

Introduction

- **How has Fair Trade evolved along its phases of development from a marketing stand point?**
- **What have been the commercial strategies and the means of consumption of Fair Trade during the past 40 years?**
- **Can we link Fair Trade's commercial evolution to consumer's values?**

Consumption and innovation of fair trade products:

Analysis of the social movement's evolution from the consumer's value perspective

Juan Francisco Núñez (Université de Sherbrooke) & Claudio E. Pousa (Lakehead University) Canada

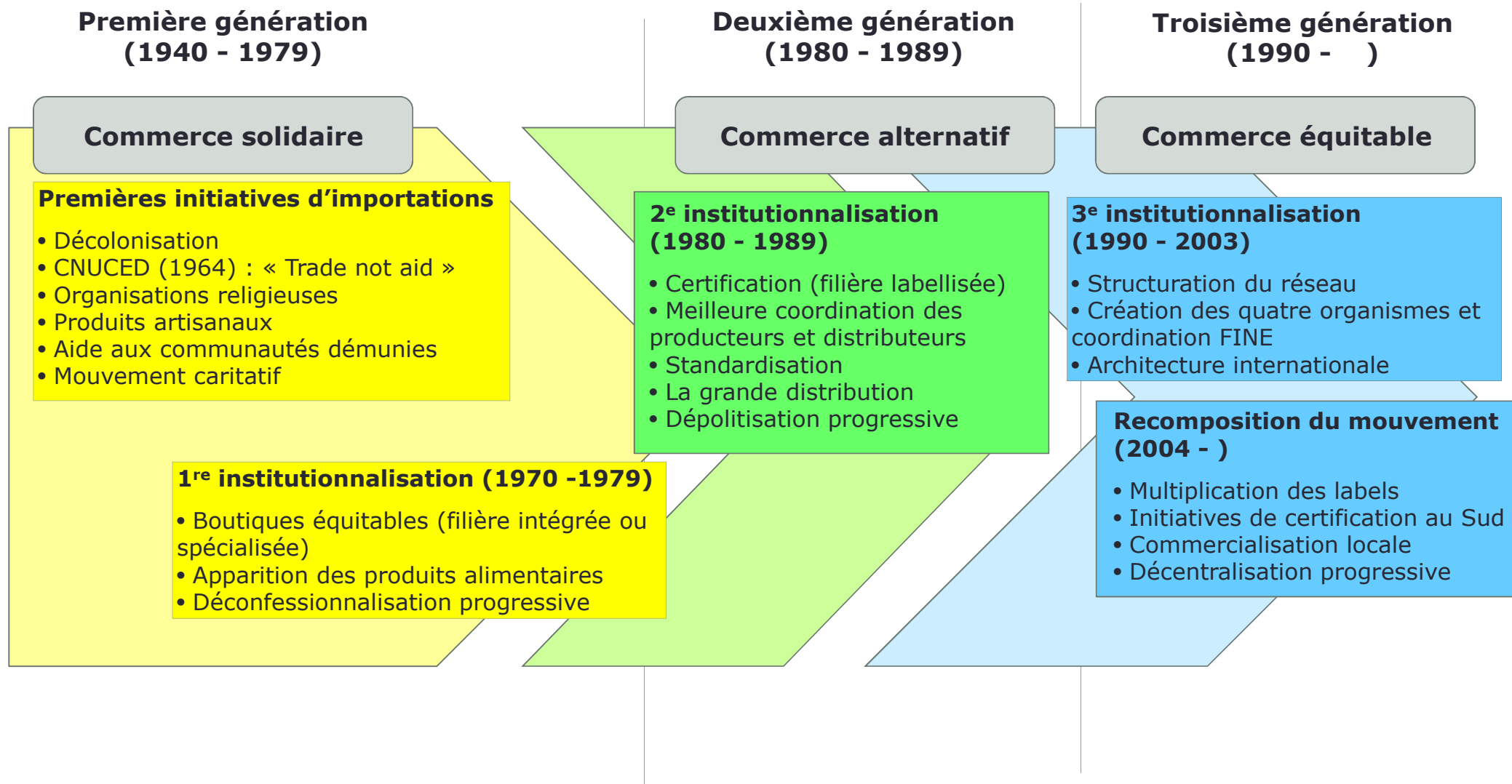


Figure 1. Les cinq phases d'évolution du commerce équitable au cours de trois générations

Adapté de Gendron et al. (2009); Diaz-Pedregal (2006) et Lemay et al. (2010)

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1. Research goal

To integrate the eras in the evolution of FT and to explain this evolution from the perspective of the individual consumer's choice.

2. Literature review

Evolution of Fair Trade through four eras:

Solidarity era (1970-1990)

- Goal: To increase awareness about the problems of the developing world and its producers
- Consumer as a political agent

Niche-market era (1990-2002)

- Aiming at creating profits to share them with the producers
- Consolidation of labelling initiatives
- Consumer as a political and economic agent

Mass-market era (2002-present)

- Branders incorporating FT products into their product lines
- Mass-marketing strategies
- New consumer segments disassociated from original goals, looking for novelty and what's "in"

Institutionalized era (hypothesized future era)

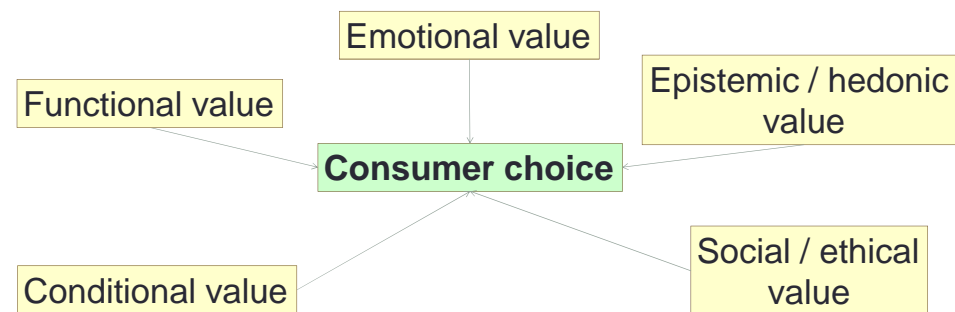
- Focus on sustainability
- Companies incorporating FT into an integral CSR strategy
- Ethical consumers operating in heterogeneous groups

3. Theoretical framework

Theory of consumption values (Sheth, Newman and Gross, 1991)

Consumer choice is a function of multiple values (functional, social, emotional, conditional and epistemic), each making a differential contribution.

3. Theoretical framework (cont.)



4. Research methodology

Theoretical approach based on secondary data

5. Theoretical propositions

P₁: In the solidarity era of FT, consumer choice was mainly a function of the emotional value attached to FT products.

P₂: In the niche-market era of FT, consumer choice was mainly a function of the functional value attached to FT products.

P₃: In the mass-market era of FT, consumer choice is mainly a function of the epistemic value attached to FT products.

P₄: In the institutionalised era of FT, consumer choice will be mainly a function of the social value attached to FT products.

6. Managerial implications

- Evolution of consumption values of FT products
- Constellation of expected values and multiple segments

Table 1. Fair trade (FT) organizational axes and commercial periods of development

Sources: Davies (2007); Doherty *et al.* (2012); Özçağlar-Toulouse *et al.* (2006)

Fair trade eras / Fair trade organizational axes	(a) Solidarity era of FT (~1970 - 1990) <i>A campaign period raising awareness on social issues</i>	(b) Niche market era of FT (~1990 - 2002) <i>A trade period marked by the consolidation of labelling initiatives, expansion and distribution</i>	(c) Mass market era of FT (~2002 - onwards) <i>A shift towards commerciality (mainstream) with great market orientation</i>	(d) Institutionalized era of FT (hypothetical) <i>A phase leading to the convergence of FT and conventional market practice</i>
1. Actors	<ul style="list-style-type: none"> Alternative Trade Organizations (ATOs) Social actors 	<ul style="list-style-type: none"> ATOs, authorities, companies, early adopters 	<ul style="list-style-type: none"> ATOs, authorities, companies, adopters, branders, corporations 	<ul style="list-style-type: none"> Authorities, companies, adopters, branders, governments, service sector, conscious consumers
2. Focus	<ul style="list-style-type: none"> Non profit oriented , process oriented Supporting initiatives initiated by producers Demonstrating solidarity with producers 	<ul style="list-style-type: none"> Focus on the product Focus on the commercial growth but limited by ideological issues Price is not yet the major issue to traders 	<ul style="list-style-type: none"> Focus on the place Focus on the quality Product standardisation and price become important issues 	<ul style="list-style-type: none"> Sustainability focus Universal reach but developing proximity fair trade (north-north and south-south) More a demand than a supply driven initiative
3. Products	<p>Ethical products</p> <ul style="list-style-type: none"> Crafted items Coffee ranges 	<p>Ethical-quality products</p> <ul style="list-style-type: none"> Wider availability of crafted items Commodity product line emerged : coffee, tea, cocoa, sugar, fruits 	<p>Larger variety of ethical-quality products</p> <ul style="list-style-type: none"> Long list of crafted items (WFTO certified) Long list of commodities (FT certified) A range of over 4 500 FT products 	<p>Ethical-quality-novelty products, that are socially accepted</p> <ul style="list-style-type: none"> Practically any range of commodities and manufactured products made under sustainability standards Distribution through sustainable value chains
4. Quality	<ul style="list-style-type: none"> Poor, inconsistent 	<ul style="list-style-type: none"> Standards for commodity products, certifications and labels 	<ul style="list-style-type: none"> Quality as a competitive factor FT embedded in quality economics Increased level of "grading" of products from basic to premium quality 	<ul style="list-style-type: none"> Return to a wide range of qualities and consistencies Quality can be attained through a range of certifiers : global bodies, national standards, intra-company labelling and branding
5. Organizational strategy	<ul style="list-style-type: none"> Mainly ideological Raise awareness on issues of the developing world 	<ul style="list-style-type: none"> Appeal to groups of ethical or conscious consumers 	<ul style="list-style-type: none"> Procurement of raw materials, price control, supplier control, image enhancement 	<ul style="list-style-type: none"> FT is a part of the overall CSR strategy of the corporation FT as the global standard of ethical consumption FT as an inspiration for sustainable procurement FT eliminates risks associated to organizational reputation FT enhances consumer and employee attractiveness
6. Marketing strategy	<ul style="list-style-type: none"> Dissemination of information about poverty and the crippling nature of market prices Solidarity focused Campaign leaflet presentations Marketplace established at local fairs and churches 	<ul style="list-style-type: none"> Aiming to create a profit from a core group of ethical consumers Consumer focused From solidarity to consciousness Limited media relations, promotion and advertising FT products reach supermarkets 	<ul style="list-style-type: none"> Brander added to the equation seeking to become the leading brand Quality focused Own intra-company branding Intensive media relations Celebrity endorsement Increased market segmentation 	<ul style="list-style-type: none"> Sustainability focused Responsible consumption Self accreditation and in-house labelling Multi-brand and multi-product marketing Marketing for vast events like sports feats (i.e. Olympic Games) Marketing for specific geographical regions (i.e. FT cities)
7. Means of consumption	<p>Radical consumption through solidarity channels</p> <ul style="list-style-type: none"> Developing solidarity relationships between producers, retailers and consumers 	<p>Pragmatic consumption</p> <ul style="list-style-type: none"> While consumer still bears in mind the solidarity aspects of the social movement he becomes an economic voter at the store checkout 	<p>Individualistic consumption</p> <ul style="list-style-type: none"> The consumer disassociates from the social movement, he shows lack of collective focus and he seeks epistemic value (novelty) in its purchase 	<p>Post-pragmatic or passive consumption</p> <ul style="list-style-type: none"> Consumer has no longer the alternative: omnipresence of brands, major brand conversion and own-supermarket labels fade away consumer control Confluence of all types of consumer activity: radicals, pragmatics, individualistic, passive with the advent of the "ethical consumer"
8. Consumption values	<p>Emotional value</p> <ul style="list-style-type: none"> Consumer as a political agent FT products arousing solidarity feelings or affective states on the individual 	<p>Functional value</p> <ul style="list-style-type: none"> Consumer is both a political and an economic actor The alternative form of consumption acquires functional value through the quality attributes brought by labels 	<p>Epistemic value</p> <ul style="list-style-type: none"> Consumer depoliticizes from FT and becomes a mere economic agent searching for novelty The novelty of fair trade products and its vast availability appeals to a broader range of consumers in multiple segments 	<p>Ethical value (with relativism)</p> <ul style="list-style-type: none"> Consumer becomes a more responsible buyer but faces multiple concerns (economic, environmental and social imperatives) Ethical consumers operating in heterogeneous groups Consumer decision making is both emotive and reflective rather than just rational

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Final remarks

- Empirical validation to take place next year.
- Working on the research design of the field work.
- Considering the milieu to validate our hypothesis.

