Seminar Series

Ethical Consumption in the UK and Europe
New Developments and New Challenges for Policy, Practice and Research

Seminar One

Fair Trade under Academic Scrutiny
What Can Critical Research Be Good for?

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Report
Contact
Dr Matthias Zick Varul
University of Exeter
School of Humanities and Social Sciences
Department of Sociology and Philosophy
Amory Building, Rennes Drive
Exeter EX4 6ES
United Kingdom

+44 (0) 1392 263283
m.z.varul@exeter.ac.uk
Executive summary

The seminar consisted in three sessions, hearing talks from Dr Amanda Berlan (Brookes World Poverty Institute/Sustainable Consumption Institute, University of Manchester), Nita Pillai (head of producer impact and research, Fairtrade Foundation) on the impact of fair trade on producers; Dr Iain Davies (University of Bath School of Management), Annabel Townsend (University of Sheffield) and David Phillips (University of Newcastle) on researching fair trade in practice; and Caroline Wright (sociology, University of Warwick) and Melissa Duncan (head of communication, Traidcraft) on fair trade marketing.

Each set of talks was followed by an extensive discussion which, like the talks, underlined the benefits of enhanced research/practice interaction, showed up convergence between academic observations and practitioners’ experiences, also highlighted the complexity of fair trade which warrants further fine-grained research as well as fine-tuned approaches in trading, marketing and campaigning.

Impact

Fair trade broadly comes with many benefits for the producers, but the picture turns out to be much more complex than commonly assumed. While, partly due to the insufficient size of the fair trade market, the added income is generally relatively low, its reliability and stability are of great importance to farmers. There is a need to increase income, which implies higher floor prices and, crucially, the rapid extension of fair trade markets.

Often overlooked are the social impacts of fair trade. Although again the picture is complex, it has been observed that fair trade can contribute to the democratisation of communities, the empowerment of women, and also to increased self-esteem. Although further research is needed, there are indications that fair trade can also have a positive impact on the surrounding community, including conventional producers.

Future research in fair trade should broaden its scope to a wider variety of products and geographical regions and into fair trade production on the basis of hired labour. Also, more attention should be paid to how fair trade affects conventional producers and the wider community.
Further, there is a need for research contributing to the development of locally specific cost-of-living indices to assist the determination of the fair trade floor price. Finally, more studies on the social impact of fair trade alongside the economic impact are called for.

**Academic research and organisational practice**

The independence of research is important, both for academics and also for fair trade organisations. Fair trade organisations have therefore begun to rely more on research commissioned externally and increasingly base their practices on evidence from such research alongside their own findings. However, academic research on fair trade often is not communicated efficiently to practitioners. More direct ways are called for, such as knowledge transfer workshops, shared networking sites, publication of results in more accessible forms such as blogs. Finally, academic observers stand to benefit from a closer cooperation which facilitates the research process, provides a greater understanding of the inner workings of fair trade organisations and businesses, and gives access to the experience and expertise present there.

**Imagery and marketing**

Fair trade marketing takes place in a field of tension between political campaigning and full commercial marketing. Academic critique has highlighted that there is a potential problem with exotic imagery in a postcolonial context. Fair trade marketing in general and the use of producer images in particular must be handled with much sensitivity and care. Organisations have come to be much more reflective about their marketing and academic scrutiny can support such reflexive practice. Fair trade businesses address a diverse audience and need to balance ethical considerations with the imperative of increasing market share (which is crucial to optimise the impact of fair trade). Here, too, academic research can support the evaluation of campaigns, while at the same time benefiting from organisations’ knowledge of their customer basis.
The Seminar

This seminar is the first of four in the ESRC Seminar Series ‘Ethical Consumption in the UK and Europe: New Developments and New Challenges for Research, Practice and Policy’.

Background

Ethical consumption has been endorsed early on by academic critics of consumer culture. It was – and to a great extent still is – viewed as an alternative to de-politicised and largely unsustainable consumer capitalism. Alternative trading organisations were seen establishing new links of solidarity between Northern consumers and Southern producers based on equitable exchange and mutual respect.

The impressively successful promotion of fair trade and organic goods in mainstream retail outlets, however, meant deeper involvement with the institutions of the global market and with established players in it. Many academic commentators turned their critical attention to “mainstreaming”, to fair trade marketing and on the effects on producer communities.

This does not mean that critical researchers have turned against ethical consumption and become “academic critics” of fair trade. For the most part they remain sympathetic to and supportive of the project of bringing moral considerations back into the economy and achieving more sustainable ways of life by re-politicise consumption.

Objectives:

In this situation a number of questions arise – and the seminar was aimed at contributing to possible answers:
- What can critical research do for the practice of organising and promoting fair trade?
- How can its results communicated in a way that is usable for practitioners and policy makers?
- How can critical research obtain and incorporate practitioners’ views?
- What balance should be struck between involvement and critical distance?
- How can practitioners use the results of critical research in their practices?
- How can they best communicate the practical constraints under which they operate back to researchers?

Partly these are questions that informed the presentations and discussions of this seminar. Partly, however, the seminar itself was a practical contribution to an answer, bringing together researchers and practitioners in order to continue the exchange established through the ESRC Knowledge Transfer Workshop organised by Alistair Smith in Cardiff April 2009.

**Programme**

The seminar was organised into three sections.

Section One looked into the impact of fair trade with talks by Dr Amanda Berlan, anthropologist at the Brookes World Poverty Institute/Sustainable Consumption Institute, University of Manchester, and Nita Pillai, Head of Producer Research and Impact, Fairtrade Foundation (FTF)

Section Two looked into the practice of researching fair trade – first by hearing a talk from Dr Iain Davies, management scientist from the University of Bath on research/practice interaction and then by hearing two postgraduate researchers on their recent research projects: David Phillips, University of Newcastle, and Annabel Townsend, University of Sheffield.

Section Three examined the imageries and stories used by fair trade marketing with talks by Dr Caroline Wright, sociologist from the University of Warwick, and Melissa Duncan, Head of Communication, Traidcraft
Section one: the impact of fair trade

Amanda Berlan

Consumers expect that impact is something that can be assessed in a simple and straightforward way, but the reality of fair trade is much too complex as to allow for such a simple answer. This begins with the question, what impacts actually means, as there are not only financial benefits (guaranteed minimum price, fair trade premium), but also practical benefits (e.g. increased negotiation skills) and intangible benefits such as trust, confidence, or democratisation of community organisation.

In particular the latter are very difficult to measure as there is no way to quantify confidence or gender empowerment.

The onus here is on academic observers to develop and offer impact measures and methodologies that can deliver a more adequate picture of the complex reality of fair trade. In particular there should be an increased effort to render qualitative and participatory methods applicable.

In terms of a better income, despite this being the most commonly assumed impact of fair trade, the increase in living income is often low – the main benefit here lies in the security of a regular income and guaranteed minimum, and also in the reliability and honesty of fair trade buyers. Part of the problem is a lack of knowledge of what constitutes a decent income in different countries, which could be remedied by more academic research leading to more reliable cost-of-living indices.

Drawing on her own research and on other empirical studies, Amanda Berlan pointed out that putting fair trade values into practice can be a slow process. She also pointed out the importance of wider processes such as democratization and local initiatives in achieving socio-economic change and maximizing the impact of fair trade.

While pointing out areas for improvement, empirical research also brings out less known impacts, such as gender empowerment, democratic community structures, and increased self esteem. Again, these need to be assessed on a case-by-case basis. For example, while fair trade often is associated with the empowerment of women, there are cases where traditional gender divisions prevail and women’s work does not receive the same recognition and reward as men’s work – but empowerment is evident in some communities.
The social premium – the other tangible impact next to the fair trade price – contributes to community development. But for certain crops it has not gone up with inflation over the past years, so in effect it has been reduced.

**Nita Pillai**

Nita Pillai, too, pointed out the difficulties of giving a simple answer to the question: what is the impact of fair trade? Fair trade is a very broad phenomenon and impact may be different within the large number of certified producers who live and work in a wide variety of countries, produce a wide range of different products. In addition, the complexity of the process of fair trade means that impact may vary according to factors such as the size of the producer community, political context in different nation states etc. The question of methodology is an important one, with both quantitative and qualitative approaches having specific strengths and weaknesses. The assessment of impact is also caught up between the competing motives of proving impact and improving impact.

Nita Pillai then gave an overview of the impact assessment undertaken by and/or for the Fairtrade Foundation (FTF). She emphasised that the FTF looks at research under the guiding principle of “learning and improving”, pays equal attention to quantitative and qualitative assessments and always tries to involve producers in the assessment process.

Independent research alongside in-house studies is important may involves the risk that some results can be exploited for negative publicity, but on the other hand independent research can provide stronger legitimacy.

The FTF commissioned the NRI to do a comprehensive meta analysis of the currently existing empirical case studies. There are limitations as all in all there are no more than 33 studies available, and they are not very diverse in terms of regional focus (26 are on Latin America and the Caribbean) and in terms of product (25 are on coffee). Also there are only few studies on plantations, most are on small holder communities. The overall picture is positive in that there tend to be higher incomes, increased self-sufficiency (partly due to diversification, availability of credit), there are buffers against market volatilities and there is also some evidence of fair trade being a motor for economic development beyond the fair trade producer community. Frequently found benefits also include empowerment through increased self-confidence and improved market
knowledge, 14 report an improved access to training – there is also evidence of strengthened organisation.

The reported impact in terms of environmental protection is limited, but there is some evidence of good environmental practice like shade growing, reduced use of agrochemicals and the use of the Fairtrade premium for environmental programmes. However, there remains the challenge to balance environmental improvement against the needs of producers.

In terms of wider impacts there is some evidence that non-fairtrade farmers can benefit from a higher level of prices effected by fair trade and also from fair trade investment (multiplier effects – transport)

Issues to be further explored include gender relations in fair trade producer communities, the role of hired labour in fair trade production, and potential implications of climate change. There is also a lack of longitudinal studies and in general a diversification of research into different product categories, geographical regions and value chains would be desirable. Nita Pillai quoted as positive examples the banana sector studies, the Malawi tea study, cotton in West Africa and India, hired labour in South Africa.

**issues raised in the discussion**

- The diversity of value chains (further processing, retailing etc.) is an important issue, but not in terms of guaranteed minimum price for producers where it should not make a difference

- Peer review (fair trade producers assessing each other’s standards) is in its infancy, but nonetheless highly desirable and a long term objective.

- There is a problem with the number of visitors to fair trade communities (especially during harvest time), including researchers. This is countered by attempts to avoid duplication in inspection; but in a globalised setting this is difficult to achieve fully – it is partly realised through regional networks.

- The FTF welcomes big corporations’ adoption of Fairtrade standards as the goal is to “switch companies”. Purchasing Fairtrade products is understood to have a signal function in the market.
- Fair trade and conventional producers cannot be seen in isolation as most fair trade farmers only sell a proportion to fair trade buyers (and hence are partly conventional farmers), and often fair trade and non-fair-trade farmers belong to same communities. This complicates the assessment of impact on non-fair-trade producers.

- The FLO tries to counter tendencies to erode standards due to the growth of market shares by a commitment to core principles and also safeguarding its own processes through ISO65 accreditation.

- External stakeholders and donors in particular push for developing impact assessment, but internal stakeholders also want to know what difference fair trade does make.

- Cross country certification is beginning to happen, but in most cases one country takes the lead as products are not rolled out simultaneously in a range of countries.

- With the growing success of the Fairtrade Mark there are attempts to jump on the bandwagon by using labels like “ethically traded” without seeking FTF accreditation. Consumers seeking certainty regarding standards are advised to look out for the Fairtrade Mark. It was also suggested that consumers can enquire with companies what exactly the process behind their own label is.

- In critical research it is important to be aware that all critique has a standpoint and never can be fully objective. It is therefore important to spell out the standards applied and the background assumption behind them.

- Impact studies are not directly employed in fair trade marketing, but they influence the statements made in promotional messages.
Section two: researching fair trade organisations

Iain Davies

In his talk on “Researching in Fair Trade Organisations” Iain Davies focused on three practical constraints on critical research, the limits to its relevance, and made suggestions how to, at least partly, overcome them.

The background for critical research on fair trade is the observation of a “lifting moral curtain” – the fact that, while the Fairtrade standards remain stringent for producers, there is a growing preparedness to cooperate with mainstream commercial actors in processing and distribution.

Alongside serious questions about the relevance of social research in general, there is great pressure on academics to win research grants and publish the results of that research in internationally recognised academic journal – but communicating the results to practitioners is much less incentivised. Against the background of long lead times for academic publications Iain Davies suggested that academics should try more effective ways of dissemination (blogs, mainstream media etc.).

Iain Davies then focused on the tension between the requirement to “go native” (in order to get deep access to the field) and critical observation which requires distance. Being given access and working alongside, being trusted and regarded as part of the fair trade community may make access to relevant contexts much easier – at the same time it inhibits the ability to report critical findings in an independent way. On the other hand, too much distance may inhibit understanding of the field (e.g. by a failure to understand that fair trade practitioners are – crucially – sales people, business people working in a commercial environment and operating under a constant pressure to generate sufficient returns to make their business viable).

It is also important that researchers understand that if fair trade organisations are to give time and resources to enable participant observations or interviews, they will expect something back.

The priority of attracting research grants and build up publication records leads to a “slash-and-burn” attitude: Promising much in order to get access, results are often not communicated back to research subject (not only depriving research of potential impact,
but also making future access more difficult). It is therefore crucial that promises to report back are kept.

In terms of what research can achieve, Iain Davies identified the following as potential, but often overlooked areas where fair trade research could matter:
- Presenting case studies can contribute to education about fair trade and its context
- By making fair trade an exemplar it can champion political and economic change in a wider sense
- Fair trade studies can also be used as model cases for ethical business practices in a wider sense, such as corporate social responsibility, ethical marketing, social entrepreneurship etc.

David Phillips

David Phillips talked about the setup and the results of his research under a CASE PhD grant scheme (i.e. an ESRC collaborative studentship in cooperation with a non-academic organisation). His project looked at fair trade and community development in Southern Malawi under supervision shared between the University of Newcastle and Traidcraft. This cooperation, on the one hand, meant that academic interest had to balanced with the practical objectives of a fair trade organisation as methods and objectives had to be agreed between the two parties – but the arrangement also safeguarded the researcher's independence while at the same time enabling access to both the fair trade communities in Malawi and organisations in the UK.

The findings were positive in terms of the use of the Fairtrade premium and contributions by fair trade organisations such as Twin Trading, but the research also raised some issues regarding the levels of participation and the use of hired labour. General levels of poverty and other contextual factors were identified as impacting on community development and the relation with processors was shown to be potentially problematic.

The findings have been passed on to and discussed with a wide range of fair trade practitioners and scholars. They will thus inform future practice (e.g. in Traidcraft and the FLO) and also contribute to further research development (e.g. by providing background information for current research in Malawi)
Annabel Townsend

Annabel Townsend reported on a fair trade related aspect of her PhD research in the framework of the Waste of the World Project at the University of Sheffield. She focused on the question how fair trade relates to the ethics of quality control in the specialty coffee industry.

Based on fieldwork in Nicaragua she found that cuppers, specially trained experts from large international companies, assessing quality in "blind" tasting according to standardised criteria, have a central function in determining what prices can be achieved. Although their judgement is still relatively subjective, it is difficult for cooperatives to contest their classifications due to a lack of expertise in cupping.

Fairtrade coffee used to be sold primarily on ethics, but increasingly there is an emphasis on and perception of Fairtrade coffee as high quality. While some quality assurances are built into the certification, this does not necessarily justify this perception, particularly as fair trade growers may sell their best beans into the high quality segment of the non-fair-trade market and the lesser quality beans into the fair-trade market as here there is a guaranteed minimum price.

While the fair-trade floor price can act as a protection against another coffee crisis, this negatively affects the quality of fair trade coffee. There is also a risk that buyers use their power to define quality to purchase high quality beans more cheaply as fair trade beans.

Issues raised in the discussion

- The variety of findings demonstrates that one cannot generalise from single case studies, but problems arising should still be taken seriously.

- The relationship between a product's ethicality and its quality needs further clarification. (Not only regarding the issues raised by Annabel Townsend, but also bearing in mind with the issue of self esteem and producer pride as highlighted by Melissa Duncan – see below)
- There now is a greater differentiation in terms of quality within fair trade (while there has been a move of fair trade coffee into the specialty coffee segment, not all fair trade coffees present themselves as high end).

- How to define quality remains an open question. The standards applied by coffee cuppers are not transparent to consumers who are as much guided by price and packaging as by actual taste.

section three: marketing

Caroline Wright

The marketing of fair trade has gone through several phases. The first is that of "solidarity" in which an attempt is made to de-fetishise international relations of production by relating to the act of production that is normally disguised. The social aspect is in the foreground, although fully mutual relations cannot be achieved. This approach reached consumers characterised as "global watchdogs", politically aware and reflexive. By this it was limited to approximately five per cent of the market.

The next step was an emphasis on quality which heavily relied on symbolic values, a re-fetishisation, by using images of exotic landscapes in a touristic way. This approach reaches shoppers who are characterised as "conscientious consumers" – people who prefer ethical products, as long as the quality is right (ca 8% of the market).

A further step was taken into the mass market by full mainstreaming and, e.g., and a full adoption of commercial techniques in the Divine chocolate campaign. This campaign – using young female members of the Kuapa Kokoo cooperative presenting chocolate in conjunction with deliberately ambivalent slogans such as "Equality Treat" or "Serious Appeal".

This imagery can be read in many ways. Caroline Wright drew on research by Kirsty Golding to argue that the Divine chocolate campaign, for example, is understood as - recognition of female empowerment (in terms of achievement of a partnership on equal footing – these women do not need to beg), or
- evidence of being undeserving: they don't appear to be needy – hence there's no point in helping them by buying Fairtrade chocolate
- undue sexualisation in trying to sell chocolate by presenting eroticised images of African women.

Caroline Wright also discussed the new marketing of Cafédirect in which producers are no longer represented – but instead their tools are – as they suggest the producers theirs is an “absent presence”. This represents labour intensity, conveys authenticity and also deflects commodification critique.

Cafédirect promote their products on provenance in two senses. Firstly, they distinguish themselves from mainstream companies by being exclusively Fairtrade (as opposed to buying only a proportion from the fair trade register), and secondly, by emphasising the direct links they have to producers that enables them to relate very specifically to products from clearly defined areas in ways companies buying from the register can not. They evidence this by using “anecdotes of proximity”, e.g. in one case that chili in the compost gives the coffee a unique flavour.

**Melissa Duncan**

After explaining the nature of Traidcraft as an ethical trading company (Traidcraft plc) and a charity and campaign organisation, Melissa Duncan explained the diverse retail practices used by Traidcraft. Alongside selling some products like the Geobar through mainstream retailers and directly to customers through mail order catalogues the role of volunteers who sell through personal contacts, church stalls, on farmer markets etc. as Traidcraft Fair Traders is central. Through this, Traidcraft has stronger links, than other more mainstreamed organisations, to fair trade as a grassroots movement.

Melissa Duncan pointed out that not putting producer images on front of packaging was a decision taken on the basis of market research, but in general producer stories are seen by Traidcraft customers as an essential part of the product information.

As one of the longest-running fair trade organisations in Britain, Traidcraft looks back on a marketing history beginning with hand-written and drawn catalogues and brochures, leading up to today’s professional design. An important aspect of this is the way that
images of producers are used. In recent years the quality of producer images has been greatly improved and producer stories are sourced and written by an employee with professional journalist training and experience. As it is Traidcraft is committed to ensure that images are handled in a respectful and sensitive way, and although it is not practical to obtain prior approval for use of every image by producers, all images and quotes published are sent directly to the producers.

Melissa Duncan pointed out that direct access to fair trade producers through Traidcraft’s Meet the People Tour means that supporters inadvertently check the authenticity of the stories used in marketing, and with their increased understanding, occasionally challenge Traidcraft to do even more for its producers.

Using a film produced by Traidcraft containing testimonies by the children of one producer who features in the company’s marketing, Melissa Duncan highlighted the importance of producer stories not only for the credibility of the ethical product to the consumer, but also in creating self esteem and producer pride.

**Issues raised in the discussion**

- The Cafédirect campaign (presenting agricultural tools rather than producers) was discussed. Interpretations ranged from being relatively timid/conservative to a suggestion that it appeals in a sensual way to the consumer as gardener and thus carries the possibility to break up producer/consumer perception.

- It was also discussed how fair trade is holding up in recession – while the fair trade segment is doing fine, there appears to be a migration from fair trade companies to Fairtrade certified supermarket own brands

- question how authentic back stories can be when journalistically sourced and reworked (assurance that statements are authentic – but of course there always is a selection process)
- While used by a wide range of brands, the Fairtrade Mark – and the concept of “fair trade” in general – creates a unified brand identity. This means that what one fair trade marketing campaign does reflects on all others, putting added responsibility on individual campaigns.

- In a European context British fair trade stands out with its approach from marketing as opposed to an approach from education in France or Germany.

- The field of more fully commercial fair trade advertising (from Divine to Cadbury) is in itself highly differentiated and therefore, warrants more analysis and detailed interpretation/discussion.

Conclusions

I) Impact

I.1.) Implications of available research

Available research shows a mixed picture of benefits overall, but room for improvement in specific aspects and areas.

- Overall available research confirms that the fair trade has a positive impact on many producer communities.

- The direct financial impact of fair trade floor price and the fair trade premium can be less than commonly assumed, especially where the proportion of produce sold into the fair trade market is relatively small. It may, however, make a greater difference if a large enough proportion of the produce can be sold into the fair trade market. There appears to be a need to radically increase market shares and also, in the long run, to increase the floor price and fair trade premiums.

- Currently the more important impact may be that fair trade provides stability and transparency in the relation between buyers and producers – a reliability that allows for planning ahead, investing in facilities etc.
Beyond the purely economic fair trade can also have a positive impact on communities in terms of gender empowerment, democratisation and self esteem – all of which can in turn contribute to economic development (e.g. by strengthening a community’s bargaining position).

Both the economic and the social impacts of fair trade are modified by the national and regional context, by the organisational form of the fair trade community and by the specific requirements of the product category.

In some cases positive impacts on the surrounding non-fair-trade producers and the wider community have been observed, but there is not much research on this.

I.2.) Need for further research on impact

- It is necessary to broaden out and go beyond research on coffee production in Latin America, and there also is a need for research in the sector of employed labour. First steps are taken in this direction – mainly in cooperation with or even commissioned by fair trade organisations.

- More research is needed into the “ripple effects” of fair trade, i.e. the question whether and how the existence of fair trade communities affects their non-fair-trade neighbours.

- More research is needed to determine what constitutes an income that guarantees a decent standard of life, how meaningful cost-of-living indices can be developed and how this can be utilised in determining Fairtrade floor prices.

- There is a need for more qualitative research involving participant observation to identify fair trade’s impact on less tangible developments such as democratisation, gender equality, empowerment and self esteem.
II) Academic research and organisational practice

- Much of the academic research so far has not been geared to contribute relevant knowledge for research users. Research often plays to a purely academic agenda centred on research council grants and publication records.

- Recently there is an increased amount of academic research directly commissioned by fair trade organisations. This research informs practice, but also creates legitimacy for fair trade vis-à-vis stakeholders and consumers.

- Research needs to be communicated more efficiently into practice. This warrants the use of alternative ways of publishing and also a stronger commitment to direct feedback to research subjects.

- Collaborative research supervision such as in ESRC CASE studentships can contribute to the above objectives.

- Balances must be struck between organisational involvement and objectivity-maintaining distance. Also, researchers need to be aware of the influence of their own position on the tendency of their research and writing.

III) Fair trade marketing and imagery

- Fair trade campaigning has undergone a development from mainstream commercial marketing. Various approaches are debated both within the fair trade community and among academic observers.

- Fair trade marketing, due to this complexity, will continue to be a contested issue both in academic debates and within the fair trade movement itself.

- Images do matter – it is important that much care is put in the design of marketing campaigns. Scrutiny such as seeking producer consent, feedback from ethically aware
customers, and also academic observation can help finding the right balance between the moral aims of respectful depiction and enhancing the financial impact by increasing sales through successful marketing.

- Fair trade marketers need to be mindful that, due to the perception of the Fairtrade Mark and fair trade in general as a brand identity, that any single campaign can impact on the whole fair trade sector.