

Consumer Activism: Reinforcing Moral Identity through Fair Trade Coffee

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PIERCE LOHMAN, MAY 24 2012

“Aristotle said, it is because bodies have color that we observe that some are a different color from others; different things differentiate themselves from what they have in common” (Bourdieu, 1987, p.258)

In 1986, in the attempt to discuss the topic of sociology of stratification, Bourdieu defended that consumption is interrelated to social status. The above quote helps to determine that, when purchasing a good, the consumer will make his/her choice not limited to the quality of a good, but on other factors as well. This way of thinking sets the tone and dynamic of this paper and thus addresses the question: Can a consumer activist reinforce his/her moral identity through consumption of fair trade coffee?

There is an academic debate over consumer activism and the challenges of ethical and moral choices. Mayet *al.* (2006) published a book discussing the role of Corporations towards social responsibility. It points out weaknesses of our era and analyses the dynamics between ethical and moral choices in relationship with a developing economy. Kozinets and Handelman (2004) focus their paper on the consumer activist's perspective. They attempt to expand consumer identity in such a way that consumer activism is based on religious roots due to the paradigm of moral identity.

This paper claims that the consumer activist can strengthen his/her moral identity by consuming fair trade goods (e.g. fair trade Coffee). In order to explain the relationship between consumer activists and fair trade, the paper focuses mainly on fair trade coffee by way of four distinctive parts followed by a conclusion. It begins with a review of consumer activism, its history and limitations followed by a brief history of fair trade and the evolution of coffee from simple product to branded fair trade choice. Section three focuses on the process of framing, marketing and branding fair trade coffee to appeal to consumer activists. The fourth and last part discusses limitations of the paper and provides a conclusion which includes a personal perspective on matters addressed.

Consumer activism

This section defines consumer activism and explores its influences and limitations. Consumer activism, also known as “ethical shopping, ethical purchase behavior, ethical consumption, political consumption, political consumerism, and critical consumerism” (Jacobsen and Dulsrud, 2007, p.470), generally relates to the choices a consumer makes in the market and whilst shopping. Such choices are influenced by ethical and/or moral factors when making the purchase involved. Among other things, the consumer activist intends to give the purchase an ethical and/or moral impact beyond the purchase involved (*ibid.*).

Tomlinson (1999) describes the idea that people have the sensation that distance, compared to in the past, has dramatically shrunk. This brought the opportunity and created room to develop “the idea of ‘stretching’ social relations across distance” (p.3). Consequently, the impact of one's decision shapes a much greater range of people and situations than previously. This can also be seen by the influence consumer activists have towards corporations. Tomlinson labelled this relationship between consumer activists and their environment, “global modernity” (*ibid.*). Thus, at a larger scale corporations can affect whole regions in any country given the right conditions.

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There are various theories as to why consumer activism exists and has evolved. One such theory is based on consumer's lack of trust in government's ability to address ethical or moral issues concerning trade. Consistent with this theory, Hertz (2001) reasons:

"During the same period that trust in political authority has been fading, membership of the grassroots movements has been on the rise – a rise due to individuals' inability to gain recognition in the public arena by conventional means, and the loss of faith in politicians' ability to champion their interests, or make any difference to their lot. They no longer believe that politicians can resist the force of non-elected organization they have lost faith in politicians' ability to put the people's interest first" (pp.113-114).

Klein (2000) argues a different theory: "Rather than improved human rights flowing from increased trade, 'governments ignore human rights in favor of perceived trade advantages'" (p.338). The implication of Klein's statement is that the private sector, through consumer activism, fills the gap in addressing human rights that have otherwise been ignored or intentionally not addressed by the public sector.

Thus, consumer activism is said to have evolved from the inability of the political process to effectively address ethical and moral business practices. In Hertz's seminal work, *The Silent Takeover, Global Capitalism and the Death of Democracy*, she advises:

"Increasingly the most effective way to be political is not to register one's demands and wants at the ballot box, where one's vote depends on the process of representation, but to do so at the supermarket where a dollar spent or withheld can, cumulatively, lead to the desired end...These forms of direct action are replacing rather than complementing conventional forms of political expression. All of the developed, democratic world, people are shopping rather than voting" (Hertz, 2001, p.114).

The analysis of public sector activism must take into consideration variations in legal and regulatory structures throughout the world. That being said, it is worthy to note that the European Union adheres to international treaties and domestic legislation which appear to encourage or protect consumer activism. For example treaties that contain provisions relating to ethical trade (Art. 34, 35, 36 and 39.1b of the TFEU) and personal freedoms which allow, if not encourage, consumer activism (Art. 19.1, 20.2d, 23 and 24 of the TFEU). On this basis, consumer activism seems to be in harmony with the European identity (to the extent that legislation and treaties represent identity through democratic processes).

Jacobsen and Dulsrud (2007) describe consumer activism as a means to "supplement and extend 'the arm of law'" (p.475). In other words, where governments fail to make impact, consumer activism extends 'the arm of law' in order to impact controversial trade or other practice. For example, consumer activists are credited for the removal of genetically modified foods from the shelves of Marks & Spencer in the United Kingdom in 1999. Other major food producers followed Marks & Spencer's lead thereafter. At the time, it was widely accepted that such decisions were a direct result of consumer activism; for example Ian Ferguson, Chairman of Birds Eye Walls, acknowledged: "[...] We have taken this decision in direct response to the wishes of a growing number of consumers in the UK [...]" (Hertz, 2001, p.111).

Hertz (2001) demonstrates that corporations must consider the potential negative impact that consumer activism (e.g. in the form of boycott) could have on the viability of their business. She claims 20% of world consumers are considered activists with as much as 40% in United States of America. She quotes an additional survey which found that three out of five consumers in Britain and as many as 75% of the consumers in the United States had already boycotted a product on the basis of ethical choice (pp.119-120).

This section defined consumer activism and its scope; the next section defines fair trade and demonstrates how it relates to consumer activism.

Fair Trade

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This section provides a definition and brief history of fair trade. It further tracks the evolution of coffee, as a “generic good” to that of a branded fair trade concept.

Consumer activism began with individual consumers. However, over the years international, regional and local organizations were created to promote, certify and monitor products in regards to fair trade. Four of such organizations, namely the FairTrade Labelling Organization, World Fair Trade Organization, NEWS! and European Fair Trade Association, agreed to define fair trade as follows:

“Fair Trade is a trading partnership, based on dialogue, transparency and respect that seek greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade” (European Fair Trade Association, 2006). [underline added]

There are diverse renditions on how fair trade began (e.g.: Fairtrade International, n.d.; European Fair Trade Association, 2006; and Oxfam, n.d.). By one account, fair trade began as a way of assisting women in third world countries who were in contact with missionaries. These women were heads of households and created handcrafts to generate income. The handcrafts were distributed through World Shops and sales “grew and grew” (European Fair Trade Association, 2006, November).

The case of Holland

The Netherlands has a relatively long history in fair trade. The European Fair Trade Association reports that in 1973 The Netherlands first imported “fairly traded” coffee sourced from cooperative farmers in Guatemala. From such origins, fair trade coffee became one of, if not the most successful fair trade product to date. As stated by the European Fair Trade Association:

“Fair coffee has become a concept. Meanwhile hundreds of thousands of coffee farmers have benefited from Fair Trade in coffee. And in Europe more and more consumers drink fair coffee. Right now between 25 to 50 % of turnover of Northern Fair Trade Organizations comes from this product” (*ibid.*)

On the heels of the success of fair trade coffee, other products, including tea, cocoa, sugar, wine, fruit juices, nuts, spices, rice, flowers and cotton were added to the arsenal of fair trade products distributed world-wide (*ibid.*) under the FairTrade© brand.

In 1988 the *Solidaridad*, Dutch Development Agency, launched the “Max Havelaar” brand label which, arguably, is one of the first uses of a fair trade brand label. Max Havelaar was a fictional Dutch character who opposed the exploitation of coffee pickers in the Dutch colonies. Arguably, this fictional character represented moral and ethical choices consistent with Consumer activism and Fair trade. Such branding of fair trade products was replicated in the 1980’s and 1990’s throughout Europe, North America and Japan under brand labels including Max Havelaar, Transfair, Fairtrade Mark, Rättvisemärkt and Reilu Kauppa (*ibid.*).

According to Rice (2000, p.47), when the Max Havelaar brand was introduced in 1988, it joined the fair trade community and thus focused on growers receiving a fair price for the coffee they produce.

In order to receive the fair trade coffee designation and the resulting premium (and other benefits) for their crop, growers must meet certain conditions such as: being small and dependent on family labour; organized and operated democratically; politically independent and without discrimination. The conditions to qualify for fair trade labelling increase costs for consumers but nevertheless, relate to ethical and moral objectives that are consistent with consumer activism all of which is discussed in more detail in the section below regarding marketing of fair trade coffee.

In lieu of conclusion to this section, it is important to recognize the apparent positive impact that branding fair trade

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coffee under the Max Havelaar name has had on the distribution of fair trade coffee. In short, it was an important step in transforming coffee from a generic good to a concept that relates to fair trade, moral and ethical choices.

Marketing framing and lifestyle

This section discusses how fair trade coffee has been strategically framed, marketed and branded to attract consumer activists.

Klein (2000) reports that marketing theory shifted emphasis over the last few decades from focusing on the product to that of focusing on the brand and its concept. She discusses the experience at Nike and Starbucks and quotes Mr. Bedbury, head of marketing at Starbucks (and former head of marketing for Nike) who explained:

“Nike, for example, is leveraging the deep emotional connection that people have with sports and fitness. With Starbucks, we see how coffee has woven itself into the fabric of people’s lives, and that’s our opportunity for emotional leverage. ... A great brand raises the bar – it adds a greater sense of purpose to the experience, whether it’s the challenge to do your best in sports and fitness or the affirmation that the cup of coffee you’re drinking really matters” (pp.20-21).

By coincidence or design, fair trade coffee became “branded” when the “Max Havelaar” brand product label was launched. As noted, the fictional character, Max Havelaar, represented moral and ethical choices consistent with consumer activism, fair trade and arguably served, in the words of Mr. Bedbury, as an “affirmation that the cup of coffee you’re drinking really matters” (*ibid.*).

Applying the above analysis to fair trade coffee, we find a product that lends itself nicely to brand and concept development. Now the designation, brand or label FairTrade© exists on products ranging from coffee to flowers where the product becomes second to the concept of moral, ethical and other values that the label or brand FairTrade© projects. In the case of coffee, it represents fair and sustainable trade practices that justify, among other things, the premium paid for the same. This leads to the question, what do consumers and/or consumer activists gain by purchasing (perhaps at a premium) fair trade or FairTrade© coffee?

If coffee can be considered amongst the “lowliest natural resources” Klein (2000), then: “There is, in fact, a new strain in marketing theory that holds that even the lowliest natural resources, barely processed, can develop brand identities, thus giving way to hefty premium-price markups” (p.25).

The Max Havelaar brand evolved into the FairTrade© label and thus a brand. Therefore, we distinguish between the “fair trade” designation, and “FairTrade©” the copyrighted proprietary label bestowed on those producers, wholesalers, retailers that meet the certifying requirements of the FairTrade© organization involved.

Bourdieu (1986) offers a perspective on why achieving a distinction may justify, for example, a consumer to pay a premium for an otherwise fungible product. For example, “[...] the fear of not living up to the innumerable duties entailed by the ‘liberated’ life-style, in the awareness of not possessing the dispositions needed to fulfil them, a new form of the sense of moral unworthiness [...]” (p.310). Thus, people join movements to avoid being left out. FairTrade© could be considered a movement which has, for example, been embraced by consumer activists on moral and/or ethical grounds. Consumer activists are said to be generally from the affluent class and thus have the option to vote by purchasing power.

Klein states that lifestyle sold by brands have become social statements. As such, the FairTrade© brand represents a lifestyle that appeals to consumer activists and those that realize they must participate, and not rely on government, in considering ethics and morals when making market and shopping choices

Discussion

Thus far, the paper has explained three areas. The first being consumer activism, its impact and influence and

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limitation. Secondly, fair trade as a means to satisfy the ethical and moral choices as demonstrated above. The third area described how fair trade transitioned into the FairTrade© brand. Hertz (2001) and Jacobson and Dulsrud (2007) assisted in demonstrating the dynamics of consumer activism. Klein and Bourdieu's work were key components in developing the process of branding (ethical, social or other choices) and lifestyle.

In conclusion, when a consumer purchases a FairTrade© branded item, he/she sends two messages. The first is that he/she made an ethical and moral choice to support businesses that demonstrate fairness, sustainability, and more. The second message is that he/she has the luxury to make such choice.

Corporations have taken steps to harmonize policies with consumer activists desires through collaborations with various NGOs (May *et al.*, 2006). As discussed, the FairTrade© label is an example of such an attempt to link products with the ideals of the consumer activist and, arguably the European identity to a certain extent, which emerges from social justice (i.e. TFEU, 2010).

The debate around the emergence of consumer activism from religious beliefs raised by Kozinets and Handelman (2004) may still go on amongst some. Possibly, as Hertz (2001) explains, there is such a link with Church movements (p.116). Nonetheless, one could argue that consumer activist's identity is closer to the European identity on the basis of the ethical and moral choices rooted in social justice rather than the religious beliefs of the person involved. The European Union's Treaty and its articles (especially Art. 19.1, 20.2d, 23 and 24 of the TFEU) are positive examples of the European identity paradigm (TFEU, 2010).

There may be a risk of exposure to underlying unfair trade practice dynamics that Hertz (2001) outlines, as follows:

"Increasingly, the cost advantages of cheaper labor or cheaper inputs from suppliers dismissive of human rights, or actuarial calculations of the risks of retroactive environmental rulings, must be weighed against the damage from negative publicity, the cost of poor public relations, and the possibility of consumer protest" (pp.127-128).

It is possibly only a matter of time before the brand FairTrade© finds itself against (rather than with) consumer activism. Maseland and De Vaal (2002) have highlighted flaws in the paper researching the fairness of the concept of fair trade: "[...] fair trade sometimes has effects that actually consist of a deterioration according to its own criterion of consequence fairness [...]" (p.269). Certain scholars argue that there are limits to consumer activism as a result of various factors, including, "mundane consumption", (Jacobson and Dulsrud, 2007, p.478), financial and moral constraints. For example, Jacobson and Dulsrud (2007) explain:

"On the consumer side, we noticed that there are everyday mechanisms serving to hamper the development of widespread political consumerism. First of all, the bulk of mundane consumption is normally outside the area for reflective choice. Moreover, the complexities of everyday life demand negotiations between conflicting moral and ethical considerations. Ethical concerns for distant causes often lose out against the moral obligation to care for the close ones through sound family budgeting. These mechanisms seriously delimit the market for ethical products" (*ibid.*).

Thus, according to the Authors, consumer activism can be less present in "mundane consumption" "outside the realm of reflective choice" and where conflict arises between the moral obligation of feeding ones family versus the ethical obligation of supporting consumer activism (*ibid.*)^[1]

Hertz (2001) further examines financial (and social class) barriers to consumer activism which may not be present in the regular national voting process, by acknowledging that:

"Rather than empowering all, consumer and shareholder activism empowers those with greater purchasing power and those with an ability to change their patterns of consumption with relative ease. It is a form of protest that favors the middle-class – an expression of the dissatisfactions of the bourgeoisie. For the poor and socially excluded, those excluded from a wider range of goods and services by their low incomes and poor credit ratings, this form of protest is rarely an option" (p.153).

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Finally, returning to the Netherlands for a moment, it is perhaps not a coincidence that fair trade derives from Holland. For it may constitute an example of why European culture and identity may have sparked or embraced consumer perspectives and ethical trading. The Netherlands (with other European countries) were, according to Hofstede (2001), very egalitarian in the respect that people perceive relatively small power distances. The fair trade and consumer activism can be seen as ways to exercise and enact this fundamental cultural assumption.

One limitation that needs to be taken into consideration lies in the risk of generalizing and labelling all consumer activists or brand based corporations. Sen (2006) expands on the risk of refusing to see the reality of specific social groups besides what common sense labels them. As he says:

“Charged attribution can incorporate two distinct but interrelated distortion: misdescription of people belonging to a targeted category, and an insistence that the misdescribed characteristics are only relevant features of targeted person’s identity” (p.7).

Conclusion

The claim of the paper is that the consumer activist reinforces his/her moral identity through the purchase of fair trade goods, in particular, fair trade coffee. In the section describing consumer activism, the paper reviewed the scope and limitations of consumer activism. As long as it is a privilege to be a consumer activist, (as it is in the European Union (TFEU, 2010)), the ethical and moral choices taken when purchasing fair trade goods will have a lasting, positive effect on the world market (Klein, 2007, Jacobsen, & Dulsrud, 2007). Moreover, such identity can also be perceived as a social statement as Bourdieu (1986) developed. Prior to the success of the label FairTrade©, the concept and brand of fair trade expanded fruitfully, especially in the developed world. This was so, in part, because it addressed the ethical and moral choices that consumers desired to make.

This paper highlights the evolution in marketing strategy and the important role that branding has today. It is by marketing via branding and use of conventional wisdom to target a specific demographic segment that the marketing messages aim to change consumer’s focus from the product to the concept and thereby reinforce their moral identity. In order to satisfy the moral identity of consumer activists (which flourished in the EU), FairTrade© label emerged by claiming to uphold the concept of fair trade. The label does not guarantee a premium quality, but a premium benefit throughout the production chain, which reinforces the moral identity of the consumer.

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[1] However, it is possible to frame market and brand an otherwise fungible commodity, such as coffee, in order to remove it from the list of “mundane consumption” in order to attract the support of Consumer activists (as discussed further below).

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