

TITLE: HOW DO CONSUMERS FACE THE DECISION TO BUY FAIR TRADE PRODUCTS? A MARKETING APPROACH

RUNNING HEAD: CONSUMERS, FAIR TRADE AND MARKETING

ABSTRACT:

In this paper we propose and empirically test a causal model to understand how consumer social orientation, the credibility of non-profit organisations, perceptions of fair trade products, and attitude towards the fair trade brand interact and affect the buying intentions of fair trade products in a sample of 292 Spanish consumers. The model is built upon the fair trade marketing literature that has empirically explored consumer buying intentions. The findings show that consumer social orientation has the greatest effect on buying intentions, above consumer perceptions of fair trade products, the credibility of the trading non-profit organisations, and consumer attitude towards the fair trade brand. Actually, consumer attitude towards the fair trade brand has no significant effect on consumer buying intentions. The findings also demonstrate that the credibility of non-profit organisations only influences buying intentions indirectly through consumer perceptions of the functional utilities of fair trade products.

KEYWORDS: Fair trade; social orientation; non-profit organisations; functional utilities; brand

ARTICLE TYPE: Research paper

1. INTRODUCTION

A priority issue today for the international non-profit and voluntary sector is the promotion of fair trade as an alternative trading system that overcomes the disparity that surrounds contemporary consumption and sustainable development between developing and developed economies. Fair trade is described as ‘a trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers, especially in the south’ (WFTO, 2017).

The distribution of fair trade products in developed countries is coordinated largely by non-profit organisations that buy those products from producer groups in developing countries to sell them in developed markets through specialised shops and retail outlets (González et al., 2014). In this regard, non-profit and co-operative organizations are the pioneers of the fair trade movement and they are frequently referred to as ‘Alternative Trading Organisations’ (ATOs) (Becchetti & Huybrechts, 2008). Nevertheless, a growing number of ATOs are in fact ‘groups’ that gather different distribution organisations. For instance, some ATOs are formed by a non-profit and a co-operative (e.g., Oxfam Wereldwinkels in Belgium, IDEAS in Spain or Equal Exchange in the UK) or a non-profit and a commercial company (e.g., Traidcraft in the UK, Dritte Welt Partner in Germany or CONA in Austria). It is also possible to find non-profit and co-operatives acting as second-mover organisations, that is, entities that emerge mainly in the distribution area (e.g., supermarkets selling fair trade products) or in the import and the transformation of fairly traded goods (e.g., coffee roasters or chocolate producers) (Becchetti & Huybrechts, 2008). Examples of second-mover organisations include the Co-op group in the UK and COOP in Italy, non-profit organisations that have included

fair trade products in their assortment, considering their inclusion coherent to their philosophies. Internationally renowned non-profit organisations such as Intermón Oxfam (Spain), the European Fair Trade Association (Netherlands) or CTM Altromercado Soc. Co-op. (Italy) also operate in the fair trade market as ATOs or second-mover organisations (WFTO, 2017).

Nevertheless, the market share of fair trade products in developed economies remains very small when compared to non-fair trade products (Schollenberg, 2012). For example, in 2014 in Spain, which is the country where we implemented our study, the expenditure on fair trade products was only €0.71 per person (and year), while the European average expenditure was €13.42 per person (National Fairtrade Coordination Committee, 2016). Even though there are some countries where the average expenditure on fair trade products is significantly higher (e.g., in Switzerland, UK and Finland people expend more than €25 per person and year on this type of social products), most countries expend less than €15 per person (and year) (Pereda & Fairtrade Ibérica, 2014). These figures lead scholars and practitioners to believe that the demand for fair trade products in developed economies is still much lower than the potential supply coming from developing countries, which indicates that non-profit organisations still have a long way ahead to improve their marketing strategies and boost the sales volume of fair trade products (Obermiller et al., 2009). In this paper, we suggest that non-profit organisations still need to better understand consumer behaviour (Obermiller et al., 2009) to decide the best marketing strategies that, without necessarily converging with conventional marketing rules, will allow them to expand the fair trade market.

Based on this idea, the goal of this study is to propose and empirically test a conceptual model to better understand how consumers in developed markets take the decision to buy fair trade products. The model integrates several psychological and marketing

variables that have been demonstrated to be explanatory of consumer buying intentions of fair trade products but have not been studied integratively before. Specifically, we explore the relationships that exist among consumer social orientation, the credibility of trading non-profit organisations, perceptions of fair trade products (functional issues), attitudes towards the fair trade generic brand and buying intentions. The lack of integration of all these variables into one single comprehensive model in previous literature means that the interaction among them is still unknown, and as such, so far it has not been possible to estimate and compare their real contribution to consumer buying intentions or behaviour in the context of fair trade products.

The paper is organised as follows. First, we provide an overview of the theoretical and empirical basis of the paper. Second, we present our conceptual model, conceptualise the four variables that we propose as direct antecedents of consumer buying intentions and propose the research hypotheses. Third, we describe the research method of the study. Fourth, we present and discuss the findings. Fifth, we summarise the most relevant conclusions, limitations and future lines of research that derive from our study.

2. THEORETICAL BACKGROUND

In practice, fair trade applies many of the basic concepts of marketing management, the dominant intellectual approach to marketing today (Witkowski, 2005). In this regard, a relatively extensive line of research has focused on exploring the fair trade movement from a marketing perspective, with a special interest in understanding consumer buying intentions of fair trade products (de Pelsmacker & Janssens, 2007; Kim et al., 2010; Murphy & Jenner-Leuthart, 2011).

Our study is included in this line of research. More precisely, we support our conceptual model on the cognition – attitude – conation sequence that defends that consumer

intentions to buy a product are only developed after the consumer experiences affect towards the company/brand as a consequence of positive perceptions concerning the company/brand characteristics, products or services, among other issues (Fishbein & Ajzen, 1975). Table 1 presents a summary of some of the most influential papers that have tested models including the most frequent cognitive and attitudinal antecedents of fair trade buying intentions in the marketing literature.

Insert Table 1 about here

As it can be observed in the table, many of the variables used to explain buying intentions specifically relate to consumer beliefs and cognition. In this regard, three variables especially stand out (Littrell et al., 2005; de Pelsmacker et al., 2005a, 2005b; Obermiller et al., 2009; Kim et al., 2010): (a) consumer social orientation (CSO); (b) the credibility of the organisations that sell fair trade products (NPOs) and (c) perceptions about the quality, price and convenience of fair trade products (FT products). Scholars have also explored attitudinal variables such as (d) consumer attitudes towards the fair trade generic brand (FT brand) (de Pelsmacker et al., 2005b). In this regard, previous literature has demonstrated that it is advisable to promote fair trade as a generic or ‘meta-’ brand (i.e. an umbrella for various products) because it generates overall brand awareness when there is very little coherence across regional, national and international brands (Castaldo et al., 2009). Other variables have also been explored as antecedents of buying intentions but their significance to explain them has not been clearly confirmed (e.g. consumer sociodemographic characteristics) (de Pelsmacker et al., 2005a; Yang et al., 2014).

Based on this previous literature, we propose our conceptual model to explore consumer buying intentions of fair trade products as shown in Figure 1.

Insert Figure 1 about here

3. RESEARCH HYPOTHESES

3.1. The role of consumer social orientation

As shown in Table 1, previous researchers have frequently paid special attention to the importance of issues linked to consumer social orientation. This variable increases the ability of conceptual and causal models to explain consumer intentions to buy fair trade products (Shaw & Shiu, 2002; de Pelsmacker et al., 2005a; Kim et al., 2010).

On the one hand, consumer social orientation includes consumer concerns about environmental matters, social welfare, corporate ethical processes and other ethical issues when buying products (Kim et al., 2000). On the other hand, consumer social orientation also includes responsible behaviour (Papaoikonomou, 2013), which is a close representation of consumer self-identity and ethical obligation as defined by Shaw and Shiu (2002). In this regard, consumer socially responsible behaviour refers to the person's internalised ethical behaviour that derives from his/her personal beliefs about appropriate social and ethical compliance.

Through understanding a person's concerns, greater insight can be gained into why consumers behave as they do. For example, Doran (2009) demonstrates that there are significant interactions between personal concerns and fair trade consumption, while demographics prove to be useless in creating a profile of the fair trade consumer. This means that socially concerned consumers have better perceptions of ethical products that comply with their personal concerns (Littrell et al., 2005, de Pelsmacker et al., 2005a; Kim et al., 2010). Ethical consumers will also evaluate non-profit organisations more positively because they share the same value scheme (Littrell et al., 2005; Kim et al., 2010), while they will feel more closely attached to the fair trade generic brand than

to conventional commercial brands (Kim et al., 2010). As stated by Benson and Connell (2014), the typical fair trade consumer is idealistic and has a strong sense of world citizenship and empathy towards others in developing countries: ‘They have a positive attitude towards fair trade products and perceive it easy to purchase fair trade goods’ (Benson & Connell, 2014, p. 367). At the same time, the responsible and ethical behaviour of socially concerned consumers makes them try not to effortlessly accept the product offering in the market and have a tendency to prefer ethical options such as fair trade products (Papaoikonomou, 2013). Based on these ideas, we propose that:

H1: Consumer social orientation directly and positively influences (consumer perceptions of) the credibility of non-profit organisations.

H2: Consumer social orientation directly and positively influences consumer perceptions of fair trade products.

H3: Consumer social orientation directly and positively influences consumer attitude towards the fair trade generic brand.

H4: Consumer social orientation directly and positively influences consumer buying intentions of fair trade products.

3.2. The role of non-profit organisations

Past research also suggests that consumer perceptions of companies have direct and positive effects on buying intentions (Goldsmith et al., 2000). In the fair trade realm, non-profit organizations are protagonists (Bartley et al., 2015), so it is important to analyze how the perceptions of these organizations may influence consumer buying intentions.

As an example, fair trade products are distributed in Europe mainly through groups of non-profit and co-operative organisations that are referred to as ‘Alternative Trading

Organisations' (ATOs) and second-mover fair trade organisations (Becchetti & Huybrechts, 2008). These groups buy products from more than 125 producers belonging to 40 different countries and distribute them to retail outlets. It is also noteworthy that many times these non-profit organisations also become retailers themselves, as they sell the fair trade products they import through their own shops (Witkowski, 2005).

A remarkable finding of previous fair trade marketing literature is that consumers perceive the ethical brands and products that are issued by these non-profit organisations differently to how they perceive the brands and products that are issued by other institutions or for-profit companies. For example, the brands that are issued by local governments are less well received than brands issued by the European government or by non-profit organisations (de Pelsmacker et al., 2005b). Actually, it is generally agreed that non-profit organisations are among the most credible fair trade brand and product endorsers (de Pelsmacker et al., 2005b). In this regard, corporate credibility is 'the extent to which consumers feel that the organisation has the knowledge or ability to fulfil its claims and whether the organisation can be trusted to tell the truth or not' (Newell & Goldsmith, 2001, p. 235). Thus, credibility is a two-dimensional variable that includes two components: expertise and trust (Newell & Goldsmith, 2001).

In general, the credibility of an organisation not only contributes to improving the attitudes towards the brand and buying intentions, but also building brand equity for the products it sells (Newell & Goldsmith, 2001). For instance, Castaldo et al. (2009) empirically confirm that consumer perceptions of an organization's ethical attitudes are related to the trust consumers feel towards it. In their model, consumer trust is also directly related to brand loyalty and willingness to pay a premium price for fair trade products. They specifically argue that 'socially oriented companies (non-profit

organisations in our paper) can successfully leverage their reputation in those business areas where trust is crucial in determining consumer choices' (Castaldo et al., 2009, p. 1) and that they will outperform their competitors at fostering consumer trust. These researchers provide two reasons for this argument. First, consumers should believe that a reputable organisation, one that has been building a positive relationship with society and is commonly appreciated as an ethical player, has strong incentives to maintain its reputation. Therefore, consumers will think that such an organisation is less probable to renege on promises. Second, non-profit organisations are more transparent, as they typically subject themselves to increased disclosure. Therefore, consumers should feel that non-profit organisations are more probable than competitors to fulfil their obligations. Llopis (2007), who establishes that one important factor influencing fair trade consumption is consumer trust in non-profit organisations that sell fair trade products, reports similar findings. Based on these ideas, we propose the following three hypotheses:

H5: The credibility of non-profit organisations directly and positively influences consumer perceptions of fair trade products.

H6: The credibility of non-profit organisations directly and positively influences consumer attitude towards the fair trade generic brand.

H7: The credibility of non-profit organisations directly and positively influences consumer buying intentions of fair trade products.

3.3. The role of fair trade products

Previous researchers have also highlighted the role of fair trade product characteristics as important antecedents of consumer buying intentions (Littrell et al., 2005; de Pelsmacker & Janssens, 2007; Castaldo et al., 2009; Obermiller et al., 2009; Kim et al.,

2010; Murphy & Jenner-Leuthart, 2011). In this regard, product quality, price and shopping convenience are often the most important product attributes that affect consumer decision-making (Yamoah, 2014). All these product characteristics refer to the 'functional utilities' concept (Keller & Aaker, 1992), which is usually incorporated as a multidimensional construct in consumer behaviour models (Vázquez et al., 2002). For instance, consumers often prioritise aspects such as product quality and price when making decisions concerning fair trade (Schollenberg, 2012). While fair trade consumers support ethical concerns and non-profit organisations, their fair trade purchases are not viewed as purely altruistic acts, as they are unwilling to sacrifice product attributes for the sake of being ethical. Thus, the success of fair trade lies in the promotion of good product attributes to 'cut through the countless clutter of competitors' products' (Wright & Heaton, 2006, p. 415).

With regard to convenience, previous researchers have argued that many consumers fail to engage with fair trade products due to their piecemeal availability in retail stores, which does not match consumer expectations (Yamoah, 2014). These types of ethical products are primarily sold in specialty shops and consumers who are pressed for time find it inconvenient to buy their fair trade products in different shops from their regular ones (González et al., 2014). The scattered distribution of fair trade products could even harm the fair trade generic brand due to the lack of convenience. In this regard, Nicholls and Opal (2008) argue that there is an absence of a well-planned portfolio of fair trade products that are purposely priced and well distributed for the mass market. Therefore, the distribution strategy represents one of the biggest challenges for non-profit organisations, which are generally reluctant to sell their products through large retailers (e.g. grocery stores, supermarkets) or the hotel and catering channel.

These ideas allow us to propose two new research hypotheses:

H8: Consumer perceptions of fair trade products directly and positively influence consumer attitude towards the fair trade generic brand.

H9: Consumer perceptions of fair trade products directly and positively influence consumer buying intentions of fair trade products.

3.4. The role of the fair trade generic brand

The last variable in our model refers to consumers' attitude towards the fair trade generic brand (de Pelsmacker et al., 2005b; Kim et al., 2010). This brand refers to the judgements that consumers make of the international certification brand that accompanies the commercial brand of the non-profit organisation that ultimately sells the product (Witkowski, 2005). In this regard, there are several certification and labelling initiatives that certify that supply chains conform to fair trade principles, these being independent third parties that are therefore considered to be trustworthy in their examination of business practices. As exemplified by Witkowski (2005), more than eighteen different national labelling initiatives exist, mostly in Europe, North America and Japan, including examples such as the Max Havelaar groups in Belgium, Denmark, France and the Netherlands, and national TransFair in Canada, the US, Japan, Australia and Germany.

However, since 1997 most fair trade labelling has been coordinated by Fairtrade Labelling Organisations International (FLO) (Obermiller et al., 2009). FLO is a consortium of organisations that coordinate the international certification of fair trade products and provide farmers and trading organisations with a fair trade generic brand (owned and licensed by FLO) that is a globally recognised symbol of the international fair trade system (Raynolds, 2009). Products bearing this brand meet the internationally agreed social, environmental and economic fair trade standards. The fair trade generic

brand can be found in more than one hundred and twenty countries and on a wide range of products – numbering over twenty-seven thousand around the globe – including food and drinks, cotton and clothing, and even jewellery made from fair trade gold and other precious metals.

We consider that the fair trade brand developed and licensed by FLO is a good example of an international powerful generic brand that improves consumer buying intentions.

This brand closely matches the increasing social and ethical concerns of consumers, and as such they will easily identify with it. Brand attitudes formed as a result of a social identification process are more accessible in the memory of consumers and this greater accessibility increases the likelihood of brand attitude influencing consumer behaviour (Currás et al., 2009). Thus, we propose the last research hypothesis of the paper:

H10: Consumer attitude towards the fair trade generic brand directly and positively influences consumer buying intentions of fair trade products.

4. METHOD

4.1. Sample

To test our conceptual model, we designed an empirical research approach based on online surveys answered by Spanish respondents who were not necessarily (dedicated) fair trade or ethical buyers. More precisely, data were collected among a sample of people closely related to the University of Cantabria (Spain), including students, lecturers and staff members. The selection of this sample for the study was based on two main reasons. First, in the emerging context of fair trade consumption, surveying consumers on the street could lead to very low response rates due to the lack of knowledge of many consumers about fair trade products. Thus, we decided to minimise

this risk by implementing the study in a real university research context where there are frequent awareness-raising campaigns throughout the year (e.g. permanent outlets for fair trade products, regular lectures and film series on the fair trade concept). By doing so, we expected to reach a higher number of consumers with a certain level of understanding of the fair trade concept, which would increase the response rate and the amount of valid surveys collected for the study. In this regard, the University of Cantabria is one of the nine fair trade universities that exist in Spain. Second, we observed that university samples are frequent in the study of ethical and fair trade consumption patterns, as evidenced in the studies of de Pelsmacker et al. (2005a, 2005b), Obermiller et al. (2009) and Kim et al. (2010), among others. According to de Pelsmacker et al. (2005a), using a university sample allows researchers to improve the response motivation by appealing to collegiality and by conducting the survey using the university's channels in a more respondent-friendly way.

The online link to the survey was emailed to all the university community (9587 students, 1224 lecturers and 572 staff members) in March 2014. After the database had been refined and the invalid surveys removed, the final sample was composed of 292 valid cases. The distribution of the cases in the sample was: 65.4% students, 24.3% lecturers and 10.3% staff members. With regard to gender, 52.3% of respondents were female, while 47.7% were male. The mean age among respondents was 29. Even though the response rate was relatively low, the final sample size was larger than that observed in previous studies and it was reasonably representative of the sociodemographic composition of the university members in terms of links to the organisation, gender and age.

4.2. Measurement scales

All the variables were measured with ten-point Likert-type scales (see Table 2). Specifically, consumer social orientation was measured with a two-dimensional nine-item scale adapted from the studies of Obermiller et al. (2009) and Papaoikonomou (2013). Five items (CON1 to CON5) evaluated the consumer's ethical values (e.g. concern about pollution, fair wages, etc.) and four items (CON6 to CON9) evaluated the consumer's socially responsible behaviour (e.g. recycling, reducing energy and water consumption, etc.). To evaluate non-profit organisations, we asked the respondents of the survey to select and evaluate the organisation that was more familiar to them among a list of all the non-profit organisations that sell fair trade products in Spain. For this purpose, we used the two-dimensional six-item scale originally developed by Newell and Goldsmith (2001) to measure corporate credibility. Three items (COM1 to COM3) evaluated consumers' trust on the non-profit organisation, while three items (COM4 to COM6) evaluated consumers' perception of the NPO's expertise in marketing fair trade products. Consumer perceptions were collected for a total of six non-profit organisations. A total of 82.41% of respondents assessed Oxfam Intermón, while other organisations were assessed by a significantly lower volume of consumers (Espanica = 8.53%; IDEAS = 5.03%; Alternativa 3 = 1.51%; Altromercato = 1.51%; Gira = 1.01%). Fair trade products were rated with a three-dimensional scale based on the previous proposals of de Pelsmacker and Janssen (2007) and Kim et al. (2010). The seven-item scale included consumers' opinions about the quality of fair trade products (PRO1 to PRO3), their price (PRO4 to PRO5) and the convenience of their distribution (PRO6 to PRO7). Consumer attitude towards the fair trade generic brand was measured with a three-dimensional scale based on the proposal of Currás et al. (2009). The nine-item scale measured the distinctiveness (BRA1 to BRA3), prestige (BRA4 to BRA6) and

attractiveness (BRA7 to BRA9) of the brand to the consumer. Finally, buying intentions were measured with a three-item one-dimensional scale adapted from Zeithaml et al. (1996).

Insert Table 2 about here

Before testing the research hypotheses, Harman's single-factor test was conducted to check for common method variance (CMV). Method variance refers to variance that is attributable to the measurement method rather than the constructs of interest. According to Podsakoff et al. (2003), there are four general sources of CMV: the use of a common rater; the manner in which items are presented to respondents; the context in which items on a questionnaire are placed; and the contextual influences (time, location and media) used to measure the constructs. Based on these ideas, a check was made on whether the correlation among variables was significantly influenced or not by their common source. The results of the analysis indicate that the items loaded into more than one factor and that they were not concentrated in any one general factor. Consequently, CMV did not significantly influence this quantitative research.

5. FINDINGS

5.1. Multidimensionality of the latent variables

First, we explored the structural validity of the four multidimensional latent variables of the study. Therefore, as a first step in the study we implemented a first-order confirmatory factor analysis for each variable (i.e., consumer social orientation, non-profit organisations –NPOs–, fair trade products –FT products– and fair trade generic brand –FT brand–) according to the maximum robust likelihood estimation procedure in the software EQS 6.1. The findings of these analyses were adequate for the scales that

measured consumer social orientation (Table 3), FT products (Table 4) and the FT brand (Table 5). In all these cases, the alphas and AVEs were above the minimum recommended values of 0.70 and 0.50 respectively, which confirmed the internal reliability of the multidimensional variables. In addition, all the items were significant to a confidence level of 95% and their standardised lambdas were higher than 0.50, which confirmed the convergent validity of the dimensions. Additionally, the confidence interval for the correlation of the dimensions for each scale did not contain the value 'one', which confirmed the discriminant validity of the dimensions.

Several goodness-of-fit indices were also used to evaluate the fit of the model to the collected data (Tables 3 to 5). These measures were: Bentler-Bonett Normed Fit Index (BBNFI), Bentler-Bonett Non-Normed Fit Index (BBNNFI) and Root Mean Square Error of Approximation (RMSEA) for the measurement of overall model fit and Incremental Fit Index (IFI) and Comparative Fit Index (CFI) as measures of incremental fit. The results confirm that the BBNFI, BBNNFI, IFI and CFI statistics exceeded the recommended minimum value of 0.90, while RMSEA was located within the maximum limit of 0.08.

As a second step in the study, the multidimensionality of each variable was confirmed with a second-order confirmatory factor analysis. The second-order analysis is a statistical method employed to confirm that a theoretical variable (latent variable) loads into certain number of underlying dimensions. By checking the goodness-of-fit indices of these analyses, which were above 0.90 in all the cases, we confirmed the multidimensionality of consumer social orientation (NFI=0.97; NNFI=0.98; CFI=0.98; IFI=0.98; RMSEA=0.06), FT products (NFI=0.98; NNFI=0.97; CFI=0.99; IFI=0.99; RMSEA=0.07) and FT brand (NFI=0.95; NNFI=0.95; CFI=0.97; IFI=0.97; RMSEA=0.07), as we had established theoretically.

Insert Table 3 about here

Insert Table 4 about here

Insert Table 5 about here

On the contrary, the first-order confirmatory factor analysis for the scale that measured the credibility of non-profit organisations showed that there was no discriminant validity between the dimensions of trust and expertise (the confidence interval between both dimensions included the value ‘one’) and the goodness-of-fit indices indicated too much correlation between all the items in the scale (Table 6). Thus, the conceptual multidimensionality suggested for this latent variable was not confirmed. Nevertheless, the rest of the parameters evaluating the reliability and convergent validity of the scale were adequate. Thus, in the next section of the paper we will proceed with the analyses to test the research hypotheses of the study considering that the credibility of non-profit organisations is a one-dimensional construct.

Insert Table 6 about here

Once we had analyzed the multidimensionality of the four latent variables, we performed one last first-order confirmatory factor analysis that included all the variables in the causal model with their final composition (i.e., first- or second-order variables according to the findings of the previous confirmatory factor analyses). The purpose of this step was to confirm the goodness of fit of the model, as well as the convergent and discriminant validity between the different variables that compose it. The findings are presented in Table 7. The Comparative Fit Indices were in all cases above 0.90 and confirmed the good fit of the scales to the data collected for the study. Additionally, all the standardised lambdas of the items that formed the latent variables were significant and greater than 0.50, ensuring the convergent validity of the model. Finally, we evaluated the discriminant validity of the factorial structure, estimating the confidence

intervals for the correlation between pairs of latent variables. The findings confirmed the discriminant validity of the model because no confidence interval included the value 'one'.

Insert Table 7 about here

5.2. Hypotheses test

Once the structural validity of the model was successfully confirmed, the research hypotheses were tested implementing structural equation modelling (SEM) in the software EQS 6.1. The findings of the causal analysis are shown in Figure 2. As it is observed in the figure, the findings confirmed that there were significant and positive effects of consumer social orientation on the credibility of non-profit organisations ($\beta=0.55$, $t=6.59$, $p<0.05$), perceptions of fair trade products ($\beta=0.66$, $t=6.14$, $p<0.05$) and brand attitude ($\beta=0.44$, $t=3.17$, $p<0.05$). Consumer social orientation also improved consumer buying intentions ($\beta=0.40$, $t=2.17$, $p<0.05$). These findings support hypotheses H1 to H4.

Additionally, the credibility of non-profit organisations had significant and positive effects on consumer perceptions of fair trade products ($\beta=0.25$, $t=3.08$, $p<0.05$) and brand attitude ($\beta=0.18$, $t=2.33$, $p<0.05$). These findings support hypotheses H5 and H6. Nevertheless, the findings showed that the credibility of non-profit organisations did not affect consumer buying intentions of fair trade products directly ($\beta=0.13$, $t=1.93$, $p>0.05$). Thus, hypothesis H7 is not supported in our study.

As far as consumer perceptions of fair trade products are concerned, the findings confirmed that these perceptions significantly and positively affected consumer attitudes towards the fair trade brand ($\beta=0.36$, $t=2.77$, $p<0.05$) and their buying intentions of these products ($\beta=0.55$, $t=3.75$, $p<0.05$). These findings support hypotheses H8 and H9.

Finally, consumer attitude towards the fair trade brand did not significantly affect the buying intentions of fair trade products ($\beta=-0.21$, $t=-1.32$, $p>0.05$). Thus, hypothesis H10 is not supported in this study.

Insert Figure 2 about here

5.3. Direct, indirect and total effects in the causal model

In order to determine which antecedent contributed more intensively to the buying intentions of fair trade products among consumers, we calculated the indirect and total effects of each variable following the procedure described by Currás et al. (2009). The findings of the estimation are presented in Table 8. The findings showed that the variable that had the greatest effect on consumer buying intentions was consumer social orientation ($\beta=0.84$). Consumer social orientation had a very important direct effect on buying intentions ($\beta=0.21$), which was intensified by the indirect effect through consumer perceptions of fair trade products ($\beta=0.36$) and the credibility of non-profit organisations ($\beta=0.08$). The second most relevant variable was fair trade products ($\beta=0.55$) and its effect on buying intentions was completely direct. The third variable in terms of the improvement of buying intentions was the credibility of non-profit organisations ($\beta=0.14$), although its effect was only indirect and mediated by consumer perceptions of fair trade products. On the contrary, the findings showed that the fair trade generic brand had no direct or indirect effect on consumer buying intentions.

Insert Table 8 about here

6. DISCUSSION

The findings of the study confirm the adequacy of the conceptual model to understand consumer buying intentions of fair trade products and they clarify the role that each of the explored variables plays in improving such intentions.

The findings show that the most important antecedent of buying intentions is consumer social orientation, which is determined by consumer ethical values and responsible consumption behaviour. These ethical concerns bring the consumer closer to fair trade purchases because they improve the credibility of non-profit organisations, consumer perceptions of fair trade products and the attitude towards the generic fair trade brand. These findings align with most previous fair trade marketing literature, which has extensively discussed the important role of consumer values and responsible behaviour in promoting ethical consumption (Doran, 2009; Kim et al., 2010). However, the findings also contribute to this line of research because now we do have quantitative data that corroborates that consumer social orientation is significantly more important than corporate credibility, functional utilities or brand attitude to anticipate fair trade consumption.

As far as consumer perceptions of fair trade products (functional utilities) is concerned, this is the second most important variable in the model with a direct impact on consumer buying intentions. Previous literature has defended that consumers attach great importance to product quality and price, which are direct determinants of buying behaviour (de Pelsmacker & Janssens, 2007). The third component of the perceptions about fair trade products is convenience. According to our results, this dimension has a less heavy load on the second-order construct than quality and price, indicating that this attribute is less relevant when assessing fair trade products than the other two.

Nevertheless, the factor loading remains statistically significant at a 95% confidence

level, so the convenience of the distribution remains a factor taken into account by consumers when assessing the functional utilities of fair trade products. It should also be noted that, as shown in Table 4, the assessment given by consumers to convenience (mean=4.20) is significantly lower than their perceptions about the quality (mean=5.78) and price (mean=6.26) of fair trade products. Therefore, it is necessary to continue working on improving the distribution and merchandising actions associated with fair trade products. These results are in line with the findings of previous researchers, who have stressed that the distribution of products remains one of the weakest points of fair trade (Wright & Heaton, 2006).

When talking about non-profit organisations, the first interesting finding of our analyses is that the traditional two-dimensional structure proposed to evaluate corporate credibility (Newell & Goldsmith, 2001) is not confirmed in our paper. As derived from the first-order confirmatory factor analysis that we implemented for this variable, the trust and expertise dimensions of the credibility construct did not present discriminant validity, which means that the consumers in our sample perceived them as the same concept. We consider that the type of trading organisation that we evaluated in the research can better explain the finding. In this regard, we asked consumers to evaluate non-profit organisations exclusively. Trust in these organisations is assumed because of their social motivation and business goals (Llopis, 2007). What is more, trust is closely related to their expertise in marketing ethical products such as fair trade. Somewhat, trust and expertise go hand in hand in the fair trade market and the classic distinction between both concepts may not be as clear among non-profit organisations as among for-profit companies (Llopis, 2007).

As for the consequences of the credibility of non-profit organisations, this variable has a positive effect on consumer buying intentions, although it is only indirect and mediated

by fair trade products. These findings place non-profit organisations as the third factor (in order of importance) that helps us understand fair trade consumption in the context of our research. The positive impact of this variable on buying intentions aligns with previous findings in academic literature (Kim et al., 2010; Murphy & Jenner-Leuthart, 2011). Nevertheless, we consider that the low intensity of the relationship is once again determined by the non-profit organisations that we explored in the paper. Many of these organisations usually sell few categories of products and they do not advertise their organisations as strongly as for-profit companies with a wider product portfolio. Thus, non-profit organisations are still not well known in the market and consumers may not have a good, strong perception of them (Llopis, 2007).

The last variable explored in the paper is consumer attitude towards the fair trade generic brand. The findings confirm the multidimensionality of the construct, which is composed of the distinctiveness, prestige and attractiveness of the fair trade generic brand. Additionally, consumer attitude can be strongly enhanced by consumer social orientation and product perceptions, but it is insignificant for the improvement of consumer buying intentions of fair trade products. We consider that this finding is justified by the numerous initiatives and branding schemes that exist at the local, national and international levels (Doherty et al., 2013), as well as by the lack of information on the fair trade concept and brand certifications that is available to consumers in Spain (González et al., 2014). On the one hand, market changes in recent years have dramatically altered the composition of the fair trade market away from specialist fair trade organisations to a plethora of other organisations with varying rationales for fair trade engagement and marketing development of the fair trade movement internationally (Doherty et al., 2013). For example, by 2005 two hundred and forty different ethical brands were already in use in Europe and when codes of

conduct were included, the number amounted to approximately eight hundred (de Pelsmacker et al., 2005b). In addition to these brands, currently an increasing number of supermarkets and multiple retailers across the world have started to introduce their own-label fair trade products (e.g. Carrefour, Ahold Group, Co-op, Sainsbury's) (Doherty et al., 2013). These competing branding programmes and certifications, and their complexity, may confuse consumers and undermine credibility (Bartley et al., 2015). On the other hand, the fair trade generic brand has not been given enough visibility through the Spanish media and the distribution of information is still held in minority and highly specialised circles (González et al., 2014). Thus, its recognition is still limited among consumers, and evaluative issues such as distinctiveness, prestige or brand attractiveness are not taken into consideration as significant factors that determine their buying intentions. This finding contrasts strongly with the fair trade awareness among consumers in other European countries, such as the UK, where numerous surveys report that about three quarters of the general public are aware of the fair trade generic brand (Yamoah, 2014).

7. CONCLUSIONS, LIMITATIONS AND FUTURE LINES OF RESEARCH

With the purpose of identifying useful managerial implications for the non-profit organisations that distribute fair trade products in developed countries, the main goal of this paper has been to test a conceptual model that presents consumer buying intentions as a consequence of their social orientation, the credibility of non-profit organisations, perceptions of fair trade products and attitude towards the generic fair trade brand. The findings of the paper confirm that consumer buying intentions of fair trade products depend strongly on consumer social orientation, the perceived functional utilities of fair trade products and the evaluation of non-profit organisations. On the contrary, consumer

attitudes towards the fair trade generic brand seem irrelevant to improving consumer buying intentions of fair trade products.

Based on these findings, a first relevant implication for the management of fair trade by non-profit organisations suggests that these institutions work on achieving a better integration and promotion of the fair trade brand. As seen in the paper, the fair trade generic brand is currently not an enhancer of consumer buying intentions. We have argued that this is possibly due to the existence of too many unknown brands in the market that are not well integrated or promoted accordingly. Therefore, consumers probably do not incorporate their attitude towards the fair trade brand into their decision-making processes because they are not aware that fair trade is a brand in itself, but not because they are not interested on it. Otherwise, if they knew of the existence of a well-integrated and well-promoted fair trade brand, they could also be willing to integrate it into their decisions, as they currently do with the functional utilities of fair trade products or their perceptions of the credibility of non-profit organisations. The generic brand licensed by FLO is a good step forward in the coordination of the fair trade market, but still further advances are needed.

As a second managerial implication, we suggest that non-profit importers and distributors seek for more effective communication practices by linking them to the ethical concerns of consumers, as this is the key antecedent of buying intentions. Therefore, in order to increase responsible consumption of these products, advertising and promotional materials should place special emphasis on highlighting how fair trade allows consumers to meet their main ethical concerns. Communication should particularly focus on issues such as the positive impact that buying fair trade products has on the quality of life of the producers, the environmental component of production or the economic reinvestment generated in the local communities through the creation

of new educational, health, social or infrastructure projects. If this were the case, the very specific features of fair trade would be highlighted and this would allow the consumer to distinguish more clearly the distinctive attributes of these products compared to traditional trade.

Additionally, non-profit organisations should also improve some of the characteristics of fair trade products, especially in terms of their shopping convenience. Along this line, consumers frequently fail to engage with fair trade products due to their scarce availability in retail stores, which does not match consumer expectations (Wright & Heaton, 2006). While it is true that a significant part of the organisations involved in fair trade is contrary to the marketing of products using the traditional channels of mass distribution, still some alternatives would allow increasing the presence of fair trade in the market without necessarily resorting to mass distribution. An interesting alternative would be the use of e-commerce, using online stores in the websites of importing and trading non-profit organisations operating in developed countries.

Finally, this study is not without limitations and future research should consider them to improve the knowledge on fair trade consumption. First, we used a small convenience sample that represents a limitation from the point of view of the generalisation of our findings. More precisely, the majority of participants in the sample were students and accordingly in their twenties. Additionally, the sample was collected in a university context where participants are expected to have a higher education, and even income level, than the average demographics of a country. The sample may have even been biased in terms of fair trade awareness and attitudes when compared to a sample of 'general' consumers because the University of Cantabria is a fair trade university that organises fair trade campaigns frequently. The fact that the sample was exclusively collected in Spain, which is not a typical case study for the fair trade movement, also

represents a limitation in terms of how the findings of the study should be interpreted and generalised to larger populations. It is also necessary to note that we did not include consumer perceptions of for-profit companies in our study. Thus, it would be interesting to implement new studies including these companies and making comparisons between their marketing strategies and the strategies implemented by non-profit organisations. Finally, we consider that future researchers should also pay attention to moderating factors (e.g. personal traits, socio-economic issues) that could have significant impacts on our model.

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Table 1. Empirical papers that explore the factors that affect consumer buying intentions of fairtrade products

| Authors | Research goal | Research context | Independent variables | | Dependent variables |
|-----------------------------------|--|-------------------------|-------------------------|---|---|
| | | | Dimensions ¹ | Latent variables | |
| Littrell et al. (2005) | To explore how generational cohorts of FT consumers differ | 1,055 consumers (U.S.) | CSO | <u>Socio-political attitudes and behaviour</u> | Purchase intentions for FT apparel |
| | | | NPOs | <u>Retail preferences</u> | |
| | | | FT products | <u>Product orientation</u> <u>Product behaviour</u> | |
| | | | Other variables | <u>Shopping orientation</u> | |
| De Pelsmacker et al. (2005a) | To identify the average price premium that consumers are willing to pay for a FT brand | 808 consumers (Belgium) | CSO | <u>Personal values</u> | Willingness to pay for FT product attributes |
| | | | FT products | <u>Product attributes</u> | |
| | | | Other variables | <u>Sociodemographic characteristics</u> | |
| De Pelsmacker et al. (2005b) | To assess the relative importance that consumers attach to different characteristics and marketing practices of ethically labelled coffee | 750 consumers (Belgium) | NPOs | <u>Label issuer</u> | - |
| | | | FT products | <u>Marketing strategy</u> (distribution, promotion) | |
| | | | FT brand | <u>Branding</u> <u>Label information</u> | |
| | | | Other variables | <u>Type of ethical issue</u> | |
| De Pelsmacker and Janssens (2007) | To investigate the dynamics and structure of buying behaviour based on FT knowledge, general attitudes towards FT, attitudes towards FT products, and the perception of the quality and quantity of FT information | 615 consumers (Belgium) | FT products | <u>Attitude towards FT products</u> (product interest, product likeability, shopping convenience, price acceptability) | Buying behaviour |
| | | | Other variables | <u>Knowledge of fairtrade information about FT</u> (quantity and quality of fairtrade information) <u>General attitude towards FT</u> (concern/interest in FT, scepticism/lack of belief in FT) | |
| Doran (2009) | To explore the personal values that motivate consumers to buy FT products | 809 consumers (U.S.) | CSO | <u>Personal values</u> | FT consumption |
| Castaldo et al. (2009) | To investigate the link between the consumer perception that a company is socially oriented and the consumer intention to buy products marketed by that company | 400 consumers (Italy) | FT products | <u>Trust in retailer private-label FT products</u> | Brand loyalty Willingness to pay a premium price |
| | | | Other variables | <u>Consumer CSR</u> <u>Trust in FT</u> | |

¹ As proposed in our paper

| | | | | | |
|-----------------------------------|--|--|-----------------|--|---|
| Obermiller et al. (2009) | To examine consumers' coffee preferences, their comprehension of labels, the price they are willing to pay for FT coffee and the effectiveness of advertising socially responsible consumption as primary benefit of purchasing FT coffee. | 107 consumers (U.S.) | NPOs | <u>Company perceptions</u> | - |
| | | | FT products | <u>Product perceptions</u> | |
| Kim et al. (2010) | To investigate how ethical consumption values, FT product beliefs and FT corporate evaluation determine FT brand loyalty | 155 consumers (U.S.) and 409 consumers (Korea) | CSO | <u>Ethical consumption values</u> | FT brand loyalty |
| | | | NPOs | <u>Fairtrade companies evaluation</u> | |
| Bezençon and Blili (2010) | To provide an adequate instrument to measure involvement, its antecedents and its impact on FT consumption behaviours | 433 consumers (Switzerland) | FT products | <u>Product involvement</u> (product sign value, product hedonic value, product utility) | Behavioural effects (distribution channel preference, ethical product purchase proportion, product consumption frequency, ethical product information search) |
| | | | Other variables | <u>Ethical product decision involvement</u> (ethical product sign value, ethical product hedonic value, ethical product risk, ethical product adhesion) | |
| Murphy and Jenner-Leuthart (2011) | To explore the extent to which the presence of FT coffee in cafés may help in strategic positioning and differentiation | 143 consumers (New Zealand) | NPOs | <u>Perceived attributes</u> | - |
| | | | FT products | <u>Perceived attributes</u> | |
| Long and Murray (2013) | To explore convergence and divergence of ethical consumption values through a study of organic, FT, and local food | 903 consumers (U.S.) | CSO | <u>Attitudinal variables</u> (environmental, social, political and importance of origin) | Efforts to buy organically grown / FT / locally grown food |
| | | | Other variables | <u>Demographic characteristics</u> | |
| Benson and Connell (2014) | To expand the knowledge base of Baby Boomers' attitudes, behaviours and perceived barriers related to FT purchasing | 168 consumers (U.S.) | Other variables | <u>Attitude towards FT</u> <u>Barriers to FT purchasing</u> | FT purchasing behaviours |
| Yang et al. (2014) | To investigate Chinese consumers' willingness-to-pay for FT coffee given different amount of product information | 564 consumers (China) | CSO | <u>Social and environmental concerns</u> | Willingness to pay for FT coffee |
| | | | Other variables | <u>Demographic characteristics</u> <u>Consumption characteristics</u> | |

Source: Compiled by the authors.

Table 2. Measurement scales

| Latent factors | Items |
|-----------------------------|--|
| Consumer social orientation | <p><u>Ethical values:</u> <u>CON1</u>) Consumers should be forced to pay higher prices for products that are not socially responsible; <u>CON2</u>) There should be an international law forcing all companies to pay fair wages to employees; <u>CON3</u>) I would be willing to sign a collective petition in favour of a social or environmental cause; <u>CON4</u>) Consumers should urge their friends to not use products that pollute or damage the environment; <u>CON5</u>) I get angry when I think of the damage that pollution is doing to the environment</p> <p><u>Socially responsible behaviour:</u> <u>CON6</u>) I recycle different types of materials daily (e.g., paper, batteries, glass); <u>CON7</u>) I implement measures to reduce energy consumption daily; <u>CON8</u>) I implement measures to reduce water consumption daily; <u>CON9</u>) I implement measures to reduce environmental pollution daily (e.g., I do not use sprays, I ride a bicycle or use public transport)</p> |
| NPOs | <p><u>Trust:</u> <u>NPO1</u>) This organization gives me confidence; <u>NPO2</u>) This organization acts honestly; <u>NPO3</u>) This organization is reliable</p> <p><u>Expertise:</u> <u>NPO4</u>) This organization is extensively experienced; <u>NPO5</u>) This organization is managed in a professional manner; <u>NPO6</u>) This organization has skills that make it good in its field</p> |
| FT products | <p><u>Quality:</u> <u>PRO1</u>) Fairtrade products are tasty; <u>PRO2</u>) Fairtrade products are healthy; <u>PRO3</u>) Fairtrade products have a high quality</p> <p><u>Price:</u> <u>PRO4</u>) Fairtrade products have a good quality/price ratio; <u>PRO5</u>) Fairtrade products offer the best value for money</p> <p><u>Convenience:</u> <u>PRO6</u>) Fairtrade products are easily available on the market; <u>PRO7</u>) Buying fairtrade products does not require an effort for me</p> |
| FT brand | <p><u>Distinctiveness:</u> <u>BRA1</u>) The fairtrade brand is different from other brands in the market; <u>BRA2</u>) The fairtrade brand is very different from other “conventional” brands; <u>BRA3</u>) The fairtrade brand stands out from other competing brands</p> <p><u>Prestige:</u> <u>BRA4</u>) People around me have a positive image of the fairtrade brand; <u>BRA5</u>) Overall, the fairtrade brand has a good reputation; <u>BRA6</u>) The fairtrade brand is of high value</p> <p><u>Attractiveness:</u> <u>BRA7</u>) I like what the fairtrade brand represents; <u>BRA8</u>) I like the values that the fairtrade brand embodies; <u>BRA9</u>) The fairtrade brand is attractive</p> |
| Buying intentions | <p><u>BUY1</u>) I have the intention to buy fairtrade products in the future; <u>BUY2</u>) It is likely that I will buy fairtrade products in the future; <u>BUY3</u>) Next time I buy a product, I will buy a fairtrade product (if it is available in that category of products)</p> |

Table 3. First-order confirmatory factor analysis for consumer social orientation

| Latent factors | Mean | s.d. | Items | λ^* | R ² | Cronbach α | AVE |
|---------------------------------------|------|------|-----------------------|-------------|----------------|---------------------------------------|------|
| Ethical values | 6.89 | 1.77 | CON1 | 0.57 | 0.32 | 0.85 | 0.53 |
| | | | CON2 | 0.77 | 0.59 | | |
| | | | CON3 | 0.88 | 0.78 | | |
| | | | CON4 | 0.69 | 0.48 | | |
| | | | CON5 | 0.68 | 0.46 | | |
| Socially responsible behaviour | 6.92 | 1.97 | CON6 | 0.76 | 0.58 | 0.91 | 0.77 |
| | | | CON7 | 0.94 | 0.89 | | |
| | | | CON8 | 0.92 | 0.85 | | |
| | | | CON9 | 0.72 | 0.52 | | |
| Discriminant validity** | | | | | | | |
| | | | Ethical values | | | Socially responsible behaviour | |
| Ethical values | | | | - | | 0.59 (0.06) | |
| Socially responsible behaviour | | | | [0.47-0.70] | | | - |

* $p < 0.05$; Goodness of fit: NFI=0.96; NNFI=0.97; CFI=0.98; IFI=0.98; RMSEA=0.06

** The figures over the diagonal indicate the correlation (and error) between pairs of latent factors. The figures below the diagonal represent confidence intervals.

Table 4. First-order confirmatory factor analysis for FT products

| Latent factors | Mean | s.d. | Items | λ^* | R ² | Cronbach α | AVE |
|--------------------------------|----------------|-------------|-------|--------------|----------------|--------------------|--------|
| Quality | 5.78 | 1.66 | PRO1 | 0.91 | 0.83 | 0.93 | 0.0.82 |
| | | | PRO2 | 0.86 | 0.74 | | |
| | | | PRO3 | 0.95 | 0.90 | | |
| Price | 6.26 | 1.95 | PRO4 | 0.92 | 0.85 | 0.93 | 0.87 |
| | | | PRO5 | 0.95 | 0.91 | | |
| Convenience | 4.20 | 1.76 | PRO6 | 0.65 | 0.42 | 0.71 | 0.54 |
| | | | PRO7 | 0.68 | 0.46 | | |
| Discriminant validity** | | | | | | | |
| | Quality | | | Price | | Convenience | |
| Quality | | - | | 0.77 (0.05) | | 0.61 (0.07) | |
| Price | | [0.67-0.87] | | - | | 0.74 (0.06) | |
| Convenience | | [0.47-0.75] | | [0.63-0.86] | | - | |

* p<0.05; Goodness of fit: NFI=0.97; NNFI=0.96; CFI=0.98; IFI=0.98; RMSEA=0.07

** The figures over the diagonal indicate the correlation (and error) between pairs of latent factors. The figures below the diagonal represent confidence intervals.

Table 5. First-order confirmatory factor analysis for FT brand

| Latent factors | Mean | s.d. | Items | λ^* | R ² | Cronbach α | AVE |
|--------------------------------|------------------------|------|-----------------|-------------|-----------------------|-------------------|------|
| Distinctiveness | 5.70 | 1.79 | BRA1 | 0.81 | 0.65 | 0.85 | 0.65 |
| | | | BRA2 | 0.81 | 0.65 | | |
| | | | BRA3 | 0.80 | 0.63 | | |
| Prestige | 6.04 | 1.61 | BRA4 | 0.62 | 0.39 | 0.82 | 0.61 |
| | | | BRA5 | 0.80 | 0.65 | | |
| | | | BRA6 | 0.89 | 0.80 | | |
| Attractiveness | 6.81 | 1.88 | BRA7 | 0.80 | 0.64 | 0.89 | 0.72 |
| | | | BRA8 | 0.81 | 0.66 | | |
| | | | BRA9 | 0.93 | 0.86 | | |
| Discriminant validity** | | | | | | | |
| | Distinctiveness | | Prestige | | Attractiveness | | |
| Distinctiveness | - | | 0.74 (0.05) | | 0.61 (0.07) | | |
| Prestige | [0.65-0.83] | | - | | 0.74 (0.05) | | |
| Attractiveness | [0.48-0.74] | | [0.64-0.85] | | - | | |

* $p < 0.05$; Goodness of fit: NFI=0.94; NNFI=0.94; CFI=0.96; IFI=0.96; RMSEA=0.07

** The figures over the diagonal indicate the correlation (and error) between pairs of latent factors. The figures below the diagonal represent confidence intervals.

Table 6. First-order confirmatory factor analysis for NPOs

| Latent factors | Mean | s.d. | Items | λ^* | R ² | Cronbach α | AVE |
|--------------------------------|------|------|--------------|-------------|----------------|-------------------|------------------|
| Trust | 6.75 | 1.75 | NPO1 | 0.90 | 0.80 | 0.96 | 0.88 |
| | | | NPO2 | 0.96 | 0.92 | | |
| | | | NPO3 | 0.96 | 0.92 | | |
| Expertise | 7.12 | 1.35 | NPO4 | 0.84 | 0.71 | 0.86 | 0.68 |
| | | | NPO5 | 0.65 | 0.43 | | |
| | | | NPO6 | 0.96 | 0.91 | | |
| Discriminant validity** | | | | | | | |
| | | | Trust | | | | Expertise |
| Trust | | | | - | | | 0.89 (0.04) |
| Expertise | | | | [0.78-1.00] | | | - |

* p<0.05; Goodness of fit: NFI=1.00; NNFI=1.00; CFI=1.00; IFI=1.00; RMSEA=1.00

** The figures over the diagonal indicate the correlation (and error) between pairs of latent factors. The figures below the diagonal represent confidence intervals.

Table 7. First-order confirmatory factor analysis of the causal model

| Latent factors | Mean | s.d. | Items | λ^* | R ² | Cronbach α | AVE |
|--------------------------------|-----------------|-------------|--------------------|-----------------|----------------|-------------------|------|
| Consumer social orientation | 6.91 | 1.65 | Values | 0.71 | 0.50 | 0.72 | 0.56 |
| | | | Behaviour | 0.79 | 0.62 | | |
| NPOs | 6.94 | 1.48 | NPO1 | 0.90 | 0.81 | 0.94 | 0.72 |
| | | | NPO2 | 0.95 | 0.91 | | |
| | | | NPO3 | 0.95 | 0.90 | | |
| | | | NPO4 | 0.78 | 0.61 | | |
| | | | NPO5 | 0.59 | 0.34 | | |
| | | | NPO6 | 0.87 | 0.76 | | |
| FT products | 5.76 | 1.67 | Quality | 0.85 | 0.73 | 0.82 | 0.60 |
| | | | Price | 0.83 | 0.70 | | |
| | | | Convenience | 0.61 | 0.38 | | |
| FT brand | 6.18 | 1.49 | Distinctive | 0.60 | 0.36 | 0.76 | 0.52 |
| | | | Prestige | 0.68 | 0.47 | | |
| | | | Attractive | 0.85 | 0.73 | | |
| Buying intentions | 5.80 | 2.29 | BUY1 | 0.97 | 0.94 | 0.93 | 0.82 |
| | | | BUY2 | 0.94 | 0.88 | | |
| | | | BUY3 | 0.81 | 0.66 | | |
| Discriminant validity** | | | | | | | |
| | Consumer | NPOs | FT products | FT brand | Buying | | |
| Consumer | - | 0.56 (0.06) | 0.79 (0.05) | 0.87 (0.05) | 0.75 (0.06) | | |
| NPOs | [0.43-0.69] | - | 0.63 (0.05) | 0.62 (0.05) | 0.56 (0.06) | | |
| FT products | [0.70-0.88] | [0.52-0.73] | - | 0.81 (0.04) | 0.78 (0.03) | | |
| FT brand | [0.77-0.97] | [0.52-0.73] | [0.73-0.88] | - | 0.64 (0.05) | | |
| Buying | [0.64-0.87] | [0.45-0.67] | [0.71-0.85] | [0.54-0.74] | - | | |

* p<0.05; Goodness of fit: NFI=0.92; NNFI=0.95; CFI=0.96; IFI=0.96; RMSEA=0.06

** The figures over the diagonal indicate the correlation (and error) between pairs of latent factors. The figures below the diagonal represent confidence intervals.

Table 8. Total effects of each latent variable on consumer buying intentions of fairtrade products

| | Direct | Indirect | Total effect |
|--------------------|---------------|--|---------------------|
| Consumer | 0.40 | | 0.84 |
| NPOs | | $0.08 = 0.55*n.s.+0.55*0.18*n.s.+0.55*0.25*0.55+0.55*0.25*0.36*n.s.$ | |
| FT products | | $0.36 = 0.66*0.55+0.66*0.36*n.s.$ | |
| FT brand | | $n.s. = 0.44*n.s.$ | |
| NPOs | n.s. | | 0.14 |
| FT products | | $0.14 = 0.25*0.55+0.25*0.36*n.s.$ | |
| FT brand | | $n.s. = 0.18*n.s.$ | |
| FT products | 0.55 | | 0.55 |
| FT brand | | $n.s. = 0.55*0.36*n.s$ | |
| FT brand | n.s. | - | n.s. |

Figure 1. Conceptual model

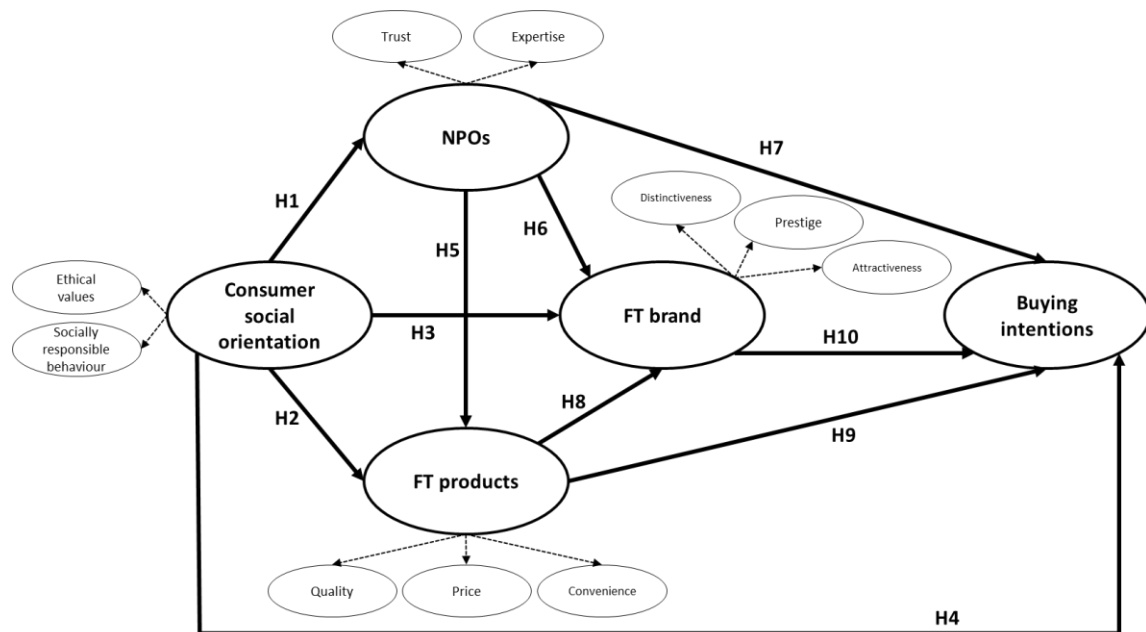
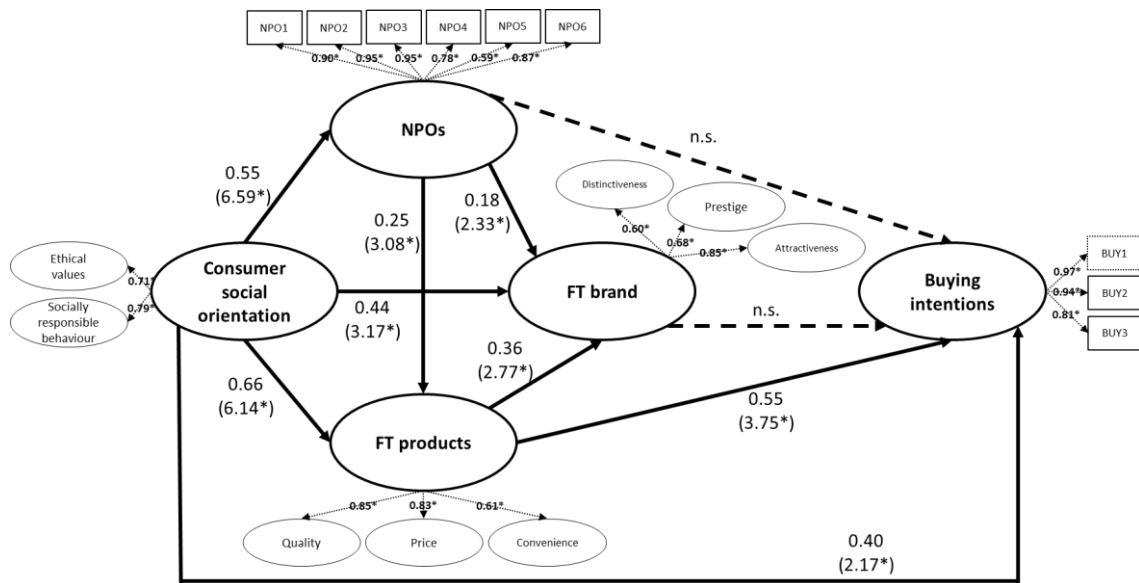


Figure 2. Findings



* p<0.05; Goodness of fit: NFI=0.92; NNFI=0.95; CFI=0.96; IFI=0.96; RMSEA=0.06