Fairtrade and its Application in the academic Sphere; the Case of the University of South Bohemia, Faculty of Economics

Jan Šalamoun, Hana Volfová

Abstract: Fair trade is a concept of social responsibility, which helps more than seven million people in Africa, Asia and Latin America to work and live in decent conditions. The University of South Bohemia, Faculty of Economics, engaged itself in support of the concept in 2010 and gained the status of being a “fairtrade faculty” in 2013. This paper is a part of research activities in this field - the main goal is focused on assessing consumers’ views on fair trade coffee, and on defining the preliminary input data to be able to profile the typical fair trade coffee consumer at the University of South Bohemia, as one of the long-term fairtrade activities.

Key words: Consumer · Fairtrade · coffee · marketing research · sustainable development

JEL Classification: M31

1 Introduction

Strážný Fairtrade is a sustainable approach to welfare; a counterpart to conventional economics and trade. It is based on some kind of partnership between producers and customers. Producers, involved in the fairtrade system, are able to gain better conditions in negotiation with trade partners and employers, e.g. higher purchase prices, better working environment, education opportunities for them and their children – simply, a better future.

Fairtrade, offers for consumers (customers), an efficient way for how to contribute to poverty reduction and how to be responsible for our planet, as well as the international Fairtrade® trademark guaranteeing them the highest social, economic and environmental standards of consumable products (Fairtrade Labelling Organizations International, 2011). Thanks to this, Fair trade is the world's best known and most widely used concept of social responsibility. The relationship between business partners is based on mutual communication, respect and transparency, which allow producers to improve their living and working conditions (FLO-CERT, 2011). Therefore, fair trade is mainly associated with the increasing independence of national economies or the continuous growth in exports – a globalization phenomenon of our time.

The cause of globalization is not completely clear. But we can state this; before, more than fifty years ago, after World War II, resources were extremely depleted and the connection between countries and economies had to be, fundamentally, strengthened to ensure, at least, a dignified life for people. Naturally, this process has been led by countries, which were less destroyed by the effects of war (Hoogvelt, 2001).

Trends of globalization were changing over the 21st century, but the original benefits remain – a help. Therefore, fair trade contributes to sustainable development by offering better life conditions to the producers and workers in developing countries (DeCarlo, 2011).

Official fair trade organizations support the social concept by raising awareness between consumers, entrepreneurs and producers to modify the rules of conventional international trade. The idea is to unite small farmers and producers under one umbrella organization (trademark) to gain a better bargaining position in negotiation with large transnational vendors and companies (Hunt, 2013).

All producers and farmers have to be certified by an independent organization FLO-CERT (Fair Trade Labelling Organization), which assists them in the process and helps them to keep international fair trade standards (Nicholls, 2005). The certification, itself, is not the final part of the process – FLO CERT also audits and supervises all members and partners continuously (Oosterveer & Sonnenfeld, 2012). The fair trade philosophy is communicated by Fairtrade® trademark, which provides a guarantee of quality and sustainability for the particular product.

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Environmental aspects, certification and social policy initiatives are, of course, important for economic sustainability; however, they are mainly based on current consumption patterns (Peattie, 2010). This concept of “green” consumption is, therefore, quite natural and has recently emerged as one of the key elements of sustainable development and, also, has been discussed widely in academic debates. In response to that, some schools and universities started to support different social responsibility concepts and tried to change the views of their students to the conventional terms of trade.

2 Methods

This paper reflects the situation of the development of social responsibility in the academic sphere. The Faculty of Economics, (University of South Bohemia) was the first Fairtrade faculty in the Czech Republic, so the main goal of this paper is to assess consumers’ views on fair trade coffee after serving it for one day in Café AK (local café for students, employees and public) and to define the preliminary input data to be able to profile the typical fair trade coffee consumer at the University.

Therefore, marketing research, important for planning further fair trade activities at the University, was conducted in June 2014. The research itself was, primarily, focused on opportunities to offer daily some fair trade coffee in the Café AK. The results were evaluated from two points of view – analysis of frequencies yielded results for the primary goal of the research itself and the crosstabs analysis led to the obtaining of basic data about local fair trade coffee consumers.

The research was based on quantitative methods, using a questionnaire. The investigation could be characterized as a census procedure, so the sample could be considered as valid and reliable. Anyone, who ordered a coffee (there was just fair trade coffee in the offer for that day) in AK Café, on 2nd June, was asked to fill in a questionnaire. Respondents answered the questions without the presence of an interviewer. The returnability of questionnaires reached 95%; more precisely 108 of 113 questionnaires were completed. Two questionnaires did not meet the requirements of the research and were excluded. Coding and evaluation was carried out on 106 fully acceptable questionnaires, by using the statistical tool PSPP and the analytical tool Microsoft Excel.

The questionnaire itself contained 4 questions focused on finding out consumers’ opinions towards fair trade coffee and 2 questions on socio-demographic characteristics (sex, job). This method, of short questionnaire, was based on the Brand Value Creator method, which is usually used for measuring brand equity, but the concept of a limited amount of accurate questions was suitable, also, for this purpose. Furthermore, thanks to this method, the return-ability was very high. The composition of the sample was based on the inclusion of the usual visitors of Café AK; overall 106 respondents – 60 men and 66 women (74 students, 32 employees).

3 Research results

First of all, we have to evaluate the frequencies of respondents’ answers. It is important, for this paper, to know if consumers are familiar with the fair trade concept. The first question was, therefore, focused on fair trade knowledge and, especially, on where the respondents gained that knowledge.

Figure 1 Where did you first meet the concept of fair trade? (N = 106)

![Chart showing frequency of answers to the question: Where did you first meet the concept of fair trade?](source: Own processing)

The Faculty of Economics is a Fairtrade faculty, but some fair trade activities have been developed, also, by other faculties of the University. This is reflected, also, in the results of the research – all respondents were familiar
with the concept and their first encounters with fair trade were realized in connection with their university activities (study, work or free time at the University).

The reason, possibly, could be seen in the increased marketing communication (permanent exhibitions in university buildings, as well as in the Café AK), that raises awareness of fair trade amongst university students and employees.

For the main goal of the research, it was, also, important to gain some general data about the common consumption of coffee. The respondents were asked about their preferences.

**Figure 2** What kind of coffee do you prefer? (N = 127, multiple answers)

Visitors of Café AK are comfortable, especially with coffee mixtures, which contain a high amount of Robusta coffee beans and a small amount of Arabica coffee beans. These mixtures are slightly less sour than 100% Arabica coffee. The research confirmed, also, the popularity of instant coffee, even though the sales of instant coffee annually are declining. This result could, also, be affected by the popularity of instant coffee within the segment of young people (Retailinfo, 2012). Almost 10% of respondents prefer fair trade coffee as a first choice, so that’s a good result for the social responsibility concepts.

The following question showed consumers’ satisfaction with the fair trade coffee on offer. This particular coffee was served only for a limited time (a day) with no possibility of substitution for non-fair trade coffee.

The characteristics of the fair trade coffee sample on offer was as follows – Guatemala Duro, 100% of Arabica coffee beans, country of origin Guatemala, roasted in Czech Republic, according to fair trade standards.

**Figure 3** State the rating of consumed fair trade coffee? (N = 106, scale 1; lowest rating – 5; highest rating)

Source: Own processing
It is obvious, that this Guatemala Duro fair trade coffee has been received unsuccessfully by consumers. Just less than 10% of respondents considered this coffee as very tasty and awarded it with the highest rating. On the other hand, more than 73% of answers were negative or neutral.

The question is why? What is the cause of consumer’s dissatisfaction? We have discussed this using crosstabs analysis. The initial assumption was that the cause of dissatisfaction could be seen in the choice of coffee (100% Arabica). Most of the respondents prefer coffee mixtures (almost 50% of them); therefore, they could consider Arabica coffee as being too sour.

Table 1
Consumers’ satisfaction with Guatemala Duro fair trade coffee according to their preferences

<table>
<thead>
<tr>
<th>Category</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee mixtures (small % of Arabica, high % of Robusta)</td>
<td>43%</td>
<td>27%</td>
<td>13%</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>BIO coffee</td>
<td>13%</td>
<td>25%</td>
<td>63%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Fair trade coffee</td>
<td>8%</td>
<td>8%</td>
<td>17%</td>
<td>42%</td>
<td>25%</td>
</tr>
<tr>
<td>Instant coffee</td>
<td>25%</td>
<td>13%</td>
<td>22%</td>
<td>28%</td>
<td>13%</td>
</tr>
<tr>
<td>Decaffeinated</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>100% of Arabica</td>
<td>38%</td>
<td>15%</td>
<td>23%</td>
<td>8%</td>
<td>15%</td>
</tr>
</tbody>
</table>

This assumption was partially verified. Almost one half of consumers who prefer coffee mixtures, were disappointed with the fair trade coffee – the high amount of Arabica coffee beans could be seen as one of the causes. Very dissatisfied, were, also, decaffeinated coffee consumers – fair trade coffee is very strong in taste; these two categories are therefore incomparable.

On the contrary, we can see that fair trade coffee consumers are used to the strong taste of coffee. Their evaluation of the Guatemala Duro was the best amongst other categories. Interesting, is, also, the distribution of ratings in the category of pure Arabica consumers. They inclined to be rather negative in their assessment, even though they prefer this sort of coffee.

The explanation could be seen in the different procedures of coffee processing, but verification would have to be supported by further research.

It is not a surprise, thanks to the previous assessment, that most of the respondents didn’t agree with the continuation of a daily offer of Guatemala Duro fair trade coffee in Café AK.

Figure 4 Do you agree with the continuous offer of this fair trade coffee in Café AK? (N = 106)

However, these results are not completely clear. More than 28% of respondents stated, that they are comfortable with the daily sale of this fair trade coffee and they were strongly in agreement with it. Therefore, it was necessary to assess the results using crosstabs analysis. The results were quite surprising.

We assumed that respondents, with strong preferences towards fair trade coffee, would agree with a daily offering, but we didn’t expect the agreement in the categories of instant coffee and decaffeinated, because their assessment of the coffee sample, itself, was not completely positive (in the case of decaffeinated completely negative). This means, it would be necessary to carry out further research to determine the cause of their agreement.
This marketing research was, especially, important for the management of the AK Café. According to negative responses leading from the research, they decided not to offer this particular fair trade coffee in the café. Thanks to this data, they had quick feedback, which led to the elimination of mistakes in forecasting and the, possible, dissatisfaction of consumers.

Table 2 Agreement of stable offer of fair trade coffee according to respondents’ preference

<table>
<thead>
<tr>
<th>Coffee Type</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee mixtures (small % of Arabica, high % of Robusta)</td>
<td>48%</td>
<td>25%</td>
<td>5%</td>
<td>22%</td>
</tr>
<tr>
<td>BIO coffee</td>
<td>13%</td>
<td>50%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Fair trade coffee</td>
<td>17%</td>
<td>8%</td>
<td>17%</td>
<td>58%</td>
</tr>
<tr>
<td>Instant coffee</td>
<td>22%</td>
<td>16%</td>
<td>16%</td>
<td>47%</td>
</tr>
<tr>
<td>Decaffeinated</td>
<td>50%</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>100% of Arabica</td>
<td>31%</td>
<td>15%</td>
<td>15%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: Own processing

From the point of view of fair trade activity planning, these results led to a little deceleration of fair trade consumption growth – a daily offer of fair-trade coffee would, clearly, strengthen the position of fair-trade at the university, but this data could be used also to assure the success of further attempts at introducing fair-trade coffee; particularly, in helping to choose the best and most preferred type of coffee for consumers to sample.

4 Conclusions

The results of the marketing research have shown that the Guatemala Duro fair trade coffee was not successful among potential consumers in Café AK. However, the research highlighted some interesting information that could be considered as primary input in the process of the profiling of a typical fair trade coffee consumer at the University of South Bohemia.

This data comes from crosstabs analysis, using the socio-demographic characteristics of respondents (sex, job). Results cannot be generalized – they only reflect the local situation.

First of all, we have to conclude, that differences between women and men in fair trade knowledge exists. Men met fair trade for the first time, usually, in Café AK, on the internet or at their work places. Whereas, women, also, participate at social events and theme-based discussions and, also, they know the fair trade concept from the media and their shopping activities.

Men prefer, mostly, coffee mixtures with a high amount of Robusta coffee beans, as well as instant coffee. They do not consume organic coffee or decaffeinated coffee at all; these products are the domain of women’s consumption. The slight dominance of women was also observed in the consumption of fair trade coffee; this was confirmed in the assessment of the tested fair trade coffee – 11, 27% of women (5, 71% of men) awarded the Guatemala Duro fair trade coffee with the highest rating.

Despite the higher assessment, neither women nor men agreed with the daily offering of this particular fair trade coffee in Café AK.

According to their job, both students and employees encountered fair trade for the first time, mostly, in Café AK. As expected, students often met the fair-trade concept in their studying process and employees at their workplaces. Employees of the University of South Bohemia gain information, also, from the media or theme-based discussions. Students, on the contrary, learn about fair-trade at social events.

Student respondents prefer instant coffee more than the employees of the University of South Bohemia. On the contrary, employees of the University prefer fair trade coffee more than the students. One interesting finding is, that the students, also, prefer organic coffee and they don’t consume decaffeinated coffee at all.

Overall, the tested fair trade coffee gained a better assessment by employees, despite the fact, that more students awarded the sample with the highest rating. Both categories of respondents, subsequently, decided not to recommend this fair trade coffee to be added into the daily offer at Café AK.

The results of this marketing research were relatively surprising, but very useful for planning the offerings at Café AK and for subsequent fair trade activities at the University of South Bohemia. We gained important information about visitors to Café AK and about their coffee consumption.

The basis for verification of some of the above mentioned assumptions was defined and this basis could serve as a primary input for further research in the field of fair trade coffee at the University of South Bohemia. The continu-
ous research will be focused on gaining data for complex profiling of coffee consumer at the University, including segmentation of groups of consumers according to their socio-demographic characteristic as well as their preferences in coffee consumption. Further research will be rather general than specific – we need to collect basic data of coffee consumption first.

The profile of coffee consumer itself will draw on information obtained through several methods of research – analysis of micro and macro environment, i.e. actual situation at the University including specific behaviour of students and employees during their coffee consumption; research (questionnaire) of actual satisfaction with coffee offer at the University and series of experiments with fair trade coffee.

Experiments were chosen due to the results of this marketing research. It turned out, that the preparatory phase is more important than the launch of fair trade coffee into the sale. Technically, the sale does not imply any problem; however the product selection was inappropriate. For the right choice of fair trade coffee will be better to work with smaller groups of respondents and to put emphasis on understanding not only their tastes, but also other factors, e.g. subconscious influence of marketing communication (Fairtrade mark, fair trade stories), comparison between common and fair trade coffee or influence of different sales techniques.

It is crucial to customize the offer due to the specific characteristic (e.g. smell and taste, story) of fair trade coffee to ensure the success of another sale launch of fair trade coffee. Activities of fair trade at the University are necessary to continuously develop and the fair trade coffee has a great potential to be successful in this environment. The profiling (and segmentation) should serve as one of important tools in a process of wider offering of fair trade (coffee) products at the University of South Bohemia. This marketing research contributes to the process with valuable information, which will serve as a basis for above mentioned further research.

Acknowledgement
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