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Ethical consumption from niche to mainstream – Discovering consumers' information need

Rosa Schleenbecker and Ulrich Hamm

Organic Agricultural Sciences, Department of Agricultural and Food Marketing
University of Kassel, Steinstr. 19, 37213 Witzenhausen, Germany
r.schleenbecker@uni-kassel.de

Annotation: Fair Trade-products gained increasing importance during the last 15 years and entered the mainstream market. Nowadays, they are no longer sold only by a few selected shops but supermarkets and discount shops also offer them. The entrance into a different market is accompanied by an adjustment to a different group of consumers, which necessitates the exploration of consumers' information needs regarding quantity and quality of Fair Trade-products. In this study, coffee as a popular Fair Trade-product was exemplary chosen in order to explore the task. As a survey method, an Information Display Matrix (IDM)-experiment was chosen in order to be able to trace the information acquisition behaviour and the final purchase decision. IDM experiments are suited to sequentially trace information search. The IDM was accompanied by a complementary questionnaire; both survey methods were conducted computer assisted. Results show that among the tested product attributes, product price, production methods, Fair Trade-label and the ethical attribute 'protection of children' were most important. Consumers are also willing to pay a higher price for a product which fulfills their requirements of a Fair Trade coffee. With regard to information acquisition behaviour, results show that consumers perform a rather extensive information search and apply strategic approaches, whereof attribute-based strategies are most popular.

Key words: ethical consumption, Fair Trade, information search behaviour, Information Display Matrix, IDM, organic

JEL classification: D12, M 31

1 Introduction

Not only recently, a growing trend towards the consumption of 'ethically' produced products can be observed. 'Ethical products' comprise a range of aspects, such as animal welfare, environmental protection or 'fair' trade conditions for both producers from industrial as well as from developing countries, whereof the present study focuses on Fair Trade-products from developing countries. Market shares of the latter products are growing in industrial countries, not least due to their increasing availability in supermarkets, and high sales growth could be attained within the last years (cp. BioVista 2012, Fairtrade International 2012, Hira and Ferrie 2006). More and more important food manufacturers such as Mars, Kraft, Nestlé and Starbucks resort to commodities from Fair Trade. Thus, one can conclude that Fair Trade-products are on the way from niche to mainstream markets (Raynolds 2006, Moore 2004), also since the share of Fair Trade-labelled¹ products which are marketed via worldshops is 7% of all Fair Trade-products only (Forum Fairer Handel 2010). However, it needs to be questioned whether Fair Trade-products are prepared for mainstream marketing, as doubted by Hira and Ferrie (2006). They explain that one of the major challenges for Fair Trade-products on their way to the general distribution is a lack of agreement on what Fair Trade

¹ Please note that not all Fair Trade-products are labelled. Especially in worldshops, products often do not carry a Fair Trade-label. Further, it should be noted that a governmental label does not exist as well.

comprises. One starting point to define what “fair trade really is” (Hira and Ferrie 2006: 107) is to elaborate what consumers ‘think it should be’.

At the same time, Fair Trade-products are characterised by their feature as ‘credence goods’, implying that consumers can not verify whether the product fulfills the advertised attributes (Dulleck and Kerschbamer 2006). Thus, trust into product attributes is essential. Trust builds up upon information. However, too extensive information can lead to consumers’ information overload which should be avoided. Consequently, it is again important to know customers’ information need. The central objective of the present survey is to identify, which ethical arguments are of particular interest to consumers, and how intensive consumers search for information on the additional ethical value of a product. The focus of this study is on information which is given on product packages. This means that the information uptake immediately prior to the purchasing action is examined. Furthermore, label importance for the purchase decision is examined. The results shall contribute to a target-group specific communication-strategy for Fair Trade-products. Fair Trade coffee as a well-known Fair Trade-product with a comparably high market share is used as an exemplary product in the present study.

The paper is structured as follows: Chapter 2 explains the applied methodology and the study design. Next, the results on both the information search extent and the preferred information are presented. Finally, conclusions are drawn.

2 Methodology

The data survey is based on the conduction of an Information-Display-Matrix (IDM) experiment which is supported by a written questionnaire. The IDM was embedded into the questionnaire; both were carried out computer assisted. A short introduction into the IDM methodology will be given first. The research design of this study is described next.

2.1 Information-Display-Matrix

The IDM is a quantitative research method which aims to explore the information search behaviour as well as the decision behaviour of consumers. The idea of the IDM is to offer participants various products including defined information on the products. The goal is that participants select one product they intend to buy. The IDM is designed as a matrix which consists of the different products and general product attributes in columns and rows respectively. The fields of the matrix contain specific information on the products. Participants can access the specific information by clicking on fields (see Figure 1 and 2) and access as much information as needed in order to make the purchase decision. As consumers’ information search is registered by the computer, the researcher can gain insights into the complete decision making process including the tracking of information search, the evaluation of alternatives and the purchase decision at the end. Thus, an analysis of amount, content and sequence of information search can be conducted.

Instead of direct inquiries, where a bias between actual and reported behaviour can occur (Jacoby et al. 1976; Jacoby et al. 1978), the IDM dynamically protocols the information uptake simultaneously to its course. If the IDM is conducted using a PC as it is common nowadays, the social desirability bias is minimized due to the reduced interviewer effect (Berekoven et al. 2006). Even though in this study, the IDM was conducted in a real shopping environment, it is an artificial situation which therefore implies the advantage of having controlled circumstances. Nevertheless, the IDM is criticized for its low correspondence to reality because the information is delivered in an abstract manner (Kroeber-Riel et al. 2009, Arch et al. 1978) where the information uptake takes place sequentially (Kroeber-Riel 2009,

Kuß 1987). This could be handled via not covering the matrix fields of the IDM. This approach would however lead the IDM ad absurdum, because it is its idea to document consumers' information search trace which would be made impossible if the complete information was visible. Further, in the real purchasing environment, information on several products are not simultaneously visible either. Since today's consumers are used to online shops and (online) product test reports which have a similar design and structure like the IDM, the critique of little correspondence to reality can be rejected to some extent. Further critique towards the method is the high amount of information participants have to deal with (Arch et al. 1978) which was in this study encountered via offering participants the possibility to mark interesting fields. Further, participants in a pre-test explained that they did not face problems with the quantity of information.

The IDM is suitable to apply on non-daily products, where a conscious and targeted information uptake is necessary (Schopphoven 1996, Kuß 1987). Usually, food purchase is characterized by limited information search, since purchases are habituated. Ethical products, and thus Fair Trade coffee, however are an exception. A study of Bezençon and Blili (2010) has shown that the higher the involvement in the Fair Trade purchase decision, the greater is the information search.

2.2 Research design

In this study, participants' task was to choose from nine different Fair Trade coffees, equipped with different ethical attributes representing the Fair Trade idea: protection of children (such as tackling the problem of child labour), producer income (such as a price which secures producers standard of living), trade relations (such as a guaranteed purchase of harvest) and social projects (such as the establishment of a health center), a Fair Trade-label, plus information on prices² and production method (organic or conventional). A 7x9-matrix was designed, see Figure 1. The products were equipped with information on attributes given in the rows. Information on ethical attributes varied in two manners, or the field contained no information. Further, different prices according to the quality of information given were designed. Four products were equipped with a faked label and five with the common Transfair-label. Regarding the production method, products were either organic or no information was given on the production method (=conventional). The combination of the different attribute specifications resulted in 18 different products which were designed based on considerations as regards content. The 18 different products were spread across two different 7x9-matrices. Consequently, two different groups of participants existed which were chosen randomly in each point of purchase category. Each set of products contained a product which only consisted of a Fair Trade-label declaration and a price. The attributes and products were ordered randomly in order to avoid distortions due to European reading habits from top left to bottom right. Participants were introduced into their task to decide for one of the coffees and buy it (supported by a monetary incentive): They were allowed to access as much information on the product as they wanted, in the order they preferred, by clicking on a field which opened subsequently and contained the specified attribute information (see Figure 2). Repeated field access was possible, too. Only one field at a time was accessible, and the fields needed to be closed before opening the next, but participants had the possibility to mark interesting attribute specifications. Finally, consumers placed their preferred product into the virtual shopping basket. Before the experiment started, participants were explained that their

² Prices range from 4.99 € till 6.49 € per 500g in supermarkets and organic food stores and per 250g in worldshops due to an approximately doubled price level of coffee.

purchase decision was binding. Also, they were informed that they receive the incentive of 5 € at the end of the survey.

Figure 1: IDM



Source: own depiction

Figure 2: Opened field



Source: own depiction

The questionnaire basically contained questions on consumers' motivations to purchase Fair Trade-products, on their information search behaviour, shopping behaviour and socio-demographics in order to be able to further describe participants.

The survey was conducted in five retail stores in Germany in 2011: Two conventional retail stores, two world stores and one organic food shop were involved. Prior to the survey, consumers answered a few screening questions: In order to participate, consumers needed to purchase Fair Trade-products at least occasionally. Totally, 389 consumers took part in the survey. Table 1 gives an overview on participants' socio-demographics.

Table 1: Sample description

		% of participants	AM	SD
Age (n=389)	18- 25	11,1	39,97	12,08
	25-34	31,6		
	35-44	16,7		
	45-54	25,7		
	55-64	13,1		
	65-75	1,8		
Gender (n=389)	Male	35,2		
	Female	64,8		
Education (n=389)	none	0,0		
	Certificate of Secondary Education	1,3		
	General Certificate of secondary education	10,3		
	University entrance diploma	27,5		
	University degree, Polytechnic degree	60,9		
Employment (n=389)	Yes	75,8		
	No	24,2		
Household size (n=389)	1	44,2	1,98	1,22
	2	33,2		
	3	10,0		
	4	7,7		
	5	3,1		
	6	1,3		
	7	0,3		
	8	0,3		
Net household income (N=389)	<600 €	10,8	1963,56*	1201,70*
	600 - 1200 €	21,9		
	1200 - <1800 €	13,6		
	1800 - <2400 €	16,7		
	2400 - <3000 €	8,5		
	3000 - <3600 €	11,3		
	3600 - <4200€	6,9		
	4200 - <4800€	4,1		
	>4800 €	5,1		
	Not specified	1,0		

*classified mean, highest income group excluded.

Source: own calculations

3 Results

Results are described in two parts: First, insights into the extent of information search and search strategies are given. Second, consumer preferences for attributes in Fair Trade-products are displayed.

3.1 Search behaviour and strategies

In order to measure the extent of information search, the time participants needed to make a purchase decision was measured, as well as the number of accessed fields and the size of the submatrix³.

In average, participants needed 4 min 43 sec in order to reach a purchase decision. In order to decide on a product, participants averagely accessed 51.45 fields out of an unlimited number of accessions, since fields could be accessed repeatedly. At the same, the SD is quiet high. The size of the submatrix is 55.36 in average of all participants. This corresponds to an average utilisation level of 88% of the total matrix (9 products and 7 attributes = 63 fields).

Table 2: Measures of search extent

Measure	AV	SD
Decision time (min)	04:43	02:40
Number of accessed fields	51.45	26.70
Size of submatrix	55.36	-

Source: own calculations

As shown above, participants averagely searched for information to a large extent. On the other hand, descriptive analysis has shown that there are few participants who hardly searched for information and many participants who opened almost all fields at least once. With the help of a regression analysis, the factors which led to differences in information search extent were tried to be explained. It was hypothesized that consumers who are more concerned with ethical products are searching for information more intensively (cp. Beatty/Smith 1987). Further, it was hypothesized that age, gender and education have effects on the intensity of information search. A regression model was calculated based on the above mentioned socio-demographic data, factors on the motivation to buy Fair Trade-products and variables regarding consumers' attitudes towards information search in ethical products. However, the regression model could not explain the variations in information search extent.

If bulky information needs to be processed, theory has shown that different search strategies are applied (e.g. Payne et al. 1978, Sauermann 2004, Ball 1997, Beatty and Smith 1987). If the strategy leads to ignoring part of the information, either consciously or unconsciously, heuristics are applied, in difference to decisions based on logic or statistics (rational decisions) (Gigerenz and Gassmeier 2011). The analysis of search strategies was performed visually with the help of a tool that visualises the fields that the participants opened. Participants' search strategies were basically assigned to the search patterns described by Ball (1997). The largest part of participants (63%) applied attribute-wise strategies, whereas about 20% of participants applied alternative-wise strategies. 18% of participants could not be assigned to any of those strategies, either because the search was random or because shifts in search pattern took place that could not be explained and did not seem to follow any rule. Totally, 16% of all participants mixed search patterns, which means that more than one search pattern was detectable. Interestingly, 70% of consumers mixed alternative-wise and attribute-

³The submatrix corresponds to the number of regarded attributes, multiplied with the number of regarded products which were at least accessed one time and serves as an indicator for participants' interest in the diversity of information offered in the IDM. A submatrix receives the value 9 if all attributes of a product were opened, but also if only 3 attributes, spread on 3 products were regarded.

wise search strategies. In 36% of all cases, purely (ignoring the mixed strategies) compensatory strategies were applied. Compensatory strategies comprise that trade-offs between attributes can be performed (Payne et al. 1993).

3.2 Attribute preferences

According to economic theory, information that is accessed first and more frequently is most decisive for the purchase decision. Analysis has shown that the two examinations did not come to the exactly same results on attribute preference. However, it can be stated that the Fair Trade-label, production method (organic or conventional), protection of children and product price are the four most important of the tested criteria when purchasing a Fair Trade-product. It is conspicuous that among those four attributes, only one is an ethical attribute.

Table 3: Most important attributes

Attribute	Number of total views (% of all clicks)	Number of first views (% of all first clicks)
Fair Trade-label	15,36%	24,94%
Production method	16,23%	21,08%
Protection of children	14,00%	16,20%
Product price	17,29%	11,05%
Social projects on-site	11,96%	11,05%
Trade relations	12,32%	9,25%
Producer income	12,84%	6,43%

Source: own calculations

The attributes which were most rarely not regarded at all were product price, production method and Fair Trade-label, which argues again for the importance of those attributes.

Taking a look at the single arguments, it is striking that within one attribute category, they were all almost equally often repeatedly accessed. A domination of any of the arguments could not be elaborated except for the price of 5.99 € whose accession accounts for half of the views in the attribute 'price'. A depiction of the first accessed attributes does not make sense, since the fields were closed and participants could not see which argument covers behind the closed field.

Totally, coffee A was bought most often (44.7%). Coffee A is a product alternative which informs the consumer about Fair Trade aspect in an unspecific manner. The product carries the Transfair-label and the German organic label as well. The price is 5.99 € per 500g⁴. Thereby, it is the second most expensive product and simultaneously above the 5 € incentive participants were informed about prior to the experiment. From this, it can be concluded that it is not the cheapest product which was bought most frequently, even though results have shown that price is an important attribute for the purchase decision. However, it should be mentioned that the overall price level of the products in the experiment was lower than real

⁴ 5.99€ per 250g in worldshops.

market prices at that time. As mentioned above, two groups with products which are congruent regarding the principle design of the products but with slight differences when it comes to the attributes in the matrices were formed. The analysis shows that both groups selected coffee A most often. The difference between coffee A in the two groups lies in the arguments, the principle design of the products is congruent. Therefore, it can be presumed that no clear preference structure for specific attributes is detectable since consumers seem to have a clear preference for one product regarding its general design; the specific attributes are not very relevant. Nevertheless, information on the product that goes beyond the label seems indeed to be important: The product which only carries a Transfair-label but does not offer any other information was purchased very rarely (3.1%), even though it has the lowest price of all products. However, it needs to be stated that the effect of the organic label which was not displayed here and the missing ethical attributes cannot be divided since the product misses both the organic label and ethical attributes. The product which does not carry an organic label was bought least often, independent of the price. 82% of participants selected a product with the organic logo. The two products which were bought most often carry a Fair Trade-label, but products with a faked logo were purchased by around 25% of consumers as well.

4 Conclusions

Results offer insights into consumers' information preference and the quantity of information they retrieve when purchasing Fair Trade coffee. Regarding information search extent, analysis showed that consumers tend to search for information on product packages quite intensively, even though the experiment took place in a real shopping environment. Thus, the first conclusion is that information on product packages is relevant to consumers. However, it needs to be recalled that not only ethical attributes were included into the survey, but in order to design the experiment realistic and to gain insight into their importance, price, production method and Fair Trade-label were integrated as well. In fact, analysis showed that price, organic certification and Fair Trade-label are important information. Due to the high importance of the organic attribute, combined with a positive willingness to pay, marketers should further integrate the organic quality into Fair Trade products. Amongst the most important attributes, there is only one ethical attribute, protection of children. On the other hand, the product which was equipped with no ethical attributes was purchased very rarely, even though it was the cheapest one. This could refer to an importance of further description of Fair Trade characteristics. However, this product was also not endowed with an organic logo. Consequently, the fact that this product was rarely bought cannot be traced back to the non-existence of ethical attributes. Thus, the question of the importance of specific ethical attributes should be further explored in future research. So far, it can be stated that also in a mainstream market, information on ethical attributes that go beyond the label are regarded. Concerning the Fair Trade-label, which is important especially in mainstream markets (Moore 2004), marketers should be aware of the fact that almost 25% of participants purchased the product with the faked label. That means that label contents values are not communicated strong enough. On the other hand, it means that new labels still have the opportunity to enter the market. The price also turned out to be worth regarding. However, it was not one of the cheapest products which was purchased most often. This displays the importance of other product attributes. It can be concluded that price is, amongst other attributes, paid attention to, but further studies should discover the actual willingness to pay. Marketers should further be aware of the high importance of an organic logo for consumers, which consumers are also willing to pay for.

On the information search strategy, it could be shown that participants indeed applied strategic approaches, whereof attribute-wise strategies were applied most prevalently (as also detected by Zander and Hamm 2012). Generally, the information search was performed rather extensively. Very reduced search heuristics were applied in only few cases, as well as random search on the other hand. It can be concluded that consumers were not overburdened with information, even though the matrix was quite bulky, which could be traced back to the fact that participants had the opportunity to mark interesting fields, as already documented by Zander and Hamm (2010). That means that many consumers applied a search strategy, but did not feel the need to strongly reduce the amount of information to be considered to click on. It could also be shown that attribute-wise strategy was preferred over alternative-wise ones, since they are cognitively easier to apply, as Russo and Doshier (in Payne et al. 1987) explain.

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