

WHO CARES ABOUT A FAIR TRADE LABEL? ON THE IMPACT OF CONSUMER ATTITUDES ON BRAND RELEVANCE OF FAIR TRADE PRODUCTS

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ABSTRACT

Today, Fair Trade issues are to an increasing degree placed on consumers' agenda. Buying Fair Trade products, customers can express their feelings of responsibility toward society as well as their appreciation of socially and often ecologically responsible firms and products. Consequently, companies switch to Fair Trade products, and thus, address customers' shift in values. Further, they indicate the environmentally and socially responsible production and delivery of goods and services using brands and labels, such as the Fair Trade label, and thus, differentiate from competitors. Against this background, the question arises to what extent such a label has an impact on consumers' buying decisions, i.e. how relevant the label really is? This question seems particularly important with regard to the already existing and still increasing number of social, bio-, and eco-brands and labels. Further, considering the amount of money companies have to invest in order to switch to environmentally and socially responsible procurement and production processes, and thus, to obtain the Fair Trade label, the question of brand relevance gains substance not only from a consumer's but also from a managerial perspective. Although academicians agree that brands are not equally relevant to buying decisions in every market there is no common definition of the term brand relevance and opinion about the dimensionality of the construct. Literature review reveals that the number of studies investigating brand relevance still remains limited.

We suggest a conceptualization of brand relevance based on three specific core brand functions: (i) information efficiency, (ii) risk reduction, and (iii) imaginary benefit. Further, in order to provide valuable contributions in terms of consumer profiling and brand management, we include consumer attitudes in our model and investigate their impact on perceived brand relevance in Fair Trade. Thereby, we distinguish between socio-political attitudes towards (i) developing countries and (ii) ethical consumer behavior as well as product-related attitudes towards (iii) products from foreign countries (consumer ethnocentrism) and (iv) products from developing countries (country-of-origin effect). We postulate that perceived brand relevance depends on both socio-political as well as product-related consumer attitudes.

Empirical studies started with expert interviews conducted with marketing professionals and academicians. After pretesting the questionnaire, we published a web survey and the link was e-mailed to students as well as administrative and academic staff of Freiberg University of Technology. We employed structural equation modeling for analyzing the model.

Results reveal that positive consumer attitudes towards developing countries positively influence risk reduction as well as imaginary benefit. Further, positive consumer attitudes towards ethical consumer behavior have a positive impact on information efficiency, risk reduction, and imaginary benefit. Moreover, results show that positive consumer attitudes towards products manufactured in developing countries positively influence information efficiency as well as risk reduction. Finally, results reveal a significant effect of positive consumer attitudes towards products from foreign countries on risk reduction.

In summary, our research contributes to a more detailed understanding of the phenomenon of brand relevance, in particular in a Fair Trade context. First, we provide an overview over core brand functions, which we understand as dimensions of brand relevance. Second, we explicate the impact of general socio-political as well as specific product-related consumer attitudes on perceived relevance of a Fair Trade label, and therefore, respect the importance of consumer attitudes within purchasing decisions. Third, one of the most interesting results is that socio-political and product-related attitudes have only a weak or no impact on imaginary benefit. Consequently, the additional benefit of brands of helping customers to create a desired image is less important for buyers of Fair Trade products.

References Available on Request.