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Fair Trade Coffee and its Consumers – an International Perspective

ABSTRACT

This article explores the impact and significance of Fair Trade (FT) in the context of responsible consumption, with a specific focus on the coffee industry. The authors, who have extensive experience in FT activities and academic research, examine the ethical standards upheld by FT, including poverty alleviation, environmental respect, prohibition of child labour, gender equality, and democratic governance. The paper recognises FT as a remarkable post-World War II social movement that has garnered broad-based support due to its inclusive nature, transcending religious or secular disparities. The study also highlights the geographical concentration of coffee production within the “Coffee Belt” and the reliance on small-scale farmers from developing nations, making it a key area for FT initiatives. The authors aim to underscore the importance of FT certification for coffee consumers and identify strategies to engage consumers with certified coffee. This objective is achieved through a comprehensive review of existing literature and the authors’ personal experiences in FT initiatives. The paper contributes to the ongoing discourse on ethical consumption, which has seen a consumer-driven increase over the past decade.

Keywords: coffee, fair trade, consumers, international scope.

JEL Classification: D80, D90, J80, L15.

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Introduction

The genesis of this scholarly piece lies in the authors' extensive engagement in responsible consumption activities, viewed from both an academic lens and practical market experience. Notably, one author is among the trailblazers of the Fair Trade principle in Poland. This individual has spent years visiting global locations where Fair Trade-certified produce is cultivated. A crucial aspect of this article is the amalgamation of ethical standards by Fair Trade: alleviating poverty through fair remuneration for producers, environmental respect, prohibition of child labour, gender equality, and democratic governance. Owing to the terminological disarray in both academic literature and colloquial language, the acronym 'FT' used henceforth refers to the broad concept of the fair trade movement (denoted in lower-case), while the full terms pertain to the specific organisations and certification systems discussed in the subsequent section.

FT is recognised as one of the most remarkable social movements in the aftermath of World War II. It is perceived as a post-colonial occurrence, where the North, from grassroots levels, answered the South's plea for economic fairness following political decolonisation. The triumph of FT hinges on the collaboration of various entities such as non-governmental organisations, churches, CSOs, corporations, activists, and small-scale producers from the South. Intriguingly, the absence of religious or secular disparities among these entities has facilitated broad-based support for FT. Furthermore, with the rise in societal equality between the North and the South, FT's initiatives promoting South-South and North-

North relations have become pivotal (Van Dam & Peter 2018).

It is important to note that coffee, the focal point of this article, predominantly grows in the region between the Tropic of Cancer and the Tropic of Capricorn, known as the "Coffee Belt", encompassing approximately 60 producer countries. Consequently, trade is primarily reliant on the produce of small-scale farmers from developing nations, which is the main focus of FT's initiatives. This matter is echoed in numerous in-depth academic studies: issues such as poverty, social exclusion, and environmental degradation have underscored the need for more responsible consumption. It is worth briefly highlighting the researchers' interest in this subject as reflected in academic publications: Setiyorini et al. (2023) found that articles published between 2011 and 2020 continued to address ethical consumption (accounting for more than 60% of analysed texts on the coffee market), but on a larger scale than in 2001-2010 (approximately 30%). Their research indicated that ethical consumption was more consumer-driven in the past decade.

The main objective of this article is to underscore the significance of FT certification for coffee consumers. Furthermore, efforts have been made to identify the strategies for engaging consumers with the proposition of certified coffee. To accomplish this aim, a review of existing literature was undertaken, supplemented by the personal experiences of the authors who are actively involved in FT initiatives.

Literature review

FT concept and definitions

The inception of the Fair Trade movement in Europe and North America can be traced back to the post-World War II era, as a response to prevalent hunger and poverty, spurred by activists from religious factions. Initially, the aim was to assist artisan communities from the Far East and the Caribbean by marketing their handicrafts at local parishes and fairs. The concept gained traction across numerous countries on the continent. As time progressed, the structures matured, standards were established, and by the 1960s, the first specialised World Shops in the Netherlands, offering a diverse product range, emerged as significant contributors to the FT movement.

It is noteworthy that FT emerged in the 1960s as a form of trade, rather than charity or aid. A pivotal concept was established during the first Unctad in 1964, when developing nations introduced the motto "Trade, not Aid" to advocate for more equitable and liberal trade relations with developed countries. In essence, the primary objective of FT is to bolster the standing of producers, including but not limited to coffee growers, and their associations, enabling them not only to secure a fair price for their commodities, but also to gain autonomy over their enterprises (Darian et al., 2015).

The movement's new phase, with its entry into the mainstream market, commenced in the 1980s. This was when Fras van der Hoff, a Dutch missionary, initiated support for Mexican coffee farmers in the mountains of Oaxaca who were unable to accept the low commodity price (Darian et al., 2015; Hejkrлік et al., 2013, p. 12). As stated by the official FT

Polska website, the dissolution of the International Coffee Agreement (ICA) and the subsequent price collapse were the primary catalysts for the establishment of the first FT brand, Max Havelaar. This was undertaken by the Dutch ecumenical development agency, Solidaridad. The brand name was inspired by the protagonist of a 19th-century Dutch novel who resisted the exploitation of coffee labourers in Dutch colonies (Fairtrade Polska, n.d.)

The brand, acknowledged as the inaugural Fair Trade label, carried the assurance to underprivileged coffee farmers that they would be compensated fairly for their produce, significantly above the market rate, provided they adhered to certain social and environmental norms. Over the course of several decades, what originated as a solidarity initiative has evolved into a worldwide movement comprising grassroots organisations, advocacy groups, NGOs, and businesses. These entities strive to endorse the globally accepted principles and practices of Fair Trade, as outlined in the International Fair Trade Charter (Fair Trade Charter, n.d.)

Indeed, the term 'fair trade' appears in various forms across different literature, warranting some clarification. While a comprehensive exposition of the evolution of these organisations and their labels over the past 40 years would necessitate a dedicated article, this discussion will concentrate on the most pertinent facts pertaining to the present state. Drawing from the research of Arnold et al. (2019), Namkwon Mun & Jihyun Seo (2012), as well as the authors' personal experience, there are three entities and one term that merit particular attention.

World Fair Trade Organisation (WFTO)

Established in 1989 as the International Federation of Alternative Trade (IFAT) and headquartered in the Netherlands, the World Fair Trade Organization (WFTO) is a global network of member entities. These include non-governmental organisations, producers, exporters, importers, wholesalers, and retailers, all of whom are fully compliant with Fair Trade standards. Members span supply chain organisations, regional and country networks, and social economy enterprises from 75 countries, all adhering to the WFTO's 10 Fair Trade Principles. In September 2019, the WFTO General Assembly enhanced the environmental and climate change criteria within these standards. WFTO members operate across more than 70 countries in Africa, Asia, Europe, Latin America, the Americas, and the Pacific. The organisation's operations are overseen by a global and a regional board, with members certified under the WFTO Guarantee System.

Fairtrade International

Fairtrade International, an independent non-profit entity, oversees the FAIRTRADE mark. It was established in 1997 (originally as the Fairtrade Labelling Organisation) and is based in Bonn, Germany. The organisation adopted its current brand name in 2002. It is a multi-stakeholder association comprising 23 member organisations, which include 3 producers' networks and 20 national organisations, collectively representing 1.7 million small-scale farmers and workers globally. In 2004, the Fairtrade Labelling Organization bifurcated into two distinct entities: Fairtrade International, responsible for setting Fairtrade standards and providing support to producers, and

FLO-Cert, an independent subsidiary tasked with auditing and certifying producers' organisations and traders. The term 'FAIRTRADE', written in uppercase, denotes the trademark used as a label on over 30,000 products from Fairtrade International. Fairtrade is the oldest and most recognisable certificate of ethical trade. It is featured on products that account for approximately 80% of the global sales value of certified FT products. Despite the advent and growth of new certificates, Fairtrade continues to hold a significant position in the market.

Fairtrade Premium

Beyond a fair price, or as a direct component of price calculations, the development premium under the Fairtrade scheme is intended to facilitate capacity building and empowerment of farmers. This is particularly aimed at small and marginalised producers and workers in developing countries, their organisations, and their respective communities. The use of this premium is limited to investments in the producers' business, livelihood, and community. Its specific application is democratically decided by the producers/workers themselves (Arnold et al., 2019, p. 120). The premium for each product is determined by Fairtrade International, and the value of the premium per unit weight of a Fairtrade certified product is publicly available online. A standard Fairtrade premium, amounting to 15% of the negotiated price for the secondary product and/or its derivatives, is mandated to be paid in addition to the negotiated price.

The International Fair Trade Charter

The International Fair Trade Charter serves as a defining document for the global Fair Trade movement, outlining its vision, values, and

principles. The most recent version was introduced in September 2018 and has garnered support from over 250 organisations, including the World Fair Trade Organization and Fairtrade International. The Charter's objective is to advocate for justice, equity, and sustainability in trade and business practices, and to aid in the accomplishment of the Sustainable Development Goals. This document serves as an enhancement and update to The Charter of Fair Trade Principles 2009.

Indeed, the World Fair Trade Organization (WFTO) and Fairtrade International have played instrumental roles in the creation of the Fair Trade Charter. This Charter serves as a global reference point for Fair Trade, promoting its principles and values to all stakeholders. Its primary objectives are:

- Supporting Fair Trade Organisations: aiming to raise awareness among consumers and citizens about the importance and impact of Fair Trade, inspiring more people to join and support the movement.
- Facilitating Collaboration: seeking to connect the specific missions and strategies of Fair Trade Organisations with the common philosophy of the movement. It also promotes collaboration with the solidarity economy, organic agriculture movements, and others that share similar goals with the Fair Trade movement.
- Enabling Recognition: allowing those who work with Fair Trade Organisations (in government, academia, or the private sector) to recognise the values and approaches that unite the global movement (WFTO, 2023).

Fair Trade USA

Established in 1998, Fair Trade USA is an autonomous, non-profit entity that provides certification and labelling for products that foster sustainable livelihoods for farmers and workers, while also safeguarding the environment. Fair Trade USA administers a certification scheme that validates whether products adhere to stringent social, environmental, and economic criteria. The certification procedure guarantees that farmers and workers receive equitable remuneration, operate in secure conditions and have access to educational and healthcare services. This process incorporates a supply chain audit. Fair Trade USA certifies an extensive array of products, encompassing coffee, tea, chocolate, sugar, honey, flowers, and clothing. In 2012, Fair Trade USA seceded from the Fairtrade International system, aspiring to broaden its operations through its independent Fair Trade for All initiative and announcing its proprietary certification. The initial letters of both terms are capitalised, followed by the USA, forming the organisation's brand name. The organisation utilises Fair Trade Certified as its certification body. Fair Trade USA is a signatory of the International Fair Trade Charter.

Fair Trade product

In line with the Charter of Fair Trade Principles, Fair Trade products encompass goods and services that are manufactured, traded, and marketed in compliance with these Fair Trade principles. Where feasible, these products are validated by trustworthy, independent assurance systems, such as those managed by Fairtrade International and the World Fair Trade Organization. Other systems featured in the International Guide to Fair Trade Labels edition 2020 also contribute to

this verification process (Commerce Equitable France, 2019).

Voluntary Sustainability Standards (VSS)

The Voluntary Sustainability Standards (VSS), endorsed by UNCTAD, are private standards acknowledged as beneficial tools for enhancing the market access of producers from the global South to the developed world's markets. These standards encompass a set of economic, social, and environmental criteria that producers must fulfil to operate sustainably. Notable instances of VSS in the coffee sector encompass Fairtrade, Rainforest Alliance, UTZ, and the Organic, or 4C and C.A.F.E. Practices certification. All these certifications advocate for improved conditions in coffee production practices (Panhuysen & De Vries, 2023; Coffee Barometer, 2023, p. 10).

A role of FT in the global coffee market

The initial point for subsequent discussions involves evaluating the overall state of the coffee market from the perspective of demand, considering noticeable quantitative and qualitative shifts. Over the past two decades, the global demand for coffee has exhibited a rising trend, leading to steady growth in both production and exports. Established markets in Europe, Japan, and North America contribute to more than half of the worldwide coffee consumption. The average annual per capita coffee consumption in these markets stands at 7 kg, in contrast to the global average of 2 kg. In the EU-27, which represents the largest coffee market, 2.54 million Metric Tons (MT) of coffee were consumed in 2022, accounting for 24% of the total global coffee consumption. Meanwhile, the USA consumed 1.66 million tons of coffee in 2022, securing its position as the second-larg-

est consumer, representing 16% of the total consumption. (Panhuysen & De Vries, 2023).

The coffee market is predominantly supplied by producers from South America (48%), Asia and the Pacific (29%), Central America (12%), and Africa (11%). The market largely depends on green coffee supplies from a select few countries: Brazil accounts for 40% of global production, Vietnam 20%, and Columbia, Indonesia, and Honduras collectively contribute another 25% (Coffee Barometer, 2023).

Coffee cultivation occurs on approximately 12.5 million small farms globally, with 95% of these farms being no larger than 5 hectares, and 84% being less than 2 hectares in size. The sale of green coffee beans serves as a crucial income source for an estimated 25 million smallholders, their families, and wage-earning employees. These individuals often have scarce economic alternatives for generating income from other sources. The past 20 years have seen low and fluctuating prices in coffee markets, leading to significant hardships for farming communities.

It's worth highlighting that coffee holds the distinction of being the most significant product with the highest sales volume among all FT products worldwide. The first product to receive Fair Trade certification and make its way onto store shelves was coffee from Mexico. Presently, Mexico is home to 128,000 certified organic farmers, making it the third-largest country in terms of the number of producers in this category. Mexican coffee producers are at the forefront of this commercialisation system, and Mexico has emerged as one of the leading exporters of Fair Trade coffee. (Aragón-Gutiérrez et al., 2013, p. 196).

It is indisputable that coffee farmers, particularly smallholders, grapple with poverty and

unstable living conditions, and that low coffee prices are associated with human rights violations in coffee production. They also require additional resources to adapt to shifting climate patterns and assistance to make the necessary investments to decrease the sector's carbon footprint. A decent standard of living is a fundamental human right. For sustainability to be achieved, farmers must earn sufficient income to cover their household and farming expenses while also caring for the environment and their communities. This entails having enough money to afford food, water, shelter, education, healthcare, and other essentials, as well as maintaining some savings for emergencies. This concept is referred to as a living wage. Adherence to the Voluntary Sustainability Standards (VSS), such as being Fairtrade certified, does not alone guarantee a living income for farmers. It is contingent on numerous factors and necessitates the collective effort of all stakeholders, including farmers, cooperatives, companies, governments, and consumers.

An analysis conducted by Columbia University (Kaitlin, 2021), based on coffee prices from 2018-2019, reveals the disparity between the annual income derived from coffee farming and the benchmark for a living income across ten countries. The data indicates that in eight out of these ten countries, the average income from coffee is at or below the poverty threshold. The most substantial gap was observed in Uganda, where the average annual income from coffee for producers is a mere \$88, in stark contrast to subsistence incomes that range from \$2,000 to nearly \$6,000. Brazil stood out as the sole country where the average income from coffee for producers aligned with the estimates for a living income.

Conversely, the coffee market is dominated by a handful of multinational corporations. For instance, only four companies - J.M. Smucker, Starbucks, JDE Peet, and Kraft Heinz - are responsible for supplying 68% of the coffee in the US (Lakhani, 2021). This market primarily generates substantial revenues for roasters and retailers, who are the final entities in the supply chain. These players dictate the market price for the grain supplies of smallholder farmers. The economic circumstances of these suppliers hinge on the degree to which their policies align with the respect for human rights and environmental protection within supply chains.

In the past twenty years, there has been a growing call for roasters and retailers to incorporate sustainable practices throughout their supply chains. This push involves NGOs, activists, and consumers, and is manifested through various social campaigns. At the level of the European Union, this movement is bolstered by political action and legislation, including environmental, social, and governance (ESG) reporting requirements, as well as the recent Corporate Due Diligence Directive (CSDDD) introduced by the European Commission.

Small farms constitute the initial link in the coffee supply chain. Independent Voluntary Sustainability Standards (VSS) validate the economic and social sustainability of production methods at this stage. The application of these standards generates additional economic benefits for producers and upholds the human rights of farmers and workers. Over the past decade, the coverage of voluntary standards in the coffee market has seen a dynamic increase at the farm level. Between 2020 and 2022, approximately 55% of global green coffee production was certified by at least one of six VSS or

received multiple verifications (Panhuysen & De Vries, 2023). This could have served as a source of fair prices and additional development premiums for smallholder farmers, provided the market had been prepared to accommodate this volume of sustainably and ethically sourced certified coffee beans.

The escalating awareness of sustainability among consumers (Eurobarometer, 2020) necessitates an expansion in the market share of certified coffee. However, the Coffee Barometer 2023 indicates a stagnation in its market share over the past three years, with a decrease in the volume of purchases in this segment by the primary coffee roasters. In 2021, approximately 52% of coffee beans on the market (5.5 million MT) were certified under voluntary sustainability standards. However, only about half of these (2.7 million MT) found a buyer willing to pay prices that complied with these standards. In contrast, conventional coffee, which can be readily substituted by coffee roasters and remains outside the purview of compliance with economic, social, and environmental standards, accounted for just over 70% of the global consumption volume.

The Fairtrade certificate is among the most recognised and widely implemented Voluntary Sustainable Standards in the coffee sector, alongside Organic, Rainforest Alliance, and the Common Code for the Coffee Community - 4C. Concurrently, approximately 50% of Fairtrade coffee-certified farms also hold Organic certification (Peixoto et al., 2023). The 2021 Fairtrade-GlobeScan consumer survey, which encompassed 15 countries and 15,418 respondents, revealed that the Fairtrade certification mark distinguishes itself from other VSS labels. Across all product categories, it is the most recognisable and trusted label, with nearly 70%

of respondents having seen it, and of those, almost 90% trusted the label. However, it's worth noting that the market share of coffee does not corroborate the recognition of the Fairtrade label. According to the Coffee Barometer 2023, farmers supplied 923 million MT of green beans with this certification in 2021 - approximately 9% of global production, while only 293 million MT were purchased under Fairtrade conditions. This implies that almost two-thirds of the beans were sold on a conventional basis. The aforementioned pertains to Fairtrade-certified coffee. There is also coffee available in the market that adheres to Fair Trade standards and is supplied by companies with alternative certification. These include WFTO Guaranteed Fair Trade, Fair Trade Certified (USA), Naturland Fair, and Fair For Life. Acquiring information on the sales volumes would necessitate a separate research study.

It's crucial to highlight that coffee producers selling under the Fair Trade certification schemes are required to adhere to a broad spectrum of criteria. These encompass non-discrimination based on race, colour, gender, or religion; the absence of gender-based violence; prohibition of child labour; no forced labour; regular payments with proper documentation; pricing structures that enable a typical farm to earn a living income; provision of decent wages for workers; and the implementation of environmentally sustainable production methods. The smallholders should be organised in a democratic manner. A case in point is the Kopakama Coffee Co-operative, established in Rwanda in 1998, which had a membership of 1,090 coffee farmers, including 470 women. This cooperative complies with the standards of Fairtrade, Rain Forest Alliance, and organic certification. A field visit conducted in 2016

revealed that only approximately 15% of the green coffee produced managed to find buyers who were committed to Fair Trade Standards.

Figure 1. The coffee cherries harvest

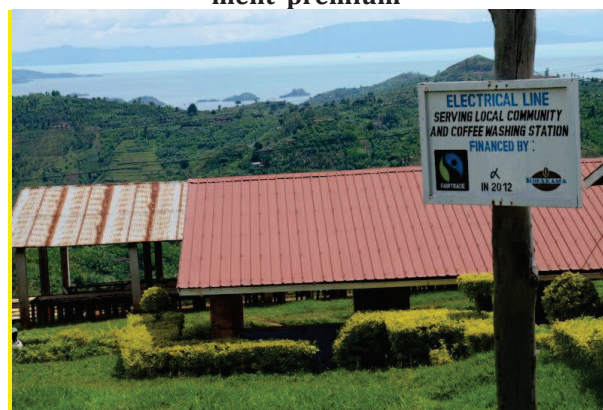


Chiatoh Francis – a small holder of 2000 coffee trees, Belo Cooperative. Boyo division, Bamenda, Cameroon.
Source: Łukasz Sokół (2012).

In a similar vein, the coffee importer, who is a licensee of the certification system, is obligated to purchase directly from an approved farmer's enterprise under long-term contracts. They must guarantee at least the minimum price required to secure a living income, or the global market price if it is higher than the minimum. Additionally, they must pay the local supplier the development premium (Fairtrade premium) on top of the price. As per the Fairtrade

International Annual Report 2021-22, Fairtrade certified coffee farmers globally received a development premium totalling EUR 82.33 million in 2021. This positions coffee as the most significant source of premium among all products sold by Fairtrade-certified farmers.

Figure 2. Information plate showing the electrical line co-financing from Fairtrade development premium



Rutshiro washing station, Kopakama Coffee Cooperative, Rwanda.

Source: Tadeusz Makulski (2016).

Historically, Fair Trade goods were primarily sold in developed nations through specialised alternative retailers, commonly referred to as World Shops (WS). Despite the expansion of Fair Trade into numerous distribution channels over the past thirty years, WS have continued to play a pivotal role in promoting awareness of Fair Trade products and principles. The inception of the first Fair Trade standard for coffee by the Max Havelaar Foundation in 1988, marked by its certification symbol, signified a watershed moment in the marketing of Fair Trade goods. This enabled their introduction into traditional and mainstream shops. This strategy has been effectively implemented in the UK, with the Co-op network introducing its own Fair Trade line in 2000, followed by Tesco

in 2004, and Marks & Spencer offering Fair-trade certified coffee and tea from 2006 onwards. This move also facilitated the placement of products from traditional Fair Trade own-label organisations such as GEPA, El-Puente, Welt Partner in Germany, and CTM Altromer-cato in Italy on store shelves.

As per Bosbach and Maietta (2019), certified coffee is not exclusive to specialised stores but is also available in supermarkets. This scenario results in a more extended and less straight-forward supply chain, as the roaster procures green beans from various trading houses. These trading houses, in turn, purchase them from a range of export companies and cooperatives. The key distinction from the traditional value chain is that large farms or landed estates are not included in Fair Trade agreements.

Consumer towards FT coffee

In essence, FT products aim to foster ethical consumer behaviour and sustainable consumption, considering the dignified and equitable livelihoods of small-scale producers. Consequently, FT is often viewed as an alternative trading network that challenges traditional commerce while enhancing connections between producers and consumers (Naylor, 2018). It also constructs a specific perception of coffee production targeted at consumers. However, there are considerable global variations in the purchasing patterns of such products, even within a single continent (Aragón-Gutiérrez et al., 2013). The ensuing discussions on coffee consumers pertain not solely to Fair-trade International but broadly to various initiatives within the FT framework (e.g., Fair Trade USA).

Coffee growers are required to meet rigorous production standards, while consumers of

Fair Trade (FT) products are urged to use labels as a means to fulfil their obligations. Third-party certification organisations strive to bridge the gap between producers and consumers through promotional activities, yet they ironically take on the role of the producer in this context. As a result, the closeness in these transactions may shift to be between the certifying entity and the consumer. With a view to increasing their market presence, third-party certifiers aim to enhance consumer consciousness about FT products and the consequences of participating in fair trade markets (Naylor, 2018).

Identifying uniform buyer segments for FT products is challenging, but certain patterns can be discerned. Historically, women have been instrumental in advancing ethical consumerism and generally exhibit a stronger inclination towards such public goods. Therefore, the typical profile of an ethically-minded or socially responsible consumer is a relatively young, urban-dwelling woman with medium to high income, a high level of education, and substantial individual social capital (Bosbach & Maietta, 2019). Moreover, clear differences in buyer preferences exist in highly developed countries. For instance, in the Netherlands, Brazilian coffee with UTZ certification (now merged with Rainforest Alliance) is preferred, while in the UK, Colombian coffee bearing the Fairtrade label is favoured. One noticeable consumer trend is the growing demand for higher quality products, specifically specialty coffees, particularly in developed countries. This increase in consumption could be attributed to heightened consumer awareness of the health benefits of moderate coffee consumption, a topic extensively covered in literature. The widespread availability of professional home-

brewing coffee equipment also contributes to this trend. Consequently, modern consumers are more discerning, seek detailed product information, and show a specific interest in specialty brands (Peixoto et al., 2023). The most significant attribute in the value perception of consumers was the quality of ethically-sourced coffee, represented by its taste and aroma. Consumers anticipate direct personal benefits over other social benefits from ethical coffee (Aragón-Gutiérrez et al., 2013). However, it is crucial to highlight that consumers themselves contribute negatively to the environment within this chain, primarily due to their coffee consumption habits. The rising consumption of coffee capsules, especially in Europe, along with the widespread use of disposable cups, poses a significant environmental challenge. This is due to the difficulties in recycling materials associated with these items and the high energy consumption of capsule-based coffee machines, as previously explained (Peixoto et al., 2023).

The attitudes of buyers towards FT, particularly certified coffee, warrant attention, given the variations across different countries, cultures, historical experiences, and socio-economic contexts. For instance, in Stuttgart, affluent consumers of premium coffees in Germany are willing to pay an average of 1.77 euros for a carbon dioxide emissions neutral label (CN) on a 250g bag of roasted coffee. Interestingly, this is lower than the average willingness-to-pay estimates for non-certified individuals' direct trade claim (3.22 euros) and FT certification (4.30 euros). These studies centred on the interaction effect on consumers' preference for specialty coffee, combining a "carbon neutral" label with an FT label, which resulted in a synergistic effect (Birkenberg et al., 2021).

Global environmental trends have been mirrored in the purchasing behaviours of Czech consumers, who were first introduced to FT products in 1994. After a decade and a half of FT's presence in this market, 43% of buyers were able to accurately identify FT, with 23% using them intermittently. Furthermore, purchasers of certified goods typically belonged to the demographic of highly educated individuals residing in cities with populations exceeding 100,000 (Hejkrlik et al., 2013). Czech consumers are cognizant of the price premium associated with FT coffee, estimating it to be between 21-40%. While the taste of coffee remains the primary evaluation criterion for the product, the FT certification also holds significant importance.

A study focusing on the emerging and highly developed markets of Colombia and Spain revealed that consumers in both countries value ethical practices and have a fondness for FT coffee. However, Spanish consumers show a stronger preference for organic coffee compared to Rainforest Alliance-certified coffee, unlike their Colombian counterparts. It's noteworthy that a mutual preference for Colombian-origin coffee is observed in both countries. Moreover, Fair Trade (FT) labels are held in high esteem by consumers in both nations, and coffee from Colombia has a more significant impact on their choices. Interestingly, the Rainforest Alliance label is less favoured among Spanish consumers (Sepúlveda et al., 2016).

Naegele (2020) concurs that FT coffee is gaining prominence in industrialised economies. American consumers are willing to pay a premium for FT coffee. Other research conducted in the USA indicates that a point of purchase (POP) label highlighting the availability of FT coffee can positively impact sales. Re-

ardless of whether the label provides low or high information, consumer preferences lean towards FT over non-FT coffee options. These findings underscore that POP advertising can positively influence consumer responses (Stratton & Werner, 2013). According to additional studies in the USA, consumers place greater emphasis on the immediate benefits of FT than on bolstering the producer's position. The primary motivation for purchasing FT coffee is to enhance the wages and working conditions of workers and farmers. Furthermore, consumers with a deeper understanding of FT place more importance on strengthening the producers' position. Conversely, the main deterrent for not purchasing FT coffee is its unavailability in primary ("convenient") POPs (Darian et al., 2015, p. 323). Research by Lee and Bateman (2021) demonstrated that most American consumers are more price-sensitive towards premium and ordinary certified products than towards products without an FT mark. They showed little interest in certified products and lacked loyalty towards them. Only consumers of high-end certified coffee were less price-sensitive and exhibited loyalty to such coffee. From their perspective, the absence of promotional activities for these certified coffees results in their low competitiveness in the traditional retail environment dominated by conventional products.

Lappeman et al. (2019) conducted a study on coffee consumers in the emerging South African market, identifying four buyer segments willing to pay a premium for coffee with the FT label. Despite no statistically significant differences in FT knowledge across these segments, the overall sample demonstrated a level of FT knowledge that was above average, with 63% indicating a willingness to pay a 10%

premium. These findings suggest that marketing professionals aiming to promote Fair Trade in emerging markets could improve the effectiveness of their targeting and promotional strategies by focusing on the psychological factors that influence consumers' willingness to pay for fair trade products. In Indonesia, which is also an emerging market, the primary factors influencing the purchase of certified coffee are consumer trends and product availability. Buyers typically learn about these offerings through word-of-mouth. However, they place significant emphasis on the product's price, the location of sale, and detailed information about the goods (Sihombing et al., 2023).

Unfortunately, consumers often lack substantial information about the inherent qualities of the coffee they consume. This situation can be traced back to the dominant role of coffee roasters in the coffee supply chain, a consequence of their strategic decisions in recent years and the current regulatory framework. These elements have enabled roasters to maintain a beneficial information asymmetry about quality between coffee producers and consumers. To elaborate, roasters usually acquire coffee with detailed information about its material quality. However, when these coffee beans are blended and roasted, the final product is marketed to consumers under a brand name, emphasising symbolic and experiential quality attributes while neglecting to disclose material qualities. Although specialty coffee markets have emerged to challenge these established norms, thereby empowering coffee producers and urging specialty roasters to provide consumers with more comprehensive information, the fundamental structure of the industry, its governance, and the significant economic power wielded by roasters and brand owners con-

tinue to reinforce the dominance of these influential players, even within specialty markets. Consequently, it becomes crucial to develop new regulatory tools that effectively promote transparency in product information and labeling. These regulatory measures should cover aspects such as blend composition, countries of origin, proportions of arabica and robusta coffee in the blend, and the prices paid to producers. Importantly, the absence of a compulsory requirement for including geographical indication (GI) symbols on the packaging of third-country GI products, in line with EU legislation for GIs, underscores the need for further enhancements in the existing regulatory framework (Peixoto et al., 2023).

Examples of FT marketing activities addressed to consumers

Academic communities, where coffee is a common purchase, have long been actively engaged in promoting ethical consumption, including FT. A prime example of such initiatives can be traced back to American students who advocated for coffee from ethical producers and retailers on college campuses. Through demonstrations and threats of consumer boycotts, they influenced Starbucks to sell Fair Trade certified coffee (Harris, 2021). This case from the turn of the millennium played a significant role in raising the awareness of young consumers. Academic communities worldwide are influential opinion-forming groups that shape socially responsible attitudes. Their actions underscore the power of informed consumers in driving ethical practices in the marketplace.

Academic circles in Poland have shown similar engagement in activities related to FT, often taking the form of social PR events conducted in collaboration with FT representa-

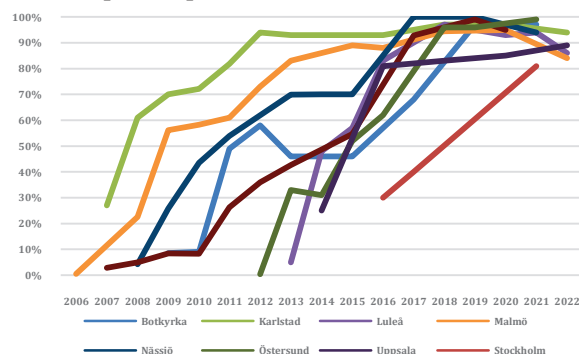
tives. For instance, the University of Gdańsk has hosted several meetings focused on the concept of FT, where certified coffee was the primary product served. The inaugural conference titled "Fair Trade - plays fair" was held at the Faculty of Management and the Faculty of Economics in 2010. Additionally, students from the University of Gdańsk actively participate in World Fair Trade Days and conduct workshops on sustainable development and FT for primary and middle school students. In 2016, the University Centre for Environmental and Sustainable Development Research at the University of Warsaw organized a notable exhibition called "Sustainable Development at Universities," which garnered significant interest. Notably, the University of the National Education Commission in Krakow became the first higher education institution in Poland to be awarded the title of Fair Trade Friendly University in 2019.

The Fair Trade Towns Campaign (FTTC) is a noteworthy global initiative. It engages FT activists, consumers, and local communities across 36 countries spanning six continents. The campaign's objective is to advocate for Fair Trade principles and practices within towns and communities by meeting specific criteria. These criteria encompass public endorsements of Fair Trade by local authorities, public procurement of Fair Trade products, and the consumption of items such as coffee, tea, sugar, exotic fruits, and cotton clothing in their offices, municipal companies, and schools. This initiative underscores the collective effort to promote ethical and sustainable consumption practices on a global scale.

Indeed, the Fair Trade Towns Campaign (FTTC) was initiated in the UK in 2000 by a grassroots activist with the aim of supporting Fair Trade and trade justice. The campaign ra-

pidly spread to numerous other European countries and the USA, serving as a potent instrument to boost awareness and demand for Fairtrade products. One of the most notable impacts of the FTTC was the surge in the procurement of Fairtrade-certified coffee in public sectors. According to Fairtrade Sweden, nine Fair Trade Towns achieved a remarkable 90-100% public procurement of certified coffee between 2006 and 2019. A prime example of this success is the city of Malmö, which was honoured with the EU Cities for Fair and Ethical Trade Award. This demonstrates the significant strides made in promoting ethical trade practices and the potential for further progress.

Figure 3: The share of Fairtrade-certified coffee purchased by selected municipalities in Sweden in their public procurement from 2006 to 2019



Source: Presentation: Fairtrade City & Fairtrade Region 2.0. Anneli Örtqvist, Fairtrade Sweden (2022).

South Korea serves as another example where the Fair Trade Towns Campaign (FTTC) has made significant strides. Activists in this campaign have influenced residents in major cities like Bucheon, Incheon, and Seoul towards ethical consumption practices. As noted by Seungkwon Jang and Jiyun Jeon (2022), these efforts have resulted in reaching 50% of the national population, demonstrating the substantial impact of such initiatives. This highlights the global reach of the FTTC and its effectiveness in promoting ethical consumption habits across diverse cultural and geographical contexts.

Conclusions

Despite the rising global demand for and supply of green coffee, sales of Fairtrade-certified coffee have plateaued at nearly 300,000 metric tons. This implies that only a third of this coffee found a buyer willing to comply with the standards. This could be one of the factors dampening farmers' enthusiasm for the certification process, given the stringent social, economic, and environmental requirements. In

contrast, other Voluntary Sustainability Standards (VSS) such as Rainforest Alliance (RFA), 4C, and UTZ have seen a different trend, with at least 50% of sales made under their standards (Coffee Barometer, 2023). This highlights the complexities and challenges inherent in promoting sustainable and ethical practices in the coffee industry.

Indeed, while the high awareness of the Fairtrade mark (reported to be between 60-90% in European countries), the market for certified coffee leaves room for improvement. A significant portion of Fairtrade certified green coffee is sold on the conventional market, often without reference to the minimum price and the additional development premium. The coffee market, which is largely driven by several multinational companies offering a diverse range of coffee products (including roasted and ground coffee, espresso beans, instant coffee, and single-serving capsules), appears to rely on their assurances of sustainability practices. However, these practices are often interpreted by these companies as strategies to enhance business efficiency and competitiveness, rather than as measures to address human rights and climate impact concerns. This highlights the need for a more holistic approach to sustainability in the coffee industry, one that balances economic efficiency with ethical considerations.

Fridell's assessment (2014, p. 1189) provides an intriguing perspective on the global market situation, particularly with respect to coffee cultivation in Vietnam. The rise of Vietnamese coffee is viewed more as an economic or social phenomenon, while FT is often elevated to the status of a "development project." This perception is largely based on the alignment of FT with the North's ideological notions of "free trade" and international development, rather than on objective and dispassionate analysis. Both are development initiatives aimed at small-scale coffee farmers, but they are of different types and yield different outcomes. The Vietnamese coffee industry does not place "Western consumers" at its core, particularly given that they are generally unaware

of Vietnam's position as the world's second largest coffee exporter. This highlights the complexities and nuances inherent in the global coffee trade and the diverse factors influencing its dynamics.

However, Hejkrlik et al. (2013) highlight some of the common criticisms levelled against FT by its detractors. These include the artificial inflation of final product prices, the ineffectiveness of the FT bonus leading to producers not implementing changes in their production structures, unethical marketing activities, and uncertain demand for FT goods. In the 21st century, participants in Fair Trade now encompass small farmers and cooperatives as well as large plantations and international corporations. Nevertheless, it's important to note that the primary beneficiaries of these practices are not always the farmers. This underscores the complexities and challenges inherent in implementing and managing Fair Trade practices, and the need for ongoing scrutiny and refinement to ensure they effectively serve their intended purpose.

It is often the case that retailers, while promoting themselves as socially conscious citizens, charge substantial markups on Fair Trade products. The involvement of large, transnational corporations in the Fair Trade movement has also raised concerns about the empowerment of small producers. There are fears that FT could be dominated by these corporations, which control prices, supply chains, and access to global consumer markets (Darian et al., 2015). Additionally, there's growing concern about large-scale brand companies entering the Fair Trade markets. Critics argue that these conventional brand companies have engaged in 'tokenism' by stocking minimal amounts of Fair Trade products under new niche brands (Nam-

kwon Mun & Jihyun Seo, 2012, p. 42). This highlights the complexities and challenges in ensuring that Fair Trade practices truly benefit the small-scale producers they're intended to support.

While many prominent coffee-processing brands position themselves as pioneers of sustainable practices, research suggests a different reality. These large corporations' commitments to sustainable development principles often lack transparency and do not adequately consider the welfare of small-scale farmers. Despite companies' public declarations about their supplier commitments, there is a general reluctance to disclose pertinent information about their procurement policies. Few companies publicly share up-to-date information on their supplier certification and verification processes, development premiums, long-term contracts, or supplier lists (Panhuysen & De Vries, 2023). This situation makes it challenging for civil society to question these practices and the way corporations shape the sustainability narrative, particularly given the various economic dependencies that arise when sourcing funds from companies and government

programs. The practice of charging fees based on the sales volume of products bearing the certification scheme's logo is seen by traditionalists as a sign of the entanglement and commodification of the Fair Trade concept. This underscores the complexities and challenges inherent in promoting truly sustainable and ethical practices in the coffee industry.

Absolutely, understanding the perspectives of farmers is crucial in the discourse on Fair Trade and sustainable practices. Studies that explore farmers' perceptions of coffee quality labels and their reasons for adoption provide valuable insights into the dynamics of the coffee market from the producers' viewpoint. For instance, the survey conducted in Ecuador by Sepúlveda et al. (2018) sheds light on this aspect. Such research not only enriches our understanding of the complexities of the coffee industry but also opens new possibilities for further exploration in this field. This holistic approach, considering both the consumers' and producers' perspectives, is essential for developing effective and sustainable strategies in the coffee industry.

Author Contributions

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