Fairtrade Consumers and "Global South" Producers Supply Chain

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Abstract

Fairtrade supply chains lack information linking commodity producers with fairtrade shopper behaviour. This paper aims to show how supermarket loyalty card data of over 1.7 million shoppers can be analysed using paired-samples t-test analysis to objectively profile the fairtrade shopper and address its supply chain management implications. The paper demonstrates the huge marketing potential that segmentation based on actual behaviour brings to supply chain management. The results show that global south producers have more incentive to adopt a supply chain orientation by understanding the characteristics of fairtrade shoppers that drive consumer satisfaction and repeat buying behaviour.

Introduction

The fairtrade success story has featured prominently the fairtrade shopper as the key factor driving the exponential growth in retail sales (Nicholls and Opal, 2008 and Bowes, 2011). Massive increase in the variety of fairtrade products on the market within the past two decades has been reported (Davies, 2007, Fairtrade Foundation UK Reports, 2006 - 2010). However, there is limited understanding on the characteristics of the fairtrade shopper (Nicholls and Opal, 2008). Further, there is no published research linking fairtrade commodity producers in the global south with shopper characteristics and consumer behaviour to enable them to adopt a value addition orientation. Perhaps, where commodities producers in developing countries are typically characterised by small producers who tend to focus on production rather than marketing (Wood et al., 1994), value chain management approaches are not even considered. This underscores the need to investigate the attributes of the fairtrade shopper, as it could provide first line information for fairtrade supply chain partners, especially commodity producers in developing countries to consider any value addition operation.

The aim of the paper is to identify fairtrade shopper characteristics and address the supply chain management implications that potentially could aid value addition. The paper also demonstrates how actual behaviour data can provide a more comprehensive and reliable attributes of the fairtrade shopper for effective target marketing, as opposed to using claimed/reported behaviour to profile shoppers. It also seeks to contribute to the extant fairtrade and supply chain literature as it espouses a novel approach to profile the fairtrade shopper post mainstreaming on the basis of actual behaviour data. The paper is structured into four sections. The next section covers the background to the research, including an overview of the extant literature on fairtrade market segmentation and profile. Theoretical framework and the research hypotheses are then presented. This is followed by the research methodology, data description, statement of findings and discussions. Conclusions drawn and implications for the global south producer and supply chain management are presented, followed by research limitations and areas for further research.

Fairtrade

According to Nicholls and Opal (2008) the fairtrade concept represents a redefinition of profitable transactions encompassing and empowering all key stakeholders and offers a range of benefits unavailable from traditional business models. It is described as a consumer-driven phenomenon, underpinned by growth of 'ethical' consumption that translates into better prices, decent working conditions, local sustainability, and fair terms of trade for farmers and farm workers in the developing world (Fairtrade Foundation, 2009). Ultimately, it aims to maximize returns to the supplier than the profit of the buyer or manufacturer, and this is achieved within an agreed developmental framework (see Barratt Brown 1993, Strong 1996, Nicholls 2002 and Jones et al., 2008). The fairtrade market has seen significant growth across Europe, North America and Japan over the past decade (Nicholls and Opal 2008 and Fairtrade Foundation UK, 2006-2010). Global retail sales of fairtrade certified

products exceeded 2.3 billion Euros (£1.6 billion) in 2007 (Fairtrade Foundation, 2008). The growth is accounted for by both increased market size and the introduction of new fairtrade products into existing and new markets (FLO, 2008). The UK fairtrade market has grown significantly in terms of retail sales value and the variety of fairtrade products on the market within the past two decades (Davies, 2007). Despite the positive contributions of all stakeholders (Tallontire, 2000, Davies, 2007, Doherty and Trachell, 2007, FLO, 2009 and Fairtrade Foundation, 2009), the fairtrade shopper has been described as key stakeholder driving retail sales (Bowes, 2011).

The Fairtrade Shopper

Academic research on the fairtrade shopper is scanty and findings on the few existing studies report contrasting profiles of the fairtrade shopper. Whereas Moore (2004) and Fairtrade Foundation/MORI (2004) indicate the typical fairtrade shopper belongs to the AB1 demographic segment in the UK, Wright and Heaton (2006) shows the ABC1 group was the least associated with interest in fairtrade products. On the other hand, Nicholls and Opal (2008) points to an emerging fairtrade shopper segment among younger age groups. This evidence presents a research challenge to clearly work out who buys fairtrade products. In the niche marketing era prior to mainstreaming, it was very easy to find out who actually buys fairtrade products because they were churchgoers, which on the average will be an older person. Despite adopting mass marketing approach, the fairtrade industry seems to assume that it is the same people who used to buy at church that are buying at supermarkets. But it could be that placing fairtrade products in supermarkets has resulted in the introduction of new demographic segments.

Fairtrade Shopper Segmentation

Market segmentation as a strategic marketing tool matches a target market with a distinctive marketing strategy (Boote, 1981, Bennett, 1995 and Dibb and Simkin, 2001), and this important principle underpins market segmentation studies. Reviewing the extant literature shows that the bases employed in segmentation studies towards profiling the fairtrade shopper include: 1) Shoppers' ethical stands and level of activism (Bird and Hughes,1997, Newholm, 1999, Cowe and Williams, 2000, Nicholls and Opal, 2008 and Globescan, 2009); 2) Importance consumers attach to fairtrade (Fairtrade Foundation, 2003, TNS CAPI OmniBus, 2009 and Context Marketing, 2010); 3) Shoppers' willingness to pay fairtrade premiums (De Peslmacker et al., 2005) and 4) Socio-demographic factors (Cowe and Williams, 2000, Fairtrade Foundation, 2003, TNS CAPI OmniBus, 2009, Globescan, 2009 and Context Marketing, 2010).

Segmentation literature identifies three key fairtrade shopper segments: 1) A group of people who buy fairtrade products always, 2) A segment that sometimes buys fairtrade products and 3) A segment that does not buy fairtrade products at all. Key demographic factors highlighted across the segmentation strand of literature include income, gender, age and level of education. However, age (Bird and Hughes, 1997, Nicholls and Opal, 2008, Context Marketing, 2010) and income (De Peslmacker, et al., 2005 and TNS CAPI, 2009) were the most common factors found to influence shopper preference and attitudes towards fairtrade products. The existing literature did not find a common descriptor for a typical fairtrade shopper. Despite the insight gained through the limited literature on fairtrade shopper segmentation, all findings are based on arguably methodologically weak foundations. Whilst most studies in the area of fairtrade shopper segmentation used claimed/reported behaviour to identify fairtrade shopper segments (see for example, Cowe and Williams, 2000), research commissioned by fairtrade authorities utilized routine surveys and in some cases complemented them with focus group interviews (Fairtrade Foundation, 2003, TNS CAPI OmniBus, 2009, Globescan, 2009). Generally, pre-defined researcher imposed descriptors were used to describe opinions, perceptions, and attitudes of relatively small scale panel of shoppers. This presents a major weakness in this area of research because an ethical issue like fairtrade is hugely influenced by social desirability effects (Chatzidakis, et al. 2007, and Doran, 2009).

Theoretical Framework

The literature review showed appreciable gap in the existing fairtrade shopper segmentation which can be bridged through behavioural segmentation by analysing loyalty card datasets. Particularly, it is not obvious from the literature reviewed that the growth being experienced by fairtrade is as result of increased knowledge about the fairtrade shopper, and may after all be growing without any careful targeted marketing. Segmenting the fairtrade market based on actual behaviour data does not only give currency to academic literature in this area, but it is also a unique means of providing a comprehensive and objective profile of the supermarket fairtrade shopper. This theoretical framework is tested by objectively measuring the degree of appeal of fairtrade to the various life-stage and life-style shoppers segments in terms of comparing the means of retail sales accruing to these shopper segments over two-year period. Based on the above theoretical underpinnings, the following hypotheses were stated:

H1: Fairtrade food products do not appeal equally to all life-stage segments.

H2: Fairtrade food products do not appeal equally to all life-style segments.

In order to test the hypotheses, the degree of appeal of fairtrade products were measured using sales values accrued to life-stage and life-style segments from the loyalty card dataset of Tesco over 104 weeks. The same analysis was carried on the conventional alternatives to the selected fairtrade food products to cross check whether the trends observed within the fairtrade categories are a unique case or similar to trends within conventional products.

Method

A paired-samples t-test was used to test the degree of appeal of fairtrade tea, coffee, and chocolate, drinking chocolates, banana and sugar categories to life-stage and lifestyle segments. The same test was carried out on conventional alternatives to the selected fairtrade products in Tesco to both segments in terms of sales value over 104 weeks. Paired-samples t-test is deemed most appropriate statistic to use because the loyalty card data samples come from different shopper segments that have been matched on retail sales value, which in the case of this research is the variable of interest. The paired samples t-test is used to determine if the means of the retail sales recorded by the respective life-stage and lifestyle shopper segments were different from each other, and if so, were the differences statistically significant?

Data

This paper uses loyalty card dataset to test the two hypotheses that fairtrade products do not appeal equally to all life-stage and lifestyle shopper segments. The loyalty dataset for this research covers weekly retail sales for the six fairtrade products for 104 weeks (9th November 2009 – 24th October 2011). These fairtrade food product categories were selected from the supermarket chain Tesco because they constitute over two-thirds of all fairtrade food products on the UK market (Fairtrade Foundation UK, 2010). Tesco was selected for its market leadership position in the UK food retail industry, as it has 30.7 percent market share of the total grocery retailing market in the UK (Kantar Worldpanel, 2010).

At the data collection stage for this research, the sample size employed in the database was 10% of the total population of loyalty card holders which was equivalent to 1.7 million shoppers. Felgate (2010) used the dunnhumby dataset to assess the effectiveness of beef promotions across shoppers groups in the UK. Garcia (2011) also used dunnhumby loyalty card data to profile fairtrade shoppers as a means to defining the attributes of buyer sample employed to assess information search and involvement in purchase decision process. For the purpose of this research the sales measure used was the retail sales value accruing to life-stage and lifestyle shopper segments for fairtrade products and their respective conventional counterparts. The five (5) Dunnhumby life-stage segments are young adults (aged 20-39 years), young families (all children under 10 years), older families (at least one child over 10 years), older adults (aged 40-59 years) and pensioners (adults over 60 years with no children). Lifestyle

shopper segments are classified as: 1) less affluent (price conscious shoppers likely to be on a lower income, shopping for value); 2) mid-market (mainstream shoppers, typically purchasing mid-price brands), and 3) up-market (affluent shoppers who enjoy luxury products and premium brands). The paired-samples t-test is carried out on all the panel dataset for the six selected fairtrade product categories and the conventional alternatives.

Results: Paired-samples t-test results of aggregated fairtrade food retail sales value

Table 1 revealed that the differences in means of fairtrade retail sales among young adults, including students, young families, older families, older adults and pensioners were all statistically significant. Therefore, fairtrade does not appeal equally to all life-stage shopper segments. The results presented in table 1 show that, whilst some shopper segments reflect high appeal (young and older families), others exhibit a low level of appeal (pensioners and young adults). The differences in the fairtrade retail sales value means of young families compared to the other four (4) shopper segments are positive and significant. Older families also show similar trends in the means comparison with older adults, pensioners and young adults. The only exception to this trend was the comparison with young families. This exception indicates that fairtrade products appeal substantially to families, but they appeal more to younger families than older families. The mean differences between older adults and pensioner shopper segments are positive and significant, but its mean comparison with young and older families shows a negative but significant difference.

Table 1: Paired-sampled t-test results for comparing the means of aggregated retail sales

Life-stage shopper segments (Group 1 and Group 2)	Weekly Mean Sales Value (£) (Group 1)	Weekly Mean Sales Value (£) (Group 2)	T-value	Significance
Fairtrade Sales Young Adults including Students - Fairtrade Sales Young Families	126053	216721	-36.8**	0.00
Fairtrade Sales Young Adults including Students - Fairtrade Sales Older Families	126053	208133	-29.9**	0.00
Fairtrade Sales Young Adults including Students - Fairtrade Sales Older Adults	126053	137866	-10.0**	0.00
Fairtrade Sales Young Adults including Students - Fairtrade Sales Pensioners	126053	169448	-22.6**	0.00
Fairtrade Sales Young Families - Fairtrade Sales Older Families	216721	208133	11.5**	0.00
Fairtrade Sales Young Families - Fairtrade Sales Older Adults	216721	137866	39.7**	0.00
Fairtrade Sales Young Families - Fairtrade Sales Pensioners	216721	169448	24.0**	0.00
Fairtrade Sales Older Families - Fairtrade Sales Older Adults	208133	137866	33.4**	0.00
Fairtrade Sales Older Families - Fairtrade Sales Pensioners	208133	169448	19.5**	0.00
Fairtrade Sales Older Adults - Fairtrade Sales Pensioners	137866	169448	-35.1**	0.00

Group 1 and 2 refer to the paired samples compared (Significance level **p<0.01 *p>0.05)

On a spectrum spanning high to low appeal, the results in table 1 revealed fairtrade food products at the aggregated retail sales value level most appeal to young families, followed by older families, then older adults, pensioners, and least appeal to young adults including the student segment. Thus, three (3) distinctive categories emerge in terms of fairtrade appeal to the five life-stage segments. Young and older families are in the high-appeal category, older adults in the medium-appeal group and pensioners and young adults including students in the low-appeal category (see figure 1). The trend captured in figure 1 is an indication that price could be a key determinant of fairtrade purchasing behaviour.

Figure 1: Decreasing order of appeal of fairtrade products to life-stage shopper segments

Table 2: Paired-sample t-test results for comparing the means of aggregated retail sales

Life-stage shopper segments (Group 1 and Group 2)	Weekly Mean Sales Value (£) (Group 1)	Weekly Mean Sales Value (£) (Group 2)	T-value	Significance
Fairtrade Sales Less Affluent - Fairtrade Sales Mid-Market	202103	322545	-48.7**	0.00
Fairtrade Sales Less Affluent - Fairtrade Sales Up Market	202103	332670	-69.4**	0.00
Fairtrade Sales Mid-Market - Fairtrade Sales Up Market	322545	332670	-5.62**	0.00

Group 1 and 2 refer to the paired samples compared (Significance **p<0.01 *p>0.05)

Table 2 shows that there is a significant difference between the fairtrade retail sales value means among lifestyle shopper segments (less affluent, mid-market and up market). The magnitude of the t-values in table 2 shows an increasing trend from (5.629) to (48.797) to (69.438) as the affluence gap between the paired samples increases. The results show that fairtrade appeals most to affluent shopper segments than less affluent counterparts, and therefore, does not appeal equally to all lifestyle shopper (less affluent, mid-market and up market) segments. Hence, the level of affluence is a key determinant of fairtrade food product appeal to lifestyle segments. Overall, the results for comparing aggregated retail sales means of fairtrade food products accruing to life-stage and lifestyle shopper segments show that all the t-statistics are significant at a one percent significance level.

Paired-samples t-test results of disaggregated fairtrade food retail sales value

Table 3: Paired-samples t-test results for comparing the means of disaggregated retail sales

	Weekly mean sales (£) for Paired-Samples (Group 1 and 2) and T-value					
Life-Stage Shopper Segments (Group 1 and Group 2)	**Banana**	**Chocolate**	**Drinking Chocolate**	**Coffee**	**Sugar**	**Tea**
Young Adults including Students - Young Families	(22959:37912) **-34.1****	(669:1364) **-25.1****	(28705:55673) **-27.1****	(7642:10414) **-14.8****	(2292:3035) **-13.1****	(3578:4469) **-17.7****
Young Adults including Students - Older Families	(22959:33743) **-30.4****	(669:1494) **-27.9****	(28705:54099) **-24.2****	(7642:11312) **-15.8****	(2292:2931) **-11.2****	(3578:2931) **3.3****
Young Adults including Students - Older Adults	(22959:23921) **-4.7****	(669:881) **-11.0****			(2292:2505) **-6.1****	(3578:4920) **-23.5****
Young Adults including Students – Pensioners	(22959:27845) **-12.1****	(669:1290) **-27.5****	(28705:40519) **-30.3****	(7642:10091) **-11.0****	(2292:2980) **-15.2****	(3578:5398) **-32.6****
Young Families - Older Families	(37912:33743) **27.3****	(1364:1494) **-5.4****	(55673:54099) **6.3****	(10414:11312) **-8.3****	(3035:2931) **3.8****	(4469:2931) **7.6****
Young Families - Older Adults	(37912:23921) **33.9****	(1364:881) **18.7****	(55673:29237) **25.6****	(10414:10217) **2.0***	(3035:2505) **11.4****	(4469:4920) **-8.1****
Young Families – Pensioners	(37912:27845) **25.3****	(1364:1290) **2.9****	(55673:40519) **14.9****	(10414:10091) **2.5***		(4469:5398) **-14.3****
Older Families - Older Adults	(33743:23921) **30.7****	(1494:881) **22.5****	(54099:29237) **23.7****	(11312:10217) **9.1****	(2931:2505) **9.2****	(2931:4920) **-10.3****
Older Families – Pensioners	(33743:27845) **17.4****	(1494:1290) **7.2****	(54099:40519) **13.2****	(11312:10091) **10.8****		(2931:5398) **-13.0****
Older Adults – Pensioners	(23921:27845) **-16.0****	(881:1290) **-16.8****	(29237:40519) **-54.4****		(2505:2980) **-13.5****	(4920:5398) **-8.8****

(Weekly mean sales for the paired samples compared are in brackets and t-values are in bold, Significance **p<0.01 *p>0.05, only significant results were reported in the table)

Table 4: Paired-samples t-test results for comparing the means of disaggregated retail sales

	Weekly mean sales (£) for Paired-Samples (Group 1 and 2) and T-value					
Lifestyle Shopper Segments	**Banana**	**Chocolate**	**Drinking Chocolate**	**Coffee**	**Sugar**	**Tea**
Less Affluent - Mid-Market	(31350:53171) **-56.4****	(1506:2896) **-35.0****	(52666:90961) **-29.1****	(10383:12285) **-15.6****		
Less Affluent - Up-Market	(31350:61784) **-51.4****	(1506:1297) **8.2****	(52666:64333) **-26.6****	(10383:26929) **-38.3****	(3672:6213) **-22.1****	(5755:11591) **-34.2****
Mid-Market - Up-Market	(53171:61784) **-17.4****	(2896:1297) **37.1****	(90961:64333) **24.6****	(12285:26929) **-39.1****	(3822:6213) **-31.8****	(5783:11591) **-38.3****

(Weekly mean sales for the paired samples compared are in brackets and t-values are in bold, significance **p<0.01 *p>0.05, only significant results were reported in the table)

The results from the analysis of the disaggregated fairtrade products retail sales value data presented in tables 3 and 4 are significantly different from aggregated results. This shows that the results based on aggregated datasets, like the ones presented in tables 1 and 2, do not always reflect the trends beneath the headline figures. For instance, table 3 shows that unlike the clear-cut trends shown at the aggregated level for the differences in means across life-stage shopper segments, there are significant exemptions to the general trend based on disaggregated data analysis. Also, the disaggregated results in table 4 confirm minor differences in trends for lifestyle shopper segments (less affluent, mid-market and up-market) relative to aggregated results. Details presented in table 3 shows that five out of the six fairtrade food products (bananas, chocolate, drinking chocolate, coffee and sugar) appeal considerably higher to young and older families and to a lesser extent to older adults, pensioners and young adults, including students. Contrary to the trend from the results on the aggregated data (see table 1), fairtrade tea appeals most to pensioners and older adults but shows a lesser appeal to young and older families and young adults.

T-test results of disaggregated conventional (non-fairtrade) food retail sales value

To confirm whether the findings from the analysis of the paired-samples t-test on the differences in means among fairtrade life-stage and lifestyle shopper segments was exclusive to the fairtrade product category or not, further analysis was undertaken to compare differences in retail sales means of shopper segments for conventional alternatives to the six fairtrade food products analysed. Results on paired t-test analysis of the conventional data for life-stage and lifestyle are presented in tables 5&6. Comparing the results presented in table 5 below on conventional products to that of table 3 on fairtrade alternatives reveals a considerable variability in appeal of fairtrade products and their respective conventional counterparts to life-stage shopper segments.

Differences in the retail sales means of the paired sample occurs, not just in terms of varying magnitudes of the t-values, but also in the directions of appeal showing contrasting negative and positive relationships. Life-stage segments are significantly different in terms of direction of appeal. According to tables 5 and 3 significant differences exist in: 1) the appeal of fairtrade and conventional bananas to young adults-older adults segments; 2) Fairtrade and conventional chocolate to young adults-older adults, young adults-pensioners, young families-older families, and older adults-pensioners; 3) Fairtrade and conventional drinking chocolate to young adults-older adults, young adults-pensioners, young families-older families, and young families-older adults; 4) Fairtrade and conventional coffee appeal to older adults-pensioners; 5) Fairtrade and conventional sugar appeal to older families-pensioners; and 6) Fairtrade and conventional tea appeal to young adults-older families, young families-older adults, and older families-older adults.

Table 5: Paired-samples t-tests results for comparing the means of disaggregated retail sales

	Weekly mean sales (£) for Paired Samples (Group 1 and 2) and T-value					
Life-Stage Shopper Segments	**Banana**	**Chocolate**	**Drinking Chocolate**	**Coffee**	**Sugar**	**Tea**
Young Adults including Students - Young Families	(404709:678896) **-44.8****	(1157:4138) **-62.6****	(33320:58199) **-37.8****	(626892:986675) **-56.8****	(224426:392430) **-78.7****	(176445:287137) **-43.9****
Young Adults including Students - Older Families	(404709:583776) **-30.1****	(1157:4111) **-49.9****	(33320:63022) **-33.9****	(626892:1003179) **-55.5****	(224426:379620) **-61.5****	(176445:279838) **-40.8****
Young Adults including Students - Older Adults	(404709:384271) **5.6****	(1157:673) **19.7****	(33320:29404) **11.3****	(626892:798211) **-35.1****	(224426:243815) **-11.2****	(176445:220475) **-28.8****
Young Adults including Students – Pensioners	(404709:463204) **-10.2****	(1157:603) **17.9****		(626892:904173) **-38.3****	(224426:329833) **-37.6****	(176445:292393) **-41.4****
Young Families - Older Families	(678896:583776) **124.2****	(4138:4111) **0.5****	(58199:63022) **-16.3****	(986675:1003179) **-9.1****	(392430:379620) **16.7****	(287137:279838) **13.5****
Young Families - Older Adults	(678896:384271) **72.3****	(4138:673) **68.4****	(58199:29404) **36.1****	(986675:798211) **48.2****	(392430:243815) **84.0****	(287137:220475) **39.3****
Young Families – Pensioners	(678896:462204) **56.5****	(4138:603) **63.8****	(58199:32982) **27.4****	(986675:904173) **14.4****	(392430:329833) **22.4****	(287137:292393) **-2.3****
Older Families - Older Adults	(583776:384271) **52.1****	(4111:673) **58.0****	(63022:29404) **34.3****	(1003179:798211) **54.1****	(379620:243815) **75.1****	(279838:220475) **34.4****
Older Families – Pensioners	(583776:462204) **33.1****	(4111:603) **54.9****	(63022:32982) **27.4****	(1003179:904173) **18.5****	(379620:329833) **18.5****	(279838:292393) **-5.6****
Older Adults – Pensioners	(384271:462204) **-35.4****	(673:603) **3.8****	(29404:32982) **-19.3****	(798211:904173) **-33.1****	(234815:329833) **-54.3****	(220475:292393) **-44.0****

Weekly mean sales for paired samples compared are in brackets and t-values are in bold (Significance **p<0.01 *p>0.05, only significant results were reported in the table)

Table 6: Paired-samples t-test results for comparing the means of disaggregated retail sales

	Weekly mean sales (£) for Paired-Samples (Group 1 and 2) and T-value					
Life-stage shopper segments	**Banana**	**Chocolate**	**Drinking Chocolate**	**Coffee**	**Sugar**	**Tea**
Less Affluent - Mid-Market	(757669:1101022) **-62.4****	(10705:5753) **61.3****	(74207:86264) **-16.5****	(1316971:1722643) **-79.2****	(584910:604667) **-10.8****	(379050:529085) **-53.6****
Less Affluent - Up-Market	(757669:651983) **42.6****	(10705:3223) **64.5****	(74207:56136) **47.6****	(1316971:1274375) **9.3****	(584910:378511) **96.5****	(379050:347024) **11.9****
Mid-Market - Up-Market	(1101022:651983) **78.4****	(5753:3223) **44.8****	(86264:56136) **37.0****	(1722643:1274375) **70.5****	(604667:378511) **92.4****	(529085:347024) **43.4****

(Weekly mean sales for paired samples compared are in brackets and t-values are in bold, Significance **p<0.01 *p>0.05)

Findings and Discussion

The aggregated fairtrade food products' dataset produced statistically significant differences in retail sales means representing their appeal to of life-stage and lifestyle shopper segments. Unlike the aggregated dataset result that was categorical that fairtrade appeals most to affluent young and older families, the disaggregated loyalty card dataset results provided further insights into the degree of appeal across life-stage and lifestyle shopper segments among specific fairtrade products. The disaggregated results have given more insights into fairtrade appeal trends beneath the headline figures. It has shown that there are significant exemptions to the general trends of appeal reported on the aggregated results that fairtrade appeals most to wealthy young and older families. It has shown

that contrary to aggregated results trends, fairtrade tea appeals most to pensioners and older adults, and fairtrade chocolate and drinking chocolate appeals considerably to mid-market shoppers.

Conclusions and Theoretical and Managerial implications of the study

The research has also demonstrated considerable variability in the appeal of fairtrade products compared to the appeal of their conventional alternatives to life-stage and lifestyle shopper segments. Such contrasting appeal of fairtrade versus conventional product portfolios is an indication that fairtrade appeals to a different constituency of shoppers across the life-stage and lifestyle shopper segments, which are not the same as those with considerable preference for conventional alternatives. On the basis of this finding, it would be a better option for the fairtrade movement to try and find out those shopper segments that fairtrade appeals to most (young and older families), who are willing and can afford to pay for what they care about, rather than continuing mainstreaming and selling to everybody by adding to the market as many fairtrade products as possible. The finding of this paper also contributes to fairtrade market segmentation literature. This research found significant differences in fairtrade appeal between affluent young and older families and the other shopper segments. Thus, on the basis of life-stage and lifestyle segmentations the typical fairtrade shopper is best described as the affluent young and older families. The paper also makes methodological contribution to market segmentation research by using actual behaviour dataset, which has not been used previously for this objective.

The findings of the study demonstrate the potential for market segmentation technique with considerable implications for value addition within the fairtrade supply chain. Fairtrade shopper insights found that could inform better supply chain management activities are as follows: 1) people belonging to different life-stage and lifestyle segments have different appeal to fairtrade products compared non fairtrade alternatives and 2) Fairtrade products appeal significantly to affluent families (young and older families) than young adults including students, older adults and pensioners. By implication, fairtrade supply chain partners, particularly global south producers ought to recognise that fairtrade products appeal to a very distinctive shopper segment – affluent families, who are motivated by healthiness and taste (McEachern and McClean, 2002, Baker et al. 2004). Hence, any production practice that would compromise product safety and tastes would have a negative effect on shopper demand and consequently affect the industry adversely.

Moreover, affluent shoppers have more power when it comes to selecting products that they would like to buy. Therefore, any perceived deviation from the key tenets of fairtrade towards achieving greater equity in international trade for commodity producers in developing countries (FINE, 2001) could easily cause shopper dissatisfaction. This issue of label dilution has received some commentary, and it is critical because there has been a suggestion that extending fairtrade certification to large plantations is weakening the strength of the fairtrade label (Hudson and Hudson, 2009). The implications adduced to above show the potential benefits that the fairtrade supply chain stands to gain, by linking supply chain stakeholders such as fairtrade commodity producers with fairtrade shopper characteristics. It will enhance better understanding of consumer needs (Douglas, 1993; Knox and Theisen, 1981) and lead to offering better value for fairtrade shoppers and also increase returns on investment to all stakeholders (Fearne, 1996), including global south producers.

Limitations and Areas for Further Research

The research presented in this paper has limitations. The analysis examines only the six major fairtrade food categories, within one retail supermarket, and the market segmentation was done on the bases of two demographic factors. Other demographic factors such as level of education, geo-demographic factor like regional distribution, and product-related attribute like price, are all possible bases to further segmentation of the fairtrade market. These variables could provide meaningful insights into effective target marketing and better value addition practices along the supply chain. Researching to understand why fairtrade food products appeal significantly to affluent families could prove very useful for supply chain management efficiency and any marketing communication strategy aimed at building shopper loyalty and/or behaviour change.

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