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FAIR TRADE IN GREECE AND A NEW FAIR MARMALADE

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Abstract: This paper presents the results of an exploratory survey with reference to consumers' intentions to buy fair products. Consumers' preferences with regard to a new, fair marmalade were also examined. The results indicated that middle aged employees, who earn rather respectable incomes, are more likely to buy fair products. They are people, who hold strong beliefs about the protection of the human and working rights of people in the Third World; they do support a fair price for the products of the marginalized producers. They are also motivated by their strong values regarding protection of the nature, peace, equality and help to the needed. They less strongly believe that their purchases through the Fair Trade network are able to challenge the poverty in the under developed countries. Further, it was found that the Fair Trade Hellas may very well add a new marmalade in the product line, which should be organic at a reasonable price. Nuts or honey might be added in this new, fair marmalade.

Keywords: *Ethical Consumption, Fair Trade, Conjoint Analysis*

1. Introduction

Small growers and producers in the less developed countries are left out of the trade process due to the free trade regime. Another type of trade, namely the Fair Trade, guarantees to small producers in the underdeveloped countries a minimum price, usually above the current world price for each product. From a marketing point of view, Fair Trade might be included in the ethical consumption concept, i.e. consumption that takes into account societal norms and 'what is good for the society' (Smith, 1990). There has always been a market segment with scrupulous consumers, who are not focused simply on their own well-being but they are considerably concerned with the society welfare, with the environmental protection, with the future of the following generations. There are claims in the literature that the rapid growth of the fair sales has been one of the most notable retail phenomena during the last decade (IFAT, 2007). In Greece, Fair Trade has been recently introduced by the Altromercato shops in Athens and Thessaloniki. A plethora of fair products are delivered and the product line is being expanded frequently. The management of Altromercato shops holds a number of ideas concerning new product development, among which there is a traditional marmalade being produced by isolated small producers.

This paper aims to present the results of a research study that examined consumers' intentional purchasing behaviour towards all available fair trade products, as well as consumers' preferences about a new fair trade marmalade. The investigation included a set of variables that may influence future behaviour, such as consumers' level of awareness, their prior buying experiences, their attitudes towards fair principles and objectives as well as selected demographic and psychographic characteristics of the sample.

2. Review of the literature

Most of the previous research studies conclude that there are beliefs and values, which are hidden behind any fair purchasing choices, such as environmental concern, respect for human rights (De Ferran and Grunert, 2007), concern for working conditions (Strong, 1996), idealism (De Pelsmacker *et al.*, 2003), ethical obligation and self-identity (Shaw *et al.*, 1999, 2000, 2003). There are also product attributes such as brand, flavour and label, which were found able to influence the consumers' purchasing behaviour (De Pelsmacker *et al.*, 2003). Implications have been made that the specialized stores should emphasize social responsibility and social-oriented values in their communication, whereas the super markets should offer quality products and constant availability of the Fair Trade products (De Ferran and Grunert, 2007).

Mintel research (2004) suggested that in 2003 only the 28.3% of consumers actually bought Fair Trade products and the majority of these were one-off purchases (Nicholls and Lee, 2006). In order to bridge the gap between ethical attitudes and ethical purchase behaviour, Nicholls and Lee (2006), who investigated children, argued that there is an urgent need to develop meaningful Fair Trade brands that combine strong brand knowledge and positive brand images. Cowe and Williams (2000) argued that although most surveys reveal that around 30% of the population is particularly motivated to buy ethical products, these products make up only fewer than 3% of their individual markets. This phenomenon has been named the "30:3 syndrome".

3. Theory and Method

It was assumed that what consumers' knew and feel about Fair Trade principles and objectives, as well as their prior experience in fair buying might influence their future purchasing behaviour. Also, that demographic and psychographic analysis might add to what we know about fair trade buyers. Specifically, with regard to the new marmalade, it was assumed that conjoint measurement might help in determining the mostly desired new product attributes. Five attributes were selected to be investigated: price (€2.30, €2.70, €3.00 per 380gr), organic or not, light (25% less sugar) or not, with honey or sugar and with nuts or not. The orthogonal design provided ten combinations.

3.1. Questionnaire Content

An **Awareness** four items Guttmann's scale: 1 = I have seen Fair Trade products, 2 = I have seen a Fair Trade shop, 3 = I have visited the Fair Trade shop and 4= I have bought a/some Fair Trade product/s.

A **Past Purchasing Behaviour** scale including 15 items (one for each Fair Trade product category) being measured on a five-point satisfaction scale from 0 = Not at all satisfied to 4 = Absolutely satisfied.

A **Place of Purchase** five items scale: 1= From abroad, 2 = From an S/M, 3 = From the Altromercato in Athens, 4 = From the Altromercato in Thessaloniki.

An **Intentional Purchasing Behaviour** scale, including the same items with those of the **Past Behaviour** scale, served as the main dependent variable of the investigation. It was measured on a five-point possibility scale from 0 = Totally Unlikely to 4 = Very Likely.

A **Fair Trade Attitudes** scale, which was purposively developed for the requirements of this research during a long, antecedent procedure. Details that concern the measure development procedure have been described elsewhere (see Tilikidou and Delistavrou, ---). The final scale that was used in this survey included 24 items, measured on a five-point Likert scale. The Fair Trade Attitudes scale had been tested in an exploratory consumers' survey (Delistavrou and Tilikidou, 2009) and provided a Cronbach's alpha value of 0.8792. As it indicated an accepted level of reliability according to Robinson *et al.* (1991), it was judged suitable to be used in this study too and provided a 0.778 Cronbach's alpha.

Five demographic characteristics (gender, age, education, income and occupation) were added in the investigation, being measured on the N.S.S.G. scales. The following four psychographic scales were also employed: **Universalism** (six items) and **Power** (three items) - adopted from the Schwartz's (1992) *List of Values* - as well as **Collectivism** (four items) and **Individualism** (three items) - adopted from Shrum and McCarty (2001). Following Sschwartz consumers' were asked "how much the character described in each item seems similar to you?". They were provided with a five-point response scale from 0=Not at all to 4=Absolutely. They

provided the following Cronbach's alpha values: Universalism (a=0.8594), Power (a=0.8339), Collectivism (a=0.8547) and Individualism (a=0.6668).

The ten combinations of the marmalade attributes were presented to the respondents in the following cards:

Marmalade 1: With Honey, Organic, No Squarely, €2.30/380gr
Marmalade 2: No Squarely, €2.70/380gr
Marmalade 3: With Honey, Light (25% less sugar), No Squarely, €3.00/380 gr
Marmalade 4: Organic, Light (25% less sugar), No Squarely, €2.70/380gr
Marmalade 5: With Honey, With Nuts, No Squarely, €2.70/380gr
Marmalade 6: Organic, With Nuts, No Squarely, €3.00/380gr
Marmalade 7: Light (25% less sugar), With Nuts, No Squarely €2.30/380gr
Marmalade 8: Organic, Light (25% less sugar), With Honey, With Nuts €2.70/380gr
Marmalade 9: Organic, Light (25% less sugar), With Honey, No Squarely €3.00/380gr
Marmalade10: Organic, With Honey, With Nuts, No squarely, €2.30/380gr

The respondents were asked to tick whether they were going to buy or not and to rate, in a rating scale from 0 to 10, each one of the marmalade combinations. An exploratory survey was conducted among 158 households in the centre of the Municipality of Thessaloniki and resulted in just 100 usable questionnaires.

4. Results

The **Awareness** and **the Past Purchasing Behaviour** and the **Place of Purchase** scales provided very poor results, as only 10% of the consumers have seen an FT shop and only 3% of them have ever bought an FT product. The **Place of Purchase** question indicated this 3% had made their prior purchases from the Altromercato in Thessaloniki. However, 87% of the sample declared that they had seen a fair product.

The **Intentional Purchasing Behaviour** scale takes theoretical values from 0 to 60. Providing a Mean of 31.1200 it indicates that consumers, in overall, declare a rather moderate intention to make a future purchase of fair products. More specifically, consumers declared their intentions to buy fair products as follows: Completely Unlikely=3%, Rather Unlikely=21%, Neither Unlikely/Nor Likely=35%, Rather Likely=29%, Very Likely=7%. With reference to product categories, it was found that the higher Means were obtained by sugar, coffee, pasta and souvenirs. On the opposite, consumers seem rather indifferent in drinks, cosmetics and clothes (Table 1).

Table 1: Intentional Purchasing Behaviour (Descriptives and K-means)

	Whole sample		Cluster 1 19%	Cluster 2 53%	Cluster 3 28%
			Cluster centres		
Coffee	2.5500	1.3286	2.89	2.96	1.54
Sugar	2.6200	1.2209	2.32	3.08	1.96
Legume	2.3200	1.3172	2.26	2.79	1.46
Rice	2.4600	1.2425	2.16	2.96	1.71
Pasta	2.5800	1.1736	2.37	3.09	1.75
Drinks	1.1900	1.3831	1.05	1.57	0.57
Juice	2.2000	1.3926	2.37	2.60	1.32
Chocolates - Snacks	1.8900	1.3476	1.74	2.42	1.00
Jewelry	1.6000	1.4425	2.68	1.55	0.96
Stationary	2.3100	1.2768	3.26	2.62	1.07
Toys	1.9500	1.4311	2.79	2.32	0.68
Baskets	2.1600	1.5157	3.68	2.25	0.96
Clothes	1.7900	1.4859	2.47	1.74	0.54
Toiletry	1.1600	1.4122	1.91	0.21	0.39
Fancily	2.3400	1.4510	3.47	2.62	1.04

The **Fair Trade Attitudes** scale takes theoretical values from 0 to 96 and provided a Mean of 66.5300, which indicates a rather moderate to strong level of positive appliance to fair principles and objectives. With regard to the items' means we may have to take a close look at Table 2.

With regard to the attributes of the new marmalade, conjoint analysis was conducted through SPSS. Pearson's r and Kendall's tau were found significant ($p < 0.005$). The part - worth scores (utilities) indicate the influence of each factor level on respondents' preference for a particular combination. It is observed (Table 3) that price was the most important factor (43, 41% average importance) followed by organic (36, 75%) and nuts (18, 21%). The rating (from 1 to 10) indicated that the higher Mean (6, 1800) was obtained by Marmalade 1 (organic with honey), which also captured the higher percentage of consumers' intentions to buy it (67%).

Table 2: Fair Trade Attitudes

		Mean	Std. Dev.
D01	I stand for a Fair Trade network, which can ensure a fair price for each product of the less developed countries	2.8500	0.9679
D02	Fair Trade may contribute to the balancing of inequality, which rules the free world trade	2.6000	0.9101
D03	Fair Trade is able to assist the Third World producers to sell their production and earn a fair income	2.7600	0.8542
D04	Fair Trade may contribute to the abolition of poverty in the economically weak countries	2.6200	0.9296
D05	The problem of the economically weak countries can not be faced by such movements as Fair Trade	1.5600	0.9982
D06	Every man is entitled to decent standards of living as well as health care, education, security and democracy	3.5700	0.6237
D07	Human and working rights of people in the Third World should be protected	3.6600	0.4761
D08	Fair Trade is able to contribute to the protection of the human and working rights of people in the Third World	2.9000	0.9482
D09	Eventually, Fair Trade is going to assist to the development of infrastructure for security, education, health care and social welfare in the economically weak countries	2.7900	0.9022
D10	Fair Trade may contribute to the abolition of child labour	2.7200	0.9437
D11	Fair Trade may contribute to the parity of women in their work, family and local society	2.7000	0.8469
D12	It seems fair to me to pay a premium for a fair product in order to contribute to the welfare of people in the Third World	2.4200	0.9231
D13	Buying fair products simultaneously informs and educates consumers in a socially responsible behaviour	2.7400	0.7604
D14	The Fair Trade products are not as good as the regular products in terms of quality	1.7000	0.7588
D15	Fair Trade claims are nothing more than advertising tricks	1.6700	0.7393
D16	I believe that the Fair Trade advertisements would be distinguished by honesty	2.2700	0.6942
D17	I would like to have the chance to find the Fair Trade products in many other places than the specialized stores	2.9500	0.6872
D18	The Fair Trade shall acquire better prospect if the fair products enter the big S/Ms	2.8700	0.9283
D19	The Fair Trade contributes to the protection of the environment and to the sustainable development as well	2.7700	0.7366
D20	It is not my own responsibility to help the less developed countries	1.4800	3.1026
D21	It seems aimless for me to buy fair products since not many other people do not	1.1500	1.1667
D22	I don't think that poverty in the Third World might be challenged if I bought fair products	1.5500	0.9361
D23	I harm the Greek products by preferring the Fair Trade products	1.1500	0.8572
D24	I am exclusively interested in the financial problems of my own country and not in the problems of the less developed countries	1.1400	0.8411

Table 3: Conjoint analysis results

Importance	Factor		Utility
36.75	**BIO**	no	-0.5765
		yes	0.5765
1.63	**SWEETENER**	sugar	-0.0255
		honey	0.0255
.00	**CALORIES**	regular	0.0000
		low	0.0000
18.21	**NUTS**	no	-0.2857
		yes	0.2857
43.41	**PRICE**	2.70	-0.5238

		3.00	-0.3146
		2.30	0.8384
Averaged	5.0697	CONSTANT	
Pearson's r = 0.972		Significance = 0.0000	
Kendall's tau = 0.778		Significance = 0.0042	
Kendall's tau = -1.00 for 2 holdouts		Significance = 0.0000	

      With regard to the psychographics, the **Universalism** scale takes theoretical values from 0 to 24 and provided a Mean of 20.0100. The **Power** scale takes theoretical values from 0 to 12 and provided a Mean of 3.7800. The **Collectivism** scale takes theoretical values from 0 to 16 and provided a Mean of 10.3600. Lastly, the **Individualism** scale takes theoretical values from 2 to 12 and provided a Mean of 4.1400. The strongest values were found in the Universalism scale. They concern consumers' positive beliefs towards care for the environment as well as harmony, peace and equality for all people. These values are followed (in terms of strength) by the collectivistic values, such as help to the needed.

      The **One-Way ANOVA**s indicated that there are statistically significant differences in the Intentional Purchasing Behaviour across the categories of age (p<0.05, 45-64 years old), income (p<0.05, 30-50 th. Euros) and occupation (p<0.10, employees).

      The **Pearson's parametric correlations** indicated firstly that there is a statistically significant (p<0.05) positive and moderate relationship between the Intentional Purchasing Behaviour and Fair Trade Attitudes (r=0.478). There are also statistically significant, positive, but rather weak relationships between the Intentional Purchasing Behaviour and each one of Collectivism and Universalism (r=0.239 and 0.213 respectively).

      The **multiple regression** analysis (stepwise method) revealed that the interaction between Fair Trade Attitudes (FTA) and Collectivism (C) can explain the 25% of the variance in the Intentional Purchasing Behaviour (IPB). The resulting equation is:

IPB= -14,240 + 0,459 FTA + 0,193 C   **(Adjusted R square=0.250)**

4.1 Clustering Pro-environmental Purchasing Behaviour

      In an effort to gain a deeper understanding of consumers' intentions to buy the fair offerings, the *K-Means cluster analysis* was utilized, (Malhotra, 1999, p. 610). All items of the Intentional Purchasing behaviour were entered in the analysis and a three clusters' solution was found appropriate for interpretation (Table 1). Cluster 1 contains the 19% of the cases. In this cluster consumers, who obtained the higher scores in the non-food products were grouped. On the opposite in Cluster 2, which contains the 53% of the cases, consumers, who obtained the higher scores in food products, were grouped. Last, the 28% of the consumers were grouped in Cluster 3 and obtained considerably lower cluster centres in all items.

5. Conclusions

      This study revealed that there is a considerable portion of the population in the centre of Thessaloniki-Greece, who declared ready to adopt fair buying. They are middle aged employees, who earn rather respectable incomes. The largest segment of these consumers are mostly interested in food fair products, while there is another smaller segment, who are mostly interested in buying souvenirs, clothes, cosmetics etc. As, we have seen in Table 2 they are all influenced by their strong beliefs about the protection of the human and working rights of people in the Third World and they all stand for a fair price for the products of the marginalized producers. They are also motivated by their strong values regarding protection of the nature, peace, equality and help to the needed. They less strongly believe that their purchases through the Fair Trade network are able to challenge the poverty in the underdeveloped countries. The 30:3 syndrome, between attitudes and behaviour, is apparent in our data. In any case, consumers would like to find the fair products more easily, e.g. in the S/Ms. Fair food products are certainly the first to be welcome in the Greek market, while the other non-food products need further promotion. The Fair Trade Hellas may very well add a new marmalade in the product line, which should be organic at a reasonable price. Most probably, further qualitative investigation is needed to decide whether this new marmalade should contain nuts or honey in it.

      Further, the results of this study indicated that the communication strategies should spotlight human and working rights of all people, a minimum price for the products of the underdeveloped countries and a minimum income for the small producers in the Third World. In an

effort to make a productive use of the values' results, the communication strategies should also encompass messages about peace, equality, environmental protection and help to the needed. They should also try to convince consumers about the effectiveness of the Fair Trade network and highlight the importance of each and every fair purchase in order to encourage consumers' personal responsibility.

It is well understood that there is a long way of marketing effort between purchasing intentions and actual purchases of the newly introduced products in the Thessaloniki market. However, as the fair trade network is already a story of great success in other countries of the EU (IFAT, 2007), our guess is that there are potentials for growth in Greece as well. The length of the necessary period would be determined by a number of factors, among which unemployment and economic crisis of the present should be taken under consideration.

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