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Mainstreaming fair trade: the role of retailers

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In just two decades, fair trade has evolved from a niche market supplying products for a small group of dedicated consumers to a well-established market in several European countries, including the Netherlands. This transition has led to important changes in the dynamics in the fair-trade supply chain and the role of different participating actors. The success of this provisioning model depends upon producers and consumers as well as on the engagement of retailers, but to date researchers have not actively investigated their role. This article helps fill this gap by applying a social practices perspective to analyze the role of retailers in the fair-trade supply chain in the Netherlands. Our empirical research shows that Dutch retailers may apply different strategies when selling fair-trade products, but also that many of them are interested in supplying these goods for reasons other than economic advantage. The main challenge that retailers face is how to balance actively promoting fair-trade products to consumers and presenting their outlet as unique by selling such items in a consumer-silent manner and contributing to a broader transition toward sustainable production and consumption.

KEYWORDS: trade, niche markets, retail industry, social responsibility

Introduction

Fair trade is a social movement aimed at improving the livelihood of poor farmers and plantation and factory workers in developing countries. Its strategy is to guarantee producers a minimum price for their products and to certify and label these items as fair trade. Products with this designation are available in supermarkets and other retail outlets in Europe, North America, and other, mostly developed, countries. In less than 25 years, fair trade has reached substantial market shares in these regions and is considered a success story by many nongovernmental organization (NGOs) and marketing experts.

Fair trade has also attracted public and scholarly attention as a strategy to transform unfair relationships in global commodity trade. Among the general public, such products have a favorable image as they offer consumers concrete possibilities to support poor farmers in developing countries and their claims seem uncontested (White et al. 2012). Scholarly work, however, has assessed fair trade more critically, particularly regarding its impact on smallholders, its internal structure, and the role of NGOs (Barrientos & Dolan, 2006; Reynolds et al. 2007; Zaccai, 2007; Goodman, 2010). Critics comment on the limited impacts that fair-trade products have had in effectively improving the livelihoods of small farmers (Ruben, 2008). Moreover, some scholars

studying consumer attitudes and decision making regarding fair-trade products comment on the low level of active consumer commitment to genuinely changing the global market system (Lyon, 2006; Ozcaglar-Toulouse et al. 2006; De Pelsmacker & Janssens, 2007; Annunziata et al. 2011). In addition, different authors have commented upon the distribution of fair-trade consumption among various consumer-income groups, as mostly upper-middle class people buy these products (cf. Low & Davenport, 2005). Overall, many aspects of fair trade have been studied, but the practice of actually buying and selling such products in retail outlets has largely been ignored, with the exception of some contributions discussing fair-trade marketing strategies (Nicholls, 2002; Low & Davenport, 2005; Alexander & Nicholls, 2006; Castaldo et al. 2009; Karjalainen & Moxham, 2013). Nevertheless, the success of fair trade as an alternative to conventional market relations depends not only on the involvement of primary producers and the engagement and commitment of consumers, but also on the actual sale of such products in the store. This article focuses on this essential phase in the supply chain by investigating the strategies retailers apply when deciding to offer (or not) fair-trade products.

Sustainable development and social justice are promoted not only by politicians and social movements but increasingly by public companies as well.

Business strategies increasingly include notions such as corporate social responsibility (CSR), the triple-bottom line, people-planet-profit (PPP), and business (or corporate) ethics. Van Tulder (2010) reports that 37% of (mostly large) companies in the Netherlands consider product-chain responsibility and CSR-oriented purchasing policies to be relevant for their corporate identity. There are indications that a “more or less coherent [CSR] strategy towards suppliers can be supposed to have a positive influence on the whole chain” (van Tulder, 2010). The enactment of CSR is mostly related to the strategies of large public companies rather than to retailers. Retailers are generally perceived in the public debate as quite passive, as only taking action when under pressure from customers, governments, NGOs, media, or other stakeholders. However, retailers may also actively apply a CSR strategy that often includes promoting fair-trade products (Nicholls, 2002; Karjalainen & Moxham, 2013). Castaldo et al. (2009) conclude that “retailers could leverage their social reputation, based on greater attention to consumer needs, when they sell fair trade products.”

It is retailers that decide whether or not to stock fair-trade products and how to make them available to consumers, including the location in the store and the information offered, as well as advertising and price-setting policy. Retailers constitute a broad category because they may be independent shop owners, franchisees, members of buying cooperatives, or employees of large supermarket companies. It is therefore not surprising that these retailers may apply different strategies to manage their merchandise and, as they are in direct contact with consumers, their experiences may inform us about different strategies when selling fair-trade products.

This article addresses the following questions: Why are retailers interested in offering fair-trade products, what consumer-oriented strategies do they use, and which of these strategies are likely most promising to promote future sales of fair-trade products? We deal with these questions on the basis of results from field research among retailers in several municipalities that participate in the Fair Trade Towns Campaign in the Netherlands (Rossing, 2011). The Fair Trade Towns Campaign was launched in the Netherlands in 2007 to encourage Dutch municipalities to become a Fair Trade Town and be part of the global campaign (see below). By the end of 2013 the Dutch campaign had mobilized 40 of the 403 municipalities in the country.¹ On the basis of these empirical findings, and with the help of the social practices approach (Shove, 2012), we develop an inven-

tory of the different retail strategies for fair-trade products that are implemented in the Netherlands.

We proceed by briefly introducing the fair-trade principles and the organization of the fair-trade supply chain. The article next presents a conceptual framework to facilitate the analysis of retailer strategies with regard to fair trade. We then describe the roles of retailers in selling fair-trade products and introduce the field study. After presenting the research findings, we discuss consumer-oriented strategies of retailers and their roles in supplying fair-trade products before concluding with a discussion of future prospects for retailer fair-trade strategies in the Netherlands.

Fair Trade: From Niche to Mainstream

Fair trade was introduced as a product label for coffee in 1988 by the Dutch Max Havelaar Foundation. As a private certification scheme, it intended to differentiate “fair-trade” coffee from conventional brands in accordance with specific criteria on producer price and smallholders’ organization. With the help of labeling, the fair-trade movement attempted to strengthen the position of smallholder farmers and poor workers in developing countries. Activists in the fair-trade movement considered the existing global trade system as fundamentally unfair, being controlled as it was at the time (and continues to be) by powerful corporations to the detriment of weaker smallholder farmers and plantation workers. By labeling products from existing brands as “fair trade” and making them available in conventional distribution channels, producers from the developing world would be able to sell their products for a guaranteed minimum price in a large market and thus profit from economic and social benefits (Oosterveer, 2006; Oosterveer & Sonnenfeld, 2012). Fair trade takes up a particular position in the global economy because, as Taylor (2005) argues, these products are “in the market and not of it.” Accordingly, the market is used as a vehicle to promote the economic and social interests of poor producers in developing countries rather than conventionally, as a way to organize global production in a manner that maximizes the profitability of the most powerful actors in the supply chain. Fair trade aims to mainstream the alternative market without giving in to the movement’s transformative intentions.

After coffee, fair-trade labeling was introduced for many other items, allowing the initiative to expand considerably. The market for these products started to develop in Europe during the 1990s but is today truly global in scale. Worldwide sales of fair-trade products have reached nearly €5 billion (US\$6.7 billion) in 2011, up from €217 million

¹ See <http://www.fairtradegemeenten.nl/algemeen/over-fairtrade-gemeente/>.

(US\$290 million) in 2001 (Fairtrade International, 2011; 2012). In the Netherlands, sales increased to €147 million (US\$200 million) in 2011 (Fairtrade International, 2012), while some 55% of all Dutch households bought at least one fair-trade product during the year, compared with 30% in 2008 (Goede & Ruben, 2012). Fair-trade products are available today in most regular supermarkets and conventional retail outlets. Furthermore, “in countries where retailers have become more active in propagating fair-trade products as ‘mainstream,’ there are indications that fair trade indeed reaches its much higher market potential” (van Tulder, 2010). Hence, most fair-trade sales are presently realized through conventional distribution channels and only some 10% via alternative channels such as third-world shops and church groups. Nevertheless, despite its impressive growth, market shares for fair-trade products remain relatively small; only in some product categories, and only in some markets, have they reached more than a 5% market share. Also, while in the Netherlands per household annual expenditures for fair-trade products indeed have gone up from €1.70 (US\$16.20) in 2008 to €4.30 (US\$19.80) in 2011 (Goede & Ruben, 2012), this is still only a miniscule share of the total annual supermarkets expenditures per household [estimated at €4,285 (US\$5,800) in 2010].² Hence, there is definitely room for further expansion of fair-trade sales.

Promoting fair-trade products has been taken up by NGOs and other social groups, such as local churches and consumer organizations, making fair trade not only a certification scheme and product label but a social movement as well aimed at improving the lives of the poor in developing countries by changing local organizations, social services, and working practices and increasing the price that producers receive on global markets (Barnett et al. 2011). As an institutionalized social movement, fair trade has grown from several small national initiatives during the 1980s into the internationally organized professional NGO—Fairtrade International—it is today. At the same time, fair trade as a social movement also includes many development NGOs, consumer organizations, and church groups in Europe and North America promoting fair-trade products as part of a broader pattern of ethical consumption. In 2000, the community of Garstang—a small town in the northwest of England—declared itself a Fair Trade Town and this was the start of the Fair Trade Towns movement, a strategy to promote the sales of these products even more. There are now nearly 1,200 fair-trade towns in more than twenty European

countries and across three continents.³ In the Netherlands, three international development organizations initiated a Fair Trade Towns campaign to promote this movement (Voerman et al. 2012).⁴ This campaign encourages the formation of a committed group of volunteers in interested municipalities to encourage fair trade by increasing the availability of such products in local stores, restaurants, canteens of sport clubs, and so forth and enhancing their sales through public campaigns and support from local municipal authorities. To become a fair-trade town, the community must meet a set of strict criteria, including definite numbers of fair-trade products to be available in local stores. These conditions require that a town committee engages actively with local retailers to determine the extent to which they sell fair-trade products (or are prepared to do so) and how they can be given support to expand the stock on offer. As local retailers are not naturally part of the fair-trade movement, interesting questions arise about which strategies they choose for offering and selling fair-trade products.

The Role of Retailers in Supplying Fair-Trade Products: Identifying Different Strategies

Given that supplying fair-trade products can be seen as embedded in broader retailer-consumer relationships, the social practices perspective can serve as a useful conceptual framework to analyze these dynamics (Spaargaren, 2003; Oosterveer et al. 2007; Spaargaren & Oosterveer, 2010). The conventional study of buying and selling credence goods (i.e., goods with qualities that cannot directly be observed by their buyers/users), such as fair-trade products, focuses on the gap between, on one hand, individual consumer attitudes and values and, on the other hand, actual buying behavior (c.f., Padel & Foster, 2005; Vanhonacker et al. 2013). This individualist perspective fails to acknowledge the socially embedded character of the process of acquiring goods, including fair-trade products (Shove, 2010; Spaargaren & Oosterveer, 2010). In this research, we approach the offering and purchasing of fair-trade products as a “social practice,” as a specific configuration of meanings, competences, and materials “embedded within the prevailing organization of practices” (Evans et al. 2012; see also Shove et al. 2012). So the focus here is not on an individual retailer’s decision to present fair-trade products in his shop or on atomistic consumer decisions to buy them. Rather, it is instructive to emphasize the interactions between retailers and consumers with their particular under-

² See <http://www.cbl.nl>.

³ See <http://www.fairtradetowns.org>.

⁴ See <http://www.fairtradegemeenten.nl>.

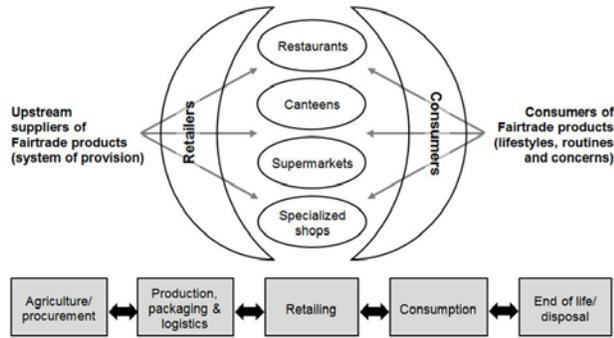


Figure 1 Retailer-consumer relationships on fair trade (adapted by the authors from Spaargaren & van Vliet, 2000).

standings of fair trade when they purchase fair-trade products in the specific setting of a retail outlet. Retailers and consumers meet each other in the retail shop, at the “consumption junction,” and there have to accommodate each other to establish effective sales (Oosterveer, 2012; Oosterveer & Spaargaren, 2012). The success of a transaction then depends on whether or not a fit has been created between retailer strategies and consumer preferences. Different fits are possible because they depend on matches involving routines, social relations, material dynamics, cultural conventions, and competences (Spaargaren & van Koppen, 2009; Shove et al. 2012). Fits may be achieved, for instance, through responding to particular consumer concerns or lifestyles or through retailers’ decisions to make fair-trade goods available in their shops or to actively promote them. Figure 1 provides the conceptual model that illustrates this dynamic.

This model shows that the actual sale of fair-trade products is only one of a string of connected social practices that has built up the whole fair-trade supply chain. Still, for purchase in a retail shop to occur, retailer strategies have to be linked to consumer ways of doing. Understanding this practice completely would require the combined analysis of retailer and consumer roles in constructing and reproducing the social practice of selling and purchasing fair-trade products. However, in this research we focus on the retailer role because several other studies have already investigated the consumer side (Bryant & Goodman, 2004; Goodman, 2004; Lyon, 2006; Clarke et al. 2007; De Pelsmacker & Janssens, 2007; Reynolds et al. 2007). We therefore examine social practices in the shop, particularly the consumer-oriented approaches of retailers in supermarkets and other retail outlets.

When supplying fair-trade products, the retailer has to accommodate consumer lifestyles, concerns, and demands, and may therefore apply multiple strat-

egies. Spaargaren & van Koppen (2009) distinguish four consumer-oriented strategies, each constituting specific combinations of 1) the way retailers present products in their outlets, 2) the information they provide to consumers, and 3) the images and narratives they thereby present. Applied to fair trade, the first consumer-oriented approach is the “no fair-trade strategy,” in which fair-trade products are not explicitly offered for sale and where the retailer presents no information or particular images and narratives on fair trade to the consumer. The second approach is the “fair-trade sales strategy,” in which fair-trade products are in the shop, but no information is actively provided and no images and narratives on fair trade are systematically presented. The third approach is the “fair-trade promotion strategy,” in which the retailer actively promotes the sale of fair trade by providing information about the product supplemented with relevant images and narratives expressing their positive values. The fourth approach is even more encompassing and entails the “fair-trade corporate strategy,” in which fair-trade products are not only on sale but are offered in combination with specific information purposefully designed as part of a broader strategy for the retail outlet as a whole. The images and narratives in this strategy aim at supporting sustainable consumption-production practices and sustainable citizenship more generally. Fair trade is put at the heart of the retail strategy and any customer who enters this shop is immediately made aware that such products are for sale.

In the Netherlands, the fair-trade corporate strategy is only applied in a special category of retail outlets—so-called third-world shops, staffed by volunteers, solely selling fair-trade and comparable products and actively promoting the images and the narratives behind it. This fair-trade corporate strategy is creating an alternative retail channel that supplements more mainstream venues. As our main interest is in developments within the mainstream retail channel, we leave this specialized outlet aside and focus attention on the first three strategies.

To further operationalize these consumer-oriented retailer strategies, we applied the conventional marketing mix as a starting point for differentiation. The four P’s—product, price, place, and promotion—allowed for identification of the role of fair-trade products in retailers’ strategies. First, *product* refers to the fair-trade goods on offer in comparison with conventional items. Second, *price* denotes the price difference between fair-trade and conventional products available in the shop. Third, *place* relates to the location within the shop where fair-trade products are positioned. Finally, *promotion* entails the communication (information, images, and narratives) on fair trade that is accessible in the shop, beyond the

label on the package which is standard for all fair-trade products. As the fair-trade initiative also intends to distinguish itself from conventional products, we supplemented these four P's by two S's, referring to *supply* (i.e., the provision of fair-trade products by the suppliers), and *support* (i.e., assistance delivered by facilitative organizations to increase the availability of fair-trade products in shops and restaurants and to promote their sales).

We applied an explorative and qualitative research design to study these retailer strategies. Through interviews with retailers in different municipalities and fair-trade experts, we acquired a better understanding of retail strategies in the Netherlands. The retailers were selected from municipalities that had already acquired the status of "fair-trade town," augmented with retailers from another municipality striving to attain this position. Within these municipalities, retailers were selected for interviews on the basis of their actual sales of fair-trade products and the need to secure a spread over different sectors: food, nonfood, and food services. Retailers were identified with the help of local committees and websites and through suggestions from other interviewees (i.e., snowball method). The selection was based on the number of fair-trade products these retailers had available for sale and the final number of interviewees depended on when we reached a point of saturation, a situation where additional interviews were not expected to generate substantially new information.

We interviewed a total of 23 retailers and supplemented these sessions with ten interviews with experts from fair trade and retailing more generally and from local Fair Trade Town committees. The retailers were divided into different categories. The food group comprised three food specialists, three representatives from conventional supermarkets, one respondent from an organic supermarket, and one wholesaler. The nonfood category included representatives from three clothing stores, two gift shops, one gift and clothing store, and one wholesaler. The food-services group contained representatives from five restaurants, one cinema café, one coffee and ice-cream store, and one wholesaler. All of these interviews were semi-structured, guided by a list of topics, focusing especially on the four P's and two S's and supplemented with several general questions on customer demand for fair-trade products and the future prospects for selling them. The expert interviews were conducted on more of an open-ended basis and built on the particular expertise of each individual.

To further elaborate the different retailer strategies, the recorded interviews were transcribed and structured according to their strategic mix of four P's and two S's. Considering the number of interviewees and the intention of this research, we did not generate

any quantitative data. Our intention was not to assess the relative importance of the different strategies among Dutch retailers but to develop a better understanding of the content of the three identified strategies, how they operate in practice, and how they try to create fits with consumers.

Retailer Strategies to Supply Fair-Trade Products

As described above, three retailer strategies were used as a reference in the empirical study: "no fair trade," "fair-trade sales," and "fair-trade promotion." With the help of the interviews, we further explore the actual content of these strategies in the following section.

The No Fair-Trade Strategy

Some retailers do not sell fair-trade products, giving two distinctive reasons to justify this merchandising practice: the inventory of goods that they carry in their store and the price of fair-trade products.

Some retailers contend that they cannot offer fair-trade products because these items are not available at the quality and quantity that are required to fit the existing inventory in their store. Particularly, specialized shops operating at the upper end of the market sometimes find it difficult to select fair-trade products that fit their sales strategy. Moreover, as many fair-trade products, especially from premium brands, become widely available, specialized shop owners believe they can no longer distinguish themselves by selling these goods. They do not consider the relatively high price of fair-trade products to be an important hindrance, as customers in these shops are already willing to pay such prices.

In contrast, another group of retailers identifies the price of fair-trade products as the precise reason for not selling them. In their view, fair-trade prices are too high in comparison to the prices of competing conventional products. According to one restaurant owner, "A fair price for a farmer means not a fair price for me." They did not favor reducing their mark-up, as some other retailers do (see below), because that would imply reducing their own profit margin.

No information is available on the strategic mix of the four P's and two S's used by retailers in the no fair-trade strategy group, as these merchants do not intentionally offer these products. Nevertheless, we observed that even without being aware this group of retailers incidentally sold fair-trade products included by suppliers in their inventory.

The Fair-Trade Sales Strategy

More fair-trade products are on offer in supermarkets and other retail outlets in recent years than ever before, as for instance in 2013 the average number of fair-trade products in Dutch supermarkets increased by 20% in comparison with the previous year and reached a total of 42 different products (Milieudefensie, 2013). Retailers explain this as a general trend in society and point to the growing number of consumers interested in buying sustainable products and the increasing availability of premium and home brands that are labeled as fair-trade merchandise. Retailers in this category expect the sales rates of fair-trade products to “spread like a wildfire” (representative of cinema café). Several see the trend as irreversible and therefore regard fair trade as a promising business opportunity when deciding which products to stock. However, other retailers are also inspired by considerations besides increasing their sales, because they expect offering fair-trade products to contribute to a positive image of their store. They assume that customers highly appreciate the *possibility* of choosing fair-trade products, even when they are not actually buying them. These merchants have the impression that customers regard the availability of fair-trade products as a sign of the social responsibility of the shop owner. Some retailers, therefore, consider supplying fair-trade products to be an excellent opportunity to create a certain image of their store, making it stand out compared with retail outlets that do not offer them.

These retailers also stock non-fair-trade products because they do not expect fair-trade products to replace all conventional products. Merchants in this category only carry fair-trade products that fit with their existing inventory and are of high quality, with well-guaranteed supply and prices within the range considered acceptable by customers, such as coffee, sugar, and chocolate.

This fair-trade sales strategy is, in fact, a combination of two different approaches. On one hand, most retailers in this category consider selling fair trade next to conventional products simply as a potentially profitable market opportunity. On the other hand, some retailers would prefer to sell only fair-trade products (see the fair-trade promotion strategy below) but for the moment have to compromise as some customers are unwilling to buy them.

In terms of the strategic mix that we identified, this approach appears as follows:

Product: The number of premium and home brands labeled as fair trade is growing rapidly, making these products part of the normal inventory available in retail outlets. Several respondents even expect sustainability (including fair trade) to eventually become

a “license to operate,” insisting on socially and environmentally responsible behavior in production, processing, and trade of all products.

Price: The price of fair-trade products is generally higher than their conventional alternatives due to the minimum price guaranteed to the producer and the additional costs accumulated throughout the supply chain, such as those for certification, labeling, and logistics. Retailers observed that these price differences recently have become smaller in relative terms primarily as a result of the professionalization and scale increase in the fair-trade sector. Nevertheless, because fair-trade and non-fair trade-products are offered on the same shelf, this price differential is highly visible to the consumer. Most retailers accept such differences provided they do not go beyond 10%, which they consider the upper limit that customers are willing to accept. When price disparities become too large, some retailers decide to reduce their own profit margins to remain within the range of 10%.

Place Within the Shop: Most retailers choose to display fair-trade products in combination with conventional products instead of on a separate shelf. They report that a mixed setting creates familiarity for customers and facilitates promotion of future sales. Fair-trade products are routinely positioned close to the main sales locations within the shop (i.e., on the shelf at eye level and in the so-called “traffic” location, a centrally positioned shelf in the store where customers almost inevitably pass by). In this way, retailers are able to encourage consumers to buy fair-trade products because they expect them to routinely select items from easily accessible places.

Promotion: Retailers employing a fair-trade sales strategy differ greatly in terms of their willingness to promote fair-trade products. Some retailers argue that because the purchase of fair-trade products is not yet a routinized activity, these goods must be actively brought to the attention of patrons. Other retailers, however, prefer to maintain uniformity in their shop and allow consumers to “just do their shopping” without being bothered by messages calling on their ethical consciousness. Products should primarily be sold, they argue, on the basis of their price and quality and not on additional issues such as a fair-trade label.

Nevertheless, all fair-trade products are readily recognizable through a uniform logo on their packaging. Retailers appreciate this feature because after twenty years of campaigning by the fair-trade movement consumers have become extremely familiar with this label.

In cases where retailers actively inform consumers about the fair-trade attributes of particular products, they use posters of varying sizes in the shop and/or small shelf cards designed to draw consumers' attention to them. However, because numerous other advertisements are routinely placed in stores, it is not evident that fair-trade promotional materials attract much attention. Retailers also use websites to inform consumers about the background of fair trade, covering its principles and the organization of the supply chain from producer to shopping floor. Some merchants have even visited fair-trade producers in other countries and so are able to communicate directly with customers about their own personal experiences.

Supply: Offering fair-trade products can be a challenge for retailers as they need guaranteed supply to make them permanently available, especially in supermarkets and restaurants. Sometimes attaining a regular stock of fair-trade products is not simple, particularly for large supermarket chains with centralized sourcing and high inventory turnover. Such companies may therefore refrain from certain fair-trade products because they cannot ensure consistent availability. In the case of franchisees, individual retailers may nevertheless still choose to sell these items, because they have the flexibility of selecting part of the inventory themselves (in the Netherlands up to 20%). Finally, most retailers prefer to be supplied through their regular wholesalers and they therefore depend on the availability of fair-trade products obtainable through these distribution channels. Many retailers hesitate to do business with specialized suppliers dealing in fair-trade products because this would complicate their logistics and inventory routines. This is particularly relevant for retailers offering fresh products and for restaurants, where the quantities sold are relatively small. Nevertheless, some retailers mentioned that they would welcome more reliable information on where to access fair-trade products.

Support: Several activities encouraging consumers to buy fair-trade products are arranged by national organizations in the Netherlands such as Max Havelaar and Fair Trade Original and by local committees that support the Fair Trade Town campaign. The annual national Fair Trade Week is one of the best known of these activities. Some retailers hesitate to engage in such programs because they have the impression that their offer of fair-trade products should be higher than it actually is. As a cinema-café representative explained, "When doing it [offering fair-trade products], I have to do it well." However, most retailers consider the internal organization of their store to be more important than general promotional activities,

especially now, after two decades, when these campaigns have already made the fair-trade logo and associated products familiar to most consumers.

The Fair-Trade Promotion Strategy

In the fair-trade promotion strategy, these products are at the heart of the retailer's operation. Here, the merchant is personally committed to fair-trade principles because she deems these practices essential for the trade system of which she wants to be part. These retailers consider sustainability an irreversible trend in the market and society and regard themselves as frontrunners in this transition. They prefer to sell fair-trade products whenever possible, but often do not draw particular attention to them because they expect all products to eventually be fair trade. Some retailers, however, make an extra effort, offering information and organizing promotional activities in their stores. Others even try to provoke more "sustainable behavior" among their customers by encouraging supplementary sustainable activities such as recycling. These retailers also operate their store in accordance with sustainable business practices, in particular in their use of energy and materials. Obviously, like all merchants, these retailers insist that fair-trade products fulfill general quality requirements such as attractive appearance and good taste. Consumers can then be assured that goods are not only fair trade but of good quality as well. So, in instances where fair-trade products with the required performance attributes are not available, retailers may decide to offer conventional alternatives.

In terms of the strategic mix we identified, this approach can be characterized as follows:

Product: Fair-trade products occupy a central position in the inventory of these retail outlets because sustainability is expected to become a "license to operate" (representative of a supermarket) in the near future. These retailers look to assure proper social and environmental behavior in production, processing, and trade for all products that they offer. However, as they aim to supply a complete inventory in their store to satisfy their customers' demands, they also offer non-fair-trade products. As one retailer explained, "To us it is important to raise awareness for fair trade. However, we cannot do everything we want since the choice of sustainable products is a compromise between the responsibilities we want to take and the satisfaction of our consumers" (representative of cinema café). Recent growth in the availability of fair-trade products is, however, rapidly diminishing these complications.

Price: Fair-trade products are generally sold at a higher price than their conventional alternatives. Re-

tailers have the impression that customers are willing to accept up to a 10% higher price for fair trade, an observation confirming previous research (De Pelsmacker et al. 2005). The representative of a coffee and ice-cream shop explained, “We want to make fair-trade and organic products affordable to everyone. We try to ask a fair price in order not to offer products that are too expensive.” Similar to the fair-trade sales strategy discussed above, some retailers choose to reduce their own margins to stay within this range.

Place Within the Shop: Fair-trade products are primarily offered in mixed settings with other sustainable products because retailers expect repeated encounters to result in familiarization thereby contributing to future sales. In this respect, this retail strategy is again similar to the fair-trade sales strategy described above.

Promotion: Retailers in this category consider consistent that efforts are necessary to bring fair-trade products to the attention of (potential) buyers because purchasing such items is not yet part of regular routines. When promoting fair trade, these merchants use tools similar to the ones applied by retailers using the fair-trade sales strategy: large and small posters in the store, small shelf cards, and websites for more background information. The visits some retailers have paid to producer countries also help illustrate the reality of fair trade. In addition, having a range of fair-trade products available in the store is a promotion activity in itself: repetitive visual and tasting encounters with the product, the fair-trade label, and more formal promotional materials may increase consumer demand. Finally, some retailers use fair trade as their unique selling point to attract an interested group of customers, particularly in restaurants and food services where fair trade has not yet become part of the mainstream.

Supply: Retailers applying this fair-trade promotion strategy have to rely on a permanent supply of relevant products, but these are not always sufficiently available from wholesalers. These retailers are then obliged to create supplementary storage capacity, because the quantities of fair-trade products sold are often smaller and logistics more complicated than is the case for other items. These problems may prevent retailers from expanding their range of fair-trade offerings.

Support: Retailers applying this strategy profit from the general activities organized to promote fair trade in the Netherlands. They appreciate local promotional activities undertaken by the Fair Trade Town cam-

paign committee but do not consider these efforts essential for their overall strategy, for which they consider themselves to be primarily responsible.

Conclusion

This article highlights how fair-trade products in the Netherlands are increasingly moving from a niche market to the mainstream. Therefore, except in the food-services sector, most retailers no longer consider fair trade to be a unique selling point through which they can strengthen their profile. They observe that the image of fair-trade products has evolved from “alternative and low-quality” items (although produced with good intentions) destined for a small, highly committed group of consumers into attractive items for a broad range of mainstream consumers.

Many—but by no means all—retailers in the Netherlands offer fair-trade products. This study found that some retailers choose not to sell fair-trade products because they consider these items either to be not exclusive enough (in high-end shops) or too expensive (the no fair-trade strategy). When they offer fair-trade products, some retailers combine these offerings with conventional products (the fair-trade sales strategy), while others regard fair-trade products as the core of sustainable retail (the fair-trade promotion strategy). Some retailers only sell fair-trade products (fair-trade corporate strategy). Despite these different strategies, when they do offer fair-trade products, Dutch retailers apply similar elements intended to enhance consumer satisfaction, which is primarily driven by price and quality.

When these basic drivers are adequately dealt with (i.e., the quality is similar to conventional products and the price difference not more than 10%), fair trade can be a profitable supplementary asset that retailers incorporate by increasing fair-trade product availability. This research confirms, not surprisingly, that retailers do react to consumer concerns and to market opportunities when supplying fair-trade products, but it also demonstrates how they are not just passively responding to consumer demand but may engage actively by orienting consumers to buy (more) fair-trade products and to contribute to increased sustainability. They proactively offer fair-trade products and try to draw consumers’ attention to these items. In particular, the location of fair-trade products in the store and their position on the shelves can make a big difference in drawing consumers’ attention. The price difference between fair-trade and conventional products remains relevant, but much less than often thought to be the case because most consumers—at least in the Netherlands—appear prepared to pay a (limited) higher price for fair-trade products. Finally, all retailers aim

for convenience in the logistics of supplying, transporting, and storing fair-trade products and so prefer integration with their regular provisioning arrangements. These considerations directly influence which fair-trade products are made available in shops and restaurants.

Our research shows that the differences between the fair-trade sales and the fair-trade promotion strategies are relatively minor. In both cases, fair-trade products are offered in combination with other sustainable (or conventional) products and comparable promotional actions are undertaken. Additionally, retailers are typically prepared to accept a lower margin on fair-trade products to keep them attractive for consumers, but complications in the logistics of fair trade may force retailers to limit the range of items on offer. These strategies seem to differ only in the relative proportion of fair-trade products retailers have available for sale. However, the strategies do diverge fundamentally because in the fair-trade promotion strategy retailers express their CSR commitments and sustainability disposition more generally, while the fair-trade sales strategy is primarily regarded as a profitable business opportunity. Retailers oriented to fair-trade promotion consider such products to be a step in a broader, irreversible transition process toward more sustainability and equity in global production and trade. They want to promote the wider aims of the fair-trade movement and not just sell attractive products. This conclusion confirms Mohan's (2009) observation that "in many respects the growth of CSR and fair trade can be seen as mutually reinforcing." In this perspective, other labels with comparable claims, such as Rainforest Alliance, Utz Certified, organic, and locally produced, are mostly regarded as belonging to the same category of "sustainable products."

Despite the positive associations with fair trade, an interesting observation is that most retailers want to maintain a clear distance from the fair-trade movement in their sales strategy. For instance, few of our respondents were prepared to actively participate in national Fair Trade Week in the Netherlands or collaborate with local Fair Trade Town committees. However, active involvement by fair-trade ambassadors in local social networks, such as religious communities, sports clubs, and associations of local entrepreneurs may be quite helpful in promoting fair-trade sales. Hence, tensions seem to exist between the unique position that a retailer wants to convey, as being different from other stores, and the more generic approach of the fair-trade movement aiming at a transformation of the international trade system.

In the future, Dutch retailers expect the supply of fair-trade and similar sustainable products to increase, but they are likely to prefer to adopt a

consumer-silent approach that does not augment the fair-trade narrative or pressure customers to take an interest in such products out of concern that explicit intervention might undermine shopping satisfaction. So, paradoxically, retailers anticipate that the mainstreaming of fair trade will lead to increased presence of these products in their stores and to higher sales, but at the same time also to a dampening of the attention devoted to publicizing the particular product characteristics and intent of the label. This expected change from an explicit to a consumer-silent fair-trade strategy is contrary to the trend described by Spaargaren & van Koppen (2009). The main reason for this deviation may be a general preference of retailers to not interfere too directly with consumer choices, as many expressed during the interviews. The choice for a consumer-silent strategy complicates the fair-trade movement's goals to improve the lives of poor producers in developing countries and to fundamentally transform the present global-trade system. Once fair-trade products have become part of the mainstream, specific active interventions will no longer be needed and these goods will be an established category available in retail outlets, no longer standing out as an ethical choice, with promotion and purchase embedded in a broader social movement. We may even expect that when the distinctive characteristics of fair-trade products are less visible there may be detrimental effects on sales figures.

This article offers several insights into the strategies of Dutch retailers when supplying fair-trade products. However, as only a relatively small number of retailers were included, the study does not generate quantitative results on the distribution of the different strategies, for which further work is required. Follow-up research could also make a more explicit connection between retailer and consumer strategies in selling and buying fair-trade products.

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