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Fair Trade market creation and marketing in the Global South



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ABSTRACT

Fair Trade emerged to commercialise Southern products in the Global North on terms overtly beneficial to Southern producers. However, a contemporary phenomenon is the development of Fair Trade consumer markets within the Global South itself: and the paper explores this as a contribution to the evolving geographies of ethical consumerism. Data was captured from secondary sources and field visits that included in-depth interviews and participant observation. Analysis is informed by theories of market creation developed in economic geography and economic sociology. As such we focus on understanding (1) the architecture, or networks and institutions, of commercialisation, governance and certification and (2) the marketing practices and strategies, designed to resonate with and develop cognitive association amongst consumers. Given the alternative geographies of South–South vis-à-vis South–North Fair Trade, we deepen the geographical focus by applying frameworks emerging from the concept of ‘geographical entanglement’. Findings identify the similarities and differences of both Southern Fair Trade market creation and marketing compared to the European experience. In some cases, the place-based ‘othering’, often used to develop sympathetic cognitive frames in Northern marketing, is identified, but this time operates around alternative geographical binaries. In other cases, we highlight instances that avoid such divisive place-making, and which instead draw on inclusive, rather than divisive, imagined geographies, overlaid with the collective aspiration for development, pride and dignity. These findings therefore inform the nature of geographical entanglement followed by ethical market creation, as well as contributing to the wider theoretical understanding of moral geographies endogenous to the Global South.

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1. Introduction

Fair Trade sales have grown in Northern consumer markets of Western Europe and North America to reach £5.24 billion (Fairtrade International, 2013, p. 12). This makes Fair Trade one of the most significant sectors of ethical consumerism in the world. To date, research has mainly focused on the relationship between Southern producers, Northern companies and consumers in the foundational Fair Trade markets of Europe and North America, and conceptualised as part of a movement to reform inequalities in international trade (Raynolds et al., 2007). However, a recent phenomenon is the development of Fair Trade consumer markets in the Global South itself, particularly in the economies of South Africa, Kenya and Brazil (Fairtrade International, 2013, p. 10). We

also add Nepal to our country case studies, in order to contribute to earlier work on the development of a domestic Fair Trade handicraft market (see below).

Despite the emergence of Fair Trade consumer markets in the Global South, delegates at the 4th International Fair Trade Symposium (2012) agreed there is a dearth of research concerning both how these markets have developed, and how marketing strategies and practices have driven sales growth (Doherty and Huybrechts, 2013). The vast majority of research on Fair Trade has concentrated on South–North sales and therefore, critiques of market development and marketing have mostly focused on consumer markets in the Global North. Although there is some early work on the development of Fair Trade markets in the Global South (Biggs and Lewis, 2009; Biggs and Messerschmidt, 2005; Wilkinson and Mascarenhas, 2007), this is empirically and theoretically nascent. In addition, there is a lack of accessible research from scholars on Fair Trade marketing and market creation, which is of concern given the role that academics have previously played

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in the development of the Northern Fair Trade movement (Nicholls and Opal, 2005).

The lack of attention to Southern Fair Trade markets is also problematic as wider research demonstrates that as incomes amongst growing middle classes increase, these consumers are often more likely to incorporate social and environmental factors into their purchasing (Aritzia et al., 2014; Barbosa and Veloso, 2014; Guarin and Knorrina, 2014; Kaus, 2013; Njuguna et al., 2014; Oliveria, 2014; Schäfer et al., 2011). In Brazil for example, the middle class is reported to constitute 100 m people (50% of the population) with an increasing discretionary spend (World Bank, 2013). South Africa (SA) now reports a middle class of 10.4 m people (21.3% of the population) with a propensity for visible consumption (Kaus, 2013; Visagie, 2014). However, despite the phenomenon, Aritzia et al. (2014) argue that the role, and therefore research around, the consumer in these nascent ethical markets is overemphasised compared to the role played by NGOs, networks, institutions (e.g. the state) and Corporate Social Responsibility (CSR) initiatives by Multi-National Corporations (MNCs). These arguments are also supported by work that shows the importance of both private standards (e.g. Fairtrade certification) and environmental education in stimulating ethical consumption (Guarin and Knorrina, 2014; Ritter et al., 2014). Therefore, research on the growing emergence of Fair Trade markets offers to contribute to the current literature, especially where the work goes beyond the traditional focus on the role of the consumer.

In order to add value to current knowledge, the paper makes a foundational contribution by providing the first consolidated empirical account of Fair Trade market creation from across Southern continents: with case studies from Brazil, Kenya, South Africa and Nepal. To unpack the development of these ethical markets, we take a novel approach in the study of Fair Trade by drawing on interdisciplinary theory from economic geography and economic sociology (Berndt and Boeckler, 2009; Fligstein and Dauter, 2007). Deconstructing the operation of markets, we adopt the proposition that market creation is underpinned by three irreducible social forces: (1) networks, (2) institutions, and (3) cognitive frames (see below for definitions). Moreover, we aim to develop the geographical focus of this perspective by analysing the fundamental geographical reconfiguration embedded in the development of South–South trade, vis-à-vis South–North interactions. Here we draw on the conceptual framework of “geographical entanglement” (Pike, 2009, 2013) and further compare and contrast differences in networks (the actors involved), institutions (the rules for organising Fair Trade activities) and the efforts to resonate with, and develop, associations to cognitive frames (through branding and marketing practices). Comparisons are drawn both between new Southern cases studies and existing practices and knowledge around South–North constructions.

The paper falls into four major sections. Firstly, after a brief summary of the underpinning theory of market creation, we reinterpret the literatures associated with the development of Fair Trade markets using this new theoretical lens. Here we account for the creation of Fair Trade markets in the Global North in terms of the creation of networks, institutions and development of cognitive frames in branding and marketing. Secondly, the paper presents our exploratory case study methodology, which draws on a series of semi-structured interviews, participant observation from country field visits and both public and internal secondary documents. Thirdly, we analyse the data from our four country case studies, Brazil, Kenya, South Africa and Nepal, and present empirical themes as well as reflecting on the consequences for geographical associations. The final section concludes with an overall discussion and suggestions for further research.

2. The market creation and marketing of Southern Fair Trade to Northern consumers

Despite the continued narrow treatment of markets as the manifestations of exchange between buyers and sellers, literature in economic geography and economic sociology offers a deeper theoretical account useful for interpreting the creation and development of Fair Trade markets. Although there is debate over differing signification and conceptual composition (Fligstein and Dauter, 2007), there is emerging agreement that markets are composed of three distinct, yet interrelated dynamic social components: networks (of producers, intermediaries, retailers and other actors), institutions (which organise and govern the activities of trade, and we implicitly argue below include the rules of private certification systems) and cognitive frames (that provide structures of values and meanings in which trade is embedded) (Beckert, 2010; Berndt and Boeckler, 2011). One of the key characteristics of this conceptualisation is that whilst other literatures have treated the individual components of market creation separately, these are irreducible and mutually interrelated through dynamic interactions: with changes in one market component often influencing reconfiguration in others (Beckert, 2010). Furthermore, Berndt and Boeckler (2011) argue that morality is also important in market creation. Although some work has considered the influence of cognitive frames on production networks (Hughes et al., 2008), neither ethical production in general or Fair Trade more specifically have been examined through the above theoretical lens. Therefore, the following review of the literature concerned with the growth of Fair Trade as an ethical consumption phenomenon, reinterprets existing knowledge for two purposes: the first to test wider theorisation through the previously unconsidered case of Fair Trade market creation; and second, to summarise existing knowledge of Fair Trade markets as background for the analysis of data generated in the previously unexplored context of the Global South.

2.1. The architecture of Fair Trade markets: Network and institutional development

Until 1988, Fair Trade was mainly referred to as a political movement advocating for changes to international trade rules and practices to provide better terms of trade for marginalised Southern producers (Fridell, 2004a). However, as noted by theories of market creation (Fligstein and Dauter, 2007), actors who have found themselves excluded from, what are often termed as ‘conventional’ markets in the Fair Trade literature, sought to create new market niches in which to perform more effectively. Indeed, disheartened with the failures of state institutions to create a more amenable context for Southern exports, from the 1950s organisations in Europe and North America partnered with Southern producers to move beyond advocacy and actively create so-called Alternative Trade networks (EFTA, 2006). Fair Trade goods were initially sold through churches and small-scale “world shops” (Huybrechts, 2012; Ingenbleek and Reinders, 2013), driven by a cognitive frame concerned with reconfiguring the structural inequalities of South–North trade (Raynolds et al., 2007). Given the fundamental focus of Fair Trade on issues of economic geography, we argue for the value of tracing the nature of “geographical entanglements” (Pike, 2011, 2013), or the geographical characteristics of market components within Fair Trade markets, and it is towards this contribution that the paper progressively builds.

Market creation took a new form in 1989 when the first Fair Trade certification system, represented by the Max Havelaar label, was launched in the Netherlands to offer Alternative Trade networks a new institutional regime to structure their activities.

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