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Ethical Consumption: An Analysis of Consumer Views and Ethical Coffee Purchasing Trends

By

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Supervisor: Deborah Sick

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LIST OF ABREVIATIONS

C.A.F.E. – Starbucks' Coffee and Farmer Equity program
CCCC (4C) – Common Code for the Coffee Community
CSFTN – Canadian Student Fair Trade Network
DVK – German Coffee Association
EFTA – European Fair Trade Association
GTZ – German Development Cooperation Agency
ICA – International Coffee Agreement
ICO – International Coffee Organization
IFAT – International Fair Trade Association (International Federation for Alternative Trade)
IFOAM – International Federation of Organic Agricultural Movements
ILO - International Labour Organization
IMF – International Monetary Fund
FLO – Fair Trade Labelling Organizations International
FT – Fair Trade
FTO – Fair Trade Organization
NEWS – Network of European World Shops
NGO – non-governmental organization
QAI – Quality Assurance International
RA – Rainforest Alliance
SA – structural adjustment
SAN – Sustainable Agriculture Network
SAS – Sustainable Agricultural Standard
SBF – Smithsonian Bird Friendly
SG – Shade Grown
SMBC – Smithsonian Migratory Birds Centre
TW – Third World
UC – Utz Certified "Good Inside"
UDHR – Universal Declaration of Human Rights
WB – World Bank
WTO – World Trade Organization

ABSTRACT

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Fair Trade is a market-based development tool with much potential to improve the lives of small-scale, impoverished producers in the developing world; however, despite the movement's admirable goals, its effectiveness is limited. Low consumer demand is one of the most significant limitations. This thesis discusses the Fair Trade movement and the current challenges it faces – in particular, those posed by the current mainstreaming trend. Most significantly, it examines factors affecting demand for Fair Trade and other ethical trade products. Drawing on a study of coffee consumers in one rural and two urban centres in Manitoba, this thesis presents some preliminary conclusions about consumer views and ethical coffee purchasing trends. Findings suggest that ethical coffee consumption is positively associated with higher education and the ability to distinguish between different ethical certifications, and negatively assicated with distance from ethical coffee purchasing outlets. Ethical coffee purchasing behaviours also suggest that Fair Trade's mainstreaming trend may not effectively increase the demand for Fair Trade products.

1.0 INTRODUCTION

The devastating situation faced by coffee farmers in the developing world in recent years is no secret. Since the disintegration in 1989 of the International Coffee Agreement (ICA) (an agreement that had helped to stabilize coffee prices through a quota system), periods of turmoil have frequently characterized the global coffee market. The dissolution of the ICA led to a number of changes within the coffee market, including a "worldwide coffee glut" (Bacon, 2005: 497) caused largely by the increase in producers (in particular, producers from Vietnam [Fridell, 2004]) and an increase in Brazilian coffee supply (Muradian & Pelupessy, 2005: 2029). In addition, subsequent to the ICA collapse, the conventional coffee market was part of a global trend toward market liberalization, which, according to Lyon, decreases the ability of producer countries "to control export flows and stocks", and increases corporate concentration of coffee retailers and roasters, thereby contributing to a shift in power structure within the conventional coffee market (2006a: 453).

As a result of these changes, in recent years, the conventional coffee market has been plagued by a "coffee crisis" characterized by significant price volatility and frequently low coffee prices. This crisis is negatively impacting the ability of small-scale coffee producers and others dependent on coffee production to meet their needs. According to Bacon, low conventional coffee prices have, in some cases, devastated rural economies by increasing coffee producers' debt, lowering permanent employment within the coffee industry, and forcing some producers to abandon coffee farming entirely (2005). Low and volatile coffee prices have also contributed to environmental problems, as they have threatened coffee producers' ability to protect land and biodiversity through maintaining traditional methods of production (ibid: 498).

Given that "approximately 125 million people are estimated to depend on [coffee] for their incomes" (Kolk, 2005: 229), the coffee crisis is, indeed, a significant problem. As small coffee farmers struggle to compete in an increasingly globalized world economic system – a system that is, arguably, based on, and still perpetuating, historical inequalities[1] –

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[1] Like the production of many primary commodities, the state of coffee production today, including infrastructure, facilities, trade patterns, etc. has been largely influenced by a colonial history (Abernathy, 2000;

coffee producing countries and coffee producers themselves have been met with developmental initiatives designed to help them meet their needs.

While early development efforts and policies focused on improving national economies by promoting industrialization and urbanization (i.e. modernization), in the last few decades, problems with this approach (including the limitations of economic measures as indicators of development) have been noted (Willis, 2005: 2). For some, development practices based on notions of modernity have not achieved progress, but instead have meant "the eradication of cultural practices, the destruction of natural environments and a decline in the quality of life" (ibid: 3). Now, there is more concern by many in the field of development not only with attempting to improve livelihoods by eliminating poverty, but also by placing greater emphasis on equity, empowerment, and environmental preservation[2]. In addition to state-based development initiatives, a number of social economy (or "Third Sector") initiatives have come into existence to help marginalized people meet their needs. According to Moulaert and Ailenei, "the social economy is [often viewed of] as a way to respond to the alienation and non-satisfaction of needs by the traditional private sector or the public sector in times of socio-economic crisis" (2005: 2041). The "ethical trade" movement can be considered a social economy response to the coffee crisis. In this thesis, ethical trade certifications refer to product labeling initiatives with either social or environmental certification requirements, and/or those intended to build production and consumption systems alternative to those produced by conventional trade.

Fair Trade (FT) is one ethical trade initiative that has emerged, in part, as a response to the "coffee crisis", and which has the potential to improve the lives of small coffee producers. Although ideas with regard to what is "fair" trade differ, the Fair Trade that is

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Willis, 2005). Thomas Pogge asserts that, after decolonization, the world economy and its "governing" bodies – in particular, the Bretton Woods institutions of the World Bank (WB), the World Trade Organization (WTO), and the International Monetary Fund (IMF) – took the place of colonial powers in terms of influencing world patterns of coffee production and trade. Given that most developing countries were not independent states at the time that these organizations were formed, developing countries, unlike the developed countries, had little influence over the initial development of the "elaborate system of treaties and conventions about trade, investments, loans, patents, copyrights, trademarks, double taxation, labour standards, environmental protection, use of seabed resources, and much else" that have shaped inter and intra-national economic transactions today (Pogge, 2005: 724). This inequitable distribution of influence over the structure of the world trade system has, arguably, resulted in inequalities that continue to exist today.

[2] The Millennium Development Goals (MDGs) are one example of recent attempts to broaden the agenda of development efforts. According to Willis "the Millennium Development Goals are a reflection of the relative failure of development practices to provide even the most basic levels of food, shelter, healthcare and education for millions of the world's people" (2005: 202-203).

the subject of this research is a certified development and alternative trade initiative "intended to change international trading practices, raise consumer awareness, and, ultimately improve economic, social, and environmental conditions for marginal and disadvantaged producers" (Sick, 2008: 139-140). FT product certification offers coffee producers a minimum price – which, according to Willis, "reflects a 'fair' price based on what [production] costs the producer" (2005: 2) – and a premium above the market minimum when world prices exceed this floor price. In addition, FT certification offers producers pre-financing, encourages long-term relationships between producers and buyers, and provides producers with market information. These guarantees allow farmers a basic standard of living, enable some social development, and promote production that is "socially just and environmentally sound" (Nicholls & Opal, 2005: 6). FT can be considered as part of the "Third Sector", or "social economy", as it is not entirely of the market or the state, but can be viewed as an attempt to respond to the failures of both in meeting the needs of marginalized producers.

FT and other ethical product certifications have also developed for a number of other commodities, such as tea, bananas, cocoa, sugar, and handicrafts. Many of these markets are experiencing problems similar to those occurring in the conventional coffee market (see Murray and Raynolds (2006) for an analysis of the banana market). This research, however, will focus on the coffee market, as, according to Taylor, "[coffee] is the Fair Trade commodity with the longest history and the highest sales", and it is "one of the five most important commodities in the world market" (2005: 132). According to Gavin Fridell, coffee is "the 'flagship' commodity and traditional sales leader of the fair-trade network", and it "is the second most valuable legally exported commodity from the South, providing a livelihood for millions of small farmers" (2007a: 80).

1.1 Fair Trade Potential – Demonstrated Benefits and Limitations

A number of studies have demonstrated that FT can result in some tangible benefits for small-scale coffee producers, decreasing their vulnerability to economic shocks and improving their standards of living (see Bacon, 2005; Utting-Chamorra, 2005; Lyon, 2006a; Willis, 2005). However, despite these benefits, FT is not without problems and limitations.

Some question that FT has the ability to reach the majority of producers in need, or to produce benefits on a large enough scale to be considered an effective development initiative.

Although a number of potential limitations and barriers – both structural and logistical – to the effectiveness of FT have been highlighted in FT literature (see Stiglitz & Charlton, 2005; Linton, 2005; Nichols & Opal, 2005; Utting-Chamorra, 2005), arguably the most significant factor limiting the scope of FT and its ability to benefit a great number of coffee producers is the frequently cited problem of low demand for FT coffee (see, e.g. Sick, 2008: 142; Bacon, 2005: 505; Fridell et al., 2008). Lyon pointed out that, in North America, the entire ethical coffee market (including all "fair trade, organic, bird-friendly, Rainforest Alliance, Utz Kapeh, and relationship coffees without third party certification") together account for only 0.48 % of the total coffee market (2006a: 453). As developed countries consume the vast majority of the coffee produced in developing countries, the success of the FT coffee market (that is, success in terms of the amount of benefits that FT can bring to producers) depends largely on developed-country demand; as Bacon notes, supply-side projects, such as FT product certification, that are not accompanied by efforts to "promote consumer education and expand alternative markets" run the risk of failure by "pushing too many people [i.e. producers] toward a small exit" (2005: 508).

Given the emphasis on low FT demand within FT literature, an understanding of the factors contributing to this low demand is necessary in order to assess FT's potential to benefit marginalized producers. Research thus far has pointed to a number of possible factors that may confuse and deter consumers from purchasing FT products, including the historically variable quality of FT coffee and the market complexity caused by the growth of the ethical consumption movement (De Pelsmacker and Janssens, 2007; Blowfield, 1999; Murray et al., 2006). To date, however, research into the factors influencing ethical product purchasing has been limited[3].

[3] See Chapter 3.0 for a review of research on FT consumption.

1.2 Research Objectives

To recap, Fair Trade is a market-based development tool with much potential to improve the lives of small-scale, impoverished producers in the developing world; however, despite the movement's admirable goals, its effectiveness is limited by a number of constraints, one of the most significant of which is low consumer demand. As pointed out above, it is often argued that, in order to improve the efficacy of FT, and to extend its reach to more producers in need, demand must be increased (see De Pelsmacker et al., 2007; Murray et al, 2006; Sick, 2008); however, little research has been conducted to examine the great variety of factors affecting demand. The main objective of this research, therefore, was to perform an exploratory study, using data from urban and rural case communities in Canada, to highlight potential attitudes toward, and trends in, consumers' demand for FT and other "ethically"-labeled coffee varieties. In particular, major goals of this research were to look for evidence of potential differences in the attitudes toward, knowledge about, and purchasing of certified "ethical" products among respondents living in different location types, and to identify any potential points of miscommunication along the FT coffee supply chain.

1.3 Hypotheses

One hypothesis is that, due to the increasing number of ethical labeling initiatives coming on the market (with many applying to the same commodity, such as coffee), many Canadian consumers are confused about Fair Trade labeling and about the differences between FT and other ethical trade initiatives. Such confusion might be having a negative impact on FT demand, both discouraging some consumers from purchasing FT (or any ethical trade products) and dividing demand among consumers of ethical trade products between FT, "fairly traded", and other ethical trade initiatives. A second hypothesis is that greater distance from ethical trade outlets, which results in lesser access to ethical trade products, has a negative impact on FT consumption.

1.4 Significance

Fair Trade and other ethical trade initiatives have emerged as a response to problems that have arisen within the current global trading system. Although these initiatives have produced some benefits both for producers and consumers, there is still much debate about whether FT and other ethical trade initiatives can significantly address development problems faced by small-scale producers by raising their standards of living, or by addressing trade inequities. By highlighting demand-side issues and trends, this research contributes to these debates, and to the growing bodies of literature on FT and ethical consumption. By drawing attention to potential trends in consumer knowledge about, feelings toward, and access to FT and other ethical trade initiatives, this research will also be of particular interest to Fair Trade Organizations that may wish to address low demand issues and to promote the consumption of FT products.

1.5 Thesis Outline

This thesis is composed of two parts. Part one (chapters 2 and 3) will place the situation faced by coffee farmers in a historical context, and analyze the effectiveness of Fair Trade and other coffee certifications in achieving change within the current global market system and bringing developmental benefits to coffee producers. Specifically, chapter 2 will discuss the coffee crisis, the rise and fall of the International Coffee Agreement (ICA) and the rise of FT in response, and it will provide a comparative analysis of other "ethical" coffee certification initiatives that have come about alongside, or subsequent to, FT, arguing that FT has the most potential to produce social benefits. Chapter 3 will discuss the FT network, and evaluate its ability to provide an effective alternative to the current neoliberal[4] international trading system, and to improve the situation faced by small-scale coffee producers.

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[4] The term "neoliberal", as it is used in this thesis, refers to the type of trading system that has resulted from market liberalization policies espoused by the Washington Consensus (Stiglitz, 2005).

Chapters 4 to 6 will present the major contribution of this thesis: an exploratory study designed to highlight potential trends in consumers' knowledge about, and attitudes toward, the objectives of a number of ethical coffee certification initiatives (including FT, organic, shade-grown, Smithsonian Bird Friendly, Rainforest Alliance, and Utz Certified coffee varieties); to identify any potential confusion caused by the complex labeling and corporate marketing of ethical products; to examine the impact of distance from, and access to, FT products on the consumer demand for them; and to examine trends in consumption behaviour by examining both consumers and non-consumers of ethical coffees.

2.0 FAIRNESS IN COFFEE PRODUCTION AND TRADE – THE COFFEE CRISIS, THE ICA, AND THE ETHICAL CONSUMPTION MOVEMENT

2.1 "Fairness" in the Coffee Market

Throughout history, the production of coffee for the world market has been an endeavor riddled with conflict, controversy, and questions of "fairness". According to Gavin Fridell, coffee production "has a long history rooted in colonialism, exploitation and social injustice" (2007: 80), and the situation today is not much better for small-scale coffee producers. Coffee markets, like those for many commodities, have been particularly subject to severe cycles of boom and bust, and the extreme variability of coffee prices is taking a significant toll on producers.

Prior to 1989, coffee-producing states made some relatively successful attempts to exert some direct control over the fluctuating coffee market, and to retain a larger share of coffee profits, through the use of marketing boards and regulatory initiatives, such as the International Coffee Agreement (ICA). The collapse of the ICA in 1989 is often cited as the starting point for the "coffee crisis" that "has pulled down thousands of coffee farmers below poverty lines" and decreased the capacity of coffee producers to invest in initiatives that would reduce their vulnerability, such as improving growing practices and enhancing coffee quality (ibid: 2031-2032).

With regard to this crisis, different perspectives have emerged with regard to what is "fair". According to Muradian and Pelupessy, economic ideas of fairness often differ from other definitions, as fairness is judged via notions of overall efficiency:

> From the standpoint of economic efficiency, the [coffee] crisis is an adaptation period that would lead to a more efficient allocation of resources, as a result of increased competition and the removal of market distortions, particularly those exerted by national coffee boards. (2005: 2029)

For the millions of coffee farmers who depend on coffee for their livelihoods, this is not likely to offer much comfort, and the real "fairness" of economic allocation is contestable, particularly when the structure of the current "free" coffee market is examined.

Since the collapse of the ICA and national coffee boards, the coffee chain has become increasingly "buyer-driven", meaning that it is increasingly dominated by large manufacturers, retailers, merchandisers, and trading companies that control increasing proportions of overall coffee sales (Fridell, 2007; Muradian & Pelupessy, 2005). For example, according to Neilson and Pritchard, the 1990s saw a steady consolidation of roasters, and at the start of the 21^{st} century, the main roasters (Nestle, Kraft, Proctor and Gamble, Sara Lee, and Tchibo and two others) controlled close to 70% of the market (2007: 317). With the existence of oligopolies and asymmetric information held by large companies and intermediary agents (Neilson & Pritchard, 2007; Muadian & Pelupessy, 2005), the "unregulated" coffee market puts the majority of small-scale coffee producers at a disadvantage. According to Kolk, over a ten-year period from the early 1990s to the early 2000s, earnings for coffee producing countries fell from $10-12 billion to $5.5 billion while retail sales increased from $30 billion to $70 billion. As Kolk asserts, these statistics show that producer incomes have fallen even while consumer spending on coffee has increased (2005: 228-229). The numerous effects on producers and producing countries include poverty, increased rural-urban migration, environmental degradation, and political instability. According to Linton:

> The coffee crisis has left many farmers in poverty, decreasing their families' health and their children's education prospects while also encouraging migration to overcrowded urban areas where prospects are truly bleak. The crisis has also destabilized national economies that are largely dependent on coffee. (2005: 601)

Sumudu Atapattu asserts that "poverty is the biggest violator of human rights", and "a development issue" (2006: 176). Given that the coffee crisis has contributed to poverty among coffee farmers, it is not surprising that the global coffee market has been a target for a number of initiatives designed to alter the structure of, or provide an alternative to, conventional coffee production and/or trade. Two examples of such initiatives are the International Coffee Agreements (ICAs), and Fair Trade (FT) coffee certification. The International Coffee Organization (ICO), an organization made up of coffee producing, importing, and other states, produced a series of international agreements (ICAs) designed to stabilize the typically highly variable market prices for primary commodities. By contrast, FT product certification is a type of "social economy" development initiative that provides producers with a guaranteed minimum price for compliance with a number of social and environmental standards. Each of these methods can be considered development initiatives in that they were designed, in part, to address certain externalities arising from coffee production and/or trade, and to address particular conceptions of fairness.

2.1.1 *Rise and Fall of the International Coffee Agreements*

During the 1960s and 1970s, international commodity agreements were initiatives that functioned, in part, to justly reward producers for the effort that goes into the production of primary commodities, and to foster political and social stability (Sick, 2008: 15); however, although these agreements "have been credited to some extent with preventing the collapse of national economies heavily dependent on export production and thus averting the political and social upheaval likely to follow" (ibid), they were by no means entirely "fair" for all involved.

In 1958, the International Coffee Organization (ICO), an organization including representatives from thirty-six coffee exporting states, twenty-two importing states, and thirteen other states, was formed to primarily to address volatility within the world coffee market. In 1959, the states involved in the ICO signed the first in a series of five-year International Coffee Agreements (ICAs). These agreements were designed to "manage cyclical imbalances between supply and demand" by: 1) using "buffer stocks" to ensure that prices did not fall below the 1962 level; 2) encouraging increased coffee consumption; and 3) using a quota system to tailor coffee supply to demand and to maintain the negotiated price levels (Sick, 2008: 13; Pendergrast, 1999)

The ICA entered into full effect in 1965, three years after the United States signed on to the agreements. The U.S. was primarily responsible for "monitoring certificates of origin" (Pendergrast, 1999: 279). However, the country's involvement, was not entirely (or, arguably, not at all) motivated by a desire to improve the terms of trade for developing countries. Rather, some argue that the U.S.'s primary interest was to "stabilize Latin American economies against the threat of communism" during the Cold War era (Sick, 2008: 13), thus building on President Kennedy's support of the Alliance for Progress (an initiative designed to improve relations with Latin America, brought about by recognition of the instability that violently changing commodity prices could produce in Latin American countries) (Pendergrast, 1999: 276). According to Pendergrast, "[the] new coffee agreement thus was born out of the economic despair and political tension of [the] Cold War" (ibid: 276).

Although the ICAs enabled producers, at least in theory, to capture a larger share of coffee revenues, the structural legitimacy of the ICO is questionable. As voting power was weighted with regard to "volume of interest", Brazil and Columbia (the states producing the largest amounts of coffee), and the United States (the state consuming the largest amount) had "the most leverage" in the ICO's decision-making process (Sick, 2008: 13). The United States' position in the agreement meant that producing countries sometimes agreed to quota increases (and thus price drops) that they might not have otherwise in order to maintain the support of U.S. politicians (Pendergrast, 1999: 278). Also, although the quota system (established to determine an acceptable amount of coffee that each producing country could export and that each consuming country could import) was negotiable and flexible to some degree, "quotas were based upon some percentage of previous production and took little account of variation in quality, apart from designating four basic groups" (Sick, 2008: 14). This lack of quality consideration was, arguably, unfair to coffee farmers who produced higher quality beans, as some high quality coffee was undoubtedly prevented from being sold on the market. Disagreements arose between states with regard to the fair allocation of quotas. At an ICA conference in 1962, for example, some producers argued that quotas should be based on the demand for particular qualities of coffee; however, "Brazil, with its huge output of unwashed arabicas, wanted a pro rata allocation based solely on volume of production" and prevailed (ibid). Questions also arose regarding fairness to coffee consumers. Some argued that consumers were unfairly being asked to accept the "burden" of maintaining an artificial price level for foreign coffee producing countries (Pendergrast, 1999: 277).

Unsurprisingly, the last ICA collapsed in 1989, as the states involved failed to come to a new agreement. This collapse was due to a number of interdependent factors, including the end of the Cold War, which reduced the United States' support for the initiative, and "growing neoliberal ideologies which oppose overt forms of market interference" (Sick, 2008: 15). The ICO was plagued by disagreements concerning the attempts of some Latin American countries, Brazil in particular, to maintain high price levels using stockpiling techniques and other mechanisms outside of the quota system. This was both a cause and effect of failing confidence in the initiative (Pendergrast, 1999: 362).

As state-based agreements fell out of favour and market liberalization policies increasingly took hold, the situation for coffee producers did not improve. When the final ICA fell through in 1989, coffee prices dropped significantly, which resulted in a massive loss of export revenue for developing country coffee producers. As the quota system was abolished, production increased contributing to a coffee glut (Muradian & Pelupessy, 2005). Unfortunately for coffee producers, coffee prices and production do not adjust very quickly or accurately in response to market signals (Sick, 2008: 14-15). Due to the inelasticity in both coffee demand and supply, unregulated coffee markets are slow to adjust[5]. In the meantime, market failure and high social costs, including poverty, are the result.

2.1.2 Fair Trade Coffee Certification – Beginnings and Functioning

Fair Trade today is commonly identified as a consumption-based certification initiative that allows consumers to express preference in the market for goods that include socially and environmentally beneficial production characteristics. FT, however, has a much longer and more varied history than this recent interpretation suggests; Fridell argues that FT certification is, in fact, part of a broader Fair Trade movement that includes state-based regulatory initiatives characteristic of the first part of the 20th century – initiatives such as the ICA. When market liberalization / neoliberal (i.e. Washington Consensus) policies reduced the role of the state in regulating commodity markets, FT certification became a new market-based "voluntarist, nonstatist development strategy" designed to

[5] With regard to adjustments in consumption, demand for coffee is relatively inelastic (i.e. consumers are not very price-sensitive). This is beneficial for producers when prices are high, since consumers will continue to consume a relatively stable amount; however, when prices are low (as they are during periods of oversupply), producers suffer, since consumers do not easily absorb excess coffee despite lower prices. Also, in an unregulated market, the only way that prices can effectively be raised is if all producing countries produce less; however, this only works to the benefit of all producers if all cut back. If only some reduce their production, those that do not will benefit from the cutbacks made by others, receiving an increased price for their coffee while those who cut back lose out relative to those who do not. Thus, producers fending for themselves are caught in a sort of "prisoner's dilemma" (Sick, 2008: 14). Supply adjustments are equally difficult. Although market prices can rise or drop very quickly, producers are not able to enter or exit the market, or adjust supply rapidly. According to Sick:

> For many [producers], there are few options but to continue growing coffee. Leaving coffee can be expensive and risky: many coffee farmers, particularly those who have planted expensive hybrid trees, are constrained by heavy capital investments in this long-term tree crop. (...) For farmers who have made substantial investments in coffee, the costs of switching are high, as are national costs in terms of uncertain revenues and increased unemployment. (2008: 15)

regulate production and trade standards in the absence of strong state intervention, and to continue to protect primary producers from vulnerability caused by market variability (2004: 412). The Max Havelaar Foundation first initiated FT coffee certification in 1988 (Neilson & Pritchard, 2007: 314). Today, a number of Fair Trade Organizations (FTOs) work together to "develop and review Fairtrade standards" and provide information and guidance to producers (FLO International, 2006).

The main FT organizations (FTOs) currently in operation include the Fairtrade Labeling Organizations International (FLO), the International Fair Trade Association (IFAT), the European Fair Trade Association (EFTA), the Network of European World Shops (NEWS), the Fair Trade Federation, and FINE (an umbrella organization that helps to coordinate the work of the first four) (Nicholls & Opal, 2005). According to these FTOs, FT 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. (Fridell, 2004: 422)

The role of FTOs (which are "backed by consumers") is to be "engaged actively in supporting producers, awareness-raising and in campaigning for changes in the rules and practice of conventional international trade" (ibid).

FT products are certified through labeling programs, which guarantee that both importers and producers have met a number of conditions. Certification requirements for importers include:

1) buying coffee directly from small, certified coffee producers;

2) offering long-term contracts to producers;

3) paying a price premium of US $1.25 per pound (as of June 1, 2008) for washed Arabica beans when conventional market prices are lower than this amount (when the reference market price is above this amount, the FLO offers the reference market price, plus an additional premium of US $0.10 per pound);

4) offering a premium of $0.20 per pound for fair trade coffee that is also certified organic; and

5) offering producer organizations pre-financing covering at least 60% of the annual contract value (FLO International, 2008).

Certification requirements for coffee producers include:

1) that producers are small, family farmers;

2) that they are members of independent, democratic associations; and

3) that they pursue some recently-developed ecological goals, including "minimized and safe use of agrochemicals, proper and safe management of waste, maintenance of soil fertility and water resources, and no use of genetically modified organisms" (FLO International, 2006).

Farmers are also encouraged to have a resource management plan, and they are not allowed to use certain types of pesticides. Other FT goals include minimizing intermediaries in the supply chain (which increases efficiency, and, ideally, allows more of the final price of commodities to reach the producers), providing market information to producers (so that producers are better able to negotiate with buyers), and promoting workers' rights and positive labour practices (FLO International, 2006; Nicholls & Opal, 2005). Fair trade organizations also provide a social premium on top of the fair trade price to be used for development and technical assistance projects, such as schools, wells, or other community projects and investments (Nicholls & Opal, 2005: 7).

Although, unlike the ICA, FT is not an international legal agreement between states, certified producers and buyers must comply with a number of standards that draw from international law, explicitly, the International Labour Organization (ILO) Conventions[6] and Recommendations[7] and the Universal Declaration of Human Rights (UDHR)[8], and implicitly, sustainable development principles[9] (FLO, 2009). The FLO requires producer organizations to abide by national legislation, but if standards set by national legislation are below the international standards that FLO follows, "the international standards prevail" (FLO, 2009: 3). In addition, although membership is voluntary, compliance is monitored

[6] In particular, the FLO follows ILO standards related to ending worker discrimination, prohibiting the use of child and slave labour, providing equal remuneration, providing safe working conditions, requiring democratic cooperation, and recognizing freedom of association and the right to organize (FLO, 2009).

[7] FLO also recognizes ILO Recommendations with regard to the "promotion of cooperatives", and principles such as "voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives and concern for the community" (FLO, 2009: 7).

[8] In particular, FLO draws from the UDHR with regard the need to end discrimination.

[9] Sustainable development principles are not explicitly referenced; however, FLO standards emphasize environmentally sustainable development, and environmentally beneficial practices such as minimized and safe use of agrochemicals, proper and safe management of waste, maintenance of soil fertility and water resources and no use of genetically modified organisms" (FLO, 2009).

via a third party certification system (Muradian and Pelupessy, 2005). Products are certified by FT umbrella organizations if they are produced in a manner consistent with the above-mentioned social and environmental standards, and if they are "exchanged under the terms of a minimum guaranteed price" (Fridell, 2004: 412).

2.2 The expanding 'Third Sector': other ethical coffee certifications

As the poor social and environmental conditions of conventional export agricultural production have become increasingly well-known, FT is not the only "ethical", or "sustainable" production initiative to have come on the market in recent years. According to Raynolds et al., "commodities are increasingly being evaluated not by those *product standards*, but by an array of *process standards* related to the conditions under which items are produced or traded" (2007: 149)[10]. Giovannucci and Ponte note that "[in] the last decade or so, ever more awareness of the socio-economic plight of developing country farmers, increased interest in the health and safety of food, and scientific recognition that expansion of the agricultural frontier constitutes the greatest threat to global biodiversity [...] have further popularized several agricultural sustainability initiatives" (2005: 286).

This heightened consumer awareness and concerns about the environment, health, the plight of poor, and developing-country producers are especially evident in the coffee market, as the number of coffee certification and labelling initiatives have increased rapidly in recent years (Raynolds et al, 2007: 147). Not only are consumers increasingly concerned about the conditions under which their coffee is produced and demanding products produced in adherence to sustainable social and environmental standards, but corporations are also picking up on the increased popularity and potential profitability of "ethical" labelling and marketing; according to Raynolds et al, "[corporations] are jumping on the bandwagon, instituting new production guidelines, codes of conduct, and product seals to bolster consumer loyalty and market shares" (2007: 147). The result has been an overwhelming flood of coffee certification initiatives on the market. "First party" certification initiatives – or, as Pierre calls them "pseudo socially-concerned labelling initiatives" (2007: 51) – are those developed and monitored internally by corporations. Third party initiatives (which

[10] Authors' emphasis in quote

include FT) are those in which "non-corporate coordinating bodies, typically NGOs, [...] set standards and monitor compliance", and are typically considered to be more legitimate than first party certified initiatives (Raynolds et al, 2007: 149).

The focus of the remainder of this chapter will be the third-party certified "ethical" coffee initiatives and the first-party or corporate-controlled coffee initiatives available to Canadian consumers – initiatives that are in addition to, and potentially in competition with, FT coffee. Third-party initiatives include certified organic, bird friendly/shade grown – in particular, coffee certified by the Smithsonian Migratory Birds Centre (SMBC) – Rainforest Alliance (RA), and Utz Certified (UC) coffees. The following sections will briefly outline the background, objectives and certification standards of each, and then provide a comparative analysis of the differences between initiatives, with particular emphasis on how each initiative differs from FT certification. Following that, corporate initiatives, including coffee certifications and guidelines developed by corporations such as Starbucks, Kraft, Sara Lee, Nestle, and Proctor and Gamble, will be briefly discussed.

2.3 Organic

Certified organic coffee is considered to be the most well-established and well-known sustainable coffee initiative available in Canada. Unlike FT (which began as a social justice movement), organic production originated out of concern for human and environmental health. The organic movement has a relatively long history. Regional groups of farmers began developing organic standards as early as the 1940s. Initially, standards were set and monitoring conducted by non-governmental organizations (NGOs) and by local and national organic farmer associations, but as the organic movement increased in popularity, the state became more involved in standard setting. Certifiable standards were formally instituted in the 1970s, and monitoring is now done by private certifiers that are regulated by the state or by accredited non-governmental organizations (NGOs) like the International Federation of Organic Agricultural Movements (IFOAM, 2008).

2.3.1 *IFOAM Background*

The International Federation of Organic Agricultural Movements (IFOAM) is the organization responsible for the internal harmonization of organic standards across local and national organic producer associations (Raynolds et al, 2007: 153); in other words, it is a "facilitator of the worldwide organic movements" (IFOAM, 2008). It was first instituted in the 1970s, and formalized the standardization and certification process for organic production. The IFOAM, with its incorporation of local and national organic associations, has a grassroots base and a democratic structure. Currently, it includes 750 member organizations in 108 countries (IFOAM, 2008).

2.3.2 *IFOAM Goals / Objectives / Standards / Certification Requirements*

IFOAM's main goal is to promote the "worldwide adoption of ecologically, socially, and economically sound principles of Organic Agriculture". In addition to its main goal, the IFOAM has five subsidiary goals:

1) to build a "global platform for the organic movement"
2) to "[develop], [communicate], and [defend] the principles of organic agriculture"
3) to "[advocate] and [facilitate] the adoption of organic agriculture"
4) to "[promote] the development of organic markets"
5) to "[ensure] an effectively managed organization with sufficient and sustainable resources" (IFOAM, 2008)

With regard to the second goal, IFOAM has developed four principles of organic agriculture that have to do with "health, ecology, fairness, and care". IFOAM's health goals originated out of recognition that ecosystem and human health are related, and that health refers not only to human health, but is broadly defined as the "maintenance of physical, mental, social, and ecological well-being" (IFOAM, 2008). IFOAM, therefore, promotes human health by ensuring the production of "high-quality, nutritious food", and by prohibiting the use of fertilizers, pesticides, animal drugs, food additives and genetically modified organisms (whose effect on human health is unknown). With regard to ecology, IFOAM encourages farming practices that fit in with site-specific natural ecological balances and strive to maintain them. This involves maintaining habitats (and the genetic diversity they contain) and conserving resources. IFOAM defines fairness as "equity, respect, justice and stewardship of the shared world" (ibid). IFOAM, therefore, requires that all workers (including farmers, processors, traders, and consumers) and all animals be treated fairly and with respect. "Care" refers to IFOAM's recognition that, given the limits of science and our incomplete knowledge of ecosystems, technology should be used with caution. While IFOAM accepts the use of appropriate technology, it encourages a precautionary approach, and rejects technology that is inadequately tested or unpredictable (such as genetic engineering) (ibid).

Like FT, IFOAM relies on third-party certification. IFOAM certification is carried out by a number of domestic organizations. Certifying bodies can become IFOAM Accredited, which means that they meet IFOAM basic standards. In Canada, a large proportion of organic commodities are certified by the IFOAM-Accredited entity Quality Assurance International (QAI). QAI is "a global leader in organic certification services" (QAI, 2003b). It certifies every step of the organic chain, including the land, producers, "post-harvest facilities", and processing facilities (QAI, 2003a). QAI has offices in Canada, the United States, and Japan, and certifies a number of producers in Latin America. Overall, "QAI verifies organic and other claims for more than 2700 client locations" (ibid).

2.3.3 Comparison and Analysis

IFOAM has well-established, elaborate certification standards and monitoring requirements with regard to the environment, but social standards, in general, are not a main factor in organic certification. This is somewhat opposite to FT, which has well-developed social standards, but only basic, recently-added environmental ones. IFOAM members are expected to comply with a number of International Labour Organization (ILO) regulations concerning basic social justice; however, IFOAM does not set any specific social requirements (Giovannucci & Ponte, 2005: 288).

Like FT, organic coffee is labelled and marketed through mainstream channels. At least 90% of a coffee product must be certified as organic in order to receive the organic label (Raynolds et al, 2007: 152). As with FT, the majority of certified organic coffee growers are small farmers (ibid); however, unlike FT certification, which, for the majority of its existence, has not allowed coffee plantations to be certified, organic certification has never excluded coffee plantations from becoming certified organic (Raynolds et al, 2007). Also contrary to FT, organic producers do not receive a specific price premium, but certified organic coffee usually sells for a higher price than conventionally grown coffee.

2.4 Shade Grown and Bird Friendly (Smithsonian Migratory Birds Centre)

2.4.1 Background

As the previous chapter pointed out, the increasing variability and downward trend of coffee prices in conventional markets over the past few decades has had devastating impacts on many coffee farmers. Coffee farmers have become increasingly vulnerable to external stresses and shocks caused by the variable market, and this increasing vulnerability has, in turn, affected land use decisions. According to the Smithsonian National Zoological Park, as farmers have attempted to adapt to the situation over the last few decades, "more than half of the traditional shade-grown coffee farms in Latin America have been converted to 'sun coffee' farms to increase production" (SMBC, 2008). The Smithsonian Migratory Birds Centre (SMBC) asserts that, although the conversion from traditional shade-grown methods to sun-grown methods can increase coffee yields, and therefore increase farmers' incomes in the short term, in the long run, sun-grown methods can produce a number of negative environmental, social, and economic consequences (ibid).

The negative environmental implications of "sun coffee" are relatively straightforward. Traditionally, coffee was grown in the forest under a natural forest canopy, and without the use of manufactured agrochemicals or fertilizers. "Sun coffee", on the other hand, is grown in open, monoculture fields. As the forest canopy is removed, not only is plant diversity decreased, important animal habitat (for migratory birds, in particular) is destroyed. Due to the high density of coffee plants, soil nutrients are depleted more quickly, and fertilizer inputs are required. Similarly, due to plant density and the monoculture nature of sun production, plants are more vulnerable to disease, and, therefore, pesticide inputs are also necessary (ibid).

The negative social and economic implications of sun coffee are less obvious, but are also potentially significant. The loss of forest cover not only decreases local biodiversity, but it also results in the loss of forest products (such as fruit, firewood, lumber, medicines, etc.) that could be of use to farmers, and could even provide a source of income diversification. It has also been argued that, in many climates (although not all), shade-grown coffee is of better quality than sun coffee because shade provides cooler growing conditions. Cooler growing conditions mean that beans develop more slowly, and are, therefore, denser and harder (i.e. better quality) than sun grown beans. Better quality beans can produce economic benefits, since producers have the potential to receive higher market prices for them (ibid).

As the benefits of shade-grown coffee (and the costs of sun coffee) have become increasingly recognized, some certification initiatives have been developed to encourage the production and consumption of shade-grown coffee. The most well-known and documented shade-grown coffee certification system is that developed by the Smithsonian Migratory Birds Centre (SMBC) – a branch of the Smithsonian National Zoological Park in Washington D.C. SMBC's "Bird Friendly" certification initiative was established in 1997 (Raynolds et al, 2007: 152), and, according to their website, SMBC-certified Bird Friendly coffee is "the only 100% organic shade-grown coffee certification" available (SMBC, 2008).

2.4.2 Goals / Objectives / Standards / Certification Requirements

Bird Friendly certification standards are set by the SMBC; however, monitoring is not undertaken by the SMBC, but by SMBC-approved private certifiers. Similar to FT, SMBC certifies mostly small farms; however, as with organic coffee, plantations are not excluded from certification (Raynolds et al, 2007: 152). Since organic certification is a prerequisite for SMBC certification, SMBC Bird Friendly standards are fairly stringent and comprehensive when it comes to the environment. In addition to complying with organic certification requirements, the SMBC has developed a number of relatively stringent "science-based" standards for "shade-tree management" that producers must comply with to receive SMBC Bird Friendly certification (SMBC, 2008). These include specific requirements with regard to the amount and type of shade cover and "secondary plant diversity and stream buffers" (Raynolds et al, 2007: 156).

The SMBC certifies coffee either grown under "rustic shade" (i.e. natural plant cover), or "planted shade". With regard to rustic shade, standards are primarily to do with trimming and thinning practices; some trimming and thinning of trees is allowed to decrease humidity and increase light, but a 40% canopy cover must be maintained at all times. Furthermore, no trimming of "epiphytic" plants or "hemi-epiphytic" vines growing in shade trees is allowed. Standards for farms with planted shade mainly have to do with the types of trees that can be planted. *Erithrina* and *Gliricidia* tree species are prohibited, since "they are deciduous during the dry season leaving the 'shade' plantation shade-less during a time of year when canopy cover for both migrant and residual birds may be most critical" (SMBC, 2008). Standards also restrict the use of non-native trees, particularly those unlikely to support native arthropod species (ibid). SMBC certification does not include any official social standards (Raynolds et al, 2007: 156); however, the SMBC claims that certification provides producers with "fair and stable prices". The SMBC also claims to provide "access to credit for producers employing sustainable technologies", as well as "adequate wages, housing, and healthcare for workers" (SMBC, 2008).

2.4.3 Comparison and Analysis

Like FT and organic initiatives, SMBC Bird Friendly products are typically labelled (Raynolds et al, 2007: 152). Consumers, therefore, can easily identify certified products. Unlike FT and organic initiatives, however, SMBC coffee is not widely available. Whereas the sale of organic and FT coffees have expanded to supermarkets (as well as specialty shops) in most major cities, the sale of SMBC coffee is limited to a few specialty shops, and is not yet available in the majority of Canadian cities. SMBC coffee is currently not sold in Manitoba, Saskatchewan, Quebec, Newfoundland, Prince Edward Island, New Brunswick, British Columbia, or any of the territories. In fact, it is only available in Kingston, Hamilton, and Toronto (in Ontario), in Calgary, Alberta, and in Wolfville, Nova Scotia (SMBC, 2008).

Since it includes all of the certification requirements of organic farming plus additional planting and ecosystem maintenance requirements, SMBC coffee is the most stringent in terms of environmental standards. SMBC's social standards, however, do not go beyond those required for organic certification, and so they (like organic social standards) are much weaker than FT's social standards. Also like organic certification, Bird Friendly certified coffee does not provide producers with a specified premium. Although certified organic and, therefore, certified Bird Friendly coffee, typically receive a higher-than-market-price due to the "value added" by certification, with no set minimum price, the prices received by producers are likely to fluctuate with the market, and the premium received is likely to vary widely. The SMBC's claim of "stable prices" is, therefore, questionable.

2.5 Rainforest Alliance

2.5.1 Background

The Sustainable Agriculture Network (SAN) established the Rainforest Alliance (RA) coffee certification initiative in 1996 (Raynolds et al, 2007: 152). SAN is a coalition of a number of conservation groups in several North and Central American countries, including Belize, Brazil, Costa Rica, Columbia, El Salvador, Ecuador, Guatemala, Honduras, Mexico, and the United States. Like organic and bird friendly coffee, RA coffee certification grew out of a concern for the environment, and out of recognition of the negative environmental implications of mainstream coffee production (i.e. "sun coffee"). Recognizing that coffee farms tend to be located "in areas regarded as high priorities for conservation" and that forested coffee farms (i.e. "traditional coffee farming practices") "are havens for wildlife", SAN initiated the RA label to encourage conservation and biodiversity protection on coffee farms. The RA claims to be "a positive, science-based and market-driven solution" to the environmental problems inherent in mainstream coffee production (RA, 2008).

2.5.2 *Goals / Objectives / Standards / Certification Requirements*

The RA and its associated NGOs, along with the SAN developed a number of guidelines for farm management (RA, 2008). Certification is managed by the SAN, and conducted by SAN member organizations (Raynolds et al, 2007: 152). Currently, RA certification takes place in 14 countries, including Mexico, Brazil, Columbia, Peru, and Ethiopia, and includes over 1000 coffee farms covering 414,218 hectares of land. RA certification focuses on coffee plantations, but some small farmers are RA certified as well (Raynolds et al, 2007: 152). Like organic coffee, an RA label may be used on products that contain over 90% RA-certified coffee (161).

Like shade-grown and "bird friendly" coffee initiatives, RA certification recognizes the environmental problems caused by "sun coffee" production, and aims to counter this by encouraging more "traditional" coffee production practices. RA coffee is certified under the SAN's Sustainable Agricultural Standard (SAS), which includes ten main principles related to social and environmental production conditions. With regard to environmental principles, the SAS calls for ecosystem, soil, wildlife, and water conservation and integrated crop and waste management practices. Social principles include a commitment to "Fair Treatment and Good Working Conditions for Workers" (SAN, 2008: 5), occupational health and safety, and the promotion of good community relations. Under these basic principles, the SAS includes 94 criteria, a number of which are considered "critical". "Critical criteria" include the following:

1) Producers must have a plan to ensure that certified products are not mixed with non-certified products;

2) Producers must identify all existing "natural ecosystems" on their land, restore or protect those areas not suitable for agriculture, and maintain natural ecosystems both in and outside of the farm;

3) Producers must plant or maintain shade trees;

4) Hunting and trapping are prohibited on certified farms unless for cultural or ethnic purposes, and as long as there is no negative impact on ecosystem processes or species viability;

5) Farmers must comply with domestic legal regulations with regard to discharging wastewater or debris into natural water bodies;

6) Farmers must not discriminate when hiring workers and they must offer the same pay to workers that perform the same work;

7) Wages must comply with, or exceed, the regional average or "legally established minimum wage";

8) Child and forced labour are prohibited;

9) Farmers must provide protective equipment to those working with chemicals;

10) Farmers must not use chemicals that are banned by domestic or certain international legislation;

11) Transgenic crop use should be avoided; and

12) The destruction of primary forest for the cultivation of new agricultural land is prohibited (ibid: 5-11).

The RA claims that certification will produce a number of environmental and social benefits. As evident from the criteria outlined above, environmental benefits include the protection of ecosystems, pollution control, soil and water conservation, and the reduction of agrochemical use. With regard to social benefits, RA certification makes a number of commitments to workers' rights and fair treatment. Like the SMBC's bird friendly" coffee, RA recognizes that shade-grown coffee production can "serve as a 'corner store' for farm workers and neighbours, providing firewood, fruits, fibers, medicinal plants and other needs" (RA, 2008). The RA also claims that compliance with the farm-management system developed by the SAN will help farmers control their costs, increase their efficiency, and improve the quality of their coffee. Although farmers are not provided with a particular minimum price, the RA claims that one of the benefits of RA certification is that having an "ecolabel" will improve the negotiating power of farmers (ibid).

2.5.3 Comparison and Analysis

Despite its seemingly comprehensive list of standards, RA certification is not without criticism. According to Raynolds et al, since the SAN does not include farmer cooperatives or labour organizations, the RA certification process is not as open or democratic as FT or organic certification processes which do allow input from these groups (2007: 153). Furthermore, the relatively recent advertising and promotion of RA coffee in connection with conventional coffee giants, Nestlé, Kraft, and Proctor & Gamble (Fridell et al. 2008: 21) raises questions about the ability of RA certification to truly challenge the problems that the mainstream coffee production and the current structure of the conventional coffee chain pose for producers. For example, as mentioned earlier, the corporate concentration of conventional coffee roasters and retailers has contributed to the volatility of, and frequent declines in, coffee prices. In turn, price volatility contributes to the vulnerability of producers, and low prices hinder improvements in producers' standards of living. The close connection of RA coffee to a large coffee company with the power to exert considerable influence over the coffee market raises scepticism as to whether RA can help to improve producers' standards of living, despite Nestlé's probable interest in maintaining low coffee prices. According to Fridell et al., "the Rainforest Alliance's strategy of engagement with the corporate community inevitably results in standards that are quite different from those guaranteed by fair trade under the FLO certifying scheme" (2008: 21).

RA environmental standards have been criticized for being less stringent than organic certification standards (Bacon, 2005: 508); however, RA's social standards seem to be a more significant cause for concern. Fridell et al. criticize RA for its weaker environmental standards (i.e. the allowance of agrochemical use) and its "bare-bones social requirements" (2008: 21). According to Raynolds et al, RA's social standards are substantially lower than those upheld by FT certification. Since RA's social commitments do not go beyond key International Labour Organization (ILO) conventions (unlike FT's social standards), they simply function to maintain the existing status quo – i.e. they do not attempt to "raise the bar" when it comes to social norms and practices (2007: 159-160). Another criticism of RA's social objectives is that many of the social benefits listed on the RA website are more environmental than social in nature; for example, proposed social benefits include such statements as: "Certified farms join in the conservation and management of shared resources, such as streams, watersheds and woodlots", and "Well-managed farms have a reduced 'environmental footprint' and are good neighbours to communities and wildlands" (RA, 2008). This assumes that these environmental benefits can be easily translated into social ones – i.e. that communities will automatically benefit by having the opportunity to join in on conservation. While environmental and social benefits are undoubtedly related, without receiving a higher-than-market price for certification, farmers may, in fact, be financially burdened by their conservation activities.

2.6 Utz Certified Good Inside

2.6.1 Background

Out of the third party coffee certification initiatives addressed in this thesis, Utz Certified "Good Inside" (formerly Utz Kapeh) is the newest. Utz Certified (UC) began as an industry-based initiative called Utz Kapeh in 2002. It was originally developed by the Ahold Coffee Company "to serve [the company's] private needs", but UC eventually became an independent NGO with "a certifiable code of conduct" (Giovannucci & Ponte, 2005: 287). Standards are now set by the UC organization, and private certifiers approved by UC conduct the certification. Like RA, UC mostly certifies plantations, but small farmers are not excluded from receiving the UC label (Raynolds et al, 2007: 152).

2.6.2 Goals / Objectives / Standards / Certification Requirements

Similar to other coffee certification initiatives, UC claims to be a "certification program for responsible coffee production and sourcing" (Utz Certified, 2006). Both producers and buyers, therefore, are certified according to the UC Code of Conduct. The Code of Conduct includes standards with regard to record keeping, minimal levels of chemical use, and commitments to "providing education and healthcare access to employees and protecting labour rights" (ibid). UC's original Code of Conduct was based on the 1997 EUREPGAP[11] Protocol for Fruits and Vegetables, but UC adapted the protocol to refer

[11] EUREGAP refers to the European Retailer Group, a body designed to promote good agricultural practices (Giovannucci & Ponte, 2005: 287). The organization is now called GLOBALGAP. Like EUREGAP, GLOBALGAP is still "a private sector body that sets voluntary standards for the certification of agricultural products around the globe" (GLOBALGAP, 2008).

specifically to coffee production and added some International Labour Organization (ILO) specifications as well. An independent certifier approved by UC conducts certification (ibid).

The code includes criteria related to agricultural and business practices, and social and environmental standards. With regard to agricultural practices, farmers are required to keep detailed records of their agrochemical and fertilizer use, farm workers must be adequately trained, farms must have emergency plans and procedures in place, and they must have adequate hygiene practices. UC also has an elaborate tracking mechanism to ensure that coffee is traceable to producers at any point along the commodity chain (Utz Certified, 2006). With regard to social standards, UC commits to upholding a number of ILO conventions with regard to workers' rights, including freedom of association, freedom from discrimination, and no child or forced labour (Raynolds et al, 2007: 155). The UC Code of Conduct also has social requirements related to ensuring access to health care, education, clean water, and housing for workers and their families (Utz Certified, 2006). Environmental criteria under the Code of Conduct include reducing soil erosion, practicing "minimal and responsible" chemical use, practicing integrated pest management, reducing energy use, protecting and treating water sources, prohibiting deforestation of primary forests, using native tree species for shade, and protecting endangered species (ibid).

2.6.3 Comparison and Analysis

UC has been substantially criticized for having weak standards, especially with regard to social and environmental practices. Raynolds et al. point out that UC's social requirements do not go beyond what is already required by national legislation and international conventions; they argue that UC (like RA) does not "raise the bar", but can only, at the most, maintain existing social standards (2007: 159). According to Giovannucci and Ponte, UC is somewhat less credible than the other initiatives discussed because its certification requirements are more "baseline guidelines rather than standards that are assessed through rigorous systems of independent verification" (2005: 291).

The wording of the environmental criteria contained in UC's Code of Conduct exposes their weaknesses compared to the environmental criteria of other certification. For example, unlike organic or shade-grown certification initiatives, UC only commits to minimizing, not eliminating, chemical use. Unlike FT (which eliminates the use of some specific chemical use), UC only requires that chemical use be documented – it does not directly prohibit the use of any chemicals. Also unlike organic and shade grown initiatives, UC commits to prohibiting the loss of primary forests, but does not commit to overall ecosystem maintenance. Similarly, it only commits to the protection of endangered species, not overall biodiversity.

As with the initiatives mentioned above, UC does not set any price minimum. It aims not to interfere with price negotiations, and allows prices to be determined by negotiation between buyers and sellers (Utz Certified, 2008). While UC claims that compliance with their Code of Conduct gives added value to products, and will allow farmers to negotiate for higher-than-market prices (ibid), whether this occurs in practice is debatable. While UC reserves the right to revoke certification from roasters that consistently offer low or no premiums above the market price (and from producers that continually accept low or no premiums), the emphasis on *consistently* means that roasters are not prohibited from offering low prices on an occasional basis.

UC also claims to provide up-to-date pricing information to producers, which can aid them further in negotiations with buyers; however, the type of information provided to producers again raises questions as to how much this information benefits producers in practice. UC claims to provide producers with "access to an information database about the supply and demand of Utz Kapeh certified coffee and its pricing" (Utz Certified, 2008). By providing only information about prices paid and received for UC coffee, and not information about the conventional coffee market, it is questionable what kind of negotiating power producers can gain with this information.

As with RA certified coffee, an UC label may be used on coffee products that contain more than 90% UC coffee. According to Raynolds et al, products that meet this requirement are often labelled (2007: 152); however, they state that approximately half of UC coffee is blended with other coffee varieties, and, therefore, is not labelled (161). The fact that product labels are used on only half of UC certified products raises questions as to the benefits realized by both consumers and producers. For example, if consumers are not able to select UC certified coffee over mainstream coffee, not only are they denied a sense of satisfaction that consumers often claim to gain from the "value added" by sustainable of production practices, but they are not able to express their preferences for the social and environmental objectives embodied by UC certified coffee within the market system. This inability to express demand may, in turn, affect the benefits received by producers. If products are not labelled as UC, it is unlikely that they will be priced higher than conventional coffee (according to the value added that UC certification represents), and farmers will be unlikely to see an increased price.

2.7 Corporate Initiatives

In addition to the proliferation of third-party coffee certification initiatives, the FT movement has influenced a number of corporate first-party initiatives designed to address, in one way or another, the negative social and environmental implications of coffee production. According to Fridell et al., corporations have adopted two different strategies in response to FT: "delegitimation" (referring to attempts to discredit FT) and "pre-emption" (referring to attempts to appropriate FT's strategy) (2008). Nestle, Sara Lee, Kraft, and Proctor & Gamble (P&G) (i.e. the "big four") have adopted both of these strategies with regard to FT coffee. They attempt to discredit FT by referring to economic arguments that FT is market distorting, and to appropriate FT's responsible image by adopting a "language of corporate responsibility and caring" and some of FT's goals into their own initiatives and codes of conduct[12] (ibid: 16-17).

Corporate codes of conduct in the coffee sector are numerous. For example, in 1995, Sara Lee came out with codes outlining the company's "Global Operating Principles", and "Supplier Selection Guidelines". In 1997, Sara Lee initiated a set of "Global Business Standards", and in 2001, it revised its "Supplier Selection Guidelines". Nestle adopted a set of "Corporate Business Principles" in 1998 and revised them in 2002. P&G initiated its "Values and Codes of Conduct" and "Sustainability Guidelines for Vendor Relations" in 2000, and in 2003, came out with a code entitled: "Our Values and Priorities" (Kolk, 2005).

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[12] Some corporations have agreed to use some FT coffee in addition to promoting their own ethical initiatives. For example, Nestle's Partner's Blend and P&G's "Mountain Moonlight" released under the Millstone label are both FT certified varieties. Both companies, however, limit FT to niche markets. The vast majority of coffee that they purchase is not FT (Fridell et al. 2008: 22).

In addition, Sara Lee, Nestle, and Kraft have all agreed to participate in the Sustainable Agriculture Initiative (SAI), an initiative that "provides guidelines for the treatment of workers on coffee farms large enough to use hired labour" (Fridell et al., 2008). According to Fridell et al., the goals of FT's social premium, which provides democratic cooperatives with surplus income to pursue social goals like health, housing, and education, have been appropriated by initiatives like "Kraft Cares" (which provides daily meals and contributes to education programs for children of some Costa Rican coffee farmers), and by charitable donations made by other companies[13]. For example, P&G contributes millions of dollars to "relief efforts" such as clinics and schools and training programs, such as TechnoServe (2008: 18). FT's goal of cutting out intermediaries has been adopted, in particular, by Nestle, which has a direct buying program in the eleven countries in which it has coffee processing factories (ibid: 20-21).

While this "appropriation" may seem beneficial, some challenge the validity of corporate codes of conduct, and the potential of the above mentioned initiatives to alter the conventional coffee market in a way that satisfactorily improves the situation faced by coffee producers. Linton asserts that:

> First-party codes of conduct are not necessarily credible. For example, (...) the world's major coffee purveyors – Kraft (Philip Morris), Nestle, Proctor & Gamble, and Sara Lee – all have statements of social responsibility that mention the countries and communities where their coffee is grown. They all acknowledge the coffee crisis and make contributions to development and aid programmes in coffee-producing areas. Several have recently initiated small projects to improve coffee quality among growers in Mexico, Peru, and Vietnam. Yet these companies' high-profit, high-profile coffee brands rely increasingly on communication, transportation, and processing techniques that allow them to seek the lowest cost combination of coffees for their blends. (...) For these reasons, activists and informed consumers do not find the big four's claims of social responsibility convincing. (2005: 605).

With regard to specific initiatives, the extent to which Nestle's direct buying program benefits producers is questionable due to a lack of transparency. According to Fridell et al., "the lack of independent, third-party verification means that we must rely on Nestle itself to quantify the benefits of its program" (2008: 20). Fridell et al. also argue that the SAI is extremely limited in its ability to improve coffee workers' living standards, as it does not commit to providing "living wages" or to address power imbalances within the coffee chain.

[13] In 2003, Kraft also committed to have part of its coffee certified by Rainforest Alliance (Kolk, 2005: 231)

The SAI's monitoring and enforcement capabilities are limited, as there is "little in the SAI to ensure that even the signatories follow their own guidelines" (ibid: 21).

Although a somewhat smaller player in the coffee market overall, Starbucks is a large and important company within the specialty coffee market. According to Kolk, Starbucks was the first company pressured by NGOs into adopting a code of conduct regarding labour conditions in coffee production (Kolk, 2005: 230). Starbucks' "Framework for a Code of Conduct" was issued in 1995, and in 2001, a "Green Coffee Purchasing Program" was initiated. The "Green Coffee Purchasing Program" was a "preferred supplier programme" designed to reward "sustainable" coffee producers (i.e. those producing in a manner deemed to be environmentally-, and to a certain extent, socially-responsible manner) by offering them purchasing contracts. In 2003, the company released their "Supplier Code of Conduct", which represented the further development of the preferred supplier program (ibid).

This preferred supplier program is referred to as Starbucks' Coffee and Farmer Equity (C.A.F.E.) program. It is an example of a first-party, internally verified system consisting of an internal code of conduct and sourcing guidelines. According to MacDonald, it was designed with the "ambition to transform relations of production and trade throughout the company's supply chain" (2007: 802) and came about in part as a response to activist pressure and in part due to the company's strategic goals. Coffee suppliers must meet requirements with regard to "quality and 'economic accountability" (ibid). First, products must be fully traceable along the chain from producer to Starbucks. In addition, the distribution of profits along the supply chain must be "equitable" (although, according to Raynolds et al., what is equitable is determined by Starbucks), and producers and other participants in the supply chain are encouraged to comply with a number of socially and environmentally sustainable practices (Raynolds et al., 2007). Monitoring is conducted first via self-evaluation, and then verified by independent monitoring organizations (ibid).

While these requirements represent an improvement over the workings of the conventional coffee supply chain, they still fall short in terms of benefiting producers when compared to FT's standards. For meeting C.A.F.E. requirements, suppliers are offered preferential contracts by Starbucks; however, as C.A.F.E. does not set any minimum price requirements, producers may or may not receive a premium price (Raynolds et al., 2007:

151). In addition, the participation of smallholder producers is not a main priority for the C.A.F.E program. According to MacDonald,

> Producers generally receive lower prices from Starbucks than from Fair Trade, and the failure of Starbucks to prioritize support for producer and worker organization has significantly limited its ability to generate multiplier effects by harnessing wider resources and opportunities in support of sustainable rural development. (2007: 802)

2.8 Overall Comparisons with Fair Trade

According to Raynolds et al, FT is distinct from other ethical certifications and initiatives in a number of ways. It is "one of the most well-established initiatives and has the broadest and strongest NGO base" (2007: 151), and it is the only initiative that specifically targets small-scale coffee producers. Also unlike other the other initiatives, FT certifies both producers and importers. FT is also the only initiative to offer producers a minimum price (a guaranteed price above the market minimum), a social premium, and an additional premium for dual-certified FT and organic coffee (ibid: 153-155). Although other initiatives claim to earn producers a higher price, this so-called "sustainability premium" is often not explicit or guaranteed, and is often "hidden in the quality premium" (Giovannucci and Ponte, 2005: 293). For example, as mentioned above, shade-grown coffee claims to be of better quality than sun coffee, so the premium received for certified shade-grown coffee may have more to do with the coffee quality than with its shade-grown certification (ibid). According to Giovannucci and Ponte, FT offers the highest premium (including the indirect premiums received with other certifications) out of all the initiatives discussed "by far" (ibid).

With regard to certification standards, FT differs from many of the initiatives mentioned above in that its main focus is on social, rather than environmental, standards. Although FT has been increasing its focus on environmental standards in recent years, and although the movement encourages producers to seek organic as well as FT certification, the social priorities of FT are still predominant; according to Raynolds et al, "[in] the coffee sector, Fair Trade has the strongest social justice standards, while Organic and Bird Friendly certifications have the strongest ecological standards" (2007: 159). According to Nicholls & Opal, formal FT environmental requirements are in need of further development (2005: 7).

In terms of credibility and legitimacy, FT and organic certifications have an edge above RA and UC coffees due to their "international accreditation of the certification guidelines and even the certifiers themselves" (Giovannucci and Ponte, 2005: 291). UC and RA are considered by some to be less credible. Their guidelines are less stringent, and, since they do not go beyond state regulations or international conventions, they generally function to "guarantee minimum requirements in the coffee industry" (Raynolds et al, 2007: 159). Raynolds et al have also questioned UC and RA's multi-stakeholder claims. They argue that UC functions more like a "second party" rather than a "third party" initiative, since "[its] NGO base [was] created after the fact largely to legitimate a system that appears to cement the power of dominant distributors" (ibid). They also point out that, despite RA's "strong NGO base", its operations do not include the meaningful participation of small farmers, workers, or consumers (ibid).

2.9 Conclusion

As this chapter has demonstrated, the "sustainable", or "ethical" coffee movement encompasses a number of different certification initiatives, varying (and, to some degree, overlapping) in their overall goals, organization, structure, and degree of rigour. Raynolds et al. have claimed that, in general, the practice of certification and labelling is "an important institutional avenue for promoting social and environmental sustainability"; however, they caution that "key variations in the ideas and practices employed in these efforts influence their positive potential", and limit the potential benefits of all initiatives (2007: 148) by confusing consumers and creating competition between them (Muradian & Pelupessy, 2005). Furthermore, when some (or, as in the case of coffee, the majority of) certifications do not provide a price premium for producers, the ability of other certifications (FT, in particular) to justify a premium to consumers may become increasingly difficult. According to Muradian and Pelupessy, "the proliferation of voluntary regulatory systems may increase awareness, but at the expense of undermining consumer confidence and creating a 'race to the bottom' of standards" (2005: 2038).

Whether consumers are fully aware of the complex and often subtle differences between ethical coffee certification initiatives, and whether their "ethical" coffee purchasing decisions match their preferences and priorities for socially and environmentally sustainable production, remains to be seen. Full consumer awareness, however, is unlikely (Muradian & Pelupessy, 2005); according to Neilson and Pritchard, "[for] consumers wishing to take account of social and environmental factors in their purchasing decisions, the separate but related development of these regimes complicates rather than facilitates transparency" (2005: 320). For ethical markets (or any markets, for that matter) to operate efficiently, full consumer awareness is necessary. It only makes sense that a complicated, opaque ethical coffee market would prevent an accurate reflection of consumer demand. If, as this chapter argues, FT has the most potential to bring benefits to marginalized coffee producers, and if, as noted earlier, FT demand is directly related to the amount of benefits that producers can realize from FT, then understanding the potential impact of market complexity on consumer perceptions and demand (as this study aims to do) is necessary.

3.0 FAIR TRADE EVALUATION – POTENTIAL FOR GLOBAL CHANGE AND LOCAL BENEFITS

3.1 Fair Trade and the Global Economic System – Potential for Change?

The rapid spread of neoliberal economic policies in countries around the world over the past few decades has generated much discussion and debate about economic globalization – about its causes and consequences, and about the ultimate sustainability of the global economic system. While even economic definitions of globalization differ, this chapter will draw on the definition proposed by Philip McMichael. McMichael defines globalization as a "project" involving the conscious implementation of neoliberal free-market economic policies on a global scale (2008). As the negative consequences of this globalization have become increasingly recognized, the progression of neoliberal policies has been met with the development of resistance mechanisms, both from within and outside of the global economic system. As Fair Trade seeks to challenge inequitable trading relationships between Southern producers and Northern buyers by reducing intermediaries in the supply chain, and to correct market distortions by accounting for social and environmental externalities in production, FT product certification can be considered a form of resistance that works within the global market system.

Despite FT's overarching goals of systematic transformation, there is considerable debate about the ability of resistance mechanisms that work within the market system to truly effect change. While FT has resulted in a number of benefits for Southern coffee producers, the need to attract more consumer demand has led to further mainstreaming of the initiative in recent years. This mainstreaming leads to questions about the extent to which FT's original goals are being compromised, or appropriated by the conventional market system. This section will discuss FT coffee labeling within the context of the current global economic system, and discuss the extent to which "appropriation" has the potential to compromise FT's goals and effectiveness as a mechanism of global economic change.

Chapter 2 described FT's origins first as part of a broader movement that recognized the need to combat the decline of the price of primary commodities relative to manufactured ones, and to protect primary producers from vulnerability caused by market variability

(Fridell, 2004). Beginning in 1988, FT began to shift even more toward a "more volantarist and non-statist development model" by evolving into an "ethical trade" product certification initiative (ibid). According to Fridell, this reorientation of what he terms the FT network "was, in part, driven by the desire to expand the size of fair-trade markets which were too small to meet the needs of Southern partners", but was also driven, in large part, by neoliberal policy reforms, such as Structural Adjustment (SA) and their economic and social consequences (2007a: 81).

As the World Bank (WB) and International Monetary Fund (IMF) pressured the implementation of structural adjustment (SA) policies in the 1980s and 1990s[14], state power to regulate commodity markets was significantly decreased. The imposition of neoliberal policies through SA had an especially significant impact on the function of the Third World (TW) state; in the TW, SA decreased state involvement in: production, protection of domestic industries, regulation of financial markets and banks, and strategic use of fiscal policy (Babb, 2005). Neoliberal cutbacks to the state in these areas contributed to the 1989 collapse of coffee prices because, as state agricultural ministries declined in their function of coordinating coffee production, state governments lost international negotiating power, and were no longer able to enforce the ICA (Raynolds et al, 2004; Bacon, 2005).

In addition to contributing to the increasing volatility of global coffee prices, some argue that Structural Adjustment has resulted in a number of negative social consequences. By contributing to declining commodity prices, SA has made "traditional and small-scale agriculture even less viable" (Babb: 2005: 212), and has, therefore, initiated a process of rural-urban migration, or "de-agriculturalization" (ibid). Neoliberal SA policies have also decreased state capacity in social service sectors. Farmers moving off the land and into urban areas are faced with low wages, high unemployment rates, and a reduced formal labor sector, in part as a result of government cutbacks. This urbanization process does not reflect the positive aspirations of modernization or development, but instead contributes to the proliferation of slums (Davis, 2004).

As state ability to regulate commodity markets and provide social services has deteriorated, new regulatory models, including third party labeling and certification initiatives, such as FT, have stepped in to fill the gap left by the state's retreat in these areas.

[14] These were implemented as mechanisms to address the Third World debt crisis (McMichael, 2008).

These models provide a new form of "social contract", and aim to counter some of the negative social and environmental consequences of SA policies (Giovannucci & Ponte, 2005; Renard, 2005, Babb, 2005). According to Raynolds et al, the neoliberal policies that led to the coffee crisis have also led producers to seek out alternatives such as FT to protect their livelihoods (2004).

3.1.1 The Debate: Fair Trade as Direct Challenge to Neoliberal Market Organization?

A number of authors have pointed to FT's success in terms of challenging neoliberal ideology, and providing an alternative to conventional commodity markets. According to Peter Taylor, FT directly challenges the "taken-for-granted neoliberal logics and rules of the game" (2005: 132). Robert Rice outlines how the "philosophical underpinnings" of Fair Trade and organic coffee certification initiatives (such as consumer-producer relations, long-term buying commitments, and a livable income for producers) "represent a type of economic and social restructuring from below, drawing upon and developing linkages beyond the traditional boundaries of how coffee is produced and traded" (2001: 39). Deborah Sick identifies that, over the last decade, FTOs have succeeded in "establishing an alternative market in which social and environmental concerns play a key role in establishing the value of commodities – most notably of coffee" (2008: 194).

These benefits, however, are only one side of the story, and they are being called into question due to the recent mainstreaming of the FT network. Although FT (along with the ethical consumption movement in general) has been rising in popularity in recent years, it still "represents only a minor share of the world market" (Raynolds et al, 2004: 1109), and many FT certified coffee producers are only able to sell a small proportion of their coffee on Fair Trade markets – sometimes as little as 20% (Fridell, 2004: 422). To increase the demand for FT products, and thus increase FT's potential to benefit more producers, FT has shifted its focus to achieving rapid growth, and is now pursuing a "mainstreaming strategy". This trend has led to questions about whether FT has compromised its original goals and its ability to counter the current, conventional (neoliberal) global economic system.

As part of the mainstreaming strategy, FT "has begun moving away from alternative trade niche markets to place certified coffee in mainstream retail outlets" (Taylor, 2005:

130), and it has enlisted corporations like Starbucks, Costco, and Wal-Mart to sell FT products[15]. The enlisting of major retailers may signal that FT has shifted away from its philosophical support of the small-scale – not only of small-scale producers, but of small, independent retailers as well. Coinciding with the enlistment of major retailers, Taylor identifies that there has been a reduction in "regular visits of Northern consumer groups to Southern cooperatives" (ibid: 134). This could represent a move away from FT's goal of forming direct, meaningful relationships between producers and buyers. Fridell argues that the new FT model has indeed abandoned its commitment to an alternative trading system. He asserts that the success of the FT product certification initiative (success in terms of rising sales and "the support of public institutions, international financial institutions, and transnational corporations") represents the failure of the broader FT movement to challenge neoliberal globalization (2004: 411). These powerful institutions and corporations have demonstrated increasing support for FT, not out of a shared concern for production standards, but to manage their image, and "to mask their devotion to a broader neoliberal agenda" (ibid: 413).

The fact that FT is "in the market but not of it" (Taylor, 2005) raises other questions about whether FT can effectively distinguish itself from earlier development models, or from the (largely corporate) buyer-driven structure of conventional commodity chains. FT product certification attempts to raise the standard of living of producers; however, like past development models based on modernization theory (McMichael, 2008), FT relies on the continued (and increasing) consumption of products by advantaged consumers in the North. This consumption focus not only has environmental implications, but, as large retailers are being recruited to satisfy and encourage increasing consumer demand, their power within FT markets may also be increasing. In a case study documenting Wal-Mart's retail power, Appelbaum and Lichtenstein identify an "absolute conflict between Wal-Mart's drive for low prices and its efforts to enforce a code of conduct" (2006: 119). Because Wal-Mart can collect immediate point-of-sale information about product demand, and because it subcontracts to several different suppliers (in competition with each other to gain Wal-Mart's orders), suppliers are under great pressure to concede to Wal-Mart's demands. Wal-Mart has refused to join international factory monitoring initiatives, and it has violated even

[15] FT products, however, make up a very small proportion of these companies' sales (Fridell et al., 2008).

its own internal factory certification system, since monitoring and enforcement come second to getting up-to-date orders filled on time (ibid). As FT increasingly draws on large retailers that operate like Wal-Mart, it is becoming unclear whether FT will be able to enforce and maintain the stringency of its production standards, or whether it will be increasingly forced to concede to retailer demands. Furthermore, as retailers and corporations, lured by the market success of ethical certifications, develop their own certification standards and procedures, FT may have to change its strategy in order to remain competitive.

3.1.2 Working Within the System: Benefits, Logistics, and Inevitability

Although problems arise from being within the global market system, in terms of effectiveness, or the ability to elicit action, working within the dominant system also has its benefits. Unlike many direct action initiatives (such as the Seattle World Trade Organization protests), FT is not simply making a statement against globalization, but it is arguing for an alternative. Being "*for*" something as opposed to "*anti*" something is arguably a more effective strategy for countering any undesirable policies because it proposes a tangible way to bring about change (Fisher, 2007). Carolyn Fisher argues that, although it is difficult to see a social movement encouraging people to buy as a genuine alternative to the dominance of the market in today's global system, boycotting schemes are no more the answer, since they can reduce producers' incomes even further. According to Fisher, "many boycotts merely reject something whereas fair trade offers an active alternative" (ibid: 85). Gavin Fridell supports this view; he claims that:

> fair trade and other alternative projects represent attempts by consumers to reach out for some 'positive freedom' ('freedom to') in a world where they are offered little but 'negative freedom' ('freedom from') and overwhelmed with a sense of individual powerlessness in the face of giant corporations and bureaucratic states over which they have little effect or control. (2007: 90)

He points out that FT is a symbolic tool for consumers to "express their desire for a different world" and to criticize conventional trade (ibid). Similarly, Mara Fridell et al. argue: "even when boycotts are successful (...) fair trade is considerably more ambitious and potentially transformative" (2008: 13).

Although FT seeks to provide an alternative to conventional trade, it does so by continuing to rely on international trade and conventional economics – a fact that is not without criticism by both proponents and critics of the current neoliberal global economic system. As a result of using the tools of conventional economics, FT is subject to criticism by those who doubt its ability to challenge the system of which it is a part. However, the fact that those in support of the conventional economic system also criticize FT provides evidence that FT is not completely "within" the market[16], and as a result, is still capable of making some beneficial changes to the market system (Taylor, 2005).

With regard to criticisms from supporters of the current economic system, FT is often perceived by "free-traders" as a form of protectionism, and as a source of market distortion due to the establishment of a minimum, floor price that is set by humanitarian issues, rather than by the "free" interaction of supply and demand (House & Trebilcock, 1996). In other words, proponents of free trade often argue that free trade is fair, and that FT's "floor" price will harm producers in the long run by encouraging oversupply (Stiglitz & Charlton, 2005; Linton, 2005; Nichols & Opal, 2005). This argument, however, falls short when the distortions already inherent in conventional markets are revealed. The coffee crisis has caused thousands of producers to abandon their coffee land, since conventional coffee prices are frequently below production costs, and sometimes "do not even cover harvesting costs" (Raynolds et al, 2004: 1118; Taylor, 2005: 133; Sick, 2008: 195). This fact is evidence that the conventional coffee market has failed; the market is not operating at equilibrium if the price of a commodity is lower than the cost of production. According to House and Trebilcock, FT may be an effective response to global market distortions caused by environmental and social externalities; "international minimum standards may address in some measure a fundamental distortion in the global labor market" (1996: 66). In fact, the social and environmental requirements of FT production can be considered product attributes; the increased price is not a "floor", but a legitimately raised price caused by the ethical value-added (Nicholls & Opal, 2005: 31). Thus, FT certification generally does not "violate the WTO principle of non-discrimination between like products" since the informational value-added differentiates certified products (Muradian & Pelupessy, 2005:

[16] Nor (as mentioned earlier) is it completely outside of it. Like many "social economy" initiatives, FT can be viewed as an attempt to step in where both the market and the state have failed at providing needs for marginalized people (Moulaert & Ailenei, 2005).

2033), and FT is, arguably, able to maintain the sort of procedural "fairness" that a free market system claims to achieve. Carolyn Fisher presents an interesting view of the way that FT corrects market distortions:

> if personal relations are part of market-sphere transactions in the ordinary course of things, the major innovation in the fair-trade industry would seem to be merely making this more explicit and legitimate, rather than introducing a qualitatively new element into market transactions. (2007: 80)

This suggests that, by explicitly recognizing that social interactions are implicit in market transactions [i.e. that the market is embedded in society (Polanyi, 1944)], FT has the potential to correct for market failure due to social externalities. As FT certification aims to reduce intermediaries in the supply chain, not only does FT aspire to improve efficiency within the coffee chain, it also aims to establish a greater sense of relationship or community between producers and consumers. Educating consumers about production conditions has been part of the FT mandate. To the extent that this education takes place, FT addresses "the market failures arising from information asymmetries between providers and consumers" (Muradian & Pelupessy, 2005: 2033).

Another charge against FT from an economic efficiency standpoint is that FT certification is not primarily based on quality considerations. Some argue that, without an emphasis on quality, FT could act as a subsidy for less-efficient producers producing lower quality coffee beans (Muradian & Pelupessy, 2005: 2033-2034; Neilson & Pritchard, 2007). Starbucks, for example, has argued that an initiative that encourages farmers to produce higher quality beans would be a more beneficial to coffee farmers than FT, as higher quality beans consistently sell for price premiums automatically within the conventional market system (Neilson & Prichard, 2007: 319). On the surface, this idea seems even more "fair" for producers than FT, as producers would be compensated in accordance with the quality of product that they produce in a more "market-friendly" manner; however, it fails to consider that, given the high demand for low quality beans in instant and canned segments of the coffee market (Sick, 2008; Pendergrast, 1999), and given that coffee quality is largely dependent on environmental factors such as soil and altitude, switching away from low quality coffee production is not an option for all producers[17]. Furthermore, market prices for

[17] Shifting coffee production to higher altitudes to improve quality could result in a number of negative environmental impacts. According to the WWF, the increasing market for high-grade specialty coffees is

quality coffees are also variable. If the production of high quality coffee increased significantly, the quality price premiums, along with any distributional benefits that accompanied them, would be in danger of eroding.

One underlying assumption of the FT certification initiative is that working within the conventional market using economic theory based on trade and consumption is not inherently negative. By "commodifying" social and environmental production conditions, it can be argued that FT contributes to the "recommodification", or privatization, of social welfare domains previously (or more rightfully) under state responsibility (Graf, 1995: 143); however, while commodification is a term that is often perceived negatively – connected with (Marx's) notions of overconsumption, alienation of producers and consumers, etc. – Fisher argues that "there is no logical or natural connection between alienation and the acquiring of exchange value" (2007: 85), and that commodification in the context of Fair Trade refers more to "the process of acquiring exchange value" (ibid). Furthermore, although FT encourages consumption of FT products, this does not necessarily lead to overconsumption, particularly as FT is likely to encourage people to switch from conventional products to (sometimes higher priced) FT products rather than encourage people to start consuming what they otherwise would not. Also, while the FT minimum price is still somewhat affected by consumer willingness-to-pay, it is not left to market forces. While "recommodification" in the conventional neoliberal market system often results in a "delinking" of productivity and the amount paid to producers (Graf, 1995: 142), by maintaining a minimum price, FT can avoid, or counter, this delinking.

The major problem with the current economic system is that economic (in particular neoliberal-economic) policy implementation has all-too-often ignored externalities, and ignored the fact that the assumptions of free market economic theory are theoretical, idealistic, and unattainable. In this sense, it can be argued that neoliberalism is not good economics, and that FT not only attempts to re-embed economic policy in society, but also to inject some reality into neoliberalism. As FT helps to correct for market distortions and

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shifting coffee production to "out-of-the-way areas with unique soils and topographies that give the beans unusual flavor profiles" (WWF, 2009). These out of the way areas are often places that are rich in biodiversity, but are too steep or of too poor quality to produce other food or cash crops. As a result, high-quality coffee production in high altitudes may exacerbate environmental degradation through deforestation, erosion, and biodiversity loss (ibid).

market failures that benefit the North, although it may fit in as a niche market within the conventional economic system, FT does not completely support the power dynamics characteristic of the neoliberal "globalization project" (McMichael, 2008).

With regard to the debate about whether market-based mechanisms can elicit change, it is not clear that thinking completely outside of the market system is even possible – a system of some form or another organizing the production and allocation of goods and services has always existed and will likely always exist (Raynolds et al, 2004). Any new system that replaces the global neoliberal market system will involve a form of market relations.

The market is embedded in society, so to remove the social element from the functioning of markets, as the conventional market system has attempted to do, is unnatural (Raynolds et al, 2004). Fair Trade is a system that attempts to explicitly recognize externalities. It may not be perfect, but it, at least, attempts to recognize what the conventional market typically does not. As Susan George asserts, there is little "evidence of revolution on the horizon"; although the prospect for addressing our world's current crises through the current capitalist system may seem very bleak, the prospect of addressing the crises from completely outside of the market is even bleaker. According to George, we must find a middle ground between capitalism/business-as-usual and revolution (Oct. 29, 2008: Public Lecture). Third-sector / social economy mechanisms, like FT, may be part of that middle ground.

3.2 Fair Trade and Producers – Potential for Development

Despite its potential for providing an alternative within the conventional market system, FT is does not necessarily provide the answer for all producers. Deborah Sick notes that certification costs are prohibitively high for some producer cooperatives. In some cases, the costs of complying with standards outweigh the benefits gained from the price premium (which is the same for all coffee producers, regardless of country). This is the case for many Costa Rican coffee farmers for whom costs of living and costs of production are higher than the costs of production for producers in other countries (Sick, 2008). For some producers, high quality specialty markets may provide a more viable option (ibid: 200). Also, as certification requirements become more stringent, the additional costs of production (in terms of labor, processing, sanctioning non-compliers, etc.) may not significantly outweigh the price premiums received for them. For example, FT is increasing its environmental, or "sustainable production" requirements, and although there is an extra price premium for producers meeting these sustainability requirements, the result (in terms of final take-home price for producers) may not be much better than the conventional market price (Sick, 2008: 201). In addition, the FT price premium may be in danger of decreasing. The current saturation of the FT coffee market is sometimes cited as evidence that the FT minimum price is, in fact, resulting in an inefficient level of supply by encouraging new producers to enter the FT market, and encouraging existing FT producers to increase coffee production. According to Neilson and Prichard, the FT minimum is under threat, as FT organizations now face "strong pressures (...) to reduce price premia in the face of continued oversupply" (Neilson & Pritchard, 2007: 318).

While some producers "continue to see their FT partnership as an opportunity to produce for the more lucrative organic and sustainable production markets" (Sick, 2008: 201), others are finding different ways to survive. For example, in Costa Rica, some producer cooperatives are engaging in environmentally friendly processing innovations; some are deciding to produce coffee only for the domestic market; and some are appropriating the tools of the market by opening their own coffee shops, and developing coffee plantation tours to tap into tourist markets (ibid). Similarly, these alternatives are not right for every producer; for example, Sick notes that in Costa Rica, domestic markets are not substantial enough to support all of Costa Rica's producers. For the time being, "the export market remains essential" (Sick, 2008: 203).

Although the criticisms outlined above should not be ignored, neither should the tangible benefits that FT has produced. A number of studies have demonstrated that FT has brought economic, social, and environmental benefits to producers, coffee organizations, and communities in the developing world, and it has the potential to bring long-run benefits through capacity building. For example, a study of 228 Nicaraguan coffee farmers demonstrated that participation in both organic and FT coffee production can reduce the livelihood vulnerability of farmers, and can increase their ability to deal with shocks caused by economic and natural disasters (Bacon, 2005). Similar studies conducted by Utting-

Chamorra (2005) and Lyon (2006a) produced comparable results. Although Utting-Chamorra could not conclude that FT has had a significant impact on the standard of living of Nicaraguan coffee producers, she found, overall, that FT allowed for increased income generation through diversification (2005). Willis noted that the social premiums offered to Ghanian FT cocoa producers allowed for the installation of drinking water systems and health insurance programs to the benefit of their communities (2005). Fridell claims that the FT minimum price has "saved many fair traders from the bankruptcy, mass migration, and hunger experienced by tens of thousands of small-scale coffee farmers worldwide" (2004: 423).

Fair Trade's indirect benefits include strengthening farmers' organizational capacity and negotiating power. For example, FT "can create a secure space for [apprenticeships] in which producers can learn in a lower pressure situation" (Taylor, 2005: 137). The FT requirement that producers be democratically organized gives producer groups more ability to negotiate and influence policy (Taylor, 2005; Sick, 2008), and by favouring small-scale producers over large plantations, FT has given small-scale producers a market space in which they have an advantage over large producers and multinational corporations (Sick, 2008: 198). By committing to "return a larger proportion of the retail value of the products to producers" (Sick, 2008: 197), FT can counter neoliberalism's impact on migration and labor organization. By giving workers a "living wage" and small producers a "living income" (ibid), FT offers an alternative to migration off of the land (Taylor, 2005). FT can also counter labor force restructuring brought about by neoliberal policies and SA by encouraging labor-intensive organic and sustainable production methods, and, therefore, increasing employment opportunities in the coffee industry[18] (Raynolds et al, 2004: 1117). Thus, by allowing farmers to remain on their land, and by encouraging more labor involvement in coffee cultivation, FT can help to reverse the "de-agriculturalization" and urbanization trends identified by Babb (2005), Davis (2004), and McMichael (2008). Granted, the FT price premium does not always cover the cost increase of labour-intensive, sustainable production, but it is enough to provide an alternative for many producers.

[18] It should be noted that switching to more labour-intensive production methods might bring about labour shortages.

An additional benefit of FT is its potential for increasing awareness among Northern consumers about the conditions faced by small-scale producers in the developing world, and about how consumption decisions can perpetuate inequalities. Although not all consumers who purchase FT products may be fully aware of the standards embodied by the FT label, many FTOs are engaged in educational campaigns, and "work together to promote the case for trade justice in debates on trade and development" (FLO, 2006). Appelbaum and Lichtenstein point out that corporate codes-of-conduct, even when they fail, are beneficial in that they "legitimize the idea of a worldwide social standard" (2006: 121). By raising awareness about the inequalities in conventional trade, FT indirectly supports all initiatives that aim to challenge this inequality.

Although it can be argued that FT is still Northern buyer-driven (and that it is becoming increasingly so as corporate mainstreaming continues), the above analysis demonstrates that the FT model still has the ability, at least in theory, to use market tools to challenge the governance (i.e. influence) structure and power distribution of conventional commodity chains. Challenging asymmetries in market knowledge and control is especially important if FT is to improve the terms of trade for marginalized producers, and result in any developmental benefits. While the global market system needs change, this chapter suggests that neither complete emersion in, nor complete de-linking from, the global market system is currently feasible. According to Sick, for many farmers, "FT certification appears to be one of the many diverse strategies geared toward stabilizing incomes in today's increasingly differentiated and highly competitive markets" (Sick, 2008: 203). While FT is not *the* solution for all, it is one option among many alternative options for farmers wishing to reduce their vulnerability.

As argued in Chapter 2, however, in practice, the ability of FT to continue to provide an alternative option for producers depends in large part on the purchasing of FT products. FT sales statistics show some promising trends, as sales of FT products have been increasing steadily globally and within most countries. From 2007 to 2008, overall FT sales increased by 22% and FT coffee sales increased by 14% (FLO, 2009). In Canada, overall FT sales increased by 67% between 2007 to 2008 (ibid), and coffee sales rose from 3,871,582 kg in 2007 to 5,037,311 kg in 2008 (Transfair Canada, 2009). According to Peter Hulm of the International Trade Centre, FT sales in Europe have achieved an average growth rate of 20%

per year since 2000 (International Trade Centre, 2009). However, despite these positive trends, FT sales still represent less than 0.1% of all internationally traded goods. Furthermore, sales of FT products in North America still lag behind those in Europe; in Europe, FT gained popularity and acceptance much sooner than it did in North America, and as of 2006, Europe still represented 60-70% of the entire FT market (ibid). Hence, the problem of low demand remains, particularly in North America, and questions remain with regard to the factors contributing to the low demand for FT coffee.

3.3 Fair Trade's Major Limitation – Demand Issues and Consumption Trends

Research thus far has pointed to a number of possible factors limiting the effective demand for FT products. First of all, historically, quality has not been a priority for FT organizations. According to Murray et al, although "[many] of the fair trade coffees reaching Northern markets are now significantly better than the early products", consumer perceptions of low quality continue to have a negative impact on FT coffee consumption (2006: 184).

Another potential demand-limiting factor is the growth of the "ethical consumption movement" as a whole; De Pelsmacker and Janssens noted that while the ethical consumption movement is gaining in popularity, it is also increasing in complexity (for example, in Europe, over 240 different ethical labels are used) (2007). It seems that this increased complexity could create confusion and skepticism among consumers, which would, in turn, impact buying behaviour. In addition to increasing confusion among consumers, an increasing number of ethically labeled products may have the potential to divide consumer demand. Blowfield recognized that "ethical trade" is a broad term that includes a number of different environmental and social ideals, and argued that, although environmental and social goals are not mutually exclusive (and, in fact, should be considered simultaneously for ethical trade to be "a step on the path to sustainable development"), the various movements within ethical trade often separate the two objectives (1999: 754).

This trend toward market complexity is especially evident in the ethical coffee market. As Chapter 2 outlined, in addition to FT, consumers can purchase organic, shade grown, Smithsonian Bird Friendly, Rainforest Alliance, Utz Certified or other third-party certified coffees, each with different objectives and requirements. As FT is currently the only initiative that guarantees producers a particular minimum price above the market price, it has the most potential to improve the lives of small-scale coffee producers; however, according to Bacon, "[FT] certification as a tool for producer empowerment is (...) challenged by the proliferation of certifications, such as Rainforest Alliance and Utz Kapeh, which offer lower social standards than Fair Trade and lower environmental criteria than organic certification" (2005: 508).

To complicate things further, the codes of conduct and "pseudo-socially-concerned" coffee labeling initiatives (Pierre, 2007: 51; Fridell et al., 2005) developed by corporations such as Starbucks, Kraft, Nestle, Sara Lee, and Proctor and Gamble, often function more to "greenwash" a company's image than to provide tangible benefits for producers. The corporate marketing and retailing of them as "ethical" initiatives may facilitate low FT demand by confusing consumers, or creating skepticism about ethically labeled products in general. Lyon pointed out that some small, but influential roasters, have recently withdrawn from the FT coffee market because they believe that large firms entering the market are turning FT into a "marketing ploy", and undermining the credibility of FT labels by using ethical marketing to enhance their own reputations (2006). With all of these existing labeling initiatives and new ones continuously emerging, it is increasingly unclear whether consumers are able to make accurate distinctions between "ethical" coffees, and whether they are able to make fully informed choices with regard to ethical coffee consumption that match their ethical priorities.

To date, research into FT consumption has been limited. In 2002 De Pelsmacker and Janssens conducted a study to determine Belgian consumers' knowledge about, and general attitudes toward, FT. After administering a Likert-scale survey to participants in four eight-member focus groups, they found that, on average, the consumers studied were willing to pay 10% more for FT products. They also determined that increased knowledge about FT was associated with more concern about FT issues, and less skepticism toward the movement. They did not attempt to determine the level of confusion over the distinction between FT products and other goods ethically-labeled and marketed. In 2007, Becchetti and Rosati conducted a survey of 1000 "socially responsible" Italian consumers. Using FT buying behaviour as an indicator of socially responsible consumption, they attempted to determine why "'socially responsible' consumers are willing to pay more, *ceteris paribus,* for products incorporating social goals (...)" (808). Among the findings, the authors concluded that "concerned consumers" derive utility from the consumption of "socially responsible" products; that awareness of FT criteria is a significant driver of consumer demand; and that increased distance from FT outlets correlated with lower levels of FT consumption. The authors excluded all consumers who did not purchase FT products from the study, and they did not attempt to determine the effect of the availability of other ethically labeled products on demand. In their study of Canadian purchasing behaviour, Arnot, Boxall, and Cash (2006) found that consumers of FT coffee were less price-sensitive than consumers of non-FT coffee. The authors did not study in detail consumers' knowledge about FT and ethical trade initiatives, and, as in other studies, they did not compare the consumption of FT coffee with the consumption of other ethical coffee types.

As the examples summarized above indicate, consumer studies undertaken to date have been focused primarily on determining willingness-to-pay for FT products. They have not satisfactorily examined other possible factors contributing to low demand, such as the increased complexity of labeling and the increasing popularity of ethical consumption initiatives. If the problem of low consumer demand is to be resolved, more research into these underlying factors is needed. The study presented in the following chapters examines some of these factors.

4.0 THE STUDY: DESIGN AND METHODOLOGY

To better understand the various factors affecting consumer demand for Fair Trade (FT) coffee, I conducted an exploratory study of coffee consumers in one rural and two urban communities in Manitoba. The study consisted primarily of the administration of an anonymous questionnaire designed to gather insights into: consumers' general knowledge about, attitudes toward, and access to FT and other ethical coffee products; consumers' perceptions about the quality of FT and ethical coffees; consumers' stated ethical purchasing behaviour; and the main factors influencing purchasing decisions, including the availability of FT and other ethically-labeled coffees[19].

To distribute the questionnaires, myself and/or a carefully-selected and hired research assistant occupied a table at a mainstream supermarket in three Manitoba areas: Winnipeg's Osborne Village district, Winnipeg's St. Vital suburb, and the town of Manitou. These areas were chosen as a sample of convenience. Supermarkets were selected as distribution sites, since they tend to draw consumers from a wide variety of socio-economic backgrounds.

The number of sites that I was able to select for the study was limited due to time and resource constraints, and the number of participants was limited as a result; therefore, the results gathered are not generalizable to the areas studied or to other areas, and they are not representative of the wider population of consumers. However, site selection was based on personal knowledge of the areas, and the sites chosen were expected to reveal some interesting differences with regard to ethical consumption behaviour.

In Winnipeg, Osborne Village and St. Vital were selected as distribution areas because they differ in character, and residents were anticipated to differ in their access to, and knowledge about, ethical consumption. Osborne Village is close to Winnipeg's downtown core, and is known as a "Bohemian" type of area with trendy, independent and specialty shops and restaurants frequented by students and visitors. While visitors to the area come from varying socioeconomic backgrounds, in general, visitors are not as likely as residents to frequent supermarkets on a regular basis, so it was not expected that visitors would significantly obscure the results gathered from Osborne respondents. While residents

[19] See Appendix 1 to view a full copy of the questionnaire.

come from diverse socioeconomic backgrounds, the Osborne area includes a relatively large working class population. St. Vital is a residential suburb in the city's south end. Fewer students and more middle-to-upper class residents characterize St. Vital's consumer population. Manitou was included as a site of study because it is a small rural town located at about 150 km from the nearest major urban centre (i.e. Winnipeg). A rural location was selected as it was hypothesized that those living in rural areas are less likely to have access to non-mainstream, ethical coffee products within their towns; therefore, comparing a rural area to an urban area was expected to reveal interesting tendencies with regard to knowledge of ethical initiatives and how effective demand is affected by access to, and distance from, ethical products.

The questionnaire was distributed over three weeks in August 2008, in two urban and one rural location in Manitoba. Participants were recruited using non-probability quota sampling that relied on available subjects and volunteer response. In each location, a quota of 40 participants was sought after. A target of 10 each from four demographic categories based on age and gender (women under 40 years of age, men under 40, women over 40, and men over 40) helped to ensure that respondents from different gender and age groups were adequately captured. This representation was necessary so that gender and age could be examined for any potential effect on knowledge of ethical initiatives and consumption preferences. Precise age and additional demographic information was solicited from those who agreed to participate in the study through the questionnaire. The quota system, however, was simply intended to be a rough guide, as following the quota system strictly may have obscured the results by over or under-representing shoppers in each location. All who passed by each location, therefore, were encouraged to participate, and all who wished to complete the questionnaire were allowed.

The tables were set up with posters and an information letter describing the project, as well as copies of the questionnaire for distribution. Passers-by were asked to complete the questionnaire. To reach a broader segment of the population, questionnaires were distributed at each location once during the week, on a Friday from 2:00 pm to 6:00 pm, and once during the weekend, on a Saturday from 10:00am to 2:00pm. Myself and/or my assistant approached as many people entering and/or leaving the supermarkets as possible. Those who agreed to participate were given a copy of the questionnaire to complete immediately at the table. Myself and/or my assistant remained at the table to offer further explanation and clarification of the project and/or questionnaire (only enough to aid completion – not enough to influence responses), and collected questionnaires upon completion. This methodological approach was not without limitations. In particular, actively approaching all those who passed by the table, and maintaining consistency in the way potential participants were approached were difficult tasks – particularly when a rush of people entered or left the supermarkets simultaneously, when myself or my assistant had to occupy the table alone for any period of time, or when respondents purposefully avoided eye contact and/or rushed by to prevent being stopped. Responses, therefore, may be limited to those who were less rushed or more amenable to completing questionnaires; however, efforts were taken to address as many people as possible, including those who seemed shy, hurried, or uninterested.

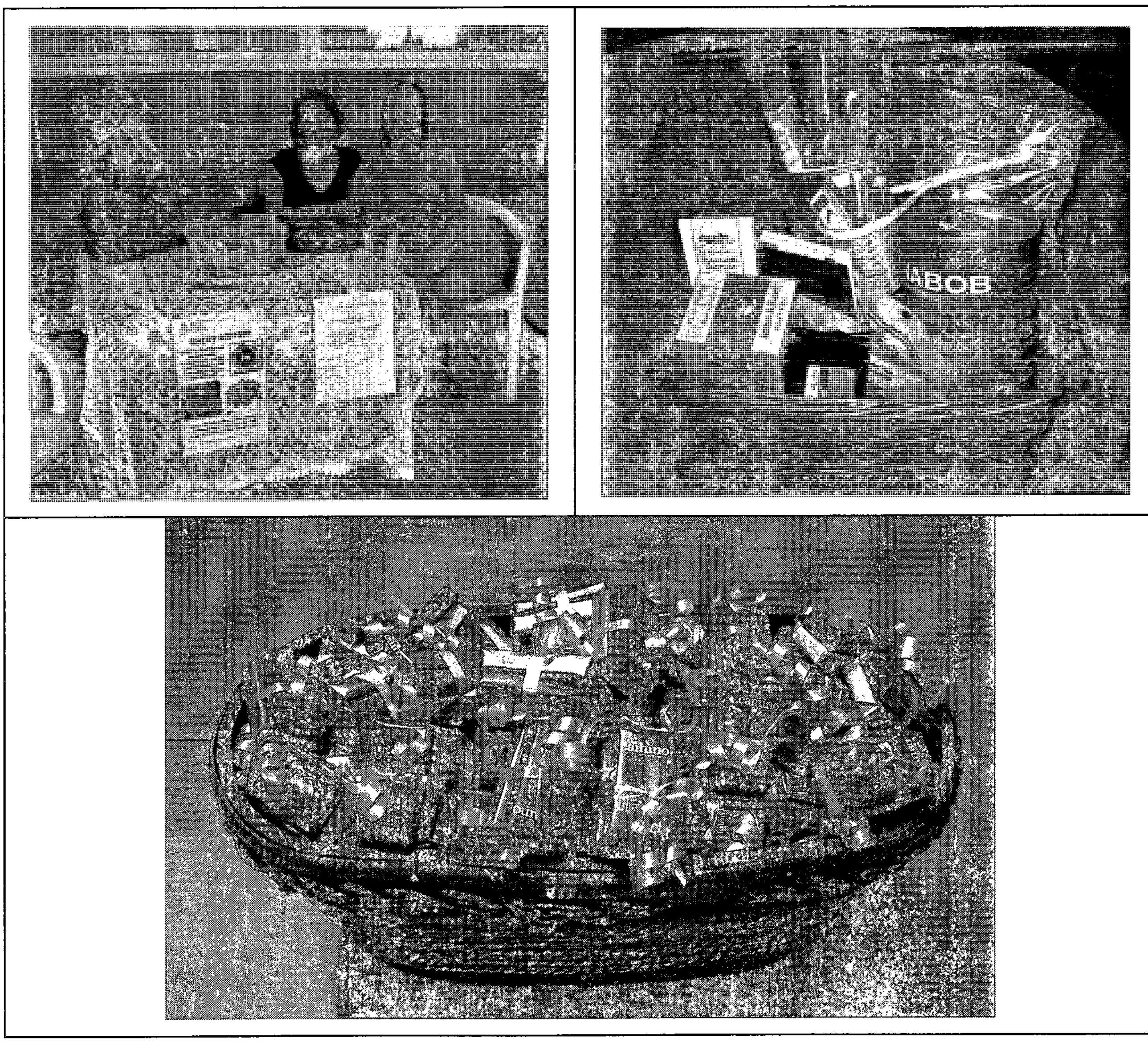
While a representative sample was not possible due to time and resource constraints, by distributing the questionnaires at a venue that draws a large number and diverse assortment of people every day in a variety of areas, the questionnaire was able to reach consumers from a variety of socio-economic backgrounds. Although the results are not generalizable to the wider population, for this exploratory study, they have allowed for a preliminary understanding of consumer attitudes toward ethical consumption, and purchasing behaviour toward ethically labeled products. The questionnaire and the findings of this study could later be used to structure a formal study with a more representative sample of Canadian consumers.

The questionnaire was constructed using a variety of multiple choice, Likert scale, and open-ended questions. To increase response rates, the questionnaire was made short enough that respondents were able to complete it within five to ten minutes, and an incentive (i.e. fair trade certified and conventional chocolate samples and the opportunity to enter in a grand prize draw for a variety of alternatively certified products) were offered to those who completed the questionnaire at the supermarket tables. Both quantitative and qualitative data were collected and analyzed to determine patterns and trends in consumption behaviour and in attitudes and perceptions of ethically labeled products. In addition to general demographic information on age, occupation, income levels, education level, and ethnic background, questions gathered information with regard to the frequency, magnitude, and types of ethical coffee purchases, perceptions and understanding of various ethical trade labels, and, most importantly, the reasons behind decisions to purchase (or not purchase) ethical products. Questions concerning knowledge about each of the ethical initiatives were asked of all respondents; subsequent contingency questions were then used to direct respondents that purchase ethical coffee products and those that purchase only conventional coffee products to different portions of the questionnaire. Ethical coffee purchasers were asked to mainly answer questions concerning their buying behaviour and other ethical priorities. Non-ethical coffee purchasers were asked mainly to identify the major factors influencing their decisions not to purchase ethical coffee. Many questions were derived from, and based on, a study of socially-responsible consumers based on Inequity Aversion theory, conducted in 2007 by Bechetti and Rosati.

The questionnaire's anonymity helped to minimize reactivity and bias. To minimize any response misinterpretation, the questionnaire was pre-tested on a number of volunteers who helped to point out any potential for misinterpretation, and helped to guide the rewording of questions. In addition, variables were addressed by multiple questions and in multiple question formats; for example, to determine the ethical objectives that are most important to ethical coffee consumers, the questionnaire included both closed-ended questions, asking respondents to rank the ethical objectives espoused by the initiatives in terms of their personal preferences, and open-ended questions, asking respondents to identify and explain the ethical objectives most important to them. Data were analyzed to determine any associations between knowledge of, attitudes toward, and purchasing decisions with regard to, ethical consumption, and variables such as area of residence (urban, suburban, or rural), distance from ethical coffee retailers, gender, age, income, education, and occupation.

In addition to the questionnaire, semi-structured interviews were conducted with two representatives of TransFair Canada and La Siembra Coop (a FT organization responsible for the Cocoa Camino FT brand), and two supermarket managers. Interview questions pertained to their experiences with consumer behaviour, trends in ethical consumption, and the factors affecting demand for FT and other ethical coffees. Personnel from these organizations were contacted first through email, and then met in-person. Interview responses were used to provide support, confirmation, or opposition to questionnaire findings and trends, or to shed light on other potential factors affecting ethical product supply and consumer demand for ethical products.

Figure 4.1: Pictures of questionnaire distribution and participation incentives. Top right: Merina Dobson (left), and Meagan Simpson-Law (right) distributing questionnaires in Manitou. Top left: gift basket that respondents could enter the draw to win. Bottom: chocolate samples given to all respondents.



5.0 THE STUDY: RESULTS AND DISCUSSION

The major goals of this research were to determine the effects of ethical product availability, ethical market complexity, and consumer confusion on the demand for ethical products. As the three locations chosen as questionnaire distribution sites were expected to differ in terms of residents' access to ethical trade outlets and to information about ethical trade products, a location-based analysis was expected to provide a good basis for observing differences in consumer behaviour, and examining the hypotheses that: 1) lesser access to ethical trade products has a negative impact on ethical consumption; and 2) confusion about Fair Trade (FT) labeling and about the differences between FT and other ethical trade initiatives is having a negative impact on FT demand, both discouraging some consumers from purchasing FT (or any ethical trade products) and dividing demand among consumers of ethical trade products between FT, "fairly traded", and other ethical trade initiatives. The results and analysis presented below, therefore, examine differences in the attitudes toward, knowledge about, and purchasing of certified "ethical" products among respondents living in different location types (urban vs. rural and downtown urban vs. suburban)[20]. This chapter begins with a description of the study sample. The analysis is then divided into two parts. Part one examines the impact of demographic variables thought to have potential effects on purchasing behaviour on ethical product purchasing in general. Part two looks specifically at ethical coffee purchasing, examining the factors influencing each location's respondents' decisions not to purchase or to purchase ethically certified coffees.

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[20] Prior to analysis, each respondent was categorized as either "urban" or "rural". In accordance with Statistics Canada's classification system, urban areas were designated to be those with a population of more than 10,000 people (Statistics Canada, 2008). If a respondent had lived in his/her current residence for five years or more, the urban/rural designation was determined by the population size of that respondent's current residence. If the respondent had lived in his/her current residence for less than five years, the population size of the previous residence was used to determine the urban/rural category. The reason for this four year "buffer" is due to the recognition that, after a person moves to a new city/town of residence, it may take time before his/her product knowledge, attitudes, and purchasing decisions are affected by the new location. This classification approach involved tradeoffs (for example, although attitudes may take time to change after a move, purchasing decisions that are affected by availability may change immediately, particularly if a respondent moves to a rural area without access to ethical products); however, the classification of only three respondents was affected by this four-year "buffer" rule (two respondents who lived in the Manitou area were re-classified as urban respondents, and one respondent who lived in Winnipeg was reclassified as a rural respondent). As a result, it is unlikely that the results discussed below are severely biased by this classification decision.

5.1 The Study Sample

In total, 34 respondents were classified as "rural". Most of these were respondents that completed the questionnaire in Manitou, and the vast majority of these rural respondents were from the Manitou / La Riviere / Darlingford area in Southern Manitoba. In total, 96 respondents were classified as "urban". These included respondents from urban areas that completed the questionnaire in Winnipeg, Manitoba as well as any respondents that completed the questionnaire in Manitou, but were from an urban area. Urban respondents were further broken down into those from Winnipeg who completed the questionnaire in the St. Vital location, and those from Winnipeg who completed the questionnaire in the Osborne Village location. It was inferred that the respondents in each of these categories would reflect the attitudes/knowledge of those living in the St. Vital and Osborne areas, respectively, since grocery shopping is an activity often carried out close to home; however, the questionnaire did not ask respondents to specify the area of Winnipeg in which they resided. The responses of St. Vital and Osborne participants are, therefore, not overtly generalizable to the populations of either area. In total, 45 respondents fit into the St. Vital category, and 46 fit into the Osborne category. A brief demographic characterization of each location's respondents is shown in Table 5.1. The demographic characteristics of each area will be further discussed later.

Table 5.1: A brief demographic characterization of each location's respondents.

Respondents' Residence Type / Location	Number of Respondents			Average Age (Years)	Income Category Central Tendency ($)
	Total	Male	Female		
Rural	34	12	22	57	40,001 – 60,000
Urban Total*	96	43	53	44	>80,000
Urban St. Vital	45	24	21	45	>80,000
Urban Osborne	46	19	27	44	20,001 – 40,000
Overall	**130**	**55**	**75**	**47**	**40,001-$60,000**

* The urban total includes respondents from St. Vital and Osborne as well as respondents who completed the questionnaire in Manitou, but were from an urban area.

5.2 Results Analysis Part One: Attitudes Toward, and Purchasing Of, Ethically Certified Products in General

The first major goal of the questionnaire was to examine respondents' overall level of support for, and purchasing behaviour with regard to, ethically certified products in general; therefore, at the beginning of the questionnaire, respondents were asked a couple of questions designed to be indicators of these things: namely, "Do the social and/or environmental conditions under which a product is produced play a factor in your purchasing decisions?" and "Have you ever purchased any certified organic and/or certified fair trade products?"[21]. With a focus on location, the results presented below examine the relationship between social consideration in purchasing behaviour (measured by respondents' consideration of production practices and purchasing of certified products), and a number of demographic variables, including income, occupation, age, gender, and education.

5.2.1 Location

A comparison of the way respondents in each location answered the indicator questions mentioned above reveals some notable differences. As Table 5.2 indicates, the percentage of urban respondents who specified that they consider social and/or environmental conditions under which a product is produced was substantially higher than the percentage of rural respondents to do so (37% of urban respondents, compared to 21% or rural respondents). However, a chi test comparing the responses of urban and rural respondents to this indicator question was not statistically significant (P=0.177). In other words, these results do not provide strong evidence that rural and urban respondents differ substantially in their consideration of production characteristics in their purchasing decisions.

Similarly, as shown in Table 5.3, when asked whether they had purchased any certified fair trade or organic products, the percentage of urban respondents that replied "yes" (75%) is notably higher than that of rural respondents (62%). One possible factor

[21] Since organic and FT certifications are the ethical certifications with the longest history, they are likely to provide a good indicator of general support for purchasing ethically certified products.

contributing to this difference could be the differing availability of these products in urban and rural areas, and could, thus, support the hypothesis that lack of availability in rural areas reduces the effective demand for these products in rural areas. However, once again, chi tests comparing urban and rural respondents show that these results are not statistically significant (P=0.347).

Table 5.2: Location-based comparison of respondents' consideration of production characteristics in their purchasing decisions.

	Do the social and/or environmental conditions under which a product is produced play a factor in your purchasing decisions?			
Respondents' Residence Type / Location	**Yes (%)**	**No (%)**	**Sometimes (%)**	**Total (%)**
Rural n=34	21	24	56	100
Urban Total n=95	37	23	40	100
Urban St. Vital n=44	27	23	50	100
Urban Osborne n=46	48	24	28	100

Table 5.3: Location-based comparison of respondents' purchasing of certified products.

	Have you ever purchased any certified organic and/or certified Fair Trade products?			
Respondents' Residence Type / Location	**Yes (%)**	**No (%)**	**Don't Know (%)**	**Total (%)**
Rural n=34	62	20.5	17.5	100
Urban Total n=95	75	12.5	12.5	100
Urban St. Vital n=44	70.5	11	18	100
Urban Osborne n=46	78	15	7	100

Looking back to Table 5.2, a somewhat predictable result is the high percentage of Osborne respondents who identified that the social and/or environmental conditions under which a product was produced *do* factor into their purchasing decisions. Considering that Osborne Village is an area known for its residents' high level of social concern and awareness, it is not surprising that Osborne residents would have stronger opinions with regard to production conditions than St. Vital residents. What is surprising, however, is the similarity between St. Vital and rural respondents. Despite the fact that St. Vital is located in an urban centre (with greater availability of ethical products), the percentages of respondents who responded "yes", "no", and "sometimes" when asked whether they consider production characteristics in their purchasing is very similar to the percentages of rural respondents who responded each of those ways. Chi tests support these observations. Comparing the three locations and their responses to the first indicator question produced a significant chi test (P=0.040). Breaking down the comparison further reveals some interesting tendencies. A comparison of Osborne and St. Vital respondents produced a chi test approaching statistical significance (P=0.052)[22]. The chi test comparing the Osborne and rural respondents was also significant (P=0.015); however, the chi test comparing the rural and St. Vital respondents was not significant (P=0.785). In other words, statistical tests provide no evidence that the urban St. Vital and rural respondents differ with regard to their consideration of production conditions in their purchasing decisions.

St. Vital and rural respondents were also similar with regard to purchasing of certified products. As shown in Table 5.3, the percentage of St. Vital respondents that did not know whether they had purchased any certified products is very close to the percentage of rural respondents that did not know. Again, the chi test comparing St. Vital and rural respondents' purchasing of certified products did not provide evidence of significant differences between these locations (P=0.527).[23]

As FT and organic products are relatively equally available in both urban sites, these unexpected results suggest that location and the availability of certified products are not the only factors affecting perceptions about alternative trade and purchasing decisions. The roughly 18% of rural and St. Vital respondents that responded "don't know" when asked whether they had purchased any certified products is notably high compared to the 7% of Osborne respondents that did not know (Table 5.3). These findings suggest that St. Vital and rural respondents have a higher level of uncertainty, and perhaps a lower level of

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[22] This indicates that the observed differences between Osborne and St. Vital respondents with regard to their consideration of production conditions in their purchasing were greater than what would be expected if Osborne and St. Vital respondents were similar in this regard

[23] No chi tests comparing the three locations and respondents' answers with regard to whether they had purchased any certified products were statistically significant (for example, comparing St. Vital, Osborne, and rural responses, P=0.333, and comparing Osborne and rural responses, P=0.110). These statistics would indicate that location does not have an effect on the purchasing of certified products. However, the question "Have you ever purchased any certified FT and/or organic products" does not indicate frequency of purchasing, and the results presented in section 5.4.1 below suggest clearer locational and urban/rural divides with regard to the purchasing of ethically certified coffees.

knowledge and/or awareness about ethical products than Osborne respondents. To better account for the observed differences in the ethical consumption attitudes and ethical product purchasing behaviour among respondents in the three locations, an examination of other potential influencing factors (see below) is needed.

5.2.2 Income

Income was one variable thought to have the potential to influence purchasing behaviour and consumers' attitudes toward ethical purchasing. As ethically certified products are often more costly than their conventionally-produced counterparts, one might expect that people with lower incomes would have less disposable income to purchase higher-priced alternatives than would people with higher incomes.

Comparing the income levels of respondents in each location reveals some interesting trends. Table 5.4 shows the percentages of respondents falling into different income categories in each location. Some subtle, but tangible differences between the incomes of urban and rural respondents can be discerned. Rural respondents are more concentrated in the middle-income categories (between $20,001 and $60,000). Overall, urban respondents' incomes are more evenly distributed; however, a greater percentage of urban respondents fall into both the highest and lowest income categories than did rural respondents. Only 3% of rural respondents fall into the lowest income category (compared to 18% of urban respondents), and 20% fell into the highest (compared to 28% of urban respondents). A chi test comparing the incomes of urban and rural respondents was not significant (P=0.147), indicating that these observed differences could have happened by chance.

The differences between the two urban locations and the rural location are more notable, and a chi test comparing the three locations indicates significant differences (P=0.035). By far, St. Vital is the location with the greatest percentage of respondents (43% - over twice the percentage of Osborne or rural respondents) achieving the highest income level of over $80,000 a year. Osborne respondents have a more even income distribution; however, a greater percentage of Osborne respondents fall into the three lower income categories than into the two highest ones. The greatest percentage of St. Vital respondents falls into the highest category of incomes over $80,000. The majority of Osborne respondents are found within the first three income categories – a relatively even distribution of those with incomes under $60,000. By contrast, the majority of rural respondents are found in the middle-income category: incomes between $40,001 and $60,000.

Table 5.4: Location – income comparison.

Respondents' Residence Location / Type		Income Category					
		< $20,000° (%)	**$20,001-$40,000** (%)	**$40,001-$60,000** (%)	**$60,001-$80,000** (%)	**> $80,000** (%)	**Total** (%)
Rural	n=30*	3	27	37	13	20	100
Urban Total	n=92*	18	16	23	15	28	100
Urban St. Vital	n=42*	9.5	9.5	21	17	43	100
Urban Osborne	n=45	22	22	22	16	18	100

* Four rural and four St. Vital respondents did not specify their incomes.

° This research uses $20,000 as a rough indicator to classify low-income respondents; it is assumed that individuals or families making less than $20,000 per year in income are generally considered to be low-income. Although Canadian Poverty Lines and Low-Income Cut-Offs (LICOs) vary with a person's family size and the population size of his/her community of residence, in any location, most individuals or families making less than $20,000 per year before taxes would be achieving an income close to, or beneath the LICO for their area. For example, according to the Canadian Council on Social Development (CCSD) and Statistics Canada,for cities the size of Winnipeg, Before Tax LICOs ranged from $21,202 for individuals to $56,110 for families with seven or more members. For rural areas the 2006 Before Tax LICOs ranged from $14,596 for individuals to $22,338 for three-member families, to $38,626 for families with seven or more members (CCSD, 2006). Although it is possible that not all rural respondents that made less than $20,000 would fall below the applicable LICO, it is likely that most respondents with annual incomes below $20,000 would be considered as "low-income" by Statistics Canada and CCSD definitions.

While these categories only provide a rough estimate of respondents' incomes, these results show that a higher percentage of Osborne respondents had incomes below $20,000, St. Vital respondents had the most respondents with incomes above $80,000, and rural respondents are somewhere in between. Statistical tests support these observations.[24] These results also correspond to census information describing the incomes of residents in each location. In 2000, the average household income of St. Vital South residents was $71,627. By contrast, the average household income of Osborne residents over the same period was

[24] A chi test comparing the incomes of Osborne and St. Vital respondents was found to be approaching significance at P=0.062. A rural/St. Vital chi test was also close to approaching significance at P=0.078; however, a chi test comparing the incomes of rural and Osborne respondents was not significant (P=0.201). These tests suggest that St. Vital respondents' incomes are higher than would be expected if there were no significant income differences between the locations.

$27,122 (City of Winnipeg/Statistics Canada, 2001), and the median household income for Manitou residents was $34,444 (Government of Manitoba, 2007). The income difference between Osborne and St. Vital is not entirely surprising, given that housing costs in Osborne Village are lower; in 2001, average gross rent was $716 in St. Vital, but only $465 in Osborne (City of Winnipeg/Statistics Canada, 2001). This may attract lower income residents and students to the Osborne area.

A comparison of the way respondents in different income categories answered the indicator questions also reveals some notable differences. One interesting result is the high percentage (44%) of respondents within the lowest income category who said that the social and/or environmental conditions under which a product is produced play a role in their purchasing decisions. In fact, as Table 5.5 indicates, the percentage of people in the lowest income category to consider production conditions in their purchasing is higher than the percentage of respondents in all other income categories except for one (the second highest income category: those with incomes between $60,001 and $80,000) to do so.

Table 5.5: Income-based comparison of respondents' consideration of production characteristics in their purchasing decisions.

Factor social and/or environmental production conditions into purchasing?	**Income Category**				
	< $20,000 n=16 (%)	**$20,001-$40,000** n=23 (%)	**$40,001-$60,000** n=32 (%)	**$60,001-$80,000** n=18 (%)	**> $80,000** n=32 (%)
Yes	43.8	26.1	28.1	44.4	31.3
No	25.0	34.8	28.1	11.2	15.6
Sometimes	31.2	39.1	43.8	44.4	53.1
Total	100	100	100	100	100

Moreover, among those in the lowest income category (less than $20,000 per year), a reasonably high percentage also responded that they had purchased some certified products – 11% higher than respondents earning between $20,001 and $40,000, and 17% higher than those earning between $40,001 and $60,000 (see Table 5.6 below).

Table 5.6: Income-based comparison of respondents' purchasing of certified products.

Purchased any certified organic and/or certified fair trade products?	Income Category (n=122)				
	< $20,000 n=17 (%)	$20,001-$40,000 n=23 (%)	$40,001-$60,000 n=32 (%)	$60,001-$80,000 n=18 (%)	> $80,000 n=32 (%)
Yes	76	65	59	78	88
No	12	22	22	11	9
Don't know	12	13	19	11	3
Total	100	100	100	100	100

The results for respondents in the lowest income category are somewhat unexpected. Those who factor social and/or environmental conditions of production into their purchasing decisions would be expected to purchase more certified fair trade and/or certified organic products; however, if purchasing products that incorporate socially and/or environmentally beneficial production practices is more costly than purchasing conventional products, it would follow that those with lower incomes would be less able to purchase certified products. Yet, the high percentage of "yes" responses among respondents in the lowest income category contradicts this assumption.

With regard to considering social and/or environmental production factors in purchasing, those with incomes in the mid-range (between $20,0001 and $60,000) responded "yes" with the lowest percentage, and "no" with the highest percentage, relative to respondents in all other income categories. Also, among those respondents with incomes between $20,001 and $60,000, a lower percentage replied "yes" and a higher percentage replied "no" to purchasing certified fair trade and/or organic products than respondents in all other income categories. It seems that those respondents with incomes in the mid-range are less likely to consider the social and/or environmental conditions under which a product is produced in their purchasing decisions, and less likely to purchase certified organic and/or FT products. The fact that both the low-income and high-income respondents purchased more certified products than did the middle-income respondents could be a reflection of the role of family dynamics or other factors in influencing purchasing behaviour. For example, middle-income respondents may be primarily younger families with more dependent children and less disposable income. The questionnaire did not gather information about family structure or size, so this is only speculative. In addition, these observations are not statistically significant. A chi test comparing income and respondents' consideration of production characteristics in purchasing decisions produced a P-value of 0.557. Similarly, a chi test comparing income and respondents' certified product purchasing produced a P-value of 0.430. These statistics indicate that the observed anomaly with regard to low-income respondents could have happened by chance. Therefore, it is apparent that income alone is not a clear indicator of ethical product purchasing behaviour.

5.2.3 Occupation

As a person's workplace might be a source of information about social issues and initiatives such as ethical product certification, occupation is another variable that was thought to have a possible impact on attitudes toward, and purchasing of, ethically certified products. It was thought that some workplaces or occupation types might provide this information more so than others; for example, as FT was first developed in connection with, and as a result of the efforts of, religious organizations, and since it is today promoted largely by NGOs (Fridell, 2007), those working for religious organizations or NGOs may be more inclined to support ethical product purchasing than those working for organizations without historical or direct ties to FT.

To examine the potential impact of occupation on ethical product attitudes and purchasing behaviour, respondents were asked to specify their occupations. Questionnaires were then organized into categories based on like occupations. Due to the great diversity of occupations listed by respondents, classifying respondents into occupational categories was a difficult task, and, in the end, dividing respondents from each location into some basic occupational categories did not reveal any substantial differences, or reveal any potential trends. The distribution of occupation types among respondents in each group was very similar, and any minor observed differences (for example, approximately five more respondents from St. Vital held supervisory or managerial-type positions than did respondents in the other locations) were not substantial enough to provide an explanation for any other observed differences between the respondents in each location. Due to the similarities between occupation types of respondents in the three locations, the occupational results do not appear to be associated with any of the differences in ethical product purchasing attitudes or behaviours observed among respondents.

5.2.4 Age

Age was another variable thought to have the potential to impact attitudes toward, and purchasing of, ethically certified products. For example, older respondents may be more likely than younger respondents to have developed consumption habits and preferences. Older respondents, therefore, may be expected to be slower to switch to purchasing newly emerging ethically certified products than younger respondents without well-developed consumption habits.

No substantial differences were discernable between the age groups of respondents who completed the questionnaire in Osborne or St. Vital[25]; however, as Table 5.7 shows, rural respondents were, on average, notably older than urban respondents. Considering that Manitou, the rural distribution site, is an aging community, these results are to be expected.

Table 5.7: Average age of respondents in each location.

Location	Rural (Manitou)	Urban Total	Urban St. Vital	Urban Osborne
Average Age	57	44	45	44

To compare different age groups' responses to the indicator questions related to ethical product attitudes and purchasing (i.e. "Do the social and/or environmental conditions under which a product is produced play a factor in your purchasing decisions?" and "Have you ever purchased any certified organic and/or certified Fair Trade products?"), the average age of respondents that answered alike to the indicator questions was calculated (see Tables 5.8 and 5.9 below)[26].

[25] The age distributions of St. Vital and Osborne respondents were very similar, and each location had a similar number of respondents in each decade of life (e.g. 20s, 30s, 40s, etc.).
[26] Designating groupings within a continuous category such as age is somewhat arbitrary, and obtaining obvious evidence of age-related trends is somewhat difficult; however, using average ages, the comparison of the way respondents answered the indicator questions produced some findings worthy of mention.

The average age of respondents who do not consider production conditions in their purchasing is higher than the average age of respondents who do consider production conditions (Table 5.8).

Table 5.8: Age-based comparison of respondents' consideration of production characteristics in their purchasing decisions.

Factor social and/or environmental production conditions into purchasing?	Yes	No	Sometimes
Average Age by Response (Years)	45	52	46

In terms of actual purchasing behaviour, as Table 5.9 shows, the average age of respondents who do not purchase certified products is higher than the average age of those who do.

Table 5.9: Age-based comparison of respondents' purchasing of certified products.

Purchased any certified organic and/or certified fair trade products?	Yes	No	Do Not Know
Average Age by Response (Years)	46	51	47

It is possible, however, that these findings are not solely, or even primarily, due to age. For example, the location-based results presented immediately above in this section (see Table 5.7) showed that the average age of rural respondents (57) is over ten years older than the average age of urban respondents (44). Furthermore, earlier results (see section 5.2.1 above) showed that urban respondents are more likely to decidedly factor production conditions into their purchasing, and that rural respondents are less likely to purchase certified products; therefore, it is unclear whether the finding that older respondents are less likely to consider production conditions in their purchasing or purchase certified products is due to age, or whether it is a further manifestation of the location-based findings presented above. In general, the impact of age on social consideration in purchasing and on certified product purchasing is vague and inconclusive.

5.2.5 Gender

Studies have shown that gender is a factor in some purchasing. After conducting a survey of 501 participants, Qin and Brown found that, although males and females did not exhibit significant differences in knowledge about genetically engineered (GE) salmon, female respondents had more negative attitudes than male respondents with regard to GE salmon, and these negative attitudes resulted in differences in purchase intent between males and females (2008). Other studies have observed similar differences in the purchasing behaviours of men and women (see Garbarino & Strahilevitz, 2004; Yen, 2005; Lee, 2009).[27] Therefore, examining the potential role of gender in respondents' ethical consumption attitudes and purchasing behaviour was necessary. Although a balance between male and female respondents was sought after during the questionnaire distribution process, as shown in Table 5.1, female respondents slightly outnumbered male respondents overall, making up 55% of the questionnaire respondents. The majority of Osborne and rural respondents are also female. Osborne female respondents make up a slight majority of 59%, but rural female respondents make up a considerable majority – 65% of all rural respondents. By contrast, among St. Vital respondents, male respondents (53%) slightly outnumber female respondents (47%)[28].

Although female respondents outnumber male respondents both overall and within the rural and Osborne respondent groups, it would be misleading to claim that the imbalance of female to male respondent constitutes a female bias. Particularly in the rural distribution site, the vast majority of grocery shoppers entering the grocery store during the questionnaire distribution times were women, and from personal observations and knowledge of this community, I know that women do more of the household grocery shopping[29]. Actively seeking a balance of male respondents in the Manitou distribution site would have misrepresented grocery shoppers in Manitou.

[27] Garbarino and Strahilevitz's consumer study found that women and men differ in their attitudes and perceptions about online purchasing (2004). Similarly, Yen found that the demand elasticities for cigarettes differ between men and women (2005). Lee's multi-staged random sampling of 2975 male and 3035 female Hong Kong adolescents found that females scored significantly higher in terms of environmental concern and "green" purchasing behaviour than males (2009).

[28] For a comparison of the number of male female respondents overall and in each location, see Table 6.1.

[29] While this observation is not necessarily a characteristic of all rural communities, it may apply to other aging, rural communities.

While gender is known to be a factor in some purchasing decisions (see footnote 27 referenced above), a comparison of the differences in the way male and female respondents answered the indicator questions, shown in Tables 5.10 and 5.11 below, suggests that gender is not a major influencing factor in this case . Approximately one third of both male and female respondents admitted to factoring production conditions into purchasing decisions (Table 5.10).

Table 5.10: Gender-based comparison of respondents' consideration of production characteristics in their purchasing decisions.

	Do the social and/or environmental conditions under which a product is produced play a factor in your purchasing decisions?			
Gender (n=129)	**Yes (%)**	**No (%)**	**Sometimes (%)**	**Total (%)**
Male n=55	33	33	34	100
Female n=74	32	16	51	100

While a greater percentage of male respondents said they did not consider production conditions in their purchasing, these sentiments did not seem to translate into differences in purchasing decisions; when asked whether they had purchased any certified products, male and female respondents answered very similarly (Table 5.11). A chi test revealed that the observed differences between male and female respondents' consideration of production conditions in their purchasing decisions are approaching significance at the 0.05 level (P=0.057); however, a chi test comparing male and female respondents' purchasing of certified products did not indicate statistical significance (P=0.608). Gender, therefore, does not appear to play a significant role in influencing socially responsible purchasing behaviour among respondents.

Table 5.11: Gender-based comparison of respondents' purchasing of certified products.

	Have you ever purchased any certified organic and/or certified fair trade products?			
Gender (n=130)	**Yes (%)**	**No (%)**	**Don't Know (%)**	**Total (%)**
Male n=55	69	18	13	100
Female n=75	73	12	15	100

5.2.6 Education

Education is another variable with the potential to influence purchasing behaviour and consumers' attitudes toward ethical purchasing for a variety of reasons. First, formal schooling can provide an important a source of information about social issues. Even if students are not informed directly about ethical product certifications, they may gain awareness through formal schooling about the historical, social, environmental, and/or economic conditions that have led to the ethical consumption movement, and this may, in turn, impact ethical product purchasing and behaviour. In addition, educational institutions may be a direct source of information about initiatives such as FT and organic certification. For example, some universities have adopted FT purchasing policies (TransFair Canada, 2009), and student groups often promote FT on university campuses. One such group is the Canadian Student Fair Trade Network (CSFTN). CSFTN was formed in 2005. It works to advocate FT principles and purchasing policies, and is involved in FT education and resource sharing activities (Campus Activism, 2006). Thus, one might expect that more education might be associated with greater awareness about FT and organic certification initiatives, and that this awareness might impact purchasing decisions with regard to certified products.

Table 5.12 below shows the percentages of respondents falling into different education level categories in each location.

Table 5.12: Location – education comparison

	Highest Education Level				
Respondents' Residence Location / Type	**Elementary and Middle School**	**High School**	**Bachelor or College Degree**	**Masters and Doctorate Degree**	**Total**
Rural n=34	9%	35%	50%	6%	100%
Urban Total n=96	3%	26%	54%	17%	100%
Urban St. Vital n=45	0%	33%	47%	20%	100%
Urban Osborne n=46	6%	22%	57%	15%	100%

The results show that urban respondents overall have a higher level of formal education than rural respondents; the overall percentage of rural respondents whose highest level of education is elementary, middle, or high school is greater than the overall percentage of urban respondents who do not have greater than a high school level of education, and the percentage of rural respondents with a university level of education (56% in total) is lower than the percentage of urban respondents with university education (71% in total). These observed urban/rural differences, however, are not statistically significant; a chi test comparing the education levels of urban and rural respondents' produced a P-value of 0.194.

Once again, the breakdown between urban areas reveals more interesting (and statistically significant) results. Despite the fact that, overall, a greater percentage of St. Vital respondents achieved a Masters or Doctorate level education than did Osborne respondents, a greater percentage of Osborne respondents achieved a university level education than did St. Vital respondents – 72% of Osborne respondents have a university level education compared to 67% of St. Vital respondents and 56% of rural respondents[30]. A chi test comparing the education levels of respondents from the three locations produced a statistically significant P-value of 0.040 (indicating significant differences in education level between the three locations).

The relatively high level of university level education among Osborne respondents is somewhat surprising considering their lower income levels; education is often positively associated with income, but it appears not to be so in this case. These findings may suggest that Osborne respondents contained a greater percentage of students than did St. Vital or rural respondents (the Osborne area does contain an abundance of lower-priced housing attractive to students, and, from personal experience and knowledge of the area, I know that the a number of students reside in the Osborne area); however, the questionnaire did not ask respondents specifically to identify whether they were students, and the number that listed

[30] Comparing the observed values with those that would be expected if there were no differences in the education levels of respondents in each location suggests that the significant chi was driven mainly by the St. Vital and rural respondents. There were more St. Vital respondents in the higher two education levels than expected, and rural respondents in the lower two levels than expected. The observed values for Osborne respondents were pretty close to the expected values.

"student" as an occupation was not higher among Osborne respondents than among St. Vital or rural respondents[31].

Comparing how respondents with different levels of education answered the indicator questions reveals the most notable findings out of all the demographic variables explored so far. Respondents were categorized into educational groupings based on the highest level of formal education that they had achieved: elementary or middle school, high school, bachelor or college degree, and graduate degree. The breakdowns of responses to the two indicator questions are shown below in Tables 5.13 and 5.14.

Table 5.13: Education-based comparison of respondents' consideration of production characteristics in their purchasing decisions.

Factor social and/or environmental production conditions into purchasing?	**Highest Level of Education (n=129)**			
	Elementary and Middle School n=6 (%)	**High School** n=36 (%)	**Bachelor or College Degree** n=69 (%)	**Masters and Doctorate Degree** n=18 (%)
Yes	17	31	32	44
No	50	28	20	17
Sometimes	33	42	48	39
Total	100	100	100	100

Table 5.13 illustrates a particularly noteworthy tendency: as education level increases, the percentage of respondents that factor production conditions into their purchasing decisions increases. Furthermore, with the exception of respondents whose highest level of education is elementary or middle school, as education level increases, the percentage of those that had purchased certified FT and/or certified organic products also increases, and the percentage of respondents that did not know whether they had purchased any certified organic or FT products decreases (Table 5.14). While a chi test comparing respondents' consideration of production conditions into their purchasing decisions did not produce a significant result (P=0.597), the observations regarding education level and respondents' purchasing of certified products were significant at the 0.01 level (P=0.0096).

[31] The questionnaire also did not gather data on the programs that respondents studied in university, so it is not possible to determine whether area of study plays a role in distinguishing Osborne respondents.

Table 5.14: Education-based comparison of respondents' purchasing of certified products.

Purchased any certified organic and/or certified fair trade products?	Highest Level of Education (n=130)			
	Elementary and Middle School n=6 (%)	**High School** n=37 (%)	**Bachelor or College Degree** n=69 (%)	**Masters and Doctorate Degree** n=18 (%)
Yes	67	51	77	94
No	0	30	11.5	0
Don't know	33	19	11.5	6
Total	100	100	100	100

These results suggest that formal education has a positive impact on actual purchasing behaviour with regard to certified FT and/or organic products. Furthermore, the fact that the percentage of people that did not know whether they had purchased any certified organic or FT products shows a downward trend as education level increases suggests that uncertainty with regard to these product certifications decreases as education level increases.

While these observations may seem intuitive, they are especially interesting given that, later in the questionnaire, respondents were asked to specify where they first learned about various ethical coffee certifications, and how they were influenced to purchase them. The overwhelming majority selected "family and friends"[32]. Very few (only two respondents) mentioned formal schooling as a source of information or influence. One possible explanation for this is that formal education may not be a primary source of specific information with regard to alternative products, but it may increase awareness about social issues and indirectly promote some acceptance of certification initiatives.

[32] Respondents were asked to select from a list, but had the option of specifying other answers.

5.2.7 Part One Analysis Recap – connections and implications

So far, analysis has shown that a relatively high percentage of low-income respondents and a high percentage of well-educated respondents factor production conditions into their purchasing and purchase certified products. Although the results from low-income respondents seem contrary to expectation, they are less surprising when considered in light of the location-based findings, since a higher proportion of Osborne respondents fall into the lowest two income brackets, yet support certified product purchasing more than either St. Vital or rural respondents.

The association between higher levels of education and increased support for ethical purchasing is the most convincing finding. However, given the unusual similarities between the urban St. Vital and rural respondents with regard to the consideration of production conditions into purchasing decisions, it is clear that education is not the only factor influcing consumers' perceptions about, and attitudes toward, ethically certified products. While education most likely has some effect, other specific factors influencing ethical product purchasing behaviour are worth exploring further.

5.3 Results Analysis Part Two: Ethical Coffee Consumer Awareness and Purchasing

One main purpose of this study was to determine the effects of ethical product availability, ethical market complexity, and consumer confusion on the demand for alternative/ethical products in general. The demographic analysis presented above demonstrates notable differences in the ethical purchasing attitudes and behaviours (and thus differences in demand) between urban and rural respondents and between the urban respondents in the two urban questionnaire distribution locations. While education seems to account for some of the observed differences, it does not account for them all. As the research hypotheses predict, other possible factors are: consumer awareness of ethical labeling initiatives, confusion about the difference between and meanings of different ethical certifications, and the distance from ethical trade outlets or availability of ethically certified products.

Coffee is a good commodity to use as a basis for examining these factors. As mentioned in introduction to this thesis, coffee is a widely purchased commodity, and a large (and growing) number of ethical coffee certifications are on the market. Therefore, in order to further characterize ethical coffee consumers, and to further account for the observed differences in the ethical purchasing behaviour of respondents in the three locations, the remainder of the analysis will focus on a location-based comparison of the specific factors affecting respondents' ethical coffee purchasing. Section 5.4 examines respondents' knowledge and awareness of ethical coffee certifications. Section 5.5 considers only respondents who do not purchase ethical coffees, examining the main reasons behind their decision not to purchase. Section 5.6 then considers respondents who do purchase ethical coffees, examining the main reasons behind their decisions to purchase them and other factors influencing their purchasing behaviour and perceptions about ethically certified coffees.

5.4 Analysis of the Potential Impact of Complex Ethical Trade Markets

5.4.1 Awareness and purchasing of ethical coffee certifications

To recap, one main purpose of this study was to determine to what degree consumers are aware of different labeling initiatives, and to what degree awareness (or lack thereof) of the existence of alternative product labeling initiatives influences ethical/alternative product purchasing decisions. In order to better understand the potential impact of the complexity of ethical certifications on the demand for certified products, all respondents were asked whether they had heard of and whether they had purchased a number of specific ethical coffee initiatives, including Fair Trade (FT), Shade Grown (SG), Smithsonian Bird Friendly (SBF), Rainforest Alliance (RA), and Utz Certified (UC)[33]. Responses are shown in Tables 5.15 and 5.16.

As Table 5.15 shows, one interesting finding is that, with the exception of SBF certified coffee, the percentage of respondents that had heard of all of the coffee labeling

[33] Respondents also had the option of specifying any "other" type of ethical coffee that they were aware of; none did.

initiatives identified in the questionnaire is greater among urban respondents than among rural respondents. Not surprisingly, overall awareness of FT coffee is substantially higher than awareness of any other coffee labeling initiative; in each location, approximately two to three times more respondents identified that they had heard of FT than of the next most-heard-of alternative coffee: RA coffee. Although certified SG coffee is close behind RA among urban respondents (in fact, St. Vital respondents were slightly more aware of SG than RA coffee). With the exception of UC coffee, the percentage of Osborne respondents that had heard of each coffee certification is higher than the percentage of St. Vital respondents that had heard of them.

Table 5.15: Respondents' general awareness of coffee labeling initiatives by location[34].

	Heard of following coffee labeling initiatives				
Respondents' Residence Location / Type	**Fair Trade** (%)	**Shade Grown** (%)	**Smithsonian Bird Friendly** (%)	**Rainforest Alliance** (%)	**Utz Certified** (%)
Rural n=32	53	9	3	22	0
Urban Total n=92	74	25	2	28	4
Urban St. Vital n=41	66	24	2	20	5
Urban Osborne n=46	78	26	2	37	4

These results are not unexpected. The first finding (i.e. that a lower percentage of rural respondents compared to urban respondents had heard about these major ethical coffee certifications) corresponds with earlier findings. For example, as section 5.2.1 shows, among rural respondents, the effective demand for (i.e. purchasing of) certified products was found to be low, and the uncertainty regarding the purchasing of certified FT and/or organic products was found to be high, relative to urban respondents. As one would expect that awareness is a precursor to purchasing, it is not surprising that rural awareness of coffee certifications is lower than urban awareness. Similarly, with regard to the difference

34 Percentages were calculated using the total number of questionnaire respondents in each category that completed this portion of the questionnaire. No total column was included because answers were not mutually exclusive.

between the two urban locations, it is not surprising that a greater percentage of Osborne respondents had heard of most of the coffee initiatives, given that, as shown in section 5.2.1, Osborne respondents generally purchase certified products more than St. Vital respondents.

As Table 5.16 shows, a number of interesting findings also emerge with regard to ethical coffee purchasing. First, the percentage of rural respondents that purchase FT coffee (23%) is substantially lower than the total percentage of urban respondents (61%) that purchase it. Furthermore, the percentage of St. Vital respondents that purchase FT coffee (55%) is lower than the percentage of Osborne respondents (65%). Again, this finding is not surprising, and corresponds to earlier findings.

Table 5.16: Respondents' general purchasing of coffee labeling initiatives by location.

	Purchase following coffee labeling initiatives				
Respondents' Residence Location / Type	**Fair Trade** (%)	**Shade Grown** (%)	**SBF** (%)	**RA** (%)	**UC** (%)
Rural n=31	23	3	3	3	0
Urban Total n=87	61	12	0	6	0
Urban St. Vital n=40	55	13	0	8	0
Urban Osborne n=43	65	12	0	5	0

What is unexpected is that a slightly higher percentage of St. Vital respondents purchase both RA and SG coffee than do Osborne respondents (13% of St. Vital respondents purchase SG versus 12% of Osborne respondents, and 8% of St. Vital respondents purchase RA versus 5% of Osborne respondents). On the surface, the difference does not seem substantial; however, it is more interesting given that a much higher percentage of Osborne respondents had heard of RA coffee; of the 20% of St. Vital respondents that had heard of RA, 38% purchased it, whereas out of the 37% of Osborne respondents that had heard of RA, only 12% purchased it. The low purchasing of RA coffee among Osborne respondents could be an indicator of factors such as loyalty to FT or skepticism of RA (and its links to mainstream coffee companies). Although no Osborne respondents specifically mentioned RA's mainstream connections in their written comments, some did demonstrate some loyalty to FT. For example, one respondent wrote: "I believe all coffees should be Fair Trade and we need to educate all coffee buyers on what is truly going on for farmers".

Another wrote specifically of the 'development' benefits of FT: "I feel by buying Fair Trade products, small village producers have a better quality of life that whole villages benefit from". A third mentioned the contrast between FT and the conventional market: "I believe in the values of Fair Trade as opposed to Free Trade".

Also worth noting is the generally low level of purchasing of all other "ethical" coffee labeling initiatives relative to FT. The relatively low awareness and low purchasing of all coffee certification initiatives other than FT could have implications with regard to the hypothesis that competition with new labeling initiatives is negatively affecting the demand for FT coffee. If consumers are not aware of and not purchasing other certified coffees nearly as much as they are purchasing FT, as these results suggest, competition from other labeling initiatives is not likely to be a significant explanatory factor with regard to the low demand for FT coffee[35].

In general, the difference between the percentage of those that had heard of each initiative and the percentage of those that purchase it is greater among the rural than among the urban respondents. Less than half of the rural respondents that had heard about fair trade coffee purchased it, but a substantially greater percentage of the urban respondents that had heard of FT purchased it. (Specifically, of the 17 rural respondents that had heard of FT, only 41% purchased it, but out of the 68 urban respondents that had heard of FT, 78% purchased it).

A more surprising observation is the difference between the FT coffee purchasing behaviour of St. Vital and Osborne respondents. Out of the 27 (i.e. 60% of) St. Vital respondents that had heard of FT, 82% had purchased it, whereas only 78% of the 36 (i.e. 78% of) Osborne respondents that had heard of FT had purchased it. Similarly, out of the respondents that had heard of SG and RA certified coffees[36], a greater percentage of St.

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[35] Respondents' consumption SG coffee – the next most purchased ethical coffee variety after FT – does constitute a notable amount, and could conceivably affect the demand for FT coffee; however, the percentage of respondents in each location who purchase SG coffee is substantially less than the percentage of respondents who purchase FT coffee. Among rural respondents, 23% purchased FT while only 3% purchased SG. Among total urban respondents, 61% purchased FT and 12% purchased SG. Among Osborne respondents, 65% purchased FT and 12% purchased SG, and among St. Vital respondents, 55% purchased FT and 13% purchased SG.

[36] Of the 10 St. Vital respondents that had heard of SG, 50% purchased it, but out of the 12 Osborne respondents that had heard of SG, only 42% purchased it. RA purchasing was similar.

Vital respondents had purchased those varieties than had Osborne respondents[37]. As already observed, greater awareness of "ethical" initiatives seems to be related to increased knowledgeable purchasing of them. Indeed, this finding further supports this correlation, as it suggests that a lack of knowledge of the existence of ethical coffee initiatives may play a major role in explaining the observed difference in purchasing behaviour between St. Vital and Osborne respondents. To clarify: overall, Osborne respondents actually purchase more ethically certified products and coffees than St. Vital respondents; however, among those *aware* of ethical coffee certifications, Osborne respondents' purchasing of ethically certified coffees does not surpass that of St. Vital respondents. St. Vital respondents' overall lower level of awareness about ethical coffee certifications, therefore, may explain their overall lower level of certified product purchasing relative to Osborne respondents.

5.4.2 Familiarity with, and knowledge about, ethical coffee labels

While inquiring about the ethical coffees known to respondents helps shed light on respondents' awareness of the existence of ethical coffee certifications, additional information is needed to discern respondents' knowledge about what the certifications represent. In a market society, consumers are supposed to be able to specify societal preferences through their consumption behaviour. When consumers are knowledgeable about the meaning of ethical certifications, purchasing ethically certified products can reflect ethical concerns, and the communication of these concerns, ideally, can translate into social or environmental change.

As an indicator of levels of knowledge about the meanings of different certifications (i.e. knowledge about what labels indicate about the products that bear them), respondents were presented with visual images of a number of labels used on ethically certified coffees, including FT labels used by Transfair Canada and the Fairtrade Labelling Organizations International (FLO), organic labels used by Quality Assurance International (QAI) and the United States Department of Agriculture (USDA), and Smithsonian Bird Friendly (SBF), Rainforest Alliance (RA), and Utz Certified (UC) labels. Respondents were first asked to

[37] No urban respondents admitted to purchasing either SBF or UC coffee.

identify which of the label images they were familiar with, and were then asked to specify what they thought those labels signify about the products that are labeled with them.

These questions resulted in a number of interesting observations. Interesting findings with regard to rural respondents are as follows:

1) Only 31% of rural respondents attempted (or were able to answer) this question, and only 29% were able to identify any labels; however, the majority of those rural respondents (70%) that identified labels did so accurately (i.e. they identified correctly at least one standard or goal of the labeling initiative whose label they admitted to recognizing).
2) By far, the majority (around 80%) of rural respondents that identified one or more labels were familiar with the Transfair Canada label.
3) Only 20% were familiar with FLO or USDA Organic.
4) Only one person was familiar with the QAI Organic label and the SBF label, and no respondents were familiar with the RA or UC labels.
5) The majority of rural respondents generally associated FT labels with fair prices for producers, and good treatment of workers. No respondents mentioned anything about FT's broader goals or more recently added standards, like minimum environmental production requirements.

Observations with regard to Osborne respondents:

1) Approximately 80% of Osborne respondents attempted this question, and 70% were able to identify familiarity with any labels.
2) Of the Osborne respondents that identified some labels, only 34% correctly specified at least one standard associated with the label[38], and 47% did not identify any standards associated with the labels, or identified them incorrectly.
3) As with rural respondents, the Transfair Canada label was by far the label most familiar to Osborne respondents; 75% of respondents that identified familiarity with any labels recognized the Transfair label, whereas only 47% recognized the USDA Organic label, 38% recognized the QAI Organic label, 28% recognized the FLO fair

[38] A further 19% answered ambiguously – their responses could be interpreted as being correct, but do not demonstrate a clear understanding of the goals of any labeling initiative.

trade label, 9% recognized the RA label, 6% recognized the SBF label, and 3% recognized the UC label.

4) Also like the rural respondents, the majority of Osborne respondents that correctly identified FT labels associated the labels with fair compensation and good working conditions for producers and farm workers; however, a few did point to FT's broader goals – two respondents mentioned that labels guaranteed/regulated standards verified by monitoring and inspections, and one mentioned humanitarianism and global justice.

Observations with regard to St. Vital respondents:

1) Only 56% of St. Vital respondents attempted to answer this question, and 49% were able to identify at least one label.
2) Of those St. Vital respondents that identified any label(s), only 23% correctly specified at least one standard associated with the label identified, and 54% did not specify what they thought the label(s) stood for or did so incorrectly[39].
3) As with the rural and Osborne respondents, the Transfair label was the one most familiar to St. Vital respondents; 68% of St. Vital respondents that identified at least one label identified the Transfair label (compared to 41% that were familiar with either the USDA Organic or the FLO label, 36% that were familiar with the QAI Organic label, 9% that were familiar with either the RA or UC label, and 0% familiar with SBF).
4) A lower percentage (68%) of St. Vital respondents that identified at least one label were familiar with the Transfair label compared to Osborne respondents (75%) and rural respondents (80%).
5) While only five St. Vital respondents correctly identified at least one goal of FT certification, three associated the FT labels with fair compensation and good working conditions for producers and farm workers, and two mentioned that the labels guaranteed/regulated standards verified by monitoring and inspections.

[39] A further 23% replied ambiguously – again, their responses could be interpreted correctly, but the respondents' understanding was unclear.

Given earlier findings that a greater percentage of Osborne respondents had heard of the coffee labeling initiatives represented by the displayed labels, it is not surprising that a larger percentage of Osborne respondents (than St. Vital or rural respondents) were able to identify at least one of the labels. This finding adds further weight to the conjecture that Osborne residents are more aware of alternative or ethical consumption initiatives. The observations that urban respondents, in general, were more familiar than rural respondents with alternative coffees other than fair trade, and that rural respondents had very little knowledge of any coffee initiative other than FT, could reflect a lack of availability; if rural consumers do not have the opportunity to encounter these labels in their local, everyday shopping, they would have a harder time recognizing ethical product labels.

What is surprising, however, is the great accuracy of rural respondents in identifying what the fair trade labels stand for. To reiterate, while only 10 rural respondents (i.e. 29% of all rural respondents) identified any labels, of these, 70% (seven individuals) correctly identified part of the initiatives' standards. By contrast, among the 32 Osborne respondents (i.e. 70% of all Osborne respondents) that identified at least one label, just less than half identified the label meanings correctly or failed to identify them at all, and among the 22 St. Vital respondents (i.e. 49% of all St. Vital respondents) that identified familiarity with any labels, over half (54%) did not specify what the labels represented, or did so incorrectly. Although St. Vital and rural respondents have similar purchasing habits with regard to ethically labeled products (see section 5.2.1), their knowledge about the initiatives seems to differ. St. Vital respondents demonstrated more *awareness* of the existence of different ethical coffee labeling initiatives than did rural respondents; however, St. Vital respondents achieved a lower *accuracy* rate in discerning the meaning of these initiatives.

The fact that, overall, respondents' familiarity with the Transfair FT label far surpassed familiarity with any other label in all locations could be further evidence of contradiction to the hypothesis that competition from newer "ethical" labeling initiatives is, in part, responsible for the low demand for FT products. The observations in this section suggest that consumers are much less aware of these other ethical coffee initiatives than they are of FT, and that this lack of awareness is linked to less purchasing of RA, SBF, UC, and SG coffees relative to FT coffee.

5.5 Non-ethical coffee purchasers – motivations and influencing factors

To gain an understanding of the main factors affecting the demand for FT and other "ethical" products, finding out what makes consumers decide not to purchase ethically certified products is necessary. While the questions analyzed in the above sections applied to all questionnaire respondents, only those that did not purchase ethically labeled coffees were asked questions with regard to the main factors that influenced their decision not to purchase. The responses of non-ethical coffee purchasers are discussed below.

5.5.1 Analyzing the factors affecting the decision not to purchase alternative coffees

Respondents in each location who do not purchase ethically labeled coffees on a regular basis were asked to specify the main reasons influencing their decisions not to purchase these coffees. In total, 91% of the 35 rural respondents, 65% of all 96 urban respondents, 69% of the 45 St. Vital respondents, and 61% of the 46 Osborne respondents completed this segment of the questionnaire. These percentages correspond with findings presented earlier; as the percentage of Osborne respondents who purchase alternative products is higher than the percentage of St. Vital or rural respondents who purchase them, it follows that a lower percentage of Osborne respondents and a higher percentage of rural respondents would complete this portion of the questionnaire. The fact that the majority of respondents in each location, by completing this portion of the questionnaire, identified that they do not purchase any ethically certified coffees on a regular basis reflects the overall low demand for these products.

The reasons specified by respondents are presented in Table 5.17. Reasons are listed in order of most-frequently mentioned to least-frequently mentioned. Percentages listed represent the percentage of respondents in each location that specified a given reason out of the total respondents in each location who do not purchase ethically certified coffees on a regular basis. Respondents were asked to select from a list as many reasons that applied, and were also given the option of specifying any "other" reasons (none did).[40]

5.5.2 Observations and implications

Among all respondents who do not purchase ethically labeled coffees, lack of awareness about the existence of "ethical" coffee varieties, and confusion over the differences between ethical coffee initiatives are among the most-frequently cited reasons for not purchasing ethical coffee, and, therefore, seem to play a major role in purchasing behaviour. In particular, these factors discourage consumers from purchasing any ethical coffee types. These findings lend support to the hypotheses that lack of consumer awareness about ethical labeling initiatives and confusion about the difference between different labeling initiatives that apply to similar products (such as coffee) both have a negative impact on demand for "ethical" products.

When the reasons not to purchase ethical coffee, identified above, are considered along with the trends in ethical coffee purchasing, a more in-depth picture of the ways in which competition and consumer confusion affect ethical coffee demand, and FT demand, in particular, begins to emerge. As shown in section 5.4.2, among respondents in each location, the effective demand for (i.e. purchasing of) RA, SBF, SG, and UC coffees is substantially lower than the effective demand for FT coffee. These findings suggest that, while confusion over the difference between labeling initiatives may have a negative impact on the overall demand for ethically certified products, competition between the wealth of coffee labeling initiatives may not necessarily be having a directly negative impact on FT demand. Since respondents' purchasing of FT coffee is still substantially higher than their purchasing of other ethically labeled coffees, the effective demand for ethical coffees does not appear to be overly divided between coffee labeling initiatives.

[40] Respondents were also asked to rank their selections from most important to least important in terms of influencing their purchasing decisions; however, respondents generally did not do this. As a result, when respondents selected more than one reason, it was impossible to consider one response as more important than any other.

Table 5.17: Non-Purchasers' Reasons to Not Purchase Ethical Coffees

Rank	Rural (n=29)		Urban Total (n=62)		St. Vital (n=31)		Osborne (n=28)	
	Reason	% *	Reason	%	Reason	%	Reason	%
1	Ethical coffees not available in my area	41	Not aware of ethical coffee initiatives	26	Too many ethical coffees to choose from	19	Not aware of ethical coffee initiatives	32
2	Not aware of ethical coffee initiatives	28	Do not know the difference between ethical and mainstream coffee	15	Not aware of ethical coffee initiatives	19	Do not know the difference between ethical and mainstream coffee	14
3	Do not know the difference between ethical and mainstream coffee	24	Ethical coffees are too costly	13	Do not know the difference between ethical and mainstream coffee	16	Ethical coffees do not taste as good as conventional coffee brands	11
4	Ethical coffees are too costly	14	Too many ethical coffees to choose from	13	Ethical coffees are too costly	13	Ethical coffees are too costly	11
5	Too many ethical coffees to choose from	7	Ethical coffees not available in my area	6.5	Ethical coffees are a marketing gimmick	10	Too many ethical coffees to choose from	7
6	Ethical coffees are a marketing gimmick	3.5	Ethical coffees do not taste as good as conventional coffee brands	6.5	Ethical coffees not available in my area	6.5	Ethical coffees not available in my area	3.6
7	Not concerned about "ethical" production methods	3.5	Ethical coffees are a marketing gimmick	6.5	Not concerned about "ethical" production methods	3.6	Ethical coffees are a marketing gimmick	3.6
8	Ethical coffees do not taste as good as conventional coffee brands	0	Not concerned about "ethical" production methods	5	Ethical coffees do not taste as good as conventional coffee brands	3	Not concerned about "ethical" production methods	3.6

*As respondents were able to select more than one reason, percentages for each reason were calculated using the total number of respondents in each location who selected that reason.

Another interesting finding is the high percentage of rural respondents who identified the lack of ethical products available in their area as a major factor influencing their decisions not to purchase alternative coffees on a regular basis. Among rural respondents, "Alternative (i.e. ethically certified) products are not available in my area" is the most frequently cited reason not to purchase ethical coffees, with 41% of rural respondents specifying it as the main reason. By comparison, a very small percentage of non-ethical-coffee-purchasing urban respondents (6.5% overall) specified lack of local availability as an issue. These findings are supported further by a location-based comparison of respondents' distance (measured in terms of driving time) from the nearest venue from which they could purchase ethical coffees. Among rural respondents, 63% responded that they had to drive over thirty minutes to arrive at an ethical coffee outlet. By comparison, only 13% of St. Vital respondents indicated that they had to drive over thirty minutes, and no Osborne respondents specified that they had to travel that far. These findings all support the hypothesis that distance from ethical trade outlets (i.e. lesser local availability of ethically certified products) has a negative impact on the effective demand for ethical products.

Furthermore, in their written comments, rural respondents expressed a particular desire – more so than the urban respondents – for increased availability of FT and other ethically certified coffees. The following are some of their comments:

1. "I think fair trade is a good idea; I feel the products need to be more readily available [and] need to be more widely known."
2. "[I would like] to be able to help in some small way to facilitate, and eventually to accomplish, the total availability of "Fair Trade" products everywhere."
3. "My tendency is to support worthy/ethical companies, so I would try to do so if the products were available."

Although the effective demand for ethically certified products is low among rural respondents, these comments suggest that some latent demand for these products exists in rural areas; the desire is there, but some rural respondents are not able to purchase the ethical products that they would like to purchase.

Another finding worth noting is the difference between Osborne and St. Vital respondents' perception about the lack of availability of ethical coffees. Although lack of local availability is not a major reason specified by respondents in either urban location (when compared to the 41% of rural respondents that specified this reason), almost twice as many St. Vital respondents (6.5%) as Osborne respondents (3.5%) specified lack of local availability as a main reason not to purchase ethical coffees. This is interesting because, although specialty shops are not as prevalent in St. Vital as they are in Osborne, they do exist in certain places, and the major grocery stores in the area carry a number of ethically labeled coffee varieties (including FT, organic, SG, RA, and others). In general, availability is not substantially different between the two urban areas, but the types and number of locations where ethical products can be purchased is different. As stated above, St. Vital residents' main access to ethically labeled products is through a mainstream supermarket, whereas Osborne respondents can more easily purchase ethical products through a number of specialty shops.

These observations are particularly notable given that interviews with supermarket managers revealed substantial differences in the way "alternative" or ethical products are stocked in different areas. Stocking decisions for a Safeway supermarket in a given area are not made by the manager of that area's Safeway, but are made centrally by Safeway head offices. For example, the managers of the St. Vital and Osborne Safeway supermarkets (i.e. the questionnaire distribution sites in each location) revealed during interviews that the Osborne supermarket has a much wider "alternative" section, and, thus, a larger selection of "ethical" products than does the St. Vital supermarket. Despite belonging to the same supermarket chain, the two supermarkets differ in the allocation of ethical products due to the perceived difference in ethical product demand between the two locations (Interviews, August 26 and 28, 2008). The potential demand expressed above by rural respondents, however, calls into question the accuracy of these stocking decisions. The lack of supply perceived by both rural and St. Vital respondents suggests that those making ethical product allocation decisions for supermarkets may not have be perceiving ethical product demand accurately.

Other interesting observations include the following:

1) A relatively high percentage of Osborne respondents (11%, compared to 3% of St. Vital respondents and 0% of rural respondents) identified that the inferior taste and/or quality of ethical coffees compared to conventional coffees is a major reason that they do not purchase them; among Osborne respondents, taste and/or quality was the third most frequently cited reason not to purchase, whereas, among St. Vital and rural respondents, taste was the least frequently cited reason. This could be related to the findings about

knowledge and awareness and purchasing of ethical coffees; St. Vital and rural respondents have purchased the least and seem to be less aware of the existence of ethically certified coffee varieties than Osborne respondents, and are, perhaps, less sophisticated in their coffee consumption (sophisticated in the sense that taste and quality are important to them). It could be that knowledge about coffee taste and quality comes from prior knowledge and prior purchasing of the ethical coffee varieties identified in the study as well as other alternative coffee varieties, including gourmet quality coffee sold in the conventional coffee market.

2) St. Vital respondents identified "too many [ethically labeled] coffees to choose from" as the most frequently-cited reasons not to purchase ethical coffee (along with "not aware of ethical coffee initiatives"); 19% of St. Vital respondents specified this as a major reason, compared to only 7% of both Osborne and rural respondents. In addition, the percentage of St. Vital respondents to specify that: "ethical coffees are a marketing gimmick" (10%) is substantially higher than the percentage expressing this sentiment in either Osborne (3.6%) or Manitou, the rural questionnaire distribution site, (3.5%) to do so. These observations indicate that St. Vital respondents have a greater level of skepticism about "ethical" labeling initiatives. As shown in section 5.6, formal education seems to have a positive impact on attitudes toward ethical certification initiatives. Since a greater percentage of Osborne respondents achieved university level education than did St. Vital respondents, and since Osborne respondents exhibited a greater demand for ethically certified products, it could be inferred that formal education affects ethical product demand by reducing skepticism about ethical certifications (see section 5.6). It is also possible that the university program of study in which respondents participated could affect attitudes toward ethical certifications; however, as the questionnaire did not gather specific information about program of study, further study would be needed to examine this possibility. Other possibilities include the information sources that inform respondents about ethical products, and the type of outlets that respondents purchase ethical products from. (See sections 5.5.2 and 5.5.3 below for an account of the differences between St. Vital and Osborne respondents in terms of how they learn about ethical coffee certifications, and where they purchase them. As these

sections will argue, these differences may be linked to respondents' level of skepticism about ethical certifications).

5.6 Ethical Coffee Purchasers – Influencing Factors, Purchasing Behaviours, and Overall Opinions

To recap, the previous section looked at the factors influencing those who do not purchase any ethical coffees regularly. As these non-ethical coffee purchasers make up the majority of respondents, their answers are particularly illuminating with regard to factors responsible for much of the low demand for FT products. Now, it is also important to look at those who do purchase ethical trade products to highlight any trends in ethical product purchasing, and to understand whether there are any factors limiting their demand for FT products (which is, once again, a major goal of this research). The factors influencing the behaviour of ethical coffee purchasers are presented and discussed below.

5.6.1 Analyzing the factors affecting decisions to purchase alternative coffees

Respondents who specified that they did purchase one or more varieties of ethical coffee were asked to identify the main reason(s) influencing their decisions to purchase these coffees. In total, 23% of the rural respondents, 38% of all urban respondents, 31% of St. Vital respondents, and 41% of Osborne respondents answered this question. Given that, as the findings presented earlier demonstrate, urban respondents are more aware of the existence of ethical coffee initiatives, and purchase more of them than do rural respondents, and given that Osborne respondents are most aware and purchase the most, followed by St. Vital respondents and then the rural respondents, it is not surprising that a greater percentage of Osborne respondents answered this question than St. Vital respondents, or that a greater percentage of urban respondents made it to this point in the questionnaire than rural respondents. The results, however, provide a few interesting insights.

The main reasons influencing respondents in each location to purchase ethical coffees are presented in the Table 5.18 below. The reasons are listed in order of most-frequently mentioned to least-frequently mentioned, and percentages listed represent the percentage of respondents in each location that specified a given reason out of the total respondents in each location that attempted this portion of the questionnaire.

Table 5.18: Respondents' stated main reasons to purchase ethical coffees.

Rank	Rural (n=9)		Urban Total (n=36)		St. Vital (n=14)		Osborne (n=19)	
	Reason	**%**	**Reason**	**%**	**Reason**	**%**	**Reason**	**%**
1	Better for poor producers and farm workers	89	Better for poor producers and farm workers	86	Better for poor producers and farm workers	79	Better for poor producers and farm workers	90
2	Better for the environment	56	Better for the environment	58	Provides an alternative to conventional trade	50	Better for the environment	77
3	Better taste and/or quality than conventional coffee	44	Better taste and/or quality than conventional coffee	44	Better for the environment	43	Better taste and/or quality than conventional coffee	58
4	Provides an alternative to conventional trade	22	Provides an alternative to conventional trade	44	Better taste and/or quality than conventional coffee	29	Health	53
5	Health	11	Health	36	Health	14	Provides an alternative to conventional trade	37
6	Better price or more convenient than conventional	0	Better price or more convenient than conventional	11	Better price or more convenient than conventional	7	Better price or more convenient than conventional	16

One interesting finding is that, in all locations, the number one reason to purchase ethical coffee identified by respondents is because certified ethical coffees benefit marginalized producers and farm workers[41]. This finding is in line with the findings presented above that the majority of respondents that are familiar with ethical coffee labels

[41] It is questionable whether all of these respondents are aware that not all ethical coffees have producer/worker benefits as a main goal.

(FT labels, in particular) identified that the main purpose of these labels is to provide producers and workers with higher prices and better working conditions (see section 5.4.2), During an interview, Transfair Canada employee Michael Zelmer stated his opinion that Transfair has not yet done enough to explain to consumers what FT is, and what it means. The results of this questionnaire add support to his beliefs that consumers mostly perceive of FT as an initiative that gives producers a higher price, and that consumers are less familiar with FT's broader goals, such as helping producers to gain market access and build capacity through teaching cupping techniques, providing market information, etc. (Interview, February 10, 2009).

Other interesting findings include the following:

1) St. Vital respondents identified that the second most important reason for purchasing ethical coffees is because these coffees provide an alternative to conventional trading systems. To clarify, one St. Vital respondent referred to the need to "[act] against the forces that create the rotten conditions worldwide" and to counter capitalism. He wrote "... I don't think our efforts should end with a purchase. Getting involved in anti-slavery and anti-capitalism campaigns is a very important step". By contrast, rural respondents ranked this reason fourth in importance, and Osborne respondents ranked it fifth in importance.
2) A relatively high percentage of Osborne respondents compared to St. Vital respondents identified "better taste and/or quality" and "health" (i.e. that ethical coffees are of higher quality and taste better, and that they are healthier than conventional types) as a major reason influencing their ethical coffee purchasing.

These findings could be pointing to some interesting implications. The concerns for taste, quality, and health expressed by Osborne respondents can be perceived as being more personal than the broader goal of creating an alternative trading system ranked highly by St. Vital respondents. It is possible that the ethical purchasing behaviour of St. Vital respondents is more influenced than that of Osborne respondents by the broader goals of ethical coffee initiatives (e.g. systemic factors such as creating an alternative trade system), and Osborne respondents' ethical purchasing behaviours are more influenced by perceived personal benefits of ethical coffees, such as taste, quality, health, etc.[42]. (This study, however, does not allow for a full analysis of respondents' perceptions of personal vs. societal benefits; therefore, further study is needed to fully explore this possibility.) Furthermore, when considered along with earlier findings, these observations help to generate a more detailed picture of ethical product consumers. Osborne respondents purchase ethical coffees more than St. Vital respondents and come across as more knowledgeable about ethical certifications. By contrast, St. Vital respondents displayed the most skepticism toward ethical certifications. As section 6.4 indicates, skepticism with regard to the marketing of ethical labels is a significant reason that has influenced St. Vital respondents not to purchase ethical coffees.

One possible explanation for the low demand for certified coffee among St. Vital respondents is that purchasing decisions with regard to ethical coffee are linked to consumers realizing the personal benefits of buying certified coffee. As posited above, St. Vital respondents may be less aware of these personal benefits (or simply do not see the benefits of certified coffee as personal), and may, therefore, purchase less. Another possible explanation could be that consumers who are more concerned about the broader goals of alternative initiatives (such as ethical certification) are more skeptical about the ability of product certification to effectively change the power structures of commodity chains (a fair criticism, given recent critiques within the academic community reviewed earlier in this thesis regarding the effectiveness of market-based mechanisms designed to challenge the market system). Perhaps purchasing decisions with regard to ethical coffee requires consumers to have knowledge of both the broader goals of ethical product initiatives and of the personal benefits that certified products offer consumers.

5.6.2 Ethical coffee information sources

To gain a full picture of the factors influencing ethical product demand, it is important to know something about the information sources that reach and influence ethical

[42] It should also be noted, however, that personal benefits derived from ethical purchasing can include wider environmental or social benefits; consumers can derive personal satisfaction and happiness from feeling that they are contributing to these worthwhile causes through their purchasing.

consumers[43]. Therefore, to gather further information about potential factors influencing consumers' ethical coffee purchasing behaviour, respondents were asked to identify how, or from whom, they first heard about the ethical coffee initiatives of which they were familiar. Once again, only respondents that purchased some ethical coffees completed this portion of the questionnaire.

Overall, among the 48 respondents that had heard of one or more ethical coffee initiatives, and chose to answer this question, the majority (52%) wrote that they first heard about the ethical coffee initiatives that they were familiar with through family and friends. The next most frequently cited source of initial information on the existence of ethical coffee initiatives is advertising; however, only 25% of respondents that completed this portion of the questionnaire identified advertising as a primary source of information - less than half the number of respondents that identified friends and family as the primary source. Religious organizations were the third most frequently cited source of primary information (closely following advertising with mention by 23% of respondents), and 17% percent of respondents identified non-governmental organizations. Somewhat surprisingly, considering the apparent correlation between increased formal education and increased purchasing of certified ethical products, only two respondents (approximately 4%) wrote that they first heard about ethical coffee initiatives through school.

A location-based comparison of the responses to this question reveals some particularly interesting findings. A relatively high percentage of Osborne respondents specified that they had first heard about ethical coffee through family and friends (74%) compared to St. Vital respondents (40%). By contrast, a relatively high percentage of St. Vital respondents specified that they had first heard about ethical coffee through advertising (33%) compared to Osborne respondents (22%). Since Osborne respondents purchase more ethical coffees, these observations could imply that advertising is less effective at stimulating purchasing than more trusted sources of information, such as family and friends. While this may seem like an intuitive and unremarkable deduction, it raises questions with regard to the potential effectiveness of the current mainstreaming of FT. Mainstreaming may result in an increasing reliance on advertising and other conventional methods for

[43] This information would be of particular interest to organizations attempting to alter demand for ethical products (as is happening within the FT movement, as FTOs are currently attempting to increase the demand for FT products).

spreading FT product information. For example, during a recent interview, one representative of a Canadian FT Organization (FTO) responsible for promoting a particular FT brand explained that the organization was planning to rethink its website. The plan was to make the website less content-heavy, and instead take a more "luring approach". The website would focus more on marketing – making FT products look more attractive to a broader range of consumers – to promote demand for the organization's products, rather than focusing on the work of the coop or discussing the broader goals of FT in detail (Interview, February 4, 2009). My data, however, suggest that conventional, less informational marketing methods may not be all that effective at stimulating demand for FT products. In fact, the representative also stated that, in the face of increased competition from multinational corporations (MNCs), smaller FTOs must market mainly via word of mouth because they are not able to compete with the advertising budgets of the MNCs.

5.6.3 Ethical coffee outlets

Another factor thought to have a potential effect on ethical coffee purchasing is the type of venue from which consumers purchase these coffees. Respondents who purchase ethical coffees were, therefore, asked to specify where they typically purchase them. Overall, the two most frequently mentioned venues from which respondents purchase ethical coffees are grocery stores and specialty shops[44]. Eight rural respondents, 38 total urban respondents, 12 St. Vital respondents, and 23 Osborne respondents completed this portion of the questionnaire[45]. Comparing responses from respondents in the three locations and regarding the purchasing of different ethical coffee types reveals a number of interesting results.

With regard to FT coffee, the overwhelming majority of both urban and rural respondents stated that they purchase it at specialty shops. Among the rural respondents that completed this portion of the questionnaire, none purchase FT coffee in grocery stores, and

[44] Some respondents (a total of five) noted that they purchased ethical coffees at conferences or fairs; however, due to the low number of these responses, the analysis will focus on comparing grocery store and specialty shop purchasing.
[45] Note: the low response rates of rural and St. Vital respondents relative to Osborne respondents reflects the fact that a higher percentage of Osborne respondents purchase ethical coffees on a regular basis.

88% specified that they purchase FT coffee in specialty stores[46]. Similarly, only a small proportion (18%) of the 38 urban respondents specified that they purchase FT in grocery stores, whereas 68% said they purchase it in specialty shops[47]. The finding that respondents generally seem to prefer to purchase FT coffee in specialty shops is not entirely surprising, and could reflect a number of things: it could be a reflection of the fact that FT coffee had its "start" in specialty shops, and is still tied to the specialty coffee movement. Consumers may be less familiar with the relatively recent availability of FT in grocery stores, or it could be that FT consumers may be more predisposed to/supportive of purchasing ethically certified products at specialty shops.

The contrast between St. Vital and Osborne respondents' purchasing behaviour with regard to FT coffee is especially noteworthy. Among the 23 Osborne respondents that completed this portion of the questionnaire, 74% purchase FT coffee in specialty shops, and only 22% purchase in grocery stores. The purchasing habits of the 12 St. Vital respondents are strikingly different in that purchasing of FT coffee is divided equally between grocery stores (50%) and specialty shops (50%). This could be because the Osborne area has more specialty shops than does the St. Vital area. The majority of St. Vital residents would likely have to travel farther to purchase ethical coffee in specialty shops than would Osborne residents. The fact that some St. Vital respondents specified that their nearest ethical coffee retail outlets are over 30 minutes away could be a reflection of the relative scarcity of specialty shops in St. Vital.

Like FT coffee, more Osborne respondents also purchase organic coffee[48] from specialty shops than from grocery stores, but the difference is not as distinct as with FT coffee, with 26% purchasing from specialty shops and 22% from grocery stores. St. Vital respondents are even more inclined to purchase organic coffee from grocery stores, as 33% purchase from grocery stores and only 25% from specialty shops[49]. Respondents were also

[46] The rest specified that they purchased it at an "other" venue.

[47] The remainder specified that they purchased it at conferences or fairs, or at another venue.

[48] With regard to the purchasing of organic coffee, respondents overall demonstrated a greater tendency toward purchasing organic coffee in grocery stores. Although more rural respondents still purchase organic coffee more from specialty shops (38%) than from grocery stores (25%), the fact that at least some rural respondents purchase organic coffee from grocery stores could reflect the greater availability of organic coffee compared to FT in some rural locations.

[49] Note: numbers of respondents completing this portion of the questionnaire are so small that trends can only be speculative.

asked to specify where they purchase RA, SG, SBF, and UC coffees; however, due to the very low number of respondents that indicated that they purchase these coffees[50], and thus, completed these portions of the questionnaire, trends are difficult to discern. Among respondents who did specify where they purchase these coffees, responses were relatively evenly divided between grocery stores and specialty shops; however, further study is needed before any distinct claims can be made. The low response rate SG, SBF, UC, and RA relative to FT and organic confirms earlier findings that these coffees are not being purchased nearly as much by respondents as are FT and organic coffees. Once again, this suggests that competition from other alternative coffee initiatives is not necessarily negatively affecting the demand for FT products.

Overall, the results from this portion of the questionnaire suggest that, with the exception of St. Vital respondents, ethical coffees, FT in particular, are purchased by respondents more at specialty shops than at grocery stores (i.e. more conventional coffee-purchasing venues). As posited above, one reason for this finding could be that consumers are not yet used to purchasing ethically labeled products in grocery stores, since the presence of some ethically labeled products (FT in particular) in mainstream outlets such as grocery stores is relatively new. Another explanation could be that consumers are more skeptical about ethical products available in mainstream outlets, and prefer to purchase them instead from specialty shops.

Once again, these results could have implications for FT's current mainstreaming strategy. During an interview, a representative of a Canadian FTO expressed an interesting view of the FT mainstreaming trend. She argued that, if consumers are to truly have a choice, they need to be able to see FT products alongside conventional brands on store shelves and be able to make direct comparisons (Interview, February 4, 2009). While this seems like a good plan, respondents' overall tendency to view specialty shops as the primary venue for purchasing certified coffees suggests that not all consumers are prepared for, or necessarily wanting to make, this comparison. If consumers do, in fact, prefer to purchase ethical products from specialty shops, increasing the availability of ethically certified products in mainstream locations is not likely to achieve any desired increase in demand.

[50] Only ten respondents specified where they purchase SG coffee, four specified where they purchase RA, two specified where they purchase UC, and none specified where they purchase SBF.

The representative noted that while the mainstream grocery store sales were going well, more research may be needed to determine whether grocery store availability is stimulating new demand, or whether already knowledgeable consumers are taking advantage of the increased availability (ibid).

5.6.4 Product characteristics valued by ethical coffee purchasers

As discussed in previous chapters, ethical certifications differ in the ethical characteristics that they embody or represent. With regard to coffee, organic, SBF and SG certifications signify characteristics related to environmental sustainability; they represent standards related mainly to chemical use, biodiversity protection, etc. These certifications have the potential to improve conditions for coffee producers insofar as these certified coffees earn producers a higher market price than conventionally grown coffee. RA and UC certifications encompass, to some degree, social as well as environmental standards. In theory, social standards such as the 'fair' treatment of workers and the prohibition of child and slave labour have the potential to help producers and coffee-producing communities achieve a higher standard of living; however, in practice, RA and UC social standards are no stronger (and sometimes weaker) than existing ILO and national standards, and the ability of these certifications to translate into developmental benefits for producers is questionable (see chapter 2). As argued in chapter two, FT certification, which arose as an initiative with the intent improve the situation faced by marginalized producers, has the most potential to contribute to sustainable development with regard to coffee producers, as it provides producers with a minimum price and additional premiums for community development and environmental sustainability, and places social and environmental requirements on both producers and importers.

Given these differences in standards and in the potential benefits that certifications can offer to producers, and given that the developmental benefits of these certifications depend on consumer demand for certified products, it is important to understand consumers' perspectives about the ethical aims embodied by ethical certifications. To indicate what "ethical" characteristics consumers of ethically-labeled coffees value the most, respondents that purchase these coffees were asked to comment on the importance of a number of ethical characteristics that are represented to some degree by the major ethically-certified coffees. These characteristics include:

1) Producers are paid a fair price for the commodities they produce.
2) Producers are paid according to the quality of goods they produce.
3) No chemicals are used in production.
4) Chemicals are handled safely and responsibly (use is regulated and monitored).
5) Farm workers are exposed to safe working conditions.
6) Farm workers have access to adequate training and safety equipment.
7) No child or slave labour is used in production.
8) Habitat and biodiversity are not destroyed by production methods.

Those that completed this portion of the questionnaire include 10 rural respondents (29% of total rural respondents), 14 St. Vital respondents (38% of total St. Vital respondents), and 19 Osborne respondents (41% of total Osborne respondents). The replies of respondents overall, as well as respondents in each location, are ranked in Table 5.19 below according to the percentage of respondents in each category that specified each ethical characteristic as "very important".

Once again, a number of results are worth highlighting. Immediately evident is that the absence of the use of child or slave labour in production is clearly the ethical characteristic considered by respondents to be most important; overall, 83% of the respondents that completed this part of the questionnaire identified "no child or slave labour used in production" as a "very important" production characteristic – a higher percentage than for any other ethical characteristic. Similarly, the percentage of rural, urban, and Osborne respondents that identified "no child or slave labour in production" as "very important" is higher than the percentages of those respondents that identified any other characteristic as "very important".

Table 5.19: Production characteristics valued by ethical coffee purchasers.

Rank	Overall Total		Rural		St. Vital		Osborne	
	Characteristic	%	Characteristic	%	Characteristic	%	Characteristic	%
1	No child or slave labour used in production	83	No child or slave labour used in production	90	No child or slave labour used in production	79	No child or slave labour used in production	84
2	Farm workers are exposed to safe working conditions	74	Producers are paid a fair price for their produce	80	Farm workers are exposed to safe working conditions	79	Farm workers are exposed to safe working conditions	79
3	Producers are paid a fair price for their produce	67	Farm workers are exposed to safe working conditions.	60	Chemicals handled safely and responsibly	64	Habitat and biodiversity not destroyed by production	74
4	Habitat and biodiversity not destroyed by production	63	Producers are paid according to the quality of their goods	50	Producers are paid a fair price for their produce	64	Farm workers have access to adequate training and safety equipment	63
5	Farm workers have access to adequate training and safety equipment	59	No chemicals are used in production	50	Habitat and biodiversity not destroyed by production	64	Producers are paid a fair price for their produce.	58
6	No chemicals are used in production	54	Farm workers have access to adequate training and safety equipment	50	Farm workers have access to adequate training and safety equipment	64	No chemicals are used in production	58
7	Chemicals handled safely and responsibly	52	Habitat and biodiversity not destroyed by production	50	Producers are paid according to the quality of their goods	57	Chemicals handled safely and responsibly	47
8	Producers are paid according to the quality of their goods	48	Chemicals handled safely and responsibly	40	No chemicals are used in production	57	Producers are paid according to the quality of their goods	32

Another interesting finding is the high percentage of rural respondents relative to the St. Vital or Osborne respondents that specified that paying producers a fair price is "very important". Again, this is somewhat intuitive; one might expect that, as rural respondents and rural communities are typically closer to, or more connected with agricultural producers, rural consumers would value this more than urban consumers who are less connected with these producers. However, as section 5.5.1 above showed, the majority of both urban and rural respondents specified that the main reason that they purchase ethical coffees is that producers receive a higher price for them. It is, therefore, interesting that, in this section, urban ethical coffee purchasers (most of whom purchase FT coffee over other certified types) seem to place greater value on other ethical characteristics (related to working conditions, biodiversity, chemical use, etc.) than on producers receiving a "fair" price. This inconsistency could be a reflection of consumers' perceptions about how coffee is produced and by whom; for example, consumers who perceive coffee production to be undertaken mainly by large corporations as opposed to small-scale producers (which FT focuses on) may not feel the need for producers to be highly compensated for their produce. One limitation of questionnaires such as the one used in this study is that they cannot ask respondents to clarify such contradictions. Further study is needed to provide adequate explanation for this finding.

A third observation to note is that the percentage of respondents that identified paying producers a fair price as "very important" is greater, both overall and within each location grouping, than the percentage of respondents that classified paying producers according to the *quality* of goods they produce as "very important". These results suggest that, to consumers of ethical coffee, paying producers "fairly" is more important than determining producers' pay based on product quality. This is particularly interesting given that, as section 5.5.1 shows, Osborne respondents ranked taste and/or quality highly as important factors influencing their decisions not to purchase or to purchase ethical coffees. These findings suggest that, while quality and taste are important to some, most respondents seem to feel that product quality should not be the sole factor influencing producers' pay.

5.6.5 Ethical coffee purchasers' opinions about the quality of information on ethical product packaging

Another factor with the potential to influence ethical product purchasing is product packaging. The final portion of the questionnaire asked respondents that purchased ethical coffees to divulge their opinions about the quality of information on packaging for FT, organic, SG, RA, UC, and any other ethical coffees that they had purchased. Twenty-nine percent of all rural respondents, 50% of all Osborne respondents, and 33% of all St. Vital respondents completed this portion of the questionnaire[51]. Responses are outlined in Table 6.20 on the following page.

A number of interesting observations stand out. First of all, a relatively high percentage of Osborne and rural respondents (65% and 80%, respectively) rated the quality of packing information on fair trade products quite highly (as "good" or "very good"). A relatively low percentage, 10% of both Osborne and rural respondents, were not able to judge the quality of the packaging. By contrast, among St. Vital respondents, a small proportion (only 33%) of respondents judged the quality of FT packaging information as "good" or "very good", and a relatively high percentage (34% - high compared to the other locations) were not able to comment on the packaging quality. The higher percentage of St. Vital respondents that did not, or could not, judge the quality of information on FT packaging could provide further support for the earlier observations that St. Vital respondents are less knowledgeable about FT. Another interesting finding is that respondents in each location rated the information on FT packaging to be of higher quality than the information on organic packaging, and a higher percentage of respondents in each location were not able to judge the quality of information on organic packaging than on FT packaging. This could be reflective of the fact that an initial goal of the FT movement was to forge a link between producers and consumers by providing more personalized information about producers to consumers.

[51] These completion rates follow the same trend as with the response rates for other questions that applied only to ethical coffee purchasers; the lowest percentage of rural respondents were able to complete this portion (and were, therefore, able to finish the entire questionnaire), and the highest percentage of Osborne respondents were able to complete it.

Table 5.20: Perceived information quality contained on ethical coffee packaging*.

Respondents' Residence Location / Type	**Quality of Information on Certified Coffee Packaging**											
	Fair Trade (%)		**Organic (%)**		**Shade Grown (%)**		**Smithsonian Bird Friendly (%)**		**Rainforest Alliance (%)**		**Utz Certified (%)**	
	Good or Very Good	**Could not Judge**	**Good or Very Good**	**Could not Judge**	**Good or Very Good**	**Could not Judge**	**Good or Very Good**	**Could not Judge**	**Good or Very Good**	**Could not Judge**	**Good or Very Good**	**Could not Judge**
Rural n=10	80	10	40	60	20	80	0	100	0	90	0	100
Urban St. Vital n=15	33	34	27	34	7	60	0	73	7	60	0	74
Urban Osborne n=23	65	13	48	30	21	66	4	87	8	79	8	78

* Note: percentages for location's responses to each coffee variety do not always add up to 100%. This is because respondents were asked to select from a list an appropriate response ("very good", "good", "adequate", "inadequate", or "do not know"). Only the "good", "very good", and "do not know" responses are shown in the table above so that the most important findings / most striking contrasts are highlighted more clearly.

6.0 THE STUDY: CONCLUSIONS AND FUTURE DIRECTION

This thesis intended to explore the Fair Trade (FT) movement and to examine its effectiveness as a "Third Sector" international development tool. In response to literature citing low demand as a significant factor limiting FT's effectiveness, the study undertaken aimed to highlight demand-side issues and trends, and to contribute to the growing bodies of literature on FT and ethical consumption by uncovering potential trends in consumer knowledge about, feelings toward, and access to Fair and other ethical trade initiatives.

As this was an exploratory study, the wider application of its results is limited by a number of factors. The fact that respondents were approached haphazardly, rather than selected randomly, means that the questionnaire was not statistically significant. Furthermore, with one hundred and thirty participants divided between three locations, the questionnaire results cannot be said to be broadly applicable, and any observed tendencies are not altogether representative of residents of the three communities studied. In addition, the design of the questionnaire limited the direction of analysis to some degree. For example, the questionnaire did not collect data on respondents' university-level programs of study. This information may have been useful in explaining the effect of education on purchasing behaviour. Furthermore, a more categorical method of collecting occupational information may have revealed more concrete trends, and the collection of more family-specific information (e.g. number of dependents, number of income-earners, etc.) may have helped to further explain the somewhat unusual income-related results – in particular, why lower-income respondents purchase more certified products than do middle-income respondents.

Although not statistically significant or representative, however, the results documented in the thesis do demonstrate some interesting tendencies – ones that may be found through further study to apply to consumers more generally. First, the study allowed for the exploration of a number of hypotheses. Rural respondents' lack of knowledge about the existence of many certified coffee initiatives, their low levels of certified product purchasing relative to urban respondents, and their identification of the lack of local availability of certified products as the major factor discouraging them from purchasing certified coffee, provide support for the hypothesis that lack of availability, particularly in rural areas, negatively affects the demand for FT products. Urban St. Vital respondents' relatively low support for, and purchasing of, alternatively labeled products and high levels of skepticism and confusion, combined with their identification of the complexity of the ethical coffee market as a major reason not to purchase ethically certified coffees, provides support for the hypothesis that confusion over the wealth of labeling initiatives currently available has a negative impact on the demand for ethically labeled products overall. The study's findings do not seem to support the hypothesis that competition between labeling initiatives is dividing demand among consumers of ethical products between different labeling initiatives (thus taking demand away from FT products); for respondents overall, purchasing of all other ethical coffee initiatives is substantially lower than purchasing of FT coffee.

In addition, the study was able to contribute ideas with regard to ethical coffee purchasers and the specific factors influencing the demand for FT products. The results demonstrate that, rather intuitively, education and increased knowledge about the meanings of ethical coffee labels seem to be positively related to alternative product purchasing. Somewhat less intuitively, the observed similarities and differences between the St. Vital and rural respondents suggest that a lack of availability does not necessarily mean lack of knowledge about, or lack of potential demand for, ethically certified products. Although St. Vital respondents have more access to a variety of ethical coffees and demonstrated more knowledge in terms of product recognition than did rural respondents, rural respondents demonstrated more knowledge about the meaning of ethical coffee certifications. St. Vital respondents (perhaps not by coincidence) exhibited more skepticism about product certifications, whereas rural respondents expressed a particular desire for increased availability of ethically certified products. The potential demand for FT products in rural areas indicates that local supplies of certified products do not seem to accurately reflect local demand; those responsible for supermarket allocation decisions with regard to ethically certified products are perhaps too far removed from consumers. Another surprising finding is the generally high percentage of respondents overall that were not familiar with FT or with other ethical coffee initiatives. This finding seems more surprising considering one Canadian FTO representative's opinion that the majority of people are aware of FT.

Other interesting observations (with some potentially wider implications) are the seeming importance of the venues from which consumers purchase alternative products, and the sources that consumers trust for alternative product information. In general, respondents that purchased ethically certified coffees were most influenced by family and friends, demonstrated more skepticism with regard to conventional advertising, and professed to purchase ethical coffees more at specialty shops than at more conventional purchasing outlets. Respondents also generally purchased FT coffee – which is generally available in specialty shops – substantially more than other alternative or ethically labeled coffee varieties (such as Rainforest Alliance, which is generally available in grocery stores, and is now tied to conventional coffee companies and being marketed through conventional advertising campaigns). Furthermore, it is possible that specialty shop purchasing is linked to ethical product knowledge[52]; presumably, greater information about alternative products is more readily available in most specialty shops (from staff, etc.) than in conventional supermarkets.

These findings could indicate that the current mainstreaming of FT and of other "ethical" labeling initiatives is not the best or the entire solution to the problem of low demand. Mainstreaming in the form of collaborating with major corporations and using conventional advertising to elicit consumers may instead increase skepticism, and reduce purchasing overall. Granted, mainstreaming may increase the availability of alternative products by making them more widely available from major retailers – something that rural respondents would likely appreciate; however, it is not clear that increasing availability would necessarily result in an increase in ethical product consumers. If ethical consumption is heavily linked to knowledge, and if knowledge about ethical trade initiatives is, in turn, linked to dissemination through family and friends and specialty shop purchasing, increasing mainstream supply without also providing more in-depth product information and increasing consumer education about alternative initiatives may not have the desired impact on demand.

The FT literature citing the problem of "low demand" is somewhat misleading. As this research suggests, the low demand in the marketplace for FT products seems to stem

[52] This potential link is exemplified by Osborne respondents who purchased ethical products the most overall, were most knowledgeable about ethical products, had most access to specialty shops, and purchased ethical products more from specialty shops than did other respondents.

more from a lack of knowledge and a lack of availability than from a lack of desire to consume ethically certified products. Identifying these underlying issues, however, is only the first step, and it appears that addressing them will be a complicated and problematic task. If claims that the demand for FT must be increased in order for FT to be a successful development strategy on a larger scale are true, then it is clear that information about FT's personal benefits, and about how FT is achieving some broader goals need to reach a larger proportion of the population. According to the findings of this study, it seems as though the most successful way of increasing FT knowledge (with success being measured in terms of convincing consumers to purchase) would be to increase the dissemination of FT information through family and friends and other trusted social networks. Similarly, this research suggests that the most effective way of increasing availability would be to increase the number of specialty shops and the amount of ethical products available in them. It is unclear, however, whether these 'traditional', typically small-scale methods will be capable of increasing demand to the scale needed to substantially improve FT's ability to help more producers.

FT, along with other Third Sector mechanisms, aims to simultaneously work with, and challenge, the conventional market system. This task, however, comes with inherent tensions and challenges, and, as the mainstreaming debate outlined in this thesis illustrates, FT is experiencing these obstacles. As a result, one can only conclude that, while FT is currently a beneficial tool for some marginalized producers, its future potential as a large-scale development initiative is uncertain.

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8.0 APPENDIX 1: QUESTIONNAIRE

Alternative Coffee Consumption Questionnaire
University of Ottawa Master's Project
Meagan Simpson-Law

Personal/Demographic Information:

This information will not be used to identify you, but will help to analyze any trends in coffee consumption. Your responses here will be greatly appreciated.

Province: ______________________________________
Current city / town of residence: ______________________
    Length of residence: _________________________
    Estimated population size of current city / town: _______
Previous city / town of residence: ______________________
    Estimated population size of previous city / town: ______
Age: _______
Occupation: __________________________________
Ethnicity (optional): ____________________________________

Sex: □ Male □ Female

Highest level of education:

- □ Elementary School
- □ Middle School
- □ High School
- □ Bachelor's or College Degree
- □ Master's Degree
- □ Doctorate

Average household income per year:

- □ < $20,000
- □ $20,001 - $40,000
- □ $40,001 - $60,000
- □ $60,001 - $80,000
- □ > $80,000

Alternative Coffee Questionnaire

1. Do the social and/or environmental conditions under which a product is produced play a factor in your purchasing decisions? Yes / No / Sometimes

2. Have you ever purchased any certified organic and/or certified fair trade products (such as tea, bananas, sugar, cocoa, etc.)? Yes / No / Don't know

If so, please specify the products purchased and the type of certification by placing a checkmark in the appropriate product boxes in the table below.

Fair Trade and Organic	Only Fair Trade	Only Organic
☐ Coffee	☐ Coffee	☐ Coffee
☐ Tea	☐ Tea	☐ Tea
☐ Sugar	☐ Sugar	☐ Sugar
☐ Quinoa	☐ Quinoa	☐ Quinoa
☐ Cocoa	☐ Cocoa	☐ Cocoa
☐ Rice	☐ Rice	☐ Rice
☐ Bananas	☐ Bananas	☐ Bananas
☐ Other (please specify: ________ ________________________)	☐ Other (please specify: ________ ________________________)	☐ Other (please specify: ________ ________________________)

3. For the products that you selected above, please list the main reason(s) behind your decisions to purchase them (for example, health, quality, etc.).

____

____

____

____

4. Are you a coffee drinker? Yes / No

If so, approximately how much coffee do you drink per day?

☐ < 1 cup ☐ 3-4 cups ☐ > 6 cups

☐ 1-2 cups ☐ 5-6 cups

5. Have you heard of the following types of coffee / coffee labeling initiatives?

Fair Trade – Yes / No
Shade Grown – Yes / No
Smithsonian Bird Friendly – Yes / No
Rainforest Alliance – Yes / No
Utz Certified "Good Inside" – Yes / No

6. Have you ever purchased any of the following "ethically labeled", or "alternative" coffees?

Fair Trade – Yes / No
Shade Grown – Yes / No
Smithsonian Bird Friendly – Yes / No
Rainforest Alliance – Yes / No
Utz Certified "Good Inside" – Yes / No
Other (please specify):______________________________

7. When did you first purchase the coffee varieties you selected or identified above?

- □ < 1 month ago
- □ 1-6 months ago
- □ 7-11 months ago
- □ 1-2 years ago
- □ 2-5 years
- □ 5-10 years
- □ > 10 years
- □ Do not purchase on a regular basis
- □ Have never purchased

8. If you do not purchase any of the above mentioned alternative coffees or other ethical coffee varieties on a regular basis (or if you do not purchase them at all), what are the main reasons behind your decision not to purchase them? (If you wish to select more than one reason, please number your selections, with 1 being the most significant to your purchasing decision, 2 being the next most significant, etc.)

- □ Do not drink coffee
- □ Was not aware of these coffee initiatives
- □ Am not concerned about ethical production methods
- □ Do not know the difference between these coffees and mainstream coffee brands
- □ Alternative coffees are too costly
- □ Alternative coffees are a marketing gimmick
- □ Alternative coffees do not taste as good as conventional coffee brands
- □ Alternative coffees are not available in my area
- □ Too many alternative coffees to choose from (I prefer to stick with brands that I know)
- □ Other (please specify:______________________________)

Comments/clarifications (optional):______________________________
____
____
____

9. What are the main factors that you consider when making purchasing decisions (e.g. price, quality, etc.)?

____
____
____
____

10. What might you need to know about alternative or ethical coffee varieties in order to consider purchasing them?

11. Have your coffee purchasing decisions been influenced by a particular ad or commercial? If so, what commercial(s), and how and why did it (they) influence you?

12. Please place a checkmark in the box above any of the following label(s) (if any) that you are familiar with, or have encountered while shopping.

☐ ☐ ☐ ☐

☐ ☐ ☐

For those that you've selected, briefly summarize what you think the certification label indicates about the products that are marked with it.

*** If you do not purchase ethical or alternative coffees, your portion of this questionnaire has been completed. Thank you for your contribution! Please refer to the last page to make some overall comments, and be sure to fill out your ballot for the grand prize draw.**

*** If you do purchase any of these coffees, please continue with the rest of the questionnaire.**

*** The following questions apply to those who purchase ethical or alternative coffee varieties.**

13. What is the frequency of your purchases of the certified coffees listed below? (Please put an X in the box that best matches your preferred response in each category).

Fair Trade	**Organic**	**Shade-Grown**	**Smithsonian Bird Friendly**	**Rainforest Alliance**	**Utz Certified "Good Inside"**	**Multiple Certifications (please specify: ____________)**
☐ More than once a month	☐ More than once a month	☐ More than once a month	☐ More than once a month	☐ More than once a month	☐ More than once a month	☐ More than once a month
☐ At least once a month	☐ At least once a month	☐ At least once a month	☐ At least once a month	☐ At least once a month	☐ At least once a month	☐ At least once a month
☐ Every two or three months	☐ Every two or three months	☐ Every two or three months	☐ Every two or three months	☐ Every two or three months	☐ Every two or three months	☐ Every two or three months
☐ 1-2 times per year	☐ 1-2 times per year	☐ 1-2 times per year	☐ 1-2 times per year	☐ 1-2 times per year	☐ 1-2 times per year	☐ 1-2 times per year
☐ Less than once a year	☐ Less than once a year	☐ Less than once a year	☐ Less than once a year	☐ Less than once a year	☐ Less than once a year	☐ Less than once a year

Comments/clarifications (optional):____

____

____

____

____

14. Where do you purchase the following varieties of coffee?

Fair Trade	**Organic**	**Shade-Grown**	**Smithsonian Bird Friendly**	**Rainforest Alliance**	**Utz Certified "Good Inside"**
☐ Grocery store	☐ Grocery store	☐ Grocery store	☐ Grocery store	☐ Grocery store	☐ Grocery store
☐ Specialty shop (such as Ten Thousand Villages or health food stores) (please specify: ________)	☐ Specialty shop (such as Ten Thousand Villages or health food stores) (please specify: ________)	☐ Specialty shop (such as Ten Thousand Villages or health food stores) (please specify: ________)	☐ Specialty shop (such as Ten Thousand Villages or health food stores) (please specify: ________)	☐ Specialty shop (such as Ten Thousand Villages or health food stores) (please specify: ________)	☐ Specialty shop (such as Ten Thousand Villages or health food stores) (please specify: ________)
☐ Conferences or fairs	☐ Conferences or fairs	☐ Conferences or fairs	☐ Conferences or fairs	☐ Conferences or fairs	☐ Conferences or fairs
☐ Do not purchase	☐ Do not purchase	☐ Do not purchase	☐ Do not purchase	☐ Do not purchase	☐ Do not purchase
☐ Other (please specify: ________)	☐ Other (please specify: ________)	☐ Other (please specify: ________)	☐ Other (please specify: ________)	☐ Other (please specify: ________)	☐ Other (please specify: ________)

Comments/clarifications (optional): ____

____

____

____

15. How did you hear about the following coffee certifications? (If you wish to select more than one option, please number your selections, with 1 being the most significant or influential to your purchasing decisions, 2 being the next influential, etc.)

Fair Trade	Organic	Shade-Grown	Smithsonian Bird Friendly	Rainforest Alliance	Utz Certified "Good Inside"
☐ Friends or family	☐ Friends or family	☐ Friends or family	☐ Friends or family	☐ Friends or family	☐ Friends or family
☐ Advertising	☐ Advertising	☐ Advertising	☐ Advertising	☐ Advertising	☐ Advertising
☐ Religious organization (please specify: _______)	☐ Religious organization (please specify: _________)	☐ Religious organization (please specify: _________)	☐ Religious organization (please specify: _________)	☐ Religious organization (please specify: ________)	☐ Religious organization (please specify: _________)
☐ NGO Promotional Campaign	☐ NGO Promotional Campaign	☐ NGO Promotional Campaign	☐ NGO Promotional Campaign	☐ NGO Promotional Campaign	☐ NGO Promotional Campaign
☐ School	☐ School	☐ School	☐ School	☐ School	☐ School
☐ Never heard of it	☐ Never heard of it	☐ Never heard of it	☐ Never heard of it	☐ Never heard of it	☐ Never heard of it
☐ Other (please specify: ________________)	☐ Other (please specify: ________________)	☐ Other (please specify: ________________)	☐ Other (please specify: ________________)	☐ Other (please specify: ________________)	☐ Other (please specify: ________________)

Comments/clarifications (optional): ____
____

16. Distance from nearest place of purchase:

☐ < 1 km ☐ 2-5 km ☐ 11-15 km ☐ 31-60 km

☐ 1-2 km ☐ 6-10 km ☐ 16-30 km ☐ > 60 km

17. Estimated time from home to nearest place of purchase:

Time	Mode of Transport (please place a checkmark in the appropriate box(es)		
	Walking	Biking	Driving
☐ < 5 minutes			
☐ 5–10 minutes			
☐ 11-15 minutes			

☐ 15-30 minutes			
☐ > 30 minutes			

Comments/clarifications (optional):__________________

18. Why do you purchase the coffee varieties that you identified above? (If you wish to select more than one reason, please number your selections, with 1 being the most important reason, 2 being the next most important, etc.)

- □ They are better for the environment
- □ They are better for poor producers and farm workers
- □ Health
- □ Price or convenience (e.g. buy when products are on sale, etc.)
- □ Better taste and/or quality
- □ They provide an alternative to conventional trading systems
- □ Other (please specify: ______________________________)

Comments/clarifications (optional): ______________________________

____

____

____

____

19. The following table lists a number of ethical production characteristics (i.e. conditions under which a product may be produced that relate to positive social or environmental goals). Please rate each of these characteristics in terms of how important they are to you when you are making purchasing decisions by placing a checkmark in the box that best reflects your feelings.

1 = not important
2 = somewhat important
3 = indifference
4 = moderately important
5 = very important

Ethical Characteristic	**1**	**2**	**3**	**4**	**5**
Producers are paid a fair price for the commodities they produce					
Producers are paid according to the quality of goods they produce					
No chemicals are used in production					
Chemicals are handled safely and responsibly (use is regulated and monitored)					
Farm workers are exposed to safe working conditions					
Farm workers have access to adequate training and safety equipment					
No child or slave labour is used in production					
Habitat and biodiversity are not destroyed by production methods					

Comments/clarifications (optional): ______________________________

20. How do you judge the quality of the information contained on alternative coffee packaging? Please rate each of the products listed below by placing a checkmark in the box that best reflects you're your opinions about their packaging information.

1 = Inadequate (not detailed – does not give me a good idea about the initiative's goals or certification requirements)
2 = Adequate (some detail – answers some questions, but not enough to allow me to make informed purchasing decisions)
3 = Good (fairly detailed – my purchasing decisions are informed)
4 = Very good (I can feel confident about my purchasing decisions)
5 = Don't know

Product Packaging Information Quality	**1**	**2**	**3**	**4**	**5**
Fair Trade					
Organic					
Shade Grown					
Smithsonian Bird Friendly					
Rainforest Alliance					
Utz Certified "Good Inside"					
Other (please specify: ______________________________)					

....

Please use the space below to elaborate on your feelings/perceptions about fair trade and other alternative coffee varieties:

____
____
____
____

Overall survey comments or clarifications:

____
____
____
____

Thank you so much for taking the time to complete this survey! Your responses have made a valuable contribution to research at the University of Ottawa. As a token of appreciation, you are invited to fill out a ballot form to enter into a draw for a coffee/chocolate/tea gift basket. If you wish to enter, please detach ballot stapled to the back of this questionnaire, fill it out, place it in the ballot box, and leave the rest of your completed survey on the table. By detaching the ballot from the rest of the survey, you can help us to ensure that your survey responses will remain anonymous.

The draw will be completed in September, 2008. The winner will be notified and arrangements will be made for prize drop-off/pick-up. Personal information contained on the ballot will be used only to contact winners. All ballots will be stored safely until the draw, and destroyed immediately after a winner has been selected.

9.0 APPENDIX 2: INTERVIEW GUIDELINES

Organization Interview Guide

1. What is your organization's view of the fair trade, free trade debate? What is the relationship between fair trade and the current market system? Does your organization believe that fair trade is compatible with, and works within, a neoliberal economic framework? Should/does fair trade* offer an alternative to the current conventional trading system?

2. How effective are fair trade initiatives for producers?

3. What are the main problems and limitations to fair trade for producers?

4. What do you think are the main benefits (if any) that consumers get from purchasing fair trade products?

5. Is your organization satisfied with Canadian/North American/overall demand for fair trade products? Is lack of demand a significant problem (why/why not)?

6. What needs to happen in order for demand to increase? (Asked if organization feels that demand is low, and that low demand is an issue that can/should be addressed.)

7. What is your organization doing to increase demand?

8. What are the main factors that consumers consider when making purchasing decisions with regard to ethical trade products? What factors support/promote ethical trade product purchases? What factors inhibit/discourage ethical trade product purchases?

9. How does your organization promote and educate the public about fair/ethical trade? What types of media are used? What kinds of information are readily available to consumers?

10. Is your organization satisfied with the level/amount of promotion/education that is being undertaken (why/why not)?

11. How knowledgeable is the general public about fair trade's goals/available products/etc.?

12. Is there anything else that you have noticed about consumers and their trends in ethical consumption?

---

* Note: In most questions, "Fair Trade" will be substituted for "bird-friendly" / "organic" / "shade-grown" / etc., depending on the organization being interviewed.

13. With regard to the increasing interest in ethical consumption initiatives, are you noticing any changes in the demand for FT products? Do you view competition from new brands/labeling initiatives as problematic?

14. In order to increase demand, it seems that there is a need to get the major players/major retailers on board. What is your opinion about mainstream brands (e.g. President's Choice) or retailers (e.g. Starbucks) adopting FT certification? Does the involvement of mainstream corporations pose a threat to FT standards?

Supplemental/Alternative Questions for Supermarket Managers

1. Are consumers purchasing an increasing, decreasing, or unchanging amount of fair trade or other alternative coffees? What do you think are the main reasons behind this trend?

2. How does your organization decide which alternative trade products to offer in its stores?

3. Is it more costly to offer alternative products for sale than conventionally traded ones?

4. Is there anything else you have noticed about your customers and their coffee-buying trends?

5. What alternative trade products do you offer in your stores (i.e. fair trade, organic, Rainforest Alliance, etc.)?

10.0 APPENDIX 3: INFORMATION LETTERS AND CONSENT FORMS

Permission Form for Supermarket Research

Location: □ Safeway, Dakota Street, St. Vital, Winnipeg, MB
□ Safeway, River Avenue, Osborne Village, Winnipeg, MB
□ Sam's Foods, Main Street, Manitou, MB

Dates/times: □ Friday, August 15, 2:00pm – 6:00pm, and
Saturday, August 16, 10:00am – 2:00pm
□ Friday, August 22, 2:00pm – 6:00pm, and
Saturday, August 23, 10:00am – 2:00pm
□ Friday, August 29, 2:00pm – 6:00pm, and
Saturday, August 30, 10:00am – 2:00pm

By signing this form, you are recognizing that you have conceded to allow myself (Meagan Simpson-Law) and/or my assistant, Merina Dobson, to occupy a table at the location and on the dates selected above, and to distribute ethical trade questionnaires to willing consumers.

__________________________ __________________________
Manager's Signature Date

__________________________ __________________________
Researcher's Signature Date

Recruitment Letter to Interview/Key Informant Participants for Alternative Trade Organizations and Supermarkets

Dear ______________,

My name is Meagan Simpson-Law, and I am inviting you to participate in a University of Ottawa MA research project conducted by myself, and my thesis director, Professor Deborah Sick. One of the main purposes of this project is to examine the "ethical consumption movement" that has become increasingly popular in recent years, and to seek out consumer perspectives about it.

Your participation in this study will involve providing some background information with regard to your organization's opinions about the ethical consumption movement, the demand (or lack of demand) for fair trade and other ethical or alternative trade products, consumer knowledge and awareness about ethical product labeling and marketing, and the factors affecting ethical trade demand.

By contributing to information about the consumption of fair trade and other alternative or ethical coffee varieties, your involvement in this study will help to highlight potential trends in the demand for these types of products. In addition, your participation in this research will contribute to the growing body of literature on ethical consumption. In the future, this exploratory research may lead to a broader, more representative study of Canadian consumers, which may, in turn, help organizations and retailers to improve product labeling, to address problems in the marketing of these products, and to increase the information available to consumers.

You are not obliged to participate and you are free to quit at any time before or during the interview. You do not have to respond to any questions you do not wish to answer. Your written or transcribed responses will he held in a secure location at the University of Ottawa, and only my thesis director and I will have access to them.

The contents of this interview will not be used for any other purposes other than for helping me to understand the subject of my research. The opinions and comments collected through this interview will be kept confidential unless you provide written consent that your name and comments may be used in the reporting of this research.

Would you be willing to participate in this study by providing me with an interview of about 30-60 minutes?

Thank you for your time. I look forward to hearing from you.

Sincerely,

Meagan Simpson-Law

Participant Information Sheet for Interview/Key Informant Participants
Alternative Coffee – Consumption and Demand

Thank you for agreeing to participate in a study conducted by myself, Meagan Simpson-Law, as a part of my MA studies at the University of Ottawa, under the direction of Professor Deborah Sick. One of the main purposes of this project is to examine the "ethical consumption movement" that has become increasingly popular in recent years, and to seek out consumer perspectives about it. The information you have provided (with regard to: your organization's opinions about the ethical consumption movement; the demand, or lack of demand, for fair trade and other ethical or alternative trade products; consumer knowledge and awareness about ethical product labeling and marketing; the factors affecting ethical trade demand; and/or retail perspectives about alternative trade and factors affecting stocking decisions) is greatly appreciated.

By contributing to information about the consumption of fair trade and other alternative or ethical coffee varieties, your involvement in this study will help to highlight potential trends in the demand for these types of products. In addition, your participation in this research will contribute to the growing body of literature on ethical consumption. In the future, this exploratory research may lead to a broader, more representative study of Canadian consumers, which may, in turn, help organizations and retailers to improve product labeling, to address problems in the marketing of these products, and to increase the information available to consumers.

Your written or transcribed responses will he held in a secure location at the University of Ottawa, and only my thesis director and I will have access to them. Also, you can be assured that your responses will be kept confidential, unless you provide written consent (see below) for your name to be used in the reporting of this research.

If you desire more information on the project, you may contact me or my thesis supervisor, and if you feel uncomfortable or badly after participating in this questionnaire, you may contact a University of Ottawa Research Ethics Officer. Please see the information provided on the back of this page.

Thanks so much for your time. You have made a valuable contribution to research at the University of Ottawa.

Sincerely,

Meagan Simpson-Law

Researchers' Contact Information:

Meagan Simpson-Law, M.A. candidate, Globalization and International Development

Desmarais Hall
55 Laurier East
University of Ottawa
Ottawa (Ontario) K1N 6N5

For more information concerning this study, you may contact my thesis director:

Deborah Sick, Department of Sociology and Anthropology

Desmarais Hall Room 8123
55 Laurier East
University of Ottawa
Ottawa (Ontario) K1N 6N5

For more information about the ethical aspects of this research, you may contact a Research Ethics Officer at:

Tabaret Hall
550 Cumberland Street, Room 159
University of Ottawa
Ottawa (Ontario) K1N 6N5

Consent Form for Interview/Key Informant Participants
Alternative Coffee – Consumption and Demand

______________________________ ______________________________
Participant's Name (Printed) Date

You are invited to participate in a University of Ottawa MA research project conducted by myself, Meagan Simpson-Law, under the supervision of Professor Deborah Sick. One of the main purposes of this project is to examine the "ethical consumption movement" that has become increasingly popular in recent years, and to seek out consumer perspectives about it.

Your role in this study will involve participating in a 30-60 minute interview. You will be asked to provide some background information with regard to your organization's opinions about the ethical consumption movement, the demand (or lack of demand) for fair trade and other ethical or alternative trade products, consumer knowledge and awareness about ethical product labeling and marketing, and the factors affecting ethical trade demand.

By contributing to information about the consumption of fair trade and other alternative or ethical coffee varieties, your involvement in this study will help to highlight potential trends in the demand for these types of products. In addition, your participation in this research will contribute to the growing body of literature on ethical consumption. In the future, this exploratory research may lead to a broader, more representative study of Canadian consumers, which may, in turn, help organizations and retailers to improve product labeling, to address problems in the marketing of these products, and to increase the information available to consumers.

You are not obliged to participate and you are free to quit at any time before or during the interview. You do not have to respond to any questions you do not wish to answer. Your written or transcribed responses will he held in a secure location at the University of Ottawa, and only my thesis director and I will have access to them. The contents of this interview will not be used for any other purposes other than for helping me to understand the subject of my research. The opinions and comments collected through this interview will be kept confidential unless you provide written consent that your name and comments may be used in the reporting of this research (see below). The interview data will be kept for 15 years. After 15 years, the questionnaires will be shredded and carefully disposed of.

If you are willing to participate in this research, please sign the bottom of this sheet in the space provided. Note that there are two copies of the consent form: one for your personal records, and one for my records. Thank you for your time.

....

I, ______________________, agree to participate in the above University of Ottawa MA research study conducted by Meagan Simpson-Law under the supervision of Professor Deborah Sick.

____
Participant's Signature

....

I am willing to allow my name to be used in writings or publications that follow from this research.

____
Participant's Signature