

Why Buy Fair?: Consumer Reactions to Fair Trade Coffee in a High-End Retail Venue

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Paper written for:
Sociology of Marketing and Consumer Behavior
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Fall 2004

Submitted January 22, 2005

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Introduction: Context for Fair Trade Coffee

The research described in this paper examines consumers' reactions to several fair trade certified pre-bagged whole bean and ground coffees in a high-end grocery retail venue in New York City.

The proliferation of demand for specialty and gourmet coffee in the United States in recent years has been described by several authors (Roseberry 1996, Talbot 2004). During the last couple of decades, while overall coffee consumption has declined, there has been a dramatic increase in the market for high-priced, high-quality "gourmet" coffee. This coffee consists of high-quality Arabica beans, whose production is more labor intensive than the Robusta beans commonly found in instant coffee (such as Nescafe) and lower-quality ground coffee (often sold in aluminum cans with brand names like Maxwell House and Folgers.) This increase in consumer demand for high-quality coffee has caused a proliferation of retail venues selling fresh brewed coffee, an increase in types of brewing and serving methods (cappuccino, iced coffee, latte, french press, vacuum sealing), and the marketing of coffee-flavored products including milkshakes and ice cream. It has also entailed an increase in interest in buying whole coffee beans and equipment for brewing high-quality coffee at home.

This trend has enabled a number of businesses to profitably specialize in "socially conscious" coffee, including fair trade coffee, the subject of this project. The fair trade model in the United States began with traders seeking to combat the Reagan trade embargo on Nicaragua during the Contra war (Dickenson 2003). Coffee was bought from Sandinista sources and sold to consumers in the U.S. explicitly to support the

Sandinista government's struggle against the CIA-backed Contras. However, since the end of this war, the promotion of fair trade has become less explicitly political. Priority is given to educating consumers about the coffee crisis and the people who grew the coffee. From the perspective of coffee traders and U.S.-based activists, purchasing fair trade is a way to ensure that coffee growers receive fair compensation for their labor. Growers, who must be small farmers organized into cooperatives, receive a guaranteed floor price independent of the world market price, can receive relatively low-interest credit, and are offered technical help in improving their quality control and sustainability practices. Traders enter into long-term contracts with the grower cooperatives to increase the impact of these practices (*Fairtrade Standards for Coffee* 2003). The import of fair trade for coffee growers has increased due to the long-running world coffee crisis which has caused the world market price for coffee to be at a sustained low—in many instances the price available to farmers through conventional channels is lower than the cost of growing and harvesting the coffee (Gresser and Tickell 2002).

The fair trade label must also be understood in the context of other labels which have become important to certain segments of consumers. For example, the organic label has had a far broader impact on the consumer market than has fair trade. Fair trade has benefited from this prominence—most fair trade coffee is also certified organic. In addition, those varieties of coffee which do not have the actual certification benefit from the consumer awareness of sustainability issues, as they guarantee that their farmers are using sustainable practices and in many cases working towards organic certification. Other labels with less prominence benefit from consumers' familiarity with the label

format, including “shade-grown” and “bird-friendly” (both of these are specific to coffee growing techniques), and “sweat free” (usually applied to clothes).

A standardized system of fair trade certification was instituted in the United States in 1997. Certification has enabled fair trade to be conducted with a less intense initial investment of energy. This certification, coupled with a growing visibility of fair trade issues and increased consumer demand for ethical coffee spearheaded by a number of activist organizations, has caused a number of large multinational corporations to begin carrying fair trade products. Large specialty coffee retailers including Starbucks, Bruegger’s Bagels and Dunkin Donuts now carry fair trade; one of the largest coffee traders in the world, Proctor and Gamble, has recently added a line of fair trade coffee; and fair trade certified coffee is increasingly available in regional supermarkets. Some fair traders worry that the infusion of more capital and the participation of conventional corporations has the potential to convert the social impact of fair trade from a central mission of the trade into a marketing tool (Bakan 2004), and that its positive effects will inevitably be diluted by these developments. Others argue that these concerns are not as important as increasing the total market for fair trade coffee, and therefore the amount of money that returns to farmers.

The research described is an attempt to understand the reasons why consumers buy fair trade coffee in a high-end grocery store. While there is great potential for growth for the fair trade industry in similar venues, not a lot is understood about why consumers may choose fair trade coffee—whether it is most frequently due to the fact that it is fair trade certified, or whether there are other reasons.

Methodology

The research described in this paper was conducted over the course of one week in January 2005 and was carried out in two branches of the high-end gourmet grocery store Whole Foods. These stores were selected after visits were made to 12 retail stores selling fair trade coffee in Brooklyn and Manhattan as being the stores with the combination of the best (most accessible, prominent and largest) shelf displays of bagged fair trade coffee and least visible to store employees. Several small stores with more prominent fair trade displays were rejected because of the impossibility of carrying out unobtrusive research without the knowledge of sales clerks, and several other larger stores were rejected because of their extremely limited displays and offerings of fair trade coffee.

The two stores eventually selected were located in Manhattan, one in the wealthy neighborhood of Chelsea and one inside an expensive mall at Columbus Circle. Both branches carry several brands of pre-bagged fair trade certified coffee as well as some organic certified coffee and conventional (non-certified) gourmet coffee. Both stores also have large “coffee bars”: displays of roasted coffee beans displayed in burlap sacks. These sacks are filled by a micro-roaster which is operated by employees. To purchase this coffee, customers have to ask employees to measure the coffee out for them. None of this coffee is fair trade certified, and coffee purchased from these coffee bars was not included in the study.

Research methods consisted of ethnographic observation and very brief informal interviews. A total of twenty consumers were observed, and eighteen were interviewed. Of these consumers, the vast majority (18) appeared to be white. Their ages appeared to

range from mid-twenties to seventies, with the majority probably being in their thirties or forties. Eleven were female and nine were male. In contrast, all three clerks spoken to appeared to be females in their late teens or early twenties: one appeared to be white and two appeared to be African American.

All of the consumers were initially browsing the gourmet coffee displays before being approached by the researcher. Of these twenty, fourteen (70%) were observed to select some type of coffee, and eight (40%) bought fair trade certified coffee. In addition, three coffee bar clerks were interviewed. Therefore, the study involved a total of twenty three participants.

Brief unobtrusive interviews were conducted with consumers in the course of the observation. The researcher, posing as a shopper, asked the consumers questions about the coffee they had selected, or sometimes offered one or two bags she had selected herself and asked their opinions. The shoppers, unaware that they were being interviewed, would give advice to the researcher about what type of coffee is good to buy, or how they themselves make decisions, or their reasons for buying a certain brand. Shoppers were typically approached with the following questions:

- “Do you know anything about this coffee?” (presenting one fair trade coffee) “I see you’re getting that other kind. Why do you like it?”
- “Excuse me, can I ask you a quick question? Do you know anything about either of these brands?” (or “these companies?”) (presenting one organic certified and one fair trade/organic coffee)
- “Would you recommend this kind of coffee?” (presenting one fair trade coffee)

- “Do you know which kind of coffee is good to buy?” (gesturing to the entire display)

Once engaging the consumer in conversation, if it seemed appropriate the researcher explained that she hardly ever drank coffee, but her brother-in-law was coming for a visit and he is “a coffee fanatic” or “drinks lots of coffee” or “is an activist” or “is really into coffee” and she wanted to have something available that would please him.

Occasionally consumers would protest that they did not have enough knowledge to assist the researcher and did not engage in the conversation, either by walking away or by referring the researcher to store employees. However, the vast majority of people approached were willing to discuss the available choices and commiserate with the researcher’s apparent “confusion,” even if they began by claiming to lack knowledge. Several consumers were willing to have relatively lengthy conversations (as long as 5 minutes) about their coffee preferences and strategies for choosing coffee.

Findings

Choices Available to Consumers

During the observation period the Chelsea store carried several varieties of Deans’ Beans coffee and New Harvest coffee, both of which companies deal in 100% fair trade certified coffees. In addition to these brands, the Columbus Circle store also carries coffee from the 100% fair trade certified Brooklyn-based roaster Gorilla coffees. Both stores also carry considerable numbers of other pre-bagged gourmet coffee brands, including both organic certified and conventional (not certified) coffees. Notable among

these other brands were the brands Peets', a brand which was described by several consumers as "like Starbucks in California," Allegro, a brand affiliated with Whole Foods, and 365 Organic, the store brand. All of these brands have some lines of organic certified coffee, but no fair trade certification. Notably, Allegro's publicity materials and packaging do claim that:

At Allegro, our model of commerce is one that seeks out great tasting beans that are sustainably grown with environmental stewardship and farmers' health and well being in mind. This model is based on: long-term relationships, multi-year buying commitments, and most importantly, always paying above the cost of production to coffee farming families to protect them from fluctuations in the volatile commodities market.

To the casual observer, these claims, and similar ones made by other non-fair-trade certified coffee companies, may sound substantially the same as those made by fair trade.

Price

Prices of fair trade coffee usually are in the neighborhood of eight to ten dollars a pound. This places them in the same range as, or sometimes cheaper than, coffees such as Starbucks and the other gourmet brands found near them on the shelves. Fair trade and other gourmet coffee is a luxury product, and therefore it is to be expected that consumers' choices will not be strongly motivated by small differences in price. The findings of the research support this idea. Of the twenty consumers talked to, only two mentioned price as having an impact on their decision making. Furthermore, of these two, one person said that he had bought Gorilla coffee (one of the fair trade brands) because it was as good as Kona coffee but not as expensive. (Kona coffee typically

retails for thirty to forty dollars a pound.) The other participant concerned with price selected the conventionally grown store brand, 365 Organic. It is worth noting that this attribute of price immunity is specific to gourmet coffee and not generalizable to lower-end coffee products.

Learning and Experimentation

There has been a trend in recent years for specialty coffee makers to tout the complexity of the sensory attributes of coffee, frequently comparing it to wine. Consumers generally had the impression that there is a lot to know about coffee, and many expressed feeling ignorance about the choices available. Upon being approached by the researcher, many of the consumers expressed that they “didn’t know much” before proceeding to assist with their recommendations.

Together with this feeling of ignorance was the tendency for consumers to treat the shopping expedition as an opportunity to gain knowledge. Almost all consumers spent a relatively long time examining the displays of coffee, reading the packaging of several varieties, hefting the bags, listening to the sound made when the bags were shaken (presumably to tell whether the coffee was pre-ground or whole bean), and even smelling the bags¹. Many consumers were observed to go to the display, examine it, and walk away without purchasing any coffee.

Consumers also expressed their intentions of experimenting with different brands and varieties. One consumer expressed that she did not know much about coffee, but was intending to learn. The way she would do this was to purchase different coffees at

¹ This behavior of smelling the bags was curious—most of the bags had no odor, in contrast to the displays of fresh-roasted beans at the coffee bar. Indeed, had any smell been detectable, it would have indicated that the packaging was not air-tight, and therefore the coffee would probably be stale.

different times and see which ones she liked. According to this methodology, it did not appear that she had any system for determining where to start—she ultimately gave the choice to her three-year-old daughter. Another couple, shopping together, decided to “try something a little different”, selecting a bag of Deans’ Beans in addition to the bags of 365 Organic they seemed to normally buy. Several consumers enlisted the help of coffee bar clerks to assist them in selecting a variety which they would enjoy, based on their stated preferences of roast or flavor. Finally, several consumers related having previously experimented until they found the brand they currently buy.

Brand Loyalty

Several consumers (6) did express that they usually bought a certain brand. However, among these, two expressed that this loyalty was relatively recent and came as the result of experimentation. Another woman stated that she buys Peets because of her husband’s brand loyalty—he is from California, and likes Peets because it is a California brand. However, the researcher did receive an impression of loyalty to the store as a whole. One woman said that she would trust any coffee from this store. Another person asked “how bad could it be?”

Packaging

Purchasing bagged coffee can be seen as a leap of faith—consumers cannot taste or smell the coffee before purchasing it and therefore must rely on either past experience or indirect evidence to learn what the coffee is like. The packaging of the coffee is the one thing consumers can use to find out anything about the product. With few other qualities to guide their selections, consumers were heard to say “well, it looks good.” In

one case, a consumer who acknowledged not knowing much about coffee, but professed interest in beginning to educate herself, was seen to offer three different colored packages to her small child, asking the child to choose based on color. The consumer accepted and purchased the child's choice (the red package).

Taste and Quality

Nine (45%) of the consumers spoken with mentioned taste and quality of the coffee as being important to their decision-making process. Most of them knew whether they liked light, medium or dark roast. However, beyond this, the vocabulary used to describe tastes and aromas was very limited. Beyond phrases like “that one is good” or “I liked that one” or “that smells nice,” the most specific any one person came to specifically describing the coffee was to say that it tastes “like Kona.” However, as Kona is a very prestigious (and expensive) coffee, this could be interpreted as tantamount to identifying the coffee as being of high quality, and therefore not much more specific than saying “that one is good.”

It is possible that consumers' likes and dislikes actually do reflect more complex understandings of taste and that they just lack vocabulary to describe these understandings. It is also possible that the format of brief conversations in supermarkets constrained them from using more complex concepts in their descriptions. Despite both of these possibilities, it is likely that consumers do not have a detailed knowledge of the subtleties of coffee tasting² and that the prestige involved in being someone who

² It is unlikely that most coffee consumers understand “balance” or “acidity” or other technical terms used by coffee tasters. However, it is much easier to understand the influence of freshness. One consumer went into detail about the importance of the coffee beans being freshly roasted and explained that freshly roasted beans appear to be oily.

understands quality is more of a motivating factor than the actual attributes of the coffee itself.

Certifications

The certifications possessed by the coffee, including organic and fair trade, were not often spontaneously mentioned by the consumers. As described above, the researcher used open-ended questions to encourage consumers to talk about the factors most important to them in selecting a coffee. However, later in conversations the researcher occasionally probed on the issue of organic or fair trade certifications. Of twenty consumers, only two spontaneously mentioned fair trade. One other explained that the company Deans' Beans works only with cooperatively organized small farmers without explicitly using the phrase "fair trade." However, this did not appear to be an important factor in her decision making, since she had never tried the brand before.

Two other consumers spontaneously mentioned organic certification as being important. Therefore, only 25% of consumers discussed certification without prompting. Of the times when consumers were prompted about certification, not one of them exhibited a great deal of interest in the topic.

Note About Interpretation of Findings

It is important to realize that this research was done on a very limited scale and thus the findings can only be understood as suggestive. No claim is being made that the research is comprehensive or presents a total picture of fair trade coffee consumers. There are many different venues apart from gourmet grocery stores where consumers purchase fair trade coffee, including from online stores, in churches, and in both public

and university-based coffee houses, restaurants and cafeterias. It is to be expected that consumers' perceptions of and reactions to the fair trade coffee they purchase in these different venues would be very different. In addition, the degree of awareness of fair trade issues and certifications can be expected to vary from region to region in the country. It is fair to assume that New York City may not be the most aware region of the country, based on the limited success activists have had in this city in converting university campuses to fair trade. Finally, the consumers' thoughts at the time and place of purchase do not constitute a complete picture of their entire experience of the fair trade coffee. Although a person may not be thinking about fair trade certification at the time of purchase, it is possible that they might read the package after bringing it home and develop a stronger awareness of issues addressed by fair trade.

However, the research does contain findings potentially important to the fair trade industry. Several researchers working with farmers producing coffee for the fair trade market have been told that the single most important thing that could be done to improve the lot of farmers would be to increase demand for fair trade certified coffee. From this perspective, the consumers' total experience is not important, except inasmuch as it determines future decisions to buy or not buy fair trade coffee. Observation at the point of purchase is a very good way of gauging both actual behavior (as opposed to reported behavior) and the considerations being taken into account by the consumer at the time and place of purchase. The findings of this research indicate some suggestions for fair trade coffee retailers as they move forward with their plans to expand supermarket retailing.

Recommendations

Continued focus on flavor and quality. The fact that consumers who are most focused on coffee flavor and quality are buying fair trade coffee is evidence of the fair trade industry's successful efforts in this direction. Despite the fact that many consumers may not have a detailed understanding of the flavor nuances of coffee, the reputation of a coffee is partially dependent on the testimony of experts who do understand these nuances. It is recommended that quality and freshness remain one of the highest priorities for this industry.

Advertise local roasting: Fair trade coffees have created successful synergy with other consumer concerns, most notably the organic label. It has been thought that this type of synergy would be impossible with the movement for locally-grown and produced foods in temperate areas such as the Northeastern United States, since coffee is a tropical product. However, several consumers pointed out that they liked the fact that Gorilla coffee was "locally roasted." Therefore, it seems that the salience of the local context is not just important for primary production but also for important steps in the chain such as roasting. It is recommended that fair trade coffee companies put more effort into creating synergy with the local food movement. Other untapped potential synergies include with women's rights and civil rights groups in the U.S.

Packaging: It is recommended that packaging be made more eye-catching. With few attributes to guide their selections, consumers sometimes choose more or less randomly, based on the packages they see. It is also recommended that packages contain more

information, taking advantage of the fact that consumers spend a relatively long time examining displays and reading packages.

In addition, it would probably be beneficial if a way could be found to give consumers an opportunity to smell the beans or otherwise experience them sensorily without impacting the freshness by damaging the air-tightness of the package. An explanation that air-tightness, and therefore odorlessness, is important to the freshness of the product should be added to the packages. One idea would be to have sample bags built into the display, similar to the way that perfume displays sometimes have samples available. It would be important to refresh this sample frequently and/or to store the sample in an airtight yet easy to open compartment so that the sample beans would not go stale themselves, allowing them to retain the odor of freshly roasted beans.

Educational Opportunities: In light of the fact that consumers are going to the displays to become educated, especially about the flavor and “quality” attributes of the coffee, it is recommended that the opportunities for education be increased. These opportunities might include tastings showing differences between flavor/roast varieties, or more things to read on the packages about the sensory attributes of the coffee.

Be Explicit about Fair Trade: Other brands, like Allegro, make claims which may sound similar to those made by fair trade. Be explicit about the fact that fair trade’s bar is substantially higher due to the independent certification process and the insistence on doing business only with cooperatives of independent farmers, not paternalistic estate systems.

Improved shelf positioning: It was observed that the volume of coffee sold in the Chelsea store was much lower than in the Columbus Circle store. One reason for this might have been that the coffee in Chelsea was displayed very high on a shelf on the corner of a very high-traffic aisle. This made it difficult to stand and look at the packages for any length of time, and the first packages to be seen by the consumer were not the fair trade brands. It is recommended that the fair trade coffee companies secure better shelf positioning for their coffees.

Placement in Trusted Stores: Based on consumers' willingness to experiment with different unfamiliar varieties of coffee in the context of the trusted retail venue, it is recommended that fair trade coffee vendors increase their placement in other trusted (high-end gourmet) stores.

Further Research: More research ought to be conducted to better understand the perspectives of fair trade coffee consumers in other contexts, including in cafes, churches, and from online stores, to help further refine the marketing strategies of fair trade coffee companies.

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