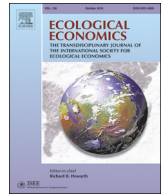




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Analysis

Consumer Preferences for Foodstuffs Produced in a Socio-environmentally Responsible Manner: A Threat to Fair Trade Producers?

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ABSTRACT

In recent years there has been an increase in social awareness about environment, production processes and product origin amongst consumers. Particularly in the agro-food industry, fair and responsible consumption has been proposed as a feasible alternative to conventional product consumption. Fair trade products are usually produced in developing countries and then commercialised in the rest of the world. However, we may compare this concept to that of “ethical-sustainable production” in developed countries, depending on the level of environmental responsibility, the way the production processes are developed and other business practices, which are similar to those used in fair trade. The findings reveal that the origin (local/regional) and the type of production are two attributes that are highly valued by consumers, with the socially and environmentally responsible production system and fair trade products providing a positive utility compared to conventional products. Three consumer groups have been identified with differentiated preferences: the group we call “Fair Trade Consumers”, who allocate more value to the type of production; “Local Consumers”, who allocate more value to the origin of products; and “Price Sensitive Consumers”, who are less inclined to pay for products deriving from socially and environmentally responsible practices and fair trade products.

1. Introduction

Fair Trade is an alternative method of production and commercialisation established on the basis of fair and transparent work relationships which help enhance the living conditions of producers in developing countries, whilst also helping them organise themselves (Dragusanu et al., 2014). Additionally, Fair Trade labelling tells the end consumer that the products being purchased have been obtained using socio-environmentally responsible production systems.

The origin of this “movement” can be traced back to the midst of the 20th century, when an increasing number of consumers from developed countries became aware of the fact that free trade – which promotes competition and the achievement of the highest possible financial benefits in frequent disregard of the working conditions and the preservation of the environment – generates deep inequality, not only in developing countries, but even in the most powerful economies, where some groups with little bargaining power can see their income expectations highly reduced.

This situation of inequality, together with a concern for the precariousness of the social wellbeing of the workers and the negative

impact of the traditional production systems on the environment, generated a demand for alternative production and commercialisation methods, amongst which was Fair Trade.

Fair Trade emerges as an alternative to introduce ethical criteria in international trade, and specially to reduce inequality in business relationships amongst developed and developing/less developed countries (Coordinadora Estatal de Comercio Justo, 2016). As defined by the World Fair Trade Organization (WFTO) (2018), Fair Trade is “...a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South”.

Fair Trade started with the sale of crafts products, however in 1973 fair trade coffee began to be distributed and other products such as tea, honey, cocoa and sugar also gradually entered the offering of fair trade stores (Coordinadora Estatal de Comercio Justo, 2015).

Currently, Fair Trade has become an alternative movement recognised worldwide, with over 2.5 million producers in over 70 Southern countries, exceeding 500 importers with over 4000 specialised stores (Coordinadora Estatal de Comercio Justo, 2016).

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In economic terms, the expenditure in fair trade products amounted to a total of 7.9 billion euros in 2016, which meant an increase of 44% on the figures of 2013 (Fairtrade International, 2017, 2014). In Spain, which is a less developed country in this respect, as Fair Trade was implemented at a later stage than in other European countries, the sales amounted to 40 million euros in 2016, which was over twice the sales figure ten years before (Coordinadora Estatal de Comercio Justo, 2017). This income mainly benefits producers and their families, who receive a decent and stable salary, as it is not subject to fluctuant demand and speculation. But additionally, Fair Trade has other positive impacts on the environment (preservation of the soil, water and biodiversity; shifting from harmful practices; promotion of organic farming methods), on political organisation (application of democratic, participative and transparent models) and on the local area, since the price premiums obtained, i.e. the extra payment received by the producing organisations, contributes to the development of educational, health, social and infrastructure projects (Coordinadora Estatal de Comercio Justo, 2016).

From the start, these types of products have been associated with less developed countries in continents such as Africa, Asia and South America. Nevertheless, the general principles of Fair Trade (fair wages for the workers, fair distribution of the income between producers and distributors, good environmental practices, etc.) relate to what we could call “socio-environmentally responsible production” (SERP), which may also be developed in certain areas of Western countries to allow producers access to market niches securing the profitability of their activities and therefore their survival in time.

SERP products could fill a gap in the markets as there have been recent changes in the distribution chains with the purpose of reducing the presence of fair trade-certified products by using alternative labels (for example, distributor-own labelling) in order to offer foodstuffs at lower prices with the added value of a production system that assures socially and environmentally responsible production values to the consumer (Vidal, 2017).

In this framework, this paper attempts to analyse Spanish consumer preferences of fair trade or SERP foodstuffs. For this purpose we have applied the conjoint analysis method to a representative consumer sample in order to analyse their preferences and the potential this type of foodstuffs have. Subsequently, various consumer groups with different preferences have been identified based on sociodemographic and behavioural factors that would help identify potential consumers and design customised marketing action.

It was considered that, although the study had a main focus on Fair Trade, we needed to narrow it down to a specific food product that the participants would easily identify with Fair Trade, the production of which would be linked to social and environmental factors. Therefore, we chose honey as the foodstuff to be evaluated, as it is a traditional and frequently used food product, with a consumption in Spain of 0.4 kg/person in 2016 (MERCASA, 2017). Additionally, it is also a product that brings significant environmental and social benefits to rural areas – as is the case many areas of Spain – and it is a commonly fair-traded product. The product format selected was a 500 g jar, as it is the size most commonly found in Spanish supermarkets.

The interesting point of this study is that it will enable us to determine whether the appeal of Fair Trade to consumers relies on a strong ethical and philanthropic element – associated to the producers most in need in developing countries – or rather on the concepts of social justice and improvement of the work and production conditions in rural communities within their own region or country (the ethnocentric nature of the consumer).

2. Materials and Methods

2.1. Data Sources

The data used for the purposes of this paper was obtained from an

Table 1
Socio-demographic characteristics of the final sample against those of the population of Extremadura (%).

Variable		Sample	Extremadura ^a
Gender	Men	45.36	49.6
	Women	54.64	50.4
Age	18–30 yo	21.5	18.5
	31–50 yo	35.2	35.1
	> 51 yo	43.3	46.3

^a Spanish Statistical Institute (2016).

online survey carried on a representative sample of the population of Extremadura, a region in SW Spain, where the study was carried out in December 2016–January 2017. Participants were recruited via e-mail, using research databases created from previous consumer studies. The sample was designed as a random stratified model, proportionally weighted against the gender and age of the population in Extremadura. Although 474 questionnaires were collected, 13 were discarded, mainly because they included incomplete responses. The maximum margin of error was 4.6% at a 95% confidence level. Table 1 shows the socio-demographic characteristics of the sample against those of the population of Extremadura.

The questionnaire was designed using Google Forms (www.docs.google.com), which was selected on account of its user-friendliness and flexibility for developing surveys. The benefits provided by the use of this tool have driven to an increase of online questionnaires in agri-food research (Kayser et al., 2013; Koutsimanis et al., 2012) despite its weaknesses, i.e. potential bias or lack of representativeness of the sample (Eldesouky et al., 2015). The questionnaire included a preliminary block of questions on awareness of and behaviour towards fair trade products; whilst a second block attempted to evaluate the preferences of the respondents with regards to conventional, fair trade and SERP foodstuffs. A final set of questions was also included for the purpose of understanding the socio-demographics of the participants. A pilot questionnaire was sent to 12 consumers (not included in the final sample) to test the relevance of the questions included in the survey.

Since the concept of foodstuffs produced in a socio-environmentally responsible manner was novel to consumers, a definition was added prior to the questions regarding consumer preferences: “*foodstuffs derived from raw materials obtained in countries such as Spain and produced in compliance with socially and environmentally responsible criteria (fair wages, decent working conditions, respect for the environment, etc.) which are identified with differentiated labelling*”.

2.2. Conjoint Analysis

Given that for this piece of research consumers would have to deal with a product that is not currently present in the markets (foodstuffs produced in a socio-environmentally responsible manner), it was decided that stated preference techniques needed to be used in order to analyse the preferences of consumers in Extremadura towards these novel food products. As indicated by Jaeger and Rose (2008), stated preference methods are recommended when consumers are required to make their choices in situations regarding hypothetical markets, as in our case.

Amongst the techniques available, we decided to use conjoint analysis (CA) as it allows determining the relative importance of the attributes and levels which define a product, together with the economic value that the consumers allocate to the presence or absence of these levels. Due to its functionality and feasibility CA is a widely used technique in the study of consumers' preferences in the agri-food sector (Bernabéu and Díaz, 2016; Donadini et al., 2016; Endrizzi et al., 2015; García-Torres et al., 2016; Heide and Olsen, 2017; Mesias et al., 2013).

For the purposes of a CA a product is described using its attributes, with each attribute having various levels. It is assumed that when it

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