ange.....

7. Har du någon gång hört talas om Fair Trade/Rättvisemärkt choklad?

Ja <sub>1</sub>      Nej <sub>2</sub>      Vet ej <sub>3</sub>

8. Känner du till andra Fair Trade/Rättvisemärkt produkter?

Ja..... <sub>1</sub> i så fall vilka?.....

Nej....<sub>2</sub>

9. Vad associerar du främst Fair Trade/Rättvisemärkt **choklad** med? Välj **tre** av följande alternativ.

God smak..... <sub>1</sub>  
 Dyrt..... <sub>2</sub>  
 Billigt ..... <sub>3</sub>  
 Kalorisnålt.....<sub>4</sub>  
 Okänt ..... <sub>5</sub>

Exklusivt.....<sub>6</sub>  
 Etiskt.....<sub>7</sub>  
 Hög kakaohalt.....<sub>8</sub>  
 Nytt på marknaden.....<sub>9</sub>

*Om annan association, vänligen ange nedan:*

<sub>10</sub>.....  
<sub>11</sub>.....

Ingen åsikt.....<sub>12</sub>

10. Hur ställer du dig till följande påstående? Fair Trade/Rättvisemärkt choklad är av bättre kvalitet.

Instämmer <sub>1</sub>      Instämmer delvis <sub>2</sub>      Instämmer inte <sub>3</sub>      Ingen åsikt <sub>4</sub>

11. Fair Trade/Rättvisemärkt är en oberoende produktmärkning, som syftar till att bidra till bättre arbets- och levnadsvillkor för odlare och anställda i utvecklingsländer. **Med detta i åtanke...**

Är du beredd att betala ett högre pris för ett Fair Trade/Rättvisemärkt choklad?

Ja <sub>1</sub>      Nej <sub>2</sub>      Vet ej <sub>3</sub>

12. Visste du att mycket av kakaoproduktionen i Västafrika är baserad på barnslaveri?

Ja <sub>1</sub>      Nej <sub>2</sub>

*Tack för din medverkan!*

## Appendix 2. The Questionnaire in English

Lund University, School of Economics and Management – Business Administration

### Survey about: FAIR TRADE / RÄTTVISEMÄRKT

Please cross the alternative that applies for you!

1. Are you... Male <sub>0</sub> Female <sub>1</sub>

2. Age: 16-29 years <sub>1</sub> 30-39 years <sub>2</sub> 40-49 years <sub>3</sub> 50-59 years <sub>4</sub> 60 years - <sub>5</sub>

3. Have you seen the symbol to the right, any time?

Yes <sub>1</sub>

No <sub>2</sub>

Do not know <sub>3</sub>



A product labelled with this symbol, gives guarantees that it is traded in accordance with international Fairtrade-criteria.

4. What do you foremost associate Fair Trade with? Choose five of the following alternatives.

High quality.....<sub>1</sub>

High price.....<sub>2</sub>

Unrealistic.....<sub>3</sub>

Ecologically grown..<sub>4</sub>

Environmental care..<sub>5</sub>

A trend.....<sub>6</sub>

Ethics & Moral.....<sub>7</sub>

Politically correct.....<sub>8</sub>

Consumer power.....<sub>9</sub>

Healthy.....<sub>10</sub>

Human Rights.....<sub>11</sub>

Equality.....<sub>12</sub>

Fairness.....<sub>13</sub>

Conscious trade.....<sub>14</sub>

Aid.....<sub>15</sub>

Marketing trick.....<sub>16</sub>

Developing countries.....<sub>17</sub>

Something positive.....<sub>18</sub>

If other association, please mention below:

<sub>19</sub>.....

<sub>20</sub>.....

No opinion.....<sub>21</sub>

5. Have you purchased a Fair Trade/Rättvisemärkt product, any time?

Yes <sub>1</sub> If yes, go to question 7

No <sub>2</sub> If no, go to question 6

Do not know <sub>3</sub> If do not know, go to question 7

6. What is the reason that you have not bought a product labelled with the symbol for Fair Trade/Rättvisemärkt?

• Cross the alternative(s) that applies for you.

Due to...

<sub>1</sub> The price

<sub>2</sub> Insufficient information about Fair Trade (for example, its meaning)

Please turn the page!

- <sub>3</sub> Limited product mix/range
- <sub>4</sub> Prefer other types of labels (for example, KRAV-märkt, Bra Miljöval, Nyckelhålet)
- <sub>5</sub> Limited amount of purchase places
- <sub>6</sub> Lack of time (for example no time to engage)
- <sub>7</sub> Insufficient marketing about Fair Trade products
- <sub>8</sub> Do not know that such products exist
- <sub>9</sub> Lack of trust
- <sub>10</sub> Not interested
- <sub>11</sub> No reason
- <sub>12</sub> Other reason, please mention.....

7. Have you heard about Fair Trade/Rättvisemärkt chocolate, any time?

Yes <sub>1</sub>      No <sub>2</sub>      Do not know <sub>3</sub>

8. Do you know about other Fair Trade/Rättvisemärkt products?

Yes.....<sub>1</sub> in that case which?.....

No.....<sub>2</sub>

9. What do you foremost associate Fair Trade/Rättvisemärkt **chocolate** with?

• Choose **three** of the following alternatives.

- |   |  |
|---|--|
| Good taste..... <input type="checkbox"/> <sub>1</sub>   | Exclusive..... <input type="checkbox"/> <sub>6</sub>             |
| Expensive..... <input type="checkbox"/> <sub>2</sub>    | Ethical..... <input type="checkbox"/> <sub>7</sub>               |
| Cheap..... <input type="checkbox"/> <sub>3</sub>        | High cacao percentage..... <input type="checkbox"/> <sub>8</sub> |
| Low calories..... <input type="checkbox"/> <sub>4</sub> | New on the market..... <input type="checkbox"/> <sub>9</sub>     |
| Unknown..... <input type="checkbox"/> <sub>5</sub>      |  |

*If other association, please mention below:*

- <sub>10</sub>.....
- <sub>11</sub>.....

No opinion.....<sub>12</sub>

10. How do you place yourself towards the following statement? Fair Trade/Rättvisemärkt chocolate is of better quality

Agree <sub>1</sub>      Partly agree <sub>2</sub>      Do not agree <sub>3</sub>      No opinion <sub>4</sub>

11. Fair Trade/Rättvisemärkt is an independent product labelling, that aims to contribute to better working and living conditions for growers and employees in developing countries. **With this in mind...**

Are you prepared to pay a higher price for a Fair Trade/Rättvisemärkt chocolate?

Yes <sub>1</sub>      No <sub>2</sub>      Do not know <sub>3</sub>

12. Did you know that much of the cocoa production in West Africa is based on child slavery?

Yes <sub>1</sub>      No <sub>2</sub>

*Thank you for your participation!*

**Appendix 3. Tables**

**Table 1. Crosstabulation: Gender \* Symbol**

			Have you seen the symbol to the right, any time?			Total
			Yes	No	Do not know	
Gender	Male	Count	23	51	15	89
		% within Gender	25,8%	57,3%	16,9%	100,0%
	Female	Count	30	64	17	111
		% within Gender	27,0%	57,7%	15,3%	100,0%
Total		Count	53	115	32	200
		% within Gender	26,5%	57,5%	16,0%	100,0%

**Table 2. Crosstabulation: Age \* Symbol**

			Have you seen the symbol to the right, any time?			Total
			Yes	No	Do not know	
Age	16-29	Count	32	32	9	73
		% within Age	43,8%	43,8%	12,3%	100,0%
	30-39	Count	1	23	8	32
		% within Age	3,1%	71,9%	25,0%	100,0%
	40-49	Count	9	14	7	30
		% within Age	30,0%	46,7%	23,3%	100,0%
	50-59	Count	9	37	8	54
		% within Age	16,7%	68,5%	14,8%	100,0%
	60 -	Count	2	9	0	11
		% within Age	18,2%	81,8%	,0%	100,0%
Total		Count	53	115	32	200
		% within Age	26,5%	57,5%	16,0%	100,0%

**Table 3. Crosstabulation: Gender \* Politically correct**

			Politically correct		Total
			No	Yes	
Gender	Male	Count	65	24	89
		% within Gender	73,0%	27,0%	100,0%
	Female	Count	93	18	111
		% within Gender	83,8%	16,2%	100,0%
Total		Count	158	42	200
		% within Gender	79,0%	21,0%	100,0%

**Table 4. Crosstabulation: Gender \* Human Rights**

			Human Rights		Total
			No	Yes	
Gender	Male	Count	53	36	89
		% within Gender	59,6%	40,4%	100,0%
	Female	Count	46	65	111
		% within Gender	41,4%	58,6%	100,0%
Total		Count	99	101	200
		% within Gender	49,5%	50,5%	100,0%

**Table 5. Crosstabulation: Age \* Purchased a Fair Trade product**

			Have you purchased a Fair Trade/Rättvisemärkt product, any time			Total
			Yes	No	Do not know	
Age	16-29	Count	18	36	19	73
		% within Age	24,7%	49,3%	26,0%	100,0%
	30-39	Count	0	8	24	32
		% within Age	,0%	25,0%	75,0%	100,0%
	40-49	Count	3	8	19	30
		% within Age	10,0%	26,7%	63,3%	100,0%
	50-59	Count	4	26	24	54
		% within Age	7,4%	48,1%	44,4%	100,0%
	60 -	Count	2	6	3	11
		% within Age	18,2%	54,5%	27,3%	100,0%
Total		Count	27	84	89	200
		% within Age	13,5%	42,0%	44,5%	100,0%

**Table 6. Crosstabulation: Age \* Price**

			The price		Total
			No	Yes	
Age	16-29	Count	64	9	73
		% within Age	87,7%	12,3%	100,0%
	30-39	Count	32	0	32
		% within Age	100,0%	,0%	100,0%
	40-49	Count	30	0	30
		% within Age	100,0%	,0%	100,0%
	50-59	Count	51	3	54
		% within Age	94,4%	5,6%	100,0%
	60 -	Count	8	3	11
		% within Age	72,7%	27,3%	100,0%
Total		Count	185	15	200
		% within Age	92,5%	7,5%	100,0%

**Table 7.** Crosstabulation: Age \* Prepared to pay

% within Age		Are you prepared to pay a higher price for a Fair Trade/Rättvisemärkt chocolate?			Total
		Yes	No	Do not know	
Age	16-29	38,4%	45,2%	16,4%	100,0%
	30-39	37,5%	31,3%	31,3%	100,0%
	40-49	40,0%	20,0%	40,0%	100,0%
	50-59	44,4%	18,5%	37,0%	100,0%
	60 -	18,2%	36,4%	45,5%	100,0%
Total		39,0%	31,5%	29,5%	100,0%

**Table 8.** Crosstabulation: Q3 \* Q5

Count		Have you purchased a Fair Trade/Rättvisemärkt product, any time?			Total
		Yes	No	Do not know	
Have you seen the symbol to the right, any time?	Yes	26	17	10	53
	No	1	62	52	115
	Do not know	0	5	27	32
Total		27	84	89	200

