

An Exploratory Study of Marketing Factors Influencing Fairtrade Food Buying Behaviour in the UK

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ABSTRACT: The phenomenal growth of the fairtrade industry has attracted increased research interest but little is known as to what marketing factors drive fairtrade retail sales. This gap has profound implications for fairtrade marketing research and the future of the fairtrade industry. To provide a more robust and objective insight this paper draws on the analysis of supermarket loyalty card dataset of 1.7 million fairtrade shoppers to establish the influence of price, promotion and distribution on fairtrade retail sales. Insights from the results show the lack of cross shopping pattern among fairtrade food product shoppers. The results also indicate that the increasing fairtrade retail sales growth is not shopper demand driven but predominately attributable to widened distribution and price increases. The findings of the study offer insights to fairtrade marketing researchers and strategic direction for managers working to ensure that fairtrade thrives as an ethical consumer driven industry.

Keywords: Marketing factors; buying behaviour; cross-shopping; loyalty card data; fairtrade.

JEL Classifications: M31

1. Introduction

Interest in ethical consumerism has increased in recent years among consumers as well as academics (Doran, 2009, Chatzidakis et al. 2007, Carrington et al. 2010, Murphy and Bendell, 1997, Tallontire et al. 2001, and Low and Davenport, 2005). Fairtrade as an alternative ethical trading system has received some research attention in the area of shopper segmentation (Cowe and Williams, 2000 and Doran, 2009) and purchasing behaviour models (Shaw and Newholm, 2002, Shaw and Shiu, 2003, Shaw and Shiu, 2002 and Ozcaglar-Toulouse, et al. 2006). Although, research about fairtrade is growing, there is limited understanding of what marketing factors accounts for its growth in the UK (Nichols and Opal, 2008).

Existing studies based on reported behaviour and fairtrade industry reports indicate that fairtrade retail sales accruing to the UK market are driven by steady increase in shopper awareness (Fairtrade Foundation Reports 2008-2011 and Globescan 2009). If the increasing sales value trend for fairtrade products is attributable to increased awareness among the UK population, then more people are becoming conscientious and ethically driven in their purchase behaviour, hence the sense of optimism for continuing growth (Hira and Ferrie, 2006, Fairtrade Foundation 2006-2011 and Bowes, 2011). It is not however obvious that the growth being experienced by fairtrade products is a result of increased consumer awareness. Indeed, contrary to industry reports that 7 in 10 people in UK recognise the fairtrade mark, which has contributed to increased retail sales (Fairtrade Foundation Annual Review, 2008), Tesco loyalty card analysis (dunnhumby, 2009) shows that less than 25% of shoppers purchased fairtrade food products between November 2008 and November 2009.

This suggests awareness is not translating into purchase which confirms the uncertainty surrounding ethical consumer choice (Hassan, et al. 2013). Consequently, it creates doubt about the notion that consumers purchase fairtrade products because they have become more conscientious as a result of increased fairtrade awareness. Therefore, there are grounds for being cautious of the suggestion that increased awareness leads to concern and subsequent action on the part of fairtrade shoppers. This scenario has deep implications for fairtrade marketers and the industry, as expansion strategies fashioned on the basis of increased awareness driven growth may not success. Instead, it could be that common marketing factors such as price, promotion and distribution may account for the

growth, as these have been found to fundamentally influence retail sales of fast moving consumer goods like fairtrade food products (De Pelsmacker et al., 2005, TNS CAPI, 2009, and Felgate et al., 2011). Understanding this gap on marketing factors driving retail sales growth is undoubtedly an important marketing research objective.

This paper shows that the fairtrade industry and researchers will benefit from insight into marketing factors driving retail sales growth by using actual behaviour data from Tesco, a leading grocery retailer for analysis. This approach builds on existing knowledge and overcomes methodological weaknesses in previous analyses, as majority of previous research has relied on claimed behaviour and intention data to assess marketing factors driving fairtrade retail sales (De Pelsmacker et al. 2005, TNS CAPI 2009). By using actual behaviour data it is envisaged that a more robust understanding of the marketing factors driving fairtrade retail sales will be gained.

Such insight can potentially be used to develop more effective marketing strategies as opposed to strategies informed by claimed behaviour. This study is a novel attempt to investigate marketing factors driving fairtrade retail sales volume using supermarket loyalty card dataset based on actual purchasing behaviour of 1.7 million fairtrade shoppers. Understanding marketing factors driving sales value growth have been a central theme in the field of business, and this explains why the marketing mix concept is popular (Sengupta, 2006). Marketing mix elements such as price, product, promotion and distribution have been used as building blocks of marketing plans and increasingly important to both marketing researchers and practitioners (Vignali, 2001).

By identifying and understanding the marketing factors driving fairtrade retail sales growth, researchers can forecast shopper attitudes and behaviour towards these factors and enable practitioners develop an effective strategy for sustained growth. In the context of fairtrade, insight into the marketing factors driving retail sales volume growth provides a critical piece of information towards achieving competitive advantage for fairtrade retailers to sustain the entire fairtrade industry (Strong, 1997, Davies, 2007 and Nicholls and Opal, 2008). Careful applications of these findings will enable fairtrade marketers focus attention on essential and relevant factors that considerably affect retail sales value growth in order to maximise return on marketing efforts.

This study draws on academic literature to highlight the role that price, distribution and promotion play in promoting retail sales growth. It also establishes the relationships between price, distribution, promotions and retail sales volume and assesses cross-shopping attributes of shoppers. The final part of the paper presents results and discussion in the context of the fairtrade concept and ethical consumer behaviour and outlines future research directions.

2. Theoretical Background to Research Proposition and Hypotheses

Cross shopping patterns from basket analysis technique show the mix of products bought by an individual or shopper segment (Davies and Bouldin, 1979). The level of shopper loyalty for a specified category of products can also be inferred from a typical cross shopping output. The adoption of scanning technology and its widespread use by supermarkets has brought about greater use of basket analysis and cross shopping to inform store layouts, product range decisions and target marketing. Insights gained through basket analysis and cross shopping enable marketing managers to develop a more detailed picture of consumer behaviour (Julander, 1992). Globescan report (2009) found fairtrade products appeals to all age groups and regions in the UK. The lack of differentiation in terms of age confirms the findings of Nicholls and Opal (2008) that younger people are also getting more involved with fairtrade marketing. Working out of the suggestion that fairtrade purchases are ethics driven (Shaw and Shiu, 2002 and Doran, 2009) it is proposed that cross shopping behaviour is prevalent among fairtrade shoppers.

P1: It is therefore proposed that fairtrade shoppers will buy across the repertoire of fairtrade labelled products during shopping trips.

2.1. Hypotheses

The attention given to ethical consumerism has grown with the introduction of ethical products into mainstream supermarkets. For example, the development of fairtrade has widened its consumption appeal to the broader society by its introduction into supermarkets (Davies 2007, Low and Davenport 2005 and Carrington et al. 2010). Despite the boost in academic interest in fairtrade consumer behaviour (Shaw and Newholm, 2007) empirical evidence on marketing factors driving fairtrade supermarket retail sales in the UK is sparse and existing survey findings are based mainly on

reported/claimed behaviour. Meanwhile, there is unanimous acceptance among marketing academics that marketing mix elements such as products, price, promotion and distribution are fundamental variables that can deliver marketing knowledge through research (Kotler, 1997, p. 92, Vignali, 2001).

2.2. Price

Pricing strategy is critical to retail sales growth because it serves to complement selling effort and reinforces marketing mix elements such as promotion and distribution (Zikmund and D'Amico, 1993). For conventional products, price increases normally results in decreasing retail sales value and volume. This is in line with the key principle behind the rational consumer purchasing decision making model known as the theory of planned behaviour (Ajzen and Fishbein, 1980 and Ajzen, 1991). Meanwhile, the fairtrade concept is described as a consumer-driven trading model that thrives on a growing 'ethical' consumption to promote equitable returns to farmers and farm workers in the developing world (Fairtrade Foundation, 2009).

Fairtrade attracts a premium price, and people who buy them are thought to be driven by ethical concerns for disadvantages producers. Indeed, the market for fairtrade products has grown exponentially in terms of retail sales across Europe, North America and Japan over the past decade (Nicholls and Opal, 2008), with the UK recognised as the leading fairtrade market in the world, with retail sales of over £1 billion recorded in 2011 (Fairtrade Foundation, 2012 and Bowes, 2011). Therefore, there are grounds to expect fairtrade demand to be inelastic. This argument resonates with the rationale behind the modified theory of planned behaviour (Shaw and Shiu, 2003), which posits that the theory of planned behaviour (TPB) is more beneficial in predicting behaviour in a self-interest motivation context (rational), but weak in an ethical consumerism sense.

De Pelsmacker et al. (2005) reported that the 'fairtrade lover' segment was most ready to pay the exact price premium in Belgium. Carrigan and De Pelsmacker (2009) and Bondy and Talvar (2011) have reported a significant number of socially conscious consumers are showing ethical consumption behaviour despite the global recession. But this finding sharply contradicts a dunnhumby data analysis result (dunnhumby, 2009) that shows fairtrade buying behaviour is not customer demand driven. It is however important to indicate that unlike dunnhumby analysis (2009), De Pelsmacker et al. (2005), Carrigan and de Pelsmacker (2009) and Bondy and Talvar (2011) are all based on reported purchasing behaviour. On the basis of the above arguments and the key principles behind fairtrade, we envisage that the retail sales volume of fairtrade products will not be adversely affected by increased prices, if the assumptions about fairtrade purchasing behaviour hold. In view of the fact the fairtrade concept thrives on paying premium to make an 'ethical' consumption contribution for trade equity it is hypothesised that fairtrade price will have a direct relationship with supermarket retail sales value.

H1: Price has a positive effect on supermarket fairtrade retail sales volume.

2.3. Distribution

Distribution of fairtrade products in the UK has featured in studies that sort to explain why there is a gap between shopper preference for fairtrade and purchasing behaviour (Cowe and William, 2000, and Nicholls and Opal, 2008). The study by Cowe and William (2000) found that about thirty (30%) of the UK population were highly motivated to purchase fairtrade products. However, such products accounted for just one to three percent (1-3%) of the individual purchases. This trend among fairtrade shoppers was termed the '30:3' syndrome and explained to be occurring because fairtrade shoppers felt a sense of 'powerlessness', that is, they doubted that their purchasing behaviour would bring about a significant change in reducing global poverty.

Nicholls and Opal (2008) offered a counter view to the reason assigned for the 30:3 syndromes by Cowe and Williams (2000). They argued that such purchasing trend arises out of the absence of a well-planned portfolio of fairtrade products which are purposely priced and well distributed for the mass market in the UK. This point of view is in consonance with Mintel (2004) report that asserted that 28.3% of the UK market purchased fairtrade products in 2003 but shoppers were confronted with less availability and lack of variety of fairtrade products on the UK market. Approximately a decade later, the fairtrade movement have reported a widened distribution of fairtrade products across UK (Fairtrade Foundation Reports 2006-2010). Fairtrade products as are sold by all leading retail supermarkets in the UK (TNS Worldpanel, 2006). Behind this background, it is expected that widened distribution will result in increased fairtrade retail sales volume. It is therefore hypothesised that distribution will have a direct relationship with retail sales volume.

H2: Fairtrade product distribution has a positive effect on supermarket retail sales value.

2.4. Promotion

Consumers today are on a daily basis targeted with different types of promotions. Academic research on promotions has primarily focussed on assessing the impact of price promotions and coupons as well as loyalty programmes (Heilman et al. 2011). Viachvei et al. (2009) observed that food products like wine relied more on promotions to generate sales growth than advertising. Promotion has been variously defined (see Webster 1971; Kotler 1988; Blattberg and Neslin 1990), but they all highlight a common objective, and that is to achieve increased sales growth and enhanced competitive advantage. Nielsen Wire (2009) indicates that in May 2009 thirty two percent (32%) of grocery retail sales value in the UK accrued to products on various types of promotions. Felgate et al. (2011) found that promotional responses vary across life-stage segments. Despite the absence of an empirical studies on promotion of fairtrade, information from BrandView today (2011) confirms that fairtrade price promotions are common practice among leading supermarkets in the UK. Analysis of BrandView Today promotions data over two year (November 2009-October 2011) shows that on the average nine (9) fairtrade food products price promotions takes place every week at Tesco. This is an interesting observation because going by the 'awareness leading to action' argument price promotions for fairtrade should be less prevalent.

Looking at the principles behind fairtrade it is intriguing to find out that fairtrade sales promotion is prevalent at Tesco (BrandView today, 2011). It is envisaged that promotions of fairtrade products will not result in significant increase in fairtrade retail sales volume because of the assumption that fairtrade shoppers are driven by ethics and as such will under normal circumstances buy at premium price. We however concede that fairtrade shoppers of the mainstream era, who may not be driven by ethical values and price sensitive may be attracted by sales promotion. It is therefore envisaged that fairtrade products on promotion will not attract significant patronage from existing loyal shoppers. Hence, we hypothesize that promotion will have a negative effect on supermarket retail sales volume.

H3: Promotion of fairtrade has a negative effect on supermarket fairtrade retail sales volume.

3. Methodology

The study used multiple data set and mixed methods to show cross shopping patterns and the key marketing factors influencing fairtrade retail sales growth in the UK. It followed a systematic sequence in using a combination of actual behaviour dataset from dunnhumby and Brandview. The supermarket loyalty card dataset was first used to: 1) segment supermarket fairtrade market for an objective profiling of the fairtrade food shopper and 2) identify regions of significant fairtrade food products appeal within the UK. These behavioural segmentations provided useful insights that fed into the next stage of data collection and analysis involved in the cross shopping analysis and investigating marketing factors driving fairtrade retail sales growth. They showed the typical fairtrade shopper belongs to the class of affluent young and older families located in seven regions of the UK (Northern Ireland, Borders, Southern, Wales and the West, Northern Scotland, East England, Southern and East England). Consequently, affluent young and older families' shoppers of fairtrade in the seven over indexing regions were the target sample for the study.

Supermarket fairtrade shopper analysis was undertaken to show cross shopping patterns between fairtrade coffee, tea, banana and all other fairtrade food products. Fairtrade Coffee, tea and banana were selected because they are traditionally associated with fairtrade and accounted for two-thirds of fairtrade food products retail sales (Fairtrade Foundation, 2009). Retail sales data for 52 weeks from 6-April-2009 to 4-April-2010 sourced from Dunnhumby was used the cross shopping analysis.

The study used multiple regression to estimate the impact of price, distribution and promotion on supermarket fairtrade retail sales volume. Multiple regression analysis is a suitable analytical tool for evaluating the contributions of each of the independent variable acting individually or jointly on the dependent variable. This technique is deemed suitable because this study looks at the single as well as joint effects as opposed to previous studies that have looked at these marketing factors acting singly on fairtrade retail sales volume. Regression analysis techniques have been widely used in business research in general and marketing in particular (Hair, 2010). Regression analysis is well suited to the analysis of large samples of data and to appropriately evaluate the effects of numerous dependent variables on a dependent factor.

3.1 Data

Loyalty card data was used for the multiple regression analysis. This data set held by dunnhumby has the advantage of providing both aggregated and disaggregated levels of data. Unlike claimed/reported purchasing data, loyalty card data is based on actual shopper purchasing behaviour that could potentially give objective insights into the effect of price, distribution and promotion on retail sales volume. The loyalty card data for this research cover data on 1.7 million shoppers in Tesco over 104 weeks. This paper uses loyalty card dataset to test the three hypotheses on the proposed relationship between price, distribution, and promotion and supermarket fairtrade retail sales volume. The loyalty card dataset for this research covers weekly retail sales for fairtrade banana, tea, coffee, and chocolate, drinking chocolate and sugar for 104 weeks (9th November 2009 – 24th October 2011). These fairtrade food sub-categories were selected from the supermarket chain Tesco because they constitute over two-thirds of all fairtrade food products on the UK market (Fairtrade Foundation UK, 2010). Tesco was selected for its market leadership position in the UK food retail industry, as it has 30.7 percent market share of the total grocery retailing market in the UK by 2010 (Kantar Worldpanel, 2010).

3.1.1. Dunnhumby loyalty data

The data for the regression analysis on price, distribution (number stores selling fairtrade), sales volume were sourced from dunnhumby Ltd. Dunnhumby database provides two years of weekly supermarket transactions of over 40% of UK households (17 million). At the data collection stage for this research, the sample size employed in the database was 10% of the total population of loyalty card holders which was equivalent to 1.7 million shoppers. Dunnhumby (2010) cites the Citigroup's independent research which reported that since Tesco operates across all store formats; it appeals to all consumer demographics, and reaches 40% of UK households. Therefore, Tesco Clubcard data is representative of the UK shopper.

Felgate (2011) used the dunnhumby dataset to assess the effectiveness of beef promotions across shoppers groups in the UK. Garcia (2011) also used dunnhumby loyalty card data to profile fairtrade shoppers as a means to defining the attributes of buyer sample employed to assess information search and involvement in purchase decision process. For the purpose of this research data sourced from Tesco loyalty data covered the analysis of weekly retail sales volume, average price, and distribution and promotion measures for all the six selected fairtrade food products sold in Tesco for a period of up to two years. The dunnhumby loyalty card data was used to generate a two-year cross sectional dataset.

3.1.2. BrandView Promotional data

BrandView is the UK's largest provider of real-time price and promotion tracking, provided through online analysis (BrandView, 2011). BrandView monitors prices and promotions both online and in store for more than 75 leading retailers and 1.2 million Stock-Keeping Units (SKUs) in the UK and Ireland. They also undertake year-on-year comparisons to obtain detailed insight into promotional strategy of retailers over time. For the purposes of this study the promotional information sourced from BrandView is made up of all promotions undertaken for fairtrade tea, coffee, tea, and chocolate, drinking chocolate and sugar for the period 9th November 2009 – 24th October 2011.

4. Data Analysis

Following the adoption of multiple linear regression modelling to test marketing factors driving supermarket fairtrade retail sales volume, total fairtrade sales volume for banana, tea, coffee, chocolate, drinking chocolate and sugar was conceptualised as the dependant variable for the regression model (FRS_{btccds}). Average price (X_{ap}), Number of stores selling (X_{nss}) and Number of promotions (X_{np}) were conceptualised as independent variables for the model. The equation below represents the model used for the regression analysis:

$$FRS_{btccds} = \beta_0 + \beta_1 X_{ap} + \beta_2 X_{nss} + \beta_3 X_{np} + (e) \dots\dots\dots (1)$$

In the model, FRS_{btccds} represents the dependant variable (total sales volume for fairtrade banana, tea, coffee, chocolate, drinking chocolate and sugar) for 104 weeks ending 24th October 2011. β_0 represents the regression constant which is a fixed unknown parameter. The parameters X_{ap} , X_{nss} , X_{np} and (e) represents the average price per unit, number of stores selling the fairtrade food products, and number of promotions per week, and (e) the error term of the model which encompass all immeasurable factors which may also be influencing fairtrade retail sales value aside the selected

independent variables. The standardized beta coefficients in the regression output are presented alongside t-values and significant level, and discussed to indicate the relative contributions of the respective independent variables on fairtrade retail sales value over the 104 weeks period. The analysis and discussions around these beta coefficients will highlight how a change in the independent variables affects the magnitude by which retail sales value changes. In the process of executing the regression analysis key protocols were observed to ensure that the assumptions of regression analysis are met (see Hair, 2011), so that the regression results are well founded.

Multiple regression was used to estimate the effects of price, distribution and promotion on supermarket retail sales volume for fairtrade banana, tea, coffee, and chocolate, drinking chocolate and sugar categories using Tesco loyalty card data and promotion information from BrandView over 104 weeks. The data on average price, and stores selling fairtrade products were sourced from dunnhumby UK and the number of weekly promotions information from BrandView UK. Results from the multiple regression analysis estimating the effects of the independent variables price, distribution and promotion on dependent variable fairtrade retail sales volume is presented and discussed in the next section.

5. Results and Discussion

5.1. Regression model results and discussion

The results on the regression model 1 capturing price, distribution, promotion, units of products purchased per shopper and amount of money spend per shopper as factors driving supermarket fairtrade retail sales value is presented as table 1.

Table1: Regression results price, distribution, promotion, products purchased per shopper and spend per shopper as factors driving supermarket fairtrade retail sales volume (Model 1)

Marketing Factor	Standardized Beta Coefficient (p-value)	T-Value	Significance
Price	-1.511	-9.751	0.000**
Distribution	0.654	12.655	0.000**
Promotion	-0.021	-0.401	0.689
Adjusted R - Squared	0.726		0.000

Source: Analysis of dunnhumby and Brand Data View data (2009-2011)

**p<0.01 *p>0.05

The adjusted R² value (0.726) indicates the overall model fit of the regression equation. Adjusted R² value shows that 72.6 percent of the variance in fairtrade retail sales volume is attributable to the combined influence of two marketing factors (distribution and price). The signs of the standardized beta coefficients indicate that distribution is positively related to retail sales volume but price shows a negative relationship. This means that changes in distribution (number of store selling fairtrade products) affects positively the magnitude by which sales volume changes. Conversely changes in the average price affect negatively the degree by which supermarket fairtrade retail sales volume changes.

The significant inverse price/sales volume relationship is consistent with mainstream view that increased prices normally results in dwindling sales volume. However, the opposite relationship was expected in the context of fairtrade which is described as an ethics driving phenomenon. Hence, the hypothesized direct price/sales volume (*H1*) is rejected.

The results on distribution/sales volume relationship conforms to the predicted positive effects of distribution on supermarket fairtrade retail sales volume. Therefore, the hypothesized distribution/sales volume relationship (*H2*) is upheld. It was also found that the predicted direct promotion/sales volume relationship was rather negative but not statistically significant. Therefore the hypothesized relationship between promotion and sales volume (*H3*) is not relevant marketing factor driving fairtrade retail sales volume.

The considerably positive relationship between distribution and fairtrade retail sales volume conforms to existing findings on ethical products (Makatou, 2002, MINTTEL, 2000, 2004, Nicholls and Opal, 2008 and Yamoah, 2013). Therefore, the results demonstrate that distribution is one of the key determinants of supermarket fairtrade retail sales volume.

The highly significant inverse relationship between fairtrade price and retail sales volume raises important issues about the motivations behind fairtrade purchases. This is because the result

shows that the fairtrade shopper is highly price sensitive. But the operational ethos behind fairtrade is that its shoppers are driven by ethics, and hence are willing to pay a price premium to guarantee a fair price for commodity producers in developing countries. This result highlights the fact that fairtrade shoppers respond to price in the similar manner as conventional shoppers do. One would expect that purchasing behaviour driven by a growing concern for developing country commodity producers will be characterised by less sensitivity to price increases to the products in question. After all, fairtrade is sold at a premium compared to conventional alternatives. But this is not the case from the results presented in table 1 on model 1.

By virtue of the assumptions behind the fairtrade concept the price/sales relationship should have confirmed a level of loyalty on the part of shoppers. We appreciate the fact that shoppers would have a limit to which they will respond positively to price increases but the observed highly significant negative price/sales volume relationship does not reflect the assumptions underlying the fairtrade concept and purchasing behaviour. This result contradicts the findings of Carrigan and De Pelsmacker (2009) and Bondy and Talwar (2011) which indicate a significant number of socially conscious consumers in the UK are keeping to ethical consumption behaviour including fairtrade purchases, despite the prevailing global economic recession.

Earlier studies that have reported that fairtrade shoppers are the ones most ready to pay a premium including Cowe and William, (2000) and Carrigan and de Pelsmacker (2009) were all based on claimed/reported fairtrade purchasing behaviour. With the prevalence of attitude – behaviour gap and socially desirable responses biases (Keillor et al., 2001) within ethical purchasing behaviour literature (Chitizidakis et al., 2007; Doran, 2009) this result leads to questioning the basis of classifying all fairtrade shoppers as ethical.

In terms of the relative contribution of the independent variables on sales volume, the beta coefficient values on model 1 indicate a decreasing order of contribution to retail sales volume from average price (1.511) followed by distribution (0.654) and promotion (0.021). It must be reiterated that the relationship between promotion and supermarket fairtrade retail sales volume is not statistically significant.

Comparatively, distribution and average price accounts for a greater portion of the growth in fairtrade retail sales volume. Therefore, distribution and average price are key marketing factors driving supermarket fairtrade retail sales volume. On the contrary, promotion proved to be unimportant marketing factor driving supermarket retail sales volume. The results do not support the point of view that a growing ethical purchasing behaviour is a key driver of supermarket fairtrade retail sales volume in the UK.

5.2. Cross shopping Results and discussion

Result on cross shopping patterns based on shopper basket analysis is presented as table 2. Although coffee, tea and bananas account for about sixty seven percent of the fairtrade food products retail sales, shoppers buying one of them do not buy any of the other two. Table 2 shows that people are selectively buying individual products and not a collection of them, as one would expect from shoppers motivated by a growing concern for disadvantaged commodity producers in under developed countries.

6. Conclusions

Findings of the research revealed that distribution and price are important marketing factors driving supermarket fairtrade retail sales volume. Whereas, widening distribution promotes sales volume, price increases negatively affects fairtrade retail sales growth. Sales promotion was however found not to be an important marketing factor driving supermarket fairtrade retail sales growth.

The finding that distribution is one of the key marketing factors driving supermarket fairtrade sales value ties in well with how the fairtrade market has developed over the years. Davies (2007) described the period between 1970 and 1990 as a solidarity era, where handicraft was the main fairtrade product sold. In that era, sales transactions were in the form of mail order (Traidcraft) and in-shop purchases (Charities - Oxfam, or Specialist Alternative Trading Organisations). Giovannucci and Koekoek (2003) referred to this period of market development as an era where fairtrade products' marketing was done on the basis of social solidarity.

Table 2. Shopper Cross-shopping Pattern between Fairtrade Coffee, Tea, Banana and All other Fairtrade Food Products (%): 52 weeks from 6-April-2009 to 4-April-2010.

Cross-shop Group	Percentage Unit Sales of Fairtrade Coffee	Percentage Unit Sales of Fairtrade Tea	Percentage Unit Sales of Fairtrade Banana	Percentage Unit Sales of All Other Fairtrade
Fairtrade Coffee only	31.7%	---	---	---
Fairtrade Tea only	---	29.1%	---	---
Fairtrade Banana only	---	---	0.0%	---
All Other Fairtrade only	---	---	---	19.2%
Fairtrade Coffee & All Other Fairtrade only	15.2%	---	---	3.0%
Fairtrade Coffee & Fairtrade Banana	0.0%	---	0.0%	---
Fairtrade Coffee & Fairtrade Tea	4.7%	8.0%	---	---
Fairtrade Tea & Fairtrade Banana	---	0.0%	0.0%	---
Fairtrade Tea & All Other Fairtrade	---	10.9%	---	1.2%
Fairtrade Banana & All Other Fairtrade	---	---	72.1%	52.5%
Fairtrade Coffee, Fairtrade Tea & Fairtrade Banana	0.0%	0.0%	0.0%	---
Fairtrade Coffee, Fairtrade Tea & All Other Fairtrade	4.1%	6.9%	---	0.8%
Fairtrade Coffee, Fairtrade Banana & All Other Fairtrade	29.3%	---	13.2%	11.0%
Fairtrade Tea, Fairtrade Banana & All Other Fairtrade	---	23.3%	6.1%	5.0%
Fairtrade Coffee, Fairtrade Tea, Fairtrade Banana & All Other Fairtrade	14.9%	21.8%	8.5%	7.2%
Total	100.0%	100.0%	100.0%	100.0%

Source: Analysis of dunnhumby data (2009-2010)

From the very few fairtrade products on the market in the mid-1980s that were sold by charities, there were over 300,000 fairtrade certified products on the UK market by October 2009 (Fairtrade Foundation, 2009). However, major highlights of the mainstream strategy by the Fairtrade Foundation, UK, give room for further questioning the position that fairtrade retail sales growth is shopper demand driven. For example, since Cadbury and Nescafe have adopted fairtrade concept and uses fairtrade label on their products, shoppers are likely to buy these products because they are both well-known brands. At present, Sainsbury shoppers can only buy fairtrade bananas since it switched to 100% fairtrade bananas in 2006. The Co-ops group, Tate & Lyle, and other key food industry players in the UK are involved with fairtrade marketing. The resultant increases in retail sale growth points more to a wider distribution strategy coupled with steady price increases as shown by the findings of this study.

The study also found that price is an important marketing factor influencing supermarket fairtrade retail sales volume. The inverse price/sales volume relationship confirms the mainstream view that price increases normally results in dwindling sales volume. Such purchasing behaviour is characteristic of conventional shoppers and not the fairtrade shopper who is driven by ethical concerns and therefore willing to pay price premium to support commodity producers in developing countries. Based on Globescan (2009) and TNS Worldpanel (2009) survey reports the fairtrade industry believe that about three quarters of the general public in the UK are aware of the fairtrade mark. Therefore, almost everyone buys fairtrade products. Hence, the fairtrade industry continues to pursue a mass marketing strategy (mainstreaming). However, dunnhumby data analysis has shown that one in five people actually buy fairtrade food products (dunnhumby, 2009). Behind this background of mainstreaming announcements by leading supermarkets and the findings of this study, it is obvious that introducing fairtrade into supermarkets via mainstreaming strategy has widened shopper access to

fairtrade products but does not appear to be building shopper interest and loyalty on the basis of fairtrade principles.

Findings based on the results of the basket analysis demonstrate that cross-shopping purchasing patterns do not exist among fairtrade shoppers in the UK. Therefore, the attribution of increasing fairtrade retail sales growth to mass appeal is not supported by actual behavioural segmentation.

The fair trade movement would have us believe that the key driver to fairtrade retail sales growth is high levels of fairtrade awareness. The evidence based on the findings of the study indicates that increasing fairtrade retail sales volume growth is centred on distribution marketing and merchandising, and not fundamental changes in the way shoppers think about fairtrade. It is therefore recommended that the fairtrade movement rethink its mass marketing strategy. A better option would be for the fairtrade movement to try and find out those people who can afford to pay for what they care about and charge them more, rather than continuing mainstreaming and selling to everybody; adding to the market as many fairtrade products as possible, widening up the premium and raising prices.

7. Limitations and Areas for Further Research

The findings of the current study are based on a regression model that explains about seventy three percent of the variance in the fairtrade retail sales volume. This shows that apart from distribution, price and promotion, other marketing factors which are not accounted for in this study contribute to supermarket fairtrade retail sales growth. Therefore, determining the comparative roles that brand and the fairtrade label play in fairtrade consumer purchasing decision making could provide useful insights. Additionally, undertaking value-based research to map personal values of actual fairtrade shoppers against the values of shoppers that claimed to buy fairtrade products would throw more light on the ethical dilemma surrounding fairtrade and inform appropriate marketing strategies to sustain the fairtrade industry.

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