



The influence of personal values on Fair Trade consumption



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ABSTRACT

Few studies investigate the motives underlying the consumption of Fair Trade (FT) products, although the movement has grown substantially in the last decade. This study examines the influence of personal values on FT consumption using data collected from 268 Canadian consumers. Using an adapted version of the Rockeach list of values, three classes of values are identified: self-directed, equality and social justice, and power and social status. Using structural equation modeling, the study shows a positive and significant effect of equality and social justice values on FT consumption; a negative and significant effect of power and social status values on FT consumption; and no significant effect of self-directed values on FT consumption.

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1. Introduction

Recent literature acknowledges the significant growth in “fair trade” (henceforth, FT) consumption (Ferran and Grunert, 2007; Hira and Ferrie, 2006; Ma and Lee, 2012; Morrell and Jayawardhena, 2010; Nicholls, 2010; Varul, 2009). Several studies report that consumers are willing to pay premium prices for products labelled as FT and they show a preference for retailers perceived as more generous with their suppliers, e.g., coffee farmers (Reinstein and Song, 2012; Trudel and Cotte, 2009). The fair price is a fundamental factor in FT, which also encourages producers to be involved in the FT model (Moore, 2004).

In the last decade, sales of FT products, especially those carrying FT certification, increased exponentially (Nicholls, 2010). Despite the recent economic recession, there was an increase in FT consumption in the past years (Ma and Lee, 2012). In 2011, people spent almost five billion euros on FT products, which represents an increase of 12% compared to 2010. Sales increased more than two times between 2007 and 2011. In Canada, sales reached \$200 million in 2011, an increase of 3% compared to 2010. In the UK, sales were close to \$1.5 billion in 2011, while US sales exceeded one billion dollars. In 2011, sales increased by 12% and 24% in the UK (FT's biggest market) and the Netherlands (the oldest market), respectively. In South Africa, sales increased by 286% in 2011 over 2010. In addition, nearly 27,000 products with the FT mark are now

available in over 120 countries (FLO, 2012). The FT sector involves more than 1.2 million farmers and workers in 66 countries (FLO, 2012), but its market share is still modest compared to non-FT products, leaving much room for growth (Long and Murray, 2013).

The emergence of ethical consumerism has been well-documented in the literature (Shaw et al., 2005). Ethical consumption and ethical consumerism take different forms of action, such as not patronizing those retailers believed to engage in unethical practices, boycotting genetically modified products, buying local, purchasing organic foods, and purchasing environmentally-safe products (Belk et al., 2005; Murphy and Jenner-Leuthart, 2011). Ethical consumerism marks a shift in attitude toward a positive appreciation of the value of FT (Nicholls, 2002), which scholars in different disciplines including economics, sociology, consumer studies and marketing, agricultural sciences, design, and rural and development studies have explored (Andorfer and Liebe, 2012; Moore, 2004). Despite the attention paid to ethical consumption and the growing importance of the FT market, studies on FT consumption are relatively scarce. Recently, Doran (2009, p. 552) emphasized that “research on fair trade from a consumption perspective is sporadic”.

Few studies investigate the responses of consumers to FT and what motivates buyers to purchase FT products (Doran, 2009; Morrell and Jayawardhena, 2010). Though personal values have been identified in the marketing literature as important predictors of consumer choices and preferences, only a few studies have examined the “relationships” between personal values and FT purchase/consumption (De Pelsmacker et al., 2005a; De Ferran and Grunert, 2007; Doran, 2009; Ma and Lee, 2012). De Ferran and Grunert (2007) use the laddering methodology and suggest that

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FT coffee purchase is derived by taste (individual interest), and the balance between nature and the human being (collective interest). De Pelsmacker et al. (2005a) identify four groups of Belgian FT coffee purchasers based on demographic characteristics and the importance of personal values. Doran (2009) compares personal value means (Schwartz's value types) between three different U.S. consumer groups categorized according to their frequency of FT purchases (loyal consumers, intermittent consumers and non-consumers). These three studies do not examine the relative importance of personal values in determining FT consumption behavior and two of them are limited to FT coffee products. While FT-certified coffee is still the most popular, FT products include other important categories such as bananas, chocolate, dried fruit, fruit juice, honey, sugar, and tea (Reinstein and Song, 2012). Therefore, this study aims to evaluate the relative impact of personal values on FT consumption among Canadian consumers. Understanding the psychological determinants of consumer decisions to purchase FT products is critical for FT businesses in developing effective merchandising and promotional strategies.

The remainder of this paper is organized as follows: after the introduction, the next section discusses the literature on FT and the role of personal values. We discuss the methodology used in this study, including the measurement and the study sample's characteristics. The results are then presented, followed by a discussion of the findings and future research avenues.

2. Fair Trade characteristics and growth

In the academic literature, the most recognized and accepted definition of fair trade comes from FINE (a network of four Fair Trade organizations) (Becchetti and Huybrechts, 2008; Moore, 2004; Morrell and Jayawardhena, 2010):

“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, 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 practices of conventional international trade.”

FT products reflect a ‘fair’ price, long-term relationships among importers, distributors and producers, cooperation rather than competition, provision of market information, payment of additional prices (social premium) for development measures, a guarantee of humane working conditions, and help with access to pre-production pre-financing (Becchetti and Huybrechts, 2008; Nicholls, 2002; Sunderer and Rössel, 2012). The FT model includes fair pay for workers/producers (Nicholls, 2002).

There are differences in the awareness and availability of FT products across different parts of Europe and North America (Hira and Ferrie, 2006). For instance, in the UK, consumer awareness of the FT brand increased from 20% of the population in 2002 to 70% in 2008 (Nicholls, 2010). In many European countries, especially the Netherlands, the UK, and Switzerland, FT has acquired a substantial market (Hira and Ferrie, 2006; Kim et al., 2010). FT products are now widely sold in conventional and specialized retail outlets (Doran, 2009), notably in specialized and conventional supermarket stores, which are becoming important purveyors of FT products (Moore, 2004). FT products are also marketed via the Internet and catalogues. Many FT products are sourced from the FT movement, whereas the others are sourced directly from producers and sold under specific brands (Moore, 2004). Sales of the leading FT

products increased in 2011 compared to 2010: cocoa (14%), coffee (12%), flowers and plants (11%), bananas (9%), sugar (9%), and tea (8%) (FLO, 2012).

3. Consumer attitudes and motivation towards Fair Trade

Previous studies on ethical behavior in general and FT consumption in particular are often implicitly or explicitly based on Ajzen's theory of planned behavior (Andorfer and Liebe, 2012; De Pelsmacker and Janssens, 2007). According to Ajzen's model, the behavior of interest is influenced by the individual's readiness to perform this behavior (i.e., intentions to buy FT products), which in turn is influenced by the individual's positive or negative evaluation of a particular behavior (i.e., attitudes towards buying FT products), a subjective norm (i.e., an individual's perception about buying FT products influenced by the judgment of significant others such as parents, colleagues and close friends), and perceived behavioral control (i.e., perceived difficulty or ease in buying FT products). Many studies added other determinants of attitudes towards FT products and intentions of purchasing FT. These include: consumer knowledge (De Pelsmacker and Janssens, 2007; Murphy and Jenner-Leuthart, 2011; Wright and Heaton, 2006), quantity and quality of information about FT (De Pelsmacker and Janssens, 2007), ethical obligations and self-identity (Ozcaglar-Toulouse et al., 2006; Shaw et al., 2000; Shaw and Shiu, 2003), moral motives (Adams and Raisborough, 2010; Sunderer and Rössel, 2012; Varul, 2009), socially responsible attitudes (Kim et al., 1999; Long and Murray, 2013), environmental and political attitudes (Long and Murray, 2013), FT corporate evaluation (Kim et al., 2010), and global cognitive orientation (Goig, 2007).

The literature emphasizes the role of attitudes and knowledge as determinants of ethical consumption and particularly, FT consumption. De Pelsmacker and Janssens (2007) conclude that overall attitudes towards the FT issue (scepticism and concern) and FT knowledge have substantial and significant effects on product likeability, product interest, perception of price acceptability, and buying behaviour. In the context of café houses, Murphy and Jenner-Leuthart (2011) report that consumers with greater objective knowledge about what FT signifies care more about having FT coffee at their café and the café atmosphere. In the same vein, Wright and Heaton (2006) argue that increasing FT product awareness, branding (i.e., differentiating FT products from other products and communicating their benefits), and developing knowledge about the concept of FT would increase consumer commitment to purchasing FT products.

Other studies support that purchasing FT products is guided more by ethical obligation and self-identity than by traditional attitude and subjective norm (Shaw et al., 2000). Ozcaglar-Toulouse et al. (2006) reveal that ethical obligation and subjective norm positively influence the buying intentions of those who rarely purchase FT products whereas attitude, self-identity and perceived behavioral control positively affect the intentions of those who often purchase FT products. Many ‘rational’ consumers select products based on price and quality, while other ethically-concerned consumers, guided by a sense of ethical obligation and identification with ethical issues, are influenced by FT labels (Shaw et al., 2000). Given the importance of ethical considerations in consumer decision-making, the role of ethical obligation and self-identity (i.e., ethical issues become an essential part of ethical consumers' self-identity) become relevant in explaining consumer attitudes and behaviors (Shaw et al., 2000; Shaw and Shiu, 2003). Ethical consumption motives and values influence FT product beliefs-attitude and FT loyalty (Kim et al., 2010). Decision-making for FT products is not solely rational, but reflective and emotive (Ozcaglar-Toulouse et al., 2006). Ethical consumers, although acting

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